



October Board Budget Workshop

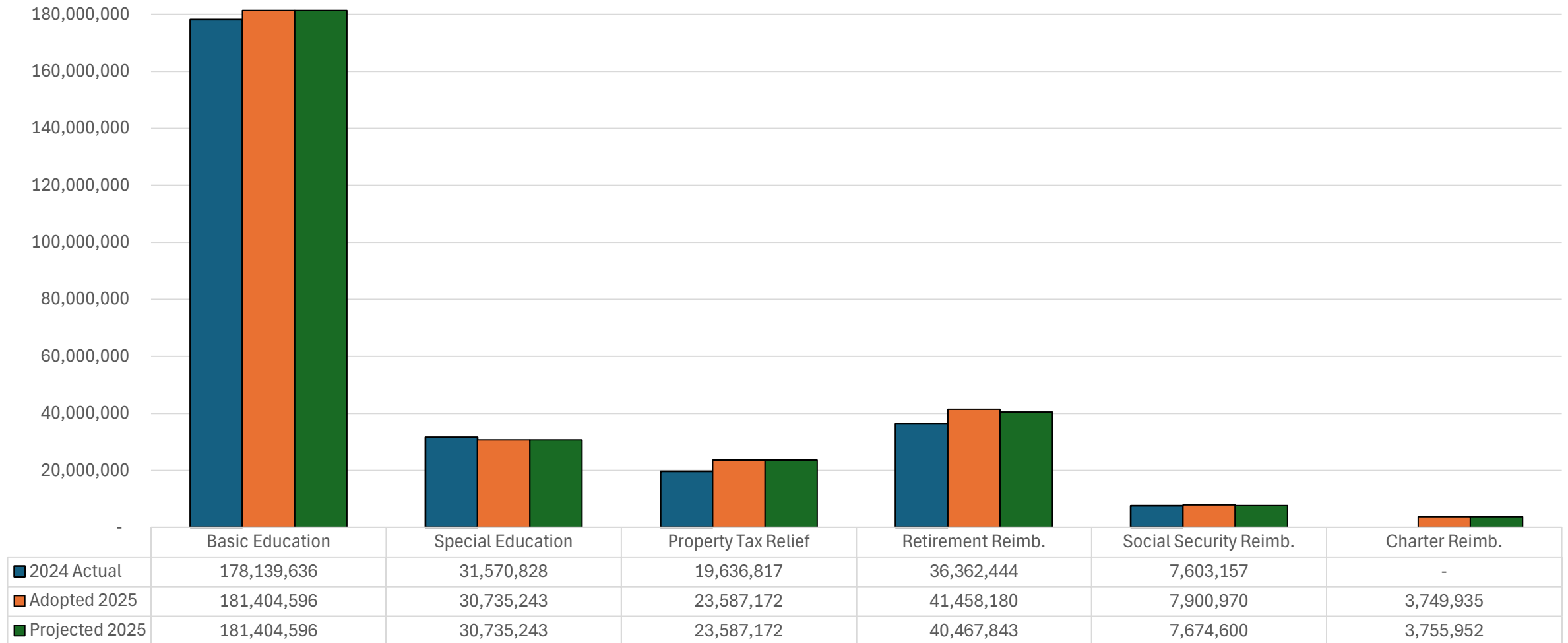
October 6, 2025
PPS Board of Education Building

Agenda

- Review of Year-to-Date Financials
- Anticipated 2026 Budget
- Budget Scenarios
- Next Steps

