

State College Area School District



2022-23 Budget Development

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

2022-2023 Expense

Updated Expense Budget (excl use of Fund Bal)	\$179,972,367
Preliminary Budget	\$179,229,466
Increase	\$ 742,903

Expense Changes:

- Proposed additions:
 - 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)
 - 1.0 Middle School PTS Science MSI (.5 each building; 1 year only)
 - .6 Gifted Support Teacher
 - Recruitment/Title IX Compliance
- Increases:
 - Refined Salary and benefit calculation
 - Increased security cost
 - Transportation cost for athletic events
 - Natural Gas expense
 - Inflation impacts (i.e. IT costs)
- Decreases:
 - PSERS expense reduction based on December 17, 2021 updated published rates (35.62% to 35.26%)
 - Reduced health insurance primarily based on updated Conrad Seigel estimates (this will be further refined in the coming months)
- Remaining Considerations:
 - Student mental and behavioral wellness
 - Faculty staffing influenced by registrations

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

	Board Presentation 5/24/21	Finance Committee 10/13/21	Board Presentation 12/6/21	Board Presentation 2/21/22	Board Presentation 3/21/22	3/21/22 vs 2/21/22
Beginning Fund Balance	\$13,222,030	\$13,499,037	\$13,222,179	\$13,222,515	\$13,152,333	(\$70,182) a
Revenue	171,669,896	175,328,980	175,531,997	176,656,428	176,865,733	209,305
Local	135,917,135	139,805,996	140,105,996	140,863,322	140,882,447	19,125
State	32,007,392	32,468,092	32,371,110	32,916,175	33,059,293	143,118
Federal	3,745,368	3,054,892	3,054,892	2,876,931	2,923,993	47,062
Expense (including capital reserve transfer)	176,131,677	179,232,111	179,506,827	179,229,466	179,972,367	742,901
Revenue less expense	(4,461,781)	(3,903,132)	(3,974,830)	(2,573,038)	(3,106,635)	(533,597) b
Fund Balance Commitment/Use (Revenue Shortfall)	(4,792,900)	(4,203,900)	(4,573,900)	(3,148,900)	(3,811,900)	(663,000) c
Funding (Use) of Assigned Fund Bal (PSERS)	(396,159)	(396,159)	(396,159)	(396,159)	(396,159)	0 d
Change in Assigned Fund Balance	(5,189,059)	(4,600,059)	(4,970,059)	(3,545,059)	(4,208,059)	(663,000) e (c+d)
Change in Unassigned General Fund Balance	727,278	696,927	995,229	972,021	1,101,424	129,403 f (b-e)
Ending Unassigned Fund Balance	<u>\$13,949,309</u>	<u>\$14,195,964</u>	<u>\$14,217,408</u>	<u>\$14,194,536</u>	<u>\$14,253,758</u>	<u>\$59,222</u> (a+f)
Unassigned Fund Balance Percentage	7.9%	7.9%	7.9%	7.9%	7.9%	

