

# NORTH EAST SCHOOL DISTRICT

2023-24

Preliminary Budget Presentation

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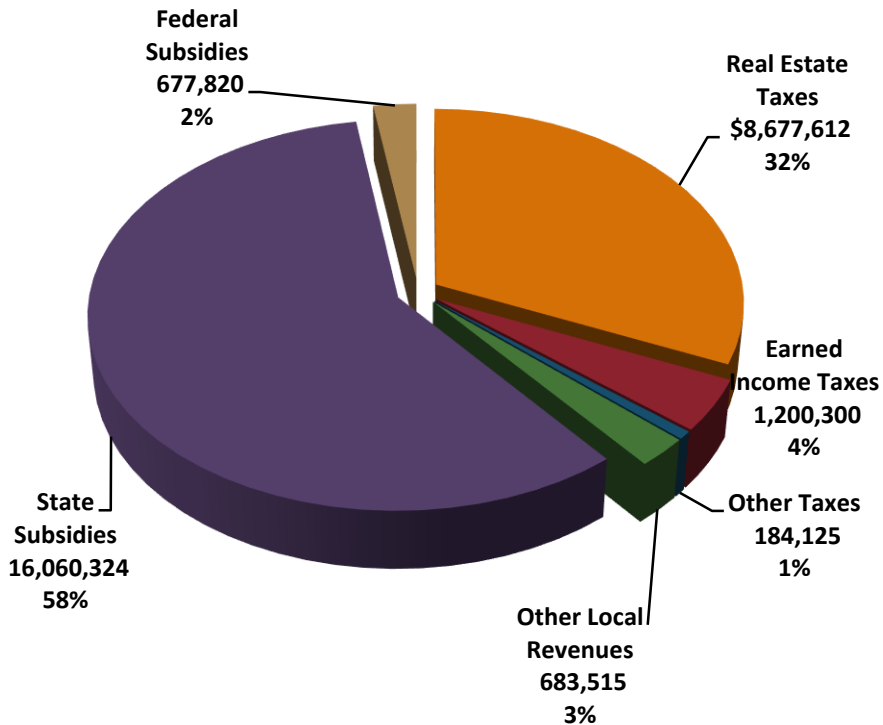
# NORTH EAST SCHOOL DISTRICT

