

# **Upper Adams School District 2017-2018 Proposed Budget Presentation**

Tuesday, May 2, 2017



# Board of Directors

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John Regentin

Richard Crouse

Christopher Fee

Ronald Ebbert

William Seibert

James Rutkowski

Tom Wilson

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# Upper Adams School Board

## “Metrics”

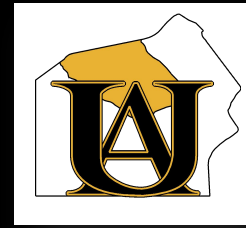


1. We value the student experience, from the academic program to the opportunities to get involved outside the classroom, as a critical component to learning. We want to protect these student opportunities and work not to eliminate programs.
2. We value the people in our organization. They help to make us a great school district. We want to protect jobs and not lay off employees.
3. We value the community that pays for our people and student experiences. We work to maintain quality programs that are affordable to our community.

# Upper Adams School Board Shared Value



# Background on Process



- UASD Budget Timeline
- January 3, 2017 – Budget 101 Board Presentation
  - Tom Wilson, Discretionary versus Non-Discretionary
- Uncertainty and Risk Considered
  - Property Tax Elimination
  - State Transportation Reimbursement Changes
  - State Budget Proposal and Passing of the State Budget
- The Administrator's Budget Request in total can't exceed the approved 2015-2016 amount
  - Individual discussions/justifications of each budget and budget line items

# Property Tax Elimination Discussions



**MCS DLC**  
Montgomery County School Directors Legislative Committee

*"Property tax elimination does nothing more than shift the burden of raising \$14 billion in education funding from one group of taxpayers to another."*  
- Jay D. Himes, PASBO Executive Director

## MONTGOMERY COUNTY SCHOOL DISTRICTS

### PROPOSED PROPERTY TAX ELIMINATION SUMMARY

- School Property Tax – eliminated except to cover district debt
- Personal Income Tax (PIT) – 3.07% to 4.95%
- Sales and Use Tax (SUT) – 6% to 7% (expanded to tax additional goods and services)

(The information above is based on legislation as previously introduced.)

### WINNERS:

- Big Business/Corporations
- Landlords/Commercial Property Owners
- Possibly Delinquent Taxpayers
- Out-of-State Property Owners
- Many Retired Homeowners?

### LOSERS:

- Renters
- Individual Working Taxpayers
- Small Business Owners
- Public School Students
- Local Control

### KEY POINTS:

1. Tax shift from businesses to individuals (\$2 billion)
2. Local control of school districts will be greatly diminished
3. Reliance on State to collect and disperse education dollars from increased individual taxes
4. Some residents will continue to pay significant amounts of property tax (based on district debt)
5. Property taxes will still be collected for Municipal and County Governments
6. PA schools may physically deteriorate more quickly (construction loans require voter referendum)
7. Personal Income Tax and Sales and Use Tax are affected much more than property taxes during a recession
8. Federal Income tax deduction for school district real estate taxes will be lost
9. Inequity in education funding will lock in place
10. New bipartisan-approved Basic Education Funding Formula will be meaningless

### MAJOR QUESTIONS:

1. How will education money be distributed in future years?
2. How will education money be affected by a downturn in the economy?
3. Will education dollars be distributed quarterly in advance or in arrears (cash flow)?
4. How will school districts handle increases in mandated costs (PSERS, charter schools, special ed, etc.) that rise greater than the cost of living increases the state will give school districts each year?
5. Will delinquent property taxpayers be left off the hook?
6. Will first year distribution from the state that will use a baseline of the prior year taxes collected include both current and delinquent taxes collected?
7. Will the state negotiate and control collective bargaining?
8. Will the state revise its budget timeline in the future?
9. How will inequities in student funding be addressed?
10. Will it really benefit all retired homeowners?



**MCIU** MONTGOMERY COUNTY  
INTERMEDIATE UNIT 23

Sources: PASBO, PASA, PSBA, PARSS, PAIU, news media

# Property Tax Reform? Tax Shift, Not Elimination

No property tax reform proposal included in the proposed budget at the **state and UASD**.

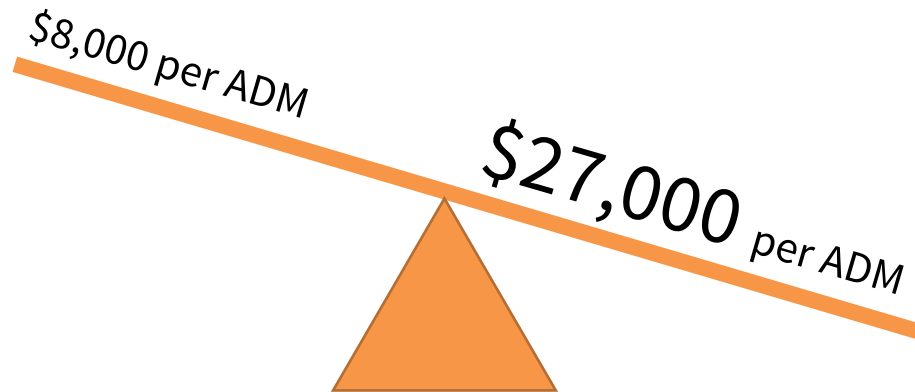
**BUT**...property tax reform is still on the table...potentially even in the form of property tax elimination.

***This is a current revenue of  
\$8,408,124.00 for UASD***

# Property Tax Elimination: Impact on School Districts

Creates inequity in state funding across school districts and possibly ends the new funding formula.

*When ALL state funding is factored in, the state will be sending one district \$8,000 per student and another more than \$27,000 per student*



# Property Tax Elimination: Impact on School Districts

Diminishes local control for education

*School boards will have little authority to make any decision that has any financial impact for the district*

*Harrisburg will call all the shots in 500 school districts*



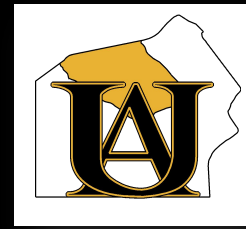
# Proposed Transportation Formula Changes

- Estimated cut of \$50 million to Transportation Formula
- Formula elements are still being developed
- May be a rewrite of the formula in total
- **Update: House Budget Bill contains the \$50 million reduction in Transportation Subsidy! On average, it is a 8% to 10% cut for districts.**

***This is a current revenue of \$934,681 for UASD***

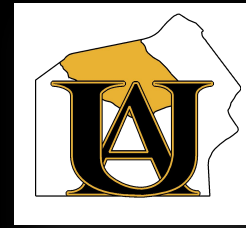


# Background on Process



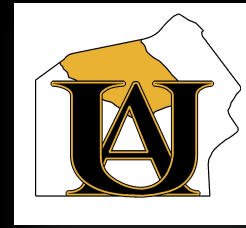
- Budget “impact items” considered to “maintain” with the hope to restore one elementary IST (Instructional Support Teacher) position –eliminated two IST positions in the past six years and one Technology Coach eliminated six years ago.
- Attrition used for two teacher vacancies.
  - Increase grade 4 class sizes to match grades 2-6 class sizes
  - Restructure Sp. Ed. Coverage at the secondary campus

