

Ramping Up...

2017-2018

BASD Budget Development



January 9, 2017

Budget Context

- **Goal:** Maintain BASD “assets” and programming in support of the *Roadmap to Educational Excellence 4.0* and the BASD Goals
- **Realities:** Difficult economic times present us with “Structural Deficits” that make it increasingly difficult to achieve our goals.

Why Prepare 2017-18 Budget Now?

- ❖ Act 1 of 2006
 - Limits Local Taxation to an Annual Index (3.1%)
 - Timelines Based Upon Primary Election
 - Board Adopts Preliminary Budget 90 days prior to Primary election
 - Resolution to Not Tax Above Index (3.1%)
 - **Exceptions for Certain Expenditures (3)**
 - Referendum Question if Exceed Index plus Exceptions
 - May-June School Code Timelines Apply

Act 1 Timeline

**January 17, 2017- Review Preliminary Budget
@ Board Finance Comm. Mtg**

**February 13, 2017- Approve Preliminary Budget
as Presented @ Special Bd Mtg**

**Authorize the Administration to Apply for
Act 1 for Exceptions**

Timeline for Spring

WORKSHOPS	DATES
PRELIMINARY BUDGET ADOPTION	February 13, 2017 (Special Board Meeting)
Governor's Budget	On or about February 7, 2017
Budget Workshop	March 29, 2017
Budget Workshop	April 26, 2017
Tentative Final Budget Adoption	May 15, 2017 (Special Board Meeting)
FINAL BUDGET ADOPTION	June 19, 2017 (Special Meeting)

Structural Budget Issues

- ❖ Structural deficit is caused by the growth of mandated and contractual expenses exceeding the natural growth of revenues
- ❖ Revenue to BASD has remained flat
- ❖ Federal funds continue a gradual decline
- ❖ Fixed costs of the BASD (employee salaries & benefits, operating costs, etc.) continue to grow
- ❖ BASD contributions to the PSERS retirement system continue to grow
- ❖ Public charter school costs continue to grow
- ❖ Act 1 limits millage increases (the “Index”)
- ❖ State failure to adequately fund public schools

Identifying and Prioritizing District Assets

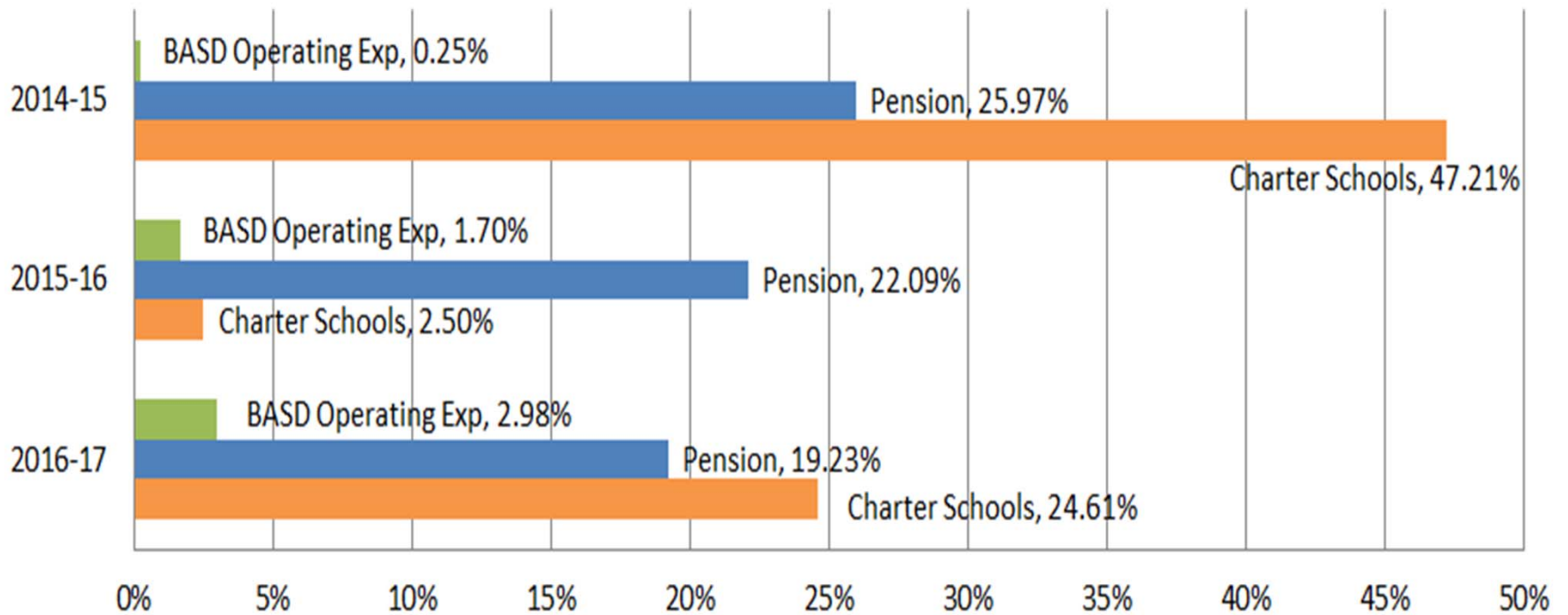
- ❖ BASD Roadmap 4.0 Goals and Strategic Initiatives
 - Five Year Planning Document
- ❖ What are those qualities of the BASD that are “non-negotiable” and must be maintained in 2017-2018?

