

*Please remember to sign the Visitor's Register – Thank you.*

**Budget Workshop I Agenda  
Monday, March 9, 2020  
7:30 P.M. – CHS Cafeteria**

- 1. Welcome – Michele Burger, School Board President**
- 2. 2020-21 Preliminary and Proposed Summary and Proposed.....2**
- 3. District Enrollment and Staffing**
  - a. History and Trends .....6**
  - b. 2020-21 Budget .....10**
  - c. Summary and Analysis .....11**
- 4. 2020-21 Revenue Budget Development**
  - a. Summary.....14**
  - b. Analysis.....16**
    - i. Local Revenue and Economic Impact.....17**
    - ii. Mandated Costs and Proposed State Budget .....25**
    - iii. State and Federal Revenue .....76**
  - c. Act 1 Index and Tax Analysis .....82**
  - d. Budget Impact Strategies .....89**
  - e. Projection Model and Fund Balance .....94**
  - f. Key Dates .....99**
- 5. Public Comment**
- 6. Adjournment**
- 7. Future Meeting**
  - a. The next Budget Workshop meeting will be held on Monday, April 13, 2020  
at 7:30 p.m. at the CHS Cafeteria**

# Tredyffrin/Easttown School District

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## **FY 2020 - 21 Budget Development**

**Budget Workshop I**  
**March 9, 2020**

# FY 2020-21 Preliminary Budget (Approved 1/27/20)

Draft

(Act 1 Index of 2.6%)

1	Budgeted Anticipated Revenue	\$146,099,805
2	Budgeted Anticipated Expenditures	\$153,829,385
3	Projected Budget Deficit	(\$7,729,580)
	Estimated Property Tax Revenue from:	
4	Act 1 Index of 2.6%	\$3,039,961
5	ERC Referendum Exception	\$0
6	Special Education Referendum Exception	\$0
7	Projected Budget Deficit	(\$4,689,619)

Total Estimated Referendum Exceptions for 2020-21  
 Employer Retirement Contributions (Do Not Qualify)  
 Special Education Expenditures (Do Not Qualify)

# FY 2020-21 Preliminary Budget Summary Draft (Approved 1/27/20)

1	Preliminary Budgeted Revenue	\$146,099,805	
2	Budgeted Tax Rate Increase (Act 1 Index)	\$3,039,961	2.6%
3	Budgeted Tax Rate Increase (PSERS Exception)	\$0	0.000%
4	Budgeted Tax Rate Increase (Special Education Exception)	\$0	0.000%
5	Total Preliminary Budgeted Revenue	\$149,139,766	
6	Total Budgeted "Anticipated" Spending	\$153,829,385	
7	Balance	(\$4,689,619)	Satisfied with General Fund Balance Contribution
8	*Budgetary Reserve/Contingency	\$2,500,000	General Fund Balance Commitment
9	Total Budgeted "Authorized" Spending	\$156,329,385	Preliminary Budget
	<u>*Budgetary Reserve/Contingency</u>		
10	Operating (1.0%)	\$1,550,000	
11	Revenue Projection	\$350,000	
12	Special Education	\$600,000	
13	Total Budgetary Reserve/Contingency	\$2,500,000	

# FY 2020-21 PROPOSED Budget

Draft

(Act 1 Index of 2.6%)

1	Budgeted Anticipated Revenue	\$146,360,778
2	Budgeted Anticipated Expenditures	\$153,885,185
3	<b>Projected Budget Deficit</b>	<b>(\$7,524,407)</b>
	Estimated Property Tax Revenue from:	
4	Act 1 Index of 2.6%	\$3,039,961
5	<b>Projected Budget Deficit</b>	<b>(\$4,484,446)</b>
6	Capital Fund Transfer Moved to Contingency	\$1,200,000
7	Budget Strategies Accepted by Finance Cmte	\$0
8	<b>Projected Budget Deficit</b>	<b>(\$3,284,446)</b>

Total Estimated Referendum Exceptions for 2020-21  
 Employer Retirement Contributions (Do Not Qualify)  
 Special Education Expenditures (Do Not Qualify)

# FY 2020-21 PROPOSED Budget Summary

Draft

1	Preliminary Budgeted Revenue	\$146,360,778	
2	Budgeted Tax Rate Increase (Act 1 Index)	\$3,039,961	2.6%
3	Total Preliminary Budgeted Revenue	\$149,400,739	
4	Total Budgeted "Anticipated" Spending	\$152,685,185	
5	Balance	(\$3,284,446)	Satisfied with General Fund Balance Contribution
6	*Budgetary Reserve/Contingency	\$3,700,000	General Fund Balance Commitment
7	Total Budgeted "Authorized" Spending	\$156,385,185	Preliminary Budget
	<u>*Budgetary Reserve/Contingency</u>		
8	Operating (1.0%)	\$1,550,000	
9	Revenue Projection	\$350,000	
10	Special Education	\$600,000	
11	Capital Fund Transfer	\$1,200,000	
12	Total Budgetary Reserve/Contingency	\$3,700,000	

# October 1<sup>st</sup> Enrollment History

	<b>A</b>	<b>B</b>	<b>C</b>	<b>D</b>
	<b><u>Year</u></b>	<b><u>Enrollment</u></b>	<b><u>Year</u></b>	<b><u>Enrollment</u></b>
1	1975	6,497	1998	5,086
2	1976	6,160	1999	5,224
3	1977	5,839	2000	5,386
4	1978	5,544	2001	5,539
5	1979	5,258	2002	5,655
6	1980	5,036	2003	5,726
7	1981	4,790	2004	5,800
8	1982	4,465	2005	5,891
9	1983	4,360	2006	6,013
10	1984	4,310	2007	6,097
11	1985	4,357	2008	6,132
12	1986	4,369	2009	6,290
13	1987	4,023	2010	6,334
14	1988	4,095	2011	6,457
15	1989	3,990	2012	6,487
16	1990	4,022	2013	6,537
17	1991	4,080	2014	6,553
18	1992	4,125	2015	6,575
19	1993	4,257	2016	6,753
20	1994	4,337	2017	6,909
21	1995	4,543	2018	7,042
22	1996	4,673	2019	7,185
23	1997	4,854		

# Enrollment Trends 2009 to Present

Draft

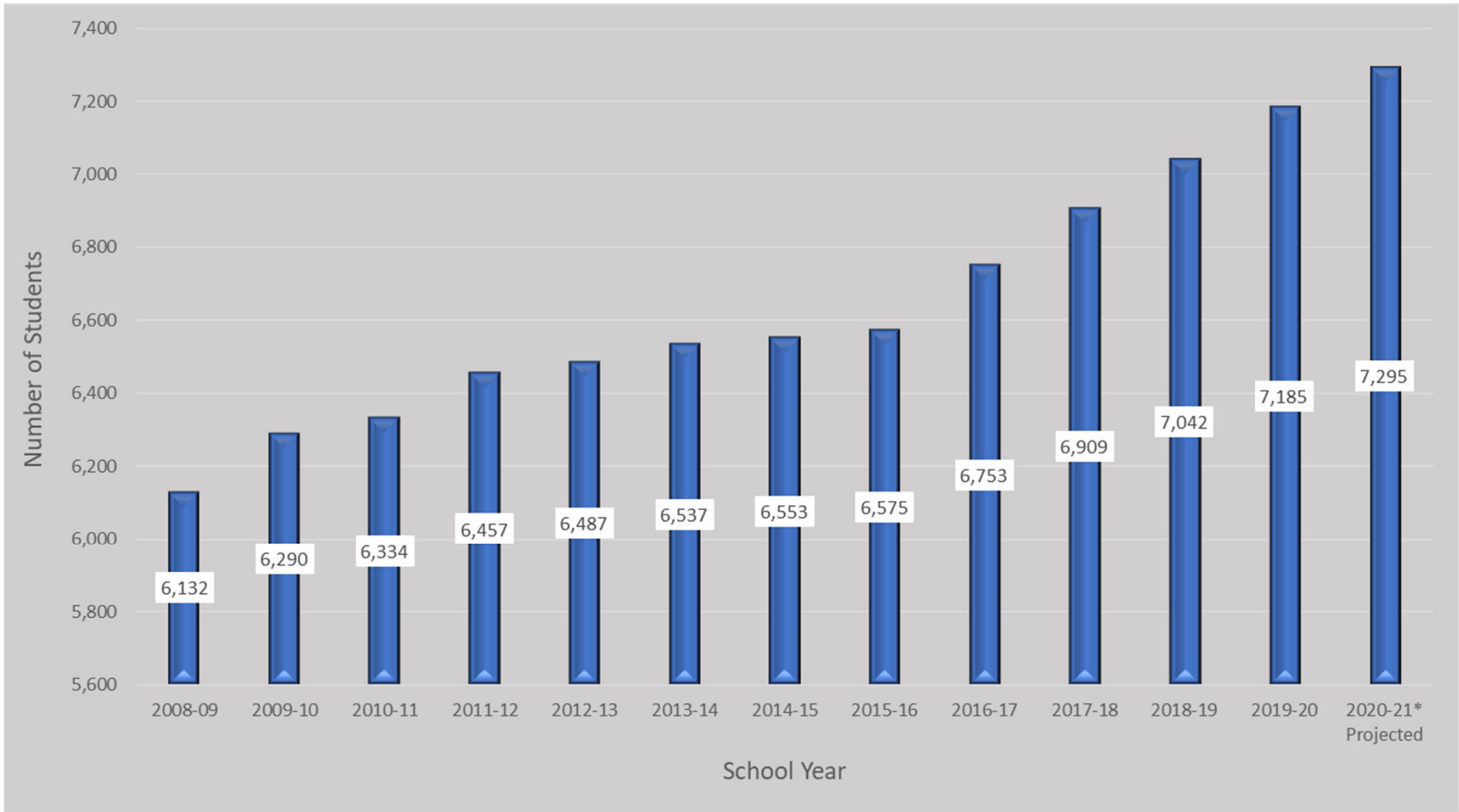
	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-2020	*Projected 2020-2021	Change from 2009	% Change from 2009
<b>Elementary Schools</b>	2,320	2,292	2,343	2,336	2,402	2,424	2,425	2,432	2,401	2,502	2,544	2,588	268	11.6%
<b>Middle Schools</b>	1,978	2,025	2,061	2,095	2,081	2,078	2,084	2,180	2,303	2,323	2,394	2,351	373	18.9%
<b>High School</b>	1,992	2,017	2,053	2,056	2,054	2,051	2,066	2,141	2,205	2,217	2,247	2,356	364	18.3%
<b>Total</b>	<b>6,290</b>	<b>6,334</b>	<b>6,457</b>	<b>6,487</b>	<b>6,537</b>	<b>6,553</b>	<b>6,575</b>	<b>6,753</b>	<b>6,909</b>	<b>7,042</b>	<b>7,185</b>	<b>7,295</b>	<b>1,005</b>	<b>16.0%</b>

\* Source: Sundance Associates



# Enrollment History 2008 to Present

Draft



\* Source: Sundance Associates

## Changes to Professional Staffing from FY19-20 Actual to FY20-21 Budget

	A	B	C	D
	Core	Special Education	Other Areas	Total
<b>Elementary Schools</b>	0.0	1.5	2.5	4.0
<b>Middle Schools</b>	0.4	3.5	0.6	4.5
<b>High School</b>	4.0	0.0	0.0	4.0
<b>District-wide</b>	0.0	1.0	0.0	1.0
<b>District Total</b>	4.4	6.0	3.1	13.5

# Budgeted Professional Staffing 2020-21

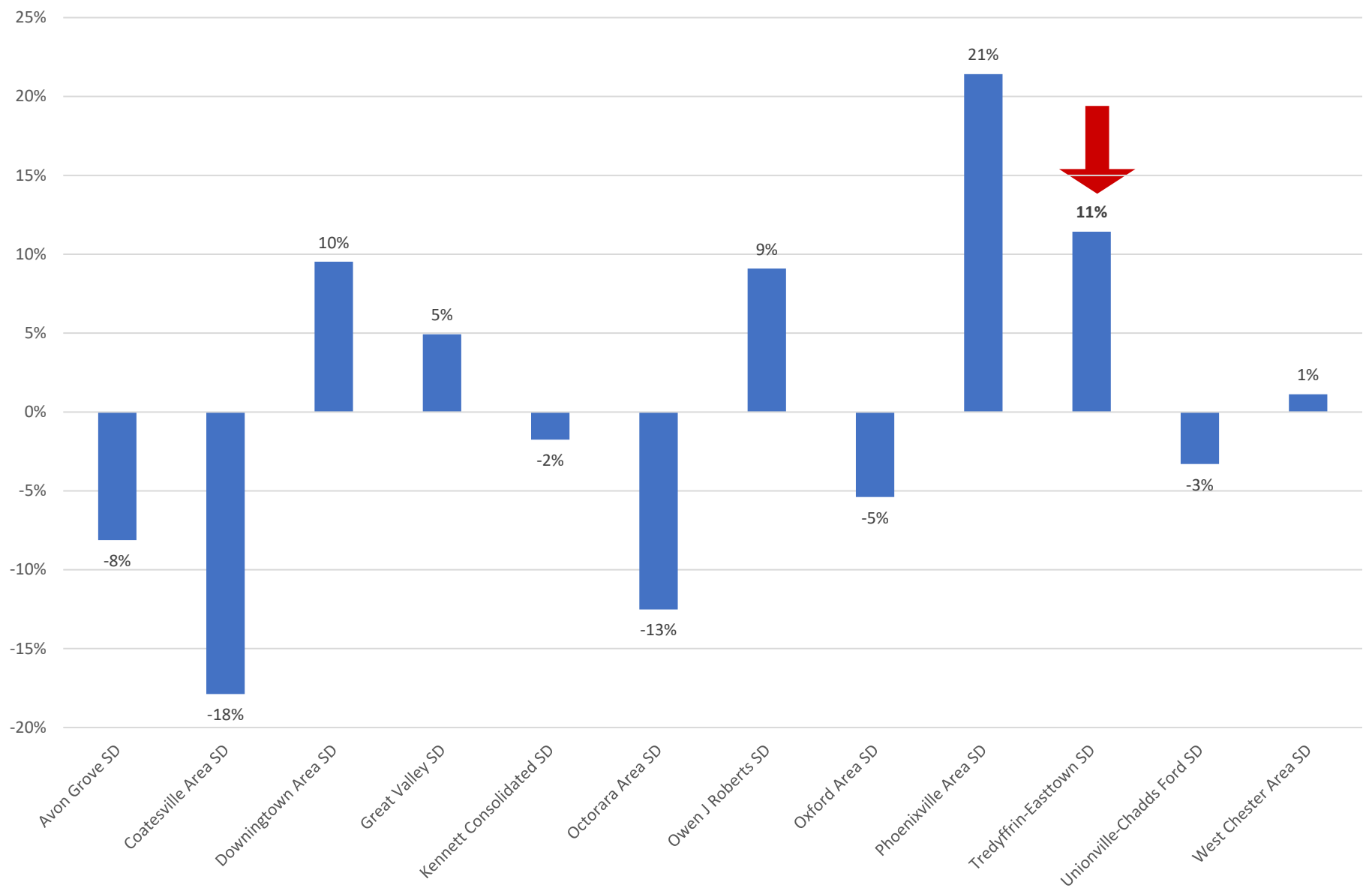
	A	B	C
	Actual 2019-20 FTE	Budgeted 2020-21 FTE	Change
<b>Elementary Schools</b>	177.5	181.5	4.0
<b>Middle Schools</b>	164.3	168.8	4.5
<b>High School</b>	151.6	155.6	4.0
<b>*District-wide</b>	7.7	8.7	1.0
<b>District Total</b>	501.1	514.6	13.5

\* Includes Mental Health Specialists, Mandated Non-public School Nurses, and Teachers on Special Assignment

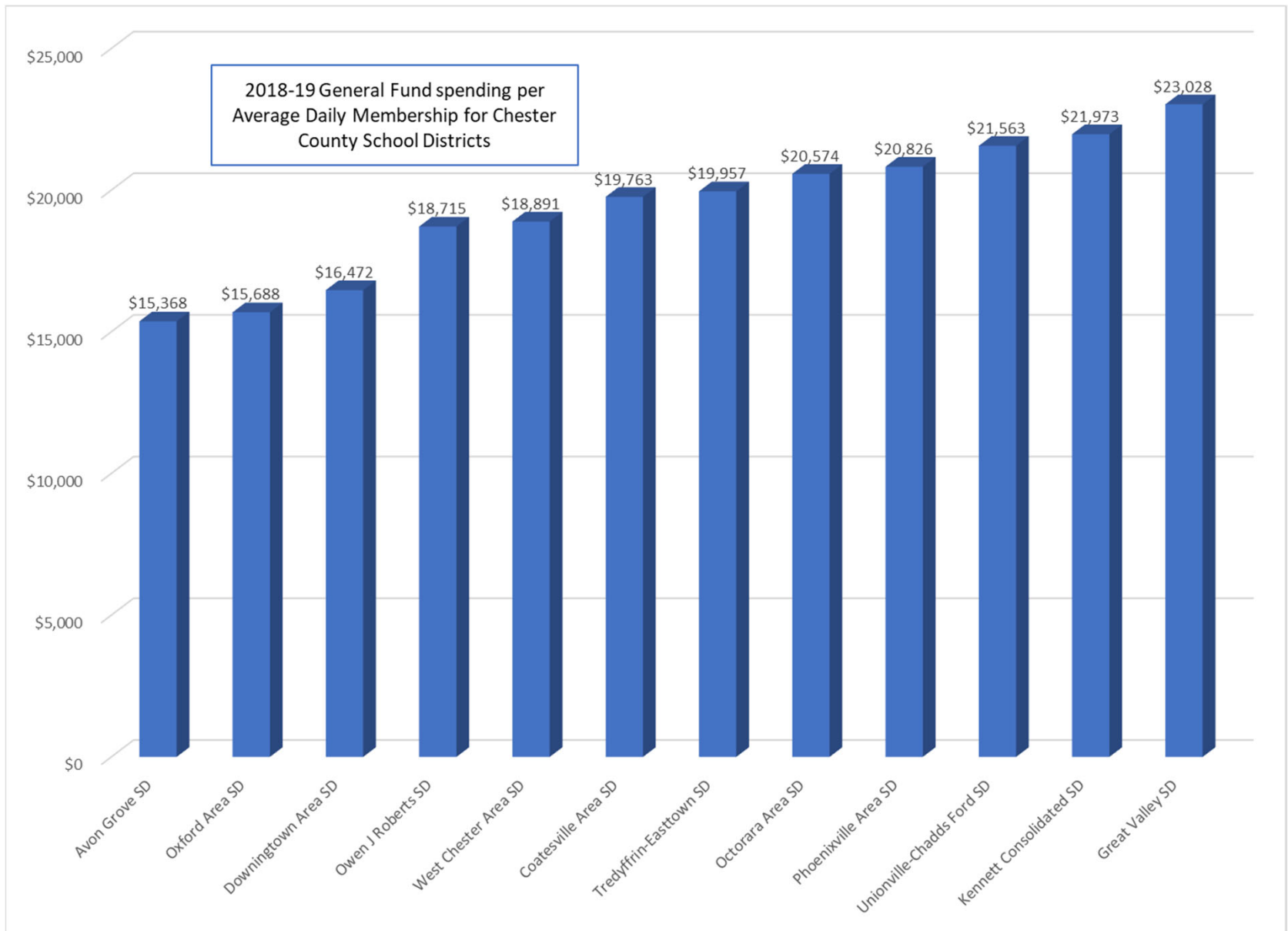
# Staffing Summary 2008 to 2020 (FTE's)

