



Finance Joint Governance Meeting
2025-2026 Proposed Final Budget
May 12, 2025



2025-2026 Budget Process Overview

- Since September 2024, seven (7) joint governance meetings have been held to discuss budget and future-focused financial planning.
- At this evening's Finance Joint Governance Meeting we will review **two versions** of the **Proposed Final Budget** for 2025-2026.
 - One version with **no millage** change
 - One version with a **2.1% millage** increase
- The Proposed Final Budget will need to be approved at tonight's combined board meeting to meet the ACT 1 Index timeline requirements to display and notify a plan to adopt and approve a **Final Budget** at the **June 9, 2025 Planning Meeting**



Current Financial Position

- We are in a strong financial position.
- We operate the school district efficiently (staffing, debt, transportation, and other areas).
- We have increased our total reserves (fund balance and capital reserve fund).
- We have improved our bond rating.
- We have reinvested in our capital infrastructure without incurring new debt (i.e., community assets).



Tonight's Discussion

- The remaining deficit is \$**1,225,334**.
- The two budgets have the exact same expenditures. The **only difference** between the two budget options is whether to address that deficit through the use of fund balance (no millage increase) or additional tax revenue (2.1% increase).

2025-2026 Proposed Final Budget	No Millage Increase	2.1% Millage Increase
Revenue	\$107,427,306	\$108,790,102
Operational Expenditures	(\$108,652,640)	(\$108,652,640)
Operational Deficit /Surplus	(\$1,225,334)	\$137,462

Defining the Challenge (Now)

- The Common Level Ratio has negatively impacted real estate revenues. The impact is worsening. While the 2025 - 2026 deficit started at \$3,100,000, that deficit is projected to significantly increase in future years.
- Because the CLR impact is structural in nature, the **deficit is best addressed through structural actions**. Sample structural actions made in the past six months include:
 - Reduction in 10.5 positions across two workforce groups
 - Decrease in health insurance premium increases
 - Increase in activity fees, parking fees, and facility use
 - Increase in state revenue for special education and basic education
 - Increase in federal revenue for IDEIA passthrough funds
 - Decrease in budgetary reserve



Defining the Challenge (Future)

- 2025 - 2026 Initial Deficit **\$3,050,000**
- 2025 - 2026 Current Deficit **\$1,225,334**

If no millage increase is used to address the remaining deficit through structural action, the following deficits are projected:

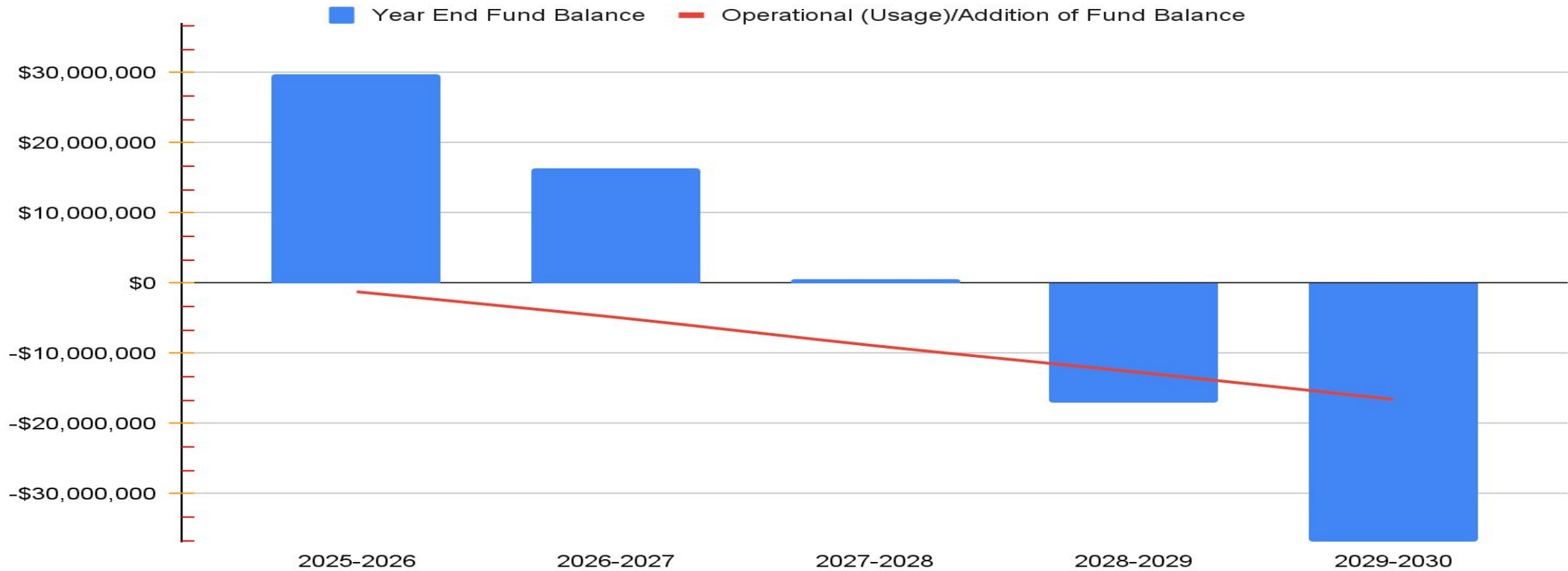
- 2026 - 2027 Projected Deficit **\$4,866,319**
- 2027 - 2028 Projected Deficit **\$8,916,116**
- 2028 - 2029 Projected Deficit **\$12,639,733**

