

STATE COLLEGE AREA SCHOOL DISTRICT

Office of Finance and Operations

240 VILLA CREST DRIVE • STATE COLLEGE PENNSYLVANIA • 16801

TELEPHONE: 814-231-1021 • FAX: 814-272-8790

To: Board of Directors

From: Curtis Johnson, Randy Brown and Donna Watson

Date: January 6, 2023

Subject: 2023-2024 Budget Development

As presented in December, the administration recommends the Board approve the Accelerated Budget Opt Out Resolution (resolution) on January 23, 2023. The resolution serves to notify the community that the real estate tax rate will not increase by more than the Act 1 Index of 4.1%.

The administration is not committing to an increase to the tax rate in that amount In fact, the expectation of the continued budget development is to further explore revisions to the budget and expense portions of the budget to recommend an appropriate change in the tax rate.

This presentation will provide updates to local and state revenue projections as well as the PSERS employer rate.

Attachment A Comparative Revenue Statement Budget 2023-24

	Ι	Б	6	F					
	A	В	С	'	G	Н			
1	State College Area School District								
2		G	eneral Fund Rev	enue					
3			Budget 2023-2	4					
4			_						
5									
		Board	Board	Board					
		Presentation	Presentation	Presentation	1/11/23 vs.				
6		5/16/22	12/5/22 (1)	1/11/23	12/5/22	Variance Explanation			
	LOCAL SERVICES TAX		,			•			
8	CURRENT REAL ESTATE TAX	\$ 111,404,824	\$ 114,422,706	\$ 114,422,706	\$ -				
9	REAL ESTATE TAX-REFERENDUM DEBT	4,943,388	4,943,388	4,943,388	-				
10	EARNED INCOME TAX	20,100,000	21,530,000	21,980,000	450,000	Assumed 3.5% increase (2.5% prior)			
	REALTY TRANSFER TAX	2,800,000	2,800,000	2,800,000	-	(=:0,0 p.:0.)			
	DELINQUENT REAL ESTATE TAX	1,100,000	1,100,000	1,100,000					
	INTERIM REAL ESTATE TAX	·		·	<u>-</u> _				
		600,000	600,000	600,000	<u>-</u>				
	IDEA-B	733,819	898,756	898,756	(00.000)				
	PAYMENTS IN LIEU OF TAX	674,646	674,646	647,824	(26,822)				
	LOCAL SERVICES TAX	393,000	394,000	412,000	18,000				
	TUITION	1,462,805	1,462,805	1,462,805	-				
	MISC LOCAL REVENUE	549,915	549,915	549,915	-				
19	PUBLIC UTILITY REALTY TAX	117,190	117,190	117,190	-				
20	INTEREST ON INVESTMENTS	250,000	700,000	2,500,000	1,800,000	Interest rate increase			
	TOTAL LOCAL	145,129,586	150,193,405	152,434,583	2,241,178				
22									
	STATE								
	BASIC ED INSTR SUBSIDY	9,039,487	10,600,367	10,600,367	-				
25	SPECIAL ED REVENUE-REGULR	3,409,937	3,485,046	3,485,046	-				
26	REV. FOR RETIREMENT	14,300,000	14,300,000	13,600,000	(700,000)	Reflects the impact of the change in the			
	REV. FOR SOCIAL SECURITY		·		(100,000)	FSERS //			
	PROPERTY TAX REDUCTION	3,061,845	3,063,087	3,063,087	<u>-</u>				
		1,421,949	1,421,949	1,421,949					
	TRANSPORTATION REVENUE	800,000	800,000	800,000	<u> </u>				
	BOND REIMBURSEMENTS	938,994	910,702	910,702	<u>-</u>				
	HEALTH SERVICES REVENUE	140,000	140,000	140,000	-				
	READY TO LEARN GRANT	310,013	310,013	310,013	-				
	SAFETY GRANTS	-	400.000	- 400.000	-				
	VOCATIONAL EDUCATION	196,000	196,000	196,000	-				
	OTHER STATE REVENUE	-	105,190	105,190	-				
	TUITION - 1305/1306	130,000	130,000	130,000	-				
	TOTAL STATE	33,748,225	35,462,354	34,762,354	(700,000)				
38	FEDERAL								
	TITLE I REVENUE	600,000	600,000	600,000					
	TITLE I REVENUE	140,000	140,000	140,000					
		· ·	,	,	<u>-</u>				
	ACCESS FUNDS	250,000	350,000	350,000	-				
	OTHER FEDERAL REVENUE	168,788	147,200	147,200	-				
44	TITLE III REVENUE	35,000	35,000	35,000					
	TOTAL FEDERAL	1,193,788	1,272,200	1,272,200	0				
47	TOTAL REVENUE	\$180,071,599	\$186,927,959	\$188,469,137	\$1,541,178				
	I OTAL INLVLINGE	φιου,υι 1,333	φ100,321,339	ψ100,403,137	ψ1,541,170	<u> </u>			
49									
50									

