



# **2024-2025 Proposed Final General Fund Budget Update**

**For May 6, 2024  
Joint Governance (Finance) Meeting**



# Act 1 Budgeting Process

- **Act 1 Resolution**
  - January 8, 2024 Combined Planning / Voting Meeting Agenda
  - Certifying the school board will not raise taxes above the **base index of 5.3%** for the 2024-2025 fiscal year
- **Proposed Final Budget**
  - Adoption – May 6, 2024
  - Budget documents must be advertised and on display for at least 20 days prior to adoption of the Final Budget
  - Refined in detail since February 2024
    - Personnel costs / staffing projections – May 2024 changes will include any staffing changes and review projections for accuracy
    - Revenue (local and state) – May 2024 changes will be additional review / refinement, Updated listing of real estate assessed values from Allegheny County - Common Level Ratio Assumptions
    - Expenditures – May 2024 changes will be focused on tuition estimates, utility cost projections, curriculum, and insurance rates



# Current Budget Status

- Projected expenditures (\$113,021,839)
  - Projected revenue\* \$105,542,209
  - Current budgetary deficit (\$7,479,630)
- 
- Remaining deficit – *Utilization of Fund Balance for Assigned Capital Improvements*
  - Total estimated Capital Funding Plan (as of April 2024) for 2024-2025 = \$8,389,199
    - Determined to split costs of the Richland and Wexford HVAC projects to more accurately reflect the years the expenditures will take place.
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- **\*This draft does not include a tax increase.**



# Fund Balance – as of June 30, 2023

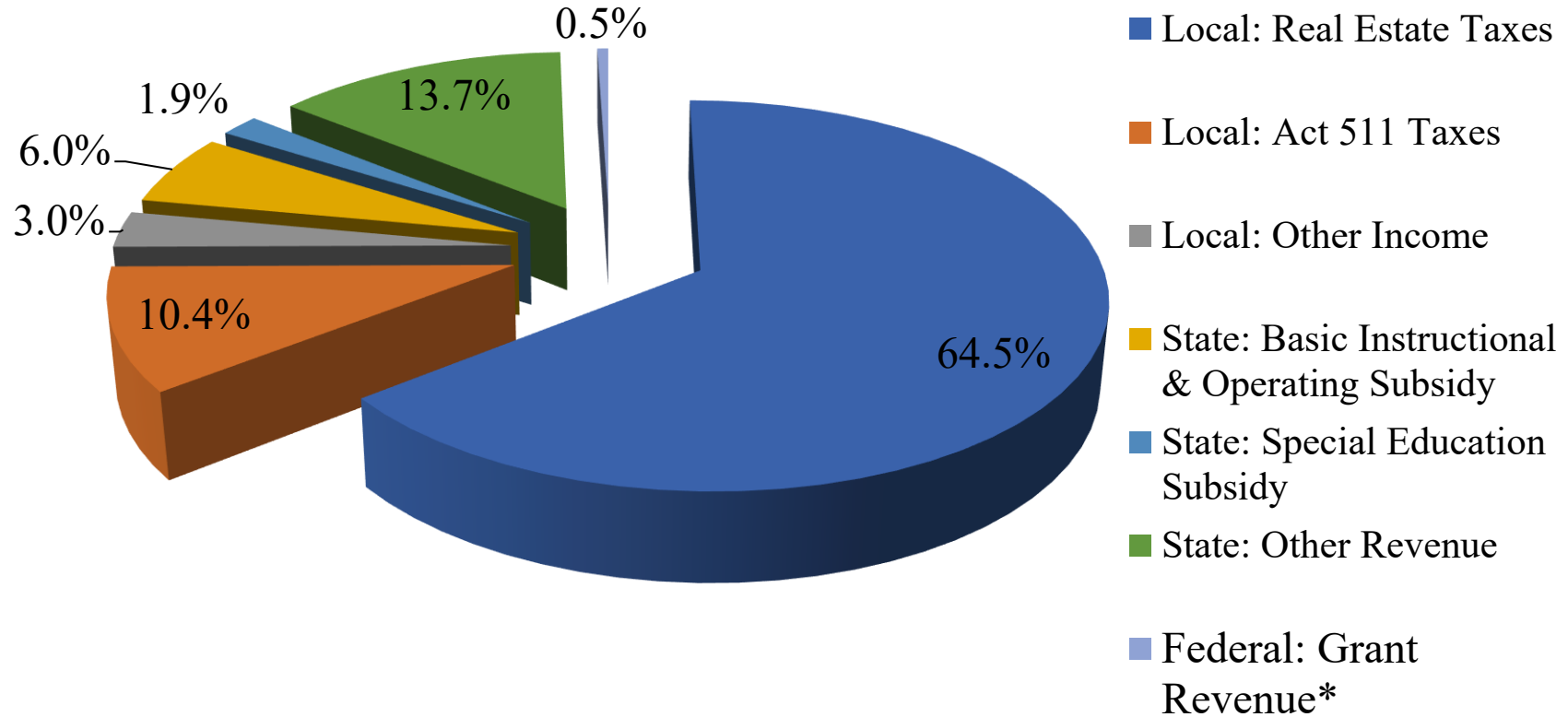
• Nonspendable – prepaid expenditures	\$898,298.84
• Committed – PSERS employer retirement costs	\$192,471.00
• Assigned for capital improvements	\$18,817,176.43
• Assigned for 2023-2024 general fund budget	\$3,120,200.00
• Assigned for general fund – athletic cash account	\$15,118.01
• Assigned for debt service expenditures	\$635,638.00
• Assigned for employee benefit obligations	\$5,108,854.06
• Unassigned fund balance	<u>\$7,598,407.00</u>
• Total	\$36,386,163.34

