



# 2012-2013 BUDGET

**Consideration to Post the Preliminary Final Budget  
April 24, 2012**

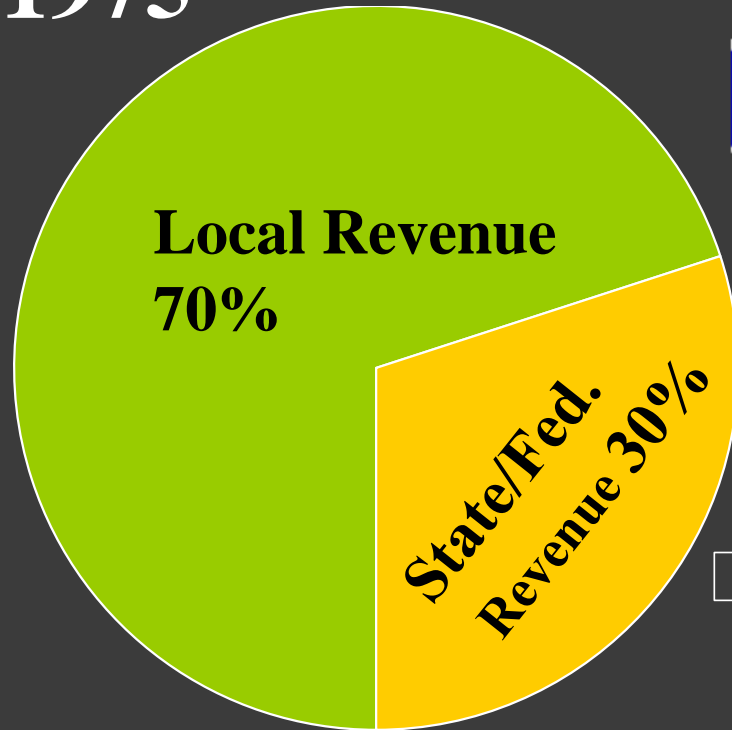
# Budget Components

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

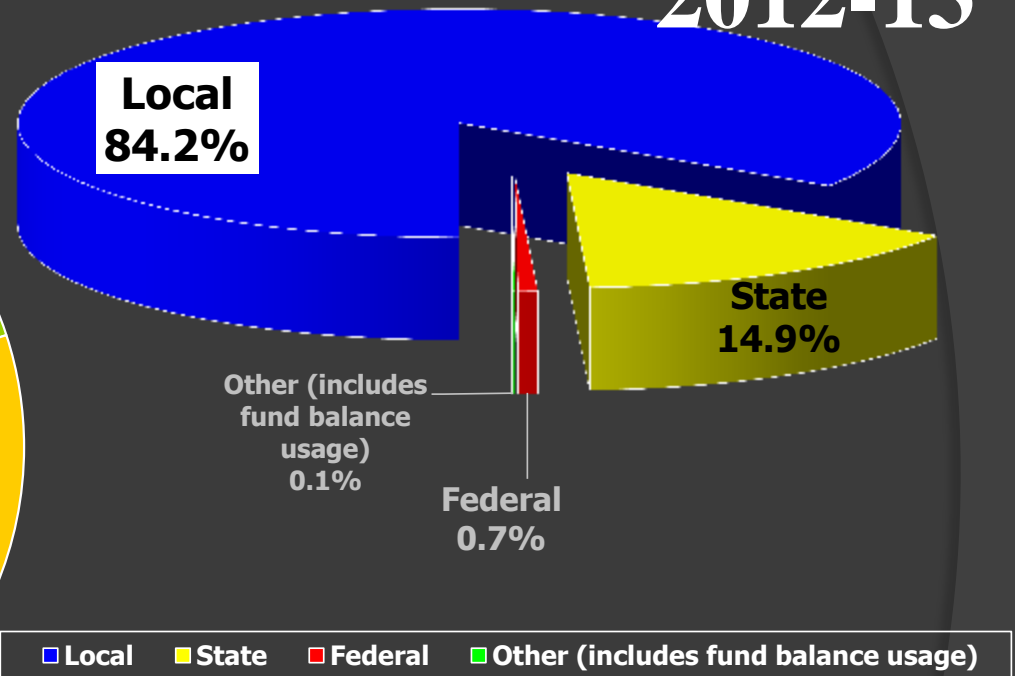
# Revenues

# CBSD Revenue Comparison 1974-75 to 2012-13

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**

# 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

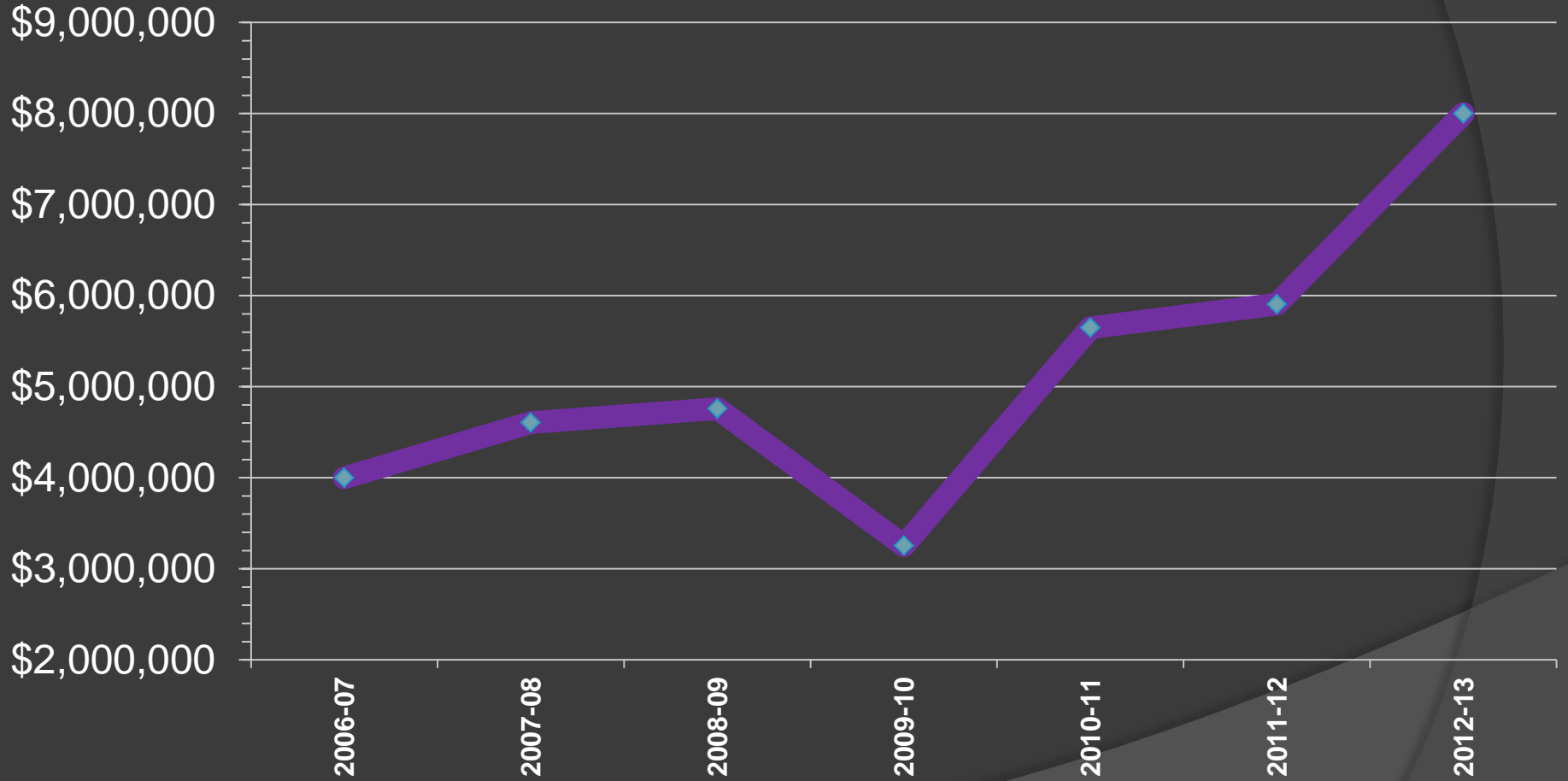
- Historically, School districts received at least a 50% reimbursement of social security expenses based on a formula.
- Reimbursement formula no longer tied to actual expenses (2011-12 becomes the base year)
- Moving forward, any increase in social security reimbursement will be based on what the commonwealth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

# Shifting Costs (Taxes) to the Local Level

- Accountability Block Grant Subsidy eliminated in 2011-12 \$850,000
- Charter School Subsidy eliminated in 2011-12 \$150,000
- Basic Instructional Subsidy, reduced by \$500,000 in 2011-12

