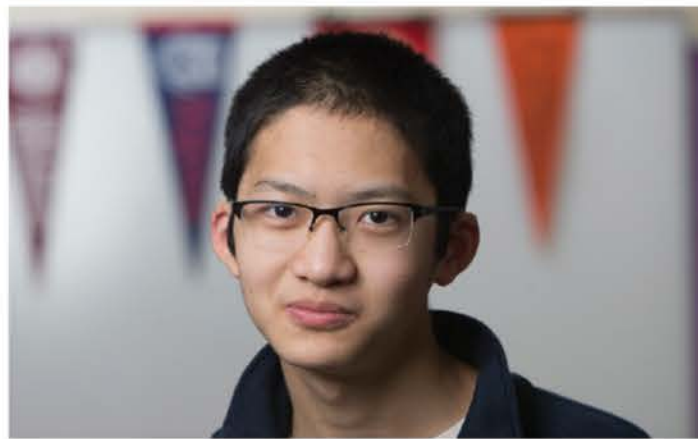
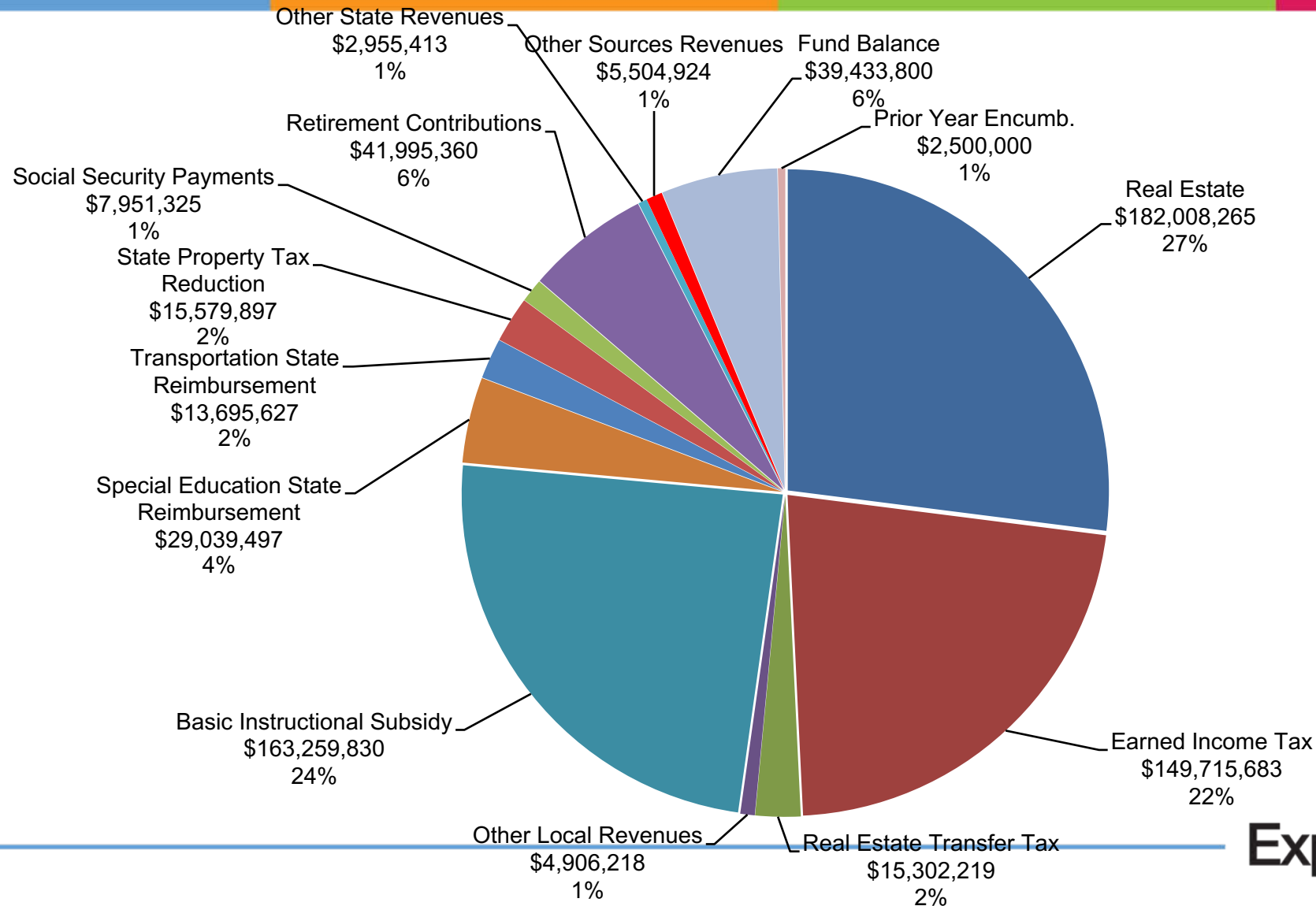