\*Source: audited financial statements as of June 30, 2022



# Revenue

# Revenue



\*Note: Local and state revenues are *generally unrestricted* and are mostly used for the operations of the school district. Federal grant revenues are restricted for specific allowable grant-related costs.



# Factors Impacting Local Revenue Projections

- Property values in our community are higher as a result of student achievement in our school system.
- Real estate assessed values
  - Updated values will be received from Allegheny County in May 2024 ~ This will include any new residential and commercial properties, as well as change orders from any completed property appeals
  - Assumed growth rates have been factored into the Proposed Final Budget for both Townships
  - **Property tax appeals are continually being processed at the County level**
    - **Commercial property reassessments have had a significant effect – estimates are currently embedded in these calculations - The District has issued refund surpassing \$1 million in 2023-2024 for the tax years 2021, 2022, & 2023. The District typically budgets close to \$250,000 for real estate refunds, now budgeting \$990,000 with reassessments causing stagnation in real estate revenue.**
    - **Dispute over the Common Level Ratio (CLR) used by Allegheny County and the new lowered CLR value for 2023, which has decreased additionally for 2024.**
- Continuous monitoring of other local sources of revenue such as earned income tax, real estate transfer tax on property sales, investment income, etc.



# Factors Impacting State Revenue Projections

- **Pennsylvania K-12 Education Funding:**
  - Basic Education Funding (BEF) represents the largest portion of funding
  - State share of Retirement and Social Security Expenditures – approximately 50% reimbursement of our cost
  - Special Education Subsidy
  - Pupil Transportation Subsidy
  - Other (Ready to Learn Block Grant, Pupil Health, Debt Service Reimbursements ~ discontinued years ago for any new construction / renovation)
- **State budget uncertainty**
  - State budget under Gov. Shapiro – to be approved by the end of June 2024. The 2023-2024 state budget was not approved until December 2024, while school district budgets were still due by June 30, 2024.
  - Unknown subsidy levels specifically for Pine-Richland
  - Dispute within the state over Basic Education Fair Funding Formula
    - In 2015, in accordance with Act 51 of 2014, the Basic Education Funding Commission (BEFC) unanimously recommended a new formula.
    - The fair funding formula does not allocate a specific dollar amount to each school district. Instead, it determines each district's fair share of the amount of funding available to distribute from the state with a factor for student population.
    - Currently, a small % of overall BEF is factored through the formula.





