

Budget Update #5

March 23, 2011

FINANCE COMMITTEE MEETING

Threats to the District (December 2009 slide)

- ◆ The economy will remain stagnant
 - ◆ Decreasing local revenues
 - ◆ Tax appeals
- ◆ Charter Schools
 - ◆ Enrollment increases continue
- ◆ Overcrowded Schools
 - ◆ Middle Schools
 - ◆ High Schools
 - ◆ STEM Academy
 - ◆ Possible relief
 - ◆ Pickering Valley
 - ◆ At capacity
- ◆ The PSERS crisis
- ◆ The cost of building a new school in East Brandywine Township
 - ◆ Sewer reservation agreement
 - ◆ Land development costs
 - ◆ Construction – timing – will we be able to take advantage
- ◆ Act 1
- ◆ A new Governor
- ◆ Federal and State mandates
 - ◆ NCLB
 - ◆ Special Education
- ◆ Future capital needs
- ◆ A growing taxpayer voice



RECAP – Recommendations incorporated in the preliminary budget

- ◆ Central office and Administrative reorganization \$399,000
 - ◆ A reduction in force in the following positions:
 - ◆ Athletic Director (1.0)
 - ◆ Central office support (7.0)
 - ◆ Transportation department (1.0)
 - ◆ Mail courier (route reduction) (.2)
 - ◆ Summer help budget
 - ◆ Facilities Department \$53,000
 - ◆ Maintenance (1.0)
 - ◆ Debt Service \$2,000,000
 - ◆ District printing \$150,000
- ◆ Budget refinements - Special Education costs \$507,000
- ◆ Reductions included in the Preliminary Budget = **\$3,109,000**



