

# State College Area School District



2025-2026  
Budget Hearing

**State College Area  
School District  
May 19, 2025**

# General Fund Budget

- Contains expenses related to general operations of district
- Supports other funds
  - Debt service
  - Capital reserve
  - Food Service
- General Fund Budget approval required by June 30th

# Budget Approval Steps

- January 13, 2025 - Accelerated Opt Out Resolution certifying the tax rate within the Act 1 inflation index of 4%
- April 21, 2025 - Proposed Final Budget with a 4% increase in the real estate tax rate
- June 2, 2025 - Final budget to be presented for adoption

# Act 1 of 2006

## Homestead/Farmstead:

- Provides for tax relief for approved Homesteads/Farmsteads
- Amount varies based upon eligible properties and gambling revenue
- Application process to be approved through the County Assessment Office
- Taxpayer must live in the home for property to qualify for exemption
- District will receive approximately \$2.5 million of gambling funds for property tax relief in 2025-26
- Approximately \$195/homestead of property tax relief

# Act 1 of 2006

- Limits school district tax increases to an inflationary index (Act 1 Index)
- Act 1 Index is 4% for 2025-26
- 4% real estate tax increase in 2025-26
- Exceptions also available for Special Education to tax above the index. The district qualified for this exception, but did not apply.
- No exceptions requested for 2025-26.

# Referendum Debt

- In May 2014, District voters approved the incurrence of \$85 million to fund a portion of the State High Project.
- In March 2015, the District issued the referendum-related bonds.
- This debt is to be funded through a Referendum Exception.
- Referendum Exceptions were approved for both the 2015-16 and 2016-17 tax years.
  - Debt service payments began in 2015-16 with payment of the first interest payment.
- Debt service under the existing referendum bond issue will be level for the remainder of the financing period.
- The 2025-26 millage rate includes an amount to generate the tax revenue needed to fund the referendum debt service payment.

# Budget 2025-26

**State College Area School District  
General Fund Activity  
Proposed Final Budget - 2025-26**

Beginning Fund Balance	<u>\$ 13,944,310</u>
Revenue	\$ 207,532,731
Local	164,168,075
State	41,889,656
Federal	1,475,000
<b>Expense (including Capital Reserve transfer)</b>	<u>\$ 211,522,675</u>
<b>Revenue less of expense</b>	<u>\$ (3,989,944)</u>
Funding/(Use) of Committed Fund Balance - Debt Service	\$ (2,984,000)
Funding/(Use) of Committed Fund Balance - Health Insurance	\$ -
<b>Change in Committed Fund Balance</b>	<u><b>\$ (2,984,000)</b></u>
<b>Change in Unassigned Fund Balance</b>	<u><b>\$ (1,005,944)</b></u>
<b>Ending Unassigned Fund Balance</b>	<u><b>\$ 12,938,366</b></u>
<b>Unassigned Fund Balance Percentage</b>	<u><b>6.12%</b></u>

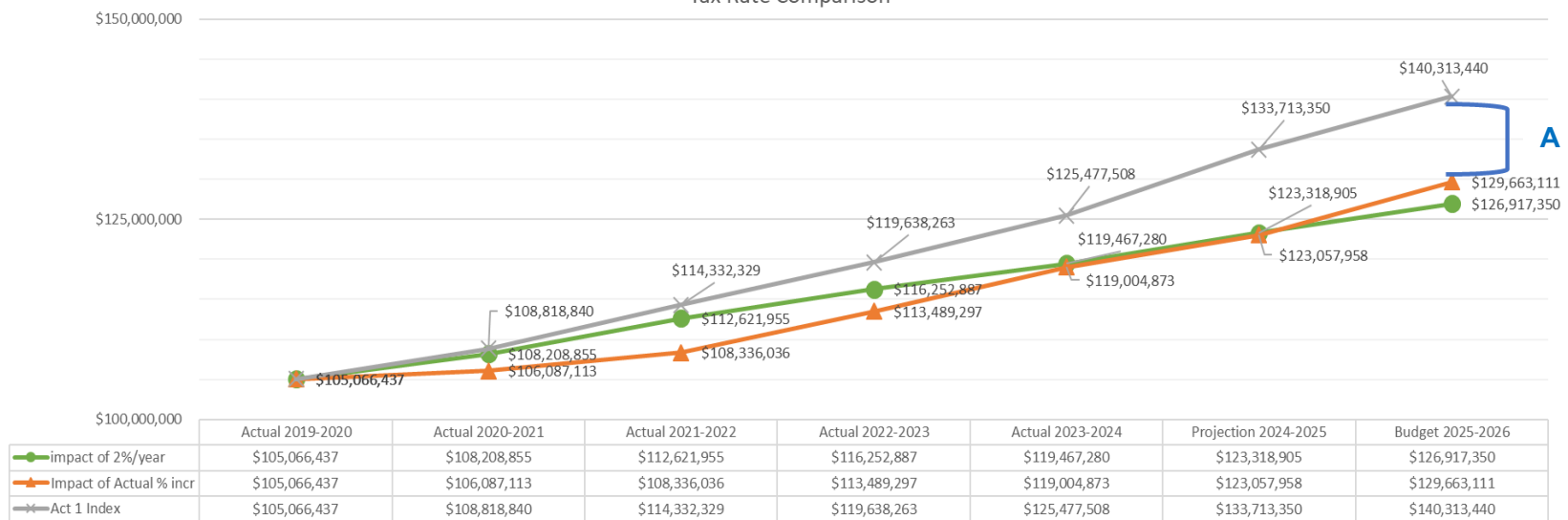


# Proposed Tax Increase

- Millage 2024-25 50.9228
- Proposed increase in real estate tax rate 4.00% (1)
- Proposed 2025-26 millage 52.9597

(1) Act 1 Index 4%

Tax Rate Comparison



A - Act 1 Index greater than the 2025-26 Budgeted Real Estate Tax Revenue by \$10,650,329.

