

A Guide to Understanding the Budget Process 2015-16

Superintendent's Message

Inside this guide:

- District Mission & Vision
- Purpose of the Budget
- 2015-16 Budget Goals
- Budget Challenges
- Budget at a Glance
- Revenue Dynamics
- Expenditure Dynamics
- Act I Index
- Budget Savings
- Budget Timeline
- Highlights for 2015-16
- Staffing Plans
- Class Size Projections
- Energy Savings Contract
- District Wide Technology Plan

Dear Employees, Parents, Community Members, and Students,

Northwestern Lehigh School District is a great place to learn and work, and we are proud to continue to offer well-rounded academic and extra-curricular opportunities for the students of our District. The administration presented the Proposed Final budget to the Board of School Directors at the Finance Committee Meeting on May 6, 2015. As we finalize our budget for 2015-2016, it is important to note that all programs with strong enrollment and effective class sizes will be maintained. ***For the fifth consecutive year, the 2015-16 Proposed Final Budget will be presented with no tax increase.*** I am proud that our Board and employees continue to work together to ...***Educate, Challenge, and Inspire...Excellence through Learning.***

The 2015-16 budget was developed as a collaborative effort of the Board, administration, and employees. Budget development began back in October of 2014. From November through April, budget meetings were held with administrators, teachers, and the Board to further examine and refine the budget. Administrators met and determined appropriate staffing levels for classrooms and departments across all areas of instruction and operations.

Budget discussions were held in public meetings during and Finance Committee and regular Board Meetings in December, January, February, and April. The Proposed Final Budget is a result of months of planning and preparation. The Proposed Final Budget was presented in detail at the May 6th Finance Committee Meeting and will be included for Board action on the May 13th regular Board Meeting agenda. The final budget will be presented to the Board at the Finance Committee Meeting on June 3rd at 7:30 pm in preparation for adopting a Final Budget at the June 17th regular Board Meeting at 7:00 pm. Please join us at any or all of the Finance Committee Meetings and regular Board Meetings to hear discussions or to provide comment.

Our Board of School Directors work together with administration, employees, and the community to provide the best, affordable education possible. ***Northwestern remains financially and educationally sound.*** Our students demonstrate outstanding achievement as measured by PSSA and Keystone assessments, but they are much more than scores on state tests. Our students, kindergarten through 12th grades, demonstrate significant growth and achievement in all aspects of our core curriculum; in performance based activities such as art, music, drama, health and wellness, business and technology education, family and consumer science and career and technical education; in athletic and scholastic competitions/events; and through community service. We are proud to deliver a budget that maintains excellent programs, experiences, and opportunities for our children without increasing property taxes for our residents.

We will continue to be conservative with our spending, and at the same time, the School Board and District employees remain committed to providing a rigorous education, healthy food choices, efficient facilities, and safe transportation for our children. This budget includes the use of fund balance for one time expenditures: \$2.9 million dollars of fund balance to upgrade high school HVAC and district-wide lighting; \$570,000 to supplement retirement obligations; and \$440,000 for one time purchases of curriculum materials and technology. We will continue to maximize our resources so we can provide a high quality, fiscally responsible education for our children that will ...***Educate, Challenge, and Inspire...*** our students! Thank you for your ongoing support of the Northwestern Lehigh School District and for helping Northwestern to demonstrate***Excellence through Learning!***



Dr. Mary Anne Wright

Superintendent of Schools

2015-2016 Budget Goals

- Provide instructional programs to meet Chapter 4 requirements in core content areas and in the related arts
- Provide staffing to meet instructional and operational needs
- Commit to long range technology planning to support ongoing technology initiatives
- Implement a Facilities Master Plan to address ongoing facility needs
- Develop a budget with a long-term and short-term focus
- Continue to identify areas to maximize efficiencies and reduce costs without negatively impacting programs
- Provide a funding plan to meet the district's needs while minimizing any potential tax increase to taxpayers



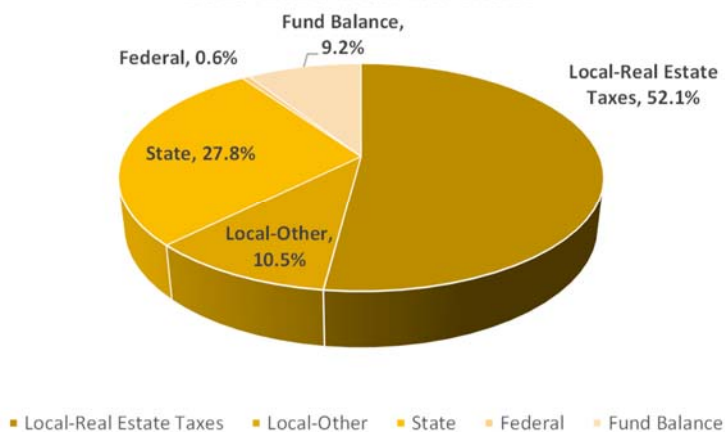
What are the challenges for 2015-2016?

