2026 Preliminary General Fund Budget

November 3, 2025
PPS Board of Education Building

Agenda

Presentation of the 2026 Preliminary General Fund Budget

Budget Assumptions

- Revenue
  - Decrease in CY Real Estate due to increase in the property tax reduction allocation
  - Increasing Earned Income revenue
  - Stable State funding
  - 4% Millage Rate Increase
- 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
  - Approval and implementation of the Future Ready Facilities Plan

2026 Preliminary Budget

- **Expenditures for 2026 are budgeted at $739.6 million:**
  - **Represents a 2.08% decrease from 2025 adopted budget**
  - **Includes an operating deficit of $12.2 million in 2026 which is $15.9 million less than the 2025 operating deficit of $28.1 million**

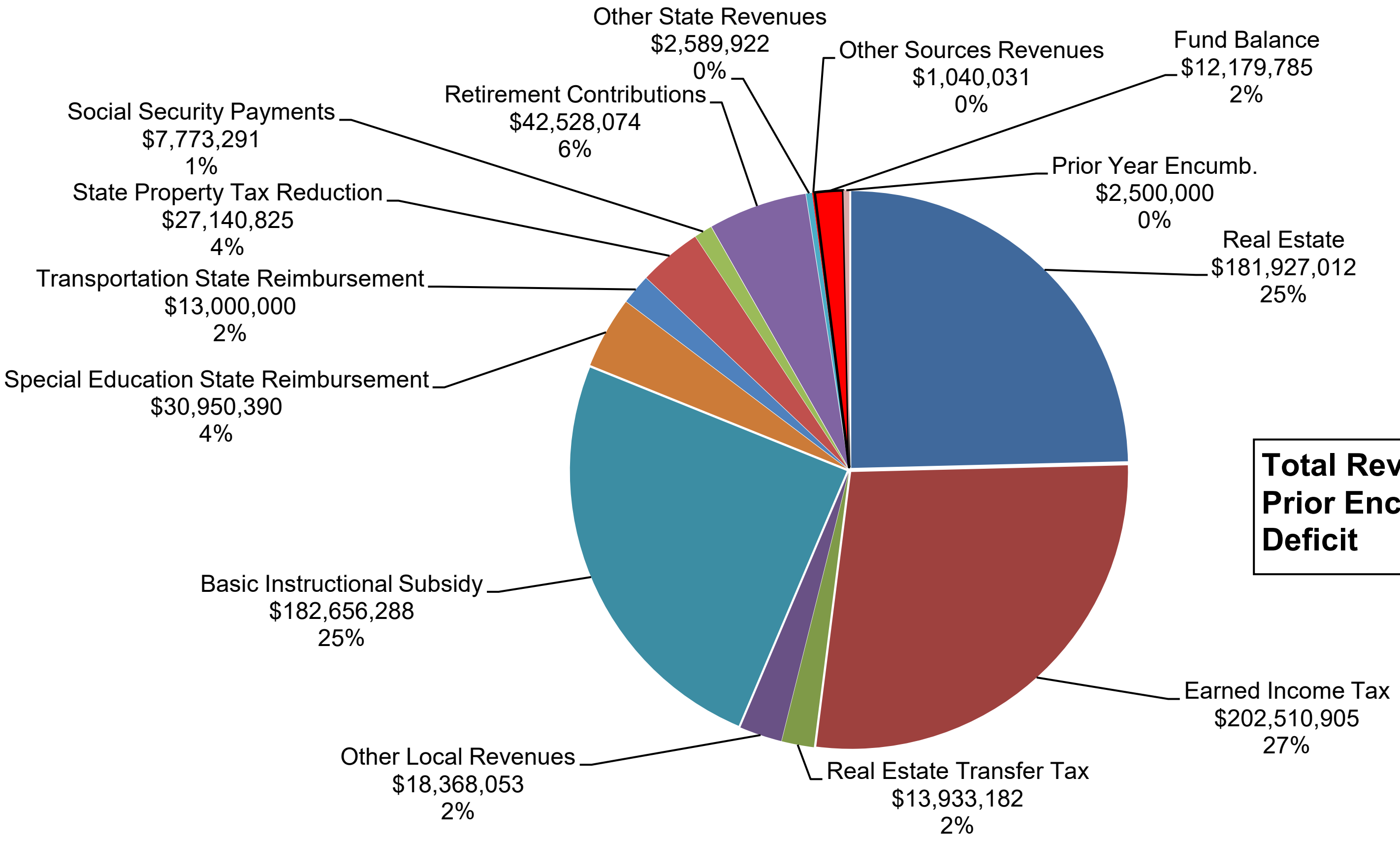
- **The current budget DOES NOT adhere to Board's minimum 5 percent fund balance policy for the General Fund through 2026 based on assumptions to date**

