

LOWER DAUPHIN SCHOOL DISTRICT

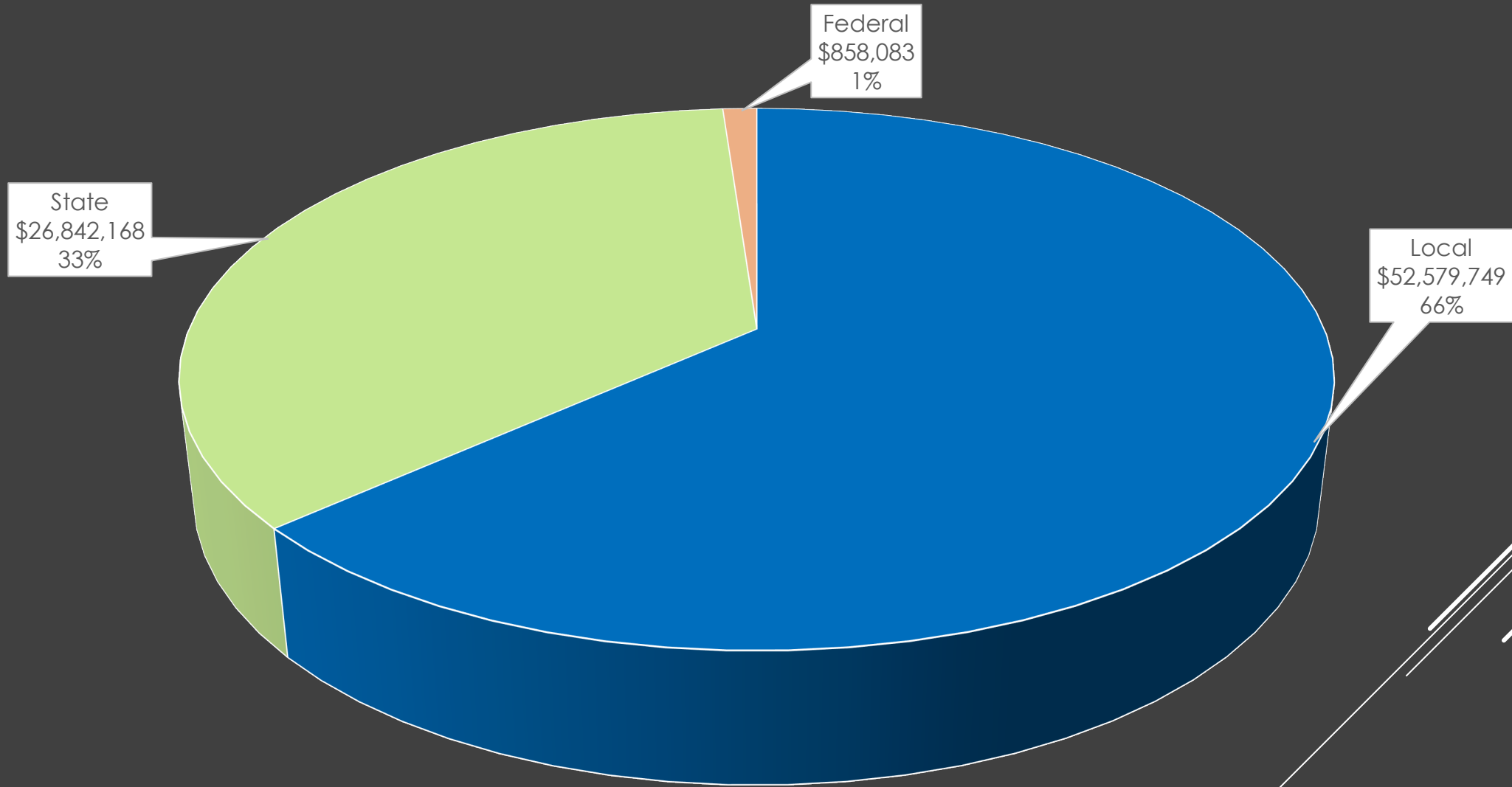
2025-2026

Budget Information

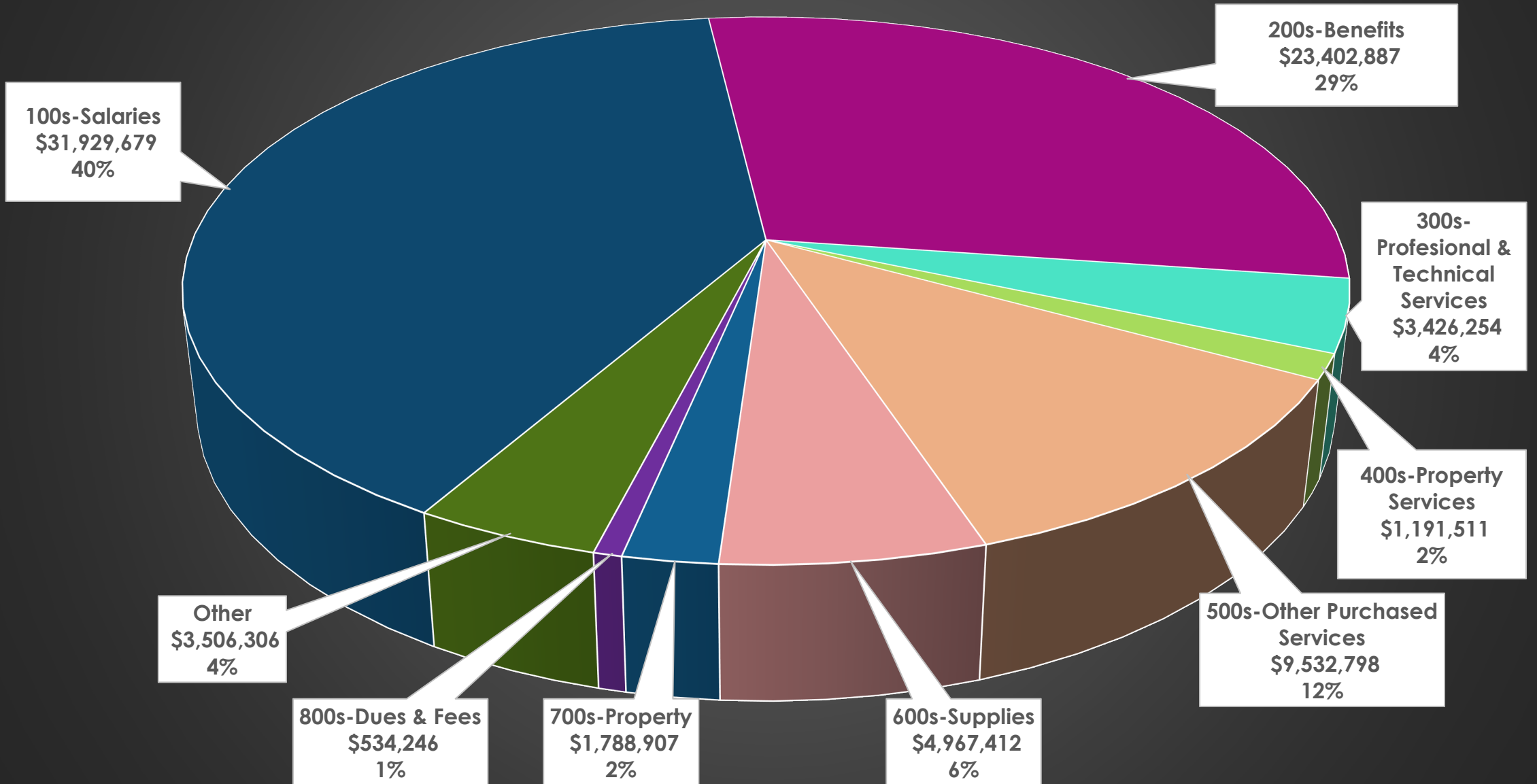
April 14, 2025



2024-2025 GENERAL FUND REVENUE BUDGETED



2024-2025 GENERAL FUND EXPENDITURE BUDGET



GOVERNOR SHAPIROS PROPOSED BUDGET 2025-2026 (HIGHLIGHTS)