*The deficits already include the reduction of 10.5 people. The deficits reflect annual expenditure increases that range from 3.5% - 4.2%. The deficits do not consider capital expenses and the capital funding plan.



Projection with No Millage

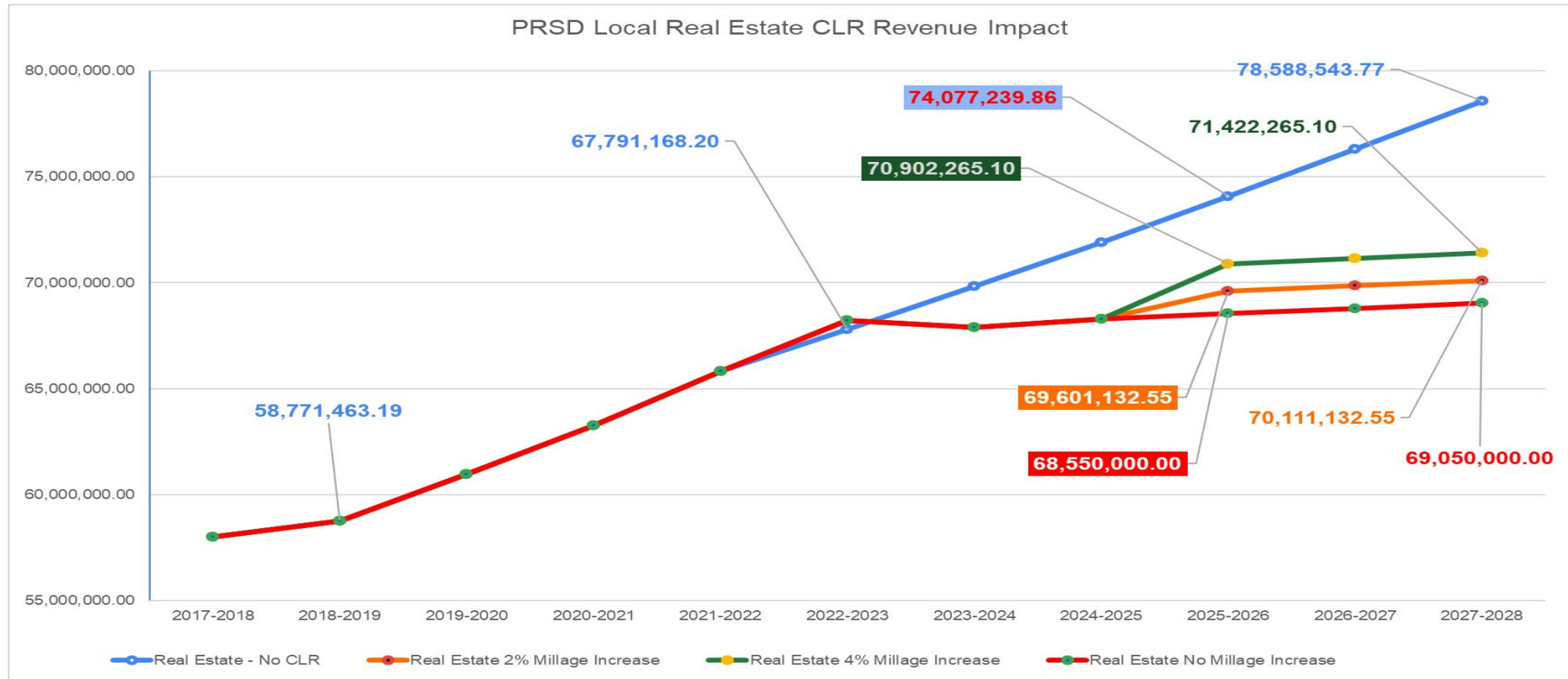
Fund Balance - No Millage Increase



“Focus on learning for every student every day.”



