

For Immediate Release

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Pittsburgh Public Schools Releases Preliminary 2010 General Fund Budget

4th Consecutive Year Spending Remains Flat as District Proposal Holds the Line on Taxes

PITTSBURGH, November 24, 2009 – District spending to remain flat as City residents can expect to see no tax increase for the ninth consecutive year as Superintendent Mark Roosevelt provided the Pittsburgh Public Schools Preliminary 2010 General Fund Budget to the Board this evening. The proposed 2010 budget of \$523.8 million is \$0.8 million less than the 2009 budget and continues the District's progress in reducing its budget from \$72 million deficit it faced in 2005 to the anticipated \$9.3 million for 2010.

In light of rising costs in utilities, healthcare and transportation since the adoption of the 2005 General Fund Budget, through the 2010 preliminary budget, appropriations have been reduced by a total of \$3.8 million.

Commenting on the District's progress Roosevelt said, "Our progress is significant in this day and time of increased costs. I have to credit our Board for making the tough decisions when necessary. For the first time ever the District has made Adequate Yearly Progress (AYP) while simultaneously reducing our operating costs and deficit without imposing a tax increase on City residents. This is hard work. We are happy with our progress but there is more to do if we are to continue meet the District's structural gap."

Based on the District's preliminary budget for 2010, the District will need to make up for the projected budget deficit by tapping its Fund Balance. The District's Fund Balance will drop to \$54.5 million in order to bridge the gap left by the \$9.3 million deficit it faces in 2010. Said Roosevelt, "Despite the progress the District's has made, we still have difficult decisions ahead as we work at reducing our budget deficit in order to achieve a balanced budget without having to rely on the District's Fund Balance."

Meeting Future Budget Challenges

On November 2, 2009 DeJong, an independent consulting firm, provided the District a long-term facilities report that envisions a leaner Pittsburgh Public Schools in 10 years. According to experts from the DeJong consulting firm, by 2018-19 the District will serve approximately 4,500 less students and should reduce its current usage of school facilities. The report recommends the eventual closing of 16 school facilities currently in use today. The DeJong presentation was the first step in a larger process of developing a final recommendation for Board action.

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“Reducing our excess building capacity saves taxpayers’ money and will go a long way in reducing the District’s budget deficit,” said Roosevelt. “This thorough facilities report will serve as starting point for a two to three year plan that aligns our spending on buildings with the District’s goals for improving academic achievement.”

Even if the District is successful in dealing with its excess capacity, other challenges may remain since it expected the Federal Stimulus Funds that the State used to meet the needs of school districts will dry up in two years. On October 9, 2009, Governor Rendell signed the 2009-10 State Budget with the State utilizing Federal Stimulus Funds to help fund the final Basic Education Subsidy. Federal Stimulus Funds are only available for two years. The District anticipates that the Federal Stimulus funding amount used to support the Basic Education Subsidy will go away once the Federal Stimulus Funding ends in two years. This means the District could face a \$18.7 million drop in funding in July, 2011. Additionally one year later, the District may need to cope with a proposed rate spike for the Pennsylvania Public School Employees’ Retirement System (PSERS) in which costs could reach \$15 million. When these two things are coupled together the District could possibly face a \$30 million dollar shortfall just two years from now.

In its effort to assure open public communications of the District’s finances, planning for the 2010 budget has been ongoing with the Board. The Board has received monthly updates in the form of a three-year rolling forecast at its regularly scheduled legislative meetings. Additionally, the District’s internal financial team utilizes the three-year rolling forecast to develop a 10-year forecast that facilitates long term planning.

Proposed 2010 General Fund Budget

Proposed 2010 Expenditures	\$523.8 million
Proposed 2010 Revenues	\$514.5 million
Proposed 2010 Operating Deficit	\$9.3 million

Proposed 2010 General Fund Budget – Revenues

Local Sources	\$272.2 million
State Sources	240.7 million
Other Sources	1.6 million
Sub-total Revenues	514.5 million
From Fund Balance	9.3 million
Total Revenues	\$523.8 million

Proposed 2010 General Fund Budget – Appropriations by Function

Instruction	\$277.5 million
Instructional Support	26.1 million
Support Services	143.2 million
Debt Service	58.9 million
Other Uses	9.2 million
Non-instructional Facilities	5.4 million
	3.5 million
Total Appropriations	\$523.8 million

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The Board of Education will vote to adopt the final 2010 budget at its December 15 Legislative Meeting.

Proposed 2010 Capital Budget

The District additionally provided a review of its Preliminary 2010 Capital Budget. The \$30.0 million capital budget includes the following:

• Construction projects at Concord, Cupples Stadium, Sci-Tech @ Frick	\$ 5.7 million
• Routine facility upgrades	<u>\$24.3 million</u>
TOTAL	\$30.0 million

Key Dates

- 11/24/09 Release of Preliminary 2010 Budget
- 12/01/09 Special Budget Public Hearing - 12:00 p.m. - Administration Building, Conference Room A
- 12/07/09 Regular Public Hearing - 5:30 p.m. - Administration Building, Conference Room A
- 12/15/09 Legislative Meeting - 2010 Budget Vote

All budget related materials can be accessed online at www.pps.k12.pa.us. Public feedback can be provided to the Parent Hotline at (412)622-7920, to the Superintendent via an e-mail to: superintendentoffice@pghboe.net, or via mail.

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