



PENNSBURY SCHOOL DISTRICT

134 YARDLEY AVENUE • P.O. BOX 338 • FALLSINGTON, PENNSYLVANIA 19058-0338



2020-2021 Budget Development Update

May 14, 2020

**Christopher M. Berdnik, PCSBA
Chief Financial Officer**

Pre-COVID-19 Framework

- Our focus is sustainable adjustments to cost centers without impacting the quality of program, instructional and support.
- The long range plan's marriage of operating and capital budgets is essential to this work.
- Legacy challenges must be addressed with the starting point of 2020-21.
- No point in having set asides when a deficit is budgeted.

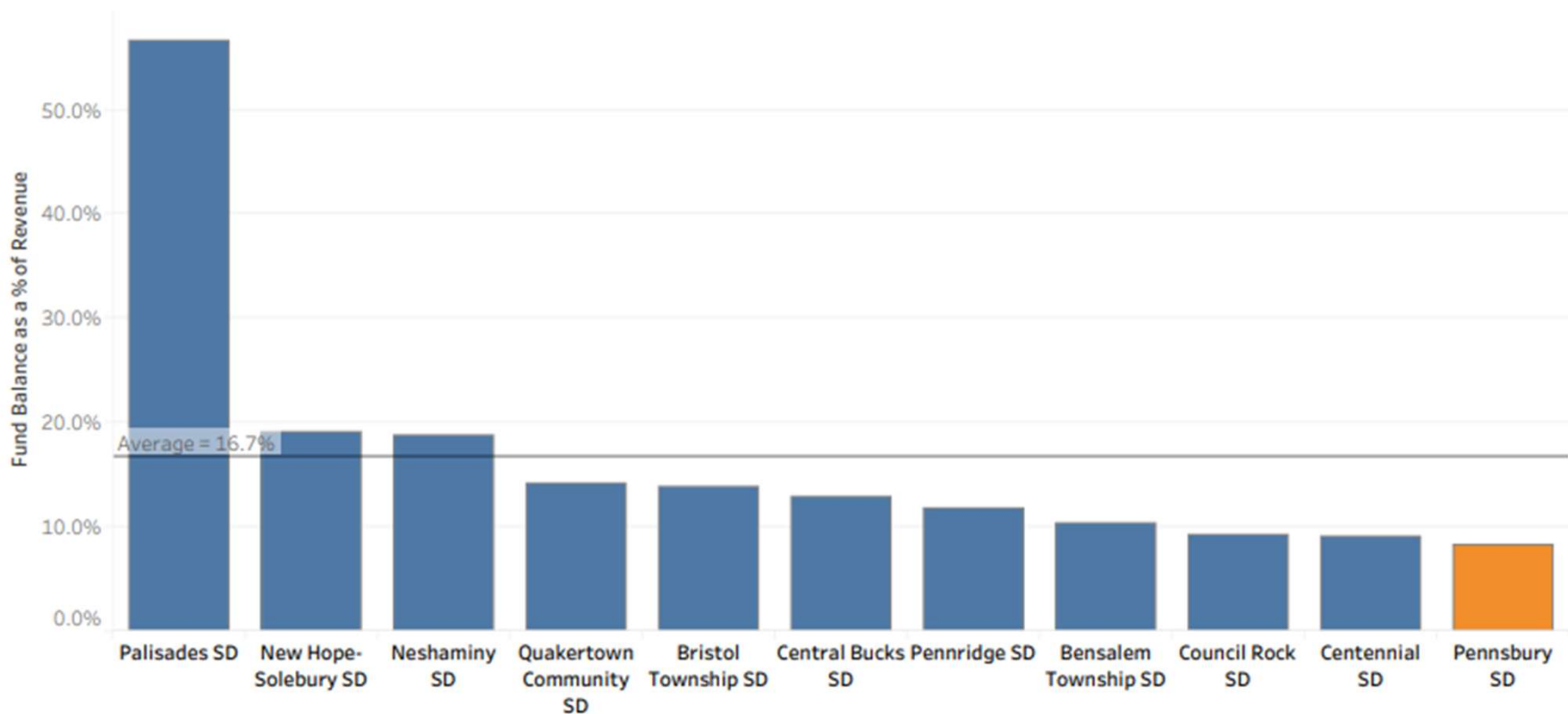
Un/Underfund Mandates Drive Pennsbury's Expenditures

