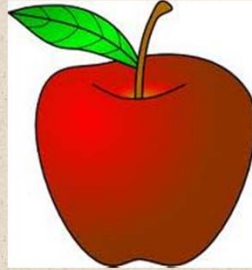


## ***Bethlehem Area School District***



## ***2014-15 Tentative Preliminary General Fund Budget***

*January 13, 2014*

### ***Why Prepare 2014-15 Budget Now?***

- *Act 1 of 2006*
  - *Limits Local Taxation to an Annual Index (2.6%)*
  - *Timelines Based Upon Primary Election*  
*(May 20, 2014)*
    - *Board Adoption Preliminary Budget 90 days prior*
  - *Resolution to Not Tax Above Index (2.6%)*
  - ✓ ***Exceptions for Certain Expenditures (3)***
  - *Referendum Question if Exceed Index plus  
Exceptions*
- *May-June School Code Timelines Apply*

2

## ***Preliminary Budget Strategy***

***Preserving our ability to maximize our options by applying for Act 1 Exceptions in the face of numerous unknown variables at this early stage of the budget development process.***

3

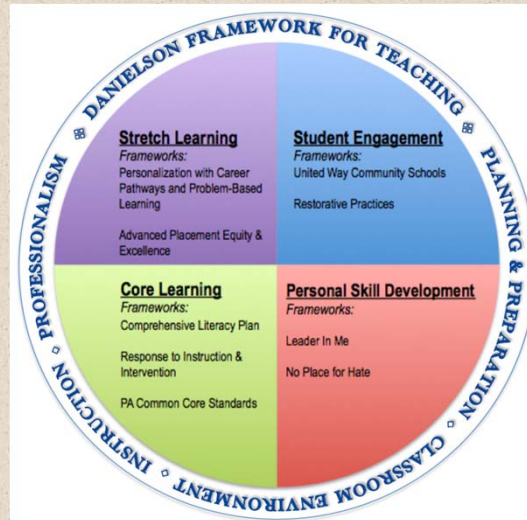
## ***2014-15 Budget Goals***

- ***Maintain BASD Assets***
  - Neighborhood Schools*
  - Targeted Class Size*
  - Diverse Curricular Offerings*
  - Student Academic Support*
  - Well Maintained Facilities*
  - Up to Date Technology*
  - Professional Development Opportunities*
  - Co-Curricular Activities*
  - Continue to Reduce Variable Rate Debt*
- ***Maintain Current Programming in Support of Roadmap to Excellence***

4

# 2014-15 Budget Goals

## Roadmap 2.0 to Educational Excellence



5

# 2014-15 Budget Goals

- *Sustainable Budgeting*
  - *Align programs to reliable revenue sources*
- *Assure Adequate Financial Resources*
- *Sustain mandated programs, contracts, & agreements*
- *Preservation vs. Restoration (Year 3)*
- *Multi-Year Financial Goals*
  - *Address Cyclical Needs (Buses, Facilities, Uniforms)*

6

## 2014-15 Preliminary Budget

### .... The Beginning

	<u>Preliminary Budget</u>	<u>Increase</u>
<b>Charter Schools</b>	<b>\$20,550,846</b>	<b>\$6,726,037</b>
<b>PSERS</b>	<b>\$20,733,574</b>	<b>\$4,422,461</b>
<b>Everything Else</b>	<b>\$201,262,002</b>	<b>\$5,767,894</b>
<b>Initial Deficit</b>		<b>\$16,916,392</b>

7

## Initial Reductions

- *Technology*
- *Tax Collections*
- *Energy Efficiency*
- *Consumable Materials*
- *Unemployment*
- *Tuition Reimbursement*
- *Communications*

