Big Spring School District Finance Report

NOVEMBER 18, 2024

(PREVIOUSLY SCHEDULE FOR OCTOBER 21, 2024)

Topics

- Act 1
- Referendum Exceptions
- 2025-2026 Budget Timeline
- 2024-2025 Budget/Finance Update
- Other Business Office Updates

- Note: Presentation will be posted to the District's website – Services > Finance > Board Presentations
  - Finance / Board Presentations

Act 1 Index

- **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 can apply for referendum exceptions if rate increases are needed to cover specific types of costs.

Sources: PASBO, PSBA, PDE

Act 1 Index

- **How is the Act 1 Index Calculate?**
  - 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 2025-26 Fiscal Year, BSSD 2024-2025 MV/PI AR is 0.4894.
  - PDE Website: **Act 1 Index (pa.gov)**

Sources: PASBO, PSBA, PDE

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
    - School Construction
      1) Grandfather Indebtedness
      2) Electoral Debt
    - Special Education Expenditures
    - Retirement Contributions

Source: PDE - https://www.education.pa.gov/Documents/Teachers-Administrators/Property%20Tax%20Relief/ReferendumExceptions/PropTax%20Referendum%20Exception%20Guidelines.pdf

Referendum Exceptions

- No school district that receives adequacy supplement funding shall seek an Act 1 referendum exception for the 2025-26 fiscal year.
- BSSD received an adequacy supplement for FY 2024-25.

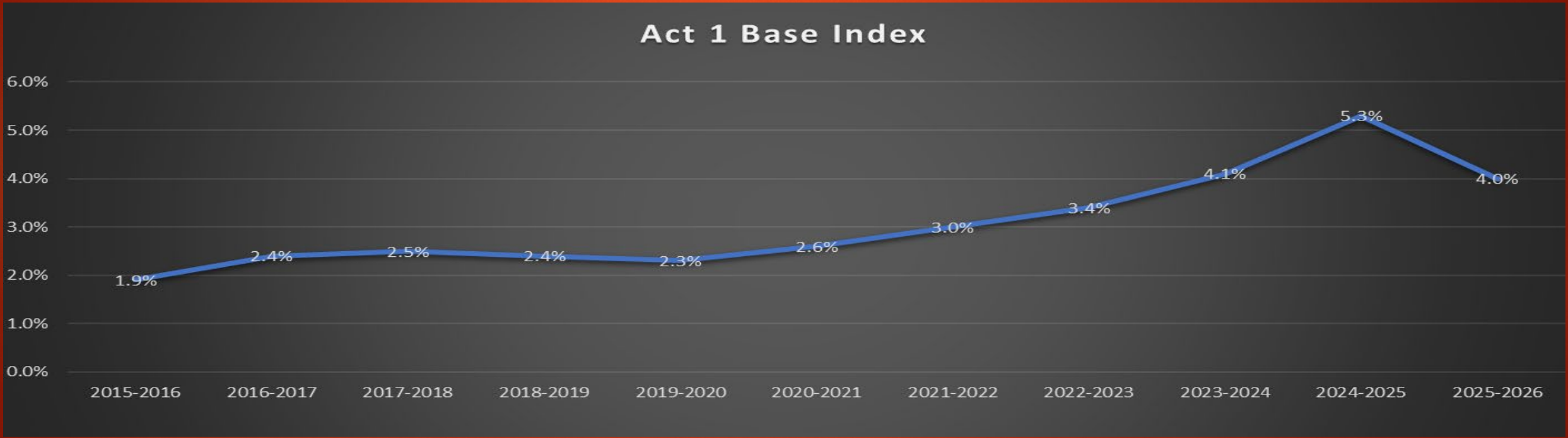
LEA Name	County	2024-25 Total Ready to Learn Block Grant Appropriation	2024-25 Ready to Learn Block Grant Foundation	2024-25 Estimated SD Adequacy Supplement	2024-25 Estimated SD Tax Equity Supplement	Dollar Increase	Percent Increase
Big Spring SD	Cumberland	$672,729.50	$401,851	$270,878.50	$0.00	$270,879	67.41%

- MUST DO OPT OUT RESOLUTION.

