

General Fund Budget Update



PINE-RICHLAND SCHOOL DISTRICT

APRIL 27, 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

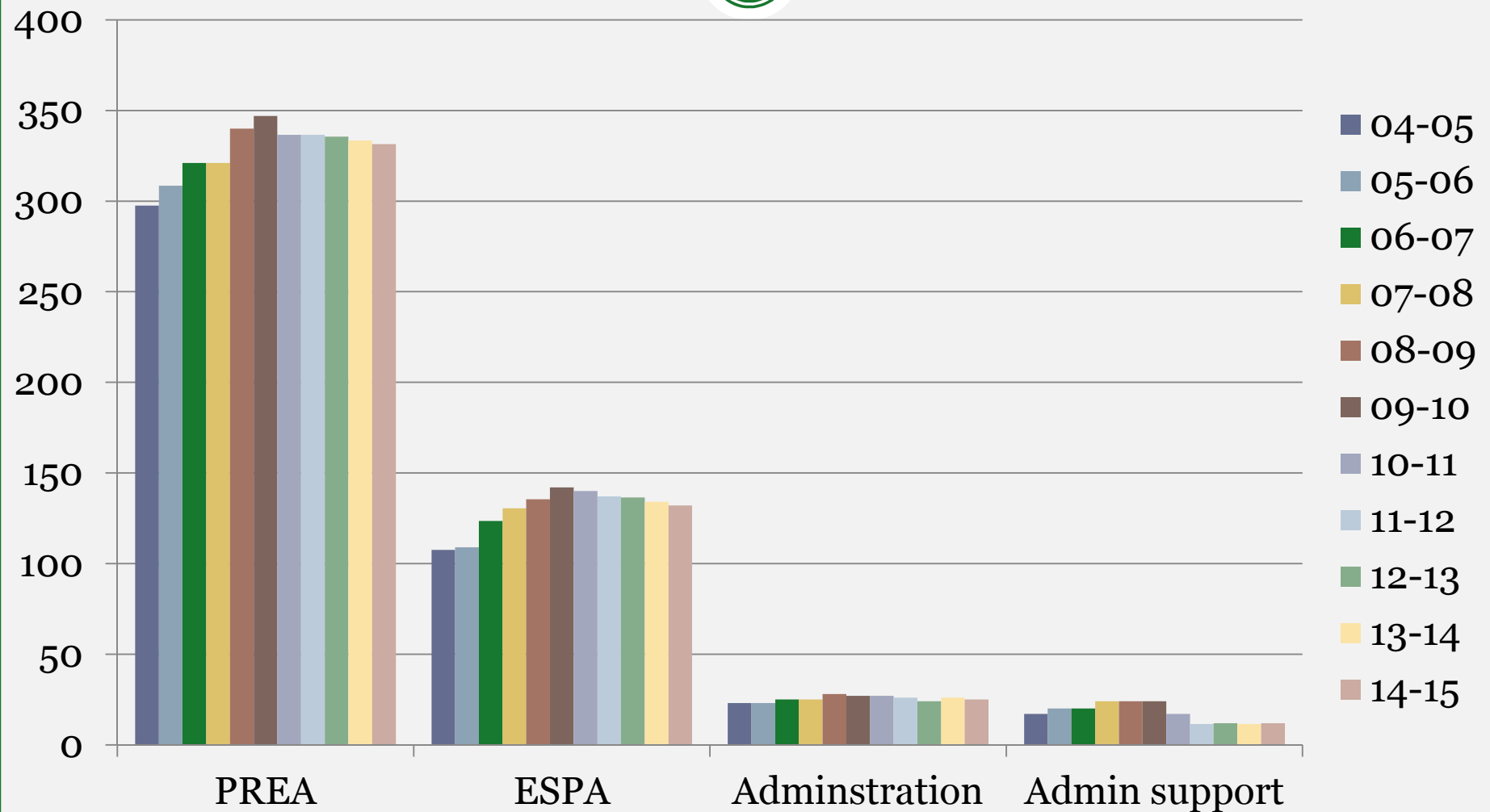
Current Budget Status



• Projected expenditures	\$77,088,240
• Projected revenues	<u>(\$75,037,050)</u>
• Budgetary deficit	\$2,050,190
• Utilization of assigned fund balance for capital improvements	<u>(\$1,421,675)</u>
• Budgetary deficit after proposed utilization of fund balance	\$629,515

