



**Monday, April 25, 2016  
Budget Workshop**

**Auditorium, East Hills Middle School, 6:00 p.m.**

**1. Courtesy of the Floor (30 minutes allowed)**

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1.01 Public Comment

**2. Presentation of Budget Information**

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2.01 2016-2017 Budget Presentation

**3. Board of School Directors Discussion**

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3.01 Board Comment

**4. Courtesy of the Floor**

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4.01 Public Comment

**5. Adjournment**

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5.01 Motion to Adjourn

***Bethlehem Area School District***

***2016-17 General Fund  
Budget Workshop***

***April 25, 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



April 25, 2016

3

# 2016-17 BUDGET GOALS

## .... The Beginning

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

April 25, 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

April 25, 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)**

April 25, 2016

6

## MOVED TO SHELF SINCE JANUARY

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

April 25, 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)
<b>Total Net Reductions to Date</b>		<b><u>\$ (3,562,573)</u></b>

April 25, 2016

8

## CHANGES SINCE MARCH 2016

IU Transportation	\$ 172,000
Transportation Subsidy	\$ (10,000)
School Buses	\$ (300,000)
Retirees	\$ (268,335)
Retiree Benefits	\$ 97,952
Staffing Changes/LOA	\$ (143,401)
Prof Dev, Extra Duty	\$ (160,407)
Tax Commissions	\$ (25,000)
Staff Computer Replacements	\$ (30,000)
Tuition Payments	\$ (210,000)
Building & Program Budgets	\$ (617,831)
RE Tax	\$ (253,449)
Local Revenue	\$ (441,000)
ACCESS Reimbursements	\$ (250,000)
Special Ed Subsidy	\$ (394,706)
Fund Balance	\$ (2,714,353)
<b>Total Net Reductions to Date</b>	<b>\$ (5,548,530)</b>

April 25, 2016

9

## TOTAL REDUCTIONS TO DATE

<b>Preliminary Deficit</b>	<b>\$15,241,326</b>
<b>Deficit Reductions March</b>	<b>\$ (3,562,573)</b>
<b>Deficit Reductions April</b>	<b>\$ (5,548,530)</b>
<b>Total Reductions to Date</b>	<b>\$ (9,111,103)</b>

April 25, 2016

10

## 2016-17 BUDGET EXPENDITURE SUMMARY

	<u>Jan 2016</u>	<u>March 2016</u>	<u>April 2016</u>	<u>% of Total Budget</u>	<u>Change from 15-16 Budget</u>
<b><u>Expenditures:</u></b>					
<i>Instruction</i>	\$123,511,890	\$122,128,000	\$121,386,236	46%	\$6,253,145
<i>Support Services</i>	\$57,606,335	\$56,360,600	\$56,041,507	21%	\$1,896,800
<i>**Non-Instr Svcs</i>	\$2,419,161	\$2,419,161	\$2,344,393	1%	(\$212,765)
<i>**Debt Svc/Transfers</i>	\$26,241,358	\$26,241,358	\$25,941,358	10%	(\$1,132,030)
<i>BASD</i>	\$209,778,744	\$207,149,119	\$205,713,494	79%	\$6,805,150
<i>PSERS</i>	\$30,455,014	\$30,062,422	\$29,926,862	11%	\$4,963,214
<i>CHARTER SCHOOLS</i>	\$25,993,801	\$25,993,801	\$25,993,801	10%	\$5,134,050
<b>Total Expenditures</b>	\$266,227,559	\$263,205,342	\$261,634,157	100%	\$16,766,854