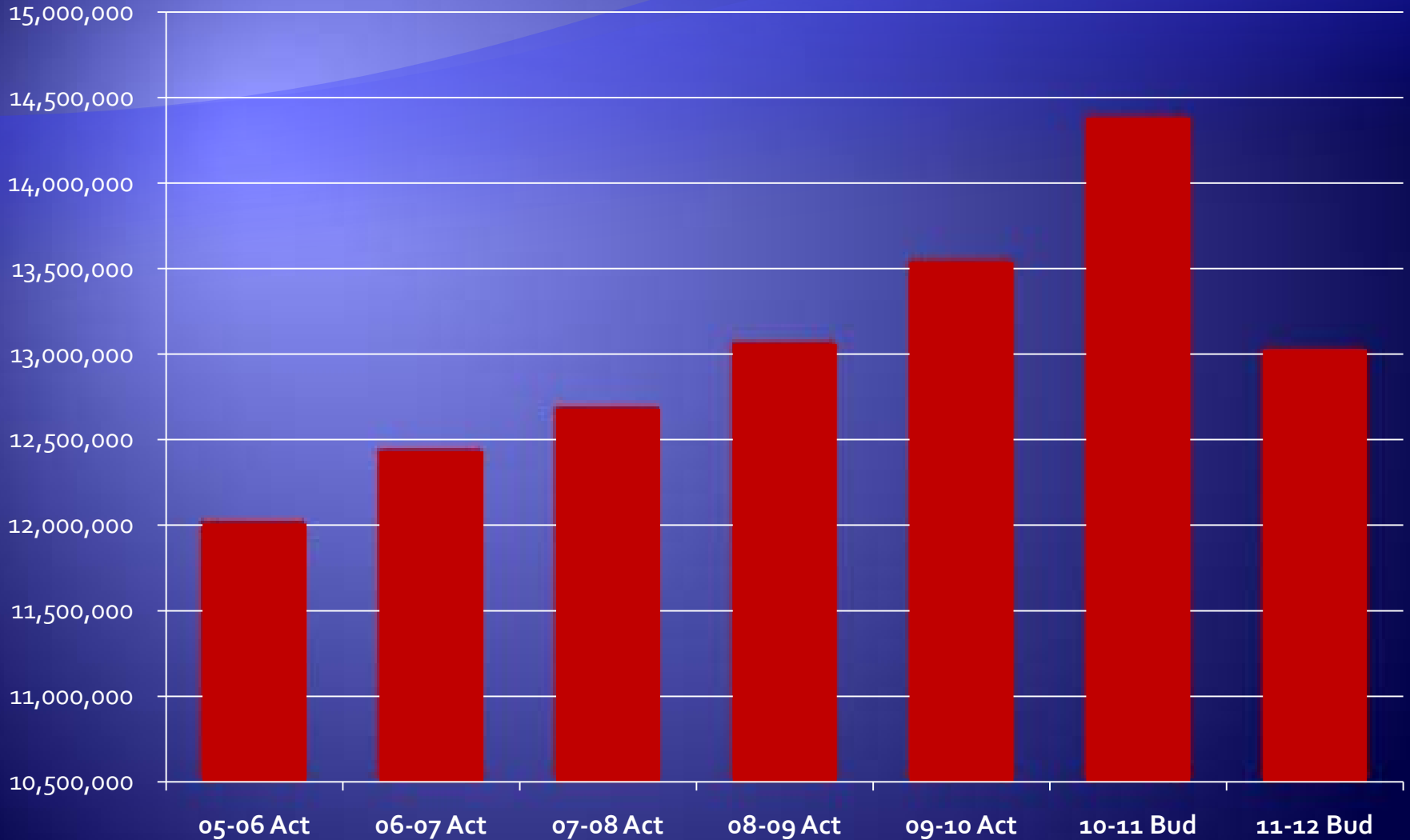
Since our last meeting

State Budget

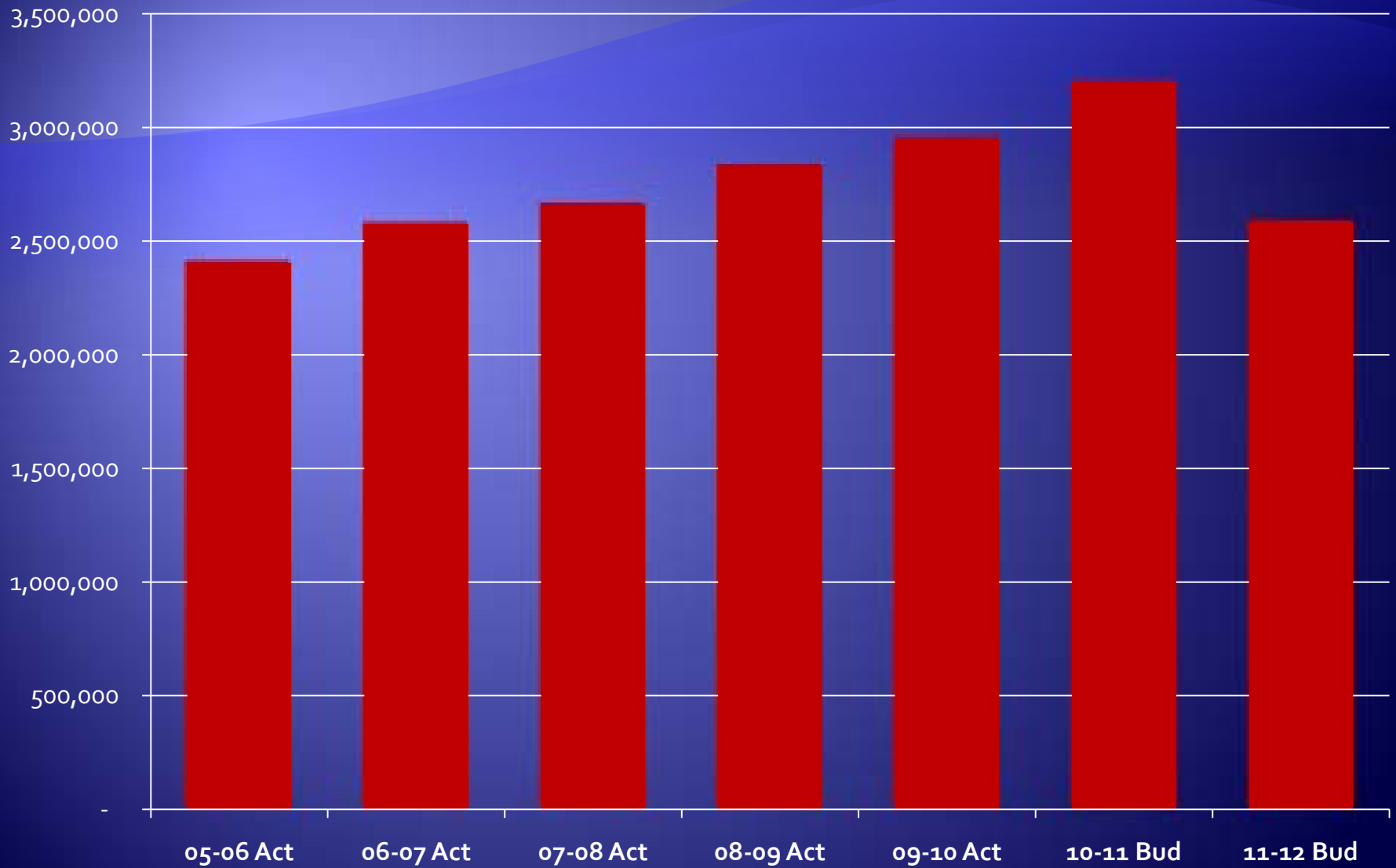
Since February
23rd 2011

- ◆ On March 11th the Governor released the details of his 2011-12 budget
- ◆ Downingtown Area School District lost \$3,728,942 in state funding as compared to 2010-11 funding levels
- ◆ Areas that were affected:
 - Basic Education Subsidy – (reduction) \$1,307,437
 - Charter school funding (eliminated) - \$975,216
 - Social Security reimbursement – (reduction) \$717,680
 - Accountability block grant funding (eliminated) - \$659,391
 - Dual Enrollment funding – (eliminated) \$40,000
- ◆ The district had expected a loss in funding and reduced state funding by \$1,000,000
- ◆ The district never anticipated a 19% reduction in these state funding areas including the complete loss of ABG and Charter school assistance

