

WAYNESBORO AREA SCHOOL DISTRICT

2020-21 Preliminary General Fund Budget

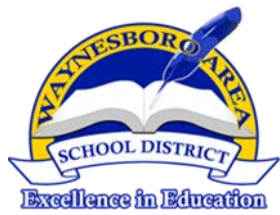
GENERAL FISCAL INFORMATION

Annually, 99% of all PA school districts spend more per student than WASD

WASD's property taxes are 17% less than if the District raised rates to the Act 1 Inflationary limit since 2006.

From 2010-11 through 2017-18, excluding pension & cyber charter school costs, WASD's budget increased by only 0.4% per year on average.

School District	2019-20 Real Estate Tax Millage Rate	Excluding Homestead -- % More / (Less) than WASD
Tuscarora	125.0000	28.2%
Chambersburg	115.0190	17.9%
Greencastle-Antrim	112.8400	15.7%
Shippensburg	99.0041	1.5%
Waynesboro	97.5180	0.0%
Fannett-Metal	80.5000	(17.5%)



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UNFUNDED MANDATES BY PENNSYLVANIA**

Did you know that Pennsylvania mandates Waynesboro do the following?

**Pay \$8.5 million towards
the pension system for
2020-21 – 13% of the
budget**

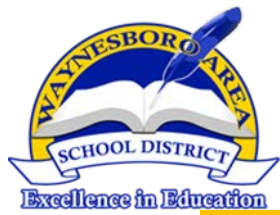
**Provide free
transportation to non-
public schools in Maryland
& Pennsylvania**

**Pay for students placed in
outside placements such
as youth detention
facilities across PA**

**Pay \$2.0 million to cyber
charter schools (these are
the schools that advertise
“free” classes)**

**Pay prevailing wage scale
for all construction
projects greater than
\$25,000**

**Pay all additional costs for
Special Education without
additional funding –
current gap = \$4+ million**



WAYNESBORO AREA SCHOOL DISTRICT

2019-20 Fiscal Year

With the Governor's mandated closure of schools, why are we not saving money?

Act 13 of 2020 (Pennsylvania law) mandated payment of all school employees and coaches for their regular pay for the 2019-20 school year

WASD also has to continue paying all cyber charter costs, special education programs and building renovation bond payments

Food Services is currently losing approximately \$40,000 per week in revenue, but is mandated to pay all staff & benefits

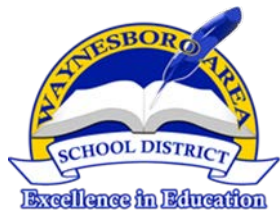
We also anticipate reductions in our 2019-20 revenues, such as real estate transfer taxes, earned income taxes, etc.

Act 13 of 2020 requires WASD to continue paying over \$8.0 million to the pension system for 2019-20

Pennsylvania also encourages the District to re-open transportation contracts and pay a portion of those contracts

To ensure enrichment and instruction, WASD has incurred expenditures for software & technology that were not budgeted

Our District is making every effort to save money by reducing utilities, implementing a hiring freeze and reviewing all educational purchases



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How did the Preliminary budget change from a (\$400,000) deficit to a (\$2,500,000) deficit?

Prior to the pandemic, the District's preliminary budget had a (\$400,000) deficit

That budget was based on a 3.35 mill tax increase and the Governor's proposed budget for 20-21

The budget was also based on increases to earned income, real estate transfer and other revenues

The PA legislature discussed the potential of prohibiting tax increases for 2020-21, so the tax increase was removed

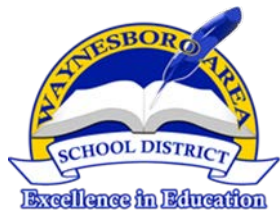
The additional revenue from the state is now in jeopardy and has been removed

Then the economy changed significantly due to the shutdown of businesses across Pennsylvania

Other local revenue streams decreased as well (EIT, LST, RE transfer, Collections rate, etc.)

Yet the state did not reduce WASD's pension costs, cyber charter or other mandatory expenses, in fact, those costs are even higher in 20-21

The result = The deficit increased due to revenue reductions while mandatory costs increased



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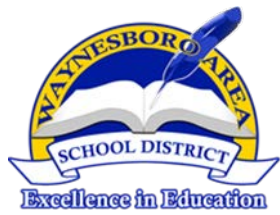
What mandatory major expenses are increasing for 2020-21?

\$790,000 in salaries to meet contractual obligations

\$325,000 in Pension & FICA costs

\$487,000 in Professional Services to provide Special Education

\$600,000 in new Cyber Charter Tuition Costs



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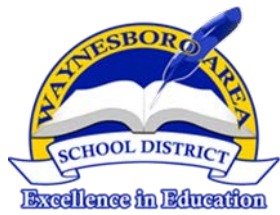
What major revenues are decreasing for 2020-21?

**(\$370,000) PA State Funding
from the initial 2020-21 budget**

**(\$500,000) potential decrease
in Earned Income Tax Revenue**

**Reductions to revenues for
Occupation Tax, Local Service
Tax & Real Estate Transfer Tax**

**Each 1% decline in Real Estate
Collection's rate lowers
revenues by (\$254,000)**



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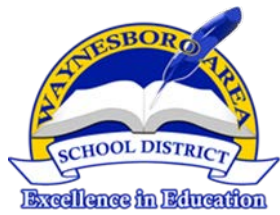
What are the unknowns for 2020-21?

Will WASD be permitted to increase property taxes to cover mandatory increases to expenses?

Will WASD receive funds from the federal CARES legislation?

Will Pennsylvania increase school district revenues to match the February 2020 budget?

Will the economy rebound quickly, providing additional district tax revenue?



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What is the District doing about the projected deficit?

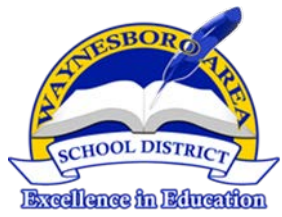
The District is reviewing budgetary line items to determine what purchases can be delayed by one year that do not affect mandatory educational requirements.

The District will review all retirement positions to determine if we are legally required to back-fill the position to meet federal & state legislated educational programs.

The District may utilize its fund balance to meet cash flow needs.

The District will continue to advocate with our legislative representatives for fair and adequate funding for the WASD community.

As a reminder, 99% of all PA school districts spend more per student than WASD. Given our current level of frugality, it becomes more difficult to cut expenditures while still meeting federal and state mandates.



WAYNESBORO AREA SCHOOL DISTRICT

Life Skills House Summary – *Cost to WASD = \$0.00*

\$201,000 donations project-to-date – *cash in hand*

Pledges of \$50,000+ in addition to the cash in hand

Significant Repair & Renovation Services provided for FREE by Community Contractors & Vendors

\$141,308 funds expended project-to-date from donations

Project Management being provided free by local Community Leaders