



**2020 – 2021  
General Fund  
Preliminary Budget Presentation**

**January 23, 2020**



## MISSION

The Mission of the Phoenixville Area School District is to:

**Prepare, inspire and graduate students to meet the challenges of the future, while we grow to be the educational hub of the community.**



# **PHOENIXVILLE AREA SCHOOL DISTRICT STRATEGIC PLAN**

**TOGETHER WE CAN**

**The Strategic Plan provides the guidance for the development of the district budget.**



# Background – 2019-2020 school budget

## History



# STRATEGIC PLAN BUDGET EFFICIENCIES

## FINANCIAL

Reduce budgetary reserve  
Reverse assessment appeals  
Eliminate Capital Reserve transfer— 4 year plan  
Capital purchases

## DEPARTMENT/SCHOOLS

Increase operations efficiency  
Realign curriculum resources  
Increase technology efficiency  
Reduce PASD library costs  
Maximize internal staff development

## PROCEDURAL CHANGES

Reduce transportation costs  
Realignment of afterschool tutoring/education opportunities  
Field trips must cover all costs  
Additional advertising revenue  
Alignment of class sizes  
Non-profit rental

## EDUCATIONAL PROGRAMS

Reduce Cyber Charter expenses by 20%  
Elem World Language to STEM

## STAFF

Reduce substitute costs  
Efficiency measures in Custodial services  
Restructure Math/Science Liaisons  
Review and rebid outside professional services  
Restructure District Coordinators

