

2018-19 Budget Update

March 27th, 2018

Presentation Overview

- Review the Governor's Budget for 2018-19
- Impact of Governor's Budget on CBSD
- Status of CBSD Budget Development

3 Important Things about the 2018-19 State Budget

1. It is a statewide election year this November.
2. Number 2 and number 3 aren't important
3.



2016-17 Pennsylvania State Budget Actuals

Per State Annual Financial Report

Budgetary Comparison Schedule		http://www.budget.pa.gov/PublicationsAndReports/AnnualFinancialReport/Documents/2017-gf-budgetary-comp-schedule.pdf						
Budgeted Major Funds								
General Fund								
For the Fiscal Year Ended June 30, 2017		(A)		(B)		(C)		
(Amounts in thousands)								
	Original Budget		Difference	Final Budget	Difference	Actual (Budgetary Basis)		
REVENUES:								
State Programs:								
Corporation taxes.....	\$ 5,154,300		\$ (193,000)	\$ 4,961,300	\$ (147,271)	\$ 4,814,029		
Consumption taxes.....	11,979,400		(291,100)	11,688,300	47,899	11,736,199		
Other taxes.....	14,656,900		(186,100)	14,470,800	(268,710)	14,202,090		
TOTAL TAX REVENUE.....	31,790,600		(670,200)	31,120,400	(368,082)	30,752,318		
Nontax revenue.....	985,800		295,500	1,281,300	(364,618)	916,682		
TOTAL REVENUE STATE.....	32,776,400	A-1	(374,700)	32,401,700	B-1	(732,700)	31,669,000	C-1
less: Refunds.....	(1,300,000)	A-2	(50,000)	(1,350,000)	B-2	-	(1,350,000)	C-2
plus: Departmental services.....	4,243,546	A-3	-	4,243,546	B-3	(53,721)	4,189,825	C-3
TOTAL STATE PROGRAMS.....	35,719,946		(424,700)	35,295,246	(786,421)	34,508,825		
Federal programs.....	26,609,846	A-4	245,135	26,854,981	B-4	-	26,854,981	C-4
TOTAL REVENUES.....	62,329,792		(179,565)	62,150,227	(786,421)	61,363,806		
EXPENDITURES:								
State programs.....	35,775,268	A-5	410,065	36,185,333	B-5	(53,721)	36,131,612	C-5
Federal programs.....	26,609,846	A-6	245,135	26,854,981	B-6	-	26,854,981	C-6
TOTAL EXPENDITURES.....	62,385,114		655,200	63,040,314	(53,721)	62,986,593		
REVENUES OVER/ (UNDER) EXPENDITURES.....	(55,322)		(834,765)	(890,087)	(732,700)	(1,622,787)		
OTHER FINANCING SOURCES (USES):								
Current year lapses.....	-		-	-	B-7	-	-	
Prior year lapses.....	-		57,400	57,400	B-8	20,913	78,313	C-7
Transfer from Budget Stabilization Reserve Fund.....	-		-	-		-	-	
Transfer to Budget Stabilization Reserve Fund.....	-		-	-		-	-	
Decrease in budgeted spending authority.....	-		-	-		-	-	
Increase in budgeted revenues.....	-		-	-		-	-	
TOTAL OTHER FINANCING SOURCES (USES).....	-		57,400	57,400	20,913	78,313		
REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES.....	(55,322)		(777,365)	(832,687)	(711,787)	(1,544,474)		
FUND BALANCE (BUDGETARY BASIS), JUNE 30, 2016, REVISED.....	1,991	A-7	(510)	1,481	B-9	3,660	5,141	C-8
FUND BALANCE (BUDGETARY BASIS), JUNE 30, 2017, REVISED.....	\$ (53,331)		\$ (777,875)	\$ (831,206)	B-10	\$ (708,127)	\$ (1,539,333)	C-9

* Current year lapse amount in the Actual (Budgetary Basis column) is already netted out of the state expenditure amount.

The 2016-17 State fiscal year ended with a 1.5B deficit

2017-18 Pennsylvania State Budget Overview

Commonwealth of Pennsylvania
**ECONOMIC &
 BUDGET OUTLOOK**
 FISCAL YEARS 2016-17 TO 2021-22

INDEPENDENT FISCAL OFFICE

General Fund Projections

Fiscal Year	15-16	16-17	17-18	18-19	19-20	20-21	21-22
Beginning Balance ¹	\$257	\$2	--	--	--	--	--
Current Year Revenues	30,902	32,311	\$32,971	\$34,176	\$35,379	\$36,758	\$37,936
Less Refund Reserve	-1,250	-1,375	-1,375	-1,380	-1,425	-1,475	-1,530
Net Revenue	29,652	30,936	31,596	32,796	33,954	35,283	36,406
State Expenditures ²	-30,127	-31,535	-33,443	-35,151	-36,655	-38,131	-39,486
Current Year Balance	-476	-599	-1,846	-2,355	-2,701	-2,849	-3,080
Adjustment for Lapses ³	221	75	100	100	100	100	100
Preliminary Ending Balance	2	-524	-1,746	-2,255	-2,601	-2,749	-2,980

Note: figures in dollar millions.

¹ Includes adjustments. Beginning balance omitted for FY 2017-18 and thereafter.

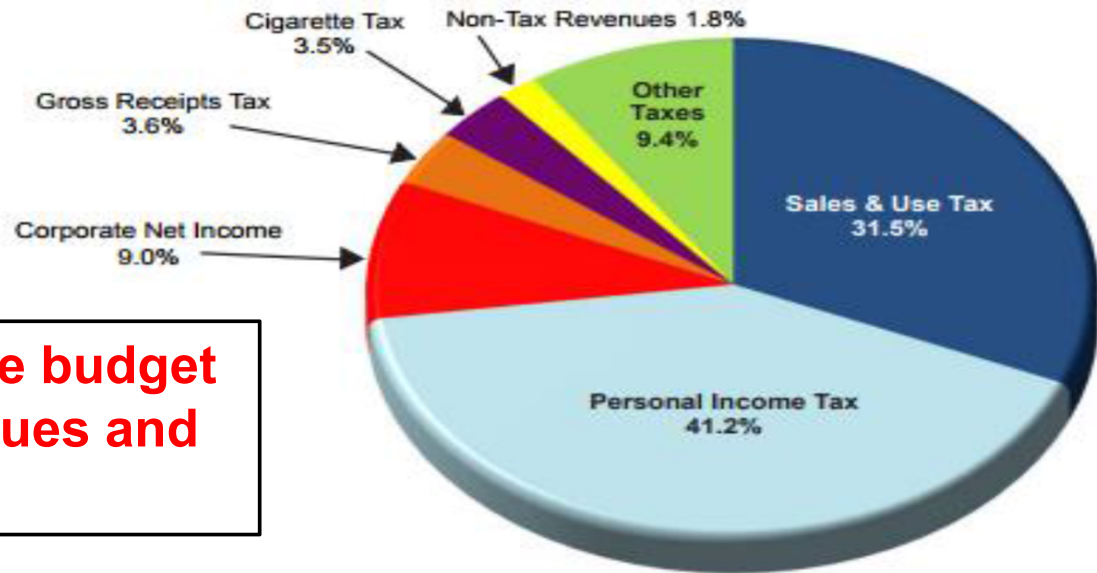
² Based on appropriations and executive authorizations.

