

State College Area School District



2026-2027
Budget Hearing

**State College Area
School District
May 18, 2026**

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 12, 2026 - Accelerated Opt Out Resolution certifying the tax rate within the Act 1 inflation index of 4%
- April 20, 2026 - Proposed Final Budget with a 3.5% increase in the real estate tax rate
- June 1, 2026 - 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 2026-27
- Approximately \$196/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 3.5% for 2026-27
- 3.5% real estate tax increase in 2026-27
- 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 2026-27.

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, unless the debt is refunded, which is currently under consideration.
- The 2026-27 millage rate includes an amount to generate the tax revenue needed to fund the referendum debt service payment.

**State College Area School District
General Fund Activity
Proposed Final Budget - 2026-27**

Beginning Fund Balance	<u>\$ 17,268,413</u>
Revenue	\$ 214,535,784
Local	170,279,151
State	42,781,633
Federal	1,475,000
Expense (including Capital Reserve transfer)	<u>\$ 221,804,373</u>
Revenue less of expense	<u>\$ (7,268,589)</u>
Funding/(Use) of Committed Fund Balance - Debt Service	\$ (3,001,000)
Funding/(Use) of Committed Fund Balance - Health Insurance	<u>\$ -</u>
Change in Committed Fund Balance	<u>\$ (3,001,000)</u>
Change in Unassigned Fund Balance	<u>\$ (4,267,589)</u>
Ending Unassigned Fund Balance	<u><u>\$ 13,000,824</u></u>
Unassigned Fund Balance Percentage	<u><u>5.86%</u></u>

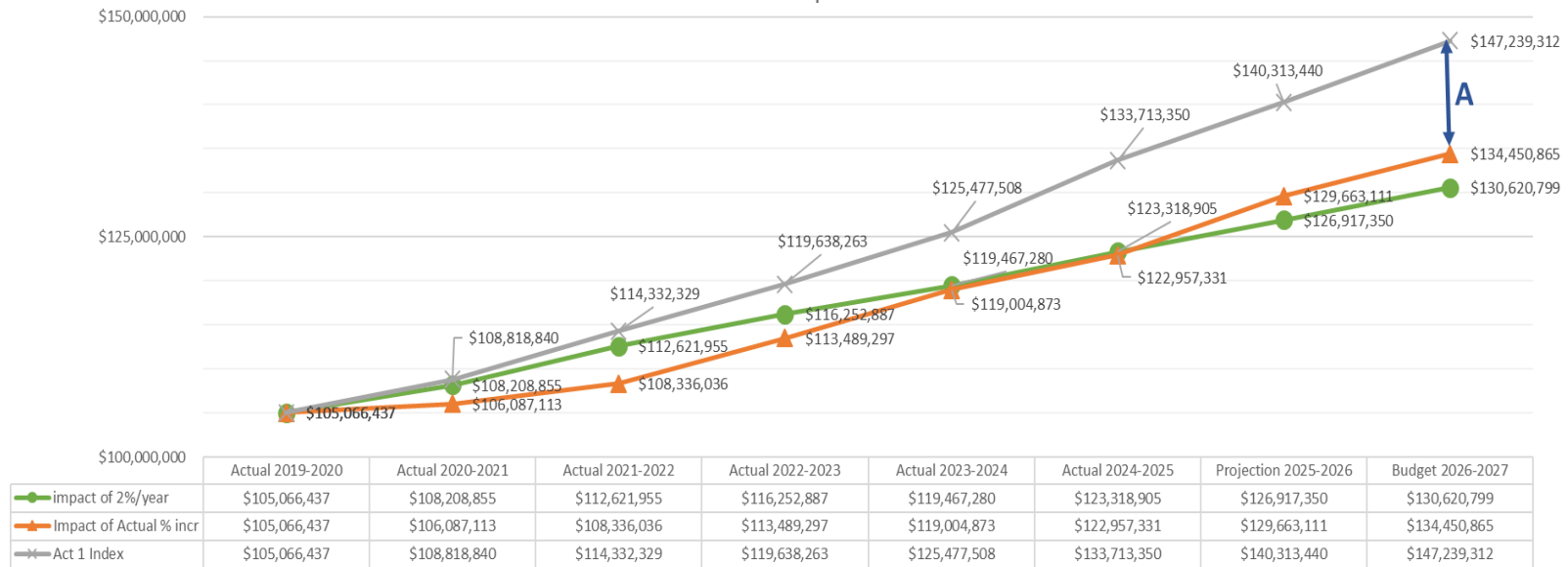
Proposed Tax Increase

- Millage 2025-26 52.9597
- Proposed increase in real estate tax rate 3.50% (1)
- Proposed 2026-27 millage 54.8132

(1) Act 1 Index 3.5%

7 Year Impact of Tax Increases

Tax Rate Comparison



A - Act 1 Index greater than the 2026-27 Budgeted Real Estate Tax Revenue by \$12,788,447.

Impact of 2026-27 Real Estate Tax Increase

2025-26 tax data used to calculate the impact of the tax increase on property types (impact on FY 2027 tax bills)

Property Type	2025-26 Tax	Count of Parcels	2025-26 Average Tax	Impact of Tax Increase
Residential	\$ 78,254,041	20,475	\$ 3,822	\$ 134
Commercial and Industrial	\$ 50,158,687	1,591	\$ 31,527	\$ 1,103
Agricultural	\$ 3,312,214	583	\$ 5,681	\$ 199
All Taxable Properties (1)	\$ 133,842,702	24,656	\$ 5,428	\$ 190

(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 the supplemental property tax rebate program for the 2026-27 tax year.
- \$115,000 has been set aside in the 2026-27 budget for this program, no change from the 2025-26 budget. Current trends has the estimated expense for 2025-26 of approximately \$105,000.
- 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 twelfth year of the supplemental tax rebate program.

