

A Closer Look at the 2025–26 GCASD Budget

When the Grove City Area School District Board approved the 2025–26 budget in June, it did so knowing the district was facing a projected deficit.

That decision was not made lightly, and it was not made without a plan.

The budget includes a projected shortfall of \$4.8 million — but it also reflects the reality of running a school system in a period when costs continue to rise faster than revenue, and when many of the biggest financial variables affecting public schools are set by forces outside our direct control.

As part of our ongoing commitment to transparency, we want to share what is driving the district’s current financial picture, what steps we have already taken, and what the district will be watching closely in the months ahead.



The Deficit is Real — But So is Our Plan

It’s important to understand that a projected deficit is not the same thing as an emergency.

The district’s general fund balance, which currently sits at \$7.1 million, exists for this purpose: to provide stability during years when costs increase, revenue falls short, or unexpected financial pressures arise.

It is also important to understand that part of the deficit is not money the district expects to spend — but money we are required to budget.

“At least a million dollars of that deficit is budgeted for what-ifs,” Harris said. “Because the state doesn’t allow us to spend more than our total budgeted expenditures, we need to put a little cushion in there.”

That “cushion” is a responsible budgeting practice, and it helps protect the district against mid-year surprises.

What’s Driving Costs Up — And Why Revenue isn’t Keeping Pace

The core financial challenge facing Grove City is one facing school districts across Pennsylvania. Inflation has driven up the cost of almost everything we purchase — including health insurance, property insurance, utilities, transportation, contracted services, supplies, and facility maintenance — but the district’s revenue has not risen at the same pace.

“When you’re looking at inflation rates around 3% to 4% or higher, which is what we’ve been seeing the last few years, there is a proportionate increase in the cost of all products purchased by the district,” Harris said. “The school’s also seeing the impact of cost increases in other areas — health insurance costs have been increasing at record rates throughout the country and the district is no different.”

Unlike a private business, a public school district cannot simply raise prices to cover rising costs.

The Real Estate Assessment Appeals: A Major Hit to Our Tax Revenue

In addition to inflation and long-term structural funding issues, the district has faced a very specific local challenge: commercial property tax appeals, primarily properties located near and including the outlet mall.

“The outlet mall appeals have really crushed us,” Harris said.

Beginning in 2021, several hotels and commercial properties near the outlet mall successfully appealed their assessed values, citing significant revenue losses during the COVID shutdown period.

“We had a lot of hotels start this trigger in 2021 out by the outlet mall,” Harris said. “Because when COVID hit, everything shut down. So they had a significant loss in revenue for that year.”

Continued on next page

A Closer Look at the 2025–26 GCASD Budget

Because commercial assessments are tied to the business's fair market value and revenue plays a major role in that determination, those appeals resulted in reduced property values — and reduced local tax revenue.

Perhaps, the most significant impact on the district was from the assessment appeal of the Grove City Factory Shops themselves. A settlement agreement was reached in 2023 which implemented a three year incremental reduction in assessed value of the property for 2022, 2023, and 2024.

The district has also seen additional appeals, including Walmart, Wendell August Forge and the former Rite Aid building.

“These appeals impacted not only our real estate tax revenue for each of those years, but also had a cumulative impact on our fund balance,” Harris said. “The district lost approximately \$2.8 million in tax revenue over the course of the last five years due to assessment appeals, \$2.2 million of which was solely due to the outlet mall. This is money that should have been included in our fund balance.

“Just in the current school year, if those appeals had not gone through, I’m estimating that we would have had about \$1.1 million in additional tax revenue.”

For 2026-27, Harris said, the district currently expects to lose about \$24,000 in real estate tax revenue due to new assessment appeals.

The Grove City Factory Shops have filed another appeal for 2026 which is currently going through the appeals process at the court level and may result in additional reductions to their assessed value, which would mean additional reductions in real estate tax revenue for the district.

Reassessment is Coming — And We Want Residents to Understand What it Means

Mercer County is currently in the process of a countywide reassessment, and the district expects that process to be a major point of discussion in 2026 and 2027. It is important for residents to understand what reassessment does and does not do.

Reassessment does not generate new money for the district. Some taxpayers may see their taxes go up, some may see them go down and some may be relatively unchanged, but the district will not see an increase in tax revenue.

District tax revenue is determined by the total of all district taxable assessed property values multiplied by the district's millage rate. When the total assessed value goes up, which will happen after the reassessment when all properties are brought to today's fair market value, the district will be required to reduce the millage rate so that the tax revenue to the district neither increases or decreases.

However, reassessment still matters since it should align all properties with today's fair market value. Taxpayers are encouraged to appeal their assessed values in 2026, prior to the district resetting the millage rate, if they feel that their assessed value does not reflect the fair market value of their property. If taxpayers appeal their assessments after the millage rate is reset, in January 2027, the district could lose tax revenue.

“It would adversely affect the district if people get their real estate tax bills in August 2027 and are not happy with their taxes and file an appeal,” Harris said. “If they appeal and succeed in reducing their assessed value after the millage rate is reset, it will be a direct loss of revenue to the district, much like the assessment appeals over the past five years. That is why the district will be encouraging residents to pay close attention to the timeline.