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

	Board Presentation 5/24/21	Finance Committee 10/13/21 (1)	Board Presentation 12/6/21 (2)	Board Presentation 2/21/22 (3)	Board Presentation 3/21/22	3/21/22 vs 2/21/22	Variance Explanation
LOCAL SERVICES TAX							
CURRENT REAL ESTATE TAX	\$103,736,884	\$107,013,134	\$ 107,013,134	\$ 107,726,781	\$ 107,726,781	\$ -	
REAL ESTATE TAX-REFERENDUM DEBT	4,944,564	4,944,564	4,944,564	4,944,564	4,944,564	-	
EARNED INCOME TAX	18,760,000	19,510,000	19,510,000	19,610,000	19,610,000	-	
REALTY TRANSFER TAX	2,500,000	2,500,000	2,800,000	2,800,000	2,800,000	-	
DELINQUENT REAL ESTATE TAX	1,300,000	1,100,000	1,100,000	1,100,000	1,100,000	-	
INTERIM REAL ESTATE TAX	600,000	600,000	600,000	600,000	600,000	-	
IDEA-B	740,000	802,610	802,610	802,610	802,610	-	
PAYMENTS IN LIEU OF TAX	674,646	674,646	674,646	674,646	674,646	-	
LOCAL SERVICES TAX	383,000	383,000	383,000	383,000	383,000	-	
TUITION	1,500,000	1,500,000	1,500,000	1,443,680	1,462,805	19,125	
MISC LOCAL REVENUE	460,852	460,852	460,852	460,852	460,852	-	
PUBLIC UTILITY REALTY TAX	117,190	117,190	117,190	117,190	117,190	-	
INTEREST ON INVESTMENTS	200,000	200,000	200,000	200,000	200,000	-	
TOTAL LOCAL	135,917,135	139,805,996	140,105,996	140,863,322	140,882,447	19,125	
STATE							
BASIC ED INSTR SUBSIDY	8,406,928	8,406,928	8,406,928	9,039,487	9,039,487	-	
SPECIAL ED REVENUE-REGULR	3,358,750	3,358,750	3,358,750	3,409,937	3,409,937	-	
REV. FOR RETIREMENT	13,417,681	13,800,000	13,721,697	13,583,017	13,700,620	117,603	Related to change in salaries
REV. FOR SOCIAL SECURITY	2,882,505	2,965,648	2,946,968	2,946,968	2,972,483	25,515	Related to change in salaries
PROPERTY TAX REDUCTION	1,426,711	1,421,949	1,421,949	1,421,949	1,421,949	-	
TRANSPORTATION REVENUE	800,000	800,000	800,000	800,000	800,000	-	
BOND REIMBURSEMENTS	938,804	938,804	938,804	938,804	938,804	-	
HEALTH SERVICES REVENUE	140,000	140,000	140,000	140,000	140,000	-	
READY TO LEARN GRANT	310,013	310,013	310,013	310,013	310,013	-	
SAFETY GRANTS	-	-	-	-	-	-	
VOCATIONAL EDUCATION	196,000	196,000	196,000	196,000	196,000	-	
OTHER STATE REVENUE	-	-	-	-	-	-	
TUITION - 1305/1306	130,000	130,000	130,000	130,000	130,000	-	
TOTAL STATE	32,007,392	32,468,092	32,371,110	32,916,175	33,059,293	143,118	
FEDERAL							
TITLE I REVENUE	600,000	600,000	600,000	600,000	600,000	-	
TITLE II REVENUE	140,000	140,000	140,000	140,000	140,000	-	
ACCESS FUNDS	250,000	250,000	250,000	250,000	250,000	-	
OTHER FEDERAL REVENUE	2,720,368	2,029,892	2,029,892	1,851,931	1,898,993	47,062	
TITLE III REVENUE	35,000	35,000	35,000	35,000	35,000	-	
TOTAL FEDERAL	3,745,368	3,054,892	3,054,892	2,876,931	2,923,993	47,062	
TOTAL REVENUE	\$171,669,896	\$175,328,980	\$175,531,997	\$176,656,428	\$176,865,733	\$209,305	

(1) The 10/13/21 projection reflects the impact of a 3.4% vs.1% real estate tax rate and assumed higher percentage growth in earned income tax. State revenue increased related to projected salaries and Other Federal Revenue was lower due to an assumed greater utilization of ESSER grant funds in 2021-22.

(2) The 12/6/21 projection reflects assumed higher transfer tax based upon receipts to date and state revenue reflects the decrease in PSERS and FICA reimbursement based upon the change in salary expense.

(3) The 2/21/22 projection reflects an increase in assumed assessed value growth, a decrease in PSERS revenue related to a decrease in salaries and the PSERS contribution rate, and lower Other Federal Revenue due to an assumed greater utilization of ESSER grant funds in 2021-22.