Review of Year-to-Date Financials

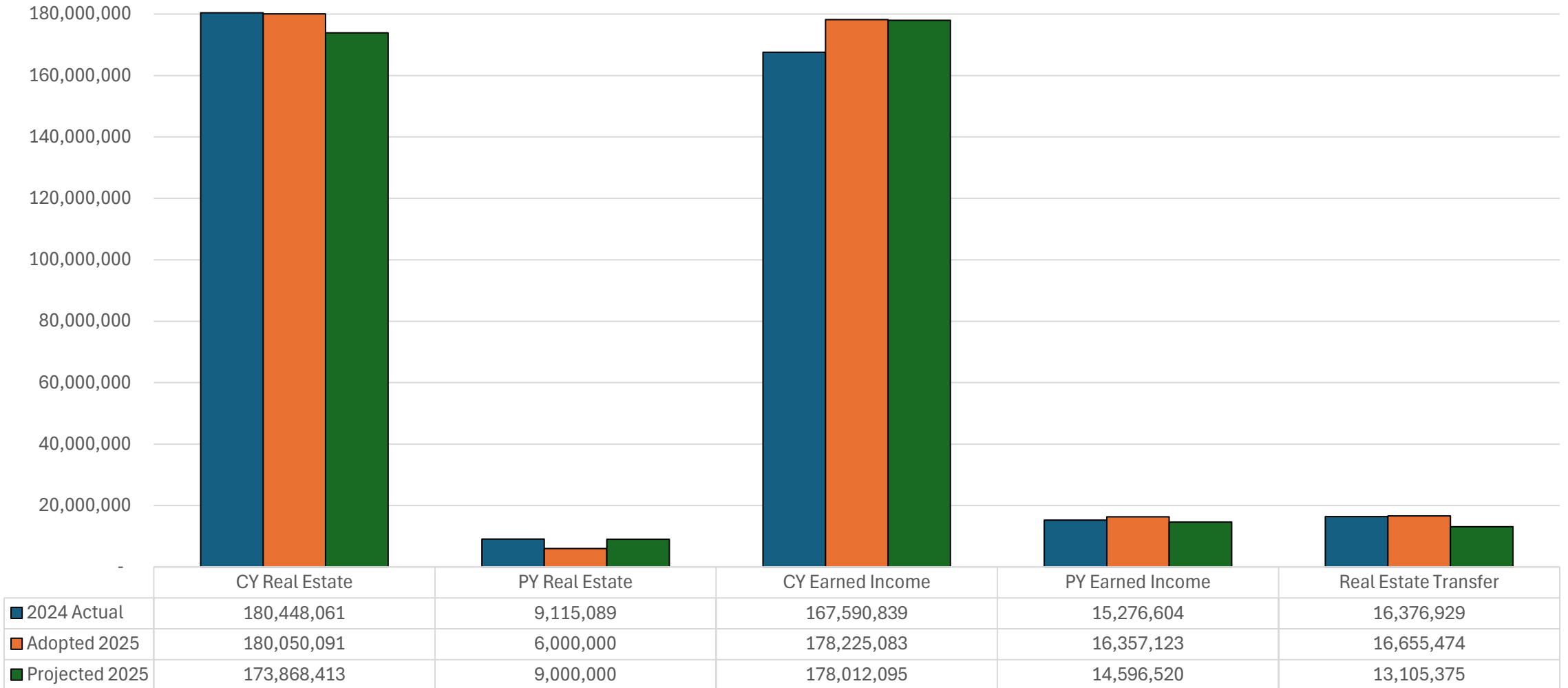
State Revenue is Uncertain Due to The Impasse



The Budget Impasse Continues

- The budget impasse is entering its fourth month with no end in sight.
- This means the District has not received the following funding:
 - Basic Education Subsidy
 - Special Education Funding
 - Federal Program Funding such as Title 1, 2, 3, and 4
 - Ready to Learn Funding
 - PreK Counts
 - Head Start Supplemental Assistance Program
 - Reimbursement for Transportation, Social Security, and Retirement
- During this time, the District will need to rely on local revenue and fund balance to maintain operations.
- At the rate, we will use our remaining cash by early December.