# Be careful of the Governor Taking Credit for PSERS Subsidies as Increased School Funding

## State Subsidies to CBSD for PSERS

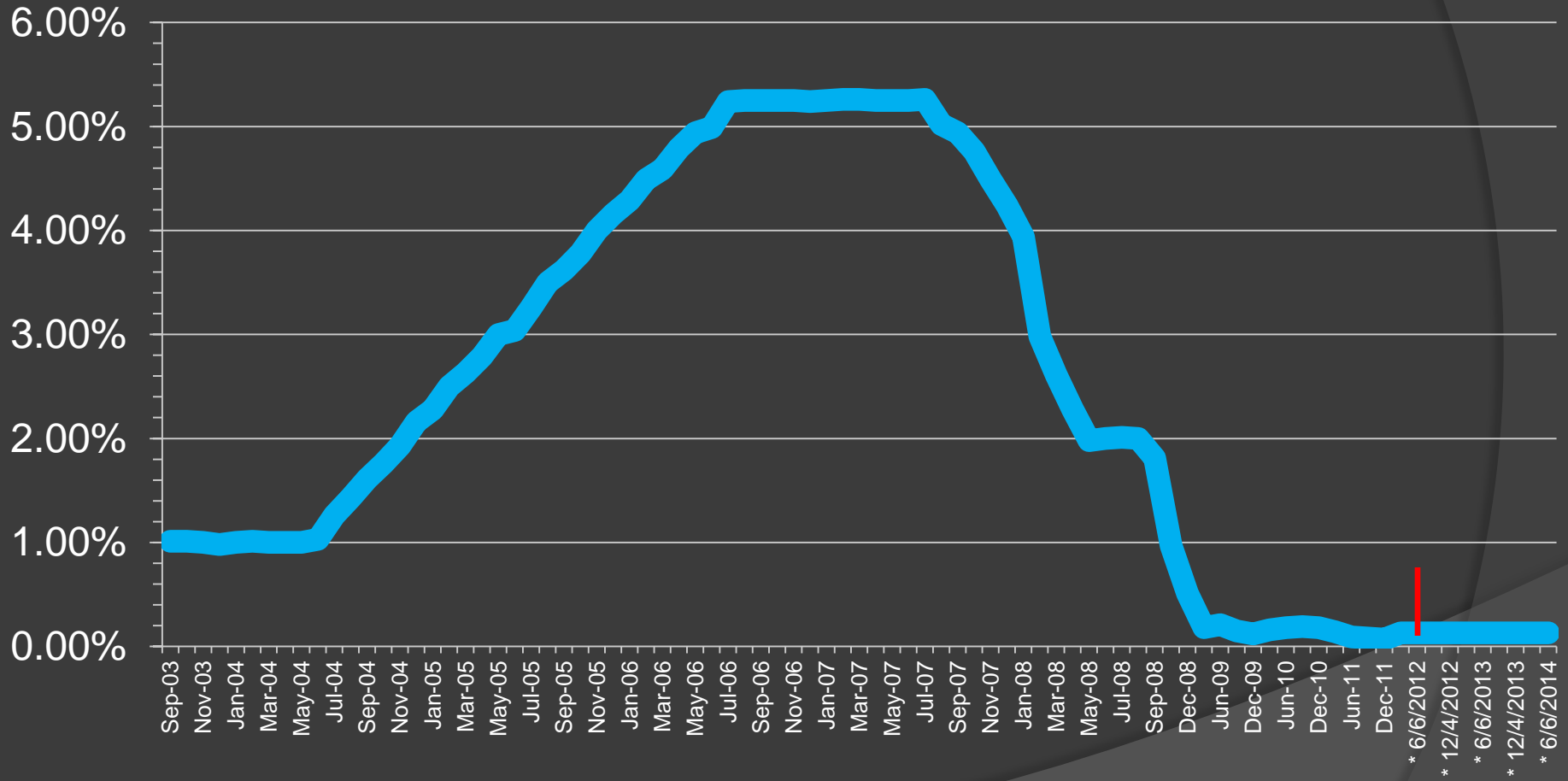


CBSD Budgeted Pennsylvania School Employees Retirement System (PSERS) Revenues From the State



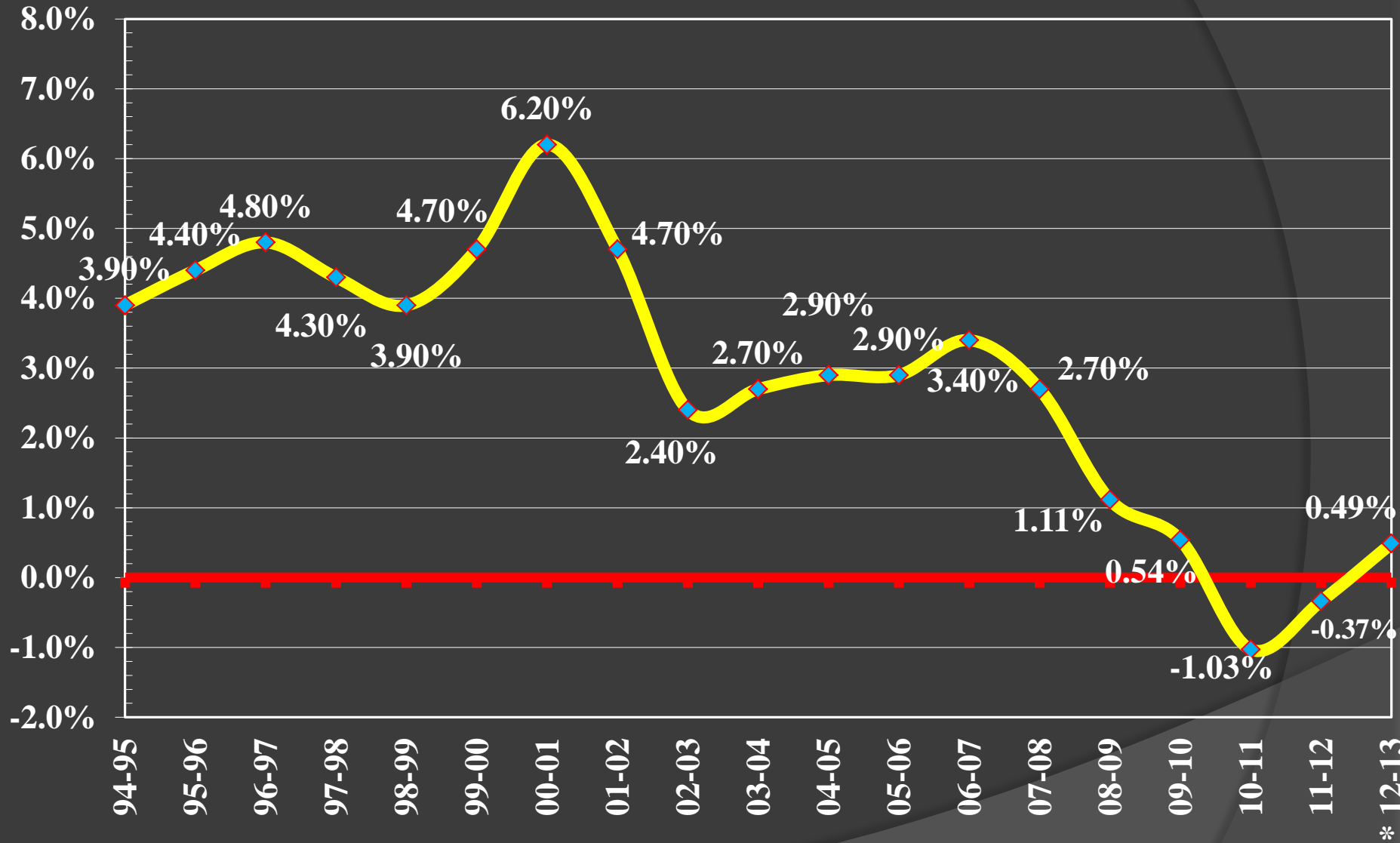
# Federal Funds Rate = Interest Rate Trend on District Investments

