



State College Area School District

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To: Board of Directors
 From: Curtis Johnson, Randy Brown and Joe Viglione
 Subject: 2024-2025 Budget Development - Proposed Final Budget
 Date: April 11, 2024

Action

The 2024-2025 proposed final budget is presented for adoption by the Board of Directors on the PDE Form 2028, as required by Act 1 of 2006.

Summary

The proposed final budget is presented as the budget development process nears culmination as [budget calendar](#), adapted from the required by Act 1 process. The Accelerated Budget Opt Out Resolution, certifying the tax rate within the inflation index (Act 1) of 5.3% for the 2024-2025 Fiscal Year, was approved on December 18, 2023. The real estate tax rate included in the proposed final budget reflects a 2.65% increase, half of the Act 1 Index. The proposed budget includes revenue of \$197,934,645 with expenses of \$202,570,869. The final unassigned fund balance is projected at \$13,382,428.

Revenue

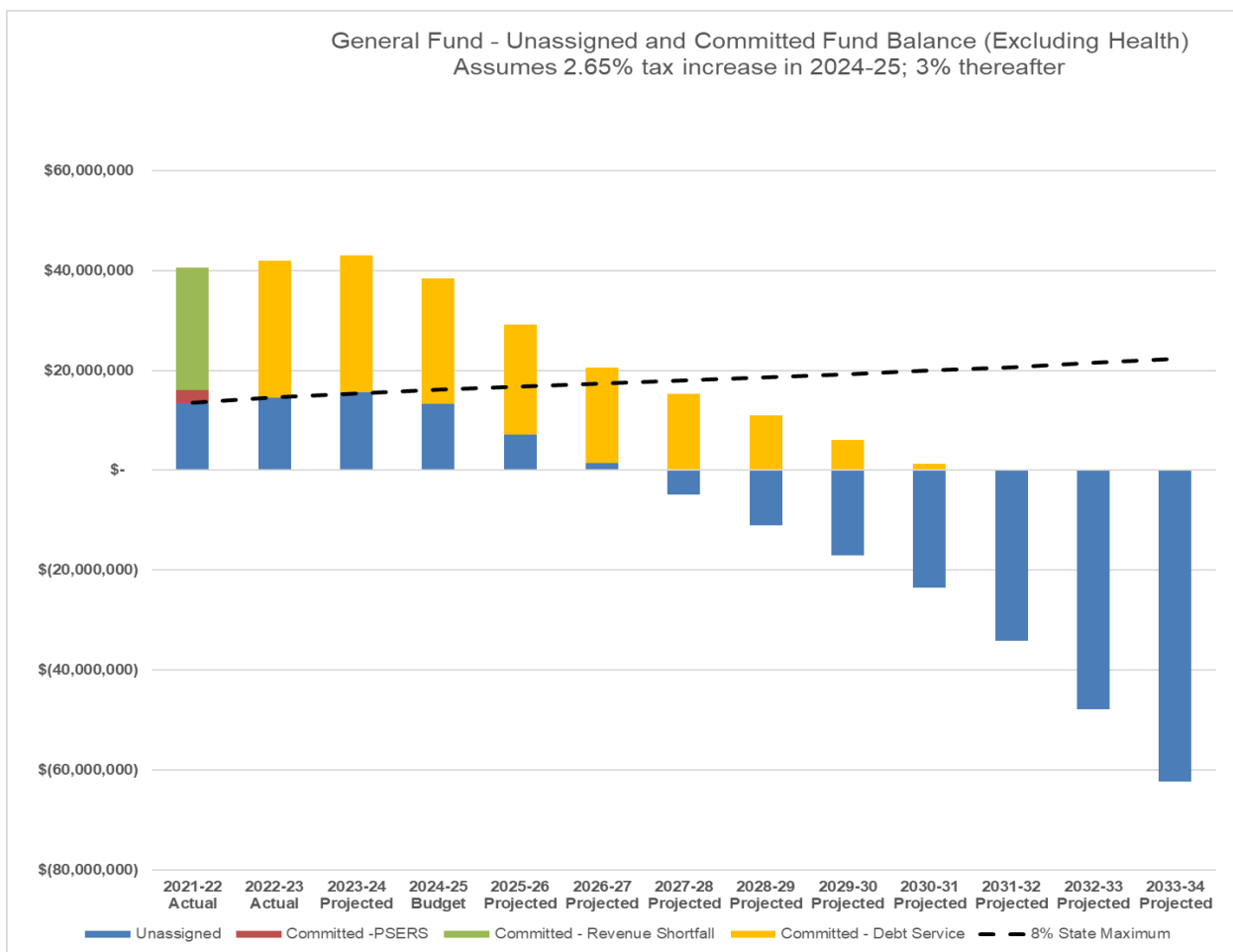
The proposed final budget has been developed in response to current and projected economic conditions. The real estate tax rate is 50.9228 mills. The collection percentage and assessed value growth return to more normal averages of 97.2% and 1.2%. Earned income tax revenue is budgeted at 3% growth, which is comparable to the historical average. State subsidies are primarily maintained at current year projected levels. Federal revenue decreased based on estimated remaining ESSER grant funds.

Expense

The budget includes new recurring costs for 1.0 DEIB secondary position, a 0.33 high school math position, a MTSS teacher (which will be funded by Title II revenue), and an increase in health insurance expenses. In addition, three teacher positions were previously grant funded and are now going to be funded with local dollars. Other recurring costs include AP Exam costs, the addition of a Safety and Security budget, an increase in the substitute teacher employee rate, and an increase in contracted carrier (bus/van) costs.

Future Year Budget Projections

As discussed during the budget development process, beginning in 2024-25, expenses are projected to outpace revenues throughout the remainder of the projection period. The unassigned and committed fund balance projections are displayed in the below chart.



This update is to prepare the Board for the final steps of the budget development process. Highlights of this update include:

- Updated revenue projections
- Updated expense projections
- Full Time Equivalent staffing analysis for 2023-24 and 2024-25
- Departmental budget analysis for 2023-24 and 2024-25
- Expense budget analysis for 2023-24 and 2024-25
- Requested budget related information
- Fund balance analysis
- Supplemental tax rebate
- Updated timeline
- Updated multi-year projections
- When is Insurance Reserve utilized to fund shortfalls caused by higher insurance costs
- How should capital reserve dollars be viewed to maintain a healthy long term facilities strategy

A CAC for finance committee meeting held on April 10 provided an additional opportunity to review updated information.

Conclusion

Although the multi-year projections have improved from the prior budget cycle, Administration will continue to work throughout 2024-2025 monitoring the financial trajectory of the District with recommendations coming in the new year.

Next Steps

The budget hearing and budget development at the regular board meeting will be held on May 20. The final budget will be presented for approval on June 3.