- **Projections as of 9/30/25 indicate final expenditures of $733.2 million and an operating deficit of $21.9 million**

- **Includes a 4% millage rate increase**

Revenues

2026 Preliminary Revenue



Total Revenue	**$724,417,973**
Prior Encumbrances	**$ 2,500,000**
Deficit	**$ 12,179,785**

Comparison to 2025 Revenue

Revenue Sources	2025	2026	Change	% Change
Real Estate	186,050,091	181,927,012	(4,123,079)	-2.22%
Earned Income Tax	194,582,206	202,510,905	7,928,699	4.07%
Real Estate Transfer Tax	16,655,474	13,933,182	(2,722,292)	-16.34%
Other Local Revenues	19,282,449	18,368,053	(914,396)	-4.74%
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	7,773,291	(127,679)	-1.62%
Retirement Contributions	41,458,180	42,528,074	1,069,894	2.58%
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	12,179,785	(15,943,330)	-56.69%
Total	**752,283,642**	**736,597,758**	**(15,685,884)**	**-2.09%**

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

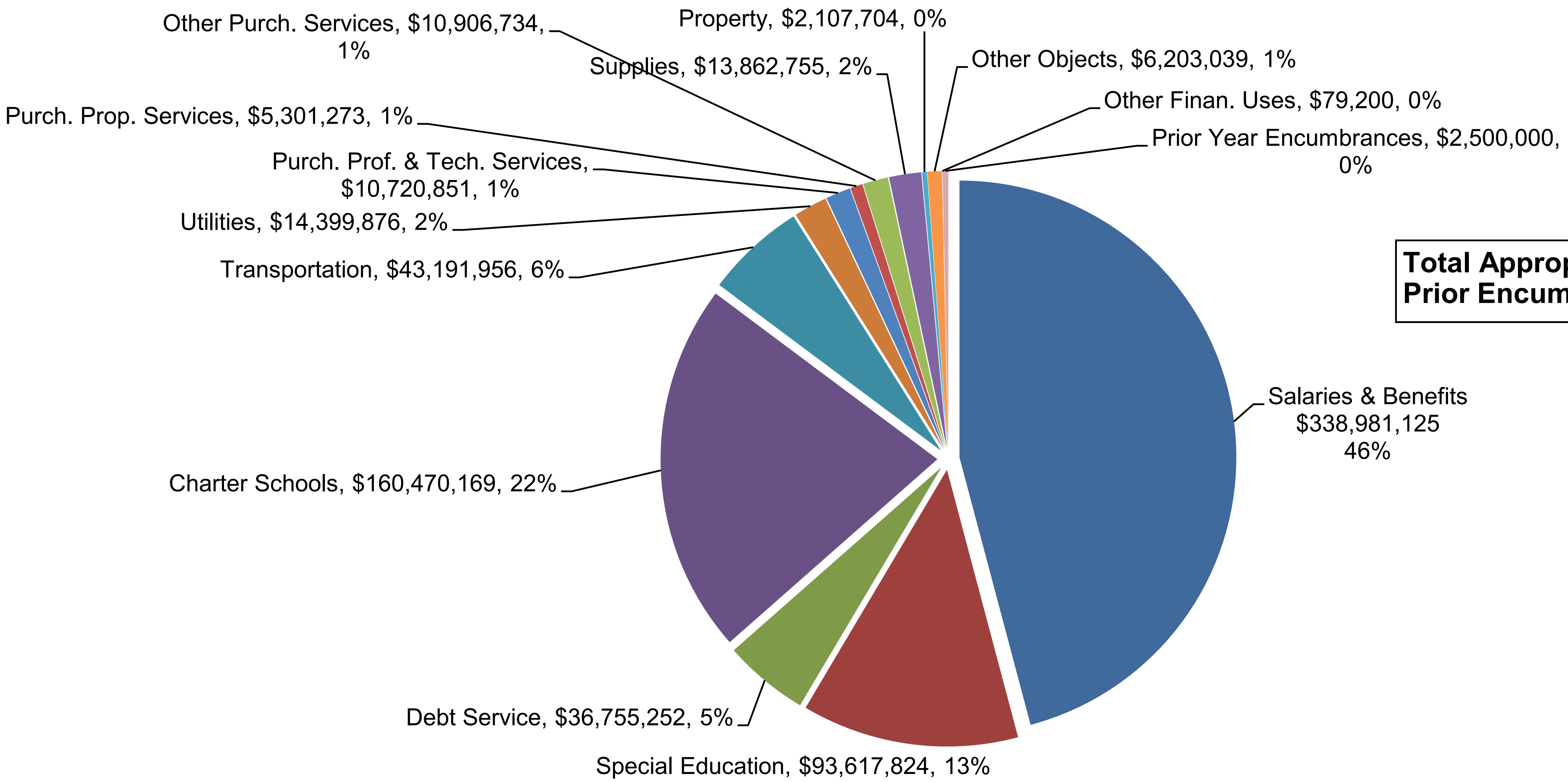
- For 2026, there are 886 BPAAR appeals totaling $906.8 million in assessed value
  - 15 of these appeals account for $522.9 million in assessed value

The Budget Impasse Continues

- The budget impasse is entering its fifth 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.
- To date, we have not received $95 million in funding from the State.