³ Current year lapses plus prior year lapses.

The State's Independent Fiscal Office is Projecting a \$1.7B deficit for 2017-18 and growing through 2021-22.

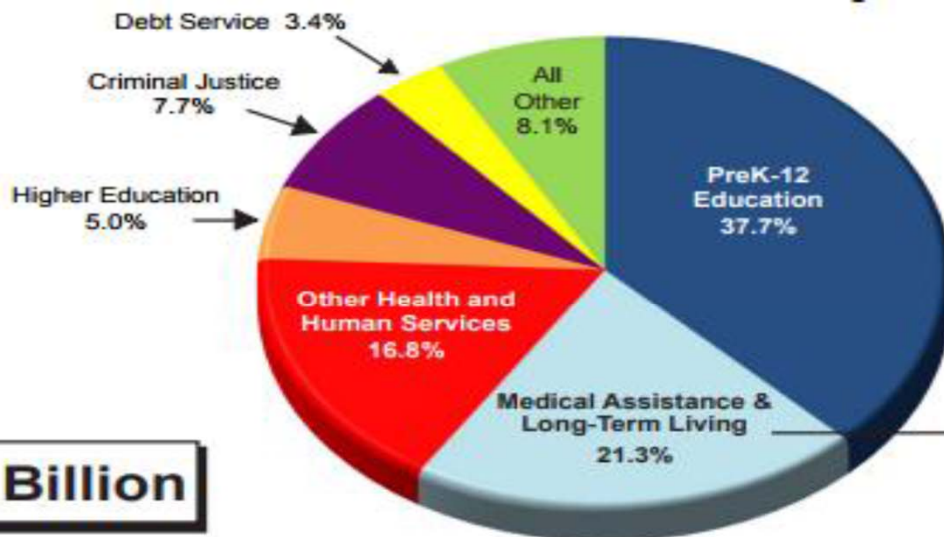
2018-19 Pennsylvania State Budget

General Fund Revenues



The proposed 2018-19 state budget is balanced between revenues and expenses at \$32.9B

General Fund Expenditures



Medical Assistance & Long-Term Living Spending by Recipient Category



\$32.9 Billion

2018-19 Pennsylvania State Budget

General Fund Revenue Sources

Dollars in Millions

Source	2016-17 Actual	2017-18 Estimated	2018-19 Estimated
Personal Income Tax	\$ 12,664.4	\$ 13,399.9	\$ 14,127.2
Sales and Use Tax	10,004.5	10,407.4	10,781.6
Corporate Net Income Tax	2,751.5	3,010.1	3,074.7
Gross Receipts Tax	1,230.5	1,229.4	1,229.9
Cigarette Tax	1,261.6	1,230.4	1,182.9
Other Taxes	2,839.9	2,881.2	3,213.2
Non-Tax Revenues	916.7	2,593.7	610.8
Total Receipts	\$ 31,669.0	\$ 34,752.1	\$ 34,220.3
Difference from prior year	767.4	3,083.1	-531.8
Percentage difference	2.5%	9.7%	-1.5%

One-Time Source of Revenue

2018-19 Pennsylvania State Budget

General Fund Financial Statement

	Dollars in Millions		
	2016-17 Actual	2017-18 Available	2018-19 Budget
Beginning Balance.....	\$ 2	\$ -1,539	\$ 41
Adjustment to Beginning Balance.....	3	15	.....
Revenues:			
Receipts.....	\$ 32,776	\$ 34,752	\$ 33,972
Adjustment to Revenue Receipts	-1,107	.....	.....
Proposed Revenue Changes.....	.....	.....	249
Less Refunds.....	-1,350	-1,385	-1,359
Prior Year Lapses.....	78	210	100
Funds Available	\$ 30,402	\$ 32,053	\$ 33,003
Expenditures:			
Total Appropriations.....	\$ 31,942	\$ 32,011	\$ 32,987
Supplemental Appropriations.....	.....	-14	.....
Total State Expenditures.....	\$ 31,942	\$ 31,997	\$ 32,987
Preliminary Balance.....	-1,539	55	15
Transfer to Rainy Day Fund .....	.....	-14	-4
Ending Balance.....	\$ -1,539	\$ 41	\$ 11

Natural Gas
Extraction Tax

Comparison of State Taxation

by the PA State Independent Fiscal Office

State and Local Tax Rankings and Effective Tax Rates (IFO)

