



BETHLEHEM
AREA SCHOOL DISTRICT

*2020-2021
Budget Development
and
Tentative Preliminary
General Fund Budget*

December 16, 2019



Why Prepare 2020-21 Budget Now?

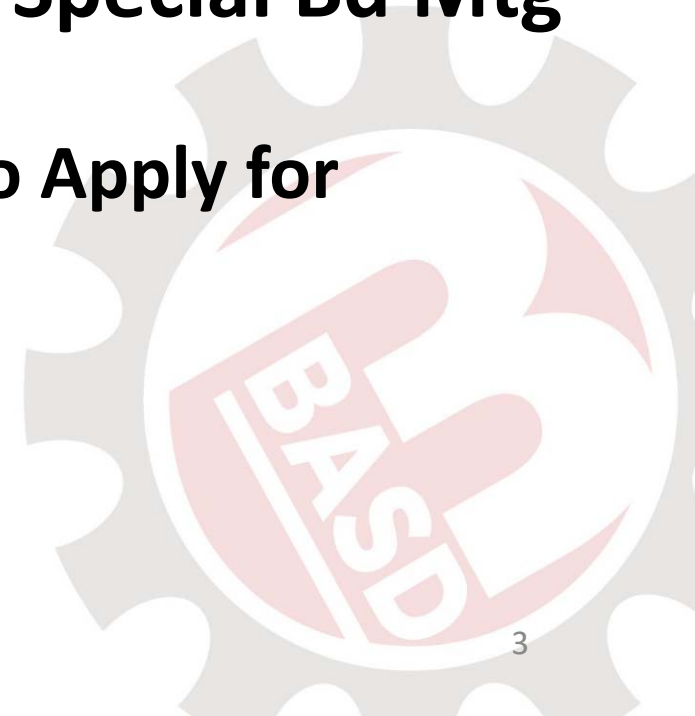
- ❖ Act 1 of 2006
 - Limits Local Taxation to an Annual Index (3.2%)
 - Timelines Based Upon Primary Election
 - Board Adopts Preliminary Budget 90 days prior to Primary election (April 28, 2020)
 - Resolution to Not Tax Above Index (3.2%)
 - **Exceptions for Certain Expenditures (3)**
 - Referendum Question if Exceed Index plus Exceptions
 - May-June School Code Timelines Apply

Act 1 Timeline.....

**December 16, 2019 - Review Preliminary Budget
@ Regular Board Mtg**

**January 21, 2020 - Approve Preliminary Budget
as Presented @ Special Bd Mtg**

**Authorize the Administration to Apply for
Act 1 for Exceptions**

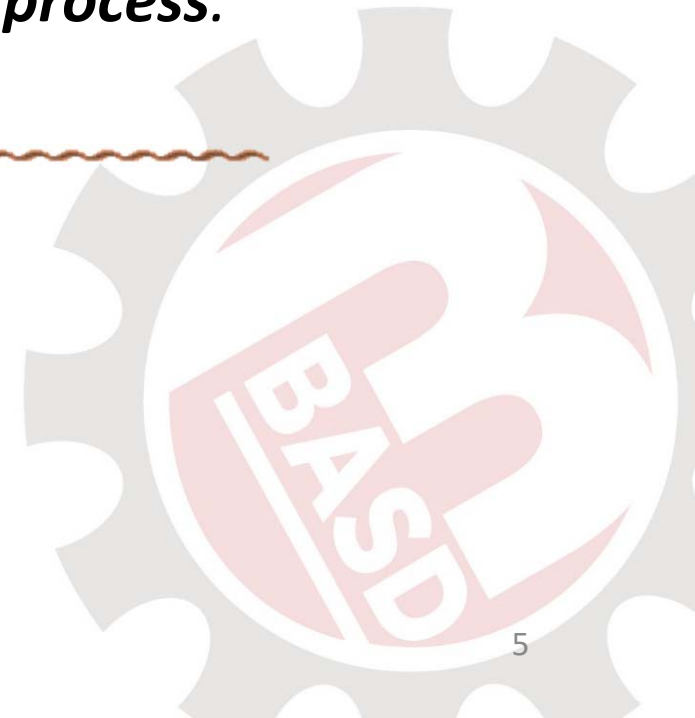


Timeline for Spring

WORKSHOPS	DATES
PRELIMINARY BUDGET ADOPTION	January 21, 2020 (Special Board Meeting)
Governor's Budget	On or about February 4, 2020
Budget Workshop	March 30, 2020
Review Proposed Final Budget	May 4, 2020
Tentative Final Budget Adoption	May 11, 2020 (Special Board Meeting)
FINAL BUDGET ADOPTION	June 15, 2020 (Special Board Meeting)

Preliminary Budget Strategy

Preserving our ability to maximize our options by applying for Act 1 Exceptions in the face of numerous unknown variables at this early stage of the budget development process.



Structural Budget Issues

- ❖ Structural deficit is caused by the growth of mandated and contractual expenses exceeding the natural growth of revenues
- ❖ Federal funds continue a gradual decline
- ❖ Fixed costs of the BASD (employee salaries & benefits, operating costs, etc.) continue to grow
- ❖ BASD contributions to the PSERS retirement system continue to grow
- ❖ Public charter school costs continue to grow
- ❖ Act 1 limits millage increases (the “Index”)
- ❖ State failure to adequately fund public schools

How do we prioritize all of the things we value?

- ❖ Neighborhood Schools
- ❖ Grade Level Reading by Grade 3
- ❖ Targeted Class Sizes
- ❖ Transportation Services
- ❖ Diverse Curricular Offerings
- ❖ Well-maintained Facilities
- ❖ Professional Development Opportunities
- ❖ Co-curricular Activities
- ❖ Behavioral/Mental Health Supports
- ❖ Up-to-date Technology
- ❖ Additional Supports for Summer Programs



BETHLEHEM

AREA SCHOOL DISTRICT

Roadmap to Educational Excellence



EQUALITY VS EQUITY



We define equity as providing each student what he/she needs to be successful, understanding that each child has different strengths and needs.

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**



2020-21 Preliminary Budget

.... The Beginning

	<u>Preliminary Budget</u>	<u>Increase</u>
PSERS	\$39,170,029	\$1,772,376
Charter Schools	\$32,384,766	\$1,633,544
Everything Else	\$239,720,298	\$7,436,077
Initial Deficit		\$10,841,997

What New Money is Tentative for BASD in 2020-21??

<i>Basic Education Funding (BEF)</i>	<i>\$2,104,960</i>
<i>Special Education Funding (SEF)</i>	<i>\$236,368</i>
<i>Ready to Learn Grant</i>	<i>\$-0-</i>
<i>Federal Programs</i>	<i>(\$723,795)</i>
<i>Pre-K Counts</i>	<i>\$25,000</i>
<i>Tuition Orphans/Group Homes</i>	<i>\$65,000</i>
<i>State Share Social Security</i>	<i>\$160,236</i>
<i>State Share Retirement</i>	<i><u>\$896,527</u></i>
<i>Total</i>	<i>\$2,764,296</i>
<i>Retirement Expense</i>	<i><u>(\$1,772,376)</u></i>
<i>Net New Money for Programs</i>	<i>\$991,920</i>

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	\$ 35,822,827	\$ 2,104,960	\$ 875,849
		<hr/>	<hr/>
Final Allocation not confirmed until late May 2020 after 2018-19 enrollment data is finalized. Estimates are subject to change.		\$ 8,006,659	\$ 11,953,870
		<hr/>	<hr/>

