

Community Guide to Understanding the Hoover City School District Budget

Hoover School Community Information Network—September 2007

What is this guide about?

This guide examines the Hoover City Schools Budget and budget process from a layperson's perspective.

In this guide we will answer many frequently asked questions regarding how the budget process works, where the money comes from, and where the money goes.

Who should read this guide?

Anyone who pays taxes, sends a child to public school, attends a public school or has an interest in the public schools should read this guide.

What are the funds that our School District utilizes?

When any business puts together a budget, there are typically two different types of funds, operating funds and capital funds, that must be kept separate due to normal accounting practices.

Operating Funds pay for the day-to-day expenses. These expenses include items like salaries, supplies, and transportation. The Hoover City School District pays for most of these day-to-day expenses through the "General Fund". This fund is comprised of a mix of state and local funding. For school year 2007-2008, this amount is expected to be *\$106 million*.

Capital Funds pay for construction/renovation activities. The Hoover City School District utilizes a Capital Fund for the design and construction of new school buildings, renovation/replacement of existing school building and any building expansion. Capital expenditures are funded much like the mortgage on a home. In the past, the School District has either borrowed funds by issuing bonds, which the School District pays back over time, or, on occasion has paid for the construction entirely with available school funds. The proceeds of the 1% Jefferson County Sales Tax were received in early 2007, and those funds have been dedicated entirely to future Debt Service.

2007-2008 Debt Service (Principal and Interest) \$15.9 million

2007-2008 Capital Projects Outlay: \$6 million

Jefferson County Sales Tax proceeds: \$86.8 million

The "**24-Mill Fund**" is partially comprised of funds generated from a Property Tax that was voted in by Hoover voters. While this began as a Capital Fund, it is not currently earmarked for any particular project. It supplements the Operating Fund as needed. This fund is comprised of ad valorem taxes (real estate and property taxes).

2007-2008 Budgeted Revenue Amount: \$35.2 million

Types of Funds Utilized by Our District

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The **Fund Balance**, in previous years referred to as the **Reserve**, is a fund not unlike most large governmental associations where any money that isn't spent in a budget year is placed for safekeeping, a savings account as it were. This Fund can be accessed in the event of a proration of the state budget during a school year.

Fund Balance as of September 2007: \$43.8 million

The Alabama legislature recently passed a \$1.07 billion bond issue that will result in Hoover City Schools receiving \$8.8 million during the 2007-2008 Budget year. These funds are earmarked for construction and capital projects.

Budget-Related Terms You May Have Heard.....

Millage – a tax rate (known as mills) applied to the assessed value of property in Hoover City to determine property tax. For example, 1 mill applied to a home in Hoover City valued at \$100,000 would equal a \$100 tax payment by the property owner. A mill is equal to one-tenth of one percent (.001).

Bonds – a type of investment vehicle issued by government authorities to raise money for buildings, roads and other physical improvements. The government issuing the bonds pays interest to the investor for use of the money.

Debt Service – payments for principal and interest on money borrowed.

Proration – is the term used to describe a mid-year budget reduction to prevent deficit spending. Because the Alabama Constitution requires the state to balance its budget on a continuing basis, the state must have revenue on hand to cover each expenditure. Proration can occur when revenue falls below estimates or when expenditures exceed estimates. In Alabama, proration has occurred, on average, once every four years during the last half-century. (Source: *A Plus Education Primer*, 2004.)

Mills Equivalent Comparison by System

This is the total amount of revenue collected locally for public school purposes, divided by the value of one regular system mill of ad valorem tax. **The state average is 32.87 mills equivalent.**

System Name	Mills Equivalent
Hoover City	45.06
Jefferson County	34.94
Vestavia City	50.50
Homewood City	49.34
Decatur City	60.55

Source: Alabama State Department of Education Website, 2005-2006 data.

