



State College Area School District

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To: Board of Directors
 From: Robert O'Donnell, Randy Brown and Donna Watson
 Subject: Proposed Final Budget 2022-2023
 Date: May 13, 2022

The purpose of this budget discussion is to provide an update since the most recent [update](#) on May 3. This information was also reviewed with the Finance and Audit Committee.

This update provides:

- the property tax reduction allocation from the commonwealth
- charter school expense analysis
- proposed real estate tax increases from county and cohort districts

The 2022-23 property tax reduction allocation will be \$1,792,547 or \$370,597 greater than included in the preliminary budget. This increase in state funding will provide an increase in the homestead/farmstead exclusion for approved property owners by approximately \$28. The additional state revenue then obviously results in a decrease in real estate tax revenue.

Charter school expense in the amount of \$6.5 million, but from \$5.8 million in the 2021-2022 budget. This cost increase is driven by the per student rate rising from district costs as the projection assumes level charter student enrollment.

A final analysis which is completed each year is a comparison of county and cohort district proposed real estate tax rate increases. Tables A and B include this information. Looking at the five-year average, the district's increase is in the middle of the range of both cohorts, therefore we are not an outlier when comparing this data.

The state budget is still not completed. As in other years, the district would have the opportunity to reopen the budget to reflect additional revenue from the state.

The final step for the budget development process is the approval of the final budget scheduled for June 6, 2022.

State College Area School District



2022-23 Budget Development

**State College
Area School District
May 16, 2022**

Budget 2022-23

- Changes since May 3, 2022 meeting
 - Property tax reduction allocation
- Charter School Expense
- Cohort Real Estate Tax Rates

