

# Allentown School District

## 2020-2021 Proposed Final Budget Review

Presented May 14, 2020

# Presentation Overview

- Timeline for Budget Process
- Overview of Budget Methodology
- Review of prior year cost savings measures
- Historical Projection Comparisons
- Itemized Budget Discussion
- Discussion of Revenue Considerations
- Discussion of Cost vs. Revenue Increases
- Decision Points for ASD Board

# Budgeting Timeline

5/14

- Board moves the Proposed Final Budget to meeting on 5/28
- Administration continues to review and adjust budget recommendations

5/28

- Board to vote to adopt the Proposed Final Budget for public display via the PDE-2028;
- Authorize the display and advertising of the final meeting to approve a Final Budget;
- Board President certifies the PDE-2028 for display after vote

6/9

- Proposed Final Budget must be displayed by this date

6/19

- Advertise notice 10 days prior to Final budget vote

6/29

- Final Special Budget Meeting - vote to approve FINAL budget
- Vote to approve Homestead/Farmstead Exclusion Resolution

# Budget Methodology

- Consistent budgeting template across the entire district
- Department & Buildings were given a goal of 3% reduction over FY2020
  - Most were able to deliver on non-payroll reductions for buildings & departments except in the cases of fixed costs
- No Financing Bond so Building & Equipment in General Fund
- Equitable allocation of district resources (Policy 626)

# Fiscal Equity in ASD

- Equitable use of Title I Funding
- Use of direct cert numbers to support equitable funding
- Equitable allocation of operating budgets
- Prioritization of Strategic Actions and curricular goals
- Development of Titles I, II, II & IV budgets

# Improved Methods

- Cost projections/systems – “Column 6”
- Updated Chart of Accounts
- Department & school budget templates – Inclusive of historical data (3 years)
- Budget templates for grants
  - Payroll & Expense planning
- Equitable allocation process grants and general fund

# Example of Template

2019-20 Budget	ACCOUNT INFORMATION	CURRENT YEAR INFORMATION		HISTORICAL INFORMATION				INPUT		
		2019-20 Revised Budget	2019-20 FYTD Activity	2016-17 Actual	2017-18 Actual	2018-19 Actual	3 Year Average	2020-21 Budget	Variance to 3 Year Average	Variance to 2019-20 Budget
87,867.00	Account Code									
	10 E 1110 360 000 10 043 067 000 043	-	-	-	115.00	-	38.33		(38.33)	-
<b>2019-20 FYTD Activity</b>	10 E 1110 550 000 10 043 002 000 043	1,000.00	-	-	224.62	2,000.00	741.54		(741.54)	(1,000.00)
29,779.06	10 E 1110 550 000 10 043 067 000 043	1,000.00	-	13,218.83	2,000.00	7,271.94	7,496.92	9,000.00	1,503.08	8,000.00
	10 E 1110 550 000 10 043 086 000 043	-	-	-	5,593.68	-	1,864.56		(1,864.56)	-
<b>2020-21 Allocation</b>	10 E 1110 580 000 10 043 067 000 043	400.00	-	12.53	650.43	100.00	254.32	200.00	(54.32)	(200.00)
68,245.00	10 E 1110 610 000 10 043 002 000 043	23,000.00	3,679.17	4,532.83	4,093.50	10,140.29	6,255.54	11,442.00	5,186.46	(11,558.00)
	10 E 1110 610 000 10 043 006 000 043	200.00	-	-	168.43	159.11	109.18	200.00	90.82	-
<b>2020-21 Budget Total</b>	10 E 1110 610 000 10 043 058 000 043	200.00	188.20	-	-	-	-	200.00	200.00	-
68,245.00	10 E 1110 610 000 10 043 062 000 043	4,000.00	2,308.40	-	136.54	-	45.51	400.00	354.49	(3,600.00)
	10 E 1110 610 000 10 043 067 000 043	15,000.00	-	973.75	1,196.25	1,522.09	1,230.70	5,000.00	3,769.30	(10,000.00)
<b>2020-21 Yet to Budget</b>	10 E 1110 610 000 10 043 086 000 043	4,500.00	5,886.87	9,438.56	9,560.01	7,451.35	8,816.64	5,500.00	(3,316.64)	1,000.00
-	10 E 1110 635 000 10 043 067 000 043	500.00	180.01	-	-	-	-	300.00	300.00	(200.00)
	10 E 1110 640 000 10 043 002 000 043	4,000.00	-	5,018.25	498.45	1,718.18	2,411.63	20,608.00	18,196.37	16,608.00
	10 E 1110 640 000 10 043 058 000 043	200.00	-	-	-	132.45	44.15	100.00	55.85	(100.00)
	10 E 1110 640 000 10 043 067 000 043	-	-	-	3,577.50	-	1,192.50		(1,192.50)	-
	10 E 1110 650 000 10 043 002 000 043	23,067.00	542.40	-	973.02	-	324.34	6,000.00	5,675.66	(17,067.00)
	10 E 1110 750 000 10 043 002 000 043	-	-	38,205.46	-	2,470.00	13,558.49		(13,558.49)	-
	10 E 1110 760 000 10 043 002 000 043	-	9,207.92	993.07	-	-	331.02		(331.02)	-
	10 E 1241 640 000 10 043 075 000 043	5,000.00	4,611.52	3,264.93	(0.10)	3,454.02	2,239.62	5,000.00	2,760.38	-
	10 E 2120 610 000 10 043 037 000 043	100.00	-	-	-	-	-	50.00	50.00	(50.00)
	10 E 2120 640 000 10 043 037 000 043	100.00	79.99	-	-	-	-	45.00	45.00	(55.00)
	10 E 2250 640 000 10 043 046 000 043	2,000.00	1,999.29	-	3,591.94	-	1,197.31	2,000.00	802.69	-
	10 E 2380 530 000 10 043 067 000 043	400.00	440.00	376.00	441.00	400.00	405.67	450.00	44.33	50.00
	10 E 2380 550 000 10 043 067 000 043	100.00	-	-	50.00	-	16.67	50.00	33.33	(50.00)
	10 E 2380 610 000 10 043 067 000 043	3,000.00	616.38	770.46	475.00	944.64	730.03	1,000.00	269.97	(2,000.00)
	10 E 2380 640 000 10 043 067 000 043	100.00	38.91	-	-	79.60	26.53	100.00	73.47	-
	10 E 2380 650 000 10 043 067 000 043	-	-	-	-	475.00	158.33	300.00	141.67	300.00
	10 E 2380 750 000 10 043 067 000 043	-	-	-	-	562.48	187.49	300.00	112.51	300.00
		<b>87,867.00</b>	<b>29,779.06</b>	<b>76,804.67</b>	<b>33,345.27</b>	<b>38,881.15</b>	<b>49,677.03</b>	<b>68,245.00</b>	<b>18,567.97</b>	<b>(19,622.00)</b>

