

# Budget Meeting Agenda

February 12, 2020

6:00 P.M.

- 1) Update on 2019-2020 Budget
  - a. Treasurer's Report
  - b. Revenues (See Revenue Report handout)
  - c. Expenses by Object (See HASD – Budget vs Actual by Dimension handout)
  
- 2) Update on 2020-2021 Budget
  - a. 2020-2021 (Handout of Budget Totals by Function including Revenues)
  - b. 2020-2021 (Handout of Budget Totals Expenses by Object)

Revenues	\$164,563,323
Expenses	<u>\$171,347,155</u>
<b>(Deficit)</b>	<b>(\$ 6,783,832)</b>

Relevant facts of the current state of the 2020-2021 Budget:

- Currently there are 9 open (replacement) positions included in this budget that have been identified to the Business Office. We will be meeting with each of the schools and departments to determine if there are additional open positions that need to be included in the budget.
- 3 new positions have been included into this budget:
  - (1) New Assistant Principal – Hazleton Area High School = \$181,270.50 cost of entire package
  - (1) New Nursing Assistant – Hazleton Area High School = \$79,835.79 cost of entire package
  - (1) New Agricultural Mechanization Instructor – Hazleton Area Career Center = \$85,060.02 cost of entire package
- Anticipated retirements / resignations have not yet been taken into consideration into this budget. As we draw closer to June 2020 we will confirm the validity of such retirements / resignations for 2020-2021 fiscal year.
- \$600,000 of debt service included for Phase II borrowing of \$10,000,000 for the 9<sup>th</sup> Grade Project, Special Ed. / Vital House Project, Warehouse Project, Fieldhouse Project, etc.
- Revenues include a tax increase of \$2,325,692 – Function 6111 (This amount was required to be placed into the budget in order to apply for the Referendum Exceptions). The amount of the increase above takes us \$2,926 above the index maximum. With the amount of referendum exceptions that HASD may qualify for we can still raise Real Estate Tax amount an additional \$162,506 (\$165,432 - \$2,926) without having to go to referendum vote for an ESTIMATED Grand Total of \$47,720,016.

- Revenues do include the **projected** increase in Basic Education Funding of \$1,555,616 and Special Ed. Funding of \$133,483. However, please note that these amounts are not FINAL.
- B.S.I. Corporate Benefits has not yet provided their recommendation for the General Fund medical claims & Rx (object 271) for 2020-2021. Currently budgeted is \$18,029,304 with the hopes that our new medical plan continues to encourage consumerism with all of our employees.
- No budgetary reserve has been budgeted (similar to years past)
- The following General Fund Capital Project monies have been budgeted (4000 series) for 2020-2021:
  - Resurfacing of the Hazleton Area Sports Complex Track = \$200,000.00
  - Engineering Services = \$50,000.00 (Non-Bond Issue Related)
  - Architectural Services = \$50,000.00 (Non-Bond Issue Related)
  - Miscellaneous Capital Projects = \$100,000.00 (Non-Bond Issue Related)
- Transfer to the Athletic Fund amount is currently the same amount as last year. Fred Barletta will have his detailed Athletic budget complete for the March 4, 2020 Public Budget Meeting. Any increases (decreases) will be noted and discussed at that time.
- All Federal & State Programs revenue amounts are not available yet so they are not reconciled with their related expenditures. This reconciliation process will occur as final amounts become available from the Feds and State. We hope to reconcile these amounts over the remaining months leading up to June.

3) Referendum Exceptions To Be Submitted for 2020-2021

- a. Special Education Exception - \$165,432 approved
- b. Retirement Contribution Exception - \$0 approved
- c. Total Referendum Exception Amount - **\$165,432 approved**

\*\*\*Deadline to submit for approval to PDE is Thursday, February 13, 2020

4) Governor Wolf's Budget Proposal for 2020-2021

## Mandated Costs...

# 1

Special  
Education Costs  
**\$1.28 Billion increase**  
(2012-13 to 2017-18)  
6.42% per year

# 2

Charter School  
Tuition Costs  
**\$555 Million increase**  
(2012-13 to 2017-18)  
8.75% per year

# 3

Pension Costs  
**\$2.4 Billion increase**  
(2012-13 to 2017-18)  
36.10% per year

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## 2020-21 Education Funding

**\$ 309.8 million INCREASE over 2019-20**

- \$41 million to pre-k/EI
- \$268 million to k-12
- HALF of increase (\$135 million) is for SS/pension

