



**STATE COLLEGE AREA SCHOOL DISTRICT
ADMINISTRATIVE OFFICES**

240 VILLA CREST DRIVE • STATE COLLEGE, PENNSYLVANIA • 16801-7951
TELEPHONE 814-231-1021 • FAX 814-272-8790 • www.scasd.org

**STATE COLLEGE AREA SCHOOL DISTRICT
2019-20 FINAL BUDGET SUMMARY**

Budget Hearing Date: May 28, 2019, 7:00 p.m.

Budget Adoption Date: June 3, 2019, 7:00 p.m.

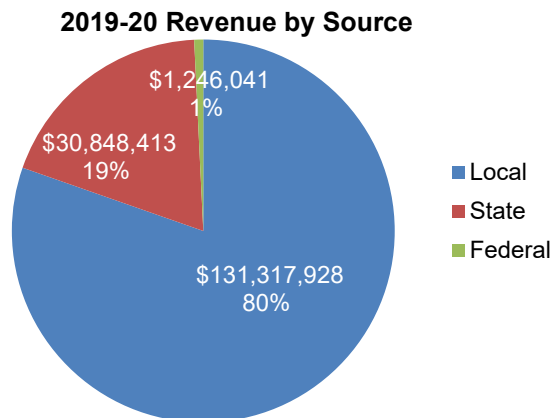
Location: Panorama Village Building Board Room – Meeting Room A

Education is an investment in the future that requires a partnership between schools and the entire community. The State College Area School District is committed to wise use of resources and delivery of quality educational programs.

The Board of School Directors allocates revenue and expenditures to support the educational programs as defined by the district's mission and goals articulated through the strategic plan, as well as financial and operating policies. The board must balance the educational needs of students with the ability and willingness of the community to provide the necessary financial support.

Revenue Budget

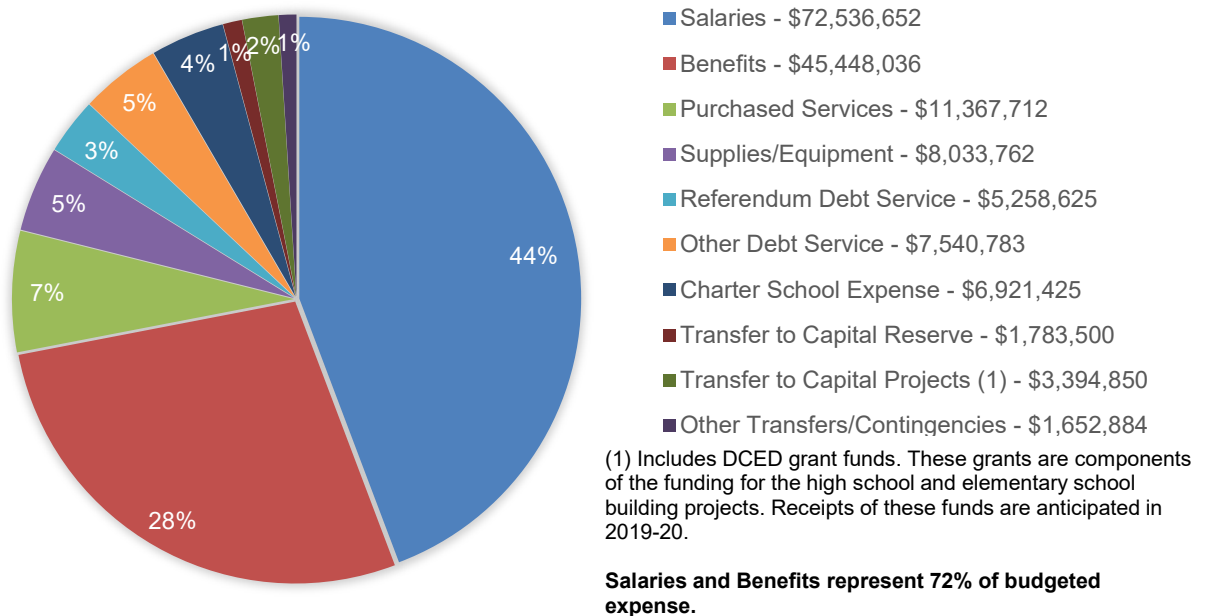
- The Proposed Final Budget for 2019-20 includes revenues in the amount of \$163,412,382, which represents a \$5,302,035 (3.4%) increase compared to the 2018-19 Budget.
- Budgeted local revenue is \$4,915,550 higher than the 2018-19 budget. Approximately \$3,700,000 of this increase is related to real estate taxes with approximately \$1,671,000 related to assumed assessed value growth and \$2,029,000 related to the tax increase. Earned income tax accounts for the majority of the remaining increase.
- The proposed increase in the real estate tax rate is 1.95%, or a .8815 mill increase, to 46.0875 mills of real estate tax.
- Total increased cost to the average homestead approved residential taxpayer is \$72 per year.
- The 1.95% millage increase is .35% less than the Act 1 index of 2.3%. This is the third lowest tax increase since 2006-07 when Act 1 Index was created.
- The district is primarily locally funded, with 80% of revenue from local sources. The majority (79%) of local revenue comes from real estate taxes. Real estate tax revenue is 64% of total district revenue.
- Budgeted state revenue is \$351,799 higher than the 2018-19 budget. Increases include changes in funding for education that were implemented in the 2017-18 state budget and increased reimbursement from the state for retirement (\$770,000) and social security (\$107,000). Grant funding decreased \$766,000 compared to 2018-19.



