

Tredyffrin/Easttown School District

FY 2026-27 Budget Development

Board Meeting - Priority Discussion
January 5, 2026

TESD FY 2026-27 Budget Timeline

Draft

2025	2026	March	April	May	June
December First review of budget and major cost impacts in Finance Committee Meeting	January Display/Adopt the Budget OR pass resolution to stay at or below the Act 1 Index of 3.5%	Budget Workshop I - March 9th	Budget Workshop II - April 13th Proposed Final Budget adoption at April 27th Board Meeting	Finance Meeting May 11th Regular Board Meeting May 26th	Finance Meeting June 4th Final Budget adoption at June 8th Board Meeting

Budget Scenarios FY26-27

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	A	B	C	D
		FY 26-27 Budget	FY 26-27 Budget	FY 26-27 Budget
		No New Tax Revenue	Act 1 Index - 3.5%	Act 1 Index and exceptions**
1	Budgeted Anticipated Revenue	\$187,744,803	\$187,744,803	\$187,744,803
2	*Budgeted Anticipated Expenditures	\$202,668,179	\$202,668,179	\$202,668,179
3	Property Tax Revenue from Tax Increase	\$0	\$5,169,754	\$7,259,812
4	Budget Reductions/Fund Balance Contributions	\$0	\$0	\$0
5	Projected Operational Deficit	(\$14,923,376)	(\$9,753,622)	(\$7,663,564)

*Does not include Contingency

** Projections indicate the District will be eligible for Special Education Referendum Exception but ineligible for the PSERS Referendum Exception

2026-27 Budget Development

Draft

Development of the FY26-27 Operating Budget

1. Property tax revenue includes assessment growth, assessment appeals gains/losses and historic collection rates - \$2M Decrease
2. Capital Funds Transfer - \$6M Flat
3. Special Education Department - \$4.1M Increase
4. Debt Service for Bond Issue - \$950,000 Increase
5. Projected Professional Staffing Additions - \$323,000 Increase
6. First look for Healthcare projection - Medical 10% Increase, Rx Flat, Dental Flat

FY 2026-27 Preliminary Budget Options

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Option 1

- Pass the resolution to display the FY2026-27 Preliminary Budget in advance of January 26th Board meeting**
- Authorize the Administration to file for Exceptions to Act 1 Index**
- Meet the State deadline to pass a preliminary budget by February 18th**

Option 2

- Pass a resolution to stay at or below the Act 1 Index of 3.5%**
- The Administration does not file for Exceptions to Act 1 Index**
- No State deadline to pass the FY2026-27 preliminary budget**
- Adopt FY2026-27 Proposed Final in April and Final Budget in June**

Act 1 of 2006 (Index and Exceptions)

□ Taxpayer Relief Act of 2006 established the Act 1 Index

- Each year, the PA Dept of Ed (PDE) sets an inflationary index that serves as a cap on each school district's allowable tax increase. The index percentage is the average of the percentage increase in the statewide average weekly wage, as determined by the PA Dept of Labor and Industry, for the preceding calendar year and the percentage increase in the Employment Cost Index for Elementary and Secondary Schools, as determined by the Bureau of Labor Statistics in the U.S. Dept of Labor, for the previous 12-month period ending June 30. School districts can only raise taxes above this index by either obtaining approval from the voters or applying and qualifying for one of the specific referendum exceptions provided for in Act 1.

□ Referendum exceptions in the Taxpayer Relief Act of 2006

- In order to increase property taxes beyond Act 1 Index, a school board must apply to and receive approval from PDE for a referendum exception for specific costs.
- Two of those referendum exceptions are:
 - 1) Special Education expenditures that increase by more than the Act 1 index
 - 2) Increases in retirement contributions to State (PSERS) that rise faster than the Act 1 index

Source: PDE Report on Referendum Exceptions (April 2016)

Tax Impact from Act 1 Index and Exceptions

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(Act 1 Index of 3.5%)

		A	B	C
	<u>FY 2026-27</u>	<u>Tax Rate</u>	<u>Projected Revenue</u>	<u>Mills</u>
1				(Current Rate = 29.6567)
2	Act 1 Index	3.5%	\$5,169,754	1.0380
3	<u>Projected Referendum Exceptions:</u>			
4	Special Education Expenditures	1.415%	\$2,090,058	0.4196
5	Employer Retirement Contributions	0.0%	\$0	0.0000
6	Total	4.915%	\$7,259,812	1.4576
7				(New Rate = 31.1143)

History of TESD Property Tax Rate

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Avg Tax Rate
Increase for
Last 5 Years
3.9%

