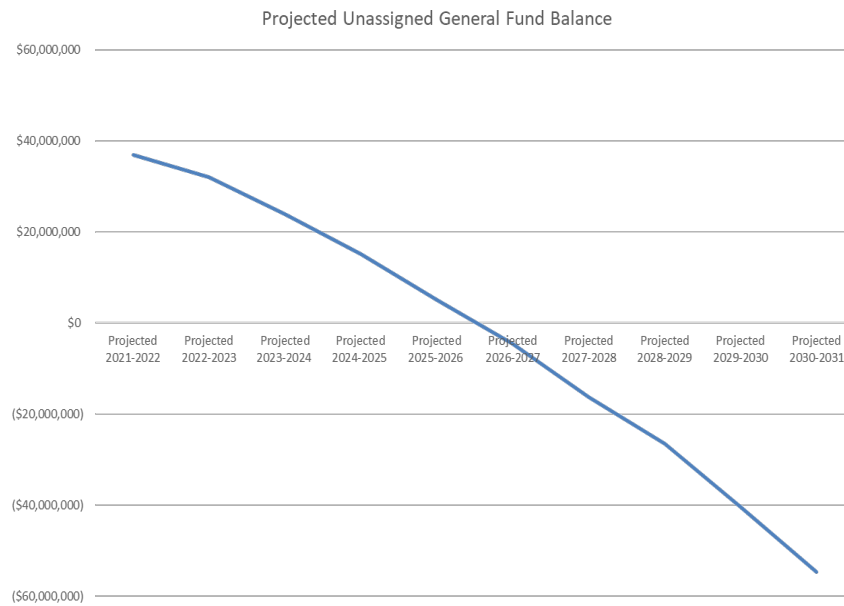


SCASD Budget Work Session

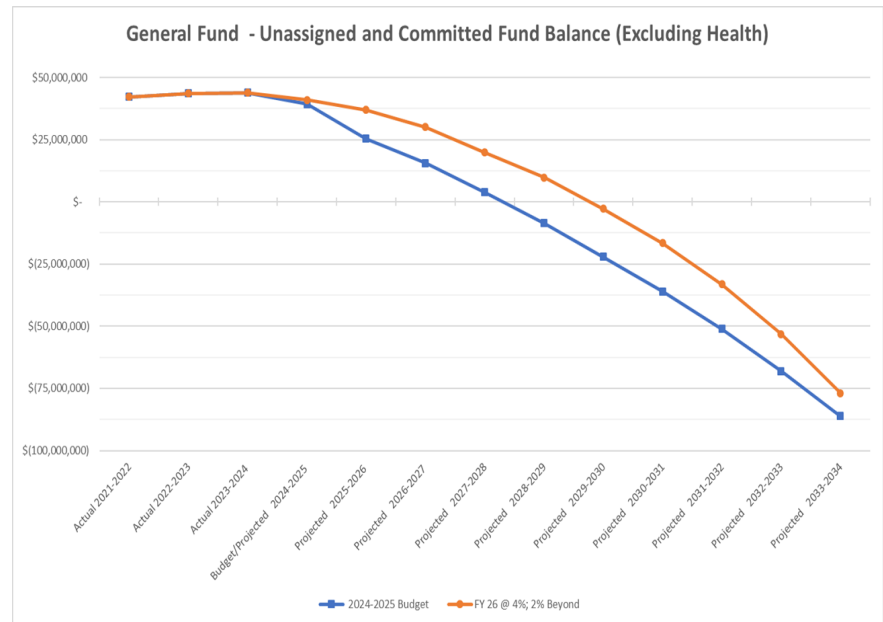
March 23, 2026

The Fund Balance Cliff That Never Arrives

2022



2026



Revenue has beaten estimates before, why not again?