		A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P
		2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	Budget 2020-21	FTE Change from 2019-20	FTE Change from 2008	% Change from 2008
1	Professional (TEEA)	496	486.4	457.2	436.3	440.1	450.5	454.5	466.2	474.6	485.3	489.7	501.1	514.6	13.50	18.60	3.8%
2	Administration	32	31	28	28	27	28	28	29	30	30	30	31	31	0.00	(1.00)	-3.1%
3	Suprvr/Confid	29.56	28.56	27	26	26	27	28	31.69	31.69	31.69	31.69	31	31	0.00	1.44	4.9%
4	Secretarial	53.8	52.56	51.62	49.62	46.44	46.71	46.71	48.88	48.69	48.69	47.69	47.69	47.69	0.00	(6.11)	-11.4%
5	Custodial	49.5	49.5	49.5	49.5	49.5	49.5	49.5	49.5	49.5	50	50	50	50	0.00	0.50	1.0%
6	Maintenance	16	15	15	15	15	15	15	15	15	15	15	15	15	0.00	(1.00)	-6.3%
7	Security	6.5	6.5	6.5	6.5	6.5	7.5	7.5	7.5	7.5	7.5	7.5	7.5	9.5	2.00	3.00	46.2%
8	Transportation	2.69	1	1	1	1	1	1	0	0	0	0	0	0	0.00	(2.69)	-100.0%
9	Food Service	32.29	32.51	32.51	32.26	32.09	32.4	32.4	32.4	32.4	32.4	32.4	32.4	32.4	0.00	0.11	0.3%
10	Health Room Nurses	4.79	4.54	4.41	4.41	4.03	4.03	4.03	4.03	3.75	3.75	3.75	3.75	4.75	1.00	(0.04)	-0.8%
11	Reg Ed Aides/Paras	66.78	62.94	52.28	52.28	53.77	53.31	54	29.53	25.43	25.43	19.31	14.525	13.61	(0.92)	(53.17)	-79.6%
12	Spec Ed Paras	76.57	80.3	80.3	80.3	80.3	77.8	77.8	38.47	34.32	34.32	28.25	21.59	18.09	(3.50)	(58.48)	-76.4%
13	<b>TOTAL</b>	866.48	850.81	805.32	781.17	781.73	792.75	798.44	752.2	752.88	764.08	755.29	755.555	767.64	12.09	(98.84)	-11.4%

# Change in Student Enrollment from 2010-11 to 2018-19

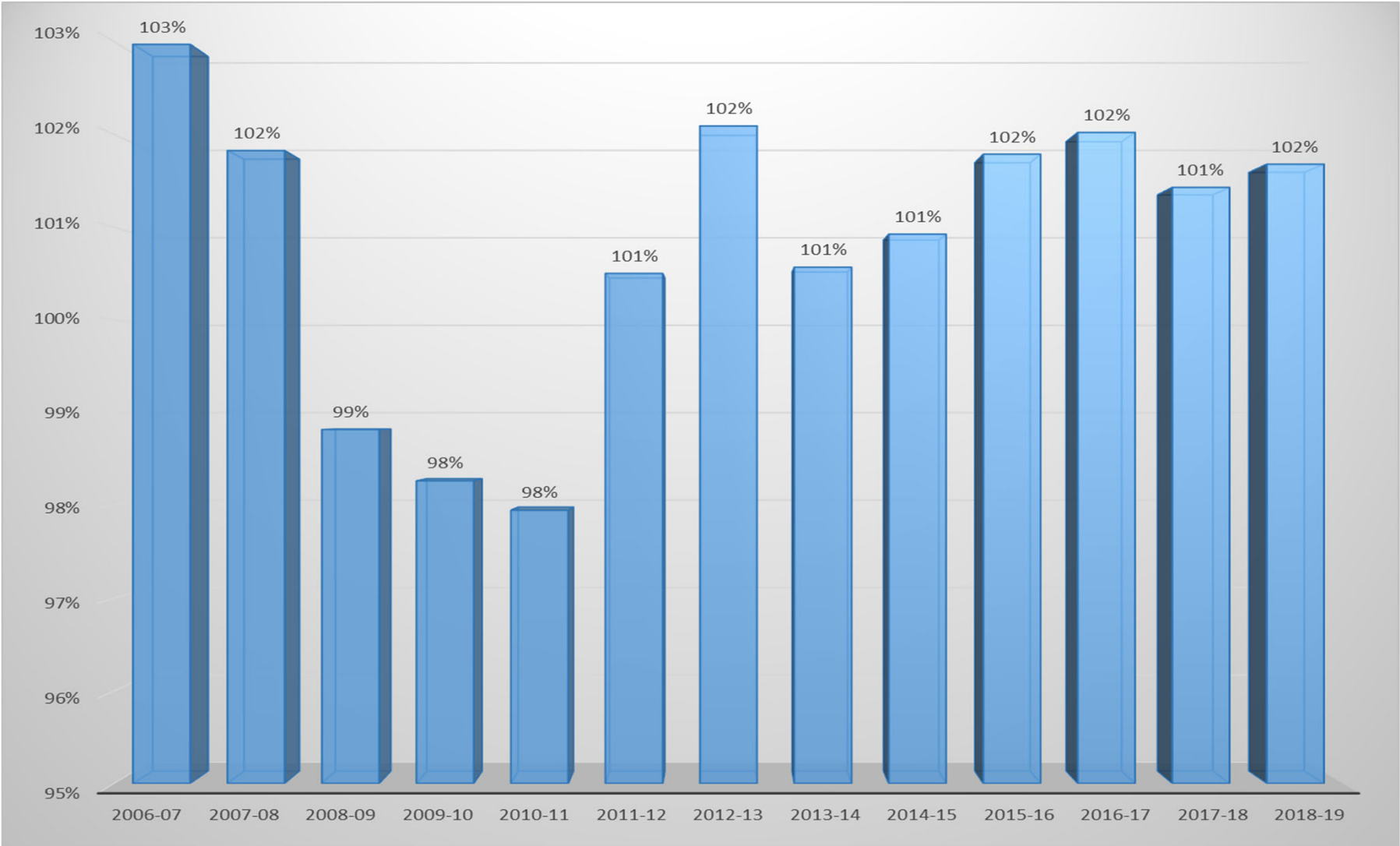


# Chester County Operating Expenses per Student Draft

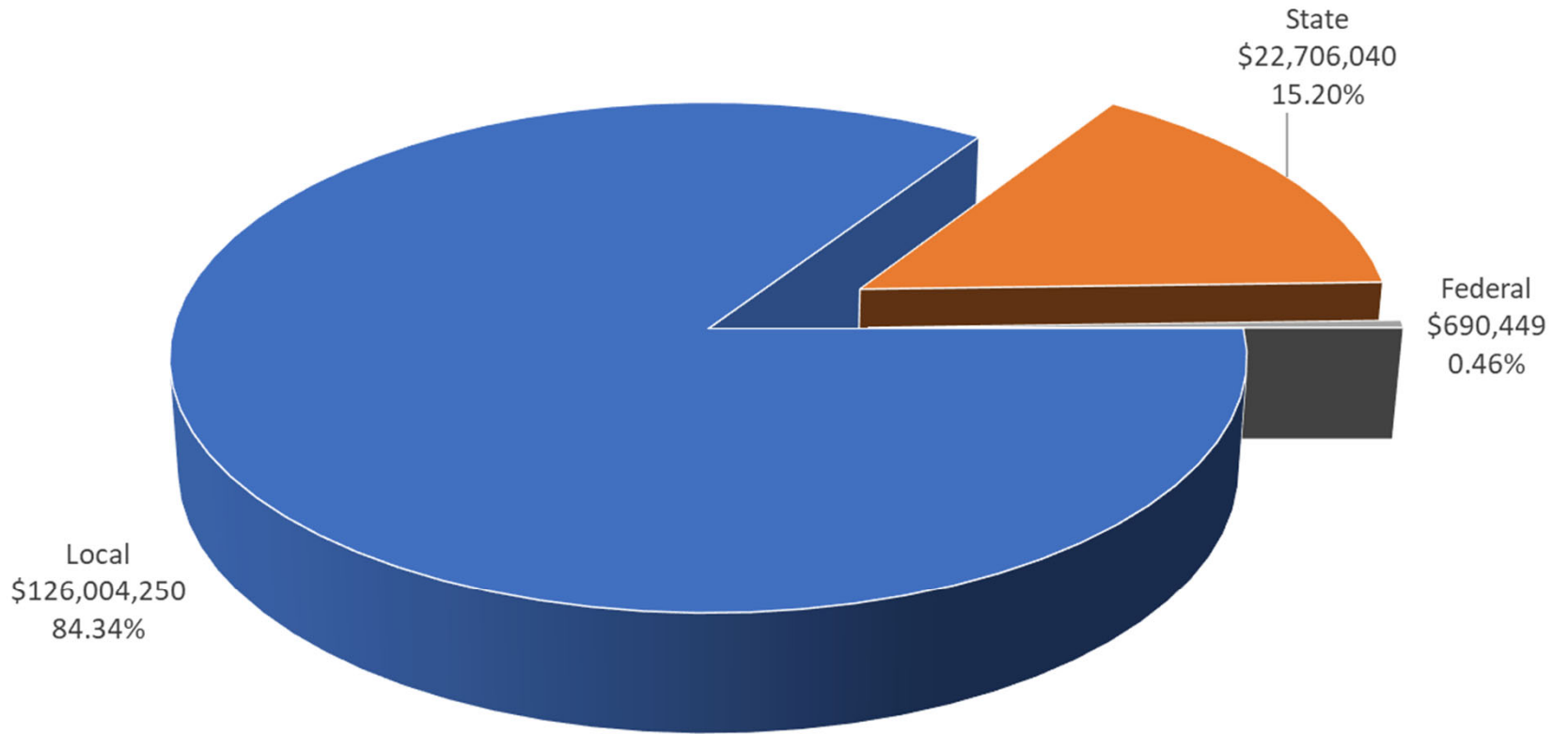


# Budgeted Revenue Collection

Draft



# 2020-21 Budgeted Total Revenue





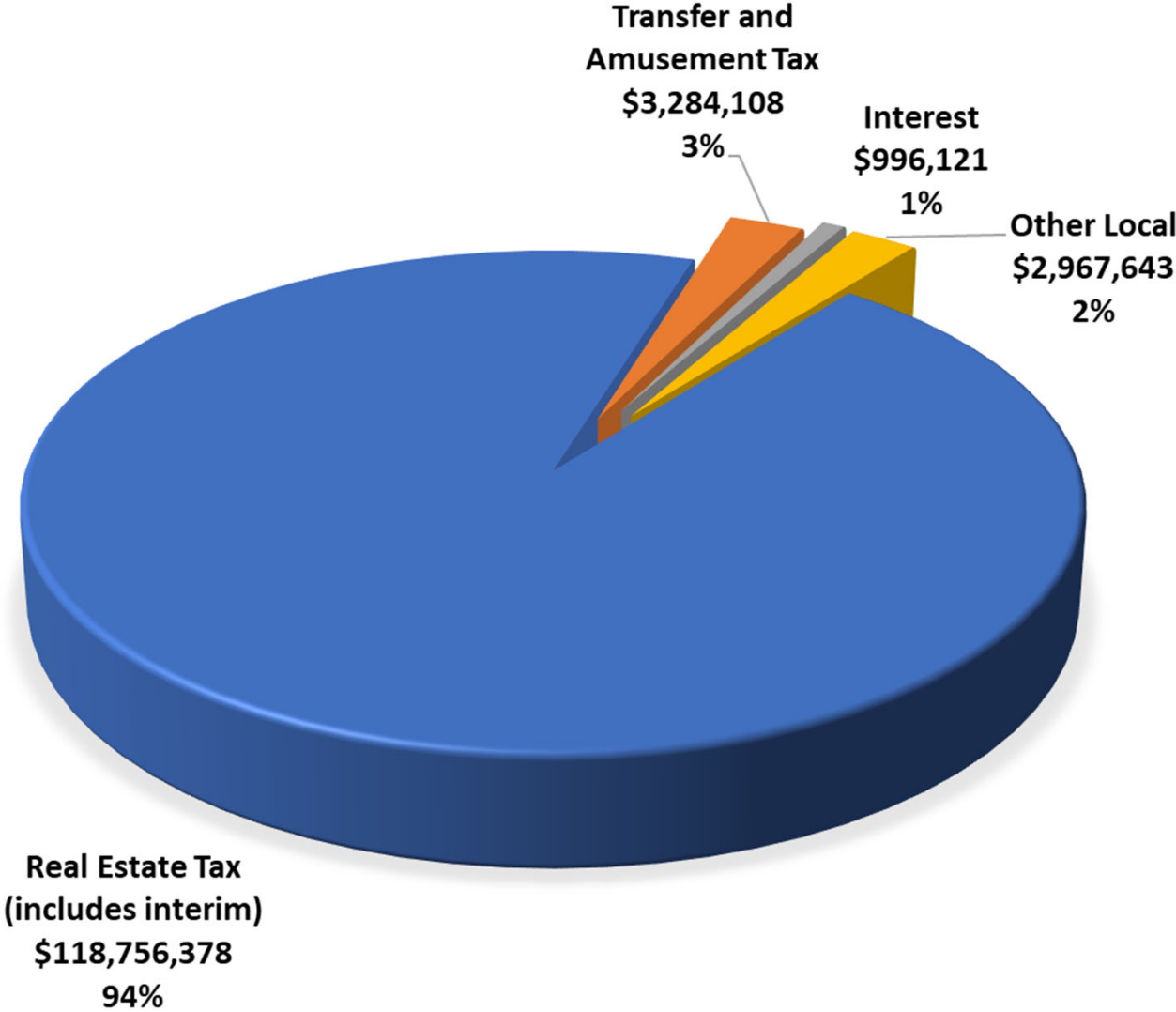
# Revenue and Variances Summary

Draft

	A	B	C	D	E
	Budget	Projection	Prelim Budget	Variance - \$	Variance - %
<u>Revenue Source</u>	<u>2019-2020</u>	<u>2019-2020</u>	<u>2020-2021</u>	<u>(C - B)</u>	<u>(D / B)</u>
1 Local	\$123,932,351	\$126,193,502	\$126,004,250	(\$189,252)	-0.1%
2 State	\$12,521,522	\$12,242,479	\$12,584,517	\$342,038	2.8%
3 PSERS State Subsidy	\$10,307,496	\$10,307,496	\$10,121,523	(\$185,973)	-1.8%
4 Federal	\$690,449	\$833,866	\$690,449	(\$143,417)	-17.2%
5 Total Revenues	\$147,451,818	\$149,577,343	\$149,400,739	(\$176,604)	-0.1%

# 2020-21 Budgeted Local Revenue

Draft



# Local Revenue Assumptions

Draft

	<u>Local Revenue</u>	
6111	Current Real Estate Revenue	Latest County assessment values including interims & losses from appeals
6111	Current Real Estate Revenue	Act 1 Index of 2.6% , No Referendum Exceptions
6112	Interim Tax	Average of the previous three years actual
6113	Public Utility Tax	Average of the previous seven years actual
6153	Transfer Tax	Average of the previous three years actual
6154	Amusement Tax	Average of the previous seven years actual
6400	Delinquent Tax	Average of the previous three years actual
6500	Earnings on Investments	Available reserves and float for projected cash flow at 1.0% ROR
6700	Parking Revenue	Sale of all available passes
6800	Revenue from IU - IDEA Federal Funds	Average of the previous seven years actual
6910	Rentals	Average of the previous seven years actual
6990	Student Activities Revenue	Average of the previous seven years actual
6990	Miscellaneous Revenue	Average of the previous seven years actual

# Local Revenue and Variances

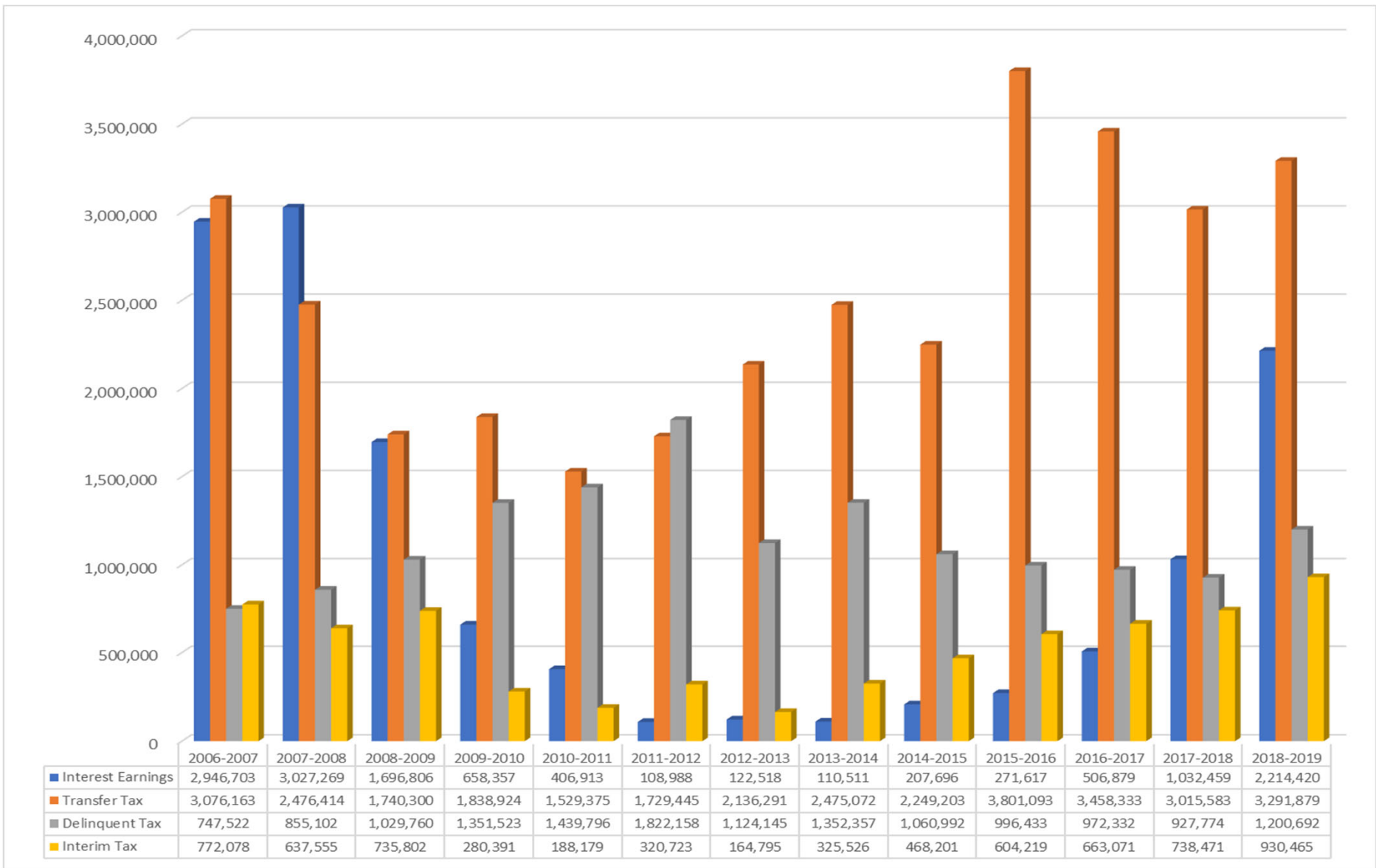
Draft

		A	B	C	D	E
		Budget	Projection	Prelim Budget	Variance - \$	Variance - %
	<u>Local Revenue</u>	2019-2020	2019-2020	2020-2021	(C - B)	(D / B)
6111	Current Real Estate Revenue	\$115,497,102	\$115,497,102	\$117,979,042	\$2,481,940	2.1%
6112	Interim Tax	\$668,587	\$523,774	\$777,336	\$253,562	48.4%
6113	Public Utility Tax	\$112,983	\$102,231	\$111,785	\$9,554	9.3%
6153	Transfer Tax	\$3,425,003	\$5,150,003	\$3,255,265	(\$1,894,738)	-36.8%
6154	Amusement Tax	\$27,532	\$35,913	\$28,843	(\$7,070)	-19.7%
6400	Delinquent Tax	\$965,513	\$1,200,707	\$1,033,599	(\$167,107)	-13.9%
6500	Earnings on Investments	\$1,364,085	\$1,724,099	\$996,121	(\$727,978)	-42.2%
6700	Parking Revenue	\$54,000	\$54,000	\$54,000	\$0	0.0%
6800	IU - IDEA Federal Funds	\$802,881	\$802,881	\$819,755	\$16,874	2.1%
6910	Rentals	\$636,308	\$699,969	\$600,751	(\$99,219)	-14.2%
6990	Student Activities Revenue	\$173,996	\$165,209	\$178,295	\$13,086	7.9%
6990	Miscellaneous Revenue	\$204,361	\$237,614	\$169,458	(\$68,156)	-28.7%
	<b>Total</b>	<b>\$123,932,351</b>	<b>\$126,193,502</b>	<b>\$126,004,250</b>	<b>(\$189,252)</b>	<b>-0.1%</b>