2020 Year End Update

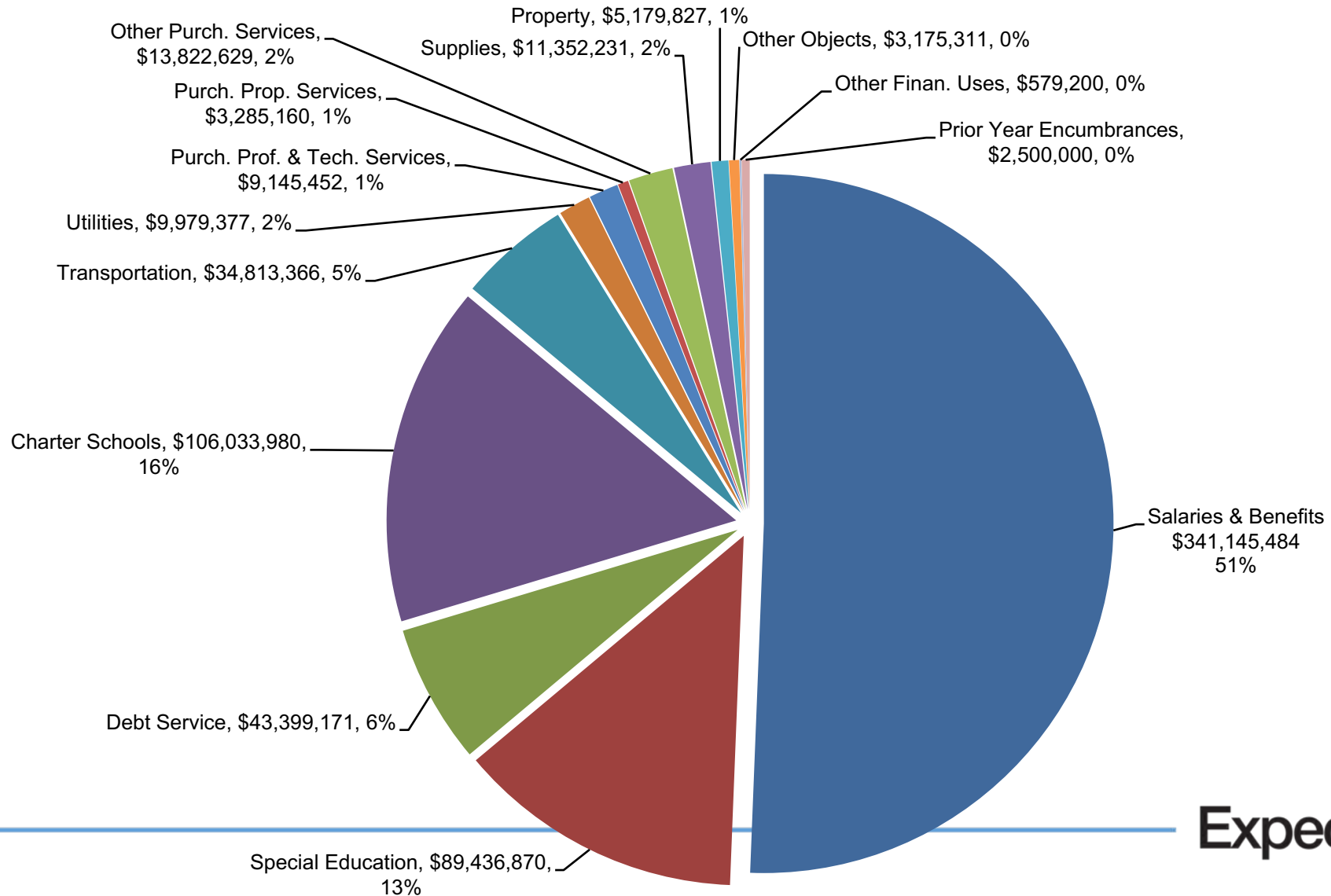



Expect great things.