# Background on Process



- Multiple steps to balance the district budget
  - 0% Tax Increase
  - 3.5% Tax Increase to ACT 1 Index
  - 3.5% + Exceptions Tax Increase
  - Tax Increase to cover debt (current and proposed new building debt)
- April 18, 2017 Public Budget Workshop Session
  - Provided feedback for the Administrative Team

# Background on Process



- April 21, 2017 Administrative Meeting
  - Discuss Educational Debt versus Programmatic Reductions
- Present a proposed Final Budget for Advertisement (subject to change according to future information)

# PASA-PASBO Survey Results on PA Public School District Budgets

*PASA and PASBO conducted our annual budget survey (361 Districts Responded) and found in 2016-2017:*

**33%** of districts made staff cuts

**37%** increased class size over the previous year, mostly at the elementary level

**37%** reduced academic offerings

# Declining State Funding at Upper Adams:

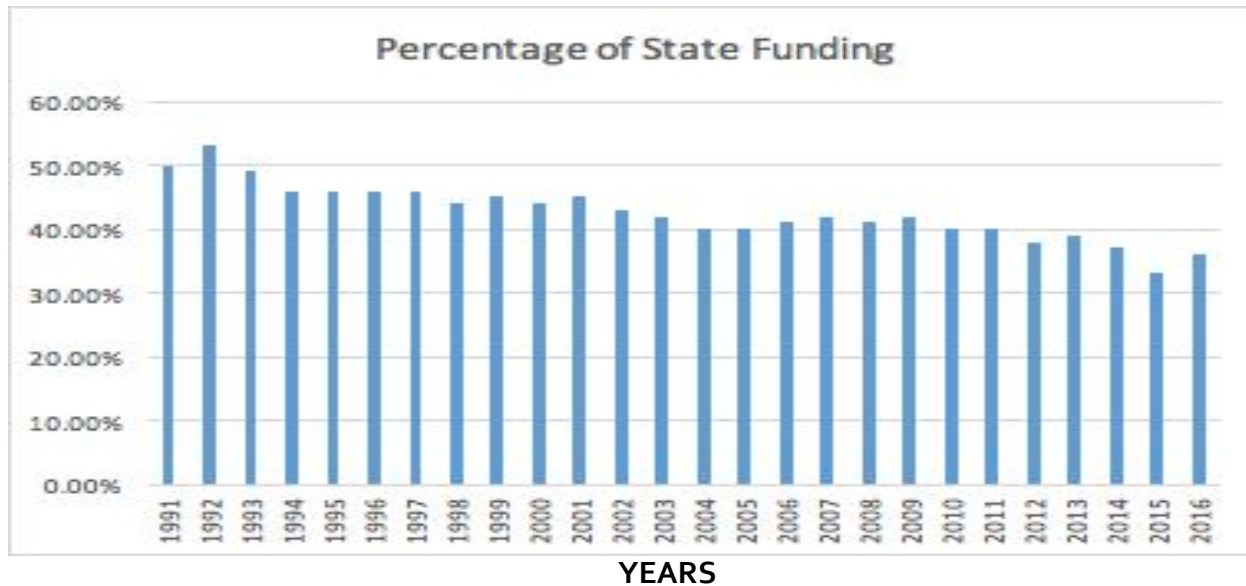
| Basic Ed Funding and Costs per UASD student by School Year |  |  |             |  |             | State           |                 | Instructional |  | District     |  | % of Cost        |
|------------------------------------------------------------|--|--|-------------|--|-------------|-----------------|-----------------|---------------|--|--------------|--|------------------|
| Rec'd :                                                    |  |  | For :       |  | # of ADM's* | Amount Received | Funding Per ADM | Expense***    |  | Cost Per ADM |  | Rec'd from State |
| 1990 - 1991                                                |  |  | 1989 - 1990 |  | 1,673.256   | 2,896,802       | 1,731.24        | 5,823,127     |  | 3,480.12     |  | 50%              |
| 1991 - 1992                                                |  |  | 1990 - 1991 |  | 1,714.783   | 3,359,638       | 1,959.22        | 6,354,114     |  | 3,705.49     |  | 53%              |
| 1992 - 1993                                                |  |  | 1991 - 1992 |  | 1,701.616   | 3,361,349       | 1,975.39        | 6,796,282     |  | 3,994.02     |  | 49%              |
| 1993 - 1994                                                |  |  | 1992 - 1993 |  | 1,687.734   | 3,359,899       | 1,990.78        | 7,276,285     |  | 4,311.27     |  | 46%              |
| 1994 - 1995                                                |  |  | 1993 - 1994 |  | 1,723.978   | 3,405,598       | 1,975.43        | 7,408,802     |  | 4,297.50     |  | 46%              |
| 1995 - 1996                                                |  |  | 1994 - 1995 |  | 1,754.239   | 3,567,907       | 2,033.88        | 7,797,666     |  | 4,445.04     |  | 46%              |
| 1996 - 1997                                                |  |  | 1995 - 1996 |  | 1,740.000   | 3,566,999       | 2,050.00        | 7,792,390     |  | 4,478.39     |  | 46%              |
| 1997 - 1998                                                |  |  | 1996 - 1997 |  | 1,763.489   | 3,654,391       | 2,072.25        | 8,250,504     |  | 4,678.51     |  | 44%              |
| 1998 - 1999                                                |  |  | 1997 - 1998 |  | 1,810.883   | 3,803,530       | 2,100.37        | 8,454,036     |  | 4,668.46     |  | 45%              |
| 1999 - 2000                                                |  |  | 1998 - 1999 |  | 1,844.782   | 3,893,847       | 2,110.74        | 8,866,990     |  | 4,806.52     |  | 44%              |
| 2000 - 2001                                                |  |  | 1999 - 2000 |  | 1,842.991   | 4,005,515       | 2,173.38        | 8,920,944     |  | 4,840.47     |  | 45%              |
| 2001 - 2002                                                |  |  | 2000 - 2001 |  | 1,851.888   | 4,180,541       | 2,257.45        | 9,722,188     |  | 5,249.88     |  | 43%              |
| 2002 - 2003                                                |  |  | 2001 - 2002 |  | 1,815.316   | 4,264,152       | 2,348.99        | 10,054,344    |  | 5,538.62     |  | 42%              |
| 2003 - 2004                                                |  |  | 2002 - 2003 |  | 1,804.261   | 4,353,231       | 2,412.75        | 10,777,491    |  | 5,973.35     |  | 40%              |
| 2004 - 2005                                                |  |  | 2003 - 2004 |  | 1,815.388   | 4,492,712       | 2,474.79        | 11,157,696    |  | 6,146.18     |  | 40%              |
| 2005 - 2006                                                |  |  | 2004 - 2005 |  | 1,850.229   | 4,729,720       | 2,556.29        | 11,560,855    |  | 6,248.34     |  | 41%              |
| 2006 - 2007                                                |  |  | 2005 - 2006 |  | 1,868.175   | 5,224,793       | 2,796.74        | 12,501,219    |  | 6,691.67     |  | 42%              |
| 2007 - 2008                                                |  |  | 2006 - 2007 |  | 1,826.459   | 5,381,850       | 2,946.60        | 13,158,157    |  | 7,204.19     |  | 41%              |
| 2008 - 2009                                                |  |  | 2007 - 2008 |  | 1,836.191   | 5,765,430       | 3,139.89        | 13,792,794    |  | 7,511.63     |  | 42%              |
| 2009 - 2010                                                |  |  | 2008 - 2009 |  | 1,789.947   | 6,234,683       | 3,483.17        | 15,423,826    |  | 8,616.92     |  | 40%              |
| 2010 - 2011                                                |  |  | 2009 - 2010 |  | 1,765.859   | 6,129,605       | 3,471.17        | 15,189,133    |  | 8,601.55     |  | 40%              |
| 2011 - 2012                                                |  |  | 2010 - 2011 |  | 1,813.306   | 5,952,430       | 3,282.64        | 15,485,933    |  | 8,540.17     |  | 38%              |
| 2012 - 2013                                                |  |  | 2011 - 2012 |  | 1,747.194   | 5,951,187       | 3,406.14        | 15,251,897    |  | 8,729.37     |  | 39%              |
| 2013 - 2014                                                |  |  | 2012 - 2013 |  | 1,720.544   | 6,066,285       | ** 3,525.79     | 16,186,277    |  | 9,407.65     |  | 37%              |
| 2014 - 2015                                                |  |  | 2013 - 2014 |  | 1,735.398   | 5,539,831       | ** 3,192.25     | 17,004,574    |  | 9,798.66     |  | 33%              |
| 2015 - 2016                                                |  |  | 2014 - 2015 |  | 1,731.006   | 6,066,304       | ** 3,504.50     | 17,006,837    |  | 9,824.83     |  | 36%              |

