March Board Budget Workshop

Agenda

Review of Unaudited General Fund Results

Review of State and Federal Funding

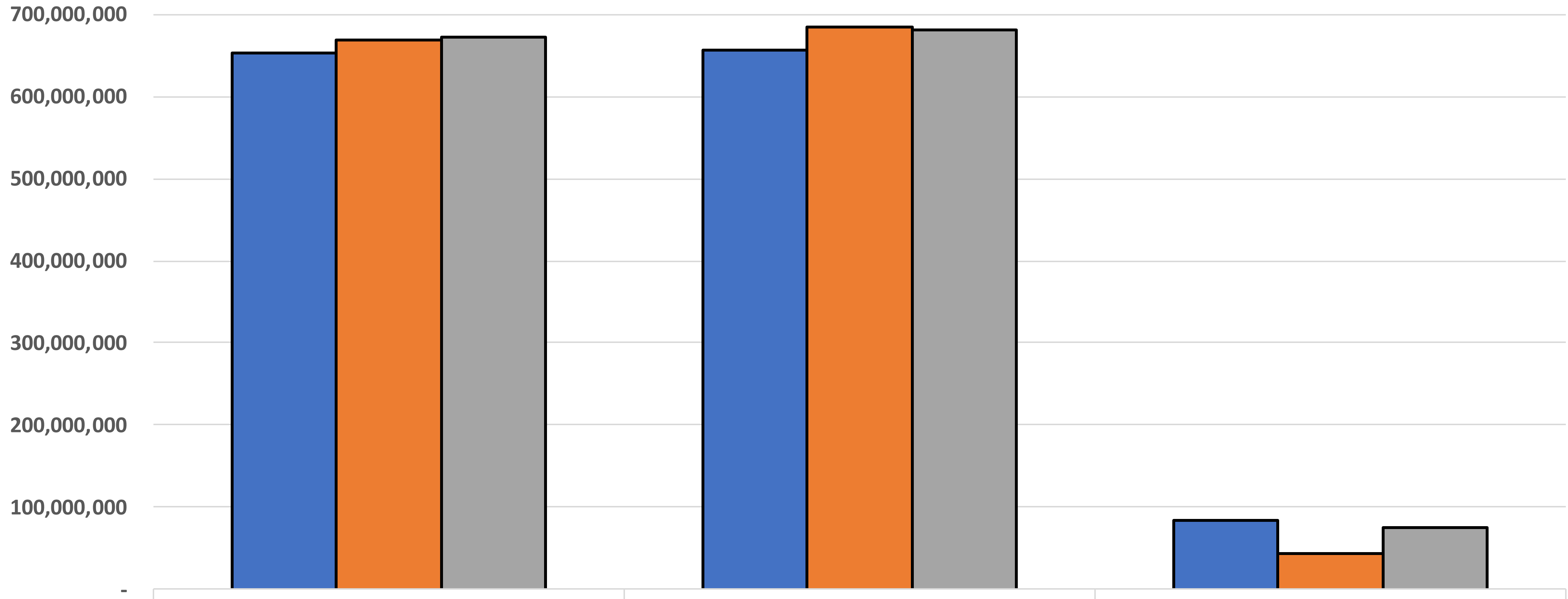
Review of Property Assessment Appeals

Review of 2024 General Fund Budget

Pittsburgh Public Schools

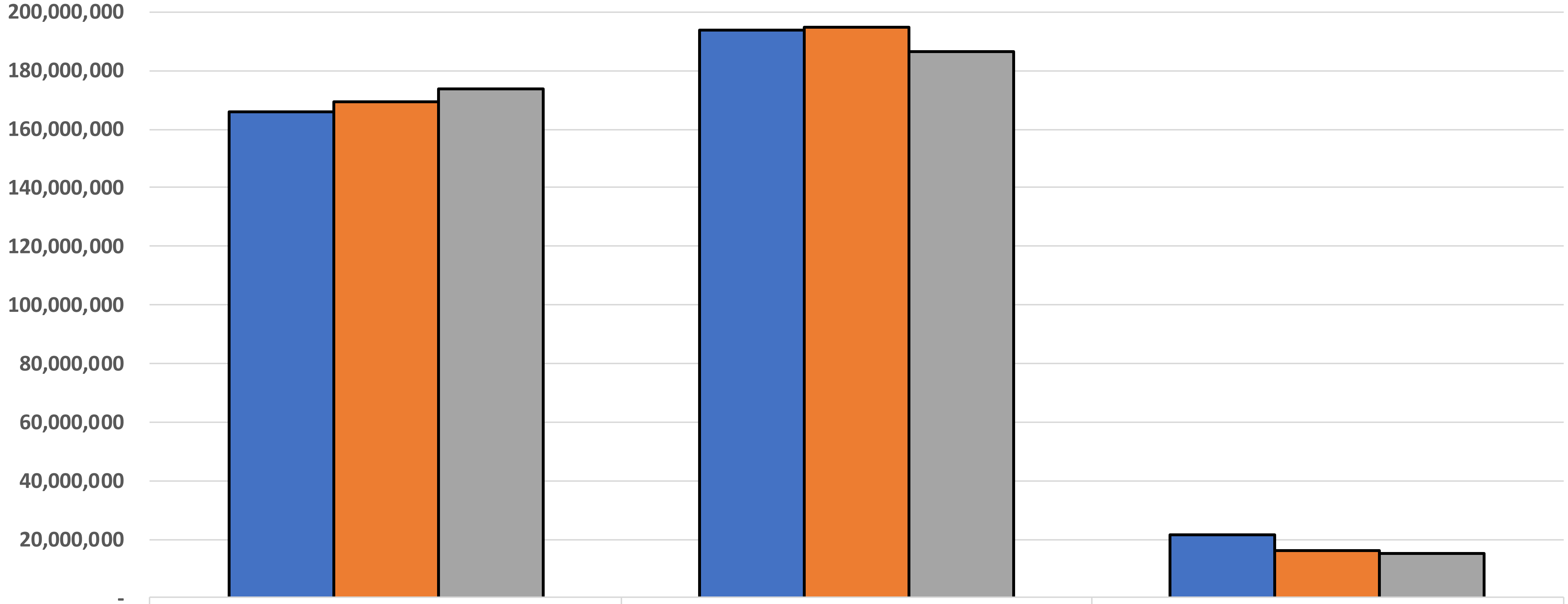
Review of Unaudited General Fund Results

