

Proposed Preliminary Budget

December 3, 2012 Board Meeting

Act 1, Budget process - Summary

- December: Approval to Publicly Post Proposed Expenditure Budget
- January: Adjust December Budget and Board Adoption of Preliminary Budget
- February, March, April: Revise Preliminary Budget
- April 23: Approval to Publicly Post the Proposed Final Budget
- May 28: Board Final Adoption of the Budget

Comparing Pennsylvania Revenues to Expenditures for 2012-13

Pennsylvania State Budget General & Special Fund Expenses

2012-13 Fiscal Year
(Dollar Amounts in Thousands)



Health and Human Services

\$12,204,871 38.4%

Education \$10,989,150 34.6%

Protection of Persons and Property \$3,738,851 11.8%

Transportation \$1,790,807 5.7%

Direction and Supportive Services \$1,325,215 4.2%

Debt Service \$1,138,979 3.6%

Economic Development \$274,922 0.9%

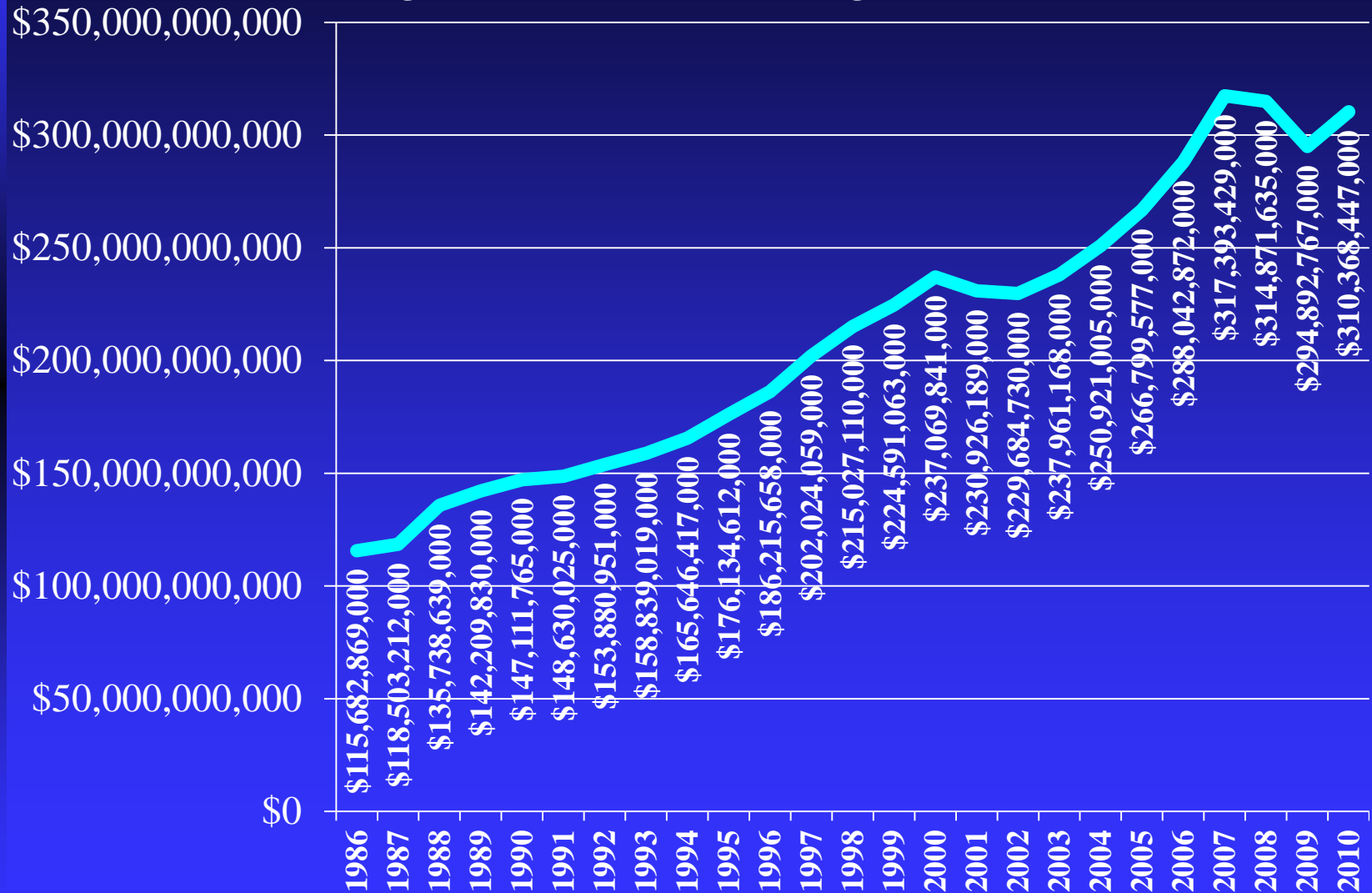
Recreation and Cultural Enrichment \$260,195 0.8%

TOTAL \$31,723,050

Source: PA 2012-13 Governor's Budget Page A2.13

Pennsylvania Personal Income Tax History

Total Taxable Personal Income Per Year, (Wages, Interest, Dividends, Gambling Proceeds, etc.)



