



BETHLEHEM
AREA SCHOOL DISTRICT

*2019-2020
General Fund
Budget Workshop*

March 27, 2019

Common Threads Throughout This Budget Process

- Maintaining BASD Assets
- Controlled Growth of Local Expenditures
- Inadequate State Funding
- Charter School Funding Reform
- PSERS Reform





BETHLEHEM

AREA SCHOOL DISTRICT

Roadmap 5.0 to Educational Excellence



2019-20 Priority



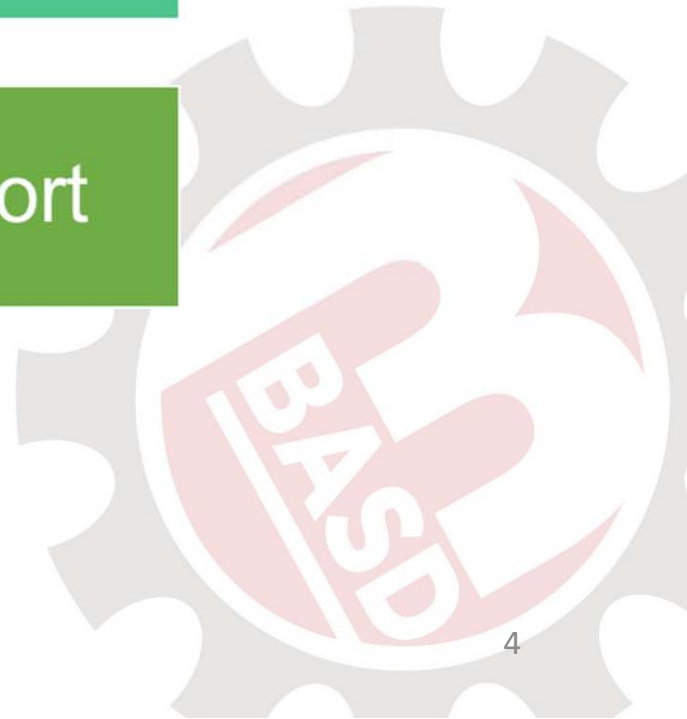
Literacy



Technology



Student Services/Support



2019-20 Strategic Initiatives

- **ELEMENTARY** (in addition to ESSA measures)
 - Each student will read at grade level by the end of Grade 3.
- **SECONDARY** (in addition to ESSA measures)
 - Each student will learn and grow in a personalized manner.
 - Each student will navigate a BASD Career Pathway to be ready for a college or a career upon graduation.
- **TRAUMA INFORMED SCHOOLS**



Prioritized Educational Programs

- **Reading By Grade 3 (RBG3)**
- **Core Curriculum Revision**
- **Collective Impact Efforts: Community Schools, Partnerships, etc.**
- **Elementary Related Arts**
- **Blended/Personalized Instruction**
 - **1:1 Initiative**



2019-20 Budget Goals

	<u>Feb-19</u>	<u>Mar-19</u>	<u>Net Change</u>
Revenue	\$285,056,216	\$286,396,439	\$1,340,223
PSERS	\$37,367,054	\$37,212,633	(\$154,421)
Charter Schools	\$30,751,222	\$30,751,222	\$0
Everything Else	\$223,937,235	\$220,542,648	(\$3,394,587)
Deficit	(\$6,999,295)	(\$2,110,064)	\$4,889,231

Items Moved to Shelf Totally or Partially

Teacher Additional Duty

Published Materials & Supplies

1:1 Chromebooks Grade 12

Healthcare Premiums (11 months)

