

Randy Brown Finance and Operations Officer

240 VILLA CREST DRIVE • STATE COLLEGE, PENNSYLVANIA • 16801

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To: Board of Directors

From: Curtis Johnson, Donna Watson and Randy Brown

Date: February 16, 2023 Subject: Budget Development

This budget development discussion includes an update of revenue projections for 2022-23 and budget for 2023-24, primarily focused on local revenue. As in the past, the current year projections and budget are updated based upon the most recent information available. Unfortunately this information is received at different times throughout the year.

The comparative statements for 2022-23 current year and 2023-24 budget have been updated along with the multi-year projections for the revenue to show the changes since the most recent presentation as well as the year-over-year impact of the updates. Detail is provided in the presentation.

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1	State College Area School District											
2	General Fund Revenue											
3	Budget 2023-24											
4												
5												
		Board	Board									
			Board	Board		2/20/22 2/2						
		Presentation	Presentation	Presentation	Presentation	2/20/23 vs. 1/11/23	Variance Evalenation					
6	LOCAL SERVICES TAX	5/16/22	12/5/22 (1)	1/11/23 (2)	2/20/23	1/11/23	Variance Explanation					
/	LUCAL SERVICES TAX											
							Assumes assessed value increase of .75% vs. 1.2% based upon assessed value growth through Feburary					
8	CURRENT REAL ESTATE TAX	\$ 111,404,824	\$ 114,422,706	\$ 114,422,706	\$ 114,164,002	\$ (258,704)	and estimated appeal impacts.					
9	REAL ESTATE TAX-REFERENDUM DEBT	4,943,388	4,943,388	4,943,388	4,943,388	-						
10	EARNED INCOME TAX	20,100,000	21,530,000	21,980,000	21,980,000	-						
11	REALTY TRANSFER TAX	2,800,000	2,800,000	2,800,000	2,800,000	_						
	DELINQUENT REAL ESTATE TAX	1,100,000	1,100,000	1,100,000	1,100,000	-						
-	INTERIM REAL ESTATE TAX	600,000	600,000	600,000	600,000	-						
	IDEA-B	733,819	898,756	898,756	898,756	-						
	PAYMENTS IN LIEU OF TAX	674,646	674,646	647,824	647,824	_						
	LOCAL SERVICES TAX	393,000	394,000	412,000	412,000							
	TUITION	1,462,805	1,462,805	1,462,805	1,555,621	92 817	Primarily related to proposed CEEL rate increase					
	MISC LOCAL REVENUE	549,915	549,915	549,915	557,607	7,692	Timality related to proposed OLLE rate increase					
	PUBLIC UTILITY REALTY TAX	117,190	117,190	117,190	117,190	- 7,002						
	INTEREST ON INVESTMENTS	250,000	700,000	2,500,000	2,500,000	_						
21	TOTAL LOCAL	145,129,586	,	152,434,583	152,276,388	(158,195)						
22		, ,	, ,	, ,	, ,	, , ,						
	STATE											
	BASIC ED INSTR SUBSIDY	9,039,487	10,600,367	10,600,367	10,600,367	-						
25	SPECIAL ED REVENUE-REGULR	3,409,937	3,485,046	3,485,046	3,485,046	-						
26	REV. FOR RETIREMENT	14,300,000	14,300,000	13,600,000	13,600,000	_						
	REV. FOR SOCIAL SECURITY	3,061,845	3,063,087	3,063,087	3,063,087							
	PROPERTY TAX REDUCTION	1,421,949	1,421,949	1,421,949	1,421,949	_						
	TRANSPORTATION REVENUE	800,000	800,000	800,000	800,000	_						
30	BOND REIMBURSEMENTS	938,994	910,702	910,702	910,702	-						
31	HEALTH SERVICES REVENUE	140,000	140,000	140,000	140,000	-						
32	READY TO LEARN GRANT	310,013	310,013	310,013	310,013	-						
33	SAFETY GRANTS	-	•	-	-	-						
	VOCATIONAL EDUCATION	196,000	196,000	196,000	196,000	-						
	OTHER STATE REVENUE	-	105,190	105,190	105,190	-						
	TUITION - 1305/1306	130,000	130,000	130,000	130,000	_						
37 38	TOTAL STATE	33,748,225	35,462,354	34,762,354	34,762,354	\$ -						
	FEDERAL											
-	TITLE I REVENUE	600,000	600,000	600,000	600,000	_						
	TITLE II REVENUE	140,000	140,000	140,000	140,000	_						
	ACCESS FUNDS	250,000	350,000	350,000	350,000	-						
	OTHER FEDERAL REVENUE	168,788	147,200	147,200	288,858	141 658	ESSER spending moved from 2022-23					
44	TITLE III REVENUE	35,000	35,000	35,000	35,000							
43		·	·	·		444.4						
46	TOTAL FEDERAL	1,193,788	1,272,200	1,272,200	1,413,858	141,658						
48	TOTAL REVENUE	\$180,071,599	\$186,927,959	\$188,469,137	\$188,452,599	(\$16,537)						
			<u> </u>		· · ·	<u> </u>	-					
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⁽¹⁾ Projection assumes 4.1% tax increase vs. 2%, higher assessed value growth in 2022-23, greater than anticipated EIT growth in 2021-22, higher IDEA allocation and interest rates. State revenue reflects actual 2022-23 state subsidy, estimated PCCD grant utilization and federal revenue reflects higher than projected ACCESS revenue in 2021-22.