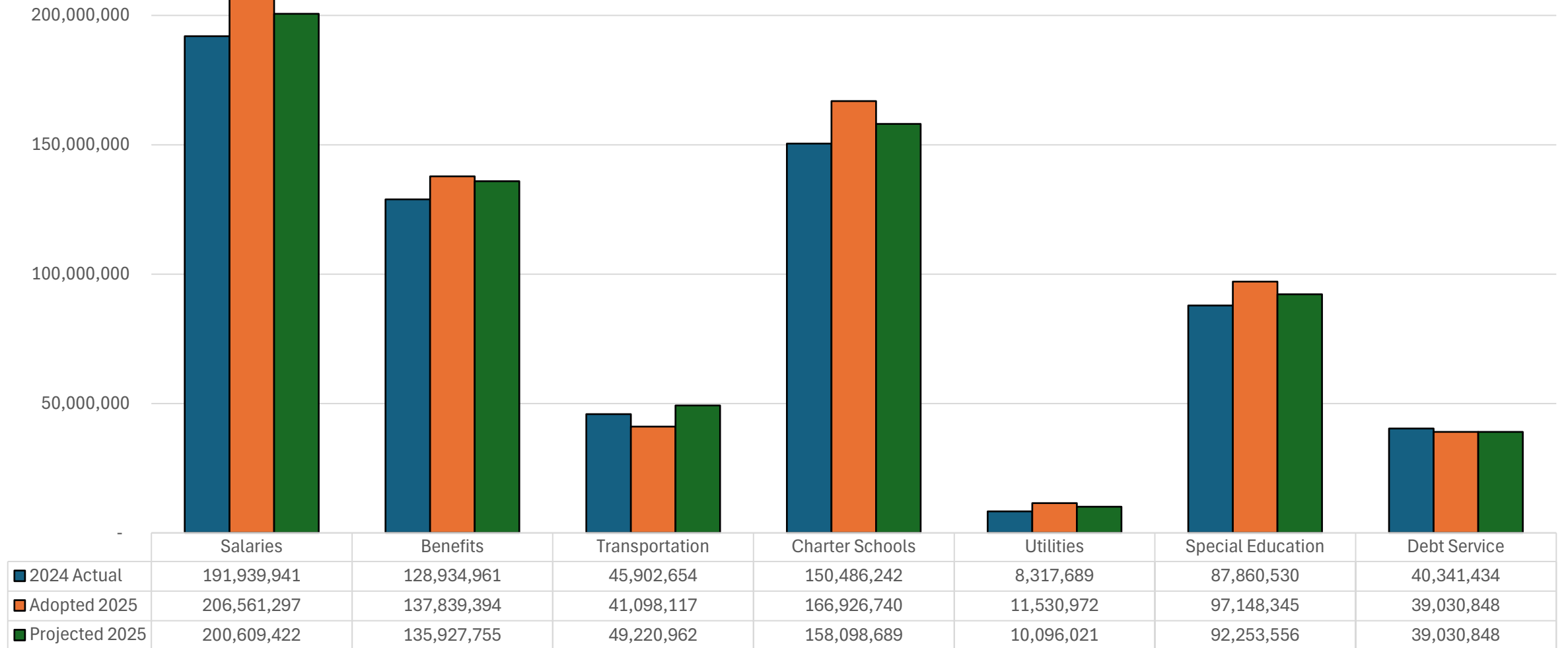
Current Year Real Estate Remains a Concern



