Big Spring School District

2013/14 Final General Fund Budget

Board Approved on June 3, 2013

Contents

A. Leaning Forward

In the Big Spring School District, preparing students for success after graduation is our greatest responsibility. Starting from the first day students enter their Kindergarten classrooms until the day they are handed their Big Spring diplomas, the District works tirelessly to make sure that all students have the tools they need to become successful and productive individuals.

With this primary objective in mind, BSSD is in the process of developing a new comprehensive strategic plan that will guide all district decisions, including district finance. At the core of the strategic planning process are the district's five focus areas: literacy, learning, student learning plans, pathways, and instructional technology.

The 2013/2014 budget is a reflection of the District's commitment to these focus areas, with an emphasis on instructional technology.

The District's long-term vision for instructional technology includes providing students with the tools and resources necessary to engage in 24-hour learning experiences that are customized to their interests, needs, and career goals. The District will take several steps to move forward with this vision in 2013/14.

Starting in the fall of 2013, the District will implement the first phase of a ubiquitous access program designed to provide all students with equal access to technology. During this initial phase, every ninth grade student will receive an electronic device to use for learning purposes.

To ensure that the District's network is capable of handling the influx of new technology, several infrastructure upgrades are also planned, including the installation of additional wireless access points, increased bandwidth, and upgrades to District servers.

Additionally, the District seeks to implement an integrated student information (SIS) and learning management system (LMS) to serve as the central point of information for students and their parents. This system will allow students to access classroom materials both within and beyond the school day in a safe and secure environment. It will also provide safe access to a virtual platform for communication and collaboration related to classroom objectives. Through the online portal, both students and parents, K-12, will have access to a student's grades as well as his or her progress within a planned course of study. Implementation planning for this system will begin during the 2013/14 school year. The District will be one of the first in the area to adopt a fully integrated SIS and LMS.

In concert with the new SIS/LMS deployment the District will upgrade its website for better compatibility and enhanced usability – especially with mobile devices.

The proposed expansions to the instructional technology program will ensure all students have the tools, resources, and skills necessary for success in a global economy.

Funding a transformation like this requires a commitment of time and resources from all involved. Despite the uncertain and erratic commitment from the Commonwealth in funding public education, the District believes this transformation is necessary and is willing to face this challenge alone. The many uncertainties confronting public education and Big Spring cannot deter us from investing where we must to ensure our students receive the best education and opportunities we can provide.

The 2013/14 Budget is $43,563,440. This is an increase of 5.6% over the 2012/13 budget. It requires a tax increase of 2.2%. Expenditures exceed available revenues by $408,716 and will require the use of general fund reserves to balance the budget.

Obviously, the increased contributions to the retirement system are a major driver of the 5.6% increase. More importantly, those steep increases in PSERS will continue through the 2015/16 school year as the Commonwealth moves quickly to restore solvency to the system; this will maintain significant upward pressure on the District's budget over the next several years. Our task is continued vigilance in controlling operational costs.

Unfortunately, PSERS isn't the only serious challenge for the District. Based on a few bad years of claims experience, medical insurance for employees is forecasted to rise by 26.2%. The District's reserve in the South Central Trust, used to pay medical claims as a self-funded entity, is dropping precipitously and is partially driving the 26.2% increase in rates.

