



BETHLEHEM
AREA SCHOOL DISTRICT

*2025-2026 General Fund
Budget Workshop*

March 24, 2025





BETHLEHEM AREA SCHOOL DISTRICT

Total Student Enrollment: 12,500 +
Special Education: 3100 +
BAVTS: 830 +

District Personnel: 2,200 + (full time & part-time)
Total Annual Budget: 355 Million



Buildings:

- 16 Elementary Schools
- 4 Middle Schools
- 2 High Schools
- 1 Cyber School

Total Square Footage of
District Buildings:
2,514,000

District Fleet:

- 144 Buses/Vans
- 52 District Vehicles
- Students Transported
Daily: 8,500+

Miles Traveled Daily: 7,000+

Our Students:

- 50 + languages spoken by our students
-
- Hispanic: 46.4%
 - White: 37.7%
 - Black or African American: 11.2%
 - Multi Racial: 1.4%
 - Other: 3.3%
-
- Economically Disadvantaged: 62.3%
 - English Learners: 8.5%

Our Community:

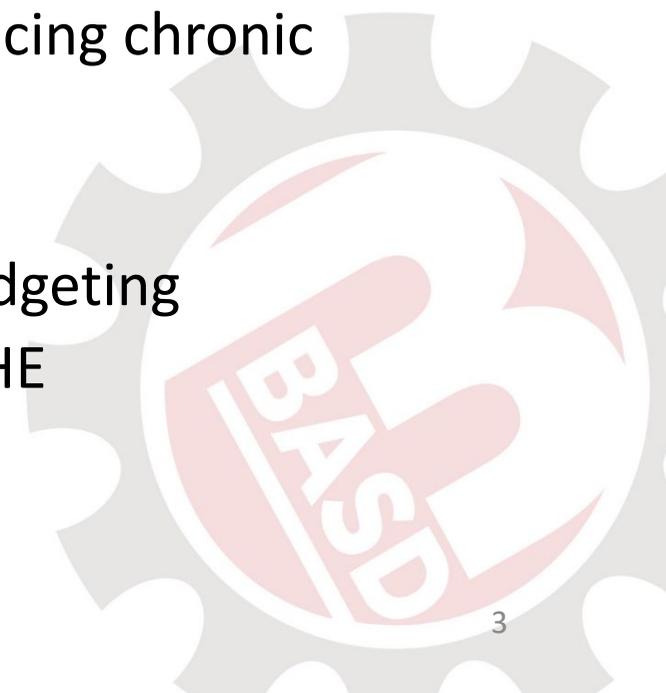
Covering Five Municipalities

- City of Bethlehem – 30,162
- Bethlehem Township – 9,776
- Hanover Township – 7,169
- Fountain Hill – 1,942
- Freemansburg – 1,224

Total # of Households – 50,273

Board Objectives for FY26 Preliminary Budget

1. Prepare a balanced budget that incorporates:
 - Spending reductions
 - Revenue increases
 - Use of fund balance
2. Protect and achieve district goals
 - Improving student attendance and reducing chronic absenteeism
 - Improving grade – level achievement
3. Commits to the principles of long term budgeting
 - Millage aligned to projects, i.e. CBAs, FHE





BETHLEHEM

AREA SCHOOL DISTRICT

FY 2025-26 ACT 1 Timeline:

Date	Action	Status
September 30	PDE publishes the Act 1 index. Act 1 index is 4.0 %. The District's Adjusted index 4.8%	Complete
November 11	Finance Committee Meeting - Review "Opt-Out" Resolution - January 30 - Deadline to make Preliminary Budget available or adopt "Opt-Out" Resolution <u>Must Opt-Out</u> - No school district that receives an adequacy supplement funding shall seek an Act 1 referendum exception for the 2025-26 school year	Complete
November – December	Distribute budget templates to buildings and departments	Complete
January 2025	Cabinet Budget Retreat	Complete
February 10	Finance Committee Meeting - Year in review and Revenue projections	Complete
March 10	Finance Committee Meeting - Review of District Priorities	Complete
March 24	Budget Workshop – Preliminary Budget	In Progress
April 14	Finance Committee Meeting - Budget Update	
May 12	Special Board Meeting to adopt the proposed Final Budget Deadline to adopt the proposed Final Budget (May 31, 2025)	
May 27	Deadline to make proposed Final Budget available for public inspection (20 days before adoption)	
June 6	Deadline to offer public notice of intent to adopt Final Budget (10 days before adoption)	
June 16	Special Board Meeting - Presentation and adoption of Final Budget Deadline to adopt Final Budget (June 30)	

What we learned this year

Assumption	Actual
Economic indicators – six (6) interest rate reductions, reduced inflation.	Inflation remains high. Rates were reduced, but not as often as anticipated.
9% Increase in Cost of Medical	Medical increase - 7% Rx increase -21%
Debt Issuance - \$20M for FHES	<ul style="list-style-type: none">- Issued \$25M (including BAVTS Building)- Refinanced 2 Floating Rate Notes into fixed rate bonds
Flat Charter School Enrollment 1,732 BM and 450 CC	Slight increase in Charter Enrollment 1,742 BM and 509 CC