⁽²⁾ Projection assumes 3.5% earning income tax increase vs. 2.5%, increased interest rates and a reflects a decrease in the PSERS employer percentage to 34% based upon the December 2022 actuarial report.

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A B C F I	J K												
State College Area School District													
General Fund Revenue Projection 2022-23													
Projection 2022-23													
5													
Board Board	2/22												
	20/23 vs.												
	/11/23 Variance Explanation												
9 LOCAL SERVICES TAX													
10 CURRENT REAL ESTATE TAX \$ 107,366,561 \$ 107,930,281 \$ 107,930,281 \$ 108,497,686 \$	Assumes fewer appeals settled and an increase in collection percentage												
11 REAL ESTATE TAX	507,405 in collection percentage												
12 EARNED INCOME TAX 19,610,000 21,000,000 21,240,000 21,240,000													
13 REALTY TRANSFER TAX 2,800,000 2,800,000 2,800,000 2,800,000	_												
14 DELINQUENT REAL ESTATE TAX 1,100,000 1,100,000 1,100,000 1,100,000	-												
15 INTERIM REAL ESTATE TAX 600,000 600,000 315,000	(285,000) Projected based upon 2/1/23 billing												
16 IDEA-B 802,610 1,047,675 1,047,675 1,047,675	-												
17 PAYMENTS IN LIEU OF TAX 674,646 674,646 647,824 647,824	-												
18 LOCAL SERVICES TAX 383,000 384,000 398,000 398,000 19 TUITION 1,462,805 1,462,805 1,462,805 1,402,544	(60,261)												
20 MISC LOCAL REVENUE 549,915 549,915 568,931	19,016												
21 PUBLIC UTILITY REALTY TAX 117,190 117,190 127,972 127,972	19,010												
22 INTEREST ON INVESTMENTS 200,000 1,100,000 2,600,000 2,600,000													
	044.400												
24 TOTAL LOCAL 140,611,290 143,711,075 145,449,034 145,690,196	241,160												
26 STATE													

27 BASIC ED INSTR SUBSIDY 9,039,487 10,600,367 10,600,367 10,600,367 28 SPECIAL ED REVENUE-REGULR 3,485,046 3,409,937 3,485,046 3,485,046 29 REV. FOR RETIREMENT 13,760,101 13,765,178 13,765,178 13,765,178 30 REV. FOR SOCIAL SECURITY 2,985,381 2,986,461 2,986,461 2,986,461 31 PROPERTY TAX REDUCTION 1,792,547 1,792,547 1,792,547 1,792,547 32 TRANSPORTATION REVENUE 800,000 800,000 800,000 800,000 33 BOND REIMBURSEMENTS 938,804 910,864 910,864 910,864 34 HEALTH SERVICES REVENUE 154,304 154,304 140,000 154,304 35 READY TO LEARN GRANT 310,013 310,013 310,013 310,013 36 SAFETY GRANTS 37 VOCATIONAL EDUCATION 196,000 196,000 196,000 196,000 38 OTHER STATE REVENUE 304,010 304,010 304,010 39 TUITION - 1305/1306 130,000 130,000 130,000 130,000 40 TOTAL STATE 33,502,270 35,434,789 35,434,789 35,434,789 41 42 **FEDERAL** 43 TITLE I REVENUE 652,386 652,386 652,386 600,000 44 TITLE II REVENUE 140,000 140,907 140,907 140,907 45 ACCESS FUNDS 250,000 350,000 350,000 350,000 46 OTHER FEDERAL REVENUE 1,898,993 2,132,370 2,132,370 1,990,714 (141,656) ESSER spending moved to 2023-24 47 TITLE III REVENUE 35,000 44,981 44,981 44,981 49 TOTAL FEDERAL 2,923,993 3,320,644 3,178,988 3,320,644 (141,656) \$177,037,552 \$182,466,508 51 TOTAL REVENUE \$184,204,468 \$184,303,973 \$99,504 52

