Budget Workshop No. 3

October 7, 2024

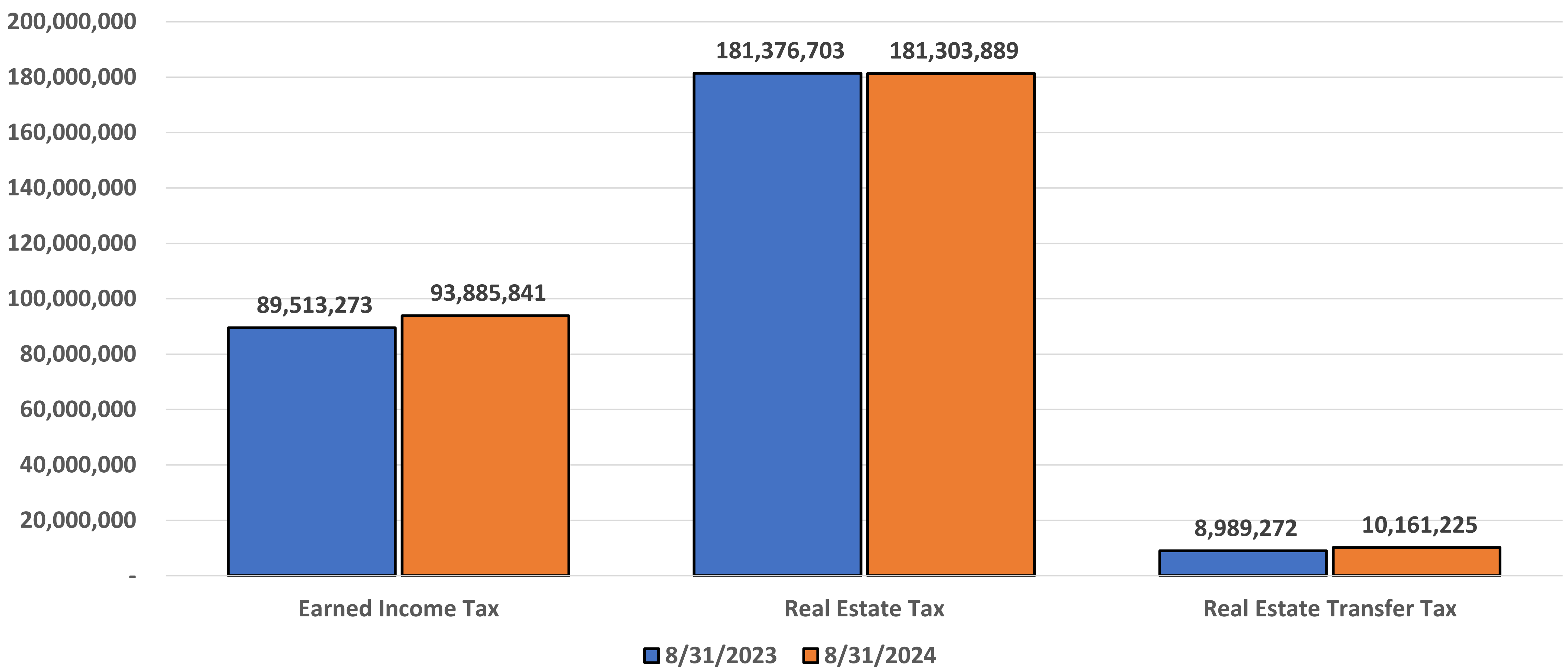
Budget Workshop Goals

- Provide an update on our finances
- Preview of the 2025 Preliminary General Fund Budget