Supplemental Property Tax Rebate Program Applications

- Applications may be submitted beginning July 1, 2026
- A copy of a completed PA-1000 for 2025 and evidence of receipt of the Pennsylvania Property Tax rebate (received after July 1, 2026) must be attached.
- Additional information will be available on the District web site at [Property Tax Rebate](#).
- Information will also be mailed with the 2026-27 real estate tax bill mailing which is planned for July 1, 2026.

Revenue

- Local

- District primarily locally funded
- Budgeted revenue is \$6,111,000 higher than the 2025-26 budget
 - Real estate – proposed increase of 3.5% in real estate tax rate and increase in assessed value - \$4,783,000
 - Earned income tax - \$700,000
 - Realty Transfer Tax - \$500,000
 - Interest on Investments - \$85,000

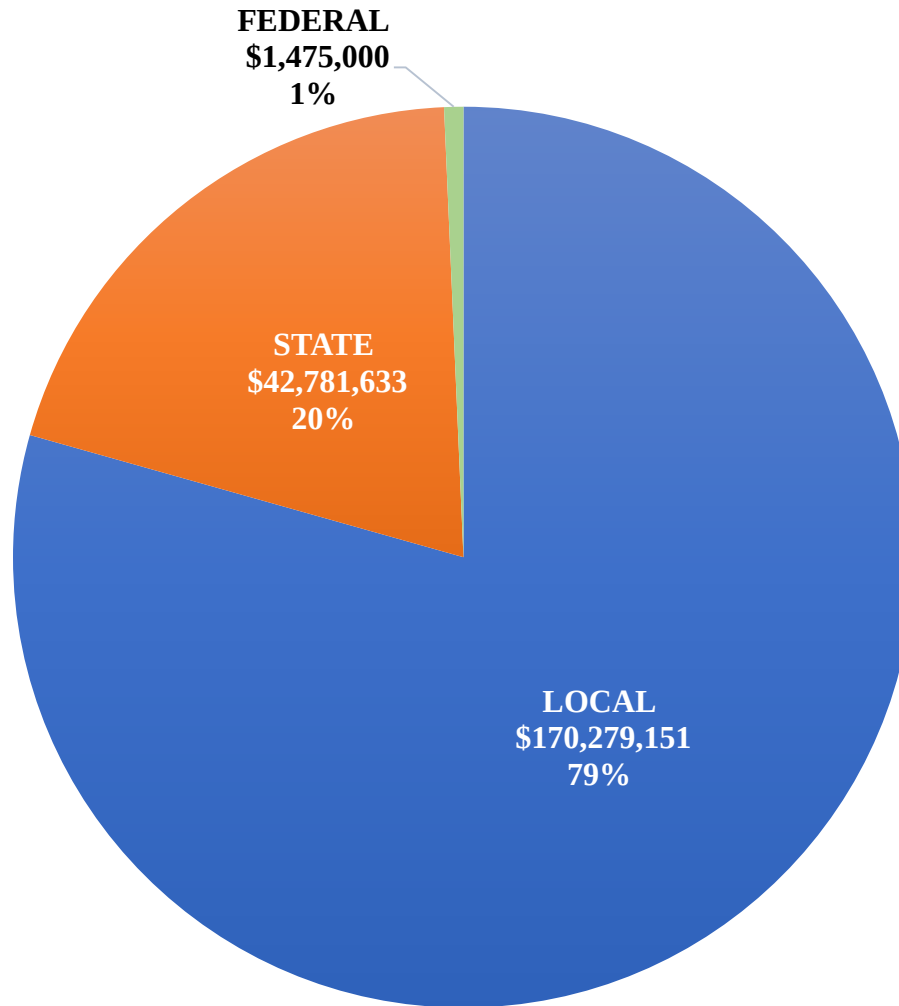
- State

- Budgeted revenue is \$892,000 higher than the 2025-26 budget
 - Retirement and social security reimbursements increased approximately \$682,000 and \$194,000, respectively
 - Ready to Learn Grant increased \$50,000
 - Vocational Education increased \$24,000
 - Property Tax Reduction allocation remains level at approximately \$2.5M which provides a reduction in real estate taxes for eligible homestead and farmstead properties
 - Bond reimbursements decreased \$63,000