	Total Taxes		Corporate Net		Personal Income		Sales-Use		Property Tax		Motor Tax		All Other	
	Rank	Ratio	Rank	Ratio	Rank	Ratio	Rank	Ratio	Rank	Ratio	Rank	Ratio	Rank	Ratio
New York	1	15.53%	3	0.98%	1	5.03%	20	2.69%	6	4.63%	48	0.28%	7	1.90%
Hawaii	2	12.83%	43	0.16%	8	3.17%	1	4.74%	41	2.29%	3	0.81%	12	1.66%
Maine	3	12.28%	32	0.26%	15	2.75%	28	2.46%	4	4.83%	11	0.65%	17	1.34%
Vermont	4	12.23%	21	0.34%	26	2.41%	45	1.30%	2	5.33%	27	0.52%	3	2.32%
Minnesota	5	11.98%	9	0.54%	4	3.84%	36	2.09%	20	3.01%	16	0.61%	8	1.89%
Rhode Island	6	11.93%	27	0.29%	27	2.39%	37	2.08%	5	4.78%	49	0.27%	4	2.13%
New Jersey	7	11.37%	13	0.47%	23	2.51%	40	1.93%	3	5.17%	50	0.24%	34	1.05%
Maryland	8	11.29%	19	0.38%	3	4.08%	42	1.57%	26	2.85%	35	0.47%	6	1.94%
Iowa	9	11.08%	23	0.30%	19	2.63%	21	2.68%	16	3.53%	1	0.96%	37	0.98%
Illinois	10	11.07%	6	0.57%	32	2.10%	25	2.52%	9	4.09%	31	0.52%	20	1.27%
California	11	11.06%	12	0.47%	5	3.81%	23	2.58%	29	2.69%	38	0.44%	30	1.07%
West Virginia	12	10.82%	37	0.22%	14	2.76%	34	2.17%	36	2.45%	6	0.74%	2	2.47%
Delaware	13	10.74%	1	3.61%	18	2.65%	48	0.14%	48	1.83%	40	0.42%	5	2.10%
Nebraska	14	10.55%	20	0.35%	24	2.46%	26	2.49%	10	3.93%	17	0.60%	49	0.71%
Connecticut	15	10.53%	24	0.30%	9	3.07%	41	1.64%	8	4.15%	46	0.30%	31	1.07%
Wisconsin	16	10.53%	17	0.38%	13	2.85%	33	2.20%	14	3.55%	18	0.60%	39	0.95%
Mississippi	17	10.48%	5	0.59%	37	1.75%	10	3.28%	27	2.83%	15	0.61%	15	1.42%
Massachusetts	18	10.46%	7	0.55%	6	3.38%	43	1.43%	13	3.60%	45	0.31%	25	1.18%
Pennsylvania	19	10.42%	11	0.48%	17	2.66%	39	1.97%	21	3.00%	13	0.62%	11	1.70%
Ohio	20	10.41%	45	0.11%	20	2.58%	13	3.10%	24	2.92%	23	0.56%	26	1.15%
Oregon	21	10.41%	16	0.40%	2	4.23%	47	0.20%	19	3.11%	14	0.62%	9	1.85%
Arkansas	22	10.40%	14	0.42%	25	2.45%	3	4.01%	47	1.86%	20	0.59%	32	1.07%
Kentucky	23	10.10%	10	0.52%	7	3.32%	32	2.29%	45	2.06%	19	0.59%	18	1.32%
Utah	24	9.75%	28	0.29%	11	2.92%	22	2.61%	34	2.53%	25	0.54%	43	0.87%
North Carolina	25	9.71%	15	0.41%	10	2.94%	29	2.40%	39	2.33%	9	0.70%	41	0.93%
Kansas	26	9.71%	22	0.31%	38	1.67%	9	3.31%	18	3.14%	24	0.54%	47	0.73%
New Mexico	27	9.59%	41	0.18%	35	1.78%	4	3.98%	46	2.03%	12	0.64%	36	0.98%
Michigan	28	9.57%	39	0.21%	30	2.28%	35	2.15%	17	3.20%	32	0.50%	24	1.22%
Indiana	29	9.41%	18	0.38%	29	2.35%	17	2.78%	38	2.36%	28	0.52%	35	1.02%
Georgia	30	9.41%	34	0.25%	21	2.54%	30	2.38%	28	2.82%	29	0.52%	42	0.89%

Comparison of State Taxation

by the PA State Independent Fiscal Office

State and Local Tax Rankings and Effective Tax Rates (IFO)

	<u>Total Taxes</u>		<u>Corporate Net</u>		<u>Personal Income</u>		<u>Sales-Use</u>		<u>Property Tax</u>		<u>Motor Tax</u>		<u>All Other</u>	
	Rank	Ratio	Rank	Ratio	Rank	Ratio	Rank	Ratio	Rank	Ratio	Rank	Ratio	Rank	Ratio
Washington	31	9.39%	50	0.01%	49	0.00%	2	4.69%	30	2.65%	21	0.58%	14	1.46%
Idaho	32	9.28%	25	0.30%	28	2.36%	27	2.48%	35	2.47%	2	0.83%	44	0.85%
Louisiana	33	9.13%	44	0.14%	39	1.47%	5	3.89%	43	2.09%	42	0.40%	27	1.13%
Virginia	34	9.11%	40	0.19%	12	2.88%	44	1.39%	22	3.00%	43	0.39%	21	1.26%
New Hampshire	35	9.06%	2	1.05%	42	0.12%	50	0.08%	1	5.61%	44	0.37%	10	1.83%
Arizona	36	8.99%	38	0.22%	40	1.45%	6	3.55%	33	2.62%	39	0.43%	48	0.72%
Missouri	37	8.96%	42	0.17%	22	2.52%	24	2.53%	37	2.37%	41	0.41%	38	0.97%
South Carolina	38	8.96%	29	0.28%	33	2.04%	38	2.02%	25	2.91%	36	0.47%	23	1.24%
Colorado	39	8.77%	36	0.23%	31	2.27%	31	2.38%	31	2.64%	37	0.45%	45	0.81%
Montana	40	8.64%	30	0.28%	16	2.67%	49	0.10%	15	3.54%	5	0.78%	19	1.27%
Texas	41	8.61%	49	0.01%	48	0.00%	11	3.27%	12	3.75%	33	0.49%	28	1.09%
South Dakota	42	8.60%	46	0.09%	47	0.00%	8	3.33%	23	2.94%	7	0.73%	13	1.51%
Alabama	43	8.42%	26	0.29%	34	1.97%	15	2.99%	50	1.44%	34	0.48%	22	1.25%
Nevada	44	8.39%	47	0.06%	46	0.00%	18	2.77%	42	2.24%	22	0.56%	1	2.77%
North Dakota	45	8.37%	33	0.26%	41	0.87%	12	3.21%	40	2.29%	4	0.80%	40	0.94%
Wyoming	46	8.28%	48	0.04%	50	0.00%	19	2.76%	7	4.24%	10	0.66%	50	0.58%
Tennessee	47	8.27%	4	0.84%	43	0.12%	7	3.39%	44	2.07%	30	0.52%	16	1.34%
Oklahoma	48	7.87%	35	0.23%	36	1.78%	16	2.82%	49	1.57%	8	0.72%	46	0.75%
Florida	49	7.52%	31	0.27%	45	0.00%	14	3.02%	32	2.62%	26	0.53%	29	1.09%
Alaska	50	6.30%	8	0.55%	44	0.00%	46	0.62%	11	3.79%	47	0.28%	33	1.06%
U.S. Weighted Avg.		10.28%		0.39%		2.42%		2.58%		3.16%		0.49%		1.25%
U.S. Unw. Avg.		9.93%		0.40%		2.16%		2.45%		3.08%		0.54%		1.30%

Note: Percentages are the ratio of state-local tax revenue to modified state personal income. Total Taxes excludes any severance tax. All Other category includes gaming, liquor, tobacco, inheritance, realty transfer and other miscellaneous taxes. The U.S. weighted average weights each state based on the relative magnitude of total taxes and income. The U.S. unweighted average gives each state the same weight.

