



**STATE COLLEGE AREA SCHOOL DISTRICT
ADMINISTRATIVE OFFICES**

240 VILLA CREST DRIVE • STATE COLLEGE PENNSYLVANIA • 16801
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To: Robert J. O'Donnell
From: Randy L. Brown and Donna Watson
Date: March 30, 2017
Subject: 2017-2018 Budget Development

The budget development process began in the fall with the financial results from the 2015-16 fiscal year and the announcement of an Act 1 Index of 2.50 percent for 2017-18. Throughout the process, updates regarding current year financial projections and a review of programs and operations have been provided. Also during this time period, budget proposals at the state and federal levels have been released. The impact of state and federal budgets, including discussions related to property tax elimination, have yet to be determined for our district. Approving a district budget and a real estate tax rate for 2017-18 are still required by June 30. Administration continues to review and analyze the district budget proposal to assist the Board in completing the budget and real estate tax approvals.

Therefore, we are requesting the Board to commit to the below dates and times for budget development work:

Wednesday, April 12, 2017 - CAC for Finance

- Feedback regarding Budget Development

Thursday, April 20, 2017 - Board Committee for Finance and Audit

- Budget Development

Monday, April 24, 2017 - Regular Board Meeting

- Budget Development Update

Monday, May 1, 2017 - Board Work Session

- Present Proposed Final Budget for 2017-2018

Monday, May 8, 2017 - Regular Board Meeting

- Approve Proposed Final Budget for 2017-2018

Thursday, May 18, 2017 - Board Committee for Finance and Audit

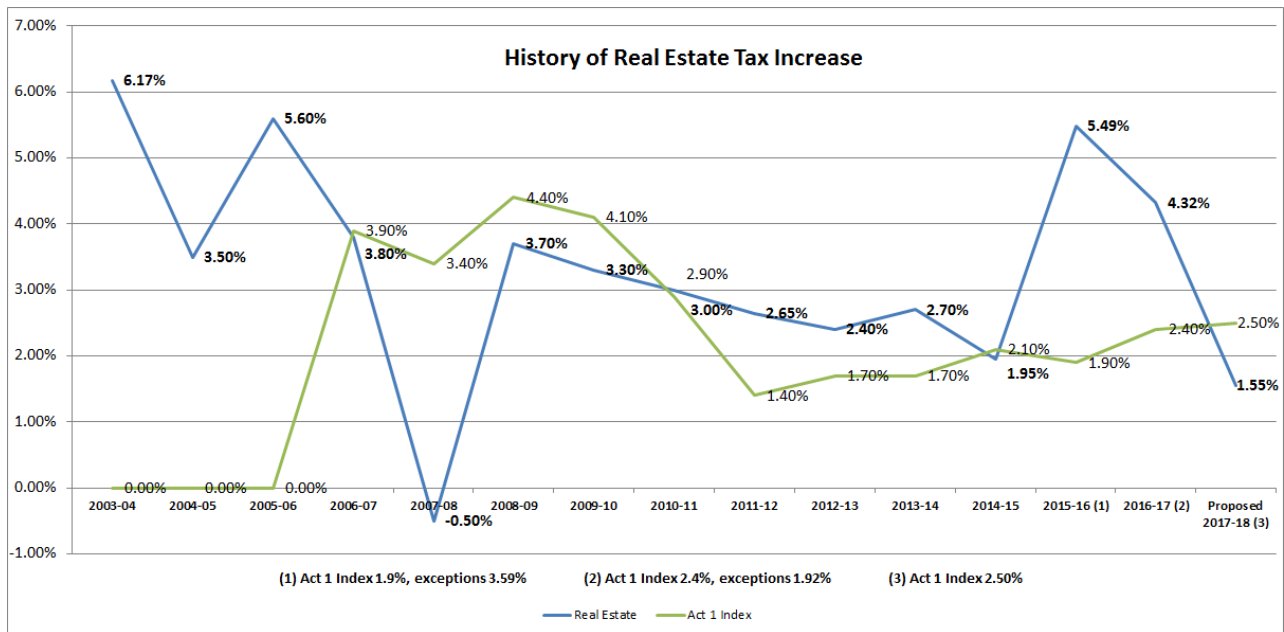
- Review Final Budget for 2017-2018
- Monday, May 22, 2017 - Regular Board Meeting
- Review Final Budget for 2017-2018
- Monday, June 5, 2017 - Budget Hearing
- Public Presentation of Final Budget for 2017-2018
- Monday, June 12, 2017 - Regular Board Meeting
- Approve Final Budget for 2017-2018

Real Estate Tax Rate

The administration has built the 2017-18 budget proposal recognizing the significant tax impact the community has felt during the past two years from the debt service for the high school project. Although the Act 1 Index for 2017-18 is 2.50 percent, the proposed rate of increase has remained at 1.55 percent since the preliminary budget was presented in December. **Chart A** shows the history of real estate tax increases in comparison to the Act 1 Index for the district.

Although this iteration of budget preparation shows that we are not yet finished generating a balanced proposal, we expect to bring you a refined and balanced proposal for the Board’s April 24 meeting. Because of the past two years of tax increases (5.49 percent and 4.32 percent), we are maintaining our request to include a 1.55 percent increase. That is, we do not propose raising our request.