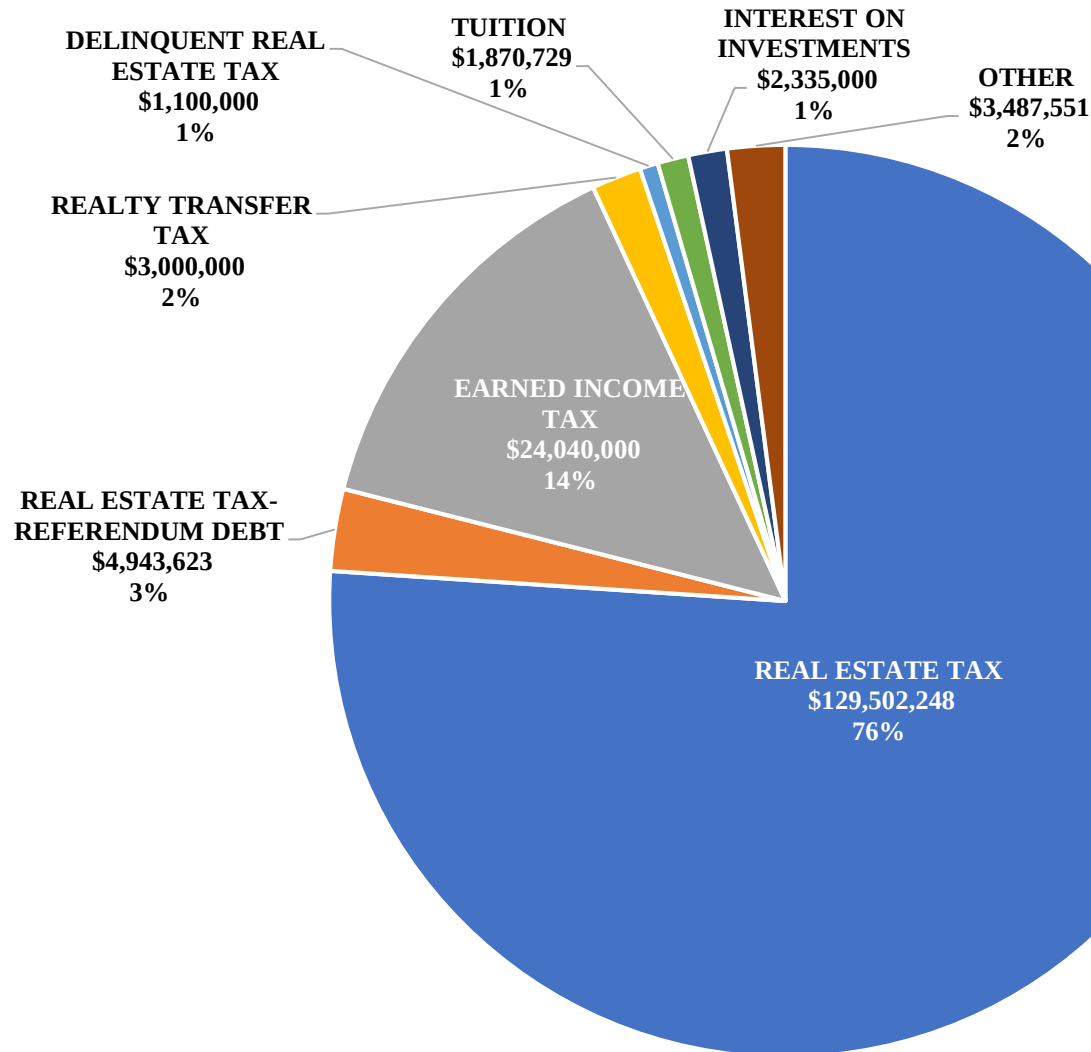
- Federal

- 2026-2027 Budgeted Federal Revenue is consistent with the 2025-2026 Budget

2026-27 Revenue by Source

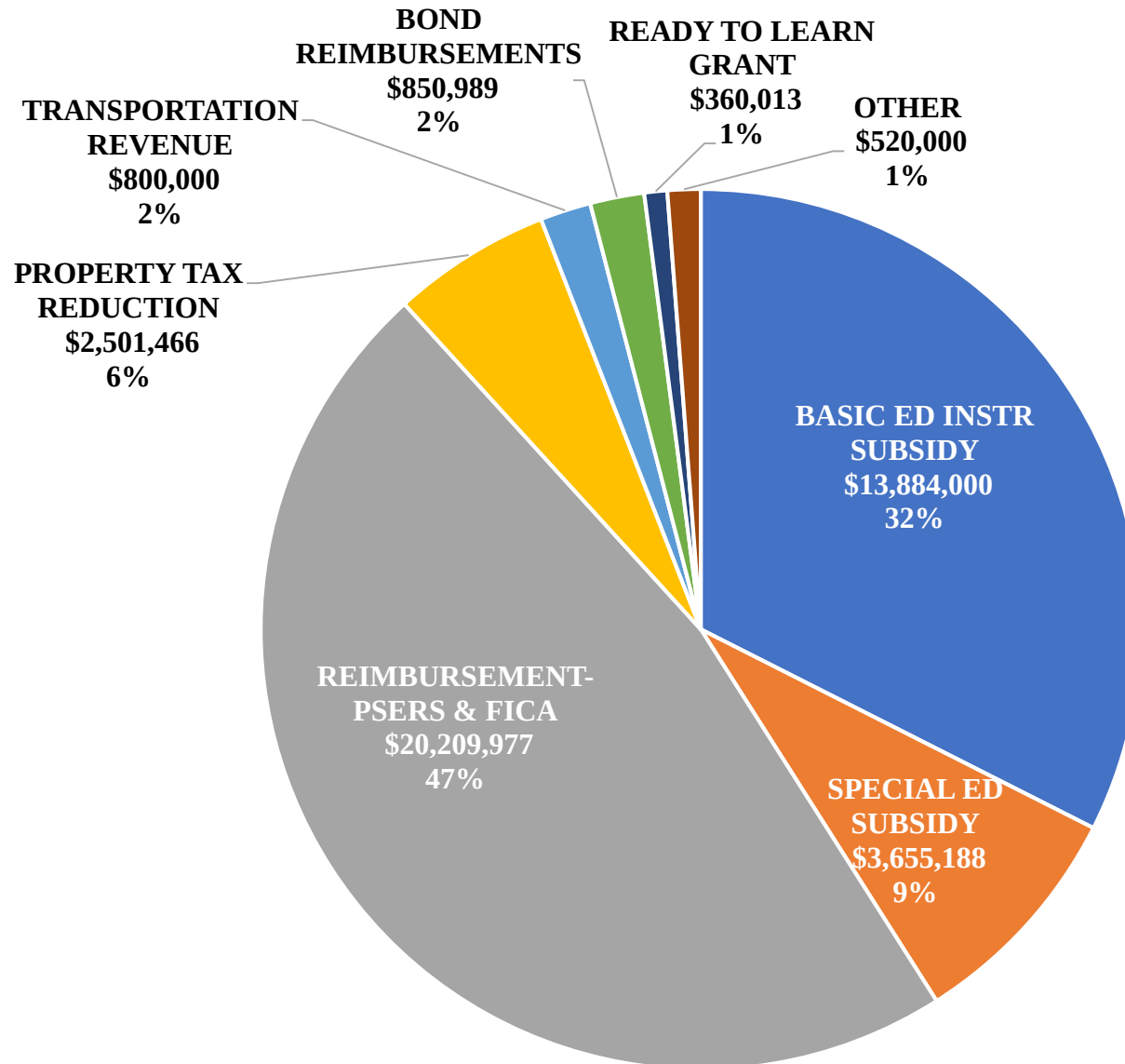


2026-27 Local Revenue

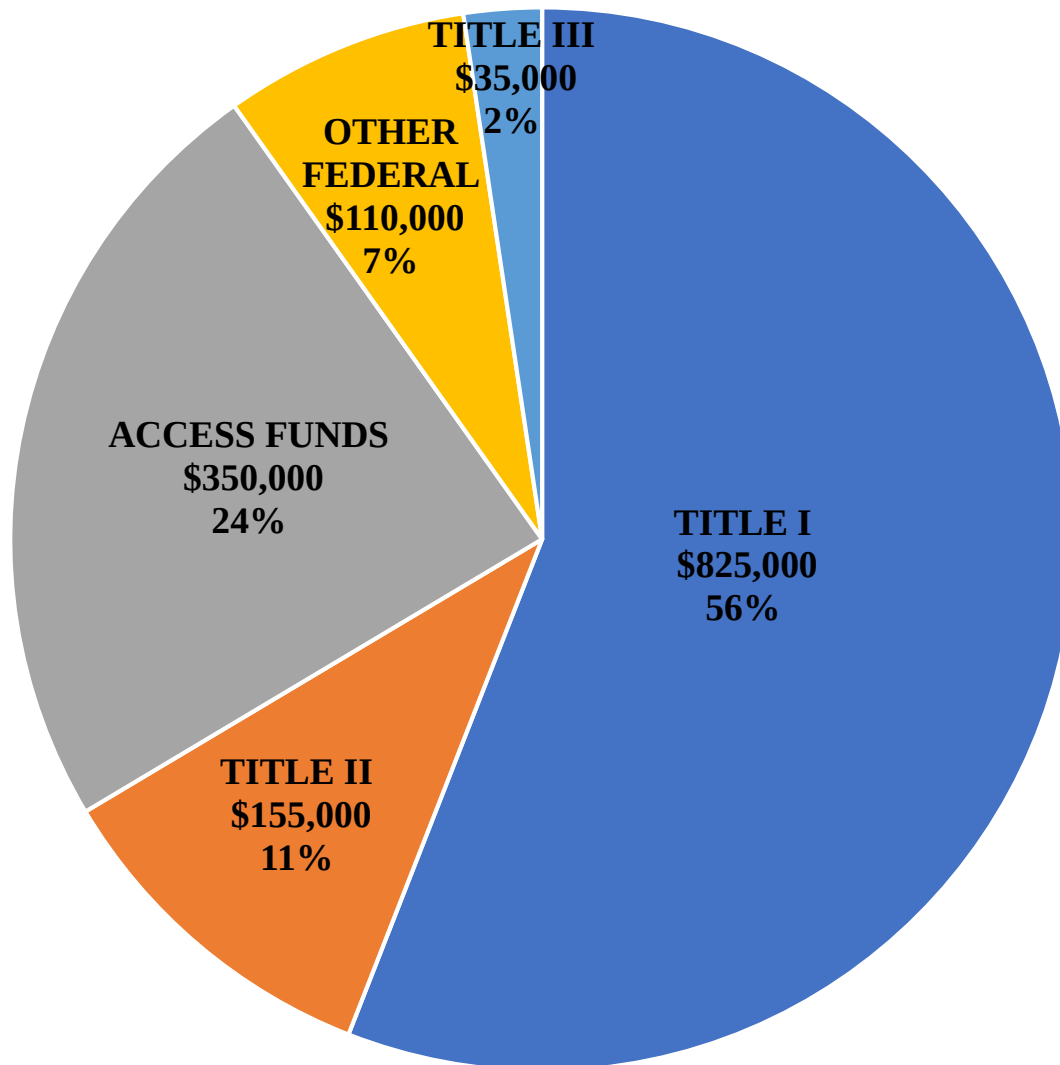


REAL ESTATE TAX + REFERENDUM TAX = 79%

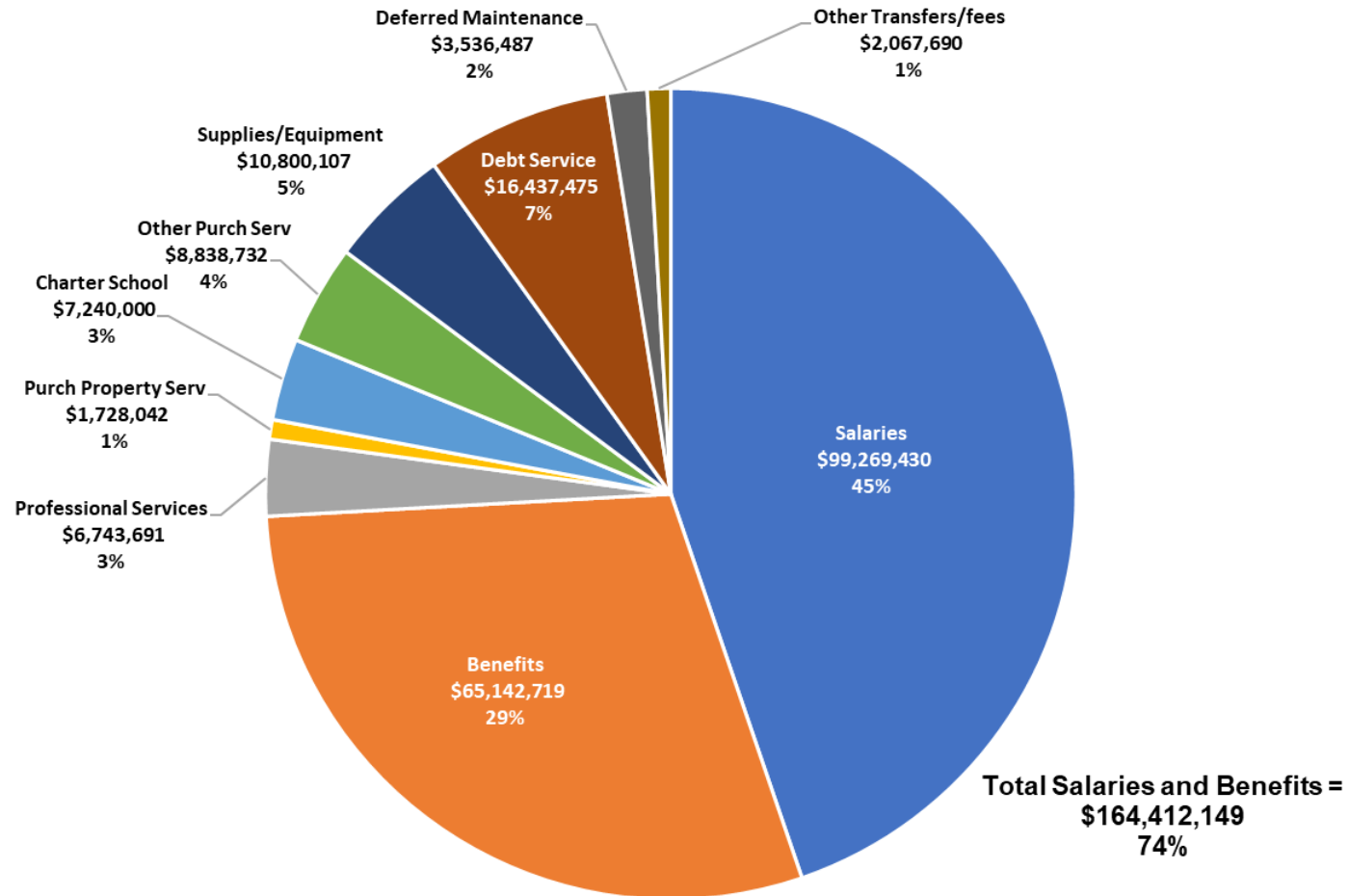
2026-27 State Revenue



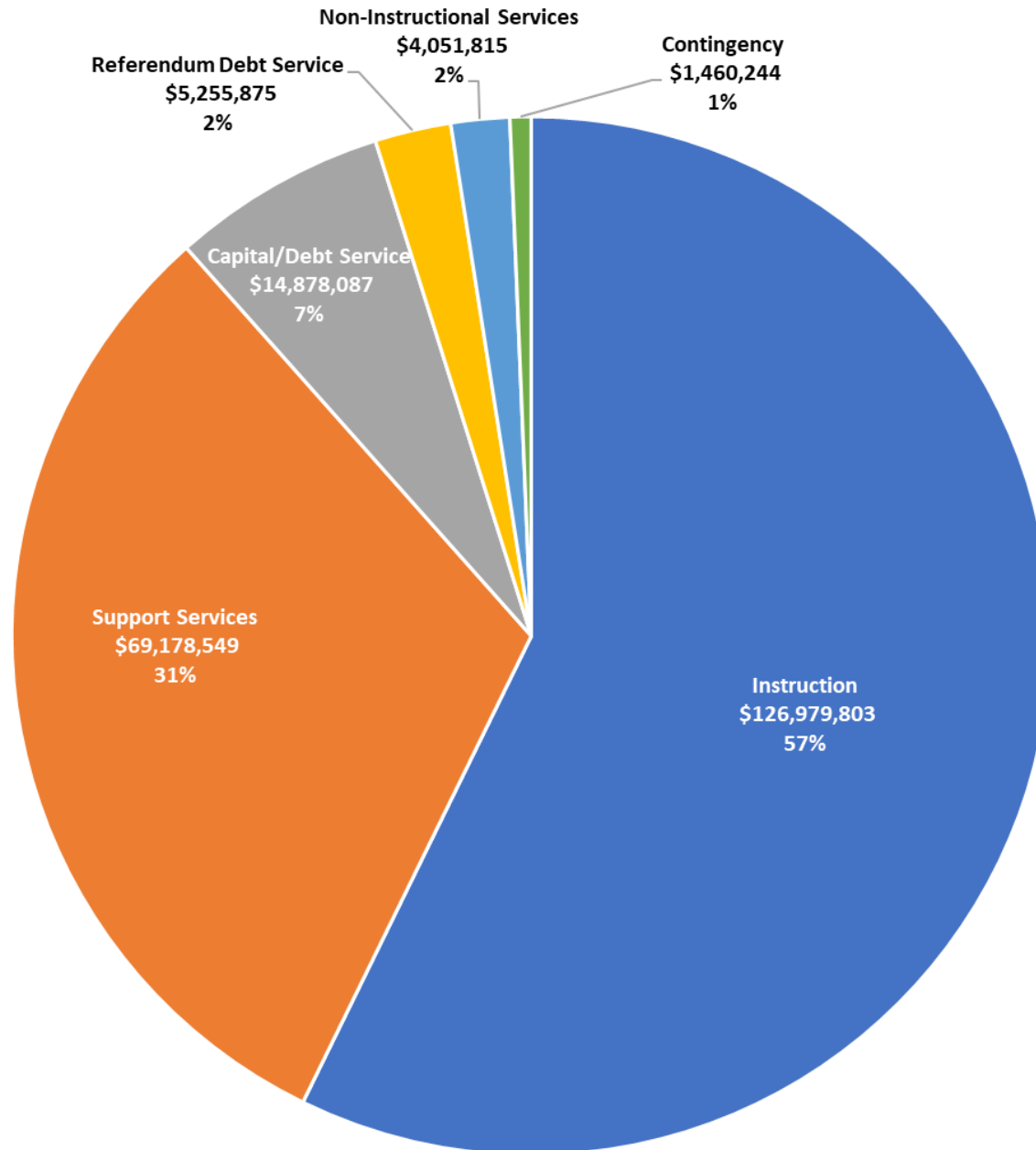
2026-27 Federal Revenue



2026-27 Expense by Object



Expense By Function



Expense by Function and Object

State College Area School District												
2026-27 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	2026-27 % of Total Budget	2025-26 % of Total Budget
	Instructional											
	Regular Instructional											
1	Regular Programs	\$48,175,941	\$30,098,990	\$52,462	\$20,305	\$4,923,200	\$567,579	\$1,522,184	\$31,999	\$85,392,659		
2	Federally Funded Regual Prog	636,785	198,127	-	-	-	-	9,662	-	844,574		
3	Total Regular Instructional	48,812,725	30,297,117	52,462	20,305	4,923,200	567,579	1,531,846	31,999	86,237,233	39%	39%