Source: PASBO & PDE

Act 1 History

Use for School Year:	2025-2026	2024-2025	2023-2024	2022-2023	2021-2022	2020-2021	2019-2020	2018-2019	2017-2018	2016-2017	2015-2016
Statewide Average Weekly Wage	$1,284.42	$1,239.02	$1,173.68	$1,114.93	$1,064.89	$1,032.53	$1,010.43	$ 988.43	$ 966.87	$ 942.40	$ 919.40
Employment Cost Index	161.60	155.00	147.80	143.60	140.60	136.70	132.90	129.80	126.50	123.60	120.90
Percent (%) Increase - SAWW	3.7%	5.6%	5.3%	4.7%	3.1%	2.2%	2.2%	2.2%	2.6%	2.5%	2.4%
Percent (%) Increase - ECI	4.3%	4.9%	2.9%	2.1%	2.9%	2.9%	2.4%	2.6%	2.3%	2.2%	1.4%
Base Index:	**4.0%**	**5.3%**	**4.1%**	**3.4%**	**3.0%**	**2.6%**	**2.3%**	**2.4%**	**2.5%**	**2.4%**	**1.9%**



Source: PDE - https://www.education.pa.gov/Policy-Funding/PropertyTax/Pages/Act1.aspx

Act 1 – Future Outlook

INDEPENDENT FISCAL OFFICE

LATEST RELEASES DAT

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Act 1 Index Forecast

	22-23	23-24	24-25	25-26	26-27	27-28	28-29	29-30
Base Index	3.4%	4.1%	5.3%	4.0%	3.7%	3.4%	3.2%	3.2%
SAWW	4.7%	5.3%	5.6%	3.7%	3.7%	3.5%	3.3%	3.3%
ECI	2.1%	2.9%	4.9%	4.3%	3.8%	3.6%	3.4%	3.2%
November 2023 (Base Index)				4.0%	3.6%	3.2%	3.1%	--
Revision				0.1%	0.1%	0.2%	0.1%	--

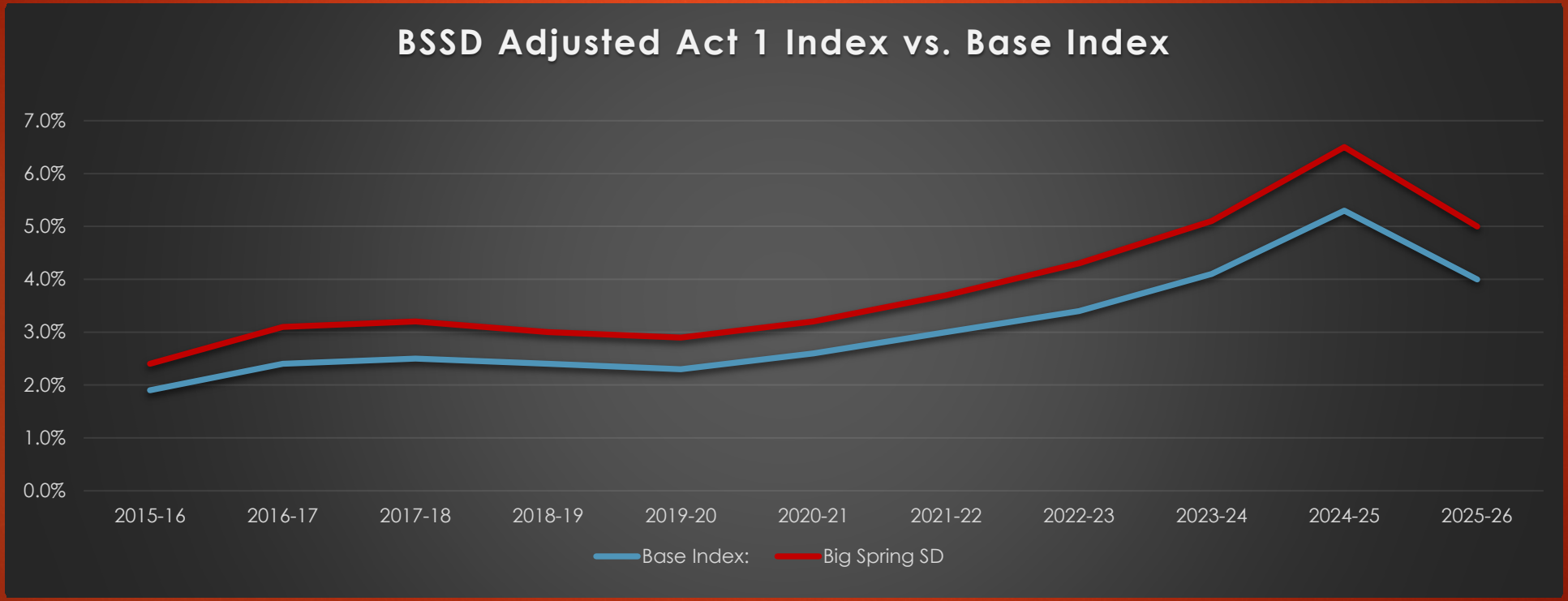
Notes: SAWW is statewide average weekly wage. ECI is employment cost index.

