

Budget & Finance

March 12, 2012

Agenda

- ▶ Impact of Governor's Budget
- ▶ Overview of PSERS
- ▶ Review cuts made in last 2 years
- ▶ Three proposed budget options
 - No tax Increase
 - Middle tax Increase
 - Act 1 tax limits Increase
- ▶ View of economic growth chart
- ▶ Overview of potential cuts for **future** years
- ▶ Vote on tax rate

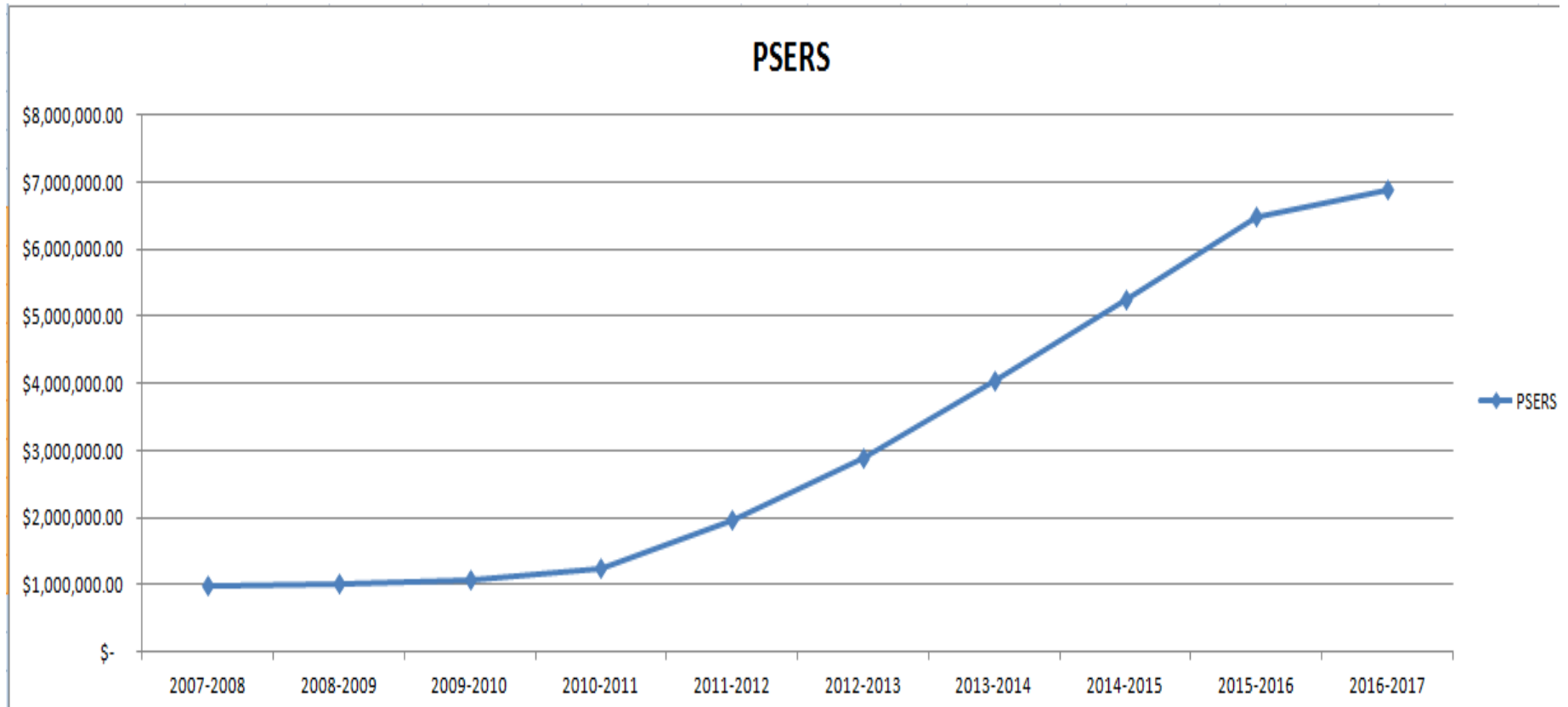
Impact of Governor's Budget

- ▶ Eliminated Accountability Block Grant – \$57,000
 - \$15,000 – cyber schools
 - \$3,000 – critical languages
 - \$39,000 – professional development
- ▶ Combined transportation, social security, and basic education funding into one Block Grant line item
 - Impact on future funding is unclear

Overview of PSERS

- ▶ PSERS – Pennsylvania School Employees Retirement System
- ▶ In 1999,
 - State legislators raised their own pensions by 50%
 - To get union support, they increased pensions of unionized state workers, including teachers, by 25%
- ▶ In 2002,
 - State legislators voted to freeze the contribution level to PSERS for the next 10 years
- ▶ Now 10 years later...

