# October Board Budget Workshop

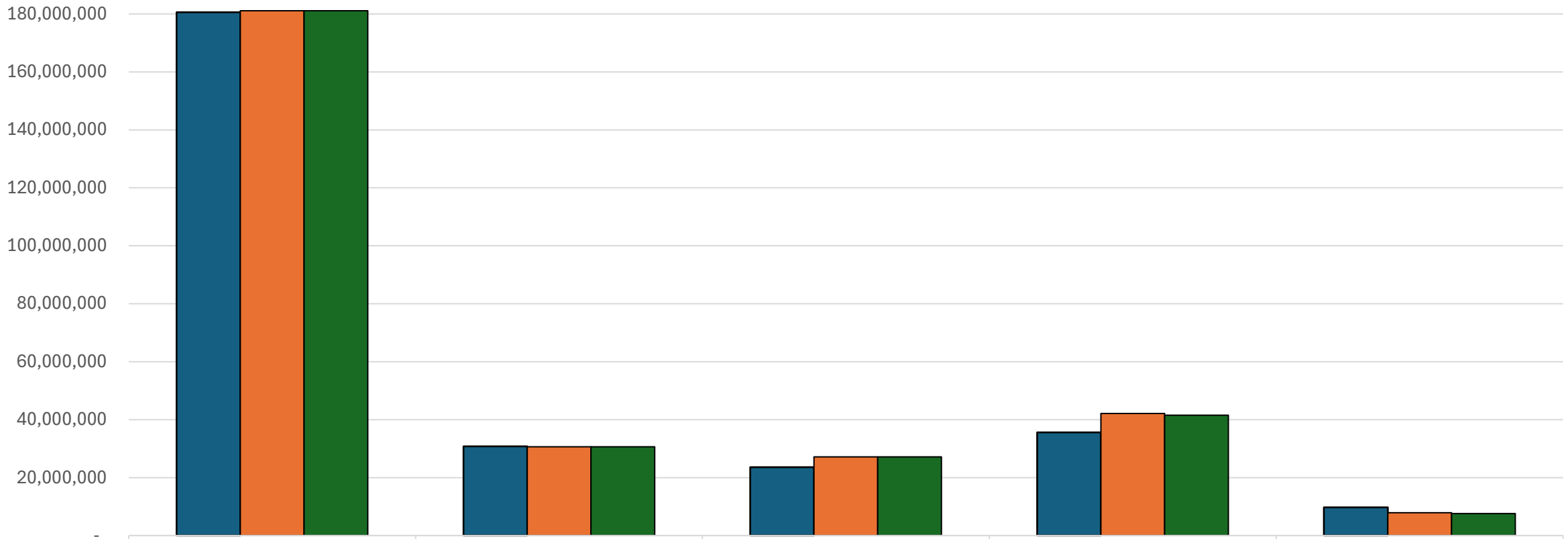
October 5, 2026
PPS Board of Education Building

# Agenda

- Review of Year-to-Date Financials
- 2027 Budget Planning
- Cost Reduction Strategies
- Next Steps

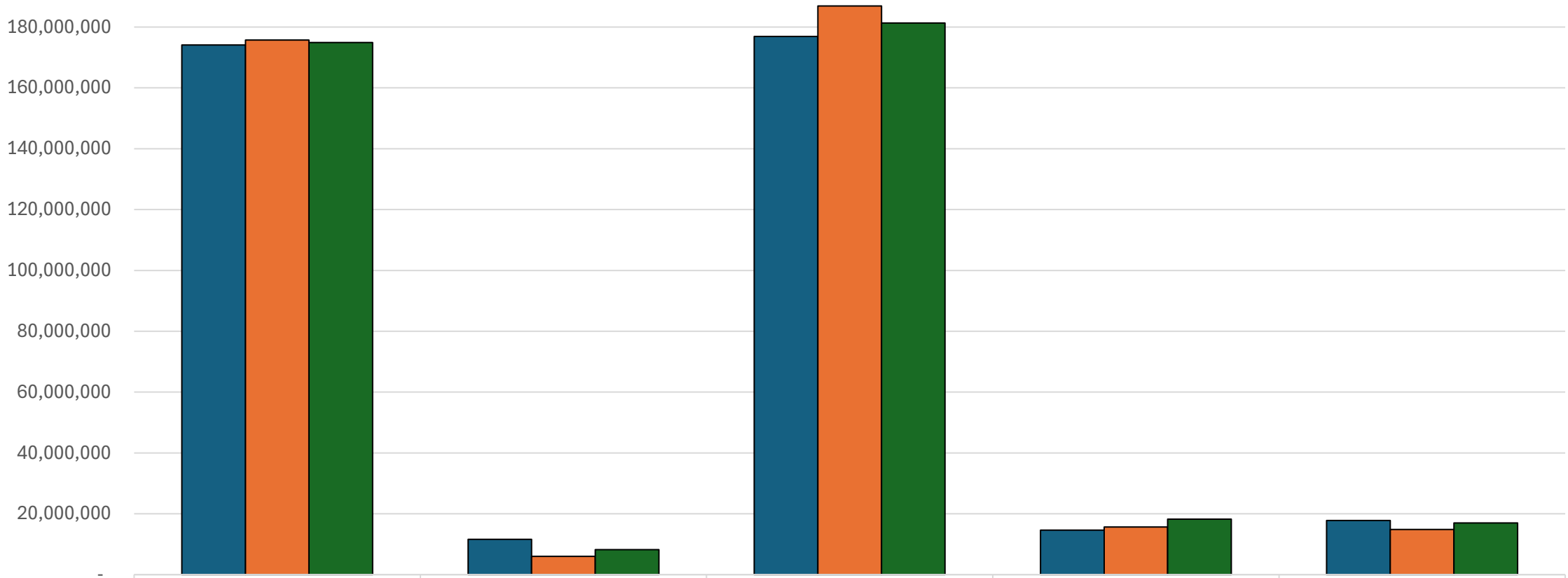
# Review of Year-to-Date Financials as of August 31, 2026

