

Spring Cove School District

2015/16

Budget Presentation

April 20, 2015

Spring Cove School District

Agenda for the evening:

- Review Proposed Budget
- Review of Act 1 Index
- Comments

Spring Cove School District

Budget Timeline

The School Board must adopt a Proposed Budget by May 30, 2015 and a Final Budget by June 30, 2015.

Board Meetings to Follow

April 20, 2015 – Board Meeting, Budget Workshop

May 4, 2015 – Board Meeting

May 18, 2015 – Board Meeting, Proposed Budget

June 8, 2015 – Board Meeting

June 22, 2015 – Board Meeting, Final Budget

Spring Cove School District

Current Budgeted Expenditures

Instruction	\$13,808,647
Support Services	\$ 7,356,513
Operation of Non-Instructional Services	\$ 490,409
Financing/Budgetary Reserve	\$ 2,617,465
Total Expenditures	\$24,273,034
Increase from 2014/15	\$ 852,185

Spring Cove School District

Expense Summary

	Budget <u>Amount</u>	% of Total <u>Budget</u>
Salaries	\$ 9,755,896	40.2%
Benefits	5,586,378	23.0%
Contracted Services	1,361,170	5.6%
Other Purchased Services	3,329,174	13.7%
Supplies/Equipment	1,283,626	5.3%
Debt Service	2,017,465	8.3%
Budgetary Reserve, Other	<u>939,324</u>	<u>3.9%</u>
Total Expenditures	\$24,273,034	100%

Spring Cove School District

Salaries

- Support Staff – \$0.35 per hour annual increase
 - *Includes a one-time differential pay adjustment for staff who's hours were reduced due to the Affordable Care Act (ACA)*
 - *Proposed adding one (1) building-level secretary**
 - **Total Projected Cost of Salaries and Benefits is \$39,200**

- Teachers – same as 2014/15; to be determined
 - *Converted four (4) one-year appointments in 2014/15 to account for the new K4 Program beginning in 2015/16*
 - *Proposed adding two (2) additional K4 teachers, and one (1) Mathematics teacher*
 - **Total Projected Cost of Salaries and Benefits is \$218,900**

- Administrators – same as 2014/15; to be determined

**Not included in budget figures (proposed at Finance Committee meeting on 4/8/2015)*

Spring Cove School District

Retirement

- 2015/16 Employer contribution rate change from 21.4% to 25.84% (4.44% increase)
- **Total projected 2015/16 increase is \$425,102**
- The State reimburses the District approximately half of this line item expenditure each year
- **2016/17, 2017/18, and 2018/19** retirement contribution rates are projected to increase to **29.27%, 30.25%, and 31.28%** respectively

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4-Year Projected Retirement Increases (based on current salaries)

➤ 2015/16	\$425,102
➤ 2016/17	\$328,401
➤ 2017/18	\$ 93,829
➤ 2018/19	\$ 98,616
TOTAL	\$945,948

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Healthcare

- Administrators and Teachers – an IRS qualified high-deductible plan with deductibles of \$1,300 (single) and \$2,600 (family).
 - Employees pay out-of-pocket until their plan deductible is met.
- Support Staff – Non-qualified plan with deductibles of \$2,000 (single) and \$4,000 (family).
 - Covered employees may request reimbursement for a portion (\$600 maximum) of their in-network healthcare deductible after meeting \$1,400 and \$3,400 of their plan deductible, respectively.
- Employees pay a \$600 per year co-premium share, regardless of plan type or level of coverage.
- Combined annual premium is approximately \$1,944,344
- **Premium increase at 5.75% is \$105,721**

Spring Cove School District

Cyber Charter Comparison

2014/15 projected costs

Regular Education	24 students	\$189,628
Special Education	4 students	\$ 62,989
Total		\$252,617

2015/16 projected costs

Regular Education	33 students	\$256,753
Special Education	7 students	\$110,362
Total		\$367,115

Increase from 2014/15 **\$114,498**

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Cyber Charter Reform (Not Budgeted)

- Establish statewide tuition rate of \$5,950
 - Based on high performing, high cost IU programs
 - 10% cost factor added
 - Rate will adjust annually to reflect inflation
- Annual reconciliation where charter and cyber charter schools must refund resident school districts if charter's audited expenditures are less than its tuition revenue
- **Spring Cove tuition rate \$7,780**

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Cyber Charter Reform (Not Budgeted)

- For cyber charter special education students, flat rate is marked up based upon Cost Category of student
 - Category 1: $\$5,950 + \$3,035 = \$8,985$
 - Category 2: $\$5,950 + \$16,482 = \$22,432$
 - Category 3: $\$5,950 + \$38,437 = \$44,387$
- Based on charter school Act 16 reporting
- **Spring Cove tuition rate \$15,766**

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State Revenues (Budgeted)

- Ready-to-Learn Block Grant – rolled into Basic Education Funding (BEF) line item.
- Increases in State Revenue by its share of PSERS.