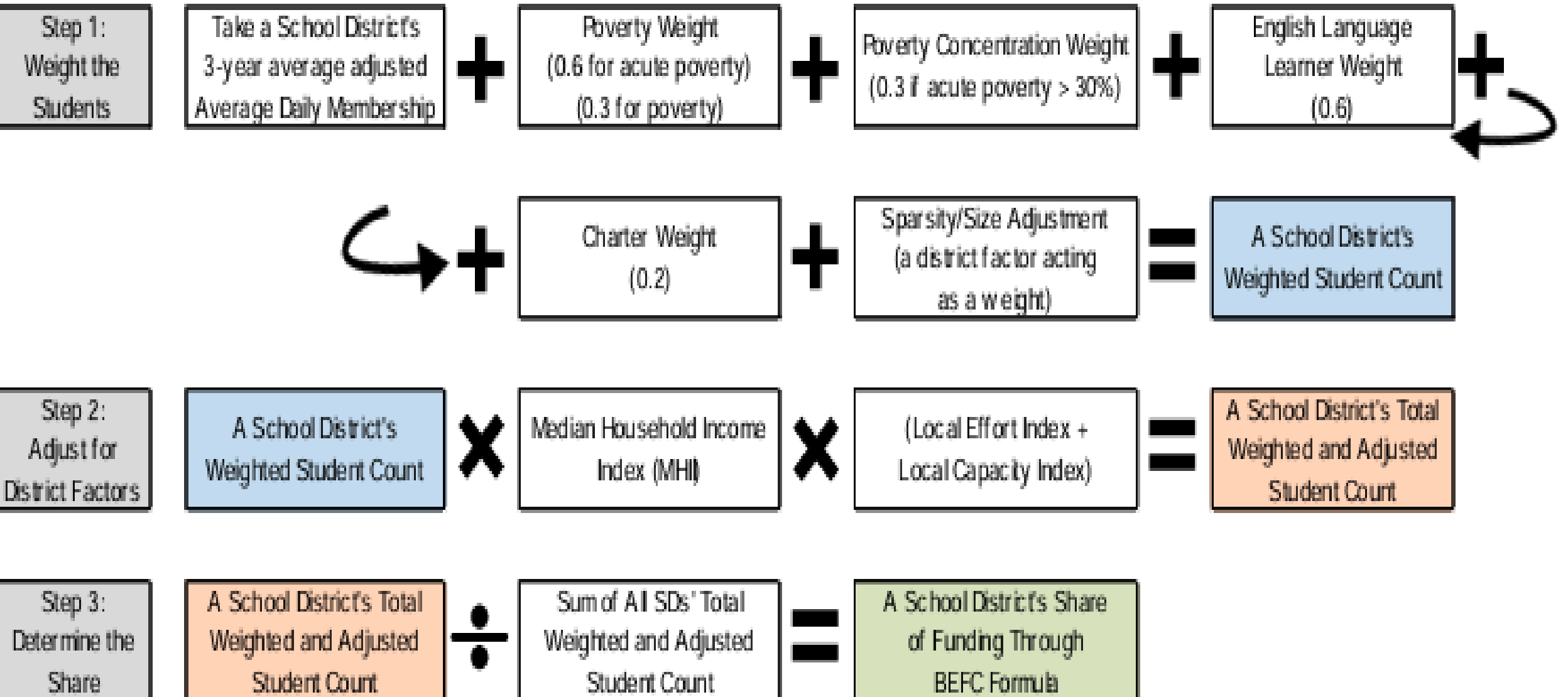
- \$526 million for **underfunded schools** in the Commonwealth
- \$75 million to be distributed through the Basic Education Formula (BEF)
- \$40 million for special education (SEF)
- \$25 million more for school facility improvements, totaling \$125 million
- \$40 million allotted to fund the student teacher stipends, an increase of \$20 million
- \$111 million for safe schools and mental health **grants**
- Proposed statewide base cyber tuition rate of \$8,000 per student per year

5 MINUTE BUDGET HISTORY ON PA STATE FUNDING

- Prior to 2015, no consistent formula used to determine school district funding
- Many factors including the “hold harmless” clause contributed to an uneven distribution of funds.
- In 2015, the Basic Ed Funding Commission passed a new formula that determines each district’s “fair share” of state funding.

Figure 1:

Basic Education Funding Commission's (BEFC) Recommended Formula



- Every five years, the Commission is statutorily required to hold public hearings to review the effectiveness of the formula.
- The first review was scheduled to occur in 2020 but was delayed due to the pandemic.
- On February 7, 2023, Commonwealth Court ruled that **Pennsylvania's school funding system is unconstitutional** and must be reformed. Legislative leaders did not appeal this decision by the July 21, 2023 deadline—and the decision is now final.
- The Basic Education Funding Commission convened in 2023 with a series of hearings held throughout the state.
- The BEFC released their report and Recommendations January 11, 2024

BASIC EDUCATION FUNDING COMMISSION

REPORT AND RECOMMENDATIONS

JANUARY 11, 2024

1. Reduce the volatility in the basic education funding (BEF) formula by using three-year averages in certain data elements, and resetting the base at the 2023/24 distribution level. Provide at least a \$200 million increase through this updated BEF formula each year;
2. Calculate **adequacy targets** for each school district;
3. Reconstitute the next BEFC in 2029 per Act 51 of 2014;
4. Invest in school facilities;
5. **Examine charter school funding;**
6. Invest in our education workforce;
7. Invest in student supports; and
8. Consider other important education issues outside the direct scope of this BEFC.

