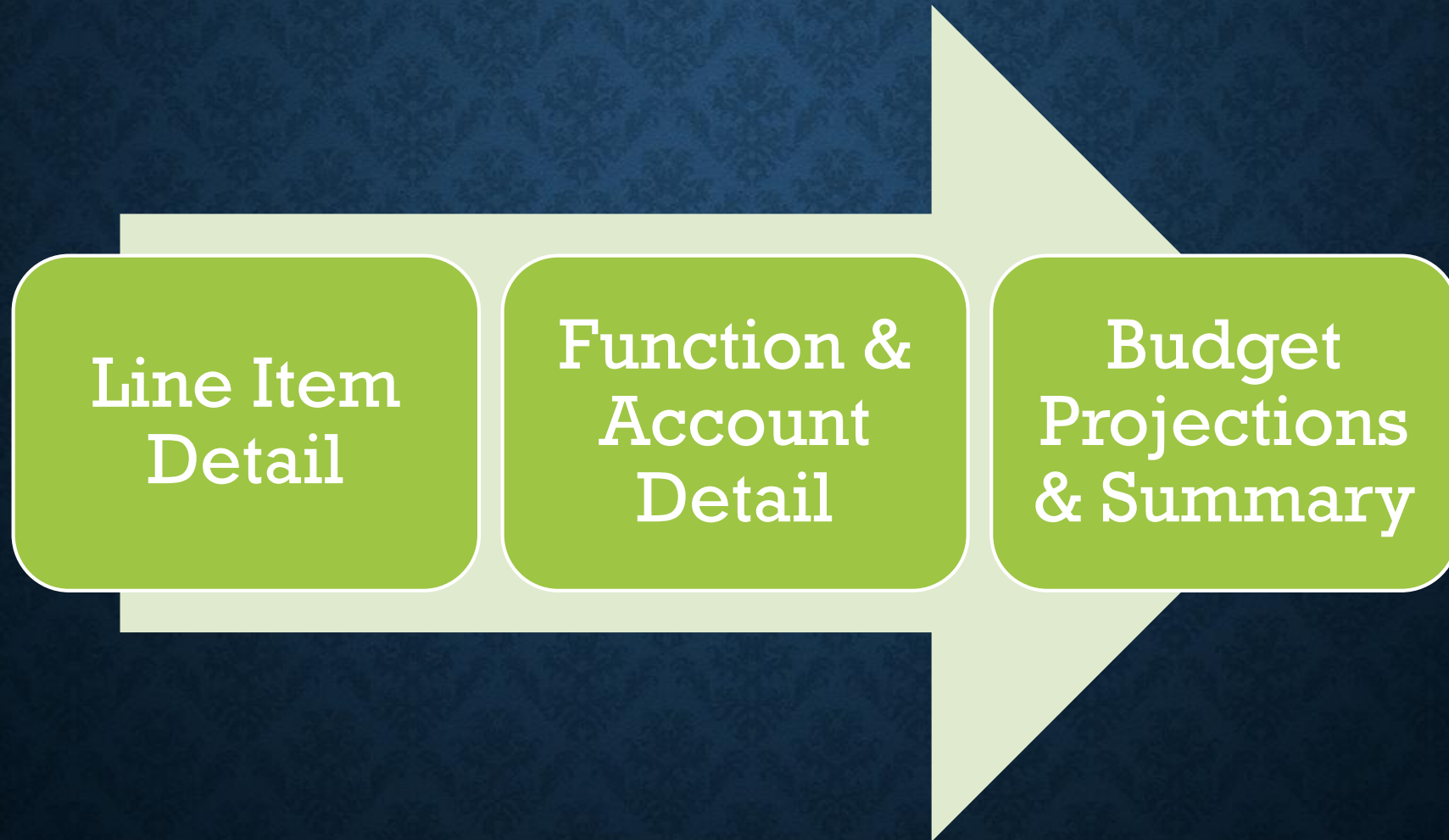


BUDGET UPDATE

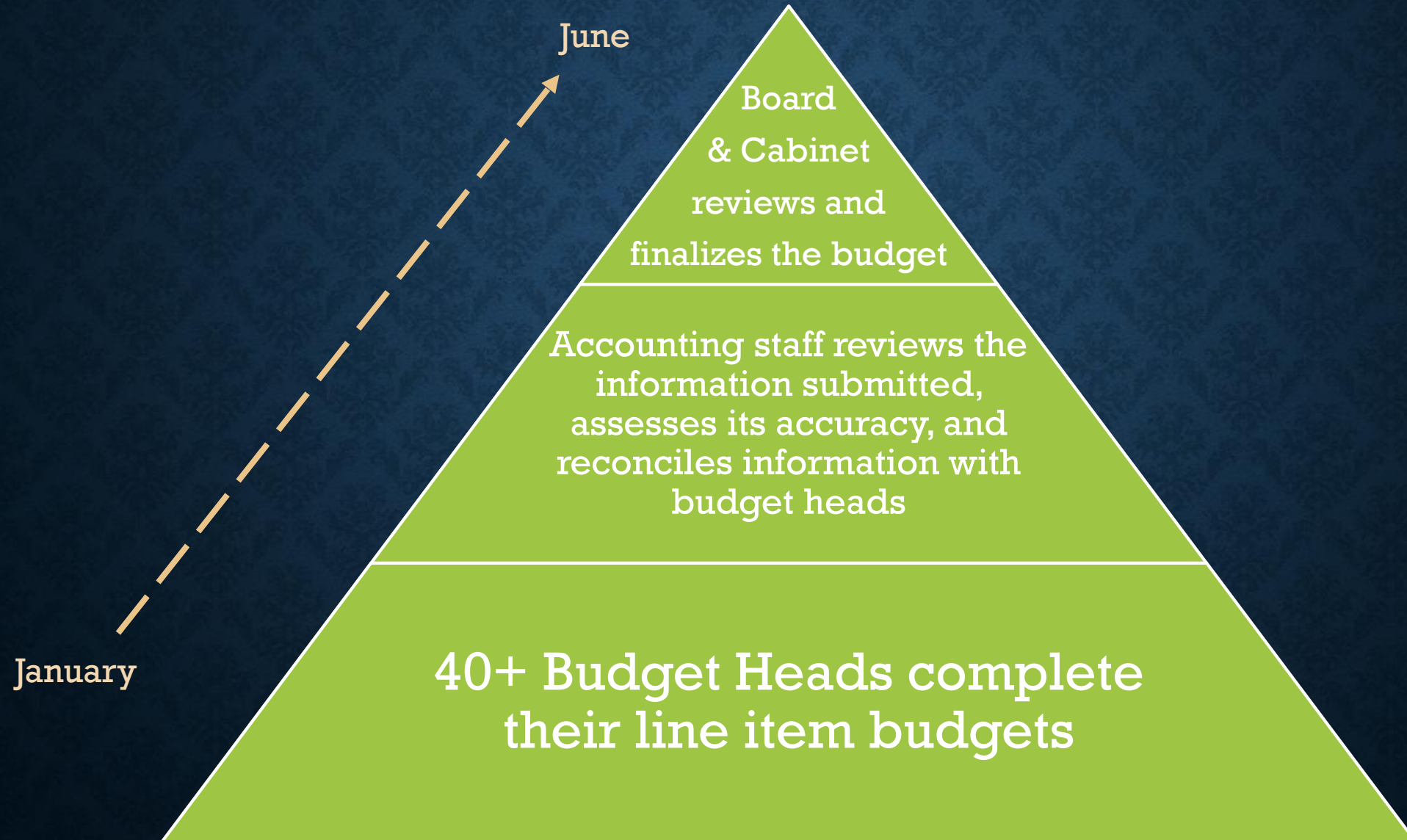
February 2, 2026 Board Meeting

What To Expect in the Budget Process



COMPILATION OF DATA

- Line Item Detail
 - Significant involvement of accounting and departmental staff
 - Labor intensive
 - Sets the foundation for the overall budget
- Function & Account Detail
 - Significant involvement of accounting and cabinet staff
 - Attempts to align available resources with desired outcomes/effort
 - Building block for the overall budget
- Budget Projections & Summary
 - Significant involvement of cabinet and board
 - Assigns resources to fit within the overall strategy of the District
 - Finalizes a complete and responsible budget for the District and community it serves



