



# 2017-18 PRELIMINARY BUDGET OVERVIEW

Northwestern Lehigh School District

January 11, 2017

# 2017-18 Preliminary Budget Overview

- Act 1 Index
  - *2017-18 Adjusted Index*
    - 2.9%
    - 0.4629 mills- approximately \$738,000
- High Level budget overview
- Five Year Budget Projections
- **RECOMMENDATION**: January 18, 2017 Adopt 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
- 2017-18 base index is 2.5%, **NWL is adjusted to 2.9%** based on the District's market value/personal income aid ratio. Ratios > 0.40 are adjusted up. NWL's aid ratio is 0.4036
- 0.4629 mill increase, or **\$738,000**
- Board to adopt a **resolution to stay within the index 1/18/17**, which means the max tax increase for 2017-18 can be 0.4629 mills, or \$738,000
- Resolution to stay within the index does **NOT** mean the district is going to raise taxes to the max index.

# 2017-18 Act 1 Budget Timeline

Date/Deadline	NWL Action Date	Description
December 31, 2016	Lehigh County sends letters on district's behalf	Homestead Notice sent to eligible property owners
January 26, 2017	January 18, 2017	Submit to PDE Opt-out Resolution
	February-April Board Workshops	Budget discussions/presentations
May 1, 2017		PDE notifies district of gaming revenue allocation
	May 3, 2017	Presentation of Proposed Final Budget
May 31, 2017	May 17, 2017	Proposed Final Budget Adoption & public display prior to Final Budget Adoption
May 31, 2017		Deadline to report tax rates to DCED
	June Board Workshop	Presentation of Final Budget
June 30, 2017	June 21, 2017	Final Budget Adoption
July 1, 2017	June 22, 2017	Tax bills are released to printer and mailed to taxpayers July 1st

# 2017-18 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
- Continue to commit to long range technology planning
- Continue to support the 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
- Develop a financing plan to fund the HS Modernization Project

# 17-18 Revenue Assumptions

## ■ LOCAL:

- *Increase due to net assessed value growth*  
***Current Real Estate Taxes***
- *Increases to:*
  - Delinquent RE Taxes
  - Earnings on investments
  - Capital contributions
  - Admissions
- *Decreases to:*
  - **Interim RE Taxes** due to final TIF build out now included in Current RE
- *All other revenues minimal changes*

## ■ STATE:

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

## ■ FEDERAL:

- *No change*

# 17-18 Expenditure Assumptions

- Building/Department Budgets
  - Targeted changes based on needs
- Salaries
  - 3.8% annual increase professionals
  - 3% annual increase support/admin
- Benefits
  - Medical & RX 0% increase
  - Dental -3% decrease
  - Life & LTD 3% increase
  - PSERS 8.5% increase  
32.57% vs 30.03%  
(1617)
- District Wide
  - Specific identification (debt, LCTI, LCCC, Cyber/Charter)
  - New debt service for HS Modernization Project
  - Strategic Planning Initiatives