Chart A



Staffing Refinement

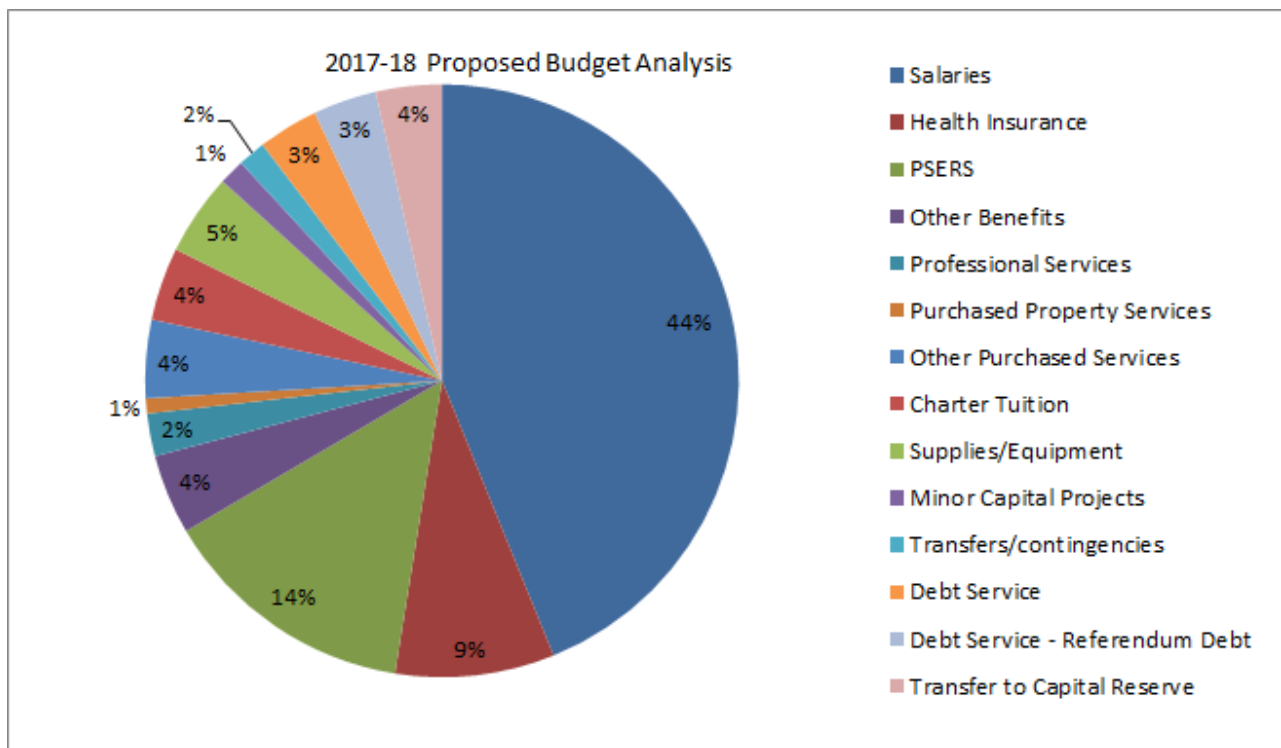
During the month of April, we will conclude the main wave of kindergarten registration. Additionally, we are responding to student course requests to develop our master schedules for the 2017-2018 school year in our secondary schools. This work allows us to identify staffing shifts, including potential attrition opportunities. For our April 24 Board meeting and May 1 work session, we will refine staffing and budget proposals.

Impact of Expenses

The largest driver in the budget is compensation at 72 percent of total expenses. Compensation consists of (as shown below in **Chart B**):

Salaries	44%
Health Insurance	9%
PSERS	14%
Other Benefits	4%

Chart B



Compensation

Salaries

The salary proposal includes the staffing complement employed in 2016-17 in addition to positions for the elementary school programs, International Baccalaureate Program, a

psychologist, one technology position and an elementary principal. As discussed under staffing refinement, work remains to be completed, which may result in staffing shifts including possible attrition opportunities.

Health Insurance

The proposal calls for a 5 percent increase based upon a 6.95 percent rate increase from our health insurance carrier. This is offset by increases in employee contributions and decreases in employer health savings account contributions. The health insurance budget also reflects additional cost for proposed positions. **Chart B** shows health insurance costs amount to 9 percent of the budget equalling \$13.2 million. **Charts C and D** show the health insurance total and change in expense over time.

