



Downtown Area School District

2025-26 Budget Proposal

March 12, 2025





Agenda

- 2024-25 Accomplishments
- 2025-26 Budget Goals
- Full-Day Kindergarten
- Key Factors Impacting 2025-26 Budget
- Budgeted Revenue
- Budgeted Expenditures
- Summary
- 2025-26 Recommendation
- Timeline and Next Steps
- General and Capital Fund Reserve
- Act 1 and Countywide Comparison
- Current Unknowns
- October 2025 Projections

2024-25 Accomplishments



K-12 Educational Programs

- Met academic needs of growing special education population
- Implemented year-1 of new K-12 science curriculum
- Pioneered K-8 math curriculum

Operations

- Completed East/West construction
- Completed year-1 of BC and WB construction projects

District Initiatives

- Later school start times
- Lunch and Learn program
- Full-day kindergarten preparation

Budgetary Goal

To provide valuable learning experiences to all students,
including establishing full-day kindergarten,
through responsible and transparent financial stewardship.

2025-26 Goals



K-12 Educational Programs

- Implement new K-12 math curriculum (Strategic Plan Goal 2)



Operations

- Completion of BC and WB Construction
- Grant for window replacement
- Siemens property sale



District Initiatives

- Implement district-wide full-day kindergarten (Strategic Plan Goal 2)

Full-Day Kindergarten

2024-25 Preparations

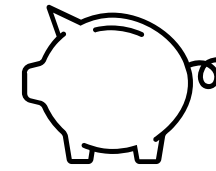
- Facility modifications to meet classroom needs
- Curriculum development

2025-26 Budgetary Impacts

- Additional teachers
- Additional support staff
- Equipment and supplies



Key Factors Impacting 2025-26 Budget



Current Year Revenue Shortages

- Real Estate (RE) Taxes down \$2M
- Interim RE Taxes down \$600k
- Earned Income Taxes down \$700k
- Real Estate Transfer Tax down \$500k

Annual Commercial Real Estate Revenue

\$37M

Approximate 2025-26
Annual Commercial Revenue

Commercial Assessment Appeals

-\$3.8M

Less revenue
per year, every year
moving forward

-\$ 876,023

From 2020-21

-\$ 558,582

From 2021-22

-\$ 467,025

From 2022-23

-\$1,041,492

From 2023-24

-\$ 900,041

From 2024-25

-\$3.8M

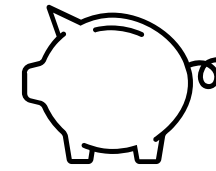
TOTAL from 2021-2025

Commercial Assessment Appeals

Major Assessment Appeals Since 2022

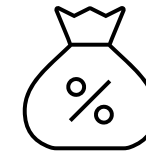
-\$74k	Target in Lionville
-\$129k	Hilton Garden, Hankin Development
-\$132k	Meridian Eagleview, Hankin Development
-\$139k	Claremont Apartments, Hankin Development
-\$293k	Brandywine Sq. (Wegmans), Allied Wilmington, DE
-\$556k	Ashbridge Shopping Ctr. (Home Depot), Kahn Dev.

Key Factors Impacting 2025-26 Budget

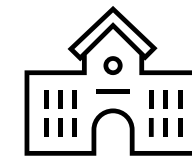


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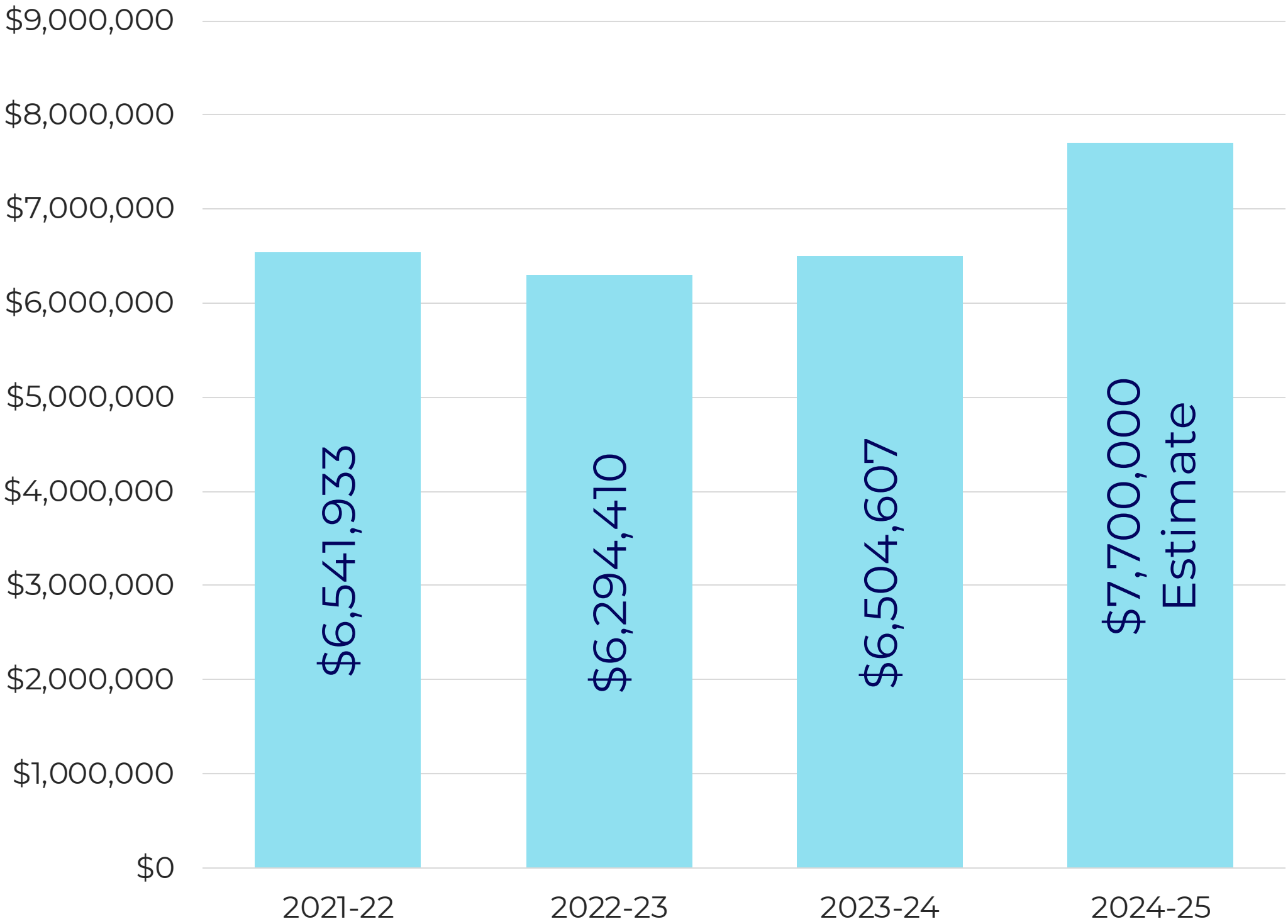


