



STATE COLLEGE AREA SCHOOL DISTRICT  
Office of Finance and Operations  
240 VILLA CREST DRIVE • STATE COLLEGE PENNSYLVANIA • 16801  
TELEPHONE: 814-231-1021 • FAX: 814-272-8790

To: Board of Directors  
From: Robert O'Donnell, Randy Brown and Donna Watson  
Subject: Budget Hearing - Proposed Final Budget 2021-2022  
Date: May 20, 2021

The purpose of the Budget Hearing is to present the Proposed Final Budget for 2021-2022 for public input. The Proposed Final Budget was approved on May 3, 2021 at a regular meeting of the Board of Directors. The budget document is available in the Business Office and on the district website. The Final Budget for 2021-2022 is scheduled to be approved at the regular meeting of the Board of Directors on June 7, 2021.

Since being approved on May 3, the proposed final budget has been modified to reflect updated projections. This new information will be presented during the regular board meeting following the Budget Hearing.



**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  
2021-22 FINAL BUDGET SUMMARY**

**Budget Hearing Date: May 24, 2021, 7:00 p.m.**  
**Budget Adoption Date: June 7, 2021, 7:00 p.m.**  
**Location: Provided online via Zoom due to COVID-19**

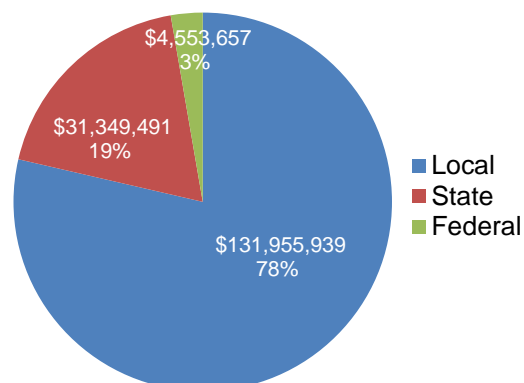
Education is an investment in the future that requires a partnership between schools and the entire community. The State College Area School District is committed to wise use of resources and delivery of quality educational programs.

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**

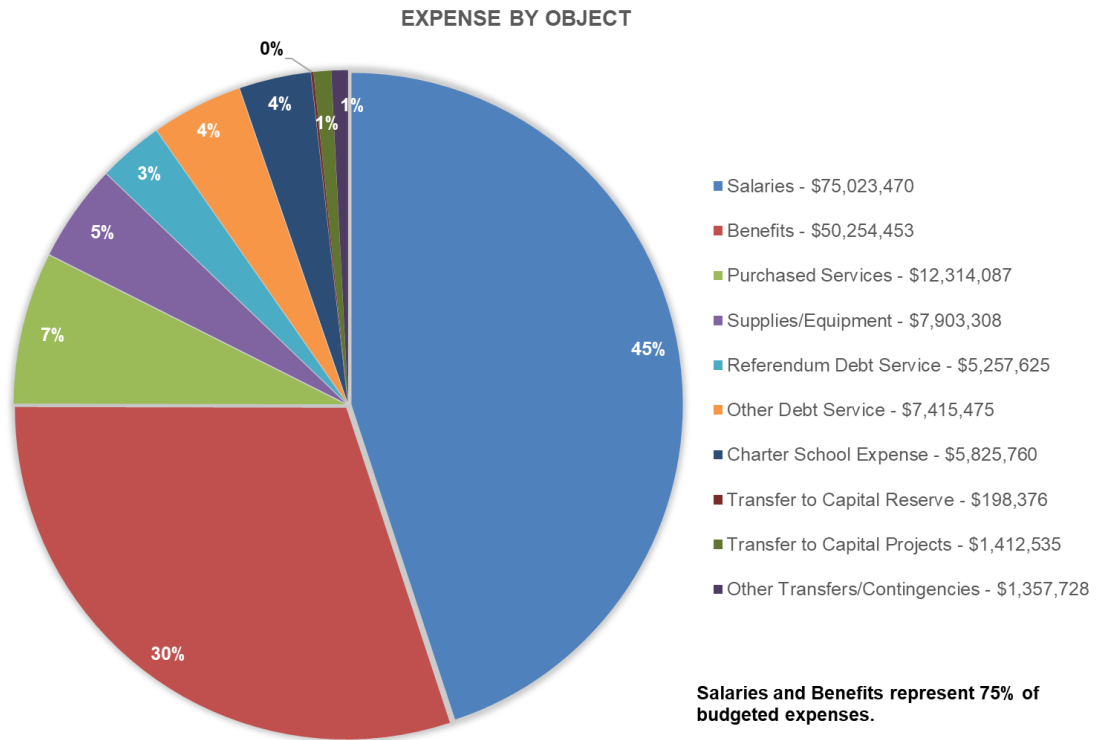
- The Proposed Final Budget for 2021-22 includes revenues in the amount of \$167,859,087, which represents a \$9,416,396 (5.6%) increase compared to the 2020-21 Budget.
- Budgeted local revenue is \$5,303,940 higher than the 2020-21 budget. Approximately \$2,060,000 of this increase is related to real estate taxes due to assumed increases in assessed value and the collection percentage. Earned Income tax and transfer tax account for the majority of the remaining increase.
- The proposed budget includes no increase in the real estate tax rate due to the economic impacts of COVID-19 on the local community. The real estate tax millage remains at 46.0875 mills.
- If approved, this will be the second consecutive year that the district has not increased taxes. The Act 1 index for 2021-2022 is 3.0%
- The district is primarily locally funded, with 79% of revenue from local sources. The majority (76%) of local revenue comes from real estate taxes. Real estate tax revenue is 63% of total district revenue.
- Budgeted state revenue is \$1,324,936 higher than the 2020-21 budget, primarily related to an increase in reimbursement from the state for retirement (\$882,763) and social security (\$160,029) due to increasing salaries and wages and an increase in the PSERS rate.
- Federal revenue includes \$3,418,657 in COVID relief to fund expenses, including \$517,829 dedicated to funding lost learning as a result of the pandemic.

