



OUR DISTRICT WELCOMES

students of all races, ethnicities and nationalities
 students with diverse abilities
 students who are LGBT
 students of all family structures
 students who are English language learners
 students of all religions
 students from all socio-economic backgrounds
 students of all body types

...YOU



Safe, Supportive, Inclusive

Lower Merion School District is committed to providing a safe, supportive and inclusive learning environment for all students and employees.

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Lower Merion Board of School Directors

INITIAL 2018-19 BUDGET PRESENTATION

January 22, 2018

Some important highlights

This presentation is an initial budget update not a “Preliminary” Budget.

A Preliminary Budget is associated with the request to apply for exceptions which will not be a part of this year’s financial plan.

Our use of fund balance to balance the budget will be \$3.7 million compared to \$6.3 million in this year’s budget.

We are anticipating increased revenue and that is reflected in the budget.

We continue to have challenges due to increased enrollment.

We continue to plan both for near and long term goals.

The Impact of Enrollment Growth

The greatest cost to any school district is directly related to the number of children served.

Our enrollment growth “cost” is about 1% annually.

No other school district in the Commonwealth of Pennsylvania has been impacted more than Lower Merion.

2017-18 PERSONNEL NEEDS DRIVEN BY ENROLLMENT GROWTH AND PROGRAMMATIC ENHANCEMENTS

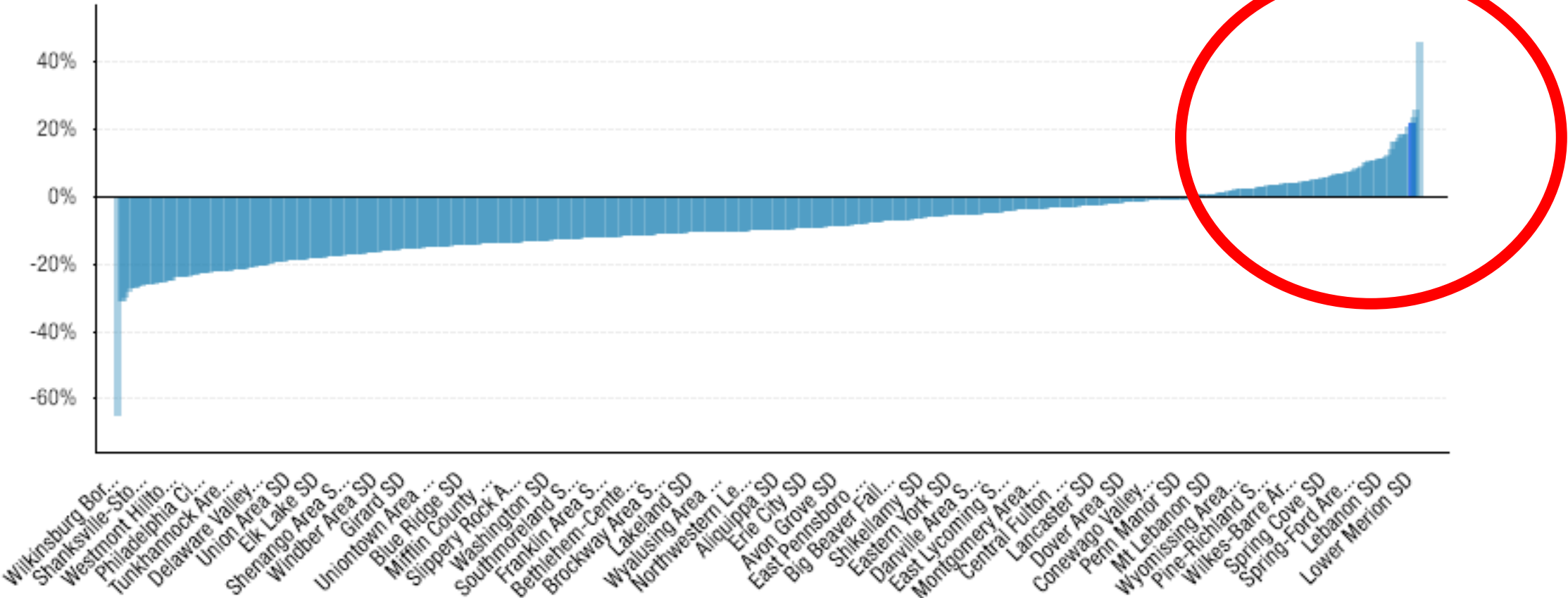
Professional

- HHS: Learning Support Teacher to support incoming student needs (1.0 FTE) ***Will seek federal funding to support position*
- HHS & LMHS: Science Teachers to accommodate student choice in multiple sciences (1.5 FTE)
- BCMS: Classroom Teachers to support teaming model (4.0 FTE) & Math Support Teacher to align student support opportunities between the middle schools pursuant to schedule change (0.6 FTE)
- WVMS: Reading Specialist to align student support opportunities between the middle schools pursuant to schedule change (0.5 FTE)
- BHES/other schools: Behavior Specialist to support student needs (1.0 FTE)
- PVES/PWES/other school(s): Reading/Math Support Specialist to support student needs (1.0 FTE)
- All Elementary Schools: Increase assignment of Instrumental (Strings) Teacher (0.2 FTE) and Instructional Support Teacher (0.5 FTE)
- All Schools: Challenge Teacher to meet PDE requirements for gifted case load assignments; will be assigned to school based on need (1.0 FTE)