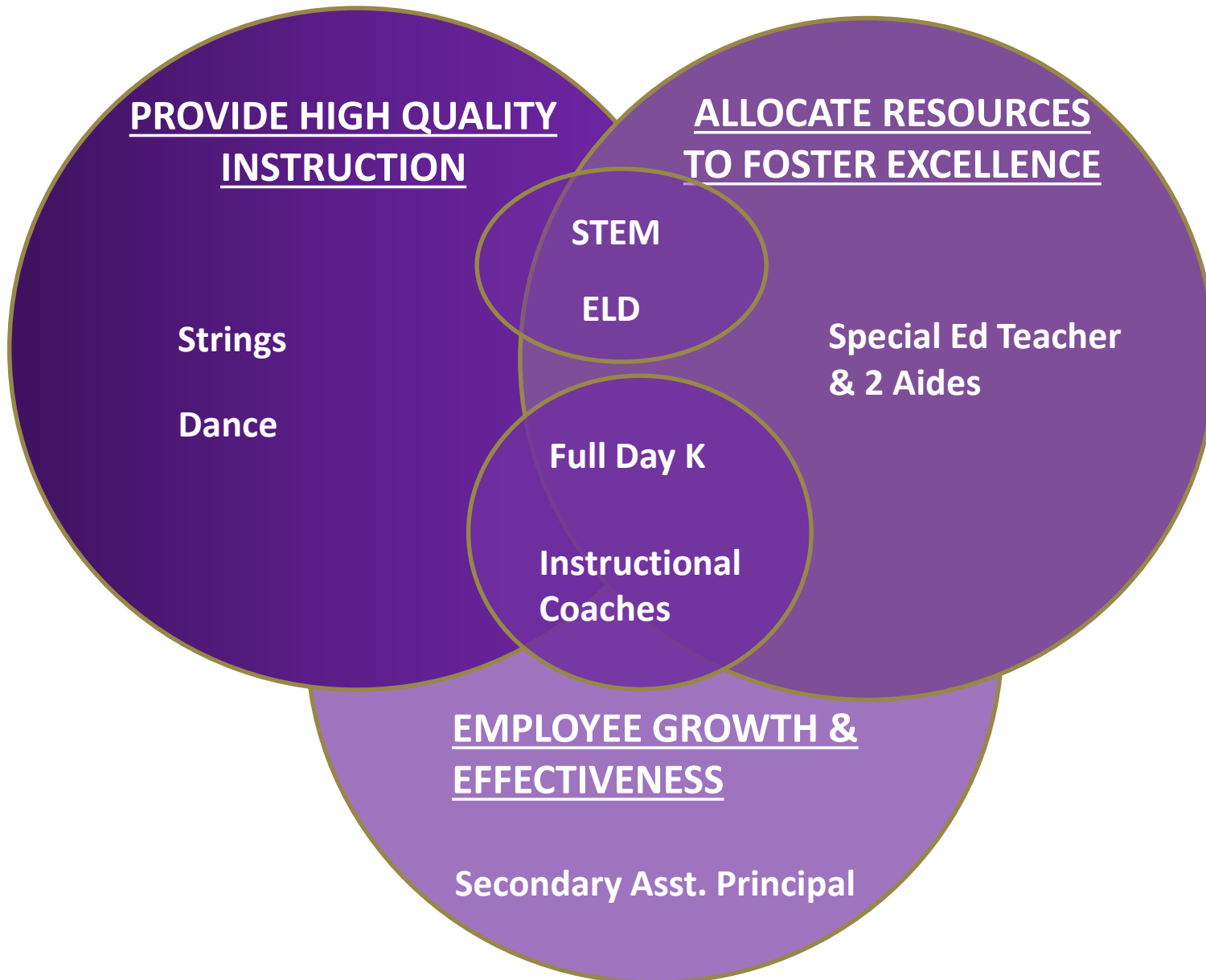
## ATHLETICS & ACTIVITIES

Task athletics & activities with fund raising

## NON-MANDATED

Reduce funding to public library by 5%

# STRATEGIC PLAN BUDGETING





# EXECUTIVE SUMMARY 2020-2021 BUDGET

- Budget is balanced, with a 2.6% tax increase.
- Revenues are budgeted conservatively at this point.
- Administration has attempted to hold spending levels at 2019-2020 levels, with only slight increases based on need or when required (special education for example). This in spite of escalating energy costs, transportation challenges, raising healthcare costs, and special education needs to name just a few.
- Salary and benefits (two of the largest areas of the budget) need additional administrative attention and upcoming presentations will focus specifically on these areas.
- With all budgets, there are areas of good news and there are areas of the budget that will present us challenges.





# POSITIVE NEWS 2020-2021 BUDGET

- ⦿ Assessment growth – as of December 2019, PASD assessment growth reflects a 1.5% increase. Additional growth in the assessment base will occur over the next six months.
- ⦿ The economy is strong, this is reflected in the growth in investment income.
- ⦿ There is a potential to refinance existing debt – which will lower 2020-2021 debt service.
- ⦿ Charter School enrollment is trending down – we are bringing back students.
- ⦿ Transportation is a potential area to reduce costs.



# BUDGET CHALLENGES – 2020-2021 BUDGET

- ⦿ A high number of EI (Early Intervention) students transitioning to PASD. PASD has done an excellent job addressing the needs of our special education children within the District...
- ⦿ The uncertainty of the outcome of the Phoenixville Hospital tax appeal. This could have a \$950,000 negative impact on RE tax revenue.
- ⦿ Medical and Rx benefits continue to climb. A second year of a 10% increase in benefit costs are being recommended by our benefit consultant.
- ⦿ Reassessments (Tax Appeals) continue to impact the District.
- ⦿ Staffing costs and needs, as well as the teacher contract will impact the budget
- ⦿ Maintaining (and more importantly) increasing our reserves is critical.



- ◎ **2020-2021 Preliminary General Fund Budget**
  
- ◎ **Proposed Preliminary Revenue Budget - \$97,446,253**
- ◎ **Proposed Preliminary Expenditure Budget - \$97,446,253**
- ◎ **Proposed Millage Rate – 32.01**
  - ◎ **This is a 2.6% increase from the current millage rate of 31.20**
  
- ◎ **Act I Exceptions of approximately \$600,000 will be sought, but may not be recommended by the Administration**
  - ◎ **If used, the millage increase would be greater**

# 2020-2021 REVENUE BUDGET & BUDGET SUMMARY



Category	2019-2020 Budget	2020-2021 Preliminary Budget	\$ Variance	% Variance
Local Revenue	\$75,913,977	\$78,636,237	\$2,722,260	3.59%
State Revenue	\$17,839,628	\$18,050,016	\$210,388	1.18%
Federal Revenue	<u>\$760,000</u>	<u>\$760,000</u>	<u>\$0</u>	<u>0%</u>
Total Revenue	\$94,513,605	\$97,446,253	\$2,932,648	3.10%

2020-2021 Preliminary Revenue (includes 2.6% Tax Increase)	\$97,446,253
2020-2021 Preliminary Expenditures	\$97,446,253

# REVENUE HIGHLIGHTS



- The Phoenixville Hospital's potential tax-exempt status would impact the District's approximately \$950,000. This budget includes the Hospital's taxes.
- The assessed value in the District is growing (1.5% last year and 2.8% over the last two years). Phoenixville's assessment growth is the second highest in the County. Unfortunately reassessment appeals continue to impact our assessed value.
- Local revenues reflect an overall increase of 3.59% due mainly to an increase in real estate taxes and investment income. State revenues reflect a 2.33% increase. Additional clarity will occur here when the Governor releases the State budget in February. There is no increase reflected in federal revenues.