Expense Budget

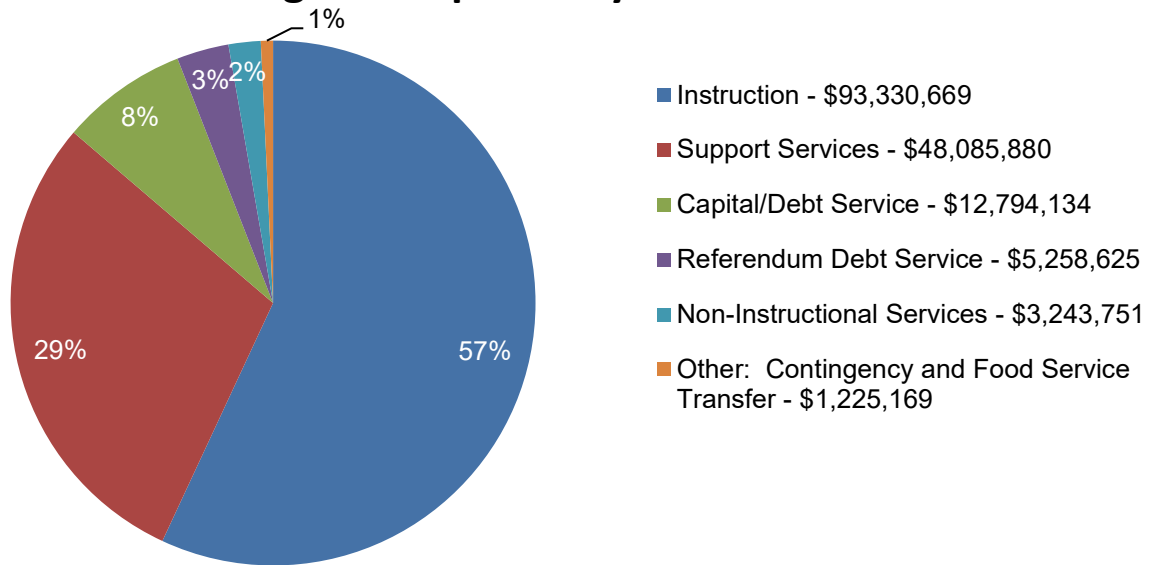
- The Proposed Final Budget for 2019-20 includes expenses in the amount of \$163,938,228, which represents a \$5,064,761 (3.2%) increase compared to the 2018-19 Budget.
- Salary and benefit expenses represent approximately 72% of the district's budget.
 - The budget includes the following additional resources over the prior year.
 - Special Education Teacher
 - Elementary Teachers
 - Psychologist services
 - Online Learning programming
 - Secondary Teacher
 - Elementary Instrumental Music Teacher
 - Gifted Support Teacher
 - Assistant Athletic Director position increased to permanent full-time; responsibilities to include solicitation of district advertising sponsorships projected to offset the cost of this position
 - Curriculum and assessment programming
 - Custodial and auditorium support staff positions
 - Marching band uniforms, fitness center equipment and grand piano (non-recurring)
 - Required contributions to the state retirement plan (PSERS) increased approximately \$1.5 million over the 2018-19 budget. This is related to an increase in salary expense and an increase in the percentage contribution rate from 33.43% to 34.29% of qualifying salaries.
- The districts required payment to charter schools represents 4.2% of the 2019-20 budget. Budgeted expense for 2019-20 is \$6,921,000.
- The budget contains an allocation of \$17,977,758 (11%) for debt service and capital expenses, showing a commitment to maintaining and upgrading the district facilities. This includes \$5,258,625 to fund debt service payments related to the State High Project borrowing approved through the referendum and \$1,169,676 for transfer of anticipated DCED grant revenue to the Capital Projects Fund to fund a portion of the high school and elementary construction projects.

