

BUDGET PRESENTATION

MAY 4, 2020

PASD STRATEGIC PLAN



**ALLOCATE
RESOURCES TO
FOSTER
EXCELLENCE
FOR ALL
STUDENTS**

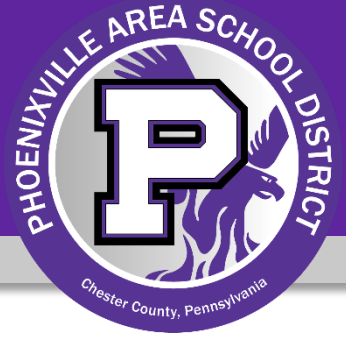
**PROVIDE
HIGH QUALITY
INSTRUCTION**

**IMPLEMENT A
CONSISTENT
REFLECTIVE
USE OF DATA
TO DRIVE
CHANGE**

**PROMOTE
EMPLOYEE
GROWTH AND
EFFECTIVENESS**

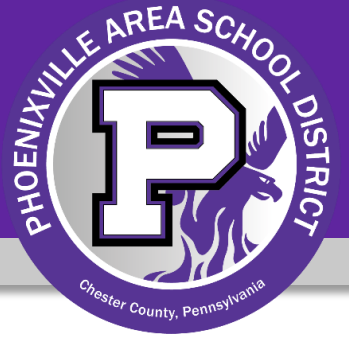
**ENCOURAGE
EFFECTIVE,
CONSISTENT
COMMUNICATION
AND
COLLABORATION**

2020-2021 Budget



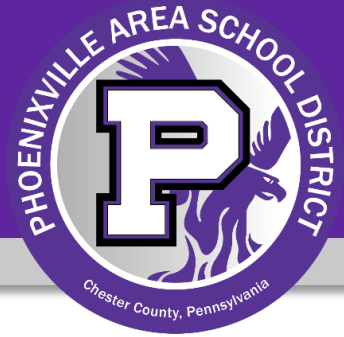
- The 2020-2021 budget has been severely impacted by COVID-19 with respect to **REVENUES**, which forced the Administration to make significant adjustments to expenditures.
- Revenues have been adjusted (downward) over the last week/days to reflect current expectations
- Revenue assumptions have no historical reference and therefore are a concern.
- The timing of the economic recovery will impact the 2020-2021 budget and influence the assumptions made in April/May 2020.
- PASD needs to continue on its current path of increasing reserves and preparing for it's future financial needs.

What revenues will be impacted in 2020-2021



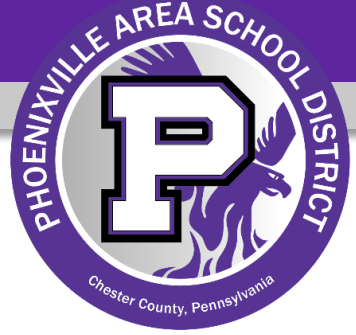
- Real estate tax income may be delayed by legislation, and reduced due to taxpayers inability to make timely payments
 - This could be offset by higher delinquent tax collections
- It is anticipated that school districts will see an increased level of tax appeals
- Without question earned income tax (EIT) collection revenue will suffer in 2020-2021 as it already has in 2019-2020
- Investment income at the current 75% reduction (\$800,000 to \$200,000) could be optimistic if investment rates do not recover in 2020-2021

What revenues will be impacted in 2020-2021



- Interim tax revenue (new construction) will be impacted
- Transfer tax revenue - home sales are expected to decline
- Smaller revenue sources such as rental income, gate receipts will be impacted
- We hope to see State and Federal funding at the 2019-2020 level. No increased level of funding is anticipated
- CARES funds anticipated to offset planned subsidies
- Again the 2020-2021 budget is a budget destroyed by COVID-19
- The issue is revenues not expenditures

PASD Credit Rating – Moody's Investor Services April 24th 2020



■ Credit strengths

- Moderately-sized and growing tax base in suburban Philadelphia
- Above-average resident wealth and incomes

