



Jeffrey S. Ammerman, Business Administrator
131 W Nittany Avenue
State College PA 16801
814-231-1021
jsa13@scasd.org

MEMO

VI-C

To: Mike Hardy

From: Jeffrey Ammerman

Date: June 9, 2011

Subject: 2011-12 Budget Update

Attached to this document is a per student cost analysis for Driver Education in-car training in a revised form. A list of possible reductions to the athletic program is also attached. We will also be refunding the 2006 Bonds in the next week. This should produce about \$100,000 of additional debt service savings in 2011-12.

The timing of the Boalsburg sale will allow for closing before the end of June. As such, that one-time revenue will occur in the 2010-11 Fiscal Year. The other item that will affect the 2010-11 Fiscal Year was the change in the PSERS rate that the State approved after we adopted our budget last year. The rate was decreased from 8.22% to 5.64%. Both of these items will cause the Fund Balance to grow more at the end of 2010-11 than the planned for \$2 million growth to pre-fund PSERS. To address these two one-time changes and couple them with our ongoing needs to improve our facilities, it is worth discussing making a transfer from the General Fund to the Capital Reserve Fund in the 2010-11 Fiscal Year.

Phase II of the Master Plan addresses the High School, additional elementary buildings, and other auxiliary District facilities. To do any or all of them, additional funding will be required. Setting aside money into the Capital Reserve Fund will allow for the tax impact of that funding being smaller than it would otherwise be. The Boalsburg Sale coupled with the PSERS change should allow for a \$1.5 million transfer into the Capital Reserve

Fund before the end of the 2010-11 Fiscal Year. If the Board is in agreement, that will be brought forward as an action item on June 27.

Below is a revised simplified 2011-12 Budget reflecting the timing changes of the Boalsburg Sale and the Debt Service savings, using the Governor's Budget revenue numbers for an estimate of State Funding and containing a 2.65% real estate tax increase.

Ongoing Operational Revenue:	110,568,419
Revenue for PSERS pre-funding:	<u>1,000,000</u>
Revised Revenue	111,568,419
Ongoing Operational Expenses:	110,568,419
One year potential increase in Unemployment Compensation:	450,000
One year decrease in Debt Service:	<u>(200,000)</u>
Revised Expenses:	110,818,419

On June 27, we will be bringing forward the Proposed Final Budget with the above referenced changes for final approval. If there are final changes at the State level between now and then, we will likely hold a Special Meeting to discuss the impact of those changes. If those changes occur after the budget adoption, we have the option to reopen the budget in July.

Driver Education Per Student Analysis

Estimated Total Costs with 1.5 In-Car Teachers \$185,000

# of students taking course	Cost/Student
100	\$1,850
200	\$925
300	\$617
350	\$529
400	\$463
450	\$411
500	\$370

The \$312 per student number shown in an early version of this analysis only counted the cost of one teacher providing in-car training for 500 students. That appears unrealistic. More realistically, 1.5 teachers could provide service to approximately 450 students, if training was offered both during the school year and in the summer. The per student cost at various enrollment levels is shown about with the revised cost figures.

With less costly alternatives available in the private sector, some students may no longer pursue in-car training with the District. It is difficult to estimate with any accuracy how many people would continue taking training with the District, but if the program was kept and significantly fewer students took in-car training, the price would not be able to be varied after-the-fact to cover this shortfall.

The revised plan assumed larger section sizes to free up the time for a teacher to provide both in-class and in-car training. The average section size in 10-11 was approximately 24 students for in-class training. To achieve the necessary reduction, the average section size for 11-12 would be 39, with some classes potentially having as many as 50 students in attendance. This level of class size is not acceptable in other courses throughout the District.

Going forward, salary increases, health insurance increases, and PSERS increases will drive the total costs higher each year so that even if 450 students were to take the course each year, the per student cost would grow steadily.

**STATE COLLEGE AREA SCHOOL DISTRICT
ATHLETICS DEPARTMENT
June Proposal for Athletics Fund Reductions for FY12**

BACKGROUND: This budget reduction proposal decreases the upcoming fiscal year's Athletics Fund by \$100,000. The total money saved is generated by the following actions:

1. Reducing the number of regular season contests to be scheduled for interscholastic athletics teams.
2. Reducing either the number of intramural programs offered or the length of activity for certain programs.

**BREAKDOWN of
REDUCTIONS:**

Interscholastic Athletics		
Account	Reduction	
Proposed FY 2012 Funding Amount		
131 (Event Staffing)	\$5,000	\$29,000
330 (Officials)	\$1,000	\$192,400
340 (Security)	\$11,200	\$23,300
391 (Transportation)	\$30,000	\$312,750
441 (Rental of Facilities)	\$1,500	\$1,200
582 (Meals & Lodging)	\$25,000	\$31,232
810 (Dues & Fees)	\$1,000	\$20,183
SUB TOTAL	\$74,700	\$610,065

Intramural Activities		
Account	Reduction	
Proposed FY 2012 Funding Amount		
131 (Professional Salaries)	\$18,000	\$74,460
391 (Transportation)	\$7,300	\$6,200
SUB TOTAL	\$25,300	\$80,660

GRAND TOTAL	\$100,000	\$690,725
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Potential Contest and Other Reductions to the Athletic Budget

1. Football trip to St. Anthony's in LI, NY.
2. Bolton Golf tournament.
3. Girls' soccer trip to Pittsburgh to open the season.
4. Boys' basketball tip-off tournament because it is too costly to run without sponsorships and we lost some from last year.
5. Middle school boys' and girls' soccer playday.
6. Boys' and Girls' swim invitational at Bucknell University. We pay both to rent the facility and to travel to it.
7. Wrestling going to selected tournaments because of the overnight costs and high entry fees.
8. Reducing lengths for which intramural activities are offered.
9. Curtailing off-campus intramurals.