

State College Area School District



2023-24 Budget Development

**State College
Area School District
March 20, 2023**

Commonwealth Budget Proposal 2023-2024

PA's Total Operating Budget

- **\$117.6 billion for 2023-24**
 - \$3.2 billion in the Motor License Fund
 - \$2.0 billion in the Lottery Fund
 - \$45.8 billion in Federal funds
 - \$22.1 billion special funds/augmenting fees
 - **\$44.4 billion in the General Fund**

Budget Themes

- Ensuring Access to Effective Emergency Services and Public Safety Resources
- Combatting Violence and Discrimination and Ensuring the Criminal Justice System Works for All Pennsylvanians
- Investing in Children and Students
- Ensuring Students have a Supportive and Safe Learning Environment
- Investing in Higher Education and Supporting Students Pursuing Postsecondary Education

Budget Themes

- Building Economic Prosperity Through Key Investments in Communities, Businesses, and Workers
- Incentivizing Individuals to Fill and Remain in Critical Job Classifications
- Assistance for Seniors and Individuals with Disabilities
- Supporting the Mental Health of Every Pennsylvanian
- Providing Resources to Bolster Healthy Communities
- Safeguarding Pennsylvania's Environment and Protecting Pennsylvanians' Rights to Clean Air and Pure Water

2023-24 Proposed Budget...

\$44.4 billion General Fund
budget proposal

- Does not raise any additional revenue
- Includes tax credits/tax reductions

General Fund Revenue 2023-24



Personal Income
 \$18,050,900 41.8%
Consumption \$14,525,400 33.6%
Corporation Taxes \$7,365,600 17.0%
Other Taxes \$2,195,000 5.1%
Nontax Revenue \$1,092,500 2.5%

Income

(Dollar Amounts in Thousands)

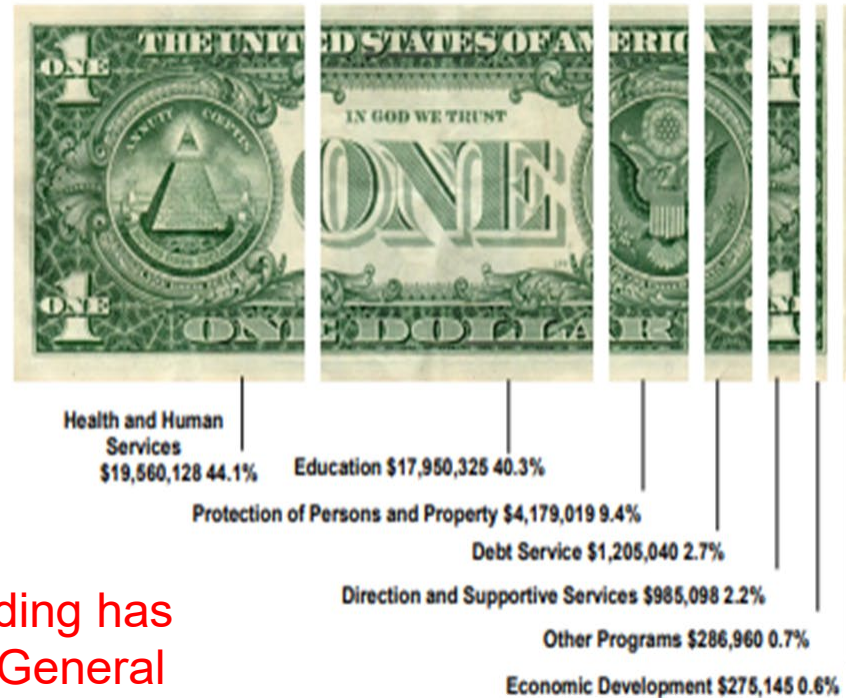
TOTAL INCOME	\$43,229,400
Refunds	(1,257,500)
Beginning Balance	7,858,253
Lapses	205,000
TOTAL	\$50,035,153

General Fund Revenue 2023-24

Outgo

(Dollar Amounts in Thousands)

TOTAL OUTGO	\$44,396,715
Budget Stabilization	
Reserve Fund	0
Plus Ending Surplus	5,638,438
TOTAL	\$50,035,153



Health and Human Services spending has eclipsed Education as the largest General Fund expenditure.

