2020 Budget Update

Expect great things.

Pittsburgh Public Schools

Forecast at 2020 Budget Adoption (Dec. 2019)

	Adopted Year Ended 2019	Projected Year Ended 2019	Proposed Year Ended 2020	Projected Year Ended 2021	Projected Year Ended 2022	Projected Year Ended 2023
Total Revenues	$617,622,931	$624,220,161	$639,805,733	$649,953,632	$662,061,739	$669,963,633
Total Expenditures	$650,042,207	$654,261,163	$664,814,155	$670,832,721	$685,283,561	$691,420,856
Beginning Balance	$111,672,445	$111,672,445	$81,631,443	$56,623,021	$35,743,933	$12,522,111
Operating Surplus/(Deficit)	($32,419,276)	($30,041,002)	($25,008,422)	($20,879,089)	($23,221,822)	($21,457,223)
Ending Fund Balance	$79,253,169	$81,631,443	$56,623,021	$35,743,933	$12,522,111	($8,935,112)
Less Projected Reservations	($2,500,000)	($2,500,000)	($2,500,000)	($2,500,000)	($2,500,000)	($2,500,000)
Less Committed Fund Balance	($16,100,000)	($16,100,000)	$0	$0	$0	$0
Less Assigned Fund Balance	($27,304,897)	($25,008,422)	($20,879,089)	(23,221,821.81)	(21,457,222.54)	(27,753,842.20)
Unassigned Fund Balance	$33,348,272	$38,023,021	$33,243,933	$10,022,111	($11,435,112)	($39,188,954)
% Budgeted Expenditures	5.13%	5.81%	5.00%	1.49%	-1.67%	-5.67%
Minimum Fund Balance per Board Policy #721	$32,502,110	$32,713,058	$33,240,708	$33,541,636	$34,264,178	$34,571,043
Compliance with Fund Balance Policy	Yes	Yes	Yes	No	No	No
Funds needed to comply with Fund Balance Policy				$23,519,525	$45,699,290	$73,759,997

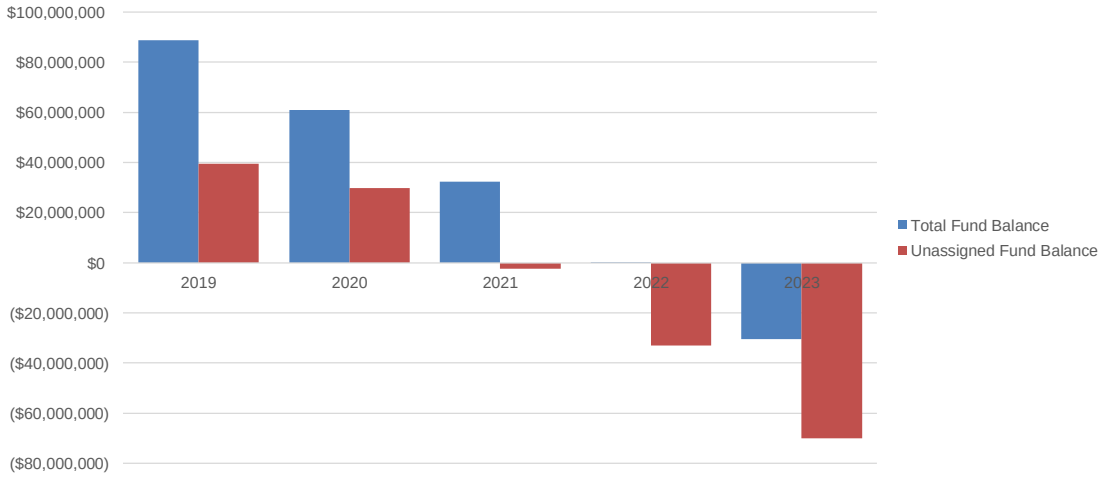
Expect great things.

Forecast at 2019 Budget Closing (Mar 2020)