PENNSBURY SCHOOL DISTRICT						4/1/2020
Analysis of Long-Term Trends and the Impact of Un/Underfund Mandates						
Year	Everything Else	Special Education	PSERS	Charter Schools	Other Expenditures and Financing Uses	Total Expenditures
2009-10 Actual	120,038,701	27,882,399	4,556,714	3,011,110	12,012,399	167,501,323
2010-11 Actual	118,478,541	28,011,948	5,318,733	3,200,431	12,375,623	167,385,276
2011-12 Actual	115,723,781	28,676,792	7,963,494	3,418,456	12,336,525	168,119,047
2012-13 Actual	115,578,212	30,944,383	11,219,152	3,330,306	12,217,563	173,289,617
2013-14 Actual	112,503,734	32,012,509	15,280,729	3,583,950	11,611,055	174,991,976
2014-15 Actual	101,822,324	32,621,277	19,761,883	3,905,762	21,617,604	179,728,851
2015-16 Actual	111,539,752	34,493,254	23,782,700	4,261,117	63,837,944	237,914,767
2016-17 Actual	110,730,281	36,318,132	27,993,470	4,392,506	25,077,174	204,511,562
2017-18 Actual	112,761,854	37,824,493	30,390,344	4,511,662	44,287,163	229,775,516
2018-19 Budget	114,450,340	39,402,227	32,100,635	4,910,844	17,621,855	208,485,901
2019-20 Budget	119,971,911	39,158,138	34,829,479	4,856,550	17,903,292	216,719,370
Variance	(66,790)	11,275,739	30,272,765	1,845,440	5,890,893	49,218,047
% Change	-0.06%	40.44%	664.36%	61.29%	49.04%	29.38%
	Total Growth in Un/Underfunded Mandates			43,393,944		
	% Change Un/Underfunded Mandates			122.41%		

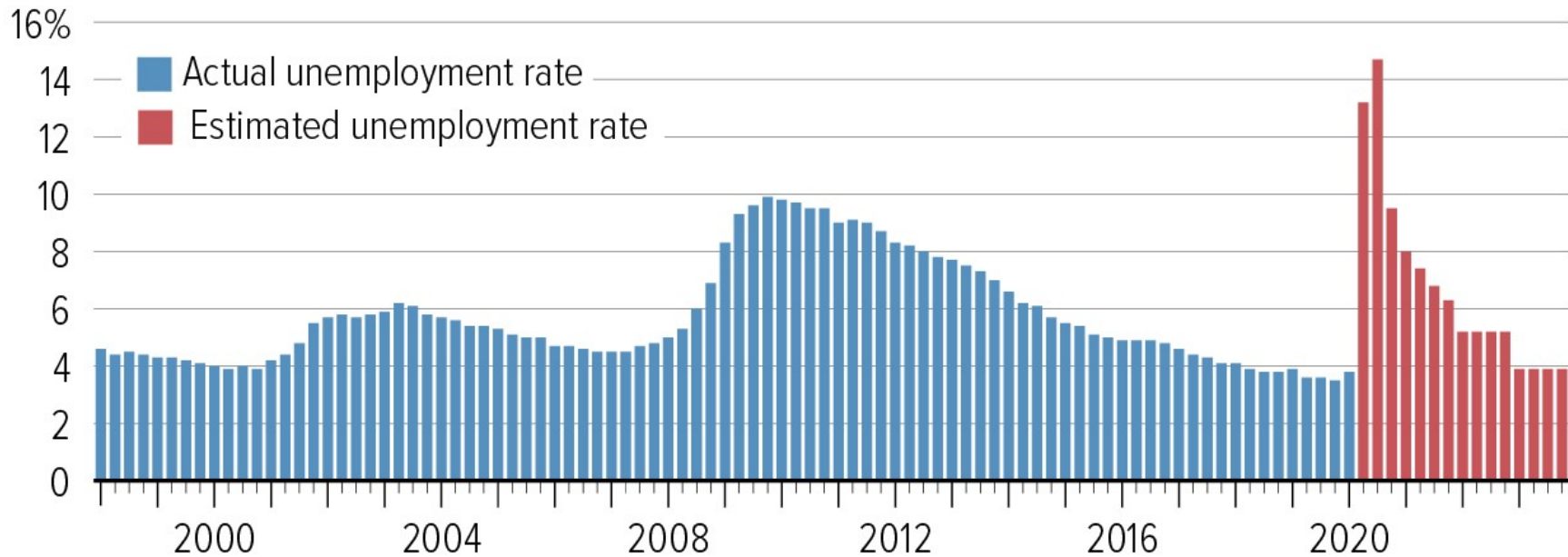
Our Relatively Small Fund Balance Limits Flexibility

Pennsbury SD Economic Profile

The graph below shows fund balance as a % of revenue for the General Fund for 2018.

