

Upper St. Clair School District Proposed Final Budget 2023-2024

Presentation for April 24, 2023



Purpose of Tonight's Presentation

- State the priorities of 2023-24 budget
- Share proposed revenues and expenditures
- Provide update on proposed capital projects/expenditures
- Introduce tax options with respect to impact on revenues (short and long term) and taxpayers
- Present timeline to approve the final budget

Priorities of 2023-24 Budget

- Deliver extraordinary learning experiences 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.

Context for 2023-24 Budgeting: EXTERNAL

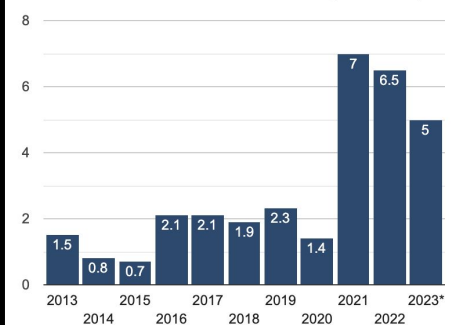
EXTERNAL REVENUE INFLUENCERS

- **Common Level Ratio (CLR)**
 - Some uncertainty regarding the impact of new sales on real estate revenues
 - Significant impact moving forward
 - Previously experienced \$5-\$10 million in real estate growth annually
 - No growth being built into current budget to offset uncertainty surrounding CLR
- **ESSER funding no longer available**
 - USCSO received lowest amount (per-student) in the state in previous years
 - \$217,000 used in 22/23

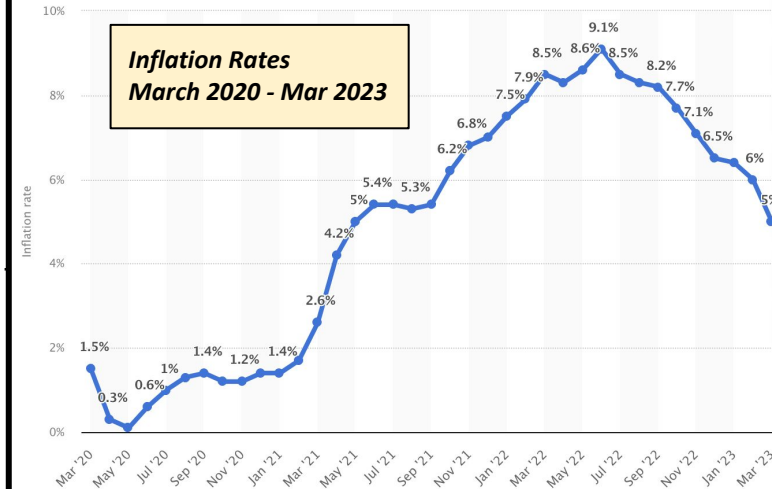
EXTERNAL EXPENDITURE INFLUENCERS

- **Labor force challenges**
 - Reduced number of available workers in many areas, especially substitute groups
 - Need to compete continues to drive labor costs
- **Higher rates of inflation (CPI) in recent years**

Chart: United States Annual Inflation Rates (2013 to 2023)



