

East Penn School District
Budget Outlook
May 13, 2013

2013-14 Proposed Budget

- In January, we adopted a resolution not to exceed the index of 1.7%, so we did not need to do a preliminary budget.
- PDE confirmed that due to reassessment by Lehigh County, our real estate tax rate could go to 16.40 mills to stay within the index.
- Budget notebooks given to the Board on 3/25/13 showed where we were at the time on the budget with a 1.69% possible real estate tax rate increase.
- Tonight's agenda includes a revised budget with no real estate tax rate increase.
- Final adoption of the budget will occur on June 24, 2013.

Preliminary Budget

- Input from January
 - Superintendent Stressed Goals
 - Bring in Lowest Possible Budget
 - Do not Cut Programs
 - Keep Budgetary Reserve at 5% per Board Policy
 - People move to East Penn for its excellent program (academic and co-curricular)

- Events & Activities Since Budget Notebooks were given to the Board
 - Governor's Budget details came out
 - Internal Reviews of Department budgets, Programs and Operations
 - Review of Local Revenue Trends
 - Presentation on Capital Projects
 - Transfer of Funds to Capital Reserve Fund
 - Communication with Local State Legislators
 - Conversations with Colleagues

History of East Penn Millage Increases vs. Act 1 Index

<u>Year</u>	<u>Allowed</u>	<u>East Penn</u>
2008-09	4.40%	4.40%
2009-10	4.10%	3.24%
2010-11	5.02%	3.85%
2011-12	4.79%	1.83%
2012-13	2.91%	1.30%
2013-14 Proposed	1.70%	0.00%

For 2009-10, we had estimated that we would qualify for 2% in exceptions that we did not apply for. For 2012-13, we estimated that we would qualify for 0.98% in exceptions that we did not apply for. Without approved exceptions, the Act 1 Index for was 2.9% for 2010-11, 1.4% for 2011-12, 1.7% for 2012-13.