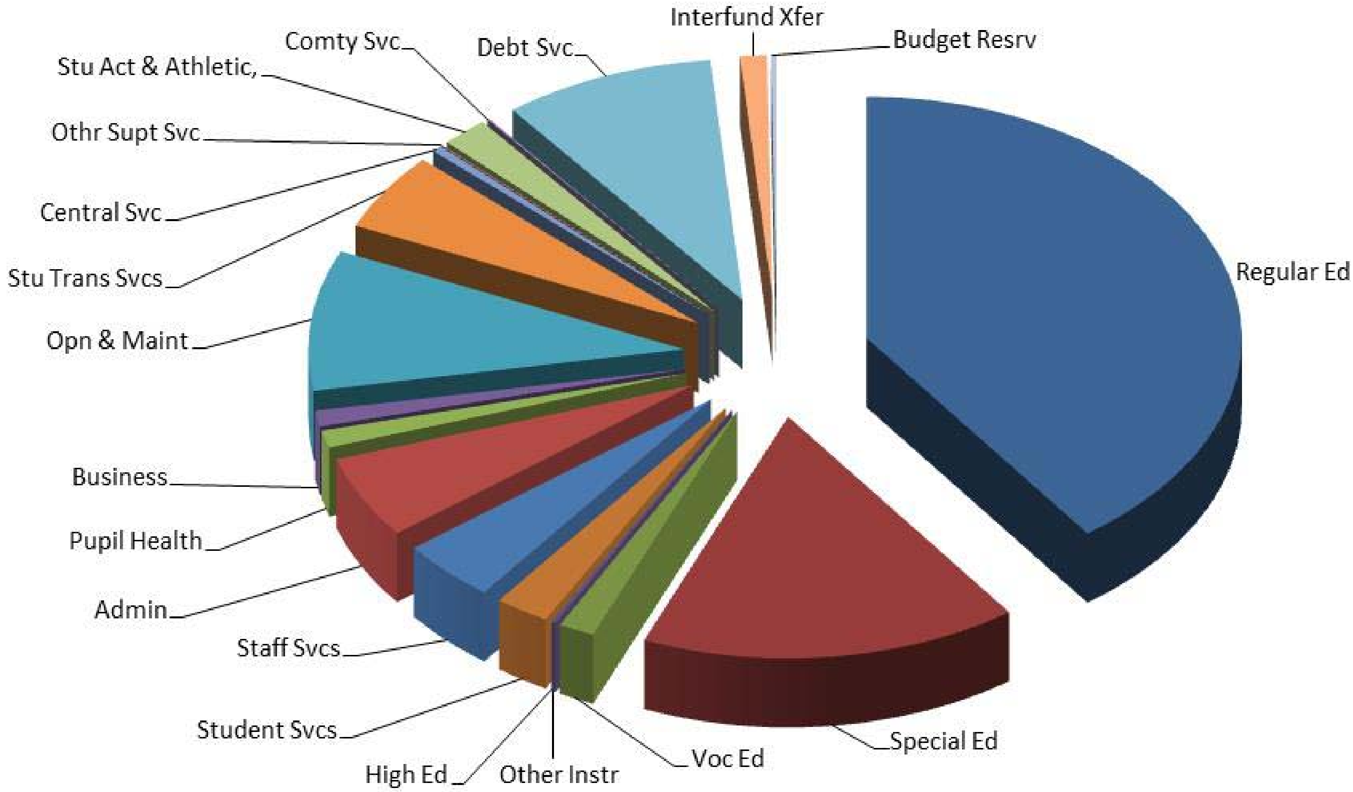
Over the past several years the Board and Administration embarked on a plan to right size the District based on a slow, but steady, loss of students. In 2009 there were 256 teachers in BSSD; as we prepare this budget there are 228 FTE - a loss of 28 or 11%. These reductions in our staff helped to mitigate the increases in both retirement contributions and healthcare.

Despite these PSERS, healthcare, Special Education, charter school, and other challenges, the District's financial situation remains stable. For the first time since Cumberland County did its reassessment, the District's tax base actually grew 1.2% this year. After a complicated two-step process in 2012/13, the Board has refinanced all of its debt at an annual reduction of about $400,000 for the life of the debt – which is paid off in 2023. The District is starting to see some additional warehouse revenue of about $125,000.

While there are certainly fiscal challenges, we cannot delay the transition to online curriculum and content using devices the students grew up with. The administration firmly believes 2013/14 is the year to invest in the transformation to a technology driven learning environment and this budget reflects that commitment. Over the past three years the Board designated $900,000 in general fund reserves to support the one-time expenses involved in this project. Those reserve funds will be used to cover most of the $408,716 shortfall in this budget and a similar shortfall the following three years.

