

2013-14 Budget Workshop

April 2, 2013

7pm

Budget Challenges

- Continued decline in sustainable state funding
- Projected reduction in tax assessment
- Mandated pension and Charter School payments
- Five year budget which shows mandated rising costs
- New initiatives continue to serve students

Historical Perspective

Budget Year	Tax Increase	Expenditure Decreases
2011-12	0%	\$4 million in budget
2012-13	0%	\$1.7 million via C3 (ongoing efficiencies)
2013-14	1.7%	\$1.7 million in budget & \$2 million via C3 (ongoing efficiencies)

How we accomplished this?

- Recognition that gradual change = stability and requires long-range planning
- Committing to maintain programs, while modifying delivery
- Reviewing operational efficiencies (i.e. copiers/printers, transportation, business & technology support functions)
- Re-competing services (i.e. food service, transportation, support functions)
- Increasing cooperative services (i.e. healthcare trust, joint purchasing)
- Continuing to align to county labor and economic trends
- Advocating for state support of public education & mandate waiver
- Pursing alternative revenues via our Educational Foundation \$22,000 in 2013-14

Review 2013-14 Budget Revenues

- 1.7% property tax increase for
 - rising debt, charter school, healthcare and PSERS
- TBD – homestead/farmstead tax rebate
- No sustainable state revenues other than additional pension reimbursement
- UNCERTAIN state revenue allocation for the 2013-14 budget
- Reduced federal revenues due to sequestration and population change

SDCT's Revenue Base & Assumptions

Factors that Drive Revenues

- Local real estate and personal tax base
- State aid ratio and state funding formulas
- Federal census and poverty

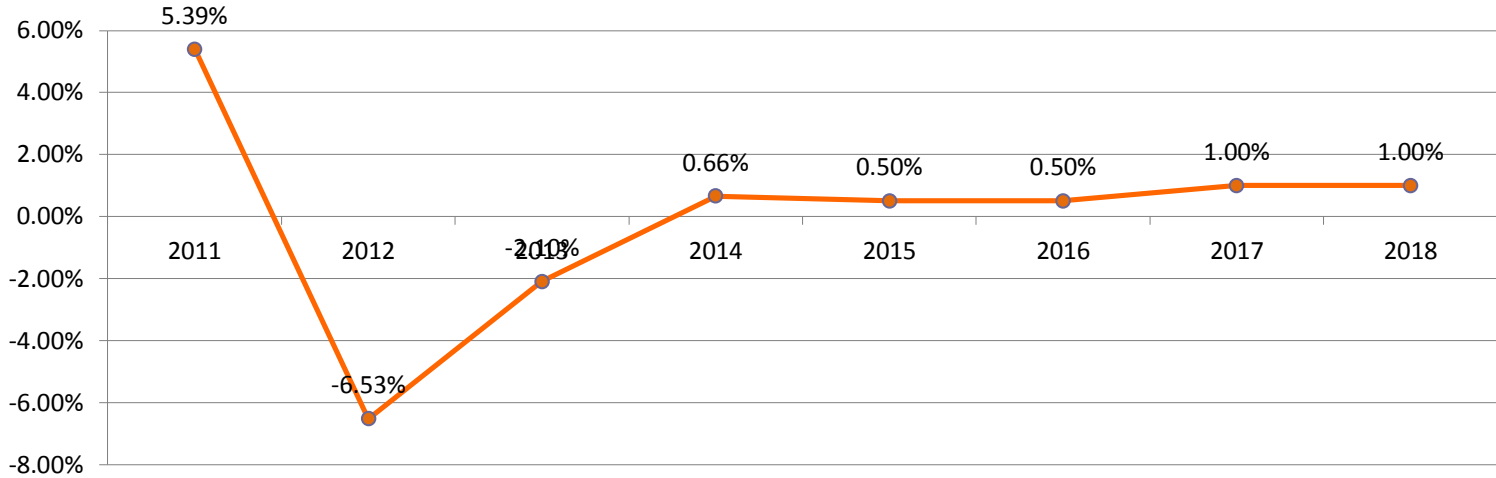
Cheltenham's Long-Term Revenue Assumptions

- Stable tax base with modest growth
 - Caution on assessed value of mall and Elkins estate
- Stable state funding
- Lower federal revenues due to national census

