



2016-17 PRELIMINARY BUDGET OVERVIEW

Northwestern Lehigh School District
December 7, 2015

2016-17 Preliminary Budget Overview

- Act 1 Index
 - *2016-17 Adjusted Index*
 - 2.8%
 - 0.4470 mills- approximately \$686,000
- High Level budget overview
- Five Year Budget Projections
- RECOMMENDATION: December 7, 2015- Resolution to stay within the index

Act 1 of 2006 Property Tax Relief

Act 1 of 2006 Property Tax Relief

- limits the 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
- $ECI/SAWW = \text{Employment Cost Index} / \text{Statewide Average Weekly Wages}$

What's the Purpose?

- Intended to limit tax increases to a cost of living index
- 2016-17 base index is 2.4%, **NWL is adjusted to 2.8%** based on the District's wealth
- 0.4470 mill increase, or **\$686,000**
- Board to adopt a **resolution to stay within the index 12/7/15**, which means the max tax increase for 2016-17 can be 0.4470 mills, or \$686,000

NOTE: Current discussions at state level regarding back end referendum which would drastically change the annual budget process to raise taxes.

2016-17 Act 1 Budget Timeline

Date/Deadline	NWL Action Date	Description
December 31, 2015	Lehigh County sends letters on district's behalf	Homestead Notice sent to eligible property owners
January 12, 2016	December 7, 2015	Submit to PDE Opt-out Resolution
	January-April Board Workshops	Budget discussions/presentations
	May Board Workshop	Presentation of Proposed Final Budget
May 1, 2016		PDE notifies district of gaming revenue allocation
May 30, 2016	May 11, 2016 * (2nd Wed)	Proposed Final Budget Adoption
May 31, 2016		Deadline to report tax rates to DCED
	June Board Workshop	Presentation of Final Budget
June 30, 2016	June 15, 2016	Final Budget Adoption
July 1, 2016	June 16, 2016	Tax bills are released to printer and mailed to taxpayers July 1st

2016-17 Budget Goals

- Implement strategic planning mission, vision & 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

16-17 Revenue Assumptions

■ LOCAL:

- *Decrease due to net assessed value growth and TIF remittance for Current Real Estate Taxes*
- *Increases to:*
 - Interim Real Estate Tax
 - Delinquent RE Taxes
 - Admissions
- *All other revenues minimal changes*

■ STATE:

- *Increases to:*
 - PSERS reimbursement
 - Transportation
- *Decreases to:*
 - Basic Education Funding
 - Special Education
 - Rental/Sinking payments
- *All other revenues flat*

■ FEDERAL:

- *Changes based on actual 1415 funds received*

16-17 Expenditure Assumptions

- Building/Department Budgets
 - *Targeted changes based on trend*
- Salaries
 - *3.4% annual increases*
- Benefits
 - *Medical & RX 3% increase*
 - *Dental 0% increase*
 - *Life & LTD 3% increase*
 - *PSERS 29.27% vs 25.84% (1516)*
- District Wide
 - *Specific identification (debt, LCTI, LCCC, Cyber/Charter)*
 - *Strategic Planning Initiatives*
 - *Senior Citizen Tax Rebate Program*

NOTE: All amounts represent estimates. Actual amounts will be determined through the budget process.

2015-16 Preliminary Budget

	Final 2014-15	Actual 2014-15	Final 2015-16	Dec 7, 2015 Budget 2016-17	Change from 2015-16	% Change from 2015-16
Total Building & Departments	\$ 2,789,319	\$ 2,684,326	\$ 2,914,441	\$ 2,941,678	\$ 27,237	0.93%
Total Salaries	16,980,417	16,726,593	17,158,645	17,742,039	583,394	3.40%
Benefits-All Staff						
Medical	2,663,866	2,642,043	2,609,146	2,687,420	78,274	
Dental	155,874	137,851	144,338	144,338	-	
Life Insurance	34,038	34,477	31,341	32,281	940	
Long-Term Disability	37,511	25,475	33,190	34,186	996	
Vision	13,142	12,388	13,277	13,277	-	
Prescription	564,425	570,038	628,808	647,672	18,864	
Social Security	1,311,868	1,250,255	1,312,454	1,357,266	44,812	
PSERS	3,670,991	3,552,342	4,423,905	5,193,095	769,190	
Tuition	51,528	74,813	50,892	50,892	-	
Unemployment Compensation	24,618	16,880	25,249	25,249	-	
Workers' Compensation	211,796	245,080	177,787	177,787	-	
Other Benefits	66,290	105,948	68,175	68,175	-	
Total Benefits-All Staff	8,805,947	8,667,590	9,518,562	10,431,638	913,076	9.59%
District Wide & Grants	10,755,909	9,149,850	13,919,475	10,315,249	(3,604,226)	-25.89%
Total Expenditures	39,331,592	37,228,359	43,511,123	41,430,604	(2,080,519)	-4.78%
Total Revenue	38,153,393	38,515,324	39,599,749	39,517,118	(82,631)	-0.21%
Surplus/(Shortfall) before FB	(1,178,199)	1,286,965	(3,911,374)	(1,913,486)		

