



BETHLEHEM
AREA SCHOOL DISTRICT

2020-2021
General Fund Budget
Update

April 20, 2020



Common Threads Throughout This Budget Process

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



BETHLEHEM

AREA SCHOOL DISTRICT

Roadmap 5.0 to Educational Excellence



2020-21 Priorities



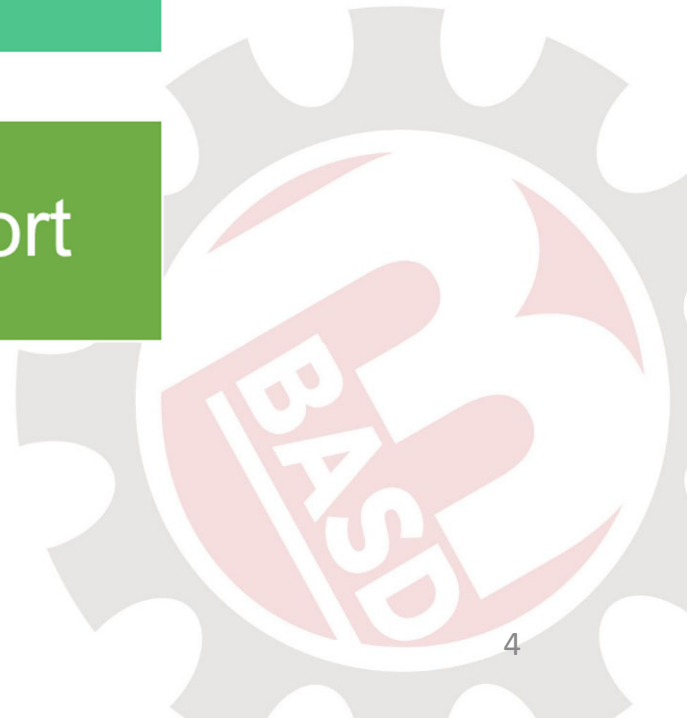
Literacy



Technology



Student Services/Support



2020-21 Strategic Initiatives

- **ELEMENTARY** (in addition to ESSA measures)
 - Each student will read at grade level by the end of Grade 3.
- **SECONDARY** (in addition to ESSA measures)
 - Each student will learn and grow in a personalized manner.
 - Each student will navigate a BASD Career Pathway to be ready for a college or a career upon graduation.
- **Behavioral & Mental Health Supports**

Prioritized Educational Programs

- **Reading By Grade 3 (RBG3)**
- **Core Curriculum Revision**
- **Collective Impact Efforts**
 - **Community Schools**
 - **Partnerships**
 - **Behavioral & Mental Health Supports**
- **Elementary Related Arts**
- **Blended/Personalized Instruction**
 - **1:1 Initiative**



2020-21 Budget Status

	<u>Jan. 2020</u>	<u>April 2020</u>	<u>Net Change</u>
Revenue	\$300,433,096	\$295,316,523	(\$5,116,573)
PSERS	\$39,170,029	\$38,918,896	(\$251,133)
Charter Schools	\$32,384,766	\$32,234,766	(\$150,000)
Everything Else	\$239,720,298	\$230,837,757	(\$8,882,541)
Deficit	(\$10,841,997)	(\$6,674,896)	(\$4,167,101)

Items Moved to Shelf Totally or Partially

Expanded Mental Health Services

Expanded Community Schools

Science of Reading Adoption

Language Arts Professional Development

Dual Enrollment

Uniform/Music/Bus Cycles

Expanded Chromebook Replacements

Capital Improvement Projects

Changes Since January 2020

ELA Curriculum	\$(2,267,957)	Mental Health-Community Schls	\$ 578,892
Chromebooks	\$(1,900,000)	Social Workers	\$ (564,430)
Professional Development	\$ (220,147)	Keystone Realty	\$ (400,000)
Curr Prof Svcs	\$ (54,000)	Retirees, Sal Adj, Coaches, ExDuty	\$ (321,555)
Uniform/Music/Bus Cycles	\$ (465,000)	Conf Travel	\$ (129,590)
Online Learning Systems	\$ 94,180	Summer Salaries	\$ (91,942)
Superintendent Budget	\$ 111,630	Healthcare Open Enrollment	\$ 71,831
Student Tuition	\$(2,355,000)	Capital Improvements	\$ (400,000)
BAVTS	\$ (577,459)	eRate	\$ (234,940)
NCC	\$ (50,000)	IT Reductions	\$ (190,815)
Dual Enrollment	\$ (50,000)	Non Public Transportation	\$ (195,275)
IU20 GOB	\$ 126,329	Athletic Equipment	\$ (40,000)
BASD Cyber Academy Cap	\$ (75,000)	Additional Copiers	\$ 5,688
Addtl Autistic Classes (2)	\$ 604,857		

