

Budget Update with Benchmarking Comparison



PINE-RICHLAND SCHOOL DISTRICT

FOCUSED ON LEARNING FOR EVERY STUDENT EVERY DAY

FEBRUARY 11, 2019

Act 1 Budgeting Process



- **Act 1 Resolution**
 - Approved January 14, 2019
 - Certifying the school board will not raise taxes above the base index of 2.3% for the 2019-2020 fiscal year
- **Draft Proposed Final Budget**
 - Large amount of unknown factors
 - Developed using trend analysis at a high level

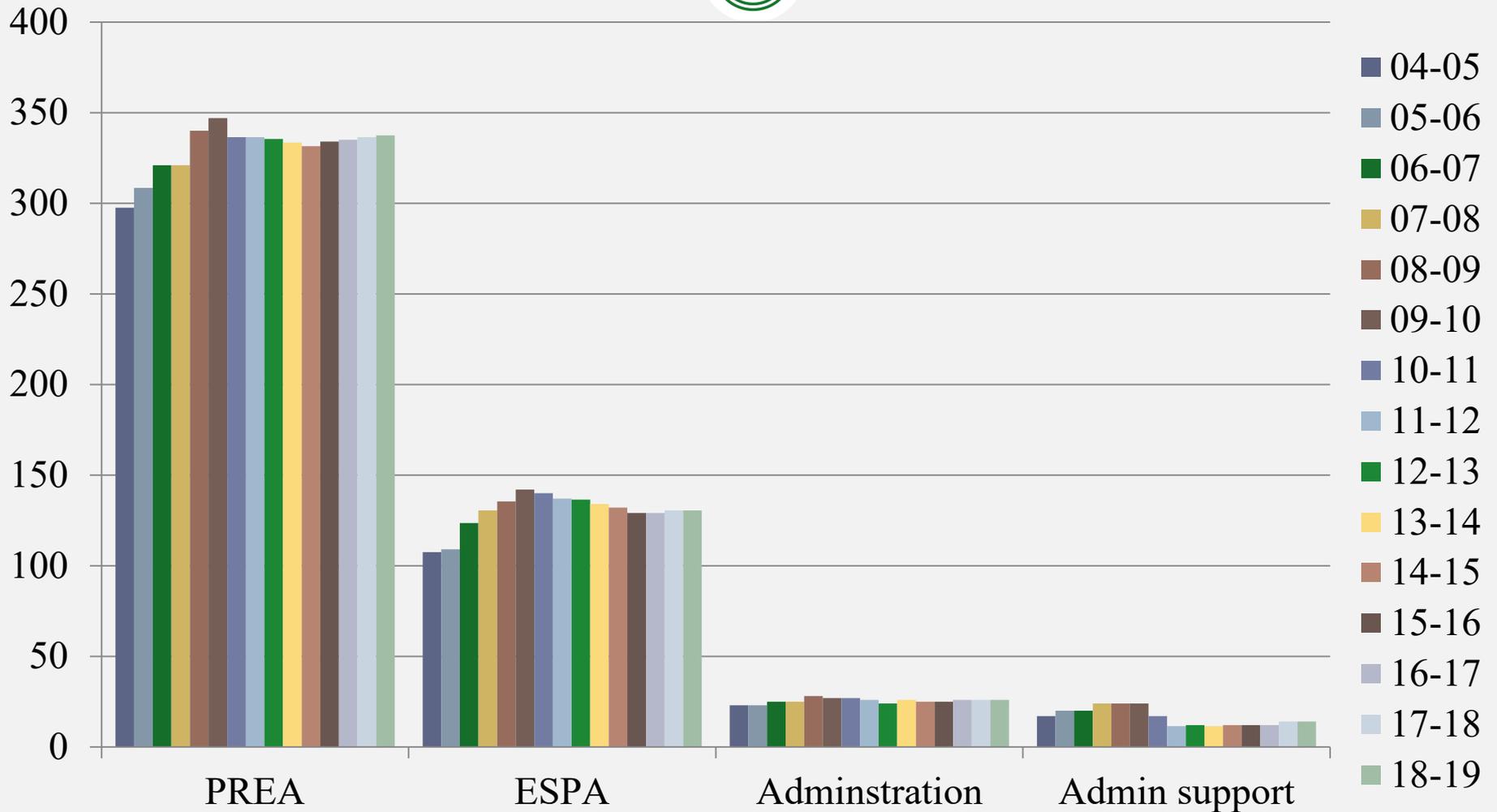
Current Budget Status



| | |
|---|-----------------------|
| ● Projected revenues* | \$91,057,264 |
| ● Projected expenditures | <u>(\$92,632,816)</u> |
| ● Current budgetary deficit | (\$1,575,552) |
| ○ Utilization of assigned fund balance for capital improvements | |

*This draft does not include a tax increase.

