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To: Dr. Robert O'Donnell

From: Randy L. Brown

Date: September 6, 2012

Subject: Fiscal Year 2013-14 Budget Development

As we begin the budget development process for fiscal year 2013-14, we begin by reflecting on the steps taken and highlights from the process used in developing the fiscal year 2012-13 budget.

During September, PDE will publish the Act 1 Index. The deadline for notifying school districts of the index for the 2013-14 fiscal year is September 30, 2012. Once the district is notified of the index, I will share this information.

A timeline detailing milestones for the 2013-14 budget process is attached. This is not an all inclusive list, however serves as a starting point for our budget preparations. We will consider other items related to the budget process as we move through our budget development.

**State College Area School District
FY 2013-2014 Budget Development**

Key Reflections on Budget Development of FY 2012-2013

- Budget Analysis Reports for operational and instructional areas
- Through comparing our district to six cohort districts, we identified that in most areas of our district we are operating in an efficient manner.
 - The one area where we are not is in our staff levels. This was evidenced in our ratio to student enrollment.
 - Therefore, we used this knowledge and a) avoided furloughing staff and b) identified areas to reduce staffing levels without impacting opportunities for students (that is, we eliminated \$600,000 in positions via not filling existing positions and restructuring several roles).
 - We actually reduced more than \$800,000 in positions but did repurpose some of those savings to several partial teaching positions that were needed due to shifting enrollments at all three levels (LES, PFMS-6, HS: 3 partial positions - 1 science, 2 CTC)
- Significant Reductions in Technology (15% of total operational budget)
- Community Engagement
 - Forums for staff, students and community in early March 2012
 - Board Meetings/Budget Hearings
 - Regular Communications to Staff
- PSERS pre-funding strategy at \$515,000; down from \$1 million in previous year while expense budgeted at an increase of \$2 million
- Capital Reserve Fund transfer increased from \$1 million to \$2.5 million
 - 700,000 square feet of instructional space for students is at least 40 years old
- One time decrease of \$600,000 in budget for Health Insurance. Rates are expected to increase by 11.5% (rate cap) for 2013-2014. The increase will equal \$1.4 million.

Act 1 Index for 2013-2014

- September is deadline by which PDE is required to publish the Act 1 Index. School districts are to be notified by September 30.

**State College Area School District
Budget Development Timeline
FY 2013-2014**

September 2012

- Overview of Budget Development Process for 2013-2014
- Budget Communication Updates on www.scasd.org
- Act 1 Index announced

October 2012

- Preliminary Budget discussion with Board and presentation of financial results for 2011-12 and Five-Year Budget Projections
- Budget Update Sessions for district employees
- Updates of Budget Analysis reports and focus for 2013-14 and beyond

November 2012

- Updates of Budget Analysis reports and focus for 2013-14 and beyond
- Cohort District analysis

December 2012

- Updates of Budget Analysis reports and focus for 2013-14 and beyond
- Act 1 Exception calculation information available

January 2013

- Introduce Preliminary Budget or adopt resolution to stay within the Act 1 Index during January 14, 2013 meeting
 - Deadline to make available for public inspection Preliminary Budget is 20 days prior to adopting preliminary budget - January 20, 2013
 - Resolution due by January 31, 2013
- Review and discuss proposed Preliminary budget - January 28, 2013

February 2013

- Approve Preliminary Budget at February 11, 2013 Board Meeting
 - Public notice of intent to adopt (10 days prior to meeting) - February 1, 2013
 - Deadline to adopt preliminary budget proposal - February 20, 2013
- Governor's Budget released

March/April 2013

- Submit exceptions to PDE for approval if necessary
- Submit referendum question if necessary
- Incorporate Governor's Budget assumptions into District Budget process

Budget Development Timeline
FY 2013-2014
(continued)

May 2013

- Primary Election - May 21, 2013
- Approve Proposed Final Budget - May 6, 2013
- Public notice for inspection of Final Budget - May 19, 2013
- Public notice of intent to adopt (10 days prior to approval of Final Budget) - May 31, 2013

June 2013

- Budget Hearing - June 3, 2013
- Approve Final Budget - June 10, 2013

**State College Area School District
2012-13 State Budget and School Code Updates**

- Bid Limit Increases
 - Bids: \$18,500
 - Quotes: \$10,000
 - Limits annually indexed to CPI-U (U.S. City Average, 3% cap)
- School Safety and Security
 - Model Memorandum of Understanding may be revised by State Board of Education
 - Schools may share costs with municipalities and counties for resource officers
- PlanCon Moratorium
 - Part A Application deadline - October 1, 2012
 - Between October 1, 2012 and June 30, 2013 moratorium on new Part A applications
 - PDE to review PlanCon process
- Interscholastic Athletics Disclosure
 - New reporting mandates - effective October 15, 2013
 - include number of students, by race and gender
 - affects varsity, JV and freshman team by gender
 - Total contributions and purchases per team, including booster clubs, alumni and other
- Keystone Exams
 - PDE required by Act 83, subject to annual appropriation
 - develop and implement 10 Keystone Exams by 2020-21
- Superintendent Eligibility
 - Requirements changed
- Superintendent Contracts
 - New provisions related to compensation and benefits as well as termination, post-employment compensation, and performance assessments
 - Effective with new contracts only
- Alteration/Curtailment of Programs
 - Local boards approve changes
 - PDE no longer approves; only post notifications from local boards
- Strategic Planning
 - Removed from School Code
 - Mandated by State Board of Education, submitted to PDE
- Teacher/Principal Evaluation
 - Teacher - 2013-13
 - 50% Preparation, practice, instructions, classroom responsibilities
 - 50% Student Performance
 - Principals - 2014-15
 - Similar criteria to classroom teacher

**2012-13 State Budget and School Code Updates
(continued)**

- Criminal Background Checks
 - Defines self disclosure form completion requirements
- Cardio Pulmonary Resuscitation
 - Requires minimum of one staff member certified in CPR in each school
- Budget Reopener - 2012-13
 - Allows school districts to reopen budgets to reflect appropriations
- Basic Education Funding - \$5.4 billion distribution
 - Hold harmless (\$5.3 billion)
 - English Language Learner High Incidence Supplement
 - Charter and Cyber school High Incidence Supplement
 - Second Class County School District Supplement
 - Second Class School District Supplement
 - Increasing Aid Ratio Supplement
 - Personal Income Supplement
 - Small District Increasing Aid Ratio Supplement
 - Small District Supplement
- Intermediate Unit & Special Education Funding
 - Funding similar to 2011-12 levels
- Accountability Block Grant Funding
 - Funding similar to 2011-12 levels
- Financially Distressed Schools
 - Allows school district to contract for services or pay student tuition
- Awaiting Adoption
 - Special Education and Charter School funding reform