# REVENUE BUDGET AT A GLANCE 2020-2021



	<u>18-19 Actual</u>	<u>19-20 Budget</u>	<u>18-19 to 19-20 % change</u>	<u>20-21 Prelim</u>	<u>19-20 to 20-21% Change</u>
<b><u>Local Revenue</u></b>					
Property Taxes	\$58,971,352	\$61,198,186	3.78%	\$63,705,237	4.10%
Interim Taxes	\$505,266	\$275,000	-45.57%	\$275,000	0.00%
Public Utility Tax	\$65,000	\$70,000	7.69%	\$65,000	-7.14%
Per/Person/Per Capita	\$127,568	\$148,000	16.02%	\$151,000	2.03%
Earned Income Tax	\$6,874,277	\$7,300,000	6.19%	\$7,300,000	0.00%
Occupation Tax	\$1,425,383	\$1,575,000	10.50%	\$1,500,000	-4.76%
RE Transfer Taxes	\$1,295,498	\$1,200,000	-7.37%	\$1,200,000	0.00%
Delinquent Taxes	\$2,912,282	\$2,200,000	-24.46%	\$2,300,000	4.55%
Interest Income	\$739,598	\$500,000	-32.40%	\$750,000	50.00%
Other District Revenue	\$59,253	\$107,000	80.58%	\$50,000	-53.27%
IDEA Revenue	\$520,944	\$540,000	3.66%	\$540,000	0.00%
School Rentals	\$157,432	\$187,000	18.78%	\$175,000	-6.42%
PCEF Contributions	\$207,500	\$225,000	8.43%	\$225,000	0.00%
Tuition	\$14,568	\$75,000	414.83%	\$50,000	-33.33%
Misc Revenue	<u>\$225,080</u>	<u>\$313,291</u>	<u>39.19%</u>	<u>\$350,000</u>	<u>11.72%</u>
<b>Total Local Revenue</b>	<b>\$74,101,001</b>	<b>\$75,913,477</b>	<b>2.45%</b>	<b>\$78,636,237</b>	<b>3.59%</b>

# REVENUE BUDGET AT A GLANCE 2020-2021 CONT'D



	<u>18-19 Actual</u>	<u>19-20 Budget</u>	<u>18-19 to 19-20 % change</u>	<u>20-21 Prelim</u>	<u>19-20 to 20-21% Change</u>
<b><u>State Revenue</u></b>					
Basic Ed Subsidy	\$4,879,718	\$5,213,312	6.84%	\$5,225,000	0.22%
Special Education	\$1,740,725	\$1,750,000	0.53%	\$1,850,000	5.71%
Transportation	\$1,381,744	\$1,350,000	-2.30%	\$1,400,000	3.70%
Social Security	\$1,317,210	\$1,400,000	6.29%	\$1,400,000	0.00%
PSERS	\$6,057,369	\$6,275,000	3.59%	\$6,275,000	0.00%
Property Tax Relief	\$1,329,119	\$1,381,316	3.93%	\$1,381,316	0.00%
Other State Revenue	<u>\$726,846</u>	<u>\$470,000</u>	<u>-35.34%</u>	<u>\$518,700</u>	<u>10.36%</u>
<b>Total State Revenue</b>	<b>\$17,432,731</b>	<b>\$17,839,628</b>	<b>2.33%</b>	<b>\$18,050,016</b>	<b>1.18%</b>
<b>Federal Revenue</b>	<b>\$920,791</b>	<b>\$760,000</b>	<b>-17.46%</b>	<b>\$760,000</b>	<b>0.00%</b>
<b>Total Revenue</b>	<b>\$92,454,523</b>	<b>\$94,513,105</b>	<b>2.23%</b>	<b>\$97,446,253</b>	<b>3.10%</b>
<b>Usage of PSERS reserve</b>	<b>\$0</b>	<b>\$343,000</b>		<b>\$0</b>	