# State Funding Remains Steady



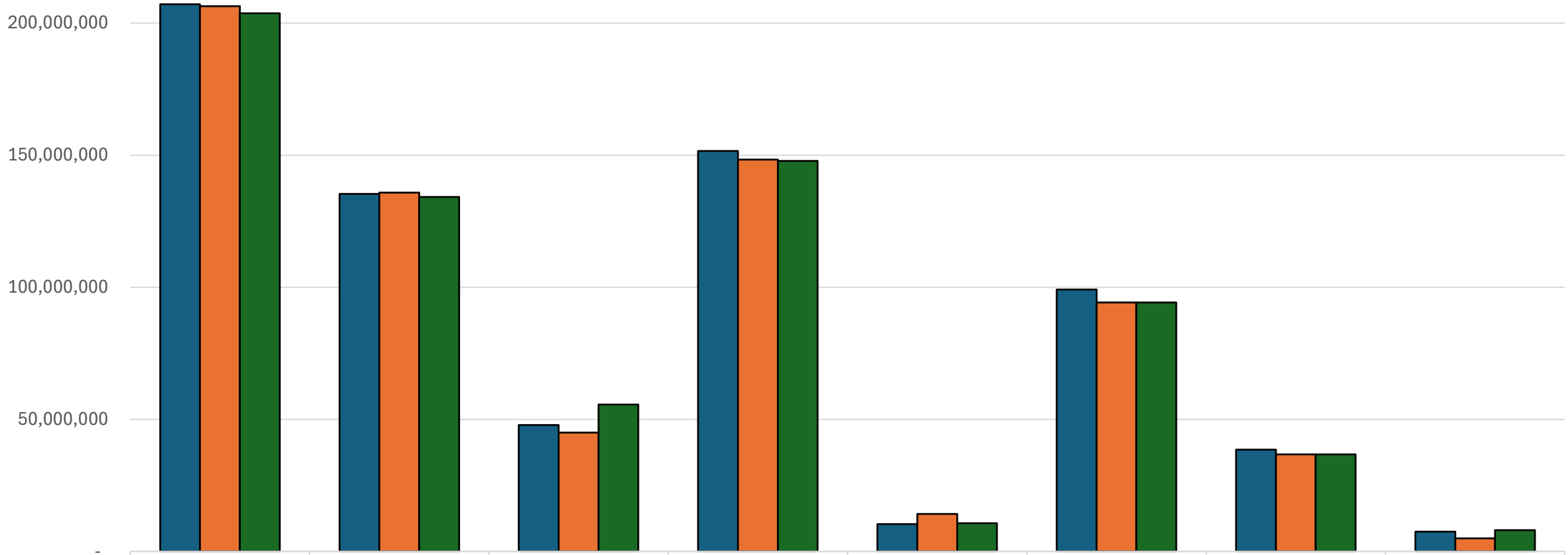

| | Basic Education | Special Education | Property Tax Relief | Retirement Reimb. | Social Security Reimb. |
|---|---|---|---|---|---|
| 2025 Actual | 180,597,784 | 30,781,984 | 23,587,171 | 35,602,842 | 9,733,575 |
| Adopted 2026 | 181,131,251 | 30,627,530 | 27,140,825 | 42,125,745 | 7,896,868 |
| Projected 2026 | 181,131,251 | 30,627,530 | 27,140,825 | 41,573,270 | 7,560,554 |