\* Source - PDE 2548 (Basic Education Subsidy) as audited by the State, report no longer available beginning 2013/2014 to present

\*\* Source- Basic Education Funding as per PDE Website History under Financial Data Elements

\*\*\*Source - PDE 2058 (Instructional Expense Computation) as audited by the State

# 25 Years of Declining State Basic Education Funding at Upper Adams



BEF is Trending Down (Since 1992)

Property Tax Paying more of UASD Funding Every Year

State not keeping up with its share of the cost of educating children of district

Ratio of State to Local Funding Continues at the 30% Level the past 5 years

# What are districts allowed to do to help make up for decreasing funds?

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- Reduce district expenses
- Create additional revenue streams

# ACT 1 Funding Impact

**Raising taxes to the  
ACT 1 Index 3.5%  
generates \$ 469,953**

How does this money  
impact our bottom line  
for balancing the  
budget?

- Pension increases  
= \$259,545
  - $\$469,953 - \$259,545 =$   
\$210,408

# Pennsylvania School Employee Retirement System (PSERS)- Pension Projections

| Year                                                      |     | Salaries     | PSERS %<br>Employer Rate | PSERS \$<br>Expense to UASD | \$ > Demanded |
|-----------------------------------------------------------|-----|--------------|--------------------------|-----------------------------|---------------|
| 10/11                                                     |     | \$11,035,487 | 5.64%                    | \$613,045                   | \$ 93,478     |
| 11/12                                                     |     | \$10,427,487 | 8.65%                    | \$940,220                   | \$327,175     |
| 12/13                                                     |     | \$10,784,255 | 12.36%                   | \$1,343,481                 | \$403,262     |
| 13/14                                                     |     | \$10,866,406 | 16.93%                   | \$1,840,222                 | \$496,740     |
| 14/15                                                     |     | \$11,075,781 | 21.4%                    | \$2,370,217                 | \$529,996     |
| 15/16                                                     |     | \$10,429,847 | 25.84%                   | \$2,695,072                 | \$324,855     |
| 16/17                                                     |     | \$10,812,689 | 30.3%                    | \$3,247,051                 | \$551,978     |
| 17/18                                                     | *   | \$10,766,335 | 32.57%                   | \$3,506,595                 | \$259,545     |
| 18/19                                                     | **  | \$11,065,302 | 34.18%                   | \$3,782,120                 | \$275,525     |
| 19/20                                                     | **  | \$11,286,608 | 35.53%                   | \$4,010,132                 | \$228,012     |
| 20/21                                                     | **  | \$11,512,341 | 35.95%                   | \$4,138,686                 | \$128,554     |
| 21/22                                                     | *** | \$11,742,587 | 36.40%                   | \$4,274,302                 | \$135,615     |
| * Salary increased based on contract                      |     |              |                          |                             |               |
| ** Salary range estimated 2.0%                            |     |              |                          |                             |               |
| *** Last year presented by PSERS for projections of rates |     |              |                          |                             |               |

# The Crushing Weight of PSERS



- The PSERS Rate will rise from **30.03 % to 32.57%**
- This is an overall increase of more than \$140 million
- The \$100 million increase in BEF and \$25 million increase in Special Education Subsidy will not cover the increase in PSERS.
- It is a net loss for most school districts.



# PROJECTED EMPLOYER CONTRIBUTION RATES AND TOTAL EMPLOYER CONTRIBUTIONS

\*

(Presumes a 7.25% rate of return)

| <i>Fiscal Year Ending June</i> | <i>Total Employer Contribution<br/>Rate %</i> | <i>Projected Total Employer<br/>Contribution (thousands) \$</i> |
|--------------------------------|-----------------------------------------------|-----------------------------------------------------------------|
| <b>01/02</b>                   | <b>1.09</b>                                   | <b>95,000</b>                                                   |
| <b>17/18</b>                   | <b>32.57</b>                                  | <b>4,380,339</b>                                                |
| <b>18/19</b>                   | <b>34.18</b>                                  | <b>4,668,189</b>                                                |
| <b>19/20</b>                   | <b>35.53</b>                                  | <b>4,933,711</b>                                                |
| <b>20/21</b>                   | <b>35.95</b>                                  | <b>5,081,955</b>                                                |
| <b>21/22</b>                   | <b>36.40</b>                                  | <b>5,244,647</b>                                                |

# Applied for Exceptions- 2017-2018

## A Revenue option

- The State identifies what exceptions public school districts can apply for to see if the district qualifies. For example, Upper Adams qualified for a pension exception, which is due to the rising costs in retirement (PSERS) and increase in Special Education cost.
- Exceptions allow a school district to increase taxes above the ACT 1 Index.
  - UASD adjusted index is 3.5%
    - \$469,953
  - Index + .3222 mills or \$265,647 over index
    - Special Education \$ 238,548
    - Retirement Contributions \$ 27,099

# How did we begin to balance the budget?

- November -December 2016 began with a \$3.02 + million dollar deficit.