Chart C

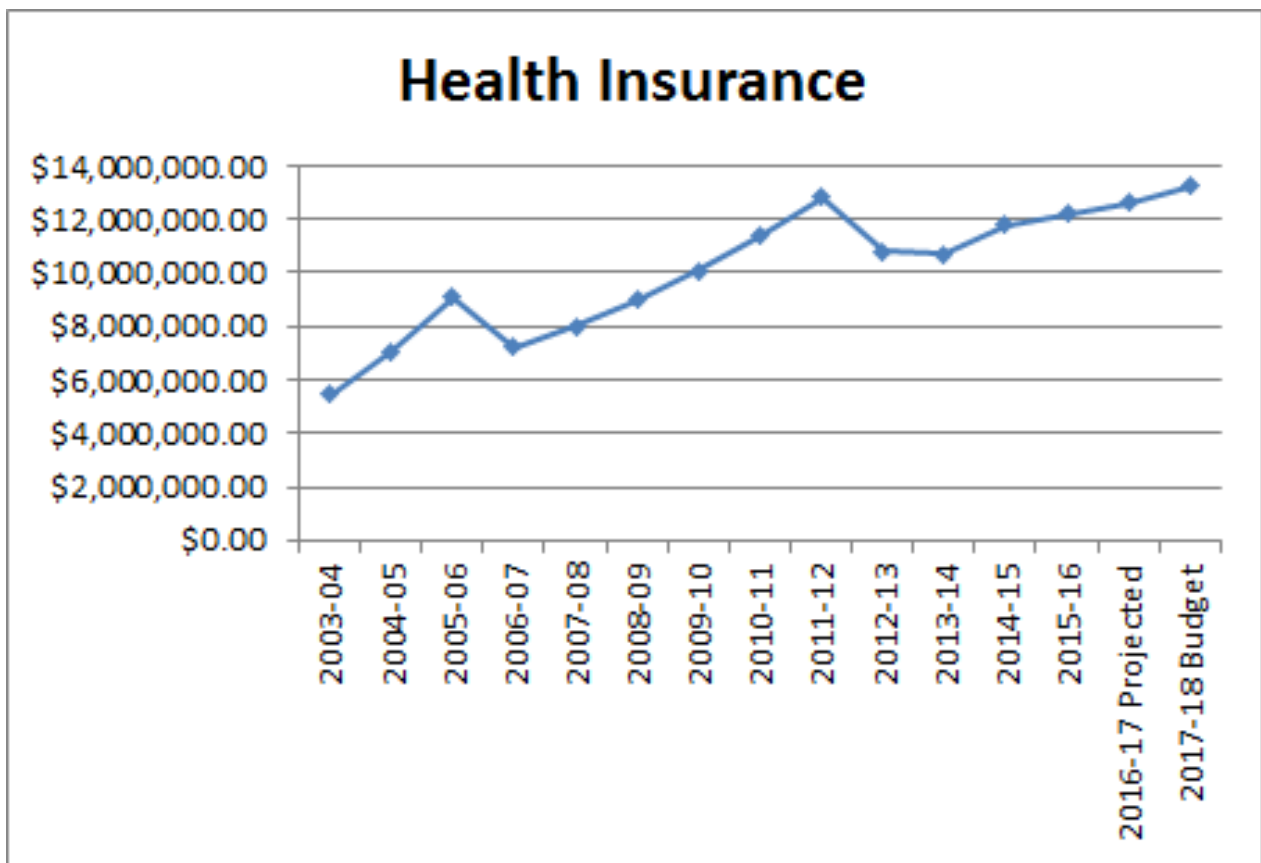
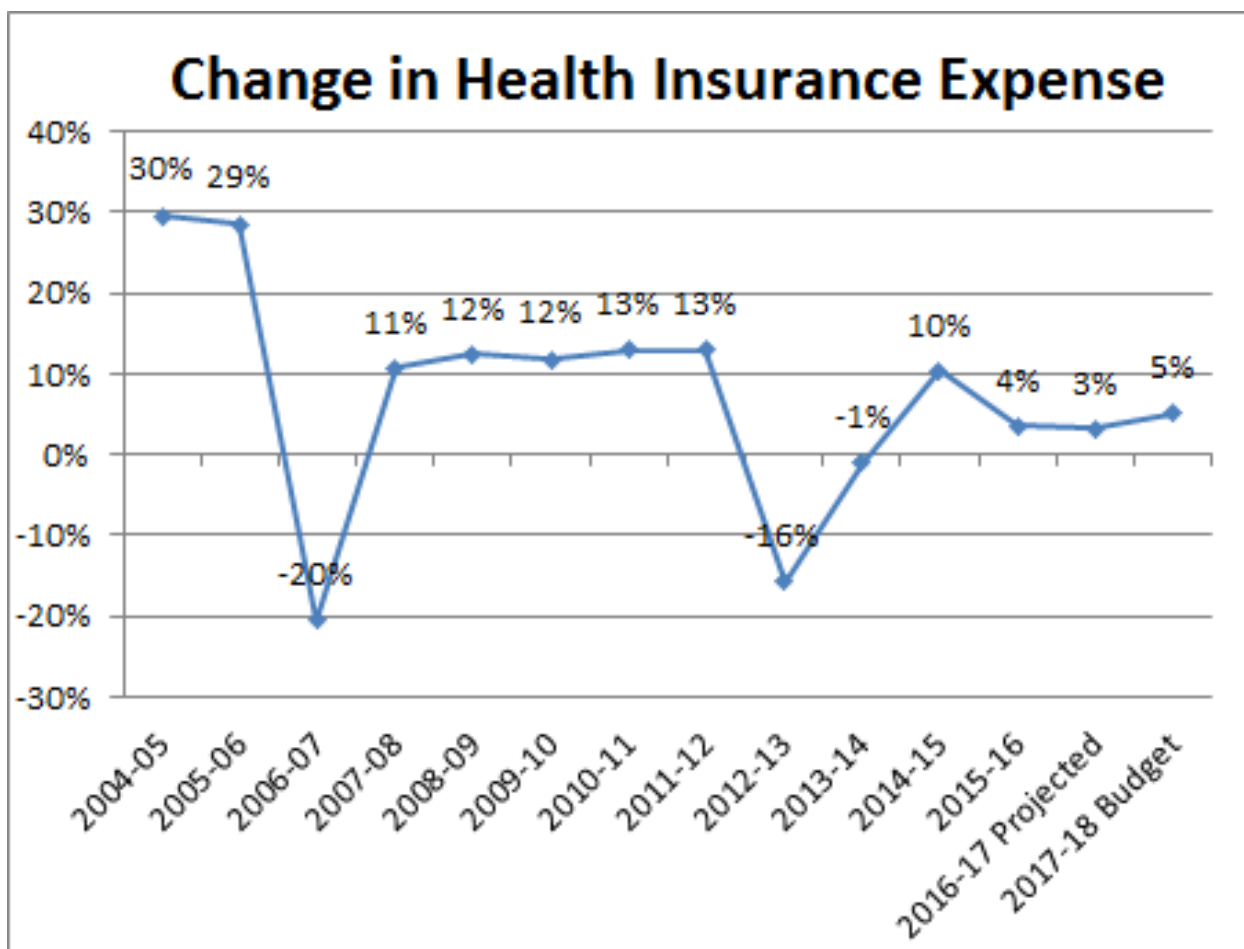


Chart D



PSERS

The district has prepared for the impact of increasing employer contributions to PSERS for years. **Chart E** shows the historical change in these rates. PSERS costs are projected to be 14 percent, or \$21 million, of the 2017-18 district budget.

Chart E

HISTORY OF EMPLOYER CONTRIBUTION RATES				
Fiscal Year	Employer Normal Cost %	Employer Pension Rate %	Health Care Contributions %	Total Employer Contribution %
01/02	5.63	0.00	1.09	1.09
02/03	7.20	0.18	0.97	1.15
03/04	7.25	2.98	0.79	3.77
04/05	7.48	4.00	0.23	4.23
05/06	7.61	4.00	0.69	4.69
06/07	6.62	5.72	0.74	6.46
07/08	6.68	6.44	0.69	7.13
08/09	6.68	4.00	0.76	4.76
09/10	7.35	4.00	0.78	4.78
10/11	8.08	5.00	0.64	5.64
11/12	8.12	8.00	0.65	8.65
12/13	8.66	11.50	0.86	12.36
13/14	8.57	16.00	0.93	16.93
14/15	8.46	20.50	0.90	21.40
15/16	8.38	25.00	0.84	25.84
16/17	8.31	29.20	0.83	30.03
17/18	7.70	31.74	0.83	32.57

Charter School Tuition

The projection for charter school tuition is calculated by estimating the tuition rate and the student enrollment. As shown in **Chart F** charter student enrollment maintained around 300 until 2011-12 when it grew to over 400 students, capping at 450 during 2015-16. **Chart G** shows that growth in enrollment contributed to a rise in district charter tuition expense by over \$1 million in the 2015-16 year.

Expense for 2016-17 is projected at \$6.1 million based upon expected student enrollments. Since the year has only partially passed and our records of student enrollment from the charter schools, our projection estimate may be conservatively high. Given this incomplete information, we recommend maintaining the higher level of projected expense. When applying historical trends, the expense for this year may be up to \$200, 000 lower than currently projected.

The proposed budget for 2017-18 charter expense is set at \$6.4 million, but may vary by depending upon actual enrollments and the tuition rate. **Chart H** shows the year-over-year change in charter tuition expense, resulting in a significant impact on the budget as a whole.

