



# 2014-2015 BUDGET



**Consideration to Adopt  
the Final Budget  
May 27, 2014**



# Budget Components

- Revenue Review
- Expenditure Review
- Millage Impact
- Summary

# Revenues

# Pennsylvania Gets More Bad Budget News in April

By **The Associated Press** on **April 29, 2014** at 9:12 PM

HARRISBURG, Pa. (AP) — Pennsylvania's tax collections during the all-important month of April were badly lagging projections Tuesday, and House and Senate Appropriations Committee officials said the only question was how much deeper the state government's shortfall will plunge.

The poor performance is a sobering development for Gov. Tom Corbett and lawmakers as they try to craft a budget during an election year. Based on estimates by House and Senate Appropriations Committee officials, **the shortfall is expected to be big enough to knock Corbett's \$29.4 billion budget proposal out of balance by \$1 billion or more.**

[http://www.pennlive.com/midstate/index.ssf/2014/04/pennsylvania\\_gets\\_more\\_bad\\_bud.html](http://www.pennlive.com/midstate/index.ssf/2014/04/pennsylvania_gets_more_bad_bud.html)

# Governor's Budget Changes for 2014-15

## 2013-14 Mid-Year Budget Briefing

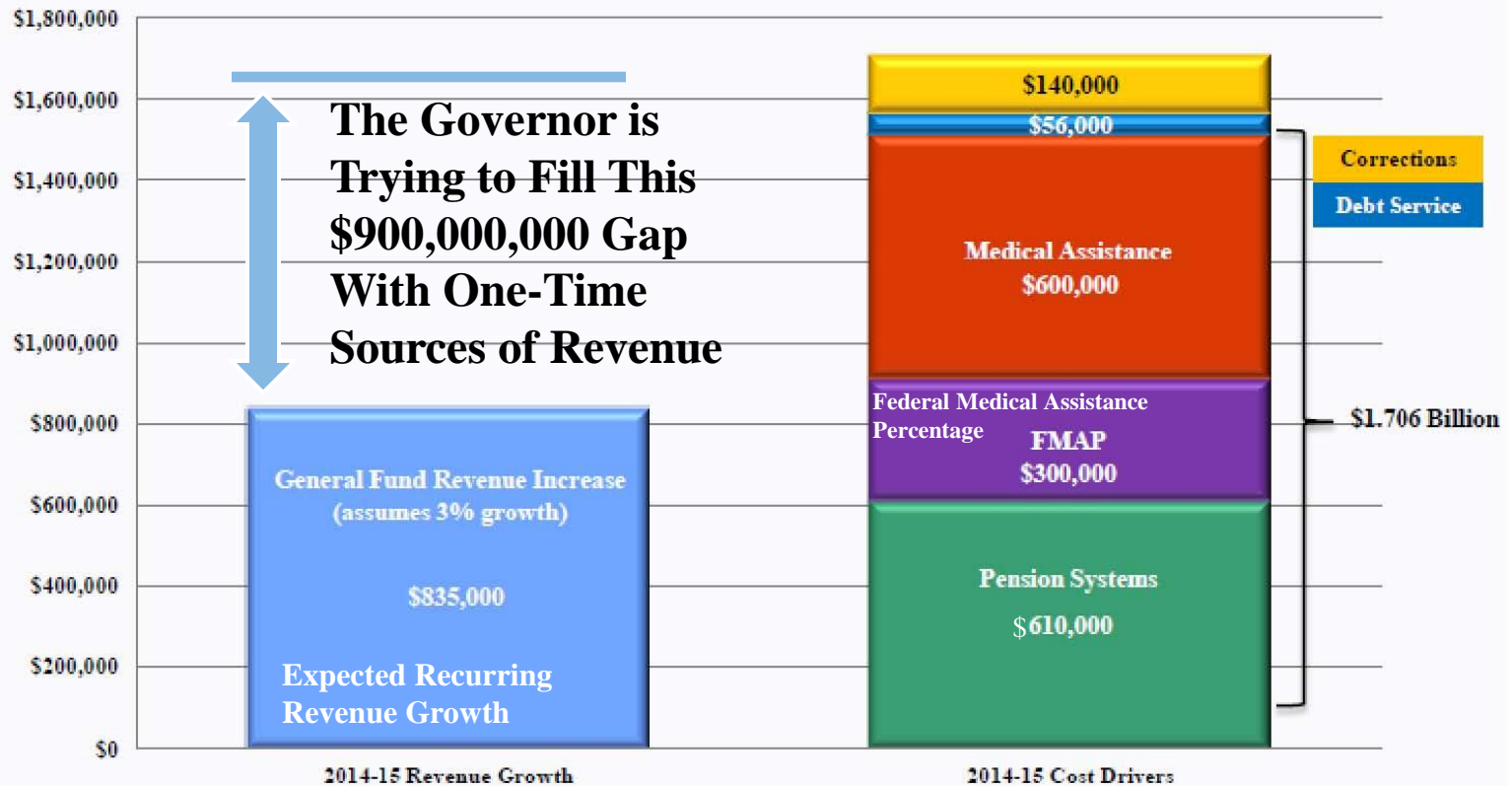


Tom Corbett, Governor Charles B. Zogby, Secretary of the Budget

www.budget.state.pa.us

### Cost Drivers in the 2014-15 Budget

(in Thousands)



# What is the Source of the Increased State-Wide Funding?

## *One-Time Revenues and Savings*

**\$150 million** Unclaimed property (reduces state holding period)

**\$75 million** Permitting leasing/drilling under state forests and parks

**\$225 million** Transfer of Tobacco Settlement Funds

**\$63 million** Elimination of the state PSERS reimbursement to charters

**\$125 million** Implementation of Healthy PA (assumes federal approval)

**\$170 million** Tapering the collars to reduce state pension contributions

**\$10 million** Use of Special Pharmaceutical Benefit Program rebates

**\$75 million** Balancing Incentives Program savings-due to fed.  
participation

