



Harrisburg School District Preliminary 2020-2021 Budget Review & Discussion

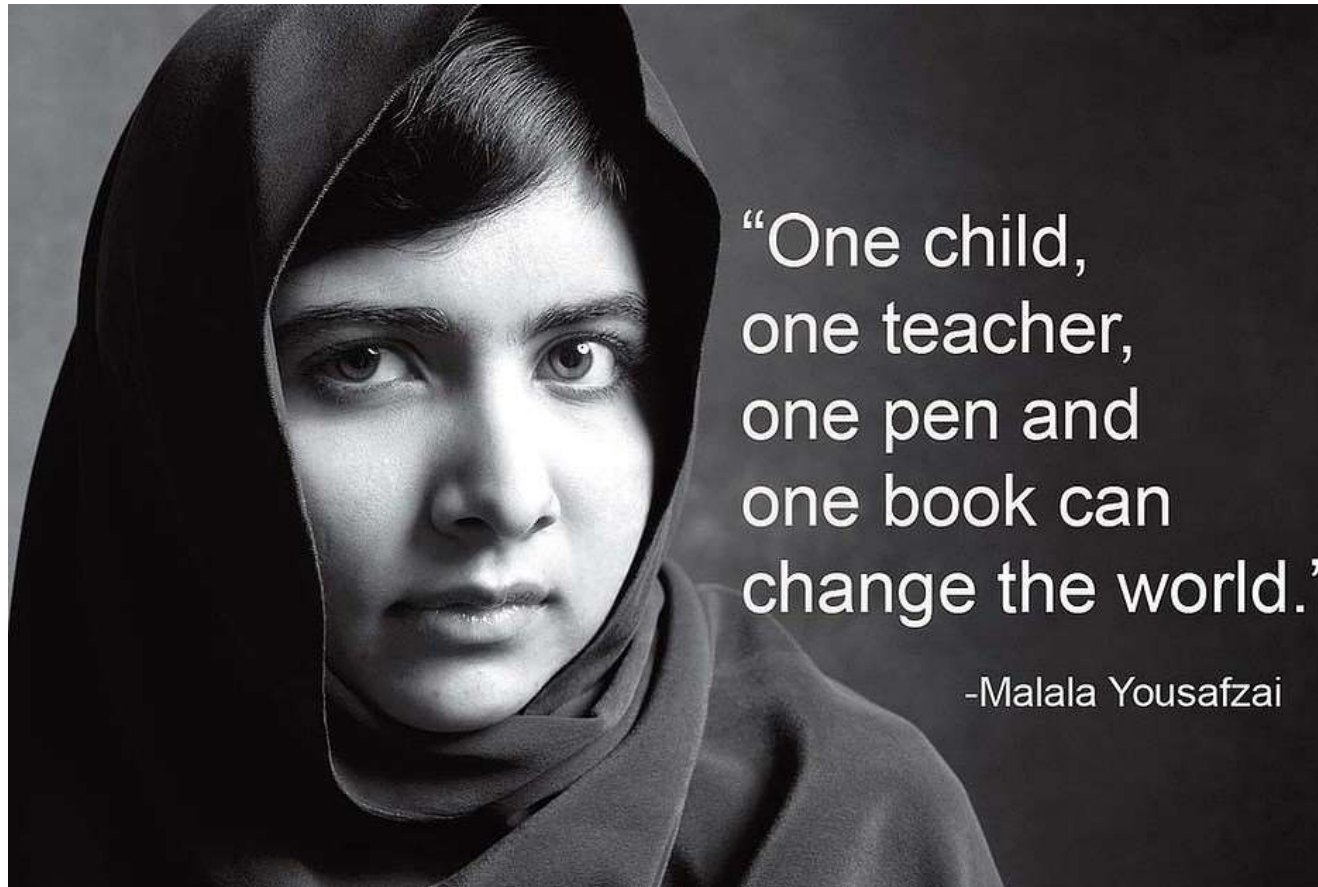
**Monday, May 11, 2020
Virtual Meeting**

AGENDA

- ❑ Opening Remarks and Executive Summary- Mr. Chris Celmer, Acting Superintendent
- ❑ Review of Revenues – Impact of COVID-19- Mr. George Longridge, Chief Financial Officer
- ❑ Review of Expenditures by Category- Ms. Sandra Edling, Special Advisor & Dr. Susan Sneath, Chief Academic Officer
- ❑ Review of Financial Strategies/Next Steps- Mr. Chris Celmer, Acting Superintendent



Budget Theme: Equity



2020-2021 Budget Summary: Feb 2020

Category	Amount
Preliminary Budget Revenue	\$ 157,616,921
Preliminary Budget Expense	157,616,921
Preliminary Budget Deficit	(\$0)

Through a series of contract renegotiations, expense reductions, and a planned comprehensive Districtwide reorganization, the District's preliminary budget figures demonstrated an initial structurally balanced budget. **Does not include a tax increase**



2020-2021 Budget Summary: May 2020

Category	Amount
Preliminary Budget Revenue	\$ 153,388,762
Preliminary Budget Expense	157,616,921
Preliminary Budget Deficit	(\$4,228,159)

Due to the COVID-19 pandemic, the District's revenues are projected to be greatly reduced. The revised budget deficit is now \$4,228,159 given these new projections.

