

Halifax Area School District

-Proposed Operating Budget for 2017-2018-

Submitted on behalf of the Administrative Team

April 20, 2017

-Questions from Stakeholders-

One: Received on 4/20/17 at 1:36 PM

-Answer will be presented on Tuesday, April 25th during the Administrative Team Report.

-Budget Facts-

as of March 21, 2017

-Income: **\$20,086,883.00**

-Assumes the board does not raise taxes. Accounts for level funding from state and federal resources as of 3/21/17.

-Expenses: **\$20,743,444.00**

-Zero based budgeting. Accounts for increases in pension and salaries for HESPA and administration. Considers inflation and comprehensive plan initiatives. “Guesstimates” salary and healthcare for HEA.

-Current Deficit for 2017-2018: **\$656,561.00 (92% = mandates)**

-Preliminary Budget Deficit: **\$734,874.00**

-Budget Facts-

as of April 20, 2017

-Income: **\$20,114,204.00**

-Assumes the board does not raise taxes. Accounts for level funding from state and federal resources as of 4/20/17.

-Expenses: **\$20,709,468.00**

-Zero based budgeting. Accounts for increases in pension and salaries for HESPA and administration. Considers inflation and comprehensive plan initiatives. Includes savings from retirements and attrition. Considers healthcare costs as we know them. Continues to “Guesstimates” salary and healthcare for HEA.

-Current (true) Deficit for 2017-2018: **\$595,264.00**

-Deficit on 3/21/17 for 2017-2018: **\$656,561.00:** *(92% = mandates)*

-Preliminary Budget Deficit for 2017-2018: **\$734,874.00**

-HASD Support Staff-

Retirements, Attrition, Reassignments, & Openings

- ▶ Fill the open full-time learning support aide position at HES with existing staff.
- ▶ Fill the open full-time secretary position at the middle school.
- ▶ Fill the open part-time kindergarten aide position at Enders-Fisherville.
- ▶ Fill the open part-time instructional aide position at Enders-Fisherville.
- ▶ Abandon the plan to hire a part-time district wide custodian.
- ▶ Hire an aide for the second PreK Counts classroom with PreK Counts grant.
- ▶ Align all part-time aides to 5.75 hours to increase coverage at all buildings.

-HASD Professional Staff-

Retirements, Openings, & Reassignments

- ▶ Fill the open 5th grade position.
- ▶ Realign teaching staff to operate two full time PreK Counts classrooms.
- ▶ Fill the open middle school math position.
- ▶ Realign staff to fill a middle school special education position.
 - ▶ Position will also serve as case manager for MS/gifted.
- ▶ Move the open Athletic Director to the Act 93 Management Agreement.
- ▶ Maintain the Acting Elementary Assistant Principal.
- ▶ Replace the Speech and Language contracted service with an employee.
- ▶ Implement one year contract with CAIU to operate elementary ES classroom at Enders (K-2). Saves on the cost of outside placements.

-Forces Impacting the 2017-2018 Budget-

- ▶ **Federal Funding:** President's proposal increases funding for school choice. Impact unknown. Level funded?
- ▶ **State Funding:**
 - ▶ Minimal increase from BEF; assume level funding.
 - ▶ Will transportation subsidy be decreased?
 - ▶ Will governor's proposal to raise the minimum wage pass?
- ▶ **Cyber-Charter School:** *(still no reform from state)*
 - ▶ Projecting cost of \$445,000.00: *conservative estimate.*
- ▶ **Inflation:** 1.3%
- ▶ **DCTS:** tuition increase due to Harrisburg joining consortium.
- ▶ **Special Education:** increases of students with high needs.
- ▶ **Health Insurance:** less savings than anticipated.

-Forces Impacting the 2017-2018 Budget-

- ▶ **Medical Benefits:** (Guesstimating due to negotiations)
 - ▶ **Total Obligation:** \$2,379,460.00
- ▶ **PSERS:** (still no reform at the state level):
 - ▶ **Total Obligation:** \$2,655,316.00
 - ▶ **Amount Reimbursed by State:** \$1,693,500.00
 - ▶ **Amount HASD Pays:** \$961,816.00
 - ▶ **Amount of New Money needed by HASD for 2017-2018:** \$197,986.00
- ▶ **Property Assessment Adjustments:**
 - ▶ Increased by 1.2 million dollars which generated an additional \$28,687 in gross revenue.

-Comprehensive Plan Initiatives-

▶ Technology for Student Achievement: *continued from 16/17.*

- ▶ “Develop an educational program that includes (1) virtual learning (2) blended learning (virtual and face to face instruction) and (3) face-to-face instruction with electronic resources”
- ▶ K-3 Tablet Initiative
- ▶ Computer Replacement Program
- ▶ 1-1 Mobile Computing: 6-12
- ▶ Blending Learning Grants
- ▶ Live Streaming of Events
- ▶ Extra days for the Technology Integration Specialist

▶ Facilities Improvement Plan: *continued from 16/17.*

- ▶ Replace antiquated cleaning equipment (started).
- ▶ Replace snow removal equipment (\$30,000 for new tractor next year).
- ▶ “Develop and implement a facilities improvement plan for all district buildings.”
 - ▶ Facility equity for all District buildings.
 - ▶ Address repairs needed at HES and Enders.
 - ▶ Feasibility Study: next steps.