# Federal Grant Revenue

- Title I
  - Reading Specialist (personnel) & non-public share
- Title IIA
  - Class Size Reduction for newly added section (personnel) & non-public share
- Title IV
  - Portion of Naviance Software & non-public share
- IDEA – passes through the Allegheny Intermediate Unit (reported under “local”)
  - Special education personnel and specialized services
- ARP ESSER/ARP ESSER Set Asides - Zero funding is budgeted for 2024-2025
  - ESSER funding will be exhausted by fiscal year end of 2023-2024
- MTSS – through PaTTAN
  - Relates to a specific expenditure



# Federal Grant Revenue

- IDEA B – Section 619
  - Early Intervention services rendered through the Intermediate Unit
- Title III
  - Language Instruction for English Learners
- School-Based ACCESS Program
  - Special Education Transportation
- Food Service – Fund 51 (separate from the General Fund)
  - National School Lunch & Breakfast Programs

Federal grants may only be spent on specific allowable costs within each program. At Pine-Richland, federal grant dollars are a very small portion of the overall revenue in the General Fund. These grants are audited annually by the Independent Auditors through the Single Audit Process. These are periodically monitored by the state and federal governments for compliance. It is important to understand the complexity and opportunity cost in terms of reporting and monitoring.

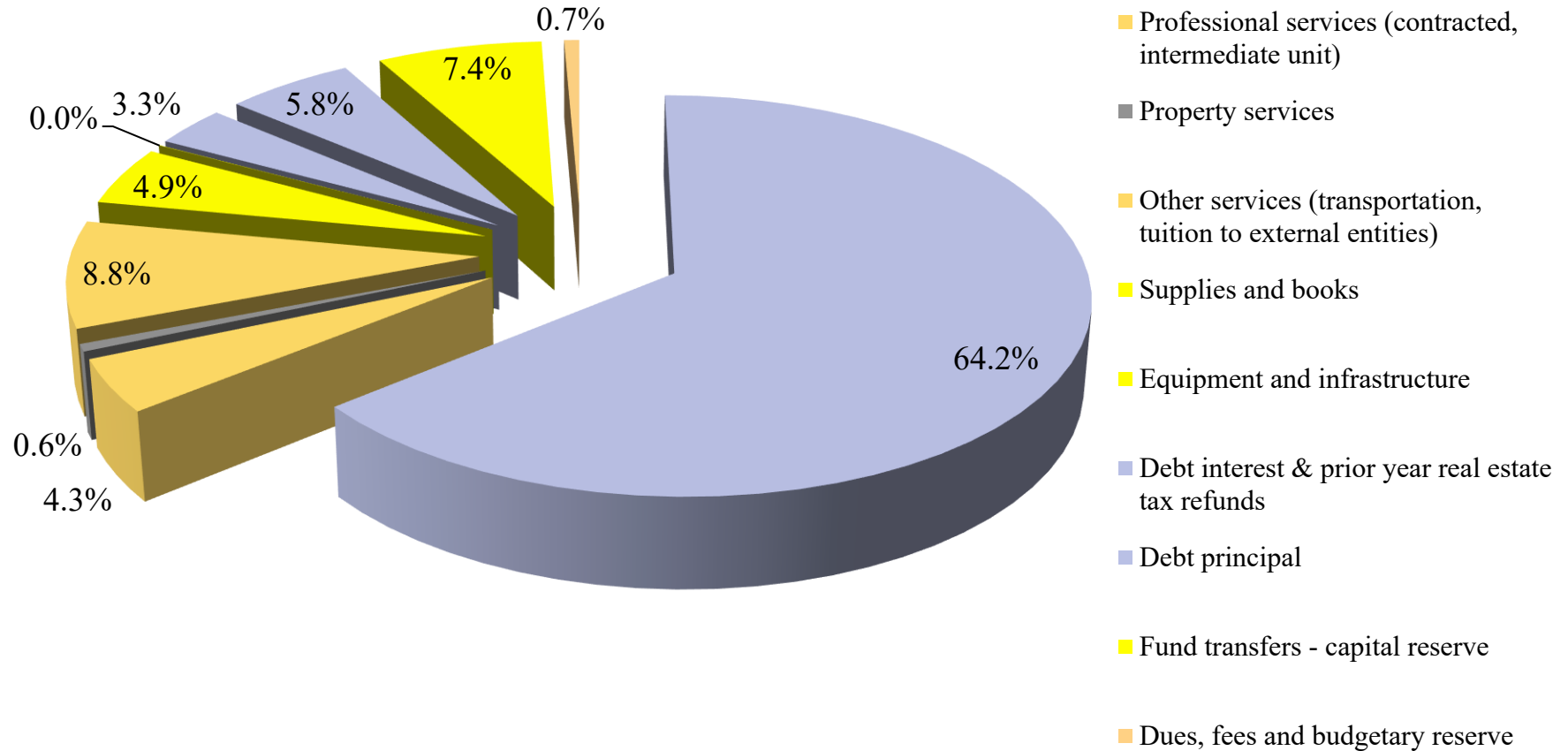
Each grant listed on these slides are allocated annually except for ARP ESSER dollars. These grants were a result of the COVID-19 pandemic and will not be funded in future years.