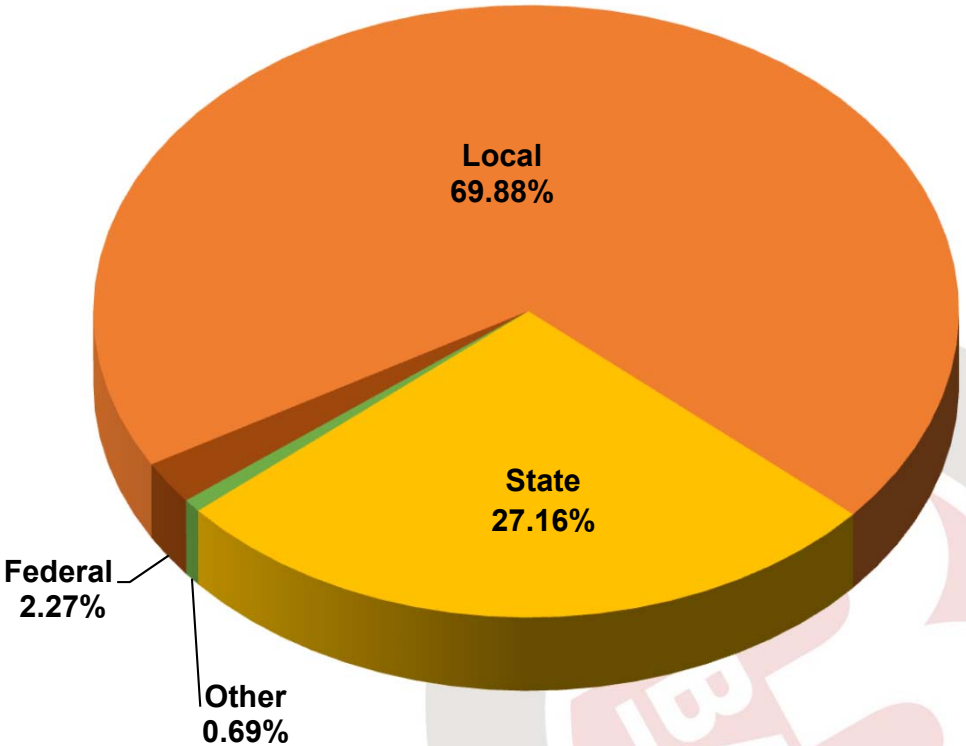
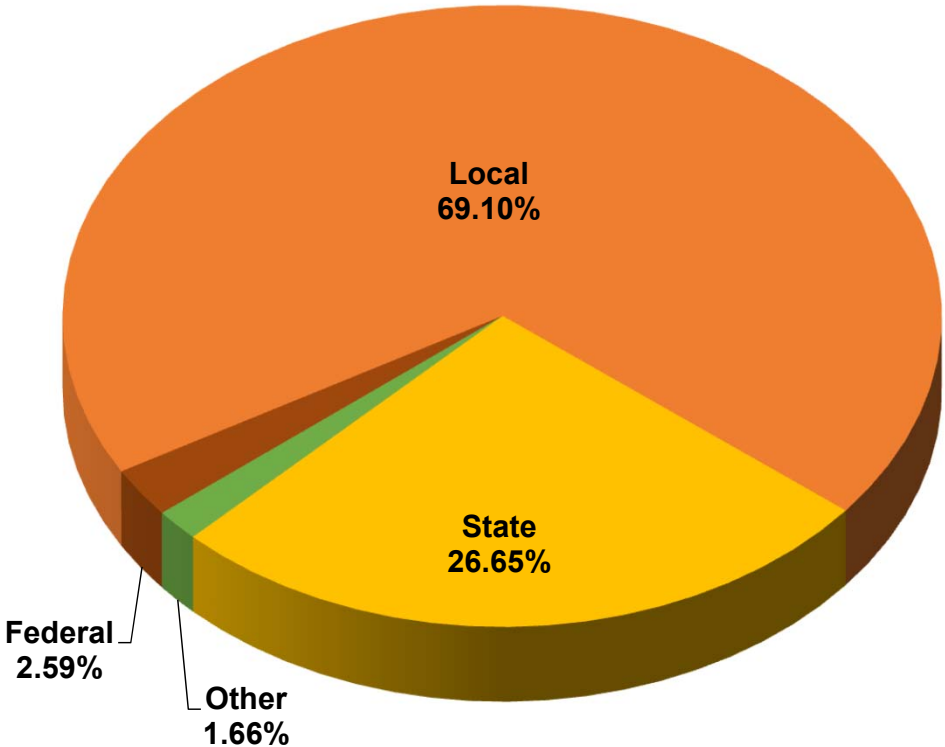
2020-21 Revenue Summary

	<u>2020-21 Budget</u>	<u>Dollar Change</u>	<u>Percentage Change</u>
<u>Revenues:</u>			
Local	\$209,942,050	\$8,711,635	4.33%
State	\$81,595,640	\$3,994,915	5.15%
Other	\$2,082,500	(\$2,760,988)	-57.00%
Federal	\$6,812,906	(\$723,795)	-9.60%
Total Revenue	\$300,433,096	\$9,221,767	3.17%