GOVERNOR SHAPIRO'S PROPOSED BUDGET 2025-2026

	2024/2025	2025/2026 (Governor Proposed)	Proposed Increase	Percentage
BEF	\$11,949,932	\$12,024,889	\$74,957	.63%
SEF	\$2,895,814	\$2,948,055	\$52,241	1.8%
Ready to Learn (includes Adequacy Funds)	\$1,302,449	\$2,163,013	\$860,564	66%
Cyber Charter Transition	\$165,786	\$167,462	\$1,676	1%

ADEQUACY CALCULATION

How are adequacy payments calculated in the governor's plan?

- A district is eligible for an adequacy payment if what it spent in 2022 for classroom instruction, support services, and other noninstructional services **is less than \$13,704 per weighted student.**
- For example, if the hypothetical Anytown School District spent only \$10,704 per weighted student in 2022, **it has an “adequacy gap” of \$3,000 per weighted student.**
- That school district, which had 2,500 weighted students in 2022, will be **eligible for an adequacy payment equaling \$7.5 million** (2,500 X \$3,000).
- This **payment would be phased in over seven years**, with the school district receiving just over \$1 million a year in new funding on top of any new formula-driven funds. It might be eligible for each year as the state increases its basic education subsidy.
- Just over a third of the school districts with an adequacy gap have the state share of that gap reduced if they have a combination of low tax effort and/or higher than typical local tax capacity.

LOWER DAUPHIN BUDGET HISTORY

<u>School Year</u>	<u>Revenue</u>	<u>Expenditures</u>	<u>Fund Balance Used</u>
2019-2020	63,275,193	64,903,067	1,627,874
2020-2021	64,607,882	66,164,837	1,556,955
2021-2022	66,016,729	66,471,487	454,758
2022-2023	70,234,210	70,603,797	369,587
2023-2024	73,808,406	76,360,078	2,551,672
2024-2025 (initial budget)	75,602,417	80,280,000	4,677,583