# Prior Cost Savings Efforts - Expenses

## Department/Building Budgets 2019 - 2020

- Reduction to Supplies
  - \$1,204,566 from the 400/600 across the district
- Reductions to Executive Level Leadership Dept.
  - \$61,750-Sup; \$11,000-Dep Sup; \$81,500-Business office; \$100,000-C&I; \$16,600 Operations; \$32,000-Board



# Prior Cost Savings Efforts – Staffing

- More than 200 teaching positions eliminated since 2010
- Administrative positions that remained vacant in 2019 – 2020
  - Assistant Superintendent for C & I
  - Director of Communications
  - Middle School Administrator
- Administrative positions that have been eliminated since 2013
  - Director of HR
  - Director of Professional Development
  - Director of Special Projects
  - Assistant Director of Grants and Development
  - Assistant Director of Facilities Services
  - Assistant Director of Virtual Academy
  - Assistant Director of Accountability and Assessment
  - 4 Elementary Assistant Principals

Total Staffing Savings in  
Salary & Benefits  
~\$19M

# ASD vs PFM performance

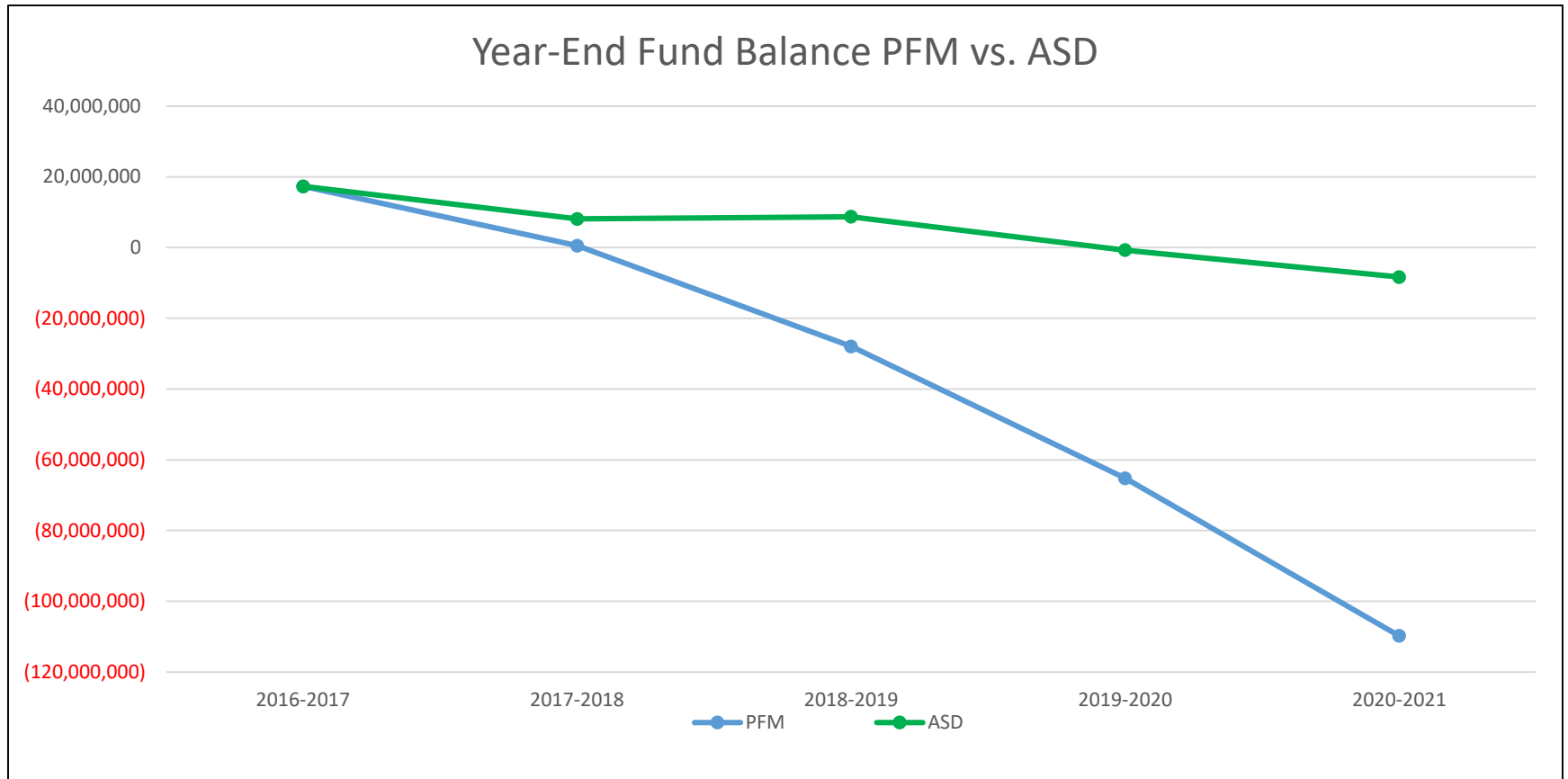
## Fund Balance Comparison - PFM vs. ASD