Millage impact = 0.2495 mills or 1.3% increase

Staffing

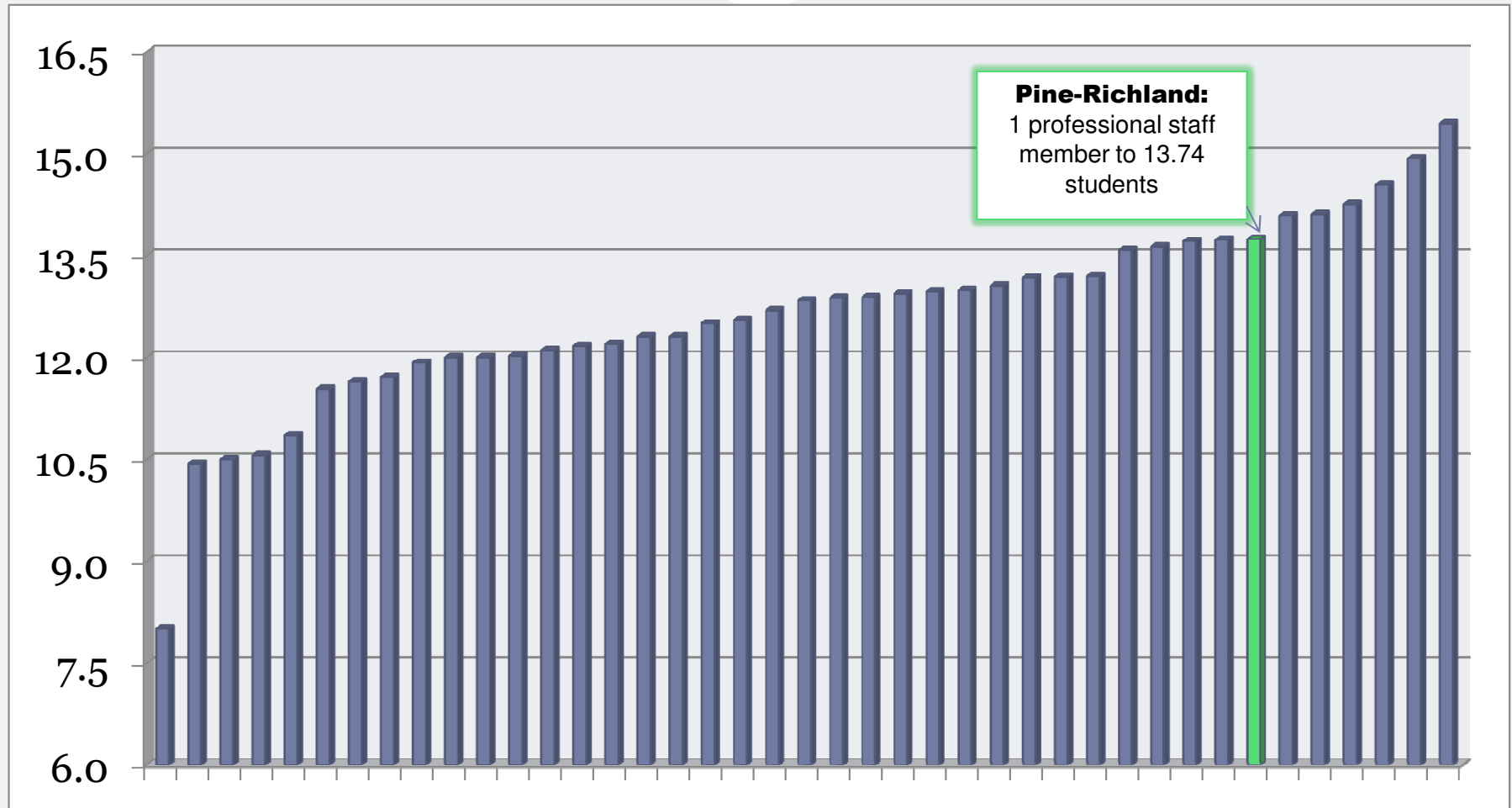


Staffing



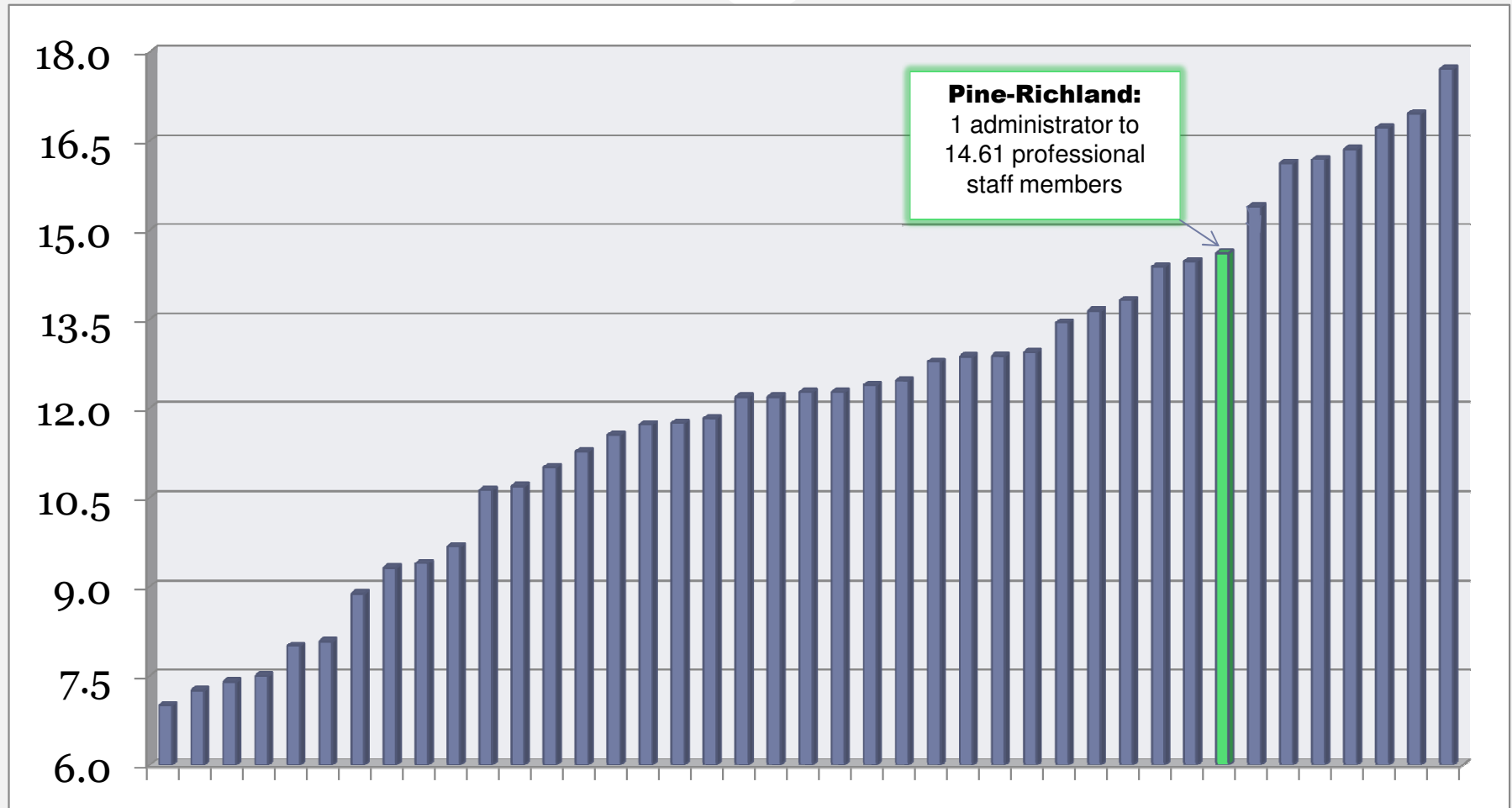
- Staffing represents 64% of operational costs given existing outsourcing of technology, transportation, and food service.
- Comparisons (2013-2014 AIU Data):
 - Professional Staff: Student
 - ✦ PRSD = 1 professional staff member:13.74 students (35 of 42 school districts in AIU have a lower ratio)
 - 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).