# Impact of Real Estate Tax Increase

2024-25 tax data used to calc impact of tax increase on property types (impact on FY 26 tax bills)

Property Type	2024-25 Tax	Count of Parcels	Average Tax	Impact of Tax Increase
Residential	\$ 75,045,387	20,400	\$ 3,679	\$ 147
Commercial and Industrial	\$ 46,422,427	1,590	\$ 29,196	\$ 1,168
Agricultural	\$ 3,118,449	575	\$ 5,423	\$ 217
<b>All Taxable Properties (1)</b>	<b>\$ 126,624,740</b>	<b>24,588</b>	<b>\$ 5,150</b>	<b>\$ 206</b>

(1) Includes properties summarized in the three subgroups above, plus other properties such as vacant land and non-commercial apartments.

•Excludes the impact of any change in the homestead/farmstead exclusion

# Supplemental Property Tax Rebate Program

- The proposed budget includes continuation of a supplemental property tax rebate program for the 2025-26 tax year.
- \$115,000 has been set aside in the 2025-26 budget for this program.
- The maximum rebate per household is \$1,000.
- Applications will be processed on a first-come basis until funds are expended.
- Eligible rebates will be issued by check.
- This will be the tenth year of the supplemental tax rebate program.

# Supplemental Property Tax Rebate Program Applications

- The District is watching for changes in the State's rebate program that will impact payments in the 2025-26 year. Any change could lead to recommended changes in the District's program and may impact the mailing date of the District's application.
- Applications may be submitted beginning July 1, 2025
- A copy of a completed PA-1000 for 2024 and evidence of receipt of the Pennsylvania Property Tax rebate (received after July 1, 2025) must be attached.
- Additional information will be available on the District web site at [Property Tax Rebate](#).
- Information will also be mailed with the 2025-26 real estate tax bill mailing which is planned for July 1, 2025.

# Revenue

- Local

- District primarily locally funded
- Budgeted revenue is \$6,660,556 higher than the 2024-25 budget
  - Real estate – proposed increase of 4% in real estate tax rate and increase in assessed value - \$6,605,000
  - Earned income tax - \$680,000
  - IDEA - \$120,000
  - Interest on Investments - \$(750,000)

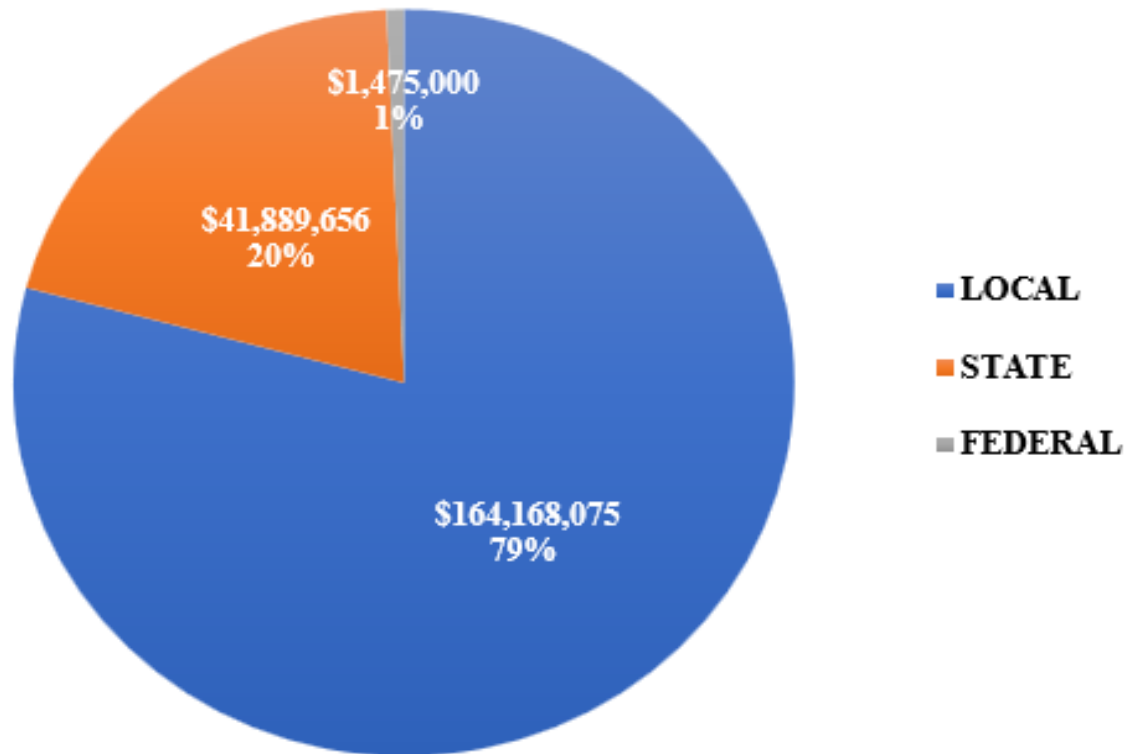
- State

- Budgeted revenue is \$2,923,553 higher than the 2024-25 budget
  - Basic Education Subsidy increased approximately \$1,384,000
  - Retirement and social security reimbursements increased approximately \$1,075,000 and \$196,000, respectively
  - Property Tax Reduction allocation increased by \$327,000 which provides a reduction in real estate taxes for eligible homestead and farmstead properties