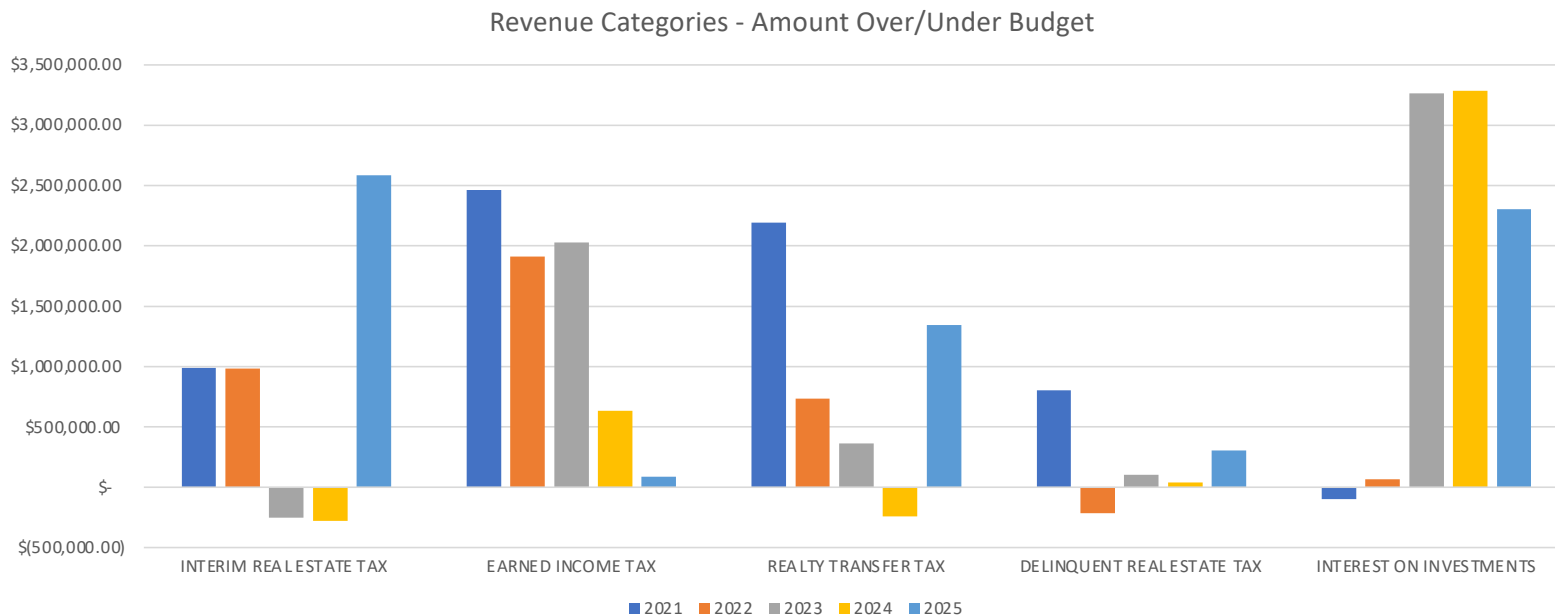
- Real Estate Tax and Earned Income Tax have been very consistent with the budget – Real Estate Tax came in within 0.01% of the budgeted amount last year.
- One time, unreliable funding sources helped buoy the District budget in FY25:
 - The highest real estate transfer tax revenue in the past decade
 - The highest interim real estate tax revenue in the past decade
 - Much higher investment income than budgeted (but interest rates are falling)
 - Additional Basic Ed Subsidy once the State Budget was passed
- In FY24 – revenue was substantively higher than budgeted due to:
 - Higher investment income (2.3x the budgeted amount).
 - Much higher Basic Education Subsidy once the State Budget was passed.

Revenue has beaten estimates before, why not again?

- Challenges Ahead:
 - Growth rate for Assessed Value (used to calculate real estate taxes) is -0.2% for FY 2026-27, assumed growth rate for 2026-27 based on past experience was 0.9%. The impact of this decrease is approximately \$1.1M.
 - Two years of zero tax increases during the pandemic – this impact compounds in future years when there is no tax increase
 - State Funding Increases have not kept pace with growth, especially in Special Education
 - In December 2024, Special Education Enrollment was 982 students, Commonwealth Funding was \$3.664M
 - In December 2020, Special Education Enrollment was 779 students, Commonwealth Funding was \$3.359M
 - Students have grown by 26.06%, State Funding has grown by 9.08%
 - Federal funding has ended (spike during the pandemic) and reverted back to historical levels