18 additional assessment appeals in progress



Kindergarten Charter Enrollment

Charter School Costs



2024-25 Charter Numbers

428

DASD students attending a charter school

\$17,990

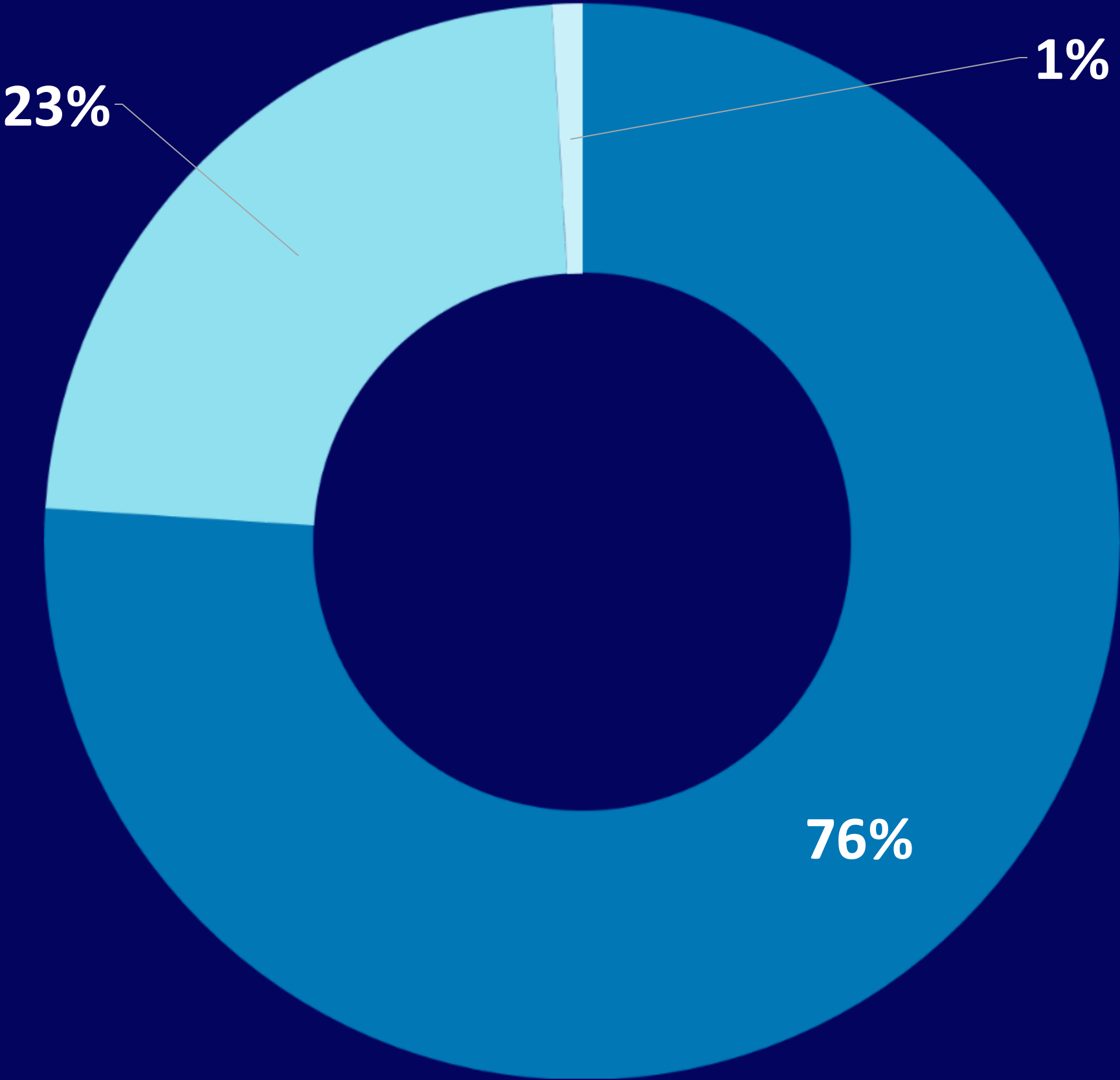
Avg. cost per charter student

\$14,685

Current avg. cost to educate one student at DASD

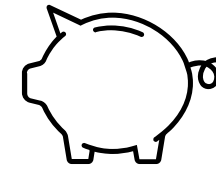
Budgeted Revenue

- Local Revenues
\$228,800,938
- State Revenues
\$69,460,011
- Federal Revenues
\$2,725,000



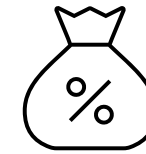
Total Revenue \$300,985,949

Key Factors Impacting 2025-26 Budget

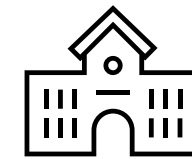


Current Year Revenue Shortages

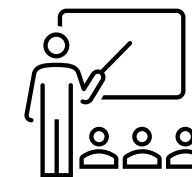
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Kindergarten Charter Enrollment