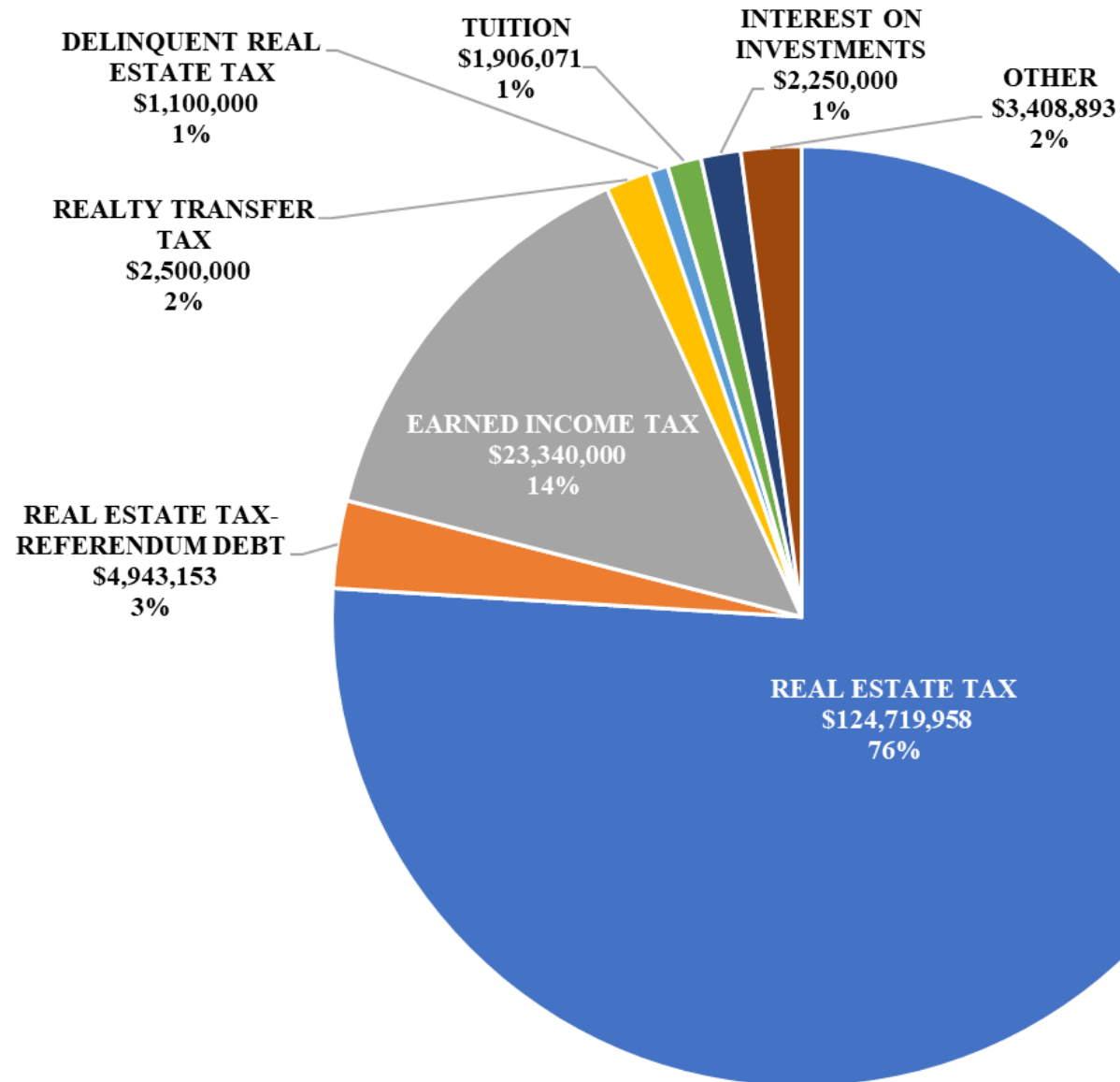
- Federal

- 2025-2026 Budgeted Federal Revenue is consistent with the 2024-2025 Budget

### 2025-26 Revenue by Source

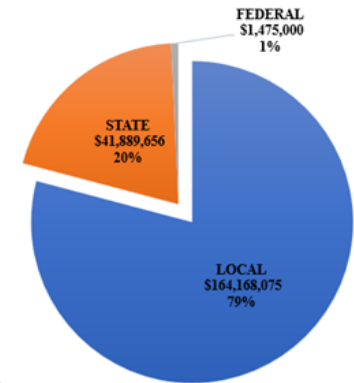


