Southern Lehigh School District

LEARNING • SERVING • LEADING One Interaction at a Time

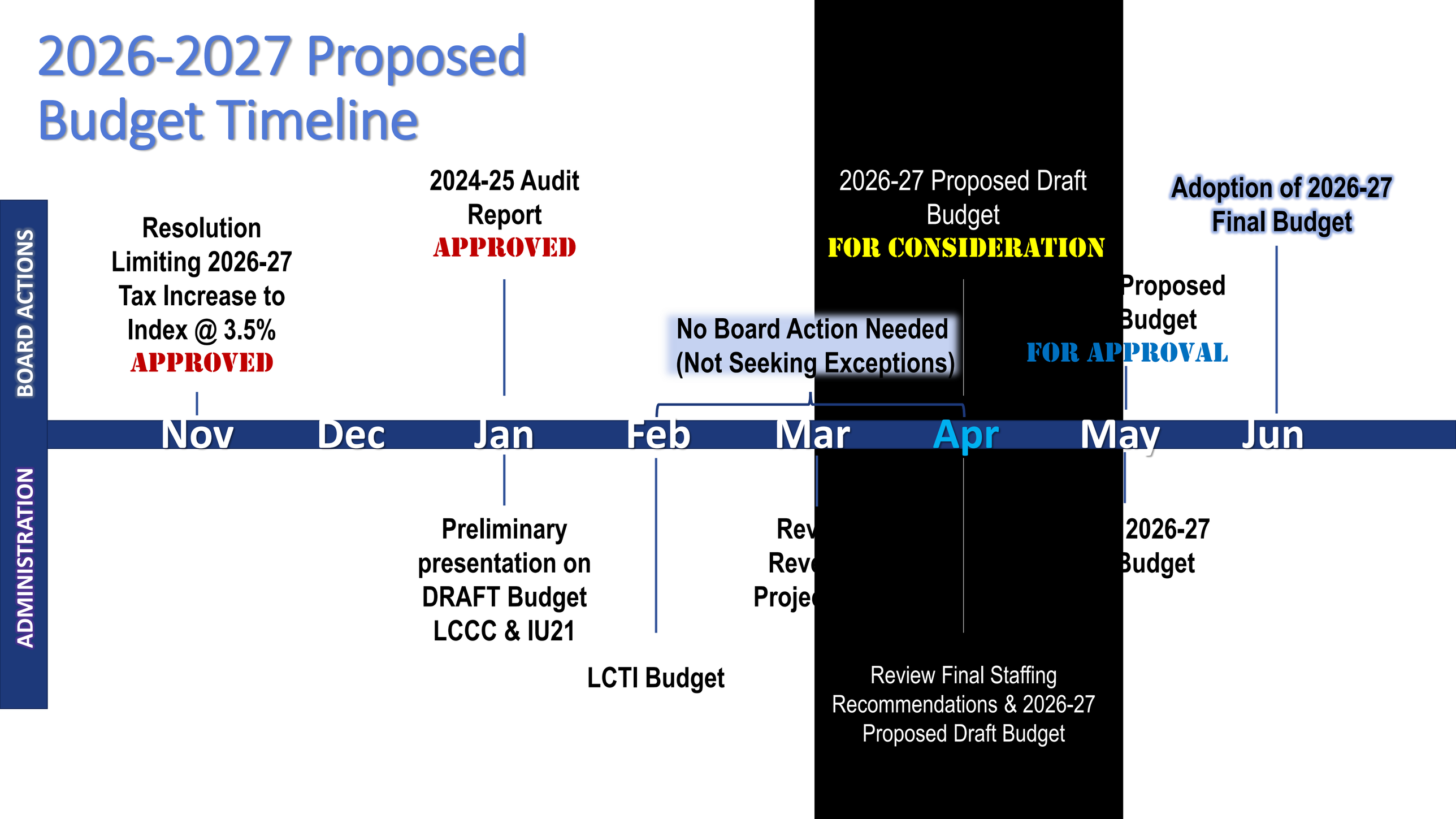
DRAFT Annual School Budget 2026-2027
Update – April 27, 2026

