



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  
 Date: December 3, 2020  
 Subject: 2021-22 Budget Development

The purpose of this budget development update is to introduce the proposed preliminary budget for 2021-2022. As discussed with the finance committee this week, the administration recommends the Board approve the Act 1 Opt Out Resolution for this budget cycle. Approving the preliminary budget or the opt out resolution is required before the end of January 2021, which is scheduled for the January 11 board meeting. By approving the opt out resolution, any increase in the real estate tax rate for next year would be limited to the Act 1 Index of 3.0%.

The recommendation for approving the opt out resolution includes:

- Concern for the economic impact of COVID-19 on taxpayers
- Lack of interest to utilize exceptions to increase the tax rate above the Act 1 Index over a ten year period.

**2021-2022 Preliminary Budget (Attachment A)**

Being primarily locally funded, the depth and breadth of the impact of COVID-19 among district taxpayers results in greater uncertainty during this year's budget development process. That being said, the preliminary budget as presented includes no increase in the real estate tax rate. The rate will need to be set by June 30.

Other revenue may be impacted by COVID-19 as well. If the economy recovers better than expected, the projections can be revised to generate additional revenue.

The local revenue budget includes the following assumptions:

- Assessed value growth of .8%, which accounts for lower additions of new properties and higher than average tax assessment appeals
  - 5 year average 1.46%
  - 10 year average 1.29%
  - Actual 2019-20 growth of 1.95%

- Projected 2020-21 growth of 1%
- Collection Percentage at 96%
  - Historical 97.2%
  - Projected 2020-21 95%
- Earned Income Tax being flat
  - 5 year average 3.02%
  - 10 year average 3.24%
  - Projected 2020-21 decline of 10%

The Act 1 Index for next year would allow for up to a 3% tax increase, which would generate \$3.2 million in 2021-22 and \$37.1 million over the next 10 years. Projected revenue for 2021-2022 presented with the budget in June 2020 assumed a 1% increase, which would generate an additional \$1.1 million in 2021-2022 and \$12.3 million over a ten year period. As discussed with the finance committee, the impact of the pandemic on the local economy is the impetus for maintaining the current tax rate for an additional year.

The expense portion of the budget is based in large part on the 2020-2021 pre-COVID budget, see the highlights below.

**Expense increases:**

- Salaries and benefits, including healthcare, PSERS
  - Reflects estimated impact of contractual agreements
  - Assumes pre-COVID staffing levels
  - Includes .5 social worker funded by grant in 2020-2021
  - Assumes continuation of Virtual Academy in Elementary and Secondary levels
  - Assumed rate 15% increase for health insurance, based upon current year experience
- Pre-COVID level of expenses such as travel and field trips
- Assumes full CEEL and summer programming
- Return school bus purchases
- Capital reserve transfer - include only receipt of PlanCon reimbursement for debt funded from capital reserve fund
- Debt service
- IT/networking costs

**Expense decreases:**

- Elimination of COVID-related expenses
- Utilities

## **Future**

The multi-year projection (Attachment B) has been updated to reflect the 2021-2022 preliminary budget and the 2020-2021 projection. The District's general fund balance is projected to be negative in year four, and by year five (2025-2026) fund balance is projected to be negative \$16.2 million. The projection provided in June 2020 was negative in 2025-2026 by \$3.7 million. This \$12.5 million decrease is primarily related to lost revenue due to no real estate tax increase in 2021-2022 and the return of staffing to the pre-COVID levels. The administration recommends the final budget for 2021-2022 is set so that projected general fund balance through 2025-2026 remains positive.

There are some revenue assumptions that have a significant impact on the current and projected years. How the economic impacts will translate into changes in real estate collection percentages remains to be seen. We will have a better indication for the current year by mid-January. A one percent change in collections equates to \$1.1 million. Earned income tax is trending down so far this year, however the full impact on the current year and the timing of the recovery in future years is difficult to project.

While the final revenue numbers may potentially be more favorable than are currently reflected in the attached projection, it is clear that the district must once again identify expenses that will be maintained at a reduced level to offset the anticipated revenue reductions.

## **Attachment A**

2021-22 Preliminary Budget

	A	B	C	D	E	N	O
1	<b>State College Area School District</b>						
2	<b>General Fund Revenue</b>						
3	<b>Preliminary Budget 2021-22</b>						
4							
5							
6							
7							
8		<b>Board Presentation 11/18/19</b>	<b>Board Presentation 3/2/20 (1)</b>	<b>Projected June 2020</b>	<b>Preliminary Budget 12/7/2020</b>	<b>Preliminary Budget vs. June 2020</b>	<b>Variance Explanation</b>
9	<b>LOCAL SERVICES TAX</b>						
10	CURRENT REAL ESTATE TAX	\$106,917,277	\$106,917,277	\$101,712,018	\$100,644,466	(\$1,067,552)	Assumed 0% tax increase vs. 1% in prior projection
11	REAL ESTATE TAX-REFERENDUM DEBT	4,945,269	4,945,269	4,945,269	4,945,269	-	
12	EARNED INCOME TAX	19,800,000	19,800,000	16,200,000	16,922,059	722,059	Reflects impact of higher than projected 2019-20 revenue.
13	REALTY TRANSFER TAX	2,200,000	2,200,000	1,650,000	2,400,000	750,000	Initially anticipated decrease due to pandemic. Increased based on 2020-21 collections to date.
14	DELINQUENT REAL ESTATE TAX	1,100,000	1,100,000	1,200,000	1,200,000	-	
15	INTERIM REAL ESTATE TAX	600,000	700,000	600,000	600,000	-	
16	IDEA-B	740,000	740,000	740,000	740,000	-	
17	PAYMENTS IN LIEU OF TAX	664,382	674,646	674,646	674,646	-	
18	LOCAL SERVICES TAX	414,000	396,000	396,000	353,000	(43,000)	Adjusted to reflect anticipated decrease in employment.
19	TUITION	1,420,000	1,581,910	1,511,093	1,581,910	70,818	Assumes full CEEL and summer programs
20	MISC LOCAL REVENUE	631,705	538,409	538,409	518,409	(20,000)	
21	PUBLIC UTILITY REALTY TAX	117,190	117,190	117,190	117,190	-	
22	INTEREST ON INVESTMENTS	250,000	250,000	250,000	100,000	(150,000)	Significant interest rate drop
23							
24	<b>TOTAL LOCAL</b>	<b>139,799,823</b>	<b>139,960,701</b>	<b>130,534,624</b>	<b>130,796,949</b>	<b>262,325</b>	
25							
26	<b>STATE</b>						
27	BASIC ED INSTR SUBSIDY	8,407,038	8,407,038	8,407,038	8,406,928	(110)	
28	SPECIAL ED REVENUE-REGULR	3,323,982	3,323,982	3,323,982	3,358,750	34,768	Equal to final 2019-20
29	REV. FOR RETIREMENT	13,100,000	13,250,000	12,450,000	12,846,216	396,216	Related to change in projected salaries
30	REV. FOR SOCIAL SECURITY	2,853,160	2,901,570	2,725,725	2,815,568	89,843	Related to change in projected salaries
31	PROPERTY TAX REDUCTION	1,423,580	1,423,580	1,423,580	1,426,711	3,131	
32	TRANSPORTATION REVENUE	800,000	800,000	800,000	800,000	-	
33	BOND REIMBURSEMENTS	743,278	749,552	749,552	937,733	188,181	Includes estimated plancon reimbursement for debt paid from the capital reserve fund.
34	HEALTH SERVICES REVENUE	140,000	140,000	140,000	140,000	-	
35	READY TO LEARN GRANT	310,013	310,013	310,013	310,013	-	
36	SAFETY GRANTS	0	0	0	0	-	
37	VOCATIONAL EDUCATION	100,000	100,000	100,000	196,000	96,000	Based on published 2020-21 estimates
38	OTHER STATE REVENUE	0	0	0	0	-	
39	TUITION - 1305/1306	130,000	130,000	130,000	130,000	-	
40	<b>TOTAL STATE</b>	<b>31,331,052</b>	<b>31,535,735</b>	<b>30,559,891</b>	<b>31,367,919</b>	<b>808,029</b>	
41							
42	<b>FEDERAL</b>						
43	TITLE I REVENUE	600,000	600,000	600,000	600,000	-	
44	TITLE II REVENUE	156,489	159,772	159,772	159,772	-	
45	ACCESS FUNDS	250,000	250,000	250,000	250,000	-	
46	OTHER FEDERAL REVENUE	60,000	60,000	60,000	110,000	50,000	Updated estimate of Perkins + Title IV
47	TITLE III REVENUE	35,000	35,000	35,000	35,000	-	
48							
49	<b>TOTAL FEDERAL</b>	<b>1,101,489</b>	<b>1,104,772</b>	<b>1,104,772</b>	<b>1,154,772</b>	<b>50,000</b>	
50							
51	<b>TOTAL REVENUE</b>	<b>\$172,232,364</b>	<b>\$172,601,207</b>	<b>\$162,199,287</b>	<b>\$163,319,640</b>	<b>\$1,120,353</b>	
52							
58	(1) The projection presented on 3/2/2020 was prior to the COVID pandemic and included approximately \$1.1 million in proposed additions in 2020-21.						
59							