2020-21 Revenues by Source

2019-20
\$291,211,329

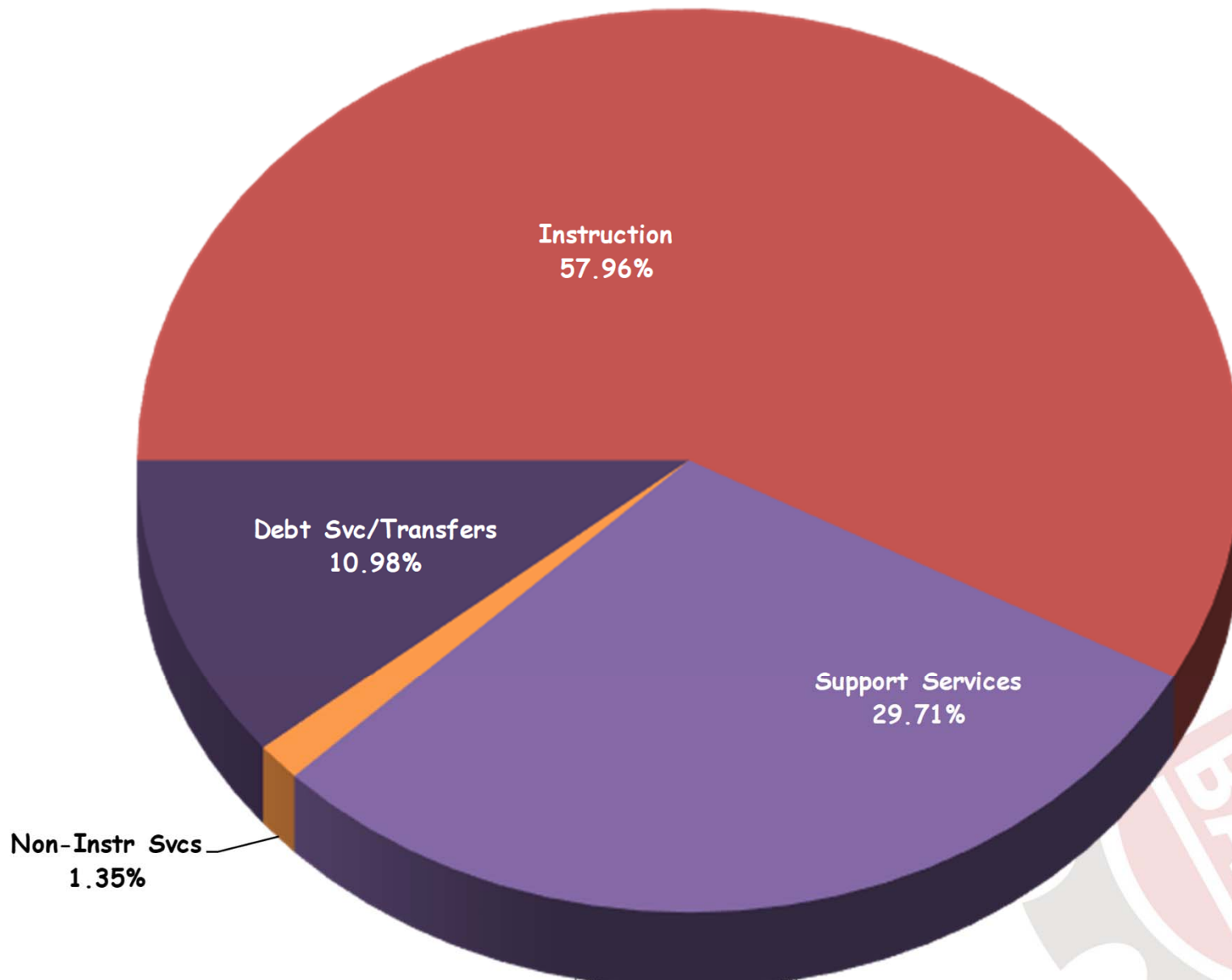
2020-21
\$300,433,096



2020-21 Preliminary Budget Expenditure Summary

	<u>2020-21 Budget</u>	<u>Dollar Change</u>	<u>Percentage Change</u>
<u>Expenditures:</u>			
Instruction	\$138,940,018	\$10,775,188	8.41%
Support Services	\$71,218,583	\$5,894,322	9.02%
**Non-Instr Svcs	\$3,233,849	\$188,794	6.20%
Facility Improvements	\$0	(\$44,000)	-100.00%
**Debt Svc/Transfers	\$26,327,848	(\$156,460)	-0.59%
BASD	\$239,720,298	\$16,657,844	7.47%
PSERS	\$39,170,029	\$1,772,376	4.74%
CHARTER SCHOOLS	\$32,384,766	\$1,633,544	5.31%
Total Expenditures	\$311,275,093	\$20,063,764	6.89%

2020-21 Preliminary Budget Expenditures by Category



Expenditures by Program Area

	<u>Expenditures</u>	<u>Per Dollar Cost</u>	
Instructional Programs	\$ 188,991,261	\$ 0.61	} \$0.83
Maintenance	\$ 19,406,220	\$ 0.06	
Instructional Support	\$ 22,434,257	\$ 0.07	
Transportation	\$ 11,036,289	\$ 0.04	
Federal Programs	\$ 10,267,475	\$ 0.03	
Health Services	\$ 2,900,104	\$ 0.01	
Security	\$ 1,319,121	\$ 0.01	
Administrative Support	\$ 24,740,413	\$ 0.08	
Debt Svc/Transfers/Reserves	\$ 26,327,848	\$ 0.08	
Non-Instructional Costs	\$ 3,852,105	\$ 0.01	
	\$ 311,275,093	\$ 1.00	

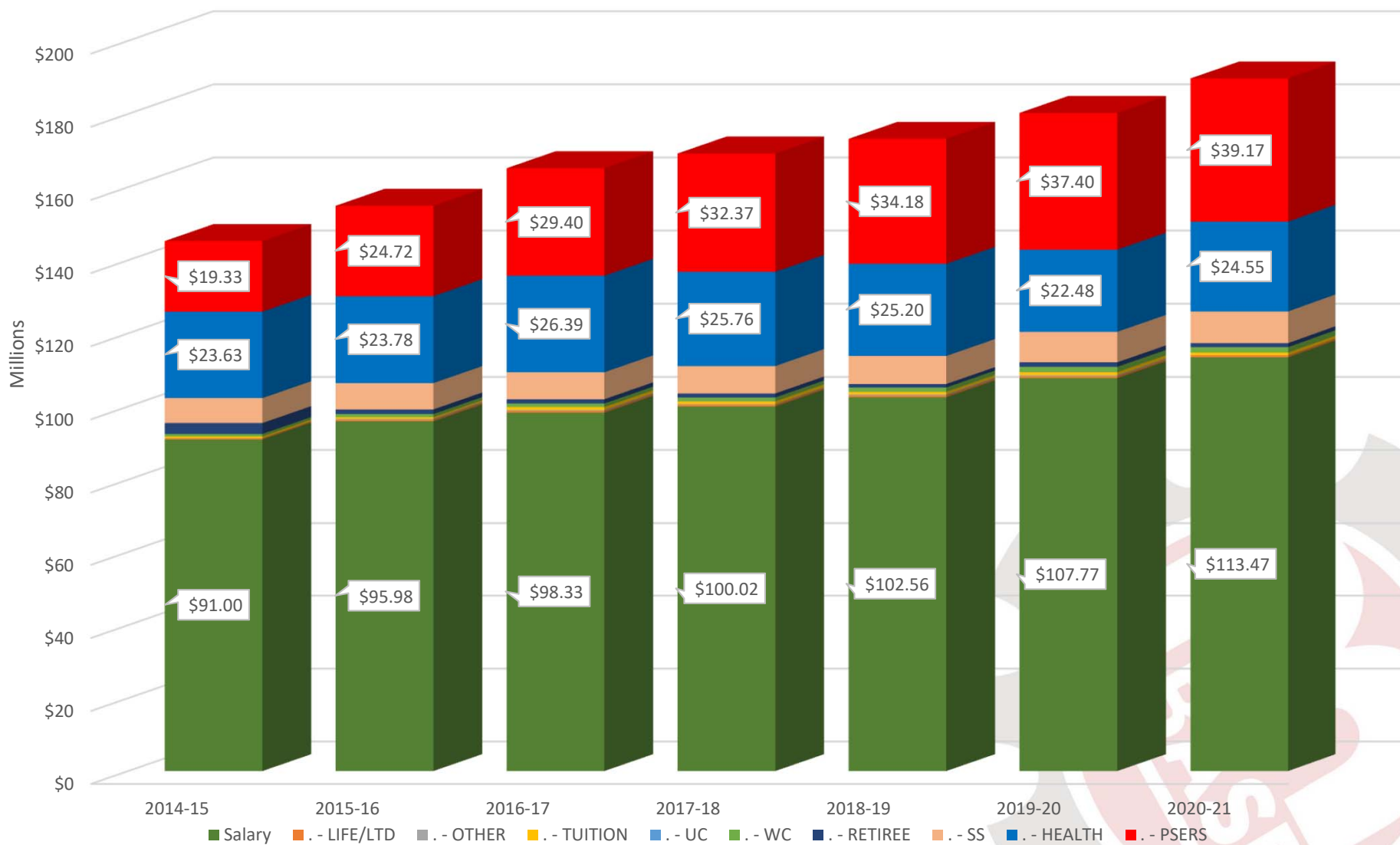
Non Discretionary Expenditures

	<u>Expenditures</u>	<u>% of Budget</u>
Salary & Benefits	\$ 180,674,530	58.0%
Charter Schools	\$ 32,384,766	10.4%
Tuition Outside Student Pgms	\$ 14,552,238	4.7%
Debt Service	\$ 23,147,848	7.4%
IU Services/Alt Ed/Sp Ed	\$ 13,150,811	4.2%
Transportation	\$ 3,618,994	1.2%
Utilities	\$ 2,595,000	0.8%
Insurance	\$ 809,021	0.3%
Federal Programs	\$ 10,267,475	3.3%
Total Budget	\$ 311,275,093	90.3%