Chart F

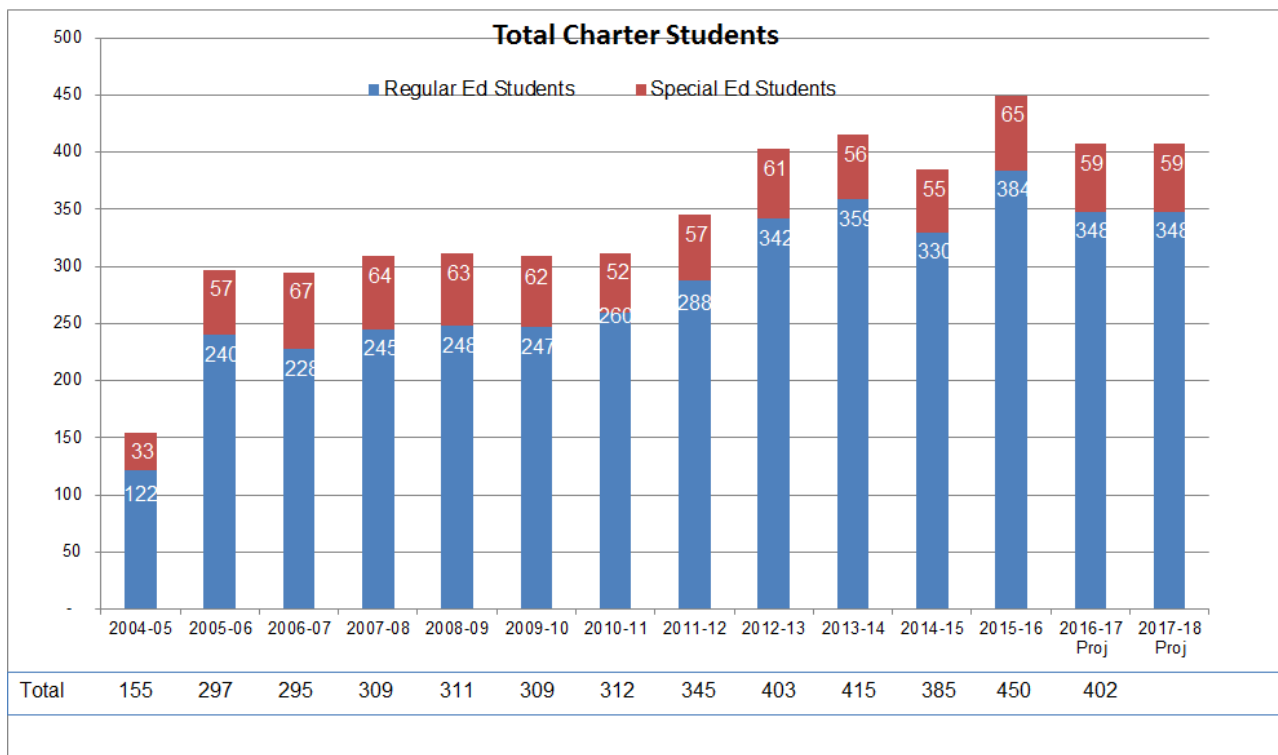


Chart G

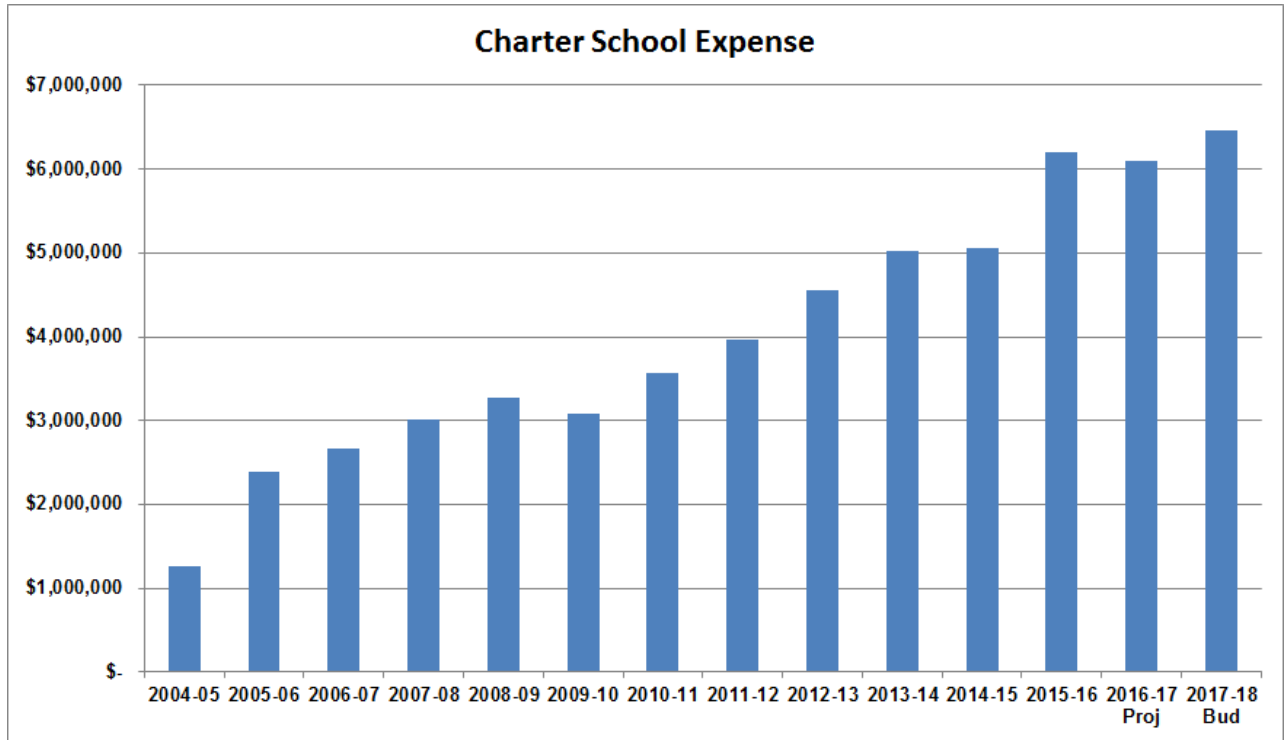
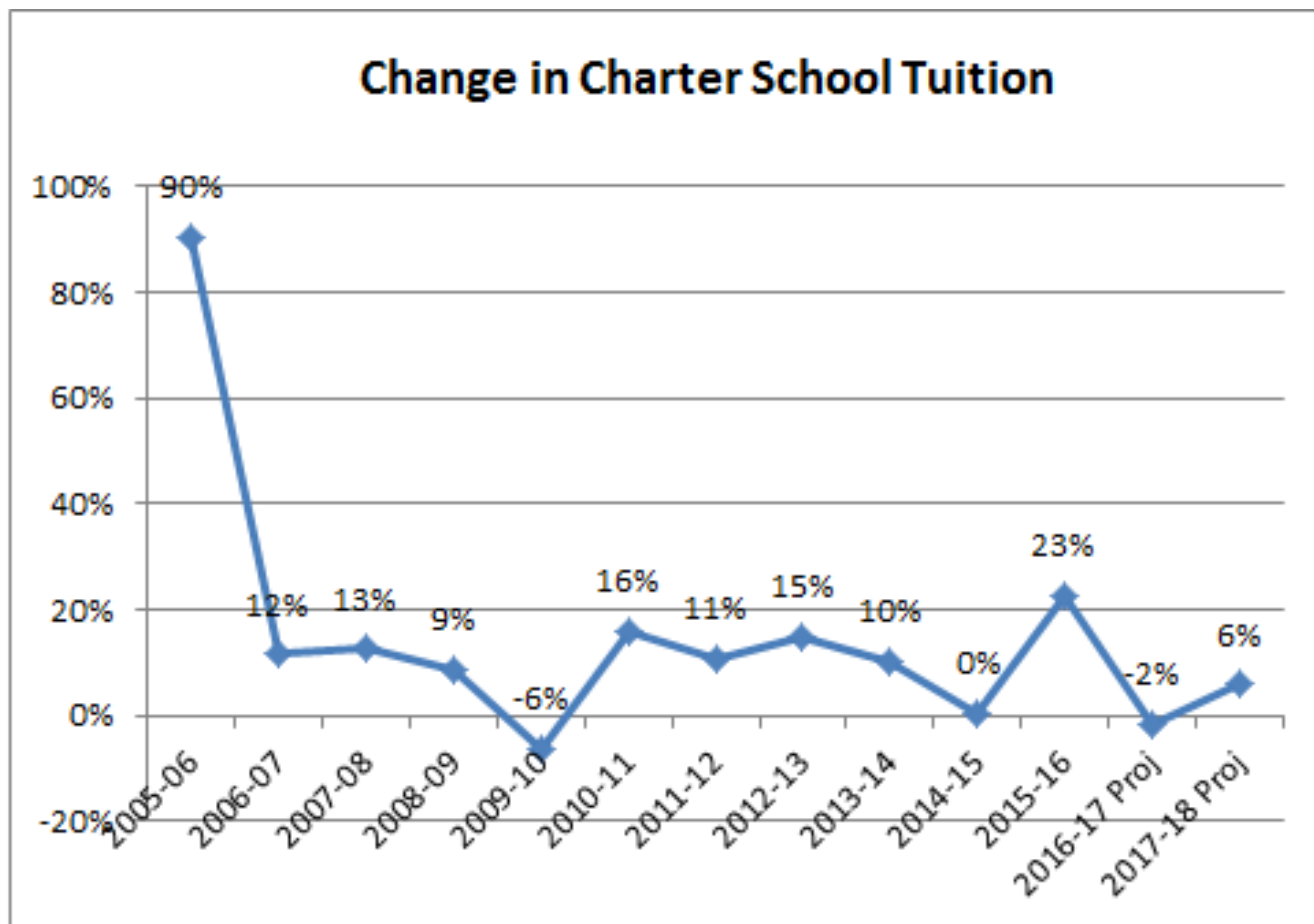