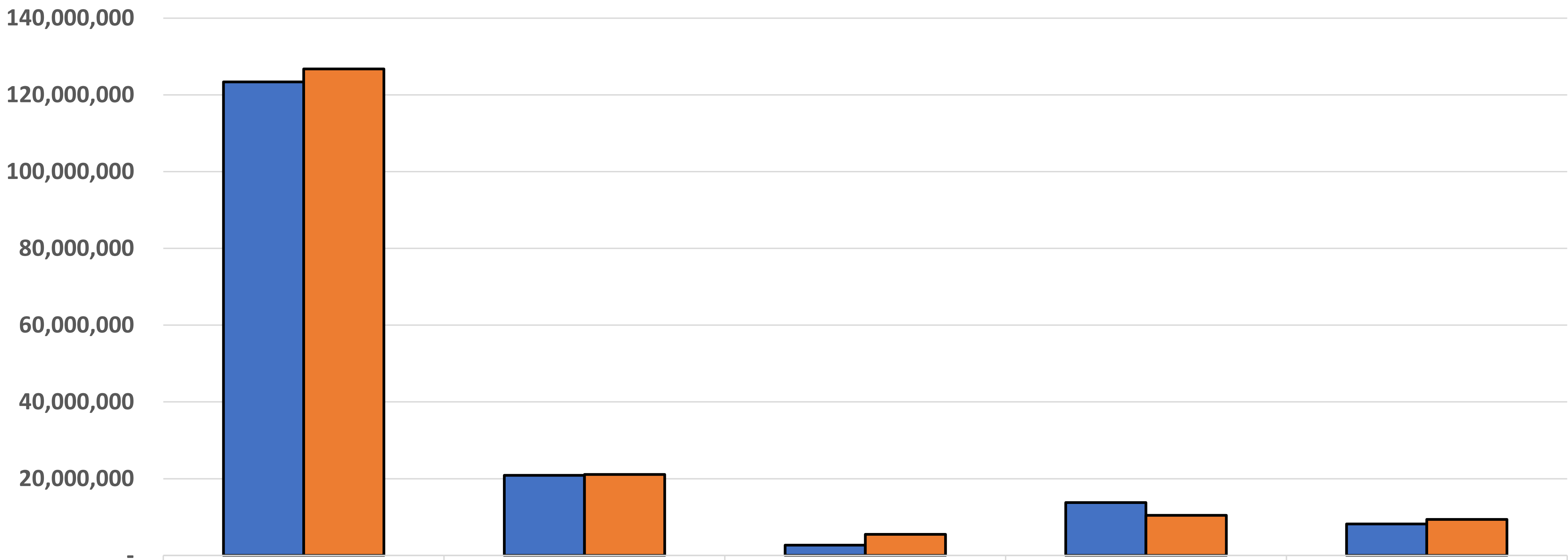
Our Current Financial Outlook Based on Actuals Through August 31, 2023

	Actual Year Ended 2022	Actual Year Ended 2023	Adopted Year Ended 2024	Projected Year Ended 2024	Projected Year Ended 2025	Projected Year Ended 2026
Total Revenues	$652,954,802	$682,258,983	$686,926,621	$701,201,924	$712,592,179	$720,994,681
Total Expenditures	$656,174,842	$678,916,579	$716,911,653	$700,367,301	$735,895,272	$754,090,317
Beginning Balance	$86,627,084	$83,407,045	$78,352,794	$86,749,449	$87,584,073	$64,280,979
Operating Surplus/(Deficit)	($3,220,039)	$3,342,404	($29,985,032)	$834,623	($23,303,093)	($33,095,635)
Ending Fund Balance	$83,407,045	$86,749,449	$48,367,762	$87,584,073	$64,280,979	$31,185,344
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	$0	$0	$0	$0	$0	$0
Less Assigned Fund Balance	(16,448,232)	(29,985,032)	($28,995,171)	($23,303,093)	($33,095,635)	(39,162,870.72)
Unassigned Fund Balance	$64,458,813	$54,264,418	$16,872,591	$61,780,979	$28,685,344	($10,477,527)
% Budgeted Expenditures	9.82%	7.99%	2.35%	8.82%	3.90%	-1.39%
Minimum Fund Balance per Board Policy #721	$32,808,742	$33,945,829	$35,845,583	$35,018,365	$36,794,764	$37,704,516
Compliance with Fund Balance Policy	Yes	Yes	No	Yes	No	No
Funds needed to comply with Fund Balance Policy	($31,650,071)	($20,318,589)	$18,972,991	($26,762,614)	$8,109,419	$48,182,042