⁽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.

Attachment B Comparative Revenue Statement Projected 2022-23

	A	В	С	F	G	Н							
1	State College Area School District												
2	General Fund Revenue												
3			Projection 2022-23										
4			•										
5													
	Board												
	Board Presentation Presentation 1/11/23 vs.												
8	Budget 12/5/22 (1) 1/11/23 12/5/22 Variance Ex												
9	LOCAL SERVICES TAX		. ,			·							
10	CURRENT REAL ESTATE TAX	\$ 107,366,561	\$ 107,930,281	\$ 107,930,281	\$ -								
11	REAL ESTATE TAX-REFERENDUM DEBT	4,944,564	4,944,564	4,944,564	1								
12	EARNED INCOME TAX	19,610,000	21,000,000	21,240,000	240,000	Assumed 3.7% increase (2.5% prior)							
13	REALTY TRANSFER TAX	2,800,000	2,800,000	2,800,000	•								
	DELINQUENT REAL ESTATE TAX	1,100,000	1,100,000	1,100,000	-								
15	INTERIM REAL ESTATE TAX	600,000	600,000	600,000	-								
16	IDEA-B	802,610	1,047,675	1,047,675	_								
	PAYMENTS IN LIEU OF TAX	674,646	674,646	647,824	(26,822)								
-	LOCAL SERVICES TAX	383,000	384,000	398,000	14,000								
	TUITION	1,462,805	1,462,805	1,462,805	- 1,000								
	MISC LOCAL REVENUE	549,915	549,915	549,915	-								
	PUBLIC UTILITY REALTY TAX	117,190	117,190	127,972	10,782								
22													
24	TOTAL LOCAL	140,611,290	143,711,075	145,449,034	1,737,959								
23		140,011,290	143,711,073	143,449,034	1,737,939								
26	STATE												
27	BASIC ED INSTR SUBSIDY	9,039,487	10,600,367	10,600,367	_								
28	SPECIAL ED REVENUE-REGULR	3,409,937	3,485,046	3,485,046	_								
	REV. FOR RETIREMENT	13,760,101	13,765,178	13,765,178	-								
30	REV. FOR SOCIAL SECURITY	2,985,381	2,986,461	2,986,461	-								
31	PROPERTY TAX REDUCTION	1,792,547	1,792,547	1,792,547	-								
32	TRANSPORTATION REVENUE	800,000	800,000	800,000	1								
33	BOND REIMBURSEMENTS	938,804	910,864	910,864									
34	HEALTH SERVICES REVENUE	140,000	154,304	154,304	-								
35	READY TO LEARN GRANT	310,013	310,013	310,013	-								
	SAFETY GRANTS	-	-	-	-								
-	VOCATIONAL EDUCATION	196,000	196,000	196,000	-								
-	OTHER STATE REVENUE - 304,010												
-	TUITION - 1305/1306	130,000	130,000	130,000	-								
40	TOTAL STATE	33,502,270	35,434,789	35,434,789	0								
41													
	FEDERAL												
-	TITLE I REVENUE	600,000	,										
44	TITLE II REVENUE	140,000	140,907	140,907	0								
45	ACCESS FUNDS	250,000	350,000	350,000	0								
	OTHER FEDERAL REVENUE	1,898,993	2,132,370										
	TOTAL FEDERAL	2,923,993	3,320,644	3,320,644	0								
51	TOTAL REVENUE	\$177,037,552	\$182,466,508	\$184,204,468	\$1,737,959								
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.