IMPACT FACT
Hoover City Schools have
grown from
5243 students in 1988-1989 to
12,400 students in the
2007-2008 school year

**SNAPSHOT - HOOVER COMPARED TO OTHER DISTRICTS
2005-2006 School year**

	Hoover City	Jefferson County	Vestavia City	Homewood City	Decatur City
Total # Students	11682	35749	5671.9	3341.8	8796.4
Free/Reduced Lunch Population	14.6%	37.5%	5.3%	24.8%	51.6%
Schools	16	53	7	5	19
Elementary	10	31	5	3	12
Middle/Junior High	3	9	1	1	4
High	2	13	1	1	3
Other	1	0	0	0	0
Employees					
Teachers	841.5	2309.2	390.5	276	634
Counselors	24.5	82.5	12	10	30
Librarians	16	55	8	6	20
Administrators	35	111	16	15.5	29
Nurses	9	17	5	5	0
Instructional Assistants	80.5	198.1	66	34	119.8
Other (certified)	31.5	61	9	18.5	30
Support Staff	674.5	1454	144.5	103	356.3
REVENUE	\$115,674,575	\$304,665,200	\$51,751,959	\$38,073,944	\$106,179,553
% of Funding from:					
State	37.6	55.9	38.7	28	35.5
Local Tax	51.8	30.5	50.1	63.2	30.5
Local School	6.2	4.3	6.8	5.1	1.7
Federal	3.2	8.0	2.4	3.3	7.3
Other	1.2	1.4	2.0	0.4	24.9
SPENDING	\$137,727,577	\$289,231,546	\$47,352,377	\$44,318,785	\$81,479,939
% of Spending on:					
Instruction	52.1	65.4	70.0	56.6	66.5
Administration	1.4	2.7	4.1	2.9	1.9
Operational/Maintenance	8.4	7.0	8.3	9.3	9.8
Debt Service	9.4	6.6	2.2	7.0	4.5
Transportation	3.7	4.9	0.8	0.6	1.6
Food Service	4.7	6.6	4.1	3.6	6.0
Capital Outlay	18.0	3.9	8.3	18.6	7.2
Other	2.4	2.8	2.3	1.3	2.5

Source: Alabama State Department of Education 2005-2006 Report Cards, www.alsde.edu.

Who Is Paying the Bill?



LOCAL FUNDS - 53.2% TOTAL REVENUE

The main source of local funds is the 24-Mill Fund, expected to total \$35.5 million in budget year 2007-2008.

The City of Hoover contributed \$7.5 million to the Operating Fund in 2006. The expected allocation from the City is \$7.5 million for 2007-2008. The City also collects, and forwards to the District, “Front Door Fees”. The Front Door Fee is an amount collected by the City from developers who build houses in Hoover to help offset the cost of educating the children that may reside in that house. That amount is \$1500 per housing permit, and is expected to total **\$1.25 million** in 2007-2008.

Hoover City Schools also receive 1/2 of 1% of the Shelby County Sales Tax set aside for school funding. Hoover Schools receive 11% of the total amount collected in Shelby County. This amount is expected to be **\$1.4 million** for 2007-2008.

Two other Ad Valorem (real property) taxes, the “District Regular Ad Valorem”, amounting to 13.9 mills in Jefferson County plus 6 mills from Shelby County and expected to total **\$15.9 million** for 2007-2008, and the “County Regular Ad Valorem” amounting to 8.2 mills in Jefferson County and 16 mills in Shelby County, and expected to total **\$10.5 million**, contribute to local funding as well.

In 2004, the Jefferson County Commission passed a 1% Sales Tax to be used for capital (building) projects for school systems within Jefferson County. That amount was received in early 2007 and totaled **\$86.5 million**. Those funds will be applied to Debt Service.

Local funding is extremely important, as most local funding is allocated to teacher units to allow Hoover City Schools to keep a low teacher-to-student ratio.

STATE FUNDS - 44.2% OF TOTAL REVENUE

State funds are generated from income taxes, sales taxes, and other sources. The State of Alabama has a very specific formula to allot funding to School Districts.