April 25, 2016

11

## 2016-17 BUDGET EXPENDITURE SUMMARY

	<u>Jan 2016</u>	<u>March 2016</u>	<u>April 2016</u>	<u>Reduction Since Jan</u>	<u>Change</u>
<b><u>Expenditures:</u></b>					
<i>Instruction</i>	\$123,511,890	\$122,128,000	\$121,386,236	(\$2,125,654)	-1.72%
<i>Support Services</i>	\$57,606,335	\$56,360,600	\$56,041,507	(\$1,564,828)	-2.72%
<i>**Non-Instr Svcs</i>	\$2,419,161	\$2,419,161	\$2,344,393	(\$74,768)	-3.09%
<i>**Debt Svc/Transfers</i>	\$26,241,358	\$26,241,358	\$25,941,358	(\$300,000)	-1.14%
<i>BASD</i>	\$209,778,744	\$207,149,119	\$205,713,494	(\$4,065,250)	-1.94%
<i>PSERS</i>	\$30,455,014	\$30,062,422	\$29,926,862	(\$528,152)	-1.73%
<i>CHARTER SCHOOLS</i>	\$25,993,801	\$25,993,801	\$25,993,801	\$0	0.00%
<b>Total Expenditures</b>	\$266,227,559	\$263,205,342	\$261,634,157	(\$4,593,402)	-1.73%

April 25, 2016

12

# STATE FUNDING IMPACT

	<u>2015-16 BASD Budget</u>	<u>2015-16 Gov</u>		<u>2015-16 SB910 BEFC</u>	
		<u>Formula</u>	<u>Gov Incr</u>	<u>Formula</u>	<u>SB910 Incr</u>
<b>BEF</b>	\$ 29,764,852	\$29,317,832	\$ (447,020)	\$29,198,892	\$(565,960)
<b>RTL</b>	\$ 1,449,034	\$ 2,039,553	\$ 590,519	\$ 1,797,733	\$ 348,699
	\$ 31,213,886	\$31,357,385	\$ 143,499	\$30,996,625	\$(217,261)
<b>SEF</b>	\$ 6,584,843	\$6,969,426	\$ 384,583	\$6,969,426	\$384,583
<b>PlanCon</b>	\$ 1,847,430				

\* RTL subject to change in SB910 allocation. TBD Overpayments may be deducted from balance of BEF

April 25, 2016

13

# STATE FUNDING IMPACT

	<u>2016-17 BASD Budget</u>	<u>2016-17 Gov \$200M (BEFC Formula)</u>	<u>Potential Addtl Revenue</u>
<b>RTL</b>	\$ 2,089,553	\$ -	
	\$ 32,720,436	\$ 33,051,806	\$ 331,370
<b>SEF</b>	\$ 6,959,302	\$ 7,354,008	\$ 394,706
<b>PlanCon</b>	\$ 1,596,600		

