

# West Chester Area School District 2011-12 Budget Planning

**Impact of  
the  
Economy,  
Local  
Revenues  
and State  
Funding on  
our Budget**

**March 28, 2011**

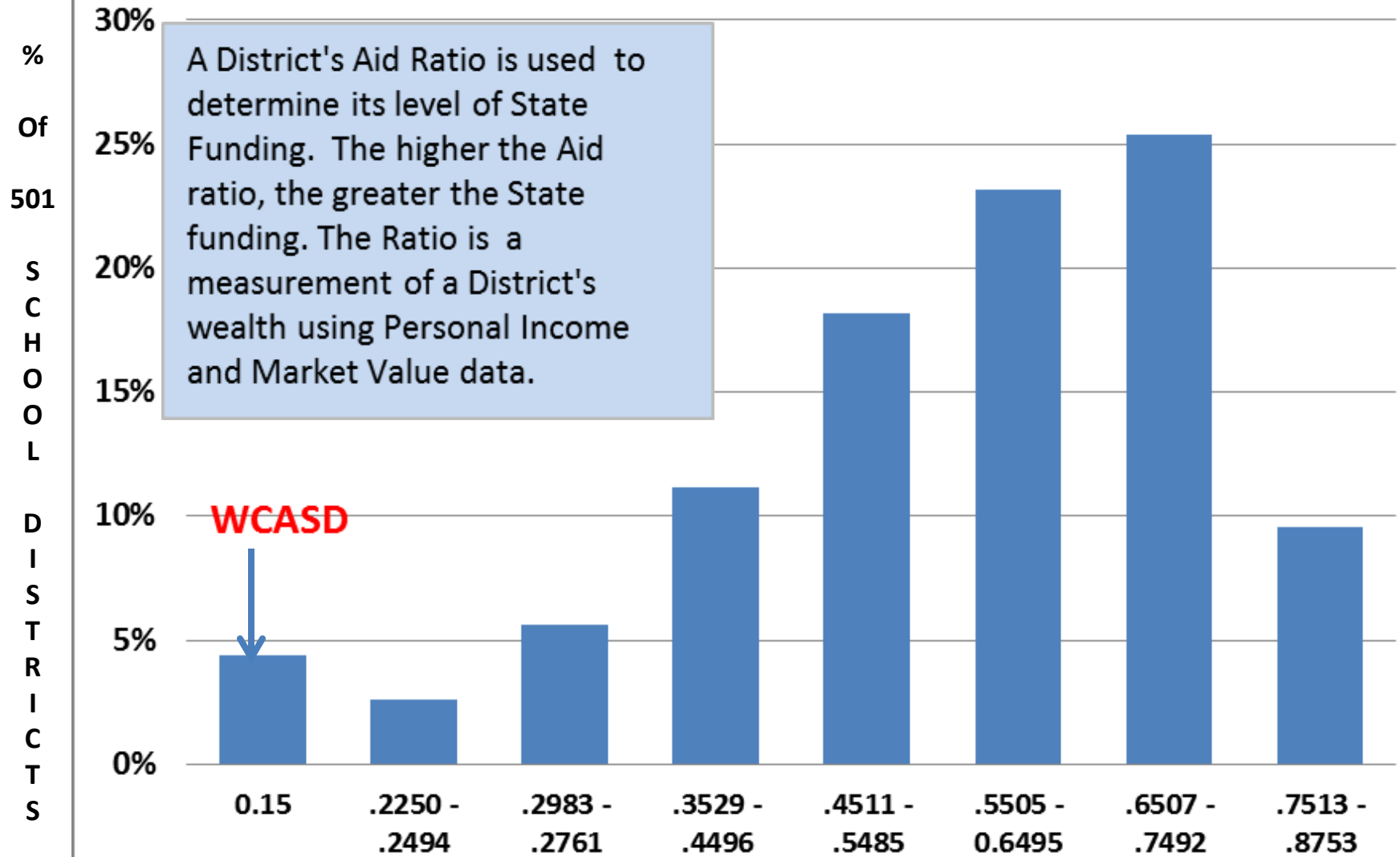


# Unforeseen Subsidy Reductions in Governor's 2011-12 Budget

( Draft of District's Preliminary Budget already included \$1.1 million in State funding cuts)

