



**BETHLEHEM**  
AREA SCHOOL DISTRICT

*2019-2020  
Tentative Preliminary  
General Fund Budget*

*January 14, 2019*

# *Preliminary Budget Strategy*

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***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.***

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# BETHLEHEM

AREA SCHOOL DISTRICT

## Roadmap 5.0 to Educational Excellence



## EQUALITY VS EQUITY



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

# *2019-20 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.
- **TRAUMA INFORMED SCHOOLS**



# *Prioritized Educational Programs*

- **Reading By Grade 3 (RBG3)**
- **Core Curriculum Revision**
- **Collective Impact Efforts: Community Schools, Partnerships, etc.**
- **Elementary Related Arts**
- **Blended/Personalized Instruction**
  - **1:1 Initiative**



# 2019-20 Preliminary Budget .... The Beginning

	<u>Preliminary Budget</u>	<u>Increase</u>
<b>PSERS</b>	<b>\$37,813,530</b>	<b>\$2,899,827</b>
<b>Charter Schools</b>	<b>\$30,751,222</b>	<b>\$992,747</b>
<b>Everything Else</b>	<b>\$227,699,218</b>	<b>\$11,028,254</b>
<b>Initial Deficit</b>		<b>\$11,081,964</b>

# *What New Money is Tentative for BASD in 2019-20??*

<i>Basic Education Funding (BEF)</i>	<i>\$ 283,935</i>
<i>Special Education Funding (SEF)</i>	<i>\$ 24,852</i>
<i>Ready to Learn Grant</i>	<i>\$ -0-</i>
<i>Federal Programs</i>	<i>\$ 1,509,432</i>
<i>Pre-K Counts</i>	<i>\$ 170,000</i>
<i>Tuition Orphans/Group Homes</i>	<i>\$ 20,000</i>
<i>State Share Social Security</i>	<i>\$ 53,513</i>
<i>State Share Retirement</i>	<i><u>\$ 2,152,292</u></i>
<i>Total</i>	<i>\$ 4,214,024</i>
<i>Retirement Expense</i>	<i><u>( \$ 2,899,827)</u></i>
<i>Net New Money for Programs</i>	<i>\$ 1,314,197</i>

# STATE FUNDING IMPACT

	BEF	BEF Increase	PSERS Increase
<b>2013-14 BEF Actual</b>	<b>\$ 27,816,168</b>	<b>\$ 771,493</b>	<b>\$ 2,272,789</b>
<b>2014-15 BEF Actual</b>	<b>\$ 27,927,942</b>	<b>\$ 111,774</b>	<b>\$ 1,838,240</b>
<b>2015-16 BEF Actual</b>	<b>\$ 29,220,357</b>	<b>\$ 1,292,415</b>	<b>\$ 2,452,477</b>
<b>2016-17 BEF Actual</b>	<b>\$ 30,914,201</b>	<b>\$ 1,693,844</b>	<b>\$ 2,318,791</b>
<b>2017-18 BEF Actual</b>	<b>\$ 31,776,627</b>	<b>\$ 862,427</b>	<b>\$ 2,961,667</b>
<b>2018-19 BEF Budget</b>	<b>\$ 32,327,379</b>	<b>\$ 550,752</b>	<b>\$ 2,547,795</b>
<b>2019-20 BEF Budget</b>	<b>\$ 32,611,314</b>	<b>\$ 283,935</b>	<b>\$ 2,899,827</b>
		<b>\$ 5,566,639</b>	<b>\$ 17,291,585</b>

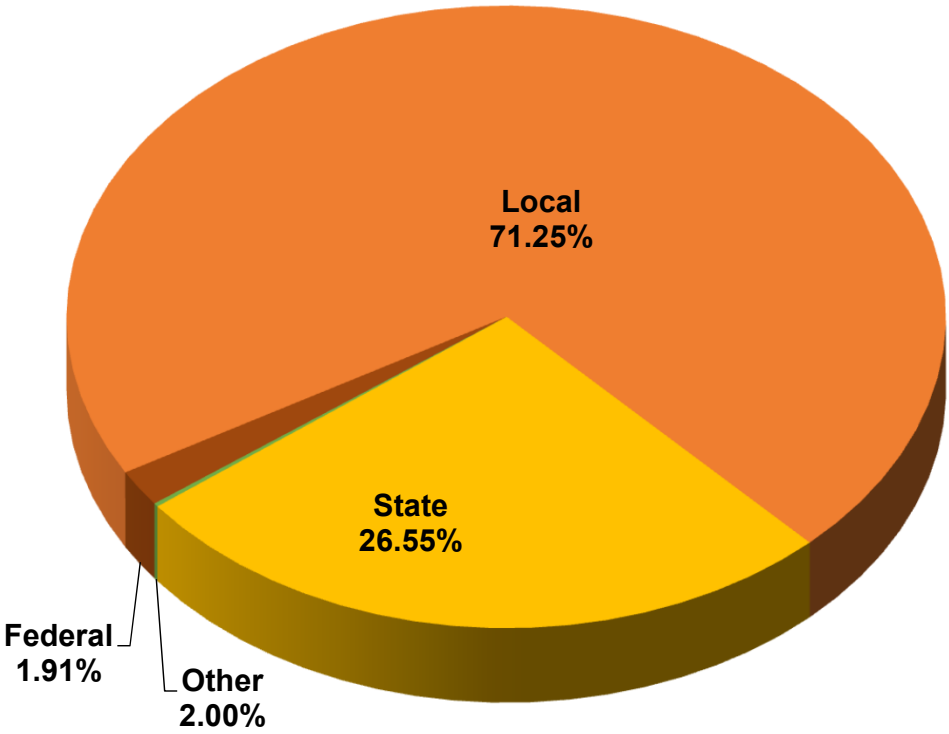
Final Allocation not confirmed until late May 2019 after 2017-18 enrollment data is finalized. Estimates are subject to change.

# 2019-20 Revenue Summary

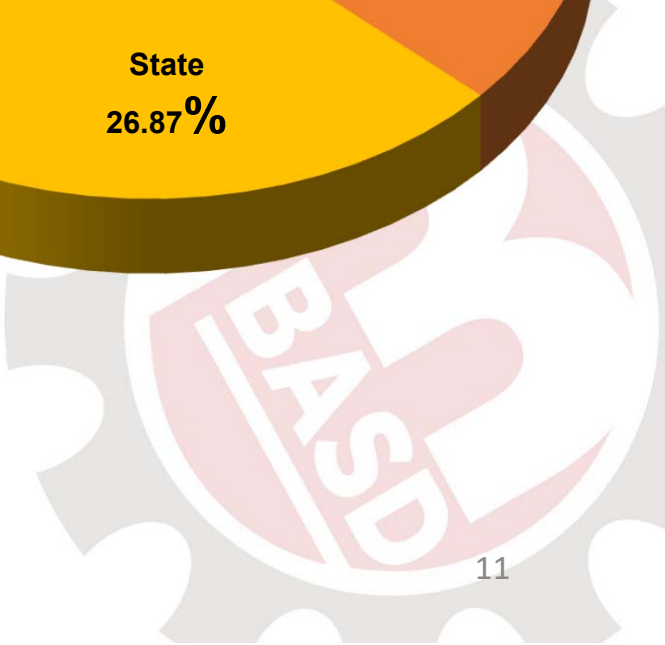
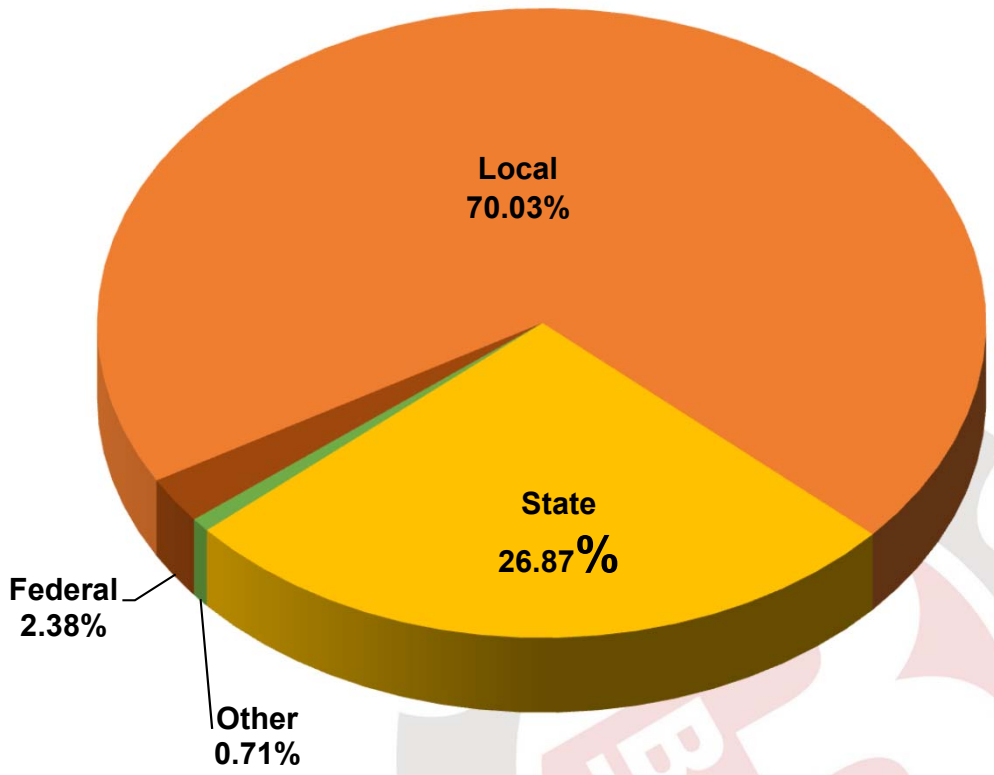
	<u>2019-20 Budget</u>	<u>Dollar Change</u>	<u>Percentage Change</u>
<u>Revenues:</u>			
Local	\$199,722,495	\$2,524,702	1.28%
State	\$76,638,294	\$2,839,730	3.85%
Other	\$2,030,000	(\$3,035,000)	-59.92%
Federal	\$6,791,217	\$1,509,432	28.58%
<b>Total Revenue</b>	<b>\$285,182,006</b>	<b>\$3,838,864</b>	<b>1.36%</b>

