



STATE COLLEGE AREA SCHOOL DISTRICT
 Office of Finance and Operations
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To: Board of Directors
 From: Robert O'Donnell, Randy Brown and Donna Watson
 Subject: 2022-2023 Budget Development
 Date: February 17, 2022

This discussion of budget development centers around revenue. While we focus primarily on the 2022-2023 budget, the five-year projections as well as rollforward of fund balance analysis is also included.

The total revenue budget is \$176,656,428 with \$140,863,322 or 80% representing local, \$32,916,175 or 18% from state sources, and \$2,876,931 or 2% being federal.

Local Revenue Assumptions

	Budget assumption	Five-year average	2020-21 Actual	Projected 2021-22
Real estate tax rate increase	3.40%	1.55%	0%	
Act 1 Index	3.40%	2.74%	3.00%	
Assessed value growth	1.20%	1.40%	1.10%	1.35%
Real estate tax collection	97.20%	97.20%	97.10%	97.60%
Earned income tax growth	2.50%	2.20%	(.74%)	2.50%

Looking at additional local revenues:

- Transfer tax is expected to approach \$3 million in the current year, with the budget being \$2.8 million, while the 5-year average is \$2.9 million
- Delinquent real estate tax revenue is projected and budgeted being \$1.1 million based upon the 5-year average and recent balance of uncollected taxes.
- Interim real estate tax revenue is now projected for 2021-22 at \$1.2 million based upon billings on February 1, however the budget remains at \$600,000 due to the unpredictability of this revenue.

State revenue

This version of the budget proposal and multi-year projections include updates to the 2021-22 basid and special education subsidy. These amounts had not yet been updated to reflect the amount awarded in the state budget for 2021-22. The future year budget projections assume the same funding level.

State revenue assumptions

	Preliminary Budget	Revised Budget	Impact over projection period
Basic Ed Subsidy	\$8,406,928	\$9,039,487	\$6,325,590
Special Ed Subsidy	\$3,358,750	\$3,409,937	\$511,870

The budget for retirement reimbursement revenue has decreased as a result of the employer contribution rate reduction announced at the end of 2021. This accounts for a reduction in expense between \$400,00 and \$1,100,000 annually. The reimbursement revenue is equal to approximately 50% of the expense.

Multi-Year Projections

The multi-year projections have been updated and are include for review. Changes in estimates are noted by yellow highlight. In this version, fund balance increases, although still resulting at a negative balance in the 2028-29 projection year.

Federal revenue will be the primary focus of future revenue updates. Adjustments in federal revenue will for the most part be related to the expenses funding by ESSER grants. You may remember we have three fiscal years, beginning with 2020-21, to spend the ESSER grants.

The expenditure budget is the focus on the finance teams work at this time. The personnel budget, including salaries and benefits, being the majority of this effort. In addition, the remaining expenses budgets are being analyzed following budget head and department submission. Our primary concern with expenses so far is related to cost increases due to inflation as well as product availability due to supply chain issues. We are also attempting to quantify the various PPE supplies and services added during the pandemic which will be required for next year. The expenditure budget will be presented in March.

Governor's 2022 Budget Proposal

Here are some links to Governor's budget proposal.

Proposed 22-23 BEF Funding

www.education.pa.gov/Documents/Teachers-Administrators/...

Proposed 22-23 SEF Funding

www.education.pa.gov/Documents/Teachers-Administrators/...

Summary of the Governor's Budget
The new investments for classroom funding include: \$1.25 billion increase in Basic Education Fair Funding Formula. This investment enables all school districts to have the basic resources they need to provide a high-quality education for Pennsylvania students. With this increase, more than \$2 billion, or 26.5 percent, of total Basic Education Funding, will be distributed through the fair funding formula enacted in June 2016 to provide a more equitable and predictable allocation to school districts across Pennsylvania.

\$300 million increase in Level Up. This targeted investment provides more equitable funding to the 100 most underfunded districts and the students they serve. This investment, combined with the increase to the Fair Funding Formula, means that more than 30 percent of all Basic Education Funding will be allocated to school districts based on the demographics of students today. \$200 million increase in Special Education Funding Formula. This investment ensures school districts have the basic resources they need to provide high-quality special education services to students with disabilities and special needs.

\$200 million increase in Special Education Funding Formula. This investment ensures school districts have the basic resources they need to provide high-quality special education services to students with disabilities and special needs.

Charter School Funding Reform Proposal

Applying the Special Education Formula to All Public Schools: Currently, school districts receive funding for special education students through a three-tiered Special Education Funding

formula, with funding increasing as the student's need for special education services increases. Special education tuition payments to charters, however, are calculated based on the outdated assumption that all school districts have a special education population of 16 percent, regardless of the level of services a student's Individualized Education Plan outlines. The governor's budget applies the tiered Special Education Funding formula to all charters to better align Special Education Funding with actual costs of providing services to special education students. This was a recommendation from the bipartisan Special Education Funding Commission and will save school districts an estimated \$174 million annually.

Establishing a Statewide Cyber Charter Tuition Rate: Currently, cyber charter schools in Pennsylvania charge school districts between \$8,306 and \$36,204 per student per year. For comparison, the typical tuition rates an Intermediate Unit charges to provide a comparable online education is around \$5,400 per student per year. The governor's budget establishes a statewide cyber tuition rate of \$9,800 per student per year and will better align tuition with the actual costs of providing an online education. This reform will save school districts an estimated \$199 million annually.

As a point of interest, if the current Governor's proposal is funded as presented, the district would see almost \$3 million in additional subsidy. From our experience, it is too early in the process to include this increase. As we have handled historically, we will not adjust the state revenue budget until the state budget is approved.