Revenues without tax increases

\$26,515,224.00

Expenditures for 2017-2018

\$29,538,723.00

**Deficit**

**(\$3,023,499.00)**

# How did we begin to balance the budget?

- Budget Reviews – line item – modified zero based budget approach using 15-16 actual cost

|                             |                     |
|-----------------------------|---------------------|
| Expenditures (12/6/2016)    | \$29,538,723        |
| Budget Changes              | <u>\$ 144,795</u>   |
| <b>Revised Expenditures</b> | <b>\$29,393,928</b> |

# How do we balance the budget?

## Revenue Options

No Tax Increase

Tax Increase to Index 3.5%

Tax Increase to Index + Exceptions

Tax Increase for Debt Only

| Upper Adams School District         |            |            |            |            |                                       |                                                                               |                                    |                                    |                                    |
|-------------------------------------|------------|------------|------------|------------|---------------------------------------|-------------------------------------------------------------------------------|------------------------------------|------------------------------------|------------------------------------|
| Proposed/Preliminary Budget         |            |            |            |            |                                       |                                                                               |                                    |                                    |                                    |
| December 6, 2016                    |            |            |            |            |                                       |                                                                               |                                    |                                    |                                    |
|                                     | 2013/2014  | 2014/2015  | 2015/2016  | 2016/2017  | 2017/2018                             | No Tax Increase                                                               | Tax Increase to Index 3.5%         | Tax Increase Using                 | Tax Increase                       |
|                                     |            |            |            |            |                                       | 2017/2018                                                                     | 2017/2018                          | Index Exceptions                   | Debt Only                          |
|                                     | Actual     | Actual     | Actual     | Budget     | Proposed Preliminary Budget 12/6/2016 | Budget Work in Progress 03/30/2017                                            | Budget Work in Progress 03/30/2017 | Budget Work in Progress 03/30/2017 | Budget Work in Progress 03/30/2017 |
| Total Local Sources                 | 13,159,370 | 13,747,323 | 14,086,236 | 14,628,132 | 14,304,345                            | 14,317,182                                                                    | 14,709,242                         | 14,973,403                         | 14,431,963                         |
| Total State Sources                 | 10,549,762 | 10,992,845 | 11,459,079 | 11,746,069 | 11,905,054                            | 12,099,912                                                                    | 12,099,912                         | 12,099,912                         | 12,099,912                         |
| Total Federal Sources               | 270,680    | 285,951    | 300,872    | 280,232    | 305,825                               | 305,825                                                                       | 305,825                            | 305,825                            | 305,825                            |
| Total Revenue                       | 23,979,812 | 25,026,119 | 25,846,187 | 26,654,433 | 26,515,224                            | 26,722,919                                                                    | 27,114,979                         | 27,379,140                         | 26,837,700                         |
| Total Expenditures                  | 23,969,170 | 24,060,708 | 26,105,351 | 27,488,576 | 29,538,723                            | 29,393,928                                                                    | 29,393,928                         | 29,393,928                         | 29,393,928                         |
| Variance: Revenue over Expenditures | 10,642     | 965,411    | (259,164)  | (834,143)  | (3,023,499)                           | (2,671,009)                                                                   | (2,278,949)                        | (2,014,788)                        | (2,556,228)                        |
|                                     |            |            |            |            |                                       | * Note * Budget Work in Progress is a Working Document & Subjective to Change |                                    |                                    |                                    |

# How do we balance the budget after reviewing Revenue Options and the Future Project Option 4B?

The debt in the Preliminary Budget had the maximum amount of outlay (*No Refinance, ALL debt as of old schedule plus the factor of 0.2 mills for new money*).

Previous Preliminary Budget had NO Refinancing plus new money debt for the \$20 million dollar new building project (*Option 4B : New Grades 3-6 Elementary School with an attached District Administrative Office at the Biglerville Elementary School Campus*).

# Expenditures - What Changed

- May 2017 (*after initial budget in April 18, 2017*)

Expenditures at April 18, 2017

\$29,393,928

Expenditures to date for 2017-2018

\$28,178,181

**Expenditure reductions**

**\$1,215,747**



# Summary of Changes

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## Expenditure reductions

**\$1,215,747**

|                                                                              |          |
|------------------------------------------------------------------------------|----------|
| Tech Coach Salary and Benefits                                               | \$81,336 |
| IST /Reading Specialist and Benefits                                         | \$63,633 |
| Charter/Cyber School                                                         | \$50,000 |
| Tuition                                                                      | \$10,000 |
| Reduced LEA's Tuition                                                        | \$20,000 |
| Removed Text Materials - Science pilot set-aside                             | \$50,000 |
| MS Art and Agenda Additions                                                  | -\$2,050 |
| IU Instructional Media                                                       | \$5,200  |
| Spring Musical                                                               | \$9,000  |
| Athletics ( V Tennis B&G; JH Track B&G, V Cross Country B&G, JH F & W Cheer) | \$38,000 |

# Summary of Changes

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## Expenditure reductions

\$1,215,747

|                                                              |           |
|--------------------------------------------------------------|-----------|
| Property Supply Reduction                                    | \$25,000  |
| Reduced Natural Gas                                          | \$10,000  |
| Bond Refinancing                                             | \$600,882 |
| Reduced N.P. Transportation                                  | \$10,000  |
| Attritional Salaries and Benefits by transferring vs. hiring | \$244,746 |
|                                                              |           |
|                                                              |           |

# Primary Budget Drivers

- PSERS 8.0% Increase (\$259,545) with the rate of 32.57% or \$ 3,454,339
- Debt included 29.9% Increase after restructure & consideration of new debt (\$457,281)
- Healthcare - 6.90% Increase (\$157,770)
- Cyber/Charter – 0% increase, \$ 1,050,000 remains at 3.7% of total budget
- Salary Increases average 2.6% (\$109,409) overall

# Budget Drivers: Value & %

| <u>Drivers</u> | <u>\$</u>    | <u>Mill Value</u> | <u>% of Total Budget</u> |
|----------------|--------------|-------------------|--------------------------|
| PSERS          | \$3,454,339  | 1.6752            | 12.26%                   |
| Salary         | \$10,766,335 | 5.2215            | 38.21%                   |
| Benefits       | \$3,523,778  | 1.7095            | 12.51%                   |
| Charter/Cyber  | \$1,050,000  | 0.5097            | 3.73%                    |
| Debt (P & I)   | \$2,363,828  | 1.1465            | 8.39%                    |



