

State College Area School District



2023-24 Budget Development

**State College
Area School District
January 11, 2023**

Major Changes in Projected Revenues

- Revenue
 - Local Revenue
 - Earned Income Tax
 - Interest on Investments
 - State Revenue
 - Revenue for Retirement (PSERS)

Local Revenue Update

- **Earned Income Tax**
 - Prior Assumption 2.5%
 - Updated Assumptions
 - 2022-23 3.7%
 - 2023-24 to 2024-25 3.5%
 - 2025-26 to 2027-28 3.0%
 - Five year average 3.7%
 - Independent Fiscal Office (IFO) projected changes in personal income tax range from -3.2% to +4.9% over the next six years
 - Revenue increase

2022-23	\$ 240,000
2023-24	\$ 450,000
2024-25 to 2031-31	\$8,130,000
Total	\$8,820,000

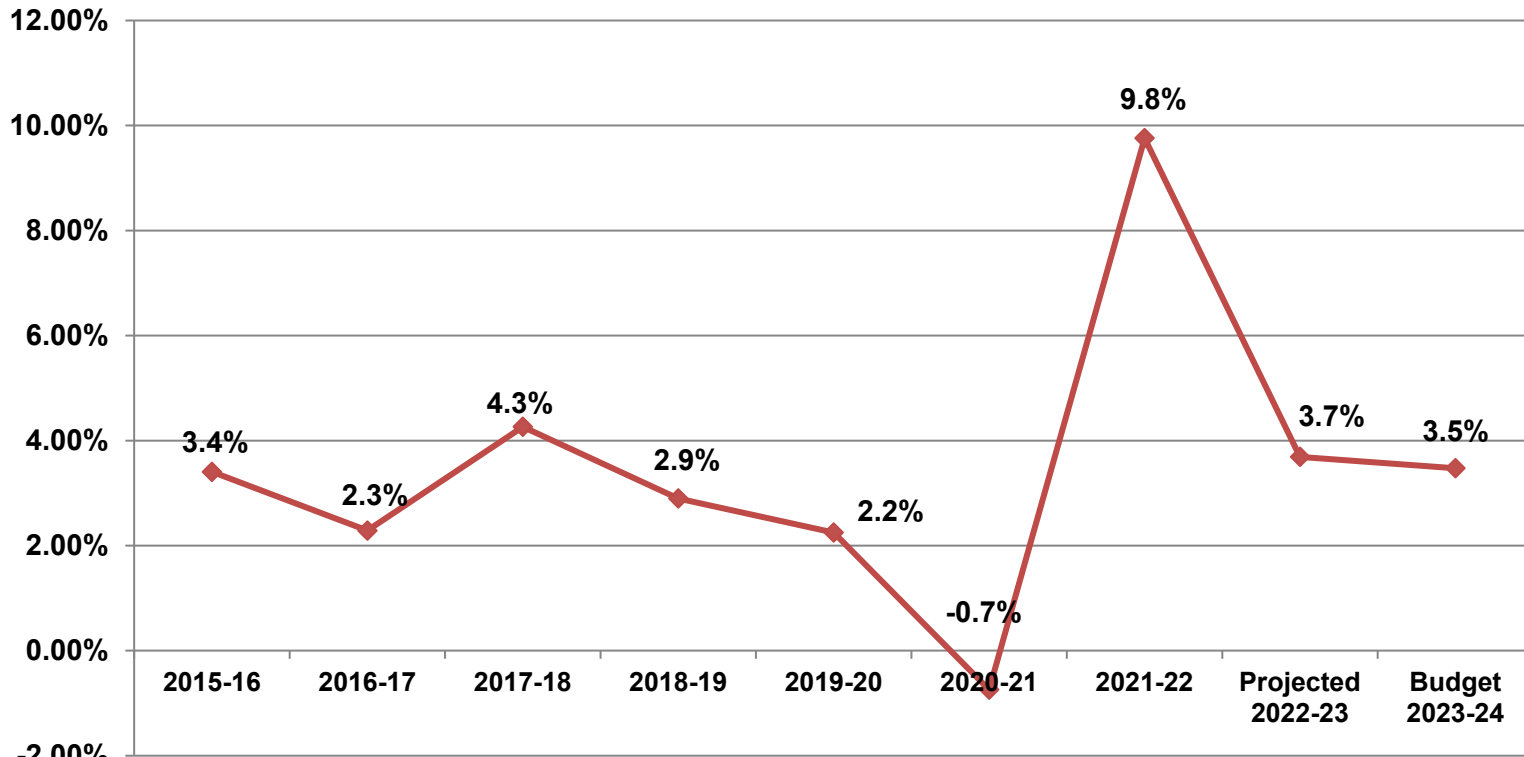
Local Revenue Update

- **Interest on Investments**

- Significant increase in available rates in 2022
- Increase in federal funds rate from 1.75% in June to 4.5% in December
- Revenue increase

