



STATE COLLEGE AREA SCHOOL DISTRICT

Office of Finance and Operations

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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

	A	B	C	F	G	H
1	State College Area School District					
2	General Fund Revenue					
3	Budget 2023-24					
4						
5						
6		Board Presentation 5/16/22	Board Presentation 12/5/22 (1)	Board Presentation 1/11/23	1/11/23 vs. 12/5/22	Variance Explanation
7	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)
11	REALTY TRANSFER TAX	2,800,000	2,800,000	2,800,000	-	
12	DELINQUENT REAL ESTATE TAX	1,100,000	1,100,000	1,100,000	-	
13	INTERIM REAL ESTATE TAX	600,000	600,000	600,000	-	
14	IDEA-B	733,819	898,756	898,756	-	
15	PAYMENTS IN LIEU OF TAX	674,646	674,646	647,824	(26,822)	
16	LOCAL SERVICES TAX	393,000	394,000	412,000	18,000	
17	TUITION	1,462,805	1,462,805	1,462,805	-	
18	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
21	TOTAL LOCAL	145,129,586	150,193,405	152,434,583	2,241,178	
22						
23	STATE					
24	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 PSERS %
27	REV. FOR SOCIAL SECURITY	3,061,845	3,063,087	3,063,087	-	
28	PROPERTY TAX REDUCTION	1,421,949	1,421,949	1,421,949	-	
29	TRANSPORTATION REVENUE	800,000	800,000	800,000	-	
30	BOND REIMBURSEMENTS	938,994	910,702	910,702	-	
31	HEALTH SERVICES REVENUE	140,000	140,000	140,000	-	
32	READY TO LEARN GRANT	310,013	310,013	310,013	-	
33	SAFETY GRANTS	-	-	-	-	
34	VOCATIONAL EDUCATION	196,000	196,000	196,000	-	
35	OTHER STATE REVENUE	-	105,190	105,190	-	
36	TUITION - 1305/1306	130,000	130,000	130,000	-	
37	TOTAL STATE	33,748,225	35,462,354	34,762,354	(700,000)	
38						
39	FEDERAL					
40	TITLE I REVENUE	600,000	600,000	600,000	-	
41	TITLE II REVENUE	140,000	140,000	140,000	-	
42	ACCESS FUNDS	250,000	350,000	350,000	-	
43	OTHER FEDERAL REVENUE	168,788	147,200	147,200	-	
44	TITLE III REVENUE	35,000	35,000	35,000	-	
45						
46	TOTAL FEDERAL	1,193,788	1,272,200	1,272,200	0	
47						
48	TOTAL REVENUE	\$180,071,599	\$186,927,959	\$188,469,137	\$1,541,178	
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	B	C	F	G	H
1	State College Area School District					
2	General Fund Revenue					
3	Projection 2022-23					
4						
5						
6						
7						
8		Budget	Board Presentation 12/5/22 (1)	Board Presentation 1/11/23	1/11/23 vs. 12/5/22	Variance Explanation
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	-	
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	-	
14	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	-	
17	PAYMENTS IN LIEU OF TAX	674,646	674,646	647,824	(26,822)	
18	LOCAL SERVICES TAX	383,000	384,000	398,000	14,000	
19	TUITION	1,462,805	1,462,805	1,462,805	-	
20	MISC LOCAL REVENUE	549,915	549,915	549,915	-	
21	PUBLIC UTILITY REALTY TAX	117,190	117,190	127,972	10,782	
22	INTEREST ON INVESTMENTS	200,000	1,100,000	2,600,000	1,500,000	Interest rate increase
23						
24	TOTAL LOCAL	140,611,290	143,711,075	145,449,034	1,737,959	
25						
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	-	
29	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	-	
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	-	
36	SAFETY GRANTS	-	-	-	-	
37	VOCATIONAL EDUCATION	196,000	196,000	196,000	-	
38	OTHER STATE REVENUE	-	304,010	304,010	-	
39	TUITION - 1305/1306	130,000	130,000	130,000	-	
40	TOTAL STATE	33,502,270	35,434,789	35,434,789	0	
41						
42	FEDERAL					
43	TITLE I REVENUE	600,000	652,386	652,386	0	
44	TITLE II REVENUE	140,000	140,907	140,907	0	
45	ACCESS FUNDS	250,000	350,000	350,000	0	
46	OTHER FEDERAL REVENUE	1,898,993	2,132,370	2,132,370	0	
47	TITLE III REVENUE	35,000	44,981	44,981	0	
48						
49	TOTAL FEDERAL	2,923,993	3,320,644	3,320,644	0	
50						
51	TOTAL REVENUE	\$177,037,552	\$182,466,508	\$184,204,468	\$1,737,959	
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53						
54						
55						
56						
57						
58	(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

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, § 311(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:

1. 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.