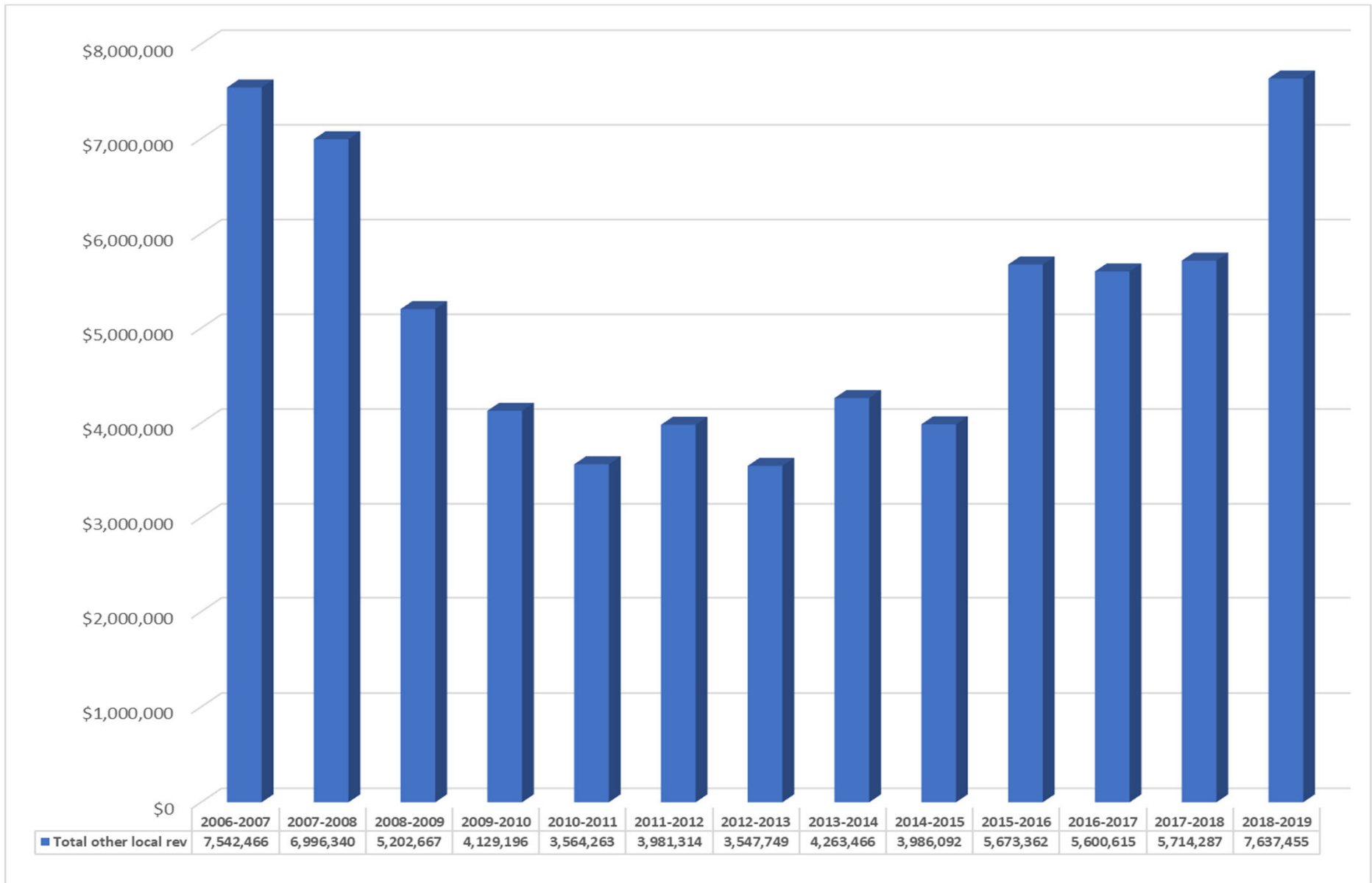
# Local Revenue

		<b>A</b>	<b>B</b>	<b>C</b>	<b>D</b>	<b>E</b>
		<b>Actual</b>	<b>Actual</b>	<b>Actual</b>	<b>Projection</b>	<b>Prelim Budget</b>
	<b><u>Local Revenue</u></b>	<b>2016-2017</b>	<b>2017-2018</b>	<b>2018-2019</b>	<b>2019-2020</b>	<b>2020-2021</b>
6111	Current Real Estate Revenue	\$101,737,051	\$106,436,005	\$109,970,864	\$115,497,102	\$117,979,042
6112	Interim Tax	\$663,071	\$738,471	\$930,465	\$523,774	\$777,336
6113	Public Utility Tax	\$109,011	\$105,740	\$109,269	\$102,231	\$111,785
6153	Transfer Tax	\$3,458,333	\$3,015,583	\$3,291,879	\$5,150,003	\$3,255,265
6154	Amusement Tax	\$30,760	\$24,575	\$35,913	\$35,913	\$28,843
6400	Delinquent Tax	\$972,332	\$927,774	\$1,200,692	\$1,200,707	\$1,033,599
6500	Earnings on Investments	\$506,879	\$1,032,459	\$2,214,420	\$1,724,099	\$996,121
6700	Parking Revenue	\$54,000	\$54,000	\$54,000	\$54,000	\$54,000
6800	IU - IDEA Federal Funds	\$859,434	\$871,816	\$874,690	\$802,881	\$819,755
6910	Rentals	\$563,878	\$592,095	\$675,455	\$699,969	\$600,751
6920	Contribution & Donations	\$120	\$70	\$600	\$0	\$0
6940	Tuition from Patrons	\$0	\$0	\$0	\$0	\$0
6990	Student Activities Revenue	\$191,013	\$149,777	\$206,421	\$165,209	\$178,295
6990	Miscellaneous Revenue	\$415,663	\$242,221	\$237,614	\$237,614	\$169,458
	<b>Total</b>	<b>\$109,561,545</b>	<b>\$114,190,586</b>	<b>\$119,802,282</b>	<b>\$126,193,502</b>	<b>\$126,004,250</b>

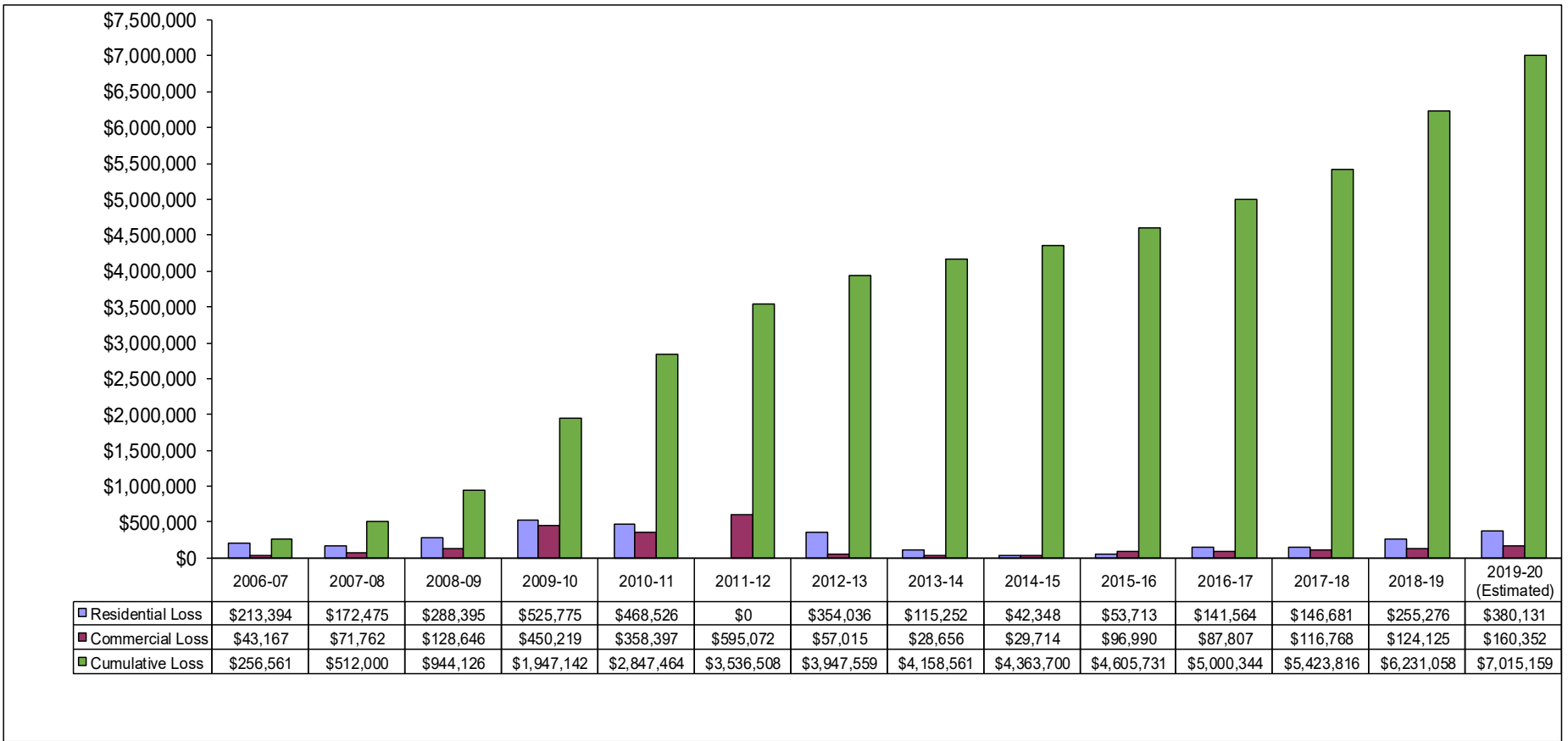
# Economic Impact on Other Local Revenues - Detail



# Economic Impact on Other Local Revenues - Summary

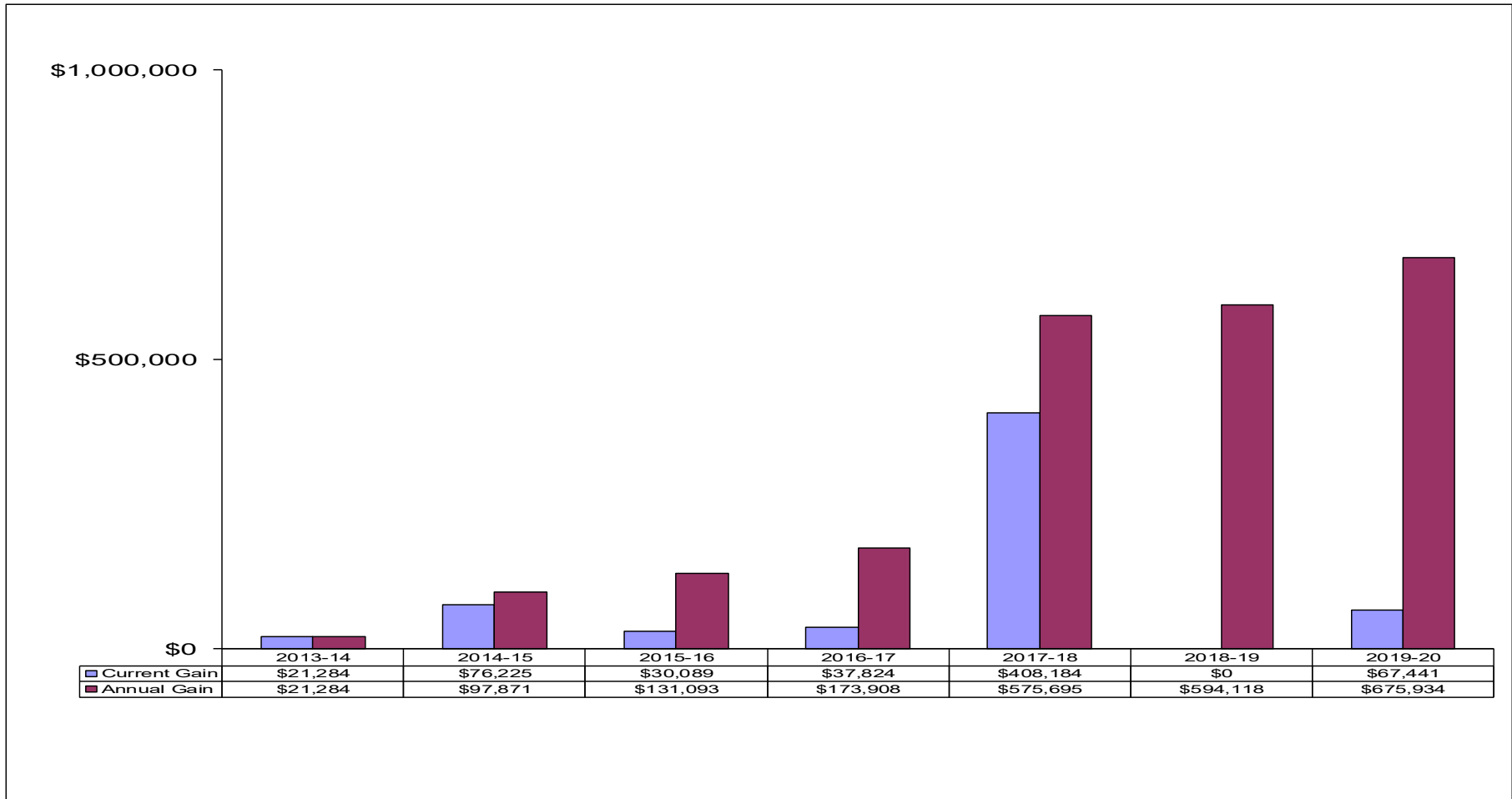


# Property Tax Revenue Lost from Assessment Appeals





# Property Tax Revenue Gain from Assessment Appeals



# Mandated Costs...

# 1

Special  
Education Costs  
**\$1.28 Billion increase**  
(2012-13 to 2017-18)  
6.42% per year

# 2

Charter School  
Tuition Costs  
**\$555 Million increase**  
(2012-13 to 2017-18)  
8.75% per year

# 3

Pension Costs  
**\$2.4 Billion increase**  
(2012-13 to 2017-18)  
36.10% per year

# MEGA WARNING!!!

You don't know your SEF funding for this year...Act 16 data is not available until later this spring.

Nobody knows the Act 16 data that will be used for the special ed funding formula in 2020-21—it doesn't exist yet (reporting in the fall)

We are working to change this unacceptable situation like we did with BEF data.



# Special Education Costs

SE costs (instructional and support) have grown by more than \$1.2 billion in five years—6.4% average annual increase (\$240 million/year).

## Why?

	2013-14	2014-15	2015-16	2016-17	2017-18	Total Change	Avg. Annual % Change
Cat. 1	278,297	271,977	279,307	290,360	303,525	25,228	2.27%
Cat. 2	18,026	20,512	21,838	21,965	22,180	4,154	5.76%
Cat. 3	6,754	6,899	7,504	8,430	9,104	2,350	8.70%
Total	303,077	299,388	308,649	320,755	334,809	31,732	2.62%

Source: PDE Special Education Data

# Special Education Costs

Special ED Teachers	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	Change	Avg. Annual % Change
SD	14,388	14,305	14,076	14,607	14,479	14,835	447	0.62%
CS	1,130	1,145	1,182	1,232	1,389	1,502	372	6.58%
IU	2,407	2,340	2,256	2,191	2,179	2,244	-163	-1.35%
Total	17,925	17,790	17,514	18,030	18,047	18,581	656	0.73%

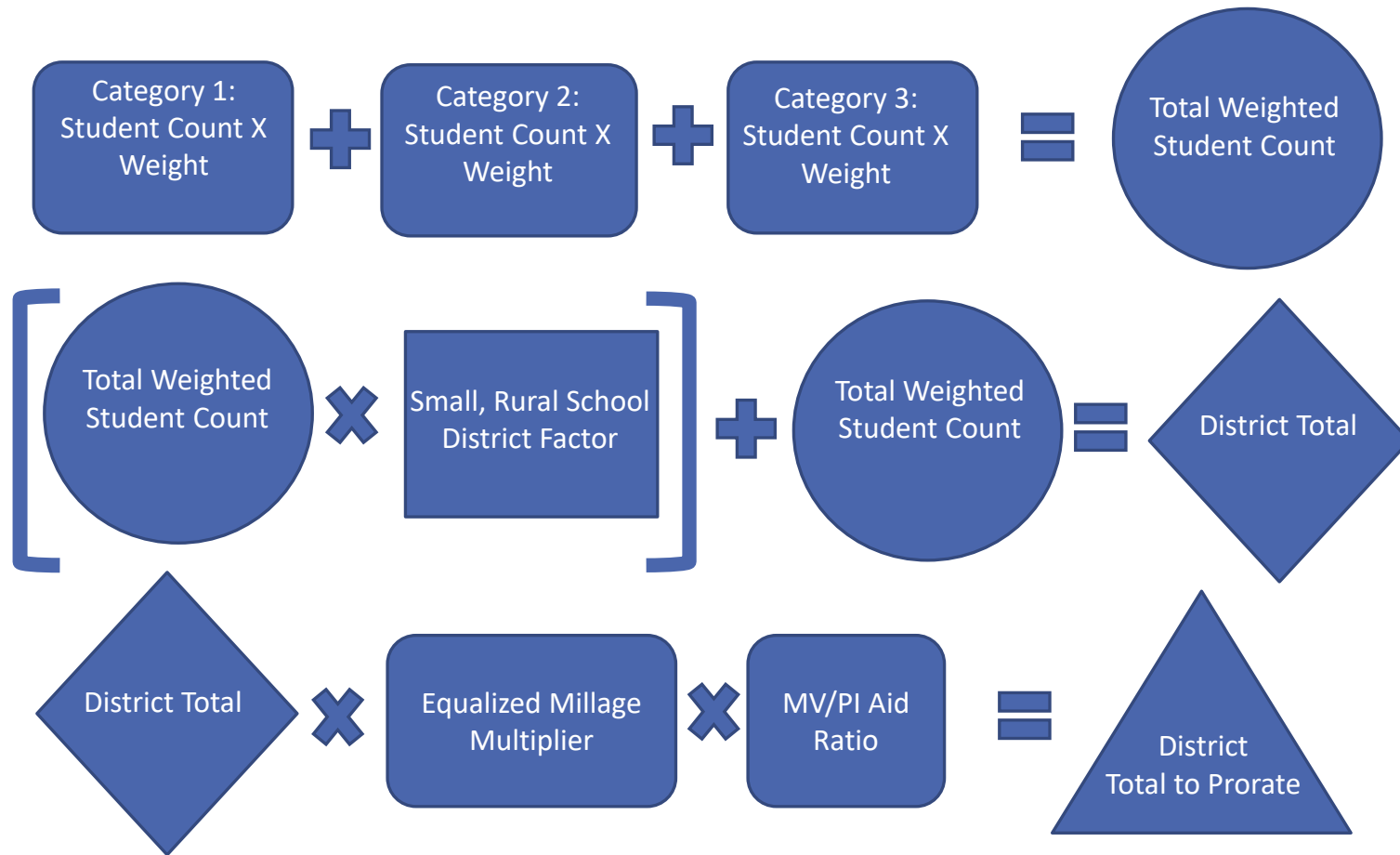
Special Education Support Services	\$ Change	Total % Change	Avg. Annual % Change
Guidance Services	\$14,455,547	17.78%	5.93%
Psychological Services	\$13,987,553	18.35%	6.12%
Speech Pathology and Audiology	\$4,580,463	47.51%	15.84%
Social Work Services	\$3,973,670	37.15%	12.38%
Instruction and Curriculum Dev.	\$17,154,848	35.86%	11.95%
Legal and Accounting Services	\$724,601	6.07%	2.02%
Medical Services	\$5,859,845	40.31%	13.44%
Nursing Services	\$6,566,451	19.68%	6.56%
Student Transportation Services	\$54,038,220	17.24%	5.75%

Source: PDE Data.

