



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
Date: December 15, 2021
Subject: 2022-2023 Budget Development

The purpose of this discussion is to review the proposed preliminary budget for 2022-2023 and the Accelerated Budget Opt Out Resolution (resolution) introduced at the December 6 board meeting. (Attachment A)

2022-2023 Proposed Preliminary Budget

The proposed preliminary budget includes an increase in the real estate tax rate of 3.4%, equal to the Act 1 index for the district. This change in tax rate follows two years with no change in the tax rate. As noted at the previous meeting as well as during the [2021-2022 budget approval in June](#), the administration cautioned that a higher increase may be necessary in this budget cycle.

This is only a preliminary budget proposal (Attachment B). There is still much to be learned about the district's financial position for the current year which can be extrapolated into the next year's budget. As budget development continues, the preliminary budget will be updated to reflect any unanticipated changes in our economic recovery.

Next Steps

The administration will present the Accelerated Opt Out Resolution for the 2022-2023 Budget for approval. Currently, the following meetings have been scheduled to be held in January in the process:

- Jan. 10 Board - consideration of Opt Out Resolution
- Jan. 12 Finance Committee

Attachment A

Opt Out Resolution

STATE COLLEGE AREA SCHOOL DISTRICT
(Centre County, Pennsylvania)

**Accelerated Budget Opt Out Resolution Certifying Tax Rate Within Inflation Index
(and No Need to Comply with Act 1 Accelerated Budget Procedures)**

Background. Act 1 § 311(a), 53 P.S. § 6926.311(a), requires an accelerated budget adoption timeline and procedure unless a school district, no later than 110 days before the primary election, adopts a resolution containing the certifications incorporated in this resolution. The deadline this year is January 27, 2022. After adoption of a resolution containing such certifications, § 311(d) authorizes a school district to comply with pre-Act 1 budget adoption rules as set forth in School Code § 687, 24 P.S. § 6-687. The School Board has reviewed the school district preliminary budget or has other information sufficient to make a determination that the budget for the next fiscal year can be funded based on maintaining current tax rates or increasing taxes by an amount less than or equal to the Act 1 index. In lieu of the Act 1 budget adoption timeline and procedure, the School Board wishes to make the required certifications and comply with pre-Act 1 budget adoption rules.

RESOLVED, that the Board of School Directors of State College Area School District, makes the following unconditional certifications:

1. The school district's various tax levies and other revenue sources will be sufficient to balance the school district final budget for the next fiscal year (2022-2023) based on maintaining current tax rates or increasing tax rates by an amount less than or equal to the Act 1 index applicable to the school district as calculated by the Pennsylvania Department of Education. This conclusion is based on the school district preliminary budget or other information available to the School Board.
2. The applicable index for the next fiscal year is 3.40%, and the School Board will not for the next fiscal year increase the rate of its real estate tax, or any other tax for the support of public education, by an amount that exceeds the applicable index.
3. The School Board has to date and in the future will comply with the rules set forth in School Code § 687 for adoption of the school district proposed and final budgets for the next fiscal year.
4. The School Board understands that the school district will not be eligible to use Act 1 referendum exceptions for the next fiscal year.

Duly adopted by the State College Area School District (Centre County, Pennsylvania)
in lawful session assembled on this 10th day of January, 2022.

STATE COLLEGE AREA SCHOOL
DISTRICT

Attest:

President, Board of School Directors

Secretary

[Per Act 1 §§ 311(d)(2)(ii) and (iii), the school district must, within 5 days after adoption of this resolution submit to PDE: (1) on a PDE prescribed form, information on any proposed tax increase – **Real Estate Tax Rate Report**; and (2) a copy of this resolution.