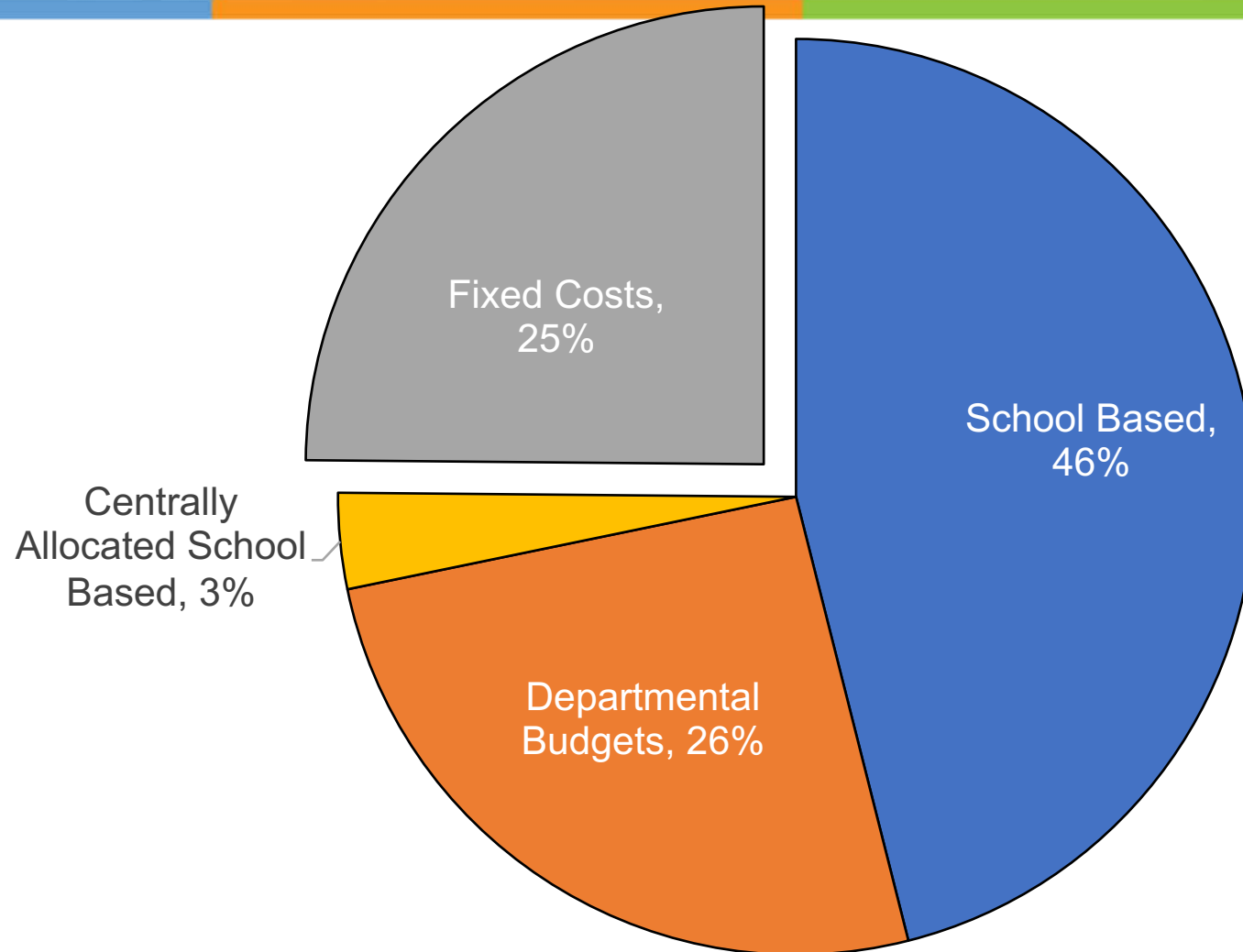
How Our Budget is Funded



How We Spend Our Budget



Composition of Current Budget



Financial Forecast (January 2021)

	Adopted Year Ended 2020	Projected Year Ended 2020	Adopted Year Ended 2021	Projected Year Ended 2022	Projected Year Ended 2023	Projected Year Ended 2024
Total Revenues	\$639,805,733	\$624,161,000	\$631,914,258	\$639,224,007	\$647,292,112	\$655,323,863
Total Expenditures	\$664,814,155	\$639,761,677	\$671,348,058	\$678,204,994	\$683,951,236	\$691,892,941
Beginning Balance	\$81,631,443	\$88,834,882	\$73,234,205	\$33,800,405	(\$5,180,582)	(\$41,839,707)
Operating Surplus/(Deficit)	(\$25,008,422)	(\$15,600,677)	(\$39,433,800)	(\$38,980,987)	(\$36,659,124)	(\$36,569,078)
Ending Fund Balance	\$56,623,021	\$73,234,205	\$33,800,405	(\$5,180,582)	(\$41,839,707)	(\$78,408,785)
Less Projected Reservations	(\$2,500,000)	(\$2,500,000)	(\$2,500,000)	(\$2,500,000)	(\$2,500,000)	(\$2,500,000)
Less Committed Fund Balance	\$0	\$0	\$0	\$0	\$0	\$0
Less Assigned Fund Balance	(\$20,879,089)	(\$39,433,800)	(\$38,980,987)	(\$36,659,124)	(\$36,569,078)	(\$34,614,013)
Unassigned Fund Balance	\$33,243,933	\$31,300,405	(\$7,680,582)	(\$44,339,707)	(\$80,908,785)	(\$115,522,797)
% Budgeted Expenditures	5.00%	4.89%	-1.14%	-6.54%	-11.83%	-16.70%
Minimum Fund Balance per Board Policy #721	\$33,240,708	\$31,988,084	\$33,567,403	\$33,910,250	\$34,197,562	\$34,594,647
Compliance with Fund Balance Policy	Yes	No	No	No	No	No
Funds needed to comply with Fund Balance Policy		\$687,679	\$41,247,985	\$78,249,956	\$115,106,346	\$150,117,444