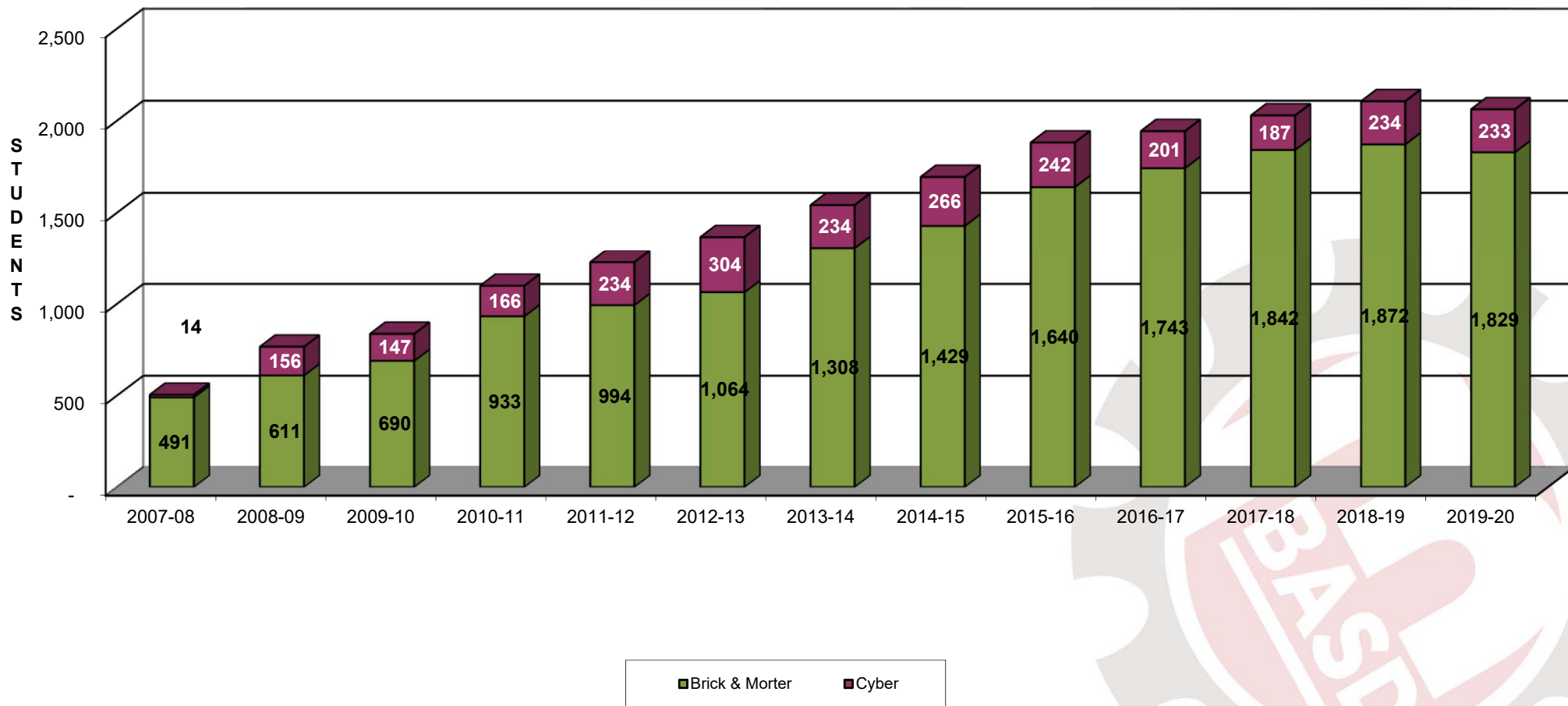
Salaries as a Percentage of Budget

	Dollar Amount	% of Total Expenditures
Professional	\$ 81,710,760	26.25%
Maintenance	\$ 9,777,792	3.14%
Administration	\$ 7,752,247	2.49%
Instructional Assistants	\$ 4,673,691	1.50%
Clerical	\$ 4,669,425	1.50%
Bus Drivers	\$ 3,608,408	1.16%
Technical	\$ 1,278,651	0.41%
Total Salaries	\$ 113,470,974	36.45%
Associated Benefits	\$ 76,281,858	24.51%
Total Salaries & Benefits	\$ 189,752,832	60.96%

