

State College Area School District



2020-21 Budget Development

**State College
Area School District
December 2, 2019**

Why Opt Out Resolution Recommended?

- Preliminary budget assumes a 2.0% tax increase.
- Maximum allowed under Act 1 assuming opt out resolution approved is 2.6%.
 - 2.6% vs. 2.0%- would generate additional \$646,000 in 2020-21.
- Lack of desire to utilize exceptions to increase tax rate above Act 1 index.

2020-2021 Revenue

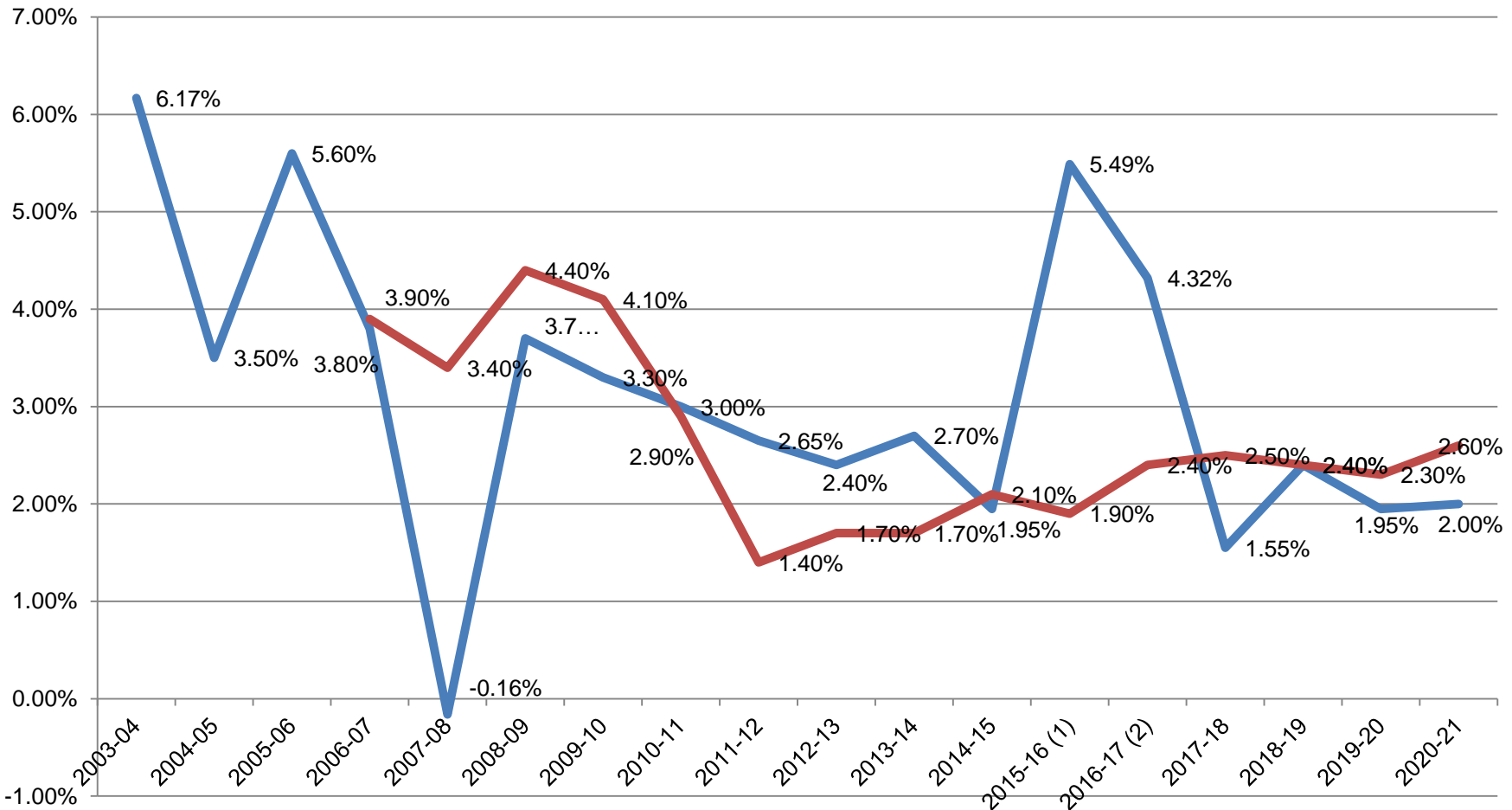
Total Revenue Budget	\$167,701,813
Increase over projected 2019-20	\$ 3,534,562
Local Revenue increase	\$ 3,749,322