Security Upgrades

Roof Coatings

Changes Since February 2019

BAVTS	\$ (107,741)	TimeClock Upgrades	\$ (40,000)
Curriculum	\$ (1,700,000)	IT Staffing	\$ 195,360
Chromebooks Gr 12	\$ (400,000)	HR Staffing	\$ 51,934
Professional Development	\$ (50,000)	Residency Investigations	\$ (25,000)
Security Upgrades	\$ (50,000)	New Principal Coach	\$ 2,000
Roof Repairs	\$ (50,000)	Generation Next	\$ 10,000
Overtime	\$ (324,123)	RE Assessment Chgs	\$ (1,433,715)
Utilities	\$ (34,440)	Retirees	\$ (416,626)
eRate	\$ (100,000)	Retiree Benefits	\$ 33,120
Redundant Network	\$ (450,000)		
		Changes to Date	<u>\$ (4,889,231)</u>

STATE FUNDING IMPACT

	<u>BEF</u>	<u>BEF Increase</u>	<u>PSERS Increase</u>
2013-14 BEF Actual	\$ 27,816,168	\$ 771,493	\$ 2,272,789
2014-15 BEF Actual	\$ 27,927,942	\$ 111,774	\$ 1,838,240
2015-16 BEF Actual	\$ 29,220,357	\$ 1,292,415	\$ 2,452,477
2016-17 BEF Actual	\$ 30,914,201	\$ 1,693,844	\$ 2,318,791
2017-18 BEF Actual	\$ 31,776,627	\$ 862,427	\$ 1,321,892
2018-19 BEF Estimate	\$ 32,611,277	\$ 834,650	\$ 2,129,648
2019-20 BEF Proposed	\$ 33,917,830	\$ 1,306,553	\$ 457,422
Final Allocation not confirmed until late May 2019 after 2017-18 enrollment data is finalized. Estimates are subject to change.		\$ 6,873,155	\$ 12,791,258

State Funding Impact

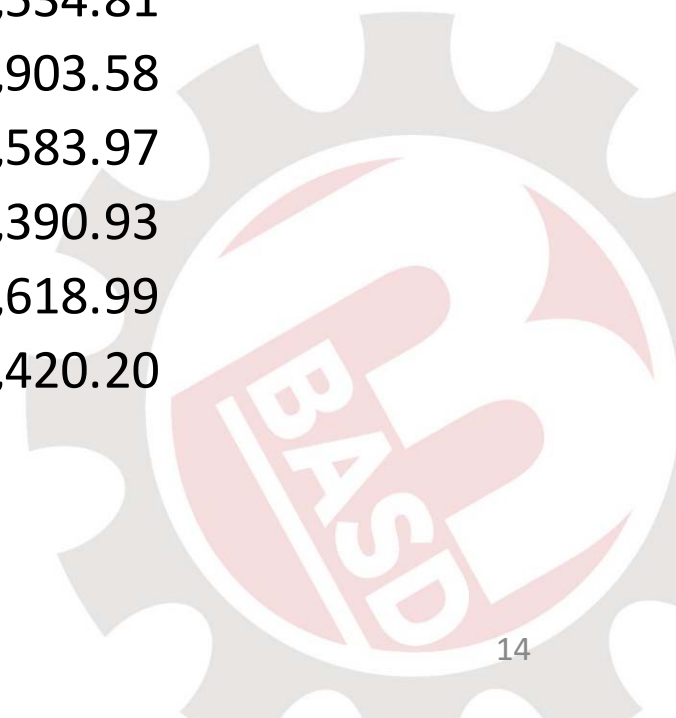
	New State Funds
Est. BEF/SEF Increase (If full estimate is received – data not yet final until enrollment data complete late May 2019)	\$ 1,773,387
Less PSERS Increase (net of state share)	(457,422)
Less Charter School Tuition Increase	(992,747)
Net Funds Available for Programs	\$ 323,218

