



HIGHLIGHTS OF THE 2018-2019 PROPOSED FINAL BUDGET

The 2018-2019 Fox Chapel Area School District proposed final budget calls for budgetary expenditures of \$98,713,819. The increase in expenditures over the 2017-2018 budget is projected at \$1,907,816 or two percent. The proposed final millage rate for 2018-2019 is 19.5750 mills. This will be an increase of 0.2321 mills, or a 1.2 percent increase in millage rate. The allowable increase under Act 1, the Taxpayer Relief Act, for 2018-2019 is 2.4 percent. It is estimated that this increase will generate an additional \$808,000 to fund the district. One mill will equal approximately \$3.4 million.

The School Board approved the 2018-2019 proposed final budget at its public meeting May 7, 2018. The Board will discuss the proposed final budget at its meetings June 4 (in the O'Hara Elementary School auditorium) and June 11 (in the high school large group instruction room). The Board is expected to pass the final 2018-2019 budget at its June 11 meeting and residents are invited to attend all Board meetings which begin at 7 p.m.

The 2018-2019 proposed final budget reflects the following:

- Salary line items are expected to decrease by 1.3 percent from last year's final budget. This is due primarily to the beginning of the early retirement incentive that was offered to the Fox Chapel Educators Association. There are 10 teachers confirmed to retire effective July 1, 2018, and three are being replaced. One new elementary position is budgeted due to a potential enrollment increase at Hartwood Elementary. Please note, there are 54 teachers who have accepted the early retirement incentive and will retire over the next two years. Not all of the 54 teachers are scheduled to be replaced. Positions that will be filled will bring a savings to the district due to the lower salary of a newer teacher. Despite this reduction in staff, the district will make every effort to ensure that students continue to receive the highest quality education.
- Premium rate costs for medical insurance will increase by 1.9 percent. There are no premium rate increases for dental or vision insurance for 2018-2019. Overall costs for medical, dental, and vision insurance are projected to decrease by 2.5 percent compared to the 2017-2018 budget.
- The school district's contribution rate paid to the Public School Employees' Retirement System (PSERS) will increase from 32.57 percent to 33.43 percent. The school district will be contributing \$15,281,092 to PSERS in 2018-2019, compared to \$14,762,367 in 2017-2018 – a 3.5 percent increase in cost to the district. The PSERS trustees determine the contribution rate increase annually.
- The first scheduled repayment of the district's 2017 general obligation bond will occur in the 2018-2019 school year.
- New computer equipment purchases for the district will cost \$654,351 which keeps pace with the current plan to replace aging laptops for staff and students in all buildings.
- The district budgeted \$655,000 in costs related to technology, security cameras, and playground equipment for the new Kerr Elementary School.*

The 2018-2019 proposed final budget is endorsed by the district's Resource Planning Committee, a group of residents with financial and management backgrounds that provide additional expertise to the School Board on financial matters.

PSERS and Major Budgetary Matters

All school districts continue to face budget constraints. It is estimated that under the current rate structure proposed for funding the state retirement system (PSERS), Fox Chapel Area will pay out nearly \$55 million over the next five years. These increases – combined with the limitations on increasing tax rates imposed under Act 1 – have necessitated the district to prepare for shortfalls in the budget.

The district currently has committed fund balance reserves of \$9.5 million to cover the anticipated PSERS increases. The district utilized \$500,000 of these funds in 2017-2018 to "bridge" the gap in funding for PSERS and will continue to use committed fund balance reserves until the tax rates can keep pace and fund these costs. The district continues to reduce payroll costs through attrition and by implementing new instructional and administrative strategies to make the district more efficient and cost effective.

TAXPAYER ESTIMATED REAL ESTATE TAX LIABILITY

The median home in the Fox Chapel Area School District in 2018 is assessed at \$212,200. The chart below depicts the estimated tax liability based on the school district millage rate of 19.5750 for the 2018 tax year using a home assessed at \$100,000; \$212,200 (median home); and \$400,000. The homestead exclusion is calculated in the change in tax liability.