	A	B	C	D	E	F	G
1	<b>State College Area School District</b>						
2	<b>General Fund Expenses and Fund Balance Transfers</b>						
3	<b>Preliminary Budget 2021-22</b>						
4							
5							
6		<b>Board Presentation 11/18/19</b>	<b>Board Presentation 3/2/20 (1)</b>	<b>Projected June 2020</b>	<b>Preliminary Budget 12/7/2020</b>	<b>Preliminary Budget vs. June 2020</b>	<b>Variance Explanation</b>
7	Salaries	\$76,114,722	\$77,406,150	\$72,715,098	\$75,111,845	\$2,396,747	Assumes FTEs at 2019-20 level w/ reduction of 1 FTE admin and 1 secretary position; Virtual elem and secondary program.
8	Health Insurance	16,904,598	16,820,873	17,210,502	17,645,279	434,777	Estimated contractual increase; Decr in estimate of COVID impact of spousal coverage
9	PSERS	26,200,000	26,500,000	24,900,000	25,692,431	792,431	Related to salaries
10	Other Benefits	7,400,000	7,600,000	7,109,677	7,255,670	145,993	Related to salaries
11	Professional Services	3,740,000	4,040,000	3,680,000	3,698,502	18,502	
12	Purchased Property Services	1,480,000	1,420,000	1,400,000	1,369,153	(30,847)	
13	Charter School Expense	7,160,000	6,600,000	6,600,000	5,825,760	(774,240)	Lower than prior assumed student count based on current year experience.
14	Other Purchased Services	6,790,000	6,900,000	7,130,000	7,231,615	101,615	Impact of increase in insurance and contracted carriers.
15	Supplies/Equipment	7,750,000	7,460,000	7,250,000	8,009,185	759,185	Primarily related to virtual program costs and anticipated increase in IT related costs (network).
16	Minor Capital Projects	2,315,071	2,315,071	1,412,535	1,412,535	(0)	
17	Transfers/contingencies	1,402,637	1,674,062	1,672,256	1,766,700	94,444	
18	Debt Service	7,440,038	7,440,038	7,440,038	7,415,475	(24,563)	Savings from refinancing
19	Debt Service - Referendum Debt	5,257,625	5,257,625	5,257,625	5,257,625	-	
21	<b>Total Expense before transfer to capital reserve and fund balance use</b>	<b>169,954,691</b>	<b>171,433,818</b>	<b>163,777,732</b>	<b>167,691,775</b>	<b>3,914,043</b>	
22							
23	Transfer to Capital Reserve	2,315,000	2,315,000	-	198,376	198,376	Plancon reimbursement for debt paid from the capital reserve fund
24	Fund Balance Assignment/Use (COVID-19)			(1,633,000)	(4,986,000)	(3,353,000)	Related to increase in projected expense, offset by projected revenue increase.
25	Fund Balance Use (PSERS/Legal)	(396,159)	(396,159)	(396,159)	(396,159)	-	
26	<b>Total Transfer to Capital Reserve and fund balance use</b>	<b>1,918,841</b>	<b>1,918,841</b>	<b>(2,029,159)</b>	<b>(5,183,783)</b>	<b>(3,154,624)</b>	
27							
28	<b>Total Expenses and Transfers</b>	<b>\$ 171,873,532</b>	<b>\$ 173,352,659</b>	<b>\$ 161,748,573</b>	<b>\$ 162,507,992</b>	<b>\$ 759,419</b>	
29							
30							
31	<b>Total Debt Service (General + Capital Reserve Fund)</b>						
32	Debt Service Paid from Capital Reserve (a)	\$4,855,775	\$4,855,775	\$4,855,775	\$4,855,775	-	
33	Total Debt Service (including referendum debt)	\$17,553,438	\$17,553,438	\$17,553,438	\$17,528,875	(24,563)	
34							
35	Interest included in Debt Service	\$8,858,438	\$8,858,438	\$8,858,438	\$8,848,875	(9,563)	
36	<i>(a) Debt service for Series 2018 and Series 2019 Bonds for all years is included in the Capital Reserve Fund.</i>						
37							
39	(1) The projection presented on 3/2/2020 was prior to the COVID pandemic and included approximately \$1.1 million in proposed additions in 2020-21.						
40							

	A	B	C	D	E	F	G
1	<b>State College Area School District</b>						
2	<b>General Fund Activity</b>						
3	<b>Preliminary Budget 2021-22</b>						
4							
13							
14		<b>Board</b>	<b>Board</b>		<b>Preliminary</b>	<b>Preliminary</b>	
15		<b>Presentation</b>	<b>Presentation</b>	<b>Projected June</b>	<b>Budget</b>	<b>Budget vs.</b>	
16		<b>11/18/19</b>	<b>3/2/20 (1)</b>	<b>2020</b>	<b>12/7/2020</b>	<b>June 2020</b>	
16	<b>Beginning Fund Balance</b>	\$13,461,569	\$13,354,872	\$12,518,215	\$12,485,127	(\$33,088)	a
17							
18	<b>Revenue</b>	172,232,364	172,601,208	162,199,287	163,319,640	1,120,353	
19							
20	Local	139,799,823	139,960,701	130,534,624	130,796,949	262,325	
21	State	31,331,052	31,535,735	30,559,891	31,367,919	808,028	
22	Federal	1,101,489	1,104,772	1,104,772	1,154,772	50,000	
23							
24	<b>Expense (including capital reserve transfer)</b>	172,269,691	173,748,818	163,777,732	167,890,151	4,112,419	
25	<b>Revenue less expense</b>	(37,327)	(1,147,611)	(1,578,446)	(4,570,511)	(2,992,064)	b
26							
27	Funding (Use) of Assigned Fund Bal (COVID-19)	0	0	(1,633,000)	(4,986,000)	-3,353,000	c
28	Funding (Use) of Assigned Fund Bal (PSERS)	(396,159)	(396,159)	(396,159)	(396,159)	0	d
29	<b>Change in Assigned Fund Balance</b>	(396,159)	(396,159)	(2,029,159)	(5,382,159)	(3,353,000)	e (c+d)
30							
31	<b>Change in Unassigned General Fund Balance</b>	358,832	(751,452)	450,713	811,648	360,936	f (b-e)
32							
33	<b>Ending Unassigned Fund Balance</b>	<u>\$13,820,401</u>	<u>\$12,603,420</u>	<u>\$12,968,928</u>	<u>\$13,296,775</u>	<u>\$327,848</u>	(a+f)
34							
35	<b>Unassigned Fund Balance Percentage</b>	8.0%	7.3%	7.9%	7.9%		
36							
37							
38	(1) The projection presented on 3/2/2020 was prior to the COVID pandemic and included approximately \$1.1 million in proposed additions in 2020-21.						
39							

## **Attachment B**

### Multi-year Projection

	B	T	W	X	Y	Z	AA	AB	AC	AD	AE	AF	AG	AH	AI
1	State College Area School District														
2	General Fund Revenue														
3	12/2/2020														
4															
5															
6	<b>Assumptions:</b>														
7	<b>Earned Income Tax Growth (1)</b>	2.90%	2.25%	-10.00%	-10.00%	0.00%	0.00%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
8	<b>Assessed Value Growth (2)</b>	1.43%	1.95%	1.00%	1.00%	0.80%	0.80%	1.20%	1.20%	1.20%	1.20%	1.20%	1.20%	1.20%	1.20%
9	<b>Exceptions</b>	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
10	<b>Act 1 Index</b>	2.40%	2.30%	2.60%	2.60%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
12	<b>Actual/Projected Total Tax Increase</b>	2.40%	1.95%	0.00%	0.00%	0.00%	1.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%

