



# **State of the District**

**School District of Borough of Morrisville**

General Fund Budget Meeting

April 15, 2020

# Quick Facts

- **We have a current enrollment of {1,059}**
  - **Over 65% of our students qualify for free and reduced lunch**
  - **Large number of transient students that move in and out of the District**
- **We employ 136 staff members**
- **We have 2 Principals and 1 Asst. Principal for 12 grades**

**Our total budget for 2019- 2020 is \$20,979,378**

**Our total preliminary budget for 2020- 2021 is \$22,714,048**

# Maintain Programs and Services

## Infrastructure Improvements

- Reconfigured administrative duties at HS level (without Dean of Students)
- Completed \$7.1m in infrastructure improvements: HVAC, Electrical, Security
- Doubled our services for in-school mental health support.
- Supported Special Ed programs:
  - New ILS classroom at Grandview
  - Two additional SE teachers for Emotional Support
  - Reviewed SE Out of District placements & brought back students to an In-District placement.

# **Rebuilding Programs and Services Infrastructure Improvements**

- **All improvements and rebuilding were done under the belief that they were sustainable and cost-saving.**
- **All improvements and rebuilding were done while keeping our debt service payments at the same amount, thereby producing no tax increases through this budget line.**

# **State of the District**

**For 2020-2021 we have budgeted expenses of**

**\$22,714,048**

**With no tax increase there is a  
current budgetary shortfall of**

**\$1,447,774**

# **Main Expense Drivers**

## **Under-Funded and Unfunded Mandates**

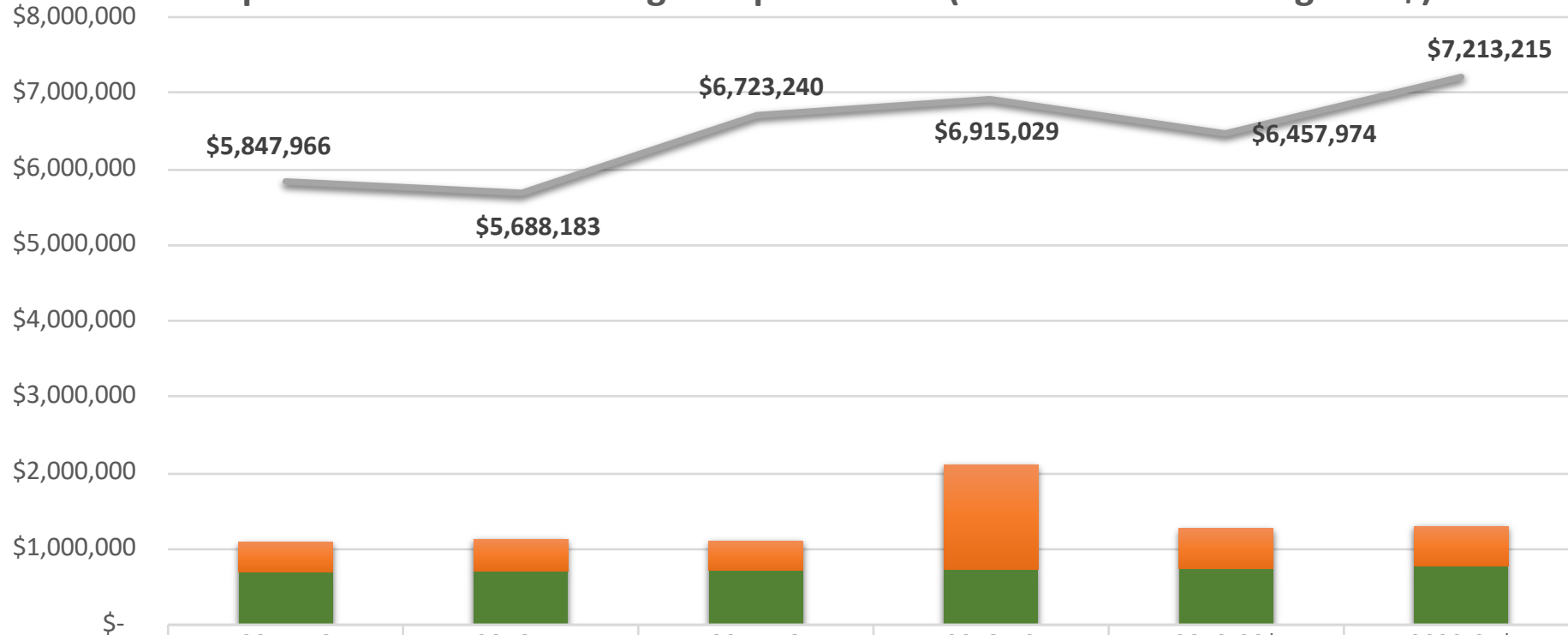
- **Special Education**
- **Mandatory School District Retirement Payments (PSERS)**
- **Charter Schools**

