



2023-24 Budget

Finance Committee Meeting
May 8th, 2023

Agenda



- Multi - County School District Tax Rate Rebalancing
- Millage and Assessment Trends
- Local Revenue Trends
- State and Federal Funding Updates
- Expenditure Overview and Major Cost Drivers
- 2023-24 Budget Timeline

Role of the School Board and the Budget

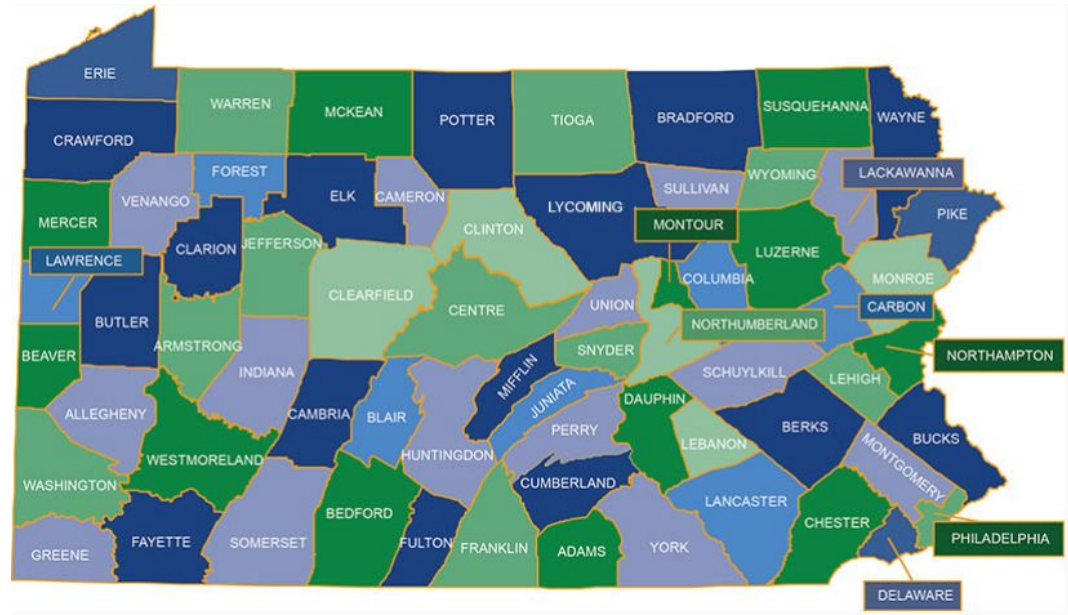
- A school district budget, no matter how large or small, is a delicate balance of policy choices.
- Adopting a budget is one of the most important functions of the school board.
- Budgets provide school boards with the opportunity to directly influence the educational environment of the district.
- Adoption of the budget provides administrative staff with direction and guidance to act.
- Almost every major decision made by the school board is or needs to be incorporated into the budget.

Reference: Understanding School Finance - A Basic Guide for Pennsylvania School Directors. Published by the Pennsylvania School Boards Association

Multi-County School District Tax Rate Rebalancing

There are 500 Public Schools in Pennsylvania, 89 of those School Districts educate students in more than one county

- 78 are in 2 counties
- 10 are in 3 counties
- 1 is in 4 counties



PA School Code Section 672.1

School Districts lying in more than one county or in more than one municipality; limitation on total tax revenues

- (a) Whenever a school district shall lie in more than one county, the total taxes levied on real estate within the school district in each county shall be subject to:
 - (1) the limitation that the ratio which such total taxes bears to the most recent valuation of the same properties by the State Tax Equalization Board (STEB) shall be uniform in all of the counties, and the school district shall adjust its rate of taxation applicable to the portion of the district in each county to the extent necessary to achieve such uniformity.
- Calculates different tax rates based on share of STEB market value in each county.

Who is STEB?

- State Tax Equalization Board (STEB) was established by the General Assembly in Act 447 PL 1046, 1947, to compensate for the lack of assessment uniformity statewide in distributing school subsidies.
- The primary function of the STEB is to determine annually the aggregate market value of taxable real estate property in each political subdivision and school district throughout the Commonwealth of Pennsylvania.
- The STEB is to establish a common level ratio of assessed value to market value for each county for the prior calendar year.