Expense By Object



- The District is required to report expenses to PDE using defined functional groupings. Functions reported in the chart below include:
 - Instruction (57%) - Includes all activities dealing directly with the interaction between teachers and students and related costs, which can be directly attributed to a program of instruction. This does not include administrative instructional support costs. Payments to charter schools are also defined as instructional expense.
 - Support Services (29%) – Includes student support services (i.e. guidance, health, social work), instructional support (i.e. curriculum development, library), plant services, transportation, information technology and administrative support (i.e. principals, human resources, tax collection, legal, accounting).
 - Non-Instructional Services (2%) - Activities concerned with providing non-instructional services to students, staff or the community such as student activities, athletics and community services.
 - Other Expenditures and Financing Uses (12%) - Transfers from the general fund to support the food service fund, to fund debt service payments and establish capital reserves.
- Over half of budgeted expenses consist of direct contact with students through instruction (56%).

Budgeted Expense By Function



Fund Balance

- The Proposed Final Budget includes:
 - Use of committed fund balance to offset increases in expense. Fund balance for PSERS was committed in prior years to offset projected future year expenses. The proposed budget includes usage of \$659,620.
 - Addition of \$1,783,500 to the Capital Reserve fund to provide funding for:
 - A portion of the State High project
 - Annual debt service for Elementary projects (\$3,441,200 in 2019-20)
 - Other facility projects.
 - Projected Unassigned General Fund Balance of \$12,890,525, which is 7.9% of budgeted expense. The maximum percentage allowed by PDE is 8%.

District Facts

- Nine elementary schools (decreasing to 8 in the 2019-20 school year when Houserville and Lemont move to the new Spring Creek building)
- Three middle schools (including alternative Delta Middle Level)
- Two high schools (including alternative Delta Program)
- 2,978 elementary students
- 1,600 middle school students (including Delta Middle Level)
- 2,316 high school students (including Delta Program)
- 1,339 employees
- 656 teachers
- Covers 150 square miles
- Transportation system providing service to District, Charter and Private students
- District operated school breakfast and lunch program
- Community education programs including after school and summer extended learning opportunities

Pennsylvania School Law

The School Law of Pennsylvania, as enacted by the Commonwealth legislature, requires that public school districts approve an annual budget on the modified accrual basis for the operation of the General Revenue Fund prior to the start of the fiscal year. The Board of School Directors of each district is further required to make these budgets available for public inspection at least 20 days prior to their adoption. Once approved by the district's Board of School Directors, these budgets become the approved spending plan of the district for the coming year, and the Board is prohibited from spending or obligating funds in excess of these amounts. The Board is authorized to transfer funds within the budget during the last nine months of the fiscal year. Unused appropriations revert to the fund balance at the end of each fiscal year. The school district designates a portion of this fund balance by an amount equal to outstanding encumbrances at year end.

Board of School Directors

Amber Concepcion, President
Dr. Amy Bader, Vice-President
Lori Bedell
Gretchen Brandt
Dr. Daniel Duffy
Scott Fozard
David Hutchinson
Jim Leous
Laurel Zydney

Administration

Dr. Robert J. O'Donnell, Superintendent
Dr. Will L. Stout, Assistant Superintendent for Secondary Education
Vernon J. Bock, Assistant Superintendent for Elementary Education
Linda E. Pierce, Director of Human Resources
Randy L. Brown, Finance & Operations Officer
Donna M. Watson, Assistant Business Administrator

State College Area School District
240 Villa Crest Drive
State College, PA 16801
(814) 231-1021
www.scasd.org

Mission: To prepare students for lifelong success through excellence in education.