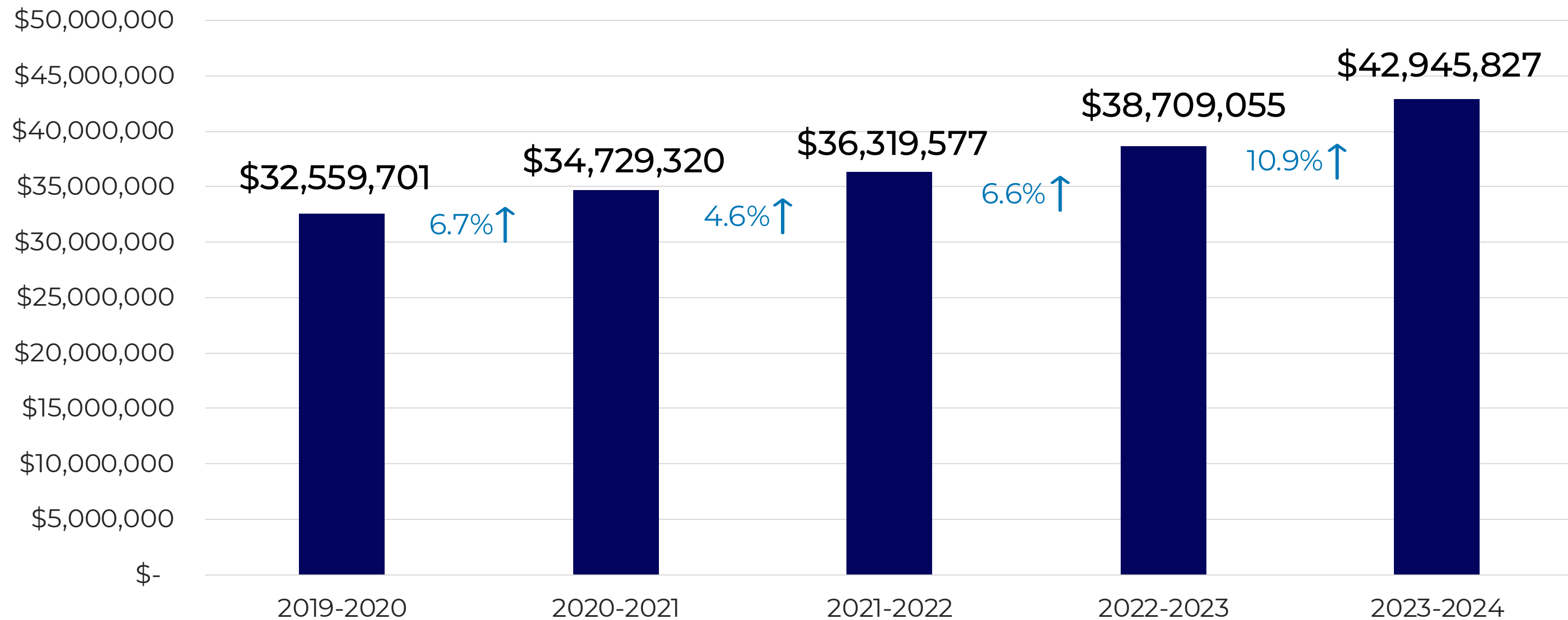
Current and Future Special Education Costs

K-12 Special Education Low-Incidence Classrooms

School Year	Multiple Disabilities	Life Skills	Autistic Support	Totals
2018-19	2	6	18	26
2019-20	2	6	18	26
2020-21	2	7	19	28
2021-22	1	8	19	28
2022-23	1	9	19	29
2023-24	2	9	20	31
2024-25	2	9	22	33
2025-26	1	10	26	37

Annual cost per classroom = approx. cost \$250,000

Historical Special Education Costs



Key Factors Impacting 2025-26 Budget

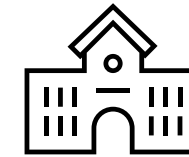


Current Year Revenue Shortages

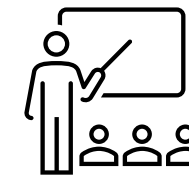
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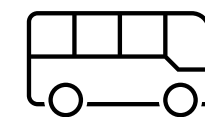
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Kindergarten Charter Enrollment