Source: State and Local Taxes: A Comparison Across States, IFO (February 2018).

PSEERS Continues to be a Drag on State and School District Budgets

PSEERS Employer Contribution Rates

	2017	2018	2019	2020	2021
Normal Cost & Healthcare Rates	9.1%	8.5%	8.4%	8.3%	8.2%
Unfunded Liability Rate	<u>20.9</u>	<u>24.0</u>	<u>25.0</u>	<u>26.5</u>	<u>27.0</u>
Total Employer Contribution Rate	30.0	32.6	33.4	34.8	35.3

Note: Values are percent of payroll. Years are fiscal year ending. The normal cost represents the weighted average employer rate to pay pension benefits earned in that year. The unfunded liability rate represents the contribution necessary to finance the unfunded liability, which resulted from market downturns, underfunding and funding deferrals in prior years.

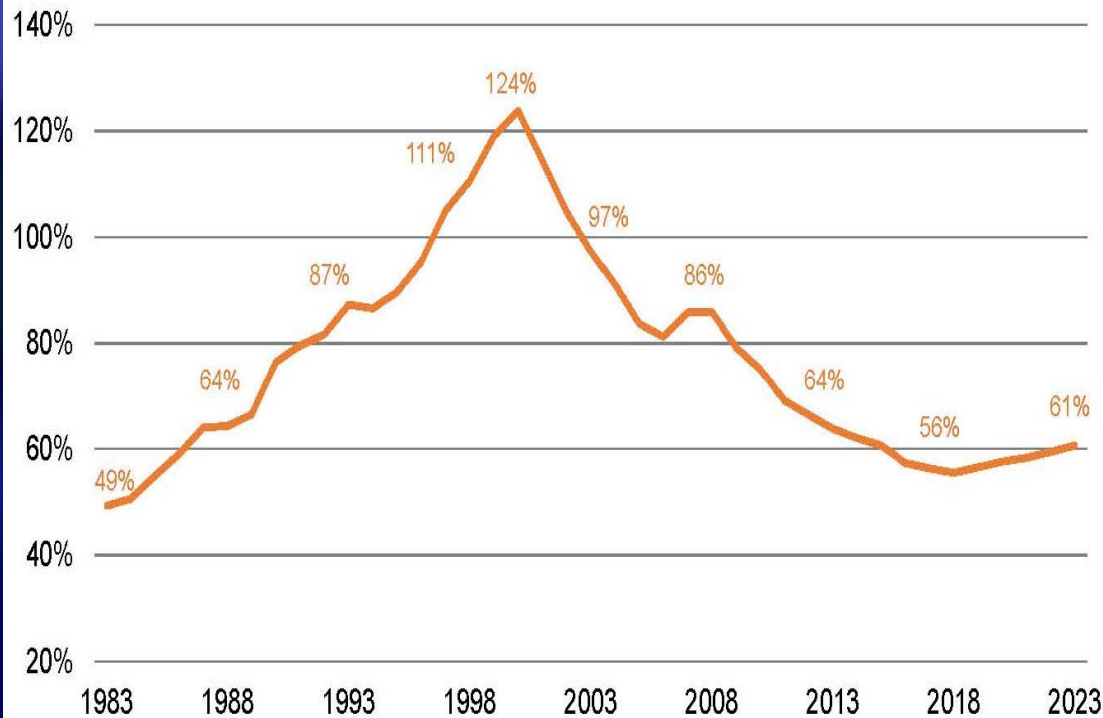
March 8, 2018



34

A Tale of Two Recessions

PSERS Funded Ratio



Note: Based on the actuarial value of assets.
Source: PSERS' actuarial valuations, various years.