FY25 Budget vs. FYTD Actual

	2024-2025 Enacted Budget	2024-2025 Actual	Budget VS Actual	% of Budget
Real Estate Taxes (Current and Delinquent)	(192,073,136)	(190,307,757)	(1,765,379)	99%
Act 511 Taxes	(28,440,441)	(16,040,887)	(12,399,554)	56%
Other Sources	(8,799,599)	(8,682,358)	(117,241)	99%
<i>Local Sources</i>	<i>(229,313,176)</i>	<i>(215,031,002)</i>	<i>(14,282,174)</i>	94%
Basic Education Funding	(55,327,771)	(32,389,100)	(22,938,671)	59%
Reimbursement of School District for Charter School Costs	(725,712)	(366,524)	(359,188)	51%
Special Education Funding	(10,145,020)	(6,087,012)	(4,058,008)	60%
Transportation Subsidy	(3,034,161)	(1,264,644)	(1,769,517)	42%
RTL – Adequacy Funding	(4,501,971)	(4,501,971)	4,501,971	100%
State Reimbursement of Employee Benefits	(27,684,226)	(5,048,727)	(22,635,499)	18%
All Other State	(17,192,366)	(11,386,372)	(5,805,994)	66%
<i>State Sources</i>	<i>(114,109,256)</i>	<i>(61,044,350)</i>	<i>(53,064,906)</i>	53%

FY25 Budget vs. FYTD Actual

	2024-2025 Enacted Budget	2024-2025 Actual	Budget VS Actual	% of Budget
Title I	(4,741,686)	(2,271,243)	(2,470,443)	48%
Title II	(530,382)	(293,135)	(237,247)	55%
Title III	(208,244)	(100,726)	(107,518)	48%
Title IV	(592,284)	(188,672)	(403,612)	32%
Family Center	(201,765)	(95,043)	(106,723)	47%
Medicaid Reimbursement	(908,000)	(432,575)	(475,425)	48%
Other CARES/CRRSA	(250,000)	-	(250,000)	0%
All Other Federal	(60,000)	(17,993)	(42,007)	30%
<i>Federal Sources</i>	<i>(7,492,361)</i>	<i>(3,399,387)</i>	<i>(4,092,974)</i>	45%
<i>Other Funding Sources</i>	<i>(3,967,148)</i>	<i>(69,382,674)</i>	<i>65,415,526</i>	1749%
<i>Total Revenues</i>	<i>(354,881,941)</i>	<i>(348,857,413)</i>	<i>(6,024,528)</i>	98%

FY25 Budget vs. FYTD Actual

	2024-2025 Enacted Budget	2024-2025 Actual	Budget vs. Actual	% of Budget
Salaries	135,003,762	76,333,959	58,669,803	57%
Employee Benefits	86,615,615	50,111,713	36,503,902	58%
Purchased Professional & Technical Services	25,204,581	17,428,702	7,775,879	69%
Purchased Property Services	4,100,604	2,880,796	1,219,808	70%
Tuition to PA Charter Schools	42,427,375	26,010,421	16,416,954	61%
All Other Tuition and Purchased Services	16,151,404	12,585,838	3,565,566	78%
Supplies	14,513,100	10,960,567	3,552,533	76%
Property	2,045,859	1,182,620	863,239	58%
Debt Service (P&I)	25,206,140	93,025,691	(67,819,551)	369%
Other Objects (Contingency)	3,613,501	546,557	2,775,405	16%
Total Expenditures	354,881,941	291,066,863	63,815,078	82%

FY26 Budget Considerations

Economic Uncertainty

- Interest Rates remain high, but starting to slow
- Low unemployment; Payroll starting to cool; strong wage growth; Cooling Real Estate Market
- Inflation is slowing down, but prices remain high

Post Election Politics

- Federal support of education
- Funding uncertainty
- Potential impact of tariffs

Local Control

- Debt Issuance – FHES, BAVTS Satellite Campus, Mandatory Tender of 2021C FRNs
- Rising Healthcare costs
- Staffing aligned to enrollment trends

Governor's Proposed Budget

Basic Education Funding

- \$75M increase in BEF

Special Education Funding

- \$40M increase to SEF

Adequacy/Equity Funding

- \$526M increase to adequacy/equity

Pre-K Counts

- \$15M increase to Pre-K Counts

Governor's Proposed Budget

School Security and Mental Health

- \$111M – \$11M increase from FY25

Facility Improvements

- \$125M – \$25M increase from FY25 – to be used for Solar for Schools Grant

Student Teacher Stipends

- \$40M – \$20M increase from FY25

Student Nutrition

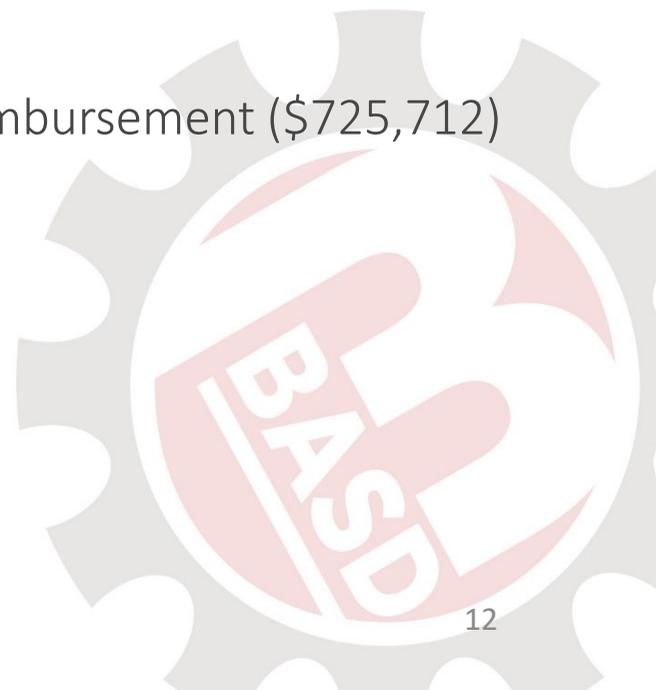
- Continuing universal free breakfast and free lunch for reduced price students

