

Upper St. Clair School District Proposed Final Budget 2021-2022

Progress Presentation for April 12, 2021



Purpose of Tonight's Presentation

- State the priorities of 2021-22 budget
- Provide context and discuss potential impact of the pandemic on 20/21 and 21/22
- Discuss pandemic assumptions and impact on budget
- Share proposed revenues and expenditures
- Introduce tax options with respect to impact on revenues (short and long term) and taxpayers
- Present current budget status and timeline to approve the final budget

Priorities Of 2021-22 Budget

- Maintain a high quality education for our students
- Balance the needs of the School District while recognizing our fiduciary responsibilities to the community
- Remain cognizant of the interdependence of all aspects that directly and indirectly affect our students' school experience

Budget Context



Budget Context

	2020-21 Budget Year	2021-22 Budget Year
General	<p>Act 1 Index set at 2.6%</p> <p>Real estate taxes were increased at the lowest rate in the previous two budgets in over a decade (1.97% and 2.60% respectively - both below Act 1 Indexes)</p> <p>Fund balance not used for recurring expenditures</p> <p>Rationalized vendors and contracts (Real estate, Aramark, AHN)</p>	<p>Act 1 Index set at 3%</p> <p>Monitoring pandemic impact on revenue</p> <p>Use of fund balance being evaluated (connected w/ ESSER \$\$)</p>
Education	<p>Implemented a remote program in response to health and safety needs</p> <p>Invested in 1-to-1 technology for all students (added K-4)</p>	<p>Return to FULL 5-Day in-person instructional model</p> <p>Plan for contingencies and adjust to health and safety as needed</p>
Facilities	<p>Deferred replacement of teacher laptops, bus purchases, capital projects (High School Paving Project)</p>	<p>Replacing staff laptops and buses (4 busses, 5 vans)</p> <p>Less PPE purchases required for upcoming school year</p> <p>Capital Projects will be financed (High School paving, Truxton hillside, Boyce turf replacement)</p>

Budget Context (continued)

	2020-21 Budget Year	2021-22 Budget Year						
Personnel	<p>Eliminated positions in administration, professional and classified groups</p> <p>Administrators took a salary freeze</p> <p>Budgeted/created 26 full-time building substitute positions resulting in >90% classroom fill rate</p>	<p>Staffing levels budgeted as flat, but we continue to review impact of retirements/resignations (10 professional staff, 2 classified staff)</p> <p>Contractual obligations: significant increase in # of teachers reaching “jump step” on salary schedule</p> <p>Increases in PSERS and Benefits costs (Medical 5%, Dental 7%)</p> <p>Budgeted full-time building substitute positions, but at a lower rate (14 versus 26 budgeted)</p>						
COVID	<p>Total Federal grants allocated to-date: \$1,291,170.</p> <ul style="list-style-type: none"> \$466,420 has been recorded in 2019-20 & 2020-21. <p>Estimated COVID expenses:</p> <table> <tr> <td>Estimated Covid expenses:</td> <td>\$1,416,420</td> </tr> <tr> <td>Federal Covid grants received to-date:</td> <td><u>\$466,420</u></td> </tr> <tr> <td>Estimated Covid overage net of federal grants*:</td> <td>\$950,000</td> </tr> </table> <p>*Does not connote an actual budget shortfall. Offsets will be applied to balance the 2020-21 budget.</p>	Estimated Covid expenses:	\$1,416,420	Federal Covid grants received to-date:	<u>\$466,420</u>	Estimated Covid overage net of federal grants*:	\$950,000	<p>The remaining grant allocation is \$824,511 (ESSR II & ESSR III)</p> <p>Schools will have until September 30, 2022 to spend the ESSR II and September 30, 2024 to spend the ESSR III grant monies</p> <p>Grants will primarily be used to fund one-time expenses</p> <p>All Federal funding to-date was based off of the Title 1A calculated allocation</p>
Estimated Covid expenses:	\$1,416,420							
Federal Covid grants received to-date:	<u>\$466,420</u>							
Estimated Covid overage net of federal grants*:	\$950,000							

ESSER II and III Breakdown by District

Sources:
[ESSER II Allocations](#)
[ESSER III Allocations](#)
[PDE Enrollment](#)

School Districts: 5 HIGHEST Per Student Amounts Received

School District	Total ESSER II & III Funding	Total K-12 Enrollment	ESSER II and III Per Student
WILKINSBURG BOROUGH SD	\$13,591,871	483	\$28,140.52
DUQUESNE CITY SD	\$7,196,922	357	\$20,159.45
SALISBURY-ELK LICK SD	\$4,596,114	273	\$16,835.58
FARRELL AREA SD	\$9,637,256	635	\$15,176.78
PHILADELPHIA CITY SD	\$1,680,261,576	124,111	\$13,538.38

