

JCSD BUDGET PRESENTATION

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MARCH 17, 2011

PRESENTATION AGENDA

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- Purpose of presentation
- Budget Background
- Budget timeline
- Review of preliminary budget (as approved 1/2011)
- Governor's budget
- Current status of budget
- Referendum items
- Frequently Asked Questions
- Summary
- Questions and answers from board and public

PURPOSE OF PRESENTATION

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This workshop is intended to

Provide a background on the PDE budget process.

Provide current JCSD budget information.

Explain the next steps in the budget process.

BUDGET BACKGROUND

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- The Federal Government gave the responsibility for providing education to each state or commonwealth.
- Pennsylvania developed a legislative guideline known as the Pennsylvania Code to address this responsibility.
- Title 22 of the Pennsylvania Code contains legal requirements (mandates) that direct education in the commonwealth. *Examples follow on next page.*
- PDE requires school districts to prepare a budget to ensure that all programs as required, are being provided.

BUDGET BACKGROUND

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Title 22 : Education

Chapter 4: Academic Standards and Assessments

Chapter 8: Criminal History Background Checks

Chapter 9: Instructional Media

Chapter 11: Student Assessment

Chapter 12: Students and Student Services

Chapter 14: Special Education Services and Programs

Chapter 15: Protected Handicapped Students

Chapter 16: Special Education for Gifted Students

Chapter 17: Intermediate Units

Chapter 21: School Buildings

Chapter 23: Pupil Transportation

Chapter 349: School Building Standards

Chapter 351: Teacher Tenure

Chapter 403: Compliance with No Child Left Behind

Chapter 711, Part 20 : Charter Schools

BUDGET TIMELINE

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- 2/16/11: Preliminary Budget to be adopted – adopted 1/20/11.
- 2/21/11: Preliminary Budget sent to PDE.
- 2/24/11: Referendum Exception requested from PDE.
- 3/3/11: Approval from Dept of Education for referendum exceptions sought.
- 3/18/11: Referendum question seeking voter approval of tax rate increase in excess of index to be submitted to the county board of elections.

BUDGET TIMELINE (CONTINUED)

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- **3/23/11:** PDE to issue ruling on school district's petition for referendum exception.
- **3/28/11:** If PDE denies (all or a part of) the school district's request for referendum exception, school district must submit to the county board of elections a referendum question seeking voter approval of tax rate increase in excess of index for the portion of the referendum exception request denied.
- **4/15/11:** Revenue in Property Tax Relief Fund and reserve certified by Secretary of Budget.

BUDGET TIMELINE (CONTINUED)

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- **4/20/11:** Secretary of Budget notifies PDE to authorize/not authorize property tax allocation for school districts.
- **5/1/11:** PDE notifies school districts of amount state allocation of property tax reduction funding.
- **5/1/11:** Certified Report with homestead and farmstead properties information provided to district by Assessor.
- **5/17/11:** Nonlegal interpretive statement for referendum drafted by primary election-county election officials in conjunction with board of school directors to reference items of expenditure for which tax rate increases are being sought.

BUDGET TIMELINE (CONTINUED)

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- No later than 5/31/11: Board of Directors Adopt resolution to reject property tax allocation.
- No later than 5/31/11: Adoption of 2011-2012 proposed final budget and certification mailed to PDE (JCSD board meeting May 19).
- 6/10/11: 2011-12 proposed final budget made available for public inspection.(JCSD date May 31, 2011)
- 6/20/11: Public notice offered of intent to adopt 2011-12 final budget. (JCSD date May 25, 2011)
- 6/30/11: Resolution implementing homestead/farmstead adopted.
- 7/15/11: Submission of online final budget to PDE.

PRELIMINARY BUDGET APPROVED 1-20-2011

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Information provided, January 2011, for the following:

Budgeted Expenditures:

Annual Budget to provide quality education for all students in JCSD
\$33,652,186

Budgeted Revenues:

\$30,184,653

Resulting Budget Deficit:

\$ 3,467,533

HIGHLIGHTS of the GOVERNOR's 2011-2012 BUDGET

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State Basic Education Funding (BEF)- **\$ 5,226,142,000**

2.0% increase over the 2010-2011 General Fund for all school districts

JCSD Basic Education Funding- **\$ 9,601,616**

Before reductions, 2.27% increase which is inclusive of base supplement, ELL supplement and poverty supplement = \$213,110

Subsidy Reductions or Eliminations

Explanations on next page

SUBSIDY REDUCTIONS OR ELIMINATIONS

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Known Reduction Amounts

• ABG- Eliminated (Funded kindergarten)	\$ 455,627
• EAP- Eliminated (Funded tutoring)	176,190
• BEF and ARRA reduction	983,978
• Charter School Reimbursement Eliminated	225,000
• Education Jobs Funding	270,901

Total Reductions: **\$2, 111,696**

Unknown Reduction Amounts

- Funding for Title I (currently believed to be same as 2010-11 year)
- Funding reduction for Title II (class size reduction classrooms)