■ Credit challenges

- Reserve levels are below those of similarly rated issuers
- The debt burden is elevated

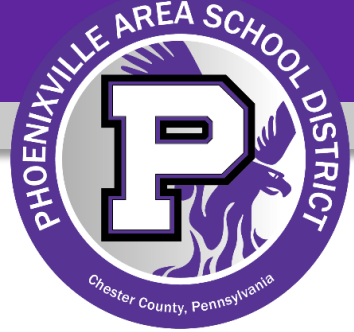
■ Factors that could lead to an upgrade

- Maintenance of structurally balanced operations resulting in consistent and material improvement in reserve levels
- Continued growth in the tax base

■ Factors that could lead to a downgrade

- Failure to maintain structurally balanced operations resulting in consistent and material draws on reserve levels
- Material contraction of the tax base and deterioration of resident wealth and incomes

PASD Credit Rating – Moody’s Investor Services April 24th 2020



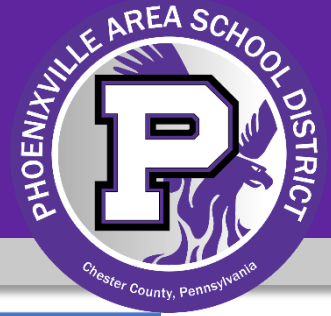
- **“The district is minimally reliant on state aid. Local revenue sources made up the majority of operating revenues in fiscal 2019 (78.1%) followed by state aid (18.9%). Of local revenues, property taxes accounted for 80.3% and economically sensitive Act 511 taxes made up 13.0%. The ability of the district to maintain structurally balanced operations and grow reserves to levels closer to those consistent with the rating category will be an area of focus in forthcoming reviews.”**
- **“As for governance considerations, the district has exhibited a willingness to raise property taxes, increasing nearly every year, at times up to the Act 1 Index. While operating results in recent years have been mixed, management has undertaken a number of steps to build up reserve levels and the district does long-term budgeting and capital needs assessments.”**

Staffing Recommendations Reductions to Achieve February 2020 Budget



POSITION	REVISED RECOMMENDATION	BUDGET REDUCTION
World Language Coordinator	DO NOT ADD	\$25,000
HS Clerk	DO NOT REPLACE	\$40,000
Instructional Aide	DO NOT ADD	\$40,000
PAELC 1st Grade	DO NOT ADD	\$50,000
Secondary Admin Intern	DO NOT REPLACE	\$80,000
ELEM Specials Teachers	DO NOT ADD	\$100,000
	TOTAL	\$335,000

All Staffing Recommendations for 2020-2021



POSITION	STRATEGIC PLAN GOAL	February Staffing Recommendation	Current Staffing Recommendation
Barkley 4th Grade Teacher	Goal #1 -- Allocate Resources	\$50,000	\$50,000
Manavon 2nd Grade Teacher	Goal #1 -- Allocate Resources	\$50,000	\$0
ELD Teacher	Goal #1 -- Allocate Resources	\$50,000	\$50,000
Controller	Goal #1 -- Allocate Resources	\$80,000	\$80,000
Multiple Disabilities Teacher & Aide	Goal #1 -- Allocate Resources	\$0	\$0
Replace Four Retiring Teachers	Goal #1 -- Allocate Resources	\$200,000	\$0
Curriculum Supervisor	Goal #2 -- Promote Employee Effectiveness	\$118,000	\$118,000
Curriculum Supervisor	Goal #2 -- Promote Employee Effectiveness	\$118,000	\$0
Instructional Technology Coach	Goal #2 -- Promote Employee Effectiveness	\$80,000	\$0
Instructional Coach	Goal #2 -- Promote Employee Effectiveness	\$80,000	\$0
Expand Elementary Music Position	Goal #3 -- High Quality Instruction	\$20,000	\$0
Middle School Math	Goal #3 -- High Quality Instruction	\$50,000	\$50,000
Middle School STEM	Goal #3 -- High Quality Instruction	\$50,000	\$0
High School STEM	Goal #3 -- High Quality Instruction	\$50,000	\$50,000
	TOTAL	\$996,000	\$398,000