		Median Home	
2017 Assessed Value	\$100,000.00	\$212,200.00	\$400,000.00
2017 Homestead Exclusion	(\$9,787.00)	(\$9,787.00)	(\$9,787.00)
2017 Net Assessed Value	\$90,213.00	\$202,413.00	\$390,213.00
2017 Millage Rate	19.3429	19.3429	19.3429
2017 Tax Liability	\$1,744.98	\$3,915.25	\$7,547.85
2018 Assessed Value	\$100,000.00	\$212,200.00	\$400,000.00
2018 Homestead Exclusion [†]	(\$9,655.61)	(\$9,655.61)	(\$9,655.61)
2018 Net Assessed Value [†]	\$90,344.39	\$202,544.39	\$390,344.39
2018 Millage Rate	19.5750	19.5750	19.5750
2018 Tax Liability [†]	\$1,768.49	\$3,964.81	\$7,640.99
Annual Increase	\$23.51	\$49.56	\$93.14
% Increase	1.35%	1.27%	1.23%
Monthly Increase	\$1.96	\$4.13	\$7.76

[†]This number is based upon the estimated distribution of gaming funds provided by the Pennsylvania Department of Education on May 2, 2018.

- 1.) These amounts can be reduced by two percent if paid in full during the discount period.
- 2.) Senior citizens may qualify for a property tax rebate program available through the state.
- 3.) The market value/assessed value will be reduced by \$9,655.61 for those homeowners in the Fox Chapel Area School District with an approved homestead exclusion.

In addition, the district maintains funds reserved for capital projects. The district had issued bonds during 2017 for capital improvement projects at Dorseyville Middle School and the Fairview, Kerr, and O'Hara elementary buildings. The district was able to issue those bonds at a savings due to lower market interest rates. In 2018-2019, the district will be drawing down \$655,000 from the capital projects' assigned fund balance to cover a portion of the costs (see * on page 10) associated with the new Kerr Elementary building construction.

By implementing sound financial strategies to manage expenditures and anticipate possible revenue shortfalls, the district's future financial health continues to be stronger than many in the commonwealth.

