Finance Committee Meeting

October 10, 2025

Topics

- 2026-2027 Budget Info.
- Other Financial Updates
  - State Budget Impasse/Cash Flow
  - Annual Financial Report & Audit Update
  - Earned Income Tax/Board Report
  - Food Service/Cafeteria Fund Board Report Update

2026-2027 Budget Info.

Act 1

What is Act 1?

- Legislation passed in the Special Session of the Legislature in 2006. The Act 1 Index is the State's measure for determining property tax increases justified by wage inflation. Act 1 requires school districts to seek voter approval for tax increases greater than "the Act 1 Index.‘’
- Districts, if applicable, can apply for referendum exceptions if rate increases are needed to cover specific types of costs.

How is the Act 1 Index Calculated?

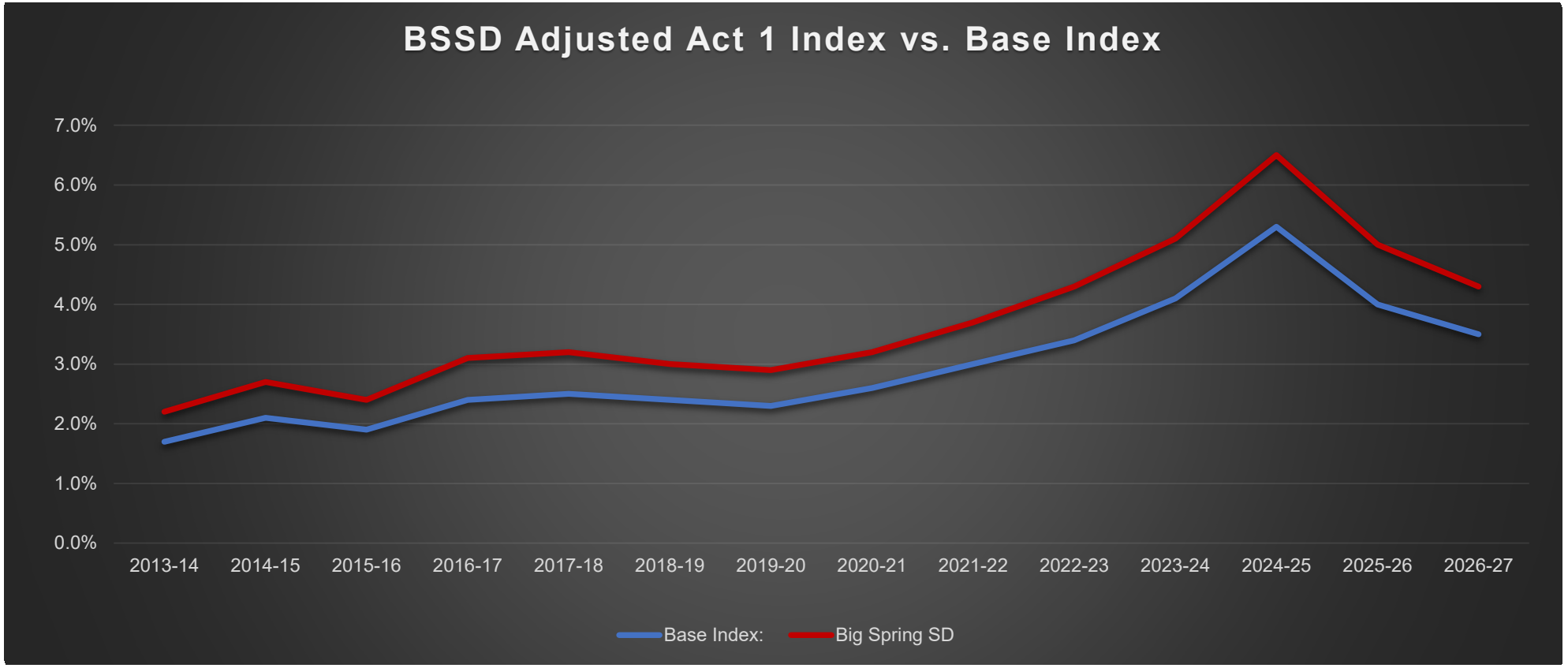
- Each district's index is calculated separately for each fiscal year, and consists of two parts: the base index, and the district adjustment.
- The statewide base index is the average of:
  1) The percentage changes in wages statewide, and
  2) The percentage changes in school employee compensation costs nationwide. Thus, the base index reflects a rough measure of the rate of change in compensation costs. A district's adjusted index is the base Index plus an adjustment for lower wealth districts. The adjustment is based on a district's relative wealth, with the lowest wealth districts receiving the largest upward adjustments to the base Index.
- District adjustment:
  - School Districts with a market value/personal income aid ratio (MV/PI AR) greater than 0.4000, receives an adjustment to their index by the value of their index is adjusted upward by multiplying the base index by the sum of 0.75 and their MV/PI AR.
  - For the 2026-27 Fiscal Year, BSSD 2025-2026 MV/PI AR is 0.4796

