

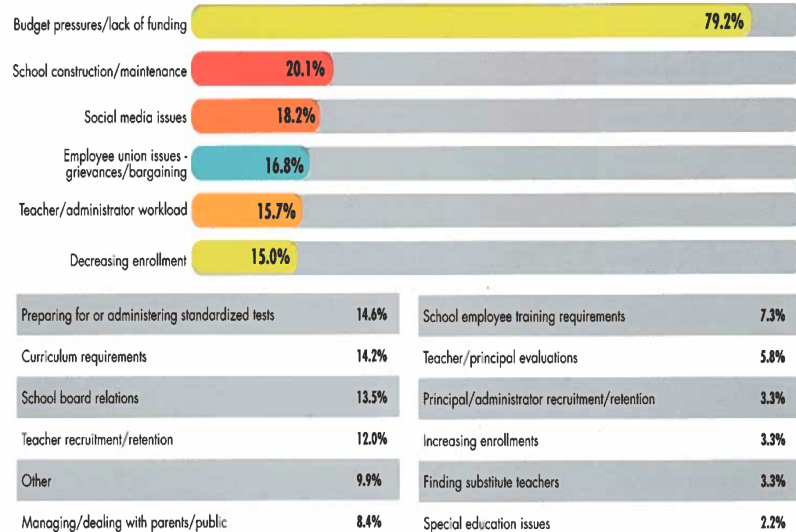


PBSD Budget Workshop
May 8, 2018
Budget Scenarios

Districts Are Facing Similar Budget Concerns

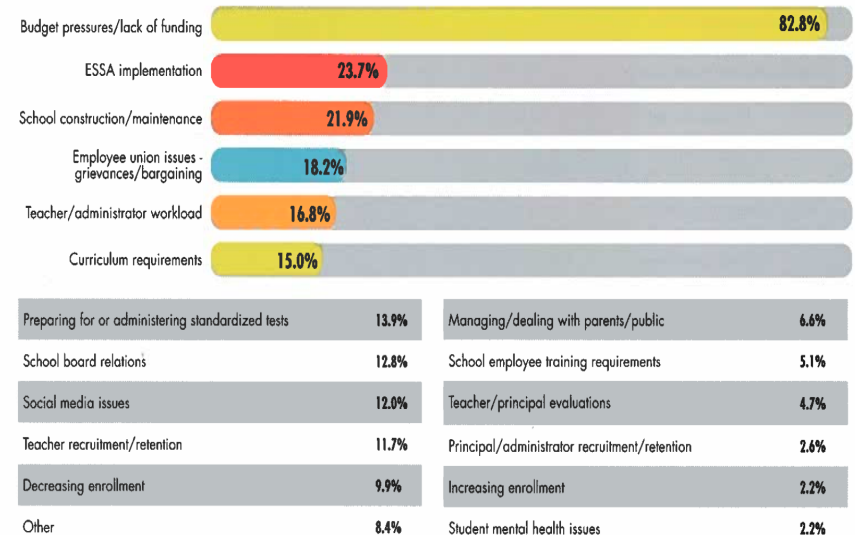
Current challenges

When asked which of the following areas were most difficult to manage over the **last year**, chief school administrators responded as follows.



