

State College Area School District



2022-2023
Budget Hearing

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

General Fund Budget

- Contains expenses related to general operations of district
- Supports other funds
 - Debt service
 - Capital reserve
 - Food Service
- General Fund Budget approval required by June 30th

Budget Approval Steps

- January 10, 2022– Accelerated Opt Out Resolution certifying the tax rate within the Act 1 inflation index of 3.40%
- May 3, 2022- Proposed Final Budget with a 3.4% increase in the real estate tax rate
- June 6, 2022 - Final budget to be presented for adoption

Act 1 of 2006

Homestead/Farmstead:

- Provides for tax relief for approved Homesteads/Farmsteads
- Amount varies based upon eligible properties and gambling revenue
- Application process to be approved through the County Assessment Office
- Taxpayer must live in the home for property to qualify for exemption
- District will receive approximately \$1.8 million of gambling funds for property tax relief in 2022-23; an increase of \$371,000 compared to 2021-22.
- Approximately \$137/homestead of property tax relief; \$28 increase over 2021-22

Act 1 of 2006

- Limits school district tax increases to an inflationary index (Act 1 Index)
- Act 1 Index is 3.4% for 2022-23
- 3.4% real estate tax increase in 2022-23
- Exceptions also available for Special Education to tax above the index, however the district did not qualify for this exceptions.
- No exceptions requested for 2022-23.

Referendum Debt

- In May 2014, District voters approved the incurrence of \$85 million to fund a portion of the State High Project.
- In March 2015, the District issued the referendum-related bonds.
- This debt is to be funded through a Referendum Exception.
- Referendum Exceptions were approved for both the 2015-16 and 2016-17 tax years.
 - Debt service payments began in 2015-16 with payment of the first interest payment.
- Debt service under the existing referendum bond issue will be level for the remainder of the financing period.
- The 2022-23 millage rate includes an amount to generate the tax revenue needed to fund the referendum debt service payment.

**State College Area School District
General Fund Activity
Budget 2022-23**

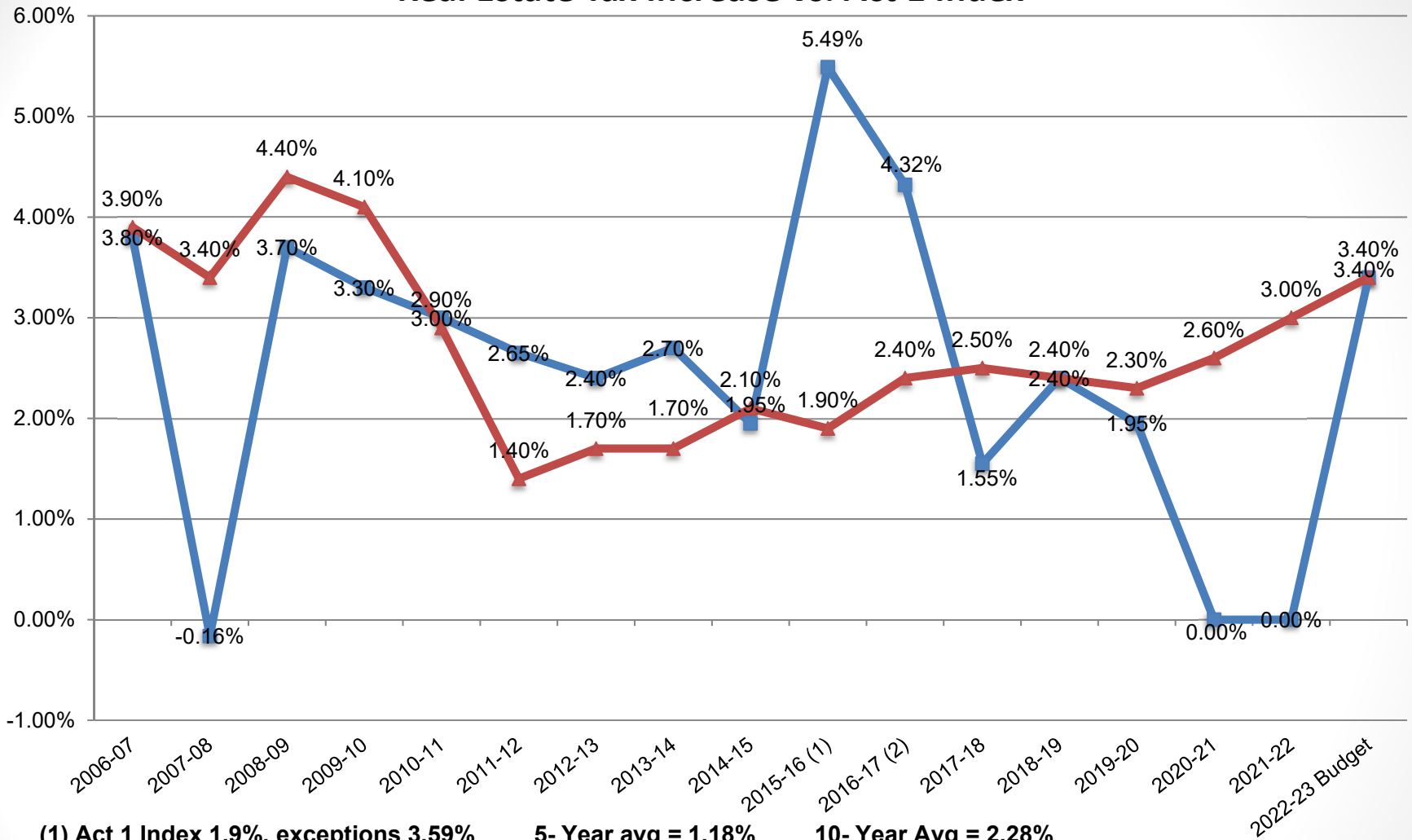
Beginning Fund Balance	\$13,152,498
Revenue	177,037,552
Local	140,611,290
State	33,502,270
Federal	2,923,993
Expense (including capital reserve transfer)	<u>180,273,275</u>
Revenue less expense	(3,235,722)
Fund Balance Commitment/(Use) (Revenue Shortfall)	(3,974,900)
(Use) of Assigned Fund Bal (PSERS)	<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%

