

NORTH EAST SCHOOL DISTRICT

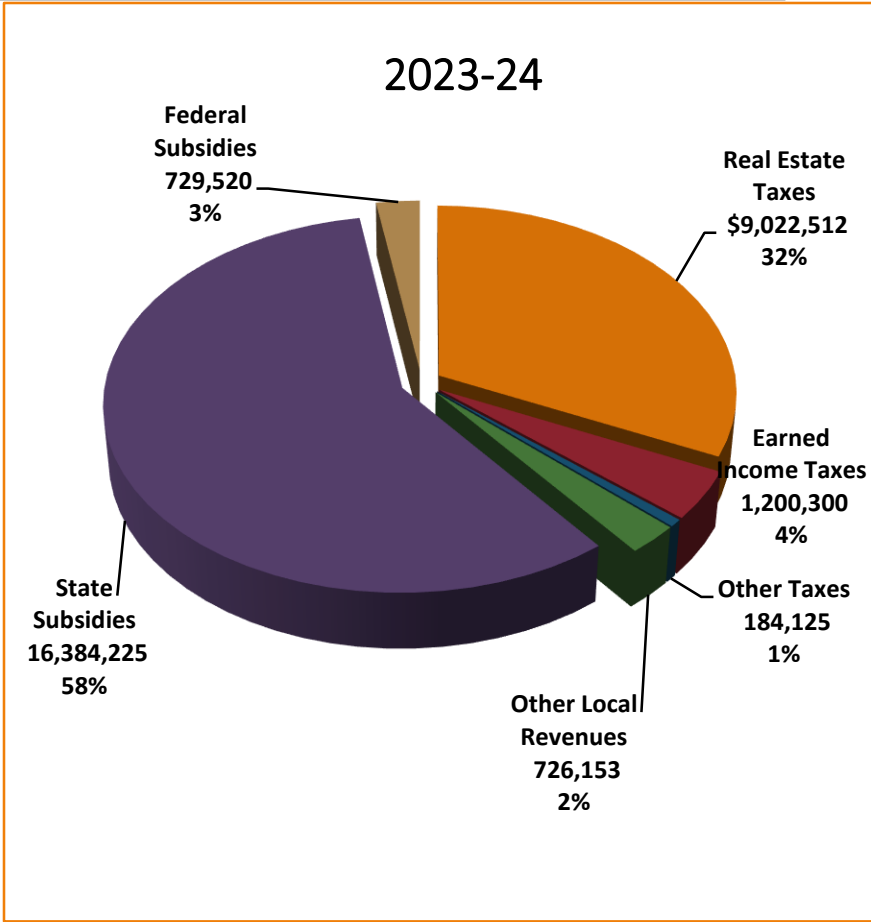
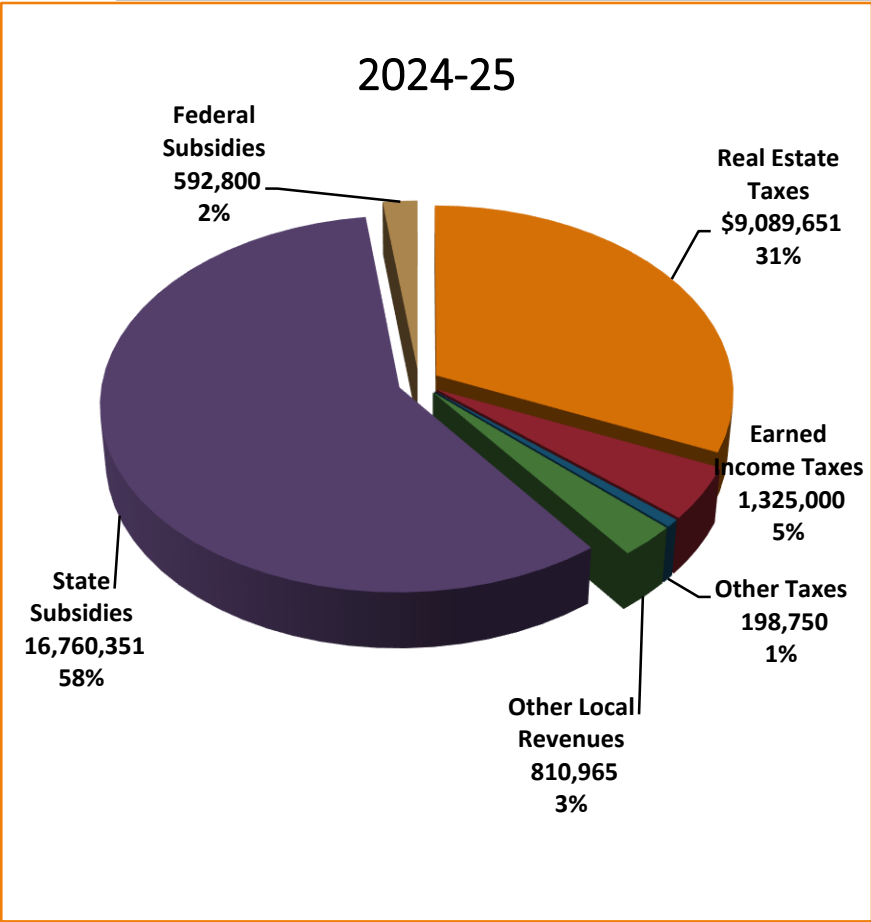
2024-25

