

Presented 12/04/2023

Methacton School District

2024-2025

Act 1 Index

What is the Act 1 Index?

- [Act 1 of 2006](#), the Taxpayer Relief Act, was signed on June 27, 2006. This law provides limits on a school district's ability to increase taxes.
- The Act 1 Index is calculated and set by Pennsylvania Department of Education. It limits a school district's ability to increase the millage rate from previous year by no more than the established Index.
- The calculation of the index is completed by averaging the percent increases in the Pennsylvania Statewide Average Weekly Wage (SAWW) and the Federal Employment Cost Index (ECI) for elementary/secondary schools.

What is the Act 1 Index for 2024-2025?

For the 2024-2025 Fiscal Year, the Act 1 Index is set at 5.3%. Meaning the District is limited to increasing the millage rate by more than 5.3% without an exception or a referendum vote.

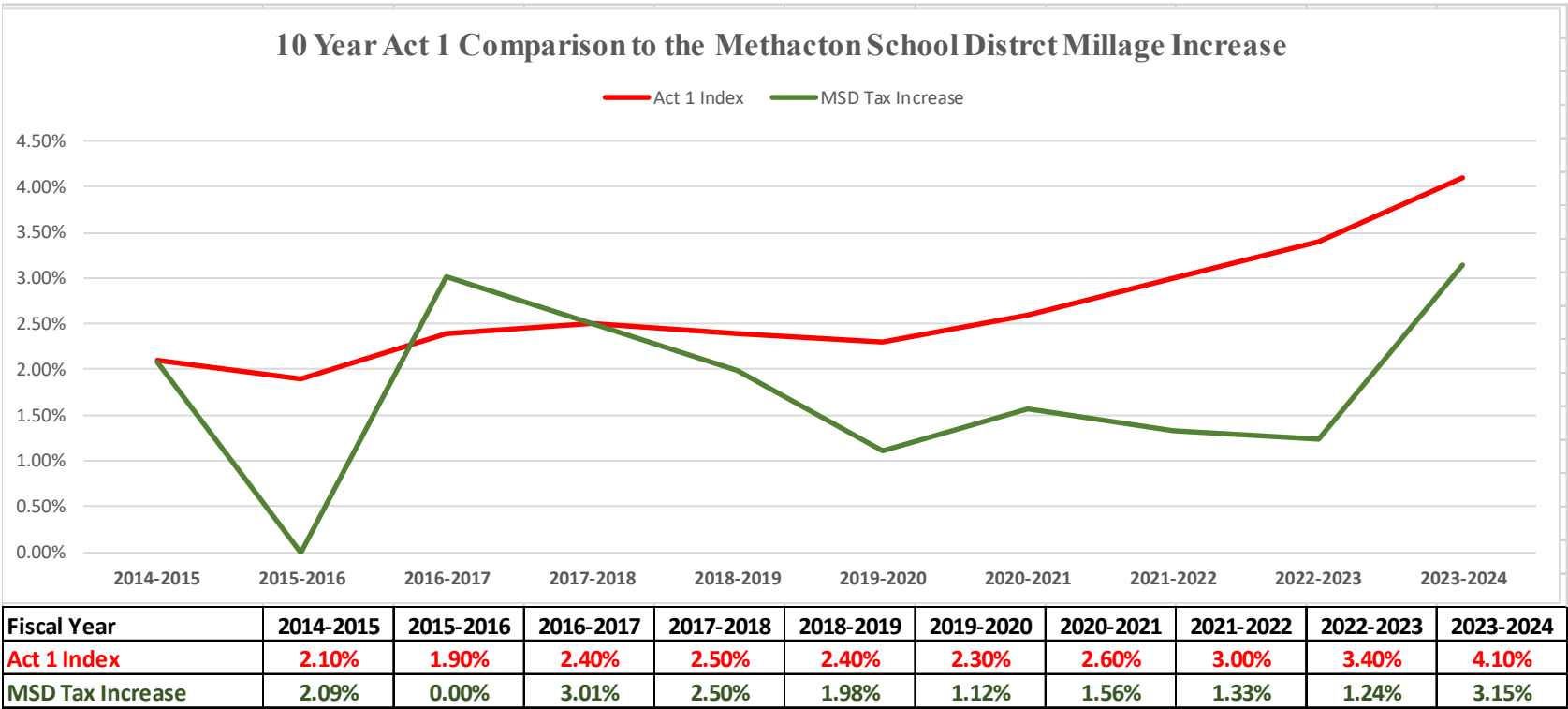
- If a school district believes that they need revenue greater than what is available via the Act 1 Index, they can exceed the Index in one of two ways:
 1. Qualify for an exception under the law
 - Typically, Methacton School District qualifies for an exception in either Special Education or PSERS
 2. Take request through a voter referendum process.