Proposed Tax Increase

- Millage 2021-22 46.0875
- Proposed increase in real estate tax rate 3.40% (1)
- Proposed 2022-23 millage 47.6544

(1) Act 1 Index

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 = 1.18% 10- Year Avg = 2.28%

— Real Estate — Act 1 Index

Impact of Real Estate Tax Increase

Property Type	2022-22 Tax	Count of Parcels	Average Tax	Impact of Tax Increase
Residential	\$66,814,935	20,108	\$3,323	\$113 *
Commercial and Industrial	\$39,697,049	1,596	\$24,873	\$846
Agricultural	\$2,742,436	566	\$4,845	\$165
All Taxable Properties (1)	\$111,173,600	24,377	\$4,561	\$155

(1) Includes properties summarized in the three subgroups above, plus other properties such as vacant land and non-commercial apartments.

*Excludes the impact of the homestead/farmstead exclusion

Supplemental Property Tax Rebate Program

- The proposed budget includes continuation of a supplemental property tax rebate program for the 2022-23 tax year.
- \$100,000 has been set aside in the 2022-23 budget for this program.
- The maximum rebate per household is \$650.
- Applications will be processed on a first-come basis until funds are expended.
- Eligible rebates will be issued by check.
- This will be the eighth year of this supplemental tax rebate program.

Supplemental Property Tax Rebate Program Applications

- Applications may be submitted beginning July 1, 2022
- A copy of a completed PA-1000 for 2021 and evidence of receipt of the Pennsylvania Property Tax rebate (received after July 1, 2022) must be attached.
- Additional information will be available on the District web site at www.scasd.org/page/26890.
- Information will also be mailed with the 2022-23 real estate tax bill mailing which is planned for July 1, 2022.

Revenue

- Local

- District primarily locally funded
- Budgeted revenue is \$8,015,771 greater than 2021-22 budget.
 - Real estate– proposed increase of 3.4% in real estate tax rate, increase in assessed value and the collection percentage- \$6,600,000
 - Earned income tax- \$1,037,000
 - Realty transfer tax- \$300,000

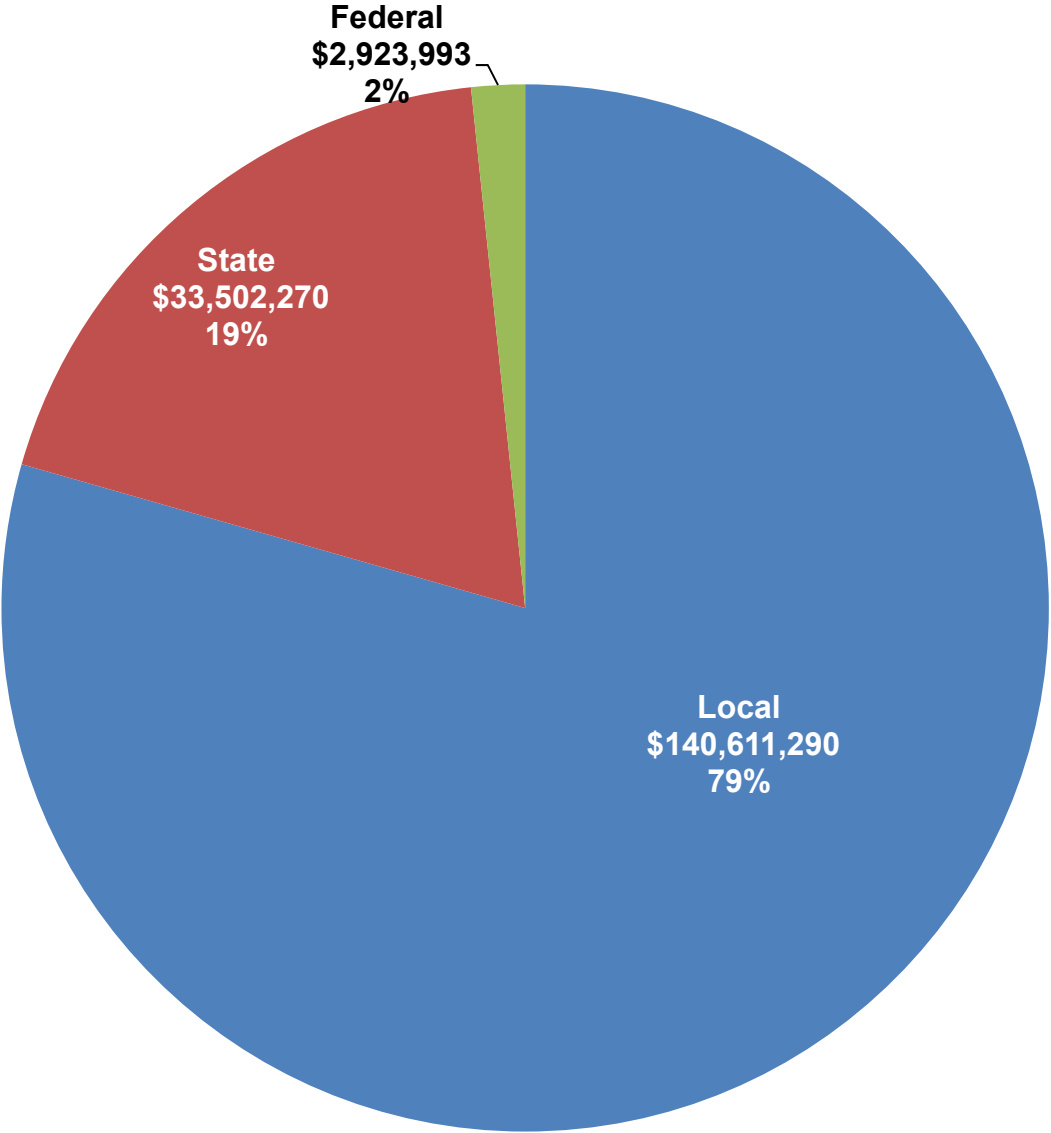
- State

- Budgeted revenue is \$2,157,540 higher than 2021-22 budget
- PSERS and Social Security reimbursement increased approximately \$929,000 and \$173,000, respectively
- Basic Education Subsidy increased approximately \$633,000
- Property Tax Reduction revenue increased \$371,000