Preliminary Budget Presentation

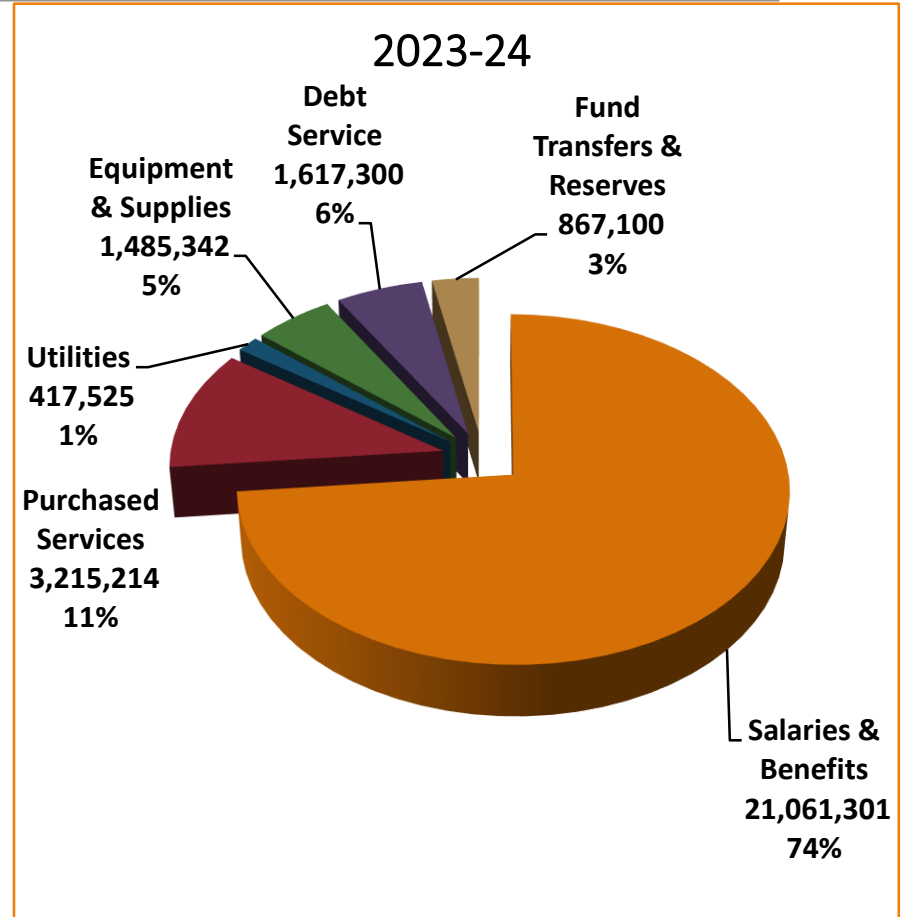
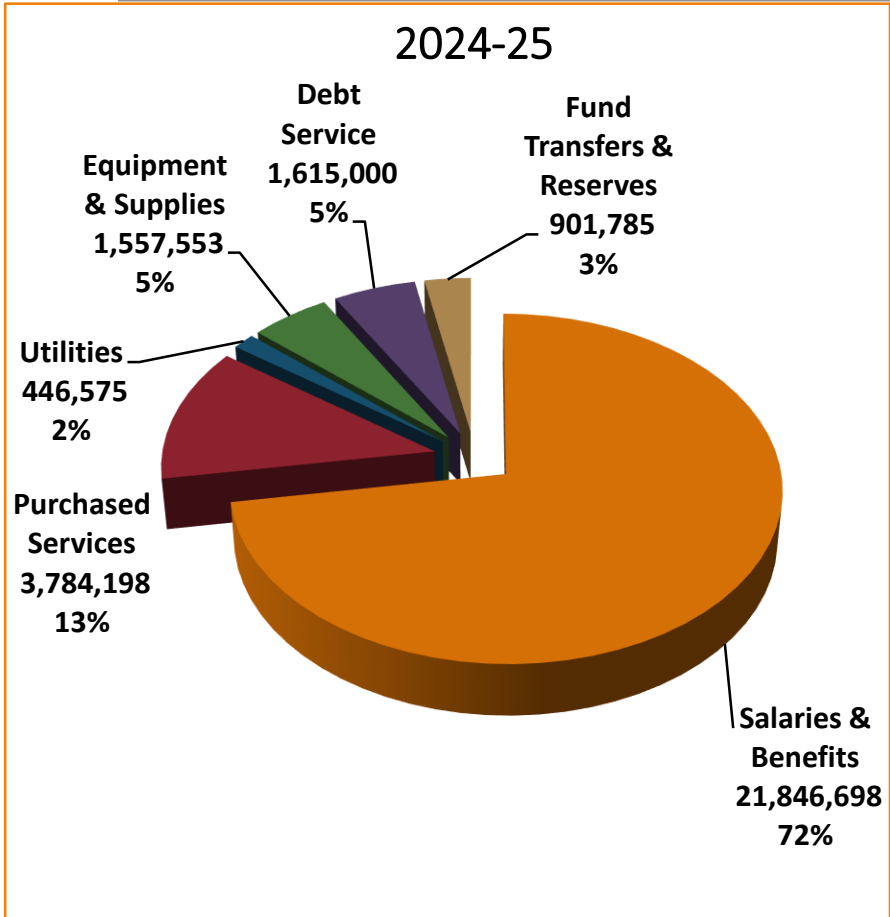
NORTH EAST SCHOOL DISTRICT BUDGET SUMMARY

	<u>2023-24</u>	<u>2024-25</u>	<u>INCREASE /</u>	<u>PERCENT</u>
	<u>BUDGET</u>	<u>BUDGET</u>	<u>(DECREASE)</u>	<u>CHANGE</u>
REVENUES				
Real Estate Taxes	\$ 9,022,512	\$ 9,089,651	67,139	0.74%
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	810,965	84,812	11.68%
State Subsidies	16,384,255	16,760,351	376,126	2.30%
Federal Subsidies	729,520	592,800	(136,720)	-18.74%
	<u>28,246,835</u>	<u>28,777,517</u>	<u>530,682</u>	<u>1.88%</u>
EXPENDITURES				
Salaries & Benefits	21,061,301	21,846,698	785,397	3.73%
Purchased Services	3,215,894	3,784,198	568,304	17.67%
Utilities	417,525	446,575	29,050	6.96%
Equipment & Supplies	1,484,662	1,557,553	72,891	4.91%
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>30,151,809</u>	<u>1,488,027</u>	<u>5.19%</u>
Increase/Decrease in Fund Balance	<u>\$ (416,947)</u>	<u>\$ (1,374,292)</u>		

