



**STATE COLLEGE AREA SCHOOL DISTRICT
ADMINISTRATIVE OFFICES**

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**STATE COLLEGE AREA SCHOOL DISTRICT
2020-21 FINAL BUDGET SUMMARY**

Budget Hearing Date: June 15, 2020, 7:00 p.m.
Budget Adoption Date: June 29, 2020, 7:00 p.m.
Location: Provided online via Zoom due to COVID-19

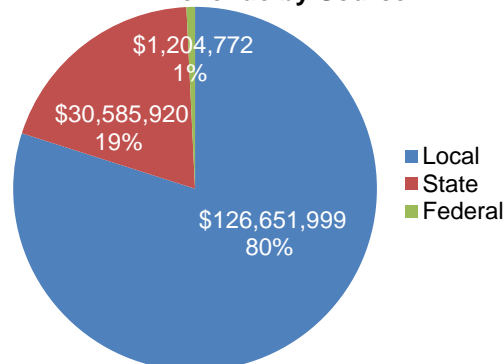
Education is an investment in the future that requires a partnership between schools and the entire community. The State College Area School District is committed to wise use of resources and delivery of quality educational programs.

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

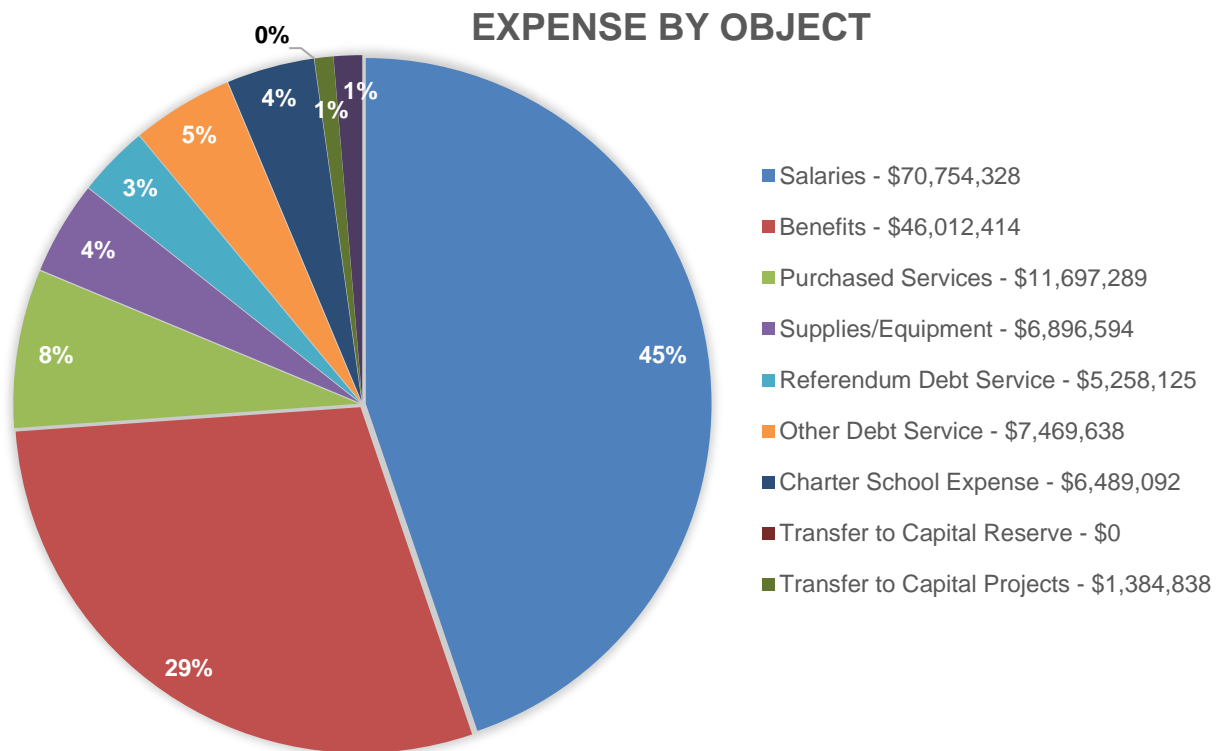
- The Proposed Final Budget for 2020-21 includes revenues in the amount of \$158,442,691, which represents a \$4,969,692 (3%) decrease compared to the 2019-20 Budget.
- Budgeted local revenue is \$4,665,929 less than the 2019-20 budget. Approximately \$2,500,000 of this decrease is based on an estimated 10% reduction in earned income tax. Real estate taxes and transfer tax comprises for the majority of the remaining decrease.
- The proposed budget includes no increase in the real estate tax rate due to the projected economic impacts of COVID-19 on the local community. The real estate tax millage remains at 46.0875 mills.
- This is the first time in thirteen years that the district has not increased taxes. The Act 1 index for 2020-2021 is 2.6%
- The district is primarily locally funded, with 80% of revenue from local sources. The majority (82%) of local revenue comes from real estate taxes. Real estate tax revenue is 65% of total district revenue.
- Budgeted state revenue is \$262,493 lower than the 2019-20 budget. Grant revenue of approximately \$1,170,000, which funded a portion of the State High and three elementary building projects, were included in the 2019-20 budget. Lower reimbursement is expected for retirement (\$221,000) and social security (\$67,000) due to a budgeted reduction in salaries and wages. State revenue includes COVID-19 Disaster Emergency School Health and Safety Grant of \$596,365 and increases related to state subsidies approved subsequent to the District's 2019-20 budget and increased reimbursement related to debt service payments.