Charter School Reform

- The 2025-26 budget establishes a statewide cyber tuition rate of \$8,000 per student per year and will better align tuition with the actual costs of providing an online education
- Tiered tuition formula for special education
- The Gen Ed tuition rate is \$15,276 per student per year
- The CC Special Ed tuition rate is \$30,693 per student per year

Potential savings of \$3.4M

Governor's Proposal Does not include Cyber Charter Reimbursement (\$725,712)



What it means for BASD

	2024-2025 Estimate	2025-2026 Governor's Proposal	Change from PY
Basic Education Funding	55,327,534	56,007,489	679,955
RTL - Adequacy Investment	4,501,971	4,503,129	4,503,129
Special Education Funding	10,144,956	10,352,947	207,991
Cyber Charter Reimbursement	725,712	0	(725,712)

Up to \$4,665,363 in new funding

State Revenue

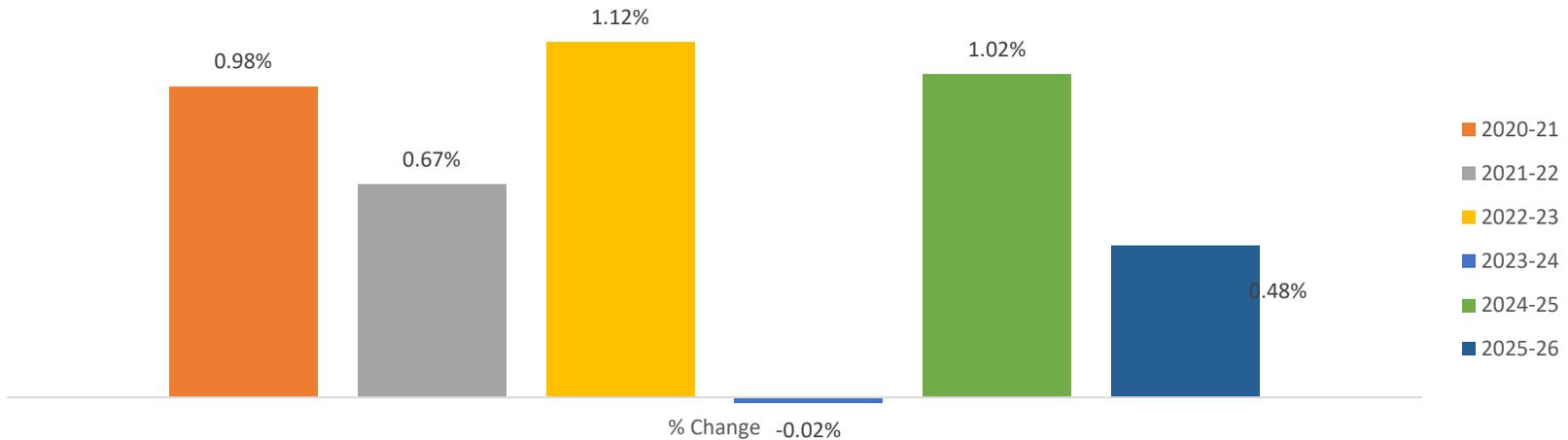
	2022-2023 Actual	2023-2024 Actual	2024-2025 Enacted Budget	2025-2026 Preliminary Budget
Basic Education Funding	(46,636,955)	(52,041,018)	(55,327,771)	(56,007,489)
Special Education Funding	(9,159,627)	(9,428,940)	(10,145,020)	(10,352,947)
Transportation Subsidy	(2,183,301)	(2,396,371)	(3,034,161)	(2,396,372)
RTL – Adequacy			(4,501,971)	(6,751,971)
State Reimbursement of Employee Benefits	(25,219,067)	(25,746,369)	(27,684,226)	(29,395,815)
All Other State	(16,306,565)	(14,556,808)	(12,690,395)	(12,953,507)
State Sources	(99,505,515)	(104,169,506)	(114,109,256)	(117,858,101)

Federal Revenue (recurring)

	2022-2023 Actual	2023-2024 Actual	2024-2025 Enacted Budget	2025-2026 Preliminary Budget
TITLE I	(4,636,103)	(4,945,320)	(4,741,686)	(4,824,459)
TITLE II	(510,102)	(472,259)	(530,382)	(530,382)
TITLE III	(239,122)	(189,607)	(208,244)	(208,244)
TITLE IV	(356,052)	(422,047)	(592,284)	(592,284)
FAMILY CENTER GRANT	(124,095)	(124,095)	(201,765)	(180,202)
SCHL BASED ACCESS PGM	(1,415,188)	(791,890)	(908,000)	(908,000)
All Other Federal	(7,198,626)	(646,012)	(310,000)	(227,665)
Federal Sources	<i>(14,479,288)</i>	<i>(7,591,230)</i>	<i>(7,492,361)</i>	<i>(7,471,236)</i>