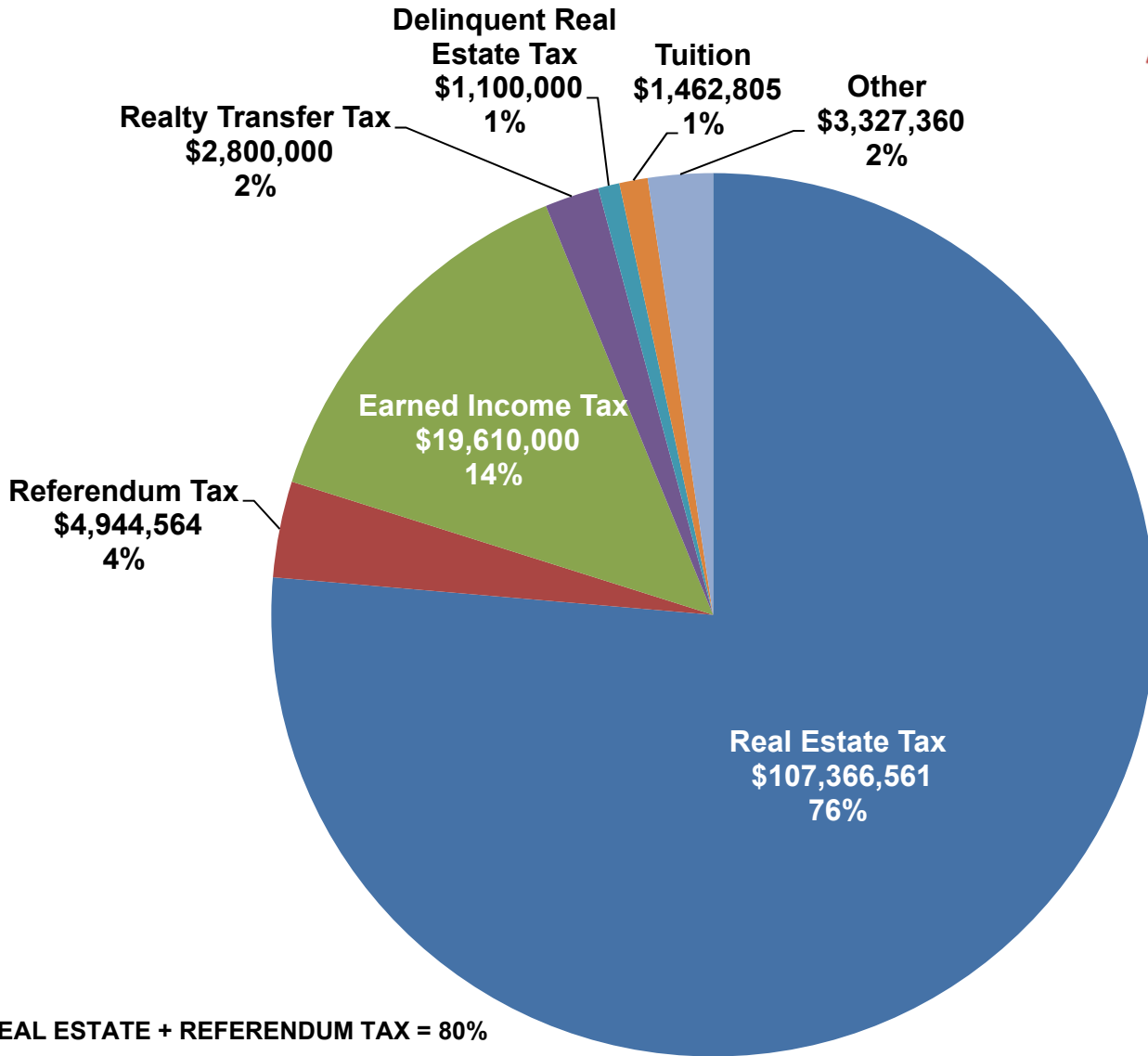
- Federal

- Includes \$1,788,993 in COVID relief funds

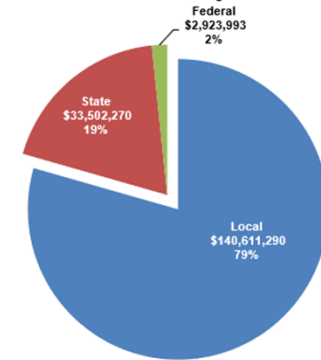
2022-23 Revenue by Source



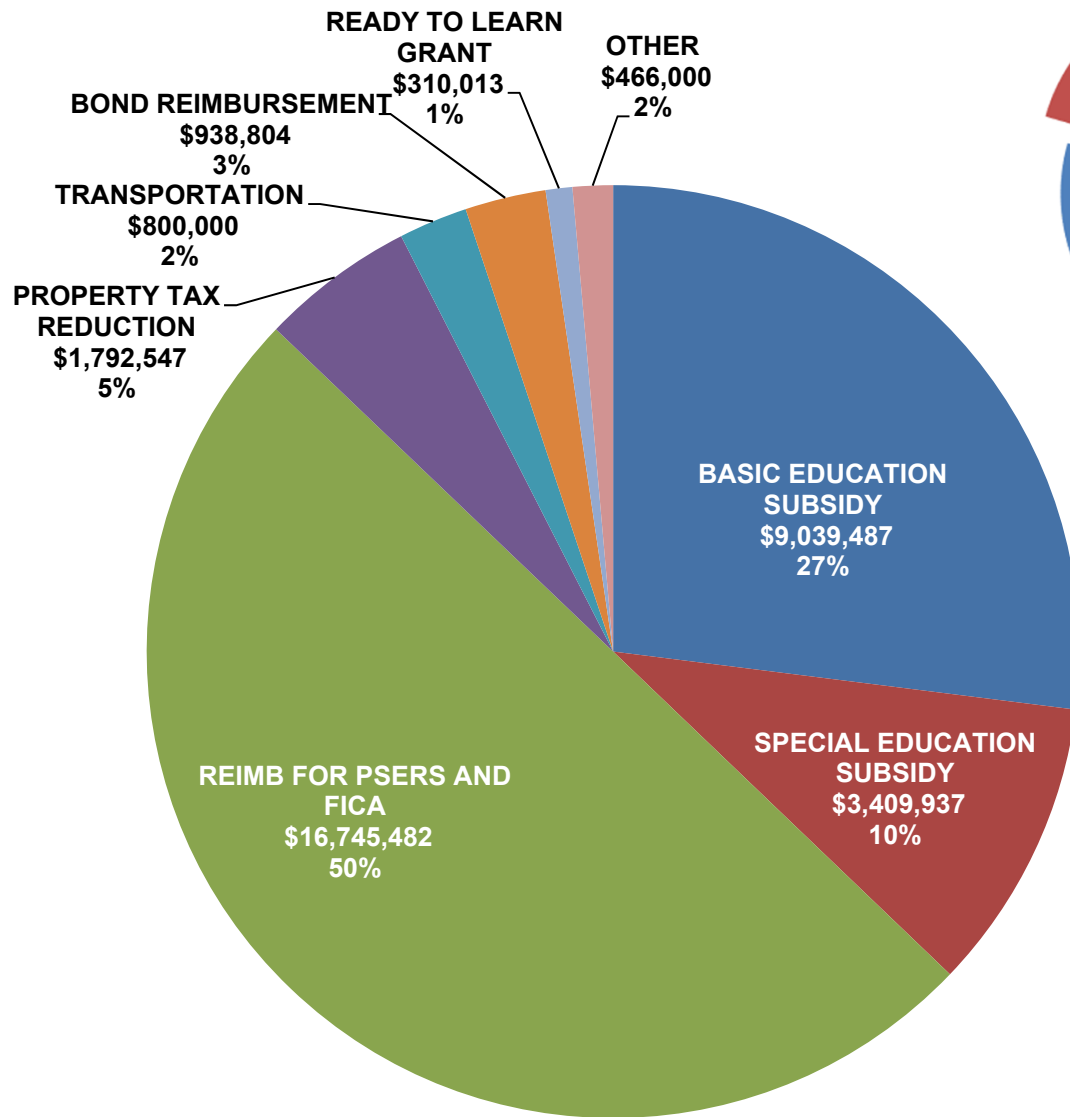
2022-23 Local Revenue



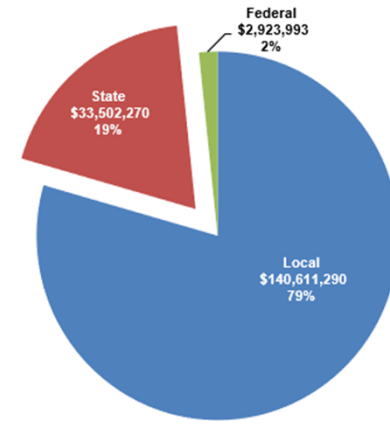
2022-23 Revenue by Source



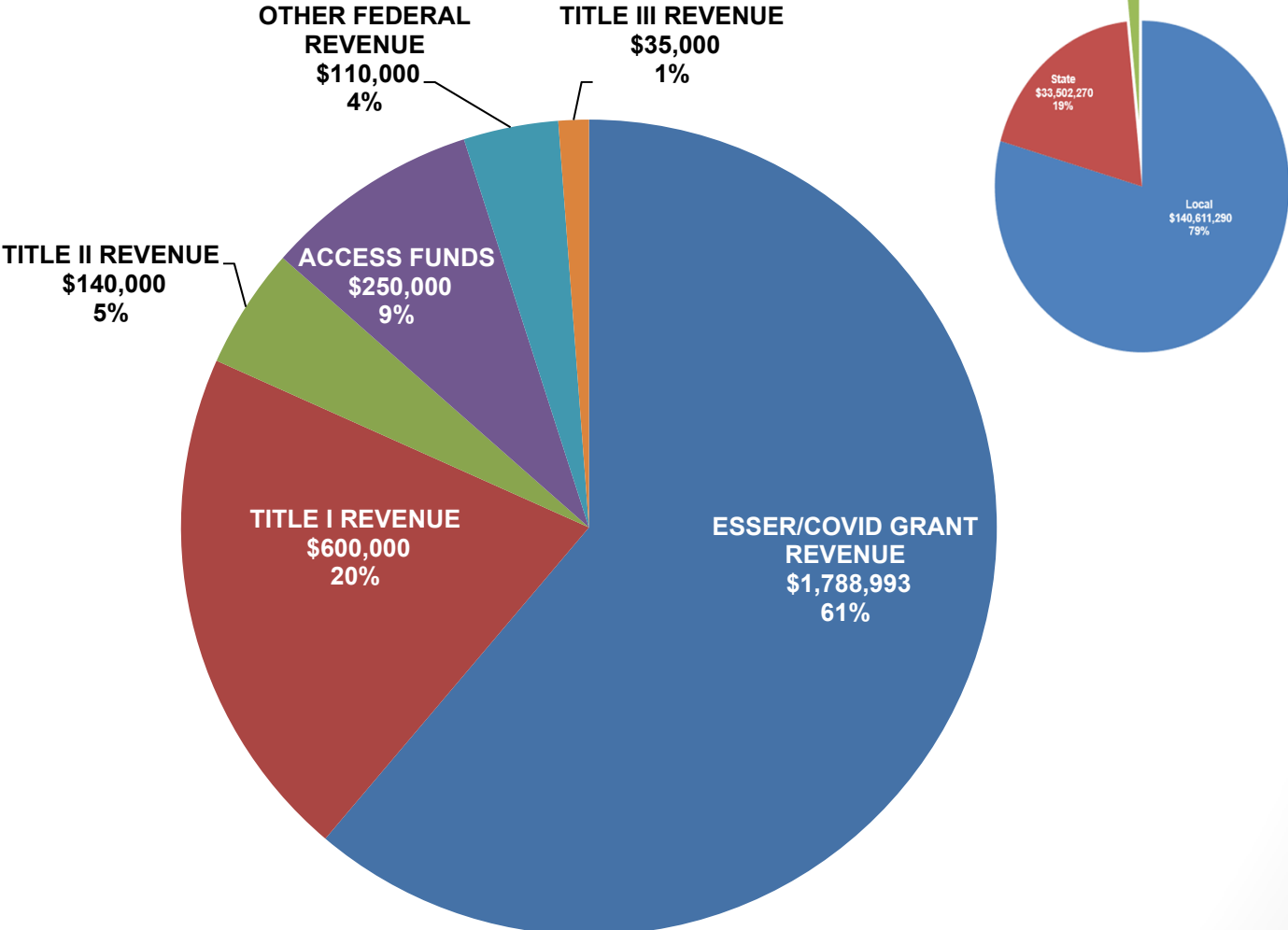
2022-23 STATE REVENUE



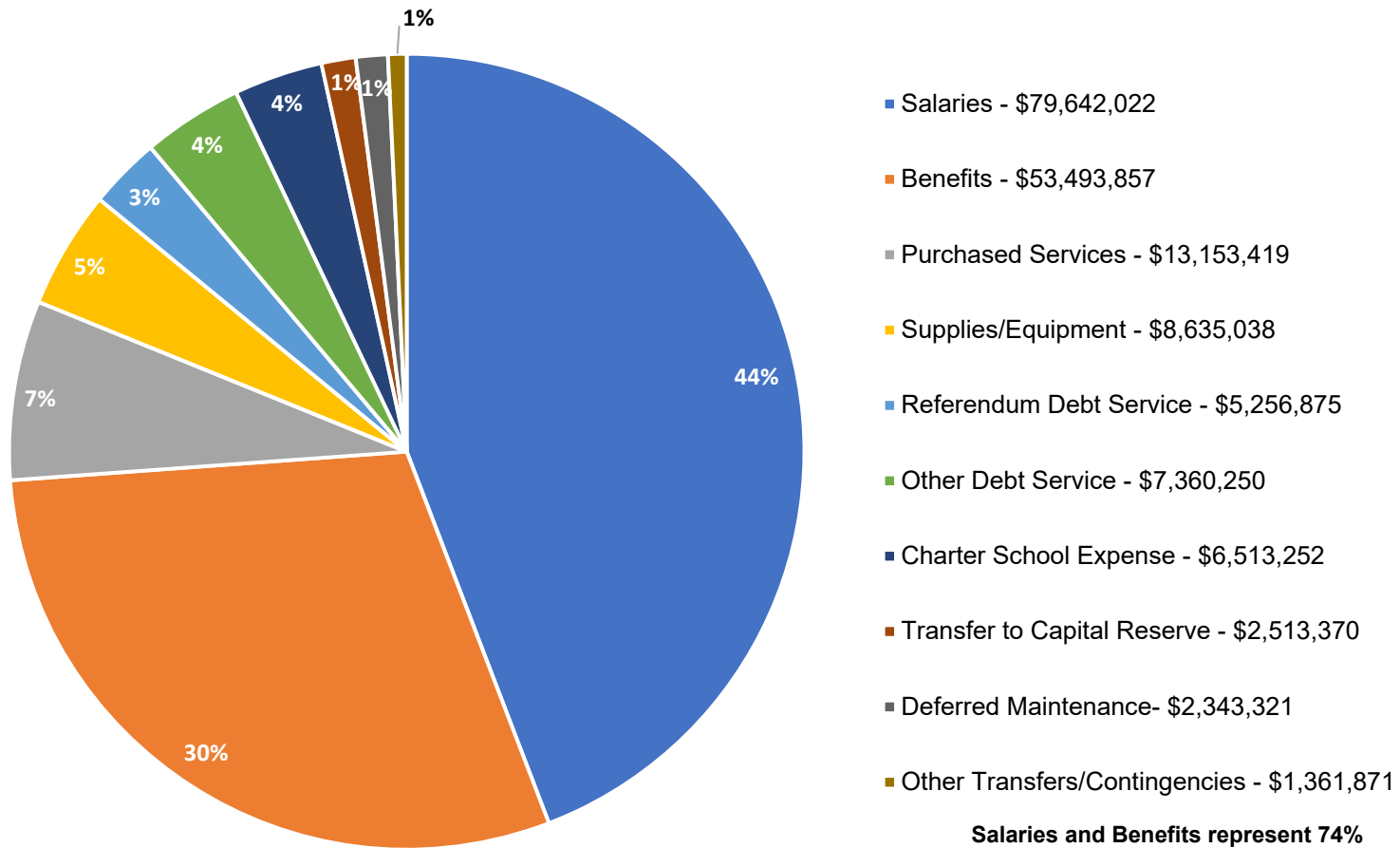
2022-23 Revenue by Source



2022-23 FEDERAL REVENUE

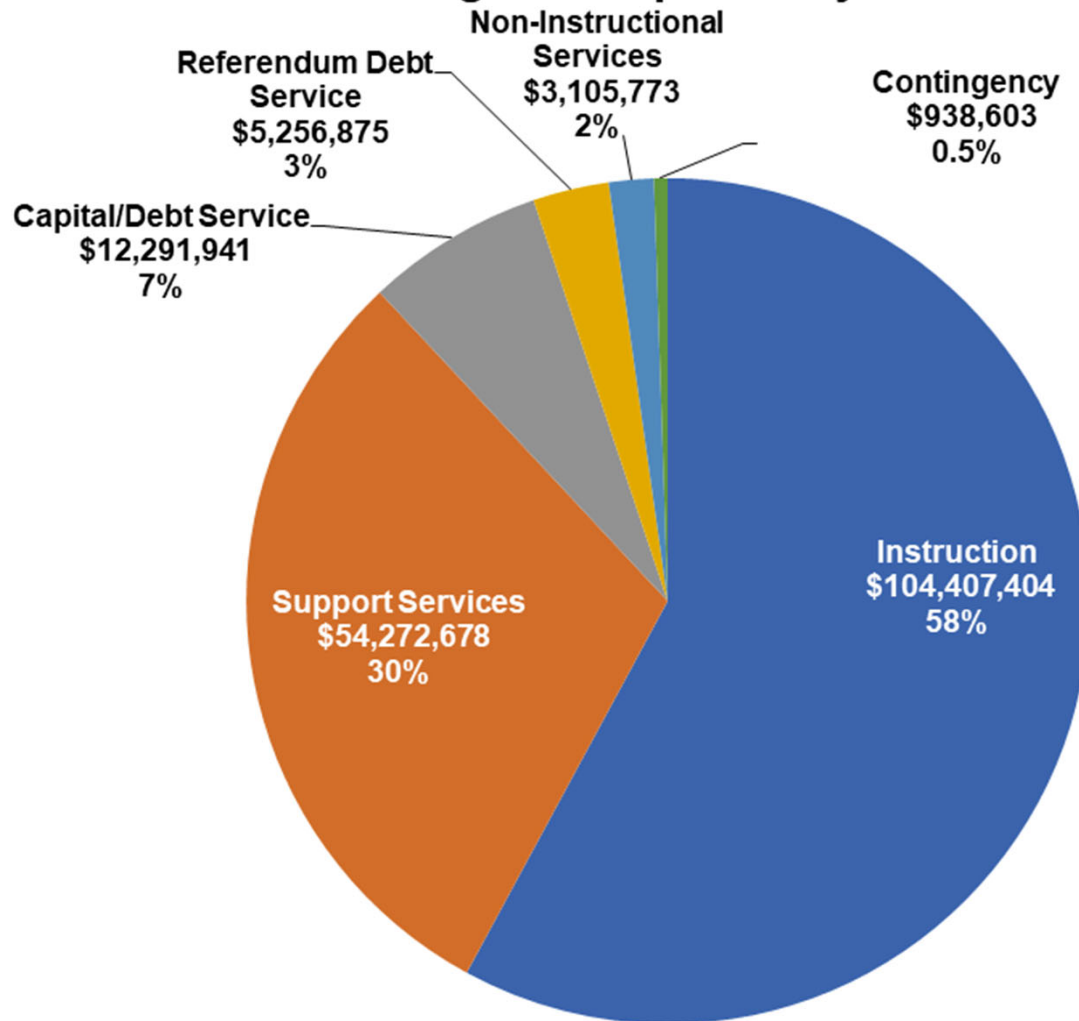


Expense By Object



Salaries and Benefits represent 74% of budgeted expenses.

2022-23 Budgeted Expense By Function



Expense by Function and Object

State College Area School District
2022-23 Proposed Final Budget

	A	B	C	D	E	F	G	H	I	J	K
Function	Salaries	Benefits	Professional Services	Purchased Property Services	Charter School	Other Purchased Services	Supplies/ Equip	Other Exp & Financing Uses	Total Expense	2022-23 % of Total Budget	2021-22 % of Total Budget
Instructional											
Regular Instructional											
1 Regular Programs	\$40,339,535	\$25,152,781	\$46,650	\$33,806	\$4,677,023	\$474,845	\$920,454	\$52,809	\$71,697,903		