Assessment Base Trends and Projection

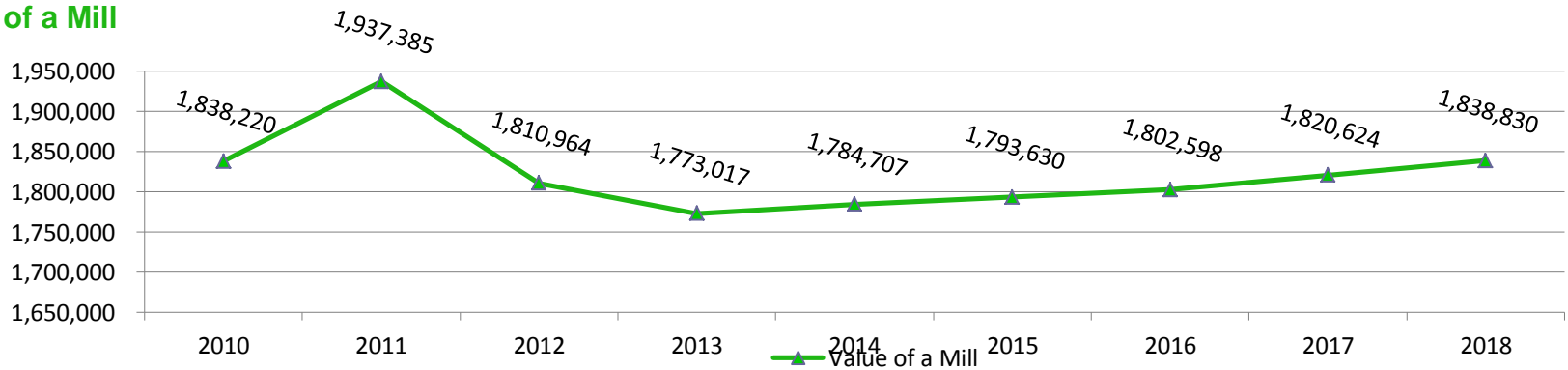
Growth Projection

Value of a Mill Growth

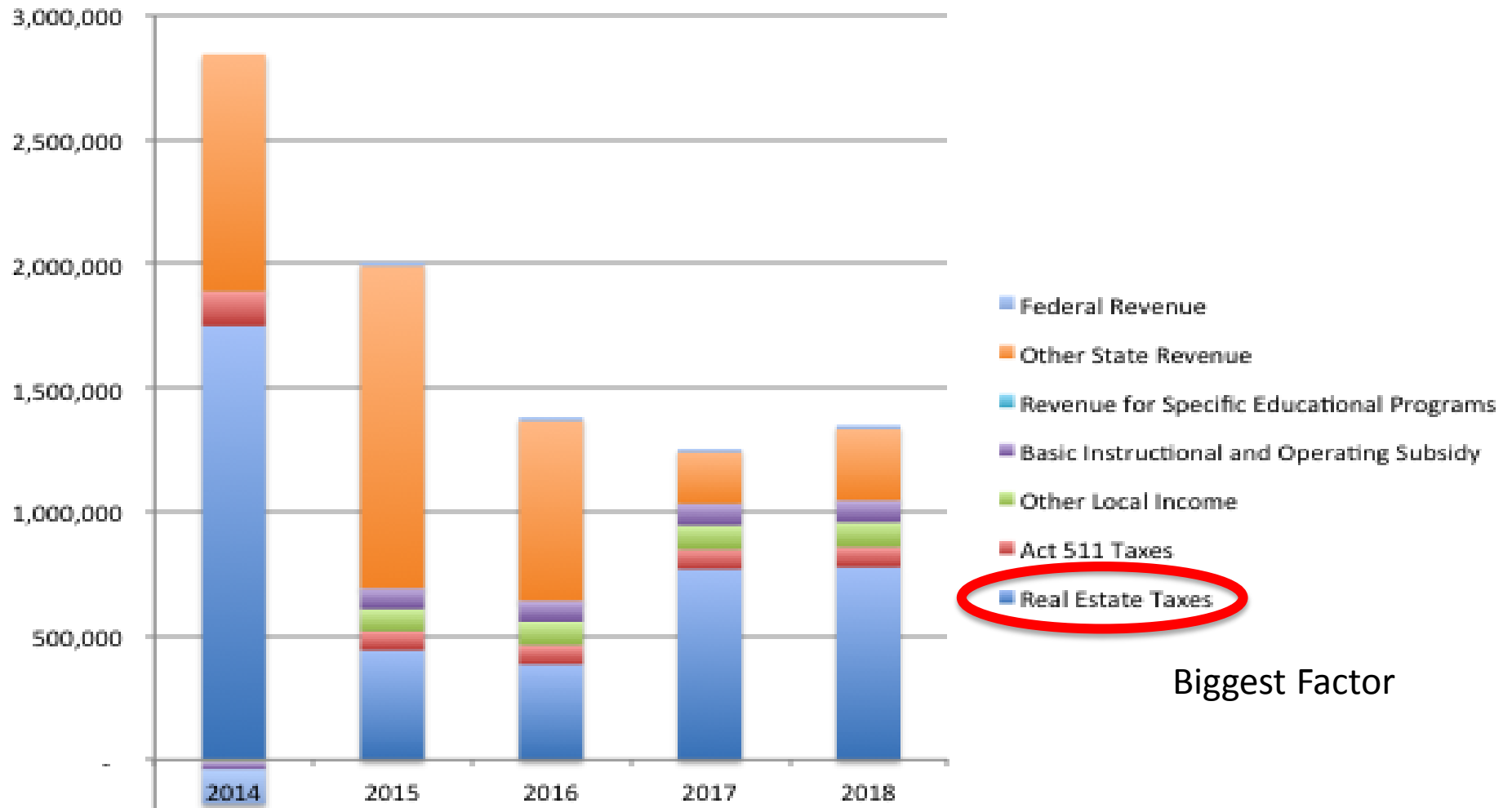


Property Values are Expected to Stabilize

Value of a Mill



Revenue Outlook/Projection



Biggest Factor

(500,000)

Factors that Drive Expenditures

1. Negotiated Contracts
(FTE, Salaries, Benefits & Language)
2. PSERS
3. Charter School Enrollment
4. Student placement/settlement costs
5. Contracted Services
 - Transportation and other operational services
6. Commodities Market (Energy & Supplies)

Review 2013-14 Budget Expenditures

- Maintains programs
- Increases debt service for Cheltenham Elementary
- Increased salaries only for professional staff
- Increased healthcare costs
- Increased pension payments
- Increased charter school expenditures
- Normal spending levels in other areas

Changes in 2013- 14 Budget from 2012-13

A reduction in spending by \$1.7 million

- Implement cyber program
- Re-compete of transportation
- Reduced maintenance costs with “old” elementary schools
 - either renovate, replaced or in modular school
- Carry over savings from 2012-13 budget