<b>FUND BALANCE</b>	2016-2017	2017-2018	2018-2019	2019-2020	2020-2021
PFM	17,303,046	539,768	(27,929,785)	(65,195,544)	(109,759,858)
ASD	17,303,046	8,098,668	8,703,510	(718,508)	(8,344,047)
Variance	-	7,558,900	36,633,295	64,477,036	101,415,811

<b>PFM PROJECTIONS</b>	2016-2017	2017-2018	2018-2019	2019-2020	2020-2021
	Actual	Budget	Projected	Projected	Projected
Total Revenues	285,400,000	289,161,530	294,455,330	300,970,743	305,386,637
Total Expenditures	299,400,000	305,924,808	322,924,883	338,236,502	349,950,951
Surplus/Deficit	(14,000,000)	(16,763,278)	(28,469,553)	(37,265,759)	(44,564,314)
Ending Fund Balance	17,303,046	539,768	(27,929,785)	(65,195,544)	(109,759,858)

<b>ASD ACTUALS/BUDGET</b>	2016-2017	2017-2018	2018-2019	2019-2020	2020-2021
	Actual	Actual	Pre-Audit	Projected	Estimate ***
Total Revenues	285,404,932	304,341,464	330,988,154	331,887,327	354,010,045
Total Expenditures	299,449,177	313,545,843	330,383,312	341,309,345	361,635,584
Surplus/Deficit	(14,044,245)	(9,204,379)	604,842	(9,422,018)	(7,625,539)
Ending Fund Balance	17,303,046	8,098,668	8,703,510	(718,508)	(8,344,047)

# ASD vs PFM Performance



# FY 2020-2021 Budget Overview

## Revenues

### REVENUE SUMMARY

Real Estate Taxes (Current and Delinquent)	99,236,192
Act 511 Taxes	11,150,000
Other Sources	5,880,000
<b>Local Sources</b>	<b>116,266,192</b>
Basic Education Funding	124,330,938
Special Education Funding	12,286,124
Transportation Subsidy	3,100,000
State Reimbursement of Employee Benefits	38,280,049
All Other State	27,532,013
<b>State Sources</b>	<b>205,529,123</b>
Title I	12,049,536
Title II	1,131,376
Title III	574,379
Title IV	1,244,546
Medicaid Reimbursement	1,600,000
All Other Federal	4,611,000
CARES ACT FUNDING	9,809,104
<b>Federal Sources</b>	<b>31,019,941</b>
<b>Other Funding Sources</b>	<b>1,194,788</b>
<b>Total Revenues</b>	<b>354,010,045</b>