Year to Date Comparison for Local Revenues

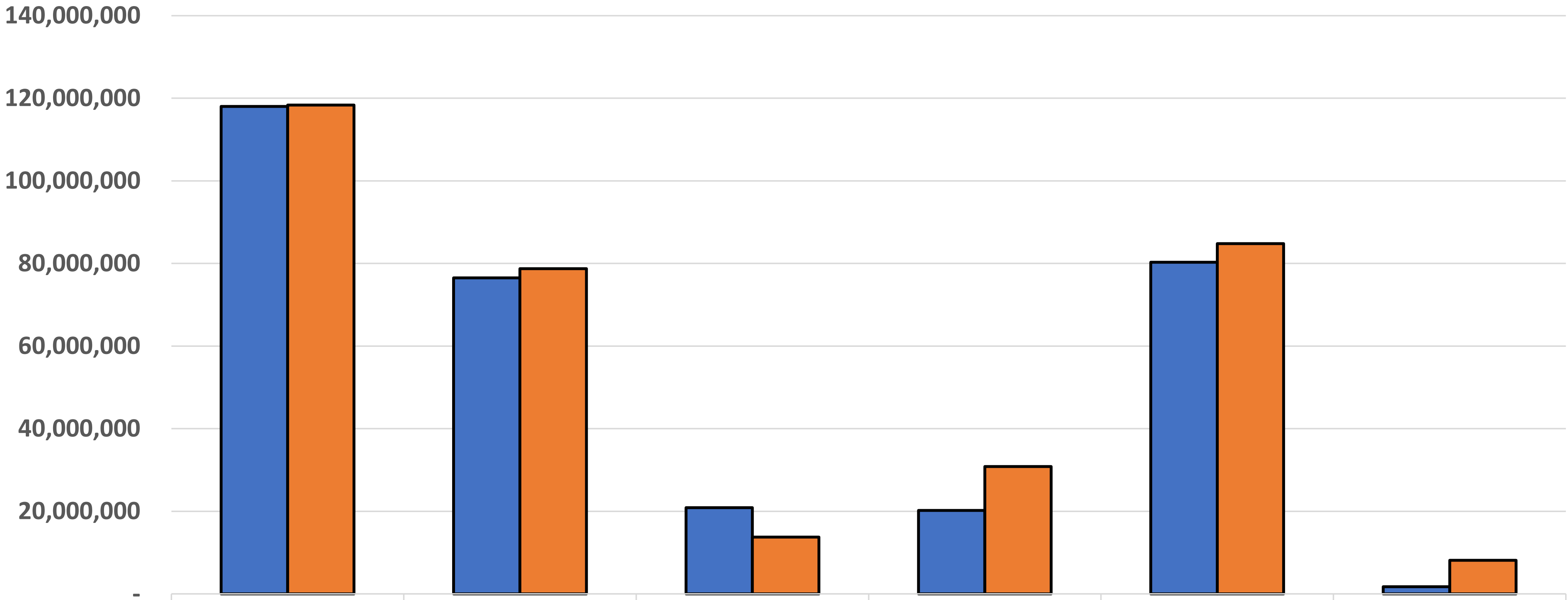


Year to Date Comparison for State Revenues



	Basic Ed Subsidy	Special Ed Subdsidy	Social Security	Retirement	Transportation
8/31/2023	123,410,323.68	20,863,523.64	2,697,022.15	13,803,513.31	8,183,212.66
8/31/2024	126,791,191.97	21,120,181.08	5,482,284.11	10,471,067.89	9,405,023.60

Year to Date Comparison for Expenditures



	Salaries	Benefits	Special Education	Transportation	Charter Schools	Tax Refunds
8/31/2023	118,005,025.15	76,529,668.20	20,863,523.64	20,197,229.79	80,281,822.12	1,717,463.06
8/31/2024	118,347,674.61	78,729,395.84	13,751,915.00	30,830,102.62	84,831,045.63	8,126,472.25