# 2019-20 Revenues by Source

**2018-19**  
**\$276,784,642**



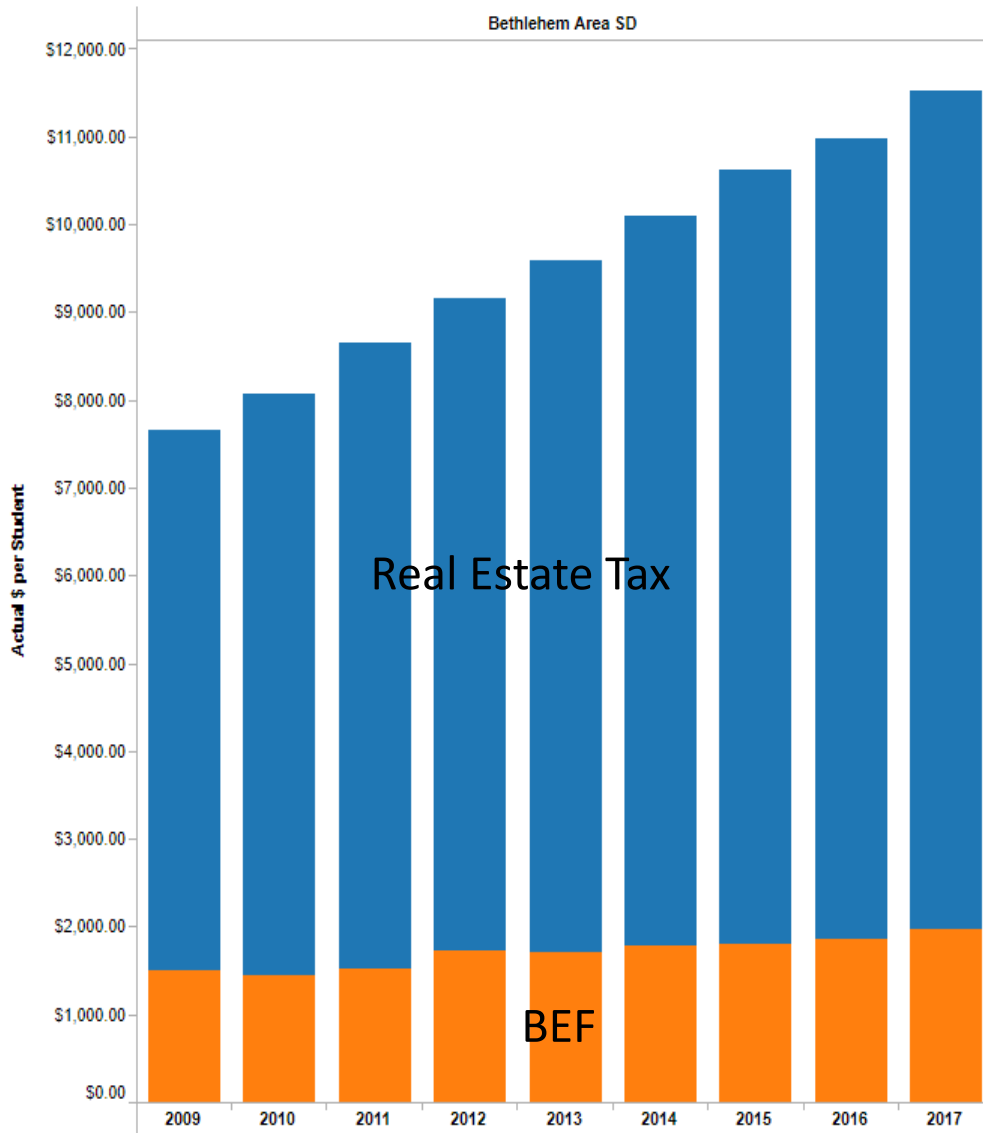
**2019-20**  
**\$285,182,006**



# Revenue Sources per Student

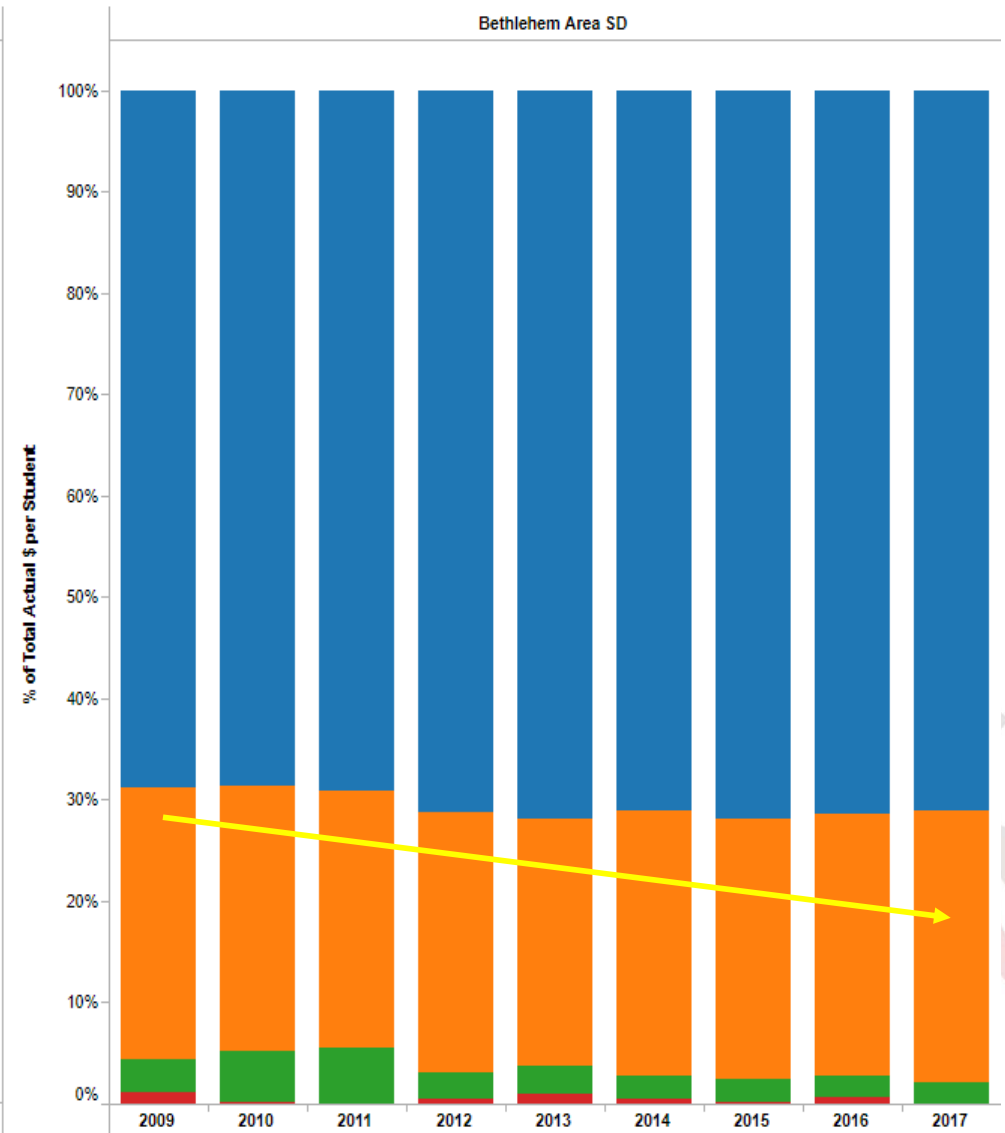
Actual - \$ Per Student

Bethlehem Area SD



% of Selected Actual - \$ Per Student

Bethlehem Area SD

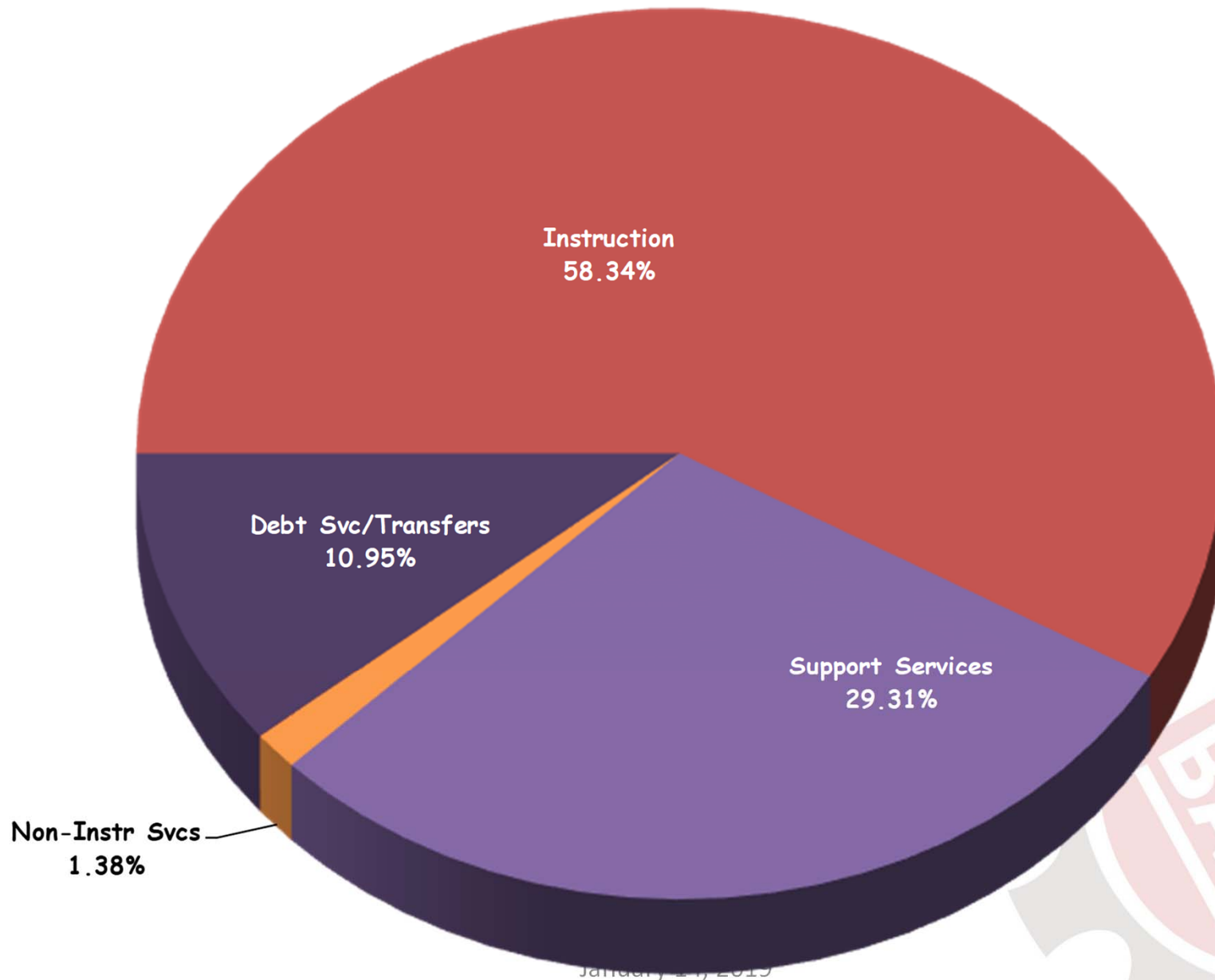


- 6000 REVENUE FROM LOCAL SOURCES
- 7000 REVENUE FROM STATE SOURCES
- 8000 REVENUE FROM FEDERAL SOURCES
- 9000 OTHER FINANCING SOURCES

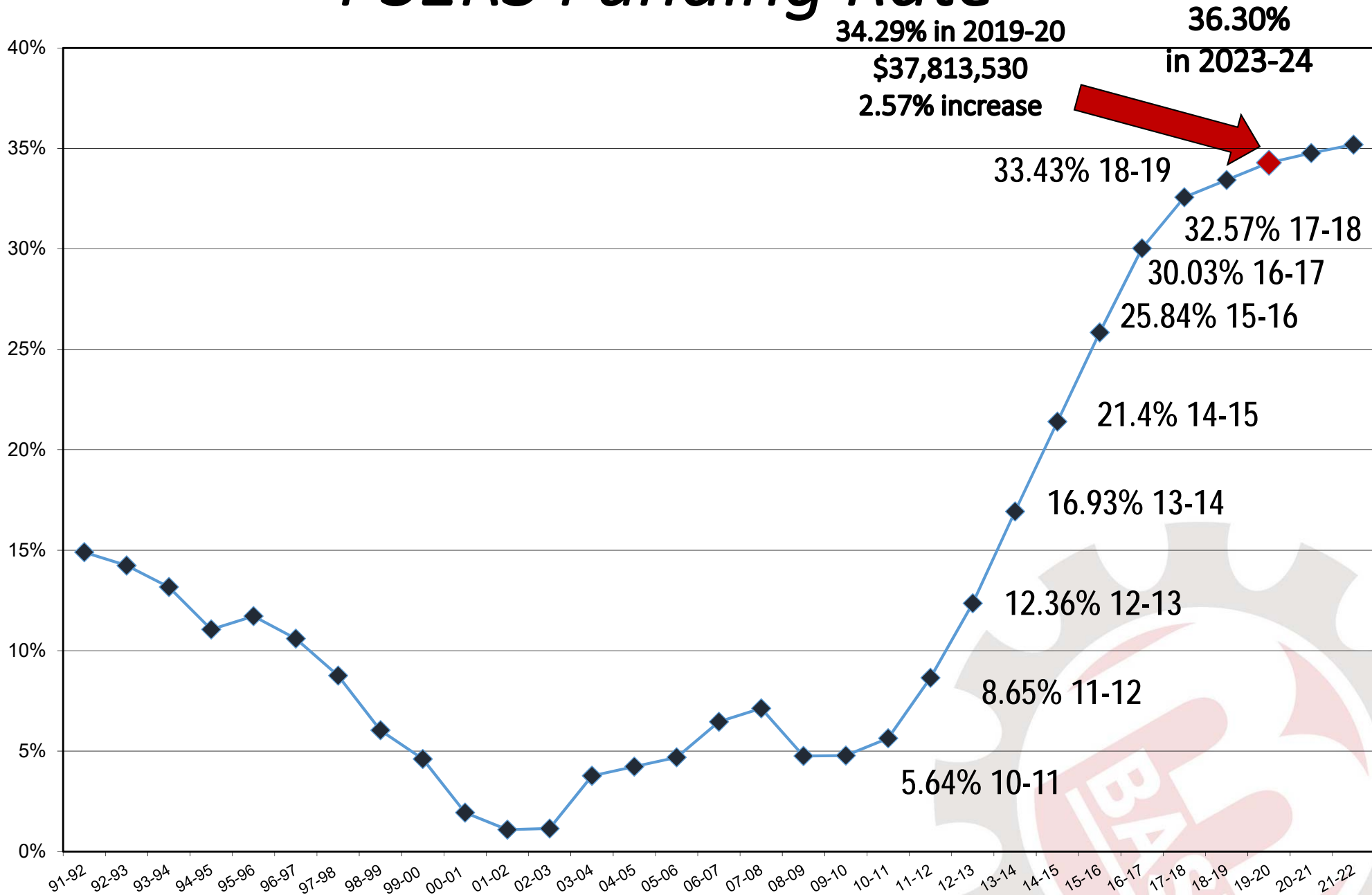
# 2019-20 Preliminary Budget Expenditure Summary

	<u>2019-20 Budget</u>	<u>Dollar Change</u>	<u>Percentage Change</u>
<b><u>Expenditures:</u></b>			
<i>Instruction</i>	\$132,849,581	\$7,464,102	5.95%
<i>Support Services</i>	\$66,735,498	\$5,260,678	8.56%
<i>**Non-Instr Svcs</i>	\$3,140,825	\$417,356	15.32%
<i>Facility Improvements</i>	\$44,000	(\$221,000)	0.00%
<i>**Debt Svc/Transfers</i>	\$24,929,314	(\$1,892,882)	-7.06%