2 Federally Funded Regual Prog	417,326	189,424	1,000	-	-	-	39,500	-	647,250		
3 Total Regular Instructional	40,756,860	25,342,205	47,650	33,806	4,677,023	474,845	959,954	52,809	72,345,153	40%	41%
Other Instructional											
5 Vocational Educ	2,223,166	1,454,339	16,450	3,550	-	24,550	248,752	14,975	3,985,782		
6 Other Programs	1,859,639	1,106,680	154,484	-	-	80,855	128,839	33,804	3,364,301		
7 Total Other Instructional	4,082,805	2,561,019	170,934	3,550	-	105,405	377,591	48,779	7,350,083	4%	4%
Special Programs- Elem/Sec											
10 Life Skills Support- Public	213,690	143,416	-	-	-	-	8,750	-	365,856		
11 Deaf or Hearing Impaired Support	96,749	69,958	-	-	-	1,350	200	-	168,257		
12 Blind or Visually Impaired Support	137,088	119,531	67,081	-	-	1,720	1,900	-	327,319		
13 Speech and Language Support	697,028	462,513	-	-	-	1,300	12,000	-	1,172,841		
14 Emotional Support-Public	544,661	336,320	-	-	-	547,830	700	-	1,429,510		
15 Autistic Support	2,434,584	2,051,915	-	-	-	787,194	6,065	-	5,279,758		
16 Learning Support- Public	5,584,072	4,533,691	4,200	31,205	-	80,291	114,633	2,700	10,350,792		