March 8, 2018



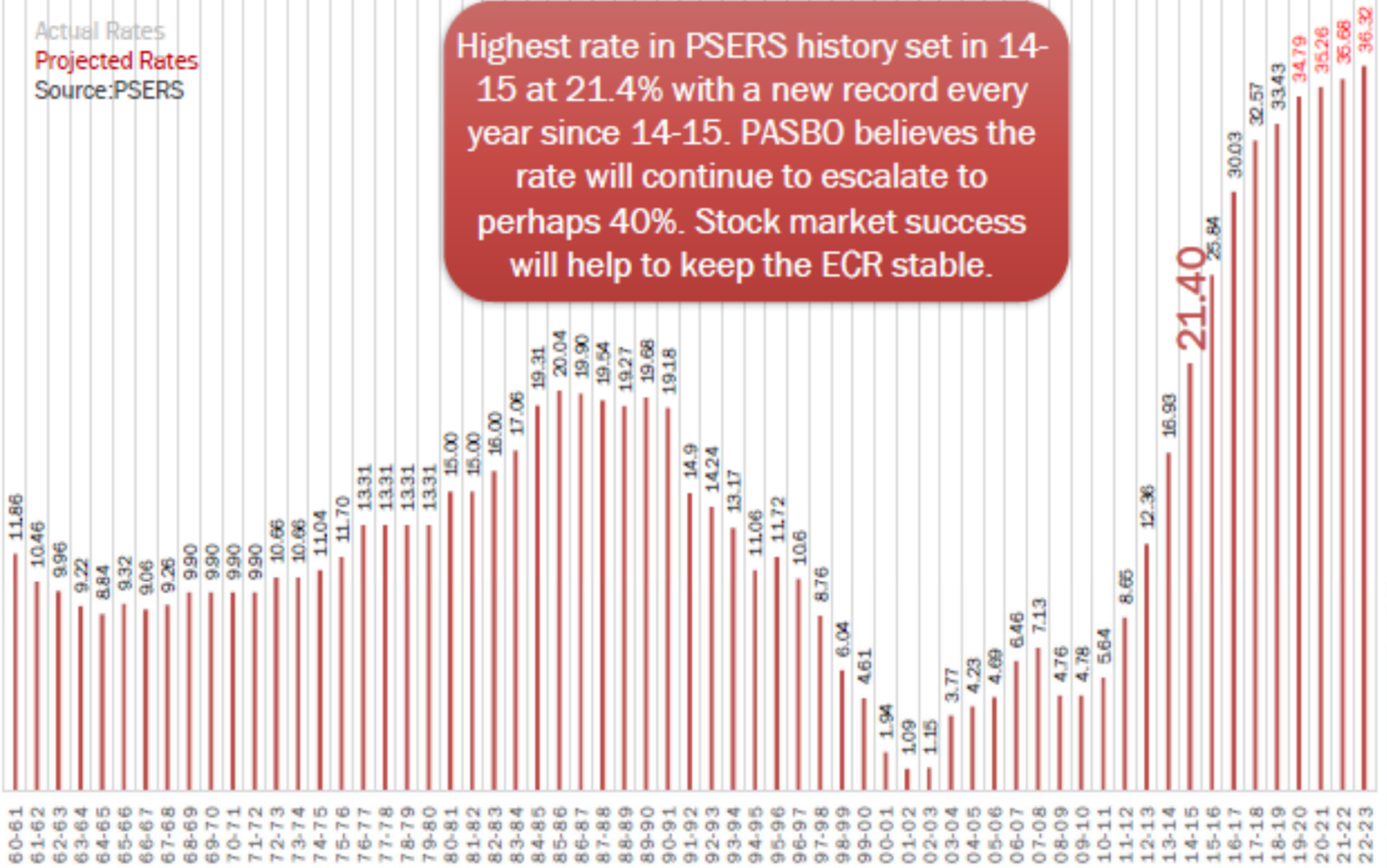
36

- The recession of the early 80's created a funding ratio below 50%.
 - Legislative action restored the funding ratio to 100% in 12 years.
- The recession of 2008 and subsequent inaction.
 - Funding ratios will not be restored to 100% until ?

PSERS Employer Cost Rate (ECR) History

Actual Rates
 Projected Rates
 Source: PSERS

Highest rate in PSERS history set in 14-15 at 21.4% with a new record every year since 14-15. PASBO believes the rate will continue to escalate to perhaps 40%. Stock market success will help to keep the ECR stable.



Workforce Participation

More PA Seniors Are Working

Year	All Groups	PA Labor Force Participation Rates by Age Group				
		20-24	25-44	45-54	55-64	65+
1997	64.5	75.4	84.7	82.7	59.6	10.2
2002	65.5	77.1	84.8	83.6	63.0	12.6
2007	64.5	74.0	83.2	83.2	62.6	15.7
2012	64.0	73.6	83.9	80.6	65.5	17.2
2017	62.4	75.2	82.8	82.7	65.4	19.3
Change 1997-17	-2.1	-0.2	-1.9	0.0	5.8	9.1

-0.2 -1.9
Millenials ??

5.8 9.1

Note: The labor force participation rate (LFPR) is the share of the age group that is part of the labor force. The labor force includes all individuals actively working or seeking work.

Source: PA Department of Labor and Industry, Center for Workforce Information and Analysis.

From State's Perspective

Is The Great Recession Finally Over?

	2018-19 \$000s	2008-09 \$000s	% Change
Personal Income Tax--	14,127,200	9,968,733	41.7%
Sales and Use Tax--	10,781,600	8,029,170	34.3%
Realty Transfer Tax--	547,300	296,033	84.9%
Total Revenues--	84,689,491	63,685,092	33.0%

Recent Revenue Trends: For the five fiscal years ending with 2016-17, total General Fund revenue increased by 10.5 percent, an annual rate of increase of approximately 2.5 percent. The rate of growth for revenue during the period has been affected by the recent recovery from the economic recession and the increased economic growth during the post-recessionary period. Without adjusting for tax rate and base changes, the major tax revenue sources experiencing the largest growth during this period were the Realty Transfer Tax, the Inheritance Tax, and the Sales and Use taxes. Five-year total increases for these tax types were 41.1 percent, 15.7 percent and 12.5 percent, respectively. Revenue from some tax sources declined or was flat over the period.—*Governor's Executive Budget*

From School District's Perspective

Is The Great Recession Finally Over?

State Revenues to SDs		2015-16 \$s	2008-09 \$s	% Change
BEF	Basic Ed. Funding	5,695,841,485	5,226,902,508	9.0%
SEF	Special Ed. Funding	1,009,738,360	958,806,603	5.3%
Pensions	Pass though to PSERS	1,601,002,867	283,113,530	465.5%
Social Security	Pass though to Social Security	442,922,613	426,840,398	3.8%
Plan Con		189,397,064	308,703,384	-38.6%
Total State Revenue		10,475,163,913	9,171,697,427	14.2%

School Districts are on the Plus Side of the State Budget

- Overall, School Districts are Seeing More Education Funding.
- Most Other State Agency Budgets are Frozen or Seeing Reduced Funding.
- The State Retirement Systems are Consuming Almost all Extra Revenues.

Impact of the Governor's Budget on CBSD

What are the Projected 2018-19
State Subsidies for
Central Bucks School District?

2018-19 Budget	\$18,327,188
<u>2017-18 Projected Actual Revenue</u>	<u>\$17,990,348</u>
Revenue Budget Increase	\$336,840
	1.9%

Basic Education Funding





2018-19 Budget	\$7,217,433
2017-18 Projected Actual Revenue	\$7,161,993
<hr/>	
Revenue Budget Increase	\$55,440
	0.8%

Special Education Funding

Transportation

2018-19 Budget	\$3,366,456
<u>2017-18 Projected Actual Revenue</u>	<u>\$3,366,456</u>
Revenue Budget Increase	\$0
	0.0%



Ready to Learn Block Grant

- Level Funded at \$250M State-Wide
- CBSD to Receive \$1,024,000 (no increase)



PLANCON – Planning and Construction

- The State Borrowed \$410M in Early January to Cover Construction Reimbursement for 2017-18 and 2018-19.
- CBSD Will Continue to Receive State Reimbursement for Past Construction Projects.



