Budget Overview

Lehighton School Board

Agenda

Special Challenges

Status Quo versus Recommended Budget

Change and Choices

Special Challenges: Debt $110,675,486

2021-2022 Final General Fund Budget — **Schedule Of Indebtedness (DEBT)**

LEA : 121135503 Lehighton Area SD

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Long-Term Indebtedness	**06/30/2021 Estimate**	**06/30/2022 Projection**
General Fund		
0510 Bonds Payable	52,447,867	50,575,997
0520 Extended-Term Financing Agreements Payable		
0530 Lease-Purchase Obligations		
0540 Accumulated Compensated Absences	1,722,489	1,572,489
0550 Authority Lease Obligations		
0560 Other Post-Employment Benefits (OPEB)	3,095,000	3,095,000
0599 Other Noncurrent Liabilities	53,432,000	50,432,000
Total General Fund	**$110,697,356**	**$105,675,486**

Special Challenges: Construction Debt $3,800,000 / year less Reimbursement

- Construction debt payment until 2044
- Schools will need renovation in year 2040

Debt Service Requirements

1	2	3	4	5	6	7	8
	TD Bank				Vo-Tech	BB&T	
Fiscal Year Ended	G.O. Note Series of 2014 [1]	G.O. Bonds Series of 2014 (QZABs) [2]	G.O. Bonds Series of 2015	G.O. Bonds Series A of 2015	Lease Revenue Series of 2016 [3]	G.O. Note Series of 2017 (QZABs)[4]	Total Debt Service
6/30/2021	868,189	314,660	176,093	1,912,100	308,854	510,000	**4,089,896**
6/30/2022	868,352	311,660	175,984	1,913,800	307,384	515,000	**4,092,181**
6/30/2023	868,148	308,660	175,853	1,915,300	306,917	515,000	**4,089,877**
6/30/2024	867,576	305,660	175,722	1,919,750	308,721	510,000	**4,087,429**
6/30/2025	867,626	302,660	175,591	1,921,625	307,865	510,000	**4,085,367**
6/30/2026	868,277	299,660	175,459	1,922,250	308,079	510,000	**4,083,726**
6/30/2027		806,660	426,981	2,082,500	307,972	365,000	**3,989,114**
6/30/2028		796,010	429,519	2,087,000	307,247	370,000	**3,989,776**
6/30/2029		780,360	426,206	2,104,125	308,771	365,000	**3,984,462**
6/30/2030		769,785	427,491	2,108,750	307,381	365,000	**3,978,407**
6/30/2031		759,210	428,244	2,116,000	306,880	365,000	**3,975,334**
6/30/2032		748,635	428,113	2,120,750	307,506	370,000	**3,975,004**
6/30/2033		738,060	427,263	2,132,750	307,882		**3,605,955**
6/30/2034		727,485	426,063	2,141,750	309,028		**3,604,326**
6/30/2035		742,543	429,425	2,123,375	308,534		**3,603,876**
6/30/2036			427,350	2,659,000	307,779		**3,394,129**
6/30/2037			424,565	2,662,250	307,543		**3,394,358**
6/30/2038			425,968	2,661,000	308,322		**3,395,289**
6/30/2039			421,908	2,665,000			**3,086,908**
6/30/2040			417,478	2,668,875			**3,086,353**
6/30/2041			417,585	2,667,500			**3,085,085**
6/30/2042				3,109,375			**3,109,375**
6/30/2043				3,108,625			**3,108,625**
6/30/2044				3,105,750			**3,105,750**
6/30/2045							
Totals	5,208,168	8,711,708	7,438,858	55,829,200	5,542,666	5,270,000	**88,000,600**

- Plan Con Reimbursements reduces payment by $1.3M (local effort = $2.5M)
- All debt covered by local taxes
- Local taxes that go to debt: 12%