Year to Date Comparison



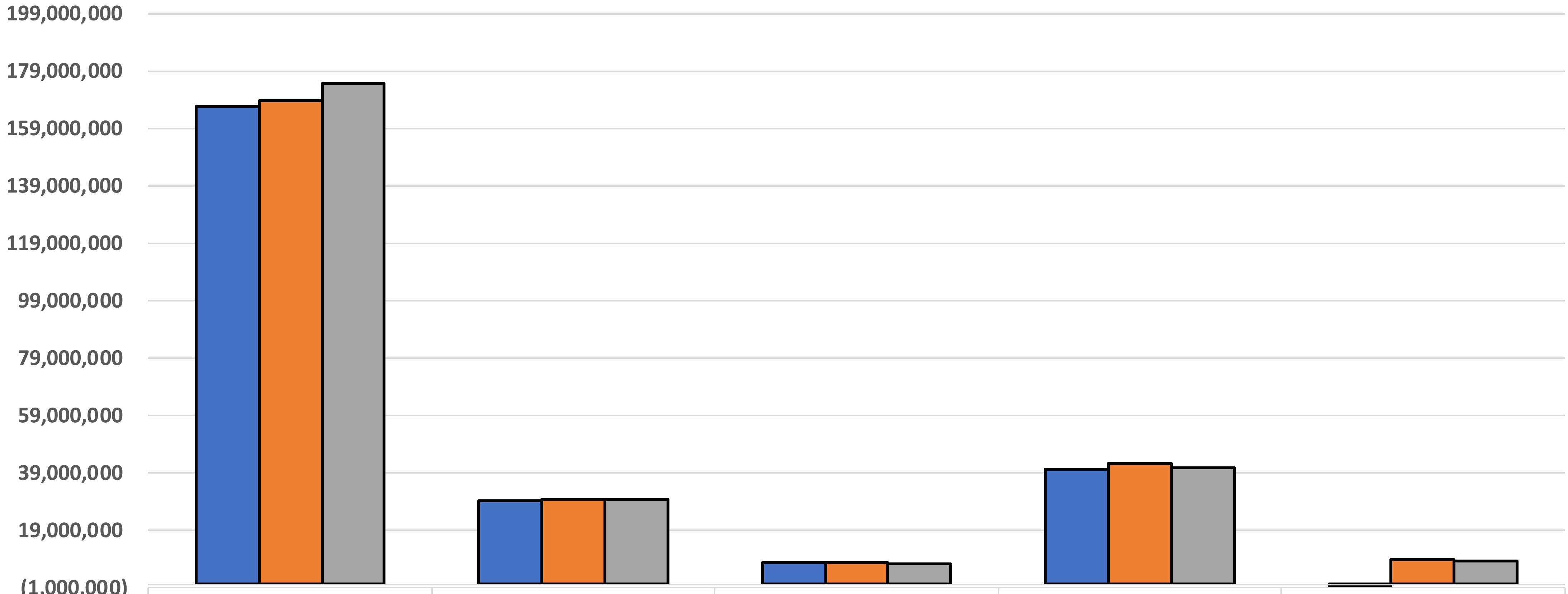
	Revenues	Expenditures	Fund Balance
12/31/2022	652,954,802	656,174,842	83,030,289
2023 Budget	668,529,106	684,977,338	43,177,018
Proj 12/31/2023	672,780,778	680,454,085	75,356,982

Year to Date Comparison for Local Revenues



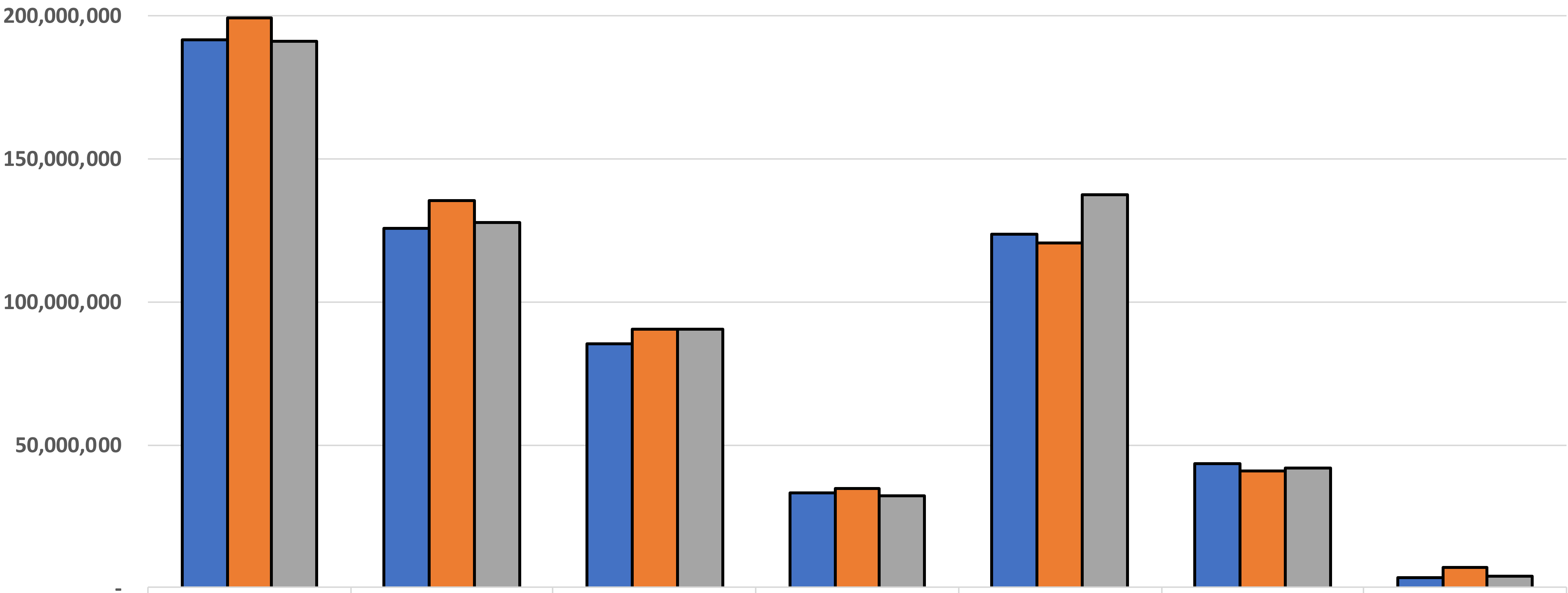
	Earned Income Tax	Real Estate Tax	Real Estate Transfer Tax
12/31/2022	166,006,708	193,681,930	21,698,724
2023 Budget	169,363,740	194,650,904	16,000,000
12/31/2023	173,549,065	186,552,972	14,960,504

Year to Date Comparison for State Revenues



	Basic Ed Subsidy	Special Ed Subdsidy	Social Security	Retirement	Transportation
12/31/2022	166,567,860	29,173,171	7,716,754	40,325,399	(887,057)
2023 Budget	168,670,990	29,730,901	7,630,540	42,383,793	8,596,088
12/31/2023	174,475,408	29,887,200	7,167,248	40,605,711	8,183,213

Year to Date Comparison for Expenditures



	Salaries	Benefits	Special Education	Transportation	Charter Schools	Debt Service	Tax Appeals
12/31/2022	191,812,648	125,737,989	85,121,879	33,375,010	123,750,358	43,419,442	3,315,983
2023 Budget	199,491,233	135,464,055	90,338,946	34,617,933	120,851,888	41,007,859	7,000,000
12/31/2023	191,247,799	127,554,529	90,338,946	32,144,320	137,742,648	41,690,379	4,160,414

Financial Statement Highlights

12 MONTH ROLLFORWARD FOR THE GENERAL FUND:

- During the 12-month period ending December 31, 2023, total General Fund balance is projected to decrease from $83 million to $75.3 million

- This fund balance has two major components: Total funds available for future spending are $42.8 million and total funds committed for specific uses are $32.5 million.

GENERAL FUND:

- Actual 2023 revenues as a whole are projected to be $19.8 million or 3.04% greater than 2022 revenues

- Actual 2023 expenditures as a whole are projected to be $24.3 million or 3.7% greater than 2022

Financial Statement Highlights

REVENUES:

State Sources:

- The District's State revenue sources are projected to be $21.8 million or 8.31% greater than 2022
- Basic Instructional subsidy increased by $7.9 million or 4.73%

Local Sources:

- Collections of the Earned Income Tax are projected to be $7.5 million or 4.54% greater than 2022 collections
- 2023 Real Estate Tax collections are projected to be $7.1 million or 3.68% lower than 2022 collections
- 2023 Realty Transfer Tax revenue is projected to be $6.7 million or 31.05% lower than 2022

EXPENDITURES:

- Salary expenditures declined by $0.56 million or 0.29% compared to 2022
- Charter School payments are projected to be $14 million or 11.31% greater than 2022

