



2012-2013 BUDGET

Consideration to Adopt the Final Budget

May 22, 2012



Budget Components

- Revenue Review
- Expenditure Review & Update
- Millage Impact
- Summary



Revenues



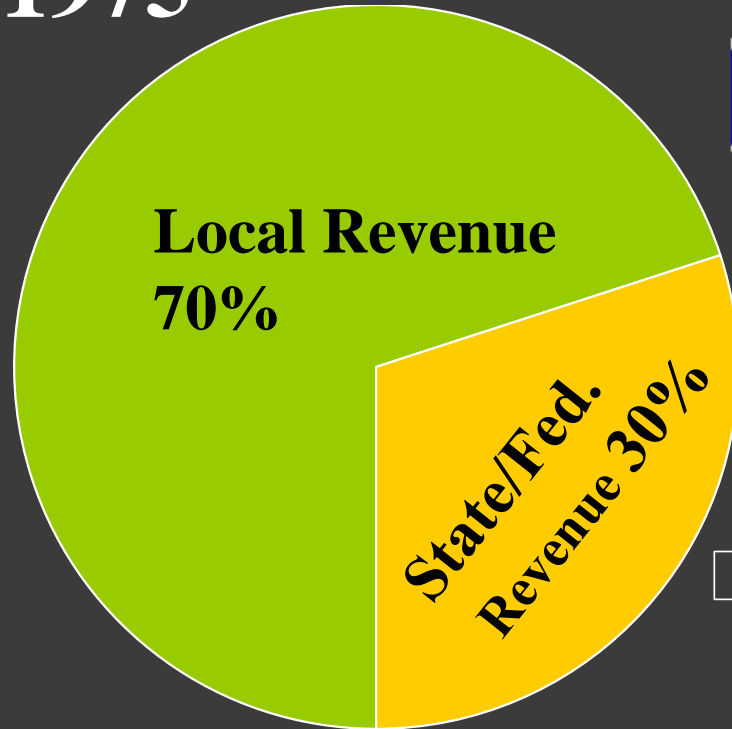
2012-13 Budget Review

- The Act 1 Tax Reform Base Limit is 1.7%
- December 5th initial budget was \$288,338,142
- Estimated revenues were \$286,338,142
- December 5th budget deficit, about \$2M

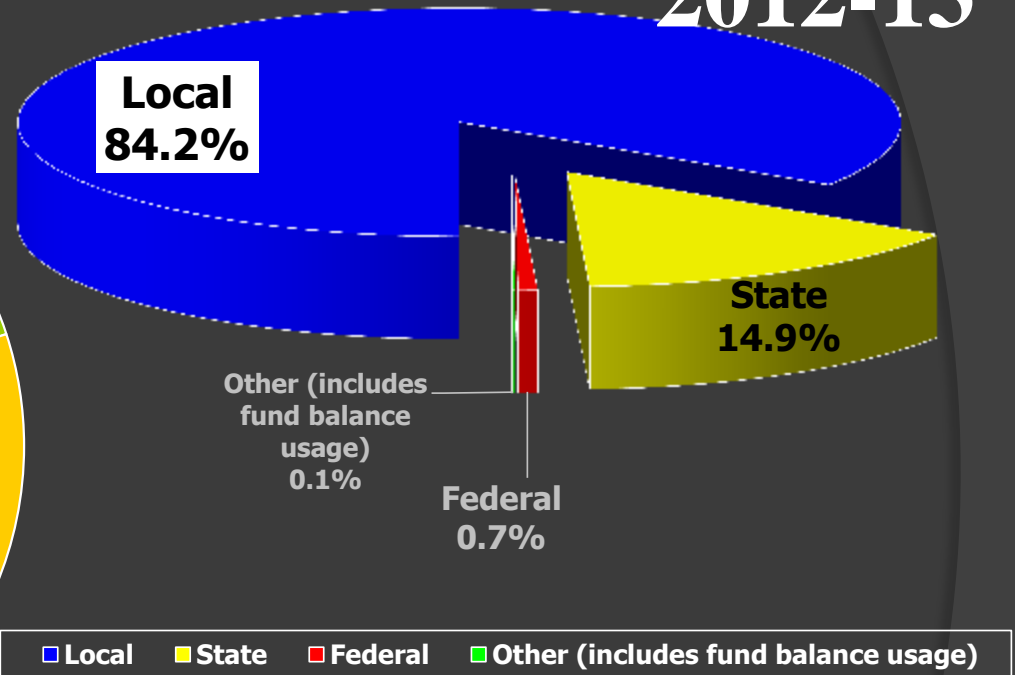
CBSD Revenue Comparison 1974-75 to 2012-13