	Actual 2018-2019	Actual 2019-2020	Budget 2020-2021	Projected 2020-2021	Projected 2021-2022	Projected 2022-2023	Projected 2023-2024	Projected 2024-2025	Projected 2025-2026	Projected 2026-2027	Projected 2027-2028	Projected 2028-2029	Projected 2029-2030	Projected 2030-2031	
13															
14	<b>LOCAL SERVICES TAX</b>														
16	CURRENT REAL ESTATE TAX	\$96,102,333	\$100,120,228	\$98,702,922	\$98,702,922	\$100,644,466	\$103,832,424	\$107,385,289	\$111,049,586	\$114,838,000	\$118,743,996	\$122,778,185	\$126,939,179	\$131,233,126	\$135,667,575
17	REAL ESTATE TAX-REFERENDUM DEBT	4,941,977	4,946,210	4,945,740	4,945,740	4,945,269	4,944,564	4,943,388	4,946,210	4,943,153	4,943,623	4,942,447	4,944,093	4,945,551	4,945,081
18	EARNED INCOME TAX	18,388,631	18,802,288	16,200,000	16,922,059	16,922,059	16,920,000	17,340,000	17,770,000	18,210,000	18,670,000	19,140,000	19,620,000	20,110,000	20,610,000
19	REALTY TRANSFER TAX	3,070,277	3,046,841	1,350,000	2,400,000	2,400,000	2,400,000	2,200,000	2,200,000	2,200,000	2,200,000	2,200,000	2,200,000	2,200,000	2,200,000
20	DELINQUENT REAL ESTATE TAX	1,190,289	1,225,055	850,000	1,150,000	1,200,000	1,600,000	2,000,000	2,000,000	2,000,000	1,100,000	1,100,000	1,100,000	1,100,000	1,100,000
21	INTERIM REAL ESTATE TAX	1,277,422	1,338,213	400,000	400,000	600,000	600,000	600,000	600,000	600,000	600,000	600,000	600,000	600,000	600,000
22	IDEA-B	739,659	781,373	740,000	820,064	740,000	740,000	740,000	740,000	740,000	740,000	740,000	740,000	740,000	740,000
23	PAYMENTS IN LIEU OF TAX	664,382	674,646	674,646	626,881	674,646	674,646	674,646	674,646	674,646	674,646	674,646	674,646	674,646	674,646
24	LOCAL SERVICES TAX	386,864	376,816	392,000	352,800	353,000	353,000	362,000	371,000	380,000	390,000	400,000	410,000	420,000	431,000
25	TUITION	1,414,650	1,198,923	1,511,093	401,531	1,581,910	1,581,910	1,581,910	1,581,910	1,581,910	1,581,910	1,581,910	1,581,910	1,581,910	1,581,910
26	MISC LOCAL REVENUE	634,427	1,770,439	518,409	136,000	518,409	518,409	518,409	518,409	518,409	518,409	518,409	518,409	518,409	518,409
27	PUBLIC UTILITY REALTY TAX	118,725	110,406	117,190	117,190	117,190	117,190	117,190	117,190	117,190	117,190	117,190	117,190	117,190	117,190
28	INTEREST ON INVESTMENTS	1,269,780	1,090,774	250,000	130,000	100,000	200,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000
29															
30	<b>TOTAL LOCAL</b>	<b>130,199,417</b>	<b>135,482,211</b>	<b>126,651,999</b>	<b>127,105,187</b>	<b>130,796,949</b>	<b>134,482,142</b>	<b>138,712,832</b>	<b>142,818,950</b>	<b>147,053,307</b>	<b>150,529,773</b>	<b>155,042,787</b>	<b>159,695,427</b>	<b>164,490,832</b>	<b>169,435,811</b>
31															
32	<b>STATE</b>														
33	BASIC ED INSTR SUBSIDY	7,920,859	8,406,928	8,407,038	8,406,928	8,406,928	8,406,928	8,406,928	8,406,928	8,406,928	8,406,928	8,406,928	8,406,928	8,406,928	8,406,928
34	SPECIAL ED REVENUE	3,292,352	3,358,750	3,323,982	3,358,750	3,358,750	3,358,750	3,358,750	3,358,750	3,358,750	3,358,750	3,358,750	3,358,750	3,358,750	3,358,750
35	REV. FOR RETIREMENT	11,363,341	11,921,782	11,948,339	11,931,399	12,846,216	13,400,000	13,900,000	14,400,000	14,900,000	15,450,000	15,900,000	16,250,000	16,550,000	16,900,000
36	REV. FOR SOCIAL SECURITY	2,536,120	2,375,222	2,652,226	2,840,626	2,815,568	2,880,326	2,943,693	3,005,510	3,065,620	3,126,933	3,189,472	3,253,261	3,318,326	3,384,693
37	PROPERTY TAX REDUCTION	1,423,448	1,423,580	1,426,711	1,426,711	1,426,711	1,426,711	1,426,711	1,426,711	1,426,711	1,426,711	1,426,711	1,426,711	1,426,711	1,426,711
38	TRANSPORTATION REVENUE	926,079	803,219	800,000	800,000	800,000	800,000	800,000	800,000	800,000	800,000	800,000	800,000	800,000	800,000
39	BOND REIMBURSEMENTS (3)	320,857	277,820	751,246	718,694	937,733	938,804	938,994	939,196	939,055	875,728	875,509	718,819	719,287	666,215
40	HEALTH SERVICES REVENUE	140,026	140,519	140,000	140,000	140,519	140,000	140,000	140,000	140,000	140,000	140,000	140,000	140,000	140,000
41	READY TO LEARN GRANT	310,013	310,013	310,013	310,013	310,013	310,013	310,013	310,013	310,013	310,013	310,013	310,013	310,013	310,013
42	SAFETY GRANTS	65,000	24,691	35,000	80,309	0	0	0	0	0	0	0	0	0	0
43	VOCATIONAL EDUCATION	227,172	197,228	100,000	196,942	196,000	196,000	196,000	196,000	196,000	196,000	196,000	196,000	196,000	196,000
44	OTHER STATE REVENUE (4)	6,818,508	634,792	0	35,000	0	0	0	0	0	0	0	0	0	0
45	TUITION - 1305/1306	108,757	107,373	130,000	130,000	130,000	130,000	130,000	130,000	130,000	130,000	130,000	130,000	130,000	130,000
46															
47	<b>TOTAL STATE</b>	<b>35,452,531</b>	<b>29,981,916</b>	<b>30,024,555</b>	<b>30,375,371</b>	<b>31,367,919</b>	<b>31,987,532</b>	<b>32,551,089</b>	<b>33,113,109</b>	<b>33,673,078</b>	<b>34,221,063</b>	<b>34,733,382</b>	<b>34,990,482</b>	<b>35,356,015</b>	<b>35,719,310</b>
48															
49	<b>FEDERAL</b>														
50	TITLE I REVENUE	783,712	786,137	700,000	700,000	600,000	600,000	600,000	600,000	600,000	600,000	600,000	600,000	600,000	600,000
51	TITLE II REVENUE	167,980	169,276	159,772	159,772	159,772	159,772	159,772	159,772	159,772	159,772	159,772	159,772	159,772	159,772
52	ACCESS FUNDS	343,115	685,060	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000
53	OTHER FEDERAL REVENUE (5)	119,545	765,724	621,365	774,318	110,000	110,000	110,000	110,000	110,000	110,000	110,000	110,000	110,000	110,000
54	TITLE III REVENUE	56,699	47,960	35,000	35,000	35,000	35,000	35,000	35,000	35,000	35,000	35,000	35,000	35,000	35,000
55															
56	<b>TOTAL FEDERAL</b>	<b>1,471,051</b>	<b>2,454,158</b>	<b>1,766,137</b>	<b>1,919,090</b>	<b>1,154,772</b>	<b>1,154,772</b>								
57															
58	<b>TOTAL REVENUE</b>	<b>167,123,000</b>	<b>167,918,285</b>	<b>158,442,691</b>	<b>159,399,648</b>	<b>163,319,640</b>	<b>167,624,446</b>	<b>172,418,693</b>	<b>177,086,831</b>	<b>181,881,157</b>	<b>185,905,608</b>	<b>190,930,942</b>	<b>195,840,681</b>	<b>201,001,619</b>	<b>206,309,893</b>
59															
60															
61															
62	(1) Projected decrease in 2020-21, 2021-22 and 2022-23 are related to the estimated impact of COVID-19. Future years are assumed to increase gradually to slightly less than the historical 5-year average of 3.2% for years prior to COVID-19.														
63	(2) Projected 2021-22 and 2022-23 reflect the estimated impact of COVID-19. Years 2023-24 forward assume historical 10-year average of 1.2% through 2019-20.														
64	(3) Excludes reimbursement due to the district for debt service payments related to the high school and elementary project debt paid during construction. Reimbursement related to referendum debt is approximately \$312,000 annually. Plancon reimbursement related to debt paid from the capital reserve fund is included in transfer to capital reserve.														
65	(4) Other State Revenue for 2018-19 and 2019-20 include DCED grant revenue related to the State High Project and three elementary buildings. This grant revenue is included in both revenue and expense.														

