

# Budget Update with Benchmarking Comparison



## **PINE-RICHLAND SCHOOL DISTRICT**

**JANUARY 18, 2016**

# Act 1 Budgeting Process



- **Draft Proposed Preliminary Budget**
  - Presented in November 2015 and December 2015
  - Large amount of unknown factors
  - Developed using trend analysis at a high level
- **Act 1 Resolution**
  - Approved December 14, 2015
  - Certifying the school board will not raise taxes above the adjusted index of 2.8% for the 2016-2017 fiscal year

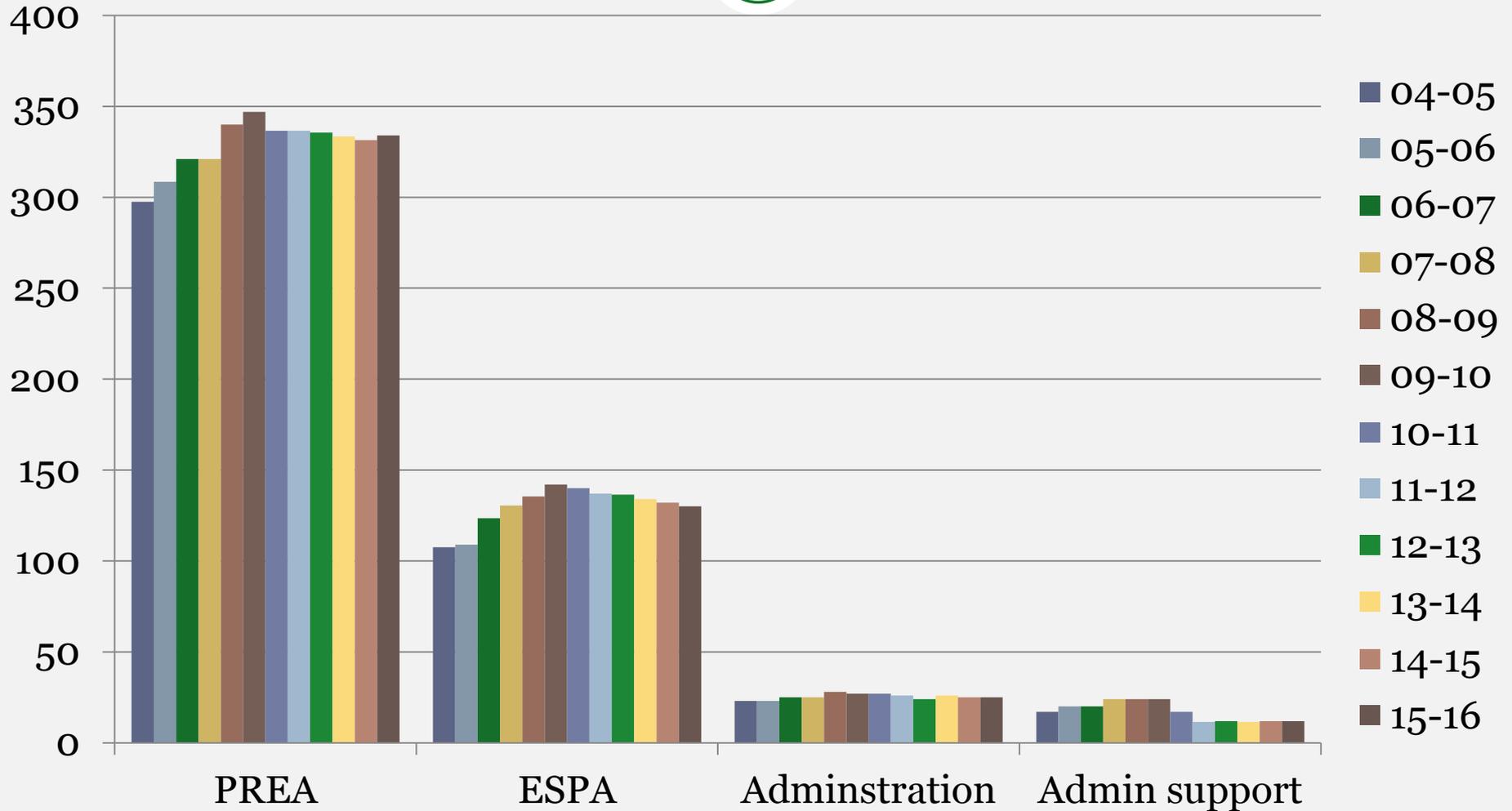
# Current Budget Status



• Projected revenues	\$78,173,718
• Projected expenditures	<u>(\$81,040,967)</u>
• Budgetary deficit	(\$2,867,249)
• Utilization of assigned fund balance for capital improvements	<u>\$1,698,281</u>
• Budgetary deficit after proposed utilization of fund balance	(\$1,168,968)