Local Effort Requirements

9	10	11	12	13	14	15	16
	TD Bank				Vo-Tech		
Fiscal Year Ended	G.O. Note Series of 2014 [1]	G.O. Bonds Series of 2014 (QZABs) [2]	G.O. Bonds Series of 2015	G.O. Bonds Series A of 2015	Lease Revenue Series of 2016 [3]	G.O. Note Series of 2017 (QZABs)[4]	Total Local Effort
6/30/2021	413,793	210,971	168,155	1,589,367	220,565	296,317	**2,899,168**
6/30/2022	413,871	208,959	168,052	1,590,780	219,515	299,222	**2,900,399**
6/30/2023	413,773	206,948	167,926	1,592,027	219,181	299,222	**2,899,078**
6/30/2024	413,501	204,936	167,801	1,595,726	220,470	296,317	**2,898,751**
6/30/2025	413,525	202,925	167,676	1,597,285	219,859	296,317	**2,897,586**
6/30/2026	413,835	200,913	167,550	1,597,804	220,011	296,317	**2,896,432**
6/30/2027		540,842	407,734	1,731,006	219,935	212,070	**3,111,589**
6/30/2028		533,702	410,157	1,734,747	219,417	214,975	**3,112,999**
6/30/2029		523,209	406,994	1,748,981	220,505	212,070	**3,111,760**
6/30/2030		516,119	408,221	1,752,826	219,513	212,070	**3,108,748**
6/30/2031		509,029	408,940	1,758,852	219,155	212,070	**3,108,046**
6/30/2032		501,938	408,815	1,762,800	219,602	214,975	**3,108,131**
6/30/2033		494,848	408,003	1,772,775	219,871		**2,895,497**
6/30/2034		487,758	406,857	1,780,256	220,689		**2,895,560**
6/30/2035		497,854	410,068	1,764,982	220,336		**2,893,240**
6/30/2036			408,086	2,210,202	219,797		**2,838,085**
6/30/2037			405,427	2,212,904	219,629		**2,837,959**
6/30/2038			406,766	2,211,865	220,185		**2,838,815**
6/30/2039			402,889	2,215,189			**2,618,079**
6/30/2040			398,659	2,218,410			**2,617,069**
6/30/2041			398,762	2,217,267			**2,616,029**
6/30/2042				2,584,561			**2,584,561**
6/30/2043				2,583,937			**2,583,937**
6/30/2044				2,581,548			**2,581,548**
6/30/2045							
Totals	2,482,298	5,840,951	7,103,538	46,406,099	3,958,234	3,061,946	**68,853,065**
Principal*:	4,114,000	7,444,000	4,970,000	30,470,000	3,945,348	4,760,000	**55,703,348**

Special Challenges: PSERS Debt $3,600,000 / year less Reimbursement

- Ed's information
  - Quarterly Payment = 1M to 1.4M
  - The prediction is that costs will continue to escalate
    - 29-30 37.3%
    - 2035 40%
- Reimbursement is about half

Special Challenges: Employee Contract

- Expires end of school year
- Our teachers are paid less than nearby schools in some experience levels
- Teachers are leaving because they can get a higher salary elsewhere
- Teachers are leaving because of no supplies (assume that this is fixed in new budget)

Special Challenges: Past Staff Reduction

TOTAL EMPLOYEES BY GROUP

	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20
Act 93 Administrators	22	23	23	21	20	20	17
Professional Staff	194	191	190	190	191	184	174
Support	128	128	128	128	128	130	119
Total Employees	344	342	341	339	339	334	310
Enrollment	2369	2365	2410	2377	2345	2310	2369

- 10% reduction in staff
- Lost student services and class offerings
- Enrollment Flat
- Enrollment today 2190

Special Challenges: What do Grants cover

- Staff Salary and Benefits
- Programs
- Extra Services

- $1.29M expected to renew
- $0.93M ESSER II expires 2023
- $2.40M ESSER III ARP expires 2024

Special Challenges: Employee Healthcare

- Richest in Pennsylvania
- Low co-pays, $0 deductible
- Low monthly contribution

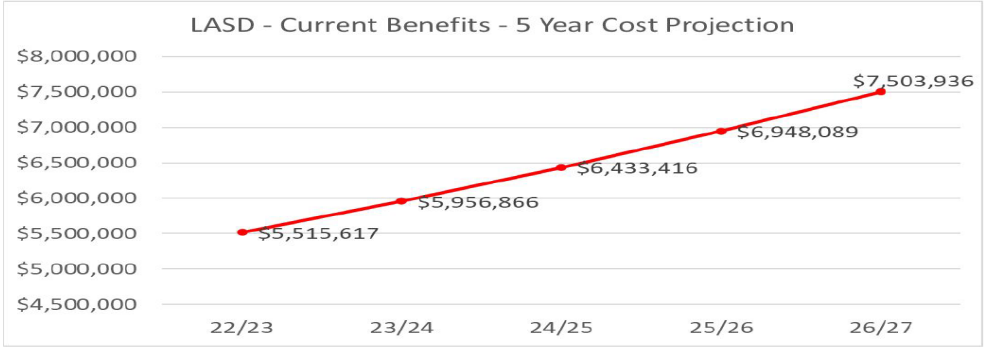
- Our district has a higher number of family plans than other districts due to richness of plan (less employees opt out in favor of their spouse's plan)

PSHIC MED/Rx CLAIM COST PERFORMANCE

Group	Avg. Enrolled	Med PCPM	Rx PCPM	Total PCPM	PCPM Rank	Actuarial Value
Millersburg Area SD	100	$493.06	$114.93	$607.99	1	0.83
Steelton Highspire SD	155	$460.53	$251.24	$711.77	2	0.80
Newport Area SD	129	$496.16	$247.91	$744.07	3	0.82
Carbondale Area SD	150	$463.31	$293.77	$757.08	4	0.91
Susquehanna Township SD	317	$565.52	$241.36	$806.88	5	0.64
Dauphin County SD	136	$606.80	$255.32	$862.12	6	0.83
Line Mountain SD	105	$690.56	$254.86	$945.42	7	0.76
Central Dauphin SD	1,346	$779.87	$194.67	$974.54	8	0.91
Mid Valley SD	178	$734.62	$322.44	$1,057.06	9	0.97
Keystone Central SD	528	$854.41	$239.85	$1,094.26	10	0.86
Jim Thorpe Area SD	247	$891.18	$285.14	$1,176.32	11	0.85
Weatherly Area SD	76	$826.27	$354.15	$1,180.42	12	0.92
Lehighton Area SD	**214**	**$914.62**	**$381.23**	**$1,295.85**	**13**	0.95
Average	287	$675.15	$264.37	$939.52		0.86