Karen Trinkle, Ed.D., Superintendent of Schools
Louis J. Pepe, MBA, PCSBA, SFO Director of Business Services

Guiding Principles for Budget Development

- Maintain the integrity of our existing programs.
- Continuous review of existing inventories and leveraging current resources through cash management.
- All allocations are made on a priority basis that impacts educational programming most.
- Implementation of Full Day Kindergarten.
- Maintain our focus on staying within the ACT1 Tax Cap.

2026-2027 Proposed Budget Timeline



Budget Highlights
2026-2027

- Maintains exceptional programming in academics, the arts, and athletics
- Benefits up $1.9M, inclusive of Health benefits - Medical/Rx premiums increase by 17.5% - $1.4M
- Salaries up 3.6%, SLEA (teachers) or $1.3M (year 3 of CBA)
- ACT 93 Administrators – 3.6%; PSERS rate – 33.59%
- Staffing Increase (9 New Positions) – $1,122,000

Staffing to meet increased student needs: $1,122,000

Middle School - $123,000

Intermediate School - $261,000

K-6 for FDK - $738,000

SOUTHERN LEHIGH MS

SOUTHERN LEHIGH IS

SOUTHERN LEHIGH HWES, LBES

Special Education Teacher MS - $123,000
[Salary $75,000 Benefits $48,000]

Special Education Teacher IS - $123,000
[Salary $75,000 Benefits $48,000]

Assistant Principal IS - $138,000
[Salary $90,000 Benefits $48,000]

Six (6) K-6 Teachers ES - $738,000 [Salary $75,000 **x 6** Benefits $48,000 **x 6] - FDK**

Budget Highlights
2026-2027

- **Athletics' overall budget up $7,809 – inclusive of Uniform Cycle Replacements of $51,594**
  - HS $40,794 (Football, Girls Basketball, Softball, Baseball, and Competition Cheerleading)
  - MS $10,800 (Football and Cheerleading)
- **Curriculum down -$583,209 – Includes**
  - $25,000 for Professional Development District Wide (previously funded through Title II)
  - $23,000 for Summer Programs: Jump Start and HS Summer school (Previously Grant funded)

We are still below the allowable increase under ACT 1 CAP of 3.5%

Act 1 index – How it works:

The maximum percentage increase in the school district millage rate is equal to the base index or an adjusted index. (depending upon the district's aid ratio)

