Finance Committee Meeting

October 19, 2026

Agenda

- 2027-2028 Budget
- 2025-2026 Preliminary Year-End Results

2027-2028 Budget

Act 1

What is Act 1?

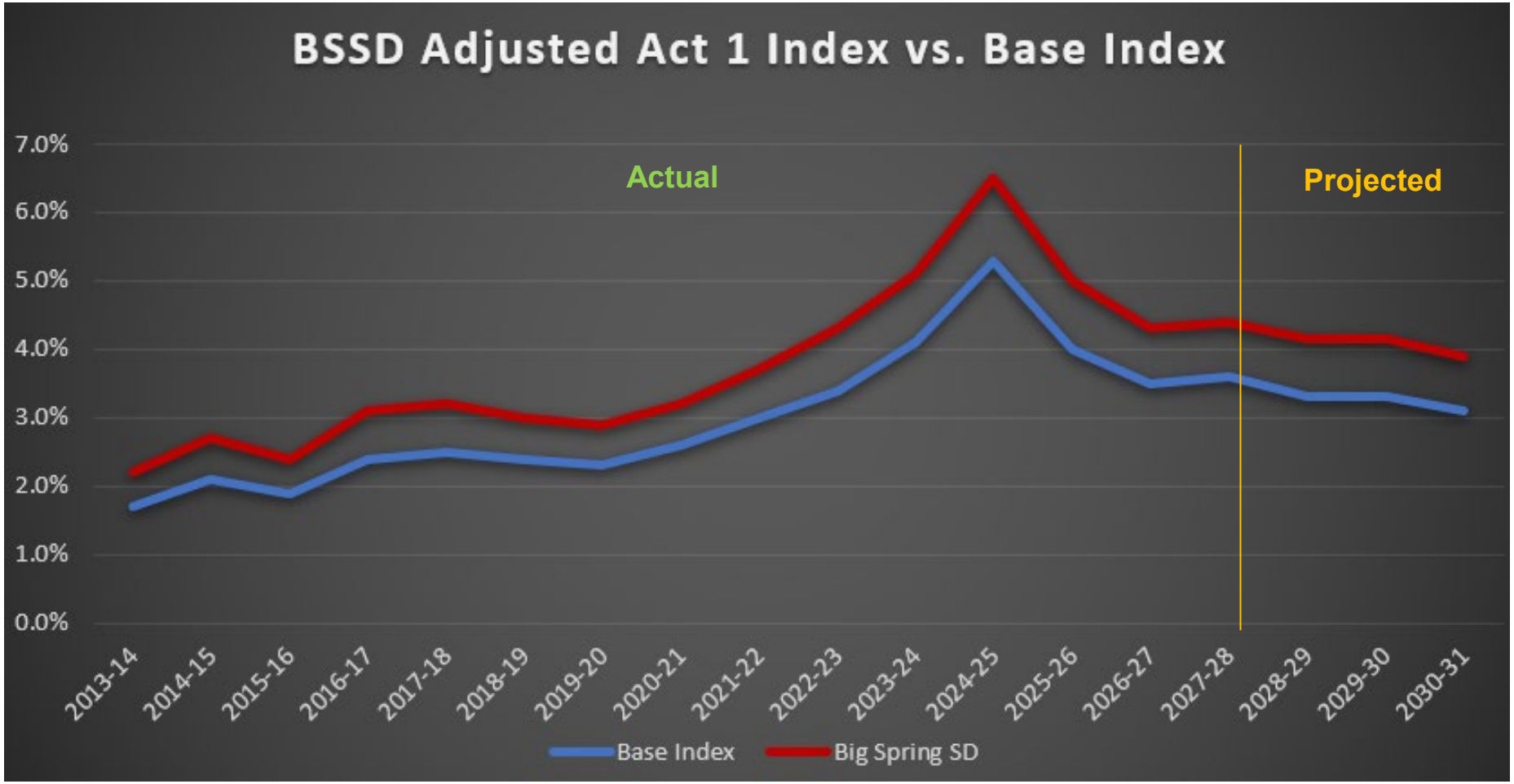
- Legislation passed in the Special Session of the Legislature in 2006. The Act 1 Index is the State's measure for determining property tax increases justified by wage inflation. Act 1 requires school districts to seek voter approval for tax increases greater than "the Act 1 Index.''
- Districts, if applicable, can apply for referendum exceptions if rate increases are needed to cover specific types of costs.

How is the Act 1 Index Calculated?

