



**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

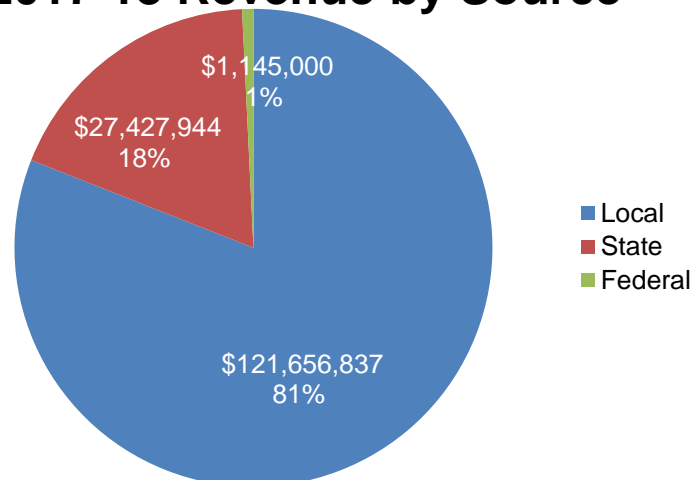
Education is an investment in the future that requires a partnership between schools and the entire community. The State College Area School District is committed to wise use of resources and delivery of quality educational programs.

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.

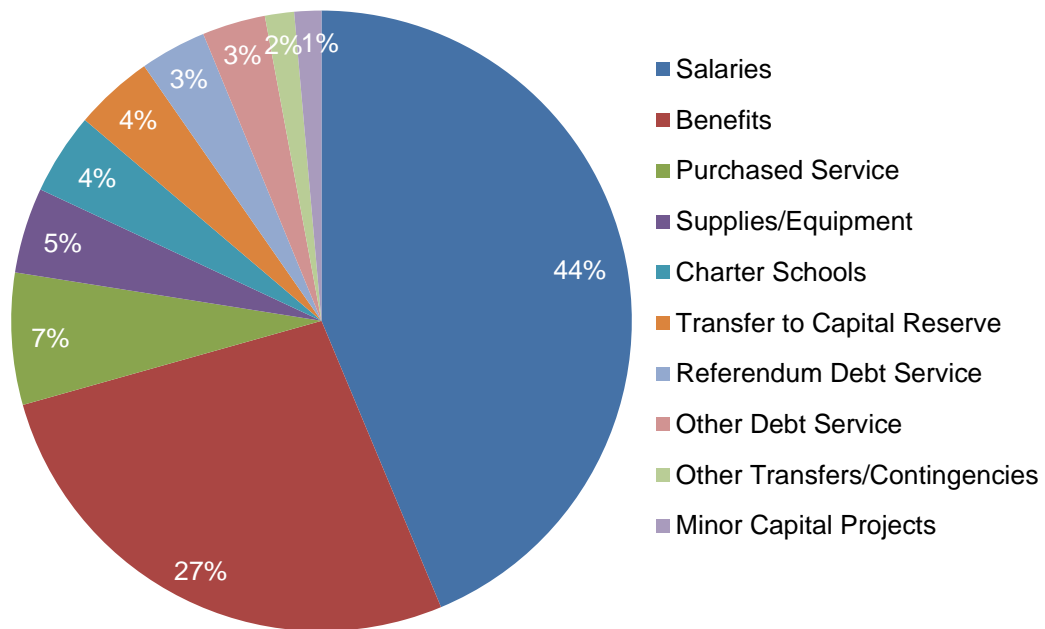
2017-18 Revenue by Source



Expense Budget

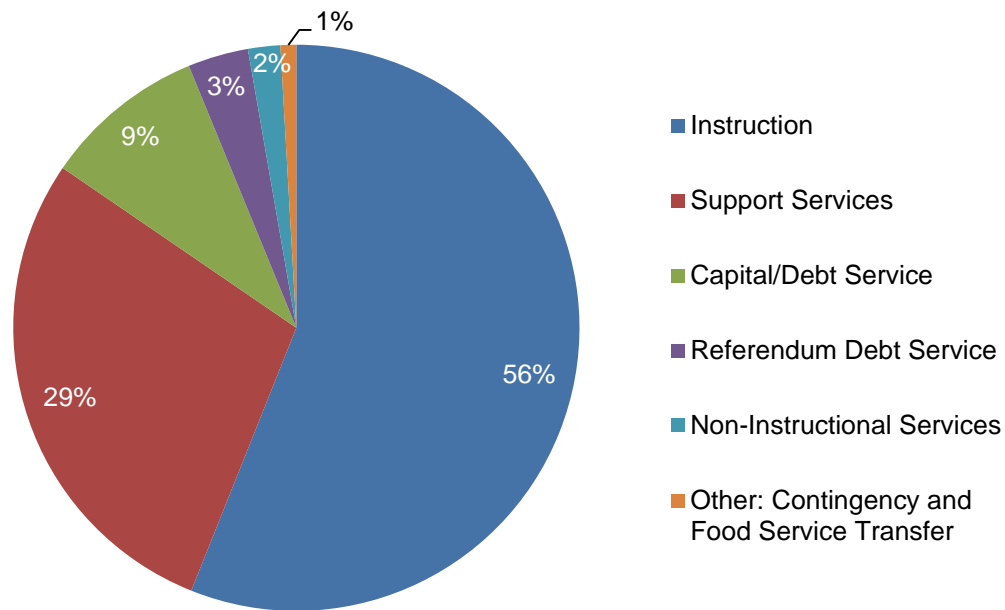
- The Proposed Final Budget for 2017-18 includes expenses in the amount of \$152,122,249, which represents a \$5,046,584 (3.4%) increase compared to the 2016-17 Budget.
- Salary and benefit expenses represent approximately 71% of the district’s budget.
 - The budget includes the following additional 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
Laurel Zydney

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

State College Area School District
240 Villa Crest Drive
State College, PA 16801
(814) 231-1021
www.scasd.org

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

State College Area School District



2017-2018
Budget Hearing

**State College
Area School District
June 5, 2017**

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

- December 19, 2016 – Accelerated Opt Out Resolution certifying the tax rate within the Act 1 inflation index of 2.5%
- May 8, 2017 - Proposed Final Budget with a 1.55% tax increase
- June 12, 2017 - 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 it to qualify for exemption
- District will receive about \$1.4 million of gambling funds in 2017-2018
- Approximately \$109/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 2.5% for 2017-18
- Exceptions also available for PSERS (pension) cost to tax above the index, however the district did not apply for this exception.
- No exceptions requested for 2017-18.