<b>BASD</b>	<b>\$227,699,218</b>	<b>\$11,028,254</b>	<b>5.09%</b>
<b>PSERS</b>	<b>\$37,813,530</b>	<b>\$2,899,827</b>	<b>8.31%</b>
<b>CHARTER SCHOOLS</b>	<b>\$30,751,222</b>	<b>\$992,747</b>	<b>3.34%</b>
<b>Total Expenditures</b>	<b>\$296,263,970</b>	<b>\$14,920,828</b>	<b>5.30%</b>

# 2019-20 Preliminary Budget Expenditures by Category



# PSEERS Funding Rate



34.29% in 2019-20  
\$37,813,530  
2.57% increase

36.30%  
in 2023-24

# Expenditures by Program Area

	<u>Expenditures</u>	<u>Per Dollar Cost</u>
<b>Instructional Programs</b>	\$ 182,116,251	\$ 0.61
<b>Maintenance</b>	\$ 19,869,212	\$ 0.07
<b>Instructional Support</b>	\$ 20,410,910	\$ 0.07
<b>Transportation</b>	\$ 8,674,965	\$ 0.03
<b>Federal Programs</b>	\$ 9,279,712	\$ 0.03
<b>Health Services</b>	\$ 2,736,454	\$ 0.01
<b>Security</b>	\$ 1,200,156	\$ 0.01
<b>Administrative Support</b>	\$ 23,370,662	\$ 0.08
<b>Debt Svc/Transfers/Reserves</b>	\$ 24,929,314	\$ 0.08
<b>Non-Instructional Costs</b>	\$ 3,676,334	\$ 0.01
	<hr/>	
	\$ 296,263,970	\$ 1.00

