

South Middleton School District
Budget Committee Meeting Minutes
January 20, 2022

The meeting was called to order at 6:00pm.

In attendance: Mr. Estep, Mrs. Darchicourt, Mr. Group, Mr. Berry, Mr. Hartman (left at 6:30pm), Mr. Lucido, Mrs. Scherer, Mrs. Snyder, Mrs. Sellers, and Mr. Wagner. Absent: Mr. Draper

Mrs. Darchicourt presented the 2022-2023 General Fund Budget Presentation:

South Middleton School District 2022–23 General Fund Budget Presentation

Tina Darchicourt, Director of Business and Operations



January 20, 2022
Budget and Finance Committee

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Mission Statement

Mission Statement

The mission of the South Middleton School District is to provide a challenging education in a safe, supportive environment that empowers all students to become lifelong learners and productive, respectful citizens of our diverse and changing world.



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How the Pennsylvania Department of Education(PDE) drives our budget process

PDE has developed a budget timeline that is revenue centered, focusing on the Act 1 index.

This timeline requires school districts to develop a preliminary budget early in the budget process.



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Act 1 Index

The Act 1 index was initially passed in 2006 and limits the amount a district can increase millage each year without applying and receiving an exception from PDE or putting the tax before voter referendum.



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First Budget Related Decision Required by the Board

- 1) Apply for exceptions to the Act 1 Index
- 2) Pass an Opt Out Resolution not to exceed the Act 1 Index



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Budget Timeline 2022–23

If applying for Act 1 Exceptions:

September	PDE published the Act 1 Index for 2022-23 budget year 3.4%
December	Administrators and Teachers presented with templates and deadlines
December	Teachers submit requests to Administrators
January	Building and Department Budgets due to Business Office
January 20	Budget and Finance Meeting with the Board
January 24	Business Manager to Present Preliminary Budget
January 27	Publish notice of intent to pass Preliminary Budget
February 7	Board Adopt Preliminary Budget
February	Superintendent and Business Manager meet with team members to review budgets
February 28	Budget and Finance Meeting with the Board
March	Business Manager and Asst. Business Manager Compile, Review and Analyze Data
March 28	Budget and Finance Meeting with the Board
April	Business Manager and Asst. Business Manager Continue to Review and Analyze Data
April 25	Budget and Finance Meeting with the Board
May/June	Additional Budget meetings as necessary
June 20 or sooner	Board approves Final 2022-23 GF Budget
Prior to June 30	GF Budget submitted to PDE
July 1	Tax Bills mailed

If Passing Opt Out Resolution:

September	PDE published the Act 1 Index for 2022-23 budget year 3.4%
December	Administrators and Teachers presented with templates and deadlines
December	Teachers submit requests to Administrators
January	Building and Department Budgets due to Business Office
January 20	Budget and Finance Meeting with the Board
January 20	Board to Decide if they want to pursue Act 1 Exceptions or pass resolution not to exceed Act 1
January 24	Deadline for Board to Pass Resolution to not exceed Act 1 Index (if desired)
February 1	Business Manager to submit Opt Out Resolution to PDE (if desired)
February	Superintendent and Business Manager meet with team members to review budgets
February 28	Budget and Finance Meeting with the Board
March	Business Manager and Asst. Business Manager Compile, Review and Analyze Data
March 28	Budget and Finance Meeting with the Board
April	Business Manager and Asst. Business Manager Continue to Review and Analyze Data
April 25	Budget and Finance Meeting with the Board
May/June	Additional Budget meetings as necessary
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What Exceptions are Available to Districts?