	B	C	AA	AD	AG	AH	AI	AJ	AK	AL	AM	AN	AO	AP	AQ	AR	AS
81	State College Area School District																
82	General Fund Expenses and Fund Balance Transfers																
83	2/15/2022																
84																	
85																	
86			Actual 2018-	Actual 2019-	Actual 2020-	Budget 2021-	Projected	Budget 2022-	Projected	Projected	Projected	Projected	Projected	Projected	Projected	Projected	Projected
87			2019	2020	2021	2022	2021-2022	2023	2023-2024	2024-2025	2025-2026	2026-2027	2027-2028	2028-2029	2029-2030	2030-2031	Projected
88	Salaries		69,490,777	71,274,299	70,932,556	75,023,470	76,113,892	78,617,249	80,702,646	82,885,370	84,957,504	86,656,654	88,389,787	90,157,583	91,960,735	93,799,949	95,675,948
89	Health Insurance		12,563,861	13,478,031	14,266,500	17,335,113	17,035,113	19,249,678	21,174,646	23,292,110	25,621,321	28,183,454	31,001,799	34,101,979	37,512,177	41,263,394	45,389,734
90	PSERS		22,561,701	23,775,689	23,969,757	25,662,202	26,035,399	27,166,033	28,200,000	29,300,000	30,400,000	31,200,000	32,000,000	32,800,000	33,600,000	34,300,000	35,000,000
91	Other Benefits		6,797,767	6,773,545	6,803,775	7,257,138	7,371,239	7,578,631	7,800,000	8,000,000	8,200,000	8,400,000	8,600,000	8,800,000	9,000,000	9,200,000	9,400,000
92	Professional Services		3,150,563	2,831,599	2,947,482	3,796,754	3,774,937	3,863,805	3,770,000	3,830,000	3,900,000	3,970,000	4,040,000	4,110,000	4,180,000	4,250,000	4,320,000
93	Purchased Property Services		1,781,117	1,320,379	1,551,666	1,422,447	1,735,744	1,495,295	1,520,000	1,550,000	1,580,000	1,610,000	1,640,000	1,670,000	1,700,000	1,730,000	1,760,000
94	Charter School Expense		6,013,133	5,929,478	5,867,965	5,825,760	6,009,655	6,513,252	6,620,000	6,730,000	6,840,000	6,960,000	7,080,000	7,200,000	7,320,000	7,440,000	7,570,000
95	Other Purchased Services		6,465,922	6,138,888	6,094,301	7,082,266	7,277,485	7,349,602	7,470,000	7,600,000	7,730,000	7,860,000	7,990,000	8,130,000	8,270,000	8,410,000	8,550,000
96	Supplies/Equipment		8,155,769	7,579,832	8,208,900	7,903,308	7,721,683	8,164,375	8,250,000	8,370,000	8,470,000	8,550,000	8,620,000	8,710,000	8,800,000	8,890,000	8,990,000
97	Deferred Maintenance		2,222,559	2,258,549	1,384,838	1,412,535	0	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	2,800,486
98	Transfers/contingencies		283,622	703,311	490,210	1,357,728	1,003,573	1,757,728	1,721,914	1,750,353	1,779,360	1,808,947	1,839,126	1,869,908	1,901,306	1,933,332	1,965,999
99	Debt Service		7,613,533	7,453,050	7,083,822	7,415,475	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	2,617,150
100	Debt Service - Referendum Debt		5,254,125	5,258,625	5,258,125	5,257,625	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	5,258,925
101	Transfer to Capital Projects - DCED Grant		6,799,671	606,921	-	-	0	-	-	-	-	-	-	-	-	-	-
102	Transfer to Capital Reserve (1)		8,175,289	3,081,825	-	198,376	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	5,185,341
103	Fund Balance Commitment/Use (Revenue Shortfall)		-	10,158,600	14,314,000	1,685,574	5,326,574	(3,148,900)	(4,948,820)	(6,057,744)	(7,444,710)	(6,749,000)	(1,450,000)	-	-	-	-
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	Total Expenses and Fund Balance Transfers		\$166,121,836	\$168,622,623	\$169,173,898	\$168,239,612	\$171,880,612	\$175,684,407	\$179,332,967	\$184,137,319	\$189,173,336	\$194,312,384	\$206,729,437	\$212,157,537	\$221,072,248	\$226,932,917	\$234,383,583
107																	
108	Total Expense and Transfers (excl fund balance use/commitment)		\$167,329,409	\$158,464,023	\$154,859,898	\$166,950,197	\$166,950,197	\$179,229,466	\$184,677,946	\$190,591,222	\$197,014,205	\$201,457,543	\$208,442,897	\$212,157,537	\$221,072,248	\$226,932,917	\$234,383,583
109																	
110	(1) Includes estimated plancon reimbursement related to debt service funded from the capital reserve fund beginning in 2021-22.																
111	(2) Recommendation for use of fund balance may change.																
112																	
113																	
114	Total Debt Service (General + Capital Reserve Fund) for all outstanding debt:																
115	Debt Service Paid from Capital Reserve (3)		\$3,444,319	\$4,079,915	\$4,848,525	\$4,855,775	\$4,855,775	\$4,856,300	\$4,851,800	\$4,847,925	\$4,854,300	\$4,845,800	\$4,847,175	\$4,852,925	\$4,852,925	\$4,846,925	\$4,850,238
116	Total Debt Service (including referendum debt)		\$16,311,977	\$16,791,590	\$17,190,472	\$17,528,875	\$17,528,875	\$17,473,425	\$17,474,425	\$17,476,825	\$17,470,800	\$16,437,475	\$16,436,475	\$13,890,450	\$13,893,875	\$12,722,250	\$12,726,313
117																	
118	Interest included in Debt Service		\$8,976,977	\$9,111,590	\$9,185,472	\$8,848,875	\$8,848,875	\$8,483,425	\$8,034,425	\$7,561,825	\$7,065,800	\$6,627,475	\$6,201,475	\$5,755,450	\$5,408,875	\$5,012,250	\$5,012,250
119	(3) Debt service for Series 2018 and Series 2019 Bonds is funded by the Capital Reserve Fund. Amounts above exclude projected debt issuances.																

	B	C	T	W	Z	AA	AB	AC	AD	AE	AF	AG	AH	AI	AJ	AK	AL	AM
1	State College Area School District																	
2	General Fund Activity																	
3	2/15/2022																	
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	B	C	T	W	Z	AA	AB	AC	AD	AE	AF	AG	AH	AI	AJ	AK	AL
1	State College Area School District																
2	General Fund Balance																
3	2/15/2022																
4																	
5		Actual	Actual	Actual	Budget	Projected	Budget	Projected	Projected	Projected	Projected	Projected	Projected	Projected	Projected	Projected	Projected
6		2018-2019	2019-2020	2020-2021	2021-2022	2021-2022	2022-2023	2023-2024	2024-2025	2025-2026	2026-2027	2027-2028	2028-2029	2029-2030	2030-2031	2031-2032	
7	General Fund - Unassigned																
8	Beginning Balance	\$12,252,696	\$13,253,860	\$12,627,467	\$12,212,737	\$12,264,882	\$13,222,515	\$14,194,536	\$14,626,172	\$15,094,127	\$15,602,677	\$15,955,880	\$9,083,438	\$1,962,118	(\$8,577,410)	(\$19,428,498)	
9	Revenue less Expense (1)	1,001,164	(626,393)	(362,585)	1,009,294	957,633	972,021	431,636	467,955	508,550	353,203	(6,872,441)	(7,121,320)	(10,539,529)	(10,851,088)	(12,528,480)	
11	General Fund - Unassigned	13,253,860	12,627,467	12,264,882	13,222,030	13,222,515	14,194,536	14,626,172	15,094,127	15,602,677	15,955,880	9,083,438	1,962,118	(8,577,410)	(19,428,498)	(31,956,978)	
14	% of Expense (subject to 8% cap)	7.92%	7.97%	7.92%	7.92%	7.92%	7.92%	7.92%	7.92%	7.92%	7.92%	4.36%	0.92%	-3.88%	-8.56%	-13.63%	
17	General Fund - Committed																
18	PSERS																
19	Beginning Balance	3,847,987	2,640,414	2,640,414	2,244,255	2,640,414	2,244,255	1,848,096	1,451,937	1,055,778	659,619	263,460	-	-	-	-	
21	Additions																
22	Planned Uses	(1,207,573)	-	-	(396,159)	(396,159)	(396,159)	(396,159)	(396,159)	(396,159)	(396,159)	(263,460)	-	-	-	-	
24	Ending Fund Balance	2,640,414	2,640,414	2,640,414	1,848,096	2,244,255	1,848,096	1,451,937	1,055,778	659,619	263,460	-	-	-	-	-	
42	Revenue Shortfall																
43	Beginning Balance	-	-	10,158,600	21,640,890	24,472,600	29,799,174	26,650,274	21,701,454	15,643,710	8,199,000	1,450,000	-	-	-	-	
45	Additions/Use		10,158,600	14,314,000	1,685,574	5,326,574	(3,148,900)	(4,948,820)	(6,057,744)	(7,444,710)	(6,749,000)	(1,450,000)	-	-	-	-	
47	Ending Fund Balance	-	10,158,600	24,472,600	23,326,464	29,799,174	26,650,274	21,701,454	15,643,710	8,199,000	1,450,000	-	-	-	-	-	
50	Total General Fund - Committed	2,640,414	12,799,014	27,113,014	25,174,560	32,043,429	28,498,370	23,153,391	16,699,488	8,858,619	1,713,460	-	-	-	-	-	
52	Total General Fund	15,894,274	25,426,481	39,377,896	38,396,590	45,265,944	42,692,906	37,779,563	31,793,615	24,461,296	17,669,340	9,083,438	1,962,118	(8,577,410)	(19,428,498)	(31,956,978)	
54	<i>(1) Include any impact in change in non-spendable and Enterprise Fund Balance.</i>																