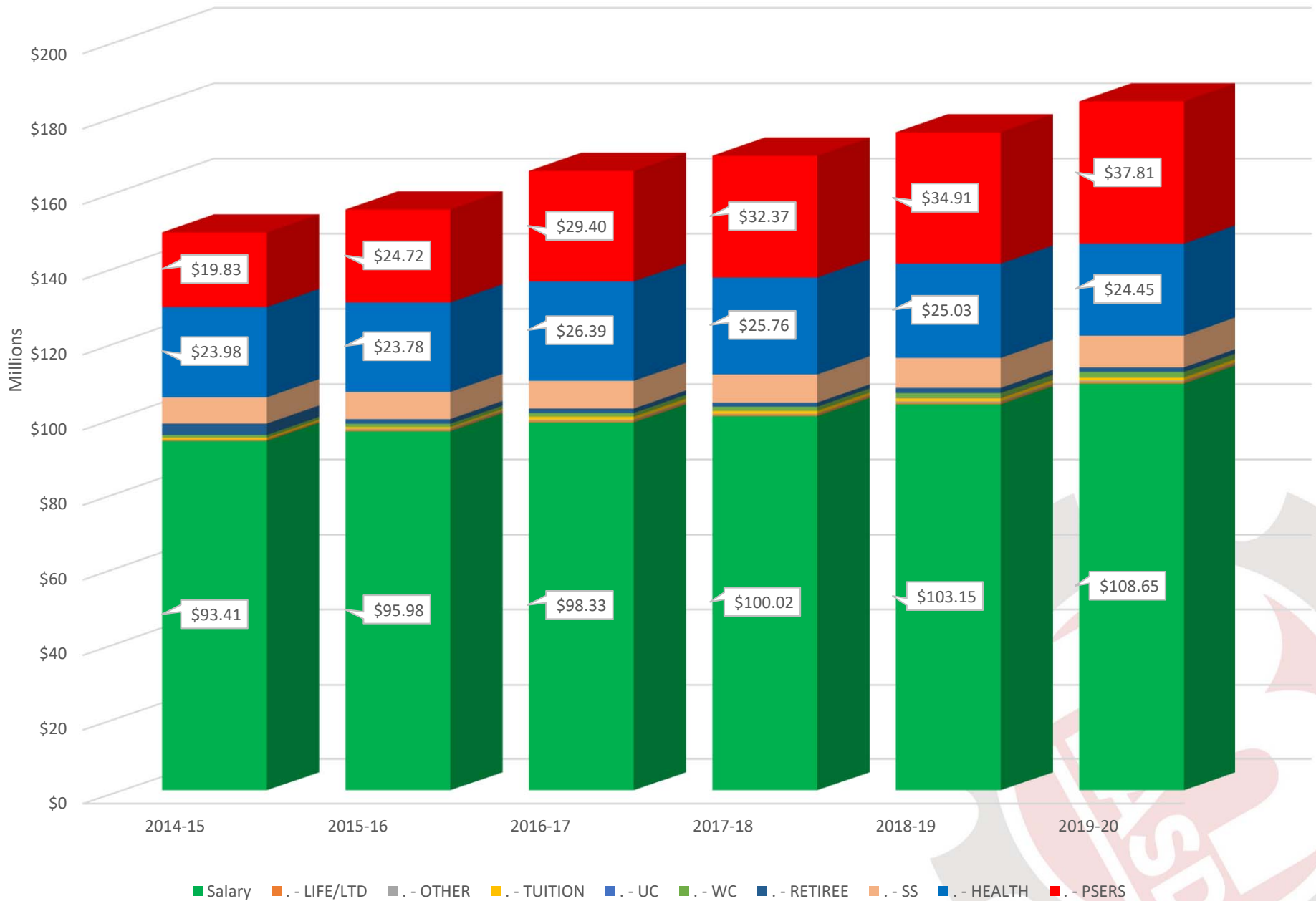
# Non Discretionary Expenditures

	<u>Expenditures</u>	<u>% of Budget</u>
<b>Salary &amp; Benefits</b>	<b>\$ 176,183,125</b>	<b>59.5%</b>
<b>Charter Schools</b>	<b>\$ 30,751,222</b>	<b>10.4%</b>
<b>Tuition Outside Student Pgms</b>	<b>\$ 12,029,861</b>	<b>4.1%</b>
<b>Debt Service</b>	<b>\$ 22,531,314</b>	<b>7.6%</b>
<b>IU Services/Alt Ed/Sp Ed</b>	<b>\$ 12,357,492</b>	<b>4.2%</b>
<b>Transportation</b>	<b>\$ 2,484,522</b>	<b>0.8%</b>
<b>Utilities</b>	<b>\$ 3,291,440</b>	<b>1.1%</b>
<b>Insurance</b>	<b>\$ 756,000</b>	<b>0.3%</b>
<b>Federal Programs</b>	<b>\$ 9,279,712</b>	<b>3.1%</b>
<b>Total Budget</b>	<b>\$ 296,263,970</b>	<b>91.1%</b>

# *Salaries as a Percentage of Budget*

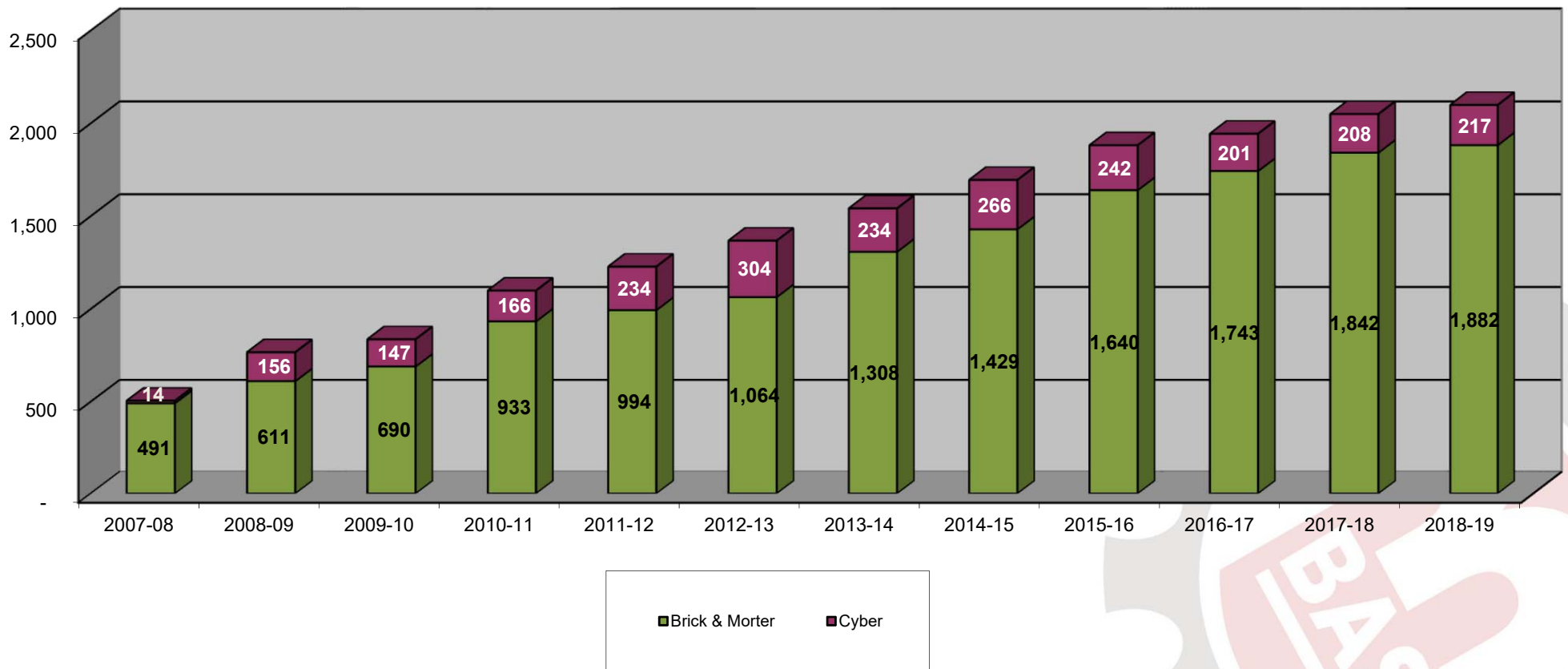
	<b>Dollar Amount</b>	<b>% of Total Expenditures</b>
<b>Professional</b>	<b>\$ 78,761,337</b>	<b>26.58%</b>
<b>Maintenance</b>	<b>\$ 9,215,846</b>	<b>3.11%</b>
<b>Administration</b>	<b>\$ 7,502,122</b>	<b>2.53%</b>
<b>Instructional Assistants</b>	<b>\$ 4,607,316</b>	<b>1.56%</b>
<b>Clerical</b>	<b>\$ 4,436,978</b>	<b>1.50%</b>
<b>Bus Drivers</b>	<b>\$ 3,213,907</b>	<b>1.08%</b>
<b>Technical</b>	<b>\$ 916,900</b>	<b>0.31%</b>
<b>Total Salaries</b>	<b>\$ 108,654,406</b>	<b>36.67%</b>
<b>Associated Benefits</b>	<b>\$ 74,981,897</b>	<b>25.31%</b>
<b>Total Salaries &amp; Benefits</b>	<b>\$ 183,636,303</b>	<b>61.98%</b>

