

2020-2021 Budget Discussion

FCASD School Board Meeting, 5.18.2020

A dark blue diagonal graphic that starts from the bottom left corner and extends towards the top right corner, covering the lower half of the slide.

Presentation Overview

Part 1: 2019-2020 Estimated
Actuals

Part 2: 2020-2021 Preliminary
Proposed Budget

Part 3: Options to Balance
Budget

Part 4: Summary & Next Steps

Part 1:

2019-2020

Estimated Actuals

2019-2020 Original Budget (6/2019 Approval):

Revenues -	\$ 99,388,066
Unassigned Fund Balance -	<u>\$ 2,101,841</u>
Total Revenues -	\$101,489,907

Expenditures -	\$101,701,233
Budgetary Reserve -	<u>\$ 2,101,841</u>
Total Expenditures & Reserve	\$103,803,074

Net Change (+/-)	(\$ 2,313,167)
<i>Capital Improvements</i>	<i>(\$ 254,100)</i>
<i>Adjusted Operating Deficit</i>	<i>(\$ 2,059,067)</i>

In lieu of a tax increase in 2019-2020, deficit was to be balanced via drawdown from Fund Balance (FB)

- Capital Improvements tied directly to Capital Projects FB
- Operating Deficit to come from other available/applicable FB designations:
 - \$750k from PSERS Committed FB
 - Actual GALA expenditures from GALA Committed FB
 - Actual Athletic Activity expenses from Athletic Assigned FB
 - Remainder from Unassigned/Available FB

2019-2020 Estimated Actuals

*Based on numbers as of 5/11/2020

Budget to Actual calculations based on Revenues and Expenditures and do not include Budgetary Reserve or Unassigned Fund Balance totals.

Revenues: **\$98,328,103**

- **(\$1,059,963)** or 1.1% reduction over Original Budget
- Reflects reduced local revenues relating to COVID-19 closure (1.6% local revenue reduction)
- PA State and Federal revenues for 2019-20 are still projected to be received in full
- **Too many unknowns relating to COVID-19 closure and its economic impact on Fox Chapel Area. Actuals won't be known until after summer, and they could be higher or lower than the estimates.**

Expenditures: **\$103,205,637**

- \$1,504,404 or 1.5% increase over Original Budget
 - \$1.5 million relating to Capital Improvement items added into the budget (OH & FV paving plus Kerr items from 2018-19)
- Reflects spending close to budget for most line items
 - Full budget:
 - Contractual costs including tuition
 - \$0 estimated during closure:
 - Meals & Refreshments, Transportation (field trips), Substitute Services (except leave replacements)
 - 25%-80% of remaining budget
 - Supplies, Travel, Tech Equipment, Contracted Transportation

2019-2020 Estimated Ending Fund Balance

Starting Fund Balance	\$23,903,878
Revenues -	\$ 98,328,103
Expenditures -	<u>\$103,205,637</u>
Net Change (+/-)	(\$ 4,877,534)
<i>Capital Improvements</i>	<i>(\$ 1,834,617)</i>
<i>Adjusted Operating Deficit</i>	<i>(\$ 3,042,917)</i>
Ending Fund Balance	\$19,026,344

Fund Balance Drawdowns:

	Starting Balance	Drawdown	Ending Balance
Committed - PSERS	\$8,755,782	(\$1,500,000)	\$7,255,782
Committed - GALA	\$23,634	(\$3,634)	\$20,000
Assigned - Capital Projects	\$10,492,620	(\$1,834,617)	\$8,658,003
Assigned - Athletics	\$77,386	(\$12,386)	\$65,000
Non-Spendable	\$1,683,201	(\$183,201)	\$1,500,000
Unassigned/Available	\$2,871,255	(\$1,343,696)	\$1,527,558

An additional amount is recommended to be drawn down from PSERS to cover the additional deficit.

Unassigned FB needs to keep a balance of at least \$1.5 million to cover the \$1.5 million built into Budgetary Reserve in the 2020-21 budget.

