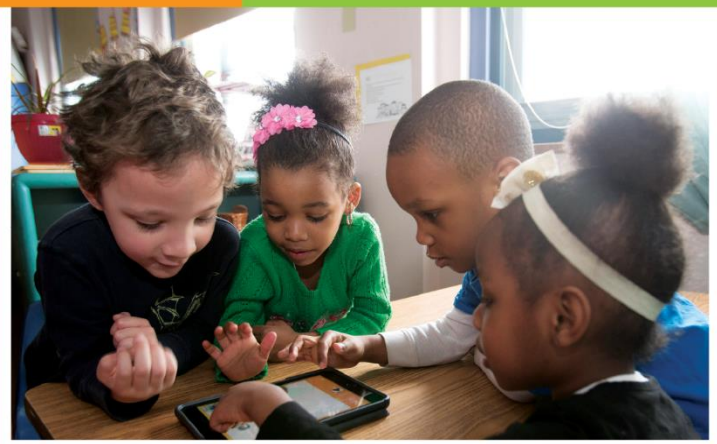
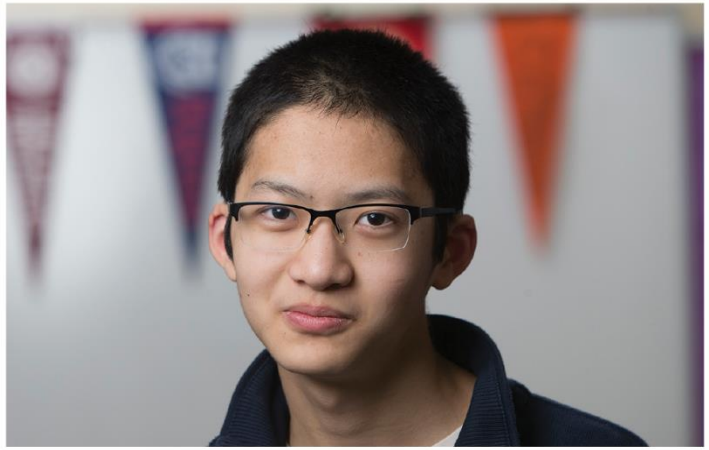
November 2021 Budget Workshop









Expect great things.

Pittsburgh Public Schools

Budget Workshop Goals

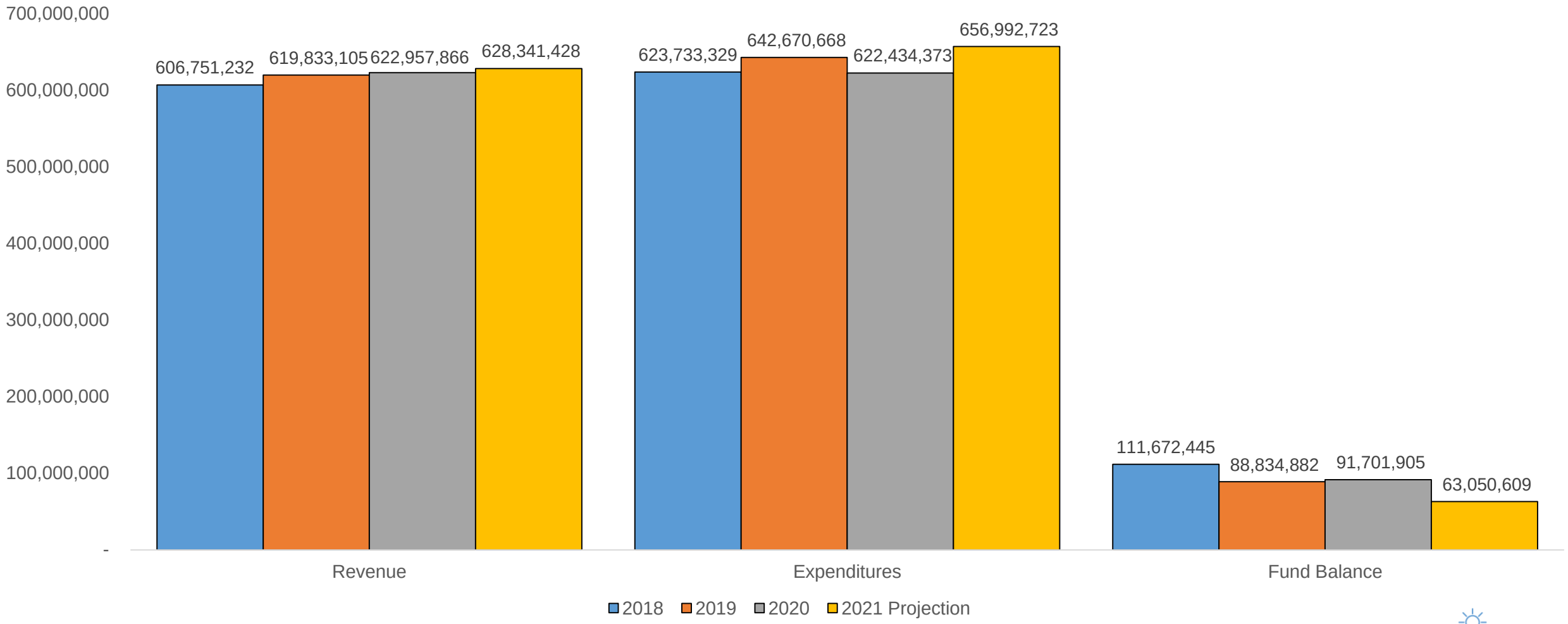
- Provide an update on our finances
- Presentation of the 2022 Preliminary General Fund Budget
- Agreement on next steps for the 2022 budget