Changes to Date	\$(9,283,674)
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20-21 Pandemic Revenue Impact

	19-20 Surplus/Deficit	19-20 Projection	19-20 Current Budget	Actual 18-19
Interim RE*	(\$1,282,151.97)	\$1,225,317.03	\$2,507,469.00	\$3,507,481.57
Earned Income Tax*	(\$904,015.23)	\$13,824,442.77	\$14,728,458.00	\$15,146,690.43
Mercantile Tax*	(\$1,979,615.30)	\$2,020,384.70	\$4,000,000.00	\$3,970,192.81
Delinq RE*	(\$1,783,468.84)	\$2,786,531.16	\$4,570,000.00	\$5,423,138.77
Subtotal Select Local Rev	(\$5,949,251.33)	\$19,856,675.67	\$25,805,927.00	\$28,047,503.58
Total Local Revenue	(\$5,342,092.53)	\$195,888,322.47	\$201,230,415.00	\$202,599,265.86
Total State Revenue	(\$1,257,099.95)	\$76,343,625.05	\$77,600,725.00	\$73,505,761.65
Total Federal Revenue	(\$734,688.74)	\$6,802,012.26	\$7,536,701.00	\$8,856,735.55
Total Other Revenue	(\$4,747,226.28)	\$96,261.72	\$4,843,488.00	\$87,615.50
Grand Total Revenue	(\$12,081,107.50)	\$279,130,221.50	\$291,211,329.00	\$285,049,378.56
Total Salaries	(\$990,418.65)	\$106,759,961.35	\$107,750,380.00	\$102,563,495.11
Total Benefits	(\$2,174,489.49)	\$70,338,356.51	\$72,512,846.00	\$70,673,620.83
Total Prof & Tech Svcs	(\$1,719,491.74)	\$20,423,577.27	\$22,143,069.00	\$18,837,781.00
Total Purch Property Svcs	\$27,631.07	\$3,124,167.07	\$3,096,536.00	\$3,094,837.51
Total Other Purchased Svcs	(\$1,002,104.18)	\$44,876,760.82	\$45,878,865.00	\$44,368,027.17
Total Books & Materials	(\$966,013.84)	\$11,083,249.16	\$12,049,263.00	\$12,310,762.19
Total Equipment	(\$271,542.02)	\$718,512.98	\$990,055.00	\$2,153,676.01
Total Other Expenditures	(\$4,613,311.47)	\$11,930,092.53	\$16,543,404.00	\$11,576,945.80
Total Debt Pmts & Transfers	\$780,000.00	\$11,026,911.00	\$10,246,911.00	\$13,701,001.53
Grand Total Expenditures	(\$10,929,740.32)	\$280,281,588.68	\$291,211,329.00	\$279,280,147.15
19-20 Grand Total	(\$1,151,367.17)	(\$1,151,367.17)	\$0.00	\$5,769,231.41

*Local Revenue Assumptions:

6112 - Interim Real Estate Taxes - 50% Reduction for April-June 2020

6151 - Earned Income Taxes - 40% reduction for April - June 2020

6157 - Mercantile Taxes - 70% reduction for April - June 2020

6411 - Delinquent Taxes - 80% Reduction fro April - June 2020

April 20, 2020

20-21 Pandemic Revenue Impact

Local Service Tax (LST)	\$	10,000.00
Earned Income Tax (EIT)	\$	1,608,606.00
Mercantile Tax	\$	200,000.00
Delinq Mercantile Tax	\$	(95,000.00)
Interest on Investments	\$	1,350,000.00
BEF	\$	1,850,563.00
SEF	\$	11,400.00
Total Revenue Loss	\$	<u>4,935,569.00</u>

