



The School District of Haverford Township

Financial Considerations for the 2020-21 School Year Making Critical Choices with Future Challenges in Mind

JUNE 2020

A YEAR LIKE NO OTHER

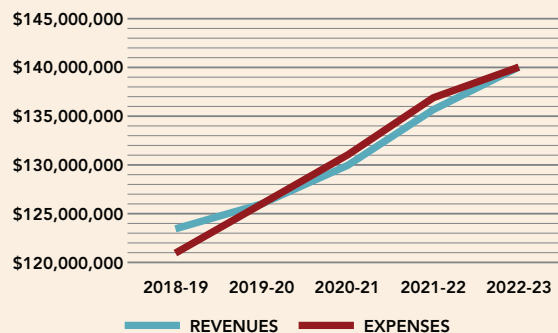
The statewide coronavirus closure in March, 2020 brought rippling and far reaching effects to school districts. The shutdown launched our economies and federal and state governments into a financial recession. While school districts have seen some savings as a result of the closure, we're projecting a significant loss in revenue as a result of the economic downturn. The School District of Haverford Township Board of Directors must pass a final budget for the 2020-21 School Year with an eye towards protecting the solvency of the school district and its programs.

WHY ARE SCHOOL DISTRICTS ANTICIPATING A LOSS IN REVENUE?



- Even the most conservative economists and financial forecasters are predicting a statewide recession as Pennsylvania works to recover from mass closures and quarantines.
- Haverford receives 81% of its revenue from local sources: primarily real estate taxes, transfer taxes on the sale of homes, and interest from its savings. All of these are expected to decline or remain stagnant. The district is expecting a \$2 million overall reduction in revenue for 2020-21.

A 3.22% tax increase in 2020-21 funds basic priorities.



This projection assumes an Act 1 tax increase each year.

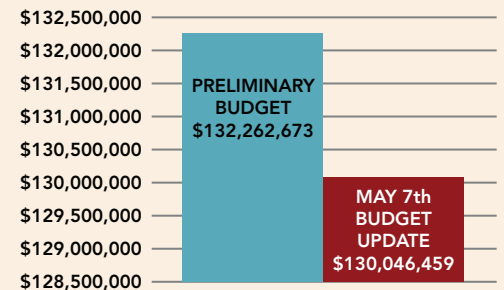
EVEN WITH REDUCTIONS, EXPENSES ARE STILL RISING



- Projected expenses for the 2020-21 school year are up 1.9% (\$2.5 million) over the current school year, due primarily to an increase in contractual salaries and benefits, as well as other state mandated costs.
- The largest part of any school district's budget is its salaries and benefits. For Haverford, that's 76% of the budget. Staffing is needed to maintain class sizes and services.
- Typically, expenses over the last five years have increased approximately 3.77% per year.
- Enrollment is increasing district-wide, from 5,819 students in 2013-14 to 6,635 in 2019-20, and is expected to increase to nearly 7,000 students by 2025. It's important to note that these new students are coming from existing homes in the district, so the tax base (the largest part of the district's revenue) is not increasing.
- The District has committed to making much-needed facility improvements with a new Lynnewood Elementary, a high school renovation and addition, and HVAC upgrades at Coopertown and Chatham elementaries.

WHAT IS HAVERFORD DOING TO REDUCE EXPENSES?

- The Haverford Township School Board is committed to protecting the school district's quality academic programs, class sizes, extra-curriculars, sports, and safe facilities. Every attempt has been made to adequately fund these priorities.
- The 2020-21 Final Budget Includes \$1.7 million in reductions, including:
 - A 10% reduction in supplies
 - Delaying the purchase of new textbooks
 - Delaying the purchase of new school buses and facilities equipment
 - The elimination of a custodial supervisor position
 - Delaying the hiring of a new psychologist, secondary teacher, and a human resources manager
 - The combination of two administrative vacancies at the high school into one position
 - The reduction of substitutes at the high school
 - Delaying the purchase of new iPads at the elementary level
 - Delaying for one year all professional development for staff



The proposed 2020-21 budget includes \$1.7 million in reductions, with every attempt made to protect the school district's quality academic programs, class sizes, extra-curriculars, sports, and safe facilities.

With the final 2020-21 budget being reduced from \$132.6 million to \$130.8 million due to reductions in expenses, the district faced an anticipated \$4 million gap between anticipated revenues and expenses.

To close that budget gap, the Board choose to:

- Reduce expenses by \$1.7 million
- Pass a 3.22% Property tax increase (Act 1 Index), expected to generate \$3.1 million (\$14.50/month for the average household in the district)
- Use a portion of its Fund Balance – \$843,731

A CRITICAL YEAR

- Without a tax increase *this year*, Haverford would have been forced to use its entire fund balance by the 2023 school year, along with increasing taxes and cutting programs.
- Sound financial stewardship dictates that fund balance money be used for one-time expenses (such as a roof repair, maintenance expenses, etc.) and not for operational expenses.
- The District always focuses on sound financial stewardship, and will continue to do so throughout the coming year.
- The return to school after the COVID-19 shutdown may require additional expenses for schools nationwide. Haverford will continue to advocate for appropriate state and federal funding to support our school district and public education.

**For more information about the Haverford School District Budget, please visit:
<https://www.haverford.k12.pa.us>**