Attachment C Multiyear Revenue Projection

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State College Area Sale of District	W	Z	AC	AD	AE	AF	AG	AH	Al	AJ	AK	AL	AM	AN
State College Area School District														
2 General Fund Revenue														
<u>3</u> 1/3/2023														
5														
6 Assumptions:														
7 Earned Income Tax Growth (1)	2.25%	-0.74%	9.76%	2.50%	<i>3.70%</i>	<i>3.50%</i>	<i>3.50%</i>	3.00%	3.00%	3.00%	2.50%	2.50%	2.50%	2.50%
8 Assessed Value Growth (2)	1.95%	1.10%	1.65%	1.20%	1.40%	1.20%	1.20%	1.20%	1.20%	1.20%	1.20%	1.20%	1.20%	1.20%
9 Exceptions	0.00%	0.00%	0.00%	0.00%	0.00%	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%
	Actual 2019-	Actual 2020-	Actual 2021-	Budget 2022-	Projected 2022-	Budget 2023-	Projected	Projected	Projected	Projected	Projected	Projected	Projected	Projected
13	2020	2021	2022	2023	2023	2024	2024-2025	2025-2026	2026-2027	2027-2028	2028-2029	2029-2030	2030-2031	2031-2032
14 LOCAL SERVICES TAX														
16 CURRENT REAL ESTATE TAX	\$100,120,228	\$101,141,373	\$103,390,767	\$107,366,561	\$107,930,281	114,422,706	118,312,896	122,334,367	\$126,481,763	\$130,764,673	\$135,182,914	\$139,743,632	\$144,453,342	\$149,313,139
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		1,653,703	1,087,258	·	·	1,100,000				1,100,000				
	1,225,055	1,388,429	1,584,502	1,100,000 600,000	1,100,000 600,000		1,100,000 600,000	1,100,000 600,000	1,100,000 600,000	600,000	1,100,000 600,000	1,100,000 600,000	1,100,000 600,000	1,100,000
	1,338,213			•	•	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		1,462,805	1,462,805	1,462,805	1,462,805	1,462,805	1,462,805	1,462,805	1,462,805	1,462,805
26 MISC LOCAL REVENUE	1,770,439	303,638	572,027	549,914	549,914	549,914	549,914	549,914	549,914	549,914	549,914	549,914	549,914	549,914
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>	<u>200,000</u>	<u>2,600,000</u>	<u>2,500,000</u>	<u>1,000,000</u>	<u>1,000,000</u>	<u>600,000</u>	<u>500,000</u>	<u>500,000</u>	<u>450,000</u>	<u>400,000</u>	<u>350,000</u>
29	425 402 244	122 027 000	120 E04 E67	140 611 200	445 440 024	4E2 424 E92	4EE 244 EQ4	160 022 009	464 402 074	460 200 600	174 454 405	470 64E 670	104 026 044	100 434 440
30 TOTAL LOCAL	135,482,211	133,927,009	138,584,567	140,611,289	145,449,034	152,434,582	155,311,594	160,023,008	164,483,874	169,399,609	174,451,495	179,615,672	184,936,911	190,431,119
31 32 STATE														
	0.400.000	0.400.007	0.000.400	0.000.407	40.000.007	40.000.007	40.000.007	40 000 007	40,000,007	40.000.007	40,000,007	40.000.007	40.000.007	40 000 007
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	o
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	· <u>-</u>	-	0	0	0	0	0	0
45 TUITION - 1305/1306	107,373	<u>100,126</u>	<u>95,236</u>	130,000	130,000	130,000	130,000	<u>130,000</u>	130,000	130,000	<u>130,000</u>	130,000	<u>130,000</u>	<u>130,000</u>
46			<u>,</u>											
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														
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	2,132,370	147,200	110,000	110,000	110,000	110,000	110,000	110,000	110,000	110,000
54 TITLE III REVENUE	47,960	<u>24,246</u>	31,453	35,000	44,981	<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>
55	11,000	<u>= :,= 10</u>	<u>5 ., 100</u>	20,000	<u>,001</u>	<u>55,555</u>	<u>55,555</u>	<u>55,555</u>	<u>55,555</u>	<u>55,555</u>	<u>55,555</u>	<u>55,555</u>	<u>55,000</u>	20,000
56 TOTAL FEDERAL	2,454,158	5,067,965	4,626,115	2,923,993	3,320,644	1,272,200	1,235,000	1,235,000	1,235,000	1,235,000	1,235,000	1,235,000	1,235,000	1,235,000
50 TOTAL PEVENILE	167 010 205	160 066 444	177 666 004	177 027 554	194 204 460	100 460 426	101 000 502	197,431,940	202 404 465	208,025,588	212 524 442	219,367,134	225 205 060	224 220 040
58 TOTAL REVENUE	167,918,285	168,866,114	177,666,991	177,037,551	184,204,468	188,469,136	191,988,583	191,431,940	202,494,165	200,020,000	213,534,112	219,307,134	225,305,068	231,220,848
59														