Staffing



Staffing



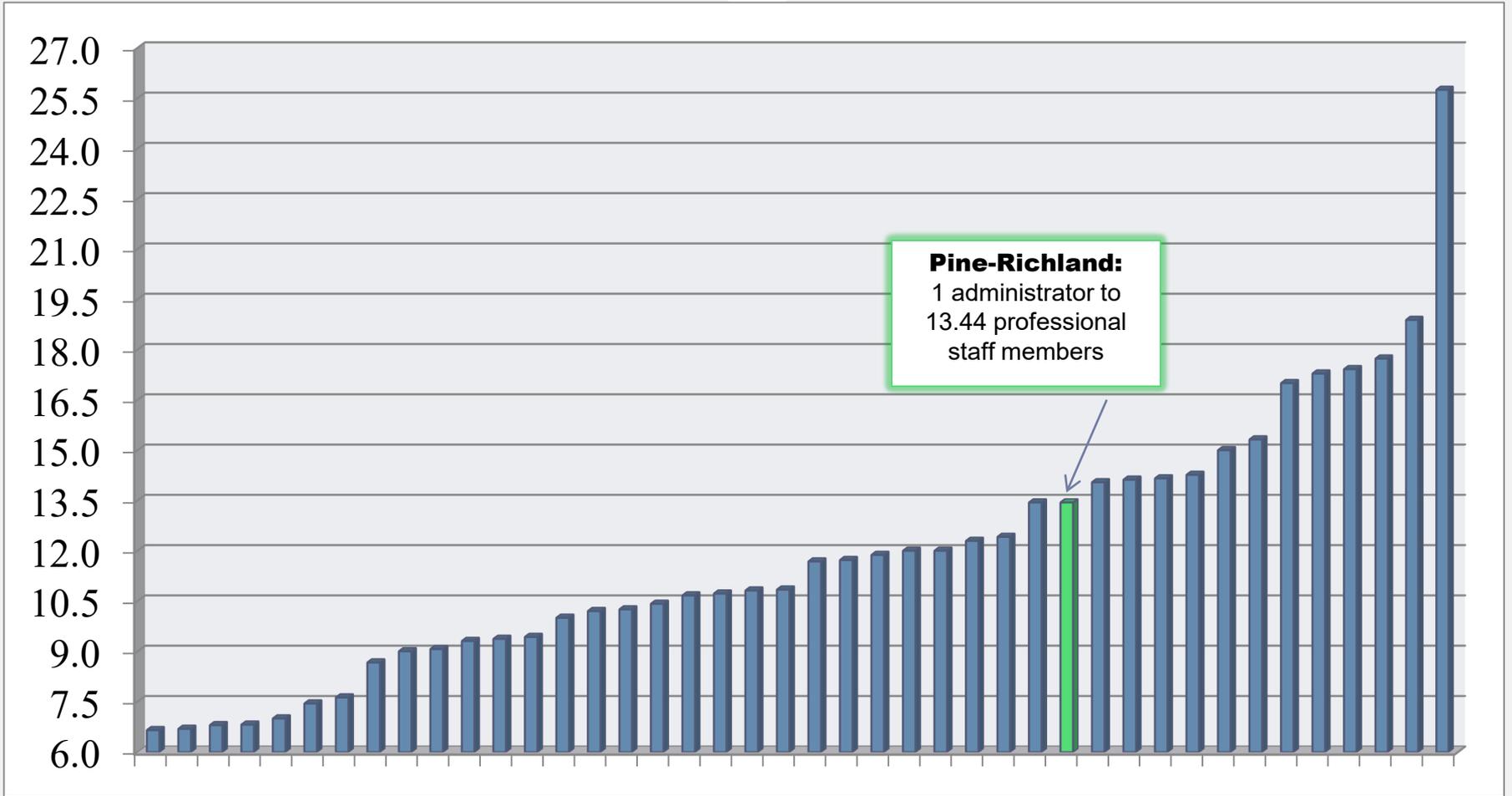
- Staffing represents 65% of operational costs given existing outsourcing of technology, transportation, and food service.
- Comparisons (2018 AIU Directory):
 - Professional Staff: Student
 - ✦ PRSD = 1 professional staff member:13.71 students (31 of 42 school districts in AIU have a lower ratio)
 - Administration: Professional Staff
 - ✦ PRSD = 1 administrator:13.44 professional staff members (27 of 42 school districts in the AIU have a lower ratio)
 - Administration: Student
 - ✦ PRSD = 1 administrator:184.28 students (34 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



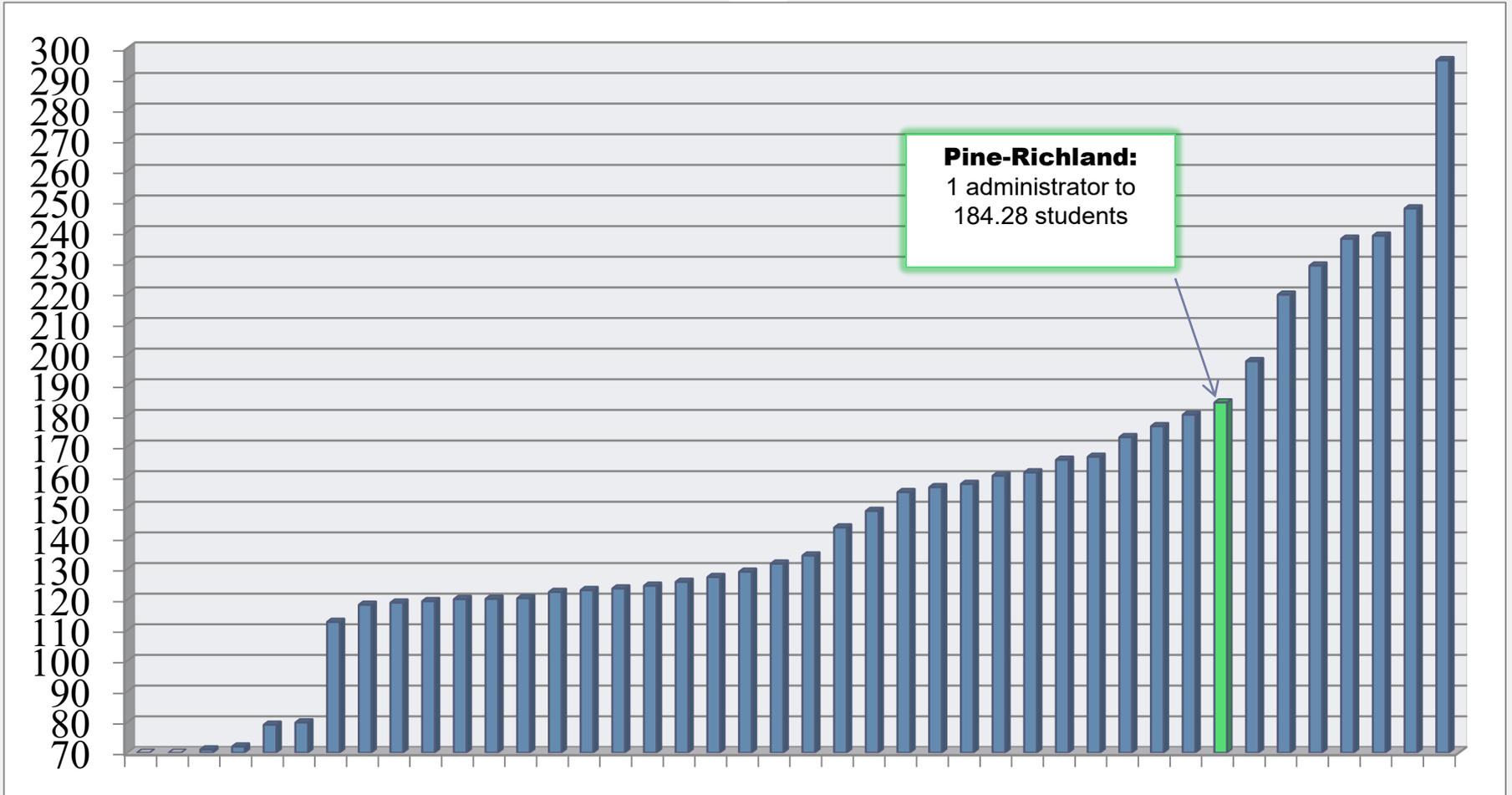
Source: 2018 Allegheny Intermediate Unit Directory