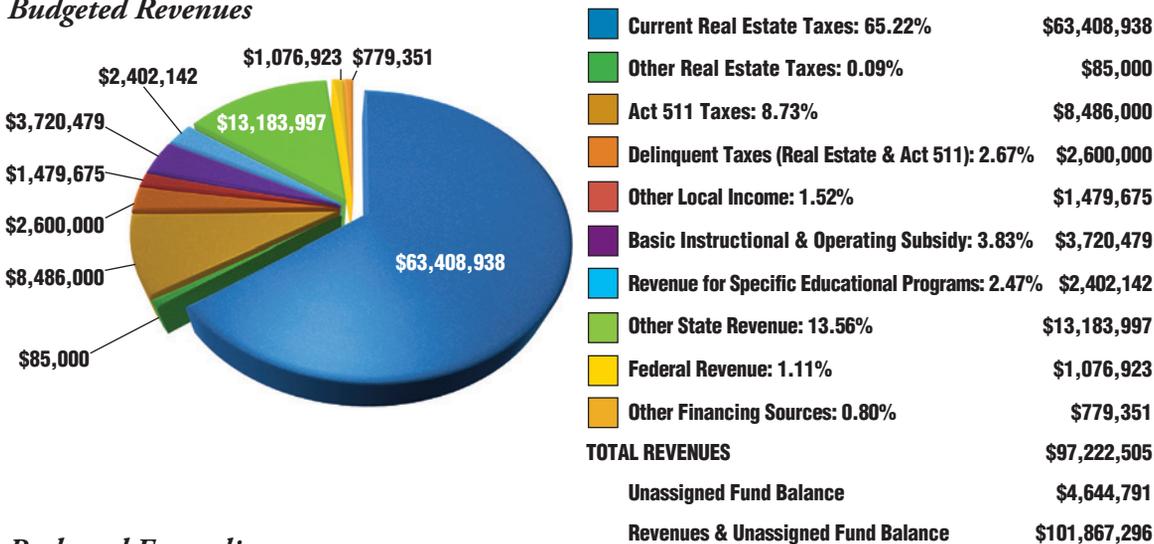
Gaming Funds Distribution**

On May 2, 2018, the Pennsylvania Department of Education provided the Fox Chapel Area School District with the amount of the district's share of gaming funds available for distribution. The proposed final budget includes a distribution of \$1,476,655. The method of distributing these funds, as prescribed by Act 1, the Taxpayer Relief Act, will be via the implementation of the homestead exclusion. Under this provision, any property in the school district that was approved by Allegheny County as a homestead will have the lesser of its taxable value, or an estimated \$9,655.61 of its taxable value, excluded for the purpose of calculating current school district real estate taxes for the 2018 tax year. The owners of the 7,827 properties in the district that qualified for the homestead exclusion will receive the equivalent of a \$188.66 reduction in their property taxes. Property owners who currently do not have an approved homestead exclusion will have the opportunity to apply again when the district sends out letters to those homeowners in December 2018.

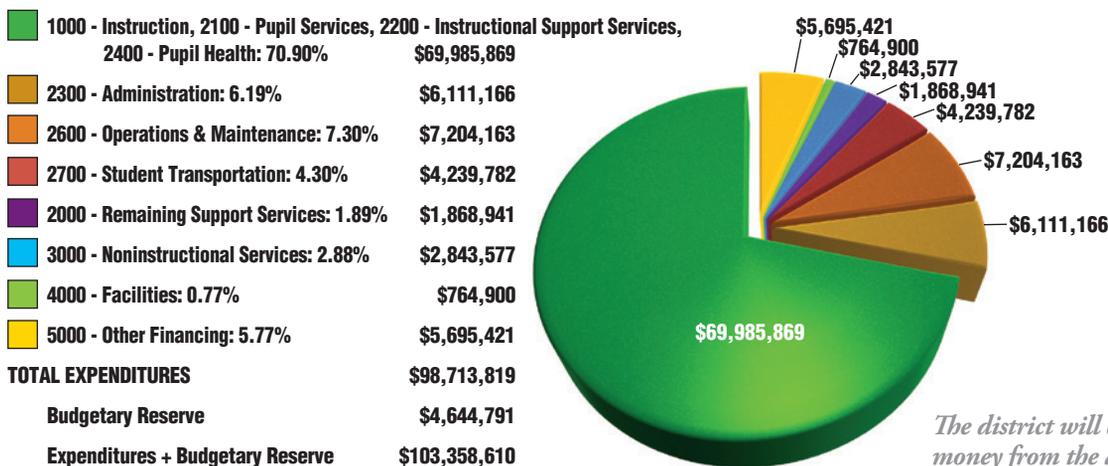
***Allegheny County has certified that there are 7,827 properties in the Fox Chapel Area School District that qualify for the homestead exclusion. If that number is adjusted by the county to include more or less properties, it could affect the amount of the final reduction.*

2018-2019 PROPOSED FINAL BUDGET REVENUES & EXPENDITURES

Budgeted Revenues



Budgeted Expenditures



The district will balance the budget by utilizing money from the available fund balance.



PROPOSED FINAL BUDGET INSIGHT



REGULAR INSTRUCTION 1100

2018-2019.....	\$46,960,880
2017-2018.....	\$46,354,846
Increase of	\$606,034
% of change	1.31%
Cost per student.....	\$11,796
% of budget	47.57%

Includes:

Regular instructional program salaries and fringe benefits for teachers in addition to textbooks, district program contracts, supplies, and equipment. Also includes other post-employment benefits costs.

Comments:

1. Includes salary and fringe benefit increases for professional staff members.
2. Includes increase due to retiree payouts for the first year of the early retirement incentive.
3. Includes increase in costs for substitute staffing.



