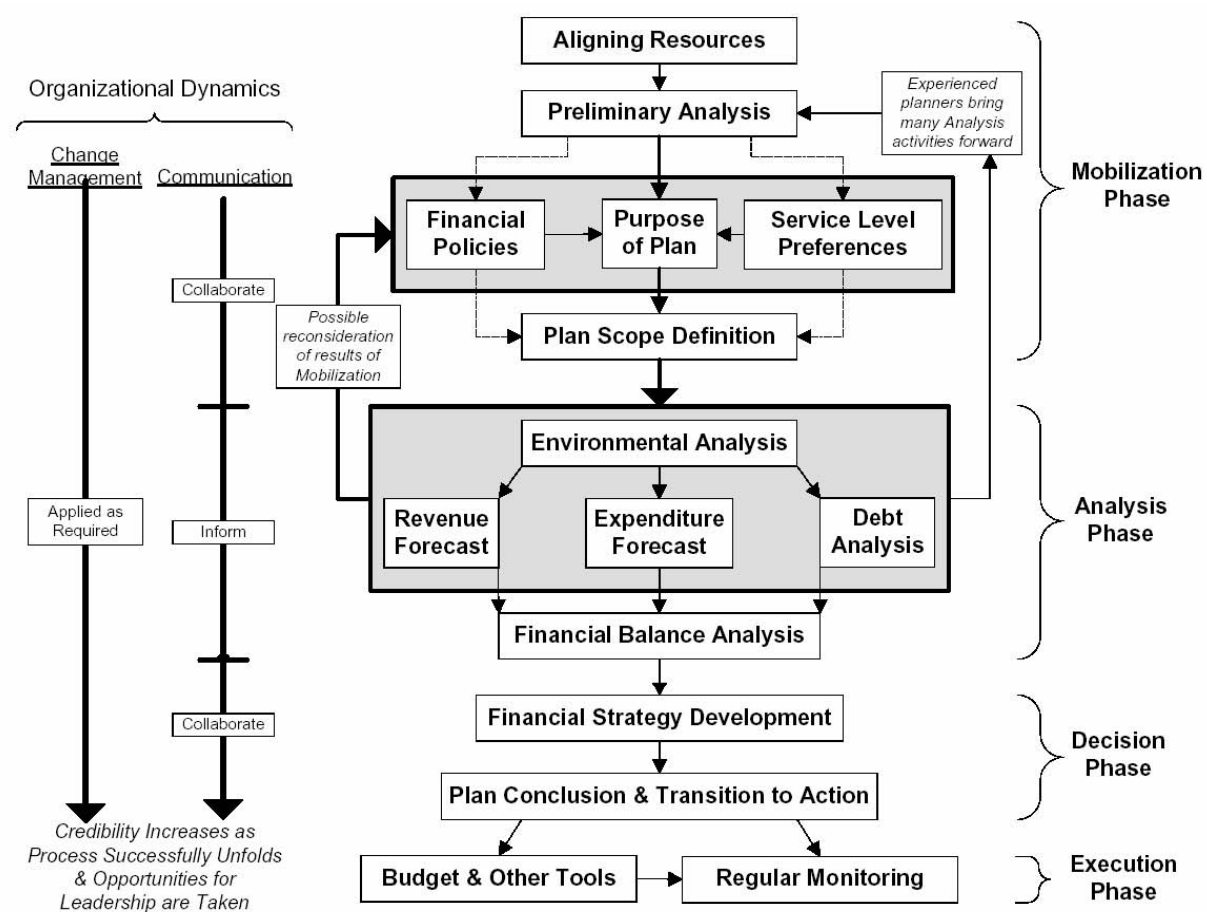




Business and Finance Committee

Long-term Financial Planning

Our process

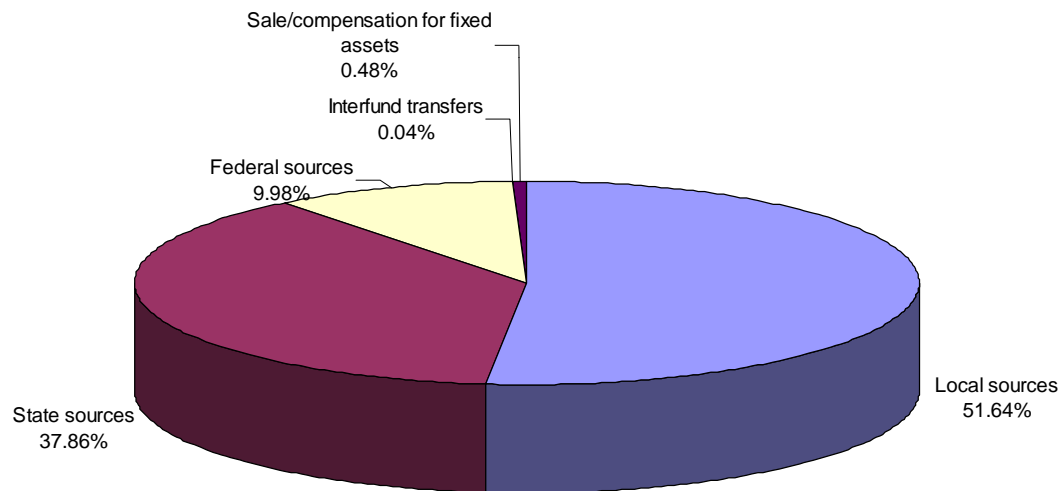


Keystone questions:

- Do we have enough resources to support Excellence for All?
- What is causing our General Fund's structural gap?
- How much do we need to reduce our budget by in 2009 and 2010?
- How do we set priorities for allocating resources?

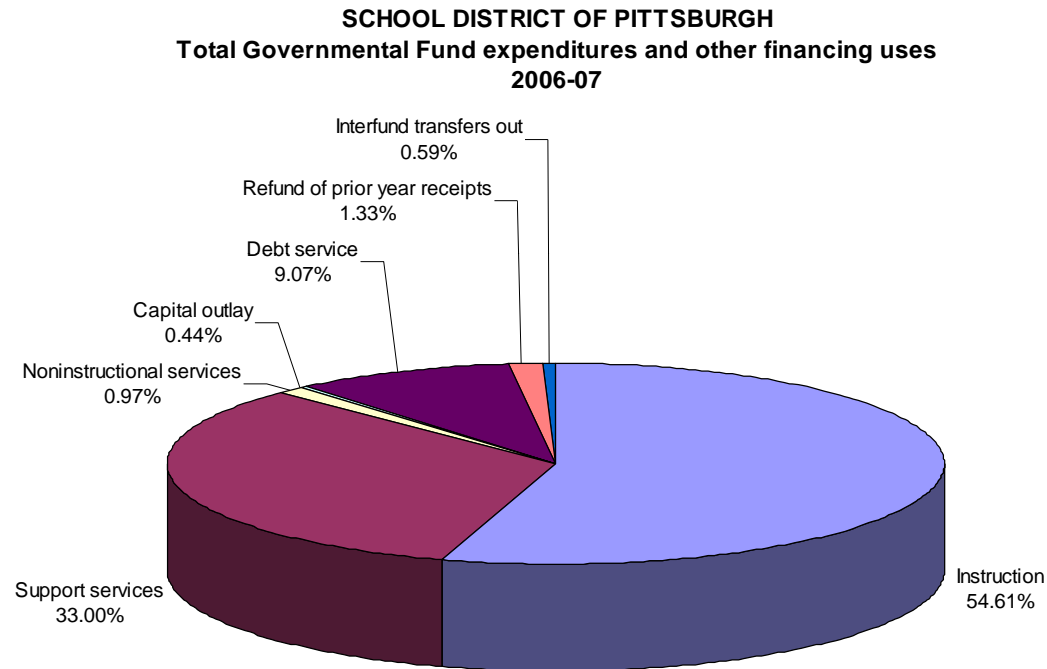
Over 50% of our total 2006-07 resources (\$596,810,660) were local

SCHOOL DISTRICT OF PITTSBURGH
Total Governmental Fund revenues and other financing sources
2006-07



