FY 2027 Budget

Administration Recommendation

Lancaster County School District

First Reading | May 19, 2026

Where We Are: FY26 Context

Three financial realities shape the FY27 budget conversation

$188.7M

FY26 GF Budget

We use $4.4M of fund balance to balance FY26 — the budget is structurally short before any FY27 changes.

84.9%

of budget is Salaries + Benefits

$160.3M goes to people. Non-personnel costs are already lean; there is limited room to cut without touching staff.

+5 mills

Operating cap available

Lancaster is limited by Act 388 + state cap to ≤5 mill operating increase per year. Currently at 176 mills.

Budget Process

Collaborative review with all schools and departments

1

Budget Meetings

Cabinet met with every school principal and department director. Finance reviewed prior year actuals and current year performance to inform FY27 requests.

2

Base Budget

Prior year's approved budget serves as the starting point, reflecting current programs, staffing, and operating commitments.

3

Inflation, Mandates & Reductions

Adjustments for insurance, retirement rates, state mandates, and operational inflation. Targeted reductions where reallocation can offset growth.

4

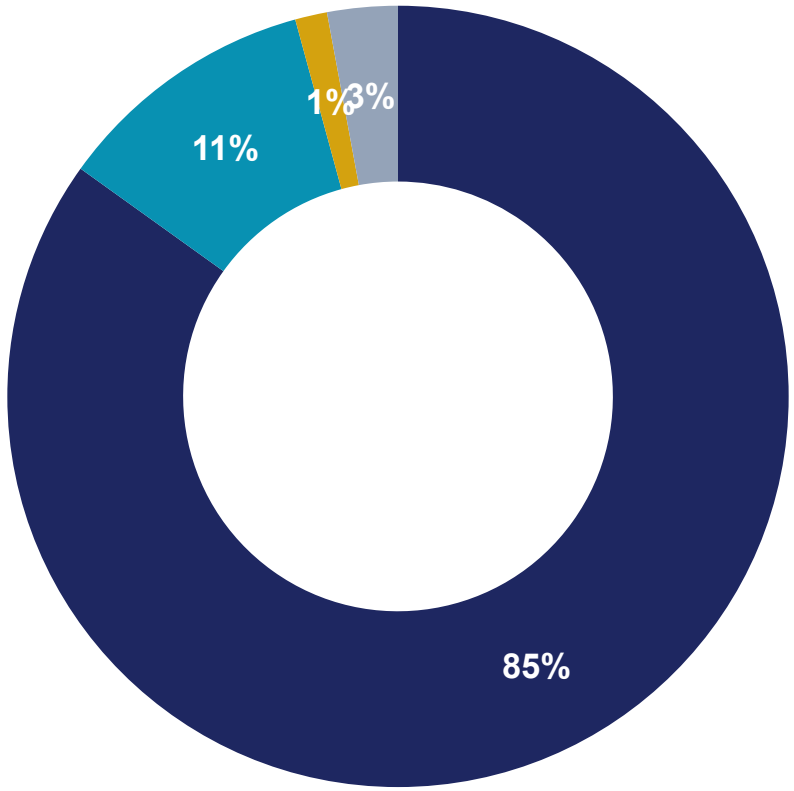
Revenue Reconciliation

Local revenue based on Act 388-adjusted mill base. State revenue from RFA estimates. Fund balance closes the remaining gap.

Key principle: *Every school principal and department head had a direct conversation with Cabinet about their FY27 needs. We build from the prior year's base, adjust for cost increases and state mandates, and reduce where reallocations are possible.*

FY26 Budget by Object

$188.7M General Fund — 85% is people



Salaries & Benefits

$160.3M 84.9%

Teacher, admin, classified, transportation, and operations staff plus retirement, insurance, FICA.

Purchased Services

$20.5M 10.8%

Includes contracted custodial ($5.6M), tech services, repairs, utilities, contracted substitutes.

Supplies & Materials

$2.5M 1.3%

Classroom supplies, library books, technology supplies. Genuinely tight.

