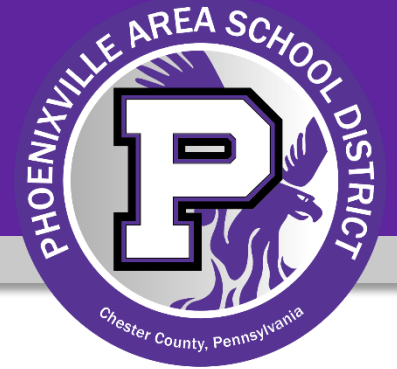


BUDGET UPDATE

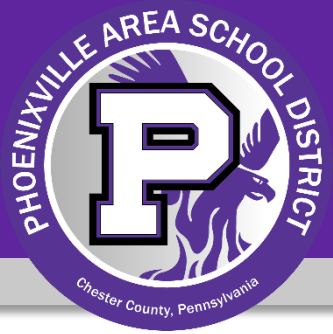
APRIL 20, 2020

The Fiscal Consequences of Covid-19 on the 2019-2020 and the 2020-2021 Budgets



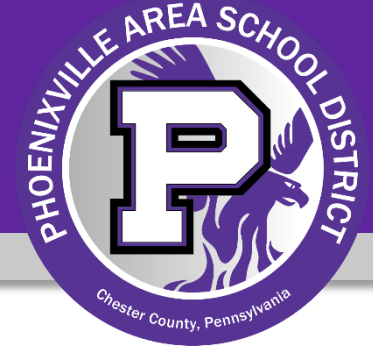
- **COVID-19 has and will continue to impact the global, national, state and local economy.**
- **This presentation will focus not only on the impact it will have on the 2020-2021 budget, but the impact it has already had on the 2019-2020 budget.**
- **Tremendous uncertainty remains for both years and one budget will impact the other.**
- **PASD is doing everything possible to conserve resources in 2019-2020 to ease the devastating impact of Covid-19 on the 2020-2021 budget.**

Impact on the 2019-2020 budget



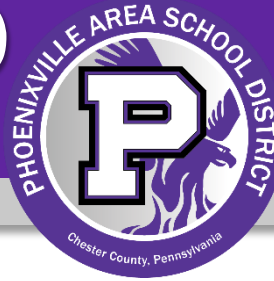
- **We will not meet our targeted budget on investment income, earned income taxes, and may not for interim taxes and transfer taxes.**
- **We are required to compensate all employees *no more, no less* than if Covid-19 had not occurred irrespective if work is available or performed.**
- **We are required to pay Charter Schools (bricks and mortar and cyber) based on the enrollment in those schools as of March 13th through the end of the school year.**
- **We are required to compensate our bus contractors at full compensation in order to receive our full 2020-2021 state transportation subsidy.**

Impact on the 2019-2020 budget



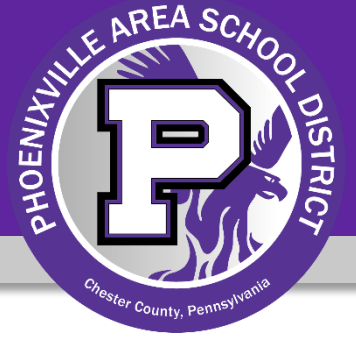
- **We are required to reimburse the Intermediate units as if provided services throughout the year.**
- **We have incurred significant additional costs in the area of technology in order to provide educational services remotely to students.**
- **We may face an increased level of litigation in the future with respect to FAPE regarding our special education population.**
- **Full State subsidies for the remainder 2019-2020 are not a certainty.**

Measures taken to save resources in 2019-2020



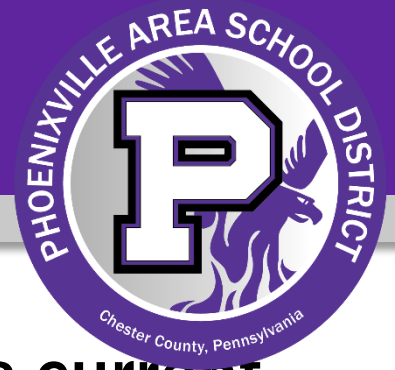
- Energy conservation measures implemented effective with the March 13th 2020 shutdown.
- Increased energy conservation measures:
 - An overall 52% reduction in a two week period of time
 - A 40% reduction versus normal Sunday usage
- All non-essential spending stopped, no purchased orders or requisitions allowed unless approved by Superintendent.
- All payments reviewed prior to check release by both the Superintendent and the Business Manager
- No EDR (extra duty reimbursement) or OT (additional hours of work) allowed unless approved by at least two cabinet members.
- Multiple grants applications have been submitted.