Major Sources of Pennsylvania State Revenue

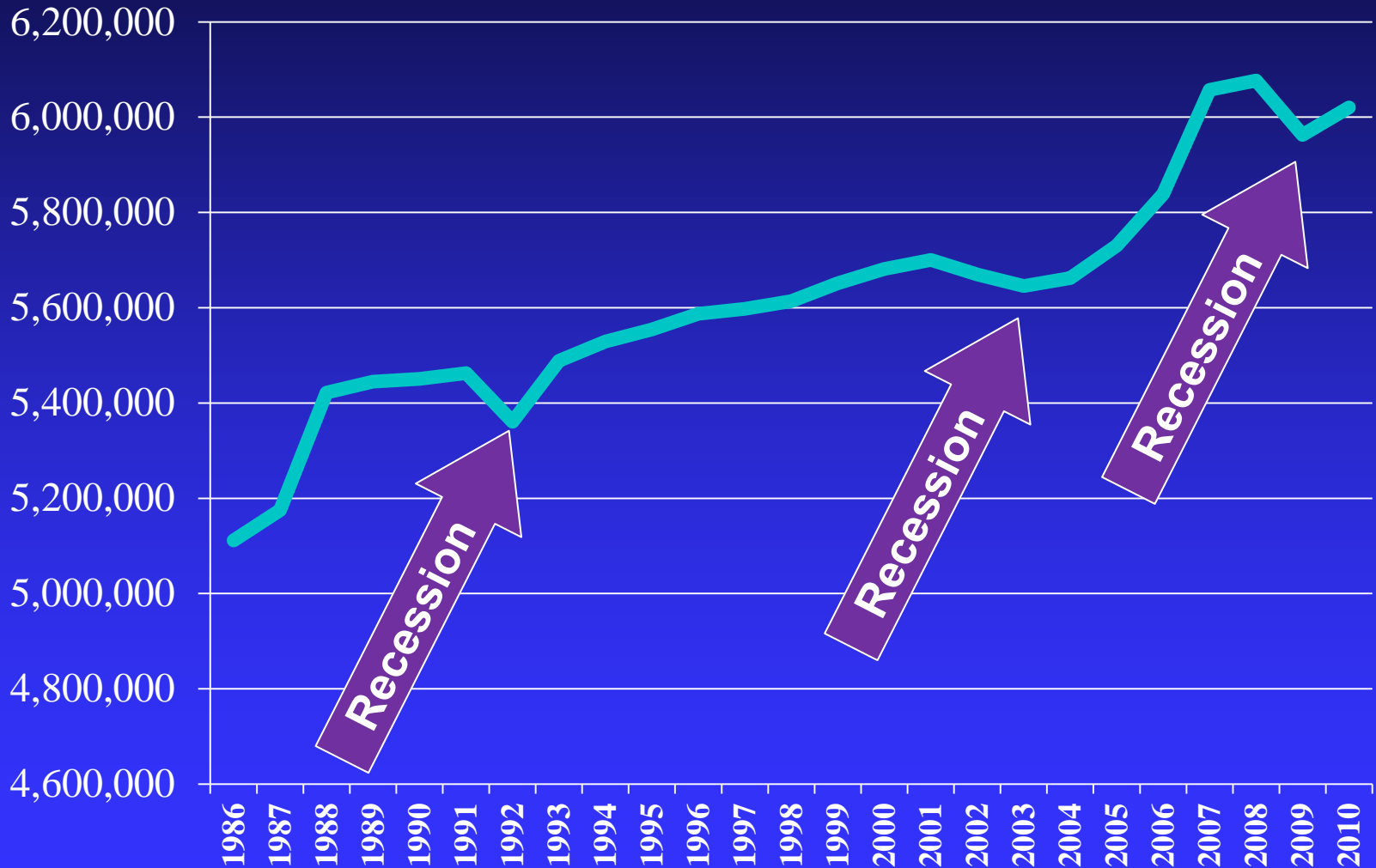
Personal Income Tax Collected as of October of Each Year



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

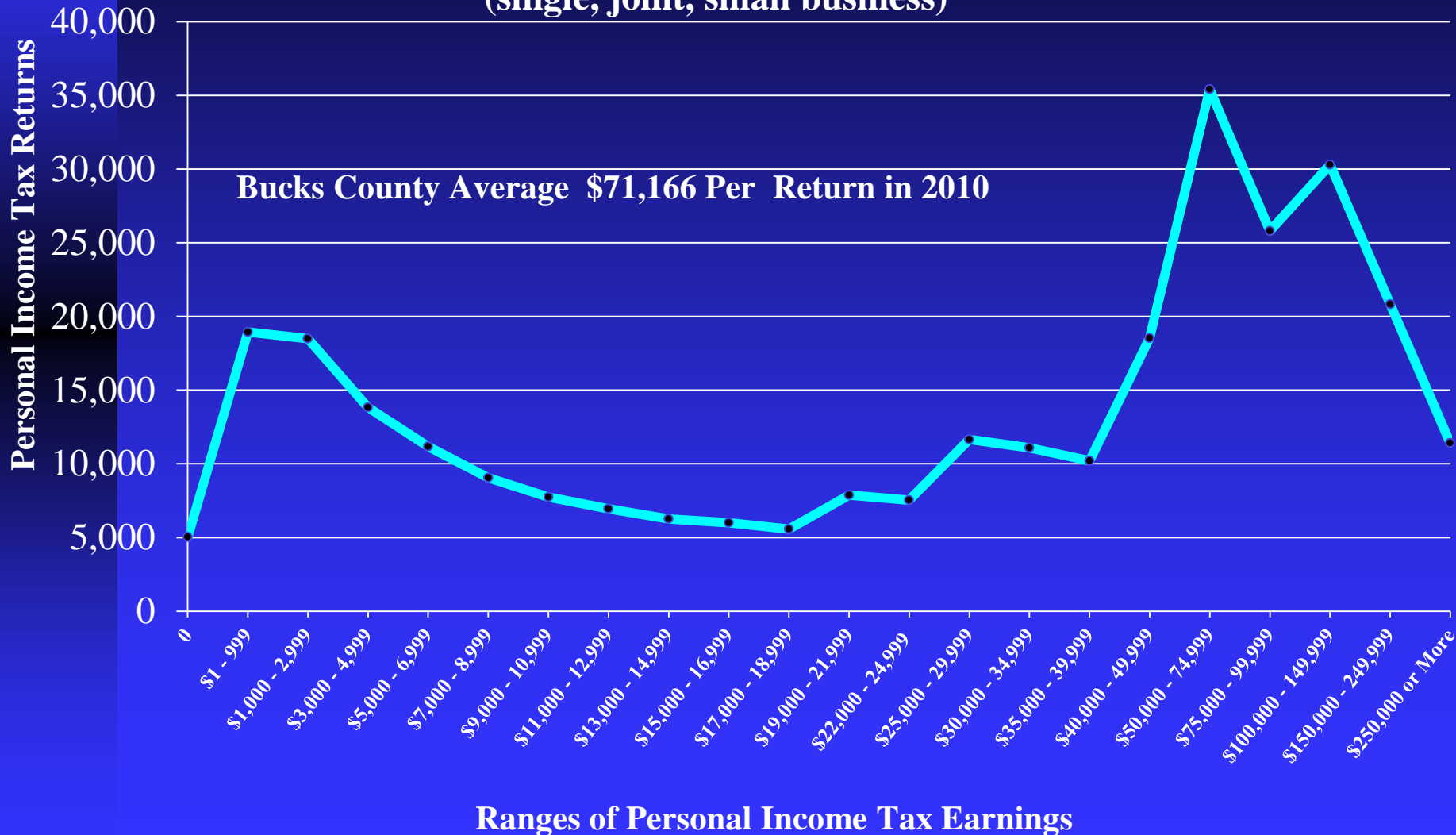
Pennsylvania Personal Income Tax Returns History

