



**Wednesday, March 30, 2016
Budget Workshop**

Education Center, Edgeboro Room, 6:00 p.m.

1. Courtesy of the Floor (30 minutes allowed)

1.01 Public Comment

2. Presentation of Budget Information

2.01 2016-2017 Budget Presentation

3. Board of School Directors Discussion

3.01 Board Comment

4. Courtesy of the Floor

4.01 Public Comment

Bethlehem Area School District

*2016-17 General Fund
Budget Workshop*

March 30, 2016



**COMMON THEMES THROUGHOUT
THIS BUDGET PROCESS**

Controlled Growth of Local Expenditures

Lack of Adequate State Funding

Charter School Funding Reform

PSERS Reform

PlanCon Reform

2016-17 BUDGET GOALS

Roadmap 3.0 to Educational Excellence



March 30, 2016

3

2016-17 BUDGET GOALS

.... The Beginning

	<u>January 2016</u> <u>Preliminary Budget</u>	<u>Increase</u>
PSERS	\$30,455,014	\$5,355,806
Charter Schools	\$25,993,801	\$5,134,050
Everything Else	\$209,778,744	\$4,751,470
Initial Deficit		\$15,241,326

March 30, 2016

4

Ongoing Investments in Preliminary Budget for 2016-2017

- **Nitschmann MS Project**
- **Project Lead the Way**
- **Equity in Education**
- **Literacy Program**
- **MS Math & Science**
- **Technology Upgrades**
- **Online & Hybrid Learning**
- **Afterschool Programs**
- **Summer Programs**
- **Coding**
- **Makerspaces**
- **Digital Portfolios**
- **Facility Improvements**
- **Professional Development**

March 30, 2016

5

Ongoing Investments Remaining in March for 2016-2017

Nitschmann MS Project
Project Lead the Way
Reading by Grade 3
MS Math & Science
Online & Hybrid Learning
Professional Development (Reduced)
Equity In Education (Reduced)

March 30, 2016

6

MOVED TO SHELF SINCE JANUARY

Afterschool Programs
Coding/Computer Science
Makerspaces
Digital Portfolios
Facilities Improvements
Expanded Technology Improvements

March 30, 2016

7

CHANGES SINCE JANUARY 2016

BAVTS, NCC, IU20	\$ (96,532)
Transportation	\$ (95,831)
RE Tax	\$ (582,382)
Resource Officers	\$ (135,600)
Retirees	\$ (946,554)
Retiree Benefits	\$ 165,294
Natural Gas	\$ (100,000)
Construction Projects	\$ (425,000)
Fund Balance for Cameras, Truck	\$ (200,000)
Prof Extra Duty	\$ (472,760)
Prof Dev, Consulting, Instr Pgms	\$ (452,675)
Technology Upgrades	\$ (215,483)
Misc Revenue	\$ (5,050)
Total Net Reductions to Date	<u>\$ (3,562,573)</u>

March 30, 2016

8

2016-17 BUDGET EXPENDITURE SUMMARY

	<u>Jan 2016</u>	<u>March 2016</u>	<u>% of Total Budget</u>	<u>Change from 15-16 Budget</u>
<u>Expenditures:</u>				
<i>Instruction</i>	\$123,511,890	\$122,128,000	46%	\$6,994,909
<i>Support Services</i>	\$57,606,335	\$56,360,600	21%	\$2,215,893
<i>**Non-Instr Svcs</i>	\$2,419,161	\$2,419,161	1%	(\$137,997)
<i>**Debt Svc/Transfers</i>	\$26,241,358	\$26,241,358	10%	(\$832,030)
BASD	\$209,778,744	\$207,149,119	79%	\$8,240,775
PSERS	\$30,455,014	\$30,062,422	11%	\$4,963,214
CHARTER SCHOOLS	\$25,993,801	\$25,993,801	10%	\$5,134,050
Total Expenditures	\$266,227,559	\$263,205,342	100%	\$18,338,039