	B	C	T	W	Z	AA	AB	AC	AD	AE	AF	AG	AH	AI	AJ	AK	AL
56	State College Area School District																
57	Capital Reserve Fund																
58	2/15/2022																
59																	
60		Actual	Actual	Actual	Budget	Projected	Budget	Projected	Projected	Projected	Projected	Projected	Projected	Projected	Projected	Projected	Projected
61		2018-2019	2019-2020	2020-2021	2021-2022	2021-2022	2022-2023	2023-2024	2024-2025	2025-2026	2026-2027	2027-2028	2028-2029	2029-2030	2030-2031	2031-2032	
62																	
63	Beginning Balance	\$62,683,123	\$65,352,257	\$64,456,646	\$60,078,765	\$59,832,977	\$53,220,621	\$49,391,037	\$45,628,080	\$43,987,513	\$42,544,001	\$40,777,735	\$37,495,353	\$34,007,599	\$32,614,108	\$31,198,747	
64																	
65	Additions:																
66	Transfer	8,175,289	1,783,500	-	198,376	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	5,185,341	
67	Lemont Sale		1,298,325														
68	Bond Reimbursements			-	198,376	198,376	198,370	198,428	198,298	198,269	198,327	198,169	198,082	198,341	198,341	198,341	
69	Donation/Net Investment Earnings	1,331,388	1,191,756	224,857	250,394	180,000	648,309	787,821	712,562	679,750	650,880	615,555	549,907	480,152	452,282	423,975	
70	Total Additions	9,506,677	4,273,581	224,857	647,146	576,752	3,360,049	3,422,177	3,207,358	3,410,788	3,079,534	3,969,393	3,769,571	5,863,834	5,835,964	5,807,657	
71																	
72	Uses:																
73	Debt Service:																
74	2018 Bonds - Elementary (1)	(3,444,319)	(3,441,200)	(3,444,450)	(3,444,700)	(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)	(3,444,100)	(3,450,038)
75	2019 Bonds - HS/Elem/Nittany Ave/Memorial Field/Playgrounds/North bldg (2)		(638,715)	(1,404,075)	(1,411,075)	(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)	(1,402,825)	(1,400,200)	(1,400,200)
76	Middle School (3)	-		-	-	-	-	-	-	-	-	(2,404,600)	(2,404,400)	(2,404,400)	(2,404,400)	(2,404,400)	(2,404,400)
77																	
78	Capital Expenditures:																
79	Athletic/Recreation Facilities (4)	(83,158)	-	-	(2,333,333)	(2,333,333)	(2,333,333)	(2,333,333)	-	-	-	-	-	-	-	-	-
80	MNMS HVAC	(1,687,185)	(563,613)														
81	South Track Lighting	(6,811)	(442,209)														
82	North Field Lighting	(437,220)															
83	North Field Project	(1,178,850)	(83,455)	-													
84	Total Uses	(6,837,543)	(5,169,192)	(4,848,525)	(7,189,108)	(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)	(7,251,325)	(7,254,638)	
85																	
86	Net Change	2,669,133	(895,611)	(4,623,668)	(6,541,963)	(6,612,356)	(3,829,584)	(3,762,957)	(1,640,567)	(1,443,512)	(1,766,266)	(3,282,382)	(3,487,754)	(1,393,491)	(1,415,361)	(1,446,981)	
87																	
88																	
89	Ending Fund Balance	\$65,352,257	\$64,456,646	\$59,832,977	\$53,536,802	\$53,220,621	\$49,391,037	\$45,628,080	\$43,987,513	\$42,544,001	\$40,777,735	\$37,495,353	\$34,007,599	\$32,614,108	\$31,198,747	\$29,751,766	
90																	
91																	
92	<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>																
93	<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>																
94	<i>(3) Middle School: Wrapped debt service for 25 years to fund \$60 MM @ 4%.</i>																
95	<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>																
96																	
97																	
98	Assumptions:																
99	Debt service calculation from NW Financial.																
100	Borrowing potential may change as a result of interest rate movement.																
101																	

State College Area School District
Fund Balance Summary - General and Capital Reserve Fund
2/15/2022

	Actual 2018- 2019	Actual 2019- 2020	Actual 2020- 2021	Budget 2021- 2022	Projected 2021- 2022	Budget 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	Projected 2031- 2032
Nonspendable Fund Balance	\$ 1,933,433	\$ 1,855,488	\$ 1,827,163	\$ 1,855,488	\$ 1,827,163	\$ 1,827,163	\$ 1,827,163	\$ 1,827,163	\$ 1,827,163	\$ 1,827,163	\$ 1,827,163	\$ 1,827,163	\$ 1,827,163	\$ 1,827,163	\$ 1,827,163
General - Assigned- Enterprise			83,127		\$ 83,127	83,127	83,127	83,127	83,127	83,127	83,127	83,127	83,127	83,127	83,127
General Unassigned	13,253,860	12,627,467	12,264,882	13,222,030	13,222,515	14,194,536	14,626,172	15,094,127	15,602,677	15,955,880	9,083,438	1,962,118	(8,577,410)	(19,428,498)	(31,956,978)
General Committed Revenue Shortfall	-	10,158,600	24,472,600	23,326,464	29,799,174	26,650,274	21,701,454	15,643,710	8,199,000	1,450,000	-	-	-	-	-
General Committed PSERS	2,640,414	2,640,414	2,640,414	1,848,096	2,244,255	1,848,096	1,451,937	1,055,778	659,619	263,460	-	-	-	-	-
Total General Fund	17,827,707	27,281,969	41,288,186	40,252,079	47,176,234	44,603,196	39,689,853	33,703,905	26,371,586	19,579,630	10,993,728	3,872,408	(6,667,121)	(17,518,208)	(30,046,688)
Capital Reserve Fund	65,352,257	64,456,646	59,832,977	53,536,802	53,220,621	49,391,037	45,628,080	43,987,513	42,544,001	40,777,735	37,495,353	34,007,599	32,614,108	31,198,747	29,751,766
Total Fund Balance	\$ 83,179,964	\$ 91,738,615	\$ 101,121,163	\$ 93,788,881	\$ 100,396,854	\$ 93,994,232	\$ 85,317,933	\$ 77,691,418	\$ 68,915,587	\$ 60,357,365	\$ 48,489,081	\$ 37,880,007	\$ 25,946,987	\$ 13,680,539	\$ (294,922)

General Fund Revenue
 Projection 2/15/2022 vs. 2022-23 Preliminary
 Budget

Assumptions:										
Earned Income Tax Growth	0.50%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Assessed Value Growth	0.15%	0.40%	0.20%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Exceptions	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Act 1 Index	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Actual/Projected Total Tax Increase	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

	Projected 2021-2022	Budget 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	Projected 2021- 2022 through 2030- 2031
LOCAL SERVICES TAX											
CURRENT REAL ESTATE TAX	\$771,002	\$713,647	\$965,603	\$996,769	\$1,028,951	\$1,062,154	\$1,096,444	\$1,131,825	\$1,168,347	\$1,206,057	\$10,140,798
REAL ESTATE TAX-REFERENDUM DEBT	-	-	-	-	-	-	-	-	-	-	-
EARNED INCOME TAX	93,313	100,000	100,000	100,000	110,000	110,000	110,000	110,000	110,000	110,000	1,053,313
REALTY TRANSFER TAX	-	-	-	-	-	-	-	-	-	-	-
DELINQUENT REAL ESTATE TAX	-	-	-	-	-	-	-	-	-	-	-
INTERIM REAL ESTATE TAX	600,000	-	-	-	-	-	-	-	-	-	600,000
IDEA-B	-	-	-	-	-	-	-	-	-	-	-
PAYMENTS IN LIEU OF TAX	-	-	-	-	-	-	-	-	-	-	-
LOCAL SERVICES TAX	-	-	-	-	-	-	-	-	-	-	-
TUITION	(393,686)	(56,321)	(56,321)	(56,321)	(56,321)	(56,321)	(56,321)	(56,321)	(56,321)	(56,321)	(900,571)
MISC LOCAL REVENUE	-	-	-	-	-	-	-	-	-	-	-
PUBLIC UTILITY REALTY TAX	-	-	-	-	-	-	-	-	-	-	-
INTEREST ON INVESTMENTS	-	-	-	-	-	-	-	-	-	-	-
TOTAL LOCAL	1,070,629	757,326	1,009,282	1,040,448	1,082,631	1,115,834	1,150,123	1,185,505	1,222,026	1,259,736	10,893,541
STATE											
BASIC ED INSTR SUBSIDY	632,559	632,559	632,559	632,559	632,559	632,559	632,559	632,559	632,559	632,559	6,325,590
SPECIAL ED REVENUE	51,187	51,187	51,187	51,187	51,187	51,187	51,187	51,187	51,187	51,187	511,870
REV. FOR RETIREMENT	-	(138,681)	(200,000)	(200,000)	(300,000)	(450,000)	(550,000)	(450,000)	(400,000)	(400,000)	(3,088,681)
REV. FOR SOCIAL SECURITY	0	0	0	0	0	0	0	0	0	0	-
PROPERTY TAX REDUCTION	0	0	0	0	0	0	0	0	0	0	-
TRANSPORTATION REVENUE	0	0	0	0	0	0	0	0	0	0	-
BOND REIMBURSEMENTS	0	0	0	0	0	0	0	0	0	0	-
HEALTH SERVICES REVENUE	0	0	0	0	0	0	0	0	0	0	-
READY TO LEARN GRANT	0	0	0	0	0	0	0	0	0	0	-
SAFETY GRANTS	0	0	0	0	0	0	0	0	0	0	-
VOCATIONAL EDUCATION	0	0	0	0	0	0	0	0	0	0	-
OTHER STATE REVENUE	0	0	0	0	0	0	0	0	0	0	-
TUITION - 1305/1306	0	0	0	0	0	0	0	0	0	0	-
TOTAL STATE	683,746	545,065	483,746	483,746	383,746	233,746	133,746	233,746	283,746	283,746	(3,088,681)
FEDERAL											
TITLE I REVENUE	-	-	-	-	-	-	-	-	-	-	-
TITLE II REVENUE	-	-	-	-	-	-	-	-	-	-	-
ACCESS FUNDS	-	-	-	-	-	-	-	-	-	-	-
OTHER FEDERAL REVENUE	177,961	(177,961)	-	-	-	-	-	-	-	-	-
TITLE III REVENUE	-	-	-	-	-	-	-	-	-	-	-
TOTAL FEDERAL	177,961	(177,961)	0	0	0	0	0	0	0	0	0
TOTAL REVENUE	1,932,336	1,124,430	1,493,028	1,524,194	1,466,377	1,349,580	1,283,869	1,419,251	1,505,772	1,543,482	14,642,320