\* Included as Additional 16-17 Subsidy

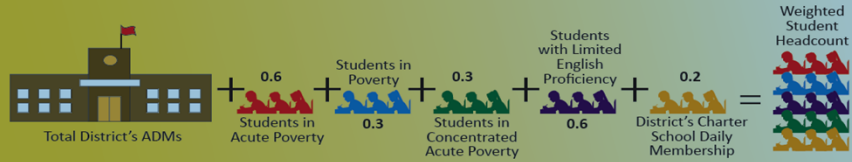
April 25, 2016

14

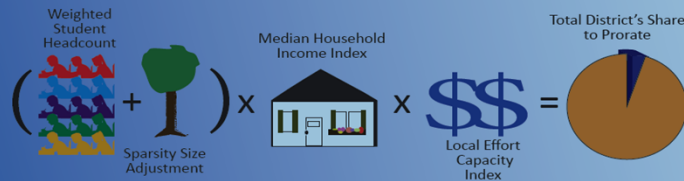


# BEF FUNDING FORMULA

## STEP 1: Weighted Student Count



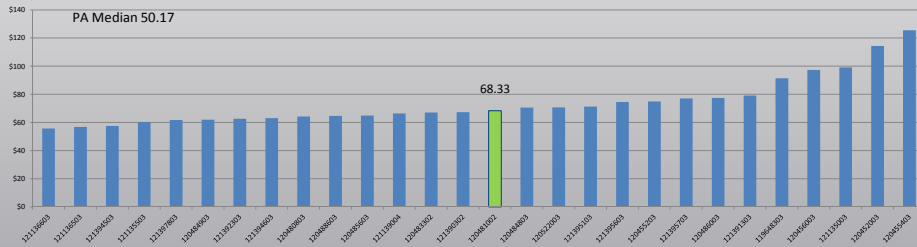
## STEP 2: District Adjustments



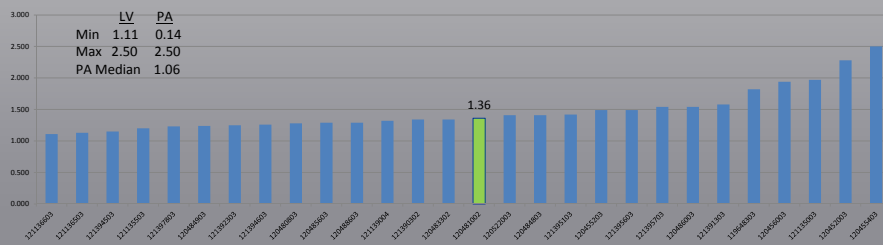
Funding is distributed based on a school district's proportionate share of available dollars.

# BEFC FUNDING FORMULA

LV Local Effort per Household



Local Effort Factor

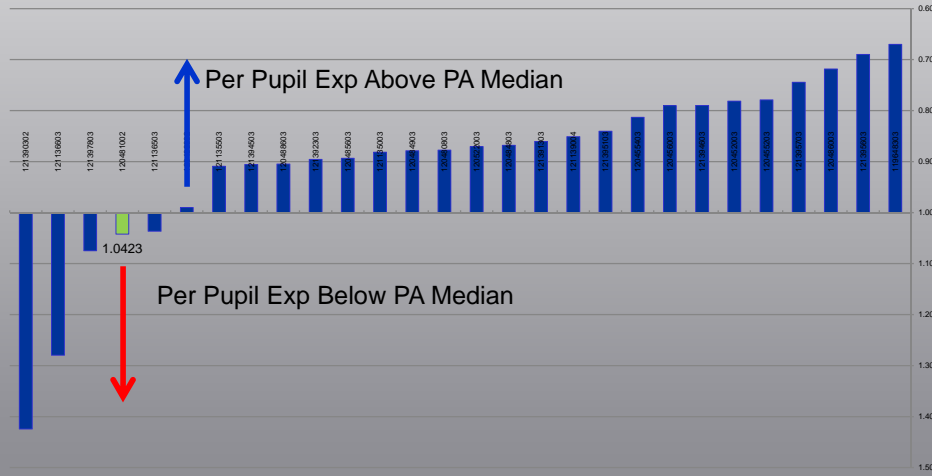


April 25, 2016

16

# BEFC FUNDING FORMULA

**Excess Spending Factor**  
2014-15 Exp per adj ADM



April 25, 2016

17

# CHANGES SINCE MARCH 2016

	<u>Jan 2016</u>	<u>March 2016</u>	<u>April 2016</u>	<u>Net Change</u>
Revenue	\$250,986,233	\$251,526,589	\$255,503,934	\$4,517,701
Expenditure	\$266,227,559	\$263,205,342	\$261,634,157	(\$4,593,402)
Balance	(\$15,241,326)	(\$11,678,753)	(\$6,130,223)	(\$9,111,103)

Act 1 plus Est Exceptions	\$7,077,500	\$7,077,500	\$7,077,500
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Excess Over Act 1 plus Est Exceptions	(\$8,163,826)	(\$4,601,253)	\$947,277
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April 25, 2016

18

## 2016-17 BUDGET COST DRIVERS

(April 25, 2016)

	Jan 2016	March 2016	April 2016
•PSERS	\$ 5,355,806	\$ 4,963,214	\$ 4,827,654
•Charter Schools	\$ 5,134,050	\$ 5,134,050	\$ 5,134,050
•Salaries	\$ 4,879,744	\$ 3,537,985	\$ 3,069,078
•Healthcare	\$ 1,608,023	\$ 1,738,625	\$ 1,818,211
•Student Tuition	\$ 790,347	\$ 695,566	\$ 675,566
•General Operations	\$ (2,526,644)	\$ (4,390,687)	\$ (9,394,336)
•Net Deficit Remaining	\$ 15,241,326	\$ 11,678,753	\$ 6,130,223

