

**New Hope-Solebury School District
Proposed Final Budget
2016 - 2017**

Mission Statement



The New Hope-Solebury School District takes pride in its commitment to excellence. We strive to inspire and empower our students to become passionate, confident, life-long learners, with the skills and strength of character to contribute to a diverse and ever-changing world.

Process / Timeline

- September – Preliminary planning for 16-17 Budget
 - Administration and staff developed a needs based budget
- January 27 – Adopted Preliminary Budget with exceptions
- February 11 – Requested Approval for Exceptions
- February to Present – Continuous Review Process
 - Administrative Review, Finance Committee, Budget Workshops, Budget Gap Closure Subcommittee
- May 16 – Adopt Proposed Final Budget
- June 20 – Adopt Final Budget

Preliminary Budget Highlights—January 2016

- Adopted 2015-2016 budget utilized \$2.6M of fund balance
- Preliminary projections added 1.6M of additional expenditures
 - Largest expense drivers - salaries, benefits, PSERS (pensions)
- Absence of a tax increase (increase in revenue) and budget reductions (decrease in expenditures) the fund balance would be depleted

Tax Increase	Revenues	Expenses	Deficit	Ending Fund Balance
0%	\$37.5M	\$41.7M	\$4.2M	\$0.0M
2.4% - Act 1 Index	\$38.1M	\$41.7M	\$3.5M	\$ 150,000
4.8% - Act 1 with Exceptions	\$38.8M	\$41.7M	\$2.9M	\$800,000

- Preliminary Budget was approved with a 4.8% tax increase - \$1.26M

Long Range Planning

- Concurrent with budgeting process, the Administration, Board, and Finance Committee began reviewing long range planning scenarios through SY 2019-2020
- Chart displays projections as of December 2015 – Assuming a 4.8% tax increase for SY 2016-2017

Year	Revenues	Expenses	Deficit	Ending Fund Balance
2016-2017	\$38.8M	\$41.7M	\$2.9M	\$800,000
2017-2018	\$39.3M	\$42.6M	\$3.4M	(3.2M)
2018-2019	\$40.0M	\$43.7M	\$3.7M	(6.5M)
2019-2020	\$40.6M	\$44.8M	\$4.2M	(10.5M)

2016-2017 Budget Highlights

Preliminary vs. Proposed Final

Year	Revenues	Expenses	Deficit	Ending Fund Balance
2016-2017 Preliminary	\$38.8M	\$41.7M	\$2.9M	\$800,000
2016-2017 Proposed Final	\$38.7M	40.2M	\$1.5M	\$3.2M

- Revenue Comparison – Reduction of \$100,000
 - Tax Increase – 4.8% generates \$1.26M in new revenue (included in preliminary budget)
 - State Revenue
 - Education Funding – Increase of \$100,000
 - Retirement and Social Security Subsidy – Reduction of \$200,000
 - Due to reduction in salary expenditures

2016-2017 Budget Highlights

Preliminary vs. Proposed Final

Year	Revenues	Expenses	Deficit	Ending Fund Balance
2016-2017 Preliminary	\$38.8M	\$41.7M	\$2.9M	\$800,000
2016-2017 Proposed Final	\$38.7M	\$40.2M	\$1.5M	\$3.2M

- Expenditure Comparison – Reduction of \$1.5M
 - Salaries – Reduction of \$800,000
 - Benefits & Taxes – Reduction of \$430,000
 - PSERS – Reduction of \$330,000
 - All Other – Increase of \$60,000

2016-2017 Preliminary vs. Proposed Final Summary of Expenditure Changes

Expenditure Reduction / (Increase)	Amount	Details
Retirement Incentive Program/Staffing Changes	\$1,180,000	11 Teacher and 1 Administrator Retirement
Medical Benefits	\$300,000	Early projection was 10% increase. Final increase was 2.3%
Other Salary and Benefits	\$95,000	General budget revisions to match current staffing
Outside Tuition	\$80,000	Aligned budget for Charter and Alternative Education to current expenditures
Building/Department–2 nd Look	\$66,000	Needs Based Budgeting – 2 nd review of all budgets
Electricity	(\$14,000)	PECO Rate Increase
Tuition Reimbursement	(\$30,000)	Tuition reimbursement budget matching to current actual costs.
Debt Service	(\$65,000)	2016 Debt Service interest payment on planned new debt for Campus Revitalization Project
Transportation – IU	(\$90,000)	Costs on 1 year lag. Current year projecting higher due to out of district placement increases.

