

Fox Chapel Area School District

2024/25 Budget Update

Committee of the Whole Meeting - 4/8/2024

Agenda

- Budget Timeline
- 2024/25 Budget Snapshot
- Factors Influencing the Budget Process
- Key Takeaway
- Next Steps

Budget Timeline

Budget Milestones Completed:

- ★ Act 1 Index set - 5.3%
- ★ Requested Budgets due 12/8/2023
- ★ **School Board - Act 1 Resolution (12/4/2023 meeting)**

Current Step:

- ★ Preliminary Budget Revisions

Upcoming Budget Milestones:

- ★ **School Board - Proposed Final Budget (5/6/2024 meeting, due by 5/31)**
- ★ **School Board - Final Budget adoption (6/10/2024 meeting, due by 6/30)**

The Board's Goals and the Budget

- The board identified a goal of realistic budgeting resulting district expenditures closely matching district revenues (relying on district fund balances for emergencies).
- The board identified a goal to focus on maintaining the facilities after a few years of halted work due to other factors.
- The board identified a goal of slowing the growth of fixed costs.

2024/25 Preliminary Budget Snapshot

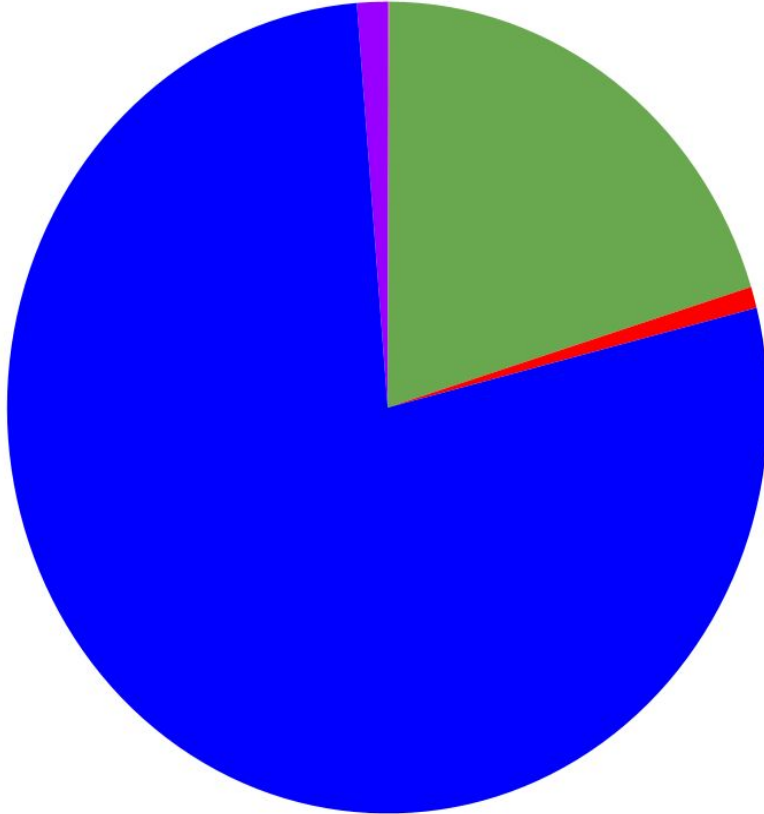
2024/25 Preliminary Budget

As of 4/8/2024

| | |
|--------------------|-----------------------|
| Revenues: | \$ 115,770,515 |
| Expenditures: | <u>\$ 118,753,331</u> |
| Net Change: | (\$ 2,982,816) |