Chart H



Capital and Debt Financing

Capital and Debt Financing expenses account for 11 percent of the district budget, including Minor Capital Projects, Debt Service, and Capital Reserve Transfer. With the exception of the Debt Service for Referendum, which began in 2015-16, these expense categories have remained fairly constant over recent years. That being said, this is a significant portion of the district budget which has not always remained consistent, especially in times of financial instability. Please note that the debt service included in the budget represents payment due for issued debt. Debt service for future debt issuances is intended to reduce the transfer to capital reserve.

Next Steps

As included earlier, the Board and various committees will have numerous opportunities to further review the budget development process. The administration will continue to identify areas to reconcile the difference between projected revenues and expenses without increasing the real estate tax rate increase of 1.55 percent. Such areas include verification of revenue estimates, staffing levels, and various contingency and capital budgets.

Please note that more than \$900,000 of additional revenue would be available if the real estate tax rate was increased to the Act 1 Index of 2.55 percent, to reconcile the current difference. Taking such action is a possibility for the Board; however, it is not the recommendation of the administration based upon Board direction to date in the budget development process this year.

**State College Area School District
General Fund Revenue
Budget 2017-18**

VI-B1

	Proposed Prelim Budget 12/5/16	Proposed Prelim Budget 12/19/16 & 1/30/17 (1)	12/19 vs. 12/5	Board Presentation 2/27/17	2/27/17 vs. 12/19/16	Board Presentation 4/3/17	4/3/17 vs. 2/27/17
LOCAL SERVICES TAX							
CURRENT REAL ESTATE TAX	\$91,869,597	\$91,869,597	\$0	\$91,578,213	(\$291,384)	\$91,578,213	\$0
REAL ESTATE TAX-REFERENDUM DEBT	4,945,363	4,945,363	0	4,945,363	0	4,945,363	0
EARNED INCOME TAX	17,350,000	17,350,000	0	17,350,000	0	17,350,000	0
REALTY TRANSFER TAX	2,082,000	2,082,000	0	2,082,000	0	2,082,000	0
DELINQUENT REAL ESTATE TAX	1,100,000	1,100,000	0	1,100,000	0	1,100,000	0
INTERIM REAL ESTATE TAX	400,000	400,000	0	400,000	0	400,000	0
IDEA-B	740,000	740,000	0	740,000	0	740,000	0
PAYMENTS IN LIEU OF TAX	555,011	555,011	0	620,356	65,345	620,356	0
LOCAL SERVICES TAX	385,000	385,000	0	385,000	0	385,000	0
TUITION	1,150,304	1,150,304	0	1,150,304	0	1,150,304	0
MISC LOCAL REVENUE	644,100	644,100	0	644,100	0	644,100	0
PUBLIC UTILITY REALTY TAX	117,190	117,190	0	117,190	0	117,190	0
INTEREST ON INVESTMENTS	150,000	150,000	0	150,000	0	150,000	0
TOTAL LOCAL	121,488,565	121,488,565	0	121,262,526	(226,039)	121,262,526	0
STATE							
BASIC ED INSTR SUBSIDY	7,543,140	7,543,140	0	7,543,140	0	7,543,140	0
SPECIAL ED REVENUE-REGULAR	3,268,768	3,268,768	0	3,268,768	0	3,268,768	0
REV. FOR RETIREMENT	10,360,888	10,532,276	171,388	10,601,908	69,632	10,689,511	87,602
REV. FOR SOCIAL SECURITY	2,472,387	2,472,387	0	2,479,357	6,970	2,510,069	30,711
PROPERTY TAX REDUCTION	1,424,101	1,424,101	0	1,424,101	0	1,424,101	0
TRANSPORTATION REVENUE	800,000	800,000	0	800,000	0	800,000	0
BOND REIMBURSEMENTS	632,953	632,953	0	632,953	0	632,953	0
HEALTH SERVICES REVENUE	140,000	140,000	0	140,000	0	140,000	0
READY TO LEARN GRANT	310,013	310,013	0	310,013	0	310,013	0
VOCATIONAL EDUCATION	90,891	90,891	0	90,891	0	90,891	0
TUITION - 1305/1306	130,000	130,000	0	130,000	0	130,000	0
TOTAL STATE	27,173,141	27,344,529	171,388	27,421,132	76,603	27,539,445	118,314
FEDERAL							
TITLE I REVENUE	600,000	600,000	0	600,000	0	600,000	0
TITLE II REVENUE	200,000	200,000	0	200,000	0	200,000	0
ACCESS FUNDS	250,000	250,000	0	250,000	0	250,000	0
OTHER FEDERAL REVENUE	60,000	60,000	0	60,000	0	60,000	0
TITLE III REVENUE	35,000	35,000	0	35,000	0	35,000	0
TOTAL FEDERAL	1,145,000	1,145,000	0	1,145,000	0	1,145,000	0
TOTAL REVENUE	\$149,806,706	\$149,978,094	\$171,388	\$149,828,658	(\$149,436)	\$149,946,972	\$118,314