March 30, 2016

9

2016-17 BUDGET EXPENDITURE SUMMARY

	<u>Jan 2016</u>	<u>March 2016</u>	<u>Reduction Since Jan</u>	<u>Change</u>
<u>Expenditures:</u>				
<i>Instruction</i>	\$123,511,890	\$122,128,000	(\$1,383,890)	-1.20%
<i>Support Services</i>	\$57,606,335	\$56,360,600	(\$1,245,735)	-2.30%
<i>**Non-Instr Svcs</i>	\$2,419,161	\$2,419,161	\$0	0.00%
<i>**Debt Svc/Transfers</i>	\$26,241,358	\$26,241,358	\$0	0.00%
BASD	\$209,778,744	\$207,149,119	(\$2,629,625)	-1.32%
PSERS	\$30,455,014	\$30,062,422	(\$392,592)	-1.56%
CHARTER SCHOOLS	\$25,993,801	\$25,993,801	\$0	0.00%
Total Expenditures	\$266,227,559	\$263,205,342	(\$3,022,217)	-1.23%

March 30, 2016

10

STATE FUNDING IMPACT

			<u>Est. Incr.</u>
2014-15 Basic Ed. Funding (BEF) Actual	\$ 27,927,942		
2015-16 Basic Ed. Funding (BEF) Budget	\$ 29,764,852	\$ 1,836,910	
2016-17 Basic Ed. Funding (BEF) Budget **	\$ 30,630,883	\$ 866,031	
**Alloc if SB1073 Budget Passed at \$350M			<u>\$ 2,702,941</u>
Total estimated increase in funding over two years using SB1073 as a proxy for no state budget information since 2014-15 actual			
2015-16 Proposals: SB1073 \$350M	\$ 2,702,941		
HB1460 \$100M	\$ 878,287		
HB1801 \$150M	??????	Veto Fiscal Code	HB 1327

March 30, 2016

11

STATE FUNDING IMPACT

PlanCon: Impact of Borrowing Proposal Stalemate

	<u>Budget</u>	<u>Estimate</u>
2015-16 Budget	\$ 1,847,430	TBD or
2016-17 Budget	\$ 1,596,600	\$0

March 30, 2016

12

2016-17 BUDGET GOALS

	<u>Jan 2016</u>	<u>March 2016</u>	<u>Net Change</u>
Revenue	\$250,986,233	\$251,526,589	\$540,356
Expenditure	\$266,227,559	\$263,205,342	(\$3,022,217)
Balance	<u>(\$15,241,326)</u>	<u>(\$11,678,753)</u>	<u>(\$3,562,573)</u>

Act 1 plus Est Exceptions	\$7,077,500	\$7,077,500
---------------------------	-------------	-------------

Excess Over Act 1 plus Est Exceptions	(\$8,163,826)	(\$4,601,253)
--	---------------	---------------

March 30, 2016

13

2016-17 BUDGET COST DRIVERS

(March 30, 2016)

	<u>Jan 2016</u>	<u>March 2016</u>
•PSERS	\$ 5,355,806	\$ 4,963,214
•Charter Schools	\$ 5,134,050	\$ 5,134,050
•Salaries	\$ 4,879,744	\$ 3,537,985
•Healthcare	\$ 1,608,023	\$ 1,738,625
•Student Tuition	\$ 790,347	\$ 695,566
•General Operations	\$ (2,526,644)	\$ (4,390,687)
•Net Deficit Remaining	<u>\$ 15,241,326</u>	<u>\$ 11,678,753</u>