STEB Market Values and Assessments

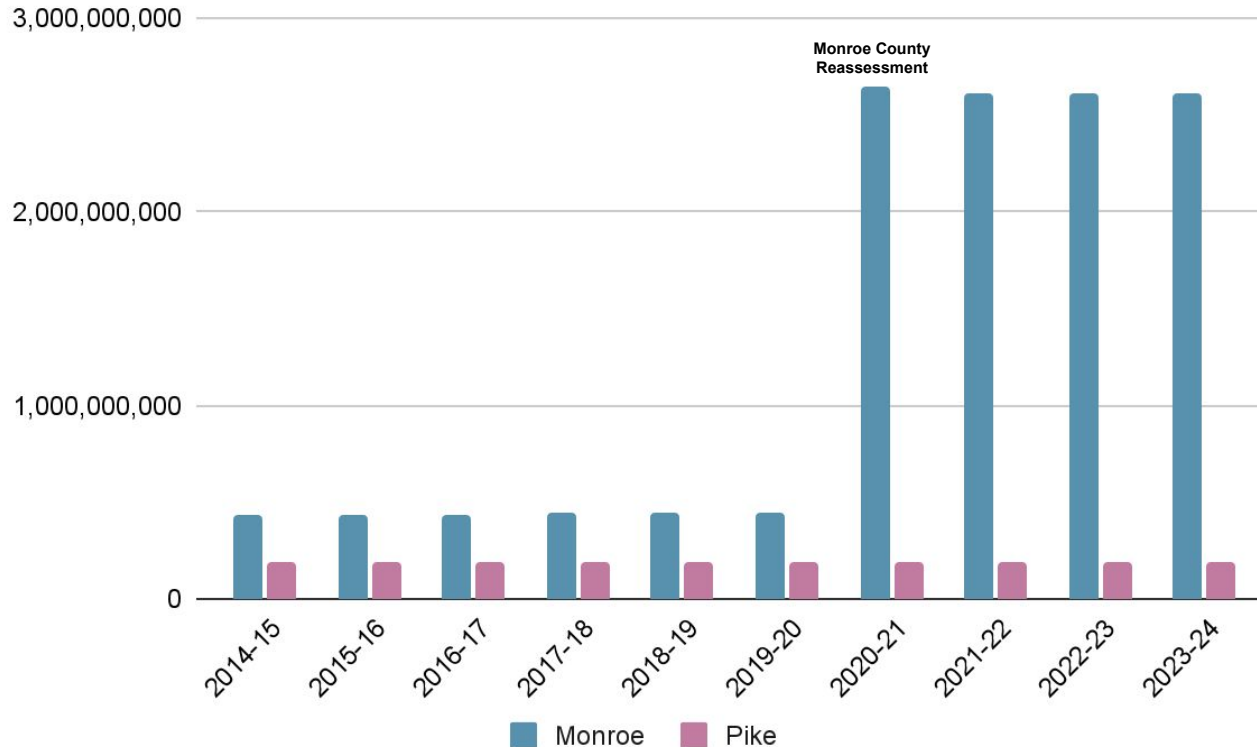
| County | 2020 Market Value | 2021 Market Value | Change from Prior Year |
|--------|----------------------------------|----------------------------------|--------------------------------|
| Monroe | \$2,206,694,165 76.34% | \$2,197,516,209 76.25% | (\$9,177,956) -0.42% |
| Pike | \$683,932,869 23.66% | \$684,557,946 23.75% | \$625,077 0.09% |
| County | 2023 Assessment | 2024 Assessment | Change from Prior Year |
| Monroe | \$2,616,686,801 93.08% | \$2,608,545,206 93.06% | (\$8,141,595) -0.31% |
| Pike | \$194,584,610 6.92% | \$194,585,070 6.94% | \$460 0.00% |

STEB Market Value Impact on Millage

| County | 2022-23 Budget Millage | 2023-24 Rebalanced Millage | Change from Prior Year |
|--------|------------------------------|----------------------------------|---------------------------|
| Monroe | 30.79 | 30.79 | 0.0% |
| Pike | 128.33 | 128.51 | 0.2% |

The 2022-23 STEB rebalanced millage is the new base millage for 2023-24 budget discussions and decisions.

