2016-2017 BUDGET

Boyertown Area School District
Board of Education
April 19, 2016

2015 Montgomery County School Real Estate Tax Rates

CHELTENHAM	44.52	SOUDERTON	28.65
POTTSTOWN	39.25	METHACTON	27.90
JENKINTOWN	38.07	HATBORO-HORS	26.85
POTTSGROVE	37.72	LOWER MERION	26.23
NORRISTOWN	33.18	SPRING FORD	26.06
LWR MORELAND	32.37	**BOYERTOWN**	**23.86**
UPPER DUBLIN	31.41	NORTH PENN	23.62
SPRINGFIELD	31.08	UPPER PERK	23.06
PERK VALLEY	30.87	COLONIAL	20.51
ABINGTON	29.89	UPPER MERION	18.96
UPR MORELAND	28.80	WISSAHICKON	18.26

2015 Berks County School Real Estate Tax Rates

ANTIETAM	36.79	SCH. VALLEY	26.79
B. HEIGHTS	32.30	GOV. MIFFLIN	26.60
EXETER	31.25	HAMBURG	26.46
FLEETWOOD	30.96	C. WEISER	26.32
KUTZTOWN	29.95	OLEY VALLEY	25.84
WYOMISSING	29.78	TWIN VALLEY	25.74
DANIEL BOONE	28.96	WILSON	24.60
MUHLENBERG	27.81	**BOYERTOWN**	**23.96**
TULPEHOCKEN	27.70	READING	17.41

Commonwealth Budget Update

- The 2015-2016 State budget totaling $30.03 billion was enacted into law on March 27 when the Governor refused to sign the budget bill
- The 2015-2016 budget added a total of $200 million for Basic Education Funding (BEF)
- The Governor vetoed the fiscal code which directed funds to be distributed via a new basic education funding formula.
- The projected Basic Education and Special Education funding was released earlier last week
- The fiscal code also contained authorization to borrow to fund PlanCon. PlanCon is not funded for 2015-2016.

BASD 2015-2016 State Funding

The Basic Education Subsidy (BEF) includes existing proposed revenue from the Ready to Learn Block Grant (RTLBG) as well as a moderate increase in funding for the 15-16 fiscal year for the Boyertown Area School District

	BASD Budget	State Proposed	Difference
Basic Ed	$14.077	$14.884	$807,000
RTLBG	$ .646	$ 0	($646,000)
BEF Total	$14.723	$14.884	$161,000
Special Ed	$ 3.325	$ 3.365	$ 40,000
Total State	$18.048	$18.249	$201,000

Ready to Learn Block Grant (RTLBG)

RTLBG funded the District's Lit First Program which provides a teacher funded at 80% to provide support for struggling first grade students.

The seven teachers, one in each elementary school, spend the balance of their day (20%) assisting students 2-6 grades.

The elimination of the RTLBG funding ends the Lit First Program, which required separate grant program reporting.

The seven teachers will now be considered 100% intervention teachers serving students K-6.

2016-2017 Budget Resolution?

- **Now the 2016-2017 Budget debate begins**
- Primary election is April 26
- General election is November 8
- For the 2016-2017 BASD Budget the District has budgeted the projected 16-17 BEF and SEF as distributed to the committee

BOYERTOWN AREA SCHOOL DISTRICT

BASD Act 1 Index

Index Calculation for 2016-2017:

ECI Index equals	2.4%
times: Aid Ratio Allow	
(.75 + .4786)	x 1.2286
BASD Index (from PDE)	2.9%

County	Millage	Index	Increase
Berks	23.96	2.9%	.69
Mont.	23.86	2.9%	.69

1 Mill = $2.3 Million times .69 = $1,587,000

Act 1 & Budgeting

Below is the BASD 10-year historical Act 1 data:

FY	Base Index	BASD Index	BASD % Tax Incr**
07-08	3.4%	4.1%	2.2%
08-09	4.4%	5.3%	2.6%
09-10	4.1%	4.9%	0.0%
10-11	2.9%	3.5%	3.7%
11-12	1.4%	1.7%	5.5%
12-13	1.7%	2.1%	2.3%
13-14	1.7%	2.1%	2.5%
14-15	2.1%	2.6%	2.6%
15-16	1.9%	2.3%	2.5%
16-17	2.4%	2.9%	**2.9%**