# Expenditures



# Expenditures





# Factors Impacting Expenditures

- .1% decrease in PSERS employer contribution rate from 34% to 33.9% of payroll cost ~ approximately \$697,312 in the year-over-year net increase due to salary adjustments and additional positions
  - Employer cost is shared by the State through subsidy reimbursement
  - Pension reform has been enacted at the State level for employees hired on or after 7/1/2019, which did not pass along contribution savings to the districts
- Cost factors continue to be reviewed
  - Workers' Compensation & Liability Coverage rates to be available May 2024
  - Outplacement tuition – review current year budget to actual & projections
  - Capital funding plan projects – adjustments to estimated costs / timing
  - Utility costs / inflation
  - Curriculum costs



## Pine Richland School District

Retirement Planning



	(Actual) 2021	(Actual) 2022	(Actual) 2023	(Budget) 2024	(Projected) 2025	(Projected) 2026	(Projected) 2027	(Projected) 2028	(Projected) 2029
Total Revenue	137,112,341	103,397,926	104,953,208	104,187,058	105,542,209	106,934,207	108,712,862	110,671,492	112,411,022
Total Expenditures	133,592,444	100,941,246	102,613,439	106,845,488	115,021,840	120,547,827	118,002,213	122,547,938	129,576,531
Operating Balance	3,519,897	2,456,680	2,339,768	(2,658,430)	(7,479,631)	(13,613,620)	(9,289,351)	(11,876,446)	(17,165,509)

