

A Guide to Understanding the Budget Process 2018-2019

Superintendent's Message

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 a Proposed Final budget to the Board of School Directors at the Workshop Meeting on May 2, 2018. As we finalize our budget for 2018-2019, it is important to note that all programs with strong enrollment, effective class sizes, and current offerings in extra-curricular and athletic activities will be maintained for the 2018-2019 school year. We will begin a full day kindergarten program in August, and lacrosse for boys and girls was approved and will be a PIAA sport beginning in 2018-19. The proposed budget includes a 1.7% tax increase, the first school property tax increase since 2010. I am proud that our Board and employees continue to work together to ...**Empower, Inspire, and Lead.**

The 2018-19 budget was developed as a collaborative effort of the Board, administration, and employees. Budget development began back in October of 2017. 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 Workshop and regular Board Meetings in 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 2th Workshop Meeting Meeting and was approved at the May 16th regular Board Meeting. The final budget was presented to the Board at the Workshop Meeting on June 6th in preparation for adopting a Final Budget at the June 20th regular Board Meeting beginning at 7:00 pm. Please join us at the upcoming Board Meeting 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.

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. We will continue to maximize our resources so we can provide a high quality, fiscally responsible education for our children that will ...

Empower, Inspire, and Lead our students! Thank you for your ongoing support of the Northwestern Lehigh School District and for helping Northwestern be....**Future Ready!**

Sincerely,



Dr. Mary Anne Wright

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2018-2019 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



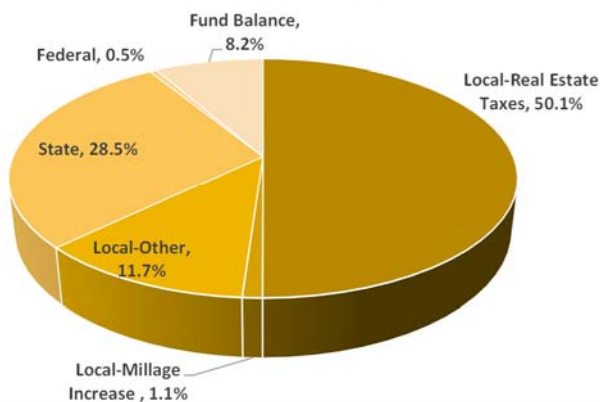
What are the challenges for 2018-2019?

- Increasing mandates on the educational and administrative processes
- Uncertainty of state revenues and potential delayed state budget approval
- Increasing costs for retirement
- Facility planning specifically for the High School and other identified projects across the district
- Planning for long-term enrollment trends

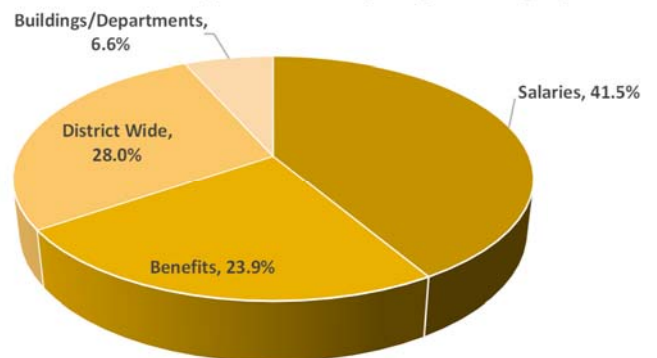
Budget At A Glance

For 2018-19 Northwestern Lehigh's Final Budget is \$47.3 million dollars. The fund balance category in total revenues represents the use of fund balance including offsetting one time expenditures for, variable debt reserves, retiree healthcare costs, retirement stabilization reserves, Senior Citizen Tax Rebate Program, curriculum purchases, purchase of a bus and budgetary reserve.

2018-2019 Total Revenues



2018-2019 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. In recent years, the district has seen increases in these two categories as a result of the West Hills Business Center TIF in Weisenberg Township.

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 \$200,000 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.

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
- 2018-19 allowable adjusted index is a 2.4% increase to the current millage rate. The 2018-19 Final budget includes a **tax increase of 0.2772 mills or 1.7% to NWL taxes to gener-**

ate \$453,500 in new tax revenue. The projected millage rate will be 16.2403 mills.

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.

Why is the district raising taxes in 2018-2019?

