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To: Dr. Robert O'Donnell  
From: Randy L. Brown  
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Subject: 2013-14 Budget Development

VI-C

Our 2013-14 budget development process has included a review of the financial results from 2011-12 and five year budget projections. Further refinement of these projections will continue throughout the coming weeks as estimates are confirmed.

The next step in the budget development process includes a discussion of key factors affecting the budget. These factors include:

Revenue: Act 1 Index  
Assessed Value Growth  
Charter School Reimbursement

Expenses: Capital Projects Transfer  
Capital Reserve Transfer  
Charter School Expenses  
Medical Insurance  
Salaries and Wages  
Special Education Costs  
PSERS  
Real Estate Tax Appeals  
Workers' Compensation Expense

Last year, the Board received reports analyzing various operations, functions and departments of the school district. During our budget development process for 2013-14, we expect to update the Board on these areas, and in some cases, perform an even more detailed analysis. As a reflection of the work completed last year, the areas to be included are:

- Career and Technical Center
- Community Education
- Educational Alternatives
- Extra-Curricular & Co-Curricular
- Food Service
- High School Instructional Programs
- K-8 Instructional Programs
- Physical Plant
- Printing/Copying Services
- Special Education
- Student Services
- Technology
- Transportation

The reports this year will vary in depth and complexity based upon their nature. Of course, other areas may be added to this analysis as we continue to learn more about our budget projections. In addition, as we improve and refine the instruction and operations within the district on behalf of our students and employees we will share any budgetary impacts with you.

An example of an area we will be taking a closer look at this year is Food Service. We have already talked about the impact of the economy and how new federal regulations could affect our Food Service program. Since the new regulations were implemented at the beginning of this school year, we can now look closely at their impact thus far and project that impact into the future.

We are currently mid-way through the schedule of the staff meetings regarding the budget, financial picture of the district, and upcoming facility projects. There were questions and comments from the staff regarding PSERS, student enrollment projections, SWAP court case, referendum, facilities, salary and benefits, fund balance, and capital reserve fund.

We have appreciated the opportunity to meet with the employees and listen to their comments. We look forward to the remaining meetings and will be sure to share those comments and how we can apply them to our budget development process.