# How did we balance the budget?

- May 2017 (*after initial budget in April 18, 2017*)

|                                                        |                     |
|--------------------------------------------------------|---------------------|
| Revenues with a tax increase to the Index + Exceptions | \$27,458,520        |
| Expenditures for 2017-2018 **                          | <u>\$28,178,181</u> |
| <b>Deficit</b>                                         | <b>(\$719,661)</b>  |

**\*\* Considers new bond borrowing to address facilities**

|                                       |              |
|---------------------------------------|--------------|
| Fund Balance Carry Forward Unassigned | \$ 342,360   |
| Fund Balance Assigned                 | \$ 918,695   |
| Total Fund Balance                    | \$ 1,261,055 |

**Fund Balance Covers the Deficit to Balance**

Remaining Fund Balance

# How did we balance the budget?

- May 2017 (*after initial budget in April 18, 2017*)

|                                                        |              |
|--------------------------------------------------------|--------------|
| Revenues with a tax increase to the Index + Exceptions | \$27,458,520 |
|--------------------------------------------------------|--------------|

|                            |              |
|----------------------------|--------------|
| Expenditures for 2017-2018 | \$28,178,181 |
|----------------------------|--------------|

|                          |                    |
|--------------------------|--------------------|
| <u>No NEW bond/Money</u> | \$ (457,281)       |
| <b>Deficit</b>           | <b>(\$262,380)</b> |

|                                       |            |
|---------------------------------------|------------|
| Fund Balance Carry Forward Unassigned | \$ 342,360 |
|---------------------------------------|------------|

|                       |            |
|-----------------------|------------|
| Fund Balance Assigned | \$ 918,695 |
|-----------------------|------------|

|                    |              |
|--------------------|--------------|
| Total Fund Balance | \$ 1,261,055 |
|--------------------|--------------|

**Fund Balance Covers the Deficit to Balance**

Remaining Fund Balance

# Proposed Final Budget Position- Revenue

|                 |  |               |               | Final         | Preliminary   | Proposed Final |
|-----------------|--|---------------|---------------|---------------|---------------|----------------|
|                 |  | 2014-2015     | 2015-2016     | 2016-2017     | 2017-2018     | 2017-2018      |
| Revenue Summary |  | Actual        | Actual        | Budget        | Budget        | Budget         |
|                 |  |               |               |               |               |                |
| Local Revenue   |  | 13,747,323.00 | 14,086,236.00 | 14,628,132.49 | 14,304,345.00 | 15,052,783.00  |
| State Revenue   |  | 10,992,845.00 | 11,459,079.00 | 11,746,069.43 | 11,905,054.00 | 12,099,912.00  |
| Federal Revenue |  | 285,951.00    | 300,872.00    | 280,231.98    | 305,825.00    | 305,825.00     |
| Other Revenue   |  | 0.00          | 0.00          | 0.00          | 0.00          | 0.00           |
|                 |  |               |               |               |               |                |
| Totals          |  | 25,026,119.00 | 25,846,187.00 | 26,654,433.90 | 26,515,224.00 | 27,458,520.00  |
|                 |  |               |               |               |               |                |
| Fund Balance    |  |               |               | 834,143.03    |               | 0              |
|                 |  |               |               |               |               |                |
| Budget Total    |  |               |               | 27,488,576.93 |               | 27,458,520.00  |

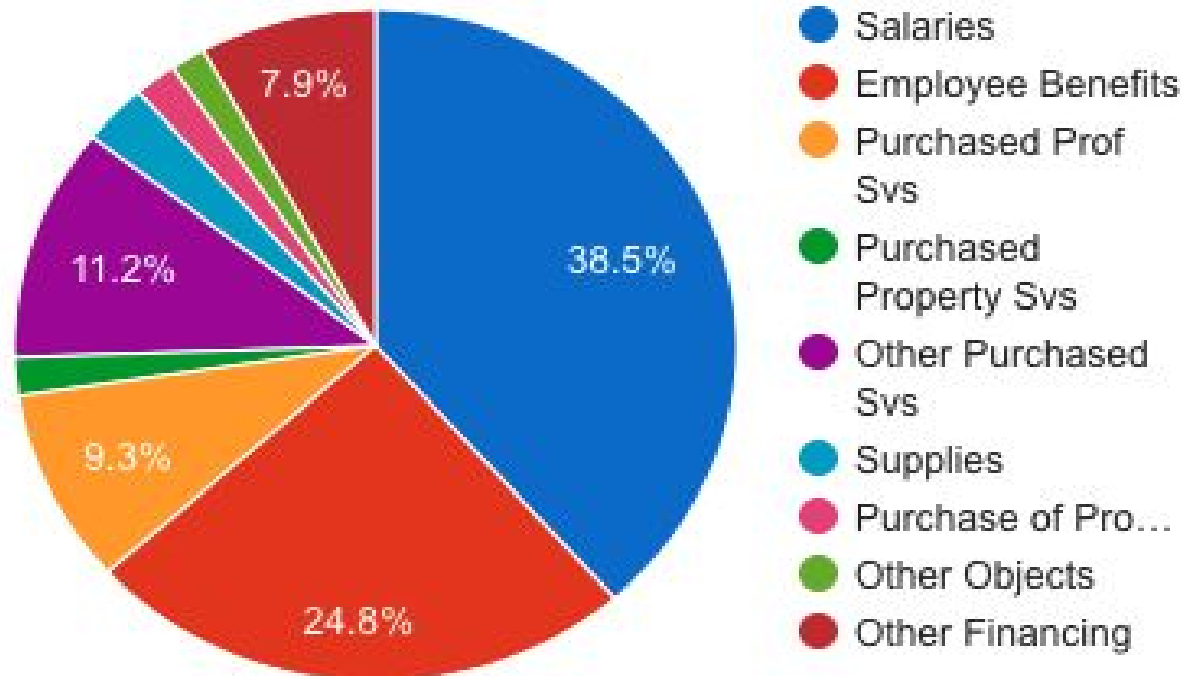
# Proposed Final Expenditures – 2.51% over 2016-2017 Budget

