Finance & Operations Committee Meeting

Wednesday, September 16, 2026 6:00 PM
North Hills Administration Board Room, 135 Sixth Avenue, Pittsburgh, PA 15229

A. **OPENING OF MEETING - Mrs. Ellwood**

A.1. Call to Order

A.2. Committee Member Comments

A.3. Approval of the Minutes

NORTH HILLS SCHOOL DISTRICT
FINANCING & OPERATIONS COMMITTEE MEETING
WEDNESDAY, MAY 13, 2026
MIDDLE SCHOOL LGI

Call to Order
The meeting was called to order by Samantha Ellwood at 6:00 p.m.

Committee Members Present
Samantha Ellwood, Allison Mathis, Mike Santucci, and Jerry Muth

Committee Members Absent
Phil Little and Dave Serkoch

Also Present
Dr. Patrick J. Mannarino and Tammy Swanson

Board Member Comments
None

Approval of Minutes
A motion was made by Mrs. Ellwood seconded by Mrs. Mathis, and unanimously passed to approve the minutes of the April 8, 2026 Finance & Operations Committee Meeting.

Finance Report – Jerry Muth

Mr. Muth presented the projected 2026–2027 budget status. The proposed $101.6 million budget reflects a 1.5 percent increase over the current year and includes a 0.85 mill real estate tax increase to close a $2.5 million deficit due to the loss of one-time revenues from last year, along with continued pressure from rising mandated costs and a declining commercial tax base. The budget was developed without furloughs, program cuts, or increases in class sizes.

North Hills School District Budget Summary

Budget Summary
Projected Revenues (includes a .85 mill real estate tax increase): $101,590,900
Total Projected Expenditures: $101,590,900

Proposed Tax Rate

2025-2026 Approved Tax Rate	20.37 mills
Proposed Tax Rate Increase	.85 mills
Proposed 2026-2027 Tax Rate	21.22 mills

Projected Impact

Municipality	Median Value	Projected Tax	Current Tax	Increase
West View	$98,200	$2,083.80	$2,000.33	$83.47
Ross Township	$134,600	$2,741.80	$2,856.21	$114.41

In general, for every $100,000 in assessed value, taxes would increase $85 per year, or $7.08 per month.

Tax Rate History

Year	Tax Rate	Millage Change	Percentage Change	Act 1 Index	Base Index
2016-17	17.80	.40	2.30%	2.40%	2.40%
2017-18	18.00	.20	1.12%	2.50%	2.50%
2018-19	18.25	.25	1.39%	2.40%	2.40%
2019-20	18.65	.40	2.19%	2.30%	2.30%
2020-21	18.65	0	0.00%	2.60%	2.60%
2021-22	19.04	.39	2.09%	3.50%	3.00%
2022-23	19.70	.66	3.47%	3.90%	3.40%
2023-24	19.70	0	0.00%	4.80%	4.10%
2024-25	20.37	.67	3.40%	6.20%	5.30%
2025-26	20.37	0	0.00%	4.70%	4.00%
2026-27	21.22	.85	4.17%	4.20%	3.50%

The Act 1 Index is the amount taxes may be raised without voter approval. A statewide base index is adjusted to account for lower income districts. The base index represents the average of Pennsylvania wage growth and the national school employee compensation inflation rate.

Homestead Exemption

A Homestead Exemption is a reduction in the assessed value of an owner-occupied residence. On April 29, 2026, the Allegheny County Office of Property Assessments certified the District has 10,986 approved homestead/farmstead properties. The Pennsylvania Department of Education notified the District on May 1, 2026

that the distribution of gaming funds to be used to provide real estate tax reductions through a Homestead Exemption is $2,495,686.99.
The tax reduction for each qualifying resident will be as follows:

Tax Savings: $2,495,686.99 / 10,986 = $227.17
Exemption Assessment Reduction $227.17 / .02122 (proposed tax millage)= $10,705.47

Year over year, the impact on tax savings is nominal:

Tax Year	Gaming Funds Allocation	Tax Savings
2026-2027	$2,495,686.99	$227.17
2025-2026	$2,494,550.81	$225.30
	Additional Tax Savings	**$1.87**

The impact of the homestead exemption on the District's proposed final budget is revenue neutral. Projected Real Estate Tax Revenue included in Local resources will be reduced by $2.5 million. Projected state sources will be increased by $2.5 million as the Commonwealth will provide the District a subsidy in the same amount.