## Federal Funds Rate



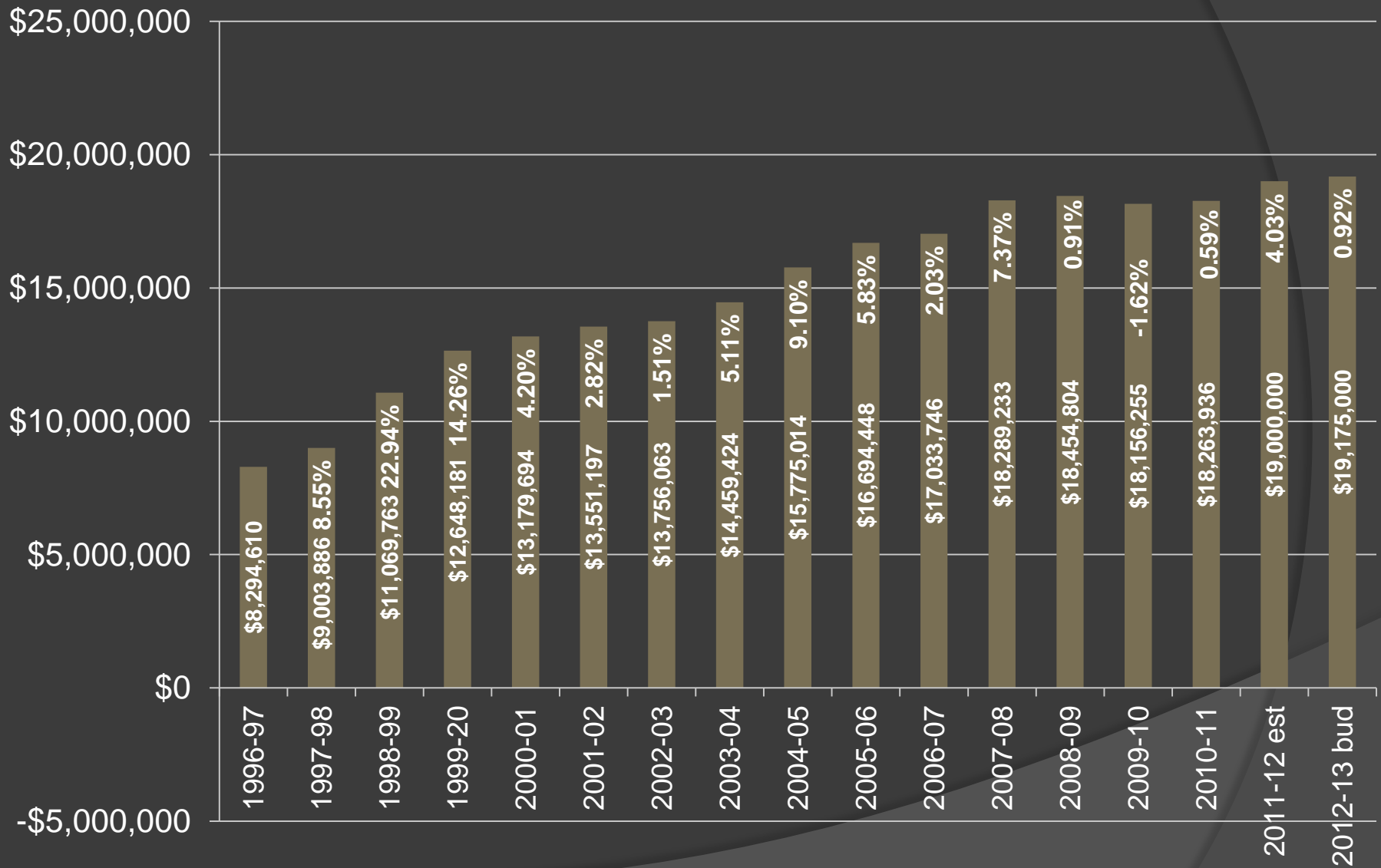
Source: [http://www.federalreserve.gov/releases/h15/data/Monthly/H15\\_FF\\_O.txt](http://www.federalreserve.gov/releases/h15/data/Monthly/H15_FF_O.txt)

