

# State College Area School District



# 2021-22 Budget Development

**State College  
Area School District  
December 2, 2020**

# Why is the Opt Out Resolution Recommended?

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

# Tax Rate

- Preliminary budget assumes a 1.0% tax increase.
  - Projected rate for 2021-22 in the multiyear projection (June 2020)
- Maximum allowed under Act 1 assuming opt out resolution approved is 3.0%.
  - 3% vs. 1% - would increase revenue \$2.1 million in 2021-22 and \$24.8 million over a 10 year period.
  - 0% vs. 1.0%- would decrease revenue \$1.1 million in 2021-22 and \$12.3 million over a 10 year period.

# 2021-2022 Revenue

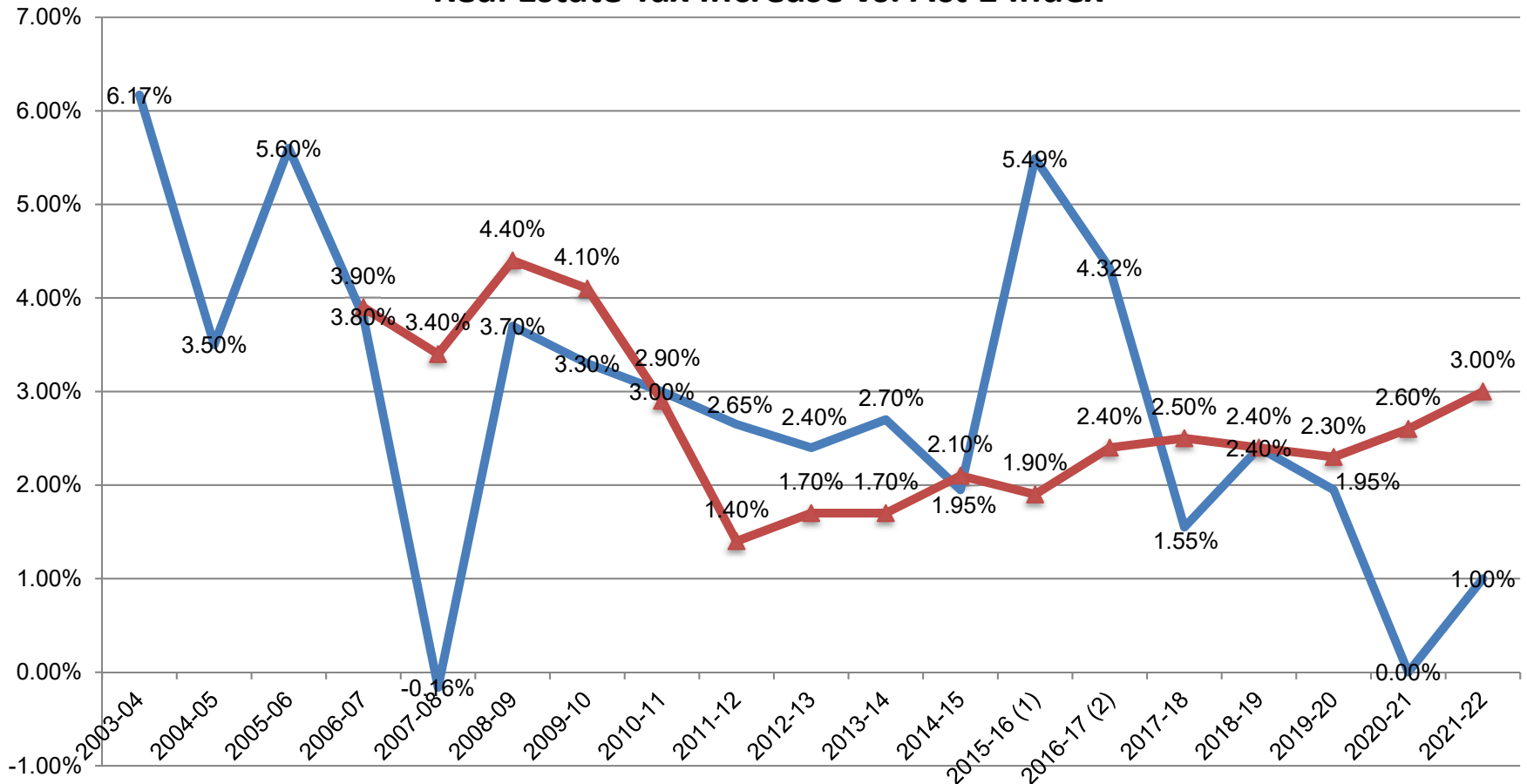
Total Revenue Budget	\$164,387,192
Increase over projected 2020-21 \$	4,987,544
Local Revenue increase	\$ 4,759,314