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**\$900 million**

# State Sources of Revenue for CBSD

Description	2014-15 Budget	2013-14 Projection	Projection \$ Change	Projection % Change
Basic Instructional Subsidy	16,227,940	16,178,141	49,799	0.3%
Tuition, Wards of State and Foster Care Students	300,000	300,000	0	0.0%
Special Educ./Except. Pupils	7,365,010	7,286,226	78,784	1.1%
Misc. State Grants	127,000	127,000	0	0.0%
Ready to Learn / Accountability	1,423,249	306,359	1,116,890	364.6%
Transportation	3,100,000	3,100,000	0	0.0%
Rental & Sinking Fund Reimb.	1,175,000	1,620,000	-445,000	-27.5%
Health Services	375,000	390,000	-15,000	-3.8%
Gambling Proceeds for R.E. Tax Reduction	6,026,215	5,736,098	290,117	5.1%
Social Security Payments Reimbursement	5,084,942	5,015,089	69,853	1.4%
Retirement Payments Reimbursement	14,772,536	10,845,216	3,927,320	36.2%
<b>State Revenue Totals</b>	<b>55,976,892</b>	<b>50,904,129</b>	<b>5,072,763</b>	<b>10.0%</b>

**We are assuming that the governor's proposed funding increases will be adopted by the legislature**

# Questions

- Will we get the full proposed extra funding?
  - It is an election year, we might not receive all of the budgeted state funds, but we should see some extra revenue
- Will this funding continue into the future?
  - Doubtful, retirement contributions must be increased and tobacco settlement and retirement collars are “one-time” sources of funding. **Perhaps treat this like federal stimulus funding?**



# What Will We Do If Funding Levels Are Below The Governor's Estimates

- We have a \$490,000 contingency in the budget
- We will manage expenses during the year
  - Saving money where we can
- We were conservative in our local revenue estimates
  - Local revenues will potentially be larger than the budgeted amounts and help offset any reductions in state revenue
- We can reduce our scheduled transfers into our capital accounts