Administration to Professional Staff Ratio



Source: 2018 Allegheny Intermediate Unit Directory

Administration to Student Ratio



Source: 2018 Allegheny Intermediate Unit Directory

Efficiency

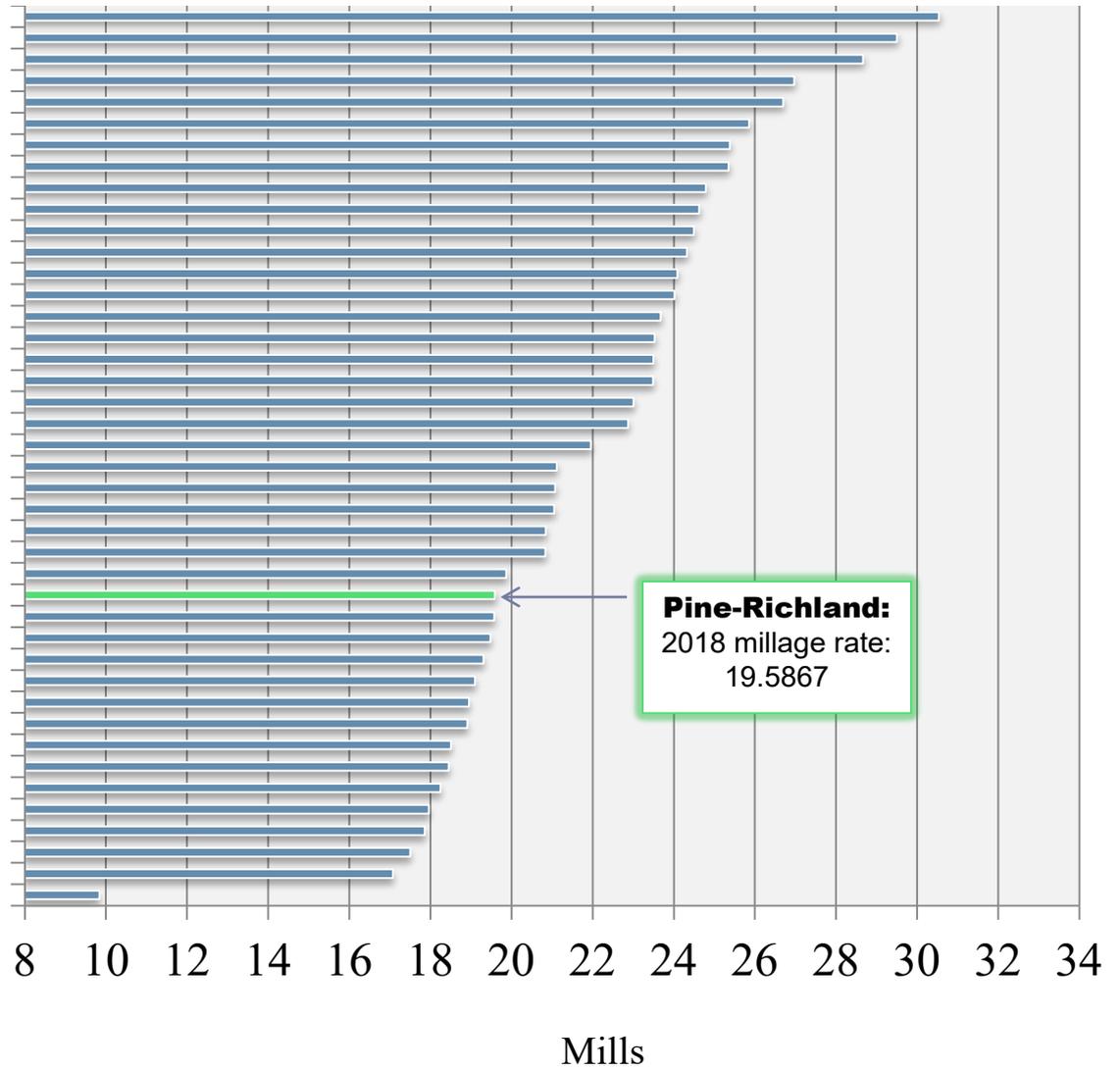


- Similar to our budgetary process last year, the administration gathered additional benchmarking data:
 - Allegheny County Millage Rates
 - Market Value Aid Ratio Analysis
 - PDE Per Pupil Calculations (2016-2017)
 - ✦ Total Expenditures / Enrollment
 - ✦ Total Expenditure Less Capital Outlay and Debt / Enrollment
 - ✦ Total Revenue by Major Category / Enrollment
 - Tuition Rate Calculation (2017-2018)
 - Fund Balance Levels

- 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.