# EXPENDITURE HIGHLIGHTS – 2020-2021 BUDGET

- Salary and Benefits need additional time and analysis. Future presentations will focus mainly on these two areas.
- Staffing needs are being reviewed in cabinet and recommendations will be brought before the Board as part of the budget process.
- We are monitoring our benefit costs closely. While the first six months (July to December) are slightly under budget, it is still the recommendation of our Benefit consultant to increase medical and Rx cost 10% or approximately \$600,000
- Modest increase in PSERS – from 34.29% to 34.51%
- Vo-tech tuition projected to be \$659,169 a reduction of \$91,330





# EXPENDITURE HIGHLIGHTED CON'T 2020-2021

- ⦿ Contracted substitute costs (teacher, support staff and custodial/maintenance) are being analyzed.
- ⦿ Transportation contract expires in June 2020.
- ⦿ Building budgets have been increased based on enrollment as well as a modest increase in per pupil allotment.
- ⦿ No increase in the Library allocation, but benefit costs are being reviewed.
- ⦿ A student by student review of special education expenses is being conducted.
- ⦿ No reserve is budgeted at this point.



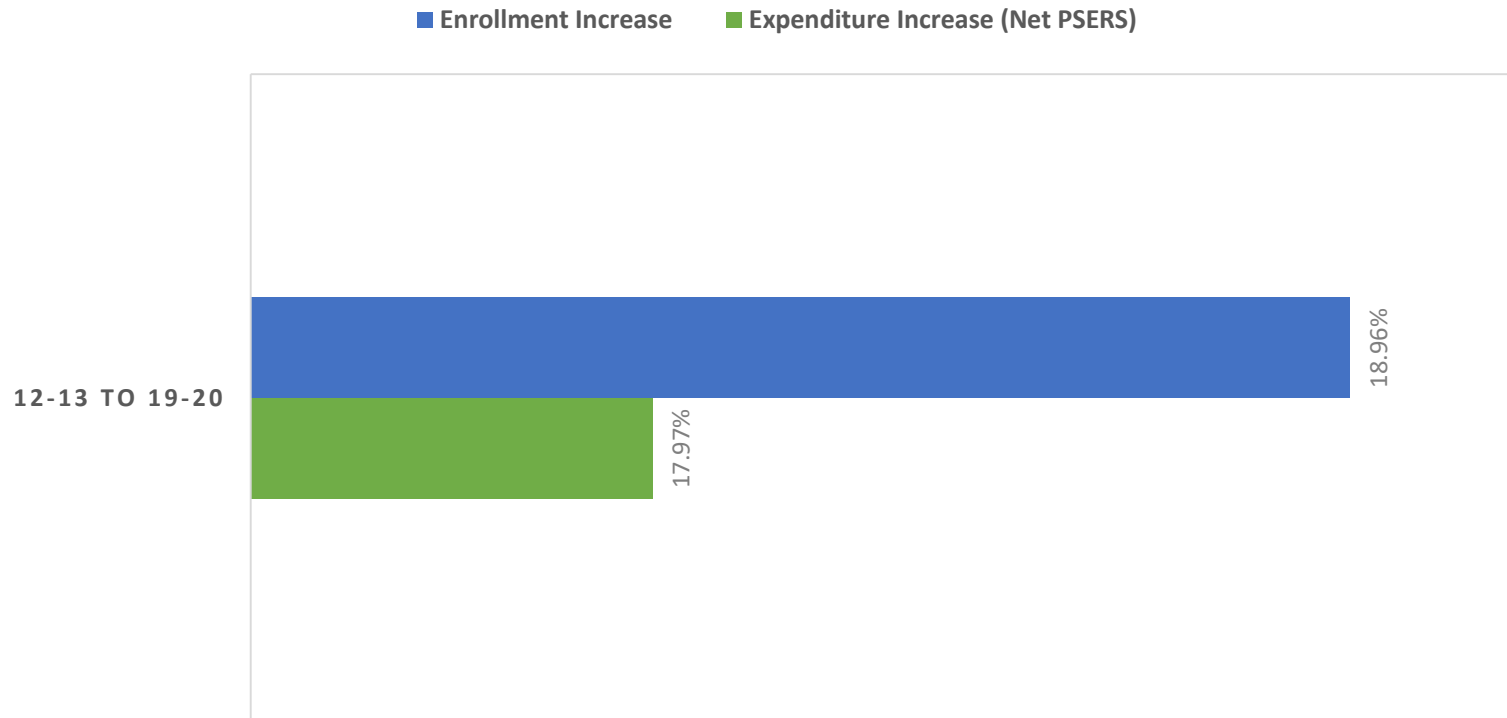
# EXPENDITURE BUDGET AT A GLANCE 2020-2021