Our Current Financial Forecast

	Adopted Year Ended 2020	Projected Year Ended 2020	Adopted Year Ended 2021	Projected Year Ended 2022	Projected Year Ended 2023	Projected Year Ended 2024
Total Revenues	\$639,805,733	\$619,720,159	\$631,914,258	\$639,224,007	\$647,292,112	\$655,323,863
Total Expenditures	\$664,814,155	\$624,080,776	\$671,348,058	\$678,204,994	\$683,951,236	\$691,892,941
Beginning Balance	\$81,631,443	\$88,834,882	\$84,474,265	\$45,040,465	\$6,059,478	(\$30,599,647)
Operating Surplus/(Deficit)	(\$25,008,422)	(\$4,360,617)	(\$39,433,800)	(\$38,980,987)	(\$36,659,124)	(\$36,569,078)
Ending Fund Balance	\$56,623,021	\$84,474,265	\$45,040,465	\$6,059,478	(\$30,599,647)	(\$67,168,725)
Less Projected Reservations	(\$2,500,000)	(\$2,500,000)	(\$2,500,000)	(\$2,500,000)	(\$2,500,000)	(\$2,500,000)
Less Committed Fund Balance	\$0	\$0	\$0	\$0	\$0	\$0
Less Assigned Fund Balance	(\$20,879,089)	(\$39,433,800)	(\$38,980,987)	(\$36,659,124)	(\$36,569,078)	(\$34,614,013)
Unassigned Fund Balance	\$33,243,933	\$42,540,465	\$3,559,478	(\$33,099,647)	(\$69,668,725)	(\$104,282,737)
% Budgeted Expenditures	5.00%	6.82%	0.53%	-4.88%	-10.19%	-15.07%
Minimum Fund Balance per Board Policy #721	\$33,240,708	\$31,204,039	\$33,567,403	\$33,910,250	\$34,197,562	\$34,594,647
Compliance with Fund Balance Policy	Yes	Yes	No	No	No	No
Funds needed to comply with Fund Balance Policy			\$30,007,925	\$67,009,896	\$103,866,286	\$138,877,384



What has changed with
our forecast?