**State College Area School District
General Fund Activity
Proposed Final Budget 2019-20**

Beginning Fund Balance	\$ 12,756,751
Revenue	163,412,382
Local	131,317,928
State	30,848,413
Federal	1,246,041
Expense	<u>163,938,228</u>
Revenue less expense	(525,846)
Funding (Use) of Assigned Fund Bal (PSERS)	<u>(659,620)</u>
Change in Assigned Fund Balance	(659,620)
Change in Unassigned General Fund Balance	133,774
Ending Unassigned Fund Balance	<u><u>\$ 12,890,525</u></u>

Assumes Real Estate Tax increase of 1.95%

**State College Area School District
General Fund Revenue
Proposed Final Budget 2019-20**

LOCAL SERVICES TAX

CURRENT REAL ESTATE TAX	\$ 99,167,790
REAL ESTATE TAX-REFERENDUM DEBT	4,946,210
EARNED INCOME TAX	18,690,000
REALTY TRANSFER TAX	2,200,000
DELINQUENT REAL ESTATE TAX	1,100,000
INTERIM REAL ESTATE TAX	600,000
IDEA-B	740,000
PAYMENTS IN LIEU OF TAX	664,382
LOCAL SERVICES TAX	406,000
TUITION	1,674,651
MISC LOCAL REVENUE	611,705
PUBLIC UTILITY REALTY TAX	117,190
INTEREST ON INVESTMENTS	400,000
TOTAL LOCAL	131,317,928

STATE

BASIC ED INSTR SUBSIDY	7,921,450
SPECIAL ED REVENUE-REGULR	3,315,119
REV. FOR RETIREMENT	12,169,441
REV. FOR SOCIAL SECURITY	2,719,036
PROPERTY TAX REDUCTION	1,423,580
TRANSPORTATION REVENUE	800,000
BOND REIMBURSEMENTS	630,098
HEALTH SERVICES REVENUE	140,000
READY TO LEARN GRANT	310,013
SAFETY GRANTS	20,000
VOCATIONAL EDUCATION	100,000
OTHER STATE REVENUE	1,169,676
TUITION - 1305/1306	130,000
TOTAL STATE	30,848,413

FEDERAL

TITLE I REVENUE	744,552
TITLE II REVENUE	156,489
ACCESS FUNDS	250,000
OTHER FEDERAL REVENUE	60,000
TITLE III REVENUE	35,000
TOTAL FEDERAL	1,246,041

TOTAL REVENUE

\$ 163,412,382

**State College Area School District
General Fund Expenses and Fund Balance Transfers
Proposed Final Budget 2019-20**

Salaries	\$ 72,536,652
Health Insurance	13,950,662
PSERS	24,338,881
Other Benefits	7,158,493
Professional Services	3,647,514
Purchased Property Services	1,370,308
Charter School Expense	6,921,425
Other Purchased Services	6,349,890
Supplies/Equipment	8,033,761
Minor Capital Projects	2,225,174
Transfers/contingencies	1,652,884
Debt Service	7,540,783
Debt Service - Referendum Debt	5,258,625
Transfer to Cap Projects-DCED Grant	1,169,676
Transfer to Capital Reserve	1,783,500
Fund Balance Use (PSERS/Legal)	<u>(659,620)</u>
Total Expenses and Fund Balance Transfers	<u><u>\$ 163,278,608</u></u>
Total Expense Before Use of Fund Balance	<u><u>\$ 163,938,228</u></u>