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 5 year average of 3.7%, with slightly more conservative projections in future years.

⁽²⁾ Projected 2022-23 includes the estimated impact of filed appeals. Years 2023-24 forward assume historical 10-year average of 1.2% through 2020-21.

⁽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 Healht and Safety and Security state funding.

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

Attachment D Opt Out Resolution

STATE COLLEGE AREA SCHOOL DISTRICT

(Centre County, Pennsylvania)

Accelerated Budget Opt Out Resolution Certifying Tax Rate Within Inflation Index (and No Need to Comply with Act 1 Accelerated Budget Procedures)

Background. Act I § 311(a), 53 P.S. § 6926.311(a), requires an accelerated budget adoption timeline and procedure unless a school district, no later than 110 days before the primary election, adopts a resolution containing the certifications incorporated in this resolution. The deadline this year is January 26, 2023. After adoption of a resolution containing such certifications, § 311I(d) authorizes a school district to comply with pre-Act I budget adoption rules as set forth in School Code § 687, 24 P.S. § 6-687. The School Board has reviewed the school district preliminary budget or has other information sufficient to make a determination that the budget for the next fiscal year can be funded based on maintaining current tax rates or increasing taxes by an amount less than or equal to the Act I index. In lieu of the Act I budget adoption timeline and procedure, the School Board wishes to make the required certifications and comply with pre-Act I budget adoption rules.

RESOLVED, that the Board of School Directors of State College Area School District, makes the following unconditional certifications:

- The school district's various tax levies and other revenue sources will be sufficient to balance the school
 district final budget for the next fiscal year (2023-2024) based on maintaining current tax rates or increasing
 tax rates by an amount less than or equal to the Act 1 index applicable to the school district as calculated by
 the Pennsylvania Department of Education. This conclusion is based on the school district preliminary budget
 or other information available to the School Board.
- 2. The applicable index for the next fiscal year is 4.1%, and the School Board will not for the next fiscal year increase the rate of its real estate tax, or any other tax for the support of public education, by an amount that exceeds the applicable index.
- 3. The School Board has to date and in the future will comply with the rules set forth in School Code § 687 for adoption of the school district proposed and final budgets for the next fiscal year.
- 4. The School Board understands that the school district will not be eligible to use Act 1 referendum exceptions for the next fiscal year.

Duly adopted by the State College Area School District (Centre County, Pennsylvania) in lawful session assembled on this 23rd day of January, 2023.

	STATE COLLEGE AREA SCHOOL DISTRICT
Attest:	
	President, Board of School Directors
Secretary	

Per Act 1 §§ 311 (d)(2)(ii) and (iii), the school district must, within 5 days after adoption of this resolution submit to PDE: (1) on a PDE prescribed form, information on any proposed tax increase - Real Estate Tax Rate Report; and (2) a copy of this resolution.