We Are on Track to Completely Exhaust Our Fund Balance by 2023

	Adopted Year Ended 2021	Projected Year Ended 2021	Projected Year Ended 2022	Projected Year Ended 2023	Projected Year Ended 2024
Total Revenues	$631,914,258	$628,341,428	$634,296,658	$642,506,066	$650,486,665
Total Expenditures	$671,348,058	$657,646,298	$690,293,198	$704,245,666	$715,226,366
Beginning Balance	$73,234,205	$91,701,905	$62,397,034	$6,400,494	($55,339,106)
Operating Surplus/(Deficit)	($39,433,800)	($29,304,871)	($55,996,540)	($61,739,600)	($64,739,701)
Ending Fund Balance	$33,800,405	$62,397,034	$6,400,494	($55,339,106)	($120,078,807)
Less Projected Reservations	($2,500,000)	($2,500,000)	($2,500,000)	($2,500,000)	($2,500,000)
Less Committed Fund Balance	$0	$0	$0	$0	$0
Less Assigned Fund Balance	(38,980,987)	(55,996,540)	(61,739,600)	(64,739,701)	($66,075,188)
Unassigned Fund Balance	($7,680,582)	$3,900,494	($57,839,106)	($122,578,807)	($188,653,995)
% Budgeted Expenditures	-1.14%	0.59%	-8.38%	-17.41%	-26.38%
Minimum Fund Balance per Board Policy #721	$33,567,403	$32,882,315	$34,514,660	$35,212,283	$35,761,318
Compliance with Fund Balance Policy	No	No	No	No	No
Funds needed to comply with Fund Balance Policy	$41,247,985	$28,981,821	$92,353,766	$157,791,090	$224,415,314