**State College Area School District
General Fund Revenue
Proposed Final Budget 2019-20**

	(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)	(J)	(K)
	Preliminary	Board	3/20/19 vs.	Board	4/6/19 vs.	Board	4/22/19 vs.	Board	4/29/19 vs.	Board	5/20/19 vs.
	12/12/18	Presentation	12/12/18	Presentation	3/20/19	4/22/19	4/6/19	4/29/19	4/22/19	5/20/19	4/29/19
LOCAL SERVICES TAX											
CURRENT REAL ESTATE TAX	\$99,530,098	\$99,530,098	\$ -	\$99,530,098	\$ -	\$99,167,922	\$ (362,176)	\$99,167,922	\$ -	\$99,167,790	\$ (132)
REAL ESTATE TAX-REFERENDUM DEBT	4,946,210	4,946,210	-	4,946,210	-	4,946,210	-	4,946,210	-	4,946,210	-
EARNED INCOME TAX	18,690,000	18,690,000	-	18,690,000	-	18,690,000	-	18,690,000	-	18,690,000	-
REALTY TRANSFER TAX	2,194,000	2,200,000	6,000	2,200,000	-	2,200,000	-	2,200,000	-	2,200,000	-
DELINQUENT REAL ESTATE TAX	1,100,000	1,100,000	-	1,100,000	-	1,100,000	-	1,100,000	-	1,100,000	-
INTERIM REAL ESTATE TAX	600,000	600,000	-	600,000	-	600,000	-	600,000	-	600,000	-
IDEA-B	740,000	740,000	-	740,000	-	740,000	-	740,000	-	740,000	-
PAYMENTS IN LIEU OF TAX	648,561	664,382	15,821	664,382	-	664,382	-	664,382	-	664,382	-
LOCAL SERVICES TAX	406,000	406,000	-	406,000	-	406,000	-	406,000	-	406,000	-
TUITION	1,513,346	1,674,651	161,305	1,674,651	-	1,674,651	-	1,674,651	-	1,674,651	-
MISC LOCAL REVENUE	573,109	611,705	38,596	611,705	-	611,705	-	611,705	-	611,705	-
PUBLIC UTILITY REALTY TAX	117,190	117,190	-	117,190	-	117,190	-	117,190	-	117,190	-
INTEREST ON INVESTMENTS	250,000	400,000	150,000	400,000	-	400,000	-	400,000	-	400,000	-
TOTAL LOCAL	131,308,513	131,680,236	371,722	131,680,236	-	131,318,060	(362,176)	131,318,060	-	131,317,928	(132)
STATE											
BASIC ED INSTR SUBSIDY	7,921,450	7,921,450	-	7,921,450	-	7,921,450	-	7,921,450	-	7,921,450	-
SPECIAL ED REVENUE-REGULR	3,315,119	3,315,119	-	3,315,119	-	3,315,119	-	3,315,119	-	3,315,119	-
REV. FOR RETIREMENT	12,314,000	12,158,068	(155,932)	12,169,441	11,373	12,169,441	-	12,169,441	-	12,169,441	-
REV. FOR SOCIAL SECURITY	2,707,735	2,716,495	8,760	2,719,036	2,541	2,719,036	-	2,719,036	-	2,719,036	-
PROPERTY TAX REDUCTION	1,423,448	1,423,448	-	1,423,448	-	1,423,448	-	1,423,448	-	1,423,580	132
TRANSPORTATION REVENUE	800,000	800,000	-	800,000	-	800,000	-	800,000	-	800,000	-
BOND REIMBURSEMENTS	785,815	630,098	(155,717)	630,098	-	630,098	-	630,098	-	630,098	-
HEALTH SERVICES REVENUE	140,000	140,000	-	140,000	-	140,000	-	140,000	-	140,000	-
READY TO LEARN GRANT	310,013	310,013	-	310,013	-	310,013	-	310,013	-	310,013	-
SAFETY GRANTS	-	20,000	20,000	20,000	-	20,000	-	20,000	-	20,000	-
VOCATIONAL EDUCATION	100,000	100,000	-	100,000	-	100,000	-	100,000	-	100,000	-
OTHER STATE REVENUE	-	-	-	-	-	1,169,676	1,169,676	1,169,676	-	1,169,676	-
TUITION - 1305/1306	130,000	130,000	-	130,000	-	130,000	-	130,000	-	130,000	-
TOTAL STATE	29,947,580	29,664,691	(282,889)	29,678,605	13,914	30,848,281	1,169,676	30,848,281	-	30,848,413	132
FEDERAL											
TITLE I REVENUE	600,000	744,552	144,552	744,552	-	744,552	-	744,552	-	744,552	-
TITLE II REVENUE	156,415	156,489	74	156,489	-	156,489	-	156,489	-	156,489	-
ACCESS FUNDS	250,000	250,000	-	250,000	-	250,000	-	250,000	-	250,000	-
OTHER FEDERAL REVENUE	60,000	60,000	-	60,000	-	60,000	-	60,000	-	60,000	-
TITLE III REVENUE	35,000	35,000	-	35,000	-	35,000	-	35,000	-	35,000	-
TOTAL FEDERAL	1,101,415	1,246,041	144,626	1,246,041	-	1,246,041	-	1,246,041	-	1,246,041	-
TOTAL REVENUE	\$162,357,509	\$162,590,968	\$233,459	\$162,604,882	\$13,914	\$163,412,382	\$ 807,500	\$ 163,412,382	\$ -	\$ 163,412,382	\$ 0

3/20/19 vs. 12/12/18 - Increase in projected CEEL revenue and interest on investments. Revenue from retirement decrease due to PSERS rate change published December 2018, offset by salary changes. Bond reimbursement was corrected to remove estimated revenue related to the 2017 high school bonds. This revenue is not projected to be received in the budget year. Title revenue is updated to reflect an increase in the projected grant.