Inflation Rates
March 2020 - Mar 2023



Context for 2023-24 Budgeting: INTERNAL

INTERNAL EXPENDITURE INFLUENCERS

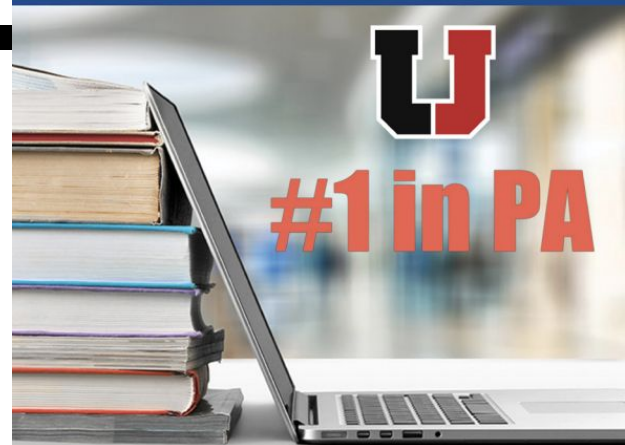
- **Staffing Levels**
 - Retirements, attritional cuts, cancellations of several vacancies, general savings from top-step employees
 - Eleven professional staff retirements and eliminated five full-time positions
 - All eliminations are attritional cuts
- **Healthcare +14% (would be +~\$1,000,000 at current staffing levels)**
 - Negotiated favorable employee contribution rates
- **Maintaining fiscal stability for the future**
 - Will continue to avoid using fund balance for recurring costs
- **Capital Improvements & Expenditures**
 - Need for ongoing facility repairs and investments in line w/ feasibility study
 - Including significant investment in needed HS Roof, HS cafeteria furniture and HVAC control system
- **Need for continued high-level investments in key areas including safety/security**
 - Some essential investments recommended at this time

Enhancing Excellence

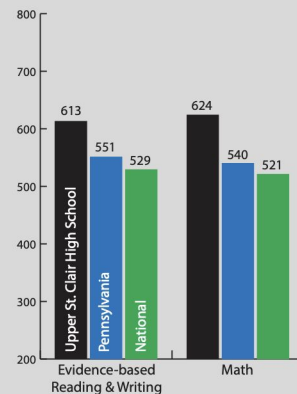
USCSD continues to deliver extraordinary learning experiences for our students.

PITTSBURGH
BUSINESS TIMES

2022
SCHOOL GUIDE



2022 SAT averages



Value of a USCSD Education

Average school real estate tax bill in Upper St. Clair is \$7,570

- For home assessed at \$265,000 (~District average)

Average costs to educate Upper St. Clair students are included below:

- Based upon PDE 363, which is used to calculate funding for charter schools
 - Includes most budgeted expenditures, but excludes transportation, extra-curricular activities, athletics and debt service costs

	1 Regular Education Student	2 Regular Education Students	1 Special Education Student
District Cost (Based upon PDE 363 calculation)	\$16,643	\$33,286	Avg. \$32,018
Avg. School Real Estate Tax Bill	\$7,570	\$7,570	\$7,570

2023-24 Budget Overview

- Act 1 Index is set at 4.7% for 2023-24.
- Proposed expenditures are budgeted to increase \$4.5 million dollars.
 - 4.69% increase
 - \$3.9 million increase from 21/22 to 22/23
- Current year (2022-23) has a millage rate of 28.5628.
- One (1) mill with millage, set at the Act 1 Index, is valued at approximately 2.28 million dollars.