Does Methacton Qualify for any Exceptions?

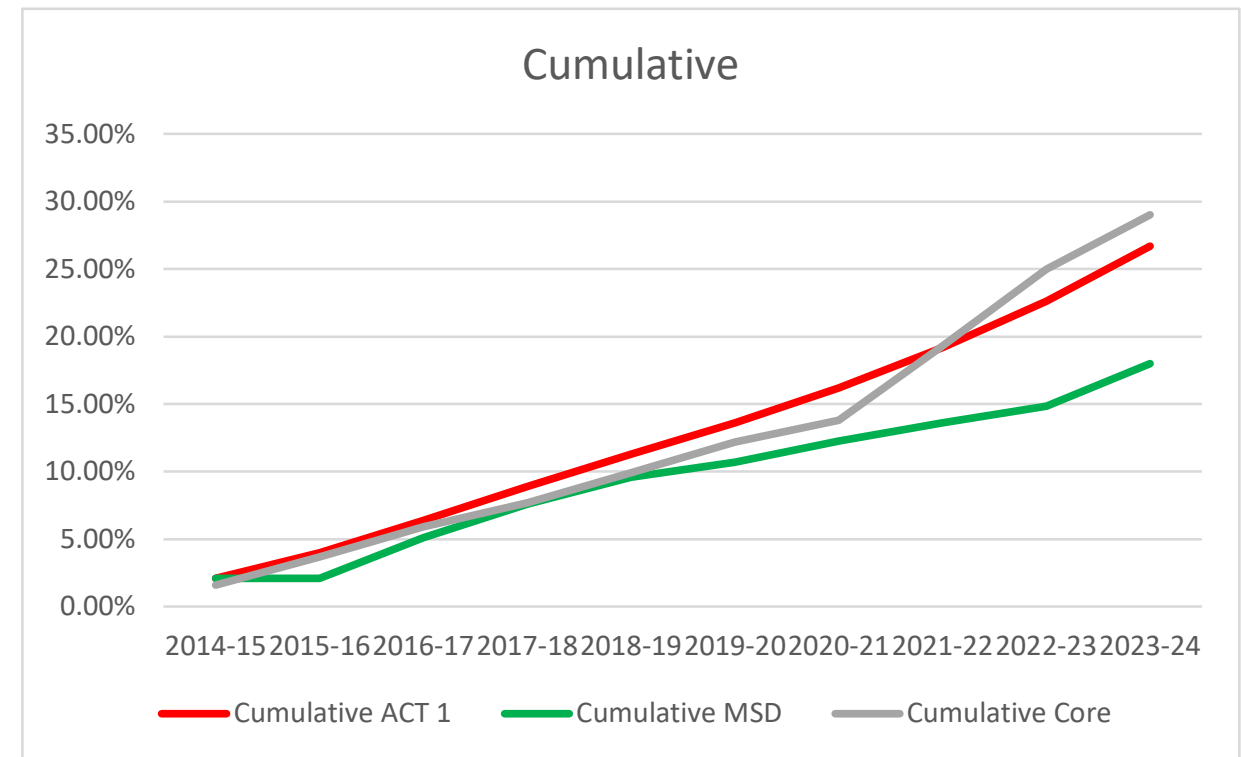
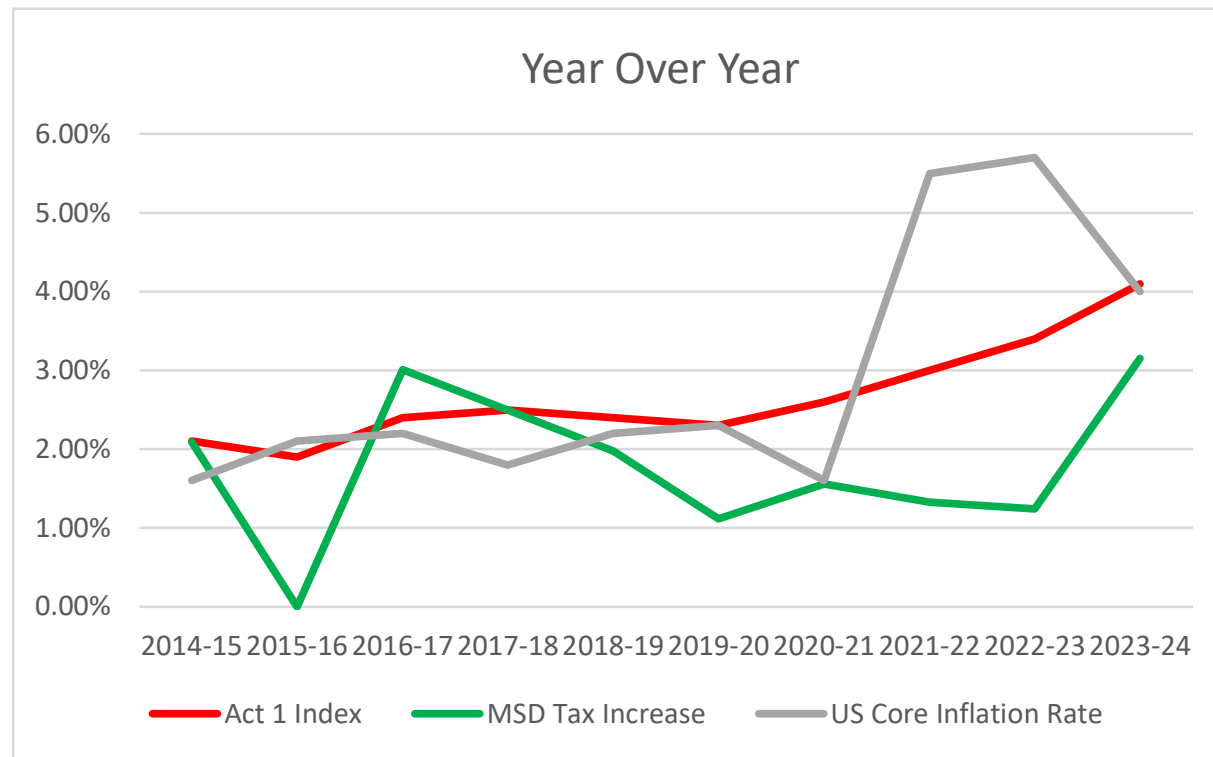
- Methacton **does not** qualify for the PSERS (PA State Employees' Retirement System) Exception.
- Methacton **does** qualify for the Special Education Exceptions due to the increasing costs associated with Special Education services. The exception increases the allowed totals \$1.1M or **3** increases the Act 1 limit to 6.53%.

