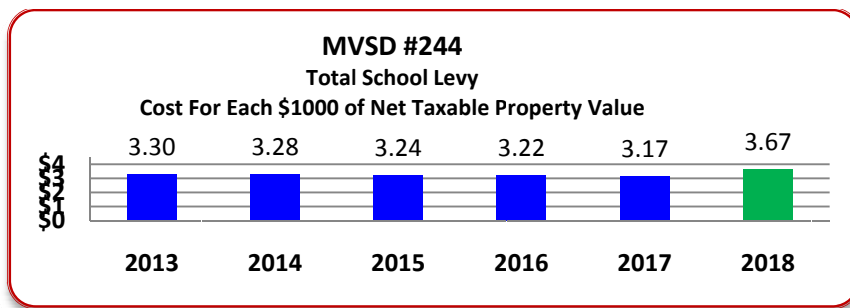


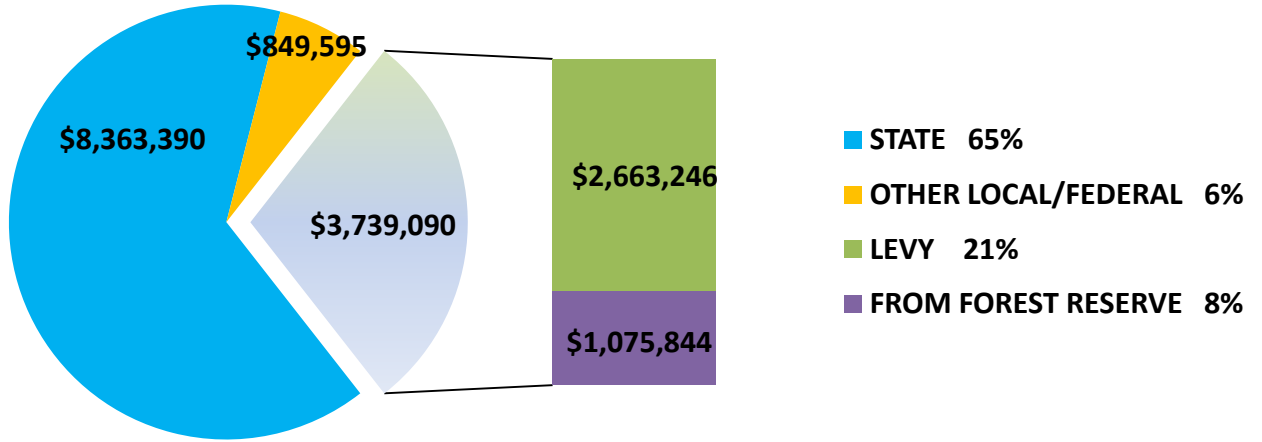
With so much news coming from Boise about increased funding for schools in 2018-19, here is a quick look at how it shakes out here at home in MVSD #244.

- We appreciate the focus on education funding shown by the State of Idaho; increases in state funding over the past few years coupled with diligent MVSD planning and oversight of the district's daily operations (controlling costs) allowed MVSD to keep its levy amount unchanged for 5 years.
- During those 5 years the district's taxable market value increased, so the rate paid by our property owners actually decreased each year.