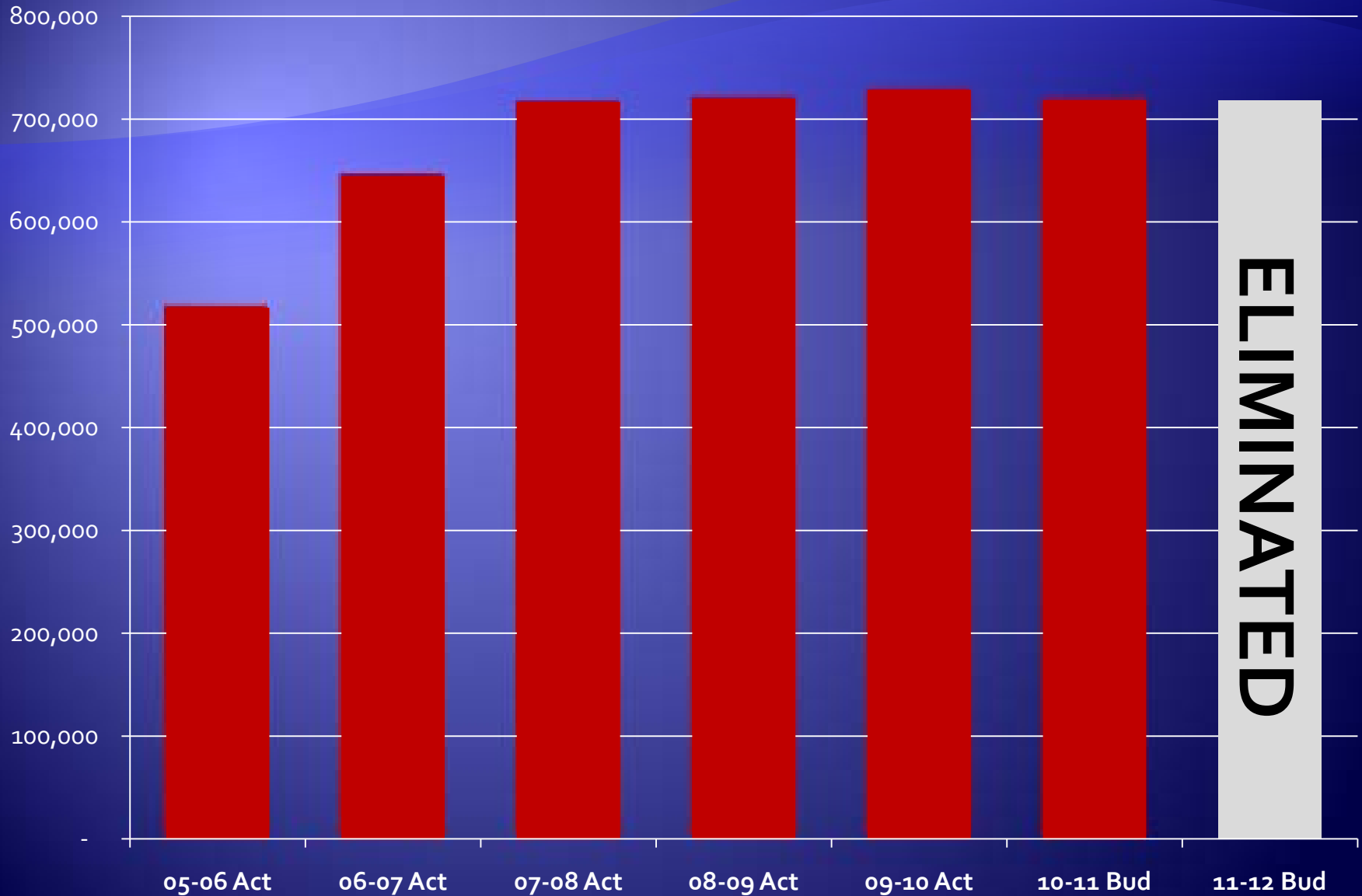
Basic Education Subsidy



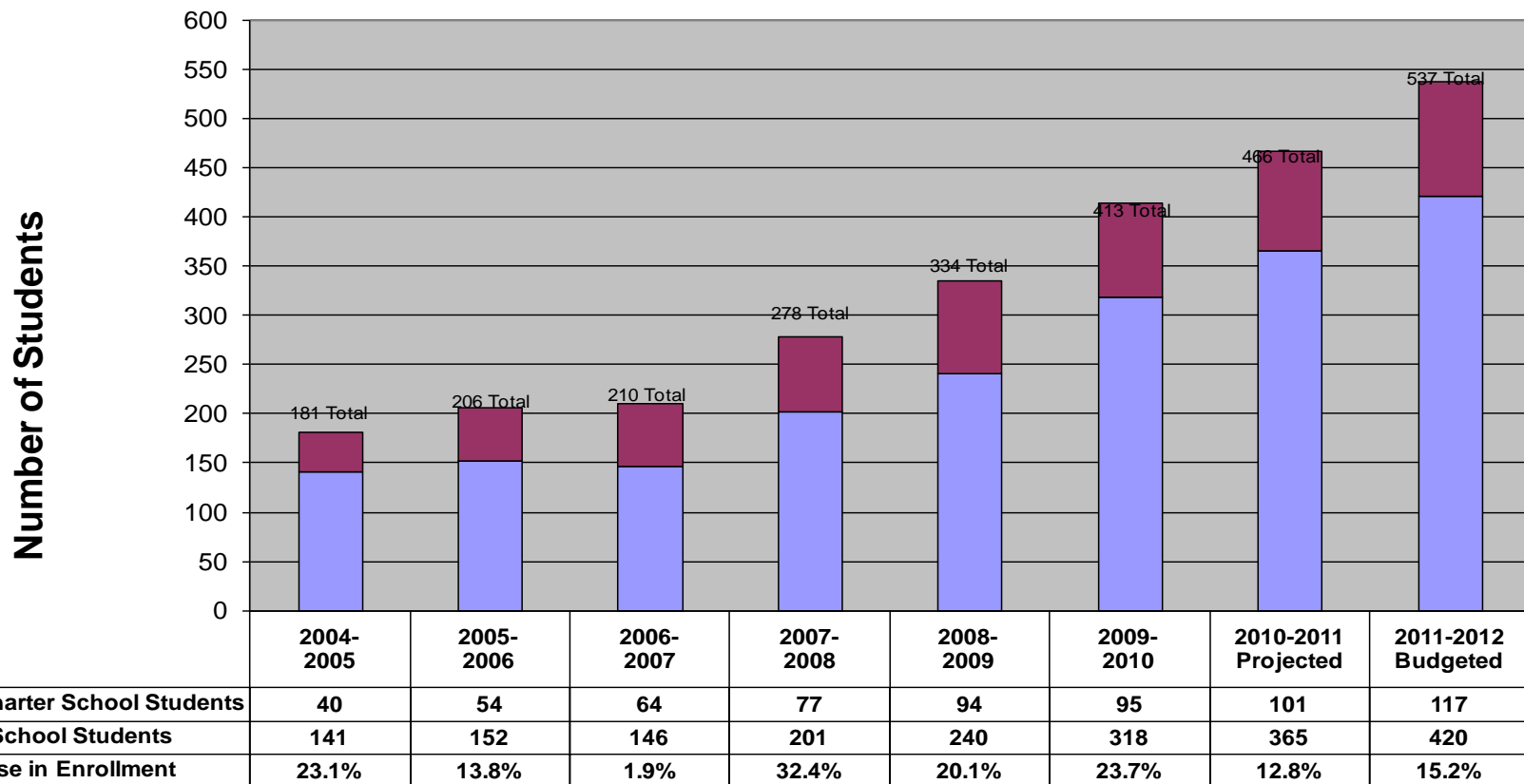
Social Security Reimbursement



