

Initial Preliminary Budget

December 5, 2011 Board Meeting

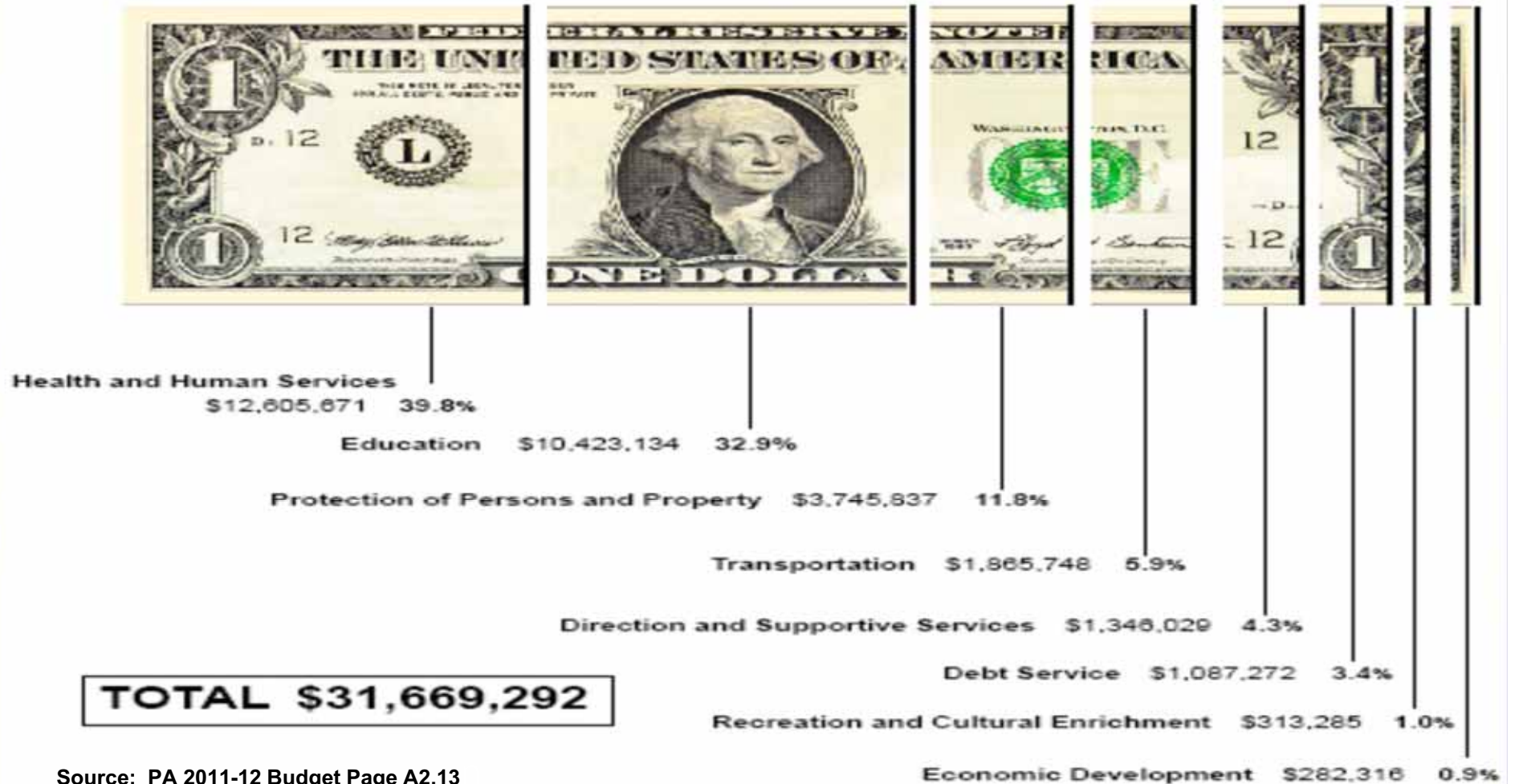
Act 1, Budget process - Summary

- December: Approval to Publicly Post Initial Expenditure Budget
- January: Adjust December Budget and Board Adoption of Preliminary Budget
- February, March, April: Revise Preliminary Budget
- April 24: Approval to Publicly Post the Preliminary Final Budget
- May 22: Board Final Adoption of the Budget

Comparing Pennsylvania Revenues to Expenditures for 2011-12

Pennsylvania State Budget General & Special Fund Expenses

2011-12 Fiscal Year
(Dollar Amounts in Thousands)



Source: PA 2011-12 Budget Page A2.13

Major Sources of Pennsylvania State Revenue

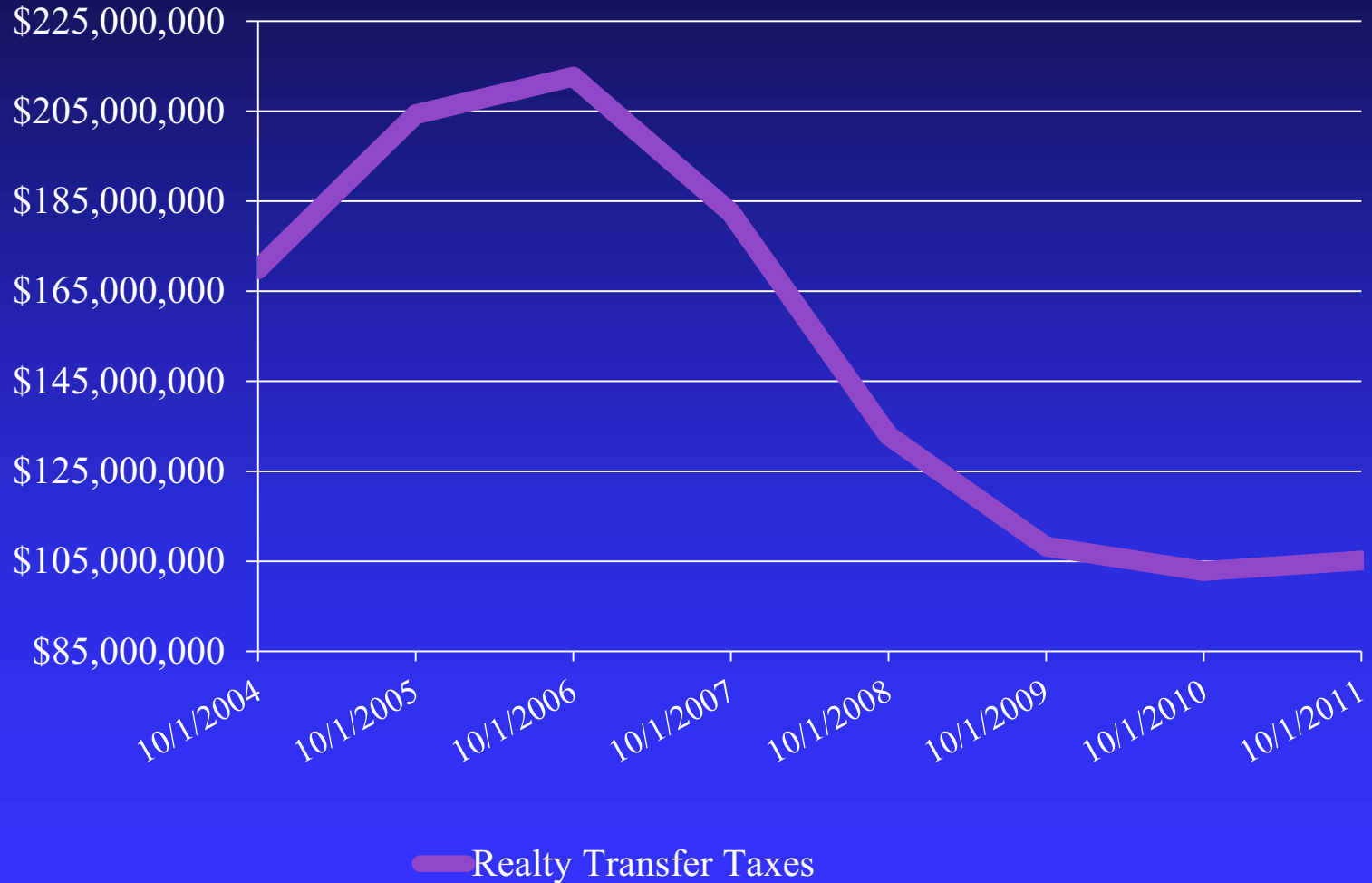
Personal Income Tax as of October of Each Year



Source: Pennsylvania Department of Revenue, Monthly Revenue Report
http://www.revenue.state.pa.us/portal/server.pt/community/monthly_revenue_reports/14801

Major Sources of Pennsylvania State Revenue

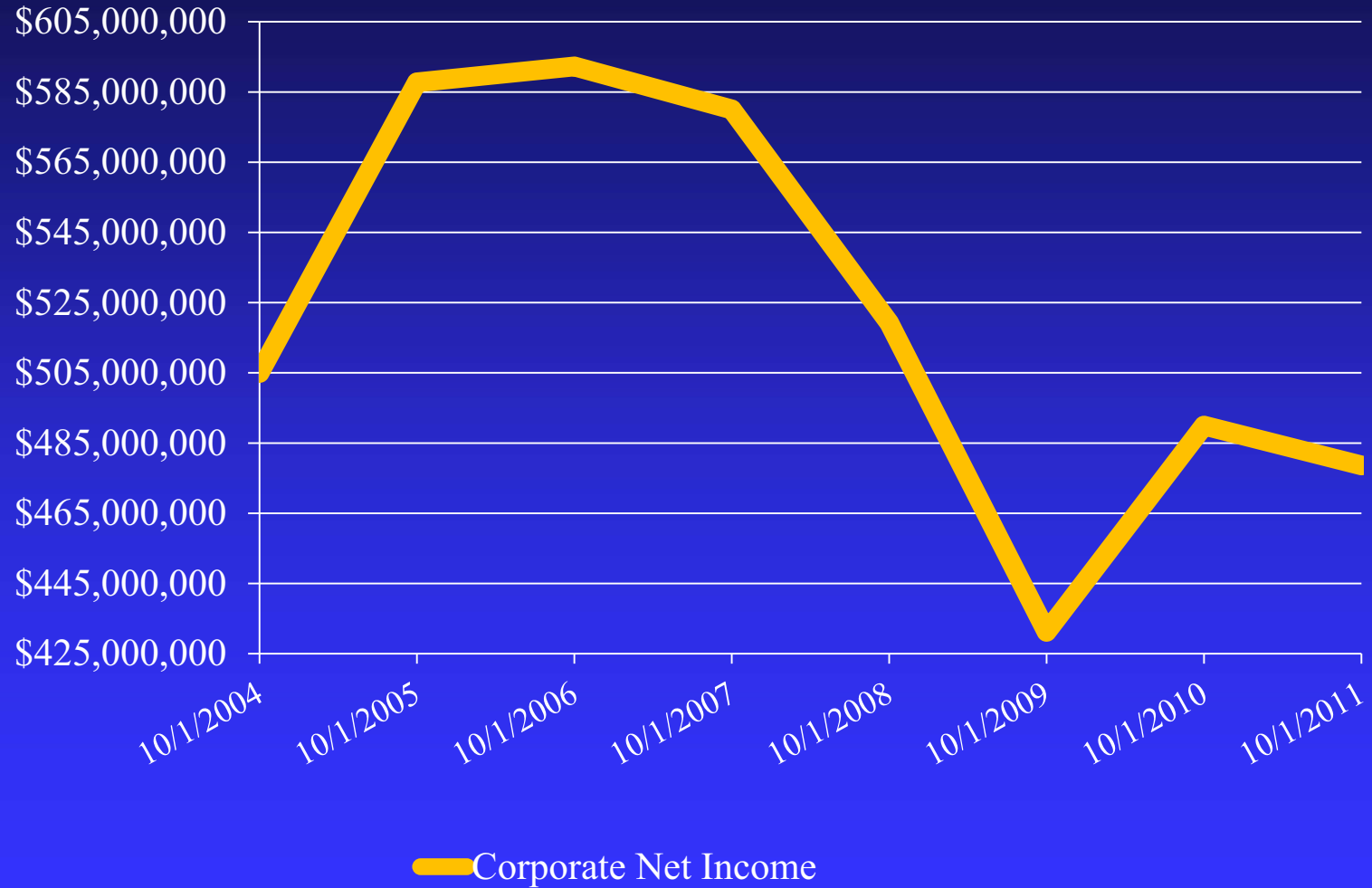
Realty Transfer Tax as of October of Each Year