Part 2: 2020-2021 Preliminary Proposed Budget

*Based on numbers as of 5/11/2020

2020-2021 Preliminary Proposed Budget Overview:

Revenues -	\$ 97,436,393
Unassigned Fund Balance -	<u>\$ 1,500,000</u>
Total Revenues -	\$ 98,936,393
Expenditures -	\$101,462,688
Budgetary Reserve -	<u>\$ 1,500,000</u>
Total Expenditures & Reserve -	\$102,962,688
Net Change (+/-)	(\$ 4,026,295)
<i>Capital Improvements</i>	<i>(\$ 1,493,830)</i>
<i>Adjusted Operating Deficit</i>	<i>(\$ 2,532,465)</i>

While the \$1.5 million is set to be drawn down from the Capital Projects FB, the \$2.5 million in operating deficit needs to be balanced.

2020-2021 Revenues

Revenues* -	\$ 97,436,393
Unassigned Fund Balance -	\$ 1,500,000
Total Revenues -	\$ 98,936,393

Local Revenue:

\$76,296,614

2.3% decrease from prior year Original Budget

- **0.6% decrease** from prior year Current Real Estate Taxes
 - However it's an approximate **2% decrease** from what it **WOULD** have been at historical collection rate (loss of over \$1.5 million)
- **8.3% decrease** in Act 511 Taxes
- **33.5% decrease** in "Other Local Revenue"
 - Related to **77% decrease** in Earnings on Investments
 - Reduced revenues from Primary Teacher Academy, etc

State Revenue:

\$19,736,808

0.1% decrease from prior year Original Budget

- Subsidies estimated at 2019-20 allocation levels
- **11.7% decrease** in "Other State Revenue"
 - Reduced Transportation Subsidy
 - **0.4% decrease** in PSERS Reimbursement relating to personnel changes
 - 2nd year of the Safety & Security grant is reduced from prior year

Federal Revenue:

\$1,162,971

48% increase from prior year Original Budget

- Title funds estimated at 2019-20 allocation amounts
- Medicaid reimbursement estimated at 2019-20 allocation amounts
- Includes \$349,000 in Federal Stimulus allocation
 - **Still unknown how this will be paid.**

Other Revenue:

\$240,000

67.9% decrease from prior year Original Budget

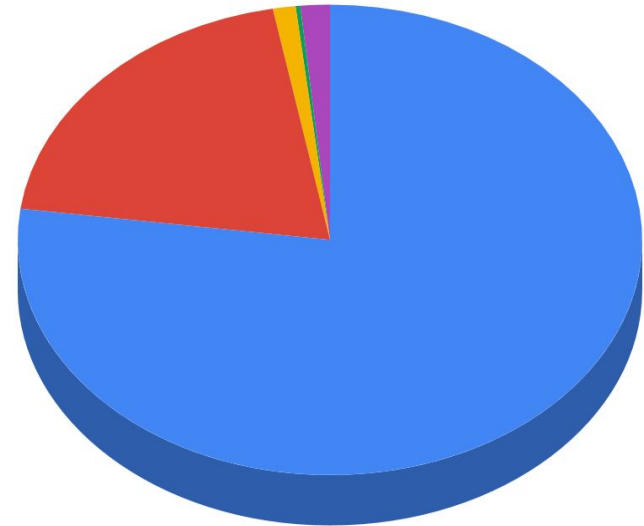
- Smaller 2020 Technology Lease is expected under expenditures therefore the revenues associated with the lease would also decrease
- No change to anticipated sale of fixed assets

Unassigned/Available Fund Balance:

\$1,500,000

28.6% decrease from prior year Original Budget

- Offsets Budgetary Reserve in the expenditures



Total Revenues reflect a **2.5% decrease** from prior year Original Budget.