# CY Earned Income is the Major Local Revenue Source Projected Below Budget



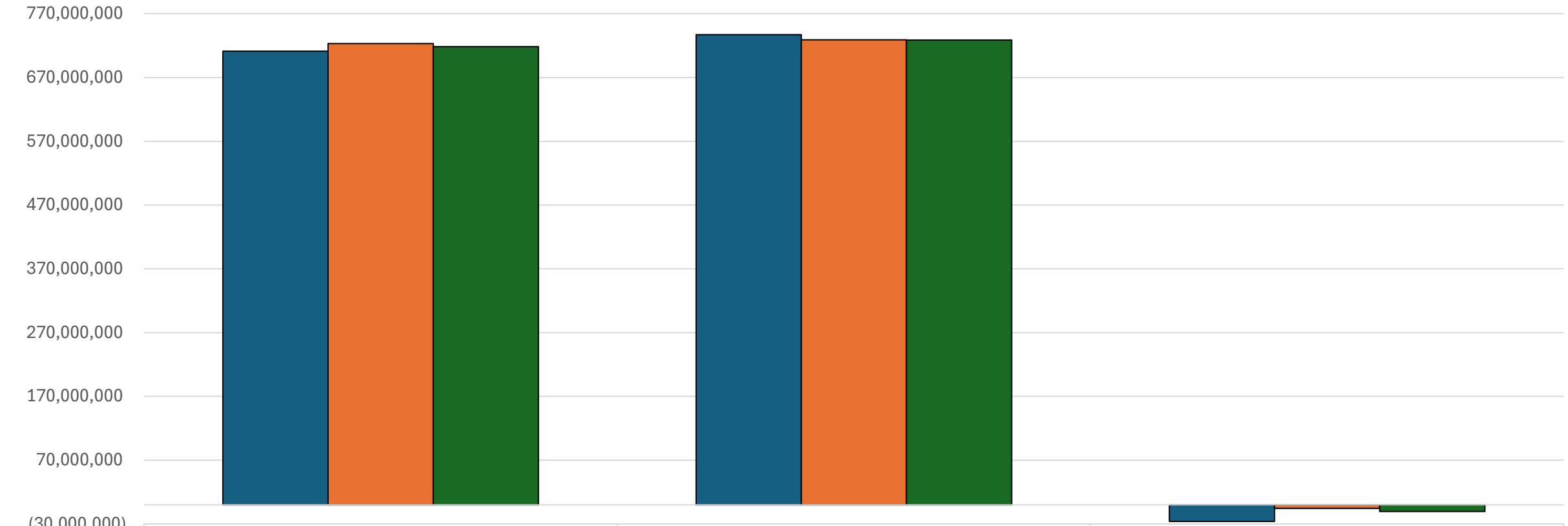

| | CY Real Estate | PY Real Estate | CY Earned Income | PY Earned Income | Real Estate Transfer |
|---|---|---|---|---|---|
| 2025 Actual | 174,074,377 | 11,632,502 | 176,931,071 | 14,659,538 | 17,774,799 |
| Adopted 2026 | 175,713,560 | 6,000,000 | 186,912,700 | 15,682,812 | 14,877,588 |
| Projected 2026 | 174,918,611 | 8,239,670 | 181,347,443 | 18,269,623 | 16,999,000 |

# The Rising Cost of Transportation is a Source of Concern




| | Salaries | Benefits | Transportation | Charter Schools | Utilities | Special Education | Debt Service | Tax Refunds |
|---|---|---|---|---|---|---|---|---|
| 2025 Actual | 207,193,379 | 135,314,109 | 47,867,251 | 151,578,720 | 10,364,281 | 99,182,873 | 38,521,166 | 7,469,184 |
| Adopted 2026 | 206,454,051 | 135,859,019 | 45,004,088 | 148,359,823 | 14,188,670 | 94,260,068 | 36,755,252 | 5,000,000 |
| Projected 2026 | 203,749,245 | 134,204,636 | 55,619,139 | 147,817,337 | 10,679,661 | 94,260,068 | 36,755,252 | 8,073,437 |

# Lower Than Projected Revenue is Leading to a Larger Projected Deficit




| | Revenues | Expenditure | Surplus/(Deficit) |
|---|---|---|---|
| 2025 Actual | 711,191,333 | 737,203,209 | (26,011,876) |
| Adopted 2026 | 723,154,705 | 728,861,036 | (5,706,331) |
| Projected 2026 | 718,240,333 | 728,723,502 | (10,483,169) |