Common Level Ratio Future Focused Impact Graph



“Focus on learning for every student every day.”



Administrative Recommendation

- To preserve education excellence in academics, athletics, arts, and activities, **the administration is recommending a 2.1% millage increase to address the worsening structural deficit caused by the CLR.**
- The administration does not recommend the use of one-time money from reserves (fund balance) given the recurring, structural nature of the challenge.

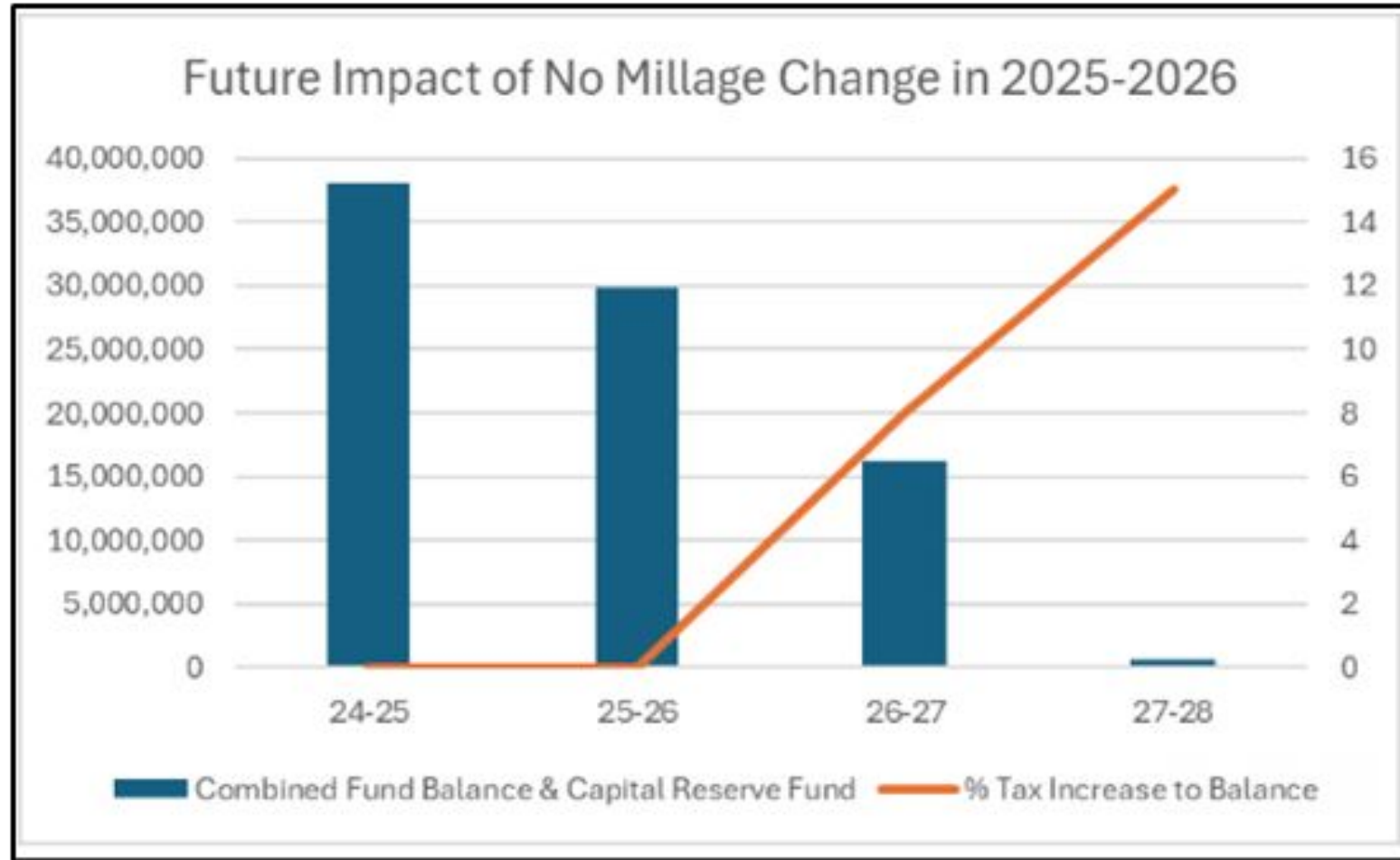


Why Not Use Reserves

- Using one-time money for a recurring problem **accelerates** the use of reserves as the deficit gap **gets bigger** (i.e., operations and capital).
- Using one-time money for 2025 - 2026 means that we will start the 2026 - 2027 budget process with a **deficit of \$4,866,319**.
 - This deficit is despite the fact that we have eliminated 10.5 positions through attrition of retirees and/or resignations for next year.
- We have significant capital investments scheduled in the district over the next three years (e.g., HVAC, roofs, flooring, and asphalt/concrete).
 - It is a solid financial decision to use one-time money for long-lived assets.



Projection with No Millage



“Focus on learning for every student every day.”

Why Not Incur Debt Now for Capital Projects

- The district has gradually reduced debt as a percentage of overall budget through a set of careful, structural decisions (e.g., bond refinancing, ten-year capital funding plan, and 1.97% millage increase in 2017 - 2018).
- Adding new debt **increases the total cost** to the community (i.e., interest and extending maturity dates).
- Adding new debt **increases the annual operational budget** which worsens the structural challenge.
- The historic approach to capital projects and debt management was recognized by Standard & Poor's with a rating increase and PNC Capital Markets as a best practice for “pay as you go” fiscal management.



Risk to Excellence

- If no millage increase now, how will we address the **\$4,866,319 operational deficit** for 2026 - 2027?
 - Tax increase?
 - Even a 4.0% increase for 2026 - 2027 still leaves a **\$2.5M deficit**
 - Cutting staff? Increasing class size?