***2% decrease** when omitting the Unassigned FB

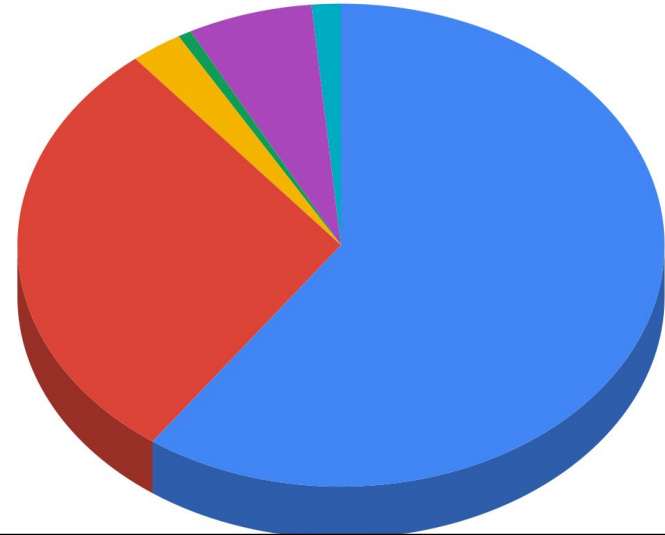
2020-2021 Expenditures Overview

- **0.5% decrease** to salaries and **1.4% decrease** to benefits
 - mostly relating to ERI and being able to replace through attrition or replace at savings.
 - Also relating to other personnel changes including retirements
- PSERS ER contribution rate increased to 34.51%
 - Actual PSERS expenditures actually **decreased by 0.4%** relating to staffing changes/ERI
- Insurance Premium Rate Increases:
 - **Medical Insurance Premium increased by 3.5%**
 - Dental Premium increased by 6%
 - Vision Premium increased by 7%
- 16.6% increase in tuition costs
- 2.3% total increase in contracted transportation (includes field trips & student transportation)
- **30% decrease** in travel (relating to conference & out of county travel)
- **40.3% decrease** in printing costs
- 190.2% increase in Property Services related to capital improvement plan and construction services
- **52.1% decrease** in equipment relating to the reduced technology lease
- **7.7% decrease** relating to reduction of general supplies & **8.7% decrease** in tech supplies
- **42.6% decrease** relating to reduction of meals & refreshments

2020-2021 Expenditures

Expenditures* -	\$101,462,688
Budgetary Reserve -	\$ 1,500,000
Total Expenditures & Reserve -	\$102,962,688

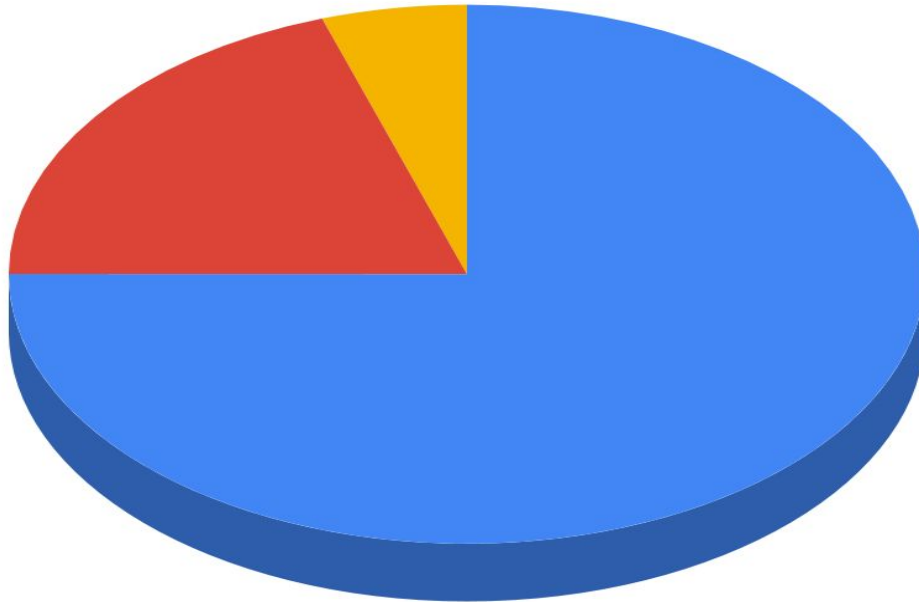
Instructional:	\$61,662,916
<i>(Regular Education, Special Education, Vocational Education, Other Programs [Including Summer], Non-Public Education and Pre-K)</i>	
1.23% decrease from prior year Original Budget	
Support Services:	\$30,011,823
<i>(Pupil Personnel, Instructional, Administrative, Pupil Health, Business Office, Operations & Maintenance, Student Transportation, & District Office Support)</i>	
2.13% decrease from prior year Original Budget	
Non-Instructional:	\$2,668,911
<i>(Athletics, Student Activities, Community Services)</i>	
2.44% decrease from prior year Original Budget	
Facilities:	\$693,830
<i>(Site Improvement, Construction, Architectural Services)</i>	
173.05% increase from prior year Original Budget	
Debt Service/Other:	\$6,425,208
<i>(Debt Service, Fund Transfers)</i>	
14.3% increase from prior year Original Budget	
Budgetary Reserve:	\$1,500,000
28.63% decrease from prior year Original Budget	



