

Act 1 Budget Presentation

For the 2021/22 Budget Year

Act 1 Index

- The Act 1 index is used to determine the maximum real estate tax increase without filing for exceptions or voter approval.
- The base index is calculated by averaging the percent increases in the PA statewide average weekly wage and the Federal employment cost index for elementary/secondary schools.
- For school districts with a market value/personal income (MV/PI) aid ratio greater than 0.4000, the value of their index is adjusted upward by multiplying the base index by the sum of 0.75 and their MV/PI aid ratio.

Going Beyond the Act 1 Index

- A school district may seek approval from PDE for referendum exceptions to increase real estate taxes by more than its adjusted index.
 - School Construction – Grandfathered Debt
 - School Construction – Electoral Debt
 - Special Education Expenditures
 - Retirement Contributions

Special Education Referendum Exception

- Compares Actual Expenses in Special Education from the 2018/19 school year and the 2019/20 school year.
 - If expenses increase greater than our Act 1 Adjusted Index, we can file for a referendum exception.
 - South Williamsport Area School District does not qualify for this referendum exception.

Retirement Contribution Referendum Exception

- Compares estimated school district share of payments to PSERS from the 2020/21 school year and the 2021/22 school year.
 - Salary base for the referendum exception is capped at the 2011/12 salary total.
 - If the school district share of payments increases greater than our Act 1 Adjusted Index, we can file for a referendum exception.
 - South Williamsport Area School District does not qualify for this referendum exception.
- Note: PSERS rate for 2021/22 will be 34.94%. This is up 0.43% from the 2020/21 rate of 34.51%.

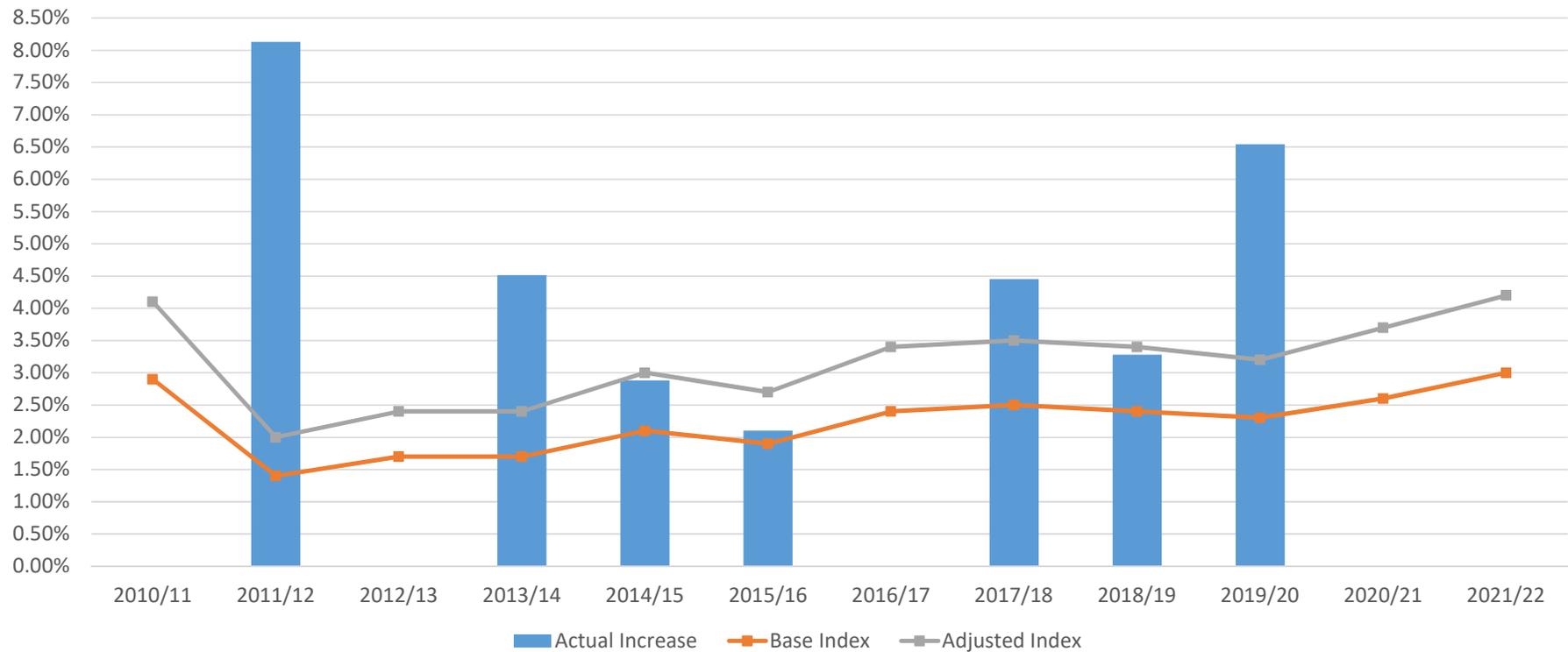
Opt-Out Resolution

- Because the district does not qualify for any Referendum Exceptions, I am recommending that we pass the Opt-Out Resolution.
- The Opt-Out Resolution states that the District will not raise taxes above the Adjusted Act 1 Index.

