

2013-14 Budget Process Frequently Asked Questions

Q. In the pie chart, what is the portion of the 72% for salaries and benefits for teachers?

A. The employee groups of the district represent the following portions of the salary and benefit expenses for the district:

SCAEA/Teachers	75%
Administrators	7%
SCESPA	10%
AFSCME and all others	8%

All others represent non-bargaining unit employees including computer service technicians, public information/communications, and executive secretarial staff.

Q. If we're at 72% for salaries and benefits, how does that compare to other districts?

A. In our previous evaluation, we are very comparable to our cohort districts. It's expected that a people-oriented organization will have a greater percentage in salaries and benefits. Also, because we have not undertaken a high school project recently, our debt service is not at the level of some other districts our size.

Q. What is happening with the SWAP with the Royal Bank of Canada?

A. We hope the SWAP will have a resolution fairly soon. It's in the judge's hands now, we will learn soon what, if anything, we have to pay to settle that transaction. As soon as we hear from the courts, we will let everyone know the outcome.

Q. What will we use to cover anything owed on the SWAP?

A. We continue to look into all options.

Q. Why would we need a referendum for the high school project and not for an elementary project?

A. It all depends on the amount of funding needed for a building project. We have been able to fund our elementary projects through the borrowing which the budget could support repaying. A high school project will cost significantly more that won't be able to be funded through the capital reserve fund, or through the normal amount of revenue raised through a "standard" tax increase. Therefore, the district would need to obtain the community's permission through a successful referendum in order to raise the taxes higher, generating enough revenue to support the project.

Q. What exactly is capital reserve fund?

A. It's like a savings account where we can accumulate money to pay for building projects, including new or renovation projects, in the future. By setting funds aside, we avoid borrowing and thus saving paying interest expense.

Q. Why can't the money in the Capital Reserve fund be used elsewhere?

A. That is a state limitation, not our decision. We can choose to allocate money to that fund, or not- which we've done occasionally if that funding is needed elsewhere. PSERS funding can be

redesignated, unlike the Capital Reserve fund. Once transferred to the capital reserve fund, funds can be spent only expenses for buildings/facilities or repayment of principal on debt.

Q. What is the history of a referendum in this town?

A. The district has never placed a referendum on the ballot. There have been very few referendum attempts across the state as related to building projects.

Q. Given the developments with Memorial Field, will that change how we are looking at our facilities projects?

A. The Board has approved an update to our facility master plan as related to the high school project, which also includes an update of options. In this case, options include possible site locations for a new building on a new site, this option could include space for athletic facilities.

Q. Is Memorial Field at the top priority? And where does the high school fall in the priority?

A. We made the recommendation to the board to only fix the visiting bleachers and replace the turf. The borough will be fixing the sinkhole. We need to cost things out and explore all options and we need to let the architects develop the budgets for each option. Then we need to poll the community to get an accurate picture of the wants of the community. The high school will be done and possibly an elementary school done at the same time, once we get started.

Q. What is the timeline for the high school?

A. We are in process and taking steps forward. We have hired the architect and also the educational planner, so the timeline for the referendum is the 2013-14 year.

Q. What happens if the high school project gets voted no?

A. If so, we'll have to look at how to patch the aging facility. The facility already eats up the majority of capital projects budget. We will need to see where we stand- if it fails- how close are we and how can we adjust it?

Q. How did you achieve the 2% increase in your projections?

A. We used as many known numbers as we had, in this case using the increase from the contracts that have been settled.

Q. What percentage of our funding comes from the state?

A. Approximately 15%.

Q. Does the predicted budget shortfall include the PSERS pre-funding to help cover the shortfall?

A. Yes, the shortfall does include using some money the district set aside for pre-funding PSERS.

Q. Why the big difference in the PSERS rates we owe?

A. Tied to state's decisions earlier to not pay during the "economic high times," and we're now

paying for those earlier decisions. Legislation and the PSERS Board drives the rates, so when that didn't provide for the best forward thinking, it caused issues later.

Q. We're at a \$2 million surplus from last year. Original numbers were at \$2.9 million, now its' down to \$2 million. Where is the \$900,000 difference?

A. The \$2.9 million was a preliminary estimate. Since then, more checks and balances in the system have allocated a bit more of that funding, so the \$2 million is a more accurate number.

Q. What happens to the \$2 million surplus?

A. That money is rolled into the fund balance to use for the future and we are earning interest on that money.

Q. In terms of the savings (\$2 million surplus), how much of that is a result of the salary freeze for teachers?

A. Approximately \$500,000. At this point, the recommendation to the Board is to allocate a portion of the surplus from last year to PSERS pre-funding.