Tax Assessed Values

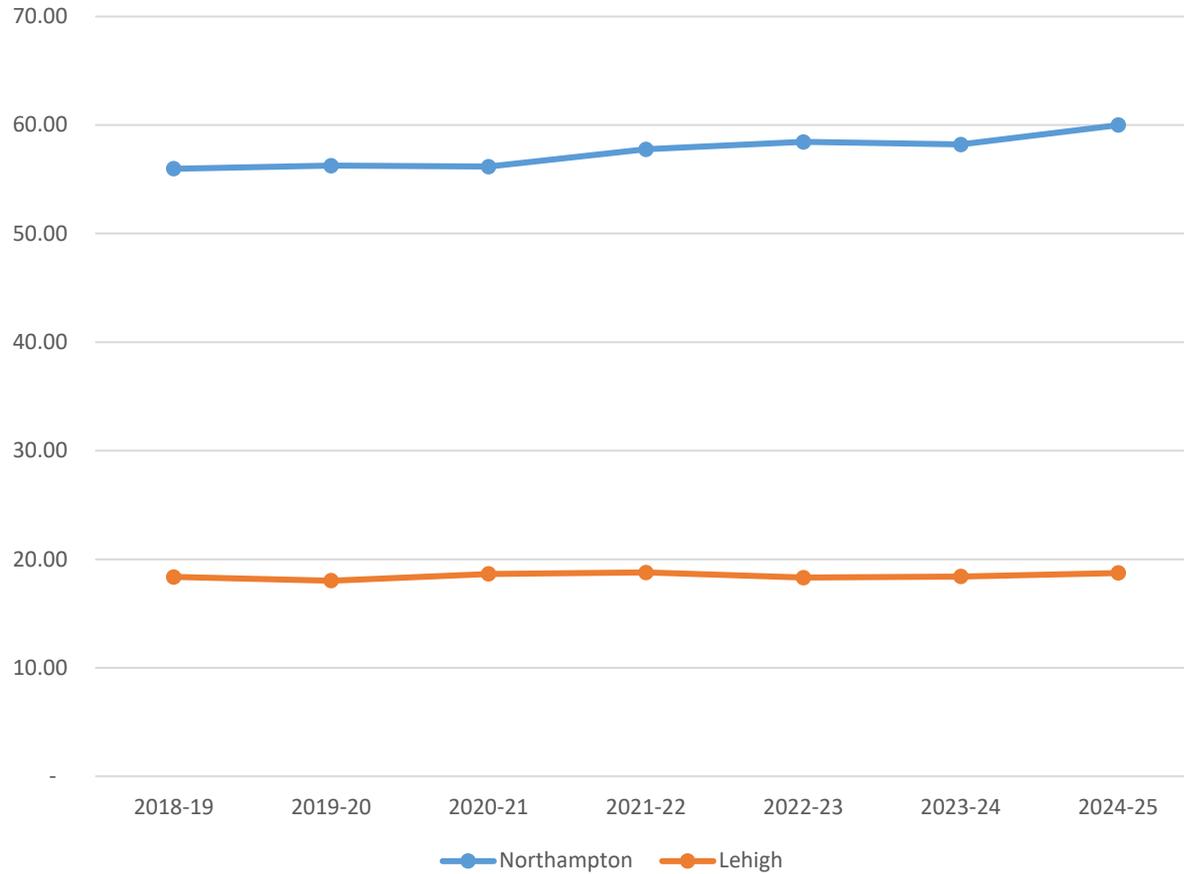
Total Assessment % Change



2025-2026 Estimates					
	1%	2%	3%	4%	4.8%
Potential Additional Revenue	1,968,264	3,936,529	5,904,793	7,873,057	9,447,669
Increase in taxes NC	38	75	113	150	180
Increase in taxes LC	27	53	80	107	128

Historical Millage Rates

<u>Year</u>	<u>Northampton</u>	<u>Lehigh</u>
2018-19	55.97	18.37
2019-20	56.26	18.03
2020-21	56.17	18.65
2021-22	57.76	18.78
2022-23	58.45	18.32
2023-24	58.20	18.41
2024-25	59.99	18.74