THIS SCENARIO DOES NOT INCLUDE A TAX INCREASE (\$686,000 OR 0.4470 MILLS)

Outstanding Items

REVENUES:

- Final Assessment Values
- State Revenues
- Federal Revenues

EXPENDITURES:

- Staffing
- Healthcare benefits
- Budgeting strategies:
 - *Facilities Master Plan/Capital Reserve Transfer*
 - *Technology Plan*
 - *PSERS*
 - *Emmaus Bond Pool Rate Stabilization*
 - *Fleet replacement cycle*
 - *Bond refinancing savings*
 - *Budgetary Reserve*

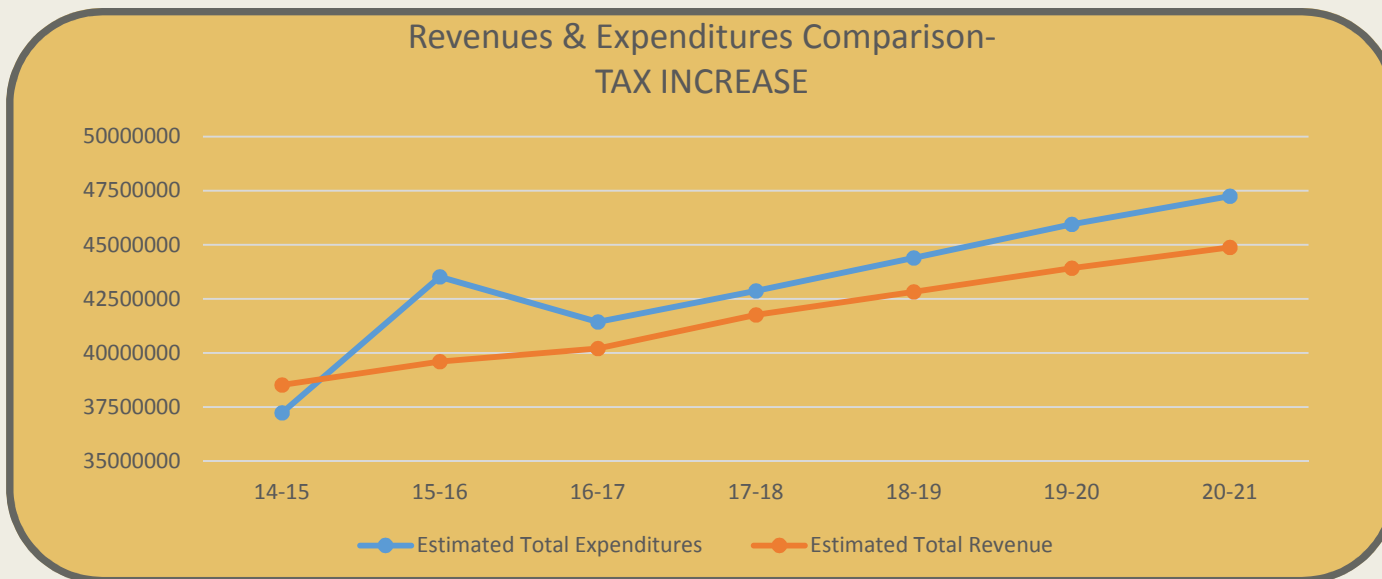
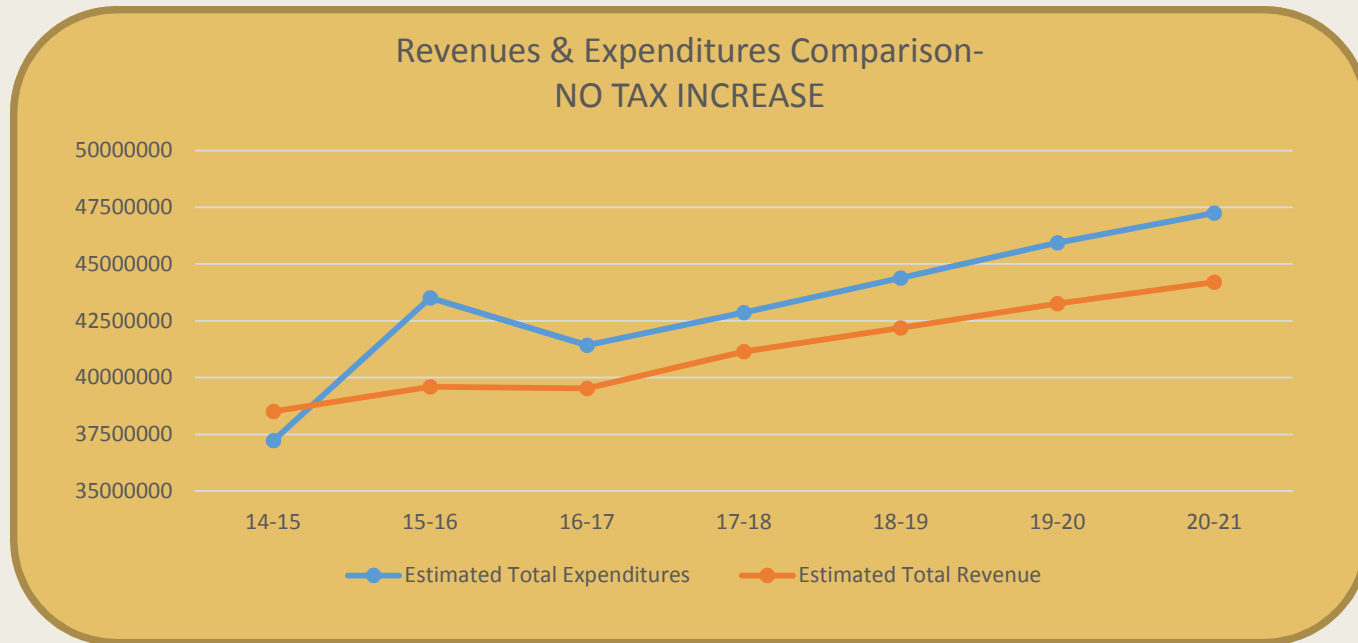
Five Year Budget Assumptions- NO TAX Increase