Millage impact = 0.4379 mills or 2.28% increase

# Staffing

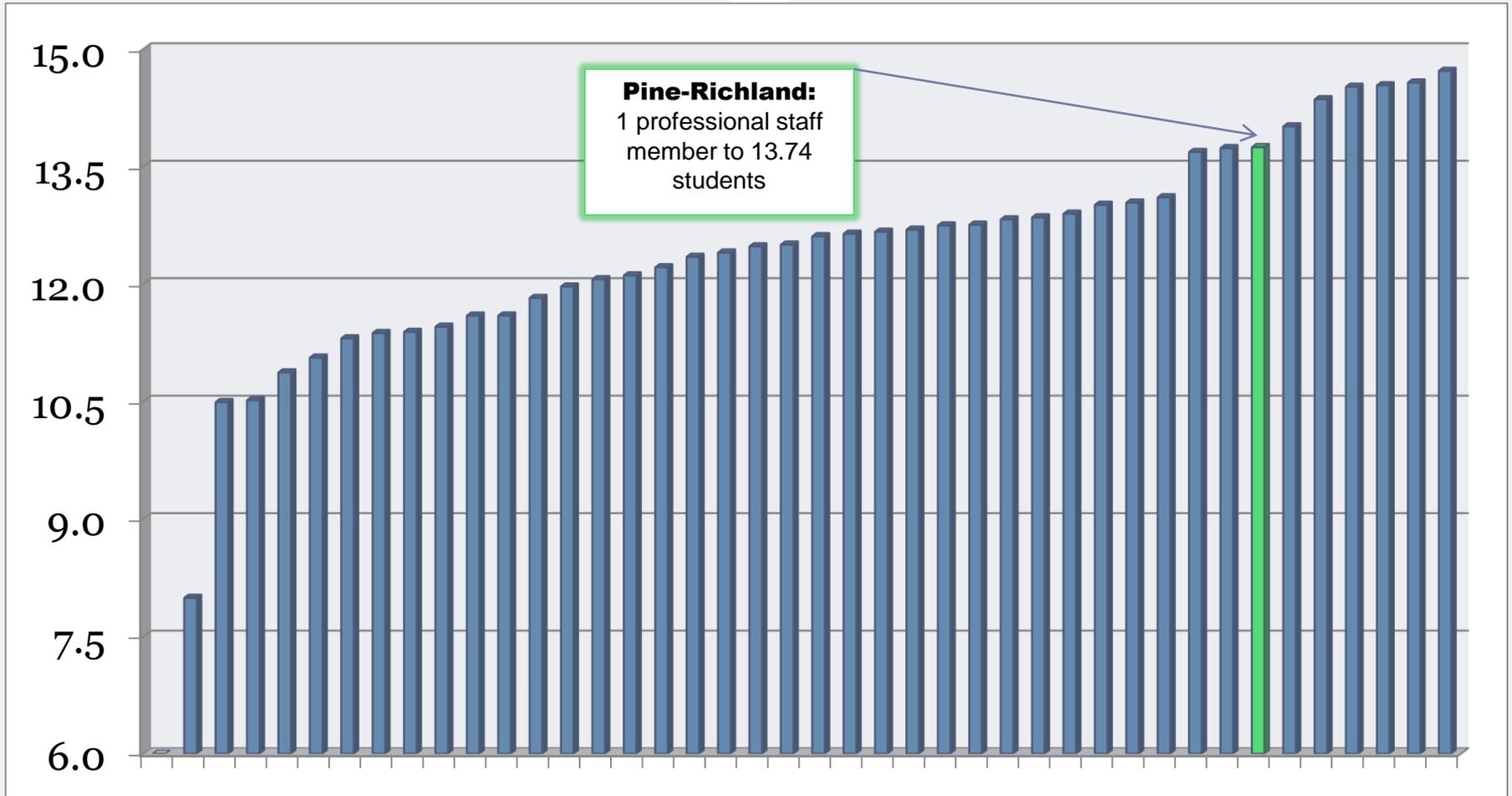


# Staffing



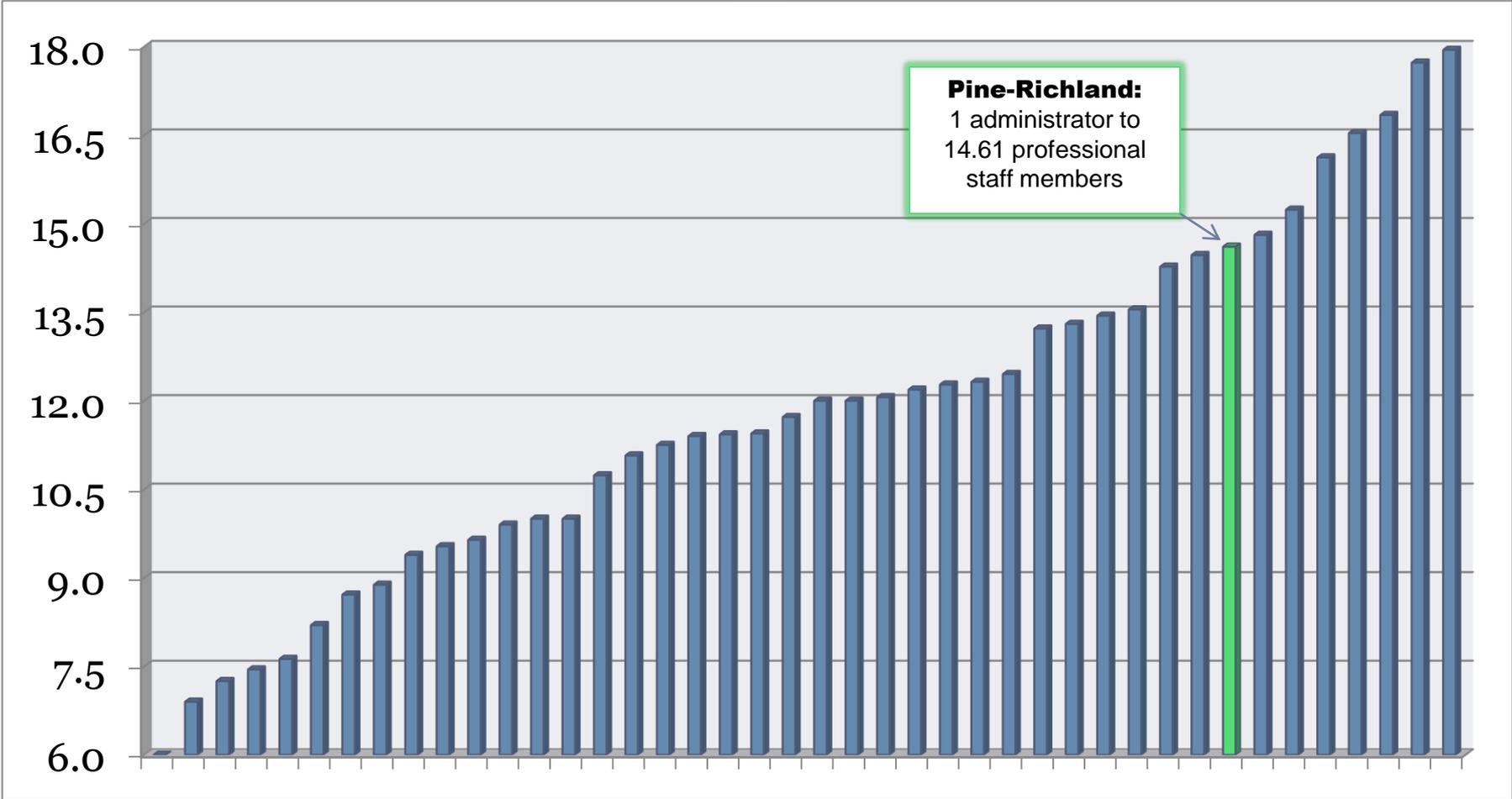
- Staffing represents 65% of operational costs given existing outsourcing of technology, transportation, and food service.
- Comparisons (2015 AIU Directory):
  - Professional Staff: Student
    - ✦ PRSD = 1 professional staff member:13.74 students (35 of 42 school districts in AIU have a lower ratio)
  - Administration: Professional Staff
    - ✦ PRSD = 1 administrator:14.61 professional staff members (34 of 42 school districts in the AIU have a lower ratio)
  - Administration: Student
    - ✦ PRSD = 1 administrator:200.78 students (37 of 42 school districts in AIU have a lower ratio)
- **Higher ratios support operational efficiency for staffing.** Our efficiency is also consistent across all three indicators (equally lean).

