



East Penn School District

Preliminary Budget 2020-2021

January 27, 2020

Goals and Objectives

To expand the educational opportunities for all East Penn students while sustaining the financial health of the district. Specifically, we will:

- ❖ support the diverse learning needs of all students, including special education students.
- ❖ increase the efforts to support social and emotional wellness through a continuum of services for all East Penn School District students.
- ❖ continue the implementation of elementary literacy resources.
- ❖ support students and staff in the use of technology.



Budget Timeline

January 27, 2020

Presentation of the Preliminary Budget

February 10, 2020

Presentation of District Priorities - Staffing (Professional and Paraprofessional)

February 24, 2020

Presentation of District Priorities - Programmatic

March 9, 2020

Presentation of District Priorities - Staffing (Administrative)

Presentation of the Long Range Fiscal and Capital Plan

March 23, 2020

Budget Update

April 27, 2020

Presentation and Adoption of the Proposed Final Budget

May 11, 2020

Presentation of Budget Updates and Discussion of the Final Budget

June 8, 2020

Presentation and Adoption of the Final Budget



Act 1 of 2006

Taxpayer Relief Act - Act 1 Index

Established a maximum “cost of living” cap for tax rate increases referred to as the Act 1 Index, which is calculated annually by the PA Department of Education.

The Act 1 index is the average of the percent increases in the Pennsylvania statewide average weekly wage rate (SAWW) and the Federal employment cost index for elementary/secondary schools (ECI).

The 2020-21 Act 1 Base Index is 2.6%

The Act 1 Index is further adjusted based on a local wealth metric called the market value/personal income aid ratio.

The 2020-21 Act 1 Adjusted Index for East Penn School District is 3.0%

2019-20 Real Estate Tax millage = 18.3808 mills
Max. Millage Rate Increase $18.3808 \times 0.030 = 0.5514$
2020-21 Max. Real Estate Tax millage = 18.9322 mills



Budget Recap: 2018-2019

	2018-2019 <u>Budget</u>	2018-2019 <u>Estimate</u>	2018-2019 <u>Actual (Audited)</u>
Total Revenue	\$ 145,975,314	\$ 149,843,418	\$ 148,852,056
Total Expenditures	\$ 153,281,114	\$ 149,455,668	\$ 147,700,505
Less: Budgetary Reserve	<u>\$ 7,305,800</u>	<u>\$ -</u>	<u>\$ -</u>
Anticipated Expenditures	\$ 145,975,314	\$ 149,455,668	\$ 147,700,505
Surplus (Deficit)	<u>\$ -</u>	<u>\$ 387,750</u>	<u>\$ 1,151,551</u>
Beginning Fund Balance	\$ 13,651,506	\$ 14,620,017	\$ 14,620,016
Ending Fund Balance	<u>\$ 13,651,506</u>	<u>\$ 15,007,767</u>	<u>\$ 15,771,567</u>
Fund Balance (% of Anticipated Expenditures)	9.35%	10.04%	10.68%



Budget Recap: 2019-2020

	2019-2020 <u>Budget</u>	2019-2020 <u>Estimate</u>
Total Revenue	\$ 149,702,561	\$ 149,702,561
Total Expenditures	\$ 158,189,781	\$ 158,189,781
Less: Budgetary Reserve	<u>\$ 7,552,500</u>	<u>\$ 7,552,500</u>
Anticipated Expenditures	\$ 150,637,281	\$ 150,637,281
Surplus (Deficit)	<u>\$ (934,720)</u>	<u>\$ (934,720)</u>
Beginning Fund Balance	\$ 15,007,767	\$ 15,771,567
Ending Fund Balance	<u>\$ 14,073,047</u>	<u>\$ 14,836,847</u>
Fund Balance (% of Anticipated Expenditures)	9.34%	9.85%



Budget Summary: 2020-2021

	2020-2021 <u>Budget</u>
Total Revenue	\$ 154,931,074
Total Expenditures	\$ 162,677,624
Less: Budgetary Reserve	<u>\$ 7,746,550</u>
Anticipated Expenditures	\$ 154,931,074
Surplus (Deficit)	<u>\$ -</u>
Beginning Fund Balance	\$ 14,836,847
Ending Fund Balance	<u>\$ 14,836,847</u>
Fund Balance (% of Anticipated Expenditures)	9.58%



Revenue Outlook

	<u>Dollar Increase from Prior Year</u>	<u>Percentage Increase from Prior Year</u>
Local Revenue	+\$3.787M	+3.4%
Major Cost Drivers:		
Real Estate Tax, millage increase of 3.0%	+\$2.938M	+3.0%
Real Estate Tax, assessment growth (Jul to Dec)	+\$0.588M	+0.6%
Interim Real Estate Taxes	-\$0.176M	-14.5%
Earned Income Taxes	+\$0.155M	+1.6%
Real Estate Transfer Taxes	+\$0.241M	+14.4%
Delinquent Real Estate Taxes	+\$0.132M	+7.5%
Interest on Investments	-\$0.120M	-19.4%
State Revenue	+\$1.438M	+4.1%
Major Cost Drivers:		
Basic Education Funding	+\$0.467M	+3.8%
Special Education Funding	+\$0.187M	+5.5%
Pupil Transportation Subsidy	+\$0.315M	+15.2%
State Share of Retirement	+\$0.382M	+3.4%
TOTAL REVENUE	+\$5.229M	+3.5%