Source: Pennsylvania Department of Revenue, Monthly Revenue Report
http://www.revenue.state.pa.us/portal/server.pt/community/monthly_revenue_reports/14801

Major Sources of Pennsylvania State Revenue

Corporate Net Income Tax as of October of Each Year



Source: Pennsylvania Department of Revenue, Monthly Revenue Report
http://www.revenue.state.pa.us/portal/server.pt/community/monthly_revenue_reports/14801

Major Sources of Pennsylvania State Revenue

Sales Tax as of October of Each Year



Source: Pennsylvania Department of Revenue, Monthly Revenue Report
http://www.revenue.state.pa.us/portal/server.pt/community/monthly_revenue_reports/14801

Major Sources of State Revenue

Total General Fund Revenue as of October of Each Year



* = Federal Stimulus

— Total General Fund Revenue

Source: Pennsylvania Department of Revenue, Monthly Revenue Report
http://www.revenue.state.pa.us/portal/server.pt/community/monthly_revenue_reports/14801

State Budget Revenue Deficits as of 10-31-2011 General Fund

- Sales Tax, .3% below estimates
- Personal Income Tax, 4.2% below estimates
- Corporate Tax, 16.7% below estimates
- Inheritance Tax, .8% below estimates
- Realty Transfer Tax, 7.8% below estimates
- Other Tax Revenue (cigarette, beer, liquor and gambling), 1.6% above estimates
- Overall for general fund tax revenue, 3.6% below estimates

So What Can We Conclude From Pennsylvania State Finances?

- Will state subsidies to school districts go up ...

go down ...

stay the same

Focus on Central Bucks S.D.

Central Bucks Revenues

- Lost \$500,000 in state basic subsidies for 2011-12
- Stimulus is gone
- Losing about \$2M /yr in transportation subsidy
- Losing \$5M/yr in R.E. taxes due to assessment appeals
- Earned income taxes are not growing
- Special Education Subsidies - no growth for 4 years
- Interim R.E. taxes are declining
- R.E. transfer taxes are declining
- Interest earnings on investments are declining
- Federal program subsidies are declining

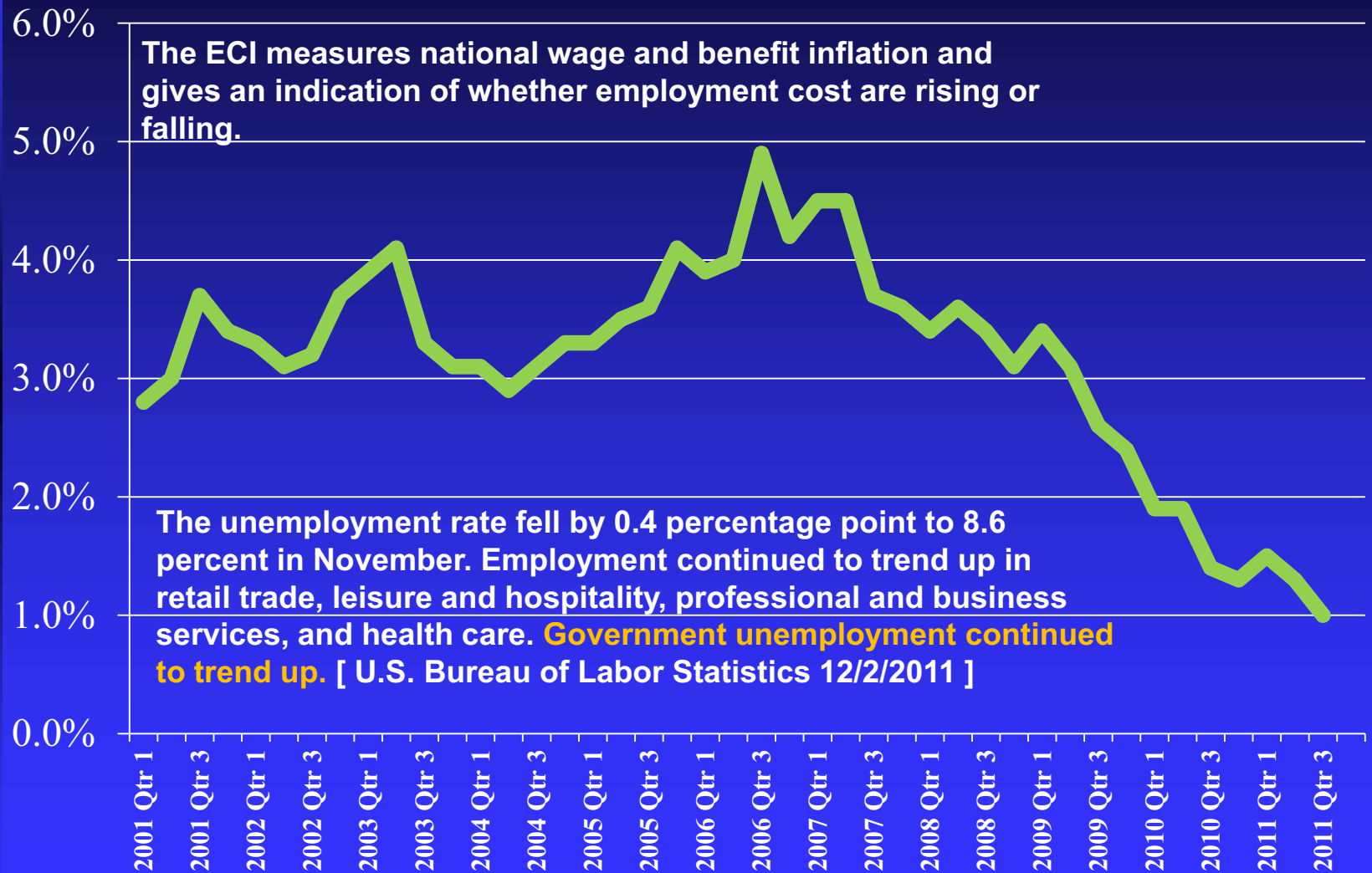
The Act 1 index provides the base amount real estate taxes can increase.