Revenues

as of 4/8/2024



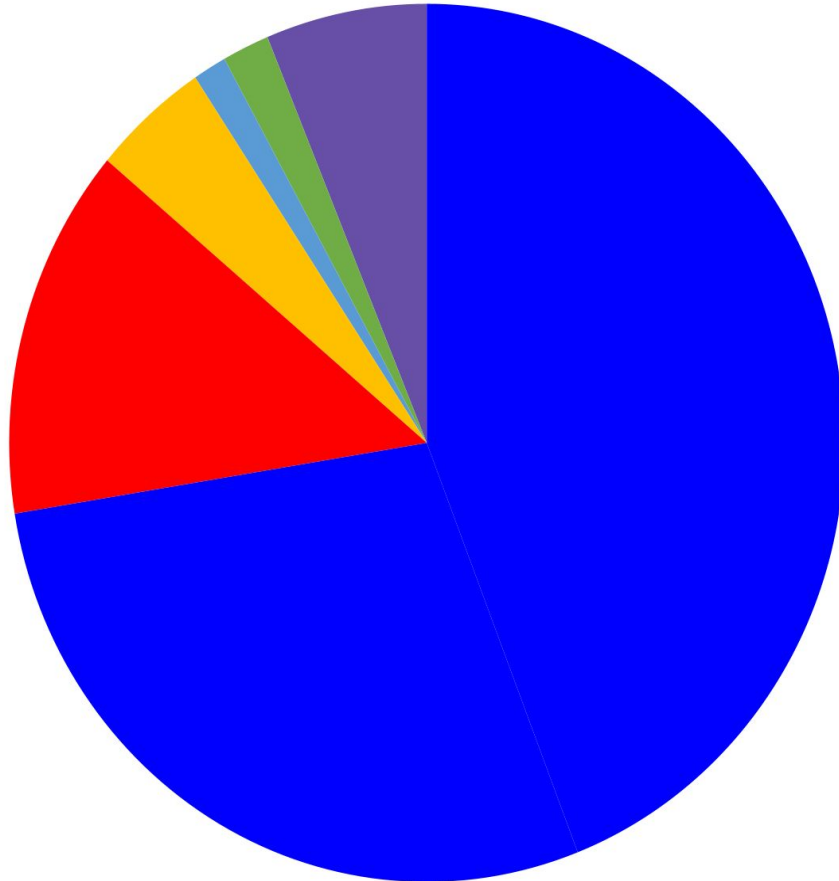
Revenues by Source:

| | | |
|--------------------------|---------------------|--------|
| Local: | \$ 89,905,193 | 77.66% |
| State: | \$ 23,322,417 | 20.15% |
| Federal: | \$ 982,905 | 0.85% |
| Other: | <u>\$ 60,000</u> | 0.05% |
| Subtotal: | \$114,270,515 | |
| Unassigned Fund Balance: | <u>\$ 1,500,000</u> | 1.30% |

Total Revenues: \$115,770,515

Expenditures

as of 4/8/2024



Expenditures by Category:

| | | |
|------------------------------|----------------------|---------------|
| Wages & Benefits: | \$ 84,895,440 | 71.49% |
| Mandated/Contracted: | \$ 16,077,915 | 13.54% |
| Debt Service: | \$ 5,302,823 | 4.47% |
| Fund Transfers: | \$ 1,525,000 | 1.28% |
| Construction/Maint: | \$ 2,138,515 | 1.80% |
| Non-Mandated: | <u>\$ 7,313,638</u> | 6.16% |
| Subtotal: | \$117,253,331 | |
| Budgetary Reserve: | <u>\$ 1,500,000</u> | 1.26% |

Total Expenditures: \$118,753,331

Expenditures

Key 2024/25 Expenditures:

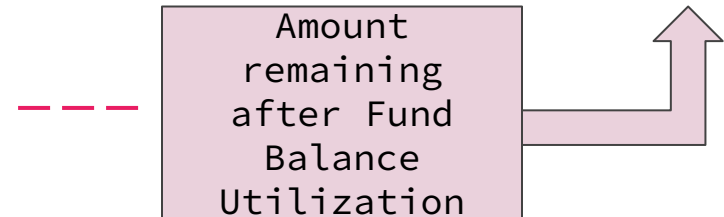
- General Fund Capital Expenditures (3% of overall budget)
 - Water line repairs
 - Sewer line repairs
 - HVAC tech upgrades
 - Building safety upgrades
 - Transfer to Capital Reserves Fund 31 for Multi-Phase Plan
- Employer Healthcare Costs
- Increased Prior Year Property Tax Refunds
- Increased Curriculum Resources