## BUDGET SUMMARY

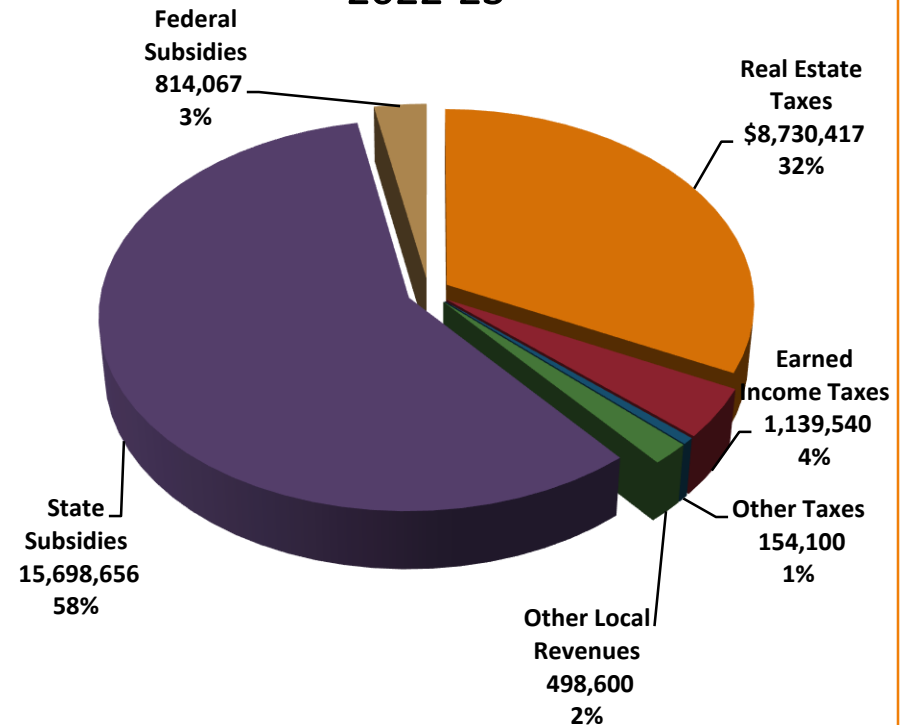
	2022-23 BUDGET	2023-24 BUDGET	INCREASE / (DECREASE)	PERCENT CHANGE
<b>REVENUES</b>				
Real Estate Taxes	\$ 8,730,417	\$ 8,677,612	(52,805)	-0.60%
Earned Income Taxes	1,139,540	1,200,300	60,760	5.33%
Other Taxes	154,100	184,125	30,025	19.48%
Other Local Revenues	498,600	683,515	184,915	37.09%
State Subsidies	15,698,656	16,060,324	361,668	2.30%
Federal Subsidies	814,067	677,820	(136,247)	-16.74%
	<u>27,035,380</u>	<u>27,483,696</u>	<u>448,316</u>	<u>1.66%</u>
<b>EXPENDITURES</b>				
Salaries & Benefits	20,300,849	21,061,301	760,452	3.75%
Purchased Services	2,886,451	3,315,214	428,763	14.85%
Utilities	331,650	417,525	85,875	25.89%
Equipment & Supplies	1,274,385	1,492,842	218,457	17.14%
Debt Service	1,611,150	1,617,300	6,150	0.38%
Fund Transfers & Reserves	833,700	867,100	33,400	4.01%
	<u>27,238,185</u>	<u>28,771,282</u>	<u>1,533,097</u>	<u>5.63%</u>
Increase/Decrease in Fund Balance	<u>\$ (202,805)</u>	<u>\$ (1,287,586)</u>		