Review of State and Federal Funding

Governor's Budget

- The Governor's Education budget has a 13.62% increase in Basic Education Funding over 2023-24 appropriations, for a total of $1.07 Billion in new appropriations. This includes:
  - An additional $200 million distributed through the student-weighted formula
  - An $872 Million for an adequacy investment for basic education as recommended by the Basic Education Funding Commission
- $50 Million statewide increase in Special Education Funding, a 3.61% increase over 2024-25. These dollars are distributed based on categories of support for students with disabilities.
- The Governor's proposed 2024-25 budget also includes
  - $32.5 Million statewide increase for the Pre-K Counts program
  - $2.7 Million statewide increase for the Head Start Supplemental Assistance program
  - $17 Million statewide increase for Early Intervention
  - Establishes a statewide cyber tuition rate of $8,000 per student per year
    - This reform will save Pittsburgh Public Schools an estimated $13.3 million annually

Impact of Governor's Budget

School District of Pittsburgh
Governor's Proposed Budget - 2024/25 2/14/2024

	2023-24	2024-25	VARIATION	% CHANGE
BASIC EDUCATION FUNDING BASE	$153,804,126	$177,716,944	$23,912,818	15.55%
STUDENT WEIGHTED DISTRIBUTION	$23,912,818	$2,337,857	-$21,574,961	-90.22%
ADEQUACY INVESTMENT	$0	$0	$0	N/A
TOTAL BASIC EDUCATION FUNDING	**$177,716,944**	**$180,054,801**	**$2,337,857**	**1.32%**
READY TO LEARN BLOCK GRANT	**$9,955,423**	**$9,955,423**	**$0**	**0.00%**
CAREER AND TECHNICAL EDUCATION SUBSIDY	**$484,296**	**$484,296**	**$0**	**0.00%**
SPECIAL EDUCATION FUNDING BASE	$27,426,465	$27,426,465	$0	0.00%
STUDENT-BASED ALLOCATION	$2,652,452	$2,841,601	$189,149	7.13%
TOTAL SPECIAL EDUCATION FUNDING	**$30,078,917**	**$30,268,066**	**$189,149**	**0.63%**
TOTAL	**$218,235,580**	**$220,762,586**	**$2,527,006**	**1.16%**

Adequacy Investment

- $872 million for basic education as recommended by the Basic Education Funding Commission

- Establishes a spending (adequacy) target per school district and compares this target to net current expenditures

- School districts with a net current expenditures less than their adequacy target (an adequacy gap) will receive an adequacy investment

- Pittsburgh Public Schools will **NOT** receive an Adequacy Investment

American Rescue Plan (ARP) Act – ESSER III

- Funding ends September 30, 2024

- Our ESSER III allocation is $100.2 million

- ESSER III spending as of 12/31/2023:
  - Total budget: $100,207,995
  - Total expenditures: $29,515,366.29
  - Total encumbrances: $17,548,458.63

- 46.97% of available budget utilized

American Rescue Plan (ARP) Act – ESSER III

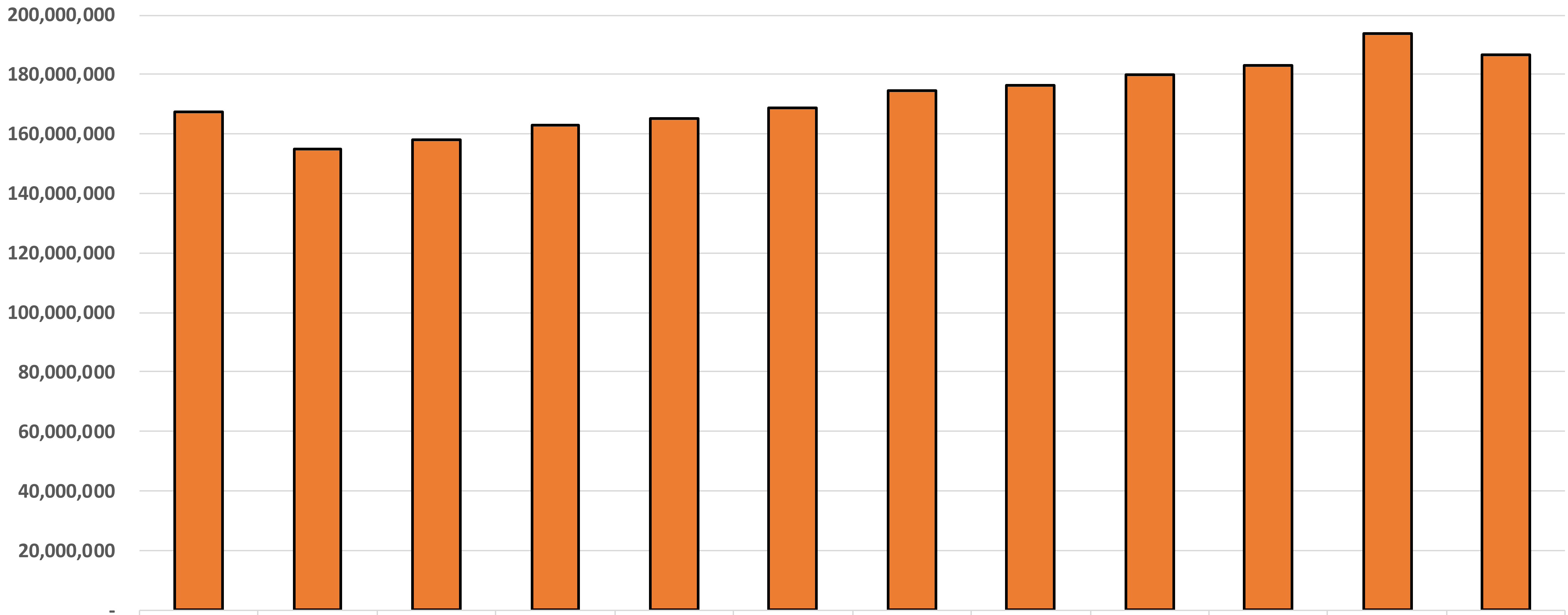
- Utilization by category:
  - Learning Loss – $3,701,034.89
  - SEL Supports – $4,263,574.22
  - Continuity of Services – $19,426,390.41
  - Physical Plant – Capital Improvements – $17,780,554
  - PPE & COVID Mitigation – $3,497.68
  - Evaluation – $911,401.89
  - Implementation, Capacity Building and Infrastructure – $512,883.42
  - Indirect Costs – $580,496.09

Pittsburgh Public Schools

Review of Property Assessment Appeals

Pittsburgh Public Schools

Real Estate Revenue Over Time



	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Real Estate Revenue	167,247,855	154,799,838	158,148,304	162,960,019	165,114,070	168,884,865	174,783,185	176,366,295	180,023,037	182,899,391	193,681,292	186,535,036

Impact of Property Assessment Appeals

- 3,051 assessment appeals were filed for the 2022 and 2023 tax years
  - Total tax base represented by these appeals is $3,557,933,788
  - $36,498,821.33 is annual tax revenue

- 938 active appeals that still need to be resolved by the Board of Viewers and Board of Property Assessment and Appeals Review (BPAAR)
  - Total tax base represented by these appeals is $1,114,413,510
  - $11,422,738.48 in annual tax revenue

- When applying a Common Level Ratio of 63.6 the 938 active appeals
  - The estimated reduction is the tax base is $406,760,931.15
  - The estimated refunds due for the 2022 and 2023 tax years is $8,338,599.09
  - The estimated reduction in tax revenue for the 2024 tax year is $4,169,299.54

Impact of Property Assessment Appeals

- BPAAR has issued 368 decisions from 1/1/24 to 2/12/24
  - For these 368 appeals, the tax base decreased from $1,310,139,934 to $1,064,490,095
  - The estimated refunds due for the 2022 and 2023 tax years is $5,035,821.70
  - The estimated reduction in tax revenue for the 2024 tax year is $2,517,910.85

- The District may experience a $6,687,210.39 reduction in real estate revenue is need to pay $13,374,420.79 in tax refunds for the 2022 and 2023 tax years