Does not include Gambling Pass Through Amounts

1975



2012-13

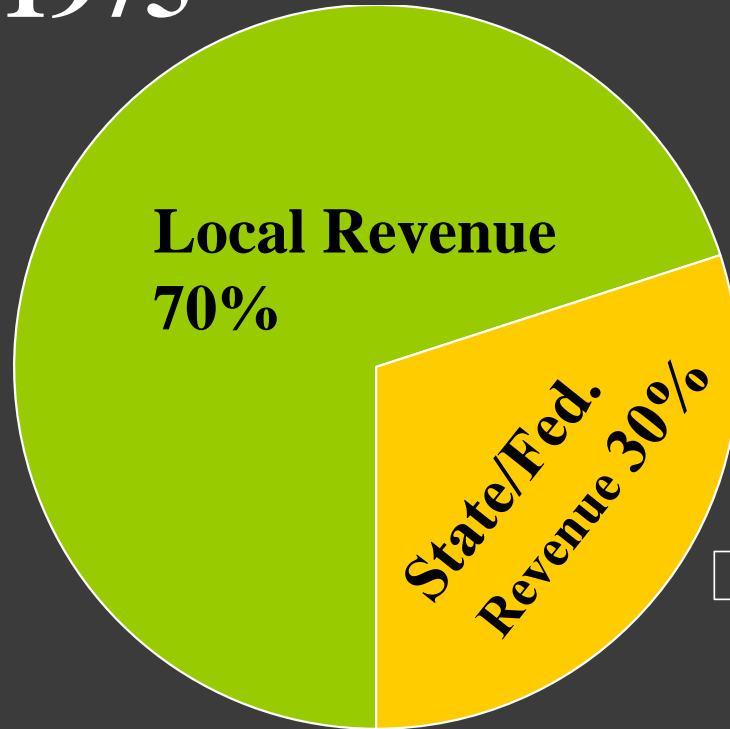


The impact of decreased state support is 25.2 Mills. If state support remained constant through the years, the average assessed house in CB would be paying about \$1,006 dollars less in RE taxes in 2012-13

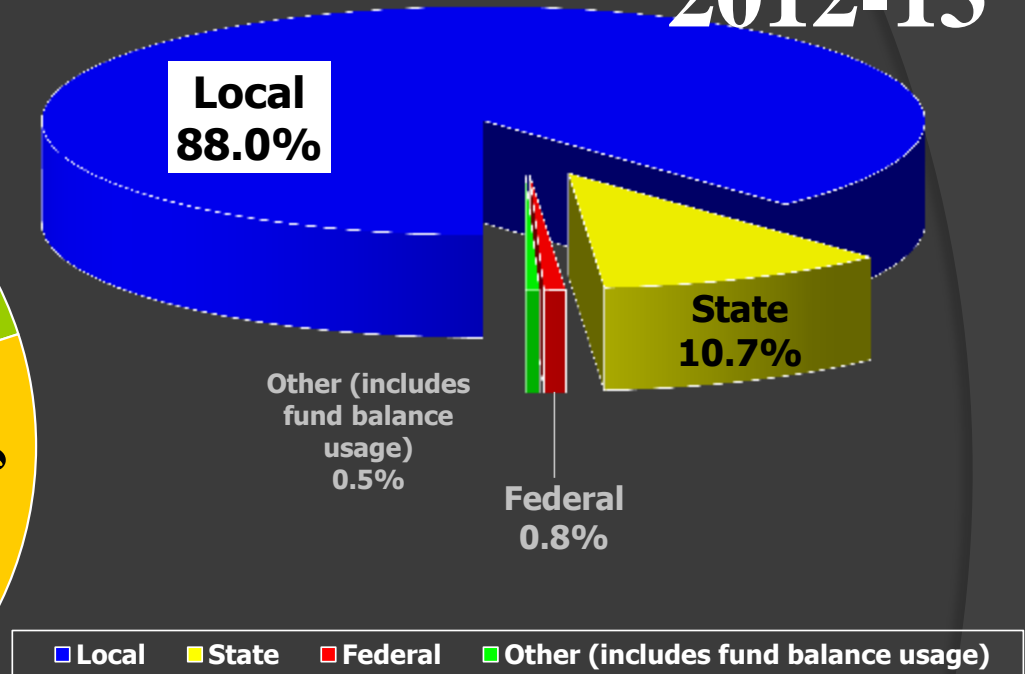
CBSD Revenue Comparison 1974-75 to 2012-13

