

Proposed Final Budget

Executive Summary

Revenue:

- Proposed to increase real estate taxes 2%. There was a slight decrease in assessed values for the first time in a decade. This was a result of commercial property reductions. A countywide reassessment is needed to avoid future decreases in commercial property. However, residential property continues to increase to offset commercial losses. Overall, we are well positioned for the future as over 70% of our assessed values is derived from residential properties and the top 10 properties account for only 10% of total assessed value.
- The last two years we experienced an exponential increase in EIT funds. The proposed budget adjusts for these increases. When reviewing this increase and the steady real estate transfer tax receipts, we can expect to maintain this revenue, while projecting a slight increase in enrollment as working families are moving to Millcreek. This is expected to plateau given the low inventory of homes in Millcreek.
- At some point in the next several years, our delinquent tax collection will slow. We average roughly \$1.2M in principle sent to the County annually. Each year accounts receivable for real estate taxes has decreased between \$300-\$400K. In this past June, the outstanding balance was \$1M. We assume families are paying off their outstanding balance to sell their homes and take advantage of the rising housing prices.
- Although the Federal Reserve is indicating a few rate cuts, there is no telling what will happen as inflation continues at an elevated pace compared to the Federal Reserve 2% goal. We used a blended rate between 4.5%-5.3% from our projected cash flow.
- The budget includes accounts payable rebate of \$60K from the paperless AP project.
- The budget includes \$50K in revenue from transportation fines. These fines are related to the Bus Patrol contract where all our buses have multiple cameras to improve student safety.
- Additionally, \$50K was added for the foreign exchange student program tuition, which will begin next school year.
- As the Board requested, Policy 603 Budget Preparation was adjusted, and states subsidies are budgeted at prior year allocations. We expect increases to our allocation for next year. Any increase will be transferred to the Capital Projects Fund in the current year and budgeted the following year.
- Social Security and PSERS Subsidy increased as projected salaries increased.
- ACCESS was increased as this is a major focus for the upcoming year. We should be logging many more hours from our direct instruction staff.

Expenditures:

- Salaries:
 - Added net 24 positions; Restructured administration to support Superintendent's vision by removing 3 Administrative Officers, a Director and PD Coordinator, while adding 1 Assistant Principal, Title IX Coordinator and creating Supervisor of Curriculum (PD); converted 1 Assistant Principal from federal funding to the structured budget; added a Speech teacher, ES teacher and aide, Autistic teacher and 2 aides, Cyber

Special Education teacher, MLL Teacher and 2 aides, 4 special education aides, HS Life Skills Teacher and 2 aides; add 4 SSO's; added grade 3 additional round at Belle Valley, Transition Coordinator; Nursing Services Coordinator, Payroll Clerk, and restructured facilities position to manage HS extracurricular complex.

- Salaries were budgeted between 2%-3% increase based upon existing labor agreements.
- Act 93, Classified and Technical Support agreements expire June 2025. We are currently negotiating with Secretaries and Educational Assistants. The custodian contract expires in June 2026.
- Benefits:
 - Life Insurance: we are currently accepting proposals for life insurance and disability. The current provider continues to increase our rates every year.
 - Social Security and Medicare Tax is a percentage of salaries.
 - PSERS – although the PSERS Board approved a 10-basis point reduction this past December, PSERS projected increases for the foreseeable future. Those increases are outlined below (% of covered payroll):
 - Current Year – 34%
 - 2025 – 33.90%
 - 2026 – 34.72%
 - 2027 – 35.41%
 - 2028 – 35.94%
 - 2029 – 36.53%
- Healthcare: We have not followed the national trend in healthcare. The budget projects an increase of 4.2% in healthcare. We continue to modify plans during negotiations to keep costs reasonable, while we implemented a new prescription program saving us over \$1.5M annually.
- Other Expenditures: Other large changes in the budget compared to the prior year are listed below:
 - A camera project to replace and add additional cameras districtwide. As part of the ongoing initiative to improve security, this was a major constraint. A grant was written to cover the cost.
 - A \$222K increase in Sarah Reed contracts. For the mental health counselors, there work week was adjusted from 32.5 hours to 37.5 hours. This should help eliminate the turnover experienced within these positions.
 - Reduced the number of routes to 66. This assumes we operate a 3-tier system next year. It also includes a 10% increase in the rate. We requested a 7% increase in negotiations. We are bidding these services for 2025-2026.
 - Continue to purchase new curricular software/resources. A new ELA resource and other resources are budgeted in the 651 accounts.
 - We plan to buy IT equipment outright compared to leasing. The interest in leases is high (following Federal Reserve Rates) and our technicians maintain the equipment as students or teachers need new equipment immediately for instruction.
 - Grants – we wrote several grants which were added to the budget. Most relate to security, but we were approved to receive \$200K for another Training to Career Grant for the Manufacturing Lab.

Other:

- We are recommending revising the Board motion related to investment income to no longer earmark a portion of investment income to PSERS and IT equipment. Ideally, these should be built into our structural budget to prevent deficits in the future, which is a sound budgeting practice outline by our latest credit rating or other governmental advisor agencies. Currently, we are building a balance and should identify one time purchases we wish to use these funds for. Examples of one-time purchases could include an addition to an elementary building or saving for a JSW renovation.
- We continue to spend down bond funds. Overall, an investment of \$150M into our buildings over an 8-year period is projected. Most of this investment relates to mechanical, electrical, plumbing and roofing infrastructure of our buildings. At the conclusion of our capital projects plan, our buildings should only require annual maintenance for the next 20 years. In addition, we structured most of our debt to align with the life of the equipment installed. Meaning, when we pay off debt, we can use the existing debt allocations to replace the equipment within the buildings again.
- We are working on writing grants in the amount of \$5M-\$10M to offset a portion of the cost related to our capital projects plan. The state grants were announced in January and are the first from the state in over 10 years. If we receive these grants, we will need to find an alternative way to utilize bond funds. Please keep in mind we need to spend 85% of the bond funds within 3 years and may only use the funds as identified in the bond resolution. Most likely scenario would be to use the funds for an addition to one of our elementary buildings to help alleviate the space concern we have at the elementary level from rising special education enrollments.
- All additional federal relief funding (\$1.3M) will be used to offset MIHS HVAC project. Over the past 2 years, we have shifted expenses we are maintaining into the structured budget.

Enrollment:

- While we do expect a slight increase in enrollment, which is supported by EIT and Real Estate Transfer Tax data, this is offset by the low housing inventory available in Millcreek. However, we are struggling with space at our elementary buildings as our special education enrollment continues to increase (aligned with the rest of the state), where additional space and staff are projected.

Forecast:

- The State lost a lawsuit determining K-12 education in PA is underfunded. As a result, the State must provide additional funds over the next several years. The question is how the funds will be disbursed and funded at the state level. This creates a lot of uncertainty related to future budgets.
- Further information is included in the presentation.