# Salaries & Benefits



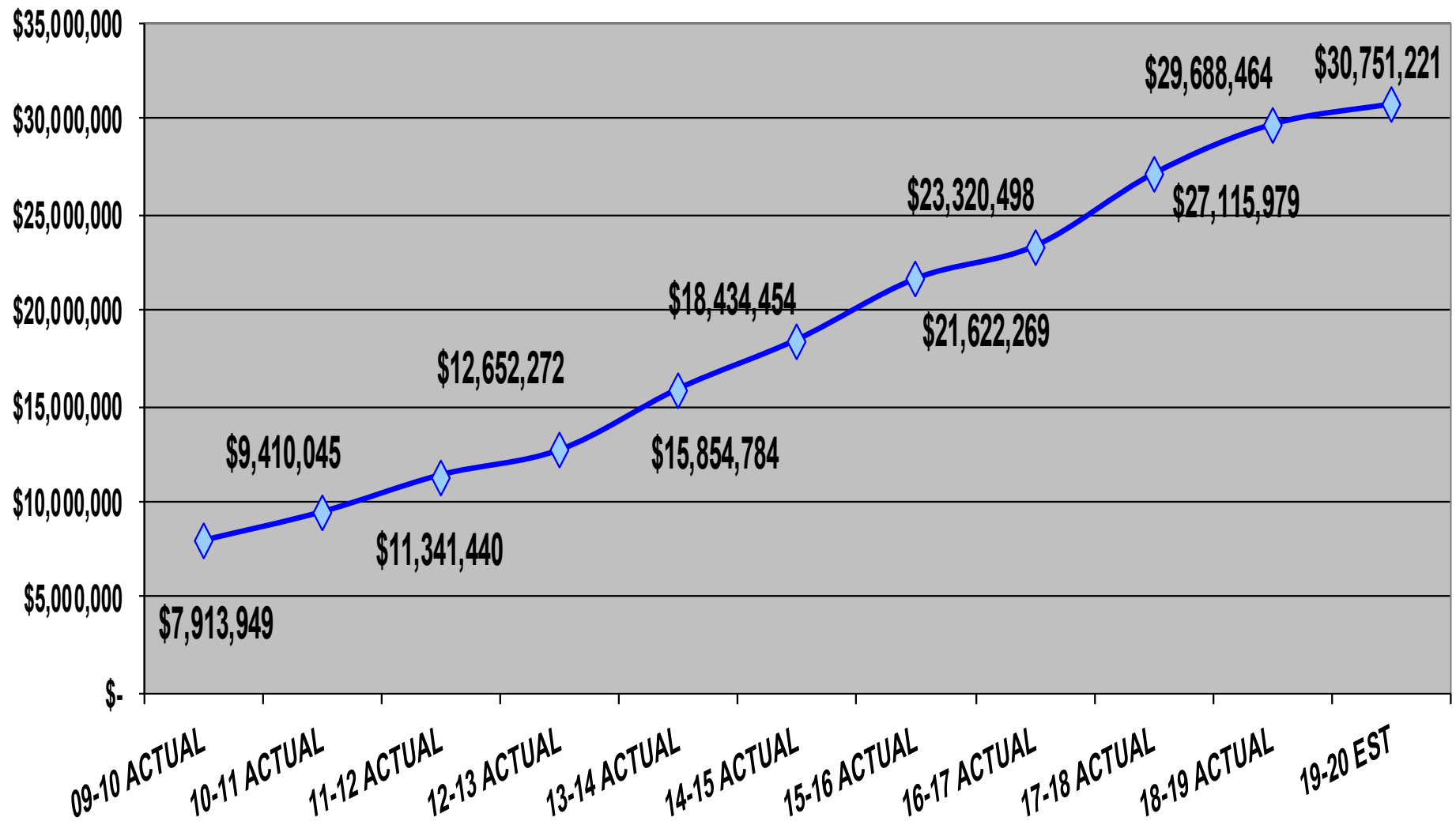
# Charter School Enrollment

STUDENTS



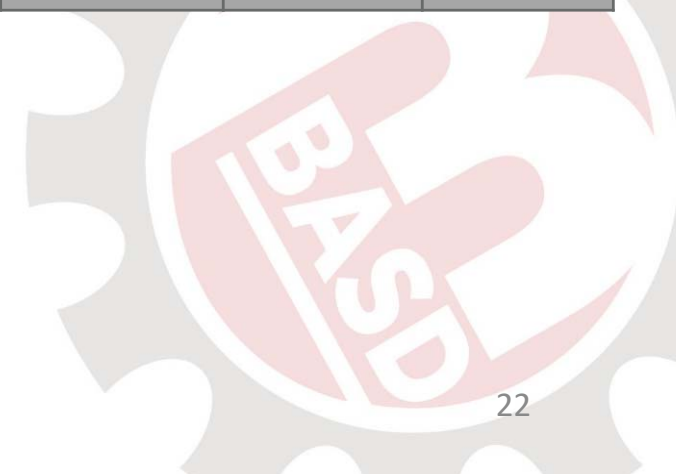
January 14, 2019

# Charter School Costs

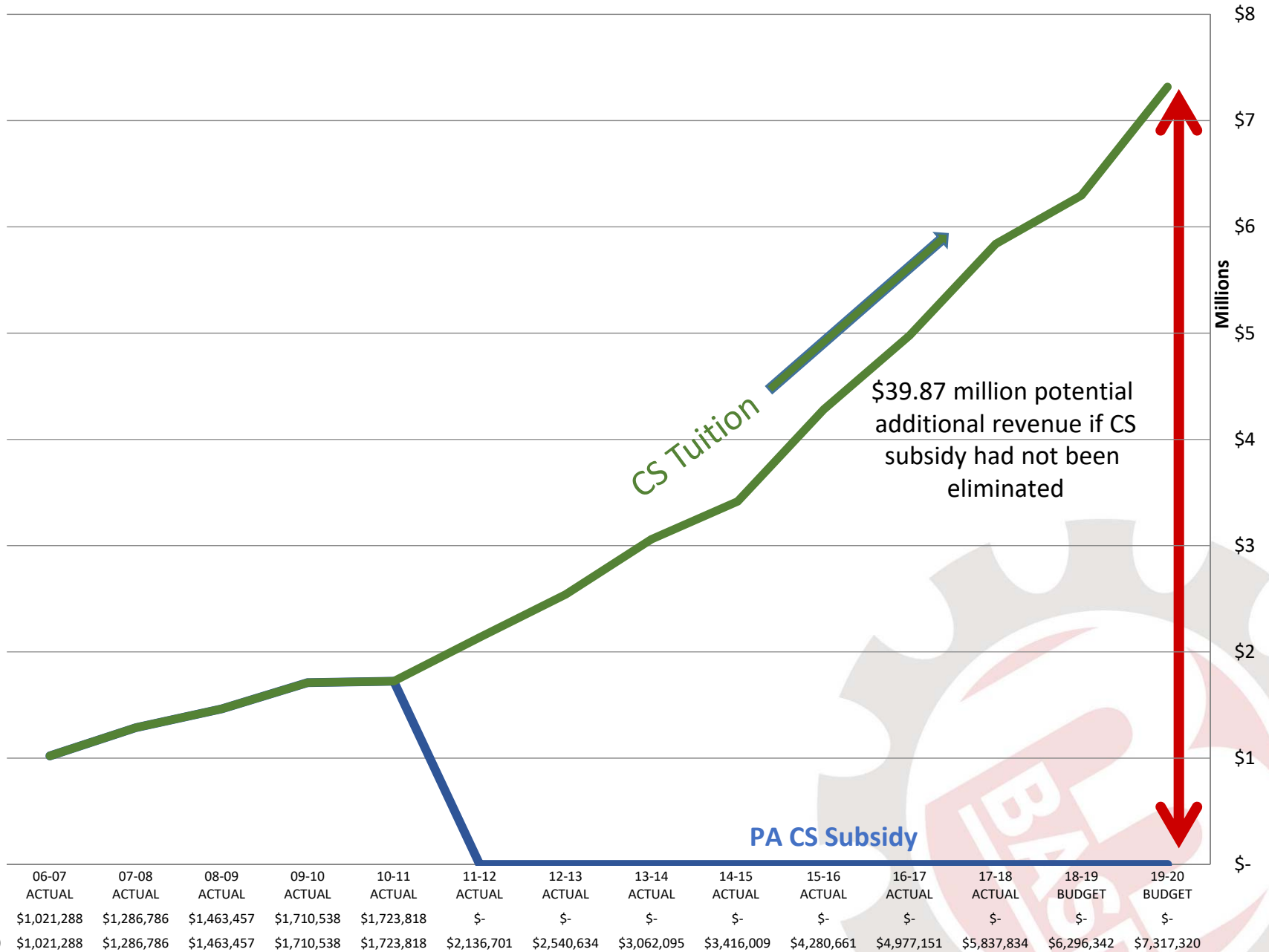


# Charter School Impact

	2018-19 Estimate	2019-20 Budget	% Budget	Tax Mills	% Tax for CS
BASD Total Cost	<b>\$281,343,142</b>	<b>\$296,263,970</b>			
Charter School Tuition	\$29,758,475	\$30,751,222	10.4%	7.5	14.9%
Net BASD Budget	\$251,584,667	\$265,512,748			



# Charter School Subsidy



# BEF for BASD After Charter Tuition

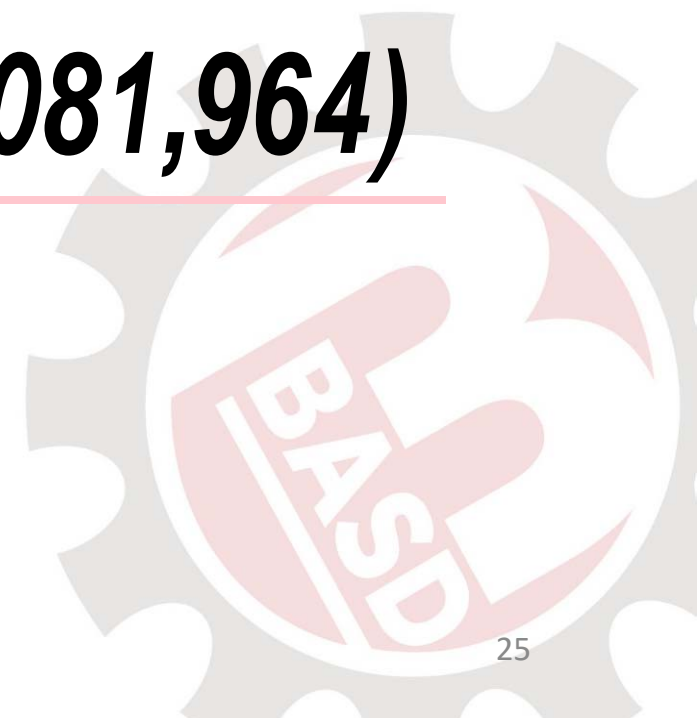


# *2019-20 Preliminary Budget*

***Expenditures***      **\$296,263,970**

***Revenues***        **\$285,182,006**

***Gap***                **(\$11,081,964)**



# *2019-20 Budget Cost Drivers*

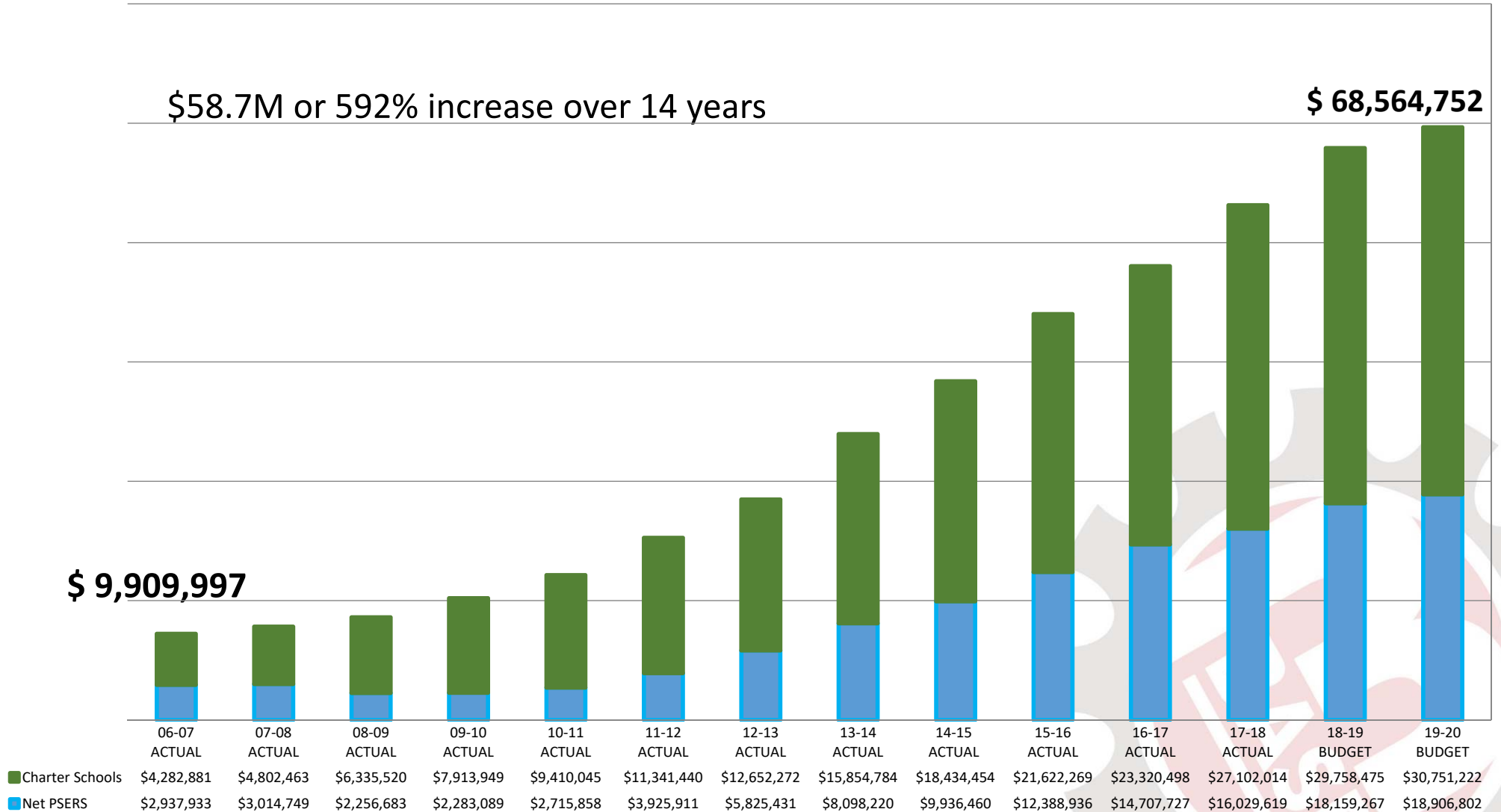
	<b>Jan 2019</b>
•Salaries	\$ 5,507,734
•PSERS	\$ 2,899,827
•Academic Initiatives	\$ 2,635,095
•Charter Schools	\$ 992,747
•Student Tuition	\$ 177,357
•General Operations	\$ (1,130,796)
•Net Deficit Remaining	<u>\$ 11,081,964</u>