Referendum Exception

- 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 in 2016-17 included both principal and interest.
- Debt service under the existing referendum bond issue will be level for the remainder of the financing period.
- The 2017-18 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
Budget 2017-18**

Beginning Fund Balance	\$11,750,831
Revenue	150,229,781
Local	121,656,837
State	27,427,944
Federal	1,145,000
Expense	<u>152,122,249</u>
Revenue less expense	(1,892,468)
Use of Assigned Fund Balance	<u>2,186,728</u>
Change in Unassigned General Fund Balance	294,260
Ending Unassigned Fund Balance	<u>\$12,045,091</u>

Proposed Tax Increase

- Mileage 2016-17 43.473
- Proposed increase in real estate tax rate 1.55% (1)
- Proposed 2017-18 mileage 44.1468

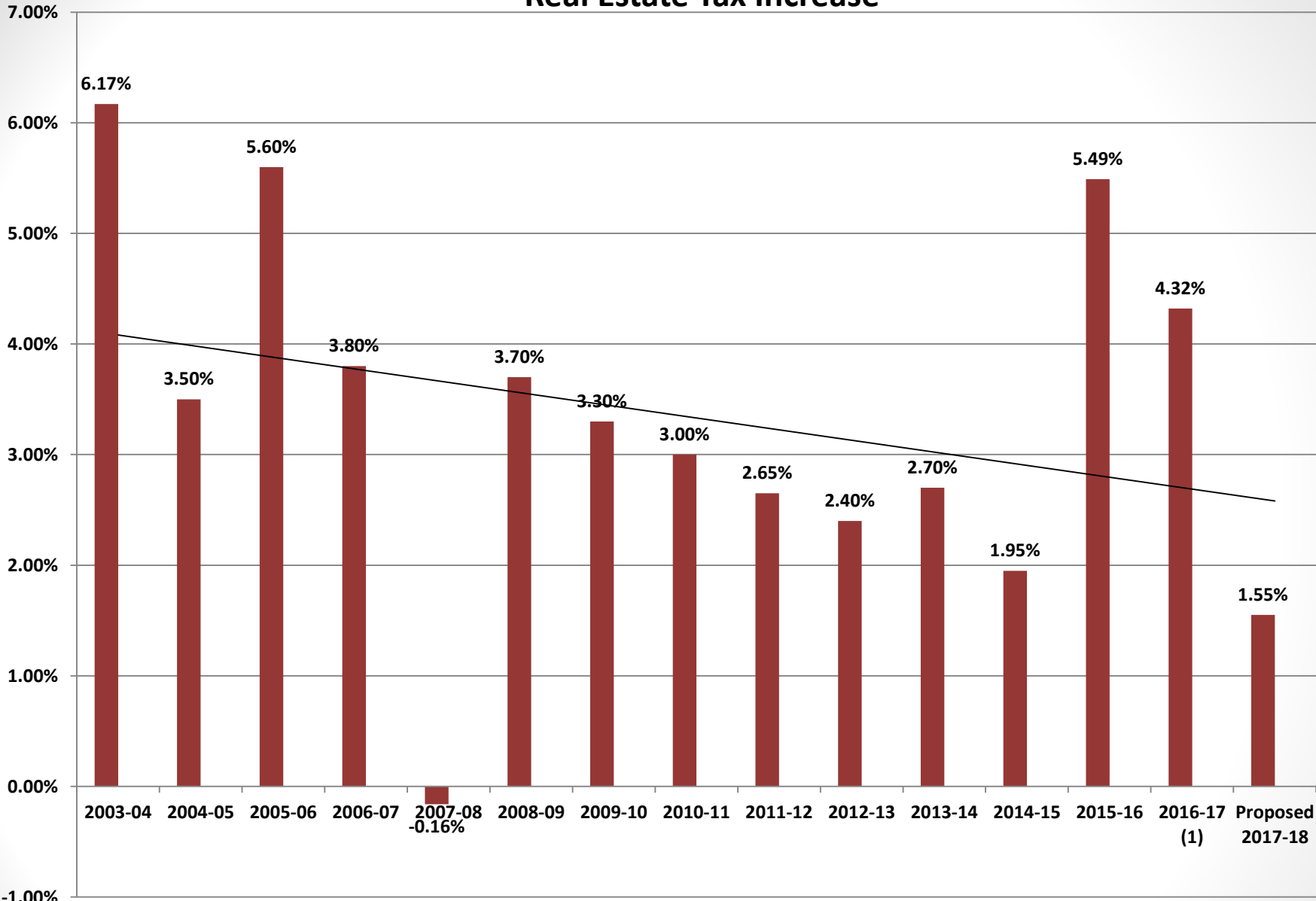
(1) Lowest tax increase since 2007-08.

Average Taxpayer Increase

	2015-16	2016-17	2017-18
Percent Tax Increase	5.49%	4.32%	1.55%
Tax Increase	\$157	\$130	\$49
Total Tax Due	\$3,010	\$3,140	\$3,189

Average Taxpayer
Assessed Value = \$72,239

Real Estate Tax Increase



Linear Average

(1) Act 1 Index 2.4%, exceptions 1.92%

Average since 2006-2007 - 2.98%

5-Year Average increase excluding exceptions- 1.93%

Supplemental Property Tax Rebate Program

- The proposed budget includes continuation of a supplemental property tax rebate program for the 2017-18 tax year.
- \$100,000 has been set aside in the 2017-18 budget for this program.
- The maximum rebate per household is \$650.
- Applications will be processed on a first-come basis until funds are expended.
- Eligible rebates will be issued by check.
- This will be the third year of this supplemental tax rebate program.