Impact of Covid-19 on 2020-2021 budget



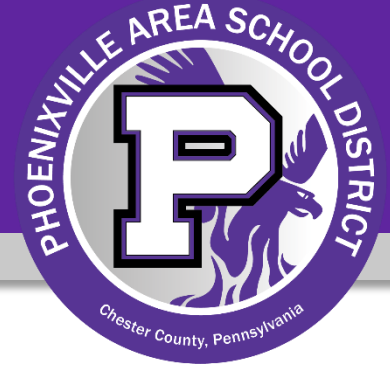
- **Anticipated ACT 1 index for 2021-2022 (3.2%) will be impacted (will be lower).**
- **State subsidies could be impacted (Pennsylvania facing a \$3.9 Billion deficit).**
- **Earned income taxes revenue will be impacted**
- **Investment revenue will be impacted**
- **PSERS rate (currently 34.51%) projected to reach 40% to 41%**
 - **A 1% increase in the PSERS rate has a net impact of approximately \$190,000 on PASD**

Impact of Covid-19 on the 2020-2021 budget



- **Real Estate Taxes income may be delayed – 2 month delay is current pending legislation.**
- **Collective bargaining discussions may occur with contract modifications a certainty for many districts.**
- **Business bankruptcies – more vacant commercial property**
 - **Increase in tax appeals**
 - **Delayed real estate payment**
 - **Increased level of delinquent taxes**
- **Unemployment will decrease then stabilize but at a much higher rate than in January 2020**

Salary and Benefits – Preliminary to Final



Category	2019-2020 Budget	2020-2021 Preliminary Budget (Jan)	2020-2021 Proposed Final Budget (1.5%)	% Variance Proposed to Final
Salary	\$37,065,519	\$39,453,469	\$37,764,253	-4.47%
Benefits	\$22,350,415	\$23,197,684	\$24,537,280	5.46%
Total	\$59,415,934	\$62,651,153	\$62,301,533	-0.56%

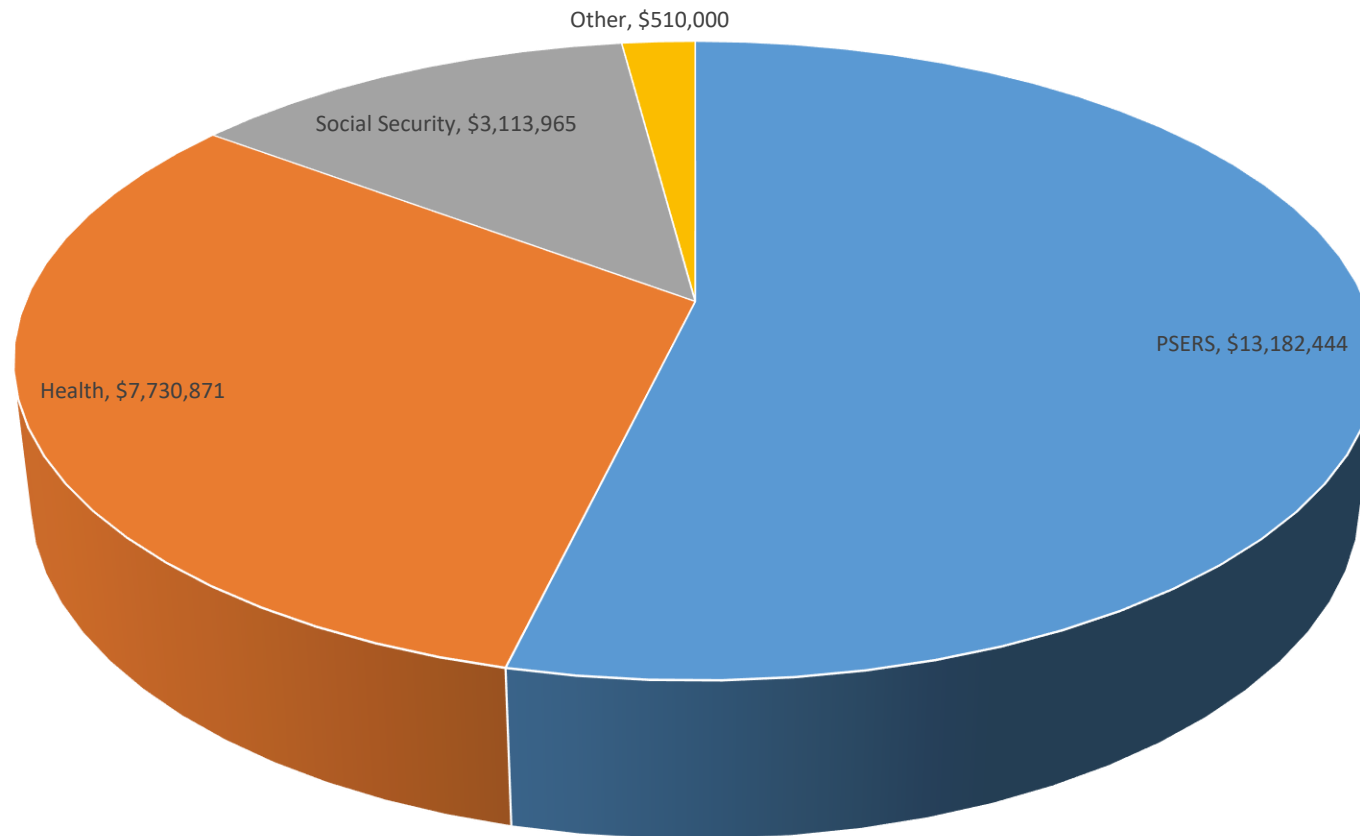
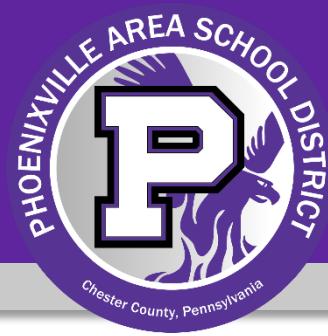
Benefits