- Increasing mandates on the educational and administrative processes
- Uncertainty of state revenues and potential delayed state budget approval
- Increasing costs for healthcare and retirement
- Facility planning specifically for repairs and energy saving upgrades across the district

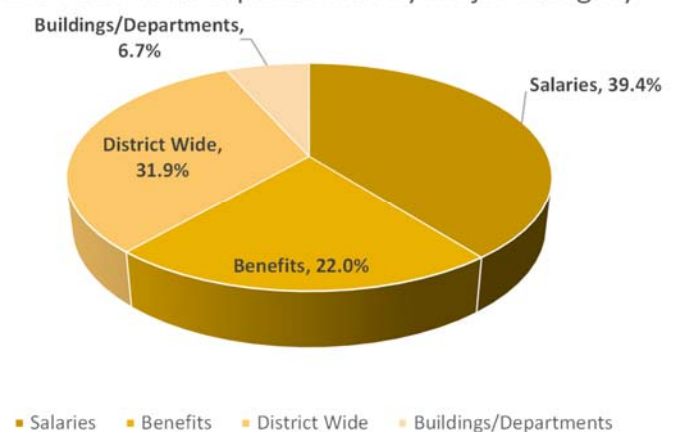
Budget At A Glance

For 2015-16 Northwestern Lehigh's Proposed Final Budget is \$43.7 million dollars which includes \$2.9 M for High School HVAC and district-wide lighting and energy savings upgrades. The fund balance category in total revenues represents the use of fund balance including offsetting one time expenditures of for the district-wide facility upgrades, variable debt reserves, retirement stabilization reserves, one time technology and curriculum purchases, and budgetary reserve.

2015-2016 Total Revenues



2015-2016 Total Expenditures by Major Category



Revenue Dynamics– What Affects Revenues?

Real estate taxes are the single largest source of revenues. Changes in assessed values and overall housing market conditions affect real estate taxes. Similarly, **Real Estate Transfer Taxes** fluctuate based on the increases/decreases in sales price and volume throughout the year.

Earned Income Taxes are affected by the personal income of the residents living in the community.

Interest Income fluctuates with the market and economic conditions in the economy similar to a

person's interest rates on personal savings accounts.

State Revenues are dependent on the state budget which in recent years has seen deficits, and resulted in flat or reduced funding to the district.

Contributions/Donations- the district receives significant support from the Northwestern Lehigh Educational Foundation (NWLEF) which contributes in excess of \$100,000 annually to the district.

Federal Revenues receives Federal Grant funds for Title I and II programs which account for less than 1% of the total budgeted revenue.

Expenditure Dynamics– What Affects Expenditures?



Salaries and benefits account for the largest percentage of the budget, so salary increases and benefit increases to healthcare and retirement account for a large portion of the overall budget increases annually. Currently the board is negotiating a new contract with the teachers for 2015-16.

Annual increases to **utilities** such as heating oil and electric are mitigated through contracts and consortium purchasing with other school districts.

General increases for **supplies, technology**, etc. are factored into the budget process.

Many of the **general operating costs** are negotiated or competitively bid to ensure the district is getting the best price for things such as educational supplies, custodial supplies, buses and vans, transportation parts such as tires, etc.

How does the district determine if there will be a tax increase?

Act 1 of 2006 Property Tax Relief limits the school district's ability to raise taxes. The state publishes an annual Index for each school district.

Where does the Index come from?

- Calculated by averaging the percentage increases in PA statewide average weekly wages and the Federal Employment Cost Index for elementary and secondary schools

- ECI/SAWW– Employment Cost Index/Statewide Average Weekly Wages

What's the Purpose?

- Intended to limit tax increases to a cost of living index
- 2015-16 allowable adjusted index is a 2.2% increase to the current millage rate, but the 2015-16 Proposed Final budget includes **no increase** to NWL taxes.

The annual budget process reviews options for potential tax increases, and the final budget adoption in June determines whether there will be a tax increase to the millage rate for the July tax bills. At this time, there is **NO TAX INCREASE** anticipated for 2015-16.

What has the district done to save money?

- Through **retirements and staff planning**, since 2009-10, the district has eliminated 28 staff positions, saving approximately \$2,400,000 annually
- **Contracted custodial services** at Weisenberg Elementary and Northwestern Elementary have saved the district an estimated \$350,000 since 2010-11.
- Three **bond refinancings** resulted in approximately \$2.7 million in savings
- **Consortium efforts to purchase electric** have saved \$196,000 since electric deregulation in 2010. and an expected \$50,000 in 1516 compared to the published electric rate to compare prices.
- Overall **reduction in substitutes and overtime** district-wide has saved approximately \$194,000 since 2009-10
- **Centralized purchasing** of large technology items and software licenses allowed the district to take advantage of bulk discount pricing.



How is the budget developed?



The district follows an annual budget timeline which is mandated by the Pennsylvania Department of Education (PDE).

