

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

Budget Update for May 24, 2021



# Purpose of Tonight's Presentation

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- State the priorities of 2021-22 budget
- Share projected COVID expenditures & application of ESSER funding
- Provide summary of recent budget adjustments (since May 10)
- Share updated revenues and expenditures
- Recommend proposed final budget with millage rate
- Discuss next steps and timeline to approve the final budget

# Priorities of 2021-22 Budget

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- 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

# COVID Year End Expenditures (2020-2021)

## 2020-21 Budget Year

- Total Federal grants allocated to-date: \$1,291,170.
- \$466,420 has been recorded in 2019-20 & 2020-21.

### 2020 - 21 Estimated COVID expenses:

|                                                    |                  |
|----------------------------------------------------|------------------|
| Salary & Benefit expenses:                         | \$615,471        |
| Education/technology expenses:                     | \$413,917        |
| Operations Supplies (PPE, sanitizer, desk shields) | <u>\$468,245</u> |
| Total Covid expenditures                           | \$1,497,633      |

|                                                      |                  |
|------------------------------------------------------|------------------|
| Federal Covid grants applied to 20/21:               | <u>\$396,372</u> |
| Estimated Covid <b>overage</b> net of federal grants | \$1,101,261      |

- Does not connote an actual budget shortfall.
- Offsets will be applied to balance the 2020-21 budget.

# Remaining USCSD ESSER Funding

| Title                   | Timeframe           | Allotted  | Prior/Planned Allocation of Funds                                                            |
|-------------------------|---------------------|-----------|----------------------------------------------------------------------------------------------|
| ESSER II                | 1/2021 -<br>12/2022 | \$272,793 | Operations equipment, instructional technology                                               |
| ESSER III               | 3/2021 -<br>12/2024 | \$551,718 | Planned use: Summer remediation, software,<br>instructional technology, contingency planning |
| <b>TOTAL: \$824,511</b> |                     |           |                                                                                              |

# Budget Adjustments (Since May 10 Presentation)

## Expenses

- Reduction of budgetary reserve > additional \$50,000 (2021-22 budgetary reserve reduced from \$250k to \$150K)
- Reduction of curriculum and supplies across all departments >\$129,131

## Revenues

- ESSERS Funding added to the 2021/22 budget for the following:
  - Diagnostic assessments related to potential learning loss > \$40,000
  - Elementary curriculum/program enhancements > \$200,000

## Budget Neutral

- Addition of summer remediation academies (covered by ESSER Funding) > \$40,435
- Contingency related to academic preparation for the 2021/22 school year > \$ 221,079

**TOTAL DEFICIT REDUCTIONS OF \$419,131**

# Proposed Expenditures by Object

| Object | Account Title            | 2020-2021 Budget | 2021-2022 Budget Request | Change      |
|--------|--------------------------|------------------|--------------------------|-------------|
| 100    | Salaries                 | 39,818,645       | 41,105,483               | 1,286,838   |
| 200    | Benefits                 | 24,522,742       | 26,018,465               | 1,495,723   |
| 300    | Contracted Services      | 2,910,690        | 3,451,818                | 541,128     |
| 400    | Purchased Services       | 1,484,277        | 1,491,526                | 7,249       |
| 500    | Other Purchased Services | 4,085,639        | 4,128,893                | 43,254      |
| 600    | Books & Supplies         | 4,330,391        | 4,435,908                | 105,517     |
| 700    | Equipment                | 161,971          | 179,408                  | 17,437      |
| 800    | Misc. Fees               | 5,290,243        | 5,231,298                | (58,945)    |
| 900    | Other Uses               | 5,194,620        | 5,704,834                | 510,214     |
| TOTAL  |                          | \$87,799,218     | \$91,747,633             | \$3,948,415 |