Overview of PSERS



Represents a **394%** increase
over 10 years

Review of Cuts Made: 2011–2012

- ▶ \$1.087 million of cuts made last spring:
 - Eliminate Teach Me Tutoring – \$72,000
 - Extend to 8 year curriculum cycle – \$62,000
 - Reduce conferences and mini-grants – \$73,000
 - Reduce technology spending – \$252,000
 - Reduce capital fund and GASB fund – \$450,000
 - Eliminate head custodian – \$8,000
 - Freeze building budgets – \$36,000
 - Close EIT office – \$66,000
 - Pay to play at Middle School – \$8,000
 - Eliminate sabbaticals – \$60,000

Review of Cuts Made: 2011–2012

- ▶ \$819,000 cuts made this fall:
 - Eliminate 4 administrative positions – \$387,000
 - Eliminate 3 teaching positions – \$244,000
 - Lower cost teacher replacements – \$69,000
 - Create cyber school – \$45,000
 - Change building temperatures – \$60,000
 - New copier agreement – \$14,000

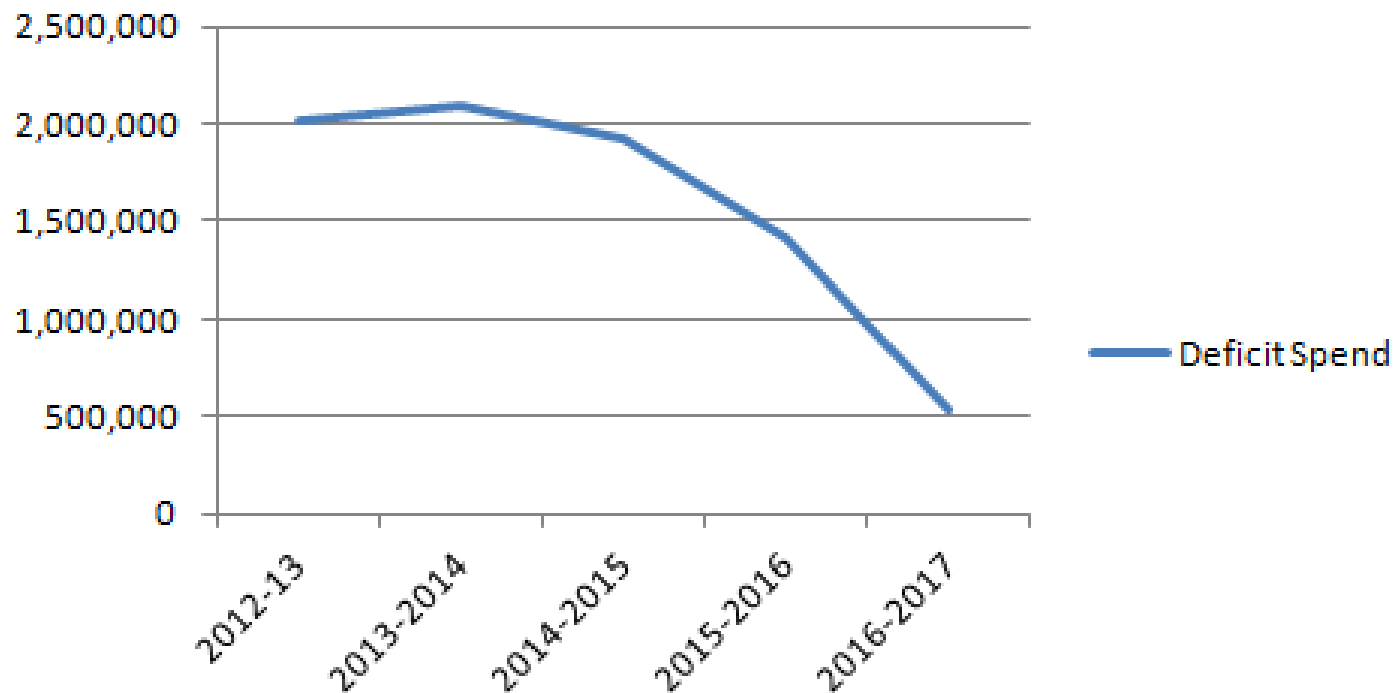
Review of Cuts Made: 2012–2013

- ▶ \$827,000 cuts for next year:
 - New transportation contract – \$150,000
 - Reduction in technology spending – \$105,000
 - Bond restructure – \$64,000
 - Utility/energy reduction – \$101,000
 - Building/department budget freeze – \$191,000
 - Lease rather than buy technology – \$200,000
 - LCCC cost reduction – \$13,000
 - Eliminate 4Sight testing – \$3,000