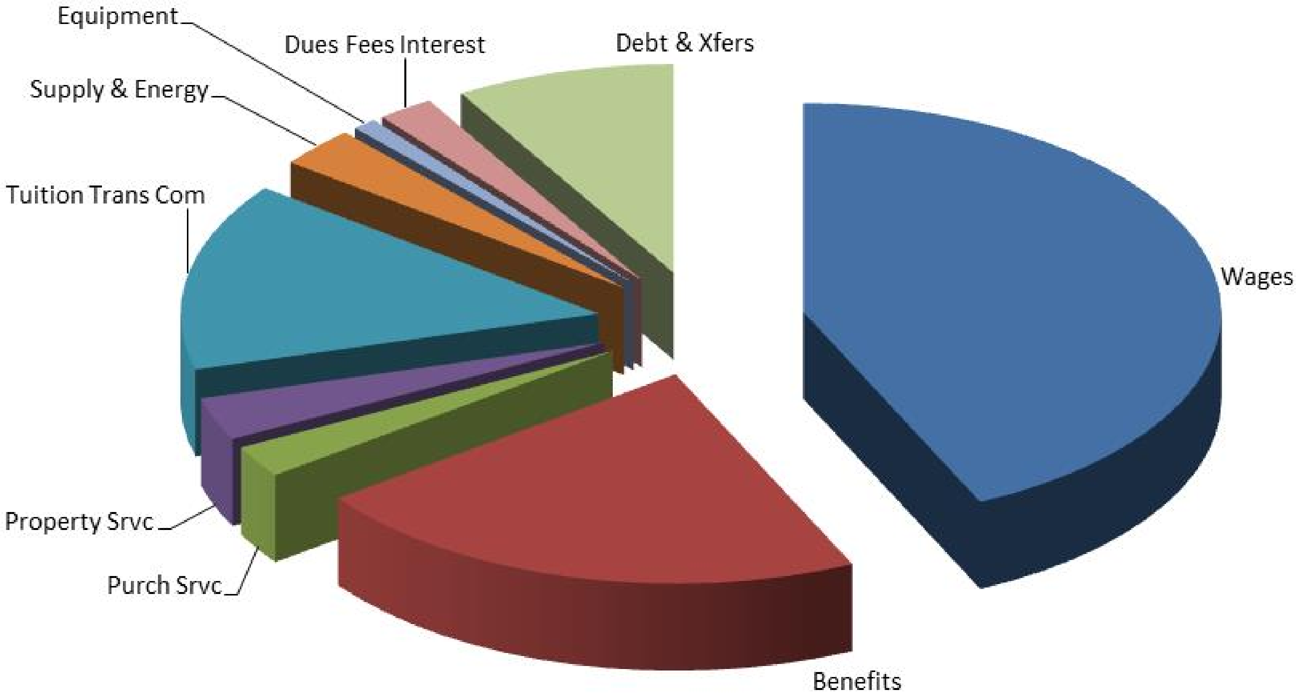
B. Expenditures Summary

1. The budget ($43,563,440) divided into Functions, or departments, of expense.



Func	Description	AFR 2011/12	Budget 2012/13	Proposed 2013/14
1100	Regular Ed	$15,914,801	$15,885,449	$17,422,936
1200	Special Ed	6,527,742	6,540,241	$7,081,622
1300	Voc Ed	626,269	699,457	$674,160
1400	Other Instr	101,402	35,195	$73,016
1700	High Ed	2,720	5,130	$3,000
2100	Student Svcs	930,098	899,066	$1,018,963
2200	Staff Svcs	1,353,914	1,376,267	$1,827,413
2300	Admin	2,176,606	2,150,459	$2,401,989
2400	Pupil Health	430,161	426,591	$504,175
2500	Business	381,867	450,593	$464,381
2600	Opn & Maint	3,471,510	4,128,783	$4,097,685
2700	Stu Trans Svcs	2,405,809	2,476,484	$2,274,441
2800	Central Svc	48,974	125,032	$189,902
2900	Othr Supt Svc	27,132	35,000	$27,000
3200	Stu Act & Athletic	778,444	868,257	$883,850
3300	Comty Svc	27,967	40,163	$37,033
5100	Debt Svc	3,899,231	4,416,727	$3,981,874
5200	Interfund Xfer	1,545,360	480,000	$500,000
5900	Budget Resrv	0	200,000	$100,000
	Total	$40,650,006	$41,238,893	$43,563,440

2. The budget ($43,563,440) divided into Objects, or categories, of expense.



		AFR	Budget	Proposed
Object	**Description**	**2011/12**	**2012/13**	**2013/14**
100	Wages	$18,116,040	$18,037,317	$18,757,630
200	Benefits	7,270,812	7,784,269	9,521,487
300	Purch Srvc	993,598	997,404	1,077,263
400	Property Srvc	1,284,090	1,443,884	1,445,213
500	Tuition Trans Com	6,168,995	6,343,964	6,345,701
600	Supply & Energy	1,111,110	1,244,700	1,344,663
700	Equipment	186,973	207,838	410,960
800	Dues Fees Interest	1,242,387	1,269,517	955,523
900	Debt & Xfers	4,276,000	3,910,000	3,705,000
	Total	$40,650,006	$41,238,893	$43,563,440

C. Budget Matrix (PDE Data)

This table combines the Function and Object accounts and summarizes the detail provided to PDE in a different format.

Budget 2014	100 Salary	200 Benefits	300 Pro Svcs	400 Prop Svcs	500 Oth Svcs	600 Supplies	700 Property	800 Fee/Int	900 Debt/Xfer	**Total**
1100 Reg Instruction	10,245,595	5,444,332	133,000	69,266	1,010,324	311,033	203,141	6,245		**17,422,936**
1200 Spec Instruction	2,920,490	1,505,210	436,938	4,500	2,085,759	96,050	32,000	675		**7,081,622**
1300 Vocational Instruction					674,160					**674,160**
1400 Alternative Instruction	20,000	4,916	7,500	0	40,600	0				**73,016**
1700 Higher Ed Instruction					3,000					**3,000**
2100 Student Supt Svcs	697,639	307,574		581	3,916	7,325		1,928		**1,018,963**
2200 Curriculum & Staff Supt	1,019,430	446,873	71,900	2,500	48,970	154,480	81,020	2,240		**1,827,413**
2300 Admin Svcs	1,407,977	677,124	187,891	800	51,400	32,256	15,300	29,241		**2,401,989**
2400 Pupil Health	329,832	156,343	8,405	145	350	7,700	1,000	400		**504,175**
2500 Business Svcs	198,846	105,589	20,000	0	21,700	103,846	12,500	1,900		**464,381**
2600 Operations & Maint	1,276,997	637,691	90,500	1,289,821	140,290	596,666	52,000	13,720		**4,097,685**
2700 Student Transport Svcs	71,143	46,366	1,000		2,151,432	4,000		500		**2,274,441**
2800 Central Supt Svcs	34,851	29,723	43,700	72,800		4,500	4,328			**189,902**
2900 Other Supt					27,000					**27,000**
3200 Athletics / Activities	513,430	153,913	76,429		86,800	26,807	4,671	21,800		**883,850**
3300 Community Svcs	21,400	5,833		4,800		0	5,000			**37,033**
4000 Facility Repair										**0**
5100 Debt Svc								876,874	3,105,000	**3,981,874**
5200 Fund Transfers									500,000	**500,000**
5900 Financing									100,000	**100,000**
Total =	**18,757,630**	**9,521,487**	**1,077,263**	**1,445,213**	**6,345,701**	**1,344,663**	**410,960**	**955,523**	**3,705,000**	**43,563,440**