BEF for BASD After Charter Tuition



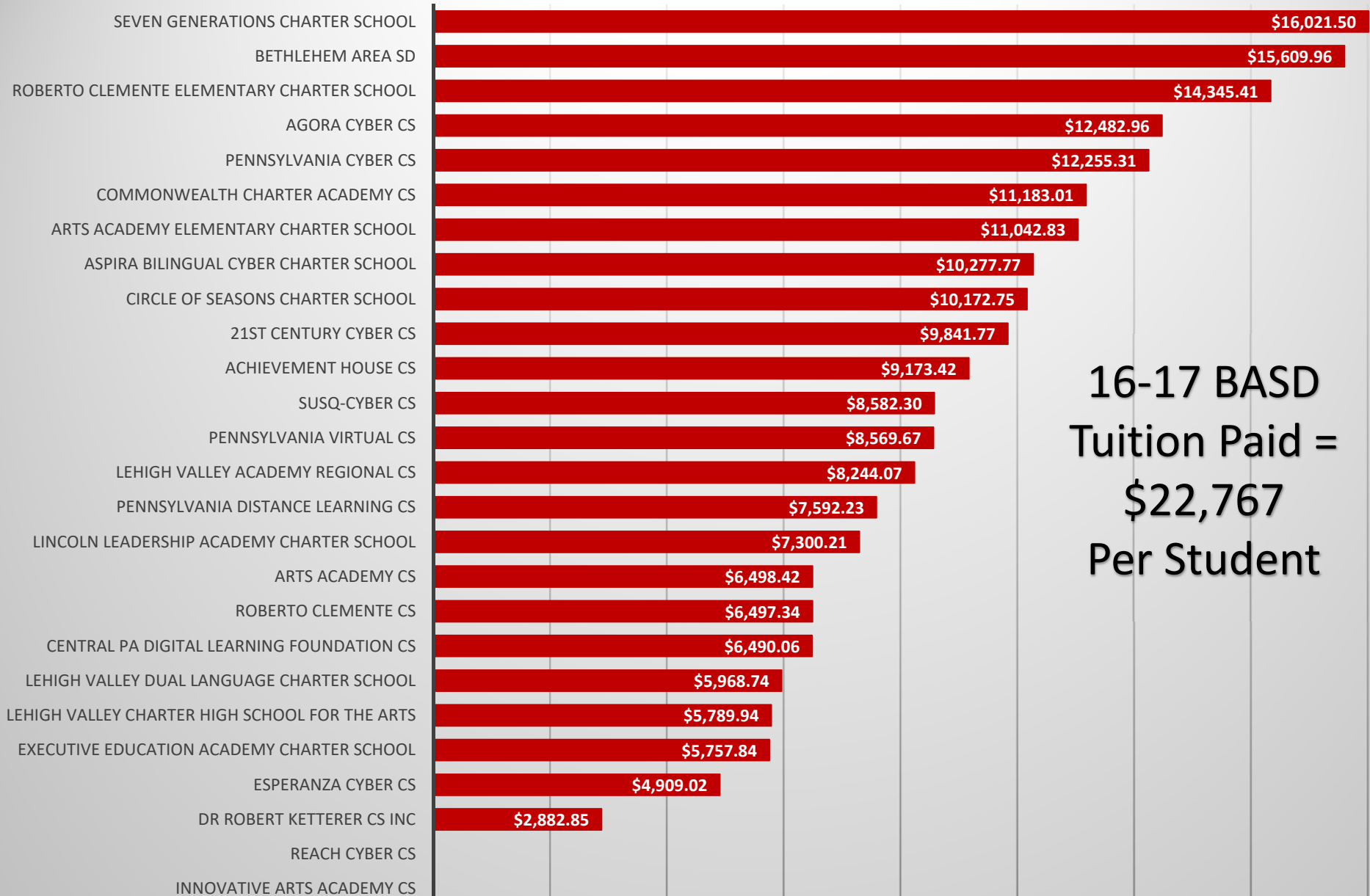
Charter School Tuition Historical

	<u>Regular</u> <u>Education</u>	<u>Special</u> <u>Education</u>
2018-19	\$12,099.34	\$25,760.30
2017-18	\$11,240.03	\$24,682.99
2016-17	\$10,626.51	\$22,767.02
2015-16	\$10,160.70	\$21,374.81
2014-15	\$9,925.96	\$20,534.81
2013-14	\$9,005.07	\$17,903.58
2012-13	\$8,830.22	\$17,583.97
2011-12	\$8,538.82	\$16,390.93
2010-11	\$7,879.30	\$14,618.99
2009-10	\$8,030.21	\$15,420.20