Attachment B

Comparative Statements

Budget 2022-23

	A	B	C	E	F	G
1	State College Area School District					
2	General Fund Revenue					
3	Budget 2022-23					
4						
5						
6		Board Presentation 5/24/21	Finance Committee 10/13/21	Board Presentation 12/6/21	12/6/21 vs. 10/13/21	Variance Explanation
7	LOCAL SERVICES TAX					
8	CURRENT REAL ESTATE TAX	\$ 103,736,884	\$ 107,013,134	\$ 107,013,134	\$ -	Board Presentation 12/6/21
9	REAL ESTATE TAX-REFERENDUM DEBT	4,944,564	4,944,564	4,944,564	-	
10	EARNED INCOME TAX	18,760,000	19,510,000	19,510,000	-	
11	REALTY TRANSFER TAX	2,500,000	2,500,000	2,800,000	300,000	Based on FY22 collections to date
12	DELINQUENT REAL ESTATE TAX	1,300,000	1,100,000	1,100,000	-	
13	INTERIM REAL ESTATE TAX	600,000	600,000	600,000	-	
14	IDEA-B	740,000	802,610	802,610	-	
15	PAYMENTS IN LIEU OF TAX	674,646	674,646	674,646	-	
16	LOCAL SERVICES TAX	383,000	383,000	383,000	-	
17	TUITION	1,500,000	1,500,000	1,500,000	-	
18	MISC LOCAL REVENUE	460,852	460,852	460,852	-	
19	PUBLIC UTILITY REALTY TAX	117,190	117,190	117,190	-	
20	INTEREST ON INVESTMENTS	200,000	200,000	200,000	-	
21						
22	TOTAL LOCAL	135,917,135	139,805,996	140,105,996	300,000	
23						
24	STATE					
25	BASIC ED INSTR SUBSIDY	8,406,928	8,406,928	8,406,928	-	
26	SPECIAL ED REVENUE-REGULR	3,358,750	3,358,750	3,358,750	-	
27	REV. FOR RETIREMENT	13,417,681	13,800,000	13,721,697	(78,303)	
28	REV. FOR SOCIAL SECURITY	2,882,505	2,965,648	2,946,968	(18,680)	
29	PROPERTY TAX REDUCTION	1,426,711	1,421,949	1,421,949	-	
30	TRANSPORTATION REVENUE	800,000	800,000	800,000	-	
31	BOND REIMBURSEMENTS	938,804	938,804	938,804	-	
32	HEALTH SERVICES REVENUE	140,000	140,000	140,000	-	
33	READY TO LEARN GRANT	310,013	310,013	310,013	-	
34	SAFETY GRANTS	-	-	-	-	
35	VOCATIONAL EDUCATION	196,000	196,000	196,000	-	
36	OTHER STATE REVENUE	-	-	-	-	
37	TUITION - 1305/1306	130,000	130,000	130,000	-	
38	TOTAL STATE	32,007,392	32,468,092	32,371,110	(96,983)	
39						
40	FEDERAL					
41	TITLE I REVENUE	600,000	600,000	600,000	-	
42	TITLE II REVENUE	140,000	140,000	140,000	-	
43	ACCESS FUNDS	250,000	250,000	250,000	-	
44	OTHER FEDERAL REVENUE	2,720,368	2,029,892	2,029,892	-	
45	TITLE III REVENUE	35,000	35,000	35,000	-	
46						
47	TOTAL FEDERAL	3,745,368	3,054,892	3,054,892	-	
48						
49	TOTAL REVENUE	\$171,669,896	\$175,328,980	\$175,531,997	\$203,017	
50						
51						
52						
53						

