Overview

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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

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.
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.
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:
-- 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
-- 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
-- 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
-- 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
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.
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

<table>
<thead>
<tr>
<th>Mills</th>
<th>Incr</th>
<th>Description</th>
<th>Deficit</th>
</tr>
</thead>
<tbody>
<tr>
<td>84.948</td>
<td></td>
<td>Current Real Estate Tax Rate</td>
<td></td>
</tr>
<tr>
<td>87.836</td>
<td>3.40%</td>
<td>Act 1 &quot;Index&quot; Increase</td>
<td>$2,400,000</td>
</tr>
<tr>
<td>89.111</td>
<td>4.90%</td>
<td>Same Increase as 2009-2010 Requires Act 1 Exceptions</td>
<td>$1,600,000</td>
</tr>
<tr>
<td>89.621</td>
<td>5.50%</td>
<td>Administration's Recommendation</td>
<td>$1,300,000</td>
</tr>
<tr>
<td>91.489</td>
<td>7.70%</td>
<td>Calculated Maximum Permissible Act 1 Exceptions</td>
<td>$100,000</td>
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</tbody>
</table>
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

January 13, 2010