Allegheny County
2018
Millage Rates



Act 1 of 2006

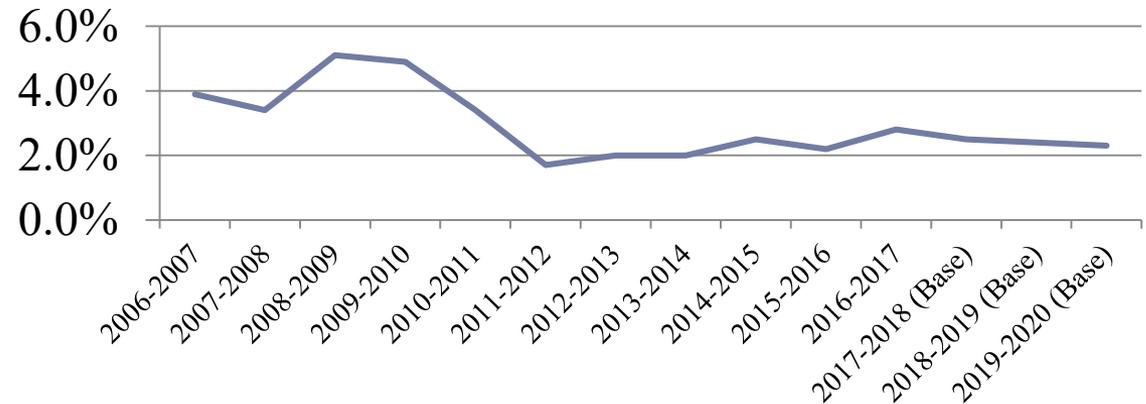
Index is calculated on the statewide average weekly wage & federal employment cost index.

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

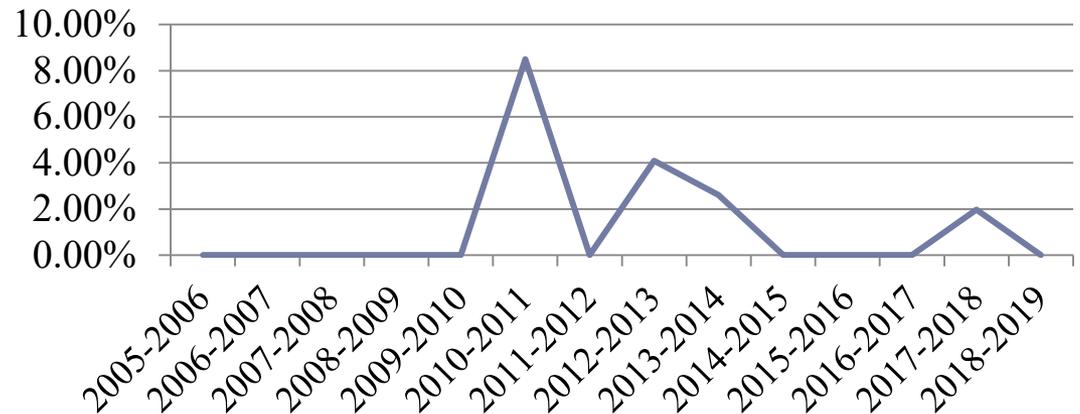
Exceptions to the limitation:

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

Index: Pine-Richland



History of % change in millage rate



Market Value Aid Ratio



Allegheny County

- In Allegheny County, Pine-Richland School District is ranked 15th out of 43 school districts.
- This ranking is consistent with the prior year.

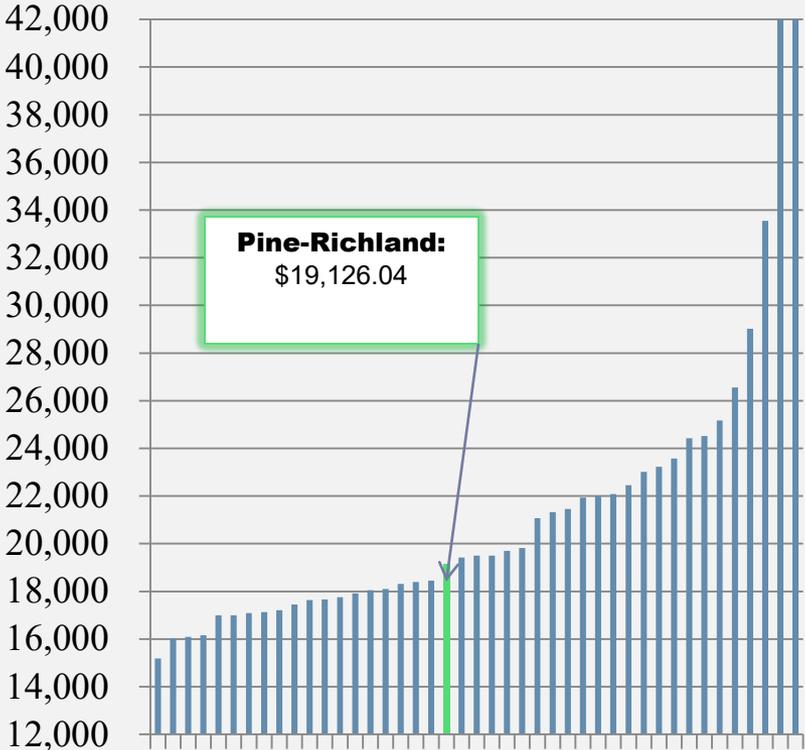
Pennsylvania

- Statewide, Pine-Richland School District is ranked 117th out of 500 school districts.
- This decreased by 21 from the previous year ranking of 138th of 500 school districts across the State.