The Fund Balance Cliff That Never Arrives

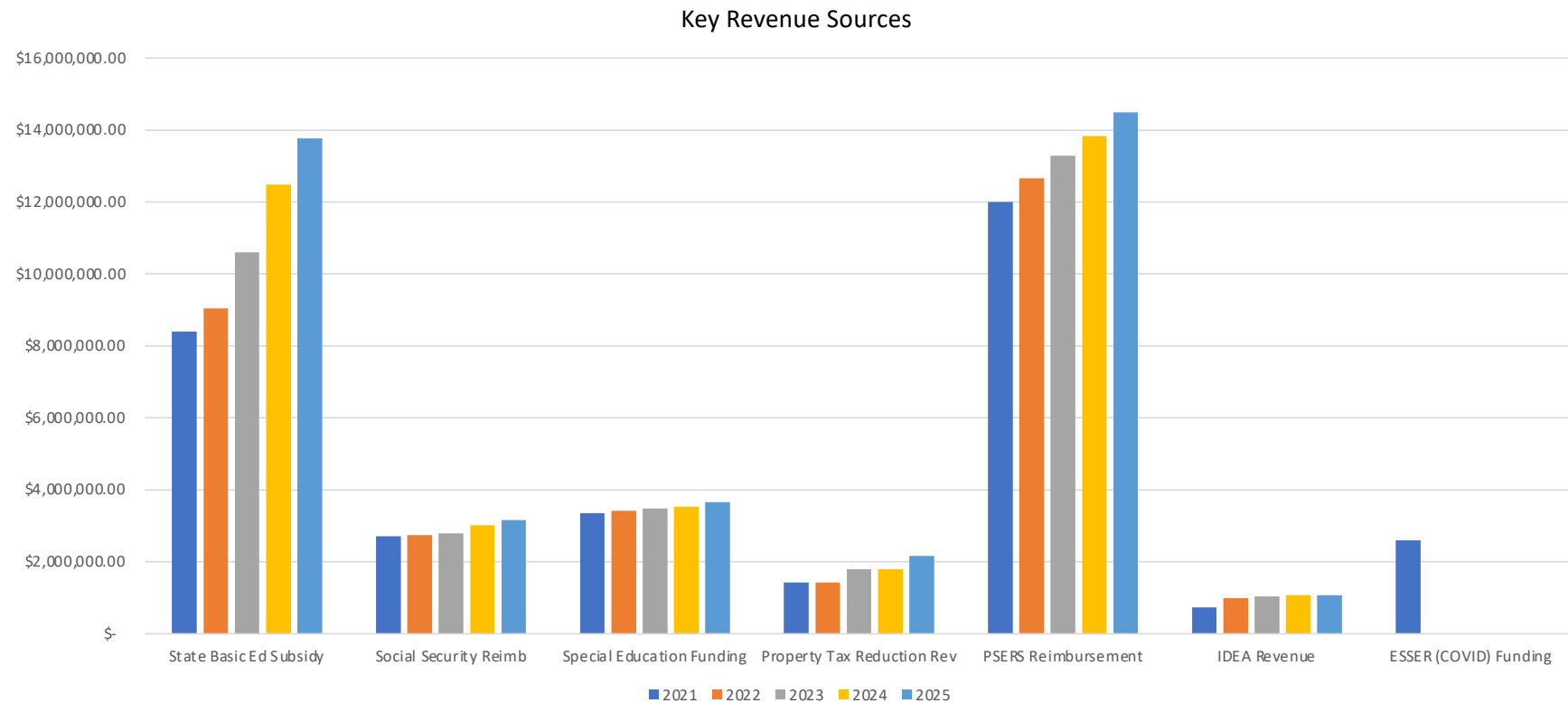
- Why is this year different? – Revenues



Real Estate Tax Increase is limited by the Commonwealth to the Act 1 Index. In 2026, the index is 3.5% and expected to remain between 3.1% and 3.3% until 2031. Please note that Accounting is forced to budget state revenue in a conservative manner because historical state funding is not known until well after the passage of the District budget.