17 Gifted Support	1,146,139	756,210	1,250	-	-	20,865	8,100	2,350	1,934,914		
18 Multi-Handicapped Support	326,868	292,586	-	-	-	-	300	-	619,754		
19 Special Programs- Other Support	418,247	233,872	92,100	-	1,836,229	411,500	70,800	420	3,063,168		
20 Total Special Programs	11,599,125	9,000,010	164,631	31,205	1,836,229	1,852,051	223,448	5,470	24,712,169	14%	14%
Support Services											
22 Support Services - Students	3,847,123	2,719,904	186,356	151	-	25,656	56,369	3,600	6,839,159		
24 Support Services - Instr Staff	2,959,953	2,315,323	130,505	8,500	-	105,810	586,772	19,050	6,125,913		
25 Support Services - Admin	5,134,938	3,318,727	1,002,884	17,650	-	57,700	138,823	71,220	9,741,941		
26 Support Services - Pupil Health	1,062,940	836,965	529,600	1,500	-	100	14,295	-	2,445,400		
27 Support Services - Business	844,235	560,031	350	2,500	-	52,786	54,208	25,230	1,539,340		
28 Oper of Main of Plant Serv	4,404,977	3,341,100	986,678	1,154,312	-	498,987	2,569,800	15,500	12,971,354		
29 Student Transportation Serv	1,521,228	1,389,943	8,429	55,027	-	3,706,436	547,118	930	7,229,110		
30 Support Services - Central	2,101,479	1,455,283	358,290	96,550	-	492,114	2,825,844	50,900	7,380,460		