WHAT ARE THE KEY DOCUMENTS

Internal Documents/Resources

- Personnel Budgeting module in eFinance
- Detailed Budgets for Budget Heads
- Position Control & Staffing Reports
- eFinance System
- Projection Master Spreadsheet (10-year budget projection)

Board Documents

- Projection Master Spreadsheet (10-year budget projection)
- Board Presentations over the course of the budget development
- Budget Matrix Spreadsheet

GOALS OF EACH BOARD DOCUMENT

- Projection Master
 - Longer term view of the impact of the budget on the District's long term financial viability
 - Shows the cause and effect relationship of decisions
- Board Presentations
 - Keeps the board and public informed of the status of the budget being developed
 - Allows the board and public to offer thoughts, priorities, and feedback to staff
- Budget Matrix
 - Provides an organized view of the budget from a function and account perspective
 - Organizes total effort (expenditures) in an easily digestible format

BUDGET MATRIX SPREADSHEET (25-26 BUDGET)

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
	Instructional											
	Regular Instructional											
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	Total Regular Instructional	47,305,268	29,372,173	61,768	27,854	4,861,000	554,795	934,577	52,599	83,170,033	39%	39%
4	Other Instructional											
5	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	Total Other Instructional	4,860,858	3,112,195	87,062	5,700	-	211,734	456,608	70,587	8,804,744	4%	4%
8												
9	Special Programs- Elem/Sec											
10	Life Skills Support- Public	277,215	155,852	-	-	-	-	6,800	-	439,867		
11	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	Total Special Programs	13,993,876	10,339,201	59,463	37,712	2,255,000	1,746,883	316,753	7,225	28,756,113	14%	13%
21												
22	Support Services											
23	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	Total Support Services	26,251,390	18,198,836	4,684,461	1,674,108	-	5,997,719	8,334,022	261,065	65,401,602	31%	31%
32												
33	Non-instructional (i.e Student Activities/Athletics/Comm ed)	1,681,202	860,870	690,872	41,950	-	69,075	421,795	81,965	3,847,729	2%	2%
34												
35	Other Expenditures & Financing Uses											
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	Total Other Exp & Financing Uses	-	-	-	-	-	-	-	21,542,455	21,542,455	10%	11%
44												
45	Total 2025-26 Budget	94,092,593	\$61,883,276	\$5,583,625	\$1,787,324	\$7,116,000	\$8,580,206	\$10,463,755	\$22,015,896	\$211,522,675	100%	100%
46												
47	2025-26 % of Total Budget	44%	29%	3%	1%	3%	4%	5%	10%	100%		
48	2024-25 % of Total Budget	44%	29%	2%	1%	3%	4%	5%	11%	100%		

CURRENT YEAR FINANCIAL UPDATE

- Budget Amendments over \$300,000 Passed to Date This Year:
 - IDEA Grant - \$28,427 (Salaries and Benefits)
 - PCCD Grant - \$54,772 (Safety and Technology Supplies)
 - Perkins Grant - \$26,351 (Supplies & Equipment)
 - Title I-IV - \$190,725 (Salaries, Benefits, Professional Services, & Supplies)
- Assumption Changes – Trending Positively As Compared to the 2025-26 Budget - \$2.5M increase in projections for FY2026
 - Increased Interest on Investments = +\$1.59M
 - Increased Realty Transfer Tax (\$750,000)
 - Increased Local Earned Income Tax (\$160,000)
- Financial Documents on Following Slides Only Through 2025-26 Projected. The Full 10 Year Projection Will Be Shared Once the 2026-27 Budgets Are Compiled and Assessed.