Referendum Exceptions

- **What are Referendum Exceptions?**
  - Allows District's to increase taxes above the Act 1 index based on the applicable and approved referendum exception amount(s).
  - 3 Types of Referendum Exceptions
    1) School Construction
       - Grandfather Indebtedness
       - Electoral Debt
    2) Special Education Expenditures
    3) Retirement Contributions
- For the 2025-2026 budget, no school district that receives adequacy supplement funding shall seek an Act 1 referendum. BSSD received an adequacy supplement for FY 2024-25. **MUST DO OPT OUT RESOLUTION.**
- **Will the above remain the same for 2026-2027? Unknown with State Budget Impasse**

Act 1 Index History

	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27
Base Index:	1.7%	2.1%	1.9%	2.4%	2.5%	2.4%	2.3%	2.6%	3.0%	3.4%	4.1%	5.3%	4.0%	3.5%
Big Spring SD	2.2%	2.7%	2.4%	3.1%	3.2%	3.0%	2.9%	3.2%	3.7%	4.3%	5.1%	6.5%	5.0%	4.3%



Act 1 Index – Future Outlook

IFO INDEPENDENT FISCAL OFFICE

Act 1 Index Forecast

	22-23	23-24	24-25	25-26	26-27	27-28	28-29	29-30
Base Index	3.4%	4.1%	5.3%	4.0%	3.7%	3.4%	3.2%	3.2%
SAWW	4.7%	5.3%	5.6%	3.7%	3.7%	3.5%	3.3%	3.3%
ECI	2.1%	2.9%	4.9%	4.3%	3.8%	3.6%	3.4%	3.2%
November 2023 (Base Index)				4.0%	3.6%	3.2%	3.1%	--
Revision				0.1%	0.1%	0.2%	0.1%	--

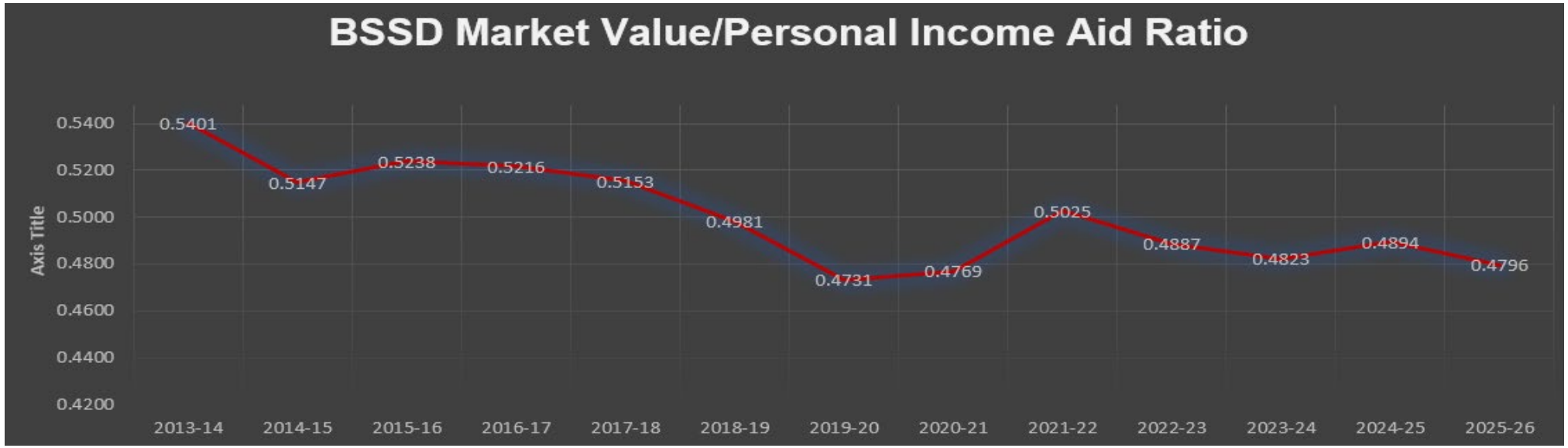
Notes: SAWW is statewide average weekly wage. ECI is employment cost index.

