

# NORTH EAST SCHOOL DISTRICT

2024-25

Proposed Final Budget-UPDATE  
Presentation

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May 16, 2024

# NORTH EAST SCHOOL DISTRICT BUDGET SUMMARY

	<u>2023-24</u> <u>BUDGET</u>	<u>2024-25</u> <u>BUDGET</u>	<u>INCREASE /</u> <u>(DECREASE)</u>	<u>PERCENT</u> <u>CHANGE</u>
<b>REVENUES</b>				
Real Estate Taxes	\$ 9,022,512	\$ 9,416,986	394,474	4.37%
Earned Income Taxes	1,200,300	1,325,000	124,700	10.39%
Other Taxes	184,125	198,750	14,625	7.94%
Other Local Revenues	726,153	839,965	113,812	15.67%
State Subsidies	16,384,255	17,147,577	763,352	4.66%
Federal Subsidies	729,520	592,800	(136,720)	-18.74%
	<u>28,246,835</u>	<u>29,521,078</u>	<u>1,274,243</u>	<u>4.51%</u>
<b>EXPENDITURES</b>				
Salaries & Benefits	21,061,301	21,615,041	553,740	2.63%
Purchased Services	3,215,894	3,752,178	536,284	16.68%
Utilities	417,525	446,575	29,050	6.96%
Equipment & Supplies	1,484,662	1,505,648	20,986	1.41%
Debt Service	1,617,300	1,615,000	(2,300)	-0.14%
Fund Transfers & Reserves	867,100	901,785	34,685	4.00%
	<u>28,663,782</u>	<u>29,836,227</u>	<u>1,172,445</u>	<u>4.09%</u>
Increase/Decrease in Fund Balance	<u>\$ (416,947)</u>	<u>\$ (315,419)</u>		

# CHANGES SINCE PROPOSED PRELIMINARY - MARCH 21, 2024

<b>REVENUES</b>	
<b>Real Estate Taxes</b> <ul style="list-style-type: none"> <li>• 4.97% increase - \$77.00 per \$100,000 assessed value</li> </ul>	<b>\$327,335</b>
<b>Basic Education Subsidy</b> <ul style="list-style-type: none"> <li>• Increase in state subsidy from 0% to 5.53%</li> <li>• 25% of Governor's Proposed Budget</li> </ul>	<b>278,413</b>
<b>PA Property Tax Reduction</b> <ul style="list-style-type: none"> <li>• Increase in amount available for Homestead and Farmstead Exclusion</li> <li>• Homestead and Farmstead Owners will receive additional \$53.26 Credit</li> </ul>	<b>141,713</b>
<b>Tuition Income</b> <ul style="list-style-type: none"> <li>• Non-resident student enrolled in NESD special education classroom</li> </ul>	<b>29,000</b>
<b>PDE FICA &amp; PSERS Reimbursement</b> <ul style="list-style-type: none"> <li>• Decrease related to positions eliminated and retirements</li> </ul>	<b>(32,900)</b>
<b><i>PENDING - Real Estate Taxes</i></b> <ul style="list-style-type: none"> <li>• <i>Decrease – Mellon Heritage Foundation Tax Exempt Status – (\$74,000)</i></li> <li>• <i>Exemption Hearing on May 15, 2024</i></li> </ul>	

# CHANGES SINCE PROPOSED PRELIMINARY - MARCH 21, 2024

<b>EXPENDITURES</b>	
<b>Decrease in Salaries &amp; Benefits</b> <ul style="list-style-type: none"> <li>• Eliminated 1<sup>st</sup> Grade Position via attrition - \$94,138</li> <li>• Eliminated HS Social Studies Position via attrition - \$94,138</li> <li>• Adjusted for Retirement - \$43,815</li> </ul>	<b>\$232,091</b>
<b>Decrease in Purchased Security Services</b> <ul style="list-style-type: none"> <li>• Eliminated proposed 2<sup>nd</sup> contracted school resource office</li> <li>• Did not receive competitive PCCD Safe Schools grant</li> </ul>	<b>95,825</b>
<b>Decrease in Equipment</b> <ul style="list-style-type: none"> <li>• Moved Elementary School Clock System and HS Auditorium Stage Curtain Replacement to Capital Projects Fund</li> </ul>	<b>36,000</b>
<b>Decrease in Purchased Services</b> <ul style="list-style-type: none"> <li>• Reduction in IU5 Special Education Consortium classroom costs</li> </ul>	<b>19,000</b>
<b>Decrease in Supplies &amp; Equipment</b> <ul style="list-style-type: none"> <li>• Athletic Supplies &amp; Equipment - \$12,388</li> <li>• Instructional Supplies &amp; Equipment – \$5,044</li> </ul>	<b>17,432</b>