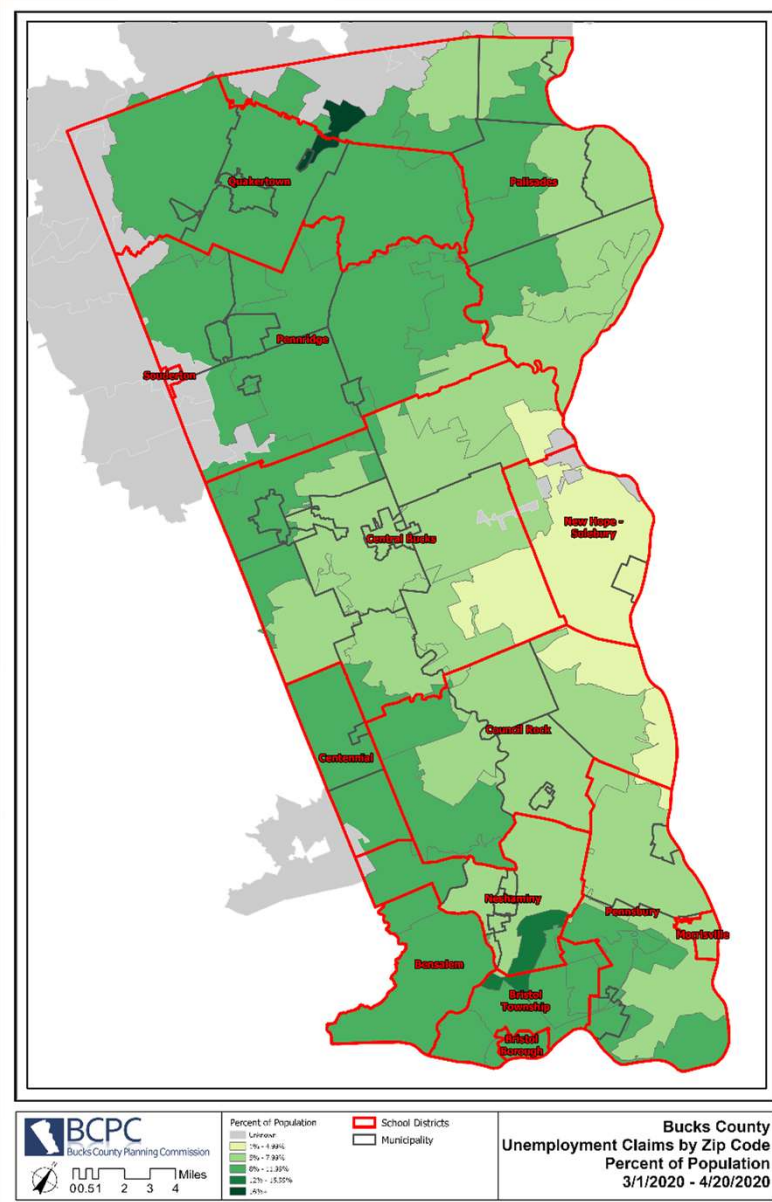
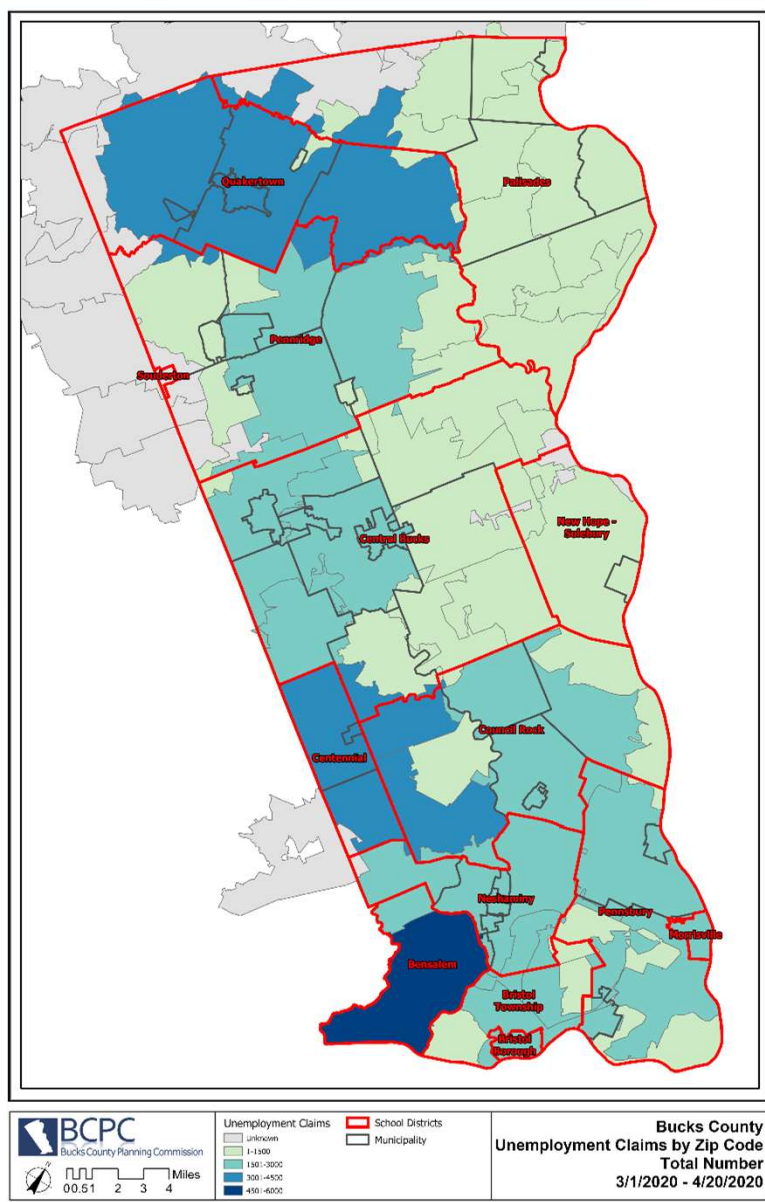