Staffing/Program Changes

Conditions for Staff Reductions

- Conditions to reduce staff
 - Decline in enrollment
 - Curtailment of programming
 - Closure of a building
 - Reorganization a district

Reductions in Staff

- Reductions in staff
 - Furloughs
 - Non-renewals
 - Demotions



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DEPARTMENT OF EDUCATION

Staffing Considerations for SY 16-17

- Retirement incentive (11 professional staff members and 1 administrator)
- Examination of programming
 - Mandated vs. non-mandated
 - Enrollment trends
- Confirmation of all teaching certifications
- Checker boarding process—ensuring highly qualified staff are in each position
- Class size guidelines (*not policies*): K-2 (22), 3-5 (25), 6-12 (28)

Enrollment Trends

- Anticipated sections at elementary (K-5): 4 per grade level
 - Some sections are larger than others due to variability of enrollment
 - Some classes at the elementary level are co-taught (2 adults) which reduces student: teacher ratio
 - Not all students stay in their homeroom all day
- Sixth grade is reduced from 6 to 4 sections.
 - First “small group” (101 students) of students matriculates to the MS for SY 16-17. Right-sizing will continue as the “small groups” move through the MS and HS.
 - Right-sizing will affect core and elective classes due to enrollment.
 - This same right-sizing as already been completed at the elementary level.

Enrollment Trends

- While the elementary enrollment remains flat, and the MS enrollment decreases, the HS enrollment increases slightly for the next 3 years.
- High School Scheduling Considerations
 - Advanced Placement (AP) classes
 - Honors level classes
 - Electives
 - Students attending MBIT
 - Student partaking in the NHSSD Virtual Academy

Enrollment Trends

- Unknown variables
 - Students enrolling in the district
 - “Predictable trends” from the past are no longer predictable
 - Grade one phenomenon
 - Students withdrawing from the district
 - Additional staff resignations or retirements

Please Note: NHSSD is in line with county-wide class size averages. Staffing levels may change over the summer, but changes need to be grounded in “real” numbers.

Program Changes for SY 16-17

- Program Curtailment
 - Teacher Leaders (Instructional Coaches)—2 positions
 - Elementary Spanish—1 position
- Positions Remaining Unfilled
 - Family and Consumer Sciences—0.5 position
 - Declining enrollment at the MS allows for other electives to take the place of FCS
 - Elementary Health
 - Health will be combined with physical education; change in cycle days will mean increased time for art, music, and library

Please Note: All changes will be continually evaluated during the SY 16-17 school year.

Additional Staffing Changes

- Athletic Director/Assistant Principal
 - Combined the full-time athletic director position and full time dean of students position into a single position that will provide better leadership and supervision
- Director of Food Services was reduced from a 12-month to a 10-month position and will remain as such
- Total number of elementary sections is dependent upon the number of kindergarten students for SY 16-17

Please Note: All changes will be continually evaluated during the SY 16-17 school year.

2016-2017 Revenues

Revenue Type	2014 – 2015 Actual	2015 – 2016 Budget	2016 – 2017 Final	Change	% of Total Revenue
6000 Local	30,024,127	31,240,724	32,309,011	1,068,287	83.5%
7000 State	5,295,947	5,760,496	6,125,013	364,517	15.8%
8000 Federal	77,853	87,000	269,515	182,515	0.7%
Total	35,824,131	37,088,220	38,703,539	1,615,319	

- Revenue Comparison – Increase of \$1,615,319
 - Tax Increase – 4.8% generates \$1.26M in new revenue
 - EIT Reduction - \$200,000 in line with current estimates
 - State Revenue – Increase of \$364,517
 - Education Funding – Increase of \$50,000
 - Retirement and Social Security Subsidy – Increase of \$314,000
 - Federal Revenue – Increase of \$182,515
 - Increase - Use of Medical Access Monies only to cover unplanned special education costs