# Our Deficit is Projected to be $10.5 million Based on August 31st Actuals

| | Actual Year Ended 2024 | Adopted Year Ended 2025 | Actual Year Ended 2025 | Adopted Year Ended 2026 | Projected Year Ended 2026 | Projected Year Ended 2027 | Projected Year Ended 2028 |
|---|---|---|---|---|---|---|---|
| Total Revenues | $698,727,965 | $724,160,527 | $711,191,333 | $723,154,705 | $718,240,333 | $727,823,122 | $744,663,974 |
| Total Expenditures | $705,591,642 | $752,283,642 | $737,203,209 | $728,861,036 | $728,723,502 | $744,993,914 | $772,776,944 |
| Beginning Balance | $83,906,856 | $76,841,394 | $77,043,179 | $48,718,279 | $51,031,303 | $40,548,134 | $23,377,342 |
| Operating Surplus/(Deficit) | ($6,863,677) | ($28,123,115) | ($26,011,876) | ($5,706,331) | ($10,483,169) | ($17,170,792) | ($28,112,970) |
| Ending Fund Balance | $77,043,179 | $48,718,279 | $51,031,303 | $43,011,948 | $40,548,134 | $23,377,342 | ($4,735,628) |
| Less Projected Reservations | ($10,016,796) | ($2,500,000) | ($10,421,128) | ($2,500,000) | ($2,500,000) | ($2,500,000) | ($2,500,000) |
| Less Committed Fund Balance | $0 | $0 | $0 | $0 | $0 | $0 | $0 |
| Less Assigned Fund Balance | ($28,123,115) | ($23,181,092) | ($5,706,331) | ($17,170,792) | (17,170,792) | (28,112,970) | (36,695,738) |
| Unassigned Fund Balance | $38,903,268 | $23,037,187 | $34,903,845 | $23,341,156 | $20,877,342 | ($7,235,628) | ($43,931,366) |
| % Budgeted Expenditures | 5.51% | 3.06% | 4.73% | 3.20% | 2.86% | -0.97% | -5.68% |
| Minimum Fund Balance per Board Policy #721 | $35,279,582 | $37,614,182 | $36,860,160 | $36,443,052 | $36,436,175 | $37,249,696 | $38,638,847 |
| Compliance with Fund Balance Policy | Yes | No | No | No | No | No | No |
| Funds needed to comply with Fund Balance Policy | ($3,623,686) | $14,576,995 | $1,956,316 | $13,101,896 | $15,558,833 | $44,485,324 | $82,570,213 |

# 2027 Budget Planning

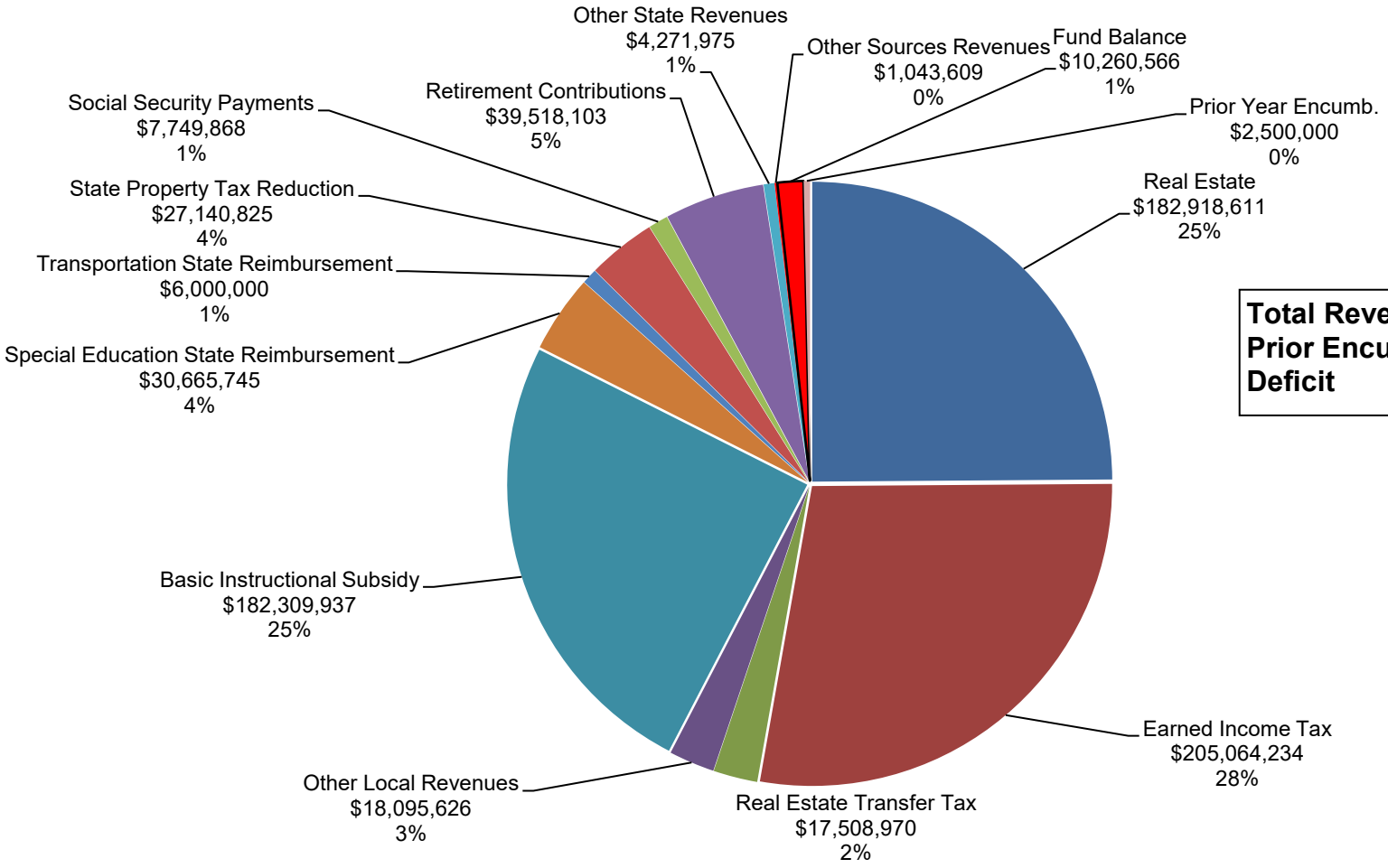
# Our Forecast Is Very Dependent On Our Assumptions