Other

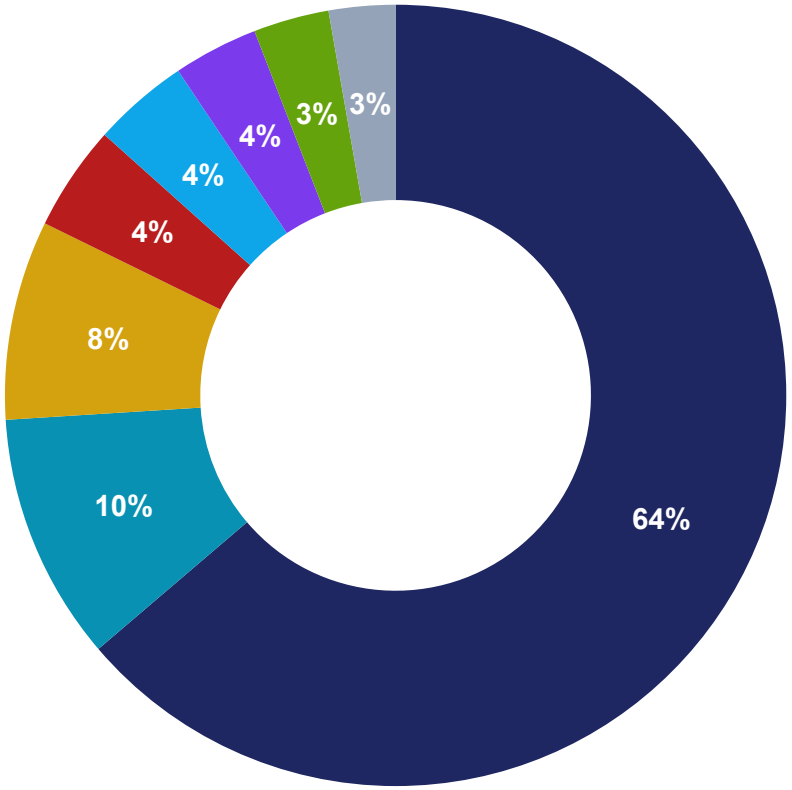
$5.5M 2.9%

Power/Fuel ($3.1M), modest capital, transfers, dues, athletic insurance.

Takeaway: *Cutting district administration alone cannot close a multi-million-dollar gap. The math forces us to address compensation or revenue.*

Compensation Breakdown by Category

FY26 — $106.3M total salaries across all employee groups



Teachers	**$67.2M**	63.3%
School Admin (Principals/APs/Office)	**$10.8M**	10.2%
Teacher Assistants / Paras	**$8.7M**	8.2%
Other Certified (Speech/Nurses/Lib)	**$4.6M**	4.4%
School Clerical	**$4.2M**	4.0%
Transportation (Bus Drivers)	**$3.7M**	3.4%
District Administration	**$3.3M**	3.1%
Operations / Maintenance	**$2.9M**	2.7%

Takeaway: *Teachers represent 63% of compensation. Any meaningful budget adjustment must consider the teacher schedule — not just cuts to district office.*

State Minimum Salary Mandate

Why a $1,000 teacher schedule increase is the FY27 compliance floor

11 of 29 cells

on LCSD's FY26 Bachelor's column fall BELOW the FY27 state minimum schedule

Largest gap (Year 0)

LCSD $50,115 vs State $50,500

Short by $385

Smallest gap (Year 10)

LCSD $55,340 vs State $55,500

Short by $160

Master's column also has 1 cell below at Year 5. MA+30 and Doctorate columns already comply.