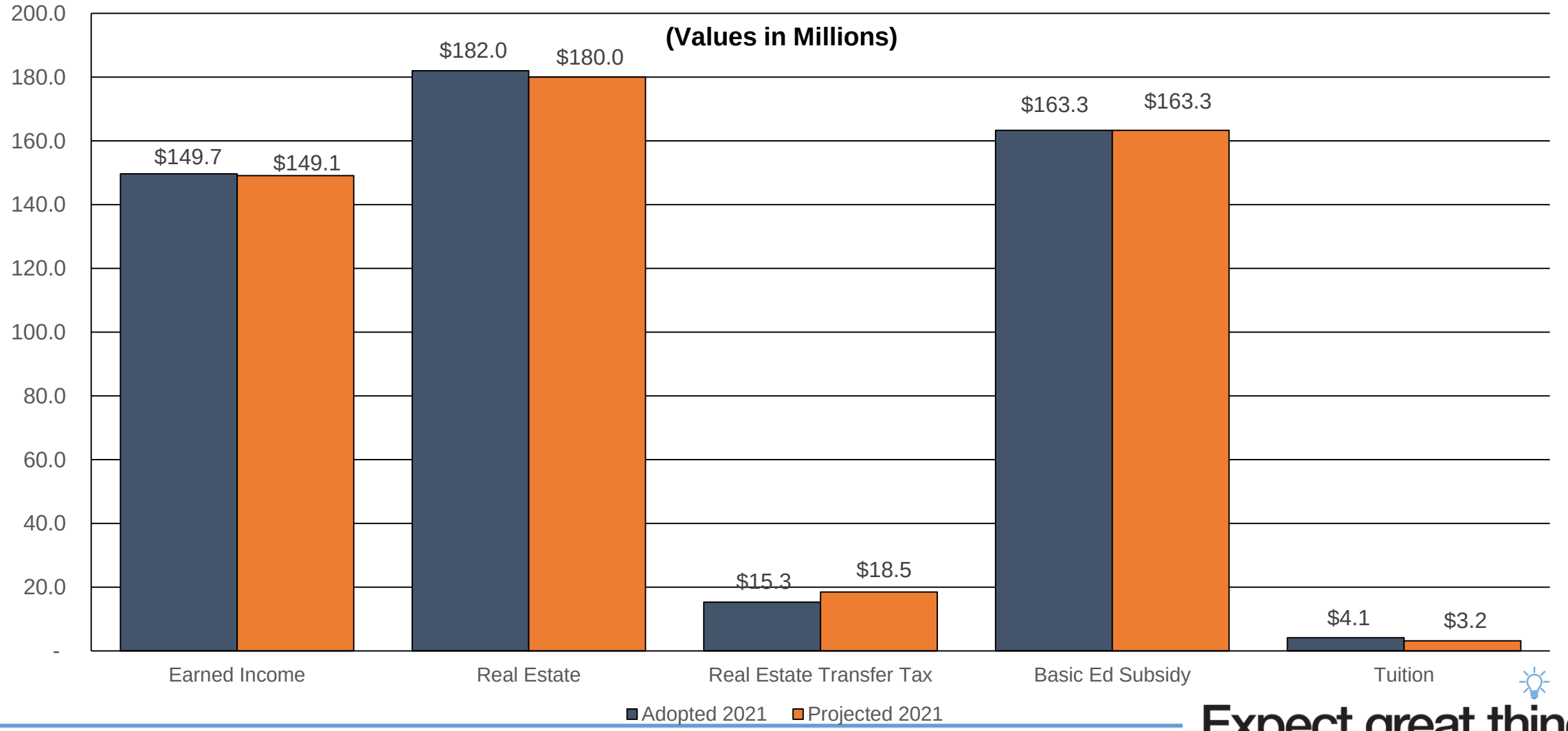
Expect great things.

Revenue, Expenditure, and Fund Balance Trends



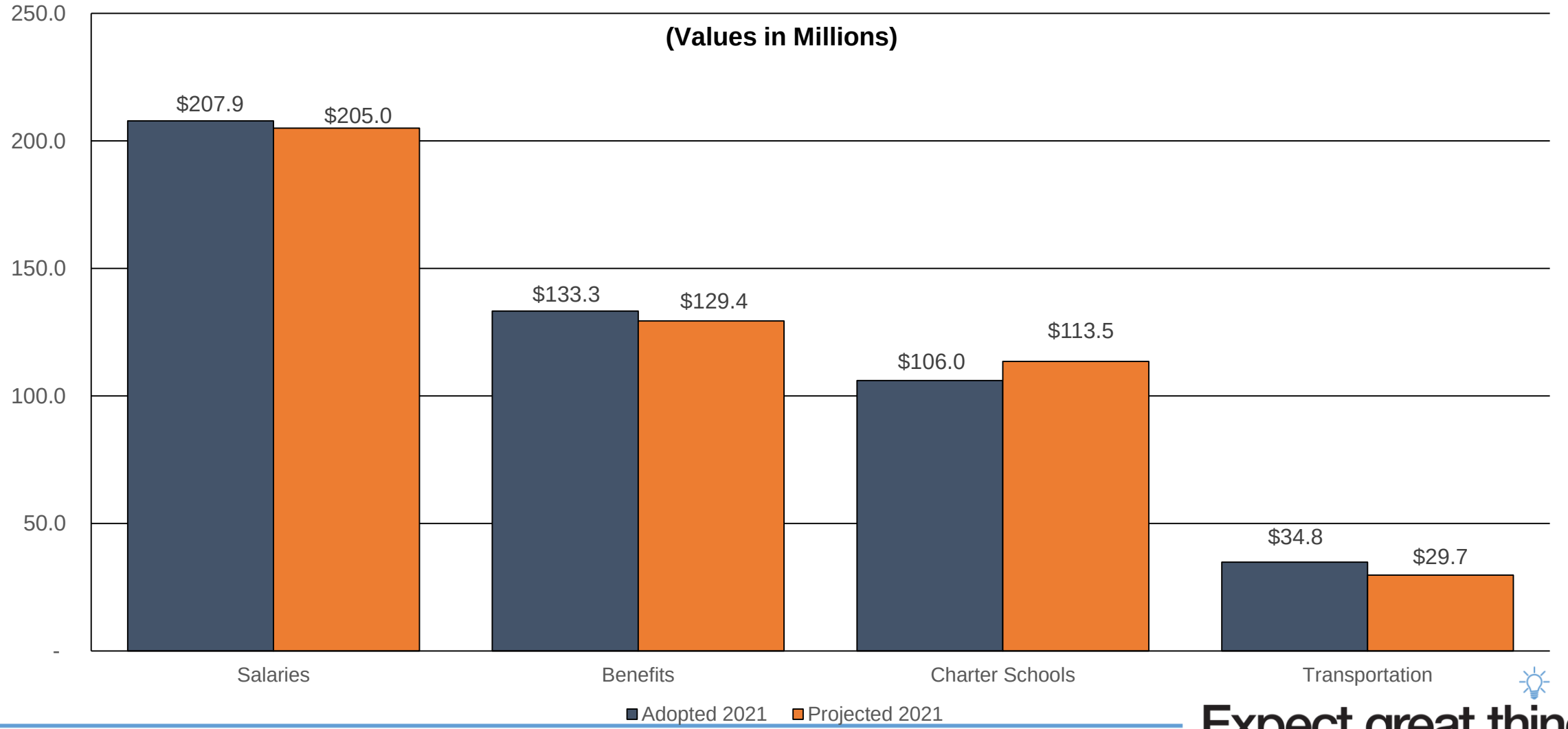
Expect great things.