Preliminary Budget 2023-2024: EXPENDITURES



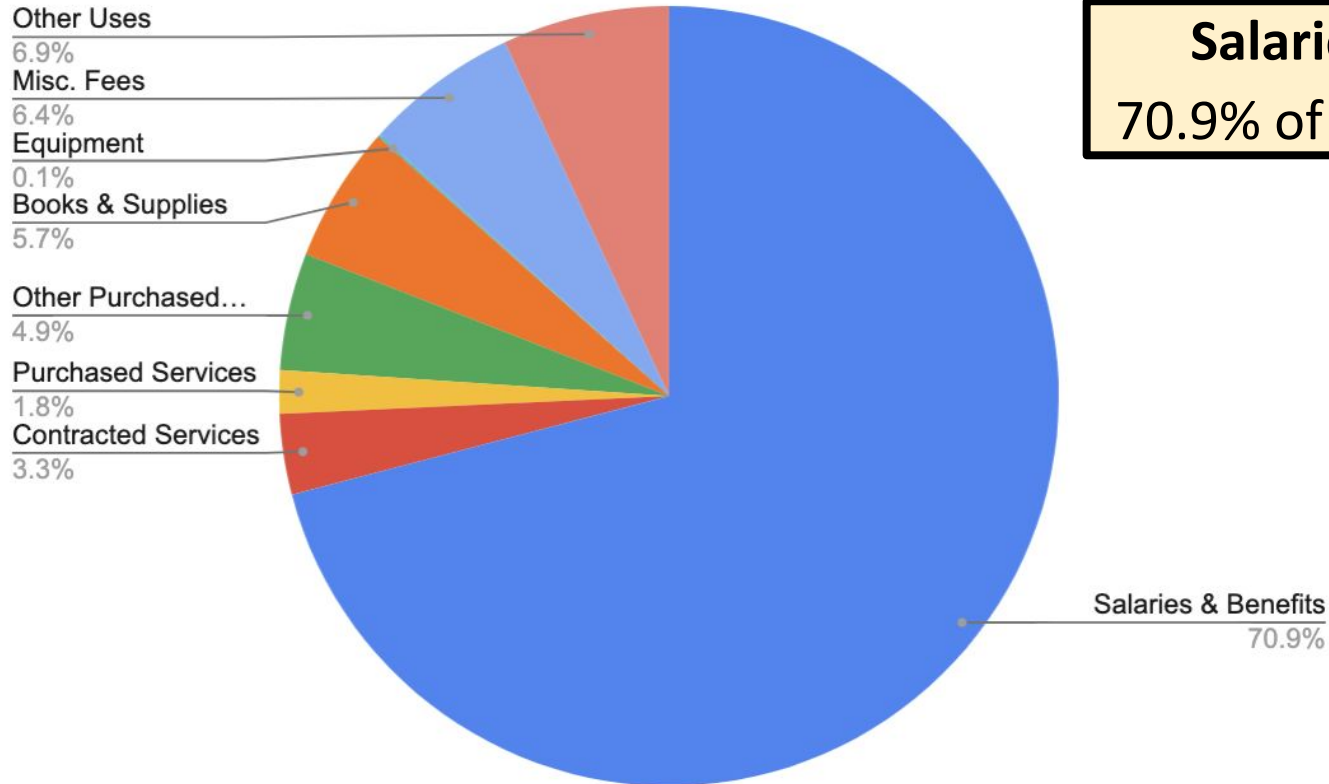
2023-24 Proposed Expenditures

Function	Account Title	22/23 Budget	23/24 Budget Request	% of Budget	Variance from 22/23	Variance Explanation
1100	Regular Education	\$40,059,383	\$40,426,657	40.33%	\$367,274	Increase in books/supplies
1200	Special Education	\$11,453,278	\$12,028,987	12.00%	\$575,709	Increase in salaries & benefits, contracted services
1300	Vocational Education	\$301,135	\$309,957	0.31%	\$8,822	
1400	Other Education	\$214,137	\$253,940	0.25%	\$39,803	
2100	Support Services Students	\$3,193,044	\$3,191,296	3.18%	(\$1,748)	
2200	Support Services	\$4,241,925	\$4,710,132	4.70%	\$468,207	Increase in salaries & benefits
2300	Support Services Admin	\$5,642,916	\$5,345,016	5.33%	(\$297,900)	Staff reduction through attrition
2400	Nursing Services	\$803,194	\$816,321	0.81%	\$13,127	
2500	Business Office	\$1,257,653	\$1,249,447	1.25%	(\$8,206)	
2600	Operations	\$9,249,830	\$10,124,033	10.10%	\$874,203	Security improvements
2700	Transportation	\$5,043,882	\$5,874,471	5.86%	\$830,589	Increase in contracted services/runs, diesel fuel
2800	Central Services	\$827,224	\$690,139	0.69%	(\$137,085)	
2900	Other Education	\$362,992	\$389,450	0.39%	\$26,458	
3200	Student Activities	\$2,145,184	\$2,167,262	2.16%	\$22,078	
5000	Debt	\$10,955,516	\$12,668,834	12.64%	\$1,713,318	Increase in borrowing for technology, buses and bond debt. Also increase in debt payments for existing debt.
TOTAL	TOTAL	\$95,751,293	\$100,245,942	100.00%	\$4,494,650	