Grants and Subsidies 81.2¢



Institutional 8.8¢

General Government 7.3¢

Debt Service Requirements 2.7¢

Education Projections

(Dollar Amounts in Thousands)

	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28
	Actual	Available	Budget	Estimated	Estimated	Estimated	Estimated
Education							
General Fund.....	\$ 15,253,353	\$ 16,983,891	\$ 17,905,325	\$ 18,308,333	\$ 18,668,555	\$ 19,006,253	\$ 19,358,584
Motor License Fund....	1,100	1,100	-	-	-	-	-
Lottery Fund	-	-	-	-	-	-	-
Federal Funds	8,099,682	3,478,185	4,548,577	4,548,077	4,542,967	4,526,967	4,526,967
Other Funds	670,237	839,354	856,034	859,123	862,230	866,922	870,119
Total Operating.....	\$ 24,024,372	\$ 21,302,530	\$ 23,309,936	\$ 23,715,533	\$ 24,073,752	\$ 24,400,142	\$ 24,755,670

PDE: General Government Operations

\$4.1 million increase in PDE's GGO...

This increase is a combination of moving costs (moving to the forum building), increasing capacity to continue current work, and \$2 million for increasing capacity for future audits...

The Future?

(Dollar Amounts in Thousands)

	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28
	Actual	Available	Budget	Estimated	Estimated	Estimated	Estimated
GENERAL FUND:							
General Government							
Operations	\$ 29,981	\$ 36,404	\$ 40,595	\$ 40,095	\$ 40,095	\$ 40,095	\$ 40,095
Information and Technology Improvement.....	3,740	3,740	3,940	3,940	3,940	3,940	3,940
TOTAL GENERAL FUND.....	\$ 33,721	\$ 40,144	\$ 44,535	\$ 44,035	\$ 44,035	\$ 44,035	\$ 44,035

Appropriations Not to Worry About...

- PSERS reimbursement
- Transportation subsidy
- Existing PlanCon
- Level-Up (if you receive it in 2022-23)
- Social Security reimbursement
- Ready to Learn Block Grant

The Appropriations...

- **\$567 million** proposed increase for BEF formula (7.8% increase to cover inflation)
- **\$104 million** proposed increase for SEF (7.8% increase to cover inflation)
- The budget proposal acknowledges the intent to continue increasing both appropriations at an inflationary amount going forward

The Appropriations...

- **\$100 million** proposed for safety/security grants via PCCD for physical safety (and for coordinator training)
- **\$30 million** proposed increase to Pre-K Counts (increases the rate for FT seats to \$11,000)
- **\$3 million** proposed increase to Head start (covers increased costs)
- **\$10.4 million** proposed increase for Early Intervention (through existing funding model)

NEW-ish Appropriations

- \$100 million proposed for school mental health support grants via PDE
- \$100 million proposed for school environmental repairs and improvement grants (expands existing work with DEP and PENNVEST)
- \$38.5 million proposed increase for universal free breakfast (continuing from 2022-23) and free lunch for reduced-price students (under 185% of poverty)

CTE – focused funding

- \$3.3 million increase in the equipment grants
- \$4 million increase in CTE subsidy
- \$5 million increase to expand computer science and STEM programs
- \$2 million to establish an Industry in the School Program
- \$3 million in Apprenticeship training through Dept of Labor and Industry (increase the number of apprenticeships available and expand apprenticeships into non-traditional occupations)
- \$3.5 million investment in Schools-to-Work program
- \$3 million to start a Foundations in Industry program at DCED

Career & Tech

	\$ 3,000	—to continue current program.
	5,000	—Initiative—to increase exposure to CTE programs and develop additional CTE programs statewide.
Subsidy	4,000	—Initiative—to provide additional subsidy increase.
	2,000	—Initiative—to establish a state-level Industry in the School Program to bring trade and industry professionals into the classroom.
	<hr/>	
	\$ 14,000	<i>Appropriation Increase</i>

Career and Technical Education Equipment Grants

- | | |
|----------|--|
| \$ 3,330 | —Initiative—to provide resources for additional equipment purchases and maintenance. |
|----------|--|

Other Policy...

