

Shaler Area School District



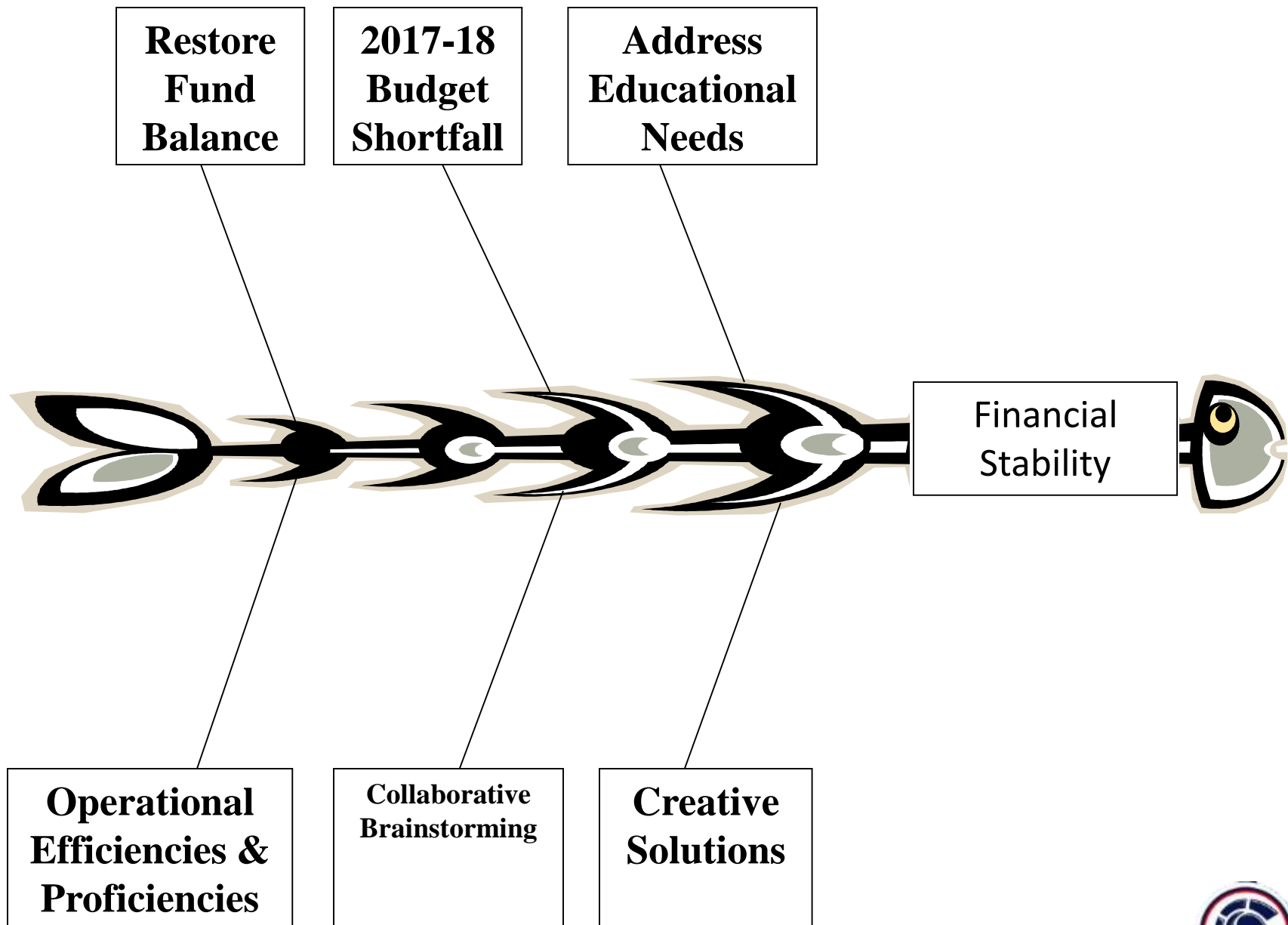
Budget and Finance Committee Meeting Finance Update December 14, 2016

Thursday, December 15, 2016

A Culture of Fiscal Responsibility and Operational Efficiency

- Budgeting will be a year long process
- Involve stakeholders earlier in the process
- Show community members where district dollars are going
- Future projections
- District Finance presentations with staff during the spring





How is the District Funded ?

