

Bethlehem Area School District

*2017-18 General Fund
Budget Workshop*

March 29, 2017



COMMON THREADS THROUGHOUT THIS BUDGET PROCESS

- **Maintaining BASD Assets**
- **Controlled Growth of Local Expenditures**
- **Inadequate State Funding**
- **Charter School Funding Reform**
- **PSERS Reform**

2017-18 BUDGET GOALS

Roadmap 4.0 to Educational Excellence



2017-18 BUDGET GOALS

	<u>January 2017</u>	<u>March 2017</u>	<u>Net Change</u>
Revenue	\$262,791,195	\$266,720,435	\$3,929,240
PSERS	\$33,737,206	\$33,398,346	(\$338,860)
Charter Schools	\$26,697,857	\$26,697,857	\$0
Everything Else	\$214,919,833	\$213,204,920	(\$1,714,913)
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Deficit	(\$12,563,701)	(\$6,580,688)	(\$5,983,013)

Ongoing Prioritized Educational Investments Remaining in March for 2017-2018

Reading By Grade 3 (RBG3)

Math Curriculum Revision – Algebra

Project Lead the Way

**Collective Impact Efforts: Community
Schools, Partnerships, etc.**

HS Computer Science

Blended/Personalized Instruction

Educational Program Reductions Totally or Partially Moved to Shelf

January

Curriculum Revisions other than Reading and Math

Afterschool Programming

Summer Programming

Excellence Through Equity Initiatives

Classroom Technology Purchases

Professional Development

Educational Program Reductions Totally or Partially Moved to Shelf

March

Elementary Spanish Program

Band Uniforms, Musical Instruments

After School and Summer Programming

Excellence Through Equity Initiatives

Classroom Technology Purchases

Professional Development

Transportation for Academic Programs

Textbook Replacements & Supplies

Technology Replacement Cycle

CHANGES SINCE FEBRUARY 2017

Fund Balance	\$(3,000,000)
BEF/SEF	\$(1,100,000)
CIU20	\$ 167,900
BAVTS	\$ (169,901)
NCC	\$ (39,231)
Maintenance Repairs	\$ (100,000)
Curriculum	\$ (182,114)
Social Media	\$ 20,000
Supplemental Custodians	\$ (168,281)
e-Payables Rebate	\$ (35,000)
Retirees	\$ (916,631)
Retiree Benefits	\$ 178,900
Transportation Wages/Benefits	\$ (351,789)
Special Ed Wages/Benefits	\$ 40,526
Social Workers	\$ (75,000)
Summer Guidance	\$ (60,132)
Technology	\$ (267,100)
Title I Non Public	\$ 74,840
	<u>\$ (5,983,013)</u>

STATE FUNDING IMPACT

	<u>BEF</u>	<u>BEF Increase</u>	<u>PSERS Increase</u>	<u>Net BEF for Programs</u>
2013-14 Basic Ed. Funding (BEF) Actual	\$27,816,168	\$ 771,493	\$ 2,272,789	\$(1,501,296)
2014-15 Basic Ed. Funding (BEF) Actual	\$27,927,942	\$ 111,774	\$ 1,838,240	\$(1,726,466)
2015-16 Basic Ed. Funding (BEF) Actual	\$29,220,357	\$ 1,292,415	\$ 2,452,477	\$(1,160,061)
2016-17 Basic Ed. Funding (BEF) Est.	\$30,913,343	\$ 1,692,986	\$ 2,888,455	\$(1,195,469)
2017-18 Basic Ed. Funding (BEF) Budget **	\$31,779,868	<u>\$ 866,525</u>	<u>\$ 1,420,158</u>	<u>\$(553,633)</u>
**Allocation if PA Budget Passed at \$100M New Money		<u>\$ 4,735,193</u>	<u>\$10,872,118</u>	<u>\$(6,136,925)</u>

Final Allocation not confirmed until late May 2017 after 2015-16 enrollment data is finalized. Estimates are subject to change.

