

# Spring-Ford Area School District Preliminary Budget 2009-10



Maintaining Quality  
Academic Programs in  
Challenging Times

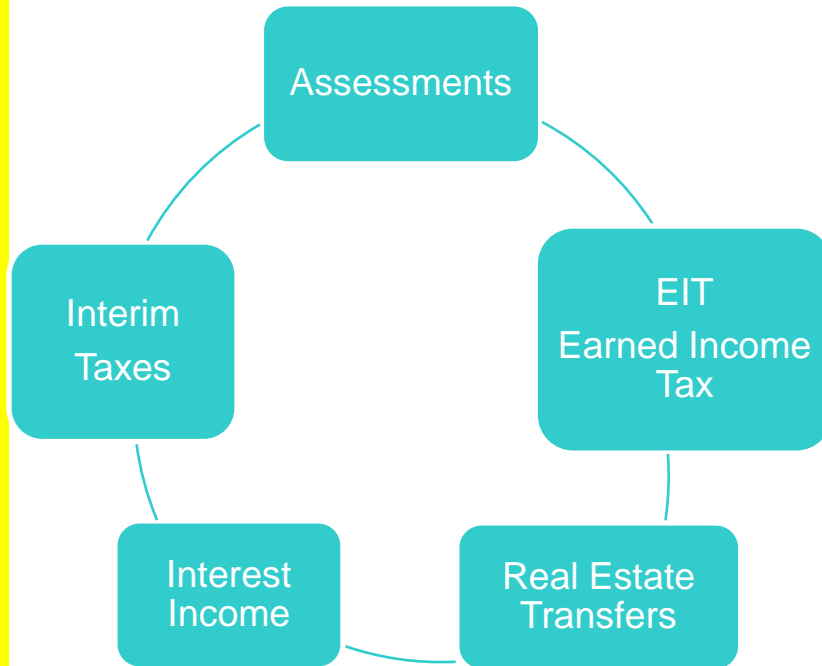
February 17, 2009

# Overview – Economic Downturn

- Financial crisis is having an impact locally
- Presentation will outline challenges we face and how we will address them now and in 2009/10



# Local Revenues are Down



- Real Estate resale market slowed
- New construction stalled
- Commercial properties challenging assessments
- Earned Income Tax growth has slowed
- Interest Income has decreased

# Expenses Trimmed for 2009-10 Preliminary Budget

- Curriculum and Staff Development
- New Personnel
- Technology
- Athletic Budget
- Equipment



# Reductions to the 2009-10 Preliminary Budget

Proposed Preliminary Budget for 2009/2010	\$ 125,676,937	10.85% Millage Increase
Reduce Debt Service (Payment from Debit Service Fund)	(409,054)	Tax Increase
Do Not Transfer PECO to Capital Reserve	(1,704,604)	
Retirement Expense Rate at 4.78% Instead of 7.20%	(1,303,101)	
	<u>\$ 122,260,178</u>	6.43% Millage Increase
		Preliminary Budget

We would be able to have a 6.95% tax increase using all of the estimated allowable referendum exceptions.

From the adoption of the Preliminary Budget in February 2009 through the adoption of the Final Budget in 2009, we will update revenue figures and review the expenditures.

Reduce New Personnel Costs	\$ (613,399)	
Reduce Curriculum/Professional Development	\$ (146,701)	
Music Equipment	\$ (35,000)	
General Equipment	\$ (40,000)	
Technology	\$ (300,000)	
Athletic Budget	\$ (15,000)	
	<u>\$ (1,150,100)</u>	1.49%
Revised Budget	\$ 121,110,078	4.94%