**State College Area School District
General Fund Expenses and Fund Balance Transfers
Budget 2022-23**

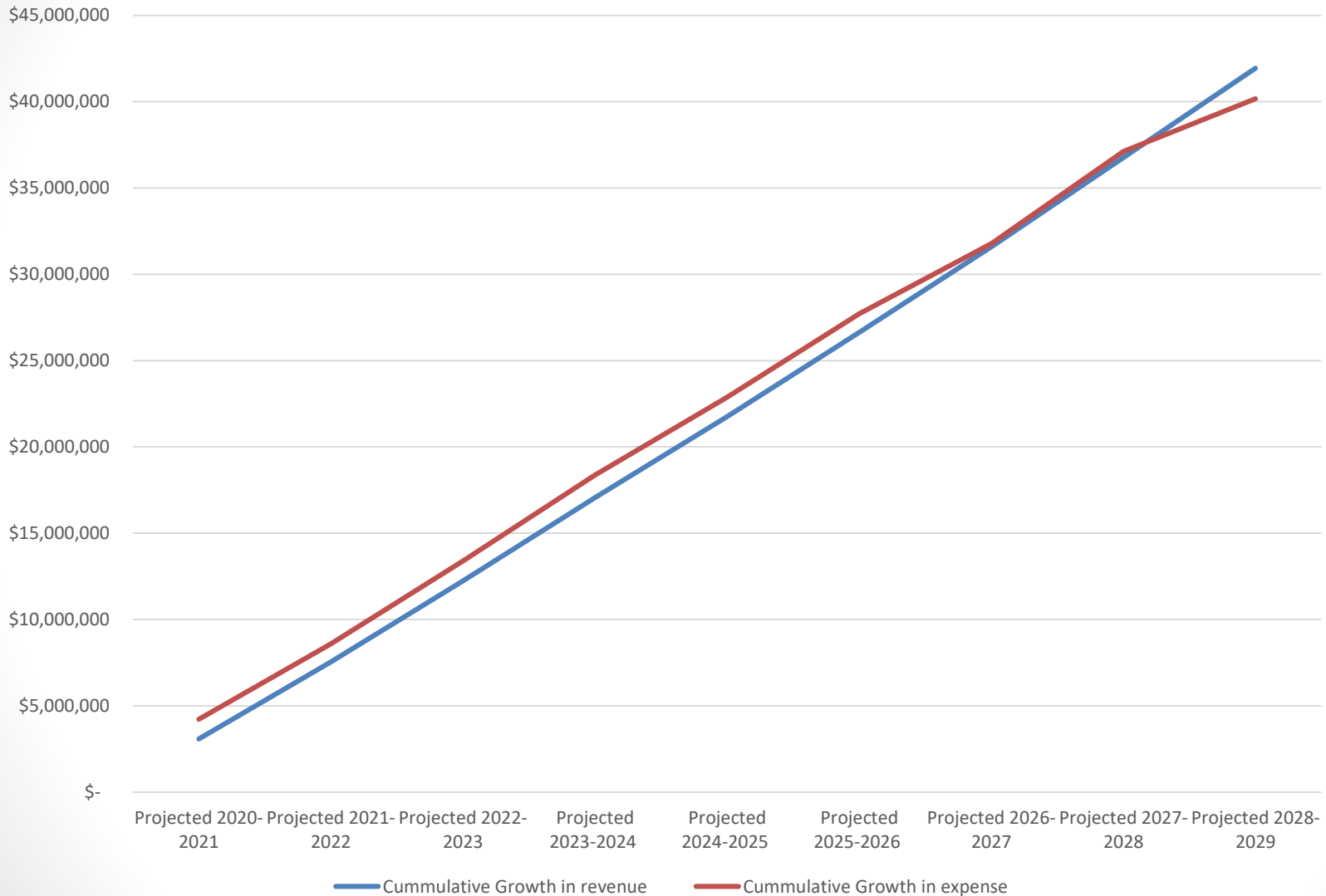
	Board Presentation 5/24/21	Finance Committee 10/13/21 (1)	Board Presentation 12/6/21 (2)	Board Presentation 2/21/22 (3)	Board Presentation 3/21/22	3/21/22 vs 2/21/22	Variance Explanation
Salaries	\$76,897,563	\$79,115,583	\$78,617,249	\$78,617,249	\$79,297,924	\$680,675	Proposed new positions and refined calculations.
Health Insurance	19,588,678	19,588,678	19,249,678	19,249,678	18,653,722	(595,956)	Updated estimate
PSERS	26,835,362	27,600,000	27,443,395	27,166,033	27,401,239	235,206	Related to salary increase
Other Benefits	7,432,224	7,600,000	7,578,631	7,578,631	7,618,485	39,854	
Professional Services	3,870,000	3,820,000	3,863,805	3,863,805	4,246,346	382,541	Increase in security, athletic transportation and CEEL/Community Ed providers
Purchased Property Services	1,420,000	1,420,000	1,495,295	1,495,295	1,435,543	(59,752)	
Charter School Expense	5,920,000	5,920,000	6,513,252	6,513,252	6,513,252	-	
Other Purchased Services	7,020,000	7,020,000	7,349,602	7,349,602	7,435,132	85,530	
Supplies/Equipment	7,980,000	7,980,000	8,164,375	8,164,375	8,535,038	370,663	Primarily related to higher than previously projected IT related expense and natural gas expense.