The index is based on inflation rates.

The Components of the Act 1 of 2006 Tax Reform Index

Employment Cost Index (ECI) for K – 12 Sector

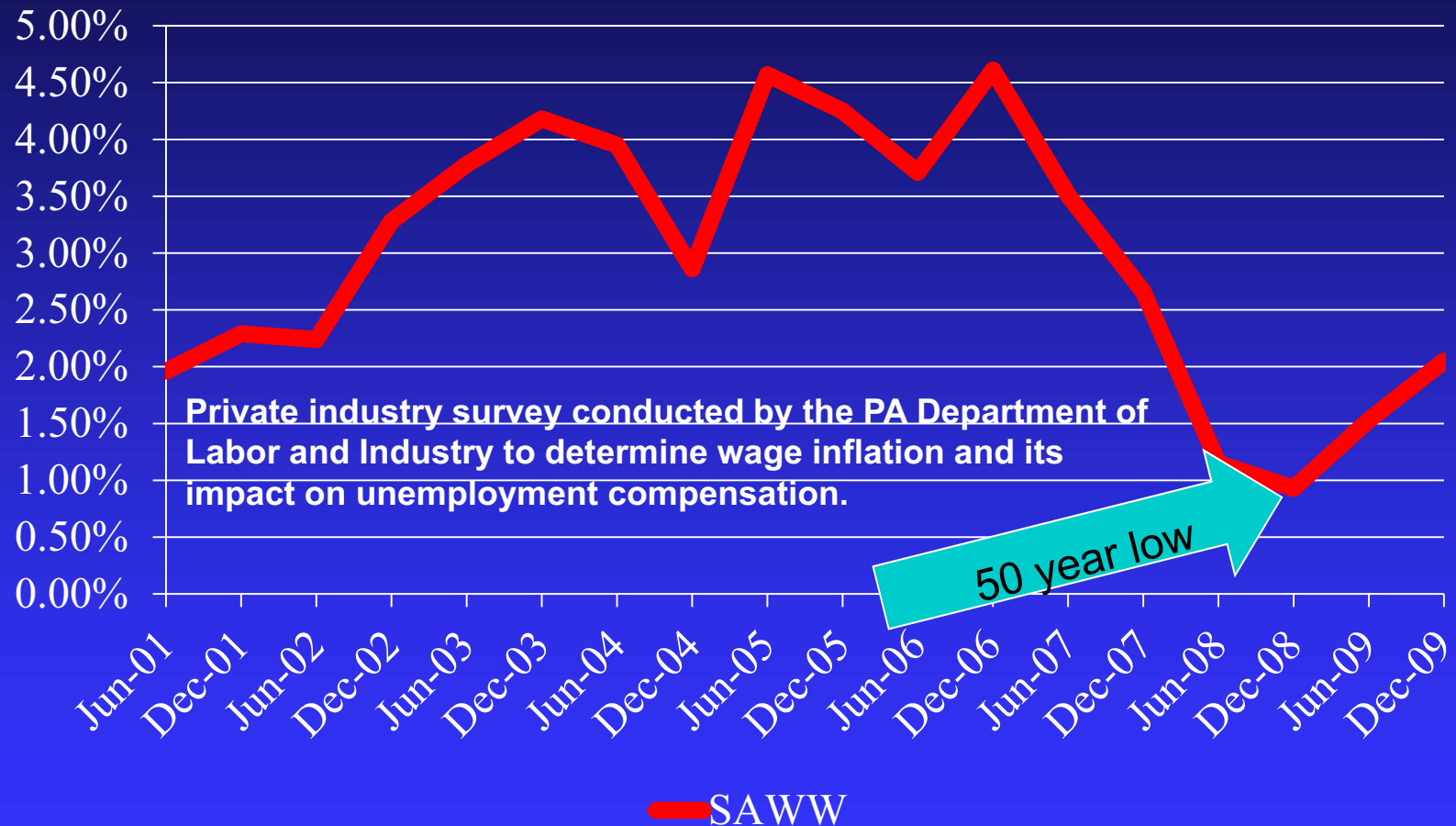
— K-12 Education



Source: US Department of Labor, Bureau of Labor and Statistics. ECI Table 7 Year to Year Change as of June 30th. Compensation (not seasonally adjusted) State and Local Government Workers K -12 Sector

Statewide Average Weekly Wage (SAWW)