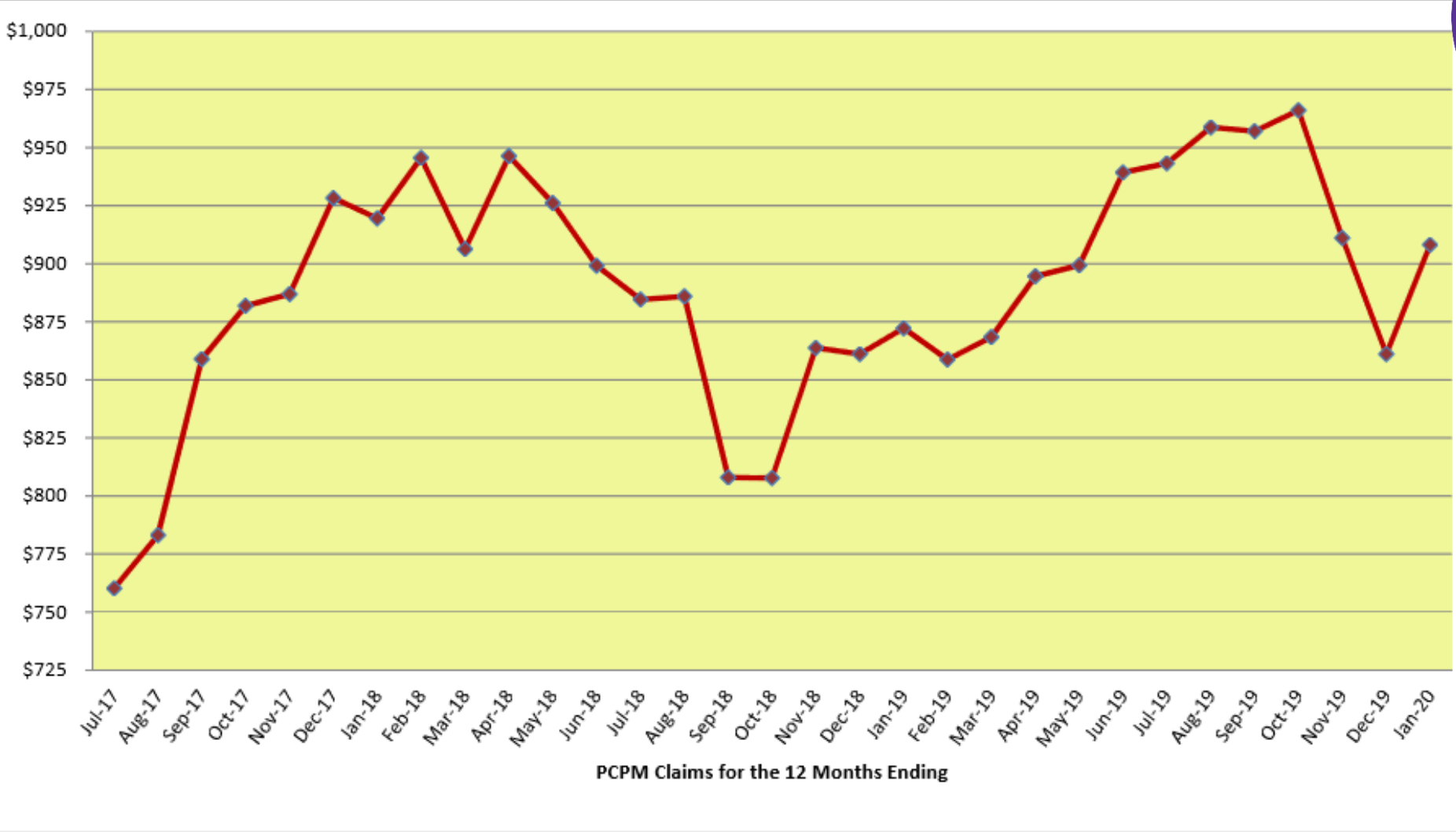
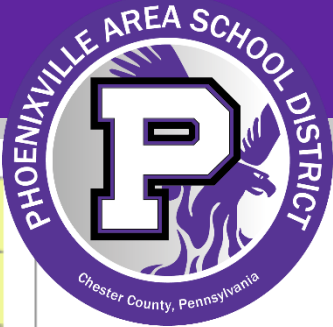
- **Health Insurance Increase from 2019-2020 = 8.49%**
 - \$585,140 increase from 2019-2020
 - Claim History
 - Significant Increase in Stop Loss Rates due to high claimants
 - Significant Increase in Prescription Drugs/Specialty Drugs
- **PSERS Rate = 34.51%**