Local Funding-65.51%

Real Estate:
54.57%

EIT, Deed
Transfer,
Rentals, Idea
Funds, Misc:
10.94%

State Funding-32.97%

PSERS/Soc
Security
8.28%

Other-22.69%

Federal Funding & Other- 1.52%

Title I & II-.94%

ACCESS-.51%
Other-.07%



Where does our money go?

Wages &
Benefits
70.7%

Transportation
6.2%

Debt Service
8.4%

Tuition
5.4%

Professional
Fees
5%

Electric
Water
Gas
Diesel
1.9%

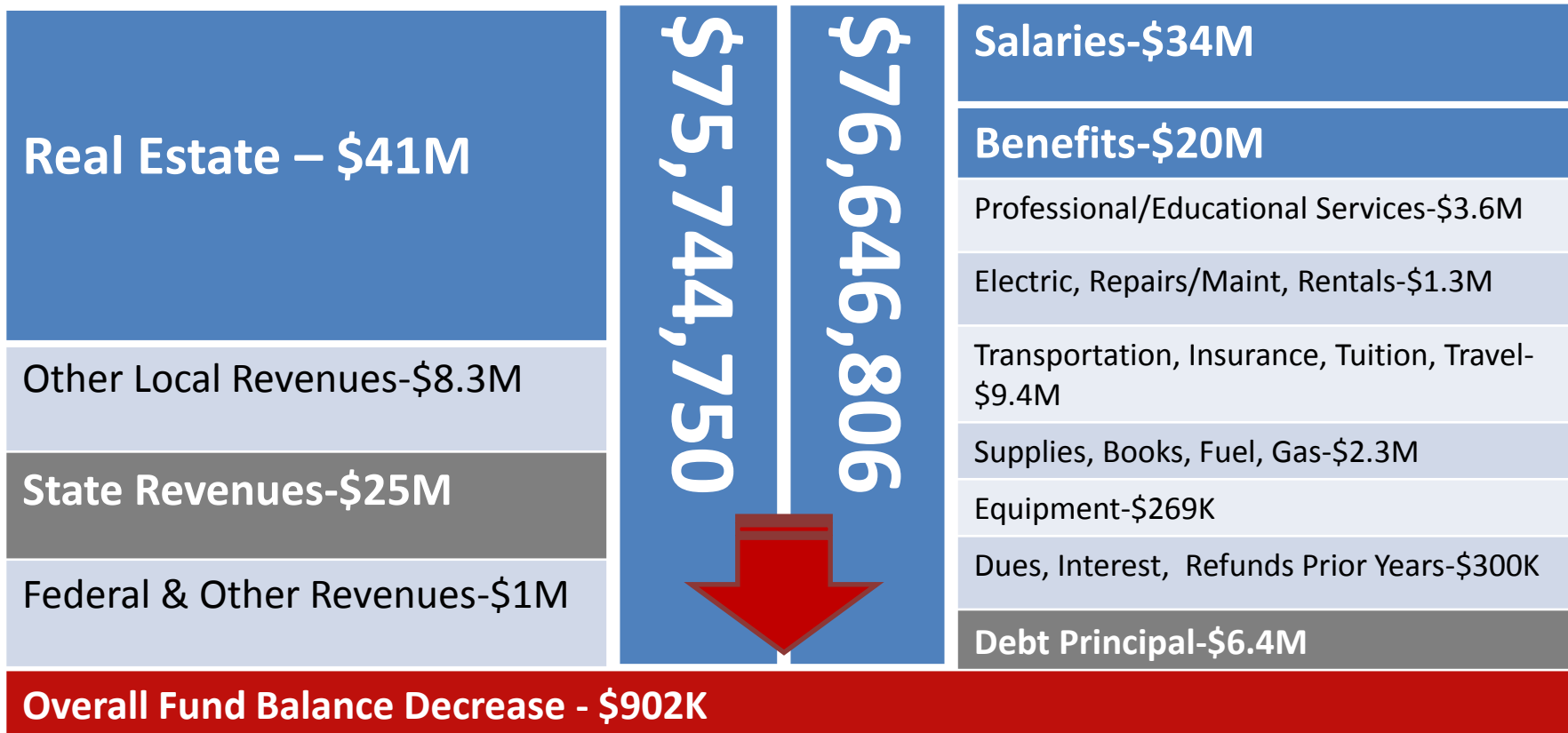
Equipment
.4%

Books
.7%

Other
1.3%



2015-2016 Financial Results



Fund Balance Depletion

2012-13

• \$7.9M

2013-14

• \$7.2M (\$617K decrease)

2014-15

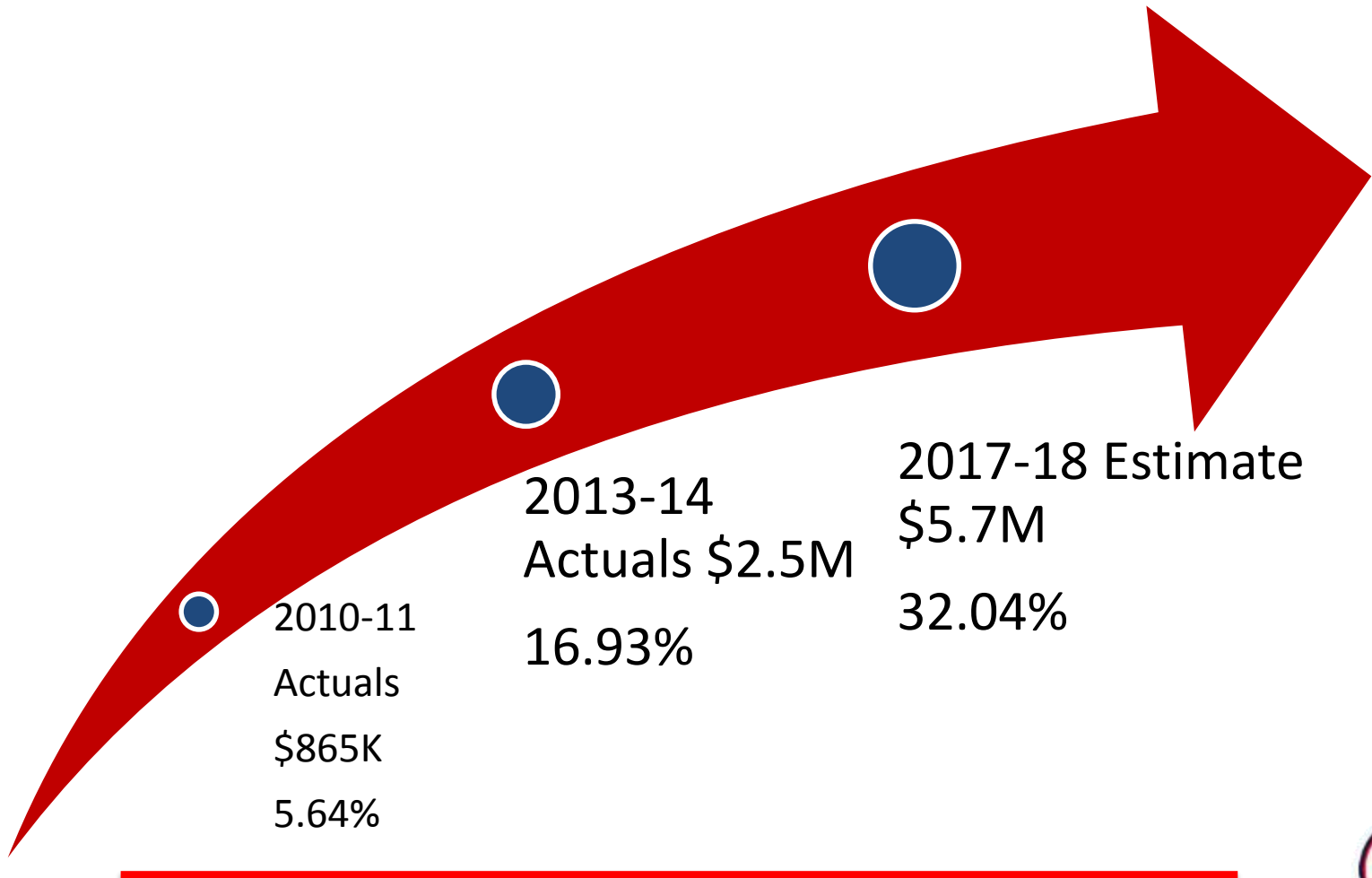
• \$4.3M (\$2.9M decrease)