# REVENUES

2023-24

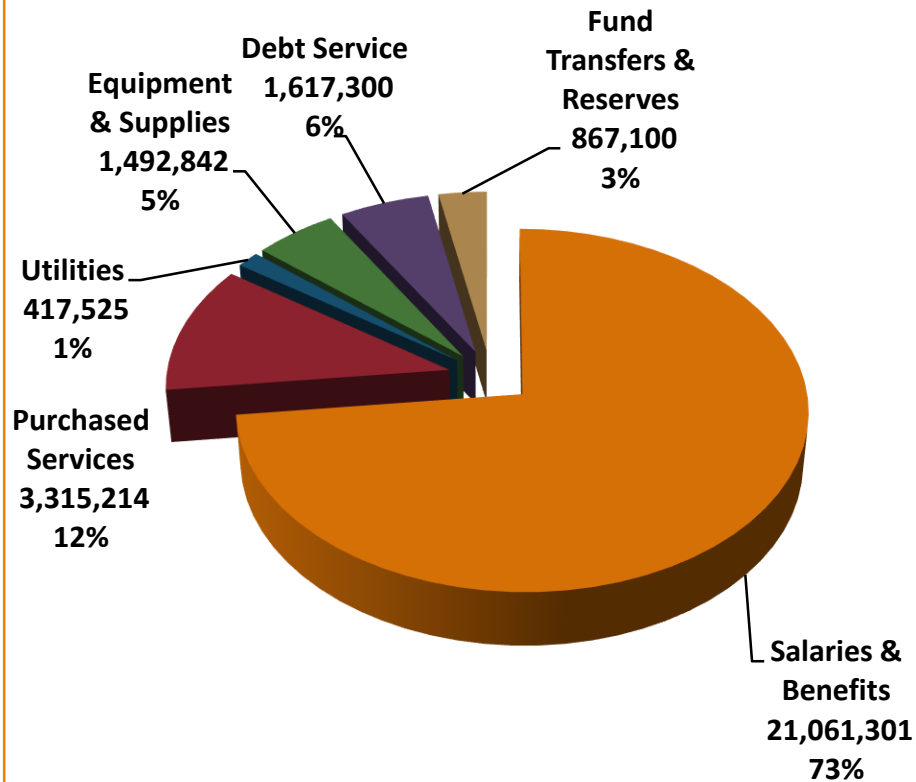


2022-23

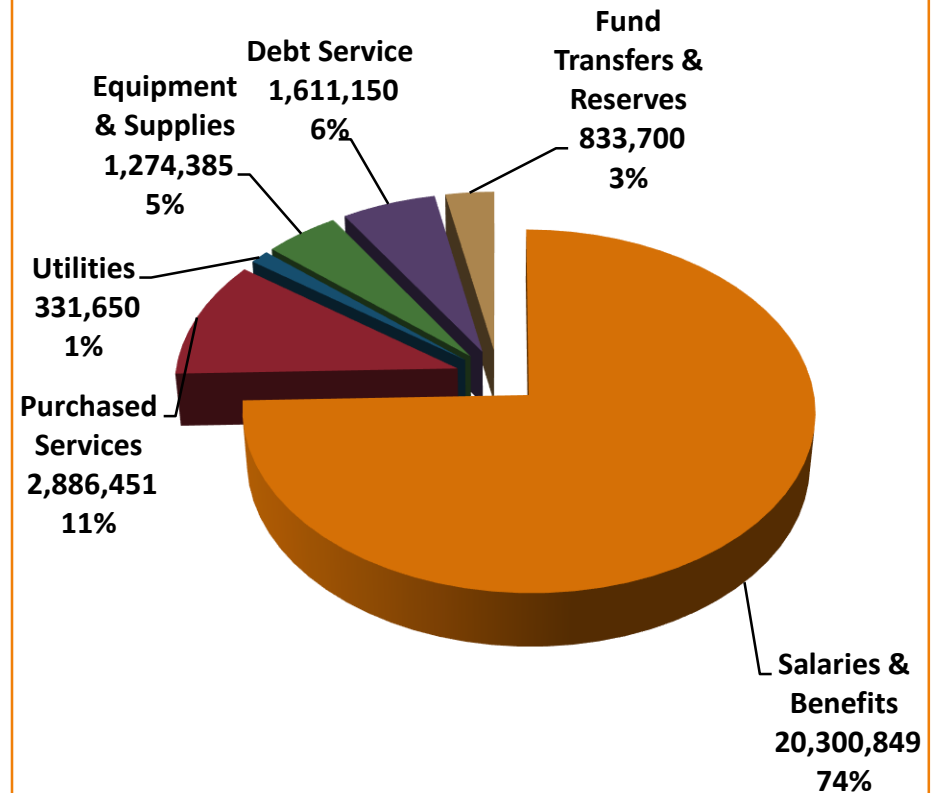


# EXPENDITURES

2023-24



2022-23



# MAJOR REVENUE VARIANCES COMPARED WITH 2022-23 BUDGET

INCREASES	
<b>Interest Earnings</b> <ul style="list-style-type: none"> <li>Increase in interest rate percentages</li> </ul>	<b>\$200,000</b>
<b>Basic Education Subsidy</b> <ul style="list-style-type: none"> <li>Increase in state subsidy based on state approved 2022-23 budget</li> </ul>	<b>147,171</b>
<b>Retirement Subsidy</b> <ul style="list-style-type: none"> <li>State's share of the increase in the district's retirement contribution</li> </ul>	<b>95,000</b>
<b>Special Education Subsidy</b> <ul style="list-style-type: none"> <li>Increase in state subsidy based on state approved 2022-23 budget</li> </ul>	<b>67,952</b>
<b>Earned Income Taxes</b> <ul style="list-style-type: none"> <li>Increase in anticipated Earned Income Tax collections</li> </ul>	<b>60,760</b>
<b>PA School Safety and Security Grant</b> <ul style="list-style-type: none"> <li>Year two of 2022-24 grant</li> </ul>	<b>60,205</b>