Funding Source	WCASD Reduction	Funding Allocation	Impact of the Reduction for 2011-12 Year
Accountability Block Grants	\$344,000	Extended Day Kindergarten classes for 75 children	Extended day Kindergarten may not be offered in fall, 2011
Charter School Funding	\$1,581,000	Paid 25% of charter school tuition. WCASD paid 75% of tuitions for 590 children attending one of 17 charter schools.	WCASD will have to pay 100% of charter school tuition. <u>Reductions will have to come from other programs in order to pay tuitions.</u> Pennsylvania law mandates that school districts must pay full tuition of any student who chooses to attend a charter school.
Special Education Subsidy	\$260,000	Paid 20% of our special education program costs. WCASD pays 75%, and the Federal government pays 5%.	<u>Reductions will have to come from other programs in order to pay for special education program expenses.</u> Special Ed programs are mandated by federal law to be implemented and paid in full by the district.
School Employees Social Security Reimbursement	\$1,200,000	Paid 3.82% for school district costs toward Social Security payments. WCASD paid 3.82% and employees paid 7.65%.	<u>Reductions will have to come from other programs to pay for social security payments.</u> Employee contributions are mandated by federal law. School district will now have to pay 5.35% and the state will pay 2.3%. This cut only targets a small number of school districts.
<b>TOTAL</b>	<b>\$3,385,000</b>		

# Aid Ratio Levels: % of PA Districts



Data Source: PDE Website

# State Subsidies: Background Information

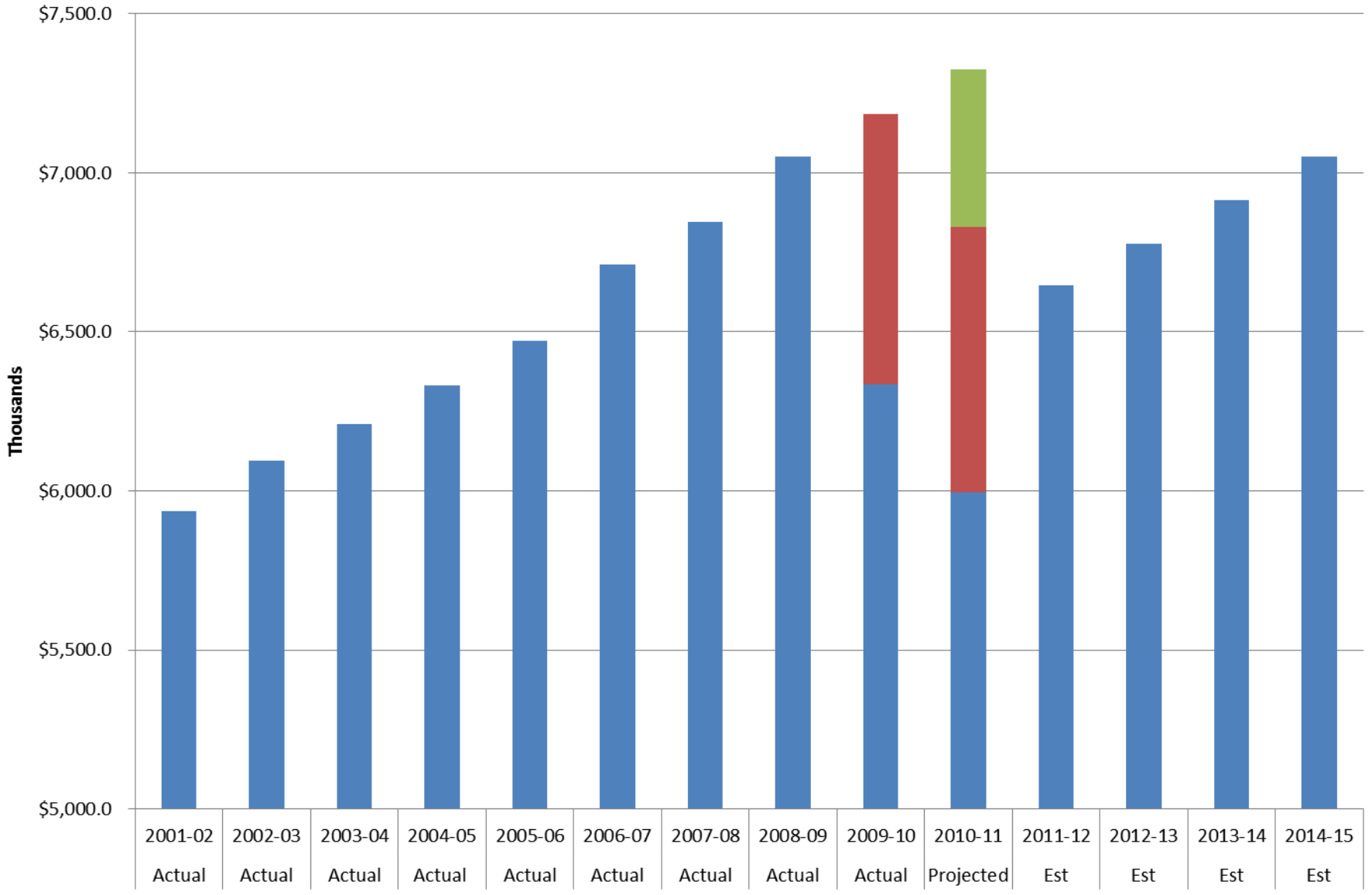
2008-09 Total State Subsidies		
Reimbursement Rate (Subsidy as a Percent of Total Expenses)	WCASD 16%	State Avg 39%
Largest Student Subsidy Categories (2008-09)		
Regular Instruction Subsidy % of Instruction Exp.	13%	60%
Special Ed Subsidy % of Special Ed Exp.	20%	34%
Transportation Subsidy % of Transportation Exp.	24%	38%
2008-09 State/Federal/Local Share \$		
Total Cost per Student	\$ 15,153	\$ 13,145
Total State Subsidy per Student	\$ 2,406	\$ 5,132
Total Federal Subsidy per Student	\$ 251	\$ 476
Local Cost per Student	\$ 12,496	\$ 7,537