- The deadline to file assessment appeals for the 2024 tax year is March 31, 2024

Pittsburgh Public Schools

Our Current Financial Forecast

	Actual Year Ended 2021	Actual Year Ended 2022	Adopted Year Ended 2023	Projected Year Ended 2023	Proposed Year Ended 2024	Projected Year Ended 2025
Total Revenues	$633,263,128	$652,954,802	$668,529,106	$672,780,778	$686,926,622	$706,739,320
Total Expenditures	$638,337,948	$656,174,842	$684,977,338	$680,484,085	$716,911,653	$735,734,491
Beginning Balance	$91,701,905	$86,627,084	$59,625,250	$83,407,045	$75,703,738	$45,718,707
Operating Surplus/(Deficit)	($5,074,821)	($3,220,039)	($16,448,232)	($7,703,307)	($29,985,031)	($28,995,171)
Ending Fund Balance	$86,627,084	$83,407,045	$43,177,018	$75,703,738	$45,718,707	$16,723,536
Less Projected Reservations	($4,131,698)	($2,500,000)	($2,500,000)	($2,500,000)	($2,500,000)	($2,500,000)
Less Committed Fund Balance	$0	$0	$0	$0	$0	$0
Less Assigned Fund Balance	(27,001,834)	(16,448,232)	(23,936,978)	(29,985,031)	($28,995,171)	($36,015,029)
Unassigned Fund Balance	$55,493,552	$64,458,813	$16,740,040	$43,218,707	$14,223,536	($21,791,493)
% Budgeted Expenditures	8.69%	9.82%	2.44%	6.35%	1.98%	-2.96%
Minimum Fund Balance per Board Policy #721	$31,916,897	$32,808,742	$34,248,867	$34,024,204	$35,845,583	$36,786,725
Compliance with Fund Balance Policy	Yes	Yes	No	Yes	No	No
Funds needed to comply with Fund Balance Policy	($23,576,654)	($31,650,071)	$17,508,827	($9,194,503)	$21,622,047	$58,578,217

Possible Impact of Lowered Assessments and Refunds

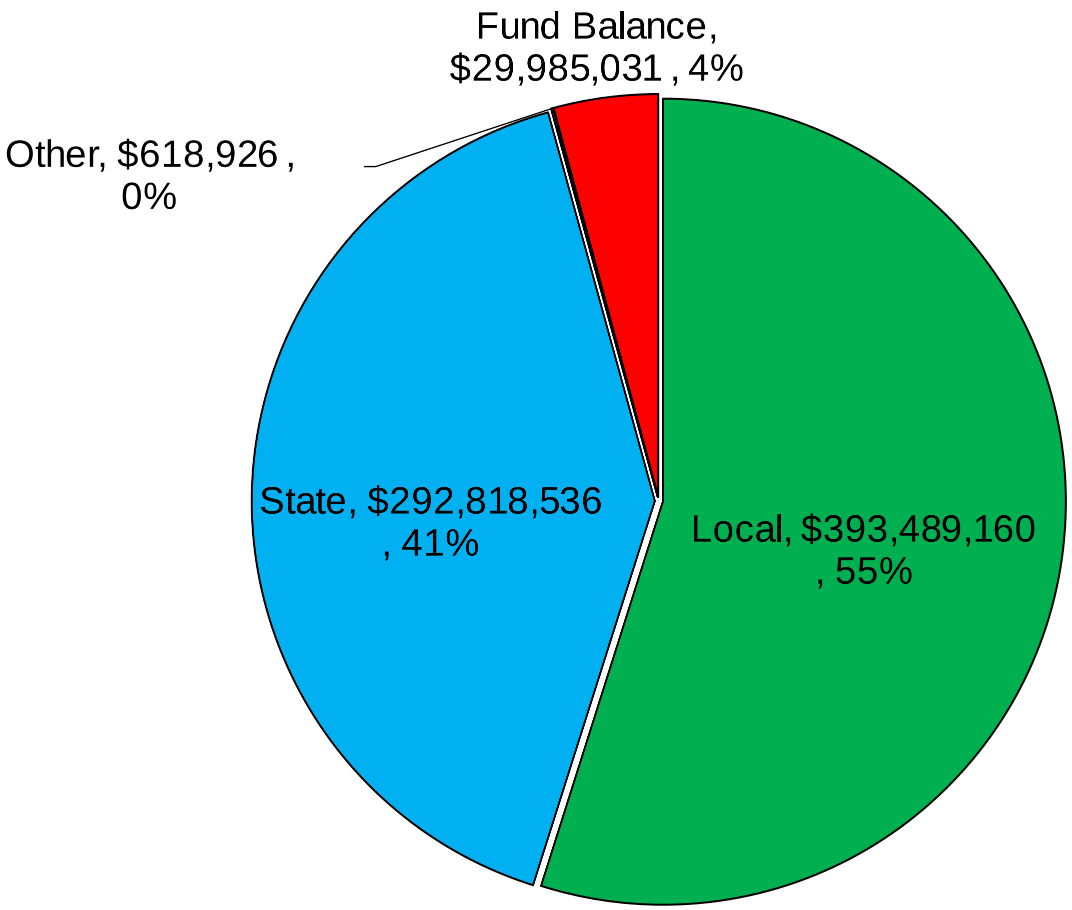
	Actual Year Ended 2021	Actual Year Ended 2022	Adopted Year Ended 2023	Projected Year Ended 2023	Proposed Year Ended 2024	Projected Year Ended 2025
Total Revenues	$633,263,128	$652,954,802	$668,529,106	$672,780,778	$680,239,412	$690,158,993
Total Expenditures	$638,337,948	$656,174,842	$684,977,338	$680,484,085	$726,786,074	$735,593,558
Beginning Balance	$91,701,905	$86,627,084	$59,625,250	$83,407,045	$75,703,738	$29,157,076
Operating Surplus/(Deficit)	($5,074,821)	($3,220,039)	($16,448,232)	($7,703,307)	($46,546,662)	($45,434,565)
Ending Fund Balance	$86,627,084	$83,407,045	$43,177,018	$75,703,738	$29,157,076	($16,277,489)
Less Projected Reservations	($4,131,698)	($2,500,000)	($2,500,000)	($2,500,000)	($2,500,000)	($2,500,000)
Less Committed Fund Balance	$0	$0	$0	$0	$0	$0
Less Assigned Fund Balance	(27,001,834)	(16,448,232)	(23,936,978)	(46,546,662)	($45,434,565)	($52,781,801)
Unassigned Fund Balance	$55,493,552	$64,458,813	$16,740,040	$26,657,076	($18,777,489)	($71,559,290)
% Budgeted Expenditures	8.69%	9.82%	2.44%	3.92%	-2.58%	-9.73%
Minimum Fund Balance per Board Policy #721	$31,916,897	$32,808,742	$34,248,867	$34,024,204	$36,339,304	$36,779,678
Compliance with Fund Balance Policy	Yes	Yes	No	No	No	No
Funds needed to comply with Fund Balance Policy	($23,576,654)	($31,650,071)	$17,508,827	$7,367,129	$55,116,793	$108,338,968

Review of 2024 General Fund Budget

2024 Adopted Budget

- Expenditures for 2024 are budgeted at $716.9 million:
  - Represents a 4.66% increase from 2023 adopted budget
  - Includes an operating deficit of $29.99 million in 2024 which is $13.59 million more that the 2023 operating deficit of $16.4 million
- The current budget does NOT adhere to Board's minimum 5 percent fund balance policy for the General Fund through 2024 based on assumptions to date
- Projections as of 2/14/24 indicate final expenditures of $TBD million and an operating deficit of $TBD million
- Does NOT include a millage increase
- ESSER III funding ends September 30, 2024