Total Expenditures reflect a 0.8% decrease from prior year Original Budget.

*0.2% decrease when omitting the Budgetary Reserve

2020-2021 Expenditures - Personnel vs Mandated vs Non-Mandated Costs



Personnel 75%, \$76,110,929

- Wages & benefits

Mandated/Contractual 19.9%, \$20,156,104

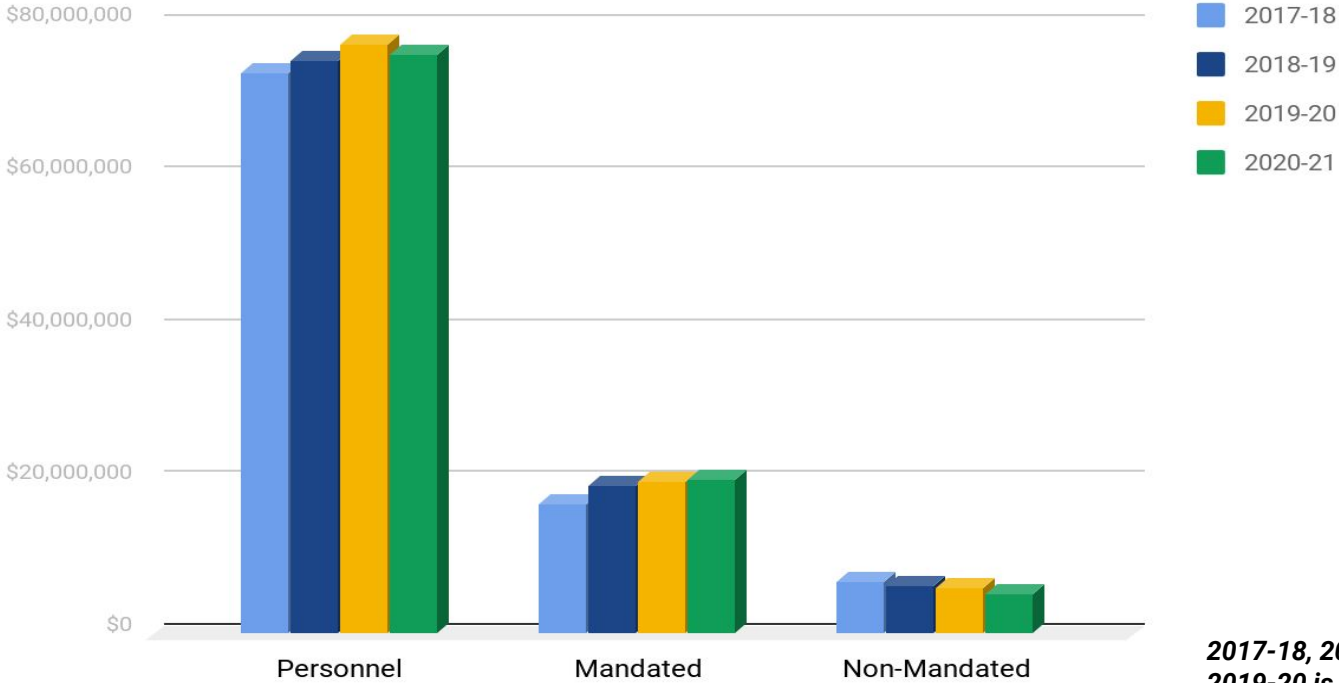
- Includes debt service, transportation contract, copier lease, tax collection services, legal services, utilities, liability insurance, professional services, AIU services, tuition and other contracted items..