Source: Reported by the Department of Education through 25-26, forecast by IFO thereafter.

Source: PA Independent Fiscal Office - IFO - File Download

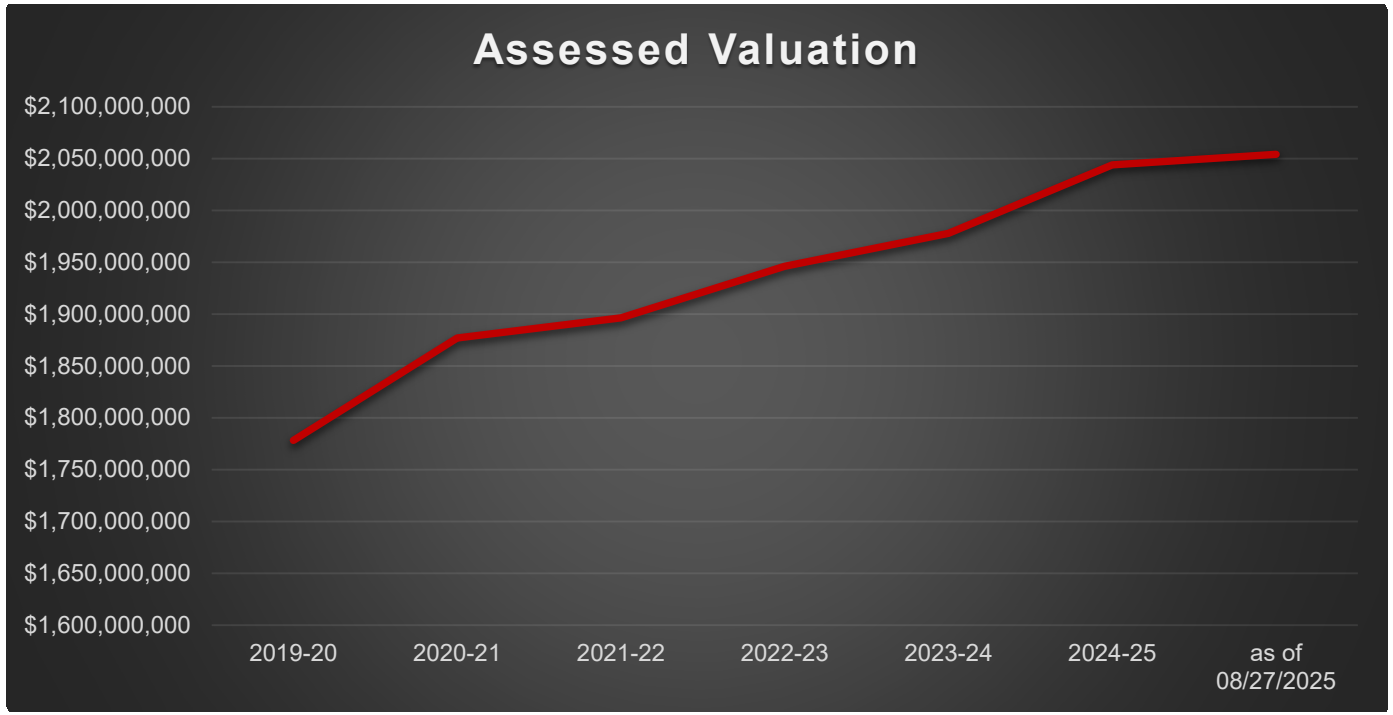
BSSD Historical Aid Ratio Financial Data