Response to COVID-19 Driving Skyrocketing Unemployment



Source: Actual: Bureau of Labor Statistics; Estimated: Goldman Sachs quarterly estimates from 2020 and 2021 and annual estimates for 2022 and 2023, (April 1 2020)

CENTER ON BUDGET AND POLICY PRIORITIES | CBPP.ORG



State Tax Collections Drop During Recessions

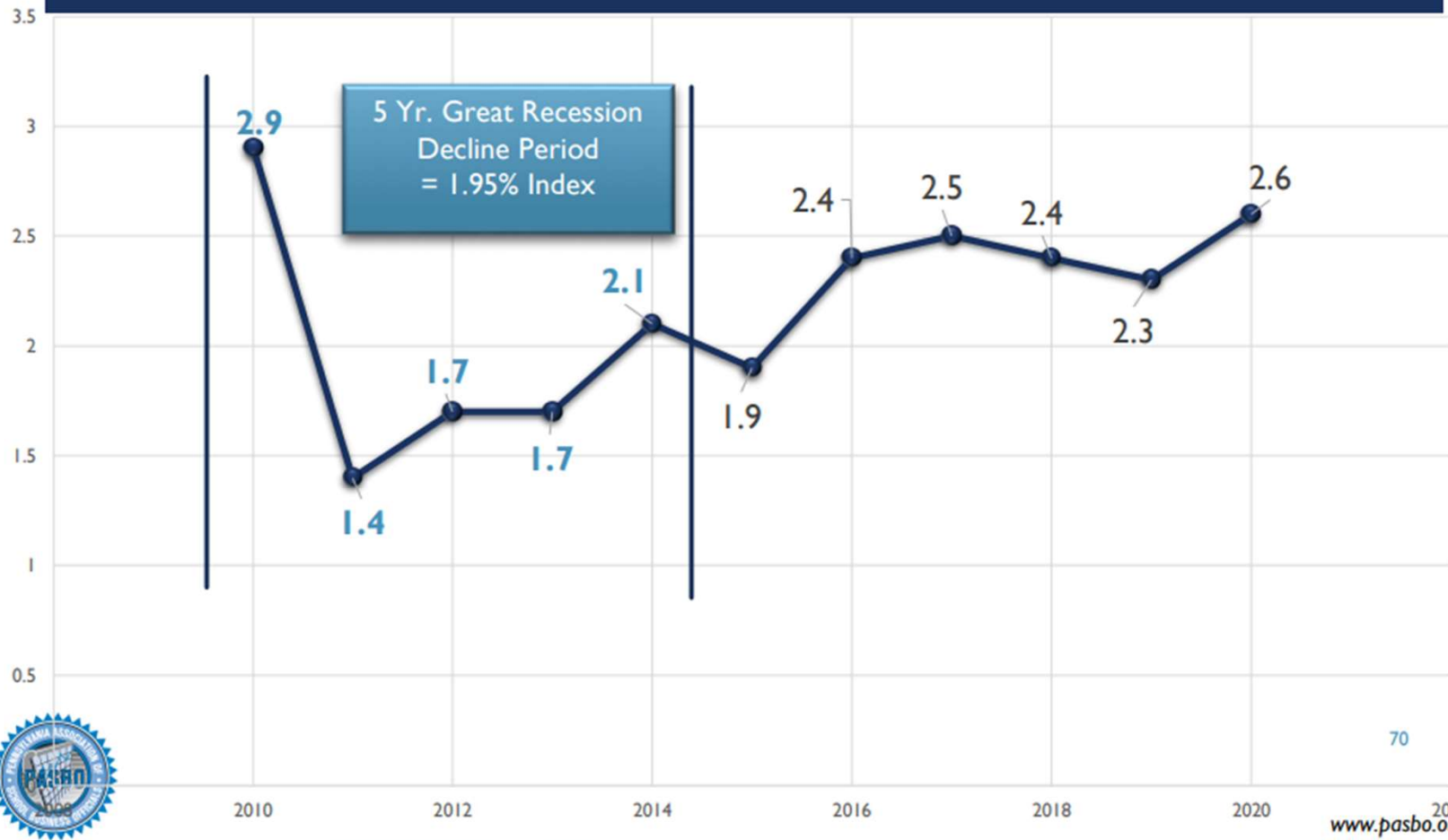
Percent change in annual tax collections, fiscal years 1976-2017