March 30, 2016

14

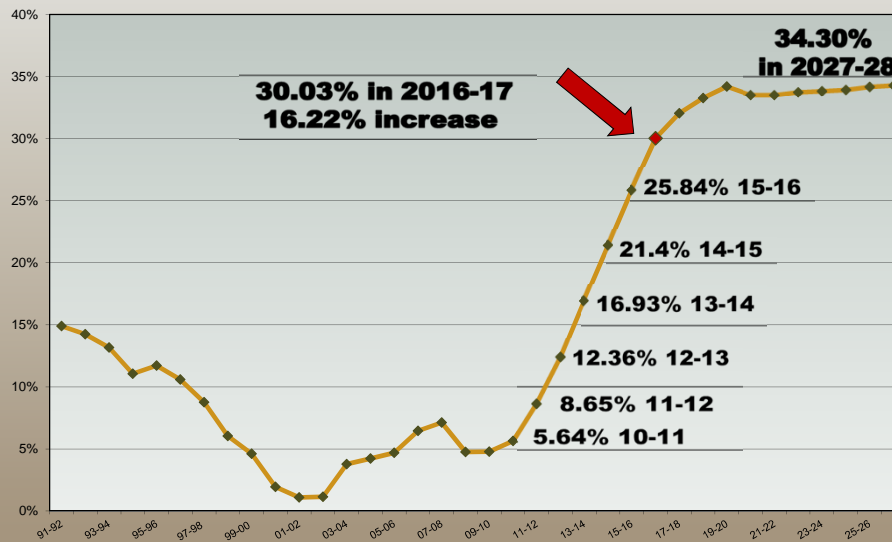
2016-17 PRELIMINARY BUDGET REPORT

Preliminary Budget	\$ 263,205,342	
Less: Salary & Benefits	\$(168,551,479)	64%
Charter Schools	\$ (25,993,801)	10%
Costs Remaining for Further Deficit Reduction	\$ 68,660,062	
Less: Debt Service	\$ (23,241,358)	9%
NCC, BAVTS	\$ (9,694,103)	4%
IU Special & Alt Education	\$ (9,414,546)	3%
Electricity, Nat'l Gas, Water, Sewer	\$ (3,192,250)	1%
Balance For Further Reductions	\$ 23,117,805	8.8%

March 30, 2016

15

PSERS FUNDING RATE



March 30, 2016

16

COST OF SCHOOL CHOICE

<u>Expenditures:</u>		
BASD	\$207,149,119	
PSERS	\$30,062,422	13,545
Total BASD Programs	\$237,211,541	students
Total Revenue before any tax increase	\$251,526,589	
Excess Revenue over BASD Cost	\$14,315,048	
CHARTER SCHOOLS	(\$25,993,801)	2,068
Deficit Due to Charter School Tuition	(\$11,678,753)	students

March 30, 2016

17

COST OF SCHOOL CHOICE

Charter School Tuition	\$ 25,993,801	9.9 % of budget
2,068 Students at 25 per class	\$ 6,970,000	Includes wages & materials for 82 staff
Savings of students returning to BASD	\$ (19,023,801)	4.94 mills or 12.9% additional taxes for "free" charter schools

* May not require all staff suggested due to some students being absorbed within current staffing.

** Does not consider Transportation savings

March 30, 2016

18

COST OF SCHOOL CHOICE

School	14-15 Actual	13-14 ADM	14-15 ADM	15-16 Enrollment	Annual Change
Lehigh Valley Academy	\$ 10,382,119.88	843	960	976	16
Lehigh Valley Dual Lang CS	\$ 1,594,649.66	149	143	170	27
LV Charter HS for Performing Arts	\$ 877,333.00	95	78	79	1
Lincoln Leadership Academy	\$ 1,423,348.80	93	132	167	35
Executive Education Academy CS	\$ 2,473.17	-	-	112	112
Commonwealth Connections Acad	\$ 616,111.38	60	52	71	19
PA Cyber Charter School	\$ 723,167.46	73	62	70	8
Arts Academy Charter School	\$ 695,522.69	62	60	62	2
Agora Cyber Charter School	\$ 827,676.32	91	77	52	(25)
Arts Academy Elementary CS	\$ -	-	-	24	24
Medical Academy Charter School	\$ 228,398.43	21	18	21	3
Seven Generations Charter Schl	\$ 177,632.00	15	16	17	1
PA Virtual Charter School	\$ 223,212.95	21	19	17	(2)
Achievement House CS	\$ 301,439.21	25	23	15	(8)
Circle of Seasons Charter School	\$ 109,021.55	5	11	13	2
21st Century Cyber CS	\$ 75,953.46	8	7	6	(1)
PA Leadership Charter School	\$ 115,031.62	11	12	4	(8)
SusQ-Cyber Charter School	\$ -	-	-	2	2
PA Distance Learning CS	\$ 19,785.38	2	2	2	-
Central PA Digital Learning Foundatio	\$ 19,785.28	-	2	-	(2)
Commonwealth of PA	\$ -	-	-	-	-
Dr. Robt Ketterer CS Inc	\$ -	-	-	-	-
STREAM Academy Reg Cyber Ch Schl	\$ -	-	-	-	-
Vitalistic Therapeutic CS	\$ -	-	-	-	-
VLN Partners LLP	\$ -	-	-	-	-
Grand Total	\$ 18,412,662.24	1,573	1,674	1,880	206

