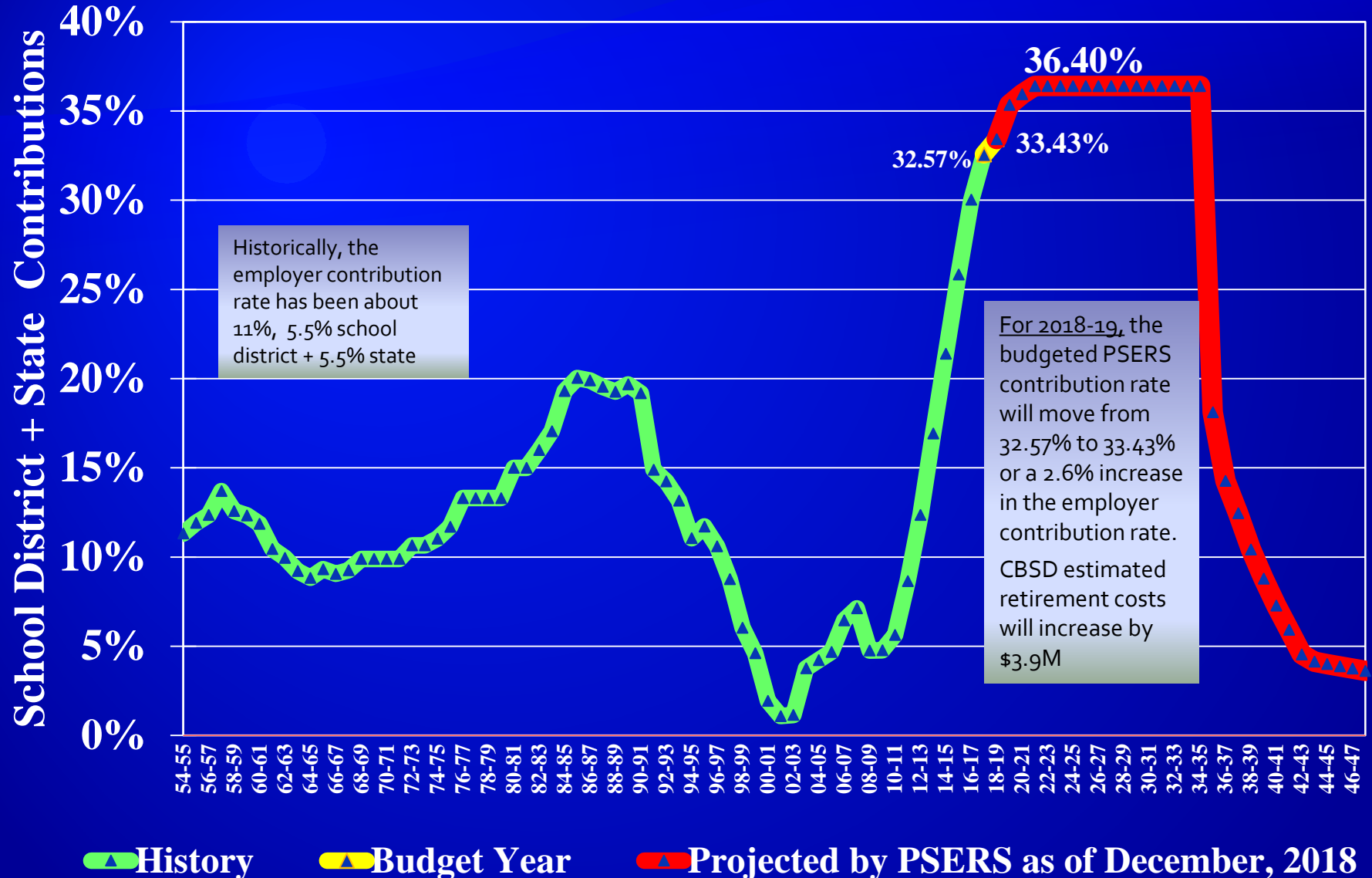


# Preliminary Budget Adoption

January 23, 2018

# Pennsylvania School Employees Retirement System (PSERS) Employer Retirement Contributions - 100 Year Term

December 8<sup>th</sup> 2017 Official Certification



01/23/2018

i:\Budget\2018-19 Budget\2018-01-23 Budget Presentation and Finance Committee

# 2018-19 Budget Pressure Points

## Expenses

- ◆ Retirement System + 2.6%
- ◆ Health Care + 9% (projected by the consortium)
- ◆  $R_x$  + 8% (projected by the consortium)