It's All About Revenues and Expenditures



Revenues are \$4.4 million lower than projected

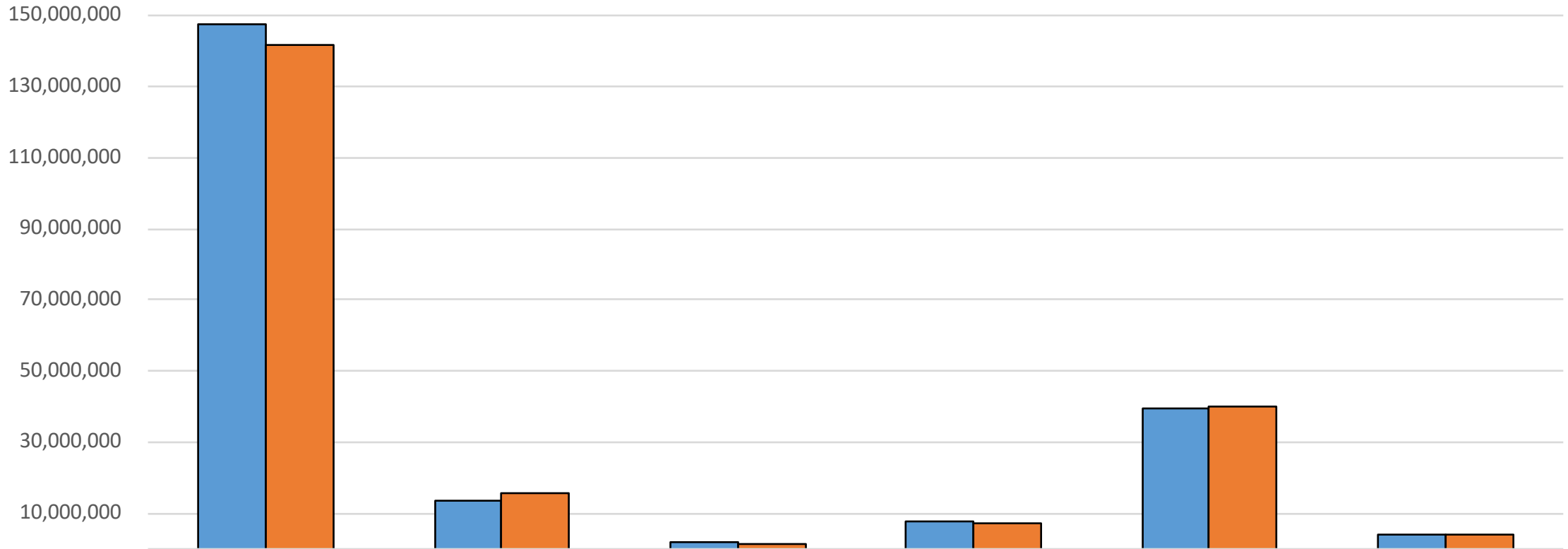


Expenditures are \$15.7 million lower than projected



The result is a \$11.3 million reduction to the projected 2020 budget deficit

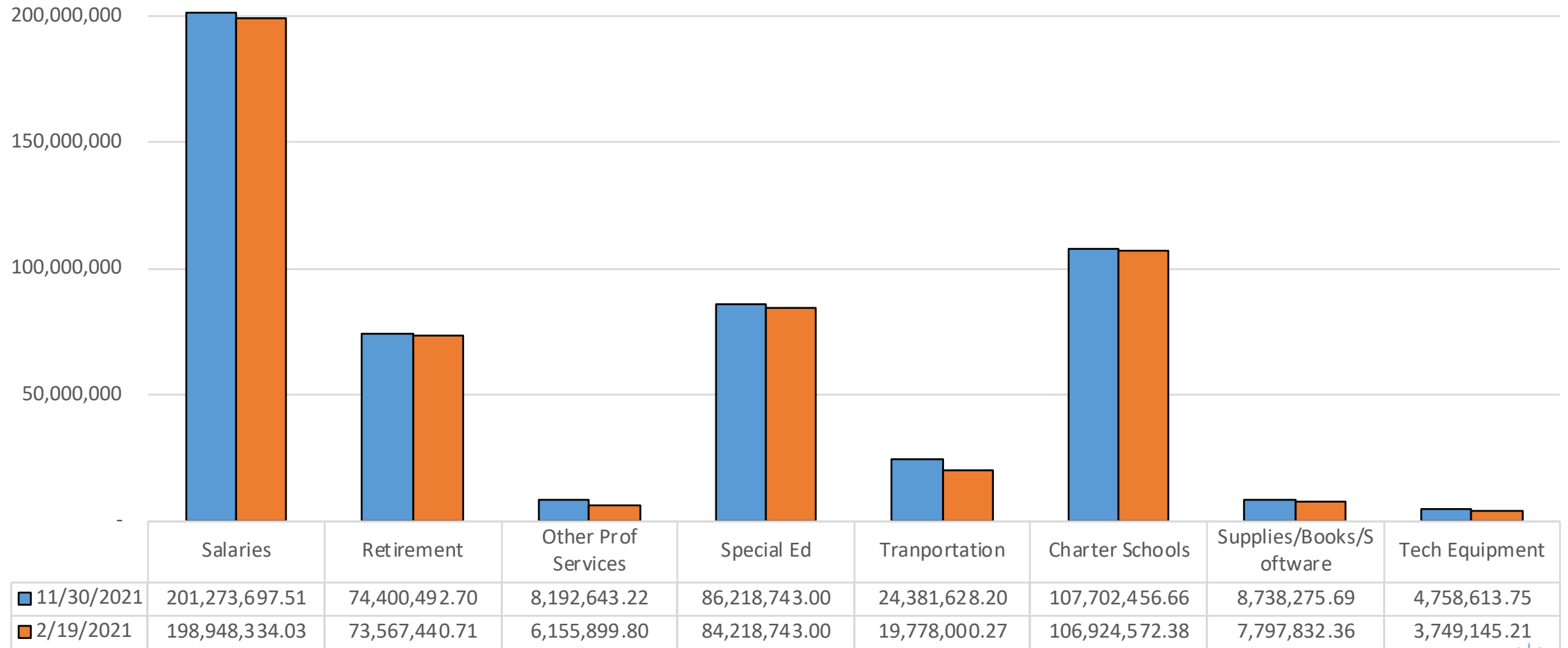
Major Revenue Changes



	Earned Income	Transportation	Sinking Fund	Social Security	Retirement	Tuition
11/30/2021	147,503,135.72	13,427,085.19	1,685,729.57	7,594,228.00	39,500,816.83	4,105,336.17
2/19/2021	141,937,001.08	15,866,062.33	1,181,035.87	7,416,600.32	39,812,317.07	3,796,266.14