Both Real Estate and Earned Income Revenue Are Trending Below Budget



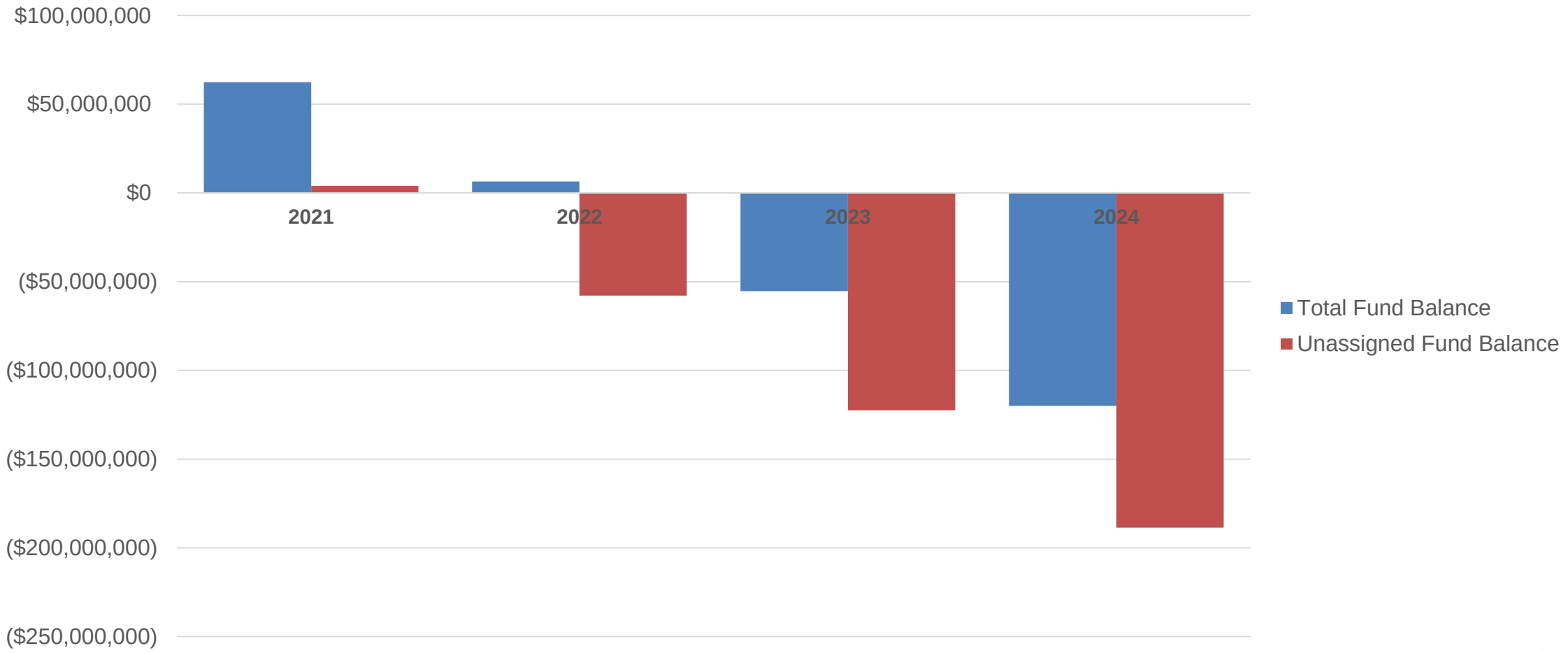
Expect great things.