Source: 2006-07 PDE-2057 Annual Financial Report

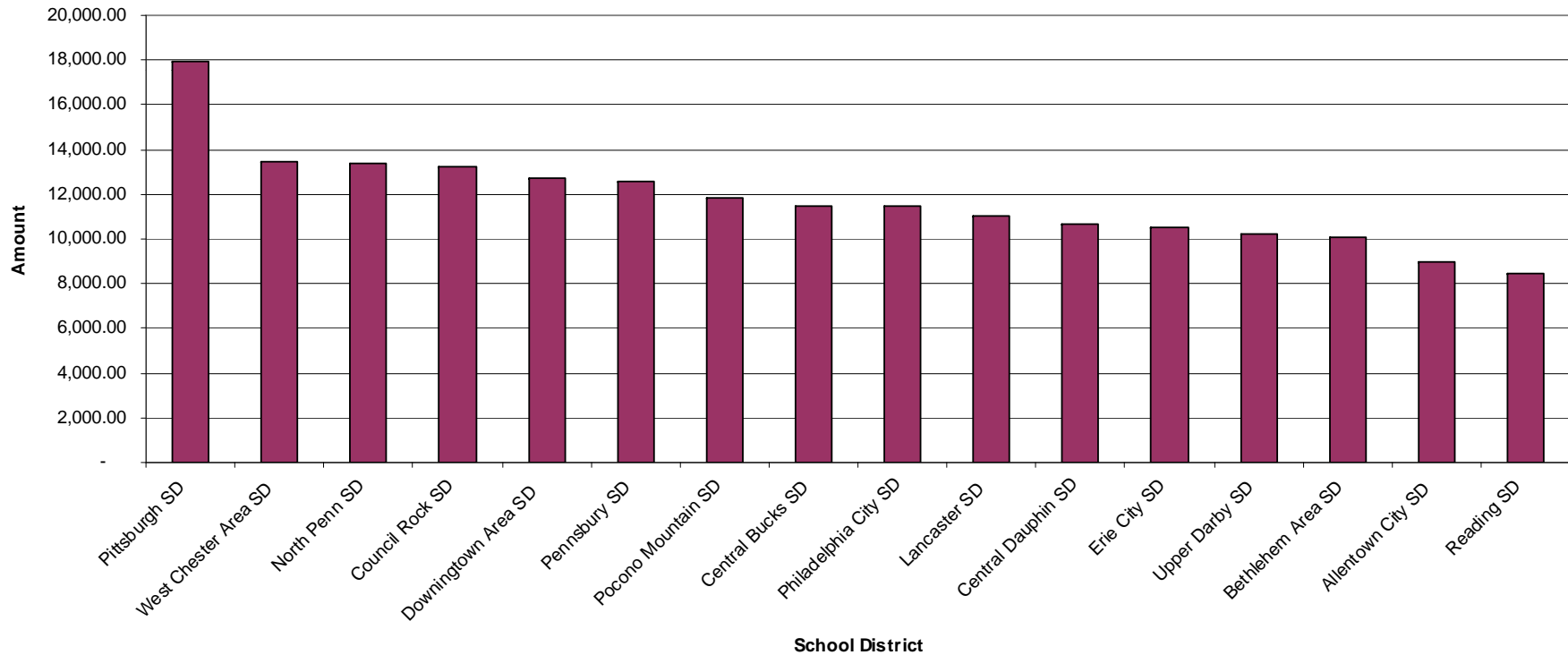
33% of our total 2006-07 spending (\$602,207,612) went to support services



Source: 2006-07 PDE-2057 Annual Financial Report

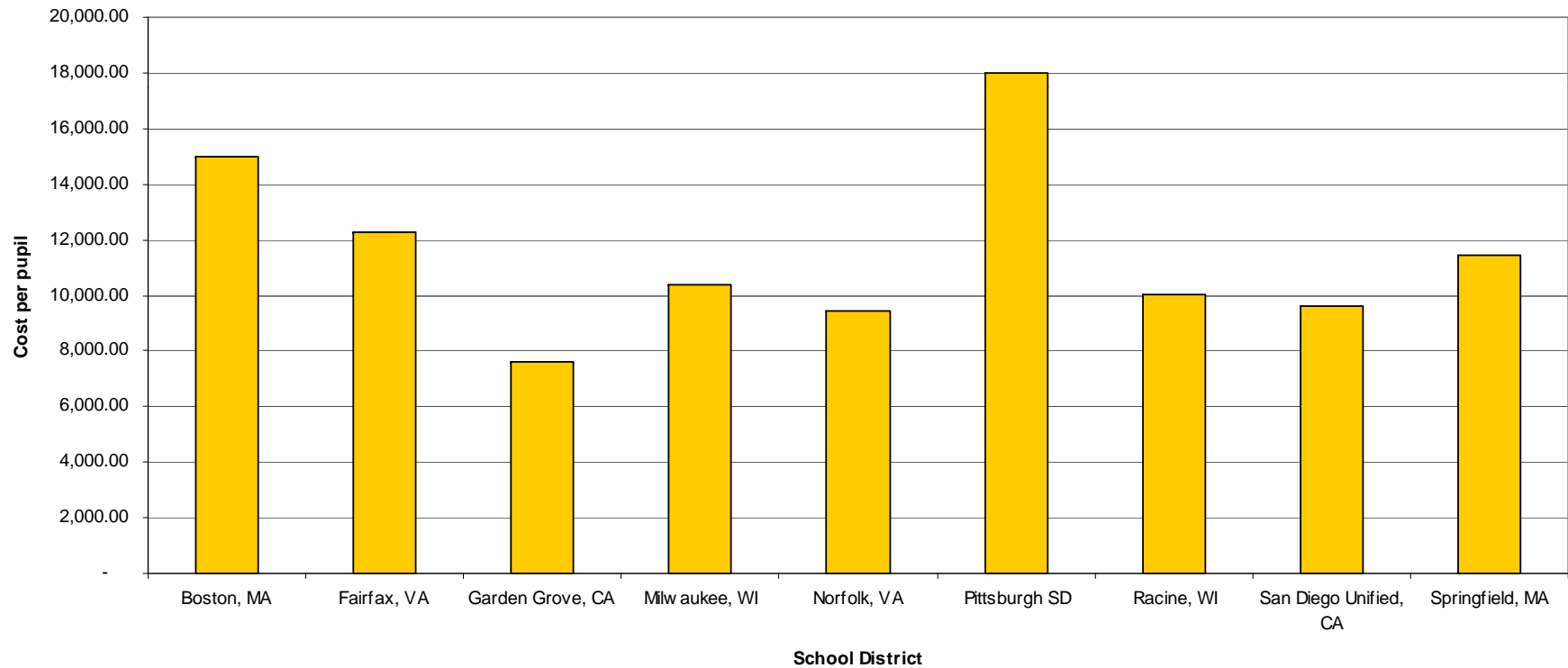
Pittsburgh's Cost Per Pupil is Higher than Other Large PA Districts

COMMONWEALTH OF PENNSYLVANIA
Total expenditures per average daily membership 2005/06
All districts with average daily membership exceeding 10,000 pupils