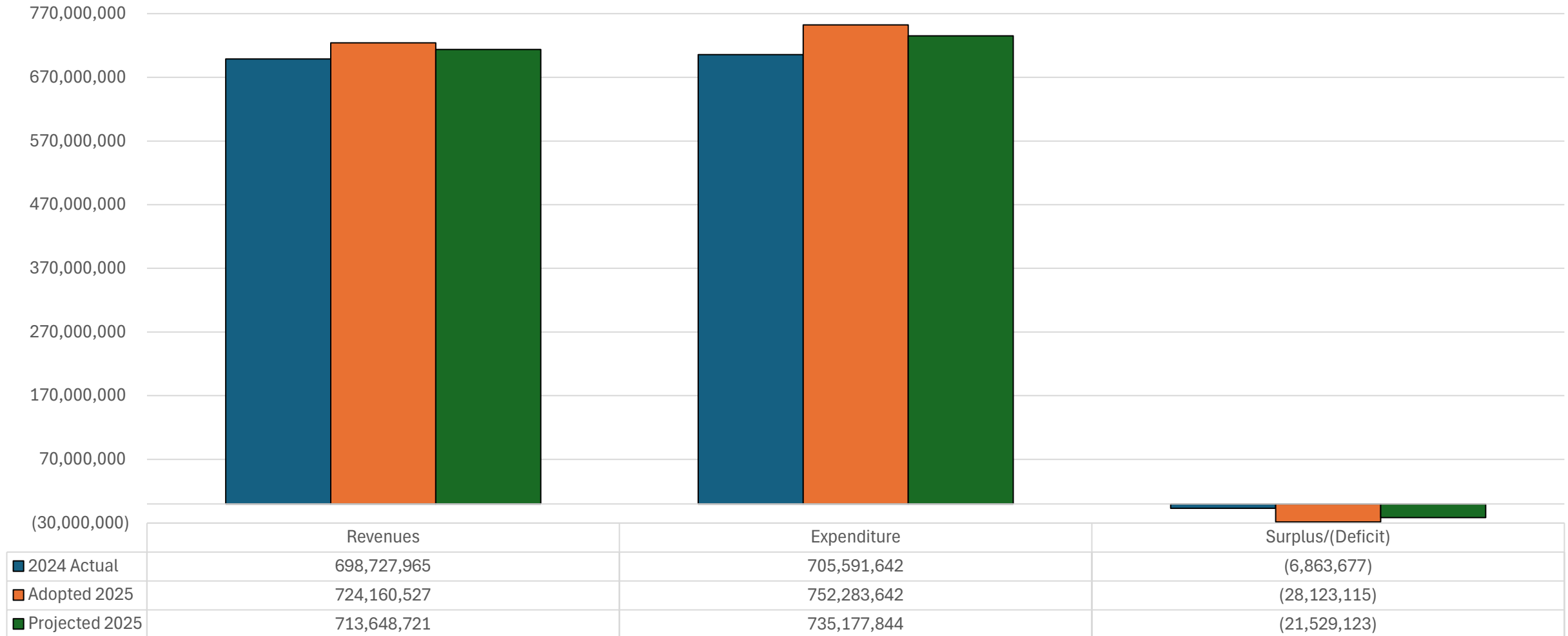
Real Estate Revenue Continues to Decline