# Primary Cost Drivers PSERS & Charter Schools

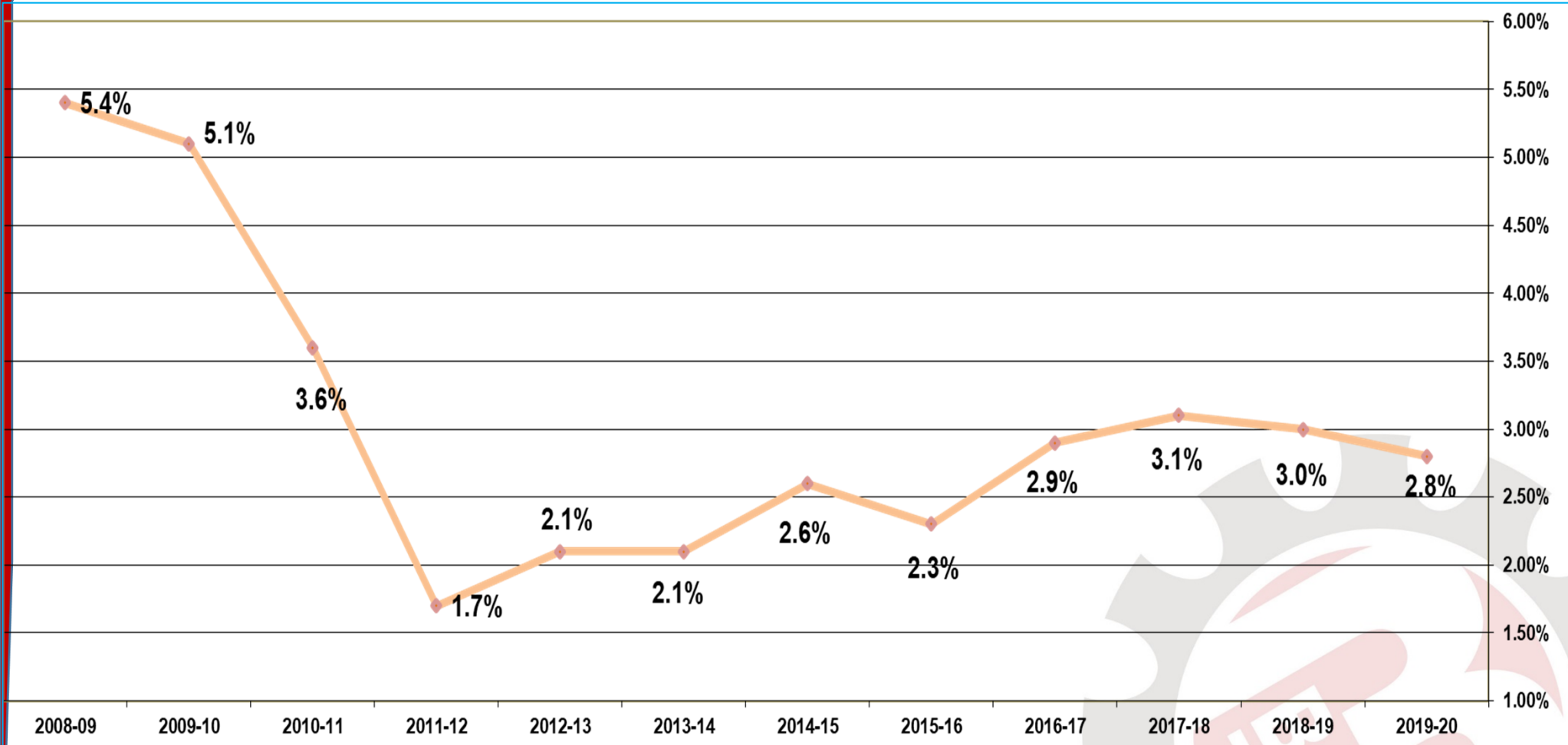
\$58.7M or 592% increase over 14 years

\$ 68,564,752

\$ 9,909,997



# ACT 1 INDEX – HISTORICAL INDEX



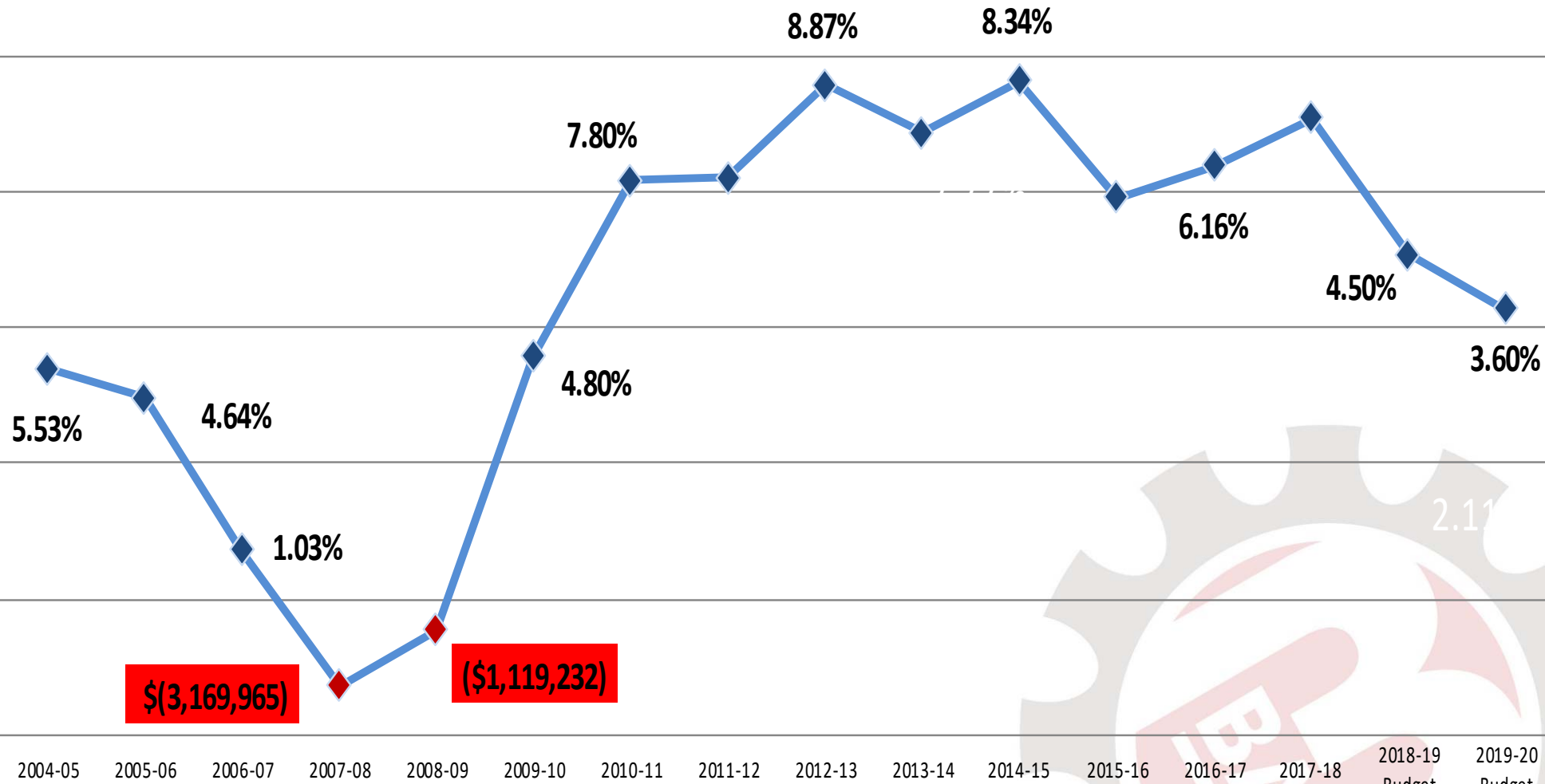
# *Act 1 Index – Estimated Exceptions*

**Est. Allowable Index 2019-20 2.8%                      \$        4,615,088**

## **Preliminary Estimated Exceptions:**

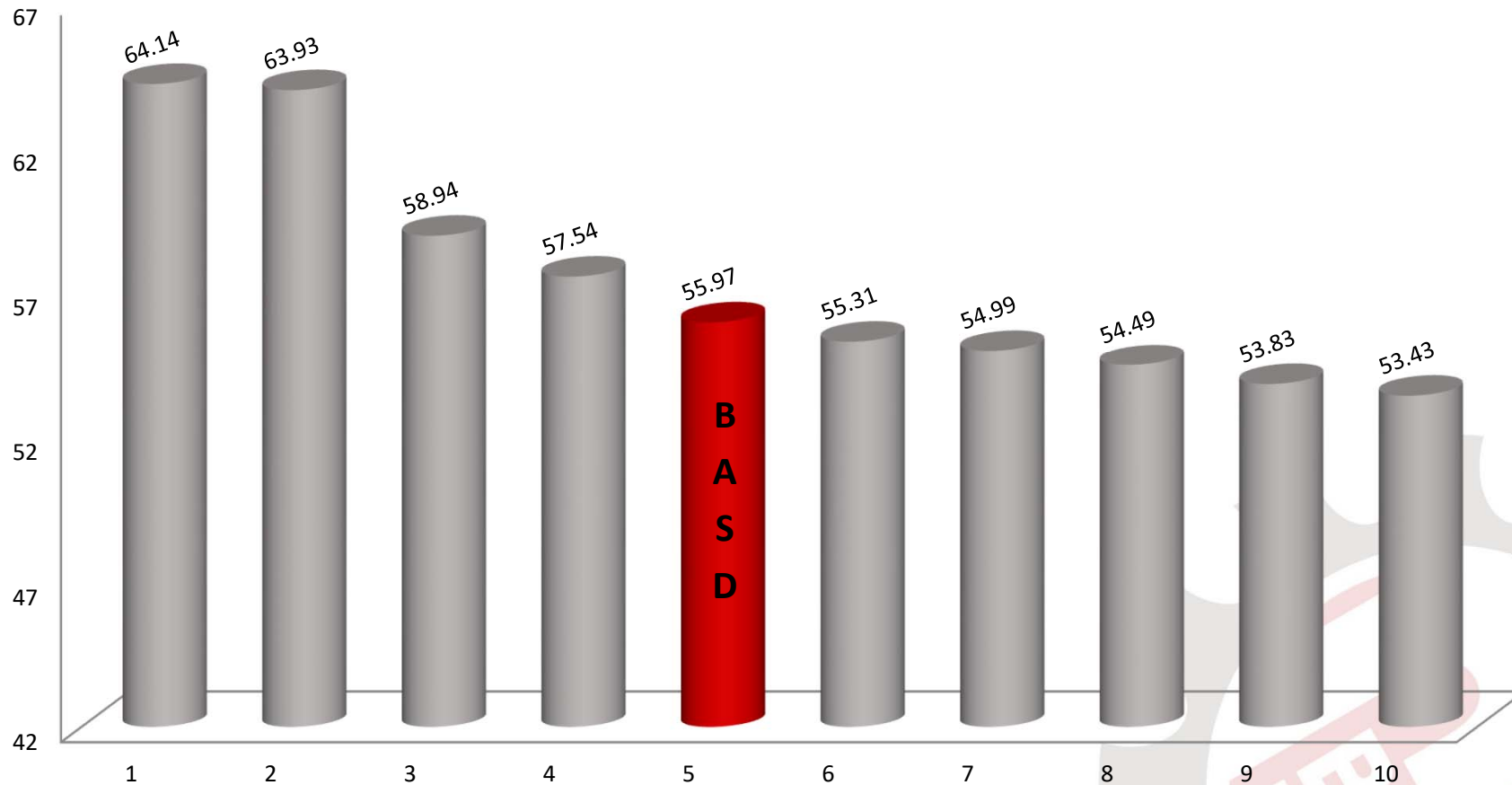
<b>School Construction - Debt</b>	<b>\$</b>	<b>-</b>
<b>Special Education</b>		<b>844,619</b>
<b>Retirement Contributions</b>		<b>-</b>
		<b>844,619</b>