 - With the 10.5 positions reduced this year, savings were only \$873K and has an organizational effect.
 - Cutting programs?
 - The entire Athletic program is approximately \$2,000,000. AFJROTC is approximately \$320,000.
 - Increasing fees?
 - Even an increasing the activity fee per student to \$700 would only offset 25% of the athletic expenditures.
 - Delaying purchases?
 - Textbooks and technology get more expensive over time and may negatively impact curricular alignment and quality.
- Even with the 2.1% increase in 2025 - 2026, a combination of strategies is critical.

“Focus on learning for every student every day.”



Millage Rate Options and Impact

PR Millage Rate Option Analysis

		Tax Increase for \$250,000 Homeowner	Monthly Impact for Homeowner	Millage Rate .25% Increments	Projected Total District Revenue	Total District Revenue Increase from Current Millage
Current Millage Rate		-	-	19.5867	64,391,548.37	
0.50%		24.48	2.04	19.6846	64,713,506.11	321,957.74
1.00%		48.97	4.08	19.7826	65,035,463.85	643,915.48
1.50%		73.45	6.12	19.8805	65,357,421.59	965,873.23
2.00%		97.93	8.16	19.9784	65,679,379.33	1,287,830.97
2.10%		105.28	8.77	19.9980	65,743,770.88	1,352,222.52
2.50%		122.42	10.20	20.0764	66,001,337.08	1,609,788.71
3.00%		146.90	12.24	20.1743	66,323,294.82	1,931,746.45
3.50%		171.38	14.28	20.2722	66,645,252.56	2,253,704.19
4.00%		195.87	16.32	20.3702	66,967,210.30	2,575,661.93

*With 2.1% increase, PRSD would still have 4th lowest millage rate of 42 school districts in Allegheny County. Additionally, the Homestead Exemption credit on tax bills will increase for 2025 - 2026 (\$37 per homestead). The district also continues to offer the optional Senior Tax Rebate program for qualified homeowners.

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Budget Timeline and Next Steps.....

- May 12th Finance Joint Governance Meeting - Proposed Final Budget Approval
- June 9th School Board Planning Meeting - Final Budget Approval
- June 23rd School Board Combined Meeting - Second approval date if needed
- June 30th submission to the Pennsylvania Department of Education



Questions

Joint Governance (Finance) Meeting

May 12, 2025

Please feel free to ask any questions regarding this evening's presentation