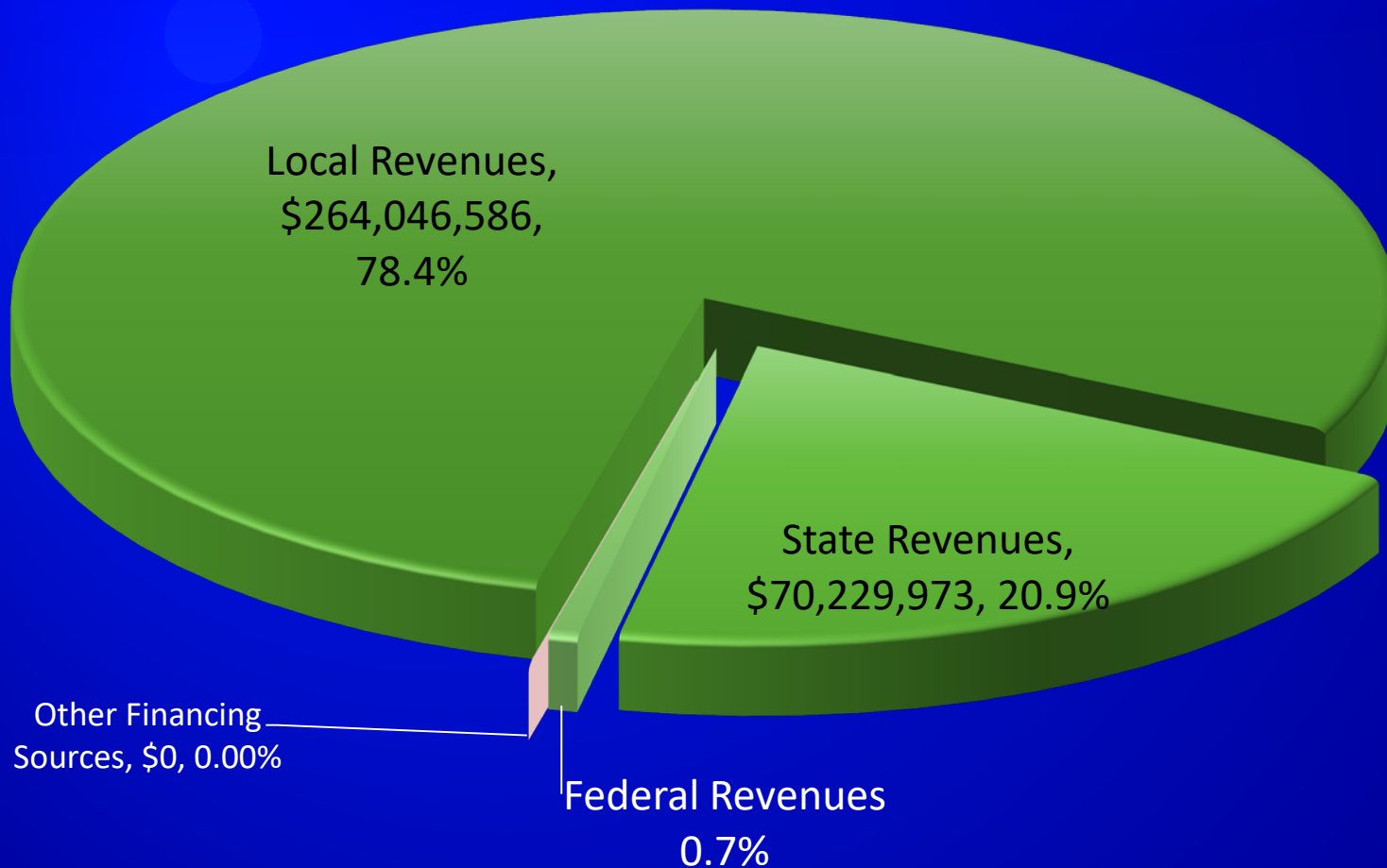


## Revenues

- ◆ Act 1 Basic Growth Index at 2.4% for 2018-19
- ◆ Projected Growth in State Funding = 1%
- ◆ Projected Growth in Federal Funding = 0%