Expenditures

2026 Appropriations by Major Object



Total Appropriations	**$736,59758**
Prior Encumbrances	**$ 2,500,000**

Comparison to 2025 Appropriations

Expenditure Category	2025	2026	Increase/(Decrease)	% Change
Salaries & Benefits	344,400,691	338,981,125	(5,419,566)	-1.57%
Special Education	97,348,345	93,617,824	(3,730,521)	-3.83%
Debt Service	39,030,848	36,755,252	(2,275,596)	-5.83%
Charter Schools	166,926,740	160,470,169	(6,456,571)	-3.87%
Transportation	41,098,117	43,191,956	2,093,839	5.09%
Utilities	11,885,610	14,399,876	2,514,266	21.15%
Purch. Prof. & Tech. Services	10,768,844	10,720,851	(47,993)	-0.45%
Purch. Prop. Services	5,305,256	5,301,273	(3,983)	-0.08%
Other Purch. Services	12,442,042	10,906,734	(1,535,308)	-12.34%
Supplies	12,861,453	13,862,755	1,001,302	7.79%
Property	2,416,139	2,107,704	(308,435)	-12.77%
Other Objects	7,720,357	6,203,039	(1,517,318)	-19.65%
Other Finan. Uses	79,200	79,200	-	0.00%
Total	**752,283,642**	**736,597,758**	**(15,685,884)**	**-2.09%**

Pittsburgh Public Schools

Financial Outlook

We Still Have More Work to do to Balance Our Budget

Pittsburgh Public Schools
Students first
Always, in all ways.

	Actual Year Ended 2023	Actual Year Ended 2024	Adopted Year Ended 2025	Projected Year Ended 2025	Projected Year Ended 2026	Projected Year Ended 2027	Projected Year Ended 2028
Total Revenues	$682,258,983	$698,526,179	$724,160,527	$711,226,326	$724,417,973	$738,741,328	$756,625,096
Total Expenditures	$678,916,579	$705,591,642	$752,283,642	$733,168,566	$736,597,758	$753,281,206	$782,583,619
Beginning Balance	$80,564,452	$83,906,856	$76,841,394	$76,841,394	$54,899,154	$42,719,369	$28,179,490
Operating Surplus/(Deficit)	$3,342,404	($7,065,462)	($28,123,115)	($21,942,240)	($12,179,785)	($14,539,879)	($25,958,523)
Ending Fund Balance	$83,906,856	$76,841,394	$48,718,279	$54,899,154	$42,719,369	$28,179,490	$2,220,967
Less Projected Reservations	($2,335,748)	($10,016,796)	($2,500,000)	($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	(29,685,901)	($28,123,115)	($12,179,785)	($12,179,785)	(14,539,879)	(25,958,523)	(27,885,757)
Unassigned Fund Balance	$51,885,207	$38,701,482	$34,038,494	$40,219,369	$25,679,490	($279,033)	($28,164,790)
% Budgeted Expenditures	7.64%	5.48%	4.52%	5.49%	3.49%	-0.04%	-3.60%
Minimum Fund Balance per Board Policy #721	$33,945,829	$35,279,582	$37,614,182	$36,658,428	$36,829,888	$37,664,060	$39,129,181
Compliance with Fund Balance Policy	Yes	Yes	No	Yes	No	No	No
Funds needed to comply with Fund Balance Policy	($17,939,378)	($3,421,900)	$3,575,688	($3,560,941)	$11,150,398	$37,943,093	$67,293,971

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Key Takeaways for the 2026 Budget

- **The 2026 budget includes an operating deficit of $12.2 million**

- **The 2025 budget DOES NOT adhere to Board's minimum 5 percent fund balance policy for the General Fund through 2026 based on assumptions to date**
  - **We CANNOT rely on fund balance to balance the 2028 budget**

- **Includes a 4% millage increase**

- **This budget assumes the approval and implementation of the Future Ready Facilities Plan**

2026 General Fund Budget Development Timeline

- November 3, 2025 – Presentation of 2026 Preliminary Budget
- November 17, 2025 – Release of Preliminary 2025 General Fund Budget
- December 8, 2025 – Special Budget Hearing
- December 17, 2025 – Approval of the 2026 General Fund Budget and Tax Rates
- December 31, 2025 – Deadline to adopt the 2026 Budget

Questions?