- Increase the **minimum wage to \$15/hour**
- **\$24.7 million** in job retention and recruitment efforts for teachers, police officers/state troopers, and nurses
- Changes to **Property Tax/Rent Rebate program**:
 - Increase the income cap for homeowners from \$35k to \$45k
 - Increase the income cap for renters from \$15k to \$45k
 - Grow the income caps by inflation beginning in 2024
 - Increase the rebate cap to \$1,000
 - Changes would take place beginning in 2024-25

What's NOT in the proposed budget?

- Charter school funding reform
- PlanCon-proper funding
- Minimum teacher salary
- EITC expansion
- Lifeline scholarship program/pilot
- Level-Up round 3

School Funding Next Steps...

- “Last month, President Judge Renée Cohn Jubelirer of the Commonwealth Court issued a ruling declaring Pennsylvania’s system for funding public education unconstitutional.
- That ruling was a call to action. Literally.
- Her remedy was for us to get around the table and come up with a solution that ensures every child has access to a thorough and efficient education.”
- *Governor Josh Shapiro*

School Funding Next Steps...

“We must approach this responsibility with hope and ambition – because this is a once-in-a-lifetime opportunity for us to do right by our kids, to fund our schools, and to empower parents to put their kids in the best position for them to succeed.

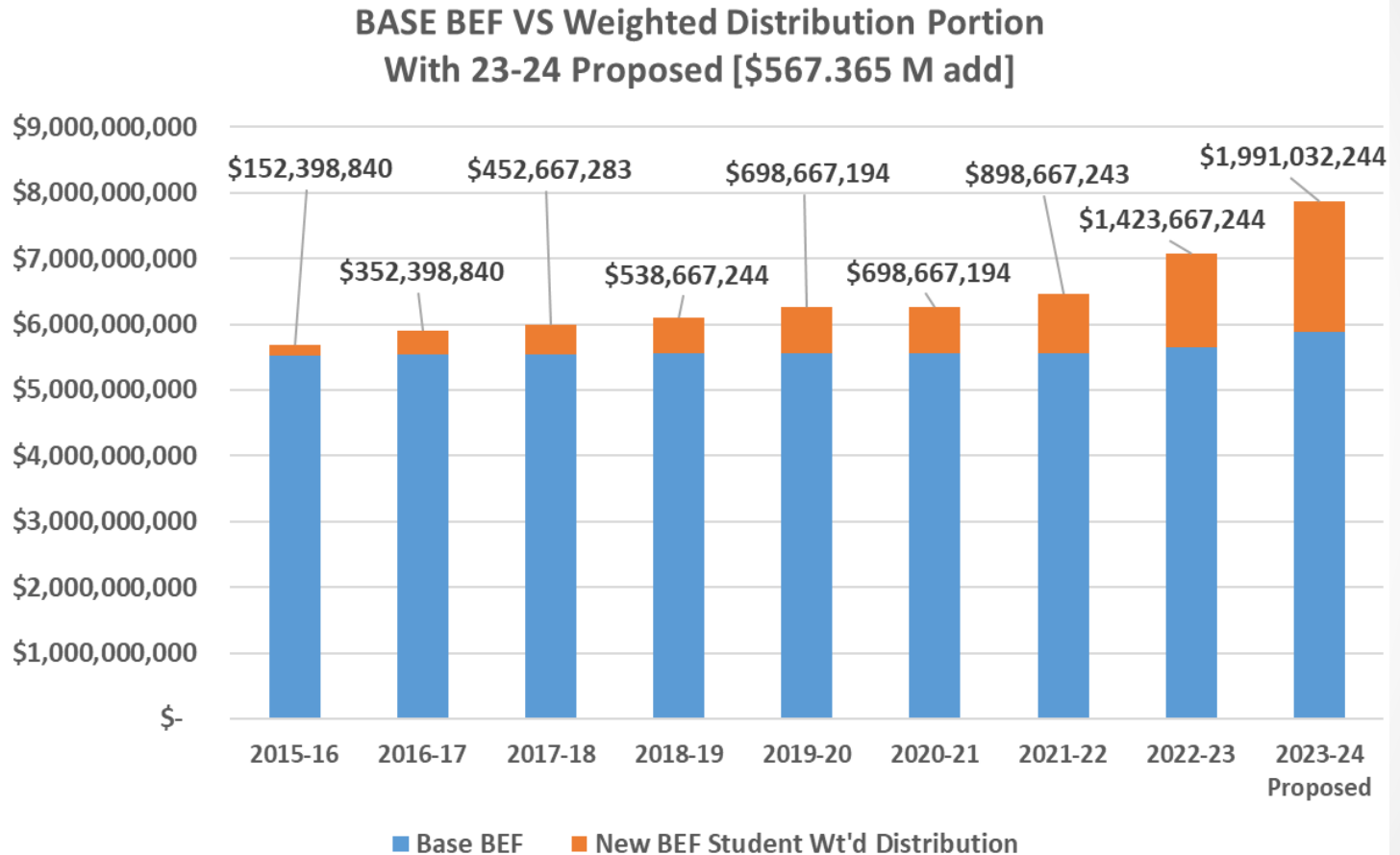
It will take all of us – Republicans and Democrats – teachers and administrators – students and families – advocates and community leaders.