Where do we go from here?



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State Revenues (Not Budgeted)

- \$180,322 Restore Accountability Block Grant 2010-11
- \$ 19,405 Partial Charter School Reimbursement 2010-11
- \$ 93,308 Partial BEF Restoration 2010-11
- \$ 70,405 Special Education Funding Commission's recommended student-based formula.
 - This formula only applies to "new" funding
- **Total revenue of \$363,440**

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Special Education Funding Formula

- Recognizes that not every district has a 16% special education population
- Directs additional resources to districts based on the number of special education students and the severity of special education needs of those students
- More special education students with higher cost needs = more resources

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Special Education Funding Formula

- Three Cost Categories for special education students
 - Category 1: students costing <\$25,000
 - Category 2: students costing \$25,000 - \$49,999
 - Category 3: students costing \$50,000 and up
- Information is reported annually to PDE by school districts through the Act 16 report
- Appropriate weights are applied to a district's total number of students in each cost category

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Special Education Funding Formula

- Dynamic formula, so the amount a district will receive in special education funding each year can fluctuate **up or down**
- A district could receive significantly more in special education funding than the prior year
- Conversely, a district COULD receive less special education funding than the prior year depending on the number of students and the categories they fall into
- **PDE will be tracking and auditing large swings in number of students/category**

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REVENUES

	2014/15 APPROVED BUDGET	2015/16 PROPOSED BUDGET	2015/16 INC/(DEC) OVER 2014/15
LOCAL	10,991,637	11,108,221	116,584*
STATE	11,837,607	12,041,249	203,642
FEDERAL	530,000	463,354	(66,646)
TOTAL	23,359,244	23,612,824	253,580

*Includes \$53,500 of gate receipts previously accounted for in the District's "Athletic Fund"

Spring Cove School District

OTHER FINANCING SOURCES

- The District has assigned \$2,661,679 to Long Term Debt to pay for increases in current debt service obligations over the next ten (10) years.
- Rather than impose an additional temporary tax increase in fiscal year 2014-15, the Board of School Directors chose to cover the increases in future debt service payments through the use of assigned general fund monies.
- Total amount of other financing for 2015/16 is \$237,293.

Spring Cove School District

Revenue vs. Expenditures

Total Revenue and Other

Financing Sources 23,850,117

Total Expenditures (24,273,034)

Surplus (Deficit) (422,917)

Percentage of Budgeted

Expenditures -1.74%

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Act 1 Index

- Act 1 Index for Spring Cove SD in 2015/16 is 2.6%
- A 2.6% tax increase would generate approximately \$230,000 of additional tax revenue.
- Millage increase at 2.6% is 3.035 mills

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Millage History

Year	Millage	Increase	Percentage
2010/11	108.375	3.00	2.8%
2011/12	108.375	0.00	0.0%
2012/13	110.865	2.49	2.3%
2013/14	112.865	2.00	1.8%
2014/15	116.740	3.875	3.4%

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General Fund Balance (as of June 30, 2014)

- Restricted -- \$ 102,992
- Assigned -- \$1,974,576 -- Long Term Debt
\$3,275,000 -- Capital Projects
\$ 775,000 -- Capital Projects*
- Unassigned -- \$1,568,789
- Committed -- \$ 400,000 -- Employee Benefits
\$1,000,000 -- Fiscal Stabilization

*Transferred \$2,500,000 to Capital Projects Fund

Spring Cove School District

General Fund Balance (as of June 30, 2015)

- Restricted -- \$ 102,992
- Assigned -- \$2,661,679 -- Long Term Debt*
\$ 775,000 -- Capital Projects
- Unassigned -- \$1,466,261 (*est.*)
- Committed -- \$ 400,000 -- Employee Benefits
\$1,000,000 -- Fiscal Stabilization

*Assigned additional \$687,103 to Long Term Debt

Spring Cove School District

General Fund Balance

The Spring Cove School District Board of School Directors recognizes the importance of fund balance and how it is managed. To maintain a stable financial position and a positive bond rating, we need to be intentional about our utilization of fund balance for non-operational expenditures, when necessary. Assigned and committed portions of fund balance reflect long-term financial planning.

Standard & Poor's Rating Services recently assigned its 'A+' rating and stable outlook to Spring Cove School District's series 2014A general obligation (GO) refunding bonds and affirmed its 'A+' rating, with a stable outlook, on the district's existing GO debt.

Spring Cove School District

General Fund Balance

Fund balance reserves cannot be depleted to fill annual budget shortfalls. The board of school directors has been diligent over the past few fiscal years in approaching each annual budgetary gap with a balanced method of reducing operating costs, and utilizing assigned fund balance for future debt service payments and capital improvements, and increasing millage rates.

The school district strives to maintain unassigned fund balance of not less than four percent (4%) and not more than eight percent (8%). The total fund balance, consisting of different classifications may exceed eight percent (8%).