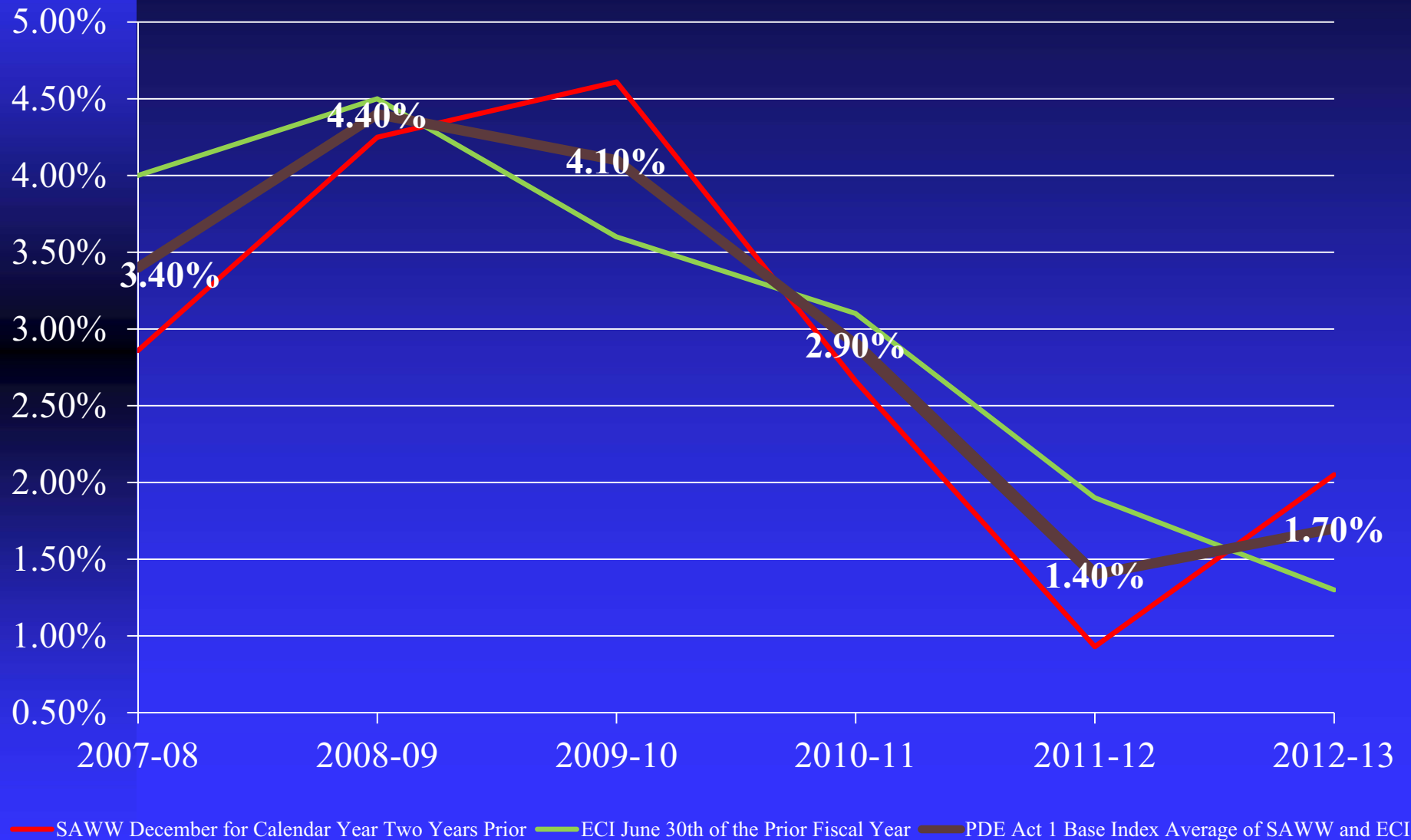
SAWW Index Since 2001



Source: Unemployment Compensation Covered Employment and Wages, Center for Workforce Information and Analysis, PA Department of Labor and Industry as provided by the Pennsylvania Workers Compensation Law.

Act 1 Base Index and its Component Values

(Places Limits on Real Estate Tax Increases)



For 2011-12, What is the Base Index Amount and Estimated Exceptions?

2012-13 Base Act 1 Index	1.70%	=	2.05 mills	or	\$3,269,750
Estimated Exception for Retirement System	1.14%	=	1.37 mills	or	\$2,185,150
Estimated Exception for Special Education	0.00%	=	0.00 mills	or	\$0
<hr/>					
Estimated Act 1 Index with Exceptions	2.84%				
Current 2011-12 Real Estate Millage Rate is			120.8 mills		
2.84% Estimated Index Growth with Exceptions			3.4 mills	or	\$5,423,000
<hr/>					
<u>Estimated</u> Maximum Millage Rate for 2011-12 Budget			124.2 mills	*	

Index and exceptions available for operations (Base Index + Sp. Ed.) =	\$3,269,750
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* Official calculation formulas will be available from PDE in February

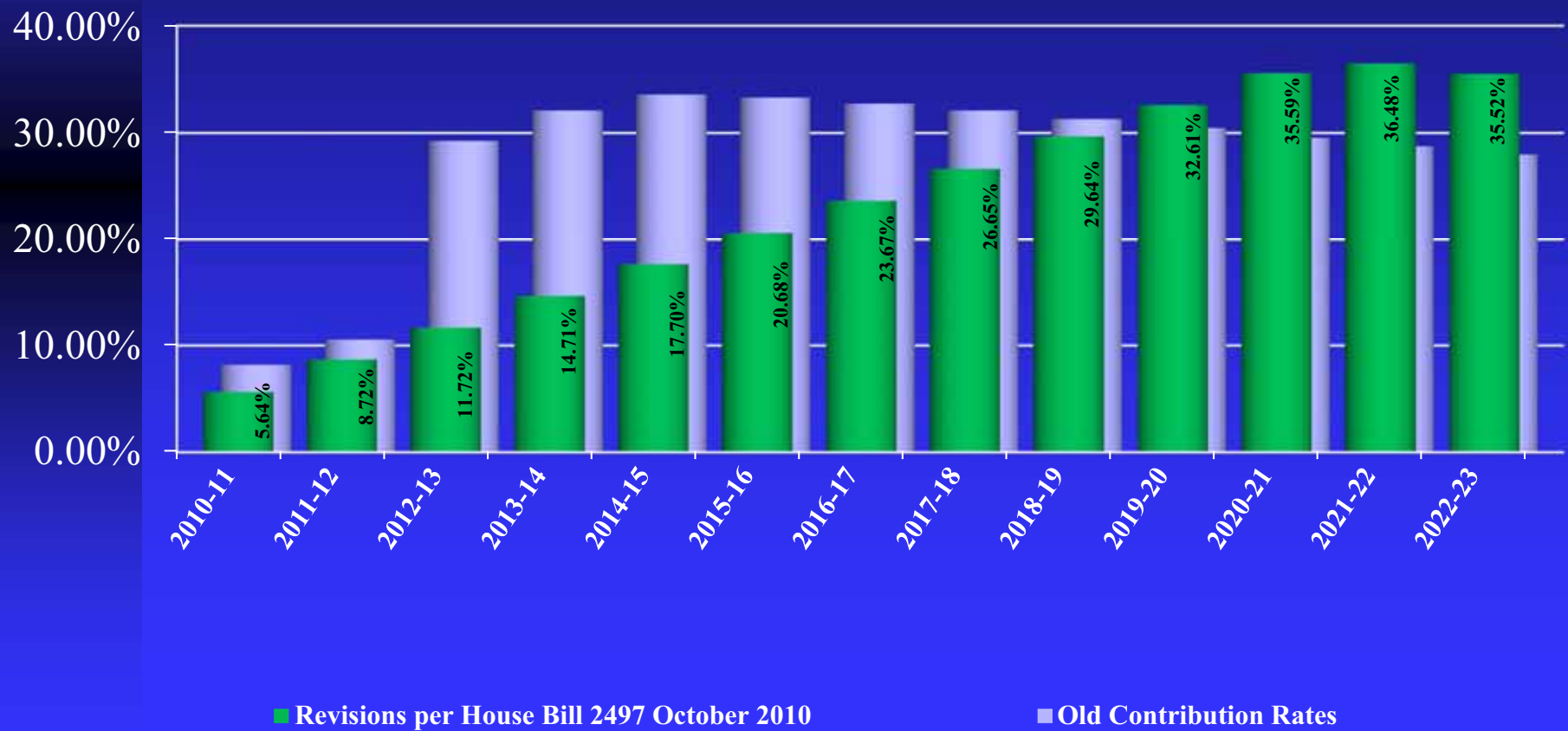
Employer Contributions to the Pennsylvania School Employees Retirement System (PSEERS)