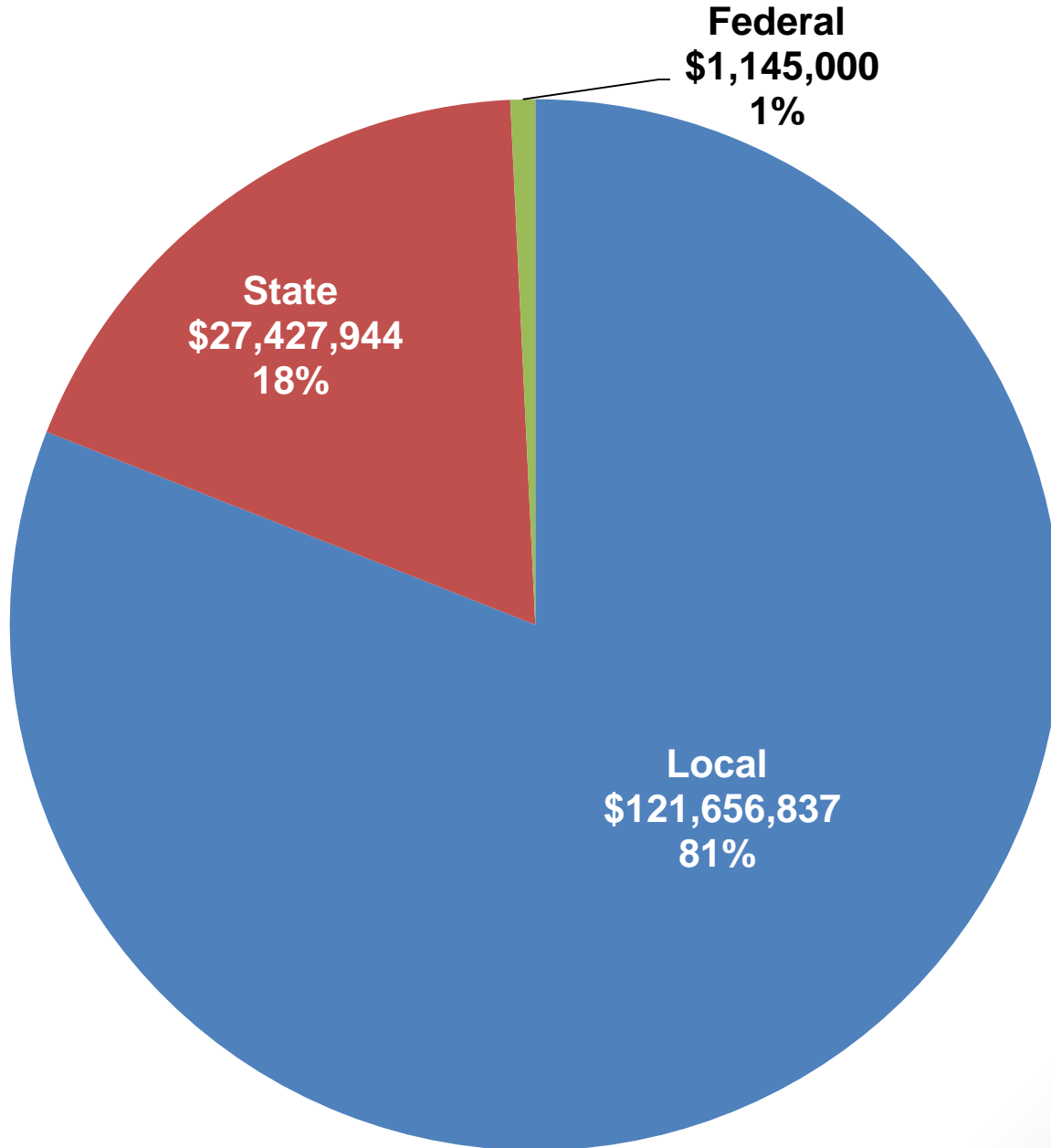
Supplemental Property Tax Rebate Program Applications

- Applications may be submitted beginning July 1, 2017
- A copy of a completed PA-1000 for 2016 and evidence of receipt of the Pennsylvania Property Tax rebate (received after June 30, 2017) must be attached.
- Additional information will be available on the District web site at www.scasd.org/page/29865.
- Information will also be mailed with the 2017-18 real estate tax bill mailing.