Category	2019-2020 Budget	2020-2021 Preliminary Budget	\$ Variance	% Variance
Salaries	\$37,065,519	\$39,453,469	\$2,387,950	6.44%
Benefits	\$22,350,415	\$23,197,684	\$847,269	3.79%
Debt Service	\$11,279,974	\$11,280,000	\$26	0.00%
Charter Schools	\$6,030,000	\$6,030,000	\$0	0.00%
Special Education	\$5,419,000	\$5,690,000	\$271,000	5.00%
Transportation	\$4,975,863	\$5,009,500	\$33,637	0.68%
Maintenance	\$1,926,800	\$1,925,000	(\$1,800)	-0.09%
School Budgets	\$1,426,998	\$1,450,000	\$23,002	1.61%
Technology	\$1,220,371	\$973,000	(\$247,371)	-20.27%
Vo-Tech	\$775,000	\$900,000	\$125,000	16.13%
All Other	\$1,061,473	\$806,000	(\$255,473)	-24.07%
Library	\$567,305	\$567,000	(\$305)	-0.05%
Athletics	\$164,887	\$165,000	\$113	0.07%
Contingency	<u>\$250,000</u>	<u>\$0</u>	<u>(\$250,000)</u>	<u>-100.00%</u>
Total	\$94,513,605	\$97,446,653	\$2,933,048	3.10%

# EXPENDITURE INCREASE VS ENROLLMENT INCREASE FROM 2012-2013 TO 2019-2020



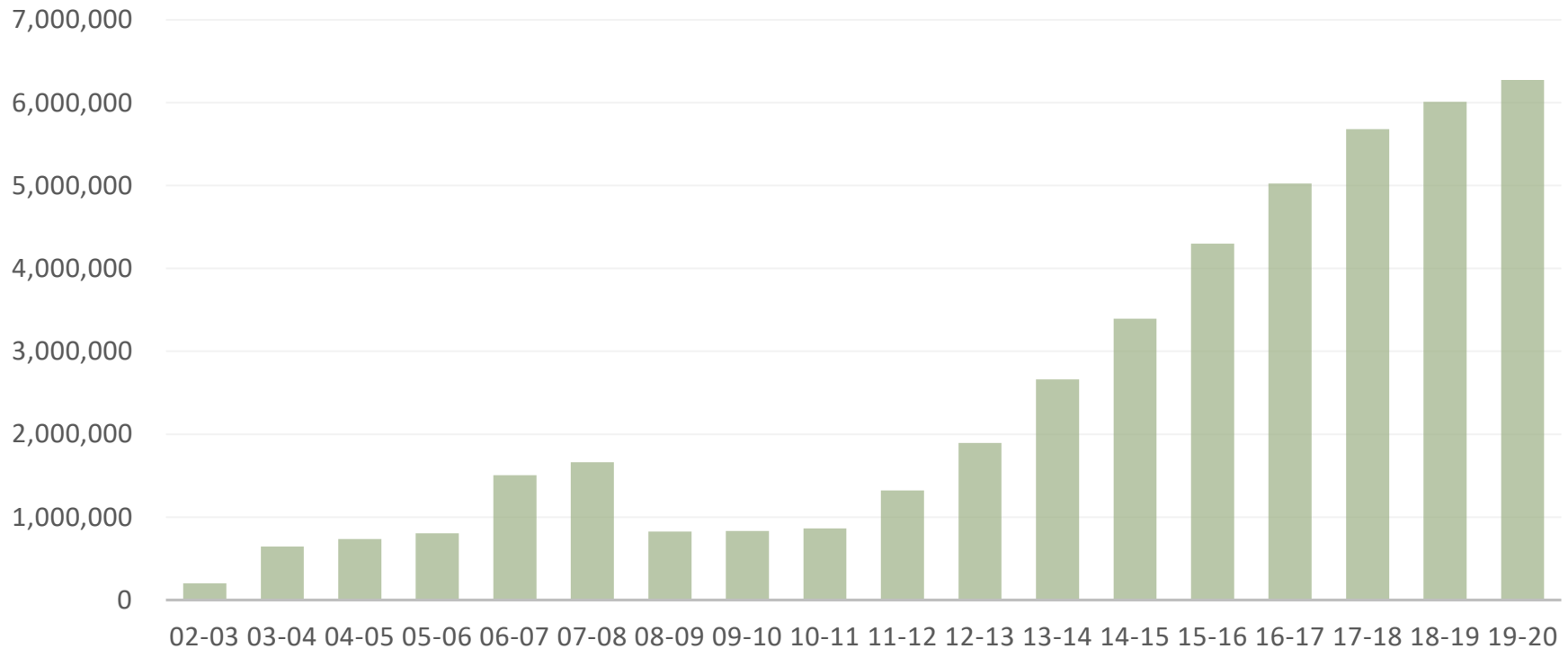
## EXPENDITURE INCREASE VS ENROLLMENT INCREASE