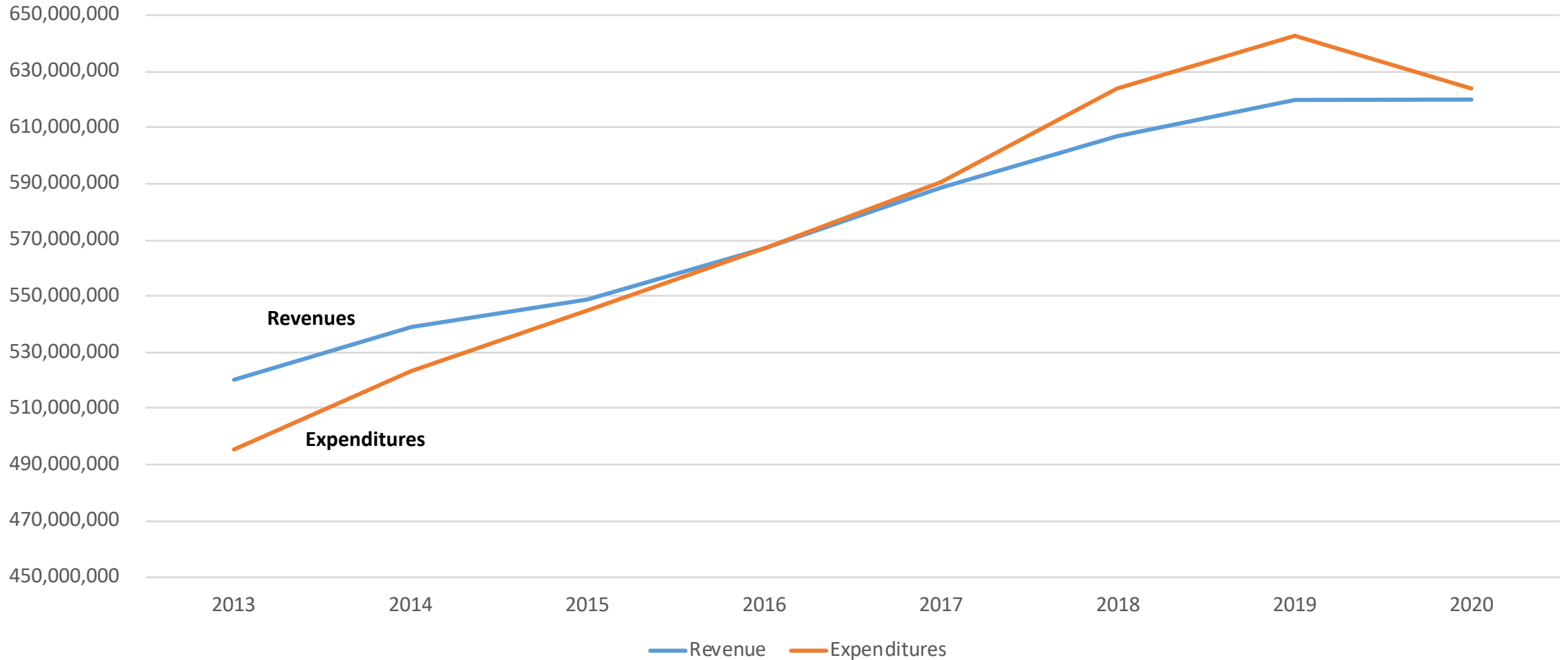
Major Expenditures Changes



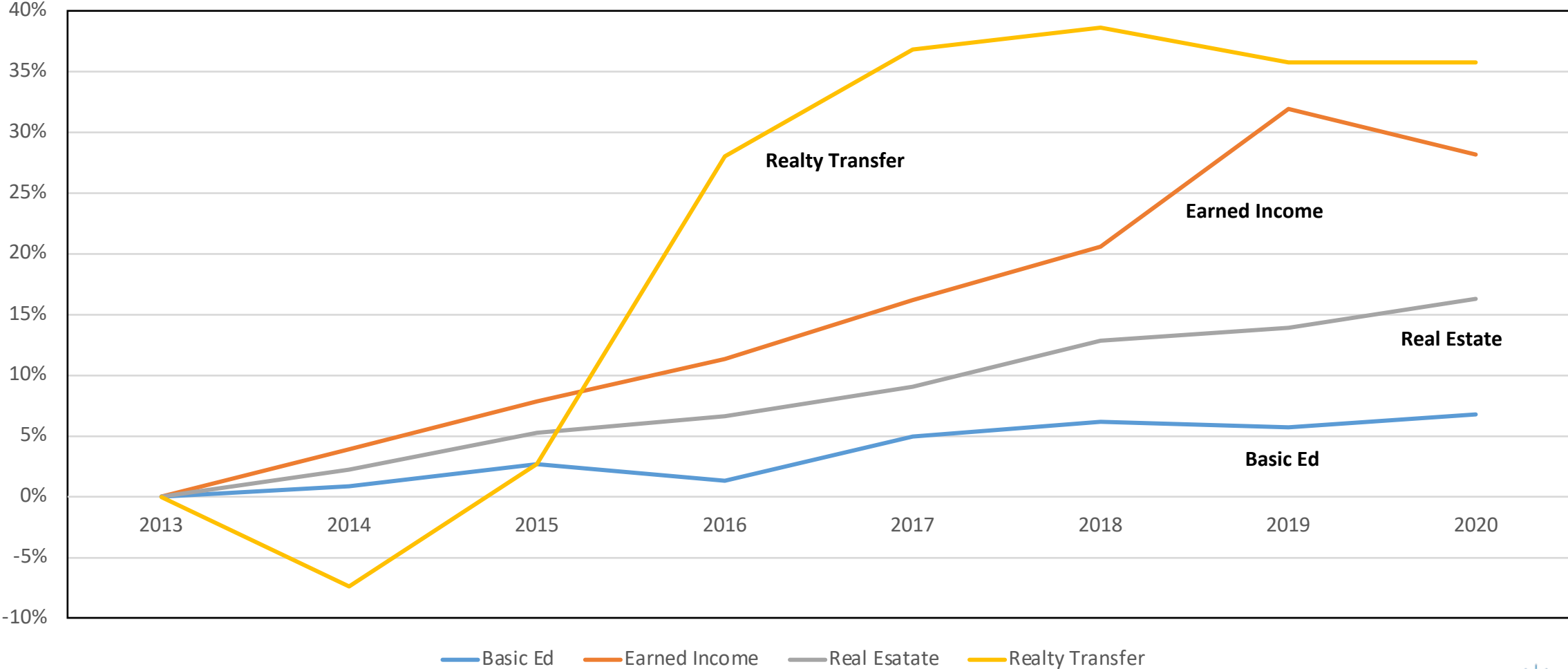


How did we get here?