STATE FUNDING IMPACT

	New State Funds
Est. BEF/SEF Increase	\$ 1,100,000
Less PSERS (net of state share)	\$(1,420,158)
Net Funds Available for Programs	\$(320,158)

2017-18 BUDGET EXPENDITURE SUMMARY

	<u>Jan. 2017</u>	<u>March 2017</u>	<u>Reduction Since Jan</u>	<u>Change</u>
<u>Expenditures:</u>				
<i>Instruction</i>	\$125,003,433	\$123,873,786	(\$1,129,647)	-0.94%
<i>Support Services</i>	\$60,680,054	\$60,094,788	(\$585,266)	-1.04%
<i>**Non-Instr Svcs</i>	\$2,645,862	\$2,645,862	\$0	0.00%
<i>**Debt Svc/Transfers</i>	\$26,590,484	\$26,590,484	\$0	0.00%
BASD	\$214,919,833	\$213,204,920	(\$1,714,913)	-0.84%
PSERS	\$33,737,206	\$33,398,346	(\$338,860)	-1.13%
CHARTER SCHOOLS	\$26,697,857	\$26,697,857	\$0	0.00%
Total Expenditures	\$275,354,896	\$273,301,123	(\$2,053,773)	-0.79%

2017-18 BUDGET COST DRIVERS

(March 29, 2017)

	Jan 2017	March 2017
•PSERS	\$ 3,810,795	\$ 3,471,935
•Charter Schools	\$ 704,056	\$ 704,056
•Salaries	\$ 2,726,088	\$ 1,476,379
•Academic Initiatives	\$ 2,602,905	\$ 2,034,637
•Student Tuition	\$ 1,214,815	\$ 1,005,683
•General Operations	\$ 1,505,042	\$ (2,112,002)
•Net Deficit Remaining	<u>\$ 12,563,701</u>	<u>\$ 6,580,688</u>

2017-18 PRELIMINARY BUDGET REPORT

Preliminary Budget	\$ 273,301,123	
Less: Salary & Benefits	\$(172,427,170)	63%
Charter Schools	\$ (26,697,857)	10%
Costs Remaining for Further Deficit Reduction	\$ 74,176,096	
Less: Debt Service	\$ (23,590,484)	9%
NCC, BAVTS	\$ (10,053,730)	4%
IU Special & Alt Education	\$ (9,362,634)	3%
Electricity, Nat'l Gas, Water, Sewer	\$ (3,200,000)	1%
<i>Balance For Further Reductions</i>	<i>\$27,969,248</i>	<i>10%</i>

COST OF SCHOOL CHOICE

Expenditures:		
	BASD	\$ 213,204,920
	PSERS	\$ 33,398,346
	Total BASD Programs	\$ 246,603,266
Total Revenue before any tax increase		\$ 266,720,435
	Excess Revenue over BASD Cost	\$ 20,117,169
	CHARTER SCHOOLS	\$ 26,697,857
	Deficit Due to Charter School Tuition	\$ (6,580,688)
		13,747 students
		1,944 students

COST OF SCHOOL CHOICE

Charter School Tuition	\$ 26,697,857	9.8 % of budget
2,025 Students at 25 per class	\$ 6,885,000	Includes wages & materials for 81 staff
Savings of students returning to BASD	\$ (19,812,857)	5.1 mills or 13% 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