Number of Returns



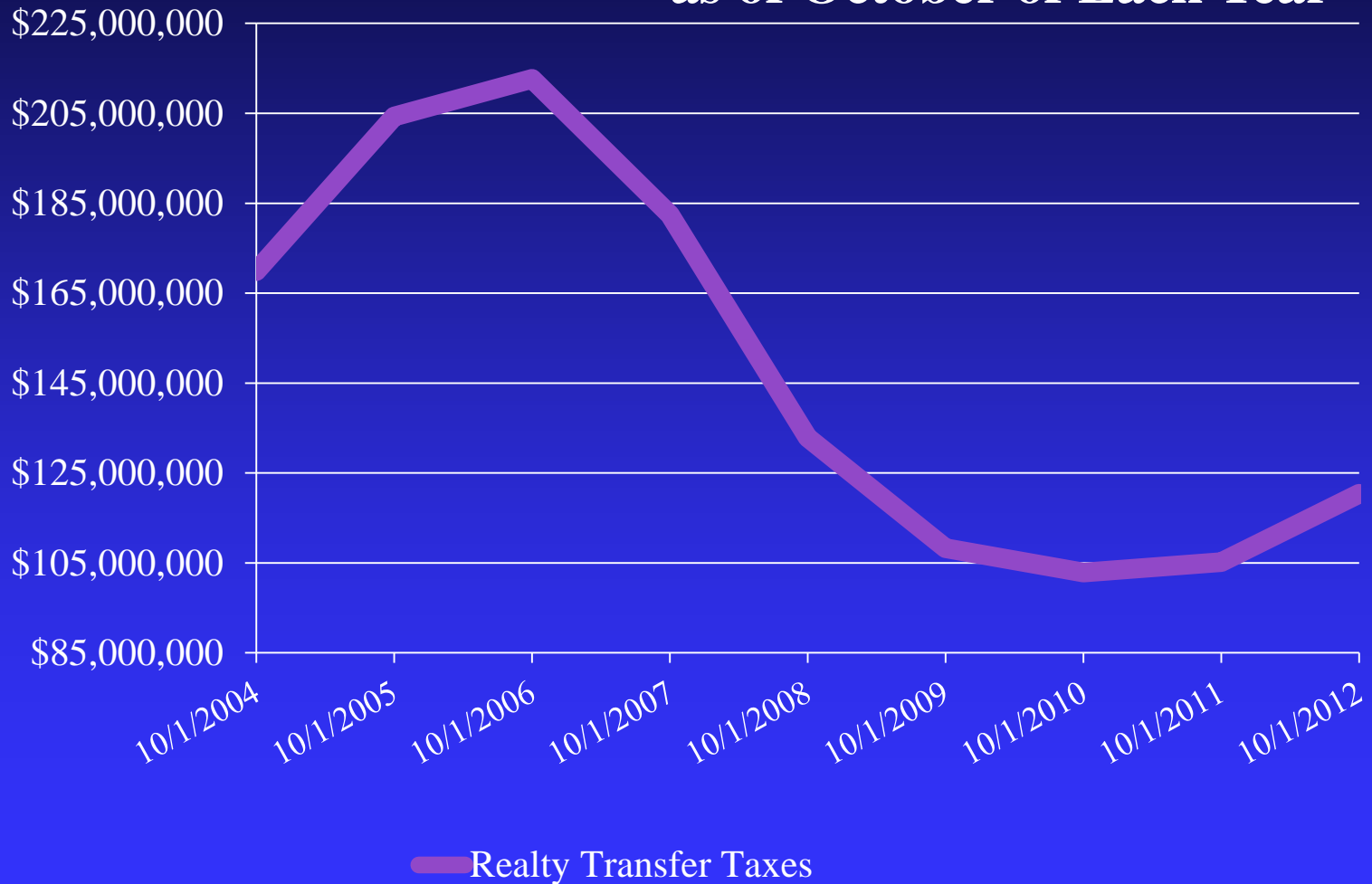
Pennsylvania Personal Income Tax By County

Bucks County Returns Per Income Tax Range (single, joint, small business)