# Budget Comparison and Tax Increase

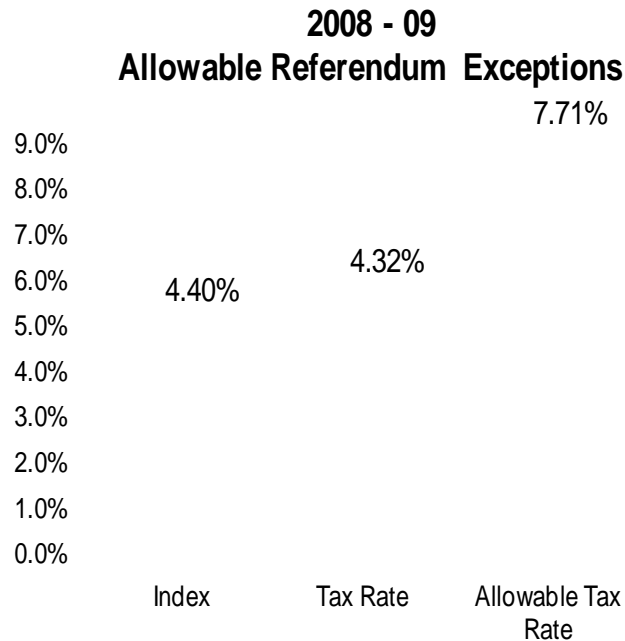
- 2009/10 Preliminary Budget \$121,110,078
  - Representing a 4.94% Tax Increase
  
- 2008/09 Final Budget \$117,145,893
  - Representing a 4.32% Tax Increase

# Historical Tax Listing – per \$100,000 Assessment

Tax Year	Dollar Millage	Amount	Increase	Percent Increase
<b>Preliminary</b>				
2009/10	.02329	= \$2,329.00	\$110.00	4.94%
<b>Final Budget</b>				
2008/09	.02219	= \$2,219.00	\$ 92.00	4.32%
2007/08	.02127	= \$2,127.00	\$ 87.00	4.27%
2006/07	.02040	= \$2,040.00	\$ 71.00	3.63%
2005/06	.01969	= \$1,969.00	\$ 75.00	3.97%
2004/05	.01894	= \$1,894.00	\$ 81.00	4.47%

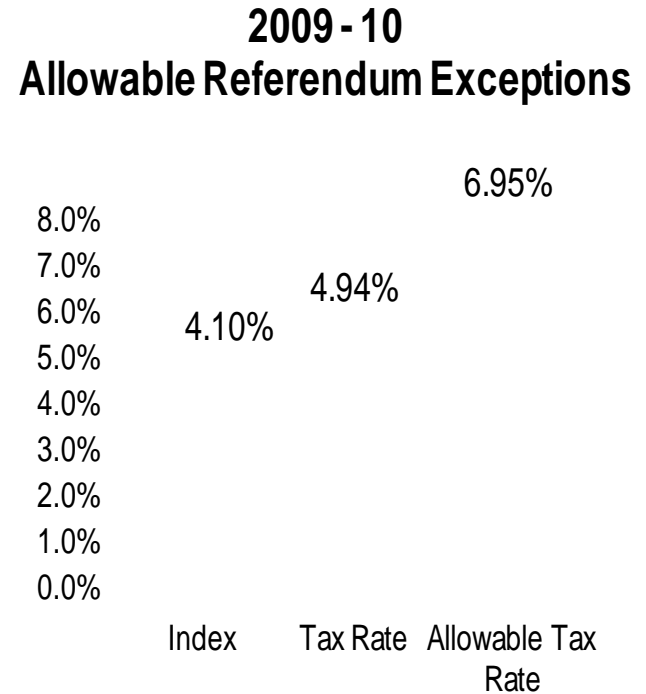
# Comparison of Increase in Tax Rate to Index for 2009-10

□



Benchmark Comparison

□



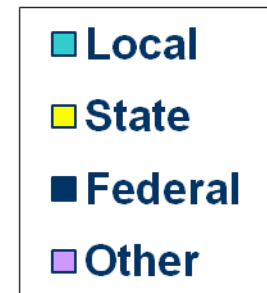
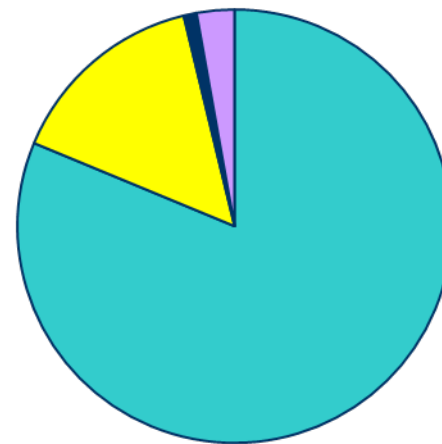
Benchmark Comparison