Revenue by Source

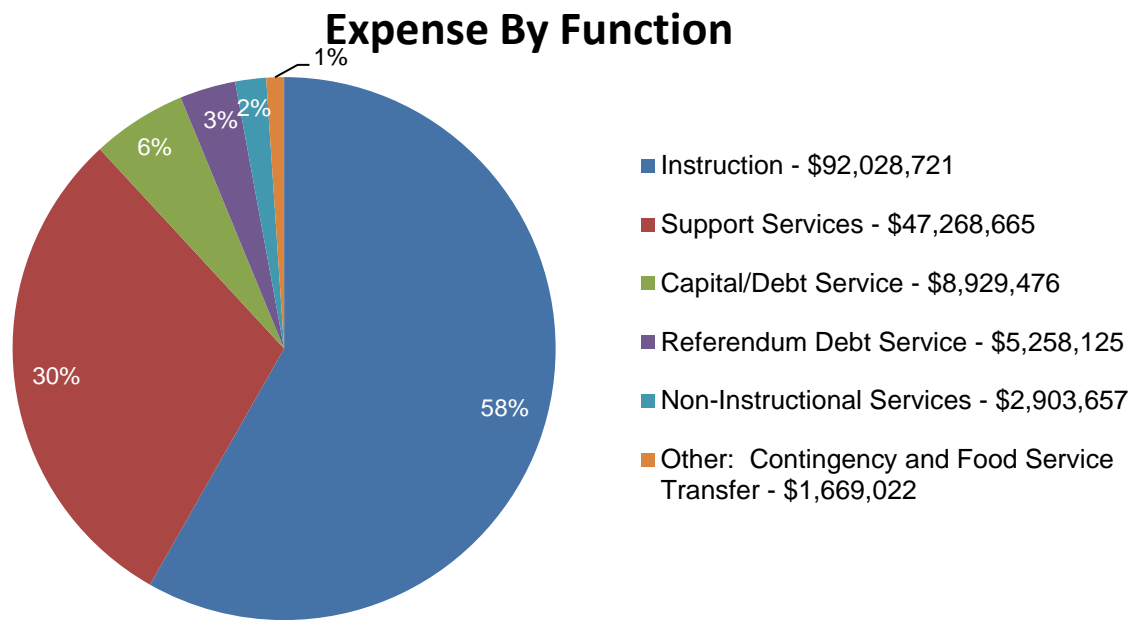


Expense Budget

- The Proposed Final Budget for 2020-21 includes expenses in the amount of \$158,057,667, which represents a \$5,880,560 (3.6%) decrease compared to the 2019-20 Budget.
- Salary and benefit expenses represent approximately 74% of the district’s budget.
- The budget assumes in-person instruction in the fall.
- The budget includes the following reductions in expense compared to the prior year. These reductions are necessary until we better understand the severity of COVID-19 impacts on state and local revenue, costs of our education model and also to maintain a committed fund balance needed to cover projected revenue shortfalls in 2021-22 and 2022-23 caused by COVID-19 economic impacts.
 - Expect to fill 30% of 30 open teaching and administrative positions
 - All other replacements for position on hold
 - Salaries and wage rates are frozen at 2019-20 levels
 - Deferred purchases of supplies, equipment, and professional services
 - Curriculum – defer curriculum work (professional development) and materials
 - Transportation- rate freeze for contracted carriers, defer school bus purchases
 - Defer capital reserve transfer
- COVID-19 Disaster Emergency Health and Safety Grant (\$596,365) will fund an additional .5 social worker and supplies and equipment to support COVID-19 requirements.
- The Food Service fund is expected to experience a greater loss resulting in an increased transfer from the general fund of \$660,000
- Budgeted contingency funds will be utilized to provide funding defined by the Health and Wellness, Educational Model and Operations teams as planning for fall instruction continues.
- The budget contains an allocation of \$14,112,601 (9%) for debt service and capital expenses which includes \$5,258,125 to fund debt service payments related to the State High Project borrowing approved through the referendum



- The District is required to report expenses to PDE using defined functional groupings. Functions reported in the chart below include:
 - Instruction (58%) - 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 (30%) – 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 (10%) - 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 (58%).