## Major Local Revenue Assumptions:

- **Real Estate Tax Increase of 1%**
- **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 increase - 0%**
  - 5 year average 3.02%
  - 10 year average 3.24%
  - 2020-21 projected (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%

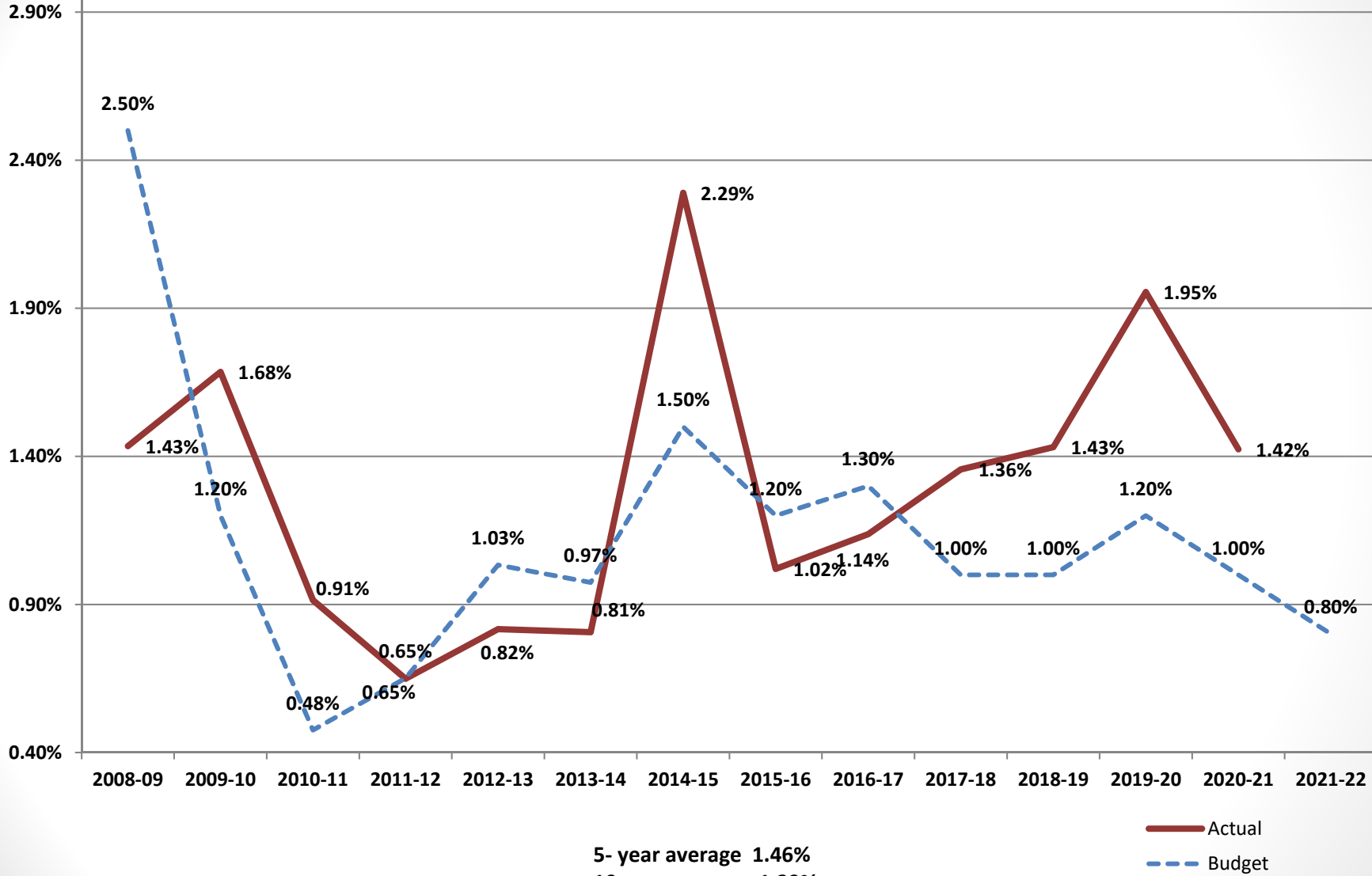
5- Year avg = 2.04%

10- Year Avg = 2.54%

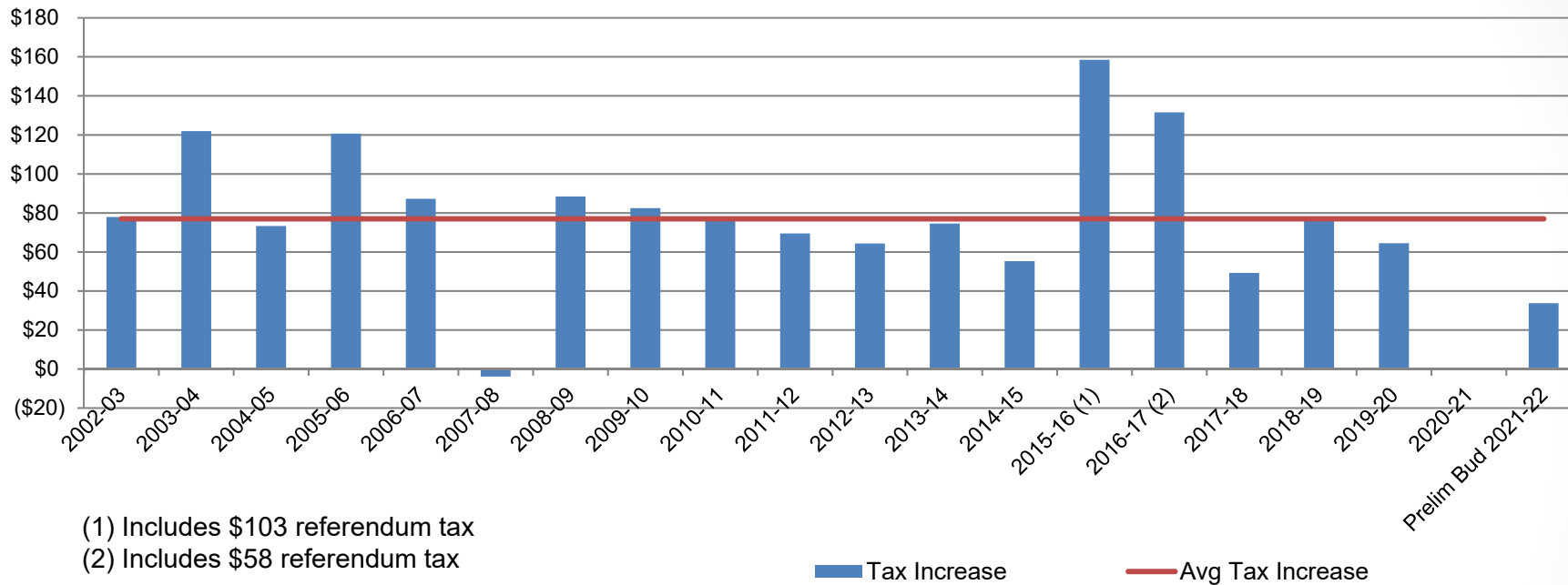
— Real Estate — Act 1 Index

2021-22 tax rate projected at 1% increase

## Historical Assessed Value Growth

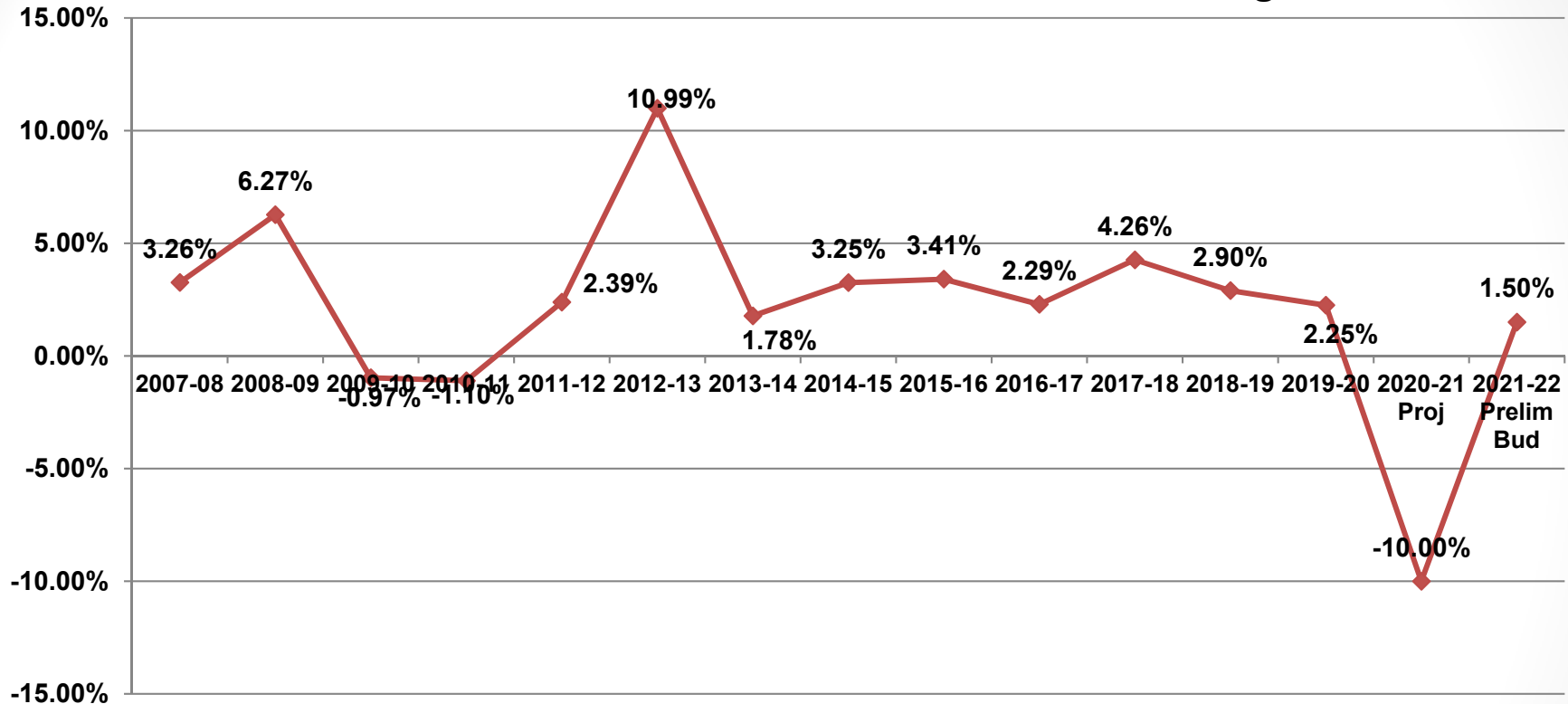


## Average Taxpayer Real Estate Tax Increase





## 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

## 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 Virtual Academy in Elementary and Secondary at a reduced level
  - Assumed rate increase for health insurance
- 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:

- Temporary staffing to support remote and virtual learning
- Elimination of COVID-related expenses
- Utility decrease; 2020-21 assumes increased costs due to building ventilation.