COST OF SCHOOL CHOICE

<u>School</u>	<u>15-16 Actual</u>	<u>14-15 ADM</u>	<u>15-16 ADM</u>	<u>16-17 Enrollment</u>	<u>Annual Change</u>
<i>Lehigh Valley Academy</i>	\$ 10,921,549.49	960	976	989	13
<i>Lehigh Valley Dual Lang CS</i>	\$ 1,454,098.61	143	170	195	25
<i>LV Charter HS for Performing Arts</i>	\$ 924,101.26	78	79	89	10
Lincoln Leadership Academy	\$ 1,882,611.73	132	167	191	24
Executive Education Academy CS	\$ 1,273,377.93	-	112	136	24
PA Cyber Charter School	\$ 876,567.37	62	70	77	7
Agora Cyber Charter School	\$ 591,142.05	77	52	65	13
Arts Academy Charter School	\$ 731,978.13	60	62	48	-14
Commonwealth Connections Acad	\$ 852,156.72	52	71	44	-27
Arts Academy Elementary CS	\$ 731,978.13	-	24	31	7
Seven Generations Charter Schl	\$ 195,366.37	16	17	18	1
PA Virtual Charter School	\$ 217,090.46	19	17	11	-6
PA Leadership Charter School	\$ 52,896.89	12	4	11	7
Innovative Arts Academy CS	\$ -	-	-	10	10