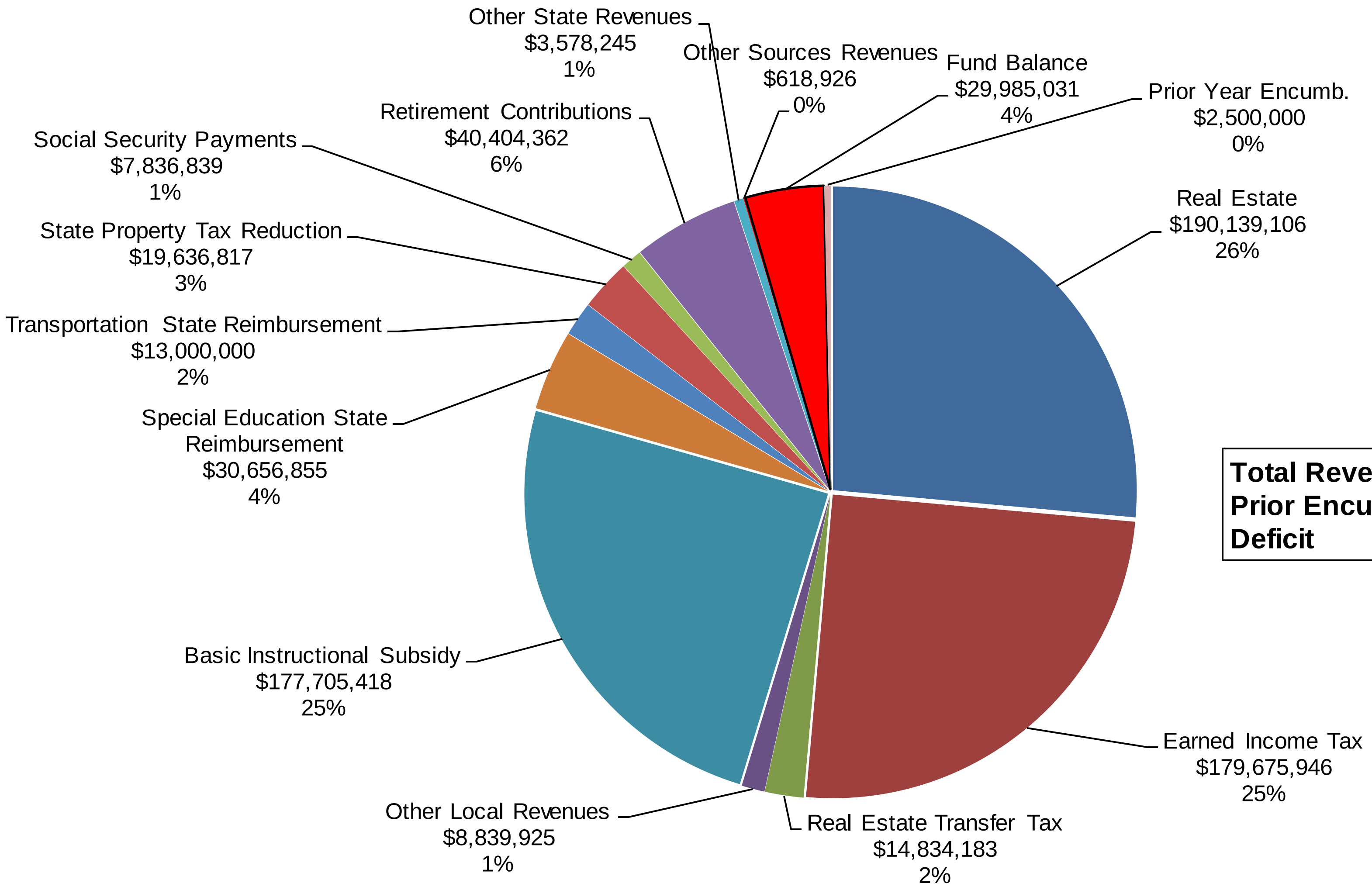
2024 Revenues



General Fund Revenues

- State Funding makes up $292.8 million (41%)
  - Basic Ed, Special Ed, Retirement, Social Security and other subsidies
- Local Funding makes up $393.5 million (55%)
  - Real Estate, Earned Income, and Realty Transfer taxes
- Federal/Other Funding makes up $0.6 million (>0.1%)
  - Bond subsidies and fixed assets sales
- $29.9 million (4%) from our fund balance is used to cover our operating deficit

2024 Revenues



Total Revenue	**$716,911,653**
Prior Encumbrances	**$ 2,500,000**
Deficit	**$ 29,985,031**

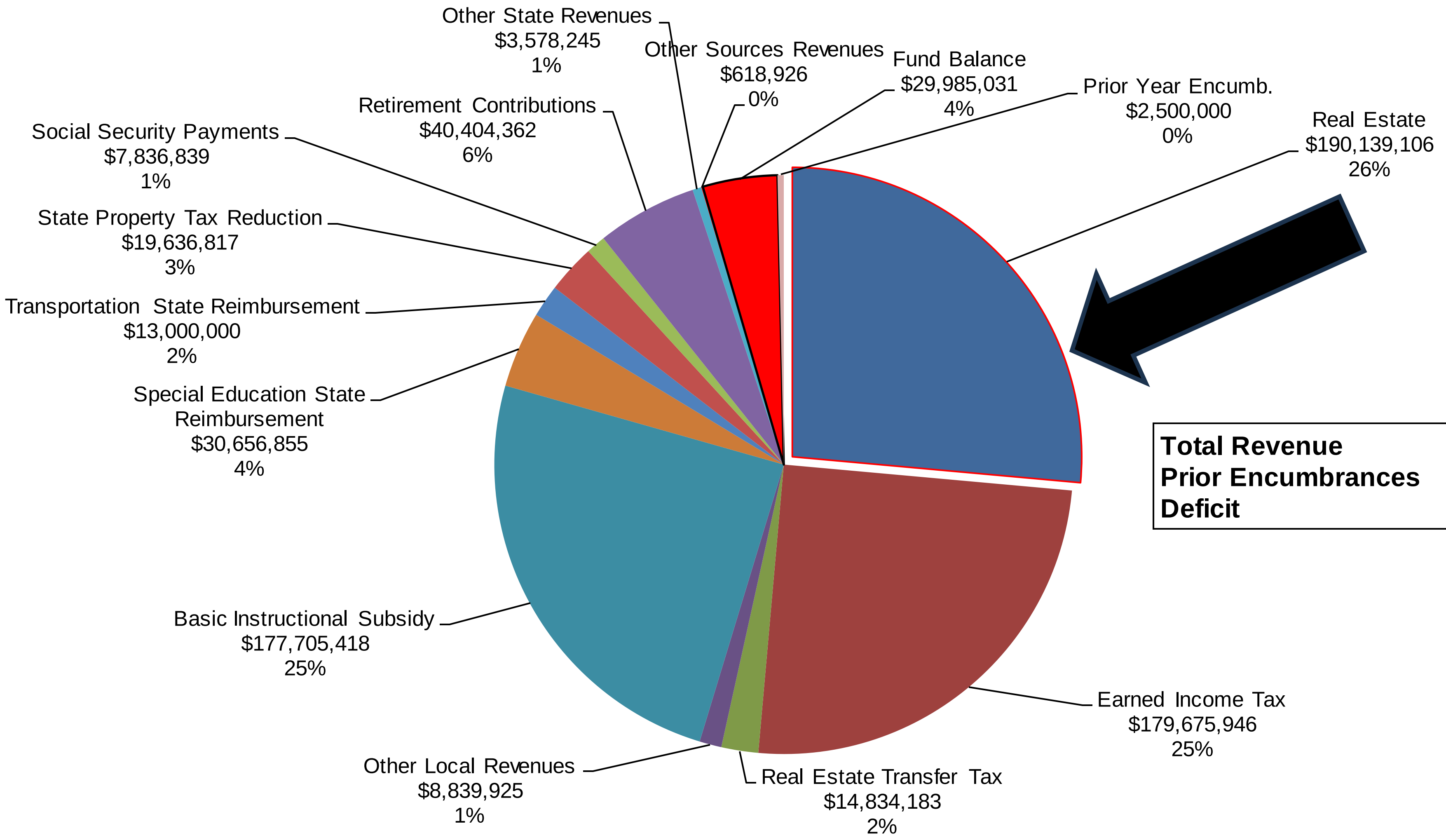
State Revenue

- State Funding makes up $292.8 million (41%)
  - Basic Education Funding - $177.7 million (25%)
  - Special Education Funding - $30.7 million (4%)
  - Retirement Reimbursement - $40.4 million (6%)
  - Social Security Reimbursement - $7.9 million (1%)
  - Transportation Reimbursement - $13 million (2%)