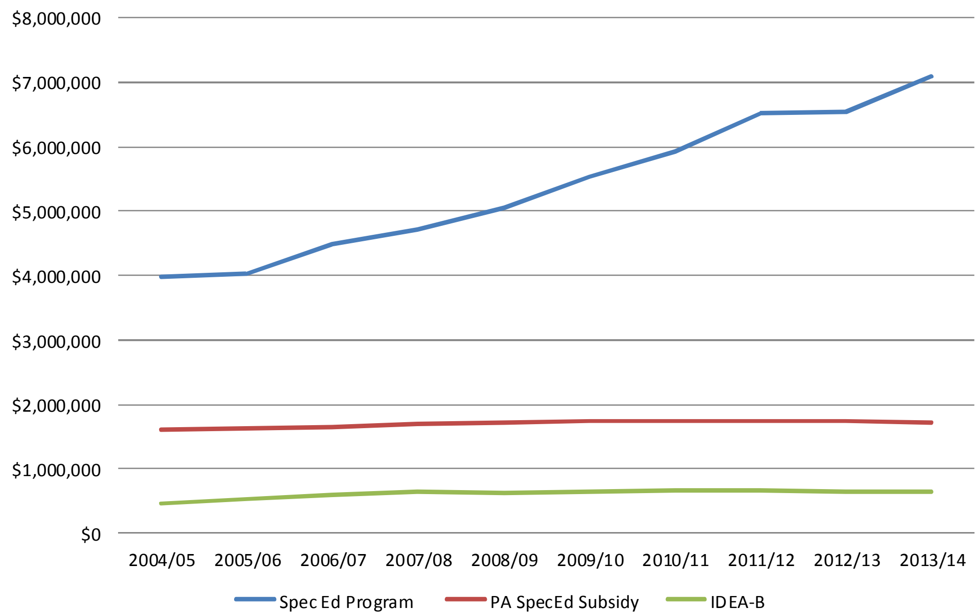
2013/14 Proposed Budget

D. Funding the Technology Transformation

	2012/13 GenFund	2012/13 CapProj	2013/14 GenFund	2013/14 CapProj	2014/15 GenFund	2014/15 CapProj	2015/16 GenFund	2015/16 CapProj	2016/17 GenFund	2016/17 CapProj	Total
Infrastructure											
Dedicated AP per room (+50) HS		26,000									
Dedicated AP per room (+50) MS						16,000					
MS Data Room on Backup Pwr				20,000							
Bandwidth Increase (40>150Mps)			10,000								
10Gb backbone to HS						45,000					
10Gb backbone to MS								35,000			
Replace HS Switchgear		35,000									
Replace MS Switchgear								20,000			
Replace ES Switchgear								35,000		35,000	
Replace/Upgrade Virtual Server Farm				35,000							
Upgrade to MS Server 2012				23,500							
Remote Access											
350 License Remote Desktops			50,000								
350 License Remtoe Desktops					106,000						
Devices											
12/13 - 9th Grade Pilot x350			140,000								
13/14 - 9th + 11th Grade x460					184,000						
15/16 - 9th Grade x230							89,200				
MS Pilot 8th grade x410							164,000				
16/17 - 9th Grade x207									85,200		
MS Expand 6&7									164,000		
Other											
Student Information System	20,000		19,020		76,080						
Financial & Employee Mgmt Sys			89,696		20,000						
Total GenFund $	**20,000**		**308,716**		**386,080**		**253,200**		**249,200**		**1,217,196**
Total Cap Proj $		61,000		78,500		61,000		90,000		35,000	**325,500**
Revenue from General Fund Balance			**208,716**		**286,080**		**150,000**		**150,000**		**794,796**

E. Selected Expenditure Items

1. Special Education. The Special Education budget growth for 2013/14 is $6,842,603; an increase of $302,362, or 4.62% -- indicative of slowing increases in the last two years.

