



**STATE COLLEGE AREA SCHOOL DISTRICT
ADMINISTRATIVE OFFICES**

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**STATE COLLEGE AREA SCHOOL DISTRICT
2017-18 FINAL BUDGET SUMMARY**

Budget Hearing Date: June 5, 2017, 7:00 p.m.

Budget Adoption Date: June 12, 2017, 7:00 p.m.

Location: Panorama Village Building Board Room – Meeting Room A

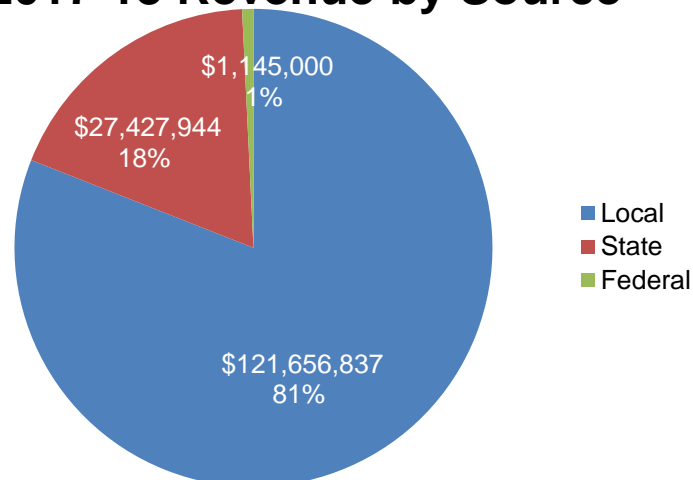
Education is an investment in the future that requires a partnership between schools and the entire community. The State College Area School District is committed to wise use of resources and delivery of quality educational programs.

The Board of School Directors allocates revenue and expenditures to support the educational programs as defined by the district's mission and goals articulated through the strategic plan, as well as financial and operating policies. The board must balance the educational needs of students with the ability and willingness of the community to provide the necessary financial support.

Revenue Budget

- The Proposed Final Budget for 2017-18 includes revenues in the amount of \$150,229,781, which represents a \$5,527,986 (3.8%) increase compared to the 2016-17 Budget.
- Budgeted local revenue is \$3,550,493 higher than the 2016-17 budget. Approximately \$2,500,000 of this increase is related to real estate taxes. Earned income tax and realty transfer tax account for the majority of the remaining increase.
- The proposed increase in the real estate tax rate is 1.55%, or a .6738 mill increase, to 44.1468 mills of real estate tax.
- Total cost to the average residential taxpayer is \$49 per year (compared to \$130 in 2016-17).
- The 1.55% millage increase is .95% less than the Act 1 index of 2.5%.
- The district is primarily locally funded, with 81% of revenue from local sources. The majority (79%) of local revenue comes from real estate taxes.
- Budgeted state revenue is \$2,127,493 higher than the 2016-17 budget. Approximately \$644,000 of this increase is related to changes in funding for education that were implemented in the 2016-17 state budget. The balance is primarily related to reimbursement from the state for retirement and social security.