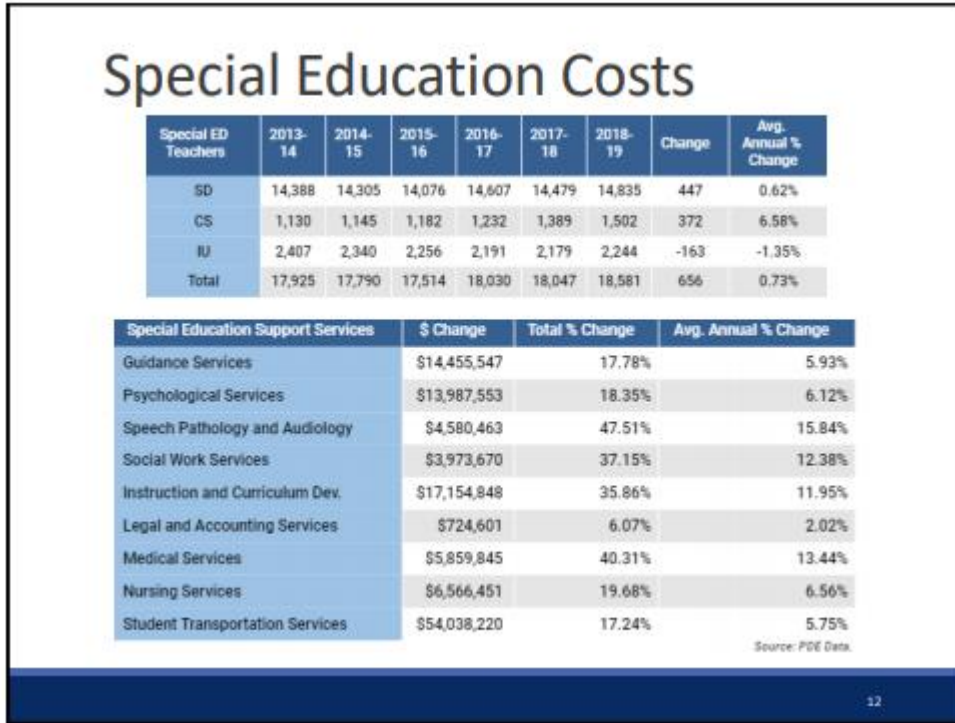
**BEF=\$6.857B: proposed increase of \$114.6M**

- \$100 million NEW money through BEF formula
- \$14.6 million to Social Security (now in BEF line)