2018-19 State/Fed Budget Impact on CBSD

Subsidy	2017-18 Projected Actual	2018-19 Budget	\$ Variance	% Variance
State Basic Education Subsidy to CBSD	\$17,990,348	\$18,327,188	\$336,840.00	1.9%
State Special Education Subsidy to CBSD	\$7,161,993	\$7,217,433	\$55,440.00	0.8%
State Accountability Block Grant to CBSD	\$1,024,042	\$1,024,042	\$0.00	0.0%
State Transportation Subsidy to CBSD	\$2,711,186	\$2,711,186	\$0.00	0.0%
Federal Title 2 Teacher Training Program	\$274,340	\$274,340	\$0.00	0.0%
Total	\$29,161,909	\$29,554,189	\$392,280	1.3%

2018-19 CBSD Budget Snapshot:

0 % Tax Increase

Category	2018-19 Budget	2017-18 Projected Actual	% Change
Local Revenue	263,397,832	260,109,831	1.26%
State Revenue	71,102,436	69,513,260	2.29%
Federal Revenue	2,293,383	2,306,222	-0.56%
Total Revenues	336,793,650	331,929,313	1.47%
Salaries	161,924,006	156,585,318	3.41%
Employee Benefits	99,150,272	96,410,055	2.84%
Prof. Services, Special Ed., EIT Tax Fees, Legal	5,734,470	5,325,454	7.68%
Rentals, Repairs, Copiers, Software Maint. and Licensing, <i>Electricity to 600's</i>	4,857,208	6,858,114	-29.18%
Contracted Services, Transp., MBIT, IU, Charter Sch	21,017,156	20,157,649	4.26%
Supplies, Nat. Gas, Diesel, Text Books, <i>Electricity</i>	10,959,705	7,609,826	44.02%
Equipment	867,492	731,239	18.63%
Interest Payments on Bonds & Education Organization Exp. such as PSBA	3,214,130	3,705,647	-13.26%
Principal on Debt, and transfers for Tech., Buses, Short & Long Term Capital	29,515,000	32,980,000	-10.51%
Total Expenses	\$337,239,439	\$330,363,302	2.08%
Variance of Revenues and Expenses	-\$445,789	\$1,566,011	

Declining Transfers to Long term Capital

Help Balance Future Year Budgets

Current Long term Capital balance (February 28th, 2018)	\$30,635,000
2017-18 Budgeted Transfer in June 2018	\$6,000,000
2018-19 Budgeted Transfer in June 2019	\$3,600,000
2019-20 Budgeted Transfer in June 2020	\$600,000
2020-21 Budgeted Transfer in June 2021	\$0
Interest Earnings Over the Years	\$1,165,000
<hr/>	
FY2020-21 Targeted Long term Capital Amount =	\$42,000,000

Budget Status for 2018-19

Concise Summary Report

Central Bucks School District



Home	Reports	Actual FY 2012-13	Actual FY 2013-14	Actual FY 2014-15	Actual FY 2015-16	Actual FY 2016-17	Proj. Actual FY 2017-18	Forecast FY 2018-19	Forecast FY 2019-20	Forecast FY 2020-21	Forecast FY 2021-22	Forecast FY 2022-23
REVENUES												
Real Estate Taxes		204,609,760	204,833,919	210,319,089	212,579,896	215,273,780	216,788,948	218,948,471	221,264,463	223,309,979	225,373,919	227,456,448
Act 511 Taxes		23,808,540	27,415,509	26,795,892	28,618,799	29,472,237	31,135,173	31,914,910	32,573,455	33,246,392	33,993,287	34,757,004
Other Local Revenue		11,717,679	11,364,937	11,261,674	11,494,620	11,721,389	12,185,710	12,534,451	12,377,168	12,534,240	12,882,048	13,335,535
Basic Instructional and Operating Subsidies		15,928,828	16,388,802	16,296,886	16,954,618	17,856,821	18,170,348	18,489,188	18,839,532	19,198,826	19,567,057	19,944,226
Revenue for Specific Educational Programs		7,363,102	7,289,294	7,265,957	7,262,128	7,288,106	7,161,993	7,217,433	7,253,520	7,289,788	7,326,237	7,362,868
Other State Revenue		24,748,564	30,365,219	31,894,576	36,698,681	47,022,103	44,180,919	45,395,815	46,679,714	48,082,818	49,516,934	51,232,654
Federal Revenue		2,337,459	1,577,172	2,050,534	1,725,342	2,379,630	2,306,222	2,293,383	2,242,432	2,194,925	2,150,707	2,109,633
Other Financing Sources		494,465	490,000	12,305,900	22,815	9,537						
TOTAL REVENUES		291,008,396	299,724,852	318,190,508	315,356,901	331,023,603	331,929,313	336,793,650	341,230,284	345,856,969	350,810,188	356,198,368
EXPENDITURES												
Salaries and Benefits		190,418,421	196,359,315	210,582,001	221,127,730	240,572,550	252,995,373	261,074,278	271,722,046	280,824,964	290,296,300	300,564,887
Operating Expenses		38,073,492	38,983,156	38,599,641	38,591,231	38,855,494	40,777,785	43,540,717	43,937,878	45,821,199	47,004,530	48,219,547
Debt Service & Transfers		66,110,804	65,088,566	61,077,021	46,359,809	44,714,569	36,590,144	32,624,444	28,121,944	25,407,694	23,711,094	23,763,344
TOTAL EXPENDITURES		294,602,717	300,431,037	310,258,663	306,078,770	324,142,613	330,363,302	337,239,439	343,781,867	352,053,856	361,011,924	372,547,778
NET OPERATING BALANCE		(3,594,321)	(706,185)	7,931,845	9,278,131	6,880,990	1,566,011	(445,789)	(2,551,583)	(6,196,887)	(10,201,736)	(16,349,410)

Budget Status for 2018-19 for Revenues

	Actual FY 2012-13	Actual FY 2013-14	Actual FY 2014-15	Actual FY 2015-16	Actual FY 2016-17	Proj. Actual FY 2017-18	Forecast FY 2018-19	Forecast FY 2019-20	Forecast FY 2020-21	Forecast FY 2021-22	Forecast FY 2022-23
REVENUES											
Real Estate Taxes	204,609,760	204,833,919	210,319,089	212,579,896	215,273,780	216,788,948	218,948,471	221,264,463	223,309,979	225,373,919	227,456,448
Act 511 Taxes	23,808,540	27,415,509	26,795,892	28,618,799	29,472,237	31,135,173	31,914,910	32,573,455	33,246,392	33,993,287	34,757,004
Other Local Revenue	11,717,679	11,364,937	11,261,674	11,494,620	11,721,389	12,185,710	12,534,451	12,377,168	12,534,240	12,882,048	13,335,535
Basic Instructional and Operating Subsidies	15,928,828	16,388,802	16,296,886	16,954,618	17,856,821	18,170,348	18,489,188	18,839,532	19,198,825	19,567,057	19,944,226
Revenue for Specific Educational Programs	7,363,102	7,289,294	7,265,957	7,262,128	7,288,106	7,161,993	7,217,433	7,253,520	7,289,788	7,326,237	7,362,868
Other State Revenue	24,748,564	30,365,219	31,894,576	36,698,681	47,022,103	44,180,919	45,395,815	46,679,714	48,082,813	49,516,934	51,232,654
Federal Revenue	2,337,459	1,577,172	2,050,534	1,725,342	2,379,630	2,306,222	2,293,383	2,242,432	2,194,925	2,150,707	2,109,633
Other Financing Sources	494,465	490,000	12,305,900	22,815	9,537						
TOTAL REVENUES	291,008,396	299,724,852	318,190,508	315,356,901	331,023,603	331,929,313	336,793,650	341,230,284	345,856,969	350,810,188	356,198,368