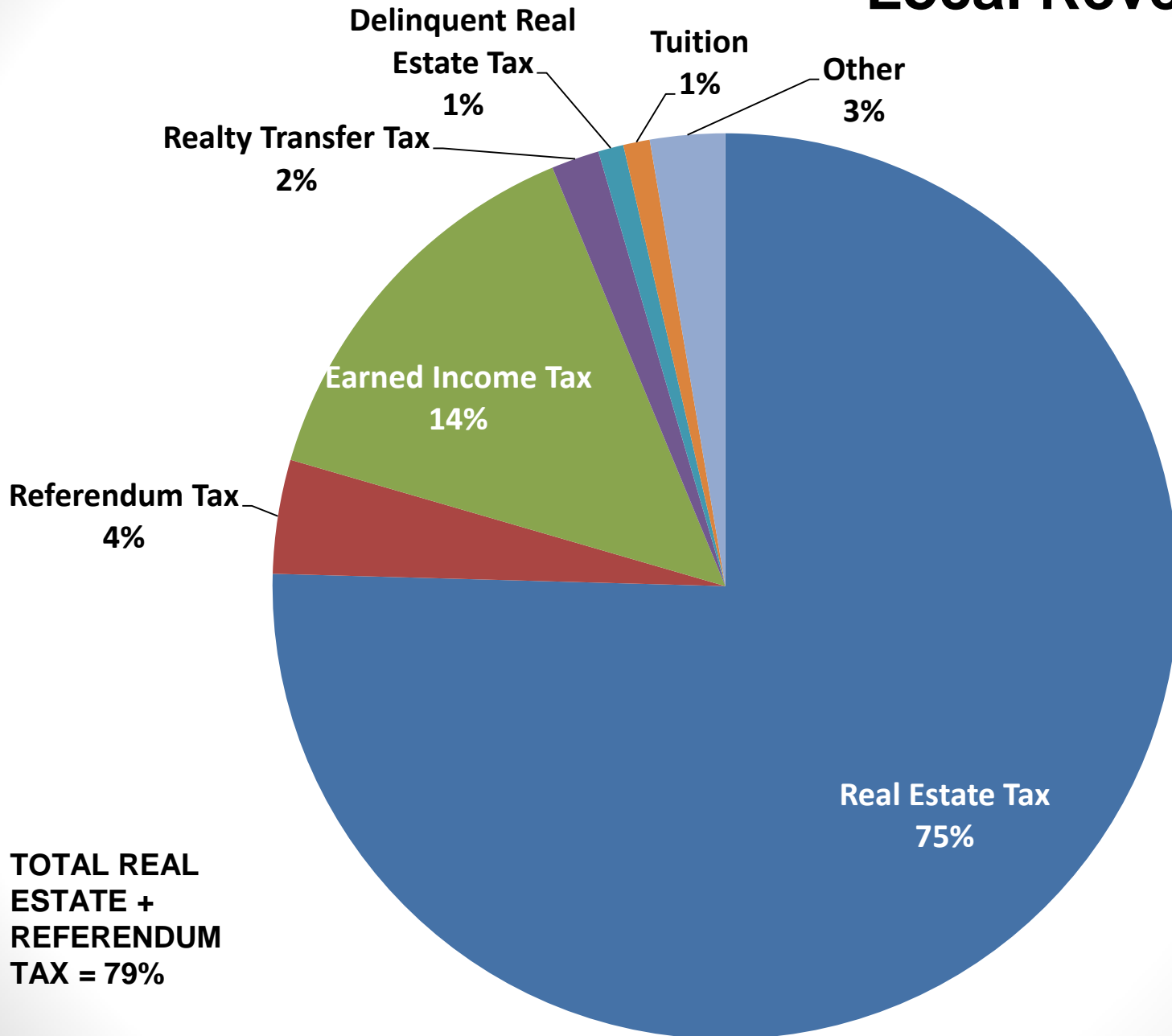
Revenue

- **Local**
 - District primarily locally funded
- **State**
 - Basic education and special education revenue reflect an increase of approximately \$644,000 in education funding implemented in the 2016-17 state budget.
 - Other state funding increases are primarily related to PSERS and social security.
- **Federal**
 - Projected decrease of \$150,000 in Title Grant funding