# CHANGES SINCE PROPOSED PRELIMINARY - MARCH 21, 2024

<b>EXPENDITURES</b>	
<b>Increase in Insurance Expense</b> <ul style="list-style-type: none"> <li>• Workers Compensation insurance premium increase - \$76,066</li> <li>• Property and Liability insurance premium increase - \$9,000</li> </ul>	<b>(85,066)</b>
<b><i>PENDING - Decrease in Purchased Services, Supplies, Software, Travel &amp; Equipment</i></b> <ul style="list-style-type: none"> <li>• <i>Review and reduce proposed purchases</i></li> </ul>	<b>\$</b>

# 24-25 Property Tax Reduction Allocation

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## Property Tax Reduction Allocation

- Generated by distribution of state gaming funds through the Taxpayer Relief Act, Special Session Act 1 of 2006
- PDE must notify school districts of the amount by May 1, 2024
- **NESD - \$845,262.67 (24-25)**
- NESD - \$703,549.91 (23-24)
- 24-25 Homestead/Farmstead Exclusion with max assessed value of \$18,742 will be approximately \$304.55 – Increase of \$53.26 per Homestead/Farmstead parcel
- Equivalent to a 1.50% tax decrease
- Only third time in 18 years this has been adjusted – Last increase was in 22-23 school year.
- This is in addition to the increase for senior citizen Property Tax/Rent Rebate Program

# 24-25 Governor's Budget Proposal for Pre-K-12 Education

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## Basic Education Funding - \$1.071 Billion increase