Salaries & Benefits

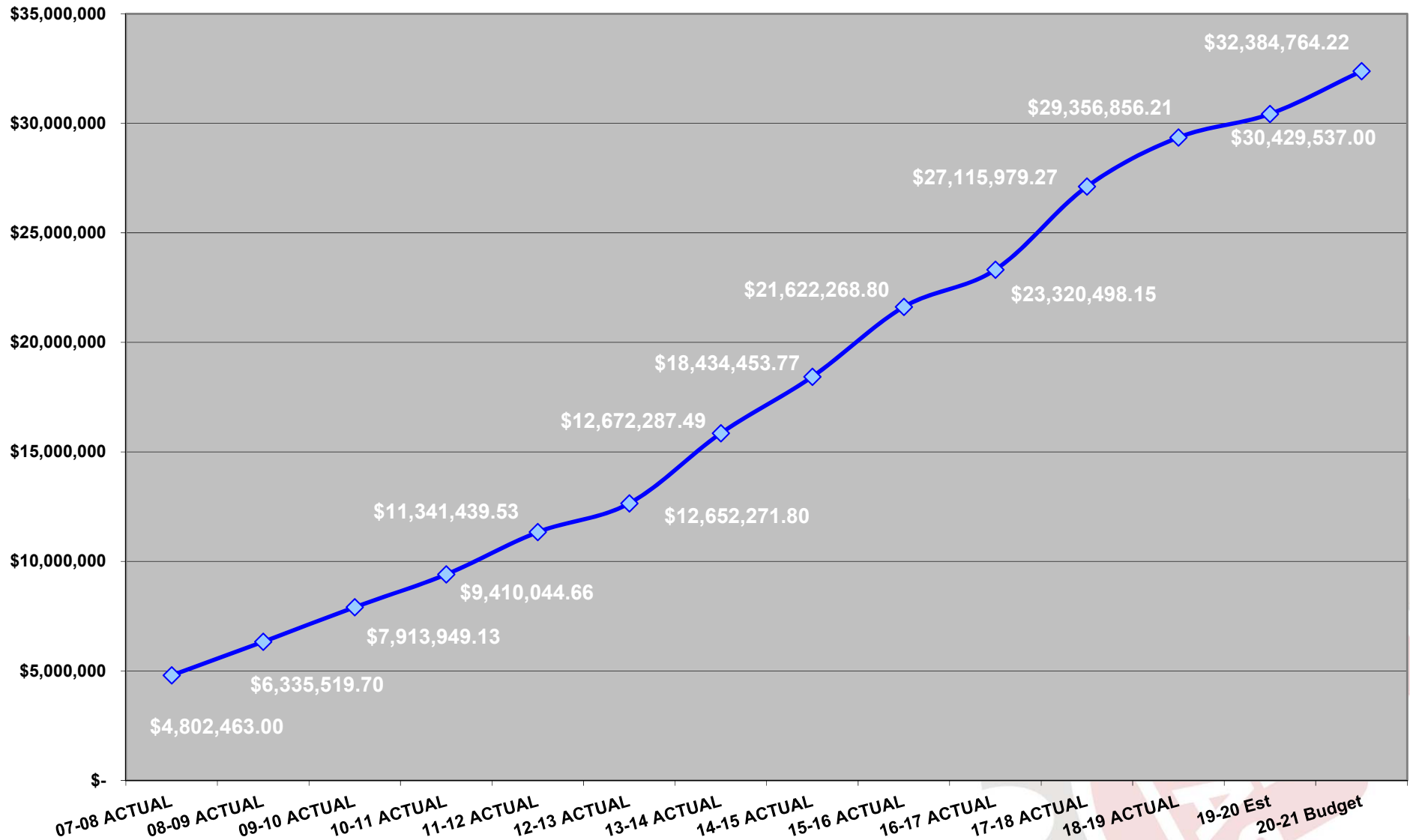


Charter School Enrollment

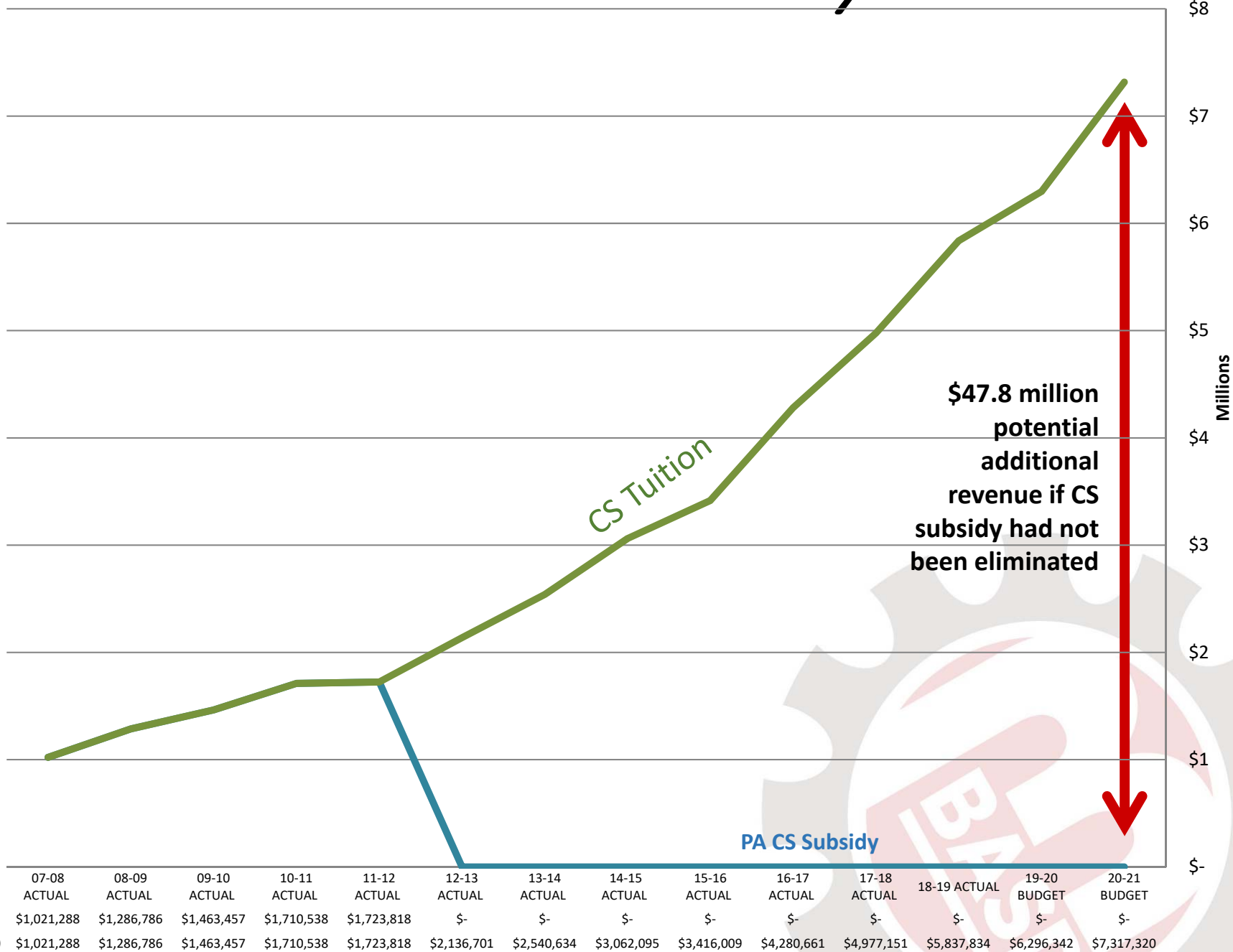


December 16, 2019

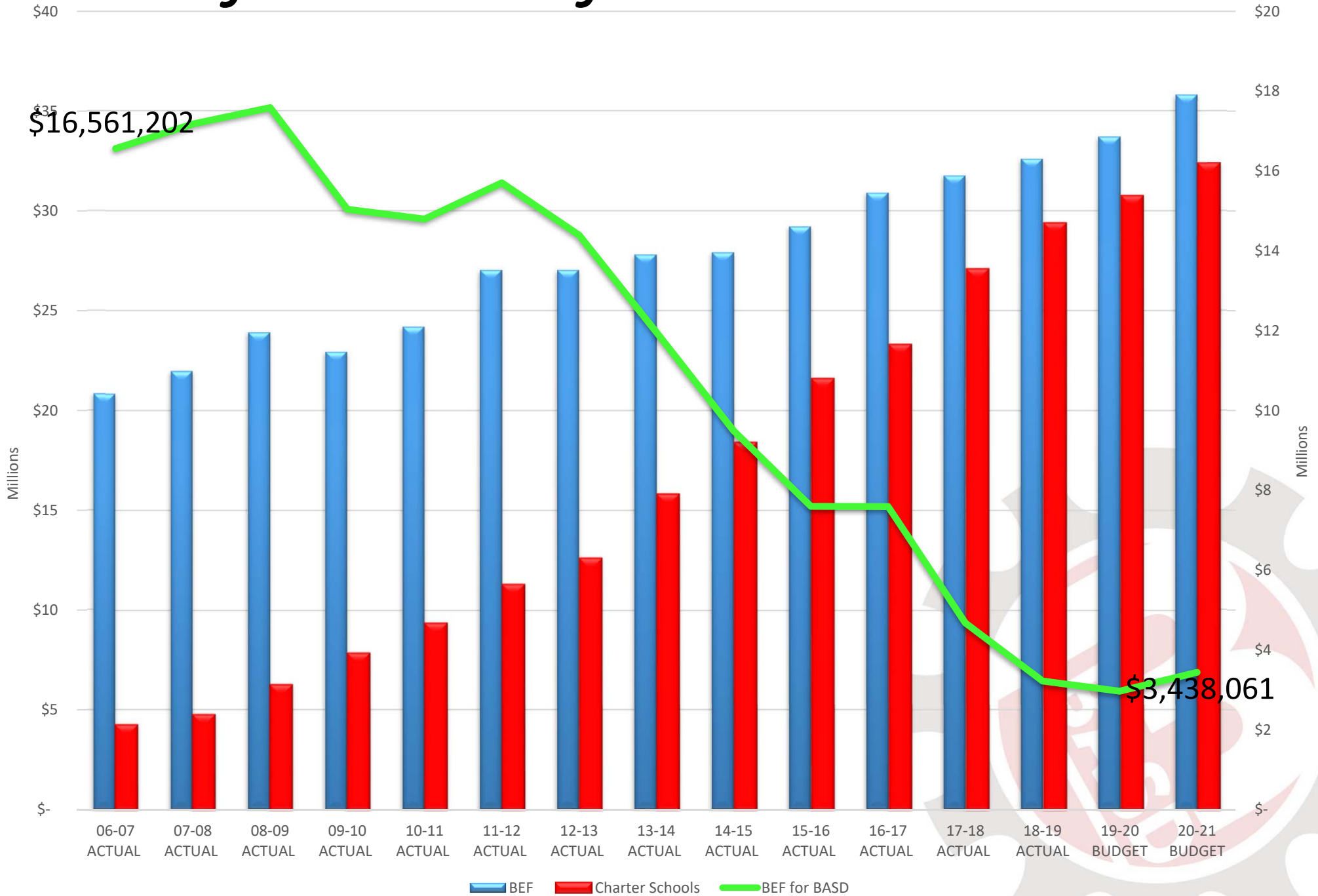
Charter School Costs



Charter School Subsidy



BEF for BASD After Charter Tuition



2020-21 Preliminary Budget

Expenditures ***\$311,275,093***

Revenues ***\$300,433,096***

Gap ***(\$10,841,997)***



Initial Planning Progress Comparison to Last Year

	2019-20 Funding Gap		2020-21 Funding Gap	
	Exp/Rev Gap	Exp Incr	Exp/Rev Gap	Exp Incr
Preliminary Presentation	\$11,081,964	5.30%	\$10,841,997	6.89%
Preliminary Approval	\$ 6,999,295	3.81%	Future work to continue	
Final Approval	\$ 2,535,174	3.51%		