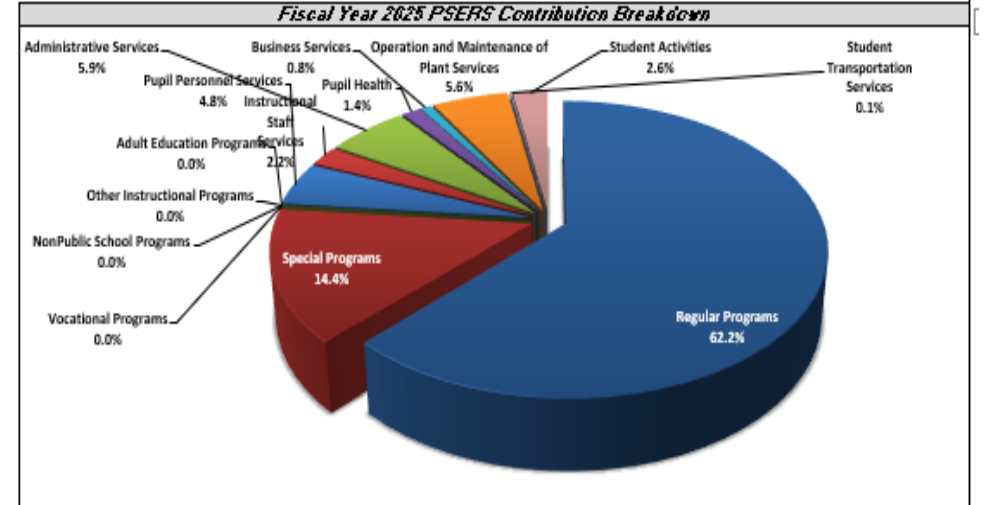
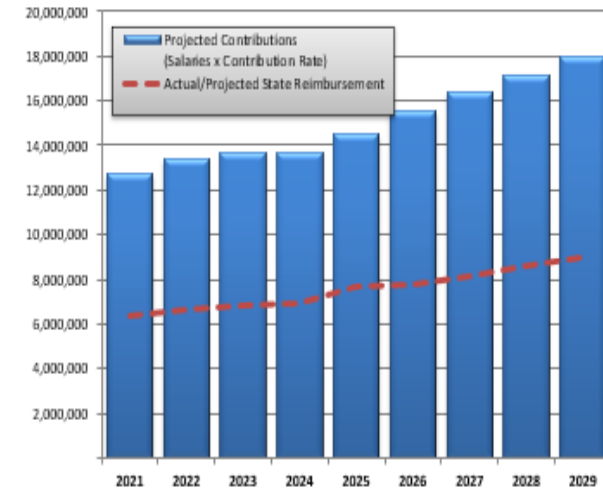
### EXPENDITURES

<b>100</b>	<b>Personnel Services - Salaries</b>	36,996,454	38,243,244	39,009,567	40,476,511	42,900,632	44,858,699	46,406,852	47,887,318	49,286,230
	<b>Less: Non-PSEERS Eligible Salaries</b>	(190,137)	70,031	(744,544)	(157,722)	(157,722)	(157,722)	(157,722)	(157,722)	(157,722)
	<b>Net PSEERS Eligible Salaries</b>	<b>36,806,318</b>	<b>38,313,276</b>	<b>38,265,023</b>	<b>40,318,789</b>	<b>42,742,910</b>	<b>44,700,977</b>	<b>46,249,130</b>	<b>47,729,596</b>	<b>49,128,508</b>
	<b>PSEERS Contribution Rates *</b>	<b>34.51%</b>	<b>34.94%</b>	<b>35.62%</b>	<b>34.00%</b>	<b>33.90%</b>	<b>34.72%</b>	<b>35.41%</b>	<b>35.94%</b>	<b>36.53%</b>
	<b>Projected Contributions</b> <i>(Salaries x Contribution Rate)</i>	<b>12,701,860</b>	<b>13,386,659</b>	<b>13,630,001</b>	<b>13,708,388</b>	<b>14,489,847</b>	<b>15,520,179</b>	<b>16,376,817</b>	<b>17,154,017</b>	<b>17,946,644</b>
<b>230</b>	<b>Actual Contributions (from AFR)</b>	12,701,860	13,386,659	13,630,001						

\*Source: PSEERS as of December 31, 2020. Contribution rates in blue can be modified to reflect different budgeted contribution rates