Future Challenges

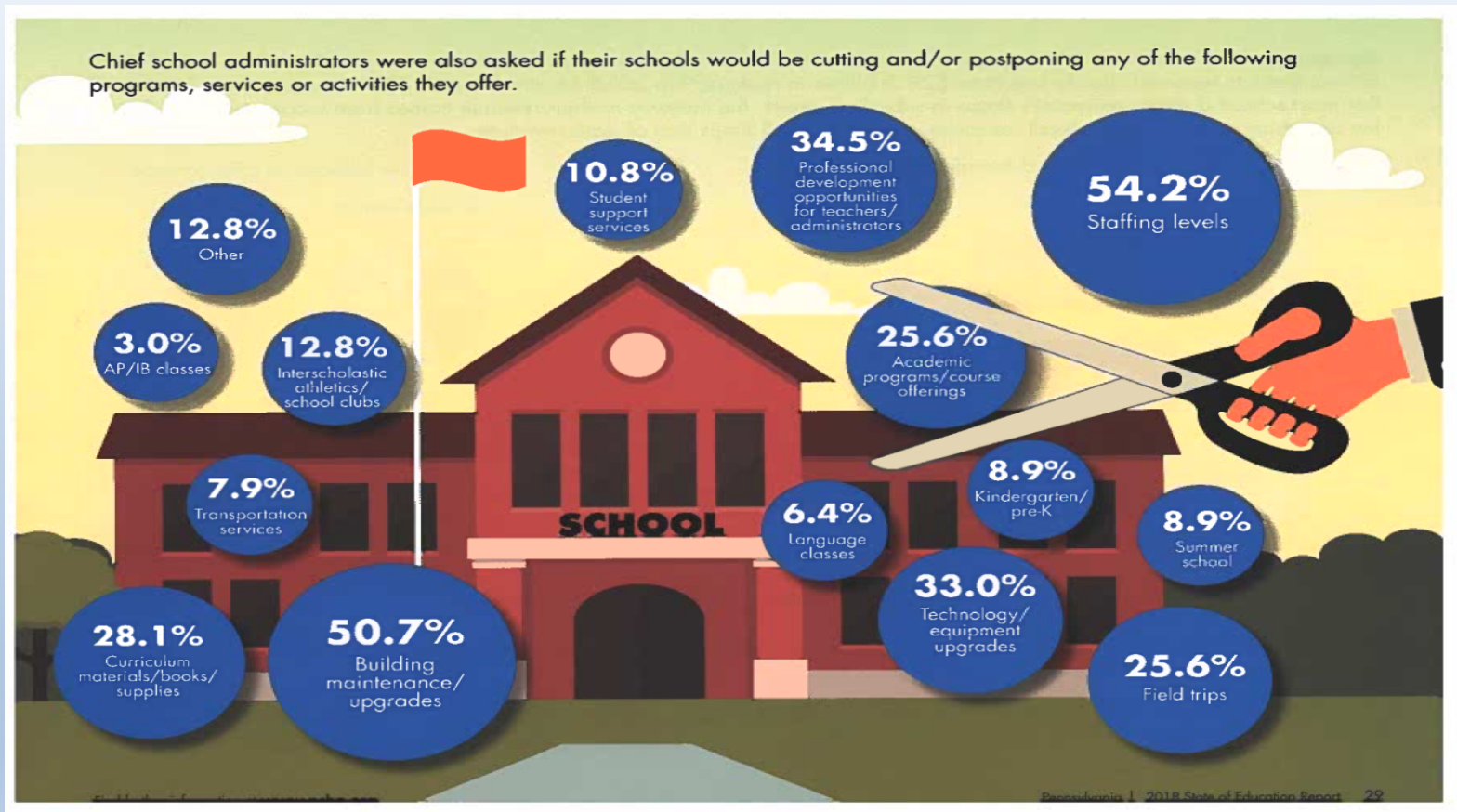
When asked which of the following areas are expected to be the most difficult to manage over the **next year**, chief school administrators responded as follows.