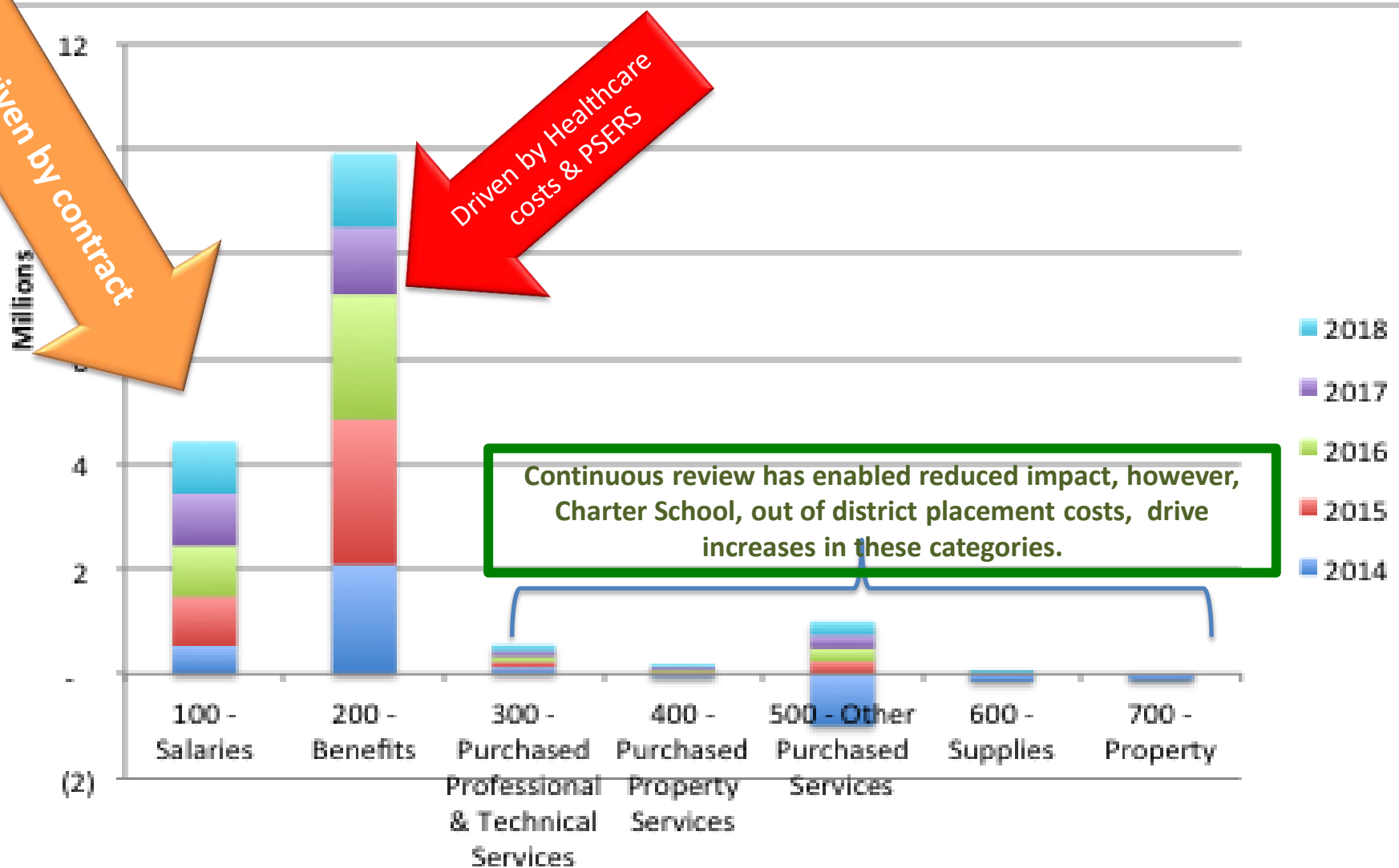
Changes in 2013- 14 Budget from 2013

A reduction in spending by \$1.7 million

- Reduction in required placement costs
- Attritional savings in personnel costs
 - All position openings evaluated to maintain programs, meet needs and review option for reduction in baseline costs. *Budget target savings of 3 FTE*
- Ongoing initiatives to reduce personnel costs within contract constraints and funding provided
 - Title I funding reduction by \$200,000. Attritional savings will address this shortfall.
- Migrate twilight program to the day