(Data Source: PDE Website)

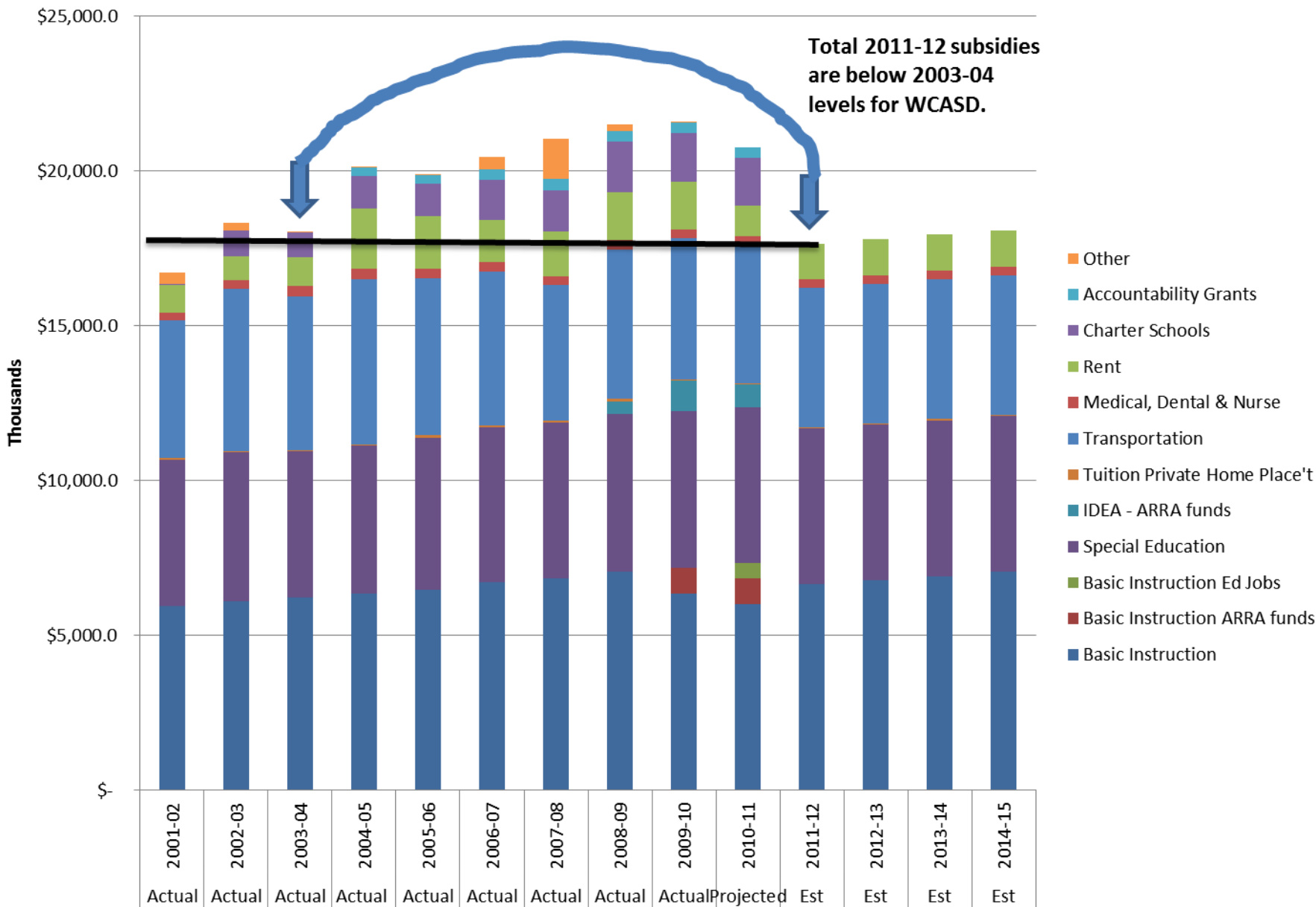
- WCASD's State Funding, excluding PSERS, dropped from \$24.9 million in 2009-10 to \$19.9 million in 2011-12.

# Basic Instruction Subsidy

■ Basic Instruction
 ■ Basic Instruction ARRA funds
 ■ Basic Instruction Ed Jobs



# History of Student Subsidies



## Staff Related Subsidies

\$14,000.0

*The growth in the PSERS subsidy is due to increases in the retirement rate. State reimbursement rate is assumed to remain at 50% of employer cost.*

\$12,000.0

*Effective in 2011-12, the State reimbursement rate for the Social Security subsidy will be reduced from 50% to 32.4% of the employer cost for our District. The State's reimbursement rate will continue to decline each year.*