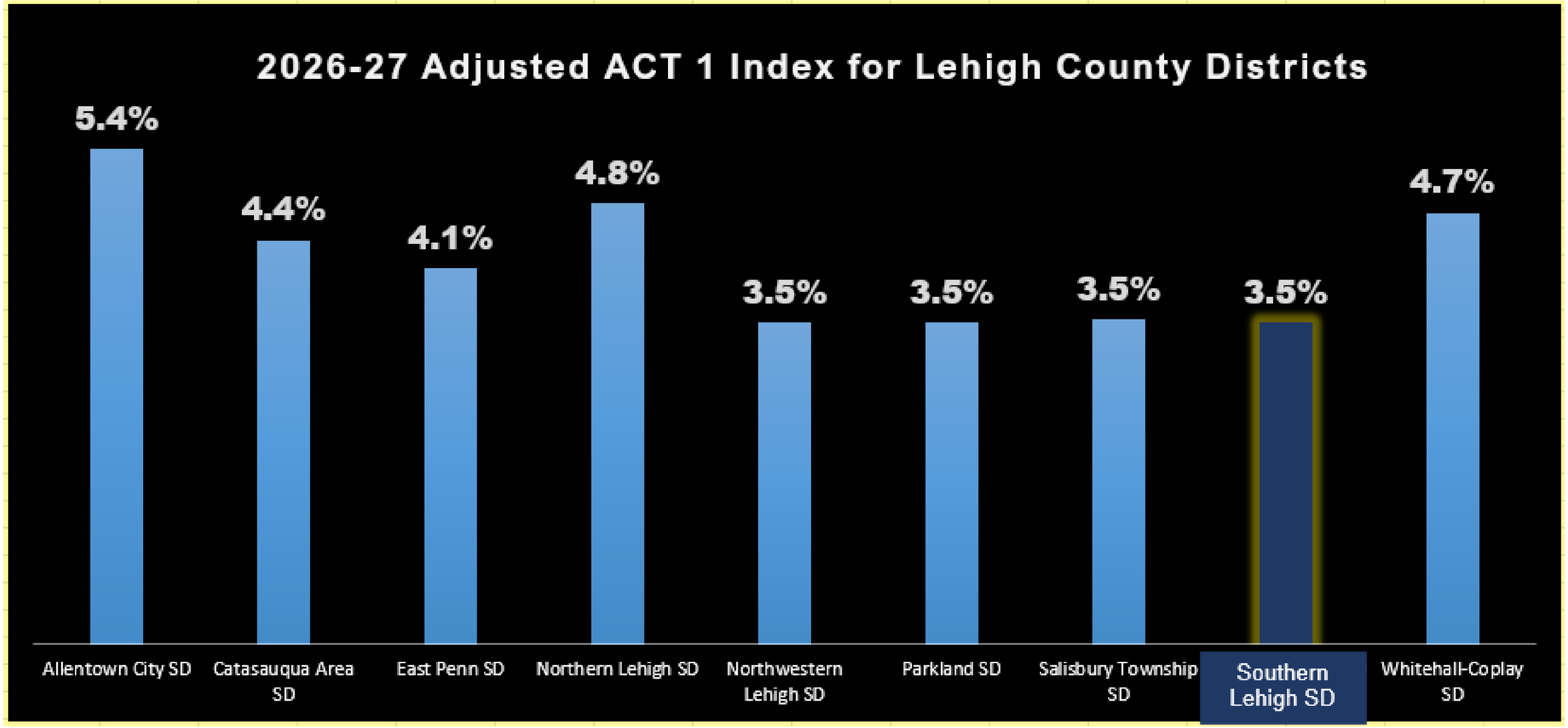
The base index is calculated by averaging the percentage increase in the Pennsylvania statewide average weekly wage (SAWW) and the employment cost index (ECI) for schools. [ELEMENTARY/SECONDARY]

17.8%

School districts with an aid ratio less than 40% utilize the base index.