Benefits	2020-2021
PSERS	\$13,182,444
Health	\$7,730,871
Social Security	\$3,113,965
Other (Tuition, 403b)	\$510,000
TOTAL	\$24,537,280

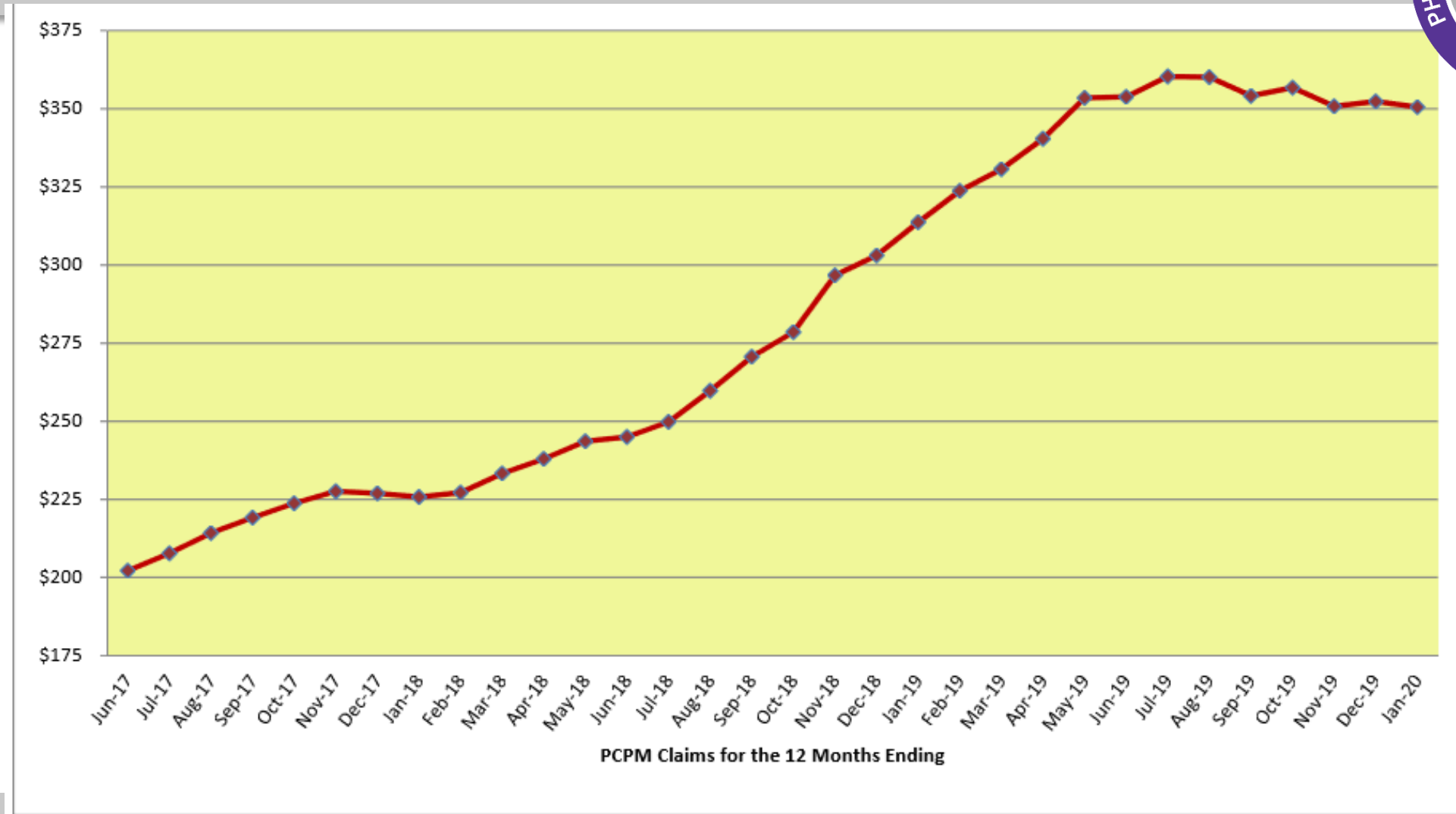
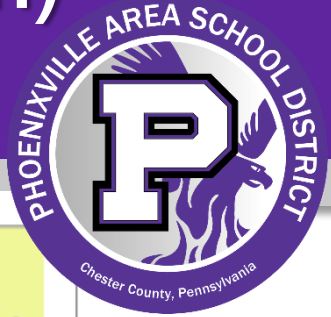
Benefits at a Glance