Accountability Block Grant Funding



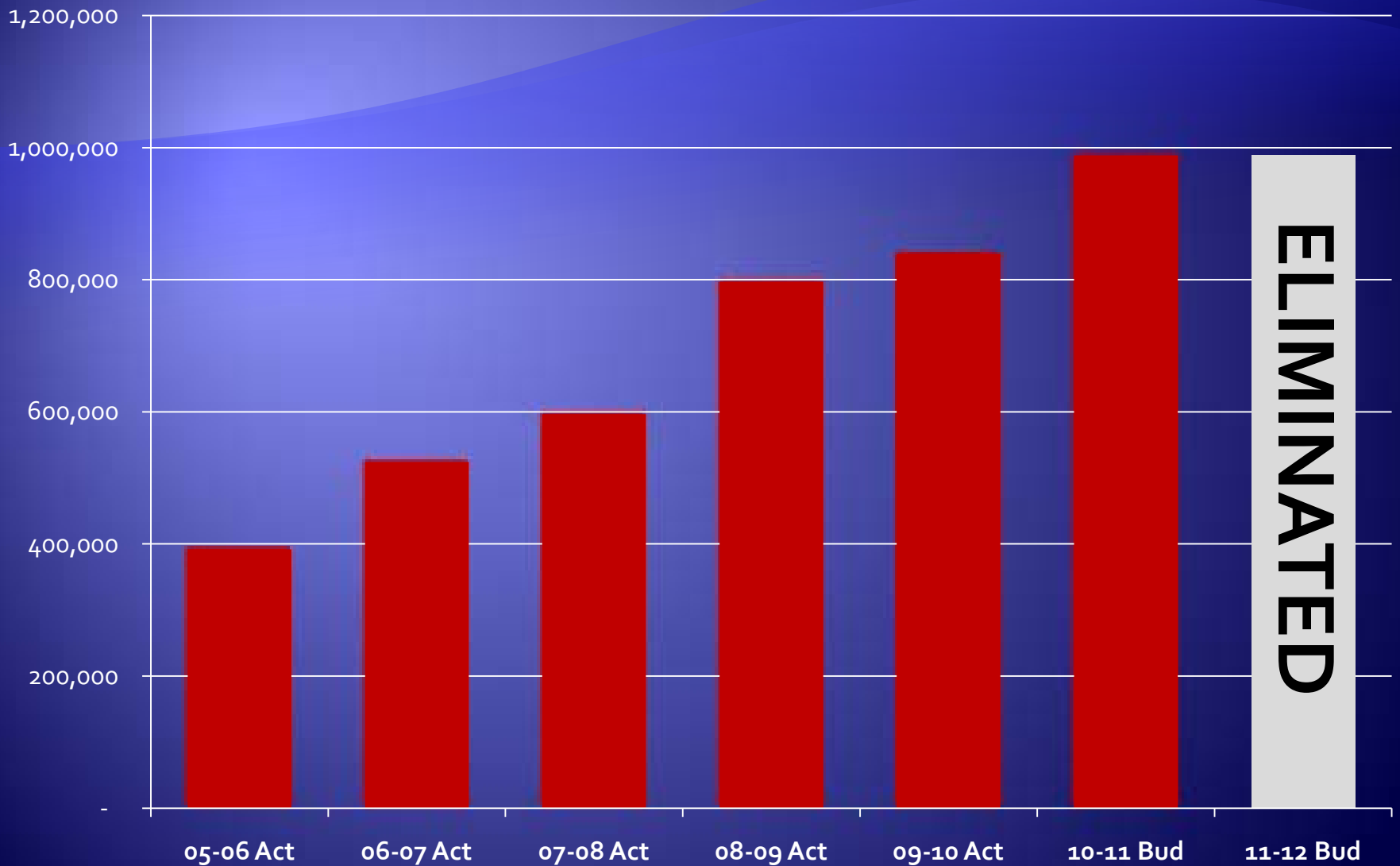
Cyber and "Brick and Mortar" Schools Enrollment History