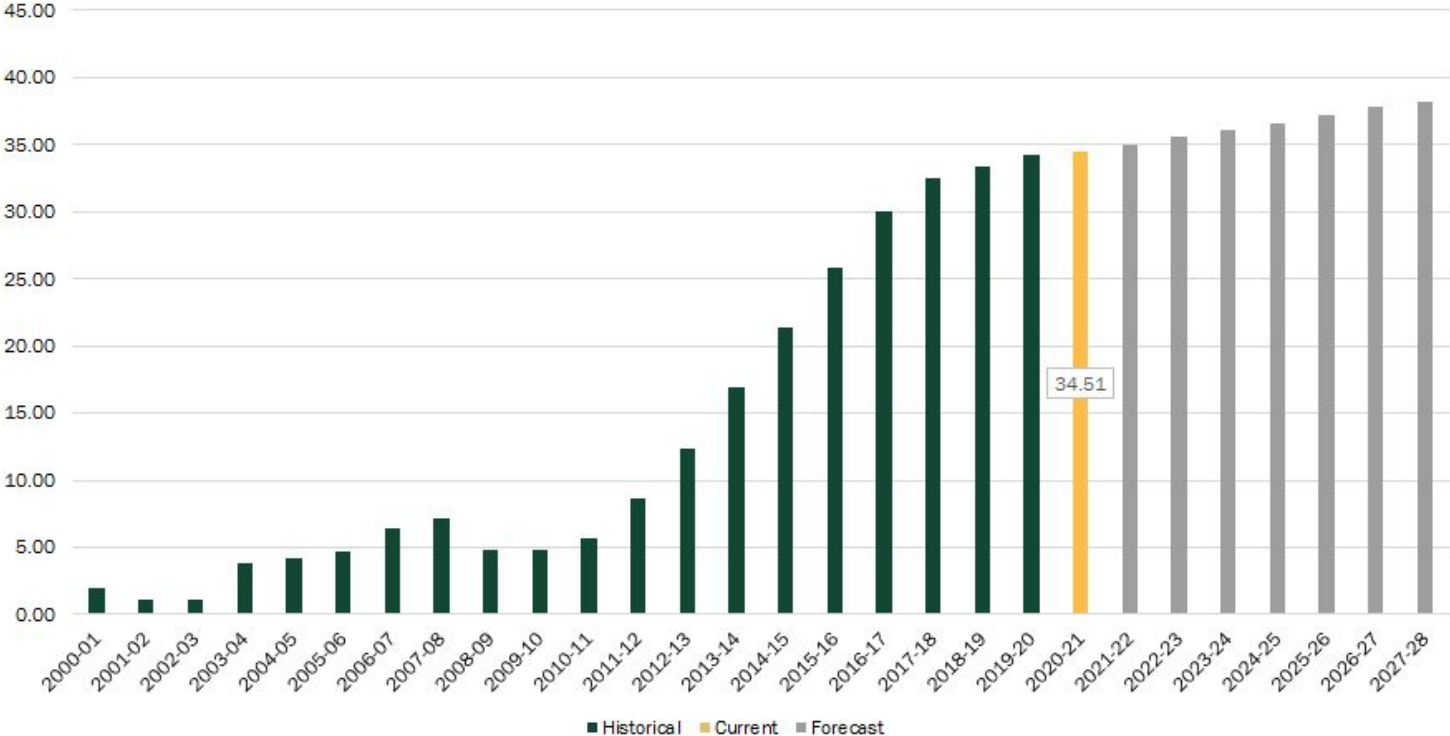
Expenditure Outlook

	<u>Dollar Increase from Prior Year</u>	<u>Percentage Increase from Prior Year</u>
Wages	+\$1.606M	+2.45%
Benefits	+\$1.724M	+4.32%
Other Services	+\$0.955M	+2.85%
Debt Service	+\$0.009M	+0.09%
Capital Reserve Transfer	+\$0.000M	+0.00%
Budgetary Reserve	<u>+\$0.194M</u>	<u>+2.57%</u>
TOTAL EXPENDITURES	+\$4.488M	+3.5%