Employer Contribution Rate Comparison



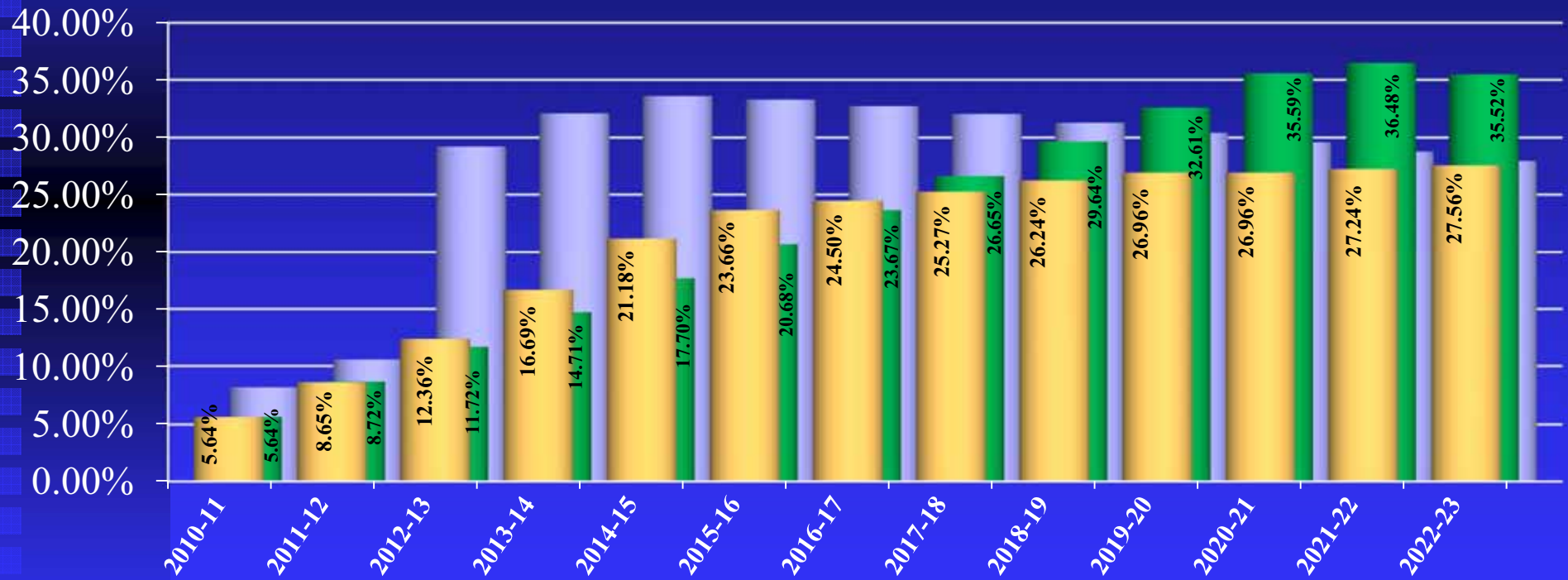
Employer Contributions to the Pennsylvania School Employees Retirement System (PSERS)

Employer Contribution Rate Comparison



Employer Contributions to the Pennsylvania School Employees Retirement System (PSERS)

Employer Contribution Rate Comparison



Fy 2010-11 Investment Returns 20.4%

■ Revisions per Latest Investment Returns June 30, 2011 ■ Revisions per House Bill 2497 October 2010 ■ Old Contribution Rates

What is the District Doing to Counter the Revenue Crisis

- Reduce Positions - About 250 over 3 years
- We must reinvent how we do business ...
 - ◆ Transportation
 - ◆ Copier expenses
 - ◆ Energy consumption
 - ◆ Eliminate curriculum areas with decreasing demand
 - ◆ Freezing school budgets & reducing conference expenses
 - ◆ Eliminated internship & partnership programs
- All reductions are done to “protect the core”

Protecting the Core



Major Goals for the 2012-13 Budget

- Maintain quality academic programs
- Comply with the constraints imposed by Act 1 of 2006
 - ◆ Timelines
 - ◆ SAWW / ECI Index Limits
- Reduce Expenditures...
 - ◆ Review, reinvent, & reduce programs in order to increase efficiency
 - ◆ Reduce support related expenses
 - ◆ District Initiatives
 - ◆ 2009-10 Initiatives
 - ◆ 2010-11 Initiatives
 - ◆ 2011-12 Initiatives
 - ◆ 2012-13 Initiatives
- Look for ways to increase non-tax revenues

2012-13 Budget Pressure Points

- Declining Revenues

- ◆ Local Revenues

- ◆ State Revenues

- ◆ Federal Revenues

- ◆ Act 1 Index



- Must continue to look at reducing expenses in:

- Staffing

- Health Care

- Debt Payments

2012-13 Budget Timeline

Monday, December 05, 2011	Board approval to post preliminary budget for public inspection (20 day notice)
Tuesday, December 07, 2010	Advertise intent to adopt preliminary budget
Monday, January 16, 2012	County provides real estate tax assessment report
Tuesday, January 24, 2012	Board considers preliminary budget
Thursday, March 01, 2012	Deadline for residential property owners to file homestead exemption
Saturday, March 03, 2012	PDE notifies SD if their proposed tax increase is under the TRL
Tuesday, March 13, 2012	Board Meeting, Update on Governor's budget for SD revenues
Tuesday, April 24, 2012	Board approval to post final budget (20 day notice)
Wednesday, April 25, 2012	Advertise intent to adopt final budget
Tuesday, May 01, 2012	District receives county assessors report of properties eligible for homestead/farmstead real estate tax discount
Tuesday, May 01, 2012	PDE notifies SD of their property tax reductions from slot machines
Tuesday, May 22, 2012	Final budget adoption

Summary

- Revenues continue to decline
- Act 1 limits our revenue options
- We still have mandated expenses
 - ◆ Health Care, Retirement
 - ◆ Can't reduce teaching staff for economic reasons
- Challenge:
 - ◆ How do we reduce costs and still retain a quality program?

