

State College Area School District



2022-23 Budget Development

**State College
Area School District
December 6, 2021**

2022-23 Proposed Preliminary Budget

- Board approval
 - Proposed Preliminary Budget
 - Or
 - Accelerated Budget Opt Out Resolution
 - Deadline: January 27
 - Scheduled: January 10 meeting

What is the Accelerated Budget Opt Out Resolution

- Maintains any real estate tax rate increase would be within the Act 1 index – 3.4%
- Comply with budget adoption rules in School Code
- Not eligible to use Act 1 referendum exceptions

What is the Act 1 Index?

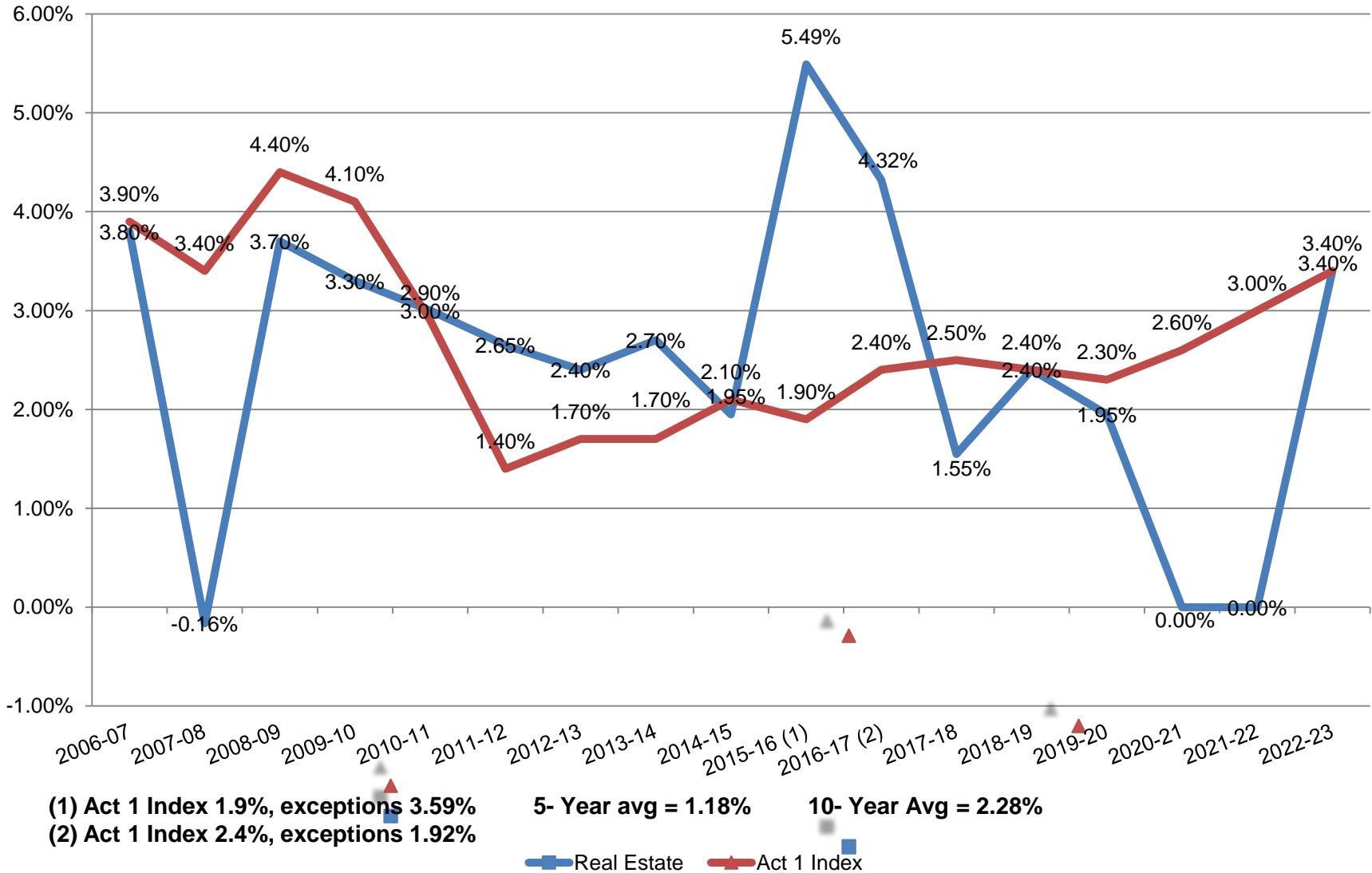
Calculated by averaging the percent increase in the Pennsylvania statewide average weekly wage and the Federal employment cost index for elementary/secondary schools

What is a referendum exception?

Allows for the tax rate to be set higher than the index for certain expenses:

- School construction debt service
- Special education expenditures
- Retirement contributions

Real Estate Tax Increase vs. Act 1 Index



Proposed 2022-23 tax rate increase 3.4%

Since Act 1 of 2006

Referendum Exceptions use for:

- State High referendum debt in 2015-16 and 2016-17
- Retirement contributions in 2010-11 through 2013-14

Rate within index, all other years

Resolution

- Used frequently
- Still follow preliminary budget process, which allows for Board discussion of budget development and public input

Why approve the Resolution?