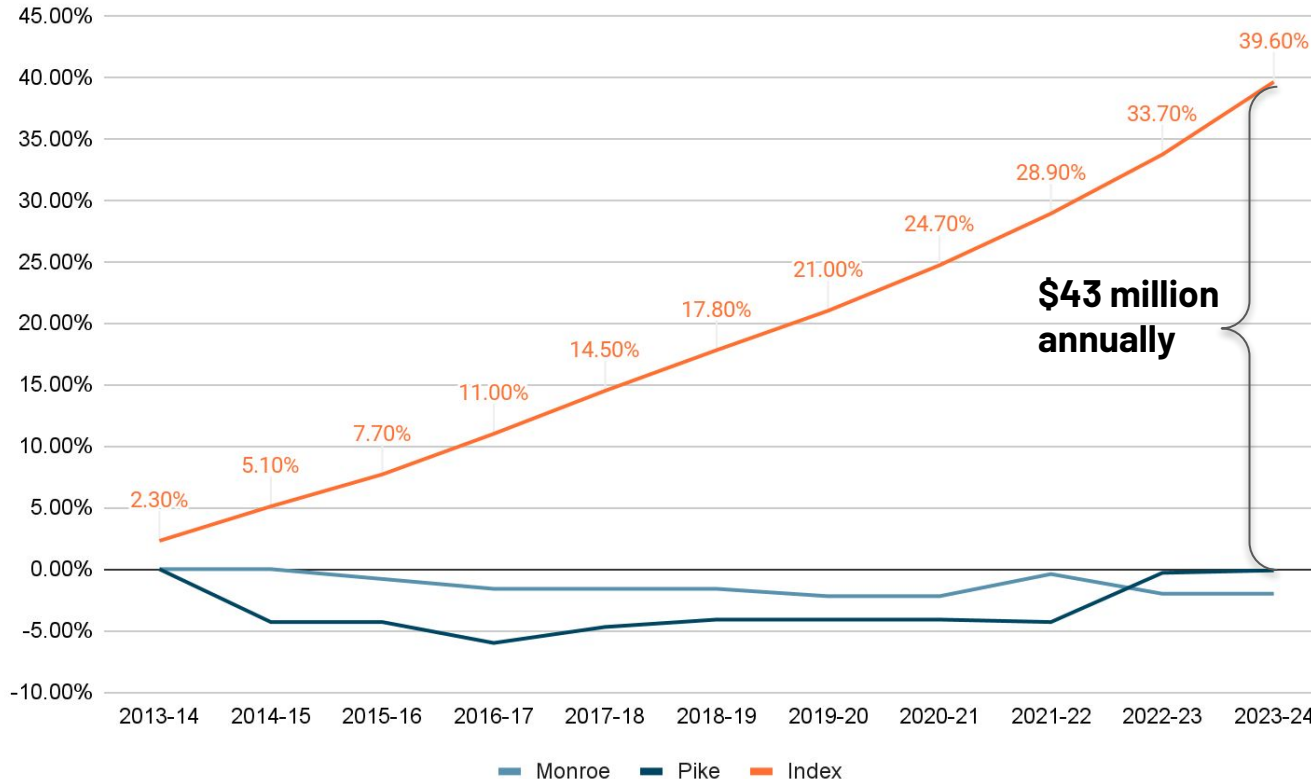
Districtwide Property Assessment Value



Flat assessment value has limited additional revenue opportunities

Over \$2 million in Property Tax revenue has been lost to assessment appeals since the Monroe County reassessment. Appeals are primarily Commercial property.

Compounded Millage change compared to Act 1 Index



2023-24 Adjusted
Act 1 Index is 5.9%

Maximum allowable
tax levy in 2023-24
would generate an
additional \$6 million
in revenue.

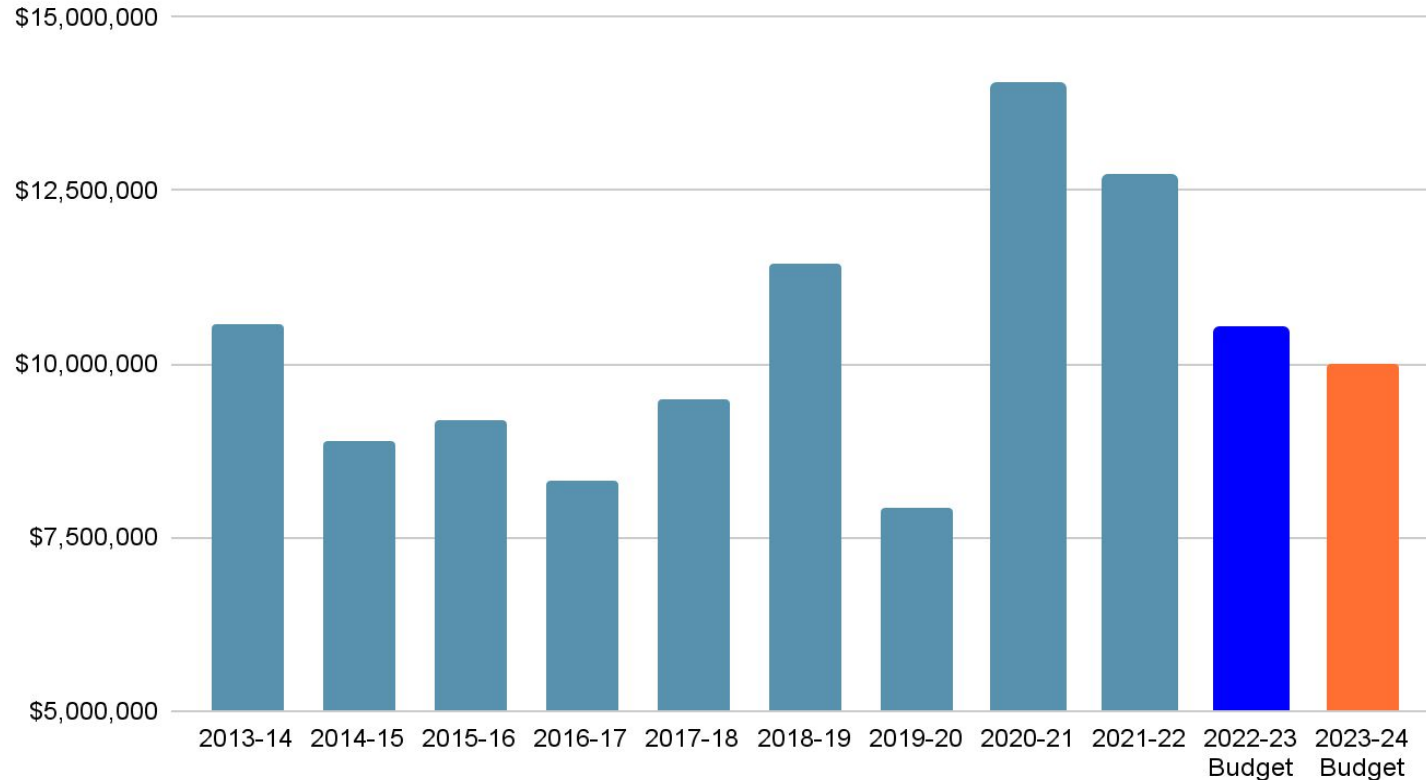
2023-24 Revenue Summary

| | 2022-23 Budget | 2023-24 Budget | Variance \$ | Variance % |
|----------------------|---------------------------|---------------------------|------------------------|-----------------------|
| Local | \$108,656,038 | \$108,724,651 | \$68,613 | 0.1% |
| State | 55,542,691 | 60,522,762 | 4,980,071 | 9.0% |
| Federal | 13,302,548 | 9,987,030 | (3,315,518) | -24.9% |
| Other | 1,999,316 | 50,000 | (1,949,316) | -97.5% |
| Total Revenue | \$179,500,593 | \$179,284,443 | (\$216,150) | -0.01% |