MARCH 30, 2016

19

ACT 1 INDEX – ESTIMATED EXCEPTIONS

Allowable Index 2016-2017 2.9% \$ 4,379,180

Preliminary Exceptions:

School Construction - Debt	\$	-
Special Education		1,249,382
Retirement Contributions		1,448,938
		2,698,320

Total Est Increase Under Act 1 Provisions \$ 7,077,500

March 30, 2016

20

PENDING ITEMS FOR CONSIDERATION

- **Monitor Tax Assessments**
- **Monitor Reverse Appeals**
- **Additional Retirements**
- **Collective Bargaining Agreements**
- **Reduce Federal Programs to Grant Allocation**
- **Fund Balance**
- **Staffing Reductions/Higher Class Sizes**

March 30, 2016

21

PENDING ITEMS FOR CONSIDERATION

- **Staffing Reductions/Higher Class Sizes**
 - Reduce Amount of Co-Teaching
 - Reduce Student Elective Courses
 - Reduce Guidance Counselors
 - Reduce Technology Integration Specialists
 - Reduce Reading Specialists
 - Reduce Coaches/Activity Advisors
 - Reduce Administration
 - Reduce Support Staff

March 30, 2016

22

PENDING ITEMS FOR CONSIDERATION

➤ Staffing Reductions/Higher Class Sizes

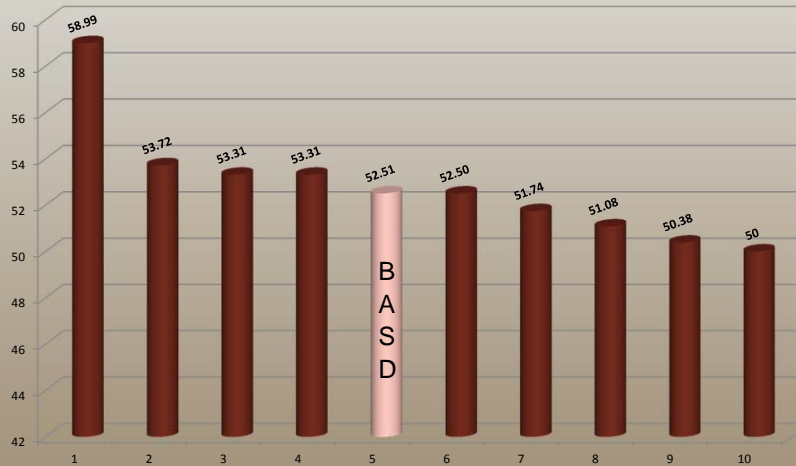
Current BASD Class Size Guidelines

Kdg – Grade 3	23 students/class
Grade 4-5	26 students/class
Grade 6-12	28 students/class