Current and Future Special Education Costs

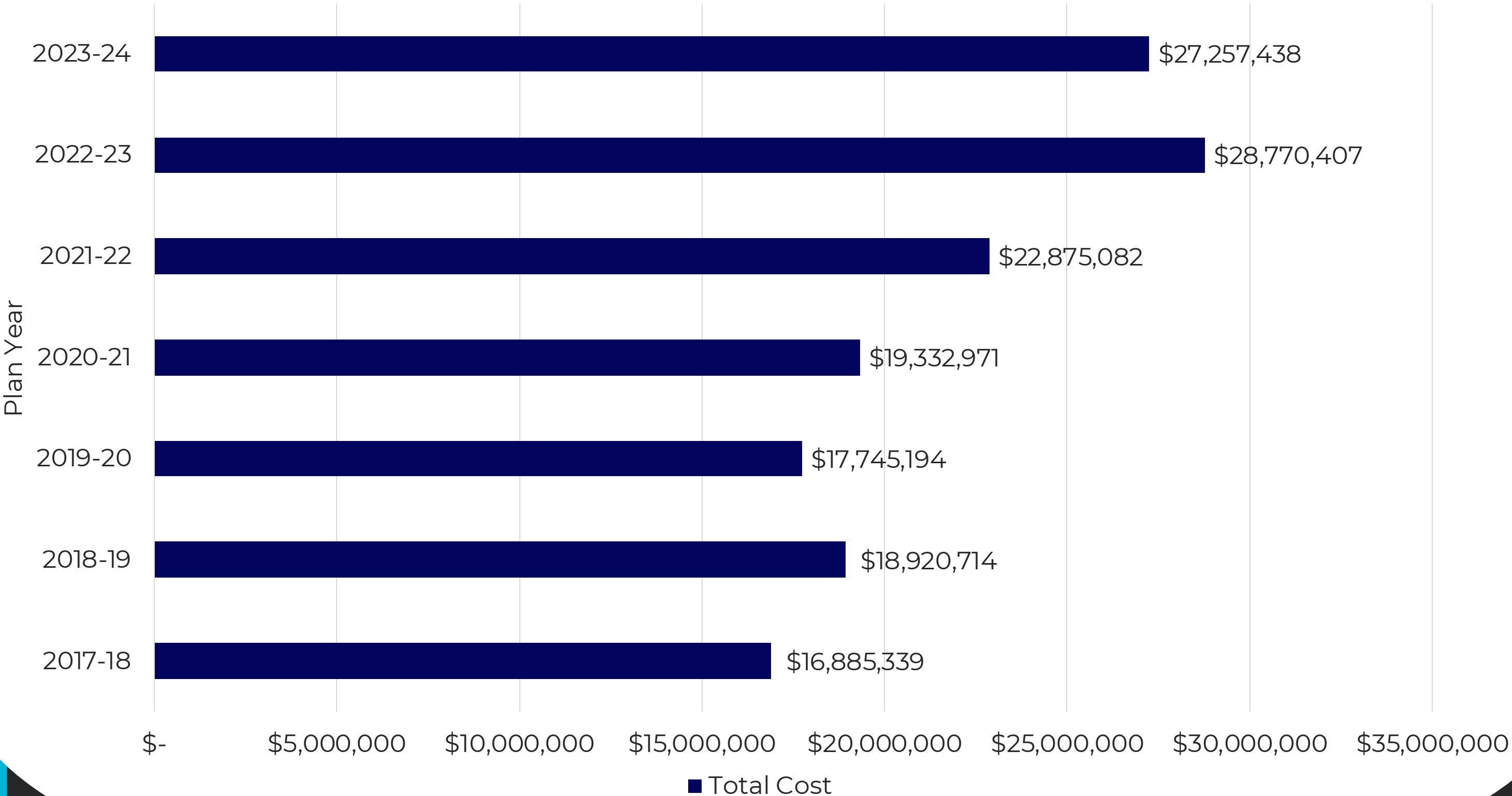


Current & Future Transportation Expenses



Current and Future Inflation & Enrollment

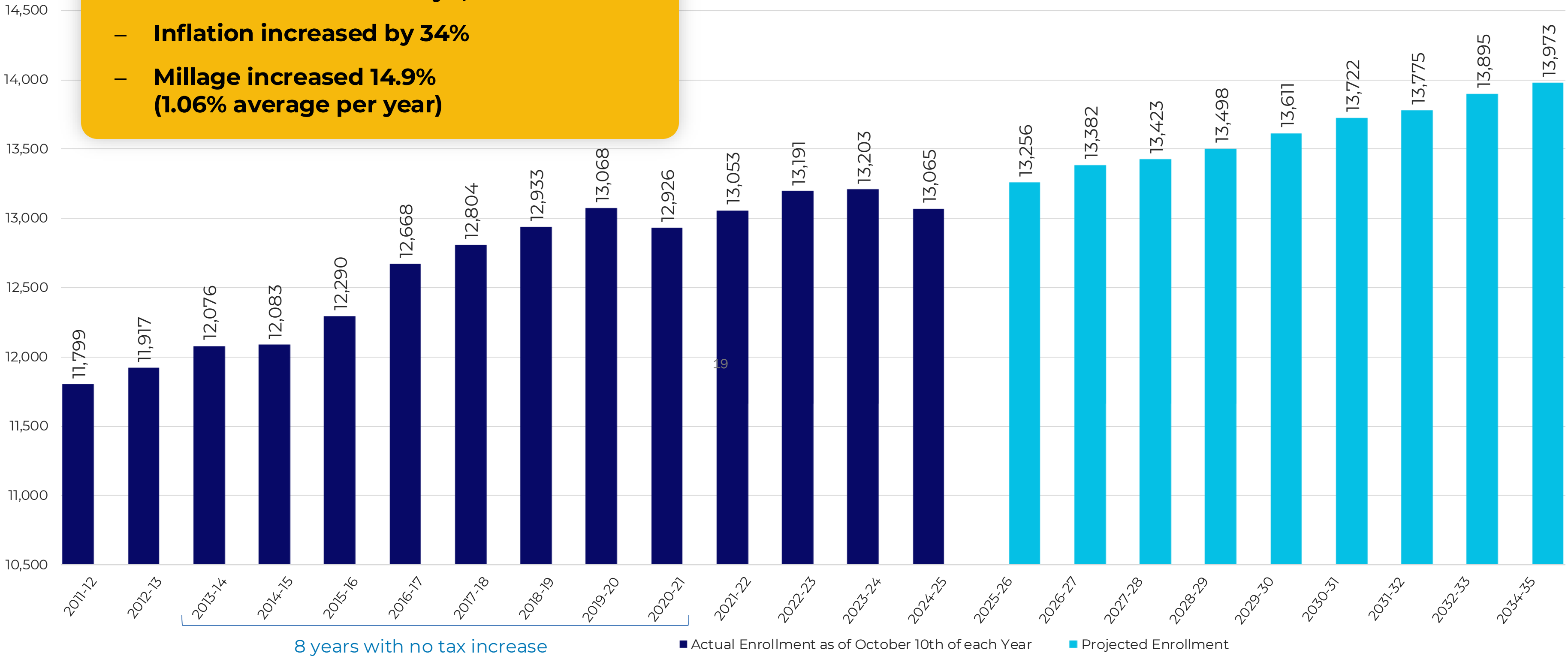
Annual Medical & Rx Cost



Actual & Projected Student Enrollment

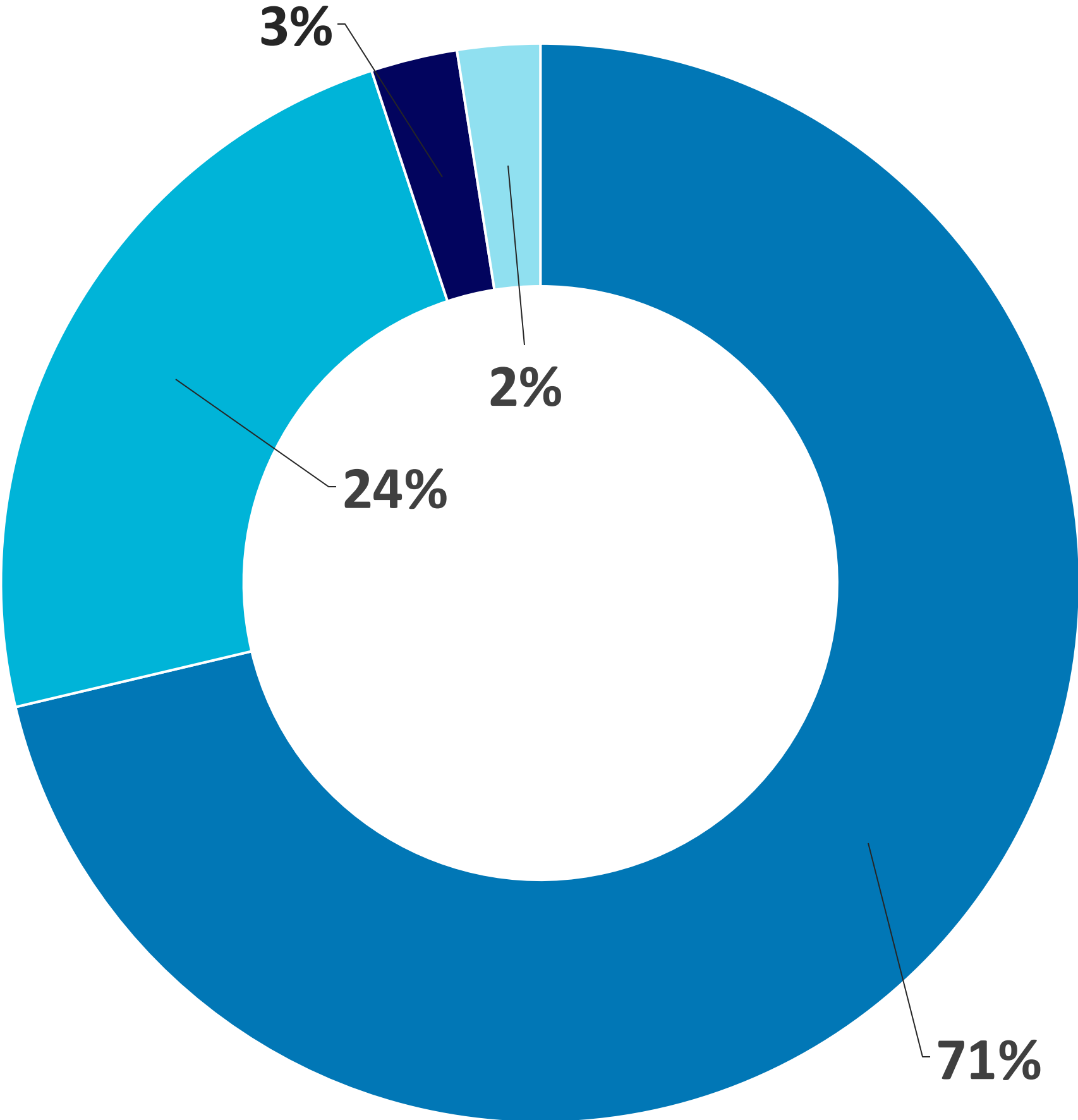
2011-12 to 2024-25

- Enrollment increased by 1,266 or 10.7%
- Inflation increased by 34%
- Millage increased 14.9%
(1.06% average per year)



Budgeted Expenditures

- Salaries and Benefits
\$216,132,999
- General Operating Expenses
\$71,598,437
- Capital Transfers
\$7,858,504
- Debt Service
\$7,504,000



Total Expenditures \$303,093,940

Proposed 25-26 Budget Summary

AS OF MARCH 12, 2025

Revenue	\$300,985,949
<u>Expenses</u>	<u>-\$303,093,940</u>
Deficit	-\$ 2,107,991

Offsets Millage Growth

- PSERS Rate Slowing
- Increased State Subsidies
- Software License Reduction
- Homestead/Farmstead Discount
- New Construction (Weaver & Happy Days)

- Real Estate Assessment Appeals
- Full Day Kindergarten
- Slower Earned Income Growth
- Healthcare Premiums
- Facility Needs
- Employee Costs
- Lower Investment Interest Rates
- Special Education Enrollment Growth
- Transportation Costs
- General Inflation