	Other Instructional											
4	Vocational Educ	2,890,883	1,900,860	21,050	7,600	-	81,950	401,524	24,500	5,328,366		
5	Other Programs	2,288,792	1,416,458	56,975	-	-	174,432	123,649	47,912	4,108,218		
6	Total Other Instructional	5,179,675	3,317,317	78,025	7,600	-	256,382	525,173	72,412	9,436,584	4%	4%
	Special Programs- Elem/Sec											
7	Life Skills Support- Public	265,699	153,355	-	-	-	-	7,775	-	426,829		
8	Deaf or Hearing Impaired Support	112,328	82,862		-	-	2,130	2,500	-	199,820		
9	Blind or Visually Impaired Support	169,650	161,860		500	-	1,000	1,150	-	334,159		
10	Speech and Language Support	1,079,169	654,962	-	-	-	2,930	22,000	325	1,759,386		
11	Emotional Support-Public	587,923	403,952		-	-	744,638	6,700	-	1,743,213		
12	Autistic Support	4,238,499	3,026,157	-	-	-	797,856	40,670	-	8,103,182		
13	Learning Support- Public	6,879,479	5,315,728	9,500	39,044	-	80,185	152,285	3,600	12,479,821		
14	Gifted Support	1,436,609	881,027	1,200	-	-	4,500	32,650	2,750	2,358,736		
15	Multi-Handicapped Support	402,931	377,185	-	-	-	-	350	-	780,466		