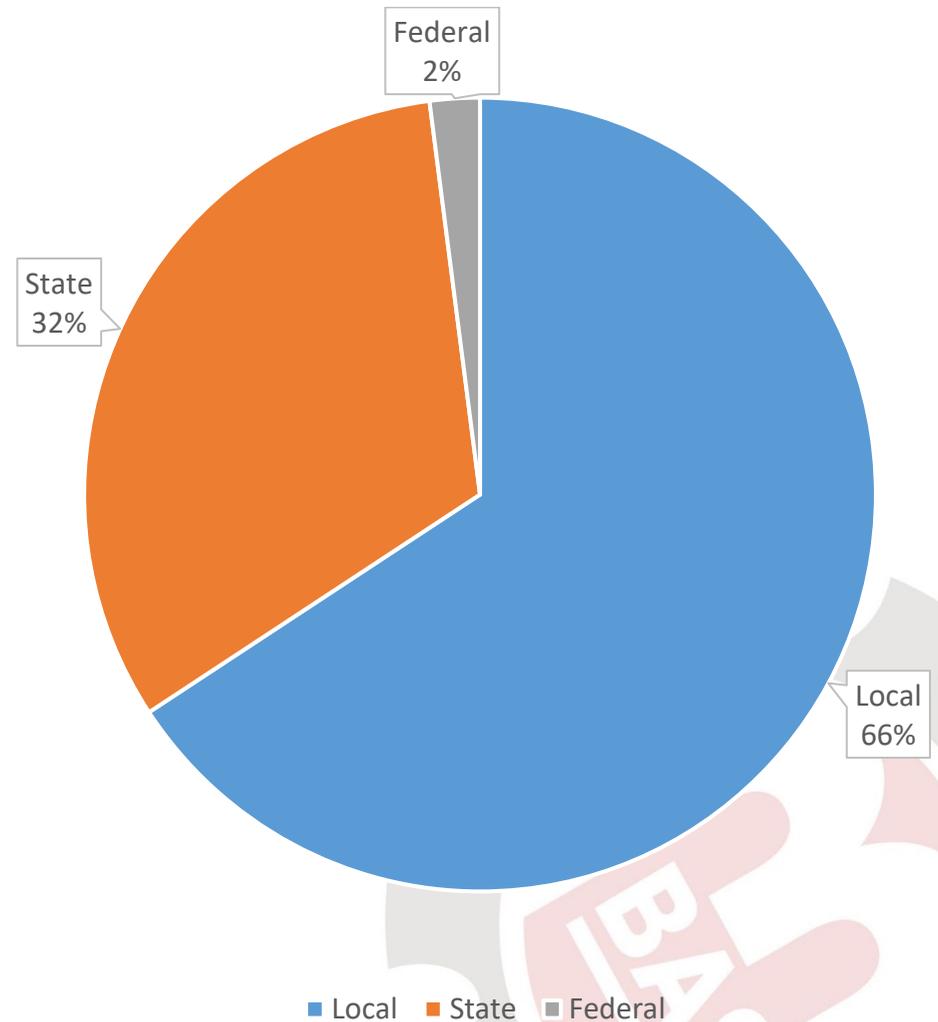
Local Revenue

	2022-2023 Actual	2023-2024 Actual	2024-2025 Enacted Budget	2025-2026 Preliminary Budget
Real Estate Taxes (current and delinquent)	(185,576,053)	(186,751,808)	(192,073,136)	(201,965,070)
EIT/ Act 511 School District Taxes	(29,174,725)	(29,580,151)	(28,440,441)	(29,040,441)
All Other Local – Interest, Donations, etc.	(12,406,772)	(16,173,776)	(8,799,599)	(9,708,689)
Local Sources	<i>(227,157,551)</i>	<i>(232,505,735)</i>	<i>(229,313,176)</i>	<i>(240,714,200)</i>
Total Revenue	<i>(341,363,279)</i>	<i>(346,208,166)</i>	<i>(354,881,941)</i>	<i>(366,923,537)</i>

7.5% growth in total revenue

Projected Revenue

Revenue Source	2025-2026 Preliminary Budget
Local	240,714,200
State	117,858,101
Federal	7,471,236
Other	880,000
Total	366,923,537



Act 1 Projections

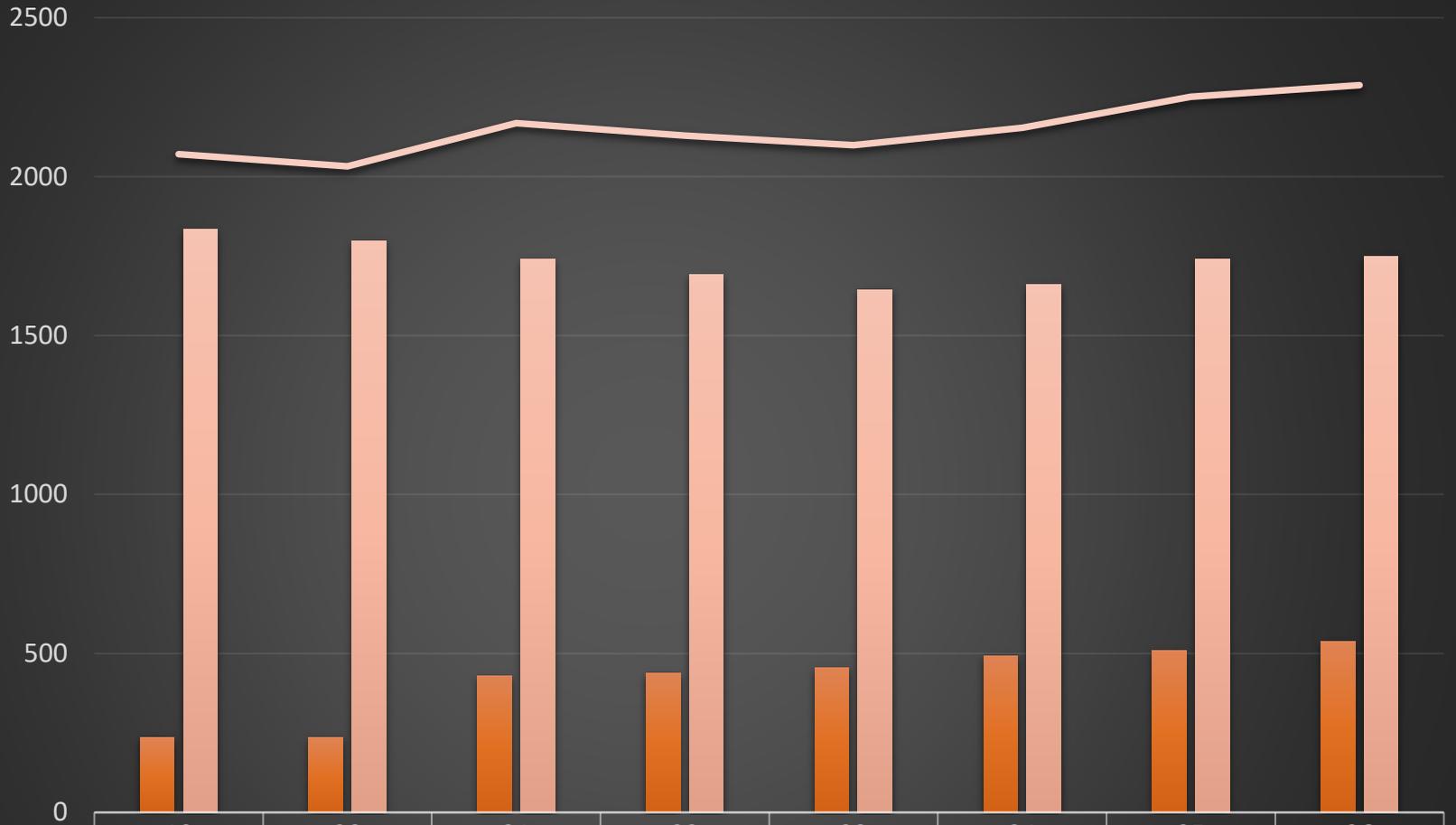
Act 1 Index Forecast

	22-23	23-24	24-25	25-26	26-27	27-28	28-29	29-30
Base Index	3.4%	4.1%	5.3%	4.0%	3.7%	3.4%	3.2%	3.2%
SAWW	4.7%	5.3%	5.6%	3.7%	3.7%	3.5%	3.3%	3.3%
ECI	2.1%	2.9%	4.9%	4.3%	3.8%	3.6%	3.4%	3.2%
November 2023 (Base Index)				4.0%	3.6%	3.2%	3.1%	--
Revision				0.1%	0.1%	0.2%	0.1%	--
Notes: SAWW is statewide average weekly wage. ECI is employment cost index.								
Source: Reported by the Department of Education through 25-26, forecast by IFO thereafter.								

