



STATE COLLEGE AREA SCHOOL DISTRICT

Office of Finance and Operations

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To: Robert J. O'Donnell
From: Randy L. Brown and Donna Watson
Date: January 18, 2018
Subject: Opt Out Resolution for 2018-2019 Budget

The administration presents the Accelerated Budget Opt Out Resolution certifying the tax rate within the inflation index (Act 1 of 2006) of 2.4% for the 2018-2019 Fiscal Year for your approval. This recommendation follows the proposed preliminary budget discussions on December 18, 2017 and January 8, 2018.

Attached is the resolution, the 2018-19 revenue and expense statement as presented at the January 8th meeting (Attachment A) and the additional PDE form which is required to be filed in support of this resolution (Attachment B).

STATE COLLEGE AREA SCHOOL DISTRICT
(Centre County, Pennsylvania)

**Accelerated Budget Opt Out Resolution Certifying Tax Rate Within Inflation Index
(and No Need to Comply with Act 1 Accelerated Budget Procedures)**

Background. Act 1 § 311(a), 53 P.S. § 6926.311(a), requires an accelerated budget adoption timeline and procedure unless a school district, no later than 110 days before the primary election, adopts a resolution containing the certifications incorporated in this resolution. The deadline this year is January 26, 2018. After adoption of a resolution containing such certifications, § 311(d) authorizes a school district to comply with pre-Act 1 budget adoption rules as set forth in School Code § 687, 24 P.S. § 6-687. The School Board has reviewed the school district preliminary budget or has other information sufficient to make a determination that the budget for the next fiscal year can be funded based on maintaining current tax rates or increasing taxes by an amount less than or equal to the Act 1 index. In lieu of the Act 1 budget adoption timeline and procedure, the School Board wishes to make the required certifications and comply with pre-Act 1 budget adoption rules.

RESOLVED, that the Board of School Directors of State College Area School District, makes the following unconditional certifications:

1. The school district's various tax levies and other revenue sources will be sufficient to balance the school district final budget for the next fiscal year (2018-2019) based on maintaining current tax rates or increasing tax rates by an amount less than or equal to the Act 1 index applicable to the school district as calculated by the Pennsylvania Department of Education. This conclusion is based on the school district preliminary budget or other information available to the School Board.
2. The applicable index for the next fiscal year is 2.40%, and the School Board will not for the next fiscal year increase the rate of its real estate tax, or any other tax for the support of public education, by an amount that exceeds the applicable index.
3. The School Board has to date and in the future will comply with the rules set forth in School Code § 687 for adoption of the school district proposed and final budgets for the next fiscal year.
4. The School Board understands that the school district will not be eligible to use Act 1 referendum exceptions for the next fiscal year.

Duly adopted by the State College Area School District (Centre County, Pennsylvania) in lawful session assembled on this ____ day of January, 2018.

STATE COLLEGE AREA SCHOOL
DISTRICT

Attest:

President, Board of School Directors

Secretary

[Per Act 1 §§ 311(d)(2)(ii) and (iii), the school district must, within 5 days after adoption of this resolution submit to PDE: (1) on a PDE prescribed form, information on any proposed tax increase – **Real Estate Tax Rate Report**; and (2) a copy of this resolution.]