Professional Staff to Student Ratio



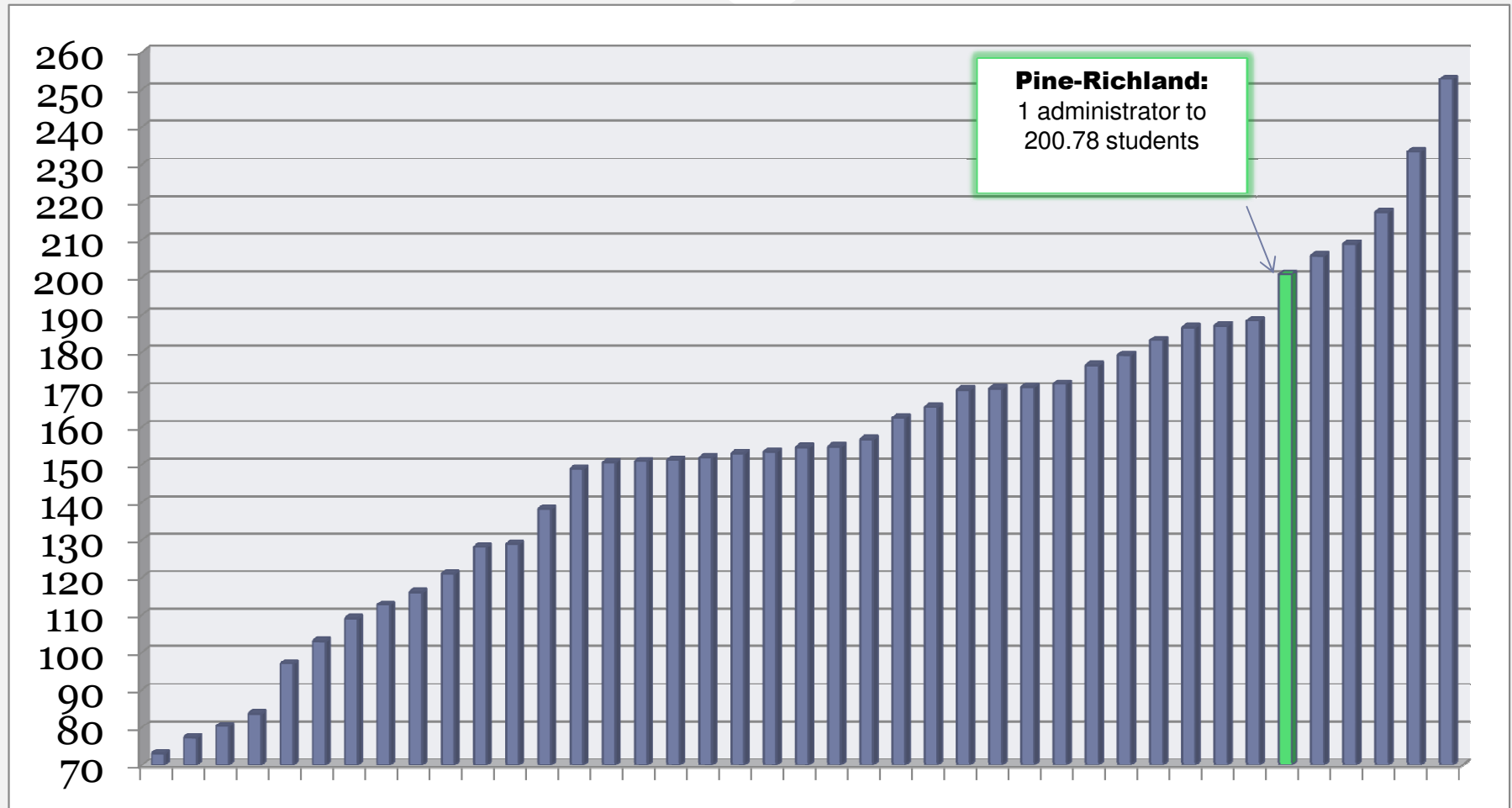
Source: 2013-2014 Data from Allegheny Intermediate Unit

Administration to Professional Staff Ratio



Source: 2013-2014 Data from Allegheny Intermediate Unit

Administration to Student Ratio



Source: 2013-2014 Data from Allegheny Intermediate Unit

Staffing



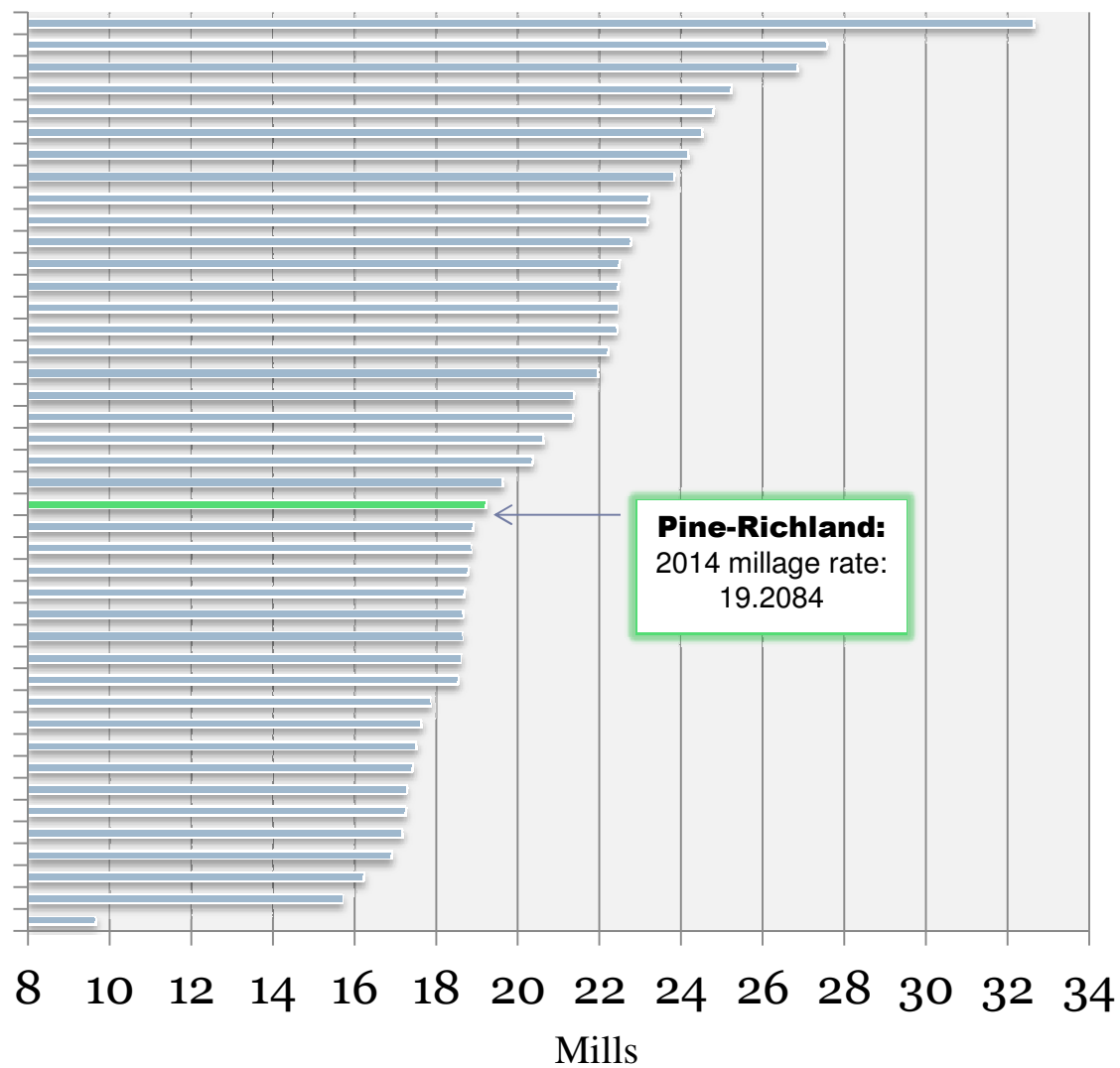
- Enrollment Trends and Local Expectations (e.g., class sizes and scope of elective courses)
 - 5 year retention rates demonstrate typical patterns (migration occurs)
- EHUE Example
 - 2014-2015 = 15 sections at each grade level
 - 2015-2016 = projects at 13 sections (4th) and 15 (5th and 6th)
 - ✦ Consideration 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