## **Other**

- **Healthcare**

# Under-funded Mandate Special Education

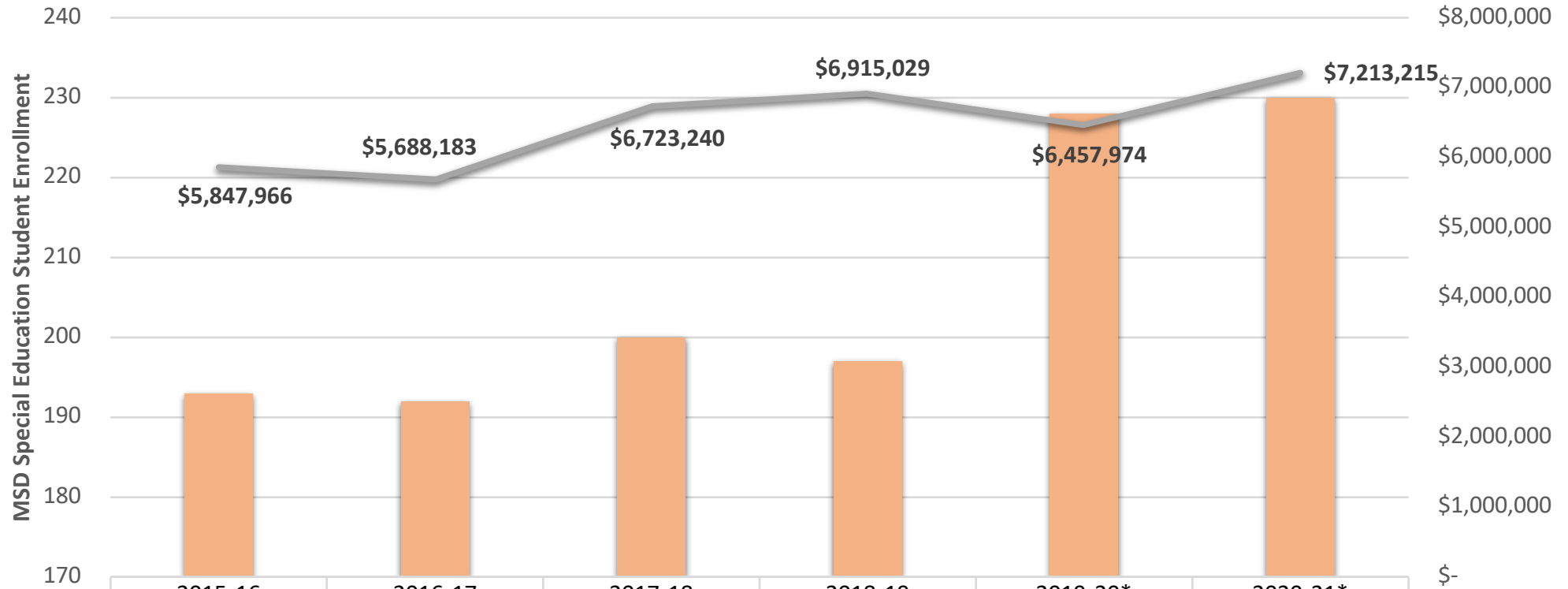
Special Education Funding & Expenditures (\*19-20 & 20-21 budgeted \$)



	2015-16	2016-17	2017-18	2018-19	2019-20*	2020-21*
Fed Funding	\$398,459	\$426,766	\$394,758	\$1,384,269	\$538,917	\$531,000
PA Funding	\$696,365	\$710,111	\$714,408	\$730,130	\$735,000	\$774,015
Expenditures	\$5,847,966	\$5,688,183	\$6,723,240	\$6,915,029	\$6,457,974	\$7,213,215

# Under-funded Mandate Special Education

Special Education Student Enrollment & Expenditures (\*19-20 & 20-21 budgeted \$)

