



Proposed Final 2026-27 Budget Presentation

April 20, 2026

Presentation Overview

- This 2026-27 budget overview for the Lower Merion School District (LMSD) is the educational financing plan for the children of Lower Merion. It is a spending plan that supports our extensive curriculum and learning community.
- Lower Merion, along with all school districts in Pennsylvania, follows the [Chart of Accounts for PA Local Education Agencies](#) to classify revenues and expenditures.



Budget Calendar 2026-27

- 1/16/2026 Review of 2024-25 Audit Report; Overall Budget Discussion
- 2/27/2026 2026-27 Budget Discussion - Revenue
- 3/19/2026 Non-Instructional Support Programs and Services
- 4/17/2026 Staffing/Personnel, Instructional Programs, and Student Services
- 4/20/2026 Proposed Final 2026-27 Budget**
- 5/15/2026 Reserves, Fund Balance, and Capital Fund Transfer**
- 6/15/2026 Final 2026-27 Budget Approval/Adoption**



Some Important Budget Highlights

- The District did not file a Preliminary Budget with the state this year.
- A Preliminary Budget is associated with the request to apply for exceptions, which is not part of this year's financial plan.
- Resolution adopted in January certifying millage rate will not exceed 3.5% Act 1 Index.
- We continue to have challenges due to a number of factors contributing to growing expenses and declining revenue.
- We continue to plan both for near and long-term goals.



Budget Overview 2026-27

Various factors:

- Property Reassessments
- Declining Investment Returns
- Higher Costs in General due to Inflationary Factors
- Increase in Mandated Programs
- Increase in Personnel Costs



Examining Revenue 2026-27

Main Source of Revenue

Assessment Value Declining

- Property reassessments such as demolitions and assessment appeals
- LMSD experiencing an increase in commercial assessment appeals
- Several pending cases with settlements unknown
- Reduced assessed value results in loss of real estate tax revenue for the District

Investment Income Declining

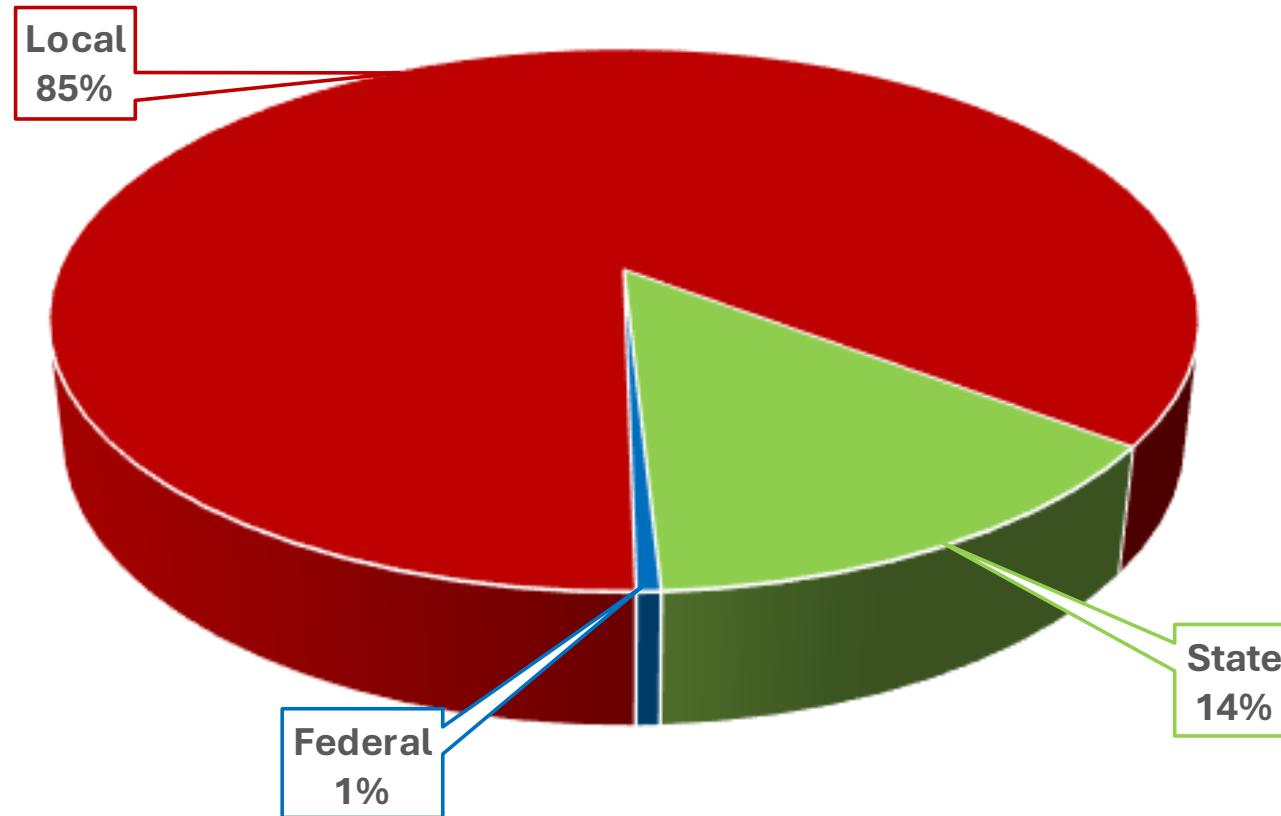
- Fed rate cuts
- Potential lower investment rates