- We have the following assumptions for operating revenue:
  - Flat CY Real Estate Revenue ⇨
  - Increased Earned Income Revenue ⇧
  - Stable Basic Ed and Special Education funding ⇨
  - Decreased State Transportation Subsidy ⇩
- We have the following assumptions for operating expenditures:
  - Decreased salaries due to school consolidation ⇩
  - 3.9% increase to healthcare ⇧
  - Increased utility costs ⇧
  - Rising transportation costs ⇧
  - Vacant positions are budgeted at full cost ⇧

# Based on These Assumptions, Our 2027 Projected Deficit is $10.3 million

| | Actual Year Ended 2024 | Adopted Year Ended 2025 | Actual Year Ended 2025 | Adopted Year Ended 2026 | Projected Year Ended 2026 | Projected Year Ended 2027 | Projected Year Ended 2028 |
|---|---|---|---|---|---|---|---|
| Total Revenues | $698,727,965 | $724,160,527 | $711,191,333 | $723,154,705 | $718,240,333 | $722,287,503 | $738,671,851 |
| Total Expenditures | $705,591,642 | $752,283,642 | $737,203,209 | $728,861,036 | $728,223,502 | $732,548,069 | $760,561,501 |
| Beginning Balance | $83,906,856 | $76,841,394 | $77,043,179 | $48,718,279 | $51,031,303 | $41,048,134 | $30,787,569 |
| Operating Surplus/(Deficit) | ($6,863,677) | ($28,123,115) | ($26,011,876) | ($5,706,331) | ($9,983,169) | ($10,260,566) | ($21,889,650) |
| Ending Fund Balance | $77,043,179 | $48,718,279 | $51,031,303 | $43,011,948 | $41,048,134 | $30,787,569 | $8,897,919 |
| Less Projected Reservations | ($10,016,796) | ($2,500,000) | ($10,421,128) | ($2,500,000) | ($2,500,000) | ($2,500,000) | ($2,500,000) |
| Less Committed Fund Balance | $0 | $0 | $0 | $0 | $0 | $0 | $0 |
| Less Assigned Fund Balance | ($28,123,115) | ($23,181,092) | ($5,706,331) | ($10,260,566) | (10,260,566) | (21,889,650) | (31,727,061) |
| Unassigned Fund Balance | $38,903,268 | $23,037,187 | $34,903,845 | $30,251,382 | $28,287,569 | $6,397,919 | ($25,329,142) |
| % Budgeted Expenditures | 5.51% | 3.06% | 4.73% | 4.15% | 3.88% | 0.87% | -3.33% |
| Minimum Fund Balance per Board Policy #721 | $35,279,582 | $37,614,182 | $36,860,160 | $36,443,052 | $36,411,175 | $36,627,403 | $38,028,075 |
| Compliance with Fund Balance Policy | Yes | No | No | No | No | No | No |
| Funds needed to comply with Fund Balance Policy | ($3,623,686) | $14,576,995 | $1,956,316 | $6,191,669 | $8,123,606 | $30,229,484 | $63,357,217 |