2023-24 Proposed Expenditures

Object	Account Title	2022-2023 Budget	4/24/2023 Budget	% of Budget	Variance Explanation
100 & 200	Salaries & Benefits	\$70,456,980	\$71,103,733	70.93%	Eleven professional staff retirements and eliminated five full-time positions
300	Contracted Services	\$3,375,636	\$3,346,030	3.34%	
400	Purchased Services	\$1,682,666	\$1,803,124	1.80%	
500	Other Purchased Services	\$4,013,642	\$4,869,516	4.86%	Increase in transportation contracted carriers
600	Books & Supplies	\$4,443,091	\$5,668,334	5.65%	Elementary math book adoption & district-wide security upgrades
700	Equipment	\$123,135	\$117,450	0.12%	
800	Misc. Fees	\$5,622,358	\$6,397,546	6.38%	Increase in debt service interest related to previous borrowings
900	Other Uses	\$6,033,784	\$6,940,210	6.92%	Increase in principal expense related to bond borrowing & new issue budgeted for capital expenditures
TOTAL		\$95,751,292	\$100,245,943	100.00%	

Expenditure Breakdown



Salaries/Benefits =
70.9% of the total budget

Expenditure Items of Note

- Salaries, benefits, and debt payments comprise approximately 84% of total budget
- New municipal bond issue added to the budget for capital projects. The annual estimated cost is \$345k. The estimated borrowing amount is \$8 million.
- Staffing Levels
 - Retirements, attritional cuts, cancellations of several vacancies, general savings from top-step employees
- Healthcare +14% (would be +~\$1,000,000 at current staffing levels)
 - Negotiated favorable employee contribution rates
- Capital Improvements & Expenditures
 - Need for ongoing facility repairs and investments in line w/ feasibility study (HS Roof, HS cafeteria furniture and HVAC control system)

Professional Staff Salary Factors (Projected for 2023-24)

Education Level

Education Level
(Projected for 2023-24)

Bachelor's Degree	56.2
Master's Degree	237.25
Doctoral Degree	8

Step/Experience

Contract Step Distribution		% of Total Prof Staff
Step 1-10.5	72.1	24%
Step 11-14	36.75	12%
Step 15-17	192.6	64%

23-24 Professional Staff Step Detail

23-24 Step	# of Teachers
1	10
1.5	0
2	1.5
2.5	0
3	4
3.5	1
4	3
4.5	1
5	8
5.5	2
6	7
6.5	1.6
7	6
7.5	2
8	9
8.5	1
9	3

23-24 Step	# of Teachers
9.5	6
10	5
10.5	1
11	8
11.5	1
12	9
12.5	0
13	5
13.5	2
14	9.75
14.5	2
15	6
15.5	0
16	11.6
16.5	3
17	172
TOTAL	301.45