Special Education 2017 Cost Per Student

Source: PDE Data



2019-20 Preliminary Budget Expenditure Summary

<u>Expenditures:</u>	<u>Feb 2019</u>	<u>March 2019</u>	<u>Change from 18-19 Budget</u>	
			<u>Dollar</u>	<u>Percentage</u>
<i>Instruction</i>	\$129,380,919	\$126,836,021	\$1,450,542	1.16%
<i>Support Services</i>	\$65,719,013	\$64,869,324	\$3,394,504	5.52%
<i>**Non-Instr Svcs</i>	\$3,047,305	\$3,047,305	\$323,836	11.89%
<i>Facility Improvements</i>	\$44,000	\$44,000	(\$221,000)	-83.40%
<i>**Debt Svc/Transfers</i>	\$25,745,998	\$25,745,998	(\$1,076,198)	-4.01%
BASD	\$223,937,235	\$220,542,648	\$3,871,684	1.79%
PSERS	\$37,367,054	\$37,212,633	\$2,298,930	6.58%
CHARTER SCHOOLS	\$30,751,222	\$30,751,222	\$992,747	3.34%
Total Expenditures	\$292,055,511	\$288,506,503	\$7,163,361	2.55%

2019-20 Budget Cost Drivers

	Feb 2019	March 2019
•Salaries	\$ 3,437,111	\$ 2,986,788
•PSERS	\$ 2,453,351	\$ 2,298,930
•Charter Schools	\$ 992,747	\$ 992,747
•Academic Initiatives	\$ 2,635,095	\$ 229,710
•General Operations	\$ (2,519,009)	\$ (4,398,111)
•Net Deficit Remaining	\$ 6,999,295	\$ 2,110,064

Cost of School Choice

Expenditures:		
	BASD	\$ 220,542,648
	PSERS	\$ 37,212,633
	Total BASD Programs	\$ 257,755,281
Total Revenue before any tax increase		\$ 286,396,439
Excess Revenue over BASD Cost		\$ 28,641,158
	CHARTER SCHOOLS	\$ 30,751,222
	Deficit Due to Charter School Tuition	\$ (2,110,064)
		13,662 students
		2,106 students

2019-20 Budget Goals

	<u>Feb 2019</u>	<u>March 2019</u>	<u>Net Change</u>
Revenue	\$285,056,216	\$286,396,439	\$1,340,223
Expenditure	\$292,055,511	\$288,506,503	(\$3,549,008)
Balance	(\$6,999,295)	(\$2,110,064)	(\$4,889,231)

Est Act 1 Index	\$4,615,088
Est Exceptions	\$844,619

Excess Over Act 1 plus Est Exceptions	(\$1,539,588)	\$3,349,643
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Multi-County School Districts