# Expenses

# Expense and Revenue Comparison

● No Change in Expenses	\$301,538,508
● Revenues, April 22, 2014	\$299,325,148
● Additional Gambling Revenue	\$ 290,117
● <u>Reduction in Real Estate Taxes</u>	<u>\$ (290,117)</u>
● Projected Revenue Deficit	\$ 2,213,360
● Proposed Millage Increase Remains at 1.06% or 1.3 Mills	

# Millage Impact

# Millage Calculation

The millage increase as of tonight is 1.06%

The Act 1 base index = 2.1% with exceptions = 4.0% Limit

The 2014-15 proposed millage is 122.8 mills + 1.3 mills = 124.1 mills = 1.06% increase

Typical homeowner assessed @ \$40,000

Additional real estate tax \$52

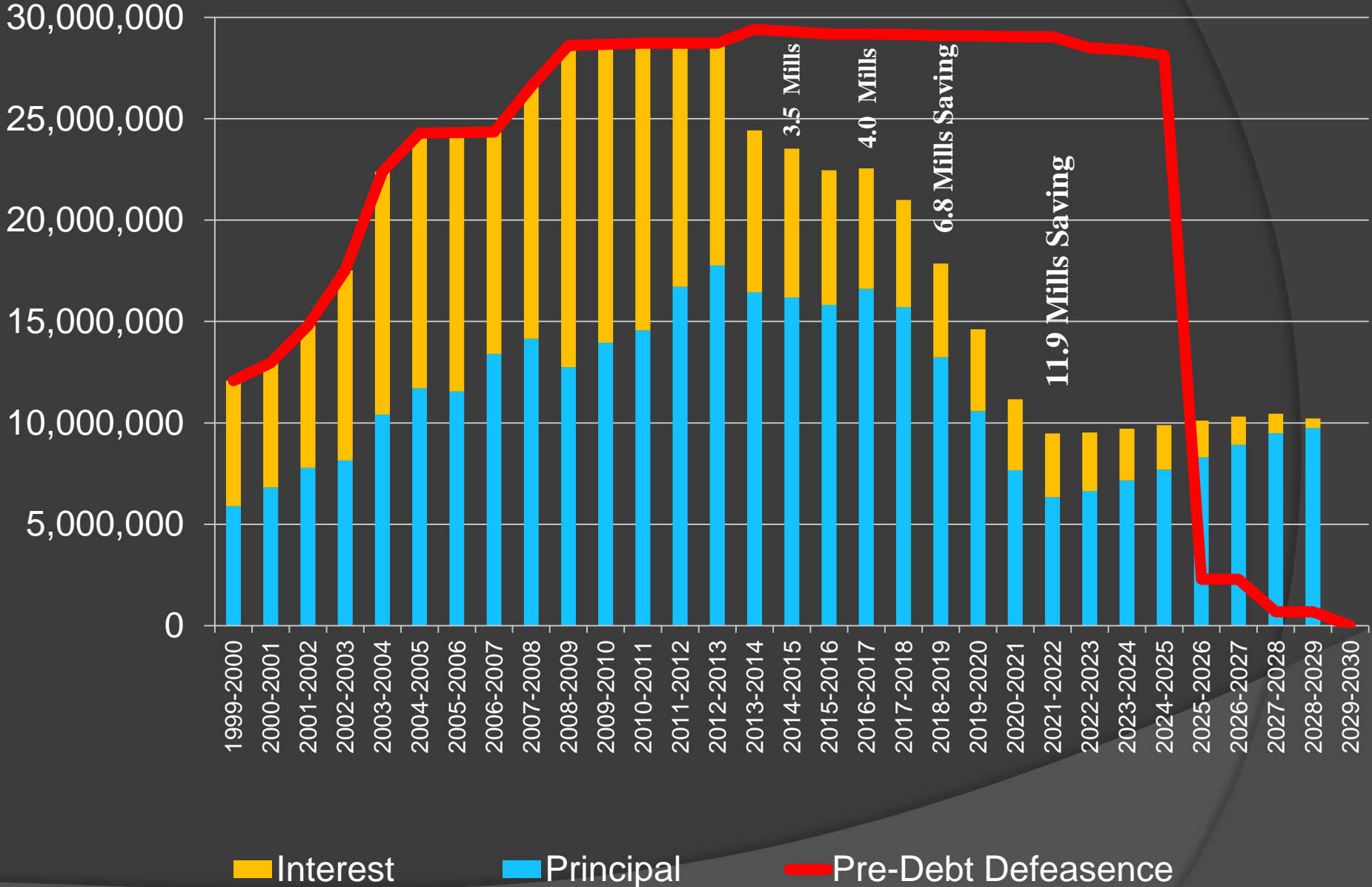
Less: state gambling rebate increase \$ 9

