Madison-Plains Local School District

FIVE YEAR FORECAST ASSUMPTIONS

2011 - 2015

May 2011 Submission

**REVENUES**

**Replacement, Renewal and New Levies - Line 1.010**

The electorate of the Madison-Plains Local Schools renewed an 8.0 current expense 3 year levy at the November 2, 2010 election. This projected revenue is now reflected in lines 1.010 and 1.020.

Our current levies are:

 Millage Levy Type Year of Vote

 5.10 Inside Mills

 16.00 Continuing Mills 1976

 6.00 Continuing Mills 1994

 5.85 Continuing Mills 1995

 5.00 Continuing Mills 2003

 8.00 Operating, 3 year 2010

 40.85 Total Voted Operating Mills

 45.95 Total Operating Mills

\* Our 2.5 Mill, Permanent Improvement Levy has been excluded from this table.

This is because it is not included as part of the five year forecast.

This levy was renewed in 2007 for an additional 5 years.

Historically, our tax base has grown each year. One must remember that we do not receive additional revenue from the ordinary growth of our tax base. H.B. 920 passed during the 1970's limits the amount of funds we can collect due to inflationary growth. We do not receive inflationary growth on the voted millage of the district. Because of H.B. 920, school districts across the state are forced to ask their local voters for more money every three to five years. The property tax revenues are based on historical growth patterns, including scheduled updates (next scheduled update is 2011) and reappraisals.

Our last new Operating Levy was passed in May 2005 (and renewed in November 2010), when the voters of the Madison-Plains Local School District passed an 8.00 mill, 3 year, property tax.

**Personal Property Tax Reductions Per HB283 - Line 1.020**

The State Legislature passed legislation phasing out the state "inventory" tax. The tangible personal property tax line on the forecast reflects this loss of revenue.

Legislation was passed to hold school districts harmless for any losses due to the phase out of the Personal Property Tax. However, the state budget is currently under debate in Columbus. If passed as is the Tangible personal property reimbursement will be decreased in FY12 and FY13. This reduction could mean up to a $500,000 decrease in revenues from the state for the Madison-Plains district. this forecast does not reflect this potential loss. If the budget is passed with this reduction we will revise and re-submit the forecast to reflect the loss

**State Foundation Payments - Line 1.035**

The State funding for schools is based on several factors all of which are subject to deliberations and approval of the Ohio General Assembly.  School funding beyond fiscal year 2011 will be set as part of the State’s biennial budget for fiscal years 2012 and 2013. Due to the economic conditions within the State and the anticipated short fall in tax revenues in the next bi-annual budget, the level at which the State will fund schools is uncertain.  The current budget proposal being debated in Columbus does not include a reduction in state basic aide to Madison-Plains.

The Ohio Department of Education and the Ohio State Legislature did Away with the old school funding model known as the SF-3. It has been replaced with the PASS (Pathway to Student Success) Form. The PASS form can be found on the Ohio Department of Education website.

**Restricted State Grants - Line 1.040**

The State of Ohio Passed stimulus funding from the federal government directly to the local school in FY10 and will continue to do so in FY11. In FY11 the State will allocate $318,669 to Madison-Plains Local Schools. These funds will be utilized to pay district utility expenses and to offset salary expenses which are typically paid for from the General fund . The District does not anticipate future allocations of stimulus funding in this forecast.

**Rollback and Homestead Reimbursement - Line 1.050**

Rollback and homestead reimbursement from the State of Ohio will generally grow with new construction, reappraisals, updates and new levies. In years when replacement and renewal levies go off the tax duplicate, revenues in this category will fall. Estimates of rollback and homestead reimbursement for replacement, renewal or new levies are included in the total revenues for the levy on the appropriate line of the forecast.

**Other Revenue Line - 1.060**

Other revenue consists of interest income, student fees, open enrollment and tuition payments from other districts. The district has an active cash management policy that promotes growth of interest income. Interest rates have been and are projected to remain very low throughout this forecast.