In August 2011, the district entered into a Tax Incremental Financing agreement with the developer of the West Hills Business Center. **The agreement generated significant new tax revenues for the district during a five year period totaling over \$2,000,000** of new revenue for the district.

The graph shows the new tax revenues generated over the past few years by the West Hills Business Center properties.

As a result of this new tax revenue, the district was able to balance the budget without the need for a tax increase since 2011.



Moving forward, the district does not anticipate significant new revenues as a result of real estate growth. In addition, the 2018-2019 budget includes the **addition of several new programs and initiatives including full-day kindergarten, boys and girls lacrosse, a district police force, new debt associated with the HS Modernization Project, and increases to charter school tuition.** While the district is able to incorporate most of the increase into the budget, it is necessary to increase real estate taxes by \$453,500 to help fund these on-going programs and initiatives.



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.

How is the budget developed?

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 discussed 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.

Budget Highlights for 2018-19



- All educational programs with strong enrollment will be preserved
- Implementation of **Full Day Kindergarten**
- Projections for **Class sizes** indicated that almost all classes are within policy guidelines.
- Most **educational subscriptions** are expected to be renewed.
- As part of the **strategic planning** process, \$75,000 has been budgeted for staff professional development, materials, and equipment to address specific goals outlined in the plan.
- Year 3 implementation of the **district wide technology plan** and d1:1 computer initiative.
- Funding provided by the **Northwestern Lehigh Educational Foundation** is estimated to be in excess of \$200,000 to enhance educational programs
- Continued funding for future **Facilities Master Plan Projects**
- Implementation of **District Police Force**
- Elimination of contracted custodial services and additional staffing for in house positions.
- Replacement of **three buses**

When will Staffing Plans be finalized?

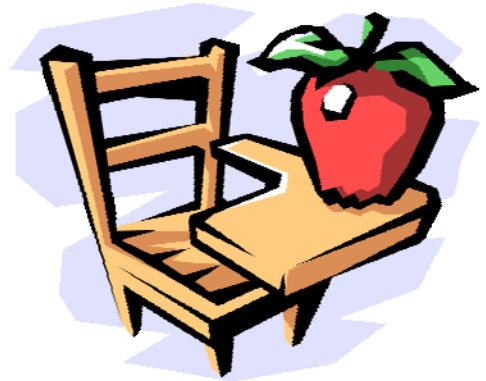
The Administration develops the staffing plan annually. Meetings are held with building and department administrators to discuss upcoming retirements and replacements.

The staffing plan was presented on May 2nd to the school board and associated salary and benefits changes are incorporated into the budget. The School Board approves increases to support staff wages in April and Adminis-

trator wages will be finalized in 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.

The District employs 174 teachers, 202 support staff and 15 administrators.



Class Size Projections

Projections for class sizes for 2018-2019 indicate that almost all classes K-8 are within the policy guidelines for class size. High school classes will be determined throughout the summer months scheduling.

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.

Full Day Kindergarten NEW in 2018-2019



The district is excited to welcome the first full day Kindergarten class starting in 2018-2019. The district utilized the

2017-2018 school year to develop the program in preparation for the start of 2018-2019.

Northwestern Lehigh School District's kindergarten program is a child-centered, developmentally appropriate, integrated program of learning. The purpose of the program is to establish a strong

foundation for learning in the early years, and to do so in a safe and nurturing, play-based environment that promotes the physical, social, emotional, and cognitive development of all children.

The primary goals of our kindergarten program are:

- **To establish a strong foundation for learning in the early years;**
- **To help children make a smooth transition from home, child care, or pre-**

school settings to school settings;

- **To allow children to reap the many proven benefits of learning through relationships, play, and inquiry;**
- **To set children on a path of lifelong learning and nurture competencies such as problem solving, creativity, collaboration, and communication that they will need to thrive in the world of today and tomorrow.**

Northwestern Lehigh Police Force

In the wake of the recent school shootings across the country, the School Board and Administration have been evaluating the district's existing security program.

On March 5, 2018, the district held a School Safety Community Forum to provide information to the community about the security of the district.

Since that meeting, we have developed a plan to upgrade some existing equipment and address

additional security needs across the district.

Additionally, starting in 2018-2019, the **district will have its own police force** comprised of



full time and part time Police Officers. We will continue to use contracted security services to supplement our own force during the transition.

Along with the increased security presence in our schools, we are looking forward to the opportunity for our officers to create positive relationships and interactions with the students throughout the district.

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