Increases Millage

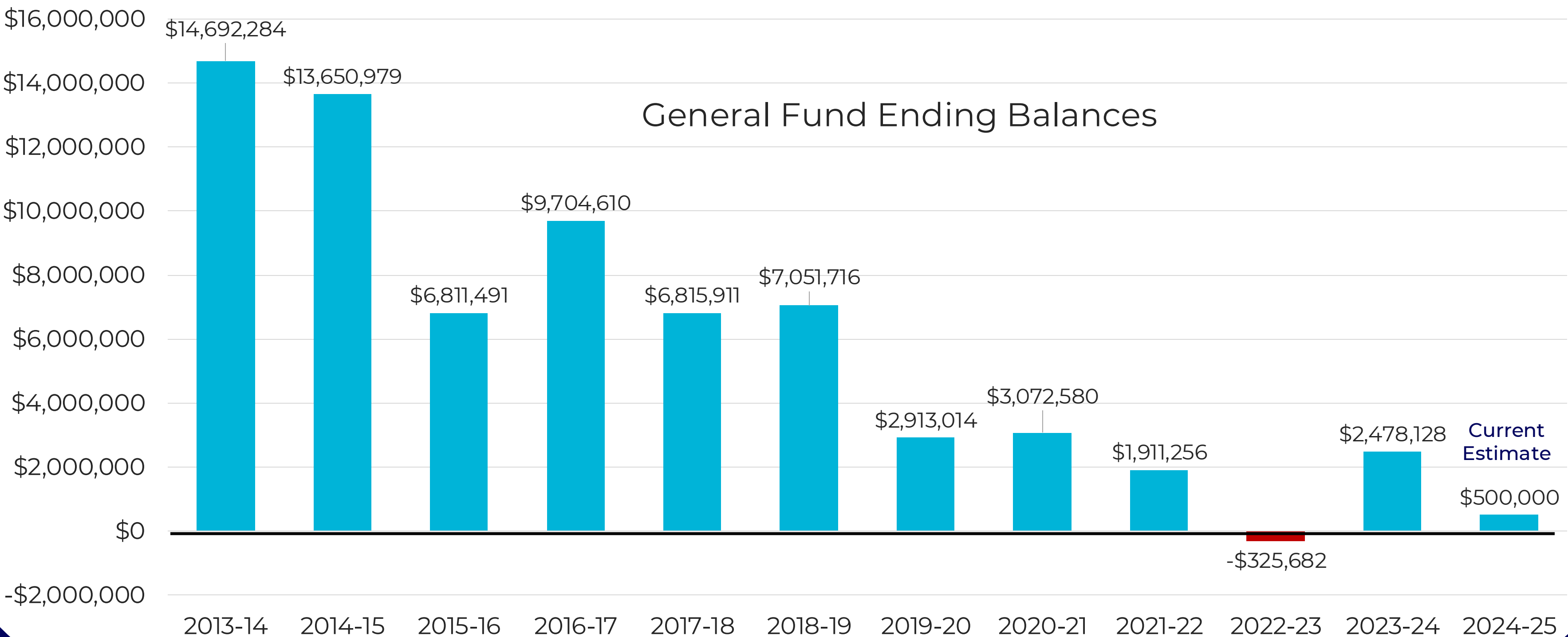
IMPACTS ON MILLAGE RATES

Millage rate determines property taxes



Historical Net Operating Budget Balances

(revenues minus expenses)



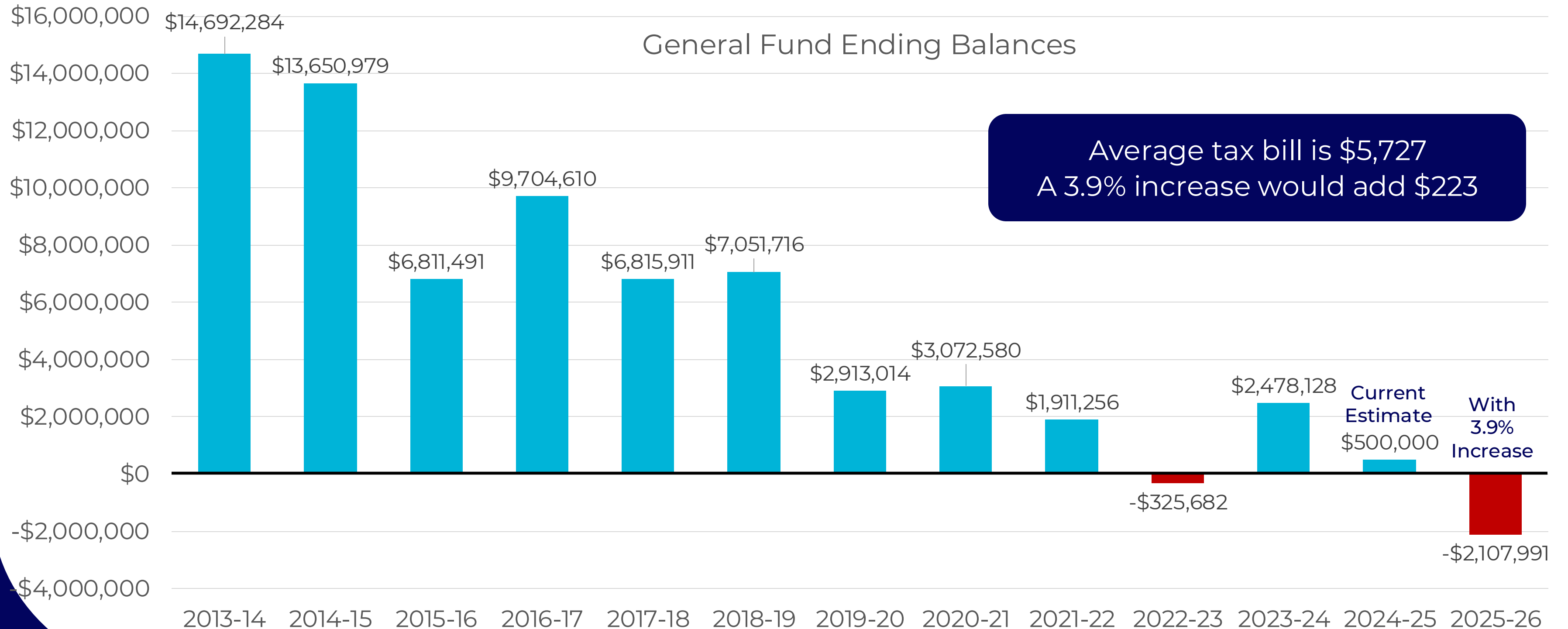
Construction Capital

2022-23 through 2025-26

One Time Revenue Sources (from past savings) and Uses	Amount
Capital Funds Available for Construction as of 6/30/2022	\$122,380,676
Less East & West renovations	-\$68,282,393
Less Beaver Creek & West Bradford renovations	-\$58,413,858
Less annual capital expenses (facilities, technology, curriculum)	-\$52,174,573
Less current 2024-25 projects	-\$2,000,000
Add transfers in from the general fund	\$43,679,053
Add transfers in from the debt service fund	\$4,660,189
Add Audubon deposit from Siemens contract termination	\$2,000,000
Add interest earning on capital fund investments	\$10,465,520
Projected balance 6/30/2026	\$2,314,614

2025-26 Administrative Recommendation

Proposed 3.9% Millage Increase



Increased Budget Variances

CHANGES SINCE SPRING 2024'S 3.5% PROJECTION

- **Increased special education costs**
 - Increased enrollment resulting in increased staffing
 - Increase in maximum age of required district services (22 years old)
- **Increased charter school costs**
- **Increased transportation costs**
- **Increased inflation**
- **Decreased revenues**
 - Tax assessment appeals - \$900K
 - Real Estate (RE) Taxes - \$2M
 - Interim RE Taxes - \$600K
 - Earned Income Taxes - \$700K
 - Real Estate Transfer Tax - \$500K
 - Anticipating future assessment appeals