**\$2,088,476**

8

## **What New Money is Tentative for *BASD* in 2014-15??**

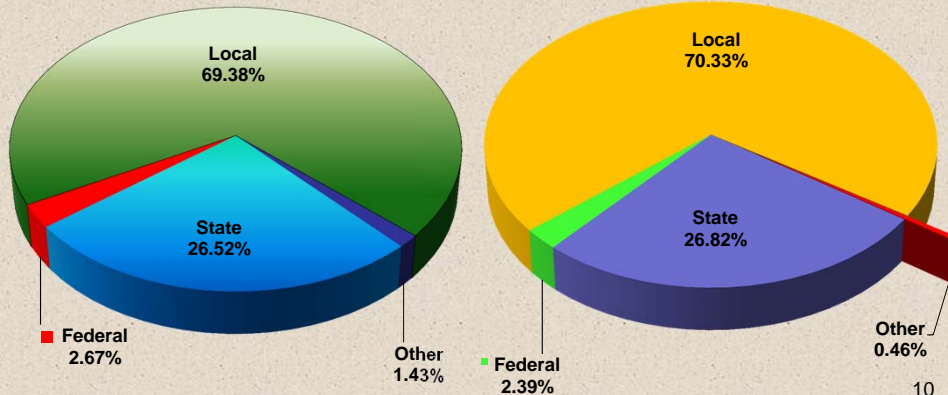
Tuition Orphans/Group Homes	(\$50,000)
Vocation Programs	(\$6,000)
Transportation	(\$243,591)
Medical & Dental	(\$35,000)
State Share Social Security	(\$113,990)
State Share Retirement	\$ 2,164,116
<b>Total</b>	<b>\$ 1,715,535</b>
<b>Retirement Expense</b>	<b>(\$4,422,461)</b>
<b>Net New Money Remaining</b>	<b>(\$2,706,926 )</b>

9

## **2014-15 Revenues by Source**

2013-14  
\$216,448,028

2014-15  
\$225,630,030



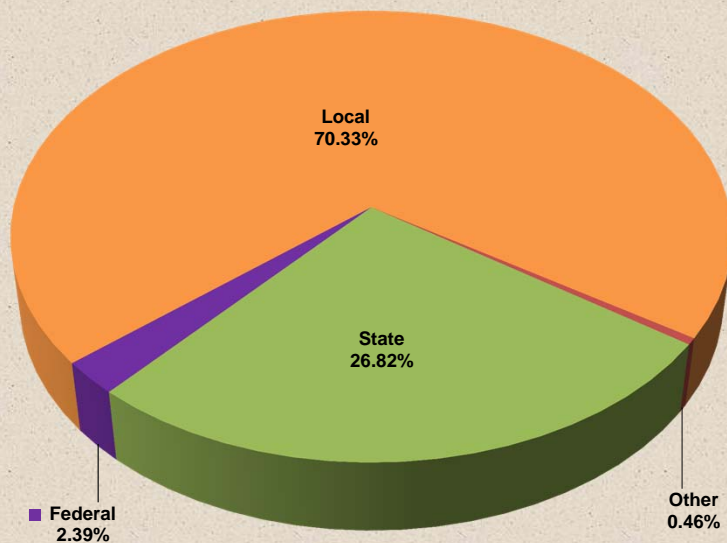
10

## 2014-15 Revenue Summary

	<u>2014-15 Budget</u>	<u>Dollar Change</u>	<u>Percentage Change</u>
<b><u>Revenues:</u></b>			
Local	\$158,685,403	\$4,891,772	3.18%
State	\$60,517,195	\$1,744,761	2.97%
Federal	\$5,397,432	(\$523,598)	-8.84%
Other	\$1,030,000	(\$2,137,445)	-67.48%
<b>Total Revenue</b>	<b>\$225,630,030</b>	<b>\$3,975,490</b>	<b>1.79%</b>