Budget Timeline

- Budget Timeline without Opt-Out Resolution
 - Proposed Preliminary Budget available for Public Inspection by January 28, 2021
 - Adopt Preliminary Budget by February 17, 2021
 - Adopt Proposed Final Budget by May 31, 2021
 - Proposed Final Budget available for Public Inspection by June 10, 2021
 - Adopt Final Budget by June 30, 2021
- Budget Timeline with Opt-Out Resolution
 - Adopt Proposed Final Budget by May 31, 2021
 - Proposed Final Budget available for Public Inspection by June 10, 2021
 - Adopt Final Budget by June 30, 2021

Real Estate Tax Increase vs. Act 1 Index

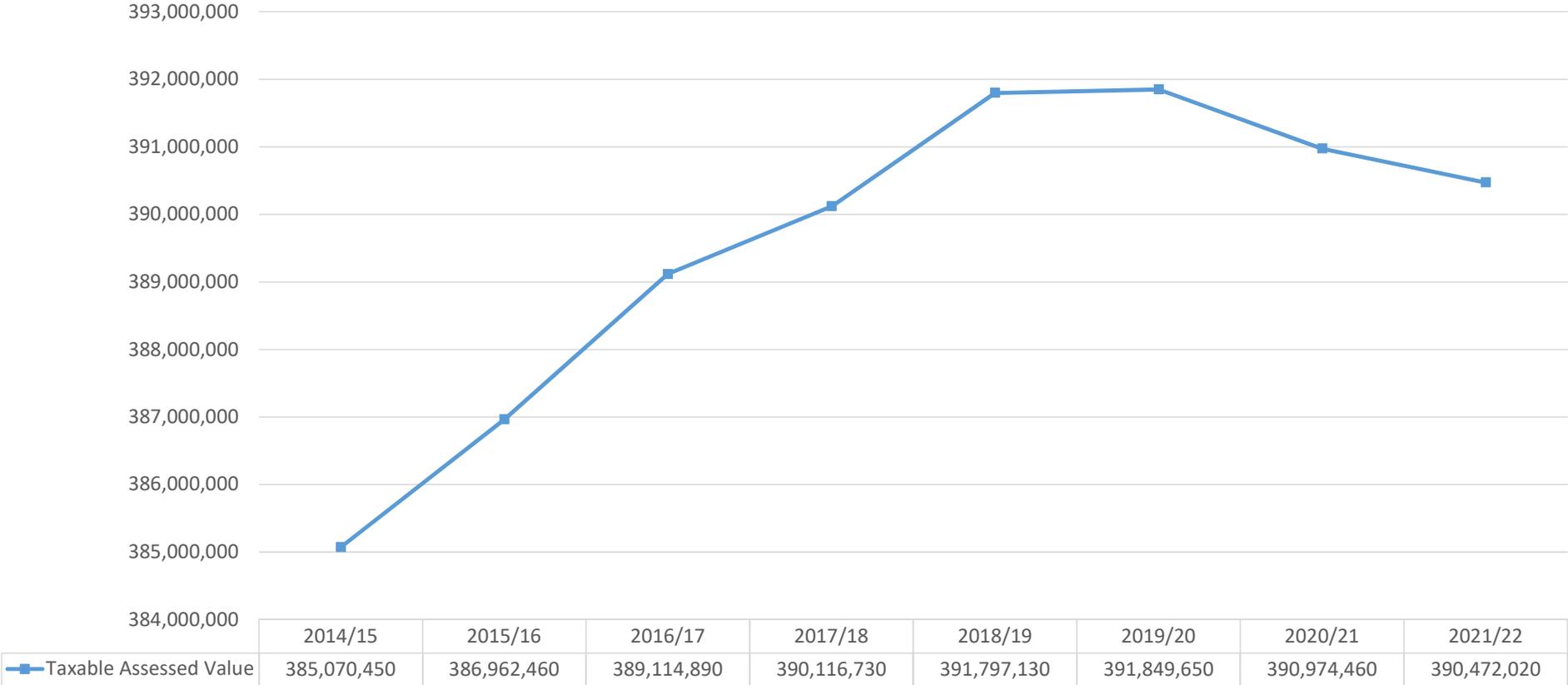


History of Millage Rates for SWASD

School Year	Millage	School Year	Millage
2005/06	11.90	2014/15	14.30
2006/07	11.90	2015/16	14.60
2007/08	12.30	2016/17	14.60
2008/09	12.30	2017/18	15.25
2009/10	12.30	2018/19	15.75
2010/11	12.30	2019/20	16.78
2011/12	13.30	2020/21	16.78
2012/13	13.30	2021/22	???
2013/14	13.90		

For 2021/22, the district does not qualify for any Act 1 Referendum Exceptions. Therefore, we must stay within the adjusted Act 1 index of 4.2%. This means that we can raise taxes by .70 mills, for a total of 17.48 mills.

Taxable Assessed Value for SWASD



Note: 2021/22 Taxable Assessed Value is as of Oct 28, 2020. We typically received updated values in January and May.

Revenue Impact of No Tax Increase

	2020/2021	2021/2022	Difference
Assessed Value	390,974,460	390,472,020	(502,440)
Millage Rate	16.78 mills	16.78 mills	-
Gross RE Taxes	6,560,551	6,552,120	(8,431)

Revenue Impact of Full Tax Increase

	2020/2021	2021/2022	Difference
Assessed Value	390,974,460	390,472,020	(502,440)
Millage Rate	16.78 mills	17.48 mills	0.70 mills
Gross RE Taxes	6,560,551	6,825,451	264,899

0.70 mill tax increase would be \$70 on an assessed value of \$100,000.

At this point, I have no recommendation regarding a real estate tax increase. This will depend on a review of expenses within our 2021/22 budget and revenue from other sources. We will revisit this topic as we develop our 2021/22 budget.

Questions?