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To: Finance and Audit Committee
From: Randy Brown and Donna Watson
RE: 2022-23 Budget Development - Opt Out Resolution
Date: November 15, 2021

The purpose of this memo is to prepare for the upcoming budget development process. The FY2022-23 Budget Development calendar, presented in October, calls for the presentation of the proposed preliminary budget in December. The Board will then be required to take one of two future actions:

1. Adopt an op out resolution
2. Approve a preliminary budget

Both of these Board actions have required advertising requirements in order to inform the district residents prior to taking action, giving the community notice of the intent.

The FY2022-23 proposed budget is still under development for the December 6 Board meeting. As shared at the October 18 Board meeting, the FY2022-23 proposed budget consists of:

	1% Proposed Tax Increase	3.4% Proposed Tax Increase (Act 1 Index)
Revenue	\$172,698,189	\$175,328,980
Expense (Gross)	\$178,835,952	\$178,835,952
Use of Committed Fund Balance	\$6,833,900	\$4,203,900

The only difference between these proposals is the real estate tax rate. Obviously, the 3.4% rate increase, equal to the Act 1 Index, generates more revenue which, given the same budgeted expenses, would result in a lower use of committed fund balance.

Based upon discussion to date, the administration requests the Board to adopt the opt out resolution on January 10. In addition to the December 6 and 20 board meetings, there will be a December Finance Committee meeting as well to discuss the budget process.

State College Area School District

2022-2023 Budget Development – November 16, 2021

Key dates in the budget process based on PDE published filing requirements.

December 6 Board Discussion

- Administration will present an initial proposed preliminary budget including recommendation to adopt opt out resolution.

December 8 Finance Committee

- Budget Development

December 20 Board Discussion

- Budget Development

December 30

- District deadline to notify residential property owners not currently approved or whose approval is due to expire that the owner must submit a completed application to county assessment office to qualify for homestead exclusion. Deadline for submitting an application is March 1.

December 31

- Advertise intent to adopt opt out resolution January 10 Board meeting. (PDE deadline 10 days prior to adoption of opt out resolution)

January 10 Board Action Required

- Adopt opt out resolution (PDE deadline January 27)

January 12 Finance Committee

- Budget Development

January 15

- Deadline to submit to PDE copy of opt out resolution and related proposed tax rate increases. (PDE deadline 5 days following opt out resolution adoption)

January 27

- Publish notice of intent to adopt 2022-2023 Preliminary Budget.
- Publish and post on the district website notice of intent to apply to PDE for referendum exceptions.

- 10 days prior to Preliminary Budget adoption

February 7 Board Action Required

- Approve Preliminary Budget (N/A if opt out resolution adopted, PDE deadline February 16)

February 9 Finance Committee

- Budget Development

February 21 Board Meeting

- Budget Development
- Presentation of referendum exception calculation for board discussion. (N/A if opt out resolution adopted)
- Submit to PDE Preliminary Budget and related proposed tax rate increases (PDE- 2028, including Real Estate Tax Rate Report. (85 days prior to primary election) (N/A if opt out)

February 24

- PDE deadline to file referendum exception request (75 days prior to primary Election) (N/A if opt out resolution adopted)
- Post on district website notice of intent to apply to PDE for referendum exceptions. (N/A if opt out resolution adopted)

March 1

- Deadline for residential property owners to submit homestead application to County Assessment office.

March 3

- File Referendum exception request (N/A if opt out resolution adopted)

March 9- Finance Committee

- Budget Development

March 21 - Board Meeting

- Budget Development

March 23

- PDE to rule on school district request for referendum exception (55 days prior to primary election)

April 13 - Finance Committee

- Budget Development

April 25 Board Meeting

- Presentation of district proposed final budget for 2022-2023

May 2 - Board Action Required

- Approval of district Proposed Final Budget for 2022-2023 for board.
(Resolution and advertising - 30 days prior to final budget adoption; PDE Deadline May 31)
- School Board President to sign and send to PDE Certification of Use of PDE-2028

May 11 Finance Committee

- Budget Development

May 16 Board Meeting and Budget Hearing

- Public hearing for district final budget for 2022-2023

May 17

- Primary Election Day

May 17

- Proposed Final Budget on Form PDE-2028 available for public inspection (PDE deadline 20 days prior to final budget adoption)

May 25

- District publish notice of intent to adopt Final Budget (PDE deadline 10 days prior to adoption)

June 6 Board Meeting

- Adopt Final Budget on Form PDE-2028 (resolution)
- Homestead and Farmstead Exclusion Resolution
- Annual Tax Levy Resolution
- Installment Payment Plan Resolution
- (PDE deadline June 30)

June 10 – Publish Adoption of Final 2022-2023 Budget

- Publish notice of intent to adopt Final Budget (10 days prior to final budget adoption)

June 30 – Board Action Required

- Adopt Final Budget on Form PDE-2028 (resolution)
- Homestead and Farmstead Exclusion Resolution
- Annual Tax Levy Resolution
- Installment Payment Plan Resolution