Deferred Maintenance	2,343,321	2,343,321	2,343,321	2,343,321	2,343,321	0	
Transfers/contingencies	1,694,034	1,694,034	1,757,728	1,757,728	1,361,870	(395,858)	Decrease in projected transfer to food service
Debt Service	7,360,250	7,360,250	7,360,250	7,360,250	7,360,250	-	
Debt Service - Referendum Debt	5,256,875	5,256,875	5,256,875	5,256,875	5,256,875	-	
Total Expense before transfer to capital reserve and fund balance use	173,618,307	176,718,741	176,993,457	176,716,094	177,458,997	742,903	
Transfer to Capital Reserve	2,513,370	2,513,370	2,513,370	2,513,370	2,513,370	-	
Total Expense including transfer to capital reserve	176,131,677	179,232,111	179,506,827	179,229,466	179,972,367	742,903	
Fund Balance Commitment/Use (Revenue Shortfall)	(4,792,900)	(4,203,900)	(4,573,900)	(3,148,900)	(3,811,900)	(663,000)	Reflects change in unassigned fund balance
Fund Balance Use (PSERS/Legal)	(396,159)	(396,159)	(396,159)	(396,159)	(396,159)	-	
Total fund balance commitment/(use)	(5,189,059)	(4,600,059)	(4,970,059)	(3,545,059)	(4,208,059)	(663,000)	
Total Expenses and Transfers	\$170,942,618	\$174,632,052	\$174,536,768	\$175,684,407	\$175,764,308	\$79,903	