It will take all of our ideas for not just how many dollars we set aside from the state for public education but how we drive those dollars out to local districts adequately and equitably.”

Governor Josh Shapiro

Proposed \$567 million add to BEF formula

\$1.991 billion proposed in the Student weighted formula distribution



BEF: Since the beginning...

...as proposed, each student weighted ADM is worth \$757.36

FY	BEF BASE	BEF Formula Distribution	BEF Increase	BEF Distribution Value per SWADM	BEF Distribution Value per SWADM % Change
2015-16	\$ 5,527,680,160	\$ 152,398,840	\$ 152,398,840	\$ 52.14	
2016-17	\$ 5,542,411,717	\$ 352,398,840	\$ 200,000,000	\$ 120.52	131.1%
2017-18	\$ 5,542,411,717	\$ 452,667,283	\$ 100,268,443	\$ 151.89	26.0%
2018-19	\$ 5,556,411,756	\$ 538,667,244	\$ 85,999,961	\$ 182.92	20.4%
2019-20	\$ 5,556,411,806	\$ 698,667,194	\$ 159,999,950	\$ 236.92	29.5%
2020-21	\$ 5,556,411,806	\$ 698,667,194	\$ -	\$ 234.83	-0.9%
2021-22	\$ 5,556,411,806	\$ 898,667,243	\$ 200,000,049	\$ 316.68	34.9%
2022-23	\$ 5,656,411,806	\$ 1,423,667,244	\$ 525,000,001	\$ 522.56	65.0%
2023-24 Proposed	\$ 5,881,411,806	\$ 1,991,032,244	\$ 567,365,000	\$ 757.36	44.9%

Safety and Security

\$100 million for school safety and security grants through the PCCD's School Safety and Security Fund.

- These grants came to be last year, in the 2022-23 budget cycle.
- School entities can utilize funds to address physical security enhancements and provide resources for school safety and security coordinator training.

Safety and Security

***New* \$100 million** for the School-Based Mental Health Supports Block Grant through PDE.

- Eligible grant uses include:
 - Hiring/maintaining school counselors, social workers, and psychologists
 - Contracting with community and non-profit groups
 - Providing telemedicine behavioral health options.
- Funding will also support clinical mental health internships for individuals pursuing certification in public schools.

School Construction

***New* \$100 million** for matching grants for school environmental repairs and improvements via collaboration between DEP, PDE and PENNVEST

- By abating or remediating environmental hazards in schools, more children will have the opportunity to grow and learn in healthy settings.
- There is no indication that these funds are run through PlanCon.

Food Service

New \$38.5 million to continue to provide **universal free breakfast** for all Pennsylvania students, regardless of income.

- Additionally, this investment will **cover the full cost of lunch** for 22,000 Pennsylvania school students who are eligible for reduced price lunches through NSLP.
- This means that students whose families earn less than 185 percent of the federal poverty level will be able to eat a school lunch at no cost.

Teacher Recruitment and Retention

***New* \$24.7 million** in job retention and recruitment efforts to attract individuals into certified and licensed professions in the fields of nursing, teaching, and policing.

- Provides refundable tax credit up to \$2,500 a year for three years to:
 - Current residents that either acquire a license or certification in these fields after January 2023
 - Individuals that move into PA with a recognized credential in these fields
- This would be accomplished through Personal Income Tax returns to avoid extra burden in applying for the funding.