2024/25 Preliminary Budget

As of 4/8/2024

| | |
|---------------------|-----------------------|
| Total Revenues: | \$115,770,515 |
| Total Expenditures: | <u>\$118,753,331</u> |
| Net Change: | (\$ 2,982,816) |

| | |
|--|----------------------|
| Planned Fund Balance Utilization: | |
| Capital Projects: | (\$1,500,000) |
| PSERS: | <u>(\$ 400,000)</u> |
| Subtotal | (\$1,900,000) |
| | (\$3,062,742) |
| | <u>(\$1,900,000)</u> |
| Adjusted Net Change: | (\$1,082,816) |



Factors Influencing the Budget Process

Factors Influencing the Budget Process

- Assessment Value Changes
- Multi-Phase Capital Projects Plan
- Completion of ESSER Funding
- Rising Healthcare Costs
- Projected PSERS Employer Contributions
- Act 1 Index

Assessment Value Changes

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Changes to taxable assessed value can affect both revenues and expenditures

- **Increases** to assessed values can add tax revenue into the revenue budget.
- **Decreases** to assessed values can reduce tax revenue in both the current year in the form of tax refunds off of that current tax years' revenue. Projected revenues for future tax years are also reduced.
- **Decreases** to assessed values can also increase expenditures in regards to any tax refunds that may be due for prior tax years.

Prior Year Real Estate Tax Refunds (one-time increase in expenditures)

| Fiscal Year | Total Expense |
|---------------------------------|----------------------|
| 2017/18 | \$86,913.03 |
| 2018/19 | \$110,725.58 |
| 2019/20 | \$132,084.81 |
| 2020/21 | \$50,813.82 |
| 2021/22 | \$197,086.98 |
| 2022/23 | \$59,409.05 |
| 2023/24 Year to Date | \$589,424 |

2023/24 Projected Cost: \$800,000

2024/25 Preliminary Budget: \$400,000

Current Year Real Estate Tax Refunds (recurring revenue reduction)

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| Fiscal Year | Total Cost |
|---------------------------------|-------------------|
| 2017/18 | \$78,072.59 |
| 2018/19 | \$150,713.25 |
| 2019/20 | \$225,565.06 |
| 2020/21 | \$141,258.35 |
| 2021/22 | \$144,390.00 |
| 2022/23 | \$110,248.28 |
| 2023/24 Year to Date | \$480,358 |

**2023/24 Projected Revenue Reduction:
\$800,000**

**The 2024/25 Budget would need the
millage rate to increase by 1.11% to
mitigate the revenue reduction**

Multi-Phase Capital Projects Plan

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Major Recently Completed Projects:

- Fairview Boiler
- Multi-Field Turf Replacement

Current Projects:

- DMS Window Project (to be completed within 2023/24)
 - Majority will be paid with Federal ESSER Funds
- Hartwood HVAC Replacement Project (2023/24 & 2024/25 expenditures)

Multi-Phase Capital Projects Plan Estimated Costs

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Projected 2024/25 - \$8,000,000

- Hartwood Project

Projected 2025/26 - \$2,000,000

- O'Hara Project
- DMS Project
- High School Stadium Project

Projected 2026/27 & 2027/28 - \$8,000,000

- Fairview Project
- DMS Project (part 2)
- Athletics Tennis Court Project

Multi-Phase Capital Projects Plan Estimated Costs

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Projected 2028/29 & 2029/30 - \$8,000,000

- High School Project

Projected 2030/31 - \$2,650,000

- O'Hara Project (part 2)
- Dorseyville Project (part 3)