Source: CBPP calculations of census data

CENTER ON BUDGET AND POLICY PRIORITIES | CBPP.ORG

OTHER COMPLEXITIES...ACT I INDEX



Key Assumptions 2020-21

- The budget already assumes 23 retirements.
- Five (5) vacancies will not be filled.
- Historical growth in property assessment is tempered for two years.
- State subsidy and interest earnings are \$2.35 million less than a pre-COVID world.
- There is no allocation for new positions.
- **There are no hidden set asides for anything.**
- These are not worst case scenarios.

Three Scenarios for 2020-21

■ Scenario A:

- 2.6% Act 1 millage increase for 2020-21, then falling to 1.95%.
- Funds \$135 million in new bonds (75% of original scope), with Boehm construction starting by July 2022. All projects **delayed one year.**
- Funds modest contract settlements in years two and three, with **no program reductions unless the COVID impact is worse than anticipated.**

Pennsbury School District											5/14/2020	
Multiyear Financial Projection												
Scenario A: Delay one year, borrow \$135 million over 8 years - 75% of D'Huy estimate, plus 75% of \$1.5 million per year for various minor capital projects (this does not yet include a central bus facility or Fallsington Elementary)												
Line	Revenues	19/20 Projected	20/21 Proj.	21/22 Proj.	22/23 Proj.	23/24 Proj.	24/25 Proj.	25/26 Proj.	26/27 Proj.	27/28 Proj.	28/29 Proj.	29/30 Proj.
1	Real Estate Base (adj. for 170 v 171)	148,758,138	148,758,138	153,300,298	156,875,740	160,534,572	164,892,483	169,368,696	173,966,421	178,688,957	183,539,692	188,522,107
2	Assessed Value Growth		657,357	574,876	588,284	1,204,009	1,236,694	1,270,265	1,304,748	1,340,167	1,376,548	1,413,916
3			36 Months Flatter									
4	Millage Increase \$		3,884,803	3,000,566	3,070,548	3,153,902	3,239,519	3,327,460	3,417,788	3,510,568	3,605,867	3,703,752
5	Millage Increase (%)	170.06	2.60%	1.95%	1.95%	1.95%	1.95%	1.95%	1.95%	1.95%	1.95%	1.95%
6	Other Local Sources	10,582,001	10,999,693	11,044,701	11,090,759	11,138,068	11,186,661	11,236,573	11,287,840	11,340,499	11,394,587	11,450,143
7	Other drag COVID		(400,000)	(400,000)								
8	Interest rate drag COVID		(950,000)	(950,000)								
9	State (except PSERS and FICA)	31,467,460	31,406,923	31,053,906	31,293,616	31,938,264	32,596,192	33,267,674	33,952,988	34,652,420	35,366,260	36,094,805
10	State budget drag COVID		(1,000,000)	(400,000)								
11	PSERS and FICA	20,607,245	21,586,136	22,556,087	22,691,158	22,998,803	23,318,345	24,915,892	25,727,403	26,461,237	27,106,623	27,771,800