- 2025 Current Year Real Estate revenue is projected to be \$6.6 million less than 2024 Current Year Real Estate
- To date, we have paid a total of \$7.2 million in real estate tax refunds
 - \$2.7 million in current year refunds
 - \$4.5 million in prior year refunds
- There are currently 493 properties on appeal at the Board of Viewers for tax years 2022 through 2025
- For 2026, there are 886 BPAAR appeals totaling \$906.8 million in assessed value
 - 15 of these appeals account for \$522.9 million in assessed value

Despite Growth, Most Expenditure Categories Are Projected to be Below Budget



Both Revenues and Expenditures Are Projected Below Budgeted Levels

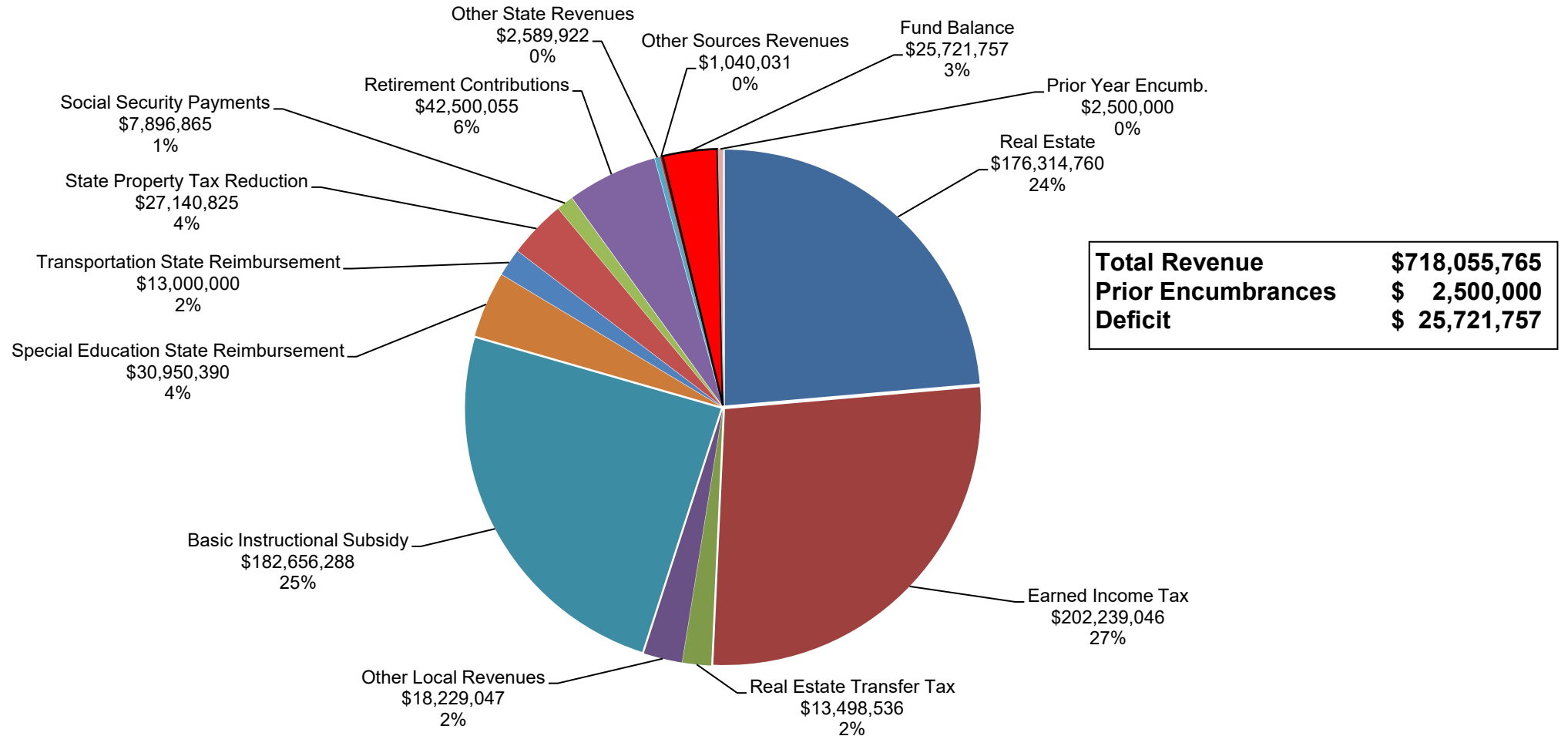


2026 Budget Planning

Budget Assumptions

- Revenue
 - Decrease in CY Real Estate due to increase in the property tax reduction allocation
 - Increasing Earned Income revenue
 - Stable State funding
- Expenditures
 - Rising salary and benefit costs
 - Increases in utilities largely due to PJM capacity fees
 - Rising transportation costs
 - Increased charter costs based on budgeted expenditures
 - Vacant positions are budgeted at full cost