# 2025-26 Local Revenue



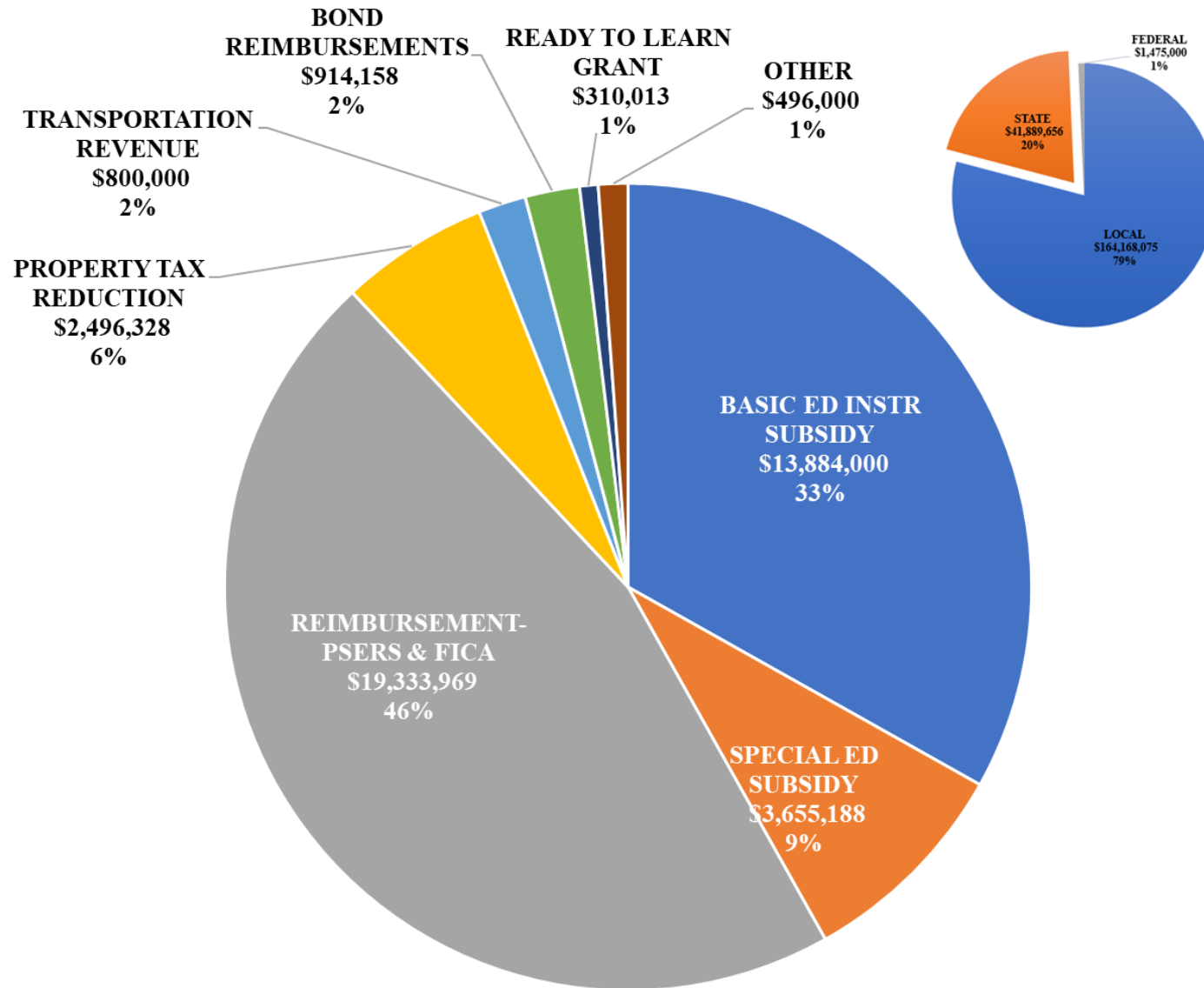
REAL ESTATE TAX + REFERENDUM TAX = 78%

2025-26 Revenue by Source

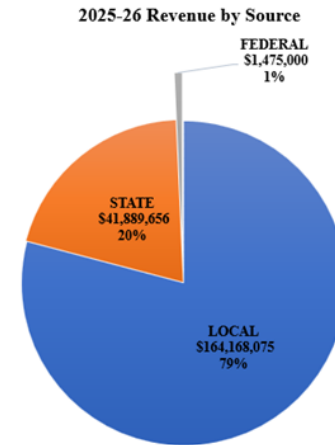
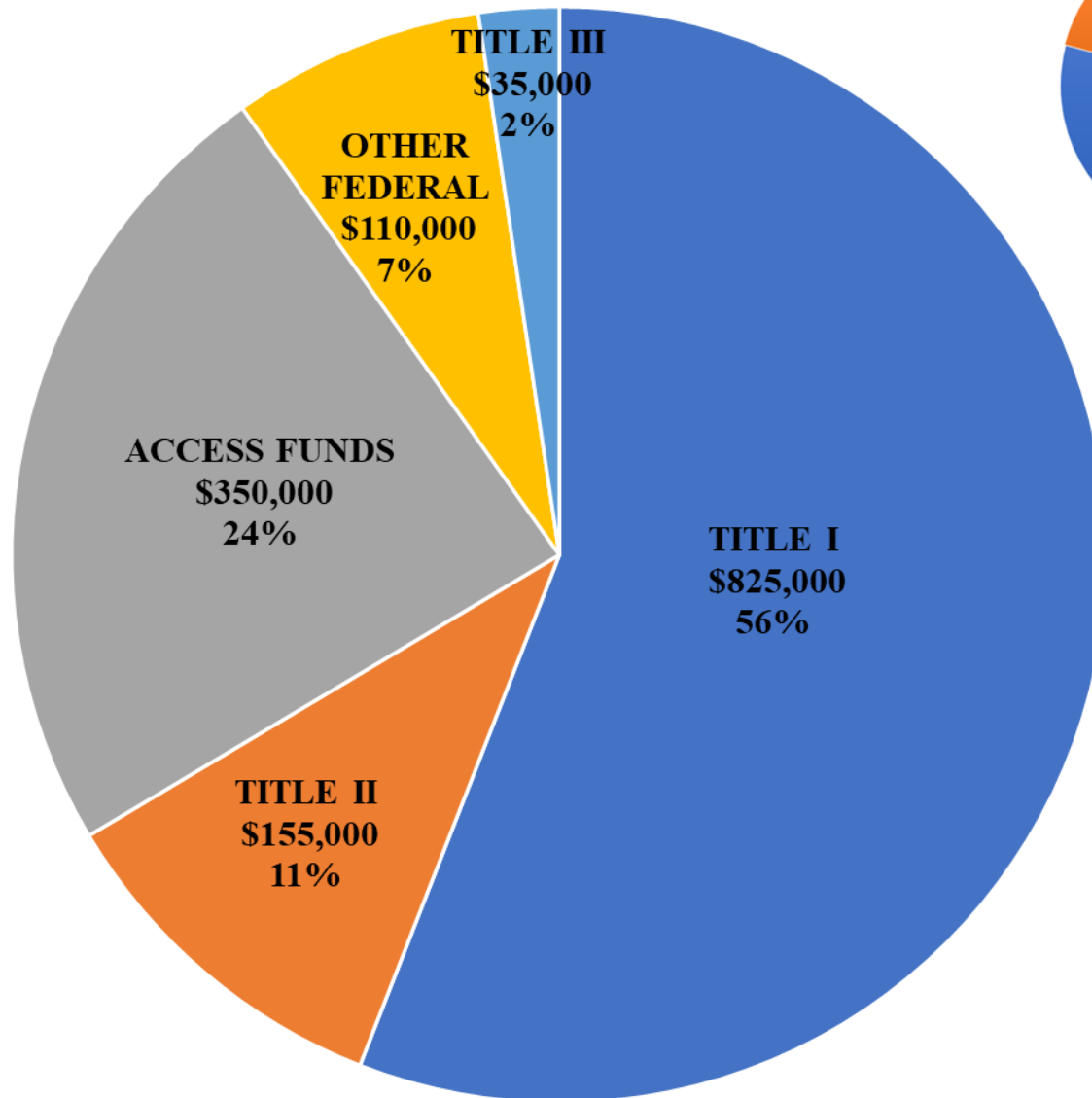




