



2019-2020 BUDGET UPDATE

Northwestern Lehigh School District
Board Workshop
April 3, 2019

Agenda

- Budget Goals
- 2019-20 Budget Process Recap
- Budget Update and Discussion

2019-20 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

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	Board Meeting-Resolution Not to Exceed Act 1 Index
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	Board Meeting- Proposed Final Budget Presentation
June 2019	5 19	Workshop Meeting- Final Budget Presentation Board Meeting- Final Budget Adoption



2019-20 Budget Summary- April 3rd

	Final Budget 2018-19	January 2019 Budget 2019-20	April 2019 Budget 2019-20	Change from January
Total Building & Departments	3,126,837	3,167,303	3,137,653	(29,650)
District Wide:				
Total Salaries	19,430,535	20,123,262	19,866,637	(256,625)
Total Benefits	11,506,924	12,011,020	11,772,517	(238,503)
District Wide & Grants	13,192,344	11,734,399	12,028,551	294,152
Total Expenditures	47,256,640	47,035,984	46,805,358	(230,626)
Total Revenue	42,969,176	44,000,678	44,228,465	227,787
Surplus/(Shortfall) before FB	(4,287,464)	(3,035,306)	(2,576,893)	458,413
FB Use for HS Modernization/Stadium	2,500,000			
General Fund Operating Shortfall	(1,787,464)			
Potential Millage Increase (0.3735 mills)	453,500	615,000	615,000	-
Revised Shortfall	(1,333,964)	(2,420,306)	(1,961,893)	458,413

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 \$2,500,000.

**Additional Reduction to
Shortfall Before a Millage
Increase (\$458,413)**

Lehigh County Per Student Spending

Total ADM's & Per Student Spending



* ADM=Average Daily Membership which is the comparison measure most similar to total student enrollment.

Source: Data obtained from PDE for 2016-17 reported data

Updated Revenue Projections

LOCAL	
Interest Earnings	\$175,000
Admissions	15,000
Contributions	<u>32,000</u>
Total Increase-Local	\$222,000
STATE	
Basic Education Funding	\$274,000
Ready to Learn	(230,000)
Special Education Funding	34,000
Rental/Sinking Payments	(25,000)
Safe Schools Grant	20,000
Social Security Reimbursement	(12,000)
Retirement Reimbursement	<u>(55,000)</u>
Total Increase-State	\$6,000
Total Increase to Revenues	\$228,000

Amounts reflect changes to budgeted revenues compared to the January presented budget

Updated Expenditure Projections

Expenditures	
Building & Department Budgets	(\$ 30,000)
Salaries	(257,000)
Benefits	(238,000)
District-Wide & Grants	<u>294,000</u>
Total Increase to Expenditures	(\$231,000)

Building & Department Budget Recap


- Decreases:
 - *Athletics & Activities transfer budget funds to District Wide for LVHN Capital Reserve transfer*
- Minimal changes to other building & department budgets



**Net DECREASE
of (-) \$30,000**

Staffing Recap

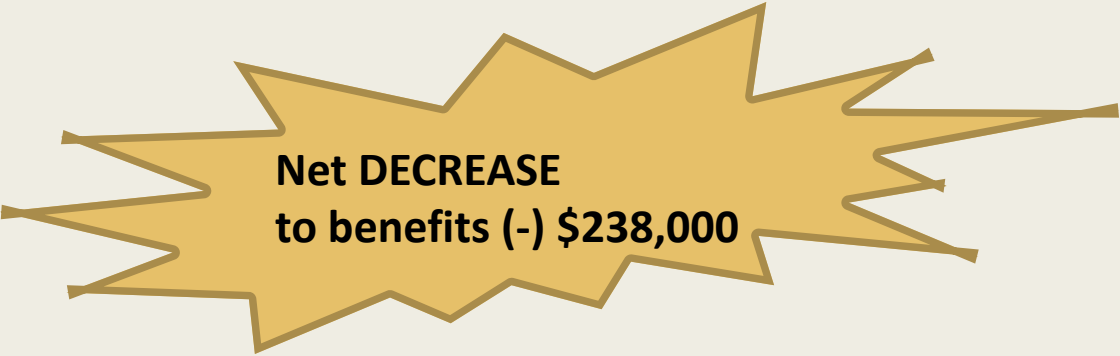
- Specific identification of current staff
 - *Changes that occurred during 2018-2019 have been incorporated into the 2019-2020 budget*
- Placeholder for anticipated replacements/new positions
- Placeholder for anticipated leaves (sabbaticals & FMLA)



**Net DECREASE
to Salaries (-) \$257,000**

Benefit Recap


- 19-20 Renewals for Healthcare
 - *Medical/Prescription rate hold 0%*
 - *Dental rate hold 0%*
 - *Changes in enrollment*
 - *Changes in plans offered*
- PSERS Employer Contribution Rate 34.29% (2.57% increase)
- Minimal changes to other benefits