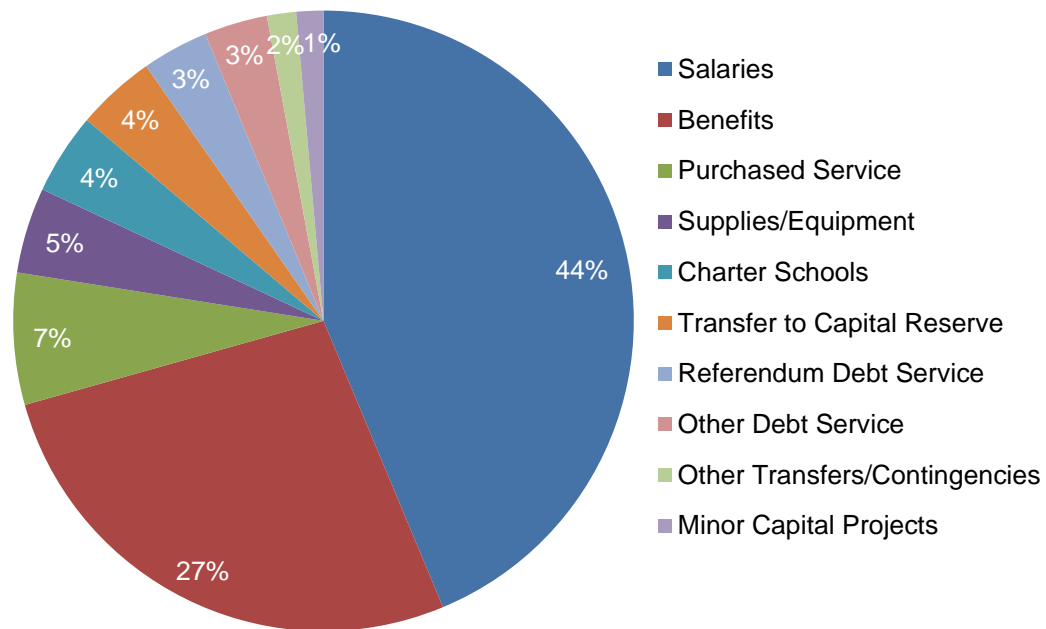
2017-18 Revenue by Source



Expense Budget

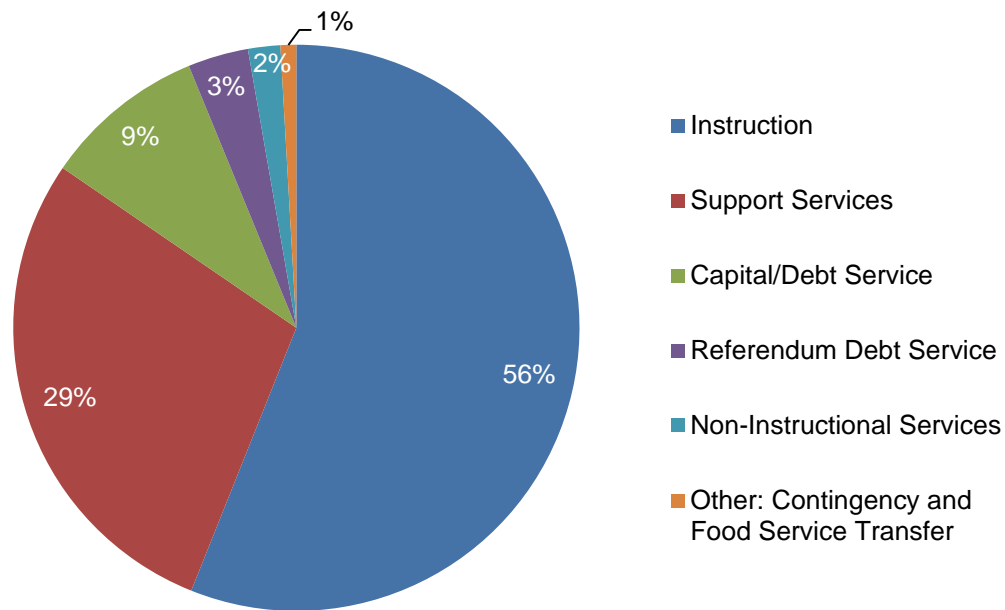
- The Proposed Final Budget for 2017-18 includes expenses in the amount of \$152,122,249, which represents a \$5,046,584 (3.4%) increase compared to the 2016-17 Budget.
- Salary and benefit expenses represent approximately 71% of the district's budget.
 - The budget includes the following additional resources over the prior year.
 - Psychologist for gifted and learning evaluations
 - Elementary Principal to remove shared principal model
 - IT Systems Programmer to meet increasing demands of the district.
 - Staffing to develop curriculum in a hybrid and/or online format in response to changes in instructional program.
 - Development of the International Baccalaureate Programme in our district.
 - Required contributions to the state retirement plan (PSERS) increased approximately \$2.3 million over the 2016-17 budget. This is related to an increase in salary expense and an increase in the percentage contribution rate from 30.03% to 32.57% of qualifying salaries.
 - Health insurance expense increased \$298,000 (2.3%), which is lower than expected due to plan changes and lower than predicted negotiated rates.
- The districts required payment to charter schools represents 4.2% of the 2017-18 budget. Budgeted expense for 2017-18 is \$6,460,000.
- The budget contains an allocation of \$19,225,873 (12.6%) for debt service and capital expenses, showing a commitment to maintaining and upgrading the district facilities. This includes \$5,257,725 to fund debt service payments related to the State High Project borrowing approved through the referendum.