2022-23	\$1,500,000
2023-24	\$1,800,000
2024-25 to 2031-32	\$ 700,000
Total	\$4,000,000

Earned Income Tax - Historical Percent Change



Five-year average through 2021-22

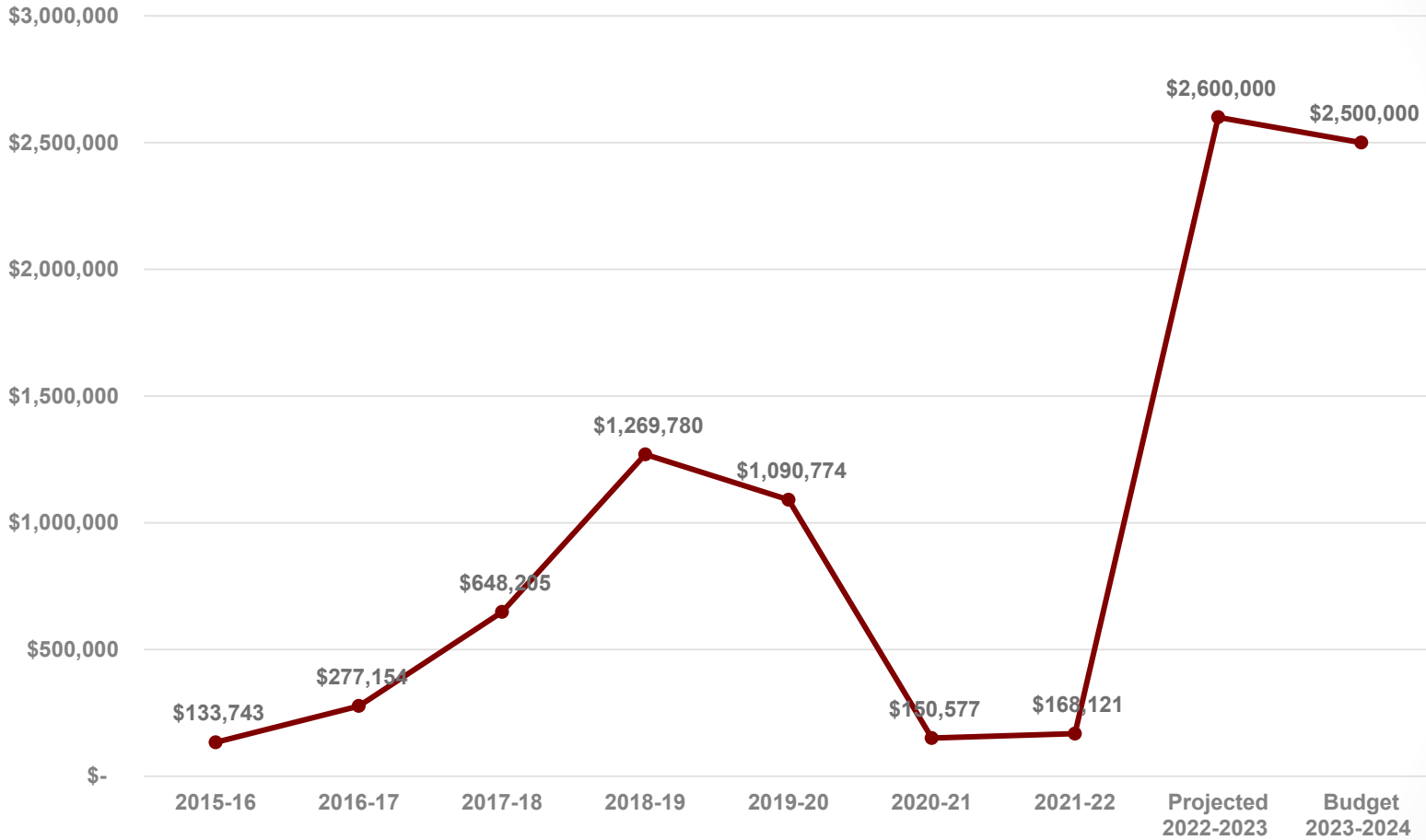
3.69%

Ten-year average through 2021-22

4.01%

* 2022-23 Budget 2.5%

Interest Income