2017-18 Revenue by Source

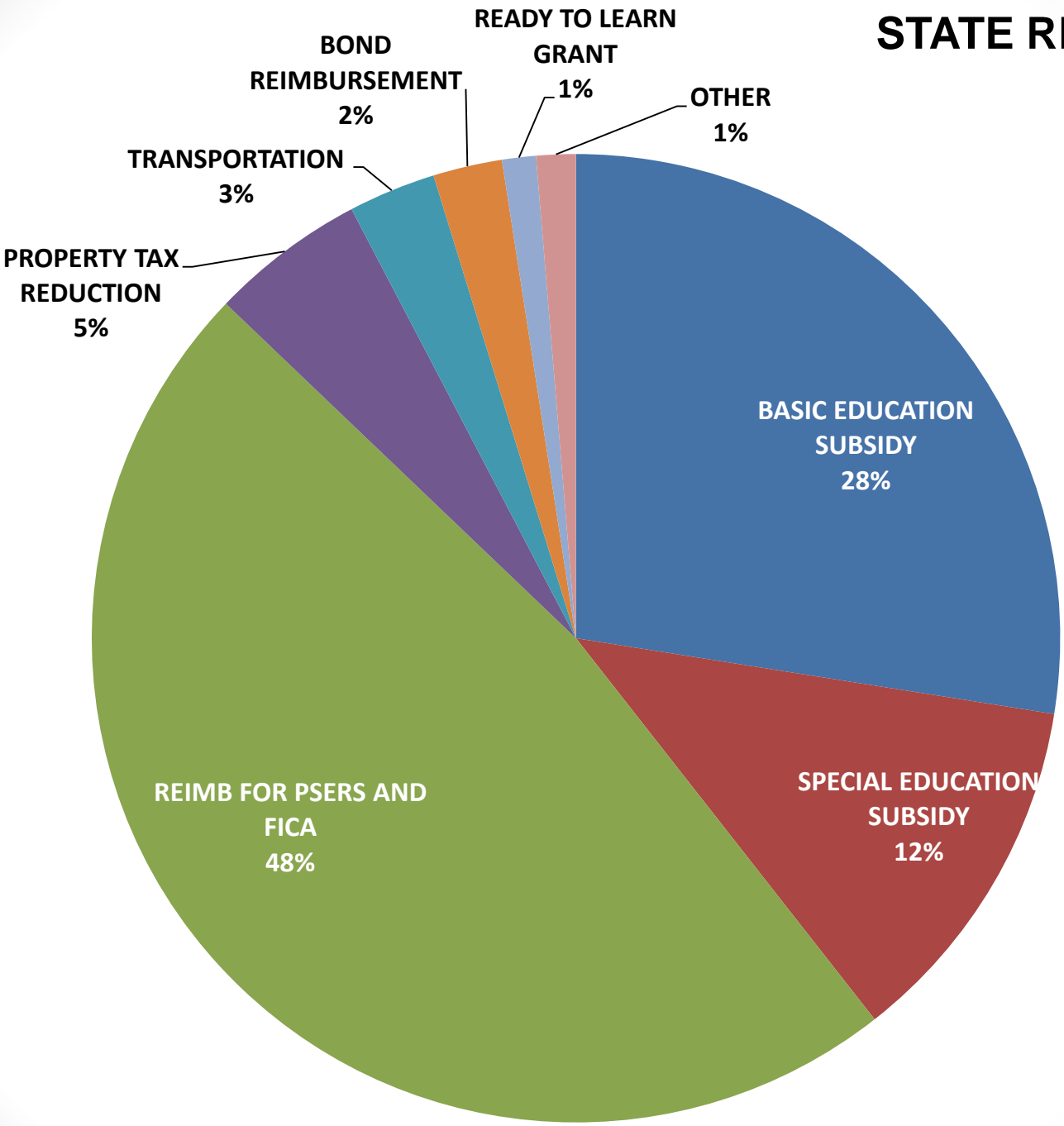


Local Revenue

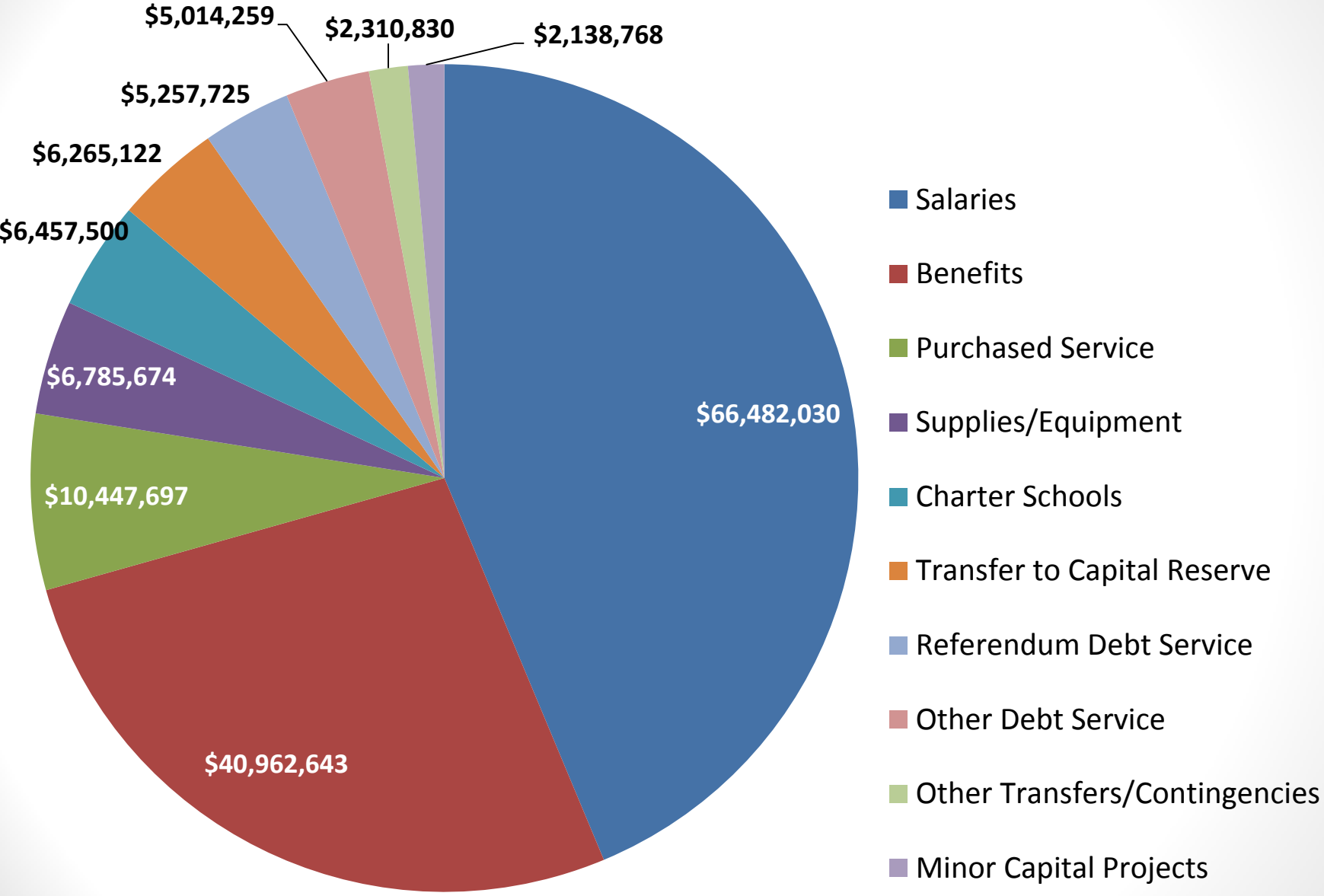


**TOTAL REAL
ESTATE +
REFERENDUM
TAX = 79%**