Attachment A

Comparative Statements

**State College Area School District
General Fund Revenue
Projected 2017-18 vs. Preliminary Budget 2018-19**

	Projected 2017-2018	Budget 2018-2019	Variance	Estimated Student Day Impact(1)
LOCAL SERVICES TAX				
CURRENT REAL ESTATE TAX	\$92,118,130	\$95,491,597	\$3,373,467	-
REAL ESTATE TAX-REFERENDUM DEBT	4,945,363	4,941,977	(3,386)	-
EARNED INCOME TAX	17,480,000	17,830,000	350,000	-
REALTY TRANSFER TAX	2,194,000	2,194,000	-	-
DELINQUENT REAL ESTATE TAX	1,100,000	1,100,000	-	-
INTERIM REAL ESTATE TAX	600,000	600,000	-	-
IDEA-B	742,380	740,000	(2,380)	-
PAYMENTS IN LIEU OF TAX	648,561	648,561	-	-
LOCAL SERVICES TAX	398,000	402,000	4,000	-
TUITION	1,190,638	1,513,346	322,708	-
MISC LOCAL REVENUE	570,508	573,112	2,604	-
PUBLIC UTILITY REALTY TAX	117,190	117,190	-	-
INTEREST ON INVESTMENTS	350,000	250,000	(100,000)	-
TOTAL LOCAL	122,454,770	126,401,783	3,947,012	-
STATE				
BASIC ED INSTR SUBSIDY	7,724,480	7,724,480	-	-
SPECIAL ED REVENUE-REGULR	3,292,893	3,292,893	-	-
REV. FOR RETIREMENT	10,630,096	11,371,149	741,053	153,394
REV. FOR SOCIAL SECURITY	2,483,544	2,603,297	119,753	34,285
PROPERTY TAX REDUCTION	1,424,050	1,424,050	-	-
TRANSPORTATION REVENUE	800,000	800,000	-	-
BOND REIMBURSEMENTS	321,430	633,004	311,574	-
HEALTH SERVICES REVENUE	140,000	140,000	-	-
READY TO LEARN GRANT	310,013	310,013	-	-
VOCATIONAL EDUCATION	135,000	100,000	(35,000)	-
OTHER STATE REVENUE	0	1,935,393	1,935,393	-
TUITION - 1305/1306	130,000	130,000	-	-
TOTAL STATE	27,391,507	30,464,279	3,072,773	187,679
FEDERAL				
TITLE I REVENUE	713,000	600,000	(113,000)	-
TITLE II REVENUE	180,000	180,000	-	-
ACCESS FUNDS	250,000	250,000	-	-
OTHER FEDERAL REVENUE	86,156	60,000	(26,156)	-
TITLE III REVENUE	35,000	35,000	-	-
TOTAL FEDERAL	1,264,156	1,125,000	(139,156)	-
TOTAL REVENUE	\$151,110,433	\$157,991,062	\$6,880,629	\$187,679

(1) Includes the PSERS and Social Security reimbursement related to the estimated student day expenses as included in the budget 2018-19 column.

State College Area School District
General Fund Expenses and Fund Balance Transfers
Projected 2017-18 vs. Preliminary Budget 2018-19

	(A) Projected 2017-2018	(B) Budget 2018-2019 (1)	(C) Variance	(D) Estimated Student Day Impact (2)
Salaries	\$ 66,662,469	\$ 69,449,042	\$ 2,786,573	\$ 897,725
Health Insurance	12,825,988	14,133,888	1,307,900	155,655
PSERS	21,260,192	22,742,298	1,482,106	306,842
Other Benefits	6,679,425	6,905,360	225,935	82,457
Professional Services	3,566,755	3,630,000	63,245	-
Purchased Property Services	1,248,428	1,270,000	21,572	-
Charter School Expense	6,629,298	7,043,347	414,049	-
Other Purchased Services	5,889,497	6,340,000	450,503	350,000
Supplies/Equipment	6,785,675	7,150,000	364,325	300,000
Minor Capital Projects	2,138,768	2,181,543	42,775	-
Transfers/contingencies	2,268,980	1,781,495	(487,485)	-
Debt Service	7,486,050	7,613,533	127,483	-
Debt Service - Referendum Debt	5,257,725	5,254,125	(3,600)	-
Transfer to Cap Projects-DCED Grant	-	1,935,393	1,935,393	-
Transfer to Capital Reserve	3,793,331	1,317,200	(2,476,131)	-
Fund Balance Use (PSERS/Legal)	(2,186,728)	(1,207,573)	979,155	-
Total Expenses and Fund Balance Transfers	\$150,305,853	\$157,539,651	\$7,233,798	
Proposed Student Day Expense Impact				2,092,679
Less PSERS and Social Security Reimbursement (3)				187,679
Net Proposed Student Day Impact				\$ 1,905,000

(1) Includes estimated student day expenses for 2018-19 school year. These expenses include the following recurring costs: Transportation, Fifth Special (Staffing of 10 FTE teachers and curriculum resources), Support staff (special education and recess supervision) and include the following non-recurring costs: Transportation (vehicle replacement) and curriculum resources for fifth elementary special.

(2) Student day impact as it is included in the Budget 2018-19 column (Column B).

(3) The PSERS and Social Security Reimbursement is reflected in the preliminary Revenue Budget for 2018-19.