| Upper Adams School District  |                        |                      |                      |                        |                                 |                                                 |
|------------------------------|------------------------|----------------------|----------------------|------------------------|---------------------------------|-------------------------------------------------|
| 2017-2018 Preliminary Budget |                        |                      |                      |                        |                                 |                                                 |
| Object Summary               |                        |                      |                      |                        |                                 |                                                 |
| Object Code                  | Object Description     | 2014-2015 ACTUAL     | 2015-2016 ACTUAL     | 2016-2017 FINAL BUDGET | 2017-2018 PROPOSED FINAL BUDGET | Proposed Final % Increase Over 2016-2017 Budget |
| 100                          | Salaries               | 10,880,394.55        | 10,503,341.84        | 10,892,689.00          | 10,848,335.37                   | -0.41%                                          |
| 200                          | Employee Benefits      | 5,887,203.17         | 5,998,349.35         | 6,669,777.00           | 6,978,116.98                    | 4.62%                                           |
| 300                          | Purchased Prof Svs     | 1,508,038.41         | 2,700,191.59         | 2,556,796.00           | 2,632,162.29                    | 2.95%                                           |
| 400                          | Purchased Property Svs | 567,102.58           | 531,410.24           | 507,659.00             | 519,450.00                      | 2.32%                                           |
| 500                          | Other Purchased Svs    | 2,688,917.46         | 3,033,485.86         | 3,094,340.00           | 3,158,928.00                    | 2.09%                                           |
| 600                          | Supplies               | 610,665.72           | 705,145.68           | 915,873.00             | 825,095.44                      | -9.91%                                          |
| 700                          | Purchase of Property   | 344,997.25           | 678,288.62           | 597,973.00             | 536,429.00                      | -10.29%                                         |
| 800                          | Other Objects          | 521,240.47           | 474,512.42           | 462,204.00             | 447,618.00                      | -3.16%                                          |
| 900                          | Other Financing        | 1,420,553.37         | 1,481,313.92         | 1,791,265.00           | 2,232,046.00                    | 24.61%                                          |
|                              | <b>Budget Totals</b>   | <b>24,429,112.98</b> | <b>26,106,039.52</b> | <b>27,488,576.00</b>   | <b>28,178,181.08</b>            | <b>2.51%</b>                                    |

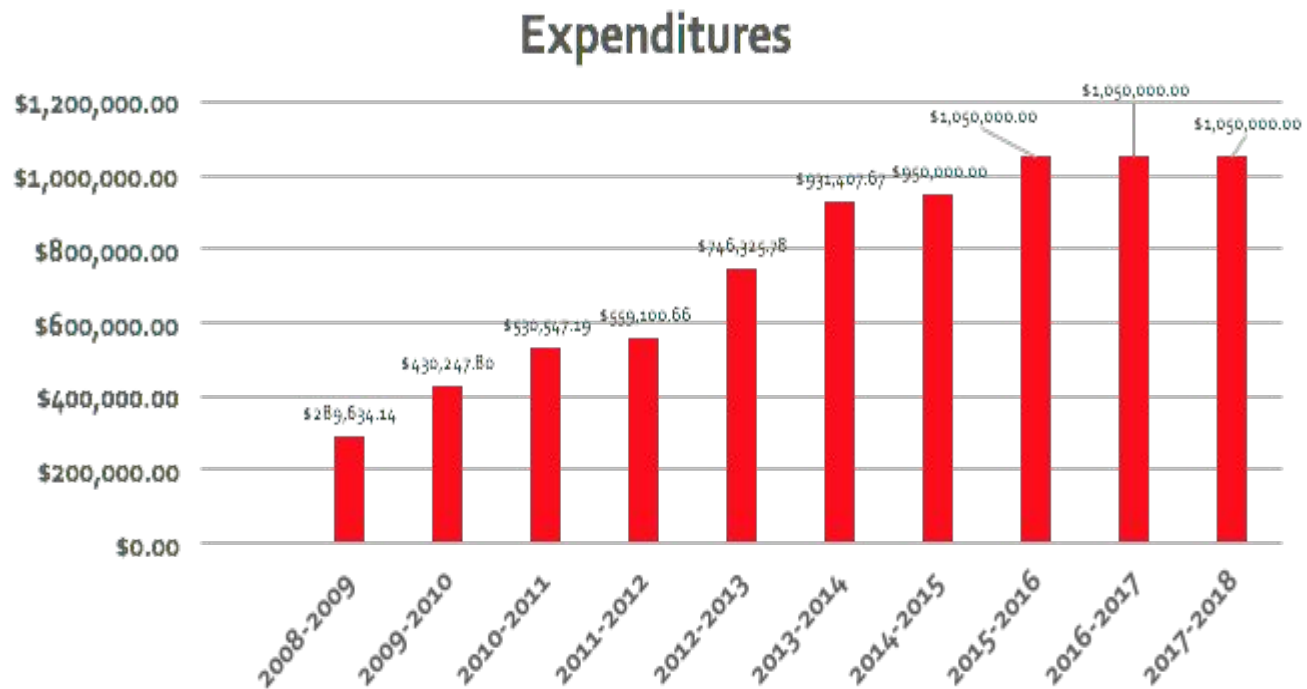
# 2017-2018 Object Analysis

## Proposed Final Expenditures By Object

2017-2018 PROPOSED FINAL BUDGET



# 10 –Year Cyber / Charter School Cost Trend



**2017-2018 Budget takes a risk in holding the cost at \$1.05 Million**  
**One Regular Education Student Attending = \$10,397.00**  
**One Special Education Student Attending = \$22,178.00**

# Cyber / Charter School Costs

## Do taxpayers know what they are paying for?

- It **IS NOT "FREE"** as advertised. These options for students are paid with taxpayer dollars. The money is directly withdrawn electronically from the money Upper Adams is to receive from the state allocation.
- Upper Adams School District Taxpayers are paying over \$1,000,000 (one million dollars) annually. *(over \$10,000 for one Regular Education Student & over \$22,000 for one Special Education Student)*
- Between \$7 - \$8 Million of Adams County Taxpayer Dollars pay for children to attend Cyber/Charter Schools
- This is touted by legislators and to be good competition for public schools, but at what cost? The state holds cyber/charter schools less accountable and with little oversight.

# Proposed Tax Increase Impact

## What we heard from April 18, 2017

**ACT 1 INDEX**  
**13.6655 Mills**  
**+3.5%**

**14.1437 Mills**  
**\$469,953**

**Approved  
State  
Exceptions  
+.3222 Mills**

**14.4659 Mills**  
**\$265,647**

**ADJUST MILLS**

# Proposed Tax Increase Impact

## Index 3.5%

|                                                                      |                                |
|----------------------------------------------------------------------|--------------------------------|
| Proposed Tax Increase to Act 1 Index:<br>Total Mills after increase: | .478292 Mills<br>14.1437 Mills |
| Average Assessed Value of a home in UASD:                            | \$181,646.84                   |
| Annual Increase based on Average Assessed Value:                     | \$86.86                        |
| Monthly Increase based on Average Assessed Value:                    | \$7.24                         |