# Revenues: Where the \$ Comes From

## Revenue Sources:

Local -	\$ 98,401,799	- 81.25%
State -	\$18,127,044	- 14.97%
Federal -	\$ 1,171,104	- .97%
Other -	<u>\$ 3,410,131</u>	- 2.81%
Total -	\$121,110,078	



2008/09 \$117,145,893

Increase \$ 3,964,185 3.38%

# State Revenues Holding Steady

- Despite small increases in state subsidies, districts are still behind due to increased mandates in areas such as special education



# Federal Revenues Decline

- Federal revenue sources have been declining and make up a small fraction of the district's overall budget



# Special Education Cost - Cost to Taxpayers (Federal and State Mandate)

Mandated Programs  
Underfunded by the State  
(See prior page for detail)

2009/10 Budget Exp.	19,220,366
Revenue 1200	(2,266,357)
IDEA	(1,364,917)
ACCESS	(800,000)
	<u>14,789,092</u>

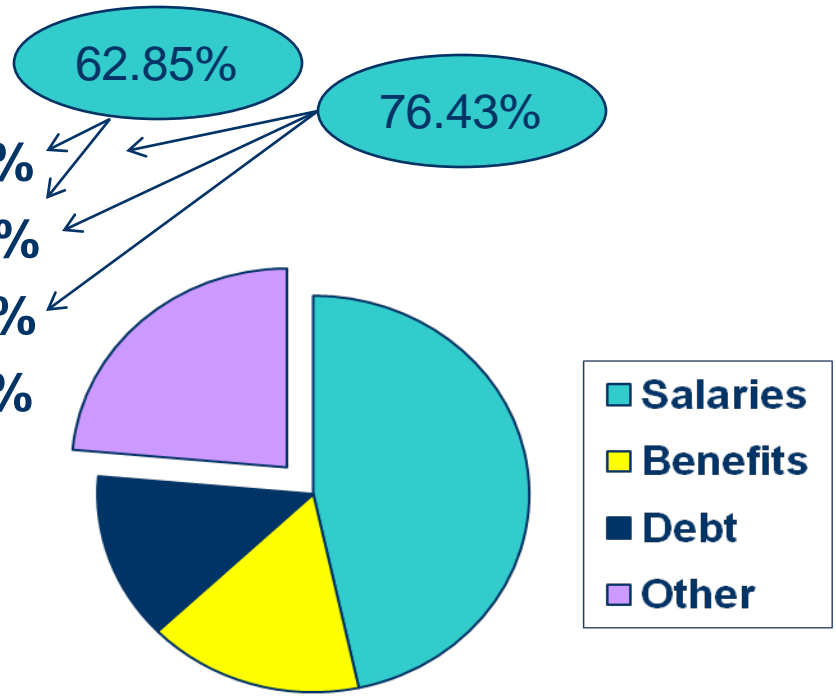
		Expenses over Revenue	Increase from Prior Yr.	% Increase
2009/10	Budget	\$ 14,789,092	\$ 2,003,027	15.7%
2008/09	Budget	\$ 12,786,065	\$ 1,683,905	15.2%
2007/08	Actual	\$ 11,102,160	\$ 1,081,223	10.8%
2006/07	Actual	\$ 10,020,937	\$ 986,252	10.9%
2005/06	Actual	\$ 9,034,685	\$ 463,860	5.4%
2004/05	Actual	\$ 8,570,825	\$ 769,439	9.9%
2003/04	Actual	\$ 7,801,386	\$ 1,253,887	19.2%

# Expenses: Where the \$ Goes

Salaries - \$ 56,448,649 – 46.61%  
 Benefits - \$ 19,664,482 – 16.24%  
 Debt - \$ 16,446,408 – 13.58%  
 Other - \$ 28,550,540 - 23.57%  
 Total - \$121,110,078

