



Plum Borough School District

1ST Draft of 2012-13

General Fund Budget (Fund 10)

January 24, 2012 Finance Committee Meeting

2012-13 Revenue Outlook

REVENUES:

I. Local Revenues (6000 Series):

- ◇ **Real Estate Taxes** – Current millage is set at 22.2 (a mill equals \$1.00 for every \$1,000 of tax assessment). A property assessed @ \$100,000 currently has a school real estate property tax bill of \$2,220.00 (before discounts or H/F exclusions).
1. Reassessments delayed one year.
 2. 2012 Certified Assessments = \$1,039,000,000
 3. Act 1 Index option is available and has not been factored into the revenues. If the Board would exercise this option, the millage could be increased from 22.2 mills to 22.57 (1.7% x 22.2). This would generate approximately \$ 425,000 of new revenues. Example: A property assessed at \$100,000 would have a \$38 increase in property taxes (before discounts).
 4. A assessment settlement with a major taxpayer resulted in a refund credit of \$491,280 to the taxpayer, which will be applied to their 2012 property taxes (12-13).
 5. Minimal new housing starts anticipated.
 6. Existing properties selling below or near original purchase prices.
 7. Foreclosure on delinquent properties not a good option.
 8. District's millage rate is equal to the county's average for all schools.
 9. District projects a \$1,653,000 Homestead/Farmstead exclusion for qualified taxpayers or a reduction in property taxes of approximately \$210 for each qualified taxpayer. This is a revenue neutral transaction for the District.

Local Revenues Continued:

◇ **Earned Income Taxes (EIT) – ½ % of earned wages.**

1. Mandates of Act 32 requires all PA employers to withhold local wage taxes for employee's documented residence municipality and school district, effective 1/1/12. Increased revenues and decreased delinquent EIT anticipated in future years .
2. High unemployment and minimal salary increases leveled revenues.
3. District will lower EIT collection costs next year by \$70,000 because of Act 32.
4. Delinquent EIT taxes prior to 12/31/2011 will be collected by the Local Earned Tax Collector at the same rate charged by Keystone Collections vs. cost sharing with Borough.

◇ **Local Service Tax (LST) - \$5.00 per year per employee: No change.**

1. Local Tax Collector will continue to collect LST at a charge equal to rate charge by Keystone Collections Group.

◇ **Investment Income:** With interest rates on investments a all-time record low, nominal investment revenue is budgeted. Interest income revenues are less than 1/10 of the \$800,000 level of 2008- 09 fiscal years.

◇ **After School Activities Fee:** Athletics Department projects revenues of \$50,000 if Board would increase the Student Activity Fee for sports and other after school activities from \$0 to \$75 per student per year or \$225 maximum per family. This revenue is factored into the 2012-13 revenue projections.

II. STATE REVENUES (7000 Series):

- ◇ **Basic Education Funding (BEF - 7100):** This revenue is anticipated to remain at the previous years' level, no increases. The 2009-10 and 2010-11 BEF funding was "backfilled" with Federal one-time Stimulus and Ed Jobs funding and is not available to the State for 2012-13. \$12,335,785 budgeted

- ◇ **Special Education Funding (7200):** State froze Special Education funding over the past years and we budgeted no increases; \$2,212,396 budgeted.

- ◇ **Subsidies for Non-Educational Funding (7300):** The State's funding for transportation, bond issuance costs reimbursement and for health care services is budgeted to remain at the 2011-12 funding levels; \$3,559,574 budgeted.

- ◇ **Other Subsidies for Non-Education Funding (7800):** The State's funding for 50% of FICA & PSERS contributions is based on salaries paid. Since overall salaries will remain relatively the same, the fact that PSERS will increase from 8.65% to 12.36% (41% increase before reimbursement), the District will receive more in PSERS reimbursement (50%); \$2,846,877 budgeted for all.

III. FEDERAL REVENUES (8000 Series): No Stimulus or extra Federal funding budgeted, only the Medical Assistance Reimbursement is budgeted.

2012-13 Expenditure Outlook

I. Expenditure Assumptions & Factors:

◇ Salaries (100):

- ◆ **Teacher's salaries increased per contract.** 22 Teachers retired and 4 were replaced. Normally, teacher's increase are about \$1 million per year, but with the retirements and reduction of 18 positions, the teacher's increase was reduced to \$350,000 (\$650,000 savings). Coaching and Supplemental stipends increased by 3%, pursuant to the teacher's contract.
- ◆ **Support staffs (unions) and Act 93 administrators.** No increases were budgeted for transportation support staff (contract expires August 2012), Administrative Assistants (currently in negotiations), Act 93 Administrators and Cook Managers (subject to Meet & Discuss provisions). Custodians will receive a \$.20 per hour increase for 2012-13, following two consecutive years of freezes. Paraprofessionals contract was recently settled, retroactive to July 1, 2011, which gives all Paraprofessionals a \$.35 per hour increase over 2011-12. Note: Cafeteria support staff is not funded in Fund 10 and thus is not included in the General Fund 10 Budget – they are in Fund 50 – Cafeteria Fund.

◇ Benefits (200):

- ◆ **Employer's Pension Costs (230):** PSERS has dramatically increased 41% (8.65% to 12.36% of salaries). The district receives 50% of the PSERS and FICA cost back as a subsidy (7800 revenues). The overall increase is \$1,115,616 in 2012-13 with ½ reimbursed.

- ◇ **District's Health Care Contribution Costs:** The District has been notified by the Consortium that the 2012-13 health care premiums are expected to increase from 5% to 10%. The 2012-13 budget contains a 8.0% increase or an additional \$460,000 in costs for District's share of health care premiums of qualified employees and retirees. Co-pays for employees' will increase pursuant to their respective agreements. Increases for Dental and Vision services are not yet available.

- ◇ **Other Major Expenditures Factors:**
 - ◆ **Travel (580):** The majority of out of the district travel budget has been eliminated.

 - ◆ **Equipment Purchases (750 / 760):** The only major equipment purchases are found in the Transportation Department (2700) in the amount of \$569,100 for eight (8) new buses and in Technology (2800) for new laptop computers in the amount of \$258,000 (\$215,000 was budgeted in 2011-12).

 - ◆ **Major Facilities Repairs / Improvements (824):** A total of \$220,000 was budgeted under 5910-842 for the resurfacing of the High School Stadium track surface and repairs to the home-side grandstand bleachers concrete supports.

 - ◆ **Existing Pivik Elementary Operating Costs:** The cost for minimal utilities and grounds services such as grass cutting and snow removal are factored in for existing Pivik Elementary Building.

 - ◆ **Diesel Fuel Pricing (626):** Diesel fuel pricing was based on the AIU estimate last week of \$3.33 per gallon as of this date; up from the current price of \$3.1433 per gallon. Every one cent of increase in diesel fuel costs the District \$1,100. \$11,000 placed in the contingencies.

Notes: