

# Spring-Ford Area School District Proposed Preliminary Budget 2010-11

Maintaining Quality  
Academic Programs in  
Challenging Times



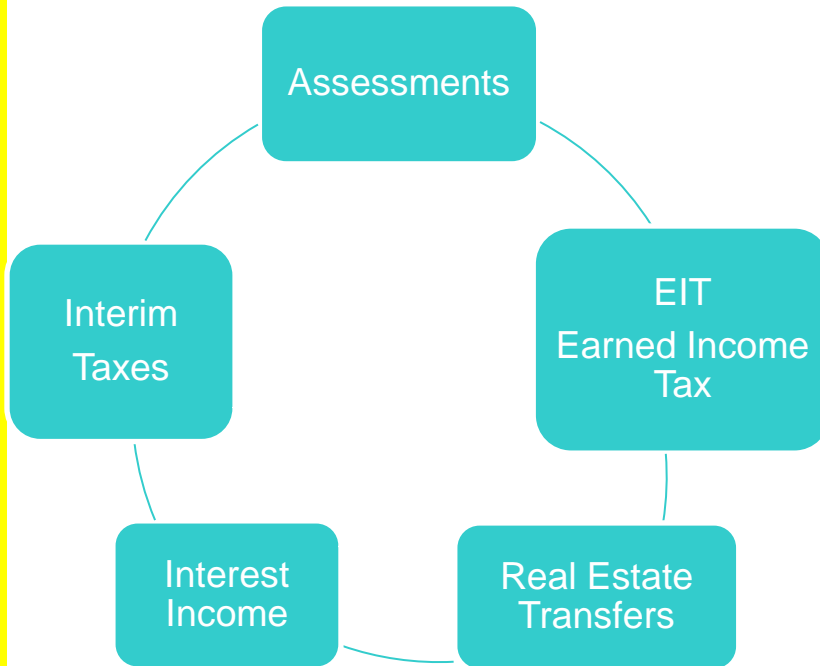
January 19, 2010

# Overview – Economic Challenges

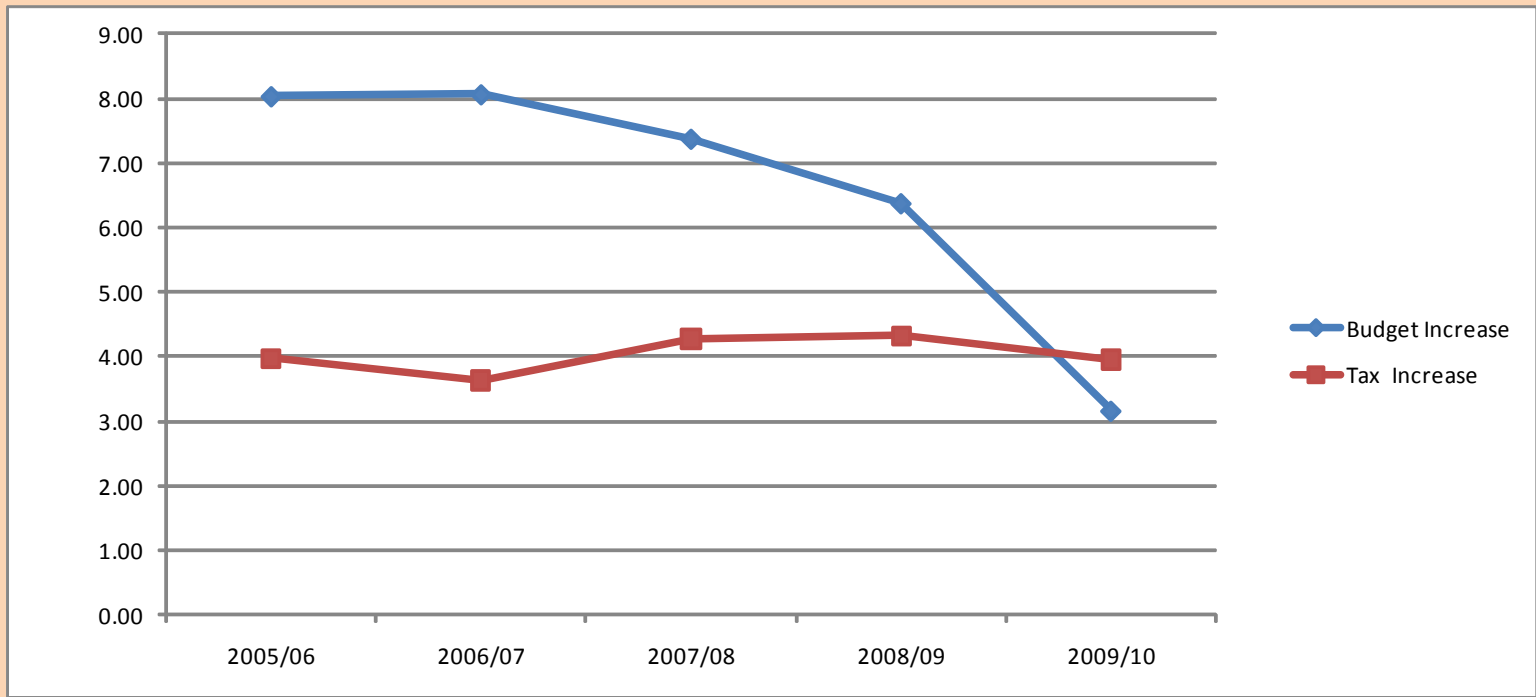
- Revenue - Financial crisis is having an impact locally on Revenue Base
- Assessment Valuation – Major Challenges on Commercial Tax Base Could Result in Decrease of Revenue for Real Estate
- Expenses – Salary & Benefits (Health Care 34.5% \$2.3 M; Retirement 72% \$2.1 M) and Debt \$415,454