Teacher Recruitment and Retention

\$2 million increase to provide teacher professional development through local education agencies.

- This funding will help to ensure that teachers have resources and support to develop new curriculum in line with updated educational standards.

Level Up

- Senate Democrats have released their own budget proposal, appropriating \$400 million into Level Up.
- Senator Hughes' plan is supported by a mix of General and Rainy-Day funds.
 - Pennsylvania's estimated General Fund surplus at the end of FY 22/23 is \$7.4 billion.
 - The Rainy-Day Fund balance is \$5 billion.

Act 1 index History and Estimated

FOR USE IN FY	SAWW CAL YEARS	SAWW	ECI FY	ECI	INDEX (unadjusted)
2007-08	2005	2.9%	2005-06	3.9%	3.4%
2008-09	2006	4.3%	2006-07	4.5%	4.4%
2009-10	2007	4.6%	2007-08	3.6%	4.1%
2010-11	2008	2.7%	2008-09	3.0%	2.8%
2011-12	2009	0.9%	2009-10	1.9%	1.4%
2012-13	2010	2.1%	2010-11	1.3%	1.7%
2013-14	2009-2011	2.0%	2011-12	1.4%	1.7%
2014-15	2010-2012	2.6%	2012-13	1.6%	2.1%
2015-16	2011-2013	2.4%	2013-14	1.4%	1.9%
2016-17	2012-2014	2.5%	2014-15	2.2%	2.4%
2017-18	2013-2015	2.6%	2015-16	2.3%	2.5%
2018-19	2014-2016	2.2%	2016-17	2.6%	2.4%
2019-20	2015-2017	2.2%	2017-18	2.4%	2.3%
2020-21	2016-2018	2.2%	2018-19	2.9%	2.6%
2021-22	2017-2019	3.1%	2019-20	2.9%	3.0%
2022-23	2018-2020	4.7%	2020-21	2.1%	3.4%
2023-24	2019-2021	5.2%	2021-22	2.9%	4.1%
2024-25	2020-2022	5.9%	2022-23	4.1%	5.0%

Definitions:

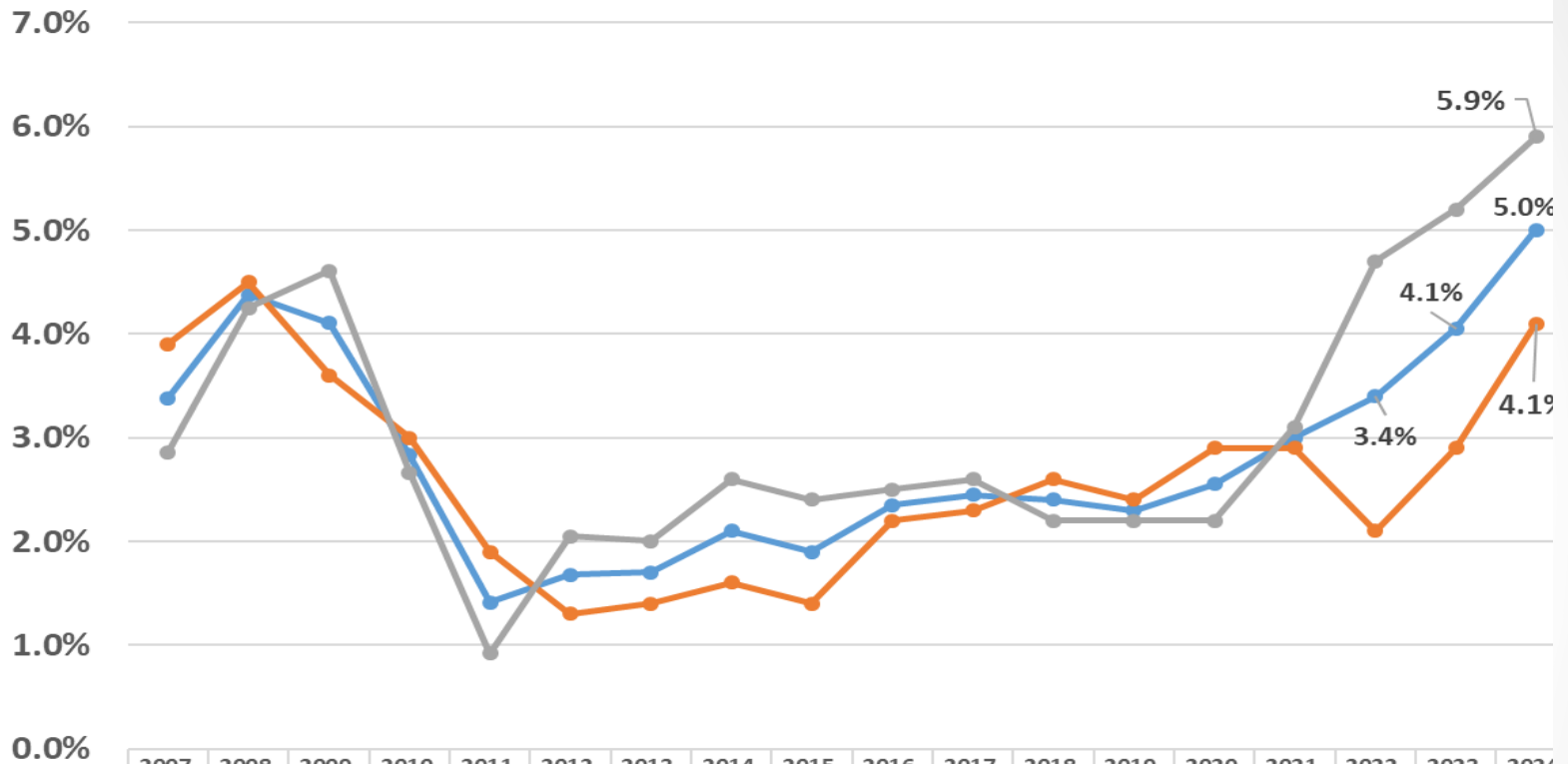
Statewide Average Weekly Wage That amount determined by the Department of Labor and Industry in the same manner that it determines the average weekly wage under section 404(e)(2) of the act of December 5, 1936 (2nd Sp.Sess., 1937 P.L.2897, No.1), known as the Unemployment Compensation Law, except that it shall be calculated for the preceding calendar year.