State College Area School District
General Fund Expenses and Fund Balance Transfers
Projection 2/15/2022 vs. 2022-23 Preliminary Budget

	Projected 2021-2022	Budget 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	Projected 2021- 2022 through 2030-2031
Salaries	-	-	-	-	-	-	-	-	-	-	-
Health Insurance	-	-	-	-	-	-	-	-	-	-	-
PSERS	-	(277,362)	(400,000)	(400,000)	(600,000)	(900,000)	(1,100,000)	(900,000)	(800,000)	(800,000)	(6,177,362)
Other Benefits	-	-	-	-	-	-	-	-	-	-	-
Professional Services	-	-	-	-	-	-	-	-	-	-	-
Purchased Property Services	-	-	-	-	-	-	-	-	-	-	-
Charter School Expense	-	-	-	-	-	-	-	-	-	-	-
Other Purchased Services	-	-	-	-	-	-	-	-	-	-	-
Supplies/Equipment	-	-	-	-	-	-	-	-	-	-	-
Deferred Maintenance	-	-	-	-	-	-	-	-	-	-	-
Transfers/contingencies	-	-	-	-	-	-	-	-	-	-	-
Debt Service	-	-	-	-	-	-	-	-	-	-	-
Debt Service - Referendum Debt	-	-	-	-	-	-	-	-	-	-	-
Transfer to Capital Projects - DCED Grant	-	-	-	-	-	-	-	-	-	-	-
Transfer to Capital Reserve	-	-	-	-	-	-	-	-	-	-	-
Fund Balance Commitment/Use (Revenue Shortfall)	1,932,000	1,425,000	1,902,000	1,925,000	1,015,000	(6,749,000)	(1,450,000)	-	-	-	-
Fund Balance Use (PSERS)	-	-	-	-	-	-	-	-	-	-	-
Total Expenses and Fund Balance Transfers	1,932,000	1,147,638	1,502,000	1,525,000	415,000	(7,649,000)	(2,550,000)	(900,000)	(800,000)	(800,000)	(6,177,362)
Total Expense and Transfers (excl fund balance use/commitment)	-	(277,362)	(400,000)	(400,000)	(600,000)	(900,000)	(1,100,000)	(900,000)	(800,000)	(800,000)	(6,177,362)