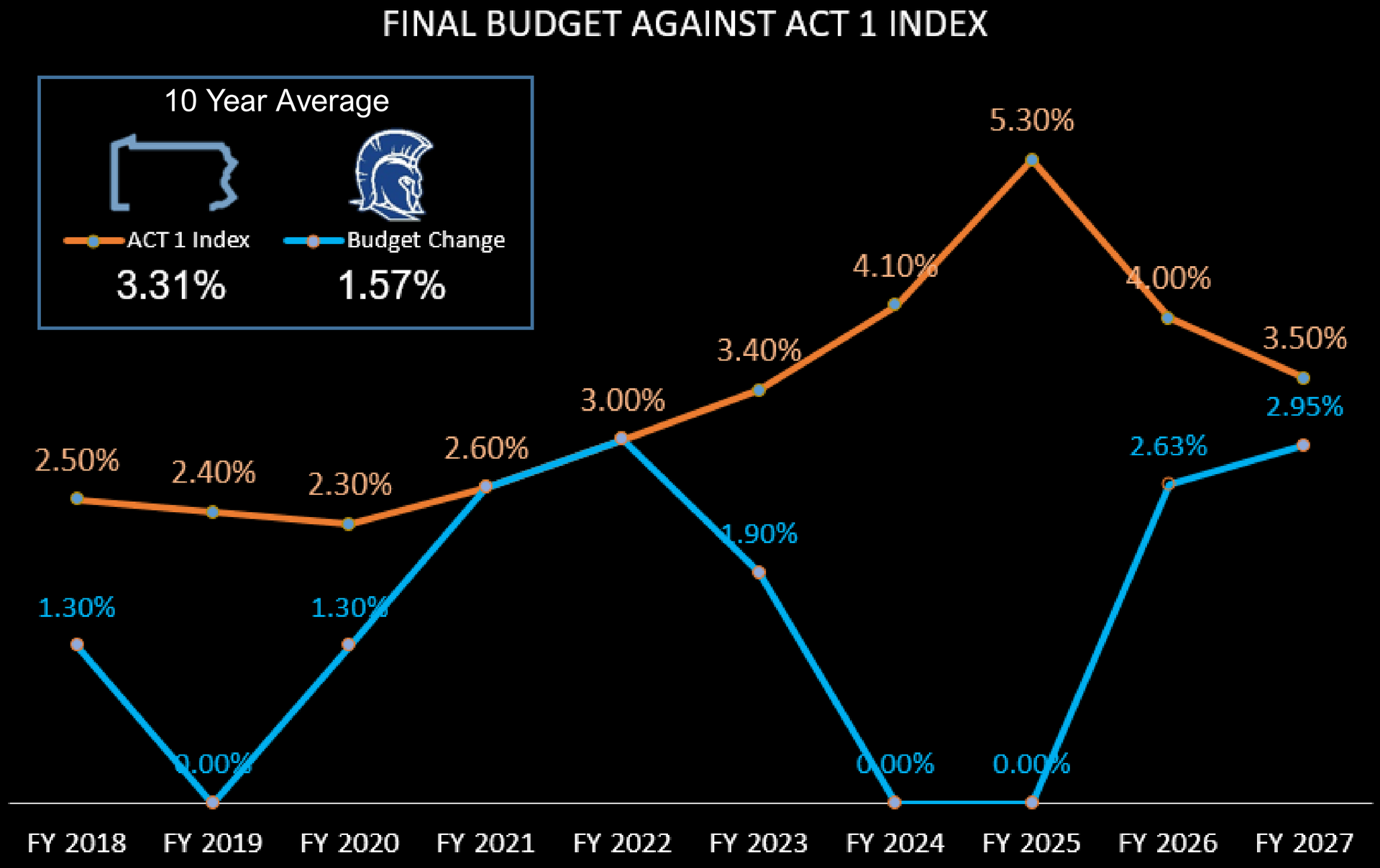
All other districts utilize an adjusted index.
[COMPUTED BY MULTIPLYING THE BASE INDEX BY THE SUM OF 0.75 AND THE DISTRICT'S AID RATIO].

ACT 1 Index - Comparative Look: 2026-27 Lehigh County



School districts with a market value/personal income aid ratio (MV/PI AR) greater than 40% the value of their index is adjusted upward

Staying below the ACT 1 Index for the 5th year in a row



What is the recommendation for the 2026-2027 school budget?

+ 2.95%

52.3 cent Increase in Millage Rate

New Rate at 0.018236

Utilizes $871,156 of Fund Balance

MILLAGE & REVENUE RECOMMENDATION

			Annual School Taxes				
						Millage Incr.	Revenue Generated @98.3%
Current Budget	$293,794.00	0.017713	$5,203.97	$ Change	% Change		
Proposed Budget	$293,794.00	0.018235	$5,357.33	$ 153.36	0.0295	0.52	$ 1,538,069.81

Annual Increase on Average Assessed home at $298,794 is $153.36

Fund Balance Designations

	06/30/25
Designated	
PSERS - Retirement increases	$ 1,500,000.00
OPEB - Other post-employment benefits	$ 1,937,980.00
Health Insurance increases	$ 2,934,927.60
Capital construction	$ 13,889,556.40
	$ 20,262,464.00
Undesignated	
Unassigned Fund Balance	**$ 4,745,000.00**
Fund Balance - Audits 6/30	**$ 25,007,464.00**