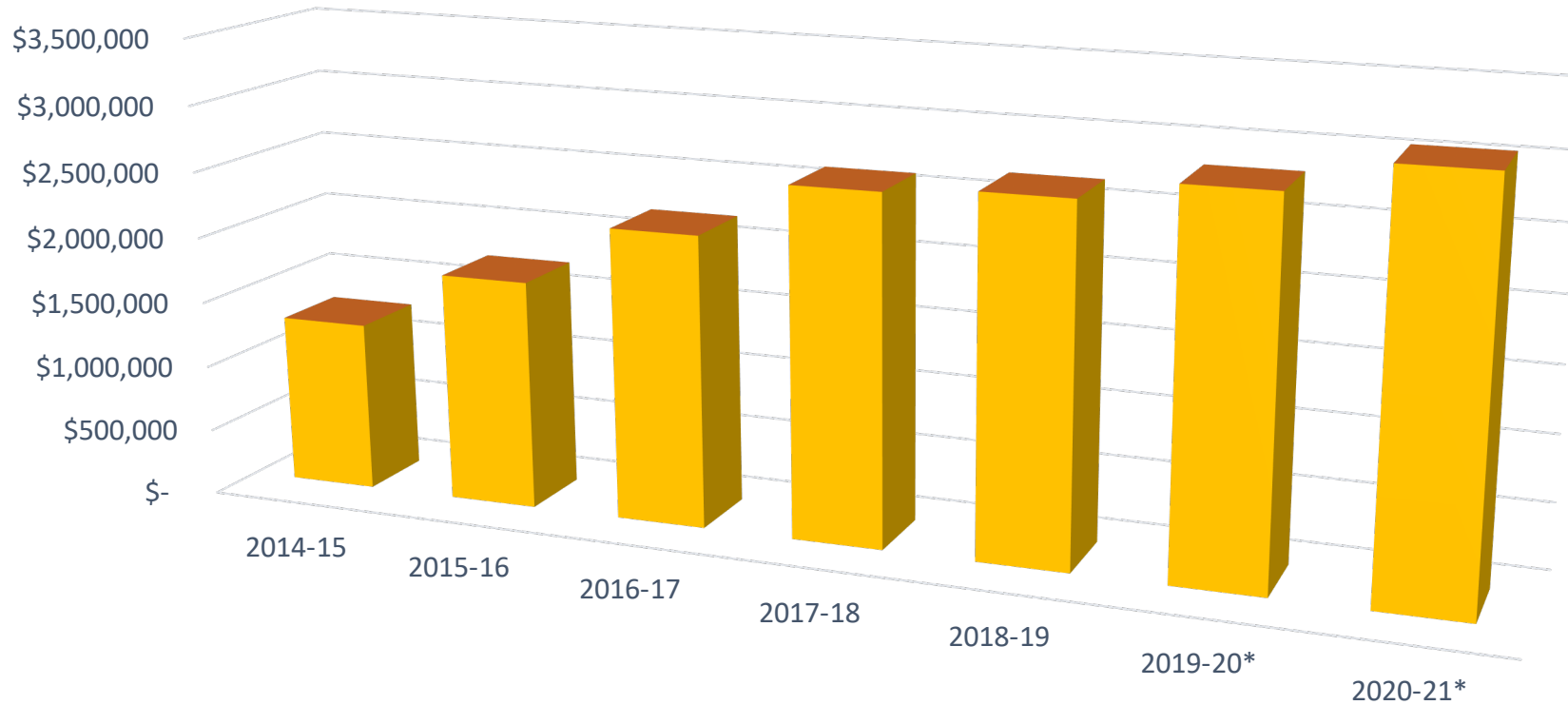


# of Students	193	192	200	197	228	230
Expenditures	\$5,847,966	\$5,688,183	\$6,723,240	\$6,915,029	\$6,457,974	\$7,213,215



# Under-Funded Mandate PSERS - Retirement

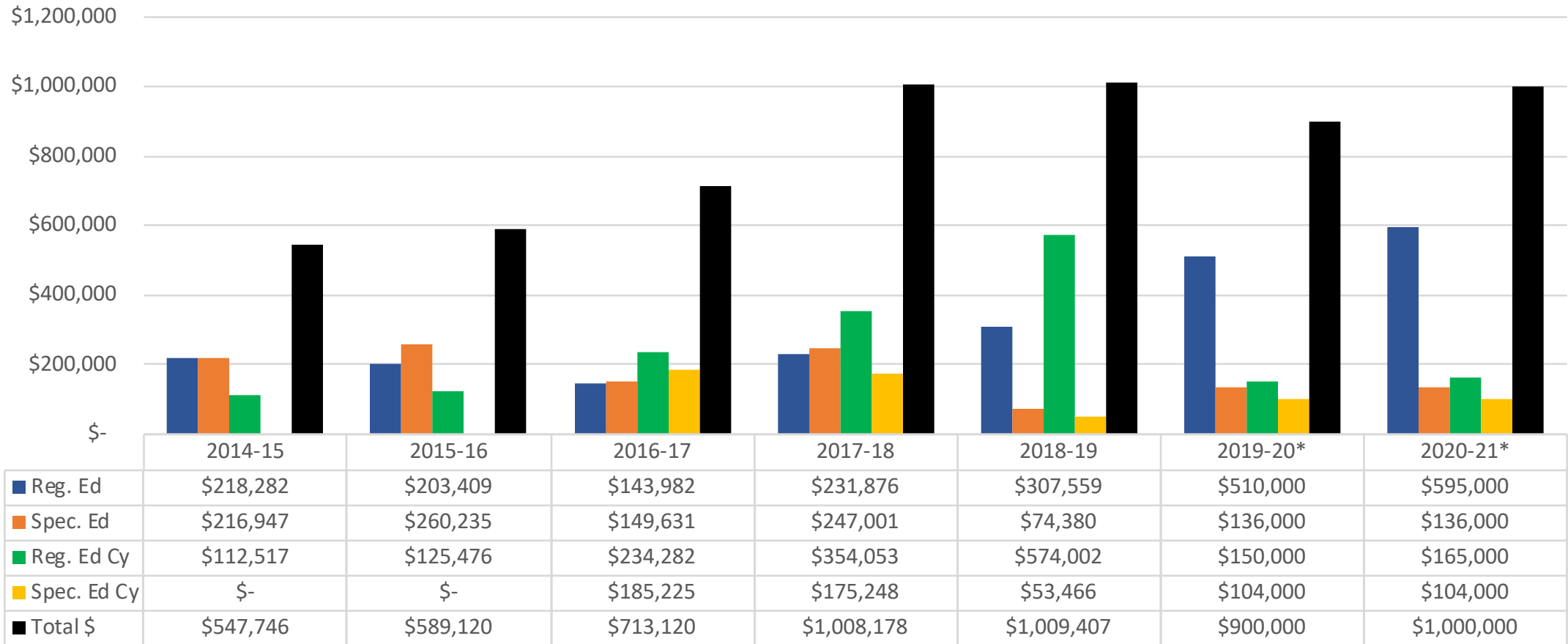
MSD PSER Contribution (\*19-20 & 20-21 budgeted \$)