**Net real estate tax increase \$43 or 0.9%**

# Act 1 Tax Index + Exceptions

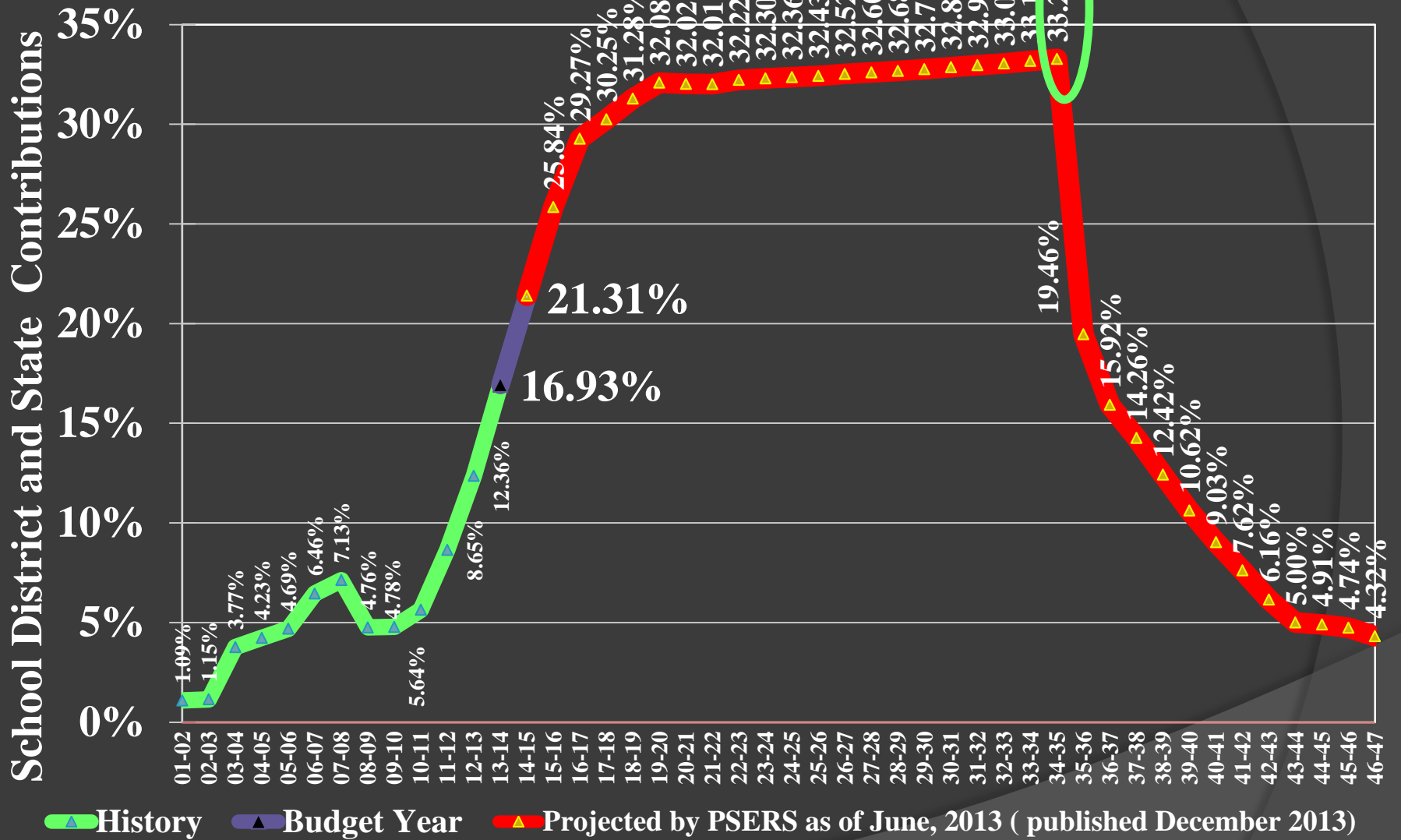
	<b>Act 1 Index with Allowable Exceptions in Mills</b>	<b>Actual CBSD Millage Increase</b>	<b>Status</b>
2007-08	5.9	3.8	Actual
2008-09	5.6	4.6	Actual
2009-10	5.4	4.3	Actual
2010-11	4.7	4.4	Actual
2011-12	3.2	1.6	Actual
2012-13	3.6	2.0	Actual
2013-14	3.4	0.0	Actual
2014-15	4.9	1.3	Proposed