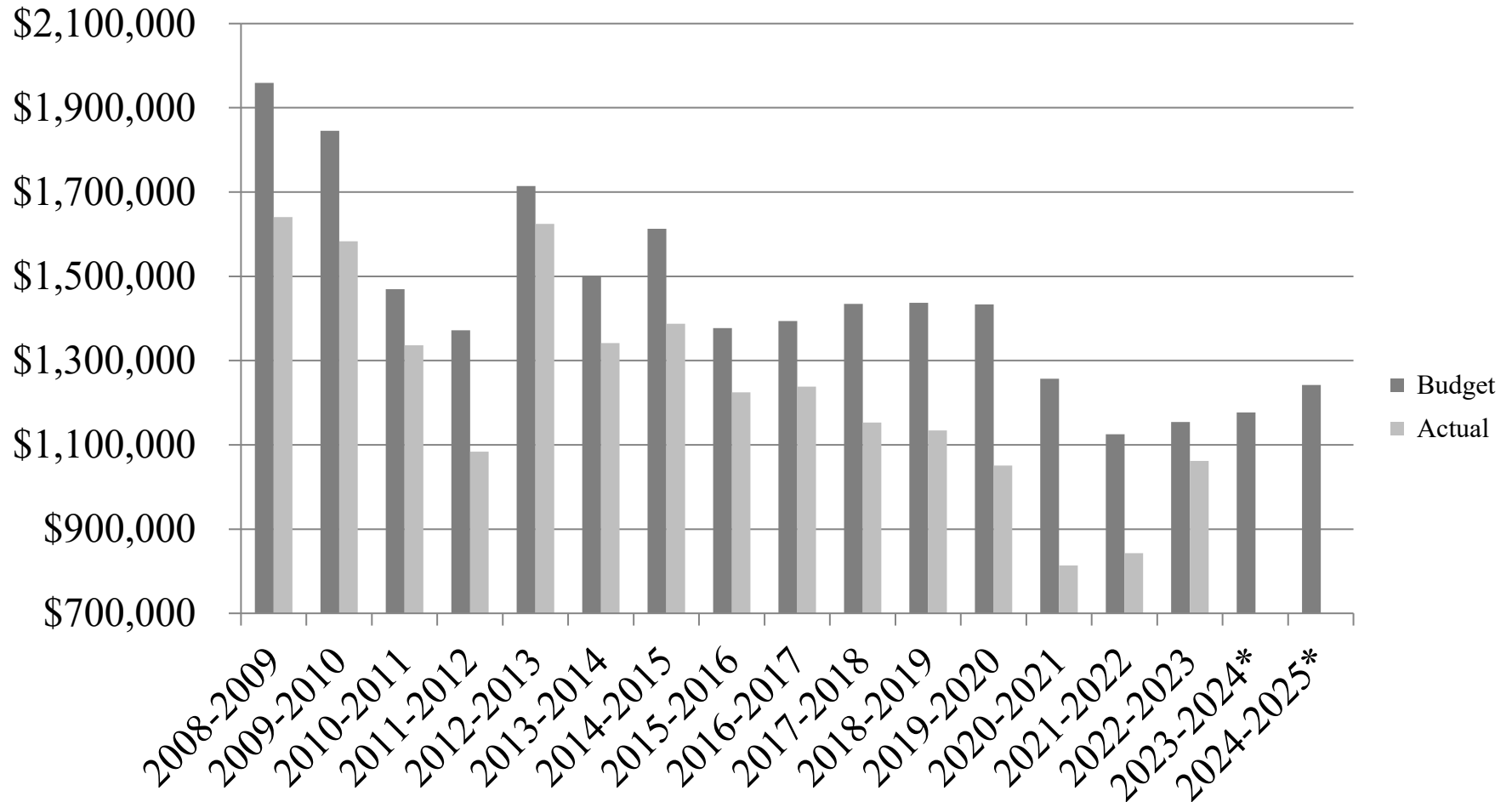
### REVENUES

	<b>Projected Contributions (from above)</b>	12,701,860	13,386,659	13,630,001	13,708,388	14,489,847	15,520,179	16,376,817	17,154,017	17,946,644	
	<b>Projected State Reimbursement</b>	<b>50.00%</b>	<b>6,350,930</b>	<b>6,693,329</b>	<b>6,815,001</b>	<b>6,854,194</b>	<b>7,244,923</b>	<b>7,760,090</b>	<b>8,188,408</b>	<b>8,577,008</b>	<b>8,973,322</b>
<b>7820</b>	<b>Actual Reimbursement (from AFR)</b>	6,334,157	6,688,561	6,822,048							
	<b>Actual State Reimbursement % (Average)</b>	<b>49.87%</b>	<b>49.96%</b>	<b>50.05%</b>							
	<b>Net PSEERS Contribution</b>	<b>6,350,930</b>	<b>6,693,329</b>	<b>6,815,001</b>	<b>6,854,194</b>	<b>7,244,923</b>	<b>7,760,090</b>	<b>8,188,408</b>	<b>8,577,008</b>	<b>8,973,322</b>	
	<b>Net Increase Over Prior Year</b>		<b>342,399</b>	<b>121,671</b>	<b>39,194</b>	<b>390,729</b>	<b>515,166</b>	<b>428,319</b>	<b>388,600</b>	<b>396,314</b>	





# Building Level Spending



\*Budgeted figures are included in the chart above for 2022-2023 and 2023-2024.

“Focus on learning for every student every day.”



# Act 1 of 2006





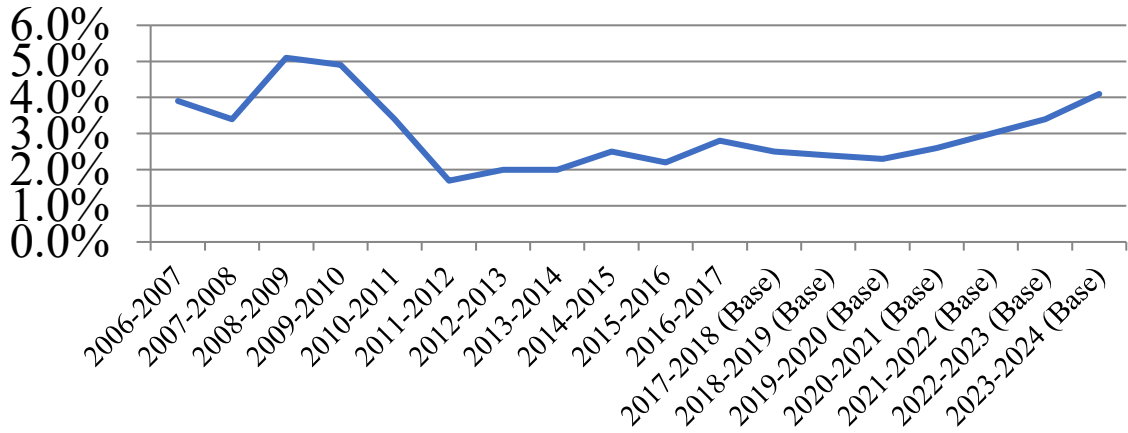
# Act 1 of 2006

- The law was originally designed to provide state gaming revenue to local school districts, which is then used to lower property taxes to homeowners with approved homestead applications on file.
  - The tax reduction (both assessed value and dollar amount of tax bill) is the same ~ regardless of the property valuation.
  - Generally, a homestead application is approved by Allegheny County if the property owner is able to define the property as the main dwelling and primarily used as the owner's domicile.
  - Application and approval process is only required once & carries forward each year.
  - The application and the process to apply for a new homestead is listed on the Allegheny County website here: <https://www.alleghenycounty.us/real-estate/abatements-exemptions/act-50/act-50-application-process.aspx>. Applications are due by March 1<sup>st</sup>.
  - **In Pine-Richland School District, each property owner with an approved homestead received a tax reduction in the amount of \$217.35 on their July 2023 real estate tax bill.**
  - **We expect this amount to be approximately \$220 for each approved homestead for July 2024. This calculation will be finalized and voted on at the June 12<sup>th</sup> meeting.**