**EXPENDITURES**

**Personal Services - Line 3.010**

This is the area of the budget which accounts for the salaries and wages of the District's employees.

In 2009 the Board of Education approved new three (3) year agreements with both the Madison-Plains Education Association and the Ohio Association of Public School Employees OAPSE/AFSCME Local 4/AFL-CIO, Local 537. The new Master Agreements run through the summer of 2012.

Raises for the term of the Madison-Plains Education Association contract were set at 2% effective for Fiscal Year 2010; 2% for Fiscal Year 2011; 2% for Fiscal Year 2012; with the members of the Association working an extra two days for Professional Development.

Raises for the term of the Ohio Association of Public School Employees OAPSE/AFSCME Local 4/AFL-CIO, Local 537 contract were set at 2% for Fiscal Year 2010; 2% for Fiscal Year 2011; and 2% for Fiscal Year 2012.

A 1.0% increase in base pay was used for projection purposes for Fiscal Years 2013, 2014 and 2015.

Step increases are anticipated to be an average of 2.14% for each year of the forecast.

The Board is in the process of implementing the Superintendent's approved operational plan. This plan calls for the closure of all three elementary buildings. All elementary students will now attend classes in new modular classrooms constructed on the middle school campus. This new facility is now complete and is ready for classes to begin in the fall of 2011. The centralization of the elementary's will enable the Board to provide better learning environments while reducing costs. A large portion of the savings to be realized will come from staff reductions. The following table details the position reductions and the corresponding cost reductions.

|  |  |  |
| --- | --- | --- |
| **POSITION** | **FY2011** | **FY2012** |
| Teachers - (-3) | -$115,050 |  |
| Teachers - (-5) |  | -$245,312 |
| Teacher Aides - (-4) |  | -$47,553 |
| Custodians - (-.3) |  | -$10,577 |
| Administration - Principal |  | -$78,477 |
| Transportation  |  | -$49,000 |
| Curriculum Director | -$40,000 |  |
| Unemployment Costs |  $20,885 |  |

The district has also received $260,000 in Education Jobs Grants. The Education Jobs grant  may be used only for compensation and benefits and other expenses, such as support services, necessary to retain existing employees, to recall or rehire former employees, and to hire new employees, in order to provide early childhood, elementary, or secondary educational and related services.  The Education Jobs grant may not be used, directly or indirectly, to establish, restore, or supplement a rainy-day fund, reduce or retire debt obligations incurred by the State, or supplant State funds in a manner that has the effect of reducing or retiring debt obligations incurred by the State.

Teacher reductions noted in the above chart for FY12 reflect the salaries of the Teacher Coaches being paid from the Ed Jobs fund. Once those funds are exhausted this cost will return to the General fund in FY13.

**EXPENDITURES** (Continued)

**Employees' Retirement /Insurance Benefits**

The five-year forecast allows for an 18.00% increase in insurance premiums each year. It should be noted that for fiscal year 2010-2011 we experienced a 23% increase in Health/Pharmacy premiums. We also expect a one- time decrease in FY12 of retirement and benefit costs as the salaries and benefits for 4 of our teachers will be paid from the Ed Jobs grant.

**Purchased Services**

Anticipated expenditures in this category are based on historical spending patterns. The largest expenditures in this category are utility bills (electric, gas, telephone) and auditor/treasurer fees. Due to the closure of the elementary buildings in May of 2011 we anticipate a decrease in purchased services as follows:

 Utilities: $84,554

 Contracted Services: -$20,400

 Building Maintenance/Repairs: -$120,000

**Debt Service**

The Madison-Plains Local School District currently has one outstanding debt issue. This debt was incurred as part of the HB264, Energy Conservation Program.

**ADM FORECAST**

With the passage of HB 1, school districts are still required to perform one student count during the school year. This student count will continue to occur in October. Our enrollment projections have been aligned with the projections from the Ohio School Facilities Commission as well as the judgment of the Administration and the Board of Education.