4/6/19 vs. 3/20/19 - Impact of change in proposed salaries and related PSERS and social security expense.

4/22/19 vs. 4/6/19 - Local revenue reflects an adjustment to the Real Estate tax increase from 2.3% (Act 1 Index) to 1.95% tax increase. Expense reflects adjustment to be within 8% limit after changes to projected revenue. Reflects anticipated receipts of DCED and solar grants for high school and elementary projects in 2019-20.

5/20/19 vs. 4/29/19 - Property Tax Reduction reflects the 2019-20 allocation as published by PDE on May 2, 2019.

**State College Area School District
General Fund Expenses and Fund Balance Transfers
Proposed Final Budget 2019-20**

	(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)	(J)	(K)
	Preliminary	Board	3/20/19 vs.	Board	4/6/19 vs.	Board	4/22/19 vs.	Board	4/29/19 vs.	Board	5/20/19 vs.
	12/12/18	Presentation	12/12/18	Presentation	3/20/19	Presentation	4/6/19	Presentation	4/22/19	Presentation	4/29/19
Salaries	\$ 72,235,162	\$ 72,468,862	\$ 233,700	\$ 72,536,652	\$ 67,790	\$ 72,536,652	\$ -	\$ 72,536,652	\$ -	\$ 72,536,652	\$ -
Health Insurance	14,909,205	13,949,437	(959,768)	13,950,662	1,225	13,950,662	-	13,950,662	-	13,950,662	-
PSERS	24,628,001	24,316,135	(311,866)	24,338,881	22,746	24,338,881	-	24,338,881	-	24,338,881	-
Other Benefits	7,208,693	7,153,229	(55,464)	7,158,493	5,264	7,158,493	-	7,158,493	-	7,158,493	-
Professional Services	3,590,000	3,647,514	57,514	3,647,514	-	3,647,514	-	3,647,514	-	3,647,514	-
Purchased Property Services	1,390,000	1,370,308	(19,692)	1,370,308	-	1,370,308	-	1,370,308	-	1,370,308	-
Charter School Expense	6,440,000	6,921,425	481,425	6,921,425	-	6,921,425	-	6,921,425	-	6,921,425	-
Other Purchased Services	6,080,000	6,349,890	269,890	6,349,890	-	6,349,890	-	6,349,890	-	6,349,890	-
Supplies/Equipment	7,714,503	8,039,719	325,216	8,033,761	(5,958)	8,033,761	-	8,033,761	-	8,033,761	-
Minor Capital Projects	2,225,174	2,225,174	0	2,225,174	-	2,225,174	-	2,225,174	-	2,225,174	-
Transfers/contingencies	1,880,148	1,727,884	(152,264)	1,652,884	(75,000)	1,652,884	-	1,652,884	-	1,652,884	-
Debt Service	7,540,783	7,540,783	-	7,540,783	-	7,540,783	-	7,540,783	-	7,540,783	-
Debt Service - Referendum Debt	5,258,625	5,258,625	-	5,258,625	-	5,258,625	-	5,258,625	-	5,258,625	-
Transfer to Cap Projects-DCED Grant	-	-	-	-	-	1,169,676	1,169,676	1,169,676	-	1,169,676	-
Transfer to Capital Reserve	896,000	2,123,500	1,227,500	2,118,500	(5,000)	1,783,500	(335,000)	1,783,500	-	1,783,500	-
Fund Balance Use (PSERS/Legal)	(659,620)	(659,620)	-	(659,620)	-	(659,620)	-	(659,620)	-	(659,620)	-
Total Expenses and Fund Balance Transfers	\$161,336,674	\$162,432,865	\$1,096,191	\$162,443,932	\$11,067	\$163,278,608	\$ 834,676	\$ 163,278,608	\$ -	\$ 163,278,608	\$ -
Total Expense excl transfer to capital reserve, DCED and fund balance use	\$161,100,294	\$160,968,985	\$ (131,309)	\$160,985,052	\$16,067	\$160,985,052	\$ -	\$ 160,985,052	\$ -	\$ 160,985,052	\$ -

3/20/19 vs. 12/12/18 - Proposed additions to the budget totalling \$1.3 million are offset by decreases in projected base salaries and related benefits, lower health insurance based on a recent actuarial projection, decrease in PSERS rate based on December 2018 report and lower than projected food service transfer. Offsetting increases include an increase in the projected number of charter school students and contracted transportation expense. The net increase in revenue less expense result in a \$1.2 million increase in the proposed transfer to capital reserve.