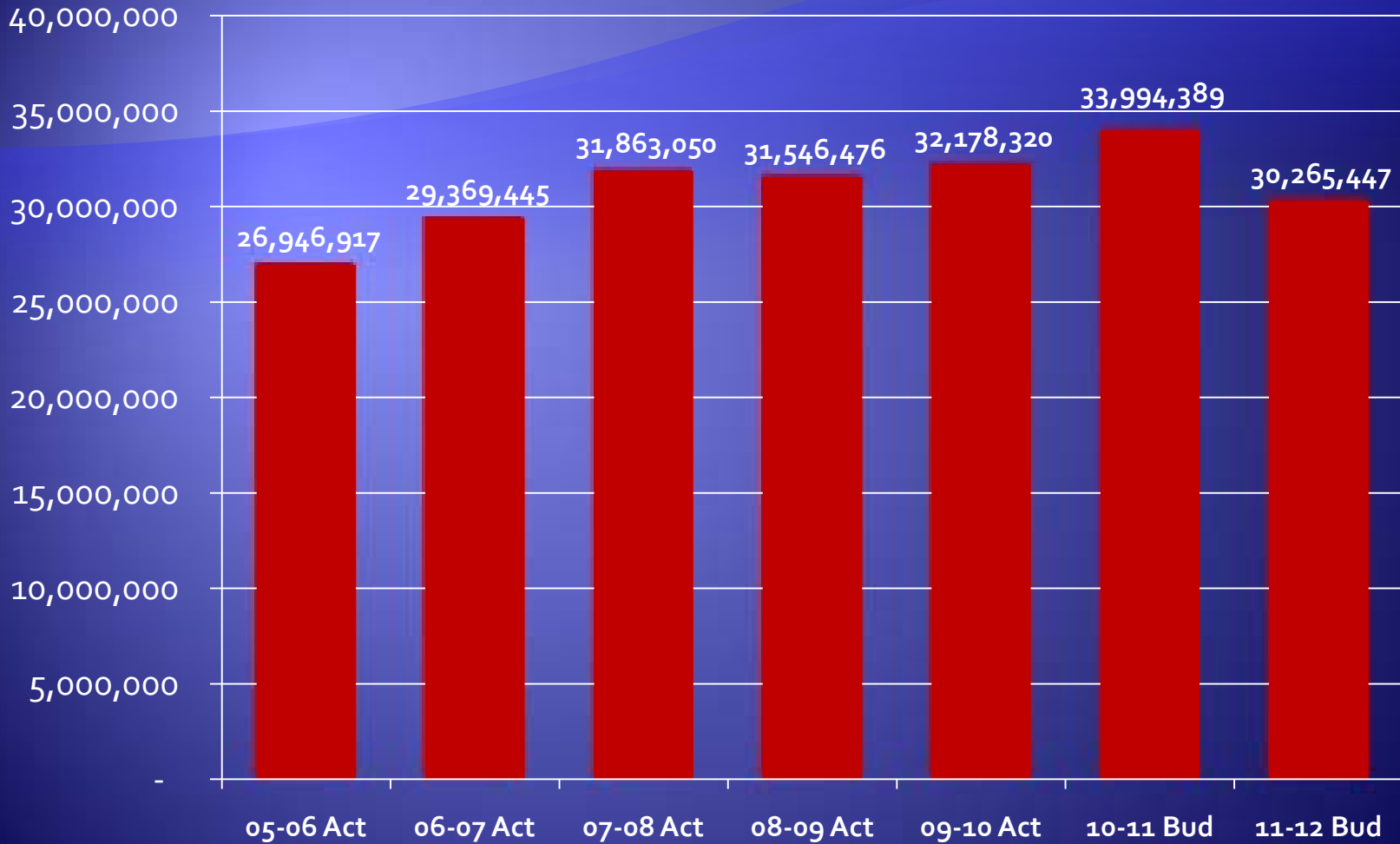
Charter Schools – Annual Cost to DASD



Charter School Reimbursement



Historical State Revenue





State Mandates

- ◆ Core subjects (math, language arts, science) HPE, Special Education
- ◆ Art/Music (elementary level only)
- ◆ Technical Curriculum (7th -9th grades)
- ◆ Homebound/alternative instruction
- ◆ Detention Center instruction
- ◆ Gifted Education
- ◆ Special Education regulations
- ◆ AVTS and IU
- ◆ Construction progress (PLANCON)
- ◆ Public Notices and minute retention
- ◆ **Prevailing wage rates**
- ◆ Chapter 4 regulations
- ◆ Chapter 14, 15 and 16 regulations
- ◆ Tax collection
- ◆ Superintendent, Principals
- ◆ Dental Services
- ◆ School Nurse
- ◆ Business Services
- ◆ Debt Service

Mandate Waiver Relief

- Senate Bill 202 (Dinniman) – Alternative certification pathways for principals and teachers.
- Senate Bill 293 & 296 (Eichelberger/Brubaker) – Increases thresholds for bidding to \$25,000 plus a CPI.
- **Senate Bill 537 (Rafferty) – Requires a 2/3 vote by school boards to raise property taxes.**
- Senate Bill 329 (Dinniman) – Suspends non-essential reports from districts to PDE in years in which state education funding declines.
- **Senate Bill 612 (Folmer) – Economic Furloughs coupled with language requiring proportionate reduction of administrators and a waiver if administrative reduction is burdensome. Amendment will be offered in committee to remove seniority rights and in its place establish effectiveness criteria tied to PVAAS data and local evaluations and also to require that positions remain vacant for at least one year unless the suspended employee is reinstated. “Last in, First Out” will not apply unless in current CBAs.**

Mandate Waiver Relief

- Senate Bill 803 (Piccola) – Districts would be permitted to advertise from a menu of options including the Internet.
- **Senate Bill 801 (Vaugh)** – Districts would be permitted to bid single prime.
- Senate Bill 814 (Corman) – Reintroduction of Senate Bill 250 of last session (as reported from the Senate Education Committee) to reauthorize the Mandate Waivers program that expired on June 30, 2010. Bidding for school construction projects would be required both ways – multi- prime and single prime.
- **Senate Bill 802 (Piccola)** – Districts may hire either school certificated nurses OR Registered Nurses.
- Senate Bill 844 (Dinniman) – Districts making AYP and/or showing adequate PVAAS growth will be waived from participating in PILS (administrator training conducted in Harrisburg).

