Pittsburgh Public Schools

# November 29, 2023 Budget Workshop

# Budget Workshop Goals

Discussion of Revenue Sources

Uncertainty Around Basic Education Funding

ESSER Funding

# General Fund Revenues

- State Funding makes up $292.6 million (41%)
  - Basic Ed, Special Ed, Retirement, Social Security and other subsidies
- Local Funding makes up $391.1 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
- $29.6 million (4%) from our fund balance is used to cover our operating deficit

# Local Revenue

- Local Funding makes up $391.1 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 Index without exemptions or a referendum
    - 2024 Index is 4.1%
    - 2025 Index is 5.2%

# State Revenue

- State Funding makes up $292.6 million (41%)
  - Basic Education Funding - $177.7 million (24.81%)
  - Special Education Funding - $30.7 million (4.28%)
  - Retirement Reimbursement - $40.3 million (5.63%)
  - Social Security Reimbursement - $7.9 million (1.09%)
  - Transportation Reimbursement - $13 million (1.81%)

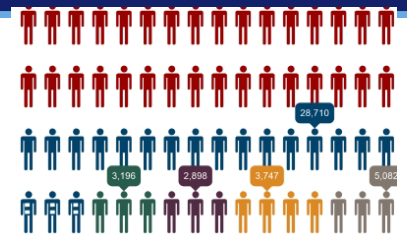
# Basic Education

- The current student-weighted funding formula was implemented in 2015 for the distribution of new basic education funding for the 2015-16 fiscal year
- The 2023-24 State Budget includes $7.87 billion in basic education funding
  - Nearly $2 billion (33%) is distribution through the student-weighted formula
- If all existing funding is allocated via the funding formula, 311 of the 500 districts in the Commonwealth would experience a decrease in BEF
- Of those 311 districts, 257 districts would see experience a decrease of at least $1 million

**Pittsburgh would see a $83 million decrease in funding.**

# How does the funding formula work?

**STEP 1:**




**Enrollment Statistics**

**3-Year Avg. of Avg. Daily Membership**

**STEP 2:**



**Student Data**

**Students in poverty + Poverty levels + English language learners + Charter schools + Geographic sparsity**

**STEP 3:**



**District Data**

**Median Household Income + Local capacity to generate revenue**

**= Share of State Basic Education Funding**

# Uncertainty Around Basic Ed Funding

- February 2023, Commonwealth Court judge ruled that Pennsylvania's school funding system "so badly underfunds poor districts that it violates the state constitution"
- September 2023, the 15-member Basic Education Funding Commission can a series of hearing to collect input about way to fix the flaws in the current funding system
- November 2023, The Commission pushed back the deadline for completing its report to January.
- **Any new recommendations of the 2023 BEFC will not go into effect without legislation approved by the General Assembly and signed by the governor.**

# ESSER III Funding

- Total allocation of $100.2 million
- As of 11/2023, used 49.8% of our allocation
- Funding ends September 30, 2024
- Required to spend at least 20% of our allocation ($20 million) on learning loss
  - Items budgeting under this learning loss set-aside include:
    - Textbooks ($7.9 million)
    - Summer B.O.O.S.T. ($1.7 million)
    - Tutoring ($3.1 million)
    - Covid Compensatory Services ($5 million)

# Planning for the 2025 Budget

- Schedule Budget Workshops
  - All required budget workshops should occur prior to June 30, 2024
- Strategic Planning Process (?)
- Opportunities for Public Input (?)
- Evaluation of ESSER funding programs
- Evaluate the facility footprint

Pittsburgh Public Schools

# In Closing

- Limited abilities to raise local revenue
- Uncertainty around basic education funding
- ESSER funding expiring
- The planning for 2025 begins now
- Board engagement and input is a requirement

# 2024 Budget Adoption Timeline

- ~~November 15, 2023 – Preliminary Budget Released~~
- ~~November 28, 2023 – Budget Workshop #2~~
- November 29, 2023 – Budget Workshop #3
- December 4, 2023 – Budget Public Hearing
- December 18, 2023 – Public Hearing
- December 20, 2023 – Legislative Meeting