<u>The Revenue Challenge</u>

Initial 2026-27 Projections:

Revenues	$99,148,193
Requested Expenditures	$103,679,674
Initial Deficit	($4,531,461)

- .7% of District revenues come from Federal Sources. Nominal increase anticipated.
- 26.3% of District revenues come from State Sources.
  - ✓ Basic Education Subsidy projected increase of 1% to $9.7 million
  - ✓ Special Education Subsidy projected increase of 3.3% to $3.1 million
  - ✓ Ready To Learn Grant projected increase of 25% to $1.1 million
- 73% of District revenues come from Local Sources.

Real Estate Tax Appeals

The Common Level Ratio is calculated annually by the Pennsylvania State Tax Equalization Board to measure the relationship between local assessed property values and current market prices. From 2013 to 2020, the rate remained relatively unchanged. A revision by the State Equalization Board on April 25, 2023, retroactive to July 1, 2021, resulted in a significant change in these factors, from 87.7 to currently 50.14.

Exploiting this rate decline, commercial real estate taxpayers have filed appeals in recent years eroding the primary source of revenues for the District. As an example, a commercial property located on McKnight Road has a current assessment of $28,379,000. In 2020, that same property was assessed at $53,540,100. At the current real estate tax rate, this 47% reduction in value resulted in nearly $513,000 less in annual real estate tax revenue for the District.
Overall, in the past 3 years:

- Approximately $1.6 million in current real estate tax collections were refunded due to successful commercial real estate tax appeals.
- Approximately $1.9 million in prior year real estate tax collections were refunded.

Reductions in Salaries, Wages and Benefits

Approximately $1.3 million in expenditure reductions identified.

For each $1.00 spent on Salaries and Wages, a minimum of approximately 42% of that amount is also expended on required benefit contributions:

- FICA - 7.65%
- Pennsylvania Public School Employees Retirement System - 33.59%
- Workers' Compensation - .8%

Medical Insurance annual contributions vary with coverage or opting out of coverage as follows:

- Individual $10,237.80
- Family $29,895.60
- Waiver of coverage $800 to $3,000

Included among positions not being replaced are:

- Director of Elementary Education
- Biology Teacher (class will continue to be conducted)
- 3rd Grade West View Teacher
- Kindergarten Teacher

Reductions in Discretionary Expenditures

Approximately $700,000 in expenditure reductions identified, which included:

Information Technology	Tech Ed Laptops	(35,000.00}
Information Technology	Faculty MacBooks	(58,500.00)
Information Technology	Printers	(1,600.00}
Information Technology	Cellular phone	(8,000.00)
Information Technology	Phish Training	(5,000.00}
Art Curriculum Budget	41% cut	(36,584.00}
Elementary Education	Math Kits & Workbooks	(4,500.00)
Elementary Education	English Language Arts Text	(5,000.00)
Elementary Education	Subs Wages & Benefits	(30,000.00}
Elementary Education	LTRS training	(56,980.00}
Elementary Education	LTRS books	(13,500.00)
Elementary Education	Dues & Fees	(5,000.00)
Alternative Education	Salaries and Benefits	(42,612.00}
Athletics	Wages, Benefits & Supplies	(22,689.39)

Uncertainties and Assumptions

Enrollment: Grades 1 through 12 enrollment is highly predictable. Kindergarten enrollment can vary widely year to year. At this time, in comparison to current year enrollment, Kindergarten registrations for the 2026-2027 school year are lagging as follows:

Elementary School	2026-27 Registrations	2025-2026 Enrollment	Difference
Highcliff	72	74	(2)
McIntyre	73	104	(31)
Ross	78	85	(7)
West View	65	70	(5)

Commonwealth Budget: The increases in the Basic and Special Education Subsidy proposed in the District final budget were based upon the Governor's initial proposal from February. Any deviations in the final Commonwealth Budget may have an impact on the District's state resources.

Economic Conditions: The inflation rate in April of 3.8% was the highest in three years. Should rising prices continue, this would negatively impact the District's financial condition. The District would be positively impacted if inflation subsides, potentially collecting additional business gross receipts taxes, real estate transfer taxes, etc.

Public Comments

None

Announcement:

The next Finance & Operations Committee meeting is scheduled for Wednesday, September 16, 2026 at 6:00 p.m. in the North Hills Administration Center Boardroom.

Adjournment

Mrs. Ellwood adjourned the meeting at 6:25 p.m.

Tammy R. Swanson

Tammy R. Swanson
School Board Secretary

B. **BUILDINGS & GROUNDS - Mr. Serkoch**

B.1. Buildings & Grounds Report

C. **FINANCE REPORT - Mr. Muth**

C.1. General Finance Report

D. **MEETING CLOSING - Mrs. Ellwood**

D.1. Public Comment

E. **ADJOURNMENT - Mrs. Ellwood**

E.1. Announcements

E.2. Adjournment