Major Sources of Pennsylvania State Revenue

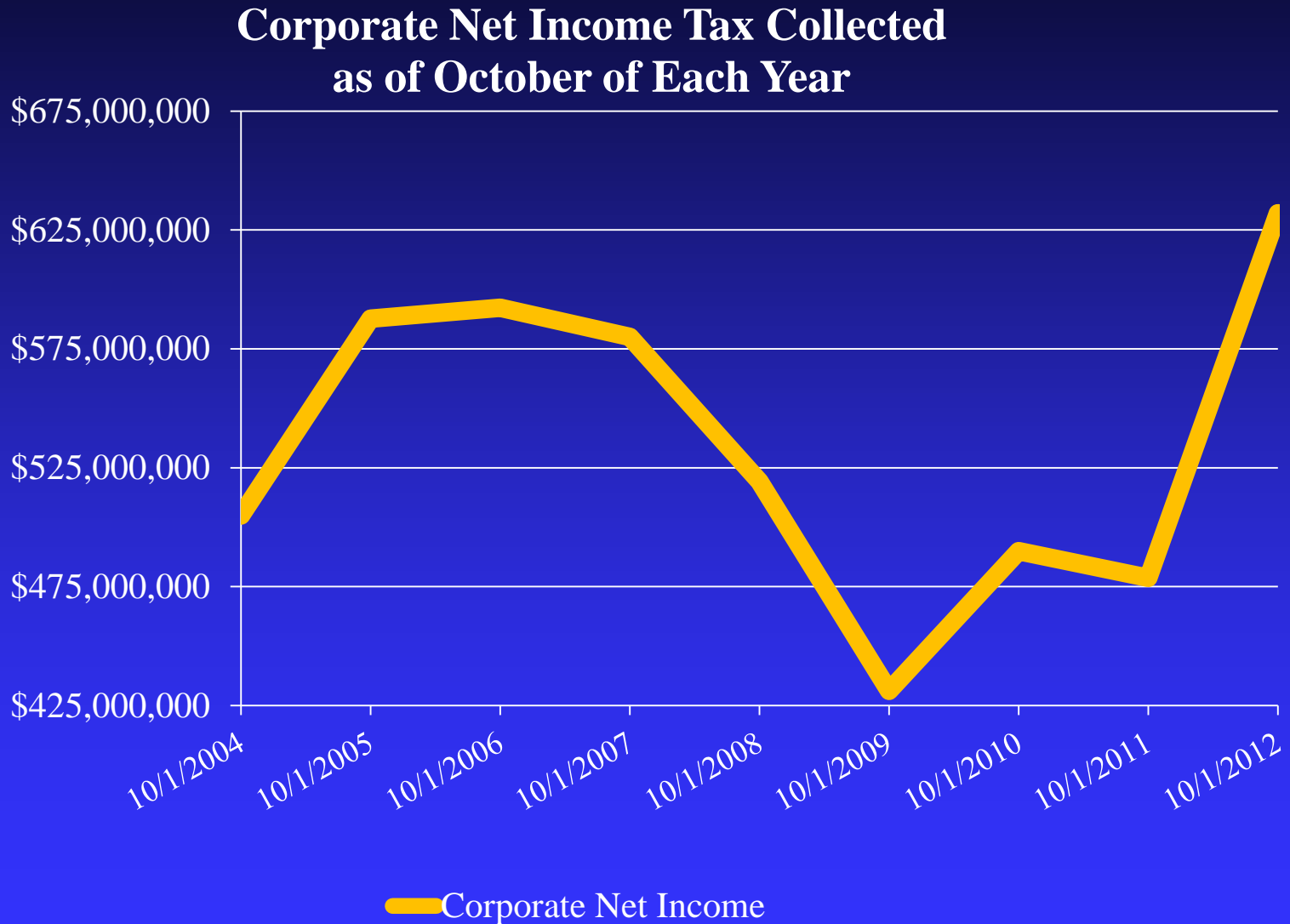
Realty Transfer Tax Collected as of October of Each Year



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



Source: Pennsylvania Department of Revenue, Monthly Revenue Report
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Major Sources of Pennsylvania State Revenue

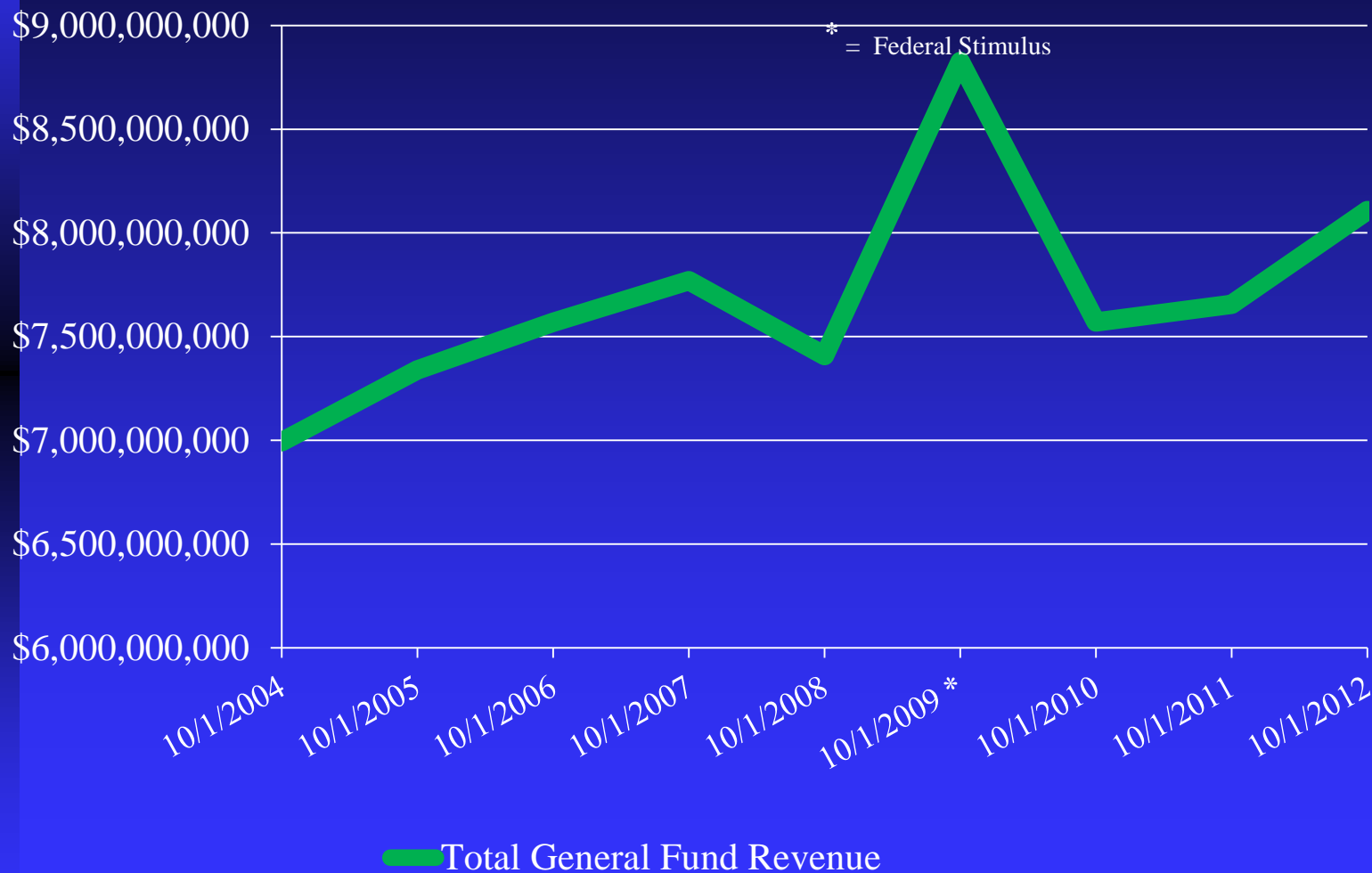
Sales Tax Collected as of October of Each Year



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



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

So What Can We Conclude From Pennsylvania State Finances?