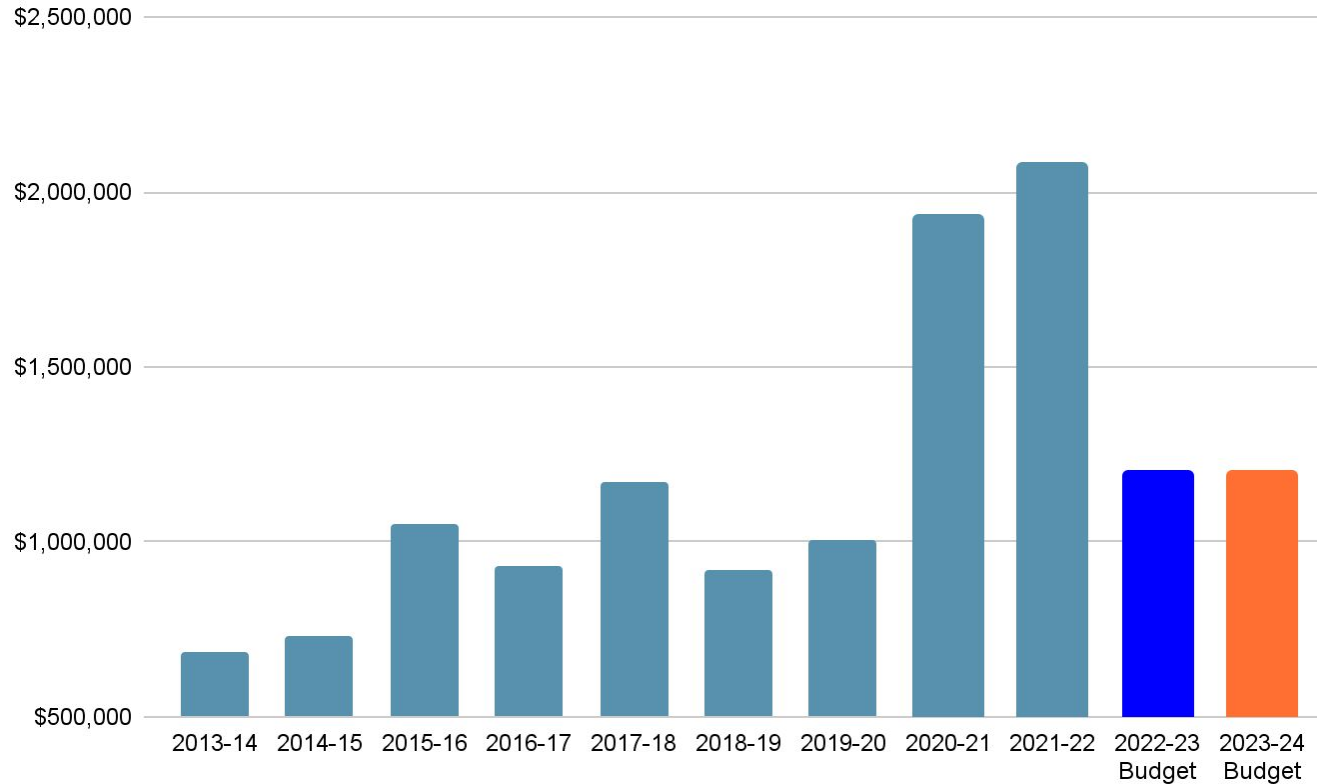
2023-24 Revenue Highlights

- Local
 - Property Tax rates reflect rebalancing only
 - Leveling off of Earned Income Tax, Transfer Tax and Delinquent Tax collections after historic increases in recent years
 - Interest income reflective of current/forecasted rate environment
- State
 - Includes July 2022 BEF and SEF increase
 - Included an additional \$1.7 million from proposed 23-24 state budget.
- Federal
 - Phase out of pandemic related ESSER Funds begins
- Other
 - Reclassification of IT lease to purchase (Present Value impact only)