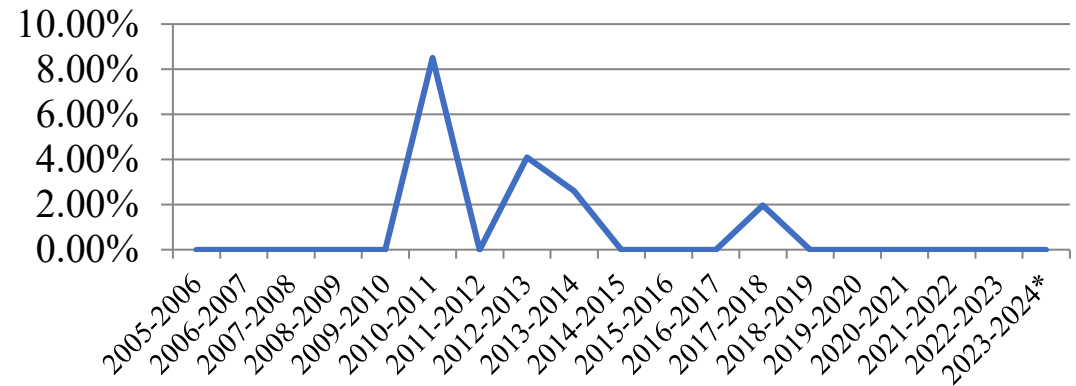


# Act 1 of 2006

**Index: Pine-Richland**



**History of % change in millage rate**



The annual Act 1 index is calculated on the statewide average weekly wage & federal employment cost index. This index regulates the annual rate at which each school district can raise property taxes in Pennsylvania ~ similar to COLA (cost of living adjustment).

Exceptions to the limitation: special education cost increases, retirement rate cost increases, certain construction costs

\*Proposed – no increase in tax rate for 2023-2024



# Tax Levy Options Under Act 1

Current Millage 19.5867	Millage Increase		
Effects of Millage Increase	19.70	19.84	20.09
Home Value Assessment	0.1113	0.250	0.500
100,000.00	\$ 11.13	\$ 25.00	\$ 50.00
200,000.00	\$ 22.26	\$ 50.00	\$ 100.00
277,150.00	\$ 30.85	\$ 69.29	\$ 138.58
300,000.00	\$ 33.39	\$ 75.00	\$ 150.00
400,000.00	\$ 44.52	\$ 100.00	\$ 200.00
500,000.00	\$ 55.65	\$ 125.00	\$ 250.00
600,000.00	\$ 66.78	\$ 150.00	\$ 300.00
700,000.00	\$ 77.91	\$ 175.00	\$ 350.00
800,000.00	\$ 89.04	\$ 200.00	\$ 400.00
District Wide Revenue Increase	\$ 375,247.69	\$ 838,925.32	\$ 1,666,921.10
Millage County Rank	5th (T)	7th	7th
District Median Assessed Value			
Remains 5th Lowest in Allegheny County			

\*This draft does not include a tax increase.

“Focus on learning for every student every day.”



# Next Steps



# Timeline

- May 2024 – PA Department of Education notifies school districts of their state allocation of property tax reduction funding and Allegheny County assessor’s office will provide a listing of approved homesteads
- May 6, 2024 – joint governance (finance) meeting
- May 6, 2024 – adoption of proposed final budget
  - Budget documents must be advertised and on display for at least 20 days prior to adoption of final budget
- June 10, 2024 – adoption of tax rates & final budget



# Budget & Finance Communications

- Budgetary and Financial Information is located on our website at:  
<https://www.pinerichland.org/Domain/26>
- Home Page ~ At Your Service ~ Budget/Finances
- Topics:
  - Current & historical budget information
  - Benchmarking data – December 2023
  - Resources (bottom of the webpage):
    - Athletic Facilities Master Plan – 2016
    - School Finance Presentation Archive – 2016
    - PDE Annual Financial Report – Fiscal Year 2022-2023
    - Audited Financial Statements – Fiscal Year 2022-2023