# Projected 2027 Revenue

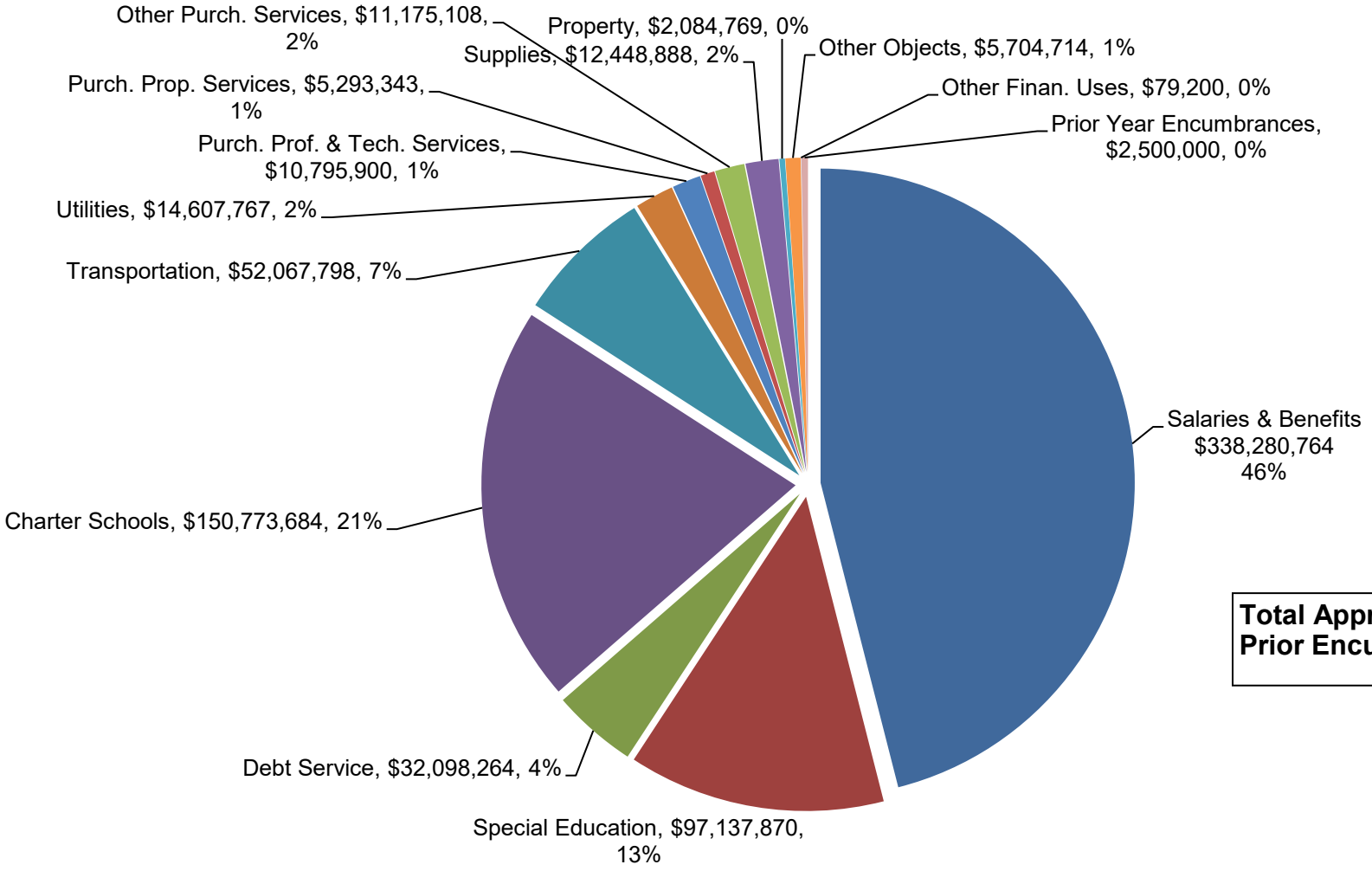



| | |
|---|---|
| **Total Revenue** | **$722,287,503** |
| **Prior Encumbrances** | **$ 2,500,000** |
| **Deficit** | **$ 10,260,566** |

# Comparison to 2026 Revenue

| Revenue Sources | 2026 | 2027 | Change | % Change |
|---|---|---|---|---|
| Real Estate | 181,713,560 | 182,918,611 | 1,205,051 | 0.66% |
| Earned Income Tax | 202,595,512 | 205,064,234 | 2,468,722 | 1.22% |
| Real Estate Transfer Tax | 14,877,588 | 17,508,970 | 2,631,382 | 17.69% |
| Other Local Revenues | 18,415,873 | 18,095,626 | (320,247) | -1.74% |
| Basic Instructional Subsidy | 181,131,251 | 182,309,937 | 1,178,686 | 0.65% |
| Special Education State Reimbursement | 30,627,530 | 30,665,745 | 38,215 | 0.12% |
| Transportation State Reimbursement | 13,000,000 | 6,000,000 | (7,000,000) | -53.85% |
| State Property Tax Reduction | 27,140,825 | 27,140,825 | - | 0.00% |
| Social Security Payments | 7,896,868 | 7,749,868 | (147,000) | -1.86% |
| Retirement Contributions | 42,125,745 | 39,518,103 | (2,607,642) | -6.19% |
| Other State Revenues | 2,589,922 | 4,271,975 | 1,682,053 | 64.95% |
| Revenue From Other Sources | 1,040,031 | 1,043,609 | 3,578 | 0.34% |
| From Fund Balance | 5,706,331 | 10,260,566 | 4,554,235 | 79.81% |
| **Total** | **728,861,036** | **732,548,069** | **3,687,033** | **0.51%** |

# 2027 Appropriations by Major Object




| | |
|---|---|
| **Total Appropriations** | **$732,548,069** |
| **Prior Encumbrances** | **$ 2,500,000** |