Federal Funding Uncertainty

- Vulnerable to potential future cuts
- Must be prepared



Where the Money Comes From



Information provided at the time of this presentation is subject to change.



Anticipated Revenue

	Final Budget	Proposed Final Budget
Description	2025-26	2026-27
Fund Balance	3,500,000	-
<u>Local Sources</u>		
Current Real Estate Taxes	264,290,220	273,333,644
Interim Real Estate Taxes	795,000	795,000
Public Utility Realty Tax	230,000	238,000
Local Services Tax	260,000	260,000
Realty Transfer Taxes	4,750,000	4,975,000
Delinquent Real Estate Taxes	3,200,000	3,325,000
Interest Income	5,000,000	3,850,000
Tuition - Summer Programs	365,000	365,000
IU Federal Funds	1,942,000	1,920,000
Misc. Other Local Sources	409,502	703,832
Total Local Sources	281,241,722	289,765,476

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Anticipated Revenue (cont'd)

Description	Final Budget 2025-26	Proposed Final Budget 2026-27
State Sources		
Basic Education Funding-Formula	6,190,284	6,270,675
Special Education Subsidy	3,680,110	3,738,735
Transportation Subsidy	1,650,000	1,650,000
State Share of Social Security & Medicare Taxes	6,170,000	6,311,400
State Share of Retirement Contributions	27,080,000	27,489,500
State Property Tax Reduction Allocation	6,208,279	-
Health Services Subsidies	250,000	250,000
Rental & Sinking Fund Reimbursement	425,000	375,000
Misc. Other State Subsidies	1,316,349	909,611
Total State Sources	52,970,022	46,994,921
Federal Sources		
	1,970,000	1,961,000
Other Financing Sources		
Sale of or Compensation for Loss of Fixed Assets	12,915,000	-
Total Revenue	349,096,744	338,721,397
Total Revenue and Designated Fund Balance	352,596,744	338,721,397

*

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* Property Tax Reduction Allocation has not been released by the state.



2026-27

Budgeted Expenditures by Function

1000 Instruction

- 1100 Regular Educational Programs
- 1200 Special Educational Programs
- 1300 Vocational Education
- 1400 Other Instructional & Summer Programs
- 1500 Nonpublic Schools