Charter Schools Expenditures Are Projected to Grow by 7%



Expect great things.

At This Rate We Will Not Be Able to Pass a Budget for 2023



Expect great things.

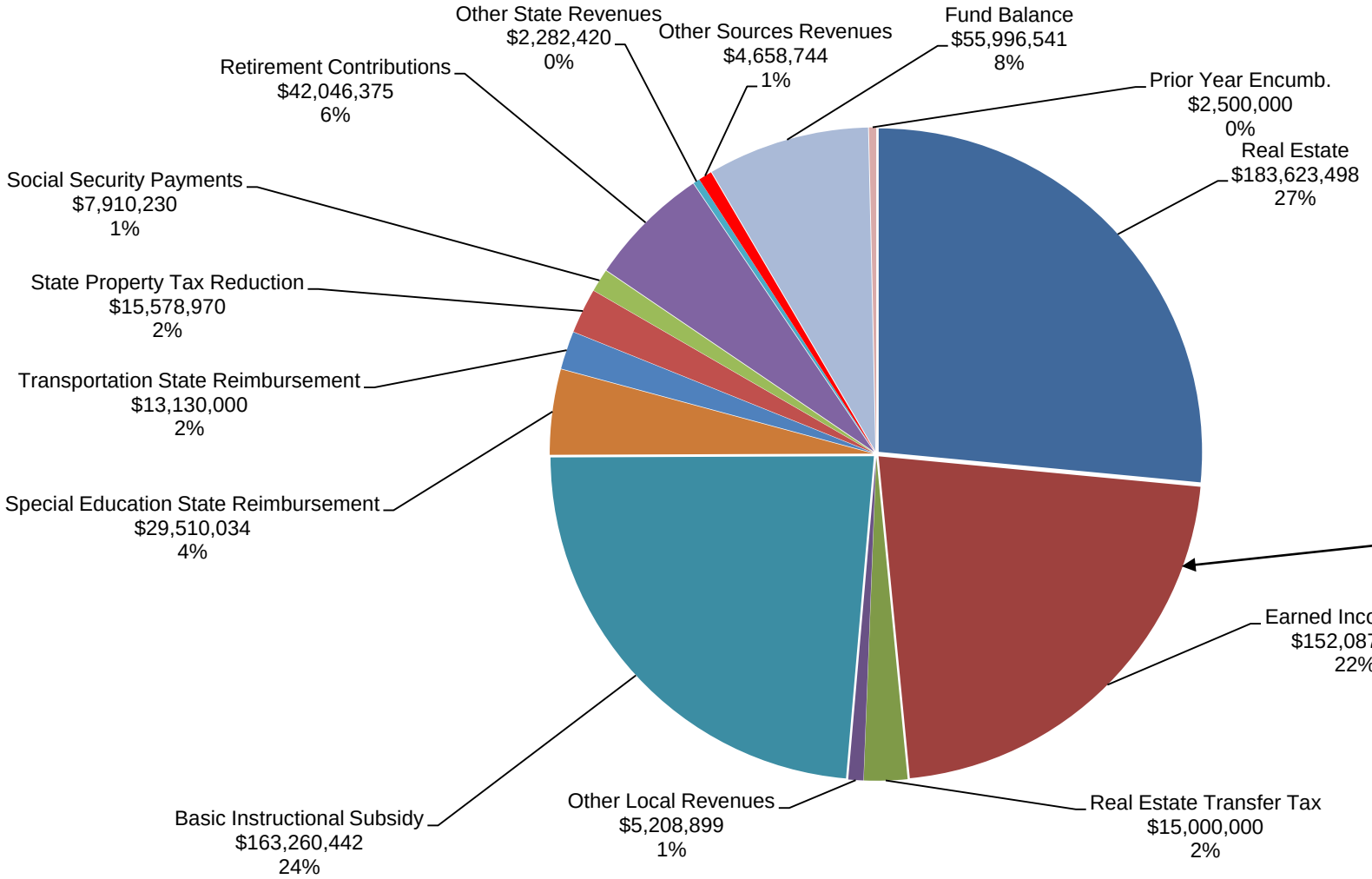
Priorities for the 2022 Budget

- Preserve student supports and programs
- Update school feeder patterns
- Address excess building capacity and modernize our footprint
- Reduce operating costs wherever possible