# Real Estate Assessed Value Trend

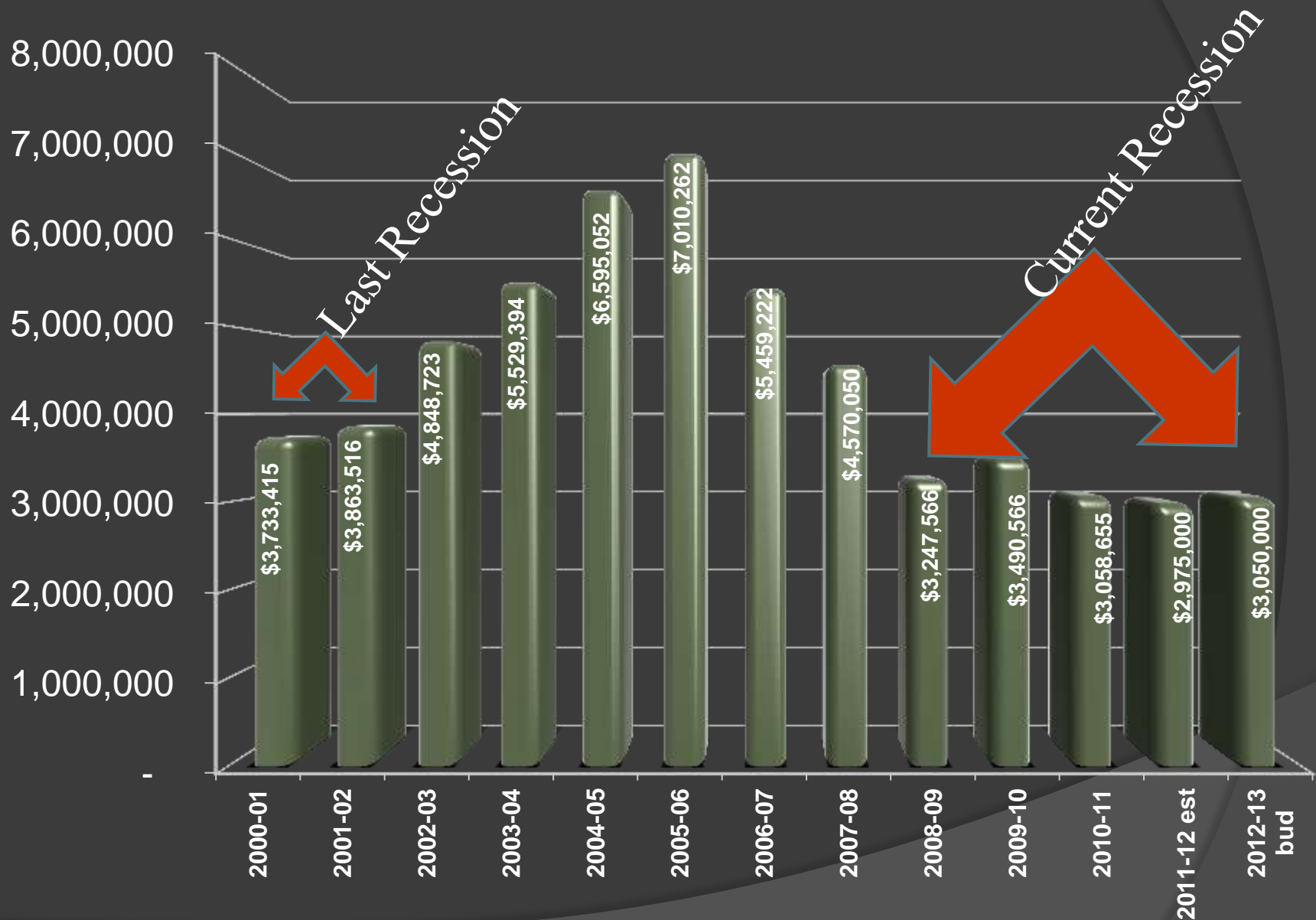


\* Projected

# Earned Income Tax Trend



# Real Estate Transfer Tax Trend



# Interim Real Estate Tax Trend

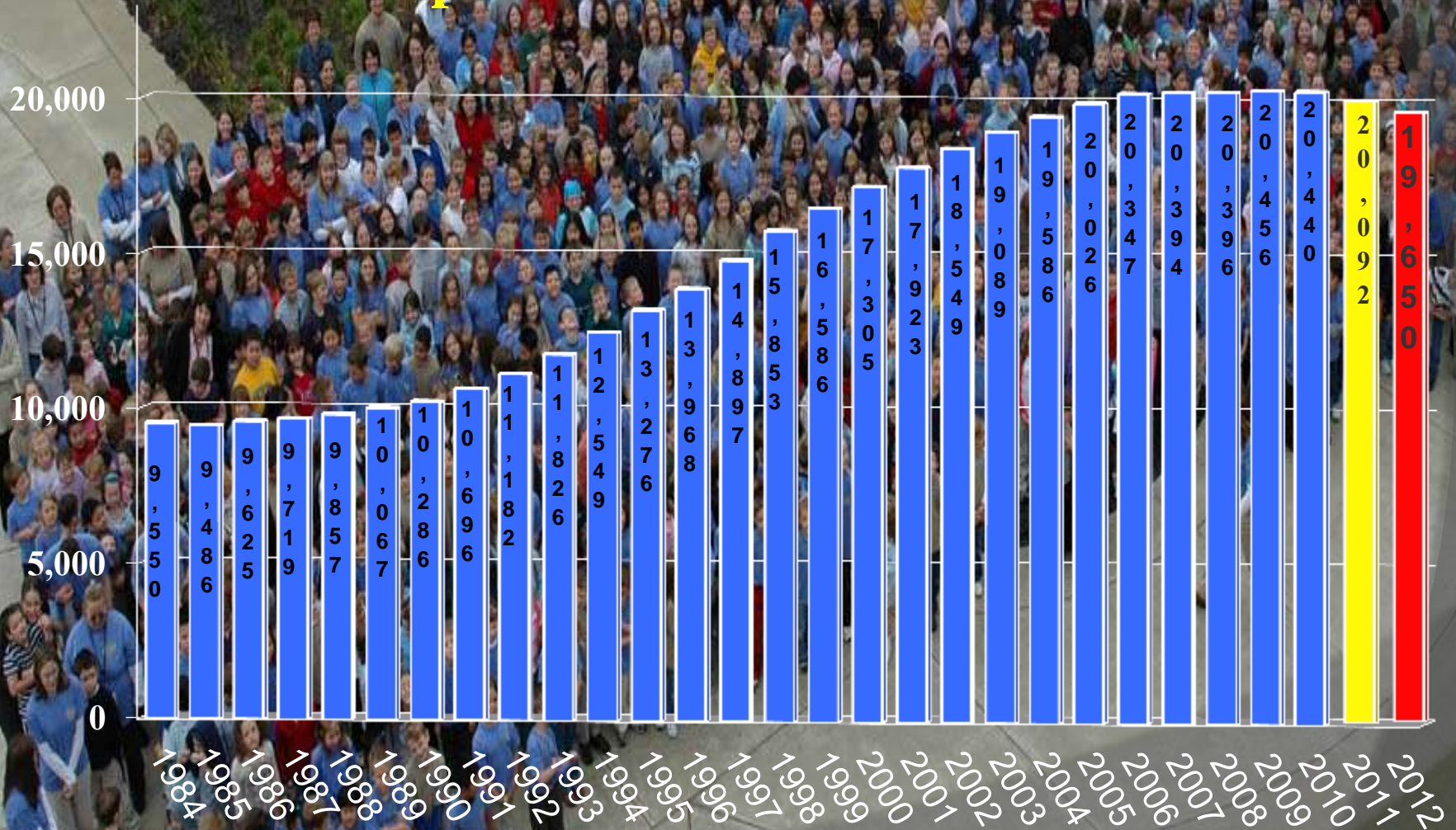