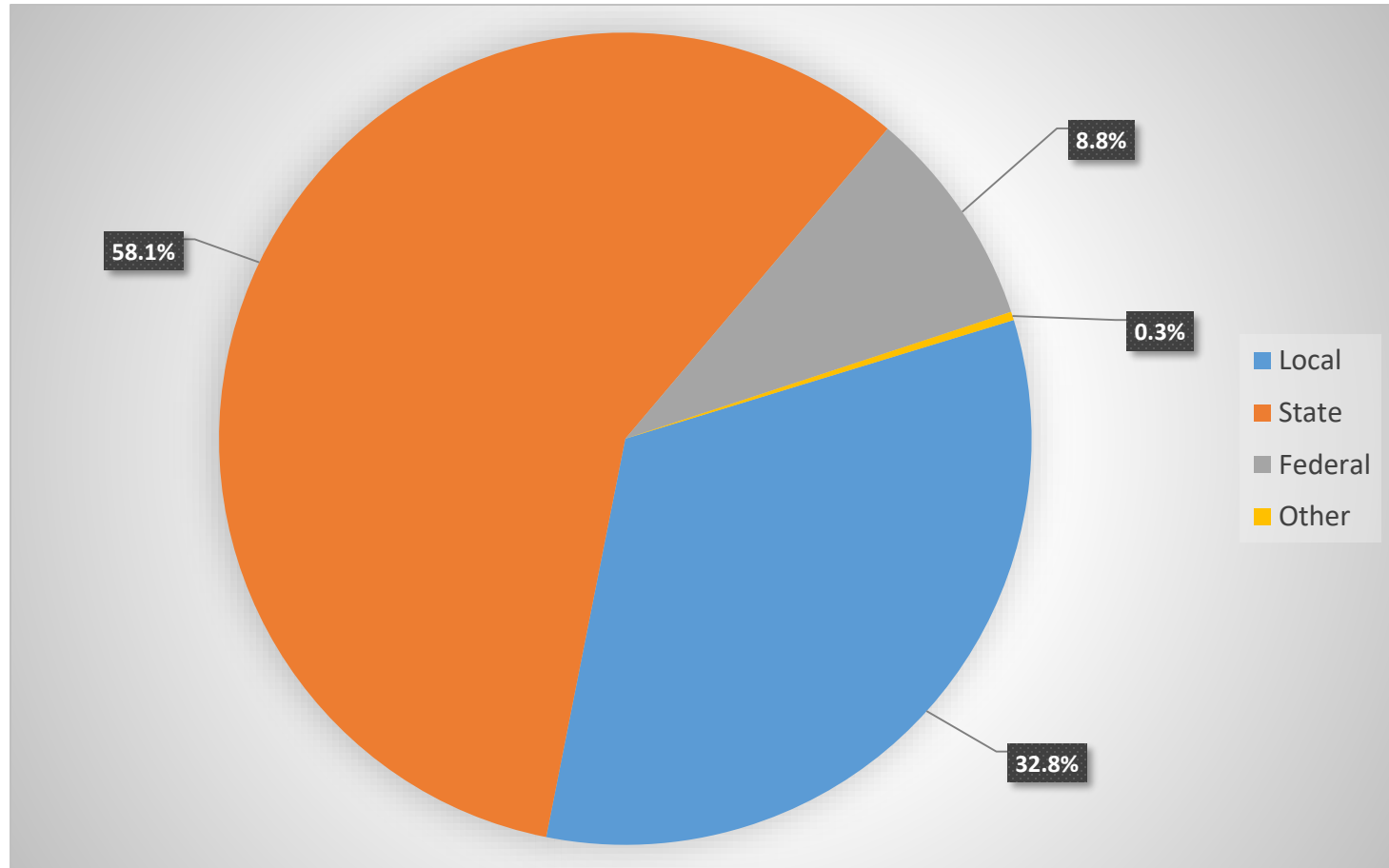
## Expenses

### EXPENDITURE SUMMARY

Salaries	123,681,564
Employee Benefits	98,194,249
Purchased Professional & Technical Services	17,175,958
Purchased Property Services	3,033,970
Tuition to PA Charter Schools	62,316,000
All Other Tuition and Purchased Services	25,245,283
Supplies	7,867,220
Property	1,890,395
Debt Service	19,793,789
Other Objects	1,867,368
Other Financing Uses	569,788
<b>Total Expenditures</b>	<b>361,635,584</b>

FY 2021 Deficit	<b>(7,625,539)</b>
Year-End Fund Balance	<b>(8,344,046)</b>

# Revenue Sources



# Local Revenue Sources

## \$116,266,192

<b>Real Estate Taxes</b>		
FY2020-2021 assessments at 95.5% collection rate	\$95,236,192	*
Collection of prior delinquent taxes	\$4,000,000	
<b>Act 511 - School District Tax</b>	\$11,150,000	
<b>All Other Local - Interest, Rentals, Donations</b>	\$5,880,000	

\* Assumes 4% millage increase

# State Revenue Sources

## \$205,661,982

<b>Basic Education Funding</b> State funding for school districts determined by a funding formula	<b>\$124,330,938</b>
<b>Special Education Funding</b> State funding designated for Special Education Students	<b>\$12,286,124</b>
<b>Transportation Subsidy</b> State funding designated for student transportation	<b>\$3,100,000</b>
<b>State Reimbursement of Employee Benefits</b> State reimbursement of Social Security and Medicare Taxes for employees who are not Federally funded & matching share of retirement contributions	<b>\$38,412,907</b>
<b>All Other State Revenue</b> State Grants, Plancon, Homestead/Farmstead	<b>\$27,532,013</b>

# Federal Revenue Sources

## \$31,019,941

<b>Title I</b> Improving Basic Programs	\$12,049,536
<b>Title II</b> Class-size reduction	\$1,131,376
<b>Title III</b> Language Instruction for English Learners and Immigrant Students	\$574,379
<b>Title IV</b> Well-rounded educational opportunities; Safe & Health Students; Effective use of technology	\$1,244,546
<b>Medicaid Reimbursement (ACCESS)</b> Federal Government's reimbursement for Medicaid Expenses, Special Education Cost Settlement, Title XIX Medical Assistance	\$1,600,000
<b>CARES</b> Assumes full federal allocation is not supplanted by PDE	\$9,809,104
<b>All Other Federal</b> IDEA, GEAR UP, 21st Century	\$4,611,000