	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20*	2020-21*
Rate	21.40%	25.00%	29.20%	31.74%	32.60%	33.36%	34.51%
PSER \$	\$1,287,017	\$1,740,011	\$2,206,572	\$2,626,263	\$2,679,713	\$2,832,037	\$3,064,250

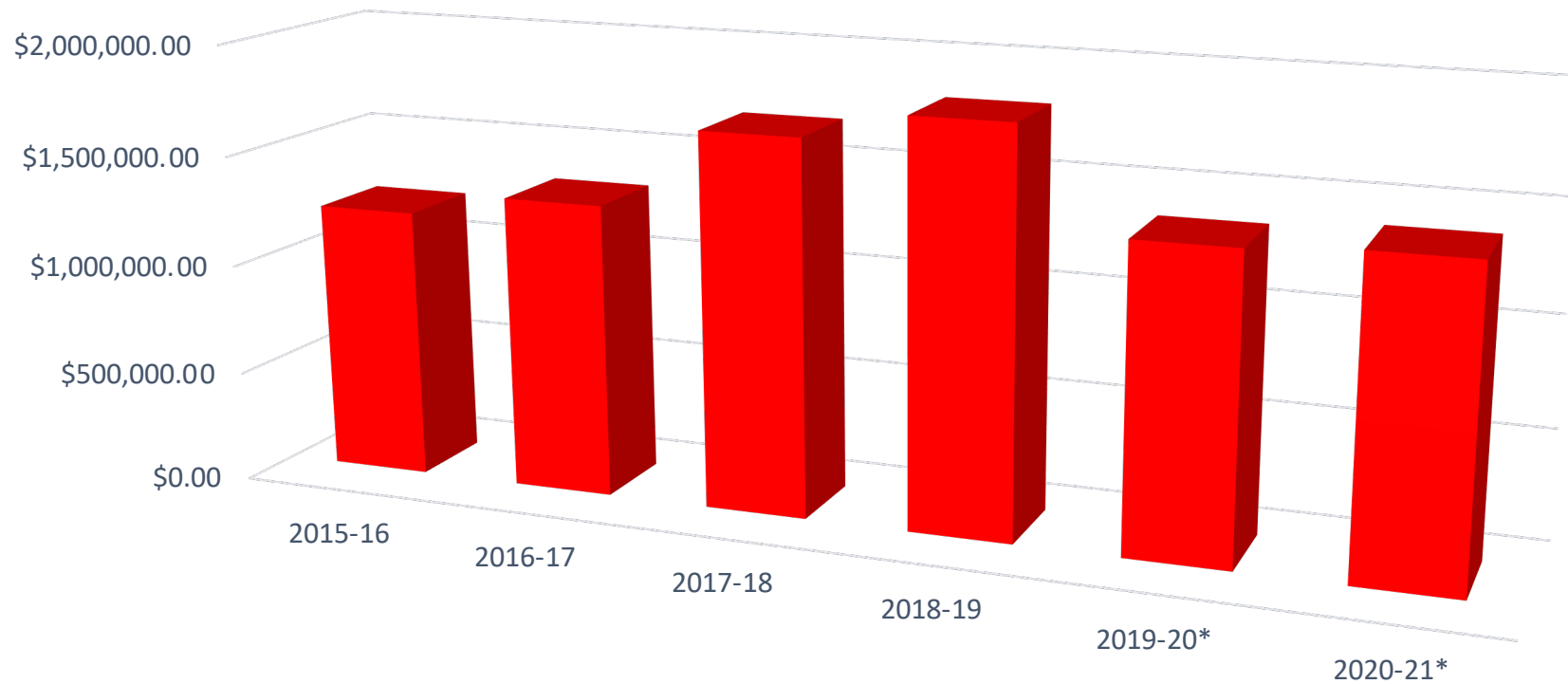
# Unfunded Mandate Charter and Cyber School Tuition

MSD - Charter School Tuition Paid (\*19-20 & 20-21 budgeted \$)