# Professional Staff to Student Ratio



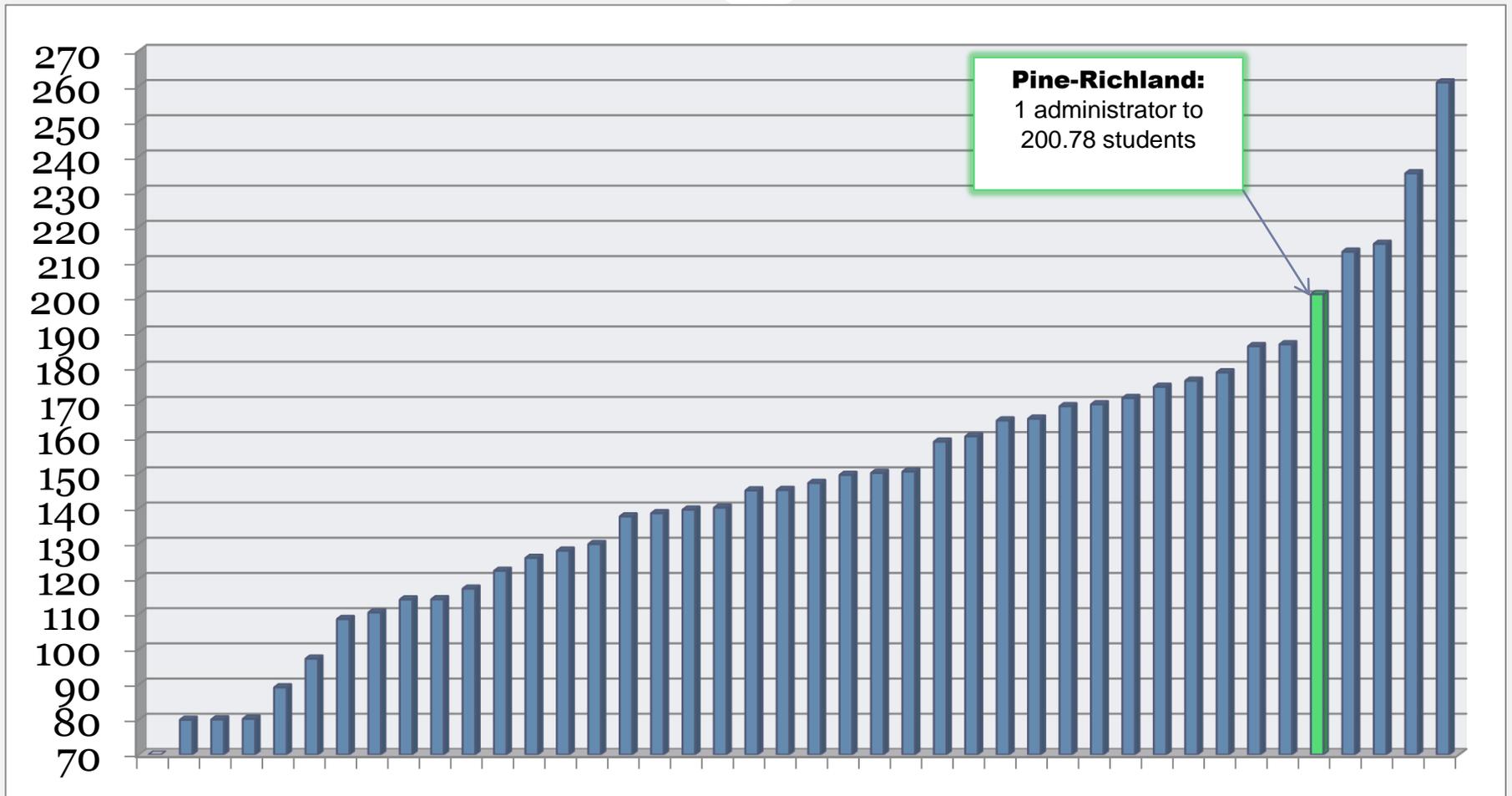
Source: 2015 Allegheny Intermediate Unit Directory

# Administration to Professional Staff Ratio



Source: 2015 Allegheny Intermediate Unit Directory

# Administration to Student Ratio



Source: 2015 Allegheny Intermediate Unit Directory

# Efficiency



- Similar to our budgetary process last year, the administration gathered additional benchmarking data:
  - Allegheny County Millage Rates
  - Market Value Aid Ratio Analysis
  - PDE Per Pupil Calculations (2013-2014)
    - ✦ Total Expenditures / Enrollment
    - ✦ Total Expenditure Less Capital Outlay and Debt / Enrollment
  - Tuition Rate Calculation (2014-2015)
- The key finding of all analyses is that the district is operating at a high level of efficiency related to staff (i.e., ROI). This is particularly true given the growth and residential make-up of the district.