# Proposed Tax Increase Impact

## Index 3.5% & Exceptions

|                                                                      |                                |
|----------------------------------------------------------------------|--------------------------------|
| Proposed Tax Increase to Act 1 Index:<br>Total Mills after increase: | .800492 Mills<br>14.4659 Mills |
| Average Assessed Value of a home in UASD:                            | \$181,646.84                   |
| Annual Increase based on Average Assessed Value:                     | \$145.39                       |
| Monthly Increase based on Average Assessed Value:                    | \$12.12                        |

# Scale - Estimated Tax Increase

|                     | 2016-2017    |  | 2017-2018          |  | 2017-2018                 |
|---------------------|--------------|--|--------------------|--|---------------------------|
|                     | Mill Rate    |  | Mill Rate at Index |  | Max Index +<br>Exceptions |
|                     | 0.0136655    |  | 0.0141437          |  | .0144659 Mill Rate        |
| Assessed Value (\$) | R/E Tax (\$) |  | 3.5% (\$)          |  | 5.8% (\$)                 |
| 50,000              | 683          |  | 707                |  | 723                       |
| 75,000              | 1,025        |  | 1,061              |  | 1,085                     |
| 100,000             | 1,367        |  | 1,414              |  | 1,447                     |
| 150,000             | 2,050        |  | 2,122              |  | 2,170                     |
| 200,000             | 2,733        |  | 2,829              |  | 2,893                     |
| 250,000             | 3,416        |  | 3,536              |  | 3,616                     |
| 300,000             | 4,100        |  | 4,243              |  | 4,340                     |
| 350,000             | 4,783        |  | 4,950              |  | 5,063                     |
| 400,000             | 5,466        |  | 5,657              |  | 5,786                     |
| 450,000             | 6,150        |  | 6,365              |  | 6,510                     |
| 500,000             | 6,833        |  | 7,072              |  | 7,233                     |

# Annual Increase on Average Assessment

| Fiscal Year                | Average Assessed Value of a Home in UASD | R/E Tax \$ | C/Y   | R/E Tax \$ | N/Y   | Annual Increase | Monthly Increase |
|----------------------------|------------------------------------------|------------|-------|------------|-------|-----------------|------------------|
| 17/18                      | \$181,646.84                             | \$2,482.29 | 16/17 | \$2,627.69 | 17/18 | \$145.39        | \$12.12          |
| 16/17                      | \$180,788.32                             | \$2,391.65 | 15/16 | \$2,470.58 | 16/17 | \$78.93         | \$6.58           |
| 15/16                      | \$179,510.65                             | \$2,314.61 | 14/15 | \$2,374.75 | 15/16 | \$60.14         | \$5.01           |
| 14/15                      | \$179,011.63                             | \$2,225.83 | 13/14 | \$2,308.18 | 14/15 | \$82.35         | \$6.86           |
| 13/14                      | \$178,531.15                             | \$2,170.05 | 12/13 | \$2,219.86 | 13/14 | \$49.81         | \$4.15           |
| 12/13                      | \$179,755.48                             | \$2,136.39 | 11/12 | \$2,184.93 | 12/13 | \$48.53         | \$4.04           |
| 11/12- County Reassessment |                                          |            |       |            |       |                 |                  |
|                            |                                          |            |       | 6 Year     |       | \$465.15        |                  |

# 2015-2016 Adams County Millage Information

**Millage is the fixed rate of real estate taxes on assessed property value**

| District Name     | Value of a Mill | # of Mills | Total Property Tax Revenue                                     |
|-------------------|-----------------|------------|----------------------------------------------------------------|
| Bermudian Springs | \$1,074,343     | 10.5775    | \$11,363,863                                                   |
| Conewago Valley   | \$2,245,572     | 11.6253    | \$26,105,448                                                   |
| Fairfield Area    | \$880,666       | 9.6898     | \$8,533,477                                                    |
| Gettysburg Area   | \$2,895,666     | 10.4853    | \$30,361,926                                                   |
| Littlestown Area  | \$1,290,730     | 10.7980    | \$13,937,302                                                   |
| Upper Adams       | \$869,953       | 13.2990    | \$11,569,504                                                   |
|                   |                 |            | <i>This column doesn't represent collected value of a Mill</i> |

Upper Adams School District has the lowest value of a Mill in all six (6) Adams County School Districts. Therefore, Upper Adams has a higher number of Mills in place to generate similar amounts needed (the money a mill generates is based on UASD property values from Adams County assessments).

# 2016-2017 Adams County Millage Information

**Millage is the fixed rate of real estate taxes on assessed property value**

| District Name     | Value of a Mill | # of Mills | Total Property Tax Revenue                                     |
|-------------------|-----------------|------------|----------------------------------------------------------------|
| Bermudian Springs | \$1,083,275     | 10.9265    | \$11,836,406                                                   |
| Conewago Valley   | \$2,276,965     | 12.1346    | \$27,630,059                                                   |
| Fairfield Area    | \$882,744       | 9.9708     | \$8,801,661                                                    |
| Gettysburg Area   | \$2,913,406     | 10.5529    | \$30,744,885                                                   |
| Littlestown Area  | \$1,306,479     | 11.3507    | \$14,829,448                                                   |
| Upper Adams       | \$873,721       | 13.6655    | \$11,939,838                                                   |
|                   |                 |            | <i>This column doesn't represent collected value of a Mill</i> |

Upper Adams School District has the lowest value of a Mill in all six (6) Adams County School Districts. Therefore, Upper Adams has a higher number of Mills in place to generate similar amounts needed (the money a mill generates is based on UASD property values from Adams County assessments).

# 2015-16 to 2016-17 Adams County Millage Comparision

Millage is the fixed rate of real estate taxes on assessed property value

| District Name     | Value of a Mill ><br>15/16 | # of Mills ><br>15/16 | Total Property Tax<br>Revenue > 15/16                              |
|-------------------|----------------------------|-----------------------|--------------------------------------------------------------------|
| Bermudian Springs | \$8,932                    | 0.349                 | \$3,117                                                            |
| Conewago Valley   | \$31,393                   | 0.5093                | \$15,988                                                           |
| Fairfield Area    | \$2,078                    | 0.281                 | \$584                                                              |
| Gettysburg Area   | \$17,740                   | 0.0676                | \$1,199                                                            |
| Littlestown Area  | \$15,749                   | 0.5527                | \$8,704                                                            |
| Upper Adams       | \$3,768                    | .03665                | \$1,381                                                            |
|                   |                            |                       | <i>This column doesn't represent<br/>collected value of a Mill</i> |

Upper Adams School District has the 2nd to lowest value of a Mill in all six (6) Adams County School Districts over 2015/2016 in comparison. The number of mills and the property value shows differences on assessment and revenue throughout the county.