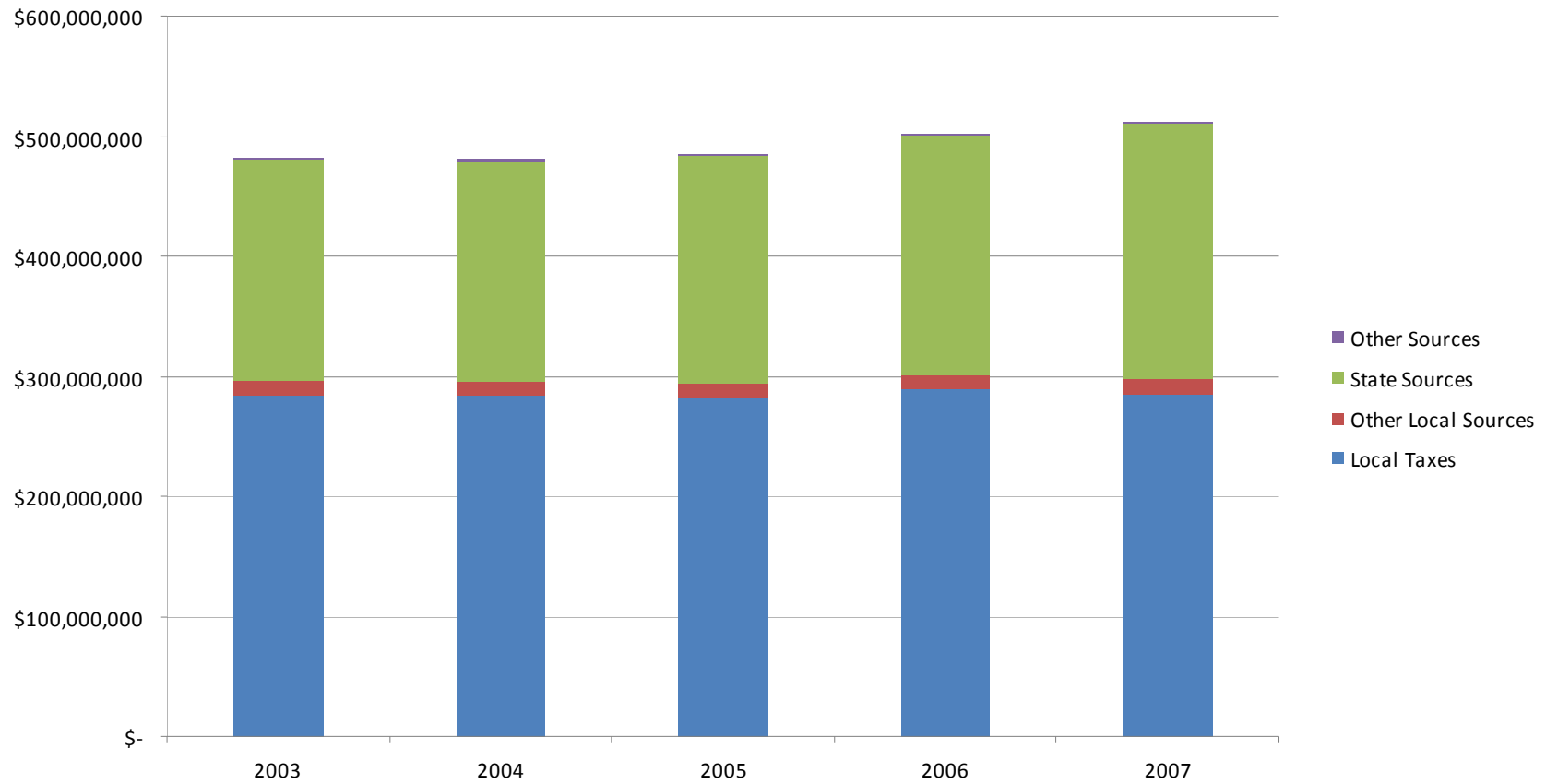


Pittsburgh's Cost Per Pupil is Higher than Other Large Districts Nationally

NATIONAL COMPARISON
Cost per pupil 2005/06

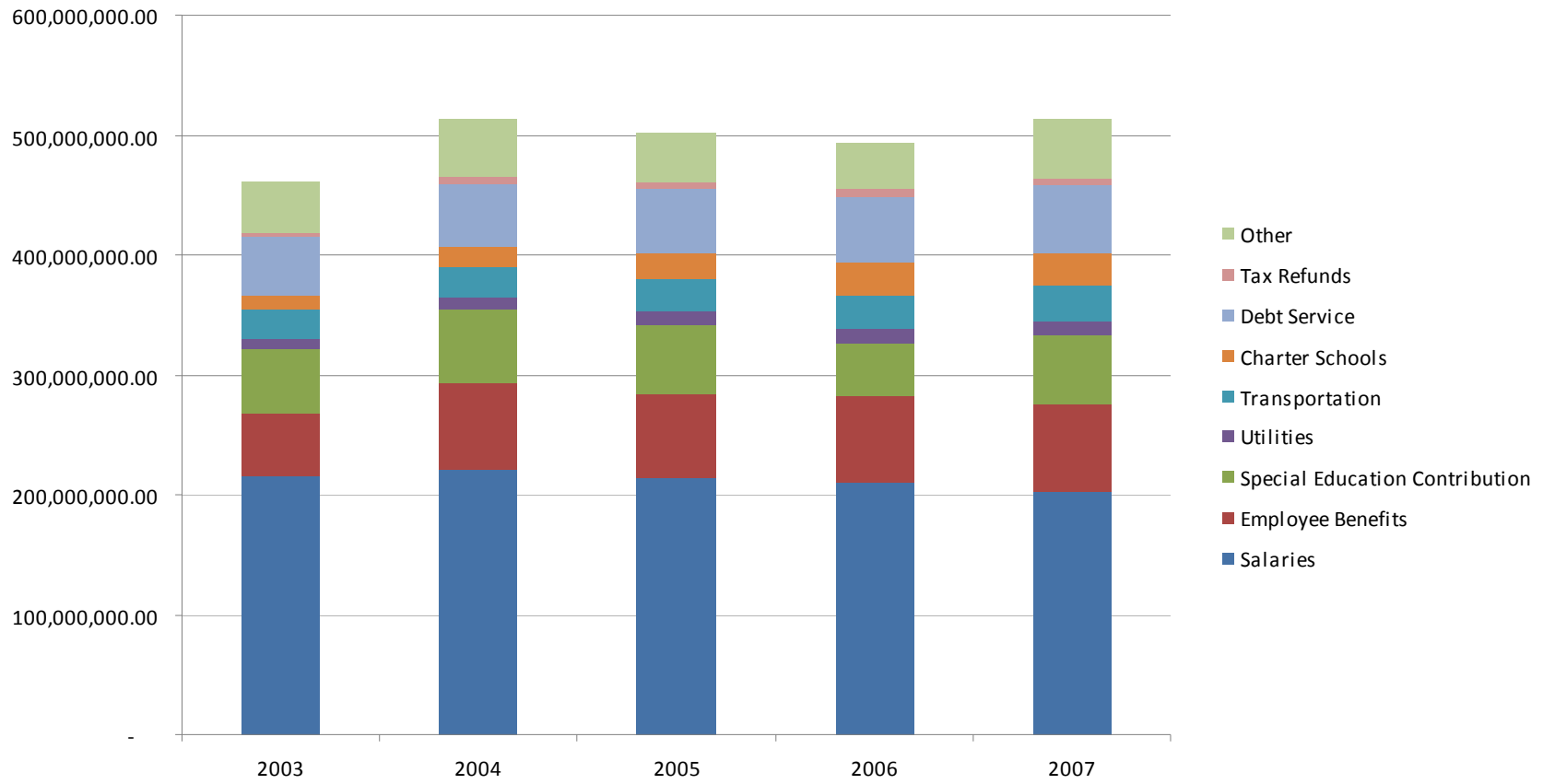


SCHOOL DISTRICT OF PITTSBURGH General Fund revenues have grown 5.93% since 2003



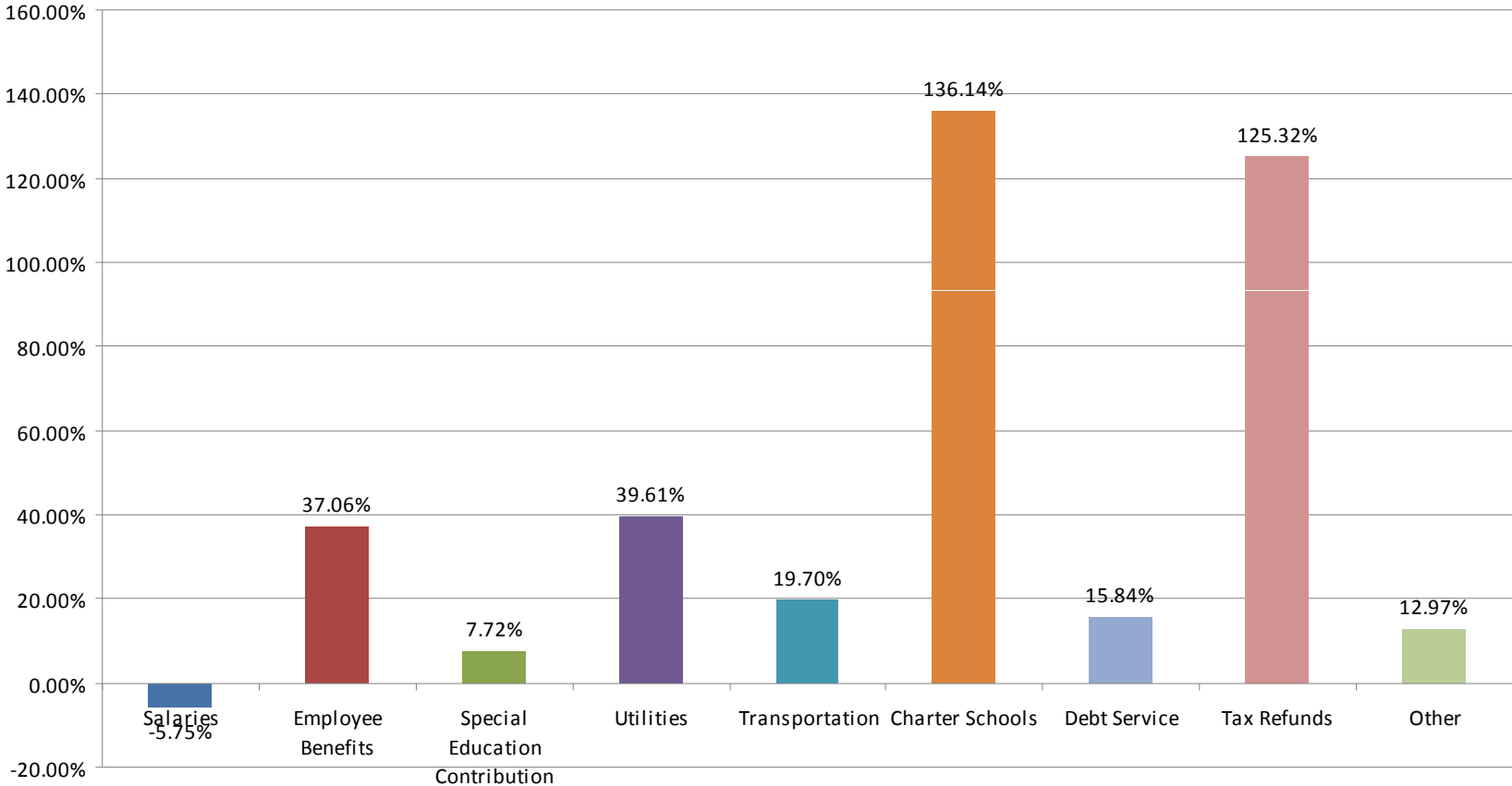
School District of Pittsburgh