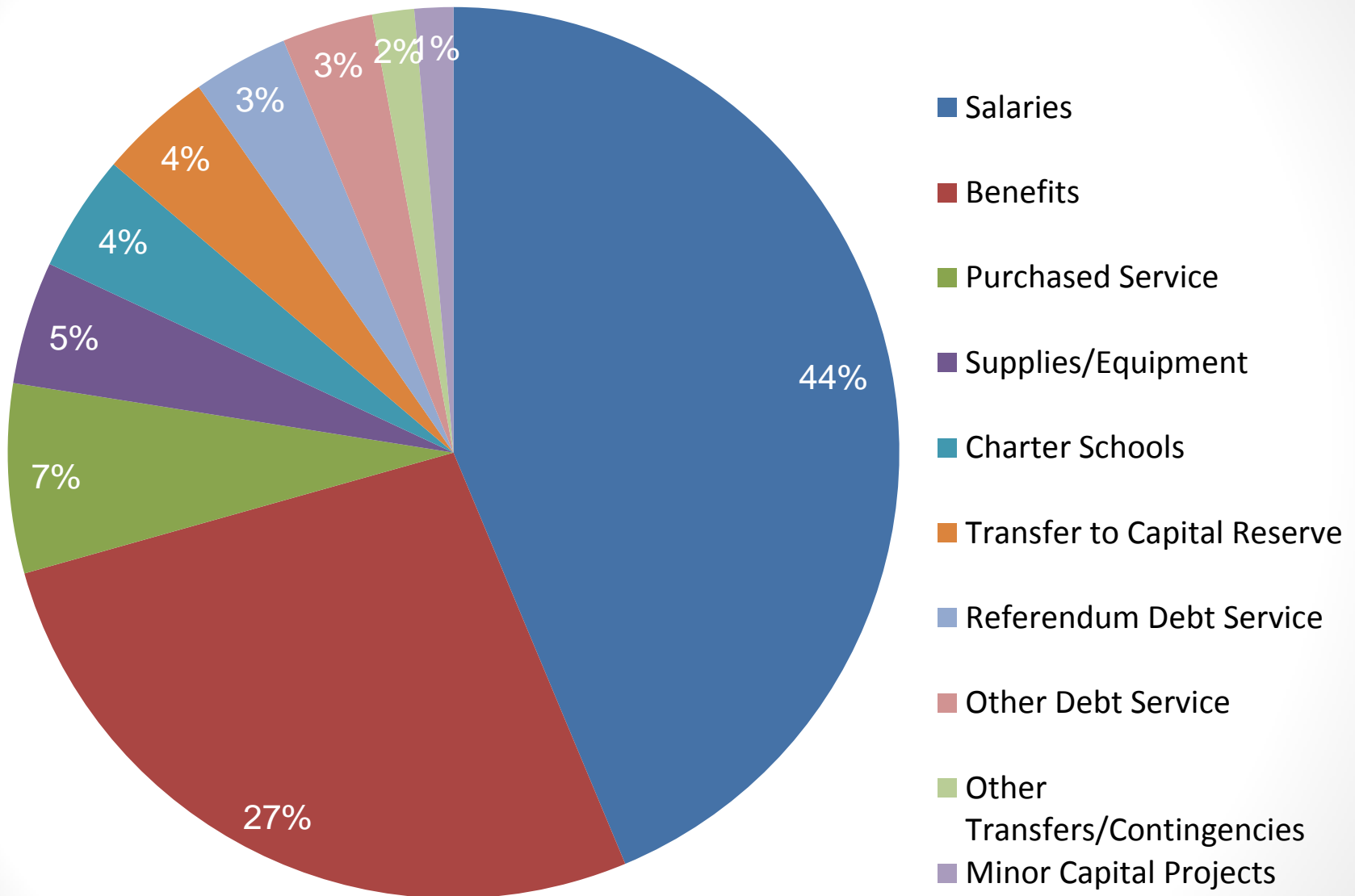
STATE REVENUE



Expense By Object

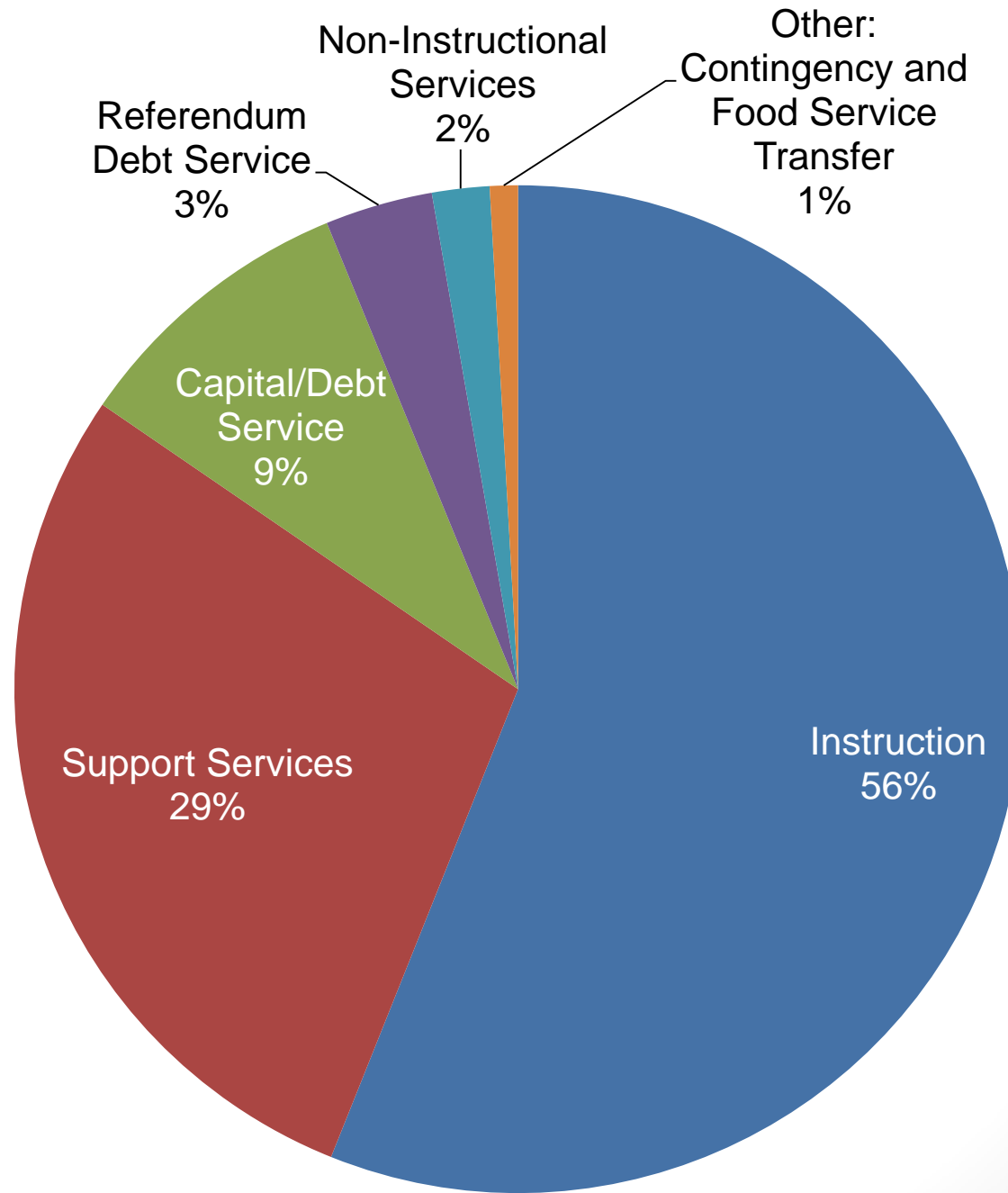


Expense By Object



Salary and benefits represent 71% of budgeted expense.

