

HALIFAX AREA SCHOOL DISTRICT

**-PROPOSED OPERATING BUDGET
FOR 2019-2020**

**SUBMITTED ON BEHALF OF THE
ADMINISTRATIVE TEAM**

APRIL 23, 2019

-PROPOSED BUDGET-

-Income:

\$20,571,043

-Assumes the board does not raise taxes. Accounts for level funding from state and federal governments as of 3/13/19.

-Expenses:

\$21,291,096

-Zero based budgeting. Accounts for increases to pension and salaries for HESPA, HEA, and administration. Considers inflation and comprehensive plan initiatives. Uses adjusted Act 1 Index of 7% to estimate healthcare costs. Accounts for the “snowball effect” of savings from retirements and attritions.

-Proposed Budget Deficit:

(\$720,053)

-FUND BALANCE FACTS-

-COMMITTED FUND BALANCE-

-Health Insurance & PSERS :	\$1,797,108.00
-DCTS Debt Payment Fund:	\$98,968.00
-Other Committed Funds	\$25,429.00

TOTAL: \$1,921,505.00

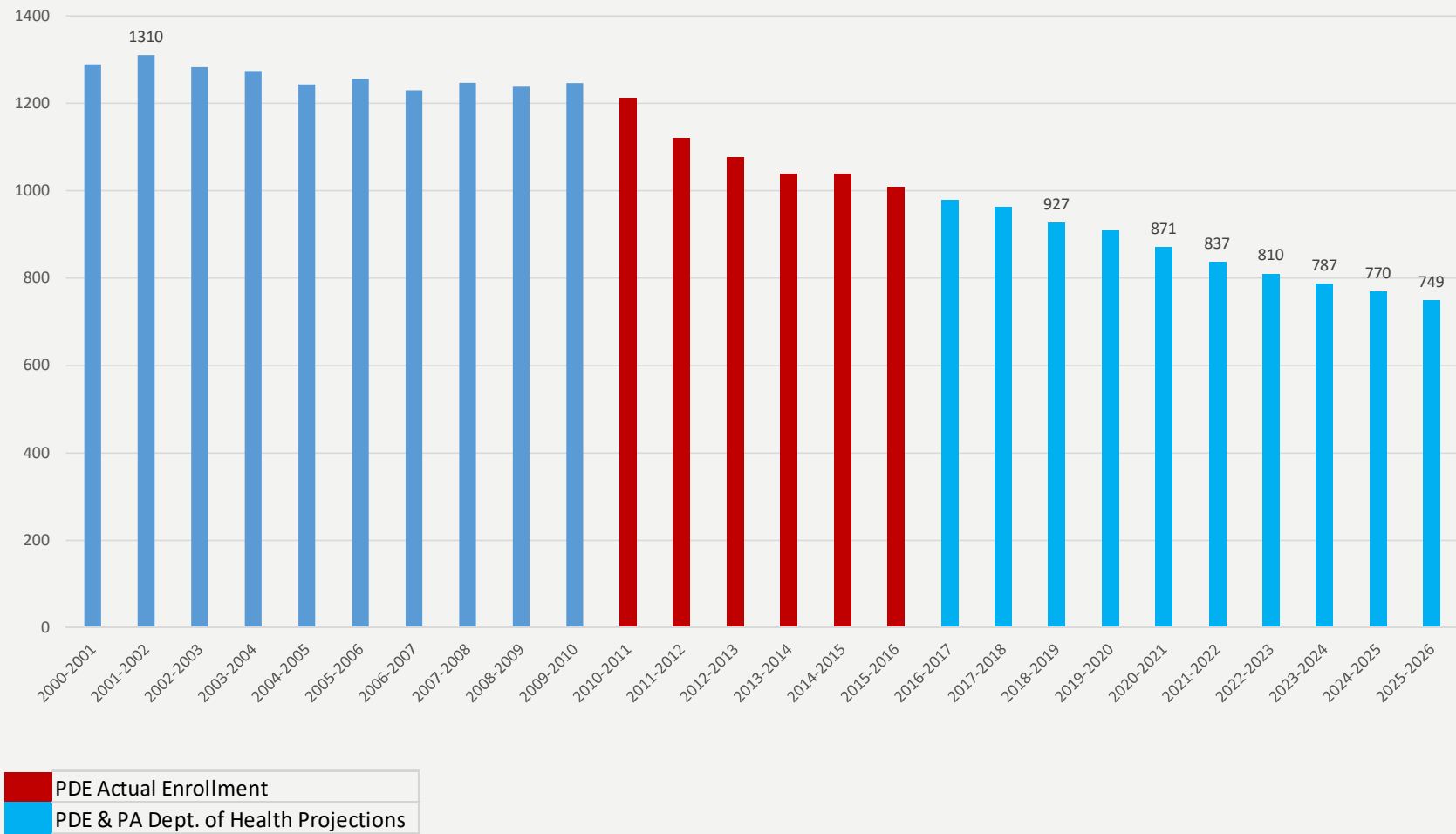
-UNASSIGNED FUND BALANCE-

***TOTAL: \$75,580.00**

Accounts for the projected 2018-2019 operating deficit.

-BUDGET BACKGROUND & QUESTIONS SUBMITTED-

-HASD ENROLLMENT-



Projected student enrollment by grade level.

*Based on actual grade level numbers as of 4/18/2019

Halifax Pre-K Program			
Pre-K	Max 20		
		Class Size	
		3 classes	4 classes
Current Kindergarten Registration	58	19.3	14.5
Grade 1	56	18.7	14.0
Grade 2	67	22.3	16.8
Grade 3	72	24.0	18.0
Grade 4	72	24.0	18.0
Grade 5	68	22.7	17.0
Estimated Building Total	415		
		Section Size	
Middle School		3 Sections	4 Sections
Grade 6	87	29.0	21.8
Grade 7	86	28.7	21.5
Grade 8	70	23.3	17.5
Building Total	243		
High School			
Grade 9	76		
Grade 10	60		
Grade 11	70		
Grade 12	67		
Building Total	273		
Total Halifax Enrollment	951		

Dauphin County Vo-Tech	
Grade 9	15
Grade 10	15
Grade 11	15
Grade 12	5
Building Total	50

