

# Upper St. Clair School District

## **Preliminary Overview**

### **2015-16 General Fund Budget**

**March 9, 2015**



Customizing Learning,  
Nurturing Potential...  
Delivering Excellence



# 2015-16 Governor Wolf's Budget Address

March 3, 2015

- **Key Highlights for K-12 – Governor's Proposal:**
  - \$400 million increase to Basic Education Funding
  - \$100 million increase to Special Education Funding
  - \$160 million in savings to school districts on their cyber charter school tuition costs by setting a flat rate for cyber charter tuition of \$5,950 per regular education student
  - Restores Accountability Block Grant funding
  - \$3.8 billion in property tax relief across Pennsylvania starting in 2016-2017
- **Proposed Pension reform**
  - \$1.3 billion reduction in state funding requirements over the next 5 yrs from a reduction/elimination in fees to investment managers
  - Refinancing \$3 billion of state pension debt at lower rates
  - \$185 million in new revenue from liquor modernization proposal

# 2015-16 Governor's Budget Impact

	<b>Budget 2014-15</b>	<b>Preliminary Budget 2015-16</b>	<b>Governor's Budget Address on 3/3/15</b>	<b>Estimated Increase (Decrease)</b>
Basic Instruction Subsidy	\$4,076,055	\$4,076,055	<b>\$4,476,862</b>	\$400,807
Special Ed Regular Programs	\$1,751,309	\$1,751,309	<b>\$1,950,834</b>	\$199,525
<b>Total</b>	<b>\$5,827,364</b>	<b>\$5,827,364</b>	<b>\$6,427,696</b>	<b>\$600,332</b>
<i>Possible Charter School Cost Reduction</i>			<b>\$116,560</b>	

# 2015-16

## Budget Exceptions – As Filed

<b><i>Budget Exceptions as filed with the PDE on February 25, 2015</i></b>	<b>2015-16</b>	<b>Millage Impact</b>	<b>Per \$200,000 Assessed Value</b>	<b>Average Single Family Home Assessed Value = \$265,791 (6,659 single family homes)</b>
Act 1 Index of 1.9%	\$883,391	0.4217	\$84	\$112
Pension Exception	\$577,127	0.2755	\$55	\$73
Special Education Exception	\$298,802	0.1426	\$29	\$38
<b><i>Total Maximum Tax Increase Allowed</i></b>	<b><i>\$1,759,320</i></b>	<b><i>0.8398</i></b>	<b><i>\$168</i></b>	<b><i>\$223</i></b>
<b><i>Monthly Impact</i></b>			<b><i>\$14</i></b>	<b><i>\$19</i></b>