Managing Fund Balances to mitigate and navigate challenges

NOTE: Anticipated drawdown of $ 7-9 M of Fund Balance through Capital Construction-based Capital projects

Estimated Budget Forecast – 3-3-26

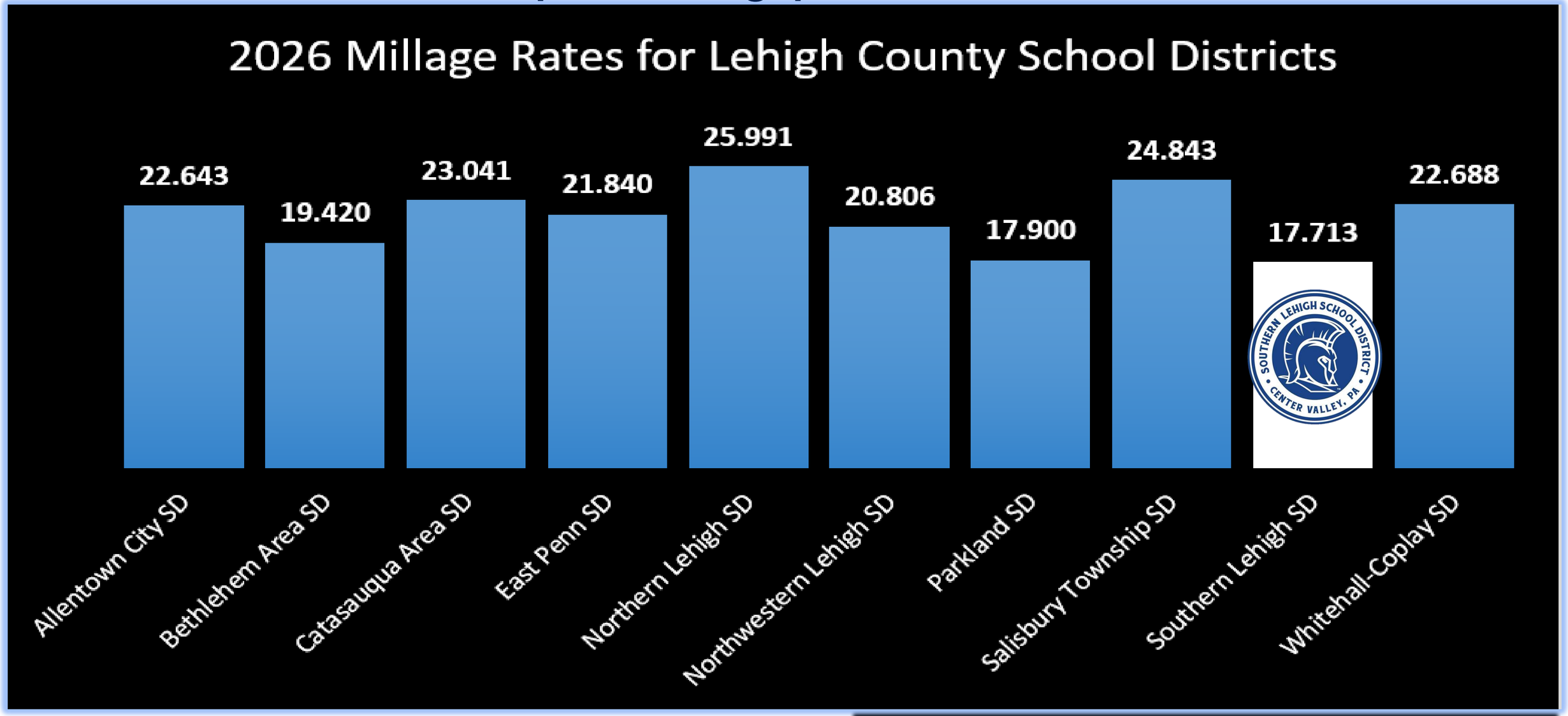
OPTION 2 @ 2.95%

RETURN

				est. at 3% unless spec.	est. at 3% unless spec.	est. at 3% unless spec.	est. at 3% unless spec.	est. at 3% unless spec.
			BUDGETED	PROJECTED	PROJECTED	PROJECTED	PROJECTED	PROJECTED
			2026-2027	2027-2028	2028-2029	2029-2030	2030-2031	2031-2032
	TOTAL EXPENSES		82,583,077	85,094,908	87,636,971	90,491,856	89,476,617	90,751,016
% Calc.	REVENUE @ Current mills	17.7130	80,139,629	81,255,016	82,411,360	83,591,333	84,795,515	86,024,501
0.0295	Tax Increase 2026-27	0.52	1,572,292	1,572,292	1,572,292	1,572,292	1,572,292	1,572,292
0.0295	Tax Increase 2027-28	0.54	0	1,642,955	1,642,955	1,642,955	1,642,955	1,642,955
0.0275	Tax Increase 2028-29	0.52	0	0	1,600,401	1,600,401	1,600,401	1,600,401
0.0250	Tax Increase 2029-30	0.48	0	0	0	1,517,344	1,517,344	1,517,344
0.0000	Tax Increase 2030-31	0.00	0	0	0	0	0	0
0.0000	Tax Increase 2031-32	0.00	0	0	0	0	0	0
	TOTAL REVENUE COLLECTED		81,711,922	84,470,264	87,227,008	89,924,326	91,128,507	92,357,493