31 Total Support Services	21,876,873	15,937,277	3,203,091	1,336,189	-	4,939,588	6,793,229	186,430	54,272,678	30%	30%
Non-instructional (i.e Student Activities/Athletics/Comm ed)											
33	1,326,359	653,346	710,040	17,190	-	63,243	280,816	54,780	3,105,773	2%	2%
Other Expenditures & Financing Uses											
36 Other	-	-	-	-	-	-	-	75,000	75,000		
37 Debt Service Transfer	-	-	-	-	-	-	-	7,360,250	7,360,250		
38 Debt Service- Referendum	-	-	-	-	-	-	-	5,256,875	5,256,875		
39 Deferred Maintenance Transfer	-	-	-	-	-	-	-	2,343,321	2,343,321		
40 Food Service Transfer	-	-	-	-	-	-	-	-	-		
41 Capital Reserve Transfer	-	-	-	-	-	-	-	2,513,370	2,513,370		
42 Budgetary Reserve	-	-	-	-	-	-	-	938,603	938,603		
43 Total Other Exp & Financing Uses	-	-	-	-	-	-	-	18,487,419	18,487,419	10%	9%
44											
45 Total 2022-23 Budget	79,642,022	\$53,493,857	\$4,296,346	\$1,421,940	\$6,513,252	\$7,435,132	\$8,635,038	\$18,835,686	\$180,273,274	100%	100%
46											
47 2022-23 % of Total Budget	44%	30%	2%	1%	4%	4%	5%	10%	100%		
48 2021-22 % of Total Budget	45%	30%	2%	1%	3%	4%	5%	10%	100%		

