

Fox Chapel Area School District
Resource Planning Committee Meeting
April 29, 2020
5:30 p.m.
Via Zoom Meeting Platform

Members in Attendance:

Greg Dolan
Tim Lang
Robert Marsh
Richard Meyer
Joel Weinstein
Bryan Elder
Sommer Obernauer Jr.
Marybeth Dadd
Eric Hamilton
Ron Frank
David McCommons
Kimberly Pawlishak

Members Absent:

Kevin Romango

Dr. Mary Catherine Reljac, Liz Dessell, and Kathleen Anuszek were in attendance. Five members of the public were in attendance.

- I. 2019-2020 ESTIMATES
- II. 2020-2021 BUDGET
- III. DISCUSSION AND QUESTIONS

Ms. Pawlishak began the meeting with a summary of the previous meeting and where the budget was at that time. At that meeting administration was tasked with finding \$1 to \$2 million in budget cuts to help reduce the total deficit of the school year.

Ms. Pawlishak presented the changes in 2020-2021 Revenues from the previous meeting to present and explained the revenues were reduced by \$1.5 million. This was a result of the request at the last meeting to reduce anticipated real estate collection and earned income tax among other local revenue relating to the COVID-19 closure. There were also reductions in state FICA and PSERS reimbursements relating to reduction in the expenditure sections. Added into the revenue budget is the anticipated federal stimulus funds. The revenues represent a PSBA (PA School Board's Association) projection of school district's total overall revenue reduction of 1.6%; FCASD is at 2%. It also represents the PASBO (PA School Business Official's) new projection of an annual local revenue reduction of 1.9%-2.25%; FCASD is at 2.4%.

Ms. Pawlishak then presented changes in 2020-2021 Expenditures from the previous meeting to present. Administration (building principals and department administrators) were tasked to go over their initial 20-21 budget and find places to reduce/cut. They were able to find approximately \$2 million in budget cuts. The cuts represent reductions in supplies, travel, dues & fees, equipment, technology, personnel/payroll items and a moratorium on conferences (with the exception of conferences funded through external means, such as federal funding). Additional expenses were added into the budget for anticipated unemployment costs the district may face relating to COVID-19. From the previous meeting to this current one, expenditures reduced from \$103.8 million to \$101.7 million (not counting budgetary reserve).

The projected net change sits at a negative \$4.3 million, with \$1.5 million relating to capital improvements. The adjusted net change (operating deficit) reduced from negative \$3.3 million to negative \$2.8 million. This is because while expenditures were reduced significantly, unfortunately revenues were also reduced relating to the COVID-19 closure.

In order to accommodate that net change and not fully draw down from the available fund balance, the group recommends that administration put forth a Preliminary Final Budget to the school board with additional cuts of \$1 million to \$2 million and a 1% tax millage increase. The tax increase was not unanimous. A 1% millage increase would increase the millage rate from 19.5750 to 19.7708 and would add an additional \$19.58 annually per every \$100k assessment. It would bring in approximately \$640k in revenue. The group would like to recommend that the total operating drawdown of fund balance be between \$0 and \$1 million max. This was based on discussion regarding future uncertainties with PSERS and continues COVID related recession concerns. No one wants the fund balance to be drawn down too far that there is nothing available for future years. Unassigned fund balance should stay around 2% of the total expenditures. Unassigned is made available in future years as budgetary reserve.

The additional cuts that need made will affect programming and personnel and therefore needs to have school board involvement before being finalized into any official budget document. Therefore the Resource Planning Group has concluded their budget prep meetings and now the administration will prepare for continued discussion with the full school board.

Questions/Discussions During Meeting:

1. I saw something that there will be an 8% decrease in Pennsylvania revenues on average.
 - a. Not knowing the source of this projection, FCASD uses PSBA's and PASBO's projection modules as they are focused directly on how state budget and revenue directly affects school districts and not the overall revenue reduction of the state.
2. Decrease in tech equipment – can we do that year to year now?
 - a. Yes. The equipment rotations will be adjusted accordingly by the tech department for all future years. For example, some of the equipment that was slated for 2020, is being pushed to 2021, therefore making 2021 equipment pushed to 2022, adjusting the rotation schedules.
3. Did you already add in extra expense for cleaning, sanitation, etc. due to COVID-19?
 - a. Those expenses are included based on the department budgets.