	% Increase in Revenues		3.543%	3.376%	3.264%	3.092%	1.339%	1.349%
	Fund Balance Req. To Balance Budget		871,156	624,645	409,962	567,530	-1,651,890	-1,606,477
	Capital Construction Projects in Progress		8,000,000	2,000,000				
	Ending Fund Balance		$16,136,297	$13,511,653	$13,101,690	$12,534,160	$14,186,050	$15,792,527
	Ending Fund Balance as % of Expend.		19.5%	15.9%	14.9%	13.9%	15.9%	17.4%
	New Mill Rate FY27	18.2355						
	est. New Mill Rate FY28	18.7735						
	est. New Mill Rate FY29	19.2898						
	est. New Mill Rate FY30	19.7720						
	est. New Mill Rate FY31	19.7720						
	est. New Mill Rate FY32	19.7720	BUDGETED	PROJECTED	PROJECTED	PROJECTED	PROJECTED	PROJECTED
			2026-2027	2027-2028	2028-2029	2029-2030	2030-2031	2031-2032
	FORECASTED ACT 1 INDEX		0.0350	0.0320	0.0330	0.0330	0.0310	0.0310
	Anticipated Tax Increase Forecast		0.0295	0.0295	0.0275	0.0250	0.00	0.00

2.95% - under 3% and below INDEX: Planned drawdown of Fund Balance - $871k, $625k, $410k, $568k over four years

How do we stack up among peer districts?



Source: Lehigh County Assessment Records – MOVEitTransfer System

BETTER BUDGETING PRACTICES AND HOLDING THE LINE ON SPENDING

Has allowed us to maintain tax levy stability while funding Capital Reserve for Future Capital Project needs