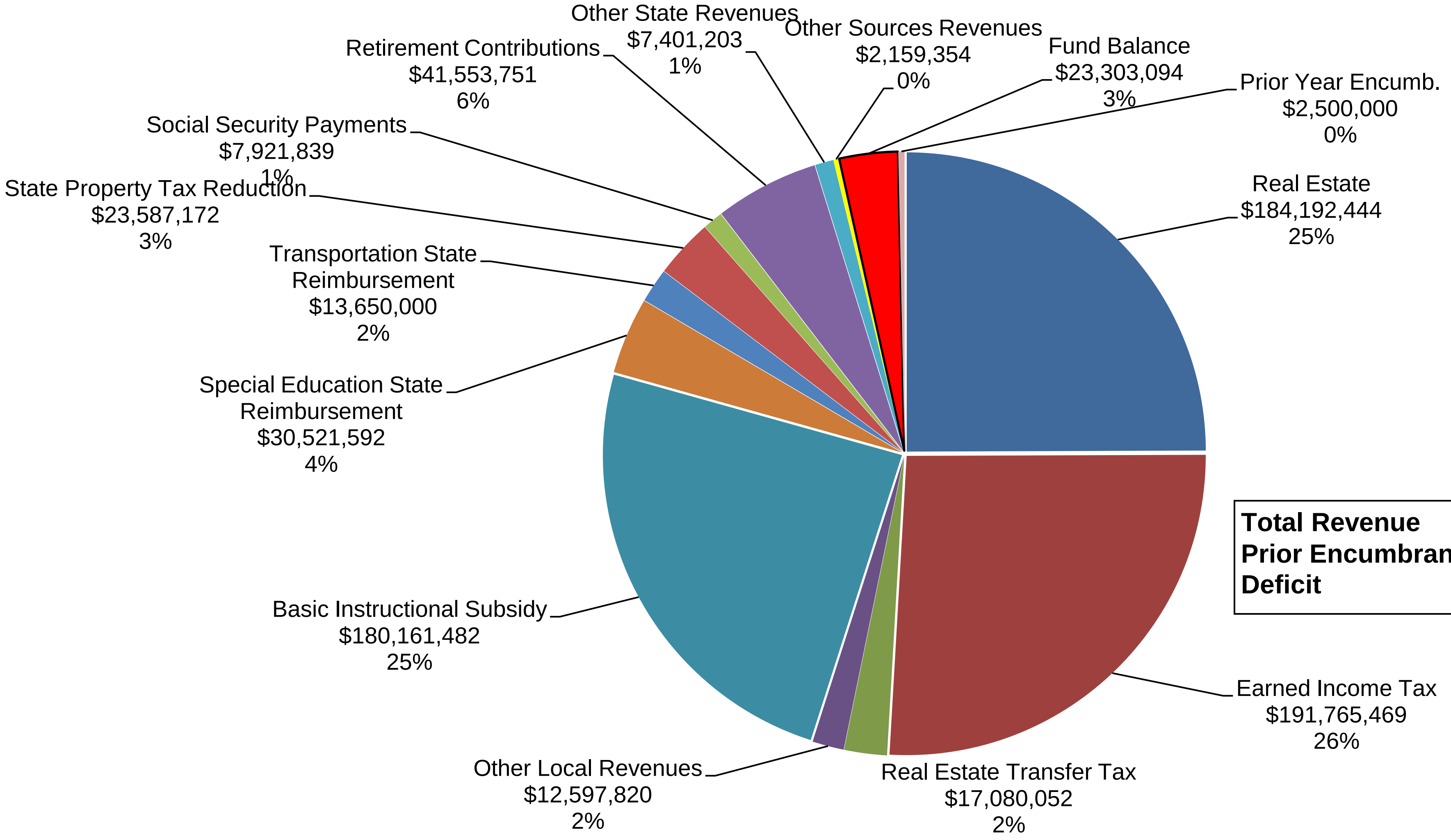
Pittsburgh Public Schools

2025 Preliminary Budget

- **Expenditures for 2025 are budgeted at $735.9 million:**
  - **Represents a 2.64% increase from 2024 adopted budget**
  - **Includes an operating deficit of $23.3 million in 2025 which is $6.7 million less than the 2024 operating deficit of nearly $30 million**
- **The current budget does NOT adhere to Board's minimum 5 percent fund balance policy for the General Fund through 2025 based on assumptions to date**
- **Does NOT include a millage increase**
- **ESSER III funding ended September 30, 2024, and will no longer be available to supplement the District's operating budget**