2016-2017 Expenditures

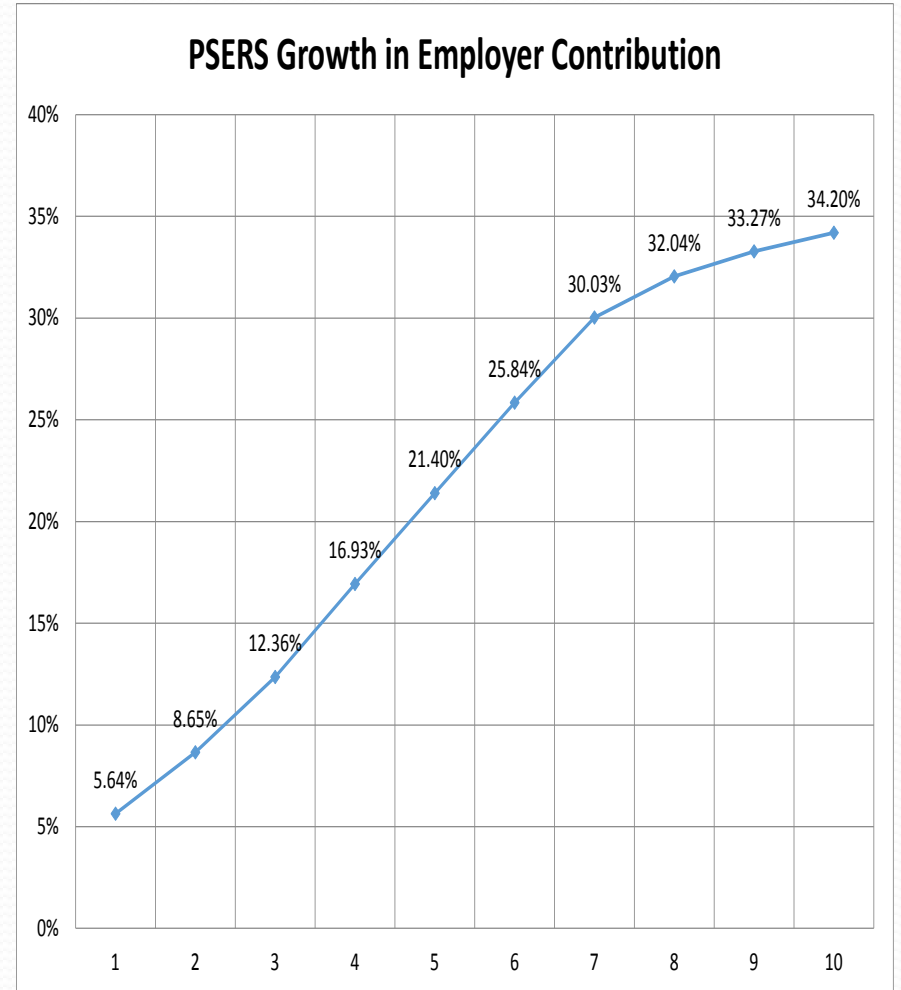
Expense Type	2014 – 2015 Actual	2015 – 2016 Budget	2016 – 2017 Budget	Increase/ (Decrease)	% Total Exp
100 Salaries	17,466,071	18,034,130	18,109,161	75,031	45.1%
200 Benefits	8,151,799	9,910,508	10,644,172	733,664	26.5%
300 Professional Services	2,120,189	2,728,750	2,267,488	(461,262)	5.6%
400 Property Services	780,950	832,943	869,085	36,142	2.2%
500 Other Purchased Svcs	2,855,465	2,730,933	3,318,822	587,890	8.3%
600 Supplies & Books	940,162	1,246,549	1,001,978	(244,571)	2.5%
700 Equipment	303,525	302,397	211,771	(90,626)	0.5%
800 Interest, Fees & Dues	564,565	698,629	905,720	207,091	2.3%
900 Principal & Transfers	3,518,192	3,233,616	2,859,500	(374,116)	7.1%
Total	36,700,919	39,718,455	40,187,698	469,243	