## Interim Real Estate Taxes





# CBSD Enrollment

1984 – 2011: Enrollment Increased by 110%  
 Enrollment is Expected to Decline for Next Year



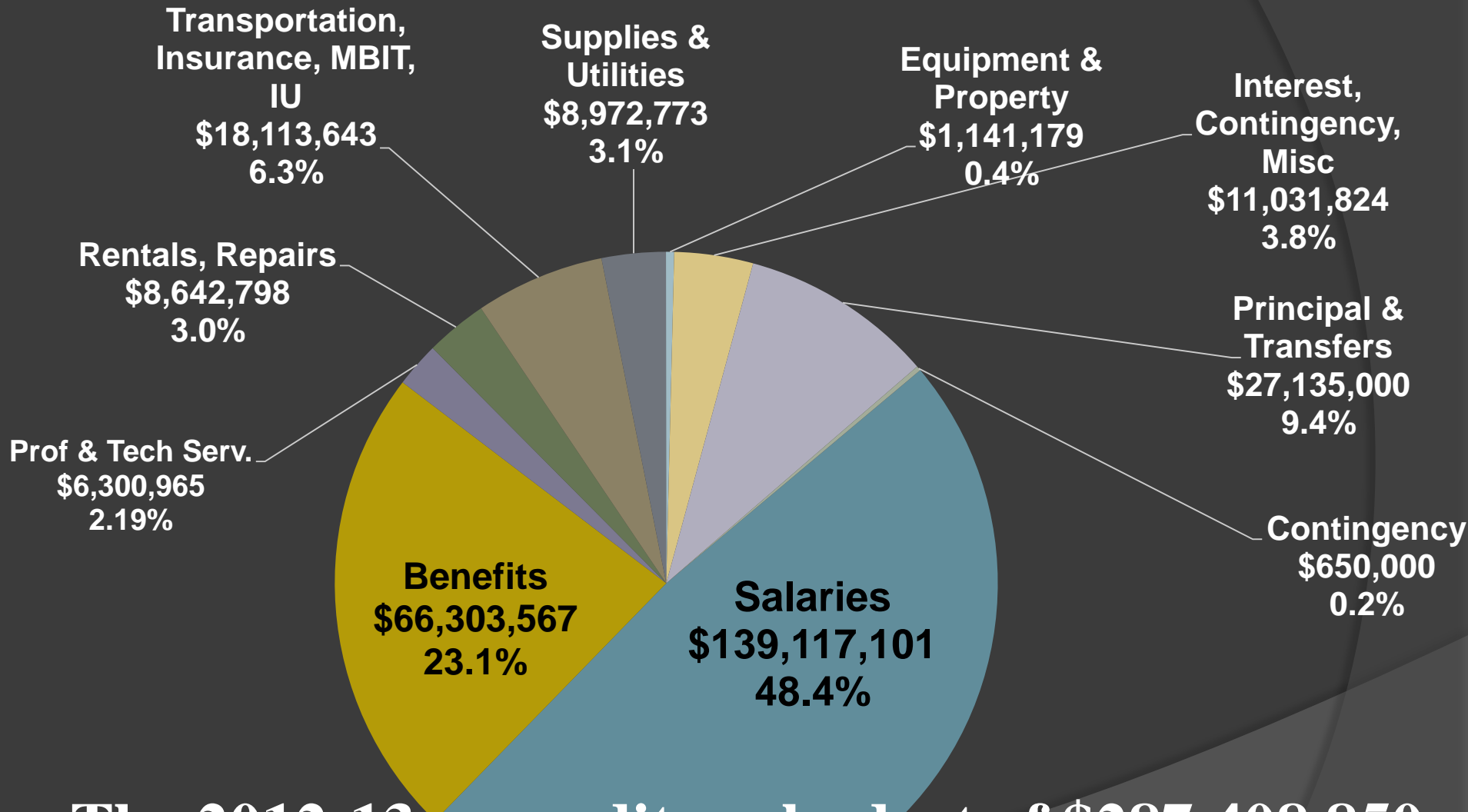
■ CBSD enrollment October, 1st each year