11

## 2014-15 Revenues by Source



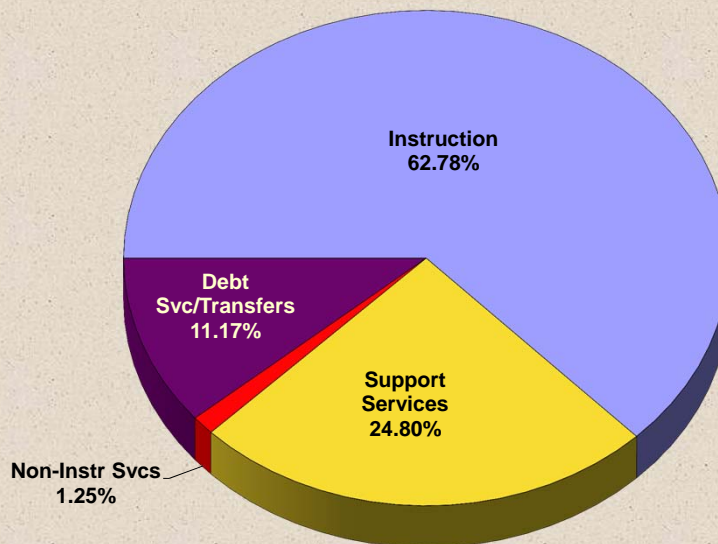
12

## 2014-15 Preliminary Budget Expenditure Summary

	<u>2014-15 Budget</u>	<u>Dollar Change</u>	<u>Percentage Change</u>
<b><u>Expenditures:</u></b>			
Instruction	\$117,428,812	\$4,057,362	3.58%
Support Services	\$54,025,639	\$1,163,697	2.20%
**Non-Instr Svcs	\$2,717,890	\$169,080	6.63%
Facilities	\$0	\$0	**
**Debt Svc/Transfers	\$27,089,661	\$733,784	2.78%
<b>BASD</b>	<b>\$201,262,002</b>	<b>\$6,123,923</b>	<b>3.14%</b>
<b>PSERS</b>	<b>\$20,733,574</b>	<b>\$4,422,461</b>	<b>27.11%</b>
<b>CHARTER SCHOOLS</b>	<b>\$20,550,846</b>	<b>\$6,726,037</b>	<b>48.65%</b>
<b>Total Expenditures</b>	<b>\$242,546,422</b>	<b>\$17,272,421</b>	<b>7.67%</b>

13

## 2014-15 Preliminary Budget Expenditures by Category



14

## New Items for 2014-15

- Remediation Services for Struggling Students
- Career Pathways Management System
- Project Lead the Way (PLTW)

15

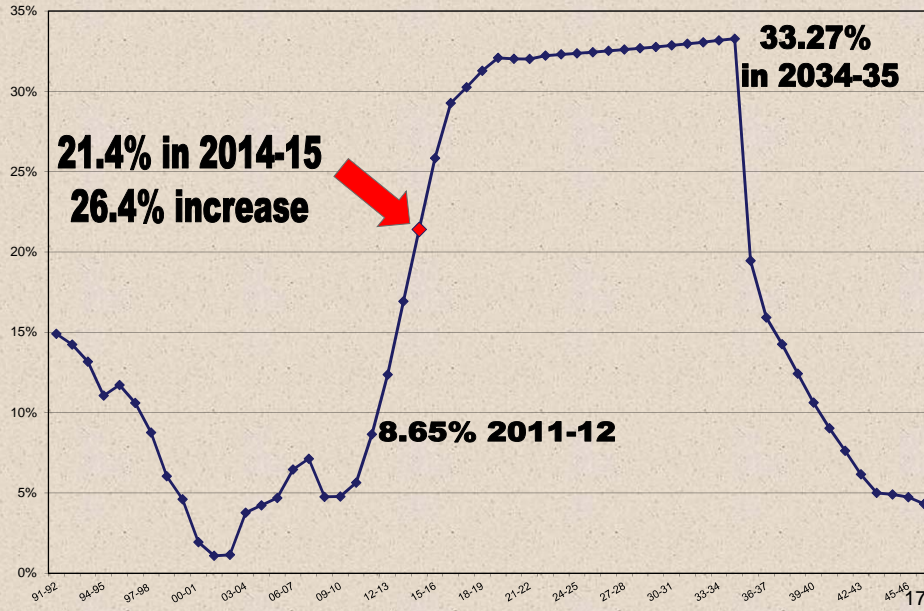
## ***Tentative Shelf Items***

<i>After School Pgm Elementary</i>	<i>\$181,743</i>
<i>Full Day Kindergarten (+6)</i>	<i>\$408,303</i>
<i>Network Infrastructure</i>	<i>\$551,000</i>
<i>Expanded Computer Upgrades</i>	<i>\$400,000</i>
<i>Alternative Education Programming</i>	<i>\$300,000</i>
<i>Lacrosse</i>	<i>\$80,000</i>
<i>Total</i>	<i>\$1,921,046</i>

16



## PSERS Funding Rate



## Expenditures by Program Area

	<u>Expenditures</u>	<u>Per Dollar Cost</u>	
Instructional Programs	\$ 145,147,147.00	\$ 0.60	} <b>\$0.81</b>
Maintenance	\$ 18,242,580.00	\$ 0.08	
Instructional Support	\$ 14,072,207.00	\$ 0.06	
Transportation	\$ 7,202,041.00	\$ 0.03	
Federal Programs	\$ 8,478,845.00	\$ 0.03	
Health Services	\$ 2,240,712.00	\$ 0.01	
Security	\$ 782,006.00	\$ 0.00	
Administrative Support	\$ 16,299,454.00	\$ 0.07	
Debt Svc/Transfers/Reserves	\$ 27,089,661.00	\$ 0.11	
Non-Instructional Costs	\$ 2,991,769.00	\$ 0.01	
	<b>\$ 242,546,422.00</b>	<b>\$ 1.00</b>	