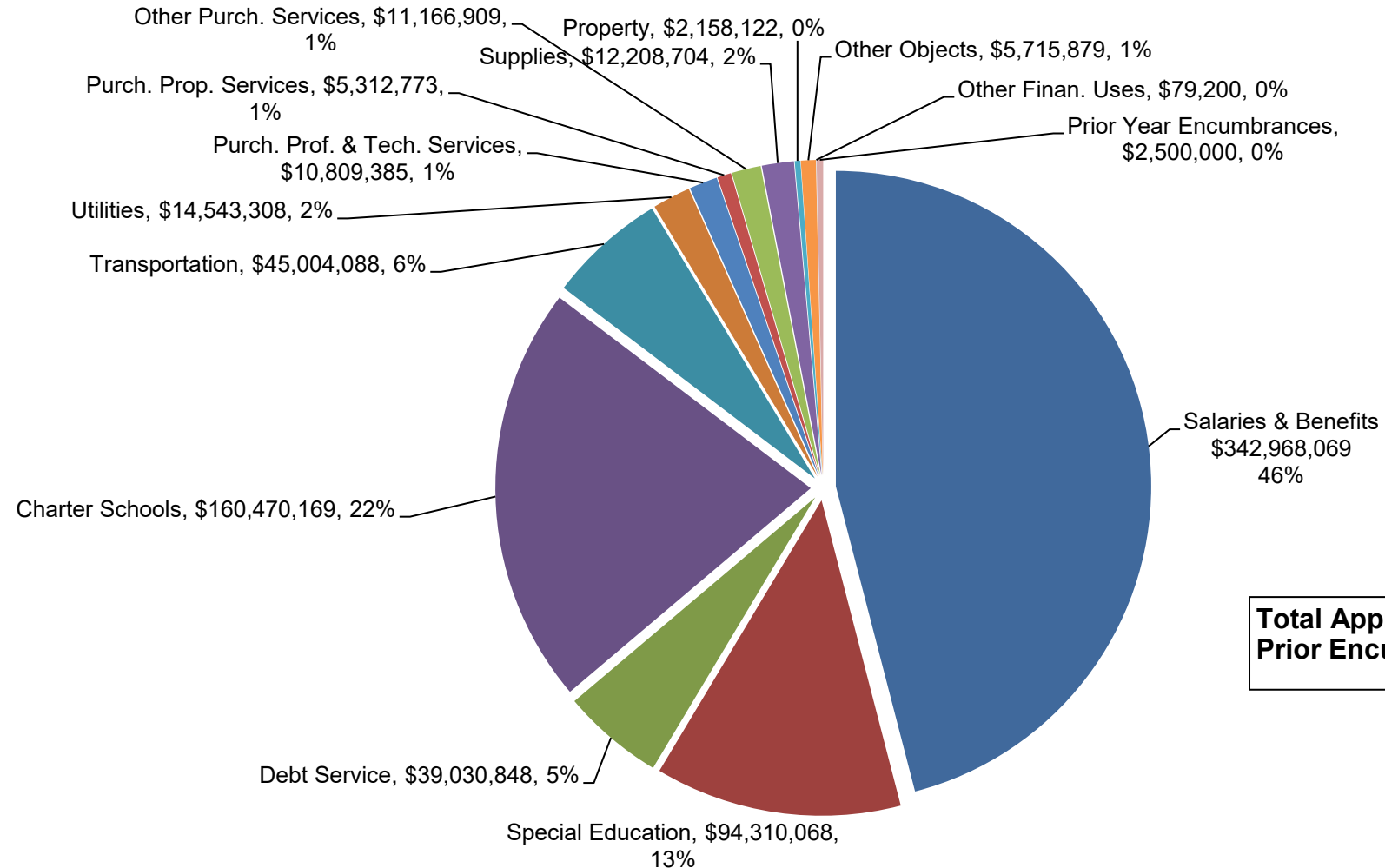
Projected 2026 Revenue



Comparison to 2025 Revenue

Revenue Sources	2025	2026	Change	% Change
Real Estate	186,050,091	176,314,760	(9,735,331)	-5.23%
Earned Income Tax	194,582,206	202,239,046	7,656,840	3.94%
Real Estate Transfer Tax	16,655,474	13,498,536	(3,156,938)	-18.95%
Other Local Revenues	19,282,449	18,229,047	(1,053,402)	-5.46%
Basic Instructional Subsidy	181,404,596	182,656,288	1,251,692	0.69%
Special Education State Reimbursement	30,735,243	30,950,390	215,147	0.70%
Transportation State Reimbursement	13,650,000	13,000,000	(650,000)	-4.76%
State Property Tax Reduction	23,587,172	27,140,825	3,553,653	15.07%
Social Security Payments	7,900,970	7,896,865	(4,105)	-0.05%
Retirement Contributions	41,458,180	42,500,055	1,041,875	2.51%
Other State Revenues	7,373,915	2,589,922	(4,783,993)	-64.88%
Revenue From Other Sources	1,480,231	1,040,031	(440,200)	-29.74%
From Fund Balance	28,123,115	25,721,757	(2,401,358)	-8.54%
Total	752,283,642	743,777,522	(8,506,120)	-1.13%

2026 Appropriations by Major Object



Total Appropriations	\$743,777,521
Prior Encumbrances	\$ 2,500,000

Comparison to 2025 Appropriations

Expenditure Category	2025	2026	Increase/(Decrease)	% Change
Salaries & Benefits	344,400,691	342,968,069	(1,432,622)	-0.42%
Special Education	97,348,345	94,310,068	(3,038,277)	-3.12%
Debt Service	39,030,848	39,030,848	-	0.00%
Charter Schools	166,926,740	160,470,169	(6,456,571)	-3.87%
Transportation	41,098,117	45,004,308	3,906,191	9.50%
Utilities	11,885,610	14,543,308	2,657,698	22.36%
Purch. Prof. & Tech. Services	10,768,844	10,809,385	40,541	0.38%
Purch. Prop. Services	5,305,256	5,312,773	7,517	0.14%
Other Purch. Services	12,442,042	11,166,909	(1,275,133)	-10.25%
Supplies	12,861,453	12,208,704	(652,749)	-5.08%
Property	2,416,139	2,158,122	(258,017)	-10.68%
Other Objects	7,720,357	5,715,879	(2,004,478)	-25.96%
Other Finan. Uses	79,200	79,200	-	0.00%
Total	752,283,642	743,777,742	(8,505,900)	-1.13%