The $1,000 solution

Adding $1,000 across-the-board to LCSD's certified salary schedule:

- Brings ALL 116 cells into compliance with the FY27 state minimum
- Preserves the existing step structure and degree-class differentials
- Costs $1.55M total ($1.23M salaries + $321K benefits)

$1.55M

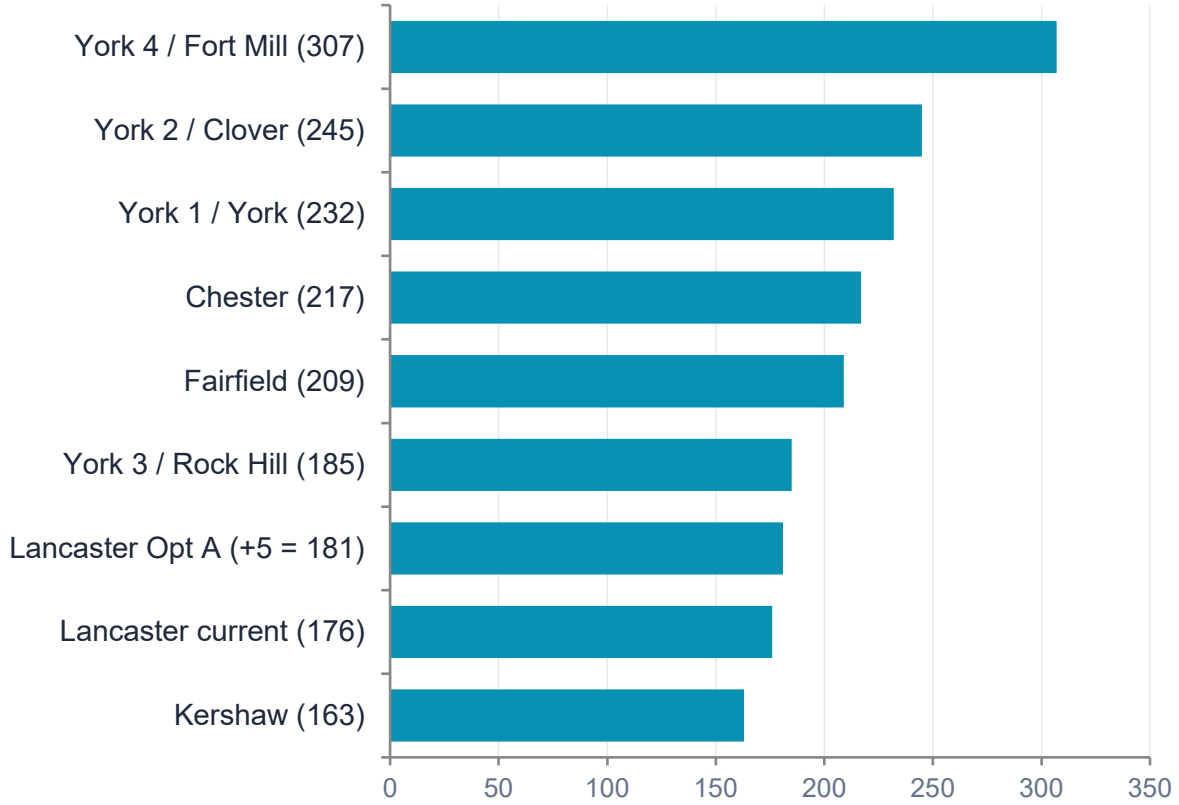
Total cost — applies to all 1,232 certified teachers

Salary Competitiveness & Millage Context

Lancaster County is uniquely constrained by Act 388 and high population growth

OEC Peer District Operating Millage — FY26

Source: OEC FY26 Millage Information. Lancaster is the only district with restrictions on raising millage.



Lancaster's structural constraint

FY27 millage capacity disparity

10.4 RFA-allowed *(CPI + growth formula)*

vs

5.0 Lancaster cap *(statutory limit)*

5.4 mills Lancaster cannot use **≈ ~$1.8M** in annual revenue

Lancaster: 5-mill statutory cap

By state law, LCSD is the only OEC district capped at +5 mills annually — a hard ceiling, not a formula.

Other OEC districts: RFA formula

Limited only by SC RFA's CPI + population growth calculation — typically 6-10+ mills for growing counties.