16	Special Programs- Other Support	373,527	251,669	86,626	-	2,316,800	12,500	79,250	-	3,120,372		
17	Total Special Programs	15,545,815	11,308,757	97,326	39,544	2,316,800	1,645,739	345,330	6,675	31,305,986	14%	14%
	Support Services											
18	Support Services - Students	5,549,932	3,809,870	250,400	175	-	22,950	204,224	1,850	9,839,401		
19	Support Services - Instr Staff	3,442,364	2,452,244	173,051	-	-	124,290	338,214	2,400	6,532,564		
20	Support Services - Admin	6,885,428	4,343,180	994,500	12,200	-	73,425	184,839	172,950	12,666,522		
21	Support Services - Pupil Health	1,498,307	1,071,485	1,076,768	3,664		450	43,090	-	3,693,764		
22	Support Services - Business	1,046,011	689,880	202,400	-	-	53,575	93,250	9,200	2,094,316		
23	Oper of Main of Plant Serv	5,316,009	3,984,651	1,128,000	1,496,250	-	642,587	3,798,750	2,625	16,368,872		
24	Student Transportation Serv	1,638,285	1,203,117	9,505	60,304		4,838,892	582,712	840	8,333,654		
25	Support Services - Central	2,649,853	1,796,108	1,900,626	51,800		539,225	2,654,950	56,895	9,649,456		