# Act 1 of 2006

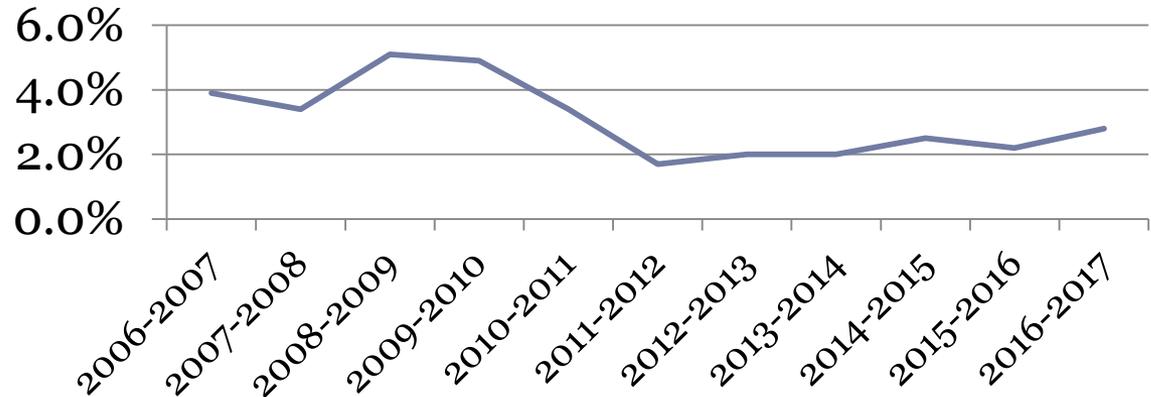
Index is calculated on the statewide average weekly wage & federal employment cost index.

Regulates the annual index rate at which each school district can raise property taxes in Pennsylvania ~ similar to COLA (cost of living adjustment)

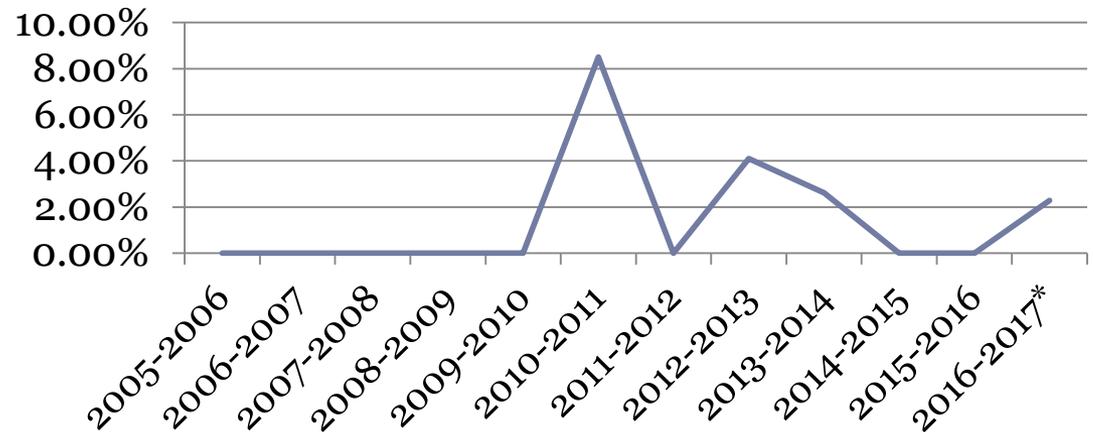
Exceptions to the limitation:

- Special education costs
- Retirement rate costs
- Certain construction costs

## Adjusted Index: Pine-Richland



## History of % change in millage rate



\*2016-2017 millage rate needed

# Market Value Aid Ratio



## Allegheny County

- In Allegheny County, Pine-Richland School District is ranked 19<sup>th</sup> out of 43 school districts.
- This is the same ranking as last year.

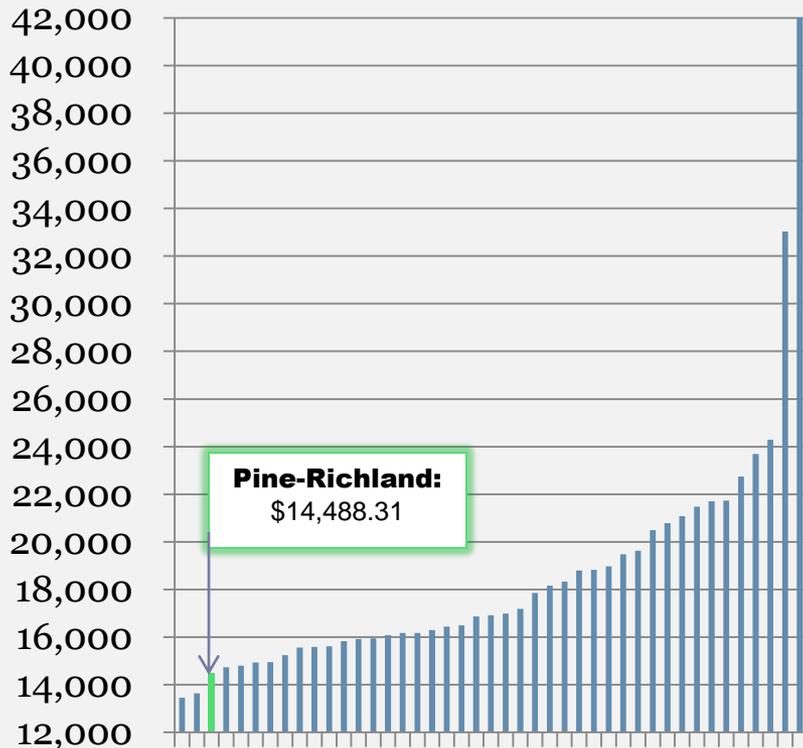
## Pennsylvania

- Statewide, Pine-Richland School District is ranked 227<sup>th</sup> out of 500 school districts.
- This is only an increase of one from the previous year ranking of 226<sup>th</sup> of 500 school districts across the State.