Current Lancaster millage: 176

Even applying our full +5 cap, we reach 181 mills — still well below the OEC peer median of 217.

FY27 Budget Recommendation

Increase Operating Millage to 181

(current 176 mills + 5-mill cap = 181)

Step

for ALL employees

Every employee receives their annual step movement — recognizes service across all categories.

+$1,000

for teachers

Required to comply with the FY27 state minimum salary mandate. Applied to every cell of the teacher schedule.

$2.80M

fund balance use

Down $1.6M from FY26 ($4.4M). Protects reserves and improves the fund balance trajectory by 36%.

Meets state minimum salary mandate. Recognizes service for all employees. Uses the maximum local revenue available under Lancaster's 5-mill cap.

Recommendation — Detail

FY27 budget summary: revenue, expenditures, and fund balance

FY27 Budget Summary

	FY26 Budget	FY27 Recommended	Δ
Local Revenue	$63.7M	**$69.1M**	+$5.4M
State Revenue	$104.5M	**$109.0M**	+$4.5M
Transfers In	$16.2M	**$15.5M**	-$0.7M
Total Revenue	**$184.3M**	**$193.5M**	**+$9.2M**
Salaries (Step + $1K teach, Step only others)	$106.2M	**$109.5M**	+$3.3M
Benefits	$54.1M	**$57.0M**	+$2.9M
All other expenditures	$28.4M	**$29.8M**	+$1.4M
Total Expenditures	**$188.7M**	**$196.3M**	**+$7.6M**
Use of Fund Balance	**$4.4M**	**$2.80M**	**-$1.6M**

Why this option

Meets state mandate

$1K to teacher schedule resolves all FY27 state minimum compliance gaps.

Step movement for all

Every employee receives annual step increase — recognizes service across all categories.

Reduces FB use 36%

From $4.4M (FY26) to $2.80M (FY27). Protects $1.6M more of reserves than FY26.