By building and maintaining adequate reserves; we can

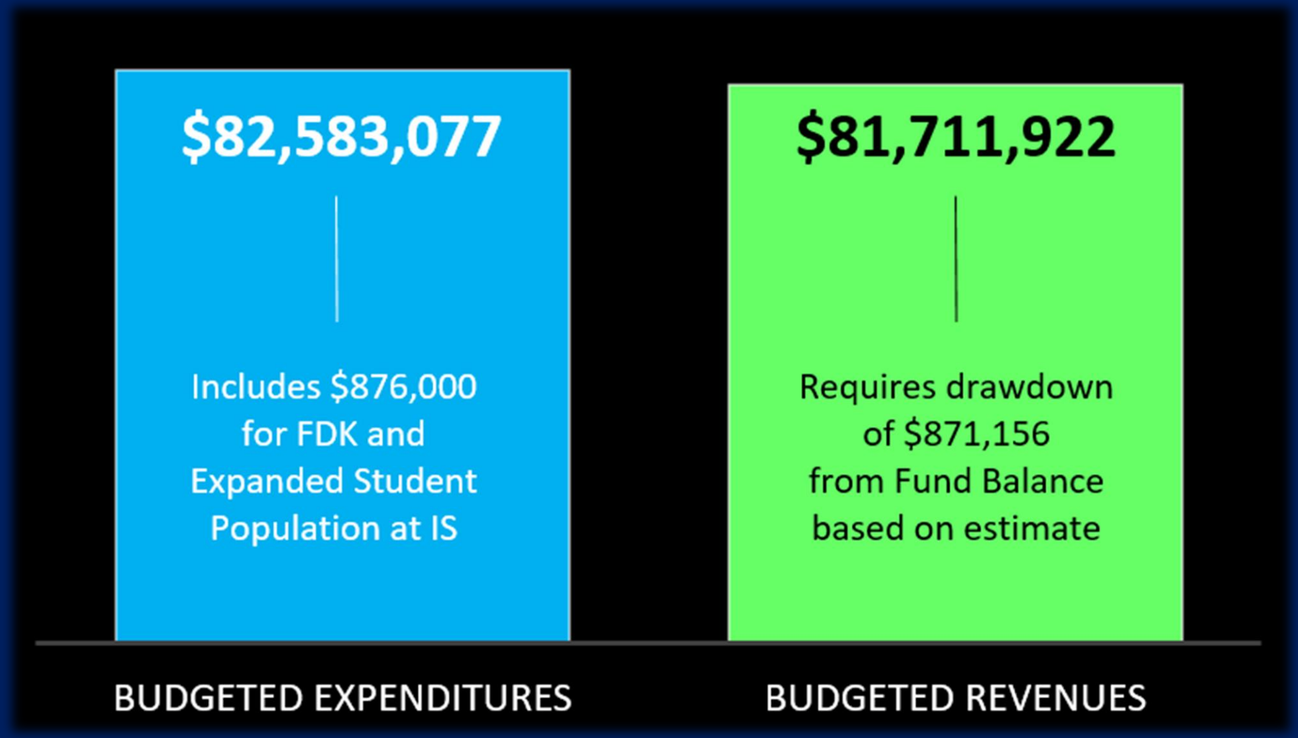
- Avoid depleting healthy fund balance
- Maintain Tax Levy Stability
- Ensure against artificially ‘deflating’ the true cost of the budget
- Guarding against future funding cliffs or drastic cuts that slash program and personnel

The Results ...

The 2026-2027 Budget

Continuing to meet the needs of our students by maintaining and adding effective programs

With the Investment in Full Day Kindergarten



Questions

Benefits Breakdown of $1.9M

	CURRENT	BUDGETED	
II. BENEFITS - Category 42	2025-2026	2026-2027	Difference + or -
- Health Insurance (Existing Staff & Retirees)	7,863,930	9,294,661	1,430,732
- Life Insurance (Existing Staff)	45,918	50,000	4,082
- LTD (Existing Staff)	30,621	38,000	7,379
- Social Security (Existing Staff)	2,394,391	2,496,414	102,022
- Retirement (Existing Staff)	10,641,738	10,961,377	319,638
- Tuition Reimb.	100,000	100,000	0
- Workers' Comp. (Existing Staff)	80,829	110,000	29,171
- Employee Assistance Program	5,300	5,300	0
			$ 1,893,025

- Withhold, report and pay appropriate Social Security and/or Medicare taxes for each employee.

The ECR for the July 1, 2026 to June 30, 2027 fiscal year will decrease to 33.59%, a 41-basis point decrease from the current rate of 34%, the board's actuarial firm Gallagher indicated in its December report.