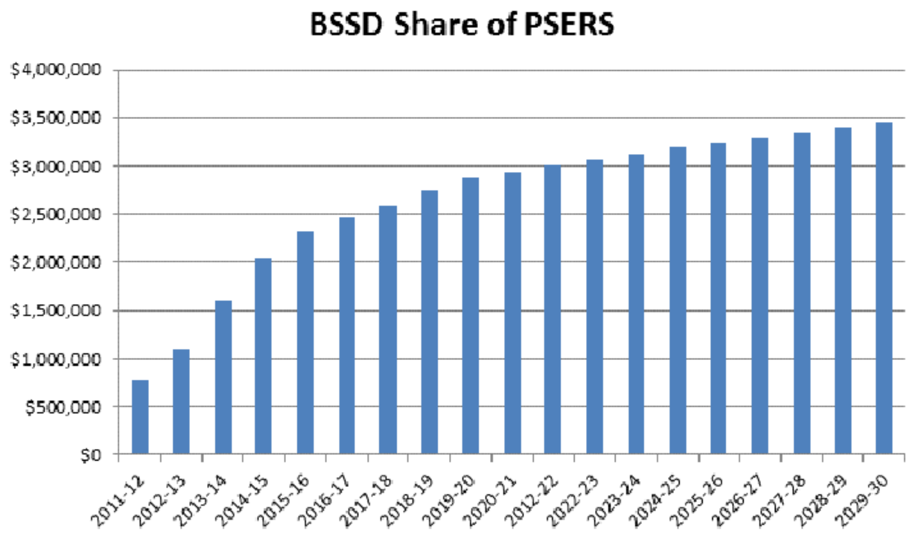


2. Tuition. One of the District's challenges is tuition paid outside the district -- $3,890,803 for 2013/14. The indications are that our cyber expense is moderating and that could be as a result of increased use of the Capital Area Online Learning Academy (CAOLO).

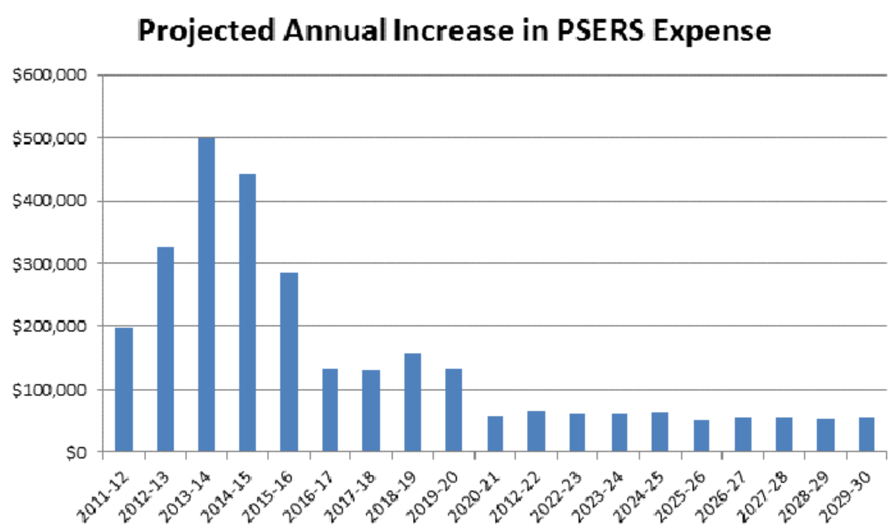
		2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
561	**Tuition Other PA LEAs**	$46,544	$163,352	$337,637	$290,563	$340,967	$446,000	$488,000
562	**PA Charter (+Cyber)**	$247,076	$740,932	$805,586	$842,531	$1,162,013	$1,180,000	$1,150,000
	CAOLA Tuition 322	$0	$0	$20,082	$104,220	$81,576	$93,812	$107,884
563	**NonPublic Schls**	$615,619	$946,653	$1,093,034	$1,409,819	$1,304,216	$1,113,793	$1,376,899
564	**Tuition to VoTech**	$513,644	$545,187	$578,023	$679,144	$626,269	$699,457	$674,160
566	**Tuition to HigherEd**	$0	$0	$0	$5,130	$2,180	$5,130	$3,000
567	**Aprv Priv Schls**	$13,873	$30,203	$65,118	$69,646	$66,256	$84,860	$90,860
568/9	**Other**	$9,273	$9,432	$3,789	$1,843	$0	$0	$0
	Total	$1,446,028	$2,435,758	$2,903,268	$3,402,896	$3,583,478	$3,623,053	$3,890,803
	Spc & Alt Ed	$662,162	$1,110,005	$1,430,671	$1,700,382	$1,645,183	$1,559,793	$1,864,899
	Charter Subsidy	78,609	153,377	76,010	181,615	$0		
563/7-9	**NonPub+Othr**	$638,765	$986,288	$1,161,940	$1,481,308	$1,370,472	$1,198,653	$1,467,759

3. Pennsylvania School Employees Retirement System.

Below are two charts that summarize the District's PSERS challenge. In 2011/12 we paid a total of $771,750 for PSERS; in this budget that increases to $1,596,681 and by 2019/20 it is estimated to be $2,876,676.



The second chart (below) shows our annual increase (over prior year) and you can see that this 2013/14 budget has the biggest year over year increase of $498,000.