State College Area School District



2022-23 Budget Development

**State College
Area School District
February 21, 2022**

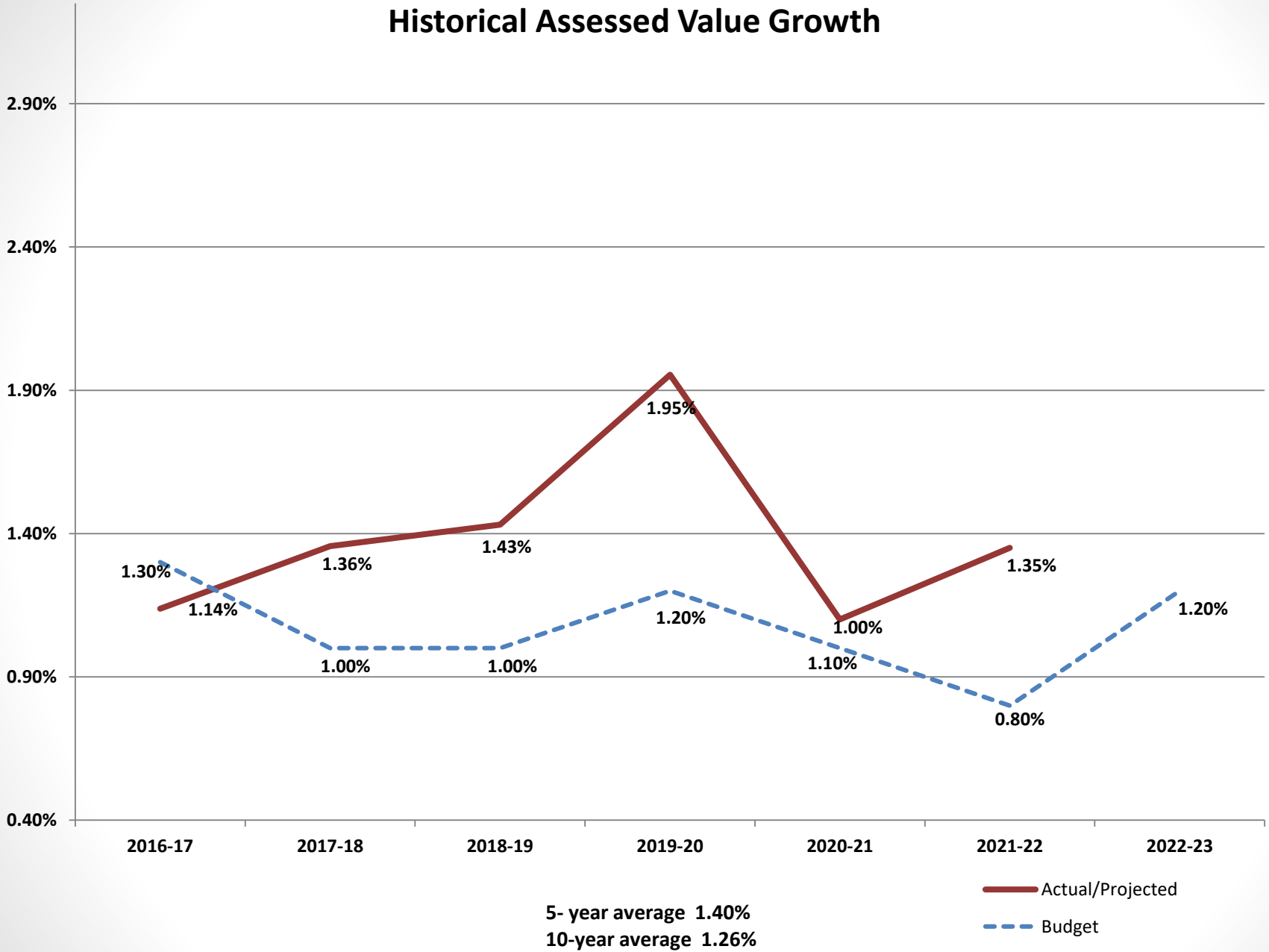
2022-2023 Revenue

Total Revenue Budget \$176,656,428

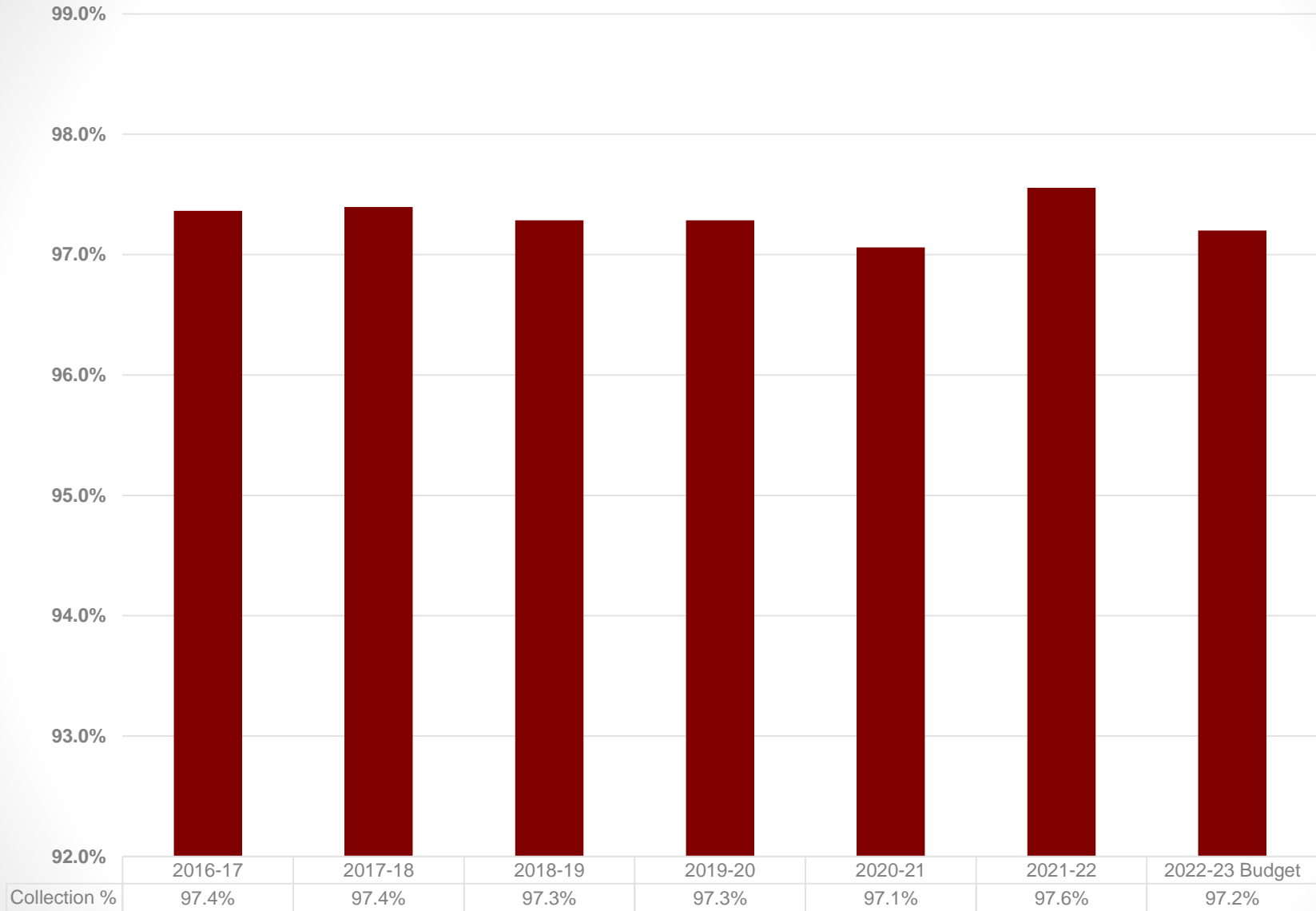
Major Local Revenue Assumptions:

- **Real Estate Tax Increase of 3.4% (Act 1 Index)**
- **Assessed value growth 1.2%**
 - 5 year average 1.4%
 - 10 year average 1.3%
 - Actual 2020-21 1.1%
 - Projected 2021-22 1.35%
- **Collection Percentage – 97.2%**
 - Historical – approximately 97.2%
 - 2021-22 actual – 97.6%
 - Impact of 1% increase in collection percentage - \$1.1 million
- **Earned Income Tax Growth – 2.5%**
 - 5 year average 2.2%
 - 10 year average 3.3%
 - 2020-21 actual -.74%
 - Projected 2021-22 2.5%

Historical Assessed Value Growth

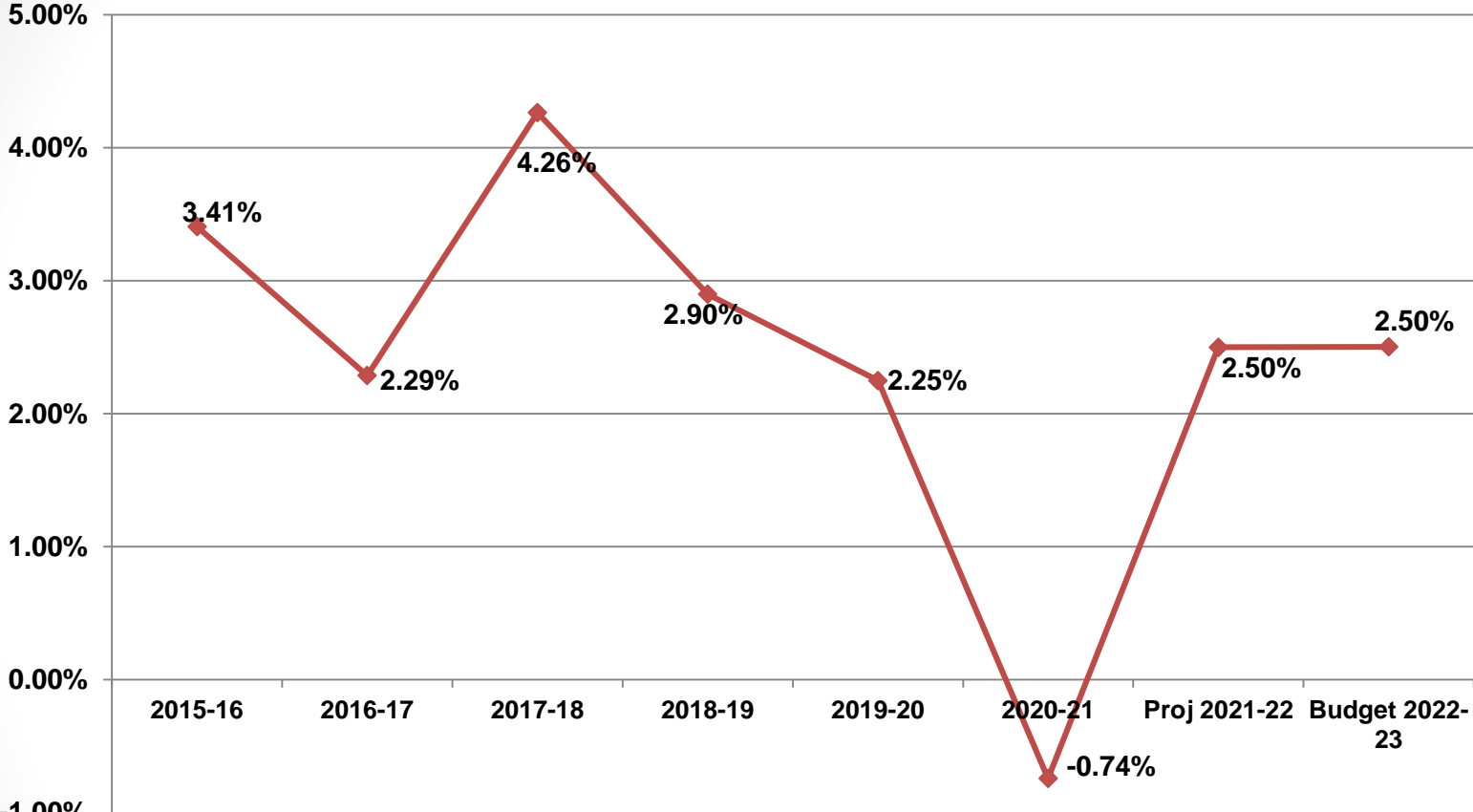


Real Estate Tax Collection Percentage



Note: The increase in revenue in 2021-22 resulting from the collection percentage of 97.6% is \$1,711,250 vs. a budgeted collection percentage of 96%, and \$612,450 vs. the December 2021 projected collection percentage of 97%.