Positions Potentially Reduced Through Attrition



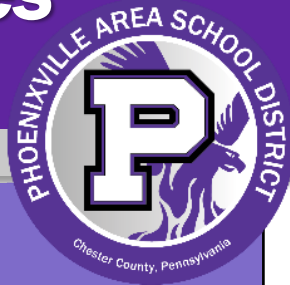
- **Four mid-year teacher resignations (2 already replaced, recommend NOT replacing 2 additional)**
- **Five end-of-year retirements (recommend NOT replacing 4)**
- **Assignments to be determined based on class size, course selections, and master schedules**
- **Maximize Board Policy Guidelines for Class Size K-12**

2020 – 2021 Budget Discussion – Local Revenues



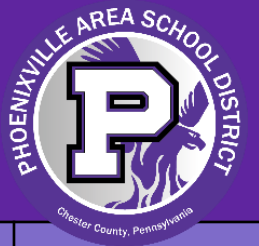
	<u>19-20 Budget</u>	<u>20-21 Prelim February 2020</u>	<u>20-21 Prelim 2.6%</u>	<u>20-21 Prelim 2.0%</u>	<u>20-21 Prelim 1.5%</u>	<u>20-21 Prelim 0.0%</u>	<u>% change from Feb 2020 to May 4</u>	<u>\$ change from Feb 2020 to May 4</u>
Local Revenue								
Property Taxes	\$61,198,186	\$62,066,142	\$62,782,952	\$62,782,952	\$62,782,952	\$62,782,952	101.15%	\$716,810
Tax Increase		\$1,639,095	\$1,648,882	\$1,268,371	\$951,278	\$0	100.60%	(\$1,639,095)
Earned Income Tax	\$7,300,000	\$7,400,000	\$6,500,000	\$6,500,000	\$6,500,000	\$6,500,000	87.84%	(\$900,000)
Delinquent Taxes	\$2,200,000	\$2,300,000	\$2,300,000	\$2,300,000	\$2,300,000	\$2,300,000	100.00%	\$0
Occupation Tax	\$1,575,000	\$1,575,000	\$1,500,000	\$1,500,000	\$1,500,000	\$1,500,000	95.24%	(\$75,000)
RE Transfer Taxes	\$1,200,000	\$1,300,000	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000	76.92%	(\$300,000)
Interest Income	\$500,000	\$800,000	\$200,000	\$200,000	\$200,000	\$200,000	25.00%	(\$600,000)
IDEA Revenue	\$540,000	\$550,000	\$540,000	\$540,000	\$540,000	\$540,000	98.18%	(\$10,000)
Misc. Revenue	\$313,291	\$350,000	\$275,000	\$275,000	\$275,000	\$275,000	78.57%	(\$75,000)
Interim Taxes	\$275,000	\$300,000	\$250,000	\$250,000	\$250,000	\$250,000	83.33%	(\$50,000)
PCEF Contributions	\$225,000	\$225,000	\$225,000	\$225,000	\$225,000	\$225,000	100.00%	\$0
School Rentals	\$187,000	\$190,000	\$160,000	\$160,000	\$160,000	\$160,000	84.21%	(\$30,000)
Per/Person/Per Capita	\$148,000	\$160,000	\$160,000	\$160,000	\$160,000	\$160,000	100.00%	\$0
Public Utility Tax	\$70,000	\$67,500	\$65,000	\$65,000	\$65,000	\$65,000	96.30%	(\$2,500)
Other District Revenue	\$107,000	\$60,000	\$50,000	\$50,000	\$50,000	\$50,000	83.33%	(\$10,000)
Tuition	\$75,000	\$50,000	\$50,000	\$50,000	\$50,000	\$50,000	100.00%	\$0
Total Local Revenue	\$75,913,477	\$79,032,737	\$77,706,834	\$77,326,322	\$77,009,230	\$76,057,952	98.32%	(\$2,974,785)
Difference from February 2020			(\$1,325,903)	(\$1,706,415)	(\$2,023,507)	(\$2,974,785)		(\$2,974,785)