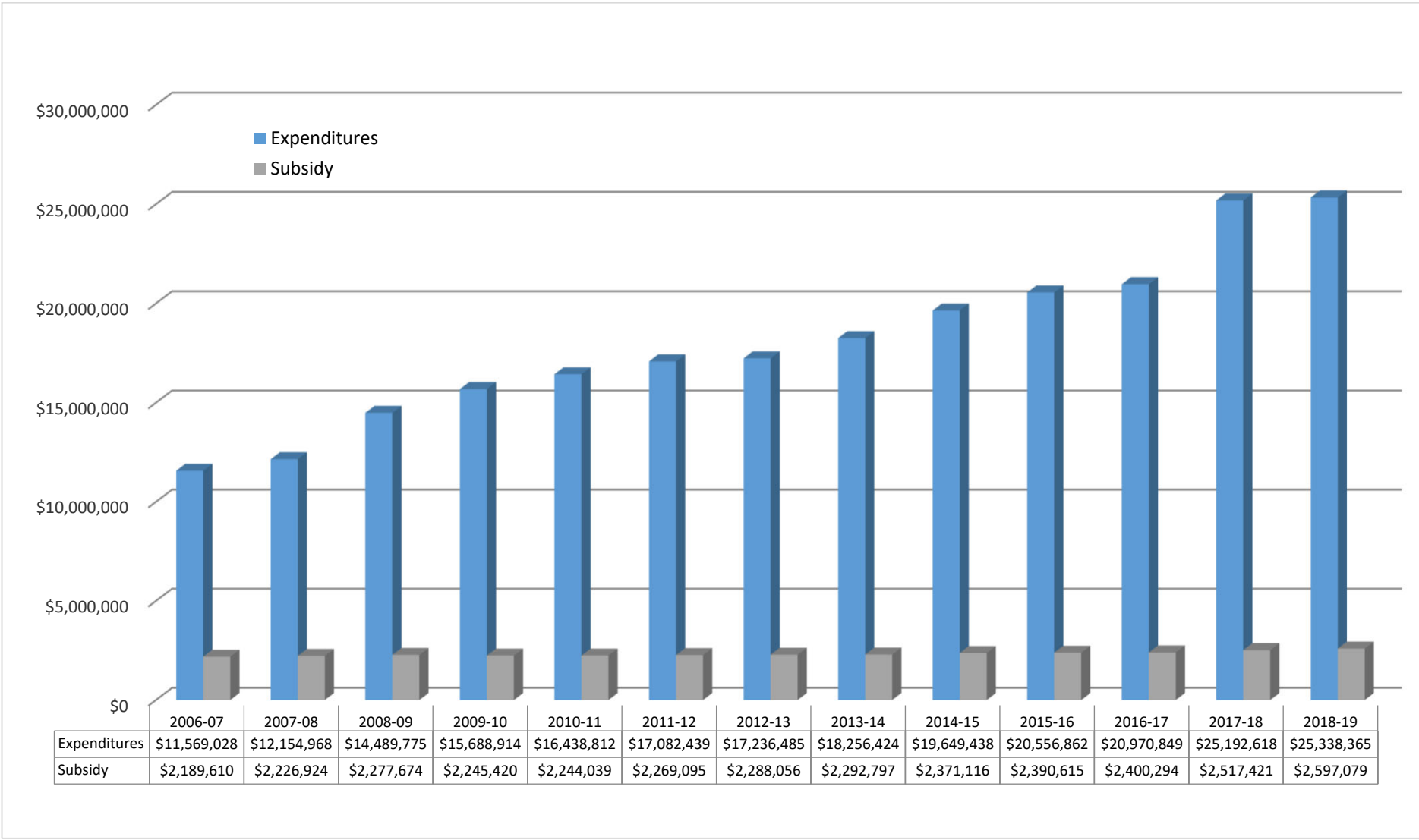
# SEF Distribution

- Dynamic formula, so the amount a district will receive in special education funding each year can fluctuate **up or down**
- A district could receive significantly more in special education funding than the prior year
- Conversely, a district COULD receive less special education funding than the prior year depending on the number of students and the categories they fall into

# SEF Formula

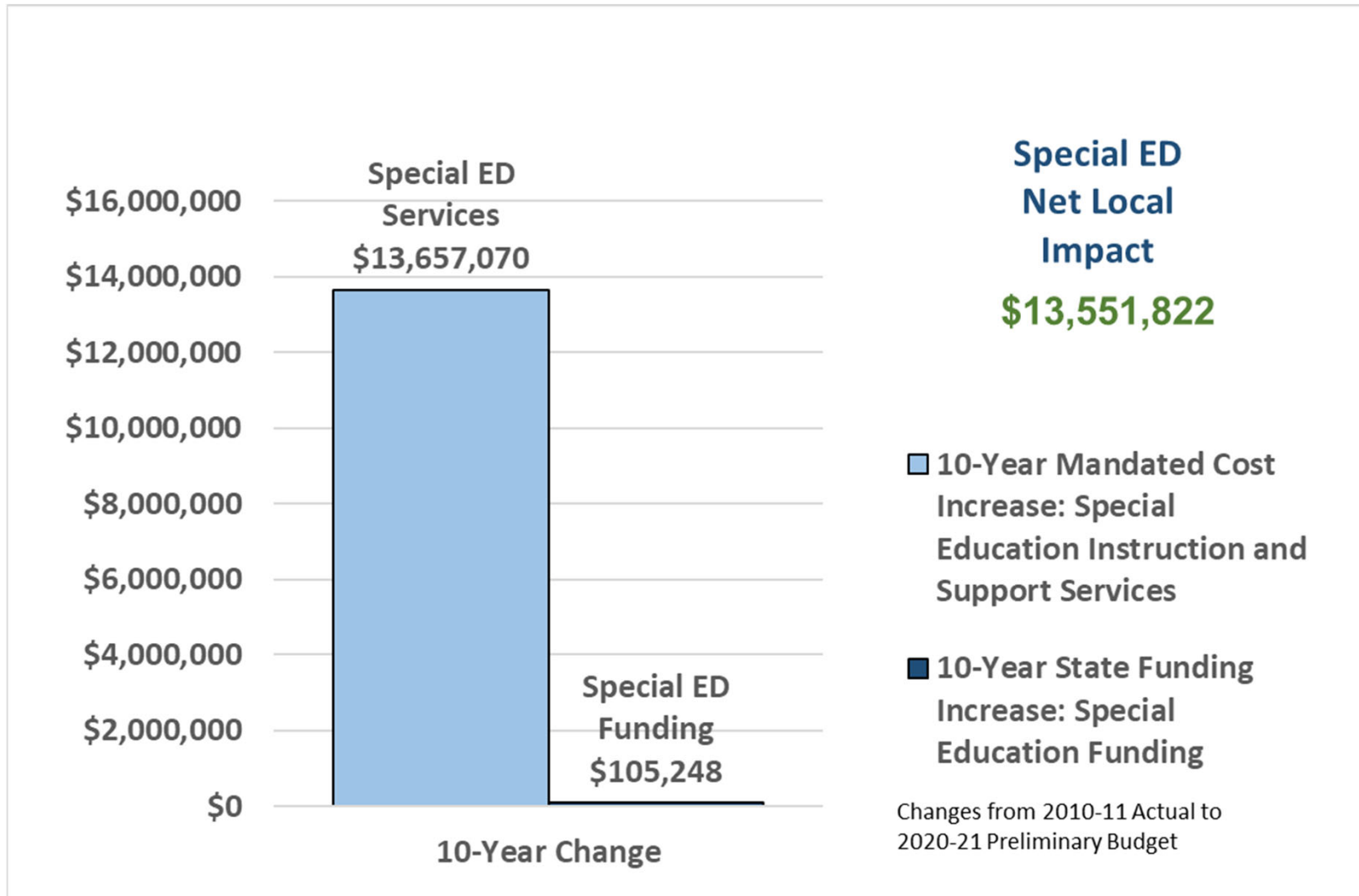


# Special Education Expenditures and Subsidy

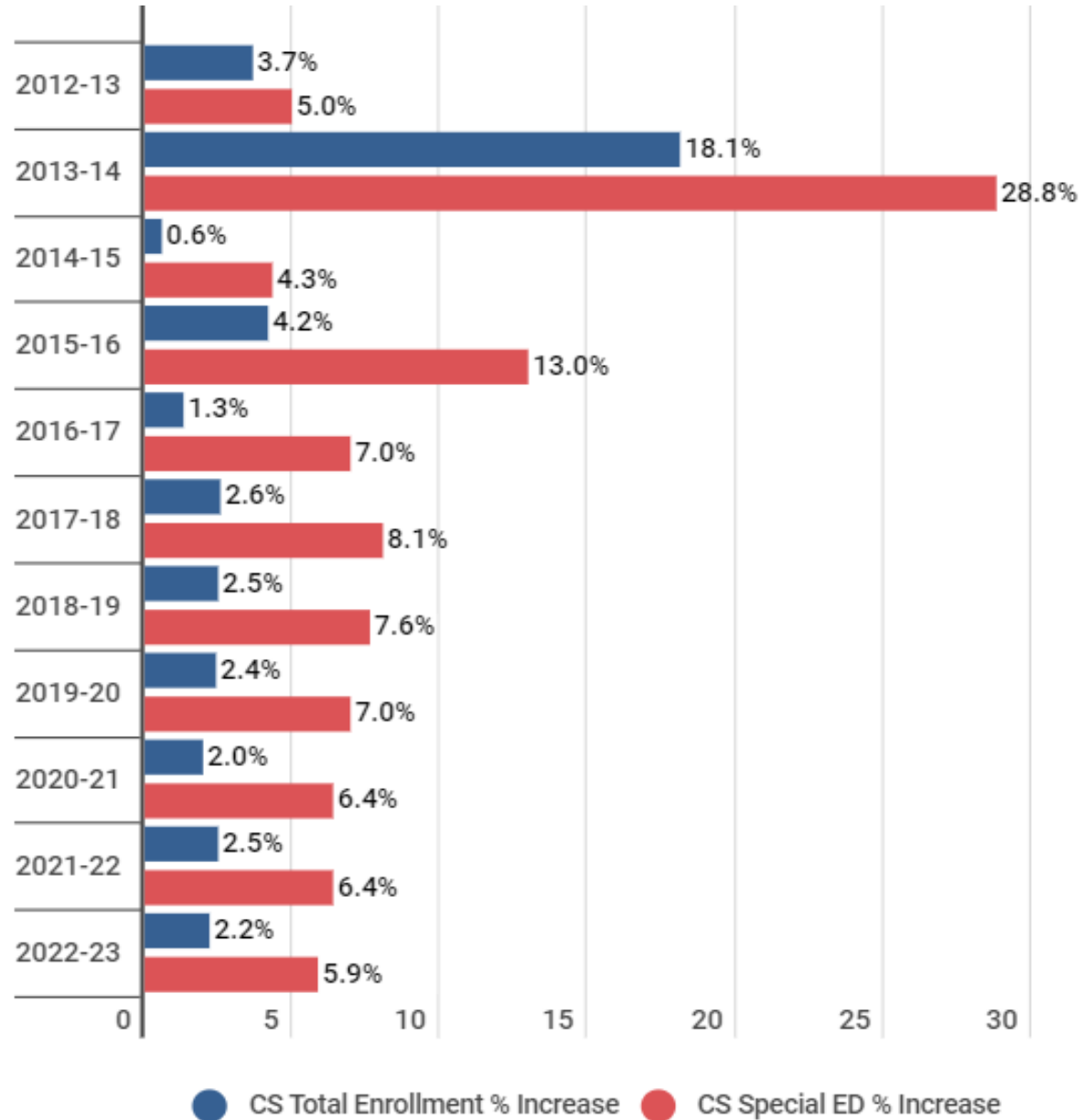




# Special Education Expenditures vs State Subsidy



# Charter School Tuition Costs



# Charter School Reform



Governor Wolf proposed comprehensive charter school reform as part of the 2020-21 budget

- **House Bill 2261 (Ciresi)**
- **Senate Bill 1024 (Williams and Brewster)**

Reforms the charter school law by increasing transparency, accountability, and establishing a more reasonable funding formula.

# Charter School Reform Legislation

**Section 129:** Charter schools may not advertise their schools as “**tuition free**” and must indicate that tuition, transportation, technology and other expenses are paid for by taxpayer dollars.



# Charter School Reform Legislation

**Section 1525:** Charter schools that have dual enrollment agreements with institutions of higher education may not profit from such agreements.

If parents pay tuition to higher ed. entity, district does not pay the charter school

If charter school pays higher ed. tuition, school district receives appropriate reduction in charter school tuition



# Charter School Reform Legislation

**Section 1714.1:** Clarifies power and authority of charter school authorizers specifically giving authorizers authority to:

- Annually assess and evaluate academic performance and fiscal management of the charter school
- Conduct a comprehensive review and evaluation of the academic performance, fiscal management, audit, governance and operations of the charter school
- Access documents, systems, and facilities of the charter school and related charter school foundation or education management service provider
- Develop or supplement model charter school application forms and renewal forms.

# Charter School Reform Legislation



**Section 1715-A, 1716-A:** Requires Charter School Trustees and Administrators to comply with public school ethics similar to public school district board members and administrators:

- Each trustee and charter school administrator must file a financial interest form for the preceding calendar year by May 1
- Charter school entities must comply with the Sunshine Act and post meeting agendas and minutes of their meetings on their publicly accessible website.
- Prohibits family members working for the charter school or foundation that serves the charter school from serving on the charter school board of trustees
- Trustees may not participate in the award or selection of any contract if they have a conflict of interest with the individual, company, or entity
- Trustees may not provide loans, rent property, or provide products to the charter school entity they serve
- Trustees may not receive compensation for their duties as a trustee member
- A quorum of trustees must be present in order to conduct charter school business

# Charter School Reform Legislation



## Sections 1715-A, 1716-A:

Half of the trustees must be appointed or selected by members of the residents of the community served by the charter school entity.

Trustees will be removed from the board if they commit a felony or violate any applicable law.

Board of Trustees will comprise 7 non-related voting members who are not family members. Board of Trustees must include:

- 1 public school educator who does not work for the charter school entity
- 1 parent/guardian of a student enrolled in the charter school entity
- A member of the community served by the charter school entity



# Charter School Reform Legislation



## **Sections 1715-A, 1716-A:**

Educational Management Services may not provide loans or lease property to the charter school entity

Employees of the charter school entity may not be supervised by an Education Management Service Provider

Educational Management Services must provide 1 year notice to terminate their agreement with the charter school entity

Educational Management Services that service charter school entities must post its salaries and other compensation of their employees on their publically accessible website

# Charter School Reform Legislation

## Section 1719-A:

PDE will develop and publish a model application and renewal form for charter school entities that includes:

- Roles and responsibilities of trustees and administrators
- Standards of compliance for trustees
- Details of Educational Management Services Contracts
- Disclosure of conflicts of interest
- Role of the Charter School Foundation, if applicable



# Charter School Reform Legislation

## **Extra-Curricular Activities:**

The school district of residence may charge the charter school entity a reasonable amount for a charter school student's participation in the school district's extracurricular activities. The charter school shall not be required to pay any cost not also paid by a student enrolled in the school district for participation in the extracurricular activity.



# Charter School Reform Legislation

## **Section 1720-A:**

Charter Schools may be renewed for up to 10 years.

- Denial of a 10 year renewal may not be appealed

Charter School Entity renewal may be for 1 – 5 years if the public school board or authorizer finds Insufficient data concerning:

- The charter school's academic performance
- Governance and operations
- Accepted standards of fiscal management and audit requirements

# Charter School Reform Legislation

## **Section 1721-A:**

Charter Schools Appeals Board may impose costs against any authorizing party that has engaged in arbitrary, dilatory, obdurate, or vexatious conduct in respect to any application, revocation, or renewal decision.

The Department and Office of General Counsel may also impose reasonable counsel fees and other taxable costs against a party in favor of the prevailing party in the appeal.



# Charter School Reform Legislation

## **Section 1728-A:**

Charter School Entities must fully comply with the Family Educational Rights and Privacy Act (FERPA) of 1974

Charter School Entities must form an Audit Committee and complete a certified fiscal audit annually including an enrollment audit

The audit shall be made available on the publically accessible website



# Charter School Reform Legislation

## Section 1729.1-A:

Charter School Entities may consolidate into a Multiple Charter School Organization.



# Charter School Reform Legislation

## Section 1731.1:

The State Board of Education will develop an accountability matrix to evaluate:

- Academic Performance
- Operations
- Governance
- Accepted Standards of Fiscal Management and Audit Requirements





# Charter School Reform Legislation

## **Section 1752.A:**

Beginning July 1, 2020, and continuing for 10 years thereafter, the Department shall not accept or act upon any applications for the establishment of a new charter school.