Methacton Increase v Act 1 Index

Historically, the Methacton School District has remained below the Act 1 Index, with the exception of 2016-2017 SY, which followed a year with no tax increase. If Methacton had issued tax increase consistent with the Act 1 Index, the district millage rate would be 10% higher in 2023-2024 than current.



Act 1 v Inflation



➤ Comparison of the Act 1 Index, MSD Real Estate Tax Increase and US Inflation Rates

Staffing

	PROFESSIONAL STAFF				SUPPORT & MAINTENANCE				ADMINISTRATORS				TOTAL			
	Budget 23-24	Changes 23-24 FY	Budget Changes	Budget 24-25	Budget 23-24	Changes 23-24 FY	Budget Changes	Budget 24-25	Budget 23-24	Changes 23-24 FY	Budget Changes	Budget 24-25	BOY 23-24	Changes 23-24 FY	Budget Changes	Budget 24-25
Arrowhead	38.60	-	-	38.60	14.41	0.87	-	15.28	1.25	-	-	1.25	54.26	0.87	-	55.13
Eagleville	37.80	(1.00)	-	36.80	14.45	(0.40)	-	14.05	1.25	-	-	1.25	53.50	(1.40)	-	52.10
Woodland	39.80	1.00	-	40.80	14.62	-	-	14.62	1.25	-	-	1.25	55.67	1.00	-	56.67
Worcester	37.90	1.00	-	38.90	13.61	(0.80)	-	12.81	1.25	-	-	1.25	52.76	0.20	-	52.96
Skyview	61.40	-	-	61.40	24.24	2.04	-	26.28	2.50	-	-	2.50	88.14	2.04	-	90.18
Arcola	64.60	0.05	-	64.65	21.15	(1.17)	-	19.98	2.50	-	-	2.50	88.25	(1.12)	-	87.13
MHS	125.40	(1.05)	-	124.35	41.46	(0.92)	-	40.54	6.00	-	-	6.00	172.86	(1.97)	-	170.89
District / Facilities	3.00	-	2.00	5.00	22.49	0.51	-	23.00	3.00	-	-	3.00	28.49	0.51	2.00	31.00
Farina	-	-	-	-	22.00	-	-	22.00	12.00	-	-	12.00	34.00	-	-	34.00
Total	408.50	-	2.00	410.50	188.43	0.13	-	188.56	31.00	-	-	31.00	627.93	0.13	2.00	630.06

➤ Preliminary Budget: Includes changes made in the 23-24 FY and addition of 2 Math Specialist K-4

High Level Summary

Budget Includes:

➤ Revenue

- Act 1 Index for Real Estate Taxes
- Interest Rates based on Nov 23
- EIT estimate from Berkheimer
- 23-24 State Subsidies
- 23-24 Title Allocations

➤ Salary & Benefits

- Current staff + 2 FTE (Math Spec K-4)
- Current Contract Increases
- 1st Look of health care at 16.5%
 - Medical & Prescription
 - Dental & Vision Flat

➤ Buildings & Departments

- Based on Original Submission

➤ Debt Service & Fees

- Current Debt Service
- Transfer to Capital Projects

	2023-2024	2024-2025	Change
Local Revenue	\$99,588,671.05	\$105,890,937.20	\$6,302,266.15
State Revenue	\$26,582,835.73	\$28,208,758.42	\$1,625,922.69
Federal Revenue	\$413,608.65	\$416,922.41	\$3,313.76
Revenue	\$126,585,115.43	\$134,516,618.03	\$7,931,502.60
Salary	\$52,851,050.89	\$55,278,211.09	\$2,427,160.20
Benefits	\$33,099,459.03	\$36,065,774.05	\$2,966,315.02
Buildings	\$723,748.59	\$758,610.85	\$34,862.26
Departments	\$27,023,714.92	\$30,501,463.63	\$3,477,748.71
Debt Service / Transfer	\$12,887,142.00	\$11,895,566.00	(\$991,576.00)
Total Expenditures	\$126,585,115.43	\$134,499,625.62	\$7,914,510.19
Variance F/(U)	\$0.00	\$16,992.41	\$16,992.41

Process and Recommendation

PROCESS:

The Pennsylvania Presidential Primary truncates the Act 1 Budgetary timelines for school districts. The deadline for school boards to determine if they plan to go over the Act 1 Index is January 4th, 2024.

Option 1 – Vote to approve a resolution, not exceed the Act 1 Index of 5.3%.

Option 2 – Vote to apply for the Special Education Exception up to \$1.1M (tax increase of 6.53%).

Option 3 – Vote to exceed the Act 1 Index and exception limits, by going out to referendum.

RECOMMENDATION:

- Given the Act 1 Budgetary deadline of January 4, 2024, the Administration is recommending that we place a motion on the December 4, 2024 voting meeting agenda to approve a resolution not to exceed the Act 1 Index for the 2024-2025 school year.

Next Steps

- December 4, 2023 – Approve Resolution 23-04.
 - Approve the adoption of Act 1 Resolution #23-04 for the 2024-2025 budget not to exceed the Act 1 Index.
- January 2024 – April 2024
 - Provide updates on the budgeting process/status to the Finance Committee and the School Board.
- April/May 2024
 - Proposed Final Budget Presentation
 - Board votes on approving the Proposed Final Budget
- May/June 2024
 - Final Budget Presentation
 - Board votes on approving the Final Budget for the 2024-2025 School year
 - Information is sent to the tax collectors with approved millage rate and Homestead Act.