# Comparison to 2026 Appropriations

| Expenditure Category | 2026 | 2027 | Increase/(Decrease) | % Change |
|---|---|---|---|---|
| Salaries & Benefits | 342,313,070 | 338,280,764 | (4,032,306) | -1.18% |
| Special Education | 94,460,068 | 97,137,870 | 2,677,802 | 2.83% |
| Debt Service | 36,755,252 | 32,098,264 | (4,656,988) | -12.67% |
| Charter Schools | 148,359,823 | 150,773,684 | 2,413,861 | 1.63% |
| Transportation | 45,004,088 | 52,067,798 | 7,063,710 | 15.70% |
| Utilities | 14,188,670 | 14,607,767 | 419,097 | 2.95% |
| Purch. Prof. & Tech. Services | 10,858,840 | 10,795,900 | (62,940) | -0.58% |
| Purch. Prop. Services | 5,312,773 | 5,293,343 | (19,430) | -0.37% |
| Other Purch. Services | 11,016,909 | 11,175,108 | 158,199 | 1.44% |
| Supplies | 12,638,342 | 12,448,888 | (189,454) | -1.50% |
| Property | 2,158,122 | 2,084,769 | (73,353) | -3.40% |
| Other Objects | 5,715,879 | 5,704,714 | (11,165) | -0.20% |
| Other Finan. Uses | 79,200 | 79,200 | - | 0.00% |
| **Total** | **728,861,036** | **732,548,069** | **3,687,033** | **0.51%** |

# Budget Scenarios

# Subtle Changes to Our Assumptions Have a Large Impact

- We have the following assumptions for operating revenue:
  - Flat CY Real Estate Revenue ⇨
  - Increased Earned Income Revenue ⇧
  - Stable Basic Ed and Special Education funding ⇨
  - Decreased State Transportation Subsidy ⇩
- We have the following assumptions for operating expenditures:
  - Decreased salaries due to school consolidation ⇩
  - 3.9% increase to healthcare ⇧
  - Increased utility costs ⇧
  - Rising transportation costs ⇧
  - Vacant positions are budgeted at full cost ⇧

# Subtle Changes to Our Ass Have a Large Impact

- We have the following assumptions for operating revenue:
  - **Decrease CY Real Estate Revenue** ⬇
  - Increased Earned Income Revenue ⬆
  - Stable Basic Ed and Special Education funding ⇨
  - Decreased State Transportation Subsidy ⬇

- We have the following assumptions for operating expenditures:
  - Decreased salaries due to school consolidation ⬇
  - 3.9% increase to healthcare ⬆
  - Increased utility costs ⬆
  - **Larger increase in transportation costs** ⬆
  - Vacant positions are budgeted at full cost ⬆
  - **Higher tax refunds** ⬆
  - **Higher debt service** ⬆

# Changes to Real Estate Revenue, Tax Refunds, Transportation More Than Double Our Deficit

| | Actual Year Ended 2024 | Adopted Year Ended 2025 | Actual Year Ended 2025 | Adopted Year Ended 2026 | Projected Year Ended 2026 | Projected Year Ended 2027 | Projected Year Ended 2028 |
|---|---|---|---|---|---|---|---|
| Total Revenues | $698,727,965 | $724,160,527 | $711,191,333 | $723,154,705 | $718,240,333 | $717,255,071 | $733,492,749 |
| Total Expenditures | $705,591,642 | $752,283,642 | $737,203,209 | $728,861,036 | $728,223,502 | $742,630,941 | $771,050,392 |
| Beginning Balance | $83,906,856 | $76,841,394 | $77,043,179 | $48,718,279 | $51,031,303 | $41,048,134 | $15,672,265 |
| Operating Surplus/(Deficit) | ($6,863,677) | ($28,123,115) | ($26,011,876) | ($5,706,331) | ($9,983,169) | ($25,375,870) | ($37,557,644) |
| Ending Fund Balance | $77,043,179 | $48,718,279 | $51,031,303 | $43,011,948 | $41,048,134 | $15,672,265 | ($21,885,379) |
| Less Projected Reservations | ($10,016,796) | ($2,500,000) | ($10,421,128) | ($2,500,000) | ($2,500,000) | ($2,500,000) | ($2,500,000) |
| Less Committed Fund Balance | $0 | $0 | $0 | $0 | $0 | $0 | $0 |
| Less Assigned Fund Balance | ($28,123,115) | ($23,181,092) | ($5,706,331) | ($25,375,870) | (25,375,870) | (37,557,644) | (47,971,500) |
| Unassigned Fund Balance | $38,903,268 | $23,037,187 | $34,903,845 | $15,136,078 | $13,172,265 | ($24,385,379) | ($72,356,879) |
| % Budgeted Expenditures | 5.51% | 3.06% | 4.73% | 2.08% | 1.81% | -3.28% | -9.38% |
| Minimum Fund Balance per Board Policy #721 | $35,279,582 | $37,614,182 | $36,860,160 | $36,443,052 | $36,411,175 | $37,131,547 | $38,552,520 |
| Compliance with Fund Balance Policy | Yes | No | No | No | No | No | No |
| Funds needed to comply with Fund Balance Policy | ($3,623,686) | $14,576,995 | $1,956,316 | $21,306,973 | $23,238,910 | $61,516,926 | $110,909,399 |