# Local Revenues Continue To Be Anemic



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



## Comparison of Tax Increase to Budget Increase

	Budget Increase	Tax Increase	Difference	
2005/06	8.03	3.97	4.06	9th Grade
2006/07	8.06	3.63	4.43	
2007/08	7.37	4.27	3.10	Evans
2008/09	6.37	4.32	2.05	
2009/10	3.15	3.95	-0.80	Use of PECO/Retirement

# Comparison of Increase in Tax Rate to Index for 2010-11

2009 - 10 Allowable Referendum Exceptions			2010 - 11 Allowable Referendum Exceptions		
8.0%		6.12%	9.0%		6.98%
7.0%			8.0%		
6.0%	4.10%	3.95%	7.0%		
5.0%			6.0%		
4.0%			5.0%	2.90%	
3.0%			4.0%		
2.0%			3.0%		TBD
1.0%			2.0%		
0.0%			1.0%		
0.0%			0.0%		
Index	Tax Rate	Allowable Tax Rate	Index	Tax Rate	Allowable Tax Rate
Benchmark Comparison			Benchmark Comparison		

Index - SAWW 2.70% and ECI 3.00%

## Referendum Exceptions

Act 1 recognizes districts are faced with extraordinary expenses above the rate of inflation (index rate).

● Special Education	\$1,724,150
● Health Care	\$ 547,499
● Retirement Contributions	<u>\$ 1,016,597</u>
	\$ 3,288,246
Allowable Referendum Exceptions	4.08 %
2010/11 Index	<u>2.90 %</u>
Allowable w/o Voter Referendum	6.98 %

# Revenues Sources

**2010/11**

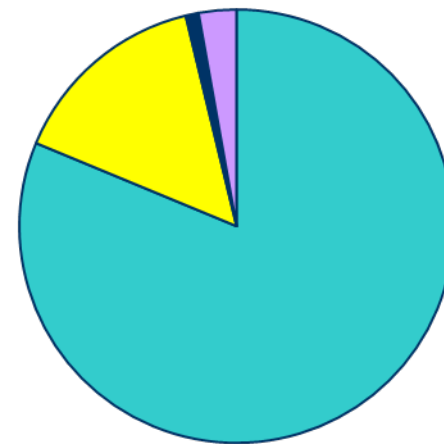
**Local - \$101,067,332 – 78.10%**

**State - \$ 22,466,890 - 17.36%**

**Federal - \$ 2,059,848 - 1.59%**

**Other - \$ 3,808,131 - 2.94%**

**Total - \$129,402,201**



**2009/10 \$120,589,666**

**Increase \$ 8,563,491 7.1%**

# Revenue Comparison

Functions	Revenues	Budget 2010/11	Budget 2009/10	Budget to Budget Increase	2010/11 Percentage of Total
6000	Local	\$101,067,332	\$94,320,954	\$6,746,378	78.10%
7000	State	\$22,466,890	\$21,045,421	\$1,421,469	17.36%
8000	Federal	\$2,059,848	\$2,062,204	-\$2,356	1.59%
9000	Other	\$0	\$0	\$0	0.00%
	Fund Balance Appropriations	\$3,808,131	\$3,410,131	\$398,000	2.94%
	<b>TOTAL</b>	\$129,402,201	\$120,838,710	\$8,563,491	100.00%



# Expenses

2010/11

Salaries - \$ 59,900,783 – 46.29%

Benefits - \$ 24,121,628 – 18.64%

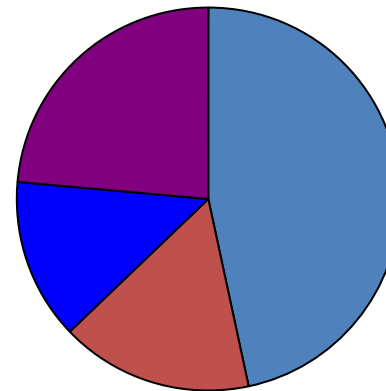
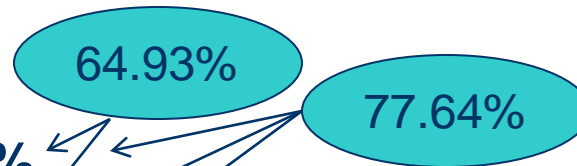
Debt - \$ 16,452,803 – 12.71%