SPECIAL EDUCATION PROGRAMS 1200

2018-2019.....	\$11,958,700
2017-2018.....	\$11,598,361
Increase of.....	\$360,339
% of change.....	3.11%
Cost per student.....	\$3,004
% of budget.....	12.11%

Includes:

Salaries and fringe benefits for special education and gifted teachers and paraprofessionals. Services are mandated for life skills and learning, emotional, autistic, hearing, vision, orthopedic, and speech/language support, as well as gifted education. Also includes occupational and physical therapies, specialized materials, technology, purchased services, and tuition.

Comments:

1. The cost for services requested from the Allegheny Intermediate Unit (AIU) is increasing based on anticipated needs of students.
2. There are increased costs for professional services that are provided by outside agencies for our students.



ADDITIONAL INSTRUCTION 1300, 1400 & 1500

2018-2019.....	\$1,603,494
2017-2018.....	\$1,808,883
Decrease of.....	(-\$205,389)
% of change.....	(-11.35%)
Cost per student.....	\$403
% of budget.....	1.62%

Includes:

Vo-tech, homebound, Title I services, summer and Saturday classes, and support to nonpublic schools through federal grants.

Comments:

1. Costs fluctuate annually based on the number of students who require services.
2. Newer summer programs, including the STEAM camp, are funded by tuition payments.



PUPIL PERSONNEL 2100

2018-2019.....	\$3,789,347
2017-2018.....	\$3,772,178
Increase of.....	\$17,169
% of change.....	0.46%
Cost per student.....	\$952
% of budget.....	3.84%

Includes:

Salaries and fringe benefits for school counselors, district psychologists, a share of the administrative staff in charge of the program, and support staff. Supplies, services, and equipment to operate the program are also included.

Comments:

1. Includes budgeted amounts for outside educational programs/professional services.



INSTRUCTIONAL SUPPORT SERVICES 2200

2018-2019.....	\$4,797,441
2017-2018.....	\$4,493,025
Increase of.....	\$304,416
% of change.....	6.78%
Cost per student.....	\$1,205
% of budget.....	4.86%

Includes:

Salaries and fringe benefits for school librarians, curriculum coordinators, and support staff. Supplies, equipment, and purchased services for curriculum development, audio visual, library, educational television, technology, and computer-assisted instruction, as well as funds to support safety and security, are also included.

Comments:

1. Includes continued purchase of technology equipment, software, and supplies, as well as replacement costs for classroom and staff equipment that is obsolete.



**ADMINISTRATION
2300**

2018-2019.....	\$6,111,166
2017-2018.....	\$6,923,112
Decrease of	(-\$811,946)
% of change.....	(-11.73%)
Cost per student.....	\$1,535
% of budget.....	6.19%

Includes:

Salaries and fringe benefits for district office staff, school principals, and clerical support staff. Expenditures for tax collection and legal services are also included. Also includes payouts for retirement/resignations of administrative personnel.

Comments:

1. Includes cost of supplies and software related to the administrative offices, and additional staff development for administrative staff.
2. Includes costs for advertising and printing services.
3. Prior years included a number of employees who received severance payments. This is not anticipated as part of the 2018-2019 budget.
4. The Pennsylvania Department of Education Chart of Account changes resulted in some budget items being reallocated to other areas.



**PUPIL HEALTH
2400**

2018-2019.....	\$876,007
2017-2018.....	\$944,716
Decrease of	(-\$68,709)
% of change.....	(-7.27%)
Cost per student.....	\$220
% of budget.....	0.89%

Includes:

Salaries and fringe benefits for the nursing staff and a clerk. Also includes the fees for doctor and dental exams and nursing services the district must provide for private and parochial schools. Supplies and equipment to operate the program are also included.

Comments:

1. Includes the decrease of salary and benefit costs related to staffing changes.



**BUSINESS/DATA SERVICES
2500 & 2800**

2018-2019.....	\$1,751,791
2017-2018.....	\$1,913,243
Decrease of	(-\$161,452)
% of change	(-8.44%)
Cost per student.....	\$440
% of budget	1.77%

Includes:

Salaries and fringe benefits of business/data office staff along with supplies, expenses, and purchased services to conduct the business and data processing functions of the district. Also includes expenditures for video, voice, and data-networking equipment and districtwide duplicating equipment.