2015-16

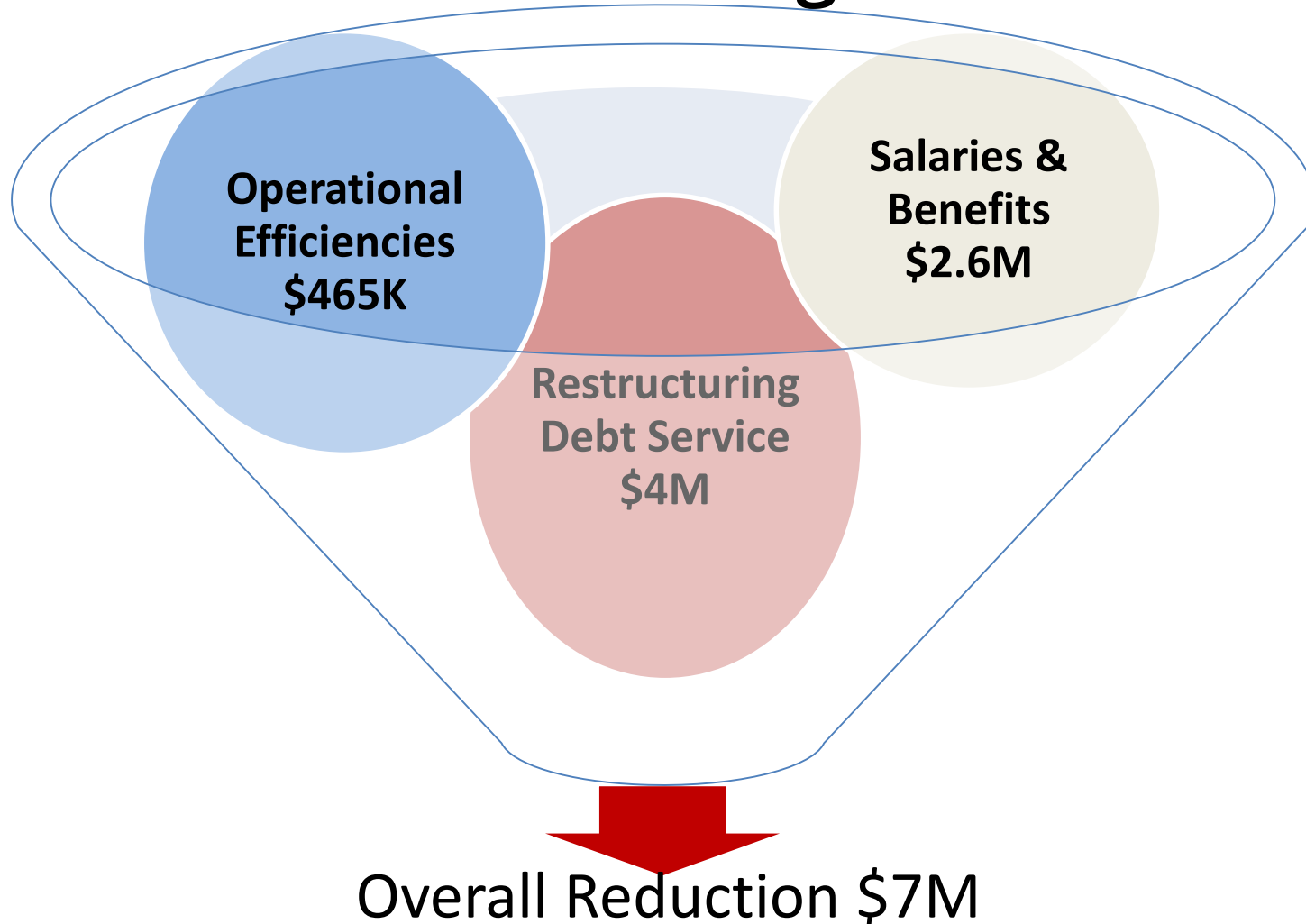
• \$3.4M (\$902K decrease)