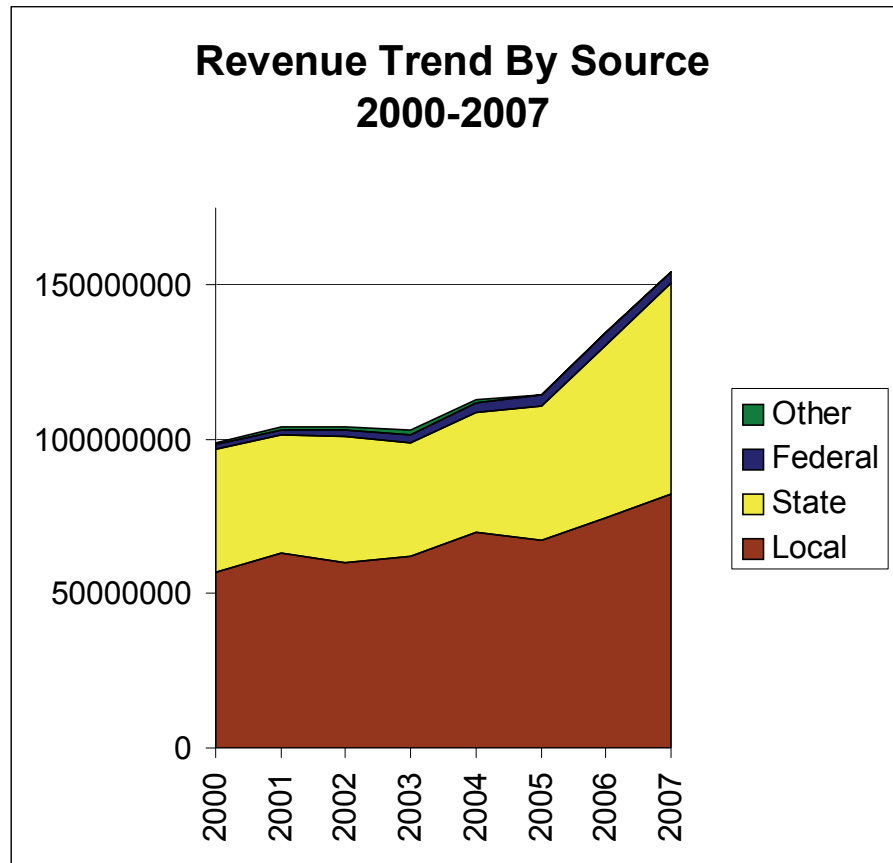
The Formula is based on Average Daily Membership (ADM). It is considered a “cost-based formula” and allocates funds based on yearly enrollment. If a district experiences unusual growth during a budget year, State funding may be insufficient to address that growth during that year. It will be the following year before the formula “catches up” to the growth. Growing districts suffer most under this formula. The State also takes into account the level of Local revenue provided by Property tax. Those Systems who raise fewer dollars with Property taxes are allocated more funding from the State than those Systems who put forth a greater tax effort by allotting a greater percentage of Property taxes for education.

IMPACT FACT

Local sources of revenue have declined over the last 4 years as a percentage of the total budget, from 62.9% to 53.2%

FEDERAL FUNDS ~ 2.0 % OF TOTAL REVENUES

Federal funding for 2007-2008 is expected to be \$3.9 million. Federal funding is very specifically tied to certain student populations and programs, e.g., free and reduced lunch populations, special education populations, gender equity programs, English Language Learner programs, etc. The majority of the funding goes towards Special Education programs to hire additional teachers and aides.



Federal Funding Amounts 2007-2008 Budget Year

Title I, Part A	\$154,370
Title II, Part A and Part D	174,745
Title III, English Language Acquisition	118,558
Title IV, Safe & Drug Free	26,065
Title V, Part A, Innovative Programs	18,345
Special Education	1,979,208

Total operating revenue has grown from \$98.8 million in 2000 to an expected \$154.7 million for 2007-2008.

OTHER FUNDS ~ N/A FOR 2007-2008 1.2% OF TOTAL REVENUES DURING 2005-2006

Typically other funding comes from grants and donations. Grants may be district-wide or school-specific. The [Hoover City Schools Foundation](#) provided more than \$25,000 in classroom grants for Hoover students last year.

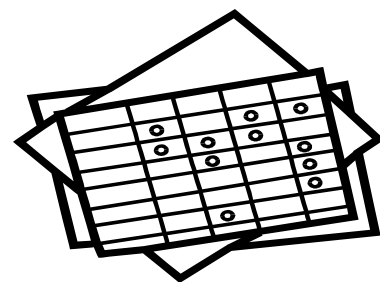
IMPACT FACT

Total operating expenses have increased an average of 11% annually from fiscal year 2000 through fiscal year 2007.



Operating Expenses by Category

The majority of the operating budget is spent on instruction and instructional support, including personnel expenditures.