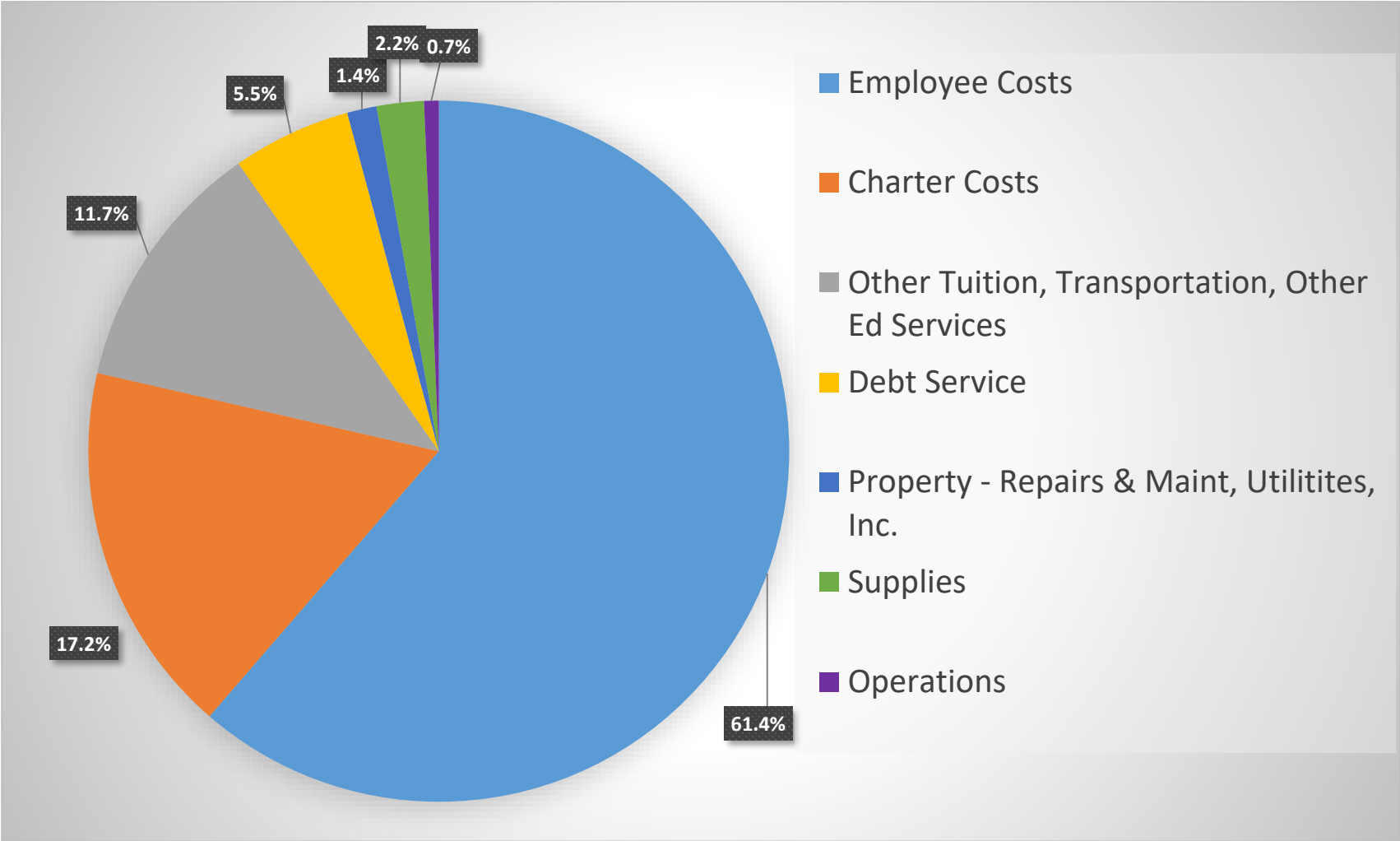
\* Includes approx. \$230,122 allocation to Non-Public Education



# State Defined Expense Categories

Object	Description
100	Salaries
200	Employee Benefits
300	Purchased Professional & Technical Services
400	Purchased Property Services
562	Tuition to Charter Schools
500	All Other Tuition & Purchased Services
600	Supplies
700	Property
830/910	Debt Service
800	Other Objects
900	Other Financing Uses