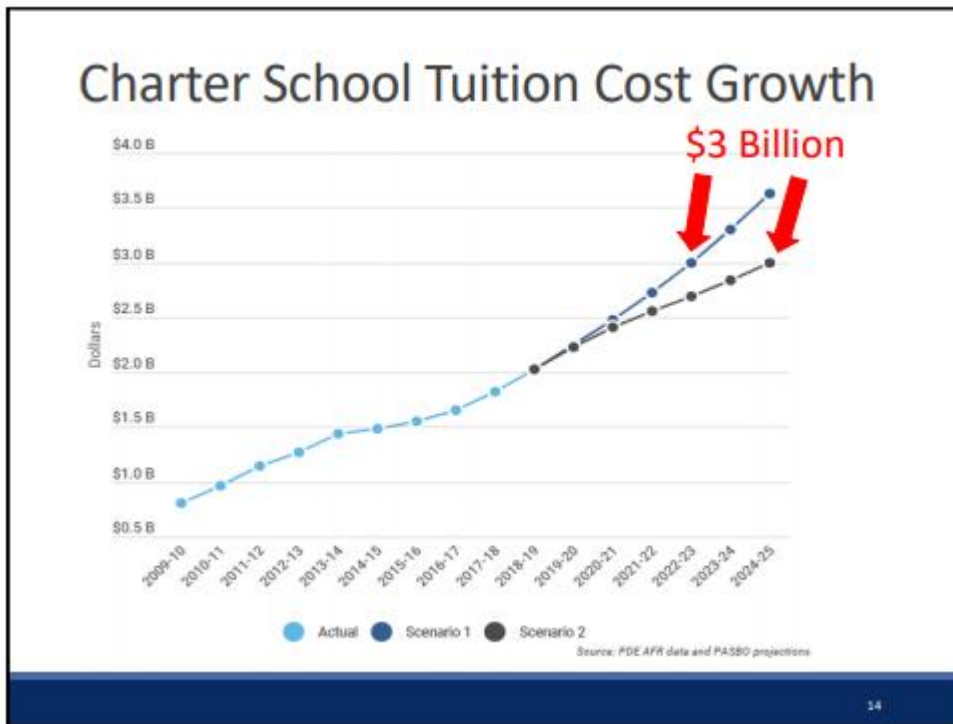


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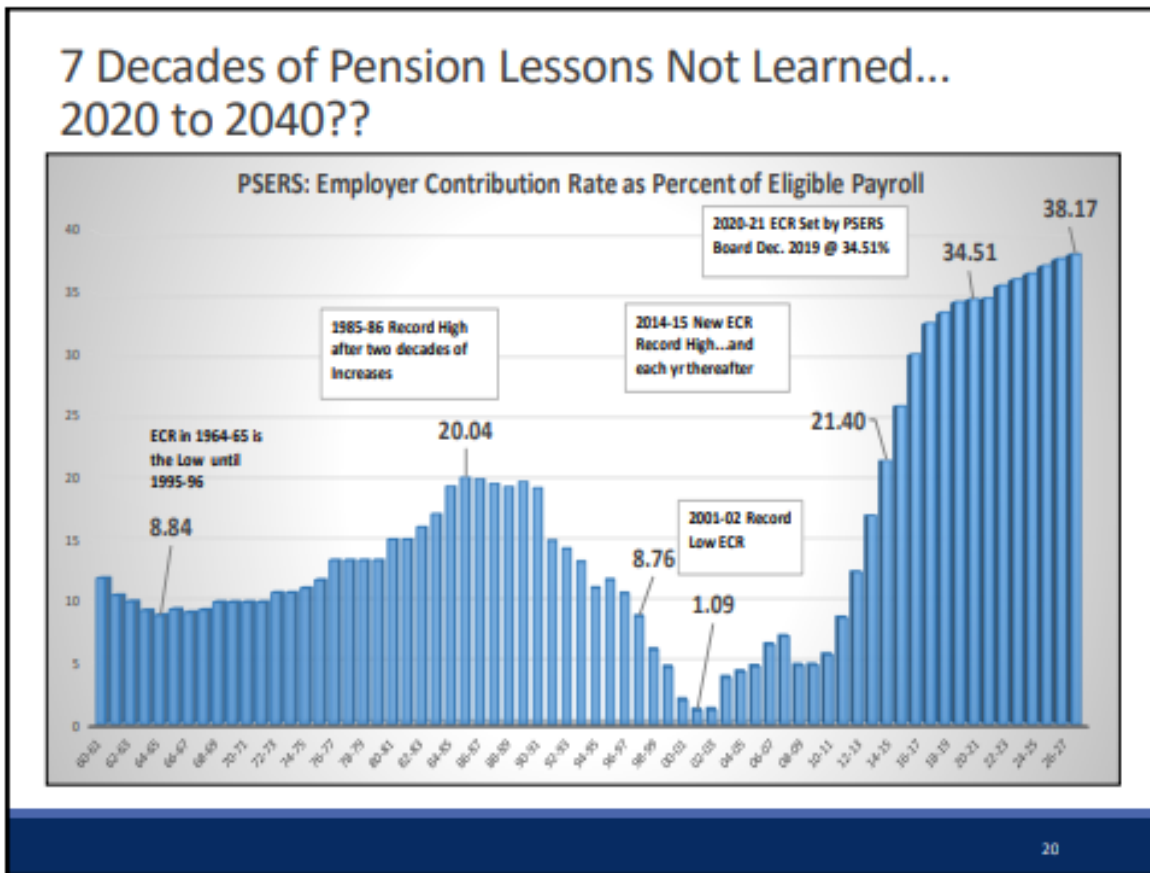
a. Special Education Costs



b. Charter School Reform



c. PSERS continues to climb



d. Basic Education Funding

- Tony Lamanna (Assistant Business Manager) will explain how one of the components of the Basic Education Funding Formula has resulted in the \$1,555,616 increase for the Hazleton Area School District (See handout).

## Concentrated Poverty = Greater than 30% of students in Acute Poverty Changes to Who is In or Out

2017-18	2017-18	2018-19	2018-19	2019-20	2019-20	2020-21	2020-21
8 School Districts Added	6 School Districts Dropped	12 School Districts Added	4 School Districts Dropped	7 School Districts Added	11 School Districts Dropped	7 School Districts Added	14 School Districts Dropped
Claysburg-Kimmel SD	Carlynton SD	Clarion Area SD	Forest Area SD	Antietam SD	Big Beaver Falls Area SD	Jamestown Area SD	Albert Gallatin Area SD
Fannett-Metal SD	Clarion-Limestone Area SD	Columbia Borough SD	Monessen City SD	Bristol Borough SD	Columbia Borough SD	Union SD	Connellsville Area SD
Forest Area SD	Hazleton Area SD	Greensburg Salem SD	Oil City Area SD	Charleoi SD	Greater Nanticoke Area SD	Harmony Area SD	Uniontown Area SD
Pottstown SD	Mount Carmel Area SD	Jeannette City SD	Purchase Line SD	Forest Area SD	Lebanon SD	Columbia Borough SD	Southeastern Greene SD
Purchase Line SD	Uniontown Area SD	Mahanoy Area SD		Hanover Area SD	Mid Valley SD	Hazleton Area SD	Charleoi SD
Rochester Area SD	Wyoming Valley West SD	Mid Valley SD		Steel Valley SD	Panther Valley SD	Big Beaver Falls Area SD	Pittsburgh SD
Steelton-Highspire SD		Mount Carmel Area SD		Windber Area SD	Salisbury-Elk Lick SD	Marion Center Area SD	Sto-Rox SD
Woodland Hills SD		Salisbury-Elk Lick SD			Shanksville-Stonycreek SD		Clarion Area SD
		Shanksville-Stonycreek SD			Titusville Area SD		Greensburg-Salem SD
		Southeastern Greene SD			Washington SD		Claysburg-Kimmel SD
		Uniontown Area SD			Woodland Hills SD		Windber Area SD
		Washington SD					Antietam SD
							Mount Carmel Area SD
							Mahanoy Area SD