BSI CORPORATE BENEFITS

LASD - 5 YEAR TOTAL COST PROJECTION
COST OF DOING NOTHING



LASD will be paying over $2M more in 26/27 if no benefit changes are made

Special Challenges: Unplanned Expenses

- Occupancy Permit
- Boiler valves
- NEF contract investigation

- Nothing we can do about past
- Avoid past mistakes going forward
- Past mistakes are continuing to cost us legal fees

Special Challenges: Legal (2020-2021)

- Settlements
- 16-17 $xxx
- 17-18 $xxx
- 18-19 $xxx
- 19-20 $xxx
- 20-21 $91,000
- 21-22 $24,000+
- 22-23 $45,000 (budgeted)

- Legal Fees
- 16-17 $56,246.62
- 17-18 $61,021.53
- 18-19 $103,713.50
- 19-20 $103,192.00
- 20-21 $105,432.00
- 21-22 $94,634.00+
- 22-23 $175,000 budgeted

Budget Comparison

Status Quo: $1,180,462 surplus

ACCOUNT	DESCRIPTION	2021-2022 Budget	2022-2023 Proposed Budget	CHANGE
100	SALARIES	$ 14,564,657	$ 14,833,091	$ 268,434
200	BENEFITS	$ 12,503,982	$ 12,947,219	$ 443,237
300	PURCHASED PROF & TECH. SERVICES	$ 3,225,184	$ 3,259,968	$ 34,784
400	PURCHASED PROPERTY SERVICES	$ 427,010	$ 504,567	$ 77,557
500	OTHER PURCHASED SERVICES	$ 6,437,993	$ 6,429,170	$ (8,823)
600	SUPPLIES	$ 1,074,440	$ 1,164,466	$ 90,026
700	PROPERTY	$ 322,000	$ 572,780	$ 250,780
800	OTHER OBJECTS	$ 1,951,920	$ 1,949,306	$ (2,614)
900	OTHER FINANCING USES	$ 2,207,794	$ 2,238,500	$ 30,706
	TOTAL	$ 42,714,980	$ 43,899,067	$ 1,184,087

Proposed Budget: $572,826 deficit

ACCOUNT	DESCRIPTION	2021-2022 Budget	2022-2023 Proposed Budget	CHANGE
100	SALARIES	$ 14,564,657	$ 15,985,714	$ 1,421,057
200	BENEFITS	$ 12,503,982	$ 13,578,503	$ 1,074,521
300	PURCHASED PROF & TECH. SERVICES	$ 3,225,184	$ 3,259,968	$ 34,784
400	PURCHASED PROPERTY SERVICES	$ 427,010	$ 504,567	$ 77,557
500	OTHER PURCHASED SERVICES	$ 6,437,993	$ 6,416,950	$ (21,043)
600	SUPPLIES	$ 1,074,440	$ 1,151,066	$ 76,626
700	PROPERTY	$ 322,000	$ 557,780	$ 235,780
800	OTHER OBJECTS	$ 1,951,920	$ 1,959,306	$ 7,386
900	OTHER FINANCING USES	$ 2,207,794	$ 2,238,500	$ 30,706
	TOTAL	$ 42,714,980	$ 45,652,355	$ 2,937,375

Difference: $1,753,288 ($1,783,907 in 100 and 200)

Budget Comparison

Status Quo

- Assumes no new positions
- Assumes no new employee contract
- (not a realistic choice, used only for academic reasons to study additions)

Proposed Budget

- 10 new positions
- Assumes new contracts with salary increases
- Assumes same healthcare with escalation
- Assumes no increase from the state

Budgetary Changes: Raise Taxes vs. Fund Balance

- Maximum Tax Increase allowed by state = 4.7%
- Yields $927,540 in increased revenue

- District is not permitted to raise taxes if the fund balance exceeds the limit
- The District is not limited from raising taxes this school year if the fund balance is re-categorized

- Current Fund Balance = $4,447,947
- YearEnd Fund Balance = $4,700,000
- Maximum Fund Balance = 8%
- Proposed Budget = $45.65M
- 8% = $3.65M
- Fund balance exceeds limit by $1.05M

Budgetary Changes: New Staff

- EC Teacher
- EC Music Teacher
- EC Math Teacher
- MS Family Consumer Science Teacher
- MS Reading Specialist
- HS Math Teacher
- HS STEAM/TECH Teacher
- MS Secretary
- HS Secretary
- Nurse

- Classes not being taught
  - EC Music
  - MS Family Consumer
  - HS Foreign Language
- Future Positions

Budgetary Changes: Employee Contract

- End of Public Presentation
- Executive Session shall begin
- Discuss contract negotiations