



2018-2019 Preliminary Budget Overview

NORTHWESTERN LEHIGH SCHOOL DISTRICT
JANUARY 3, 2018

2017-18 Preliminary Budget Overview

Act 1 Index

- 2018-19 Adjusted Index
 - 2.4%
 - 0.3831 mills- approximately \$621,000

High Level budget overview

RECOMMENDATION: January 17, 2018 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

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

What's the Purpose?

Intended to limit tax increases to a cost of living index

2018-19 base index is 2.4%, **NWL no longer receives an adjusted index** based on the District's market value/personal income aid ratio. Ratios > 0.40 are adjusted up. NWL's aid ratio is 0.3852

0.3831 mill increase, or **\$621,000**

Board to adopt a **resolution to stay within the index 1/17/18**, which means the max tax increase for 2018-19 can not exceed 0.43831 mills, or \$621,000

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, 2017	Lehigh County sends letters on district's behalf	Homestead Notice sent to eligible property owners
January 26, 2018	January 17, 2018	Submit to PDE Opt-out Resolution
	February-April Board Workshops	Budget discussions/presentations
May 1, 2018		PDE notifies district of gaming revenue allocation
	May 2, 2018	Presentation of Proposed Final Budget
May 31, 2018	May 16, 2018	Proposed Final Budget Adoption & public display prior to Final Budget Adoption
May 31, 2018		Deadline to report tax rates to DCED
	June 6, 2018	Presentation of Final Budget
June 30, 2018	June 20, 2018	Final Budget Adoption
July 1, 2018	June 21, 2018	Tax bills are released to printer and mailed to taxpayers July 1st

2018-19 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

2018-19 Revenue Assumptions

• **LOCAL:**

- Increase due to net assessed value growth **Current Real Estate Taxes**
- Increases to:
 - **Earned Income Taxes**
 - **Misc. Revs**
- All other revenues minimal changes

STATE:

- Increases to:
 - **Tuition for foster students**
 - **Transportation**
 - **Social Security reimbursement**
 - **PSERS reimbursement**
- Flat funding:
 - **Basic Education Funding**
 - **Special Education**
 - **Rental/Sinking payments**

FEDERAL:

- No change

2018-19 Expenditure Assumptions

Building/Department Budgets

- Targeted changes based on needs

Salaries

- 3.9% annual increase professionals
- 3% annual increase support/admin

Benefits

- Medical & RX 4% increase
- Dental 0% rate hold
- Life & LTD rate hold
- PSERS 6.49% increase 33.43% vs 32.57% (1718)

District Wide

- Specific identification (debt, LCTI, LCCC, Cyber/Charter)
- Planned transfer to Capital Reserve for stadium/FMP projects
- Strategic Planning Initiatives

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

2018-19 Preliminary Budget

	<i>Actual</i> 2015-16	<i>Actual</i> 2016-17	<i>Final</i> <i>Budget</i> 2017-18	<i>Jan 17, 2018</i> <i>Budget</i> 2018-19	<i>Change</i> 2017-18	<i>% Change</i> 2017-18
<i>Total Building & Departments</i>	\$3,083,856	\$2,546,925	\$3,019,991	\$ 3,148,460	\$ 128,469	4.25%
<i>District Wide:</i>						
<i>Total Salaries</i>	17,304,726	17,939,300	18,573,329	19,242,353	669,024	3.60%
<i>Total Benefits</i>	9,302,001	10,207,796	10,958,607	11,517,342	558,735	5.10%
<i>District Wide & Grants</i>	12,272,465	9,536,890	10,738,947	15,398,283	4,659,336	43.39%
<i>Total Expenditures</i>	41,963,048	40,230,911	43,290,874	49,306,438	6,015,564	13.90%
<i>Total Revenue</i>	40,347,014	40,895,393	41,732,818	42,487,512	754,694	1.81%
<i>Surplus/(Shortfall) before FB</i>	(1,616,034)	664,482	(1,558,056)	(6,818,926)	(5,260,870)	
<i>FB Use for HS Modernization</i>				4,000,000	4,000,000	
<i>General Fund Operating Shortfall</i>				(2,818,926)	(1,260,870)	
<i>Potential Millage Increase (2.4%)</i>				620,990		
<i>Revised Shortfall</i>				(2,197,936)		

NOTE: Shortfall in 2015-16 included a fund balance transfer for capital projects of \$2,850,000 and in 2018-19 includes a fund balance transfer for capital projects of \$4,000,000.

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

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

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