FINANCIAL UPDATE – FY 2025-26 CHANGES

REVENUES	Original Budget 2025-2026	7/21/25 - PERKINS	8/07/25 - PCCD Safety	08/04/25 - IDEA	08/18/25 - Highmark PFMS	11/17/25 - PRLAEF ProStart	11/17/25 - Titles' Amendment/Ca rryover	01/12/26 - DCED CTC			2025-26 Amend Budget	1/2/2026		Projection 2025-2026	Chg Init Bdgt to Projection
LOCAL SERVICES TAX															
CURRENT REAL ESTATE TAX	\$ 124,719,958	-	-	-	-	-	-	-			124,719,958			124,719,958	-
REAL ESTATE TAX-REFERENDUM DEBT	\$ 4,943,153	-	-	-	-	-	-	-			4,943,153			4,943,153	-
EARNED INCOME TAX	\$ 23,340,000	-	-	-	-	-	-	-			23,340,000	160,000		23,500,000	160,000
REALTY TRANSFER TAX	\$ 2,500,000	-	-	-	-	-	-	-			2,500,000	750,000		3,250,000	750,000
DELINQUENT REAL ESTATE TAX	\$ 1,100,000	-	-	-	-	-	-	-			1,100,000			1,100,000	-
INTERIM REAL ESTATE TAX	\$ 600,000	-	-	-	-	-	-	-			600,000			600,000	-
IDEA-B	\$ 1,041,465	-	-	28,427	-	-	-	-			1,069,892			1,069,892	28,427
PAYMENTS IN LIEU OF TAX	\$ 700,000	-	-	-	-	-	-	-			700,000			700,000	-
LOCAL SERVICES TAX	\$ 371,000	-	-	-	-	-	-	-			371,000			371,000	-
TUITION	\$ 1,906,071	-	-	-	-	-	-	-			1,906,071			1,906,071	-
MISC LOCAL REVENUE	\$ 579,238	-	-	-	7,493	1,482	-	-			588,213			588,213	8,975
PUBLIC UTILITY REALTY TAX	\$ 117,190	-	-	-	-	-	-	-			117,190			117,190	-
INTEREST ON INVESTMENTS	\$ 2,250,000	\$ -	\$ -	\$ -	-	-	-	-			2,250,000	1,590,000		3,840,000	1,590,000
TOTAL LOCAL	\$ 164,168,075	\$ -	\$ -	\$ 28,427	7,493	1,482	-	-	-	-	164,205,477	2,500,000	-	166,705,477	2,537,402
STATE															
BASIC ED INSTR SUBSIDY	\$ 13,884,000	-	-	-	-	-	-	-			13,884,000			13,884,000	-
SPECIAL ED REVENUE	\$ 3,655,188	-	-	-	-	-	-	-			3,655,188			3,655,188	-
REV. FOR RETIREMENT	\$ 15,806,908	-	-	-	-	-	-	-			15,806,908			15,806,908	-
REV. FOR SOCIAL SECURITY	\$ 3,527,061	-	-	-	-	-	-	-			3,527,061			3,527,061	-
PROPERTY TAX REDUCTION	\$ 2,496,328	-	-	-	-	-	-	-			2,496,328			2,496,328	-
TRANSPORTATION REVENUE	\$ 800,000	-	-	-	-	-	-	-			800,000			800,000	-
BOND REIMBURSEMENTS	\$ 914,158	-	-	-	-	-	-	-			914,158			914,158	-
HEALTH SERVICES REVENUE	\$ 140,000	-	-	-	-	-	-	-			140,000			140,000	-
READY TO LEARN GRANT	\$ 310,013	-	-	-	-	-	-	-			310,013			310,013	-
VOCATIONAL EDUCATION	\$ 226,000	-	-	-	-	-	-	-			226,000			226,000	-
OTHER STATE REVENUE (4)	\$ -	-	54,772	-	-	-	-	14,240			69,012			69,012	69,012
TUITION - 1305/1306	\$ 130,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -			130,000			130,000	-
TOTAL STATE	\$ 41,889,656	\$ -	54,772	-	-	-	-	14,240	-	-	41,958,668	-	-	41,958,668	69,012
FEDERAL															
TITLE I REVENUE	\$ 825,000	-	-	-	-	-	93,907	-			918,907			918,907	93,907
TITLE II REVENUE	\$ 155,000	-	-	-	-	-	48,240	-			203,240			203,240	48,240
ACCESS FUNDS	\$ 350,000	-	-	-	-	-	-	-			350,000			350,000	-
OTHER FEDERAL REVENUE (5)	\$ 110,000	26,351	-	-	-	-	13,126	-			149,477			149,477	39,477
TITLE III REVENUE	\$ 35,000	\$ -	\$ -	\$ -	\$ -	\$ -	35,452	\$ -			70,452			70,452	35,452
TOTAL FEDERAL	\$ 1,475,000	\$ 26,351	-	-	-	-	190,725	-	-	-	1,692,076	-	-	1,692,076	217,076
TOTAL REVENUE	\$ 207,532,731	\$ 26,351	54,772	28,427	7,493	1,482	190,725	14,240	-	-	207,856,221	2,500,000	-	210,356,221	2,823,490