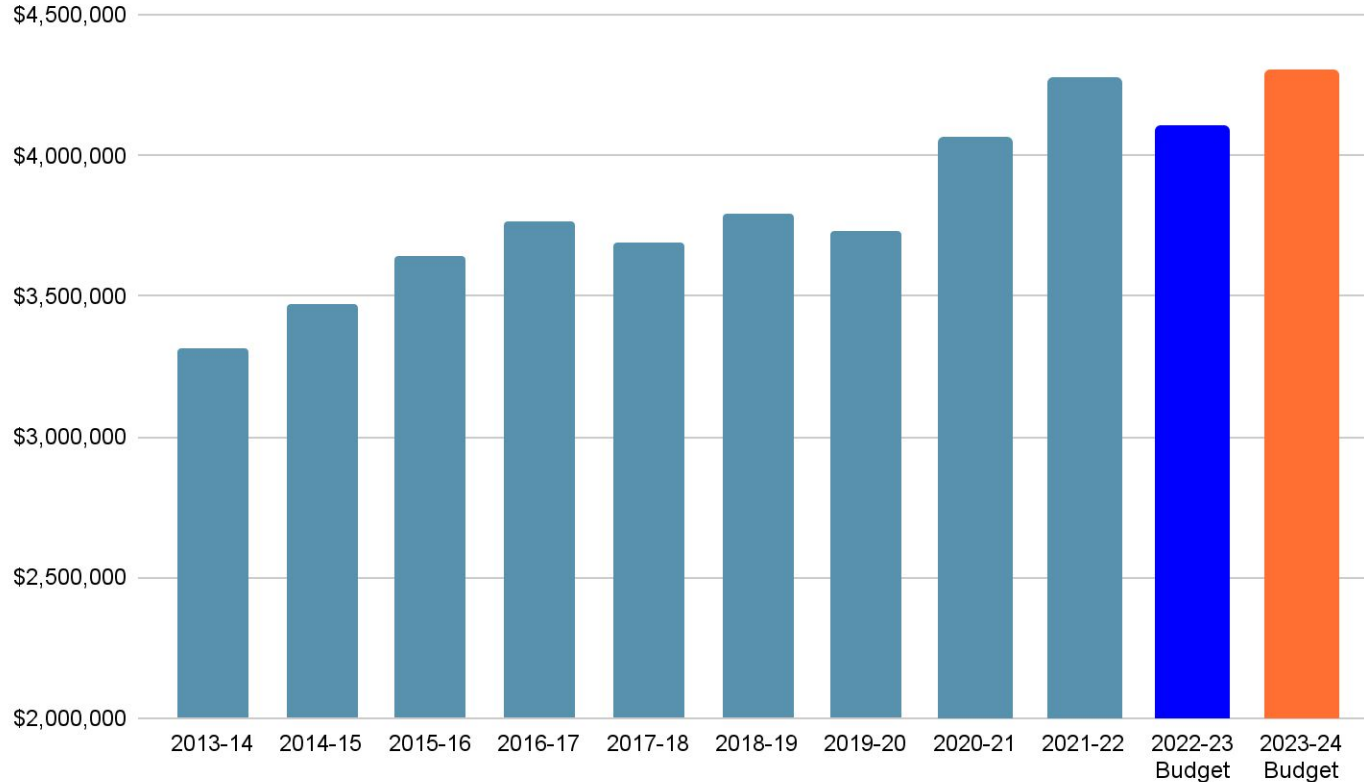
Local Revenues - Delinquent Real Estate Tax



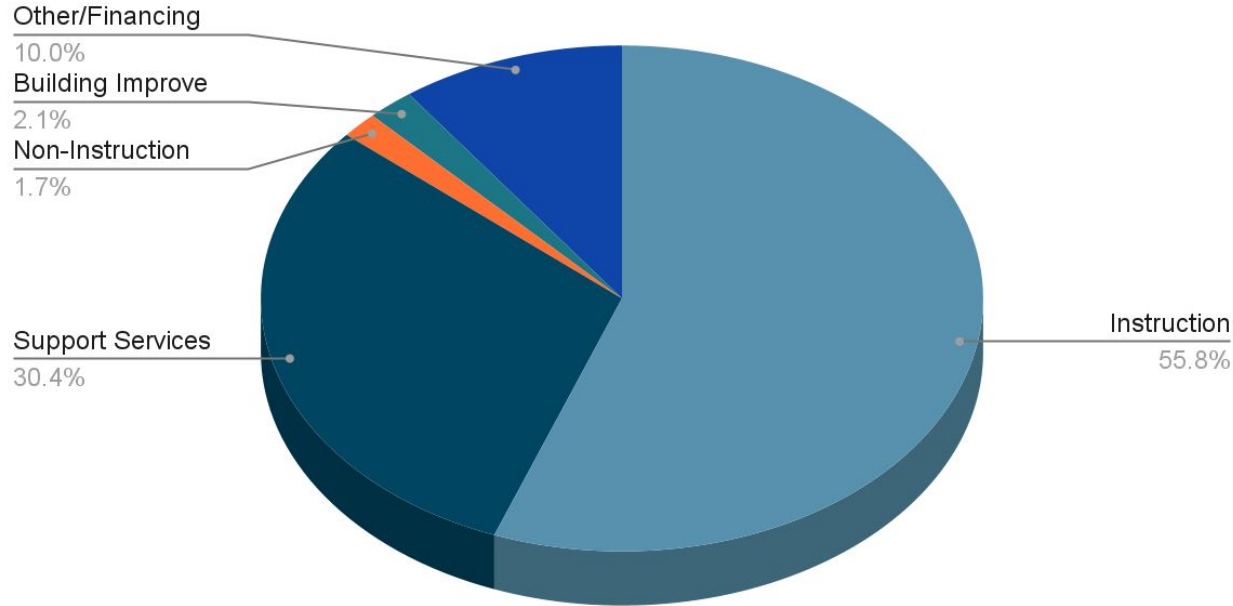
Local Revenues - Real Estate Transfer Tax