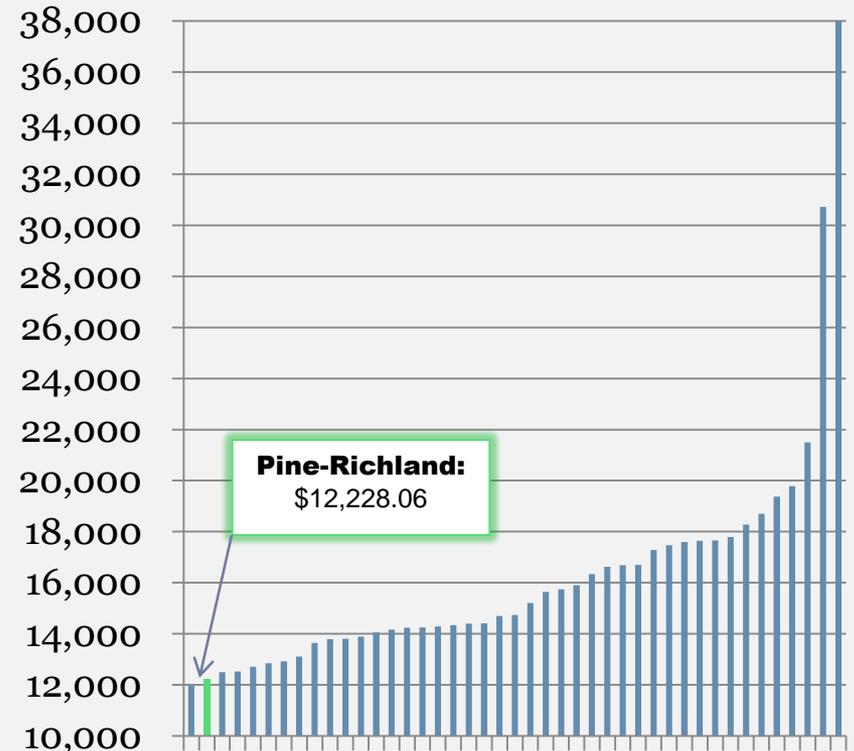
# PDE Per Pupil Calculations



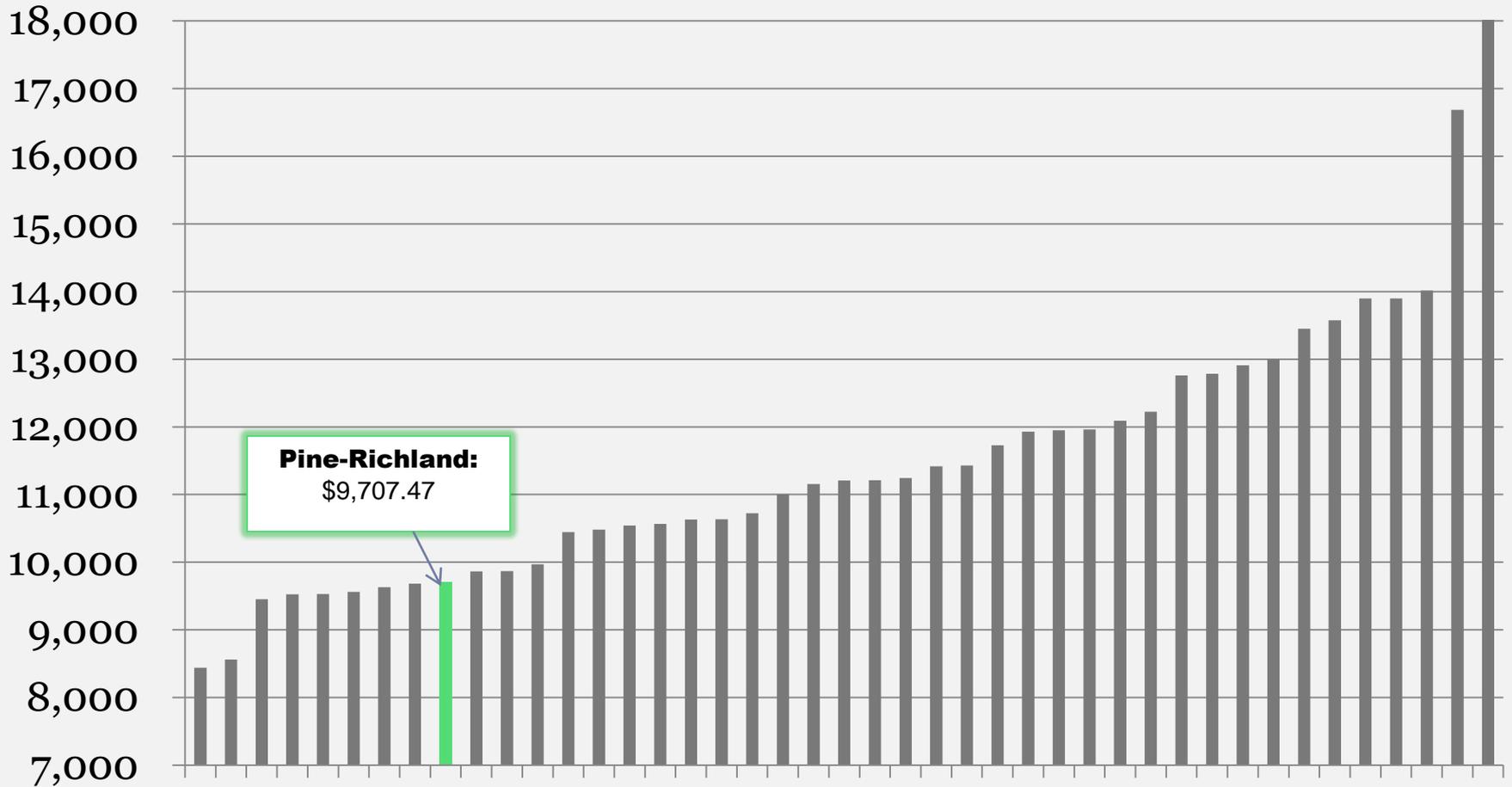
## Total Expenditures / Enrollment



## Total Expenditures Less Capital Outlay and Debt Service / Enrollment



# PDE Tuition Rate Calculation



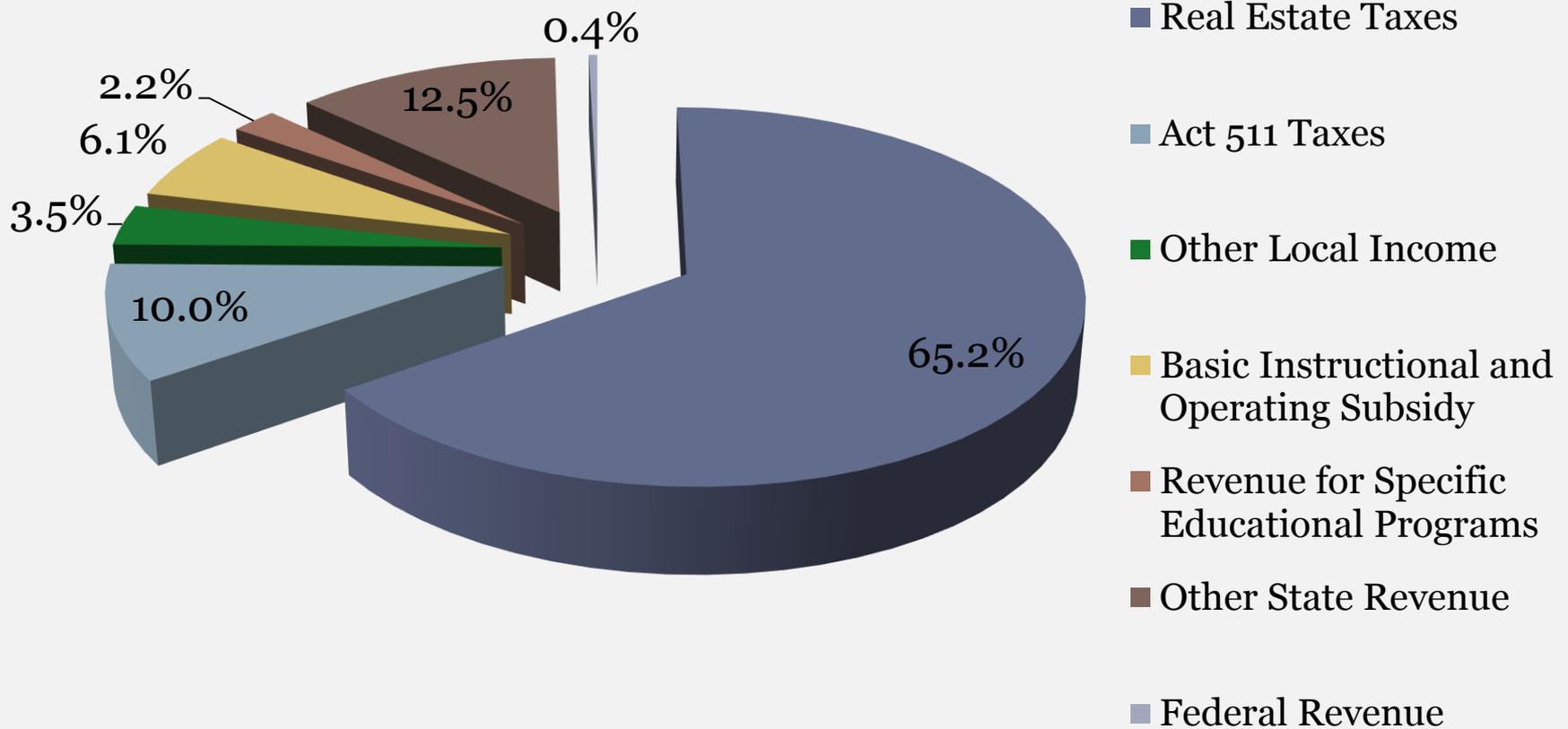
Source: Pennsylvania Department of Education Tuition Rates for 2014-2015 (Average per Pupil)

# Efficiency



- The key finding of all analyses is that the district is operating at a high level of efficiency related to staff and expenditures (i.e., ROI). This is particularly true given the growth and residential make-up of the district.