FINANCIAL UPDATE – FY 2025-26 CHANGES

EXPENSES	Original Budget 2025-2026	7/21/25 - PERKINS	8/07/25 - PCCD Safety	08/04/25 - IDEA	08/18/25 - Highmark PFMS	11/17/25 - PRLAEF Pro Start	11/17/25 - Titles' Amendment/Ca rryover	01/12/26 - DCED CTC			2025-26 Amend Budget			Projection 2025-2026	Chg Budget to Projection
Salaries	\$ 94,092,591	-	-	22,810	-	-	80,364	-			94,195,765			94,195,765	103,174
Health Insurance	\$ 21,211,679	-	-	-	-	-	12,088	-			21,223,767			21,223,767	12,088
PSERS	\$ 31,613,816	-	-	3,872	-	-	11,640	-			31,629,328			31,629,328	15,512
Other Benefits	\$ 9,057,781	-	-	1,745	-	-	(29,284)	-			9,030,242			9,030,242	(27,539)
Professional Services	\$ 5,583,626	-	-	-	-	-	45,095	-			5,628,721			5,628,721	45,095
Purchased Property Services	\$ 1,787,324	-	-	-	-	-		-			1,787,324			1,787,324	-
Charter School Expense	\$ 7,116,000	-	-	-	-	-		-			7,116,000			7,116,000	-
Other Purchased Services	\$ 8,580,207	-	-	-	-	-	22,455	-			8,602,662			8,602,662	22,455
Supplies/Equipment	\$ 10,463,755	26,351	54,772	-	7,493	1,482	48,367	14,240			10,616,460			10,616,460	152,705
Deferred Maintenance	\$ 2,486,752	-	-	-	-	-	-	-			2,486,752			2,486,752	-
Transfers/contingencies/fees	\$ 2,058,344	-	-	-	-	-	-	-			2,058,344			2,058,344	-
Debt Service	\$ 12,215,425	-	-	-	-	-	-	-			12,215,425			12,215,425	-
Debt Service - Referendum Debt	\$ 5,255,375	-	-	-	-	-	-	-			5,255,375			5,255,375	-
Transfer to Capital Reserve	\$ -	-	-	-	-	-	-	-			-			-	-
Fund Balance Commitment/Use (Debt Service)(3)	\$ (2,984,000)	-	-	-	-	-	-	-			(2,984,000)			(2,984,000)	-
Total Expenses and Fund Balance Transfers	\$208,538,675	\$26,351	\$54,772	\$28,427	\$7,493	\$1,482	\$190,725	\$14,240	\$0	\$0	\$208,862,165	\$0	\$0	\$208,862,165	\$323,490
Total Expense and Transfers (excl fund balance use/commitment)	\$211,522,675	\$26,351	\$54,772	\$28,427	\$7,493	\$1,482	\$190,725	\$14,240	\$0	\$0	\$211,846,165	\$0	\$0	\$211,846,165	\$323,490

