

# 2013-2014 Budget Hearing

State College Area School District

June 3, 2013

# General Fund Budget

- Accounts for the expenses related to general operations of district
- Supports other funds
  - debt service
  - capital reserve
- General Fund Budget required by June 30th

# Act 1

- Provides for tax relief for approved Homesteads
- Amount varies based upon eligible properties and gambling revenue
- Application process to be approved through the County Assessment Office
- Taxpayer must live in the home for it to qualify for exemption
- District will receive about \$1.4 million of gambling funds in 2013-2014
- Approximately \$105/homestead of property tax relief

# Act 1

- Limits school district tax increases to an inflationary index
- Exceptions to go above the index for increases in certain expenses
- Act 1 index for 2013-2014 is 1.7%
  - Same as 2012-2013
- District eligible for Exceptions for PSERS (pension) costs

# Budget Process

- Preliminary budget adopted with a 2.9% real estate tax increase in February
  - Required reduction in expenses by \$800,000
- Proposed Final Budget adopted with a 2.7% tax increase
  - Using a portion of the exception available for PSERS costs to raise taxes above the 1.7% Act 1 index
  - Balanced budget, no use of fund balance

# Proposed Tax Increase

- District proposing 2.7% increase in real estate tax rate
- \$73 increase to average homeowner
- Millage rate would increase to 38.75 mills
  - 1.02 mill increase

# County School Historical Percent Real Estate Tax Increase

	Percentage	Percentage	Percentage	Percentage
	11/12-12/13	10-11/11/12	09-10/10-11	08-09/09-10
Bald Eagle Area SD	4.30%	6.57%	4.10%	5.53%
Bellefonte Area SD	2.20%	1.79%	3.79%	4.61%
Keystone Central SD	2.51%	5.74%	7.68%	3.46%
Mifflin County SD	7.61%	9.66%	4.09%	0.00%
Penns Valley Area SD	3.65%	3.11%	5.55%	1.21%
Philipsburg-Osceola Area SD (1)	-0.10%	-2.55%	4.05%	3.80%
State College Area SD	2.40%	2.65%	3.01%	3.35%

(1) Philipsburg-Osceola experienced a decrease in tax rate as a result of equalization between counties and increase in assessments. They are located in both Centre and Clearfield Counties.

# Expenses

- Reductions and savings
- Contractual and mandatory increases



# Expense Reductions

- Salaries and benefits savings
  - 50% of retirements and resignations left vacant
  - \$2 million budget savings
  - No furloughs
- Review of contracted rates and carriers
  - Experienced savings approaching \$500,000

# Expense Increases

- Salaries and benefits expense increases per employment contracts
- PSERS employer contribution
- Health insurance rate
- Charter school tuition

# Capital Reserve Transfer

- Increased transfer to Capital Reserve Fund to \$4 million from \$2.6 million
- Used to pay for construction or renovations to district facilities
- Seeking to budget for facility improvement costs within the Act 1 index and allowable exceptions
- Exception no longer available for new construction

# Revenue

- Local
  - District primarily locally funded
- State
  - Projected decrease with exception of PSERS reimbursement
- Federal
  - Projected decrease

# Local Taxes

- Bulk of District revenue from real estate tax
  - 80%
- Real estate tax rate only available increase

# State Budget

- Supposed to be passed by June 30 each year
- District must pass its budget by June 30
- Possible reopening after state budget is passed

# 2013-14 Revenue by Source

<b>SOURCE OF REVENUE</b>	<b>DOLLARS OF BUDGET</b>	<b>PERCENT OF BUDGET</b>
<b>LOCAL SOURCES</b>	<b>100,063,111</b>	<b>83%</b>
<b>STATE SOURCES</b>	<b>18,920,093</b>	<b>16%</b>
<b>FEDERAL SOURCES</b>	<b>695,000</b>	<b>1%</b>
<b>TOTAL REVENUE</b>	<b>119,678,204</b>	

# 2013-14 Proposed General Fund

## Expenses By Category

Salaries	56,976,702	48%
Benefits	27,716,137	23%
Professional Services	2,516,000	2%
Purchased Property Services	1,851,000	2%
Other Purchased Services	9,899,500	8%
Supplies/Equipment	5,241,000	4%
Equipment	2,015,409	2%
Other Uses of Funds	13,462,456	11%
Total	119,678,204	
Total Salaries and Benefits	84,692,839	71%



# PSERS

- Percentage of salary paid for employees' pensions
- Rate will climb from 12% to around 30% in the coming decade (16.93% for 2013-2014)
- District has developed a funding strategy to smooth out tax increases
- Act 1 exceptions taken for PSERS in current or prior years used to fund PSERS expenses or assigned to pre-fund PSERS liability

# Next Steps

- Final budget adoption is scheduled for June 10
- Reopen budget after passage of state budget if necessary

# Comments

- Comments are welcome at this time
- For more information on the budget process including all of the handouts that are related to the budget go to

[www.scasd.org/Page/19235](http://www.scasd.org/Page/19235)