	Final Year Ended 2019	Adopted Year Ended 2020	Projected Year Ended 2020	Projected Year Ended 2021	Projected Year Ended 2022	Projected Year Ended 2023
Total Revenues	$619,833,105	$639,805,733	$619,748,839	$628,824,789	$639,337,344	$647,168,416
Total Expenditures	$642,670,668	$664,814,155	$647,570,701	$657,454,200	$671,716,902	$677,727,153
Beginning Balance	$111,672,445	$81,631,443	$88,834,882	$61,013,019	$32,383,609	$4,051
Operating Surplus/(Deficit)	($22,837,564)	($25,008,422)	($27,821,862)	($28,629,410)	($32,379,558)	($30,558,738)
Ending Fund Balance	$88,834,882	$56,623,021	$61,013,019	$32,383,609	$4,051	($30,554,686)
Less Projected Reservations	($5,503,091)	($2,500,000)	($2,500,000)	($2,500,000)	($2,500,000)	($2,500,000)
Less Committed Fund Balance	($16,100,000)	$0	$0	$0	$0	$0
Less Assigned Fund Balance	($27,821,862)	($20,879,089)	($28,629,410)	(32,379,557.95)	(30,558,737.56)	(36,977,566.78)
Unassigned Fund Balance	$39,409,928	$33,243,933	$29,883,609	($2,495,949)	($33,054,686)	($70,032,253)
% Budgeted Expenditures	6.13%	5.00%	4.61%	-0.38%	-4.92%	-10.33%
Minimum Fund Balance per Board Policy #721	$32,133,533	$33,240,708	$32,378,535	$32,872,710	$33,585,845	$33,886,358
Compliance with Fund Balance Policy	Yes	Yes	No	No	No	No
Funds needed to comply with Fund Balance Policy			$2,494,926	$35,368,659	$66,640,531	$103,918,611

Expect great things.

Fund Balance at 2019 Closing (Mar 2020)



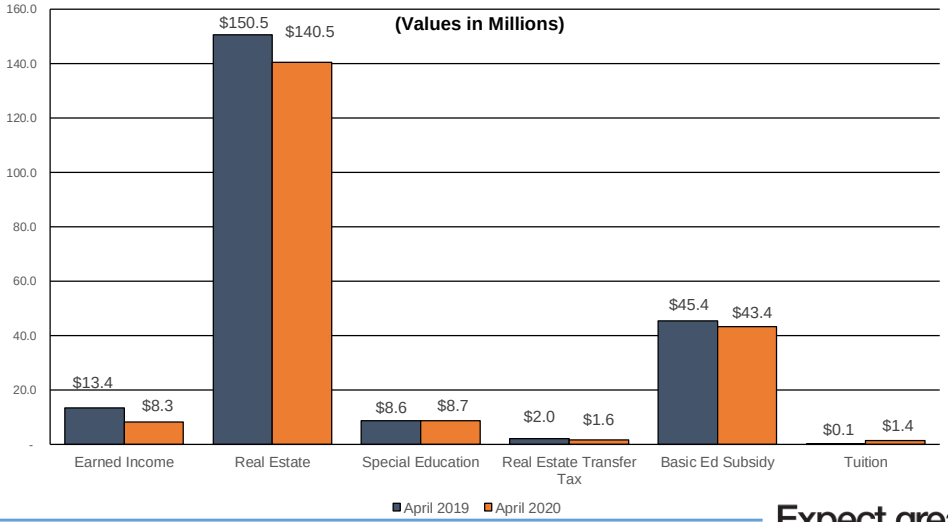
Expect great things.

Our Current Situation

- Schools are closed for the remainder of the 2019-20 school year
- Schools districts are experiencing a reduction in local revenue due to the COVID-19 pandemic
- We are required to bear additional costs as we transition to remote learning
- Act 13 of 2020 places certain financial constraints on school districts
  - Requires districts to continue to pay employees full compensation
  - Requires districts to continue to pay tuition to charter schools
  - Includes provision to continued payment to transportation carriers
- Proposed State legislation will prohibit districts' ability raise local revenue
  - "Freeze" on property taxes increases
- Uncertainty in the impact of the COVID-19 pandemic on State and Federal revenue

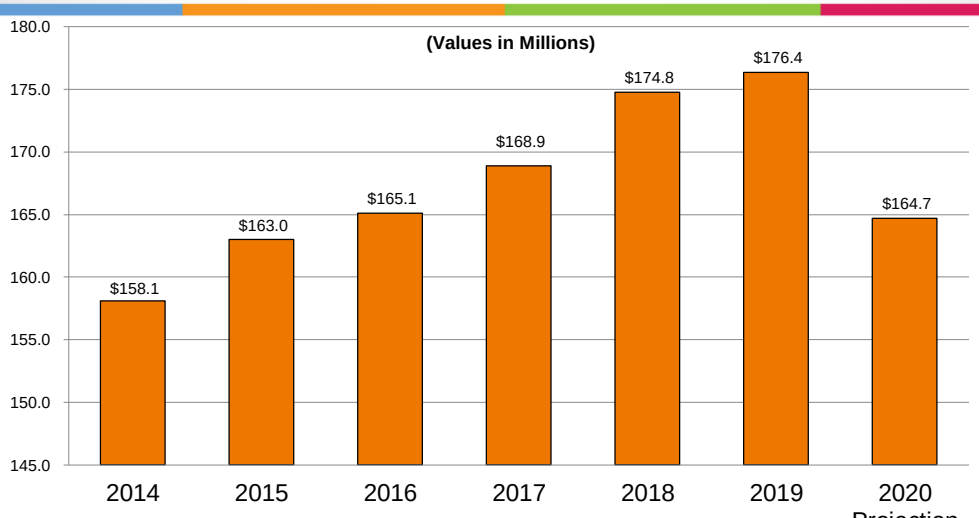
Expect great things.

