

# Budget Forum

June 3, 2020

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**COUNCIL ROCK**  
SCHOOL DISTRICT

# Executive Summary

- CRSD faced a \$16.1 million budget deficit due to anticipated declines in revenue caused by the COVID-19 pandemic
- Why?
  - EIT filing deadline was delayed to July 15
  - Unemployment affecting collection rates (EIT, Occupation)
  - Interest rate decreases
  - General slowdown in real estate market
- Assume expenditures for full re-opening



# Expected Impacts to Affected Revenue

	Original 2020-21 Budget Amt	Anticipated % Chg	Anticipated \$ Chg.	Minimum Exposure	Maximum Exposure
Interim RE Tax	\$835,368	-40%	-\$115,368	\$0	-\$595,368
Earned Income Tax	\$17,800,000	-10%	-\$1,780,000	\$0	-\$3,560,000
Occupation Tax	\$4,200,000	-1%	-\$42,000	-\$10,500	-\$84,000
RE Transfer Tax	\$3,000,000	-35%	-\$1,050,000	\$0	-\$1,650,000
Delinquent Tax	\$2,174,336	+5%	+\$108,717	+\$434,867	-\$434,867
Interest Earnings	\$1,750,000	-80%	-\$1,400,000	\$0	-\$1,750,000
Basic Ed Subsidy	\$14,791,085	0%	\$0	\$0	\$0
<b>TOTALS</b>			<b>-\$4,278,651</b>	<b>+\$424,367</b>	<b>-\$8,074,235</b>

# Constraints on School Finances

## Revenues

- Act 1 Index limitations
- Heavy reliance on local taxes
- Alternatives to generate revenue

## Expenditures

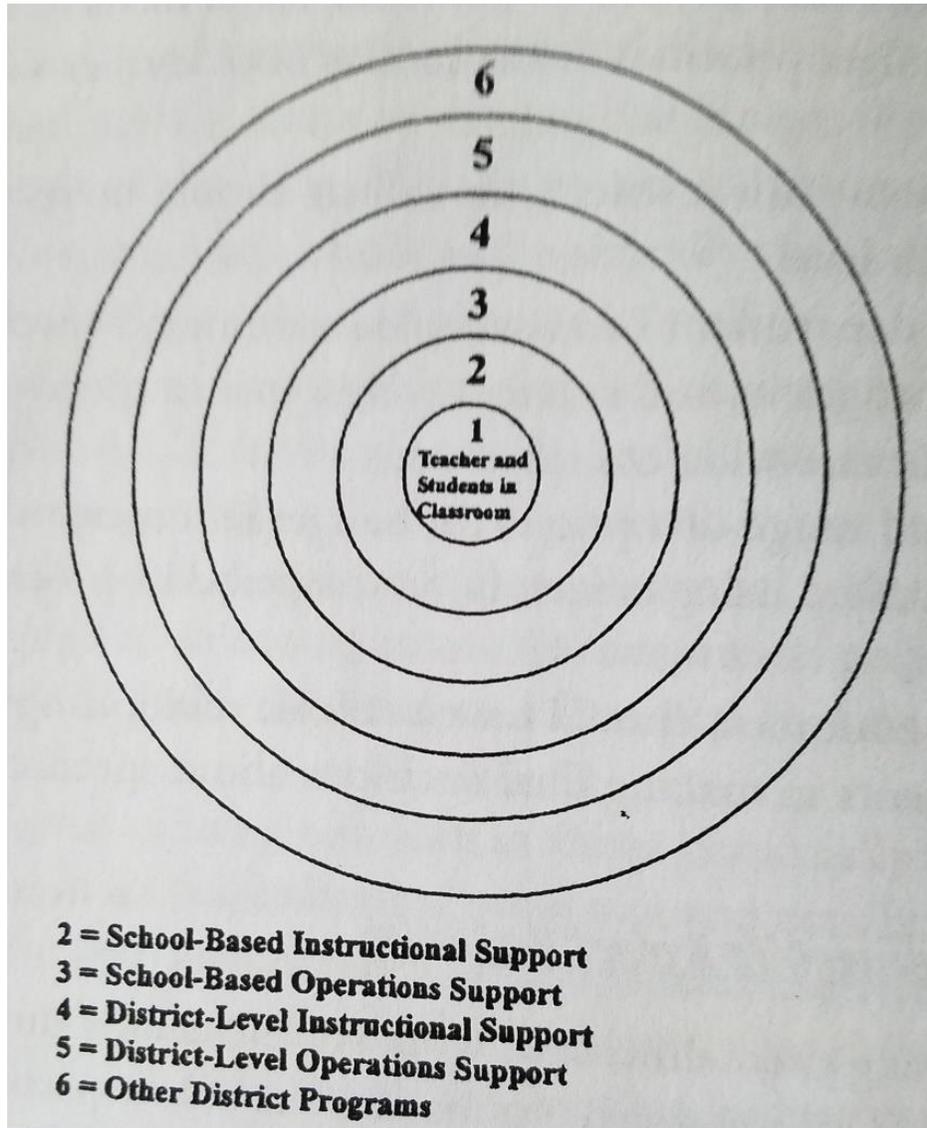
- Unfunded federal and state mandates
- Contractual obligations
- Debt service