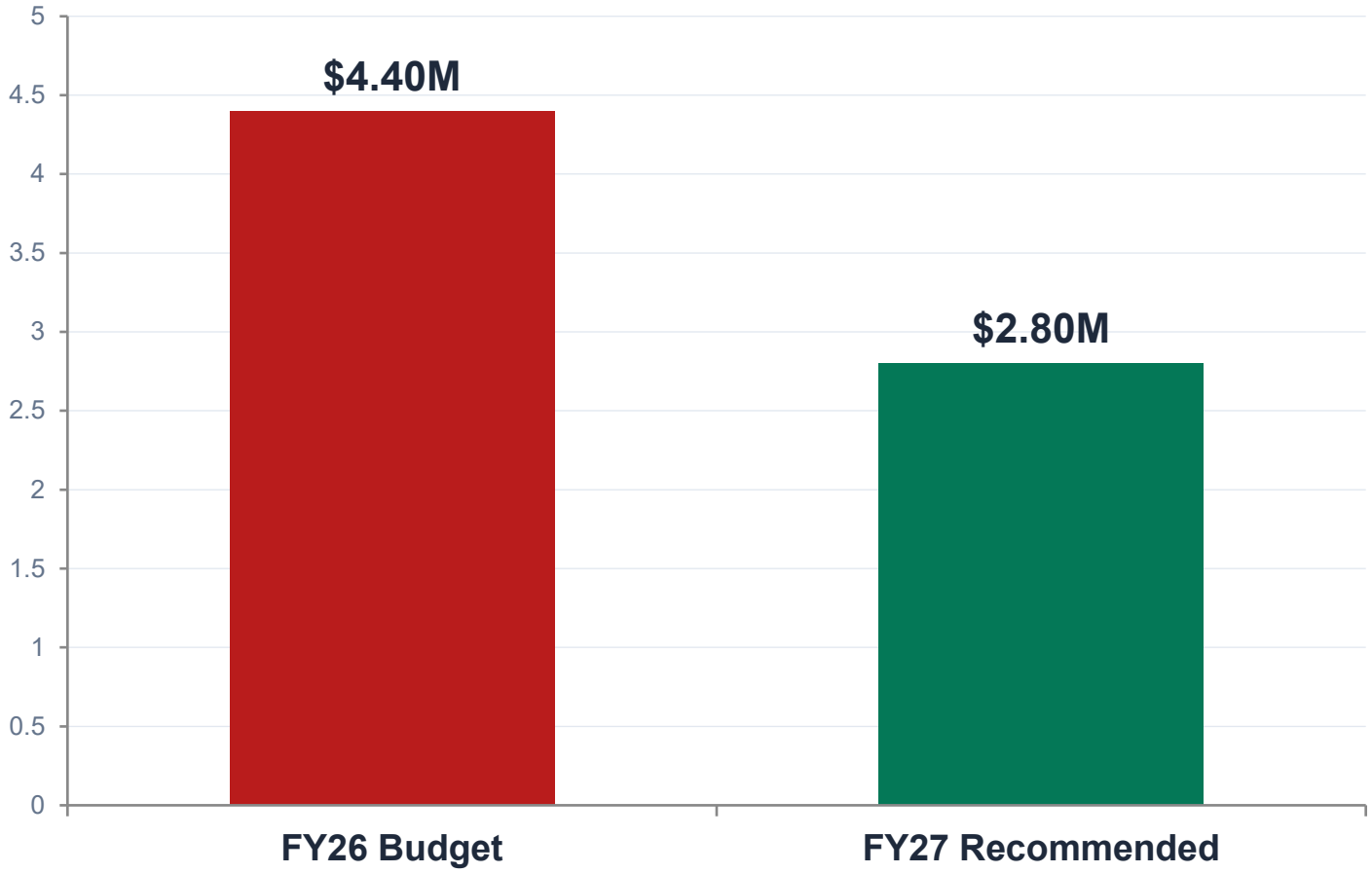
Uses full 5-mill cap

Captures the local revenue we are legally allowed to capture under Lancaster's statutory limit.

FY27 expenditure growth of $7.6M: ~$3.75M is compensation (step + teacher $1K). Remaining $3.85M is insurance growth, operational inflation, reading coach funding, and benefit rate increases.

Fund Balance Impact

FY27 budget protects $1.6M more fund balance than FY26



Key takeaways

$1.6M

Less fund balance drawn in FY27 — better trajectory than FY26.

$2.80M

Total FY27 fund balance use — fully covers structural deficit.

