

State College Area School District



2024-25 Budget Development

**State College
Area School District
December 4, 2023**

2024-25 Proposed Preliminary Budget

- Presented to the Finance Committee on November 29, 2023
- Board decision points
 - Proposed Preliminary Budget
 - Or
 - Accelerated Budget Opt Out Resolution
 - Deadline: January 14th
 - Scheduled: December 18th meeting

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.

Attest:


Secretary

STATE COLLEGE AREA SCHOOL
DISTRICT


President, Board of School Directors

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.

What is the Accelerated Budget Opt Out Resolution

- Maintains any real estate tax rate increase would be within the Act 1 index – 5.3% for FY2024-2025
- Comply with budget adoption rules in School Code
- Not eligible to use Act 1 referendum exceptions

What is the Act 1 Index?

Calculated by averaging the percent increase in the Pennsylvania statewide average weekly wage and the Federal employment cost index for elementary/secondary schools

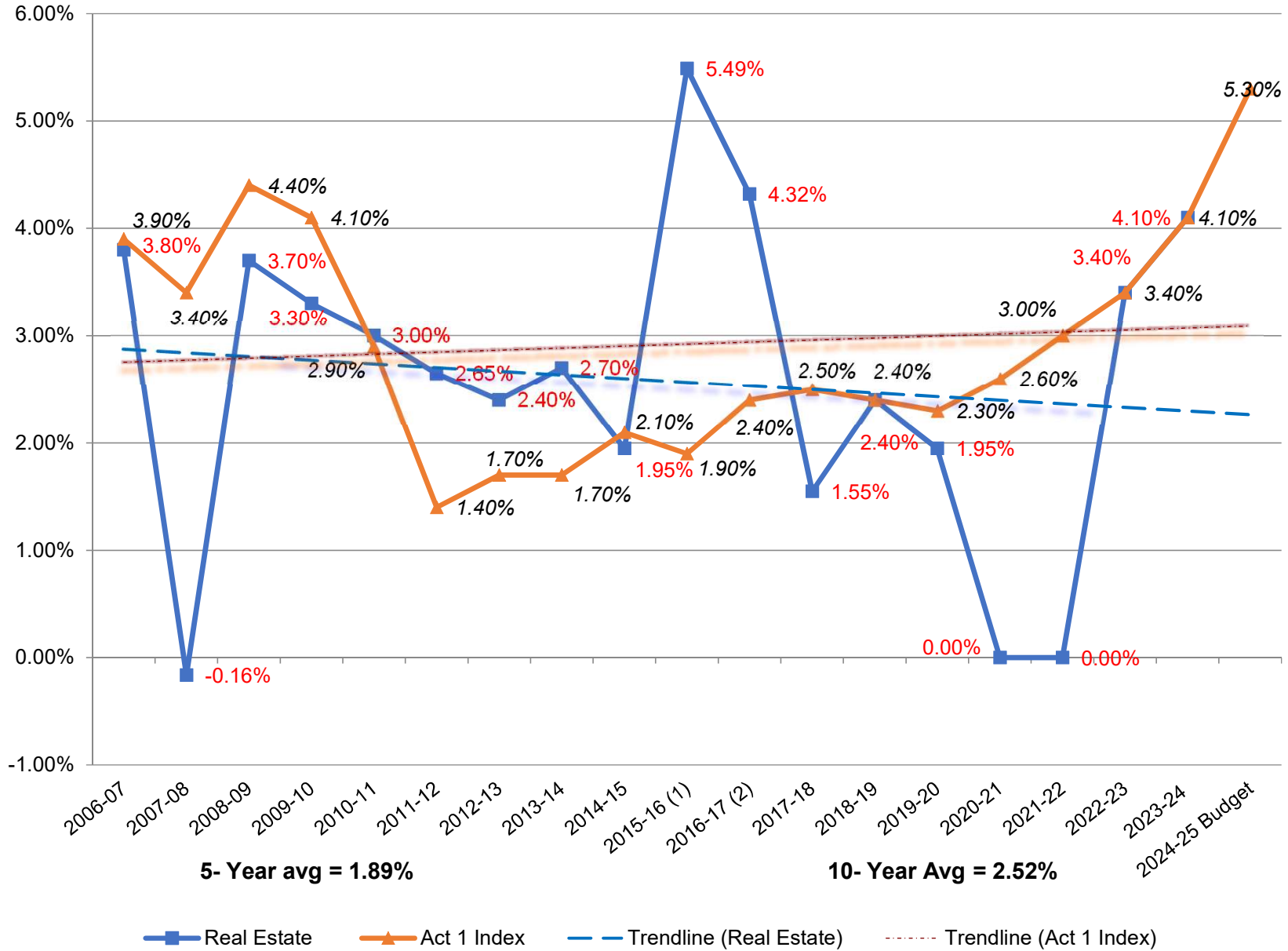
Why approve the Resolution?