< 10% of expenditures are discretionary



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# Approach to Budget Reductions



All Roads Lead to  
the Classroom



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# Current Budget Assumptions

- Reductions to Date = \$7.1 million
  - Professional Retirements = \$1.7 million
  - Employee Concessions & Corrections (net) = \$2.0 million
  - 300 to 900 Objects = \$3.4 million
- Real Estate Tax Increase = \$4.9 million
  - Act 1 Index = 2.6% = \$4.1 million
  - Special Ed Exception = 0.5% = \$0.8 million



# 2020-2021 Budget Adjustments To Date

**First Draft, Revenues** **\$242,316,570**

Add: 3.1% Real Estate Tax Increase \$4,923,115

**Local Revenue Changes (COVID-19):**

Interim Real Estate Taxes -\$115,368

Earned Income Taxes -\$1,780,000

Occupation Taxes -\$42,000

Real Estate Transfer Taxes -\$1,050,000

Delinquent Taxes \$108,717

Interest Earnings -\$1,400,000

Transportation Subsidy -\$510,000

FICA Reimbursement -\$53,073

PSERS Reimbursement -\$239,419

**Proposed Final Budget** **\$242,158,542**

**Employee Concessions**

FICA Reimbursement -\$71,218

PSERS Reimbursement -\$343,579

-\$414,797

**Board Meeting, May 21** **\$241,743,745**

**First Draft, Expenditures** **\$253,625,771**

CREA Retirements /Resignations (25.7) **-\$1,972,515**

**Department Reductions:**

Operations -\$1,218,131

Technology -\$703,750

Curriculum -\$369,871

Special Services -\$420,000

Business -\$291,937

Building Allocation -\$247,858

K-12 Education -\$66,572

Transportation -\$35,000

Human Resources -\$26,020

Community Relations -\$5,000

-\$3,384,139

**Proposed Final Budget** **\$248,269,117**

**Employee Concessions:**

Administrators -\$223,295

Professional Staff -\$2,167,930

-\$2,391,225

**Board Meeting, May 21** **\$245,877,892**

	% Dept. Budget	% Total Budget
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Operations	-12.63%	-0.48%
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Technology	-20.22%	-0.28%
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Curriculum	-25.64%	-0.15%
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Special Services	-12.56%	-0.17%
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Business	-6.90%	-0.12%
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Building Allocation	-12.65%	-0.10%
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K-12 Education	-13.49%	-0.03%
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Transportation	-25.49%	-0.01%
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Human Resources	-18.65%	-0.01%
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Community Relations	-10.15%	0.00%
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		<b>-1.33%</b>
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**REMAINING BUDGET DEFICIT = \$4,134,147**

# 2020-2021 Final Budget: Closing the Loop

IN

3.0 Elementary Counselors (2.0 grant funded)

Additional Curricular Resources (5/7 Committee Meeting)

OUT

1.0 ELD Position

Software Purchases

- HR Benefits Administration
- Online Registration



# 2020-2021 Final Budget Options

## Option #1 – 2.6% Tax Increase

Starting Deficit	-\$4,134,147
Less: Tax Rate Reduction to 2.6%	-793,067
Recommended Reductions	2,622,896
Use of Fund Balance to Balance 2020-21 Budget	-\$2,304,318

## Option #2 – 2.89% Tax Increase

Starting Deficit	-\$4,134,147
Less: Tax Rate Reduction to 2.6%	-793,067
Recommended Reductions	2,722,896
Add: Chromebooks to Become 1-to-1	-628,485
Add: Tax Rate Increase to 2.89%	453,485
Use of Fund Balance to Balance the 2020-21 Budget	-\$2,379,318

Includes the use of \$75,000 of ESSER federal stimulus funding

# Recommended Reductions

Department	Description	\$ Amount
Athletics	Supply and equipment line item reductions	\$26,000
Business	Cuts to non-essential travel (all depts), meals	\$33,161
Business	Defer proposed pay increase for per diem substitutes (ESS)	\$150,000
Business	Increase federal ACCESS revenue draw down	\$300,000
Curriculum	Further reductions to curricular resource purchases	\$4,036
Human Resources	Full elimination of benefits administration software, further reduced recruiting expenses	\$22,500
K-12 Education	Cancellation of Qualtrics subscription	\$40,000
Operations	Further reduction to new equipment purchases at schools	\$202,442
Special Services	Reduction in testing, training and new initiative implementation	\$58,542