# Charter School Funding Reform: The Good

- Prioritizes charter school reform as part of the budget proposal
- Proposes \$280 million in savings to school districts as a result of changes to the tuition calculation:
  - \$147 million from savings in brick and mortar CS tuition
  - \$133 million from savings in cyber CS tuition

# Charter School Funding Reform: The Good

## Brick and mortar CS savings derived from:

- Moving from budgeted to actual total expenditures
- Excluding charter school tuition and CS ADMs from the tuition calculation
- Applying the SE category weights to the regular education tuition rate to target SE tuition to SE costs
  - Category 1: 1.51 multiplier
  - Category 2: 3.77 multiplier
  - Category 3: 7.46 multiplier

## **\$147 million in SAVINGS (based on 17-18 data!)**

- 326 school districts SAVE \$s
- 102 school districts no impact
- 71 school districts LOSE \$s (\$631k)

# Charter School Funding Reform: The Good

## Cyber CS savings derived from:

- Setting a flat \$9,500 rate for regular education (calculated annually based on CS costs)
- Applying the SE category weights to the regular education tuition rate to target SE tuition to SE costs
  - Category 1: 1.51 multiplier
  - Category 2: 3.77 multiplier
  - Category 3: 7.46 multiplier

## **\$133 million in SAVINGS (based on 17-18 data!)**

- 478 school districts SAVE \$s
- 2 school districts no impact
- 20 school districts LOSE \$s (\$875k)

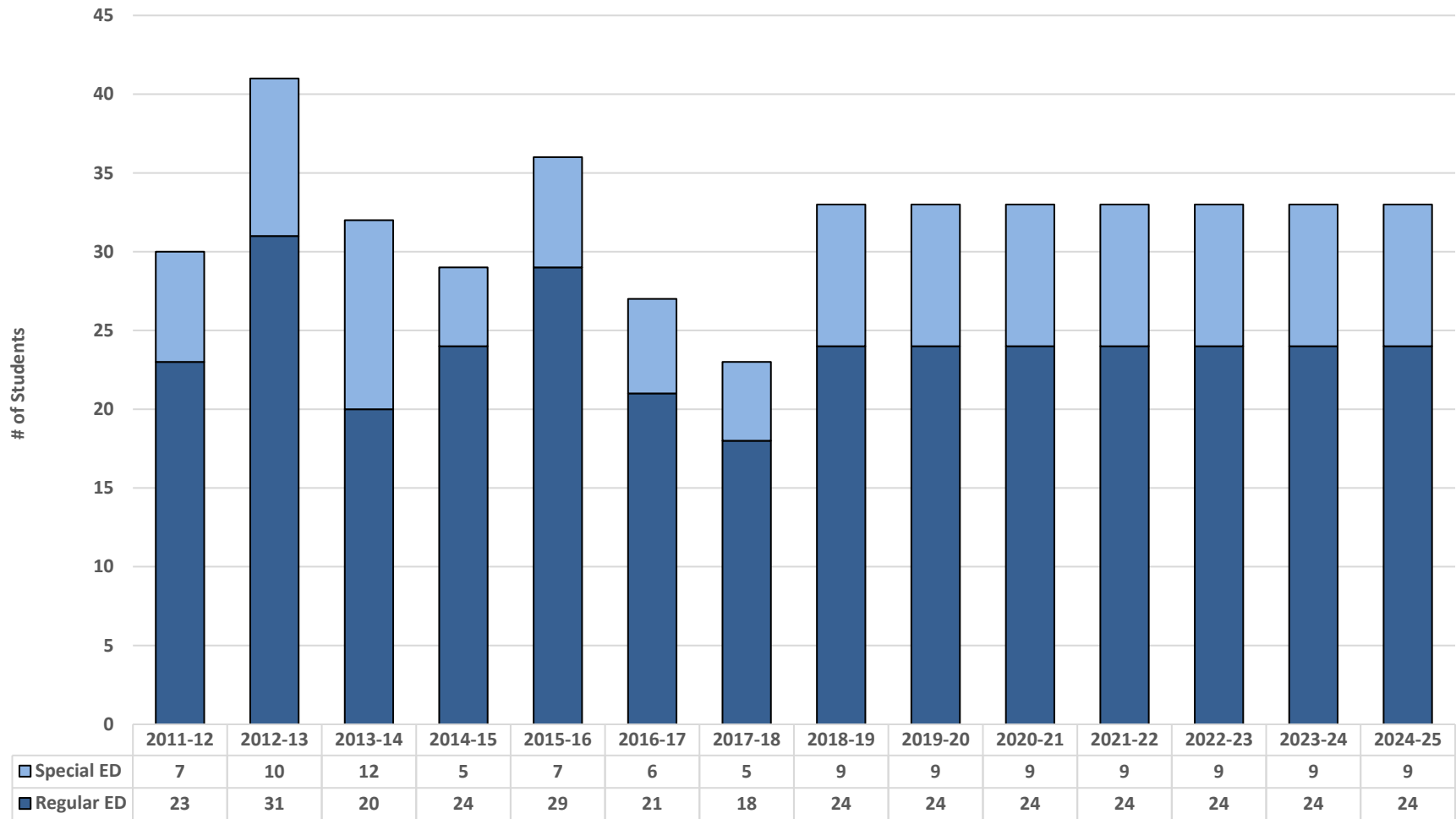
# Charter School Funding Reform: The Good

- PDE will calculate/post brick and mortar/cyber CS tuition rates annually (regular and special education)
- CSs must use the rates posted by PDE
- CSs may only request a subsidy deduction for students enrolled and at the rate posted
- PDE shall not make a deduction unless the CS provides documentation that the SD had an opportunity to pay and did not

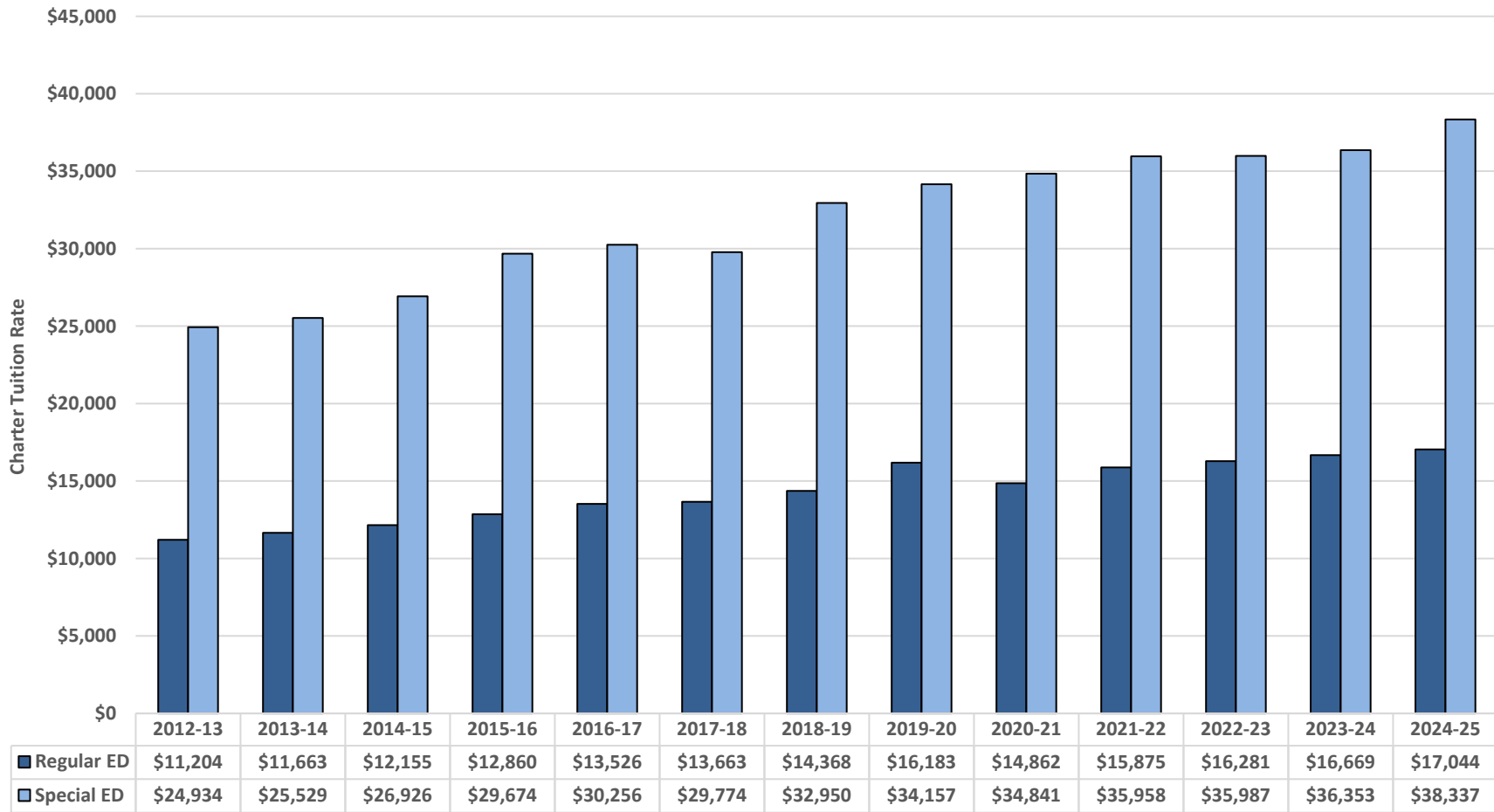
# Charter School Reform: **The Bad**

- There is less than a minimal chance that the proposed legislation and SAVINGS will pass in its entirety
- It is NOT realistic to build these savings into your budgets
- The legislature can't even pass \$34 million in savings to SDs OVER 3 YEARS....

# Charter School Enrollment



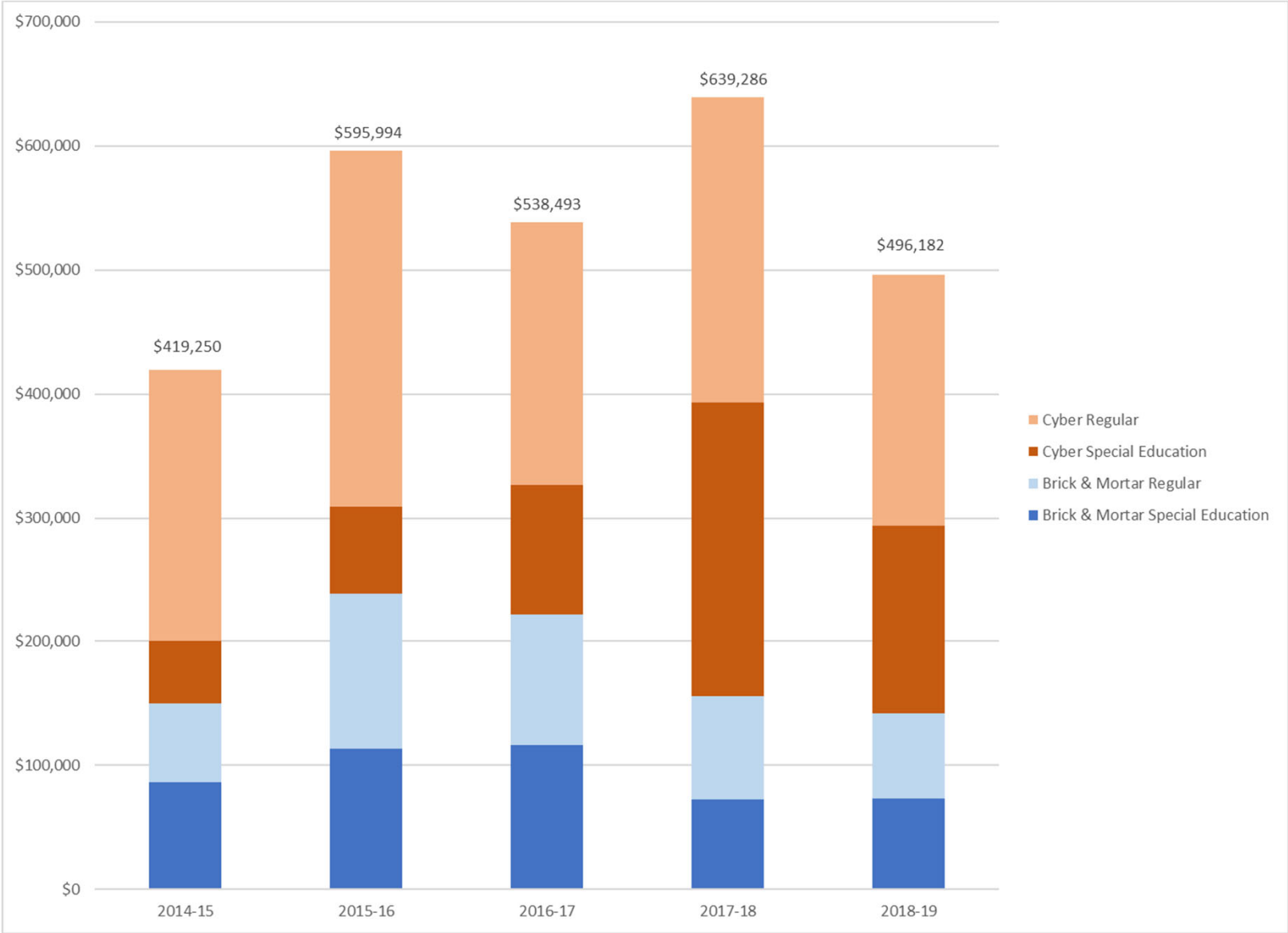
# Charter School Tuition Rates



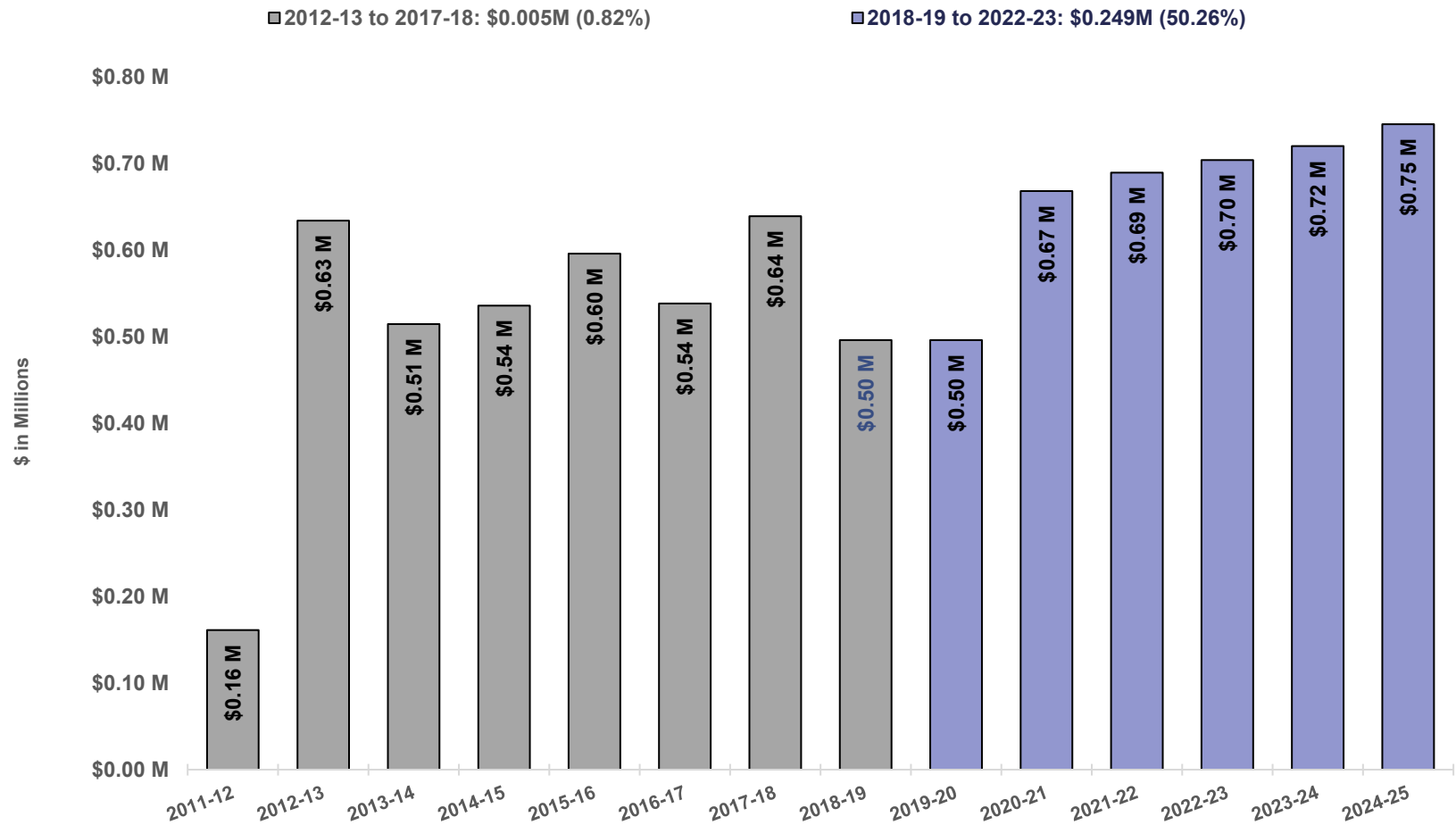


# Charter School Costs

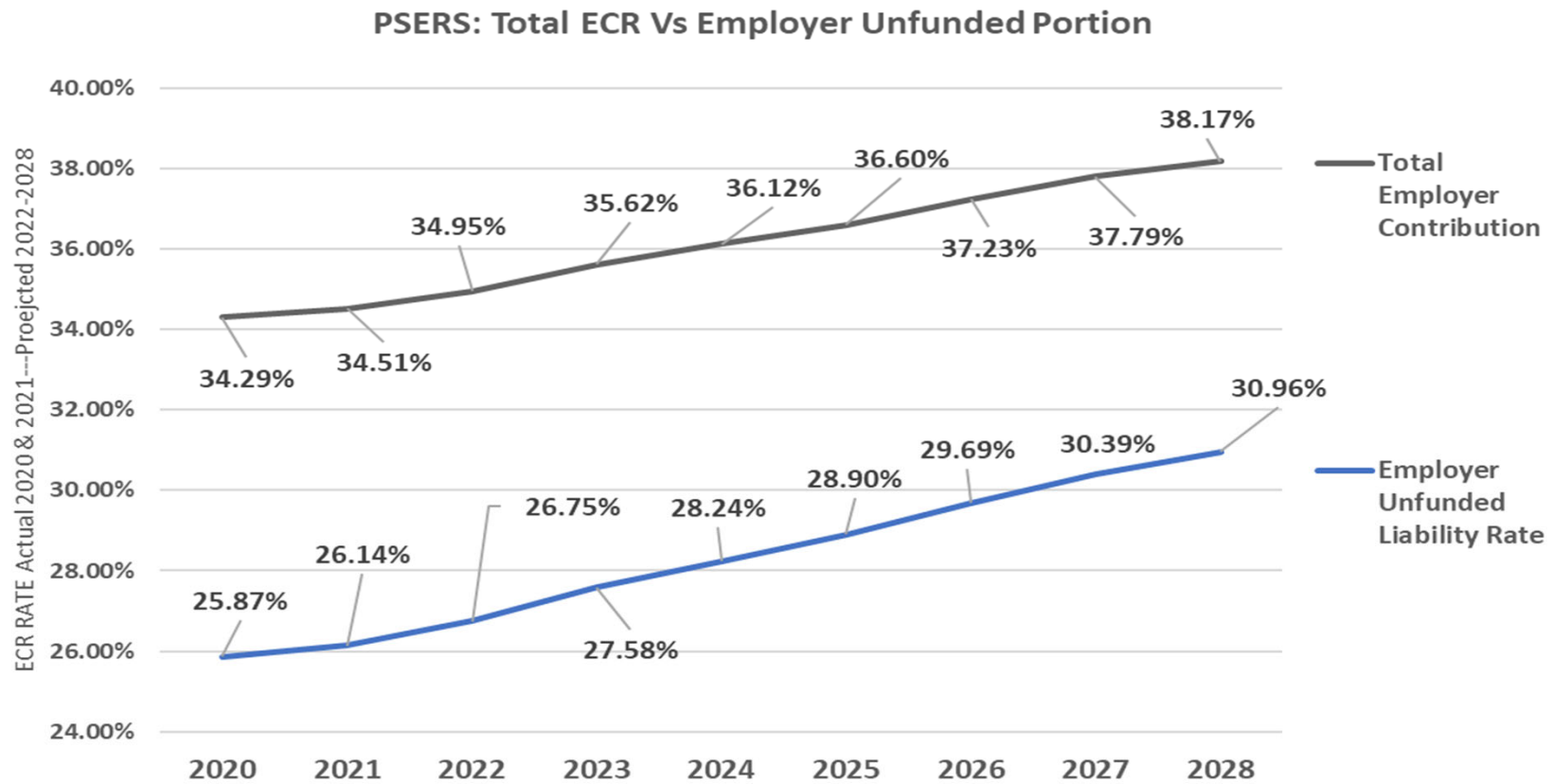
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# Actual and Projected Charter School Tuition Costs