Categories include:

Instructional Services – Services dealing directly with the interaction between teachers and students.

Instructional Support Services—Services or activities providing supervision and/or technical and logistical support to facilitate and enhance instruction.

Operation and Maintenance Services—Activities concerned with the physical buildings, keeping them operational, comfortable and safe for use. This includes security services, janitorial services, utility services and maintenance services.

Transportation—Includes regular transportation to and from the school as well as special education transportation.

Food Services—Includes all activities concerned with providing food to students and staff in a school system.

Administration—Includes activities concerned with establishing and administering policy for operating the school system.

Other—Includes activities involving the operations of programs other than those normally considered “day school”. These could include activities dealing with community services.

Expenditures by Category 1999 – 2007

Year	Instruction	Administration	Operational/- Maintenance	Debt Service	Capital Outlay
2007	102,334,765 (+19.0%)	4,225,560 (+18.6%)	16,170,859 (+10.0%)	15,955,454	6,000,000
2006	86,023,781 (+20.0%)	3,564,022 (+84.8%)	14,703,120 (+27.1%)	15,977,729	16,798,577
2005	71,756,067 (+9.8%)	1,928,186 (+10.4%)	11,569,116 (+11.7%)	12,946,392	24,790,096
2004	65,373,134 (+8.7%)	1,746,610 (-7.6%)	10,354,904 (+2.7%)	12,974,820	20,460,294
2003	60,163,071 (+5.0%)	1,889,939 (-15%)	10,079,676 (+5.2%)	12,914,586	7,034,774
2002	57,281,537 (+6.3%)	2,218,651 (-25%)	9,580,538 (+7.6%)	13,009,363	6,756,801
2001	53,888,486 (+14.0%)	2,928,722 (+12.6%)	8,903,315 (+21.8%)	14,175,014	25,655,605
2000	47,209,687 (+3.1%)	2,602,108 (+4.1%)	7,310,686 (+25.4%)	9,417,155	46,837,957
1999	45,812,224	2,498,848	5,830,646	7,496,545	14,160,142

The figures for 1999-2005 were obtained by multiplying “total fiscal year spending” by percentage of spending by category. That information was obtained from the Alabama State Department of Education report cards for those years.

The figures for 2006 and 2007 were transferred directly from Budget Hearing documents.

Employee Facts and Salary Schedule

The School District currently employs approximately 1800 personnel. The salary range based on experience and education for various levels of School District employees is as follows:

	Minimum Salary	Maximum Salary
Principals	\$73,189	\$110,272
Assistant Principals	61,929	90,846
Teachers	35,278	61,784
Secretaries	22,200	37,110
Custodians	19,387	44,517 (a)
Aides	13,888	21,155

(a) This range is for custodians, custodian team leaders, and custodian supervisors.
 Source: Hoover City Board of Education Salary Schedule, approved June, 2006. A new Salary Schedule has been approved for 2007-2008. [Click here to view.](#)

**IMPACT
FACT
Teachers' salaries and benefits are the largest component of instructional Services, accounting for 84% of operating expenditures for 2007-2008.**

A Word about Supplements...

Supplements are given to teacher who take on additional responsibilities such as coaching an athletic team or sponsoring an academic team (e.g., Math Team) or Fine Arts area. Those supplements may differ among the middle and high school levels. Supplements are paid in addition to a teacher's salary. **Supplements are entirely funded with local funding.** [Click here to view the Supplement Schedule.](#)

A Look Back at Total Revenue and Total Expenditures 1999-2007

Year	Total Revenue	Total Expenditures
2007	\$154,685,921	\$162,826,200
2006	135,867,325	153,287,364
2005	115,674,575	137,727,577
2004	112,798,415	124,757,891
2003	120,165,166	104,996,635
2002	156,102,954	100,847,777
2001	137,885,169	117,148,883
2000	97,736,373	123,909,941
1999	126,850,638	83,294,954

Spending Per Pupil—2005-2006 Figures

One measure of the budget, to bring it to a scale we can understand, is per pupil spending. Hoover City spent \$8313.28 per student (2005-2006). Here is how Hoover City compares to some other school districts:

District	Total Spending Per Pupil	% of Operating Budget Spent on Instructional Services	% of Operating Budget Spent on Administrative Services
Hoover City	\$8313.28	52.1	1.4
Jefferson County	6289.97	65.4	2.7
Vestavia City	7472.99	70.0	4.1
Homewood City	9966.92	56.6	2.9
Decatur City	7924.76	66.5	1.9

Source: Alabama State Report Cards, 2005-2006.