# Healthcare Cost Actuals (2019/20 & 2020/21 Budgeted)

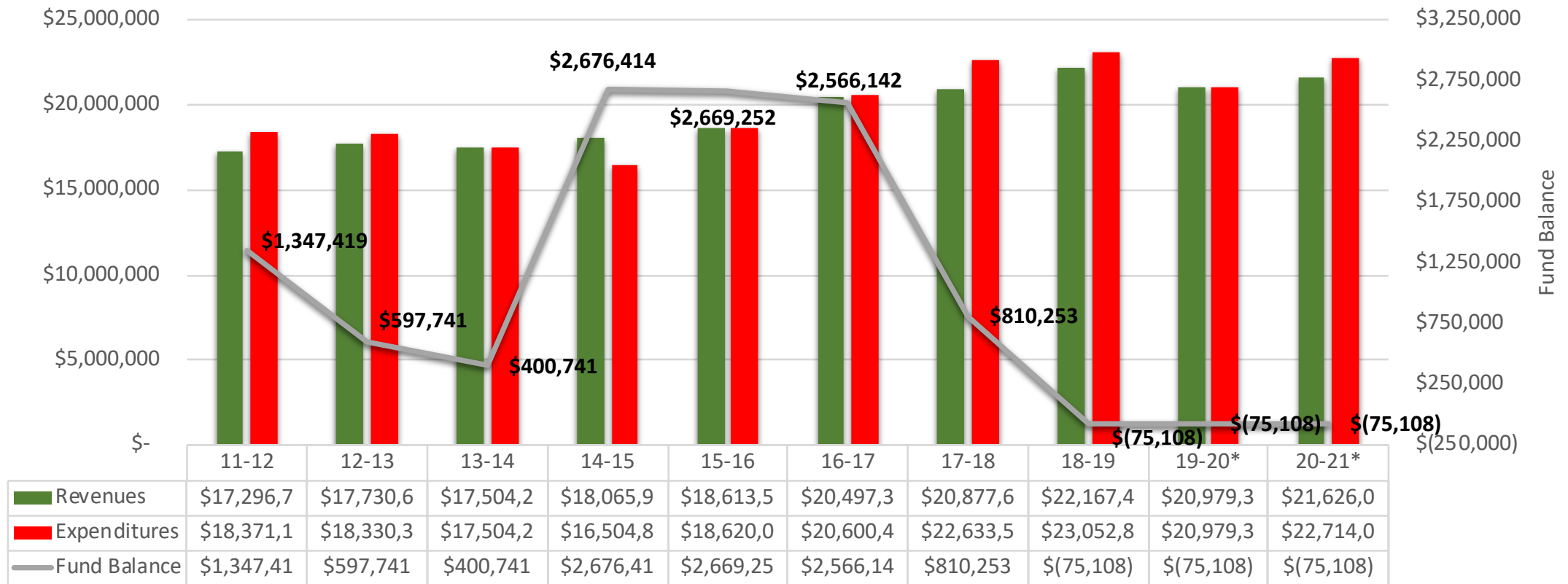
MSD is part of Bucks County Healthcare Consortium  
(\*19-20 & 20-21 Budgeted \$)



	2015-16	2016-17	2017-18	2018-19	2019-20*	2020-21*
Expense	\$1,223,820.00	\$1,328,243.00	\$1,693,089.00	\$1,816,813.00	\$1,368,681.00	\$1,400,403.00