Rising Net PSERS Costs



2016-17 One-Time Budget Reductions



2016-17 State Estimated School Districts Mandated Cost Increases

1% Salary Increase	\$110,000,000
Net Local Share of PSERS	\$212,014,000
Health Insurance at 4%	\$108,000,000
Charter School Increase	\$150,000,000
Special Education Increase	\$175,000,000
TOTAL COST INCREASES	\$756,014,000

Act 1 Index Revenue (Adjusted Index)	\$340,000,000
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Shortfall AFTER Tax Increase	\$416,014,000
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Source: PSBA Conference

Thursday, December 15, 2016



State Funding


- Many Districts have been faced with the same challenges across the State
- Overall State Funding does not match increased mandates
- Act 1 Index has decreased since inception
 - 4.4% 08-09 to 2.4% 16-17



Public Education Budgets Watch List



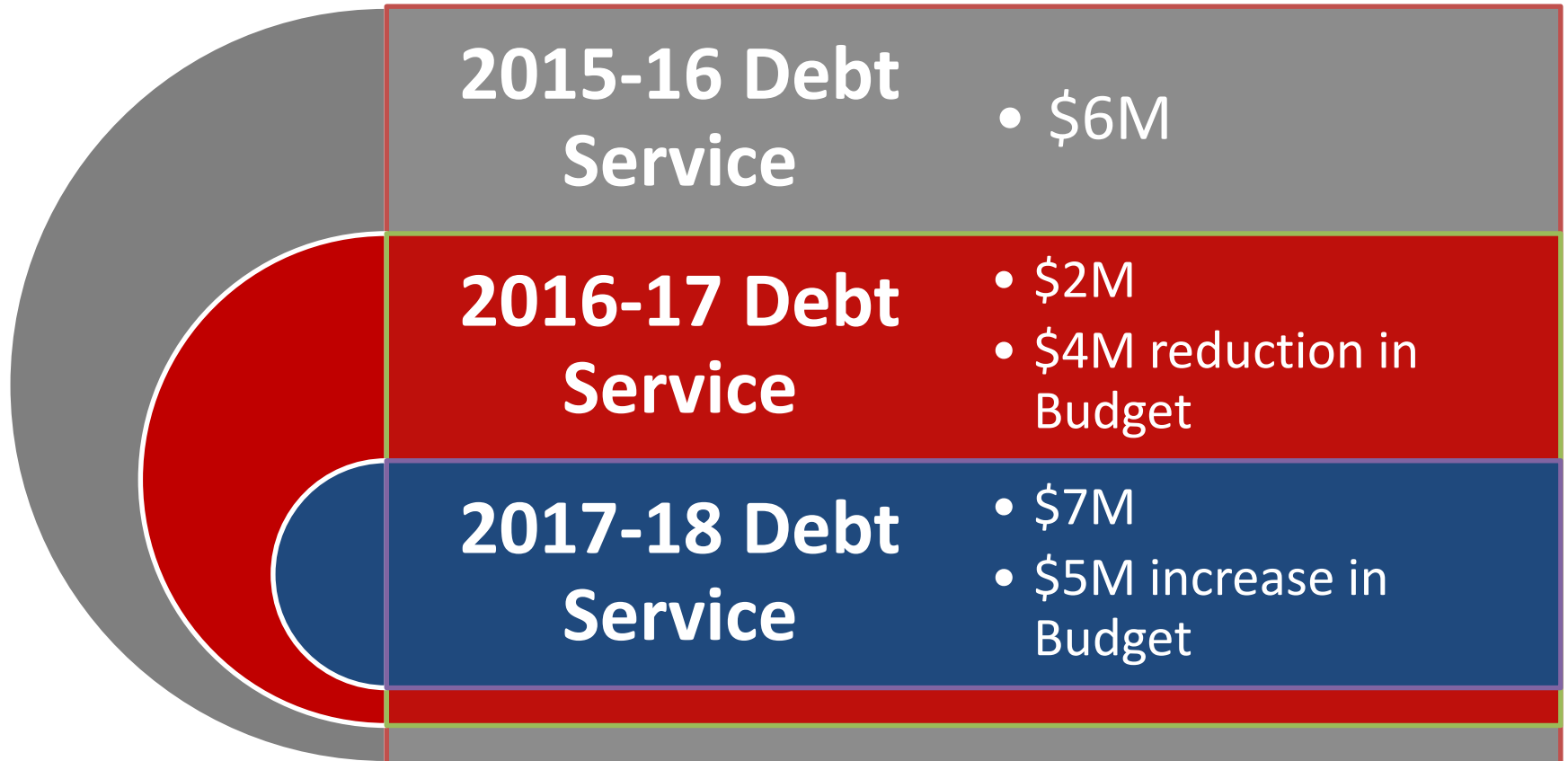
PSERS Increases
Debt Service
Compensation
Capital Improvements