Efficiency



- Following the Finance Committee Meeting in February 2015, the administration gathered additional benchmarking data:
 - 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.

Allegheny County
2014
Millage Rates



Act 1 of 2006

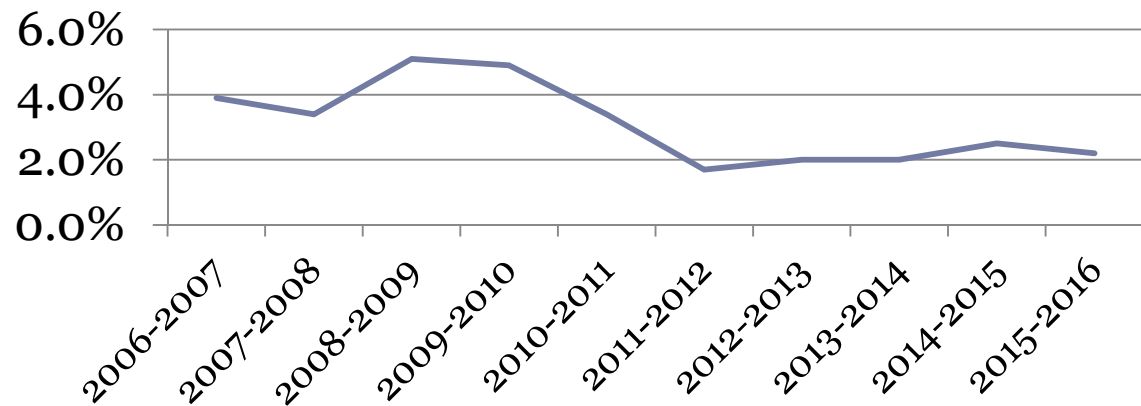
Index is calculated on the statewide average weekly wage & federal employment cost index.

Regulates the annual index rate at which each school district can raise property taxes in Pennsylvania ~ similar to COLA (cost of living adjustment)

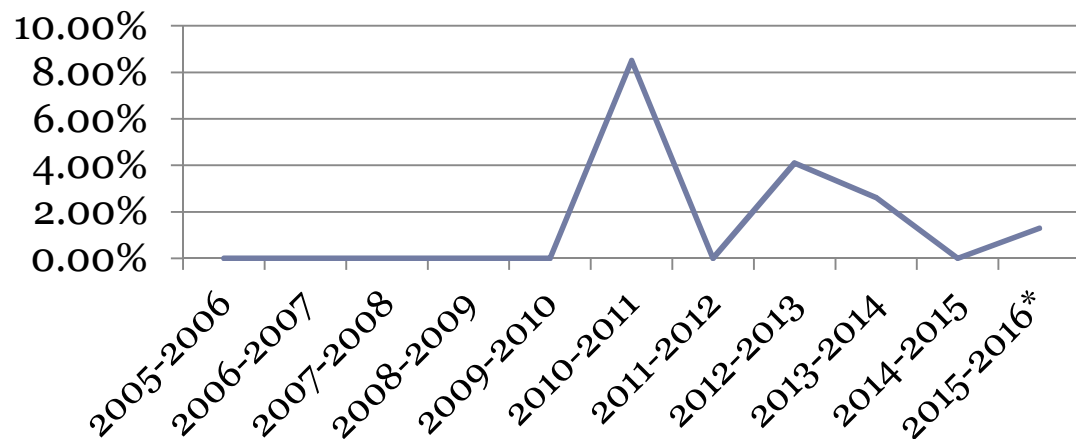
Exceptions to the limitation:

- Special education costs
- Retirement rate costs
- Certain construction costs

Adjusted Index: Pine-Richland



History of % change in millage rate



*2015-2016 millage rate needed

Market Value Aid Ratio



Allegheny County

- In Allegheny County, Pine-Richland School District is ranked 19th out of 43 school districts.

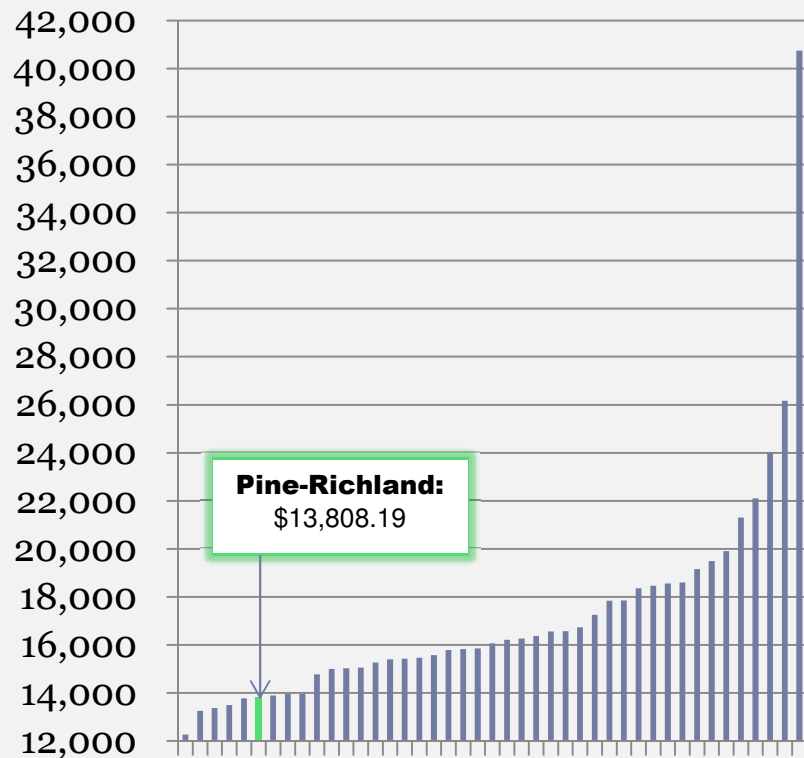
Pennsylvania

- Statewide, Pine-Richland School District is ranked 226th out of 500 school districts.
- This is a drop from the previous year ranking of 218th of 500 school districts across the State.