# Recommended Reductions

Department	Description	\$ Amount
Staffing	Eliminate proposed new ELD position	\$67,363
Staffing	Do not fill two (2) vacant Teacher Assistant Positions	\$60,455
Staffing	Elimination of evening library hours at CRN and CRS	\$40,968
Technology	Eliminate additional funds for cyber security and infrastructure upgrade projects	\$62,500
Transportation	Eliminate funds for school start times consulting work	\$20,000
Transportation	Eliminate late bus service	\$131,364
Transportation	Virtual ESY for 2020	\$200,000
Transportation	Enforcement of walk zone policies, routing efficiencies	\$1,203,565
	<b>TOTAL REDUCTIONS</b>	<b>\$2,622,896</b>

# Budget Questions and Analysis

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# What reductions are necessary to reach a \$0 deficit budget?

- Eliminating 7<sup>th</sup> and 9<sup>th</sup> grade athletic teams
- Changes to staffing complement that provide intervention and instructional supports
- Eliminating the proposed hire of an additional elementary counselor funded by the District
- Further reductions to funding to replace technology infrastructure and devices

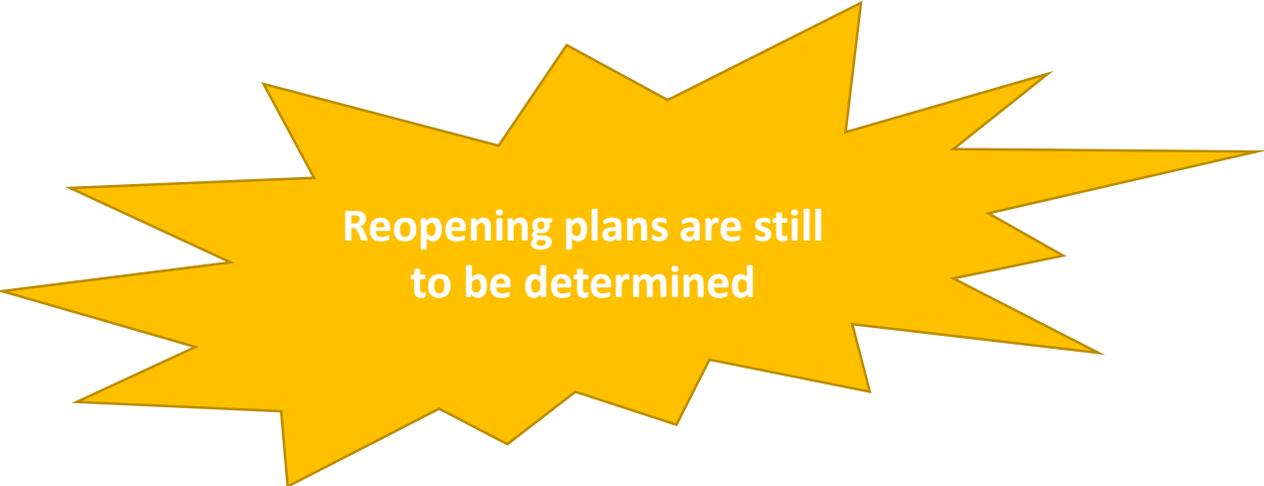
These reductions are  
NOT recommended

# COVID-19 Contingency Planning

- 2020-2021 Budget assumes “normal” operation
- Must have contingency budget plan in the event of reopening with pandemic conditions
  - Personal Protective Equipment (PPE) for students, staff?
  - Cost of social distancing – transportation, cafeteria
  - Physical barriers
  - Additional sanitization
  - Virtual learning, technology expenses

# COVID-19 Contingency Planning

- Commit fund balance for unanticipated COVID-19 expenditures
- Utilize contingency budget plan in 2020-21
  - Identify local revenue trigger points
  - Release expenditure budgets in phases
  - Earmark specific accounts to “borrow” from if needed



Reopening plans are still  
to be determined

# Distance Learning Q&A

Question	Answer
How many staff do we need to execute distance learning?	You could easily justify more staff. Distance learning is much more time consuming than regular classroom teaching. It requires more time to develop/publish lessons and provide students with feedback. Many students require more 1:1 support from a teacher or instructional assistant to engage. Younger children and many of our students with IEPs require much more adult guidance and support than older students.



# Distance Learning Q&A

Question	Answer
Can we offer some courses online, reducing enrollment and staff?	An online course does not reduce the need for a staff member to instruct that course. We are looking at options for those students who are not comfortable returning to school.
What are our obligations with respect to physical education during distance learning?	We are governed by the requirements of the state standards (Chapter 4), and physical education is a requirement. We have approximately 10-20% of students that receive outside credit for Health/PE.