(1) The 10/13/21 projection reflects the impact of retroactive salary increases related to the 20120-21 year. Fund Balance reflects the net change in revenues and expenses.

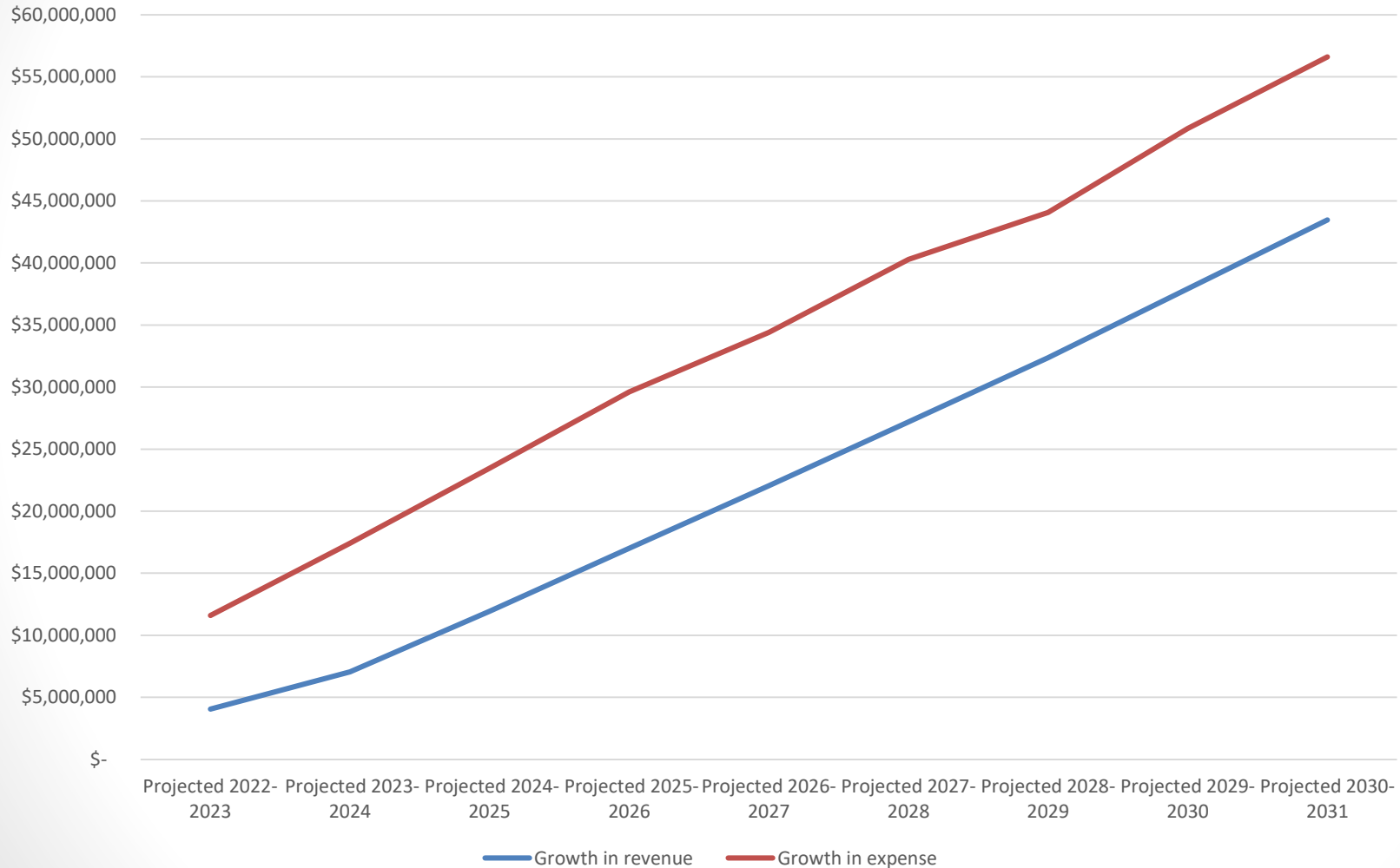
(2) The 12/6/21 projection reflects an updated projection of salary and benefits assuming FTEs as budgeted for 2021-22, adjusted charter school expense based upon an updated calculation of the expense per student, a projected increase in other tuition and estimated additional supplies related to inflation assumptions. Committed fund balance relates the net change in projected revenues and expense.

(3) The 2/21/22 projection reflects updated PSERS rates published on December 17, 2021 and an increase in committed fund balance related to the net change in projected revenues and expense.