Non-Mandated/Other 5.1%, \$5,195,655

- Includes all others such as supplies, equipment, travel, field trip transportation, meals & refreshments, professional development, etc.

Numbers do not include Budgetary Reserve

Personnel vs Mandated vs Non-Mandated Costs - Yearly Trend



2017-18, 2018-19 use Actuals
2019-20 is Estimated Actual
2020-21 is Budgeted

Part 3: Options to Balance Budget

2020-2021 Preliminary Proposed Budget Summary:

Estimated Starting Fund Balance **\$19,026,344**

Total Revenues - \$ 98,936,393

Total Expenditures- \$102,962,688

Net Change (+/-) **(\$ 4,026,295)**

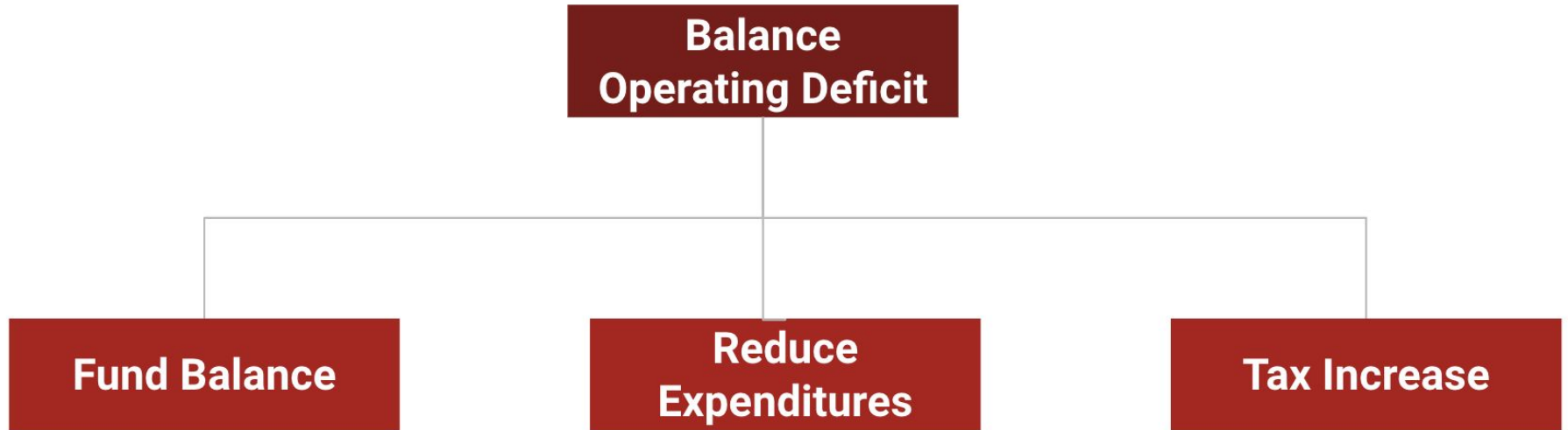
Capital Improvements **(\$ 1,493,830)**

Adjusted Operating Deficit **(\$ 2,532,465)**

\$1.5 million is set to be drawn down from the Capital Projects FB so there will be a reduction in FB by at least \$1,493,830.