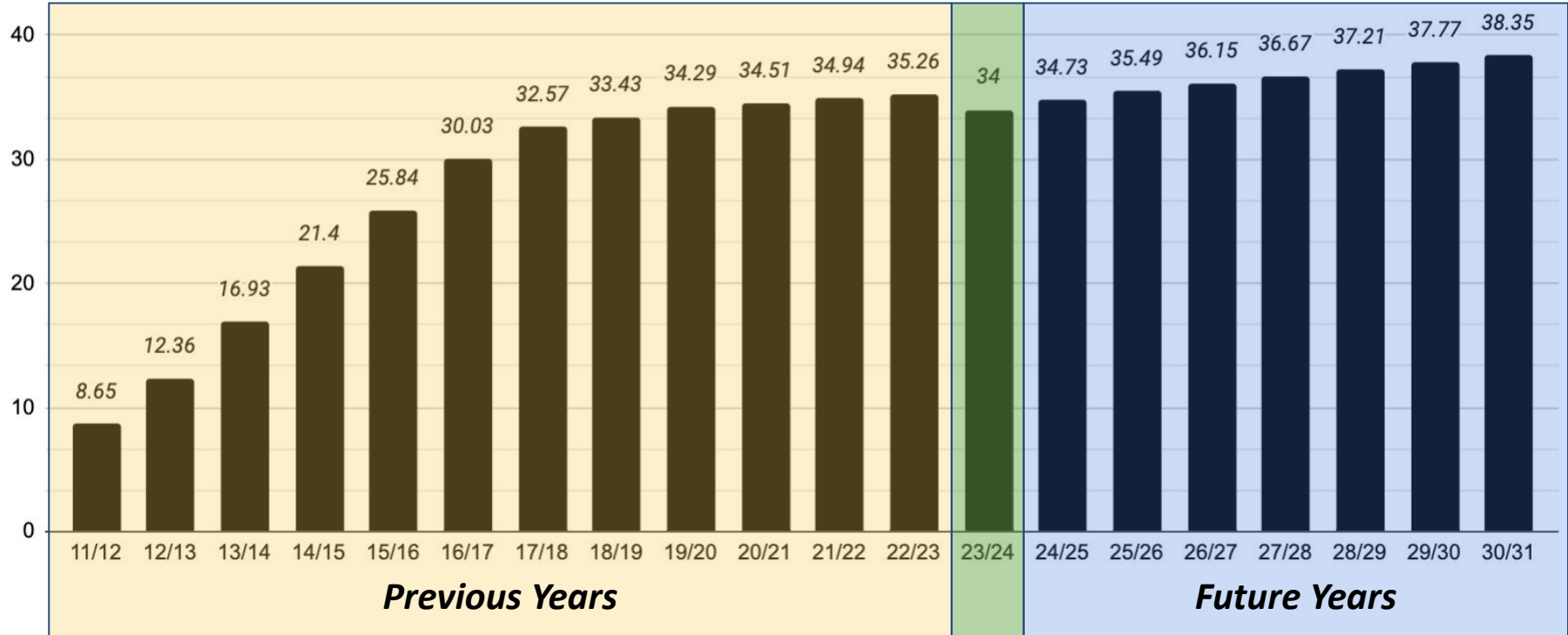
****301.45 Total Teachers****

Key Takeaways

1. 57.1% of the professional staff will be at the top step.
2. Largest pay increases occur when moving to steps 15, 16 & 17 (jump steps).

PSERS State Mandated Employer Rates

PSERS Rates



Capital Projects

2023-24 Capital Projects	Estimated Costs for 2023/24	Funding Source	Sourcing Method	Project Timing
HS Roof Replacement	\$~4,000,000 over 2 years (Project to be completed in multiple phases w/ ~\$2,000,000 anticipated for year 1)	Borrow	COSTAR	Summer '23 & '24
High School Gas Fired Water Heater and Storage Tank Replacement - Two Units	\$261,260	Capital Reserve	TBD	Summer '23
Baker Building Control System Replacement	\$115,871	Capital Reserve	COSTAR	Summer '23
Eisenhower Building Control System Replacement	\$115,871	Capital Reserve	COSTAR	Summer '23
Streams Building Control System Replacement	\$115,871	Capital Reserve	COSTAR	Summer '23
Ft. Couch Roof Mounted Ductwork Insulation and Aluminum Jacketing	\$172,700	Borrow	TBD	Summer '23
Boyce Roof Mounted Ductwork Insulation and Aluminum Jacketing	\$183,250	Borrow	TBD	Summer '23
TOTAL	\$2,942,655	<i>*Estimated Cost</i>		

Cyber / Charter Impact

Cyber / Charter Enrollment		
	22/23 (Projected)	23/24 (Projected)
Regular Ed	20	16
Special Ed	5	4
TOTAL	25	20
Cyber / Charter Spending		
	22/23 (Budgeted)	23/24 (Budget)
Regular Ed	\$326,000	\$267,000
Special Ed	\$157,000	\$128,000
TOTAL	\$483,000	\$395,000

