Sullivan County School District

FY 2026 Preliminary Year-End Financials
FY 2028 Act 1 Index

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Purpose

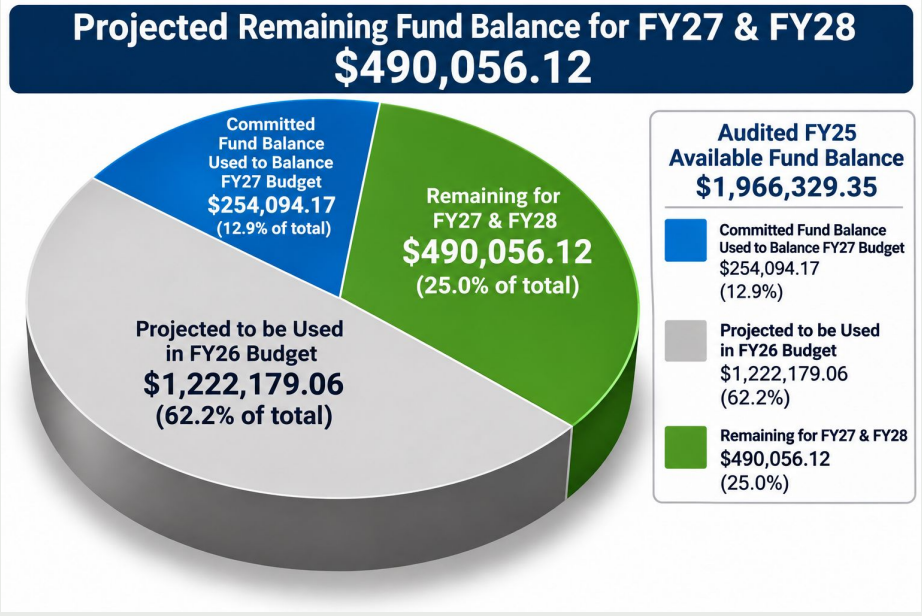
Update for the Sullivan County Board of School Directors and Community Stakeholders

Fiscal Year 2026 Preliminary Year-End Standings

Fiscal Year 2028 Act 1 Index

FY 2026 Overspend Breakout

- Deficit = $1,222,179.06
  - Budgeted fund balance usage : $361,498
  - Cyber Charter Overage : $539,370
  - Unrealized Revenues : $195,180.65
  - Special Education Costs : $126,040
- The Fund Balance will be responsible to offset this deficit



Act 1 Index

Act 1 Index

- The Act 1 Index sets the maximum annual property tax increase a school district can approve without PDE exceptions or voter approval. It is based on statewide wage and employment cost changes, with adjustments for certain districts based on local economic factors.

- PDE 2027-2028 Base Index : 3.6%
  - Sullivan County SD's Adjusted PDE 2027-28 Act 1 Index : 3.6%

Act 1 Index 2027-28

- At a 3.6% Act 1 increase, Sullivan County SD would expect to see an additional $412,000 in revenues for the 2027-28 fiscal year.
- Question : Is that enough?
- What options are available to School Districts?
  - Act 1 Referendum Exception

Act 1 Referendum Exception

- **PDE Exception**
  - The District may apply for an exception to exceed the Act 1 Index for certain eligible expenses

OR

- **Voter Approval**
  - The District may ask voters to approve a tax increase above the Act 1 Index through a voter referendum

Act 1 Referendum Eligibility

- **PDE Exception**
  - Eligible expenses :
    - School Construction
    - Special Education Expenditures
    - Retirement Contributions

Table 1
Summary of Referendum Exceptions by Type
For School Year 2026-2027
Prepared by Pennsylvania Department of Education

Referendum Exception	School Districts Approved	Percent of Total SDs Approved	Amount Approved	Percent of Total Amount Approved
Pension Obligations	0	0.0%	$0	0.0%
Special Education Expenditures	9	90.0%	$18,309,337	79.1%
School Construction Grandfathered Debt	0	0.0%	$0	0.0%
School Construction Electoral Debt	1	10.0%	$4,830,826	20.9%
Totals	10	100.0%	$23,140,163	100.0%

Act 1 Referendum Eligibility

- PDE Exception Approval
  - PDE will only approve a tax increase in the amount a school district needs to balance it's preliminary budget.
    - *For example, if a school district sought referendum exceptions totaling $200,000 but only needed $75,000 in additional tax revenue to balance its preliminary budget, the Department approved a tax rate increase based on $75,000, not $200,000. Tax rate increases were not determined by exception because the full amount of each exception is not required for most school districts*

Act 1 Index 2027-28 Hypotheticals

Act 1 Index	Mills	New Money @ 96% Collection	Average Increase to the Median Homestead Value (Median Assessed Homestead Value 11/10/26 = $98,200)
3.60%	16.835	$412,160.05	$57.45
5.00%	17.063	$564,797.66	$79.79
6.00%	17.225	$673,824.52	$95.75
7.00%	17.388	$782,851.38	$111.70
8.00%	17.550	$891,878.25	$127.66
9.00%	17.713	$1,000,905.11	$143.62
10.00%	17.875	$1,109,931.97	$159.58

Act 1 Referendum Timeline

Date	Description	Section
December 29, 2026 *(30 days prior to preliminary budget public inspection deadline)*	***Department of Education*** deadline to notify school districts of school year of AFR data to be used when calculating referendum exception in Section 333(f)(2)(v).	Section 333(j)(4)
January 28, 2027 *(110 days prior to primary election)*	***School district*** deadline to make 2027-2028 proposed version of preliminary budget available for public inspection **or** adopt resolution pursuant to Section 311(d)(1) indicating that it will not raise the rate of any tax by more than its index.	Section 311(c); 311(d)(1)
February 7, 2027 *(10 days prior to preliminary budget adoption deadline)*	***School district*** deadline to give public notice of the intent to adopt the 2027-2028 preliminary budget unless resolution was adopted under Section 311(d)(1) indicating that it will not raise the rate of any tax by more than its index.	Section 311(c)
February 17, 2027 *(90 days prior to primary election)*	***School district*** deadline to adopt the 2027-2028 preliminary budget unless resolution adopted under Section 311(d)(1).	Section 311(a)
February 22, 2027 *(85 days prior to primary election)*	***School district*** deadline to submit 2027-2028 preliminary budget containing proposed tax rate increases to Department of Education in the CFRS application.	Section 333(e)
March 24, 2027 *(55 days prior to primary election)*	Deadline for ***Department of Education*** to issue ruling on school district's petition for referendum exception.	Sections 333(j)(5)

The Board's Decision Ahead

The Sullivan County School Board is responsible for determining the District's approach to the 2027–2028 Act 1 Index, including evaluating available options and their potential impact on taxpayers and the District's long-term financial sustainability.

Next Steps?

- Schedule a December 2026 meeting to discuss January 2027 Board Action Regarding 2027-2028 Act 1 Index

- Administration will continue to work on FY28 planning ahead of January 28, 2026 decision

Questions?