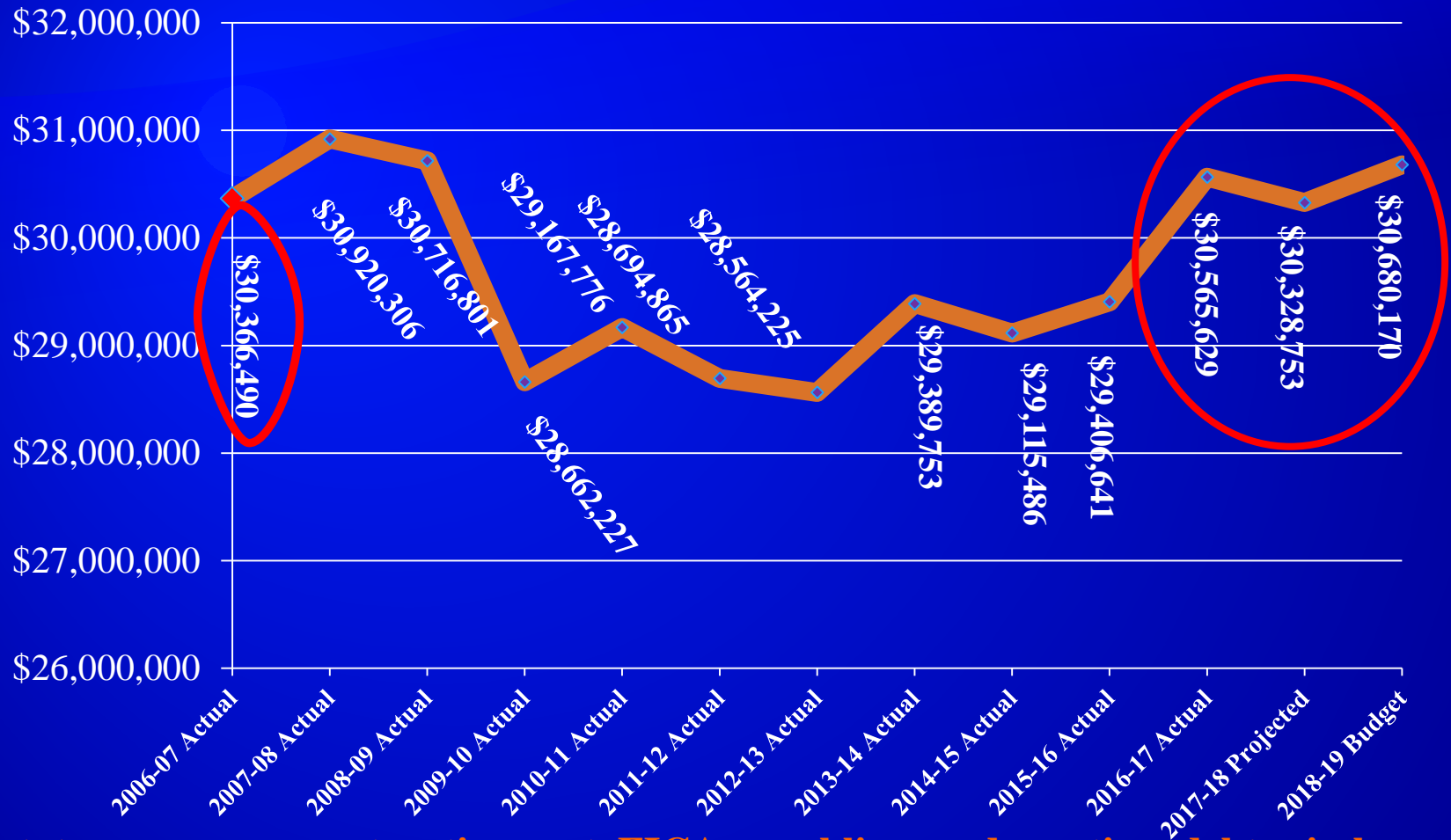
# 2018-19 Budgeted Revenues By Funding Source

With no tax increase planned for 2018-19, our preliminary budget revenue projection is \$336,582,781