Fiscal Year	Market Value	Personal Income	WADM	MV per WADM	Market Value Aid Ratio	PI per WADM	Personal Income Aid Ratio	Market Value / Personal Income Aid Ratio
2013-14	$1,268,845,129	$407,520,377	3355.771	$378,108	0.5035	$121,438	0.5950	0.5401
2014-15	$1,291,515,110	$488,367,305	3292.652	$392,241	0.5018	$148,320	0.5344	0.5147
2015-16	$1,305,832,202	$446,151,691	3,241.308	$402,871	0.4940	$137,645	0.5686	0.5238
2016-17	$1,343,609,627	$470,444,010	3,189.739	$421,228	0.4947	$147,486	0.5620	0.5216
2017-18	$1,349,739,658	$487,213,215	3,152.095	$428,203	0.4846	$154,568	0.5617	0.5153
2018-19	$1,408,727,067	$498,679,511	3,094.712	$455,204	0.4696	$161,139	0.5410	0.4981
2019-20	$1,430,277,005	$561,016,859	3,047.166	$469,379	0.4585	$184,111	0.4952	0.4731
2020-21	$1,486,858,568	$597,875,306	3,036.443	$489,671	0.4560	$196,899	0.5084	0.4769
2021-22	$1,511,387,582	$538,018,932	3,063.730	$493,316	0.4576	$175,609	0.5701	0.5025
2022-23	$1,618,998,103	$513,133,770	2,976.485	$543,929	0.4343	$172,395	0.5706	0.4887
2023-24	$1,689,800,758	$599,787,918	3,004.702	$562,385	0.4214	$199,616	0.5738	0.4823
2024-25	$1,781,708,777	$598,659,831	2,983.904	$597,106	0.4369	$200,629	0.5683	0.4894
2025-26	$1,870,342,211	$615,964,137	2,965.221	$630,759	0.4124	$207,729	0.5805	0.4796



Real Estate Tax Revenue & Assessed Values

- Real Estate Tax Revenue accounts for approx. 47.5% of total revenues.
- Reasons for increase in Tax Revenue: increase in millage rate, increase in assessed value, increase in tax collection percentage.