**2021-22 Revenue by Source**

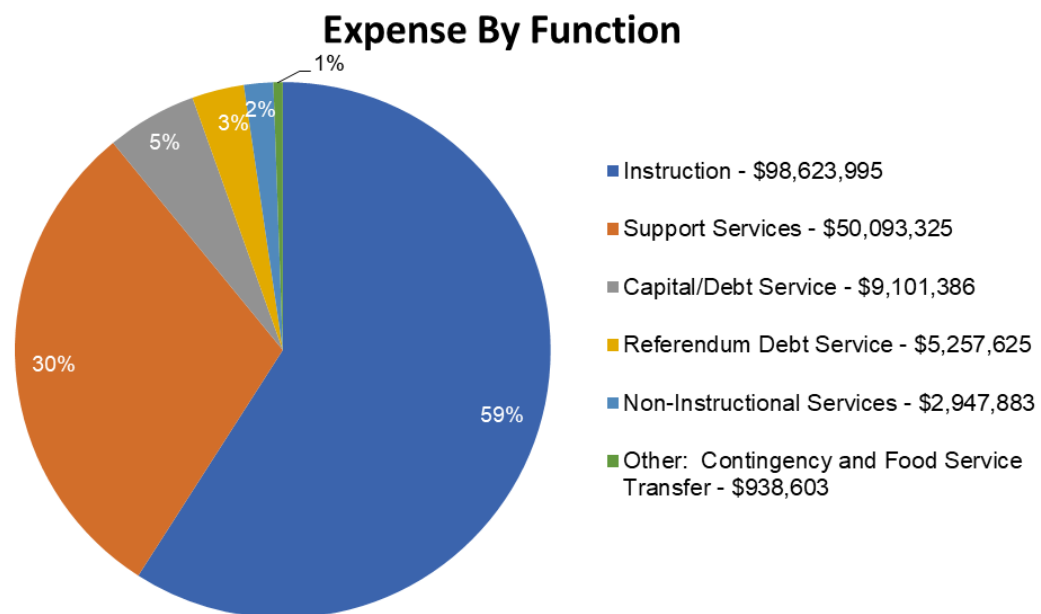


**Expense Budget**

- The Proposed Final Budget for 2021-22 includes expenses in the amount of \$166,962,817, which represents a \$8,905,149 (5.6%) increase compared to the 2020-21 Budget.
- Salary and benefit expenses represent approximately 75% of the district's budget.
- The budget assumes in-person instruction, plus a Virtual Academy option, in the fall.
- The budget reinstates 2019-20 staffing levels and includes an additional .5 social worker, .5 psychologist and 1.0 custodian for the Fairmount building and Memorial Field.
- The budget includes \$517,829 in expenses to be funded by COVID relief funds specially dedicated to lost learning as a result of the pandemic.
- Required contributions to the state retirement plan (PSERS) increased approximately \$1.8 million over the 2020-21 budget. This is related to an increase in salary expense and an increase in the percentage contribution rate from 34.51% to 34.94% of qualifying salaries.
- The district's required payment to charter schools represents 3.5% of the 2021-22 budget. Budgeted expenses for 2021-22 is \$5,825,760.
- The budget assumes bus and other routine equipment replacement and anticipated technology network costs.
- The Food Service fund will once again provide free meals to all students throughout the 2021-22 school year as a result of the USDA's extension of meal service waivers.
- The budget contains an allocation of \$14,284,011 (9%) for debt service and capital expenses which includes \$5,257,625 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 (59%) - 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 (9%) - 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 (59%).