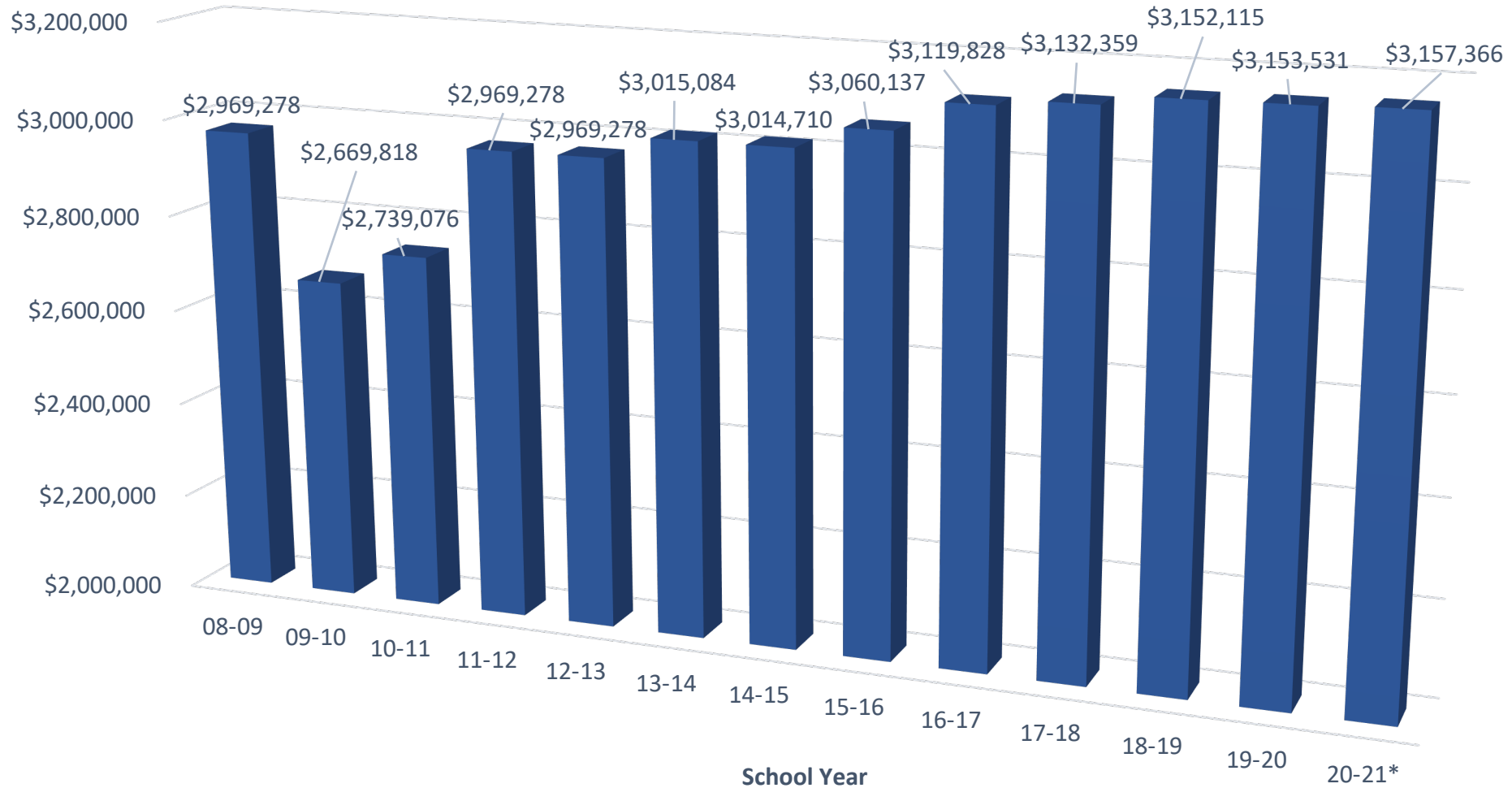
# Depletion of District's Fund Balance

Revenues & Expenditures/Fund Balance Trend (\*19-20 & 20-21 Budgeted \$)