2022 Preliminary Budget

- **Expenditures for 2022 are budgeted at $690.3 million:**
  - **Represents a 2.87% increase from 2021 adopted budget**
  - **Includes an operating deficit of $56 million in 2022**
  - **2021 adopted budget had an operating deficit of $39.4 million**
- **Does NOT adhere to Board's minimum 5 percent fund balance policy for the General Fund through 2022 based on assumptions to date**
- **2021 Projections indicate final expenditures of $657.6 million and an operating deficit of $29.3 million.**
- **The 2022 Budget as currently proposed does NOT include a tax increase of 3% (up to the Act 1 Index).**
- **Does NOT reflect the usage of ESSER III funding**

2022 Revenue

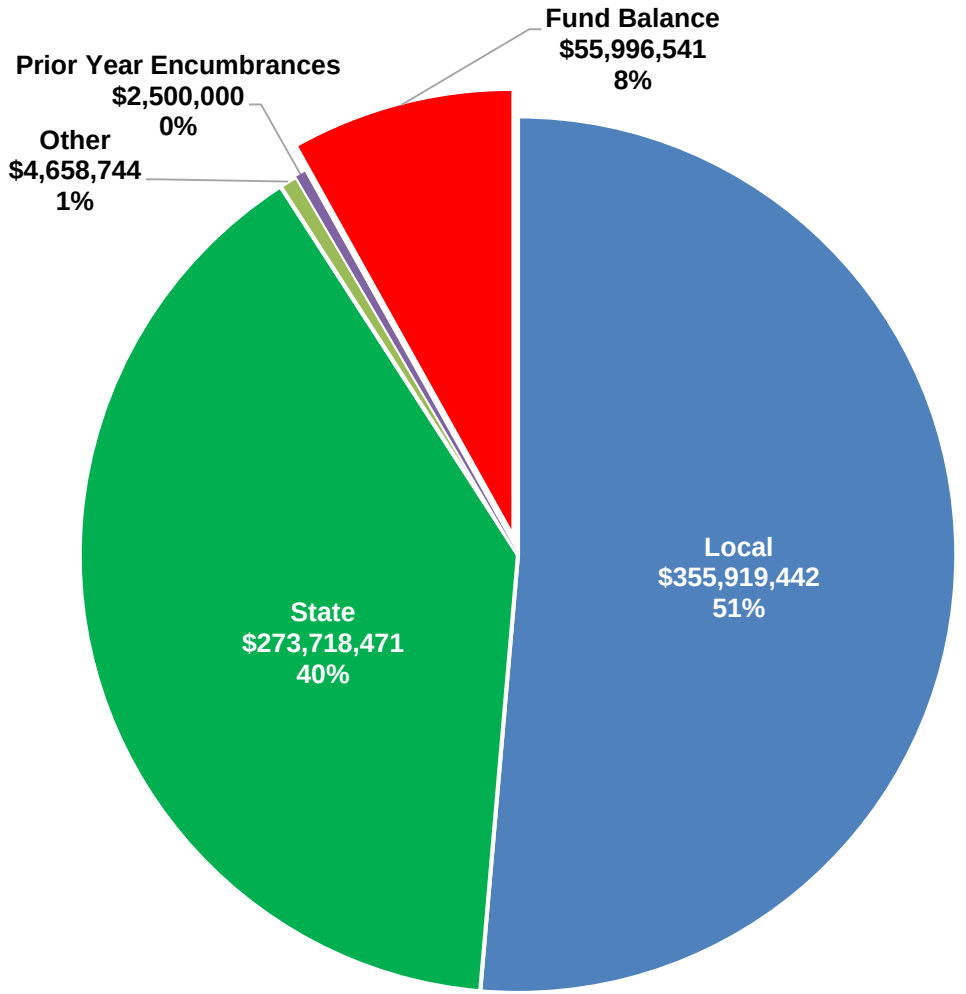


Total Revenue	**$690,293,198**
Prior Encumbrances	**$ 2,500,000**
Deficit	**$ 55,996,541**

25% of Earned Income Tax revenue is diverted to the City of Pittsburgh per Act 187 of 2004. This would equal an additional $20,298,149 in revenue for 2022.