** Average Tax Increase subject to tax equalization calculation

2016-2017 REVENUE PROJECTIONS

April 19, 2016

Local & State Revenue Summary

- Local Revenue projections are based on March 17, 2016 property assessment reports. Two more reports are due before the final budget adoption.
- Local revenues projected to increase $1.5 million (2.22%) assuming no tax increase.
- State Revenues are projected to increase $1.93 million (6.02%) forecasting a $393,065 (2.64%) increase in BEF over the newly announced 15-16 BEF and projecting the State's share of Social Security and PSERS Retirement Contributions to increase significantly.
- Governor Wolf has proposed additional funds for K-12 education for 16-17
- **Total projected revenue increase $3.435 million.**

Budgeted Use of Fund Balance

- The 16-17 budget includes the use of $2 million in committed fund balance to offset the mandated PSERS retirement expense.

- The 16-17 budget includes the use of $1 million to offset the projected debt service payments.

- Total one-time revenue currently included in the 16-17 budget equals $3 million.

2016-2017 EXPENDITURE PROJECTIONS

Employment & Wages

Summary Employment Update

11 teachers submitted retirement notices producing a net savings of $239,556

Due to enrollment projections, Administration has identified 3 FTE positions that will not be filled at the elementary level and 1 FTE at BASH

Personnel reallocation allow the following personnel requests for 2016-17 as follows:

1. Special Ed Transition Coordinator
2. BASH Learning Support
3. GES Learning Support
4. JHE/JHW Gifted

Change in Lit First Teachers as discussed earlier

Based on the evaluation of retirees and reallocation of current staff, the proposed new positions will result in **no new FTEs**.

Expenditure Discussion Items

- Wage increases – Teachers receive .75% increase on schedule plus step movement in March 2017
- All other employees budgeted at 2.4% increase
- Health insurance projected to increase 5.0% = $565,996
- Retirement Contributions – PSERS Contribution Rate

	Contribution % Incr.	Net Increase After Reimb.	Annual Increase
11-12 PSERS at 8.65%	(+ 5.2%)	$1,929,747	
12-13 PSERS at 12.36%	(+42.9%)	$2,723,007	$ 793,260
13-14 PSERS at 16.93%	(+37.0%)	$3,847,924	$1,124,917
14-15 PSERS at 21.40%	(+26.4%)	$5,139,156	$1,291,232
15-16 PSERS at 25.84%	(+20.7%)	$6,051,927	$ 912,771
16-17 PSERS at 30.03%	**(+16.2%)**	**$7,407,684**	**$1,355,757**
17-18 PSERS projected 30.62%	(+ 2.0%)	$7,705,316	$ 297,632
18-19 PSERS projected 31.56%	(+ 3.1%)	$8,206,616	$ 501,300
19-20 PSERS projected 32.23%	(+ 2.1%)	$8,668,903	$ 462,287

2016-2017 EXPENDITURE PROJECTIONS

Building Operations & Transportation

Building Operations Budget

- One HVAC Technician position remains unfilled for 2015-2016
- One Long-Term Electrician is retiring in 2015-2016
- Budget includes hiring of Electrician in 2015-2016 in place of HVAC Technician
- 2016-2017 Budget includes hiring of HVAC Technician

Building Operations Budget Summary

In 000s	14-15	14-15	15-16	15-16	16-17
Account	**Budget**	**Actual**	**Budget**	**YTD**	**Proposed**
Wages	$2,933	$2,912	$2,956	$2,923	$3,028
Benefits	$1,638	$1,797	$1,894	$1,916	$2,038
Cont. Serv.	$ 450	$ 293	$ 451	$ 258	$ 387
Pur. Serv.	$ 105	$ 78	$ 92	$ 65	$ 85
Supplies	$1,941	$1,570	$1,832	$1,102	$1,641
Equipment	$ 104	$ 30	$ 100	$ 23	$ 78
Dues & Fees	$ 3	$ 1	$ 3	$ 1	$ 1
Total	**$7,174**	**$6,682**	**7,328**	**$6,288**	**$7,258**

