

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



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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

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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

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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)

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MOVED TO SHELF SINCE JANUARY

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

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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>

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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)
Total Net Reductions to Date	\$ (5,548,530)

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TOTAL REDUCTIONS TO DATE

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

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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>
<u>Expenditures:</u>					
<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
Total Expenditures	\$266,227,559	\$263,205,342	\$261,634,157	100%	\$16,766,854

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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>
<u>Expenditures:</u>					
<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%
Total Expenditures	\$266,227,559	\$263,205,342	\$261,634,157	(\$4,593,402)	-1.73%

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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>
BEF	\$ 29,764,852	\$29,317,832	\$ (447,020)	\$29,198,892	\$(565,960)
RTL	\$ 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)
SEF	\$ 6,584,843	\$6,969,426	\$ 384,583	\$6,969,426	\$384,583
PlanCon	\$ 1,847,430				

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

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STATE FUNDING IMPACT

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

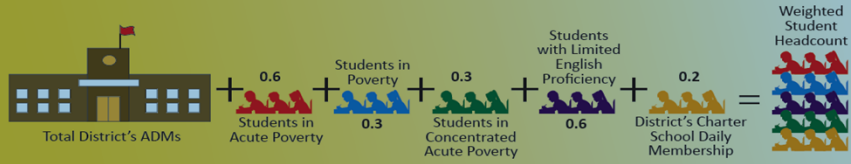
* Included as Additional 16-17 Subsidy

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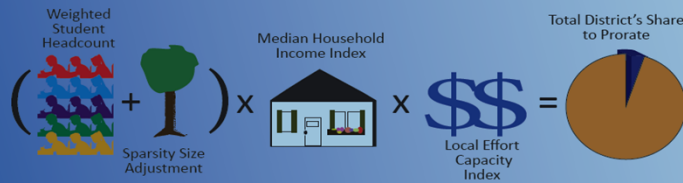
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BEF FUNDING FORMULA

STEP 1: Weighted Student Count



STEP 2: District Adjustments

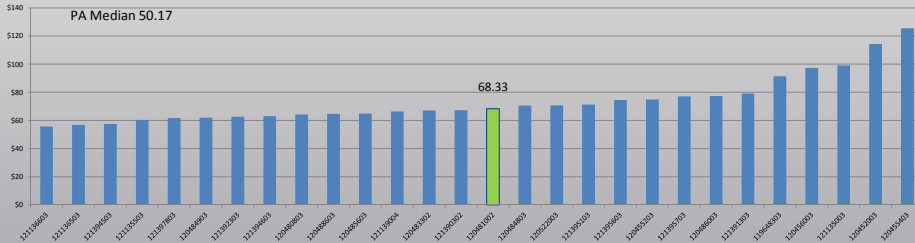


Funding is distributed based on a school district's proportionate share of available dollars.