4. There are several expenditure items of note in this budget:

a. Transfer to Capital Projects in the amount of $500,00.

b. Budget Reserve of $100,000; reduced from $150,000 to fund additional transfer to Cap Projects.

b. $90,000 for update to financial software (incl install, conversion & training).

c. $20,000 for update to SIS and new Learning Management System (incl install, conversion & training).

d. $200,000 for initial deployment of devices to 9th grade and teachers.

e. Debt service reduced from $4.4M prior to 2012/13 restructuring to $4.0M for 2013/14.

f. $40,000 for a replacement dump truck.

F. Personnel Changes (for 1 Jul 2013)

1. Some of the group changes in the personnel budget:

   a. 3% increase for CBA.

   b. 2% increase for 7 admins below IU average, 5 above freeze.

   c. 2% increase for classified staff.

   d. Medical insurance up 26.2%.

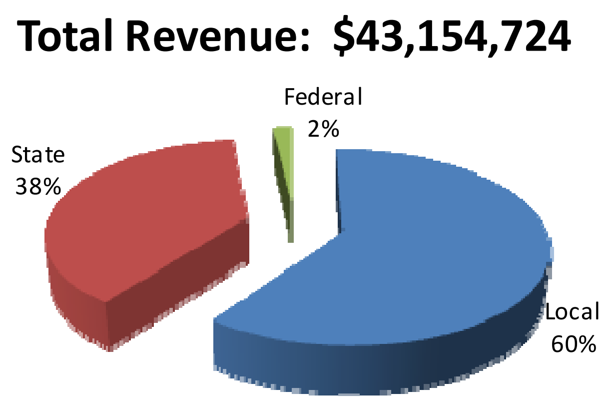
2. The administration is recommending several changes to the personnel structure to meet the changing focus of the District:

- Fill vacant Technology Director position, $118,000.
- Create Administrative Assistant for Technology with duties including district user & device administration, registrar for CAOLA and equipment issue/return, $44,000.
- Modify Elementary Technology Integrator combined with Reading Supervisor, $15,000.
- Add Benefits to one Maintenance position, $21,000.
- Trim extra days for Counselor/Librarian/Psych/HS, (-$37,000).

G. Revenue from the Commonwealth

In February the Governor released his proposed budget for 13/14. It included several proposals that could benefit schools. The first is an addition to Basic Education Funding (BEF) in a supplement known as Student Focused Supplement ($96 * ADM * AidRatio) -- $143,979 for BSSD.

	State Revenue Sources	AFR 2010-11	AFR 2011/12	Budget 2012/13	Budget 2013/14
7110	Basic Education Fund (BEF)	7,953,153	8,780,162	8,780,125	8,924,141
7271	Special Education Funding	1,732,918	1,732,918	1,732,918	1,724,253
7501	Accountability Block Grant	435,495	171,093	171,093	171,093
7310	Transportation	1,571,384	1,675,919	1,740,192	1,757,594
7320	Rental Reimburse		869,330	925,000	806,000
7810	SocSec	709,157	706,189	700,000	717,453
7820	PSERS	564,380	853,009	1,098,789	1,582,195
	PA Instruct Subsidy	**$14,939,230**	**$14,791,293**	**$15,148,117**	**$15,682,729**



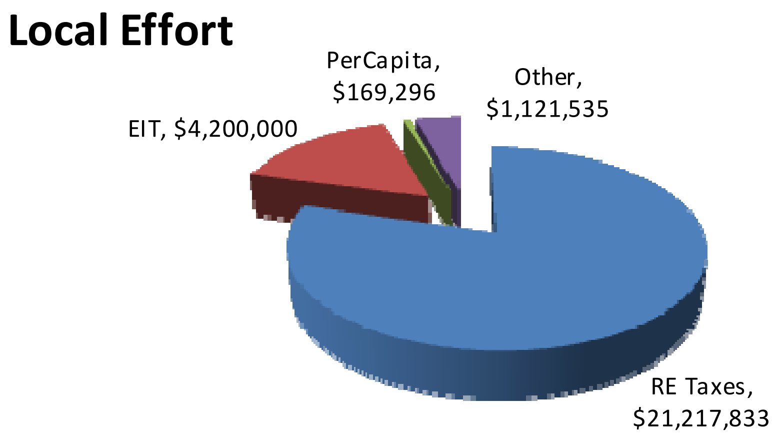
H. Revenue from Federal Sources

In recent years we've seen some relatively small losses in federal subsidies; this year the sequestration process has the potential of taking 5.3% of our federal revenue. That loss, though not certain, is reflected in this budget.

Federal Program	AFR 11-12	Estimated Cuts	Estimated Rev. 13-14
Title I	$ 423,189	$ 22,429	$ 400,760
Title II	130,297	6,906	123,391
IDEA - Section 611	664,999	35,245	629,754
Total	**$ 1,218,485**	**$ 64,580**	**$ 1,153,905**

I. Local Effort

Most of the local effort is from taxes. The chart below shows the relative share of each local tax in the 2013/14 budget.



