

If you were around when the Carol Burnett show was televised, you may remember a parody of the soap opera, "As the World Turns." They called it, "As the Stomach Turns." That would be how I describe school budgeting this year.

I like to consider myself a forward thinking leader. In all my career, I have never felt so ambivalent about something as important as a school district budget. We went from knowing we didn't have any state increase, to trying to guess how much increase we will have. I'm hesitant to even address this topic because my deadline is 4 days before this letter comes out in print and what I write may be incorrect in 4 days; thus, I call this budget speculations because no one knows what the facts will eventually be.

When we prepared the first draft of the 16-17 budget, it was before we had the "sort of budget" for 15-16. We decided that it would be wise to keep our revenue projection for state funding for both 15-16 and 16-17 at the 14-15 level. Even with levying a tax increase, our initial budget showed a \$900,000 deficit. That deficit will decrease with any increases from the state.

To understand where the current state of affairs is, you need to know about 3 items at play: Budget vs. Fiscal Code, PlanCon, and Fair Funding Formula.

**Budget vs. Fiscal Code:** When the budget was "passed" by the Governor not signing it, we learned we would have only an additional \$80,000 from that budget; however, the budget bill tells the administration *what* to spend but the fiscal code tells them *how* to spend it. The fiscal code was vetoed because the budget spent more than the revenue levied in the budget. With the veto of the fiscal code, payments for PlanCon reimbursements were eliminated.

**PlanCon:** PlanCon is the term given to the "Planning and Construction" process whereby the state provides a certain portion of funds for any school construction projects. We are still being reimbursed by the state for construction projects implemented in the 90's so for us, we would lose an additional \$900,000 in 2015-2016 revenue and another \$700,000 in 2016-2017 revenue.

**Fair Funding Formula:** Without a fiscal code, the Governor directed how to distribute the education dollars in the state budget made law without his signature. His approach was to "restore cuts" made by the previous administration. He felt that needed to be done before the use of a bipartisan "Fair Funding Formula." If you go to our website in the Lancer Letter Archives #223, you can read the full break down on this formula. It takes into account items such as how many non-English speaking, special education and low economic students a district has.

Upset that the Governor did not use the Fair Funding formula, both houses last week passed a bill to make the Governor distribute the 15-16 education money using the Fair Funding formula. They claim it is "veto proof" as it has 2/3 majorities in both houses. For General McLane, the Fair Funding formula will likely result in a decrease from the state allocations to which we are accustomed. We do not have a high population of the classes of students I mention in the previous paragraph, therefore we are expected to have lower costs.

The bills passed last week to utilize the Fair Funding Formula also restores the PlanCon money we should receive. The state will have to borrow the money to pay it which is why the Governor is opposed. The state already has more debt than income so adding to it is understandably objectionable.

After some work on our end and withdrawing the PlanCon money from our revenue stream, we have a 16-17 budget with a 1.2 million dollar deficit even with a tax increase. After all the cuts of the last five years, we will have to start impacting education programs to further bring down our expenses if things don't improve on the revenue side.

In a recent editorial by “The Intelligencer,” the paper reports comments on a trip to Harrisburg by a superintendent and board member for an advocacy day. Board member Paul Stepanoff was quoted, *“No matter who we met with on either side of the aisle,” Stepanoff said, “everybody believes next year’s budget battle will be worse than this year’s. Even more troubling were discussions with apparently clueless lawmakers who had no idea about school districts’ budget process and deadlines as mandated by the state,” Stepanoff said.*

*“Some lawmakers blew off the severity of the difficulties the budget impasse created for school districts by concluding that since none of the districts had to shut schools, the crisis couldn’t have been so bad. Unbelievable.”*

The editorial went on to state, *“And while we’d like to think that’s a surprising or rare point of view, the level of dysfunction in our state Capitol is so acute and systematic that nothing really surprises us anymore.”*

Stay tuned for further episodes of, “As the Stomach Turns.”