Year-to-Date Major Revenue Comparison



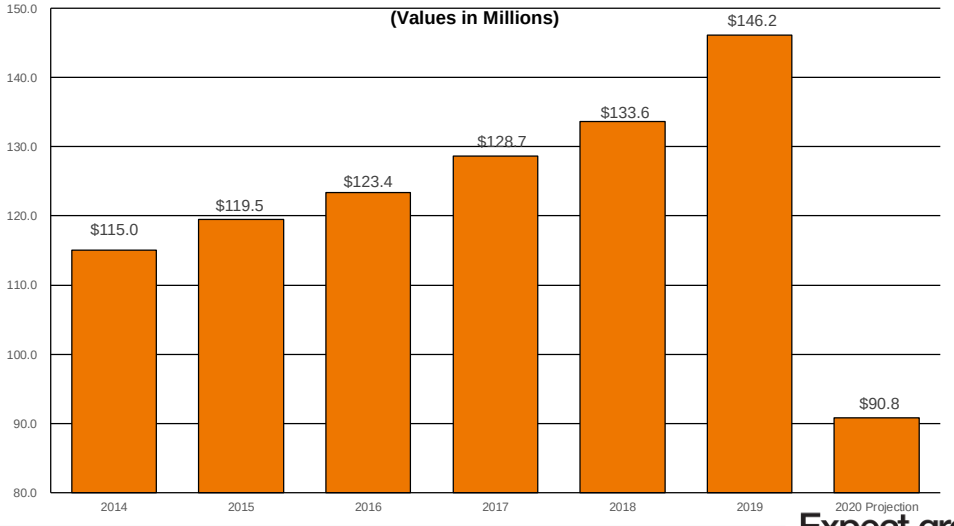
Expect great things.

Real Estate Revenue Projection



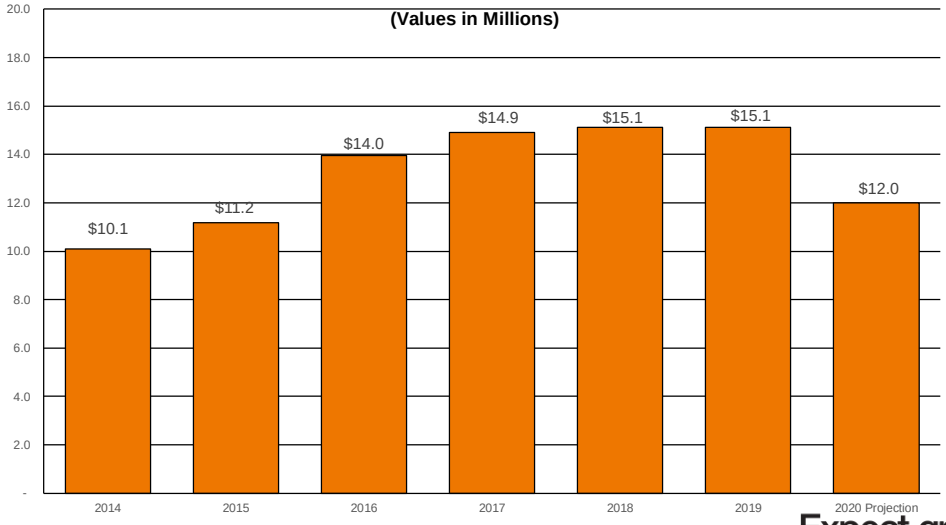
Expect great things.