We Still Have a Significant Deficit in 2026

	Actual Year Ended 2022	Actual Year Ended 2023	Actual Year Ended 2024	Adopted Year Ended 2025	Projected Year Ended 2025	Projected Year Ended 2026	Projected Year Ended 2027
Total Revenues	\$652,954,802	\$682,258,983	\$698,727,965	\$724,160,527	\$713,648,721	\$718,055,765	\$732,472,373
Total Expenditures	\$656,174,842	\$678,916,579	\$705,591,642	\$752,283,642	\$735,177,844	\$743,777,522	\$760,882,166
Beginning Balance	\$83,784,491	\$80,564,452	\$83,906,856	\$77,043,179	\$77,043,179	\$55,514,057	\$29,792,300
Operating Surplus/(Deficit)	(\$3,220,039)	\$3,342,404	(\$6,863,677)	(\$28,123,115)	(\$21,529,123)	(\$25,721,757)	(\$28,409,793)
Ending Fund Balance	\$80,564,452	\$83,906,856	\$77,043,179	\$48,920,064	\$55,514,057	\$29,792,300	\$1,382,507
Less Projected Reservations	(\$4,647,552)	(\$2,335,748)	(\$10,016,796)	(\$2,500,000)	(\$2,500,000)	(\$2,500,000)	(\$2,500,000)
Less Committed Fund Balance	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Less Assigned Fund Balance	(16,448,232)	(29,985,032)	(\$28,123,115)	(\$25,721,757)	(\$25,721,757)	(28,409,793)	(31,642,132)
Unassigned Fund Balance	\$59,468,668	\$51,586,076	\$38,903,268	\$20,698,307	\$27,292,300	(\$1,117,493)	(\$32,759,625)
% Budgeted Expenditures	9.06%	7.60%	5.51%	2.75%	3.71%	-0.15%	-4.31%
Minimum Fund Balance per Board Policy #721	\$32,808,742	\$33,945,829	\$35,279,582	\$37,614,182	\$36,758,892	\$37,188,876	\$38,044,108
Compliance with Fund Balance Policy	Yes	Yes	Yes	No	No	No	No
Funds needed to comply with Fund Balance Policy	(\$26,659,926)	(\$17,640,247)	(\$3,623,686)	\$16,915,875	\$9,466,592	\$38,306,369	\$70,803,734

Budget Scenarios

Revenue Generation

Impact of a Millage Increase

- The Act 1 Index for 2025-26 is 4%
 - We cannot raise taxes for 2026 beyond the Act 1 Index without PDE exceptions or voter approval.
- The current millage rate of 10.25 mills
- A millage rate increase of 4% will result in a millage rate of 10.66 mills in 2026 (.41 mill increase)
- The estimated increase in real estate tax revenue is \$6.9 million
- A millage increase of 4% is recommended to offset the decline in real estate revenue.

A 4% Millage Increase Reduces Our Deficit to \$18.8 Million

	Actual Year Ended 2022	Actual Year Ended 2023	Actual Year Ended 2024	Adopted Year Ended 2025	Projected Year Ended 2025	Projected Year Ended 2026	Projected Year Ended 2027
Total Revenues	\$652,954,802	\$682,258,983	\$698,727,965	\$724,160,527	\$713,648,721	\$725,010,502	\$739,566,205
Total Expenditures	\$656,174,842	\$678,916,579	\$705,591,642	\$752,283,642	\$735,177,844	\$743,836,638	\$760,942,464
Beginning Balance	\$83,784,491	\$80,564,452	\$83,906,856	\$77,043,179	\$77,043,179	\$55,514,057	\$36,687,921
Operating Surplus/(Deficit)	(\$3,220,039)	\$3,342,404	(\$6,863,677)	(\$28,123,115)	(\$21,529,123)	(\$18,826,136)	(\$21,376,259)
Ending Fund Balance	\$80,564,452	\$83,906,856	\$77,043,179	\$48,920,064	\$55,514,057	\$36,687,921	\$15,311,661
Less Projected Reservations	(\$4,647,552)	(\$2,335,748)	(\$10,016,796)	(\$2,500,000)	(\$2,500,000)	(\$2,500,000)	(\$2,500,000)
Less Committed Fund Balance	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Less Assigned Fund Balance	(16,448,232)	(29,985,032)	(\$28,123,115)	(\$18,826,136)	(\$18,826,136)	(21,376,259)	(24,467,927)
Unassigned Fund Balance	\$59,468,668	\$51,586,076	\$38,903,268	\$27,593,928	\$34,187,921	\$12,811,661	(\$11,656,265)
% Budgeted Expenditures	9.06%	7.60%	5.51%	3.67%	4.65%	1.72%	-1.53%
Minimum Fund Balance per Board Policy #721	\$32,808,742	\$33,945,829	\$35,279,582	\$37,614,182	\$36,758,892	\$37,191,832	\$38,047,123
Compliance with Fund Balance Policy	Yes	Yes	Yes	No	No	No	No
Funds needed to comply with Fund Balance Policy	(\$26,659,926)	(\$17,640,247)	(\$3,623,686)	\$10,020,254	\$2,570,971	\$24,380,170	\$49,703,388