School Districts: 5 LOWEST Per Student Amounts Received

School District	Total ESSER II & III Funding	Total K-12 Enrollment	ESSER II and III Per Student
PETERS TOWNSHIP SD	\$1,123,321	3,933	\$285.61
UNIONVILLE-CHADDS FORD SD	\$1,101,838	3,893	\$283.03
SOUTH FAYETTE TOWNSHIP SD	\$847,690	3,437	\$246.64
NORTH ALLEGHENY SD	\$1,931,501	8,499	\$227.26
UPPER ST CLAIR SD	\$824,511	4,028	\$204.69

Based on federal allocation, USCSD received the lowest per student funding in the state of Pennsylvania

ESSER II and III Breakdown Charter & Cyber

Top Charter School Funding (Non-Cyber)

Charter School	Total ESSER II & III Funding	Total Enrollment	ESSER II and III Per Student
MEMPHIS STREET ACADEMY CS @ JP JONES	\$7,529,855	625	\$12,047.77
NORTHWOOD ACADEMY CS	\$8,827,911	783	\$11,274.47
UNIVERSAL ALCORN CS	\$5,715,938	529	\$10,805.18
CHRISTOPHER COLUMBUS CS	\$9,685,451	900	\$10,761.61
PEOPLE FOR PEOPLE CS	\$5,616,118	530	\$10,596.45

Cyber School Funding

School District	Total ESSER II & III Funding	Total Enrollment	ESSER II and III Per Student
ASPIRA BILINGUAL CYBER CS	\$4,268,250.00	450	\$9,485.00
ESPERANZA CYBER CS	\$7,385,647.00	786	\$9,396.50
AGORA CYBER CS	\$33,279,561.00	7,345	\$4,530.91
INSIGHT PA CYBER CS	\$15,137,470.00	3,911	\$3,870.49
REACH CYBER CS	\$26,307,457.00	8,138	\$3,232.67
PENNSYLVANIA CYBER CS	\$34,113,011.00	10,917	\$3,124.76

Pandemic Assumptions for 2021-2022

- **Uncertainty remains a given - Need for contingency planning and flexibility**
- **Percentage of vaccinated individuals will increase by fall**
 - Estimate that 87-90% of District personnel will be fully vaccinated by 2021-22 school year
 - Some students will have been vaccinated
- **Health and safety conditions will remain status quo or improve**
 - May allow for 3 feet of distance between desks
 - Elimination of desk shields
 - Potential of reduced quarantine requirements
 - Will result in fewer COVID PPE related expenditures
- **Instructional model**
 - In-person model will change - full 5-day in-person learning
 - Remote model will change - more details will come in future meetings

Preliminary Budget 2021-2022



Revenue Context

- Act 1 Index is set at 3.0% for 2021-22.
 - Adopted the Act 1 Resolution certifying that the District will not exceed Act 1 Index
- Revenue projections with percentage increments up to the 3.0% Act 1 index maximum are provided for consideration
- Growth in the assessed property value for the District continues between budget years.
 - Certified assessed real estate tax base increased from \$2,316,969,441 to \$2,348,592,366 (+\$31,622,925)
- State basic and special education subsidy budgeted to remain at the same levels as the current budget year.
- PSERS reimbursement from state will increase, but expenditure will also increase from 34.51% to 34.94%
 - With 50% reimbursement, net budget impact is -\$310,000
- Due to economic factors, projected investment income has been cut to \$50,000
 - When preparing 2019-20 budget, projected investment income was \$525,000