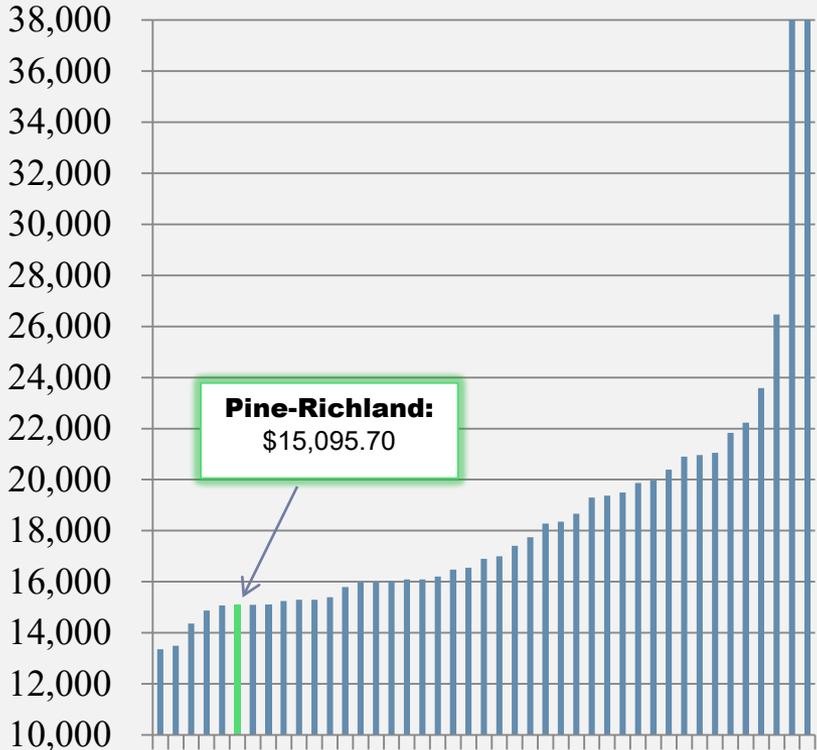
PDE Per Pupil Calculations



Total Expenditures / Enrollment

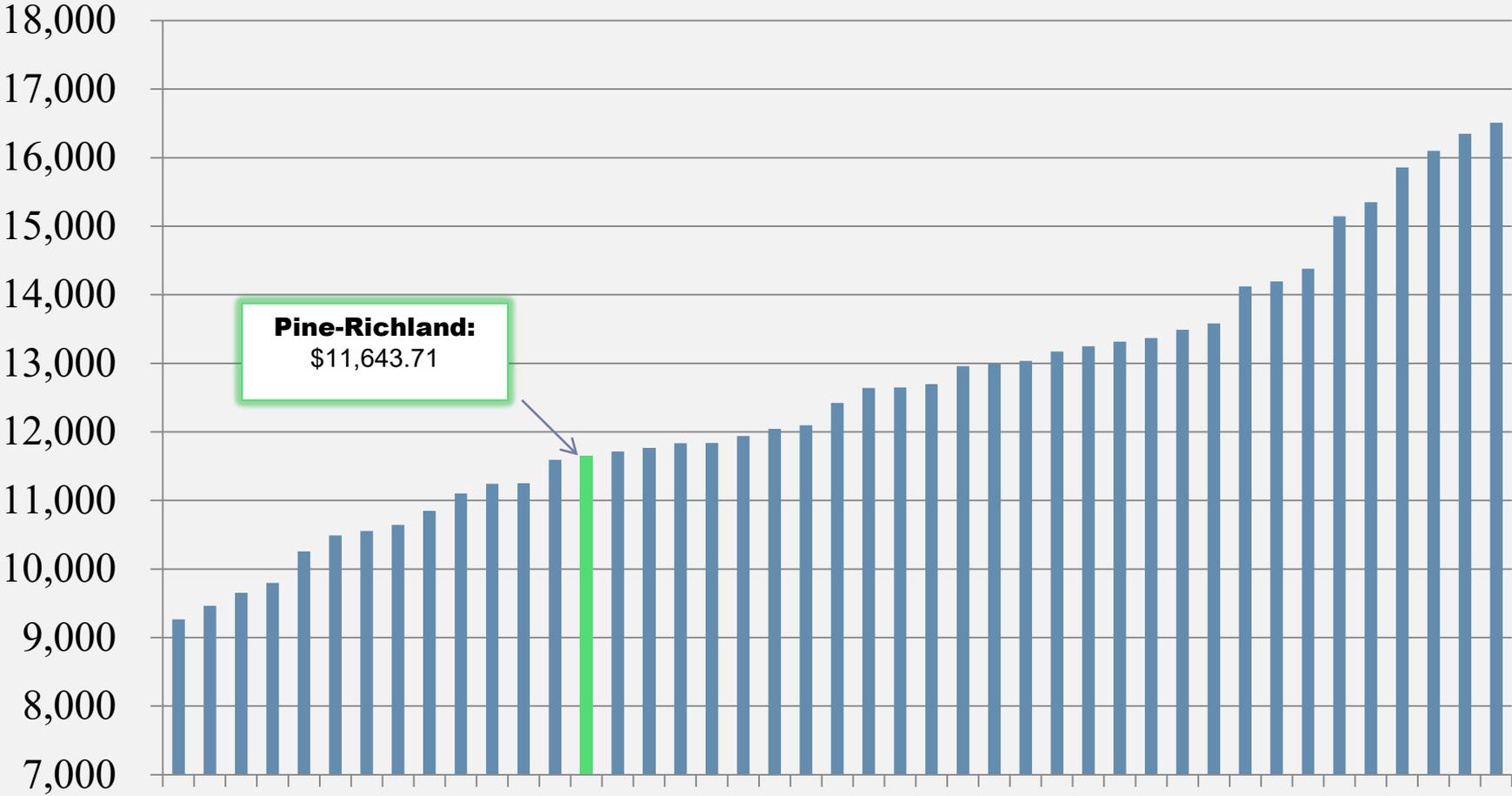


Total Expenditures Less Capital Outlay and Debt Service / Enrollment



Source: Pennsylvania Department of Education (AFR data for most recent year available – 2016-2017)