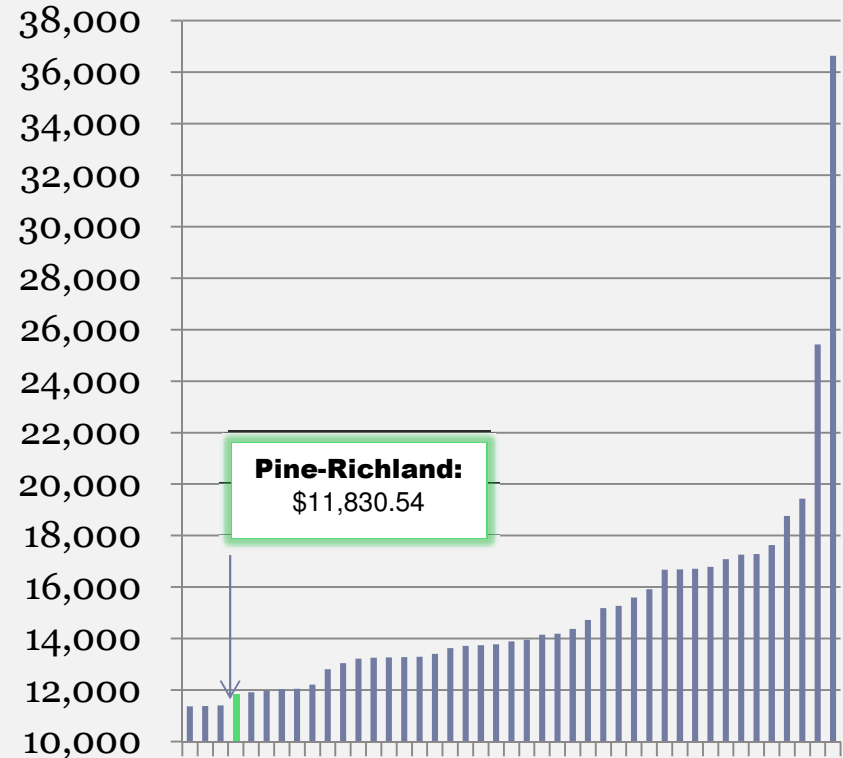
Source: Pennsylvania Department of Education website – Financial Data Elements – market value per weighted average daily membership ; http://www.education.state.pa.us/portal/server.pt/community/financial_data_elements/7672

PDE Per Pupil Calculations

Total Expenditures / Enrollment

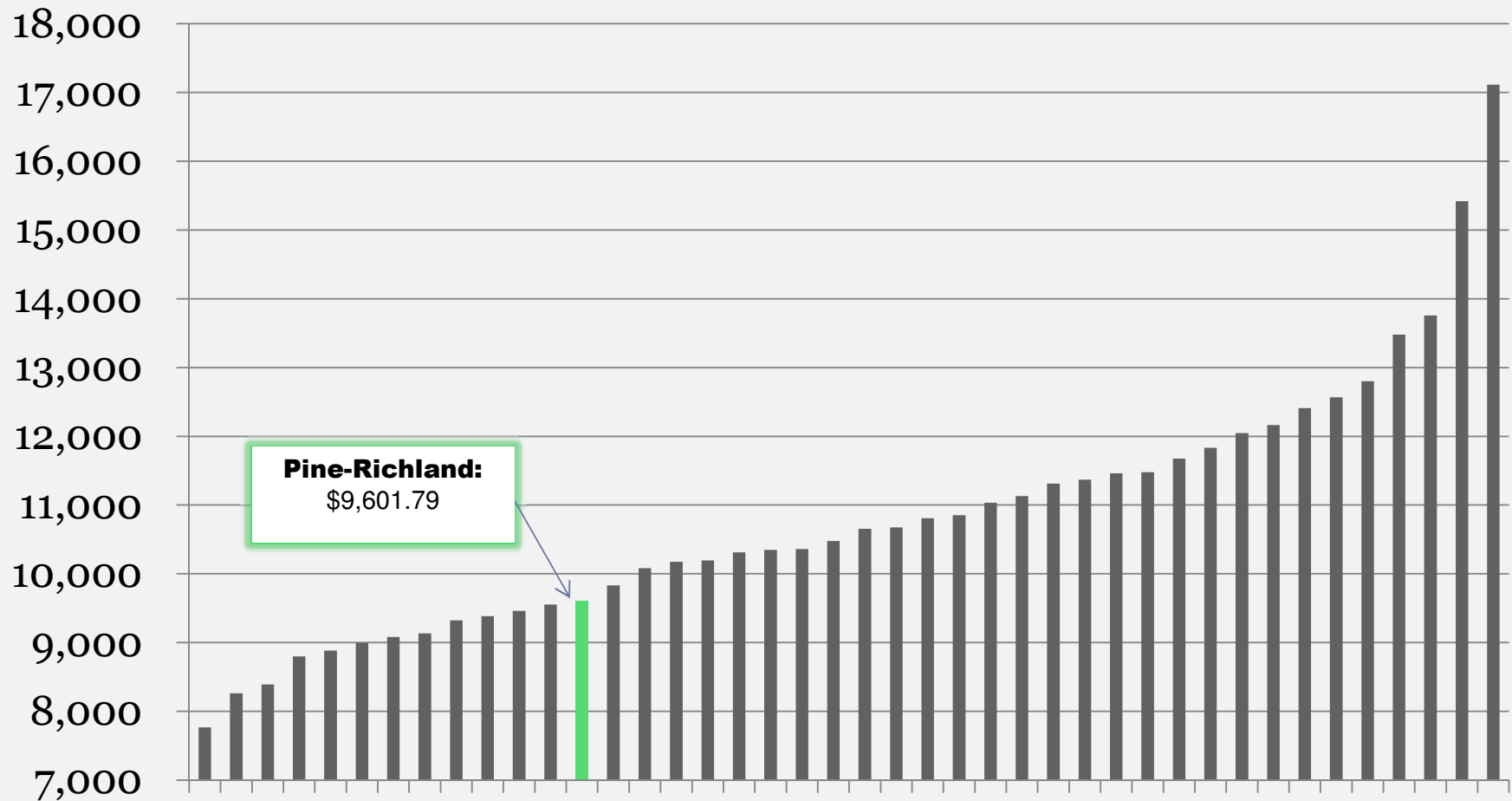


Total Expenditures Less Capital Outlay and Debt Service / Enrollment



Source: Pennsylvania Department of Education (AFR data for most recent year available – 2012-2013)