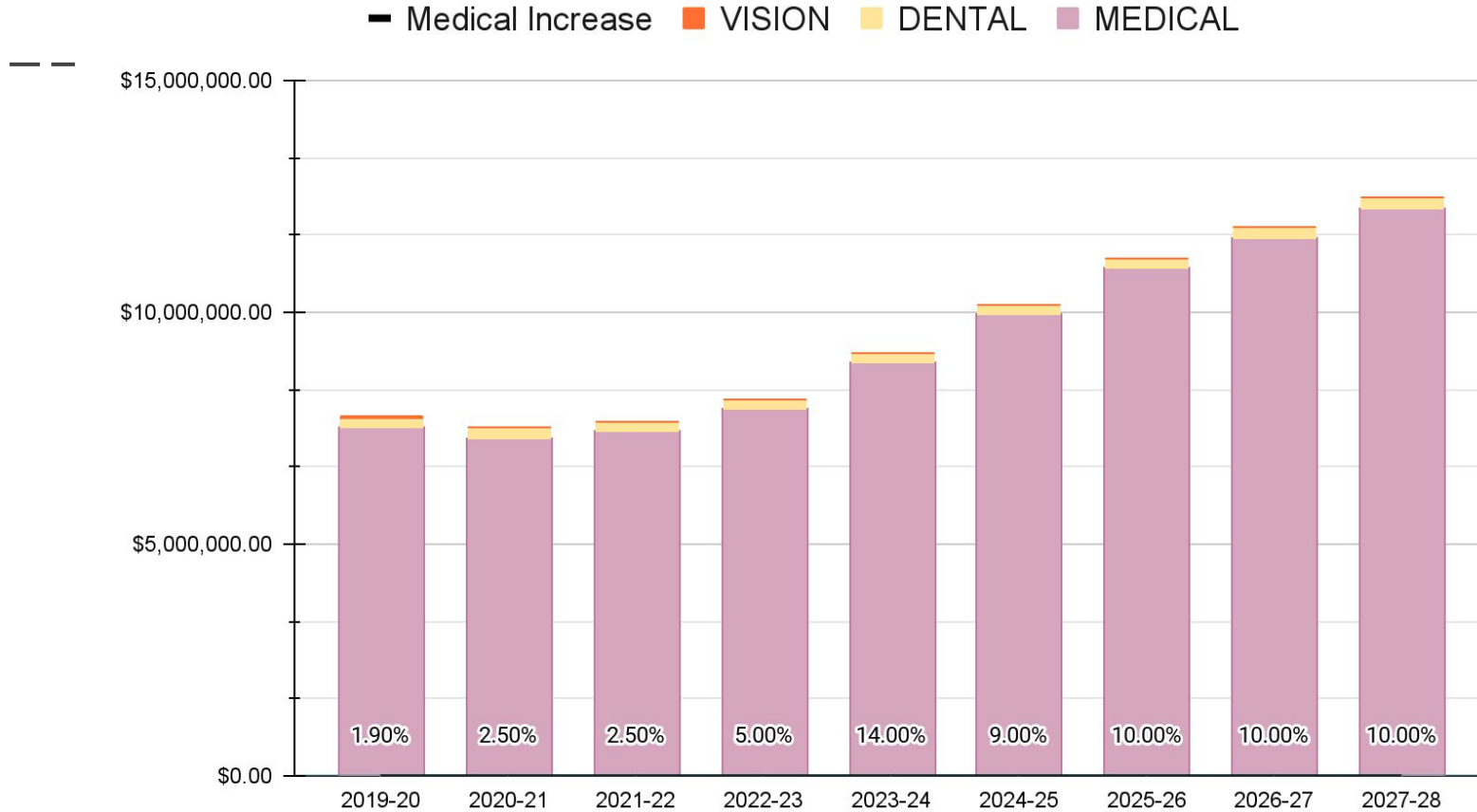
Projected 2031/32 - \$2,300,000

- Fairview Project (part 2)
- High School Project (part 2)