Fulltime CAOLA Program	
Grade 6	1
Grade 7	1
Grade 8	4
Grade 9	2
Grade 10	3
Grade 11	5
Grade 12	9
*Total COALA Students	25

Non-Public/Christian Schools	33
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Charter/CyberCharter	34
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Home-Schooled Students	34
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*Vo-Ag Students at UDA	4
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Non-Attendance Building	30
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*Number included in Halifax building totals

Questions submitted to administration?

- What are the 5-year forecasts for HASD school finances?
- Can the number of furloughs be mitigated and reduced by tax increases?
- All of the impact for staff reductions based on student enrollment seem to disproportionately impact the elementary program.
- How does reduction of staff impact administration and non-instructional staff?
- Can budget reductions in other areas reduce the number of furloughs?
- Who develops the budget?
- What is an unassigned fund balance and what is our current balance?

- HISTORICAL PERSPECTIVES -

Declining Enrollment and Attrition

- HASD has relied largely on attrition to deal with reduced student enrollment. Since 2002:
 - 11 Full-time Secondary Teachers
 - 2 Half-time Secondary Teachers
 - Middle School Counselor
 - Move to 4 classes per grade at Elementary level (2015) impacting grades K,1,2.
- Aide positions eliminated:
 - 3 Secondary
 - 6 Elementary (Furloughs)
 - 4 District Level (including Nurse Aide)

Programs and Administration

- Building and Grounds Director
- Assistant Secondary Principal
- *Tech Director
- Aides: CIA Secretary, Central Supply (1/2), and Print Shop

Programs Eliminated:

Agriculture, French, MS Reading, MS FACS.