General Fund expenditures have grown 11.16% since 2003



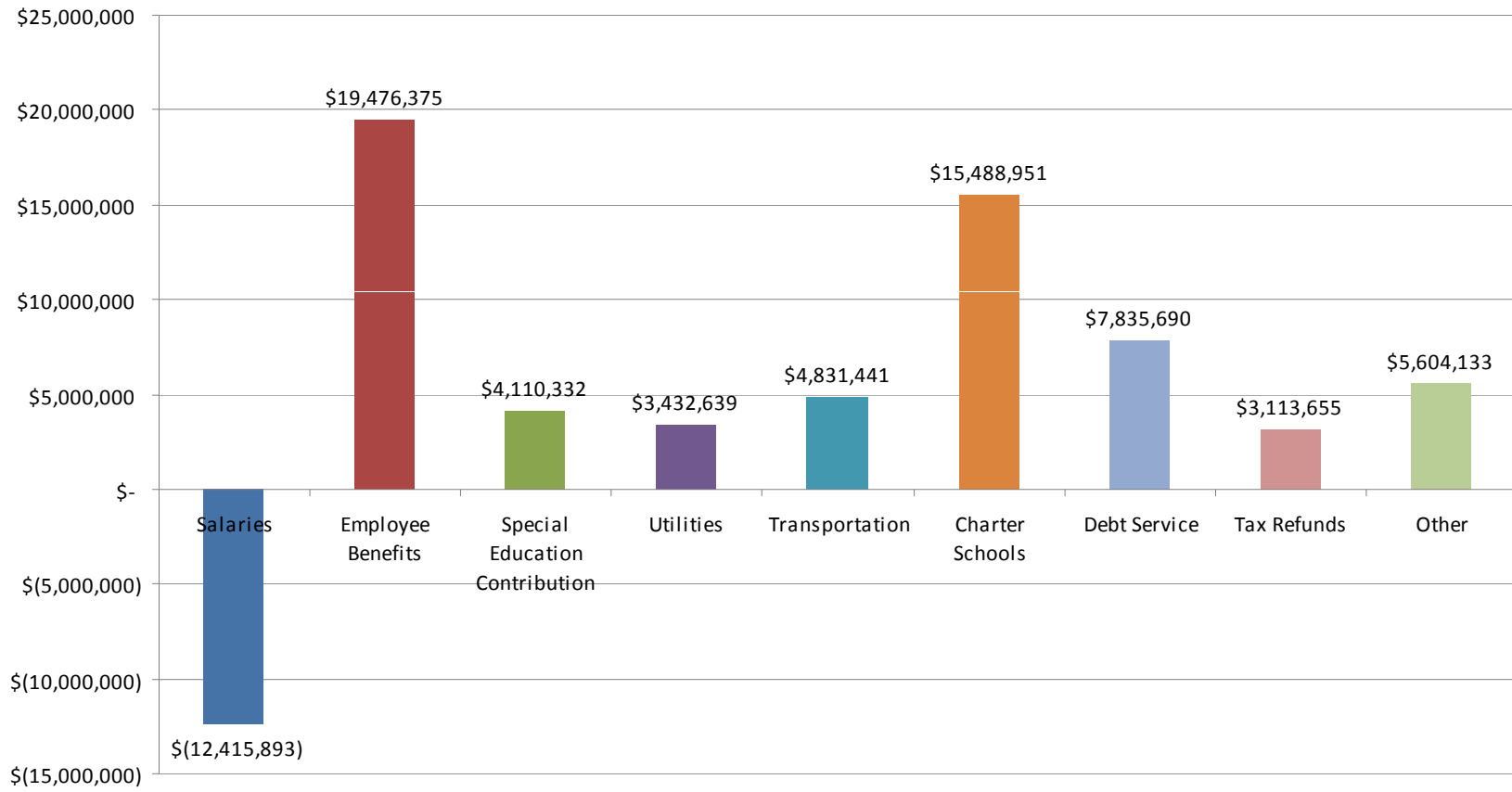
School District of Pittsburgh

Charter schools are the fastest growing General Fund cost driver since 2003



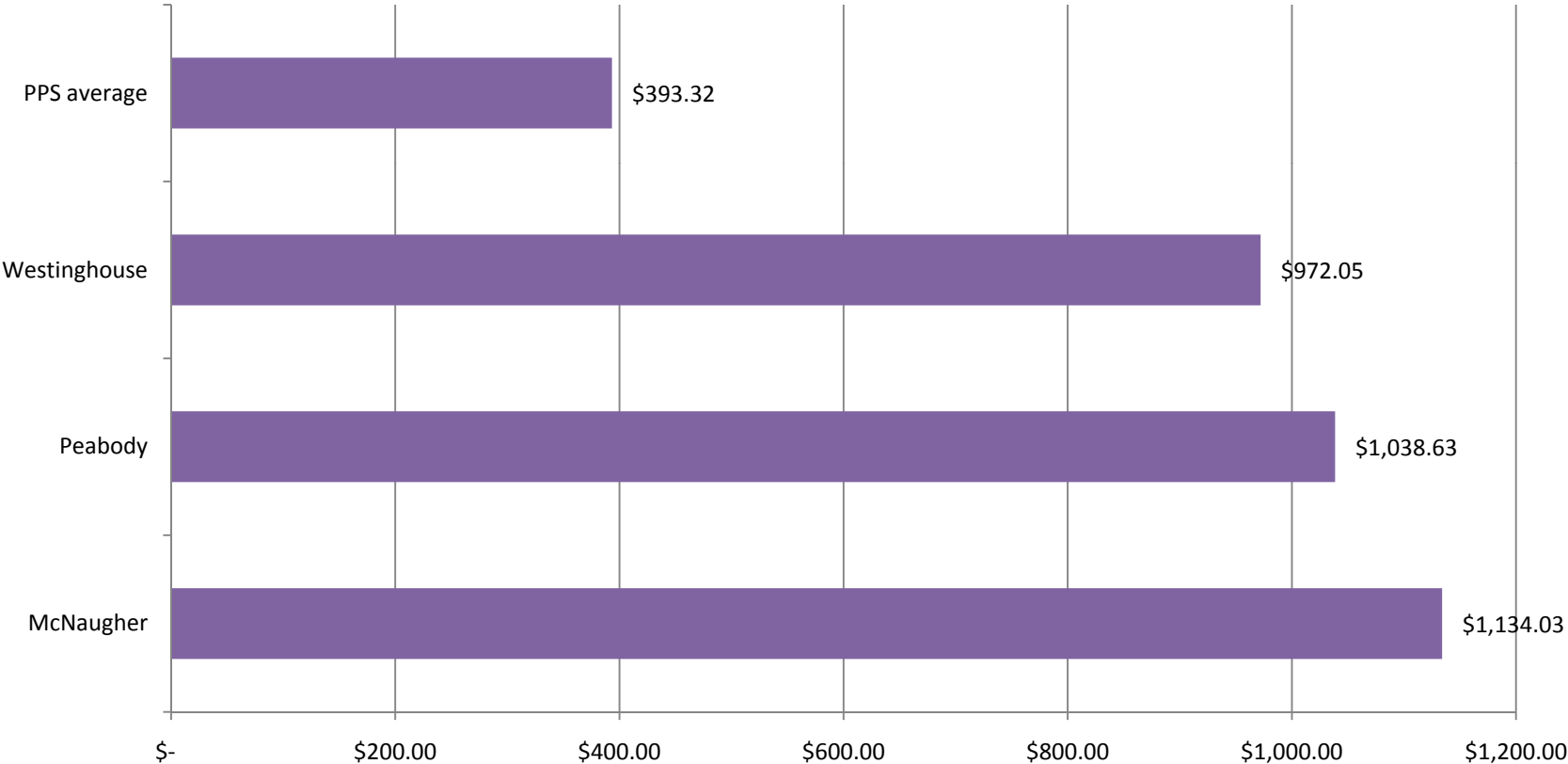
School District of Pittsburgh

Employee benefits lead General Fund expenditure growth (\$) since 2003