The Fund Balance Cliff That Never Arrives

- Why is this year different? – Revenues



The Fund Balance Cliff That Never Arrives

- Why this year is different – Revenues
 - The FY 2026-27 Act 1 Index allows for a maximum of a 3.5% tax increase which would provide an additional \$4.6M in revenue.
 - Earned Income Tax is projected to grow at 3% consistent with recent history. Earned Income Tax is approximately 10% of the District's total revenue.
 - Income from State and Federal sources is expected to remain level. State and Federal Revenue combine to make up approximately 20% of the District Revenue.
 - Other revenue makes up 10% of the District total revenue. If all other revenue went up by 10% it would only be a 1% (\$2.1M) increase in total revenue.
- Adding up the above total revenue is expected to increase revenue by approximately 3.2% (from \$207.5M to \$214.1M).

The Fund Balance Cliff That Never Arrives

- Key Expense Indicators
 - Personnel costs have grown due to the inflationary pressures on the backside of the pandemic:
 - Salaries have increased from \$77.44M in FY23 to \$88.18M in FY25 and are expected to exceed \$100M in FY28 – about a 5.5% growth rate per year
 - Health insurance has increased from \$15.4M in FY23 to \$19M in FY25 – about an 11% growth rate per year
 - As the District budget increases so does the tuition rate that it is required to pay to charter schools. This conundrum has yet to be figured out by the State despite reform efforts being passed last year. In FY23 Charter School costs were \$5.76M, increased to \$6.3M in FY25 and are projected to grow to \$7.2M in FY27.

The Fund Balance Cliff That Never Arrives

- Additional staffing continues to be needed to meet PA State mandates.
- As the “newer” High School and elementary schools approach 10 years of age, planned equipment and fixture replacements typically begin. In addition there has been a significant increase in the costs to maintain the other District facilities as well.
- Tariffs and other new geopolitical concerns have increased prices – new vehicles, vehicle insurance, gas, electronics...it all costs more.
- Park Forest Middle School hit its life cycle, it needs to be replaced. That replacement comes with a price tag that our Capital Reserve funds won't be able to overcome – we are going to need to borrow money and we are going to need to pay it back. That cost has not been contained in our budget projections.
- There are capital needs beyond Park Forest Middle School and the District will need to find ways to afford those as well. Athletics and Fairmount will have significant capital expenditures in the future as well.

The Fund Balance Cliff That Never Arrives

- Why this year is different – Expenses
 - Growth in Personnel costs is anticipated to be about 5%. Salaries + PSERS (fixed percentage of Salaries) comprises 59.4% of the District's 2025/26 Budget.
 - Health Insurance costs are increasing by an average of 10% per year before adding new staff. Health Insurance comprises 10% of the District's 2025/26 Budget.
 - Special Ed enrollment increases and mandates are requiring additional resources the state is not funding.
 - Non-personnel costs are anticipated to increase by 3.4%.
- Adding up the above total expenses is expected to increase expenses by approximately 4.7% (from \$211.5M to \$221.4M) without onboarding the debt service associated with Park Forest Middle School.

District Metrics

	Dec-20	Dec-25	Change	Growth
Enrollment	6,705	6,709	4	Level
Spec Ed Students	779	982	203	4.75% per year
Staff	1,204.5	1,265.5	61	1% per year
Budget @	\$ 158,075,010	\$ 211,522,675	\$ 53,447,665	6% per year

@ - Personnel costs were 73.86% of budgeted expenses in the FY 2021 budget and are 73.73% of budgeted expenses in the FY 2026 budget.

Educational Programs & Supports Unique to SCASD

- Programs/Opportunities

- Alternative Education
 - Delta
 - Hearts Program
 - RIT Program
 - Virtual Academy – K-12
- CTC
- MTSS & Academic Interventions
- LifeLink PSU
- LifeLink Apartment
- Athletics, Intramurals & Student Clubs
- School Based Mental Health Services