Source: Reported by the Department of Education through 25-26, forecast by IFO thereafter.

Source: PA Independent Fiscal Office - IFO - File Download

BSSD Historical Adjusted Act 1 History

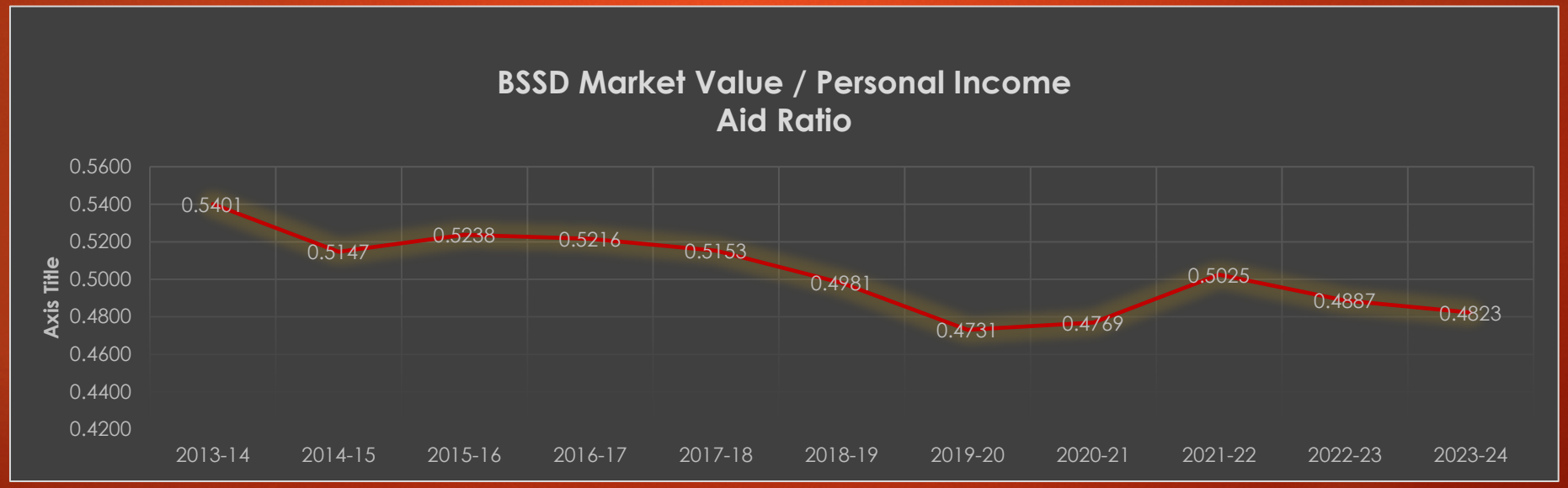
	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26
Big Spring SD	2.2%	2.7%	2.4%	3.1%	3.2%	3.0%	2.9%	3.2%	3.7%	4.3%	5.1%	6.5%	5.0%
Base Index:	**1.7%**	**2.1%**	**1.9%**	**2.4%**	**2.5%**	**2.4%**	**2.3%**	**2.6%**	**3.0%**	**3.4%**	**4.1%**	**5.3%**	**4.0%**



Source: PDE - https://www.education.pa.gov/Policy-Funding/PropertyTax/Pages/Act1.aspx