■ Current Year

■ CB Projections

# Expenses

# Expenditures by Major Categories



The 2012-13 expenditure budget of \$287,408,850 is about a **2.4% Increase** over 2011-12



# Budget Reductions, December - April

Budget preparation, 2012-13	Revenues	Expenditures	Fund Balance
<b>First Draft, December 05, 2011</b>	<b>286,338,142</b>	<b>288,338,142</b>	<b>(2,000,000)</b>
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	
<b>March 28th Finance Committee</b>	<b>286,842,680</b>	<b>288,838,142</b>	<b>(1,995,462)</b>
ACCESS, health services to Sp Ed. Students	244,215		
Staffing adjustment		(650,000)	
Federal Title 1,2,3, Grant Reductions	(110,800)	(64,292)	
<b>Real Estate Taxes Due to Assessments</b>	<b>(460,000)</b>		
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 Recuctions		(50,000)	
District Central Duplicating		(40,000)	
Advertising / Postage Reductions		(50,000)	
Personnel Turnover Savings		(150,000)	
<b>April 24th Board Meeting</b>	<b>286,058,850</b>	<b>287,408,850</b>	<b>(1,350,000)</b>

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<b>Category</b>	<b>2012-13</b>	<b>2011-12</b>	<b>% Change</b>
Regular Education	113,103,672	110,019,938	2.80%
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%
<b>Total budget</b>	<b>287,408,850</b>	<b>280,637,079</b>	<b>2.4%</b>

# Revenues = Expenses

- The expense budget is up about 2.4%
- The real estate tax increase is 1.66%
  - Why are these two numbers different?
- The assessed value (taxable value) of real estate in CBSD is constantly changing due to assessment appeals and new construction that occurs through out the year.
- The district also receives revenue from EIT, RE Transfers, state and federal subsidies, etc.
- Real estate taxes are increased by only the amount needed to fill the gap between expenses and other revenues the district receives.

# Staffing Reductions Prior to 2012-13

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

**Savings \$5.3M per year**

# Proposed Staffing Reductions for 2012-13

as of 4/24/2012

<b>Staffing</b>	<b>Administrative Staff</b>	<b>Professional Staff</b>	<b>Support Staff</b>
<b>Regular Education</b>	<b>-2.0</b>	<b>-7.0</b>	
<b>Special Education</b>		<b>-0.4</b>	
<b>Admin. Support</b>			<b>-1.0</b>
<b>Student Health</b>			
<b>Transportation</b>			
<b>Facilities</b>			
<b>Curriculum</b>			
<b>Totals</b>	<b>-2.0</b>	<b>-7.4</b>	<b>-1.0</b>