FINANCIAL UPDATE – FY 2026-27 BUDGET

REVENUES	Final 2025- 2026 Budget	Board Present 2/2/26		Variance Explanation
LOCAL SERVICES TAX				
CURRENT REAL ESTATE TAX	\$ 130,572,810	\$ 130,572,810		
REAL ESTATE TAX-REFERENDUM DEBT	\$ 4,943,623	\$ 4,943,623		
EARNED INCOME TAX	\$ 24,040,000	\$ 24,040,000		If 2025-26 trending continues through March, there could be potential to increase by 1%
REALTY TRANSFER TAX	\$ 2,500,000	\$ 2,500,000		
DELINQUENT REAL ESTATE TAX	\$ 1,100,000	\$ 1,100,000		
INTERIM REAL ESTATE TAX	\$ 600,000	\$ 600,000		
IDEA-B	\$ 1,041,465	\$ 1,041,465		
PAYMENTS IN LIEU OF TAX	\$ 700,000	\$ 700,000		
LOCAL SERVICES TAX	\$ 382,000	\$ 382,000		
TUITION	\$ 1,906,071	\$ 1,906,071		
MISC LOCAL REVENUE	\$ 579,238	\$ 579,238		
PUBLIC UTILITY REALTY TAX	\$ 135,000	\$ 135,000		
INTEREST ON INVESTMENTS	\$ 1,750,000	\$ 1,750,000		Potential to increase if interest rate stabilize.
TOTAL LOCAL	\$ 170,250,207	\$ 170,250,207		
STATE				
BASIC ED INSTR SUBSIDY	\$ 13,884,000	\$ 13,884,000		
SPECIAL ED REVENUE	\$ 3,655,188	\$ 3,655,188		
REV. FOR RETIREMENT	\$ 16,100,000	\$ 16,100,000		
REV. FOR SOCIAL SECURITY	\$ 3,661,089	\$ 3,661,089		
PROPERTY TAX REDUCTION	\$ 2,496,328	\$ 2,496,328		
TRANSPORTATION REVENUE	\$ 800,000	\$ 800,000		
BOND REIMBURSEMENTS	\$ 850,989	\$ 850,989		
HEALTH SERVICES REVENUE	\$ 140,000	\$ 140,000		
READY TO LEARN GRANT	\$ 310,013	\$ 310,013		
VOCATIONAL EDUCATION	\$ 226,000	\$ 226,000		
OTHER STATE REVENUE (4)	\$ -	\$ -		
TUITION - 1305/1306	\$ 130,000	\$ 130,000		
TOTAL STATE	\$ 42,253,607	\$ 42,253,607		
FEDERAL				
TITLE I REVENUE	\$ 825,000	\$ 825,000		
TITLE II REVENUE	\$ 155,000	\$ 155,000		
ACCESS FUNDS	\$ 350,000	\$ 350,000		
OTHER FEDERAL REVENUE (5)	\$ 110,000	\$ 110,000		
TITLE III REVENUE	\$ 35,000	\$ 35,000		
TOTAL FEDERAL	\$ 1,475,000	\$ 1,475,000		
OTHER FINANCING SOURCES – LT LEASES	\$ -	\$ -		
TOTAL REVENUE	\$ 213,978,814	\$ 213,978,814		