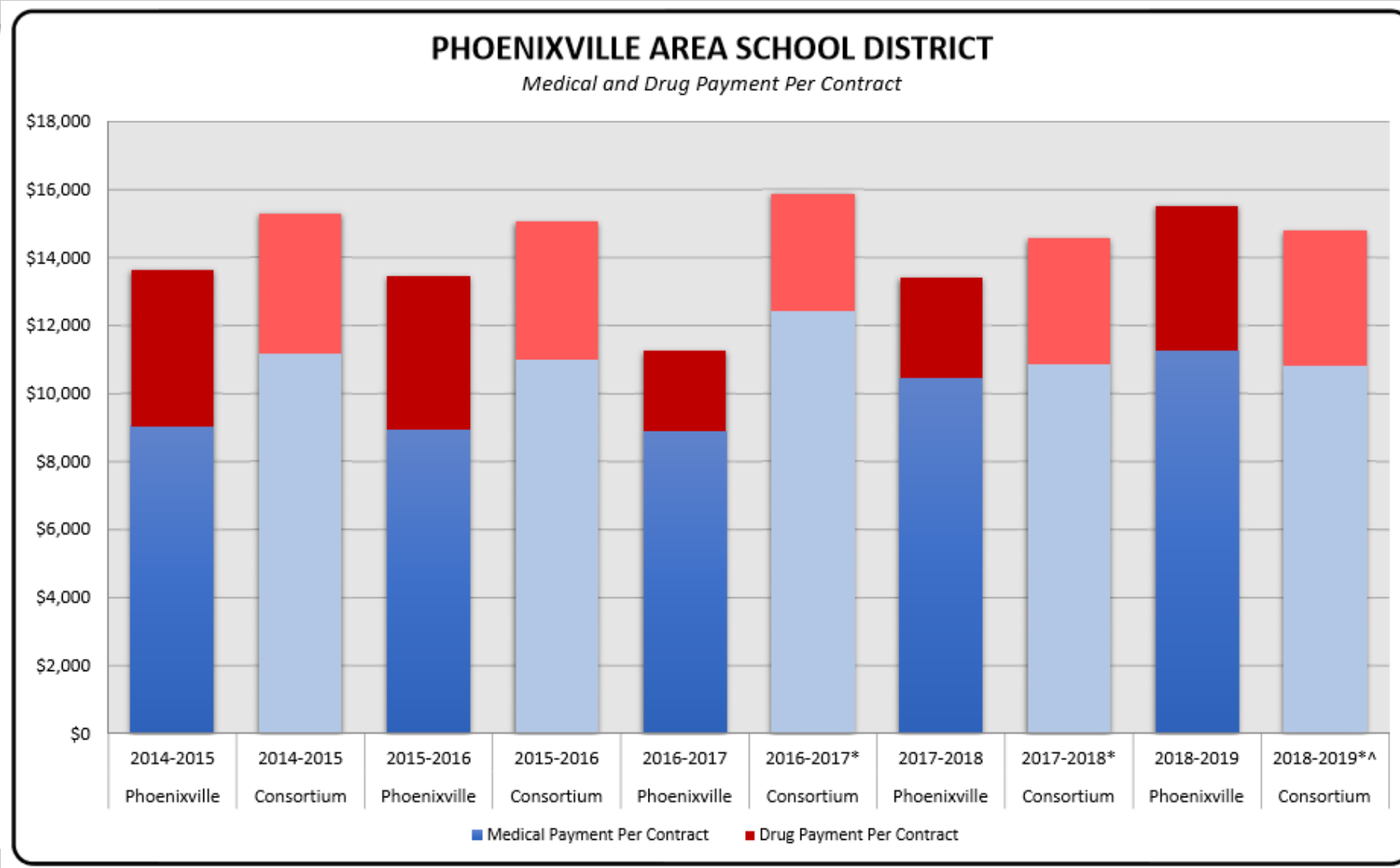
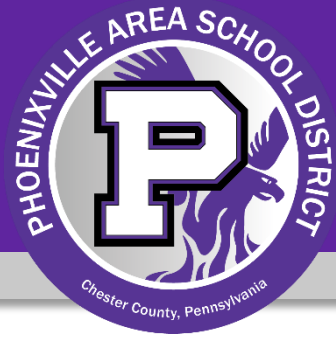
Medical Claims PCPM (avg cost Per Contract Per Month) Trend 2017 – 2019



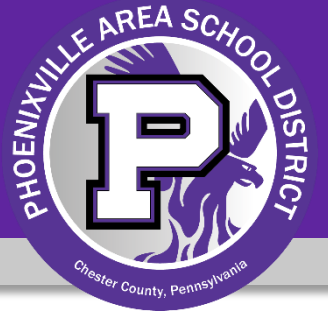
Drug Claims PCPM (avg cost Per Contract Per Month) Trend 2017 – 2019