PDE Tuition Rate Calculation



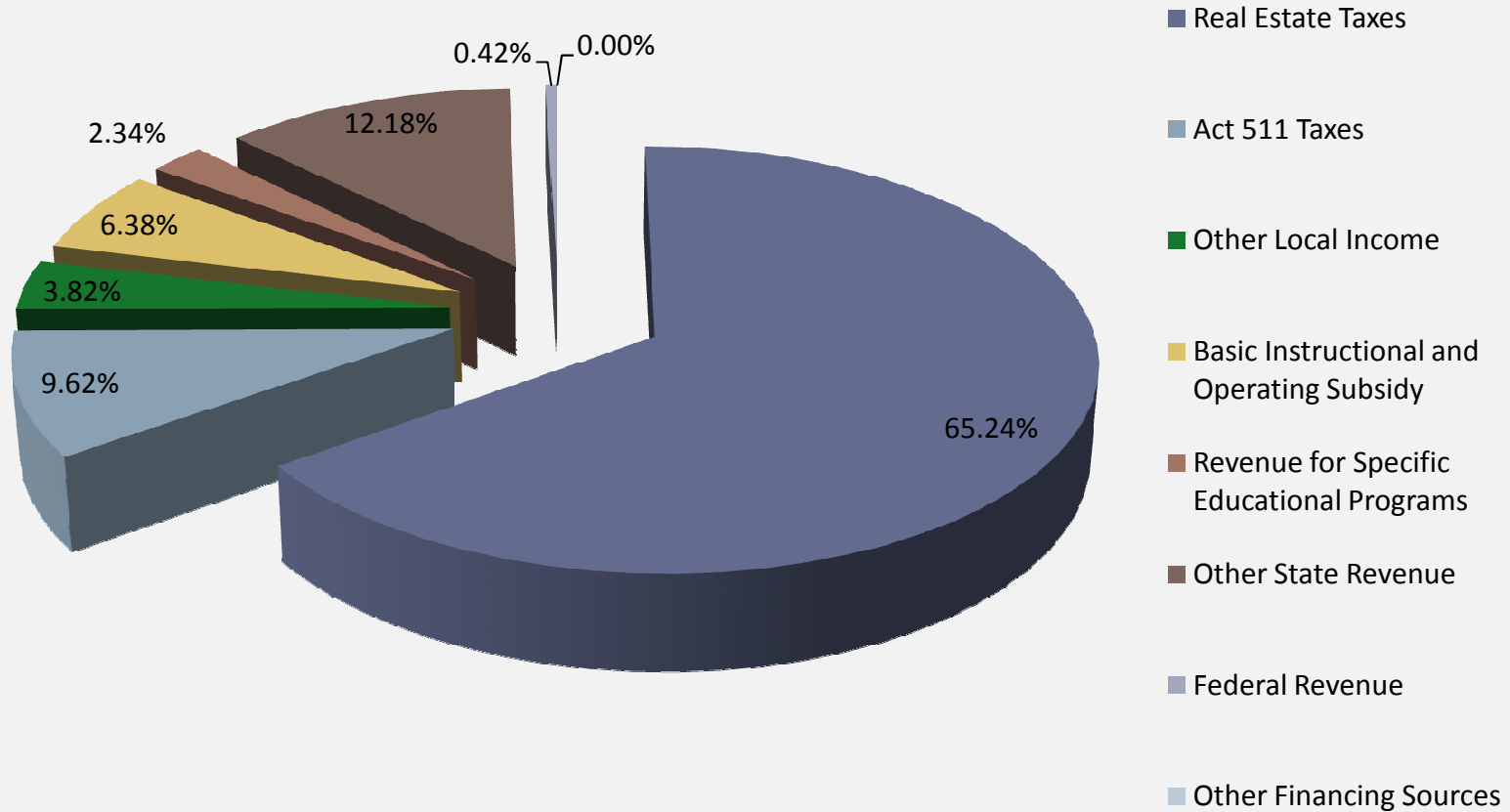
Source: Pennsylvania Department of Education Tuition Rates for 2013-2014 (Average per Pupil)

Efficiency



- The key finding of all analyses is that the district is operating at a high level of efficiency related to staff and expenditures (i.e., ROI). This is particularly true given the growth and residential make-up of the district.