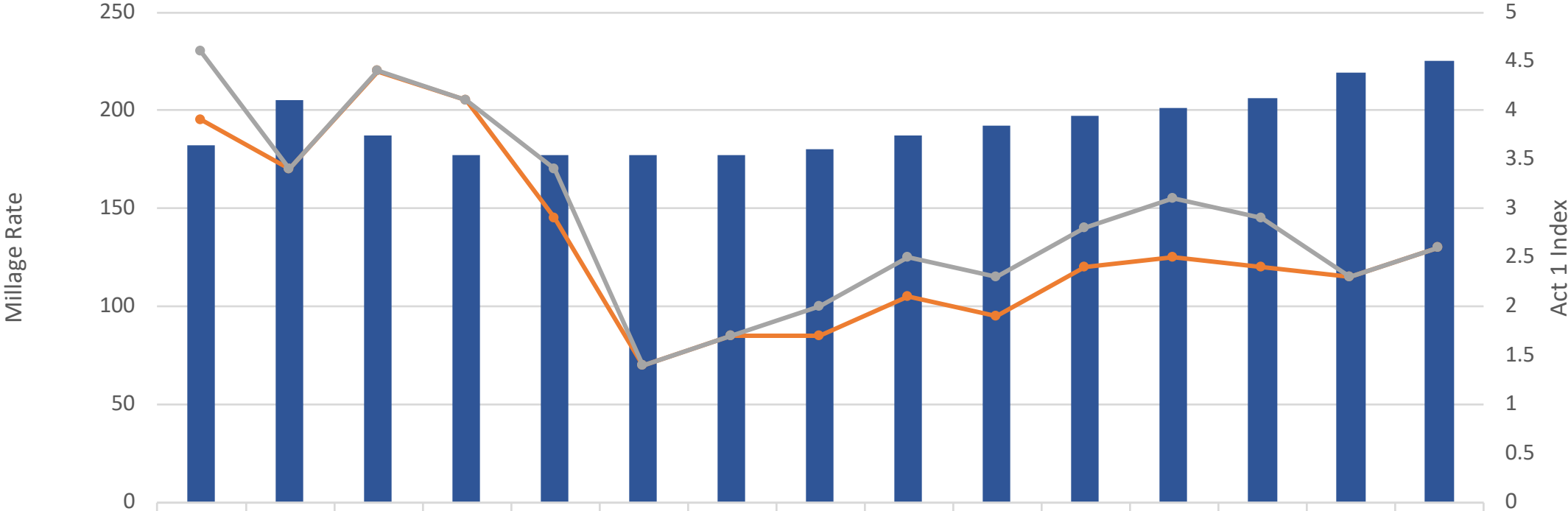
# Nominal BEF Increase From The State

## Basic Education Funding Comparison (20-21 budgeted \$)



# Millage Increase Under Act 1

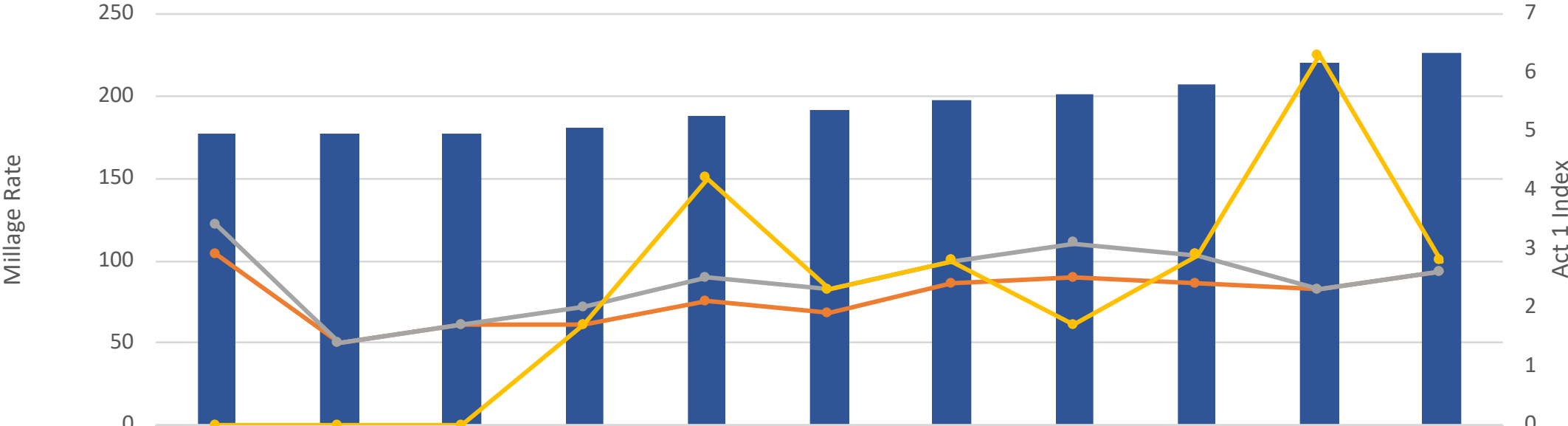
Act 1 Index (Base & Morrisville)/Millage Rate Imposed



	06-07	07-08	08-09	09-10	10-11	11-12	12-13	13-14	14-15	15-16	16-17	17-18	18-19	19-20	20-21
■ Millage	182.8	205.1	187.3	177.3	177.3	177.3	177.3	180.31	187.87	192.19	197.57	200.97	206.80	219.82	225.97
—● Base Act 1	3.9	3.4	4.4	4.1	2.9	1.4	1.7	1.7	2.1	1.9	2.4	2.5	2.4	2.3	2.6
—● MSD Act 1	4.6	3.4	4.4	4.1	3.4	1.4	1.7	2	2.5	2.3	2.8	3.1	2.9	2.3	2.6

# Millage Increase Under Act 1

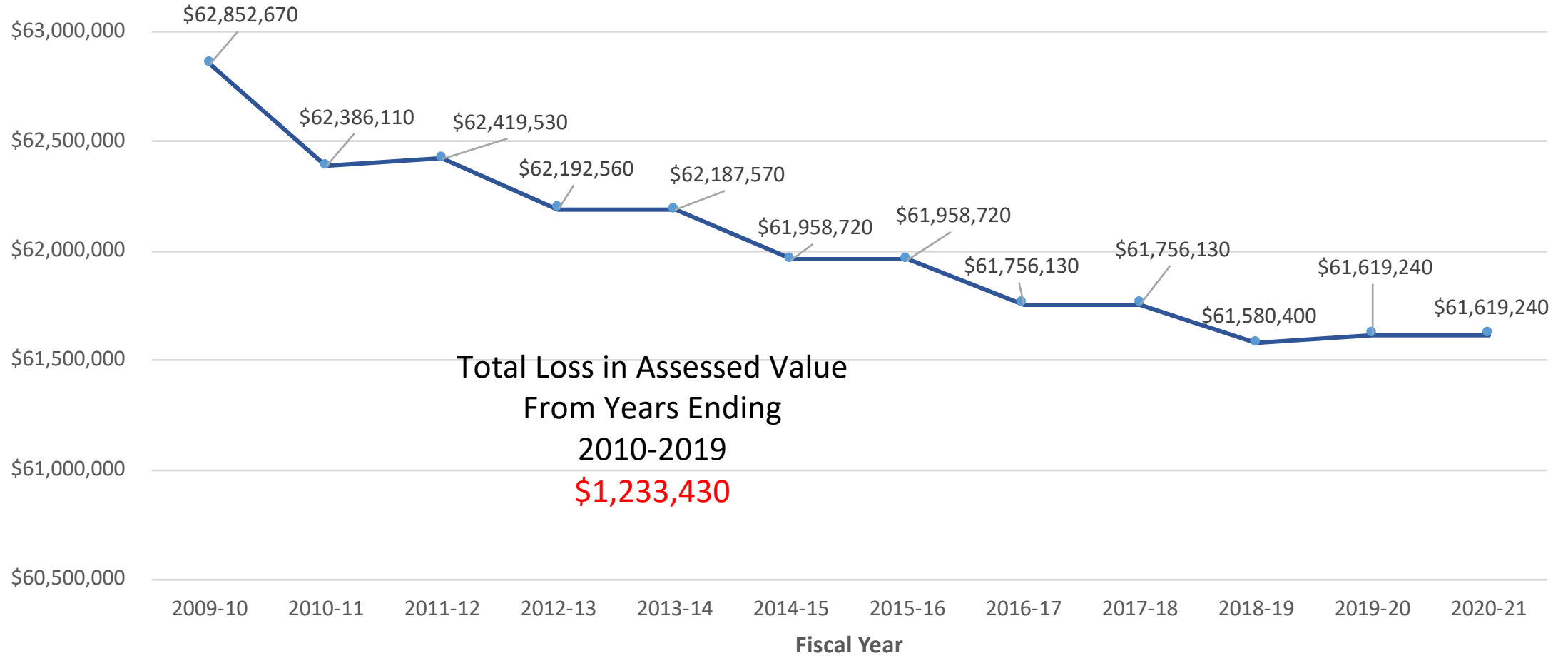
Act 1 Index - PA Base, Morrisville Index, & Enacted/Millage Rate Imposed  
 (\*20-21 Maximum Rate including Allowable Exceptions)