Does not include State Retirement , FICA, or Gambling Pass Through Amounts

1975



2012-13



The impact of decreased state support is 30.2 Mills. If state support remained constant through the years, the average assessed house in CB would be paying about \$1,208 dollars less in RE taxes in 2012-13

Shifting Costs (Taxes) to the Local Level

◎ **Transportation** State Subsidies Starting 2012-13

- The governor's budget eliminates the transportation reimbursement formula
- Transportation subsidies no longer inflation adjusted
- Future subsidies based on what the state can afford.
 - Over time, this shifts the increased inflationary cost of transportation on to local communities

Shifting Costs (Taxes) to the Local Level

◎ **Social Security** Reimbursement (FICA) 2012-13

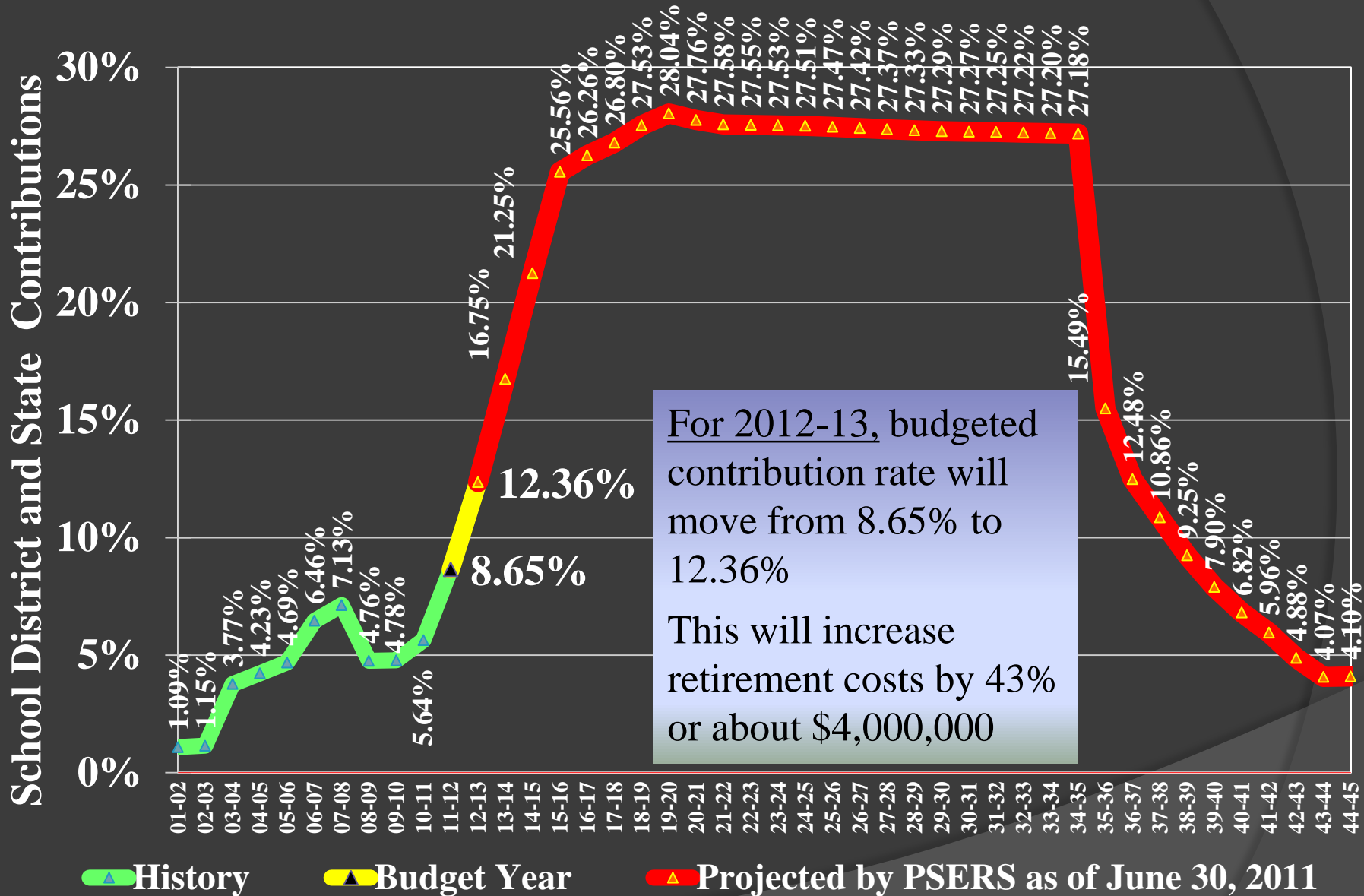
- Historically, School districts received at least a 50% reimbursement of social security expenses based on a formula.
- Reimbursement formula no longer tied to actual expenses (2011-12 becomes the base year)
- Moving forward, any increase in social security reimbursement will be based on what the commonwealth can afford.