Targets for Budget

- ▶ Reduce annual deficit spend toward 0

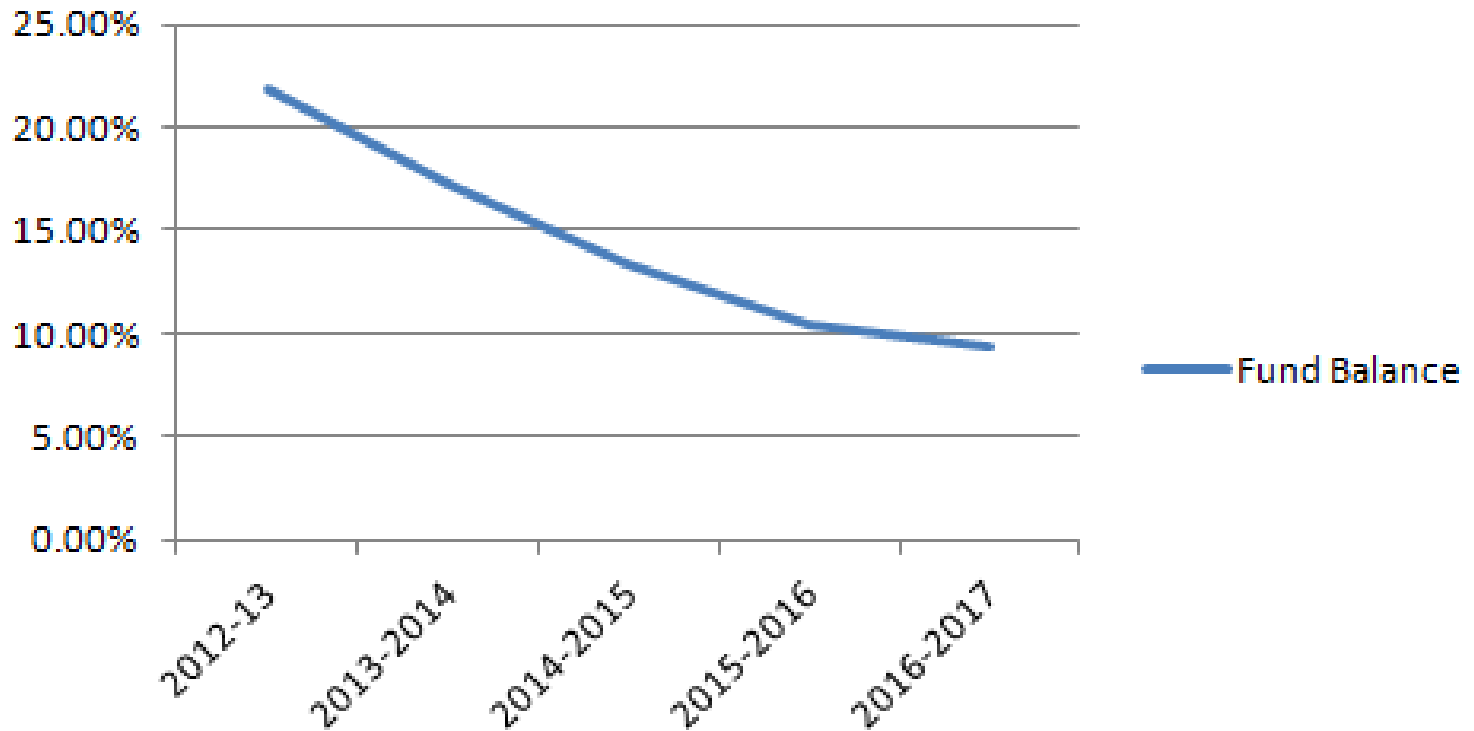
Deficit Spend



Targets for Budget

- ▶ Reduce Fund Balance asymptotically to 8%

Fund Balance



No Tax Increase Option

CATEGORY		PROJECTED 2012-13	PROJECTED 2013-2014	PROJECTED 2014-2015	PROJECTED 2015-2016	PROJECTED 2016-2017
TOTAL EXPENSES		54,215,700	56,963,936	60,057,486	62,953,364	65,264,818
EXPENSES W/O PSERS INCREASES		53,303,068	55,823,476	58,835,416	61,715,445	64,884,173
Cuts Already Made		2,520,446	2,881,495	3,012,121	3,302,382	
Additional Cuts		0	-1,363,936	-1,093,550	-1,295,878	-1,611,454
Recurring Cuts		0	0	-1,363,936	-2,457,486	-3,753,364
		54,215,700	55,600,000	57,600,000	59,200,000	59,900,000
Annual Spending Limits		54,500,000	55,600,000	57,600,000	59,200,000	59,900,000
% Increase in Expenses (over actual)		1.698%	2.553%	3.597%	2.778%	1.182%