March 30, 2016

23

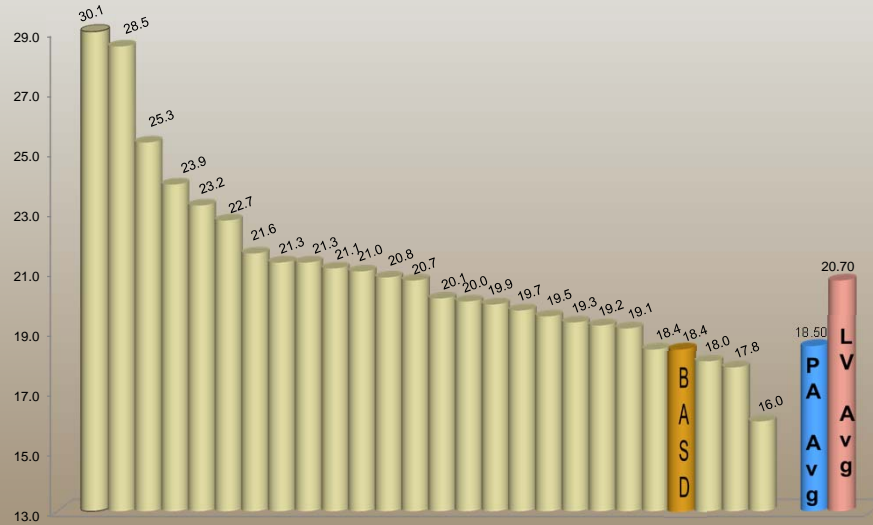
2015-16 MILLAGE RATES NORTHAMPTON COUNTY



March 30, 2016

24

LEHIGH VALLEY EQUALIZED MILLAGE RATES



March 30, 2016

25

2016-17 BUDGET GOALS

	<u>Jan 2016</u>	<u>March 2016</u>	<u>Net Change</u>
Revenue	\$250,986,233	\$251,526,589	\$540,356
Expenditure	\$266,227,559	\$263,205,342	(\$3,022,217)
Balance	(\$15,241,326)	(\$11,678,753)	(\$3,562,573)

Act 1 plus Est Exceptions	\$7,077,500	\$7,077,500
---------------------------	-------------	-------------

Excess Over Act 1 plus Est Exceptions	(\$8,163,826)	(\$4,601,253)
---------------------------------------	---------------	---------------

March 30, 2016

26

DISCUSS KEY QUESTIONS

- Tolerance for Cuts to BASD Programs
- Tolerance for Tax Increase Index + Exceptions
- Use of Fund Balance
- Risk Tolerance for Additional State Revenue

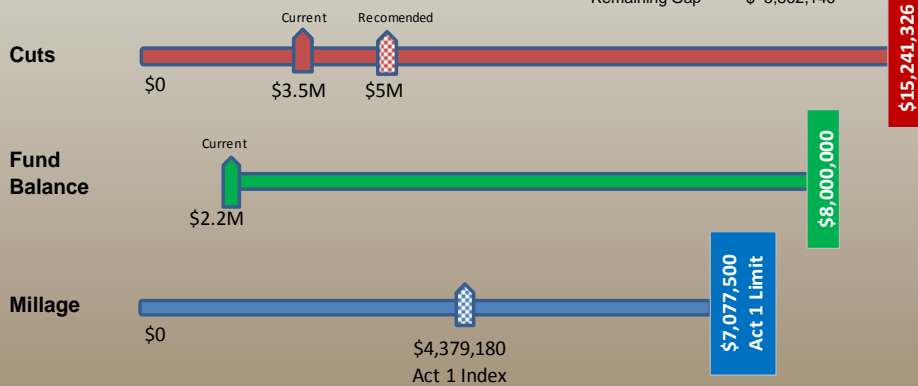
March 30, 2016

27

BUDGET BALANCING OPTIONS

Target to be Funded \$ 15,241,326

January Gap	\$ 15,241,326
Reductions	(5,000,000)
Act 1 Index	(4,379,180)
Remaining Gap	\$ 5,862,146



March 30, 2016

28

RECOMMENDED NEXT STEPS...

Administration Continues Budget
and Program Refinement
to Reach Targeted Tentative Budget
for April 25, 2016 Workshop

March 30, 2016

29

TIMELINE FOR SPRING

<u>WORKSHOPS</u>	<u>DATES</u>
Budget Workshop	April 25, 2016
Tentative Final Budget Adoption	May 9, 2016 (Special Meeting)
Final Budget Adoption	June 13, 2016 (Special Meeting)

March 30, 2016

30