Circle of Seasons Charter School	\$ 130,762.10	11	13	9	-4
21st Century Cyber CS	\$ 93,465.30	7	6	8	2
Achievement House CS	\$ 156,570.29	23	15	5	-10
Reach Cyber Charter School	\$ -	-	-	4	4
SusQ-Cyber Charter School	\$ 13,322.24	-	2	1	-1
PA Distance Learning CS	\$ 20,627.87	2	2	1	-1
Dr. Robt Ketterer CS Inc	\$ -	-	-	1	1
Medical Academy Charter School	\$ 258,243.23	18	21	-	-21
Central PA Digital Learning Foundation	\$ -	2	-	-	-
Grand Total	\$ 21,377,906.17	1,674	1,880	1,944	64

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**

PENDING ITEMS FOR CONSIDERATION

➤ **Staffing Reductions/Higher Class Sizes**

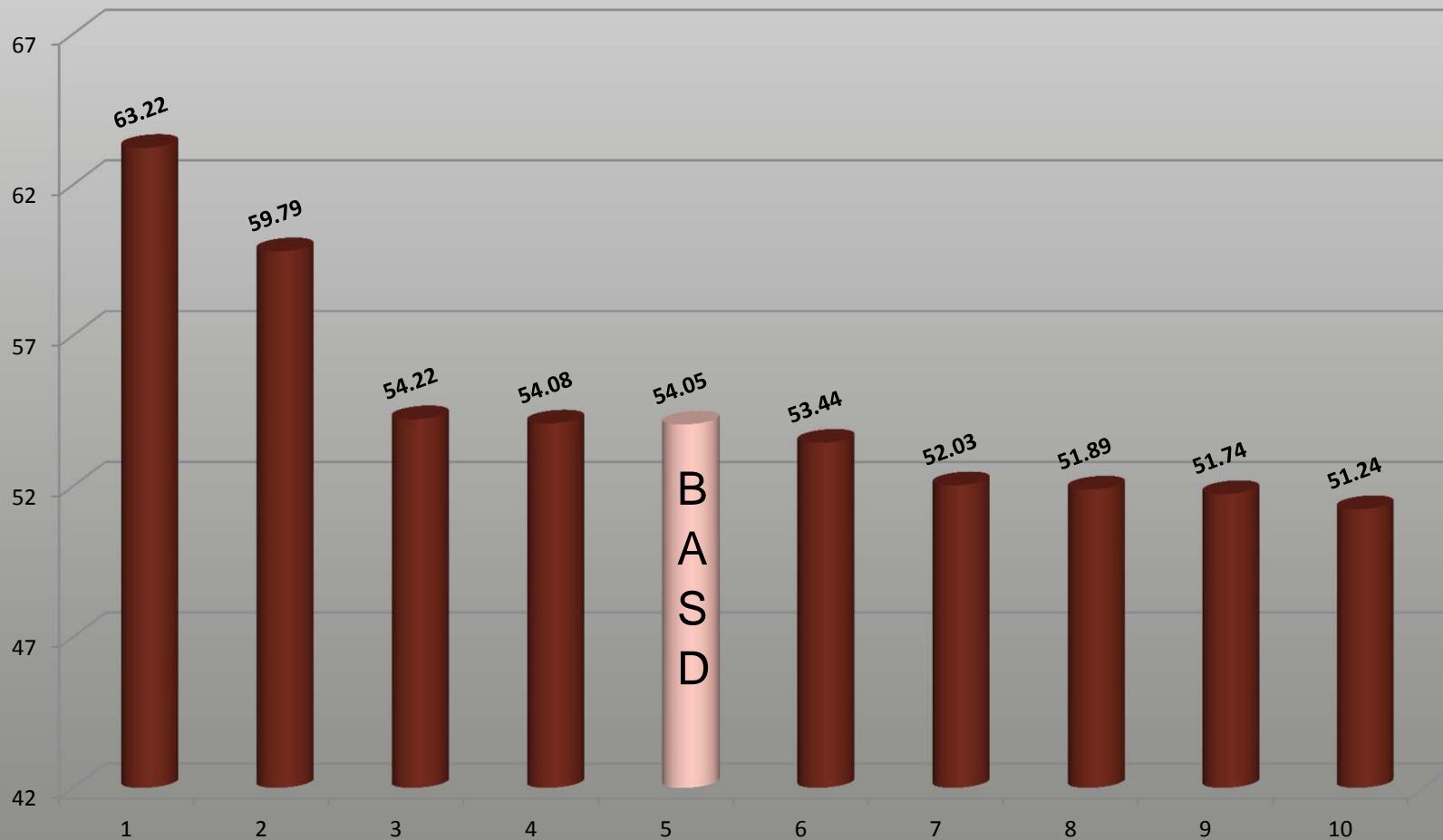
- Reduce Amount of Co-Teaching
- Reduce Student Elective Courses
- Reduce Guidance Counselors
- Reduce Instructional Staff
- Reduce Reading Specialists
- Reduce Coaches/Activity Advisors
- Reduce Administration
- Reduce Support Staff
- Eliminate Social Services