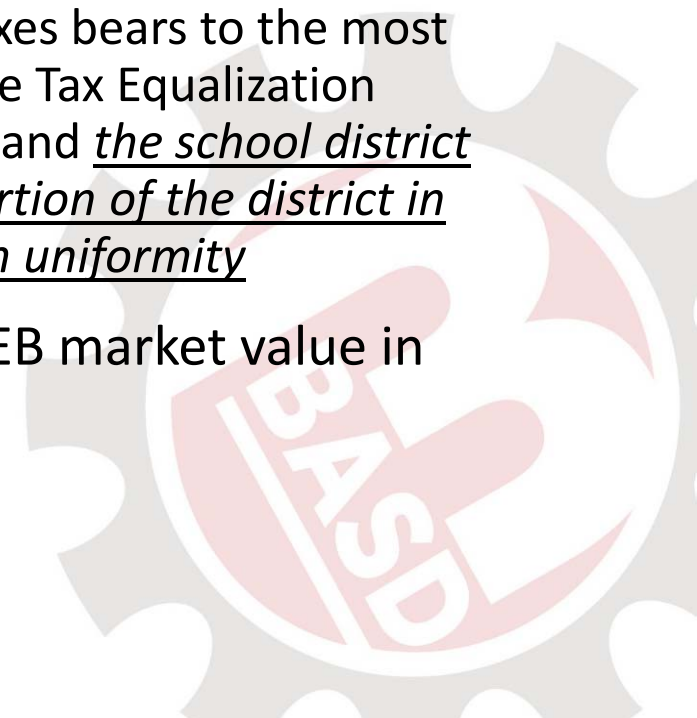
Tax Rate Rebalancing



PA School Code §672.1

School Districts Lying in More Than One County or in More Than One Municipality; Limitation on Total Tax Revenues

- (a) Whenever a school district shall lie in more than one county, the total taxes levied on real estate within the school district in each county shall be subject to:
 - (1) the limitation that the ratio which such total taxes bears to the most recent valuation of the same properties by the State Tax Equalization Board(STEB) shall be uniform in all of the counties, and the school district shall adjust its rate of taxation applicable to the portion of the district in each county to the extent necessary to achieve such uniformity
- Calculates different tax rates based on share of STEB market value in each county



PA Impact

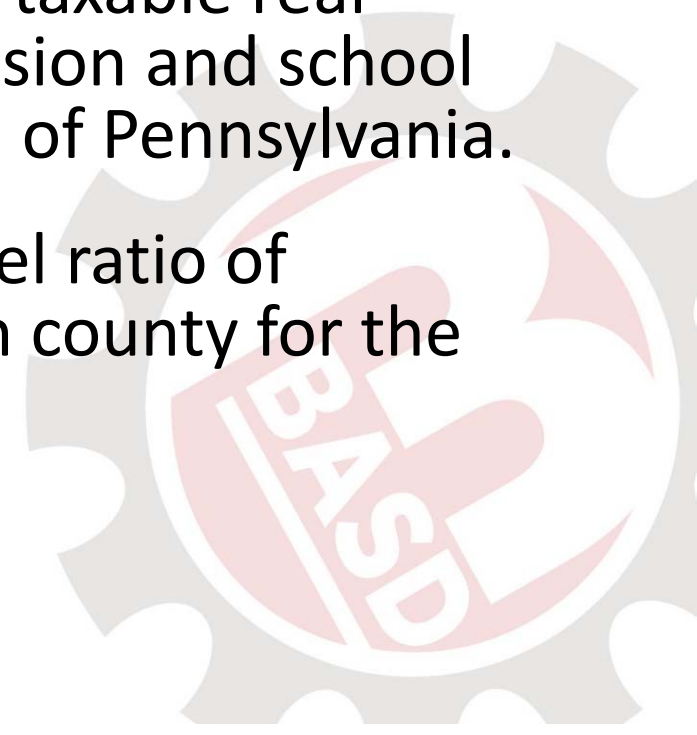
89 School Districts educate students in more than one county

- 78 are in 2 counties
- 10 are in 3 counties
- 1 is in 4 counties



Who is STEB?

- State Tax Equalization Board (STEB) was established by the General Assembly in Act 447 PL 1046, 1947, to compensate for the lack of assessment uniformity statewide in distributing school subsidies.
- The primary function of the Board will determine annually the aggregate market value of taxable real estate property in each political subdivision and school district throughout the Commonwealth of Pennsylvania.
- The Board is to establish a common level ratio of assessed value to market value for each county for the prior calendar year.