Completion of ESSER Funding

| Grant Name | Fiscal Years Active | Amount Awarded | 2019-20 Total Expended | 2020-21 Total Expended | 2021-22 Total Expended | 2022-23 Total Expended | 2023-24 Total Expended & Encumbered | 2024-25 Anticipated | Total Expended & Encumbered |
|--|----------------------------|----------------|------------------------|------------------------|------------------------|------------------------|-------------------------------------|---------------------|-----------------------------|
| PCCD CARES* | 19/20, 20/21 | \$277,372.00 | \$35,024.18 | \$242,347.82 | | | | | \$277,372.00 |
| PCCD 35449* | 20/21, 21/22, 22/23 | \$116,112.00 | \$0.00 | \$24,789.85 | \$90,960.69 | \$361.46 | | | \$116,112.00 |
| Emergency Connectivity Fund (ECF)* | 21/22 | \$1,254,800.68 | \$0.00 | \$0.00 | \$1,254,800.68 | | | | \$1,254,800.68 |
| GEER I | 21/22 | \$40,828.00 | \$0.00 | \$0.00 | \$40,828.00 | | | | \$40,828.00 |
| ESSER I | 20/21, 21/22 | \$348,519.00 | \$0.00 | \$306,441.59 | \$42,077.41 | | | | \$348,519.00 |
| ESSER II | 20/21, 21/22, 22/23 | \$1,548,975.00 | \$0.00 | \$182,908.19 | \$1,290,477.74 | \$75,589.07 | | | \$1,548,975.00 |
| ESSER III ARP | 21/22, 22/23, 23/24, 24/25 | \$3,133,129.00 | \$0.00 | \$0.00 | \$362,126.93 | \$737,041.17 | \$1,718,207.64 | \$231,890.00 | \$3,049,265.74 |
| ESSER III ARP Set Aside (Learning Loss) | 21/22, 22/23, 23/24 | \$173,939.00 | \$0.00 | \$0.00 | \$41,000.00 | \$99,001.29 | \$33,937.71 | | \$173,939.00 |
| ESSER III ARP Set Aside (Summer) | 21/22, 22/23 | \$34,788.00 | \$0.00 | \$0.00 | \$0.00 | \$34,788.00 | | | \$34,788.00 |
| ESSER III ARP Set Aside (AfterSchool) | 21/22, 22/23 | \$34,788.00 | \$0.00 | \$0.00 | \$22,044.83 | \$12,743.17 | | | \$34,788.00 |