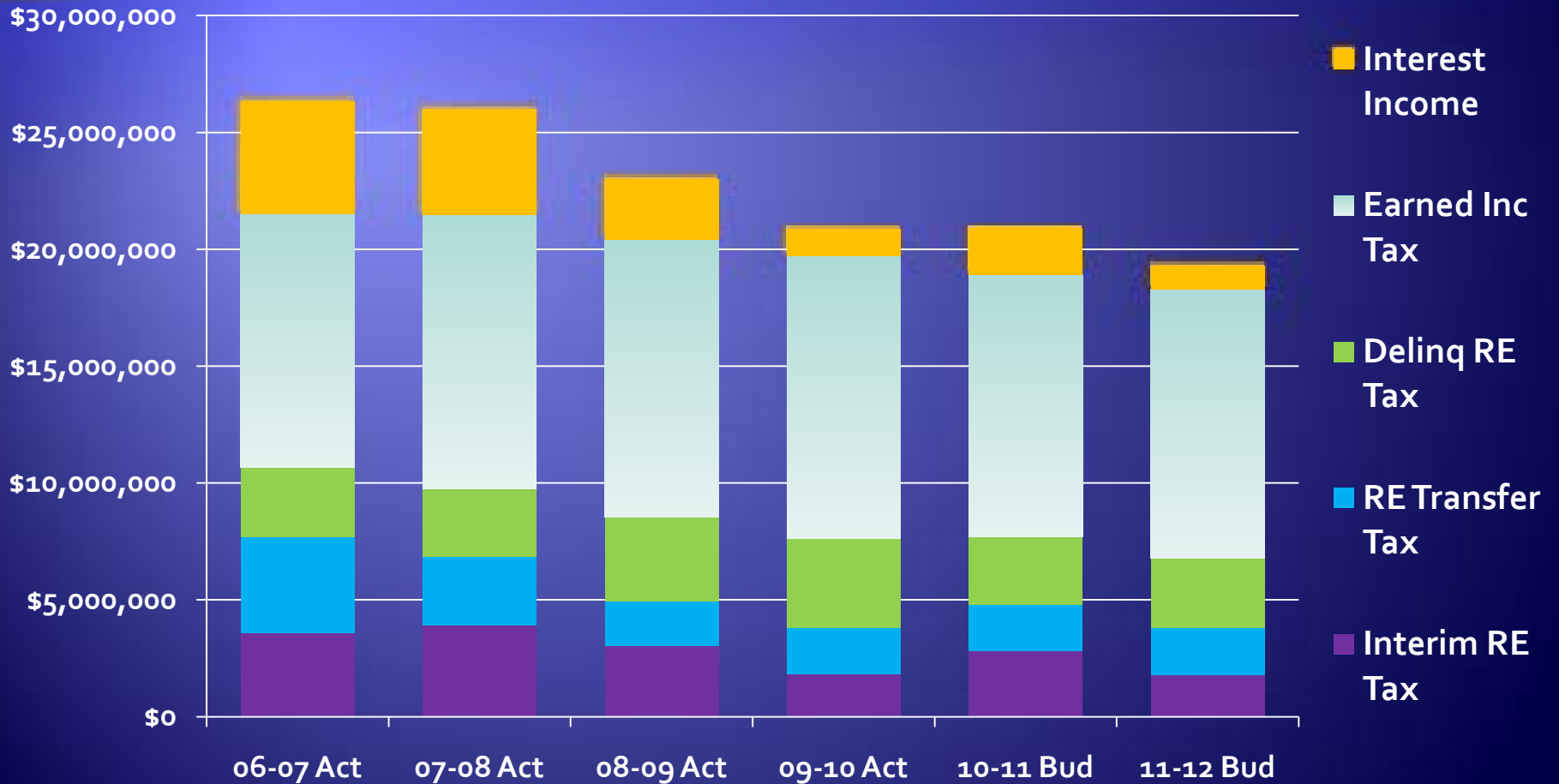
Mandate Waiver Relief

- Senate Bill 857 (Smucker) – Section 2502.49 of the Public School Code would be repealed. Obsolete Rendell Administration language that required districts to use increases in basic education funding for new programs and expansion of existing programs.
- **Senate Bill 86g (Alloway) – Currently the school districts bordering Pennsylvania are required to provide transportation for students to attend out of state private schools. This bill would allow schools to discontinue this service.**
- Senate Bill 870 (Eichelberger) – Entitlement in Public School Code for 10 paid sick days per year and Paid Sabbatical Leave will be repealed leaving these issues up to collective bargaining between districts and teachers' unions.

Mandate Waiver Relief

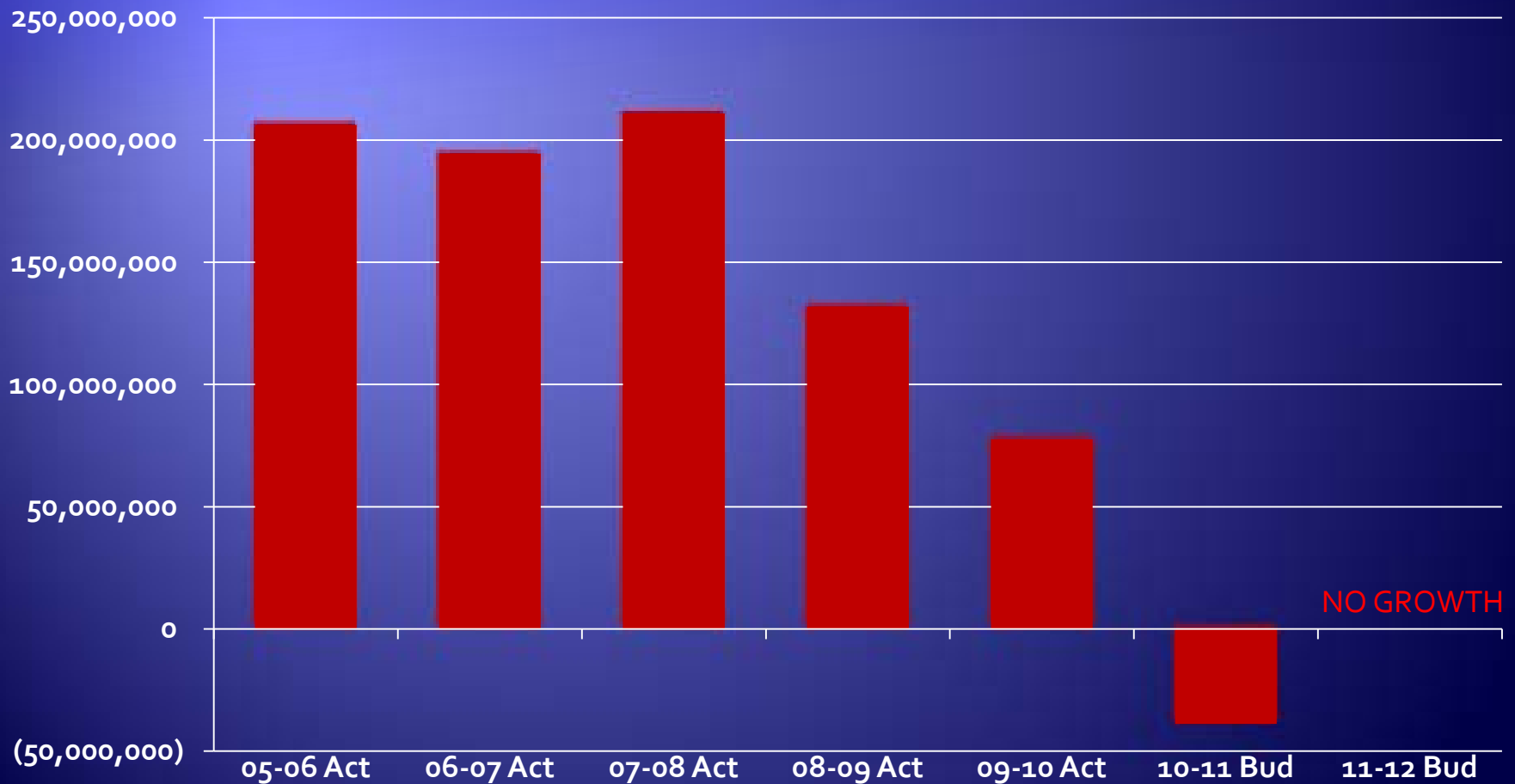
- **Senate Bill 871 (Brubaker) – Continuing education and professional development for teachers would be suspended for two years saving educators, districts and the state significant monies.**
- Senate Bill 872 (Brubaker) – Current requirements in the School Code to establish a Concurrent Enrollment Committee and for quarterly meetings would be removed. Districts would be given the flexibility to determine their policies for participating in dual enrollment.
- **Senate Bill 873 (Brubaker) – The Secretary of Education and State Board of Education would be required to review and overhaul the Department of Education's PlanCon process for school construction and reimbursement.**

Local Revenues



Assessment Growth

2010-11 tax appeals cost on average every taxpayer \$65





What will we do !