REVENUES



EXPENDITURES



MAJOR REVENUE VARIANCES COMPARED WITH 2023-24 BUDGET

INCREASES	
Basic Education Subsidy <ul style="list-style-type: none"> • Increase in state subsidy based on state approved 2023-24 budget 	\$258,056
Retirement Subsidy <ul style="list-style-type: none"> • State's share of the increase in the district's retirement contribution 	129,000
Earned Income Taxes <ul style="list-style-type: none"> • Increase in anticipated Earned Income Tax collections 	124,700
Interest Earnings <ul style="list-style-type: none"> • Increase in interest rate percentages 	123,200
Real Estate Taxes <ul style="list-style-type: none"> • Increase in interim real estate tax assessments 	67,139
PA School Safety and Security Grant <ul style="list-style-type: none"> • Year one of 2024-26 grant (Increase from year two of 2022-2024 grant) 	33,786

MAJOR REVENUE VARIANCES COMPARED WITH 2023-24 BUDGET

DECREASES	
ARP ESSER III, 7% Set Aside & HCY <ul style="list-style-type: none"> • Decrease reflects 2023-24 as final year of grant revenue 	\$98,920
Tuition Income <ul style="list-style-type: none"> • Decrease reflects decrease of non-resident special education students 	50,250
Transportation Subsidy <ul style="list-style-type: none"> • Decrease reflects consolidation of routes during past two years 	44,000
Erie County Pandemic Revenue <ul style="list-style-type: none"> • Decrease reflects 2023-24 as final year of contract revenue 	42,000
Medical ACCESS <ul style="list-style-type: none"> • Decrease in revenue generating services 	20,200

MAJOR EXPENDITURE VARIANCES COMPARED WITH 2023-24 BUDGET

INCREASES	
Increase in Salaries - Net <ul style="list-style-type: none"> • Plus NEEA salary increases (23-25 new contract impact) - \$375,094 • Plus salary increases - \$130,373 • Plus additional for substitute staffing - \$64,450 • Less two (2) instructional & professional retirements - \$26,755 	\$543,162
Increase in Charter School Tuition <ul style="list-style-type: none"> • Increase in number of students enrolled in charter school programs 	\$246,435
Increase in Retirement Contributions <ul style="list-style-type: none"> • Contribution maintained at 35.26% of payroll 	191,518
Increase in Supplies & Software <ul style="list-style-type: none"> • Increase in supplies from prior year - \$129,393 • Decrease in software from prior year - \$6,123 	123,270

MAJOR EXPENDITURE VARIANCES COMPARED WITH 2023-24 BUDGET

INCREASES	
Increase in Purchased Security Services <ul style="list-style-type: none"> • Includes new contracted NE Borough Police Dept SRO - \$95,824 • Increase in contracted Erie County SRO - \$5,376 	101,200
Increase in Purchased Educational Services <ul style="list-style-type: none"> • Includes IU5 consortium psychological and special education services 	98,692
Increase in ECTS Tuition <ul style="list-style-type: none"> • Increase in tuition costs to ECTS 	87,796
Increase in Insurance <ul style="list-style-type: none"> • Increase in general liability and property insurance premiums 	55,665
Increase in Textbooks & Workbooks <ul style="list-style-type: none"> • Increase in cyclical curriculum purchases 	40,795
Increase in Transfer to Capital Projects Fund <ul style="list-style-type: none"> • Scheduled annual increase of 4% 	34,685

MAJOR EXPENDITURE VARIANCES COMPARED WITH 2023-24 BUDGET

DECREASES	
Decrease in Equipment <ul style="list-style-type: none">• Decrease in planned equipment purchases	68,674
Decrease in Other Tuition <ul style="list-style-type: none">• Decrease in tuition costs to other LEA's and alternative education placements	61,150