26	Total Support Services	28,026,189	19,350,535	5,735,250	1,624,393	-	6,295,393	7,900,030	246,760	69,178,549	31%	31%
	Non-instructional (i.e Student Activities/Athletics/Comm ed)	1,705,027	868,993	780,628	36,200	-	73,640	497,728	89,600	4,051,815	2%	2%
	Other Expenditures & Financing Uses											
27	Other	-	-	-	-	-	-	-	160,000	160,000		
28	Debt Service Transfer	-	-	-	-	-	-	-	11,181,600	11,181,600		
29	Debt Service- Referendum	-	-	-	-	-	-	-	5,255,875	5,255,875		
30	Deferred Maintenance Transfer	-	-	-	-	-	-	-	3,536,487	3,536,487		
31	Food Service Transfer	-	-	-	-	-	-	-	100,000	100,000		
32	Capital Reserve Transfer	-	-	-	-	-	-	-	-	-		
33	Budgetary Reserve	-	-	-	-	-	-	-	1,360,244	1,360,244		
34	Total Other Exp & Financing Uses	-	-	-	-	-	-	-	21,594,206	21,594,206	10%	10%
35	Total 2026-27 Budget	99,269,430	\$65,142,719	\$6,743,691	\$1,728,042	\$7,240,000	\$8,838,732	\$10,800,107	\$22,041,652	\$221,804,373	100%	100%
36	2026-27 % of Total Budget	45%	29%	3%	1%	3%	4%	5%	10%	100%		
37	2025-26 % of Total Budget	44%	29%	3%	1%	3%	4%	5%	10%	100%		