# ECR: 75-80% Prior Year Pension Debt



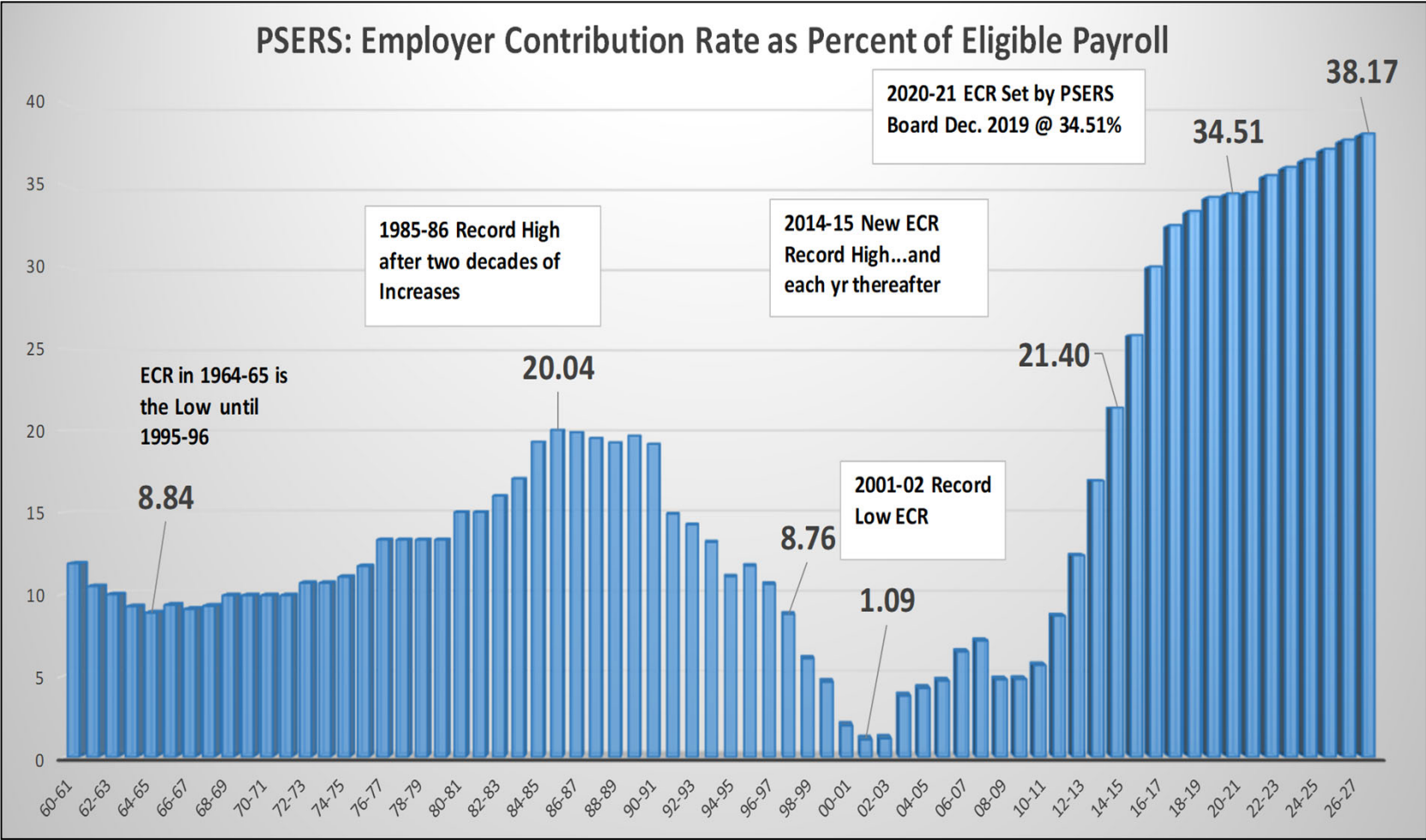
# Base matters for ECR increase: 8% is greater than 37%

(Table from Hartman and Shrom, 2019/Temple CORP)

Table 3				
Total Employer Contribution Rate %				
Year	ECR	Change in ECR Rate	Annual % Increase	Annual \$ Increase
2008-09	4.76%			
2009-10	4.78%	0.02%	0%	\$4,869,227
2010-11	5.64%	0.86%	18%	\$256,922,762
2011-12	8.65%	3.01%	53%	(\$63,453,936)
2012-13	12.36%	3.71%	43%	\$172,952,243
2013-14	16.93%	4.57%	37%	\$218,404,073
2014-15	21.40%	4.47%	26%	\$216,449,606
2015-16	25.84%	4.44%	21%	\$209,240,190
2016-17	30.03%	4.19%	16%	\$223,482,933
<b>5 Year Gain</b>		<b>21.38%</b>	<b>173%</b>	<b>\$1,040,529,044</b>
2017-18	32.57%	2.54%	8%	\$234,260,842
2018-19	33.43%	0.86%	3%	\$81,752,935
2019-20	34.79%	1.36%	4%	\$111,714,254
2020-21	35.26%	0.47%	1%	\$66,041,345
2021-22	35.68%	0.42%	1%	\$65,134,297
<b>5 Year Gain</b>		<b>5.65%</b>	<b>17%</b>	<b>\$558,903,673</b>
<b>Total 14 Year Gain</b>		<b>30.90%</b>	<b>546%</b>	<b>\$1,797,770,770</b>



# 7 Decades of Pension Lessons Not Learned... 2020 to 2040??



# PSERS Impact on TESD Budget

<u>Fiscal Year</u>	<b>*PSERS Employer Contribution Rate (ECR)</b>	<b>TESD Net Rate (50% of ECR)</b>	<b>TESD Net Projected Budget Impact</b>
<b>2019-2020</b>	<b>34.29%</b>	<b>17.145%</b>	<b>\$10.31 million</b>
<b>2020-2021</b>	<b>34.51%</b>	<b>17.255%</b>	<b>\$10.34 million</b>
<b>2021-2022</b>	<b>34.95%</b>	<b>17.475%</b>	<b>\$10.54 million</b>
<b>2022-2023</b>	<b>35.62%</b>	<b>17.81%</b>	<b>\$10.99 million</b>
<b>2023-2024</b>	<b>36.12%</b>	<b>18.06%</b>	<b>\$11.14 million</b>
<b>2024-2025</b>	<b>36.60%</b>	<b>18.30%</b>	<b>\$11.29 million</b>

\* Source: PSERS (Dec 2019)

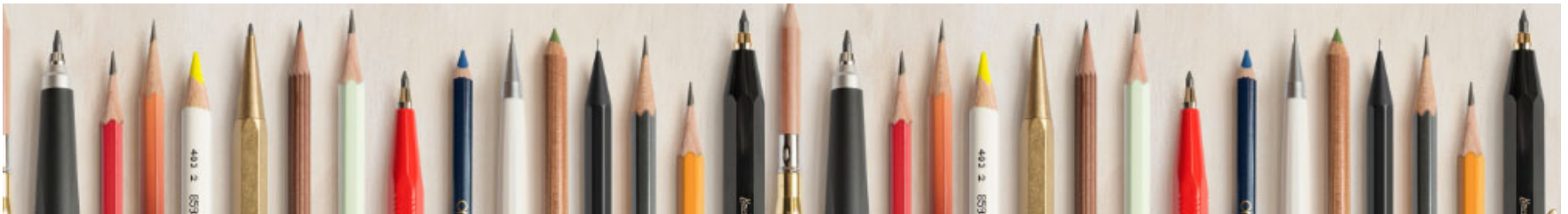
# 2020-21 Education Funding

**\$ 309.8M INCREASE over 2019-20**

- \$41 million to pre-k/EI
- \$268 million to k-12
- HALF of increase (\$135 million) is for SS/Pension

**BEF=\$6.857B: proposed increase of \$114.6M**

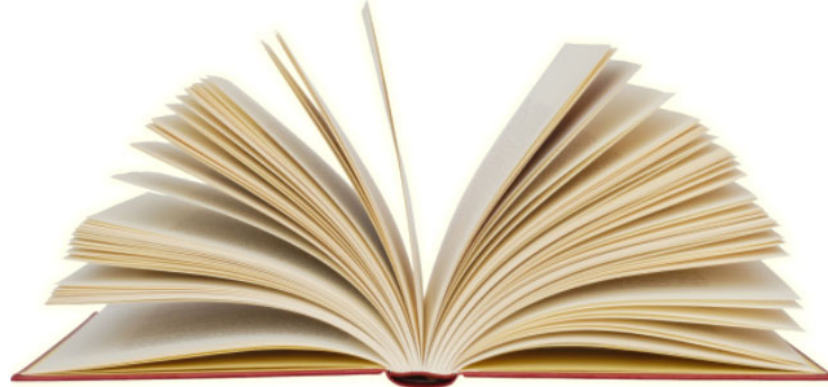
- \$100 million NEW money through BEF formula
- \$14.6 million to Social Security (now in BEF line)



# BEF Formula Elements

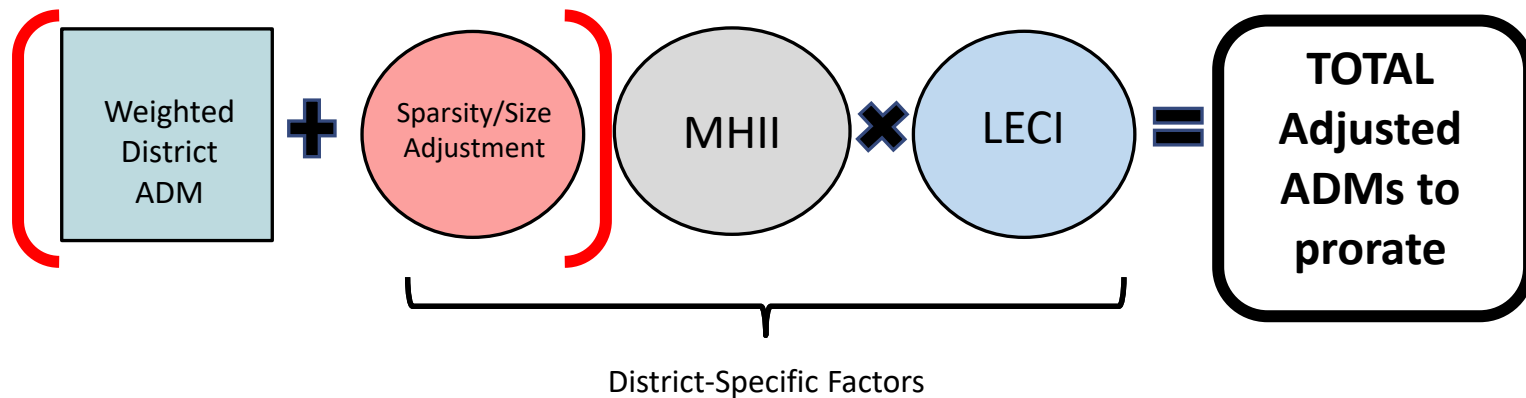
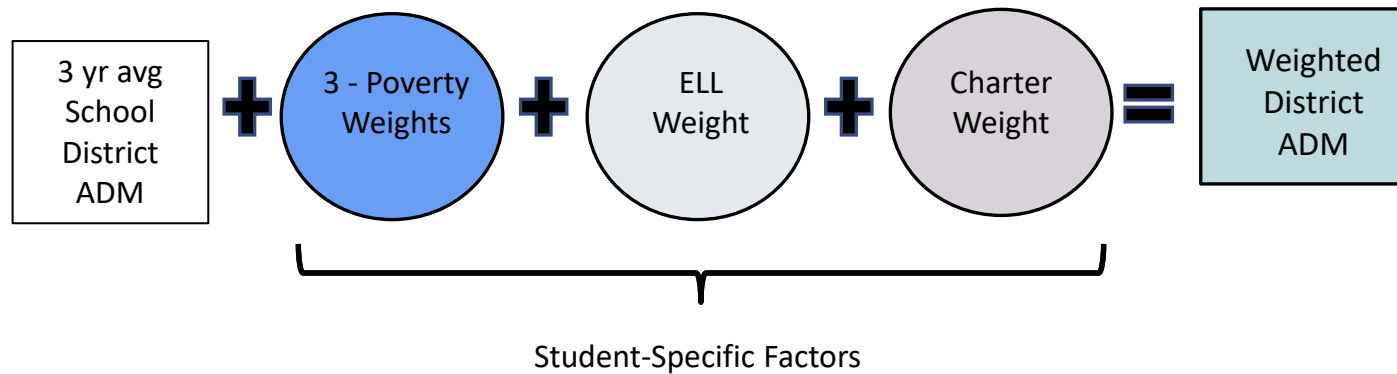
Data elements in BEF formula:

- 3 poverty weights (acute, concentrated, moderate)
- ELL weight
- Charter School ADM weight
- Sparsity/Size (small/rural districts)
- Median Household Income Index
- Local Effort/Capacity Index





# BEF Formula Snapshot



# 2018 Local Effort Capacity Index\*

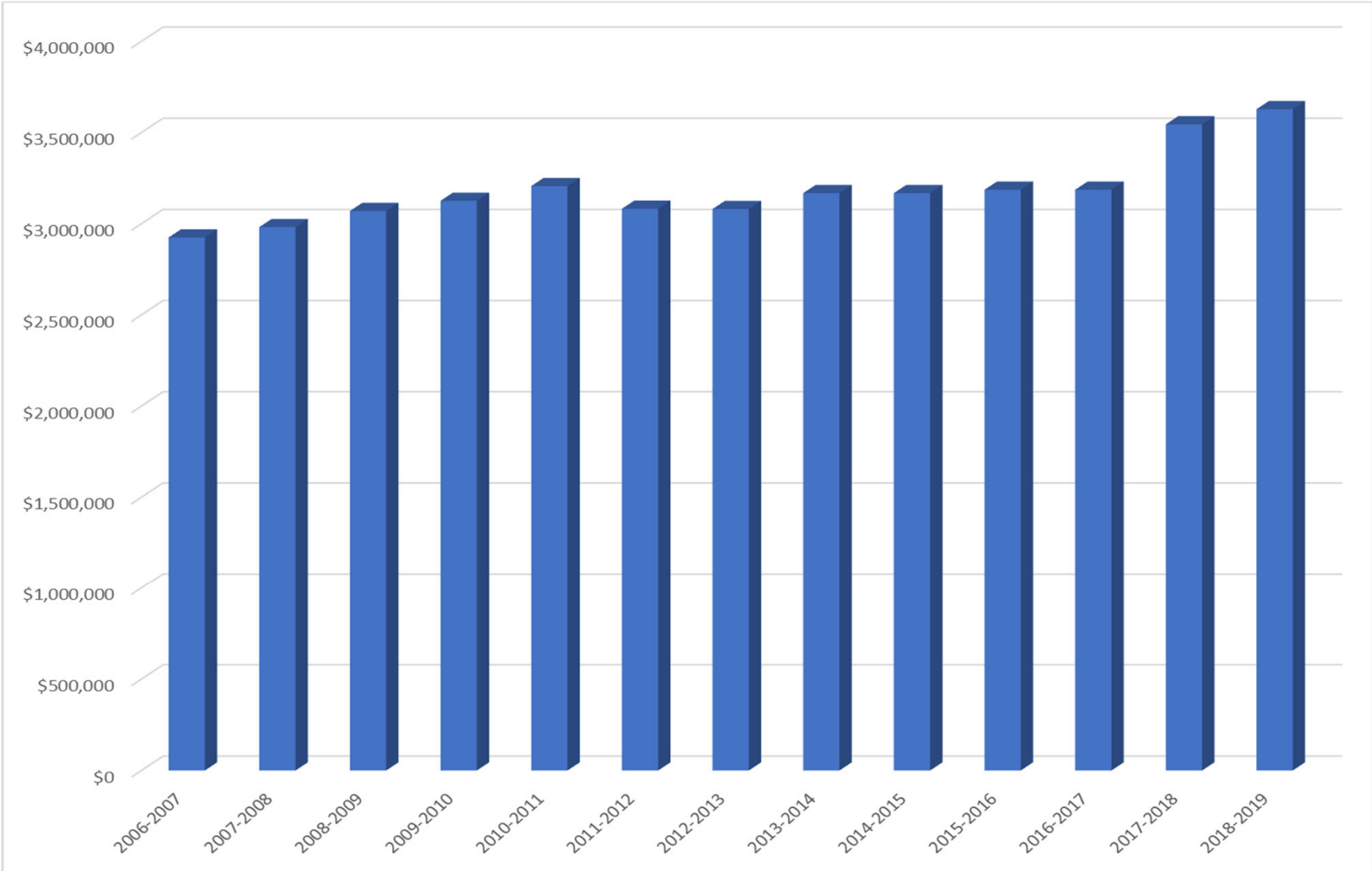
A	B	C	D
District	Local Effort Capacity Index	Equalized Mills (3-yr avg)	Earned Income Tax
Avon Grove	1.11	19.8	No
Coatesville	1.12	25.0	Yes
Downingtown	1.01	19.6	Yes
Great Valley	0.83	13.7	No
Kennett	1.24	21.3	Yes
Octorara	1.30	26.7	Yes
Owen J. Roberts	1.08	23.4	Yes
Oxford	1.41	21.3	Yes
Phoenixville	1.03	21.2	Yes
TE	0.79	12.8	No
Unionville/Chadds	0.90	17.8	No
West Chester	0.84	14.1	Yes
Chester County Average	1.06	19.7	
Radnor Township	0.89	14.6	No
Lower Merion	0.74	16.8	No

← **Lowest in the County**

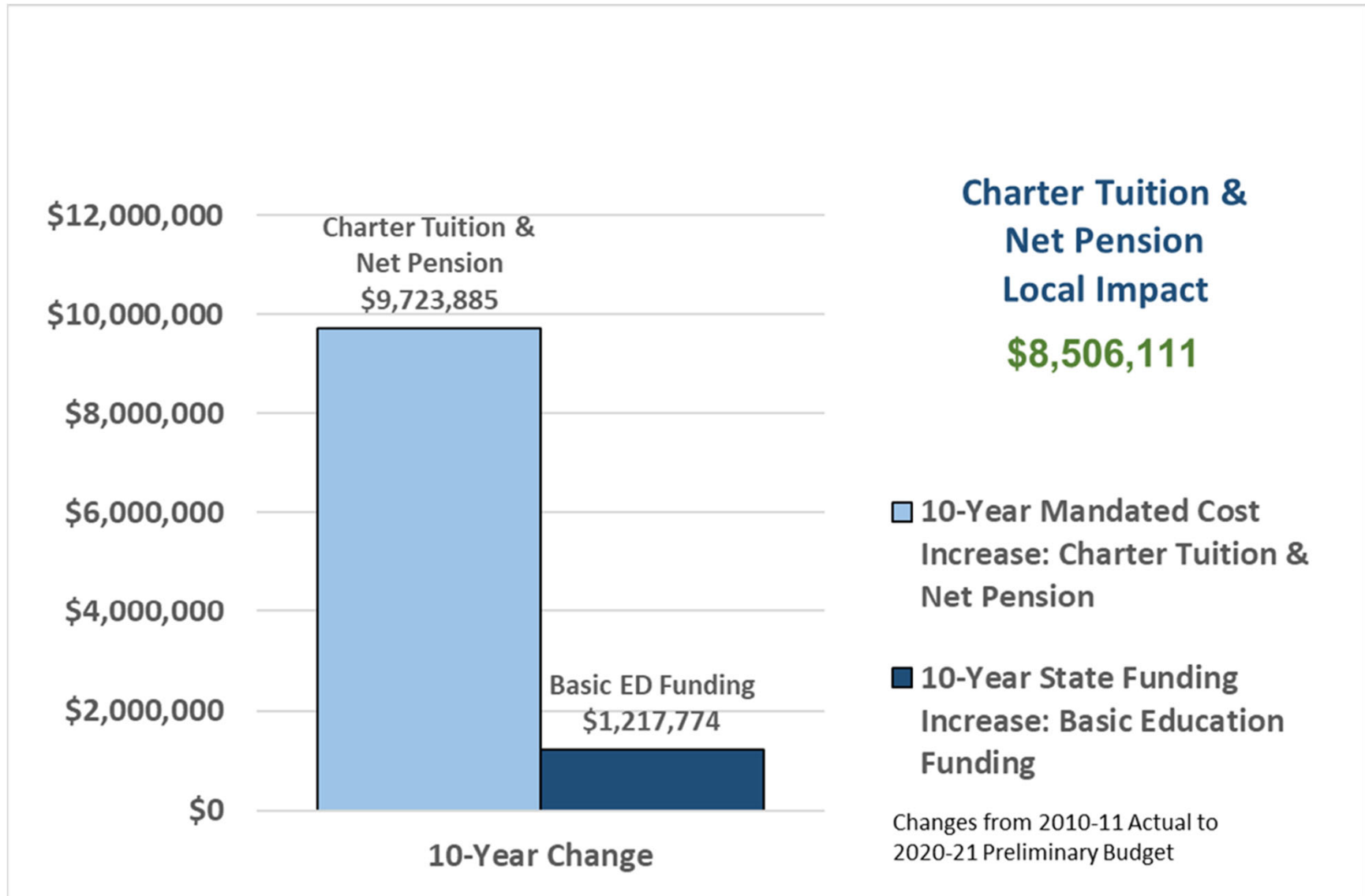
\* Source: 2020 PDE Funding Proposals for Basic Education and Special Education Funding Formulas