- Each district's index is calculated separately for each fiscal year, and consists of two parts: the base index, and the district adjustment.
- The statewide base index is the average of:
  1) The percentage changes in wages statewide, and
  2) The percentage changes in school employee compensation costs nationwide. Thus, the base index reflects a rough measure of the rate of change in compensation costs. A district's adjusted index is the base Index plus an adjustment for lower wealth districts. The adjustment is based on a district's relative wealth, with the lowest wealth districts receiving the largest upward adjustments to the base Index.
- District adjustment:
  - School Districts with a market value/personal income aid ratio (MV/PI AR) greater than 0.4000, receives an adjustment to their index by the value of their index is adjusted upward by multiplying the base index by the sum of 0.75 and their MV/PI AR.
  - For the 2027-28 Fiscal Year, BSSD 2026-27 MV/PI AR is 0.4841, previously 0.4796

Act 1

	Actual															Projected		
	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31
Base Index	1.7%	2.1%	1.9%	2.4%	2.5%	2.4%	2.3%	2.6%	3.0%	3.4%	4.1%	5.3%	4.0%	3.5%	3.6%	3.3%	3.3%	3.1%
Big Spring SD	2.2%	2.7%	2.4%	3.1%	3.2%	3.0%	2.9%	3.2%	3.7%	4.3%	5.1%	6.5%	5.0%	4.3%	4.4%	4.1%	4.1%	3.9%



Referendum Exceptions

- **What are Referendum Exceptions?**
  - Allows District's to increase taxes above the Act 1 index based on the applicable and approved referendum exception amount(s).
  - 3 Types of Referendum Exceptions
    1) School Construction
       - Grandfather Indebtedness
       - Electoral Debt
    2) Special Education Expenditures
    3) Retirement Contributions
- For the 2027-28 budget, no school district that receives adequacy supplement funding shall seek an Act 1 referendum. BSSD received an adequacy supplement for FY 2026-27. **MUST DO OPT OUT RESOLUTION.**
  - Resolution to be placed on November 16th Board Agenda

Budget Timeline – Key Dates

Date	Description	Section
September 1, 2026 *(Annual deadline)*	***Department of Education*** publishes the 2027-2028 base index in the Pennsylvania Bulletin.	Section 333(l)
September 30, 2026 *(Annual deadline)*	***Department of Education*** notifies school districts of their 2027-2028 adjusted index.	Section 313(2)
December 31, 2026 *(60 days prior to March 1 application deadline)*	***School Districts*** send notification, by first class mail, to owners of each parcel of residential property – which can be limited to owners who are not currently approved or whose approval is due to expire – stating that the owner must submit a completed application to county assessor to qualify for homestead exclusion. Mailing must include application, instructions, and deadline to apply.	Section 341(b)
January 28, 2027 *(110 days prior to primary election)*	***School district*** deadline to make 2027-2028 proposed version of preliminary budget available for public inspection **or** adopt resolution pursuant to Section 311(d)(1) indicating that it will not raise the rate of any tax by more than its index.	Section 311(c); 311(d)(1)
No later than March 1, 2027 *(Annual deadline)*	Deadline for ***homeowners*** to file a homestead application (and, if applicable, a farmstead application) with county assessor indicating property is owner-occupied. Resubmission of application required no more than one time every three years. No application fee for filing. (See December 31, 2026)	Section 341(c), (e), (i)
May 1, 2027 *(Annual deadline)*	***Department of Education*** notifies school districts of the amount of their state allocation of property tax reduction funding. This only occurs if the Secretary of the Budget certifies, by April 15, 2027, that there are enough funds in the Property Tax Relief Fund to make a distribution to school districts in 2027-2028.	Section 505(a)(4)
May 1, 2027 *(Annual deadline)*	***Assessor*** provides each school district with a certified report with information on homestead and farmstead properties, as provided in 53 Pa CS §8584(i).	Section 341(g)(3)
No later than May 31, 2027	***School district*** deadline to adopt 2027-2028 proposed version of final budget and upload the signed Certification of Use document in the CFRS application.	Section 687(a)(1) (School Code)
June 10, 2027 (*20 days prior to final budget adoption deadline*)	***School district*** deadline to make 2027-2028 proposed final budget available for public inspection on the General Fund Budget from the CFRS application.	Section 312(c)
June 20, 2027 (*10 days prior to final budget adoption deadline*)	***School district*** deadline to offer public notice of its intent to adopt the 2027-2028 final budget.	Section 312(c) Section 687(a)(2)(i) (School Code)
June 30, 2027 (*Annual deadline*)	***School district*** deadline to adopt the 2027-2028 final budget.	Section 312(a)