12/19 and 1/30 vs. 12/5- Reflects change in PSERS contribution rate published 12/7/16.

2/27/17 vs. 12/19/16 & 1/30 - Real estate taxes reflect revised assumption for growth in assessed value to .8% vs. 1.1% in preliminary budget. Payment in lieu is based on updated information, and retirement and social security increase reflect a change in projected expense.

4/3/17 vs. 2/27/17 - Retirement and social security increase reflects a change in projected benefit expense.

(1) Board presentation on January 30, 2017 reflected a shift of revenue from local to state under potential property tax reform, however the total revenue projection equaled the December 19, 2016 presentation.

**State College Area School District
General Fund Expenses and Fund Balance Transfers
Budget 2017-18**

	Proposed Prelim Budget 12/5/16	Proposed Prelim Budget 12/19/16 & 1/30/17	12/19 vs. 12/5	Board Presentation 2/27/17	2/27/17 vs. 12/19/16	Board Presentation 4/3/17	4/3/17 vs. 2/27/17
Salaries	\$65,956,706	\$65,956,706	\$0	\$66,142,649	\$185,943	\$66,961,954	\$819,306
Health Insurance	14,111,448	14,111,448	0	13,223,031	(888,417)	13,245,999	22,968
PSERS	20,721,776	21,064,552	342,776	21,203,817	139,265	21,379,021	175,205
Other Benefits	6,624,604	6,624,604	0	6,665,039	40,435	6,668,278	3,239
Professional Services	3,703,357	3,703,357	0	3,703,357	0	3,705,248	1,890
Purchased Property Services	2,049,797	2,049,797	0	2,049,797	0	1,245,492	(804,305) (1)
Other Purchased Services	12,495,121	12,495,121	0	12,540,121	45,000	12,604,457	64,336
Supplies/Equipment	6,073,682	6,073,682	0	6,073,682	0	6,635,674	561,992 (1)
Minor Capital Projects	2,138,768	2,138,768	0	2,138,768	0	2,138,768	0
Transfers/contingencies	2,339,964	2,339,964	0	2,339,964	0	2,310,830	(29,134)
Debt Service	5,014,258	5,014,258	0	5,014,258	0	5,014,258	0
Debt Service - Referendum Debt	5,257,725	5,257,725	0	5,257,725	0	5,257,725	0
Transfer to Capital Reserve	5,502,000	5,502,000	0	5,502,000	0	5,502,000	0
Fund Balance Use (PSERS/Legal)	(2,186,728)	(2,186,728)	0	(2,186,728)	0	(2,186,728)	0
Total Expenses and Fund Balance Transfers	\$149,802,478	\$150,145,254	\$342,776	\$149,667,479	(\$477,775)	\$150,482,975	\$815,497

12/19 vs. 12/5 - Reflects change in PSERS contribution rate published 12/7/16.

2/27/17 vs. 12/19/16 & 1/30- Salaries, PSERS and other benefits reflect updated projections and the addition of an administrative position. Health insurance reflects January 2017 enrollment and updated insurance rates. Other purchased services reflect a revised estimate of IU provided transportation expense.

4/3/17 vs. 2/27/17 - Salary and benefit related increases include the proposed addition of a Psychologist, increase in salaries to adjust for lower than projected number of retirees, addition of CEEL positions omitted in error, and a correction to the teacher scale used in prior budget calculations. Purchased property services decreased and supplies increased to reflect required PDE expense classification changes. Other shifts in line items reflect changes from work with departments.

(1) PDE account code changes released since the start of the fiscal year caused shifting in line item classifications. The most significant reclassification was the movement of utility expense from Purchased Property Services to Supplies.

**State College Area School District
General Fund Activity
Budget 2017-18**

	Proposed Prelim Budget 12/5/16	Proposed Prelim Budget - 12/19/16	12/19 vs. 12/5	Board Presentation 2/27/17	2/27/17 vs. 12/19/16	Board Presentation 4/3/17	4/3/17 vs. 2/27/17
Beginning Fund Balance	\$11,684,977	\$11,684,977	\$0	\$11,622,831	(\$62,146)	\$11,622,831	(\$62,146)
Revenue	149,806,706	149,978,094	171,388	149,828,658	(149,436)	149,946,972	118,314
Local	121,488,565	121,488,565	0	121,262,526	(226,039)	121,262,526	0
State	27,173,141	27,344,529	171,388	27,421,131	76,602	27,539,445	118,314
Federal	1,145,000	1,145,000	0	1,145,000	0	1,145,000	0
Expense	151,989,206	152,331,982	342,776	151,854,207	(477,775)	152,669,703	815,497
Revenue less expense	(2,182,500)	(2,353,888)	(171,388)	(2,025,549)	328,339	(2,722,732)	(697,183)
Use of Assigned Fund Balance	2,186,728	2,186,728	0	2,186,728	0	2,186,728	0
Change in Unassigned General Fund Balance	4,228	(167,160)	(171,388)	161,179	328,339	(536,004)	(697,183)
Ending Unassigned Fund Balance	<u>\$11,689,205</u>	<u>\$11,517,817</u>	<u>(\$171,388)</u>	<u>\$11,784,010</u>	<u>\$266,193</u>	<u>\$11,086,827</u>	<u>(\$697,183)</u>

12/19 & 1/30 vs. 12/5 - Reflects change in PSERS contribution rate published 12/7/16.