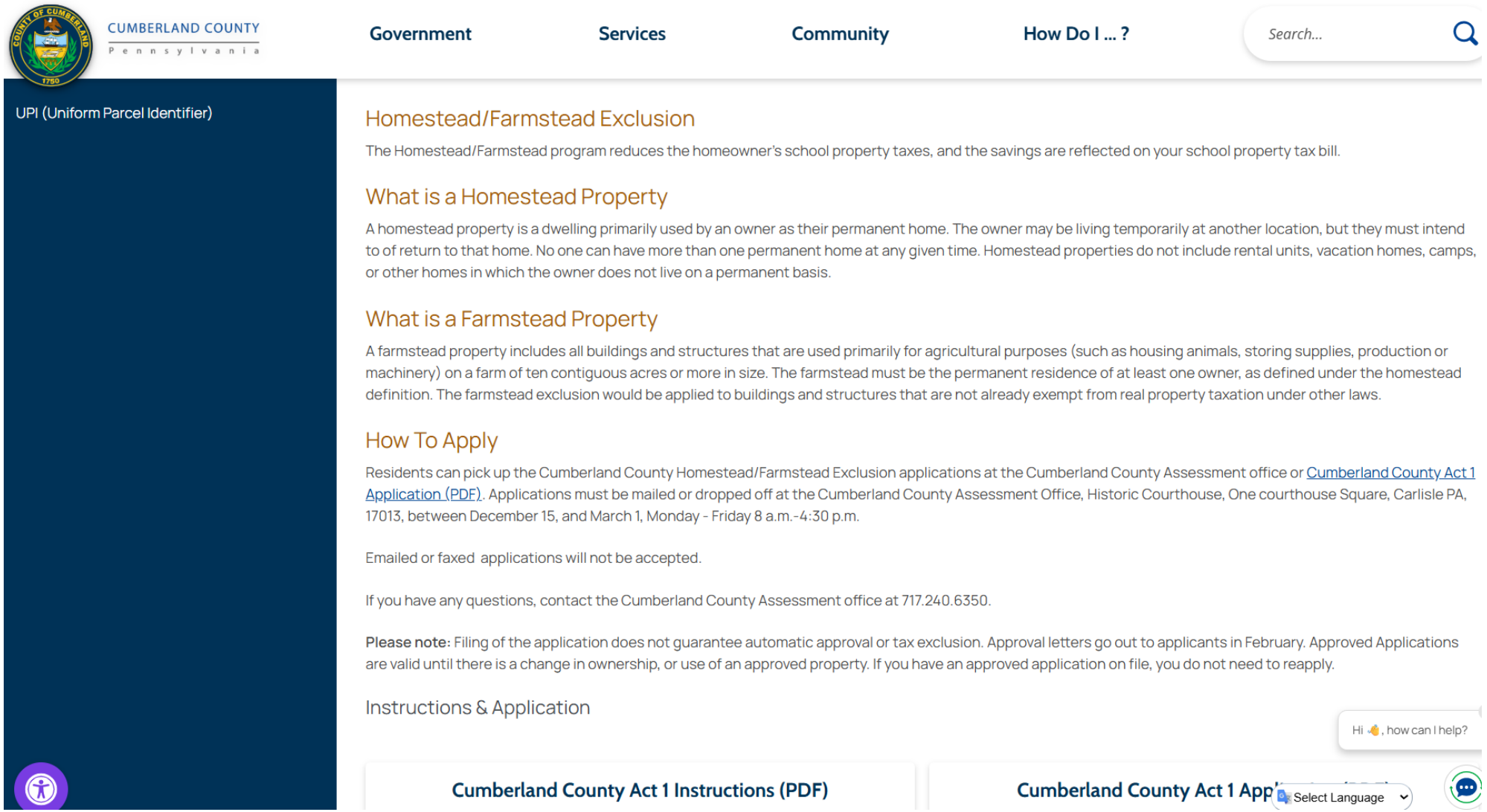


School Year	Assessed Valuation
2019-20	$1,778,120,400
2020-21	$1,877,066,040
2021-22	$1,896,451,100
2022-23	$1,945,968,300
2023-24	$1,977,941,200
2024-25	$2,043,976,400
as of 08/27/2025	**$2,054,300,100**

Budget Process/Act 1 Timeline - Key Dates

Date	Description	Section
September 1, 2025 *(Annual deadline)*	***Department of Education*** publishes the 2026-2027 base index in the Pennsylvania Bulletin.	Section 333(l)
September 30, 2025 *(Annual deadline)*	***Department of Education*** notifies school districts of their 2026-2027 adjusted index.	Section 313(2)
December 31, 2025 *(60 days prior to March 1 application deadline)*	***School Districts*** send notification, by first class mail, to owners of each parcel of residential property – which can be limited to owners who are not currently approved or whose approval is due to expire – stating that the owner must submit a completed application to county assessor to qualify for homestead exclusion. Mailing must include application,	Section 341(b)
January 29, 2026 *(110 days prior to primary election)*	***School district*** deadline to make 2026-2027 proposed version of preliminary budget available for public inspection **or** adopt resolution pursuant to Section 311(d)(1) indicating that it will not raise the rate of any tax by more than its index.	Section 311(c); 311(d)(1)
No later than March 1, 2026 *(Annual deadline)*	Deadline for ***homeowners*** to file a homestead application (and, if applicable, a farmstead application) with county assessor indicating property is owner-occupied. Resubmission of application required no more than one time every three years. No application fee for filing. (See December 31, 2025)	Section 341(c), (e), (i)
No later than May 31, 2026	***School district*** deadline to adopt 2026-2027 proposed version of final budget and Certification of Use document in the CFRS application.	Section 687(a)(1) (School Code)
June 30, 2026 (*Annual deadline*)	***School district*** deadline to adopt the 2026-2027 final budget.	Section 312(a)

Homestead/Farmstead – How to Apply



CUMBERLAND COUNTY
Pennsylvania

Government Services Community How Do I ... ? Search...

UPI (Uniform Parcel Identifier)

Homestead/Farmstead Exclusion

The Homestead/Farmstead program reduces the homeowner's school property taxes, and the savings are reflected on your school property tax bill.

What is a Homestead Property

A homestead property is a dwelling primarily used by an owner as their permanent home. The owner may be living temporarily at another location, but they must intend to of return to that home. No one can have more than one permanent home at any given time. Homestead properties do not include rental units, vacation homes, camps, or other homes in which the owner does not live on a permanent basis.

What is a Farmstead Property

A farmstead property includes all buildings and structures that are used primarily for agricultural purposes (such as housing animals, storing supplies, production or machinery) on a farm of ten contiguous acres or more in size. The farmstead must be the permanent residence of at least one owner, as defined under the homestead definition. The farmstead exclusion would be applied to buildings and structures that are not already exempt from real property taxation under other laws.