2025-2026 Year-End Results

Preliminary

2025-2026 Year-End Closeout

- On-Site fieldwork – week of October 5th
- Continuing review of 2025-2026 information
- Draft financials to complete
  - Annual Financial Report no later than November 30th
  - MD&A (management discussion & analysis)
- Final audited financial statements – est. January 2027

2025-2026 Preliminary Year-End Results

2025-26 Preliminary Fiscal Year End Results		
Revenues	67,893,224.06	
Expenditures	(63,874,766.88)	
Surplus	3,918,684.36	
Variance to Budget		
Revenue Items:		
Realty Transfer Tax	$ 705,500.00	Over budget
Debt Reimb/Plan Con	$ 596,754.46	Over budget
Interest on Investments	$ 400,845.00	Over budget
Earning Income Tax	$ 489,718.00	Over budget
State Share of Social Security & Retirement Reimb.	$ (231,303.00)	Under budget
Transportation Subsidy	$ (118,744.00)	Under budget
IDEA Grant Funding	$ (66,082.00)	Under budget
Expense Items:		
Cyber Reform	336,357.26	Under budget
Special Education	487,197.72	Under budget
Salaries	$ 1,041,070.34	Under budget
Benefits	$ 951,969.36	Under budget
Professional Contracted Services - Object 300	$ (370,348.00)	Over budget
Purch. Property Svc, Supplies & Equip. (Object	$ (180,785.00)	Over budget

2025-2026 Fund Balance Designations

GENERAL FUND - FUND BALANCE			PROPOSED
10-0810-000-000-00-000-000-000-0000	NONSPNDABLE FD	(17,636.05)	(17,636.05)
10-0810-000-000-00-000-000-000-0181	NONSPENDABLE FB SOUTH CENTRAL TRUST	(4,793,261.94)	(4,793,261.94)
10-0830-000-000-00-000-000-000-0842	COMMITTED FB - FUTURE RETIREMENT INCREASES	(554,000.00)	(554,000.00)
10-0840-000-000-00-000-000-000-0841	ASSIGNED FB - FUTURE BUDGET DEFICITS	(1,555,795.00)	(1,555,795.00)
10-0840-000-000-00-000-000-000-0842	ASSIGNED FB - FUTURE RETIREMENT INCREASES	(650,000.00)	(650,000.00)
10-0840-000-000-00-000-000-000-0843	ASSIGNED FB - FUTURE HEALTHCARE INCREASE	(1,000,000.00)	(1,600,000.00)
10-0840-000-000-00-000-000-000-0844	ASSIGNED FB - FUTURE TECHNOLOGY PURCHASES	(2,300,000.00)	(2,300,000.00)
10-0840-000-000-00-000-000-000-0845	ASSIGNED FB - FUTURE SPEC ED PURCHASES	(1,000,000.00)	(1,000,000.00)
10-0840-000-000-00-000-000-000-0846	ASSIGNED FB - FUTURE INFO SYS PURCHASES	(200,000.00)	(200,000.00)
10-0840-000-000-00-000-000-000-0847	ASSIGNED FB - FUTURE SAFETY SECR PURCHASES	(500,000.00)	(500,000.00)
10-0840-000-000-00-000-000-000-0848	ASSIGNED FB - FUTURE STUD SERVICES PURCHASES	(500,000.00)	(500,000.00)
10-0840-000-000-00-000-000-000-0851	ASSIGNED FB - HEALTH/HSA RESOLUTION 220606-01	(392,137.00)	(392,137.00)
10-0840-000-000-00-000-000-000-0852	ASSIGNED FB - FUTURE CAPITAL PROJECTS	(1,651,369.50)	(4,970,053.86)
10-0840-000-000-00-000-000-000-0853	ASSIGNED FB - FUTURE TRANSPORTATION COST INCREASES	(500,000.00)	(500,000.00)
10-0840-000-000-00-000-000-000-0854	ASSIGNED FB - FUTURE EMERGENCY/EDUCATIONAL NEEDS	(1,481,260.47)	(1,481,260.47)
10-0850-000-000-00-000-000-000-0000	UNASSIGNED FUND BALANCE	(5,138,510.09)	(5,138,510.09)
	2025-2026 YEAR-END PROJECTED SURPLUS	(3,918,684.36)	
	PROJECTED/DRAFT/UNFINALIZED AUDIT ENDING FUND BALANCE 06/30/2026	(26,152,654.41)	(26,152,654.41)
CAPITAL RESERVE FUND		(12,918,448.69)	$ (13,168,448.69)

Questions

Thank you!

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