Debt Reimbursement
Level (Proportionate
Decrease) State
Funding
ACCESS Decreases



2017-18 Initial Shortfall-\$5M



Initial Options for 2017-18?

Before the entire budget is developed, there will be an initial shortfall of \$5M for Debt Service.

Options to help fund this initial shortfall:

- Scenario 1-No millage change
- Scenario 2-Utilize Act 1 Index
- Scenario 3-Utilize Act 1 Index and Act 1 (State mandated increases) exceptions



Scenario 1

No Change to Millage

Pros

- Public perception

Cons

- No funding for initial shortfall
- Fund Balance depletion
- Substantial reductions
- Future stability is in jeopardy



Scenario 2

Act 1 Index

Pros

- Helps fund a portion of the initial shortfall

Cons

- Would not fully fund the shortfall
- Fund Balance depletion
- Substantial reductions
- Future stability is in jeopardy

Act 1 Index 3.2%= .72 mills
\$100K home-Increase \$72 annually
Estimates based on Prior Years Information-\$1.4 M



What are Exceptions?

- Exceptions can be applied to raise the millage due to an overall increase over the index in:
 - Special Education expenditures
 - PSERS costs (Based on 2010-11 salaries)
- Provides a safety net
- Standard operating procedure for many Districts



Only 48% of Districts
that applied for
exceptions used them



PDE granted \$133M
of exceptions.
Only \$36M were
actually used by
Districts



Scenario 3

Act 1 Index + State Allowable Exceptions

Pros

- Helps fund a portion of the initial shortfall
- Utilizes a funding source for a small portion of State and Federal Mandated expenditures
 - Special Education Costs
 - PSERS

Cons

- Would not fully fund the shortfall
- Fund Balance depletion
- Substantial reductions
- Future stability is in jeopardy

PSERS (Based on 2010-11 Salaries) - .07-.14 Mills
State mandated-PSERS-\$140K to \$280K (Estimates)
\$100K home-\$7-\$14 annually beyond index (Total \$79-\$86)
\$1.5M-\$1.7M total Act 1 Index and Exceptions Estimate



Next Steps

- Budget Meetings
 - January-
 - Adopt resolution to not raise taxes above the index
 - OR
 - Present a Preliminary Budget to be made available to the public
 - February - if resolution not adopted
 - Approve Preliminary Budget
 - Advertise filing for exceptions
 - March – File for exceptions
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Questions?