2020 – 2021 Budget Discussion – State & Federal Revenues



	<u>19-20 Budget</u>	<u>20-21 Prelim</u>	<u>20-21 Prelim</u> <u>2.6%</u>	<u>20-21 Prelim</u> <u>2.0%</u>	<u>20-21 Prelim</u> <u>1.5%</u>	<u>20-21 Prelim</u> <u>0.0%</u>		
State Revenue								
Basic Ed Subsidy	\$5,213,312	\$5,143,391	\$5,143,391	\$5,143,391	\$5,143,391	\$5,143,391	100.00%	\$0
Special Education	\$1,750,000	\$1,653,804	\$1,653,804	\$1,653,804	\$1,653,804	\$1,653,804	100.00%	\$0
Transportation	\$1,350,000	\$1,450,000	\$1,100,000	\$1,100,000	\$1,100,000	\$1,100,000	75.86%	(\$350,000)
Social Security	\$1,400,000	\$1,472,625	\$1,444,483	\$1,444,483	\$1,444,483	\$1,444,483	98.09%	(\$28,142)
PSERS	\$6,275,000	\$6,643,175	\$6,516,222	\$6,516,222	\$6,516,222	\$6,516,222	98.09%	(\$126,953)
Property Tax Relief	\$1,381,316	\$1,400,000	\$1,381,316	\$1,381,316	\$1,381,316	\$1,381,316	98.67%	(\$18,684)
Other State Revenue	<u>\$470,000</u>	<u>\$650,000</u>	<u>\$518,700</u>	<u>\$518,700</u>	<u>\$518,700</u>	<u>\$518,700</u>	79.80%	(\$131,300)
Total State Revenue	\$17,839,628	\$18,412,995	\$17,757,916	\$17,757,916	\$17,757,916	\$17,757,916	96.44%	(\$655,079)
Federal Revenue	\$760,000	\$800,000	<u>\$760,000</u>	<u>\$760,000</u>	<u>\$760,000</u>	<u>\$760,000</u>	95.00%	(\$40,000)
Revenues	\$94,513,105	\$98,245,732	\$96,224,749	\$95,844,238	\$95,527,145	\$94,575,867	97.94%	(\$3,669,865)
Savings from 2019-2020	\$343,000	\$0	<u>\$387,000</u>	<u>\$387,000</u>	<u>\$387,000</u>	<u>\$387,000</u>		\$387,000
Total Revenues – Local/State/Federal	\$94,856,105	\$98,245,732	\$96,611,749	\$96,231,238	\$95,914,145	\$94,962,867	98.34%	(\$3,282,865)

