

# **District Budget Hearing**

State College Area School District

June 4, 2012

## **General Fund Budget**

- Accounts for the majority of district expenses
- Supports many of the other funds, such as debt service and capital reserve funds
- Must pass General Fund Budget by 6/30

## **Act 1**

- Provides for tax relief for approved Homesteads
- 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 it to qualify for exemption
- District will receive about \$1.4 million of gambling funds in 2012-13
- About \$107/homestead of property tax relief

## **Act 1**

- Limits school district tax increases to an inflationary index
- Exceptions to go above the index for increases in certain expenses
- Act 1 index for 2012-13 is 1.7%
- Exceptions available for PSERS costs and Special Education costs

## **Budget Process**

- Preliminary budget with a 3.3% real estate tax increase adopted in February
- Budget was out of balance by over \$1 million
- Administration produced a Proposed Final Budget which balanced at a 2.4% tax increase
- Using a portion of the exception available for PSERS costs to raise taxes above the 1.7% Act 1 index

## **Proposed Tax Increase**

- District proposing a 2.4% increase in the real estate tax
- \$61 increase to average homeowner
- Millage rate would increase to 37.73 mills
- Lowest in Centre County

## **Expense Reductions**

- Froze most expenses not related to personnel at the 2011-12 levels
- Used \$600,000 worth of attrition
- Saved over \$800,000 from Health Insurance carrier change
- Reduced supplies and equipment by \$300,000

## **Capital Reserve Transfer**

- Increased transfer to Capital Reserve Fund to \$2.6 million from \$1 million
- Begin to pay for Phase II Facilities Master Plan projects
- Trying to fit facilities into the Act 1 index and allowable exceptions
- No exception available for new construction anymore

## **Local Taxes**

- Bulk of District revenue from real estate tax
- Only tax rate that can change is real estate tax

## **State Budget**

- Supposed to be passed by June 30 each year
- District must pass its budget by June 30
- Can reopen after state budget is passed
- Hope to know outcome by June 25

**2012-13 REVENUE BY SOURCE**

<b>SOURCE OF REVENUE</b>	<b>DOLLARS OF BUDGET</b>	<b>PERCENT OF BUDGET</b>
<b>LOCAL SOURCES</b>	<b>96,754,910</b>	<b>83%</b>
<b>STATE SOURCES</b>	<b>18,519,999</b>	<b>16%</b>
<b>FEDERAL SOURCES</b>	<b>1,300,000</b>	<b>1%</b>
<b>TOTAL REVENUE</b>	<b>116,574,909</b>	

**2012-13 Proposed General Fund  
Expenses By Category**

<b>Salaries</b>	<b>57,838,002</b>	<b>49%</b>
<b>Benefits</b>	<b>25,964,662</b>	<b>22%</b>
<b>Professional Services</b>	<b>2,180,779</b>	<b>2%</b>
<b>Purchased Property Services</b>	<b>2,030,681</b>	<b>2%</b>
<b>Other Purchased Services</b>	<b>8,973,342</b>	<b>8%</b>
<b>Supplies/Utilities</b>	<b>3,459,648</b>	<b>3%</b>
<b>Equipment</b>	<b>1,971,019</b>	<b>2%</b>
<b>Other Uses of Funds</b>	<b>14,456,776</b>	<b>12%</b>
<b>Total</b>	<b>116,874,909</b>	

## **PSERS**

- Percentage of salary paid for employees' pensions
- Rate will climb from 9% to just under 30% in the coming decade
- District has developed a funding strategy to smooth out tax increases

## **Next Steps**

- Final budget adoption is scheduled for June 25
- Adjustments can be made to the budget at that meeting
- Reopen budget, if needed, if state budget is not passed by June 25

## Comments

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

[www.scasd.org/Page/16817](http://www.scasd.org/Page/16817)