Q. Are we looking to furlough any staff?

A. No, no plans for furloughs. We need to evaluate what the state is doing with funding and continue to be as efficient as possible with our program offerings.

Q. Will teachers get raises in the projected budget?

A. All results will stem from the negotiations process. Current assumption is 2%, due to ratified contracts already in existence. If that changes, we will update our projections and make adjustments elsewhere in the budget.

Q. What is the sense of district enrollment?

A. We're at about 6,700 now, and our enrollment has been dropping slightly, but the most recent enrollment projections have indicated a slight decline in enrollment, which we have seen over the past few years.

Q. What is the sum of the general fund and the capital reserve fund balance together?

A. \$19 million in general fund and \$8.8 in capital reserve

Q. Will the \$2.5 million transfer to Capital Reserve be ongoing or is this a one-time transfer?

A. We hope to include this as an ongoing to help fund the plan for elementary and middle school building projects.

Q. How do you plan to preserve our high quality teachers if we're focusing on buildings?

A. We will not/have not decreased funding of staff. In fact, since 2004-05 74-75% of the district's budget has been used to fund salaries and expenses, while projections through 2016-17 show

the share going to as high as 78%. This is money channeled to the buildings that have been neglected for so long. Our enrollment has decreased over time- from 7500 to 6700, so with less students, we need less staff, although we have not significantly decreased staffing. We continue to staff the district to implement our high quality programs. We value staff and prioritize what happens in classrooms.

Q. The success of students is based primarily on teacher quality, are we trying to fund the fanciest buildings or looking at more utilitarian structures?

A. We have changed architects and are looking at more cost efficient structures. The architect we chose is known for building quality facilities at some of the lowest costs per square foot.

Q. Is the \$285/square foot a number from new construction?

A. Yes, that's the average from MNES and FTES. Not renovated square foot.

Q. Health care costs are increasing, but you saved \$100,000+ by switching to Health America. Can't those funds be used for teachers?

A. That was a one-time savings. The health insurance cost increases each year, and are expected to be at the rate caps in each of the next two years.

Q. Where did the 8% gain from the re-negotiated health care costs go?

A. That money stayed in the general fund to help the balance budget. The first year in a new contract is typically where we see the savings.

Q. Are we putting our money in buildings instead of the people work in them?

A. Capital reserve is a drop in the bucket as far as our building needs are concerned.

Q. PSERS- is there an estimate of what our balance is for the district?

A. We are current with our payments with PSERS. PSERS is making up for losses they're incurring and that's why the payments are increasing.

Q. Did the district continue to pay into the PSERS fund while the state underfunded?

A. We are provided a bill to pay to PSERS, and we have continued to pay that bill and we've also pre-funded when possible. We have always been on track with our payments to PSERS.

Q. Does the PSERS contribution come into play for all employees?

A. Yes, for everyone who is eligible, the PSERS contribution is made up-to-date.

Q. Is there a way to increase the undesignated fund balance?

A. There are other ways to add to it, and separate funds, but each of those funds have ramifications and stipulations. The state allows a maximum of 8% of our budget to be placed in undesignated fund balance.

Q. What about attrition rates and is that money considered when we're projecting our budget?

A. Yes, we do incorporate attrition into our projections based on a historical average % of retirees.

Q. Where do we see the attritional savings in the projections?

A. That percentage lowers the overall budgeted salaries for the next year.

Q. What impact would an incentive on early retirement have on our overall budget?

A. It would depend on what the percentage would be and will have a wide range of results- depending on how many choose to participate.

Q. What is the rationale behind the decision by the board to not take as much as they could've with exceptions?

A. The board has used the exceptions to the extent needed to provide appropriate funding for a budget to operate the district within the ability of the taxpayers to support.

Q. Where does the sale of College Heights stand? How else can we raise money?

A. The College Heights property will be evaluated in the near future as part of our facility planning process. The district is limited to the manners in which it can raise money through taxes and other sources of revenues, but administration will continue to evaluate available options thoroughly.

Q. What about Corl Street? Not staff, but the facility is wasting money.

A. We have empty classrooms in certain buildings, and decreased enrollment is real. We will continue to explore all options and take a hard look at our elementary buildings. It's a bad decision to put more money into an elementary school with those limitations. Once an update to our district-wide facility master plan is completed, a recommendation regarding facilities will be evaluated.

Q. How much does the district spend on Special Education for students?

A. In 2011-12, the district had \$12.5 million in special education expenses with only \$3.2 million in reimbursement from the state. The reimbursement from the state has been at the \$3.2 million level for five years, however during that same time period the expenses have increased more than \$1.1 million.