



2026-2027 EARLY LOOK OF PRELIMINARY BUDGET

NORTHWESTERN LEHIGH SCHOOL DISTRICT

January 7, 2026

ACT 1 INDEX-ABILITY TO RAISE TAXES

| Act 1 Index & Exceptions | Base Index | Budgetary Impact | Average Taxpayer Impact |
|-------------------------------------|-------------------|-------------------------|--------------------------------|
| Act 1 Index 2026-2027 Base Index | 3.50% | | |
| Estimated Tax Revenue | 0.7281 mills | \$1,244,681 | \$160.18 |
| | | | |

NOTE: The above information represents the estimated MAXIMUM ALLOWABLE tax increase without going to voter referendum. This does not reflect the recommendation for a tax increase for 2026-2027.

EARLY LOOK 2026-2027

| | Actual | | | | |
|------------------------------------|-------------------|-------------------|-------------------|-------------|----------|
| | Budget | Final Budget | Early Look | Change from | |
| | 2024-2025 | 2025-2026 | 2026-2027 | 2025-2026 | % Change |
| Building & Departments | 3,169,946 | 3,273,186 | 3,273,186 | - | 0.0% |
| Salaries | 21,476,065 | 22,607,571 | 23,891,574 | 1,284,003 | 5.7% |
| Benefits | 12,950,157 | 14,258,875 | 15,563,283 | 1,304,408 | 9.8% |
| District Wide & Grants | 14,506,191 | 15,064,767 | 15,799,271 | 734,504 | 5.0% |
| Total Expenditures | 52,102,359 | 55,204,399 | 58,527,314 | 3,322,915 | 6.3% |
| Total Revenue | 54,112,302 | 53,976,782 | 54,917,342 | 940,560 | 1.8% |
| Surplus/(Shortfall) before FB | 2,009,942 | (1,227,617) | (3,609,972) | | |
| Allowable Millage Increase 3.5% | | | 1,244,681 | | |
| Revised Shortfall | | | (2,365,291) | | |

MAJOR COST DRIVERS:

| Category | Increase from Prior Year |
|------------------------------------|---------------------------------|
| Salary Increases | \$1,200,000 |
| PSERS Employer Contribution 33.59% | \$ 320,000 |
| Health/Dental Insurance | <u>\$ 870,000</u> |
| Total | \$2,390,000 |

CLOSING THE GAP...

- ▶ Staffing & benefits
- ▶ Potential savings on retirements/resignations/furloughs
- ▶ Bid pricing for heating oil and diesel
- ▶ Cyber Charter based on enrollment and the updated formula for setting the tuition rates each year for the schools
- ▶ Evaluate capital reserve transfers/equipment replacements
- ▶ Changes to Building/Department budgets
- ▶ Planned use of fund balance



RECOMMENDATION

- ▶ Adopt Resolution to stay within the Act 1 index at the January 21, 2026 board meeting.



2026-2027 BUDGET TIMELINE

| | |
|------------------|--------------------------------------|
| January 21, 2026 | Resolution Not to Exceed Act 1 Index |
| January to June | Budget Presentations to Board |
| May 6, 2026 | Proposed Final Budget Presentation |
| May 13, 2026 | Proposed Final Budget Adoption |
| June 3, 2026 | Final Budget Presentation |
| June 17, 2026 | Final Budget Adoption |