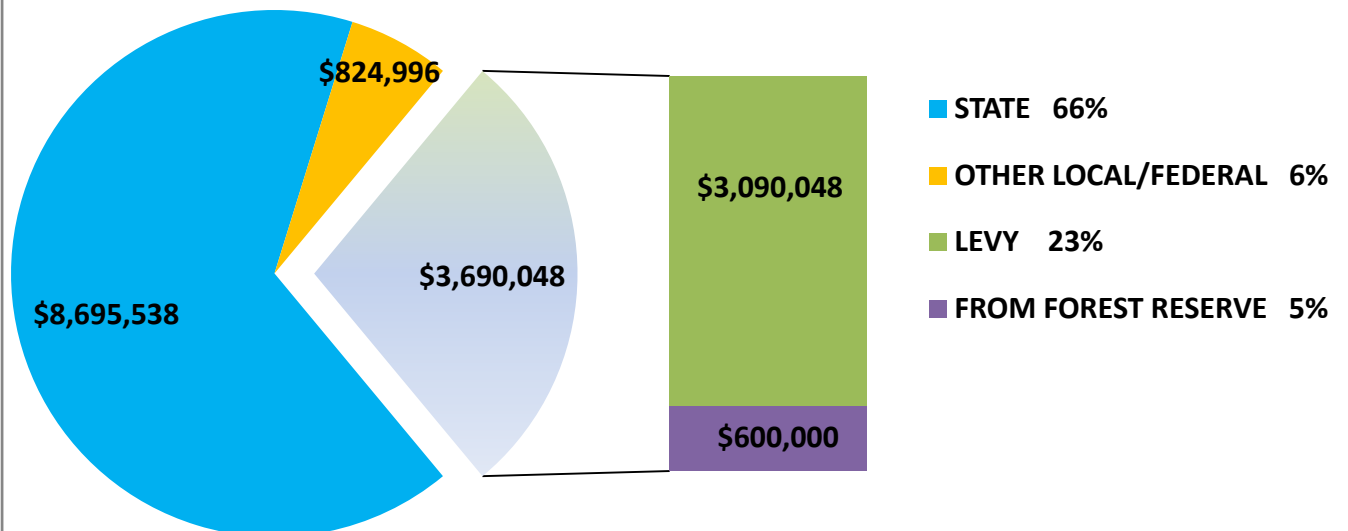


- The increase in state funding projected for next year is a little over \$300,000 for MVSD. This means that the share of our daily operating costs paid by the state has increased from the current year level of 65% to 66% for next year.
- The district's position has been to use additional state funding to offset or reduce the local share of funding whenever possible.
- However, there cannot be a 1:1 ratio between increased state funding and decreased local funding because the vast majority of money coming from the state is "earmarked", meaning it is legally restricted for a particular use.
- The amount of state funding that the district can use to reduce local funding for next year is a little over \$49,000.
- This means that the local share of funding for our schools next year (from the Levy and from taking money from the Federal Forest Reserve Fund) will be \$49,000 less than it is this year.
- These two charts show the comparison for the two years. The local portion of funding this year is \$3.73 million and will drop to \$3.69 million next year, a decrease of \$49,000.