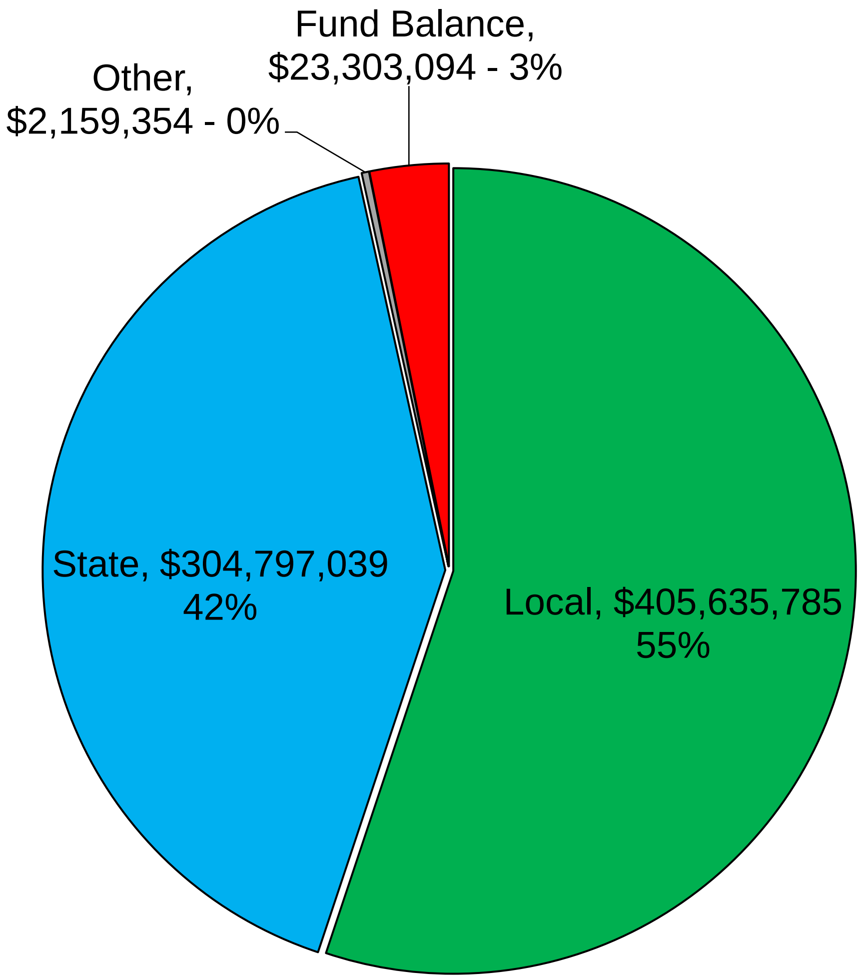
Revenues

2025 Revenues



Total Revenue	**$735,895,272**
Prior Encumbrances	**$ 2,500,000**
Deficit	**$ 23,303,094**

2025 Revenues



Impact of 2024-25 State Budget

- Basic Education Funding increased by **$2,456,064**, or 1.38%, to $180,161,482
- Ready to Learn Block Grant was level funded at $9,955,423
- Career and Technical Education increased by **$155,653**, or 38.77%, to $557,163
- Special Education Funding increased by **$444,136**, or 1.48%, to $30,52,592
- The total increase in funding across these sources is **$3,055,853**, or 1.40%.

Impact of 2024-25 State Budget (continued)

There are two new provisions with respect charter schools.

Cyber Charter Reimbursement

Section 2591.1 relates to commonwealth reimbursements for charter schools and cyber charter schools. There has been no funding appropriated for this since 2010/11. A new reimbursement formula is established for the 2024/25 fiscal year and each year thereafter that prorates funding appropriated for cyber charter transition to school districts based upon their share of total cyber charter tuition costs. Our estimated reimbursement for 2024-24 is **$3,749,935**.

Special Education Tuition Calculation Change

School districts are required to submit their charter school tuition calculation forms to PDE to post online. For cyber charter schools, the tuition calculation for special education students will use the true special education average daily membership instead of the assumed 16% of average daily membership. This change takes effect January 1, 2025. The estimated savings for the District is **$1,362,925**.

Here is a summary of the net impact on the budget.

Estimated New Funding	$6,805,788
Estimated Savings	$1,362,925
Net Impact on Budget	**$8,168,713**

2025 Revenues

LOCAL SOURCES	PROJECTED REVENUES		PERCENT OF TOTAL	
Real Estate	$184,192,444		24.95%	
Earned Income Tax	$191,765,469		25.97%	
Real Estate Transfer Tax	$17,080,052		2.31%	
Other Local Revenues	$12,597,820		1.71%	
Total - Local Sources		$405,635,785		54.94%
STATE SOURCES				
Basic Instructional Subsidy	$180,161,482		24.40%	
Special Education State Reimbursement	$30,521,592		4.13%	
Transportation State Reimbursement	$13,650,000		1.85%	
State Property Tax Reduction	$23,587,172		3.19%	
Social Security Payments	$7,921,839		1.07%	
Retirement Contributions	$41,553,751		5.63%	
Other State Revenues	$7,401,203		1.00%	
Total - State Sources		$304,797,039		41.27%
REVENUE FROM OTHER SOURCES	$2,159,354		0.29%	
		$2,159,354		0.29%
FROM FUND BALANCE	$23,303,094		3.16%	
		$23,303,094		3.16%
PRIOR YEAR ENCUMBRANCES	$2,500,000		0.34%	
		$2,500,000		0.34%
TOTAL		$738,395,272		100.00%

Pittsburgh Public Schools

2025 Revenues

Revenue Sources	2024	2025	Change	% Change
Real Estate	190,139,106	184,192,444	(5,946,662)	-3.13%
Earned Income Tax	179,675,946	191,765,469	12,089,523	6.73%
Real Estate Transfer Tax	14,834,183	17,080,052	2,245,869	15.14%
Other Local Revenues	8,839,925	12,597,820	3,757,895	42.51%
Basic Instructional Subsidy	177,705,418	180,161,482	2,456,064	1.38%
Special Education State Reimbursement	30,656,855	30,521,592	(135,263)	-0.44%
Transportation State Reimbursement	13,000,000	13,650,000	650,000	5.00%
State Property Tax Reduction	19,636,817	23,587,172	3,950,355	20.12%
Social Security Payments	7,836,839	7,921,839	85,000	1.08%
Retirement Contributions	40,404,362	41,553,751	1,149,389	2.84%
Other State Revenues	3,578,245	7,401,203	3,822,958	106.84%
Revenue From Other Sources	618,926	2,159,354	1,540,428	248.89%
From Fund Balance	29,985,031	23,303,094	(6,681,937)	-22.28%
Total	**716,911,653**	**735,895,272**	**18,983,619**	**2.65%**