We Are Not Alone

Source: 2018 State of Education Report

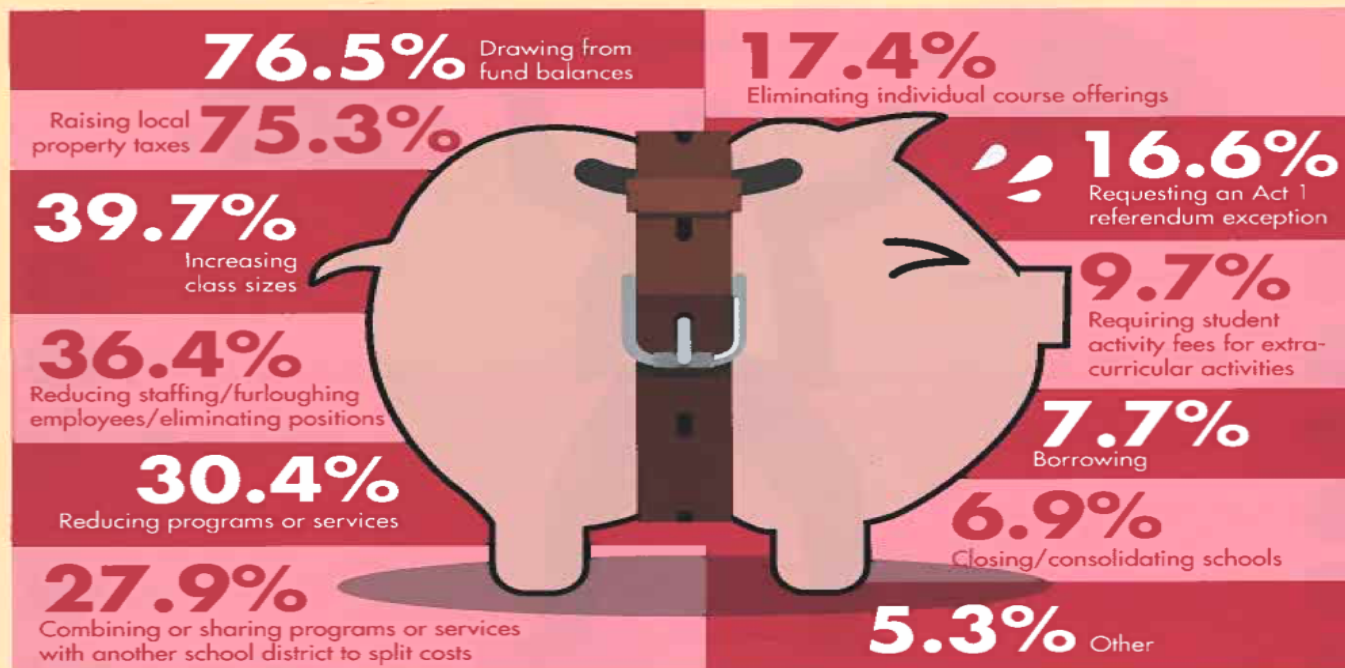
Many Districts Are Facing Similar Decisions



Source: 2018 State of Education Report

What Are Other Districts Doing?

Chief school administrators reported taking, or anticipated taking, the following actions because of budget pressures in the upcoming fiscal year.



Source: 2018 State of
Education Report

Budget pressures

When asked to select the biggest sources of budget pressure facing their intermediate unit, IU directors once again identified pension costs as the most common source of budget pressure.



Source: 2018 State of
Education Report

Contact your State Representatives to
increase public education funding



Budget Timeline 2018-19

May 22, 2018, Pass Proposed Final Budget (30 Days prior to Final Budget)

June 1, 2018, Make 2018-2019 proposed final budget available for public inspection on the General Fund Budget from the CFRS application.