	B	C	AA	AD	AE	AF	AG	AH	AI	AJ	AK	AL	AM	AN	AO	AP
81	<b>State College Area School District</b>															
82	<b>General Fund Expenses and Fund Balance Transfers</b>															
83	<b>12/2/2020</b>															
84																
85																
86			<b>Actual 2018-2019</b>	<b>Actual 2019-2020</b>	<b>Budget 2020-2021</b>	<b>Projected 2020-2021</b>	<b>Projected 2021-2022</b>	<b>Projected 2022-2023</b>	<b>Projected 2023-2024</b>	<b>Projected 2024-2025</b>	<b>Projected 2025-2026</b>	<b>Projected 2026-2027</b>	<b>Projected 2027-2028</b>	<b>Projected 2028-2029</b>	<b>Projected 2029-2030</b>	<b>Projected 2030-2031</b>
87																
88	Salaries	69,490,777	71,274,299	70,754,328	70,631,604	75,111,845	76,839,417	78,529,885	80,179,012	81,782,592	83,418,244	85,086,609	86,788,341	88,524,108	90,294,590	
89	Health Insurance	12,563,861	13,478,031	15,230,533	14,899,698	17,645,279	19,939,165	21,933,082	24,126,390	26,539,029	29,192,932	32,112,225	35,323,448	38,855,792	42,741,372	
90	PSERS	22,561,701	23,775,689	23,896,677	23,862,797	25,692,431	26,800,000	27,800,000	28,800,000	29,800,000	30,900,000	31,800,000	32,500,000	33,100,000	33,800,000	
91	Other Benefits	6,797,767	6,773,545	6,885,204	6,941,647	7,255,670	7,400,000	7,600,000	7,800,000	8,000,000	8,200,000	8,400,000	8,600,000	8,800,000	9,000,000	
92	Professional Services	3,150,563	2,831,599	3,544,822	3,425,396	3,698,502	3,760,000	3,820,000	3,880,000	3,950,000	4,020,000	4,090,000	4,160,000	4,230,000	4,300,000	
93	Purchased Property Services	1,781,117	1,320,379	1,214,940	1,416,467	1,369,153	1,390,000	1,410,000	1,430,000	1,450,000	1,470,000	1,490,000	1,520,000	1,550,000	1,580,000	
94	Charter School Expense	6,013,133	5,929,478	6,489,092	5,763,554	5,825,760	5,920,000	6,020,000	6,120,000	6,220,000	6,330,000	6,440,000	6,550,000	6,660,000	6,770,000	
95	Other Purchased Services	6,465,922	6,138,888	6,937,527	6,791,687	7,231,615	7,050,000	7,170,000	7,290,000	7,410,000	7,540,000	7,670,000	7,800,000	7,930,000	8,060,000	
96	Supplies/Equipment	8,155,769	7,579,832	6,896,594	8,790,749	8,009,185	8,090,000	8,170,000	8,210,000	8,290,000	8,370,000	8,450,000	8,530,000	8,620,000	8,710,000	
97	Minor Capital Projects	2,222,559	2,258,549	1,384,838	1,384,838	1,412,535	2,343,321	2,390,188	2,437,991	2,486,751	2,536,486	2,587,216	2,638,960	2,691,740	2,745,574	
98	Transfers/contingencies	283,622	703,311	2,095,349	1,387,556	1,766,700	1,694,034	1,721,915	1,750,353	1,779,360	1,808,947	1,839,126	1,869,909	1,901,307	1,933,333	
99	Debt Service	7,613,533	7,453,050	7,469,638	7,084,029	7,415,475	7,360,250	7,367,000	7,370,275	7,361,125	6,335,800	6,334,675	3,781,150	3,783,025	2,617,900	
100	Debt Service - Referendum Debt	5,254,125	5,258,625	5,258,125	5,258,125	5,257,625	5,256,875	5,255,625	5,258,625	5,255,375	5,255,875	5,254,625	5,256,375	5,257,925	5,257,425	
101	Transfer to Capital Projects - DCED Grant	6,799,671	606,921	-	-	-	-	-	-	-	-	-	-	-	-	
102	Transfer to Capital Reserve (1)	8,175,289	3,081,825	-	-	198,376	2,513,370	2,435,928	2,296,498	2,532,769	2,230,327	3,155,669	3,021,582	5,185,341	5,185,341	
103	Fund Balance Assignment/Use (COVID-19)	-	10,158,600	911,000	2,300,000	(4,986,000)	(7,472,600)	-	-	-	-	-	-	-	-	
104	Fund Balance Use (PSERS)(2)	(1,207,573)	-	(396,159)	(396,159)	(396,159)	(396,159)	(396,159)	(396,159)	(396,159)	(263,460)	-	-	-	-	
105																
106	<b>Total Expenses and Fund Balance Transfers</b>	<b>\$166,121,836</b>	<b>\$168,622,623</b>	<b>\$158,572,508</b>	<b>\$159,541,988</b>	<b>\$162,507,992</b>	<b>\$168,487,674</b>	<b>\$181,227,463</b>	<b>\$186,552,985</b>	<b>\$192,460,843</b>	<b>\$197,345,151</b>	<b>\$204,710,145</b>	<b>\$208,339,765</b>	<b>\$217,089,238</b>	<b>\$222,995,535</b>	
107																
108	<b>Total Expense and Transfers (excl fund balance use/assignment)</b>	<b>\$167,329,409</b>	<b>\$158,464,023</b>	<b>\$158,057,667</b>	<b>\$157,638,147</b>	<b>\$167,890,151</b>	<b>\$176,356,433</b>	<b>\$181,623,622</b>	<b>\$186,949,144</b>	<b>\$192,857,002</b>	<b>\$197,608,611</b>	<b>\$204,710,145</b>	<b>\$208,339,765</b>	<b>\$217,089,238</b>	<b>\$222,995,535</b>	

	B	C	T	W	X	Y	Z	AA	AB	AC	AD	AE	AF	AG	AH	AI	AJ
1	State College Area School District																
2	General Fund Activity																
3	12/2/2020																
4																	
5																	
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15																	
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	B	C	T	V	W	X	Y	Z	AA	AB	AC	AD	AE	AF	AG	AH	AI
1	<b>State College Area School District</b>																
2	<b>General Fund Balance</b>																
3	<b>12/2/2020</b>																
4																	
5		<b>Actual</b>	<b>Projected</b>	<b>Actual</b>	<b>Budget</b>	<b>Projected</b>	<b>Projected</b>	<b>Projected</b>	<b>Projected</b>	<b>Projected</b>	<b>Projected</b>	<b>Projected</b>	<b>Projected</b>	<b>Projected</b>	<b>Projected</b>	<b>Projected</b>	<b>Projected</b>
6		<b>2018-2019</b>	<b>2019-2020</b>	<b>2019-2020</b>	<b>2020-2021</b>	<b>2020-2021</b>	<b>2021-2022</b>	<b>2022-2023</b>	<b>2023-2024</b>	<b>2024-2025</b>	<b>2025-2026</b>	<b>2026-2027</b>	<b>2027-2028</b>	<b>2028-2029</b>	<b>2029-2030</b>	<b>2030-2031</b>	
7	<b>General Fund - Unassigned</b>																
8	Beginning Balance	\$12,252,696	\$13,253,860	\$13,253,860	\$12,648,033	\$12,627,467	\$12,485,127	\$13,296,775	\$12,433,547	\$3,624,778	(\$5,841,377)	(\$16,421,062)	(\$27,860,605)	(\$41,639,809)	(\$54,138,892)	(\$70,226,511)	
9																	
10	Revenue less Expense (incl change in no	1,001,164	(605,827)	(626,393)	(129,818)	(142,340)	811,648	(863,228)	(8,808,769)	(9,466,154)	(10,579,685)	(11,439,543)	(13,779,204)	(12,499,084)	(16,087,618)	(16,685,642)	
11																	
12	<b>General Fund - Unassigned</b>	<b>13,253,860</b>	<b>12,648,033</b>	<b>12,627,467</b>	<b>12,518,216</b>	<b>12,485,127</b>	<b>13,296,775</b>	<b>12,433,547</b>	<b>3,624,778</b>	<b>(5,841,377)</b>	<b>(16,421,062)</b>	<b>(27,860,605)</b>	<b>(41,639,809)</b>	<b>(54,138,892)</b>	<b>(70,226,511)</b>	<b>(86,912,153)</b>	
13																	
14	% of Expense (subject to 8% cap)	7.92%	7.92%	7.97%	7.92%	7.92%	7.92%	7.05%	2.00%	-3.12%	-8.51%	-14.10%	-20.34%	-25.99%	-32.35%	-38.97%	
15																	
16																	
17	<b>General Fund - Assigned</b>																
18	<b>PSERS</b>																
19	Beginning Balance	3,847,987	2,640,414	2,640,414	2,640,414	2,640,414	2,244,255	1,848,096	1,451,937	1,055,778	659,619	263,460	-	-	-	-	
20																	
21	Additions																
22	Planned Uses	(1,207,573)	-	-	(396,159)	(396,159)	(396,159)	(396,159)	(396,159)	(396,159)	(396,159)	(263,460)	-	-	-	-	
23																	
24	Ending Fund Balance	2,640,414	2,640,414	2,640,414	2,244,255	2,244,255	1,848,096	1,451,937	1,055,778	659,619	263,460	-	-	-	-	-	
25																	
26	<b>Debt Service/Capital</b>																
27	Beginning Balance	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
28																	
29	Additions	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
30	Uses	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
31																	
32	Ending Fund Balance	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
33																	
42	<b>COVID-19</b>																
43	Beginning Balance	-	-	-	7,054,000	10,158,600	12,458,600	7,472,600	-	-	-	-	-	-	-	-	-
44																	
45	Additions/Use		7,054,000	10,158,600	911,000	2,300,000	(4,986,000)	(7,472,600)	-	-	-	-	-	-	-	-	-
46																	
47	Ending Fund Balance	-	7,054,000	10,158,600	7,965,000	12,458,600	7,472,600	-	-	-	-	-	-	-	-	-	-
48																	
49																	
50																	
51	<b>Total General Fund - Assigned</b>	<b>2,640,414</b>	<b>9,694,414</b>	<b>12,799,014</b>	<b>10,209,255</b>	<b>14,702,855</b>	<b>9,320,696</b>	<b>1,451,937</b>	<b>1,055,778</b>	<b>659,619</b>	<b>263,460</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
52																	
53	<b>Total General Fund</b>	<b>15,894,274</b>	<b>22,342,447</b>	<b>25,426,481</b>	<b>22,727,471</b>	<b>27,187,982</b>	<b>22,617,471</b>	<b>13,885,484</b>	<b>4,680,556</b>	<b>(5,181,758)</b>	<b>(16,157,602)</b>	<b>(27,860,605)</b>	<b>(41,639,809)</b>	<b>(54,138,892)</b>	<b>(70,226,511)</b>	<b>(86,912,153)</b>	