Special Education Expenditures
Retirement Contributions
School Construction



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Proposed Preliminary Budget

	ACTUAL 2018-2019	ACTUAL 2019-2020	ACTUAL 2020-2021	BUDGETED 2021-2022	PROJECTED 2021-22	0% Inc. PROPOSED BUDGET 2022-2023	3.4% Act 1 Inc. PROPOSED BUDGET 2022-2023
EXPENDITURES							
Salaries and Benefits	\$ 22,949,759	\$ 23,417,534	\$ 25,184,185	\$ 26,131,509	\$ 26,141,691	\$ 27,005,879	\$ 27,005,879
Other	\$ 12,721,840	\$ 13,485,881	\$ 15,665,653	\$ 14,191,886	\$ 14,037,357	\$ 14,477,522	\$ 14,477,522
TOTAL EXPENDITURE:	\$ 35,671,599	\$ 36,903,414	\$ 40,849,838	\$ 40,323,395	\$ 40,179,048	\$ 41,483,401	\$ 41,483,401
REVENUE							
Local	\$ 26,279,880	\$ 27,379,367	\$ 27,568,960	\$ 28,992,184	\$ 28,427,200	\$ 28,709,480	\$ 29,463,435
State	\$ 10,511,546	\$ 10,870,461	\$ 10,929,243	\$ 11,071,212	\$ 11,064,290	\$ 10,867,623	\$ 10,867,623
Federal	\$ 279,339	\$ 275,327	\$ 797,081	\$ 260,000	\$ 301,325	\$ 301,325	\$ 301,325
TOTAL REVENUE	\$ 37,070,765	\$ 38,525,155	\$ 39,295,284	\$ 40,323,396	\$ 39,792,815	\$ 39,878,428	\$ 40,632,383
SURPLUS or DEFICIT	\$ 1,399,166	\$ 1,621,740	\$ (1,554,554)	\$ 0	\$ (386,233)	\$ (1,604,973)	\$ (851,018)

Beginning Fund Balance	\$ 5,526,937	\$ 6,926,103	\$ 8,547,843	\$ 6,993,289	\$ 6,993,289	\$ 6,607,056	\$ 6,607,056
Ending Fund Balance	\$ 6,926,103	\$ 8,547,843	\$ 6,993,289	\$ 6,993,289	\$ 6,607,056	\$ 5,002,003	\$ 5,756,038



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Preliminary Budget Assumptions

Expense Assumptions

Salaries and Benefits:

Salaries	Current positions with current employees utilizing contractual agreements
Medical Insurance	4% increase over current year
Retirement	2022-23 PSERS rate of 35.26%
Dental Insurance	3% over current year

Other:

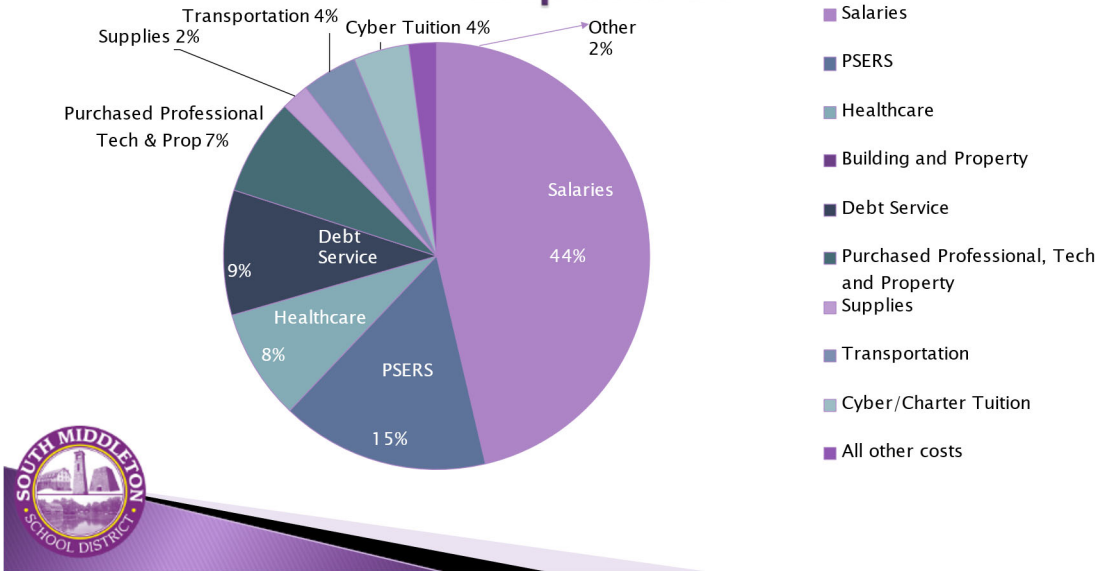
Cyber/Charter School	Current enrollment
Debt Service	Bond Principal and Interest
All others	based on current year projections
ESSER Funds	Not included in the Preliminary Budget will be included in the final