## **Salaries as a Percentage of Budget**

	Dollar Amount	% of Total Expenditures
<b>Professional</b>	<b>\$ 72,622,491</b>	<b>29.94%</b>
<b>Administration</b>	<b>\$ 6,618,166</b>	<b>2.73%</b>
<b>Salaries-Maintenance</b>	<b>\$ 6,749,126</b>	<b>2.78%</b>
<b>Salaries-Clerical</b>	<b>\$ 3,754,745</b>	<b>1.55%</b>
<b>Salaries-Instr Asst</b>	<b>\$ 3,564,328</b>	<b>1.47%</b>
<b>Salaries-Tech</b>	<b>\$ 1,227,652</b>	<b>0.51%</b>
<b>Salaries-Bus Drivers</b>	<b>\$ 2,691,907</b>	<b>1.11%</b>
<b>Total Salaries</b>	<b>\$ 97,228,415</b>	<b>40.09%</b>
<b>Associated Benefits</b>	<b>\$ 58,369,339</b>	<b>24.07%</b>
<b>Total Salaries &amp; Benefits</b>	<b>\$ 155,597,754</b>	<b>64.16%</b>

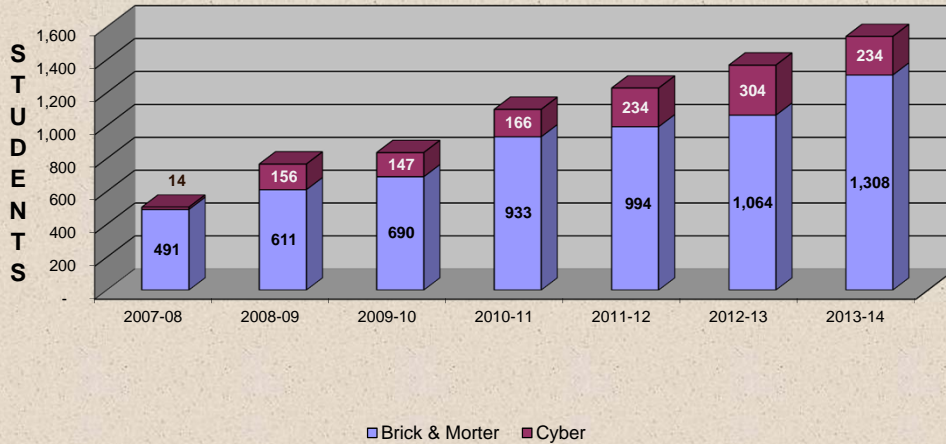
19

## **Non Discretionary Expenditures**

	<u>Expenditures</u>	<u>% of Budget</u>	
Salary & Benefits	\$ 147,508,589	61%	} 93.5%
Debt Service	\$ 23,839,661	10%	
Tuition Outside Student Pgms	\$ 30,562,098	13%	
Transportation	\$ 2,074,403	1%	
IU Services/Alt Ed/Sp Ed	\$ 9,377,254	4%	
Utilities	\$ 4,075,158	2%	
Insurance	\$ 803,036	0%	
Federal Programs	\$ 8,478,845	3%	
<b>Total Budget</b>	<b>\$ 242,546,422</b>	<b>93%</b>	