**\$2.5 million in operating deficit
needs to be balanced.**

Options to Balance Budgets



Any combination of these options can be used to balance a deficit

Option 1 – Fund Balance

2020-21 Estimated Starting Fund Balance

Committed Fund Balance		
	PSERS	\$ 7,255,782.00
	GALA Funds	\$ 20,000.00
	Total Committed Fund Balance	\$ 7,275,782.00
Restricted Fund Balance		\$ -
	Total Restricted Fund Balance	\$ -
Assigned Fund Balance		
	Athletic Activities	\$ 65,000.00
	Capital Projects	\$ 8,658,003.69
	Total Assigned Fund Balance	\$ 8,723,003.69
Nonspendable Fund Balance		\$ 1,500,000.00
	Total Nonspendable Fund Balance	\$ 1,500,000.00
Unassigned Fund Balance		\$ 1,527,558.68
	Total Unassigned Fund Balance	\$ 1,527,558.68
	Total Fund Balance	\$ 19,026,344.37

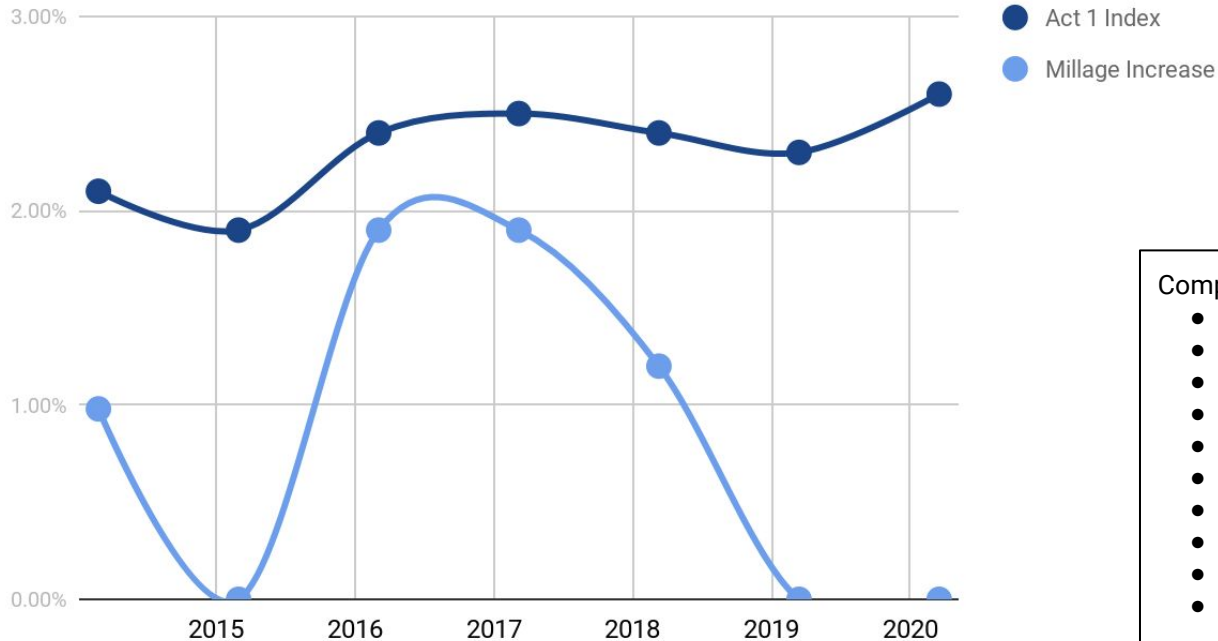
Any amount can be used as there is \$7.9 million NET PSERS costs in 2020-21 (Expense less reimbursement)

\$1,493,830 scheduled to be drawn down relating to Capital Improvements

Available to be used for any reason, however, the ending balance is what will be made available as budgetary reserve in 2021-22

Option 2 - Tax Increase

Act 1 Index vs Millage Increase



Historically, since the 2014 County Reassessment, FCASD has not increased taxes to full index.