# Extracurricular Activities

Level	Clubs & Activities	Student Athletics	\$ Total
Elementary	\$44,114	\$0	\$44,114
Middle	\$57,836	\$129,757	\$187,593
High	\$542,062	\$846,489	\$1,388,551
<b>TOTAL</b>	<b>\$644,012</b>	<b>\$976,246</b>	<b>\$1,620,258</b>

- Act 13 of 2020 required the continued payment of extracurricular salaries during the closure
- Legislation expires 6/30/2020



# Future Focus: Five-Year Outlook

Scenario:  Expected     
 Fund:  General Fund

## Fund Report - By Scenario & Fund

	2020 Budget	2021 Projected	2022 Projected	2023 Projected	2024 Projected	2025 Projected
<b>Total Revenues</b>						
ⓧ Total Revenues	\$239,224,419	\$242,859,660	\$246,002,058	\$248,891,878	\$252,009,583	\$254,965,751
<b>Total Expenditures</b>						
ⓧ Total Expenditures	220,218,597	227,917,587	235,132,922	241,330,239	247,104,342	253,418,029
ⓧ Debt Service	18,570,509	19,066,401	19,166,400	19,266,401	19,366,401	18,766,485
Total Expenditures	238,789,106	246,983,988	254,299,322	260,596,640	266,470,743	272,184,514
<b>Operating Results</b>						
Net Operating Result	435,313	(4,124,328)	(8,297,264)	(11,704,762)	(14,461,160)	(17,218,763)
ⓧ Capital Inflows	0	0	0	0	0	0
ⓧ Capital Outflows	0	0	0	0	0	0
<b>Fund Balance</b>						
Starting Fund Balance	21,320,576	21,755,889	17,631,560	9,334,297	(2,370,466)	(16,831,625)
Surplus/Deficit	435,313	(4,124,328)	(8,297,264)	(11,704,762)	(14,461,160)	(17,218,763)
Ending Fund Balance	21,755,889	17,631,560	9,334,297	(2,370,466)	(16,831,625)	(34,050,388)
<b>Transfers &amp; Adjustments</b>						
ⓧ Transfers In	0	0	0	0	0	0
ⓧ Transfers Out	0	0	0	0	0	0
ⓧ Beginning Balance/Adjustments	0	0	0	0	0	0



# Future Focus: Hypotheticals

- How many FTE's would have to be cut from the budget to eliminate the future years' budget deficits?

	2020-21	2021-22	2022-23	2023-24	2024-25	TOTAL
Administrative	-3	-3	-2	-2	-2	<b>-12</b>
Professional	-26	-26	-20	-15	-15	<b>-102</b>
Support	-11	-11	-8	-6	-4	<b>-40</b>
<b>TOTAL</b>	<b>-40</b>	<b>-40</b>	<b>-30</b>	<b>-23</b>	<b>-21</b>	<b>-154</b>



# Staffing Perspective

## Current State

Employee Group	Context
Administrative	Current Count = 46 Student:Admin Ratio = 237:1 Bucks Co. Average = 185:1 <b><i>Deficiency of 12 administrators</i></b>
Professional	Current Count = 840 Student:Teacher Ratio = 12.91:1 <b><i>State Rank = 397/499 (20<sup>th</sup> pctl.)</i></b>

## Hypothetical State

- -12 administrators?
- Professional Staff Changes

Year	FTE Reduction	# FTE	Statewide Rank	Statewide Pctl. Rank
2020-21	-26	814	433	13
2021-22	-26	788	465	7
2022-23	-20	768	478	4
2023-24	-15	753	486	3
2024-25	-15	738	490	2

# Future Focus: Hypotheticals

- What would be the annual tax increases required to eliminate the future years' budget deficits?

	2020-21	2021-22	2022-23	2023-24	2024-25	TOTAL
Total % Incr.	3.1%	8.2%	4.1%	3.6%	3.5%	<b>22.5%</b>



# Budget Process Questions and Options

Question	Answer
Can the District propose a referendum to exceed the Act 1 Index?	Yes. The District must: (1) Adopt a Preliminary Budget that demonstrates a need to exceed the Act 1 Index (90 days prior to primary election) (2) Apply for all available referendum exceptions (75 days prior to primary election) (3) Submit a ballot question to the County (60 days prior to primary election)
Can the budget be modified after approval in June, and before school starts in September, to adjust to any changing state or federal guidance?	State budgets typically include reopener provisions but only if the budget is approved <u>after</u> July 1. Because the state budget is already approved, this would not be possible. But, our contingency plan budget essentially accomplishes the goal of adapting to changing circumstances.

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