2022-23 Proposed Additions

- Recurring
 - 4.0 Teachers related to potential classroom over-enrollment concerns
 - 1.0 Middle School Teacher
 - .5 Middle School Art Teacher (increase 2 teachers by .25 FTE)
 - .34 Middle School Music Teacher (increase 2 teachers by .17 FTE)
 - .6 Gifted Support Teacher
 - Recruitment/Title IX Compliance position
 - Contracted Mental Health services
 - 1.0 Special Ed Teacher (offset by reduction of 3 paras)
 - 2.0 Virtual Academy Teachers (add 4 .5 FTE teachers; offset by reduction in supplemental payments)
 - HVAC Technician
- Non-recurring
 - 1.0 Middle School PTS Science (.5 each building; 1 year only)
 - IT Cyber Security

Expense

2022-23 Budget	\$180,273,275
2021-22 Budget	<u>\$166,950,197</u>
Increase	\$ 13,323,078
% Increase	8%

Percentage increase over 2021-22 Budget

Personnel – existing staff	4.7%
Personnel – new staff	0.6%
Capital/Debt	1.9%
Other	<u>0.8%</u>
Total	8.0%

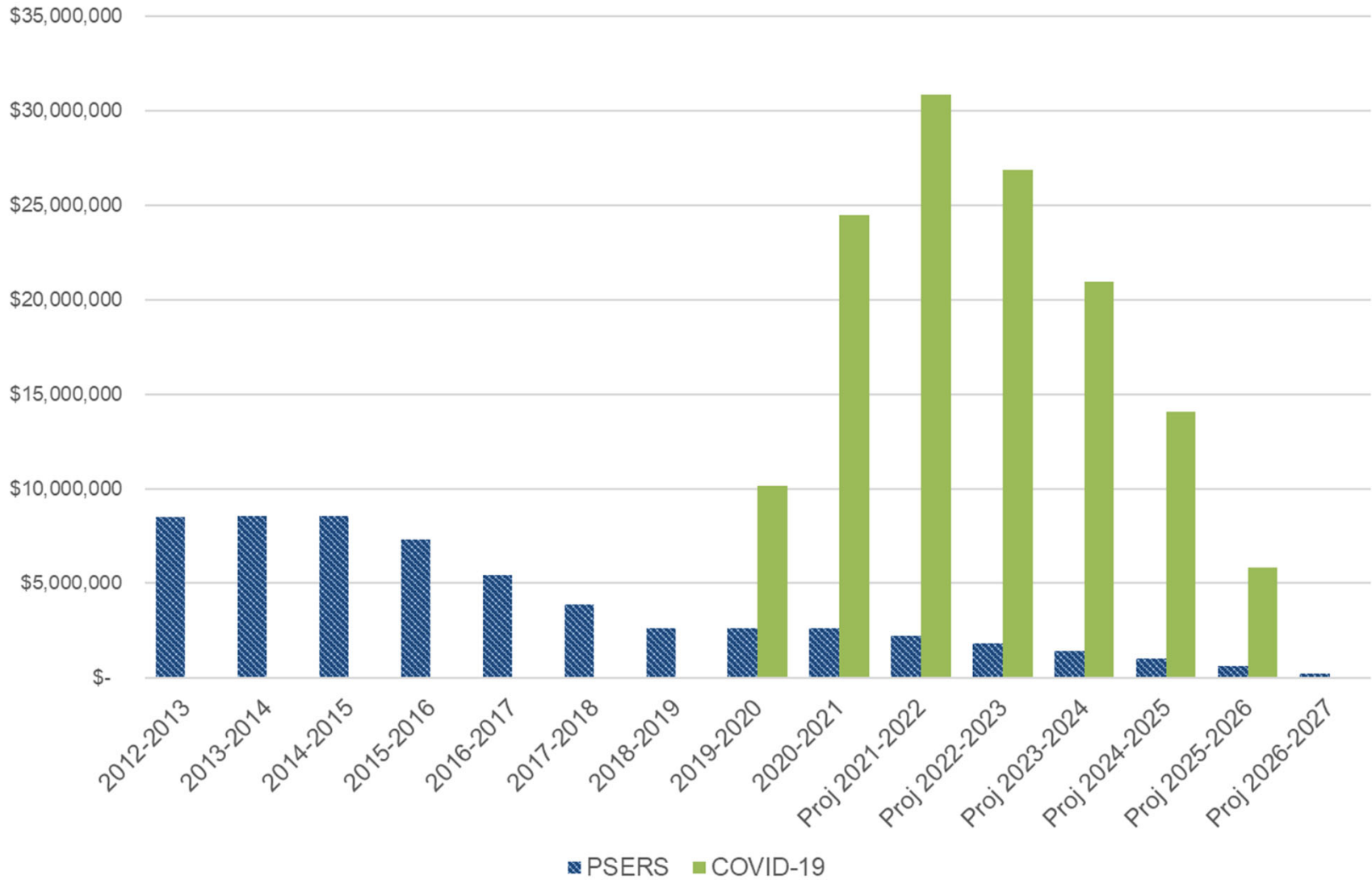
PSERS

- Required contribution to the state retirement plan (PSERS) increased approximately \$1,900,000 in the 2022-23 budget.
- Percentage of salary contribution rate will increase from 34.94% for 2021-22 to 35.26% for 2022-23.