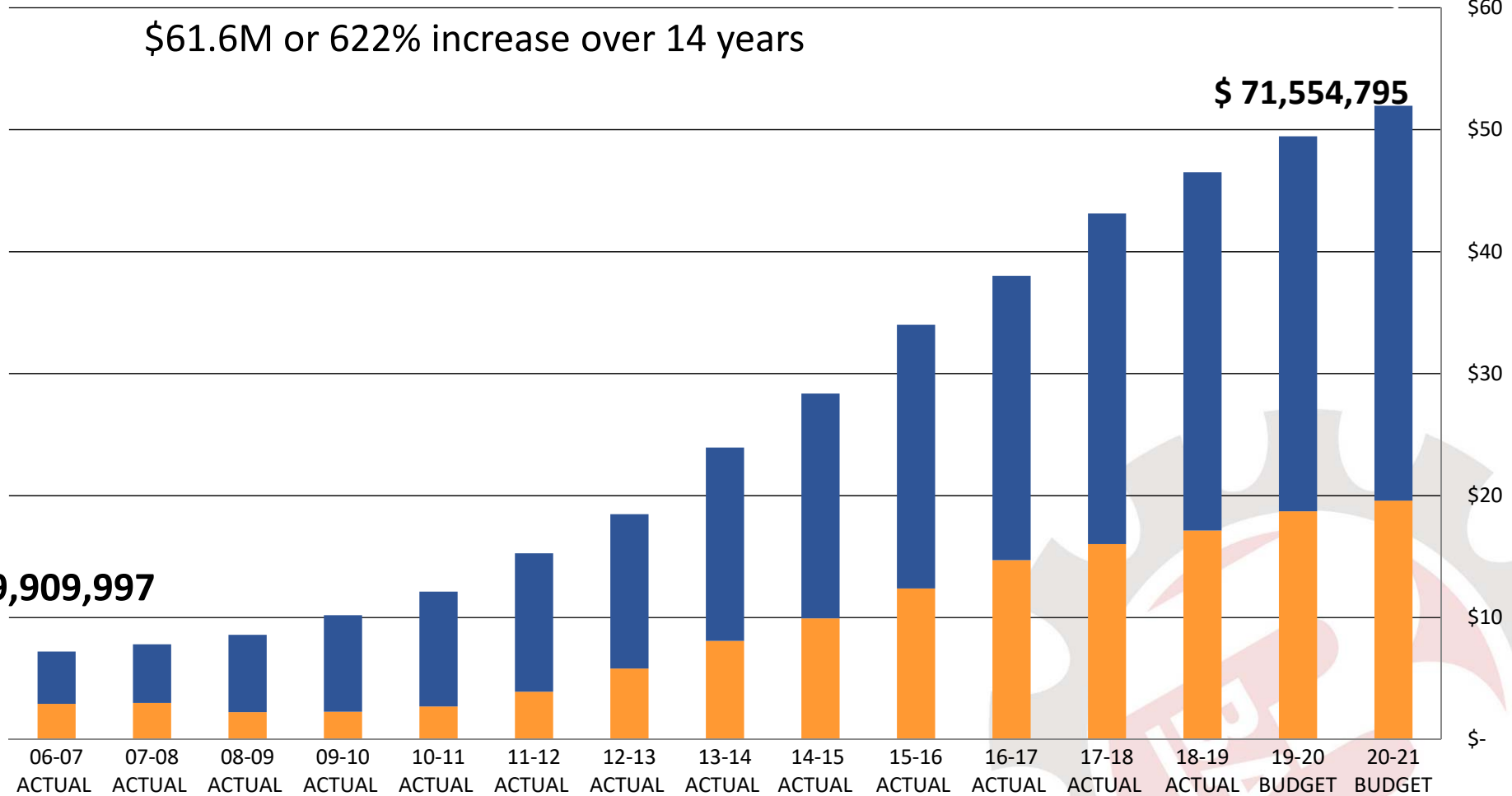


Primary Cost Drivers PSERS & Charter Schools

\$61.6M or 622% increase over 14 years

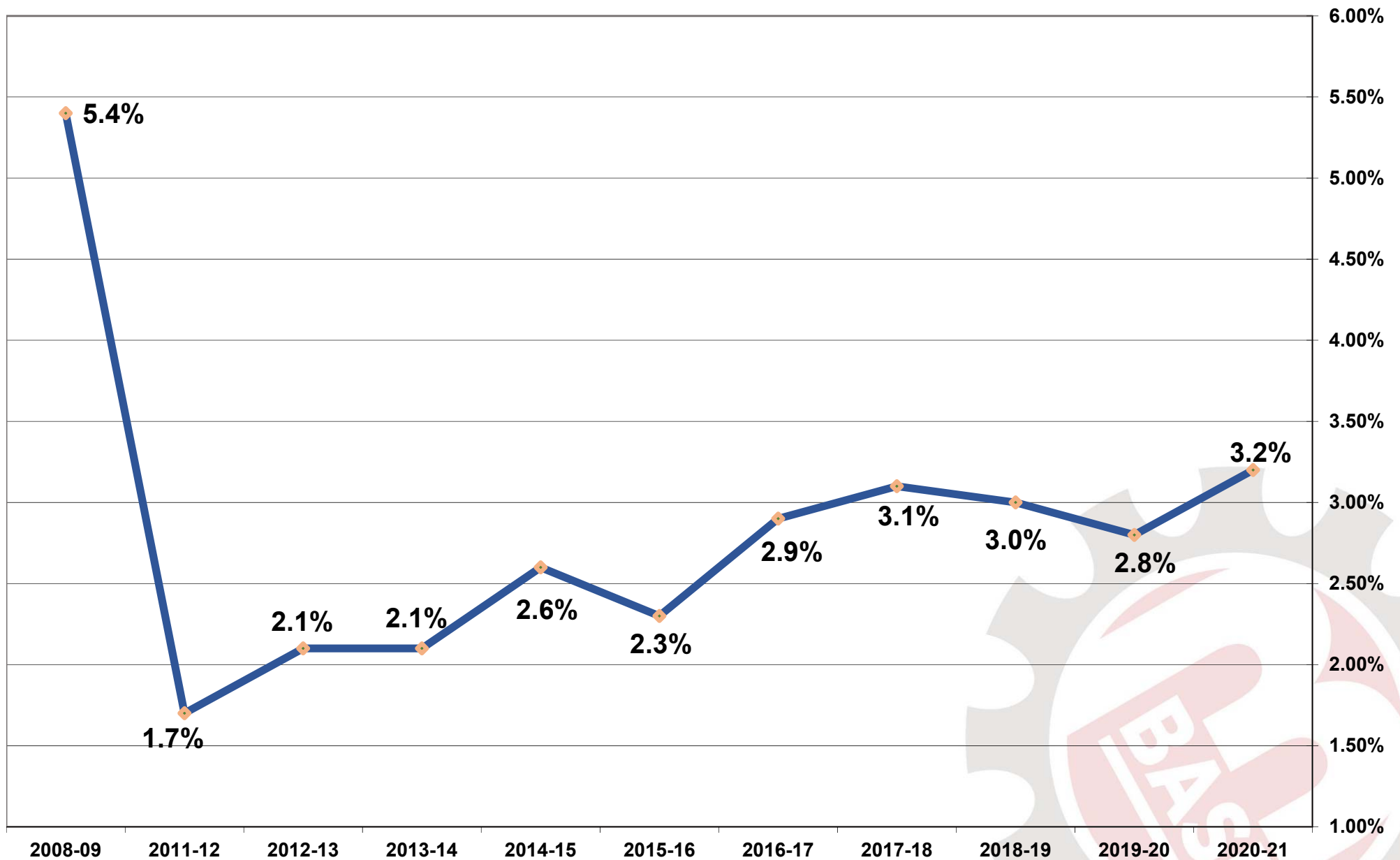
\$ 71,554,795

\$ 9,909,997



	06-07	07-08	08-09	09-10	10-11	11-12	12-13	13-14	14-15	15-16	16-17	17-18	18-19	19-20	20-21
ACTUAL	ACTUAL	ACTUAL	ACTUAL	ACTUAL	ACTUAL	ACTUAL	ACTUAL	ACTUAL	ACTUAL	ACTUAL	ACTUAL	ACTUAL	ACTUAL	BUDGET	BUDGET
Charter Schools	\$4,282,	\$4,802,	\$6,335,	\$7,913,	\$9,410,	\$11,341	\$12,652	\$15,854	\$18,434	\$21,622	\$23,320	\$27,102	\$29,388	\$30,751	\$32,384
Net PSERS	\$2,937,	\$3,014,	\$2,256,	\$2,283,	\$2,715,	\$3,925,	\$5,825,	\$8,098,	\$9,936,	\$12,388	\$14,707	\$16,029	\$17,133	\$18,709	\$19,585