PASD Healthcare Costs Compared to Consortium 2014-2019

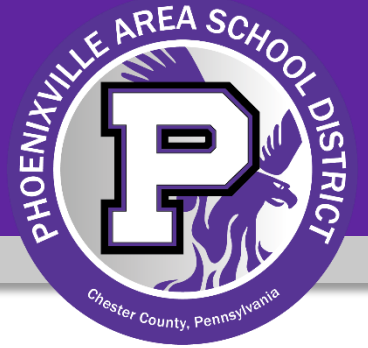


Healthcare Reserves



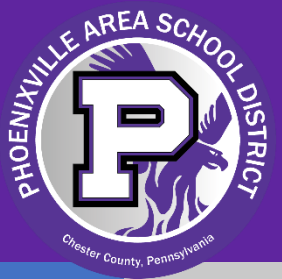
- **As a result of school districts being public entities and dependent upon a tax base the following must be considered in a self-funding arrangement:**
 - **The district should have a reserve philosophy and protocol.**
 - **When projecting reserve amounts a conservative approach is needed.**
- **Reserves are to ensure the group has sufficient funds to pay their “Terminal Liability” in the event the group decides to leave the current TPA or carrier and most importantly to have sufficient cash flow to pay their claims**

Healthcare Reserves



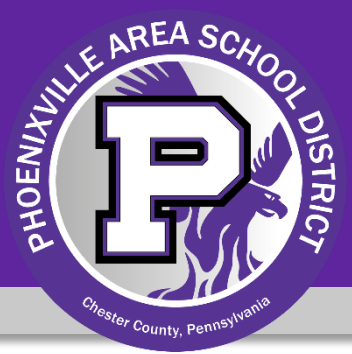
- The District's most recently calculated Terminal Liability as of January 31, 2020 is \$1,007,442 which represents 60 days of reserves. This is based on projected claims of \$6,051,140.
- Recommendation is to have a reserve of 6 months. Based on our Terminal Liability, a 6 months reserve would approximately \$3,022,326.
- Currently, the district has \$1,127,025 in reserves which represents about 2.25 months of claims – **Only 37% of Recommended Reserve**

Salary Budget by Function (District Service)



FUNCTION	DESCRIPTION	BUDGET (1.5%)
1100	Instruction (Regular Education)	\$19,086,718
1200	Special Programs (Special Education)	\$5,604,663
1400	Other Instructional Programs (i.e. ELD)	\$953,839
2100	Support Services (i.e. Counseling, Psychs)	\$2,675,435
2200	Instructional Support Services (Curriculum)	\$1,028,566
2300	Support Services -- Administration	\$2,637,235
2400	Support Services -- Health	\$706,475
2500	Support Services -- Business	\$593,585
2600	Operations and Maintenance	\$2,380,241
2700	Transportation	\$113,334
2800	Central Support Services -- (IT)	\$793,435
3200	Student Activities (Athletics, Activities, Clubs)	\$1,190,727
	TOTAL	\$37,764,253

Salary Budget by Object (Job Assignment)



OBJECT	DESCRIPTION	TOTAL (1.5%)
110	Administration (administrators)	\$3,406,553
120	Professional Educational (teachers)	\$26,534,163
130	Professional Other (therapists -OT/PT)	\$1,196,375
140	Technical (technicians)	\$979,034
150	Office Clerical	\$1,683,973
170	Operative/Laborer	\$2,031,014
190	Instructional Assistant	\$1,933,140
	TOTAL	\$37,764,253

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**

Strategic Goal # 1 Staffing Recommendations

ALLOCATE
RESOURCES TO
FOSTER
EXCELLENCE
FOR ALL
STUDENTS

POSITION	EDUCATIONAL NEED	2.60%	1.50%	0%
BES 4th Grade Teacher	Enrollment Growth	\$50,000	\$50,000	\$50,000
MES 2nd Grade Teacher	Enrollment Growth	\$50,000	\$0	\$0
ELD Teacher	English Language Learners	\$50,000	\$50,000	\$50,000
Controller	Business Office	\$80,000	\$80,000	\$80,000
MDS Teacher & Aide	(Transfer from SES)	\$0	\$0	\$0
Replace Four Retiring Teachers	Enrollment Growth / Career Pathways	\$200,000	\$0	\$0
TOTALS		\$430,000	\$180,000	\$180,000

Strategic Plan Goal #2 Staffing Recommendations

PROMOTE
EMPLOYEE
GROWTH AND
EFFECTIVENESS

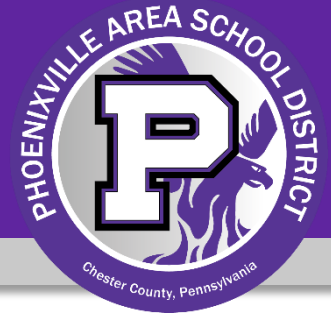
POSITION	EDUCATIONAL NEED	2.60%	1.50%	0%
Curriculum Supervisor	Goal #2 & #3	\$118,000	\$118,000	\$118,000
Instructional Tech Coach	Additional Coaches /PLCs	\$80,000	\$0	\$0
Instructional Coach	Additional Coaches /PLCs	\$80,000	\$0	\$0
Curriculum Supervisor	Goal #2 & #3	\$118,000	\$0	\$0
TOTALS		\$396,000	\$118,000	\$118,000