12	New PlanCon, 2 year lag		Slightly better than warm, safe, dry scenario not assumed to generate PlanCon reimbursement									
13	Federal	2,587,160	2,281,346	2,281,346	2,281,346	2,281,346	2,281,346	2,281,346	2,281,346	2,281,346	2,281,346	2,281,346
14												
15	Total Sources	214,002,004	217,224,396	222,061,780	227,891,451	233,248,964	238,751,240	245,667,906	251,938,534	258,275,194	264,670,923	271,237,869
16												
17												
18	Expenditures	19/20 Projected	20/21 Proj.	21/22 Proj.	22/23 Proj.	23/24 Proj.	24/25 Proj.	25/26 Proj.	26/27 Proj.	27/28 Proj.	28/29 Proj.	29/30 Proj.
20	Wages and Benefits	160,195,890	164,234,998	168,379,538	170,888,365	174,535,225	178,303,925	184,729,970	189,688,673	194,600,277	199,446,874	204,448,717
21				Modest contracts								
26	Placeholder PSERS COVID Tail			1,000,000	750,000	500,000	250,000					
27	IU Reconciliation 18/19		1,119,737	1,136,533	1,153,581	1,170,885	1,188,448	1,206,275	1,224,369	1,242,735	1,261,376	1,280,297
28	Everything Except Debt Service	38,263,428	38,365,847	38,941,335	39,525,455	40,118,337	40,720,112	41,330,914	41,950,878	42,580,141	43,218,843	43,867,126
29	Short term savings placeholder	(1,000,000)										
30	Reduce/restore to meet 5% test											
31	Debt Service	15,133,966	15,278,015	15,536,691	16,258,168	17,094,771	17,903,456	18,810,891	17,830,769	18,721,815	19,314,279	19,490,041
32												
33	Refunding Series 2022 (2012 Bonds)				(1,497)	(6,035)	(744,748)	(744,163)				
34	Refunding Series 2020 (15,15A,15B)		(122,165)	(122,790)	(118,448)	(118,881)	(118,623)	(118,243)	(120,233)	(122,857)	(119,050)	(118,692)
35	Fund 20/21 buses w/Fund 31		(950,000)									
36	Contingency			-	-	-	-	-	-	-	-	-
37	Placeholder future BCTHS bond			320,000	320,000	320,000	320,000	320,000	320,000	320,000	320,000	320,000
38												
39	Transfer to Debt Service Fund	2,500,000		(2,500,000)								
40	Transfer to Capital Reserve Fund									500,000	1,000,000	
41	Total Uses	215,093,284	217,926,432	222,691,307	228,775,624	233,614,302	237,822,570	245,535,644	250,894,456	257,342,111	263,942,322	270,287,489
42												
43	Assume 50% Returned			-	-	-	-	-	-	-	-	-
44	Gap	(1,091,280)	(702,036)	(629,527)	(884,173)	(365,338)	928,670	132,262	1,044,078	933,083	728,601	950,380
45	Fund Balance	17,280,020	16,577,984	15,948,457	15,064,284	14,698,946	15,627,616	15,759,878	16,803,956	17,737,039	18,465,640	19,416,020
46	FB % Expenditures	8.03%	7.61%	7.16%	6.58%	6.29%	6.57%	6.42%	6.70%	6.89%	7.00%	7.18%