	10-11	11-12	12-13	13-14	14-15	15-16	16-17	17-18	18-19	19-20	20-21*
Millage	177.3	177.3	177.3	180.31	187.87	192.19	197.57	200.97	206.80	219.82	225.97
Base Act 1	2.9	1.4	1.7	1.7	2.1	1.9	2.4	2.5	2.4	2.3	2.6
MSD Act 1	3.4	1.4	1.7	2	2.5	2.3	2.8	3.1	2.9	2.3	2.6
Enacted	0	0	0	1.7	4.2	2.3	2.8	1.7	2.9	6.3	2.79

# Deterioration Of District's Assessed Value

## Morrisville Assessed Value





# **How Did We Get Here?**

- 1) Rising special education costs and numbers of students needing services**
- 2) Significant increases to Charter Schools both regular and special education**
- 3) Increasing PSERs Contributions**
- 4) State and Federal Revenues that do not match the growth of these expenses.**

# District Response

In addition to cutting budget allocations and reconfiguring existing resources in the District:

- We have had continuous outreach to PDE and our elected representatives in Harrisburg on issues that directly impact Morrisville's financial and operational health.
- We continue to meet with Senator Santarsiero and Representative Warren regarding requests for additional funding.
- We are collaborating with local entities to apply for and secure grant funding for needed programs and equipment.
- We are examining the sustainability of our current structure, and how best to replace/reallocate staff who depart our system.

**Harrisburg is fully aware of our District's financial issues.**

**We are not the only District facing these issues.**

# So Where Does this Leave the District?

- Based on the increase in SE costs as depicted in the earlier graph, the District filed for an exception to the “standard” Act 1 index of 2.6%.
- The District has filed for an exception of \$25,207 recognizing we are eligible for an additional 0.19% tax increase to cover the increase in SE costs.

$$2.6\% + 0.19\% = \mathbf{2.79\%}$$

# **So Where Does this Leave the District?**

The Board, Mr. Harris and Mr. Bruchak have continued to look at all possibilities for generating revenues and decreasing expenses.

The District advertised and mentioned at every Agenda and Business meeting since December 2019, that three open forums were to be held (February 19, April 15, May 20) to develop creative solutions to our financial difficulties.

# **So Where Does this Leave the District?**

We need to close the deficit of \$1,447,774. Raising taxes to the Act 1 Index plus exceptions will reduce the deficit to \$1,087,997. The remaining deficit needs to be covered by additional revenues or budget cuts to continue to operate the District in a

**moral and responsible manner**

for both our community of taxpayers and their property values, and the 1,000+ students of this District.

# Budget Deficit After Tax Increase

Budget Deficit	\$1,447,774
Act 1 Tax Increase 2.6%	(334,570)
Special Education Exception	<u>(25,207)</u>
<b>Remaining Budget Deficit</b>	<b>\$1,087,997</b>

# **So What Does this Mean for Morrisville?**

A tax increase of 2.79% is projected to help close part of the budget deficit.

Additional revenue from the state is needed

or

cuts to District-programming will be required to close the remaining portion.



# STATE TAKE-OVER

## Is it the best answer? What happens?

- The Commonwealth gives short-term loans to the District to help finance it
  - Those loans have to be repaid
- The Commonwealth assigns a Chief Recovery Officer who determines what the District does and does not need with the input from a “special advisory committee.”
- Local control is taken away
  - Basic school services are cut
  - Taxes are still raised
  - Property values plummet
- Morrisville is not in a financial situation to warrant a state take-over.

# What Needs to Happen State-Wide

- An increase in Basic Education Funding that covers the state-mandated services and programs we are required to implement
- A revision to Charter School funding and implementation
- Increasing PSER's costs that are crippling Public Schools needs to be addressed by the Pennsylvania Department of Education
- A hard look at Special Education costs and means for supporting small Districts in providing these services
- Potential Charter School legislation = estimated \$330,000 savings for MSD

# Alternatives currently before the Board include:

1. Cut athletics
  - a. Just Middle School
  - b. All Athletics
  
2. Cut some basic delivery of services – we don't have "extras"
  - a. Administrative staff
  - b. Support staff
  - c. Educational programs
    - a. honors classes
    - b. AP class
    - c. Specials (music, art, physical education, library)
    - d. move to half-day kindergarten
  
3. Implement a 2.6% (Act 1 Index) tax increase or 2.79% including the special education exception.

Note: District already operates on a bare-bones administrative team and social support services team given the significant number of transient and low-income children within our District. Less staff allows for more issues to go unaddressed in a timely manner.

Community questions and input may be submitted by emailing the School Board at [schoolboard@mv.org](mailto:schoolboard@mv.org)

**Finance Committee meeting – May 13, 7:00 p.m.**

**Budget meeting - May 20, 2020 6:30 p.m.**

**Final Budget Vote - June 24, 2020 7:30 p.m.**

**Public comment available at these and other school board and committee meetings.**

**View District Calendar at [www.mv.org](http://www.mv.org) for meeting schedules.**