Budgeted Expense By Function



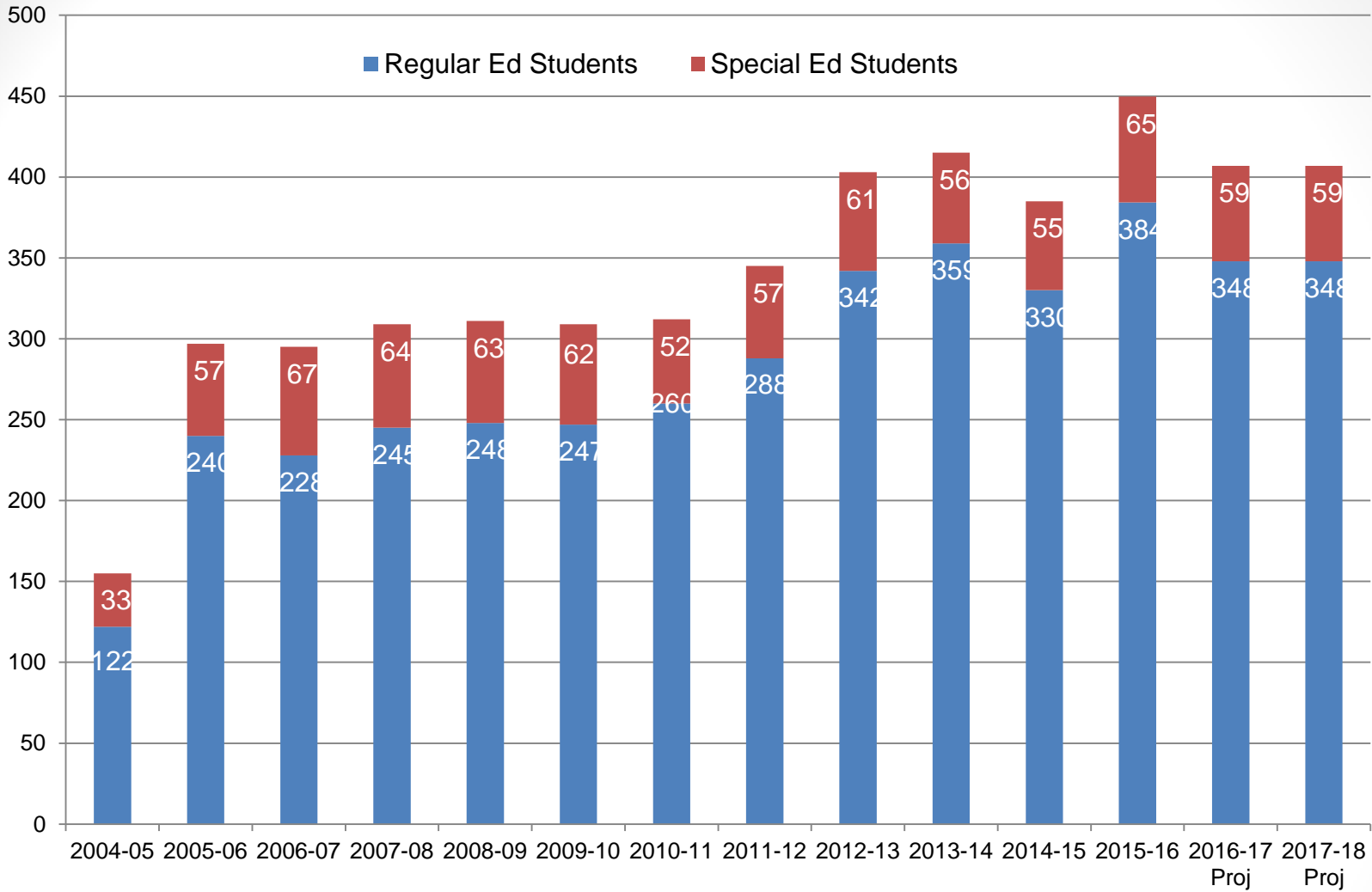
Expense by Function and Object

	Salaries	Benefits	Professional Services	Purchased Property Services	Other Purchased Services	Supplies/ Equip	Other Expense and Financing Uses	Total Expense
Instructional								
REGULAR PROGRAMS	\$35,203,651	\$20,275,188	\$42,406	\$31,902	\$5,422,356	\$827,788	\$47,204	\$61,850,495
SPECIAL PROGRAMS	8,453,094	6,121,451	648,900	31,320	2,263,947	286,254	8,240	17,813,206
VOCATIONAL ED	2,226,904	1,334,586	22,010	2,951	39,715	116,805	14,784	3,757,755
OTHER PROGRAMS	1,007,158	584,654	88,874	1,585	29,661	112,037	25,953	1,849,922
Total Instructional	46,890,807	28,315,879	802,190	67,758	7,755,679	1,342,884	96,181	85,271,378
Support Services								
SUPPORT SERVICES - STUDENTS	2,916,069	1,831,445	127,990	500	26,910	57,648	2,630	4,963,192
SUPPORT SERVICES - INSTR STAFF	2,794,088	1,945,325	106,670	-	46,952	406,139	3,575	5,302,749
SUPPORT SERVICES - ADMIN	4,226,509	2,567,911	934,169	12,051	134,251	118,084	50,735	8,043,710
SUPPORT SRV- PUPIL HEALTH	885,246	607,327	40,810	812	500	13,400	-	1,548,095
SUPPORT SERVICES - BUSINESS	754,359	419,515	98,950	-	67,575	20,775	12,288	1,373,462
OPER & MAINT - PLANT SERVICES	3,584,091	2,615,561	297,720	1,019,691	293,300	1,999,700	7,000	9,817,063
STUDENT TRANSPORTATION	1,338,718	1,066,576	11,107	38,551	3,259,310	509,987	1,890	6,226,139
SUPPORT SERVICES - CENTRAL	1,789,263	1,093,189	435,984	84,339	456,950	2,159,838	53,000	6,072,563
Total Support Services	18,288,343	12,146,849	2,053,400	1,155,944	4,285,748	5,285,571	131,118	43,346,973
Non-Instructional (Student Activities/Athletics/Comm Ed)	1,302,880	499,916	664,658	21,790	63,030	152,219	99,492	2,803,985
Other Expense and Financing Uses								
OTHER			35,000			5,000	615,000	655,000
DEBT SERVICE TRANSFER							5,014,259	5,014,259
DEBT SERVICE - REFERENDUM							5,257,725	5,257,725
FOOD SERVICE TRANSFER							332,109	332,109
CAPITAL PROJECTS TRANSFER							2,138,768	2,138,768
CAPITAL RESERVE TRANSFER							6,265,122	6,265,122
BUDGETARY RESERVE							1,036,930	1,036,930
Total Other Expense and Financing Uses	-	-	35,000	-	-	5,000	20,659,913	20,699,913
Total Expense	\$66,482,030	\$40,962,644	\$3,555,248	\$1,245,492	\$12,104,457	\$6,785,674	\$20,986,704	\$152,122,249

