

NORTH EAST SCHOOL DISTRICT

2025-26

Proposed Final Budget
Presentation

April 24, 2025

NORTH EAST SCHOOL DISTRICT BUDGET SUMMARY

	<u>2024-25</u> <u>BUDGET</u>	<u>2025-26</u> <u>BUDGET</u>	<u>INCREASE /</u> <u>(DECREASE)</u>	<u>PERCENT</u> <u>CHANGE</u>
REVENUES				
Real Estate Taxes	\$ 9,297,935	\$ 9,705,937	408,002	4.39%
Earned Income Taxes	1,325,000	1,385,000	60,000	4.53%
Other Taxes	198,750	204,200	5,450	2.74%
Other Local Revenues	839,965	777,000	(62,965)	-7.50%
State Subsidies	17,169,477	18,205,036	1,035,559	6.03%
Federal Subsidies	559,615	548,200	(11,415)	-2.04%
	<u>29,390,742</u>	<u>30,825,373</u>	<u>1,434,631</u>	<u>4.88%</u>
EXPENDITURES				
Salaries & Benefits	21,786,009	22,840,839	1,054,830	4.84%
Purchased Services	3,618,517	3,958,744	340,227	9.40%
Utilities	446,575	433,170	(13,405)	-3.00%
Equipment & Supplies	1,421,748	1,334,045	(87,703)	-6.17%
Debt Service	1,615,000	1,616,650	1,650	0.10%
Fund Transfers & Reserves	901,785	937,855	36,070	4.00%
	<u>29,789,634</u>	<u>31,121,303</u>	<u>1,331,669</u>	<u>4.47%</u>
Increase/Decrease in Fund Balance	<u>\$ (398,892)</u>	<u>\$ (295,930)</u>		

CHANGES SINCE PROPOSED PRELIMINARY - MARCH 20, 2025

REVENUES	
Real Estate Taxes <ul style="list-style-type: none"> • 3.98% increase - \$64.00 per \$100,000 assessed value 	\$388,600
Ready to Learn Adequacy Supplement <ul style="list-style-type: none"> • Year 2 of PA Legislature response to fair funding lawsuit reform • 100% Year 1 and 50% Year 2 of adequacy supplement is budgeted 	290,817
<i>PENDING – Homestead Property Tax Reduction – 14% Increase</i> <ul style="list-style-type: none"> • <i>Approximately \$117,390 will be available for NESD – May 1, 2025</i> 	
<i>PENDING - Real Estate Taxes</i> <ul style="list-style-type: none"> • <i>Decrease – Mellon Heritage Foundation Tax Exempt Status – (\$74,000)</i> 	

CHANGES SINCE PROPOSED PRELIMINARY - MARCH 20, 2025

EXPENDITURES	
Decrease in Salaries - Net <ul style="list-style-type: none"> • Less: One (1) HS teacher • <i>Pending additional staffing reductions via attrition</i> 	\$87,454
Decrease in Supplies & Equipment <ul style="list-style-type: none"> • Reduction of athletic supplies & equipment 	24,679
<i>PENDING - Decrease in Purchased Services, Supplies, Software, Travel & Equipment</i> <ul style="list-style-type: none"> • <i>Review and reduce proposed purchases</i> 	

25-26 Governor's Budget Proposal for Pre-K-12 Education

Basic Education Funding - \$75 Million Increase to be allocated by BEF Formula

- **NESD - (\$101,545) (-0.99%) - \$10,129,559 – 2024-25 – Estimated**
- NESD - \$66,673 (0.66%) – \$10,196,232
- BEF formula 25-26 spreadsheets are not final – 4 factors yet to be determined

Ready to Learn Grant - \$526 Million Increase

- Foundation - \$820 Million – **NESD - \$868,424 – increase of \$581,633**
- Adequacy Investment - \$493 Million – **NESD - \$581,633 – Budgeted 50% - \$290,817**

Special Education Funding - \$40 Million increase

- **NESD - \$68,227 (4.95%) - \$1,447,061 – 2024-25 – Estimated**
- NESD - \$42,476 (2.94%) - \$1,489,537 – 2025-26
- SEF formula 25-26 spreadsheets are not final - 24-25 Act 1 reports will be filed by October 2025. 24-25 SEF is still not finalized.