<b>Total Est Increase Under Act 1 Provisions</b>	<b>\$</b>	<b>5,459,707</b>

# Fund Balance Review



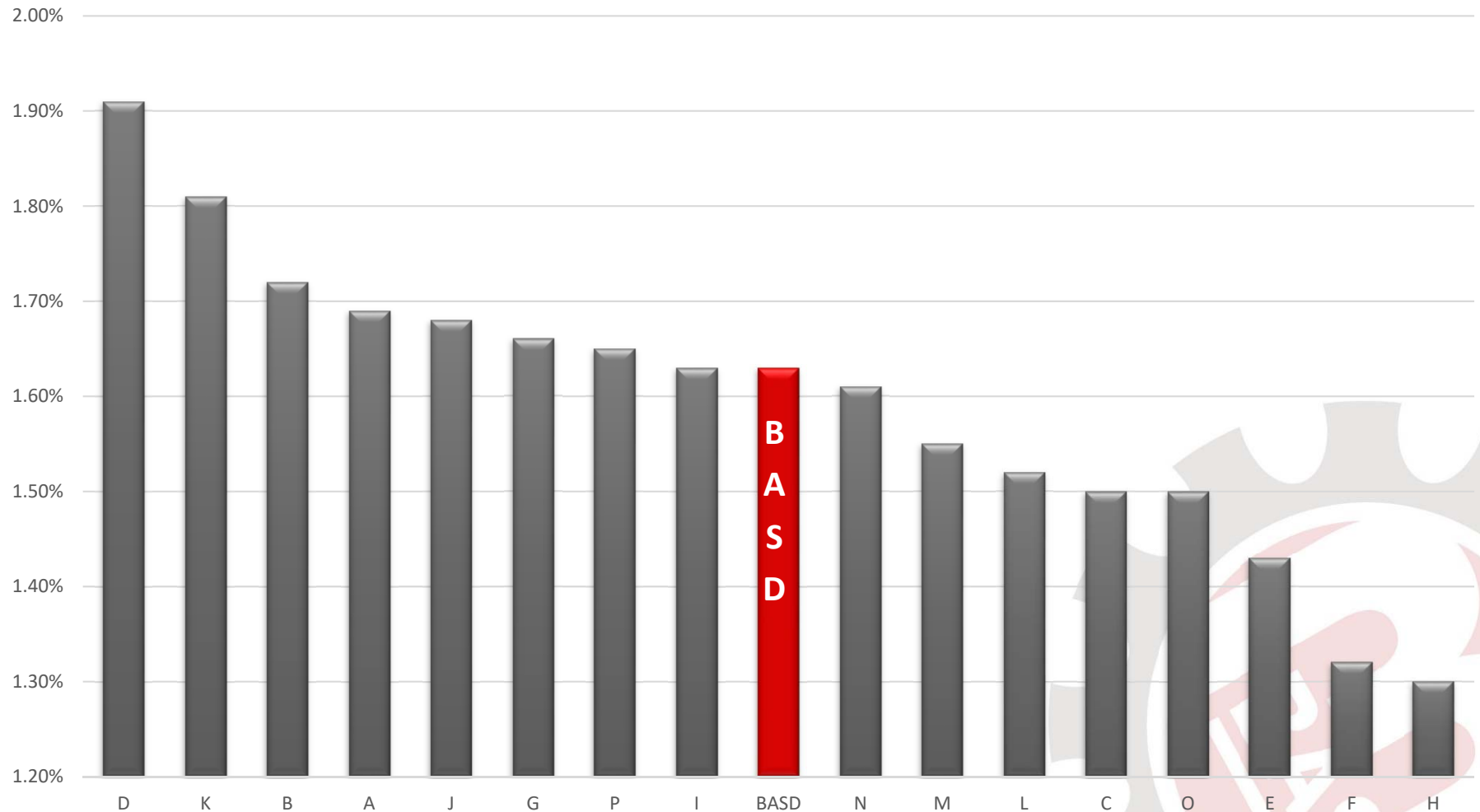
Year	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19 Budget	2019-20 Budget
Unassigned	\$8,457,814	7,418,821	1,795,953	(\$3,169,965)	(\$1,119,232)	8,891,091	15,418,727	15,471,346	18,918,779	17,155,765	19,074,393	14,757,959	15,923,955	17,667,787	12,667,787	10,667,787

# 2018-19 Millage Rates Northampton County



# LEHIGH VALLEY LOCAL EFFORT

*As related to Market Value & Personal Income*



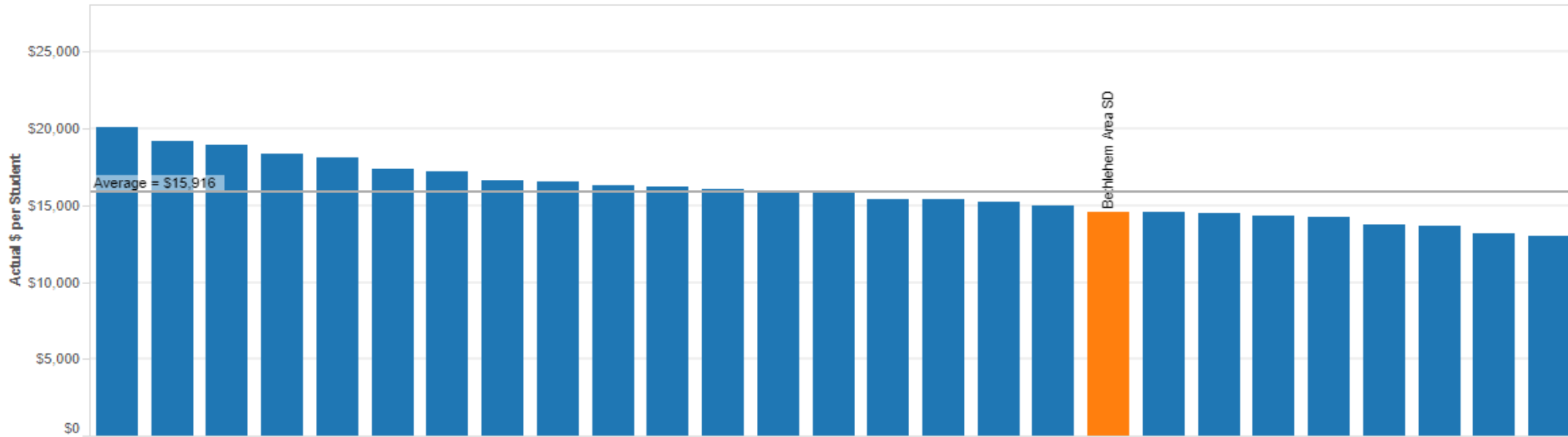
### Spending Ranking - Bethlehem Area SD - 2017