Local Revenues - Earned Income Tax

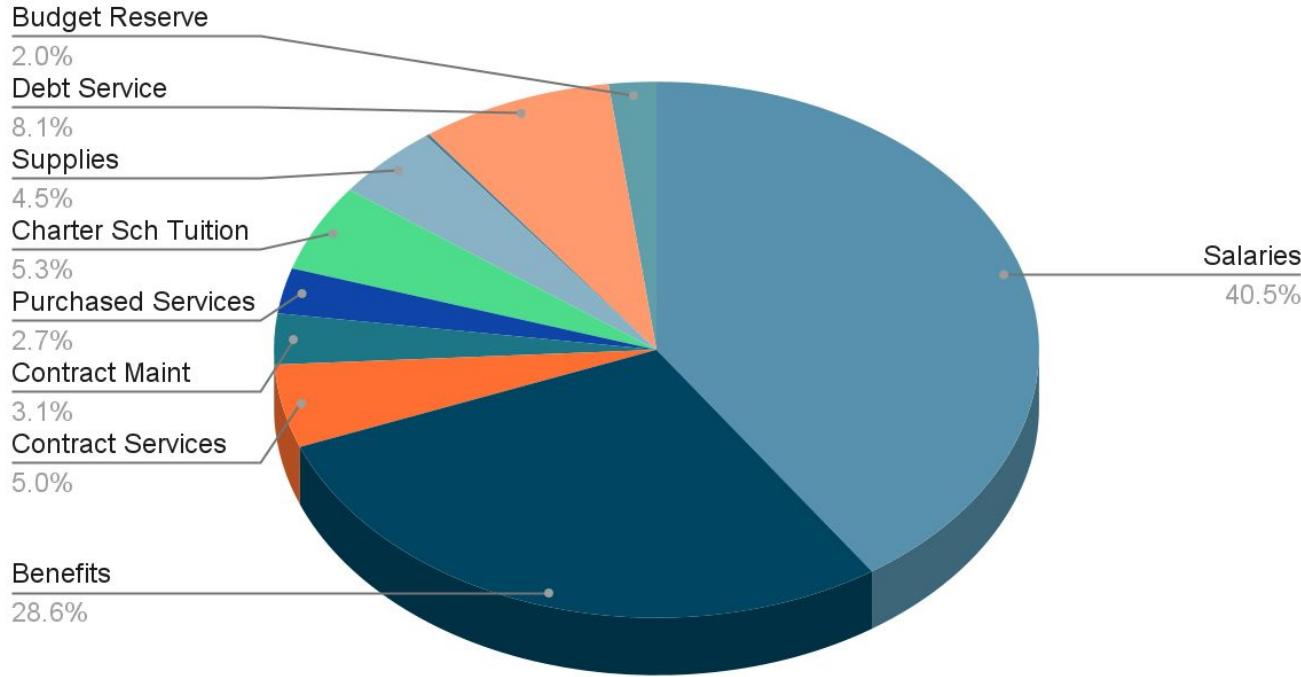


2023-24 Budget Expenditure by Function



| | |
|----------------------|--------------------------|
| \$104,023,696 | Instruction |
| \$57,484,796 | Support Services |
| \$3,161,562 | Non-Instruction Services |
| \$4,000,000 | Building Improvements |
| \$19,113,944 | Other / Financing Uses |
| \$187,783,998 | Total |

2023-24 Budget Expenditure by Object



| | |
|----------------------|---------------------------|
| \$76,282,360 | Salaries |
| 53,842,329 | Benefits |
| 9,435,897 | Contracted Services |
| 5,801,379 | Contracted Maintenance |
| 5,223,023 | Purchased Services |
| 9,000,000 | Charter School Tuition |
| 8,634,123 | Supplies |
| 272,000 | Capitalized Equipment |
| 15,475,981 | Debt Service |
| 3,816,906 | Budget Res/Cap Trans/Fees |
| \$187,783,998 | Total |

2023-24 Budget Cost Drivers

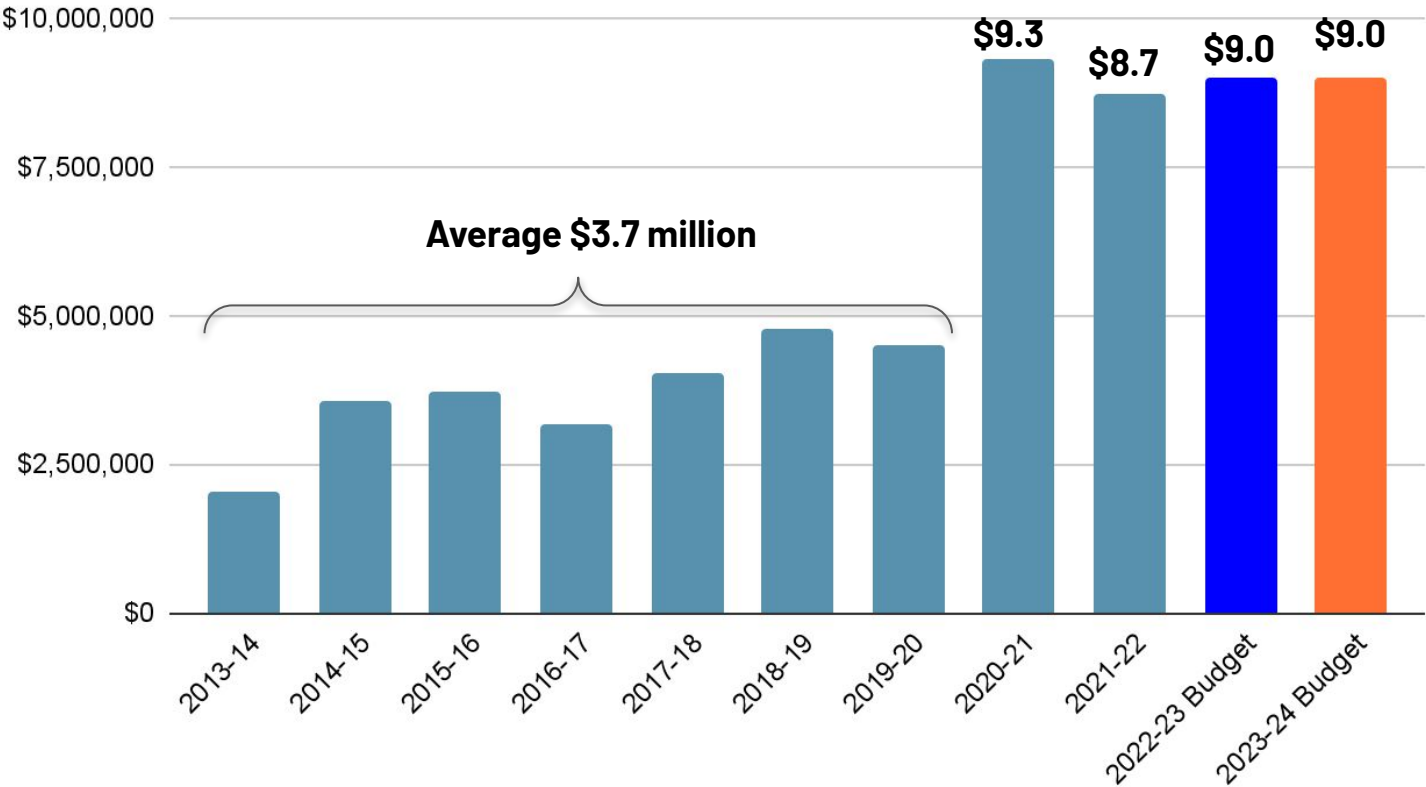
| | 2023-24 Budget | Increase / (Decrease) over 2022-23 \$ | Increase / (Decrease) over 2022-23 % |
|---------------------------|---------------------------|--|---|
| Salaries | \$76,282,360 | \$4,162,239 | 5.8% |
| Benefits | 53,842,329 | 1,568,998 | 3.0% |
| Charter Schools | 9,000,000 | 0 | 0% |
| Utilities | 2,647,748 | 600,895 | 29.4% |
| Debt Service | 15,475,981 | 290,767 | 1.9% |
| Bus Propane | 625,000 | 250,000 | 66.7% |
| ESSER | 5,736,877 | (1,737,790) | -23.2% |
| Everything Else | 24,173,703 | (3,128,092) | -11.3% |
| Total Expenditures | \$187,783,998 | \$2,007,017 | 1.0% |