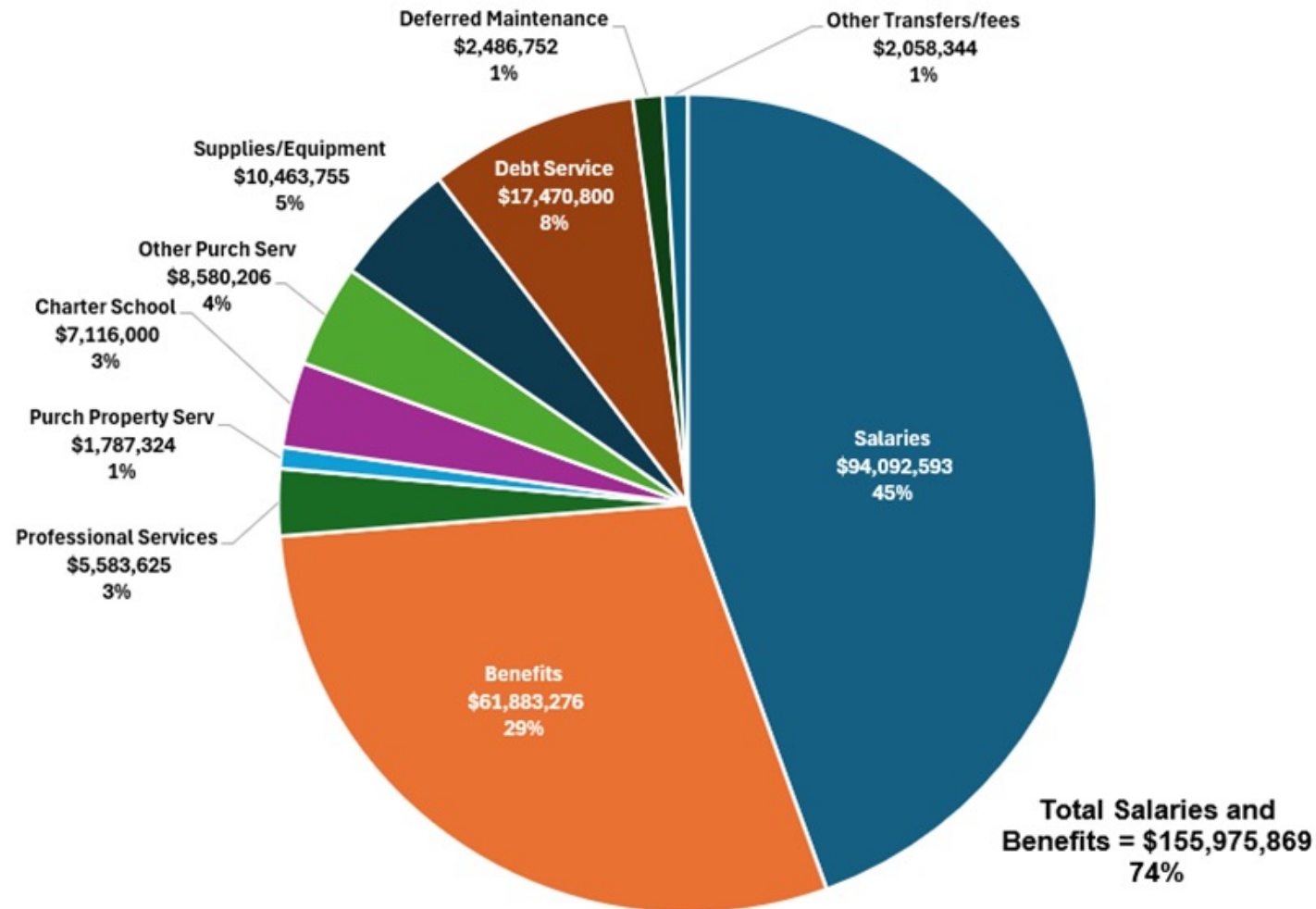
# 2025-26 State Revenue



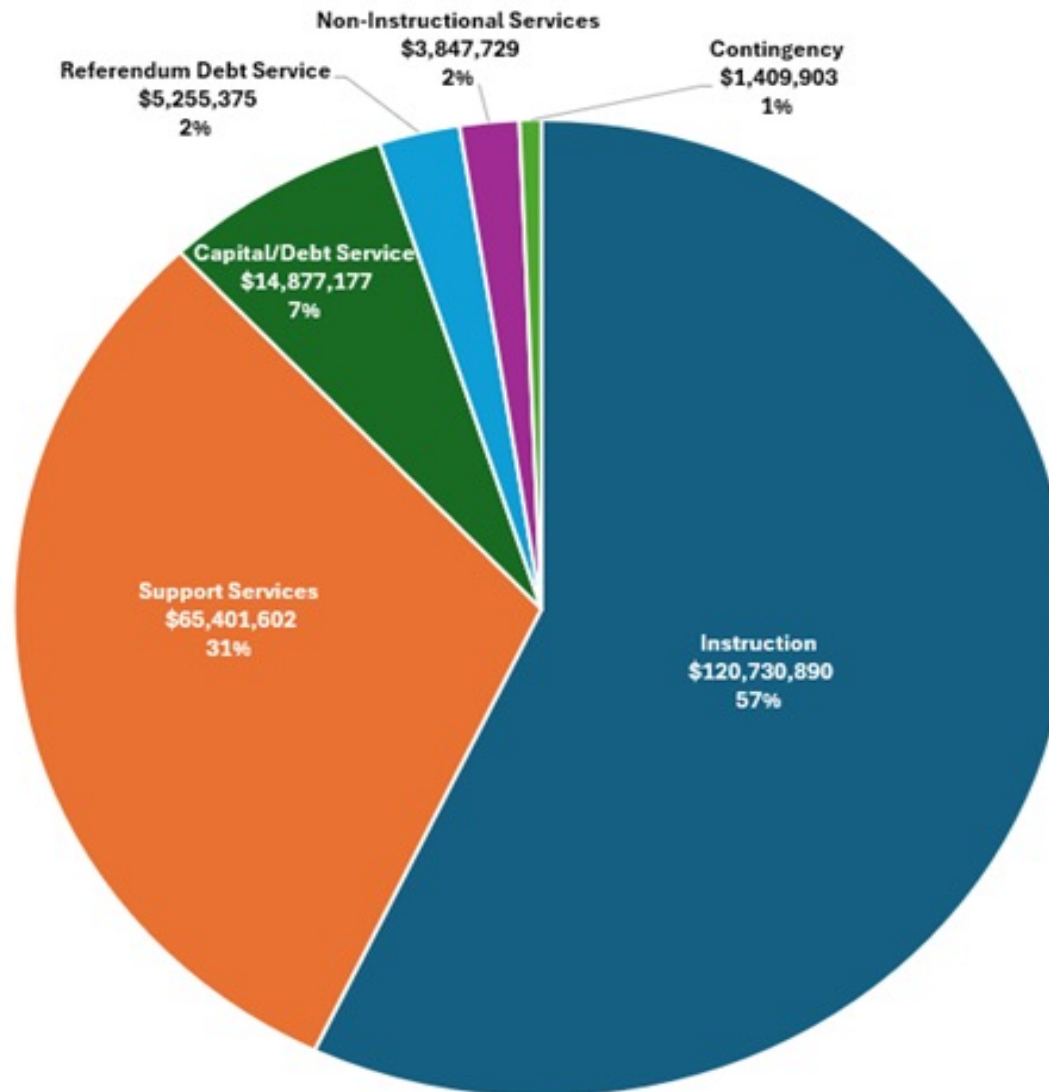
# 2025-26 Federal Revenue



## 2025-26 Expense by Object



## Expense By Function



# Expense by Function and Object

State College Area School District  
2025-26 Proposed Final Budget

	A	B	C	D	E	F	G	H	I	J	K
Function	Salaries	Benefits	Professional Services	Purchased Property Services	Charter School	Other Purchased Services	Supplies/ Equip	Other Exp & Financing Uses	Total Expense	2025-26 % of Total Budget	2024-25 % of Total Budget
<b>Instructional</b>											
<b>Regular Instructional</b>											
1 Regular Programs	\$46,705,171	\$29,019,079	\$61,768	\$27,854	\$4,861,000	\$554,795	\$924,915	\$52,599	\$82,207,180		
2 Federally Funded Regual Prog	600,097	353,094	-	-	-	-	9,662	-	962,853		
3 <b>Total Regular Instructional</b>	<b>47,305,268</b>	<b>29,372,173</b>	<b>61,768</b>	<b>27,854</b>	<b>4,861,000</b>	<b>554,795</b>	<b>934,577</b>	<b>52,599</b>	<b>83,170,033</b>	<b>39%</b>	<b>39%</b>
<b>Other Instructional</b>											
4 Vocational Educ	2,721,451	1,737,804	23,900	5,700	-	77,650	347,370	24,775	4,938,650		
6 Other Programs	2,139,407	1,374,392	63,162	-	-	134,084	109,238	45,812	3,866,094		
7 <b>Total Other Instructional</b>	<b>4,860,858</b>	<b>3,112,195</b>	<b>87,062</b>	<b>5,700</b>	<b>-</b>	<b>211,734</b>	<b>456,608</b>	<b>70,587</b>	<b>8,804,744</b>	<b>4%</b>	<b>4%</b>
<b>Special Programs- Elem/Sec</b>											
9 Life Skills Support- Public	277,215	155,852	-	-	-	-	6,800	-	439,867		
10 Deaf or Hearing Impaired Support	106,791	76,481	-	-	-	2,035	2,500	-	187,807		
12 Blind or Visually Impaired Support	164,401	143,085	-	1,500	-	1,720	2,300	-	313,007		
13 Speech and Language Support	1,042,095	662,094	4,163	-	-	2,680	18,000	325	1,729,357		
14 Emotional Support-Public	628,264	465,660	-	-	-	720,634	26,700	-	1,841,258		
15 Autistic Support	3,750,923	2,659,961	-	-	-	784,856	14,400	-	7,210,139		
16 Learning Support- Public	5,948,373	4,710,676	3,000	36,212	-	67,808	139,978	3,600	10,909,647		
17 Gifted Support	1,353,140	860,541	700	-	-	3,050	23,725	3,300	2,244,457		
18 Multi-Handicapped Support	366,409	365,787	-	-	-	-	350	-	732,546		
19 Special Programs- Other Support	356,265	239,065	51,600	-	2,255,000	164,100	82,000	-	3,148,029		