How do we prioritize all of the things we value?

- ❖ Neighborhood Schools
- ❖ Grade Level Reading by Grade 3
- ❖ Targeted Class Sizes
- ❖ Transportation Services
- ❖ Diverse Curricular Offerings
- ❖ Well-maintained Facilities
- ❖ Professional Development Opportunities
- ❖ Co-curricular Activities
- ❖ Eliminating Variable Rate Debt
- ❖ Up-to-date Technology
- ❖ Additional Supports for Summer Programs

BASD Operating Increases vs. PSERS and Charter Schools

Budget Increases by Category



	2016-17	2015-16	2014-15
■ BASD Operating Exp	2.98%	1.70%	0.25%
■ Pension	19.23%	22.09%	25.97%
■ Charter Schools	24.61%	2.50%	47.21%

BASD Budget History

	Budget Year	Tax Increase
2011-12	<p style="text-align: center;">Real Pain</p> <p style="text-align: center;">Dramatic reductions in Pre-K, full-day kindergarten, high electives, and personnel; eliminate MS Teaming</p>	1.70%
2012-13	<p style="text-align: center;">Sustainable & Efficient</p> <p style="text-align: center;">Reinstated 6th Grade Teaming; 20 buses; tech replacements; \$600,000 for facility repairs; cyber course offerings; stabilized fund balance; savings from financial software, in-house tax collection, energy, & retirements</p>	4.84%
2013-14	<p style="text-align: center;">Sustainable & Restorative</p> <p style="text-align: center;">Reinstated 7th Grade Teaming, academic supports, MS library services, social services and drop out prevention; expanded full-day Kindergarten; 10 buses; tech replacements; savings from TimeClock software, energy, & retirements; savings for capital improvements & NMS</p>	2.72%
2014-15	<p style="text-align: center;">Sustainable & Restorative</p> <p style="text-align: center;">Reinstated 8th Grade Teaming; Project Lead the Way; cut elementary & MS after school programming; wage freezes; delayed bus cycle; 0.25% BASD expenditure increase after PSERS & charter schools</p>	4.99%
2015-16	<p style="text-align: center;">Sustainable & Forward Leaning</p> <p style="text-align: center;">Implemented Full Day Kindergarten; Begin NMS Construction; Wireless Infrastructure Project; Continued Project Lead the Way, College & Career Pathways, Hybrid Learning, Community Schools, Leader In Me, & AP offerings; 9 New School Buses</p>	2.90%

2016-17 Budget = Sustainable & Forward Leaning

- ❖ Year 2 of Nitschmann Middle School Construction Project
- ❖ Continued Key Educational Initiatives (Project Lead the Way, College & Career Pathways, Online Hybrid Learning, Community Schools, Leader In Me, & AP offerings)
- ❖ Professional Development
- ❖ Reading by Grade 3
- ❖ Equity in Education
- ❖ MS Math & Science
- ❖ Leased 18 New School Buses
- ❖ 3.19% Tax Increase