2016-2017 Expenditures

- Highlights
 - Salary and Benefits Costs were held relatively flat due to:
 - Retirement Incentive
 - Benefits Consortium change in Plan Administrator
 - PSERS – Continues to put strain on schools
 - Expense Increase of \$660,000
 - Professional Services
 - BCIU tuition costs reduced by \$227,000
 - Contracted Services reduced by \$205,000
 - Purchased Property Services
 - Rental of Equipment – Increased by \$49,000 (Copier lease re-classed from Contracted Services)
 - Other Purchased Services
 - BCIU Transportation for Out of District Students – Increase of \$90,000
 - Tuitions – Increase of \$525,000
 - Vo-Tech - \$210,000 (\$110,000 of this is re-class from debt service)
 - Out of District - \$260,000 (\$200,000 of this is contingency)
 - Charter School - \$50,000 to align to current costs – 4 students
 - Supplies and Equipment
 - Overall Reduction of \$335,000
 - Debt Service
 - Overall Reduction of \$206,500

PSERS Impact

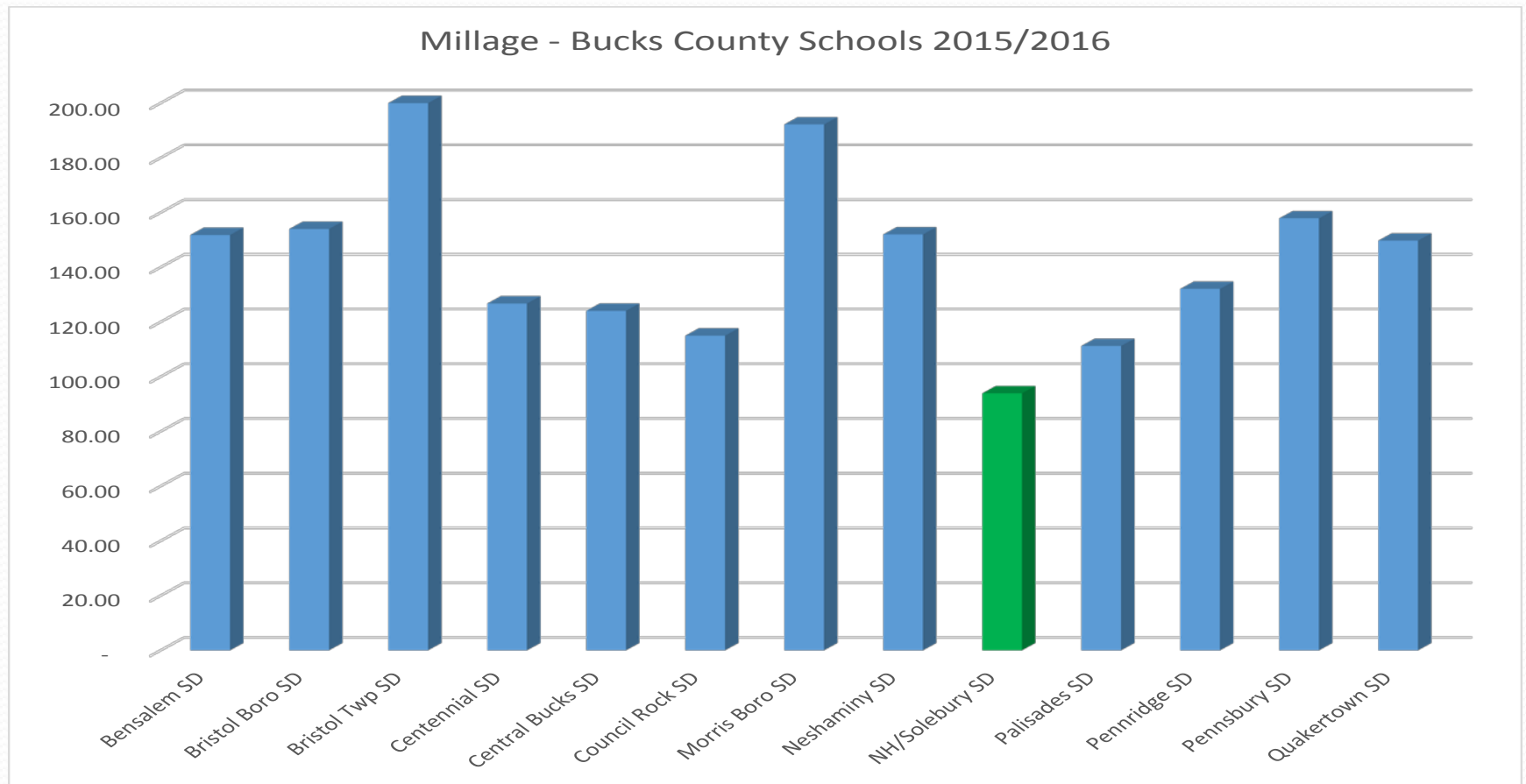
	<u>Salary Base</u>	<u>Employer Cont Rate</u>	<u>Total Expense</u>	<u>Net of State Reim</u>	<u>Annual Change</u>	<u>Cumulative Change</u>
2010/2011	15,521,258	5.64%	873,299	436,650	69,852	69,852
2011/2012	16,047,473	8.65%	1,166,495	583,247	146,598	216,450
2012/2013	16,542,720	12.36%	2,029,007	1,014,503	431,256	647,706
2013/2014	16,498,525	16.93%	2,845,885	1,422,943	408,439	1,056,145
2014/2015	17,466,071	21.40%	3,737,739	1,868,870	445,927	1,502,072
2015/2016	18,028,630	25.84%	4,658,598	2,329,299	460,429	1,962,502
2016/2017	18,109,161	30.03%	5,438,181	2,719,091	389,792	2,352,293
2017/2018	18,109,161	32.04%	5,802,175	2,901,088	181,997	2,534,290
2018/2019	18,109,161	33.27%	6,024,918	3,012,459	111,371	2,645,662
2019/2020	18,109,161	34.20%	6,193,333	3,096,667	84,208	2,729,869