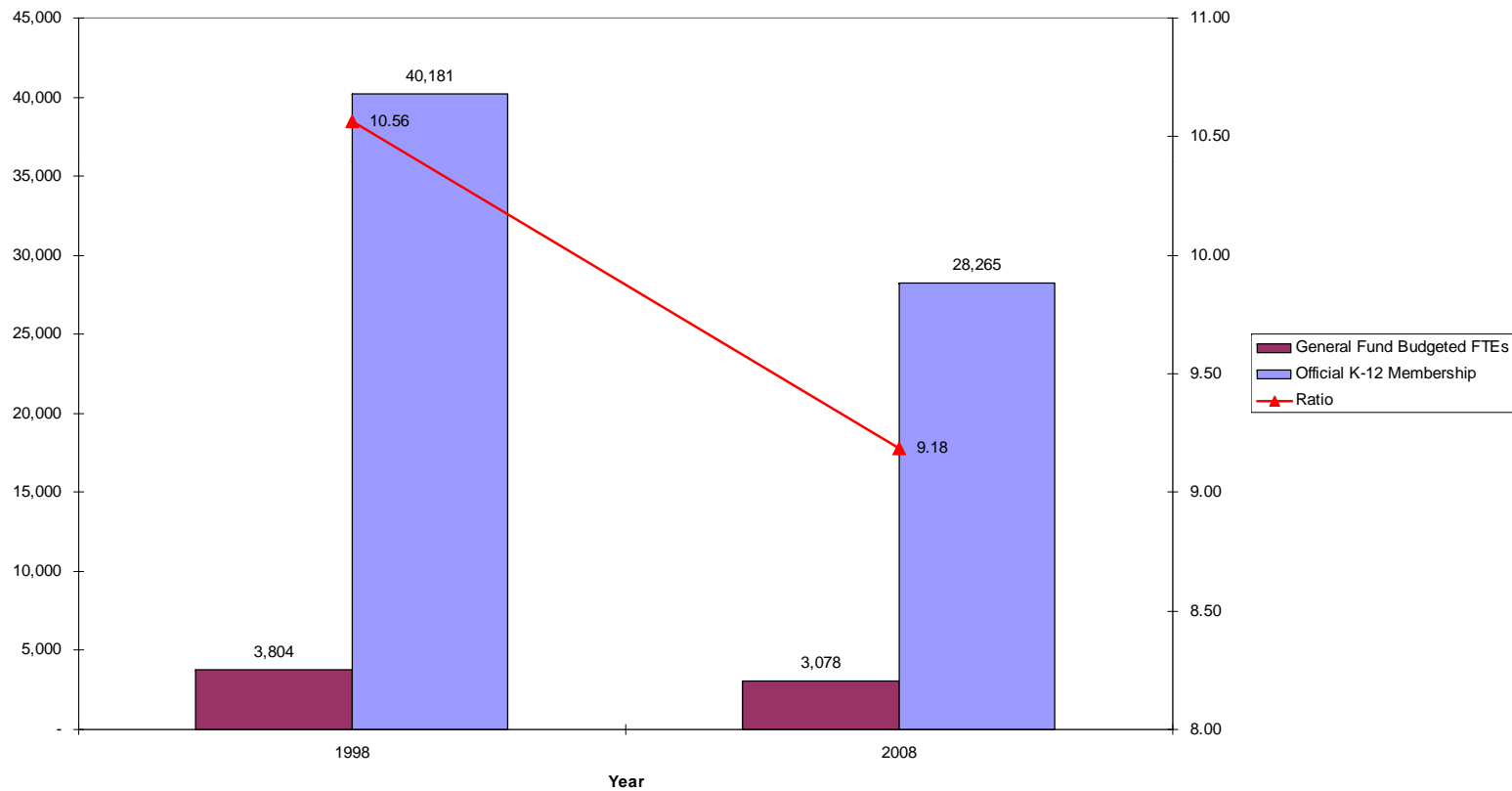
Underutilized facilities create enormous resource inequities and diseconomies of scale

2007 Utility costs per pupil



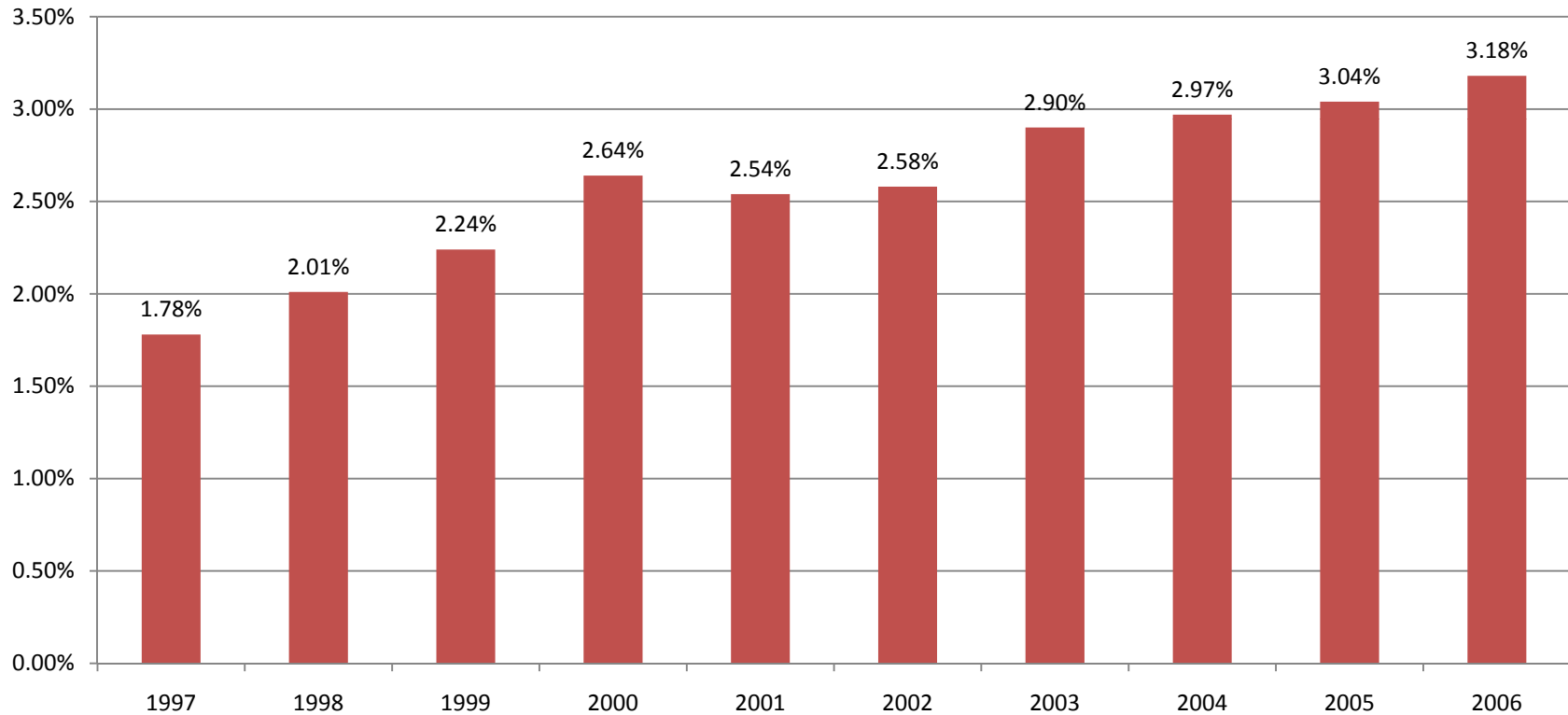
Staff reductions have not kept pace with enrollment decline

SCHOOL DISTRICT OF PITTSBURGH
K-12 Enrollment versus General Fund positions, 1998 and 2008