PROJECTED REVENUE 2021-22

		2020-21	2021-22	2021-22	2021-22
ACCOUNT	TITLE	Final Budget with 1.97 % Real Estate Tax increase	Projected Budget No Real Estate Tax increase	Projected Budget 2% Real Estate Tax increase	Projected Budget 3% Real Estate Tax increase
R6111	CURRENT REAL ESTATE	\$59,532,370	\$60,350,178	\$61,584,888	\$62,202,358
R6112	INTERIM REAL ESTATE	\$365,000	\$500,000	\$500,000	\$500,000
R6113	PUBLIC UTILITY REAL ESTATE	\$57,500	\$57,500	\$57,500	\$57,500
R6151	EARNED INCOME TAX	\$5,668,552	\$5,951,980	\$5,951,980	\$5,951,980
R6153	REAL ESTATE TRANSFER	\$670,000	\$700,000	\$700,000	\$700,000
R6157	MERCANTILE TAX	\$350,000	\$360,000	\$360,000	\$360,000
R6411	DEL REAL ESTATE TAX	\$575,000	\$500,000	\$500,000	\$500,000
R6451	DELINQUENT EIT & PENALTIES	\$65,000	\$65,000	\$65,000	\$65,000
R6510	INTEREST INCOME	\$100,000	\$50,000	\$50,000	\$50,000
R6710	ATHLETIC REVENUE	\$175,000	\$175,000	\$175,000	\$175,000
R6832	IDEA PASS THRU	\$550,000	\$550,000	\$550,000	\$550,000
R6990	MISC. REVENUE	\$626,000	\$240,000	\$240,000	\$240,000
R7110	BASIC INSTRUCT SUBSIDY	\$4,606,037	\$4,606,037	\$4,606,037	\$4,606,037
R7271	SPEC ED REGULAR PROGRAMS	\$1,936,261	\$2,059,785	\$2,059,785	\$2,059,785
R7310	TRANSPORTATION	\$600,000	\$850,000	\$850,000	\$850,000
R7320	RENT & SINKING FUND	\$756,000	\$749,000	\$749,000	\$749,000
R7330	HEALTH SERVICES	\$84,000	\$84,000	\$84,000	\$84,000
R7340	STATE PROP TAX REDUCTION	\$1,390,372	\$1,390,372	\$1,390,372	\$1,390,372
R7361	SCHOOL SAFETY PCCD	\$276,547	\$0	\$0	\$0
R7505	READY TO LEARN BLOCK GRANT/OTHER GRANTS	\$332,045	\$332,045	\$332,045	\$332,045
R7810	SOCIAL SECURITY REIMBURSEMENT	\$1,518,064	\$1,574,419	\$1,574,419	\$1,574,419
R7820	RETIREMENT REIMBURSEMENT	\$6,831,086	\$7,159,488	\$7,159,488	\$7,159,488
R8000's	FEDERAL SUBSIDY	\$481,027	\$481,027	\$481,027	\$481,027
9100	NET PROCEEDS FROM REFUNDING OF BONDS	\$0	\$0	\$0	\$0
9400	SALE OR COMPENSATION FOR LOSS OF FIXED ASSETS	\$0	\$0	\$0	\$0
TOTAL REVENUES		\$87,545,861	\$88,785,831	\$90,020,541	\$90,638,011
BUDGET DEFICIT BASED ON PRELIMINARY PROJECTIONS			(3,095,447)	(1,860,737)	(1,243,268)

Proposed Revenue Sources

REVENUE SOURCE	2020-21 BUDGET WITH 1.97% MILLAGE INCREASE	2021-22 BUDGET WITH 3.0% MILLAGE INCREASE	PERCENTAGE OF BUDGET
LOCAL	\$68,734,422	\$70,734,368	78.58%
STATE	\$18,330,412	\$18,805,146	20.89%
FEDERAL	\$481,027	\$481,027	0.53%
TOTAL REVENUE	\$87,545,861	\$90,020,541	100.00%

Real Estate Tax

PROJECTED REVENUE 2021-22					
		2020-21 Final Budget with 1.97 % Real Estate Tax increase	2021-22 Projected Budget <u>No</u> Real Estate Tax increase	2021-22 Projected Budget <u>2%</u> Real Estate Tax increase	2021-22 Projected Budget <u>3%</u> Real Estate Tax increase
ACCOUNT	TITLE				
R6111	CURRENT REAL ESTATE	\$59,532,370	\$60,350,178	\$61,584,888	\$62,202,358

Each half percent (.5%) of millage increase represents approximately \$308,000 in revenue.

Millage Impact On Cumulative Revenue

Tax/Revenue Impact vs. 3.0 %

% millage increase for 2021-22	Increase in 2021-22 real estate taxes for an assessed home of \$250k.	Revenue reduction in 2021-22 below 3.0% (1 year impact)	Cumulative reduction of revenue in 2026-27 (5 year impact)	Cumulative reduction of revenue in 2031-32 (10 year impact)
0%	No increase	(\$1,852,180)	(\$9,638,819)	(\$20,280,854)
2%	\$11/month	(\$617,470)	(\$3,213,339)	(\$6,761,124)
3%	\$17/month	-	-	-

- The chart above uses a 3.0% tax increase as a baseline to calculate revenue reduction.
- The current budget, with a 3.0% tax increase would still leave a deficit of \$1,243,268.
- Assumes 2% average annual millage rate increase moving forward

New Revenue Sources

Source	Amount	Budget Application
Federal Grants	Total \$ 1.291 million \$825,000 (ESSR II & II)	One-time Pandemic related expenditures
Bond refinance savings	\$3.94 million the last 4 years	PSERS liability & capital expenditures
Bond refinance savings	Potential savings in 2021-22 refinancing 2016 bonds	Would use to help offset capital expenditures or budget deficit
Sale of mobile carrier leases	\$1.1 million	Offset funding of capital projects