Local Revenue

- Local Funding makes up $393.5 million our total revenue
  - Real Estate Tax
    - Current real estate tax rate in 10.25 mills
  - Earned Income Tax
    - Current rate levied is 2% (.25% of which goes to the City of Pittsburgh)
  - Realty Transfer Tax
    - Current rate levied is 1%
- The only local tax rate that we can increase real estate
  - Can increase up to the Act 1 Index without exemptions or a referendum
    - 2025 Index is 5.3%

Real Estate Revenue is the Only Local Tax Rate We Can Alter



Total Revenue	**$716,911,653**
Prior Encumbrances	**$ 2,500,000**
Deficit	**$ 29,985,031**

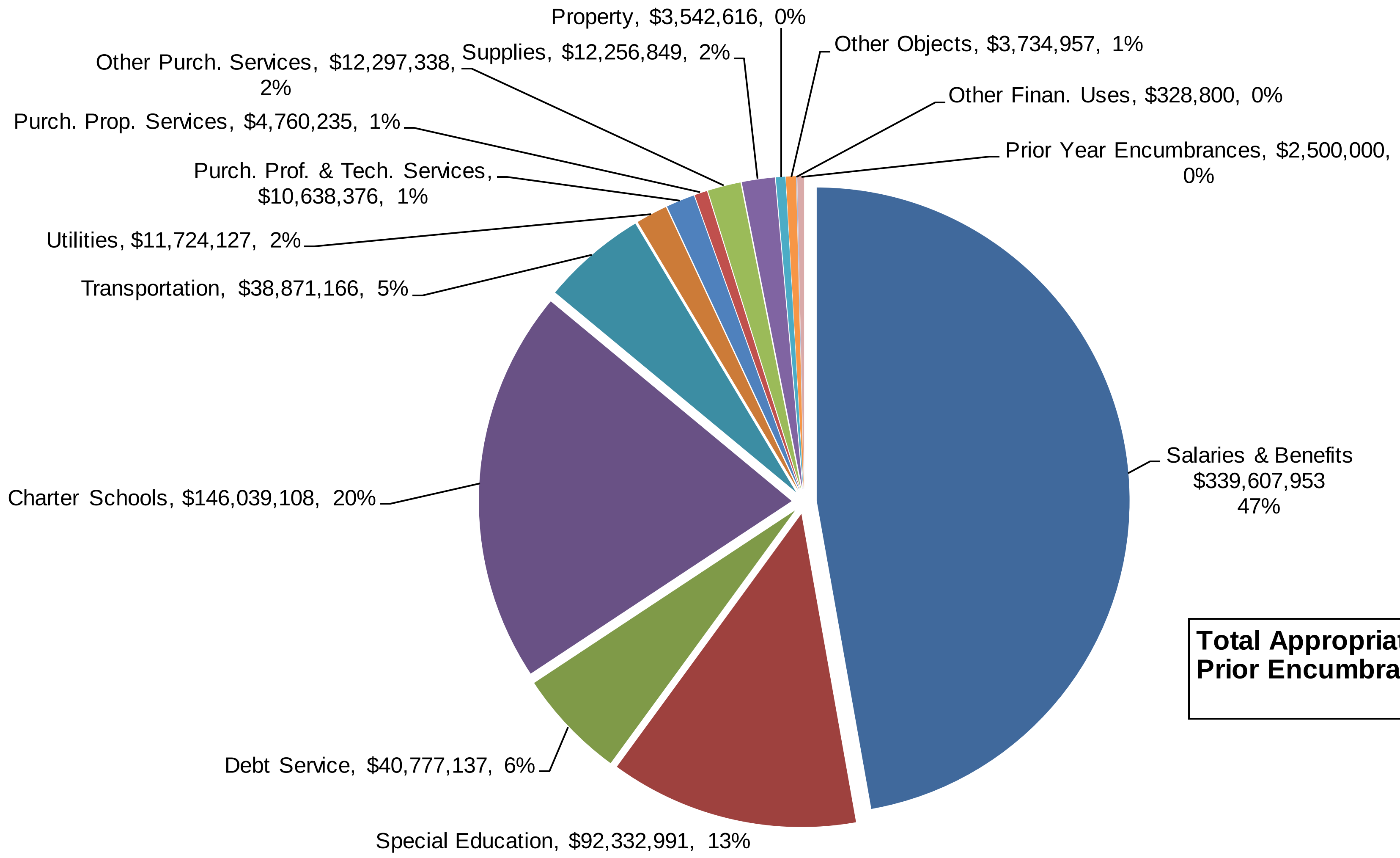
Pittsburgh Public Schools

General Fund Budget Expenditures

What are objects?

An object describes the service or item that is being purchased (Salaries & Benefits, Supplies)