Function(s): 1000 INSTRUCTION, 2000 SUPPORT SERVICES, 3000 OPERATION OF NON-INSTRUCTIONAL SERVICES

Object(s): All

Source: Pennsylvania Department of Education

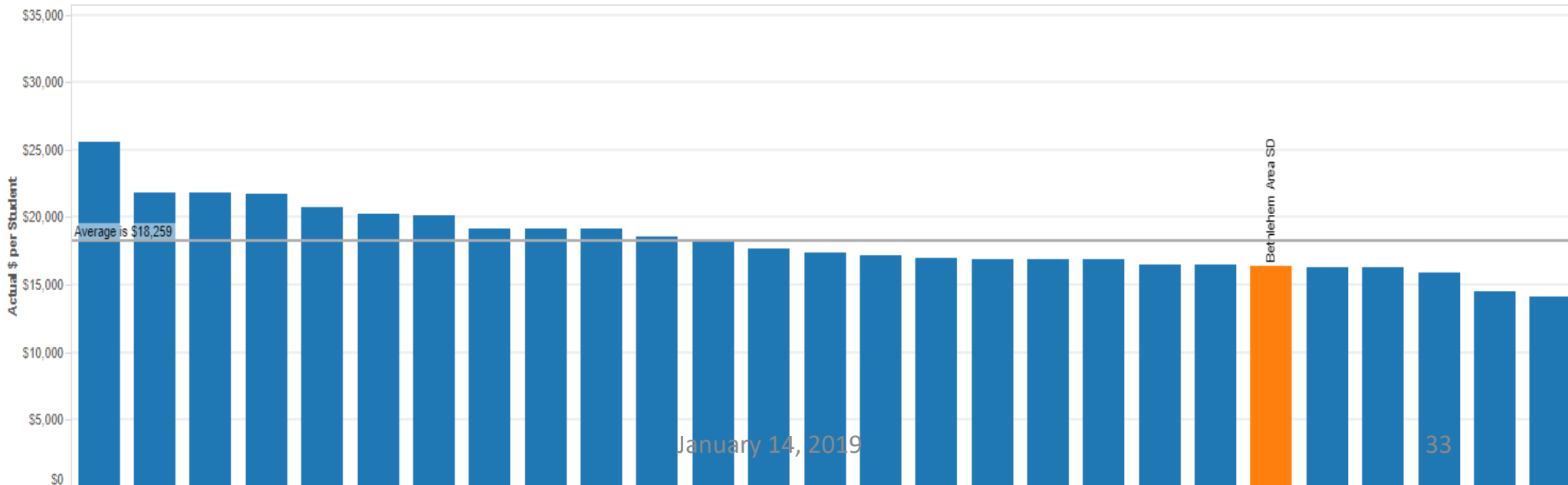
Notes: 'Total Operating Expense' excludes functions '4000 Facilities Acquisition, Construction and Improvement Services' and '5000 Other Expenditures and Financing Uses'; 'Actual \$ Per Student' is calculated based on Average Daily Membership when available and regular enrollment when not available.



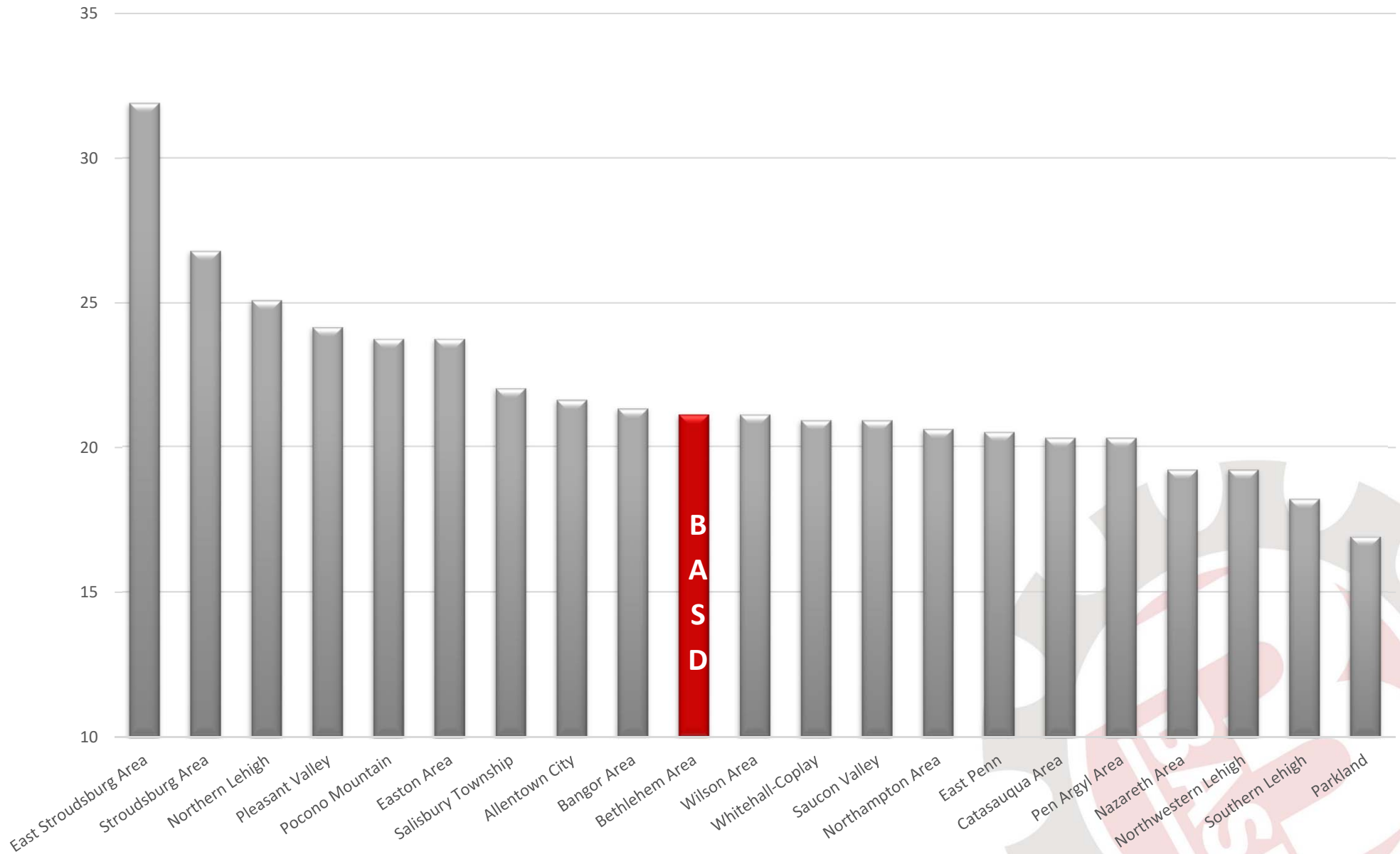
### Revenue Ranking - Bethlehem Area SD - 2017

Source: Pennsylvania Department of Education

Notes: 'Total Operating Revenue' includes General Fund items from all functions; 'Actual \$ Per Student' is calculated based on Average Daily Membership when available and regular enrollment when not available.



# LEHIGH VALLEY EQUALIZED MILLS



January 14, 2019

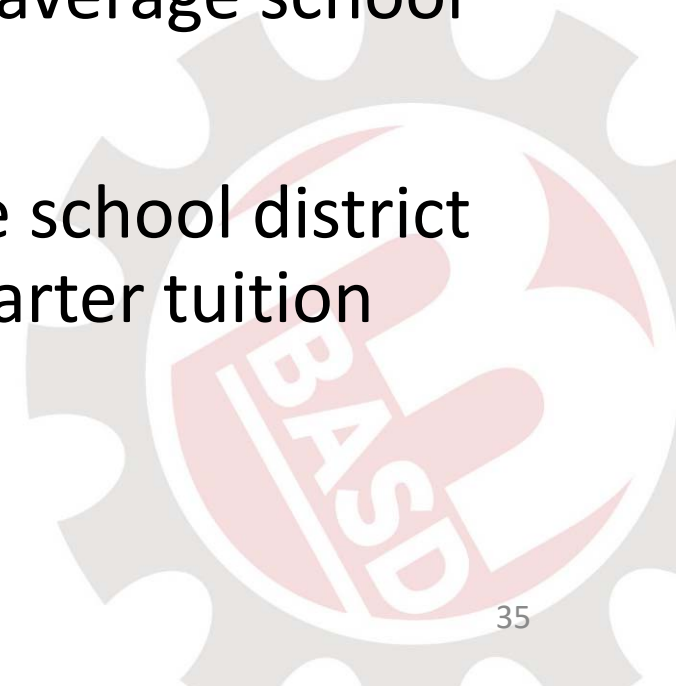
# *Other Comparative Data*

## ➤ BASD is

- 6<sup>th</sup> largest SD in student enrollment
- 10<sup>th</sup> of 26 in wealth in Lehigh Valley
- 145<sup>th</sup> most wealthy SD in PA
- 137<sup>th</sup> in market value per student in PA
- 161<sup>st</sup> in personal income per student in PA

➤ BASD spends 8% 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 .....*

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**Approve Preliminary Budget as Presented on  
February 11, 2019**

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

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

# TIMELINE FOR SPRING

<b>WORKSHOPS</b>	<b>DATES</b>
<b>PRELIMINARY BUDGET ADOPTION</b>	<b>February 11, 2019</b> (Special Board Meeting)
Governor's Budget	On or about February 5, 2019
Budget Workshop	March 27, 2019
Budget Workshop	May 1, 2019
<b>Tentative Final Budget Adoption</b>	<b>May 13, 2019</b> (Special Board Meeting)
<b>FINAL BUDGET ADOPTION</b>	<b>June 17, 2019</b> (Special Board Meeting)