% Increase in Expenses w/o PSERS		0.519%	0.450%	1.399%	0.629%	0.539%
REVENUE @ Current 45.55 mills		51,816,805	53,628,096	55,616,123	57,720,611	59,392,366
Tax Increase 2009-10	1.85/1.80	0.00				
Tax Increase 2010-11	2.15/1.27	1.50				
Tax Increase 2011-12	0.63	0.25				
Tax Increase 2012-13	0.77	0.00	\$ -	\$ -	\$ -	\$ -
Tax Increase 2013-14	0.74	0.00	\$ -	\$ -	\$ -	\$ -
Tax Increase 2014-15	1.16	0.00		\$ -	\$ -	\$ -
Tax Increase 2015-16	1.65	0.00			\$ -	\$ -
Tax Increase 2016-17	1.85	0.00				\$ -
TOTAL REVENUE COLLECTED		51,816,805	53,628,096	55,616,123	57,720,611	59,392,366
% Increase in Revenues		2.288%	3.496%	3.707%	3.784%	2.896%
Fund Balance Req. To Balance Budget		2,398,895	1,971,904	1,983,877	1,479,389	507,634
Ending Fund Balance		\$11,451,066	\$9,479,162	\$7,495,285	\$6,015,896	\$5,508,262
Ending Fund Balance as % of Expend.		21.12%	17.05%	13.01%	10.16%	9.20%