Attachment B

2018-19 Required PDE form for Accelerated
Budget Opt Out Resolution

ITEM

AMOUNTS

Estimated Beginning Unreserved Fund Balance Available for Appropriation and Reserves Scheduled For Liquidation During The Fiscal Year

- 0810 Nonspendable Fund Balance
- 0820 Restricted Fund Balance
- 0830 Committed Fund Balance
- 0840 Assigned Fund Balance
- 0850 Unassigned Fund Balance

Total Estimated Beginning Unreserved Fund Balance Available for Appropriation and Reserves Scheduled For Liquidation During The Fiscal Year

Estimated Revenues And Other Financing Sources

- 6000 Revenue from Local Sources 120,859,574
- 7000 Revenue from State Sources 1,424,050
- 8000 Revenue from Federal Sources
- 9000 Other Financing Sources

Total Estimated Revenues And Other Financing Sources \$122,283,624

Total Estimated Fund Balance, Revenues, and Other Financing Sources Available for Appropriation \$122,283,624

Amount

REVENUE FROM LOCAL SOURCES

6111 Current Real Estate Taxes	100,433,574
6140 Current Act 511 Taxes - Flat Rate Assessments	402,000
6150 Current Act 511 Taxes - Proportional Assessments	20,024,000

REVENUE FROM LOCAL SOURCES \$120,859,574

REVENUE FROM STATE SOURCES

7340 State Property Tax Reduction Allocation	1,424,050
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REVENUE FROM STATE SOURCES \$1,424,050

TOTAL ESTIMATED REVENUES AND OTHER SOURCES 122,283,624

Act 1 Index (current): 2.4%

Calculation Method:	Rate	
Approx. Tax Revenue from RE Taxes:	\$100,433,574	
Amount of Tax Relief for Homestead Exclusions	<u>\$1,424,050</u>	
Total Approx. Tax Revenue:	\$101,857,624	
Approx. Tax Levy for Tax Rate Calculation:	\$104,837,727	

	Centre	Total
<hr/>		
2017-18 Data		
a. Assessed Value	\$2,288,088,527	\$2,288,088,527
b. Real Estate Mills	44.1468	
I. 2018-19 Data		
c. 2016 STEB Market Value	\$6,899,233,011	\$6,899,233,011
d. Assessed Value	\$2,319,110,894	\$2,319,110,894
e. Assessed Value of New Constr/ Renov	\$0	\$0
<hr/>		
2017-18 Calculations		
f. 2017-18 Tax Levy	\$101,011,787	\$101,011,787
(a * b)		
2018-19 Calculations		
II. g. Percent of Total Market Value	100.00000%	100.00000%
h. Rebalanced 2017-18 Tax Levy	\$101,011,787	\$101,011,787
(f Total * g)		
i. Base Mills Subject to Index	44.1468	
(h / a * 1000) if no reassessment		
(h / (d-e) * 1000) if reassessment		
<hr/>		
Calculation of Tax Rates and Levies Generated		
j. Weighted Avg. Collection Percentage	97.11827%	97.11827%
k. Tax Levy Needed	\$104,837,727	\$104,837,727
(Approx. Tax Levy * g)		
I. 2018-19 Real Estate Tax Rate	45.2060	
(k / d * 1000)		
III. m. Tax Levy Generated by Mills	\$104,837,727	\$104,837,727
(l / 1000 * d)		
n. Tax Levy minus Tax Relief for Homestead Exclusions	\$103,413,677	\$103,413,677
(m - Amount of Tax Relief for Homestead Exclusions)		
o. Net Tax Revenue Generated By Mills	\$100,433,574	\$100,433,574
(n * Est. Pct. Collection)		

Act 1 Index (current): 2.4%

Calculation Method:

Rate

Approx. Tax Revenue from RE Taxes:	\$100,433,574	
Amount of Tax Relief for Homestead Exclusions	<u>\$1,424,050</u>	
Total Approx. Tax Revenue:	\$101,857,624	
Approx. Tax Levy for Tax Rate Calculation:	\$104,837,727	

Centre

Total

Index Maximums			
p. Maximum Mills Based On Index (i * (1 + Index))	45.2063		
q. Mills In Excess of Index (if (l > p), (l - p))	0.0000		
r. Maximum Tax Levy Based On Index (p / 1000 * d)	\$104,838,423		\$104,838,423
IV. s. Millage Rate within Index? (If l > p Then No)	Yes		
t. Tax Levy In Excess of Index (if (m > r), (m - r))	\$0		\$0
u. Tax Revenue In Excess of Index (t * Est. Pct. Collection)	\$0		\$0

Information Related to Property Tax Relief

V. Assessed Value Exclusion per Homestead	\$0.00		
Number of Homestead/Farmstead Properties			
Median Assessed Value of Homestead Properties			\$0