# Expense Allocation

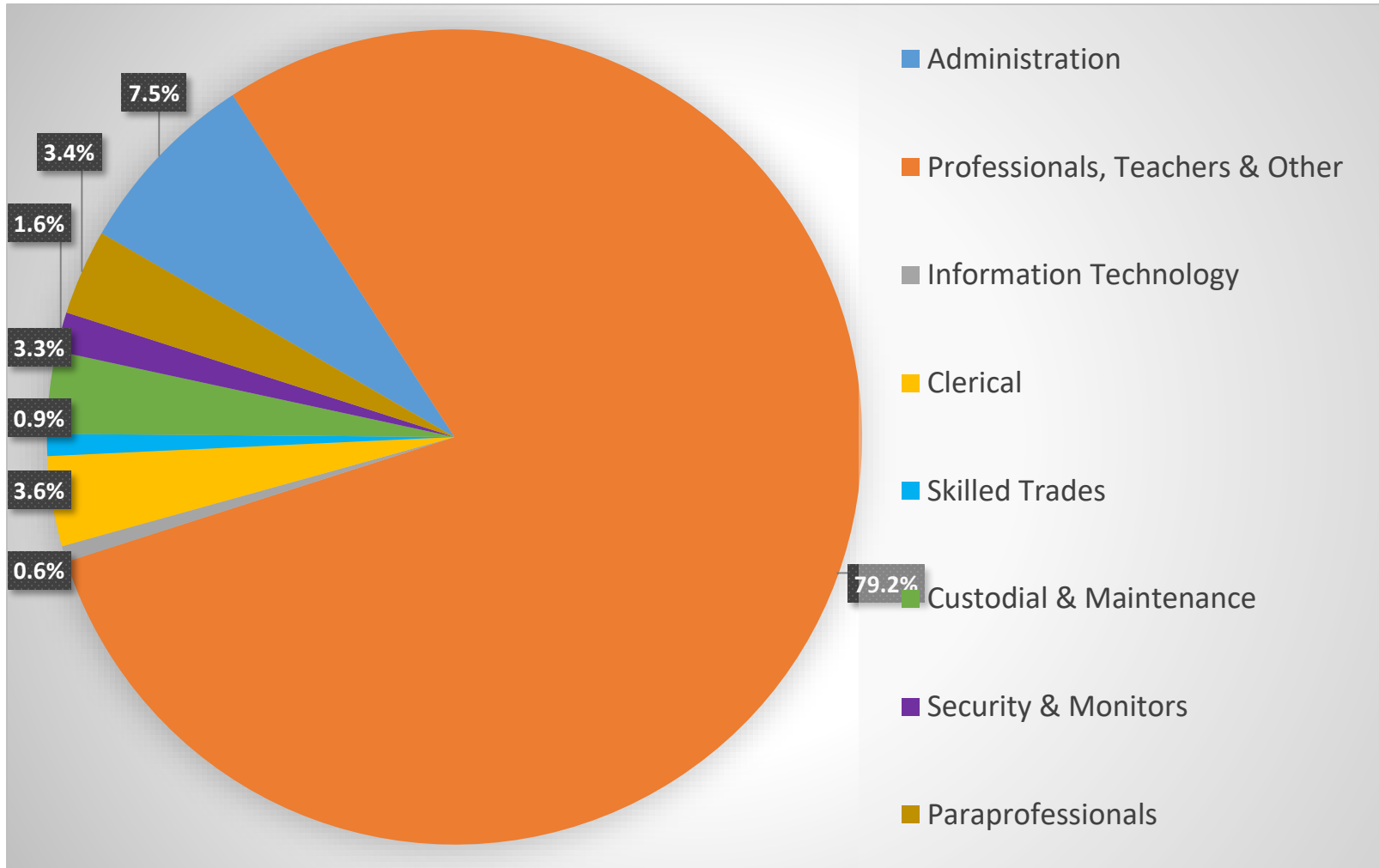


# Salaries (100): \$123,681,564

Administration	\$9,277,639
Professionals, Teachers & Other	\$97,842,344
Information Technology Staff	\$777,569
Clerical - School and Departments	\$4,417,603
Skilled Trades	\$1,073,810
Custodial & Maintenance	\$4,036,632
Security & Monitors	\$1,919,945
Paraprofessionals	\$4,187,522

\*Administration includes: Principals, Asst Principals, Supervisors of Instruction, Department Directors, Business & HR Staff, Executive Director of HR, Business Manager, Deputy & Asst. Superintendent, Superintendent,

# Salaries Breakout



# Benefits (200): \$98,342,748

<b>PSERS Retirement</b>	\$42,631,260
<b>Medical: Premium + \$148,500 buy out option</b>	\$42,148,500
<b>Social Security</b>	\$9,450,279
<b>Other: Tuition Reimbursement, Unemployment, Workers Comp</b>	\$2,392,709
<b>Life, Disability, and Vision Insurance</b>	\$320,000
<b>Dental Insurance</b>	\$1,400,000
	\$98,342,748

# Personnel Cost Increase

- Contractual Salary increases
  - Estimates still in negotiations with 4 units
- Medical Benefit Rate Increases
  - \$6M - \$9M on Medical/RX Plans
  - RFP response, still working to reduce premiums
- PSERS Rate Increase
  - From 34.29% to 34.51% by state mandate

# Professional Services (300): \$17,175,958

<b>IU Ed Services &amp; Substitutes</b>	<b>\$13,515,138</b>
<b>Other Contracted Professional Services</b>	<b>\$2,140,066</b>
<b>Financial &amp; HR Support</b>	<b>\$600,000</b>
<b>Training and Professional Development</b>	<b>\$244,254</b>
<b>Security/Safety Services</b>	<b>\$326,500</b>
<b>Technical Services</b>	<b>\$350,000</b>
	<b><u>\$17,175,958</u></b>

# Property Services (400): \$3,033,970

<b>Repairs and Maintenance</b>	<b>\$2,396,893</b>
<b>Water, Sewer, and Stormwater</b>	<b>\$314,010</b>
<b>Property Services (snow removal, refuse/recycling)</b>	<b>\$190,850</b>
<b>Large Equipment Rentals</b>	<b>\$67,200</b>
<b>Other Purchased Property Services (pest control, concrete maintenance)</b>	<b>\$65,017</b>
	<b><u>\$3,033,970</u></b>



# Charter School Tuition

## \$62,316,000

	2016-17	2017-18	2018-19	2019-20	2020-21	Regular	Special
<b>Brick &amp; Mortar</b>	35,690,231	42,735,150	46,915,222	50,309,347	54,353,304	39,360,851	14,992,453
<b>Cyber</b>	4,710,468	5,339,853	6,101,388	7,371,816	7,962,696	4,994,782	2,967,914
<b>Combined</b>	40,400,699	48,075,003	53,016,611	57,681,162	62,316,000	44,355,633	17,960,367