Employment Cost Index The most recent official figures, for the previous 12-month period beginning July 1 and ending June 30 for the Employment Cost Index Series for Elementary and Secondary Schools, reported by the Bureau of Labor Statistics of the Federal Department of Labor (Table 4).

Index (1) Except as set forth in paragraph (2), the average of the percentage increase in the Statewide average weekly wage and the employment cost index. (2) For a school district with a market value/income aid ratio greater than 0.4000 for the school year prior to the school year for which the index is calculated, the value under paragraph (1) multiplied by the sum of: (i) 0.75; and (ii) the school district's market value/income aid ratio for the school year prior to the school year for which the index is calculated.

ECI data rebased in July 2006: base year changed to Dec. 2005; also, new industry SAWW calculation changed by Act 6 of 2011 to a 36-month from 12-month

SAWW, ECI, Act 1 history.....and Estimated Act 1 Index



	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
INDEX (unadjusted)	3.4%	4.4%	4.1%	2.8%	1.4%	1.7%	1.7%	2.1%	1.9%	2.4%	2.5%	2.4%	2.3%	2.6%	3.0%	3.4%	4.1%	5.0%
ECI	3.9%	4.5%	3.6%	3.0%	1.9%	1.3%	1.4%	1.6%	1.4%	2.2%	2.3%	2.6%	2.4%	2.9%	2.9%	2.1%	2.9%	4.1%
SAWW	2.9%	4.3%	4.6%	2.7%	0.9%	2.1%	2.0%	2.6%	2.4%	2.5%	2.6%	2.2%	2.2%	2.2%	3.1%	4.7%	5.2%	5.9%

PSERS: What is the FY 2023-24 Employer Contribution Rate (ECR)? Answer = 34.0%

- On December 16, 2022, the Public School Employees' Retirement System (PSERS) Board of Trustees certified the FY 2023-24 employer contribution rate (ECR) at 34.00%.
- The ECR for 2022-23 was 35.26%. ...a 1.26% of payroll yr over yr reduction.
- The ECR is the percentage of payroll that local school employers and the Commonwealth share and pay toward retired and current school employees' benefits.

- More to come....
hopefully before
June 30, 2023

Questions

State College Area School District