- Will state subsidies to school districts go up ...
- go down ... stay the same?
- So far this fiscal year, the state's general fund revenue growth is 1% above estimates, the state ...
 - ◆ Needs money to get its fiscal house in order
 - ◆ Needs money to fund its share of PSERS and SERS
 - ◆ Sequestration is looming with potential cuts to federal programs at the state and local level.
 - ◆ There is usually a 2-year economic lag between an improving economy and improving SD revenues.

Focus on Central Bucks S.D.

Central Bucks Revenues

- Last year, losing \$5M/yr from R.E. assessment appeals
- This year, losing \$6.3M/yr in R.E. taxes due to appeals
- Earned income taxes are growing slowly
- Special Education Subsidies - no growth for 5 years
- Interim R.E. taxes have declined and are now flat
- R.E. transfer taxes within CBSD are declining / flat
- Interest earnings on investments are at historic lows
- Federal program subsidies ??? Sequestration ...

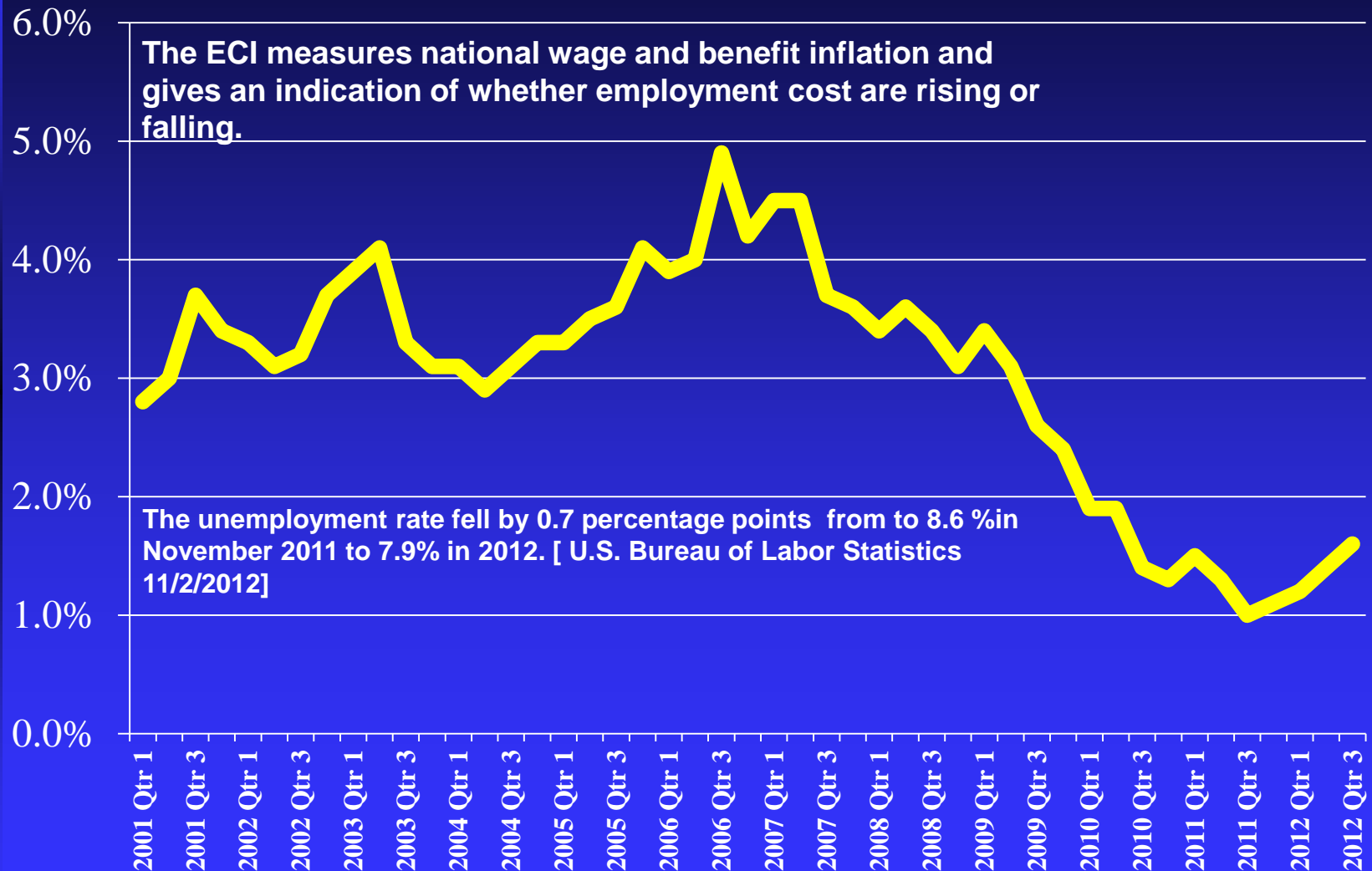
The Act 1 index provides the base amount real estate taxes can increase.

