

SOLANCO SCHOOL DISTRICT
2021-2022
PROPOSED FINAL BUDGET

JUNE 7, 2021

SOLANCO SCHOOL DISTRICT

2021-2022 Proposed Final Budget

	2017-18 Actual	2018-19 Actual	2019-20 Actual	2020-21 Budget	2020-21 Estimated	Proposed Final 2021-22
Local	33,078,966	34,825,004	35,857,916	32,639,831	35,893,344	36,919,967
State	19,806,793	20,047,274	20,629,535	20,552,281	20,687,152	18,493,594
Federal	2,145,726	2,264,863	2,123,977	3,957,119	4,164,652	6,173,134
Other	34,840	1,689	16,370	755,000	13,601	760,000
Total Revenue:	55,066,325	57,138,831	58,627,798	57,904,231	60,758,749	62,346,694
Total Expenditures:	55,064,784	57,068,052	56,050,620	60,204,281	60,643,240	64,167,021
Variance: Revenues over Expenditures	1,541	70,779	2,577,178	(2,300,050)	115,508	(1,820,327)

2021-2022 PROPOSED REAL ESTATE TAX

- Assessed Property Value - \$2,515,837,900
 - Increase of \$32,108,100 or 1.3%
- Proposed Millage Rate @ Act 1 Adjusted Index
 - 11.3440 Mills
 - 3.50% Increase or .03836 Mills
- Tax Increase per \$100,000 Property Value = \$38.36

HOMESTEAD/FARMSTEAD EXCLUSION

	PROPERTY TAX REDUCTION
2008-09	540,357
2009-10	593,798
2010-11	565,590
2011-12	571,882
2012-13	585,507
2013-14	529,191
2014-15	529,192
2015-16	553,770
2016-17	545,973
2017-18	545,938
2018-19	548,128
2019-20	548,986
2020-21	583,010
2021-22	567,596
Aggregate	7,808,918
14-Year Average	557,780

HOMESTEAD/FARMSTEAD FUNDING IS PROVIDED FROM STATE GAMBLING ACTIVITIES AS A MEANS TO REDUCE PROPERTY OWNER REAL ESTATE TAXES. THE ALLOCATION HAS REMAINED CONSISTENT DURING THE 14-YEAR PROGRAM. 7,211 PROPERTIES QUALIFY FOR EXCLUSION.

ELIGIBLE SOLANCO SCHOOL DISTRICT PROPERTY OWNERS QUALIFY FOR A REAL ESTATE TAX REDUCTION OF **\$78.71** FOR 2021-22.

ACT 1 INDEX HISTORY

ACT 1 INDEX IS DETERMINED BY A STATE FORMULA USING ECONOMIC FACTORS. THE CHANGE IN STATE WAGES, CHANGE IN NATIONAL SCHOOL EMPLOYEE COMPENSATION AND SCHOOL DISTRICT WEALTH ARE FACTORS.

THE INDEX WILL DECLINE AS EMPLOYMENT INCREASES AND PERSONAL INCOME GROWS.

**EXPECT LOWER INDEX IN FUTURE –
RESTRICTING DISTRICT’S ABILITY TO
GENERATE TAX REVENUES.**

	ADJUSTED ACT 1 INDEX HISTORY	
	2011-12	1.7%
	2012-13	2.1%
	2013-14	2.1%
	2014-15	2.6%
	2015-16	2.3%
	2016-17	2.9%
	2017-18	3.0%
	2018-19	2.8%
	2019-20	2.7%
	2020-21	3.1%
	2021-22	3.5%
Average Estimate	2022-23	2.6%
Average Estimate	2023-24	2.6%
Average Estimate	2024-25	2.6%
Average Estimate	2025-26	2.6%
	Aggregate	28.8%
	11-Year Average	2.6%

PROPERTY ASSESSMENT

FY Budget	Assessment Date	Assessment	Assessment Increase from PY	Assessment Increase % from PY	
2011-12	6/8/2011	1,808,469,000	25,282,000	1.41%	
2012-13	6/12/2012	1,813,591,000	5,122,000	0.28%	
2013-14	6/4/2013	1,839,381,300	25,790,300	1.42%	
2014-15	6/9/2014	1,860,655,600	21,274,300	1.16%	
2015-16	6/9/2015	1,879,493,000	18,837,400	1.01%	
2016-17	6/7/2016	1,902,435,800	22,942,800	1.22%	
2017-18	6/6/2017	1,913,924,100	11,488,300	0.60%	
2018-19	6/5/2018	2,438,346,000	2,426,857,700	126.80%	Reassessment
2019-20	6/4/2019	2,473,343,700	34,997,700	1.44%	
2020-21	6/16/2020	2,492,046,500	18,702,800	0.76%	
2021-22	5/4/2021	2,515,837,900	23,791,400	0.95%	
	Average Annual Increase, Excluding Reassessment Year		20,822,900	Average Annual Increase 1.03%	
Tax Revenue Generated by Annual Assessment Growth @ 11.3440 mills			236,215		