2008/09 \$117,145,893

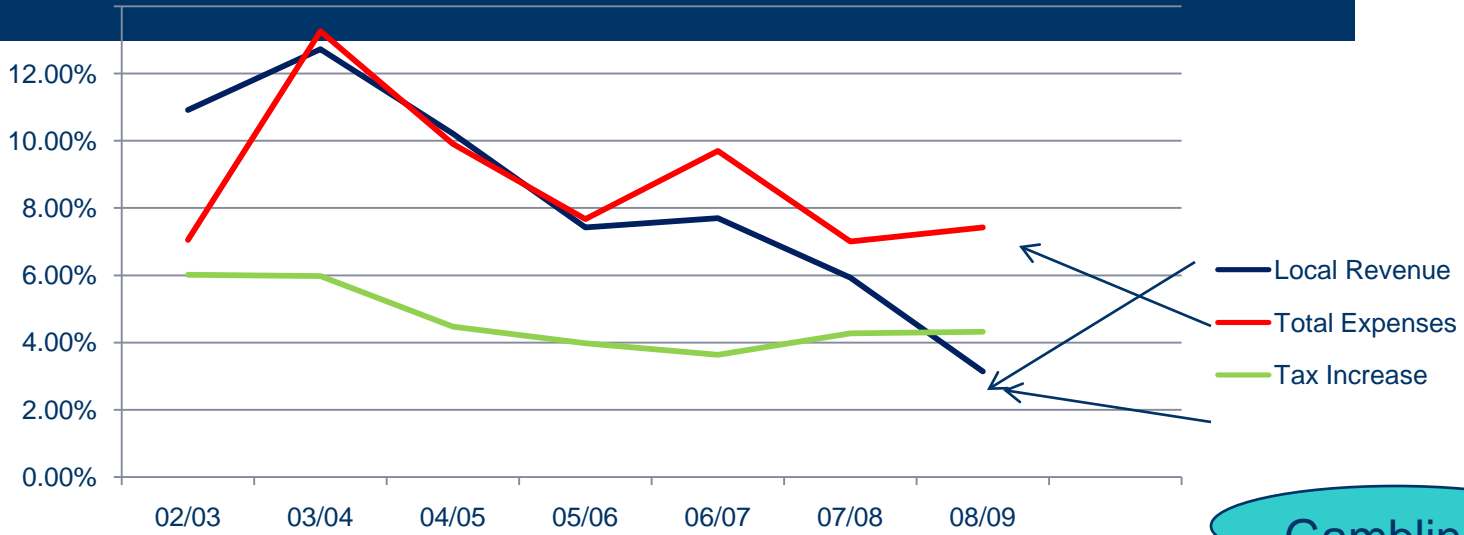
Increase \$ 3,964,185 3.38%



# Most Expenses Fixed

- Salaries and benefits are set by terms of collective bargaining agreement
- Debt service payments, transportation also set by contracts
- The budget would automatically increase by 4.85% because of salaries, benefits, debt service (which are fixed)

# Tax Increase Compared to Local Revenues and Total Expenses



Gambling

	02/03	03/04	04/05	05/06	06/07	07/08	08/09
Local Revenue	10.92%	12.73%	10.22%	7.43%	7.70%	5.93%	3.14%
Total Expenses	7.05%	13.26%	9.91%	7.67%	9.70%	7.00%	7.42%
Tax Increase	6.01%	5.97%	4.47%	3.97%	3.63%	4.27%	4.32%

# Immediate Actions Taken During 2008/2009

- Eliminated all but “essential” purchases through the end of the year
- Eliminated non-essential conferences and workshops
- Directed administrators to cut costs wherever possible
- Continue to examine every possible way to reduce expenditures and/or produce revenues



# Unknown Factors That May Affect Revenues/Expenses in Future

- Gaming funds/Homestead exemptions
- Economic Stimulus Plan
- State Budget
- Local Economy
- PSERS – Retirement Crisis in 2012/13 (18% to 30%)
- Energy costs
- Student enrollment
- Unanticipated expenses due to various economic issues

# Positive Points

- Preliminary budget is a working document
- Evaluation of budget will continue
- Some of the “unknowns” may actually result in more revenues for the district or help balance the shortfall in local revenue
- Still have until June to adopt final budget