Consecutive Years of Tax Increases Will Reduce The 2027 Deficit to \$16 Million

	Actual Year Ended 2022	Actual Year Ended 2023	Actual Year Ended 2024	Adopted Year Ended 2025	Projected Year Ended 2025	Projected Year Ended 2026	Projected Year Ended 2027
Total Revenues	\$652,954,802	\$682,258,983	\$698,727,965	\$724,160,527	\$713,648,721	\$725,010,502	\$744,990,651
Total Expenditures	\$656,174,842	\$678,916,579	\$705,591,642	\$752,283,642	\$735,177,844	\$743,836,638	\$760,988,571
Beginning Balance	\$83,784,491	\$80,564,452	\$83,906,856	\$77,043,179	\$77,043,179	\$55,514,057	\$36,687,921
Operating Surplus/(Deficit)	(\$3,220,039)	\$3,342,404	(\$6,863,677)	(\$28,123,115)	(\$21,529,123)	(\$18,826,136)	(\$15,997,920)
Ending Fund Balance	\$80,564,452	\$83,906,856	\$77,043,179	\$48,920,064	\$55,514,057	\$36,687,921	\$20,690,001
Less Projected Reservations	(\$4,647,552)	(\$2,335,748)	(\$10,016,796)	(\$2,500,000)	(\$2,500,000)	(\$2,500,000)	(\$2,500,000)
Less Committed Fund Balance	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Less Assigned Fund Balance	(16,448,232)	(29,985,032)	(\$28,123,115)	(\$18,826,136)	(\$18,826,136)	(15,997,920)	(18,982,021)
Unassigned Fund Balance	\$59,468,668	\$51,586,076	\$38,903,268	\$27,593,928	\$34,187,921	\$18,190,001	(\$792,020)
% Budgeted Expenditures	9.06%	7.60%	5.51%	3.67%	4.65%	2.45%	-0.10%
Minimum Fund Balance per Board Policy #721	\$32,808,742	\$33,945,829	\$35,279,582	\$37,614,182	\$36,758,892	\$37,191,832	\$38,049,429
Compliance with Fund Balance Policy	Yes	Yes	Yes	No	No	No	No
Funds needed to comply with Fund Balance Policy	(\$26,659,926)	(\$17,640,247)	(\$3,623,686)	\$10,020,254	\$2,570,971	\$19,001,831	\$38,841,449

Vacancies

Central Office Vacancies

- There are currently 62 Central Office vacancies budgeted in the general fund
- These vacancies account for \$6.8 million in budgeted salaries and benefits in 2026
- Proactively making decisions about when to staff these positions can allow for more accurate budgeting

Central Office Vacancies

- Assuming all positions are staffed as of 3/1/26 will reduce budgeted salaries and benefits by \$1.1 million
- Assuming all positions are staffed as of 4/1/26 will reduce budgeted salaries and benefits by \$1.7 million
- Assuming all positions are staffed as of 7/1/26 will reduce budgeted salaries and benefits by \$3.4 million

Our Next Steps

Next Steps

- Review vacancies and adjust projections accordingly
- Revised budget based on September 2025 actual revenues and expenditures
- Present the Preliminary 2025 General Fund Budget at the November Business and Finance Committee Meeting

Questions?