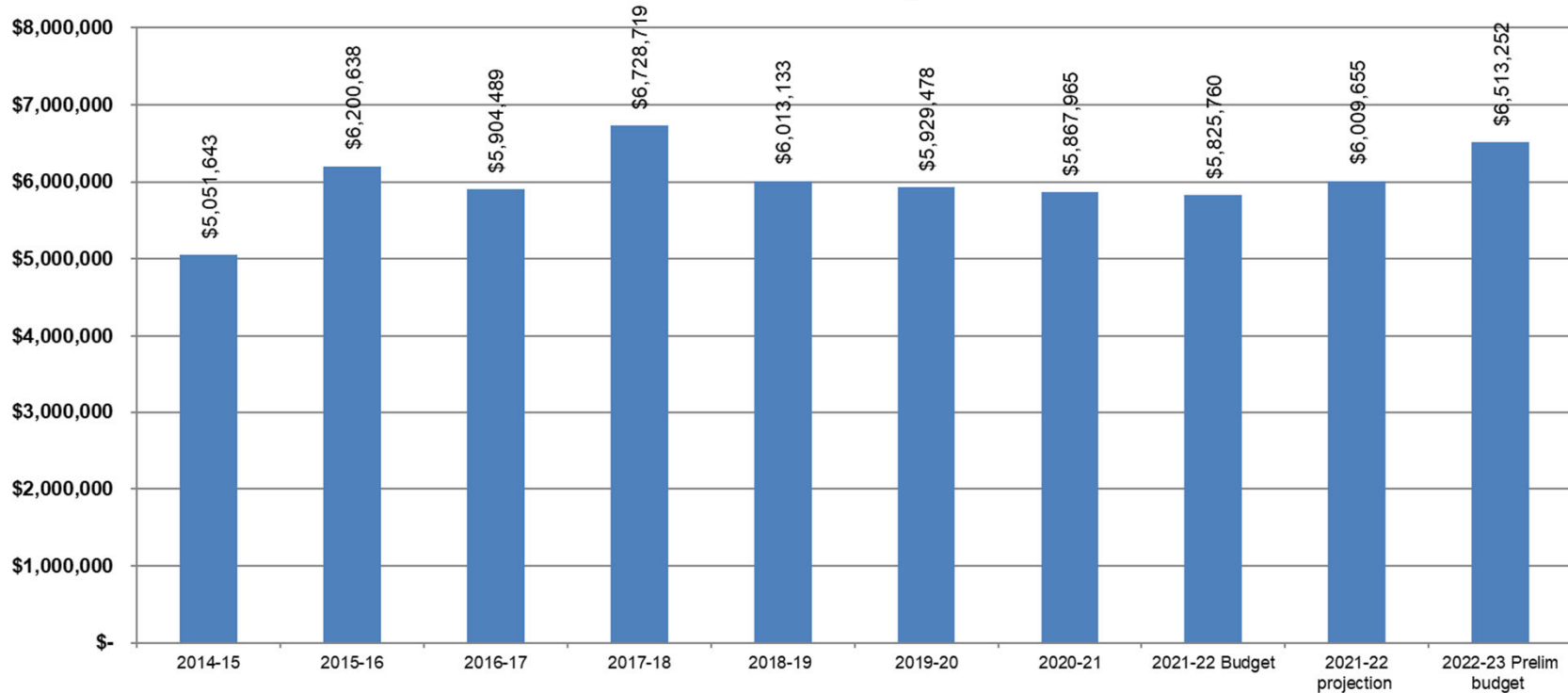
Property Tax Reduction

- 2022-23 Property tax reduction allocation \$1,792,547
 - \$370,597 greater than proposed final budget
 - Increase in state property tax reduction revenue and decrease in real estate tax revenue
 - Increases homestead/farmstead exclusion by approximately \$28
 - 2022-2023 exclusion \$137
 - 2021-2022 exclusion \$109

Budget 2022-23

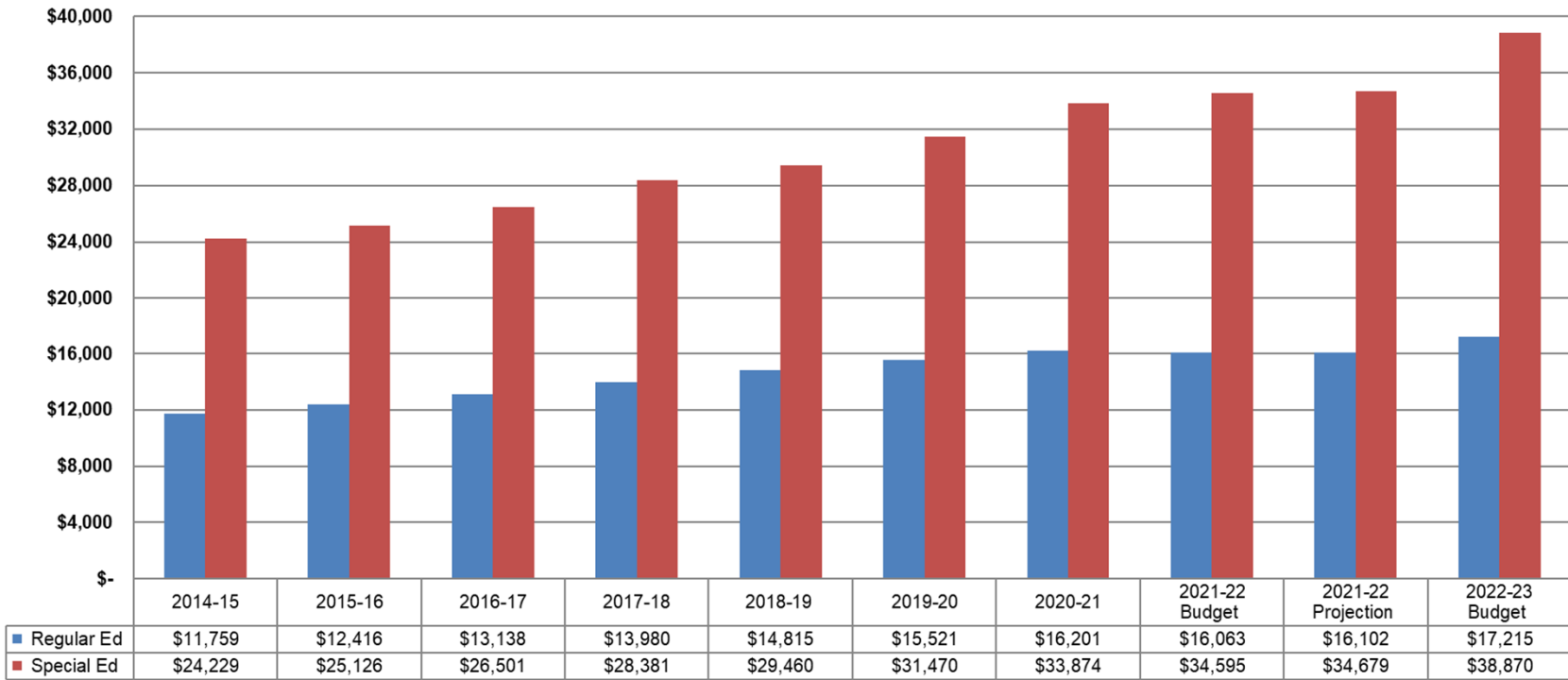
Beginning Fund Balance	\$13,152,498
Revenue	177,037,552
Local	140,611,290
State	33,502,270
Federal	2,923,993
Expense (including capital reserve transfer)	<u>180,273,275</u>
Revenue less expense	(3,235,722)
Fund Balance Commitment/(Use) (Revenue Shortfall)	(3,974,900)
(Use) of Assigned Fund Bal (PSERS)	<u>(396,159)</u>
Incr (Decr) in Assigned Fund Balance	(4,371,059)
Change in Unassigned General Fund Balance	1,135,337
Ending Unassigned Fund Balance	<u><u>\$14,287,835</u></u>
Unassigned Fund Balance Percentage	7.9%