Summary

	2011-12 Budget	2012-13 Initial Budget	Percent Change
Expenses	\$280,637,079	\$288,338,142	2.74%

If our 2012-13 revenue assumptions don't change for the worse, the Initial Preliminary Budget is in compliance with the Act 1 base index increase.

Sample

Preliminary Budget, 12-13

		11-12 Budget	12-13 Budget	Diff	Percent Change
1000					
1100					
	100	74,073,233	74,950,000	876,767	1.18%
	200	32,527,211	35,092,000	2,564,789	7.89%
	300	61,727	62,000	273	0.44%
	400	907,867	852,000	(55,867)	-6.15%
	500	36,565	37,000	435	1.19%
	600	2,059,210	2,042,193	(17,017)	-0.83%
	700	339,884	330,000	(9,884)	-2.91%
	800	14,241	14,500	259	1.82%
	Total	110,019,938	113,379,693	3,359,755	3.05%
1200					
	100	20,429,025	20,650,000	220,975	1.08%
	200	8,470,666	9,140,000	669,334	7.90%
	300	4,282,610	4,496,741	214,131	5.00%
	400	10,000	9,000	(1,000)	-10.00%
	500	1,017,825	1,068,716	50,891	5.00%
	600	284,281	285,000	719	0.25%
	700	67,750	67,000	(750)	-1.11%
	800	3,000	3,000	0	0.00%
	Total	34,565,157	35,719,457	1,154,300	3.34%
1300					
	500	4,355,640	4,494,000	138,360	3.18%
	Total	4,355,640	4,494,000	138,360	3.18%
1400					
	100	802,273	810,000	7,727	0.96%
	200	241,214	261,000	19,786	8.20%
	300	13,500	14,000	500	3.70%
	400	0	0	0	#DIV/0!
	500	3,161,400	3,325,000	163,600	5.17%
	600	44,080	45,000	920	2.09%
	700	0	0	0	#DIV/0!
	800	0	0	0	#DIV/0!
	Total	4,262,467	4,455,000	192,533	4.52%
1600					
	100	32,000	32,000	0	0.00%
	200	6,133	6,615	482	7.86%
	300	70,000	70,000	0	0.00%
	400	1,900	1,900	0	0.00%
	500	0	0	0	#DIV/0!
	600	3,000	3,000	0	0.00%
	700	0	0	0	#DIV/0!
	800	500	500	0	0.00%
	Total	113,533	114,015	482	0.42%
Total 1000		153,316,735	158,162,165	4,845,430	3.16%
2000					
2100					
	100	6,659,872	6,725,000	65,128	0.98%
	200	2,526,562	2,725,150	198,588	7.86%
	300	88,750	89,000	250	0.28%
	400	900	900	0	0.00%
	500	5,000	5,000	0	0.00%
	600	57,020	57,000	(20)	-0.04%
	700	500	500	0	0.00%
	800	0	0	0	#DIV/0!

Agenda Item

Asking for Board Authorization to Post the Initial 2012-13 Budget on the District Web Site in the Amount of \$288,338,142.

This posting will launch the 2012-13 budget process.



Preliminary Expenditure Budget, 2012-13

		<u>11-12 Budget</u>	<u>12-13 Budget</u>	<u>Diff</u>	<u>Percent Change</u>
1000					
1100					
	100	74,073,233	74,950,000	876,767	1.18%
	200	32,527,211	35,092,000	2,564,789	7.89%
	300	61,727	62,000	273	0.44%
	400	907,867	852,000	(55,867)	-6.15%
	500	36,565	37,000	435	1.19%
	600	2,059,210	2,042,193	(17,017)	-0.83%
	700	339,884	330,000	(9,884)	-2.91%
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	Total	110,019,938	113,379,693	3,359,755	3.05%
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	200	8,470,666	9,140,000	669,334	7.90%
	300	4,282,610	4,496,741	214,131	5.00%
	400	10,000	9,000	(1,000)	-10.00%
	500	1,017,825	1,068,716	50,891	5.00%
	600	284,281	285,000	719	0.25%
	700	67,750	67,000	(750)	-1.11%
	800	3,000	3,000	0	0.00%
	Total	34,565,157	35,719,457	1,154,300	3.34%
1300					
	500	4,355,640	4,494,000	138,360	3.18%
	Total	4,355,640	4,494,000	138,360	3.18%
1400					
	100	802,273	810,000	7,727	0.96%
	200	241,214	261,000	19,786	8.20%
	300	13,500	14,000	500	3.70%
	400	0	0	0	#DIV/0!
	500	3,161,400	3,325,000	163,600	5.17%
	600	44,080	45,000	920	2.09%
	700	0	0	0	#DIV/0!
	800	0	0	0	#DIV/0!
	Total	4,262,467	4,455,000	192,533	4.52%
1600					
	100	32,000	32,000	0	0.00%
	200	6,133	6,615	482	7.86%
	300	70,000	70,000	0	0.00%
	400	1,900	1,900	0	0.00%
	500	0	0	0	#DIV/0!
	600	3,000	3,000	0	0.00%
	700	0	0	0	#DIV/0!
	800	500	500	0	0.00%
	Total	113,533	114,015	482	0.42%
Total 1000		153,316,735	158,162,165	4,845,430	3.16%