An Analysis of Local Funding Importance for Hoover Classrooms



The analysis below is based strictly on numbers of units. It is important to remember that the State funds teacher units using an average paid salary per teacher. The actual amount of local funding is much greater as a percentage.

Employee Type	Number of Employees	State Foundation Program Units	Other State-Funded Units	Federally Funded Units	Number of Locally Funded Units
Teachers	969.37	697.6	4.91	23.62	243.78
Administrators ¹	44	24			20
<i>Principals</i>	<i>16</i>	<i>15</i>			<i>1</i>
<i>Assistant Principals</i>	<i>19</i>	<i>9</i>			<i>10</i>
Counselors	35	24.5		1	9.5
Librarians	19.00	22.0			-3
Certified Support	28.13		7.65		20.48
Non-Certified Support	768.70		8.7	172.7	587.3
Total	1864.2	767.56	21.26	197.32	878.06

¹The Administrators figure includes Principals and Assistant Principals as well as other Administrators. The figures for Principals and Assistant Principals are based on the breakdown provided by the State and are provided for further clarification.

What Does the Budget Buy Us?

Alabama Reading and Math Test Results



	2005 Lvl I	2006 Lvl I	2005 Lvl II	2006 Lvl II	2005 Lvl III	2006 Lvl III	2005 Lvl IV	2006 Lvl IV
Reading Grade 4	0	0	6	7	23	20	71	73
Grade 6	0	0	6	4	16	20	78	75
Grade 8	0	0	10	9	29	31	60	59
Math Grade 4	1	1	11	11	24	20	63	68
Grade 6	0	0	10	13	30	32	61	55
Grade 8	0	0	10	13	43	42	48	45

Source: Alabama State Department of Education website, Alabama School Report Cards 2003-2004, 2004-2005.

Key: Lvl I Percent not meeting standard
 Lvl II Percent partially meeting standard
 Lvl III Percent meeting standard
 Lvl IV Percent exceeding standard

Each year's percentages should approximate 100%

The ARMT is the Alabama Reading and Math Test, given to all Alabama public school students, grades 3 – 8. The ARMT is relatively new. In previous years the Stanford Achievement Test was used exclusively for grades 3 – 8. Currently a combination of the two tests is used to measure Adequate Yearly Progress (AYP) towards specific proficiency goals set by the federal government pertaining to accountability standards set forth in the No Child Left Behind Act of 2001.

[Click here to go to the Hoover School Community Information Network's Accountability Information.](#)

AYP Information

All of Hoover City Schools made Adequate Yearly Progress (AYP) based on requirements under the No Child Left Behind Act.

The 2006 school year marked the first year for 100% of Hoover City Schools making AYP.

ACT results 2006



Hoover City	22.8
Alabama Average	20.2
Southeast Average	20.2
National Average	21.1

Source: Alabama State Department of Education

The ACT is the most widely accepted college admission test in the state. A perfect score is 36.

The Budget Process

There are 16 schools that comprise the Hoover City School District: ten elementary schools, three middle schools, two high schools, and one alternative school. Each school has its own process of developing a school budget. Some schools have budget committees comprised of parents and community members, others use strictly school personnel. Some schools allow parents to review and comment on the proposed budget, while others present the budget to parents after approval.



Regarding the Budget development process at the District Level, the Budget is developed by District Office Personnel communicating with the Chief School Finance Officer and the Superintendent. The amounts allotted to schools are based on the Foundation formula (*see box below*) which depends on the number of Certified Units that are allotted and in place at that school.

When schools require repairs and maintenance, the funds needed are allotted from the District's funds as opposed to a School's funds.

Any special programs that a School might seek additional funding for must be approved by the Superintendent and the Board. A School may raise its own funds for specific school-related programs.