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

Basic Education Funding - \$1.071 Billion increase

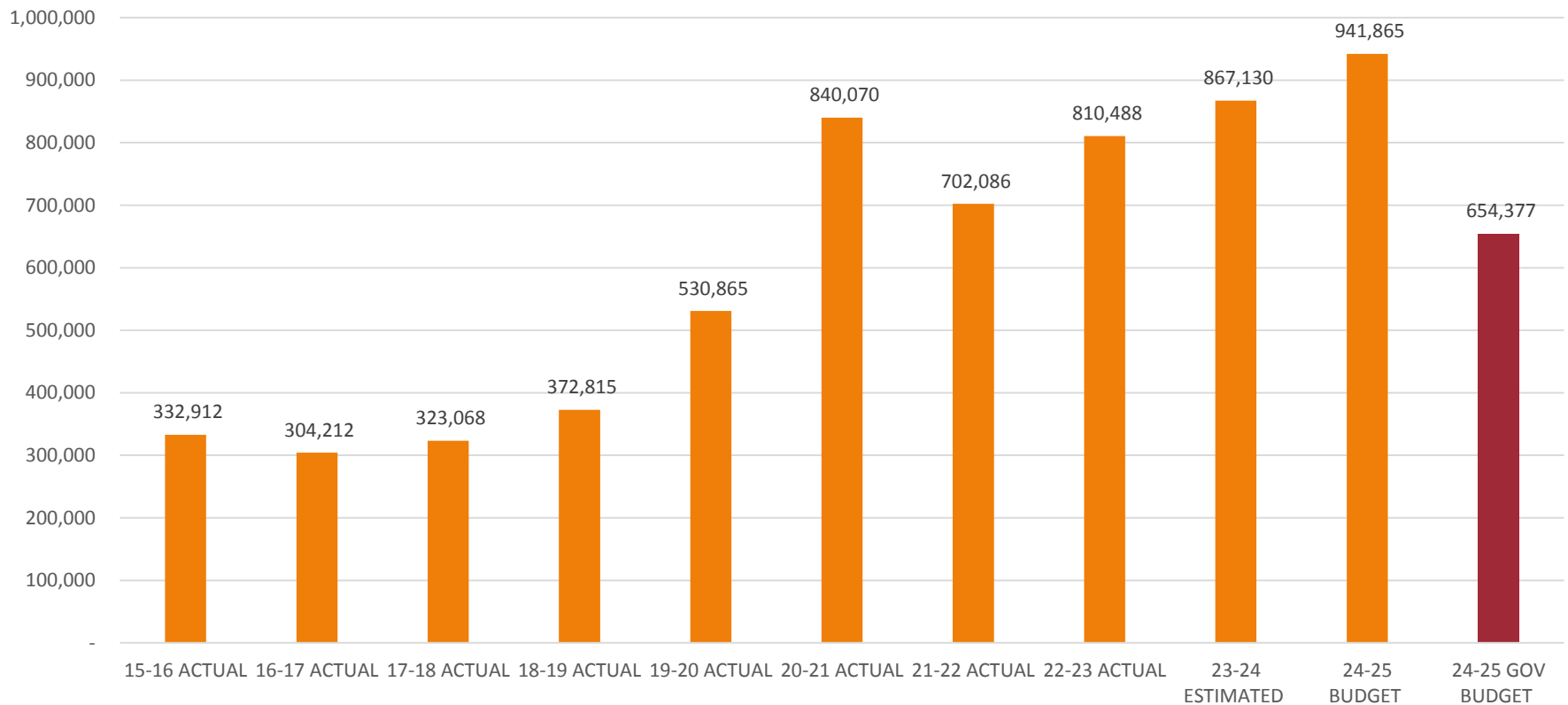
- New \$200 million BEF allocated by BEF formula
- New \$871 million Adequacy Investment formula driven into the BEF base
- **NESD - \$1,113,652 (11.49%)**
- Includes BEF base increase of \$691,223 (7.12%)
- BEF formula 24-25 spreadsheets are not final – 4 factors yet to be determined
- BEF proposal 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



24-25 Governor's Budget Proposal

Pre-K-12 Education Increases

Special Education Funding - \$50 Million increase

- **NESD - \$18,711 (1.34%)**
- SEF formula 24-25 spreadsheets are not final - 23-24 Act 1 reports will be filed by October 2024. 23-24 SEF is still not finalized.
- Estimated SEF for 23-24 actually decreased by \$14,596