Earned Income Tax Revenue Projection



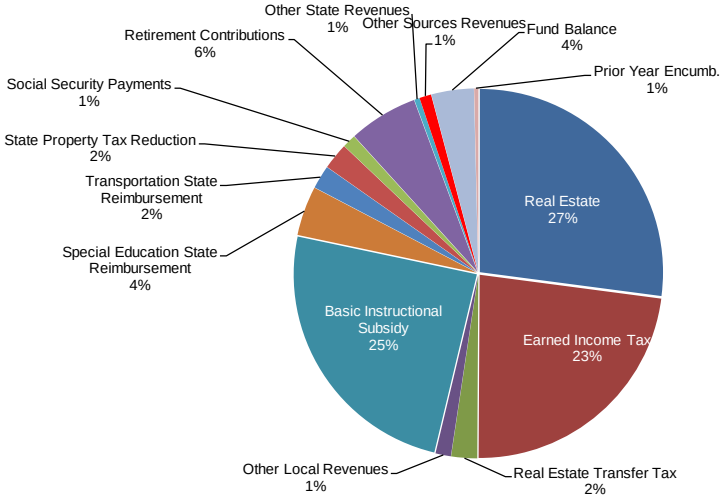
Expect great things.

Realty Transfer Tax Revenue Projection



Expect great things.

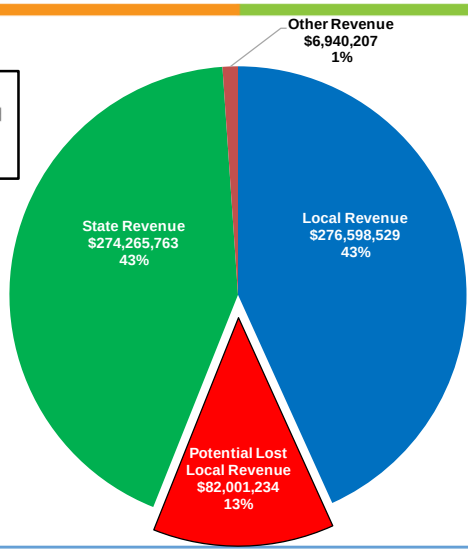
2020 Revenue at Budget Adoption



Expect great things.

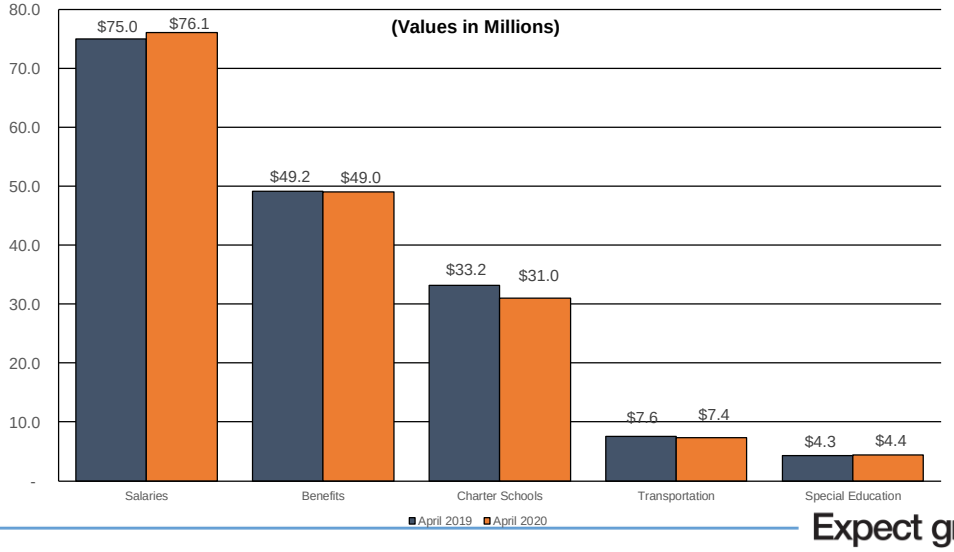
Potential Lost Revenue

Assumes that year-to-date revenue trends as of 4/30 hold the remainder of the year and that revenues do not recover.



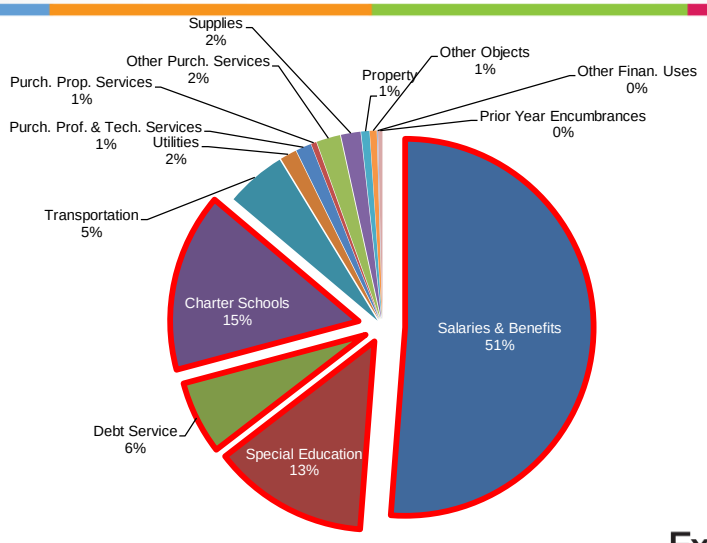
Expect great things.