# Debt Service

	<b>Projected 2020-2021</b>	<b>Preliminary Budget 2021- 2022</b>	<b>Variance</b>
Debt Service Paid from General Fund	\$ 12,342,154	\$ 12,673,100	\$ 330,946
Debt Service Paid from Capital Reserve (a)	4,848,525	4,855,775	7,250
<b>Total Debt Service (including referendum debt)</b>	<b>\$ 17,190,679</b>	<b>\$ 17,528,875</b>	<b>\$ 338,196</b>
 Interest included in Debt Service	 \$ 9,185,472	 \$ 8,848,875	 \$ (336,597)

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

# Next Steps

- 12/7/2020 Board Meeting
  - Introduce Preliminary Budget with Opt Out Resolution
- 1/11/2021 Board meeting
  - Board approval of Opt Out Resolution

# Tax Collector Compensation

- Tax collectors serve four-year terms
- Deadline to change the rate of compensation for a tax collector is February 15, 2021
  - Every 4 years
  - Municipal election year
- Revised rates are effective January 2022
- Current rate for elected collectors is \$.95 per parcel
- Recommended rate: \$3.00/parcel; \$1.00/installment
- Financial impact – Approximately \$14,700

# Tax Collector Compensation

- Comparative rates:

	<b>Per Parcel (Excluding Installment)</b>	<b>Per Installment</b>
Bald Eagle	\$3.50	\$1.28
Bellefonte	\$3.90	\$1.40
Penns Valley	\$3.20	\$3.20 paid after 3rd installment
Proposed SCASD	\$3.00	\$1.00

# School Bus Rebate Program

- 2019 School Bus Rebate Program through the Environmental Protection Agency (EPA) Diesel Emissions Reduction Act
- District approved for:
  - \$20,000 rebate per bus
  - 4 buses (3-72 passenger; 1-modified for special needs)
  - Buses to be replaced are 2003-2005 diesel buses
- New bus requirements
  - 2017 or newer model year
  - Gasoline, diesel, natural gas or alternative energy
  - Purchase order must be issued by February 1, 2021
- Estimated cost per bus - \$61,000 - \$80,000 (depending on model year)
- At no cost, we've issued a bid to get pricing
- Replaced buses must be rendered inoperable
- Funding may be from General Fund or Capital Reserve Fund
- Evaluation: Age of buses, repair cost that would be eliminated and bid price.
- Would require board approve on January 11, 2021

# Questions



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