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Expenses



Staffing and Salaries

Professional Teaching Staff

FTE	2022-23 Budgeted Salaries
Rice	\$11,420,546
IFEC	
YBMS	2021-22 Budgeted Salaries
BSHS	\$11,348,857



Total 180.0

Increase \$71,689

Staffing and Salaries

Administrative Staff

	FTE	2022-23 Budgeted Salaries
Rice	1	\$1,759,332
IFEC	1	
YBMS	2	2021-22 Budgeted Salaries
BSHS	3	\$1,467,360
District Office	9	
Maintenance	1	



Total 17

Increase \$291,972

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Staffing and Salaries

Support Staff

	FTE	2022-23 Budgeted Salaries
Rice	6.6	\$1,947,299
IFEC	6.0	
YBMS	5.4	2021-22 Budgeted Salaries
BSHS	12.4	\$1,869,816
District-Wide	23.8	



Total 54.2

Increase \$77,483

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Contracted Staff

- | | |
|--|---|
| Transportation | Rohrer Bus |
| Food Service | Chartwells |
| Custodial Service | ABM |
| Paraprofessional & Substitute Services | ESS |
| Student Support Services | CAIU, Therabilities, Vista School, etc. |



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Preliminary Budget Assumptions

Revenue Assumptions

Local:

Real Estate Taxes	Calculated with Cumberland County 12/29/2021 Taxable Assessed Value
All other Local Revenue	Based on current and prior year actuals

State:

Basic Ed Funding	Current year PDE projections
Social Security & Retirement	50% of proposed benefit numbers
Rental Subsidy	Actual bond Plan Con reimbursements
All other State Revenue	Based on current year budget

Federal:

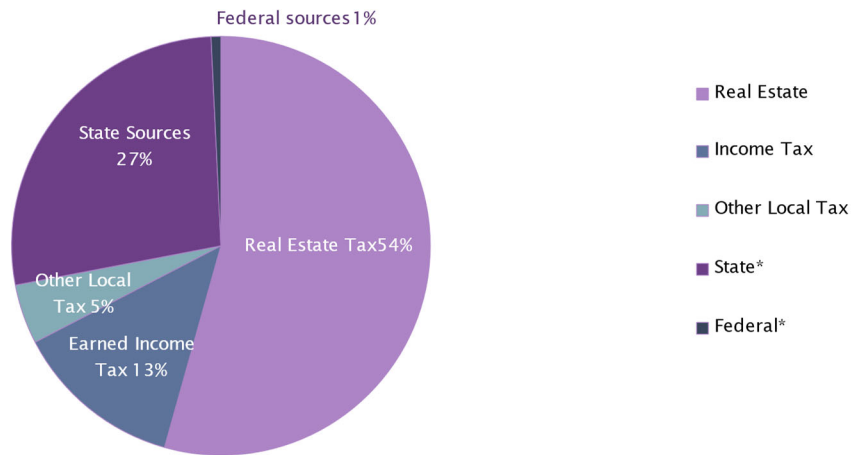
ESSER Funds	At current year projections Not included in the Preliminary Budget will be included in the final
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Revenues



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Real Estate Tax Information

Assessed Value	*\$2,005,369,200
Current Millage Rate	11.4294
% of Collection	**.9594

*Cumberland County Assessment Office 12/29/2021
 **Average over 5-year period (2018-2021)
 **Due to Discount Payments and Delinquencies



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Calculating Real Estate Tax Revenue

Taxable Assessed Value	2,005,369,200
X Millage Rate 11.4294/1000	.0114294
Subtotal	22,920,167
Less Homestead Exclusions	(538,507)
Subtotal	22,381,660
Multiplied by % of Collections	.9594
Total Estimated RE Tax Collection	21,472,964



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Overestimated RE Tax Revenue in 2021-22 Budget

Overstated Assessed Value Actual 1,973,297,700 Budgeted 2,024,301,222		Real Estate Tax Revenue 2021-22 Budgeted \$22,145,684 Projected 21,529,275	
Overstated Collection % Actual 5year average .9594 Budgeted .9800		Overestimated \$616,409	

**Collections to date \$21,349,524



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Value of the Act 1 Index 2021-22

Act 1 Index	3.4%
Millage Rate	11.818
Increase to budget	\$753,955



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What Exceptions are Available to Districts?

