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An equal opportunity educational institution

Governor Mifflin School District

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FOR IMMEDIATE RELEASE

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2012-2013 PRELIMINARY BUDGET
FACT SHEET

DISTRICT'S STATEMENT:

The Governor Mifflin School District Board of Directors has approved a motion to pass the 2012-2013 preliminary budget at $62,840,884, which represents a 1.27-mil increase over the 2011-12 budget. The district will apply for one exception under retirement, totaling $475,000.

The preliminary budget reflects a net zero revenue growth and a deficit of roughly $2 million. The deficit is due to mandated expenses and contractual obligations, which account for over 90% of the district's annual budget.

- **Mandated costs** include state and federal requirements for programs and defined benefit plans. For 2012-2013, the following cost increases take effect:
  - **$442,000** (9%) increase in defined health care benefits for staff
  - **$557,000** increase in retirement contributions due to state-imposed rate increase of .846 to .1236
  - **$400,000** for out-of-district placements necessitated by special education mandates
- **Contractual obligations** include salary and benefits increases per negotiated contracts with staff groups. Among the school district's five staff groups, there are two groups with active contracts and three without contracts. The groups with contracts account for about 8% of the following budgetary assumption:
  - Average 2% salary increase for all staff = **$613,000**

PRELIMINARY BUDGET HISTORY:

An increase in millage at the preliminary budget is typical for Governor Mifflin. The board typically passes a superficial preliminary budget because many of the revenue and expense parameters are not available at this point in the budget process. The state subsidy amount will be announced in mid-February, and the official property assessment values will be made available from the county at the end of February.

It is important to note that GM has historically reduced the millage between the approval of the preliminary budget and the final budget:

Budget Year	Preliminary Budget		**Final Budget**	
2007-08	22.0 mils	→	**21.6 mils**	(.4 mils)
2008-09	22.9 mils	→	**22.5 mils**	(.4 mils)
2009-10	24.5 mils	→	**22.6 mils**	(1.9 mils)
2010-11	24.0 mils	→	**23.2 mils**	(.8 mils)
2011-12	24.35 mils	→	**23.7 mils**	(.65 mils)
2012-13	24.97 mils*	→	**??**	

* *The 2012-2013 preliminary budget millage exceeds the amount permissible by the Act 1 Index (plus exception).*

Because the district is not applying for voter referendum, Governor Mifflin School District must reduce its budget by **a minimum** of $700K, or .47 mils, in order to comply with Act 1.

SCHEDULE:

In the coming weeks, the administration will hold public, informational sessions on the topics listed below. The purpose of these meetings is to illuminate the constraints within which the district must operate to trim the budget. This information will also help the Board establish its budgetary goals to determine how expenses can be reduced to minimize a tax increase.

- Monday, January 30, 7 p.m., Ed Center
- Operational costs of the district
- Special education
- Legal requirements pertaining to furloughs and demotions for supportive, professional and administrative staff

- Monday, February 13, 7 p.m., Ed Center
- Pennsylvania Code - Chapter 4 requirements as they pertain to Grades K-4, 5-6, 7-8 and 9-12
- Interdependency of Chapter 4 requirements, Common Core standards and teacher contracts

- Monday, February 27, 7 p.m., Ed Center
- Co-curricular costs & community services of the district
- Use of fund balance

- Monday, March 12, 7 p.m., Ed Center
- Superintendent's recommendation to the board

<u>TENTATIVE:</u>

- Monday, March 19, 7 p.m., Ed Center (Regular Voting Meeting)
- *Board action on program changes, furloughs or demotions (if any)*

- By March 26
- *Submit changes for PDE approval*

- By April 30
- *Receive PDE approval on changes*

- By May 31
- *Revise course offering selections*

OUTLOOK:

Without a tax increase the district anticipates program cuts and furloughs. The district is working diligently to curb the deficit by creating an alternative to the special education placements, reformatting other school programs, and exploring ways to generate more revenue.

- END -