- Rates will increase from 34.94% to 37.30% in 2029-30 based in the most recent (December 2021) PSERS projection.
- District has established a funding strategy to smooth rate increases.

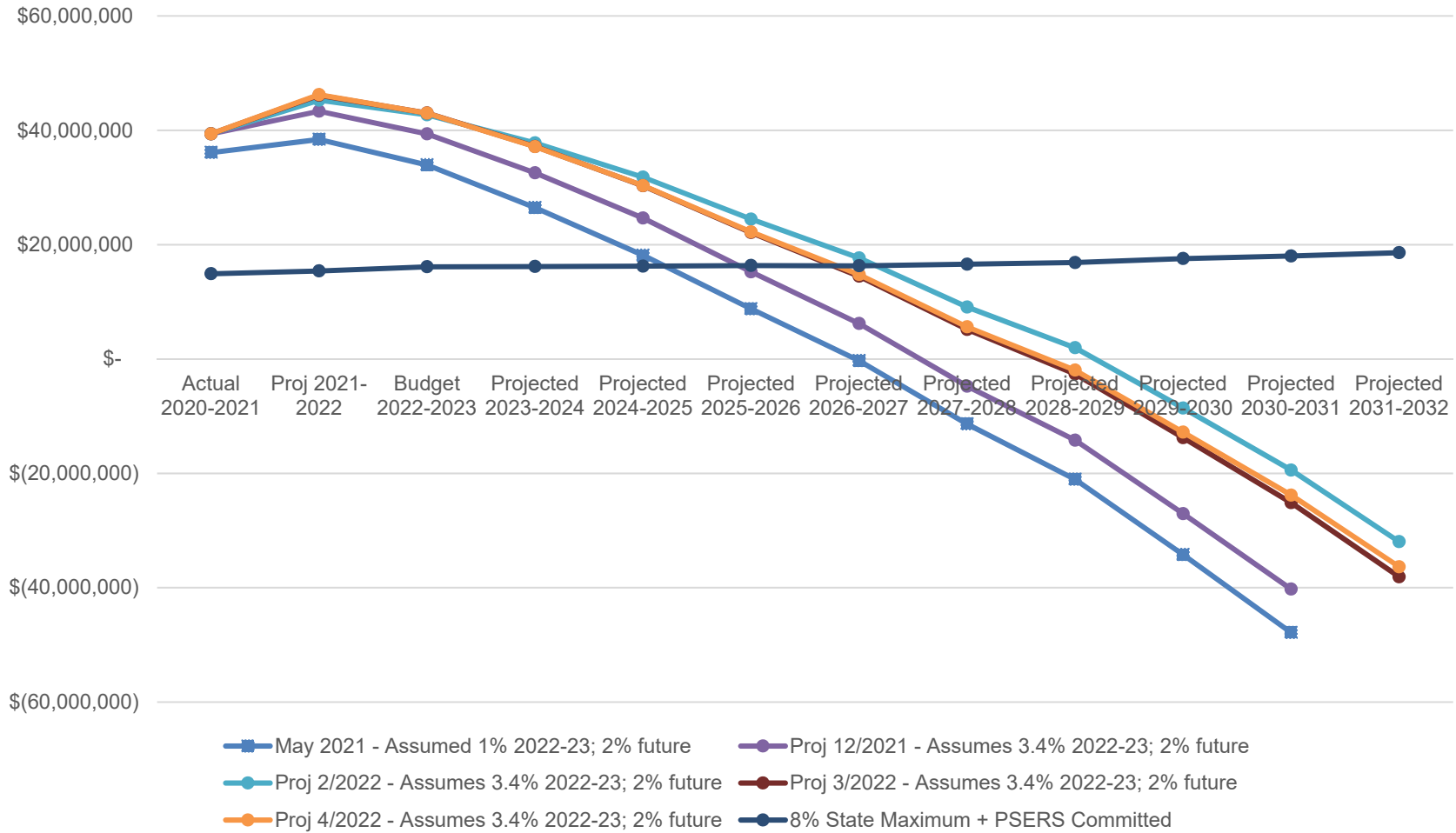
Fund Balance

- Budget includes:
 - Use of PSERS Fund Balance of \$396,159
 - Use of \$3,974,900 of Fund Balance to cover a portion of revenue shortfalls and due to the impact of COVID-19
 - An addition of \$2,513,370 to the Capital Reserve Fund for capital projects following a two-year hiatus of transfers due to the pandemic
 - Projected unassigned General Fund Balance of \$14,287,835
 - Brings unassigned General Fund percentage of operating expense to 7.9%
 - Within allowed limit of less than or equal to 8%

Committed Fund Balance



General Fund - Committed and Unassigned Fund Balance



State Budget

- Proposed changes could impact revenue and expense
- Required to be passed by June 30 each year
- District must pass budget by June 30
- Potential reopening district budget after state budget is passed

Comments

- Comments are welcome at this time
- For more information on the budget process including all handouts that are related to the budget go to

<https://www.scasd.org/Page/39682>

State College Area School District