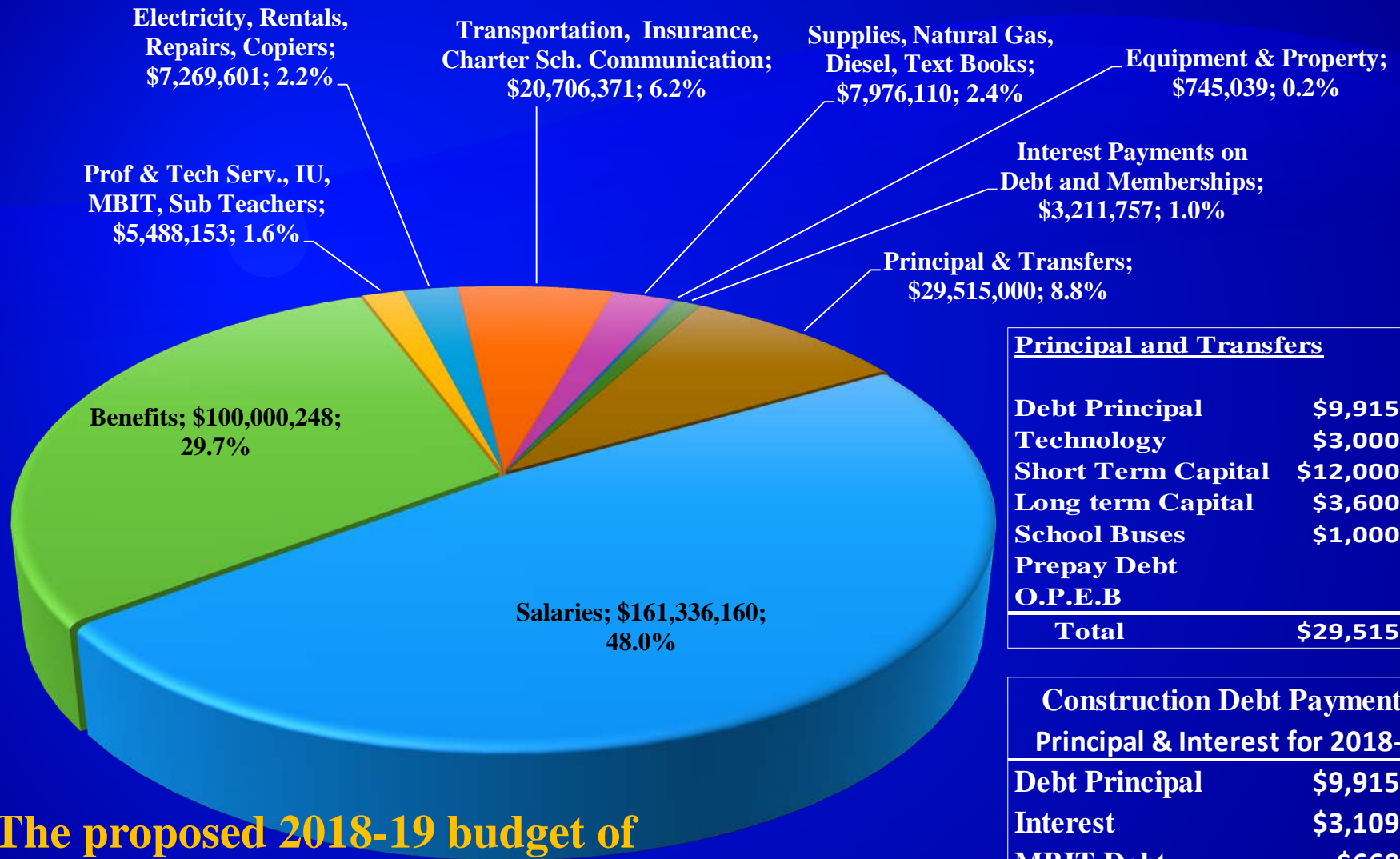
# Historical State Revenue for CBSD \*

## Total State Subsidies \*



\* All state revenues except: retirement, FICA, gambling, and one-time debt reimbursement

# CBSD Expenditures by Major Categories



## Principal and Transfers

Debt Principal	\$9,915,000
Technology	\$3,000,000
Short Term Capital	\$12,000,000
Long term Capital	\$3,600,000
School Buses	\$1,000,000
Prepay Debt	\$0
O.P.E.B	\$0
<b>Total</b>	<b>\$29,515,000</b>