Budget Balancing Considerations

- ❖ Expenditure Reductions
- ❖ Greater Operating Efficiency
- ❖ Future Cost Avoidance
- ❖ Enhancing Revenues
- ❖ Raising Taxes

Greater Operating Efficiency

- ✓ More efficient and equitable tax collection
- ✓ Energy savings
- ✓ Reduced material/supply use
- ✓ Increased Transportation efficiency
- ✓ Improved procurement
- ✓ Renegotiate lower pricing

Expenditure Reduction

- ✓ Wage and Benefit Savings
- ✓ Health Care Management
- ✓ Program Reductions/Eliminations
- ✓ Defer Cyclical Purchases
- ✓ Reduce/Eliminate Non-Mandated Services

Enhancing Revenues

- ✓ Municipal Appeals
- ✓ Sale/Lease of Property
- ✓ Delinquent Tax Collection
- ✓ Educational Foundation
- ✓ Community Partnerships
- ✓ Naming Rights
- ✓ Advertising allowed by PA School Code

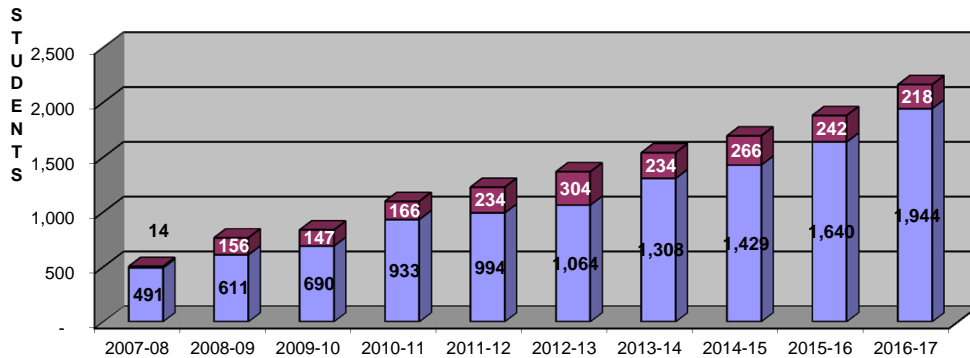
Future Cost Avoidance

- ✓ Service Delivery Options
- ✓ More cost efficient collective bargaining agreements
- ✓ Reduce long-term interest costs
- ✓ Residency Verification
- ✓ Charter School oversight

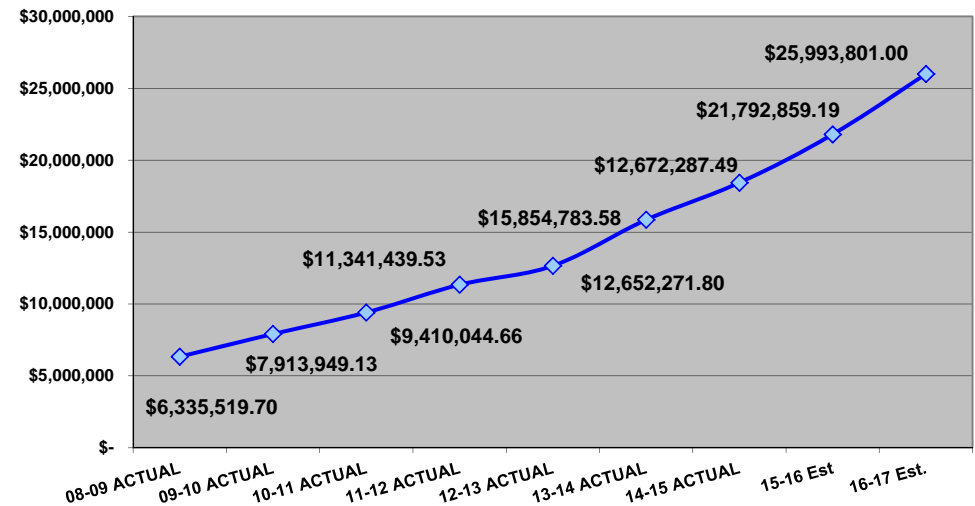
Charter School Impact

	2016-17 Budget	2016-17 Estimate	% Budget	Tax Mills	% Tax for CS
BASD Total Cost	\$260,755,990	\$260,755,990			
Charter School Tuition	\$25,993,801	\$23,480,672	9.0%	6.3	13.2%
Net BASD Budget	\$234,762,189	\$237,275,318			