2000 Support Services

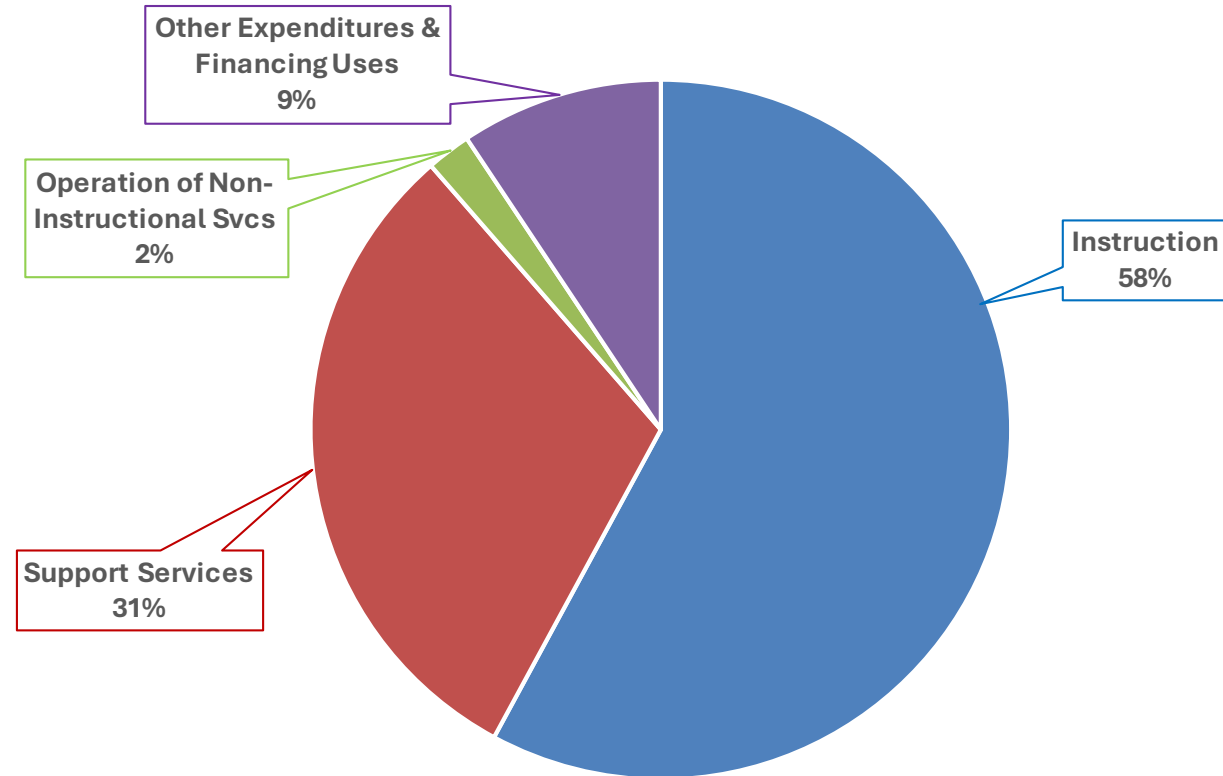
- 2100 Students
- 2200 Instructional Staff
- 2300 Administration
- 2400 Pupil Health
- 2500 Business
- 2600 Operations & Maintenance
- 2700 Student Transportation
- 2800 Central
- 2900 Other Support Services

3000 Operation of Non-Instructional Services

- 3200 Student Activities
- 3300 Community Services

5000 Other Expenditures and Financing Uses

- 5100 Debt Services/Other Expend.
- 5200 Interfund Transfers-Out
- 5900 Budgetary Reserve



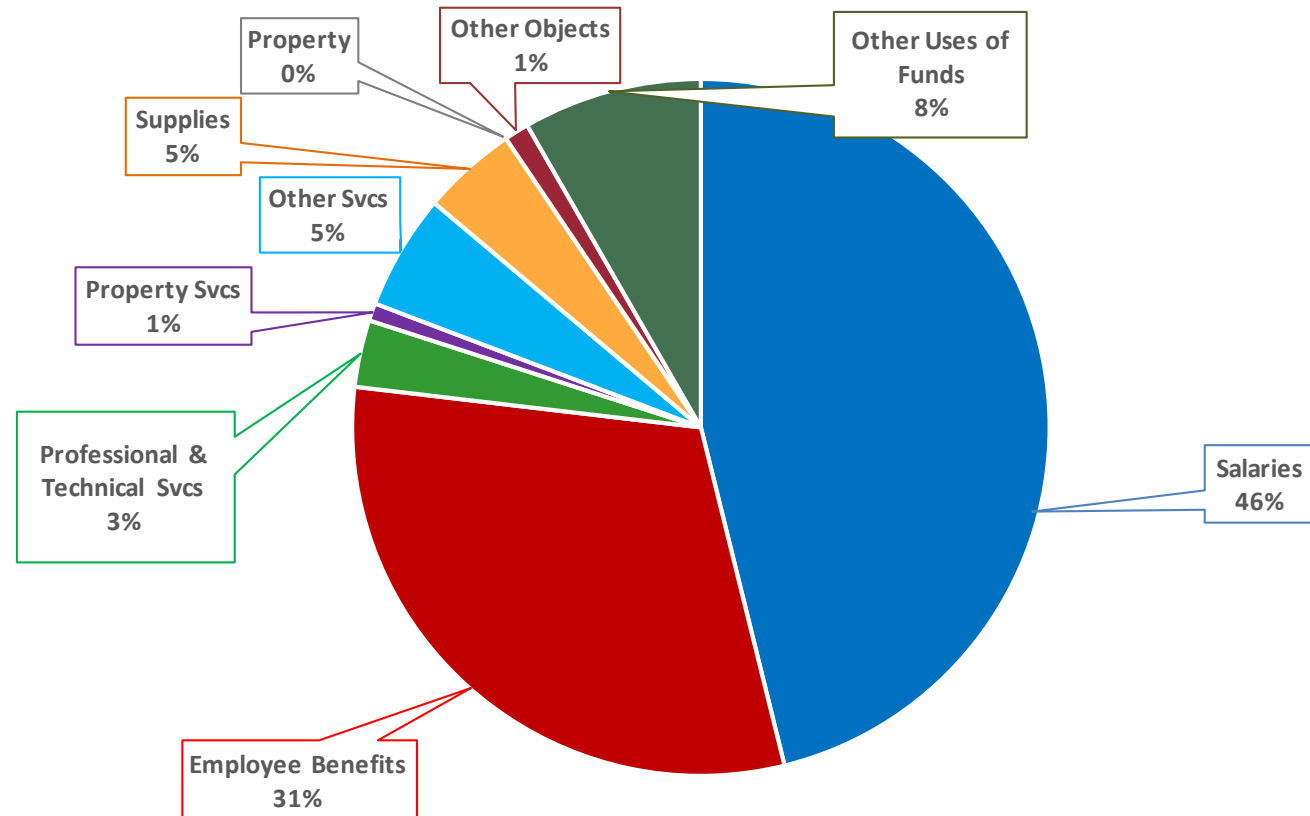
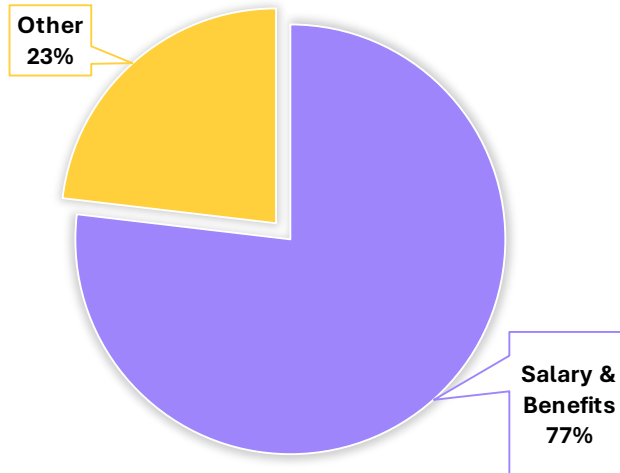
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2026-27 Budgeted Expenditures by Object