BSSD Historical Aid Ratio Financial Data

Fiscal Year	Market Value	Personal Income	WADM	MV per WADM	Market Value Aid Ratio	PI per WADM	Personal Income Aid Ratio	Market Value / Personal Income Aid Ratio
2023-24	$1,689,800,758	$599,787,918	3,004.702	$562,385	0.4214	$199,616	0.5738	0.4823
2022-23	$1,618,998,103	$513,133,770	2,976.485	$543,929	0.4343	$172,395	0.5706	0.4887
2021-22	$1,511,387,582	$538,018,932	3,063.730	$493,316	0.4576	$175,609	0.5701	0.5025
2020-21	$1,486,858,568	$597,875,306	3,036.443	$489,671	0.4560	$196,899	0.5084	0.4769
2019-20	$1,430,277,005	$561,016,859	3,047.166	$469,379	0.4585	$184,111	0.4952	0.4731
2018-19	$1,408,727,067	$498,679,511	3,094.712	$455,204	0.4696	$161,139	0.5410	0.4981
2017-18	$1,349,739,658	$487,213,215	3,152.095	$428,203	0.4846	$154,568	0.5617	0.5153
2016-17	$1,343,609,627	$470,444,010	3,189.739	$421,228	0.4947	$147,486	0.5620	0.5216
2015-16	$1,305,832,202	$446,151,691	3,241.308	$402,871	0.4940	$137,645	0.5686	0.5238
2014-15	$1,291,515,110	$488,367,305	3292.652	$392,241	0.5018	$148,320	0.5344	0.5147
2013-14	$1,268,845,129	$407,520,377	3355.771	$378,108	0.5035	$121,438	0.5950	0.5401



Source: PDE - Financial Data Elements (pa.gov)

Budget Process/Act 1 Timeline - Key Dates

Date	Description	Section
September 1, 2024 *(Annual deadline)*	***Department of Education*** publishes the 2025-2026 base index in the Pennsylvania Bulletin.	Section 333(l)
September 30, 2024 *(Annual deadline)*	***Department of Education*** notifies school districts of their 2025-2026 adjusted index.	Section 313(2)
February 4, 2025 (*5 days after resolution adoption*)	***School district*** deadline to submit a copy of resolution adopted pursuant to 311(d)(1) and proposed tax rate increases to Department of Education in the Consolidated Financial Reporting System (CFRS) application.	Section 311(d)(2)
February 15, 2025 (Elected Tax Collector Compensation - deadline is before February 15 of municipal election year)	***School district*** that collect real estate taxes directly, and also those with elected tax collectors, should complete data collection and analysis to establish official elected tax collector compensation rate. February 15, 2025 is deadline for school board action to establish or change the compensation rate applicable to anyone who runs for office, is elected, or serves for years starting 2026	Section 36a (Local Tax Collection Law)
No later than March 1, 2025 *(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 2024.)	Section 341(c), (e), (i)
May 1, 2025 *(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, 2025, that there are enough funds in the Property Tax Relief Fund to make a distribution to school districts in 2025-2026.	Section 505(a)(4)
No later than May 31, 2025	***School district*** deadline to adopt 2025-2026 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, 2025 (*20 days prior to final budget adoption deadline*)	***School district*** deadline to make 2025-2026 proposed final budget available for public inspection on the General Fund Budget from the CFRS application.	Section 312(c)
June 20, 2025 (*10 days prior to final budget adoption deadline*)	***School district*** deadline to offer public notice of its intent to adopt the 2025-2026 final budget.	Section 312(c) Section 687(a)(2)(i) (School Code)
June 30, 2025 (*Annual deadline*)	***School district*** deadline to adopt the 2025-2026 final budget.	Section 312(a)

Source: PDE - 2024-25 Act 1 Timeline for FY School Districts (pa.gov)

FY 2024-2025 Budget/Finance Update

Funding Source	2024-25 Total Estimated BEF July 2024	BSSD PDE 2028 Budget
Basic Education Funding (BEF)	$12,496,624	$ 12,879,312.00

Funding Source	2024-25 Estimated SEF July 2024	BSSD PDE 2028 Budget
Special Education Funding (SEF)	$2,620,625	$ 2,500,270.00

Funding Source	2024-25 Total Ready to Learn Block Grant Appropriation	BSSD PDE 2028 Budget
Ready to Learn	$672,729.50	$ 401,851.00

Funding Source	2024-25 Estimated Cyber Charter Transition	BSSD PDE 2028 Budget
Cyber Charter Tuition	$359,058.00	$ -
Grand Totals	**$16,149,036.50**	**$15,781,433.00**
Additional State Revenue Above 2024-2025 Budget Amounts		**$367,603.50**
2024-2025 Original Budget Deficit		**$ (506,890.00)**
2024-2025 Revised Budget Deficit*		**$ (139,286.50)**

*Projected revised deficit assuming all additional State revenue received is used toward budgeted expenditures and not unbudgeted/new expenditures

Other Business Office Updates

- Working to finalize 2023-2024 local audit.
- In the upcoming months, will begin working to gather and prepare for the 2025-2026 Budget.
- Acclimating/learning BSSD policies, procedures, current/past financial information.

Questions/Comments