Key Revenue Changes Compared to 2017-18 Projected Actual

Increased Real Estate Tax Assessed Value Growth by .85%	\$2,103,760
Increased EIT revenues by	\$ 558,237
Increased Interest Earnings	\$ 225,000
Net impact of state subsidies (mainly retirement revenue growth)	\$1,589,176
Net impact of federal subsidies	(\$ 13,000)
<u>Revenue growth adjusted over multiple accounts</u>	<u>\$ 401,164</u>
	\$4,864,337

Budget Status for 2018-19 for Expenses

Home	Reports	Actual FY 2012-13	Actual FY 2013-14	Actual FY 2014-15	Actual FY 2015-16	Actual FY 2016-17	Proj. Actual FY 2017-18	Forecast FY 2018-19	Forecast FY 2019-20	Forecast FY 2020-21	Forecast FY 2021-22	Forecast FY 2022-23
EXPENDITURES												
Salaries and Benefits		190,418,421	196,359,315	210,582,001	221,127,730	240,572,550	252,995,373	261,074,278	271,722,046	280,824,964	290,296,300	300,564,887
Operating Expenses		38,073,492	38,983,155	38,599,641	38,591,231	38,855,494	40,777,785	43,540,717	43,937,878	45,821,199	47,004,530	48,219,547
Debt Service & Transfers		66,110,804	65,088,565	61,077,021	46,359,809	44,714,569	36,590,144	32,624,444	28,121,944	25,407,694	23,711,094	23,763,344
TOTAL EXPENDITURES		294,602,717	300,431,037	310,258,663	306,078,770	324,142,613	330,363,302	337,239,439	343,781,867	352,053,856	361,011,924	372,547,778
NET OPERATING BALANCE		(3,594,321)	(706,185)	7,931,845	9,278,131	6,880,990	1,566,011	(445,789)	(2,551,583)	(6,196,887)	(10,201,736)	(16,349,410)

Expense Changes Since January Preliminary Budget

100 Salaries: Proposed additional teachers and support staff	\$ 587,846
200 Benefits: Health, Rx budgeted reductions due to leaving the consortium	(\$ 849,976)
300 Professional Services: small changes to many areas	\$ 246,317
400 Property Services: Move electricity to 600's per PDE	(\$2,412,393)
500 Other services: decrease auto, liability insurance in Contracted Transp.	\$ 310,785
600 Supplies: add electricity from 400's and some growth in building budgets	\$2,983,595
700 – 900's added equipment with projected costs above \$5,000 per PDE	\$ 124,826
Total Changes	\$ 991,000

Major Goals for the 2018-19 Budget

- No tax increase
- No future borrowing, pay cash for Technology, Buses, and Renovations
- Minimize the growth in health care costs (leave the health care consortium)
- Debt payments and Transfers to Long Term Capital Projects declining by **\$4M**
- Fringe benefits increasing 4.5%
- Payroll increasing 3.2%
- Refine staffing needs

- **Education Initiatives 2018-19**
 - Expand wireless network access in the high schools and update the network switches
 - Expand the 1 to 1 computer initiative to all 7th and 8th graders
 - Continue investigating middle school curriculum changes to increase S.T.E.M. offerings
 - Elementary math pilot curriculum - professional development
 - Investigate providing a CBSD cyber school option
 - Establish a committee aimed at evaluating all secondary programs and services

Eliminating Real Estate Taxes



Senate Bill 76

Tax Reform - Eliminating Real Estate Taxes

- Pennsylvania Voters Approved a PA. Constitutional Amendment Allowing for a 100% Reduction to the Taxable Values of Homestead Properties.
 - First Step to take Place Before Real Estate Taxes can be Eliminated.
 - The Independent Fiscal Office (IFO) Estimated the Amount of Alternate Taxes Needed to Supplant Real Estate Taxes.

Table 5: School Property Tax - Estimated Homestead Share

Fiscal Year	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23
Current-Year	\$6,844	\$7,010	\$7,222	\$7,460	\$7,717	\$7,989	\$8,302	\$8,639
Act 1 Allocations	530	532	533	530	530	530	530	530
Delinquent	<u>307</u>	<u>313</u>	<u>317</u>	<u>321</u>	<u>325</u>	<u>330</u>	<u>334</u>	<u>338</u>
Total	7,681	7,855	8,072	8,311	8,572	8,849	9,166	9,507

Note: Dollar amounts in millions.