2025 Revenue Assumptions

- A decline in real estate revenue due to property assessment appeals and an increased state property tax reduction allocation

- No increase in the millage rate

- An increase in earned income tax revenue

- State Basic Education and Special Education funding are level with the 2024-25 budget allotment

- No Cyber Charter Transition Reimbursement funding beyond 2024-25

Revenue Scenario 1: Increasing State Revenue and Continued Charter Reimbursement

	Actual Year Ended 2022	Actual Year Ended 2023	Adopted Year Ended 2024	Projected Year Ended 2024	Projected Year Ended 2025	Projected Year Ended 2026
Total Revenues	$652,954,802	$682,258,983	$686,926,621	$701,201,924	$715,908,128	$727,636,653
Total Expenditures	$656,174,842	$678,916,579	$716,911,653	$700,367,301	$735,895,272	$754,090,317
Beginning Balance	$86,627,084	$83,407,045	$78,352,794	$86,749,449	$87,584,073	$67,596,928
Operating Surplus/(Deficit)	($3,220,039)	$3,342,404	($29,985,032)	$834,623	($19,987,144)	($26,453,663)
Ending Fund Balance	$83,407,045	$86,749,449	$48,367,762	$87,584,073	$67,596,928	$41,143,265
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	$0	$0	$0	$0	$0	$0
Less Assigned Fund Balance	(16,448,232)	(29,985,032)	($28,995,171)	($19,987,144)	($26,453,663)	(31,043,917.72)
Unassigned Fund Balance	$64,458,813	$54,264,418	$16,872,591	$65,096,928	$38,643,265	$7,599,347
% Budgeted Expenditures	9.82%	7.99%	2.35%	9.29%	5.25%	1.01%
Minimum Fund Balance per Board Policy #721	$32,808,742	$33,945,829	$35,845,583	$35,018,365	$36,794,764	$37,704,516
Compliance with Fund Balance Policy	Yes	Yes	No	Yes	Yes	No
Funds needed to comply with Fund Balance Policy	($31,650,071)	($20,318,589)	$18,972,991	($30,078,563)	($1,848,502)	$30,105,168

Revenue Scenario 2: 5.3% Tax Increase

	Actual Year Ended 2022	Actual Year Ended 2023	Adopted Year Ended 2024	Projected Year Ended 2024	Projected Year Ended 2025	Projected Year Ended 2026
Total Revenues	$652,954,802	$682,258,983	$686,926,621	$701,201,924	$722,245,747	$730,841,321
Total Expenditures	$656,174,842	$678,916,579	$716,911,653	$700,367,301	$735,972,327	$754,169,833
Beginning Balance	$86,627,084	$83,407,045	$78,352,794	$86,749,449	$87,584,073	$73,857,492
Operating Surplus/(Deficit)	($3,220,039)	$3,342,404	($29,985,032)	$834,623	($13,726,580)	($23,328,513)
Ending Fund Balance	$83,407,045	$86,749,449	$48,367,762	$87,584,073	$73,857,492	$50,528,980
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	$0	$0	$0	$0	$0	$0
Less Assigned Fund Balance	(16,448,232)	(29,985,032)	($28,995,171)	($13,726,580)	($23,328,513)	(29,201,350.61)
Unassigned Fund Balance	$64,458,813	$54,264,418	$16,872,591	$71,357,492	$48,028,980	$18,827,629
% Budgeted Expenditures	9.82%	7.99%	2.35%	10.19%	6.53%	2.50%
Minimum Fund Balance per Board Policy #721	$32,808,742	$33,945,829	$35,845,583	$35,018,365	$36,798,616	$37,708,492
Compliance with Fund Balance Policy	Yes	Yes	No	Yes	Yes	No
Funds needed to comply with Fund Balance Policy	($31,650,071)	($20,318,589)	$18,972,991	($36,339,127)	($11,230,363)	$18,880,863