Earned Income Tax - Historical Percent Change

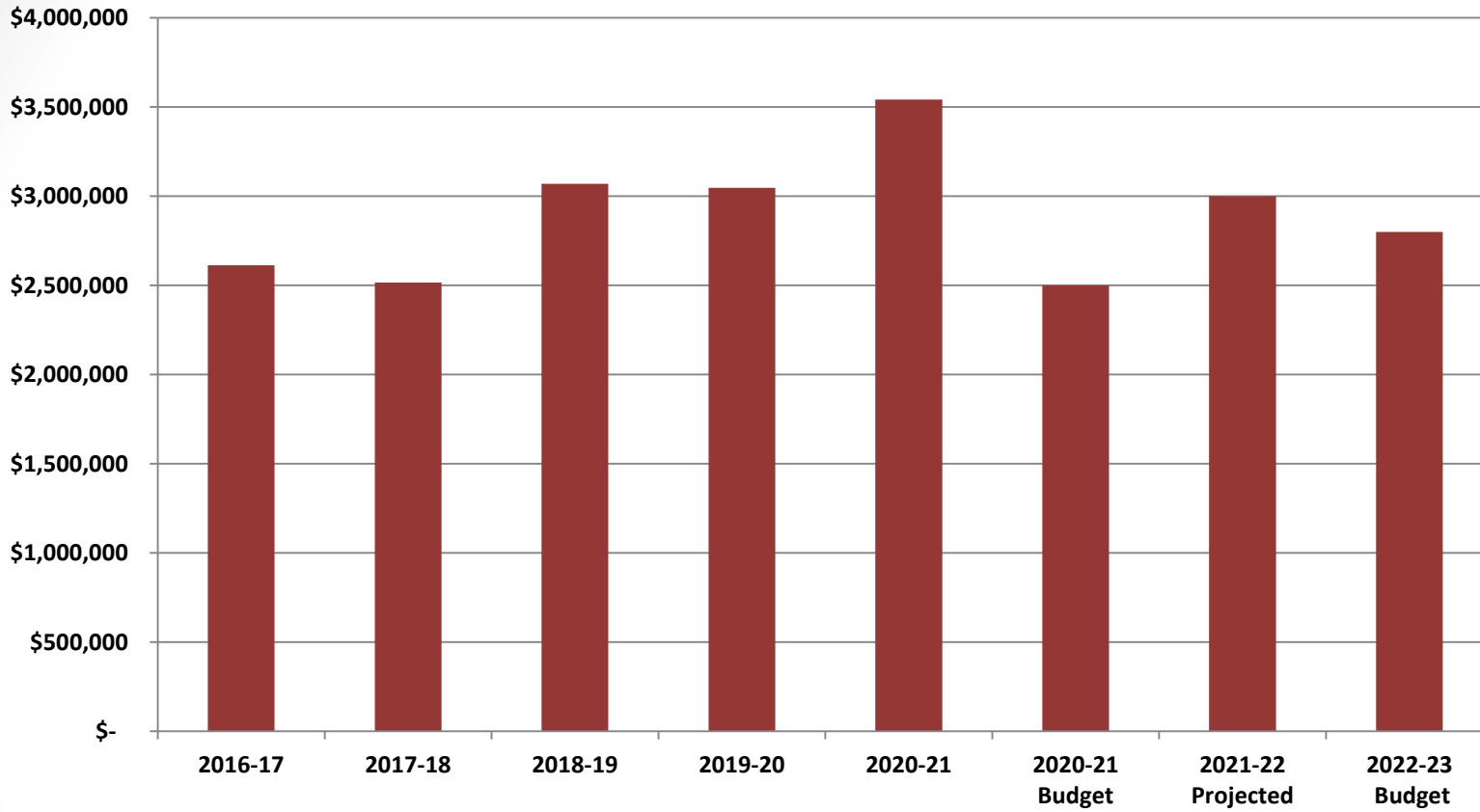


Five-year average through 2020-21
 Ten-year average through 2020-21

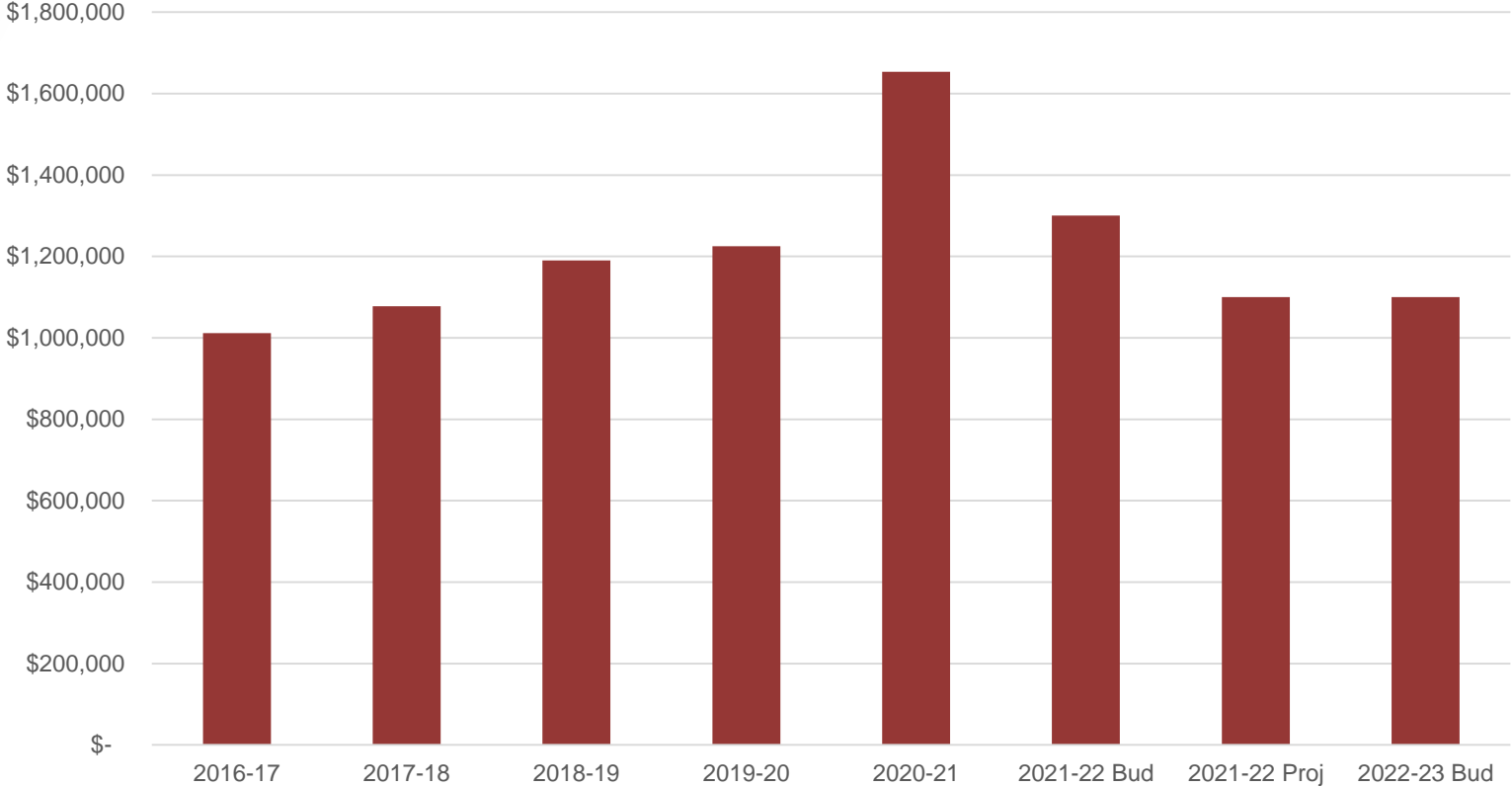
2.19%
 3.28%

* 2021-22 Budget 1.0%

Transfer Tax Revenue

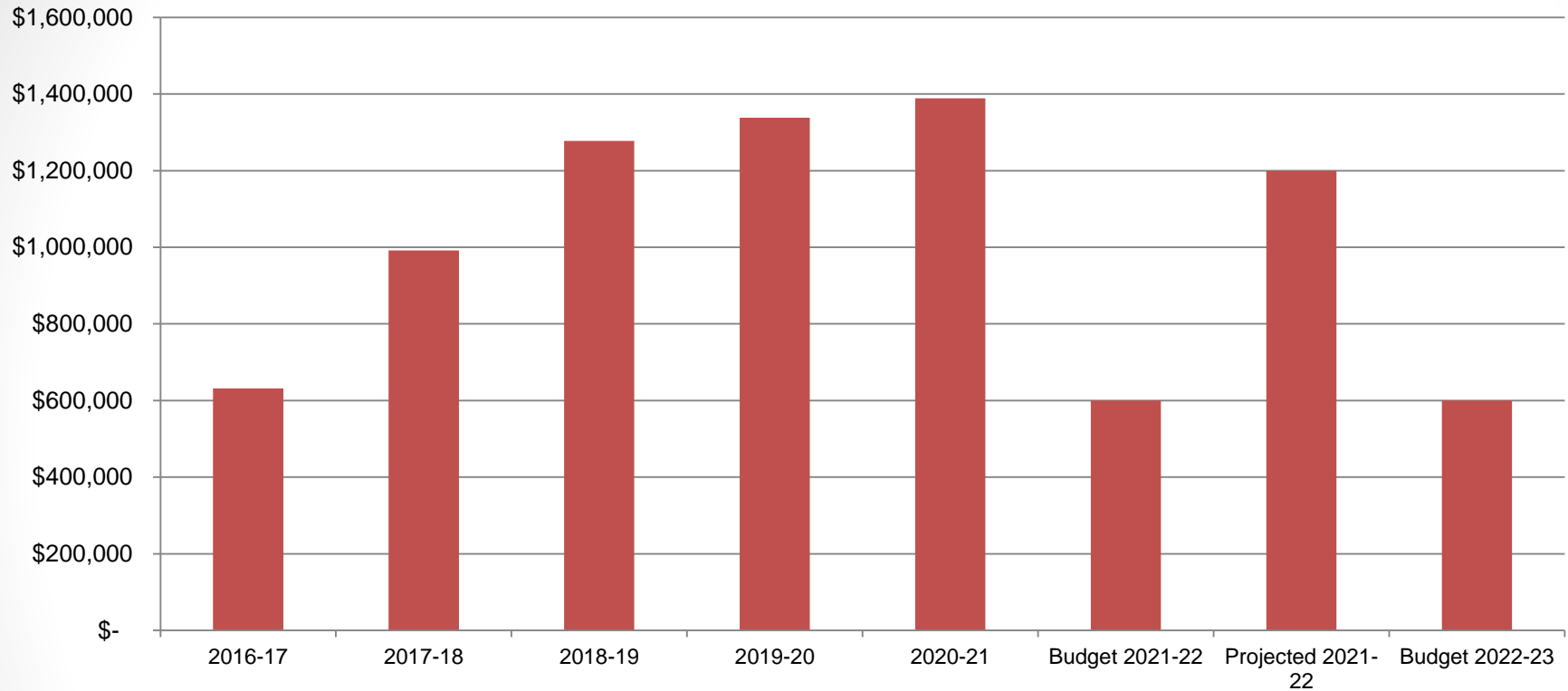


Delinquent Real Estate Tax



5 year average (excluding 2020-21) \$1,152,000
10 year average (excluding 2020-21) \$1,270,000

Historical Interim Real Estate Tax



Note: Properties that are not on the tax rolls prior to the July duplicate real estate tax billing are processed in off-cycle July and February billings. Revenue is net of supplemental tax rebates.

Supplemental tax rebates:

2016-17 \$82,584
2017-18 \$88,266
2018-19 \$84,220
2019-20 \$85,225
2020-21 \$85,020

2022-2023 Revenue

- **Major State Revenue Assumptions:**

- **Basic Education Subsidy**

- Preliminary Budget \$8,406,928
- Revised \$9,039,487
- Impact over 10 years \$6,325,590

- **Special Education Subsidy**

- Preliminary Budget \$3,358,750
- Revised \$3,409,937
- Impact over 10 years \$ 511,870

State College Area School District
 General Fund Activity
 2/15/2022

	Actual 2020-2021	Projected 2021-2022	Budget 2022-2023	Projected 2023-2024	Projected 2024-2025	Projected 2025-2026	Projected 2026-2027
Beginning Fund Balance	\$12,627,467	\$12,264,882	\$13,222,515	\$14,194,536	\$14,626,172	\$15,094,127	\$15,602,677