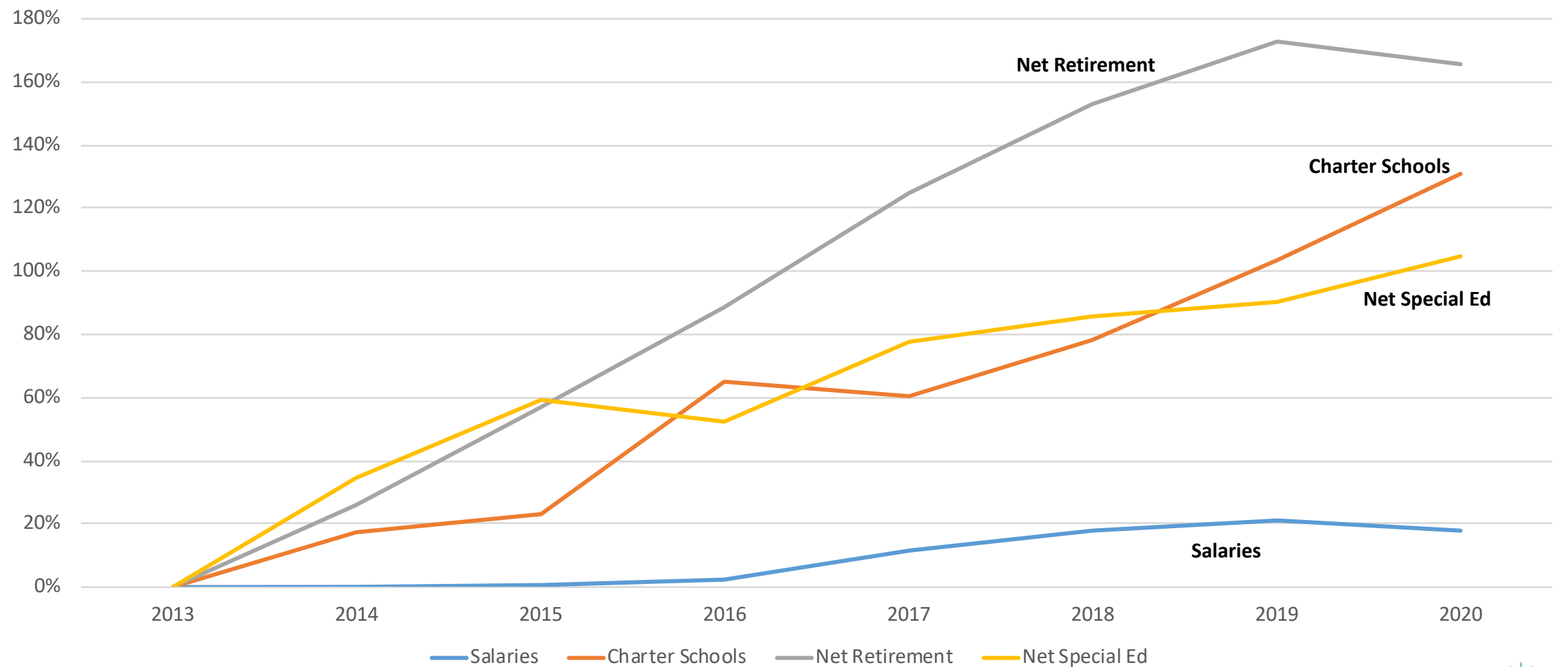
Our Deficits Began in 2016/2017



We Benefit From a Strong Local Economy



Retirement and Charter Costs Continue to Skyrocket



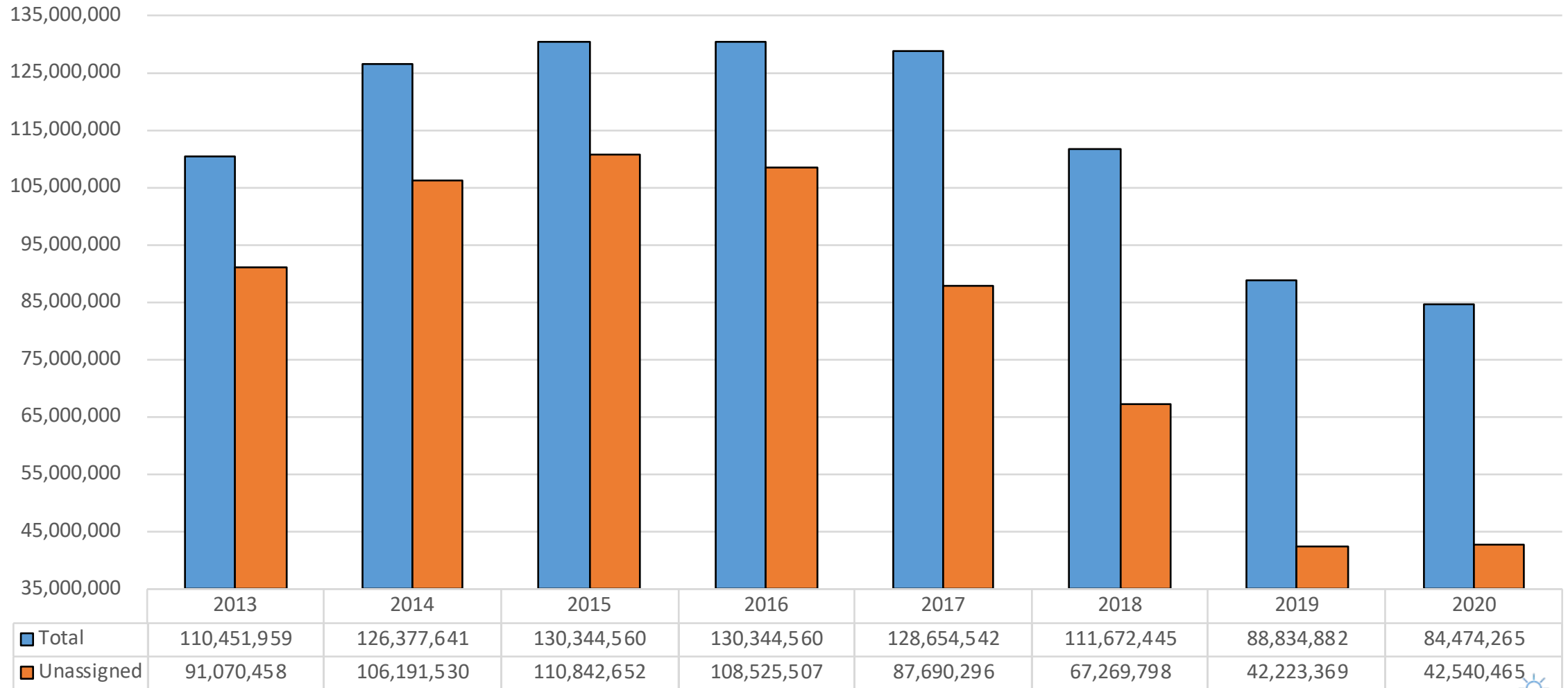
Our Region, City and District Have Changed

- Pennsylvania is one of the slowest growing states in the Country. As a result, Pennsylvania will lose one and maybe two Congressional seats.
- Allegheny County and the City of Pittsburgh's population continues to decline.
- Our population is aging, with 85+ as the fastest-growing age group in the state.
- Family size is shrinking, with families waiting longer to have children.