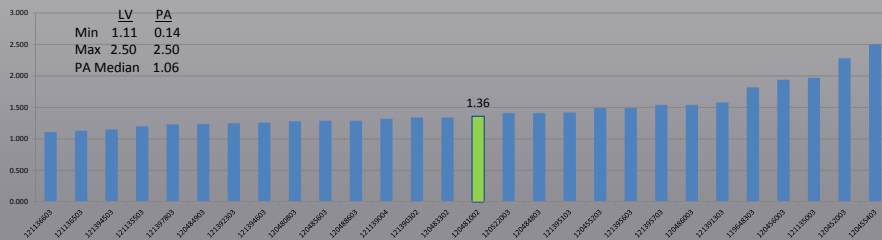


BEFC FUNDING FORMULA

LV Local Effort per Household



Local Effort Factor

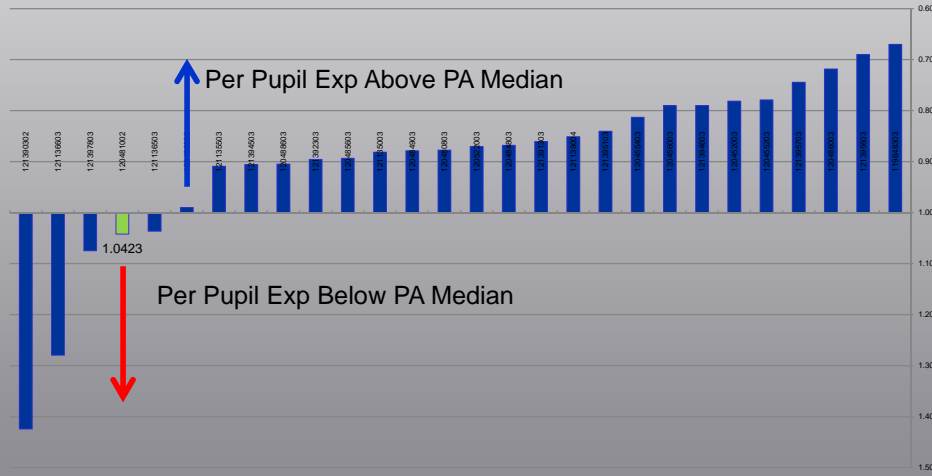


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BEFC FUNDING FORMULA

Excess Spending Factor
2014-15 Exp per adj ADM



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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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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

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2016-17 PRELIMINARY BUDGET REPORT

Preliminary Budget	\$ 261,634,157	
Less: Salary & Benefits	\$(168,029,136)	64%
Charter Schools	\$ (25,993,801)	10%
Costs Remaining for Further Deficit Reduction	\$ 67,611,220	
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%
Balance For Further Reductions	\$ 21,044,537	8.0%

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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

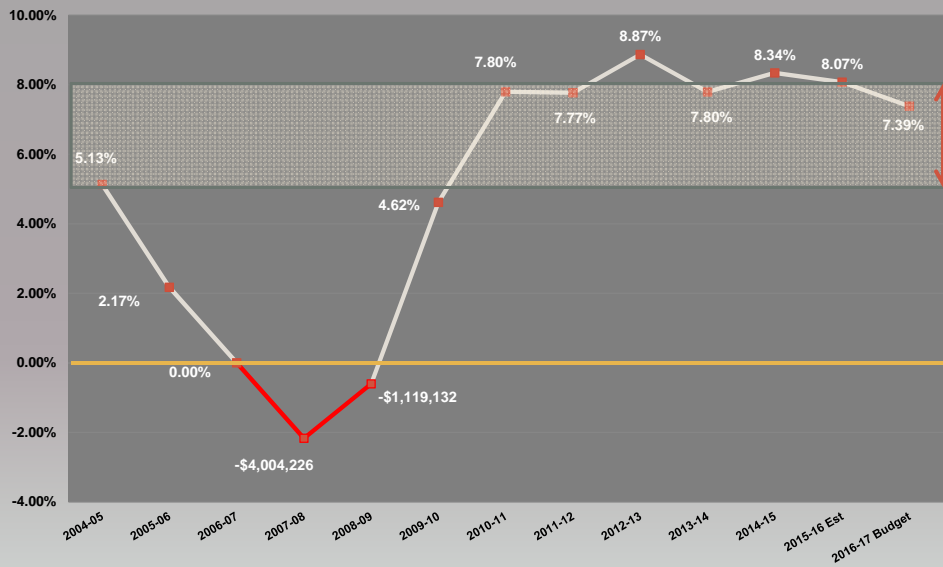
2,698,320

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

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FUND BALANCE REVIEW



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OPTIONS FOR BUDGET BALANCING

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

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2016-17 PROPOSED IMPACT ON MEDIAN HOMESTEAD TAX BILL

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

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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>
<u>Revenues:</u>					
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%
Total Revenue	\$231,850,886	\$244,867,303	\$255,503,934	\$10,636,631	4.34%
<u>Expenditures:</u>					
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%
BASD	\$190,420,442	\$198,908,344	\$205,713,494	\$6,805,150	3.42%
PSERS	\$19,825,892	\$25,099,208	\$29,926,862	\$4,827,654	19.23%
CHARTER SCHOOLS	\$18,434,454	\$20,859,751	\$25,993,801	\$5,134,050	24.61%
Total Expenditures	\$228,680,788	\$244,867,303	\$261,634,157	\$16,766,854	6.85%

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

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

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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

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TIMELINE FOR SPRING

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

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