Special Education Expenditures
Retirement Contributions
School Construction



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What exception/s may be approved for the District in the 2022-23 budget?

Special Education Expenditure Exception

Dollar Value of Exception	\$786,235
Millage rate of exception	.4058

Applying for an exception does not require the board to increase taxes, it only gives the board the option to do so if it is deemed necessary.



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Construction Exception Approved by the Board in 2017/18

- ▶ In 2017/18 the board approved a construction exception with a .3874 millage value.
- ▶ Construction exceptions are the only exceptions with an obligation to be reversed once the final payment has been made on the corresponding bond issuance OR the bonds are refinanced.
- ▶ The 2017/18 construction exception is connected to the GOB Series 2016a which was refinanced in June 2021.
- ▶ Therefore, the board is required to reverse millage in the amount of .3874 in the 2022-23 budget.



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Summary of Millage Options/Requirements

	Rate	Value
Current Mill Rate	11.4294	\$21,472,580
2017/18 Construction Exception		
Required millage reduction	(.3874)	(750,644)
Act 1 Index 3.4%	.3886	753,955
Special Ed Expense Exception*	.4058	786,235

*Estimated Value



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Proposed Preliminary Budget

	.3874 Reduction PROPOSED BUDGET 2022-2023	0% Inc. PROPOSED BUDGET 2022-2023	3.4% Act 1 Inc. PROPOSED BUDGET 2022-2023
Salaries and Benefits	\$ 27,005,879	\$ 27,005,879	\$ 27,005,879
Other	\$ 14,477,522	\$ 14,477,522	\$ 14,477,522
TOTAL EXPENDITURES	\$ 41,483,401	\$ 41,483,401	\$ 41,483,401
Local	\$ 27,958,836	\$ 28,709,480	\$ 29,463,435
State	\$ 10,867,623	\$ 10,867,623	\$ 10,867,623
Federal	\$ 301,325	\$ 301,325	\$ 301,325
TOTAL REVENUE	\$ 39,127,784	\$ 39,878,428	\$ 40,632,383
SURPLUS or DEFICIT	\$ (2,355,617)	\$ (1,604,973)	\$ (851,018)
Beginning Fund Balance	\$ 6,607,056	\$ 6,607,056	\$ 6,607,056
Ending Fund Balance	\$ 3,960,670	\$ 5,002,003	\$ 5,756,038



Next Steps for the Administration

- ▶ Collect departmental and building level budgets
- ▶ Review budget requests with district administrators
- ▶ Compile all budgetary requests
- ▶ Prepare for February 28 budget meeting



Next Steps for the Board

- Apply for exceptions to the Act 1 Index
- Or
- Pass an Opt Out Resolution not to exceed the Act 1 Index



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The Administration recommends that the Board...

- ▶ Give the Administration the authority to advertise the Proposed Preliminary Budget
- ▶ Pass the 2022-23 Preliminary General Fund Budget at the February 7 Board Meeting
- ▶ Give the Administration the authority to apply for Act 1 exceptions
- ▶ Understand that applying for exceptions does not require the Board to increase taxes



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What to expect in February and March Budget Meetings

ESSER Funds
Cyber Charter School Expenses
Health Insurance
Fund Balance
Building & Department Budget Requests



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Discussion:

Mrs. Darchicourt was requested to follow up on the following question:

In the past, when has the district passed tax increases that utilized exceptions?

Have we considered adding a Resource Officer?

Mr. Estep and Mrs. Darchicourt both said that we hadn't heard that people were looking to add a Resource Officer. As the conversation continued, Mr. Group and others felt that there were greater needs in regard to additional teachers that would be a priority over a Resource Officer

Mrs. Darchicourt was asked to provide to the Board the ESSER planning.

Mrs. Darchicourt confirmed it was planned to get them that information at a later meeting.

Meeting adjourned at 7:15pm