Proposed Expenditures by Object

Object	Account Title	2020-2021 Budget	2021-2022 Budget Request	Change
100	Salaries	39,818,645	41,186,652	1,368,007
200	Benefits	24,522,742	26,084,454	1,561,712
300	Contracted Services	2,910,690	3,073,214	162,524
400	Purchased Services	1,484,277	1,624,663	140,386
500	Other Purchased Services	4,085,639	4,128,893	43,254
600	Books & Supplies	4,330,391	4,488,149	157,758
700	Equipment	161,971	106,271	(55,700)
800	Misc. Fees	5,290,243	5,376,868	86,625
900	Other Uses	5,194,620	5,812,114	617,494
TOTAL		\$87,799,218	\$91,881,278	\$4,082,060

Expenditure Items of Note: Contractual Obligations

- Salaries, benefits, and debt payments comprise approximately 85% of total budget.
 - Represented Salaries \$33,434,588 (37% of the budget)
 - Benefits for the represented employees \$20,828,497 (22% of the budget)
 - 60% of budgeted expenditures are controlled by bargaining agreements.

- Significant increases by line items:
 - Professional staff contractual salary: +\$727,000
 - Medical benefits (5% increase): +~\$350,000
 - PSERS net contribution: +\$310,000

Expenditure Items of Note: Other Expenses

- Short term capital leases increasing \$269,000
 - Includes purchases/leases for bus replacement and technology equipment
- Long-term financing increasing \$340,000
 - Includes HS paving, Truxton hillside and Boyce turf projects, as well as current debt
- Staffing levels are being examined with a recommendation to follow in May

Proposed Final Budget

Deficit summary based on tax increase percentage

Deficit Projection as presented 4/12/2021	2021-22 BUDGET	2021-22 BUDGET	2021-22 BUDGET
	<u>No</u> Tax Increase	<u>2.0%</u> Tax Increase	<u>3.0%</u> Tax Increase
REVENUES	\$88,785,831	\$90,020,541	\$90,638,011
EXPENDITURES	\$91,881,278	\$91,881,278	\$91,881,278
TOTAL DEFICIT	(\$3,095,447)	(\$1,860,737)	(\$1,243,268)

At this time last year, with an Act 1 maximum increase of 2.6%, the District was facing a \$1,357,816 deficit.

The Role of Fund Balance

- Fund balance is difference between assets and liabilities in a government fund
- A positive fund balance allows schools to:
 - avoid excessive short term borrowing thereby avoiding associated interest cost
 - accumulate sufficient assets to make designated purchases or cover unforeseen expenditure needs
 - demonstrate financial stability and therefore preserve or enhance its bond rating, thereby lowering debt issuance costs
- Act 48 of 2003 limits Unreserved Undesignated Fund Balance to eight percent (8%) as a percentage of Total Budgeted Expenditures

Fund Balance Summary

FUND BALANCE Year Ended June 30	Net Income/(Loss)	Ending Unassigned Fund Balance	Total Reserved and Designated Fund Balance	TOTAL FUND BALANCE
2013	\$900,760	\$4,316,992	1,847,112	\$6,164,104
2014	(\$1,124,849)	\$3,139,764	1,899,491	\$5,039,255
2015	(\$979,550)	\$2,579,740	1,479,959	\$4,059,699
2016	(\$558,340)	\$2,008,257	1,493,102	\$3,501,359
2017	\$1,278,595	\$3,326,881	1,453,075	\$4,779,956
2018	\$1,786,604	\$3,858,810	2,697,750	\$6,556,560
2019	\$2,475,367	\$5,568,583	3,473,342	\$9,041,925
2020	\$371,659	\$5,863,584	3,550,000	\$9,413,584

Using fund balance for recurring expenditures is not recommended for long-term financial stability.

Next Steps



Next Steps In The Budget Process

- Review all budget categories to yield additional reductions
- Examine potential for realignment of staffing and resources
- Continue to evaluate taxing options
- Examine process re-engineering to drive cost efficiencies
- Monitor and evaluate the impact of the pandemic
- Continue to work with local and state officials to advocate for USCSD
- Balance options to ensure long-term financial health for the district

Budget Timeline

- April 12, 2021 - Budget Overview
- April 27, 2021 - Detailed Budget Presentation
- May 10, 2021 - Budget Update
- May 24, 2021 - Adopt 2021-2022 Final Budget
- June 7, 2021 - Budget Update
- June 28, 2021 - Final Budget

Questions?

