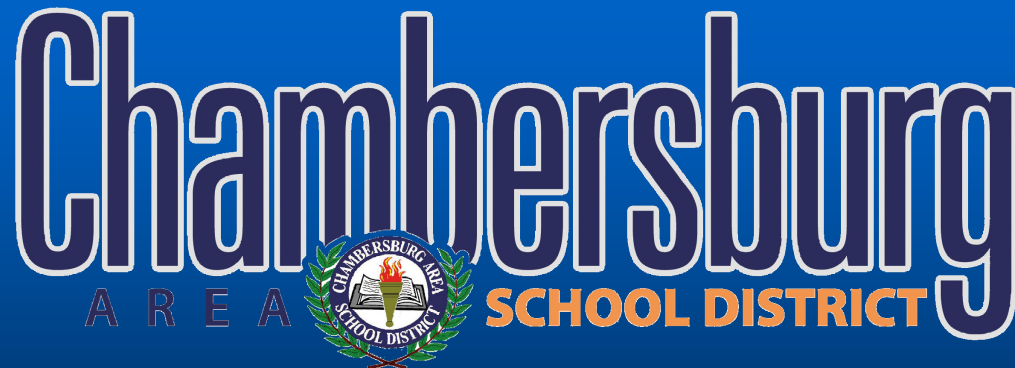


Proposed Preliminary Budget

2010-2011

January 13, 2010



Overview

- Budget Timeline
- Financial Status
- Financial Outlook
 - Preliminary Budget Provisions
- Tax Effort Considerations
- Budget Process

Budget Timeline

- January 28, 2010 – deadline for CASD to make its proposed preliminary budget available for public inspection or, by January 29, adopt a resolution to remain at or under the Act 1 “adjusted base index” of 3.4%
- February 2, 2010 – latest date for CASD to advise PDE of its resolution to remain at or under the index if intending to do so
- February 17, 2010 – deadline by which CASD must adopt a preliminary budget for 2010-2011 to allow application for exceptions to the index

Financial Status - 1

- The 2008-2009 Annual Financial Report shows a \$2,028,360 decrease in the District's Fund Balance, reflecting a large imbalance between revenues and expenditures
- Three sources of revenue – Earned Income Tax, Real Estate Transfer Tax, and Interest Income – had a combined deficit of \$2,861,724 compared to budget
- Cost control measures implemented during the 2008-2009 fiscal year, including the budget “freeze,” reduced the potential impact, but did not fully offset the revenue shortfall

Financial Status - 2

- The District has reduced or left unchanged these sources of revenue for the 2009-2010 budget, but the continuing economic recession may render these budget line items too optimistic as well
- The District expects the 2009-2010 budget to result in at least a \$1,200,000 shortfall, which has resulted in a continuation of the spending “freeze” implemented in 2008-2009 and by not replacing some of our personnel vacancies

Financial Outlook - 1

- Preliminary projections for the 2010-2011 fiscal year indicate a shortfall of at least \$1,300,000
- Federal stimulus funding is available, but it is temporary and includes restrictions on its use
- Projections are based on the following provisions in the proposed Preliminary Budget:

Preliminary Budget provisions - 1

- Expectation of no increase in state Basic Education, Special Education and grant funds
- 72% increase in the PSERS contribution rate
- 14% increase in health care expenses
- Reduced expectation of Earned Income Tax revenues compared to the current budget
- \$250,000 in transfers to the Capital Reserve Fund for building repairs and renovations

Preliminary Budget provisions - 2

- Additional debt service for borrowing to complete construction at CASHS and to begin renovations of the FCCTC shops
- A \$1,000,000 reduction in budget line items for supplies and equipment
- No increase in the budget line items for pay and salaries

Preliminary Budget provisions - 3

- Closure of Coldbrook Elementary School to reduce or eliminate operating and capital improvement funding
- Return of FCCTC academic center to CASHS for their academic classes to reduce operating costs and staffing requirements

Preliminary Budget provisions - 4

- Expected one-year savings (i.e. reduction of textbook purchases and elimination of technology reserve transfer) used to develop the 2009-2010 budget are not restored to the preliminary 2010-2011 budget
- Increase in Real Estate Taxes of 5.50%, from 84.948 to 89.621 mills

Financial Outlook - 2

- With the preceding provisions in place, CASD must also address an anticipated \$1,300,000 deficit
- CASD must consider further reduction of staff at all levels, preferably through natural attrition (resignations, retirements, etc.) followed by elimination of the vacated positions

Financial Outlook - 3

- A proposed severance incentive for professional staff, intended to reduce 2010-2011 compensation costs voluntarily, is currently under review
- Successful implementation of the severance incentive may reduce or eliminate the need to consider program elimination

Budget Process 1

Goals:

- Evaluate educational programs and services to retain maximum value for the resources available
- Fund the budget with limited use of exceptions

Tax Effort Considerations

Mills	Incr		Deficit
84.948		Current Real Estate Tax Rate	
87.836	3.40%	Act 1 "Index" Increase	\$2,400,000
89.111	4.90%	Same Increase as 2009-2010 Requires Act 1 Exceptions	\$1,600,000
89.621	5.50%	Administration's Recommendation	\$1,300,000
91.489	7.70%	Calculated Maximum Permissible Act 1 Exceptions	\$100,000

Budget Process 2

What's next?

-- January 27, 2010 – CASD makes proposed preliminary budget available for public inspection – OR – adopts a resolution that the 2010-2011 budget shall contain a real estate tax increase less than or equal to the 3.4% Act 1 index

Proposed Preliminary Budget

2010-2011

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