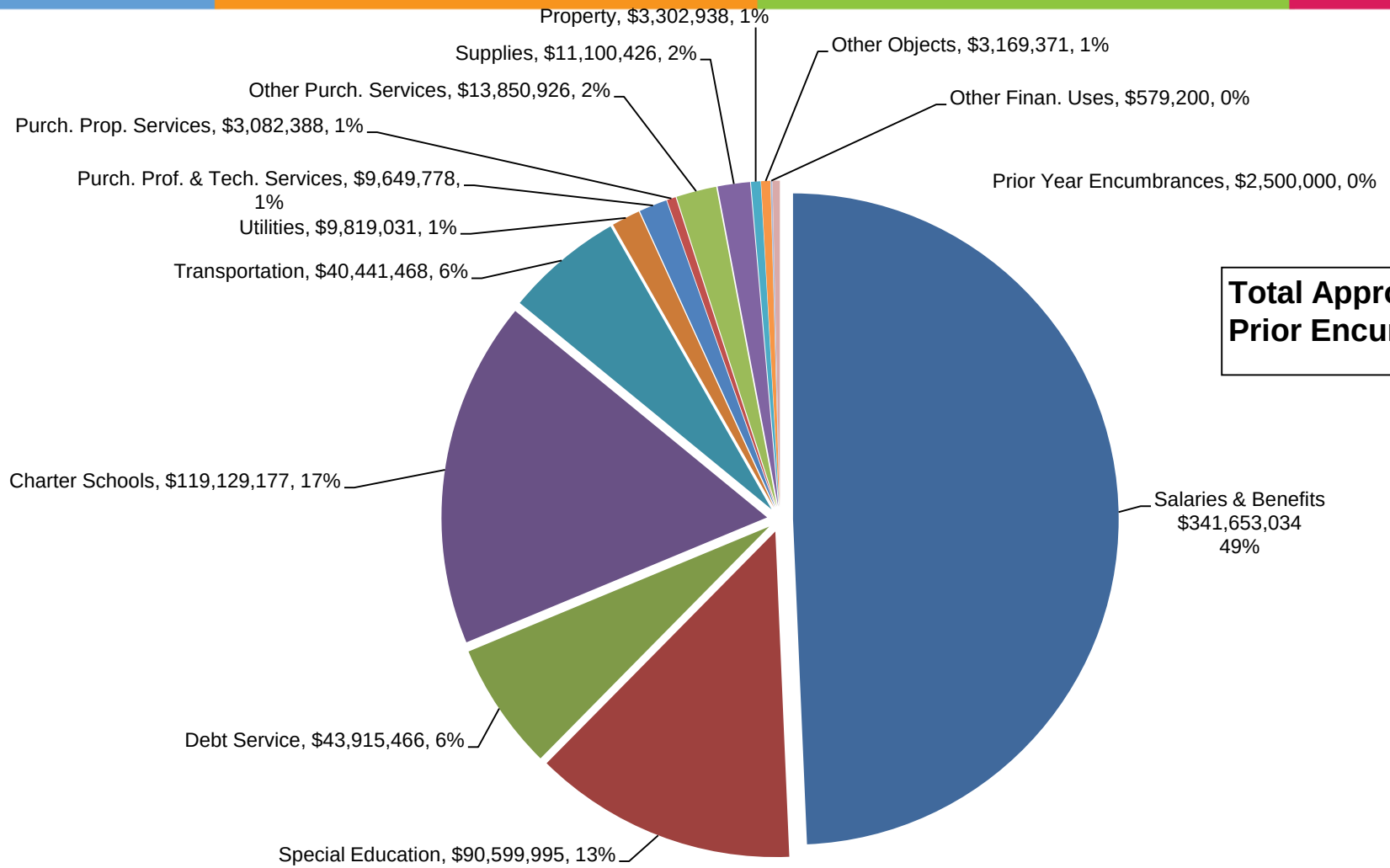
Expect great things.

2022 Revenue



Expect great things.

2022 Appropriations by Major Object



Total Appropriations	**$690,293,198**
Prior Encumbrances	**$ 2,500,00**

Expect great things.

Major Changes by Object

Expenditure Category	2021	2022	Increase/(Decrease)	% Change
Salaries & Benefits	341,145,484	341,653,034	507,550	0.15%
Special Education	89,436,870	90,599,995	1,163,125	1.30%
Debt Service	43,399,171	43,915,466	516,295	1.19%
Charter Schools	106,033,980	119,129,177	13,095,197	12.35%
Transportation	34,813,366	40,441,468	5,628,102	16.17%
Utilities	9,979,377	9,819,031	(160,346)	-1.61%
Purch. Prof. & Tech. Services	9,145,452	9,649,778	504,326	5.51%
Purch. Prop. Services	3,285,160	3,082,388	(202,772)	-6.17%
Other Purch. Services	13,522,629	13,850,926	328,297	2.43%
Supplies	11,352,231	11,100,426	(251,805)	-2.22%
Property	5,179,827	3,302,938	(1,876,889)	-36.23%
Other Objects	3,175,311	3,169,371	(5,940)	-0.19%
Other Finan. Uses	579,200	579,200	-	0.00%
Total	671,048,058	690,293,198	19,245,140	2.87%

Options for Workforce Adjustment

- **Option 1:** Elimination of **all Appeal Allocations** and **all positions beyond district's base Service Delivery Model** beginning with the **2022-23 school year**. Estimated elimination of 161 school-based positions for 2022-23.