4. Are delinquent taxes eventually paid or do some get wiped off? How does that process go? Is it always a line item?
 - a. Delinquent taxes are a revenue line item. If a resident doesn't pay their taxes by the 12/31 deadline, the property is moved to the delinquent tax rolls and passed over to the delinquent tax collector. Delinquencies remain on the rolls until they are satisfied.
5. Are delinquent tax recoveries through the solicitor in the budget in revenue?
 - a. Yes. All delinquent taxes are included under the delinquent real estate tax revenue line item, both new delinquencies and solicitor account delinquencies. They are the same revenue item.
6. Do we still have a committee for uncollected taxes?
 - a. There is a group that meets annually with both the solicitor's office and PA Del Tax to discuss the current status of the delinquent tax collections. It is not a committee. It meets to check the status of collections as well as to discuss if any changes should be made in relation to the sheriff sale process, etc. If there is thought of any changes needing made those would be presented to the school board for resolution.
7. Explain "Additional cuts need School Board action." How much are they worth? Do you have a list of the "Other Considerations?"
 - a. The additional cuts all require some level of school board activity and there are a number of items with varying values of savings that could be incurred. These items require additional information and therefore value is not estimated yet for purpose of this meeting.
8. Are the adjustments in revenue of \$800,000 due to current events in the economy?
 - a. Yes, the reductions to 20.21 revenue are all relating to the current events in the economy.
9. Given the uncertainties, how do we weigh the uncertainties against what kind of fund balance we should end the year with?
 - a. This was more of a discussion during the meeting. Not a Q&A. Discussion was had regarding how long we can continue to draw down from fund balance before it's depleted and no longer an option for balancing budgets.
10. Whittling down the reserves can't last forever - need to go to School Board to look at "Additional Cuts."
 - a. This was more of a discussion during the meeting. Not a Q&A. Budget discussion is now moved to the full school board presentation and therefore any additional cuts will be able to be made by the school board, if any.
11. The reserve keeps going down – 26, 23, 19, 15. That's a very slippery slope. We have to make hard decisions. Raise taxes?

- a. This was more of a discussion during the meeting. Not a Q&A. Again, full discussion on no tax increase versus full tax increase was had. No one is in favor of a full increase, and discussion was had that the no tax increase for 2019-2020 also was not unanimous. It was a consensus decision on how the administration should prepare the budget. Of course in the end the budget is fully at the school board's discretion to vote on any millage increases to attempt to balance the budget.
12. There was discussion on whether to raise taxes or not and the fund balance.
13. We have a lot of capital needs and should consider that money committed.
- a. Capital fund balance is assigned for specific expenses and can only be drawn down in relation to capital expenses.
14. How many years have we not raised taxes?
- a. There was no tax increase in 2019-2020, prior to then there were incremental increases, but never a full index increase.
15. I would like administration to go back and work on cuts to expenditures and about a 2% increase in taxes.
- a. This was more of a discussion during the meeting. Not a Q&A.
16. What is the ceiling for these cuts? 1.9? 1.5?
- a. Discussed during the meeting. Total drawdown for operating costs (non-capital improvement) should be \$0 to \$1 million max.
17. Pressure should be on the administration to cut costs. There was a discussion about this and the amount of tax increase.
- a. Discussed during the meeting. The administration has come up with \$2 million in cuts already and does have an additional amount that require board action that can result in additional savings.
18. There was lengthy discussion regarding how much to increase taxes, if at all, the collection rate, and the amounts of cuts.
- a. Discussed during the meeting. The overall consensus was a 1% increase to millage. A few proposed a 0% increase while other proposed 1.5%.
19. Can we look at a comparison of millage rates to other schools in Allegheny County?
- a. A document was emailed previously to members regarding Allegheny County millage rates.

IV. FINALIZE PRELIMINARY BUDGET FOR BOARD PRESENTATION

There will be a special board meeting in May (week of May 11 or preferably May 18) to present and approve the preliminary budget and a special meeting in June to approve the final budget (given enough time for the preliminary budget to be on display and advertised).

V. ADJOURNMENT

The meeting ended at 7:10 p.m.