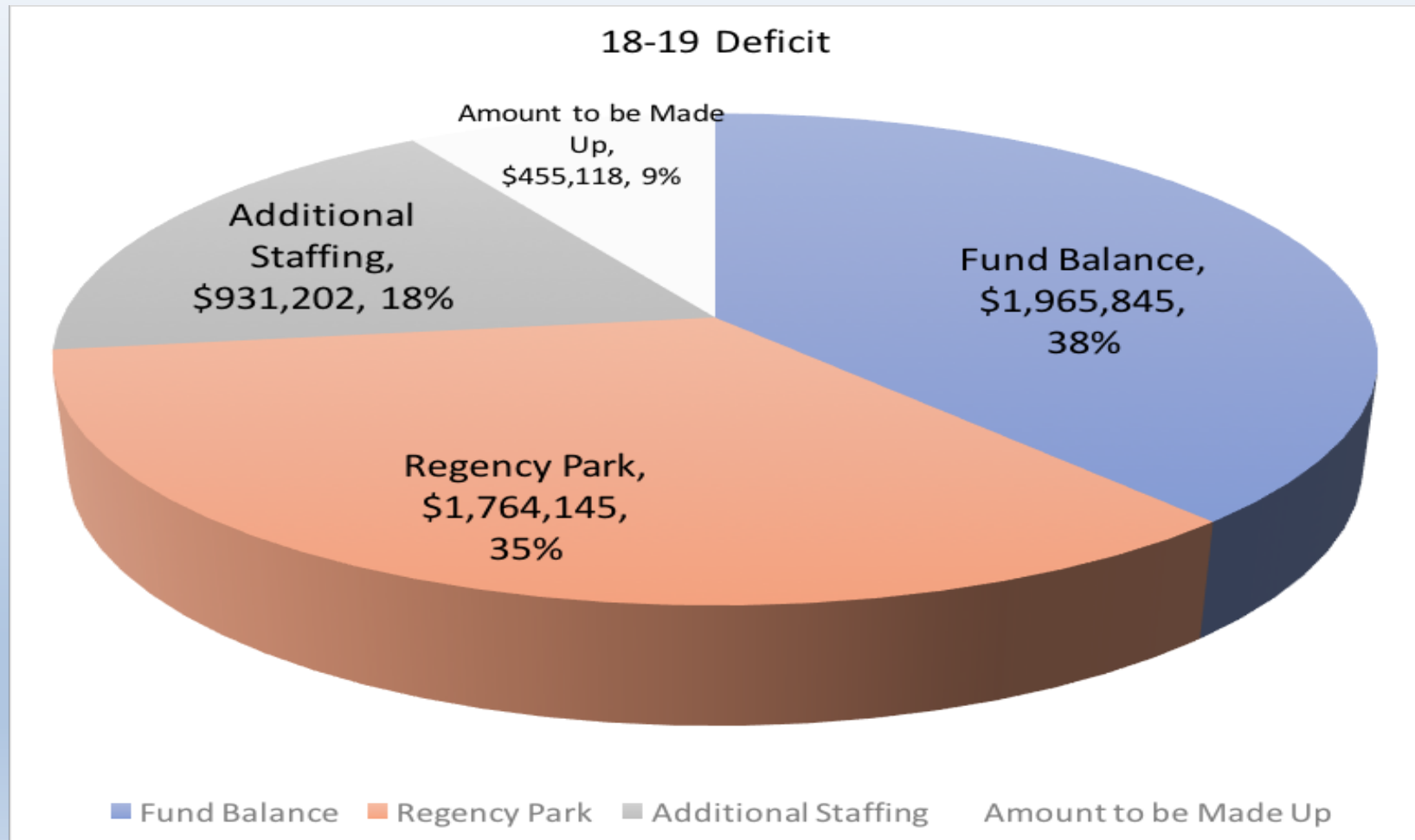
June 11, Public notice of intent to pass Final Budget

June 26, Pass the Final Budget

Our 10 Year Budgetary History

Year	Millage Rate	Real Estate Revenue	Total Revenues	Expenditures	Fund Balance	Notable Budgetary Impacts
2008	22.2	25,407,908	51,196,594	49,911,369	7,291,318	
2009	22.2	24,435,497	51,976,661	52,360,540	6,907,439	Instructional expenses increase over \$1.6 million
2010	22.2	24,477,648	52,456,723	53,640,153	6,230,502	
2011	22.2	24,892,196	53,724,480	54,295,011	5,695,319	
2012	22.2	25,476,466	53,464,390	55,789,209	3,370,500	
2013	22.2	25,392,179	53,653,632	55,423,568	1,600,564	Reduction in staffing (student ratio increase from 15.2 to 16.2)
2014	*18.758=22.2	25,255,643	56,904,908	56,896,254	1,609,218	*County wide reassessment, no change in millage rate New Teacher Contract Agreed Upon
2015	18.758=22.2	25,091,788	56,548,728	58,611,785	-453,838	Used \$723,000 in capital projects funds
2016	18.758=22.2	25,518,838	57,284,539	61,687,986	-4,857,283	Used \$1,784,667 in capital project funds
2017	19.377	26,654,466	76,158,312	69,335,181	1,965,842	Borrowed funds inflating revenue by \$13,160,440 and expense by \$4,439,264
2018	20.243	28,061,585	65,922,741	65,922,741	1,965,842	Borrowed funds from prior year reduced revenue by \$3,400,000 and expense by \$2,915,984
2019 #1	20.243	28,134,352	61,919,796	64,340,760	-455,118	
2019 #2	21.0757	28,400,000	62,185,417	64,340,760	810,502	