The Real Estate Tax calculation for 2013/14 is shown below. With the 2.2% index raising .2662 mills, the proposed real estate tax rate is 12.630 mills.

2013/14 Mill Calculation

2013 Assessed Value	$ 1,644,623,600
2012/13 Mills	12.3640
Adjusted Index for 13/14	2.20%
Adjusted Index as Mills	0.2720
Proposed 2013-14 Mills	**12.6360**
Increase as %	2.20%
2014 Gross Tax Revenue	$ 20,781,477
2014 Assumed Collection rate	95.00%
2014 Collected Tax Revenue from Proposed Mills	$ 18,972,242
2014 Collected Mill Value	$ 1,501,442.72

2014 Real Estate Tax	Mills	Taxes
2012/13 Mills / Tax on $100,000	12.3640	$1,236
2013/14 Mills / Tax on $100,000	12.6360	$1,264
▲ for 2012/13 v. 2013/14 taxes		**$27**

J. Other Revenues

There are some significant changes to revenue for this budget; they are:

1. The proposed final budget increased EIT from $4.2M to $4.7M; after consulting with the Cumberland County Tax Bureau there appears to be a transition drop off in EIT that suggestes we keep the expected amount at $4.2M.

2. After two stagnant years of assessment value due to assessment appeals resulting from the County reassessment, the District had a 1.2% increase in assessed property value.

3. Real Estate tax increase is proposed at the Adjusted Act 1 Index = 2.2%.

4. The Unilever warehouse was completed in 2012 and will add $128,837 in new revenue.

5. The Governor's proposed BEF increase to the District is $144,016.

6. The loss in federal funds due to Sequestration is estimated at $64,580.

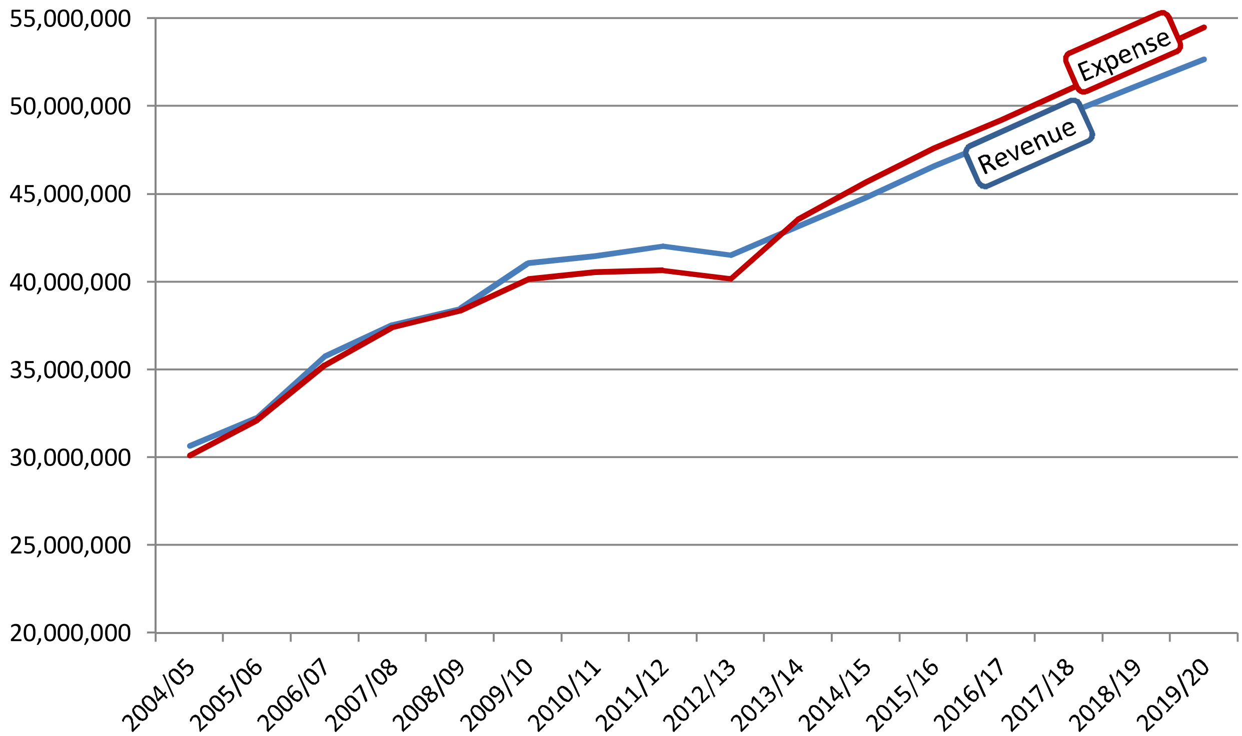
K. Current District Debt Service

Big Spring Debt Service 2014

Type	2013/14 DebtSvc	Outstanding Principal As of 6/30/14	Outstanding Interest As of 6/30/14
1996 PLGIT-v	406,755	1,455,000	159,960
2010 GO	730,544	7,395,000	1,197,549
2011 GO	1,260,923	7,815,000	1,028,520
2012 GO	193,703	9,990,000	1,441,319
2013 GO	1,389,950	3,595,000	205,400
Gross Debt =	3,981,874	30,250,000	4,032,748

L. The Future

As we look past next year, without significant tax base growth or increased government support, this District will enter an extended period of budget imbalance that will necessitate significant cuts or tax increases above the index. There are some indications that we'll see additional tax revenue from warehouse(s) construction and/or changes in state funding formulas.