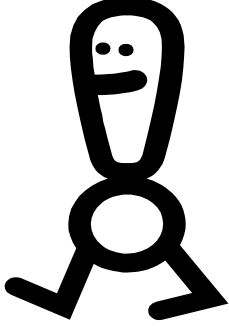
Transportation costs are not budget items for schools, but rather considered as a whole for the District budget.

After the Budget is developed, typically two public hearings will be held, with notice given of each. The Chief School Finance Officer is present to explain budget items to community members.

The Budget then is sent for approval by the Hoover Board of Education.

The State Foundation Formula for State School Funding for Classrooms

Per certified unit: an annual allotment of \$525 *plus* \$350 for technology *plus* \$200 for common purchases (e.g., copy paper). An *additional* \$500 from local funds is added to that amount. That total comes to ***\$1575 per certified unit*** for a school year for instructional costs. This allotment is for direct classroom instruction.



Certified Units

are allotted based on student enrollment. A Principal is considered a Certified Unit, as is an Assistant Principal.

PARENT INVOLVEMENT TIP

Would you like to know who decides how funds are spent at your child's school? Ask your principal. While you're at it, ask your principal if parents sit on the budget committee for your child's school. While some of Hoover's schools have PTO representatives on the School Budget Committee, very few have parents outside of the PTO on their Budget Committees. It never hurts to ask.

Why Do Some Schools Have More Money Than Others?

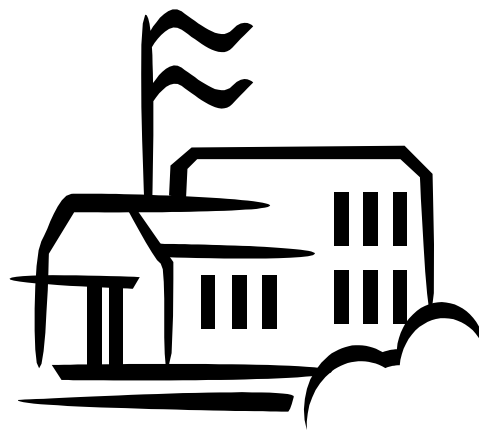
Each of Hoover's schools are funded based on the number of students and receive additional monies for identified needs. The misperception of funding inequity is due in part to PTAs and PTOs, businesses, and other private groups funding "extras" for schools.

Enrollment Funding

The Hoover City School District funds all schools based on their number of students. Enrollment funding provides most of the money for school budgets.

Unbudgeted Additional School Funding

Individual schools usually receive additional funding that is not in the school budgets given to them by the District. This funding can come from several sources: school-parent organizations, the Hoover City Schools Foundation, and private donations.



School PTAs, PTOs, and PTSOs

School parent organizations are nonprofit organizations separate from their schools. They can, and most do, raise funds that supplement a school's funding from the School District. Parent-teacher organizations contribute a wide range of funds.

Items funded with PTO money include copying costs, extra instructional materials, administrative supplies, library books, computers and other school technology, professional development, and playground equipment.

Hoover City Schools Foundation

[The Hoover City Schools Foundation](#) serves the District by raising funds to support our schools. The Foundation, under its Grants program, awards grants to classroom teachers and schools each year. Employees submit grant requests that are reviewed and awarded based on need and other criteria. The Hoover City Schools Foundation was begun in 1992 to allow businesses and private individuals an opportunity to support Hoover schools. The Foundation granted more than \$25,000 in requests to Hoover's classrooms last year.

Other School and Teacher Grants

Individual schools and teachers apply for, and receive, grants from other sources such as the state and federal government and private foundations and corporations for specific purposes. Amounts of individual grants can range from \$100 to over \$100,000 a year.

How Can I Help?

You have plowed through this information about the Hoover City Schools District budget. You want to know more. You want to do more. What are the next steps?

1

Attend school board meetings and PTA/PTO/PTSO meetings. Check local newspapers for information on Hoover schools. Check the [HSCIN site](#) and official sites frequently.

2

Write your State representatives, congressional representatives and governor to express your concerns about school funding.

3

Volunteer to help a school in your area. Increased volunteerism in the schools relieves much stress on the school's staff.

4

Financially support our schools through fund-raising efforts, advocacy, and taxes.

5

Know the facts and your representative's position on the issues (School Board, City Council, State representatives, governor, congressional Representatives).

6

Participate in the budget process that is occurring. Keep this guide as a reference.

7

VOTE!