# 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
- 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.
- Based on federal allocation, USCS D received the lowest per student ESSER II and III funding in the state of Pennsylvania
- PSERS reimbursement from state will increase, but expenditure will also increase from 34.51% to 34.94%
  - With 50% reimbursement, net budget impact is -\$350,000
- Due to economic factors, projected investment income has been cut to \$50,000
  - When preparing 2019-20 budget, projected investment income was \$525,000

# Alternative Revenue Sources

| Source                        | Amount                                              | Budget Application                                              |
|-------------------------------|-----------------------------------------------------|-----------------------------------------------------------------|
| Federal Grants                | Total \$ 1.291 million<br>\$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 Real Estate Tax Increase

|         |                        | 2020-21 Final Budget<br>with 1.97 % Real<br>Estate Tax increase | 2021-22 Projected<br>Budget with 0% Real<br>Estate Tax increase | 2021-22 Projected<br>Budget with 2.9% Real<br>Estate Tax increase |
|---------|------------------------|-----------------------------------------------------------------|-----------------------------------------------------------------|-------------------------------------------------------------------|
| ACCOUNT | TITLE                  |                                                                 |                                                                 |                                                                   |
| R6111   | CURRENT<br>REAL ESTATE | \$59,532,370                                                    | \$60,540,149                                                    | \$62,336,138                                                      |

*\*Each half percent (.5%) of millage increase represents approximately \$309,000 in revenue.\**

# Millage Impact On Cumulative Revenue

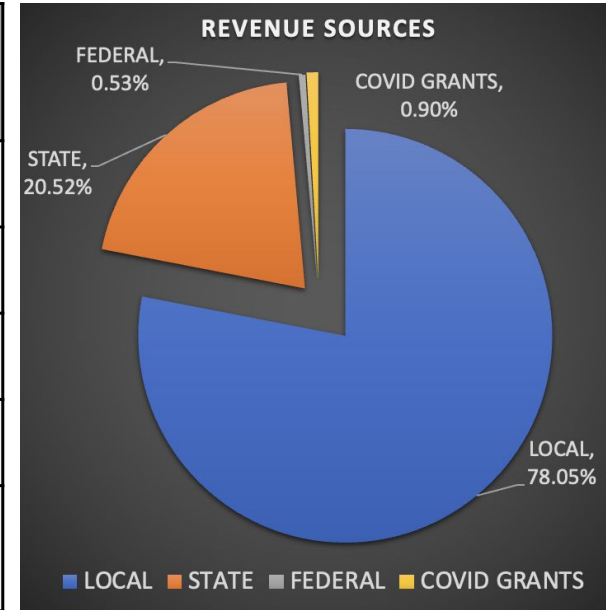
## Tax/Revenue Impact vs. 3.0 %

| Increase Rates<br>% millage increase<br>for 2021-22 | Monthly Homeowner Impact<br>21-22 real estate tax increase<br>for home assessed at \$250k | 1-Year Revenue Impact<br>Revenue reduction in 2021-22<br>below 3.0% | 5-Year Revenue Impact<br>Cumulative reduction of<br>revenue through 2026-27 | 10-Year Revenue Impact<br>Cumulative reduction of<br>revenue through 2031-32 |
|-----------------------------------------------------|-------------------------------------------------------------------------------------------|---------------------------------------------------------------------|-----------------------------------------------------------------------------|------------------------------------------------------------------------------|
| 0%                                                  | No increase                                                                               | (\$1,857,879)                                                       | (\$9,668,477)                                                               | (\$20,343,257)                                                               |
| 2.9%                                                | \$16/month                                                                                | (\$61,931)                                                          | (\$322,291)                                                                 | (\$678,127)                                                                  |
| 3%                                                  | \$17/month                                                                                | -                                                                   | -                                                                           | -                                                                            |

- The chart above uses a 3.0% tax increase as a baseline to calculate revenue reduction.
- Assumes 2% average annual millage rate increase moving forward
- Taxable Residential Median Value as of 4/16/2021: \$230,800