# Historical Review

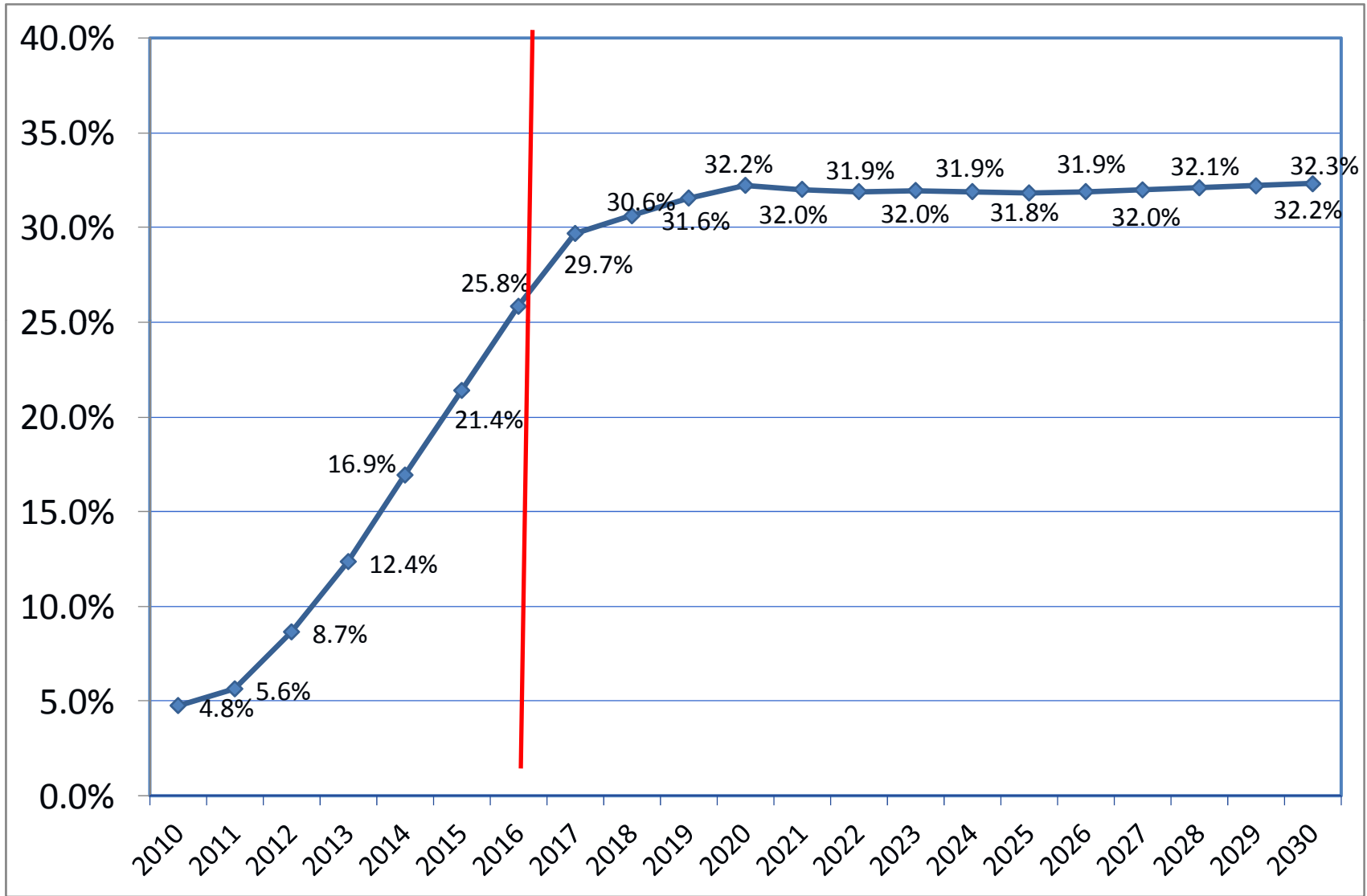
										\$86,170	\$264,925	\$209,342	\$560,437		
Advancement Revenues															
Revenues:	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	Change in \$	Change in %	Average Annual % Change	
<b>Total Revenues</b>	<b>\$46,559,218</b>	<b>\$49,237,534</b>	<b>\$52,049,467</b>	<b>\$53,864,926</b>	<b>\$54,615,998</b>	<b>\$54,833,526</b>	<b>\$57,183,848</b>	<b>\$61,172,050</b>	<b>\$61,039,819</b>	<b>\$63,812,905</b>	<b>\$64,552,257</b>	<b>\$17,253,687</b>	<b>38.6%</b>	<b>3.9%</b>	
<i>Annual Rate of Change</i>	10.41%	5.75%	5.71%	3.49%	1.39%	0.40%	4.29%	6.97%	-0.22%	4.54%	1.16%				
<i>Enrollment</i>	4,174	4,127	4,148	4,109	4,115	4,107	4,098	4,089	4,121	4,189	4,133		-1.0%	-0.1%	
<b>Expenditures:</b>															
Regular Instructional Services (1100)	\$22,847,738	\$23,369,258	\$23,467,996	\$23,750,743	\$24,459,770	\$24,665,402	\$24,402,378	\$25,114,352	\$25,860,262	\$25,417,306	\$25,943,827	\$3,012,524	13.6%	1.4%	
Special Instructional Services (1200)	\$4,166,159	\$4,683,627	\$5,546,215	\$5,890,253	\$6,356,746	\$6,764,338	\$7,093,609	\$7,204,989	\$7,317,471	\$7,354,909	\$7,868,039	\$3,151,312	88.9%	8.9%	
Vocational and Other Instructional Services (1300 & 1400)	\$313,426	\$204,835	\$225,230	\$259,331	\$270,156	\$293,300	\$357,162	\$334,807	\$303,828	\$291,709	\$294,459	(\$9,598)	-6.1%	-0.6%	
Pupil Instructional Services (2100)	\$1,501,082	\$1,508,399	\$1,346,649	\$1,497,134	\$1,478,511	\$1,508,122	\$1,563,993	\$1,726,034	\$1,637,289	\$1,786,190	\$1,929,211	\$136,207	28.5%	2.9%	
Instructional Support Services (2200)	\$1,672,562	\$1,990,379	\$2,046,177	\$2,087,938	\$2,017,376	\$2,123,552	\$2,338,082	\$2,234,189	\$2,235,265	\$2,149,567	\$2,325,034	\$562,703	39.0%	3.9%	
<b>Total Instructional Services</b>	<b>\$30,500,967</b>	<b>\$31,756,498</b>	<b>\$32,632,267</b>	<b>\$33,485,399</b>	<b>\$34,582,559</b>	<b>\$35,354,714</b>	<b>\$35,755,224</b>	<b>\$36,614,371</b>	<b>\$37,354,115</b>	<b>\$36,999,681</b>	<b>\$38,360,570</b>	<b>\$6,853,148</b>	<b>25.8%</b>	<b>2.6%</b>	
Administration (2310,2330,2360,2380,2500,2800)	\$3,986,385	\$4,028,796	\$4,163,550	\$4,272,490	\$4,025,692	\$4,474,019	\$4,559,599	\$4,955,720	\$5,083,183	\$5,406,552	\$5,368,612	\$1,096,798	34.7%	3.5%	
Pupil Health Services (2400)	\$492,737	\$428,864	\$470,139	\$473,024	\$486,826	\$470,726	\$481,500	\$517,727	\$570,108	\$564,866	\$501,445	\$77,371	1.8%	0.2%	