2024 Appropriations by Major Object



Total Appropriations $716,911,653
Prior Encumbrances $ 2,500,000

2024 Appropriations by Major Object

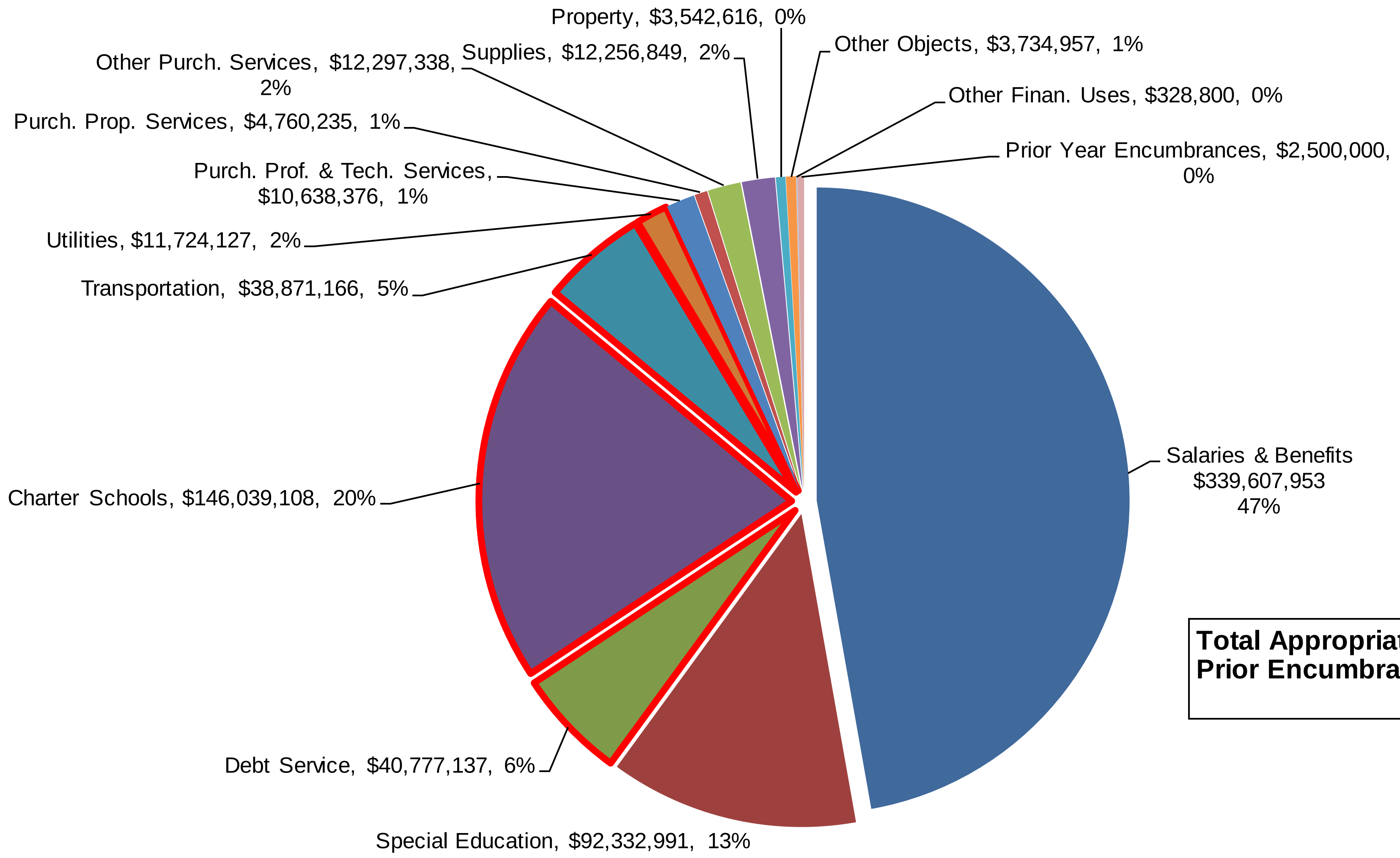
Expenditure Category	2024 Budget	% of Budget
Salaries & Benefits	339,607,953	47.37%
Special Education	92,332,991	12.88%
Debt Service	40,777,137	5.69%
Charter Schools	146,039,108	20.37%
Transportation	38,871,166	5.42%
Utilities	11,724,127	1.64%
Purch. Prof. & Tech. Services	10,638,376	1.48%
Purch. Prop. Services	4,760,235	0.66%
Other Purch. Services	12,297,338	1.72%
Supplies	12,256,849	1.71%
Property	3,542,616	0.49%
Other Objects	3,734,957	0.52%
Other Finan. Uses	328,800	0.05%
Total	**716,911,653**	100.00%

Pittsburgh Public Schools

Major Changes by Object

Expenditure Category	2023 Budget	2024 Budget	Increase/(Decrease)	% Change
Salaries & Benefits	334,955,288	339,607,953	4,652,665	1.39%
Special Education	90,338,946	92,332,991	1,994,045	2.21%
Debt Service	41,007,829	40,777,137	(230,692)	-0.56%
Charter Schools	120,851,888	146,039,108	25,187,220	20.84%
Transportation	34,617,933	38,871,166	4,253,233	12.29%
Utilities	10,641,602	11,724,127	1,082,525	10.17%
Purch. Prof. & Tech. Services	9,871,377	10,638,376	766,999	7.77%
Purch. Prop. Services	4,192,717	4,760,235	567,518	13.54%
Other Purch. Services	14,903,739	12,297,338	(2,606,401)	-17.49%
Supplies	11,427,771	12,256,849	829,078	7.25%
Property	4,399,161	3,542,616	(856,545)	-19.47%
Other Objects	7,440,287	3,734,957	(3,705,330)	-49.80%
Other Finan. Uses	328,800	328,800	-	0.00%
Total	**684,977,338**	**716,911,653**	**31,934,315**	**4.66%**