Transportation Budget

- Transportation Clerk is retiring in June – 16-17 Budget includes replacement
- 2016-2017 Contracted Transportation contract with Quigley Bus Services includes a 1% increase in cost ($50,000)
- Proposed changes to secondary transfers of students to be delayed to 2017-2018

Transportation Budget Summary

In 000s	14-15	14-15	15-16	15-16	16-17
Account	**Budget**	**Actual**	**Budget**	**YTD**	**Proposed**
Wages	$ 114	$ 118	$ 115	$ 117	$ 119
Benefits	$ 67	$ 65	$ 70	$ 70	$ 78
Cont. Serv.	$ 15	$ 10	$ 12	$ 5	$ 12
Pur. Serv.	$5,092	$5,099	$5,209	$3,441	$5,278
Supplies	$ 17	$ 14	$ 16	$ 4	$ 11
Equipment	$ 41	$ 36	$ 5	$ 0	$ 52
Dues & Fees	$ 1	$ 1	$ 1	$ 1	$ 1
Total	**$5,346**	**$5,342**	**$5,428**	**$3,638**	**$5,550**

2016-2017 DEFICIT & TAX PROJECTIONS

Budget Deficit Summary

Expenditures

• Projected Wage Increases with no new FTE	$1,725,363
• Mandated Pension Contribution Increases (Net)	$1,355,757
• Health Insurance Increase - 5% premium increase	$ 517,115
• Special Needs Tuition Placements	$ 372,956
	$3,971,191

Revenue

Projected State Basic Education Subsidy Increase	$393,065
Projected State Special Education Subsidy Increase	$207,815
	$600,880

General Fund Budget Summary

Projected Revenue	$106,523,576
(Assuming No Tax Increase)	
(Use of $3 million one-time fund balance)	
Projected Expenditures	$108,622,986
Projected Deficit	$ (2,099,410)
Revenue from Tax Increase	$ 1,587,000
(2.9% Increase to BASD Act 1 Index)	
Remaining Deficit	$ (512,410)

Tax Equalization

- Boyertown Area School District is a Two County School District
- Tax Equalization is defined by PA School Code 672.1(a)

  Tax Rates is based on STEB Market Value of each respective County and current assessment values

	Berks Co.	Mont. Co.	Total
Market Value	**$1.566 B (43.86%)**	**$2.004 B (56.14%)**	**$3.570 B**
Assessments	**$1.121 B (42.85%)**	**$1.495 B (57.15%)**	**$2.616 B**

Local Tax Revenue required $64,086,820 times % Market Value/Assessment Value

Berks County $64.087 M x **43.86%** = $28,108,479/$1,121,044,300 = 25.07 mills

Mont. County $64.087 M x **56.14%** = $35,978,341/$1,495,069,454 = 24.06 mills

Preliminary Projected Tax Effect

	Berks	Montgomery
2015	23.96	23.86
2016	24.91	23.91
Increase	.95 mills (3.9%)	.05 mills (0.2%)

2015 Avg. Mill = 23.91 2016 Avg. Mill = 24.57

Average Millage 2.76%

Based on tax equalization taxes on a $100,000 home in Berks would increase $95; Montgomery County would increase $5

Total Tax bill for a $100,000 assessed home would be $2,491 in Berks and $2,391 in Montgomery

Deficit Reduction

<u>Board Considerations for Deficit Reduction</u>

Cut $250,000 transfer to Capital Projects Fund

Cut 2nd year 1:1 computer initiative ($135,000)

Use of Fund Balance

Reduction in Other Programs

Reduction in Personnel

Future Considerations

- State Budget Fiasco
- Value of Educational Programs
- Value of Extra-Curricular Activities
- Mandated Services
- Escalating Costs
- Persistent Use of One-Time Funds
- Short & Long Range Tax Consequences

BOARD INPUT

Next Steps

- May 10 Board Meeting – Adoption of Final Proposed Budget
- 30 Day Display of Budget
- May 17 Finance Meeting – Budget Update
- May 31 Finance Meeting – Final Review of Budget
- June 14 Board Meeting – Adoption of Final Budget