	A	B	C	E	F	G
1	State College Area School District					
2	General Fund Expenses and Fund Balance Transfers					
3	Budget 2022-23					
4						
5		Board Presentation 5/24/21	Finance Committee 10/13/21	Board Presentation 12/6/21	12/6/21 vs. 10/13/21	Variance Explanation
6	Salaries	\$76,897,563	\$79,115,583	\$78,617,249	(\$498,334)	Assumes FY22 budgeted FTEs
7	Health Insurance	19,588,678	19,588,678	19,249,678	(339,000)	Based on change in 2021-22 projection
8	PSERS	26,835,362	27,600,000	27,443,395	(156,605)	Based on change in salary expense
9	Other Benefits	7,432,224	7,600,000	7,578,631	(21,369)	Based on change in salary expense
10	Professional Services	3,870,000	3,820,000	3,863,805	43,805	
11	Purchased Property Services	1,420,000	1,420,000	1,495,295	75,295	
12	Charter School Expense	5,920,000	5,920,000	6,513,252	593,252	Based on prelim cost per student (based on 2021-22 budget)
13	Other Purchased Services	7,020,000	7,020,000	7,349,602	329,602	Reflects projected increase in tuition + inflation
14	Supplies/Equipment	7,980,000	7,980,000	8,164,375	184,375	Increase in estimated inflation
15	Minor Capital Projects	2,343,321	2,343,321	2,343,321	-	
16	Transfers/contingencies	1,694,034	1,694,034	1,757,728	63,694	
17	Debt Service	7,360,250	7,360,250	7,360,250	-	
18	Debt Service - Referendum Debt	5,256,875	5,256,875	5,256,875	-	
20	Total Expense before transfer to capital reserve and fund balance use	173,618,307	176,718,741	176,993,457	274,717	
21						
22	Transfer to Capital Reserve	2,513,370	2,513,370	2,513,370	-	
23						
24	Total Expense including transfer to capital reserve	176,131,677	179,232,111	179,506,827	274,717	
25						
26	Fund Balance Assignment/Use (COVID-19)	(4,792,900)	(4,203,900)	(4,573,900)	(370,000)	Reflects change in unassigned fund balance
27	Fund Balance Use (PSERS/Legal)	(396,159)	(396,159)	(396,159)	-	
28	Total fund balance commitment/(use)	(5,189,059)	(4,600,059)	(4,970,059)	(370,000)	
29						
30	Total Expenses and Transfers	\$170,942,618	\$174,632,052	\$174,536,768	(\$95,283)	
31						
32	Total Debt Service (General + Capital Reserve Fund)					
33	Debt Service Paid from Capital Reserve (a)	\$4,856,300	\$4,856,300	\$4,856,300	-	
34	Total Debt Service (including referendum debt)	\$17,473,425	\$17,473,425	\$17,473,425	-	
35						
36	Interest included in Debt Service (a) Debt service for Series 2018 and Series 2019 Bonds for all years is included in the Capital Reserve Fund.	\$8,483,425	\$8,483,425	\$8,483,425	-	
37						

	A	B	C	E	F	G
1	State College Area School District					
2	General Fund Activity					
3	Budget 2022-23					
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13						
		Board	Finance	Board		
		Presentation	Committee	Presentation	12/6/21 vs.	
14		5/24/21	10/13/21	12/6/21	10/13/21	
15						
16	Beginning Fund Balance	\$13,222,030	\$13,499,037	\$13,222,179	(\$276,858)	a
17						
18	Revenue	171,669,896	175,328,980	175,531,997	203,017	
19						
20	Local	135,917,135	139,805,996	140,105,996	300,000	
21	State	32,007,392	32,468,092	32,371,110	(96,983)	
22	Federal	3,745,368	3,054,892	3,054,892	0	
23						
24	Expense (including capital reserve transfer)	176,131,677	179,232,111	179,506,827	274,717	
25	Revenue less expense	(4,461,781)	(3,903,132)	(3,974,830)	(71,699)	b
26						
27	Funding (Use) of Assigned Fund Bal (COVID-19)	(4,792,900)	(4,203,900)	(4,573,900)	(370,000)	c
28	Funding (Use) of Assigned Fund Bal (PSERS)	(396,159)	(396,159)	(396,159)	0	d
29	Change in Assigned Fund Balance	(5,189,059)	(4,600,059)	(4,970,059)	(370,000)	e (c+d)
30						
31	Change in Unassigned General Fund Balance	727,278	696,927	995,229	298,301	f (b-e)
32						
33	Ending Unassigned Fund Balance	<u>\$13,949,309</u>	<u>\$14,195,964</u>	<u>\$14,217,408</u>	<u>\$21,443</u>	(a+f)
34						
35	Unassigned Fund Balance Percentage	7.9%	7.9%	7.9%		
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