Timeline and Next Steps

Oct - Feb
Building & Dept
Budget
Development

Jan - March
**Reduction in
proposed
expenditures**

Now - May
**Further Reduce
Expenditures**

April 2
Staffing
Proposal

April 9
Proposed
Budget Approval

May 14
Final Budget
Approval

2025-26

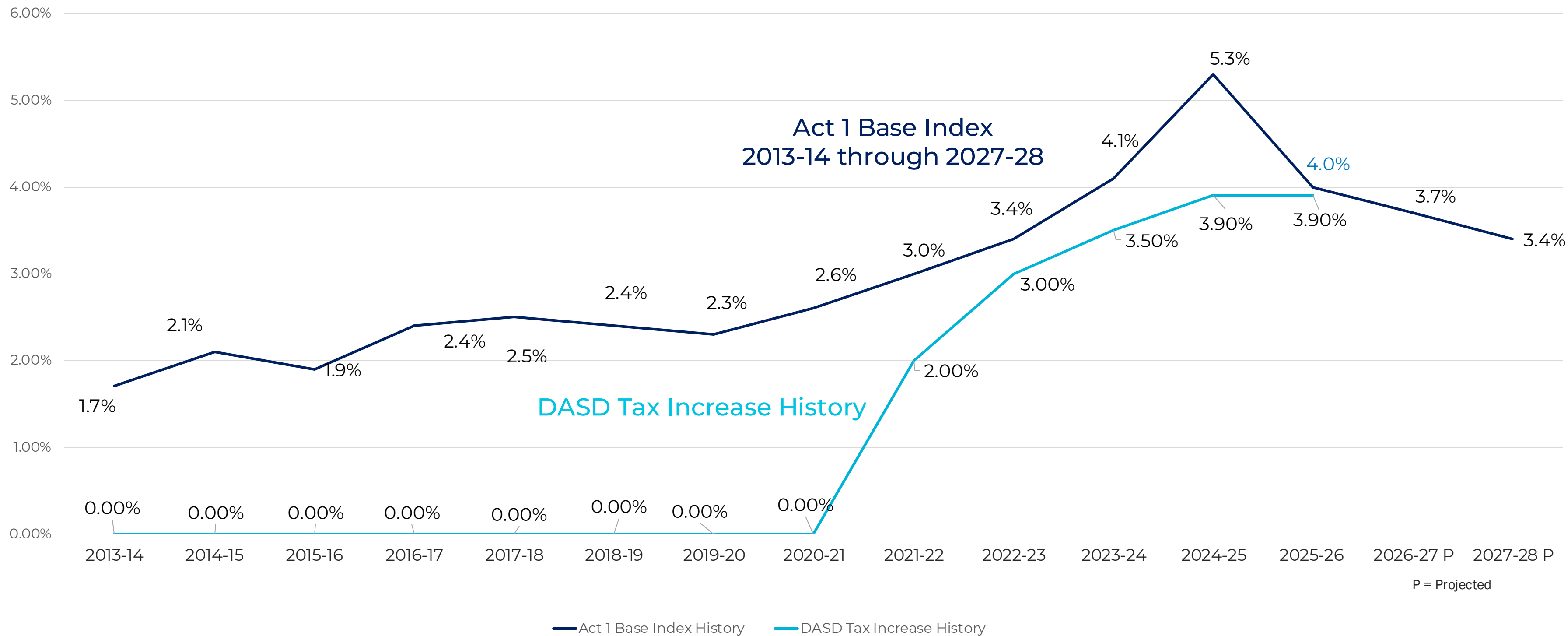
General Fund Reserve “Savings Account”

- Pennsylvania Department of Education Recommends
 - Keeping one month's worth of expenses in General Fund Reserve; $1/12 \approx 8\%$
 - Helps maintain our bond rating
 - Funding source carried forward each year