	B	C	T	V	W	X	Y	Z	AA	AB	AC	AD	AE	AF	AG	AH	AI
57	<b>State College Area School District</b>																
58	<b>Capital Reserve Fund</b>																
59	<b>12/2/2020</b>																
60																	
61		<b>Actual</b>	<b>Projected</b>	<b>Actual</b>	<b>Budget</b>	<b>Projected</b>											
62		<b>2018-2019</b>	<b>2019-2020</b>	<b>2019-2020</b>	<b>2020-2021</b>	<b>2020-2021</b>	<b>2021-2022</b>	<b>2022-2023</b>	<b>2023-2024</b>	<b>2024-2025</b>	<b>2025-2026</b>	<b>2026-2027</b>	<b>2027-2028</b>	<b>2028-2029</b>	<b>2029-2030</b>	<b>2030-2031</b>	
63																	
64	Beginning Balance	\$62,683,123	\$65,352,257	\$65,352,257	\$64,622,655	\$64,456,646	\$60,078,765	\$54,037,590	\$50,440,448	\$46,698,480	\$45,079,321	\$43,657,645	\$41,913,652	\$38,653,988	\$35,189,407	\$33,819,552	
65																	
66	Additions:																
67	Transfer	8,175,289	1,783,500	1,783,500	-	-	198,376	2,513,370	2,435,928	2,296,498	2,532,769	2,230,327	3,155,669	3,021,582	5,185,341	5,185,341	
68	Lemont Sale		1,300,000	1,298,325													
69	Bond Reimbursements				198,361	198,361	198,376	198,370	198,428	198,298	198,269	198,327	198,169	198,082	198,341	198,341	
70	Donation/Net Investment Earnings	1,331,388	1,107,045	1,191,756	273,113	272,283	751,181	880,752	808,809	733,970	701,586	673,153	638,273	573,080	503,788	476,391	
71	Total Additions	9,506,677	4,190,545	4,273,581	471,474	470,644	1,147,933	3,592,492	3,443,165	3,228,766	3,432,624	3,101,807	3,992,111	3,792,744	5,887,470	5,860,073	
72																	
73	Uses:																
74	Debt Service:																
75	2018 Bonds - Elementary (1)	(3,444,319)	(3,441,200)	(3,441,200)	(3,444,450)	(3,444,450)	(3,444,700)	(3,444,600)	(3,445,600)	(3,443,350)	(3,442,850)	(3,443,850)	(3,441,100)	(3,439,600)	(3,444,100)	(3,444,100)	
76	2019 Bonds - HS/Elem/Nittany Ave/Memorial Field/Playgrounds/North bldg (2)		(638,715)	(638,715)	(1,404,075)	(1,404,075)	(1,411,075)	(1,411,700)	(1,406,200)	(1,404,575)	(1,411,450)	(1,401,950)	(1,406,075)	(1,413,325)	(1,408,825)	(1,437,825)	
77	Middle School (3)	-			-	-	-	-	-	-	-	-	(2,404,600)	(2,404,400)	(2,404,400)	(2,404,400)	
78																	
79	Capital Expenditures:																
80	Athletic/Recreation Facilities (4)	(83,158)	-	-	-	-	(2,333,333)	(2,333,333)	(2,333,333)	-	-	-	-	-	-	-	
81	MNMS HVAC	(1,687,185)	(306,223)	(563,613)													
82	South Track Lighting	(6,811)	(442,209)	(442,209)													
83	North Field Lighting	(437,220)															
84	North Field Turf	(1,178,850)	(91,800)	(83,455)													
85	Total Uses	(6,837,543)	(4,920,147)	(5,169,192)	(4,848,525)	(4,848,525)	(7,189,108)	(7,189,633)	(7,185,133)	(4,847,925)	(4,854,300)	(4,845,800)	(7,251,775)	(7,257,325)	(7,257,325)	(7,286,325)	
86																	
87	Net Change	2,669,133	(729,602)	(895,611)	(4,377,051)	(4,377,881)	(6,041,175)	(3,597,142)	(3,741,968)	(1,619,159)	(1,421,676)	(1,743,993)	(3,259,664)	(3,464,581)	(1,369,855)	(1,426,252)	
88																	
89	<b>Ending Fund Balance</b>	\$65,352,257	\$64,622,655	\$64,456,646	\$60,245,604	\$60,078,765	\$54,037,590	\$50,440,448	\$46,698,480	\$45,079,321	\$43,657,645	\$41,913,652	\$38,653,988	\$35,189,407	\$33,819,552	\$32,393,300	
90																	
91																	
92																	
93	<i>(1) Elementary: Series 2018 Bonds - debt service for 25 years to fund \$56.9 MM @ 3.72%. Debt service for the Series 2018 Bonds is to be paid from the Capital Reserve Fund.</i>																
94	<i>(2) Series 2019 Bonds - debt service for 25 years to fund \$25.6 MM @ 2.74%. Borrowing includes \$6.1 Million High School; Elem \$2.9 million; Memorial Field \$12.7 million; Playgrounds \$900,000; North building \$3 million. Debt service for Series 2019 Bonds is to be paid from the Capital Reserve Fund.</i>																
95	<i>(3) Middle School: Wrapped debt service for 25 years to fund \$60 MM @ 4%.</i>																
96	<i>(4) Assumes estimated \$7.6 million for Athletic/Recreation Facilities is funded from Capital Reserve. 2018-19 expense represents Memorial Field construction funded by brick donations.</i>																
97																	

## **Attachment C**

2020-21 Projection

	A	B	C	P	Q	R	S	T	U	V
1	<b>State College Area School District</b>									
2	<b>General Fund Revenue</b>									
3	<b>Projection 2020-21</b>									
4										
5										
6		<b>Preliminary Budget - 12/2/19</b>	<b>Board Presentation 3/2/20 (1)</b>	<b>Budget</b>	<b>Board Presentation 10/19/20</b>	<b>Board Presentation 12/7/20</b>		<b>12/7/20 vs. 10/19/20</b>	<b>12/7/20 vs. Budget</b>	<b>Variance Explanation</b>
7	<b>LOCAL SERVICES TAX</b>									
8	CURRENT REAL ESTATE TAX	\$ 103,380,229	\$ 103,380,229	\$ 98,702,922	\$ 98,702,922	\$ 98,702,922		\$ -	\$ 1	Projection includes an estimate for the settlement of appeals. Settlements to date are in line with estimates. Assumes 95% collection percentage.
9	REAL ESTATE TAX-REFERENDUM DEBT	4,945,740	4,945,740	4,945,740	4,945,740	4,945,740		-	(0)	
10	EARNED INCOME TAX	19,320,000	19,320,000	16,200,000	16,922,059	16,922,059		-	722,059	Reflects impact of higher than projected 2019-20 revenue.
11	REALTY TRANSFER TAX	2,200,000	2,400,000	1,350,000	2,103,416	2,400,000		296,584	1,050,000	Collections to date in line with prior years. Projection reflects 5 yr average (excl lg claims) + estimated large claims.
12	DELINQUENT REAL ESTATE TAX	1,100,000	1,100,000	850,000	1,150,000	1,150,000		-	300,000	Collections to date in excess of prior year. Increased to 5 year average. June 30, 2020 ending receivable balance is it's highest level.
13	INTERIM REAL ESTATE TAX	600,000	700,000	400,000	400,000	400,000		-	-	Difficult to project until we receive the 2/1 billing.
14	IDEA-B	740,000	740,000	740,000	820,064	820,064		-	80,064	Represents actual FY21 allocation.
15	PAYMENTS IN LIEU OF TAX	664,382	674,646	674,646	674,646	626,881		(47,765)	(47,765)	Decrease in in lieu related to COVID impacts. One year only.
16	LOCAL SERVICES TAX	410,000	392,000	392,000	352,800	352,800		-	(39,200)	Adjusted to reflect anticipated decrease in employment.
17	TUITION	1,420,000	1,581,910	1,511,092	401,531	401,531		-	(1,109,561)	Reflects reduction in CEEL and summer program revenue.
18	MISC LOCAL REVENUE	611,705	518,409	518,409	136,000	136,000		-	(382,409)	Facility rentals; Athletics tickets; Driver ed tuition
19	PUBLIC UTILITY REALTY TAX	117,190	117,190	117,190	117,190	117,190		-	(0)	
20	INTEREST ON INVESTMENTS	250,000	400,000	250,000	130,000	130,000		-	(120,000)	Significant rate drop
21										
22	<b>TOTAL LOCAL</b>	<b>135,759,245</b>	<b>136,270,123</b>	<b>126,651,998</b>	<b>126,856,368</b>	<b>127,105,187</b>		<b>248,819</b>	<b>453,188</b>	
23										
24	<b>STATE</b>									
25	BASIC ED INSTR SUBSIDY	8,407,038	8,407,038	8,407,038	8,406,928	8,406,928		-	(110)	Equal to final 2019-20
26	SPECIAL ED REVENUE-REGULR	3,323,982	3,323,982	3,323,982	3,358,750	3,358,750		-	34,768	Equal to final 2019-20
27	REV. FOR RETIREMENT	12,669,751	12,771,211	11,948,339	11,948,339	11,931,399		(16,941)	(16,940)	Related to change in projected salaries
28	REV. FOR SOCIAL SECURITY	2,791,742	2,833,564	2,652,226	2,845,226	2,840,626		(4,600)	188,400	Reduction of \$193k from 3rd Qtr 2020 PDE payment. Anticipate funding in 2020-21.
29	PROPERTY TAX REDUCTION	1,423,580	1,423,580	1,426,711	1,426,711	1,426,711		-	-	
30	TRANSPORTATION REVENUE	800,000	800,000	800,000	800,000	800,000		-	-	
31	BOND REIMBURSEMENTS	744,972	751,246	751,246	751,246	718,694		(32,552)	(32,552)	Related to refinancing
32	HEALTH SERVICES REVENUE	140,000	140,000	140,000	140,000	140,000		-	-	
33	READY TO LEARN GRANT	310,013	310,013	310,013	310,013	310,013		-	-	
34	SAFETY GRANTS	-	35,000	35,000	40,309	80,309		40,000	45,309	Safe School Grant of \$40k awarded of Nov 2020
35	VOCATIONAL EDUCATION	100,000	100,000	100,000	196,942	196,942		-	96,942	Based on published 2020-21 estimates
36	OTHER STATE REVENUE	-	-	-	35,000	35,000		-	35,000	PA Smart Grant
37	TUITION - 1305/1306	130,000	130,000	130,000	130,000	130,000		-	-	
38	<b>TOTAL STATE</b>	<b>30,841,079</b>	<b>31,025,635</b>	<b>30,024,555</b>	<b>30,389,464</b>	<b>30,375,371</b>		<b>(14,093)</b>	<b>350,817</b>	
39										
40	<b>FEDERAL</b>									
41	TITLE I REVENUE	600,000	700,000	700,000	700,000	700,000		-	-	
42	TITLE II REVENUE	156,489	159,772	159,772	159,772	159,772		-	-	
43	ACCESS FUNDS	250,000	250,000	250,000	250,000	250,000		-	-	
44	OTHER FEDERAL REVENUE	60,000	60,000	621,365	554,710	774,318		219,609	152,953	Related to additional grant funding
45	TITLE III REVENUE	35,000	35,000	35,000	35,000	35,000		-	-	
46										
47	<b>TOTAL FEDERAL</b>	<b>1,101,489</b>	<b>1,204,772</b>	<b>1,766,137</b>	<b>1,699,482</b>	<b>1,919,090</b>		<b>219,609</b>	<b>152,953</b>	
48										
49	<b>TOTAL REVENUE</b>	<b>\$167,701,813</b>	<b>\$168,500,530</b>	<b>\$ 158,442,690</b>	<b>\$ 158,945,312</b>	<b>\$ 159,399,648</b>		<b>\$ 454,334</b>	<b>\$ 956,957</b>	