**Net DECREASE
to benefits (-) \$238,000**

District Wide & Grants Recap

- Specific identification of anticipated expenditures for IU, LCTI, LCCC
- Increase for cyber/charter tuition (-5 regular enrollments, +4 special education enrollments)
- Increase to budgeted expenditures for donations to match budgeted revenues
- Increase to budgeted use of fund balance for curriculum purchases
- Increase to Capital Reserve transfer for LVHN contribution
- Other minimal changes and reclassifications



**Net INCREASE
of (+) \$ 228,000**

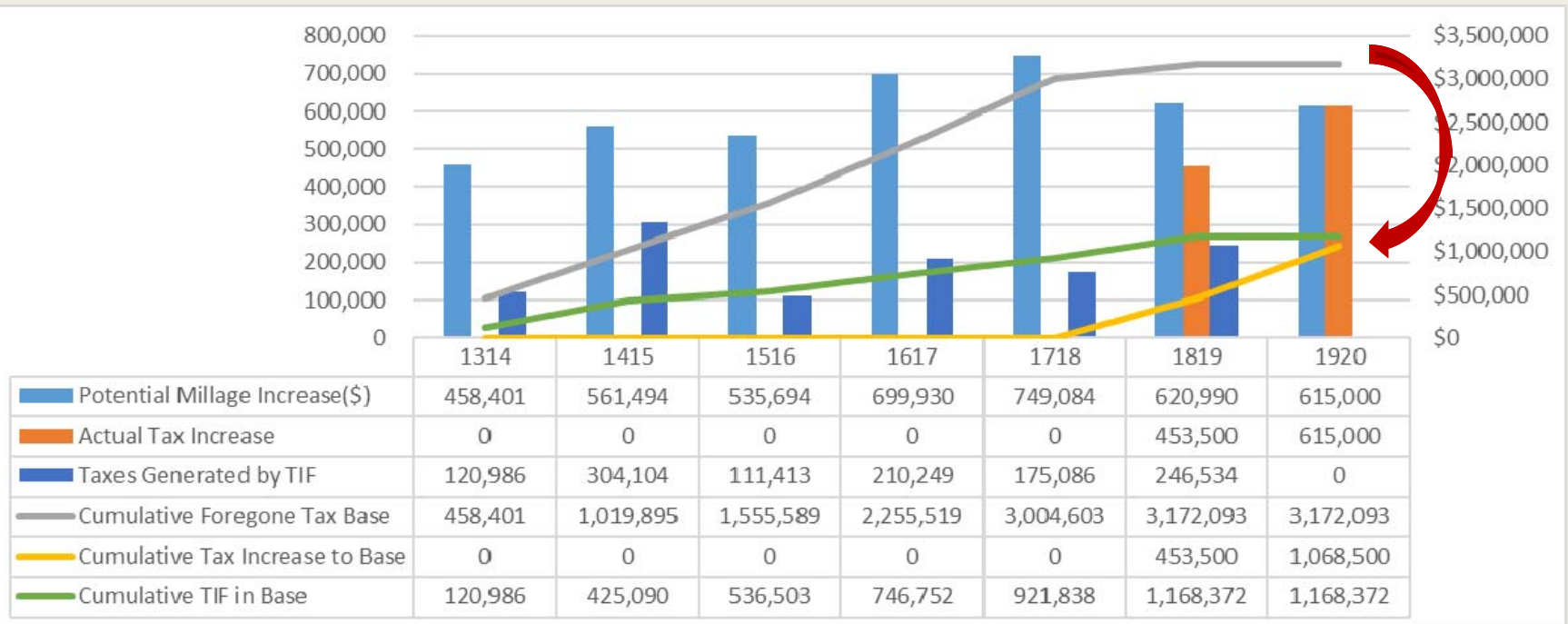
2019-20 Millage Options



	.3735 mills (2.3%)	.1868 mills (1.15%)	.093 mills (.575 %)
Total Tax Revenue Generated	\$615,000	\$307,500	\$153,750
Average Assessed Value (Residential)	\$220,000	\$220,000	\$220,000
Dollar (\$) Increase to Avg Taxpayer	\$82.17	\$41.09	\$20.55
Assessed Value	\$100,000	\$100,000	\$100,000
Dollar (\$) Increase to Taxpayer	\$37.35	\$18.68	\$9.30
Assessed Value	\$400,000	\$400,000	\$400,000
Dollar (\$) Increase to Taxpayer	\$149.40	\$74.70	\$37.35