**23/24 projections are based upon current enrollment and actual costs.*

Preliminary Budget 2023-2024: REVENUES

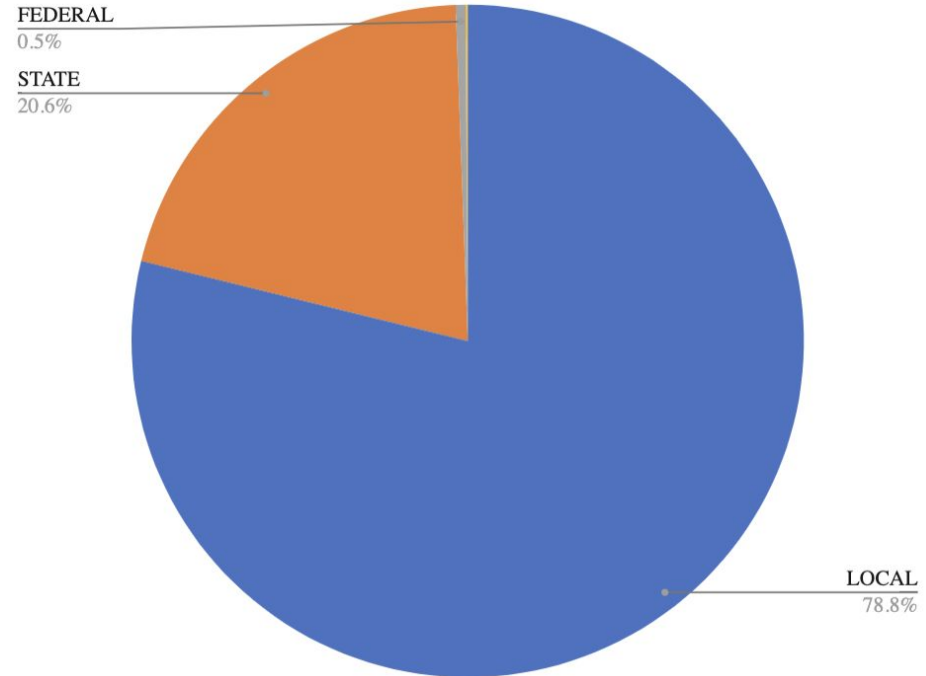


Key Revenue Sources for 2023/24 Budget

- Approximately 80% of the District's revenue is derived from local taxes.
- Real estate tax and earned income taxes account for 75% of the total revenue increase for 2022-23.
- No remaining Federal COVID relief
- Pennsylvania public schools have seen very small increases in State revenue over the past decade.
 - Annual increases in State revenue DO NOT fund the incremental cost related to mandated programs and services.

2023-24 Proposed Revenue Sources

Revenue Source	2022-23 Budget With 3.0% Millage Increase	Percentage of Budget
LOCAL	\$75,388,389	78.82%
STATE	\$20,633,458	20.60%
FEDERAL	\$474,752	0.47%
OTHER*	\$100,000	0.10%
TOTAL REVENUE	\$100,147,900	100.00%



**Other refers to sale of assets (i.e. buses, old computers, etc.)*

Revenue Context

- Act 1 Index is set at 4.7% for 2023-24.
 - Adopted the Act 1 Resolution certifying that the District will not exceed Act 1 Index
- Revenue projections with percentage increments up to the 4.7% Act 1 index maximum are provided for consideration
- No growth in the assessed property value for the District continues has been included
 - Due to uncertainty surrounding impact of Common Level Ratio (CLR)
- State basic education subsidy budgeted to increase 3% in 2023-24
- No remaining pandemic-related funding is available
- Transportation reimbursement is anticipated to increase ~\$200,000 related to increased operational costs