Revenue

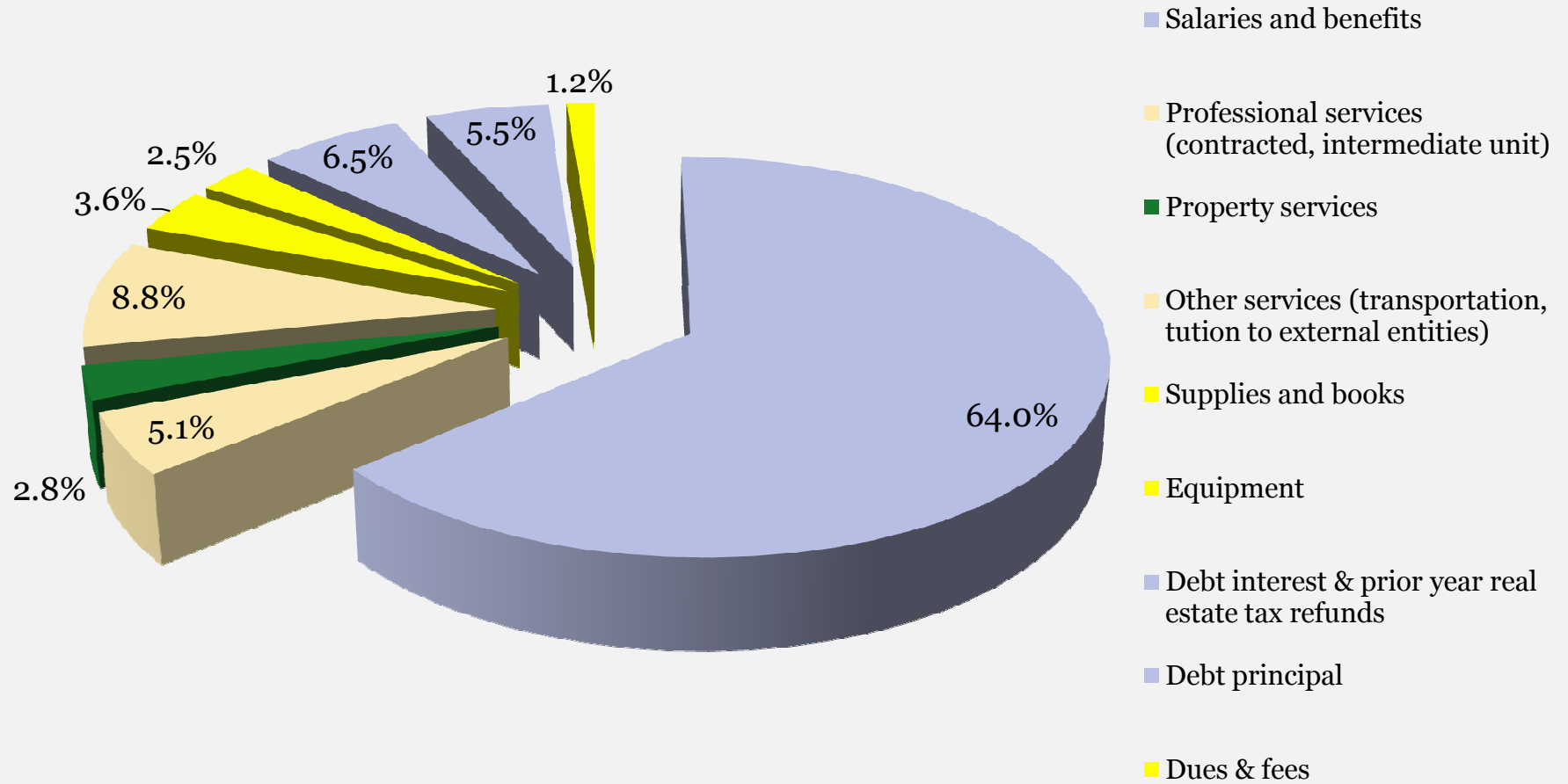


Factors Impacting Revenue

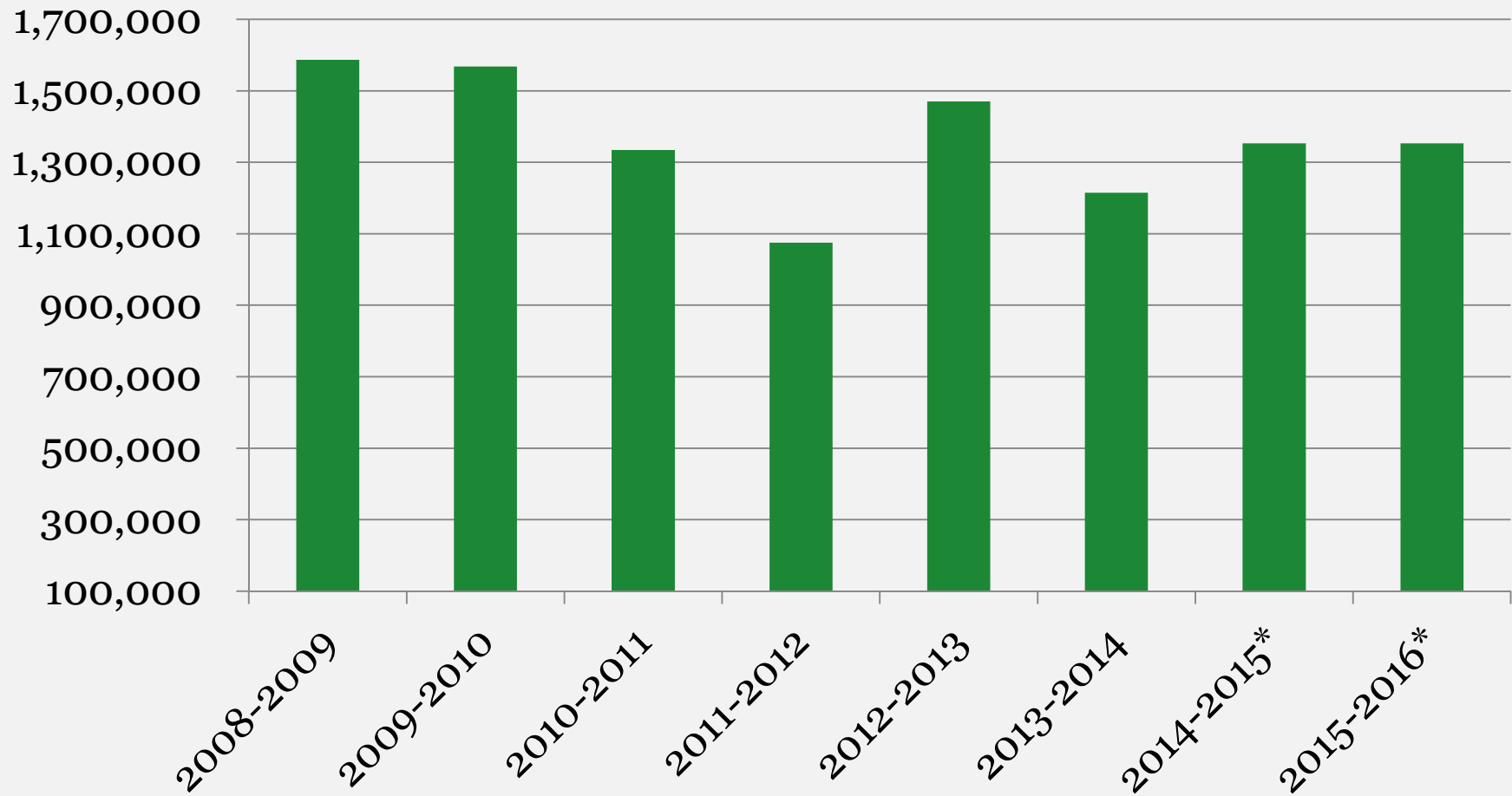


- Real estate assessed values
 - Growth from prior year 1.7%
 - Updated values will be received in early May 2015
 - Property tax appeals continually being processed by Allegheny County
- State budget uncertainty
 - Subsidy levels
 - ✦ Basic Education
 - ✦ Special Education
 - Cyber/charter tuition rate reform