# State Revenue - Basic Ed Subsidy

Draft



# Charter Tuition & Net Pension vs Basic Ed Subsidy

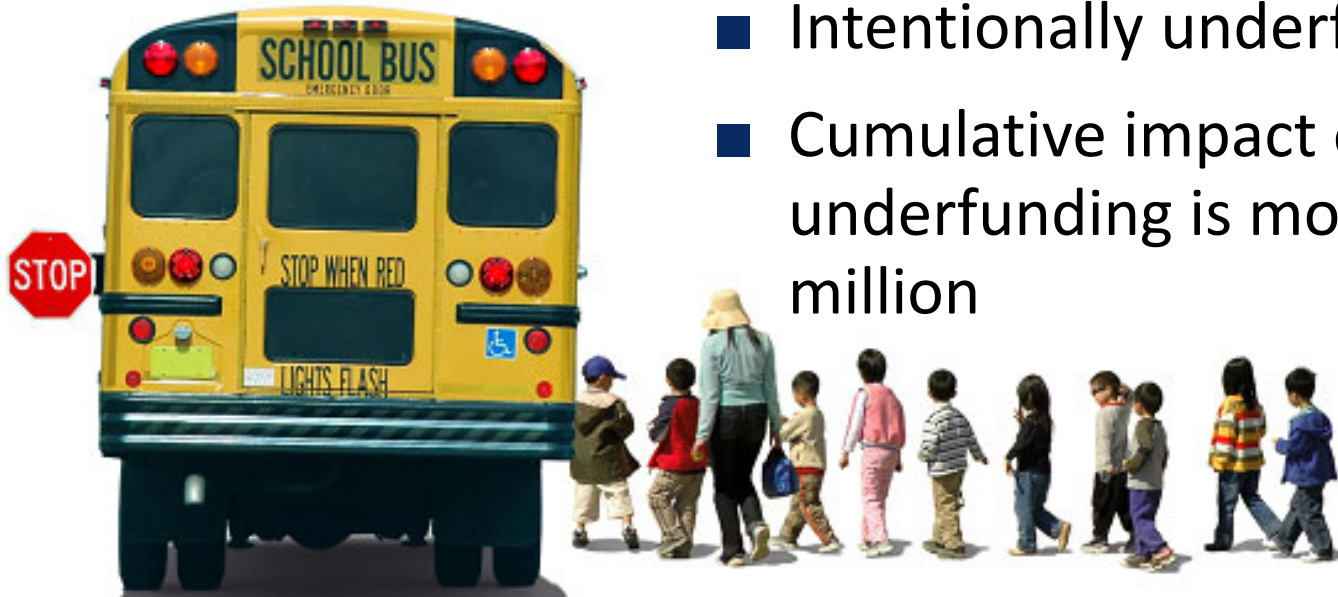


# Transportation: Slow Leak

Level-funded at \$549 million...**AGAIN**

Non-public/CS transportation: also level funded at \$79.4 million

- Budget proposal ignores the law
- Intentionally underfunded
- Cumulative impact of sustained underfunding is more than \$100 million



# Transportation Funding Flat as a...



	2018-19 Actual	2019-20 Available	2020-21 Budget	2021-22 Estimated	2022-23 Estimated	2023-24 Estimated	2024-25 Estimated
Pupil Transportation.....	549,097	549,097	549,097	549,097	549,097	549,097	549,097
Nonpublic and Charter School Pupil Transportation.....	80,009	79,442	79,442	79,442	79,442	79,442	79,442

## History of Transportation Cost Index

<u>Calendar Year</u>	<u>CPI Change</u>	<u>PDE Cost Index</u>	<u>Operation Year</u>	<u>Payable Year</u>
2018	1.9%	5.910	2019-20	2020-21
2017	2.1%	5.800	2018-19	2019-20
2016	2.1%	5.681	2017-18	2018-19
2015	0.7%	5.564	2016-17	2017-18
2014	0.8%	5.525	2015-16	2016-17
2013	1.5%	5.481	2014-15	2015-16
2012	1.7%	5.400	2013-14	2014-15
2011	3.0%	5.310	2012-13	2013-14
2010	1.5%	5.155	2011-12	2012-13
2009	2.7%	5.079	2010-11	2011-12
2008	0.1%	4.945	2009-10	2010-11
2007	4.1%	4.940	2008-09	2009-10

CPI Change

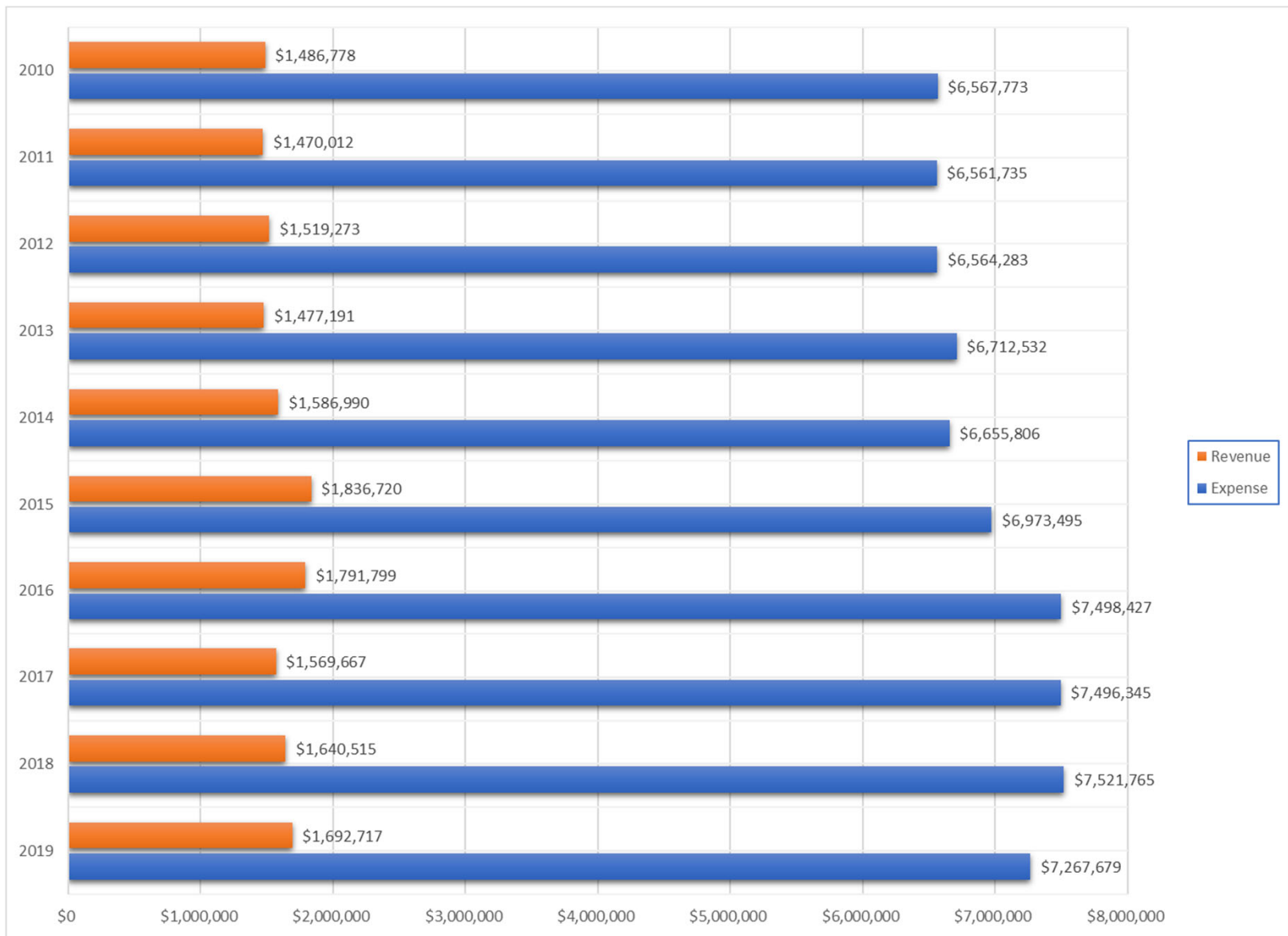
Percent change in the December-to-December Consumer Price Index for All Urban Consumers (CPI-U) as calculated and reported by the Bureau of Labor Statistics in the U. S. Department of Labor.

PDE Cost Index

Index used to adjust maximum allowable transportation costs as specified in Chapter 23 of the Regulations of the State Board of Education.

# Historical Transportation Revenue vs Expense

Draft





# Universal, Free, Full-Day K

- Targeted to SDs and brick and mortar CSs with half-day k programs (about 22,000 kids in 2019-20)
- There is NO FUNDING in the 2020-21 budget to assist SDs moving to full-day k
- SDs with capacity challenges can apply to PDE for a hardship waiver and develop a plan for building out future capacity



# School Safety and Security

- \$45 million **REDUCTION** in School Safety and Security Grants to LEAs
- \$60 million program reduced to \$15 million
- This has resulted in much pushback from Republicans...



# Advocacy is Important.

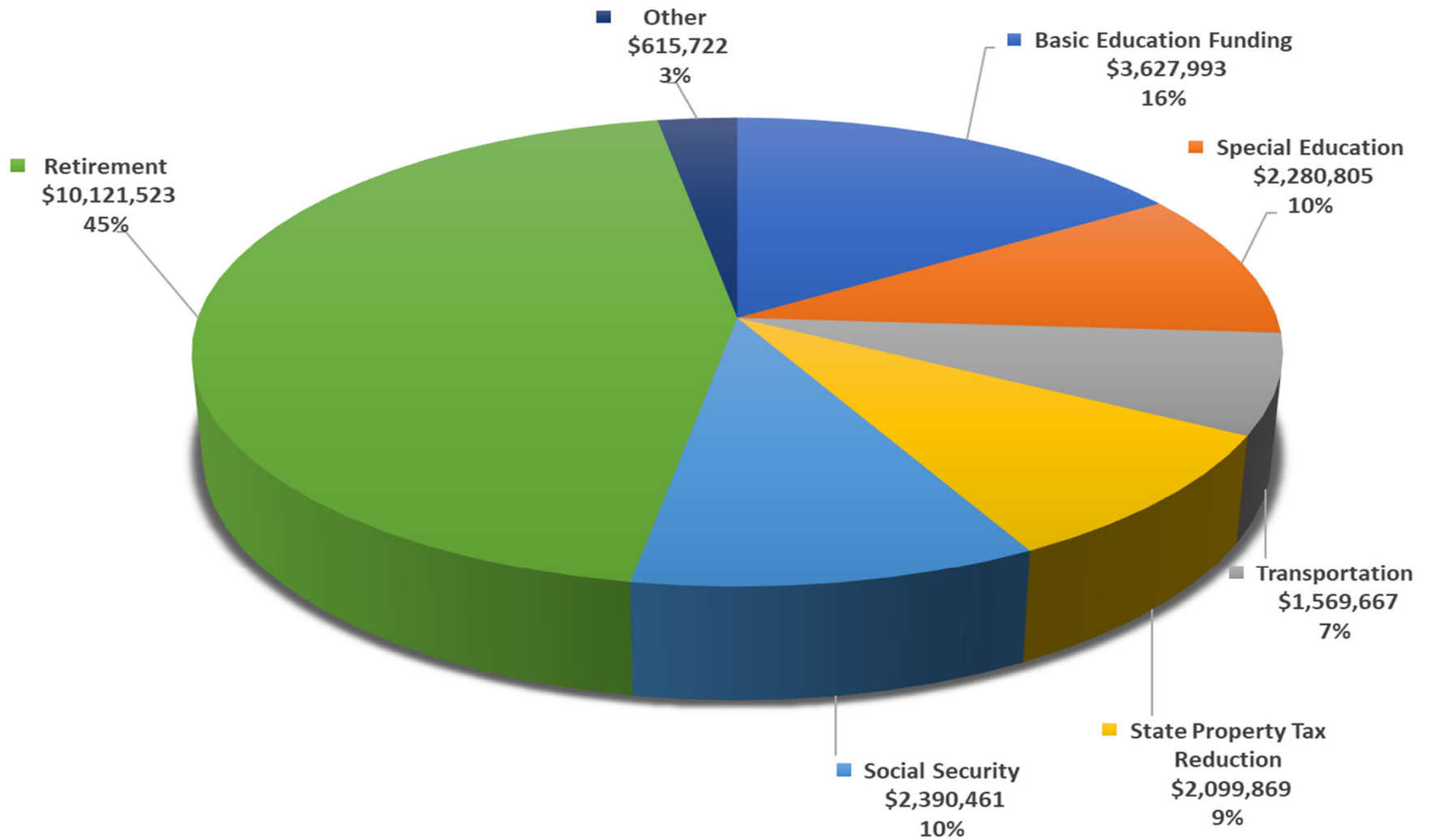
- Mandated costs are rising faster than state funding increases.
- Mandated costs are driving property tax increases.
- Changes to the charter school tuition formula would provide needed relief to school districts and taxpayers.
- Level-funding transportation exacerbates the minimal increases in BEF and SEF.
- Funding for school safety and security must increase.
- State funding for PlanCon is critical; school districts can't engage in needed projects without state support.
- Lack of PlanCon and school safety funding is driving property tax increases.

## State Subsidy Revenue:

- Basic Education Funding – Increase of \$85,608 over the 2019-20 estimated amount of \$3,759,886
- Special Education – Increase of \$19,535 over the 2019-20 estimated amount of \$2,329,752
- Transportation – Flat funded (\$1.487M)
- Ready-to-Learn Grant - Flat funded - 2019-20 amount of \$199,614

# 2020-21 Budgeted State Revenue

Draft



# State and Federal Revenue Assumptions

Draft

<b>Revenue from State Sources</b>		
<b>7110</b>	<b>Basic Instructional Subsidy</b>	<b>Same as prior year</b>
<b>7160</b>	<b>State Section 1305 &amp; 1306</b>	<b>Reduction in eligible student</b>
<b>7271</b>	<b>Special Education for School Aged Pupils</b>	<b>Same as prior year (without contingency revenue)</b>
<b>7310</b>	<b>Transportation (Regular &amp; Additional)</b>	<b>Same as prior year</b>
<b>7320</b>	<b>Rentals and Sinking Fund Payments</b>	<b>Bond Schedule</b>
<b>7330</b>	<b>Medical and Dental Svcs</b>	<b>Same as prior year</b>
<b>7340</b>	<b>State Property Tax Reduction</b>	<b>Same as prior year</b>
<b>7361</b>	<b>Safety grant</b>	<b>Same as prior year</b>
<b>7505</b>	<b>Ready to Learn Block Grant</b>	<b>Same as prior year</b>
<b>Revenue from Federal Sources</b>		
<b>8514</b>	<b>Title I</b>	<b>Same as prior year</b>
<b>8515</b>	<b>Title II</b>	<b>Same as prior year</b>
<b>8515</b>	<b>Title IV</b>	<b>Same as prior year</b>
<b>8810</b>	<b>Access Medical Assistance</b>	<b>Same as prior year</b>
<b>8820</b>	<b>Medical Assistance Transportation</b>	<b>Estimate on eligible reimbursable expenditures</b>

# State Revenue and Variances

Draft

		A	B	C	D	E
		Budget	Projection	Proj Budget	Variance - \$	Variance - %
	<u>State Revenue</u>	2019-2020	2019-2020	2020-2021	(C - B)	(D / B)
7110	Basic Instructional Subsidy	\$3,627,993	\$3,759,886	\$3,627,993	(\$131,893)	-3.5%
7271	Special Education Subsidy	\$2,280,805	\$2,329,728	\$2,280,805	(\$48,923)	-2.1%
7310	Transportation Subsidy	\$1,569,667	\$1,427,808	\$1,569,667	\$141,859	9.9%
7320	Rentals and Sinking Fund Payments	\$318,000	\$0	\$0	\$0	0.0%
7330	Medical and Dental Svcs	\$155,135	\$155,135	\$155,135	\$0	0.0%
7340	State Property Tax Reduction	\$2,099,869	\$2,099,869	\$2,099,869	\$0	0.0%
7361	Safety Grant			\$260,973	\$260,973	0.0%
7505	Ready to Learn Block Grant	\$199,614	\$199,614	\$199,614	\$0	0.0%
7810	Social Security	\$2,270,439	\$2,270,439	\$2,390,461	\$120,022	5.3%
7820	Retirement Payments (PSERS Rebate)	\$10,307,496	\$10,307,496	\$10,121,523	(\$185,973)	-1.8%
	<b>Total</b>	<b>\$22,829,018</b>	<b>\$22,549,975</b>	<b>\$22,706,040</b>	<b>\$156,065</b>	<b>0.7%</b>

# State Revenue

Draft

		A	B	C	D	E
		Actual	Actual	Actual	Projection	Proj Budget
	<u>State Revenue</u>	2016-2017	2017-2018	2018-2019	2019-2020	2020-2021
7110	Basic Instructional Subsidy	\$3,468,926	\$3,545,004	\$3,627,910	\$3,759,886	\$3,627,993
7160	State Section 1305 & 1306	\$0	\$5,005	\$25,682	\$0	\$0
7271	Special Education Subsidy	\$2,400,294	\$2,517,421	\$2,597,079	\$2,329,728	\$2,280,805
7310	Transportation Subsidy	\$1,569,667	\$1,640,515	\$1,692,717	\$1,427,808	\$1,569,667
7320	Rentals Subsidy	\$636,003	\$318,221	\$318,161	\$0	\$0
7330	Medical and Dental Svcs	\$155,135	\$150,171	\$151,390	\$155,135	\$155,135
7340	State Property Tax Reduction	\$2,099,988	\$2,099,853	\$2,099,869	\$2,099,869	\$2,099,869
7361	Safety Grant			\$25,000	\$0	\$260,973
7505	Ready to Learn Block Grant	\$199,614	\$199,614	\$199,614	\$199,614	\$199,614
7810	Social Security	\$2,100,401	\$2,289,213	\$2,307,800	\$2,270,439	\$2,390,461
7820	Retirement Subsidy	\$8,470,951	\$9,361,976	\$9,566,437	\$10,307,496	\$10,121,523
	<b>Total</b>	<b>\$21,100,979</b>	<b>\$22,126,993</b>	<b>\$22,611,660</b>	<b>\$22,549,975</b>	<b>\$22,706,040</b>



# Federal Revenue and Variances

Draft

		A	B	C	D	E
		Budget	Projection	Proj Budget	Variance - \$	Variance - %
	<u>Federal Revenue</u>	2019-2020	2019-2020	2020-2021	(C - B)	(D / B)
8514	Title I	\$222,649	\$236,998	\$222,649	(\$14,349)	-6.1%
8515	Title II, Professional Devel	\$71,921	\$92,920	\$71,921	(\$20,999)	-22.6%
8515	Title IV	\$0	\$20,868	\$0	(\$20,868)	-100.0%
8810	Access Medical Assistance	\$350,000	\$350,000	\$350,000	\$0	0.0%
8820	Medical Assistance Transportation	\$45,879	\$133,080	\$45,879	(\$87,201)	-65.5%
	<b>Total</b>	<b>\$690,449</b>	<b>\$833,866</b>	<b>\$690,449</b>	<b>(\$143,417)</b>	<b>-17.2%</b>
		A	B	C	D	E
		Actual	Actual	Actual	Projection	Proj Budget
	<u>Federal Revenue</u>	2016-2017	2017-2018	2018-2019	2019-2020	2020-2021
8514	Title I	\$362,547	\$327,974	\$278,822	\$236,998	\$222,649
8515	Title II	\$71,921	\$116,540	\$110,353	\$92,920	\$71,921
8515	Title IV	\$0	\$0	\$23,734	\$20,868	\$0
8810	Access Medical Assistance	\$0	\$1,000,000	\$350,000	\$350,000	\$350,000
8820	Medical Assistance Transportation	\$6,786	\$27,994	\$33,131	\$133,080	\$45,879
	<b>Total</b>	<b>\$441,254</b>	<b>\$1,472,508</b>	<b>\$796,040</b>	<b>\$833,866</b>	<b>\$690,449</b>

# FY 2019-20 Budget and Year-end Projection

Draft

		A	B
		Budget	Projection
	Revenues	2019-2020	2019-2020
1	Total Revenue from Local Sources	\$123,932,351	\$126,193,503
2	Revenue from State Sources	\$12,521,522	\$12,242,479
3	PSERS Subsidy from State	\$10,307,496	\$10,307,496
4	Total Revenue from Federal Sources	\$690,449	\$833,866
5	<b>Total Revenues</b>	<b>\$147,451,818</b>	<b>\$149,577,344</b>
	Expenditures		
6	Salaries	\$61,768,068	\$61,768,068
7	Benefits	\$17,579,883	\$17,079,883
8	PSERS Expenditures	\$20,614,992	\$20,614,992
9	Other Expenditures	\$49,695,505	\$50,076,531
10	<b>Total Expenditures</b>	<b>\$149,658,448</b>	<b>\$149,539,474</b>
11	<b>Budget Imbalance</b>	<b>(\$2,206,630)</b>	<b>\$37,870</b>

# **Act 1 of 2006 (Index and Referendum Exceptions)** Draft

## □ **Taxpayer Relief Act of 2006 established the Act 1 Index**

- Each year, the PA Dept of Ed (PDE) sets an inflationary index that serves as a cap on each school district's allowable tax increase. The index percentage is the average of the percentage increase in the statewide average weekly wage, as determined by the PA Dept of Labor and Industry, for the preceding calendar year and the percentage increase in the Employment Cost Index for Elementary and Secondary Schools, as determined by the Bureau of Labor Statistics in the U.S. Dept of Labor, for the previous 12-month period ending June 30. School districts can only raise taxes above this index by either obtaining approval from the voters or applying and qualifying for one of the specific referendum exceptions provided for in Act 1.