Scenario #1 (No Increase in Revenue)



Scenario #1

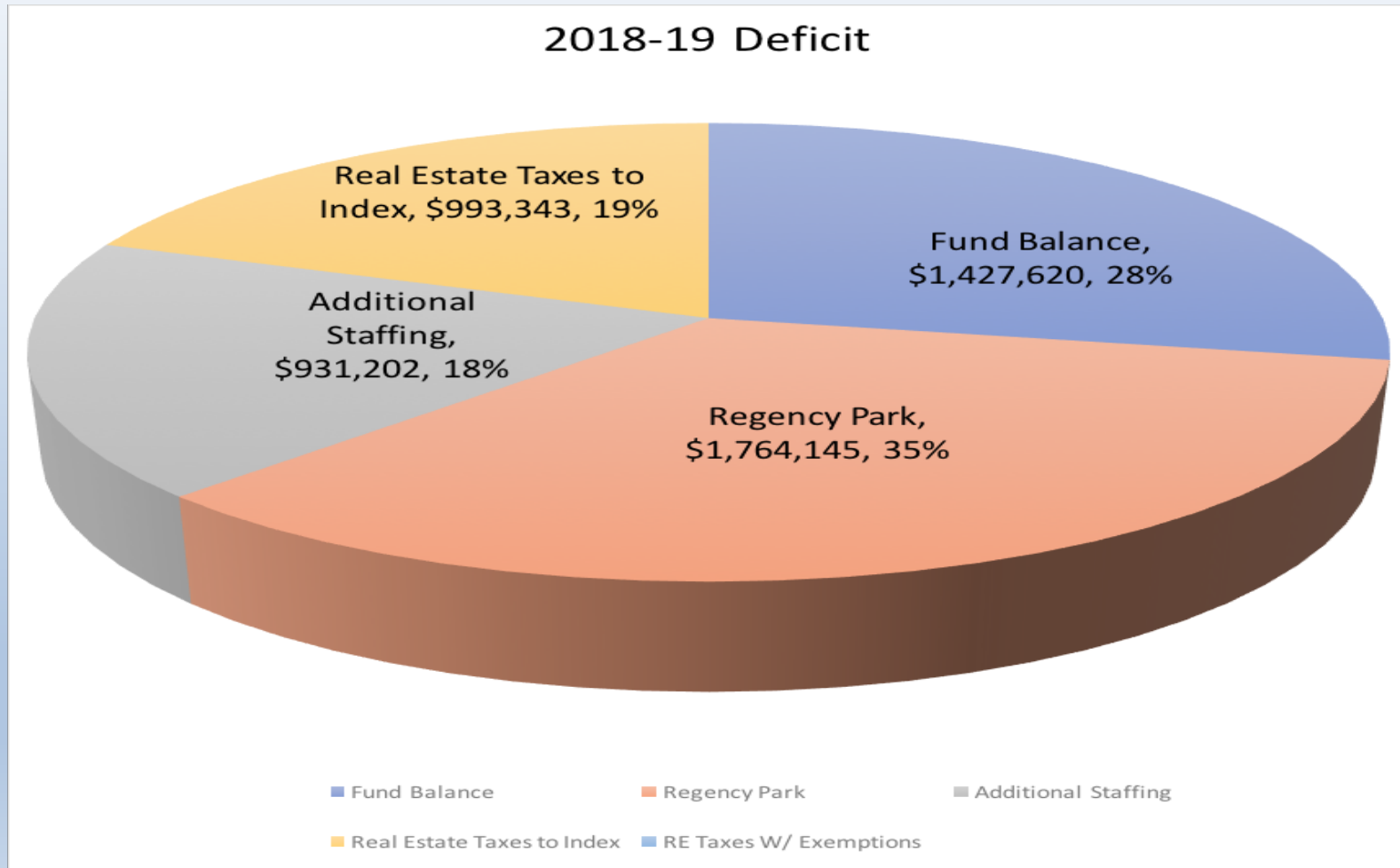
	<i>(Projected)</i> 2019	<i>(Projected)</i> 2020
REVENUES VS. EXPENDITURES		
<i>Total Revenues</i>	61,919,796	62,921,098
<i>Total Expenditures</i>	64,340,760	65,593,469
<i>Operating Balance</i>	(2,420,963)	(2,672,371)
GENERAL FUND BALANCE		
Beginning of the Year	1,965,845	(455,118)
End of the Year	(455,118)	(3,127,489)
As a % of Expenditures	(0.71%)	(4.77%)
Capital Project Funds		
Total Fund Balance	(455,118)	(3,127,489)
As a % of Expenditures	(0.71%)	(4.77%)