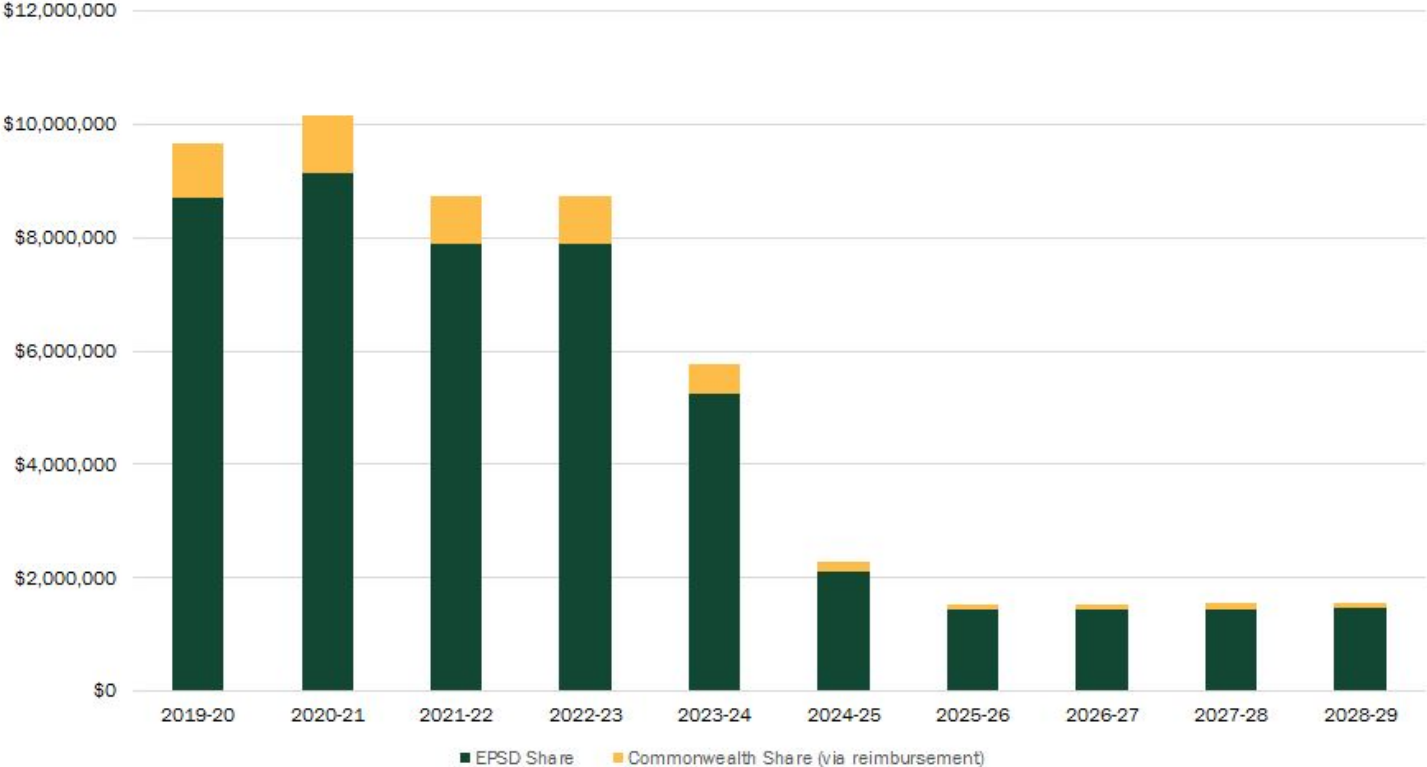
Retirement Contribution

Public School Employees Retirement System (PSERS)
Employer Contribution Rate



Debt Service

East Penn School District Debt Service Payments



Budget Highlights

What's presently included in the 2020-2021 budget?

Wage increases in accordance with existing contracts and compensation plans

Transfer of \$389,000 custodial wages to the food service fund

An estimated healthcare premium increase of 5.0%

A PSERS retirement contribution increase from 34.29% to 34.51%

A 3.0% real estate tax increase (up to the adjusted Act 1 Index)

Costs to maintain existing programs

A \$1,640,000 contribution to the capital reserve fund

A \$7,746,550 budgetary reserve (approximately 5.0% of anticipated expenditures)

What is not presently included in the 2020-2021 budget?

The cost savings between retiring employees and a new employees

Real estate tax assessment increases from December 2019 to May 2020

Final healthcare premium rates for 2020-2021 (likely to be 4.25%)

District priority items (identified later in this presentation)

Expansion of the senior citizen real estate tax rebate program

An increased contribution to the capital reserve fund



District Priorities

Emotional Support Teacher, Elementary	\$92,500*
Literacy Resources, Elementary	\$220,000
Learning Support Teacher, 0.5 Jefferson / 0.5 Lincoln	\$92,500*
Learning Support Teacher, 0.5 Macungie / 0.5 Wescosville	\$92,500*
Behavior Support Interventionist, District-wide	\$92,500*
Staff Assistant, Lower Macungie MS	\$12,300*
Technology Specialist (increase from PT to FT), Technology Department	\$43,300*
Director of Educational Alternatives, District-wide	\$175,000*
Inclusion Specialist, District-wide	<u>\$144,300*</u>
Total	\$964,900

*Recurring costs



Conclusion