25-26 Governor's Budget Proposal

Pre-K-12 Education Increases

Cap Statewide Cyber Charter Tuition Rates at \$8,000- \$378 Million

- NESD - \$386,920 (equivalent to a 3.96% local real estate tax revenue increase)

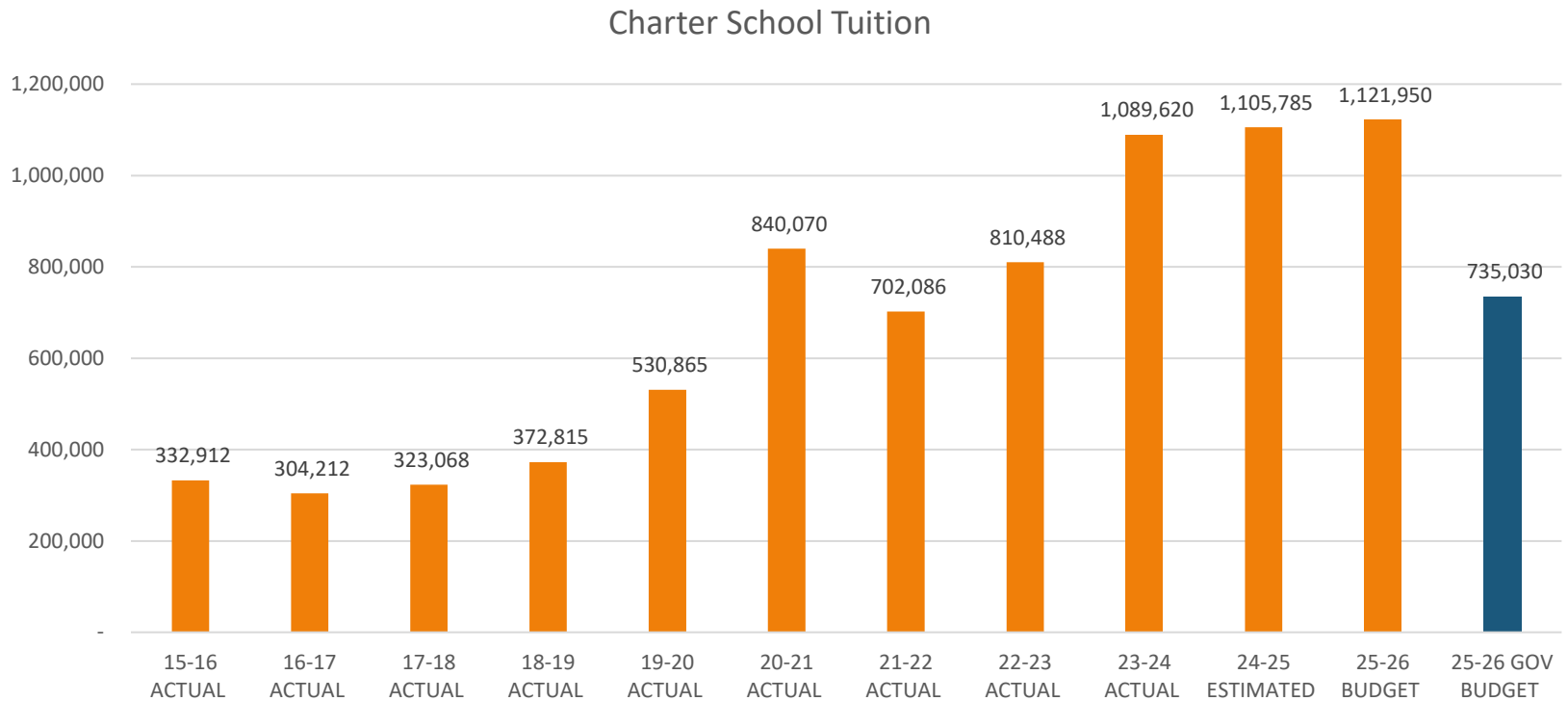
PCCD Safety & Security and School Mental Health Grants - \$111 million

- \$100 million for physical and mental health grants
- NESD - \$128,900 - Estimated

Property Tax Relief – \$125 Million Increase – Certified April 15, 2025

- 14% increase of available amount for Homestead Property Tax Reduction
- PDE must notify districts their allocations by Thursday, May 1, 2025

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



Recommendation

- A tax increase of 3.98% is recommended at this time.
 - Act 1 Index would permit up to 5.70%.
 - Increase is \$76.99 per \$120,300 Homestead Median Assessed Value for 2024 (\$6.42 per month)
 - 14% increase in Property Tax Relief (Homestead Exclusion) will reduce taxes by approximately \$42.00 per homestead/farmstead property
 - Net increase of \$34.99 or \$2.92 per month per Homestead Median Assessed Value property

Current Inflationary Indices:

- 2025-26 Act 1 Index – 5.7%
- CPI-U February (2025) – 2.8%
- PA SAWW (2025) – 1.7%
- Social Security COLA (2025) – 2.5%

Historical Tax Increases

2024-25	3.94%
2023-24	3.82%
2022-23	3.83%
2021-22	1.92%
2020-21	0.00%
2019-20	0.00%
2018-19	1.00%
2017-18	1.90%
2016-17	0.88%
2015-16	1.50%
2014-15	1.00%
2013-14	0.00%
2012-13	2.40%

2025-2026 Budget Process Timeline

- ⌚ Proposed Final Presentation – April 24, 2025
- ⌚ Proposed Final Adoption – April 24, 2025
- ⌚ Budget Discussions/Updates – May 8, 2025
- ⌚ Budget Discussions/Updates – May 22, 2025
- ⌚ Final Adoption – June 5, 2025