



State College Area School District

Randy Brown

Finance and Operations Officer/Open Records Officer

240 VILLA CREST DRIVE • STATE COLLEGE, PENNSYLVANIA • 16801
TELEPHONE: 814-231-1021 • FAX: 814-466-6068

To: Board of Directors
From: Curtis Johnson, Joe Viglione and Randy Brown
Date: March 28, 2024
Subject: 2024-2025 Budget Development

The 2024-2025 budget is currently being developed and a 2.65% tax increase is currently being recommended for the current budget year. Unfortunately, inflation continues to impact the current year and future years budgets...however increases in revenue have not been large enough to counteract the increase.

The primary driver in increased costs is related to personnel costs, specifically:

- **Issue** - Wage growth is impacting the District. This impact is felt from the ability to attract new employees as well as the ability to retain current employees. The inflation that occurred at the exit of the pandemic has significantly impacted the wage levels for the District. The impact is even more substantial when considering the additional 40% that needs to be added to wage costs (PSERS at 33.9% and FICA at 7.65%). **Staff Action** - New positions have been limited to 1.33 FTE.
- **Issue** - Health insurance experience is projected to be significantly higher in 2023-2024 than in previous years. **Staff Action** - Staff is currently reviewing RFPs for health insurance coverage and working to minimize cost to the District while maintaining the level of coverage included in employment contract.
- **Nonissue** - When looking at purchasing by budget heads, budgets and spending outside of personnel are stable. Inflationary impacts have declined for the first time in over two years.

Notable changes that are to occur in the 2024-2025 budget year include:

- Reinstatement of a 1.0 DEIB position for the high school. This position was grant funded, ending at the end of 2022-23 school year.
- Addition of a .33 Math position for the high school to meet student needs.
- Repurpose 1.0 FTE for retirements of Instructional Technology and Elementary Instructional Coach each to 2.0 FTE Special Education teachers.
- Create 2.0 FTE Elementary Coordinators and 1.0 FTE Special Education teacher by repurposing remaining 3.0 FTE Elementary Instructional Coach positions who will return to classroom.
 - Note: A portion of the Elementary Instructional Coach positions previously grant funded are no longer eligible for Title II funding.

- AP Testing is included at a cost of \$45,000.
- Expansion of InquiredEd elementary curriculum update
- Addition of the Safety and Security budget (inclusive of PBIS funds) at an overall increase of \$64,000.
- Increase in substitute teacher employee rate (more details to be provided later)

On the revenue side, the loss of Federal funds has begun to impact the budget. As the stimulus funds are exhausted, Federal Revenue has declined from an actual of \$4.6M in 2022 to a projected amount of \$1.485M in 2025. Included in the \$1.485M budgeted in 2025 for Federal Revenue is an increase of approximately \$200,000 over the amount budgeted in 2024 for Title Revenue. **Staff Action** - Additional grant funding is being requested through the Pennsylvania Commission on Crime and Delinquency (PCCD) grant program. In addition, there continues to be positive experience in the investment of district funds with the hope that the additional interest income in the General Funds can fill the budget gap caused by the loss of Federal dollars.

Further analysis of the budget detail, primarily in the personnel costs, will continue until the budget is approved. The proposed final budget is set to be presented on April 15 for approval on May 6 with final budget approval scheduled on June 3.