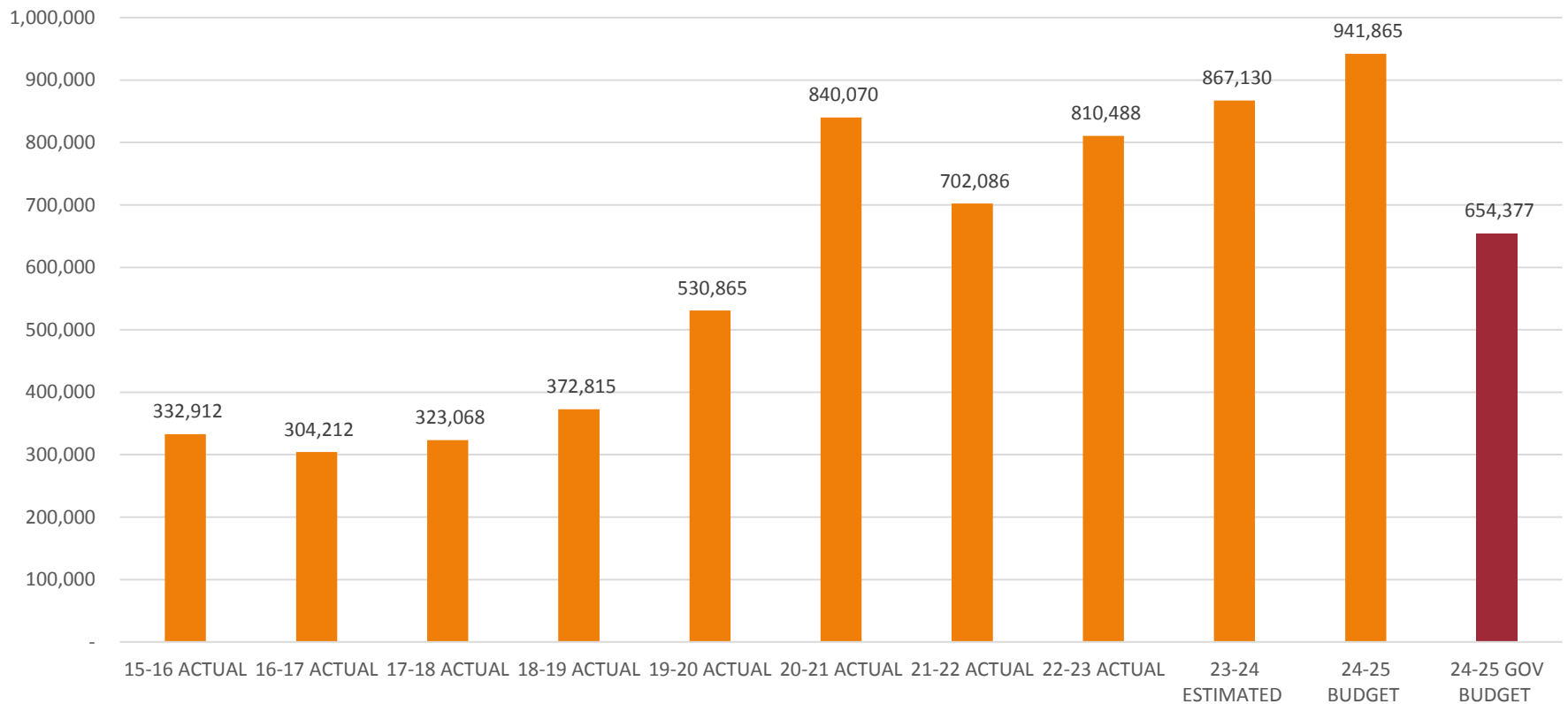
- New \$200 million BEF allocated by BEF formula
- New \$871 million Adequacy Investment formula driven into the BEF base
- **NESD - \$1,113,652 (11.49%)**
- Includes BEF base increase of \$691,223 (7.12%)
- Democratic proposal for this to be divided over 7 years - \$98,746 per year
- BEF formula 24-25 spreadsheets are not final – 4 factors yet to be determined
- BEF proposal has a slim chance of being approved, however, fair funding lawsuit decision should influence final increase favorably

## Cap Statewide Cyber Charter Tuition Rates at \$8,000 - \$262 Million

- **NESD - \$287,489 (equivalent to a 3.04% local real estate tax revenue increase)**

# North East School District Cyber Charter Tuition – Impact of Governor’s Proposal

Charter School Tuition





# Recommendation

- A tax increase of 4.97% is recommended at this time.
  - Act 1 Index would permit up to 7.60%.
  - Increase of \$77 per \$100,000 assessed value
  - Homestead/Farmstead Exclusion will result in tax savings of \$53
  - Net Increase on \$100,000 assessed homestead/farmstead property will be \$24
- Governor's Proposed Cyber Charter Cap is \$287,489 – equivalent to 3.04% tax increase

## **Current Inflationary Indices:**

- 2024-25 Act 1 Index – 7.6%
- CPI-U February (2024) – 3.2%
- PA SAWW (2024) – 4.1%
- Social Security COLA (2024) – 3.2%

## **Historical Tax Increases**

2023-24	3.82%
2022-23	3.83%
2021-22	1.94%
2020-21	0.00%
2019-20	0.00%
2018-19	1.00%
2017-18	1.90%
2016-17	0.96%
2015-16	1.50%
2014-15	1.00%
2013-14	0.00%
2012-13	2.40%
2011-12	1.97%
2010-11	4.10%

# 2024-2025 Budget Process Timeline

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- ⌚ Proposed Preliminary Presentation – March 21, 2024
- ⌚ Proposed Final Presentation – April 18, 2024
- ⌚ Proposed Final Updates/Discussion – May 2, 2024
- ⌚ Proposed Final Updates/Discussion – May 16, 2024
- ⌚ Proposed Final Adoption – May 16, 2024
- ⌚ Budget Discussions/Updates – June 5, 2024
- ⌚ Final Adoption – June 20, 2024