**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 \$288,574 of fund balance to cover a portion of revenue shortfalls and increased expenses in future years due to the impact of the COVID-19 pandemic.
  - Capital Reserve fund transfers are limited to the projected Plancon reimbursements of approximately \$198,376 related to debt funded from the Capital Reserve fund.
  - Projected Unassigned General Fund Balance of \$13,223,859, 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)
- 2,809 elementary students
- 1,555 middle school students (including Delta Middle Level)
- 2,341 high school students (including Delta Program)
- 1,324 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 Zydny

### **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](http://www.scasd.org)

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

**State College Area School District  
General Fund Revenue  
Proposed Final Budget 2021-22**

**LOCAL SERVICES TAX**

CURRENT REAL ESTATE TAX	\$100,764,382
REAL ESTATE TAX-REFERENDUM DEBT	4,945,269
EARNED INCOME TAX	18,040,795
REALTY TRANSFER TAX	2,500,000
DELINQUENT REAL ESTATE TAX	1,300,000
INTERIM REAL ESTATE TAX	600,000
IDEA-B	740,000
PAYMENTS IN LIEU OF TAX	674,646
LOCAL SERVICES TAX	372,000
TUITION	1,405,011
MISC LOCAL REVENUE	396,646
PUBLIC UTILITY REALTY TAX	117,190
INTEREST ON INVESTMENTS	100,000

**TOTAL LOCAL** **131,955,939**

**STATE**

BASIC ED INSTR SUBSIDY	8,406,928
SPECIAL ED REVENUE-REGULR	3,358,750
REV. FOR RETIREMENT	12,831,101
REV. FOR SOCIAL SECURITY	2,812,255
PROPERTY TAX REDUCTION	1,426,711
TRANSPORTATION REVENUE	800,000
BOND REIMBURSEMENTS	937,733
HEALTH SERVICES REVENUE	140,000
READY TO LEARN GRANT	310,013
SAFETY GRANTS	0
VOCATIONAL EDUCATION	196,000
OTHER STATE REVENUE	0
TUITION - 1305/1306	130,000

**TOTAL STATE** **31,349,491**

**FEDERAL**

TITLE I REVENUE	600,000
TITLE II REVENUE	140,000
ACCESS FUNDS	250,000
OTHER FEDERAL REVENUE	3,528,657
TITLE III REVENUE	35,000

**TOTAL FEDERAL** **4,553,657**

**TOTAL REVENUE** **\$167,859,087**

**State College Area School District  
General Fund Expenses and Fund Balance Transfers  
Proposed Final Budget 2021-22**

Salaries	\$ 75,023,470
Health Insurance	17,335,113
PSERS	25,662,202
Other Benefits	7,257,138
Professional Services	3,809,374
Purchased Property Services	1,422,447
Charter School Expense	5,825,760
Other Purchased Services	7,082,266
Supplies/Equipment	7,903,308
Minor Capital Projects	1,412,535
Transfers/contingencies	1,357,728
Debt Service	7,415,475
Debt Service - Referendum Debt	<u>5,257,625</u>
<b>Total Expense before transfer to capital reserve and fund balance use</b>	166,764,441
Transfer to Capital Reserve	198,376
Fund Balance Use (COVID-19)	288,574
Fund Balance Use (PSERS/Legal)	<u>(396,159)</u>
<b>Total Transfer to Capital Reserve and fund balance use</b>	<b>90,791</b>
<b>Total Expenses and Transfers</b>	<b><u><u>\$ 166,855,232</u></u></b>

**State College Area School District  
General Fund Activity  
Proposed Final Budget 2021-22**

<b>Beginning Fund Balance</b>	\$12,220,003
<b>Revenue</b>	167,859,087
Local	131,955,939
State	31,349,491
Federal	4,553,657
<b>Expense (including capital reserve transfer)</b>	166,962,817
<b>Revenue less expense</b>	896,271
Funding (Use) of Assigned Fund Bal (COVID-19)	288,574
Funding (Use) of Assigned Fund Bal (PSERS)	(396,159)
<b>Change in Assigned Fund Balance</b>	(107,585)
<b>Change in Unassigned General Fund Balance</b>	1,003,856
<b>Ending Unassigned Fund Balance</b>	\$13,223,859
<b>Unassigned Fund Balance Percentage</b>	7.9%