

# Dallastown Area School District: “Right-Sizing” the Budget

September, 2016

## OVERVIEW

As Dallastown Area School District continues in its multi-year effort to “right size” the budget in alignment with revenues, programming, and expenses, district leaders and the Board of School Directors are preparing for an estimated budget adjustment of nearly \$1.5 million for the 2017-18 school year.

## SAVINGS and COST REDUCTIONS

The district has been successful in containing costs that do not directly impact the quality of instruction. Examples include:

- Controlling salary costs - moderate staff salary increases, a modified hiring freeze, and staff reductions due to retirements have resulted in salaries only increasing 0.3% since 2010/11.
- Negotiating aggressively to obtain low medical insurance rates and funding alternatives that have allowed the district to reduce these expenditures by 1.9% since 2010/11.
- Initiating a number of measures to curtail energy consumption and reduce costs have allowed the district to reduce its utility costs by 42% since 2010/11. These measures include:
  - Participating in demand response programs.
  - Purchasing electricity in energy blocks using a base load energy usage approach and purchasing remaining energy in the spot market.
  - Significantly curtailing all possible energy usage over the summer during all anticipated peak times.
  - Aggregating natural gas with other districts and hedging procurement.
- Increasing real estate tax revenue by working cooperatively with York Township to approve a Local Economic Revitalization Tax Abatement (LERTA) program. LERTA is a tax abatement incentive program to encourage improvements, rehabilitation and new construction to qualified commercial properties throughout the entire County of York.
- “In-sourcing” the delivery of services to special needs, alternative education and cyber students.
- In June, the School Board approved \$360,000 in budget reductions, implementation of student parking fees on the secondary campus, daycare transportation fees, and a 50% reduction in the senior citizen’s tax rebate program for 2016-17.

This fall, the District’s Leadership Team will be formulating other reductions for consideration by the Board of School Directors. Input from stakeholders is welcomed.

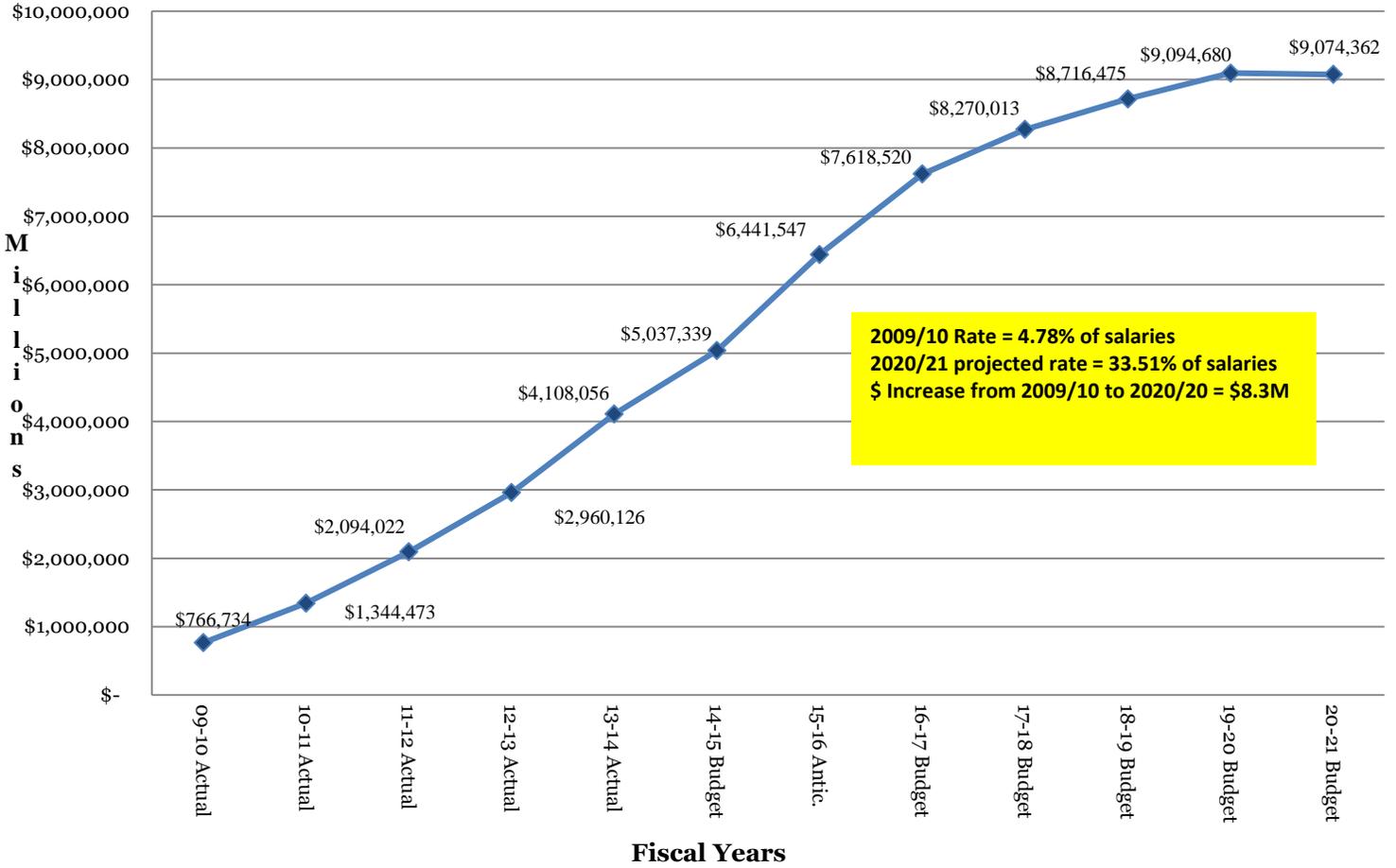
## THE CHALLENGE

Besides the need for increased services and programming for its students, **a continued fiscal challenge for the Dallastown Area School District is the increasing cost of employee pension costs.**

- In 2009/10, this cost represented \$766 thousand dollars or 0.9% of the district’s total expenditures;
- in 2016/17, this cost is estimated to represent \$7.6 million dollars or 7.4% of the district’s total expenditures.
- The total increase from 2010/11 to 2016/17 is approximately \$6.2 million dollars.
- *The projected cost in 2020/21 is approximately \$9.1 million dollars.*

**Absent pension costs, the District’s expenditures per pupil has actually decreased 4% since 2010/11.**

### 12 Year History & Projected Retirement (PSERS) Expense (net of state subsidy)



### Per Pupil Expense vs. Mandated Retirement Costs