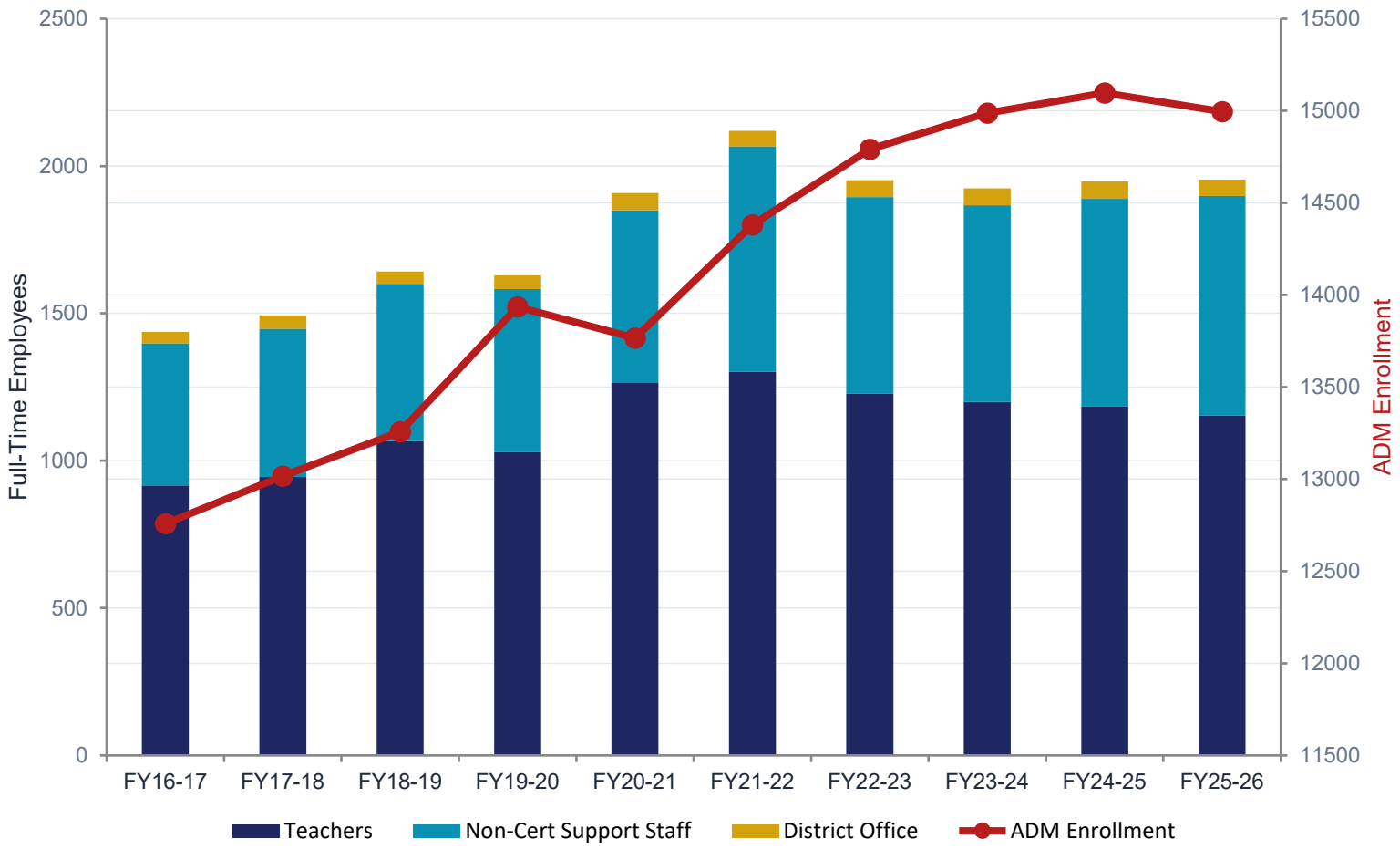
36%

Reduction in fund balance draw from FY26 to FY27.

This budget moves LCSD toward a more sustainable fund balance trajectory — but the structural gap remains and will need to be addressed in future budget years.

10-Year Staffing & Enrollment Trends

Lancaster's staffing has scaled with student growth — not ahead of it



Key takeaways

+17.5%

Enrollment growth

Students grew from 12,758 to 14,996 over 10 years.

+25.9%

Teacher growth

Teachers grew from 916 to 1,153 to serve more students.

This information is based on all educators who are paid on a teacher salary schedule but may not have a traditional caseload (School Counselors, Interventionists, Media Specialists, Instructional Coaches).
It also includes staffing for two schools Van Wyck Elementary (2018) and Indian Land High School (2021) and increases in bus drivers, technology and maintenance crew.

2.8%

District Office share

Only 55 of 1,954 staff are central administration.