\$10,000.0

\$8,000.0

Thousands

\$6,000.0

\$4,000.0

\$2,000.0

\$-

■ Retirement (PSERS)  
■ Social Security

Year	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Projected	Est	Est	Est	Est
2001-02	2,500	2,700	4,000	4,300	4,500	5,600	6,100	5,200	5,400	5,900	6,200	7,900	10,000	12,100

# Economy Impact on Local Revenues

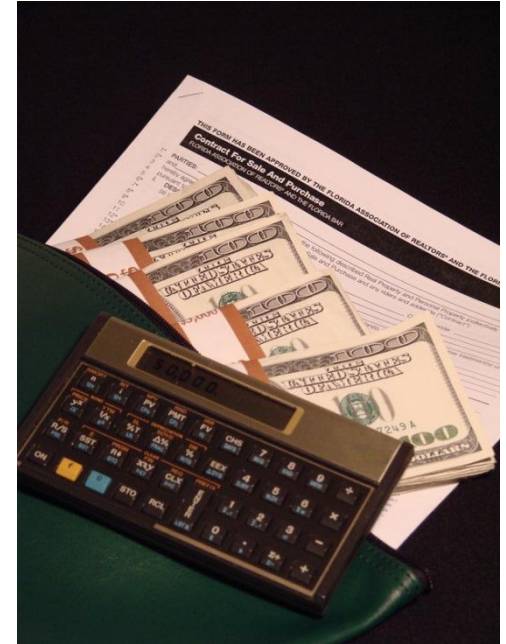
## ***Real Estate Taxes***

- Tax limitation measures
- Overall reduction in real estate tax base for two consecutive years
  - Minimum growth in residential and commercial real estate
  - Record levels of assessment appeals