Millage History

Fiscal Year	Tax Rate	Change	Average Tax Bill	Average Increase	% Incr	Act 1 Index
2008/2009	76.70	4.87	4,358.78	276.76	6.78%	4.40%
2009/2010	79.84	3.14	4,537.23	178.44	4.09%	4.10%
2010/2011	82.15	2.31	4,668.72	131.49	2.90%	2.90%
2011/2012	83.30	1.15	4,733.80	65.09	1.39%	1.40%
2012/2013	84.72	1.42	4,814.28	80.48	1.70%	1.70%
2013/2014	86.16	1.44	4,896.11	81.83	1.70%	1.70%
2014/2015	87.96	1.81	4,998.93	102.82	2.10%	2.10%
2015/2016	89.64	1.67	5,093.91	94.98	1.90%	1.90%
2016/2017	93.9387	4.30	5,338.44	244.54	4.80%	2.40%

Millage Comparison



- Note – NH/Solebury line includes 4.8% tax increase.

2016-2020 Budget Projections

Year	Revenues	Expenses	Deficit	Ending Fund Balance
2016-2017 Prelim (1)	\$37.5M	\$41.7M	\$4.2M	\$0.0M
2016-2017 Current (2)	\$38.7M	\$40.2M	\$1.5M	\$3.2M
2017-2018 Estimate (3)	\$39.4M	\$41.2M	\$1.8M	\$1.5M
2018-2019 Estimate (3)	\$40.1M	\$42.0M	\$1.9M	(\$425k)
2019-2020 Estimate (3)	\$40.9M	\$43.2M	\$2.3M	(\$2.8M)

(1) – 0% Tax Increase

(2) – 4.8% Tax Increase

(3) – 2.0% Tax Increase estimate

Timeline

- May 16 – Proposed Final Budget Adoption Resolution
 - Authorize Proposed Final Budget Advertising and Public Inspection
- May 18 – Advertise and make budget available for inspection
- June 20 – Final Budget Adoption Resolution
 - Real Estate Tax Resolution
 - Homestead/Farmstead Exclusion Resolution
 - Installment Payment of Real Estate Tax Resolution