2/27/17 vs. 12/19/16 & 1/30- Reflects reductions in revenue, primarily related to a change in the assessed value projection, offset by reduced expense, primarily health insurance.

4/3/17 vs 2/27/17 - Reflects increased expense, offset by related PSERS and Social Security revenue.

**State College Area School District
General Fund Revenue
Projected 2016-17**

VI-B1

	2016-17 Budget	Board Presentation 12/5/16	Projection 12/5/16 vs. Budget	Board Presentation 2/27/17	2/27/17 vs. 12/5/16	Board Presentation 4/3/17	4/3/17 vs. 2/27/17
LOCAL SERVICES TAX							
CURRENT REAL ESTATE TAX	\$89,471,686	\$89,319,713	(\$151,973)	\$89,367,388	\$47,675	\$89,367,388	\$0
REAL ESTATE TAX-REFERENDUM DEBT	4,943,999	4,943,999	0	4,943,999	0	4,943,999	0
EARNED INCOME TAX	16,750,000	17,010,000	260,000	17,010,000	0	17,010,000	0
REALTY TRANSFER TAX	1,800,000	2,082,000	282,000	2,082,000	0	2,202,000	120,000
DELINQUENT REAL ESTATE TAX	1,100,000	1,100,000	0	1,100,000	0	1,100,000	0
INTERIM REAL ESTATE TAX	400,000	400,000	0	400,000	0	400,000	0
IDEA-B	700,000	747,597	47,597	747,597	0	747,597	0
PAYMENTS IN LIEU OF TAX	555,011	555,011	0	620,356	65,345	620,356	0
LOCAL SERVICES TAX	374,000	381,000	7,000	381,000	0	381,000	0
TUITION	1,150,304	1,150,304	0	1,150,304	0	1,150,304	0
MISC LOCAL REVENUE	588,535	644,100	55,565	644,100	0	644,100	0
PUBLIC UTILITY REALTY TAX	122,808	117,190	(5,618)	117,190	0	117,190	0
INTEREST ON INVESTMENTS	150,000	150,000	0	200,000	50,000	200,000	0
TOTAL LOCAL	118,106,343	118,600,914	494,571	118,763,934	163,020	118,883,934	120,000
STATE							
BASIC ED INSTR SUBSIDY	6,912,348	7,543,140	630,792	7,543,140	0	7,543,140	0
SPECIAL ED REVENUE-REGULAR	3,255,571	3,268,768	13,197	3,268,768	0	3,268,768	0
REV. FOR RETIREMENT	9,284,320	9,414,122	129,802	9,466,695	52,573	9,458,014	(8,681)
REV. FOR SOCIAL SECURITY	2,365,057	2,397,337	32,280	2,410,845	13,508	2,408,678	(2,167)
PROPERTY TAX REDUCTION	1,424,101	1,424,101	0	1,424,101	0	1,424,101	0
TRANSPORTATION REVENUE	750,000	800,000	50,000	800,000	0	800,000	0
BOND REIMBURSEMENTS	622,001	895,503	273,502	895,503	0	895,503	0
HEALTH SERVICES REVENUE	140,000	140,000	0	140,000	0	140,000	0
READY TO LEARN GRANT	310,013	310,013	0	310,013	0	310,013	0
VOCATIONAL EDUCATION	107,040	90,891	(16,149)	90,891	0	90,891	0
TUITION - 1305/1306	130,000	130,000	0	130,000	0	130,000	0
TOTAL STATE	25,300,452	26,413,875	1,113,424	26,479,956	66,081	26,469,109	(10,848)
FEDERAL							
TITLE I REVENUE	700,000	700,000	0	700,000	0	700,000	0
TITLE II REVENUE	200,000	200,000	0	200,000	0	200,000	0
ACCESS FUNDS	300,000	300,000	0	300,000	0	250,000	(50,000)
OTHER FEDERAL REVENUE	60,000	60,000	0	60,000	0	60,000	0
TITLE III REVENUE	35,000	35,000	0	35,000	0	35,000	0
TOTAL FEDERAL	1,295,000	1,295,000	0	1,295,000	0	1,245,000	(50,000)
TOTAL REVENUE	\$144,701,795	\$146,309,789	\$1,607,994	\$146,538,890	\$229,101	\$146,598,042	\$59,152

Budget vs. 12/5/16 - Real estate revenue was reduced to reflect assessed value growth less than budgeted. Earned income tax reflects higher than projected 2015-16 receipts. Transfer tax reflects a three year average, adjusting large claims to \$300k per year. State revenue reflects the final state budget, plus PSERS and Social Security reflect changes in projected expense. PlanCon reimbursement projected receipt of 2015-16 delayed state reimbursement.

2/27/2017 vs. 12/5/16 - Real estate revenue reflects a higher than budgeted collection percentage (\$241k), offset by the impact of assessment appeals (\$193k). Other local revenue is updated based on actual collections to date. PSERS and Social Security reflect a change in projected expense.

4/3/17 vs. 2/27/17 - Reflects increase in projection of transfer tax revenue and a decrease in projected ACCESS revenue based on receipts to date .

**State College Area School District
General Fund Expenses and Fund Balance Transfers
Projection 2016-17**

	2016-17 Budget	Projected Board Presentation 12/5/16	Projection 12/5/16 vs. Budget	Projected Board Presentation 2/27/17	2/27/17 vs. 12/5/16	Board Presentation 4/3/17	4/3/17 vs. 2/27/17
Salaries	\$64,027,362	\$63,954,558	(\$72,804)	\$64,257,118	\$302,560	\$64,257,118	\$0
Health Insurance	12,816,662	12,833,017	16,355	12,604,189	(228,828)	12,604,189	0
PSERS	18,850,105	18,828,245	(21,860)	18,916,029	87,784	18,916,029	0
Other Benefits	6,477,986	6,480,050	2,064	6,502,488	22,438	6,502,488	0
Professional Services	3,433,154	3,494,857	61,703	3,494,857	0	3,494,857	0
Purchased Property Services	2,144,793	2,049,797	(94,996)	2,049,797	0	1,279,397	(770,400) (1)
Other Purchased Services	11,837,624	11,837,621	(3)	11,882,621	45,000	11,682,621	(200,000)
Supplies/Equipment	6,213,687	6,273,682	59,995	6,393,682	120,000	7,164,082	770,400 (1)
Minor Capital Projects	2,138,768	2,438,768	300,000	2,482,768	44,000	2,482,768	0
Transfers/contingencies	2,299,965	1,758,264	(541,701)	1,656,557	(101,707)	1,656,557	0
Debt Service	4,904,284	4,904,285	1	4,904,285	0	4,904,285	0
Debt Service - Referendum Debt	5,256,275	5,256,275	0	5,256,275	0	5,256,275	0
Transfer to Capital Reserve	6,675,000	8,009,000	1,334,000	8,009,000	0	8,268,152	259,152
Fund Balance Use (PSERS/Legal)	(2,379,004)	(2,379,004)	0	(2,379,004)	0	(2,379,004)	0
Total Expenses and Fund Balance Transfers	\$144,696,661	\$145,739,415	\$1,042,754	\$146,030,661	\$291,246	\$146,089,813	\$59,152