PENDING ITEMS FOR CONSIDERATION

➤ **Staffing Reductions/Higher Class Sizes**

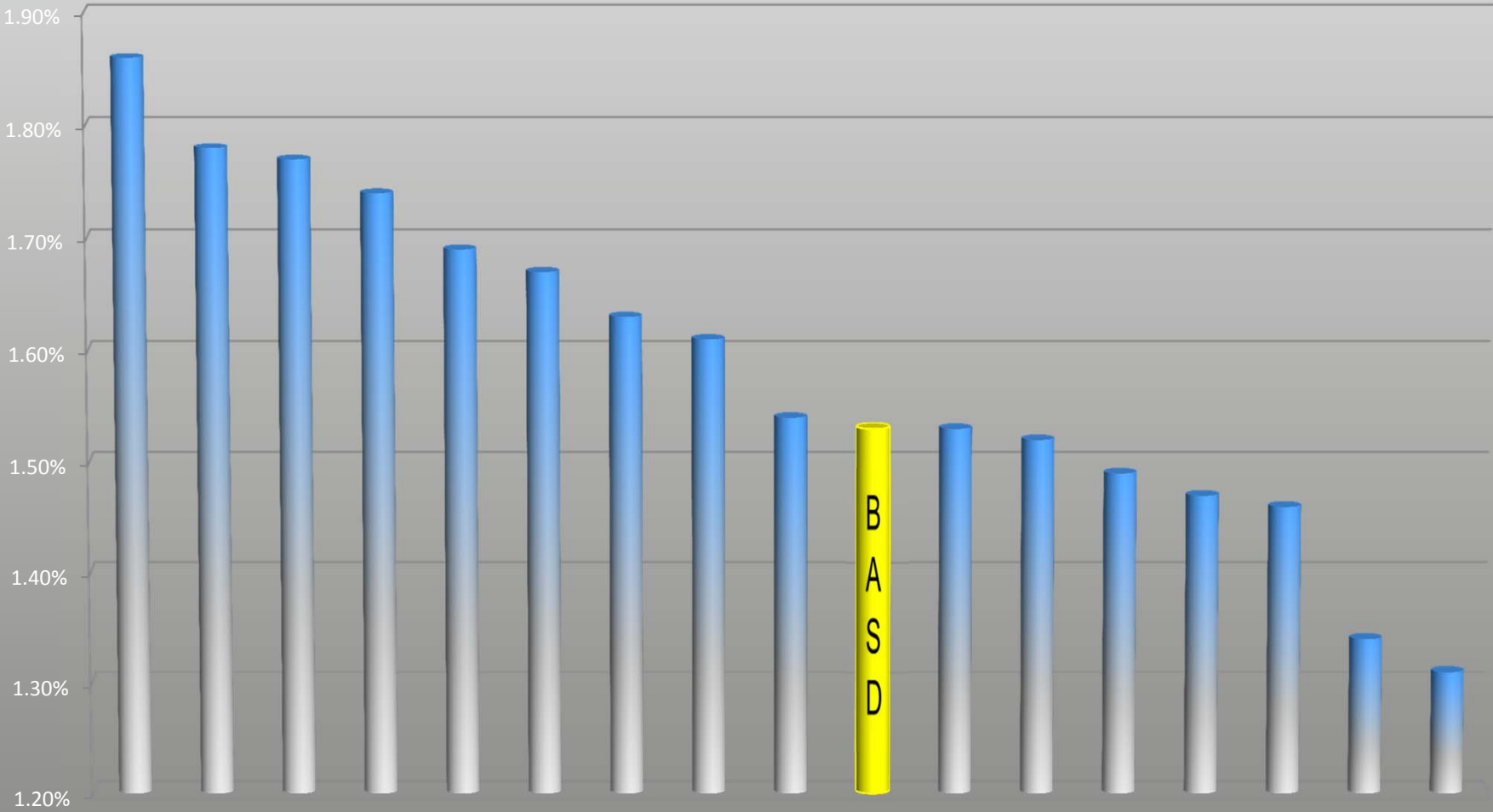
Current BASD Class Size Guidelines	
Kdg – Grade 3	23 students/class
Grade 4-5	26 students/class
Grade 6-12	28 students/class