MVSD #244
SOURCES OF M&O DAILY OPERATING REVENUE
TOTAL BUDGET = \$12,952,075
2017-18

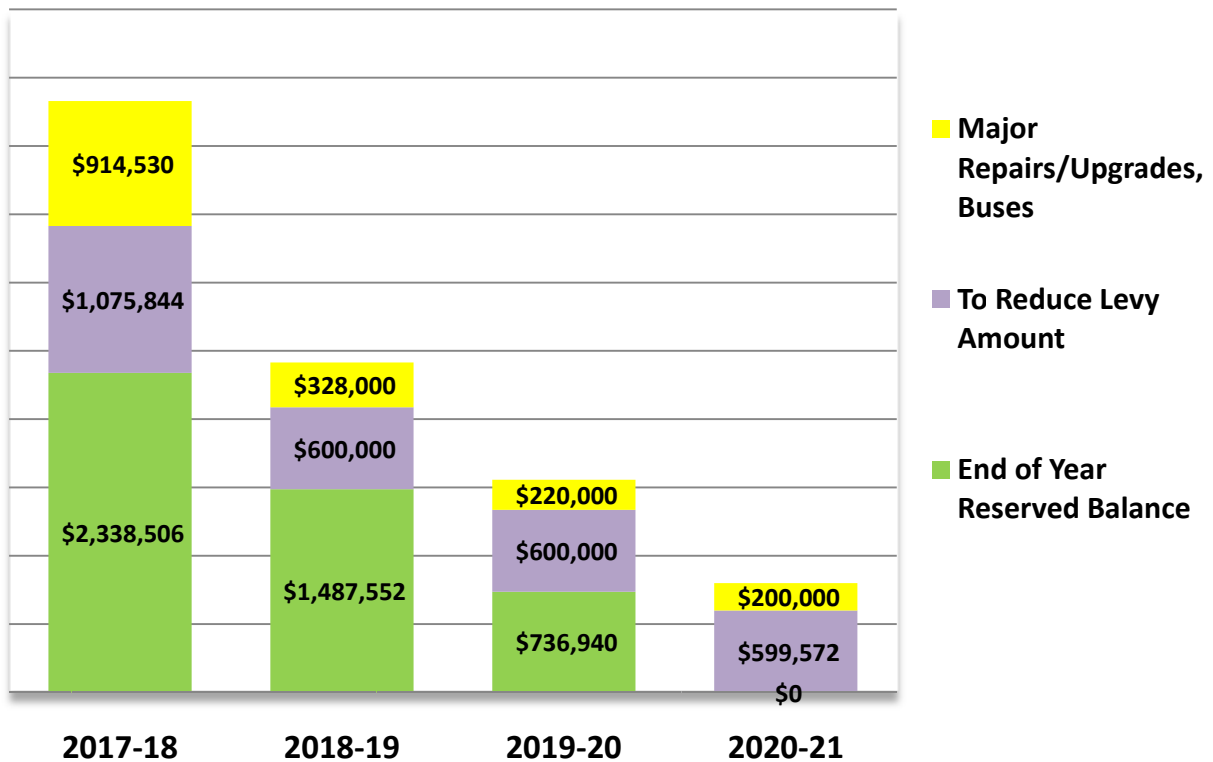


MVSD #244
SOURCES OF M&O DAILY OPERATING REVENUE
TOTAL BUDGET = \$13,210,582
2018-19



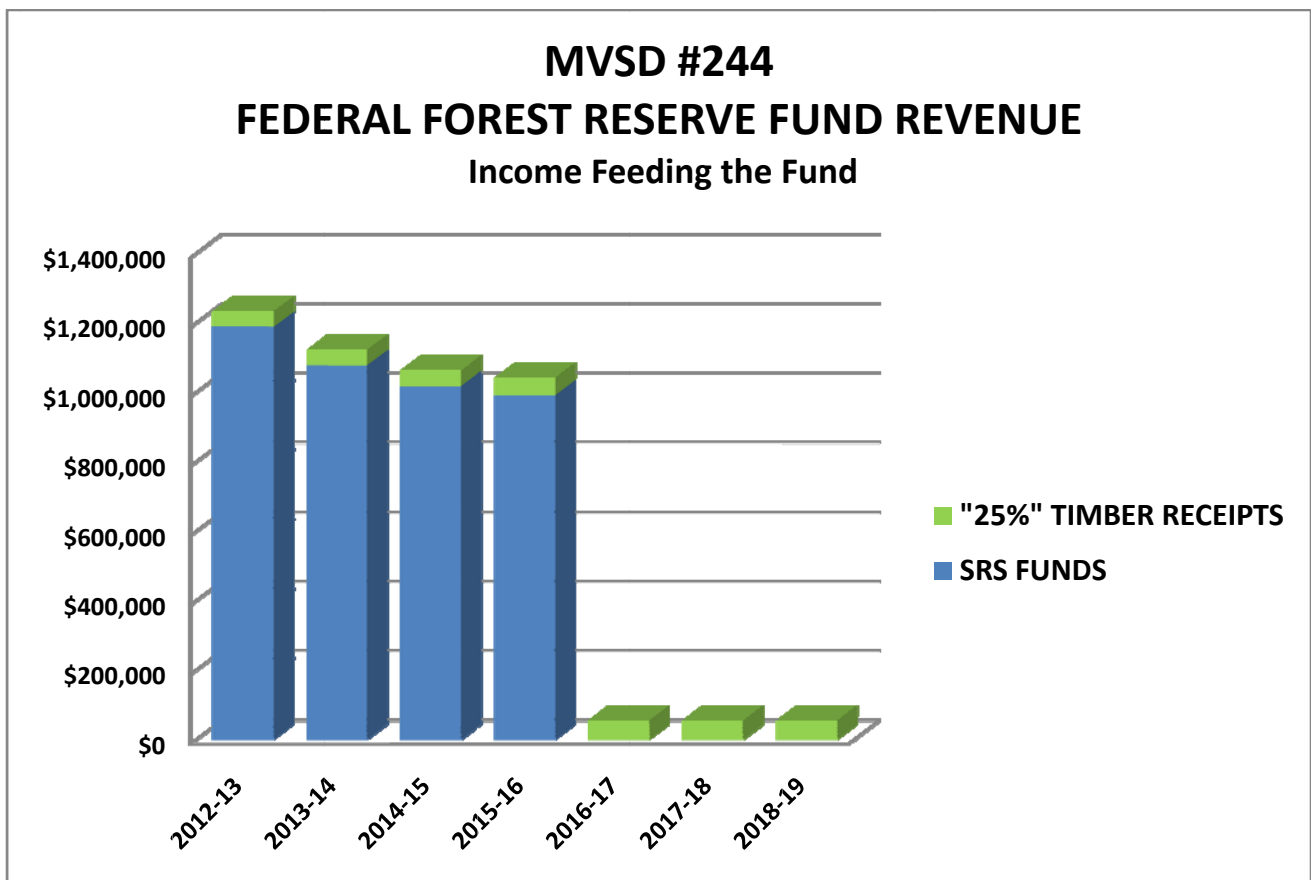
- The unique story for MVSD and the reason the levy amount has increased for next year has its roots in our traditional reliance on taking money from the Federal Forest Reserve Fund in order to keep our Levy low for taxpayers.
- There is now the need to rebalance the share of local funding coming from each of the two sources:
 - The Levy
 - Taking money from the Federal Forest Reserve Fund.
- The Forest Reserve Fund is to be retained and spent on the purchase of school sites, construction and remodeling of school buildings; most of our schools are 50-60 years old.
- If the Board determines that Forest Funds are not needed for grounds and buildings then the funds may be spent for current expenses (used instead of asking for a higher Supplemental Levy amount).