⁽¹⁾ Projection assumes 1.4% vs 1.2% assessed value growth, fewer appeal settlements in 2021-22, greater than anticipated EIT growth in 2021-22 and carryover plus higher 2022-23 allocation of IDEA revenue. State revenue reflects actual state subsidy based on approved state budget and PCCD grant. Projected federal ACCESS revenue reflects higher than projected 2012-22 revenue and revised estimate of usage of ESSER Funding.

^{59 (2)} Projection assumes 3.7% increase in earned income tax collections (previously 2.5%) and increased interest on investments based upon increased rates.

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B	W	Z	AC	AD	AE	AF	AG	АН	Al	AJ	AK	AL	AM	AN
1 State College Area School District														
2 General Fund Revenue														
<u>3</u> 2/15/23														
5														
6 Assumptions: 7 Farned Income Tax Growth (1)	0.050/	0.740/	0.700/	0.500/	2.700/	2.500/	2.500/	2.000/	2.000/	2.000/	0.500/	0.500/	0.500/	0.500/
Zarrea meeme rax Grenar (1)	2.25% 1.95%	-0.74% 1.10%	9.76% 1.65%	2.50% 1.20%	3.70% 1.64%	3.50% 0.75%	3.50% 1.20%	3.00% 1.20%	3.00% 1.20%	3.00% 1.20%	2.50% 1.20%	2.50% 1.20%	2.50% 1.20%	2.50% 1.20%
8 Assessed Value Growth (2) 9 Exceptions	0.00%	0.00%	0.00%	0.00%	0.00%	0.75% 0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
10 Act 1 Index (3)	2.30%	2.60%	3.00%	3.40%	3.40%	4.10%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
12 Actual/Projected Total Tax Increase	1.95%	0.00%	0.00%	3.40%	3.40%	4.10%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%
72 Motady Tojobiod Total Tax morodo	Actual 2019-	Actual 2020-	Actual 2021-			Budget 2023-	Projected	Projected	Projected Projected	Projected		Projected	Projected	Projected Projected
12	2020	2021	2022	2023	2023	2024	2024-2025	2025-2026	2026-2027	2027-2028	Projected 2028-2029	2029-2030	2030-2031	2031-2032
14 LOCAL SERVICES TAX	2020	2021	2022	2023	2023	2024	2024-2023	2023-2020	2020-2021	2021-2020	2020-2029	2029-2030	2030-2031	2031-2032
16 CURRENT REAL ESTATE TAX	\$100,120,228	\$101,141,373	\$103,390,767	\$107,366,561	\$108,497,686	114,164,002	118,045,851	122,058,712	\$126,197,221	\$130,470,958	\$134,879,729	\$139,430,673	\$144,130,292	\$148,979,674
17 REAL ESTATE TAX-REFERENDUM DEBT	4,946,210	4,945,740	4,945,269	4,944,564	4,944,564	4,943,388	4,946,210	4,943,153	4,943,623	4,942,447	4,944,093	4,945,551	4,945,081	4,946,492
18 EARNED INCOME TAX	18,802,288	18,662,696	20,484,199	19,610,000	21,240,000	21,980,000	22,750,000	23,430,000	24,130,000	24,850,000	25,470,000	26,110,000	26,760,000	27,430,000
19 REALTY TRANSFER TAX	3,046,841	3,542,448	3,233,460	2,800,000	2,800,000	2,800,000	2,500,000	2,500,000	2,500,000	2,500,000	2,500,000	2,500,000	2,500,000	2,500,000
20 DELINQUENT REAL ESTATE TAX	1,225,055	1,653,703	1,087,258	1,100,000	1,100,000	1,100,000	1,100,000	1,100,000	1,100,000	1,100,000	1,100,000	1,100,000	1,100,000	1,100,000
21 INTERIM REAL ESTATE TAX	1,338,213	1,388,429	1,584,502	600,000	315,000	600,000	600,000	600,000	600,000	600,000	600,000	600,000	600,000	600,000