Does not include a tax increase.



Revenue Change Summary

Category	Amount
Preliminary Budget Revenue (Feb 2020)	\$ 157,616,921
Less: COVID-19 Revenue Reductions	
Removal of Planned Subsidy Increases	1,327,567
Reduction in Expected Earned Income Tax	1,010,000
Reduction in Real Estate Tax Collection	526,765
Reduction in PILOT Tax Payments	386,342
Reduction in Real Estate Transfer Tax Collection	183,485
Reduction in Investment Earnings	600,000
Reduction in Mercantile Tax Collection	194,000
Revised Preliminary Budget Revenue	\$153,388,762



Impact of COVID-19 – State Revenues

Subsidy Type	19-20 Actual	20-21 Original Governor's Proposal	Expected Increase – No Longer Realistic due to COVID-19
Basic Education	\$ 53,791,565	\$ 54,951,426	\$ 1,159,861
Special Education	\$ 6,201,545	\$ 6,369,251	\$ 167,706

It is important to note, the Commonwealth's Independent Fiscal Office (IFO) reports a significant loss of revenue for the State which means it is *possible* that the subsidies may be reduced below 2019-2020 funding levels.



Impact of COVID-19 – Earned Income Taxes

Fiscal Year	Earned Income Taxes	Revised Projection
2017-2018	\$ 3,740,095	N/A
2018-2019	3,946,529	N/A
2019-2020	3,800,000 (Budget)	\$3,100,000 (Projected)
2020-2021	\$3,800,000 (Orig Budget)	\$2,790,000 (Revised Proj)

The District is monitoring the Unemployment Compensation Claims within the past 1.5 months.



Impact of COVID-19 – Real Estate Taxes

Fiscal Year	Earned Income Taxes	Revised Projection
2017-2018	\$ 36,025,926	N/A
2018-2019	37,761,942	N/A
2019-2020	39,387,815 (Budget)	\$39,145,938 (Projected)
2020-2021	\$ 39,387,815 (Orig Budget)	\$ 38,860,950 (Revised Proj)

The proposed budget reflects an average collection percentage of 85%, down from 87% in 2019-2020.



Impact of COVID-19 – Mercantile Taxes

Fiscal Year	Earned Income Taxes	Revised Projection
2017-2018	\$ 1,877,656	N/A
2018-2019	2,086,162	N/A
2019-2020	1,945,615 (Budget)	\$1,945,615(Projected)
2020-2021	\$ 1,945,615 (Orig Budget)	\$ 1,751,055 (Revised Proj)

While the District assumes many businesses will reopen, it is prudent to plan for a reduction in this tax for at least the 2020-2021 fiscal year.



Impact of COVID-19 – Investment Earnings

Fiscal Year	Earned Income Taxes	Revised Projection
2017-2018	\$ 480,966	N/A
2018-2019	642,025	N/A
2019-2020	500,000 (Budget)	\$285,000(Projected)
2020-2021	\$ 600,000 (Orig Budget)	\$ 50,000 (Revised Proj)

As has been well publicized, the COVID-19 pandemic has caused a dramatic shift in interest rates, thus significantly lowering the investment earnings expected in the near future.



Impact of COVID-19 – CARES Act Funding

- Federal Coronavirus Aid, Relief and Economic Security (CARES) Act funds
- On May 4, 2020 – Received notice of the District's allocation of \$4,767,579
- Need to be sure the Basic Education Funding (BEF) will not be reduced due to these funds.
- **One-Time Funding**



20-21 Expenditure Budget

	2018-2019 Actual	2019-2020 Projected	2020-2021 Proposed
100 – Employee Salaries	\$ 45,999,856	\$ 44,671,021	\$ 46,919,185
200 – Employee Benefits	35,384,610	33,097,195	34,480,080
300 – Contracted Services	10,357,797	8,643,800	10,424,241
400 – Purchased Services	4,784,425	4,614,925	5,068,970
500 – Other Purch Svcs	32,351,250	32,152,370	31,893,835
600 – Supplies/Food	2,819,745	3,344,600	5,577,265
700 - Equipment	1,059,593	814,845	155,000
800 – Dues & Fees	1,289,581	1,467,940	2,606,545
900 – Other Uses	21,251,796	20,175,815	20,491,800
Total	\$ 155,298,653	\$ 148,982,511	\$ 157,616,921