2023-24 Budget Comparison to Prior Year



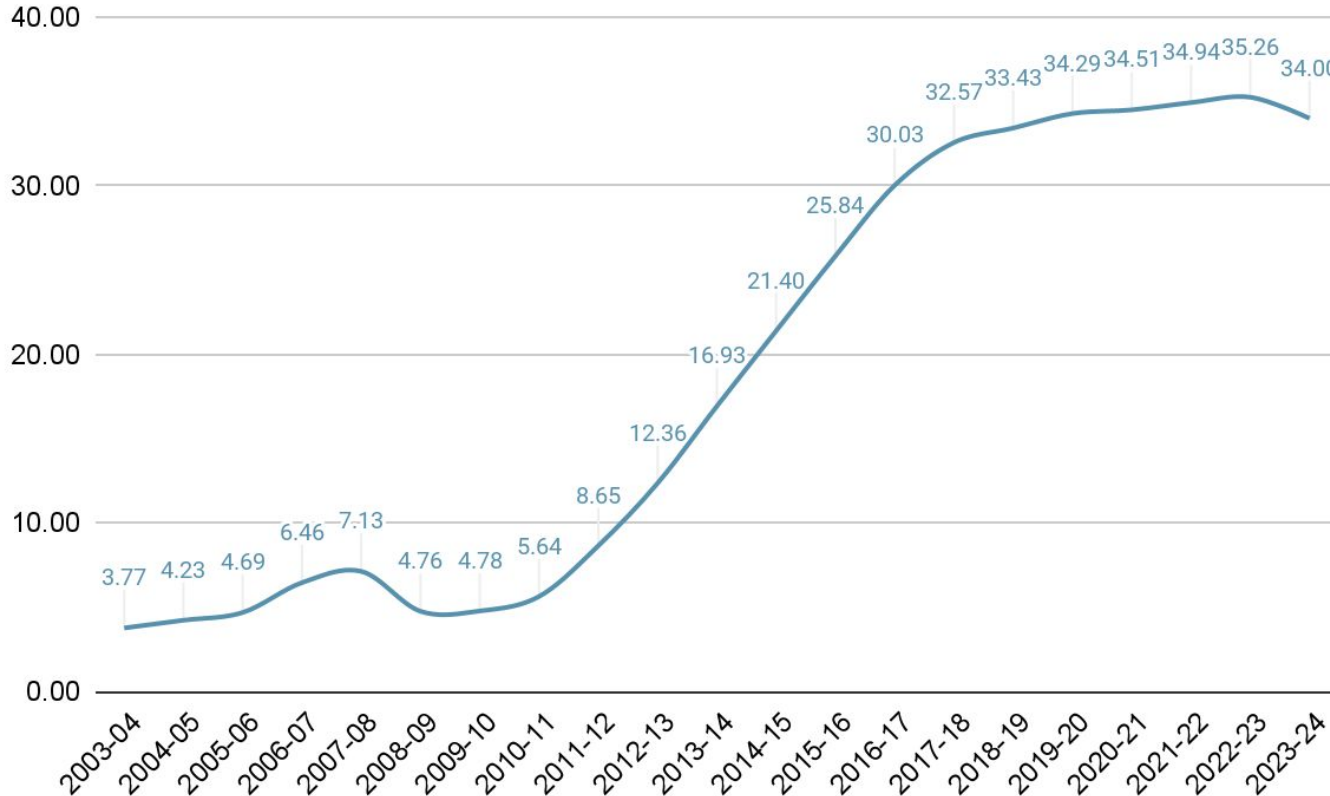
| | 2022-23 Budget | 2023-24 Budget | Variance \$ | Variance % |
|---------------------------|-----------------------|-----------------------|--------------------|-------------------|
| Revenue | \$179,500,593 | \$179,284,443 | (216,150) | -0.01% |
| Expenditures | 185,776,981 | 187,783,998 | 2,007,017 | 1.0% |
| Revenue over Expenditures | (6,276,388) | (8,499,555) | (14,775,943) | 99.9% |
| Beginning Fund Balance | 49,153,726 | 42,877,338 | (6,276,388) | -12.8% |
| Ending Fund Balance | \$42,877,338 | \$34,377,783 | (\$8,499,555) | -19.8% |