2020 – 2021 – Budget Expenditures and Summary



	<u>19-20 Budget</u>	<u>20-21 Prelim February 2020</u>	<u>20-21 Prelim 2.6%</u>	<u>20-21 Prelim 2.0%</u>	<u>20-21 Prelim 1.5%</u>	<u>20-21 Prelim 0.0%</u>	<u>% Difference from February</u>	<u>Difference from February</u>
<u>Expenditures</u>								
Salaries	\$36,999,195	\$39,453,469	\$ 37,764,253	\$ 37,764,253	\$ 37,764,253	\$ 37,764,253	95.72%	(\$1,689,216)
Benefits	\$22,349,415	\$23,197,684	\$ 24,537,280	\$ 24,537,280	\$ 24,537,280	\$ 24,537,280	105.77%	\$1,339,596
Debt Service	\$11,279,974	\$11,280,000	\$ 10,630,000	\$ 10,630,000	\$ 10,630,000	\$ 10,630,000	94.24%	(\$650,000)
Special Education	\$5,046,973	\$5,690,000	\$ 5,391,150	\$ 5,391,150	\$ 5,391,150	\$ 5,391,150	94.75%	(\$298,850)
Charter Schools	\$6,030,000	\$6,030,000	\$ 5,141,898	\$ 5,141,898	\$ 5,141,898	\$ 5,141,898	85.27%	(\$888,102)
Transportation	\$5,046,863	\$5,009,500	\$ 4,750,000	\$ 4,750,000	\$ 4,750,000	\$ 4,750,000	94.82%	(\$259,500)
Maintenance	\$1,926,800	\$1,925,000	\$ 1,825,000	\$ 1,825,000	\$ 1,825,000	\$ 1,825,000	94.81%	(\$100,000)
Curriculum & Instruction	\$0	\$0	\$ 1,412,700	\$ 1,412,700	\$ 1,412,700	\$ 1,412,700		\$1,412,700
Technology	\$1,220,371	\$973,000	\$ 1,350,000	\$ 1,350,000	\$ 1,350,000	\$ 1,350,000	138.75%	\$377,000
Subs	\$0	\$0	\$ 848,000	\$ 848,000	\$ 848,000	\$ 848,000		\$848,000
School Budgets	\$1,427,198	\$1,450,000	\$ 702,835	\$ 702,835	\$ 702,835	\$ 702,835	48.47%	(\$747,165)
Vo-Tech	\$775,000	\$900,000	\$ 650,828	\$ 650,828	\$ 650,828	\$ 650,828	72.31%	(\$249,172)
Library	\$567,305	\$567,000	\$ 567,000	\$ 567,000	\$ 567,000	\$ 567,000	100.00%	\$0
Student Activities	\$241,000	\$0	\$ 253,150	\$ 253,150	\$ 253,150	\$ 253,150		\$253,150
Athletics	\$164,887	\$165,000	\$ 165,000	\$ 165,000	\$ 165,000	\$ 165,000	100.00%	\$0
All Other	\$1,122,300	\$806,000	\$ 38,000	\$ 38,000	\$ 38,000	\$ 38,000	4.71%	(\$768,000)
Contingency -- revenue buffer	\$250,000	\$0	\$ 200,000	\$ 200,000	\$ 200,000	\$ 200,000		\$200,000
Total Expenditures	\$ 94,447,281	\$ 97,446,653	\$ 96,227,094	\$ 96,227,094	\$ 96,227,094	\$ 96,227,094	98.75%	(\$1,219,559)
Total Budget	\$ 94,447,281	\$ 97,446,653	\$ 96,227,094	\$ 96,227,094	\$ 96,227,094	\$ 96,227,094	98.75%	(\$1,219,559)
Surplus/Deficit	\$65,824	\$799,079	\$384,655	\$4,144	(\$312,949)	(\$1,264,227)	48.14%	(\$2,063,306)

Impact of Tax Increase for Average Taxpayer



Potential Tax Increase	Annual Tax Increase	Monthly Tax Increase
0.50%	\$21.60	\$1.80
1.00%	\$43.20	\$3.60
1.50%	\$64.80	\$5.40
2.00%	\$86.40	\$7.20
2.50%	\$108.00	\$9.00
2.60%	\$112.05	\$9.34

2020-2021 Budget Timeline



January 23, 2020 - Budget Meeting

February 20, 2020 - Town Hall Budget Meeting

March 9, 2020 - Budget Meeting

April 13, 2020 - Budget Meeting

May 4, 2020 - Budget Meeting – Proposed Final Budget Adoption

**May 5, 2020 - Make budget available for public review and inspection
(minimum 30 days)**

May 18, 2020 - Budget Meeting

June 15, 2020 - Adopt the 2020-2021 Final Budget

Administrative Recommendations for Preliminary Budget Approval



- Recommend the Board consider approving the Proposed Final Budget with a 2% or higher property tax increase.
- Approve Proposed Final Budget this evening so the public has 41 days to review and comment on the 2020-2021 Budget, prior to June 15th recommended approval date
- Approve Proposed Final Budget this evening to allow administration additional time to refine budget
- Recommend the Board consider approving a delay in the penalty period for property tax collection to only be the month of December.
 - July & August – 2% discount
 - September, October & November – flat
 - December – 10% penalty period