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Shaler Area's financial future looks bright

ERICA CEBZANOV | Monday, Jan. 28, 2019, 1:36 a.m.



Shaler Area School District has increased its positive fund balance by adopting an attrition model, reviewing operational efficiency and increasing property taxes, according to Sherri Ludwig, business affairs director.

When she joined the district during the 2015-16 school year, S&P Global Ratings ranked the district as having a “negative outlook,” making it more difficult for the school to gain financing, she said during a Jan. 23 school board budget and finance committee meeting. A couple of years later, the district has attained a “favorable” ranking.

“We are looking good. They look at us like we are a sustainable entity. We have done what we said we were going to do,” she said.

“Our debt coverage ratio is very low,” Ludwig said of the 9 percent debt service. “If we need to borrow money, we could borrow a lot more money.”

Ludwig reviewed variances in the 2017-18 budget and actual expenditures, noting that there was a favorable difference of \$890,000 in the pupil services category, nearly \$600,000 in transportation and \$143,000 in unemployment compensation. She took into account these changes when developing the 2018-19 budget while increasing buildings and grounds funding.

Superintendent Sean Aiken said Shaler Area is strengthening its capital improvement plan and reviewing the differences between “wants versus needs.”

“We know safety is an issue that’s on the table right now, so we’re looking at that,” Aiken said. “We know the roof at the elementary school and at Biles Field, so we want to be very specific about year one, year two, year three. What can we get done? What’s appropriate for a school district?”

Officials also mentioned door replacements, gym updates, a high school paving project and HVAC upgrades.

Ludwig described the budget process. In December, she met with administrators to review the process. They will submit their budgets later this month for a panel review. In February, they present their cost-saving measures and needs in the following categories: hardware, software, furniture, special-education and pupil services, capital projects, summer projects and building maintenance. The panel will meet with them again in March, prior to the board approving the proposed budget in May. Finally, after the public has the chance to review the budget, a vote on the final plan will be held.

Ludwig said that no budget discussion is complete without mention of the district’s required contribution rate to the Public School Employees’ Retirement System, or PSERS. In 2010, it had a net payment of \$865,000 to the system. The 2018-19 budget’s largest line item was for increases to employees’ salaries and benefits, with salaries increasing by 2.47 percent, or approximately \$900,000, and benefits increasing 3.46 percent or \$828,000. Of the increase, \$644,000 was toward PSERS. Ludwig estimates that the district will pay a 188 percent increase to it in 2023-24.

She said Shaler Area has to stay aware of federal and state mandates and maintain a reserve for the future.

“When we look at the budget, we don’t look at just one year any more. We look at three, five, 10 years. We have to.”

Aiken agreed that long-term planning is pivotal.

"We don't want to have a false sense of security where we can kind of sigh and get back to living freely," Aiken said. "We always want to move forward with a very strategic, intentional approach."

Erica Cebzanov is a Tribune-Review contributor.

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