Operation and Maintenance of plant (2600)	\$4,665,555	\$4,960,888	\$5,270,438	\$5,552,034	\$5,378,944	\$5,915,347	\$5,939,094	\$6,324,482	\$6,793,864	\$6,844,441	\$7,305,244	\$2,128,309	56.6%	5.7%	
Student Transportation Services (2700)	\$1,960,949	\$1,909,672	\$2,155,523	\$2,308,465	\$2,621,629	\$3,103,035	\$3,362,595	\$3,618,017	\$3,628,037	\$3,793,293	\$3,795,140	\$1,667,088	93.5%	9.4%	
Student Activities (3200)	\$1,173,101	\$1,114,318	\$1,061,832	\$1,153,090	\$1,107,446	\$1,159,453	\$1,127,994	\$1,221,819	\$1,258,605	\$1,304,288	\$1,346,074	\$85,504	14.7%	1.5%	
All Other, Including Debt Service	\$4,453,334	\$5,042,795	\$4,723,034	\$4,773,744	\$6,208,097	\$4,986,797	\$6,083,634	\$8,410,998	\$6,260,224	\$7,999,024	\$9,000,021	\$1,806,890	102.1%	10.2%	
<b>All Other Expenses</b>	<b>\$16,732,061</b>	<b>\$17,485,333</b>	<b>\$17,844,516</b>	<b>\$18,532,847</b>	<b>\$19,828,634</b>	<b>\$20,109,377</b>	<b>\$21,554,416</b>	<b>\$25,048,763</b>	<b>\$23,594,021</b>	<b>\$25,912,464</b>	<b>\$27,316,536</b>	<b>\$6,861,960</b>	<b>63.3%</b>	<b>6.3%</b>	
<b>Total Expenditures</b>	<b>\$47,233,028</b>	<b>\$49,241,831</b>	<b>\$50,476,783</b>	<b>\$52,018,246</b>	<b>\$54,411,193</b>	<b>\$55,464,091</b>	<b>\$57,309,640</b>	<b>\$61,663,134</b>	<b>\$60,948,136</b>	<b>\$62,912,145</b>	<b>\$65,677,106</b>	<b>\$13,715,108</b>	<b>39.0%</b>	<b>3.9%</b>	
<i>Annual Rate of Change</i>	9.5%	4.3%	2.5%	3.1%	4.6%	1.9%	3.3%	7.6%	-1.2%	3.2%	4.4%				
<b>Excess of Revenues over Expenditures</b>	<b>(\$673,810)</b>	<b>(\$4,297)</b>	<b>\$1,572,684</b>	<b>\$1,846,680</b>	<b>\$204,805</b>	<b>(\$630,565)</b>	<b>(\$125,792)</b>	<b>(\$491,084)</b>	<b>\$91,683</b>	<b>\$900,760</b>	<b>(\$1,124,849)</b>	<b>\$3,538,579</b>			
<b>Unassigned Fund Balance</b>	<b>\$1,652,326</b>	<b>\$1,594,396</b>	<b>\$3,067,333</b>	<b>\$4,015,153</b>	<b>\$4,589,495</b>	<b>\$3,114,715</b>	<b>\$3,909,726</b>	<b>\$3,426,177</b>	<b>\$3,035,671</b>	<b>\$4,316,992</b>	<b>\$3,139,761</b>				
<i>% of Expenditures</i>	3.5%	3.2%	6.1%	7.7%	8.4%	5.6%	6.8%	5.6%	5.0%	6.9%	4.8%				
<b>Total Fund Balance</b>	<b>\$2,799,225</b>	<b>\$2,794,928</b>	<b>\$4,367,612</b>	<b>\$6,214,294</b>	<b>\$6,419,097</b>	<b>\$5,788,532</b>	<b>\$5,662,740</b>	<b>\$5,171,656</b>	<b>\$5,263,339</b>	<b>\$6,164,099</b>	<b>\$5,039,250</b>				