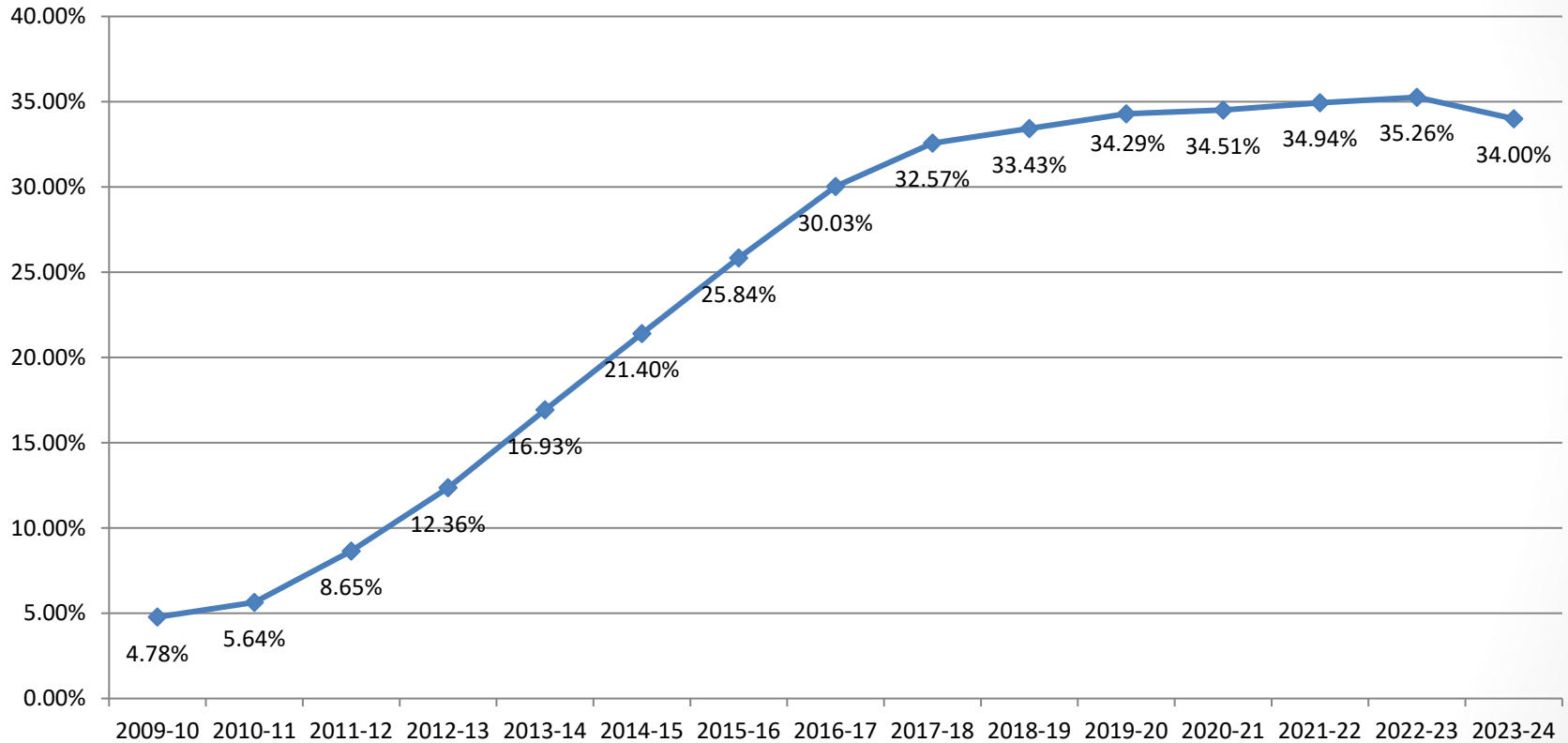


PSERS Employer Rates

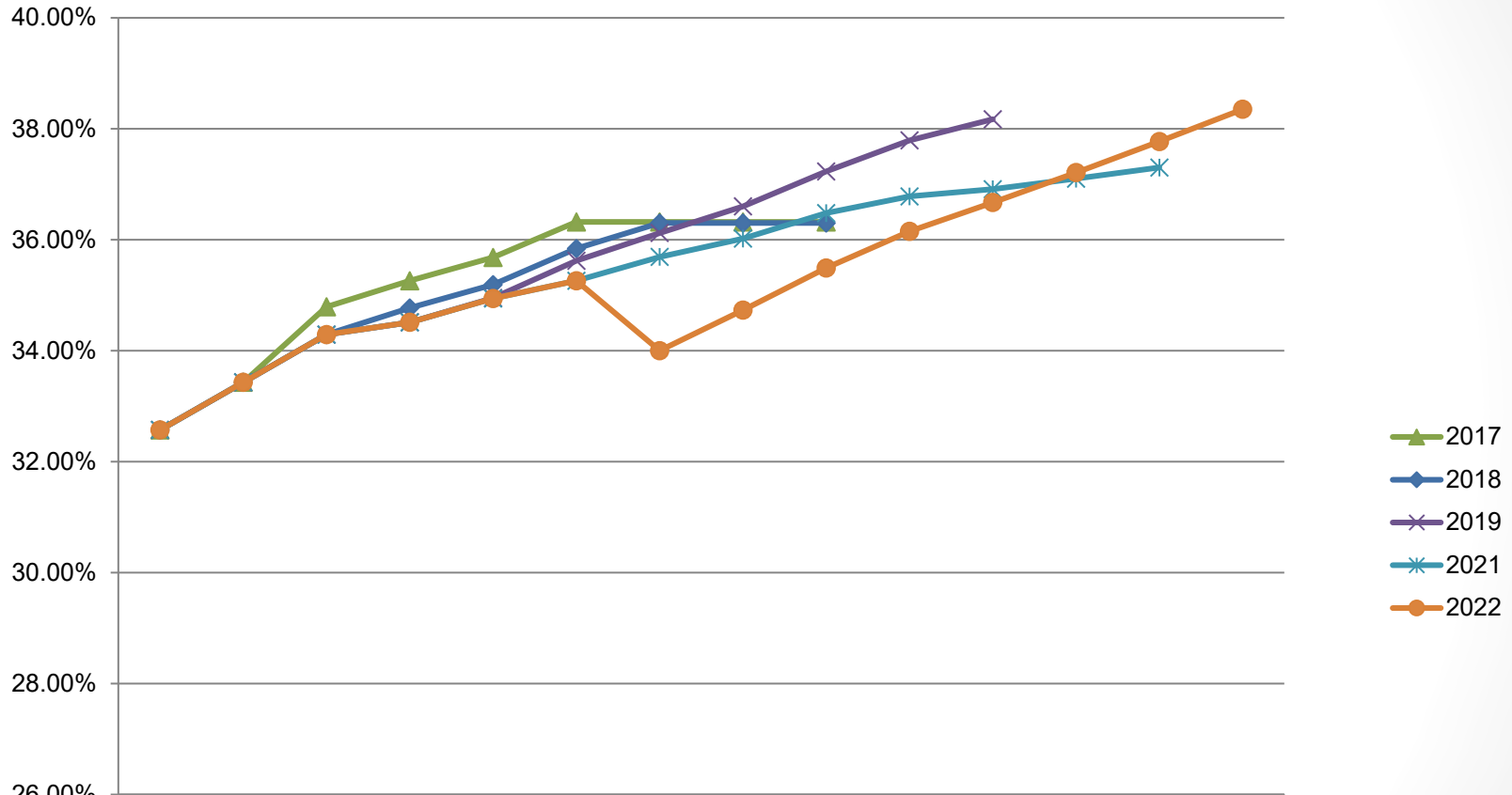
- PSERS published updated employer percentage contribution rates on December 16, 2022
- Rates projected through 2027-28 are lower than the December 2021 projection
- 2023-24 rate is 34.00%
 - Decreased from 2022-23 rate of 35.26%
- Impact of rate changes on multiyear projection

	2023-24	2024-25 to 2031-32
Expense Increase (Decrease)	\$ (1,400,000)	\$ (100,000)
Revenue Increase (Decrease)	\$ (700,000)	\$ (50,000)
Net Expense Increase (Decrease)	\$ (700,000)	\$ (50,000)