Expenses



Charter School Enrollment Trends



	19	20	21	22	23	24	25	26
CC Total	237	235	429	437	455	493	509	538
BM Total	1834	1798	1740	1692	1644	1661	1742	1750
Cyber and BM	2071	2032	2169	2129	2099	2154	2251	2288

CC Total BM Total Cyber and BM

Charter School Tuition Rates

Tuition Rate	RE	SE	Cyber SE Rate 1-1-2025
2016-17	10,626.51	22,767.02	
2017-18	11,652.03	23,893.79	
2018-19	12,099.34	25,760.30	
2019-20	12,516.18	25,765.96	
2020-21	13,071.16	28,382.88	
2021-22	13,393.37	29,615.93	
2022-23	13,624.27	30,736.23	
2023-24	14,508.13	31,980.00	
2024-25	15,276.46	35,016.91	30,693.22
2025-26*	15,686.28	38,414.69	33,218.09

*Estimated



VISION AND STRATEGY

THE PATH FOR 2025-2026



#BASDcommunity

1516 SYCAMORE STREET, BETHLEHEM, PA 18017
610-861-0500
WWW.BASDSCHOOLS.ORG

- Educational Programs
- Pupil Services
- Finance
- Facilities and Transportation
- Human Resources
- Information Services

Department Budgets: Expenditure Reductions

- Prioritize staffing to align to student enrollment numbers and organizational structure through attrition
- Review overtime approval processes for professional and nonprofessional staff
- Reduce professional development contracts and corresponding substitute expenses
- Review procurement lifecycles: buses, technology, curriculum, supplies, etc.
- Limit conference attendance

Expense Summary

Expense Category	2022-2023 Actual	2023-2024 Actual	2024-2025 Budget	2025-2026 Preliminary Budget
Salaries	120,256,607	125,458,116	135,003,762	140,700,899
Benefits	82,984,370	80,892,986	86,615,615	95,939,014
Charter Schools	34,555,365	37,944,409	42,427,375	46,511,243
All other Tuition and Purchased Services	16,518,286	15,549,486	16,151,404	16,383,401
Debt Services	23,668,451	23,727,130	25,206,140	26,080,656
IU Services/ Alt Ed	14,959,046	15,126,600	15,195,120	15,895,481
All Other	28,495,238	43,042,793	34,282,525	35,346,791
Total Expense	321,437,365	341,741,519	354,881,941	376,857,485

