

## **CR Projects Significant Budget Shortfall**

Each year, when the district works on preparing the next year's budget, a valuable tool has been to look at past revenue sources. In the current economy, this is no longer helpful. Council Rock has consulted with experts to help devise realistic best and worst case scenarios for revenue.

Eighty percent of the district's revenue comes from local sources, such as real estate tax, earned income tax, and realty transfer tax. In addition to these areas, the district is looking at unemployment rates, interest rate decreases, construction slowdowns, housing price declines and weak consumer confidence. Also, the volume of tax assessment appeals has tripled this year.

Based on their research, the administration came up with the following projections for revenue losses vs. last year:

- Real Estate Tax
  - Best Case: -\$900,000                      Worst Case: -\$1,500,000
- Earned Income Tax
  - Best Case -\$750,000                      Worst Case: -\$1,270,000
- Real Estate Transfer Tax
  - Best Case: -\$1,700,000                      Worst Case: -\$2,300,000
- Interest Earnings
  - Best Case: -\$2,000,000                      Worst Case: -\$2,200,000

With these assumptions the best case loss of revenue for next year is \$5.4 million. The worst case scenario is a loss of \$7.2 million.

In Governor Rendell's proposed budget there is a minimum 2% increase in state education funding for each school district. This would add only \$272,500 to Council Rock's revenue stream. The proposed budget does not increase any Special Education funding. Special Education mandates cost Council Rock approximately \$30 million per year and represent 16% of the total budget. Of that \$30 million, \$6 million is reimbursed by the state.

The Council Rock administration is also projecting a multi-million dollar revenue loss in the current budget year. In the fall, administrators set out to find \$2 million in cutbacks. To date, they have found \$1.5 million through the following savings: \$285,000 in energy reduction, \$111,400 from maintenance, \$121,000 in restricting professional development, \$50,000 through curriculum, \$400,000 from teachers sharing supplies, \$225,000 in transportation, \$120,000 through diesel fuel and \$107,000 from bond refinancing.

The district will continue to look for ways to save money and is seeking community input. Comments on budget saving ideas can be emailed to [savings@crsd.org](mailto:savings@crsd.org). School board directors may be copied as well.