PSERS Employer Rates

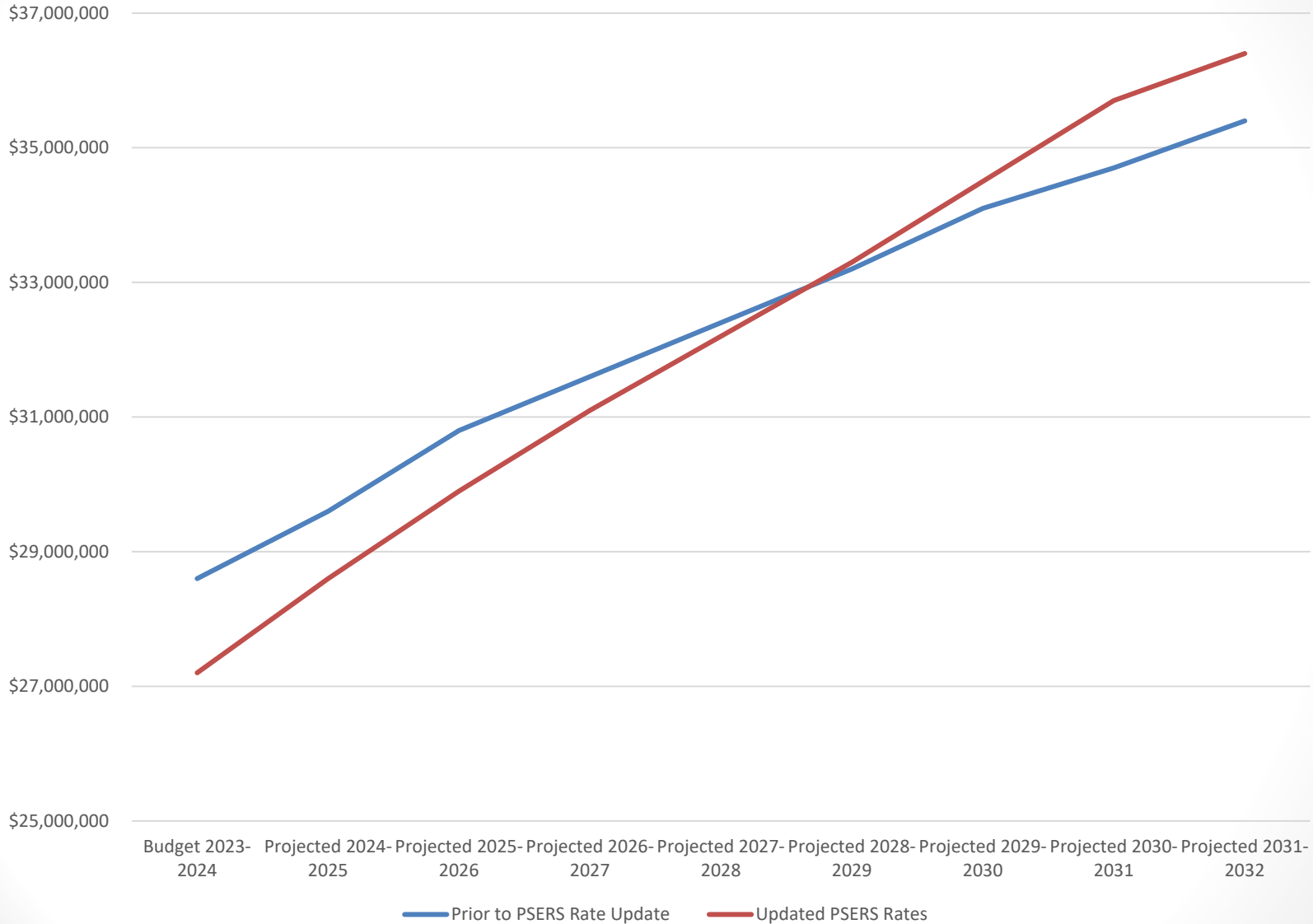


PSERS Employer Rates



	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31
2017	32.57	33.43	34.79	35.26	35.68	36.32	36.32	36.32	36.32					
2018	32.57	33.43	34.29	34.77	35.19	35.84	36.30	36.30	36.30					
2019	32.57	33.43	34.29	34.51	34.95	35.62	36.12	36.60	37.23	37.79	38.17			
2021	32.57	33.43	34.29	34.51	34.94	35.26	35.69	36.02	36.48	36.78	36.91	37.10	37.30	
2022	32.57	33.43	34.29	34.51	34.94	35.26	34.00	34.73	35.49	36.15	36.67	37.21	37.77	38.35

PSERS Expense



Future Local Revenue Topics

- Real estate tax
 - Actual collection % for 2022-23 will be available at the end of January
 - Reviewing status of appeals
- Delinquent taxes
 - Transfers to delinquent taxes will be available in January
- Interim tax
 - Final interim billing in February

Next Steps

- 1/23/2023 Board
 - Approval Opt Out Resolution
- 2/20/2023 Board
 - Additional local revenue
- Additional topic areas
 - Student activities and athletics
 - Expenses

Questions

State College Area School District