How To Apply

Residents can pick up the Cumberland County Homestead/Farmstead Exclusion applications at the Cumberland County Assessment office or Cumberland County Act 1 Application (PDF). Applications must be mailed or dropped off at the Cumberland County Assessment Office, Historic Courthouse, One courthouse Square, Carlisle PA, 17013, between December 15, and March 1, Monday - Friday 8 a.m.-4:30 p.m.

Emailed or faxed applications will not be accepted.

If you have any questions, contact the Cumberland County Assessment office at 717.240.6350.

Please note: Filing of the application does not guarantee automatic approval or tax exclusion. Approval letters go out to applicants in February. Approved Applications are valid until there is a change in ownership, or use of an approved property. If you have an approved application on file, you do not need to reapply.

Instructions & Application

Hi 👋, how can I help?

Cumberland County Act 1 Instructions (PDF)

Cumberland County Act 1 App

Select Language

The **March 1 application deadline for property tax relief** is set in the Homeowner Tax Relief Act (Section 341 of Act 72 of 2004). The Governor does not have the authority to unilaterally extend this deadline by an executive order. Any changes to the application deadline would have to be addressed through legislation.

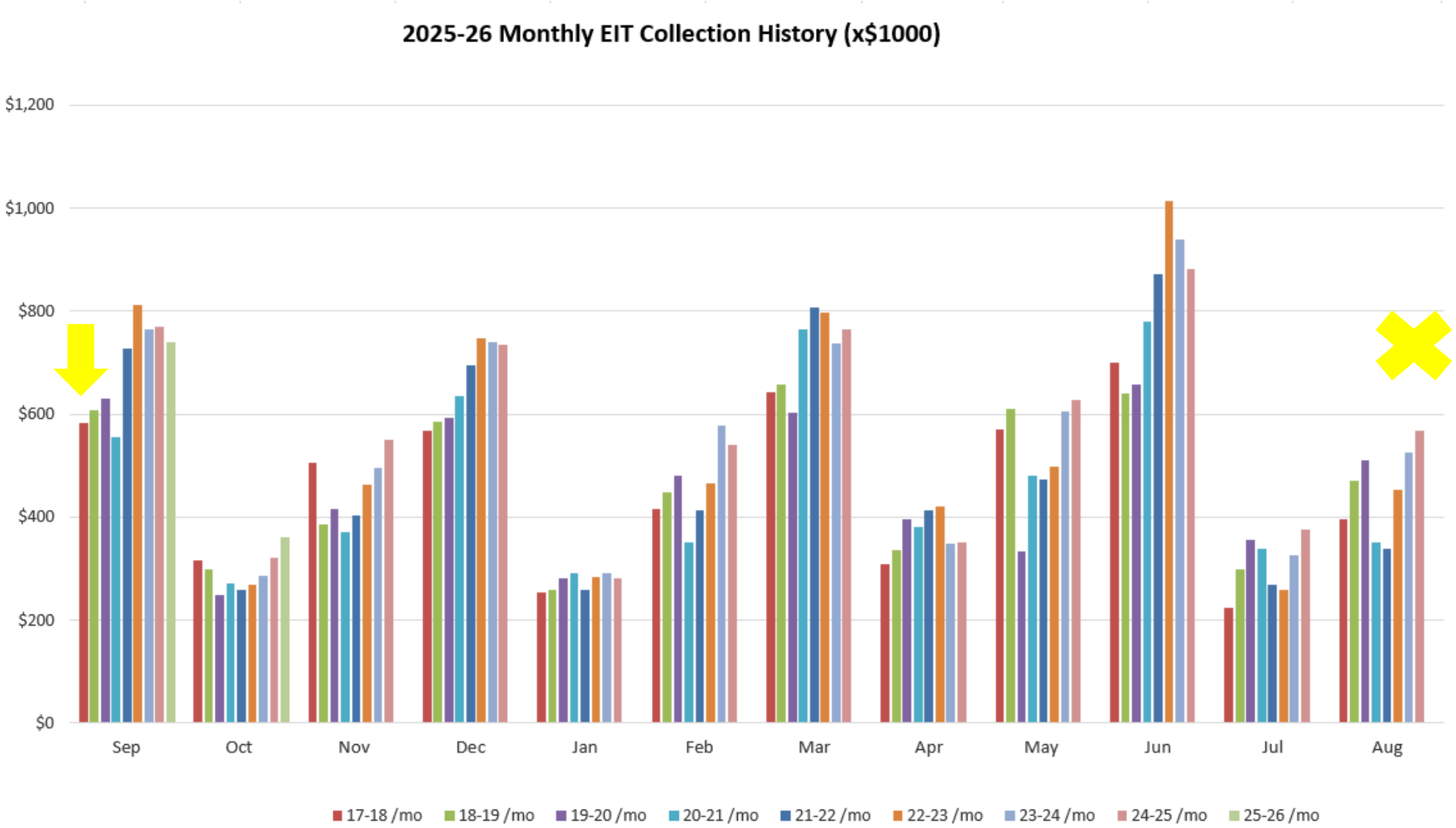
Website: Act 1 - Homestead/Farmstead Exclusion | Cumberland County, PA - Official Website