Source – Audited financial statements.

# 2015-16 Proposed Budget

- Key cost drivers in 2015-16:
  - Salaries - \$1.6 million
  - PSERS (net of reimbursement) - \$900,000
  - 1:1 iPad Initiative for Grades 5, 6 and 7 - \$780,000 (\$275,000/yr. lease payment for 3 yrs.)
  - Contracted Special Ed Services - \$300,000
  - Health care cost - \$300,000 (2.75% increase)
  - Central Office lease - \$38,500
  - Continued staff support for the 1:1 iPad initiative
- No additional debt service or revenue for any major capital endeavor is included

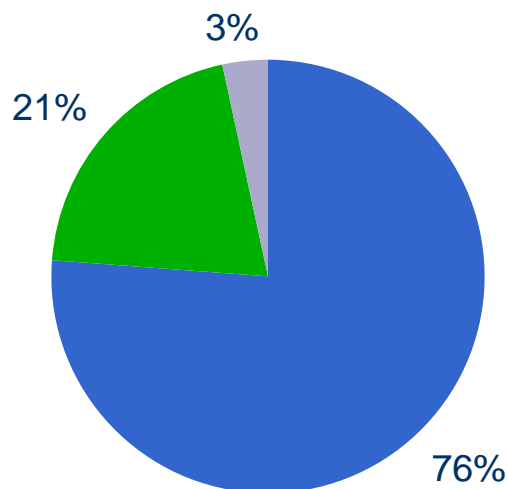
# PSERS State-Mandated Employer Rates





# 2015-16 Proposed Budget

<i>Includes Tax Increase of 1.9% Act 1 Index plus the Estimated Budget Exceptions - Total Increase of .8398 Mills</i>		Actual 2013-14	Final Budget 2014-15	Proposed Budget 2015-16	\$ Increase (Decrease)	% Increase	Comments
Local Revenues		\$49,257,456	\$52,467,497	\$54,761,666	\$2,294,169	4.4%	Real estate revenues increase by .8398 mills, higher assessments, new construction and 3% EIT growth
State Revenues		\$13,018,569	\$14,457,201	\$15,918,588	\$1,461,387	10.1%	Increase related to higher PSERS reimbursements and increase BEF and SEF funding per Governor Wolf's proposed budget
Federal Revenues		\$2,276,232	\$2,200,633	\$2,100,633	(\$100,000)	-4.5%	Decrease related to federal funding for ACCESS
<b>Total Revenues</b>		<b>\$64,552,257</b>	<b>\$69,125,331</b>	<b>\$72,780,887</b>	<b>\$3,655,556</b>	<b>5.3%</b>	



■ Local ■ State ■ Federal

# 2015-16 Proposed Budget

- Staffing Update – Retirements
  - 4 Professional positions announced including 1 mid-year retirement
    - By building:
      - 1 at Ft. Couch
      - 1 at Baker
      - 1 at Eisenhower
      - 1 at Streams
    - By discipline:
      - 2 Elementary Teachers
      - 1 Middle Level English Teacher
      - 1 Elementary Guidance Counselor
- Replacements costs are assumed in the current 2015-16 budget draft - savings estimated at \$200,000 for the 4 retirements