4/6/19 vs. 3/20/19 - Addition of proposed social studies teacher and .5 social worker offset by repurposing of other positions and decrease in food service subsidy.

4/22/19 vs. 4/6/19 - Expense reflects adjustment to be within 8% limit after changes to projected Real Estate tax revenue. Reflects transfer to Capital Projects for DCED and solar grants anticipated to be received in 2019-20.

**State College Area School District
General Fund Activity
Proposed Final Budget 2019-20**

	(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)	(J)	(K)
	Preliminary 12/12/18	Board Presentation 3/20/19	3/20/19 vs. 12/12/18	Board Presentation 4/6/19	4/6/19 vs. 3/20/19	Board Presentation 4/22/19	4/22/19 vs. 4/6/19	Board Presentation 4/29/19	4/29/19 vs. 4/22/19	Board Presentation 5/20/19	5/20/19 vs. 4/29/19
Beginning Fund Balance	\$13,846,417	\$12,756,751	(\$1,089,666)	\$12,756,751	\$ -	\$ 12,756,751	\$ -	\$ 12,756,751	\$ -	\$ 12,756,751	\$ - a
Revenue	162,357,509	162,590,968	233,459	162,604,882	13,914	163,412,382	807,500	163,412,382	-	163,412,382	-
Local	131,308,513	131,680,236	371,722	131,680,236	-	131,318,060	(362,176)	131,318,060	-	131,317,928	(132)
State	29,947,580	29,664,691	(282,889)	29,678,605	13,914	30,848,281	1,169,676	30,848,281	-	30,848,413	132
Federal	1,101,415	1,246,041	144,626	1,246,041	-	1,246,041	-	1,246,041	-	1,246,041	-
Expense	161,996,294	163,092,485	1,096,191	163,103,552	11,067	163,938,228	834,676	163,938,228	-	163,938,228	-
Revenue less expense	361,215	(501,518)	(862,733)	(498,671)	2,846	(525,846)	(27,175)	(525,846)	-	(525,846)	- b
Funding (Use) of Assigned Fund Bal (Debt Serv/Cap)											c
Funding (Use) of Assigned Fund Bal (PSERS/Legal Liab)	(659,620)	(659,620)	-	(659,620)	-	(659,620)	-	(659,620)	-	(659,620)	- d
Change in Assigned Fund Balance	(659,620)	(659,620)	-	(659,620)	-	(659,620)	-	(659,620)	-	(659,620)	- e (c+d)
Change in Unassigned General Fund Balance	1,020,835	158,102	(862,733)	160,949	2,846	133,774	(27,175)	133,774	-	133,774	- f (b-e)
Ending Unassigned Fund Balance	<u>\$14,867,252</u>	<u>\$12,914,853</u>	<u>(\$1,952,399)</u>	<u>\$12,917,700</u>	<u>\$2,846</u>	<u>\$12,890,525</u>	<u>(\$27,175)</u>	<u>\$12,890,525</u>	<u>\$0</u>	<u>\$12,890,525</u>	<u>\$0</u> (a+f)

3/20/19 vs. 12/12/18 - Beginning and ending unassigned balance reflects adjustment to be within 8% limit after changes to projected revenue and expense.

4/6/19 vs. 3/20/19 - Addition of proposed social studies teacher and .5 social worker offset by repurposing of other positions and decrease in food service subsidy.

4/22/19 vs. 4/6/19 - Local revenue reflects an adjustment to the Real Estate tax increase from 2.3% (Act 1 Index) to 1.95% tax increase. Expense reflects adjustment to be within 8% limit after changes to projected revenue.

5/20/19 vs. 4/29/19 - Property Tax Reduction reflects the 2019-20 allocation as published by PDE on May 2, 2019.