Expenditures



Building-Level Spending



*Budgeted figures shown

These costs do not include personnel or out-of-district tuition

Factors Impacting Expenditures



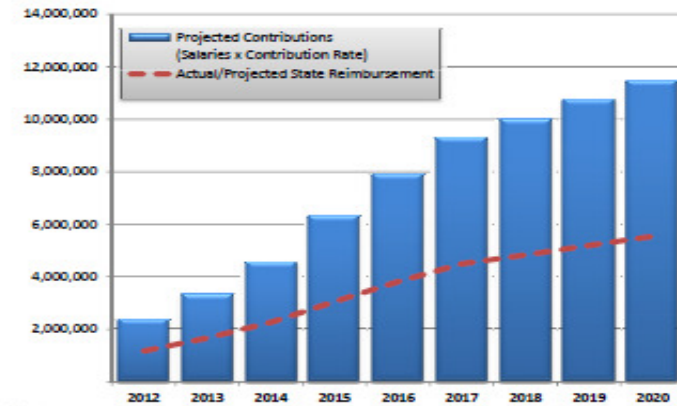
- 4.44% increase in PSERS employer contribution rate from 21.4% to 25.84% of payroll cost (approximately \$812K in the year-over-year net increase)
 - Cost increase is shared by State through subsidy reimbursement
 - Pension reform is currently being debated at the State level
- Unknown cost factors
 - Collective Bargaining – ESPA
 - Workers' Compensation & Liability Coverage rates
- Increasing costs for out-of-district tuition
 - Special education
 - Cyber/charter

PSEERS Employer Contributions

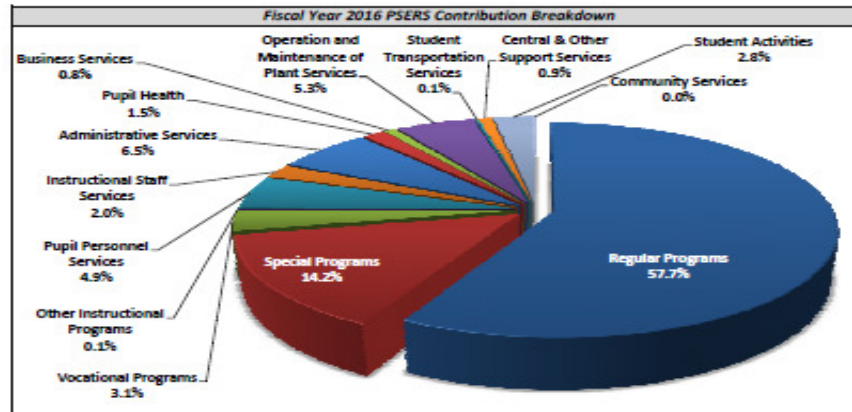
Pine-Richland School District Retirement Planning



	(Actual) 2012	(Actual) 2013	(Actual) 2014	(Budget) 2015	(Projected) 2016	(Projected) 2017	(Projected) 2018	(Projected) 2019	(Projected) 2020
Total Revenue	80,287,147	67,448,840	70,150,587	73,105,973	75,666,565	77,327,719	78,783,879	80,313,374	82,104,296
Total Expenditures	78,450,710	64,208,071	66,573,771	73,696,348	77,088,240	80,940,288	83,056,122	86,386,529	89,651,015
Operating Balance (incl. rounding)	1,836,768	3,240,767	3,576,816	(2,842,109)	(1,421,675)	(3,612,569)	(4,272,243)	(6,073,154)	(7,546,719)
EXPENDITURES									
100 Personnel Services - Salaries	27,332,044	26,887,331	26,857,896	29,510,210	30,524,671	31,745,657	33,015,484	34,336,103	35,709,547
PSEERS Contribution Rates *	8.65%	12.36%	16.93%	21.40%	25.84%	29.27%	30.25%	31.28%	32.08%
Projected Contributions (Salaries x Contribution Rate)	2,364,222	3,323,274	4,547,042	6,315,185	7,887,575	9,291,954	9,987,184	10,740,333	11,455,623
230 Actual Contributions (from AFR)	2,344,936	3,296,955	4,509,353						
REVENUES									
Projected Contributions (from above)	2,364,222	3,323,274	4,547,042	6,315,185	7,887,575	9,291,954	9,987,184	10,740,333	11,455,623
Projected State Reimbursement 48.35%	1,143,101	1,606,803	2,198,495	3,053,392	3,813,642	4,492,660	4,828,803	5,192,951	5,538,794
7820 Actual Reimbursement (from AFR)	1,172,446	1,668,331	2,266,269						
Actual State Reimbursement %	50.29%	50.00%	50.60%	50.26%					
Projected Contribution Less Reimbursement	1,191,776	1,654,943	2,280,773	3,261,793	4,073,932	4,799,294	5,158,380	5,547,382	5,916,829
Net increase over prior year		463,167	625,830	981,020	812,139	725,362	359,086	389,002	369,447



PFM Budget Model



Retirement Planning Page

Page 1 of 1

Expenditure Reductions



- **Savings from retirements/resignations**
 - Replacing vacancies at lower cost \$648,221
- **Healthcare premium increase**
 - 2.75% increase versus 8.5% increase
 - Included in the Preliminary Budget \$369,255
- **Series 2014A Refunding**
 - Previously Series 2006 Issue \$51,967
- **Series 2014B Refunding**
 - Previously Series 2003 Issue \$168,517

Detail of System-Wide Technology Operational Costs



• Personnel costs	\$651,281
○ Director of Technology	
○ Outsourced positions	
○ Tier 2 Consulting	
○ Seasonal staffing/internships	
• Increase for fiber connections	\$12,000
• Network monitoring	\$3,500
• Help Desk Software	\$1,500
• iBoss Content Filtering	\$7,200
• Asset refresh & other costs	\$500,000
○ Consumable supplies and peripherals	
○ Maintenance and repair costs/replacements (outside of warranty)	

Reflects budget reduction of \$185,000

**Tax
Levy
Options
Under
Act 1**

	Millage rate	Tax levy (options)	Median assessed value as of 4/23/2015	Annual Impact on homeowner (assuming median assessed value)	Percent Change
Current	19.2083	\$4,513.95	\$235,000	\$ -	0%
Required to balance	19.4578	\$4,572.58	\$235,000	\$58.63	1.3%
Adjusted Index	19.6309	\$4,613.26	\$235,000	\$99.31	2.2%
Index & Exceptions (pending approval)	19.9185	\$4,680.85	\$235,000	\$166.90	3.7%

Timeline



- 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