BUDGET CONSIDERATIONS

- Duration of Pandemic and Return to Normal Operations
- State and Federal Mandates
 - Federal Fund Restrictions and Compliance
- Addressing Student Learning Loss
 - Recovery will take longer than one year
 - Afterschool and summer programs, supplemental services, assessments, mental health services, contracted services
- Employee Loss (Reduced Employment Pools > Higher Wages)
 - Increased Contracted Personnel Services
- Material and Supply Shortages (Wood, Steel, Paper, Fuel, etc.)
 - Low Supply and High Demand = High Costs
 - Full Impact Not Known Until Fall

REVENUE CONCERNS

- Federal Funds
 - ESSER – Provides funding to address pandemic impact and obtain/maintain staff and operations
 - FUNDS ARE TEMPORARY - DISAPPEAR September 2024
- State Revenue
 - Unknown – Remain Level Funded or Decline in Future?
- Local Revenue
 - Property Tax - Primary Revenue Stream Under Board Control
 - Future Earned Income Collections?
 - Realty Transfer Tax, Delinquent Tax Collections, Investment Earnings?
- Many Unknowns - Could Be Several Years to Fully Unfold

PAYROLL/BENEFIT HISTORIC TREND

	ACTUAL	ACTUAL	ACTUAL	ACTUAL	ACTUAL	Estimated	PROPOSED
	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>	<u>2019-20</u>	<u>2020-21</u>	<u>2021-22</u>
Payroll	21,598,482	21,674,777	21,824,975	21,864,126	22,271,157	23,097,844	23,452,779
Benefits	11,524,788	12,941,467	13,209,177	13,855,742	14,100,035	15,113,376	16,351,639
Combined Totals	33,123,270	34,616,244	35,034,151	35,719,868	36,371,193	38,211,220	39,804,417
\$ Increase	1,692,890	1,492,975	417,907	685,717	651,325	1,840,028	1,593,197
% Increase	5.1%	4.5%	1.2%	2.0%	1.8%	5.1%	4.2%

Payroll/Benefits Annual Average Increase During 7-Year Period \$36,125,766 (3.4%). Rate Reduced by 2019-20 Pandemic.

ANNUAL INDEX IMPACT EXAMPLE

Property Assessment with 1.0% Annual Average Growth	Estimated Tax Revenue Growth @ 11.3440 Millage Rate Less Gaming Funds	Millage Rate at Average Index 2.5% Increase	Estimated Tax Revenue Growth @ 2.5% Index Rate	Additional Tax Revenue Generated by Index
2,515,837,900	26,830,483			
2,581,249,685	27,542,833	11.6276	28,245,593	702,761
2,648,362,177	28,273,704	11.9183	29,733,795	1,460,091
2,717,219,594	29,023,578	12.2162	31,298,861	2,275,284
2,787,867,303	29,792,948	12.5217	32,944,764	3,151,816

Calculation Assumptions to Simplify Example:

- Index Remains Level at 2.5%
- Annual Assessment Growth Level at 1.03%
- Gaming Funds Level

THE SCHOOL DISTRICT IS NOT ABLE TO MAXIMIZE TAX REVENUES IF NOT UTILIZING INDEX. THE ADDITIONAL REVENUE MAY BE NEEDED 'POST – ESSER FUNDING' OR PROGRAMS MAY BE ELIMINATED. ANNUAL PAYROLL/BENEFIT GROWTH EXCEEDS ABILITY TO GENERATE ADDITIONAL TAX REVENUES. ADDITIONAL INCREASED EXPENDITURES COULD CREATE FUND BALANCE OPERATING DEFICITS POST-ESSER.

POST-ESSER SUSTAINABILITY

- Great Deal of Unknowns (Revenues and Expenditures)
- Majority of Influences Beyond School Board Control
- Identify Continued Student Learning Loss Needs and Responses
- Utilize ESSER Funds to Mitigate Transition for Post-ESSER Budget
 - Pre-Purchase Materials/Supplies
- Invest in Capital Improvements to Minimize Future Energy Costs
- Acquire and Maintain Staff
- Anticipate Future Dynamic Environment
- Employ Strategies Now to Avoid Future Program Termination
- Identify and Utilize Multiple Strategies in Preparation of Post-ESSER

NEXT STEPS

- Approve Final Budget Resolution
- Approve Homestead/Farmstead Resolution
- Approve Tax Levy Resolution
- Print and Mail Tax Bills
- Submit Approved Final Budget to PDE

QUESTIONS