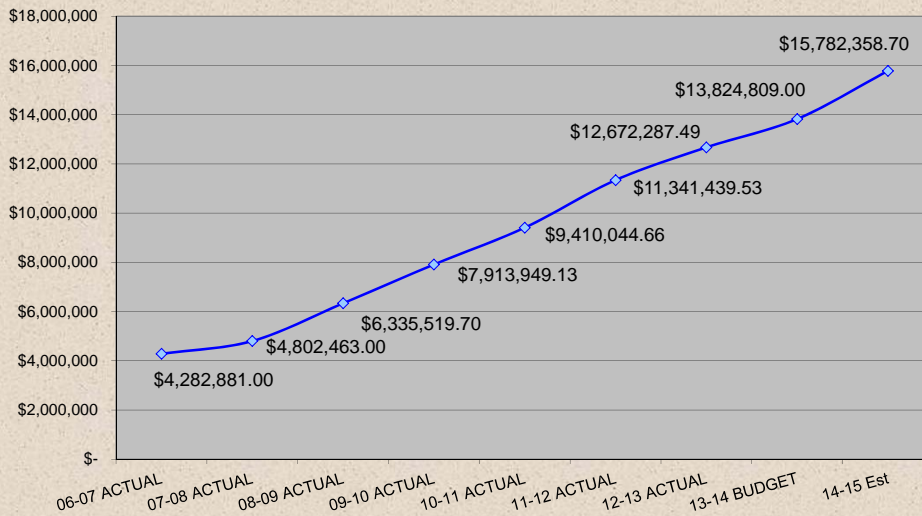
20

# Charter School Enrollment



21

# Charter School Costs



22

## Charter School Impact

	2013-14 Budget	2013-14 Estimate	% Budget	Tax Mills	% Tax for CS
BASD Total Cost	\$225,274,001	\$225,274,001			
Charter School Tuition	\$12,652,272	\$15,668,285	7.0%	5.70	11.8%
Net BASD Budget	\$212,621,729	\$209,605,716			

23

## Fund Balance Review

	<i>Beginning Fund Balance</i>	<i>Ending Fund Balance</i>	<i>Variance</i>
2008-09 Actual	\$ (3,169,965)	\$ (1,119,232)	\$ 2,050,733
2009-10 Actual	(1,119,232)	8,912,723	10,059,322
2010-11 Actual	8,912,723	15,661,315	6,747,725
2011-12 Actual	15,675,420	16,471,346	795,926
2012-13 Actual	16,471,346	23,123,558	6,652,212
2013-14 Est	23,208,585	22,208,585	(1,000,000)
2014-15 Budget	22,208,585	21,208,585	(1,000,000)

24

**2014-15 Tentative Budget  
Following Consideration  
by Administration**

<i>Expenditures</i>	\$242,546,422
<i>Revenues</i>	\$225,630,030
<i>Gap</i>	\$16,916,392

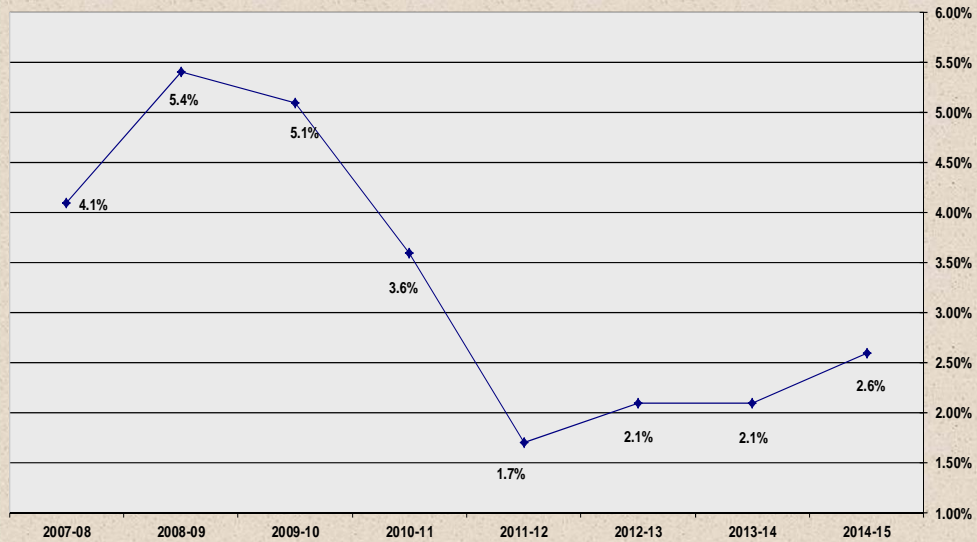
25

**2014-15 Budget Cost Drivers**

•Charter Schools	\$	6,726,037
•PSERS	\$	2,258,345
•IU Services	\$	1,645,657
•Salaries	\$	968,777
•Student Tuition	\$	789,413
•Healthcare	\$	574,076
•Debt	\$	343,664
•General Operations	\$	3,610,423
•Net Deficit Remaining	\$	16,916,392