Expense By Object



- The District is required to report expenses to PDE using defined functional groupings. Functions reported in the chart below include:
 - Instruction (56%) - Includes all activities dealing directly with the interaction between teachers and students and related costs, which can be directly attributed to a program of instruction. This does not include administrative instructional support costs. Payments to charter schools are also defined as instructional expense.
 - Support Services (29%) – Includes student support services (i.e. guidance, health, social work), instructional support (i.e. curriculum development, library), plant services, transportation, information technology and administrative support (i.e. principals, human resources, tax collection, legal, accounting).
 - Non-Instructional Services (2%) - Activities concerned with providing non-instructional services to students, staff or the community such as student activities, athletics and community services.
 - Other Expenditures and Financing Uses (13%) - Transfers from the general fund to support the food service fund, to fund debt service payments and establish capital reserves.
- Over half of budgeted expenses consist of direct contact with students through instruction (56%).

Budgeted Expense By Function



Fund Balance

- The Proposed Final Budget includes:
 - Use of committed fund balance to offset increases in expense. Fund balance for PSERS and legal liability were committed in prior years to offset projected future year expenses.
 - Use of PSERS fund balance - \$1,636,728
 - Use of legal liability fund balance - \$550,000 (final year)
 - Addition to Capital Reserve Fund - \$6,265,122
 - Additions to the Capital Reserve Fund will fund a portion of the State High project, Elementary Projects and other future facility projects.
 - Projected Unassigned General Fund Balance of \$12,045,091, which is 7.9% of budgeted expense. The maximum percentage allowed by PDE is 8%.

District Facts

- Nine elementary schools
- Three middle schools (including alternative Delta Middle Level)
- Two high schools (including alternative Delta Program)
- 2,891 elementary students
- 1,614 middle school students (including Delta Middle Level)
- 2,276 high school students (including Delta Program)
- 1,232 employees
- 675 teachers
- Covers 150 square miles
- Transportation system providing service to public and non-public students
- District operated school breakfast and lunch program
- Community education programs including after school and summer extended learning opportunities

Pennsylvania School Law

The School Law of Pennsylvania, as enacted by the Commonwealth legislature, requires that public school districts approve an annual budget on the modified accrual basis for the operation of the General Revenue Fund prior to the start of the fiscal year. The Board of School Directors of each district is further required to make these budgets available for public inspection at least 20 days prior to their adoption. Once approved by the district's Board of School Directors, these budgets become the approved spending plan of the district for the coming year, and the Board is prohibited from spending or obligating funds in excess of these amounts. The Board is authorized to transfer funds within the budget during the last nine months of the fiscal year. Unused appropriations revert to the fund balance at the end of each fiscal year. The school district designates a portion of this fund balance by an amount equal to outstanding encumbrances at year end.

Board of School Directors

Amber Concepcion, President
Jim Leous, Vice-President
Dr. Amy Bader
Gretchen Brandt
Dr. Daniel Duffy
Penni Fishbaine
Scott Fozard
David Hutchinson
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Administration

Dr. Robert J. O'Donnell, Superintendent
Dr. Jason Perrin, Assistant Superintendent
Vernon J. Bock, Supervisor of Elementary Education
Linda E. Pierce, Director of Human Resources
Randy L. Brown, Business Administrator
Donna M. Watson, Assistant Business Administrator

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Mission: To prepare students for lifelong success through excellence in education.