-Comprehensive Plan Initiatives-

- ▶ Poverty as a barrier to student achievement; communicating with families in poverty; differentiation strategies for all learners; inventory of resources for the community; parent out reach programs.
 - ▶ Data confirms “sense of urgency” to provide more resources to youngest customers.
 - ▶ Use PreK Counts Grant to support two classrooms at Enders: primary audience is 4 year old students. Cohort served increases from 15 to 30 students.
 - ▶ Partner with all early care providers via a PreK Advisory Committee so district is better prepared to serve incoming kindergarten students.
- ▶ Multi-year fiscal plan to sustain financial priorities; increase consortium opportunities with neighboring school districts to share resources, reduce costs, and maintain academic and athletic opportunities.
 - ▶ Expand Sports co-op program with Millersburg (5 year plan).
 - ▶ Develop plan to share electives courses along with academic and enrichment courses like Advanced Placement and College in the High School when appropriate.
 - ▶ Project financial health of district in 3 and 5 year increments.
 - ▶ Investigate public private partnerships.

-Additional Factors to Consider-

-16-17 Budget Highlights-

- ▶ Athletic Revenue increased.
- ▶ Food Service continues to close the gap between revenue and expenses.
- ▶ Reassigned Staff to address needs w/out adding new positions.
- ▶ Driver's Education:
 - ▶ Facility Advertising only raised \$3,000.00 of the \$10,000.00 needed to fully fund the program. *HWEF uses EITC funds?*

-2017-2018 Unknowns-

- ▶ Incoming size of Kindergarten class: *currently 80 plus students.*
- ▶ True cost of health care?
- ▶ True cost of teacher salaries?
- ▶ Energy savings generated by renovation of MS/HS?
- ▶ Additional retirements?

-Closing the Gap: Scenario #1

- ▶ True Deficit: **\$595,264.00**
 - ▶ Subtract overdue PlanCon revenue: \$266,000.00
 - ▶ Subtract overdue EITC payment: \$149,000.00
- ▶ New Deficit: **\$180,264.00**
- ▶ Absorb operating deficit with Fund Balance (do not raise taxes).
 - ▶ Outcome of negotiations; additional retirement savings, increase in BEF?, admin finds additional savings in supplies, etc.

-Closing the Gap: Scenario #2

- ▶ Operating Deficit: **\$595,264.00**
 - ▶ Subtract overdue PlanCon revenue: \$266,000.00
 - ▶ Subtract overdue EITC payment: \$149,000.00
- ▶ New Operating Deficit: **\$180,264.00**

- ▶ Absorb operating deficit with Fund Balance (do not raise taxes).
 - ▶ Outcome of negotiations; additional retirement savings, increase in BEF?, administration finds additional savings in supplies, etc.
 - ▶ Consider some form of a tax increase to begin planning for the elementary schools and/or address the state mandated structural deficit (PSERS increase, etc.).

-Structural Deficit-

“*PASA-PASBO Report on School District Budgets*”: January 2017

- ▶ Increases in *State Mandated* expenses (Special Education, Cyber-Charter, and Pension) out pace a school district’s ability to generate enough revenue to cover the increases.
 - ▶ 92% of the deficit Halifax must cover for 17-18 is attributed to state mandated expenses. (*March 2017*)
 - ▶ \$604,036.12 of \$656,561.00 (Cyber/Charter plus retirement increase)
 - ▶ Pennsylvania’s structural deficit becomes a school district’s structural deficit.
 - ▶ Reliance on property tax; increases limited by Act 1 Index.
 - ▶ Harrisburg’s failure to enact pension reform and pay their share.
 - ▶ Harrisburg’s decision to force public education to pay for cyber-charter schools.
 - ▶ Harrisburg’s failure to fully implement the Basic Education Funding formula.

-Tax Increase Options-

Current Millage Rate: 22.487

-TAX INCREASE SCENARIOS-

Index	Millage Rate	Cost to Taxpayer-\$100,000 assessed home & net revenue	
Full	(3.4%): 23.2516	\$76.46	(\$244,491.00)
.75	(2.6%): 23.0605	\$57.35	(\$183,386.00)
.50	(1.7%): 22.8693	\$38.23	(\$122,246.00)
.25	(0.9%): 22.6782	\$19.12	(\$64,123.00)

-Fund Balance Facts-

-COMMITTED FUND BALANCE-

-Non-spendable inventories:	\$15,145.00 (<i>scholarship funds</i>)
-Health Insurance & PSERS :	\$2,025,284.00
-Library Fund:	\$0- <i>Media Center upgrades.</i>
-Debt Stabilization Fund:	\$0- <i>1st year debt service for MS/HS.</i>
-Class of 2013 Donation:	\$0- <i>Media Center upgrades.</i>
-HACC Stabilization Fund:	\$0- <i>No longer needed.</i>

TOTAL: \$1,658,536.00

-UNASSIGNED FUND BALANCE-

TOTAL: \$381,893.00

-Next Steps-

- ▶ Approve Administration's Staffing Plan: Tonight?
 - ▶ Retirements, as we know them, accepted on 4/25/17.
 - ▶ Advertising, Interviewing, Hiring Process begins on 4/26/17 so HASD can compete for the best candidates.
- ▶ Proposed Budget Approved: Tuesday, May 9, 2017
- ▶ Continue Adjustments (*decrease*): Ongoing
- ▶ Final Budget Approved: Tuesday, June 13, 2017