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

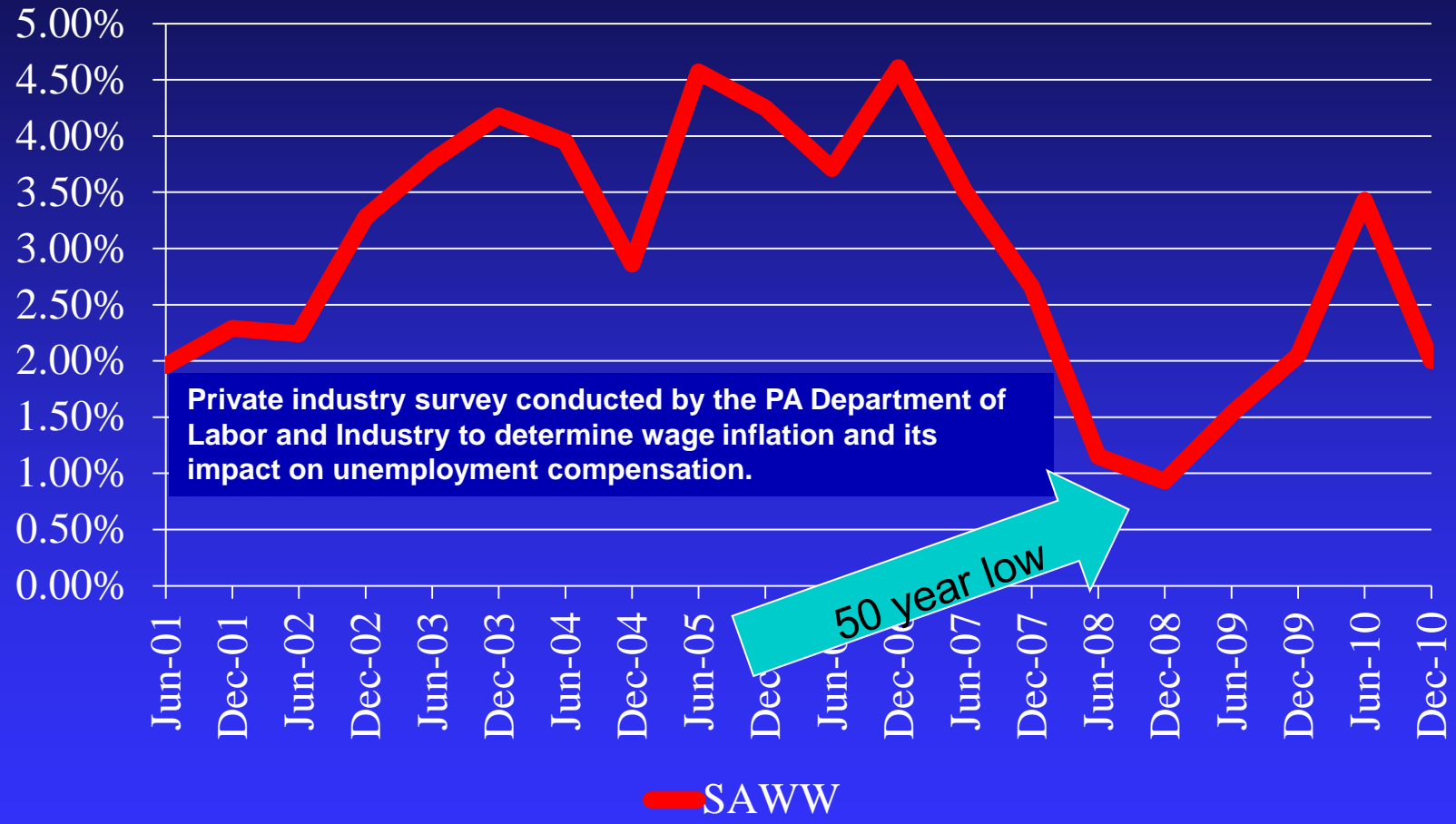
— K-12 Education



ECI Source: <http://data.bls.gov/cgi-bin/dsrv?ci> Total Compensation, State & Local Government, 12 Month % Change, Elementary & Secondary Schools, Series ID CIU30161000000A

Statewide Average Weekly Wage (SAWW)

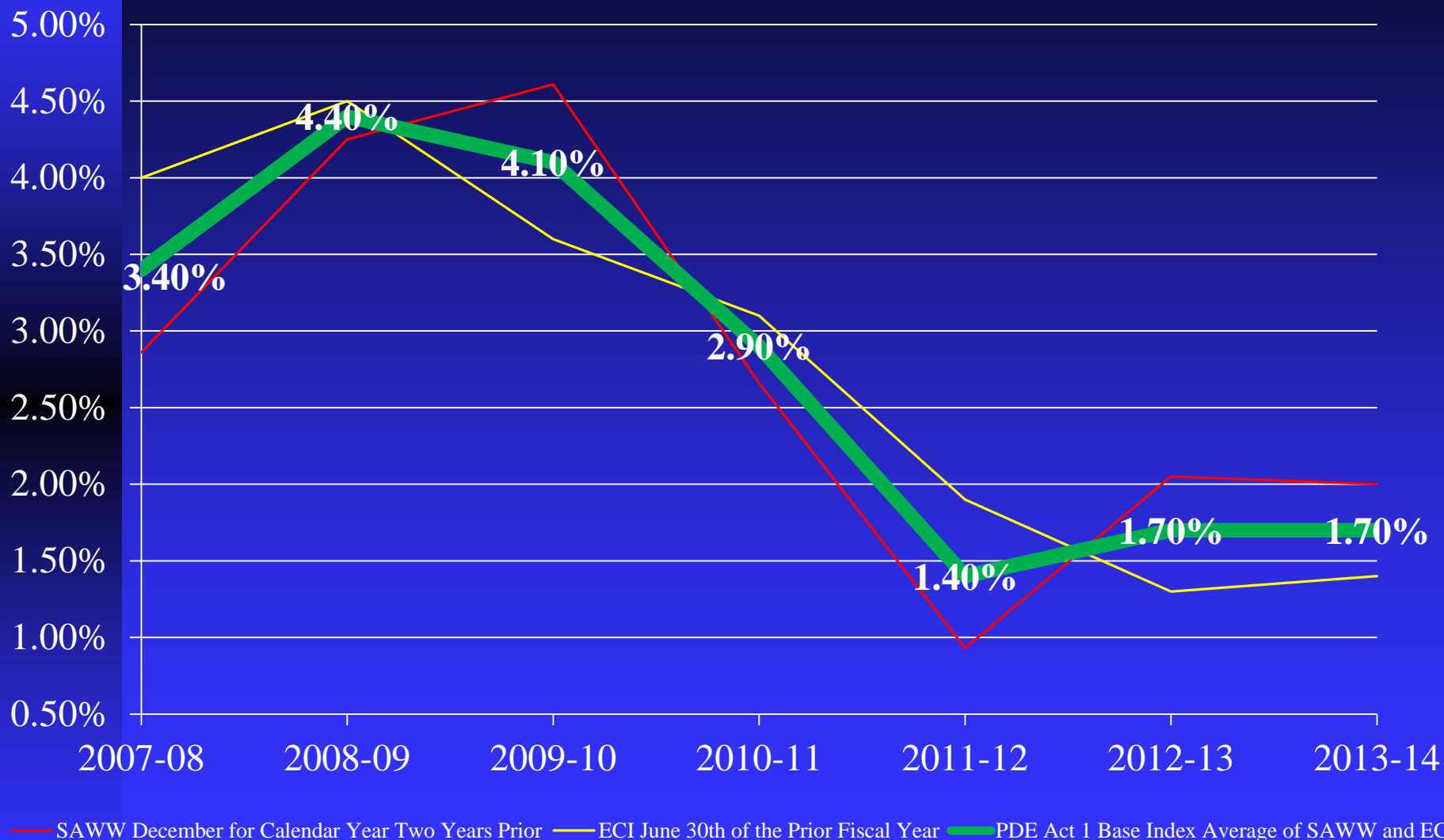
SAWW Index Since 2001



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.
<http://www.portal.state.pa.us/portal/server.pt?open=514&objID=809539&mode=2> SAWW.xls by Fiscal and Calendar Year Look at 3 year average starting for 2013-14