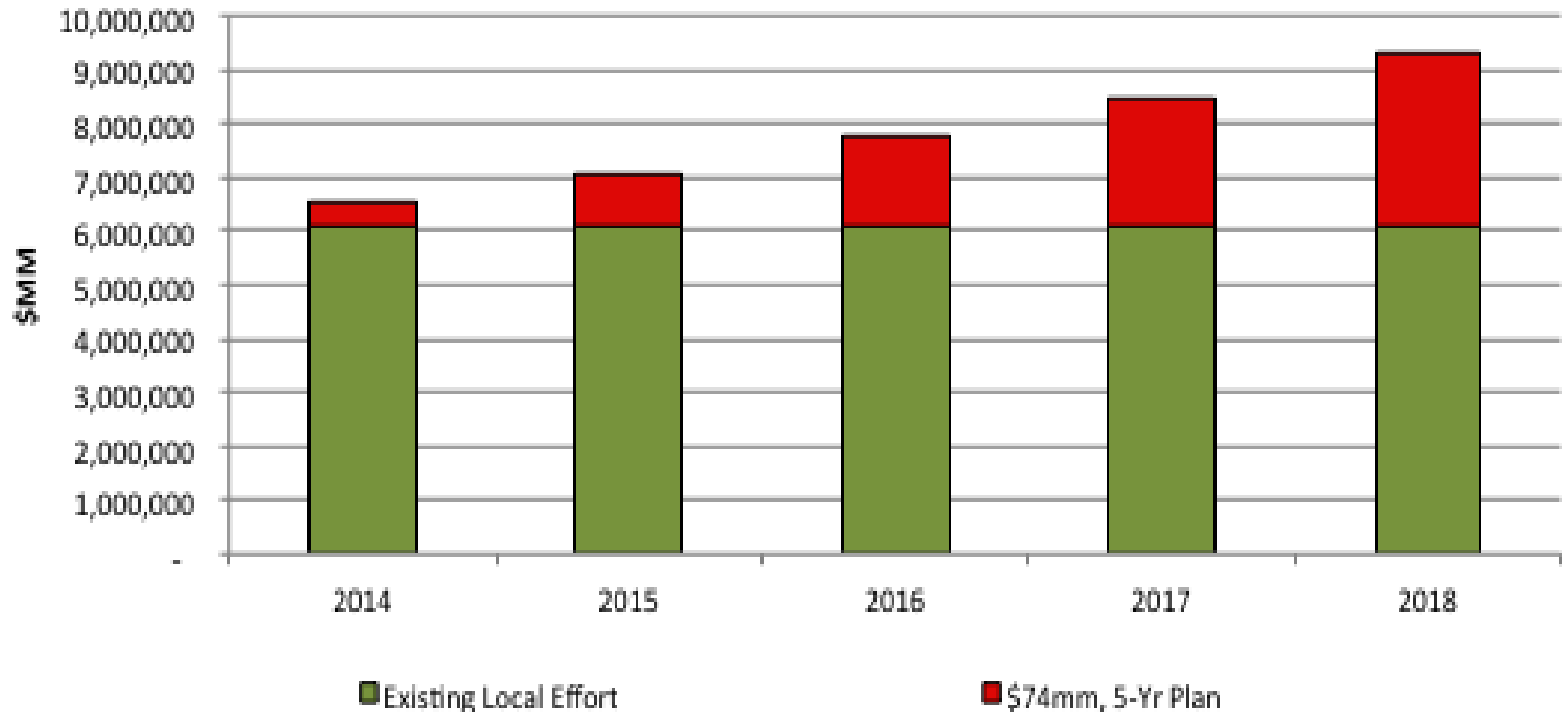
Expenditure Projection/Outlook

Annual Projected Increases



Expenditure Outlook Debt Service

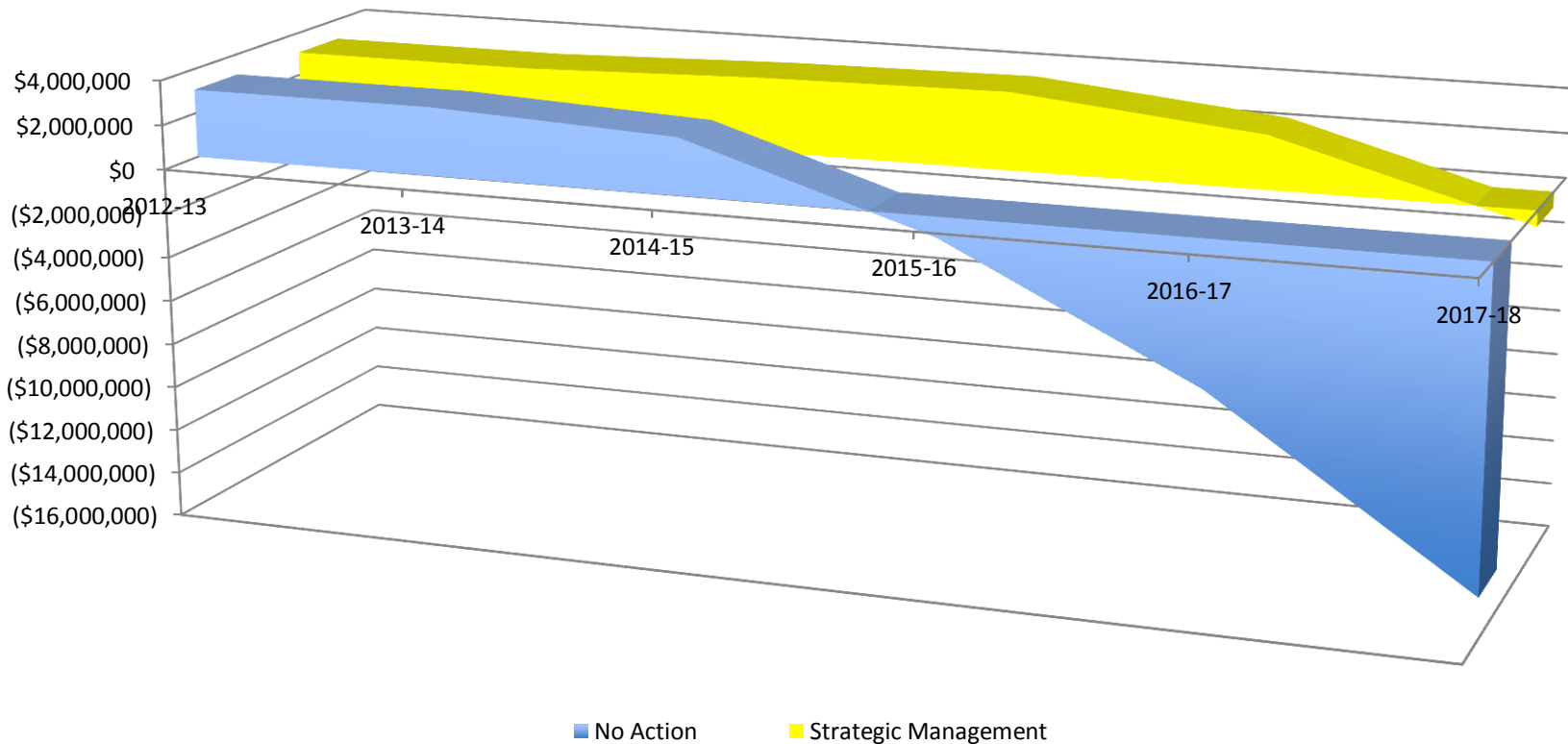
Local Effort Summary



We are investing today for long term building cost savings and improved programs

Fiscal Outlook

We are working now to avoid the downturn

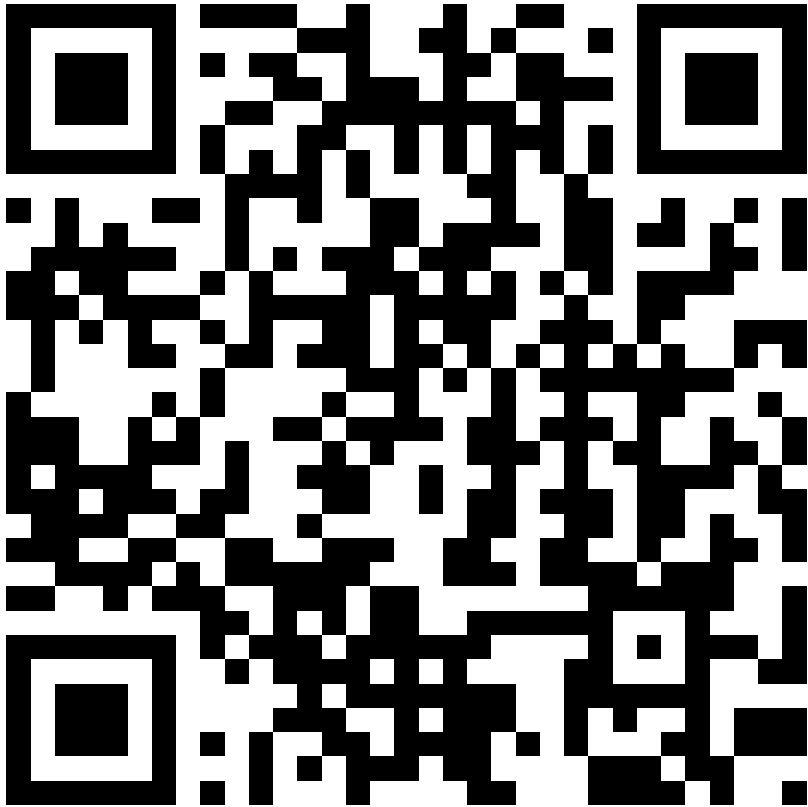


Identified Solutions

- Continue to look for alternative revenues
- Advocate for state revenue support – Everyone can help!
- Focus on comprehensive labor costs (salaries, benefits and fringes)
 - Directly tied to staffing levels
 - Evaluate the need to replace vacated positions (attrition)
- Align to benchmark data & trends in contract
- Continue competitive bids, cooperative services and reducing utility needs
- Continue aggressive debt management to include refinancing and strong bond rating

More Information

Information on Legislative Advocacy



<http://keystonestateeducationcoalition.blogspot.com/>

SDCT Finance Resources



Finance.cheltenham.org