Mid-Tax Increase Option

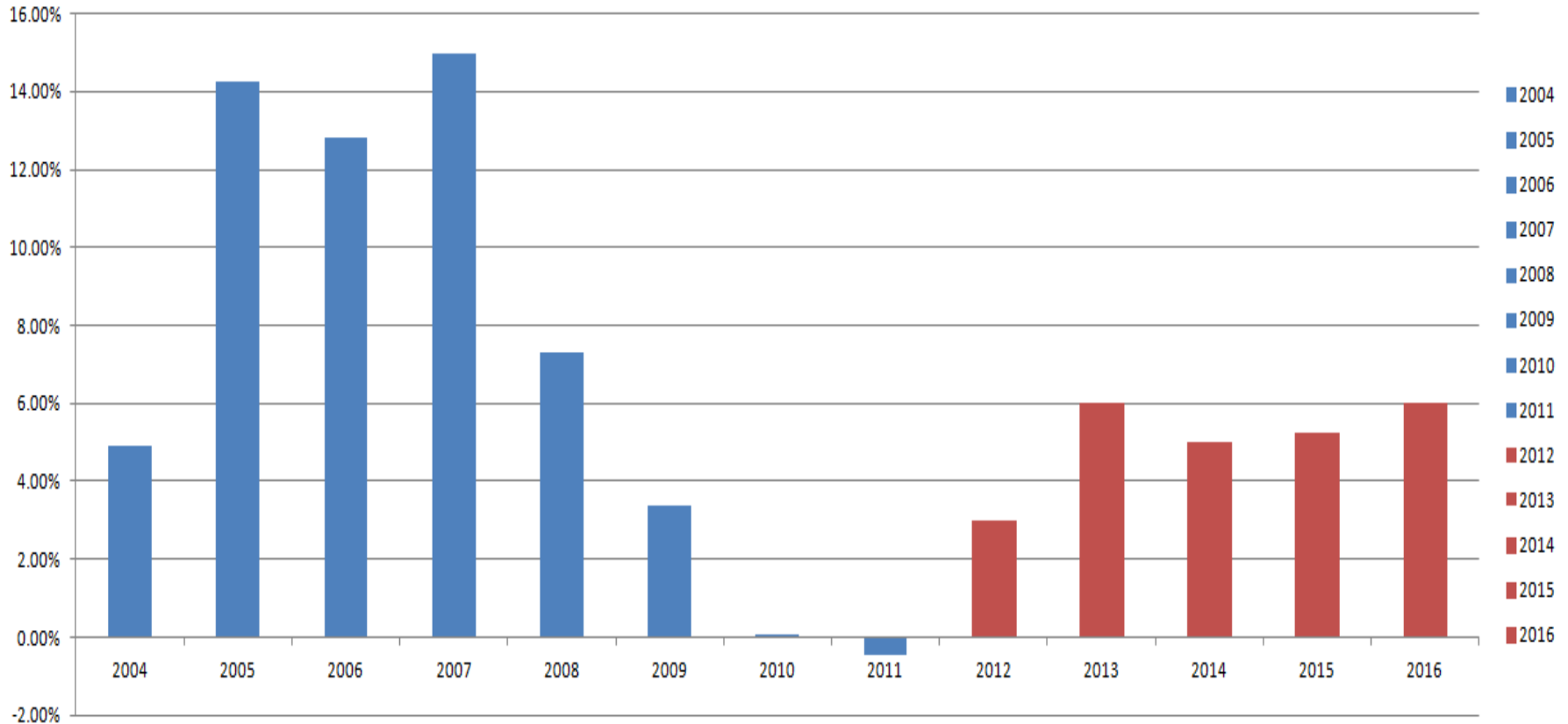
CATEGORY		PROJECTED 2012-13	PROJECTED 2013-2014	PROJECTED 2014-2015	PROJECTED 2015-2016	PROJECTED 2016-2017
TOTAL EXPENSES		54,215,700	56,963,936	60,057,486	62,953,364	65,264,818
EXPENSES W/O PSERS INCREASES		53,303,068	55,823,476	58,835,416	61,715,445	64,884,173
Cuts Already Made		2,520,446	2,881,495	3,012,121	3,302,382	
Additional Cuts		0	-463,936	-843,550	-645,878	-811,454
Recurring Cuts		0	0	-463,936	-1,307,486	-1,953,364
		54,215,700	56,500,000	58,750,000	61,000,000	62,500,000
Annual Spending Limits		54,500,000	56,500,000	58,750,000	61,000,000	62,500,000
% Increase in Expenses (over actual)		1.698%	4.213%	3.982%	3.830%	2.459%
% Increase in Expenses w/o PSERS		0.519%	2.110%	1.819%	1.723%	1.835%
REVENUE @ Current 45.55 mills		51,816,806	53,628,096	55,616,123	57,720,611	59,392,366
Tax Increase 2009-10	1.85/1.80	0.00				
Tax Increase 2010-11	2.15/1.27	1.50				
Tax Increase 2011-12	0.63	0.25				
Tax Increase 2012-13	0.77	0.50	\$ 382,263	\$ 391,820	\$ 403,574	\$ 415,682
Tax Increase 2013-14	0.74	0.50		\$ 391,820	\$ 403,574	\$ 415,682
Tax Increase 2014-15	1.16	0.50			\$ 403,574	\$ 415,682
Tax Increase 2015-16	1.65	0.75				\$ 623,523
Tax Increase 2016-17	1.85	0.75				\$ 642,228
TOTAL REVENUE COLLECTED		52,199,069	54,411,736	56,826,847	59,591,179	61,961,279
% Increase in Revenues		3.043%	4.239%	4.439%	4.864%	3.977%
Fund Balance Req. To Balance Budget		2,016,632	2,088,264	1,923,153	1,408,821	538,721
Ending Fund Balance		\$11,833,329	\$9,745,065	\$7,821,912	\$6,413,091	\$5,874,369
Ending Fund Balance as % of Expend.		21.83%	17.25%	13.31%	10.51%	9.40%