Act 1 Base Index and its Component Values

(Places Limits on Real Estate Tax Increases)



ECI Source: <http://data.bls.gov/cgi-bin/dsrv?cj> Total Compensation, State & Local Government, 12 Month % Change, Elementary & Secondary Schools, Series ID CIU301610000000A
 SAWW Source: <http://www.portal.state.pa.us/portal/server.pt?open=514&objID=809539&mode=2> SAWW for Calendar Year
 SAWW for 2013-14 Calculation Revised from 2.84% o 2.0% per Act 6 of 2011

For 2013-14, What is the Base Index Amount and Estimated Exceptions?

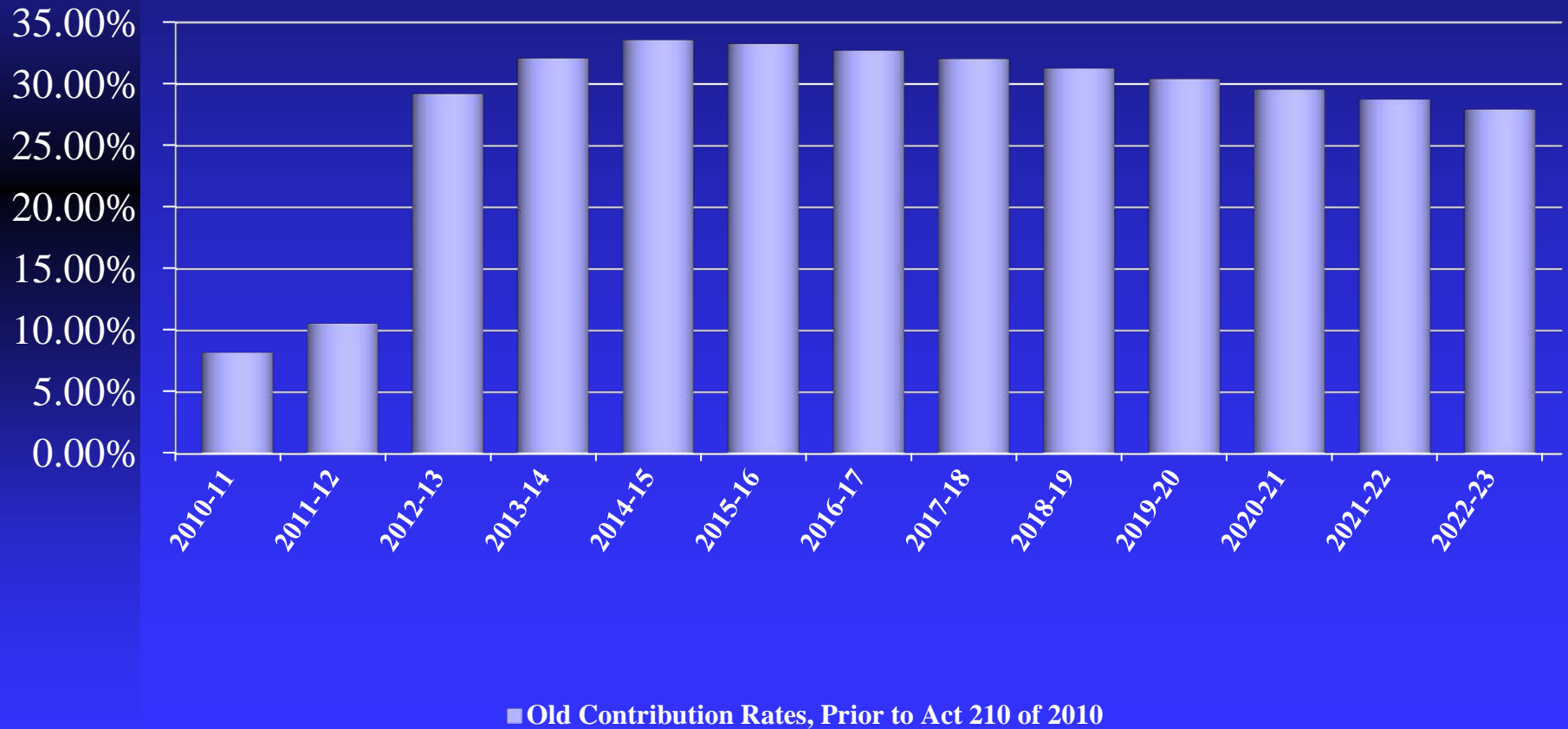
2013-14 Base Act 1 Index	1.70% =	2.08 mills or	\$3,450,721
Estimated Exception for Retirement System *	1.30% =	1.59 mills or	\$2,639,279
Estimated Exception for Special Education *	0.00% =	0.00 mills or	\$0
<hr/>			
Estimated Act 1 Index with Exceptions *	3.00%		
Current 2012-13 Real Estate Millage Rate is		122.8 mills	
3.00% Estimated Index Growth with Exceptions		3.6 mills or	\$6,090,000
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<u>Estimated</u> Maximum Millage Rate for 2013-14 Budget		126.4 mills *	

Index and exceptions available for operations (Base Index + Sp. Ed.) =	\$3,450,721
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* Official calculation formulas will be available from PDE in February