Questions submitted (Continued)

- Maintaining programs (curricular and extracurricular).
- The constraints of teacher certification requirements.
 - Elementary, Middle, and High School
- “Pathways” for district administration and non-instructional staff.
- Early Retirement Incentive and the teacher survey.
 - Bumping can be a very fluid phenomenon. It may be impacted with incentivized retirements, support staff retirements, and voluntary resignations.
- Budget impact on areas (such as technology).

Halifax Elementary School Building Issues

- Does moving students from Enders to Halifax Elementary exceed capacity?
- Are there concerns about violating fire codes by adding additional students?
- How will bus loading/unloading, parent drop-off/pick-up and parking be addressed?
- How will the classrooms on the ground floor of Halifax Elementary be addressed?
- Will a floorplan of how everyone will fit in to Halifax Elementary be provided?

** Public Hearing on Thursday, May 9th at 7:00 p.m.*

PATHWAY 2

- Increase revenue to proposed State budget levels (BEF and SEF)
- Decrease expenditures:
 - Refunding the 2013 Bonds (April 1, 2019 Auction)
 - Elimination of 1 of 2 PreK Counts classrooms (funding reduction)
 - Grade level class reduction based on enrollment (Class size under 70)
 - K, 1st, 2nd, 3rd, and 5th
 - Elementary Autistic Support retirement (attrition – April 1st notification)
 - Health Insurance Rate Reduction (7.13% to 5.29% April 5th notification)
- Increase expenditure to DCTS by 16% (March 29th notification)
- **Closing of Enders-Fisherville Elementary**
 - **Operational savings**
 - **Associated personnel reductions**
- ***Pathway allows all current curricular and extra-curricular programs to remain intact***

Pathway 2 will provide an estimated net budgetary savings of **\$1,074,000**

PATHWAY 3

- Increase revenue to proposed State budget levels (BEF and SEF)
- Decrease expenditures:
 - Refunding the 2013 Bonds (April 1, 2019 Auction)
 - Elimination of 1 of 2 PreK Counts classrooms (funding reduction)
 - Grade level class reduction based on enrollment (Class size under 70)
 - K, 1st, 2nd, 3rd, and 5th
 - Elementary Autistic Support retirement (attrition – April 1st notification)
 - Health Insurance Rate Reduction (7.13% to 5.29% April 5th notification)
- Increase expenditure to DCTS by 16% (March 29th notification)
- Closing of Enders-Fisherville Elementary
 - Operational savings
 - Associated personnel reductions
- **3.1% Tax increase (0.6971 mills)**
 - **\$70 per \$100,000 of real estate value***
- ***Pathway allows all current curricular and extra-curricular programs to remain intact***

Pathway 3 will provide a net budgetary savings of **\$1,314,000**

5 YEAR PROJECTION

- Assumptions:
 - Incorporate Pathway 2 (Pathway 1 is included)
 - **Expenditure Assumptions:**
 - Salaries are increased annually by 2%. No additional changes for attrition or replacement staff are factored.
 - Employee insurance is increased annually by 4%. No additional provisions for plan design changes are factored.
 - FICA is factored at 7.65% annually.
 - PSERS is factored at the following rates starting with 19-20:
 - 34.29%, 34.77%, 35.19%, 35.84%, and 36.30%.
 - ** These estimates were taken from the PSERS website.**
 - Purchased Professional & Technical Services and Property Services are estimated at 1.5% increase annually.
 - Debt Service projection based on new debt schedules issued after the 2013 refunding. No considerations are made for possible refunding of 2014 Bond Issuance.

5 YEAR PROJECTION (CONT.)

- Assumptions (Continued):
 - **Revenue Assumptions:**
 - Local Tax will be projected utilizing various upcoming scenarios.
 - Total Assessed Value is increased 0.1% annually.
 - Collection rate is 94.1% annually.
 - Assumption that Adjusted Act 1 Index will be 2.7% annually.
 - Earned Income Tax is increased 0.5% annually.
 - State Basic Ed Funding is increased 1% annually. All other State funding is held at 0% increase annually.
 - Federal Funding is held at 0% increase annually.