# Revenue

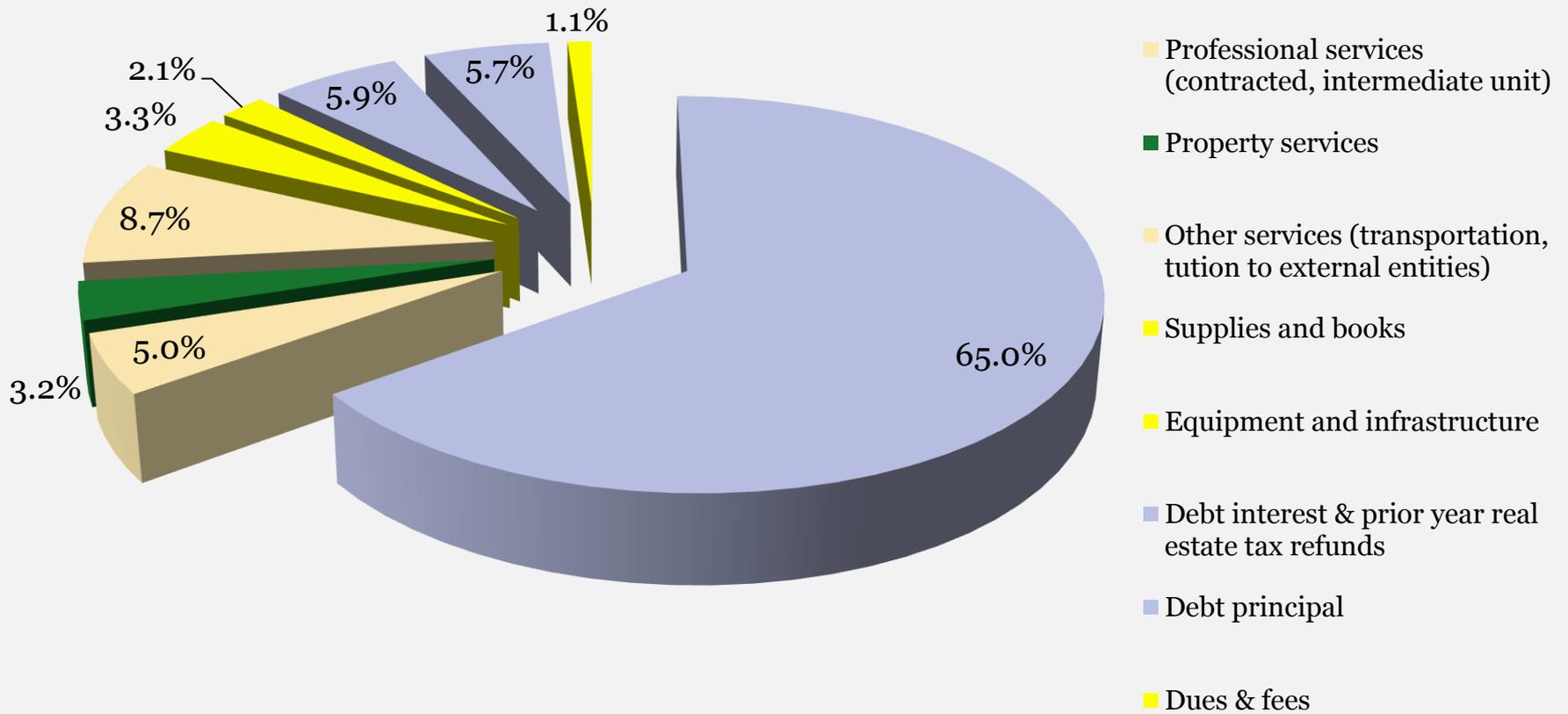


# Factors Impacting Revenue

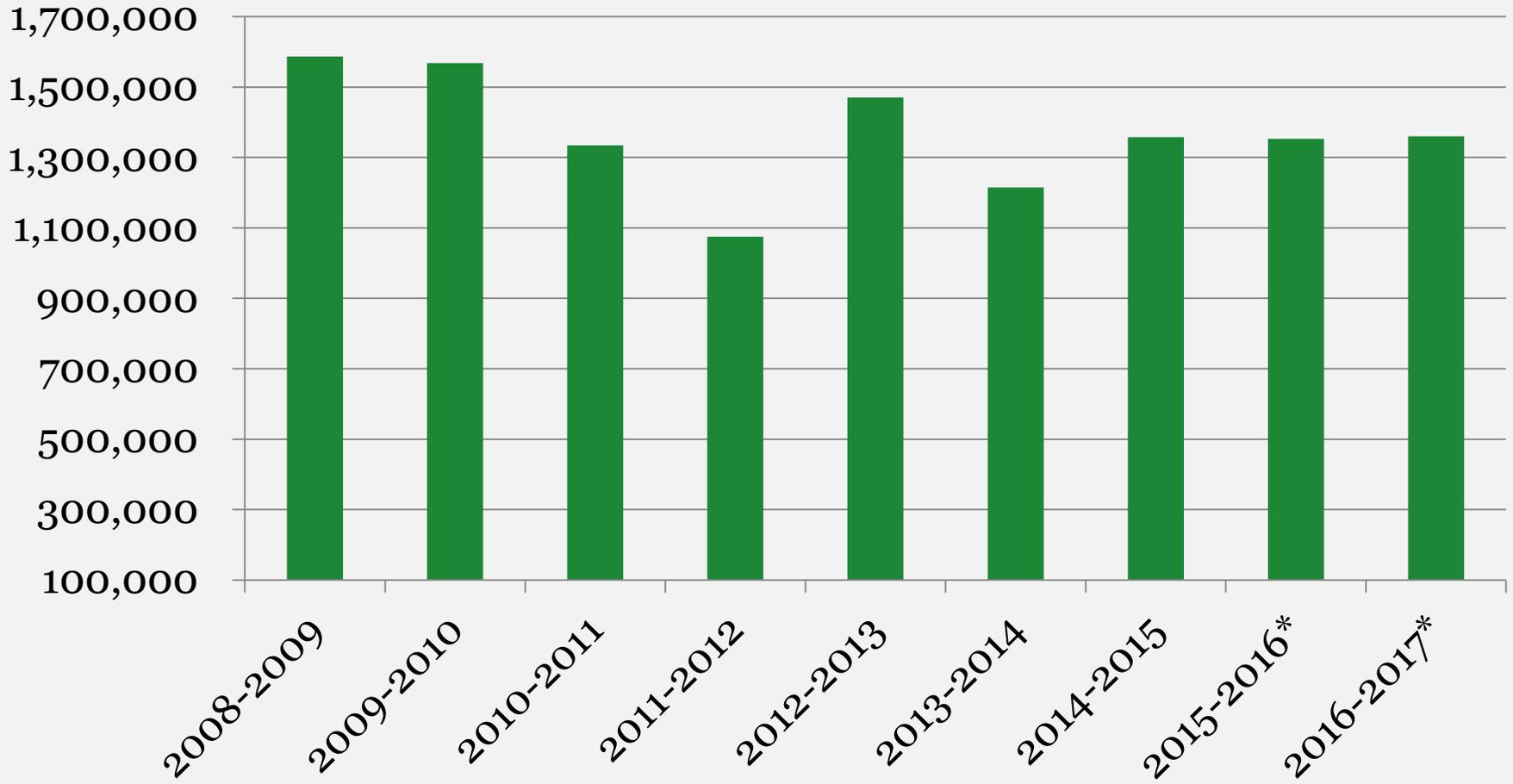


- **Real estate assessed values**
  - Updated values have not been received from Allegheny County
  - Property tax appeals continually being processed by Allegheny County
  - Commercial properties
- **State budget uncertainty**
  - Subsidy levels
    - ✦ Basic Education
    - ✦ Special Education

# Expenditures



# Building-Level Spending



\*Budgeted figures shown

These costs do not include personnel or out-of-district tuition

# Factors Impacting Expenditures



- 3.85% increase in PSEERS employer contribution rate from 25.84% to estimated 29.69% of payroll cost (approximately \$817K in the year-over-year net increase)
  - Cost increase is shared by State through subsidy reimbursement
  - Pension reform is currently being debated at the State level
- Unknown cost factors
  - Detailed budgetary line items are in process – these budgetary figures displayed are based on trend estimates
  - Health care premium increases
  - Workers' Compensation & Liability Coverage rates
- Increasing costs for out-of-district tuition