Shifting Costs (Taxes) to the Local Level

● **Retirement (PSERS)** Reimbursement 2012-13

- Historically, School districts received at least a 50% reimbursement of retirement expenses based on a gross salaries.
- Reimbursement formula no longer tied to actual expenses (2011-12 becomes the base year)
- Moving forward, any increase in retirement reimbursement will be based on the rising employer contribution percentage with no allocation for wage inflation.

PSERS Employer Retirement



Loss of **State** Funding

- Accountability Block Grant Subsidy eliminated in 2011-12 \$850,000/yr (perhaps some relief from the legislature ??
Need funding for extended day kindergarten)
- Charter School Subsidy eliminated in 2011-12 \$150,000/yr
- Basic Instructional Subsidy, reduced by \$500,000/yr in 2011-12
- Transportation Subsidy, reduced by \$2,000,000/yr in a multi year decline
 - Yearly State revenue loss \$3,500,000**

State Construction

Reimbursement Moratorium (PLANCON)

- ⦿ The Governor is proposing a one year moratorium on accepting new applications.
- ⦿ This means it could be years before CB current construction projects receive state reimbursement
- ⦿ (East, Pine Run, Unami, Linden, Lenape, Tamanend)
- ⦿ This will hurt our cash flow, but we have fund balance to fall back on in the near term

Recurring **Local** Revenue Losses Per Year compared to 2007-08

Local real estate tax loss (at least)	(\$5.0M)/yr
Interest earnings on investments	(\$3.0M)/yr
Interim real estate taxes	(\$2.5M)/yr
Real estate transfer taxes	(\$1.1M)/yr
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Total revenue loss per year	(\$11.6M)/yr

Local Real Estate Assessment Appeals

Due to Real Estate Assessment Appeals the District is Losing Over \$5M per Year in Revenue

- ◎ CBSD has 22% of Bucks County students
- ◎ CBSD had 46% of the real estate assessment appeals in the county
 - Council Rock - 16%
 - Neshaminy - 9.3%
 - Pennridge - 8.7%
 - Pennsbury - 6.3%
- ◎ The assessment appeal trend will probably continue in 2012-13.