Charter School Expense

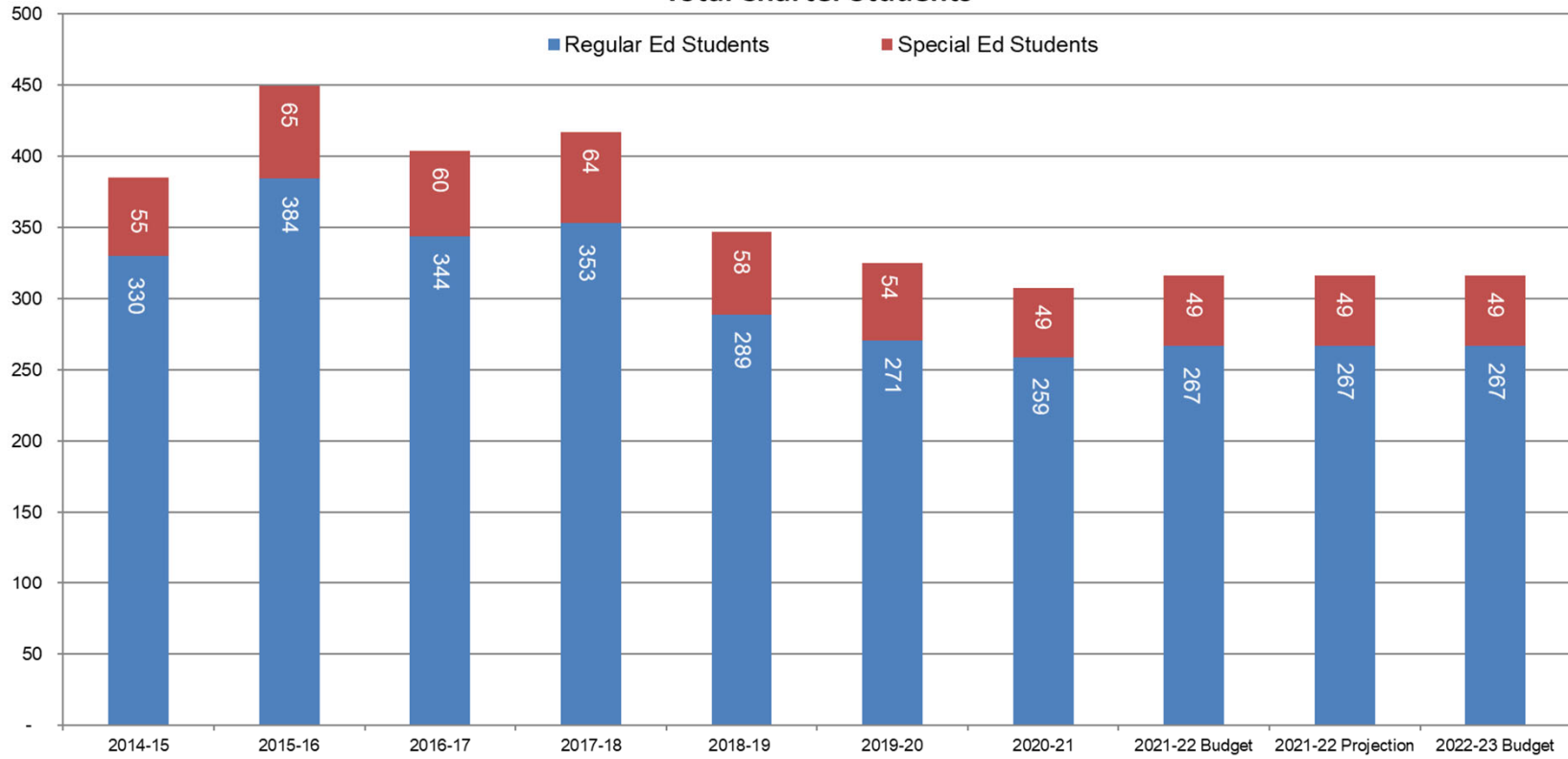


Enrollment	385	449	404	417	347	325	308	316	316	316
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Charter School Cost Per Student