PDE Tuition Rate Calculation



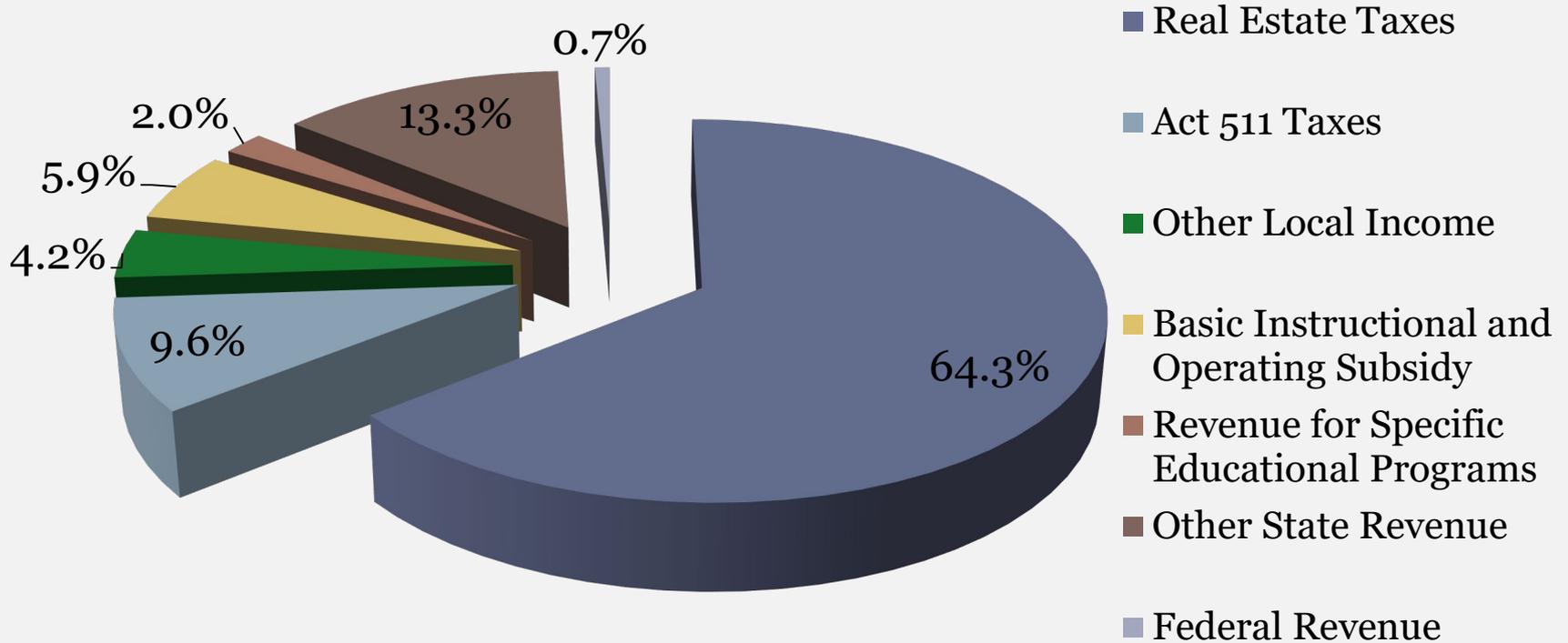
Source: Pennsylvania Department of Education Tuition Rates for 2017-2018 (Average per Pupil)

