



Promoting equal opportunity for quality education for all students in Pennsylvania

January 5, 2026

New Numbers for the New Year

As the calendar turns over to the new year, there are several new numbers for 2026 important to schools. Let's start with good news.

The PSERS employer contribution rate (ECR) for July 1, 2026, to June 30, 2027, fiscal year will decrease to 33.59%, a 41-basis point decrease from the current rate of 34%, as certified by the board last month. Looking forward, the ECR is expected to increase moderately reaching 37.34% in 2033-34. To read more about the [2026-27 ECR click here](#); to [look at projected \(and historical\) ECR rates click here](#).

While schools may not see any actual “savings” from the retirement rate reduction due to payroll increases, there will certainly be avoided costs. What could produce actual savings, will be the recalculated cyber charter tuition rates that result from the language in Act 47 of this year (School Code bill enacted with the state budget in November). School districts can now deduct the following expenses from the cyber charter tuition calculation (PDE 363 form):

These new allowable deductions include:

- **Student Activities:** Districts may deduct 60% of their spending on student activities.
- **Facilities & Maintenance:** Districts can deduct 60% of their operation and maintenance costs for plant services, as cyber charters do not maintain traditional brick-and-mortar campuses.
- **Administrative Services:** Deductions now include costs for tax assessment and collection services.
- **Non-Special Education Tuition:** Districts can also deduct tuition paid to other cyber charters for non-special education students from their base calculation.



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By allowing these new deductions from the district's total expenditures, cyber tuition will be reduced. According to PDE the new tuition calculation reforms Pennsylvania's cyber charter school law to save public schools an estimated \$178 million this school year”

PDE has posted a revised PDE form 363 in order for districts to have new tuition rates approved. [Click here to read commentary on the new law from Senate and House leaders.](#)

The Independent Fiscal Office (IFO) has also forecast new data for schools. Their annual look at the Act 1 Index shows the cap on school district property continuing to fall for the next five years from the 4% index for the current fiscal year. Here is the IFO data:

Act 1 Index

| | Actual | | | | Forecast | | | |
|------------|--------|-------|-------|-------|----------|-------|-------|-------|
| | 19-24 | 24-25 | 25-26 | 26-27 | 27-28 | 28-29 | 29-30 | 30-31 |
| Base Index | 3.0% | 5.3% | 4.0% | 3.5% | 3.2% | 3.3% | 3.3% | 3.1% |
| SAWW | 3.3 | 5.6 | 3.7 | 3.4 | 3.5 | 3.7 | 3.5 | 3.3 |
| ECI | 2.6 | 4.9 | 4.3 | 3.5 | 2.9 | 3.0 | 3.2 | 2.9 |

Note: SAWW is Pennsylvania statewide average weekly wage. ECI is national employment cost index for elementary/secondary school employees. The rate for 19-24 represents an average of the index from FY 2018-19 to FY 2023-24.

Source: Pennsylvania Department of Education through FY 2026-27, projected by the IFO after.

[To read the full report from the IFO click here.](#)

For school purchases in the new year, bidding thresholds will be in effect based on a 3% inflationary adjustment which is calculated annually by the PA Department of General Services. For 2026 bid thresholds per the School Code are as follows:

- **Under \$13,200:** No formal bidding or written/telephonic quotations are required.
- **\$13,200 to \$24,500:** Requires at least three written or telephonic price quotations.
- **Over \$24,500:** Requires formal public bidding and advertising.



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The IRS has increased their allowable mileage reimbursement rate for the new year. Effective January 1, the IRS rate is 72.5 cents per mile driven for business use, up 2.5 cents from 2025.

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Edward J. Albert, Ed.D., Executive Director • 137 Stone Hedge Ct. • Lebanon, PA 17042 • 717-587-3521 • ealbert@parss.org
Brian Griffith, Ed.D., Assistant Executive Director • 106 Cobblestone Ct. • Spring Mills, PA 16875 • 814-883-1805 • bgriffith@parss.org Jon J. Rednak, Ed.D., Financial Officer • 1508 Emerson Dr. • Mount Joy, PA 17552 • 717-951-3064 • jrednak@parss.org