Revenue	168,866,114	172,838,245	176,656,428	179,764,604	184,605,275	189,681,886	194,665,586
Local	133,927,009	136,019,650	140,863,322	145,021,397	149,326,734	153,775,813	158,359,148
State	29,871,141	32,275,949	32,916,175	33,511,519	34,143,541	34,771,074	35,171,439
Federal	5,067,965	4,542,646	2,876,931	1,231,687	1,135,000	1,135,000	1,135,000
Expense and transfers (excluding use of fund balance)	154,859,898	166,950,197	179,229,466	184,677,946	190,591,222	197,014,205	201,457,543
Revenue less expense	14,006,217	5,888,048	(2,573,038)	(4,913,343)	(5,985,948)	(7,332,319)	(6,791,956)
Funding/(Use) of Assigned Fund Balance (Revenue Shortfall)	14,314,000	5,326,574	(3,148,900)	(4,948,820)	(6,057,744)	(7,444,710)	(6,749,000)
(Use) of Assigned Fund Balance (PSERS/Legal Liability)	0	(396,159)	(396,159)	(396,159)	(396,159)	(396,159)	(396,159)
Incr (Decr) in Assigned Fund Balance	14,314,000	4,930,415	(3,545,059)	(5,344,979)	(6,453,903)	(7,840,869)	(7,145,159)
Change in non-spendable Fund Balance	28,325						
Change in enterprise Fund Balance	(83,127)						
Change in Unassigned General Fund Balance	(362,585)	957,633	972,021	431,636	467,955	508,550	353,203
Ending Unassigned Fund Balance	\$12,264,882	\$13,222,515	\$14,194,536	\$14,626,172	\$15,094,127	\$15,602,677	\$15,955,880
Preliminary Budget		\$13,222,179	\$14,217,408	\$14,658,016	\$15,126,777	\$14,583,950	\$5,938,573
Increase (Decrease)		\$336	(\$22,872)	(\$31,844)	(\$32,650)	\$1,018,727	\$10,017,307