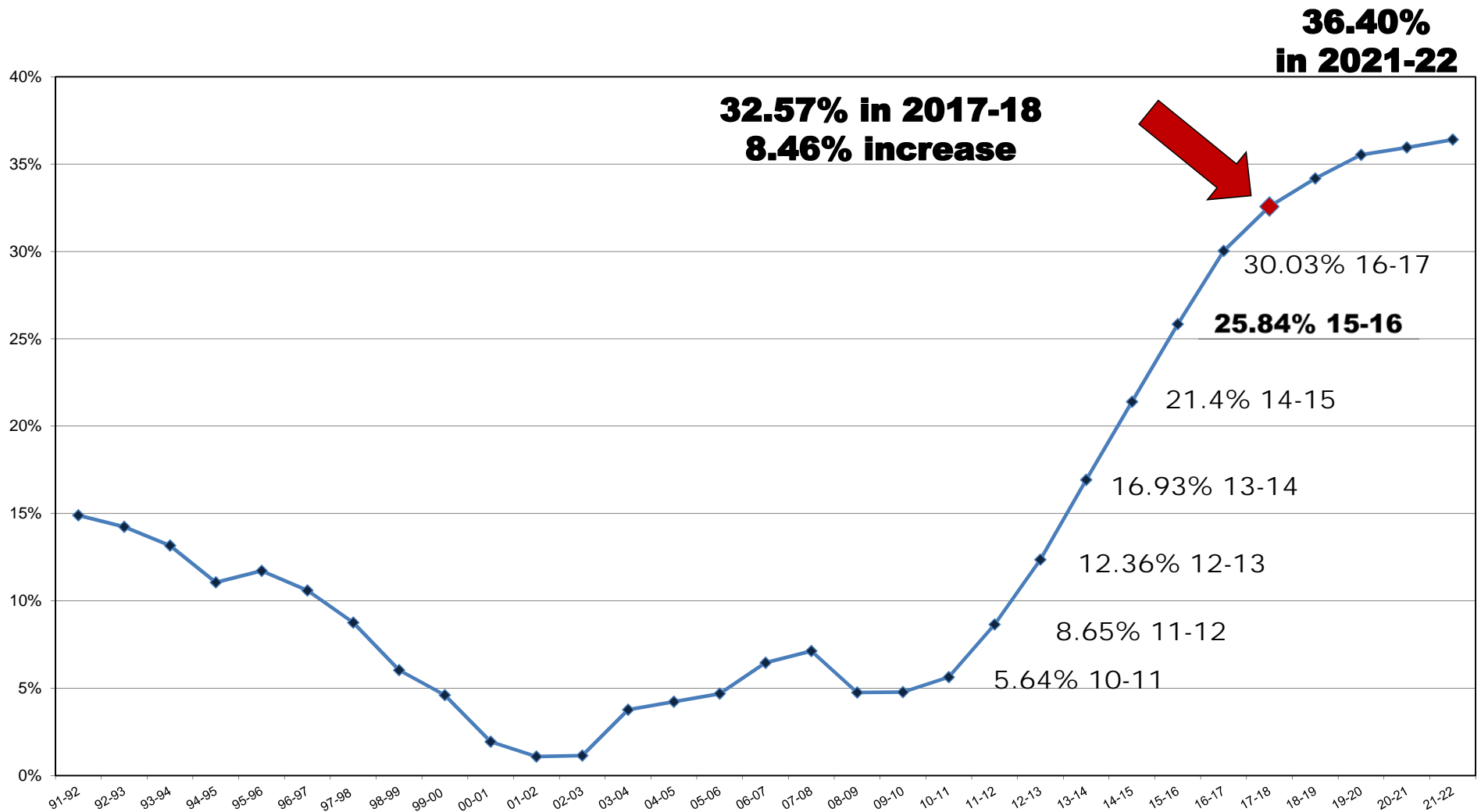
CHARTER SCHOOL ENROLLMENT HISTORY



CHARTER SCHOOL COSTS



PSERS Rate Projections



What is the Value of \$1 Million?