History of Act 1 Real Estate Tax Revenues

**\$935,221
Difference**



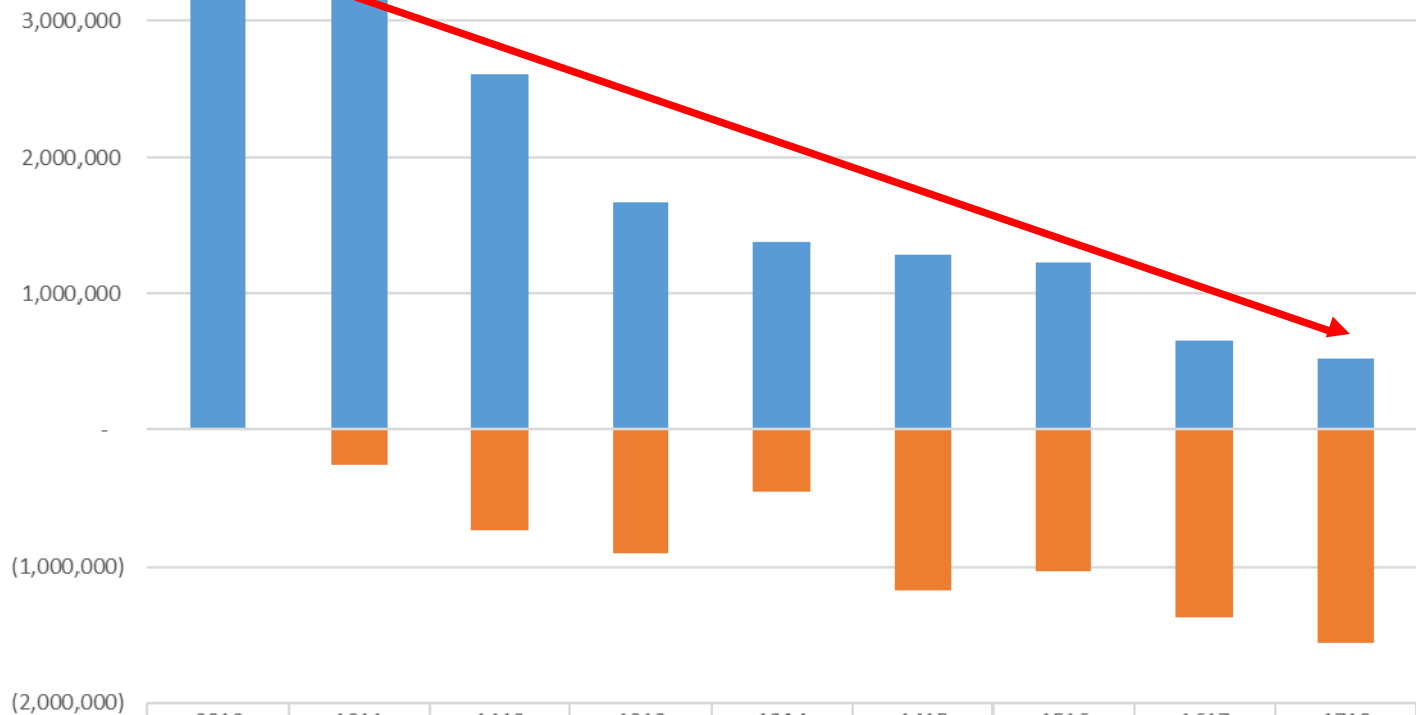
There is a net difference of \$935,221 in foregone tax base (\$3,172,093) vs. tax increases (\$1,068,500) and TIF revenues (\$1,168,372) over this time frame.

Funding the Shortfall

PRELIMINARY SHORTFALL	JANUARY (\$3,035,306)	APRIL (\$2,576,893)
PSERS Stabilization	561,000	554,000
Budgetary Reserve	400,000	400,000
Emmaus Bond Pool Stabilization	220,000	220,000
Additional Fleet Replacements	145,000	145,000
Fuel Stabilization	95,000	95,000
Curriculum	60,000	85,000
Strategic Plan	50,000	50,000
Other Post Employment Benefits (OPEB)	<u>50,000</u>	<u>65,000</u>
Total	<u>(\$1,454,306)</u>	<u>(\$962,893)</u>
Millage Increase	<u>615,000</u>	<u>615,000</u>
Revised Shortfall	<u>(\$839,306)</u>	<u>(\$347,893)</u>

NOTE: Additional reductions or appropriate use of fund balance to be allocated to the \$347,893 remaining shortfall which is currently unfunded.

History of Budgeted Fund Balance vs. Actual Change in Fund Balance



Fiscal year 1516 excludes the fund balance utilized to finance the energy savings project which overall reduced the fund balance. The graph reflects the operating change to fund balance.

Open Budget Items

- Local Revenues
 - *Final Assessed Value from Lehigh County Assessment Office*
 - *Changes based on trends and year-to-date collections in other categories*
- State Revenues
- Final staffing plans (May)

2019-2020 Budget Summary

Total Revenues (prior to tax increase)	\$44,228,465
Total Expenditures	<u>46,805,358</u>
Estimated Operating Shortfall	(2,576,893)
Proposed Tax Increase 0.3735 mills	<u>615,000</u>
Revised Operating Shortfall After Millage Increase (to be funded with Fund Balance)	<u>(\$1,961,893)</u>
Planned Use of Fund Balance	<u>\$1,614,000</u>
Additional Shortfall to Fund	<u>(\$347,893)</u>