# Bond Principal & Interest Payment Outlook



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# PSERS Retirement Contributions





# How Do We Minimize Tax Increases Over the Next 10 - 12 Years?

- ① Maintain the community's \$700M investment in our schools without borrowing more money
  - Saves financial professional expenses and interest payments
  - Manage routine maintenance items (short term capital)
  - Plan for major renovations - Holicong & Unami (long term Capital)
  - Provide recurring funding for technology and school buses
- ② Accumulate \$50 - \$60M over the next several years to pay off more debt (bond debt pay off fund) and reduce future interest costs.

# What Might the Projected Revenue Transfers To Our Capital Funds Look Like

**Goal – Don't Take On Any Additional Debt**

Account	Fiscal Year End 6/30/2013	Projected Transfer 2013-14	Budgeted Transfers 2014-15	Projected Transfers 2015-16	Projected Transfers 2016-17
General Fund Balance	\$18,500,000	-\$3,000,000			
Technology Capital Fund	\$3,000,000	\$4,329,992	\$2,000,000	\$2,000,000	\$2,000,000
Transportation Capital Fund	\$900,000	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000
Short Term Capital Fund	\$8,100,000	\$4,330,000	\$4,330,000	\$4,330,000	\$4,330,000
Long Term Capital Fund	\$8,000,000	\$6,160,000	\$3,160,000	\$3,160,000	\$3,160,000
Bond Debt Pay Off Fund	\$73,000	\$17,055,000	\$10,800,000	\$10,500,000	\$9,500,000
Self Insured Health Care Reserve	\$1,900,000	\$860,000	\$750,000	\$750,000	\$570,000
Other Post Emp. Bene. GASB 45	\$3,800,000	\$3,500,000	\$1,998,890		
<b>Totals</b>	<b>\$44,273,000</b>	<b>\$34,234,992</b>	<b>\$24,038,890</b>	<b>\$21,740,000</b>	<b>\$20,560,000</b>

**Expenditures for the capital funds are not shown but occur throughout the year as the district purchases technology, buses, and repairs / renovates buildings**

# Summary

- The Proposed Final Budget for 2014-15 is \$301,538,508
- \$10,854,526 Increase over 2013-14
  - The majority of the increase is associated with retirement system funding

# Summary continued

## Budget initiatives of:

Return to Full Time Librarians at Elementary Schools

Return 15 Hours per week in Duty Assistant Time to Elementary Schools (no benefits)

Purchase Music Instruments K - 12

More Wireless Network Access in Schools

Expand Teacher Instructional Technology

More Teacher Training Opportunities

Add 2 floating staff nurses

Teacher Contract

# Next Steps...

## ◎ Board of School Directors

- Consideration to adopt the 2014-15 Final Budget in the amount of \$301,538,508
- Consideration to adopt the resolution for the 2014-15 Homestead and Farmstead real estate tax discount of \$ 200.17
- Consideration to adopt the taxing resolution for real estate, earned income, and electric utilities