20 <b>Total Special Programs</b>	<b>13,993,876</b>	<b>10,339,201</b>	<b>59,463</b>	<b>37,712</b>	<b>2,255,000</b>	<b>1,746,883</b>	<b>316,753</b>	<b>7,225</b>	<b>28,756,113</b>	<b>14%</b>	<b>13%</b>
<b>Support Services</b>											
22 Support Services - Students	5,057,562	3,356,042	120,650	175	-	18,300	109,475	1,600	8,663,804		
24 Support Services - Instr Staff	3,379,233	2,454,559	194,660	1,800	-	88,374	668,232	18,800	6,805,657		
25 Support Services - Admin	6,399,078	4,030,149	862,000	15,450	-	74,125	190,961	169,450	11,741,213		
26 Support Services - Pupil Health	1,368,332	981,050	787,767	2,500	-	300	96,885	-	3,236,833		
27 Support Services - Business	980,404	648,419	316,435	-	-	46,100	144,100	7,900	2,143,358		
28 Oper of Main of Plant Serv	4,958,497	3,720,124	1,081,497	1,551,300	-	588,132	3,484,000	7,500	15,391,050		
29 Student Transportation Serv	1,573,720	1,286,091	9,401	48,583	-	4,676,154	616,069	840	8,210,858		
30 Support Services - Central	2,534,565	1,722,402	1,312,051	54,300	-	506,235	3,024,300	54,975	9,208,828		
31 <b>Total Support Services</b>	<b>26,251,390</b>	<b>18,198,836</b>	<b>4,684,461</b>	<b>1,674,108</b>	<b>-</b>	<b>5,997,719</b>	<b>8,334,022</b>	<b>261,065</b>	<b>65,401,602</b>	<b>31%</b>	<b>31%</b>
<b>Non-instructional (i.e Student Activities/Athletics/Comm ed)</b>											
33	1,681,202	860,870	690,872	41,950	-	69,075	421,795	81,965	3,847,729	2%	2%
<b>Other Expenditures &amp; Financing Uses</b>											
36 Other	-	-	-	-	-	-	-	175,000	175,000		
37 Debt Service Transfer	-	-	-	-	-	-	-	12,215,425	12,215,425		
38 Debt Service- Referendum	-	-	-	-	-	-	-	5,255,375	5,255,375		
39 Deferred Maintenance Transfer	-	-	-	-	-	-	-	2,486,752	2,486,752		
40 Food Service Transfer	-	-	-	-	-	-	-	50,000	50,000		
41 Capital Reserve Transfer	-	-	-	-	-	-	-	-	-		
42 Budgetary Reserve	-	-	-	-	-	-	-	1,359,903	1,359,903		
43 <b>Total Other Exp &amp; Financing Uses</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>21,542,455</b>	<b>21,542,455</b>	<b>10%</b>	<b>11%</b>
<b>Total 2025-26 Budget</b>	<b>94,092,593</b>	<b>\$61,883,276</b>	<b>\$5,583,625</b>	<b>\$1,787,324</b>	<b>\$7,116,000</b>	<b>\$8,580,206</b>	<b>\$10,463,755</b>	<b>\$22,015,896</b>	<b>\$211,522,675</b>	<b>100%</b>	<b>100%</b>
2025-26 % of Total Budget	44%	29%	3%	1%	3%	4%	5%	10%	100%		
2024-25 % of Total Budget	44%	29%	2%	1%	3%	4%	5%	11%	100%		