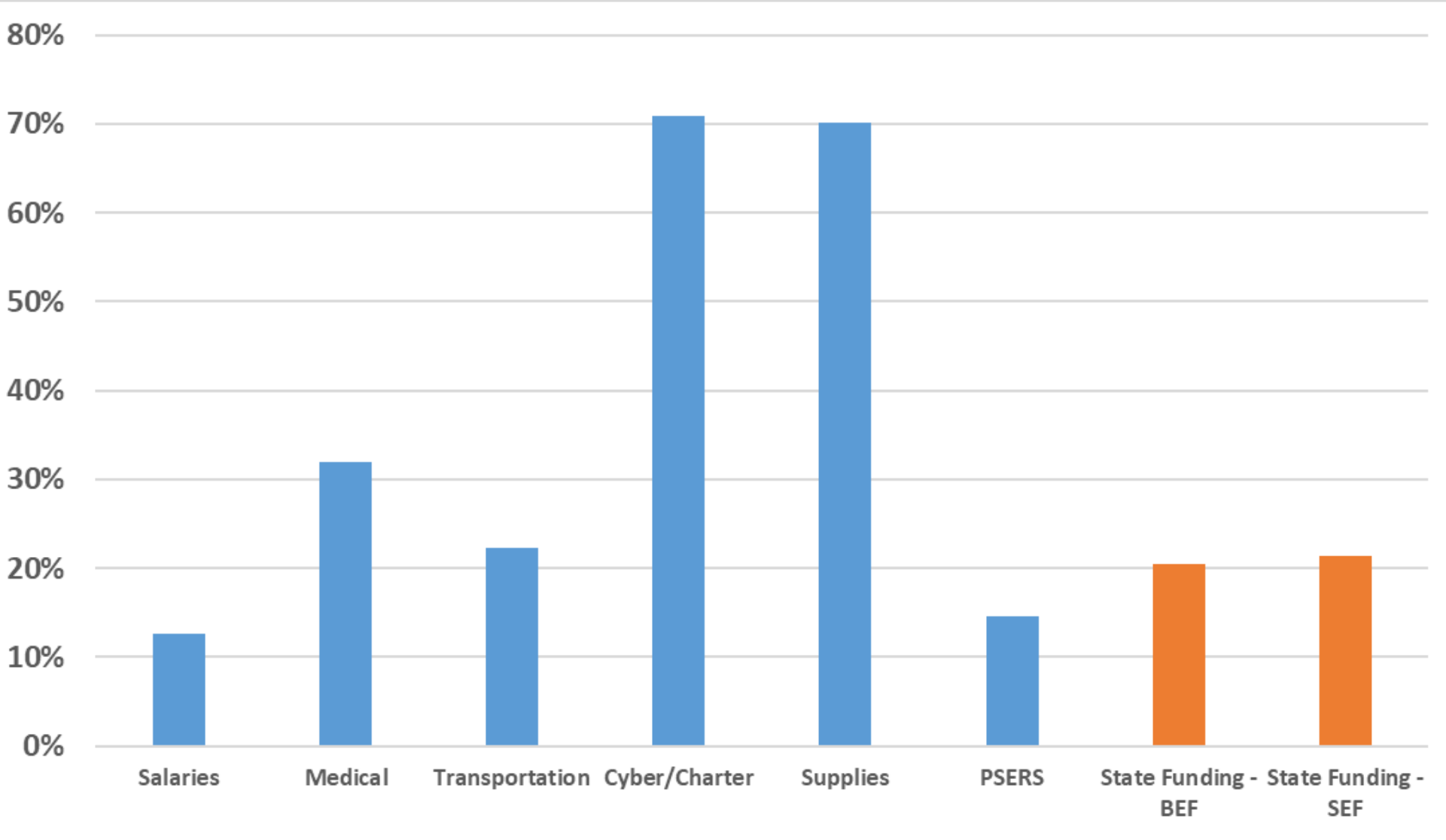
2024/2025 REVENUE VARIANCE

- Real Estate Transfer Taxes \$1,625,000
- Interest on Investments \$150,000
- Special Education Funding \$133,005
- Ready to Learn Adequacy Funds \$860,343
- Charter School Subsidy \$165,786
- Basic Education Funding (\$524,937)
- **REVENUE VARIANCE - \$2,409,197**

2024/2025 EXPENDITURE VARIANCE

- Charter School Tuition – over budget
- Substitute Staffing Services – over budget
- Contracted Nursing Services – over budget
- Special Ed Placements – over budget

SIX YEAR BUDGET INCREASE BY OBJECT



SIX YEAR BUDGET INCREASE BY OBJECT

Budget Increases from 2018-2019 to 2023-2024			
OBJECT	18/19	23/24	% Change
Salaries	26,890,213	30,288,326	12.64%
Medical	5,979,757	7,889,043	31.93%
Transportation	2,679,465	3,276,422	22.28%
Cyber/Charter	1,505,082	2,573,024	70.96%
Supplies	1,447,665	2,464,224	70.22%
PSERS	8,829,249	10,113,241	14.54%
State Funding - BEF	9,688,797	11,679,332	20.54%
State Funding - SEF	2,277,321	2,762,697	21.31%

CYBER FUNDING REFORM PROPOSAL

- Revenue that cyber charter schools take in nearly doubled from 2020 to 2023, from \$473 million to \$898 million
- Cyber charter schools' financial reserves increased by nearly 150% in that period.
- The law that dictates state funding for charters is the same for both brick-and-mortar and cyber schools.
- Public districts pay per-student tuition directly to charters, and that tuition is based on the district's per-student spending, with some deductions like facilities expenses.
- **Lower Dauphin per pupil expenditure**
 - **Regular Ed. \$14,818**
 - **Special Ed. \$35,167 (prior to 1/1/25)**
 - **Special Ed. \$31,108 (as of 1/1/25)**

CYBER FUNDING REFORM PROPOSAL

Governor's proposal is for a consistent cyber charter tuition rate of \$8,000 per pupil

<u>STUDENT</u>	<u>Current PPE</u>	<u>Cost</u>	<u>Proposed PPE</u>	<u>Cost</u>	<u>BUDGET SAVINGS</u>
Regular Ed.	\$14,818 X 130 students	\$1,926,340	\$8,000 X 130 students	\$1,040,000	\$886,340
Special Ed.	\$35,167 X 47 students	\$1,652,849	\$8,000 X 47 students	\$376,000	\$1,276,849
<u>TOTAL COST</u>	<u>177 students</u>	<u>\$3,579,189</u>	<u>177 students</u>	<u>\$1,416,000</u>	<u>\$2,163,189</u>

BUDGET TIMELINE

- May 5th Board Meeting – Preliminary Budget
 - 25/26 budget presentation
 - More accurate projection on 24/25
 - Update on budgetary reserve accounts (fund balance)
 - 25/26 Budget and projected deficit
 - Budget forecasting model (discussion of scenarios)
- June 9th Board Meeting – Final Budget Adoption
- June 16th Board Meeting (if needed for additional budget discussion and adoption)