Three Scenarios for 2020-21

■ Scenario B:

- 1.35% millage increase for two years, then growing to 1.95%.
- Funds \$135 million in new bonds (75% of original scope), with Boehm construction starting by July 2022. All projects **delayed one year.**
- Funds **extremely** modest contract settlements in years two and three, with **no program reductions unless the COVID impact is worse than anticipated.**

Pennsbury School District											5/14/2020	
Multiyear Financial Projection												
Scenario B: Delay one year, borrow \$135 million over 8 years - 75% of D'Huy estimate, plus 75% of \$1.5 million per year for various minor capital projects (this does not yet include a central bus facility or Fallsington Elementary)												
Line	Revenues	19/20 Projected	20/21 Proj.	21/22 Proj.	22/23 Proj.	23/24 Proj.	24/25 Proj.	25/26 Proj.	26/27 Proj.	27/28 Proj.	28/29 Proj.	29/30 Proj.
1	Real Estate Base (adj. for 170 v 171)	148,758,138	148,758,138	151,432,604	154,052,482	157,645,467	161,924,950	166,320,605	170,835,586	175,473,132	180,236,569	185,129,316
2	Assessed Value Growth		657,357	567,872	577,697	1,182,341	1,214,437	1,247,405	1,281,267	1,316,048	1,351,774	1,388,470
3			36 Months Flatter									
4	Millage Increase \$		2,017,109	2,052,006	3,015,288	3,097,142	3,181,218	3,267,576	3,356,279	3,447,389	3,540,973	3,637,097
5	Millage Increase (%)	170.06	1.35%	1.35%	1.95%	1.95%	1.95%	1.95%	1.95%	1.95%	1.95%	1.95%
6	Other Local Sources	10,582,001	10,999,693	11,030,473	11,075,702	11,122,159	11,169,877	11,218,891	11,269,235	11,320,946	11,374,061	11,428,617
7	Other drag COVID		(400,000)	(400,000)								
8	Interest rate drag COVID		(950,000)	(950,000)								
9	State (except PSERS and FICA)	31,467,460	31,406,923	31,053,906	31,293,616	31,938,264	32,596,192	33,267,674	33,952,988	34,652,420	35,366,260	36,094,805
10	State budget drag COVID		(1,000,000)	(400,000)								
11	PSERS and FICA	20,607,245	21,586,136	22,283,573	22,140,900	22,433,412	22,737,405	24,287,030	25,073,184	25,783,406	26,407,250	27,050,199
12	New PlanCon, 2 year lag		Slightly better than warm, safe, dry scenario not assumed to generate PlanCon reimbursement									
13	Federal	2,587,160	2,281,346	2,281,346	2,281,346	2,281,346	2,281,346	2,281,346	2,281,346	2,281,346	2,281,346	2,281,346
14												
15	Total Sources	214,002,004	215,356,702	218,951,780	224,437,031	229,700,131	235,105,425	241,890,527	248,049,885	254,274,687	260,558,233	267,009,850
16												
17												
18	Expenditures	19/20 Projected	20/21 Proj.	21/22 Proj.	22/23 Proj.	23/24 Proj.	24/25 Proj.	25/26 Proj.	26/27 Proj.	27/28 Proj.	28/29 Proj.	29/30 Proj.
20	Wages and Benefits	160,195,890	164,234,998	166,652,977	167,402,101	170,953,087	174,623,279	180,884,211	185,721,031	190,512,282	195,240,657	200,120,837
21				EXTREMELY modest settlements								
26	Placeholder PSERS COVID Tail			1,000,000	750,000	500,000	250,000					
27	IU Reconciliation 18/19		1,119,737	1,136,533	1,153,581	1,170,885	1,188,448	1,206,275	1,224,369	1,242,735	1,261,376	1,280,297
28	Everything Except Debt Service	38,263,428	38,365,847	38,941,335	39,525,455	40,118,337	40,720,112	41,330,914	41,950,878	42,580,141	43,218,843	43,867,126
29	Short term savings placeholder	(1,000,000)										
30	Reduce/restore to meet 5% test											
31	Debt Service	15,133,966	15,278,015	15,536,691	16,258,168	17,094,771	17,903,456	18,810,891	17,830,769	18,721,815	19,314,279	19,490,041
32												
33	Refunding Series 2022 (2012 Bonds)				(1,497)	(6,035)	(744,748)	(744,163)				
34	Refunding Series 2020 (15,15A,15B)		(122,165)	(122,790)	(118,448)	(118,881)	(118,623)	(118,243)	(120,233)	(122,857)	(119,050)	(118,692)
35	Fund 20/21 buses w/Fund 31		(950,000)									
36	Contingency			-	-	-	-	-	-	-	-	-
37	Placeholder future BCTHS bond			320,000	320,000	320,000	320,000	320,000	320,000	320,000	320,000	320,000
38												
39	Transfer to Debt Service Fund	2,500,000		(2,500,000)								
40	Transfer to Capital Reserve Fund										500,000	1,000,000
41	Total Uses	215,093,284	217,926,432	220,964,746	225,289,360	230,032,164	234,141,924	241,689,885	246,926,814	253,254,116	259,736,105	265,959,609
42												
43	Assume 50% Returned				-	-	-	-	-	-	-	-
44	Gap	(1,091,280)	(2,569,730)	(2,012,966)	(852,329)	(332,033)	963,501	200,642	1,123,071	1,020,571	822,128	1,050,241
45	Fund Balance	17,280,020	14,710,290	12,697,324	11,844,995	11,512,962	12,476,463	12,677,105	13,800,176	14,820,747	15,642,875	16,693,116
46	FB % Expenditures	8.03%	6.75%	5.75%	5.26%	5.00%	5.33%	5.25%	5.59%	5.85%	6.02%	6.28%

Three Scenarios for 2020-21

■ Scenario C:

- 0.00% millage increase for 2020-21, then 1.00%, then growing to 1.95%.
- Funds \$90 million in new bonds (50% of original scope), with Boehm construction starting by July 2023. All projects **delayed two years.**
- Funds **no** contract settlements in years two and three.
- **Real program reductions in year two, which get worse if COVID impact grows.**