**MVSD #244
FEDERAL FOREST RESERVE FUND
Budgeted Spending and End of Year Balance**

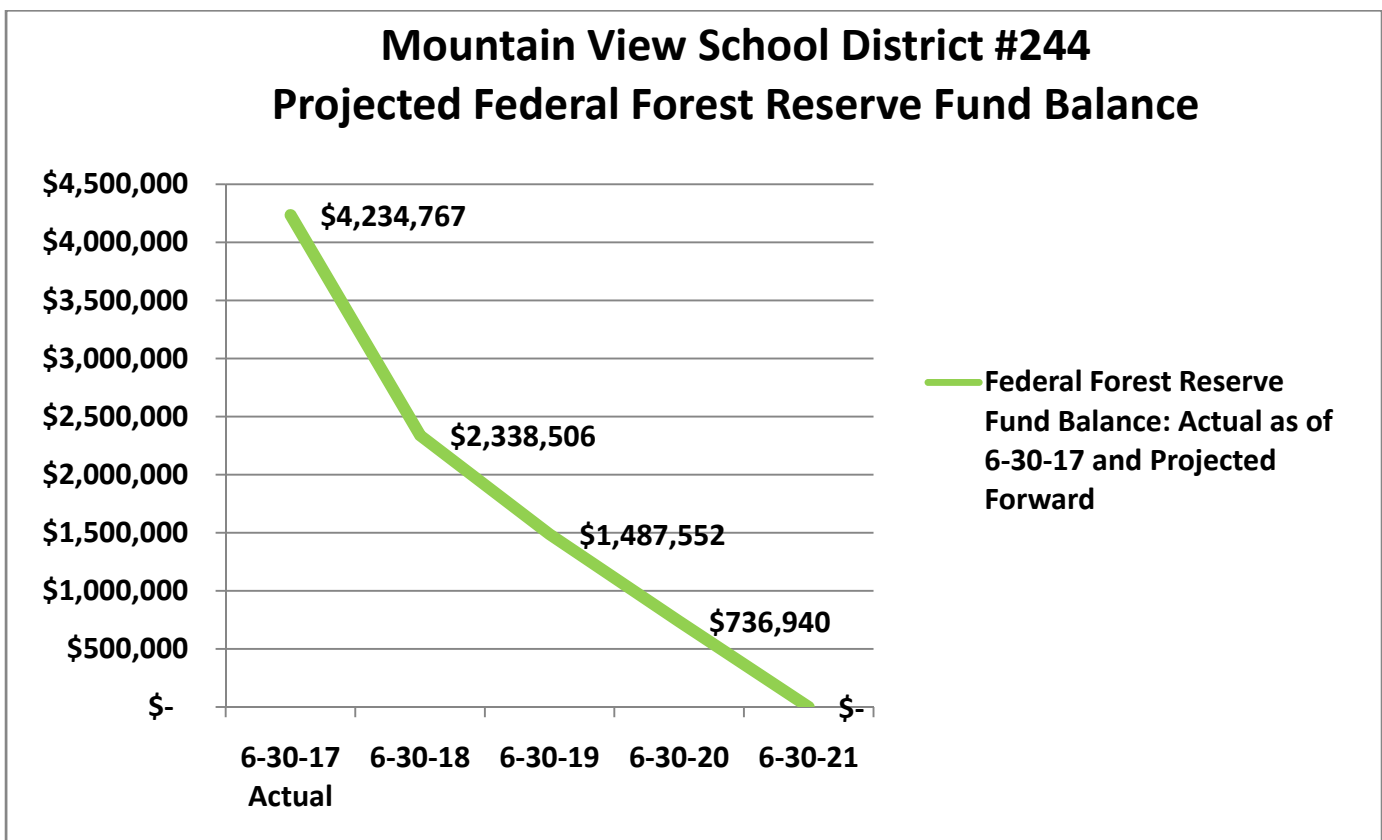


THE FEDERAL FOREST RESERVE FUND STORY:

- The federal government has been paying 25% of the federal timber sales revenue back to counties since removing federal lands from local tax bases beginning in 1906.
- These timber payments are divided at the county level between road districts and school districts.
- These timber payments dwindled significantly when logging was shut down on USFS lands in the 1990s.
- A safety net program was authorized by Congress to prop up the timber payments to roads and schools until logging could be restored.
- The safety net programs were initially referred to as "Craig-Wyden Funds" and later as "Secure Rural Schools and Communities Act Funds" and more recently as "Secure Rural Schools Funds", or "SRS".
- The SRS safety net funding has not been reauthorized since 2015-16.
- 2015-16 was the last year that MVSD #244 received a check for the SRS funding which was a little over \$992,000. The district continues to receive the "25% timber funds", amounting to \$50,000 annually
- Both the 25% timber revenue and the SRS revenue are housed in the Federal Forest Reserve Fund.



- The Federal Forest Reserve Fund is intended to be spent on buildings and school sites; it may be used for daily operations when it is not needed for buildings and sites.
- The Board has been using a portion of the Federal Forest Reserve Fund each year in order to keep the Levy as low as possible for taxpayers.
- This chart shows how the loss of the SRS portion of federal funding is a severe blow to MVSD #244's Federal Forest Reserve Fund.