FINANCIAL UPDATE – FY 2026-27 BUDGET

EXPENSES	Final 2025- 2026 Budget	Board Present 2/3/25		Variance Explanation
Salaries	\$ 97,668,109	\$ 97,668,109		
Health Insurance	\$ 23,332,847	\$ 23,332,847		
PSERS	\$ 32,200,000	\$ 32,200,000		
Other Benefits	\$ 9,300,000	\$ 9,300,000		
Professional Services	\$ 5,680,000	\$ 5,680,000		
Purchased Property Services	\$ 1,820,000	\$ 1,820,000		
Charter School Expense	\$ 7,240,000	\$ 7,240,000		
Other Purchased Services	\$ 8,730,000	\$ 8,730,000		
Supplies/Equipment	\$ 10,540,000	\$ 10,540,000		
Deferred Maintenance	\$ 2,536,487	\$ 2,536,487		
Transfers/contingencies/fees	\$ 2,089,407	\$ 2,089,407		
Debt Service	\$ 11,181,600	\$ 11,181,600		
Debt Service - Referendum Debt	\$ 5,255,875	\$ 5,255,875		
Long Term Software Lease Costs	\$ -	\$ -		
Transfer to Capital Reserve (1)	\$ -	\$ -		
Fund Balance Commitment/Use (Revenue Shortfall)	\$ -	\$ -		
Fund Balance Commitment/Use (Debt Service)	\$ (3,001,000)	\$ (3,001,000)		
Fund Balance Commitment/Use (Health Insurance)	\$ -	\$ -		
Fund Balance Use (PSERS)	\$ -	\$ -		
Total Expenses and Fund Balance Transfers	\$214,573,325	\$214,573,325		
Total Expense and Transfers (excl fund balance use/commitment)	\$217,574,325	\$217,574,325		

FINANCIAL UPDATE – FY 2026-27 BUDGET

General Fund Activity	Final 2025-2026 Budget	Board Present 2/3/25
Beginning Fund Balance	\$ 17,686,413	\$ 17,686,413
Revenue	\$ 213,978,814	213,978,814
Local	\$ 170,250,207	\$ 170,250,207
State	\$ 42,253,607	\$ 42,253,607
Federal	\$ 1,475,000	\$ 1,475,000
Other Financing Sources - LT Leases		
Expense and transfers (excluding use of fund balance)	\$ 217,574,325	\$ 217,574,325
Revenue less expense	\$ (3,595,511)	\$ (3,595,511)
Funding/(Use) of Committed Fund Balance (Revenue Shortfall)	-	\$ -
Funding/(Use) of Committed Fund Balance (Debt Service)	\$ (3,001,000)	\$ (3,001,000)
Funding/(Use) of Committed Fund Balance (Health Insurance)	\$ -	\$ -
(Use) of Committed Fund Balance (PSERS/Legal Liability)	\$ -	\$ -
Incr (Decr) in Assigned Fund Balance	\$ (3,001,000)	\$ (3,001,000)
Change in non-spendable Fund Balance		
Change in enterprise Fund Balance		
Change in Unassigned General Fund Balance	\$ (594,511)	\$ (594,511)
ENDING UNASSIGNED FUND BALANCE	\$ 17,091,902	\$ 17,091,902
UNASSIGNED FUND BALANCE PERCENTAGE	7.86%	7.86%

2026-27 BUDGET – REAL ESTATE TAX RATE

- Staff is recommending that the the board focus on a 3.5% increase – Act 1 Index
 - Expenses are growing at a faster rate than the real estate tax assessed value growth.
 - Personnel costs are increasing by greater than the 0.9% growth rate.
 - Additional square footage (Mt Nittany Elementary and other locations) is requiring additional effort.
 - Inflationary pressures, especially surrounding tariffs, continues to strain the budget.
 - Uncertainty surrounding future Federal and State Funding.
 - The need to onboard the debt costs associated with the Districtwide Facility Master Plan and Park Forest Middle School project.
 - The projected fund balance cliff that needs to be managed prospectively rather than retroactively.

AFOREMENTIONED FUND BALANCE CLIFF