2016-17 MILLAGE RATES NORTHAMPTON COUNTY

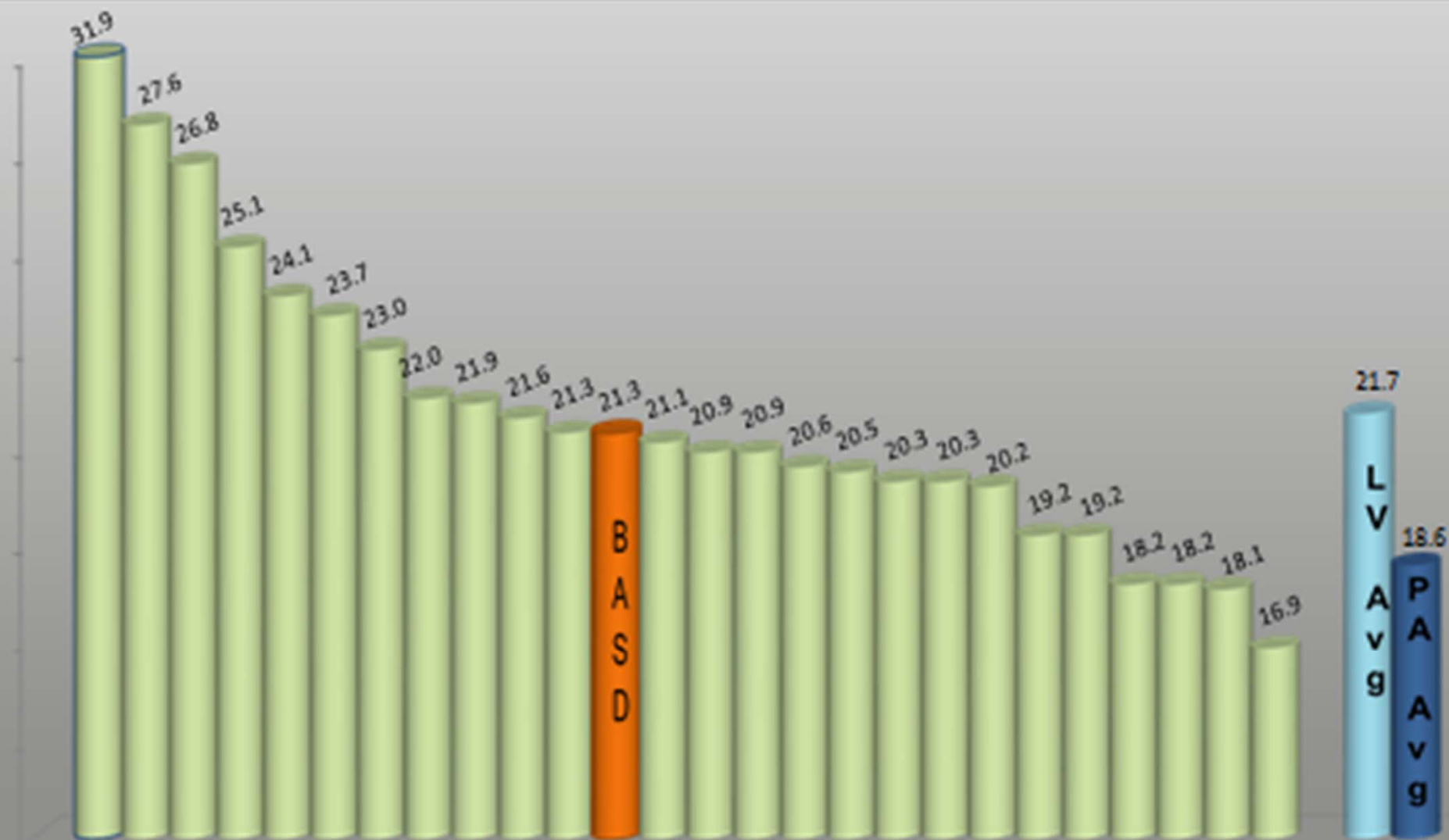


LEHIGH VALLEY LOCAL EFFORT

AS RELATED TO MARKET VALUE & PERSONAL INCOME



LEHIGH VALLEY EQUALIZED MILLAGE RATES



March 29, 2017

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ACT 1 INDEX – ESTIMATED EXCEPTIONS

Allowable Index 2017-2018 3.1% \$ 4,018,033

Preliminary Exceptions:

School Construction - Debt \$ -

Special Education \$ 2,682,083

Retirement Contributions \$ 677,619

\$ 3,359,702

Total Est Increase Under Act 1 Provisions \$ 7,377,735

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Expenditure	\$275,354,896	\$273,301,123	(\$2,053,773)
Balance	(\$12,563,701)	(\$6,580,688)	(\$5,983,013)

Est Act 1 Index	\$4,018,033	\$4,018,033
Est Exceptions	\$3,460,821	\$3,359,702

Excess Over Act 1 plus Est Exceptions	(\$5,084,847)	\$797,047
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DISCUSS KEY QUESTIONS