Expense

2026-27 Budget	\$221,804,373
2025-26 Budget	<u>\$211,522,675</u>
Increase in Expenses	\$ 10,281,698
% Increase in Expenses	4.86%

Additional Budgetary impacts

- Salaries and Benefits
 - Impact of the personnel contracts
 - Health Insurance Rates budgeted to increase by 9%. District is self-insured – pays its claims directly
- Other recurring costs include increases in:
 - Operating costs:
 - Capital Projects fund contribution to maintain buildings,
 - Contracted costs associated with rising special education enrollment,
 - Charter School Cost – due to rate increase.
- Debt/Capital
 - Debt service does not include the cost of debt associated with the construction of Park Forest Middle School.
- Operating Cost decreases due to:
 - Elimination of IB Program
 - Elimination of Elementary Virtual Academy Program

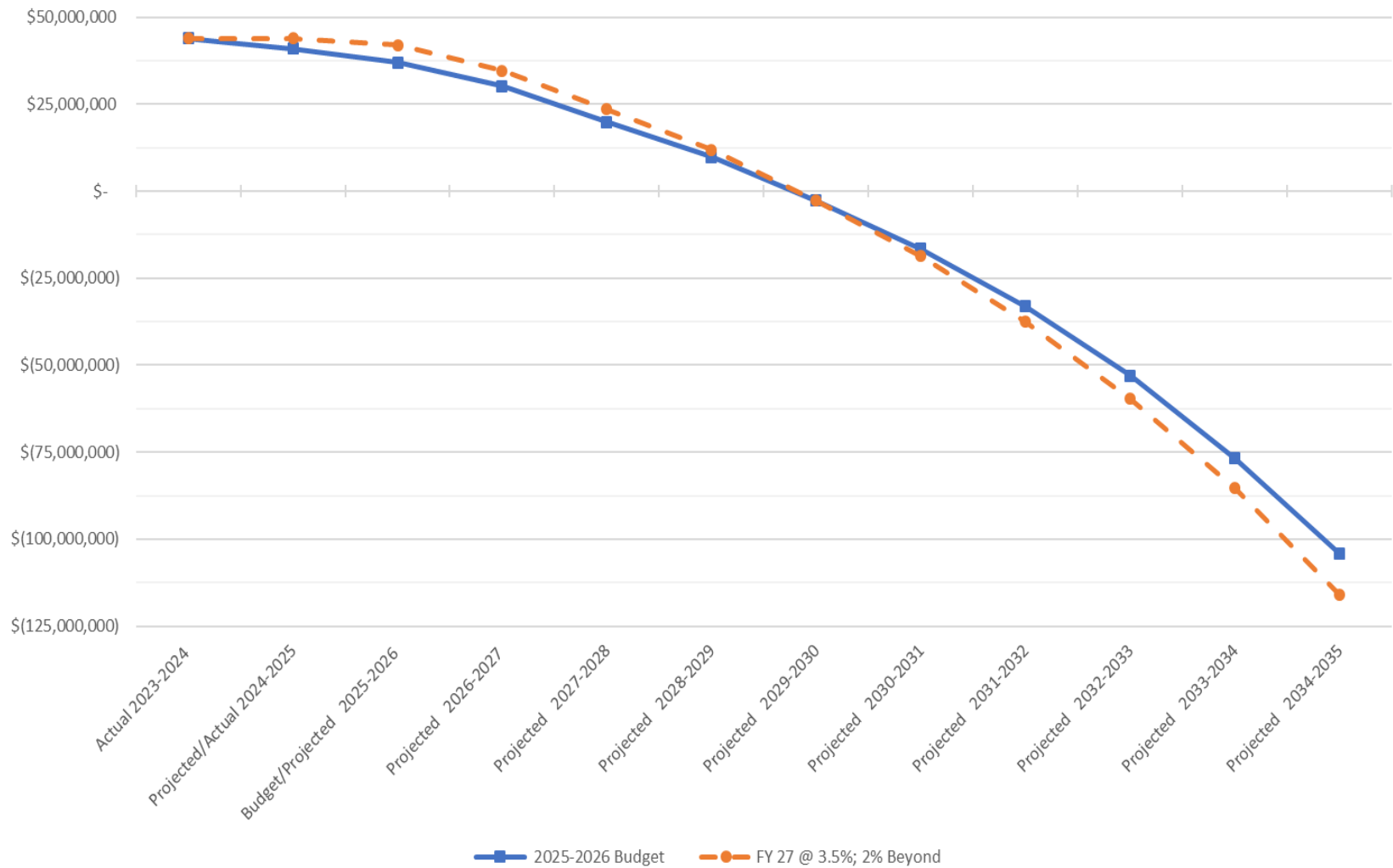
PSERS

- Required contribution to the state retirement plan (PSERS) increased approximately \$1,365,000 compared to the 2025-26 budget. This is related to an increase in qualifying salary expense.