Year-to-Date Expenditure Comparison



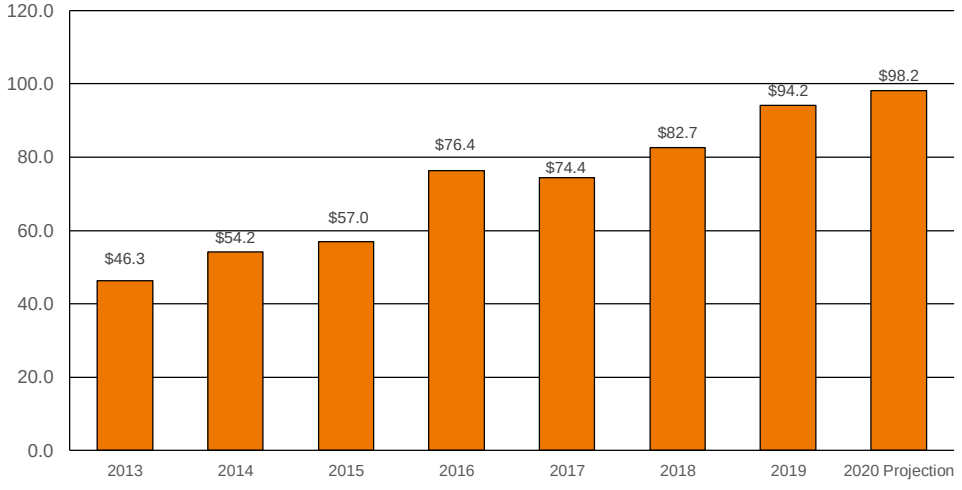
Expect great things.

2020 Expenditures at Budget Adoption



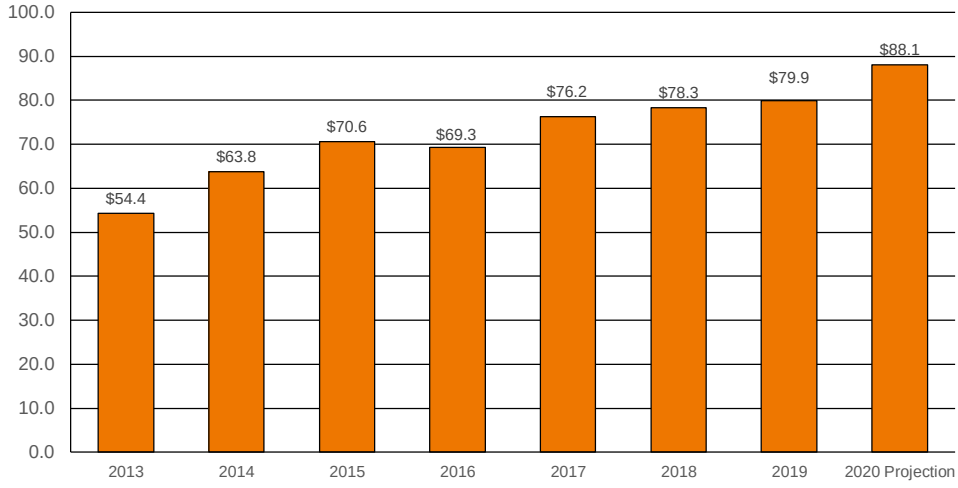
Expect great things.

Charter School Costs



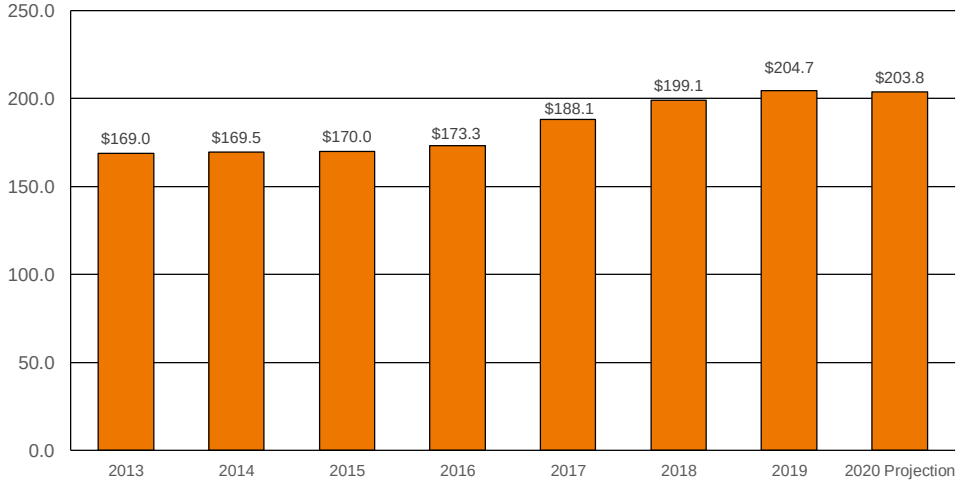
Expect great things.