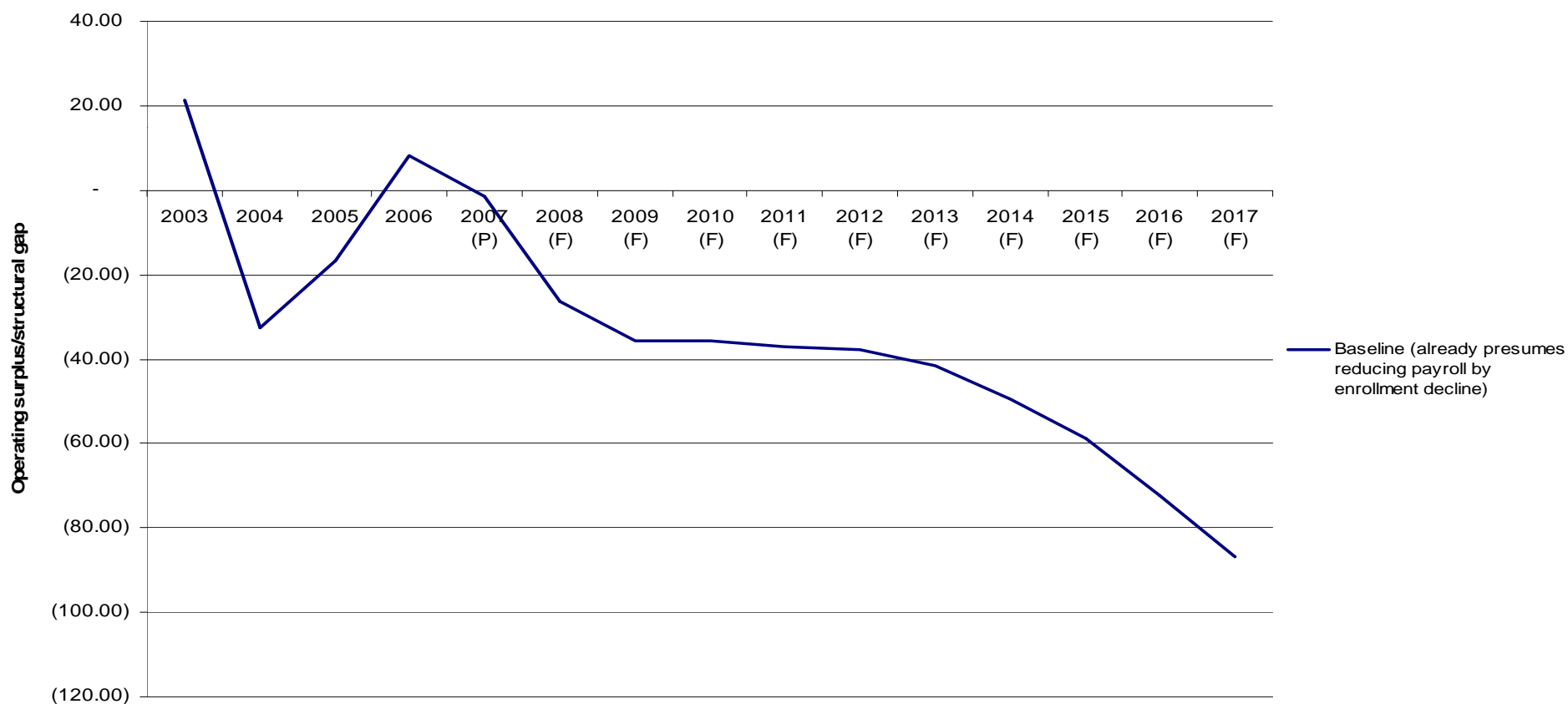
Outstanding debt is growing faster than the real estate tax base (which is *shrinking*)

General bonded debt outstanding as a percentage of taxable real estate market value



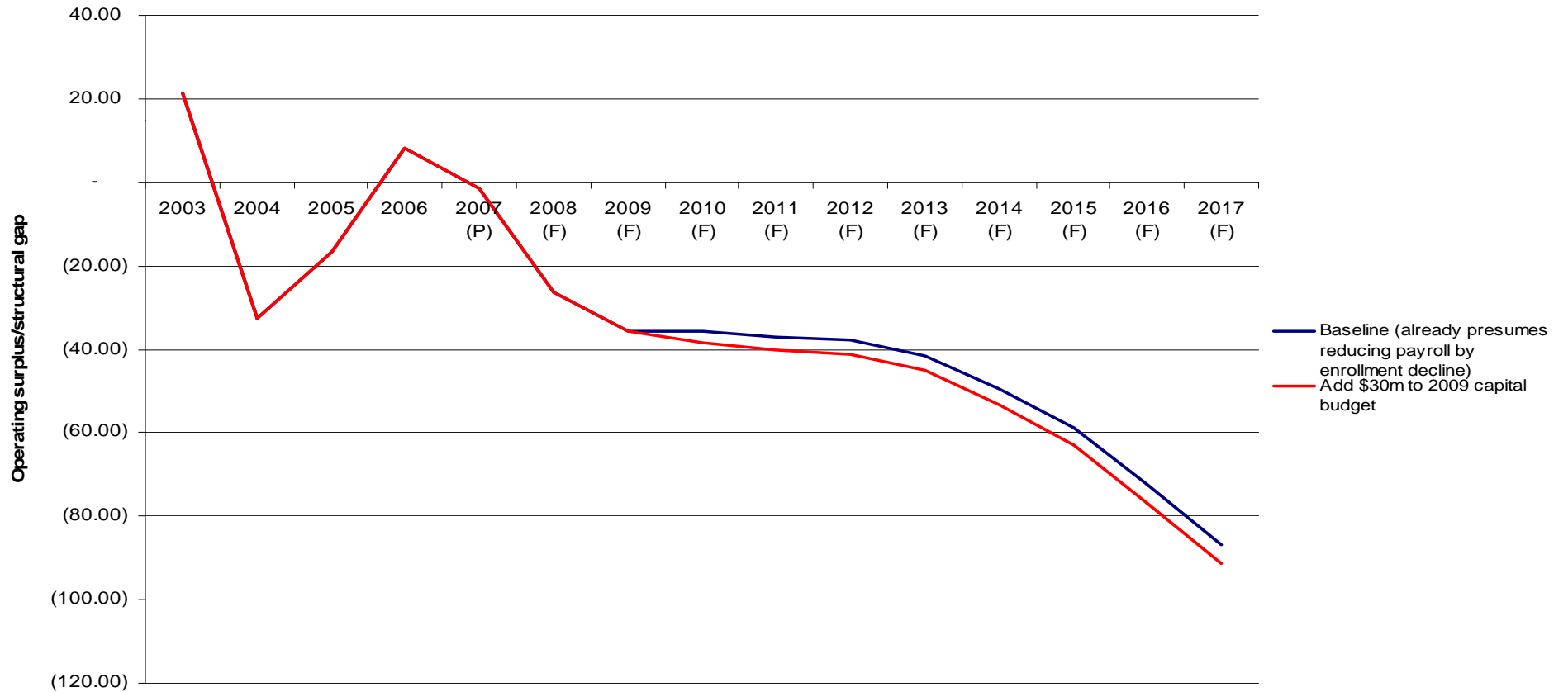
Decisions made now through 2010 are critical to our long-term financial stability