## Construction Debt Payments

### Principal & Interest for 2018-19

Debt Principal	\$9,915,000
Interest	\$3,109,444
MBIT Debt	\$668,863
<b>Total</b>	<b>\$13,693,307</b>
<b>% of Budget</b>	<b>4.1%</b>

**The proposed 2018-19 budget of \$336,248,438 is a 1.9% increase over the 2017-18 projected expense budget**



# CBSD Expense Budget

Category	2018-19	2017-18 (Projected Actual)	% Change
Salaries	161,336,160	156,341,519	3.19%
Employee Benefits	100,000,248	95,899,082	4.28%
Prof. Services, Special Ed., EIT Tax Fees, Legal	5,488,153	5,407,214	1.50%
Electricity, Rentals, Repairs, Copiers	7,269,601	6,858,114	6.00%
Contracted Services, Transp., MBIT, IU, Charter Sch	20,706,371	20,260,557	2.20%
Supplies, Natural Gas, Diesel, Heating Oil	7,976,110	7,819,826	2.00%
Equipment	745,039	731,239	1.89%
Interest Payments on Bonds, and Memberships	3,211,757	3,710,459	-13.44%
Principal Pay. on Debt, Buses, Technology, Renovations	29,515,000	32,980,000	-10.51%
<b>Total Budget</b>	<b>\$336,248,438</b>	<b>\$330,008,010</b>	<b>1.89%</b>

# Revenues

- ◆ In general our local revenues have been improving over the past five years.
- ◆ So far during 2017-18, our revenues are trending slightly above the budgeted amount.
- ◆ We will provide a complete run down on projected revenues once we see what the Governor proposes for school districts during his budget address in February.



# Act 1 Tax Index + Exceptions

	Index with Allowable Exceptions in <u>Mills</u>	Actual CBSD Millage Increase	Status
2007-08	5.9	3.9	Actual
2008-09	5.6	4.6	Actual
2009-10	5.4	4.3	Actual
2010-11	4.7	4.4	Actual
2011-12	3.2	1.6	Actual
2012-13	3.6	2.0	Actual
2013-14	3.7	0.0	Actual
2014-15	4.9	1.3	Actual
2015-16	4.0	0.0	Actual
2016-17	4.3	0.0	Actual
2017-18	3.8	0.0	Actual
2018-19	3.5	0.0	Estimated
<b>Total Mills</b>	<b>52.7</b>	<b>22.1</b>	

# Next Steps...

- ◆ Board of School Directors
  - ◆ Consideration of the 2018-19 Preliminary Expenditure Budget Adoption of \$336,248,438
  - ◆ Expenditure Increase of 1.9% or \$6,240,428 over projected actual
    - ◆ **Retirement expense \$3,900,000 is the majority of the increase**
    - ◆ **Remainder of budget increase is for salaries and other benefits**
  - ◆ Final Budget Adoption is Scheduled for June 12<sup>th</sup>
- ◆ Superintendent and Cabinet
  - ◆ Determine Staffing Needs
  - ◆ Refine Health Care Numbers
  - ◆ Analyze Revenue Projections
  - ◆ Refine Expenditure Projections
  - ◆ Analyze the Governor's proposed 2018-19 Budget

# Preliminary Budget Resolution

## CENTRAL BUCKS SCHOOL DISTRICT

### Resolution Approving Preliminary Budget and Final Budget Notice

**RESOLVED**, by the Board of School Directors of Central Bucks School District, as follows:

1. The Proposed Preliminary Budget of the School District for the 2018- 2019 fiscal year on form PDE 2028 as presented to the School Board is adopted as a Preliminary Budget Proposal for the School District General Fund. The Administration and School Board will continue review of budget components, and the Preliminary Budget may be revised prior to adoption of a Final Budget for the 2018-2019 fiscal year.
2. The Act 1 index applicable to the School District as calculated by the Pennsylvania Department of Education is 2.4%.
3. The School District shall continue to make the Preliminary Budget Proposal available for public inspection, and shall make the Proposed Final Budget in its then current form available for public inspection at least 20 days before the date scheduled for adoption of the Final Budget.
4. At least 10 days before the date scheduled for adoption of the Final Budget, the Secretary shall advertise Final Budget Notice in substantially the form as presented to the School Board. The notice shall be advertised once in a newspaper of general circulation and shall be posted conspicuously at the School District offices.
5. School District officials shall take all action necessary or appropriate to carry out the intent of this resolution

- The Act 1 Base index is 2.4%.
- In May/June the final budget will be available for a 20 day public inspection.
- Advertise the intent to adopt a final budget 10 days prior to the meeting.