- Provides notice to community of intent to maintain tax rate within the index
 - Will not apply for exceptions
- Does not set tax rate
 - Tax rate approved with final budget
- Allows Board to consider administrative recommendations during budget development process
- Reminder: State budget approval deadline June 30

Proposed Preliminary Budget

- Includes real estate tax increase of 3.4%
 - [2021-22 budget discussion](#)
- Two previous years included no change to tax rate
- Budgeted state subsidies similar to 2021-22 budget
 - Except social security and retirement – based upon salary expense

Local Revenue Assumptions

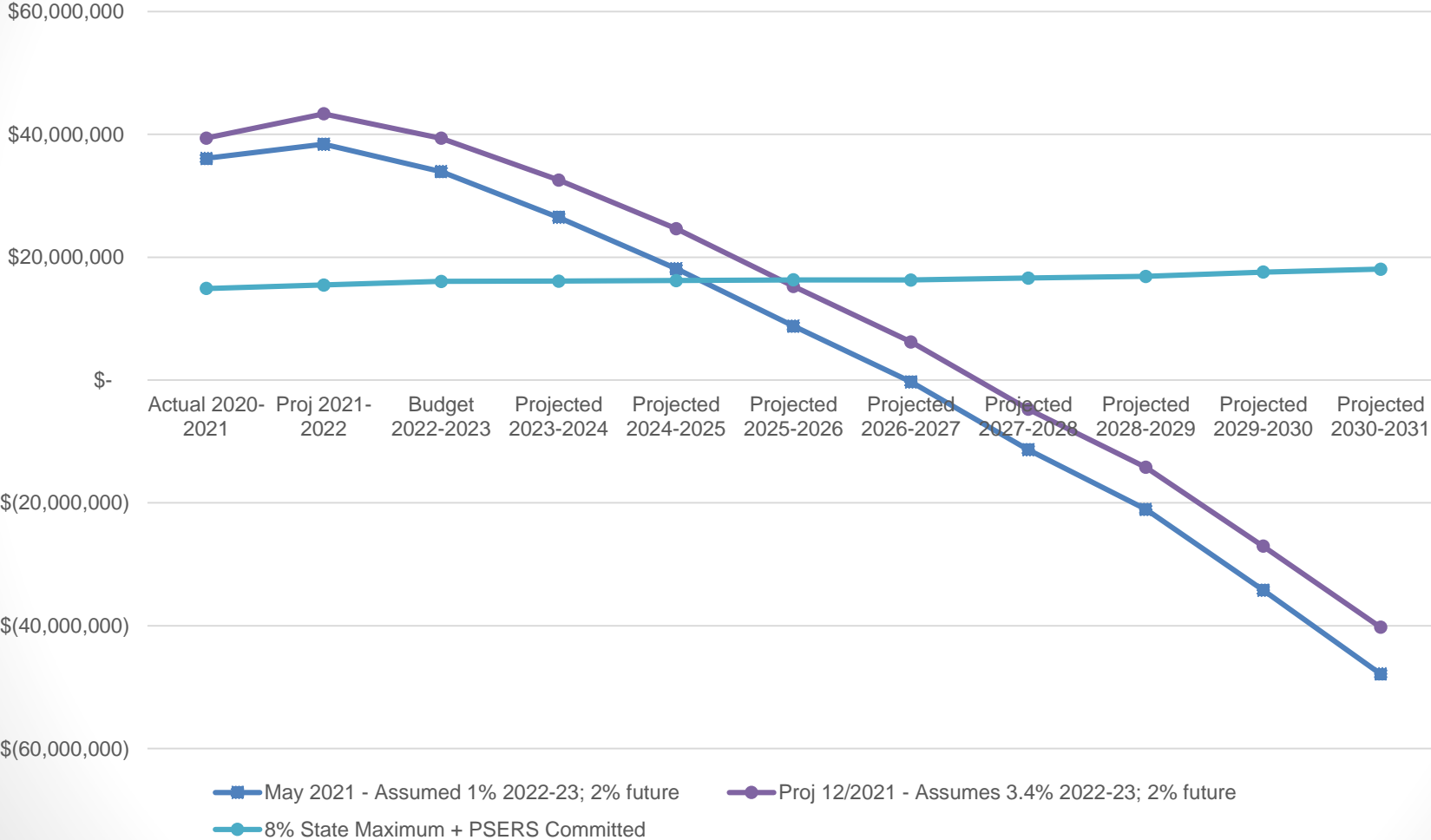
- Real estate tax
 - Rate increase 3.4% (Act 1 index)
 - Assessed value growth .8%
 - Collection percentage 97%
- Earned income growth 2.5%

Expense Assumptions

- Salaries and benefits
 - Reflects impact of current contractual agreements and estimates for those expiring
 - Assumes 2021-22 budgeted staffing levels
 - Assumes continuation of virtual academy in both levels
 - Assumes 13% rate increase for health insurance
- Inflationary increases for goods and services
- Return of capital reserve transfer

Multi-year Projections

General Fund - Committed and Unassigned Fund Balance



Multi-year Projections

Declining fund balance

Monitoring

- Revenue
- Expense
 - Pandemic
 - Possible reductions

Next Steps

- 12/8/2021 Finance and Audit
- 12/20/2021 Board
- 1/10/2022 Board
 - Consideration of Opt Out Resolution

Questions

State College Area School District