Staffing Comparison 2017/18 to 2025/26

Position Name	Comment	2017-18	2025-26	Change since 2017-18
ASSOC/ASST PRINCIPAL	Added Virtual AP; 2025-26 includes current and previous Virtual AP position added 2022/23	6	8	2
BEHAVIORAL SPECIALISTS		0	3	3
CEEL ASST SITE SUPERVISOR-C.E.	no longer have position as of 2022/23	5		-5
CEEL SUPERVISOR-COMM ED		7	7	0
CEEL SUPERVISOR-COMM ED YR RND	position added for additional site in 2023/24	0	1	1
CENTRAL OFFICE ADMINISTRATOR	Transfer of 2 positions from Act 93 in 2025/26	5	7	2
CLERICAL PARAPROFESSIONAL	position changed to secretary			0
CLERICAL		4	4	0
COORDINATOR	Added 2 Elementary Coordinators	10	12	2
DEVELOPMENT/PUBLIC INFO	position moved to manager 2020/21	1		-1
EDUCATIONAL RECORDS COORDINATR		1	1	0
ELEMENTARY TEACHER	Gifted Teachers removed to separate category & eliminated 2 ISC	230	224	-6
EXECUTIVE SECRETARY		7	8	1
FINANCE OFFICE	moved to manager 2023/24	1		-1
FOOD SERVICE DRIVER	see Food Service Driver Other	1	2	1
FOOD SERVICE DRIVER OTHER	Position now Food Service Driver	1		-1
FOOD SERVICE SUPERVISOR	1 Position moved to Other Administrator	5	4	-1
FOOD SERVICE WORKER		76	78	2
GIFTED TEACHER	Teachers transfered from Elem & Sec to Gifted	0	13	13
GUIDANCE PARAPROFESSIONAL	moved to clerical para then to secretary	3		-3
HEALTH CARE PARAPROFESSIONAL		10	11	1

Staffing Comparison 2017/18 to 2025/26 cont'd

Position Name	Comment	2017-18	2025-26	Change since 2017-18
HOME&SCHOOL/SOCIAL WORKER		1	5	4
HUMAN RESOURCES		1	1	0
INSTR TECHNOLOGY COACH	2 resigned and 2 returned to classroom	7	3	-4
INTERPRETER	added sign language	2	3	1
LIBRARIAN		11	11	0
LIBRARY PARAPROFESSIONAL		10	10	0
LUNCH PARAPROFESSIONAL		12	17	5
MENTAL HEALTH SUPPORT	position added 2023/24	0	3	3
MENTAL HEALTH CLINICIAN	Added 2021/22 then changed to MHS			0
MONITOR PARAPROFESSIONAL	no longer have position as of 2022/23	2		-2
NURSE, DENTAL HYGIENIST		9	9	0
OTHER ADMINISTRATOR	new positions diversity, equity and belonging, eliminated print shop manager, eliminated physical plant asst. director, moved from development/public info, added human resources manager, reclass within IT, moved from Finance, move from human resources, eliminated elementary curriculum director, reclass within IT, add assist. direc. curriculum, moved from Food Service Supervisor, added Student Activities, transferred IT director and curriculum supervisor	28	32	4

Staffing Comparison 2017/18 to 2025/26 cont'd

Position Name	Comment	2017-18	2025-26	Change since 2017-18
PARAPROFESSIONAL		100	114	14
PARA-SPECIAL EDUC/INTERVENTION		153	180	27
PHYS PLANT CUST GROUP LEADER	Transfer from custodian	0	4	4
PHYS PLANT CUSTODIAL SUPERVISR	Transfer from custodian	0	9	9
PHYS PLANT MAINT-CARPENTER		1	1	0
PHYS PLANT MAINT-ELECTRICIAN	Transfer from maintenance	0	2	2
PHYS PLANT MAINT-HVAC TECH	new position- 2022/23	0	1	1
PHYS PLANT MAINT-MECHANIC	Transfer from maintenance	0	1	1
PHYS PLANT MAINT-PLUMBER	Transfer from maintenance	0	1	1
PHYSICAL PLANT CUSTODIAN	new positions at High School and reassignment to group leaders, supervisor	60	52	-8
PHYSICAL PLANT GROUNDS		7	11	4
PHYSICAL PLANT MAINTENANCE	* broken out into positions(carpenter, plumber, electrician)	4	0	-4
PHYSICAL PLANT SUPERVISOR	Transfer from clerical	6	7	1
POOL OPERATOR/FITNESS CTR		1	1	0

