

2016-17 Budget Update

March 22nd, 2016

Presentation Overview

- Review the Governor's Budget for 2015-16
- Impact of Governor's Budget for 2016-17
- Status of CBSD Budget Development

Overview of the Governor's Proposed Budget, and the Impact on CBSD for 2015-16 & 2016-17



2015-16

Current Vetoed (blue lined) Budget

<u>State</u> Subsidies to CBSD	2015-16 Revenue Budget	Estimated Revenues 3/22/2016	Variance
Basic Instructional Subsidy	\$17,781,941	\$16,345,166	-\$1,436,775
Special Education Subsidy	\$7,762,441	\$7,061,965	-\$700,476
Ready to Learn Block Grant	\$0	\$819,808	\$819,808
	\$25,544,382	\$24,226,939	-\$1,317,443

November Finance

Meeting Was +222k

Construction Reimbursement	\$1,082,720	\$0	-\$1,082,720
Soc. Sec. Cash flow (May & June Delayed until July & August)	\$5,386,176	\$5,386,176	\$0
	\$32,013,278	\$29,613,115	-\$2,400,163



Highlights From Governor Wolf's Review of the Proposed 2016-17 State Budget from February 9th, 2016

Pennsylvania 2016-17 Proposed Budget

- \$33.1 billion budget 7% increase
- \$2.2 billion increase over proposed 2015-16
 - \$1.6 billion in mandated cost increases
 - Debt: \$100 million
 - Corrections: \$178 million
 - Human Services: \$800 million
 - Pensions: \$500 million
 - \$500 million increase to school districts
 - \$120 million other

Overall Summary of Governor Wolf's State Education Budget for 2016-17

Basic Education Subsidies for all School Districts

- 2015-16 Increase by \$377M (not adopted by the legislature – to date)
- 2016-17 Increase by \$200M 3.3% over Proposed 2015-16

Special Education Subsidies for all School Districts

- 2015-16 Increase by \$50M (not adopted by the legislature – to date)
- 2016-17 Increase by \$50M 4.6% over Proposed 2015-16

Reestablish School Construction Reimbursement Funding (PLANCON)

- 2015-16 \$0
- 2016-17 \$306M

The State Budget Must be Adopted by June 30th, 2016

What are the Chances of a State Tax Increase Before Legislative Elections in November 2016?

Governor's Tax Proposal



GOVERNOR WOLF

SCHOOLS THAT TEACH • JOBS THAT PAY • GOVERNMENT THAT WORKS

SUSTAINABLE REVENUE PACKAGE

<i>(Dollar amounts in millions)</i>		2016-17
Personal Income Tax increase from 3.07% to 3.4%		\$1,294.4
Sales Tax Base expansion	Sales and Use Tax -Expansion to basic cable, movie tickets, digital downloads	414.6
Bank Share Tax increase from .89% to .99%		39.2
Insurance Premiums Tax surcharge for P+C and Fire of .5%		100.9
Cigarette Tax increase from \$1.60 to \$2.60 per pack		468.1
Other Tobacco Products tax at 40%		136.0
Severance Tax at 6.5% with Impact Fee credit		217.8
Gaming Promotional Play tax at 8%		50.9
Total		\$2,721.9