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

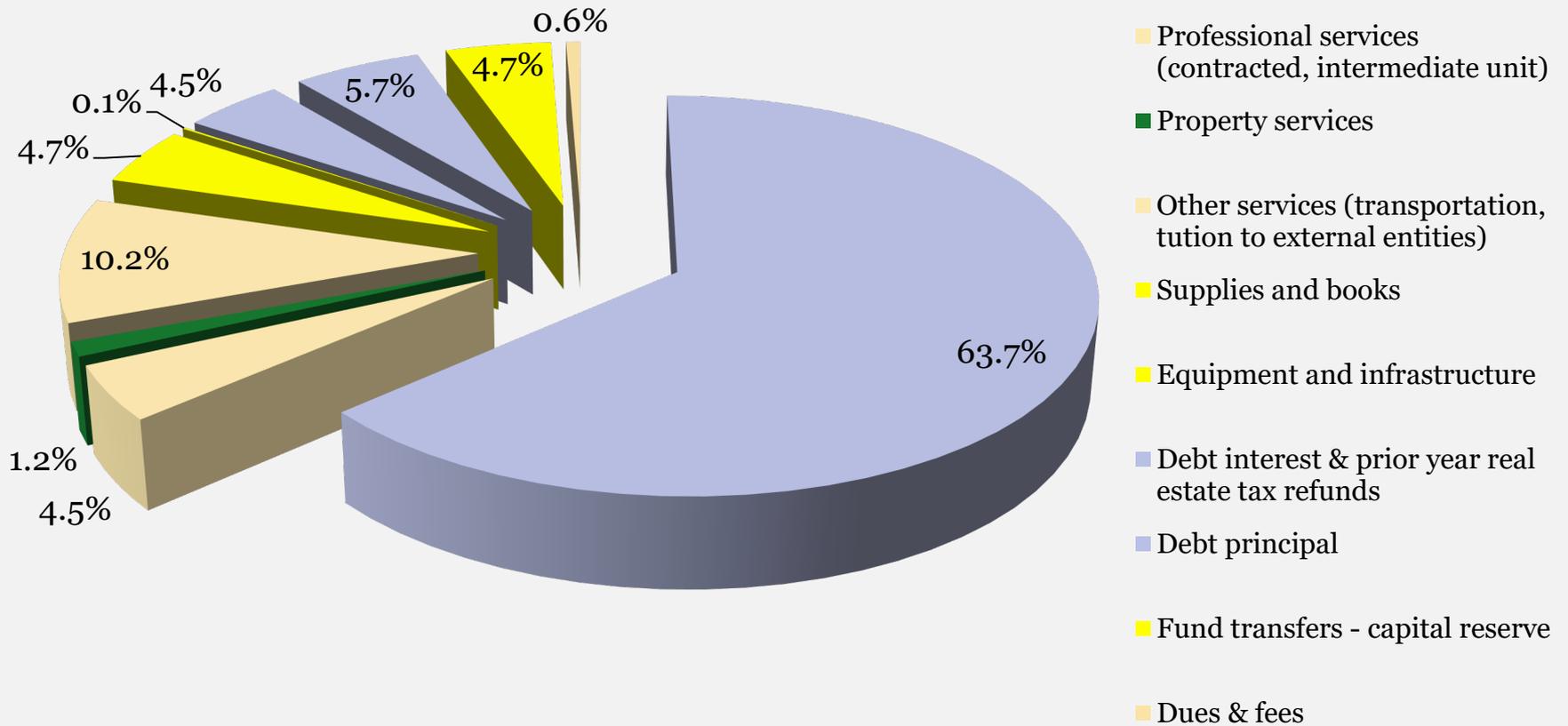


Factors Impacting Revenue

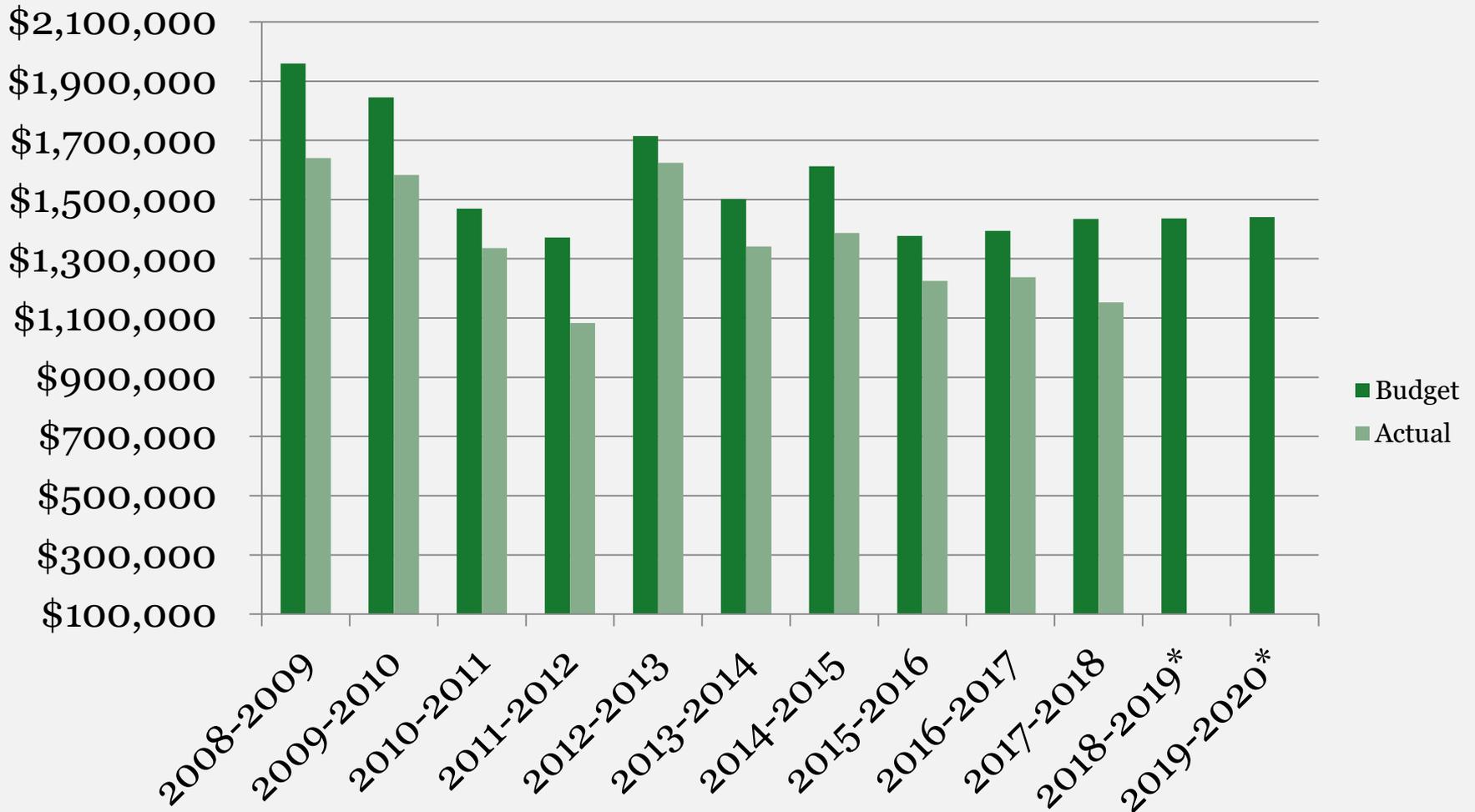


- Real estate assessed values
 - Updated values will be received from Allegheny County in May 2019 - New residential and commercial properties
 - Property tax appeals continually being processed at the County level
- State budget uncertainty
 - State budget has not been approved
 - Subsidy levels / funding formulas
 - ✦ Basic Education
 - ✦ Special Education

Expenditures



Building-Level Spending



*Current year and projected year reflect only budgeted expenditures.
These costs do not include personnel or out-of-district tuition

Factors Impacting Expenditures



- 0.86% increase in PSERS employer contribution rate from 33.43% to 34.29% of payroll cost (approximately \$379,093 in the year-over-year net increase)
 - Cost increase is shared by State through subsidy reimbursement
 - Pension reform has been enacted at the State level for new employees
- Unknown cost factors
 - Personnel budget – staff scheduling to occur in April 2019 - currently personnel costs are estimated based on trends
 - Detailed operational line items continue to be reviewed
 - Workers' Compensation & Liability Coverage rates to be available May / June 2019
- Increasing costs for out-of-district tuition