Description	Actual 14-15	Final Budget 15-16	Estimated Budget 16-17	Estimated Budget 17-18	Estimated Budget 18-19	Estimated Budget 19-20	Estimated Budget 20-21
<i>Expenditures:</i>							
Building & Department Budgets	2,684,326	2,914,441	2,941,678	2,941,678	2,941,678	2,941,678	2,941,678
Total Salaries	16,726,593	17,158,645	17,742,039	18,274,300	18,822,529	19,387,205	19,968,821
Total Benefits	8,667,590	9,518,562	10,431,638	11,168,055	11,965,241	12,773,821	13,312,674
Total District Wide	9,149,849	13,919,475	10,315,249	10,484,258	10,657,687	10,835,695	11,018,450
Estimated Total Expenditures	37,228,358	43,511,123	41,430,604	42,868,291	44,387,135	45,938,400	47,241,623
	3.54%	10.63%	-4.78%	3.47%	3.54%	3.49%	2.84%
Estimated Total Revenue	38,515,324	39,599,749	39,517,118	41,139,509	42,189,708	43,257,128	44,202,414
	0.95%	3.79%	-0.21%	4.11%	2.55%	2.53%	2.19%
Excess/(Shortfall)	1,286,966	(3,911,374)	(1,913,486)	(1,728,783)	(2,197,427)	(2,681,271)	(3,039,209)

Five Year Budget Assumptions- INCLUDES ANNUAL TAX INCREASE TO INDEX

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<i>Expenditures:</i>							
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Total Salaries	16,726,593	17,158,645	17,742,039	18,274,300	18,822,529	19,387,205	19,968,821
Total Benefits	8,667,590	9,518,562	10,431,638	11,168,055	11,965,241	12,773,821	13,312,674
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Estimated Total Expenditures	37,228,358 3.54%	43,511,123 10.63%	41,430,604 -4.78%	42,868,291 3.47%	44,387,135 3.54%	45,938,400 3.49%	47,241,623 2.84%
Estimated Total Revenue	38,515,324 0.95%	39,599,749 3.79%	40,203,118 1.52%	41,752,340 3.85%	42,824,142 2.57%	43,913,926 2.54%	44,882,364 2.21%
Excess/(Shortfall)	1,286,966	(3,911,374)	(1,227,486)	(1,115,951)	(1,562,993)	(2,024,474)	(2,359,259)

Impact of Potential Tax Increase



Next Steps...

■ BOARD WORKSHOP

- *February/March/April*
 - Budget discussions on budgeting strategies & updated assumptions
- *May*
 - Presentation of Proposed Final Budget
- *June*
 - Presentation of Final Budget

■ BOARD MEETING

- *TONIGHT*
 - Resolution to stay within the index
- *May*
 - Approval of Proposed Final Budget
- *June*
 - Approval of Final Budget