	2016-17	2017-18	2018-19	2019-20	2020-21
<b>Brick &amp; Mortar</b>	14%	20%	10%	7%	8%
<b>Cyber</b>	-1%	13%	14%	21%	8%
<b>Combined</b>	12%	19%	10%	9%	8%

# Charter School Legislation

## Impact on ASD Budget

### Discussions on Charter Tuition Rate

- Tuition rate freeze
- Advocacy for reduction in rate commensurate to impact to the local school district.
- Charter schools also receive CARES funding

### Governor's Proposal

- Cyber and special education charter reform
- If approved, ASD would see a \$3.9M reduction in tuition costs for FY21

# Tuition & Purchased Services (500s)

## \$25,245,284

Transportation (Charter, Special Ed, & non-public)	\$12,113,549
LCTI Tuition	\$8,700,001
LCCC and other higher education	\$1,850,000
Insurances	\$794,190
Tuition to Other Districts	\$208,000
Printing & Binding (in-house)	\$767,333
Internet, Telephone, Postage	\$305,628
Field Trip Admissions, On-site Programs	\$284,510
Mileage, Lodging, Food during Travel	\$179,628
Advertising	\$37,445
Incarcerated Youth	\$5,000
	\$25,245,284

# Operating Supplies (600)

## \$7,867,220

Technology & Supplies (Hardware & Software)	\$2,507,305
Utilities (Electric, Natural Gas, Heating Oil)	\$2,574,999
General Supplies	\$1,691,896
Books & Periodicals	\$1,012,637
Food for Events	\$80,383
	\$7,867,220

# Property (700)

## \$1,890,395

Capitalized Equipment	\$1,814,550
Emergency Equipment Repair	\$40,845
Non-Student Vehicle Maintenance	\$35,000
	\$1,890,395

# Debt Service (830/910)

## \$19,793,789

Interest Expense	\$8,665,774
Prinicipal Payments	\$10,175,515
	\$18,841,289
Other Debt Service	\$952,500
	<u>\$19,793,789</u>

# Other Objects (800)

## \$1,867,368

Allentown Public Library Funding	\$1,700,000
Dues & Fees	\$167,368
	\$1,867,368

# FY 2020-2021 Budget Overview

## Revenues

### REVENUE SUMMARY

Real Estate Taxes (Current and Delinquent)	99,236,192
Act 511 Taxes	11,150,000
Other Sources	5,880,000
<b>Local Sources</b>	<b>116,266,192</b>
Basic Education Funding	124,330,938
Special Education Funding	12,286,124
Transportation Subsidy	3,100,000
State Reimbursement of Employee Benefits	38,280,049
All Other State	27,532,013
<b>State Sources</b>	<b>205,529,123</b>
Title I	12,049,536
Title II	1,131,376
Title III	574,379
Title IV	1,244,546
Medicaid Reimbursement	1,600,000
All Other Federal	4,611,000
CARES ACT FUNDING	9,809,104
<b>Federal Sources</b>	<b>31,019,941</b>
<b>Other Funding Sources</b>	<b>1,194,788</b>
<b>Total Revenues</b>	<b>354,010,045</b>

## Expenses

### EXPENDITURE SUMMARY

Salaries	123,681,564
Employee Benefits	98,194,249
Purchased Professional & Technical Services	17,175,958
Purchased Property Services	3,033,970
Tuition to PA Charter Schools	62,316,000
All Other Tuition and Purchased Services	25,245,283
Supplies	7,867,220
Property	1,890,395
Debt Service	19,793,789
Other Objects	1,867,368
Other Financing Uses	569,788
<b>Total Expenditures</b>	<b>361,635,584</b>

FY 2021 Deficit **(7,625,539)**

Year-End Fund Balance **(8,344,046)**



# Tax Rate Comparison

<b>Millage Increase</b>	<b>Total of FY20-21 Taxes 95.5% Collection</b>	<b>Increase over FY 19-20</b>	<b>Additional cost per ave property</b>
<b>4.0%</b>	<b>\$95,236,192</b>	<b>\$4,206,249</b>	<b>\$90</b>
<b>3.5%</b>	<b>\$94,734,132</b>	<b>\$3,680,531</b>	<b>\$79</b>
<b>3.0%</b>	<b>\$94,230,619</b>	<b>\$3,153,293</b>	<b>\$68</b>
<b>2.0%</b>	<b>\$93,228,434</b>	<b>\$2,103,885</b>	<b>\$45</b>
<b>1.0%</b>	<b>\$92,221,409</b>	<b>\$1,049,408</b>	<b>\$23</b>
<b>0.0%</b>	<b>\$91,219,224</b>	<b>\$1,028,685</b>	<b>\$0</b>
<b>**Average Property is \$108,800</b>			

# Structural Deficit

## Changes In Local Revenues

Increase RE Taxes	7,728,941
Increased Per Capita Taxes	-
Other: (Donations, PILOT, Interest)	(847,103)

## Changes in State Revenues

Increase in BEF	3,487,870
Special Ed Funding	350,577
Transportation	-
State Payroll Subsidy	1,646,205
Other state revenue	(93,203)
	<b>12,273,287</b>