17% growth in total expenses

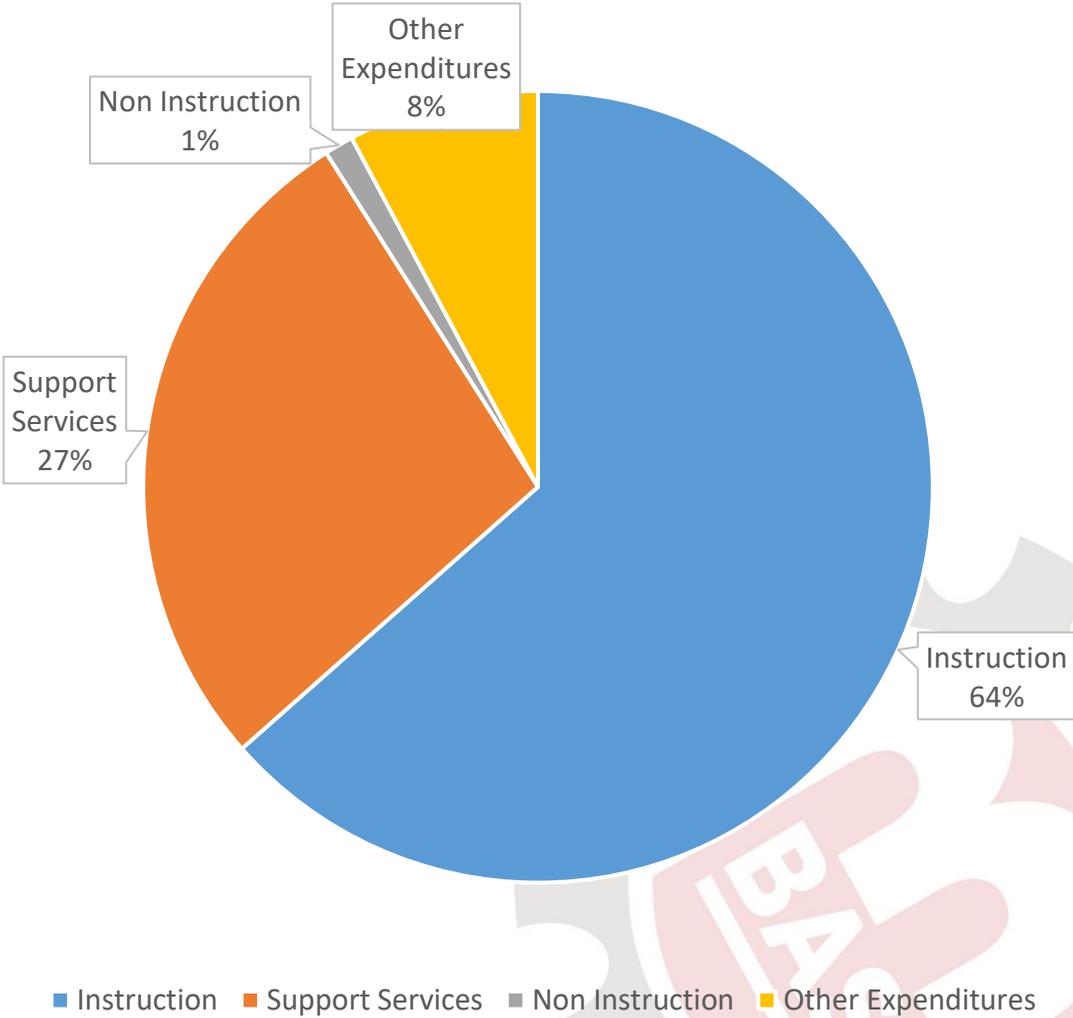
Expense by Function

Expense Category	2022-2023 Actual	2023-2024 Actual	2024-2025 Budget	2025-2026 Preliminary Budget
Instruction	205,065,807	209,066,292	220,956,006	239,303,230
Support Services	88,414,306	91,995,352	99,105,848	103,591,622
Non Instruction	4,273,113	4,570,697	4,281,089	4,482,152
Facilities / Construction	65,349	155,013	48,000	-
Other Expenditures	23,770,689	23,857,693	28,883,315	29,480,481



Expense by Function

Expense Category	2025-2026 Preliminary Budget
Instruction	239,303,230
Support Services	103,591,622
Non Instruction	4,482,152
Other Expenditures	29,480,481