STATE FUNDING IMPACT

	<u>BEF</u>	<u>BEF Increase</u>	<u>PSERS Increase</u>
2014-15 BEF Actual	\$ 27,927,942	\$ 111,774	\$ 1,838,240
2015-16 BEF Actual	\$ 29,220,357	\$ 1,292,415	\$ 2,452,477
2016-17 BEF Actual	\$ 30,914,201	\$ 1,693,844	\$ 2,318,791
2017-18 BEF Actual	\$ 31,776,627	\$ 862,427	\$ 1,881,443
2018-19 BEF Budget	\$ 32,610,551	\$ 833,924	\$ 2,129,648
2019-20 BEF Budget	\$ 33,717,867	\$ 1,107,316	\$ 457,422
2020-21 BEF Budget	\$ 33,972,264	\$ 254,397	\$ 744,839
		<hr/>	<hr/>
Final Allocation not confirmed until late May 2020 after 2018-19 enrollment data is finalized. Estimates are subject to change.		\$ 6,156,097	\$ 11,822,860
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2020-21 Preliminary Budget Expenditure Summary

	<u>Jan 2020</u>	<u>April 2020</u>	<u>Dollar Change</u>	<u>Percentage Change</u>
<u>Expenditures:</u>				
<i>Instruction</i>	\$138,940,018	\$133,027,547	\$4,862,717	3.79%
<i>Support Services</i>	\$71,218,583	\$68,550,348	\$3,226,087	4.94%
<i>**Non-Instr Svcs</i>	\$3,233,849	\$3,232,014	\$186,959	6.14%
<i>Facility Improvements</i>	\$0	\$0	(\$44,000)	-100.00%
<i>**Debt Svc/Transfers</i>	\$26,327,848	\$26,027,848	(\$456,460)	-1.72%
BASD	\$239,720,298	\$230,837,757	\$7,775,303	3.49%
PSERS	\$39,170,029	\$38,918,896	\$1,521,243	4.07%
CHARTER SCHOOLS	\$32,384,766	\$32,234,766	\$1,483,544	4.82%
Total Expenditures	\$311,275,093	\$301,991,419	\$10,780,090	3.70%

2020-21 Budget Cost Drivers

	Jan. 2020	April 2020
•Salaries	\$ 5,700,216	\$ 4,906,989
•PSERS	\$ 1,772,376	\$ 1,521,243
•Charter Schools	\$ 1,633,544	\$ 1,483,544
•Academic Initiatives	\$ 4,384,272	\$ (149,624)
•General Operations	\$(5,436,155)	\$(2,417,191)
•Net Deficit Remaining	\$10,841,997	\$ 6,674,896