# PSEERS Employer Contributions

## Pine-Richland School District

Retirement Planning



	(Actual) 2013	(Actual) 2014	(Actual) 2015	(Budget) 2016	(Projected) 2017	(Projected) 2018	(Projected) 2019	(Projected) 2020	(Projected) 2021
Total Revenues & Other Financing Sources	67,448,840	70,150,587	130,165,767	75,323,687	79,342,686	80,824,408	82,606,237	84,099,079	85,466,886
Total Expenditures & Other Financing Uses	64,208,071	66,573,771	128,951,833	76,745,362	81,040,867	84,368,784	87,145,163	91,273,619	96,178,631
Operating Balance	3,240,770	3,576,816	1,413,934	(1,421,675)	(1,698,281)	(3,544,376)	(4,538,927)	(7,174,540)	(10,711,745)

### EXPENDITURES

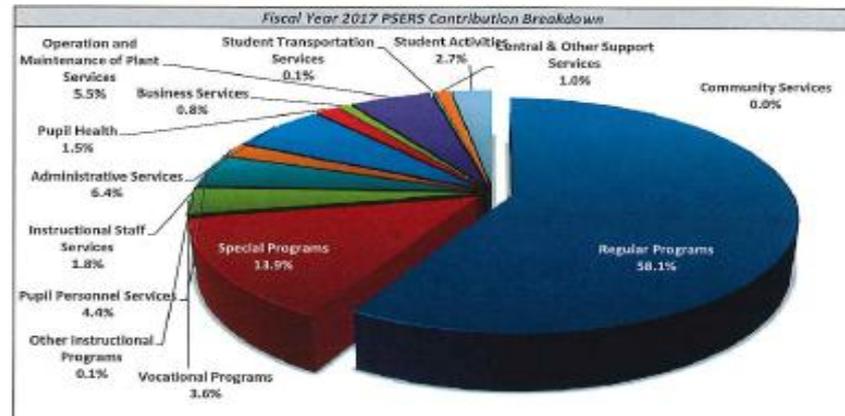
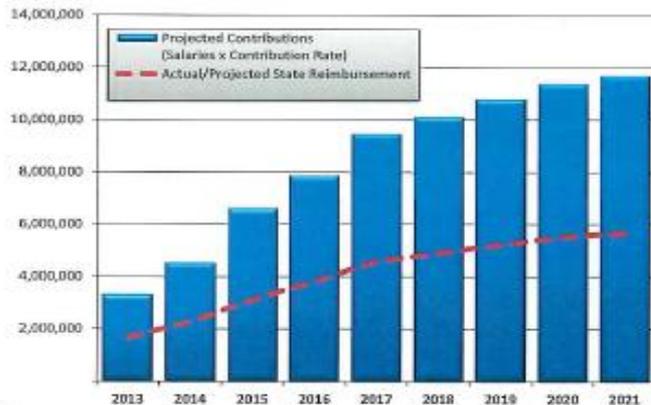
100	Personnel Services - Salaries	26,887,331	26,857,896	30,857,440	30,427,211	31,827,663	32,941,631	34,094,589	35,287,899	36,522,976
	<b>PSERS Contribution Rates *</b>	<b>12.36%</b>	<b>16.93%</b>	<b>21.40%</b>	<b>25.84%</b>	<b>29.69%</b>	<b>30.62%</b>	<b>31.56%</b>	<b>32.23%</b>	<b>32.02%</b>
	<b>Projected Contributions</b> (Salaries x Contribution Rate)	<b>3,323,274</b>	<b>4,547,042</b>	<b>6,603,492</b>	<b>7,862,391</b>	<b>9,449,633</b>	<b>10,086,728</b>	<b>10,760,252</b>	<b>11,373,290</b>	<b>11,694,657</b>
230	Actual Contributions (from AFR)	3,296,955	4,509,353	6,588,974	7,862,628					

\* Source: PSERS. Contribution rates in blue can be modified to reflect different budgeted contribution rates

### REVENUES

	Projected Contributions (from above)	3,323,274	4,547,042	6,603,492	7,862,391	9,449,633	10,086,728	10,760,252	11,373,290	11,694,657
	<b>Projected State Reimbursement</b>	<b>48.50%</b>	<b>1,611,788</b>	<b>2,205,315</b>	<b>3,202,694</b>	<b>4,583,072</b>	<b>4,892,063</b>	<b>5,218,722</b>	<b>5,516,046</b>	<b>5,671,909</b>
7820	Actual Reimbursement (from AFR)	1,668,331	2,266,269	3,113,877	3,813,691					
	Actual State Reimbursement % (Average)	49.37%	50.60%	50.26%	47.26%	48.50%				

	(Actual) 2013	(Actual) 2014	(Actual) 2015	(Budget) 2016	(Projected) 2017	(Projected) 2018	(Projected) 2019	(Projected) 2020	(Projected) 2021
<b>Net PSERS Contribution</b>	<b>1,628,624</b>	<b>2,243,084</b>	<b>3,475,097</b>	<b>4,048,937</b>	<b>4,866,561</b>	<b>5,194,665</b>	<b>5,541,530</b>	<b>5,857,244</b>	<b>6,022,748</b>
<b>Net Increase Over Prior Year</b>		<b>614,460</b>	<b>1,232,013</b>	<b>573,840</b>	<b>817,624</b>	<b>328,104</b>	<b>346,865</b>	<b>315,714</b>	<b>165,504</b>





**Tax  
Levy  
Options  
Under  
Act 1**

	<b>Millage rate</b>	<b>Tax levy (options)</b>	<b>Median assessed value as of 4/23/2015</b>	<b>Annual Impact on homeowner (assuming median assessed value)</b>	<b>Percent Change</b>
Current	19.2083	\$4,513.95	\$235,000	\$ -	0%
Required to balance	19.6462	\$4,616.87	\$235,000	\$102.92	2.28%
Adjusted Index	19.7461	\$4,640.34	\$235,000	\$126.39	2.8%

# Timeline



- February 15, 2016 – finance committee meeting
- March 21, 2016 – finance committee meeting
- April 25, 2016 – finance committee meeting
- May 1, 2016 – PA Department of Education notifies school districts of their state allocation of property tax reduction funding and Allegheny County assessor's office will provide a listing of approved homesteads
- May 2, 2016 – adoption of proposed final budget
  - Budget documents must be advertised and on display for at least 20 days prior to adoption of final budget
- May 16, 2016 – finance committee meeting
- June 6, 2016– adoption of tax rates & final budget