Expenses



Budget Reductions, December - May

Budget preparation, 2012-13	Revenues	Expenditures	Fund Balance
First Draft, December 05, 2011	286,338,142	288,338,142	(2,000,000)
Retirement State Subsidy	900,000		
Other Revenue Adjustments	(89,103)		
Cut Remaining Acct. Block Grant Rev.	(306,359)		
Continue Adjust for Projected Retire Costs		500,000	
March 28th Finance Committee	286,842,680	288,838,142	(1,995,462)
ACCESS, health services to Sp Ed. Students	244,215		
Staffing adjustment		(650,000)	
Federal Title 1,2,3, Grant Reductions	(110,800)	(64,292)	
Real Estate Taxes Due to Assessments	(460,000)		
Misc. Revenue & Expense Adjustments	(366,945)	(55,000)	
Reduce Millage from 1.7% to 1.66%	(90,300)		
Capital Funding -Transportation Bucket		(130,000)	
Energy / Utilities Savings		(200,000)	
Elementary District-Wide Reductions		(40,000)	
Information Technology Reductions		(50,000)	
District Central Duplicating		(40,000)	
Advertising / Postage Reductions		(50,000)	
Personnel Turnover Savings		(150,000)	
Additional Staffing Reductions -May 22		(170,000)	
May 22nd Board Meeting	286,058,850	287,238,850	(1,180,000)

Staffing Reductions Prior to 2012-13

Staffing	Administrative Staff	Professional Staff	Support Staff
Regular Education	-3.6	-87.3	-12.5
Special Education		-6.0	-33.5
Admin. Support	-1.5		-24.0
Student Health		-0.5	-4.0
Transportation			-37.1
Facilities	-4.0		-5.5
Curriculum			-4.0
Totals	-9.1	-93.8	-120.6

Savings \$5.3M per year

Proposed Staffing Reductions for 2012-13

Staffing as of 4/22/12	Administrative Staff	Professional Staff	Support Staff
Regular Education	-2.0	-7.0	
Special Education		-0.4	
Admin. Support			-1.0
Student Health			
Transportation			
Facilities			
Curriculum			
Totals	-2.0	-7.4	-1.0

Savings \$650k per year

Staffing as of 5/22/12	Administrative Staff	Professional Staff	Support Staff
Regular Education	-2.0	-11.5	
Special Education		0.5	
Admin. Support			-1.0
Student Health			
Transportation			
Facilities			
Curriculum			
Totals	-2.0	-11.0	-1.0

Savings \$820k per year

Staffing Reductions

- 2008-09 -12.0
- 2009-10 -58.5
- 2010-11 -32.0
- 2011-12 -121
- 2012-13 -14 as of May 22nd

Five year total -237.5 Positions **\$6,120,000**
Savings per year

CBSD Response* to Economic Stress:

*Enhance Revenue / Decrease Expenditure

Recurring Annual Savings

1. Cutting (or not replacing) 237.5 positions saving **\$6,170,000/year**
2. Eliminated late bus transportation saving **\$36,000/year**
3. Expanding walking routes saving **\$102,000/year**
4. Outsourcing food services added revenue of **\$722,000/year**
5. Outsourcing transportation: saving **\$1,250,000/year (minimum savings)**
6. Reduced tax collector compensation Saving **\$140,000/yr**
7. Restructured district copier contract saving **\$300,000/year**
8. Cut electric demand during high peaks (Demand Response) saving **\$300,000/year**
9. Explore under assessed properties for appeal potential additional revenue of **\$7,400,000/year**
10. Restructured inter-office mail saving **\$45,000/year**
11. Instituted purchasing card and electronic payments by Accounts Payable saving **\$80,000/year**
12. Revised investment policy from \$28M to \$42M saving **\$70,000/year**
13. Increased student parking fees saving **\$80,000/year**
14. Standardized graduations to reduce cost saving **\$3,000/year**
15. Reduced travel and conference costs saving **\$65,000/year**
16. Instituted Cabinet level review of all expenditures saving **\$400,000/year**
17. Consolidated summer school program with other districts through MBIT saving **\$30,000/year**
18. Realigned delivery of Staff and Curriculum Development saving **\$170,000/year**
19. Reduced clerical costs across the board saving **\$120,000/year**
20. Reduced software licensing costs saving **\$125,000/year**
21. Realigned delivery of Building IT Technician Services saving **\$600,000/year**
22. Reduced Community Relations staffing costs saving **\$25,000/year**
23. Renegotiated Athletic Trainer costs saving **\$10,000/year**
24. Continue to participate and lead in joint purchasing arrangements saving **\$70,000/year**
25. Created partnership with local athletic associations to improve field maintenance and reduce costs saving **\$65,000/year**
26. Negotiated with agent to reduce property and liability insurance costs saving **\$30,000/year**
27. Reduced level of contracted transportation provided by IU saving **\$100,000/year**
28. Realigned labor to cut overtime costs saving **\$115,000/year**
29. Transferred excess operating savings to reduce outstanding debt saving **\$1,000,000/year**
30. Completed telephone audit saving **\$60,000/year**
31. Direct Deposit of payroll checks saving **\$27,000/year**
32. Renegotiate prescription benefit contract saving **\$500,000/year**
33. Hire part-time educational assistants with no medical benefits saving **\$400,000/year**