Act 1 Limit Tax Increase Option

CATEGORY			PROJECTED 2012-13	PROJECTED 2013-2014	PROJECTED 2014-2015	PROJECTED 2015-2016	PROJECTED 2016-2017
TOTAL EXPENSES			54,215,700	56,963,936	60,057,486	62,953,364	65,264,818
EXPENSES W/O PSERS INCREASES			53,303,068	55,823,476	58,835,416	61,715,445	64,884,173
Cuts Already Made			2,520,446	2,881,495	3,012,121	3,302,382	
Additional Cuts			0	0	-57,486	-195,878	-311,454
Recurring Cuts			0	0	0	-57,486	-253,364
			54,215,700	56,963,936	60,000,000	62,700,000	64,700,000
Annual Spending Limits			54,500,000	57,100,000	60,000,000	62,700,000	64,700,000
% Increase in Expenses (over actual)			1.698%	5.069%	5.330%	4.500%	3.190%
% Increase in Expenses w/o PSERS			0.519%	3.216%	3.184%	2.437%	2.583%
REVENUE @ Current 45.55 mills			51,816,805	53,630,890	55,618,917	57,723,405	59,395,160
Tax Increase 2009-10	1.85/1.80	0.00					
Tax Increase 2010-11	2.15/1.27	1.50					
Tax Increase 2011-12	0.63	0.25					
Tax Increase 2012-13	0.77	0.75	\$ 573,395	\$ 587,730	\$ 605,362	\$ 623,523	\$ 642,228
Tax Increase 2013-14	0.74	0.74		\$ 579,893	\$ 597,290	\$ 615,209	\$ 633,665
Tax Increase 2014-15	1.16	1.16			\$ 936,293	\$ 964,382	\$ 993,313
Tax Increase 2015-16	1.65	1.65				\$ 1,371,750	\$ 1,412,902
Tax Increase 2016-17	1.85	1.85					\$ 1,584,163
TOTAL REVENUE COLLECTED			52,390,200	54,798,513	57,757,862	61,298,268	64,661,431
% Increase in Revenues			3.420%	4.597%	5.400%	6.130%	5.487%
Fund Balance Req. To Balance Budget			1,825,500	2,165,423	2,242,138	1,401,732	38,569
Ending Fund Balance			\$12,024,460	\$9,859,037	\$7,616,900	\$6,215,167	\$6,176,598
Ending Fund Balance as % of Expend.			22.18%	17.31%	12.69%	9.91%	9.55%

Economic Growth Chart

Growth



Blue represents historic growth
Red represents cumulative growth
required for 0 tax increases & 0 cuts

Potential Future Cuts – No Impact

Cut/Reduction	Impact to Education/System	Notes	Impact rating	Savings Ranges
Policies to eliminate personal kitchen/heat appliances	Safety concerns along with electrical savings		0	\$ 2,000.00
Bond Refinancing	none		0	\$100,000 to \$300,000
Data Warehouse change	transition period until set up- then all one platform and more control		0	\$10,000 first year, \$20,000 there after
Return Cyber costs to district	11 students enrolled in 2011-12- estimating 7 more for 2012-13	Requires admin additional responsibilities to facilitate currently losing Reg Ed - \$10,541.06 Sp Ed - \$20,490.96	0	\$ 45,000.00
Voice over IP (VOIP) for Phone service	Initial costs for hardware setup must be explored	No phones if Internet is down (Admin has cell phones and emergency phone lines can remain)	0	\$30,000
HS Robot- eliminate a custodial position when possible	"Rosie" could start cleaning floors during 2nd shift.	initial cost this year- will save funds when a custodian retires/ resigns	0	\$ 60,000.00
Access Money	Income for related services	Need admin assigned to facilitate	0	\$ 100,000.00
Lower Summer Help Salaries	Other schools have reduced by \$1/hr. wages for summer help- student employment	lowered \$1.00/hr.	0	\$ 7,000.00