Appendices

1. Capital Project List
2. Food Service Fund Budget

Appendix 1: Capital Project List

Mx Pri	Status	Bldg	Project	Cap Proj	
0	Working	HS	Repl 2 HW heaters at HS, 1 @ OF and install UV pool light	$ 150,000	
0	Working	IT	Server & Switch Replacement 2013/14	$ 62,000	
0	Working	MS	Replace Windows incl DAO	$ 680,000	
0	Working	OF	Reconfigure entrance to improve security	$ 29,000	$ 921,000
1	Design	DAO	Backup generator for network operations center	$ 150,000	
1	Design	MR	Recap original drive and parking	$ 200,000	
1	Design	MR	Replace Flooring commons & Library	$ 35,000	
1	Design	MS	1 1/2 inch blacktop cap from cooling tower around maintenance to MS	$ 85,000	
1	Design	OF	Replace HAVC System with Geothermal System $4,000,000		
1	Design	OF	Replace original fire and security systems	$ 22,000	$ 492,000
2		HS	Replace Burners on Boilers	$136,454	
2		HS	Roof over pool area repair/replace	$ 50,000	
2		HS	Hallway light control system	$ 41,200	
2		HS	Gym floor refurbishment by contractor	$ 40,000	
2		MR	Replace domestic water supply line to building	$ 50,000	
2		MR	Install Roof Top Unit for locker room (no A/C or fresh air and replace	$ 45,000	
2		MS	Install drop ceiling over exposed HVAC ducting in 37 classrooms to	$ 100,000	$462,654

Appendix 2: Food Service Fund

Big Spring School District
2013-2014
PROPOSED FOOD SERVICE BUDGET
CHARTWELLS SCHOOL DINING SERVICES

Operating Revenue:						
Cash:	49,477	Type "A" High School Paid Lunch @	$2.60	$128,640		
	37,087	Type "A" Middle School Paid Lunch @	$2.60	$96,426		
	58,385	Type "A" Elementary Paid Lunch @	$2.45	$143,043		
	21,536	Type "A" Reduced Lunch @	$0.40	$8,614		
	3,600	Breakfast Paid Secondary @	$1.50	$5,400		
	2,268	Breakfast Paid Elementary @	$1.50	$3,402		
	2,340	Breakfast Reduced @	$0.30	$702		
		Ala Carte/Other Sales		$364,867		
		Total Cash:			$	751,095
Govt. Reimb.:	144,949	Type "A" Paid Lunch @	$0.3700	$ 53,631		
	21,536	Type "A" Reduced Lunch @	$2.5600	$ 55,132		
	88,540	Type "A" Free Lunch @	$2.9600	$ 262,078		
	8,208	Paid Breakfast	$0.3700	$ 3,037		
	4,284	Reduced Breakfast	$1.3500	$ 5,783		
	25,362	Free Breakfast	$1.6500	$ 41,847		
	255,025	Bonus Breakfast @	$0.0200	$ 5,101		
	0	Bonus Breakfast @	$0.0400	$ -		
		Total Reimbursement:			$	426,610
Total Operating Revenue					**$**	**1,177,705**
Food Cost Expenses:						
		Cost of Food			$	586,021
		Commodity Value ($.2025)			$	(58,018)
		Rebate/Discount			$	(72,084)
Net Cost of Food					**$**	**455,919**
Payroll Expense:		Hourly Wages/District Assoc.		$ 325,898		
		Taxes & Benefits/District Assoc.		$ 97,731		
		Salary Wages		$ 53,560		
		Salary Taxes & Benefits		$ 13,356		
Total Payroll					**$**	**490,545**
Controlled Expenses:		Paper Supplies		$26,487		
		Cleaning Supplies		$6,112		
		Replacements		$500		
		Insurance		$22,548		
		Travel		$700		
		Communication/Postage		$675		
		Rent		$1,909		
		Office		$1,500		
		Uniforms		$5,250		
		Training		$1,000		
		Deprication		$17,001		
		Outside Services		$450		
Total Controlled Expenses					**$**	**84,132**
Fixed Costs:						
		Administrative Fee		$ 71,190		
	399,503	Management Fee	$0.0666	$ 26,607		
Total Fixed Cost					**$**	**97,797**
Total Operating Expenses						**$1,128,393**
Surplus/(Subsidy)						**$49,312**