Total yearly cost reductions or potential revenue enhancements: \$20,610,000

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Category	2012-13	2011-12	% Change
Regular Education	112,933,672	110,019,938	2.65%
Special Education	36,147,387	34,565,157	4.58%
Vocational Education	4,442,753	4,355,640	2.00%
Summer, Charter & Alternate Sch.	4,662,725	4,376,000	6.55%
Guidance, Psych, Speech, Hearing	9,389,290	9,338,604	0.54%
Technology, Library, Curriculum Dev.,	10,348,948	10,652,170	-2.85%
Administrative Support	13,304,590	13,104,413	1.53%
Pupil Health Services	3,495,438	3,474,983	0.59%
Business Services	1,456,587	1,443,913	0.88%
Maintenance, Custodial, Utilities	26,472,773	26,335,811	0.52%
Transportation	17,591,300	17,290,879	1.74%
Central Support, Services, I.T.	2,339,174	2,147,379	8.93%
Other Support Services - IU	236,000	232,967	1.30%
Student Activities & Athletics	2,710,421	2,646,841	2.40%
Community Services - Child Care	2,952,770	3,049,012	-3.16%
Debt Payments	28,735,022	28,699,272	0.12%
Capital Transfers	9,370,000	8,504,500	10.18%
Budgetary Reserve	650,000	399,600	62.66%
All other	0	0	0.00%
Total budget	287,238,850	280,637,079	2.35%

Millage Impact



Millage Calculation

- The millage increase as of tonight is 1.66%
- The Act 1 base index = 1.7%
- The 2012-13 proposed millage is 120.8 mills + 2.0 mills = 122.8 mills = 1.66% increase
- Typical homeowner assessed @ 40,000 = \$80
 - This is the 2nd lowest tax increase since the early 1990's when it was \$0
 - 2011-12 \$65
 - 2012-13 \$80

Summary



2012-13 Budget Pressure Points

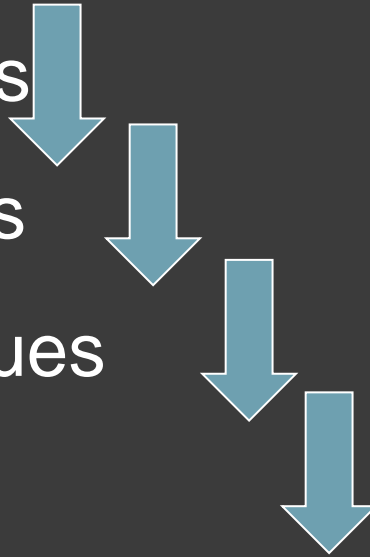
- Declining Revenues

- Local Revenues

- State Revenues

- Federal Revenues

- Act 1 Index



- Continued shift in tax burden

from state  local taxes

Expense Pressure Points

- Low or declining Act 1 inflation index
- Health care and Rx expenses growing faster than Act 1 index
- Retirement contributions growing faster than the Act 1 index
- Maintain our buildings without additional debt
- **N.C.L.B. requirements peak in 2014**

Financially, We are Getting Healthier

Budgeted Fund Balance Usage

● 2007-08	\$ 0
● 2008-09	\$ 840,000
● 2009-10	\$2,900,000
● 2010-11	\$3,800,000
● 2011-12	\$3,019,991
● 2012-13	\$1,180,000

Next Steps...

- ◎ Board of School Directors
 - Consideration to adopt the Final Budget of \$287,238,850 on June 12th, 2012
- ◎ Superintendent & Cabinet
 - Implement staffing reductions
 - Continue to reduce transportation costs
 - Find a way to keep extended-day kindergarten
- ◎ School Board
 - Continue support for district initiated assessment appeals
 - Continue to work with legislators to secure more state funding
 - Continue to work with legislators to eliminate mandates