The Budget Process

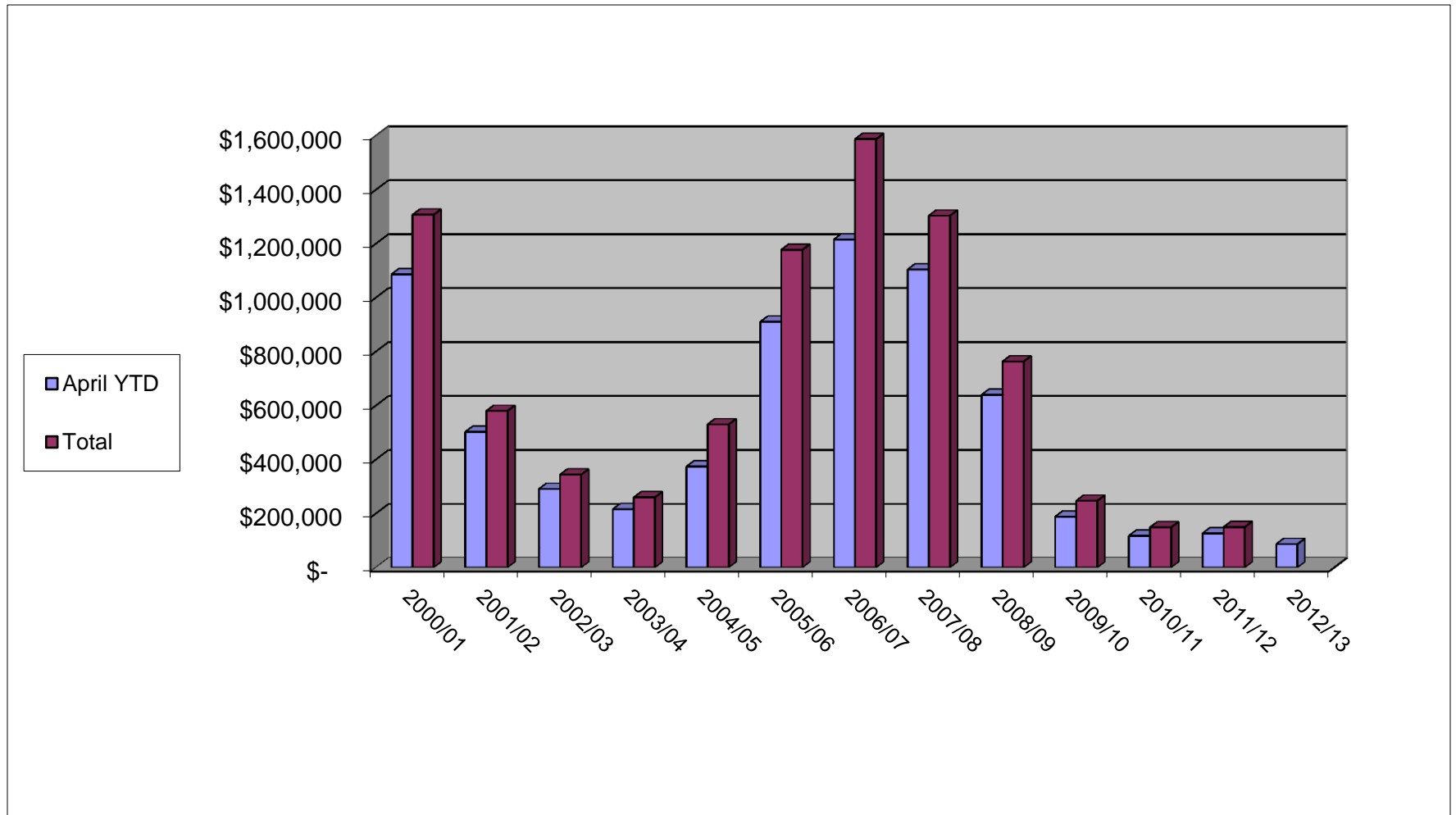
2013-14

Notebook

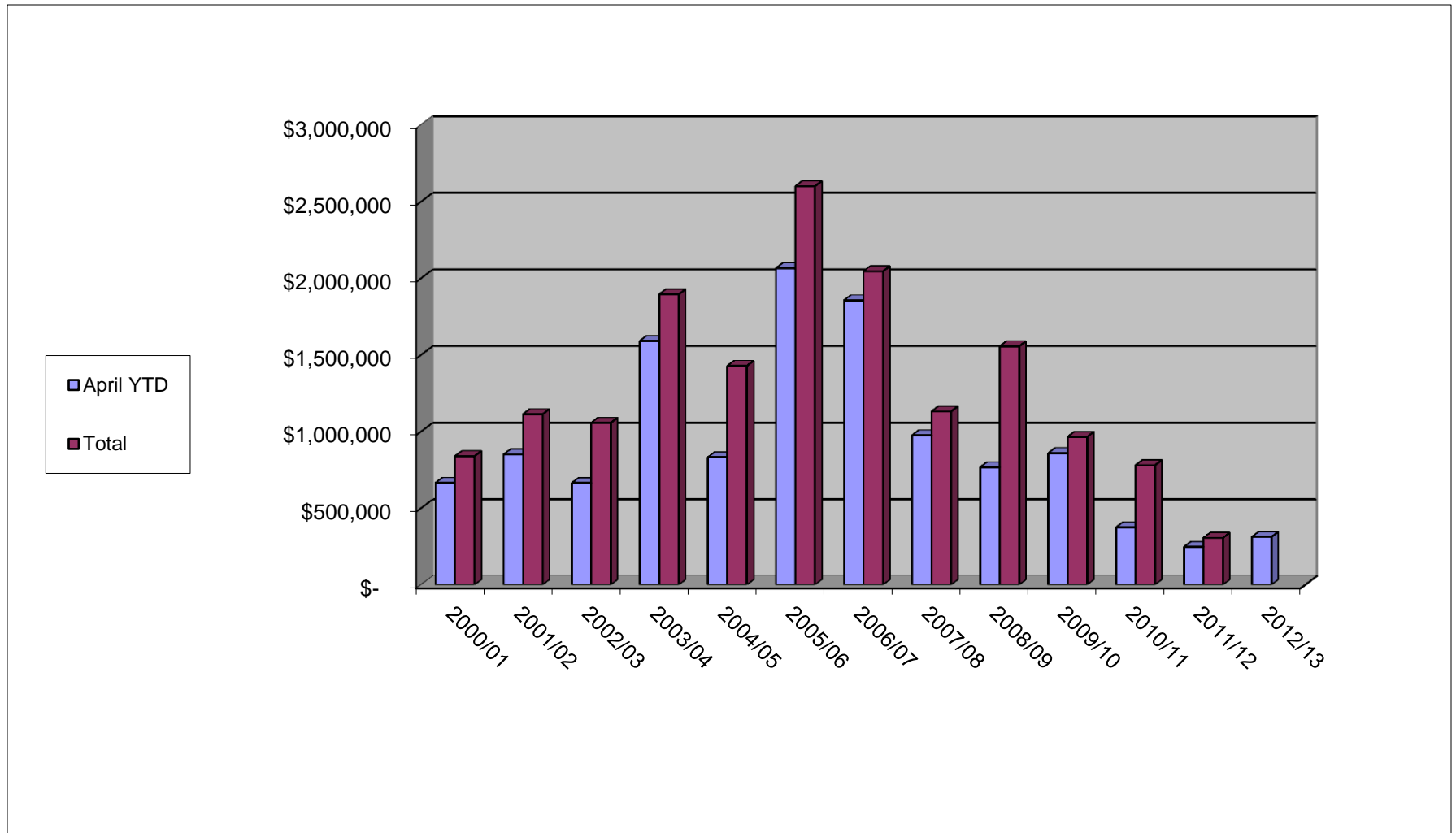
Proposed

	<u>March 2013 Figures</u>	<u>Final Budget</u>	<u>Change</u>
Total Appropriations (w/out Budgetary Reserve)	\$124,078,890	\$123,882,783	- \$196,107
Budgetary Reserve	<u>\$6,203,945</u>	<u>\$6,194,139</u>	<u>- \$9,806</u>
Total Exp. & Other Financing Uses	\$130,282,835	\$130,076,922	- \$205,913
Local Revenue	\$91,698,185	\$90,916,049	- \$782,136
State Property Tax Reduction Allocation	\$1,795,989	\$1,793,402	- \$2,587
Other State Revenue	\$23,841,566	\$24,232,354	\$390,788
Federal Rev. and Other	\$1,398,805	\$1,398,805	0
Total Revenue & Other Financing Resources	\$118,734,545	\$118,340,610	- \$393,935
Millage	16.3986	16.1259	- 0.2727