Objects:

- 100 Salaries
- 200 Employee Benefits
- 300 Purchased Professional and Technical Services
- 400 Purchased Property Services
- 500 Other Purchased Services
- 600 Supplies
- 700 Property
- 800 Other Objects
- 900 Other Uses of Funds



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Challenges Regarding Expenditures

- Higher Costs in General
- Mandated Programs
 - Student Services
 - Contracted Transportation
- Personnel Costs

Each year Administration reviews submissions from schools/departments, evaluates anticipated revenue and expenditures, and prioritizes needs to finalize a budget for submission to the School Board for approval and adoption.



Anticipated Expenditures

DESCRIPTION	Final Budget 2025-26	Proposed Final Budget 2026-27
100 Salaries	157,947,266	160,710,583
200 Benefits	100,538,383	106,994,389
300 Purchased Professional & Technical Svcs (IU svcs, consultants, etc)	10,990,865	10,829,576
400 Purchased Property Svcs (utilities, repair work, etc)	2,582,506	2,844,897
500 Other Purchased Svcs (tuition payments to charters, special ed, vo-tech, general insurance, contracted transportation)	18,396,880	18,648,159
600 Supplies (general supplies, books, technology, energy, etc)	14,718,524	15,384,434
700 Property (equipment)	50,000	-
800 Other Objects	5,062,320	3,971,579
900 Other Uses of Funds	42,310,000	28,904,000
	352,596,744	348,287,617
Tax Monies required to balance the Budget	-	(9,566,220)
Budgeted Mill Value	7,742,322	7,750,320
Additional Increase in Mills Required		1.2343
Total Mills	35.2674	36.5017
Mills Increase		3.50%
Budget Expenditure Increase		-1.22%

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Real Estate Tax Change

Median Household Assessment		\$250,680
2025-26 Real Estate Tax mill rate	35.2674	
Face amount of 2025-26 Real Estate Tax		8,841
2026-27 Real Estate Tax mill rate	36.5017	
Face amount of 2026-27 Real Estate Tax		9,150
	Tax Increase	\$309

Median household assessments provided by Montgomery Co. Board of Assessments

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Next Steps

4/20/2026 Proposed Final Budget Approval

**5/15/2026 Finance Committee Meeting -
Reserves, Fund Balance, and
Capital Fund Transfer**

6/15/2026 Final Budget Approval/Adoption





Questions?