Staffing Comparison

2017/18 to 2025/26 cont'd

Position Name	Comment	2017-18	2025-26	Change since 2017-18
PRINCIPAL	2017/18 excludes open position at Easterly Parkway and 2025/26 includes current and previous position at Gray's Woods	10	12	2
PRINTER		3	2	-1
PSYCHOLOGIST		10	12	2
RECESS PARAPROFESSIONAL		0	12	12
SCHOOL COUNSELOR		23	23	0
SECONDARY TEACHER	Gifted Teachers removed to separate category	271	266	-5
SECRETARY	DEI secretary; SpED sec.;Comm Ed sec moved from VIPS	56	59	3
SECURITY	new position at High School	2	3	1
SPECIAL EDUCATION TEACHER		63	82	19
SPEECH AND HEARING		11	12	1
TECHNOLOGY SPECIALIST	Transferred from paraprofessionals	13	16	3
TRANSPORTATION BUS DRIVER		45	33	-12
TRANSPORTATION MECHANIC		5	5	0
TRANSPORTATION SUPERVISOR		2	2	0
VIPS SUPERVISOR-COMM ED	changed to secretary	1		-1
GRAND TOTALS		1303	1400	97

Why Is This Year's Budget Different?

REVENUE CONCERNS

- Benefitted from one time money to balance the budget & push off fiscal cliff:
 - Real Estate Transfer Tax
 - Interim Real Estate Tax
 - Interest Rate on Investments
- Declining Real Estate Tax growth rate
- Bump in Basic State Aid in 2025 does not appear to be occurring in 2026 or 2027

EXPENSE CONCERNS

- Contracted wage growth anticipated to be about 5%.
- Health Insurance costs are increasing by 10% per year before adding new staff.
- Special Ed enrollment increases and mandates are requiring additional resources the state is not funding.
- Need for capital investment (PFMS) & reinvestment (DWFMP) in facilities is now and not fully funded.

The Fund Balance Cliff That Has Arrived

	<u>2026</u>	<u>2027</u>	<u>Change</u>
LOCAL REVENUE	\$164,168,075	\$170,284,055	\$ 6,115,980
STATE & FEDERAL REVENUE	<u>\$ 43,364,656</u>	<u>\$ 43,802,607</u>	<u>\$ 437,951</u>
REVENUES (PROJECTED)	\$207,532,731	\$214,086,662	\$ 6,553,931
PERSONNEL COSTS	\$155,975,867	\$163,970,950	\$ 7,995,083
OTHER EXPENSES	<u>\$ 55,546,808</u>	<u>\$ 57,430,927</u>	<u>\$ 1,884,119</u>
TOTAL EXPENSES	\$211,522,675	\$221,401,877	\$ 9,879,202
NET CHANGE	\$ (3,989,944)	\$ (7,315,215)	\$ (3,325,271)

- Have an additional \$3.3M in budgeted expenditures over the additional revenue.
- Budget, in its current status, is \$7.3M out of balance (expenses in excess of revenues).
- Debt Service for PFMS is currently anticipated to be paid out of the Capital Reserve Fund. At some point in the future it will need to be transitioned to the General Fund.
- The cost for PFMS is similar to the high school project without going to referendum.

What Changed to Make the Cliff a Reality?

What didn't change:

- In recent years the amount of the Act 1 Index has gone to cover growth in personnel costs.
- Revenue growth has been fairly stable at 5% the past 5 years with a slight bump in 2025 to 7%.

What did change this year:

- Revenue will likely increase by 3-4% due to level state funding – as compared to increases in prior years.
- Growth in the Special Education student population has required additional, unexpected staffing increases.
- Capital/Debt Service costs have remained level the past few years. With the replacement of Park Forest Middle School and the recent outcomes from the District-wide Facilities Master Plan a step up in Capital/Debt costs is needed.

Conclusion

- This is not a 2026/2027 budget problem, it is a long term budget challenge that requires a prioritization discussion. But financially, between the lower than recent history increases in funding, the growth in personnel costs, and the need to reinvest in facilities, the District budget is going to be tighter in the foreseeable future than it has been in recent years.

Thoughts, Suggestions, and Ideas

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