Other Financial Updates

Other Financial Updates

- State Budget Impasse/Cash Flow
- 2024/2025 Local Audit
- 2024/2025 Annual Financial Report
- Earned Income Tax (EIT) Reporting Update
- Food Service/Cafeteria Fund Board Report Update

Earned Income Tax (EIT)



Food Service/Cafeteria Fund Board Report

CURRENT

Board Report 10/20/2025

CAFETERIA FUND
CASH REPORT
SEPTEMBER 2025

Beginning Balance as of 9/1/2025				**$ 1,385,312.05**
RECEIPTS				
Student Sales	$	34,413.45		
Adult Sales	$	1,659.90		
Ala Carte Sales	$	30,275.80		
Breakfast				
Catering	$	4,503.75		
Interest	$	3,962.13		
General Fund Contribution				
Miscellaneous (My School Bucks, etc.)	$	43,976.38		
State/Federal Subsidies	$	15,669.89		
Prior Year Receipts				
Total Revenues			$ 134,461.30	
EXPENDITURES				
Salaries/Benefits	$	4,192.50		
Technical Services	$	3,798.00		
Repairs & Maintenance	$	2,455.40		
Communication	$	0.74		
Food Service Management Food	$	40,730.77		
Food Service Management Non-Food	$	44,871.47		
Supplies	$	29.99		
Food				
Equipment				
Miscellaneous	$	48,331.91		
Prior Year Expenses				
Total Expenditures			$ 144,410.78	
CASH ACCOUNT BALANCE AS OF 09/30/2025				**$ 1,375,362.57**

REVISED

Board Report 10/20/2025

FOOD SERVICE/CAFETERIA FUND YEAR-TO-DATE AS OF SEPTEMBE 30, 2025

		FY25	FY26
REVENUES			
6510	Investement/Interest	$ 12,603.53	$ 13,147.71
6611	Student Sales	$ 47,797.90	$ 38,973.45
6614	Adult Sales	$ 2,344.45	$ 1,856.95
6615	Ala Carte Sales	$ 34,860.30	$ 33,199.90
6630	Catering	$ (3,786.80)	$ 4,503.75
7600	State Subsidy	$ 8,024.28	$ 2,831.40
8531	Federal Subsidy	$ 36,183.45	$ 13,776.31
	TOTAL REVENUES	**$ 138,027.11**	**$ 108,289.47**
EXPENDITURES			
100	Salaries	$ 7,315.80	$ 7,889.88
200	Employee Benefits	$ 4,424.85	$ 4,687.62
300	Purchased Prof/Tech Svcs	$ 2,848.50	$ 3,798.00
400	Purchased Property Svcs	$ 2,213.12	$ 3,310.40
500	Other Purchased Svcs	$ 218.82	$ 6.95
571	Food Service Management Food	$ 63,688.30	$ 39,915.70
572	Food Service Management Non-Food	$ 70,173.35	$ 73,430.81
600	Supplies	$ 5,113.58	$ 1,373.56
700	Equipment	$ -	$ -
800	Other (Int/Dues/Fees)	$ 60.92	$ 15.00
900	Princ. Pmt/Fund Transfers	$ -	$ -
	TOTAL EXPENDITURES	**$ 156,057.24**	**$ 134,427.92**

Questions



Thank you!

Cristy Lentz, Business Manager

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