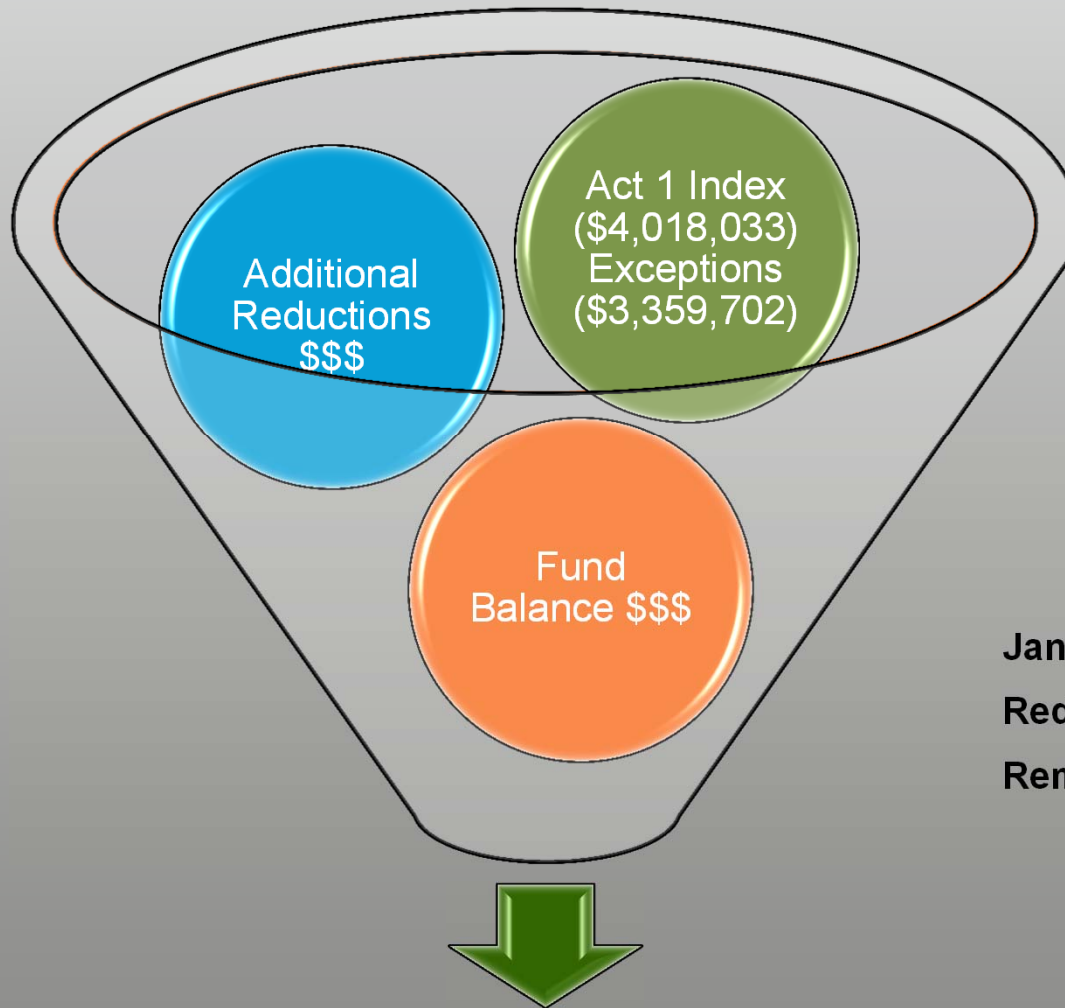
- Tolerance for Cuts to BASD Programs

- Tolerance for Tax Increase Index + Exceptions

- Use of Fund Balance

- Risk Tolerance for Additional State Revenue


BUDGET BALANCING OPTIONS



January Gap	\$ 12,563,701
Reductions	(5,983,013)
Remaining Gap	\$ 6,580,688

Remaining Gap
\$6,580,688

RECOMMENDED NEXT STEPS...



**Administration Continues Budget
and Program Refinement
to Reach Targeted Tentative Budget
for April 26, 2017 Workshop**

TIMELINE FOR SPRING

WORKSHOPS

DATES

Budget Workshop

April 26, 2017

Tentative Final Budget Adoption

May 15, 2017
(Special Meeting)

Final Budget Adoption

June 19, 2017
(Special Meeting)