(1) The budget version presented on 3/2/2020 was prior to the COVID pandemic and included approximately \$1.1 million in proposed additions.

	A	B	C	S	AF	AG	AH
1	<b>State College Area School District</b>						
2	<b>General Fund Expenses and Fund Balance Transfers</b>						
3	<b>Budget 2020-21</b>						
4							
5		<b>Preliminary Budget 12/2/19</b>	<b>Board Presentation 3/2/20 (1)</b>	<b>Approved Budget</b>	<b>Board Presentation 12/7/20</b>	<b>12/7/20 vs. Budget</b>	<b>Variance Explanation</b>
6	Salaries	\$74,476,245	\$75,591,943	\$70,754,328	\$70,631,604	(\$122,724)	Primarily related to projected teacher and related substitutes in excess of budget \$753k offset by the impact of other unfilled positions.
7	Health Insurance	15,595,089	15,518,975	15,230,533	14,899,698	(330,835)	Budget anticipated greater increase in spousal coverage than experienced to date.
8	PSERS	25,339,502	25,542,422	23,896,677	23,862,797	(33,880)	Related to salaries
9	Other Benefits	7,204,682	7,367,223	6,885,204	6,941,647	56,443	Projected unemployment offset by reduction in salary related benefits.
10	Professional Services	3,676,878	3,968,202	3,544,822	3,425,396	(119,426)	Disproportionality, COVID related expense, offset by projected lower security and field trip expense.
11	Purchased Property Services	1,459,135	1,398,770	1,214,940	1,416,467	201,527	COVID related expense and projected maintenance costs in excess of budget.
12	Charter School Expense	7,040,000	6,489,092	6,489,092	5,763,554	(725,538)	Primarily related to 11 fewer students (brick and mortar lower 24; cyber higher 13)
13	Other Purchased Services	6,675,361	6,781,011	6,937,527	6,791,687	(145,840)	Projected insurance and contracted carriers in excess of budget offset by projected lower conference related travel, printing and copier expense.
14	Supplies/Equipment	7,672,204	7,389,498	6,896,594	8,790,749	1,894,155	Projected COVID related expense \$1.5 million in excess of budget; gas and electric \$350k in excess of budget.
15	Minor Capital Projects	2,269,677	2,269,677	1,384,838	1,384,838	(0)	
16	Transfers/contingencies	1,321,017	1,547,119	2,095,349	1,387,556	(707,793)	Food Services transfer projected \$350k less and lower fees for activities, conference, etc.
17	Debt Service	7,469,638	7,469,638	7,469,638	7,084,029	(385,609)	Savings from refinancing
18	Debt Service - Referendum Debt	5,258,125	5,258,125	5,258,125	5,258,125	-	
20	<b>Total Expense before transfer to capital reserve and fund balance use</b>	<b>165,457,553</b>	<b>166,591,696</b>	<b>158,057,667</b>	<b>157,638,147</b>	<b>(419,520)</b>	
21							
22	Transfer to Capital Reserve	2,248,000	2,248,000	-	-		
23	Fund Balance Use (COVID-19)			911,000	2,300,000	1,389,000	
24	Fund Balance Use (PSERS/Legal)	(396,159)	(396,159)	(396,159)	(396,159)	-	
25	<b>Total Transfer to Capital Reserve and fund balance use</b>	<b>1,851,841</b>	<b>1,851,841</b>	<b>514,841</b>	<b>1,903,841</b>	<b>1,389,000</b>	
26							
27	<b>Total Expenses and Transfers</b>	<b>\$167,309,394</b>	<b>\$168,443,537</b>	<b>\$ 158,572,508</b>	<b>\$ 159,541,988</b>	<b>\$ 969,480</b>	
28							
29	<b>Total Debt Service (General + Capital Reserve Fund)</b>						
30	Debt Service Paid from Capital Reserve (a)	\$4,848,525	\$4,848,525	\$4,848,525	\$4,848,525	\$4,848,525	
31	Total Debt Service (including referendum debt)	\$17,576,288	\$17,576,288	\$17,576,288	\$17,190,679	(\$385,609)	Savings from refinancing
32							
33	Interest included in Debt Service	\$9,266,288	\$9,266,288	\$9,266,288	\$9,185,472	(\$80,816)	Savings from refinancing
34	<i>(a) Debt service for Series 2018 and Series 2019 Bonds for all years is included in the Capital Reserve Fund.</i>						
35							
36	(1) The budget version presented on 3/2/2020 was prior to the COVID pandemic and included approximately \$1.1 million in proposed additions.						
37	(2) The budget included COVID expenses and COVID PCCD grant revenue of \$561,365.						
38							

	A	B	C	D	E	F	G
1	<b>State College Area School District</b>						
2	<b>General Fund Activity</b>						
3	<b>Budget 2020-21</b>						
4							
13							
14		<b>Preliminary</b>	<b>Board</b>	<b>Approved</b>	<b>Board</b>	<b>12/7/20 vs.</b>	
15		<b>Budget 12/2/19</b>	<b>Presentation</b>	<b>Budget</b>	<b>Presentation</b>	<b>Budget</b>	
16	<b>Beginning Fund Balance</b>	\$13,069,150	\$13,297,879	\$12,648,033	\$12,627,467	(\$20,566) a	
17							
18	<b>Revenue</b>	167,701,813	168,500,530	158,442,691	159,399,648	956,957	
19							
20	Local	135,759,245	136,270,123	126,651,999	127,105,187	453,188	
21	State	30,841,079	31,025,635	30,024,555	30,375,371	350,816	
22	Federal	1,101,489	1,204,772	1,766,137	1,919,090	152,953	
23							
24	<b>Expense (including capital reserve transfer)</b>	167,705,553	168,839,696	158,057,667	157,638,147	(419,520)	
25	<b>Revenue less expense</b>	(3,740)	(339,168)	385,024	1,761,501	1,376,477 b	
26							
27	Funding (Use) of Assigned Fund Bal (COVID-19)	0	0	911,000	2,300,000	1,389,000 c	
28	Funding (Use) of Assigned Fund Bal (PSERS)	(396,159)	(396,159)	(396,159)	(396,159)	(0) d	
29	<b>Change in Assigned Fund Balance</b>	(396,159)	(396,159)	514,842	1,903,841	1,388,999 e (c+d)	
30							
31	<b>Change in Unassigned General Fund Balance</b>	392,419	56,992	(129,818)	(142,340)	(12,522) f (b-e)	
32							
33	<b>Ending Unassigned Fund Balance</b>	<u>\$13,461,569</u>	<u>\$13,354,871</u>	<u>\$12,518,215</u>	<u>\$12,485,127</u>	<u>(\$33,088) (a+f)</u>	
34							
35	<b>Unassigned Fund Balance Percentage</b>	8.0%	7.9%	7.9%	7.9%		
36							
37	(1) The budget version presented on 3/2/2020 was prior to the COVID pandemic and included approximately \$1.1 million in proposed additions.						