Millage 20.2430

Need to make up additional
\$455,118 in 18-19 budget

- Use of entire fund bal. in 18-19
 - Program elimination
 - ROTC \$120,000
 - French \$130,000
 - Business \$115,000
 - Eliminate Additional Positions
 - Asst. Trans. Dir. \$80,000
 - Labs \$110,000
 - SRO/School Police \$140K
 - Night Shift Facilities \$160K
 - Additional Revenue
 - Activity Fee \$40K
 - Chinese Program \$100,000
- More extreme action would be needed for the following year such as entire athletic program, contractual matters, KDG, other non-mandated programs.

Scenario #2 (Increase in revenue to the index)



Scenario #2

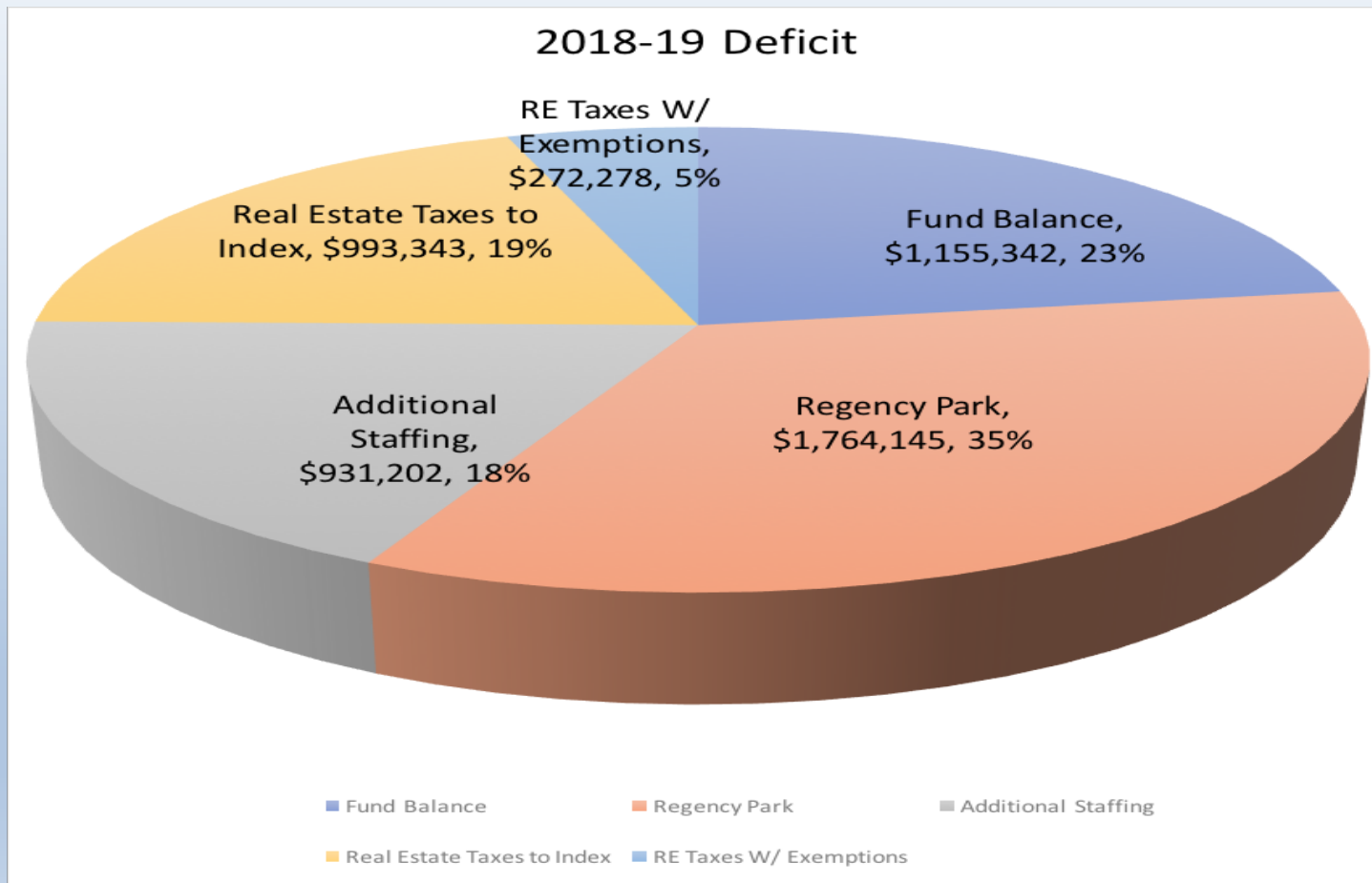
	(Projected) 2019	(Projected) 2020
REVENUES VS. EXPENDITURES		
Total Revenues	62,910,417	64,562,375
Total Expenditures	64,340,760	65,593,469
Operating Balance	(1,430,342)	(1,031,094)
GENERAL FUND BALANCE		
Beginning of the Year	1,965,845	535,503
End of the Year	535,503	(495,591)
As a % of Expenditures	0.83%	(0.76%)
Capital Project Funds		
Total Fund Balance	535,503	(495,591)
As a % of Expenditures	0.83%	(0.76%)

Millage
20.8907

Median Increase Annually
\$79/year \$6.58/month

- Can balance 18-19 budget using 3/4ths of the fund balance