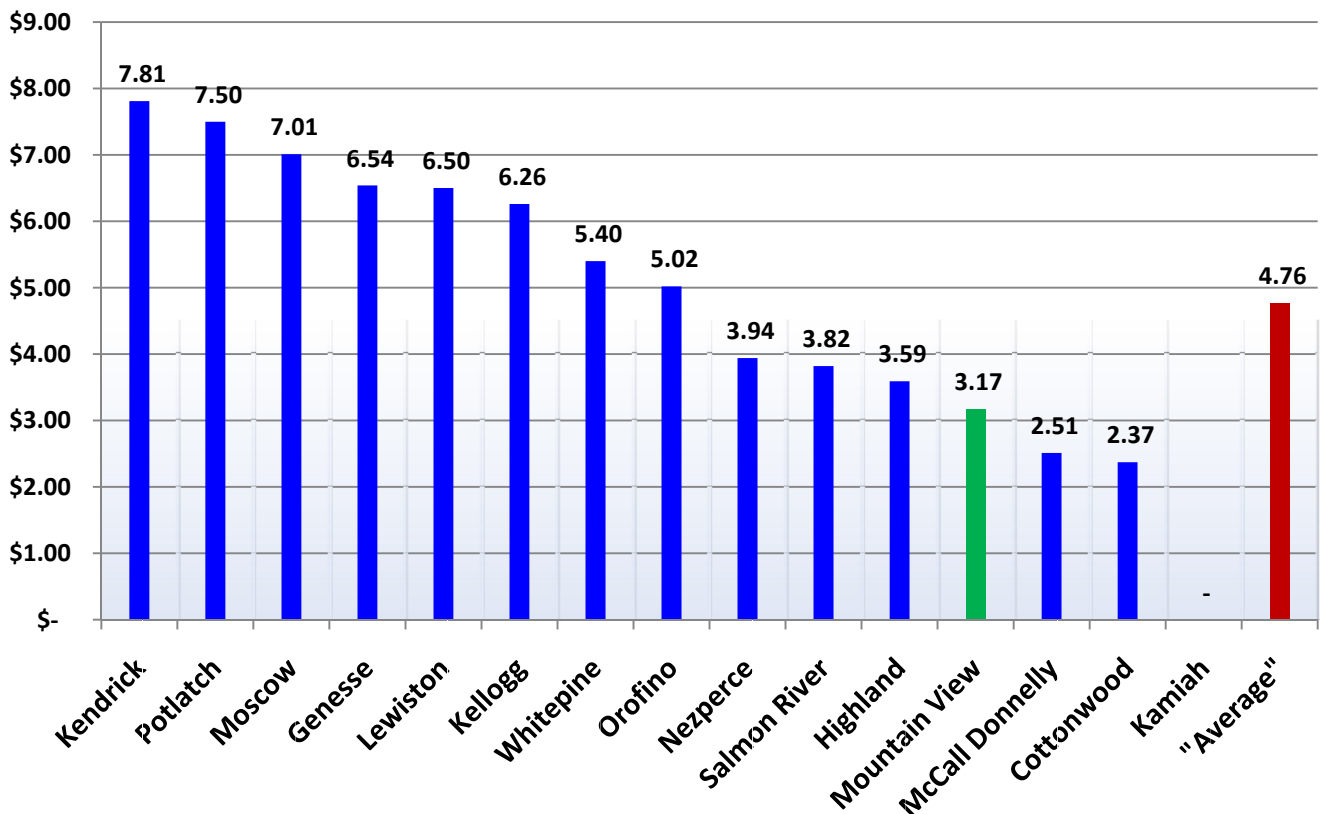


- Without the income from SRS funds the Federal Forest Reserve Fund balance is going to rapidly run out.
- This means that the Federal Forest Reserve Fund can no longer be used for daily operations.
- The portion of daily operation revenue previously taken from the Federal Forest Reserve Fund must now gradually shift to the Levy *since there is no other revenue source available to the District.*

- The combination of Levy and taking money from the Federal Forest Reserve Fund is 29% of the budget in 2017-18 and 28% of the budget in 2018-19.
- The Board agreed to gradually shift the local portion taken from the dwindling Federal Forest Reserve Fund to the Levy over the next few years rather than making the change all at once. A Levy is currently the only other funding source available to school districts. The cost per thousand will be \$3.67.
- The local funding needed for next year is \$3,690,048. *IF this had all been placed on the Levy, the cost per thousand would have been \$4.38; this amount is still well below the current 2017-18 school year average among our neighboring school districts.*

Total School Levy for 2017-18 School Year

Cost Per Thousand of Taxable Market Value



Please request an absentee ballot prior to March 2... OR vote at the Courthouse until March 9... OR vote at the Polls on March 13!