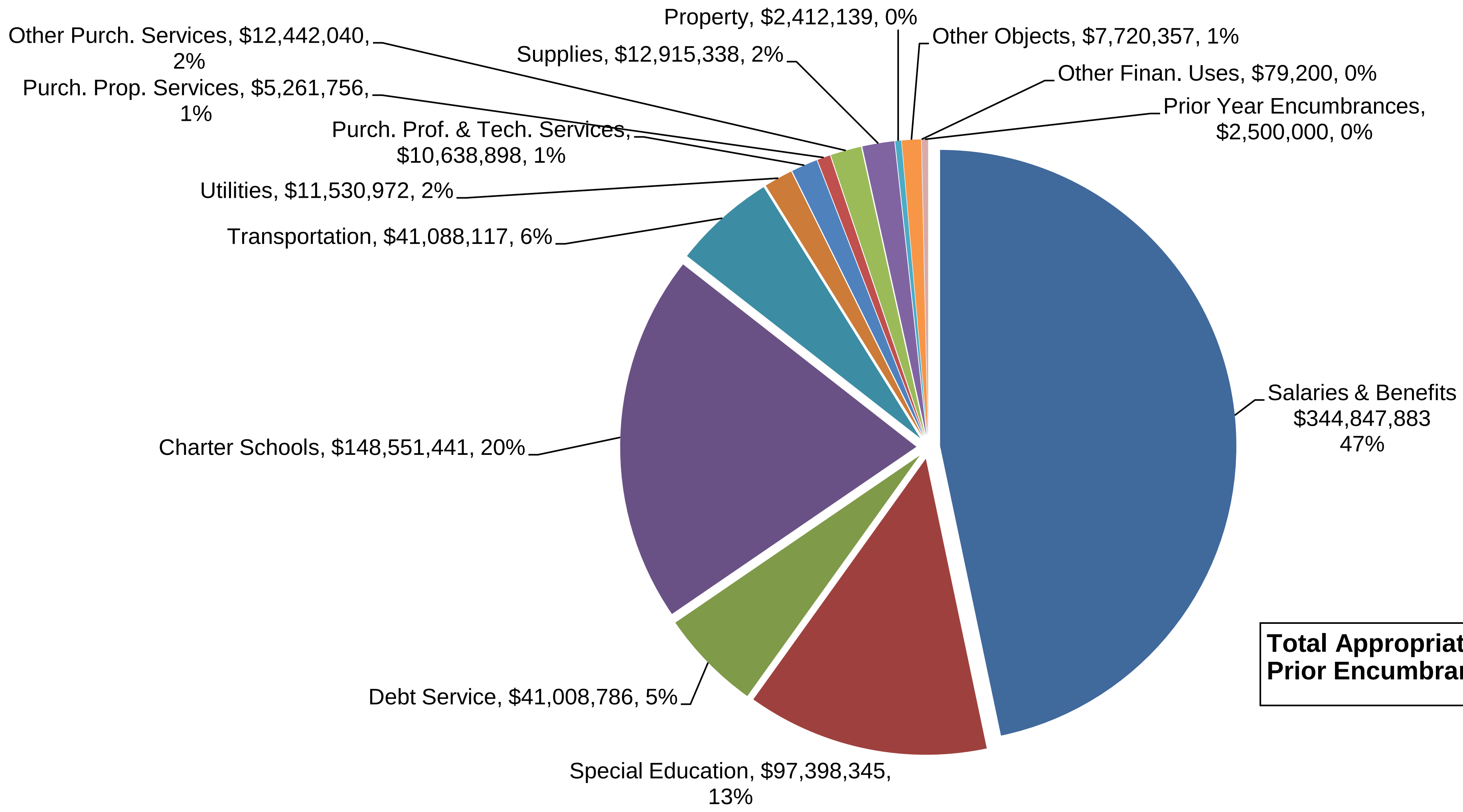
Revenue Scenario 3: Combined Scenario 1 and 2

	Actual Year Ended 2022	Actual Year Ended 2023	Adopted Year Ended 2024	Projected Year Ended 2024	Projected Year Ended 2025	Projected Year Ended 2026
Total Revenues	$652,954,802	$682,258,983	$686,926,621	$701,201,924	$725,561,696	$737,483,293
Total Expenditures	$656,174,842	$678,916,579	$716,911,653	$700,367,301	$735,977,327	$754,174,833
Beginning Balance	$86,627,084	$83,407,045	$78,352,794	$86,749,449	$87,584,073	$77,168,441
Operating Surplus/(Deficit)	($3,220,039)	$3,342,404	($29,985,032)	$834,623	($10,415,631)	($16,691,541)
Ending Fund Balance	$83,407,045	$86,749,449	$48,367,762	$87,584,073	$77,168,441	$60,476,901
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	$0	$0	$0	$0	$0	$0
Less Assigned Fund Balance	(16,448,232)	(29,985,032)	($28,995,171)	($10,415,631)	($16,691,541)	(21,087,397.61)
Unassigned Fund Balance	$64,458,813	$54,264,418	$16,872,591	$74,668,441	$57,976,901	$36,889,503
% Budgeted Expenditures	9.82%	7.99%	2.35%	10.66%	7.88%	4.89%
Minimum Fund Balance per Board Policy #721	$32,808,742	$33,945,829	$35,845,583	$35,018,365	$36,798,866	$37,708,742
Compliance with Fund Balance Policy	Yes	Yes	No	Yes	Yes	No
Funds needed to comply with Fund Balance Policy	($31,650,071)	($20,318,589)	$18,972,991	($39,650,076)	($21,178,034)	$819,239

