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MEMO

VI-D

To: Mike Hardy

From: Jeffrey Ammerman

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Subject: 2012-13 Budget Timeline

As we are about to bring the 2011-12 Budget to a close, we need to begin to focus on 2012-13. The Act 1 Index for 2012-13 will likely be in the neighborhood of 1.1% and there is a possibility that most or all Act 1 Exceptions will be eliminated by the Legislature later this month. With 2012 being a Presidential election year, the primary will occur in late April. That means that the preliminary budget will need to be ready very early in January at the latest.

The Board discussed some key topics for study at its last meeting. Those items are summarized below:

1. Use of paraprofessionals
2. Library staffing for the 21st century
3. Closing an elementary school
4. Evaluate class size guidelines for impact on the educational environment
5. Future plans for the world language program
6. BYO technology and the "future of technology" plan
7. Evolution of the technology education, FCS, CTC and STEM programs
8. Cost and enrollment structure for virtual education

9. Developing a fee structure for student activities
10. Study of health care plan options
11. Student transportation
12. Print services
13. Custodial and maintenance services
14. Hiring practices and the human resources budget
15. Planning and necessary steps for a budget referendum

The study of those items will need to begin immediately and need to be completed no later than early December. A very simple snapshot of the 2012-13 is presented below, assuming that the Proposed Final 2011-12 Budget passes as is with a 2.65% tax increase and the Governor's Budget level for State Funding.

Ongoing Operational Expenses 2011-12:	110,568,419
Increase in Health Care if no change:	1,725,000
Increase in PSERS:	<u>1,060,000</u>
2012-13 Expenses with only benefit cost increases	113,353,419
 Ongoing Operational Revenue:	 110,568,419
1.1% Tax Increase	800,000
1.0% Assessed Value Growth	<u>720,000</u>
2012-13 Operational Revenue	112,088,419
 Expenses greater than Revenue	 1,265,000

There is an additional \$1 million of revenue that will carry forward due to PSERS pre-funding. The good news is that we will not be facing a \$6 million or more budgetary gap with these assumptions as we were facing this year. We still need to come up with more funds for our facilities upgrades and increases in other costs. As we consider the final 2011-12 Budget, it is worth noting the impact on funding by varying the tax level from the 2.65% amount contained in the Proposed Final Budget.

0% tax increase	-\$1,900,000
1.4% tax increase	-\$900,000
4.0% tax increase	+\$975,000