Preliminary Budget Summary

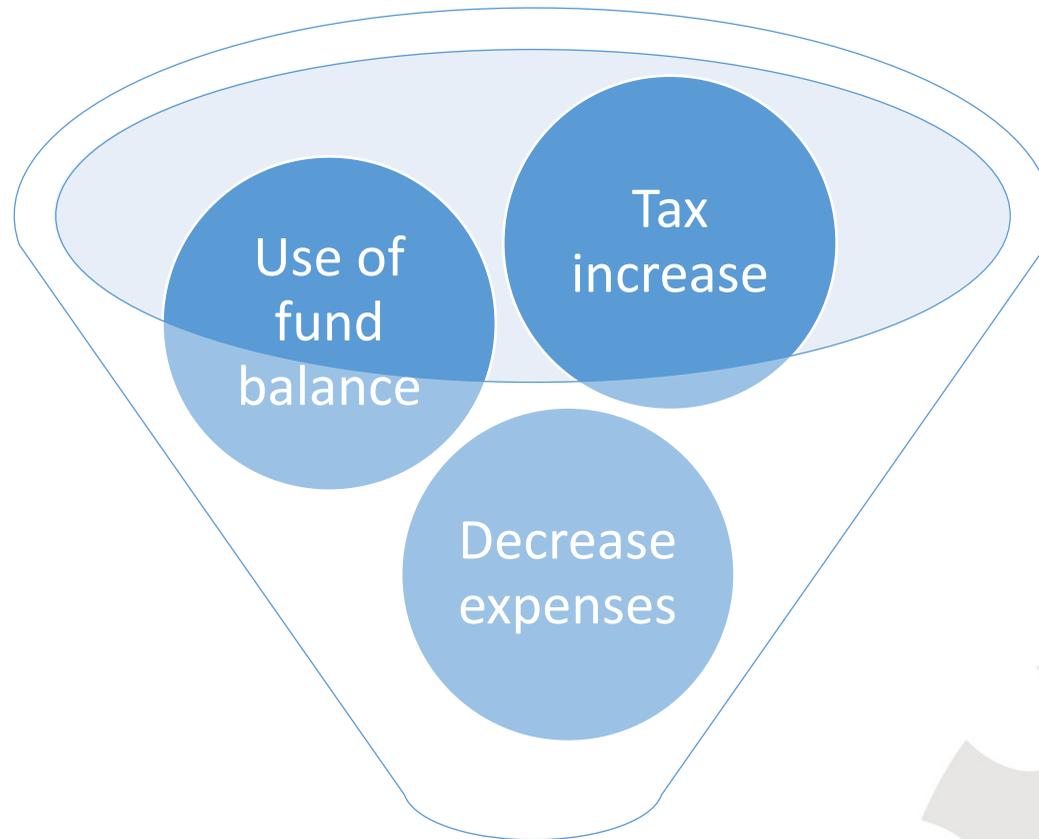
Revenue -366,923,537

Expense 376,857,485

GAP 9,933,948



Decision Points



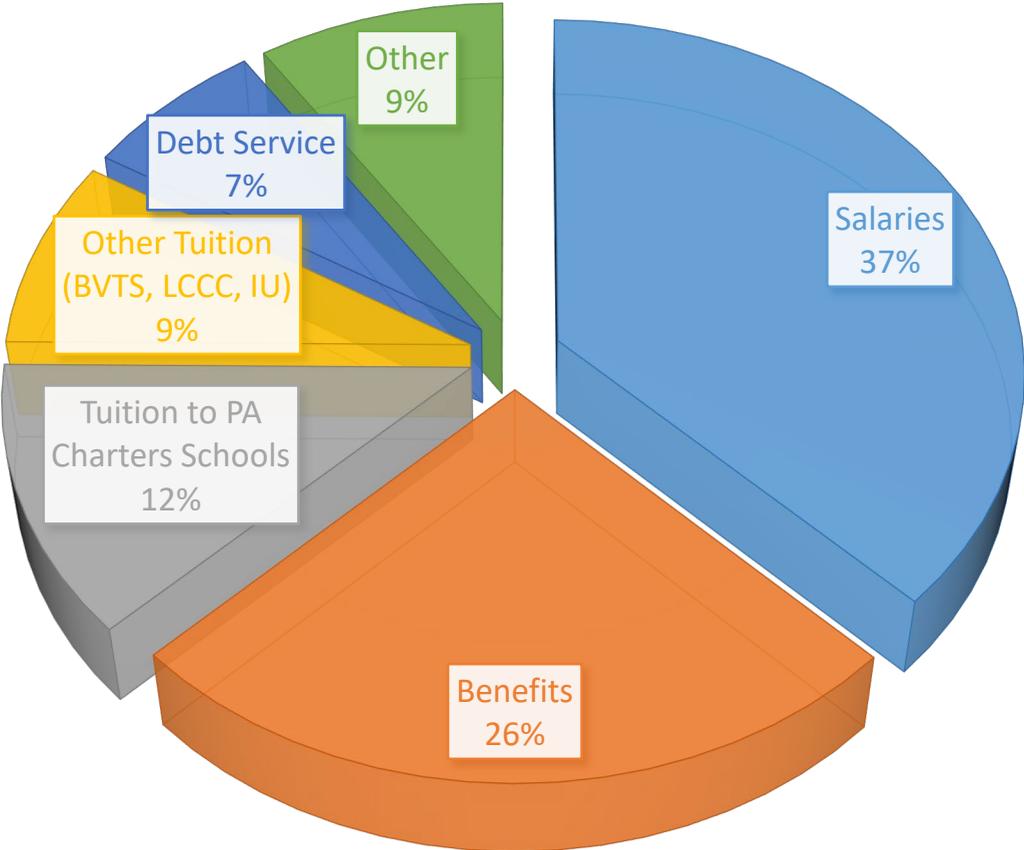
Balanced Budget



Cost Drivers

Salaries	140,700,899
Benefits	95,939,014
Tuition to PA Charters Schools	46,511,243
Other Tuition (BVTS, LCCC, IU)	32,278,882
Debt Service	26,080,656
Other	35,346,791

2025-26 PRELIMINARY BUDGET



Big Picture

	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
Local	199,639,718	210,530,203	216,534,770	227,157,551	232,505,735	229,313,176
Local Real Estate	169,938,983	179,089,589	184,181,024	185,576,053	186,751,808	192,073,136
State	76,689,787	77,791,609	82,983,841	99,505,515	104,169,506	114,109,256
BEF	33,971,899	33,971,837	37,681,610	43,636,955	52,041,018	55,327,771
SEF	8,028,585	8,153,348	8,360,655	9,159,627	9,428,940	10,145,020
Federal	6,603,095	10,924,238	16,906,946	14,479,288	7,591,230	7,492,361
Total Revenue	282,932,600	299,246,050	316,425,557	341,142,354	344,266,471	350,914,793
Change from PFY		6%	6%	8%	1%	2%
Total Expense	284,034,933	291,521,695	311,529,806	321,437,365	341,741,519	354,881,941
Charter Schools	29,854,387	33,587,964	34,144,535	34,555,365	37,944,409	42,427,375
PSERS	36,300,076	37,405,432	40,009,827	41,929,942	42,367,080	45,103,447
Change from PFY		3%	7%	3%	6%	4%

Long Term Projections...

	2025-2026	2026-2027	2027-2028	2028-2029	2029-2030
	Preliminary Budget	Projected	Projected	Projected	Projected
Local	240,714,200	244,075,876	247,489,975	250,957,325	254,478,764
Local Real Estate	201,965,070	204,927,046	207,933,452	210,984,954	214,082,228
State	117,858,101	121,024,724	124,222,858	127,598,750	131,168,574
BEF	56,007,489	57,127,639	58,270,192	59,435,595	60,624,307
SEF	10,352,947	10,456,476	10,561,041	10,666,652	10,773,318
Federal	7,471,236	7,303,571	7,303,571	7,303,571	7,303,571
Total Revenue	366,923,537	372,484,171	379,096,405	385,939,646	393,030,908
Change from PFY	5%	2%	2%	2%	2%
Total Expense	376,857,485	396,099,273	416,327,646	436,963,142	459,433,251
Charter Schools	46,511,243	49,301,918	52,260,033	55,395,635	58,719,373
PSERS	47,620,477	51,241,280	54,584,818	58,214,861	62,155,491
Change from PFY	6%	5%	5%	5%	5%

General Fund - Fund Balance

	Fund Balance June 30, 2024	Fund Balance June 30, 2023	Increase (Decrease)
General Fund - Unassigned	16,637,562	14,054,183	2,583,379
General Fund – Assigned PSERS Rate Stabilization	4,000,000	4,000,000	-
General Fund – Assigned Balance 24-25 Budget	6,486,933	7,011,217	(524,284)
General Fund - Committed	44,000,000	42,000,000	2,000,000
General Fund - (Non- spendable and Restricted)	1,227,371	819,819	407,552
<u>Total General Fund Balance</u>	<u>72,351,866</u>	<u>67,885,219</u>	<u>4,466,647</u>
Capital Fund - (Restricted)	20,175,461	13,782,546	6,392,915

Discussion



Planning for long term

Areas for data

- Enrollment trends
- Class sizes
- Potential for redistricting
- Capital plan
- Building use
- Non essential functions and services (organizational structure)
- Long term labor cost (CBAs)
- Right sizing FTE to future district

Process for long term planning

- Best practice / executive cabinet development
- Who needs to be involved
- What do action steps look like to develop a plan

What does support of this type of feasibility study look like?