Total is \$354,000 to \$564,000

Potential Future Cuts – Low Impact

Cut/Reduction	Impact to Education/System	Notes	Impact rating	Savings Ranges
Advertising /Sponsorship	District promotes products/ attractiveness of sites reduced with ads- could set up limited opportunities/ stadium, publications	need to explore policy and cautions	1	\$5,000 - \$100,000
Building use fees increased for all	Local non-profits / support organizations will go elsewhere. Lose support of local groups.	still under investigation	1	\$4,000- \$13,000
Reduce by half all food for meetings/ inservices	Culture impact - may find other ways to deal with this		1	\$ 7,000.00
Eliminate or reduce by half curriculum contracts	Find other ways to accomplish, Administrators may need greater involvement	Teacher dissatisfaction	1	\$5,000-\$10,000
Eliminate or reduce by half speakers/consultants for inservice	Limits opportunities for PD from 'experts'		1	\$1,500 to \$3,000
Printed / Mailed Calendar	Only print some and make available in various locations throughout the district- people can pick up.	May offer a sign up to continue to receive and only print those needed	1	\$5,000 to \$10000
Electronic textbooks or open source textbooks	All students need access to technology / or could provide hard copy when needed	Will increase savings over time as more textbook adoptions occur	1	\$5,000- \$20,000
School budgets to reflect a 1% decrease	As expenses increase, resources will decrease- need to understand the impact		1	\$12,000 (for each 1%) to \$48,000

Total is \$44,000 to \$211,000

Potential **Future** Cuts – Low Impact

Cut/Reduction	Impact to Education/System	Notes	Impact rating	Savings Ranges
Reduce or eliminate all content related/ grade level field trips	Less opportunity for students to experience learning outside of school walls		1	\$15,000 -\$35,000
Reduce or eliminate funding for Liberty Trails	Eliminate summer activity or change parents full costs- reduction in participation	Increase cost \$75./ per student (currently \$300)	1	\$5,000- \$15,117
Reduce by half or eliminate Mini Grants	Slows some new initiatives and creativity	could reduce the limit from 10k to 5k	1	\$20000- \$40,000
Reduce by half or eliminate all conferences	reduce PD opportunities to stay on top of new initiatives		1	\$7,000 to \$15,000
Reduce by half or eliminate State/National Conferences for students	May reduce participation of students who could do fundraising to attend	will require fundraising of student participants	1	\$5,000 -\$10,000
Continue to reduce/ restructure support staff- IA's / secretaries/ custodians as they leave	reduced services- others must pick up extra work		1	\$30,000 to \$120,000

Total is \$82,000 to \$235,000

Potential Future Cuts –High Impact

Cut/Reduction	Impact to Education/System	Notes	Impact rating	Savings Ranges
Path from Valley Green to IS, MS, & HS	possible safety concerns, students walking through properties as short cut	Community dissatisfaction with students walking to school	2	\$ 100,000.00
Restructure Driver's Ed. Over the Road and Classroom- Create a pay for services for on the road Driver Education or eliminate	Parent dissatisfaction / drop in enrollment	Parents receive 10%- 20% discount on insurance cost is about \$450/student @ parents paying 100% CLIU offers online theory for \$90, and on the road for \$285.	2	\$32,000 - \$400,000
Restructure sports from increasing pay to participate/ sports at HS by 50% to elimination	reduced participation possible with increases- Relates to school culture HS sports = 737,213 MS= 35,203	Parent dissatisfaction	2	\$17,000 to \$772,416
Restructure/ reduce all K - 3 Special Area teachers- from .75 to total elimination of some or all	No impact on students at this time given current enrollments - impact to teachers would be high because we would need to reduce their hours	Special Area: Library, Music, Art, Physical Education, Tech Smarts	3	\$215,631 to \$ 1,612,265.
Reassigning Lower Milford as a Kindergarten Center / All day K; Closed Facility; or Alternative School	None to students educationally; impact is about culture of community school	possibility to explore revenue generating venture- alternative school or charter school?	3	\$ 500,000.00
Restructure/ reduce/ outsource custodial	Building maintenance could suffer	Dissatisfaction from community	3	\$190,000 to \$725,000
Restructure all non-special education IA's K - 6 from reductions to total elimination	At risk students would no longer receive intervention in the areas of reading and math may increase special education and costs.		3	\$25,000 to \$650,665

Total is \$1,080,000 to \$4,760,000

Voting Choices

Option	Tax Increase in mils	Yearly Tax Increase for Average Household	Total Revenue Gained in 5 years	Projected Average Yearly Cuts Needed	Projected Total Cuts in 5 years
No Tax Increase	0.00	\$0	\$0 million	\$1.35 million	\$7.9 million
Mid-tax Increase	0.50	\$47	\$2 million	\$0.68 million	\$5.2 million
Act 1 Limit Increase	0.75	\$70	\$3 million	\$0.15 million	\$3.1 million

Average Household has appraised value of \$187,200 so tax is assessed at half that or \$93,600.