Ready to Learn Grant - level funded

Pupil Transportation – level funded

PSERS & Social Security Reimbursement – level funded

Continuation of universal free breakfast - \$38.5 million

24-25 Governor's Budget Proposal

Pre-K-12 Education Increases

PCCD Safety & Security Grants - \$50 million

- 2023-24 budget and finally approved in December 2023 for use in 2024-2026 fiscal years
- Meritorious Grant - **NESD – \$35,000** - Additional Card Reader Access Points at MS & Emergency Management Technology App and Suite
- Competitive Grant - Applied for \$192,000 for additional SRO to be assigned at the elementary building for 2024-25 and 2025-26 fiscal years

PCCD School Mental Health Grants - \$100 million

- 2023-24 budget and finally approved in December 2023 for use in 2024-2026 fiscal years
- **NESD - \$119,430** – Continue funding of part-time IU5 Contracted School Psychologist for 2024-25 and 2025-2026 school years

24-25 Governor's Budget Proposal

Pre-K-12 Education Increases

Dual Enrollment Projects - \$7 Million

Educator Talent Recruitment Account - \$10 Million

Student Teacher Stipend Program – \$15 Million

Professional Development of Educators - \$2.7 Million

CTE Funding - \$2.4 Million

Early Childhood Programs

- Pre-K Counts – \$30 Million
- Head Start – \$2.7 Million
- Early Intervention - \$17 Million

PASS/Lifeline/Etc. Scholarships – continue discussion with legislators

24-25 Governor's Budget Proposal

Pre-K-12 Education Increases

School Environmental Repairs Program via PDE - \$300 million

- School entities can utilize funds for projects that abate or remediate environmental hazards, including, but not limited to, the abatement or remediation of lead in water sources, asbestos and mold.
- Program differs from PlanCon, which is still placed under moratorium without any funding
- No funding appropriated under this proposal for the public school facility grants (\$100 million in 23-24)

Other Policy....

- Increase minimum wage to \$15/hour effective January 1, 2025
- \$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 24-25 Governor's Budget Proposal?

Charter School Reform Policy

PlanCon – proper funding

Minimum teacher salary

EITC/OSTC Expansion

Level-Up

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

Federal Funding Sustainability

- 2025 President's Proposed Budget (10/1/24 to 9/30/25)
 - Title I, II & IV are proposed as level funded
 - IDEA is proposed with a 4.07% increase
- 2024 Federal Budget (10/1/23 to 9/30/24)
 - Title I, II & IV and IDEA have been level funded by Continuing Resolution (CR) that expires 3/22/24
 - Based on 2025 President's Proposed Budget it is anticipated that the next CR or budget bill will be level funded
- 2023 Federal Budget (10/1/22 to 9/30/23)
 - Approved December 29, 2022

Closing the Gap

- Projected Use of Fund Balance - \$1,374,292
 - PDE BEF and Cyber Charter Cap?
 - 50% of proposed BEF is approximately \$556,826
 - Cyber Charter Cap is \$287,489 – equivalent to 3.04% tax increase
 - Expenditure Cuts
 - Local Real Estate Tax Increase
 - Act 1 Index Limit (2024-25) – 7.6%
 - 7.56% - \$713,100 - \$117 per \$100,000 assessed value
 - 6.98% - \$658,300 - \$108 per \$100,000 assessed value
 - 5.94% - \$560,700 - \$92 per \$100,000 assessed value
 - 4.97% - \$469,300 - \$77 per \$100,000 assessed value
 - 3.94% - \$371,800 - \$61 per \$100,000 assessed value
 - Mellon Heritage Foundation Tax Exemption - \$74,000 ?

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

- ⌚ Proposed Preliminary Presentation – March 21, 2024
- ⌚ Proposed Final Presentation – April 18, 2024
- ⌚ Proposed Final Adoption – May 2, 2024
- ⌚ Budget Discussions/Updates – May 16, 2024
- ⌚ Final Adoption – June 6, 2024