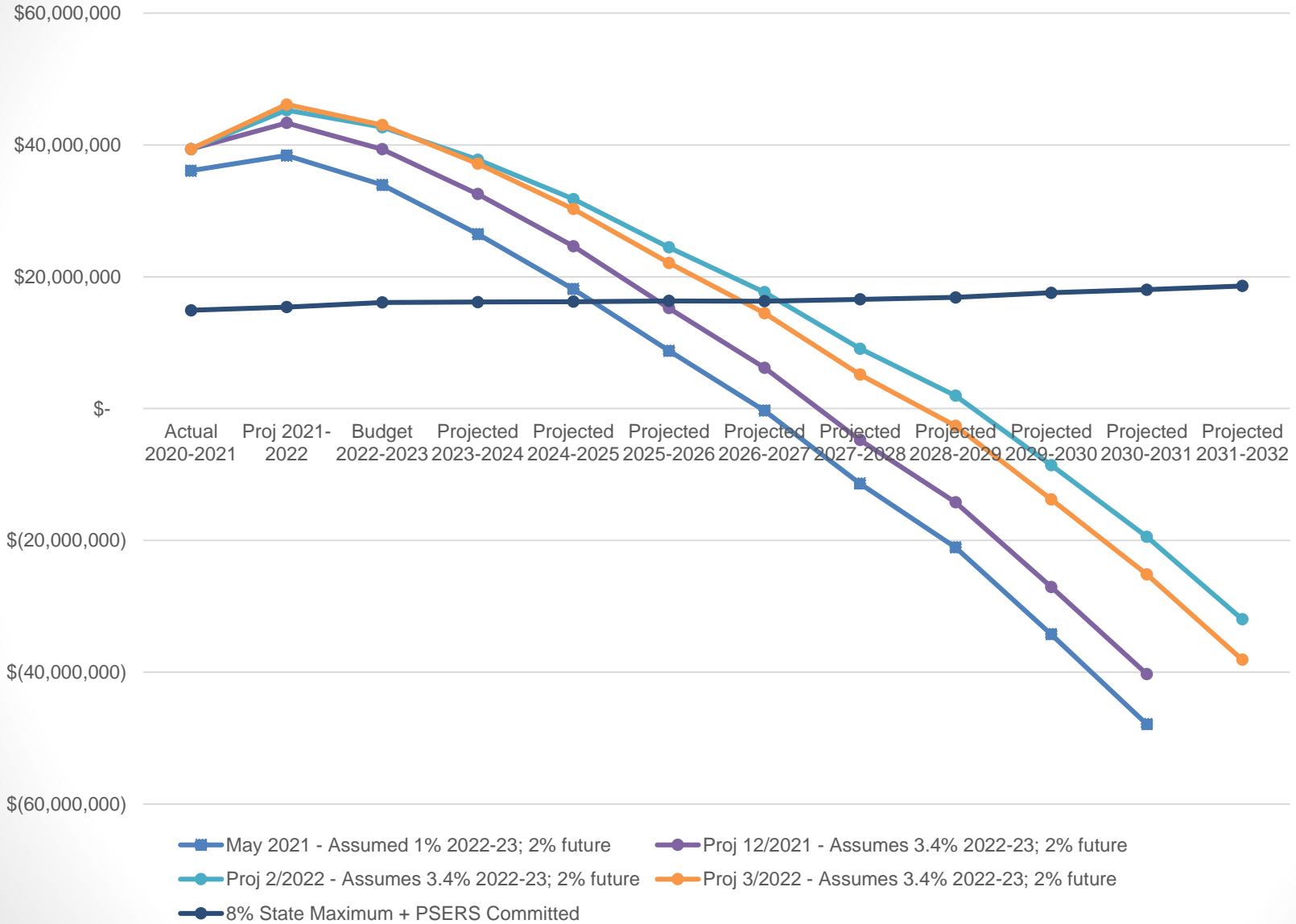
Cummulative Growth in Revenue and Expense (excl Fund Bal Transfers and Transfer to Capital Reserve) - June 2019 (pre-COVID)



Growth in Revenue and Expense (excl Fund Balance and Cap Reserve Transfer) - March 2023



General Fund - Committed and Unassigned Fund Balance



Next Steps

- Board Meeting – March 21, 2022
- Finance and Audit Committee – April 13, 2022
- Board Meeting – April 25, 2022
- Board Meeting – May 3, 2022
 - Board Action - Proposed Final Budget
- Finance and Audit Committee – May 11, 2022
- Board Meeting and Budget Hearing – May 16, 2022
- Board Meeting – June 10, 2022
 - Board Action - Final Budget Adoption

Questions

State College Area School District