8% of budget is \$24,443,515

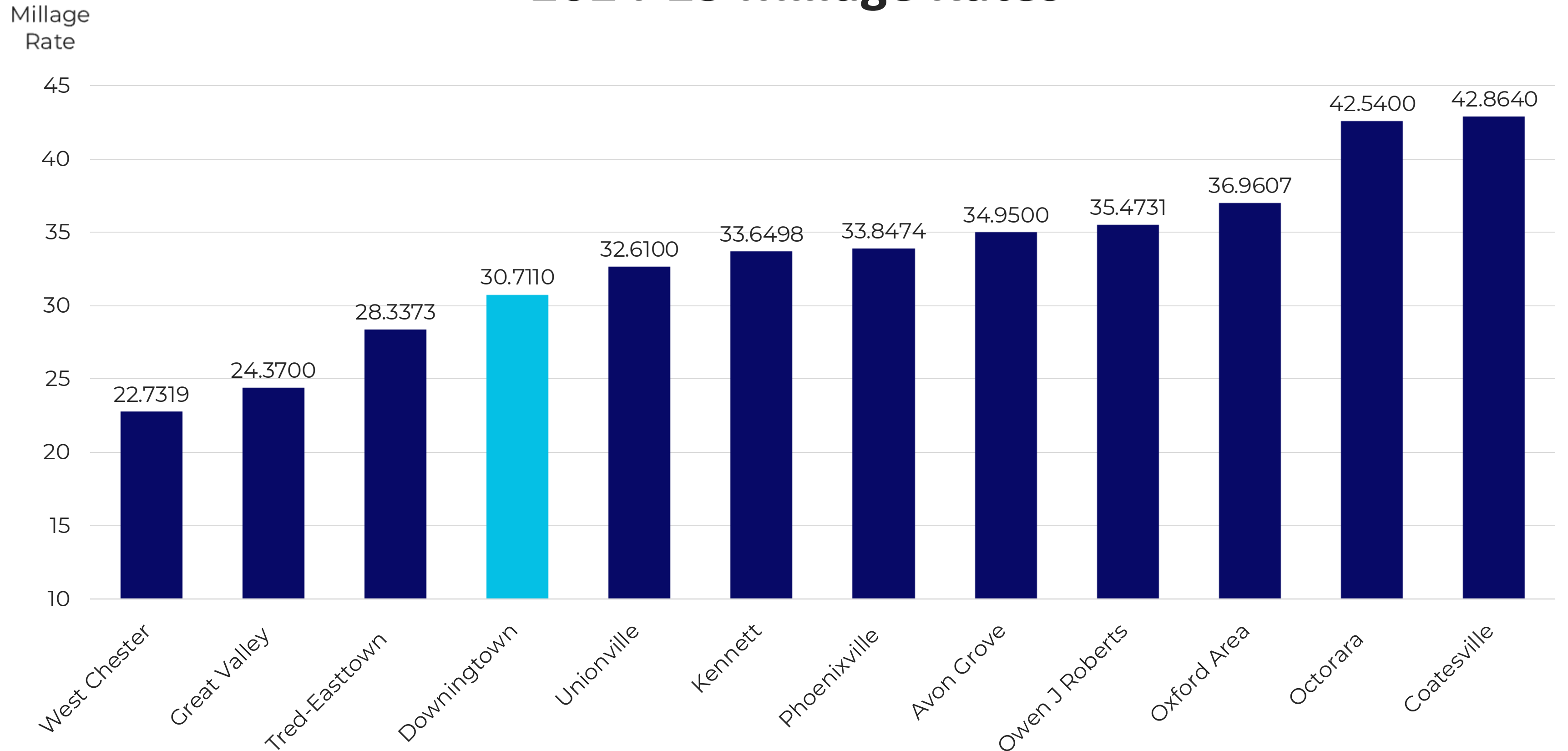


ACT 1 INDEX VS. DASD TAX INCREASE HISTORY



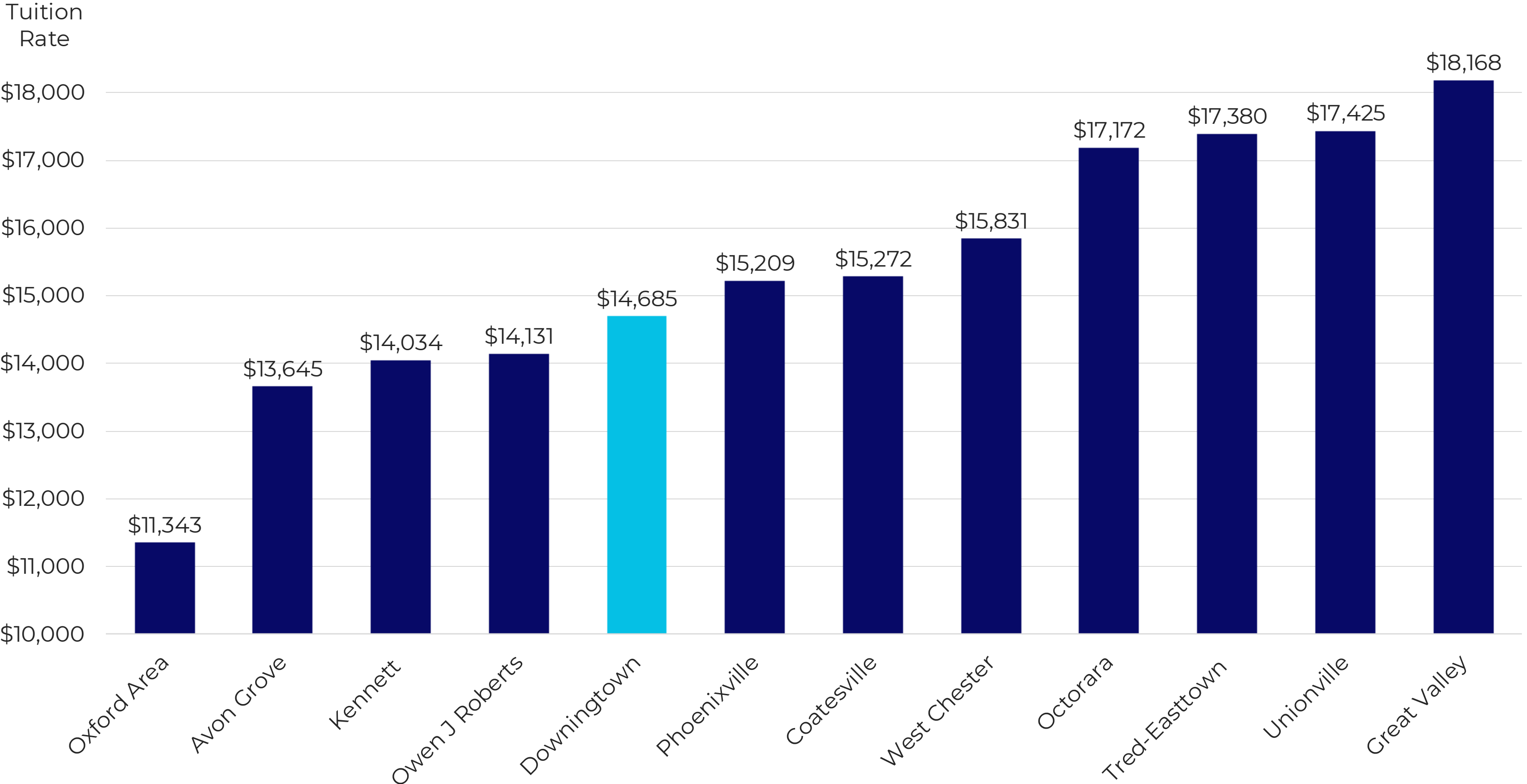
Chester County

2024-25 Millage Rates



Chester County PDE Secondary Tuition Costs

Per Student for 2023-24





Reducing Expenses

- Human Resources (April update)
 - Staffing allocations
 - Reduce summer support positions - HS construction complete
 - Reduce substitute teacher budgets for professional development
 - Consider prescription savings program
- Defer BW water and sewer construction
- Analyze all contracted services
- Reduce 2024-25 second semester expenses
- Outreach to FDK and charter school families

Increasing Revenues

- Consider Fees
 - Student activity
 - Facility rental rates
 - Student parking
 - Ticket pricing for athletics
 - Advertising in stadiums and gymnasiums
- Collect outstanding technology fees

Current Unknowns

- Number of additional teachers needed to staff FDK and increased enrollment from charter schools
- Revenues from Happy Days Farm warehouse and the Weaver Property 55+ development
- Development of Siemens property and associated recurring tax revenue
- Interest rates on investments and impact on revenues
- State funding for Ready-to-Learn Adequacy Grant
- Federal funding stream
- Higher Homestead/Farmstead tax rebates
- Additional assessment appeals

What we will know by Oct 2025

- 3-5 year projection
- Financial impact of FDK and returning charter school students
 - The number of kindergarten students enrolled in the program and charter school students that return to DASD
 - The number of additional teachers and classroom aides needed to support FDK and charter returns
- State and federal revenues
- Real estate tax collection and assessment appeals
- Capital fund balances
- Charter school costs and amount



QUESTIONS