CURRENT STATUS OF BUDGET

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• Deficit	-\$3,467,533
• Use of Fund Balance	<u>1,000,000</u>
• Adjusted Deficit	-\$2,467,533
• Funding Adjustments based on Governor budget	
○ Basic Ed Funding	\$-473,954
○ Charter School Funding	-225,000
○ Education Jobs Funding	-270,901
○ Educational Assistance Program	-207,438
○ Title I funding	<u>151,114</u>
○ Total current adjustment	-1,026,179

Adjusted deficit after state funding adj. -\$3,493,712

CURRENT STATUS OF BUDGET

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- Adjustments in local revenue
 - Additional assessments for Real Estate \$150,000
 - Allowable tax increase under Act 1 (1.9%) 201,000
 - Subtotal of Local Revenue Additions \$351,000

Adjusted Deficit (after local revenue adjustment) -\$3,142,712

CURRENT STATUS OF BUDGET

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Expenditure reductions

○ Printer contract reduction	\$ 41,000
○ Leasing 3 computer labs	23,500
○ Eliminate Secondary student handbook	10,850
○ Do not replace 4 retirees	311,761
○ Defer technology for food service	32,000
○ Defer asbestos tile replacement	14,150
○ Reduce School budget for supplies	20,000
○ Defer purchase of Library books	25,500
○ Adjust busing budget – streamline	<u>75,000</u>
Subtotal for Expenditure Reductions	553,761

Adjusted deficit

-\$2,588,951

CURRENT STATUS OF BUDGET

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- Staff reduction due to funding cuts
 - EAP Tutoring - 9.5 positions \$178,206
 - Title I – 2 positions 121,668
 - CSR funding – 3 positions 177,332
 - Kindergarten - 12 positions 709,329
 - Subtotal of reductions \$1,186,535
 - Unemployment for positions -554,200
 - Subtotal Funding Cut Staff Reductions \$632,335

Adjusted Deficit

\$1,956,616

CURRENT STATUS OF BUDGET

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Other possible Staff reductions - Teachers

○ Eliminate Vo. Ag.	2 positions	\$100,436
○ Eliminate Bldg. Trades	3 positions	211,537
○ Eliminate Industrial Art	3 positions	184,080
○ Eliminate Secondary Music	3 positions	227,132
○ Eliminate Secondary Art	3 positions	227,132
○ Consumer Science	3 positions	222,005
○ Business Education	5 positions	301,861
○ <u>Materials and supplies for all programs above</u>		<u>60,500</u>
○ Position and Material Subtotal		1,534,683
○ Unemployment		-770,893
Subtotal for Teacher Reductions		<u>763,790</u>

Adjusted Deficit

-\$1,192,826

CURRENT STATUS OF BUDGET

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• Other possible Staff reductions – Support Staff	
○ Eliminate 4 LPN positions	79,770
○ Eliminate 2 Secondary Guidance	114,021
○ Eliminate 1 elementary principal	114,001
○ Eliminate 2.5 secondary secretary	84,435
○ Reduce paraprofessional staff by 10	<u>144,645</u>
Subtotal of reductions	536,872
○ Unemployment for cut positions	<u>-295,615</u>
Subtotal for Support Staff Reductions	\$ 241,257
Adjusted deficit	-\$951,569

CURRENT STATUS OF BUDGET

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- Other Program cuts
 - Extracurricular funding and budgeted revenue

Expenses	619,333
Gate Receipts	-30,000
Soc Sec & Retire Subsidy	<u>-29,631</u>
Net change (for elimination of extra curricular)	\$559,702
 - Reduce utility on 2 modular units

	<u>\$5,000</u>
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Subtotal for reductions on page	564,702

Adjusted deficit	-\$386,867
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BACK-END REFERENDUM

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- A **back-end referendum** is an Act 1 procedure that occurs toward the end of the budget process. This type of a referendum allows school districts to ask voters for a tax increase above the index in order to maintain current programs.
- Act 1 allows a 1.9% increase in real estate taxes due to 2011-2012 index plus any approved by PDE.
- The Acting Superintendent and Administrative team believe the items listed on the next page are a critical part of the JCSD educational process. As such, approval is sought from the School Board to place these integral programs on the Spring Primary ballot for voter referendum.

IMPORTANCE OF VOTER REFERENDUM

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- A majority vote of, **“YES,”** on the referendum, means the following programs will receive adequate funding to continue:
 - ✦ **Kindergarten**
 - ✦ **Vocational Agriculture**
 - ✦ **Building Trades**
 - ✦ **Industrial Arts**
 - ✦ **Business Education**
 - ✦ **Family and Consumer Sciences (F&CS)**
 - ✦ **Secondary Music and Art,**
 - ✦ **Extra-curricular activities such as sports and plays**
 - ✦ **2.5 secondary secretaries**
 - ✦ **2 secondary Guidance Counselors**
- A majority vote of **“NO”**, means there will be no tax increase, beyond what is allowed by PDE under Act 1, and the items listed above will not be a part of the JCSD education program.