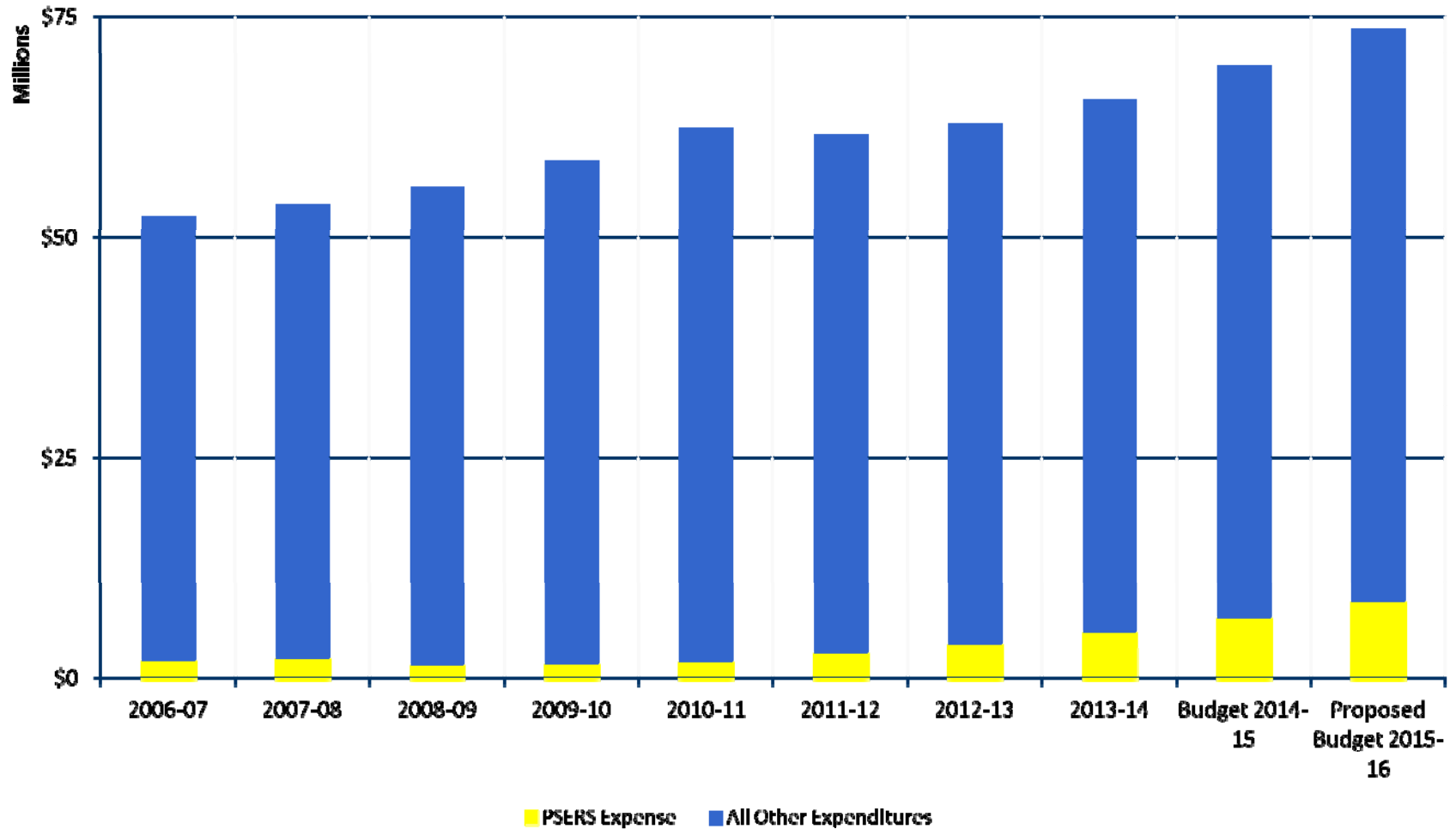
# 2015-16 Proposed Budget

	Actual 2013-14	Final Budget 2014-15	Proposed Preliminary Budget 2015-16	Change from 14-15 Budget	% Change	Key Explanations
<b>Revenue</b>	<b>\$64,552,257</b>	<b>\$69,125,331</b>	<b>\$72,780,887</b>	<b>\$3,655,556</b>	<b>5.3%</b>	<i>Includes Tax Increase for Act 1 and Budget Exceptions</i>
<b>Expenses</b>						
100 Salaries	\$30,989,181	\$31,800,846	\$33,415,028	\$1,614,183	5.1%	<i>4 retirements with staff replacements and the continued professional support for the iPad initiative</i>
200 Benefits	\$14,637,911	\$16,808,061	\$18,608,589	\$1,800,528	10.7%	<i>PSERS rate and health care cost increases</i>
300 Contracted Services	\$3,706,004	\$3,784,367	\$4,134,040	\$349,673	9.2%	<i>Special education outside placements</i>
400 Purchased Services	\$1,733,022	\$1,567,210	\$1,704,849	\$137,639	8.8%	
500 Other Purchased Services	\$2,803,877	\$2,931,596	\$3,065,584	\$133,989	4.6%	
600 Books and Supplies	\$1,849,699	\$2,023,892	\$2,011,235	(\$12,657)	-0.6%	
700 Equipment	\$807,119	\$1,251,206	\$1,460,338	\$209,132	16.7%	<i>Technology investment for remaining iPads in grades 5, 6 and 7</i>
800 Miscellaneous Fees	\$6,018,971	\$6,303,290	\$6,304,663	\$1,373	0.0%	<i>Debt service - interest</i>
900 Other Uses	\$3,115,144	\$3,054,420	\$2,994,420	(\$60,000)	-2.0%	<i>Debt service - principal</i>
<b>Total Expenses</b>	<b>\$65,660,928</b>	<b>\$69,524,888</b>	<b>\$73,698,746</b>	<b>\$4,173,858</b>	<b>6.0%</b>	
<b>Revenues Less Expenses</b>	<b>(\$1,108,670)</b>	<b>(\$399,557)</b>	<b>(\$917,859)</b>			