Budget Year	2022	2023	2024
General Fund Cost Savings	$ 8,414,775	$ 21,036,937	$ 21,036,937

- **Option 2:** Elimination of **all Appeal Allocations for 2022-23** and **all positions beyond district's base Service Delivery Model for 2023-24** school year. Estimated elimination of 24 school-based positions for 2022-23, and 137 additional positions for 2023-24.

Budget Year	2022	2023	2024
General Fund Cost Savings	$ 1,301,636	$ 10,367,228	$ 21,036,937

Options for Workforce Adjustment Using ESSER III Funding

- **Option 1: All positions maintained through 2022-23 school year**. Elimination of all appeal allocations and all allocations beyond the Base Service Delivery Model for 2023-24 and beyond. Estimated elimination of 161 school-based positions for 2023-24. Would require an estimated $33.7 million in total ESSER Funding beginning January 1, 2022.

Budget Year	2022	2023	2024
General Fund Cost Savings	$21,036,937	$ 21,036,937	$ 21,036,937
ESSER Funding Required	$21,036,937	$ 12,622,162	$ 0

- **Option 2: Elimination of all Appeal Allocations for 2022-23 and all positions beyond district's base Service Delivery Model eliminated for 2023-24 school year**. Estimated elimination of 24 school-based positions for 2022-23, and 137 additional positions for 2023-24. Would require an estimated $30.4 million in total ESSER funding beginning January 1, 2022.

Budget Year	2022	2023	2024
General Fund Cost Savings	$21,036,937	$ 21,036,937	$21,036,937
ESSER Funding Required	$19,735,301	$ 10,669,709	$ 0

Impact of Possible Tax Increase

- 2021-22 Act 1 Index for the district is 3.0%
- Current Millage rate is 9.95 Mills

% Increase	Mills	2022 Estimated Real Estate Revenue	Increase over Existing Projection
No Increase	9.95	$ 183,623,498	$ -
0.50%	10.00	$ 184,511,615	$ 888,117
1.00%	10.05	$ 185,399,733	$ 1,776,235
1.50%	10.10	$ 186,287,850	$ 2,664,352
2.00%	10.15	$ 187,175,968	$ 3,552,470
2.50%	10.20	$ 188,064,085	$ 4,440,587
3.00%	10.25	$ 188,952,203	$ 5,328,705

Projected Impact on the Taxpayer

	Property Value				
Millage Rate	$ 50,000	$ 84,500	$ 100,000	$ 150,000	$ 200,000
9.95 (2021 Level)	$ 497.50	$ 840.78	$ 995.00	$ 1,492.50	$ 1,990.00
10.00 (0.5% Increase)	$ 2.50	$ 4.22	$ 5.00	$ 7.50	$ 10.00
10.05 (1% Increase)	$ 5.00	$ 8.45	$ 10.00	$ 15.00	$ 20.00
10.10 (1.5% Increase)	$ 7.50	$ 12.67	$ 15.00	$ 22.50	$ 30.00
10.15 (2% Increase)	$ 10.00	$ 16.90	$ 20.00	$ 30.00	$ 40.00
10.20 (2.5% Increase)	$ 12.50	$ 21.13	$ 25.00	$ 37.50	$ 50.00
10.25 (3.0% Increase)	$ 15.00	$ 25.35	$ 30.00	$ 45.00	$ 60.00

Millage Increase in Context

- A proposed millage increase of 3.0% would provide the District with an additional $5.3 million in real estate tax revenue in 2022 and beyond.
- To put this number in perspective, $5.3 million is equivalent the each following:
  - The annual salary and benefits of 37 teachers or
  - The annual salary and benefits of 85 paraprofessionals
  - This amount is also more than enough to fund the site-based budget for an elementary or middle school.

Budget Approval Timeline

- November 3, 2021 – November Budget Workshop
- November 17, 2021 – Preliminary Budget Released
- November 22, 2021 – Public Hearing
- December 6, 2021 – Special Budget Public Hearing
- December 8, 2021 – December Budget Workshop
- December 20, 2021 – Public Hearing
- December 22, 2021 – Legislative Meeting

In Closing

- A decision is needed on whether to:
  - Utilize ESSER III to provide short term stability by maintaining school-based staffing levels through 2022-23
  - Include a millage increase in the 2022 budget

Budget Workshop Goals

- Provide an update on our finances
- Presentation of the 2022 Preliminary General Fund Budget
- Agreement on next steps for the 2022 budget