April 25, 2016

19

## 2016-17 PRELIMINARY BUDGET REPORT

<b>Preliminary Budget</b>	<b>\$ 263,205,342</b>	
Less: Salary & Benefits	\$(168,029,136)	64%
Charter Schools	\$ (25,993,801)	10%
<b>Costs Remaining for Further Deficit Reduction</b>	<b>\$ 69,182,405</b>	
Less: Debt Service	\$ (22,941,358)	9%
NCC, BAVTS	\$ (9,694,103)	4%
IU Special & Alt Education	\$ (10,763,972)	4%
Electricity, Nat'l Gas, Water, Sewer	\$ (3,167,250)	1%
<b>Balance For Further Reductions</b>	<b>\$ 22,615,722</b>	<b>8.6%</b>

April 25, 2016

20

## ACT 1 INDEX – ESTIMATED EXCEPTIONS

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

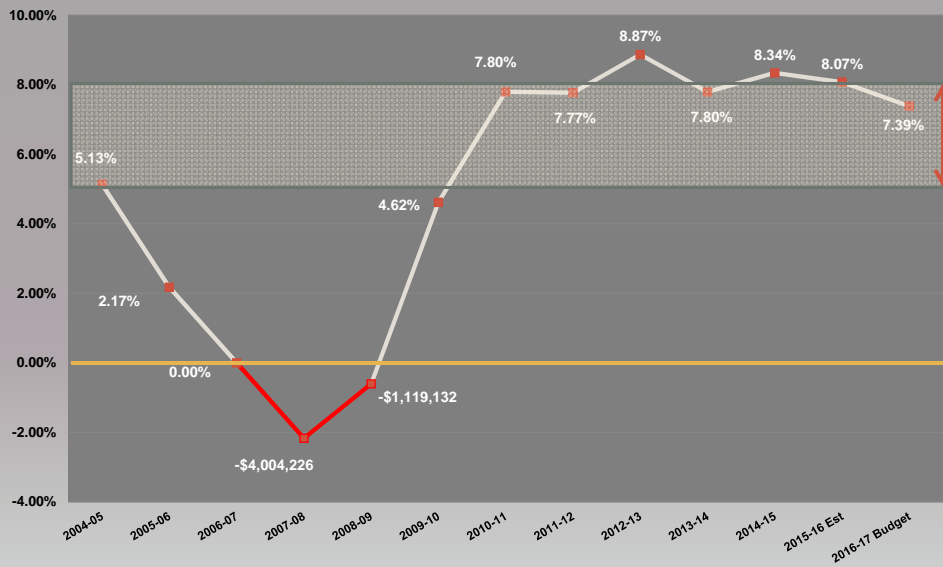
### Preliminary Exceptions:

<b>School Construction - Debt</b>	\$	-
<b>Special Education</b>		1,249,382
<b>Retirement Contributions</b>		1,448,938
		2,698,320
<b>Total Est Increase Under Act 1 Provisions</b>	<b>\$</b>	<b>7,077,500</b>

April 25, 2016

21

## FUND BALANCE REVIEW



April 25, 2016

22

## OPTIONS FOR BUDGET BALANCING

<b>Preliminary Deficit</b>	<b>\$15,241,326</b>
<b>Deficit Reductions to Date</b>	<b>\$ (6,196,750)</b>
<b><i>Fund Balance</i></b>	<b>\$ (2,914,353)</b>
<b>3.9% Tax Increase</b>	<b>\$ (6,130,223)</b>
<b>Remaining Deficit</b>	<b>\$ -0-</b>

April 25, 2016

23

## 2016-17 PROPOSED IMPACT ON MEDIAN HOMESTEAD TAX BILL

<b>District Average Tax Increase</b>	<b>3.9%</b>	
	<b>Northampton</b>	<b>Lehigh</b>
2015 Median Homestead Assessment	\$ 60,200	\$ 138,900
2015-16 Millage	52.51	16.23
Tax Bill	\$ 3,161.10	\$ 2,254.35
2016-17 Proposed Millage	54.42	17.16
Tax Bill with Proposed Millage	\$ 3,276.08	\$ 2,383.52
<b>Yearly Increase in Average Bill</b>	<b>\$ 114.98</b>	<b>\$ 129.18</b>
<b>2015 Homestead Rebate</b>	<b>\$ 184.36</b>	<b>\$ 184.36</b>
Monthly Increase in Average Bill	\$ 9.58	\$ 10.76
Weekly Increase in Average Bill	\$ 2.21	\$ 2.48
Daily Increase in Average Bill	\$ 0.32	\$ 0.35