# Fund Balance History

| <i>Beginning Date:</i> | <i>Beginning<br/>Balance</i> | <i>Increase<br/>( Decrease)</i> | <i>Assigned<br/>Fund<br/>Balance</i> | <i>Ending<br/>Unassigned<br/>Fund Balance</i> |   | <i>Expenditures<br/>***</i> | <i>Fund<br/>Balance<br/>as a % of<br/>Expenditures</i> |
|------------------------|------------------------------|---------------------------------|--------------------------------------|-----------------------------------------------|---|-----------------------------|--------------------------------------------------------|
| 7/1/2010               | 1,113,019                    | (226,982)                       |                                      | 886,037                                       | * | 30,237,350                  | 2.93%                                                  |
| 7/1/2011               | 886,037                      | 738,582                         |                                      | 1,624,619                                     | * | 22,881,587                  | 7.10%                                                  |
| 7/1/2012               | 1,624,619                    | 122,783                         |                                      | 1,747,402                                     | * | 21,715,978                  | 8.05%                                                  |
| 7/1/2013               | 1,747,402                    | 10,642                          |                                      | 1,758,044                                     | * | 22,871,780                  | 7.69%                                                  |
| 7/1/2014               | 1,758,044                    | 597,005                         |                                      | 2,355,049                                     | * | 23,968,409                  | 9.83%                                                  |
| 7/1/2015               | 2,355,049                    | (259,851)                       | 918,695                              | 1,176,503                                     | * | 24,060,708                  | 4.89%                                                  |

\* Actual Fund Balance as per Audit

# Fund Balance Available

|                                                                  |                          |                          |              |
|------------------------------------------------------------------|--------------------------|--------------------------|--------------|
| <i>Fund Balance Classifications:</i>                             |                          | <i>As of July 1,2016</i> |              |
| <i>Nonspendable</i>                                              |                          | <i>0</i>                 |              |
| <i>Restricted</i>                                                |                          | <i>0</i>                 |              |
| <i>Committed</i>                                                 |                          | <i>0</i>                 |              |
| <i>Assigned:</i>                                                 |                          |                          |              |
|                                                                  | <i>Debt</i>              | <i>672,695</i>           | <i>2.80%</i> |
|                                                                  | <i>Health Benefits</i>   | <i>228,661</i>           | <i>0.95%</i> |
|                                                                  | <i>PSERS(Retirement)</i> | <i>17,339</i>            | <i>0.07%</i> |
| <i>Unassigned</i>                                                |                          | <i>1,176,503</i>         | <i>4.89%</i> |
| <i>Board Policy #623, prescribes the fund balance guidelines</i> |                          |                          |              |

|                                                       |  |  |                  |
|-------------------------------------------------------|--|--|------------------|
| <i>Unassigned Fund Balance</i>                        |  |  | <i>1,176,503</i> |
| <i>2016/2017 Budget - Utilization of Fund Balance</i> |  |  | <i>(834,143)</i> |
| <i>2017/2018 Unassigned Fund Balance Available</i>    |  |  | <i>342,360</i>   |
| <i>2017/2018 Assigned Fund Balance Available</i>      |  |  | <i>918,695</i>   |

# Capital Improvements Update

## \$1.5 Million Borrowed

- Biglerville High School Roof Replacement  
**COMPLETED**
- District drives and parking areas with needed  
blacktop repairs  
**SUMMER 2017**
- Safety and Security
  - District Administration Office & Classroom Security
    - We will not pursue the only bid received.
    - Looking into other options to complete this work over the summer.**SUMMER/EARLY FALL 2017**  
Secondary Campus Cameras – **7 Installs will Complete project**

# Feasibility Study

## Update May 2, 2017

- Upper Adams School District Feasibility Study
  - Crabtree, Rohrbaugh and Associates (CRA) & Facility Committee recommendations.
- Elementary Educational Program Study
  - **Option 4B recommended** (New Elementary School with the addition of a District Administrative Office at the Biglerville Elementary School Campus)

# Feasibility Study

## Update May 2, 2017

- 2017-2018 – refinance and new debt items
  - Adopt Bond Council on May 2, 2017
  - Decisions for May 16, 2017 with RBC present:
    - Resolution #1:
      - Recommend Approval for the Refinance the UASD current debt structure
    - Resolution #2:
      - Recommend Approval to procure the right to pursue new money/debt for the purpose of addressing the UASD Feasibility Study.
        - – *Approval of this resolution would allow for the potential of new money/debt before the proposed January 2018 cut-off for new school debt. This resolution is required to be on file by the Department of Community and Economic Development (DCED). The approval would mean the district could delay the need to act on borrowing money, if needed. A resolution would be required upon entering into the borrowing.*

# Independent Fiscal Office (IFO)



## INDEPENDENT FISCAL OFFICE

Second Floor, Rachel Carson State Office Building  
400 Market Street  
Harrisburg, Pennsylvania 17105

April 6, 2017

The Honorable David G. Argall  
Senate of Pennsylvania  
Room 171, Main Capitol Building  
Harrisburg, PA 17120

The Honorable Mike Peltzer  
Senate of Pennsylvania  
Room 337, Main Capitol Building  
Harrisburg, PA 17120

Dear Senators Argall and Peltzer:

This letter responds to your request that the Independent Fiscal Office (IFO) project the school district property tax collections that would be eliminated and subject to replacement under your proposed Property Tax Independence Act. The IFO generally refers to these projections as the school property tax replacement baseline, or baseline. Your letter specified certain parameters of the proposal that are relevant to the computation of the baseline:

- Except as noted below, school property taxes would be eliminated for school district fiscal years beginning after June 30, 2018.
- After the elimination date, school districts would be allowed to retain a portion of the property tax to pay principal and interest on debt issued before January 1, 2018.
- The Act 1 property tax reduction allocations (from state revenues) that currently are received by school districts for homestead property tax relief would be redirected to the new Education Stabilization Fund and redistributed back to school districts as part of the financing of the proposal.
- The various revenues intended to replace the school property taxes being eliminated would be deposited in the Education Stabilization Fund (ESF) for distribution to school districts.

Previously, the IFO published projections for school property tax collections under current law. That forecast is reproduced in Table 1 on the next page. Additional information about the IFO's current-law forecast can be found in its January 4, 2017 letter to Representative Ian Cox.<sup>1</sup>

<sup>1</sup> See "Updated School District Property Tax Forecasts," Independent Fiscal Office (January 2017).  
<http://www.ifo.state.pa.us/files/download/16/16rc/SchoolTaxForecasts012017-01.pdf>

# Proposed Final Budget Timeline

- May 2, 2017 – Budget Presentation
- May 16, 2017 – Move to adopt the proposed final budget
- May 17, 2017 thru June 20, 2017 – Proposed budget on display
- June 6, 2017 – Intent to adopt final
- June 20, 2017 – Motion to adopt final budget
- June 30, 2017 – Final date to file budget

# **Upper Adams School District 2017-2018 Budget Presentation**

Questions

# Upper Adams School District 2017-2018 Budget Presentation