Method (a)(1)

Formula –

- $MV\% \text{ per county} \times \text{Total Tax } \$ = \text{Tax } \$ \text{ per county}$
- $\text{Tax } \$ \text{ per county} / \text{county assessed value} = \text{millage}$



STEB MV Impact on BASD Millage

	Lehigh	Northampton	Total
2018-19 Data			
a. Assessed Value	\$1,665,650,500	\$2,633,037,150	\$4,298,687,650
b. Real Estate Mills	18.3700	55.9700	
I. 2019-20 Data			
c. 2017 STEB Market Value	\$1,488,044,129	\$7,399,876,948	\$8,887,921,077
d. Assessed Value	\$1,669,966,400	\$2,678,766,650	\$4,348,733,050
e. Assessed Value of New Constr/ Renov	\$0	\$0	\$0
2018-19 Calculations			
f. 2018-19 Tax Levy (a * b)	\$30,598,000	\$147,371,089	\$177,969,089
2019-20 Calculations			
g. Percent of Total Market Value	16.74232%	83.25768%	100.00000%
h. Rebalanced 2018-19 Tax Levy (f Total * g)	\$29,796,154	\$148,172,935	\$177,969,089
i. Base Mills Subject to Index (h / a * 1000) if no reassessment (h / (d-e) * 1000) if reassessment	18.3700	56.2745	

Source: PDE General Fund Budget RETR PDE-2028

STEB Market Values

	2016 MV		2017 MV		Change from Prior Year
Lehigh	1,471,648,480	17.20%	1,488,044,129	16.74%	16,395,649
Northampton	7,084,886,331	82.80%	7,399,876,948	83.26%	314,990,617
	2019 Assessment		2020 Assessment		Change from Prior Year
Lehigh	1,665,650,500		1,669,966,400		4,315,900
Northampton	2,633,037,150		2,678,766,650		45,729,500

<u><i>Impact of MV on Tax Rate</i></u>	2018-19 Budget Millage	2018-19 Rebalanced Millage
Lehigh	18.37	18.37
Northampton	55.97	56.28

Multi County Ratios & Millage History

	STEB MV Ratio		Millage		Rebalanced Millage for Next Year Base		% Rebalancing Change		
	Lehigh	Northampton	Lehigh	Northampton	Lehigh	Northampton	Lehigh	Northampton	
2009-10	18.70%	81.30%	41.60	41.60	41.60	41.60	0.00%	0.00%	
2010-11	18.62%	81.38%	44.17	44.17	44.17	44.17	0.00%	0.00%	
2011-12	18.54%	81.46%	44.92	44.92	44.92	44.92	0.00%	0.00%	
2012-13	17.68%	82.32%	47.09	47.09	15.09	47.09	-67.95%	0.00%	*Reassessment
2013-14	17.39%	82.61%	15.41	48.36	15.41	48.65	0.00%	0.60%	
2014-15	16.90%	83.10%	15.77	50.99	15.78	50.99	0.06%	0.00%	
2015-16	16.91%	83.09%	16.23	52.51	16.23	52.52	0.00%	0.02%	
2016-17	16.89%	83.11%	16.96	54.05	17.57	54.05	3.60%	0.00%	** STEB TIF Adj
2017-18	17.49%	82.51%	18.04	54.55	18.04	54.74	0.00%	0.35%	
2018-19	17.20%	82.80%	18.37	55.97	18.37	56.28	0.00%	0.55%	
2019-20	16.74%	83.26%	18.37	56.28					



Key Questions

- Tolerance for Cuts to BASD Programs

- Tolerance for Tax Increase Index + Exceptions

- Use of Fund Balance

- Risk Tolerance for Additional State Revenue

Recommended Next Steps

Administration Continues Budget and Program Refinement to Reach Targeted Tentative Budget for May 1, 2019 Workshop



TIMELINE FOR SPRING

WORKSHOPS	DATES
Budget Workshop	May 1, 2019
Tentative Final Budget Adoption	May 13, 2019 (Special Board Meeting)
FINAL BUDGET ADOPTION	June 17, 2019 (Special Board Meeting)