Budget vs. 12/5 - Salary and benefits reflect partial year expense of a proposed accountant and physical plant/construction manager. Professional services reflect estimated International Baccalaureate (IB) program professional development. Decrease in purchased property services reflects anticipated electric savings based on new rate contract. Supplies include proposed data warehouse software license (\$200k), offset by other reductions. Minor capital projects reflects the projected cost of high school trailers. Transfer/contingency reflects contingency use for trailers, IB program professional development and data warehouse software. Increased transfer to capital reserve is primarily related to projected revenue increase based on the final state budget.

2/27 vs. 12/5 - Salaries reflects updated projections and an increase related to substitutes for higher than projected use. Health insurance decreased based on actual enrollment for January. PSERS and other benefits changed based on salaries. Purchased service reflects an updated projection of IU provided transportation costs. Supplies reflect higher than expected equipment purchases, and minor capital reflects an adjustment to the high school trailer cost. Transfer/contingencies includes assessment appeal payments for taxes assessed in prior years, offset by a use of projected contingency dollars.

4/3/17 vs. 2/27/17 - Reflects decrease in projected charter school expense, PDE reclassification of expense and assumed increase in transfer to capital reserve for the net increase in projected revenue and decrease in expense.

(1) PDE account code changes released since the start of the fiscal year caused shifting in line item classifications. The most significant reclassification was the movement of utility expense from Purchased Property Services to Supplies.

**State College Area School District
General Fund Activity
Projection 2016-17**

	2016-17 Budget	Projected Board Presentation 12/5/16	Projection 12/5/16 vs. Budget	Projected Board Presentation 2/27/17	2/27/17 vs. 12/5/16	Board Presentation 4/3/17	4/3/17 vs. 2/27/17
Beginning Fund Balance	\$11,012,785	\$11,114,602	\$101,818	\$11,114,602	\$0	\$11,114,602	\$0
Revenue	144,701,795	146,309,789	1,607,994	146,538,890	229,101	146,598,042	59,152
Local	118,106,343	118,600,914	494,571	118,763,934	163,020	118,883,934	120,000
State	25,300,452	26,413,875	1,113,424	26,479,956	66,081	26,469,109	(10,848)
Federal	1,295,000	1,295,000	0	1,295,000	0	1,245,000	(50,000)
Expense	147,075,665	148,118,419	1,042,754	148,409,665	291,246	148,468,817	59,152
Revenue less expense	(2,373,870)	(1,808,630)	565,240	(1,870,775)	(62,145)	(1,870,775)	(0)
Use of Assigned Fund Balance	2,379,004	2,379,004	0	2,379,004	0	2,379,004	0
Change in Unassigned General Fund Balance	5,134	570,374	565,240	508,229	(62,145)	508,229	(0)
Ending Unassigned Fund Balance	<u>\$11,017,919</u>	<u>\$11,684,977</u>	<u>\$667,058</u>	<u>\$11,622,831</u>	<u>(\$62,145)</u>	<u>\$11,622,831</u>	<u>\$0</u>

Budget vs. 12/5 - Reflects increased revenue, primarily related to the final state budget, offset by expense increases, including an estimated increase in transfer to capital reserve as a result of the increased revenue.

2/27/17 vs. 12/5/16 - Revenues and expenses were updated based on actual results to date, plus updated estimates. Expenses, excluding transfer to capital reserve, are equal to budgeted expense.

4/3/17 vs. 2/27/17 - Reflects increased revenue, decrease in charter school expense and increase in transfer to capital reserve for the net impact.

State College Area School District



Budget 2017-2018

**State College
Area School District
April 3, 2017**

Basis for Building Budget

- Support High Quality Programs and People
- School District of Choice
- High School, Elementary Schools, Memorial Field
- **Respect taxpayers by restraining tax rate**
 - Recommend 1.55% tax rate increase

Budget Development Process

September 2016

Act 1 Index 2.5%

December 2016

Approved Preliminary Budget

1.55% Proposed Tax Rate Increase

January and February 2017

Review and Analysis of budget
composition

Prior Years – At this Point

- Recommend a range for an increase in tax rate
 - Up to Act 1 Index
 - Including available exceptions
- Rate of Tax Increase
 - 2015 5.49%
 - 2016 4.32%

Budget Drivers

- Compensation
 - Salaries 44%
 - Health Insurance 9%
 - PSERS 14%
- Charter School Tuition 4%
- Capital Expenses and Debt Service 11%
- Prepare for future Debt Service
 - High School, Elementary and Memorial Field Projects

Since Preliminary

- Decrease in assessment value (appeals)
- Decrease in Health Insurance
- Salaries
 - Added principal, psychologist
 - Updated calculation of salaries for current staffing complement
 - Lower projected attritional savings from average retirements
- PDE changes between accounts (no change in total)
- Budget refinements by department (decrease)

Future Considerations

- Kindergarten registration – in process
- High School course selections - recently completed
- Staffing shifts and attritional opportunities yet to be identified
- Federal and State revenue: assume level funding
- Continue to refine budget for possible efficiencies and reductions

Future Discussions

- Wednesday, April 12, 2017 - CAC for Finance
 - Feedback regarding Budget Development
- Thursday, April 20, 2017 - Board Committee for Finance and Audit
 - Budget Development
- Monday, April 24, 2017 - Regular Board Meeting
 - Budget Development Update
- Monday, May 1, 2017 - Board Work Session
 - Present Proposed Final Budget for 2017-2018
- Monday, May 8, 2017 - Regular Board Meeting
 - Approve Proposed Final Budget for 2017-2018
- Thursday, May 18, 2017 - Board Committee for Finance and Audit
 - Review Final Budget for 2017-2018
- Monday, May 22, 2017 - Regular Board Meeting
 - Review Final Budget for 2017-2018
- Monday, June 5, 2017 - Budget Hearing
 - Public Presentation of Final Budget for 2017-2018
- Monday, June 12, 2017 - Regular Board Meeting
 - Approve Final Budget for 2017-2018

Questions

State College Area School District