- Provides notice to community of intent to maintain tax rate within the index
 - Will not apply for exceptions
- Does not set tax rate
 - Tax rate approved with final budget
- Allows Board to consider administrative recommendations during budget development process
- Reminder: State budget approval deadline June 30, 2024

Proposed Preliminary Budget

- Three options for the Proposed Preliminary Budget are presented:
 - 0%, 2% (historical average), and 5.3% (Act 1 index)
 - Impacts the level of use of committed fund balance and projected negative shortfalls in the multiyear projection
- Prior three years tax rate increases:
 - 2021-2022 0%
 - 2022-2023 3.4%
 - 2023-2024 4.1%

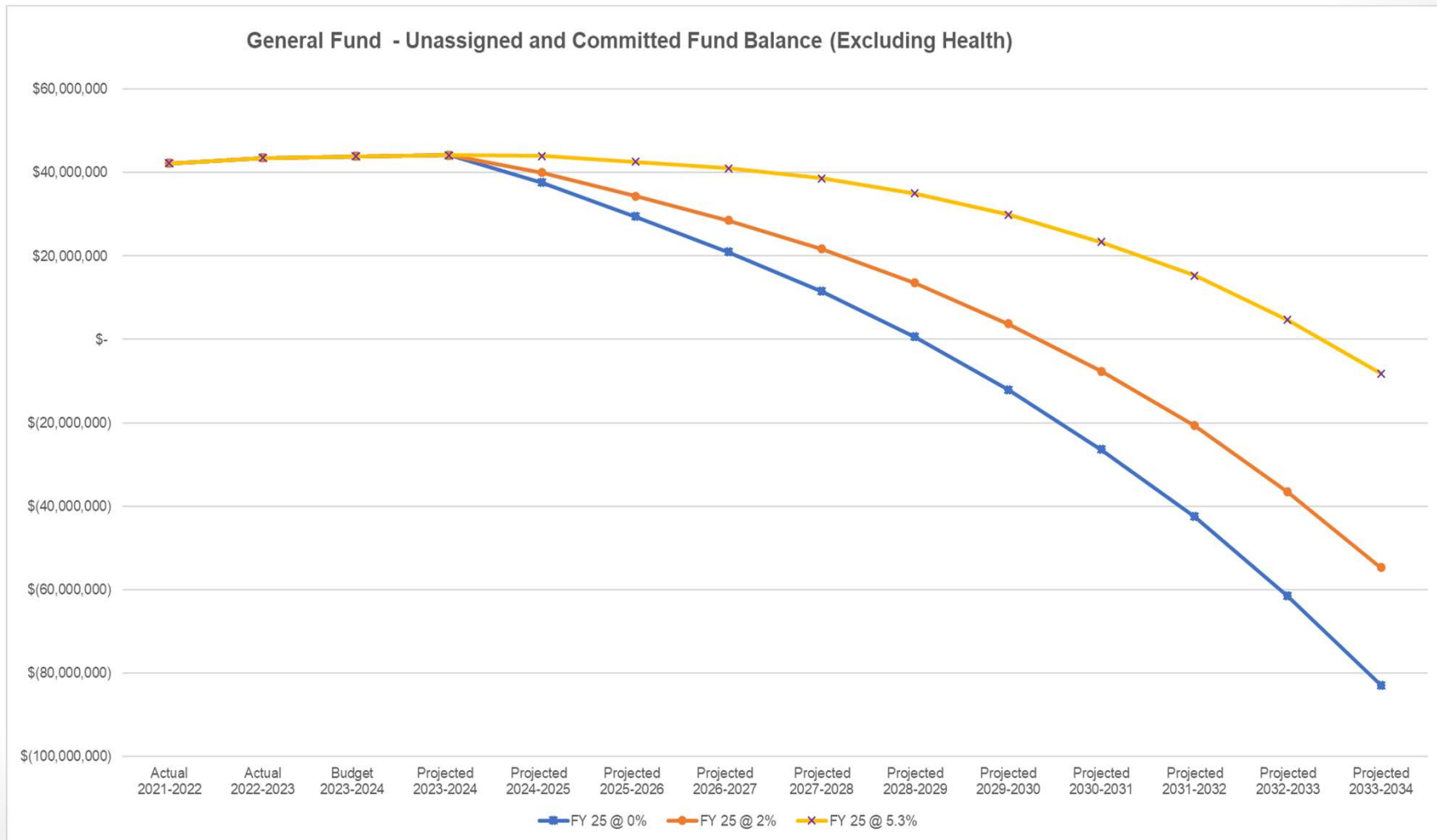
Real Estate Tax Increase vs. Act 1 Index



Tax Increase Options

| | 0% Tax Increase | 2% Tax Increase | 5.3% Tax Increase |
|--|----------------------------|----------------------------|-------------------------------------|
| Beginning Fund Balance | \$15,154,914 | \$15,154,914 | \$15,154,914 ^a |
| Revenue | 191,541,679 | 193,980,476 | 198,004,170 |
| Local | 152,008,544 | 154,447,341 | 158,471,035 |
| State | 38,298,135 | 38,298,135 | 38,298,135 |
| Federal | 1,235,000 | 1,235,000 | 1,235,000 |
| Expense (including capital reserve transfer) | 197,235,879 | 197,235,879 | 197,235,879 |
| Revenue less expense | (5,694,200) | (3,255,403) | 768,291 ^b |
| Funding (Use) of Committed Fund Bal (Health Insurance) | 887,799 | 887,799 | 887,799 ^c |
| Funding (Use) of Committed Fund Bal (Debt Service) | (2,349,000) | (2,349,000) | (2,349,000) ^d |
| Change in Assigned Fund Balance | (1,461,201) | (1,461,201) | (1,461,201) ^{e (c+d)} |
| Change in Unassigned General Fund Balance | (4,232,999) | (1,794,202) | 2,229,492 ^{f (b-e)} |
| Ending Unassigned Fund Balance | <u>\$10,921,915</u> | <u>\$13,360,712</u> | <u>\$17,384,406^(a+f)</u> |
| Unassigned Fund Balance Percentage | 5.54% | 6.77% | 8.81% |

Multi-year Fund Balance Projection



Tax Increases set at 2% for FY 2026 and beyond

Next Steps

- 12/4/2023 Finance Committee of the Whole
- 12/18/2023 Board Meeting
 - Consideration of Opt Out Resolution
- 1/8/2024 Finance Committee of the Whole
- 1/22/2024 Board Meeting

Questions

State College Area School District