# Subtle Changes to Our Assumptions Have a Large Impact

- We have the following assumptions for operating revenue:
  - **Decrease CY Real Estate Revenue** ⬇
  - Increased Earned Income Revenue ⬆
  - Stable Basic Ed and Special Education funding ⇨
  - Decreased State Transportation Subsidy ⬇

- We have the following assumptions for operating expenditures:
  - Decreased salaries due to school consolidation ⬇
  - 3.9% increase to healthcare ⬆
  - Increased utility costs ⬆
  - **Larger increase in transportation costs** ⬆
  - Vacant positions are budgeted at full cost ⬆
  - **Higher tax refunds** ⬆
  - **Higher debt service** ⬆

# What Happens if We Assume Increased CY Real Estate and Lower Expenditures?

- We have the following assumptions for operating revenue:
  - **Increased CY Real Estate Revenue** ⬆
  - **Larger Increase in Earned Income revenue** ⬆
  - **Stable State funding** ⬆

- We have the following assumptions for operating expenditures:
  - Decreased salaries due to school consolidation ⬇
  - 3.9% increase to healthcare ⬆
  - Increased utility costs ⬆
  - **Rising transportation costs** ⬆
  - Vacant positions are budgeted at full cost ⬆
  - **Lower budget for tax refunds** ⬇
  - **Expenditures budget on historical spend** ⬇

# We Would Have a Projected Surplus in 2027

| | Actual Year Ended 2024 | Adopted Year Ended 2025 | Actual Year Ended 2025 | Adopted Year Ended 2026 | Projected Year Ended 2026 | Projected Year Ended 2027 | Projected Year Ended 2028 |
|---|---|---|---|---|---|---|---|
| Total Revenues | $698,727,965 | $724,160,527 | $711,191,333 | $723,154,705 | $718,240,333 | $730,319,561 | $747,000,561 |
| Total Expenditures | $705,591,642 | $752,283,642 | $737,203,209 | $728,861,036 | $728,223,502 | $721,564,212 | $749,407,633 |
| Beginning Balance | $83,906,856 | $76,841,394 | $77,043,179 | $48,718,279 | $51,031,303 | $41,048,134 | $49,803,483 |
| Operating Surplus/(Deficit) | ($6,863,677) | ($28,123,115) | ($26,011,876) | ($5,706,331) | ($9,983,169) | $8,755,349 | ($2,407,072) |
| Ending Fund Balance | $77,043,179 | $48,718,279 | $51,031,303 | $43,011,948 | $41,048,134 | $49,803,483 | $47,396,411 |
| Less Projected Reservations | ($10,016,796) | ($2,500,000) | ($10,421,128) | ($2,500,000) | ($2,500,000) | ($2,500,000) | ($2,500,000) |
| Less Committed Fund Balance | $0 | $0 | $0 | $0 | $0 | $0 | $0 |
| Less Assigned Fund Balance | ($28,123,115) | ($23,181,092) | ($5,706,331) | $8,755,349 | 8,755,349 | (2,407,072) | (11,761,664) |
| Unassigned Fund Balance | $38,903,268 | $23,037,187 | $34,903,845 | $49,267,297 | $47,303,483 | $44,896,411 | $33,134,747 |
| % Budgeted Expenditures | 5.51% | 3.06% | 4.73% | 6.76% | 6.50% | 6.22% | 4.42% |
| Minimum Fund Balance per Board Policy #721 | $35,279,582 | $37,614,182 | $36,860,160 | $36,443,052 | $36,411,175 | $36,078,211 | $37,470,382 |
| Compliance with Fund Balance Policy | Yes | No | No | Yes | Yes | Yes | No |
| Funds needed to comply with Fund Balance Policy | ($3,623,686) | $14,576,995 | $1,956,316 | ($12,824,245) | ($10,892,308) | ($8,818,201) | $4,335,635 |

# Cost Reduction Strategies

# Cost Reduction Strategies

- Healthcare
- Credit Recovery
- Transportation Costs
- Procurement
- Academic Application Analytics Tool
- Overtime

# Cost Reduction Strategies

- Healthcare
  - Conducted a comprehensive pharmacy RFP
- Credit Recovery
  - Explore alternate model for service delivery
- Transportation Costs
  - Review the usage of single rider specialized transportation
- Procurement
  - Creation of Procurement Office
- Academic Application Analytics Tool
  - Utilization of usage data to discontinue or renegotiate licenses
- Overtime
  - Improved approval and management process

# Our Next Steps

# Next Steps

- Quantify anticipated reductions from cost savings measures
- Revised budget based on September 2026 actual revenues and expenditures
- Present the Preliminary 2027 General Fund Budget at the November Business and Finance Committee Meeting

Pittsburgh Public Schools | Students first Always, in all ways.

# Questions?