- Percentage of salary contribution rate will drop slightly from 34.00% for 2025-26 to 33.59% for 2026-27.
- Rates will increase from 33.59% in 2026-27 to 37.48% in 2033-34 based in the most recent (December 2025) PSERS projection.

Fund Balance

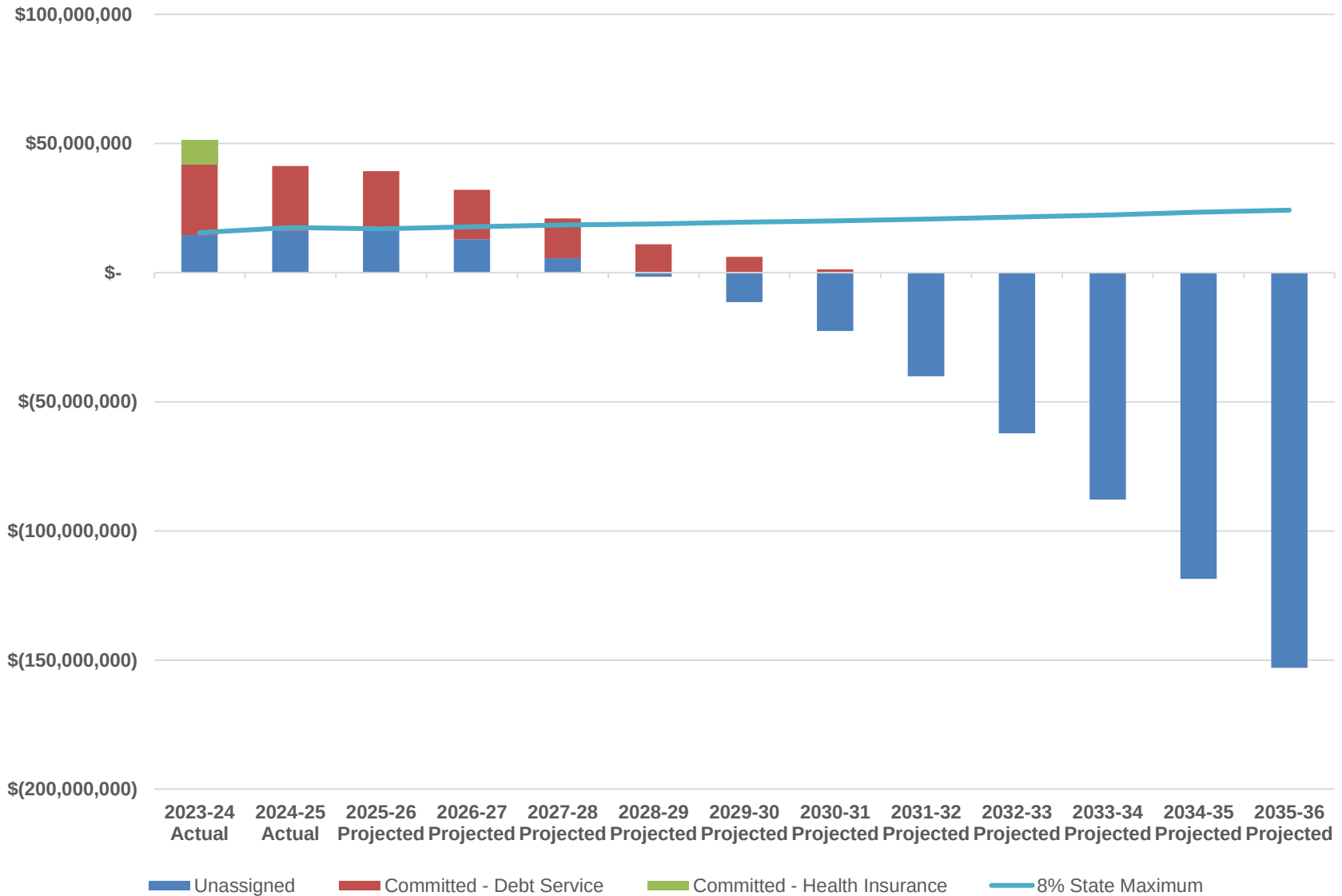
- Budget includes:
 - Use of Committed Fund Balance
 - Debt Service- usage of \$3,001,000
 - This budget does not include a transfer to the Capital Reserve Fund
 - The transfer of the Committed Fund Balance for Health Insurance to a separate internal service fund
- Projected ending Unassigned General Fund Balance is \$13,000,824
 - Brings unassigned General Fund percentage of operating expense to 5.86%
 - 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

Assumes 3.5% tax increase in 2026-27; 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:

[2026-2027 Budget Development](#)

State College Area School District

