

Quakertown SD to develop alternative budget scenarios to conserve cash

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Quakertown Community School District is doing what it can to ensure its cash flow remains as stable as possible through the remainder of this fiscal year, and into 2016-17.

District Superintendent Dr. William Harner presented a \$5 million cash conservation plan at the board's Thursday evening meeting in front of an audience consisting of district teachers, staff and residents.

According to Harner, the district's fund balance at the end of fiscal year 2015-16 is estimated at \$7,331,736.

Harner said QCSD was recently informed by the Pennsylvania Association of School Business Officials and comptrollers office it will receive an additional \$8,175,897 in state revenue.

The district has received \$9,709,878 in payments from the state to date, with another \$6,379,827 not received yet.

"If everything remains equal with our 2016-17 preliminary budget, we will use \$6,508,324 million of the fund balance, with \$823,412 remaining," Harner said. "This is significantly better than what we told you at the last board meeting, but far short of putting QCSD in a healthy position for the next fiscal year."

The board directed the administration at the Feb. 25 meeting to freeze Public School Employees' Retirement System (PSERS) contribution payments of \$5 million, excluding the amount the district withholds from employees, and charter school payments of \$796,000, as well as curtail all spending, including filling vacant positions, in an effort to conserve cash.

"We were short \$14 million two weeks ago," board President Paul Stepanoff said. "The story has changed somewhat but nevertheless we are short."

Harner emphasized going into 2016-17 the district will have less than \$1 million in cash available.

The district's 2016-17 preliminary budget amounts to \$106,654,942.

The preliminary budget also includes a 3.87 percent tax increase. The current millage rate of 149.73 would increase to 155.52.

Short-term district goals include maintaining the educational programs.

"I say again, no furloughs this year," Harner stressed.

Additionally, the district will control expenses this year in order to arrive \$4 million under budget by cancelling field trips and transportation for non-mandated activities, freezing non-essential

professional development, freezing non-essential hiring and freezing all non-essential spending on supplies and other building allocation categories.

Long-term goals include the creation of an alternative budget for 2016-17 that minimizes the impact on the core educational program and staff, restores a healthy fund balance and meets facilities maintenance needs.

"Furloughs are going to be required," Harner emphasized. I have to get the fund balance up otherwise our credit rating will go down."

The board tasked Harner and the administration with presenting four different budget scenarios at the April 14 meeting.

Scenario A, or a "normal" budget, assumes the district receives all or most budgeted state funding for 2015-16 and a similar level of state funding in 2016-17.

Scenario B, or a "moderate" impact budget, assumes the district will not receive the remaining \$6.37 million in state funding it budgeted for in 2015-16, but that 2016-17 returns to a normal level of state funding. The \$6.37 million would be considered a one-time loss.

Scenario C, or a "severe" impact budget, assumes the district does not receive the remaining \$6.37 in state funding it budgeted for in 2015-16, and that it receives \$6.37 million less in state funding than it budgeted for in 2016-17.

"In other words, the \$6.37 million hole in our revenues is cumulative and potentially permanent," Assistant to the Superintendent Nancianne Edwards said.

Scenario D, or worst case or "catastrophic" impact budget, assumes the district does not receive the remaining \$6.37 million in state funding it budgeted for in 2015-16, and it receives no state funding in 2016-17.

"This creates a hole of more than \$31 million," Edwards added.

Harner told the board, the district must "plan for all scenarios."

The board will vote on program curtailment and furlough application motions at the April 28 meeting.

The board will also consider holding an emergency meeting in April, if needed.

The 2016-17 final budget must be approved and submitted to the state by June 30.