- Need to further reduce expenses using aforementioned methods in Scenario #1

Scenario #3 (Increase in revenue to exceptions)



Scenario #3

	(Projected) 2019	(Projected) 2020
REVENUES VS. EXPENDITURES		
<i>Total Revenues</i>	63,185,417	65,305,365
<i>Total Expenditures</i>	64,340,760	65,593,469
<i>Operating Balance</i>	(1,155,342)	(288,104)
GENERAL FUND BALANCE		
Beginning of the Year	1,965,845	810,503
End of the Year	810,503	522,399
As a % of Expenditures	1.26%	0.80%
Capital Project Funds		
Total Fund Balance	810,503	522,399
As a % of Expenditures	1.26%	0.80%

Millage 21.0757
Median Increase Annually
\$101/year \$8.42/month

- 15 FTE not replaced
- 29 FTE reductions
 - Transportation
 - \$25,000 Activity Bus
 - 190,000 Reduc. routes
- 10% reduction budget
 - Athletic \$12,000
 - Building \$20,000

Senior citizen rebate
\$77,706

Local Effort Capacity Index

Local Effort Index: Measure of local effort based on a school district's local tax-related revenue (local taxes plus revenue from local government units plus other local revenues not specified elsewhere) divided by the product of median household income and number of households compared to the statewide median.