Special Education Costs



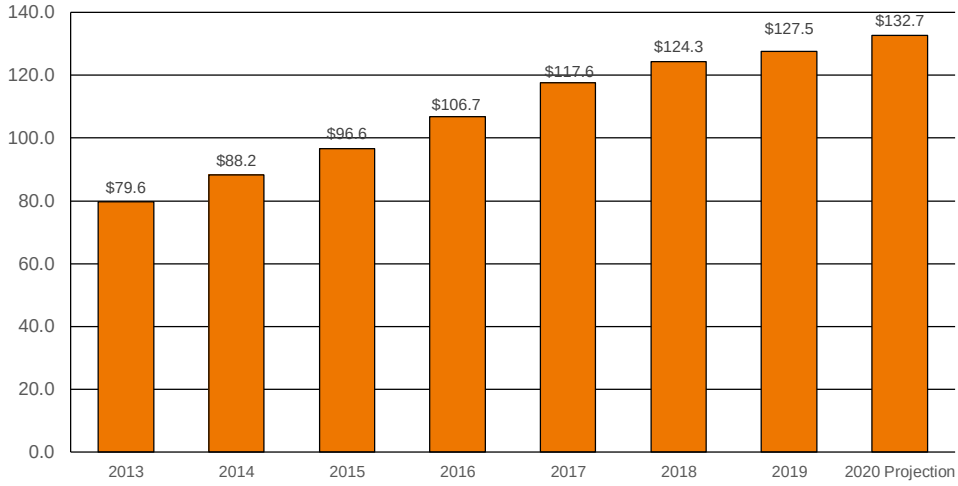
Expect great things.

Salaries



Expect great things.

Benefits



Expect great things.

Additional Costs Due to COVID-19

Item	**Amount**
Instructional Packets (3/16 to 5/15)	$624,473.72
WiFi Hotspots	$82,764.00
5,000 Laptops	$1,480,000.00
Content Filter	$41,828.57
COVID-19 Pay Through 4/22	$369,464.90
PPE (rough estimate)	$20,000.00
Total	$2,618,531.19

Expect great things.

"Optimistic" Revenue Scenario

$17 Million decline in local revenue

- Assumes a 2% reduction in Property Tax collection
- Assumes no reduction in Earned Income Tax collection
- Assumes a 5% reduction in Realty Transfer Tax
- Assumes a 5% reduction in Interest Earnings
- Does not assume a reduction in State and Federal Funding

Expect great things.

"Optimistic" Revenue Scenario

	Final Year Ended 2019	Adopted Year Ended 2020	Projected Year Ended 2020	Projected Year Ended 2021	Projected Year Ended 2022	Projected Year Ended 2023
Total Revenues	$619,833,105	$639,805,733	$619,614,418	$628,967,434	$639,488,638	$647,316,682
Total Expenditures	$642,670,668	$664,814,155	$650,546,557	$660,577,104	$674,913,458	$680,985,309
Beginning Balance	$111,672,445	$81,631,443	$88,834,882	$57,902,743	$26,293,073	($9,131,747)
Operating Surplus/(Deficit)	($22,837,564)	($25,008,422)	($30,932,139)	($31,609,670)	($35,424,820)	($33,668,627)
Ending Fund Balance	$88,834,882	$56,623,021	$57,902,743	$26,293,073	($9,131,747)	($42,800,374)
Less Projected Reservations	($5,503,091)	($2,500,000)	($2,500,000)	($2,500,000)	($2,500,000)	($2,500,000)
Less Committed Fund Balance	($16,100,000)	$0	$0	$0	$0	$0
Less Assigned Fund Balance	($30,932,139)	($20,879,089)	($31,609,670)	(35,424,820.27)	(33,668,626.93)	(40,153,288.99)
Unassigned Fund Balance	$36,299,652	$33,243,933	$23,793,073	($11,631,747)	($45,300,374)	($85,453,663)
% Budgeted Expenditures	5.65%	5.00%	3.66%	-1.76%	-6.71%	-12.55%
Minimum Fund Balance per Board Policy #721	$32,133,533	$33,240,708	$32,527,328	$33,028,855	$33,745,673	$34,049,265
Compliance with Fund Balance Policy	Yes	Yes	No	No	No	No
Funds needed to comply with Fund Balance Policy			$8,734,255	$44,660,603	$79,046,047	$119,502,929

Expect great things.