Projected Revenue 2023-24

PROJECTED REVENUE 2022-23							
PRESENTED MAY 9, 2022		Actual 2021-22 Revenue	2022-23 Budget with a 3.2% Real Estate Tax increase	2023-24 Projected Budget No Real Estate Tax increase	2023-24 Projected Budget 3% Real Estate Tax increase	2023-24 Projected Budget 4% Real Estate Tax increase	2023-24 Projected Budget 4.7% Real Estate Tax increase
ACCOUNT	TITLE						
R6111	CURRENT REAL ESTATE	\$61,537,344	\$64,715,137	\$65,123,807	\$67,148,072	\$67,822,827	\$68,295,156
R6112	INTERIM REAL ESTATE	\$188,469	\$450,000	\$450,000	\$450,000	\$450,000	\$450,000
R6113	PUBLIC UTILITY REAL ESTATE	\$68,805	\$68,805	\$68,805	\$68,805	\$68,805	\$68,805
R6151	EARNED INCOME TAX	\$6,379,543	\$6,500,000	\$6,768,057	\$6,768,057	\$6,768,057	\$6,768,057
R6153	REAL ESTATE TRANSFER	\$993,451	\$800,000	\$800,000	\$800,000	\$800,000	\$800,000
R6157	MERCANTILE TAX	\$400,424	\$400,000	\$400,000	\$400,000	\$400,000	\$400,000
R6411	DEL REAL ESTATE TAX	\$874,551	\$650,000	\$650,000	\$650,000	\$650,000	\$650,000
R6451	DELINQUENT EIT & PENALTIES	\$18,109	\$30,000	\$30,000	\$30,000	\$30,000	\$30,000
R6510	INTEREST INCOME	\$42,196	\$150,000	\$625,000	\$625,000	\$625,000	\$625,000
R6710	ATHLETIC ADMISSIONS	\$126,551	\$90,000	\$125,000	\$125,000	\$125,000	\$125,000
R6740	ATHLETIC FEES	\$39,033	\$30,000	\$40,000	\$40,000	\$40,000	\$40,000
R6832	IDEA PASS THRU	\$730,573	\$580,000	\$580,000	\$580,000	\$580,000	\$580,000
R6990	MISC. REVENUE	\$497,938	\$253,000	\$280,000	\$280,000	\$280,000	\$280,000
R6944	RECEIPTS FROM OTHER LEA'S (Southwood pass-thru)	\$398,846	\$300,000	\$300,000	\$300,000	\$300,000	\$300,000
R7110	BASIC INSTRUCT SUBSIDY	\$4,770,151	\$5,027,965	\$5,450,369	\$5,450,369	\$5,450,369	\$5,450,369
R7112	SOCIAL SECURITY REIMBURSEMENT	\$1,456,920	\$1,629,477	\$1,653,829	\$1,653,829	\$1,653,829	\$1,653,829
R7271	SPEC ED REGULAR PROGRAMS	\$2,166,957	\$2,068,974	\$2,248,433	\$2,248,433	\$2,248,433	\$2,248,433
R7311	TRANSPORTATION	\$772,738	\$775,000	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000
R7320	RENT & SINKING FUND	\$622,330	\$786,000	\$812,267	\$812,267	\$812,267	\$812,267
R7330	HEALTH SERVICES	\$83,129	\$84,000	\$82,000	\$82,000	\$82,000	\$82,000
R7340	STATE PROP TAX REDUCTION	\$1,390,290	\$1,751,713	\$1,751,713	\$1,751,713	\$1,751,713	\$1,751,713
R7505	READY TO LEARN BLOCK GRANT/OTHER GRANTS	\$390,312	\$332,045	\$332,045	\$332,045	\$332,045	\$332,045
R7820	RETIREMENT REIMBURSEMENT	\$7,167,913	\$7,487,708	\$7,302,803	\$7,302,803	\$7,302,803	\$7,302,803
R8000's	FEDERAL SUBSIDY	\$588,506	\$481,027	\$474,752	\$474,752	\$474,752	\$474,752
R8741	FEDERAL GRANTS - COVID	\$765,268	\$217,574	\$0	\$0	\$0	\$0
9100	NET PROCEEDS FROM REFUNDING OF BONDS	\$38,736,099	\$0	\$0	\$0	\$0	\$0
9400	SALE OR COMPENSATION FOR LOSS OF FIXED ASSETS	\$132,346	\$95,000	\$100,000	\$100,000	\$100,000	\$100,000
	TOTAL REVENUES	\$131,338,793	\$95,753,425	\$97,448,879	\$99,473,145	\$100,147,900	\$100,620,229