***Income taxes*** – lower wage base due to recession and slower growth

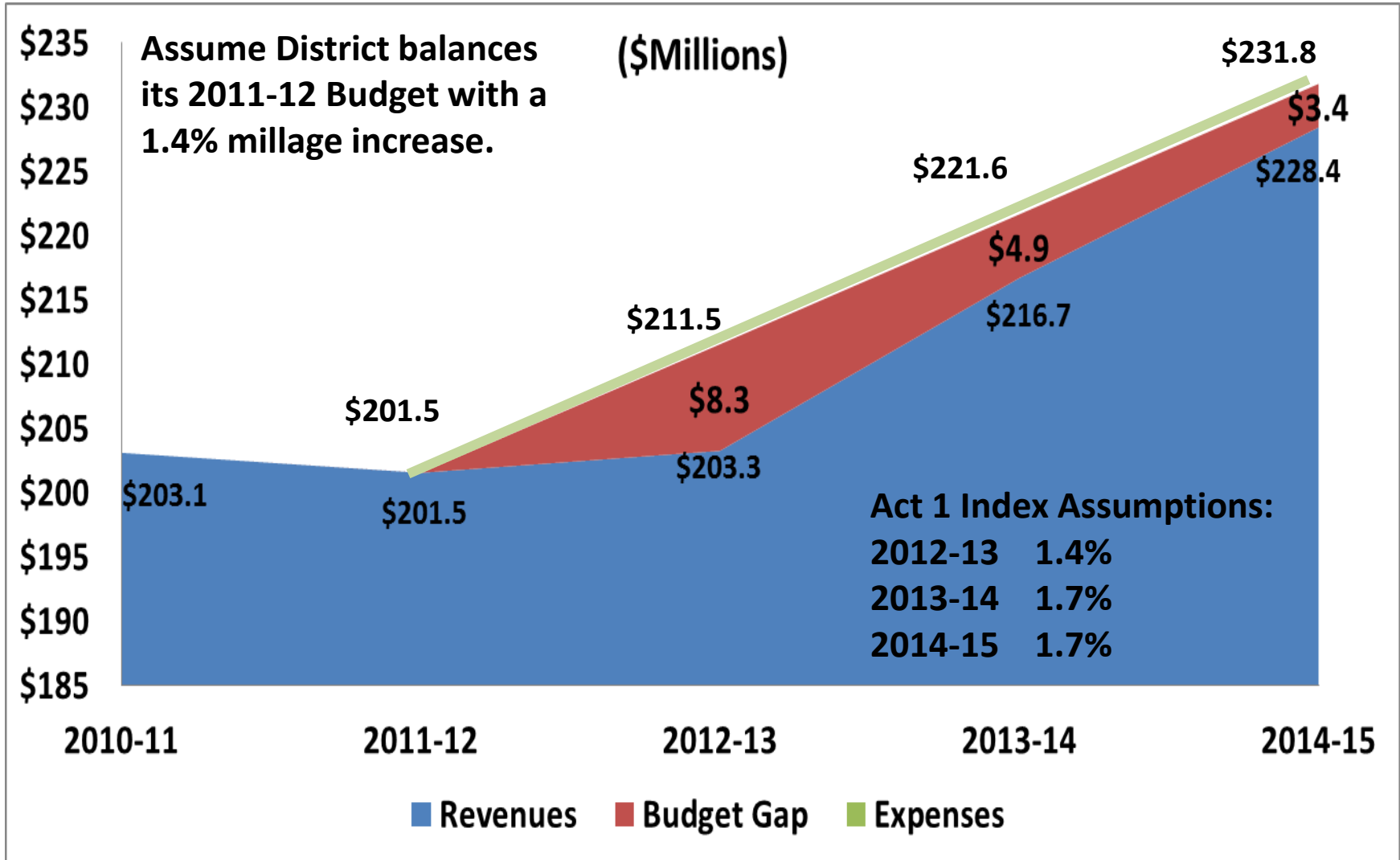
***RE Transfer taxes*** - real estate sales low