# MAJOR REVENUE VARIANCES COMPARED WITH 2022-23 BUDGET

<b>DECREASES</b>	
<b>ESSER III</b> <ul style="list-style-type: none"> <li>Decrease to only 23-24 mental health expenditures</li> </ul>	<b>\$109,796</b>
<b>Transportation Subsidy</b> <ul style="list-style-type: none"> <li>Decrease reflects consolidation of routes during past two years</li> </ul>	<b>50,000</b>
<b>Delinquent Real Estate Taxes</b> <ul style="list-style-type: none"> <li>Decrease in anticipated Delinquent Real Estate Taxes</li> </ul>	<b>30,000</b>
<b>Real Estate Tax</b> <ul style="list-style-type: none"> <li>Decrease in interim real estate tax assessments</li> </ul>	<b>22,805</b>
<b>Medical ACCESS</b> <ul style="list-style-type: none"> <li>Decrease in revenue generating services</li> </ul>	<b>19,950</b>

# MAJOR EXPENDITURE VARIANCES COMPARED WITH 2022-23 BUDGET

<b>INCREASES</b>	
<b>Increase in Salaries - Net</b> <ul style="list-style-type: none"> <li>• Plus salary increases - \$565,261</li> <li>• Plus additional for proposed administrator - \$117,306</li> <li>• Plus additional for substitute staffing - \$74,400</li> <li>• Less five (5) instructional &amp; professional retirements - \$116,521</li> <li>• Less ESSER III summer learning lab staffing -\$64,548</li> <li>• Less three and half (3.5 FTE) elementary classroom aides - \$59,217</li> <li>• Less one (1) bus driver - \$14,672</li> </ul>	<b>\$502,009</b>
<b>Increase in Retirement Contributions</b> <ul style="list-style-type: none"> <li>• Contribution maintained at 35.26% of payroll</li> </ul>	<b>177,006</b>
<b>Increase in Purchased Educational Services</b> <ul style="list-style-type: none"> <li>• Includes IU5 consortium psychological and special education services</li> </ul>	<b>157,530</b>

# MAJOR EXPENDITURE VARIANCES COMPARED WITH 2022-23 BUDGET

<b>INCREASES</b>	
<b>Increase in Charter School Tuition</b> <ul style="list-style-type: none"> <li>Increase in number of students enrolled in charter school programs</li> </ul>	<b>\$151,270</b>
<b>Increase in Equipment</b> <ul style="list-style-type: none"> <li>Increase in furniture and equipment</li> </ul>	<b>134,010</b>
<b>Increase in Supplies &amp; Software</b> <ul style="list-style-type: none"> <li>Increase in software from prior year - \$39,115</li> <li>Increase in supplies from prior year - \$55,542</li> </ul>	<b>94,657</b>
<b>Increase in Utilities</b> <ul style="list-style-type: none"> <li>Increase in electricity and natural gas costs</li> </ul>	<b>85,875</b>
<b>Increase in Other Tuition</b> <ul style="list-style-type: none"> <li>Increase in tuition costs to other LEA's, ECTS and alternative education placements</li> </ul>	<b>60,058</b>
<b>Increase in Contracted Transportation – IU5</b> <ul style="list-style-type: none"> <li>Increase in early intervention contracted transportation costs</li> </ul>	<b>50,000</b>



# MAJOR EXPENDITURE VARIANCES COMPARED WITH 2022-23 BUDGET

<b>DECREASES</b>	
<b>Decrease in Textbooks &amp; Workbooks</b>	<b>20,710</b>

# 23-24 Governor's Budget Proposal for Pre-K-12 Education

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Basic Education Funding - \$567 Million increase

- New \$567 million BEF allocated by BEF formula
- **NESD - \$528,453 (5.60%)**
- BEF formula 23-24 spreadsheets are not final – 4 factors yet to be determined

Special Education Funding - \$104 Million increase

- **NESD - \$80,416 (6.00%)**
- SEF formula 23-24 spreadsheets are not final - 22-23 Act 1 reports will be filed by October 2023. 22-23 SEF is still not finalized.