Budgeted 2017-18 Proposed Additional Resources

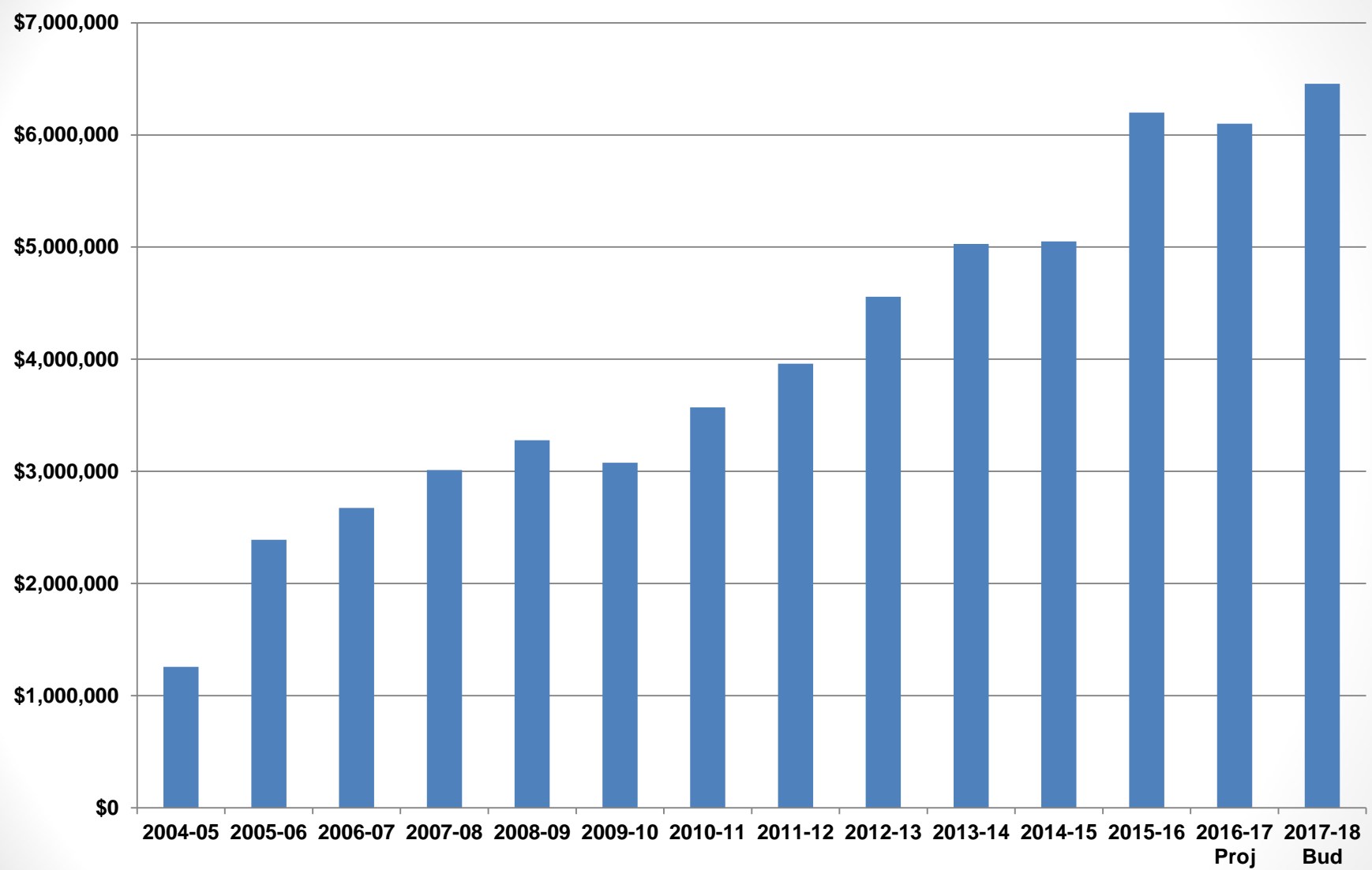
- Psychologist for gifted and learning evaluations.
- Elementary Principal to remove shared Principal model.
- IT Systems Programmer to meet increasing demands of the district.
- Development of curriculum in a hybrid and/or online format in response to changes in instructional program.
- Development of the International Baccalaureate Programme in our district.

Total Charter Students



Total	155	297	295	309	311	309	312	345	403	415	385	450	402	402
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Charter School Expense



PSERS

- Required contribution to the state retirement plan (PSERS) increased approximately \$2.3 million in the 2017-18 budget.
- Percentage of salary contribution rate will increase from 30.03% for 2016-17 to 32.57% for 2017-18.
- Rates will increase from 30.03% to 36.4% in 2021-22 based on the most recent PSERS projection.
- District has established a funding strategy to smooth tax increases.
- Board elected not to utilize exceptions for PSERS available for 2017-18.

Expense Change

- Total change in expense compared to the 2016-17 Budget - \$5 million increase

(In Millions)

• Salaries	\$2.4
• Health Insurance	.3
• PSERS	2.3
• Other Benefits	.2
• Charter School Tuition	.2
• Transfer to Capital Reserve	(.4)

Fund Balance

- Proposed Final Budget includes:
 - Use of PSERS Fund Balance of \$1,636,728
 - Use of Legal Liability Fund Balance of \$550,000
 - Addition to Capital Reserve Fund of \$6,265,122
 - Funds a portion of the State High project, Elementary Projects and other future facility projects.
- Projected unassigned General Fund Balance of \$12,045,091
 - Brings unassigned General Fund percentage of operating expense to 7.9%
 - Within allowed limit of less than or equal to 8%

State Budget

- Proposed changes could impact revenue and expense
- 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

www.scasd.org/page/32243

State College Area School District