Demystifying State Funding: Why Grove City isn't Receiving “Adequacy” Dollars

The district's revenue picture is also shaped by state funding formulas, and Grove City has not seen the same increases some other districts have received.

“The state subsidies coming to us to fund our school's education are lower than the state average,” Harris said, “and they're not keeping pace with inflation.”

Pennsylvania's “adequacy funding” program has been described publicly as a major investment in schools. But Harris said Grove City does not qualify under the current formula.

“The State keeps touting ... all this additional money that they are giving to the schools in this adequacy funding,” Harris said. “Grove City is not one of them.”

Harris said the formula is based on COVID-era financial data — a period when federal relief funding temporarily increased per-pupil spending.

Continued on next page

A Closer Look at the 2025–26 GCASD Budget

During that time, Grove City expanded summer school programming and moved to one-to-one Chromebooks — decisions the district believes were right for students, but which increased per-pupil spending in the data used by the state.

This year, Harris said, Grove City received \$50,000 through a new state minimum allocation for districts that do not qualify for adequacy funding through the formula. But last year, the district received nothing.

Federal Funding is Shrinking

Federal revenue is a small share of the district’s overall budget, but it has continued to decrease year after year.

“It’s probably less than 5% of our total revenue,” Harris said. “But it has continued to decrease every year.”

Federal funding supports targeted needs — including staffing and services at Hillview and safety and security investments.

“Some of the federal money is used for safety and security, like the Raptor system that we have at the main entrance of our school buildings and our emergency response app used by our district employees and first responders,” Harris said.

The High School Renovation:

A Necessary Investment with Long-term Costs

The district has also begun to see the annual budget impact of the bonds taken out for the high school renovation project.

“We had to take out two bonds for the high school project — two \$10 million bonds,” Harris said. “So we’ve started to see those principal and interest payments become part of our annual budget.”

The renovation addressed critical infrastructure needs.

“The boilers were approximately 75 years old,” Harris said. “Multiple systems were reaching their end of life with many already beyond their end of life.”

In addition to the two bonds for the high school project, the district already had three \$10 million bonds from the Hillview project. The district will spend just under \$2.8 million in bond principal and interest repayments during the 2025-26 school year. This will increase to just over \$3.0 million for 2026-27.

Cost-saving Steps Already Underway

The district has not waited for a crisis to begin making changes. Over the past nine years, the district has taken multiple steps aimed at reducing costs through staffing efficiencies while protecting classroom instruction; this has resulted in a 25% overall decrease in total district staff. The district capitalized on efficiencies by reassigning job responsibilities, when possible, instead of hiring new employees to replace vacancies due to retirements or resignations.

In the past year alone, the district has reduced salary and benefits costs by over \$900,000 due to staff restructuring and improved efficiencies. One example of this is the restructuring of the Hillview assistant principal position. Instead of two full-time, 12-month principals at Hillview, the assistant principal is now a full-time, 10-month position.



A Proactive Step That Returned More Than \$200,000: Cyber Charter Recapture

One of the most immediate examples of the district taking proactive action occurred this past summer. The district participated in a cyber charter student recapture effort, designed to bring students back from cyber charter schools into district programming.

The financial impact was substantial: the district reduced tuition expenditures by more than \$220,000 through that effort.

The goal was not simply financial. The district believes students benefit from remaining connected to Grove City teachers, support staff, and programs — even when families need flexible learning options.

[Continued on next page](#)

A Closer Look at the 2025–26 GCASD Budget

Charter Reform Helps —

But it Doesn't Solve the Problem

Pennsylvania lawmakers have made changes to charter and cyber charter tuition calculations, and Harris said those changes will help the district.

“It will save us approximately \$1,000 for each regular education student and \$5,000 for each special education student for the 2025-26 school year,” Harris said. “So it’s helpful, but it’s not the windfall that everyone expects it to be.”

The Tax Base: Limited Growth and Significant Exemptions

The district’s ability to generate new local revenue is limited not only by economic growth, but also by the structure of the tax base. Harris said a significant portion of property in the borough is tax exempt.

“In 2025, 60% of the borough didn’t pay real estate taxes because they’re tax exempt,” Harris said.

That includes nonprofit institutions, churches, and educational entities.

Harris said the district has also seen slower-than-expected development near the outlet mall, due in part to infrastructure limitations.

What Comes Next?

The district has been sharing five-year projections with the board for years.

“We’ve been showing the board the five-year projections since 2018,” Harris said.

For a time, federal COVID relief funds helped stabilize the district’s fund balance.

“It was nice when we had the money from COVID,” Harris said. “That kind of put a bandage on our financial situation for those couple years.”

Now those funds are gone, and the district is again facing the underlying challenge of expenses rising faster than revenue. The district will continue to explore options, including ideas to both increase revenues and decrease expenditures — such as accepting non-resident students which was discussed publicly at a recent Board meeting.

“We must explore every avenue to decrease our annual deficit,” Harris said, “as we’re running out of fund balance, we cannot continue to sustain a deficit year after year.”

Harris said she understands how difficult this is to communicate.

The district’s goal, Harris said, is to continue providing strong programming while being honest with the community about what the numbers show.

“The goal is to continue to provide the best, high quality education and offer as many services as possible,” she said.