Pittsburgh Public Schools

Expenditures

2025 Appropriations by Major Object



Total Appropriations	**$735,895,272**
Prior Encumbrances	**$ 2,500,000**

Major Changes by Object

Expenditure Category	2024	2025	Change	% Change
Salaries	204,884,664	207,106,889	2,222,225	1.08%
Benefits	134,723,289	137,740,994	3,017,705	2.24%
Special Education	92,332,991	97,398,345	5,065,354	5.49%
Debt Service	40,777,137	41,008,786	231,649	0.57%
Charter Schools	146,039,108	148,551,441	2,512,333	1.72%
Transportation	38,871,166	41,088,117	2,216,951	5.70%
Utilities	11,724,127	11,530,972	(193,155)	-1.65%
Purch. Prof. & Tech. Services	10,638,376	10,638,898	522	0.00%
Purch. Prop. Services	4,760,235	5,261,756	501,521	10.54%
Other Purch. Services	12,297,338	12,442,040	144,702	1.18%
Supplies	12,256,849	12,915,338	658,489	5.37%
Property	3,542,616	2,412,139	(1,130,477)	-31.91%
Other Objects	3,734,957	7,720,357	3,985,400	106.71%
Other Finan. Uses	328,800	79,200	(249,600)	-75.91%
Prior Year Encumbrances	2,500,000	2,500,000	-	0.00%
Total	**719,411,653**	**738,395,272**	**18,983,619**	**2.64%**

Pittsburgh Public Schools

2025 Expenditure Assumptions

- Stable workforce
- Up to 11.7% increase to employer healthcare costs
- No school closures, school renovations, and delivery model changes
- Increase in tax refunds due to property assessment appeals
- Implementation of new cyber charter tuition calculation effective January 1, 2025
- Education of students at Allegheny County Jail and Shuman Detention Center
- ESSER III funding ended September 30, 2024, and will no longer be available to supplement the District’s operating budget

2025 General Fund Budget Development Timeline

- December 31, 2023 – Expiration of AFSCME Local 2924 Collective Bargaining Agreement
- January 1, 2024 – First day of FY 2024
- January 31, 2024 – Principals receive Site-Based Budgets
- February 6, 2024 – Governor’s Budget Proposal
- March 1, 2024 – Site-Based Budgets provided to HR for staffing
- March 4, 2024 – First Budget Workshop
- March 15, 2024 – Deadline for Facilities Utilization Plan
- March 20, 2024 – Close of FY 2023
- April 24, 2024 – Board approves AFSCME Local 2924 Collective Bargaining Agreement
- June 10, 2024 – Second Budget Workshop
- June 26, 2024 – Act 1 Resolution Adopted
- June 30, 2024 – Deadline to approve Act 1 Resolution
- June 30, 2024 – Expiration of PFT Professional, Paraprofessional, and Technical Clerical Collective Bargaining Agreements

2025 General Fund Budget Development Timeline

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2025 General Fund Budget Development Timeline (continued)

- June 30, 2024 – End of State Fiscal Year
- July 1, 2024 – Deadline to enter Departmental Budgets
- July 1, 2024 – Site-Based Budget Year Begins
- July – September 2024 – Department Budgets reviewed and finalized
- October 7, 2024 – Final Budget Workshop
- November 13, 2024 – Release of Preliminary 2024 General Fund Budget
- December 2, 2024 – Special Budget Hearing (subject to change)
- December 18, 2024 – Approval of the 2025 General Fund Budget and Tax Rates
- December 31, 2024 – Deadline to adopt the 2025 Budget
- December 31, 2024 – Expiration of Building Trades and AFSCME Local 297 Collective Bargaining Agreements

2025 General Fund Budget Development Timeline (continued)

- ~~June 30, 2024 – End of State Fiscal Year~~
- ~~July 1, 2024 – Deadline to enter Departmental Budgets~~
- ~~July 1, 2024 – Site-Based Budget Year Begins~~
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- December 31, 2024 – Deadline to adopt the 2025 Budget
- December 31, 2024 – Expiration of Building Trades and AFSCME Local 297 Collective Bargaining Agreements