Real Estate Tax Estimates

			2022-23 Budget with a 3.2% Real Estate Tax increase	2023-24 Projected Budget No Real Estate Tax increase	2023-24 Projected Budget 3% Real Estate Tax increase	2023-24 Projected Budget 4% Real Estate Tax increase	2023-24 Projected Budget 4.7% Real Estate Tax increase
ACCOUNT	TITLE	Actual 2021-22 Revenue					
R6111	CURRENT REAL ESTATE	\$61,537,344	\$64,715,137	\$65,123,807	\$67,148,072	\$67,822,827	\$68,295,156

Millage Impact On Cumulative Revenue

Tax/Revenue Impact vs. 4.7%

% millage increase	Increase in 2023-24 real estate taxes for an assessed home of \$250,000.	Revenue reduction in 2023-24 below 4.7% (1 year impact)	Cumulative reduction of revenue in 2028-29 (5 year impact)	Cumulative reduction of revenue in 2033-34 (10 year impact)
0.0%	No increase	\$3,171,347	\$16,837,112	\$36,355,939
3.0%	\$17.85/month	\$1,147,084	\$6,090,025	\$13,150,032
4.0%	\$23.80/month	\$472,329	\$2,507,658	\$5,414,722
4.7%	\$27.97/month	-	-	-

- The chart above uses a 4.7% tax increase as a baseline to calculate revenue reduction.
- Assumes 3.0% average annual millage rate increase moving forward

2023-2024 State Subsidy Analysis

ACCOUNT	TITLE	2022-23 BUDGET	2023-24 BUDGET
R7110	BASIC INSTRUCT SUBSIDY	\$5,027,965	\$5,450,369
R7271	SPEC ED REGULAR PROGRAMS	\$2,068,974	\$2,248,433
R7310	TRANSPORTATION	\$775,000	\$1,000,000
R7320	RENT & SINKING FUND	\$786,000	\$812,267
R7330	HEALTH SERVICES	\$84,000	\$82,000
R7340	STATE PROP TAX REDUCTION	\$1,751,713	\$1,751,713
R7505	READY TO LEARN BLOCK GRANT	\$332,045	\$332,045
R7810	SOCIAL SECURITY REIMBURSEMENT	\$1,653,829	\$1,653,829
R7820	RETIREMENT REIMBURSEMENT	\$7,487,708	\$7,302,803
TOTAL STATE SUBSIDY & REIMBURSEMENT		\$19,967,234	\$20,633,458

	2022-23 BUDGET	2023-24 BUDGET	% of TOTAL BUDGET
SUBSIDY (EDUCATIONAL & NON-EDUCATIONAL PROGRAMS)	\$10,825,697	\$11,676,827	11.65%
REIMBURSEMENT (PSERS & SOCIAL SECURITY)	\$9,141,537	\$8,956,632	8.93%
TOTAL	\$19,967,234	\$20,633,458	

Budget Impact & Other Considerations



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
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
2021	\$589,445	\$6,434,760	3,568,269	\$10,003,029
2022	\$704,750	\$7,147,894	3,559,885	\$10,707,779

*Net Income as a result of bond refinancing opportunities. The District cannot budget for bond refinancing proceeds.

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

Proposed Final Budget

BUDGET PROJECTION FOR 2022-23	2023-24 BUDGET No Tax Increase	2023-24 BUDGET 3% Tax Increase	2022-24 BUDGET 4% Tax Increase	2023-24 BUDGET 4.7% Tax Increase
REVENUES	\$97,448,879	\$99,473,145	\$100,147,900	\$100,620,229
EXPENDITURES	\$100,245,942	\$100,245,942	\$100,245,942	\$100,245,942
TOTAL DEFICIT	(\$2,797,063)	(\$772,797)	(\$98,042)	\$374,287

Next Steps

- Continue to review expenditures.
- Evaluate staffing levels in conjunction with student and District needs.
- Prioritize spending toward future capital expenditure needs from facilities feasibility study.
- Provide analysis of prior budgetary decisions that impact current 23/24 budget proposal.

Budget Timeline

- April 24, 2023 - Detailed Budget Presentation
- May 15, 2023 - Adopt 2023-2024 *Proposed* Final Budget
- June 5, 2023 - Budget Update
- June 19, 2023 - Adopt 2023-2024 Final Budget

Questions?

