

# General Fund Budget Update



## **PINE-RICHLAND SCHOOL DISTRICT**

**MARCH 23, 2015**

# Act 1 Budgeting Process



- **Proposed Preliminary Budget**
  - Presented in December 2014 and January 2015 and placed on public display
  - Approved at the February 9, 2015 board meeting
  - Large amount of unknown factors
  - Developed using trend analysis at a high level
- **Essentially, the Proposed Preliminary version of the budget allows the school district to apply for referendum exceptions to increase taxes above the Act 1 adjusted index, if necessary**
  - Provides the largest amount of options in budget development

# Referendum Exceptions



- The school district submitted documentation to the Pennsylvania Department of Education for approval of two referendum exceptions on March 5, 2015:

○ Special Education Expenditures	\$194,572
○ Retirement Contributions	<u>\$530,976</u>
○ Total	\$725,548

These are available on the Pine-Richland School District website under:  
At Your Service – Budget Communications Center

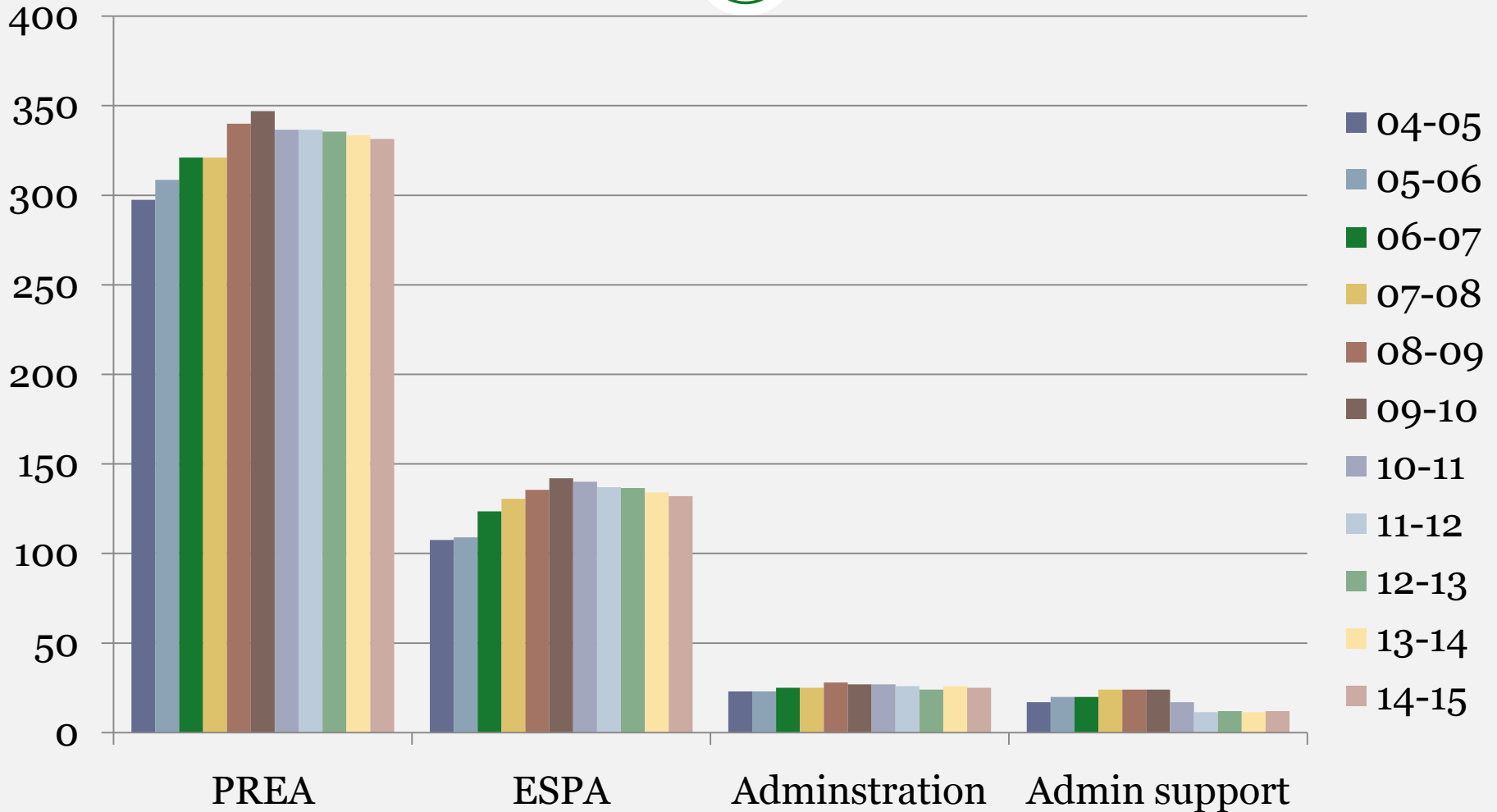
# Current Budget Status



• Projected expenditures	\$78,379,647
• Projected revenues	<u>(\$74,811,892)</u>
• Budgetary deficit	\$3,567,755
• Utilization of assigned fund balance for capital improvements	<u>(\$2,358,675)</u>
• Budgetary deficit after proposed utilization of fund balance	\$1,209,080

