



Budget Opt-Out

December 11, 2023



MT. LEBANON
SCHOOL
DISTRICT

STRATEGIC
PLAN
2019-2025





What is Act 1?

- Taxpayer Relief Act of 2006
- Establishes Budget Timeline
- Establishes the Act 1 Index - used to determine the maximum tax increase for a School District
- Eases financial burden of homeownership by reducing taxes with gaming revenue (Homestead/Farmstead)
- Establishes process for raising taxes above the Index through referendum exceptions and referendum voting



What is the Act 1 Index?

- **The Index** - a percentage set by the state that represents the maximum allowable increases in a school district's property tax rate without seeking additional approval from PDE or voter referendum
- **Calculation** - based on factors such as the statewide weekly wage and the Pennsylvania per capita personal income and the Federal employment cost index for Elementary and Secondary Schools
- **2024-2025 Base Index** - 5.3%



What is the Act 1 Timeline?

December 11, 2023 - Board Discussion Item for preparation of Proposed Preliminary Budget or Opt-Out

December 11, 2023 - Resolution adopting Opt-Out of Referendum Exceptions

December 11, 2023 - Public Display of Proposed Preliminary Budget

January 11, 2024 - Deadline to Publish Notice of Intent to Adopt Preliminary Budget

January 22, 2024 - Adopt Preliminary Budget and Resolution for Referendum Exceptions

February 1, 2024 - Deadline to Post Notice of Intent to Apply for Exceptions

February 7, 2024 - Deadline to Submit Referendum Exception Application to PDE

April 15, 2024 - Proposed Final Budget Adoption

May 20, 2024 - Final Budget Adoption



Initial Action Items

Why the board has to do this?

- To comply with PA School Code, Act 1 of 2006 and Act 25 of 2011

What are the options?

- Preliminary Budget Adoption
- Accelerated Budget Opt-Out Resolution



Preliminary Budget Adoption

- Allows the District to seek available Referendum Exceptions to increase taxes above the Act 1 Index
- Gives the District more flexibility during the budget process
- Must be adopted 90 days before the Primary Election on April 23, 2024 (*Wednesday, January 24, 2024*)



Accelerated Budget Opt-Out

- Allows the District to follow the normal budget process detailed in School Code
- The resolution states that the District does NOT intend to exceed the Act 1 Index
- Must be adopted 110 days before the Primary Election of April 23, 2024 (***Thursday, January 4, 2024***)



Millage Calculation

- **Assessed Value** - The value of all taxable properties in the School District boundaries
- **Millage Rate** - The amount of tax assessed per \$1,000 of assessed property value (one mill is equal to one-tenth of a cent)
- **Compliance** - The millage rate cannot increase more than the Act 1 index
- **Calculation** - Real Estate Tax Revenue = Assessed Value x Millage Rate
 - Less appeals
 - Apply collection percentage
- **Common Level Ratio (CLR)** - A factor used in property assessments to adjust assessed values to reflect market value (*Pending Commonwealth Court Case*)



Millage Calculation

Millage Equivalent

1.7106

Dollar Equivalent

\$4,222,280

Millage Equivalent

Special Ed: 0.0114

PSERS: DNQ

Dollar Equivalent

Special Ed: \$33,114

PSERS: \$DNQ

Index 6.2%

Referendum Exceptions



Millage Increases per Household

Value	200,000	300,000	400,000	500,000
Current Millage	27.59	27.59	27.59	27.59
Current Tax Bill	\$5,518	\$8,277	\$11,036	\$13,795
Millage at Act 1 Index	29.3006	29.3006	29.3006	29.3006
New Tax Bill	\$5,860	\$8,790	\$11,720	\$14,650
Annual Increase	\$342	\$513	\$684	\$855
Monthly Increase	\$29	\$43	\$57	\$71



Administrative Recommendation

Adopt the Budget Opt-Out Resolution