July through October– The Business Office works to close the financials from the previous fiscal year, works with the financials in the current fiscal year and begins preliminary planning for the next school year budget. The District's independent auditors review the

financials in September from the previous fiscal year and the district submits the audit results to the Pennsylvania Department of Education.

November-December– Buildings and departments develop their respective budgets and work with staff to discuss needs for the upcoming year. Preliminary budget is presented to the School Board in December.

January– Building Principals and Department Supervisors meet with the Superintendent, Assistant Superintendent, Business Administrator and to discuss budget plans and funding.

January– April- Budget plans continue to be refined, and budget specific topics are dis-

cussed at the monthly Finance Committee meetings.

May– Proposed Final Budget Adoption by the School Board. A comprehensive budget document is presented and made available to the public for review prior to final adoption.

June– Final Budget Adoption by the School Board.

July– Based on the approved millage rate, real estate tax bills are issued to all residents.

Highlights for 2015-16



- All educational programs with strong enrollment will be preserved
- The district received board approval on April 15, 2015 to proceed with a **performance based energy savings project to upgrade the High School** during the summer of 2015.
- An estimated \$370,000 will be spent on new **textbooks/materials** for middle and high school math.
- An estimated \$600,000 will be spent to implement a new district-wide technology plan which includes **1:1 computer initiative at the high school**. All **educational subscriptions** are expected to be renewed.
- As part of the **strategic planning** process, \$92,000 has been budgeted for staff professional development, materials, and equipment to address specific goals outlined in the plan.

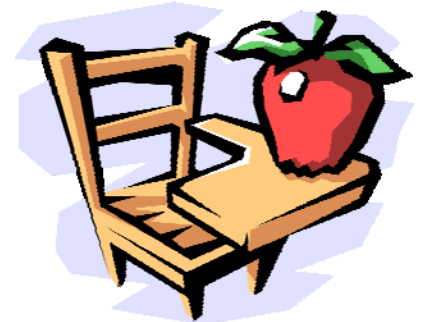
When will Staffing Plans be finalized?

The Administration develops the staffing plan annually. Meetings are held with building and department administrators to discuss upcoming retirements and replacements.

The staffing plan is presented to the school board and associated salary and benefits changes are

incorporated into the budget. The School Board approves increases to staff wages in May-June.

Changes to salaries and benefits are effective July 1st for 12 month staff, or the start of school (Aug-Sept) for 10 month staff.



Class Size Projections

Projections for class sizes for 2015-2016 indicate that almost all classes K-8 are within the policy for class size guidelines. High school classes are not yet determined.

The following list represents our guidelines.

Please remember that guidelines are guides and not absolutes:

- **K-1** 17-22
- **2-3** 18-24
- **4-5** 18-25
- **6-9** 20-26

- **9-12** Dependent on course enrollment. For the most part, we do not run classes with less than 10 students.

Performance Based Energy Savings Contract at the High School

The School Board approved a performance based energy savings contract for facility upgrades that will occur during the Summer of 2015. McClure Company, the contractor has designed a multi faceted plan of upgrades that will provide the District with needed **capital improvements** paid through associated energy savings over a twenty year period.

The **total project cost is approximately \$4,000,000 and**

projected to generate \$4,400,000 in guaranteed energy and operational savings over the twenty year period. Nearly 50% of the total project cost is related to necessary mechanical upgrades such as **new boilers, select HVAC equipment and HVAC controls at the High School.**

Other major improvements included in the project consist of; district-wide lighting, building envelope, transformers and building automation system upgrades.

The project is being funded through a combination of remaining construction funds from previous district construction projects of approximately \$1,100,000 and general fund reserves of approximately \$2,900,000.



District Wide Technology Plan

Included in the 2015-16 budget is a **significant commitment to increasing the educational technology** used by our students. The budget includes an additional \$300,000 from the use of Fund Balance to implement a **one-to-one laptop initiative at the high school** for all students in grades 9-12 and a **one-to-one chrome-book initiative at the upper elementary and middle school** for all students in grades 4-8.

Our hope is to leverage the use of technology to improve learning and engagement in the classroom. Access to technology in school gives students greater opportunities to learn, engage, communicate, and develop skills that will **prepare them for work, life, and citizenship.** We are committed to helping students develop **21st-century technology** and communication skills. Our goals of this initiative are to improve student achievement and provide students with the knowledge and skills

necessary for post secondary success in the 21st century.

Our plan to increase student and teacher access on a variety of technology platforms has been in the making since 2006 when the High School first participated in Classrooms for the Future. This is the next step in increasing student access to technology, with the above goal in mind, to create an **efficient, financially responsible, and sustainable** plan mov-

For additional information on the budget, including budget presentations to the board and other financial documents, visit the Business Office webpage on www.nwlehighsd.org. For specific questions pertaining to district finances or the budget process, contact Leslie Frisbie, Business Administrator at 610-298-8661 extension 1272, or via email at frisbiel@nwlehighsd.org