Any increase will result in additional revenue that can be used to offset the deficit.

Comparables/Neighboring Districts:

- Upper St.Clair 26.3775
- Mt. Lebanon 24.7900
- Shaler 23.5319
- Deer Lakes 21.9530
- Allegheny Valley 20.8377
- Pine-Richland 19.5867
- **Fox Chapel Area 19.5750**
- Quaker Valley 19.4711
- Hampton 19.3800
- North Allegheny 19.1408

Option 2 - Tax Increase

% of Mill Incr	Mill Increase	Millage Rate	Added Revenue @ 94% Collection	Annual Tax Bill Increase per \$100,000	Annual Tax Bill Increase per \$217,800
0	0	19.575	\$ -	\$ -	\$ -
0.25%	0.0489	19.6239	\$ 160,046	\$ 4.89	\$ 10.66
0.50%	0.0979	19.6729	\$ 320,092	\$ 9.79	\$ 21.32
0.75%	0.1468	19.7218	\$ 480,138	\$ 14.68	\$ 31.98
1.00%	0.1958	19.7708	\$ 640,184	\$ 19.58	\$ 42.63
1.25%	0.2447	19.8197	\$ 800,230	\$ 24.47	\$ 53.29
1.50%	0.2936	19.8686	\$ 960,276	\$ 29.36	\$ 63.95
1.75%	0.3426	19.9176	\$ 1,120,322	\$ 34.26	\$ 74.61
1.80%	0.3524	19.9274	\$ 1,152,331	\$ 35.23	\$ 76.74
1.90%	0.3719	19.9469	\$ 1,216,350	\$ 37.19	\$ 81.01
2.00%	0.3915	19.9665	\$ 1,280,368	\$ 39.15	\$ 85.27
2.25%	0.4404	20.0154	\$ 1,440,414	\$ 44.04	\$ 95.93
2.50%	0.4894	20.0644	\$ 1,600,460	\$ 48.94	\$ 106.59
2.60%	0.5089	20.0839	\$ 1,664,315	\$ 50.89	\$ 110.84

2020 Median Home Value - Homestead Properties

Option 3 – Adjust Expenditures

Over \$2.3 million in cuts already made to expenditures by building & department administrators:

● Books	\$ 83,500	● Maintenance Reduction	\$ 31,100
● Dues & Fees	\$ 13,300	● Personnel	\$490,400
● Equipment	\$ 55,700	● Technology Equipment	\$376,950
● Meals & Refreshments	\$ 45,900	● Software/Tech	\$ 91,900
● Printing	\$ 11,950	● Software Pricing Reduction	\$ 58,200
● Professional Services	\$ 43,000	● Tech Lease (Debt Service)	\$100,000
● Rentals-Equipment	\$ 600	● Website Hosting	\$ 3,700
● Repair	\$ 300	● Staff Development – Trainings	\$ 11,500
● Supplies	\$ 68,000	● Conference Moratorium	\$155,000
● Transportation	\$ 36,200	● Program-Summer School	\$273,000
● Travel	\$ 6,100	● Summer Contracted Staffing	\$181,000
● Utilities	\$ 33,200	● Copier Lease Renewal Savings	\$150,000

There will be an additional \$74,000 in savings relating to revised ACSHIC Insurance Renewal Rates as well.

Part 4: Summary & Next Steps

\$2.5 million operating deficit needs balanced via:

- Fund Balance drawdown
- Tax increase
- Additional reductions in expenditures

Administration will prepare the “Proposed Final Budget” and submit for school board approval on May 27.

Administration needs:

1. School Board’s recommendation regarding tax increase, if any,
2. School Board’s recommendation regarding maximum drawdown from Fund Balance (non-capital projects), and
3. Direction regarding any areas of additional adjustments to expenditures.