5 YEAR PROJECTION (CONT.)

- After implementation of Pathway 1 & Pathway 2
- Local Tax Increase starting in 19-20: 0%, 0%, 0%, 0%, 0% (of Act 1 Index)

	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24
BUDGET PROJECTIONS SUMMARY	Actual	Budget	Budget	Projected	Projected	Projected	Projected
TOTAL EXPENDITURES	21,513,957	20,787,975	20,214,890	21,011,038	21,527,173	21,969,819	22,403,841
TOTAL REVENUE	20,409,613	20,745,557	20,568,933	20,788,810	20,921,302	21,067,711	21,207,074
SURPLUS OR DEFICIT	(1,104,344)	(42,418)	354,044	(222,228)	(605,871)	(902,108)	(1,196,767)
ENDING FUND BALANCE - Unassigned	117,000	74,582	428,626	206,399	(399,472)	(1,301,581)	(2,498,348)
Ending % of Expenditures	0.5%	0.4%	2.1%	1.0%	-1.9%	-5.9%	-11.2%

5 YEAR PROJECTION (CONT.)

- After implementation of Pathway 1 & Pathway 2
- Local Tax Increase starting in 19-20: 25%, 25%, 25%, 25%, 25% (of Act 1 Index)
- Affect per \$100k of Assessed Value - \$20/year

	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24
BUDGET PROJECTIONS SUMMARY	Actual	Budget	Budget	Projected	Projected	Projected	Projected
TOTAL EXPENDITURES	21,513,957	20,787,975	20,214,890	21,011,038	21,527,173	21,969,819	22,403,841
TOTAL REVENUE	20,409,613	20,745,557	20,625,808	20,895,744	21,078,723	21,276,047	21,466,788
SURPLUS OR DEFICIT	(1,104,344)	(42,418)	410,918	(115,293)	(448,450)	(693,772)	(937,054)
ENDING FUND BALANCE - Unassigned	117,000	74,582	485,501	370,207	(78,243)	(772,015)	(1,709,069)
Ending % of Expenditures	0.5%	0.4%	2.4%	1.8%	-0.4%	-3.5%	-7.6%

5 YEAR PROJECTION (CONT.)

- After implementation of Pathway 1 & Pathway 2
- Local Tax Increase starting in 19-20: 50%, 50%, 50%, 50%, 50% (of Act 1 Index)
- Affect per \$100k of Assessed Value - \$35/year

	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24
BUDGET PROJECTIONS SUMMARY	Actual	Budget	Budget	Projected	Projected	Projected	Projected
TOTAL EXPENDITURES	21,513,957	20,787,975	20,214,890	21,011,038	21,527,173	21,969,819	22,403,841
TOTAL REVENUE	20,409,613	20,745,557	20,682,715	21,003,463	21,238,368	21,488,804	21,733,779
SURPLUS OR DEFICIT	(1,104,344)	(42,418)	467,825	(7,575)	(288,804)	(481,015)	(670,063)
ENDING FUND BALANCE - Unassigned	117,000	74,582	542,408	534,833	246,028	(234,987)	(905,050)
Ending % of Expenditures	0.5%	0.4%	2.7%	2.5%	1.1%	-1.1%	-4.0%

5 YEAR PROJECTION (CONT.)

- After implementation of Pathway 1 & Pathway 2
- Local Tax Increase starting in 19-20: 75%, 75%, 75%, 75%, 75% (of Act 1 Index)
- Affect per \$100k of Assessed Value - \$50/year

	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24
BUDGET PROJECTIONS SUMMARY	Actual	Budget	Budget	Projected	Projected	Projected	Projected
TOTAL EXPENDITURES	21,513,957	20,787,975	20,214,890	21,011,038	21,527,173	21,969,819	22,403,841
TOTAL REVENUE	20,409,613	20,745,557	20,739,622	21,111,933	21,400,271	21,705,982	22,008,177
SURPLUS OR DEFICIT	(1,104,344)	(42,418)	524,732	100,895	(126,902)	(263,837)	(395,664)
ENDING FUND BALANCE - Unassigned	117,000	74,582	599,315	700,210	573,308	309,471	(86,193)
Ending % of Expenditures	0.5%	0.4%	3.0%	3.3%	2.7%	1.4%	-0.4%