Strategic Plan Goal #3 Staffing Recommendations

**PROVIDE
HIGH
QUALITY
INSTRUCTION**

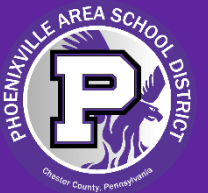
POSITION	EDUCATIONAL NEED	2.60%	1.50%	0%
Elementary Music	Additional Strings	\$20,000	\$0	\$0
Middle School Math	Targeted Support Improvement(TSI)	\$50,000	\$50,000	\$50,000
Middle School STEM	STEM Grades 6-12	\$50,000	\$0	\$0
High School STEM	STEM Grades 6-12	\$50,000	\$50,000	\$50,000
TOTALS		\$170,000	\$100,000	\$100,000

All Staffing Recommendations for 2020-2021



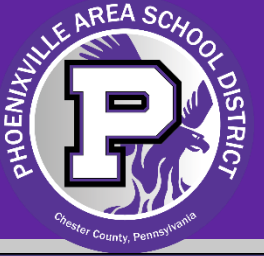
POSITION	STRATEGIC PLAN GOAL	2.60%	1.50%	0%
Barkley 4th Grade Teacher	Goal #1 -- Allocate Resources	\$50,000	\$50,000	\$50,000
Manavon 2nd Grade Teacher	Goal #1 -- Allocate Resources	\$50,000	\$0	\$0
ELD Teacher	Goal #1 -- Allocate Resources	\$50,000	\$50,000	\$50,000
Controller	Goal #1 -- Allocate Resources	\$80,000	\$80,000	\$80,000
Multiple Disabilities Teacher & Aide	Goal #1 -- Allocate Resources	\$0	\$0	\$0
Replace Four Retiring Teachers	Goal #1 -- Allocate Resources	\$200,000	\$0	\$0
Curriculum Supervisor	Goal #2 -- Promote Employee Effectiveness	\$118,000	\$118,000	\$118,000
Curriculum Supervisor	Goal #2 -- Promote Employee Effectiveness	\$118,000	\$0	\$0
Instructional Technology Coach	Goal #2 -- Promote Employee Effectiveness	\$80,000	\$0	\$0
Instructional Coach	Goal #2 -- Promote Employee Effectiveness	\$80,000	\$0	\$0
Expand Elementary Music Position	Goal #3 -- High Quality Instruction	\$20,000	\$0	\$0
Middle School Math	Goal #3 -- High Quality Instruction	\$50,000	\$50,000	\$50,000
Middle School STEM	Goal #3 -- High Quality Instruction	\$50,000	\$0	\$0
High School STEM	Goal #3 -- High Quality Instruction	\$50,000	\$50,000	\$50,000
	TOTAL	\$996,000	\$398,000	\$398,000

2020-2021 Budget Discussion – Local Revenues



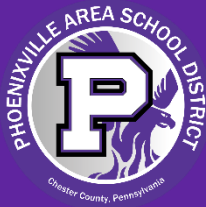
	<u>18-19 Actual</u>	<u>19-20 Budget</u>	<u>20-21 Prelim February 2020</u>	<u>20-21 Final #1</u>	<u>20-21 Final #2</u>	<u>20-21 Final #3</u>
Local Revenue			2.6%	2.6%	1.5%	0.0%
Property Taxes	\$58,971,352	\$61,198,186	\$62,066,142	\$62,782,952	\$62,782,952	\$62,782,952
Tax Increase			\$1,639,095	\$1,648,882	\$951,278	\$0
Earned Income Tax	\$6,874,277	\$7,300,000	\$7,400,000	\$6,586,000	\$6,586,000	\$6,586,000
Delinquent Taxes	\$2,912,282	\$2,200,000	\$2,300,000	\$2,300,000	\$2,300,000	\$2,300,000
Occupation Tax	\$1,425,383	\$1,575,000	\$1,575,000	\$1,500,000	\$1,500,000	\$1,500,000
RE Transfer Taxes	\$1,295,498	\$1,200,000	\$1,300,000	\$1,100,000	\$1,100,000	\$1,100,000
Interest Income	\$739,598	\$500,000	\$800,000	\$400,000	\$400,000	\$400,000
IDEA Revenue	\$520,944	\$540,000	\$550,000	\$540,000	\$540,000	\$540,000
Misc. Revenue	\$225,080	\$313,291	\$350,000	\$350,000	\$350,000	\$350,000
Interim Taxes	\$505,266	\$275,000	\$300,000	\$275,000	\$275,000	\$275,000
PCEF Contributions	\$207,500	\$225,000	\$225,000	\$225,000	\$225,000	\$225,000
School Rentals	\$157,432	\$187,000	\$190,000	\$230,000	\$230,000	\$230,000
Per/Person/Per Capita	\$127,568	\$148,000	\$160,000	\$160,000	\$160,000	\$160,000
Public Utility Tax	\$65,000	\$70,000	\$67,500	\$65,000	\$65,000	\$65,000
Other District Revenue	\$59,253	\$107,000	\$60,000	\$50,000	\$50,000	\$50,000
Tuition	\$14,568	\$75,000	\$50,000	\$50,000	\$50,000	\$50,000
Total Local Revenue	\$74,101,001	\$75,913,477	\$79,032,737	\$78,262,834	\$77,565,230	\$76,613,952
Difference				(\$769,903)	(\$1,467,507)	(\$2,418,785)