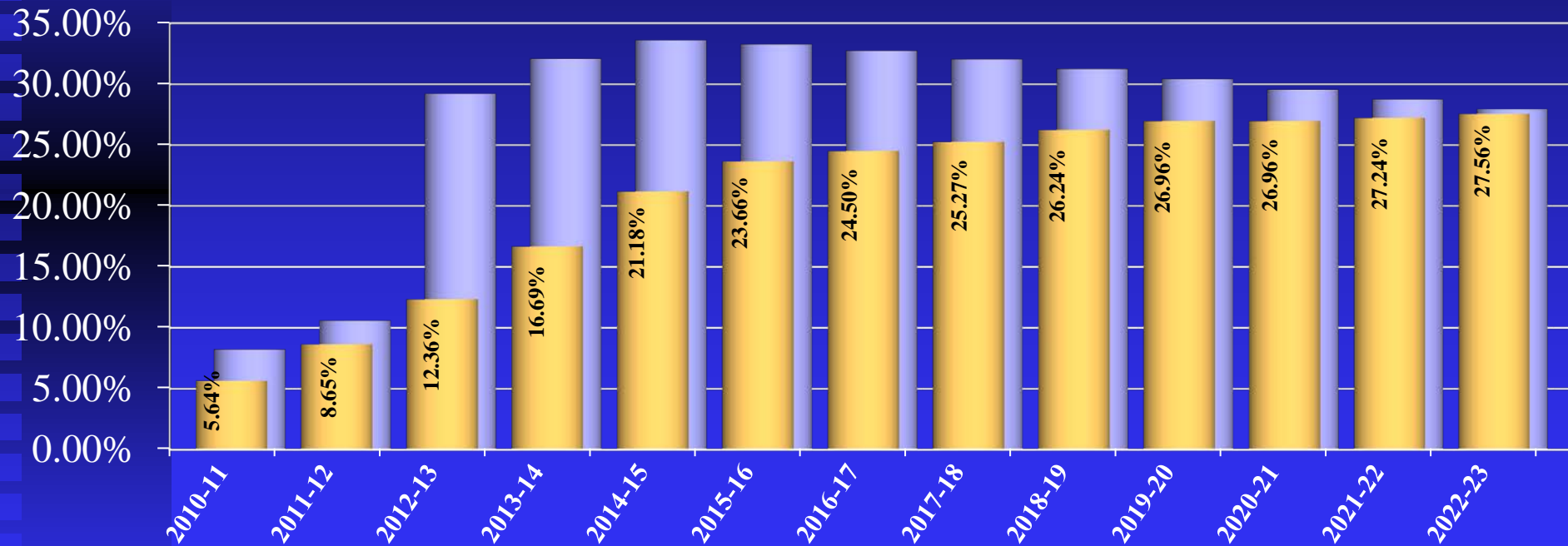
Employer Contributions to the Pennsylvania School Employees Retirement System (PSEERS)

Employer Contribution Rate Comparison



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

Employer Contribution Rate Comparison



Fy 2011-12 Investment Returns 11.45%
Fy 2010-11 Investment Returns 20.4%

Expected Rate of Return is 7.5%

■ Revisions per Latest Investment Returns and Act 120 of 2010

■ Old Contribution Rates Prior to Act 120 of 2010

PSERS Member Demographics

<i>Age and Service Profile of Active Members</i>		
	<u>June 30, 2010</u>	<u>June 30, 2011</u>
Average Age	44.5 years	44.5 years
Average Years of PSERS Service	10.5 years	10.4 years
Average Annual Compensation	\$45,344	\$46,247

What is the District Doing to Counter the Revenue Crisis

- Reduce Positions - About 280 over past 5 years
- Increasing efficiency . . .
 - ◆ Transportation
 - ◆ Lower copier usage
 - ◆ Reducing energy consumption
 - ◆ Buying energy in cooperative groups
 - ◆ More efficient grounds crew maintenance
 - ◆ Find non tax revenues - \$128k commercial R.E. appeals
 - ◆ Bucks/Montgomery health consortium – saving \$730k/yr

Accomplishments

- Even with revenue reductions, the district has . . .
- Balanced its Budget
- Maintained quality academic programs
 - ◆ Implemented Science Companion – Elem. Curriculum
 - ◆ Implemented new Social Studies Program – Elem. Curr.
 - ◆ Implemented new Reading / Language Arts - Elem. Curr.
 - ◆ More students taking AP courses and Exams
 - ◆ High PSSA Scores
 - ◆ Addressing the Complex Needs of Students w/ Disabilities
 - ◆ Implemented National Common Core Strategies – Sec. Curr.
- Complied with the constraints imposed by Act 1 of 2006

2013-14 Budget Pressure Points

■ Revenues

◆ Local Revenues



◆ State Revenues



◆ Federal Revenues



◆ Act 1 Index



■ Expenses

◆ PSERS Contributions



Budget Summary

	2012-13 Budget	2013-14 Initial Budget	Percent Change
Expenses	\$287,238,850	\$297,404,364	3.54%

For 2013-14, expenses increasing by	\$10,165,000
Less retirement (PSERS) mandated exp.	\$5,820,000
<u>Less transfer for long-term capital repairs</u>	<u>\$2,330,000</u>
New revenue available for all other exp.	\$2,015,000

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	2,000	2,000	273	0.44%
	400	97,567	82,000	(55,867)	-6.15%
	500	7,567	7,000	435	1.19%
	600	2,059,117	2,000,000	(17,017)	-0.83%
	700	3,918	3,000,000	(9,884)	-2.91%
	800	1,240	1,400	259	1.82%
	Total	110,619,936	113,379,693	3,359,755	3.05%
1200					
	100	29,000	28,000	220,975	1.08%
	200	8,065	10,000	669,334	7.90%
	300	2,610	2,300	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	7,000	7,000	719	0.25%
	700	6,000	6,000	(750)	-1.11%
	800	0	0	0	0.00%
	Total	34,165,157	35,719,457	1,154,300	3.34%
1300					
	500	4,455,600	4,494,000	138,360	3.18%
	Total	4,455,600	4,494,000	138,360	3.18%
1400					
	100	802,273	810,000	7,727	0.96%
	200	241,214	250,000	19,786	8.20%
	300	1,500	1,000	500	3.70%
	400	0	0	0	#DIV/0!
	500	3,150,400	3,350,000	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	7,260,177	7,655,000	2,533	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	90,000	90,000	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		233,197,357	238,132,165	4,934,808	3.16%
2000					
2100					
	100	6,659,877	7,000,000	65,128	0.98%
	200	2,520,500	2,700,000	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!

Sample
 The PDE budget Form (PDE-2028) is not available for usage At this time. We will enter our budget data and post the form on our Website as soon as it is Available.

Agenda Item

Asking for Board Authorization to Post the Proposed Preliminary 2013-14 Budget on the District Web Site in the Amount of \$297,404,626 and apply to PDE to analyze the Act 1 exceptions for which the district may be eligible.

This posting will launch the 2013-14 budget process.

