

Overview of Annual Budget Timelines and Standard Terminology

All school districts must act upon two completely independent budget processes: **preliminary** and **final**.

School Code Section 687 requires school districts with a July–June fiscal year to adopt a *final* budget no later than June 30 for the succeeding fiscal year. SS Act 1 Chapter 3 mandates a *preliminary* budget process that adheres to the same mechanisms as with the *final* budget, except that the *preliminary* budget timeline takes place in the winter (December/January/February). As in all prior years, the *final* budget timeline continues to take place in the spring (April/May/June).

Both preliminary and final budgets must be prepared using the Department’s General Fund Budget (PDE-2028) software. Section 687(a)(1) requires the school board president to certify to PDE, no later than May 31, that the proposed version of the final budget has been prepared, presented and will be made available for public inspection using the PDE-2028. The certification form is included in the PDE-2028 software; it should be submitted to PDE *immediately* after adoption of the proposed final budget.

To alleviate confusion concerning the procedures required for budget actions, the following define the standard terminology for use when discussing budget-related actions.

Preliminary Budget: The preliminary budget for fiscal year 2015-16 must be adopted (via Board vote) by February 18, 2015. PDE-2028 must be submitted to PDE by February 23, 2015.

A ***proposed*** version must be prepared at least 20 days before adoption; this work-in-progress budget, defined as the ***proposed preliminary budget***, must be made available for public inspection no later than January 29, 2015 (20 days before adoption on 2/18/15).

Public notice of the intent to adopt the preliminary budget must be published no later than February 8, 2015 (10 days before adoption on 2/18/15).

Note: An alternate process exists under SS Act 1 of 2006. By January 29, 2015, a Board may adopt (via Board vote) a resolution indicating that it will not raise the rate of any tax for the support of public schools for the following fiscal year by more than its index. By February 3, 2015, a Board must submit a copy of the resolution and a schedule of the proposed tax rates (all tax reports from the PDE-2028) to PDE. A Board that adopts a resolution through this process does not need to comply with the preliminary budget requirements and need only follow the procedures outlined in section 312 of SS Act 1 and section 687 of the School Code for the adoption of both its proposed final budget and its final budget.

Final Budget: The final budget for fiscal year 2015-16 must be adopted (via Board vote) by June 30, 2015.

A *proposed* version must be prepared and adopted (via Board vote) no later than May 31, 2015 (at least 30 days before adoption); this work-in-progress budget, defined as the *proposed final budget*, must be made available for public inspection no later than June 10, 2015 (20 days before adoption on 6/30/15).

Public notice of the intent to adopt the final budget must be published no later than June 20, 2015 (10 days before adoption on 6/30/15).

Note 1: For the adopted preliminary budget to become the proposed final budget, the school board must take action. School districts should ask their solicitors to determine what constitutes board “action.”

Note 2: The real estate tax rate adopted with the final budget may be raised above the rate that was adopted on both the preliminary and proposed final budgets.

The ability to increase tax rates at final budget adoption must be in conjunction with allowable tax rates based on the school district’s index, approved referendum exceptions and voter approval. The software for the PDE-2028 must always be used to determine the maximum allowable tax rate based on the above factors.

Within the PDE-2028, page C-2 of the real estate tax rate report (RETR) calculates both the tax rate and revenue in excess of the school district’s index. It is imperative that this information be reviewed prior to final adoption of the budget to ensure adoption of a tax rate within all pre-approved limits.

The terms ‘preliminary’ and ‘tentative’ have traditionally been used by school districts to describe the proposed version of a final budget. Because SS Act 1 specifically uses the term ‘preliminary’ to describe the budget to be adopted 90 days before the primary election, the term *proposed* should be used instead of *preliminary* to define the “working budget” that is 1) prepared at least 30 days in advance of adoption and 2) provided for public inspection no less than 20 days prior to adoption.

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