2020-2021 Budget Discussion – State & Federal Revenues



	<u>18-19 Actual</u>	<u>19-20 Budget</u>	<u>20-21 Prelim</u>	<u>20-21 Final #1</u>	<u>20-21 Final #2</u>	<u>20-21 Final #3</u>
<u>State Revenue</u>						
Basic Ed Subsidy	\$4,879,718	\$5,213,312	\$5,143,391	\$5,143,391	\$5,143,391	\$5,143,391
Special Education	\$1,740,725	\$1,750,000	\$1,653,804	\$1,653,804	\$1,653,804	\$1,653,804
Transportation	\$1,381,744	\$1,350,000	\$1,450,000	\$1,050,000	\$1,050,000	\$1,050,000
Social Security	\$1,317,210	\$1,400,000	\$1,472,625	\$1,468,766	\$1,444,483	\$1,444,483
PSERS	\$6,057,369	\$6,275,000	\$6,643,175	\$6,625,765	\$6,516,222	\$6,516,222
Property Tax Relief	\$1,329,119	\$1,381,316	\$1,400,000	\$1,381,316	\$1,381,316	\$1,381,316
Other State Revenue	\$726,846	\$470,000	\$650,000	\$518,700	\$518,700	\$518,700
Total State Revenue	\$17,432,731	\$17,839,628	\$18,412,995	\$17,841,741	\$17,707,916	\$17,707,916
Federal Revenue	\$920,791	\$760,000	\$800,000	\$760,000	\$760,000	\$760,000
Loc/State/Fed Revenue	\$92,454,523	\$94,513,105	\$98,245,732	\$96,864,575	\$96,033,145	\$95,081,867
Usage of PSERS reserve	\$0	\$343,000	\$0	\$0	\$0	\$0
Total Revenues	\$92,454,523	\$94,856,105	\$98,245,732	\$96,864,575	\$96,033,145	\$95,081,867

2020-2021 Budget Discussion – Expenditures



	<u>19-20 Budget</u>	<u>20-21 Prelim Feb 2020</u>	<u>20-21 Final #1</u>	<u>20-21 Final #2</u>	<u>20-21 Final #3</u>
<u>Expenditures</u>					
Salaries	\$36,999,195	\$ 39,453,469	\$ 38,399,100	\$ 37,764,253	\$ 37,764,253
Benefits	\$22,349,415	\$ 23,197,684	\$ 24,889,631	\$ 24,537,280	\$ 24,537,280
Debt Service	\$11,279,974	\$ 11,280,000	\$ 10,630,000	\$ 10,630,000	\$ 10,630,000
Special Education	\$5,046,973	\$ 5,690,000	\$ 5,391,150	\$ 5,391,150	\$ 5,391,150
Charter Schools	\$6,030,000	\$ 6,030,000	\$ 5,141,898	\$ 5,141,898	\$ 5,141,898
Transportation	\$5,046,863	\$ 5,009,500	\$ 4,750,000	\$ 4,750,000	\$ 4,750,000
Maintenance	\$1,926,800	\$ 1,925,000	\$ 1,825,000	\$ 1,825,000	\$ 1,825,000
Curriculum & Instruction	\$0	\$ -	\$ 1,412,700	\$ 1,412,700	\$ 1,412,700
Technology	\$1,220,371	\$ 973,000	\$ 1,350,000	\$ 1,350,000	\$ 1,350,000
Subs	\$0	\$ -	\$ 848,000	\$ 848,000	\$ 848,000
School Budgets	\$1,427,198	\$ 1,450,000	\$ 702,835	\$ 702,835	\$ 702,835
Vo-Tech	\$775,000	\$ 900,000	\$ 650,828	\$ 650,828	\$ 650,828
Library	\$567,305	\$ 567,000	\$ 567,000	\$ 567,000	\$ 567,000
Student Activities	\$241,000	\$ -	\$ 253,150	\$ 253,150	\$ 253,150
Athletics	\$164,887	\$ 165,000	\$ 165,000	\$ 165,000	\$ 165,000
All Other	\$1,122,300	\$ 806,000	\$ -	\$ -	\$ -
Contingency	\$250,000	\$ -	\$ -	\$ -	\$ -
Total Expenditures	\$ 35,098,671	\$ 34,795,500	\$ 33,687,561	\$ 33,687,561	\$ 33,687,561
Total Budget	\$ 94,447,281	\$ 97,446,653	\$ 96,976,292	\$ 95,989,094	\$ 95,989,094
Surplus/Deficit	\$65,824	\$799,079	(\$111,717)	\$44,051	(\$907,227)