22 IDEA-B	781,373	733,829	992,337	802,610	1,047,675	898,756	898,756	898,756	898,756	898,756	898,756	898,756	898,756	898,756
23 PAYMENTS IN LIEU OF TAX	674,646	613,671	637,441	674,646	647,824	647,824	647,824	647,824	647,824	647,824	647,824	647,824	647,824	647,824
24 LOCAL SERVICES TAX	376,816	315,549	383,996	383,000	398,000	412,000	426,000	439,000	452,000	466,000	478,000	490,000	502,000	515,000
25 TUITION	1,198,923	352,567	975,620	1,462,805	1,402,544	1,555,621	1,555,621	1,555,621	1,555,621	1,555,621	1,555,621	1,555,621	1,555,621	1,555,621
26 MISC LOCAL REVENUE	1,770,439	303,638	572,027	549,914	568,931	557,607	557,607	557,607	557,607	557,607	557,607	557,607	557,607	557,607
27 PUBLIC UTILITY REALTY TAX	110,406	122,788	129,570	117,190	127,972	117,190	117,190	117,190	117,190	117,190	117,190	117,190	117,190	117,190
28 INTEREST ON INVESTMENTS	<u>1,090,774</u>	<u>150,577</u>	<u>168,121</u>	200,000	<u>2,600,000</u>	<u>2,500,000</u>	1,000,000	1,000,000	600,000	500,000	500,000	<u>450,000</u>	400,000	<u>350,000</u>
29	1,000,111	100,011	100,121	200,000	2,000,000	2,000,000	1,000,000	1,000,000	000,000	000,000	000,000	100,000	100,000	000,000
30 TOTAL LOCAL	135,482,211	133,927,009	138,584,567	140,611,289	145,690,196	152,276,388	155,145,058	159,847,862	164,299,842	169,206,403	174,248,820	179,403,222	184,714,371	190,198,164
31														
32 STATE														
33 BASIC ED INSTR SUBSIDY	8,406,928	8,406,907	9,039,483	9,039,487	10,600,367	10,600,367	10,600,367	10,600,367	10,600,367	10,600,367	10,600,367	10,600,367	10,600,367	10,600,367
34 SPECIAL ED REVENUE	3,358,750	3,358,713	3,411,035	3,409,937	3,485,046	3,485,046	3,485,046	3,485,046	3,485,046	3,485,046	3,485,046	3,485,046	3,485,046	3,485,046
35 REV. FOR RETIREMENT	11,921,782	11,994,488	12,665,683	13,760,101	13,765,178	13,600,000	14,300,000	14,950,000	15,550,000	16,100,000	16,650,000	17,250,000	17,850,000	18,200,000
36 REV. FOR SOCIAL SECURITY	2,375,222	2,707,175	2,743,532	2,985,381	2,986,461	3,063,087	3,147,707	3,226,399	3,290,927	3,356,746	3,423,881	3,492,358	3,562,205	3,633,450
37 PROPERTY TAX REDUCTION	1,423,580	1,426,711	1,421,949	1,792,547	1,792,547	1,421,949	1,421,949	1,421,949	1,421,949	1,421,949	1,421,949	1,421,949	1,421,949	1,421,949
38 TRANSPORTATION REVENUE	803,219	812,080	643,838	800,000	800,000	800,000	800,000	800,000	800,000	800,000	800,000	800,000	800,000	800,000
39 BOND REIMBURSEMENTS	277,820	250,398	3,678,236	938,804	910,864	910,702	910,907	914,158	850,989	850,859	690,361	690,729	637,577	637,905
40 HEALTH SERVICES REVENUE	140,519	138,232	135,129	140,000	154,304	140,000	140,000	140,000	140,000	140,000	140,000	140,000	140,000	140,000
41 READY TO LEARN GRANT	310,013	310,013	310,013	310,013	310,013	310,013	310,013	310,013	310,013	310,013	310,013	310,013	310,013	310,013
42 SAFETY GRANTS	24,691	73,505	20,000	0	0	-	-	-	0	0	0	0	0	0
43 VOCATIONAL EDUCATION	197,228	218,773	250,919	196,000	196,000	196,000	196,000	196,000	196,000	196,000	196,000	196,000	196,000	196,000