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

# 2017-18 Preliminary Budget

	Final Budget 2015-16	Actual 2015-16	Final Budget 2016-17	January 4, 2017 Budget 2017-18	Change from 2016-17
Total Building & Departments	\$ 2,914,441	\$ 3,083,856	\$ 2,957,672	\$ 3,059,326	\$ 101,654
District Wide:					
Total Salaries	17,158,645	17,304,726	18,062,222	18,700,783	638,561
Benefits-All Staff					
Medical	2,609,146	2,461,362	2,745,882	2,745,882	-
Dental	144,338	115,165	139,271	135,093	(4,178)
Life Insurance	31,341	32,603	31,574	32,521	947
Long-Term Disability	33,190	25,874	34,961	36,010	1,049
Vision	13,277	10,621	13,198	13,198	-
Prescription	628,808	621,054	612,321	612,321	-
Social Security	1,312,454	1,296,644	1,383,344	1,430,610	47,266
PSERS	4,423,905	4,429,100	5,416,717	6,090,845	674,128
Tuition	50,892	65,253	51,399	50,000	(1,399)
Unemployment Compensation	25,249	5,687	24,813	25,000	187
Workers' Compensation	177,787	192,795	174,187	175,000	813
Other Benefits	68,175	45,843	68,634	70,000	1,366
Total Benefits-All Staff	9,518,562	9,302,001	10,696,301	11,416,480	720,179
District Wide & Grants	13,919,475	12,272,465	10,289,081	10,592,253	303,172
Total Expenditures	43,511,123	41,963,048	42,005,276	43,768,841	1,763,565
Total Revenue	39,599,749	40,347,014	40,632,695	41,314,077	681,382
Surplus/(Shortfall) before FB	(3,911,374)	(1,616,034)	(1,372,581)	(2,454,764)	

NOTE: Shortfall in 2015-16 included a fund balance transfer for capital projects of \$2,850,000.

**THIS SCENARIO DOES NOT INCLUDE A TAX INCREASE (\$738,000 OR 0.4629 MILLS)**



# Outstanding Items

## REVENUES:

- Final Assessment Values
- State Revenues
- Federal Revenues

## EXPENDITURES:

- Staffing
- Healthcare benefits
- New Debt associated with HS Modernization Project
- Budgeting strategies:
  - *Facilities Master Plan/Capital Reserve Transfer*
  - *PSERS*
  - *Emmaus Bond Pool Rate Stabilization*
  - *Fleet replacement cycle*
  - *Bond refinancing savings*
  - *Budgetary Reserve*

# Five Year Budget Assumptions- NO TAX INCREASE

Description	Estimated Budget 16-17	Estimated Budget 17-18	Estimated Budget 18-19	Estimated Budget 19-20	Estimated Budget 20-21	Estimated Budget 21-22	Estimated Budget 22-23
Building & Department Budgets	2,957,672	3,059,326	3,089,919	3,120,818	3,152,027	3,183,547	3,215,382
Total Salaries	18,062,222	18,700,783	19,300,627	19,934,073	20,468,061	21,016,788	21,580,671
Total Benefits	10,696,301	11,416,480	12,140,405	12,856,199	13,363,324	13,897,039	14,355,098
Total District Wide	10,289,081	10,592,253	11,071,414	11,202,149	11,306,297	11,416,544	11,530,641
Estimated Total Expenditures	42,005,276	43,768,841	45,602,365	47,113,239	48,289,709	49,513,918	50,681,792
Estimated Total Revenue	40,932,665	41,314,077	41,785,095	42,314,667	42,738,336	43,173,543	43,568,968
Excess/(Shortfall)	(1,072,611)	(2,454,764)	(3,817,270)	(4,798,572)	(5,551,373)	(6,340,375)	(7,112,824)

# Five Year Budget Assumptions- ANNUAL TAX INCREASE TO INDEX

Description	Estimated Budget 16-17	Estimated Budget 17-18	Estimated Budget 18-19	Estimated Budget 19-20	Estimated Budget 20-21	Estimated Budget 21-22	Estimated Budget 22-23
Building & Department Budgets	2,957,672	3,059,326	3,089,919	3,120,818	3,152,027	3,183,547	3,215,382
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Total District Wide	10,289,081	10,592,253	11,071,414	11,202,149	11,306,297	11,416,544	11,530,641
Estimated Total Expenditures	42,005,276	43,768,841	45,602,365	47,113,239	48,289,709	49,513,918	50,681,792
Estimated Total Revenue	40,932,665	41,314,077	42,476,735	43,732,039	44,916,939	46,150,342	47,382,450
Excess/(Shortfall)	(1,072,611)	(2,454,764)	(3,125,630)	(3,381,199)	(3,372,769)	(3,363,576)	(3,299,342)

# 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