- ❖ 1/4 Tax Mill
- ❖ Approximately 12.5 New Teachers
- ❖ 1/3 of all Sports/Activities
- ❖ 13 New School Buses
- ❖ 3,076 Chromebooks

2017-18 BASD Budget Development

- ❖ Collect Necessary Data and Projections
- ❖ Analyze Budget Trends vs District Priorities
- ❖ Board Workshops & Finance Committee Discussions

Impact of Legislative Focus

DeVos has called the **public education system** in the country — which many see as the United States' most important civic institution — as a **“dead end”** and a government-run **“monopoly.”** The Washington Post 12/22/16

The “school choice” movement in the US is bound to get a huge boost from President-elect Donald Trump's selection of Betsy DeVos, a Michigan billionaire and choice advocate, as his secretary of education. If she is approved by the Senate, as expected, DeVos will push to expand a range of choice programs that **use public funds for schools not part of traditional public systems.** The Washington Post 12/22/16

“We want to measure programs and spend money on what works and not on what doesn't. We have **government schools**, private schools, parochial schools, cyber charters — and public money is spent on all of these things,” Sen. John H. Eichelberger Jr., R-Blair [Senate Education Committee Chair] said. Altoona Mirror, Jan. 3, 2017

Conservative Commonwealth Foundation director of policy analysis Elizabeth Stelle, said Harrisburg should control spending, enacting a balanced budget with no tax increases. “Asking taxpayers to send more money to Harrisburg isn't the answer,” she wrote in [“A Christmas Wish List for Pennsylvania.”](#) Also on the wish list:

- Place new **state employees in a 401(k)-style retirement plan**; **Expand charter schools**; **End donation limits on the state's opportunity scholarship tax credit program**; **Publish labor contracts with public-sector unions before they are finalized**; Increase work requirements for welfare. Lancaster Online, Jan. 2, 2017

Impact of Legislative Focus

In September of 2016, the Inspector General's Office of the U.S.E.D. issued its final audit report titled a "Nationwide Assessment of Charter and Education Management Organizations." The report made it clear that the Education Department itself is **not doing enough to protect taxpayers from charter management fraud**. (The present secretary, John King, led one of the top five charter chains, Uncommon Schools.)

The Washington Post 12/22/16

The **problem isn't excessive spending**, the PA Budget & Policy Center said: Spending as a percentage of state GDP **is down by 11 percent** since the mid-1990s. **Further cuts would hurt critical education**, human services and educational programs, the center argues. Lancaster Online, Jan. 2, 2017

"The consequences of **pension** insolvency are dire, extensive and irreversible," said State Rep. John McGinnis, R-Blair in a statement. Barry Shutt, who has been staging a pension protest vigil, said he's had conversations with Republican lawmakers who suggest they would **support an increase in the sales or property taxes to deal with the pension**. *Delaware County Daily Item*, Jan. 1, 2017

Sen. **David Argall**, R-Schuylkill, will introduce the leading proposal, which would **increase the income tax rate by 60 percent** and **hike the state sales tax rate by 17 percent** while applying it to a wider range of goods and services, such as **groceries, clothing, basic TV and funeral services**. That would mean **shifting ...taxes from property owners, including businesses, to PA consumers and workers through sales and personal income taxes**. Associated Press, Jan. 3, 2017

Outstanding Questions???

Are Governor Wolf's education priorities achievable and sustainable?

Will State funding be improved?

Will there be local property tax reform?

Will there be Act 1 Exceptions?

Will overall local revenue improve?

Will Charter School Reform Legislation pass?

Will PSERS Reform Legislation pass?

Will State mandates be reduced?