Rising Healthcare Costs



Projected PSERS Employer Contributions

2024/25 Rate: 33.90%

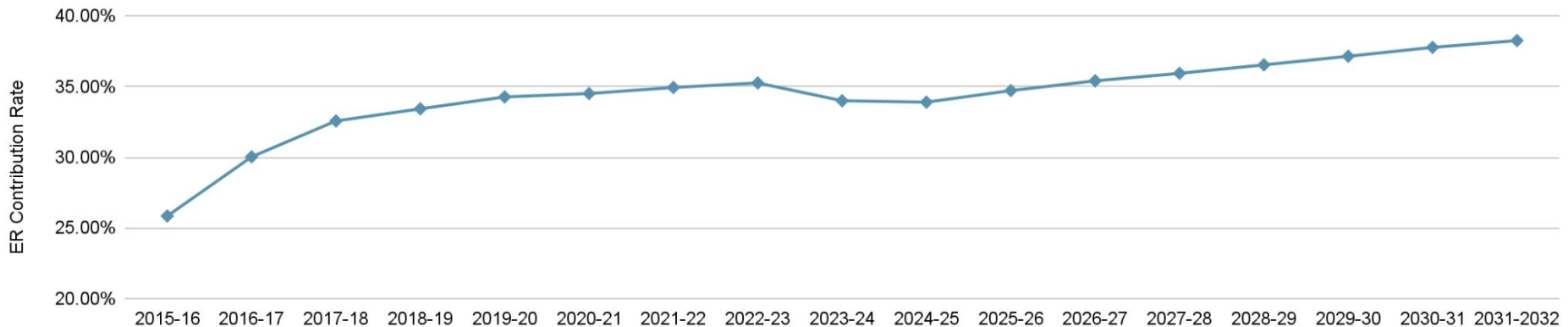
- Decrease of 0.10% from 2023/24

2024/25 Preliminary Budget = \$17,164,184

- 14% of overall budget

**Employer Cost = \$0.34
for every \$1.00 in
earnings.**

PSERS Employer Contribution Rate History & Projection

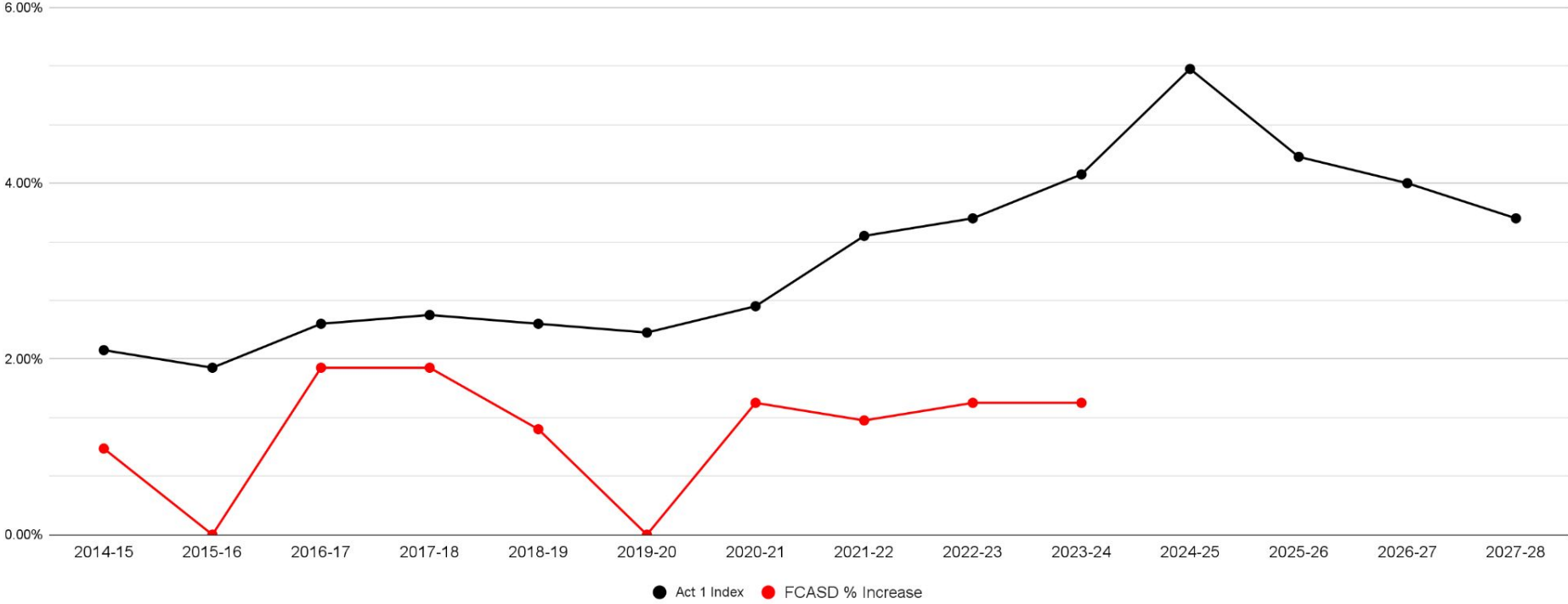


Act 1 Index - Revenue Increase Potential

2024/25 Act 1 Index = 5.3%

Full Index increase = added revenue potential of \$3.8 million

FCASD Tax Increases Compared to Act 1 Index



Factors Influencing the Budget Process

- Assessment Value Changes
- Multi-Phase Capital Projects Plan
- Completion of ESSER Funding
- Rising Healthcare Costs
- Projected PSERS Employer Contributions
- Act 1 Index

Key Takeaway

The relation between the increased Act 1 Index rate and the major factors influencing current and future years' budget processes should be taken into consideration together.



Example of Millage Increase Breakdown

| Reason | % Increase | Revenues |
|-----------------------------------|-------------------|--------------------|
| 2023/24 Revenue Replenishment | 1.11% | \$802,396 |
| 2024/25 Operating Costs | 0.39% | \$281,875 |
| Multi-Phase Capital Projects Plan | 2.77% | \$2,002,156 |
| Total Increase: | 4.27% | \$3,086,192 |

Next Steps

- Approval of Proposed Final Budget (May)
- Adoption of Final Budget (June)
- Resolution approving Homestead/Farmstead exemption



Questions?