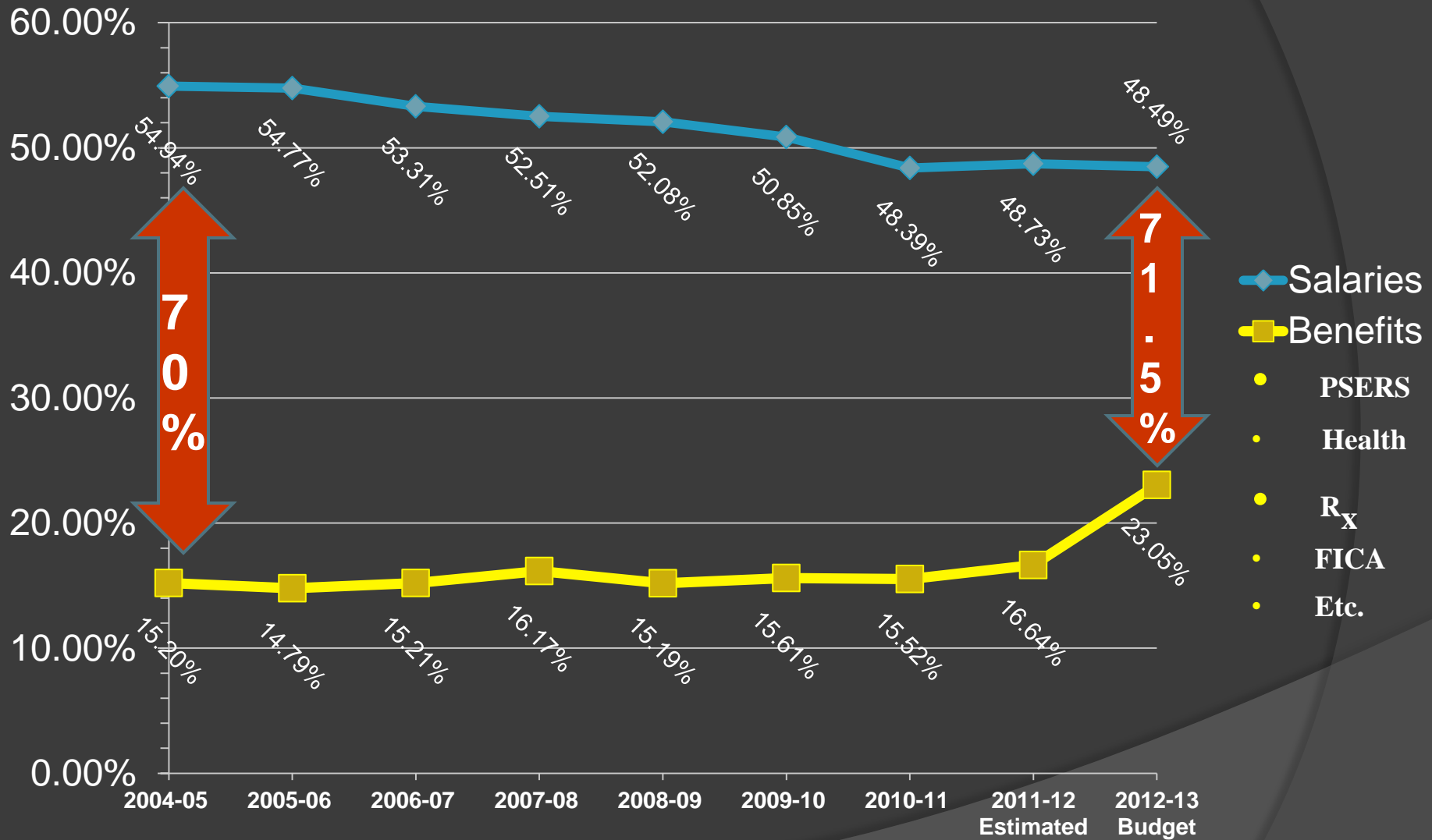
**Savings \$650k per year**

# Staffing Reductions

- 2008-09 -12.0
- 2009-10 -58.5
- 2010-11 -32.0
- 2011-12 -121
- 2012-13 -10.4 as of April 24<sup>th</sup>

Five year total -233.9 Positions **\$5,950,000**  
Savings per year

# Salary and Benefits, as a % of Budget



# Other Cost Saving Measures- Short Term

- Hire part time employees – no health care benefits
- Reduce property/casualty/auto insurance premiums
- Negotiate electricity & natural gas supply contracts
- Reduce substitute time and overtime
- Renegotiate Microsoft Software licensing
- Renegotiate the R<sub>x</sub> contract with CVS



# Other Cost Saving Measures- Long Term

- Study Transportation Outsourcing
  - We can control contracted costs through 2026-27
- Study custodial staffing levels
- Study extended day kindergarten, due to A.B.G. Elimination
- Freeze on future construction borrowing
- Maintain focus on the energy efficiency initiative
- Reduce the cost of real estate tax collections
- Evaluate properties that may be undervalued for R.E. taxes
- Study Corporate sponsorships of programs
- Evaluate the Bucks / Montgomery Health Care Consortium

# 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 2<sup>nd</sup> lowest tax increase since the early 1990's when it was \$0
    - 2011-12      \$65
    - 2012-13      \$80

# Summary

- ⦿ Reduced revenues (local, state, federal) continue to be an issue
  - Reminder, the current 2011-12 budget is \$2.5M less than the 2010-11 budget and we still needed a tax increase.
- ⦿ Continued shift from state to local funding. New proposed Student Achievement Education Block Grant eliminates long standing inflation formula
- ⦿ Reduced positions for 5 years but still have high salary / benefits to budget ratio
- ⦿ 2<sup>nd</sup> lowest tax increase since early 90's

# Next Steps...

## ◎ Board of School Directors

- Consideration to Publicly Post the 2012-13 Preliminary Final Budget of \$287,408,850
- Consider Final Budget Adoption on May 22<sup>nd</sup>

## ◎ Superintendent & Cabinet

- Develop additional recommendations to reduce costs