<i>PSERS Reserve</i>		<i>\$400,000</i>				
<b>Estimated Budget Outcome</b>	<b>(\$1,108,670)</b>	<b>\$443</b>	<b>(\$917,859)</b>			

# Historical Expenditure Review

## Total Expenditures

(in Millions) \$52.3    \$53.7    \$55.7    \$58.6    \$62.4    \$61.7    \$62.9    \$65.7    \$69.5    \$73.7



# Long Term Projections

<i>Forecast Reflecting the most recent PSERS Projections</i>	<b>Actual 2013- 14</b>	<b>Budget 2014- 15</b>	<i>Proposed Budget 2015- 16</i>	<b>2016-17</b>	<b>2017-18</b>	<b>2018-19</b>	<b>2019-20</b>
<b>Total Revenues</b>	\$64,552,257	\$69,125,331	\$72,780,887	\$75,156,504	\$77,063,863	\$79,026,697	\$80,994,599
<b>Total Expenditures</b>	\$65,660,928	\$69,524,888	\$73,698,746	\$77,292,454	\$79,655,453	\$82,144,764	\$84,616,882
<b>Budget Outcome*</b>	<b>(\$1,108,670)</b>	<b>\$443</b>	<b>(\$917,859)</b>	<b>(\$2,135,950)</b>	<b>(\$2,591,590)</b>	<b>(\$3,118,067)</b>	<b>(\$3,622,283)</b>
<i>Millage Increase, Including Act 1 Index Increase of 1.9%</i>	<i>0.000</i>	<i>0.783</i>	<i>0.840</i>	<i>0.438</i>	<i>0.446</i>	<i>0.454</i>	<i>0.463</i>
<b>* State-mandated PSERS Expenditures, Net of Reimbursement</b>	<b>\$2,736,892</b>	<b>\$3,389,850</b>	<b>\$4,284,922</b>	<b>\$5,094,321</b>	<b>\$5,395,344</b>	<b>\$5,710,340</b>	<b>\$5,987,823</b>
PSERS Employer Rate	16.93%	21.40%	25.84%	29.69%	30.62%	31.56%	32.23%
<b>Millage Required for PSERS</b>	<b>1.341</b>	<b>1.634</b>	<b>2.045</b>	<b>2.419</b>	<b>2.548</b>	<b>2.682</b>	<b>2.797</b>
<i>Net Millage increase due to PSERS - year over year</i>	<i>0.703</i>	<i>0.716</i>	<i>0.427</i>	<i>0.384</i>	<i>0.142</i>	<i>0.148</i>	<i>0.130</i>