# State Independent Fiscal Office

## State Budget Update



## Pennsylvania Fiscal Update

National Federation of Independent Business (NFIB)

December 13, 2017



# Pennsylvania – State Wide

## PA Demographics: Large Retirement Wave

Age Cohort	Number Residents (000s)			Gain or Loss (000s)		Avg. Annual Growth	
	2015	2020	2025	2015-20	2020-25	2015-20	2020-25
1. 0 - 19	3,039	3,023	2,981	-16	-42	-0.1%	-0.3%
2. 20 - 64	7,573	7,472	7,407	-102	-65	-0.3%	-0.2%
65 - 79	1,563	1,827	2,111	264	284	3.2%	2.9%
3. 80+	<u>617</u>	<u>635</u>	<u>710</u>	<u>18</u>	<u>75</u>	<u>0.6%</u>	<u>2.2%</u>
<b>Total</b>	<b>12,792</b>	<b>12,957</b>	<b>13,209</b>	<b>165</b>	<b>252</b>	<b>0.3%</b>	<b>0.4%</b>

Note: thousands of residents.

Sources: U.S. Census Bureau and Pennsylvania State Data Center with adjustments by IFO.

1. Declining Student Enrollment – State Wide
2. Decline in Wage Earners – State Wide
3. Increase In Retiree Populations and Related Services

# Pennsylvania – State Wide

## PA Economic Growth Rates

	2013	2014	2015	2016	2017	2018
Real GDP	1.6%	2.0%	2.3%	0.6%	1.8%	1.9%
1. Wages and Salaries	1.8%	3.9%	4.1%	1.3%	3.8%	3.8%
Philadelphia CPI-U	1.2%	1.3%	-0.1%	0.6%	1.7%	2.0%
2. Job Gains (000s)	14.3	47.4	46.7	52.2	58.1	55.0

■ Final

■ Preliminary

■ Forecast

Sources: U.S. Bureau of Economic Analysis and U.S. Bureau of Labor Statistics. Forecasts by IFO.

1. Increasing Wages Helps CBSD Earned Income Taxes
2. Job Gains Helps CBSD Earned Income Taxes



# Pennsylvania – State Budget Projections

## General Fund Balance Sheet

	17-18	18-19	19-20	20-21	21-22	AAGR
Beginning Balance	-\$1,538	--	--	--	--	
Baseline Revenues	31,055	\$32,187	\$33,200	\$34,428	\$35,460	3.4%
Plus: New Revenues	2,303	216	140	91	77	
Less: Expenditures	31,951	33,516	35,330	36,417	37,447	4.0%
Plus: Lapses	<u>210</u>	<u>125</u>	<u>125</u>	<u>125</u>	<u>125</u>	
<b>Ending Balance</b>	<b>79</b>	<b>-988</b>	<b>-1,865</b>	<b>-1,774</b>	<b>-1,784</b>	

Note: figures in dollar millions. AAGR is the average annual growth rate from FY 17-18 to FY 21-22.  
Source: IFO Economic & Budget Outlook (November 2017).