e. Federal Funding

### Federal Education Budget Fiscal Year 2020

**K12 Programs**


ESSA Title I: \$450m increase to \$16.3 b

ESSA Title II: \$76m increase to \$2.1b (*first increases in 6 years*)

ESSA Title III: \$50m increase to \$787m (*first increase in 5 years*)

ESSA Title IV: \$40 m increase to \$1.2b

Source: AASA



f. Transportation Funding

## Transportation: Slow Leak

**Level-funded at \$549 million...AGAIN**

Non-public/CS transportation: also level funded at \$79.4 million

- Budget proposal ignores the law
- Intentionally underfunded
- Cumulative impact of sustained underfunding is more than \$100 million



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- HASD current Contractor Agreements in place until 6/30/2020

**Transportation Funding Received**

2020-2021	<b>Currently \$2,517,056 Budgeted</b>
2019-2020	<b>Currently \$2,517,056 Budgeted</b>
2018-2019	\$2,265,618
2017-2018	\$2,517,056
2016-2017	\$2,504,575
2015-2016	\$2,462,815

**Contracted Transportation Payments (Including Fuel Reimbursement)**

2020-2021	<b>Currently \$5,210,419 Budgeted</b>
2019-2020	<b>Currently \$5,062,044 Budgeted</b>
2018-2019	\$4,940,902
2017-2018	\$4,900,059
2016-2017	\$4,620,788
2015-2016	\$5,020,214

g. Full-Day Kindergarten

## Universal, Free, Full-Day K

- Targeted to SDs and brick and mortar CSs with half-day k programs (about 22,000 kids in 2019-20)
- There is NO FUNDING in the 2020-21 budget to assist SDs moving to full-day k
- SDs with capacity challenges can apply to PDE for a hardship waiver and develop a plan for building out future capacity



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- Half Day Kindergarten (71 out 500 PA School Districts currently have a half-day program)

h. ACT 1 Index History for Hazleton Area School District

2014-2015	2.9%
2015-2016	2.7%
2016-2017	3.4%
2017-2018	3.5%
2018-2019	3.4% (Luzerne County hits the index first)
2019-2020	3.2% (Luzerne County hits the index first)
2020-2021	3.7% (Luzerne County hits the index first)

5) Update on Current 2020-2021 Budget Process

- a. All school and department budgets will be reviewed ***initially*** (first-pass) with each of the respective department heads and/or principals beginning at the end of February. At these meetings all positions will be reviewed and any open and new positions being requested will also be added to the budget going forward. All open and new positions requested will be identified to the School Board and discussed at future budget meetings (public or executive).
- b. Salary & benefit budgeting has been completed (budgeting for each individual position in the General Fund). **This will still be reviewed in great depth.**



- c. All State and Federal grants/subsidies/programs will be reconciled matching the expenses with the projected anticipated revenues once the revenue amounts become more concrete.
- d. The **Preliminary** General Fund Budget was Board approved (1/28/2020) and submitted to PDE.
- e. The Business Office will be applying for the 2020-2021 Referendum Exceptions for approval from PDE tomorrow. The projected amounts have been discussed above in agenda item 3).
- f. Updated General Fund Budget TOTALS (Revenues & Expenses) will be discussed at the next Public Budget Meeting scheduled for Wednesday, March 4, 2020 at 6:00 P.M. and will continue with all Public Budget Meetings to follow.
- g. Second-pass review of school and department budgets will occur in April and May. This review is where additional budget cuts will be made.
- h. **Proposed** Final General Fund Budget is scheduled to be Board approved on Wednesday, May 20, 2020 at the Regular Monthly School Board Meeting in May.
- i. **Final** General Fund Budget is scheduled to be Board approved on Thursday, June 25, 2020 at the Regular Monthly School Board Meeting in June.

#### 6) Future Public Budget Meeting Schedule

- Wednesday, March 4, 2020 (Public) – 6:00 P.M.
- Wednesday, April 1, 2020 (Public) – 6:00 P.M.
- Wednesday, May 6, 2020 (Public) – 6:00 P.M.
- Wednesday, June 10, 2020 (Public) – 6:00 P.M.

#### 7) Questions / Comments