PASBO Revenue Shortfall Scenario #1

$1.04 Billion Statewide Decline in Local Revenue

- Property Tax: 2.25% reduction in collection: $326 million statewide decline
- Earned Income Tax: 17.5% reduction in revenue: $269 million statewide decline
- Realty Transfer Tax: 40% reduction in revenue: $108 million statewide decline
- Delinquencies: 35% reduction in collection: $199 million statewide decline
- Interims: 50% reduction in revenue: $36 million statewide decline
- Interest Earnings: 80% reduction in revenue: $105 million statewide decline

*Per PASBO Allegheny Intermediate Unit #3 Legislative Update May 5, 2020

Expect great things.

PASBO Revenue Shortfall Scenario #1

	Final Year Ended 2019	Adopted Year Ended 2020	Projected Year Ended 2020	Projected Year Ended 2021	Projected Year Ended 2022	Projected Year Ended 2023
Total Revenues	$619,833,105	$639,805,733	$587,753,863	$596,009,965	$605,490,078	$612,242,535
Total Expenditures	$642,670,668	$664,814,155	$650,287,227	$660,311,107	$674,638,152	$680,700,367
Beginning Balance	$111,672,445	$81,631,443	$88,834,882	$26,301,518	($37,999,625)	($107,147,698)
Operating Surplus/(Deficit)	($22,837,564)	($25,008,422)	($62,533,364)	($64,301,142)	($69,148,074)	($68,457,832)
Ending Fund Balance	$88,834,882	$56,623,021	$26,301,518	($37,999,625)	($107,147,698)	($175,605,530)
Less Projected Reservations	($5,503,091)	($2,500,000)	($2,500,000)	($2,500,000)	($2,500,000)	($2,500,000)
Less Committed Fund Balance	($16,100,000)	$0	$0	$0	$0	$0
Less Assigned Fund Balance	($62,533,364)	($20,879,089)	($64,301,142)	(69,148,073.69)	(68,457,831.86)	(75,536,011.07)
Unassigned Fund Balance	$4,698,427	$33,243,933	($40,499,625)	($109,647,698)	($178,105,530)	($253,641,541)
% Budgeted Expenditures	0.73%	5.00%	-6.23%	-16.61%	-26.40%	-37.26%
Minimum Fund Balance per Board Policy #721	$32,133,533	$33,240,708	$32,514,361	$33,015,555	$33,731,908	$34,035,018
Compliance with Fund Balance Policy	No	Yes	No	No	No	No
Funds needed to comply with Fund Balance Policy			$73,013,986	$142,663,254	$211,837,438	$287,676,560

Expect great things.

PASBO Revenue Shortfall Scenario #2

$874 Million Statewide Decline in Local Revenue

- Property Tax: 1.95% reduction in collection: $283 million statewide decline
- Earned Income Tax: 15% reduction in revenue: $231 million statewide decline
- Realty Transfer Tax: 28% reduction in revenue: $76 million statewide decline
- Delinquencies: 25% reduction in collection: $142 million statewide decline
- Interims: 50% reduction in revenue: $36 million statewide decline
- Interest Earnings: 80% reduction in revenue: $105 million statewide decline

*Per PASBO Allegheny Intermediate Unit #3 Legislative Update May 5, 2020

Expect great things.