26

## Act 1 Index – Historical Index



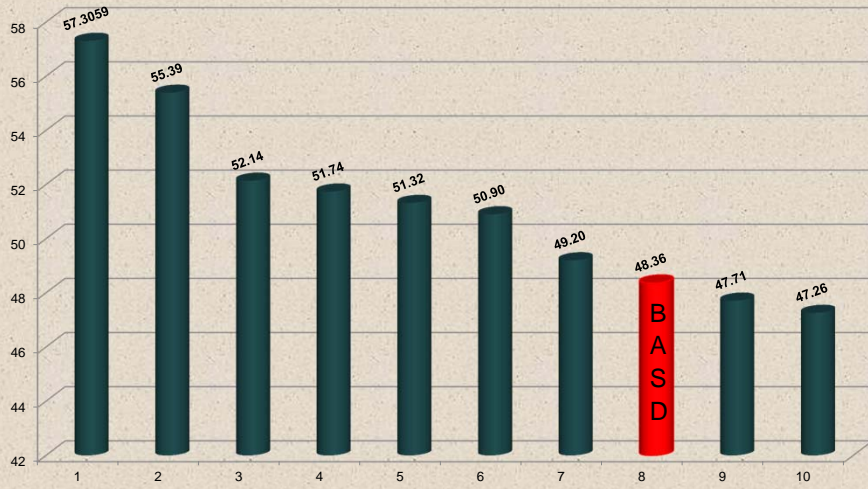
27

## Act 1 Index – Estimated Exceptions

		<u>Mills</u>
<b>Allowable Index</b>		<b>0.4000 LC</b>
<b>2014-15 -- 2.6%</b>	<b>\$ 3,741,417</b>	<b>1.2500 NC</b>
<b><u>Preliminary Estimated Exceptions:</u></b>		
<b>School Construction - Debt</b>	<b>\$ --0--</b>	
<b>Special Education</b>	<b>\$ 1,886,286</b>	
<b>Retirement Contributions</b>	<b>\$ 1,966,549</b>	
	<b>\$ 3,852,835</b>	
<b>Total Est Increase Under Act 1 Provisions</b>	<b>\$ 7,594,252</b>	

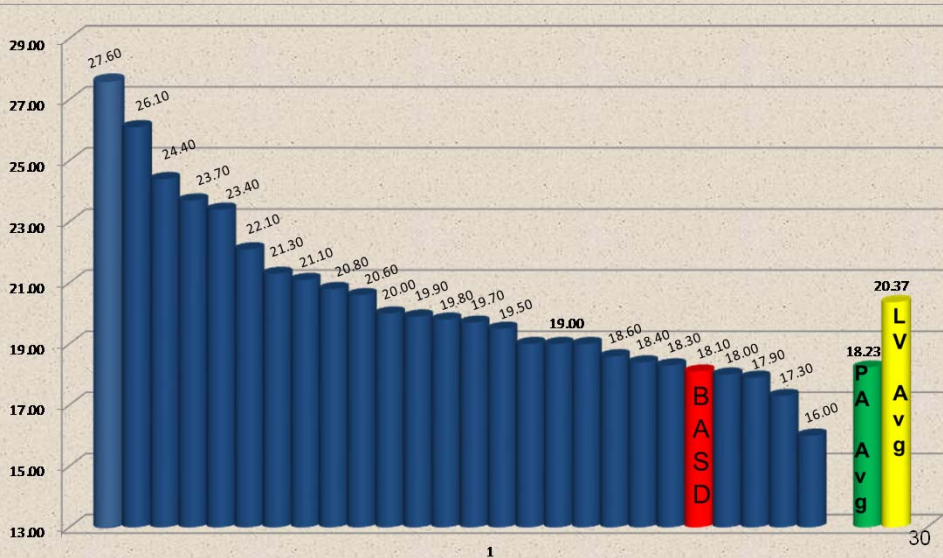
28

## 2013-14 Millage Rates Northampton County



29

## Lehigh Valley Equalized Millage Rates



1

30

## Other Comparative Data

- BASD is
  - 6<sup>th</sup> largest SD in student enrollment
  - 10<sup>th</sup> of 26 in wealth in Lehigh Valley
  - 132<sup>nd</sup> most wealthy SD in PA
  - 105<sup>th</sup> in market value per student in PA
  - 172<sup>nd</sup> in personal income per student in PA
- BASD spends 15% less than the average school district per student in Lehigh Valley & 10% less than the average in PA

31

## Recommended Next Steps .....

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**Approve Preliminary Budget as Presented  
on February 10, 2014**

**Authorize the Administration to Apply for  
Act 1 Exceptions**

**Administration Continues Work to Reduce  
the Deficit of \$16,916,392**

32



# Timeline for Spring

WORKSHOPS	DATES
<b>PRELIMINARY BUDGET ADOPTION</b>	<b>February 10, 2014</b> (Special Meeting)
Governor's Budget	On or about Feb. 4, 2014
Budget Workshop	March 19, 2014
Budget Workshop	April 24, 2014
<b>Tentative Final Budget Adoption</b>	<b>May 12, 2014</b> (Special Meeting)
<b>FINAL BUDGET ADOPTION</b>	<b>June 16, 2014</b> (Special Meeting)

33