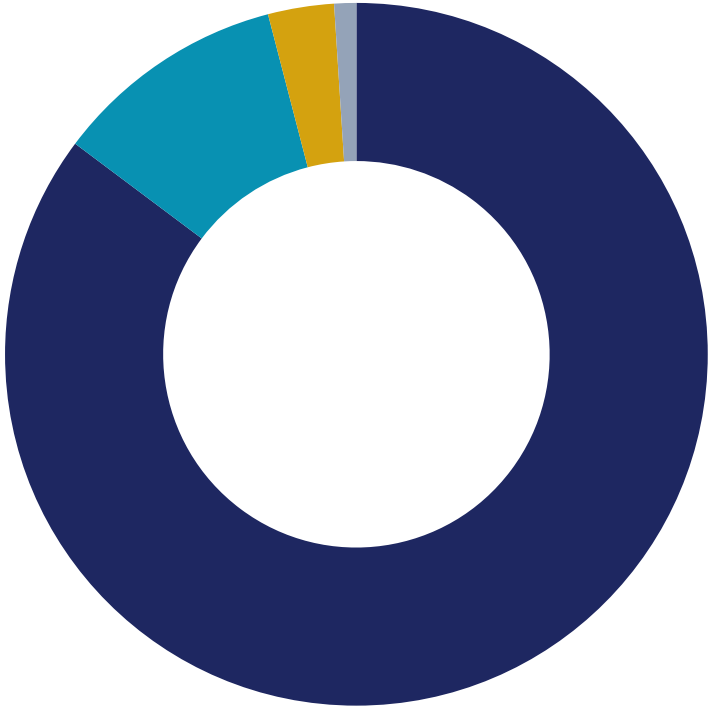
Takeaway: *Lancaster has not over-staffed. Student-to-teacher ratio improved over 10 years; district administration remains just 2.8% of total FTE.*

FY27 Budget Composition

Where the recommended $196.3M goes — by object and by employee category

Budget by Object

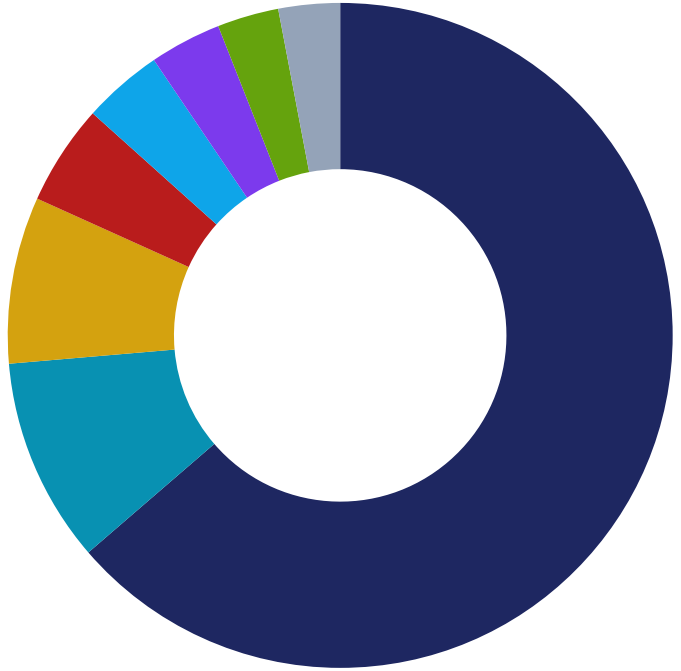
$196.3M FY27 Recommended General Fund



Salaries & Benefits 85.2% Purchased Services 10.7% Supplies & Materials 3.0% Other 1.0%

Compensation Breakdown

$110.5M FY27 Total Salaries by Category



Teachers 63.6% School Admin 10.0% TAs/Paras 8.1% Other Certified 4.9%
School Clerical 3.9% Transportation 3.5% District Admin 3.0% Operations 3.0%

Takeaway: *85% of the FY27 budget is people. Teachers remain 64% of compensation. District Office administration is just 3% — cuts there alone cannot close the gap.*

Adoption Timeline

FY27 budget must be adopted before July 1, 2026



First Reading

Board adopts FY27 budget proposal at regular meeting

Board Workshop

Final review and discussion before public hearing

Public Hearing

Required public hearing; community input on budget

Final Reading

Final adoption vote; budget effective July 1

Statutory requirements

FY27 budget must be adopted prior to July 1, 2026. Public hearing held in advance of final reading. Millage rate certified to the County Auditor by September 30.

Questions & Discussion

Next Step

Board direction on FY27 Budget Recommendation → First Reading scheduled for May 19

Greg McDow, Finance Office | Dr. Williams, Superintendent