A	B	C		D	E	F
		Exceptions				
<u>Year</u>	<u>Act 1 Index</u>	<u>PSERS</u>	<u>Special Ed</u>			
2025-26	4.0%	-	0.660%	4.66%	\$350	
2024-25	5.3%	-	1.011%	5.90%	\$415	
2023-24	4.1%	-	-	3.50%	\$235	
2022-23	3.4%	-	-	2.95%	\$190	
2021-22	3.0%	-	-	2.50%	\$157	
2020-21	2.6%	-	-	2.60%	\$162	
2019-20	2.3%	0.022%	1.59%	3.91%	\$229	
2018-19	2.4%	0.020%	-	2.42%	\$139	
2017-18	2.5%	0.363%	0.337%	3.20%	\$178	
2016-17	2.4%	0.60%	0.60%	3.60%	\$191	
2015-16	1.9%	1.14%	0.77%	3.81%	\$194	
2014-15	2.1%	1.10%	-	3.20%	\$157	
2013-14	1.7%	-	-	1.70%	\$82	
2012-13	1.7%	1.04%	0.56%	3.30%	\$155	
2011-12	1.4%	1.20%	1.17%	3.77%	\$171	
2010-11	2.9%	-	-	2.90%	\$126	
2009-10	4.1%	-	-	2.95%	\$126	
2008-09	4.4%	-	-	4.37%	\$171	
2007-08	3.4%	-	-	3.37%	\$128	
2006-07	3.9%	(Act 1 of 2006 Becomes Law)		3.90%	\$145	

Actual Entity-wide Deficits (or Surplus) at FYE

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Fiscal Year	Total General Fund (GF) Revenue	GF Operating Expenses (w/o Capital Fund Transfer)	Net Capital Expenses	Total Expenses (B + C)	Variance (A - D)
FY 2007-08	\$96,183,760	\$93,159,844	\$7,482,666	\$100,642,510	(\$4,458,750)
FY 2008-09	\$97,297,906	\$96,615,461	\$7,989,551	\$104,605,012	(\$7,307,106)
FY 2009-10	\$99,678,843	\$104,220,356	\$2,520,552	\$106,740,908	(\$7,062,065)
FY 2010-11	\$102,295,736	\$101,137,465	\$3,011,021	\$104,148,486	(\$1,852,750)
FY 2011-12	\$105,611,474	\$101,678,179	\$4,491,454	\$106,169,633	(\$558,159)
FY 2012-13	\$111,130,602	\$106,184,781	\$3,423,759	\$109,608,540	\$1,522,062
FY 2013-14	\$112,908,389	\$110,752,093	\$5,050,715	\$115,802,808	(\$2,894,419)
FY 2014-15	\$118,340,058	\$117,633,341	\$5,899,413	\$123,532,754	(\$5,192,696)
FY 2015-16	\$124,914,351	\$124,408,595	\$7,802,495	\$132,211,090	(\$7,296,739)
FY 2016-17	\$131,103,779	\$130,799,879	\$6,721,570	\$137,521,449	(\$6,417,670)
FY 2017-18	\$137,790,087	\$138,287,887	\$6,462,397	\$144,750,284	(\$6,960,197)
FY 2018-19	\$143,209,982	\$138,695,416	\$6,241,435	\$144,936,851	(\$1,726,869)
FY 2019-20	\$149,372,108	\$143,125,824	\$11,833,647	\$154,959,471	(\$5,587,363)
FY 2020-21	\$152,464,188	\$149,080,257	\$34,661,872	\$183,742,129	(\$31,277,941)
FY 2021-22	\$158,416,969	\$151,149,864	\$17,284,635	\$168,434,499	(\$10,017,530)
FY 2022-23	\$166,929,046	\$166,384,702	\$7,917,094	\$174,301,796	(\$7,372,750)
FY 2023-24	\$175,584,925	\$169,842,084	\$29,194,240	\$199,036,324	(\$23,451,399)
FY 2024-25	\$183,065,984	\$178,006,870	\$16,345,880	\$194,352,750	(\$11,286,766)
TOTAL	\$2,366,298,187	\$2,321,162,898	\$184,334,396	\$2,505,497,294	(\$139,199,107)

FY 2026-27 Key Dates for Budget Development

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- A. January 5, 2026 – FY 2026-27 Preliminary Budget put on display unless resolution is passed to stay at or below the Act 1 index
- B. January 16, 2026 – Public Notice to Adopt FY 2026-27 Budget unless resolution is passed to stay at or below the Act 1 index
- C. January 26, 2026 – Board Meeting to Adopt FY 2026-27 Preliminary Budget unless resolution is passed to stay at or below the Act 1 index
- D. February 27, 2026 – Deadline to publish notice of intent to file for exceptions (Deadline to file for exceptions is March 5, 2026)
- E. March 9, 2026 – Budget Workshop I
- F. April 13, 2026 – Budget Workshop II
- G. April 27, 2026 – Adopt Proposed Final Budget for FY 2026-27
- H. June 8, 2026 – Adopt Final Budget for FY 2026-27