Pennsbury School District											5/14/2020	
Multiyear Financial Projection												
Scenario C: Delay two years, borrow \$90 million over 8 years - 50% of D'Huy estimate, plus 50% of \$1.5 million per year for various minor capital projects (this does not yet include a central bus facility or Fallsington Elementary)												
Line	Revenues	19/20 Projected	20/21 Proj.	21/22 Proj.	22/23 Proj.	23/24 Proj.	24/25 Proj.	25/26 Proj.	26/27 Proj.	27/28 Proj.	28/29 Proj.	29/30 Proj.
1	Real Estate Base (adj. for 170 v 171)	148,758,138	148,758,138	149,415,495	151,475,561	154,932,422	159,060,209	163,297,971	167,730,899	172,284,164	176,961,033	181,764,862
2	Assessed Value Growth		657,357	560,308	568,033	1,161,993	1,192,952	1,224,735	1,257,982	1,292,131	1,327,208	1,363,236
3			36 Months Flatter									
4	Millage Increase \$		-	1,499,758	2,888,828	2,965,794	3,044,810	3,208,193	3,295,283	3,384,738	3,476,621	3,570,998
5	Millage Increase (%)	170.06	0.00%	1.00%	1.90%	1.90%	1.90%	1.95%	1.95%	1.95%	1.95%	1.95%
6	Other Local Sources	10,582,001	10,999,693	11,022,189	11,065,521	11,110,008	11,155,680	11,203,803	11,253,232	11,304,003	11,356,152	11,409,717
7	Other drag COVID		(400,000)	(400,000)								
8	Interest rate drag COVID		(950,000)	(950,000)								
9	State (except PSERS and FICA)	31,467,460	31,406,923	31,053,906	31,293,616	31,938,264	32,596,192	33,267,674	33,952,988	34,652,420	35,366,260	36,094,805
10	State budget drag COVID		(1,000,000)	(400,000)								
11	PSERS and FICA	20,607,245	21,586,136	22,229,070	22,031,665	22,321,173	22,622,081	24,162,191	24,943,312	25,648,847	26,268,415	26,906,951
12	New PlanCon, 2 year lag		Warm, safe, dry scenario not assumed to generate PlanCon reimbursement									
13	Federal	2,587,160	2,281,346	2,281,346	2,281,346	2,281,346	2,281,346	2,281,346	2,281,346	2,281,346	2,281,346	2,281,346
14												
15	Total Sources	214,002,004	213,339,593	216,312,072	221,604,570	226,711,000	231,953,270	238,645,913	244,715,042	250,847,649	257,037,035	263,391,915
16												
17												
18	Expenditures	19/20 Projected	20/21 Proj.	21/22 Proj.	22/23 Proj.	23/24 Proj.	24/25 Proj.	25/26 Proj.	26/27 Proj.	27/28 Proj.	28/29 Proj.	29/30 Proj.
20	Wages and Benefits	160,195,890	164,234,998	166,307,664	166,710,027	170,241,982	173,892,619	180,120,774	184,933,398	189,700,758	194,405,665	199,261,693
26	Placeholder PSERS COVID Tail			1,000,000	750,000	500,000	250,000					
27	IU Reconciliation 18/19		1,119,737	1,136,533	1,153,581	1,170,885	1,188,448	1,206,275	1,224,369	1,242,735	1,261,376	1,280,297
28	Everything Except Debt Service	38,263,428	38,365,847	38,941,335	37,901,455	38,165,477	39,042,459	40,744,596	41,355,765	42,483,601	43,120,855	43,767,668
29	Short term savings placeholder	(1,000,000)										
30	Reduce/restore to meet 5% test			(1,600,000)	(300,000)	300,000	1,100,000		500,000			
31	Debt Service	15,133,966	15,278,015	15,450,441	15,711,918	16,117,271	16,652,206	17,194,641	15,860,769	16,499,315	17,085,529	17,493,791
32			Pennsbury only approves "warm, safe, dry" level rehabilitation of Boehm, stadium, Edgewood, and Pennsbury High School									
33	Refunding Series 2022 (2012 Bonds)				(1,497)	(6,035)	(744,748)	(744,163)				
34	Refunding Series 2020 (15,15A,15B)		(122,165)	(122,790)	(118,448)	(118,881)	(118,623)	(118,243)	(120,233)	(122,857)	(119,050)	(118,692)
35	Fund 20/21 buses w/Fund 31		(950,000)									
36	Contingency			-	-	-	-	-	-	-	-	-
37	Placeholder future BCTHS bond			320,000	320,000	320,000	320,000	320,000	320,000	320,000	320,000	320,000
38			Pennsbury only approves "warm, safe, dry" level rehabilitation of Bucks County Technical High School									
39	Transfer to Debt Service Fund	2,500,000		(2,500,000)								
40	Transfer to Capital Reserve Fund										500,000	1,000,000
41	Total Uses	215,093,284	217,926,432	217,933,183	221,377,036	226,190,699	231,332,361	238,723,880	244,074,068	250,123,552	256,574,375	263,004,757
42												
43	Assume 50% Returned			-	-	-	-	-	-	-	-	-
44	Gap	(1,091,280)	(4,586,839)	(1,621,111)	227,534	520,301	620,909	(77,967)	640,974	724,097	462,660	387,158
45	Fund Balance	17,280,020	12,693,181	11,072,070	11,299,604	11,819,905	12,440,814	12,362,847	13,003,821	13,727,918	14,190,578	14,577,736
46	FB % Expenditures	8.03%	5.82%	5.08%	5.10%	5.23%	5.38%	5.18%	5.33%	5.49%	5.53%	5.54%

Budget Timeline

- Refine budget data and strategies through May 21
- **Adopt proposed final budget – May 21, 2020**
- Deadline to make proposed final budget available for public inspection – May 30, 2020
- Deadline to offer public notice of the intent to adopt final budget – June 10, 2020
- Adopt final budget – June 18, 2020