## Non-Grant related Expense Increase

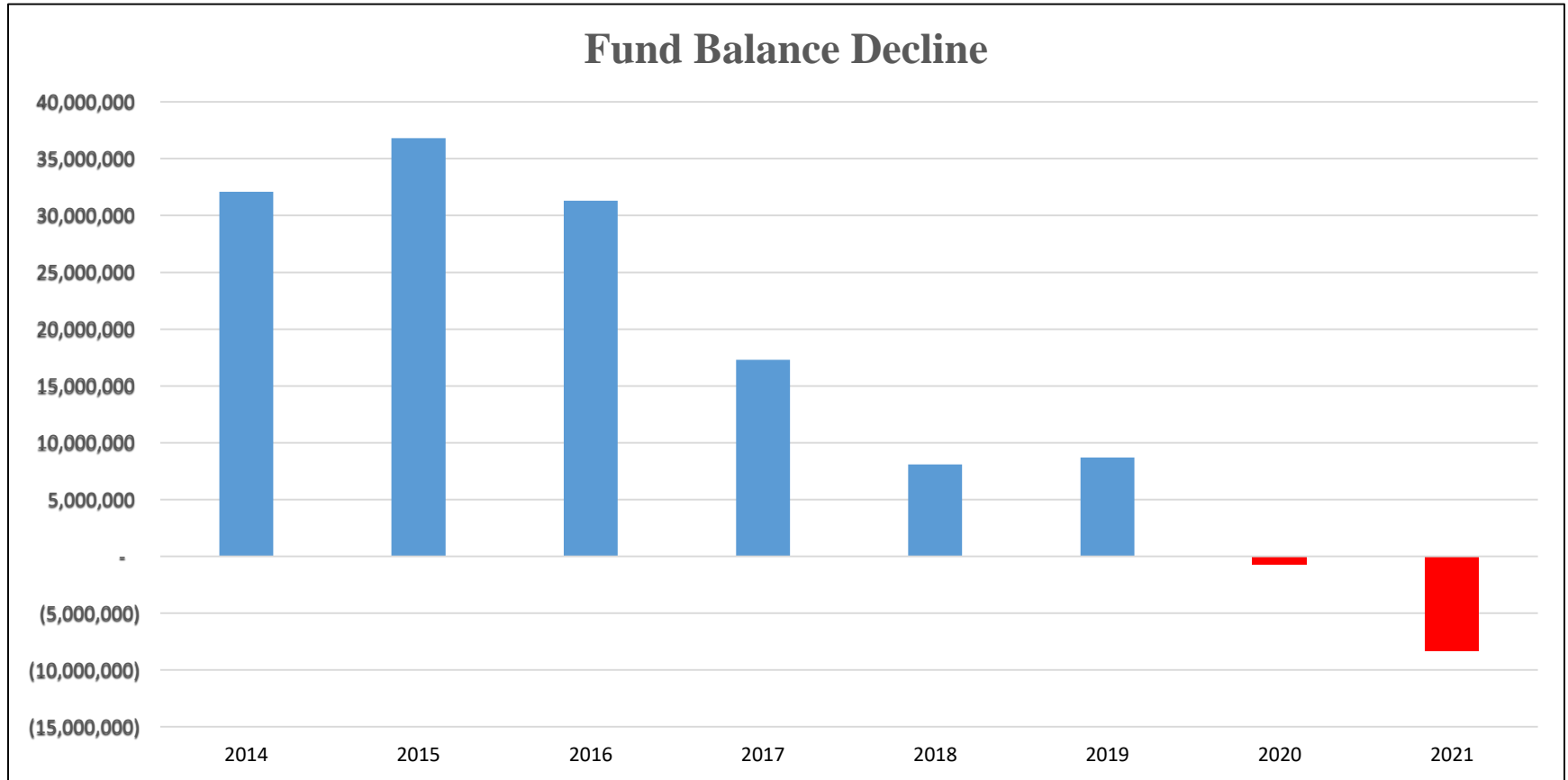
Increase in non-grants Payroll	2,015,542
Increase in non-grants benefits	9,424,601
Increase in Charter Schools	8,316,000
	<b>19,756,143</b>

## Deficit from Personnel & Charters

**(7,482,856)**

The modest increases in local and state revenues are not enough to keep up with the increase in personnel and charter costs before any expenses for supplies, maintenance, services, or debt payments.

# Structural Deficit



# Proposed & Final Budget Historical Review

	May		June	
	Proposed Deficit	Proposed Fund Balance	Final Approved Budget Deficit	Final Approved Fund Balance
2020-2021	(7,625,539)	(8,344,046)		
2019-2020	(16,111,904)	(12,205,180)	(6,286,039)	36,114
2018-2019	(15,008,004)	(9,569,090)	(5,008,004)	3,090,664

# Budget Development – Future Considerations

Continue to review cost reduction options

Evaluate staffing needs and salary costs

**CARES**

Continue to analyze areas of variance

Continue to analyze healthcare & charter school costs

# Budgeting Timeline

5/14

- Board moves the Proposed Final Budget to meeting on 5/28
- Administration continues to review and adjust budget recommendations

5/28

- Board to vote to adopt the Proposed Final Budget for public display via the PDE-2028;
- Authorize the display and advertising of the final meeting to approve a Final Budget;
- Board President certifies the PDE-2028 for display after vote

6/9

- Proposed Final Budget must be displayed by this date

6/19

- Advertise notice 10 days prior to Final budget vote

6/29

- Final Special Budget Meeting – vote to approve FINAL budget
- Vote to approve Homestead/Farmstead Exclusion Resolution