***BEF & SEF proposals have a chance of making it, but some amounts might be diverted to Level Up, etc. that will not benefit NESD.***

# 23-24 Governor's Budget Proposal

## Pre-K-12 Education Increases

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Ready to Learn Grant - level funded

Pupil Transportation – level funded

PSERS & Social Security Reimbursement – level funded

Early Childhood Programs

- Pre-K Counts – \$30 Million
- Head Start – \$3 Million
- Early Intervention - \$10.4 Million

PCCD Safety & Security Grants - \$100 million – competitive?

School Mental Health Support Grants - \$100 million – NESD - \$116,633

# 23-24 Governor's Budget Proposal

## Pre-K-12 Education Increases

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### School Environmental Repairs and Improvement Grants

- Expands existing work with DEP and PENNVEST - \$100 million – competitive?

Continuation of universal free breakfast - \$38.5 million

### Other Policy....

- Increase minimum wage to \$15/hour
- \$24.7 million in job retention and recruitment efforts for teachers, police and nurses
- Expansion of Property Tax/Rent Rebate program for 2024-25

# What's Not in the 23-24 Governor's Budget Proposal?

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Charter School Reform Policy

PlanCon – proper funding

Minimum teacher salary

EITC Expansion

Lifeline Scholarship program/pilot

Level-Up round 3

*However, the house and senate have proposed bills in various stages that may address some of these issues.*

# Federal Funding Sustainability

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- 2024 President's Proposed Budget (10/1/23 to 9/30/24)
  - Title I is proposed with a 12.0% increase
  - IDEA is proposed with a 14.3% increase
  - Access to high quality preschool, mental health supports, full-service community schools and critical educator shortages are additional priorities impacting K-12 education
- 2023 Federal Budget (10/1/22 to 9/30/23)
  - Approved December 29, 2022
  - Title I increased 4.6%
  - IDEA increased 19.2%

# Federal Funding - Pandemic Grants in Progress until September 30, 2024

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- ESSER III
  - \$78,920 remaining for mental health expenditures
- ARP 7% ESSER
  - \$8,000 remaining for staff professional development
  - \$12,000 remaining for after school tutoring

# Closing the Gap

- Projected Use of Fund Balance - \$1,287,586
  - PDE BEF/SEF ?
    - 50% of proposed is approximately \$304,435
  - Expenditure Cuts
  - Local Real Estate Tax Increase
    - Act 1 Index Limit (2023-24) – 5.9%
    - 5.85% - \$508,300 - \$84 per \$100,000 assessed value
    - 4.94% - \$429,600 - \$71 per \$100,000 assessed value
    - 3.97% - \$344,900 - \$57 per \$100,000 assessed value
    - 2.99% - \$260,200 - \$43 per \$100,000 assessed value

## **Current Inflationary Indices:**

- 2023-24 Act 1 Index – 5.9%
- CPI-U February (2023) – 6.0%
- PA SAWW (2023) – 5.7%
- Social Security COLA (2023) – 8.7%

## **Historical Tax Increases**

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%
2009-10	0.00%



# 2023-2024 Budget Process Timeline

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- ⌚ Proposed Preliminary Presentation – March 23, 2023
- ⌚ Proposed Final Presentation – April 20, 2023
- ⌚ Proposed Final Adoption – April 20, 2023
- ⌚ Budget Discussions/Updates – May 4, 2023
- ⌚ Budget Discussions/Updates – May 18, 2023
- ⌚ Final Adoption – June 1, 2023