The index is adjusted for excess spending based on a school district's current expenditures divided by the sum of its adjusted average daily membership (ADM) and its student weighted ADM compared to the statewide median.

Local Capacity Index: Measure of local capacity to generate local tax-related revenue. A school district's local tax related revenue (local taxes plus revenue from local government units plus other local revenues not specified elsewhere) divided by the sum of its personal income and market value compared to the statewide median to determine the value of its median-based local tax-related revenue.

The median based local tax-related revenue divided by the sum of its adjusted average daily membership (ADM) and its student weighted ADM is compared to the statewide median to determine the local capacity index.

School	Local Effort Capacity
<i>Rank</i>	
Plum Borough SD	0.7600
Northgate SD	0.8100
Chartiers Valley SD	0.8200
Carlynton SD	0.8300
Keystone Oaks SD	0.8700
North Hills SD	0.8700
Pittsburgh SD	0.8800
Shaler Area SD	0.8800
Avonworth SD	0.8900
Montour SD	0.8900
Riverview SD	0.8900
Baldwin-Whitehall SD	0.9100
Bethel Park SD	0.9200
South Park SD	0.9300
Elizabeth Forward SD	0.9400
North Allegheny SD	0.9400
West Jefferson Hills SD	0.9500
Fox Chapel Area SD	0.9700

Quaker Valley SD	0.9700
Hampton Township SD	0.9800
Deer Lakes SD	1.0000
Moon Area SD	1.0000
Mt Lebanon SD	1.0000
Gateway SD	1.0300
Wilkinsburg Borough SD	1.0400
Cornell SD	1.0600
Steel Valley SD	1.0700
South Allegheny SD	1.0900
Penn Hills SD	1.1000
Upper Saint Clair SD	1.1100
Pine-Richland SD	1.1300
West Allegheny SD	1.1800
Highlands SD	1.2200
McKeesport Area SD	1.2400
Brentwood Borough SD	1.3100
Woodland Hills SD	1.3200
West Mifflin Area SD	1.3700
South Fayette Township SD	1.4300
Clairton City SD	1.4800
Duquesne City SD	1.4800
East Allegheny SD	1.5300
Sto-Rox SD	1.6200

One Tax Increase in 2008-09 Estimate

Year	Millage Rate	Real Estate Revenue	Total Revenues	Expenditures	Fund Balance	Notable Budgetary Impacts
2008	22.2	25,407,908	51,196,594	49,911,369	7,291,318	
2009	23.22	25,634,789	53,175,953	52,360,540	8,106,731	
2010	23.22	25,768,526	53,747,601	53,640,153	8,214,180	
2011	23.22	26,100,170	54,932,454	54,295,011	8,851,623	
2012	23.22	26,575,495	54,563,419	55,789,209	7,625,833	
2013	23.22	26,666,773	54,928,226	55,423,568	7,130,491	
2014	19.21	26,730,724	58,379,989	56,896,254	8,614,226	
2015	19.21	26,639,536	58,096,476	58,611,785	8,098,917	
2016	19.21	27,019,914	58,785,615	61,687,986	5,196,546	
2017	19.863	28,153,489	64,496,895	64,895,917	4,797,525	District would not have needed to borrow \$10.5 Million to Balance Budget
2018	20.678	29,307,782	63,768,938	65,922,741	2,643,722	
2019 #1	20.678	29,382,105	63,167,549	64,340,760	1,470,511	
2019 #3	21.525	30,720,520	64,505,937	64,340,760	2,808,899	

Recommendation from Central Administration

- The District Administration recommends Scenario #3 for the Proposed Final Budget to be passed this month.
- Utilizing Scenario #3 will stabilize the District's finances and lead to a more promising financial outlook, leading to improving financial ratings.
- The District will have closed the persistent annual deficits that have been occurring since 2012, the deficit in 18-19 budget alone will be reduced by *\$4 million* since the first projection in October.
- External experts including: Standard and Poors, PASBO, PBSD Bond Counsel, PA Auditor General, PBSD Bond Underwriter have shared their opinion and would concur on choosing Scenario #3