Expenditure Consideration- Organizational Realignment & Grant Reductions

- Re-Organization Initiative
 - Each Position has a Distinct Role & Job Description
 - ALL students receive EQUITABLE opportunity for high quality academic programming
 - Increasing the District's '*future ready*' academic preparation with STEM & Tech Ed Programming
 - The unknown with Covid-19 adjustments for 2020-2021
 - Ongoing costs to train staff and maintain a 1-1 technology initiative
- Decrease in Grant Funding
 - The ELECT grant decreased by \$112,000
 - The GEAR UP grant decreased by \$433,000



Elementary & Middle School Building Level Staffing

Specialist Classes
Art
ESL
Health/Physical Education
Multimedia/Library
Music
STEM/Tech Ed

Professional Support Staff
Instructional Coach
Math Specialist
Reading Specialist
School Counselor
School Nurse
School Social Worker (PT)

The FTE (Full-Time Equivalent) staffing for each building will be based on the number of students expected in the building.



Expenditure Consideration- Employee Benefits

Healthcare Costs

Coverage	19-20 Projected	20-21 Budget	% Change
Medical	\$ 10,320,785	\$ 11,805,435	14.4%
RX	3,158,773	2,321,924	(26.5%)
Dental	501,270	581,014	15.9%
Vision	\$ 63,766	\$ 63,766	0%

- The figures include the total cost of the benefits (including both employee and employer share).
- Additional savings may be seen through the implementation of a new voluntary medical plan.



Expenditure Consideration- Organizational Realignment

Maintenance/Custodial/Security

- Proposed Changes for 2020-2021 Include:
 - Allocation of staff by building square footage and student count
 - Provide greater equity amongst the buildings
 - Reorganization of staff assignments being proposed
 - Under the Aramark agreement they will continue to contribute \$300,000 annually to the support the District's building automation system upgrades and repairs.



Expenditure Consideration- Risk Management

Coverage Type	2019-2020 Actual	2020-2021 Budget
Property	\$ 172,086	\$ 182,500
Boiler & Machinery	23,578	25,000
General Liability	65,004	69,000
School Board Legal Liab.	96,865	101,000
Crime	3,015	3,500
Automobile	24,048	25,000
Worker's Compensation	854,040	1,065,000
Network Security/Liab.	16,115	18,000
Umbrella	26,658	30,000
Total	\$ 1,283,409	\$ 1,519,000
William Penn – Stand Alone	N/A	\$ 75,000



Financial Strategy – Development Coordinator

- Major Focus on Grant Writing
- Full Revenue Development Opportunities
- For Example:
 - School Library
 - Playgrounds
 - Equipment

In the first month of having the new Revenue Coordinator employed, the District received \$261,582 in additional funds.





Harrisburg Virtual Learning Academy

HVLA

Online!

- The new virtual learning opportunity is open for registration on Tuesday, May 19, 2020. A link for information and enrollment will be posted at www.hbgd.us.
- The program will include rigorous academic programming, as well as, opportunities to connect socially. The program will evolve over the summer as the Covid-19 situation continues to unfold.

*Families wishing to enroll for August 2020 in the Harrisburg Virtual Learning Academy can e-mail hvla@hbgsd.us or call **717-514-4697**.*



Financial Consideration– Charter School Costs

School Year	Regular Ed Tuition	Special Ed Tuition
2018-2019 Rates	\$12,132	\$32,403
2019-2020 Rates	\$10,682	\$29,883

The District revised the PDE-363 form in January 2020 to reflect the correct budget figures for the tuition rate calculations.



Financial Strategy – Refinance Debt

Debt Refinancing for Capital Improvements

- Take Advantage of Historically Low Interest Rates
- Reduce 2020-2021 Debt to ‘free up’ funds for Capital Improvements (Taxable Issuance)
- Keep Annual Debt Service Payments below \$20 Million

The Administration was successful in obtaining the removal of the Credit Watch status earlier this year, making this opportunity much more possible.



Next Steps in the Budgetary Process

- **May 18, 2020-** The Receiver will be asked to adopt the 2020-2021 preliminary budget.
- **June 15, 2020-** A virtual budget workshop will be held to update the public on the budget.
- **June 22, 2020-** The Receiver adopts the final 2020-2021 budget.
- **May and June 2020-** Continued dialogue with the Building Principals, HEA and AFSCME.
- **Summer of 2020-** The district will continue to monitor what is a fluid situation with Covid-19.

THANK YOU!



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