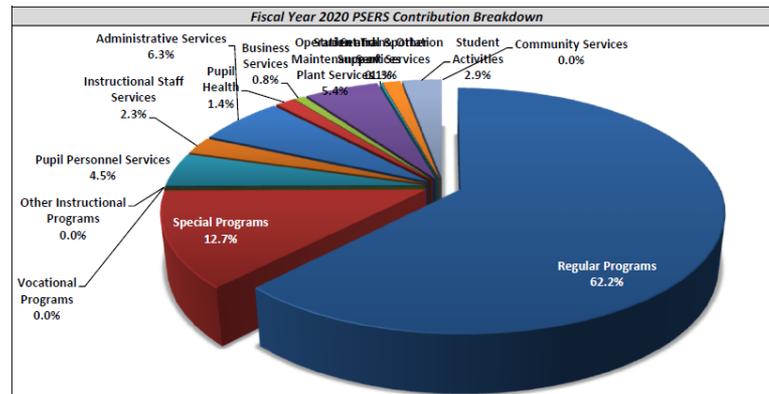
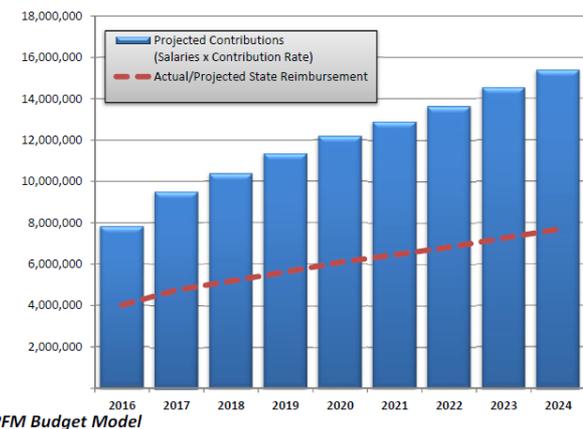
PSEERS Employer Contributions

Pine-Richland School District

Retirement Planning



| | (Actual) 2016 | (Actual) 2017 | (Actual) 2018 | (Budget) 2019 | (Projected) 2020 | (Projected) 2021 | (Projected) 2022 | (Projected) 2023 | (Projected) 2024 |
|--|------------------|------------------|------------------|------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| Total Revenue | 84,374,922 | 89,576,028 | 85,553,435 | 87,672,081 | 91,057,264 | 92,980,060 | 94,979,778 | 97,085,031 | 99,212,049 |
| Total Expenditures | 82,565,693 | 87,520,776 | 81,960,137 | 87,672,081 | 92,632,816 | 96,350,263 | 99,620,726 | 102,678,111 | 106,444,093 |
| Other Revenues/(Expenditures) | - | - | - | - | - | - | - | - | - |
| Operating Balance | 1,809,229 | 2,055,252 | 3,593,298 | 0 | (1,575,552) | (3,370,203) | (4,640,948) | (5,593,080) | (7,232,044) |
| EXPENDITURES | | | | | | | | | |
| 100 Personnel Services - Salaries | 30,371,958 | 31,649,009 | 31,901,927 | 33,890,961 | 35,503,171 | 37,099,408 | 38,770,236 | 40,519,217 | 42,350,087 |
| Less: Non-PSEERS Eligible Salaries | (182,973) | (56,709) | (89,360) | 411 | 411 | 411 | 411 | 411 | 411 |
| Net PSEERS Eligible Salaries | 30,188,985 | 31,592,300 | 31,812,567 | 33,891,372 | 35,503,581 | 37,099,818 | 38,770,646 | 40,519,628 | 42,350,497 |
| PSEERS Contribution Rates * | 25.84% | 30.03% | 32.57% | 33.43% | 34.29% | 34.77% | 35.19% | 35.84% | 36.30% |
| Projected Contributions (Salaries x Contribution Rate) | 7,800,834 | 9,487,168 | 10,361,353 | 11,329,886 | 12,174,178 | 12,899,607 | 13,643,390 | 14,522,235 | 15,373,230 |
| 230 Actual Contributions (from AFR) | 7,800,834 | 9,487,168 | 10,361,353 | | | | | | |
| REVENUES | | | | | | | | | |
| Projected Contributions (from above) | 7,800,834 | 9,487,168 | 10,361,353 | 11,329,886 | 12,174,178 | 12,899,607 | 13,643,390 | 14,522,235 | 15,373,230 |
| Projected State Reimbursement | 50.00% | 3,900,417 | 4,743,584 | 5,180,677 | 5,664,943 | 6,087,089 | 6,449,803 | 6,821,695 | 7,261,117 |
| 7820 Actual Reimbursement (from AFR) | | 4,022,505 | 4,746,870 | 5,183,231 | | | | | |
| Actual State Reimbursement % (Average) | | 50.54% | 50.03% | 50.02% | | | | | |
| Net PSEERS Contribution | 3,778,329 | 4,740,298 | 5,178,122 | 5,707,996 | 6,087,089 | 6,449,803 | 6,821,695 | 7,261,117 | 7,686,615 |
| Net Increase Over Prior Year | | 961,969 | 437,824 | 529,873 | 379,093 | 362,714 | 371,892 | 439,422 | 425,498 |





**Tax Levy
Options
Under
Act 1**

| | Millage rate | Tax levy (options) | Median assessed value as of 4/27/2018 | Annual Impact on homeowner (assuming median assessed value) | Percent Change |
|------------|-------------------------|-------------------------------|--|--|---------------------------|
| Current | 19.5867 | \$4,862.40 | \$248,250 | \$ - | 0% |
| Base Index | 20.0371 | \$4,974.21 | \$248,250 | \$111.81 | 2.3% |

Timeline



- April 8, 2019 – finance committee meeting
- April 8, 2019 – 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 1, 2019 – 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
- June 3, 2019 – adoption of tax rates & final budget