2024 Appropriations by Major Object



Total Appropriations	**$716,911,653**
Prior Encumbrances	**$ 2,500,000**

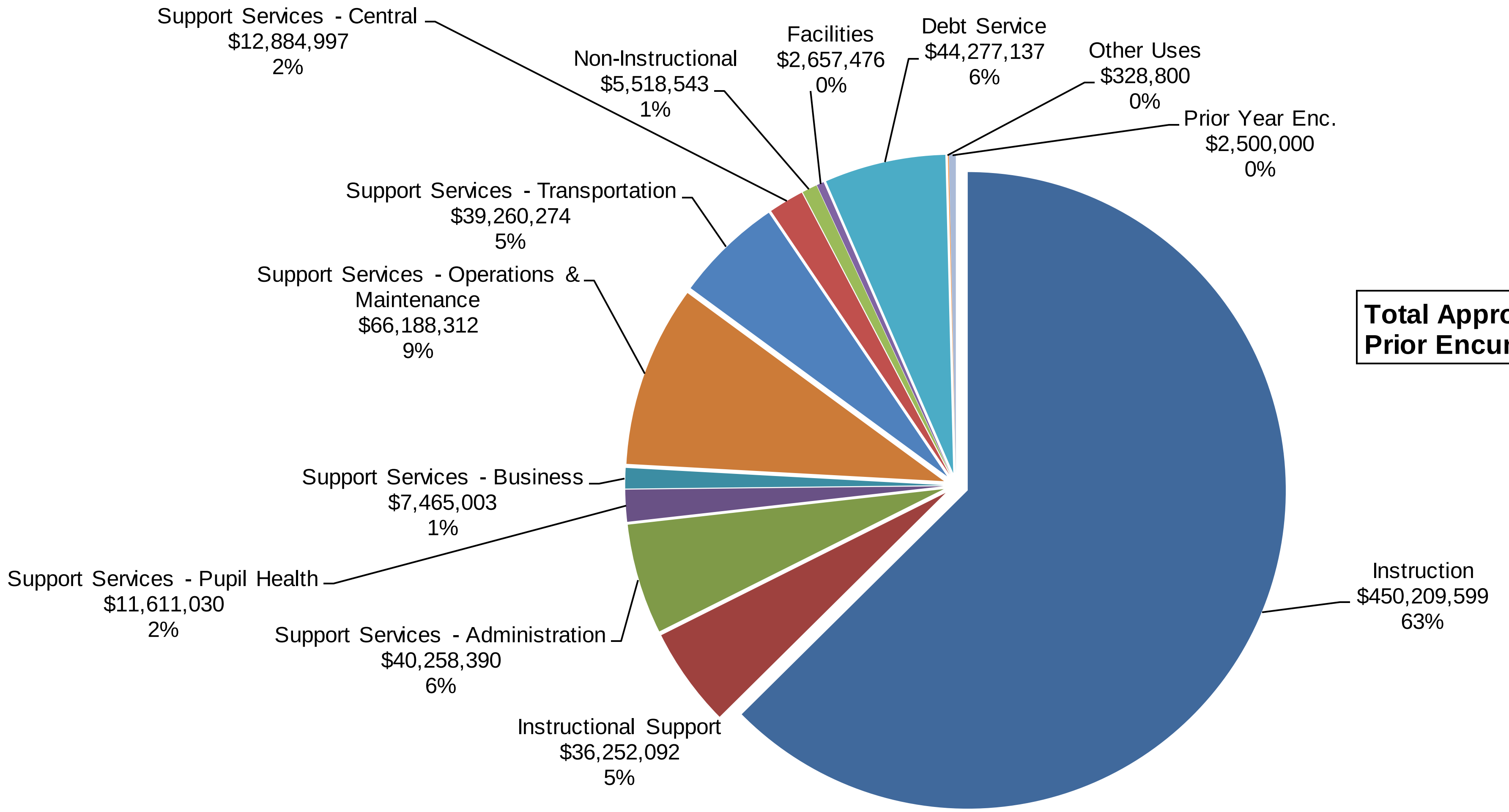
Areas of Limited Control

Expenditure Category	2023 Budget	2024 Budget	Increase/(Decrease)	% Change
Salaries & Benefits	334,955,288	339,607,953	4,652,665	1.39%
Special Education	90,338,946	92,332,991	1,994,045	2.21%
Debt Service	**41,007,829**	**40,777,137**	**(230,692)**	**-0.56%**
Charter Schools	**120,851,888**	**146,039,108**	**25,187,220**	**20.84%**
Transportation	**34,617,933**	**38,871,166**	**4,253,233**	**12.29%**
Utilities	**10,641,602**	**11,724,127**	**1,082,525**	**10.17%**
Purch. Prof. & Tech. Services	9,871,377	10,638,376	766,999	7.77%
Purch. Prop. Services	4,192,717	4,760,235	567,518	13.54%
Other Purch. Services	14,903,739	12,297,338	(2,606,401)	-17.49%
Supplies	11,427,771	12,256,849	829,078	7.25%
Property	4,399,161	3,542,616	(856,545)	-19.47%
Other Objects	7,440,287	3,734,957	(3,705,330)	-49.80%
Other Finan. Uses	328,800	328,800	-	0.00%
Total	**684,977,338**	**716,911,653**	**31,934,315**	**4.66%**

What are functions?

A function describes that activity or program that an expenditure is supporting (i.e. Instruction, Administration)

2024 Appropriations by Function



Total Appropriations	**$716,911,653**
Prior Encumbrances	**$ 2,500,000**

Pittsburgh Public Schools

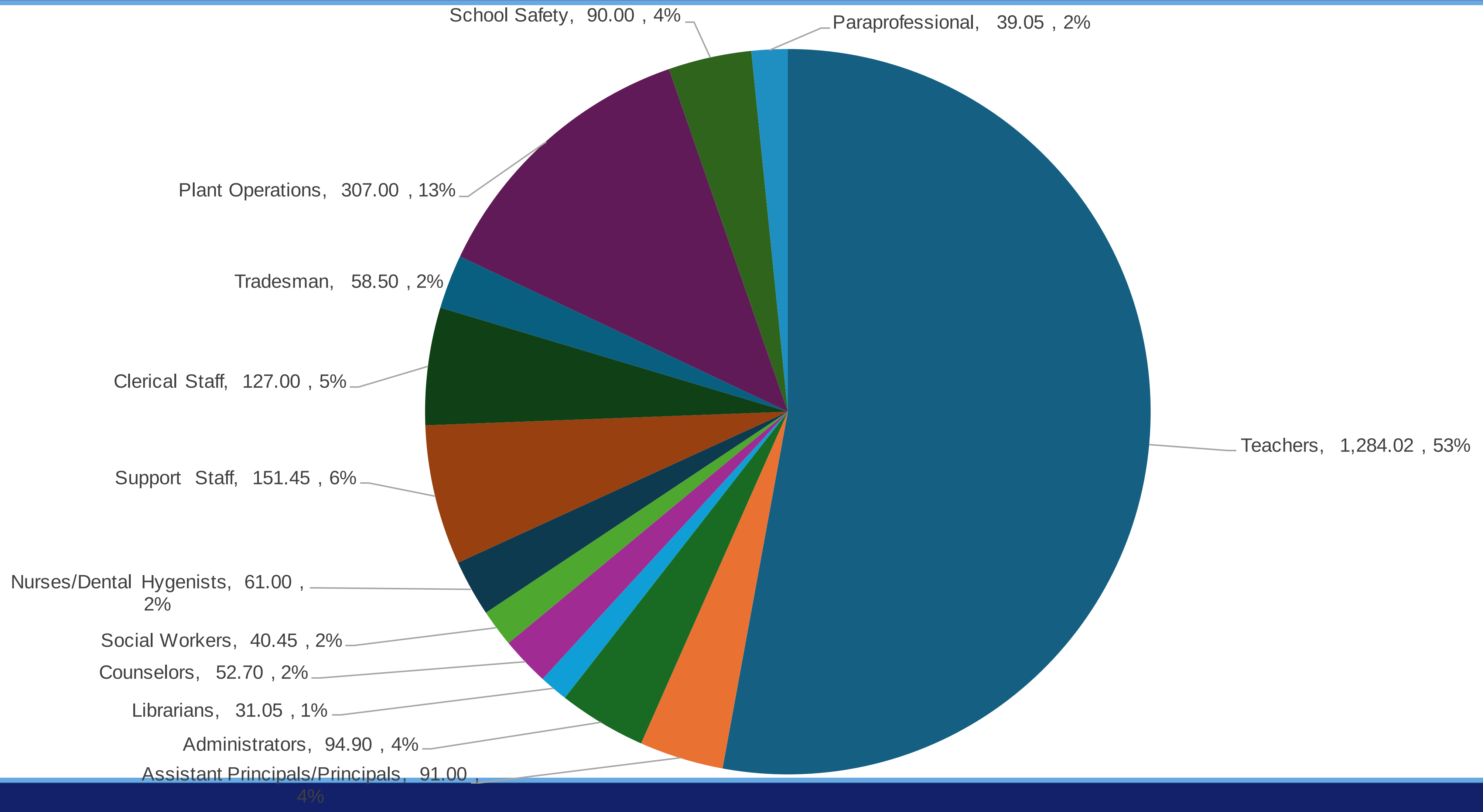
2024 Appropriations by Function

Expenditure Category	2024 Budget	% of Budget
Instruction	450,209,599	62.80%
Instructional Support	36,252,092	5.06%
Support Services - Administration	40,258,390	5.62%
Support Services - Pupil Health	11,611,030	1.62%
Support Services - Business	7,465,003	1.04%
Support Services - Operations & Maint.	66,188,312	9.23%
Support Services - Transportation	39,260,274	5.48%
Support Services - Central	12,884,997	1.80%
Non-Instructional	5,518,543	0.77%
Facilities	2,657,476	0.37%
Debt Service	44,277,137	6.18%
Other Uses	328,800	0.05%
Total	**716,911,653**	**100.00%**

Major Changes by Function

Expenditure Category	2023 Budget	2024 Budget	Increase/(Decrease)	% Change
Instruction	421,056,709	450,209,599	29,152,890	6.92%
Instructional Support	33,979,850	36,252,092	2,272,242	6.69%
Support Services - Administration	38,887,721	40,258,390	1,370,669	3.52%
Support Services - Pupil Health	10,832,550	11,611,030	778,480	7.19%
Support Services - Business	7,407,682	7,465,003	57,321	0.77%
Support Services - Operations & Maint.	68,271,343	66,188,312	(2,083,031)	-3.05%
Support Services - Transportation	35,050,399	39,260,274	4,209,875	12.01%
Support Services - Central	13,012,113	12,884,997	(127,116)	-0.98%
Non-Instructional	5,529,836	5,518,543	(11,293)	-0.20%
Facilities	2,362,476	2,657,476	295,000	12.49%
Debt Service	48,007,859	44,277,137	(3,730,722)	-7.77%
Other Uses	578,800	328,800	(250,000)	-43.19%
Total	**684,977,338**	**716,911,653**	**31,934,315**	**4.66%**

FTE by Position



FTE by Position

Position	FTE	%
Teachers	1,284.02	52.88%
Assistant Principals/Principals	91.00	3.75%
Administrators	94.90	3.91%
Librarians	31.05	1.28%
Counselors	52.70	2.17%
Social Workers	40.45	1.67%
Nurses/Dental Hygenists	61.00	2.51%
Support Staff	151.45	6.24%
Clerical Staff	127.00	5.23%
Tradesman	58.50	2.41%
Plant Operations	307.00	12.64%
School Safety	90.00	3.71%
Paraprofessional	39.05	1.61%
Total	**2,428.12**	**100.00%**

Pittsburgh Public Schools

Questions?