# Expense

2025-26 Budget	\$211,522,675
2024-25 Budget	<u>\$205,608,390</u>
Increase in Expenses	\$ 5,914,285
% Increase in Expenses	2.88%

# Budgeted Additions

- Special Education Teacher
- Business Education Teacher
- School Psychologist
- Student Activities Manager and Athletics Manager
- Clerical Position for Special Education Department
- Custodial Position for the Physical Plant Department

# Additional Budgetary impacts

- Impact of the personnel contracts
- Other recurring costs include increases in:
  - the substitute rates,
  - operating costs:
    - water/sewer rates,
    - natural gas rates,
    - additional security efforts,
    - charter school costs due to rate increase,
    - contracted carrier (bus/van) costs, and
    - electricity (savings from Power Purchase Agreement will not impact this budget and will be assessed for 2026/27 budget).



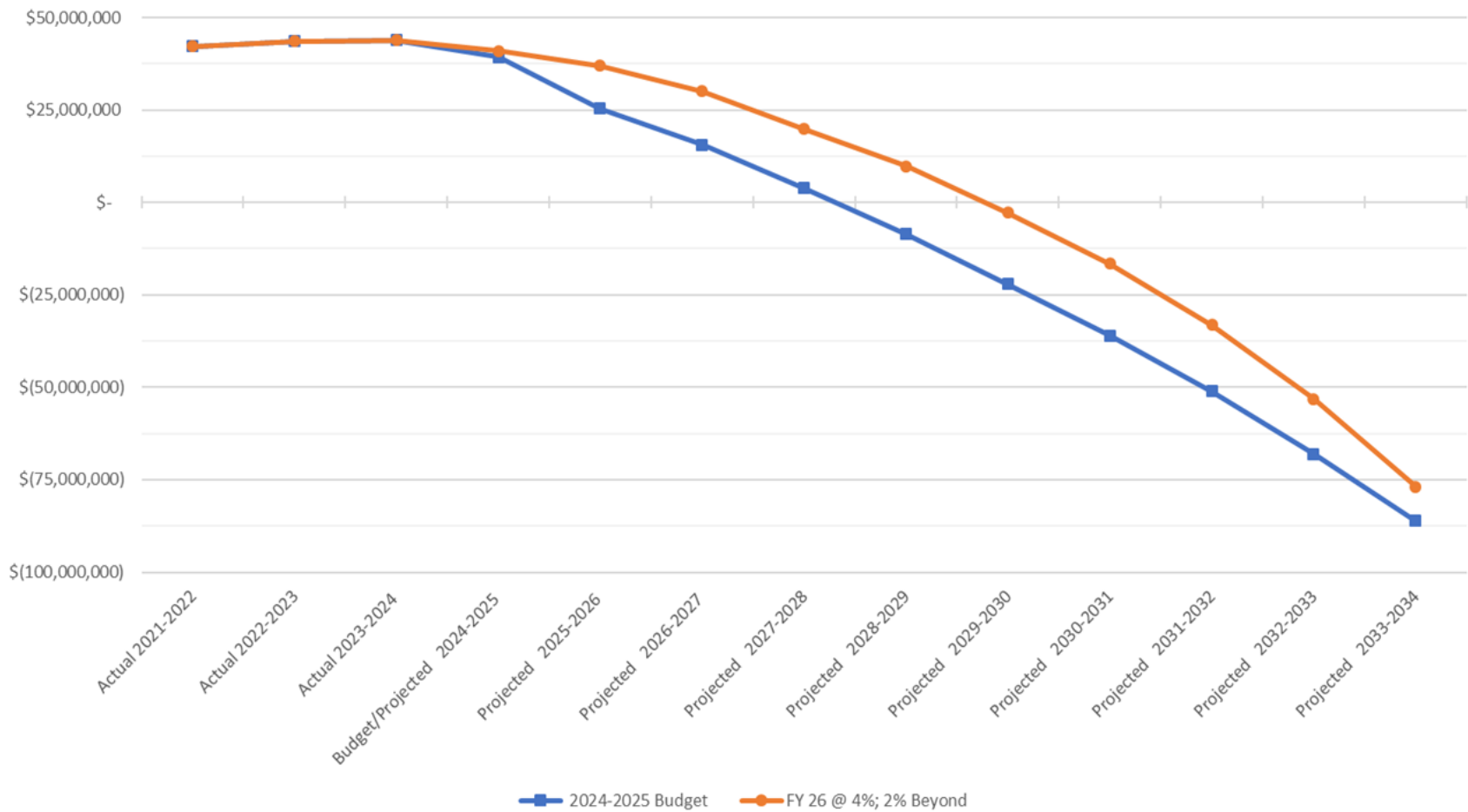
# PSERS

- Required contribution to the state retirement plan (PSERS) increased approximately \$2,149,000 compared to the 2024-25 budget. This is related to an increase in qualifying salary expense.
- Percentage of salary contribution rate will increase from 33.90% for 2024-25 to 34.00% for 2025-26.