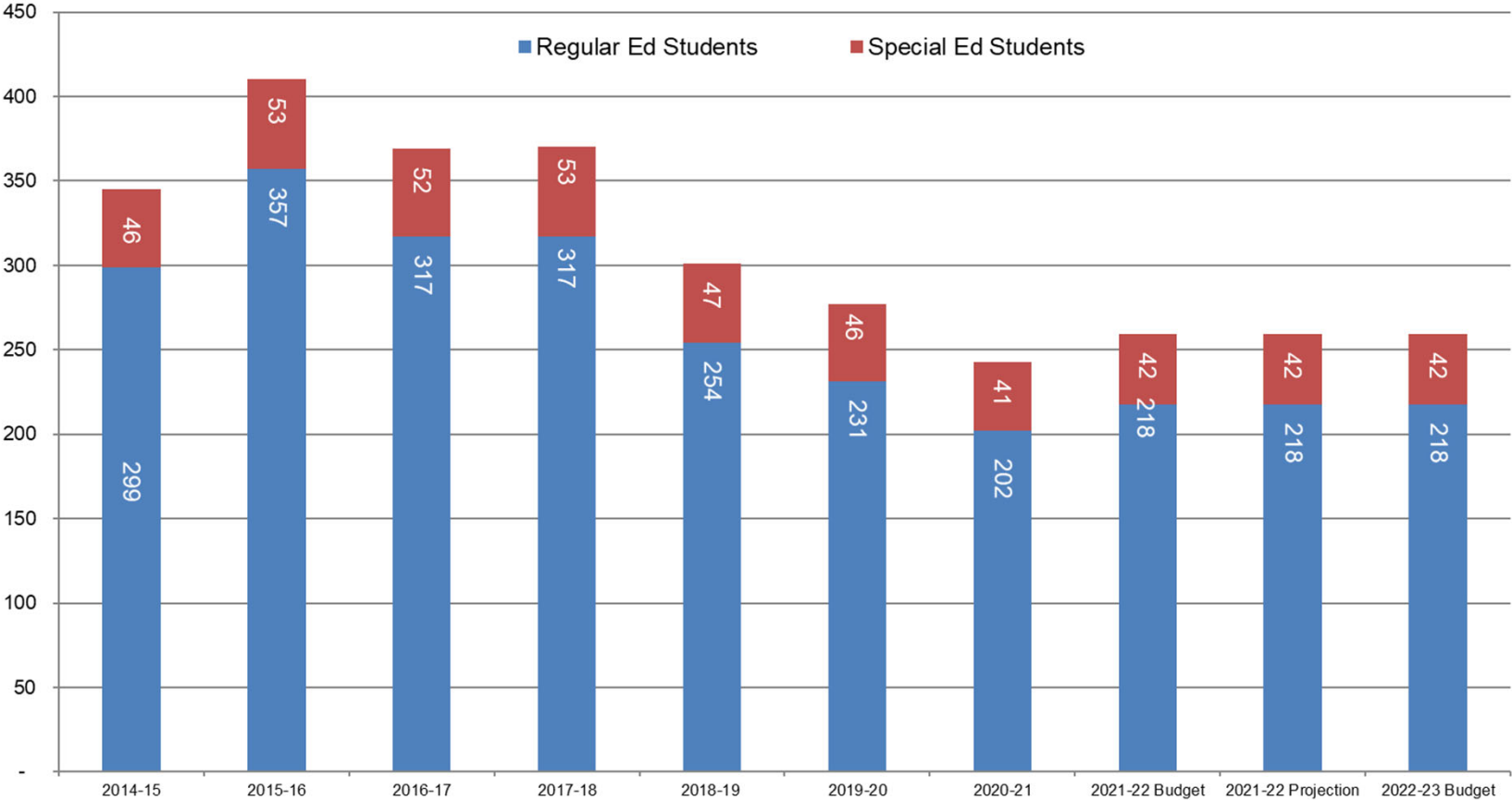


Total Charter Students

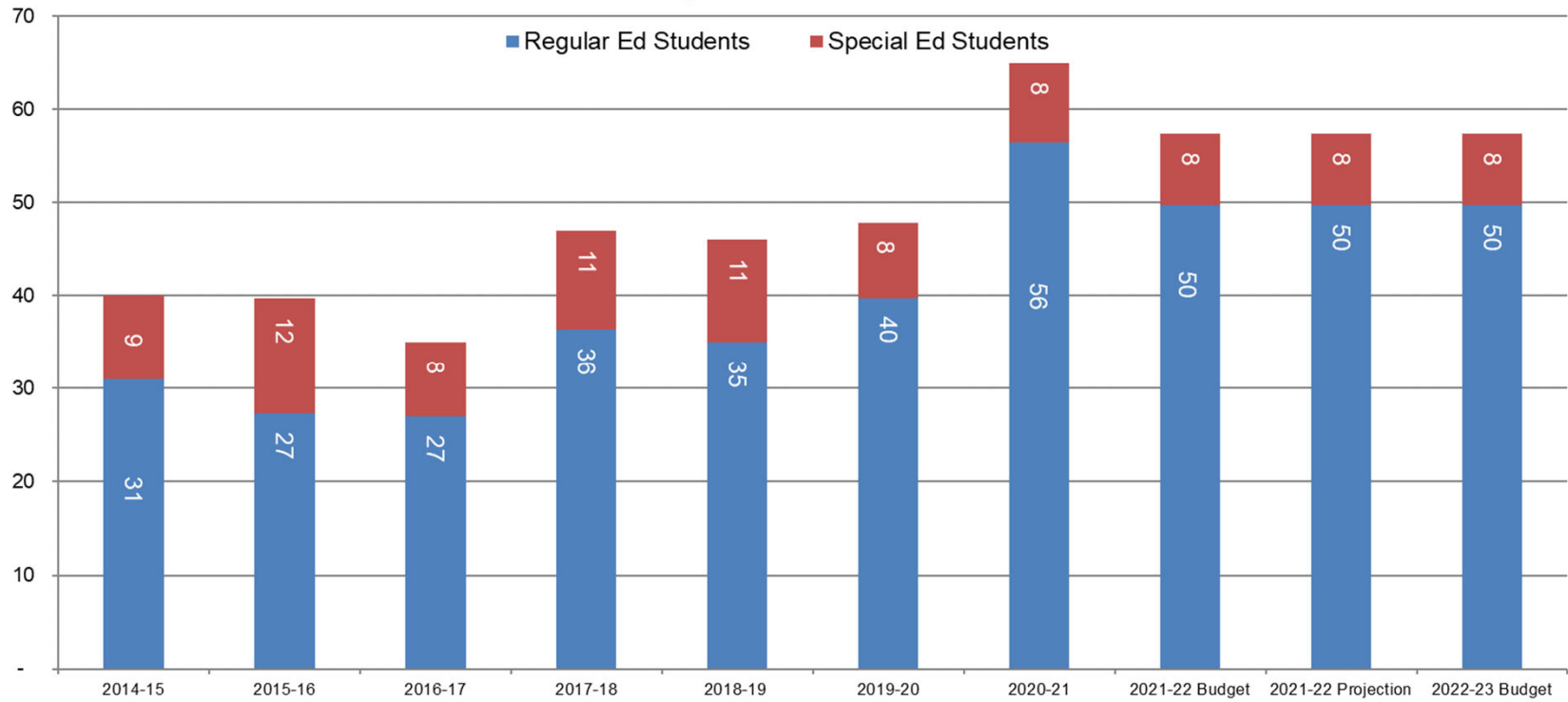


Total	385	449	404	417	347	325	308	316	316	316
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Brick and Mortar Charters Students



Cyber Students



County Cohort Real Estate Tax

School District	2018-19	2019-20	2020-21	2021-22	2022-23 Proposed Final*	5 year Avg
State College Area SD	2.4%	1.9%	0.0%	0.0%	3.4%	1.5%
Penns Valley Area SD	3.0%	0.0%	0.0%	0.0%	7.1%	2.0%
Bellefonte Area SD	1.0%	1.5%	0.0%	0.5%	2.1%	1.0%
Bald Eagle Area SD	2.7%	1.7%	0.0%	1.7%	3.3%	1.9%

*FY 2022-23 proposed final budget per school district website.

Cohort Real Estate Tax

School District	2018-19	2019-20	2020-21	2021-22	2022-23 Proposed Final*	5 year Avg
State College Area SD	2.4%	1.9%	0.0%	0.0%	3.4%	1.5%
Abington SD	0.0%	0.0%	0.0%	3.0%	3.4%	1.3%
Cumberland Valley SD	2.4%	2.3%	2.6%	3.0%	3.4%	2.7%
Lower Merion SD	2.4%	2.3%	2.6%	2.0%	3.4%	2.5%
North Allegheny SD	2.5%	3.7%	0.0%	0.0%	3.8%	2.0%
Parkland SD	1.9%	1.9%	0.0%	0.0%	N/A	N/A
Tredyffrin-Easttown SD	2.4%	3.9%	2.6%	2.5%	3.4%	3.0%

*FY 2022-23 proposed final budget per school district website.

Next Steps

- Board Meeting – June 6, 2022
 - Board Action - Final Budget Adoption

Questions

State College Area School District

