

# **SOUTHERN LEHIGH SD**

**ADOPTION OF THE PROPOSED  
GENERAL FUND BUDGET  
FOR 2011-12**

**MAY 23, 2011**

# OVERVIEW

- Timeline for Development of Budget
- 2011-12 Budget Summary
- 2010-11 Expenditure & Revenue Highlights

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- 2011-12 Expenditure & Revenue Highlights
- Impact of Tax Increase
- Act 1 Index Considerations

# 2011-12 BUDGET TIMELINE

- AUGUST THRU FEBRUARY – SIX BUDGET & FINANCE COMM. MTGS.
- MARCH 12, 2011 – BUDGET SEMINAR
- APRIL 11, 2011 – BOARD MTG. AT WHICH APPROX. \$900K IN CUTS/REDUCTIONS WERE MADE
- MAY 23, 2011 – ADOPTION OF THE PROPOSED GENERAL FUND BUDGET
- JUNE 27, 2011 – FINAL ADOPTION OF BUDGET

# 2011-12 BUDGET SUMMARY

- No spending increase over 2010-11
- Decrease in Revenue of \$600K to \$1.1M
  - (Based on Gov's Proposal for State Aid & depending upon tax increase)
- Reduction in Prof. Staff due to Attrition
- Proj. Use of \$3.3 - 3.8M of Fund Balance
- Proj. End. Fund Balance of \$11.6 - 12.1M

# 2010-11 EXPENDITURE HIGHLIGHTS

- Substantial Savings Due to
  - Retirements, Resignations, Leaves & Non-replacements
  - Concerted Effort to Hire at Lower Salaries
  - One-Year Postponement of Higher Pension Costs
  - Renegotiated Bus Transportation Contract
  - Refinancing of Debt
  - Lower than projected costs for LCTI
  - No sabbaticals

# 2010-11 EXPENDITURE HIGHLIGHTS

- Substantial Savings Partially Offset by
  - Increased Costs of Special Education
  - Continued Escalation of Charter School Expenditures
  - Higher Fuel Prices

# 2010-11 REVENUE HIGHLIGHTS

- Very Low Rate of RE Tax Growth
- Tax Refunds due to Property Assessment Appeals Originally Filed in 2009-10
- Sustained Microscopic Interest Rates
- Much lower than projected Transp. Subsidy



# 2011-12 EXPENDITURE HIGHLIGHTS

- Salaries & Benefits
  - Previously Granted Increases for Existing Staff
  - Health Insurance Premiums up 6%
  - Employer Pension Costs up More Than 50%
  - No New Staff
  - Anticipated Reduction of at least 3 Professional Staff thru Attrition

# 2011-12 EXPENDITURE HIGHLIGHTS

- No Increase in Building Budgets
- No Increase in Athletic Dept. Budget
- Various Reductions/Cuts of \$900,000 approved by Board on April 11, 2011
  - Items Selected for Operating Efficiencies and Low Impact to Educational Programs

# 2011-12 EXPENDITURE HIGHLIGHTS

- One-Time Savings in LCTI Costs
  - Excess Funds Following Construction Project
  - Use of Academic Center \$ Set Aside by LCTI
- Continued Escalation of Special Ed Costs and Charter School Costs

# 2011-12 REVENUE HIGHLIGHTS

- Continued Slow Growth in RE Tax Base
- Cont'd Slow Recovery in EIT Revenues
- Gradual Turnaround in Interest Earnings
- Loss of Federal Stimulus Funds

# 2011-12 REVENUE HIGHLIGHTS

- Major Uncertainty Regarding State \$\$\$\$
  - Basic Subsidy (loss of \$152,141 to \$429,097)
  - Accountability Block Grant (loss of \$88,988 to \$148,314)
  - Charter Schools (bracing for loss of \$328,288)
  - Social Security Reimbursement (could lose up to \$322,900)

# IMPACT OF TAX INCREASE

- Current Average Assessed Value of all parcels in SLSD is approx. \$92,000
  - Current Avg. School RE Tax Bill is \$4168
  - An increase of .25 mills = \$23
  - An increase of .50 mills = \$46
  - An increase of .63 mills = \$58

# ACT 1 INDEX CONSIDERATIONS

- Limits tax increases w/o Referendum
  - 09-10 Act 1 Index = 4.1%
  - 10-11 Act 1 Index = 2.9%
  - 11-12 Act 1 Index = 1.4%
  - Five-Year Budget is based on an index of 1.2% for 2012-13 with gradually increasing levels thereafter (1.6%, 2.5%, and 3.5%)