***Investments*** – historic low investment rates





# WCASD Future Budget Gaps



# *Thinking About the District's Future*

- Impact of mandates
- Looking forward, not backwards
- Establish priorities
- Plan resource allocation decisions
- Restructuring instruction and support services to meet available funds



# *Reality*

- Look at all expenditures (even the so called sacred ones)
- Communicate the reality of the budget with the community
- Prepare a budget that will retain the integrity of the system
- Don't make emotional decisions



# Priorities for Reducing the 2011-12 Budget on Short Notice

- Need to look at two years of budgets!
- Budget cuts must be sustainable!
- Non program reductions first!
- Spending freeze as of March 21st
- Review and revise impact statements from the findings not taken in Community Budget Task Force
- Carefully review any retirements – Reorganize responsibilities and not fill where possible – No furloughs!
- Establish Task Force Sub-committees for emotional reductions to be implemented in 2012-13.



## West Chester Area School District Budget Timeline for 2011-12 Budget

<b>Tuesday, 3/15</b>	Principal/Cabinet Meeting	<ul style="list-style-type: none"> <li>• Discuss 2011-12 budget and program evaluation timeline and community input process.</li> <li>• Begin evaluation process/impact statements for budget cuts.</li> </ul>
<b>Monday, 3/21 10:00AM – 11:00AM</b>	Management Team Meeting	<ul style="list-style-type: none"> <li>• Discuss budget strategy.</li> </ul>
<b>Monday, 3/21</b>	P&F Meeting	<ul style="list-style-type: none"> <li>• Discuss 2011-12 budget timeline and community input process.</li> <li>• Discuss all available reductions, focus will be on non-program cuts and the results of the Task Force cuts recommended from Education/Pupil Services Committees.</li> <li>• Begin discussion of the programs that have been identified by the administration, but these numbers will not be included in the updated budget forecast.</li> </ul>
<b>Wednesday, 3/23</b>	Principal/Cabinet Meeting	<ul style="list-style-type: none"> <li>• Finish Impact Statements for budget cuts.</li> </ul>
<b>Monday, 3/28 10:00AM – 12:00PM</b>	Management Team Meeting	<ul style="list-style-type: none"> <li>• Discuss budget cuts and impact statements.</li> </ul>
<b>Monday, 3/28</b>	Board Meeting	<ul style="list-style-type: none"> <li>• Review of Governor's budget impact to District.</li> </ul>
<b>Friday, 4/1</b>	Website	<ul style="list-style-type: none"> <li>• Launch 2011-12 Budget Webpage along with FAQ , budget reduction proposals and community feedback tool</li> </ul>
<b>Monday, 4/4 7:00 PM Henderson HS</b>	Community Budget Meeting	<ul style="list-style-type: none"> <li>• Community outreach meeting to inform parents and the community about potential program cuts.</li> </ul>
<b>Monday, 4/11</b>	P&F Meeting	<ul style="list-style-type: none"> <li>• Propose the preliminary budget incorporating non-program budget cuts.</li> </ul>
<b>Monday, 4/25</b>	Board Meeting	<ul style="list-style-type: none"> <li>• Vote on preliminary budget.</li> </ul>
<b>Monday 5/2 &amp; Monday 5/10 (tentative dates)</b>	Community Budget Meetings	<ul style="list-style-type: none"> <li>• Receive community input on budget cuts.</li> </ul>
<b>May</b>	Special Board Meetings	<ul style="list-style-type: none"> <li>• Using feedback from the community outreach and our board discussions, we will hold one or two "special" full board meetings to vote on potential program cuts.</li> </ul>
<b>Special Board Meeting June</b>	Board Meeting	<ul style="list-style-type: none"> <li>• Adopt Final Budget.</li> </ul>