44 OTHER STATE REVENUE (4)	634,792	74,018	41,256	0	304,010	105,190	-	-	0	0	0	0	0	0
45 TUITION - 1305/1306	<u>107,373</u>	<u>100,126</u>	<u>95,236</u>	<u>130,000</u>	<u>130,000</u>	<u>130,000</u>	<u>130,000</u>	<u>130,000</u>	<u>130,000</u>	<u>130,000</u>	<u>130,000</u>	<u>130,000</u>	<u>130,000</u>	<u>130,000</u>
46	00 004 040	00 074 444	04 450 000	00 500 070	05 404 700	24 700 054	25 444 666	20 470 000	00 775 004	27 200 200	07.047.045	00 540 400	20 400 457	20 554 725
47 TOTAL STATE	29,981,916	29,871,141	34,456,309	33,502,270	35,434,789	34,762,354	35,441,989	36,173,932	36,775,291	37,390,980	37,847,617	38,516,462	39,133,157	39,554,730
48 49 FEDERAL														
	700 10-	700 100	007.111	000 000	050 000	000 000	000 000	000 000	000 000	000 000	000 000	000 000	000 000	000 000
50 TITLE I REVENUE	786,137	708,109	627,144	600,000	652,386	600,000	600,000	600,000	600,000	600,000	600,000	600,000	600,000	600,000
51 TITLE II REVENUE	169,276	145,873	133,336	140,000	140,907	140,000	140,000	140,000	140,000	140,000	140,000	140,000	140,000	140,000
52 ACCESS FUNDS	685,060	372,126	514,411	250,000	350,000	350,000	350,000	350,000	350,000	350,000	350,000	350,000	350,000	350,000
53 OTHER FEDERAL REVENUE (5)	765,724	3,817,611	3,319,771	1,898,993	1,990,714	288,858	110,000	110,000	110,000	110,000	110,000	110,000	110,000	110,000
54 TITLE III REVENUE	<u>47,960</u>	<u>24,246</u>	<u>31,453</u>	<u>35,000</u>	<u>44,981</u>	<u>35,000</u>	<u>35,000</u>	<u>35,000</u>	<u>35,000</u>	<u>35,000</u>	<u>35,000</u>	<u>35,000</u>	<u>35,000</u>	<u>35,000</u>
56 TOTAL FEDERAL	2,454,158	5,067,965	4,626,115	2,923,993	3,178,988	1,413,858	1,235,000	1,235,000	1,235,000	1,235,000	1,235,000	1,235,000	1,235,000	1,235,000
58 TOTAL REVENUE	167,918,285	168,866,114	177,666,991	177,037,551	184,303,974	188,452,600	191,822,047	197,256,795	202,310,133	207,832,383	213,331,437	219,154,684	225,082,528	230,987,893
59								-	<u> </u>					
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⁶⁰ 61 62 (1) Projected 2022-23 is based upon receipts to date with remaining months projected based upon the prior year. Future years are assumed to begin at 4 year average of 3.5%, with slightly more conservative projections in future years. (2) Projected 2022-23 includes the estimated impact of filed appeals. 2023-24 reflects projected assessed value growth based upon actual growth through 2/3/23, adjusted by the impact of filed appeals. Years 2024-25 forward assume historical 10-year average 63 of 1.2% through 2020-21.

^{[64] (3)} Projected Act 1 Index for 2024-25 forward reflects 3%, which is lower than the most recent projected rates in the August 2022 report from the Independent Fiscal Office of 4.5%, 4.0% and 3.8% for 2024-25, 2025-26 and 2026-27, respectively.

^{65 (4)} Other State Revenue in 2022-23 and 2023-24 reflects projected use of PCCD School Mental Health and Safety and Security state funding.

^{66 (5)} Other Federal Revenue includes Perkins, Title IV and ESSER related grants.