April 25, 2016

24

## 2016-17 BUDGET SUMMARY

	2014-15 <u>Actual</u>	2015-16 <u>Budget</u>	2016-17 Budget <u>April 2016</u>	Dollar <u>Change</u>	Percentage <u>Change</u>
<b><u>Revenues:</u></b>					
Local	\$166,726,431	\$172,502,823	\$175,603,184	\$3,100,361	1.80%
State	\$59,485,263	\$64,755,388	\$69,489,048	\$4,733,660	7.31%
Federal	\$5,266,016	\$5,221,742	\$5,472,349	\$250,607	4.80%
Other	\$373,176	\$2,387,350	\$4,939,353	\$2,552,003	106.90%
<b>Total Revenue</b>	<b>\$231,850,886</b>	<b>\$244,867,303</b>	<b>\$255,503,934</b>	<b>\$10,636,631</b>	<b>4.34%</b>
<b><u>Expenditures:</u></b>					
Instruction	\$111,031,870	\$115,133,091	\$121,386,236	\$6,253,145	5.43%
Support Services	\$51,596,743	\$54,144,707	\$56,041,507	\$1,896,800	3.50%
Non-Instr Svcs	\$2,385,588	\$2,557,158	\$2,344,393	(\$212,765)	-8.32%
Debt Svc/Transfers	\$25,406,242	\$27,073,388	\$25,941,358	(\$1,132,030)	-4.18%
<b>BASD</b>	<b>\$190,420,442</b>	<b>\$198,908,344</b>	<b>\$205,713,494</b>	<b>\$6,805,150</b>	<b>3.42%</b>
<b>PSERS</b>	<b>\$19,825,892</b>	<b>\$25,099,208</b>	<b>\$29,926,862</b>	<b>\$4,827,654</b>	<b>19.23%</b>
<b>CHARTER SCHOOLS</b>	<b>\$18,434,454</b>	<b>\$20,859,751</b>	<b>\$25,993,801</b>	<b>\$5,134,050</b>	<b>24.61%</b>
<b>Total Expenditures</b>	<b>\$228,680,788</b>	<b>\$244,867,303</b>	<b>\$261,634,157</b>	<b>\$16,766,854</b>	<b>6.85%</b>

April 25, 2016

25

## HISTORICAL BUDGET INCREASES

	2014-15 <u>Budget</u>	2014-15 <u>% Change</u>	2015-16 <u>Budget</u>	2015-16 <u>% Change</u>	2016-17 Budget <u>April 2016</u>	2016-17 <u>% Change</u>
<b><u>Expenditures:</u></b>						
<b>BASD</b>	<b>\$195,617,892</b>	<b>0.25%</b>	<b>\$198,908,344</b>	<b>1.69%</b>	<b>\$205,713,494</b>	<b>3.42%</b>
<b>PSERS</b>	<b>\$20,546,435</b>	<b>25.97%</b>	<b>\$25,099,208</b>	<b>22.09%</b>	<b>\$29,926,862</b>	<b>19.23%</b>
<b>CHARTER SCHOOLS</b>	<b>\$20,350,846</b>	<b>47.21%</b>	<b>\$20,859,751</b>	<b>2.50%</b>	<b>\$25,993,801</b>	<b>24.61%</b>
<b>Total Expenditures</b>	<b>\$236,515,173</b>	<b>4.99%</b>	<b>\$244,867,303</b>	<b>3.53%</b>	<b>\$261,634,157</b>	<b>6.85%</b>

The Average Annual Increase in BASD Controlled Expenses is 1.72% per year

April 25, 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

April 25, 2016

27

## TIMELINE FOR SPRING

### WORKSHOPS

### DATES

Proposed Final Budget Adoption	May 9, 2016 (Special Meeting)
<b>Final Budget Adoption</b>	<b>June 13, 2016</b> (Special Meeting)

April 25, 2016

28