Update on the CBSD 2016-17 Budget Development Process

2016-17 CBSD Budget Snapshot: 0% Tax Increase

Category	2016-17 Budget	2015-16 *** Projected Actual	2014-15 Actual	%Change 15-16 to 16-17
Local Revenue 0 % Tax Increase as of 3/22/2016	253,629,997	252,852,971	248,376,655	0.31%
State Revenue	63,029,595	59,221,945	55,457,419	6.43 %
Federal Revenue	2,116,000	2,161,573	2,050,534	-2.11%
Total Revenues	318,775,592	314,236,489	305,884,608	1.44 %
Salaries	151,768,589	146,404,160	142,344,496	3.66 %
Employee Benefits	86,575,507	77,272,406	68,237,505	12.04 %
Prof. Services, Special Ed., EIT Tax Fees, Legal	6,371,765	5,375,675	5,357,676	18.53 %
Electricity, Rentals, Repairs, Copiers	6,670,535	6,566,785	6,017,507	1.58 %
Contracted Services, Transp., MBIT, IU, Charter Sch	20,841,380	20,822,635	19,397,812	0.09 %
Supplies, Natural Gas, Diesel, Heating Oil	7,279,986	7,267,128	7,247,502	0.18 %
Equipment	932,430	947,778	538,324	-1.62%
Principal & Interest Payments on Bonds, Dues and Fees	16,335,400	19,560,144	22,883,042	-16.49%
Technology, Buses, Renovations & Long Term Capital	22,000,000	26,799,665	26,753,330	-17.91%
Total Expenses	\$318,775,592	\$311,016,376	\$298,777,194	2.49 %
Variance of Revenues and Expenses	\$0	\$3,220,113	\$7,107,414	
*** if state revenues approximate projections ***		***		

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	3.8	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	3.4	122.80	0.0	0.00%	Actual
2014-15	4.9	124.10	1.3	1.06%	Actual
2015-16	3.7	124.10	0.0	0.00%	Actual
2016-17	4.3	124.10	0.0	0.00%	Proposed

Capital Planning

(in millions)

	2016-17	2017-18	2018-19	2019-20	2020-21	
Transportation	\$1.0	\$1.0	\$1.0	\$1.0	\$1.0	
Technology	\$2.0	\$2.0	\$2.0	\$2.0	\$2.0	
Short Term Capital	\$12.0	\$11.0	\$11.0	\$10.0	\$10.0	
Long Term Capital	\$7.0	\$7.0	\$5.3	\$3.6	\$1.9	5 year total \$24.8
Debt Service	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	
Total	\$22.0	\$21.0	\$19.3	\$16.6	\$14.9	

Long Term Capital:

Athletic Fields, Energy Efficiency Projects, Major Building renovations, etc.
Could also be used for education initiatives

Major Goals for the 2016-17 Budget

- Keep tax increases at an absolute minimum
- Prepare for the large retirement rate increases over the next two years
- Continue to find ways to minimize the growth in health care costs
- Plan for future debt reduction
 - No future borrowing, pay cash for Technology, Buses, and Renovations
- Continue to fund and assess district initiatives for 2016-17
 - Finalize elementary wireless network access
 - Expand Extra Duty Responsibilities (EDR's)
 - Establish iPad carts for grades 3 through 6 classroom use
 - Maintain our class size
 - Add 4 teachers to the Q.U.E.S.T. program (expense offset by enrollment decline)
 - Update materials for elementary math

PA Auditor General Goals for School District Financial Stability Reviews

Financial Position/Stability

Why is it important?

- ✓ Fiscal health is key to ensuring that Districts can meet primary mission of educating students.

What do we review?

- ✓ General Fund balance
- ✓ Operating Position
- ✓ Debt Service
- ✓ Annual Budgets
- ✓ Charter School Expenses

Financial Position/Stability

What are we finding?

- ✓ Declining fund balances
- ✓ Annual Operating Losses
- ✓ Increased borrowing leading to higher debt service payments
- ✓ Actual expenses exceeding budgeted expenses
- ✓ Increasing charter school expenses

Next Steps...

Board of School Directors

- April 26th, Consideration of the Proposed Final Budget
- Expenditure Increase of 2.5% or \$7,759,216 over projected actual
 - Retirement expense \$7,584,580 is about 98% of the increase
- Final Budget Adoption is Scheduled for June 14th

Superintendent and Cabinet

- Refine Staffing Needs
- Refine Health Care Numbers
- Refine Revenue Projections
- Refine Expenditure Projections
- Analyze the Governor's / Legislator's 2016-17 Budget - when available