2020-21 Budget Status

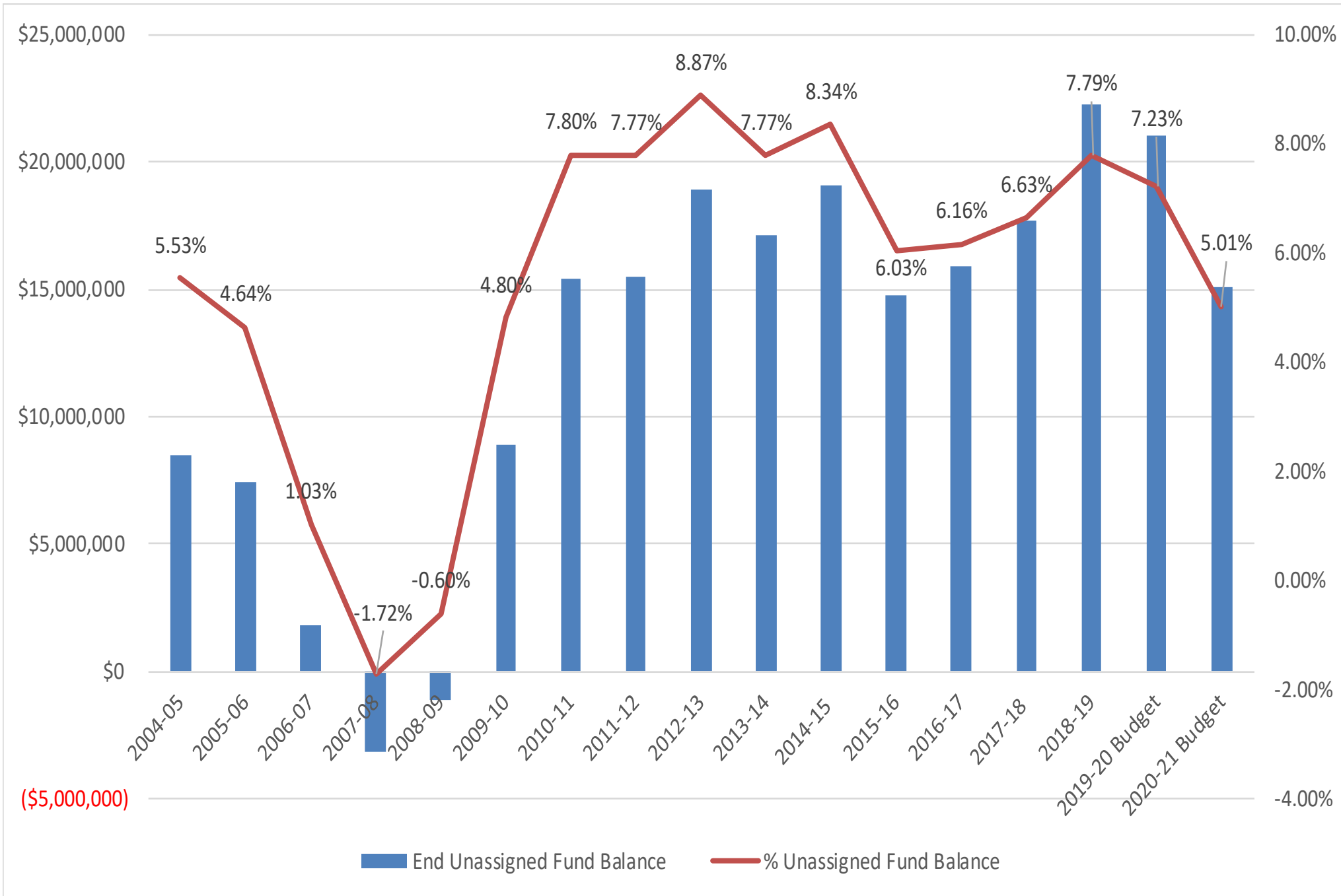
	<u>Jan 2020</u>	<u>April 2020</u>	<u>Net Change</u>
Revenue	\$300,433,096	\$295,316,523	(\$5,116,573)
Expenditure	\$311,275,093	\$301,991,419	(\$9,283,674)
Balance	<u>(\$10,841,997)</u>	<u>(\$6,674,896)</u>	<u>(\$4,167,101)</u>

Est Act 1 Index	\$5,198,476
Est Exceptions	\$1,851,517

Excess Over Act 1 plus Est Exceptions	(\$3,792,004)	\$375,097
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Fund Balance History



Multi-County School Districts

Tax Rate Rebalancing



PA School Code §672.1

School Districts Lying in More Than One County or in More Than One Municipality; Limitation on Total Tax Revenues

- (a) Whenever a school district shall lie in more than one county, the total taxes levied on real estate within the school district in each county shall be subject to:
 - (1) the limitation that the ratio which such total taxes bears to the most recent valuation of the same properties by the State Tax Equalization Board(STEB) shall be uniform in all of the counties, and the school district shall adjust its rate of taxation applicable to the portion of the district in each county to the extent necessary to achieve such uniformity
- Calculates different tax rates based on share of STEB market value in each county

Method (a)(1)

Formula –

- $MV\% \text{ per county} \times \text{Total Tax } \$ = \text{Tax } \$ \text{ per county}$
- $\text{Tax } \$ \text{ per county} / \text{county assessed value} = \text{millage}$



STEB MV Impact on BASD Millage

	Lehigh	Northampton	Total
2019-20 Data			
a. Assessed Value	\$1,676,016,100	\$2,671,749,750	\$4,347,765,850
b. Real Estate Mills	18.0300	56.2600	
I. 2020-21 Data			
c. 2018 STEB Market Value	\$1,605,571,623	\$7,779,590,541	\$9,385,162,164
d. Assessed Value	\$1,676,827,200	\$2,700,254,550	\$4,377,081,750
e. Assessed Value of New Constr/ Renov	\$0	\$0	\$0
2019-20 Calculations			
f. 2019-20 Tax Levy (a * b)	\$30,218,570	\$150,312,641	\$180,531,211
2020-21 Calculations			
g. Percent of Total Market Value	17.10755%	82.89245%	100.00000%
h. Rebalanced 2019-20 Tax Levy (f Total * g)	\$30,884,467	\$149,646,744	\$180,531,211
II.			
i. Base Mills Subject to Index	18.4273	56.2600	