IFO School District Property Tax Forecast, January 2018

Tax Reform - Eliminating Real Estate Taxes

3 Options to Generate Alternative Real Estate Tax Funding.

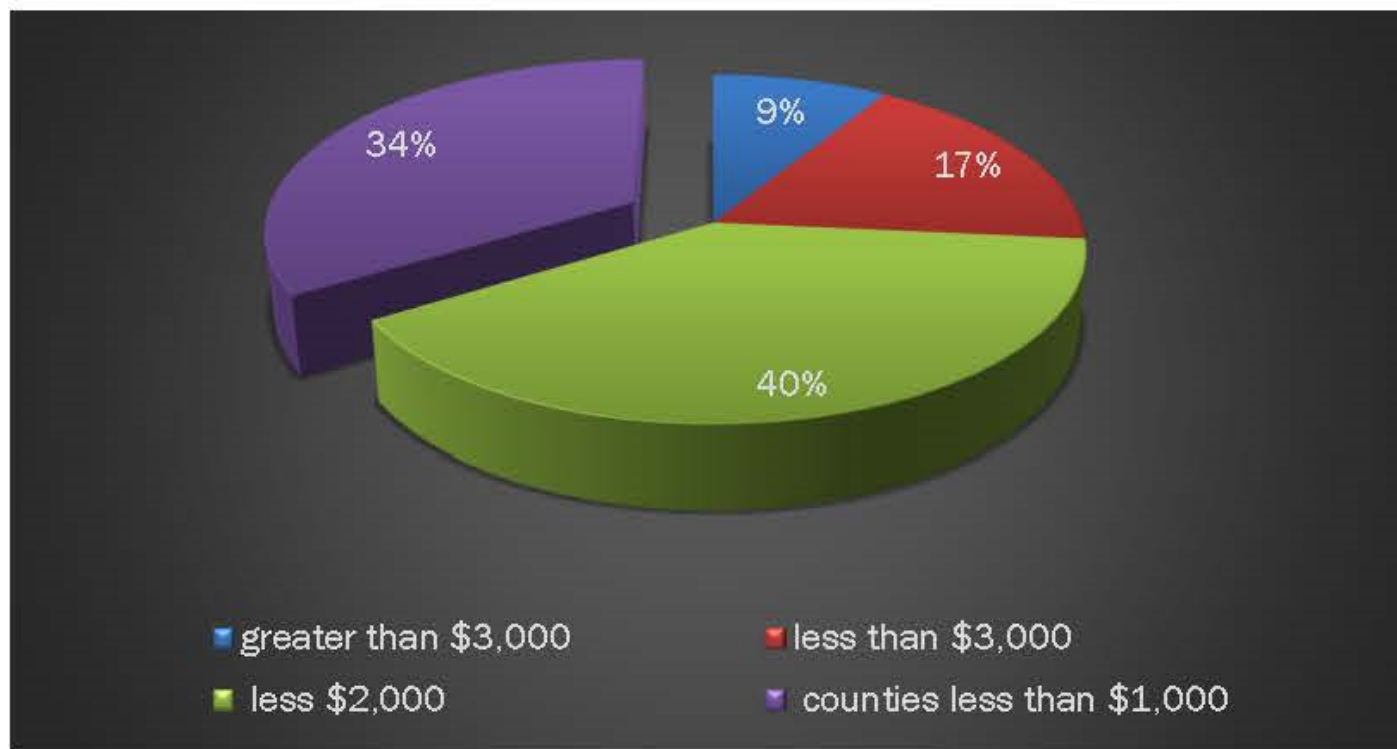
Option 1	Option 2	Option 3
PIT to 4.67% State Personal Income Tax	PIT to 3.3% State Personal Income Tax	PIT to 4.3% State Personal Income Tax
No SUT increase Sales and Use Tax	SUT to 7% Sales and Use Tax	SUT to 7% Sales and Use Tax
No SUT base expansion	SUT base expansion (SB 76) Clothes, Services, Medical and Rx	No SUT base expansion

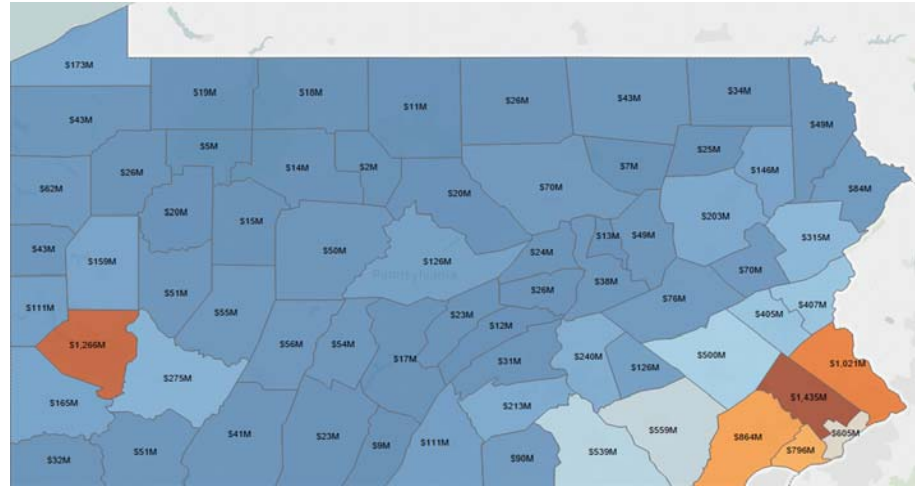
Senate Bill 76

Tax Reform - Eliminating Real Estate Taxes

- Most of the increased tax payments (state-wide) would need flow to southeastern Pennsylvania to offset higher real estate taxes due to minimal state subsidies as compared to the rest of PA.

Average County School Property Tax on Homesteads/Farmsteads— 74% Less Than \$2,000





Tax Reform - Eliminating Real Estate Taxes

Tax Reform - Eliminating Real Estate Taxes



- Likely to be a Big Topic of Discussion During the 2018 Election Cycle.
- Earliest Possible Implementation is July 2019.
- Could be Included in a Larger Conversation on a Statewide PIT Increase as One-time Sources of State Funding are Disappearing as a Method of Balancing the State Budget.

Act 1 Tax Index + Exceptions

	Act 1 Index with Allowable Exceptions in Mills	CBSD Millage Rate	Millage Increase	% Increase in the Millage Rate	Status
2007-08	5.9	105.87	3.9	3.47%	Actual
2008-09	5.6	110.50	4.6	4.37%	Actual
2009-10	5.4	114.80	4.3	3.89%	Actual
2010-11	4.7	119.20	4.4	3.83%	Actual
2011-12	3.2	120.80	1.6	1.34%	Actual
2012-13	3.6	122.80	2.0	1.66%	Actual
2013-14	3.7	122.80	0.0	0.00%	Actual
2014-15	4.9	124.10	1.3	1.06%	Actual
2015-16	4.0	124.10	0.0	0.00%	Actual
2016-17	4.3	124.10	0.0	0.00%	Actual
2017-18	3.8	124.10	0.0	0.00%	Actual
2018-19	3.5	124.10	0.0	0.00%	Proposed

Total Mills

52.7

22.1

Next Steps...

Board of School Directors

- 2018-19 Expenditure Increase of 2.1% or \$6.9M over 2017-18 projected actual
 - Salaries Increasing \$5.3M
 - Benefits (overall) increasing \$2.7M
 - Retirement expense increasing by \$2.9M
 - Reduced Debt Payments and Reduced Long Term Capital Transfer **-\$4M**
- April 24th, Consideration of the Proposed Final Budget
- Final Budget Adoption is Scheduled for June 12th

- Superintendent and Cabinet
 - Refine Staffing Needs
 - Refine Health Care Numbers
 - Refine Revenue Projections
 - Refine Expenditure Projections
 - Analyze the Legislative Budget Proposals - when available