Major Local Revenue Assumptions:

- Real Estate Tax Increase of - 2%
- Assessed value growth - 1.2%
 - 5 year average 1.38%
 - 10 year average 1.24%
- Earned Income Tax increase - 2.5%
 - 5 year average 3.20%
 - 10 year average 2.92%

Historical Rates

Real Estate Tax Increase vs. Act 1 Index



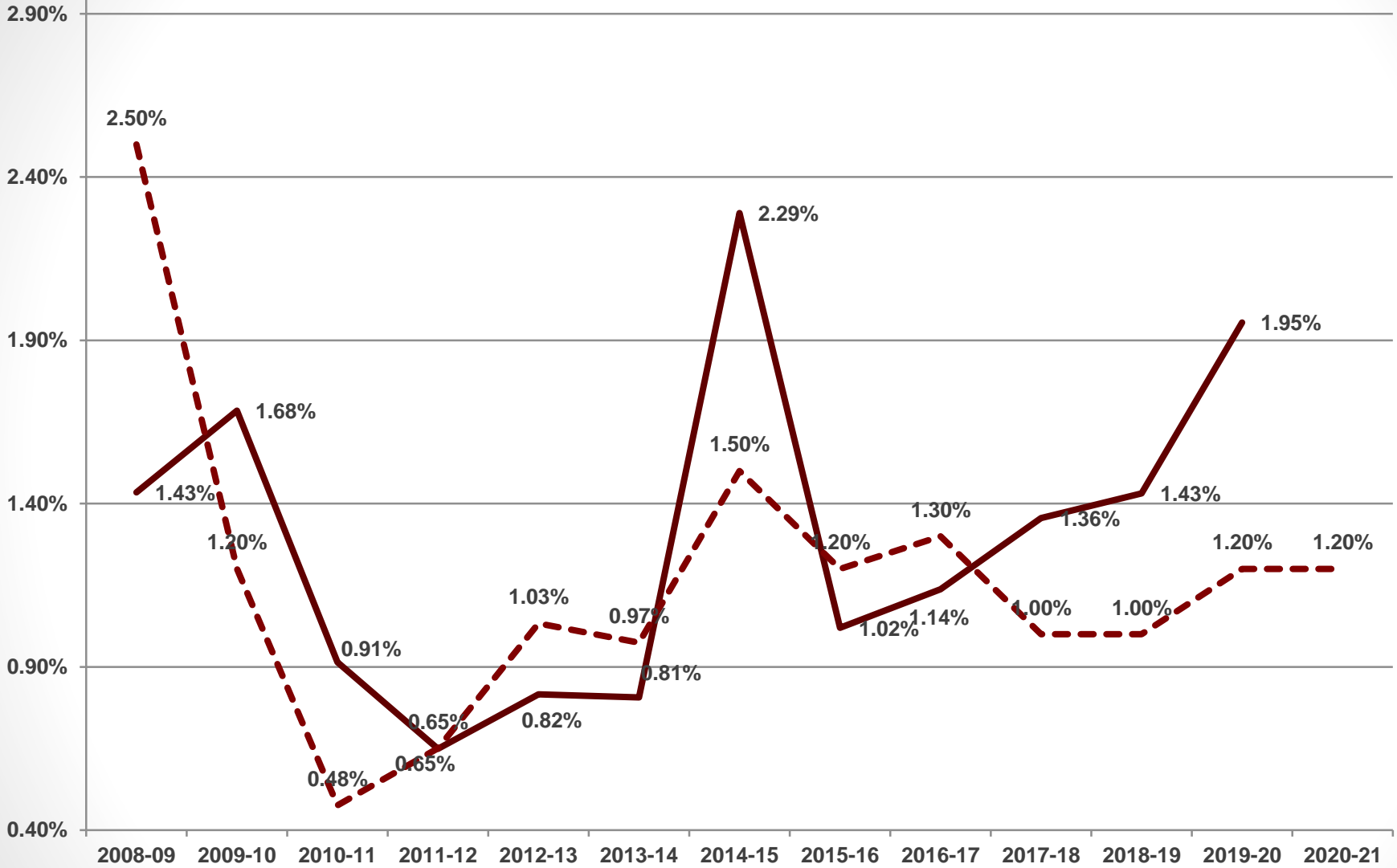
(1) Act 1 Index 1.9%, exceptions 3.59%
(2) Act 1 Index 2.4%, exceptions 1.92%

