



Spring-Ford Area School District Proposed Preliminary January 2014/15 Budget Presentation

January 27, 2014





Purpose

- The purpose of the Proposed Preliminary Budget Presentation tonight is to present the budget and allow for a minimum of 20 days for public inspection.
- The Proposed Preliminary Budget and Referendum Exceptions is required to be approved and submitted to the State, by February 19, 2014. Final Budget will be approved in June.
- The district is following the Act 1 timelines, and the purpose of tonight's meeting is to determine if the district will need to have a voter referendum on the ballot.
- The district is making a commitment to stay within the state index and allowable exceptions.



Budget Shortfall

	2013/14	2014/15	Difference
Expenses	131,525,858	137,443,689	5,917,831
Revenue	131,525,858	132,552,358	1,026,500
Difference	0	4,891,331	
		Shortfall	

PDE Requirement to Balance Budget – Revenues must match Expenditures

Revenue		132,552,358	
Amount needed for Tax Increase or consider other alternative (ie Allocate from Fund Balance Reserve)		4,891,331	
New Revenue Total		137,443,689	



Allowable Exceptions

PA Department of Education	2013/14	2014/15
1. Special Education Expenditures	0	827,927
2. Retirement Contribution 16.93% to 21.40%	1,190,218	1,196,200
3. Debt	0	0
Total Exceptions	1,190,218	2,024,127
Millage Conversion	1.37%	2.327%
State Tax Index	<u>1.70%</u>	<u>2.100%</u>
Total Allowable w/o voter referendum	3.07%	4.427%
Actual Tax Increase	1.96%	TBD



Budget Comparison

Expenditures	Budget 2013/14	Budget 2014/15	Budget to Budget Increase	Percent of Total
100 Salaries	58,788,805	58,788,805	-0-	-0-%
200 Employee Benefits	29,217,480	33,099,324	3,881,844	65.59%
300 Professional Services	4,332,533	4,364,936	32,403	.54%
400 Property Services	6,063,842	5,926,952	(136,890)	(2.31)%
500 Contracted Services	14,040,450	14,811,858	771,408	13.04%
600 Supplies/Books	3,176,113	3,552,296	376,183	6.36%
700 Equipment	668,485	670,985	2,500	.04%
800 Other Objects	5,574,850	5,197,265	(377,585)	(6.38)%
900 – Other Financing	9,663,300	11,031,268	1,367,968	23.12%
Total	131,525,858	137,443,689	5,917,831	100.00%



2014/15 Expense Changes

Description of expense changes	Amount
Salaries – All Personnel Salaries for 1,000+ Employees	-0-
Benefits – Retirement \$2,717,138; Soc. Sec. \$35,899; Health Care \$670,192; Prescription \$679,635; Tuition (\$254,414); other \$33,394	3,881,844
Transportation - 2.25% contract increase \$267,040; IU \$289,000; other (\$11,448)	544,592
Student Costs Outside the District – Charter Schools \$50,000; Vo-Tech Tuition \$65,016; APS \$8,735; Alternative Schools (\$20,050); Other \$196,355	300,056
Curriculum Increase	250,762
Debt Transfer \$1,000,000 and other (\$59,423)	<u>940,577</u>
Total Expense Changes	5,917,831



2014/15 Revenue

Functions	Budget 2013/14	Budget 2014/15	Budget to Budget Increase	Percent of Total
6000 Local	103,041,887	109,541,241	6,499,354	109.82%
7000 State	23,329,465	25,343,644	2,014,179	34.03%
8000 Federal	687,456	619,478	(67,978)	(1.14)%
9000 Other	0	0	0	0.00%
Fund Balance Appropriations	<u>4,467,050</u>	<u>1,939,326</u>	<u>(2,527,724)</u>	(42.71)%
				Increase
Total	131,525,858	137,443,689	5,917,831	100.00%



2014/15 Revenue Changes

Description of major revenue changes	Amount
Real Estate Tax Increase (Includes Total Allowable Act 1 Tax Increase of 4.427%)	4,891,331
Payment in lieu of taxes – Exelon new 10 year agreement	153,740
Earned Income Taxes	1,150,000
Real Estate Transfer Taxes	300,000



2014/15 Revenue Changes

Description of revenue changes	Amount
IDEA – Federal funds passed through from MCIU	49,108
Miscellaneous	<u>(44,825)</u>
Total Revenue Changes	6,499,354



2014/15 Budget Challenges

- **PSERS (Pension) Increases – Estimated 1.5 million net increase each of the next 3 years**
- **Assessment Appeals Litigation – Erosion of Tax Base**
- **Slow Recovery of Local Revenue in some areas**
- **State Subsidy Frozen (Basic Ed – 3 years, Special Education - 6 years)**
- **Federal Subsidy – Sequestration cuts will impact State/Districts Budgets**
- **Cost of Benefits**
- **Increase Cost of Services (Special Education, Transportation, Utilities, etc.)**
- **Cost of Programs outside the District (Charter Schools, IU, Voc. Tech, APS, etc.)**
- **Act 1 Tax Limitations**



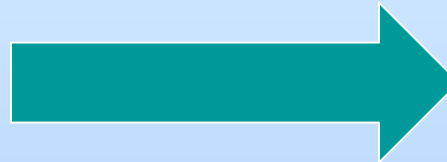
Important Budget Dates

Proposed Preliminary Budget Vote Moves the Budget Process Forward

January/February 2014

June 2014

Proposed Preliminary Budget



Final Budget

January 27 - Board approves the Advertising of the Proposed Preliminary Budget for public inspection

February 18 - Board approves Preliminary 2014/15 Budget

February 19 - School District deadline to adopt Preliminary Budget

May 19 - Presentation/Advertisement of Proposed Final Budget

June 23 - Approval of Final Budget