10 year forecast and scenarios



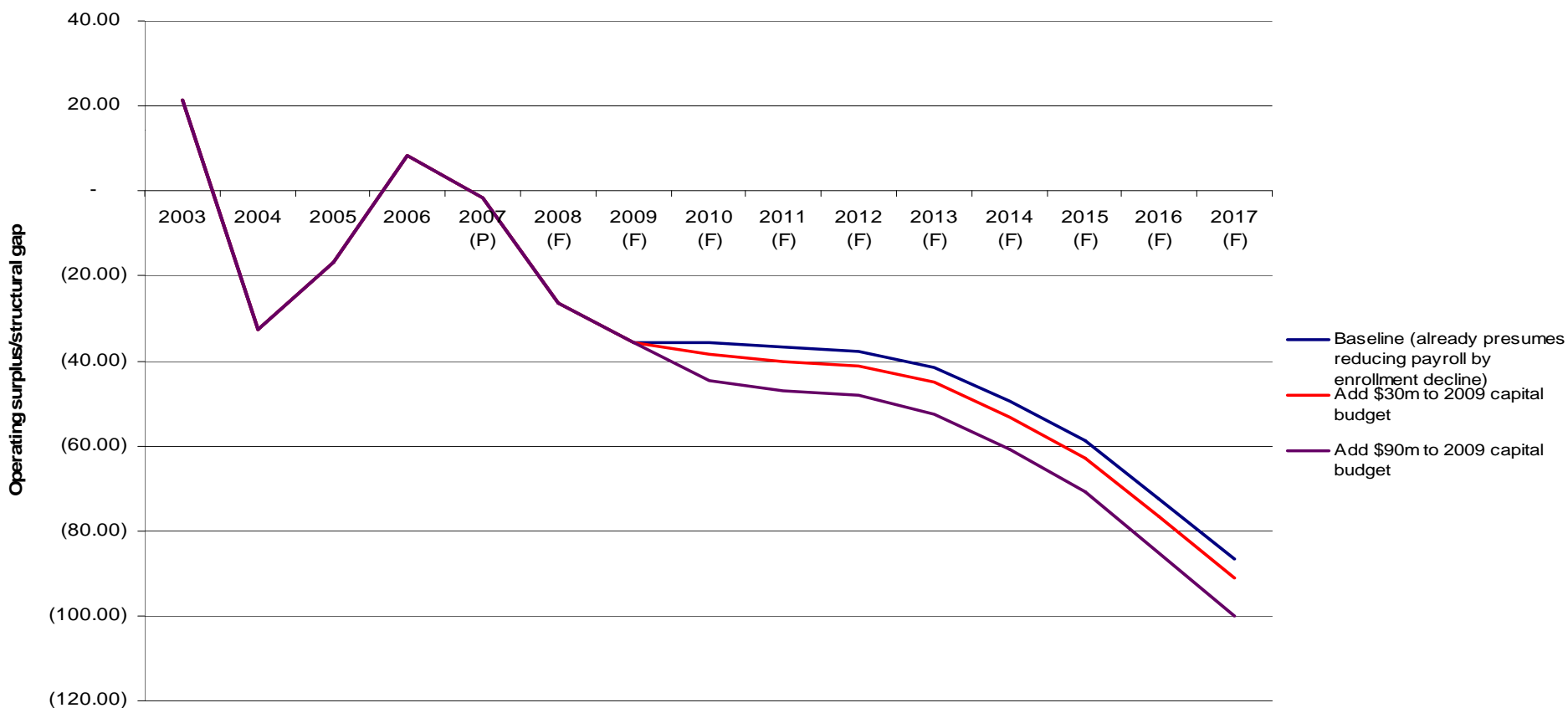
Decisions made now through 2010 are critical to our long-term financial stability

10 year forecast and scenarios



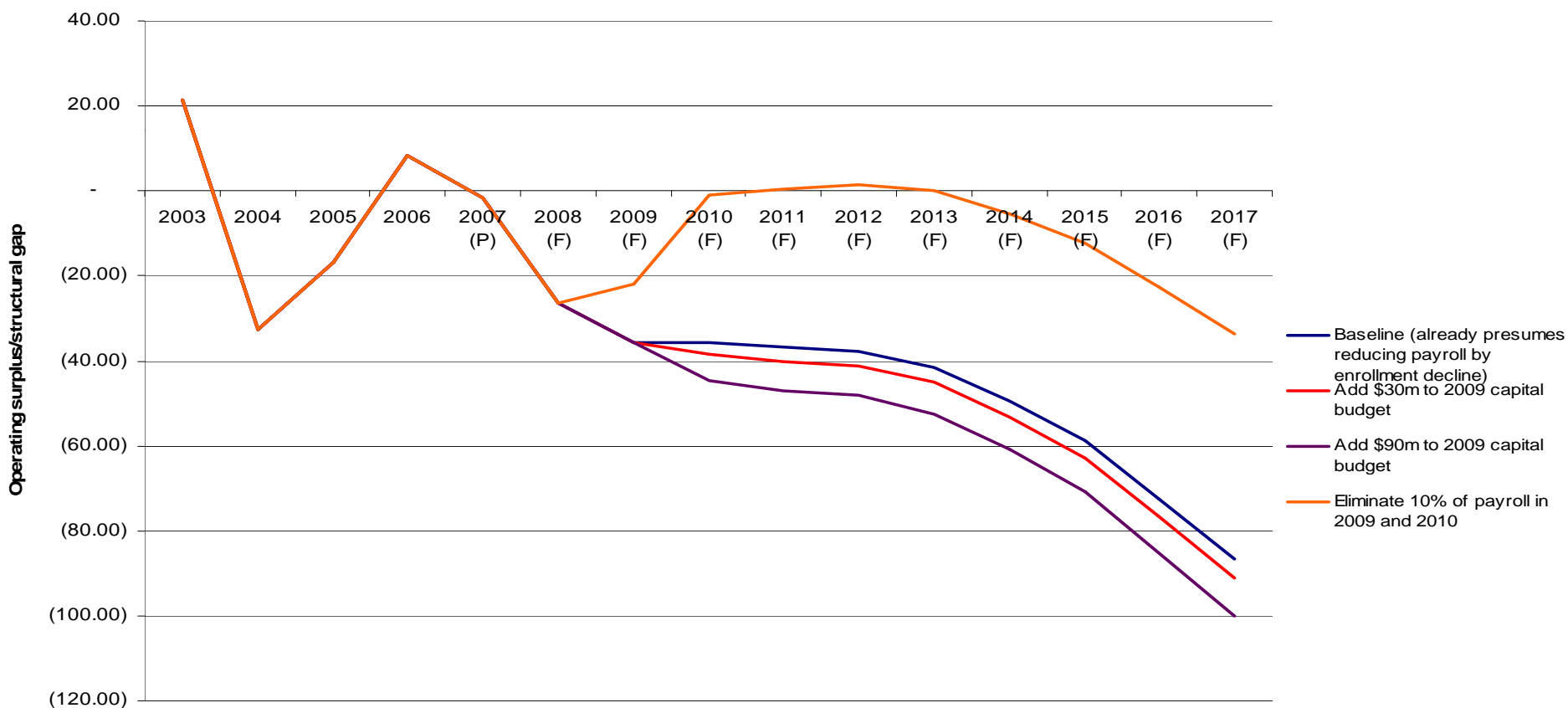
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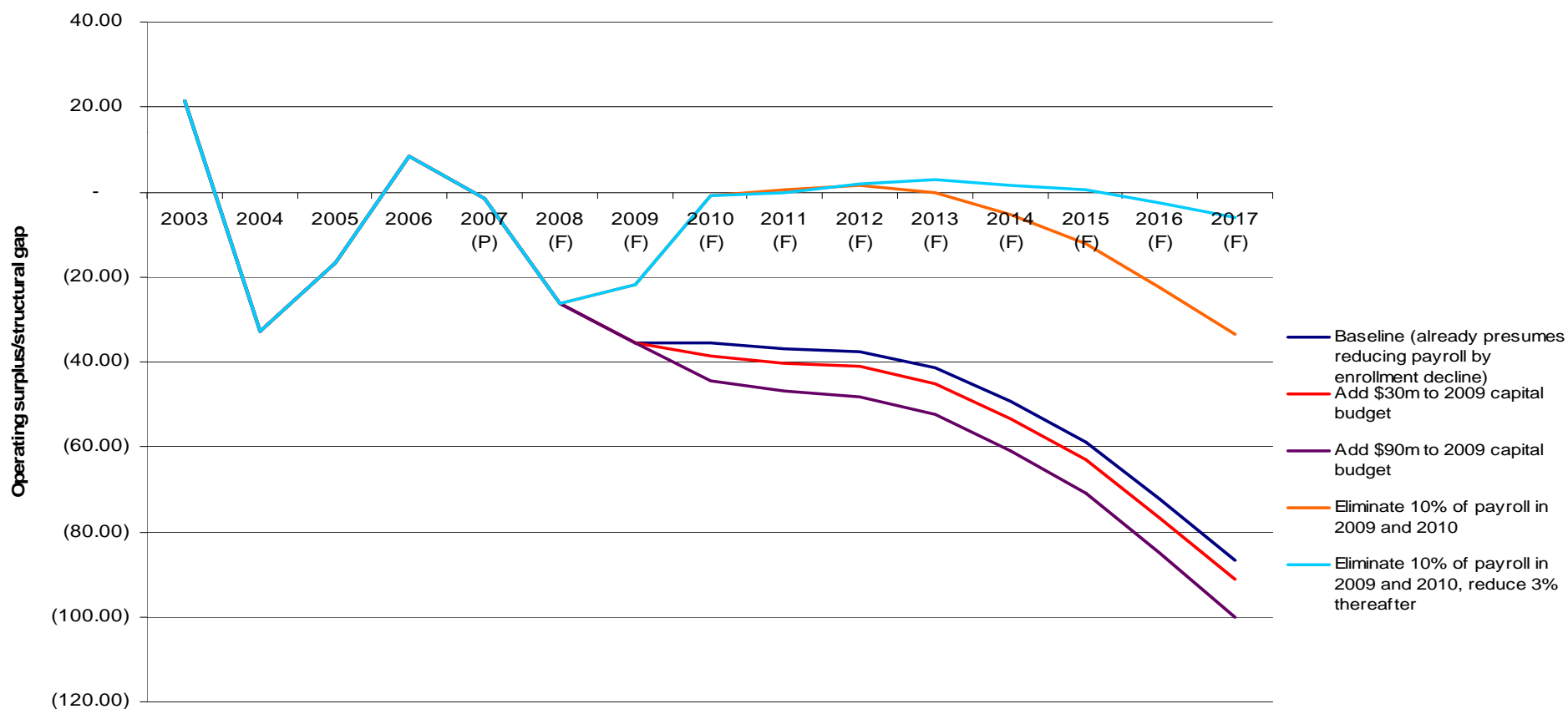
Decisions made now through 2010 are critical to our long-term financial stability