Our Region, City and District Have Changed

- As a result of years of enrollment decline, 12 PPS schools are currently operating under half capacity. Another 40 PPS schools are between 50 and 80 percent capacity.
- Low-enrollment schools deny students the same level of opportunities through extracurricular activities, or because some teachers must currently split time between two or more facilities.

These Factors Have Lead to Our Declining Fund Balance



Expect great things.



Governor's Proposed Budget

School District of Pittsburgh

Governor's Proposed Budget - 2021/22

2/3/2021

	2020-21	2021-22	VARIATION	% CHANGE
BASIC EDUCATION FUNDING BASE	\$163,259,830	\$163,259,831	\$1	0.00%
STUDENT WEIGHTED BEF INCREASE	\$0	\$2,237,531	\$2,237,531	N/A
TOTAL BASIC EDUCATION FUNDING	\$163,259,830	\$165,497,362	\$2,237,532	1.37%
READY TO LEARN BLOCK GRANT	\$3,955,423	\$3,955,423	\$0	0.00%
SPECIAL EDUCATION	\$29,039,497	\$30,628,764	\$1,589,267	5.47%
TOTAL	\$196,254,750	\$200,081,549	\$3,826,799	1.95%

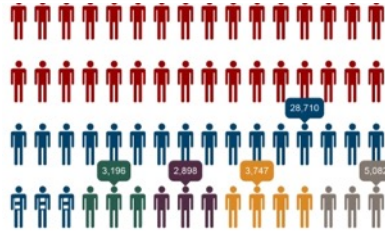
Governor's Proposed Budget

- Governor's Education budget has a 21.6% increase in Basic Education Funding (BEF) over 2020-21 appropriations, for a total of \$1.35 Billion in new appropriations.
- Includes an additional \$1.15 Billion distributed through the student-weighted formula and \$200 Million distributed for sustained investment in school districts.
- Governor would allocate all of the existing BEF (\$6.25 billion) through the student-weighted funding formula. The aforementioned \$1.15 billion increase would be needed to hold district harmless. Please note that the increase would be funded by an increase the State personal income tax.
- **If all existing funding is allocated via the funding formula and there is no personal income tax increase, 337 of the 500 districts in the Commonwealth would see a decrease in BEF.**

Pittsburgh would see a \$93 million decrease in funding.

How does the funding formula work?

STEP 1:



**Enrollment
Statistics**

**3-Year Avg. of Avg.
Daily Membership**

STEP 2:



**Student
Data**

**Students in poverty + Poverty levels
+ English language learners + Charter
schools + Geographic sparsity**

STEP 3:



**District
Data**

**Median Household Income
+ Local capacity to generate revenue**

= Share of State Basic Education Funding

Expect great things. 

How does the funding formula work?

- Funding distributed on a prorata based on the product of the following three factors:
 - Student-weighted average daily membership (SWADM)
 - Median Household Index (MHI)
 - Local Effort Capacity Index (LECI)
 - One student based factor and two local economic factors
- So what is our formula enrollment?
 - $SWADM \times MHI \times LECI$
 - $33,730.956 \times 1.2719 \times 0.74 = 31,747.778$
- This makes us the 10th largest district in terms of formula enrollment
 - Currently the 2nd largest district in terms of actual enrollment



State SWADM Ranking

- Philadelphia – 309,521.553 (1st)
- **Pittsburgh – 33,730.956 (2nd)**
- Allentown City – 32,817.478 (3rd)
- Reading – 30,507.418 (4th)
- Erie City – 19,350.423 (5th)
- Bethlehem Area – 19,212.790 (6th)
- Central Bucks – 18,999.068 (7th)



State Formula Funding Ranking

- Philadelphia – \$1,375,843,902.43 (1st)
- Reading – \$232,267,692.60 (2nd)
- Allentown City – \$222,660,430.47 (3rd)
- Erie City – \$101,468,102.40 (5th)
- **Pittsburgh – \$69,979,661.83 (10th)**
- Bethlehem Area – \$57,158,783.67(14th)
- Central Bucks – \$21,340,765.39 (34th)

State Medium Household Income Ranking

- Reading – 1.9189 (5th)
- Erie City – 1.6294 (15th)
- Allentown City – 1.5238 (26th)
- Philadelphia – 1.3444 (68th)
- **Pittsburgh – 1.2719 (99th)**
- Bethlehem Area – 0.9710 (310th)
- Central Bucks – 0.5539 (486th)



State Local Effort & Capacity Index Ranking

- Allentown City – 2.02(3rd)
- Reading – 1.8 (10th)
- Philadelphia – 1.5 (36th)
- Erie City – 1.46 (41st)
- Bethlehem Area – 1.39 (56th)
- Central Bucks – 0.92 (360th)
- **Pittsburgh – 0.74 (479th)**

We Still Need to Address Our Finances

- Reduced costs due to the pandemic has resulted in a lower than projected deficit for 2020
- We have a structural deficit that needs to be addressed
 - Projected to be \$39.4 million in 2021
- We cannot continue to run a deficit beyond next year
- We are vulnerable to changes in State and Local funding
 - Commercial real estate appeals due to the pandemic
 - Future changes in State funding