PASBO Revenue Shortfall Scenario #2

	Final Year Ended 2019	Adopted Year Ended 2020	Projected Year Ended 2020	Projected Year Ended 2021	Projected Year Ended 2022	Projected Year Ended 2023
Total Revenues	$619,833,105	$639,805,733	$593,713,750	$602,144,356	$611,797,153	$618,727,623
Total Expenditures	$642,670,668	$664,814,155	$650,328,042	$660,349,107	$674,677,482	$680,741,073
Beginning Balance	$111,672,445	$81,631,443	$88,834,882	$32,220,590	($25,984,161)	($88,864,490)
Operating Surplus/(Deficit)	($22,837,564)	($25,008,422)	($56,614,292)	($58,204,751)	($62,880,329)	($62,013,450)
Ending Fund Balance	$88,834,882	$56,623,021	$32,220,590	($25,984,161)	($88,864,490)	($150,877,940)
Less Projected Reservations	($5,503,091)	($2,500,000)	($2,500,000)	($2,500,000)	($2,500,000)	($2,500,000)
Less Committed Fund Balance	($16,100,000)	$0	$0	$0	$0	$0
Less Assigned Fund Balance	($56,614,292)	($20,879,089)	($58,204,751	(62,880,328.72)	(62,013,449.88)	(68,982,074.92)
Unassigned Fund Balance	$10,617,499	$33,243,933	($28,484,161	($91,364,490)	($153,377,940)	($222,360,015)
% Budgeted Expenditures	1.65%	5.00%	-4.38%	-13.84%	-22.73%	-32.66%
Minimum Fund Balance per Board Policy #721	$32,133,533	$33,240,708	$32,516,402	$33,017,455	$33,733,874	$34,037,054
Compliance with Fund Balance Policy	No	Yes	No	No	No	No
Funds needed to comply with Fund Balance Policy			$61,000,563	$124,381,945	$187,111,814	$256,397,068

Expect great things.

"Worst Case" Revenue Scenario

$82 Million decline in local revenue

- Assumes a 7% reduction in Property Tax collection
- Assumes a 38% reduction in Earned Income Tax collection
- Assumes a 19% reduction in Realty Transfer Tax
- Assumes a 50% reduction in Interest Earnings
- Fund Balance will be completely exhausted by the end of 2020
- Does not assume a reduction in State and Federal Funding

Expect great things.

"Worst Case" Revenue Scenario

	Final Year Ended 2019	Adopted Year Ended 2020	Projected Year Ended 2020	Projected Year Ended 2021	Projected Year Ended 2022	Projected Year Ended 2023
Total Revenues	$619,833,105	$639,805,733	$554,076,159	$561,032,582	$569,363,101	$574,926,966
Total Expenditures	$642,670,668	$664,814,155	$649,927,535	$660,001,663	$674,317,877	$680,368,883
Beginning Balance	$111,672,445	$81,631,443	$88,834,882	($7,016,494)	($105,985,575)	($210,940,351)
Operating Surplus/(Deficit)	($22,837,564)	($25,008,422)	($95,851,376)	($98,969,081)	($104,954,776)	($105,441,917)
Ending Fund Balance	$88,834,882	$56,623,021	($7,016,494)	($105,985,575)	($210,940,351)	($316,382,268)
Less Projected Reservations	($5,503,091)	($2,500,000)	($2,500,000)	($2,500,000)	($2,500,000)	($2,500,000)
Less Committed Fund Balance	($16,100,000)	$0	$0	$0	$0	$0
Less Assigned Fund Balance	($95,851,376)	($20,879,089)	($98,969,081)	(104,954,776.11)	(105,441,916.71)	(113,146,723.65)
Unassigned Fund Balance	($28,619,585)	$33,243,933	($108,485,575)	($213,440,351)	($318,882,268)	($432,028,992)
% Budgeted Expenditures	-4.45%	5.00%	-16.69%	-32.34%	-47.29%	-63.50%
Minimum Fund Balance per Board Policy #721	$32,133,533	$33,240,708	$32,496,377	$33,000,083	$33,715,894	$34,018,444
Compliance with Fund Balance Policy	No	Yes	No	No	No	No
Funds needed to comply with Fund Balance Policy			$140,981,952	$246,440,435	$352,598,162	$466,047,436

Expect great things.

State Financial Outlook

- Current state revenue shortfall is estimated at $4 billion
- 2019-20 state budget is slightly more than $34 billion
- State revenue shortfall will likely be at 10% to 12%
- Likely means no increase in BEF/SEF as proposed in the 2020-21
- Potential for cuts to BEF/SEF in 2020-21

*Per PASBO Allegheny Intermediate Unit #3 Legislative Update May 5, 2020

Expect great things.

Elementary/Secondary School Emergency Relief Fund

- Total allocation of $13.5 billion
- PA allocation is $523 million
- At least 90% must go to LEAs
  - School District receive $399.8 million (85%)
  - Charters Schools received $71.6 million (15%)
  - PDE can set aside funding for administrative purposes
- Allocation is based on Title 1A funding
- Our allocation is $11.1 million

*Per PASBO Allegheny Intermediate Unit #3 Legislative Update May 5, 2020

Expect great things.

In Closing

- The adopted 2020 budget included a projected $25 million deficit
- Local revenues are and will continue to be impacted by the COVID-19 pandemic
- We are unsure of the impact COVID-19 will have on State and Federal funding
- Our expenditures are not reduced due to the COVID-19 pandemic

Expect great things.