PROPOSED REFERENDUM PROGRAM FUNDING

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Subject to Board approval, the administration requests that the following programs be put to voter approval through referendum.

• Prior Adjusted Deficit (unresolved)	\$386,867
• Vocational Programs (Vo Ag, Bldg Trades, Ind Arts, Bus Ed, F&CS)	1,080,419
• Secondary Music and Art	454,264
• Kindergarten	709,329
• 2.5 secondary secretaries	84,435
• 2 Secondary Guidance Counselors	<u>114,021</u>
• Deficit to be funded through voter referendum	\$2,829,335

This deficit is equal to **14.076 mills**. On an average property this would result in a **\$235.10** per year increase or **\$.64** per day increase.

REFERENDUM EXCEPTIONS

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- Act 1 of 2006 allows a school district to apply to PDE for referendum exceptions related to 12 areas. Most are related to building projects and do not apply to JCSD.
- However, we have applied for 2 exceptions:
 - #1 **Special Education** - due to increased special education costs from 08-09 to 09-10, may be eligible for \$289,216 or 1.44 mills.
 - #2 **Retirement exception** – Based on projected net retirement costs in 11-12 versus 10-11, may be eligible for \$258,253 or 1.28 mills

POSSIBLE ADJUSTED REFERENDUM FUNDING

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- Total Expenses previously recommended for Referendum: \$2,829,335
- If PDE approves 2 Exceptions, JCSD receives -547,469
- Funding needed from referendum \$2,281,866
 - This is an **11.353 mill increase** for voter referendum. Cost to average property owner is **\$189.62 per year or \$.52/day**.

FREQUENTLY ASKED QUESTIONS

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How does 11-12 BEF compare to 10-11 BEF?

Basic Education Funding in 2011-12 shows an increase in state dollars of \$492,619,000 for a total of \$5,226,142,000, or the equivalent of 08-09 BEF. The difference in overall BEF is a decrease of \$549,944,000

****** What this means for JCSD -An overall decrease in the funding has occurred. This decrease creates a shortfall for the school district budget. The loss of funding requires the school district to seek more local effort to fund schools.

FREQUENTLY ASKED QUESTIONS

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How is the Basic Education Funding (BEF) going to be distributed?

Each district will receive the state share it received in 10-11 plus the EduJobs share, and will receive a portion of the additional state funds totaling \$104.8 million in accordance with a new formula that takes into account factors such as ELL, poverty, district size, aid ratio and local tax effort.

*** What this means for JCSD- Although there is a slight increase in funding over the 10-11 school year, the associated elimination of funding and grants, equates to less money overall.*

Therefore there will be less money to maintain current programming making it necessary to call upon local taxpayers to support the schools to provide funding to maintain programming.

FREQUENTLY ASKED QUESTIONS

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What happened to the Accountability Block Grants?

Accountability Block Grants, which have never been acknowledged as a permanent source of funding, have been eliminated.

***NOTE:** The Accountability Block Grant was a landmark investment launched by Governor Rendell to enable school districts to invest in the educational programs that are proven to help children succeed- primarily in early childhood and Kindergarten Education.*

*** What this means for JCSD- the loss of funding for Kindergarten program*

FREQUENTLY ASKED QUESTIONS

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Reimbursement of charter school expenses to school districts has been eliminated. Why?

Charter school reimbursements to districts have been eliminated in light of the fact that the original reason for this reinstatement of funding to school districts has expired.

*** What this means for JCSD- PDE will still permit students to enroll in charter schools. The difference will be that no funding will be given to school districts to cover a portion of this alternative education. Instead JCSD will be totally responsible for the entire cost of charter school education for students who reside in our school district attendance area. Currently, JCSD spends \$600,000 on charter school education.*

SUMMARY

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- Since January 2011, the budget has been examined many times and alternative solutions have been considered.
- The Governor's budget provided additional cuts to school district budgets causing a greater deficit for the JCSD to address or an additional **\$ 2,111,696**
- After adjusting the budget to include the additional cuts caused by the Governor's budget, new projections of need were determined.
- The budget, as offered in this presentation, reflects the newest cuts and subsequent funding needed by the JCSD to maintain current programs.
- The Juniata County School District Acting Superintendent and administrative team will continue to work on the budget as information becomes available .

FOR YOUR INFORMATION

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- A copy of this Power Point presentation can be found on the main page of the JCSD website. It will be entitled, "JCSD Budget Presentation".
- Questions may be submitted to the following email address:
jcsd@tiu11.org
- All questions and answers will be available on the Juniata County School District web site under the School Board Tab entitled, "Budget Questions". They will be updated Monday of each week.
- JCSD web site address:
<http://www.jcsdk12.org/jcsdk12/site/default.asp>