# Pennsylvania – State Budget Projections

## New General Fund Revenues

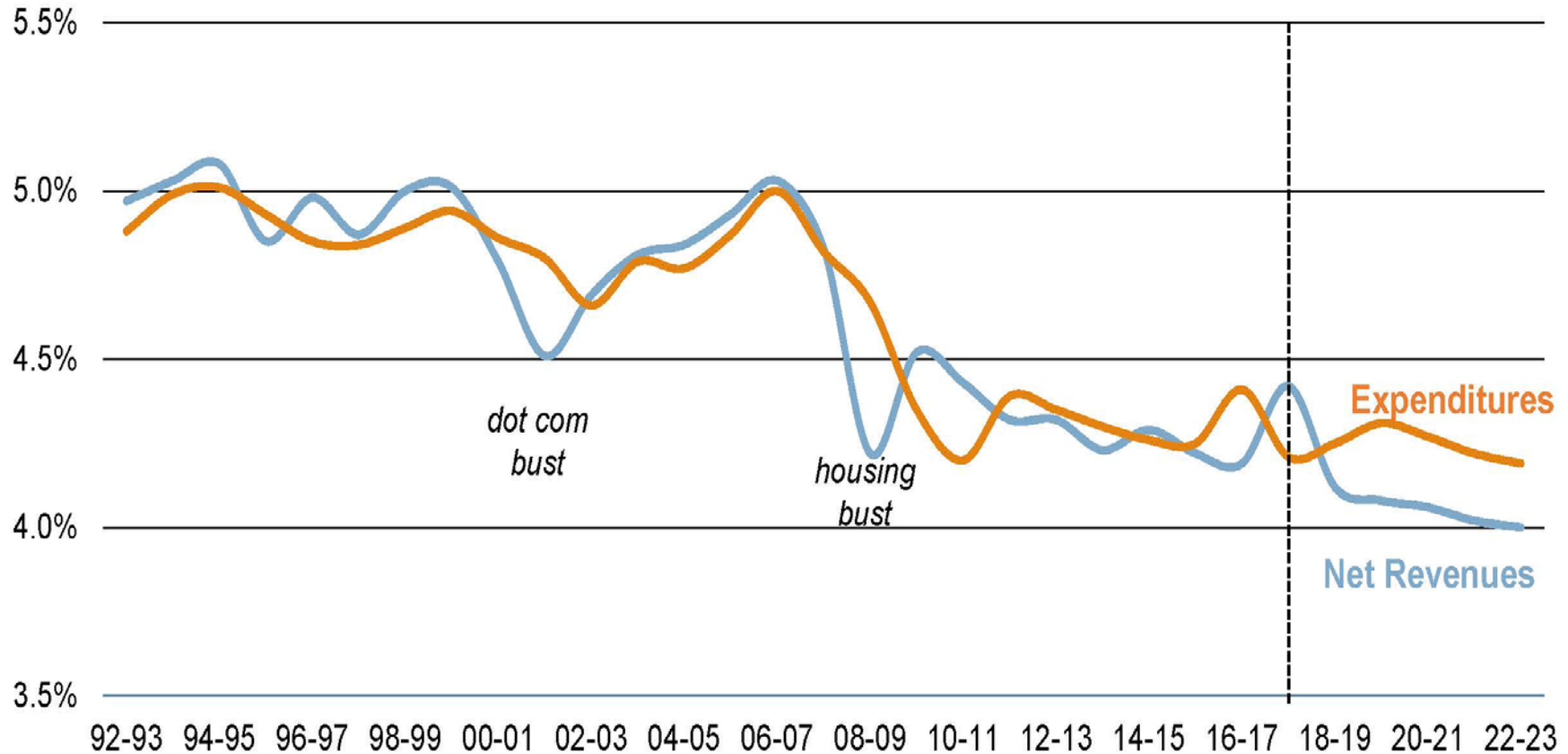
	17-18	18-19	19-20	20-21	21-22
1. Tobacco Fund Securitization	\$1,500	--	--	--	--
2. Miscellaneous Fund Transfers	500	--	--	--	--
Gaming Expansion					
iGaming	42	\$27	\$29	\$9	\$9
Mini-Casinos (Category 4)	40	12	8	8	8
Loan Repayment	12	24	0	0	0
All Other (VGT, Fantasy Sport)	9	6	6	6	6
Corporate Net Operating Loss	207	104	56	24	8
Sales Tax and Other Changes	<u>-8</u>	<u>44</u>	<u>41</u>	<u>44</u>	<u>46</u>
<b>Total Revenues</b>	<b>2,303</b>	<b>216</b>	<b>140</b>	<b>91</b>	<b>77</b>

Note: figures in dollar millions. Source: IFO Economic & Budget Outlook (November 2017).

1. One-Time Source of Revenues Leads to Long Term Issues
2. One-Time Source of Revenues Leads to Long Term Issues

# Pennsylvania – State Budget Projections

## Revenues and Expenditures Share of GDP



Note: General Fund only. Excludes special and miscellaneous funds.