Preliminary Expenditure Budget, 2012-13

	<u>11-12 Budget</u>	<u>12-13 Budget</u>	<u>Diff</u>	<u>Percent Change</u>
2000				
2100				
100	6,659,872	6,725,000	65,128	0.98%
200	2,526,562	2,725,150	198,588	7.86%
300	88,750	89,000	250	0.28%
400	900	900	0	0.00%
500	5,000	5,000	0	0.00%
600	57,020	57,000	(20)	-0.04%
700	500	500	0	0.00%
800	0	0	0	#DIV/0!
Total	9,338,604	9,602,550	263,946	2.83%
2200				
100	6,581,247	6,660,000	78,753	1.20%
200	2,892,788	3,120,161	227,373	7.86%
300	90,500	90,000	(500)	-0.55%
400	49,563	45,000	(4,563)	-9.21%
500	451,885	450,000	(1,885)	-0.42%
600	420,256	420,000	(256)	-0.06%
700	165,256	165,000	(256)	-0.15%
800	675	700	25	3.70%
Total	10,652,170	10,950,861	298,691	2.80%
2300				
100	7,989,302	8,100,000	110,698	1.39%
200	3,478,985	3,740,000	261,015	7.50%
300	1,062,726	1,055,000	(7,726)	-0.73%
400	25,042	22,025	(3,017)	-12.05%
500	381,266	380,000	(1,266)	-0.33%
600	103,008	100,000	(3,008)	-2.92%
700	25,396	24,000	(1,396)	-5.50%
800	38,688	39,000	312	0.81%
Total	13,104,413	13,460,025	355,612	2.71%
2400				
100	2,314,041	2,340,000	25,959	1.12%
200	1,033,000	1,114,194	81,194	7.86%
300	61,500	62,500	1,000	1.63%
400	2,200	2,000	(200)	-9.09%
500	1,900	1,900	0	0.00%
600	60,092	61,000	908	1.51%
700	2,000	2,000	0	0.00%
800	300	300	0	0.00%
Total	3,475,033	3,583,894	108,861	3.13%

Preliminary Expenditure Budget, 2012-13

		<u>11-12 Budget</u>	<u>12-13 Budget</u>	<u>Diff</u>	<u>Percent Change</u>
2500					
	100	935,849	925,000	(10,849)	-1.16%
	200	398,249	429,551	31,302	7.86%
	300	47,952	47,500	(452)	-0.94%
	400	11,014	10,500	(514)	-4.67%
	500	27,523	27,500	(23)	-0.08%
	600	15,584	15,600	16	0.10%
	700	5,744	5,700	(44)	-0.77%
	800	1,998	1,850	(148)	-7.41%
	Total	1,443,913	1,463,201	19,288	1.34%
2600					
	100	9,482,541	9,610,000	127,459	1.34%
	200	5,149,438	5,554,184	404,746	7.86%
	300	0	0	0	#DIV/0!
	400	6,745,184	6,610,000	(135,184)	-2.00%
	500	627,322	628,000	678	0.11%
	600	3,997,660	3,980,000	(17,660)	-0.44%
	700	329,670	325,000	(4,670)	-1.42%
	800	3,996	4,100	104	2.60%
	Total	26,335,811	26,711,284	375,473	1.43%
2700					
	100	5,577,727	5,520,000	(57,727)	-1.03%
	200	3,271,337	3,528,464	257,127	7.86%
	300	18,981	19,000	19	0.10%
	400	192,807	190,000	(2,807)	-1.46%
	500	6,766,038	6,905,000	138,962	2.05%
	600	1,463,235	1,450,000	(13,235)	-0.90%
	700	0	0	0	#DIV/0!
	800	754	750	(4)	-0.53%
	Total	17,290,879	17,613,214	322,335	1.86%
2800					
	100	672,729	670,000	(2,729)	-0.41%
	200	309,002	333,290	24,288	7.86%
	300	81,948	85,000	3,052	3.72%
	400	750,200	755,000	4,800	0.64%
	500	228,500	220,000	(8,500)	-3.72%
	600	5,000	5,000	0	0.00%
	700	100,000	100,000	0	0.00%
	800	0	0	0	#DIV/0!
	Total	2,147,379	2,168,290	20,911	0.97%
2900					
	500	232,967	237,626	4,659	2.00%
	Total	232,967	237,626	4,659	2.00%
Total 2000		84,021,169	85,790,945	1,769,776	2.11%

Preliminary Expenditure Budget, 2012-13

	<u>11-12 Budget</u>	<u>12-13 Budget</u>	<u>Diff</u>	<u>Percent Change</u>
3000				
3200				
100	1,673,610	1,670,000	(3,610)	-0.22%
200	409,080	441,234	32,154	7.86%
300	381,542	382,000	458	0.12%
400	0	0	0	#DIV/0!
500	14,486	15,000	514	3.55%
600	155,123	156,000	877	0.57%
700	13,000	13,000	0	0.00%
800	0	0	0	#DIV/0!
Total	2,646,841	2,677,234	30,393	1.15%
3300				
100	2,069,686	2,100,000	30,314	1.46%
200	552,801	596,251	43,450	7.86%
300	45,000	45,000	0	0.00%
400	5,175	5,175	0	0.00%
500	27,650	27,650	0	0.00%
600	345,000	345,000	0	0.00%
700	3,500	3,500	0	0.00%
800	200	200	0	0.00%
Total	3,049,012	3,122,776	73,764	2.42%
Total 3000	<u>5,695,853</u>	<u>5,800,010</u>	<u>104,157</u>	1.83%
5000				
5100				
800	13,149,837	10,970,022	(2,179,815)	-16.58%
900	15,549,435	17,765,000	2,215,565	14.25%
Total	28,699,272	28,735,022	35,750	0.12%
5200				
900	8,504,500	9,500,000	995,500	11.71%
Total	8,504,500	9,500,000	995,500	11.71%
5900				
800	399,600	350,000	(49,600)	-12.41%
Total	399,600	350,000	(49,600)	-12.41%
Total 5000	<u>37,603,372</u>	<u>38,585,022</u>	<u>981,650</u>	2.61%
GRAND TOTAL	280,637,129	288,338,142	7,701,013	2.74%