5- Year avg - 3.14%

10- Year Avg - 2.84%

— Real Estate — Act 1 Index

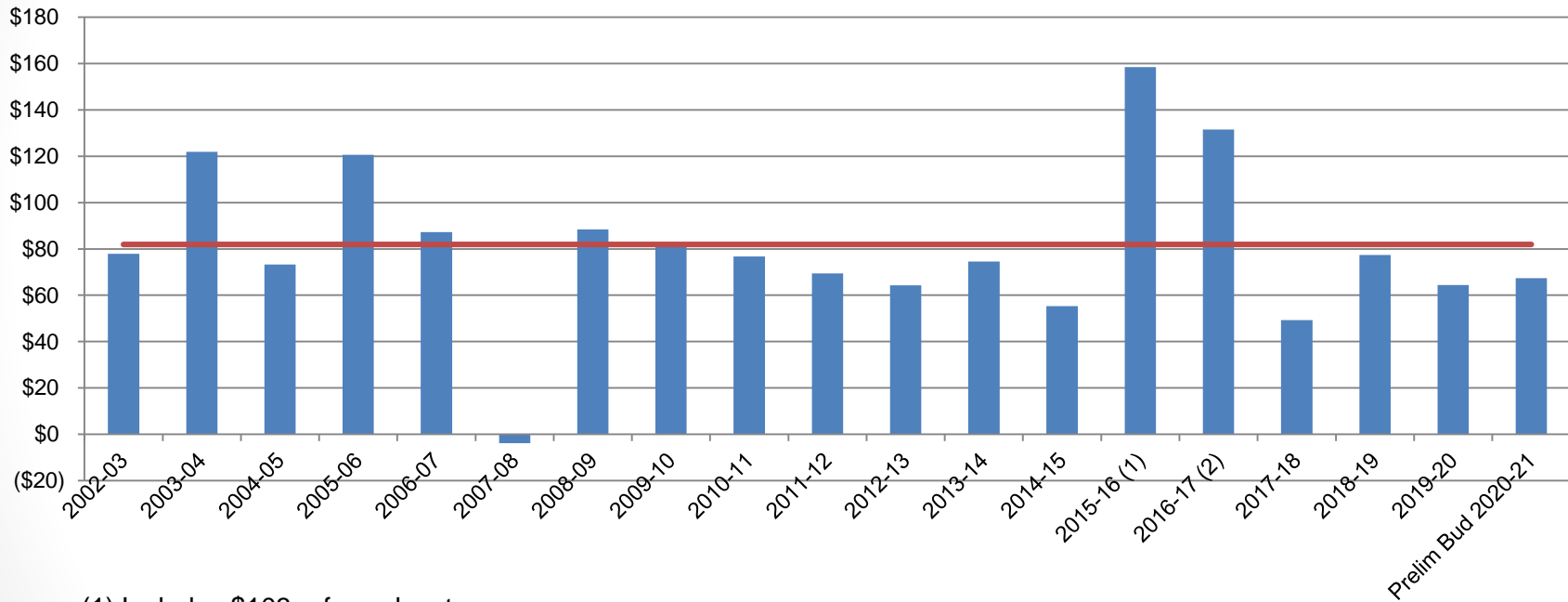
Historical Assessed Value Growth



5- year average 1.38%
10- year average 1.24%

— Actual
- - - Budget

Average Taxpayer Real Estate Tax Increase



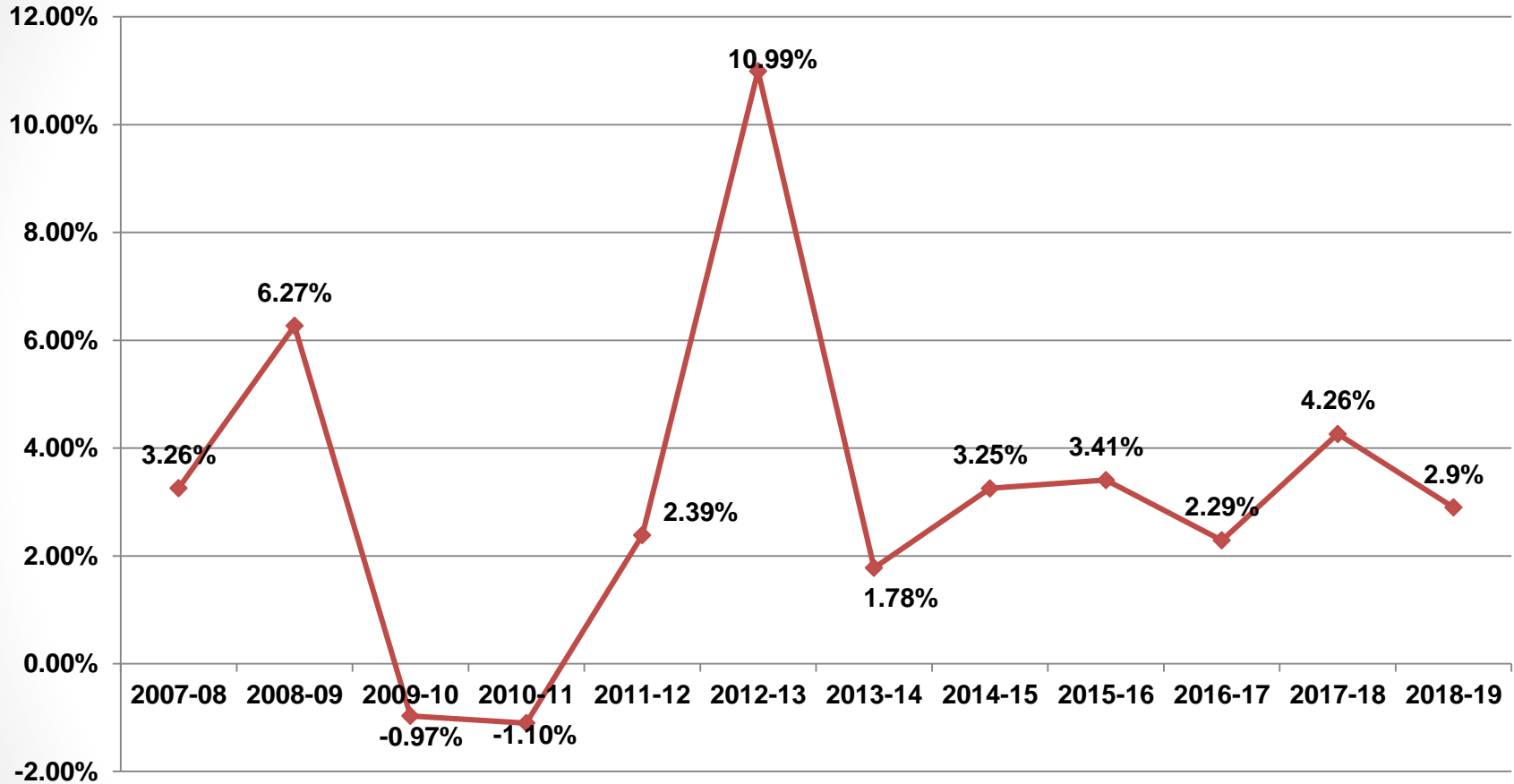
(1) Includes \$103 referendum tax

(2) Includes \$58 referendum tax

■ Tax Increase

— Avg Tax Increase

Earned Income Tax - Historical Percent Change



Five-year average through 2018-19

3.2%

Ten-year average through 2018-19

2.9%

2020-2021 Expense

Total Expense Budget (excl use of Fund Bal) \$167,705,553
Increase over 2019-20 projected \$ 2,693,972

- Increased salaries, health, PSERS and other benefits
 - Reflect estimated impact of contractual agreements and assumed rate changes
 - Includes additional .5 social worker and .4 counselor
- Professional services and supplies – adjusted to remove one-time 2019-20 budgeted items
- Contingency reduced \$500,000 vs. prior years related to completion of high school and elementary building projects
- Reduction related to DCED grants included in 2019-20

Debt Service

	Projected 2019-2020	Preliminary Budget 2020-2021	Variance
Debt Service Paid from General Fund	\$12,711,675	\$12,727,763	\$16,088
Debt Service Paid from Capital Reserve (a)	4,079,915	4,848,525	768,610
Total Debt Service (including referendum debt)	<u>\$16,791,590</u>	<u>\$17,576,288</u>	<u>\$784,698</u>
Interest included in Debt Service	\$9,111,590	\$9,266,288	\$154,697

(a) Debt service for Series 2018 and Series 2019 Bonds is projected to be paid from the Capital Reserve Fund.

Questions

State College Area School District

