



# 2019-2020 Preliminary Budget Overview

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NORTHWESTERN LEHIGH SCHOOL DISTRICT  
JANUARY 2, 2019

# 2019-20 Budget Timeline

October 2018	1-31	Preliminary Budget Development timeline distributed to Administrators
November 2018	1-30	Budget meetings held with Administrators
December 2018	1-31 18	Budget meetings held with Administrators High Level Budget Discussion at Admin Meeting
January 2019	2	Workshop Meeting- Big Picture Budget Presented to School Board
	16	<b>Board Meeting-Resolution Not to Exceed Act 1 Index</b>
February 2019	6 11	Workshop Meeting- Budgeting Strategy Board Presentation Elementary/Middle School Staffing Meeting
March 2019	12	Staffing Meeting
April 2019	1-30 3	Budget Presentation at Faculty Meetings Workshop Meeting-Update on Budget Projections
May 2019	1-31 1	Budget Presentation at Faculty Meetings Workshop Meeting- Proposed Final Budget Presentation Community Budget Communications
	15	<b>Board Meeting- Proposed Final Budget Presentation</b>
June 2019	5 19	Workshop Meeting- Final Budget Presentation <b>Board Meeting- Final Budget Adoption</b>

# 2019-20 Budget Goals

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- 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

# 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

2019-20 base index is 2.3%, **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 0.3655

0.3735 mill increase, or **\$615,000**

Board to adopt a **resolution to stay within the index 1/16/19**, which means the max tax increase for 2019-20 can not exceed 0.3735 mills, or \$615,000

Resolution to stay within the index does **NOT** mean the district is going to raise taxes to the max index.

**RECOMMENDATION: Adopt Resolution to stay within the Act 1 Index on January 16, 2019.**

# 2019-20 Revenue Assumptions

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## • LOCAL:

- Increase due to net assessed value growth **Current Real Estate Taxes**
- Increases to:
  - **Interim Real Estate Taxes**
  - **Earned Income Taxes**
  - **Delinquent Real Estate Taxes**
  - **Interest Earnings**
  - **IDEA**
- All other revenues minimal changes

## STATE:

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

## FEDERAL:

- No change

# 2019-20 Expenditure Assumptions

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## **Building/Department Budgets**

- Targeted changes based on needs

## **Salaries**

- 3.6% overall increase

## **Benefits**

- Medical & RX 0% rate hold
- Dental 0% rate hold
- Life & LTD rate hold
- PSERS 6.4% increase 34.29% (1920) vs 33.43% (1819)

## **District Wide**

- Increases to Charter Tuition
- Minimal increases to LCTI, IU/Special Education, LCCC
- \$2.75/gallon for diesel & heating oil
- Specific identification for debt service
- Planned use of fund balance for extra bus, additional curricular needs

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

# 2019-20 Preliminary Budget

	Actual 2017-18	June Budget 2018-19	Preliminary Budget 2019-20	Change from 2017-18	% Change from 2017-18
Total Building & Departments	3,043,670	3,126,837	3,167,303	40,466	1.29%
District Wide:					
Total Salaries	18,197,319	19,430,535	20,123,262	692,727	3.57%
Total Benefits-All Staff	10,597,723	11,506,924	12,011,020	504,096	4.38%
District Wide & Grants	9,217,393	13,192,344	11,734,399	(1,457,945)	-11.05%
Total Expenditures	41,056,104	47,256,640	47,035,984	(220,656)	-0.47%
Total Revenue	42,185,438	42,969,176	44,000,678	1,031,502	2.40%
Surplus/(Shortfall) before FB	1,129,334	(4,287,464)	(3,035,306)		
FB Use for HS Modernization/Stadium		2,500,000			
General Fund Operating Shortfall		(1,787,464)			
Potential Millage Increase (0.3735 mills 2.30		453,500	615,000		
Revised Shortfall		(1,333,964)	(2,420,306)		

NOTE: Shortfall in 2018-19 included a fund balance transfer for capital projects of \$2,500,000.

# Major Cost Drivers

CATEGORY	1920 BUDGETED AMT	INCREASE FROM PY
Salaries	\$20,100,000	+\$693,000
PSERS	\$6,900,000	+\$415,000
Debt Service	\$4,200,000	+\$110,000
Cyber/Charter Tuition	\$2,000,000	+\$710,000
Social Security	\$1,500,000	+\$52,000
Capital Reserve Transfer	\$613,000	+\$212,000
Heating Oil/Diesel	<u>\$480,000</u>	<u>+\$95,000</u>
Subtotal	\$35,793,000	\$2,287,000
% Total Budget/Shortfall	76%	75%



# Closing the Gap

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- Finalize Staffing & Benefits (specific identification of staff, retirements/resignations, budgeted hours/overtime)
- Efforts to retain/recoup Charter costs
- Bid pricing on Heating Oil/Diesel
- Evaluate Capital Reserve Transfer
- Planned Use of Fund Balance

# Outstanding Items

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## REVENUES:

- Final Assessment Values
- State Revenues
- Federal Revenues

## EXPENDITURES:

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

# Next Steps...

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## **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