# 2021-22 Proposed Revenue Sources

| REVENUE SOURCE       | 2020-21 BUDGET WITH 1.9% MILLAGE INCREASE | 2021-22 BUDGET WITH 2.9% MILLAGE INCREASE |
|----------------------|-------------------------------------------|-------------------------------------------|
| LOCAL                | \$68,734,422                              | \$71,611,912                              |
| STATE                | \$18,053,865                              | \$18,830,183                              |
| FEDERAL              | \$481,027                                 | \$481,027                                 |
| COVID GRANTS         | \$276,547                                 | \$824,511                                 |
| <b>TOTAL REVENUE</b> | <b>\$87,545,861</b>                       | <b>\$91,747,633</b>                       |



# Fund Balance Summary

| <b>FUND BALANCE Year Ended June 30</b> | <b>Net Income/(Loss)</b> | <b>Ending Unassigned Fund Balance</b> | <b>Total Reserved and Designated Fund Balance</b> | <b>TOTAL FUND BALANCE</b> |
|----------------------------------------|--------------------------|---------------------------------------|---------------------------------------------------|---------------------------|
| 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.\**

# Proposed Final Budget

| Projection presented for<br>Proposed Final Budget | 2.9 % Tax Increase |
|---------------------------------------------------|--------------------|
| REVENUES                                          | \$91,747,633       |
| EXPENDITURES                                      | \$91,747,633       |
| <b>TOTAL DEFICIT</b>                              | <b>\$0</b>         |

- Proposed Final Budget millage rate recommended for Board approval is 27.6772
- Final millage rate will be adopted at the June 28, 2021 board meeting

# In Summary



# Review of 2020-2021

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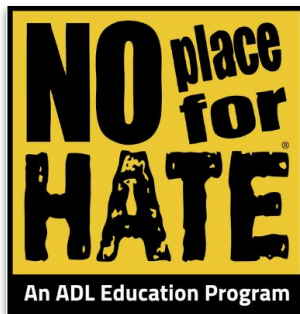
## **Maintained an Upper St. Clair quality experience through a pandemic**

- Offered option of high-quality learning models (in-person/remote)
- Ensured a seamless transition between learning models
- Maintained same teachers and classes for entire year
- Remained mindful of social-emotional needs of all students
- Made progress to return to traditional model
- Continued to offer extra- and co-curricular activities to greatest extent possible

# Key Takeaways for Proposed 2021-2022 Budget

- ✓ Proposing a balanced budget that is highly considerate of short and long-term financial health as well as maintaining excellence in education
  - Fund balance not planned for recurring costs in 20-21 or 21-22
  - Have continued to offer all programs and activities from 19-20 into 20-21 and planning to into 21-22
- ✓ Increasing taxes is necessary following reductions in 20-21 budget due to early stages of pandemic & minimal government aide
  - 2020-2021 tax increase was lowest in past decade, resulting in:
    - Decreased permanent staff: professional, classified, administration
    - Administrative pay freezes
    - Deferment of essential capital projects, technology equipment, bus purchases, curriculum materials, etc.
  - ESSER funding was lowest in state (in terms of per-student)
    - Net negative in terms of COVID expenses vs. COVID funding in 20-21
  - No revenue generated through permits, activity attendance, or other similar sources
- ✓ Continuing to monitor:
  - Ongoing financial impact of pandemic (w/ minimal ESSER funding)
  - Enrollment and staffing needs prior to final budget adoption on June 28

# Value of an USC Education



|                                                                                                                                                                             | 1 Student   | 2 Students  |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------|-------------|
| <p>Average combined cost to educate an Upper St. Clair student</p> <p>*Not including transportation, extra-curricular activities, athletics and debt service costs.</p>     | \$14,958.12 | \$29,916.24 |
| <p>Average school real estate tax bill</p> <p>**Average home assessed at \$265,000<br/>(Increase for 2021-22 is \$206.70 based on millage increase of 2.9% is included)</p> | \$7,335     | \$7,335     |

# Budget Timeline

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

# Questions?