The Administration recognizes the economic constraints faced by the Commonwealth of Pennsylvania as well the taxpayers of the Downingtown Area School District and as a result we will strive to continue the tradition of excellence that the community has grown to expect in all areas of the District despite the fiscal crisis that we face .

Anything less than our tradition of excellence will be unacceptable!





Executive Summary

Where do we go from here?

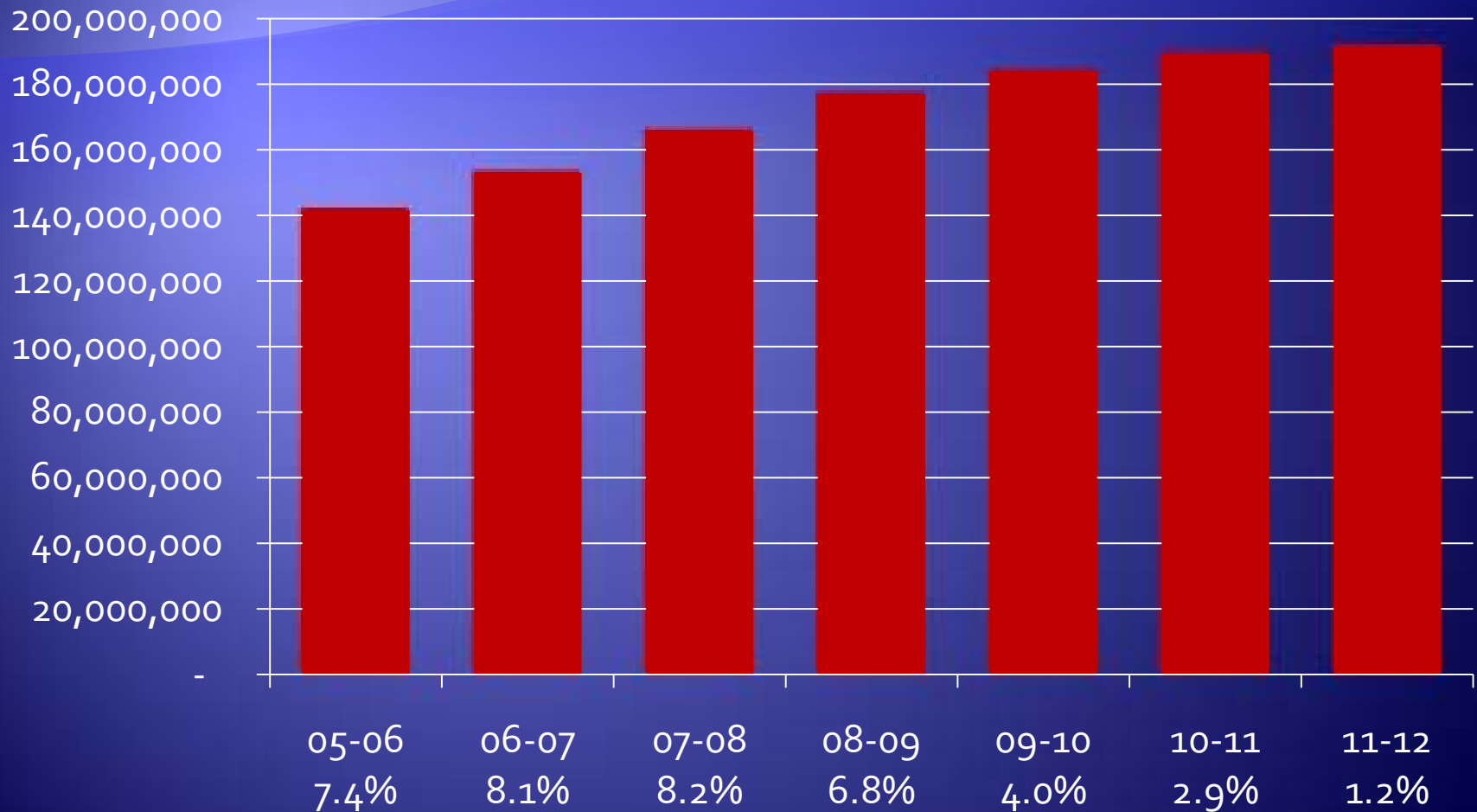
Where do we go from here?

- ◆ In November we started the budget process with a \$12,034,138 deficit between projected revenues and expenses.
- ◆ The current deficit stands at \$8,297,715
- ◆ This deficit is a result of:
 - The loss of \$3.7 million in state revenues
 - The continued erosion of local revenues
 - Increases in following budget areas
 - Salaries
 - Benefits
 - Payment to charter schools
 - STEM initiative
 - We have indentified areas within the budget where programs, staff, or initiatives can be reduced or eliminated
 - We have prioritized those recommendations:
 - ◆ Level 1 - \$2,006,748
 - ◆ Level 2 - \$547,680
 - ◆ Level 3 - \$3,235,981

Interactive Spreadsheets

- ◆ Introduce Tax summary sheet
- ◆ Introduce Level 1, 2 and 3 possible cost saving measures
- ◆ Discussion points
 - ◆ Our reserves and the use of fund balance
 - ◆ The Bank of America settlement
 - ◆ 2012-13 ACT 1 index (1.0% to 1.2%)
 - ◆ Future state funding