5 YEAR PROJECTION (CONT.)

- After implementation of Pathway 1 & Pathway 2
- Local Tax Increase starting in 19-20: 100%, 100%, 100%, 100%, 100% (of Act 1 Index)
- Affect per \$100k of Assessed Value - \$70/year

	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24
BUDGET PROJECTIONS SUMMARY	Actual	Budget	Budget	Projected	Projected	Projected	Projected
TOTAL EXPENDITURES	21,513,957	20,787,975	20,214,890	21,011,038	21,527,173	21,969,819	22,403,841
TOTAL REVENUE	20,409,613	20,745,557	20,796,496	21,221,155	21,564,366	21,927,613	22,290,083
SURPLUS OR DEFICIT	(1,104,344)	(42,418)	581,607	210,117	37,193	(42,206)	(113,758)
ENDING FUND BALANCE - Unassigned	117,000	74,582	656,189	866,306	903,499	861,293	747,535
Ending % of Expenditures	0.5%	0.4%	3.2%	4.1%	4.2%	3.9%	3.3%

5 YEAR PROJECTION (CONT.)

- After implementation of Pathway 1 & Pathway 2
- Local Tax Increase starting in 19-20: 0%, 25%, 50%, 75%, 100% (of Act 1 Index)
- Affect per \$100k of Assessed Value - \$0, \$15, \$31, \$47, \$63 (Estimated)

	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24
BUDGET PROJECTIONS SUMMARY	Actual	Budget	Budget	Projected	Projected	Projected	Projected
TOTAL EXPENDITURES	21,513,957	20,787,975	20,214,890	21,011,038	21,527,173	21,969,819	22,403,841
TOTAL REVENUE	20,409,613	20,745,557	20,568,933	20,838,421	21,070,937	21,369,638	21,716,471
SURPLUS OR DEFICIT	(1,104,344)	(42,418)	354,044	(172,617)	(456,236)	(600,181)	(687,370)
ENDING FUND BALANCE - Unassigned	117,000	74,582	428,626	256,009	(200,227)	(800,408)	(1,487,779)
Ending % of Expenditures	0.5%	0.4%	2.1%	1.2%	-0.9%	-3.6%	-6.6%

5 YEAR PROJECTION (CONT.)

- After implementation of Pathway 1 & Pathway 2
- Local Tax Increase starting in 19-20: 100%, 75%, 50%, 25%, 0% (of Act 1 Index)
- Affect per \$100k of Assessed Value - \$70, \$47, \$32, \$16, \$0 (Estimated)

	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24
BUDGET PROJECTIONS SUMMARY	Actual	Budget	Budget	Projected	Projected	Projected	Projected
TOTAL EXPENDITURES	21,513,957	20,787,975	20,214,890	21,011,038	21,527,173	21,969,819	22,403,841
TOTAL REVENUE	20,409,613	20,745,557	20,796,496	21,170,008	21,407,338	21,607,217	21,747,120
SURPLUS OR DEFICIT	(1,104,344)	(42,418)	581,607	158,970	(119,835)	(362,602)	(656,721)
ENDING FUND BALANCE - Unassigned	117,000	74,582	656,189	815,159	695,324	332,722	(324,000)
Ending % of Expenditures	0.5%	0.4%	3.2%	3.9%	3.2%	1.5%	-1.4%

- BUDGET PROCESS TIMELINE -

- Budget Review Period: 3/26/19 thru 4/23/19.
 - Community submits questions to superintendent.
 - Administration continues to revise the budget.
- Proposed Budget Approved: Tuesday, May 14, 2019
- Final Budget Approved: Tuesday, June 11, 2019
- *Email questions to HatfieldD@hasd.us*