# NET PSERS CONTRIBUTION HISTORY



## Pennsylvania State Employee Retirement System



# Preliminary Budget vs Actual Tax Increases



- Final budget is based on full evaluation process and Board approval.

Year	Preliminary Budget	ACT 1 Index	Final Budget
20-21	2.60%	2.60%	TBD
19-20	5.58%	2.30%	2.23%
18-19	8.19%	2.40%	3.18%
17-18	5.62%	2.50%	1.44%
16-17	4.75%	2.40%	.93%

The ACT 1 Index has averaged 2.44% over the last five years but PASD's average tax increase over the last five years is 2.08% assuming a 2.6% tax increase in 2020-2021.

# 2020-2021 PRELIMINARY BUDGET MILLAGE ANALYSIS



Proposed Mills	32.01	
Current Mills	31.20	
Mill Rate Increase:	<b>2.60%</b>	<b>.81 mills</b>

A **2.60%** real estate tax increase equates to an increase of \$109.35 to the median taxpayer (assessed value of \$135,000).

# 2019-2020-2021 Budget Meetings & Topics



**February 20, 2020**

**Town Hall**

**March 9, 2020**

**Budget Meeting**

**April 13, 2020**

**Budget Meeting**

**May 4, 2020**

**Budget Meeting**

**May 18, 2020**

**Adopt 2020-2021 Final Budget**

**June 30, 2020**

**Budget must be adopted**

# Appendix



# ACT 1 OVERVIEW AND 2019-2020-2021 INDEX



- Act 1 of 2006 – Compliance with the tax limit index became mandatory for all school districts in 2006. The Act 1 Index is calculated using the state SAWW (Statewide Average Weekly Wage) index and the Federal ECI (Employment Cost Index).
- The 2020-2021 base index for Phoenixville is 2.6%. We are required by code to pass a balanced budget. Expenses above a 2.6% increase would be considered a shortfall in the overall budget. We will file for exceptions to maintain flexibility in case unforeseen circumstances occur (i.e. Phoenixville Hospital or State Budget issues).
- The Preliminary Budget is based on building and department head requests and four months of actual school year data.

# 2020-2021 ACT 1 TIMELINE



- January 19, 2020 –notice of intent to adopt 2020-2021 Preliminary Budget (must be at least 10 days prior to adoption – Notice was posted January 9, 2020.)
  - The Preliminary Budget is a 10,000 foot view. It does not bind the Board. Many adjustments / changes are expected and will be made between now and the adoption of a budget.
- January 23, 2020 – present the 2020-2021 Proposed Preliminary Budget
- January 27, 2020 – (Board Meeting) adopt the 2020-2021 Preliminary Budget
- January 29, 2020 - PDE deadline to adopt 2020-2021 Preliminary Budget

# 2020-2021 ACT 1 TIMELINE



- February 13, 2020 – deadline to file with PDE for approval of requested exceptions
- February 28, 2020 – deadline to submit referendum question
  - Voter approval for tax increase in excess of Index and exceptions
- May 18, 2020 – (Board Meeting) district approval of 2020-2021 Final Budget
- June 30, 2020 – PDE deadline for 2020-2021 Final Budget approval