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For Immediate Release

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**Pittsburgh Public Schools Readies for November 20th Release of Preliminary
2008 General Fund Budget and Capital Projects Budget**

***\$17.5 Million Operating Deficit Projected for 2008, Including \$8.1 Million
in Cost Reductions at Central Office and Schools Based on Enrollment Decline***

Capital Projects Budget Supports Proposed Year Two Plan for High School Reform

PITTSBURGH, November 5, 2007 – At the Business and Finance Committee meeting of the Board of School Directors, Pittsburgh Public Schools Superintendent Mark Roosevelt provided an update on the development of the District’s 2008 proposed General Fund Budget, as well as a preliminary review of the District’s proposed 2008 Capital Program Budget. In keeping with its commitment to improve public communications of its financials, the District presented the proposed annual budgets as part of a multi-year financial plan since many of the projects and changes will require multi-year allocations.

Roosevelt said, “We’ve made significant progress since the 2006 budget, but we still have a lot of work ahead of us.” The proposed 2008 General Fund Budget of \$525.5 million is \$3.5 million less than the 2007 budget, and \$8.2 million less than 2006 budget. Revenues for 2008 are expected to be flat compared to year-end 2007. Roosevelt added, “It takes a lot to reduce a budget by \$3.5 million when there is so much that goes up that is not within our control.”

Incorporated into the proposed 2008 budget are \$8.1 million in overall reductions, including \$4.5 million at the school level and \$3.6 million at the central office. Despite these reductions, the District projects a \$17.5 million operating deficit by year-end 2008. General operating costs are increasing in several areas due to increases in rates for benefits, energy and debt service.

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“We cannot continue to operate as a district serving 40,000 students when next year’s enrollment is projected to be at 27,000 students. During the next few years, it is critical that we make the necessary budget adjustments if we want to improve our schools and increase academic achievement without raising taxes, an action that I adamantly oppose,” said Superintendent Mark Roosevelt.

The District has made a lot of progress in the past two years, but has a long way to go to close the structural gap that exists between its revenues and expenses. “We are doing many positive things to help improve both our District’s academic and financial performance. This includes aligning costs with our size and aligning program efforts with our *Excellence for All* strategies,” said Roosevelt.

For budget reductions to have the most impact on the District’s long term financial health, the Superintendent recommended the following criteria:

- Savings and cost efficiencies must be recurring;
- Cost reductions will be prioritized through the *Excellence for All* reform agenda;
- One-time costs or cost-shifting must be avoided; and
- Staffing levels must be adjusted to student population.

Proposed 2008 General Fund Budget

Proposed 2008 Revenues	\$507.9 million
Proposed 2008 Expenditures	\$525.4 million
Proposed 2008 Operating Deficit	\$17.5 million

Fund Balance Projection*

Projected Unreserved Fund Balance at December 31, 2007	\$65.3 million
Less: Proposed 2008 operating Deficit	\$17.5 million
Projected Fund Balance at December 31, 2008	\$47.8 million
Fund Balance Requirement (5% of budget)	\$26.3 million
Projected Available Fund Balance at December 31, 2008	\$21.5 million

**The District's policy requires maintaining a fund balance that is equal to one month of operating expense.*

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The General Fund includes the District’s local revenues such as real estate and earned income taxes along with State appropriations for basic education. Not included in the General Fund are federal appropriations for Title 1 and state/federal funds for Special Education and Early Childhood, which are budgeted as supplemental programs. Private and foundation grants are also budgeted as supplemental funds. The Fund Balance represents the surpluses that accumulated from prior years when the District’s expenses were less than its revenues.

Superintendent Roosevelt will provide the Board of School Directors and public the official release of his Preliminary General Fund Budget on November 20, 2007. The Board of Education will vote on adoption of a final budget at its December 19 Legislative Meeting.

Proposed 2008 Capital Budget Includes Year Two Recommendations for Excel.9-12

The District’s proposed Capital Budget for 2008 is \$41.7 million compared to an estimated Capital spending program for end of year 2007 of \$40.4 million. The 2008 capital budget includes the following:

▪ Construction Projects at Carmalt, Concord and Sterrett	\$15.4 million
▪ Year Two Initiatives for <i>Excel.9-12, The Plan for High School Excellence</i>	\$10.3 million
▪ Routine Facility Upgrades	<u>\$16.0 million</u>
TOTAL	\$41.7million

Key Dates

- 11/20/07 Release of Preliminary 2008 Budget
- 12/03/07 Special Budget Public Hearing
- 12/10/07 Regular December Public Hearing
- 12/19/07 Legislative Meeting – 2008 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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