Fund Balance

- The Proposed Final Budget includes:
 - Use of committed fund balance in accordance with long term projections. Fund balance for PSERS was committed in prior years to offset projected future year expenses. The proposed budget includes usage of \$396,159 of committed PSERS fund balance.
 - Commitment of \$911,000 of fund balance to cover a portion of revenue shortfalls in future years due to the impact of COVID-19.
 - Capital Reserve fund transfers have been deferred in this budget.
 - Projected Unassigned General Fund Balance of \$12,518,215, which is 7.9% of budgeted expense. The maximum percentage allowed by PDE is 8%.

District Facts

- Eight elementary schools
- Three middle schools (including alternative Delta Middle Level)
- Two high schools (including alternative Delta Program)
- 2,934 elementary students
- 1,552 middle school students (including Delta Middle Level)
- 2,346 high school students (including Delta Program)
- 1,343 employees
- 660 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

Ms. Amber Concepcion, President
Dr. Amy Bader, Vice-President
Ms. Lori Bedell
Ms. Gretchen Brandt
Dr. Daniel Duffy
Mr. Scott Fozard
Mr. David Hutchinson
Mr. Jim Leous
Ms. 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
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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 2020-21**

Beginning Fund Balance	\$ 12,648,033
Revenue	158,442,691
Local	126,651,999
State	30,585,920
Federal	1,204,772
Expense	<u>158,057,667</u>
Revenue less expense	385,024
Funding (Use) of Assigned Fund Bal (COVID-19)	911,000
Funding (Use) of Assigned Fund Bal (PSERS)	<u>(396,159)</u>
Change in Assigned Fund Balance	514,842
Change in Unassigned General Fund Balance	(129,818)
Ending Unassigned Fund Balance	<u><u>\$ 12,518,215</u></u>

Assumes Real Estate Tax increase of 0%

**State College Area School District
General Fund Revenue
Budget 2020-21**

LOCAL SERVICES TAX

CURRENT REAL ESTATE TAX	\$ 98,702,922
REAL ESTATE TAX-REFERENDUM DEBT	4,945,740
EARNED INCOME TAX	16,200,000
REALTY TRANSFER TAX	1,350,000
DELINQUENT REAL ESTATE TAX	850,000
INTERIM REAL ESTATE TAX	400,000
IDEA-B	740,000
PAYMENTS IN LIEU OF TAX	674,646
LOCAL SERVICES TAX	392,000
TUITION	1,511,092
MISC LOCAL REVENUE	518,409
PUBLIC UTILITY REALTY TAX	117,190
INTEREST ON INVESTMENTS	250,000

TOTAL LOCAL **126,651,998**

STATE

BASIC ED INSTR SUBSIDY	8,407,038
SPECIAL ED REVENUE-REGULR	3,323,982
REV. FOR RETIREMENT	11,948,339
REV. FOR SOCIAL SECURITY	2,652,226
PROPERTY TAX REDUCTION	1,426,711
TRANSPORTATION REVENUE	800,000
BOND REIMBURSEMENTS	751,246
HEALTH SERVICES REVENUE	140,000
READY TO LEARN GRANT	310,013
SAFETY GRANTS	596,365
VOCATIONAL EDUCATION	100,000
OTHER STATE REVENUE	-
TUITION - 1305/1306	130,000

TOTAL STATE **30,585,920**

FEDERAL

TITLE I REVENUE	700,000
TITLE II REVENUE	159,772
ACCESS FUNDS	250,000
OTHER FEDERAL REVENUE	60,000
TITLE III REVENUE	35,000

TOTAL FEDERAL **1,204,772**

TOTAL REVENUE **\$ 158,442,690**

**State College Area School District
General Fund Expenses and Fund Balance Transfers
Budget 2020-21**

Salaries	\$70,754,328
Health Insurance	15,230,533
PSERS	23,896,677
Other Benefits	6,885,204
Professional Services	3,544,822
Purchased Property Services	1,214,940
Charter School Expense	6,489,092
Other Purchased Services	6,937,527
Supplies/Equipment	6,896,594
Minor Capital Projects	1,384,838
Transfers/contingencies	2,095,349
Debt Service	7,469,638
Debt Service - Referendum Debt	5,258,125
Transfer to Capital Projects-DCED Grant	-
Total Expense before transfer to capital reserve and fund balance use	<hr/> 158,057,667
Transfer to Capital Reserve	-
Fund Balance Use (COVID-19)	911,000
Fund Balance Use (PSERS/Legal)	(396,159)
Total Transfer to Capital Reserve and fund balance use	<hr/> 514,841
Total Expenses and Transfers	<hr/> \$ 158,572,508 <hr/>