Act 1 Index (current): 2.4%

Calculation Method:	Rate
Approx. Tax Revenue from RE Taxes:	\$100,433,574
Amount of Tax Relief for Homestead Exclusions	<u>\$1,424,050</u>
Total Approx. Tax Revenue:	\$101,857,624
Approx. Tax Levy for Tax Rate Calculation:	\$104,837,727

Centre	Total
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State Property Tax Reduction Allocation used for: Homestead Exclusions	\$1,424,050	Lowering RE Tax Rate	\$0		\$1,424,050
Prior Year State Property Tax Reduction Allocation used for: Homestead Exclusions	\$0				\$0
Amount of Tax Relief from State/Local Sources					\$1,424,050

CODE

6111 Current Real Estate Taxes

<u>County Name</u>	<u>Taxable Assessed Value</u>	<u>Real Estate Mills</u>	<u>Tax Levy Generated by Mills</u>	<u>Amount of Tax Relief for Homestead Exclusions</u>	<u>Tax Levy Minus Homestead Exclusions</u>	<u>Percent Collected</u>	<u>Net Tax Revenue Generated By Mills</u>
Centre	2,319,110,894	45.2060	104,837,727			97.11827%	
Totals:	2,319,110,894		104,837,727	- 1,424,050	= 103,413,677	X 97.11827%	= 100,433,574

	<u>Rate</u>		<u>Estimated Revenue</u>
6120 <u>Current Per Capita Taxes, Section 679</u>	\$0.00		0
6140 <u>Current Act 511 Taxes – Flat Rate Assessments</u>	<u>Rate</u>	<u>Add'l Rate (if appl.)</u>	<u>Tax Levy</u>
6141 Current Act 511 Per Capita Taxes	\$0.00	\$0.00	0
6142 Current Act 511 Occupation Taxes – Flat Rate	\$0.00	\$0.00	0
6143 Current Act 511 Local Services Taxes	\$5.00	\$0.00	402,000
6144 Current Act 511 Trailer Taxes	\$0.00	\$0.00	0
6145 Current Act 511 Business Privilege Taxes – Flat Rate	\$0.00	\$0.00	0
6146 Current Act 511 Mechanical Device Taxes – Flat Rate	\$0.00	\$0.00	0
6149 Current Act 511 Taxes, Other Flat Rate Assessments	\$0.00	\$0.00	0

Total Current Act 511 Taxes – Flat Rate Assessments 402,000 402,000

	<u>Rate</u>	<u>Add'l Rate (if appl.)</u>	<u>Tax Levy</u>	<u>Estimated Revenue</u>
6150 <u>Current Act 511 Taxes – Proportional Assessments</u>				
6151 Current Act 511 Earned Income Taxes	0.950%	0.000%	17,830,000	17,830,000
6152 Current Act 511 Occupation Taxes	0.000	0.000	0	0
6153 Current Act 511 Real Estate Transfer Taxes	0.500%	0.000%	2,194,000	2,194,000
6154 Current Act 511 Amusement Taxes	0.000%	0.000%	0	0
6155 Current Act 511 Business Privilege Taxes	0.000	0.000	0	0
6156 Current Act 511 Mechanical Device Taxes – Percentage	0.000%	0.000%	0	0
6157 Current Act 511 Mercantile Taxes	0.000	0.000	0	0
6159 Current Act 511 Taxes, Other Proportional Assessments	0	0	0	0

Total Current Act 511 Taxes – Proportional Assessments 20,024,000 20,024,000

Total Act 511, Current Taxes 20,426,000

Act 511 Tax Limit -->	6,899,233,011 X	12	82,790,796
	Market Value	Mills	(511 Limit)

Tax Function	Description	Tax Rate Charged in:		Percent Change in Rate	Less than or equal to Index	Index	Additional Tax Rate Charged in:		Percent Change in Rate	Less than or equal to Index
		2017-18 (Rebalanced)	2018-19				2017-18 (Rebalanced)	2018-19		
6111	<u>Current Real Estate Taxes</u> Centre	44.1468	45.2060	2.40%	Yes	2.4%				
	<u>Current Act 511 Taxes – Flat Rate Assessments</u>									
6143	Current Act 511 Local Services Taxes <u>Current Act 511 Taxes – Proportional Assessments</u>	\$5.00	\$5.00	0.00%	Yes	2.4%				
6151	Current Act 511 Earned Income Taxes	0.950%	0.950%	0.00%	Yes	2.4%				
6153	Current Act 511 Real Estate Transfer Taxes	0.500%	0.500%	0.00%	Yes	2.4%				