# State College Area School District



# 2021-22 Budget Development

**State College  
Area School District  
December 7, 2020**

# Why is the Opt Out Resolution Recommended?

- Concern for the economic impact of COVID-19 on taxpayers
- Lack of interest to utilize exceptions to increase tax rate above Act 1 index.

# Tax Rate

- Preliminary budget assumes a 0% tax increase.
- Maximum allowed under Act 1 assuming opt out resolution approved is 3.0%.
  - 3% vs. 0% - would increase revenue \$3.2 million in 2021-22 and \$37.1 million over a 10 year period.
  - 0% vs. 1%- would increase revenue \$1.1 million in 2021-22 and \$12.3 million over a 10 year period.

# 2021-2022 Revenue

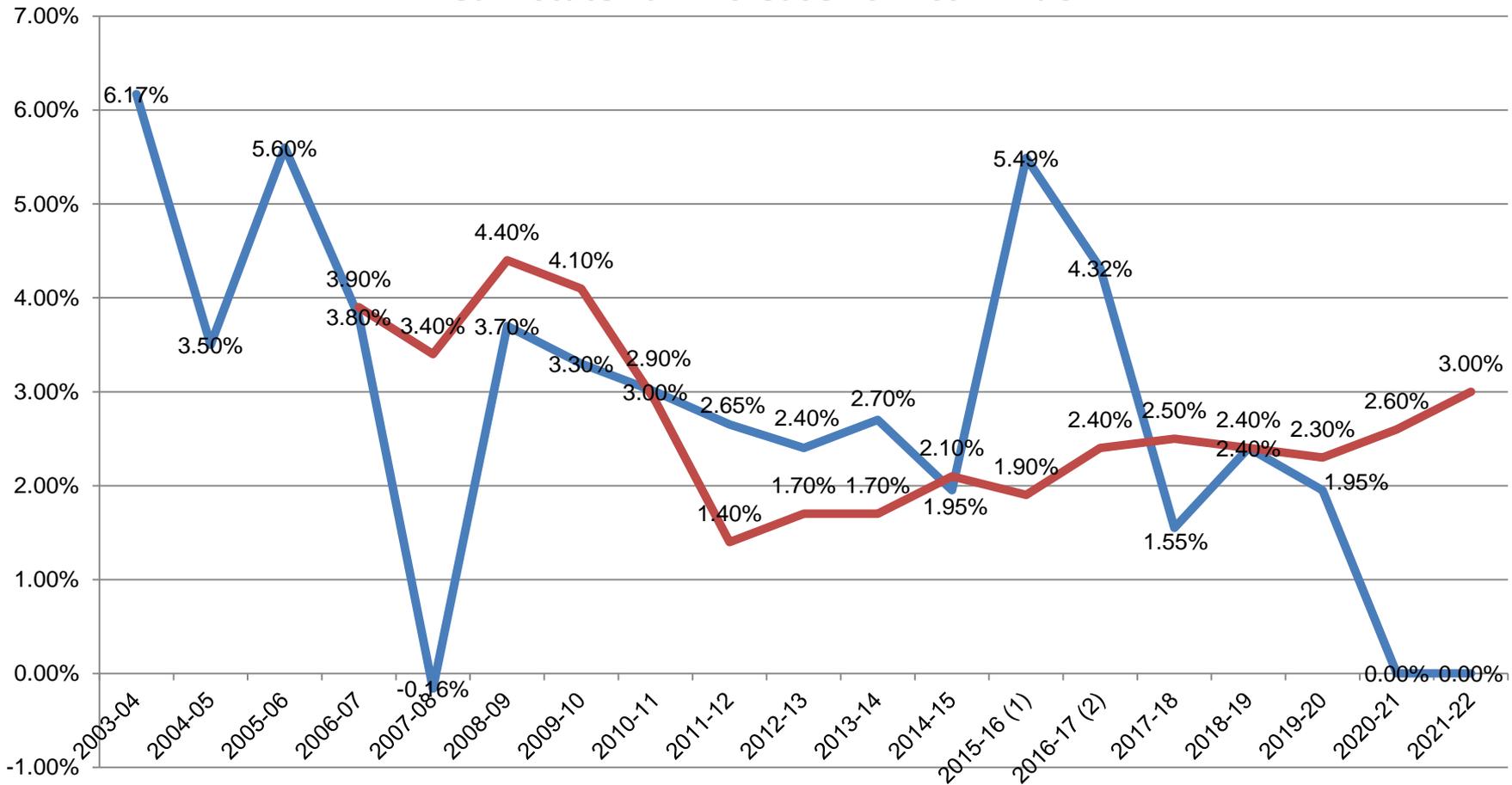
Total Revenue Budget	\$163,319,640
Increase over projected 2020-21 \$	3,919,992
Local Revenue increase	\$ 3,691,762

## Major Local Revenue Assumptions:

- **Real Estate Tax Increase of 0%**
- **Assessed value growth .8%**
  - 5 year average 1.46%
  - 10 year average 1.29%
  - 2019-20 1.95%
  - Projected 2020-21 1%
- **Collection Percentage – 96%**
  - Historical – approximately 97.2%
  - 2020-21 projected – 95%
  - Impact of 1% increase in collection percentage - \$1.1 million
- **Earned Income Tax Growth - 0%**
  - 5 year average 3.02%
  - 10 year average 3.24%
  - 2020-21 projected decline of 10.00%