**Note: 2008-09 PSERS Employer Rate was 4.76% and the State-mandated PSERS expenditure (net of reimbursement) was \$1.1 million.**

# Long Term Projections

<b>Act 1 Increase of .42 mills only</b>	<b>Actual 2012-13</b>	<b>Actual 2013-14</b>	<b>Budget 2014-15</b>	<b>Proposed Budget 2015-16</b>	<b>2016-17</b>	<b>2017-18</b>	<b>2018-19</b>	<b>2019-20</b>
<b>Total Revenues</b>	\$63,812,907	\$64,552,257	\$69,125,331	\$71,926,934	\$74,281,627	\$76,167,549	\$78,108,421	\$80,053,823
<b>Total Expenditures</b>	\$62,912,146	\$65,660,928	\$69,524,888	\$73,698,746	\$77,292,454	\$79,655,453	\$82,144,764	\$84,616,882
<b>Budget Outcome*</b>	<b>\$900,762</b>	<b>(\$1,108,670)</b>	<b>\$443</b>	<b>(\$1,771,812)</b>	<b>(\$3,010,827)</b>	<b>(\$3,487,904)</b>	<b>(\$4,036,343)</b>	<b>(\$4,563,059)</b>
<i>Millage Increase</i>	1.618	0.000	0.783	0.422	0.430	0.438	0.446	0.455
<b>Act 1 Increase of .42 mills + Budget Exceptions of .20 mills</b>	<b>Actual 2012-13</b>	<b>Actual 2013-14</b>	<b>Budget 2014-15</b>	<b>Proposed Budget 2015-16</b>	<b>2016-17</b>	<b>2017-18</b>	<b>2018-19</b>	<b>2019-20</b>
<b>Total Revenues</b>	\$63,812,907	\$64,552,257	\$69,125,331	\$72,335,426	\$74,700,128	\$76,596,305	\$78,547,683	\$80,503,848
<b>Total Expenditures</b>	\$62,912,146	\$65,660,928	\$69,524,888	\$73,698,746	\$77,292,454	\$79,655,453	\$82,144,764	\$84,616,882
<b>Budget Outcome*</b>	<b>\$900,762</b>	<b>(\$1,108,670)</b>	<b>\$443</b>	<b>(\$1,363,320)</b>	<b>(\$2,592,326)</b>	<b>(\$3,059,148)</b>	<b>(\$3,597,082)</b>	<b>(\$4,113,034)</b>
<i>Millage Increase</i>	1.618	0.000	0.783	0.622	0.434	0.442	0.450	0.459
<b>Act 1 Increase of .42 mills + Budget Exceptions of .42 mills</b>	<b>Actual 2012-13</b>	<b>Actual 2013-14</b>	<b>Budget 2014-15</b>	<b>Proposed Budget 2015-16</b>	<b>2016-17</b>	<b>2017-18</b>	<b>2018-19</b>	<b>2019-20</b>
<b>Total Revenues</b>	\$63,812,907	\$64,552,257	\$69,125,331	\$72,780,887	\$75,156,504	\$77,063,863	\$79,026,697	\$80,994,599
<b>Total Expenditures</b>	\$62,912,146	\$65,660,928	\$69,524,888	\$73,698,746	\$77,292,454	\$79,655,453	\$82,144,764	\$84,616,882
<b>Budget Outcome*</b>	<b>\$900,762</b>	<b>(\$1,108,670)</b>	<b>\$443</b>	<b>(\$917,859)</b>	<b>(\$2,135,950)</b>	<b>(\$2,591,590)</b>	<b>(\$3,118,067)</b>	<b>(\$3,622,283)</b>
<i>Millage Increase</i>	1.618	0.000	0.783	0.840	0.438	0.446	0.454	0.463



# 2015-16 Proposed Budget

- Next Steps
  - Continued due diligence through May includes:
    - Revenues from ACCESS funds – continued monitoring
    - Pension reform – continued monitoring
    - Staffing and enrollment
    - Class size considerations
    - Redeployment of resources
    - Scheduling and electives
    - Programming and technology
    - Contracted services
    - Administrative support
    - Operational reviews



Customizing Learning,  
Nurturing Potential...  
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**Upper St. Clair School District**

# 2015-16 Proposed Budget

## Q & A