STEB Market Values

	2017 MV		2018 MV		Change from Prior Year
Lehigh	1,488,044,129	16.74%	1,605,571,623	17.11%	117,527,494
Northampton	7,399,876,948	83.26%	7,779,590,541	82.89%	379,713,593
	2020 Assessment		2021 Assessment		Change from Prior Year
Lehigh	1,669,966,400	38.40%	1,676,827,200	38.31%	6,860,800
Northampton	2,678,766,650	61.60%	2,700,254,550	61.69%	21,487,900

<u><i>Impact of MV on Tax Rate</i></u>	2019-20 Budget Millage	2019-20 Rebalanced Millage
Lehigh	18.03	18.43
Northampton	56.26	56.26

Multi County Ratios & Millage History

	STEB MV Ratio		Millage		Rebalanced Millage for Next Year Base		% Rebalancing Change		
	Lehigh	Northampton	Lehigh	Northampton	Lehigh	Northampton	Lehigh	Northampton	
2009-10	18.70%	81.30%	41.60	41.60	41.60	41.60	0.00%	0.00%	
2010-11	18.62%	81.38%	44.17	44.17	44.17	44.17	0.00%	0.00%	
2011-12	18.54%	81.46%	44.92	44.92	44.92	44.92	0.00%	0.00%	
2012-13	17.68%	82.32%	47.09	47.09	15.09	47.09	-67.95%	0.00%	*Reassessment
2013-14	17.39%	82.61%	15.41	48.36	15.41	48.65	0.00%	0.60%	
2014-15	16.90%	83.10%	15.77	50.99	15.78	50.99	0.06%	0.00%	
2015-16	16.91%	83.09%	16.23	52.51	16.23	52.52	0.00%	0.02%	
2016-17	16.89%	83.11%	16.96	54.05	17.57	54.05	3.60%	0.00%	** STEB TIF Adj
2017-18	17.49%	82.51%	18.04	54.55	18.04	54.74	0.00%	0.35%	
2018-19	17.20%	82.80%	18.37	55.97	18.37	56.28	0.00%	0.55%	
2019-20	16.74%	83.26%	18.03	56.26	18.43	56.26	2.22%	0.00%	
2020-21	17.11%	82.89%	18.43	56.26					

2020-21 Average Tax Impact Recognizing Rebalancing Only

	<u>Northampton</u>	<u>Lehigh</u>
<i>% of District</i>	82.9%	17.1%
<i>2019 Median Homestead Assessment</i>	\$ 61,200	\$ 139,900
<i>2019-20 Millage</i>	56.26	18.03
<i>Tax Bill</i>	\$ 3,443.11	\$ 2,522.40
<i>2020-21 Proposed Millage</i>	56.26	18.43
<i>Tax Bill with Proposed Millage</i>	\$ 3,443.11	\$ 2,578.36
<i>Yearly Increase in Average Bill</i>	\$ -	\$ 55.96
<i>2019 Homestead Rebate</i>	\$ 194.94	\$ 194.94
<i>Monthly Increase in Average Bill</i>	\$ -	\$ 4.66
<i>Weekly Increase in Average Bill</i>	\$ -	\$ 1.08
<i>Daily Increase in Average Bill</i>	\$ -	\$ 0.15

Key Questions

Federal

- Amount & Use of Stimulus Funds
- Timing of Receipt of Funds

Local

- Severity & Term of Economic Downturn
- Impact on Local Taxes & Real Estate Markets

State

- Impact of PA Deficit due to COVID-19 on 20-21 Education Budget
- Influence Legislative Relief Charter Funding during COVID Impact

Key Questions

- Tolerance for Cut to BASD Pgms

- Use of Fund Balance

- Tolerance for Tax Increase
Index + Exceptions

2020-21 Preliminary Budget

Expenditures **\$301,991,419**

Revenues **\$295,316,523**

Gap **(\$6,674,896)**



Recommended Next Steps

Administration Continues the Following to Reach Targeted Tentative Budget for May 4, 2020 Review at Committee Meeting

- **Monitor Available Stimulus Funds**
- **Monitor Local Economic Conditions**
- **Anticipate PA State Education Funding Projections**
- **Budget and Program Refinement on Best Available Information**

TIMELINE FOR SPRING

WORKSHOPS	DATES
Review Proposed Final Budget	May 4, 2020 (Bd Curriculum Comm. Meeting)
Tentative Final Budget Adoption	May 11, 2020 (Special Board Meeting)
FINAL BUDGET ADOPTION	June 15, 2020 (Special Board Meeting)