Comments:

1. Decrease due to staffing changes and reductions in costs.
2. District printing and copying charges are allocated within this area.



**OPERATIONS & MAINTENANCE
2600**

2018-2019.....	\$7,204,163
2017-2018.....	\$7,241,172
Decrease of	(-\$37,009)
% of change.....	(-0.51%)
Cost per student.....	\$1,810
% of budget.....	7.30%

Includes:

Salaries and fringe benefits for the custodial and maintenance staff plus utility costs, custodial supplies, and equipment. Services needed to maintain the district's physical plant are included, plus salaries and fringe benefits for those responsible for the coordination of the operation and maintenance of the district's facilities.

Comments:

1. There is an increase in utility costs for electricity.
2. There is a decrease for supplies required to maintain buildings and grounds.



**STUDENT
TRANSPORTATION
2700**

2018-2019.....	\$4,239,782
2017-2018.....	\$4,078,844
Increase of.....	\$160,938
% of change.....	3.95%
Cost per student.....	\$1,065
% of budget.....	4.30%

Includes:

The transportation contract with the bus contractor for all of the district's regular transportation including private, parochial, and special needs schools. Also includes transportation for state-mandated early intervention programs for prekindergarten-age children (this transportation is also provided throughout the summer months, as well as during the school year).

Comments:

1. This budget reflects a four percent estimated increase in contracted costs.



**OTHER ADMINISTRATIVE
SERVICES
2900**

2018-2019.....	\$117,150
2017-2018.....	\$117,150
Increase of.....	\$0
% of change.....	0.00%
Cost per student.....	\$29
% of budget.....	0.12%

Includes:

The district's share of the Allegheny Intermediate Unit (AIU) administrative budget and funds for districtwide safety services.

Comments:

1. The cost is budgeted at the same rate as the prior year.
2. Even though rates for programs are increasing with the AIU, enrollment is not as high in these programs as prior years.



**NONINSTRUCTIONAL
SERVICES
3000**

2018-2019.....	\$2,843,577
2017-2018.....	\$2,818,985
Increase of.....	\$24,591
% of change.....	0.87%
Cost per student.....	\$714
% of budget.....	2.88%

Includes:

Salaries and supplies for student activities and athletic programs, in addition to transportation and event management for these programs. Costs for community service expenses, including school resource officers, D.A.R.E. programs, etc., are budgeted here.

Comments:

1. The costs of supplemental contracts and officials' fees are increasing.
2. The costs for supplies, transportation services, new uniforms, and field/facility maintenance for interscholastic events are increasing.



**FACILITIES
4000**

2018-2019.....	\$764,900
2017-2018.....	\$123,982
Increase of.....	\$640,918
% of change.....	516.94%
Cost per student.....	\$192
% of budget.....	0.77%

Includes:

Funds for site and building improvements.

Comments:

1. Includes painting, athletic facilities improvements, emergency light installation, and ceiling tile replacements.
2. While most building improvement costs are paid through the construction fund, there is \$655,000 in costs related to the Kerr project that will be paid out of the general fund. Those funds will be drawn down from the fund balance that is assigned for capital projects.



**OTHER FINANCING
5000**

2018-2019.....	\$5,695,421
2017-2018.....	\$4,617,506
Increase of.....	\$1,077,915
% of change.....	23.34%
Cost per student.....	\$1,431
% of budget.....	5.77%

Includes:

Debt service (mortgage) payments on building renovations, refunds of tax payments received in previous years, and financing for capital leases on computer equipment.

Comments:

1. Includes first payment of the 2017 general obligation bond that was taken out for renovation and construction projects.

Salary and fringe benefit costs represent 75.42% of total budget.

The 2017-2018 budget figures reflect the adjusted budget as a result of transfers that occurred throughout the school year.