General Fund - Committed and Unassigned Fund Balance

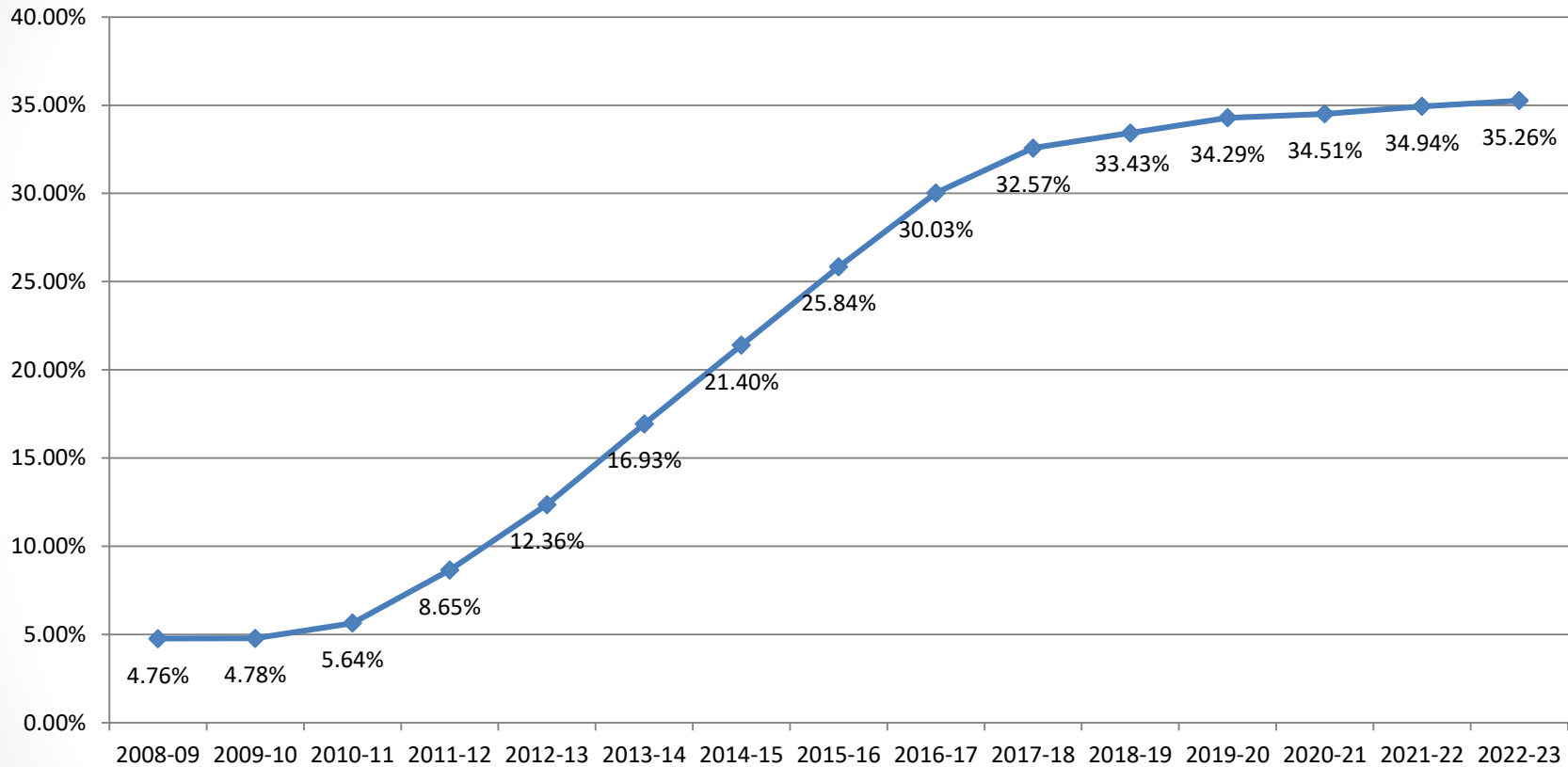


PSERS Employer Rates

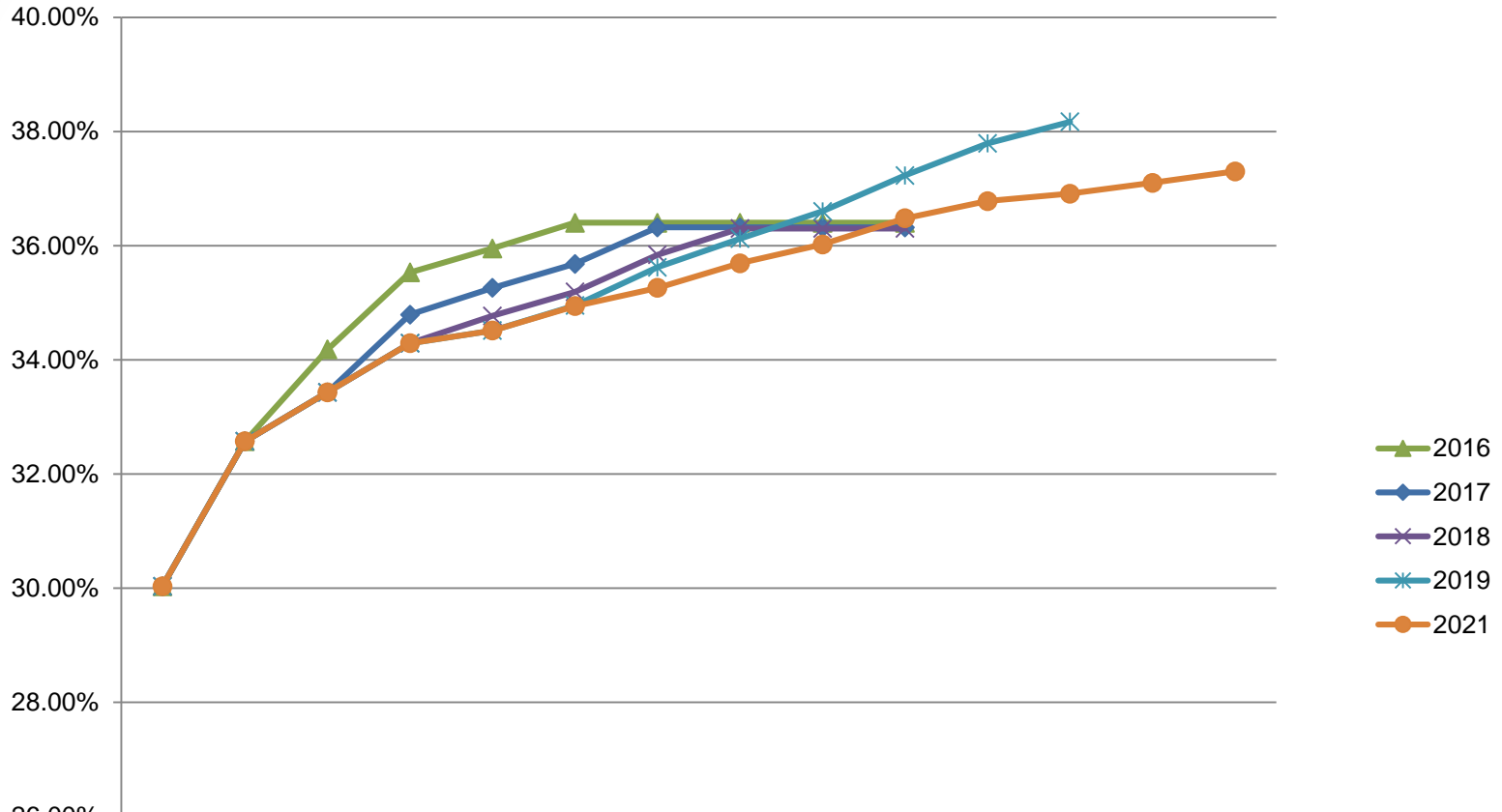
- PSERS published updated employer percentage contribution rates on December 17, 2021
- The last update of rates for projected periods was in December 2019
- Rates are less than the most recent estimate
- Impact of rate changes

	2022-23	2023-24 to 2030-31
Expense Decrease	\$ (277,362)	\$ (5,900,000)
Revenue Decrease	\$ (138,681)	\$ (2,950,000)
Net Impact of Change	\$ (138,681)	\$ (2,950,000)

PSERS Employer Rates



PSERS Employer Rates



	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30
2016	30.03	32.57	34.18	35.53	35.95	36.40	36.40	36.40	36.40	36.40				
2017	30.03	32.57	33.43	34.79	35.26	35.68	36.32	36.32	36.32	36.32				
2018	30.03	32.57	33.43	34.29	34.77	35.19	35.84	36.30	36.30	36.30				
2019	30.03	32.57	33.43	34.29	34.51	34.95	35.62	36.12	36.60	37.23	37.79	38.17		
2021	30.03	32.57	33.43	34.29	34.51	34.94	35.26	35.69	36.02	36.48	36.78	36.91	37.10	37.30

Next Steps

- 3/16/2022 Finance Committee
- 3/21/2022 Board meeting

Questions

State College Area School District