## □ **Referendum exceptions in the Taxpayer Relief Act of 2006**

- In order to increase property taxes beyond Act 1 Index, a school board must apply to and receive approval from PDE for a referendum exception for specific costs.
- Two of those referendum exceptions are:
  - 1) Special Education expenditures that increase by more than the Act 1 index
  - 2) Increases in retirement contributions to State (PSERS) that rise faster than the Act 1 index

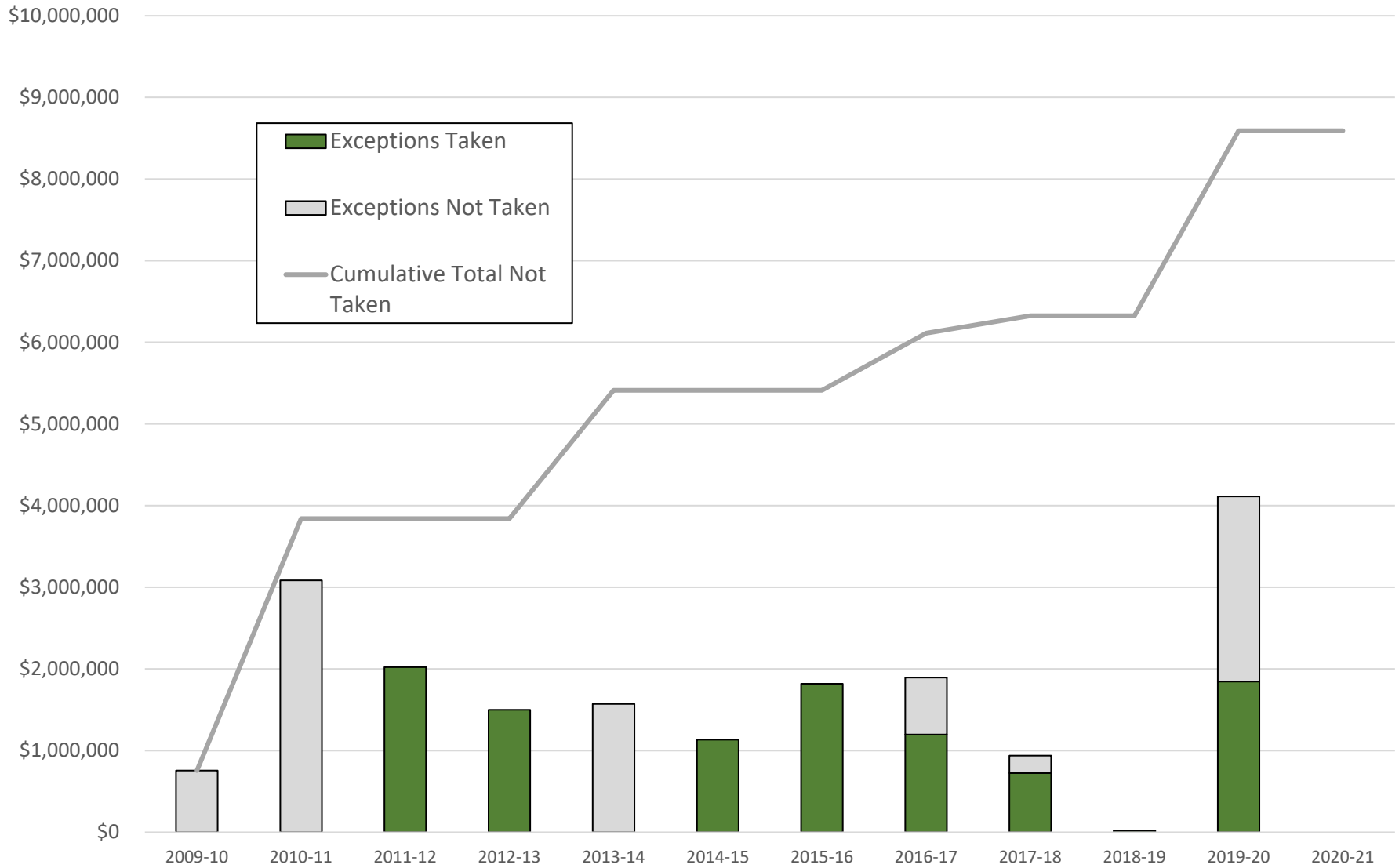
**Source: PDE Report on Referendum Exceptions (April 2016)**

# History of Property Tax Rate

Draft

A	B	C	D	E	F
		<b>Referendum Exceptions</b>			
<u>Year</u>	<u>Act 1 Index</u>	<u>PSERS</u>	<u>Special Ed</u>	<u>Tax Increase</u>	<u>Avg. Increase</u>
2019-20	2.3%	0.022%	1.59%	3.91%	\$229
2018-19	2.4%	0.020%	-	2.42%	\$139
2017-18	2.5%	0.363%	0.337%	3.20%	\$178
2016-17	2.4%	0.60%	0.60%	3.60%	\$191
2015-16	1.9%	1.14%	0.77%	3.81%	\$194
2014-15	2.1%	1.10%	-	3.20%	\$157
2013-14	1.7%	-	-	1.70%	\$82
2012-13	1.7%	1.04%	0.56%	3.30%	\$155
2011-12	1.4%	1.20%	1.17%	3.77%	\$171
2010-11	2.9%	-	-	2.90%	\$126
2009-10	4.1%	-	-	2.95%	\$126
2008-09	4.4%	-	-	4.37%	\$171
2007-08	3.4%	-	-	3.37%	\$128
2006-07	3.9%	(Act 1 of 2006 Becomes Law)		3.90%	\$145
2005-06	-			1.40%	\$51
2004-05	-			0.00%	\$0
* The amount of property tax reduction for homeowners approved by the County					

# Historical Exceptions Approved : Taken vs Not Taken



## Tax Impact from Act 1 Index and Referendum Exceptions

		A	B	C	D
					**Increase to
	<u>FY 2020-21</u>	<u>Tax Rate</u>	<u>Projected Revenue</u>	<u>Mills</u>	<u>T/E Homeowner</u>
1			(Current Rate = 23.8795)		
2	Act 1 Index	2.6%	\$3,039,961	0.6208	\$162
3	<u>Referendum Exceptions:</u>				
4	Employer Retirement Contributions	0.000%	\$0	0.0000	\$0
5	Special Education Expenditures	0.000%	\$0	0.0000	\$0
6	Total	2.600%	\$3,039,961	0.6208	\$162
7			(New Rate = 24.5003)		
7	<b>**Based on Average Assessment of a T/E home of \$260,349 with a average tax bill of \$6,379</b>				

# Act 1 Index— Updated Future Growth Prediction

## IFO\* Projections – March 2019

▣ 2020 – 2021	2.3%
▣ 2021 – 2022	2.8%
▣ 2022 – 2023	3.0%
▣ 2023 – 2024	3.2%

## IFO\* Projections – February 2020

▣ 2020 – 2021	2.6% <b>ACTUAL</b>
▣ 2021 – 2022	3.2%
▣ 2022 – 2023	3.3%
▣ 2023 – 2024	3.4%

\* Independent Fiscal Office of the State of Pennsylvania

# Historical Analysis of Property Taxes

Draft

## The 14 Years PRIOR to the Act 1 Index (1992-93 to 2005-06)

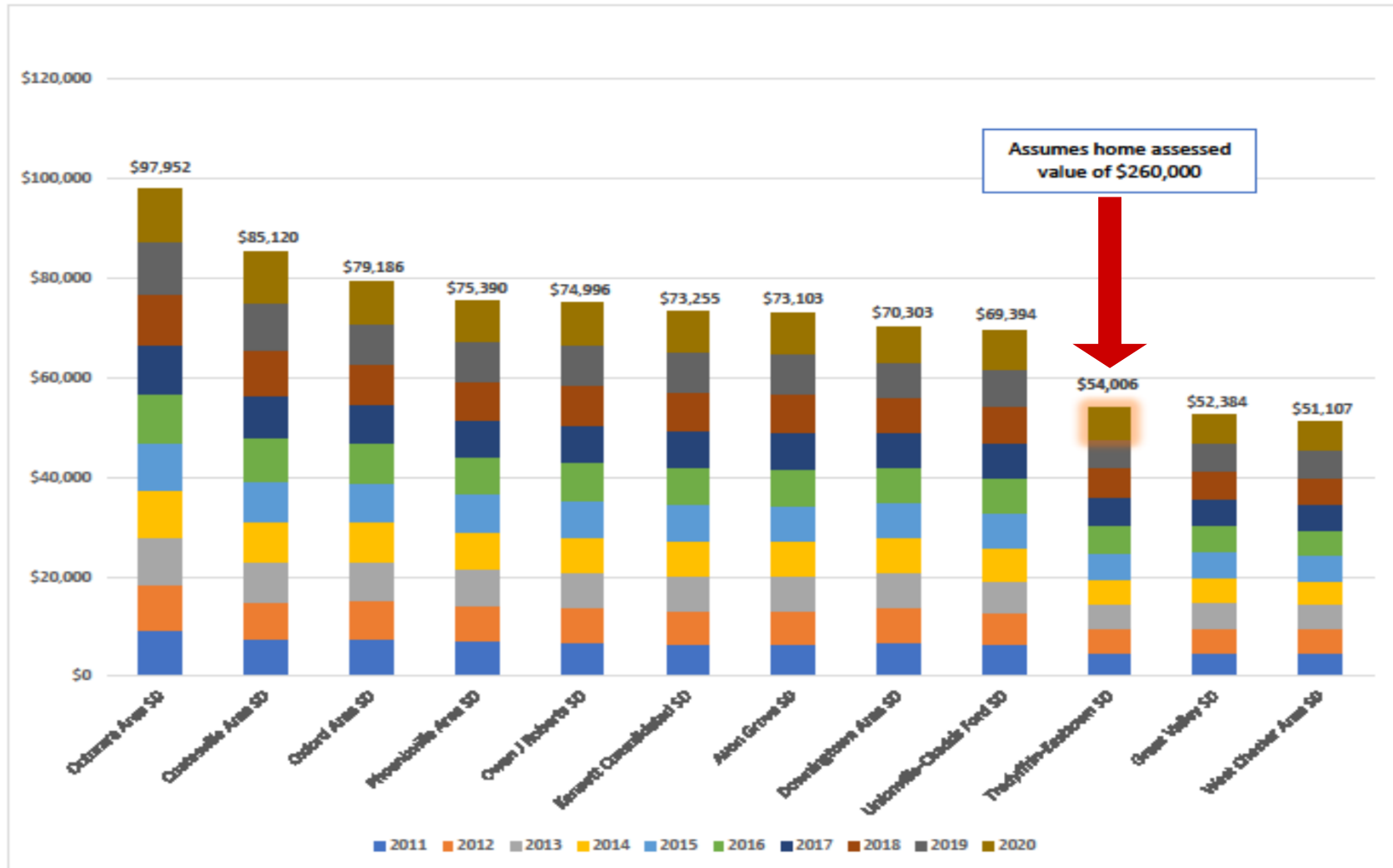
- Average Annual Property Tax Increase of 4.5%
- Taxes as a % of Residential Home Value averaged 1%

## The 14 Years AFTER the Act 1 Index (2006-07 to 2019-20)

- Average Annual Property Tax Increase of 3.32%
- Taxes as a % of Residential Home Value still average 1.1%



# Taxes Paid by Residential Taxpayers in Chester County



# Budget Impact Strategies

Draft

## □ FY20-21 Budget

1. Reduce Departmental and Building-level budgets – \$1M
2. Hire District School Psychologists - \$160,000

## □ Strategies Presented in Prior Fiscal Years and Not Taken

1. Eliminate transportation for reading camp – \$32,000
2. Discontinue support for CHS club sports – \$60,000
3. Eliminate Elementary Strings specialist position - \$96,000
4. Eliminate highway safety courses - \$48,400

# FY 2020-21 Budget Impact Strategies

## □ Some of the items included in the reduction of Departmental and Building-level Budgets

1. Classroom furniture
2. Musical instruments
3. Maintenance equipment and services
4. Network services and equipment
5. School supplies and equipment
6. Departmental supplies and equipment
7. Educational software
8. Library books and periodicals
9. Special Ed student tuition for out-of-district placements
10. Special Ed contracted services
11. Staff conferences and travel
12. Athletic supplies

## □ Other Items to Consider

1. Enrollment and staffing projections
2. State budget
3. Second look healthcare projection
4. 2019-20 actual and projection
5. Transfer to the Capital Fund
6. 2020-21 budget assumptions

# Budget Impact Strategies Taken in Prior Years Draft

## Educational Program & Supports

## Salary/Benefits & Operating Costs

Increased class size threshold (two years)	Teacher, administrator and staff salary freezes or reductions
Fees for students - activity fee, parking	Reduced/delayed staff positions
Changes elementary, MS language instruction	Increased contributions to healthcare for all employees
Changes in program delivery	Self-insurance for healthcare w/ lower % increases
Reduced field trips	Increased outsourcing and contracted services
Reduced teacher workshops and conferences	Renegotiation of contracted services
Elimination of technology mentors	Purchasing consortiums and cooperative buying
	Reduced departmental budgets (multiple years)

**Total Budget Strategies since 2010 - \$22.1M**

# FY 2020-21 PROPOSED Budget

Draft

(Act 1 Index of 2.6%)

1	Budgeted Anticipated Revenue	\$146,360,778
2	Budgeted Anticipated Expenditures	\$153,885,185
3	<b>Projected Budget Deficit</b>	<b>(\$7,524,407)</b>
	Estimated Property Tax Revenue from:	
4	Act 1 Index of 2.6%	\$3,039,961
5	<b>Projected Budget Deficit</b>	<b>(\$4,484,446)</b>
6	Capital Fund Transfer Moved to Contingency	\$1,200,000
7	Budget Strategies Accepted by Finance Cmte	\$0
8	<b>Projected Budget Deficit</b>	<b>(\$3,284,446)</b>

Total Estimated Referendum Exceptions for 2020-21  
 Employer Retirement Contributions (Do Not Qualify)  
 Special Education Expenditures (Do Not Qualify)

# Projection Model

## (Act 1 Index Tax Increase)

		A	B	C	D	E
		Proposed	Projected	Projected	Projected	Projected
		2020-2021	2021-2022	2022-2023	2023-2024	2024-2025
1	Total Revenue from Local Sources	\$126,004,250	\$126,018,760	\$125,962,576	\$125,869,134	\$125,750,340
2	Total Revenue from State Sources	12,584,517.00	\$12,451,308	\$12,508,436	\$12,508,436	\$12,508,436
3	PSERS Subsidy from State	\$10,121,523	\$10,543,247	\$10,989,134	\$11,143,389	\$11,291,474
4	Total Revenue from Federal Sources	\$690,449	\$690,449	\$690,449	\$690,449	\$690,449
5	Total Revenues	\$149,400,739	\$149,703,764	\$150,150,596	\$150,211,409	\$150,240,700
	Expenditures					
6	Salaries	\$64,008,366	\$65,835,938	\$67,329,502	\$67,329,502	\$67,329,502
7	Benefits	\$17,088,463	\$18,175,136	\$19,320,162	\$20,395,336	\$21,555,294
8	PSERS Expenditures	\$20,243,046	\$21,086,494	\$21,978,269	\$22,286,779	\$22,582,949
9	Other Expenditures	\$51,345,310	\$54,669,160	\$57,063,726	\$59,442,412	\$62,047,582
10	Total Expenditures	\$152,685,185	\$159,766,728	\$165,691,658	\$169,454,028	\$173,515,326
11	Budget Imbalance	(\$3,284,446)	(\$10,062,964)	(\$15,541,062)	(\$19,242,620)	(\$23,274,626)
12	Beginning General Fund Balance	\$30,895,338	\$27,610,892	\$17,547,928	\$2,006,866	(\$17,235,754)
13	Change in Fund Balance	(\$3,284,446)	(\$10,062,964)	(\$15,541,062)	(\$19,242,620)	(\$23,274,626)
14	Ending General Fund Balance	\$27,610,892	\$17,547,928	\$2,006,866	(\$17,235,754)	(\$40,510,380)

▪ Act 1 Index of 2.6% Included for FY 2020-21

# Projection Model Assumptions

Draft

		<b>A</b>	<b>B</b>	<b>C</b>	<b>D</b>
		<b>Projected</b>	<b>Projected</b>	<b>Projected</b>	<b>Projected</b>
		<b>2021-2022</b>	<b>2022-2023</b>	<b>2023-2024</b>	<b>2024-2025</b>
1	<b>Act 1 Index</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>
2	<b>Assessment Increase</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>
3	<b>Other Local Revenues</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>
4	<b>Rate of Return on Investments</b>	<b>1.0%</b>	<b>1.0%</b>	<b>1.0%</b>	<b>1.0%</b>
5	<b>State Funding</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>
6	<b>Federal Funds</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>



# 2019-20 General Fund Balance Commitments

	A	B
1	<b>2019-20 Budget Commitment and Contingency</b>	<b>\$6,206,629</b>
2	<b>Capital Projects</b>	<b>\$4,006,072</b>
3	<b>Vested Employee Services</b>	<b>\$7,344,669</b>
4	<b>PSERS Contingency</b>	<b>\$8,251,384</b>
5	<b>Healthcare Contingency</b>	<b>\$4,900,000</b>
6	<b>Assigned to: Athletic Fund</b>	<b>\$148,715</b>
7	<b>Total</b>	<b>\$30,857,469</b>

# Fund Balance Trends

Draft

- During the period of 1997-98 through 2007-08, \$35,044,666 was transferred to the Capital Fund
- During the period of 2008-09 through 2018-19, \$16,948,421 was transferred to the Capital Fund
- The General Fund fund balance at YE2007-08 was \$33.9M
- The General Fund fund balance at YE2018-19 is \$30.9M
- By Board policy, General Fund fund balances can not be used for recurring operational expenses (i.e. salaries, healthcare benefits, etc.)
- Limitations from Act 1 on generating new revenue to fund incremental operational costs could mean reducing educational programs, implementing new taxes, assessing or increasing fees, finding new sources of revenue or depleting reserves

# General Fund Contributions to Fund Balance

Draft

## 1997-98 through 2007-08

- the contribution to fund balance **averaged** **\$5,082,724** in each fiscal year during that span
- this average contribution represents **7%** of average actual expenditures during that span

## 2008-09 through 2018-19

- the contribution to fund balance **averaged** **\$1,220,130** in each fiscal year during that span
- this average contribution represents **1%** of average actual expenditures during that span

**This is an average difference of \$3,862,594 in fund balance contributions in each of those eleven fiscal years...or \$42.5M in total**

# **FY 2020-21 Key Dates for Budget Development**

**Draft**

- A. March 9, 2020 – Budget Workshop I
- B. April 13, 2020 – Budget Workshop II
- C. April 27, 2020 – Adopt Proposed Final Budget for FY 2020-2021
- D. June 8, 2020 – Adopt Final Budget for FY 2020-2021