Other - \$ 28,550,540 - 22.36%

Total - \$129,402,201

2009/10 \$120,838,710

Increase \$ 8,563,491 7.1%



# Expenditure Comparison

Objects	Expenditures	Budget 2010/2011	Budget 2009/2010	Budget to Budget Increase	2010/11 Percentage of Total
100	Salaries	\$59,900,783	\$56,421,046	\$3,479,737	46.29%
200	Employee Benefits	\$24,121,628	\$19,434,017	\$4,687,611	18.64%
300	Professional Services	\$4,962,627	\$5,113,602	-\$150,975	3.84%
400	Property Services	\$5,842,111	\$5,842,111	\$0	4.51%
500	Contracted Services	\$12,757,575	\$12,638,091	\$119,484	9.86%
600	Supplies/Books	\$4,129,714	\$4,117,534	\$12,180	3.19%
700	Property/Equipment	\$504,975	\$504,975	\$0	0.39%
800	Other Objects	\$8,330,294	\$7,993,271	\$337,023	6.44%
900	Other Financing	\$8,852,494	\$8,774,063	\$78,431	6.84%
	<b>TOTAL</b>	<b>\$129,402,201</b>	<b>\$120,838,710</b>	<b>\$8,563,491</b>	<b>100.00%</b>

# Most Expenses Are Fixed

- Salaries and benefits are set by terms of collective bargaining agreement
- Debt service payments
- Contracted services
- The 2010/11 budget will automatically increase by 7.1% because of salaries, benefits, and debt service

# State and Federal Underfunded and Unfunded Mandates

- No Child Left Behind
- IDEA Special Education
- ELL (English Language Learners)
- Education of Homeless Students
- Homebound
- Alternative Education
- Nursing Services
- Safe Schools
- Gifted/Talented Program
- Staff Development
- Transportation
- Testing/Assessments

# State Is Underfunding Students

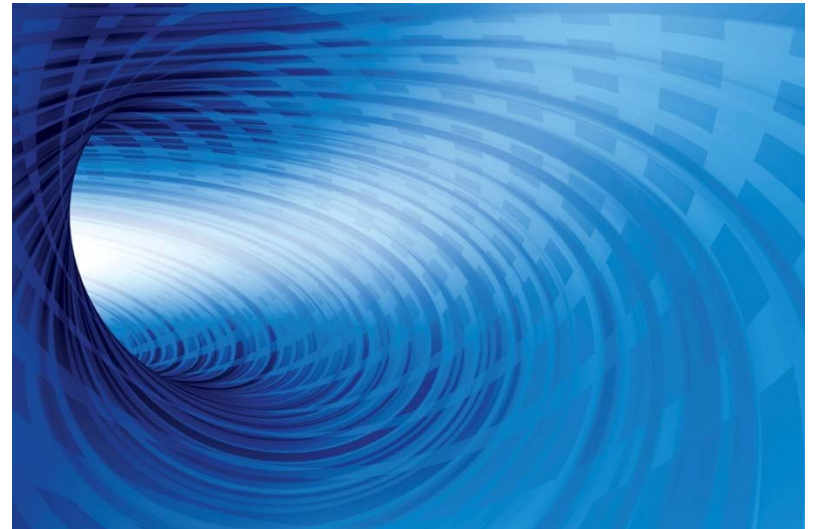
- 2009/10 Adequacy Shortfall for Spring-Ford  
\$6,040,178
- Costing-Out Study – The study computes the amount that each district should spend to provide an adequate education for all students, based on size, location and number of special education, gifted, poor, and limited English language students.
- Of Pennsylvania's 501 districts, 474 or 95 percent, are spending less than what the report found to be adequate.
- PA ranks 45<sup>th</sup> (near the bottom) in the nation in state aid to districts

# Unknown Factors That May Affect Revenues/Expenses in Future

- Gaming funds/Homestead exemptions
- Economic Stimulus Plan
- State Budget
- Local Economy
- Assessment Appeals
- PSERS – Retirement Crisis in 2012/13 (18% to 30%)
- Energy costs
- Student enrollment

# Positive Points

- Preliminary budget is a working document
- Evaluation of budget will continue until final approval
- Some of the “unknowns” may result in more revenues for the district
- Still have until June 30, 2010 to adopt final budget



## Preliminary Budget Vote Moves the Budget Process Forward

January/February 2010  
Preliminary



June 2010  
Final Budget

Additional time allows for the following:

Updated State Revenue, Local Tax Considerations, Other Budgets (MCIU, WCTS, APS, Alternative Ed, etc), On-going District Budget Evaluation, Etc..

### Important Dates

January 19– Board to approve the advertising of the proposed Preliminary Budget for public inspection

February 17– State deadline to adopt Preliminary Budget

February 25 - Intent to file exceptions with PDE