ACT 1 INDEX – HISTORICAL INDEX



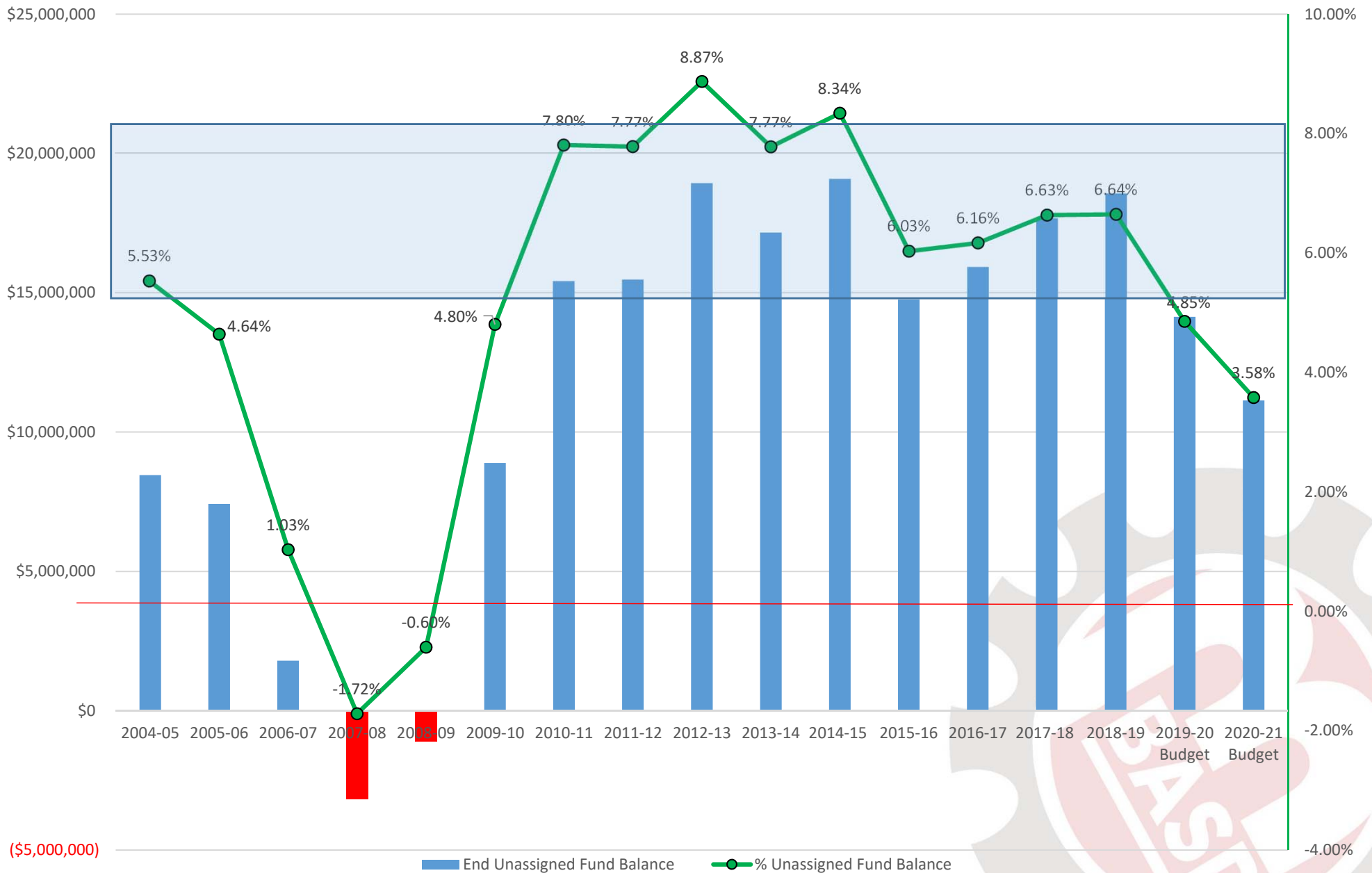
Act 1 Index – Estimated Exceptions

Est. Allowable Index 2020-21 3.2% \$ 3,056,103

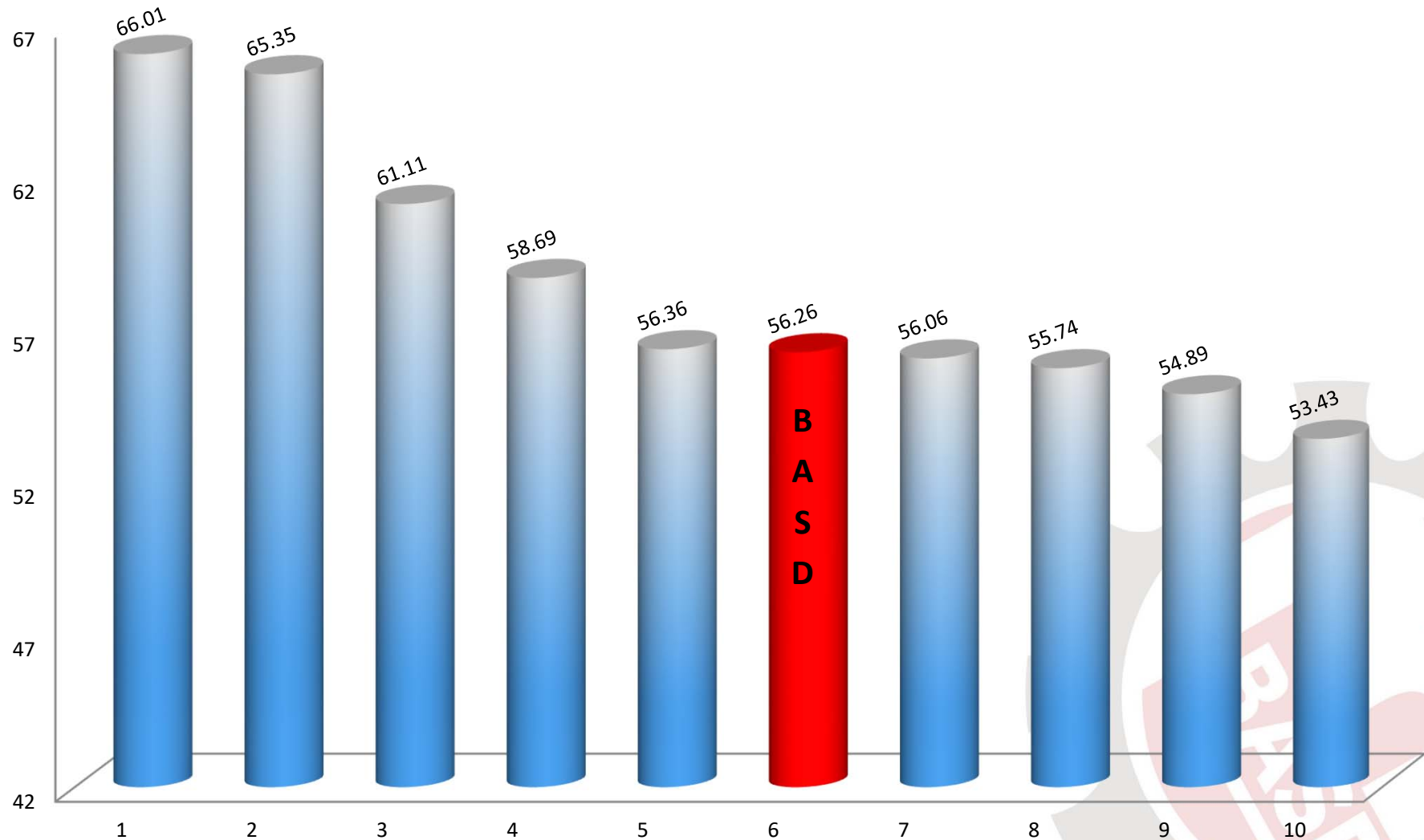
Preliminary Estimated Exceptions:

School Construction - Debt	\$ -
Special Education	\$ 1,851,518
Retirement Contributions	\$ -
	1,851,518
Total Est Increase Under Act 1 Provisions	\$ 4,907,621

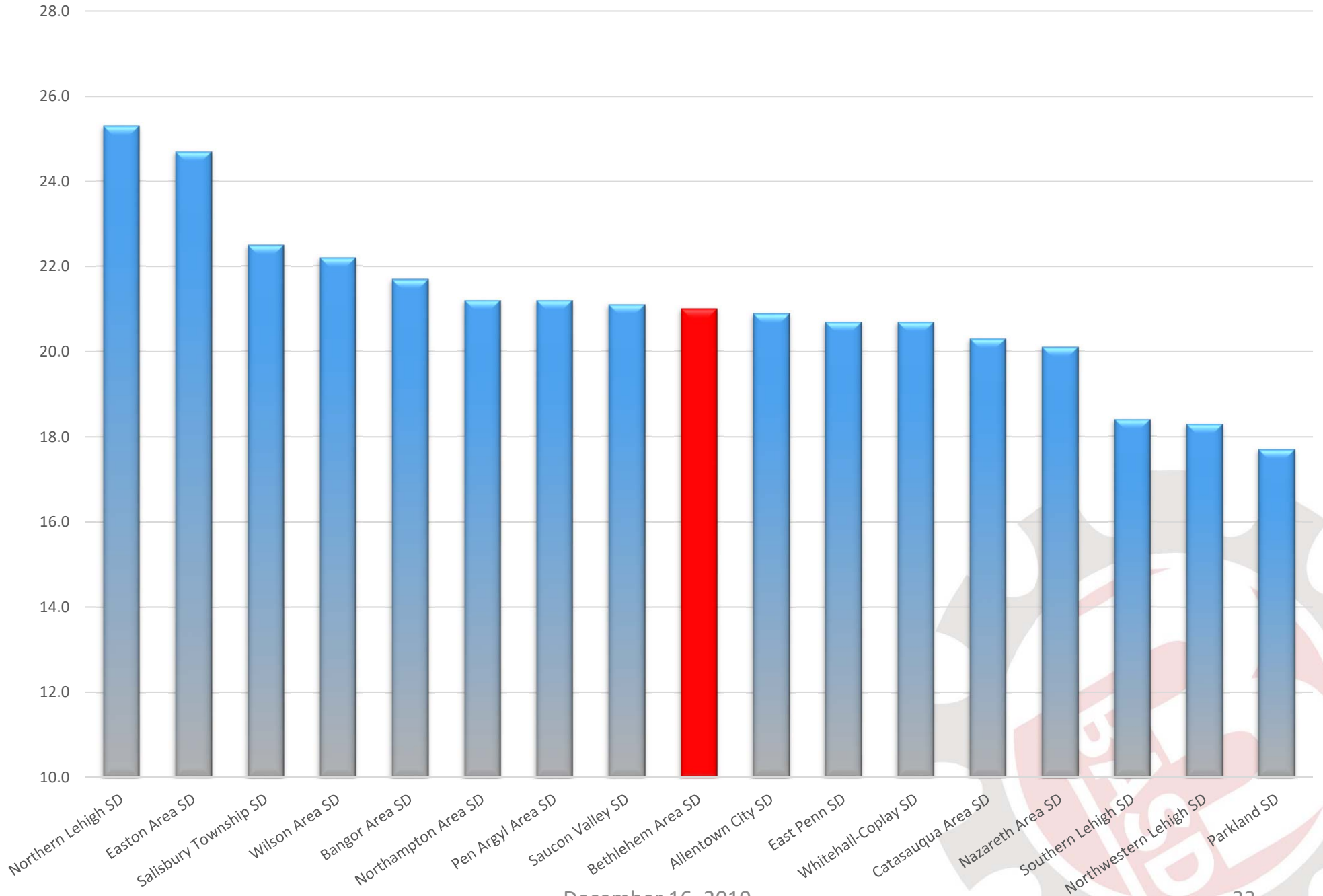
Fund Balance Review



2019-20 Millage Rates Northampton County



LEHIGH VALLEY EQUALIZED MILLS



December 16, 2019

Other Comparative Data

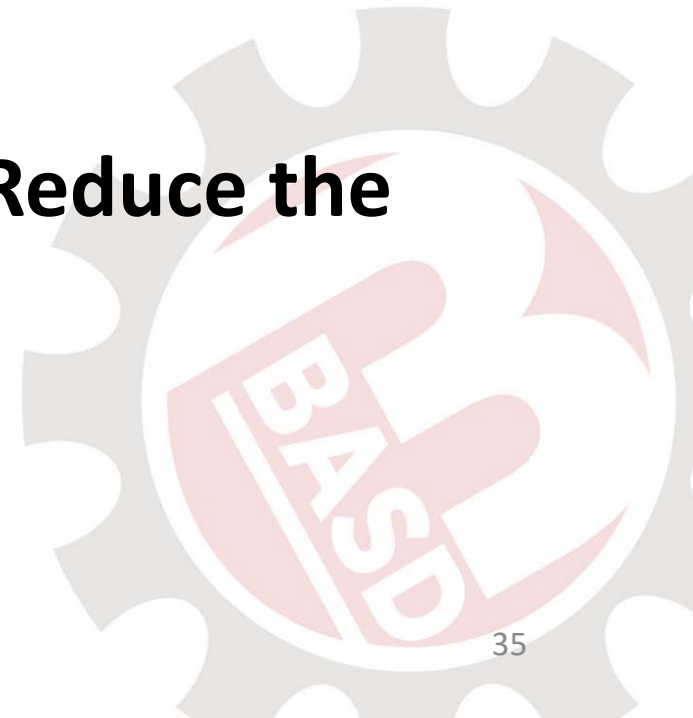
- BASD is
 - 6th largest SD in student enrollment
 - 9th of 26 in wealth in Lehigh Valley
 - 150th most wealthy SD in PA
 - 123rd in market value per student in PA
 - 203rd in personal income per student in PA
- BASD spends 10% less overall than the average school district per student in Lehigh Valley
- BASD spends 6% less than the average school district per student in Lehigh Valley before Charter tuition

Recommended Next Steps

**Approve Preliminary Budget as Presented on
January 21, 2020**

**Authorize the Administration to Apply for Act 1
Exceptions**

**Administration Continues Work to Reduce the
Budget Gap**



2020-21 BASD Budget Development

- ❖ Collect Necessary Data and Projections
- ❖ Analyze Budget Trends vs. District Priorities
- ❖ Board Workshop & Finance Discussions



TIMELINE FOR SPRING

WORKSHOPS	DATES
PRELIMINARY BUDGET ADOPTION	January 21, 2020 (Special Board Meeting)
Governor's Budget	On or about February 4, 2020
Budget Workshop	March 30, 2020
Review Proposed Final Budget	May 4, 2020
Tentative Final Budget Adoption	May 11, 2020 (Special Board Meeting)
FINAL BUDGET ADOPTION	June 15, 2020 (Special Board Meeting)