Millage impact = 0.4793 mills or 2.5% increase

# Staffing



# Staffing



- Staffing represents 63.3% of operational costs given existing outsourcing of technology, transportation, and food service.
- Comparisons (2013-2014 AIU Data):
  - Professional Staff: Student
    - ✦ PRSD = 1 professional staff member:13.74 students (35 of 42 school districts in AIU have a lower ratio)
  - Administration: Professional Staff
    - ✦ PRSD = 1 administrator:14.61 professional staff members (34 of 42 school districts in the AIU have a lower ratio)
  - Administration: Student
    - ✦ PRSD = 1 administrator:200.78 students (36 of 42 school districts in AIU have a lower ratio)
- **Higher ratios support operational efficiency for staffing.** Our efficiency is also consistent across all three indicators (equally lean).
- Staffing Process, Timeline, and Considerations will be further described in the Staffing Presentation later tonight.

# Staffing



- Enrollment Trends and Local Expectations (e.g., class sizes and scope of elective courses)
  - 5 year retention rates demonstrate typical patterns (migration occurs)
- EHUE Example
  - 2014-2015 = 15 sections at each grade level
  - 2015-2016 = projects at 13 sections (4<sup>th</sup>) and 15 (5<sup>th</sup> and 6<sup>th</sup>)
    - ✦ Consideration of 12, 14, and 14 (i.e., reduction by three sections) aligned with staff retirement would result in a shift in average class size from 23/25 (current) to 25/26 (if reduction).
    - ✦ Community has valued the current class size targets; more recent targets are above “historical” realities
    - ✦ Staffing attrition across entire organization vs. a single department
- Enrollment projections and existing classroom space give us some confidence that we have room to grow in the next 3 – 5 years

# Staffing



- Following the last Finance Committee Meeting, the administration gathered additional benchmarking data related to staffing:
  - Allegheny County Millage Rates
  - Market Value Aid Ratio Analysis
  - PDE Per Pupil Calculations (2012-2013)
    - ✦ Total Expenditures / Enrollment
    - ✦ Total Expenditure Less Capital Outlay and Debt / Enrollment
  - Tuition Rate Calculation (2013-2014)
  
- The key finding of all analyses is that the district is operating at a high level of efficiency related to staff (i.e., ROI). This is particularly true given the growth and residential make-up of the district.



# Factors Impacting Revenue



- **Real estate assessed values**
  - Growth from prior year 1.7%
  - Updated values will be received late April / early May
- **State Budget Uncertainty**
  - Subsidy levels
  - Cyber/charter tuition rate reform

# Factors Impacting Expenditures



- 4.44% increase in PSEERS employer contribution rate from 21.4% to 25.84% of payroll cost (approximately \$834K in the year-over-year net increase)
  - Cost increase is shared by State through subsidy reimbursement
  - Pension reform is currently being debated at the State level
- Unknown cost factors
  - Act 93 Compensation Plan
  - Collective Bargaining – ESPA
  - Transportation
  - Technology solution
  - Workers' Compensation & Liability Coverage rates
- Increasing costs for out-of-district tuition
  - Special education
  - Cyber/charter



**Tax  
Levy  
Options  
Under  
Act 1**

	<b>Millage rate</b>	<b>Tax levy (options)</b>	<b>Median assessed value as of 4/27/2014</b>	<b>Impact on homeowner (assuming median assessed value)</b>	<b>Percent Change</b>
Current	19.2083	\$4,458.25	\$232,100	\$ -	0%
Adjusted Index	19.6309	\$4,556.33	\$232,100	\$98.09	2.2%
Required to balance	19.6876	\$4,569.49	\$232,100	\$111.25	2.5%
Index & Exceptions (pending approval)	19.9185	\$4,623.08	\$232,100	\$164.84	3.7%

# Timeline



- March 25, 2015 – school district will receive approval/denial of referendum exceptions
- April 27, 2015– finance committee meeting
- May 1, 2015 – PA Department of Education notifies school districts of their state allocation of property tax reduction funding and Allegheny County assessor’s office will provide a listing of approved homesteads
- May 4, 2015 – adoption of proposed final budget
  - Budget documents must be advertised and on display for at least 20 days prior to adoption of final budget
- May 18, 2015 – finance committee meeting
- June 8, 2015– adoption of tax rates & final budget