Charter School Tuition Cost



Tuition Rates:
Regular Ed -
\$15,603
Special Ed -
\$41,169

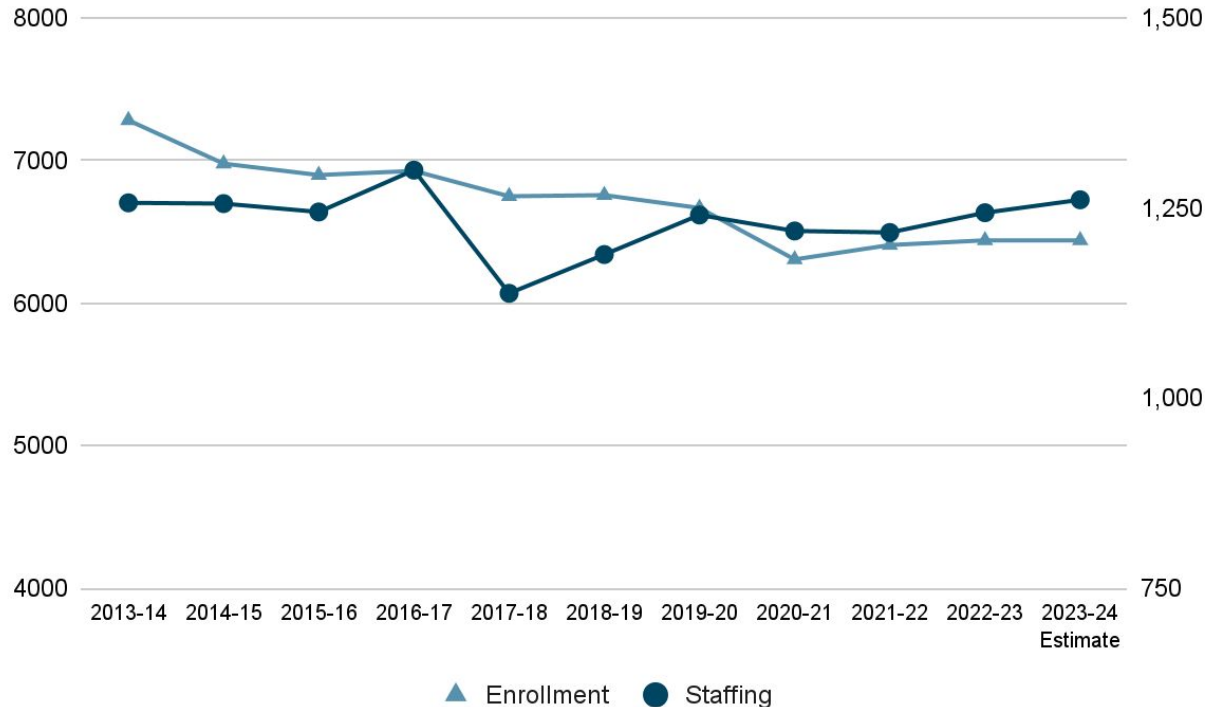
PSERS - Employer Contribution Rate



The 2023-24 rate of 34.0 was determined by PSERS' actuary and certified by the PSERS Board of Trustees at its meeting on December 16, 2022. This is the first rate decline since 2008-09.

ESASD PSERS costs budgeted to increase by \$1 million in 2023-24 to a total cost of \$26 million.

Enrollment and Staffing Trend



Student enrollment is down 11% from 2013-14 with the largest drop evident in the 2020-21 school year. This correlates directly with the increased Cyber Charter enrollment in 2020-21.

Student enrollment did bounce back in 2021-22 but remains below pre-pandemic levels.

2023-24 Staffing budget includes additional support positions to facilitate pandemic related learning loss. These positions are covered with ESSER funding.

2023-24 enrollment is assumed flat to 2022-23.

2023-24 staff planning is an iterative process with change constant up to and through the start of the school year.

General Fund balance as of June 30, 2022

Total: \$49,153,726

- Nonspendable: \$667,814
 - Prepaid expenses
- Committed: \$24,000,000
 - PSERS Rate Stabilization - \$18,000,000
 - Future Healthcare Costs - \$6,000,000
- Assigned: \$17,276,388
 - Future Budget Expenditures - \$5,000,000
 - Future Educational Programs - \$6,000,000
 - Balance the 2022-23 Budget - \$6,276,388
- Unassigned: \$7,209,524; 3.9% of expenditures

2023-24 Budget Timeline

- December 19, 2022 – School Board Meeting
 - ***Motion to not exceed the Act 1 Index***
- March 13, 2023 – Finance Committee Budget Presentation
- March 20, 2023 – School Board Budget Presentation
- May 8, 2023 – Finance Committee Budget Presentation
- May 15, 2023 – School Board Budget Presentation
 - ***Proposed Final Budget Vote***
- June 12, 2023 – Finance Committee Budget Presentation
- June 19, 2023 – School Board Budget Presentation
 - ***Final Budget Vote***