- Rates will increase from 34.00% in 2025-26 to 38.51% in 2032-33 based in the most recent (December 2024) PSERS projection.

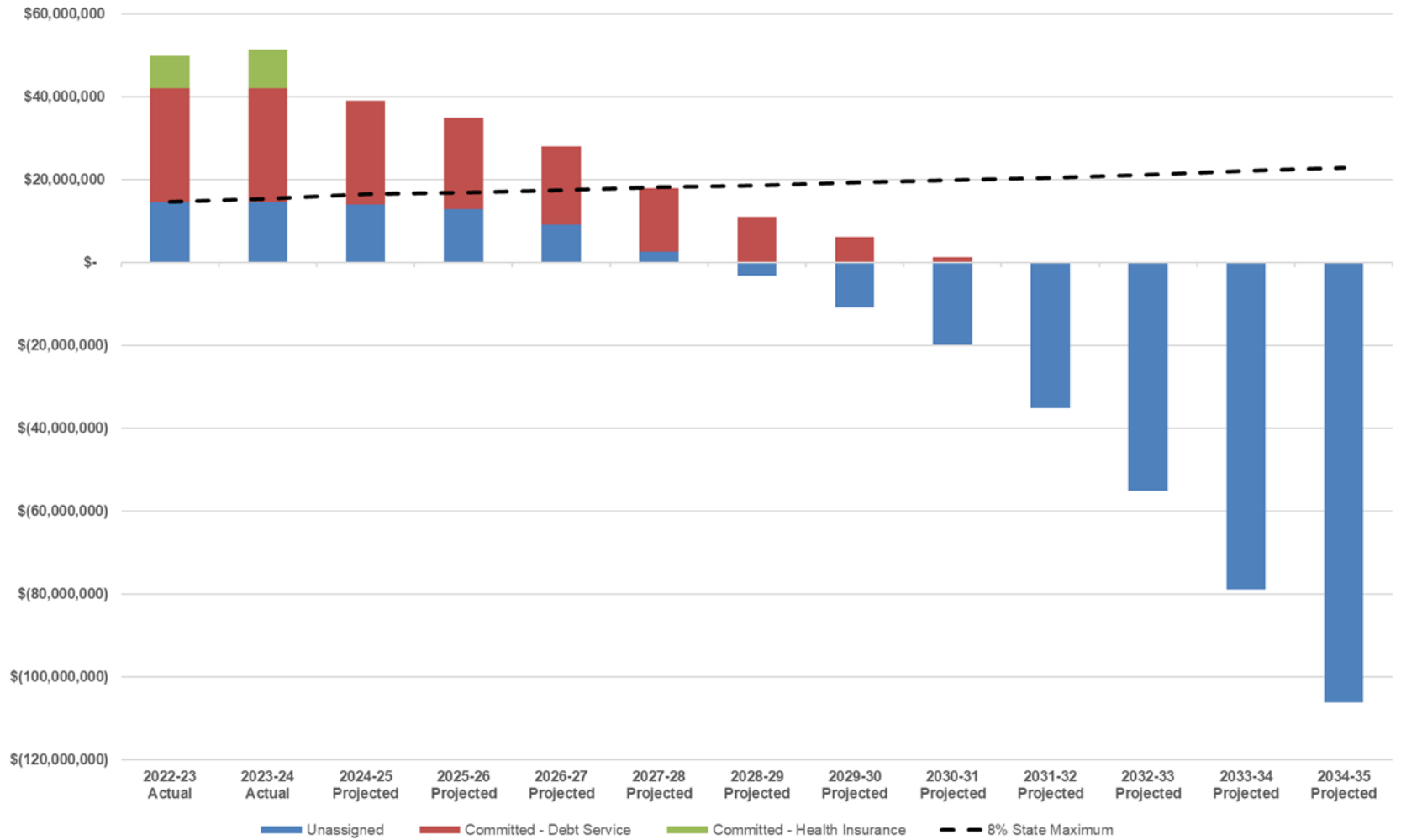
# Fund Balance

- Budget includes:
  - Use of Committed Fund Balance
    - Debt Service- usage of \$2,349,000
  - This budget does not include a transfer to the Capital Reserve Fund
  - The transfer of the Committed Fund Balance for Health Insurance to a separate internal service fund
- Projected ending Unassigned General Fund Balance is \$12,938,366
  - Brings unassigned General Fund percentage of operating expense to 6.12%
  - Within allowed limit of less than or equal to 8%

## General Fund - Unassigned and Committed Fund Balance (Excluding Health)



General Fund - Unassigned and Committed Fund Balance (Excluding Health)  
Assumes 4% tax increase in 2025-26; 2% thereafter



# State Budget

- Proposed changes could impact revenue and expense
- State budget is required to be passed by June 30 each year
- District must pass budget by June 30
- Potential reopening district budget after state budget is passed

# Comments

- Comments are welcome at this time
- For more information on the budget process including all handouts that are related to the budget go to:

[2025-2026 Budget Development](#)

# State College Area School District