# 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%

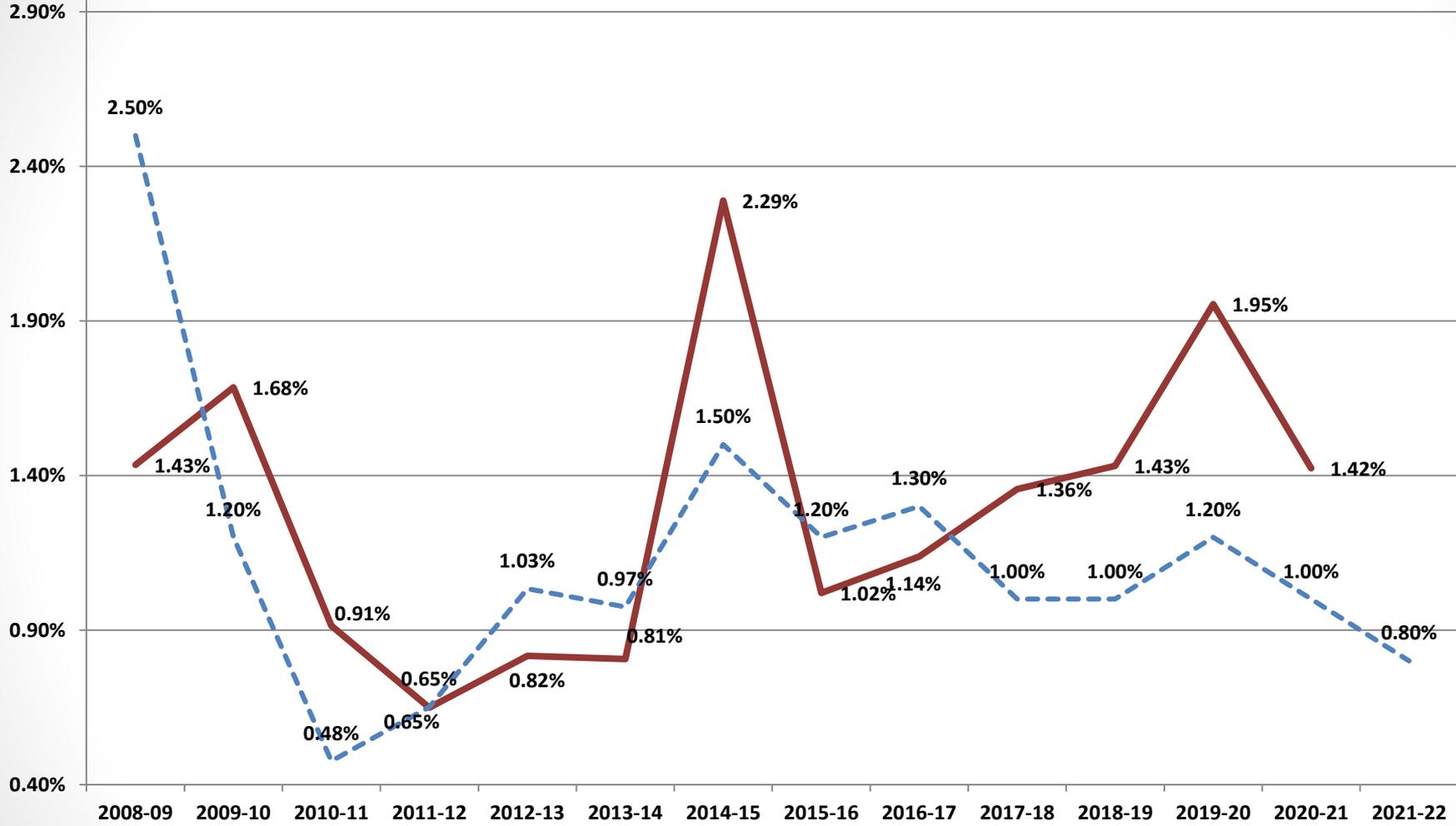
5- Year avg = 2.04%

10- Year Avg = 2.54%

— Real Estate — Act 1 Index

2021-22 tax rate projected at 0% increase

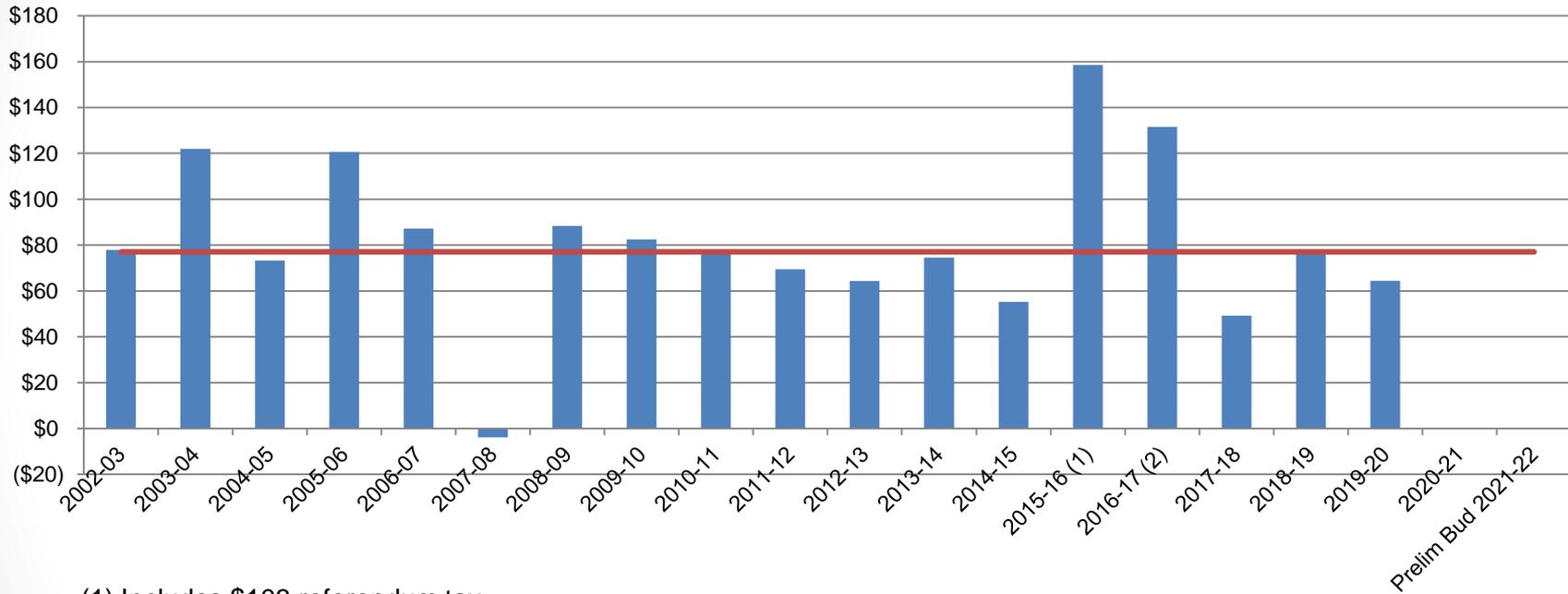
# Historical Assessed Value Growth



5- year average 1.46%  
 10-year average 1.29%

Actual  
 Budget

## Average Taxpayer Real Estate Tax Increase

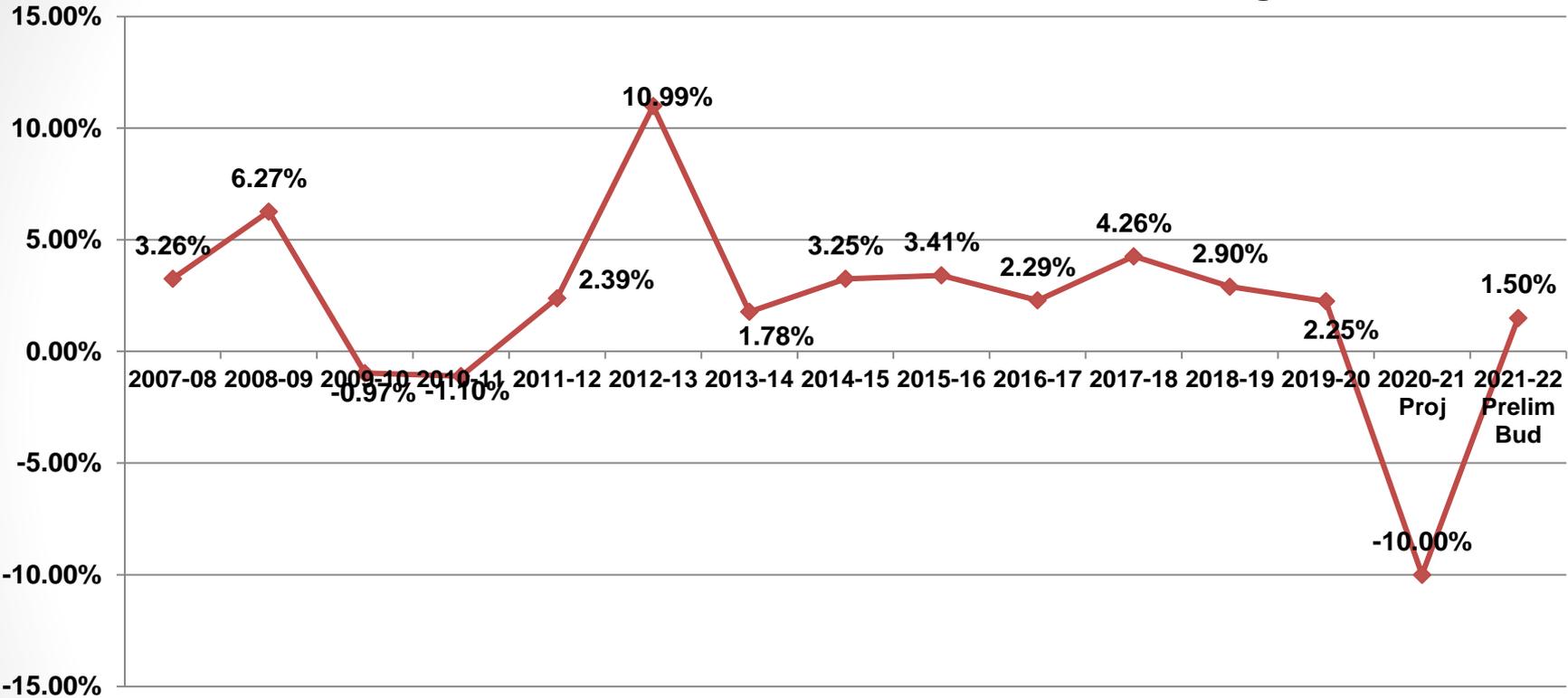


(1) Includes \$103 referendum tax  
 (2) Includes \$58 referendum tax

■ Tax Increase

— Avg Tax Increase

## Earned Income Tax - Historical Percent Change



Five-year average through 2019-20

3.02%

Ten-year average through 2019-20

3.24%

# 2021-2022 Expense

Total Expense Budget (excl use of Fund Bal)	\$167,890,151
Increase over 2020-21 projected	\$ 10,252,004
Increase over 2020-21 budget	\$ 9,832,484

## **Expenses increases:**

- Estimated increase in salaries, health, PSERS and other benefits
  - Reflect estimated impact of contractual agreements and assumed rate changes
  - Assumes pre-COVID staffing levels
  - Includes .5 social worker funded by grant in 2020-21
  - Assumes continuation of new Virtual Academy in Elementary and Secondary
- Pre-COVID level of expense such as travel and field trips
- Assumes full CEEL and summer programs
- Assume bus and other routine equipment replacement
- Contingency; 2020-21 reflects usage of 1/3<sup>rd</sup> of balance
- Capital reserve transfer – assumes receipt of Plancon reimbursement for debt funded from capital reserve fund
- Debt service – 2020-21 included savings from refinancing

## **Expense decreases:**

- Elimination of COVID-related expenses
- Utility decrease; 2020-21 assumes increased costs due to building ventilation.

# Next Steps

- 1/11/2021 Board meeting
  - Board approval of Opt Out Resolution

# Questions

# State College Area School District