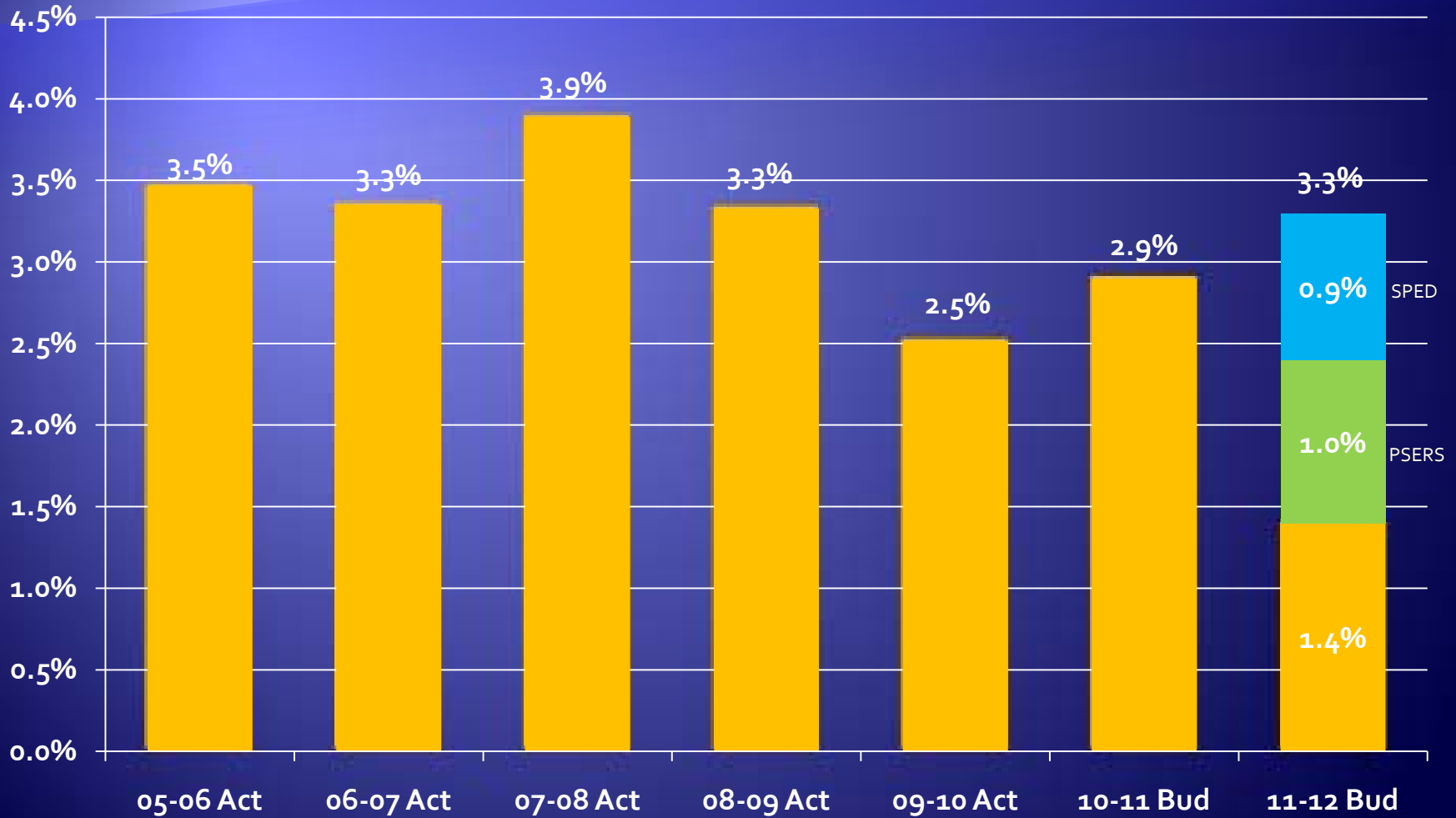
Expenditure Growth



Chester County Preliminary Budgets

◆ West Chester	1.4%
◆ Avon Grove	1.8%
◆ Oxford	1.9%
◆ Great Valley	2.1%
◆ Owen J. Roberts	2.5%
◆ Unionville	3.3%
◆ Downingtown	3.3%
◆ Coatesville	3.5%
◆ Kennett	3.8%
◆ Tredyffrin-Easttown	4.2%
◆ Phoenixville	4.4%
◆ Octorara	6.6%

Tax Increases



Tax Increase Effect

	Annual Tax Bill on Average Assessment		Homestead Credit	Net Tax Bill
2007-2008	\$	4,190.64	\$ -	\$ 4,190.64
2008-2009	\$	4,330.04	\$ (209.91)	\$ 4,120.13
2009-2010	\$	4,438.94	\$ (209.38)	\$ 4,229.56
2010-2011	\$	4,567.54	\$ (208.29)	\$ 4,359.25
2011-2012*	\$	4,718.27	\$ (208.00)	\$ 4,510.27

* Reflects 3.3% tax increase

Tax Increase Effect

Tax Rate Increase	Annual Tax Bill Increase on Average Assessment		Monthly Tax Bill Increase on Average Assessment	
1.4%	\$	63.95	\$	5.33
1.5%	\$	68.51	\$	5.71
1.6%	\$	73.08	\$	6.09
1.7%	\$	77.65	\$	6.47
1.8%	\$	82.22	\$	6.85
1.9%	\$	86.78	\$	7.23
2.0%	\$	91.35	\$	7.61
2.1%	\$	95.92	\$	7.99
2.2%	\$	100.49	\$	8.37
2.3%	\$	105.05	\$	8.75
2.4%	\$	109.62	\$	9.14
2.5%	\$	114.19	\$	9.52
2.6%	\$	118.76	\$	9.90
2.7%	\$	123.32	\$	10.28
2.8%	\$	127.89	\$	10.66
2.9%	\$	132.46	\$	11.04
3.0%	\$	137.03	\$	11.42
3.1%	\$	141.59	\$	11.80
3.2%	\$	146.16	\$	12.18
3.3%	\$	150.73	\$	12.56

Timeline and next steps



Timeline and next steps

- ◆ Administration will continue it's efforts to reduce the deficit where possible.
- ◆ Presentation and the possible cost saving measures will be posted on District Website tomorrow
- ◆ Administration will continue to provide updates to the School Board and the Community.
- ◆ Proposed final budget adoption is scheduled for May 4th 2011
 - ◆ This will require a Special Board meeting
- ◆ The final budget adoption is scheduled for June 8th 2011