10 year forecast and scenarios



Decisions made now through 2010 are critical to our long-term financial stability

10 year forecast and scenarios



Summary

- If properly and effectively utilized, we have adequate resources to sustain *Excellence for All*
 - *Note: Supplemental funds to develop EFA will continue to be needed and sought from private and public sources..*
- If properly and effectively utilized, we have adequate resources to support *Excellence for All*
- Expenses are growing faster than revenues
- Continued enrollment decline fuels excess capacity
- Underutilized facilities create inefficient cost structures
- Our capacity to absorb increasing debt service is limited
- Our 10 year outlook requires strong stewardship and prioritization of spending demands, including restraint on capital appetites

Our course

- Achieve 10% reductions in each of the next two years, by applying the principles of long-term financial management and budgeting for outcomes to prioritize the spending of 90% of our budget.
- By imposing greater discipline, we will spend *proportionately* more on the things that matter, yet still reduce the overall size of our budget and make substantial progress toward controlling our cost per pupil and delivering *Excellence for All*.

10% Budget Reduction Summary for 2009 Based on 2008 General Fund Budget

<u>Departments</u>	<u>2008 Budget</u>	<u>10% Reduction for 2009</u>
Central	\$ 73,401,941	\$ 7,340,194
Schools	\$287,566,776	\$28,756,678
Fixed Costs/ Intersystem Payments	\$165,591,057	<hr/>
	<hr/> \$526,559,774	<hr/> \$36,096,872

Actions Needed

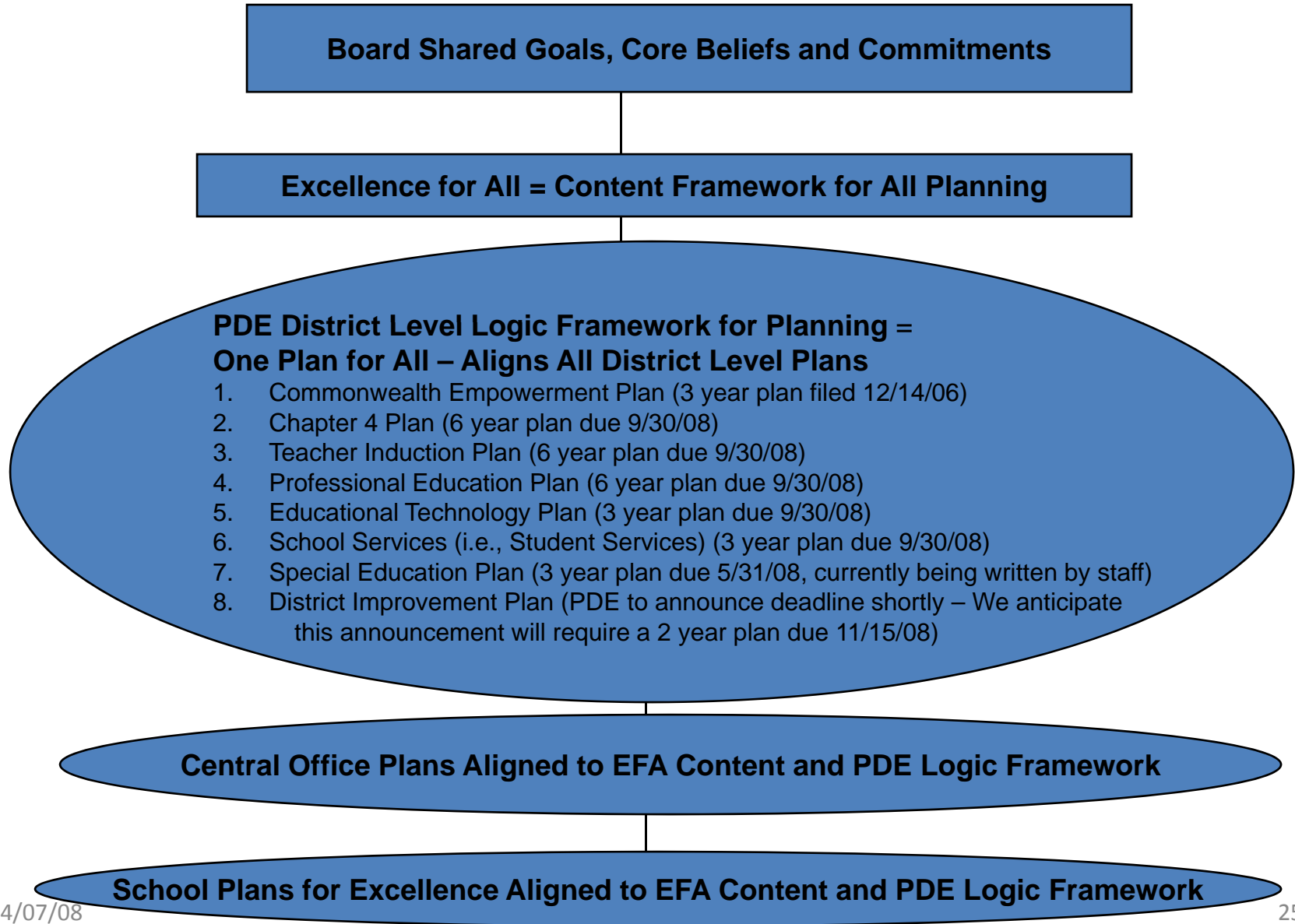
(Budgets have been reduced)

- \$2.6 million reduction from the 2008-09 Special Education Budget – as incorporated in the Rolling Forecast
- \$1.0 million reduced from the Rolling Forecast for utilities costs in closed buildings – assumption was all closed buildings would be sold in 2008 – to date 1 building has been sold

Timelines

- Strategic Plan / Budget Development

Alignment of PPS' Strategic Direction with PDE Planning Requirements



Suggested Timeline to Develop Chapter 4 Districtwide Strategic Plan Due on 9/30/08

- February – April 2008: Internal Preparation – Review of Past Years' Baseline Data and Planning to Plan
 - Includes alignment of all other plans due on 9/30/08 and 11/15/08
- May 2008: Superintendent Convenes Initial Steering Committee Meeting; Subcommittee Process Begins
- June – July 2008: Plan is Drafted and Circulated to Board for Comment
- August 5, 2008: Education Committee Meeting - Board Receives Final Draft Plan
- August 20, 2008: –Final Draft Posted for Required 30 Day Public Comment Period
- September 24, 2008: Legislative Vote on Plan
- September 30, 2008: Plan is Filed with PDE

2008-09 School Year and 2009 General Fund Budget Development Timeline

- 03/05/08 Received 2008-09 enrollment projections
- 04/11/08 Provide 2008-09 allocations to schools
- 05/05/08 Review of 2008-09 Special Education Budget
- 05/16/08 Human Resources receives school staffing reports for 2008-09
- 05/21/08 Legislative approval of the 2008-09 Special Education Budget

2008-09 School Year and 2009 General Fund Budget Development Timeline

Continued

- 06/25/08 Board considers resolution certifying
Board will not increase taxes beyond index
for 2009
- 11/26/08 Deadline to make 2009 proposed final
budget available for public inspections (no
less than 20 days prior to adoption),
release can be earlier
- 12/01/08 Budget Public Hearing

2008-09 School Year and 2009 General Fund Budget Development Timeline

Continued

- 12/05/08 Deadline for public notice of intent to adopt Budget (10 days prior to adoption)
- 12/08/08 Budget public hearing (Part of regular public hearing)
- 12/17/08 Regular legislative meeting, adoption of Budget