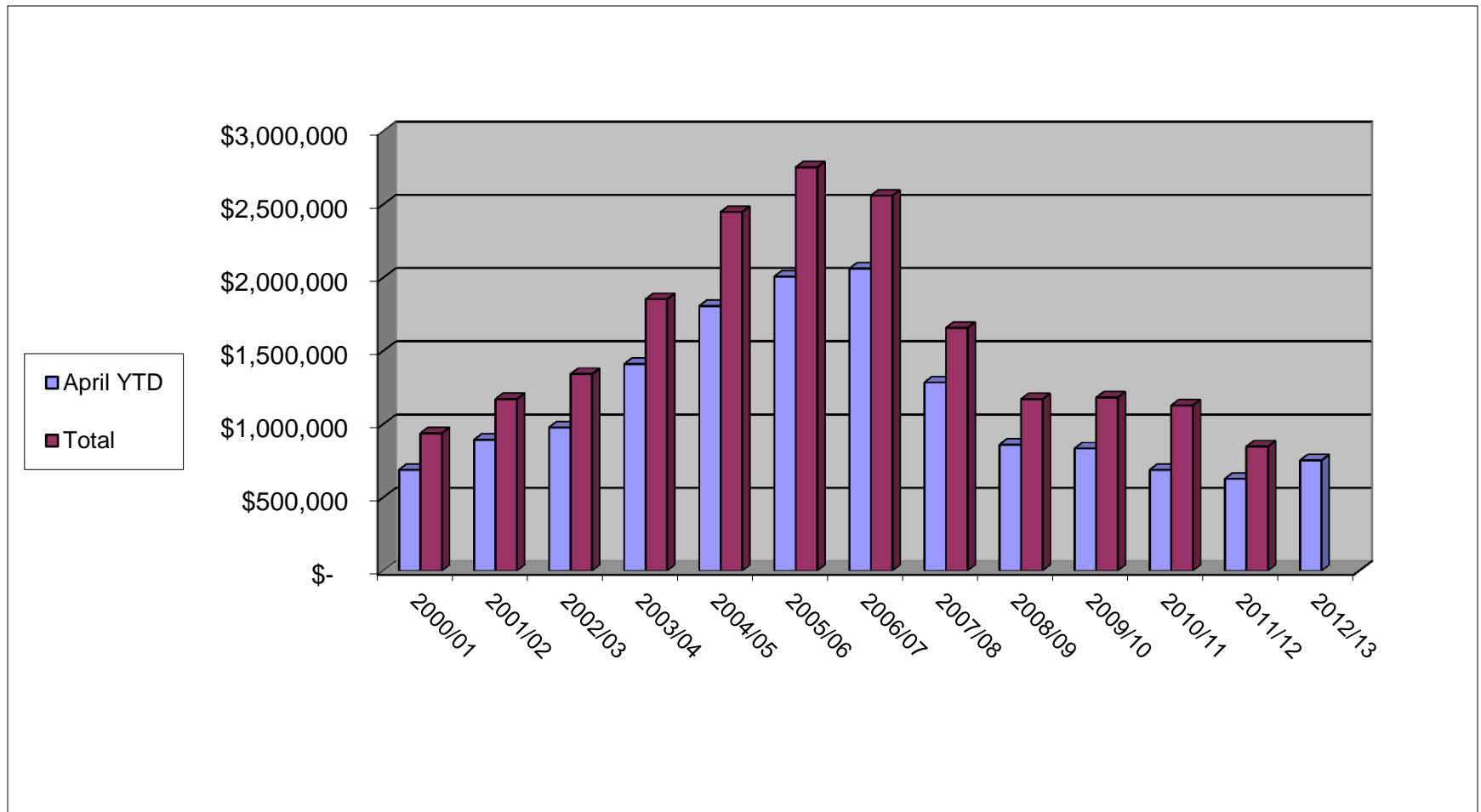
Earnings on Investments



Interim Real Estate Tax Collections



Real Estate Transfer Tax Revenue



Cuts Proposed by Administration after notebooks handed out to Board in March

- ❑ Reductions in Central Office Department Budgets
- ❑ Reduced Extra Duty Compensation
- ❑ Reduced Tuition Reimbursement
- ❑ Reduced Health Insurance after evaluating the rate increase
- ❑ Reduced Utilities

Budget to Budget Big Increases

- Benefits \$3,363,540 (PSERS is \$2,757,343 of this)
- Salaries \$2,170,655 (based mainly on renegotiated contracts, extra teachers, more aides – Instructional salaries are \$1,663,371 of it not including aides in Support category)
- Student Transportation \$493,557 (insufficient amount budgeted in 2012-13)

Tax Impact

- County-wide Reassessment may cause people to have big increases or decreases in taxes, but District tax rate is revenue neutral.
- Last year, EPSD gave 392 people senior citizen tax rebates for a total of \$169,845.27, which was an average rebate of \$433.28.

Staff Budget Differences

- Special Education
 - 1 additional teacher (autism)
 - 1 additional gifted teacher
 - 1 additional Speech Therapist (ACCESS funded)
- Not replacing an EHS Library position
- 1 additional High School Biology teacher
- Additional Elementary teacher
- Aide positions not budgeted to be replaced in 2012/13, but not actually reduced are included in 2013/14.

Summary

- Several local revenues are still down, but there are some positive signs
 - Discussions with realtors and township officials indicate that home and property sales are picking up
 - More warehouses are under construction
- Of the 26 non-salary categories, 13 are showing a decrease budget to budget; many other categories with no decrease, we have no discretion in.

Possible Budget Adjustments

- State and federal revenues may change, but we might not know the amount before final adoption
- TIF

Summary

- Budget is still Evolving
 - Retirements
 - Staff Reallocation
- Will continue to examine line items and revenues and make adjustments that will be reflected in the June 24th final budget to stay with no tax rate increase without cutting programs

EPSD

- We thank our staff for taking a pay freeze last year and making concessions for this year.
- We have worked through this process without acrimony and we thank all of those who have been understanding, patient, and professional.