Support

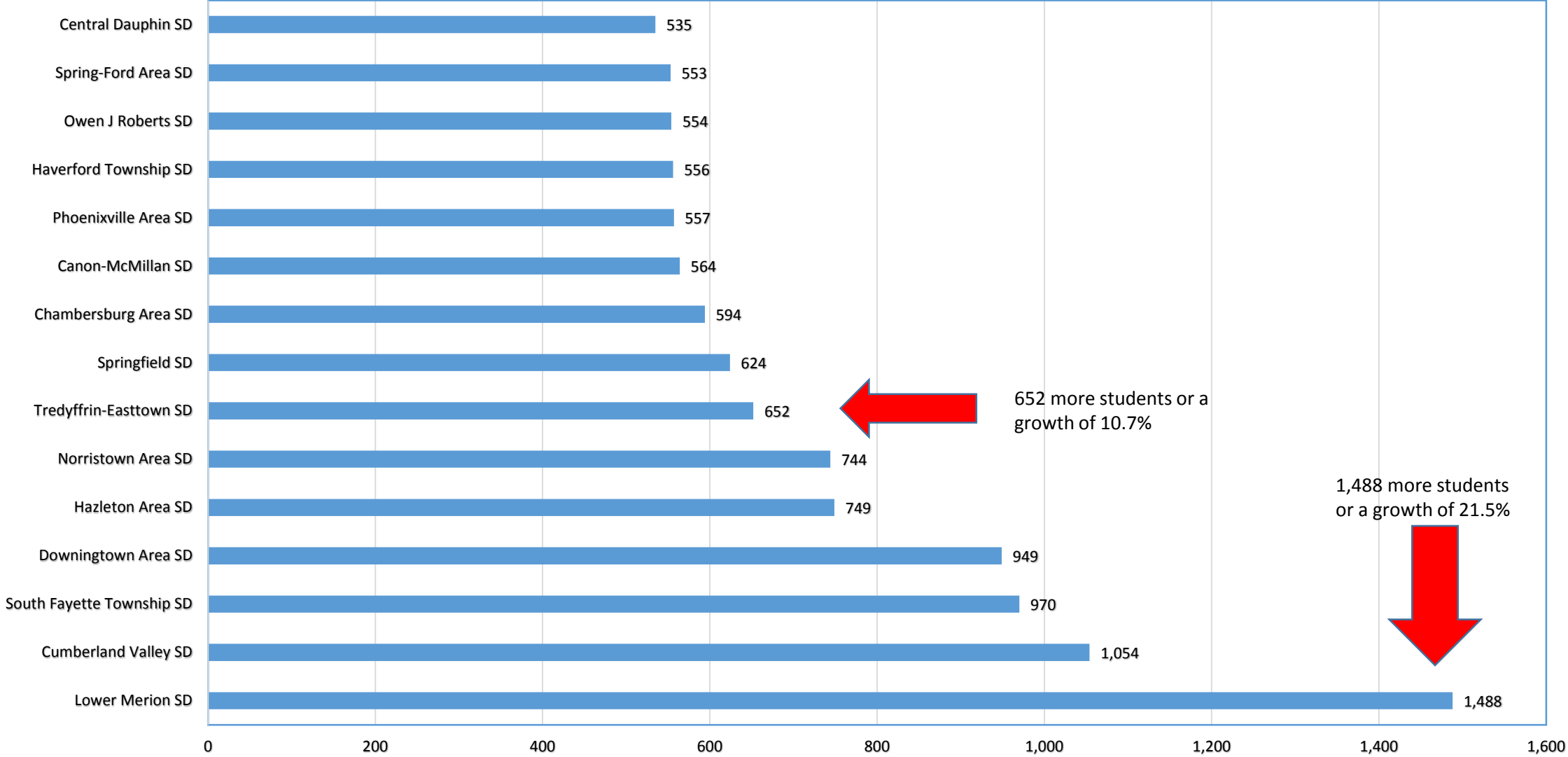
- All Schools: Instructional Aides assigned based on IEP determined needs (3.0 FTE)
- BC: Custodian to cover new modular classrooms (0.5 FTE)

Change in Student Count from 2008 to 2017



Source: Pennsylvania Department of Education

Change in Student Count - PA Districts 2008-2017 (TOP 15)



Source: Pennsylvania Department of Education

2018-19 Budget Cycle

Act 1

- Adopt Resolution certifying millage rate will not exceed 2.4% index
- Schedule Budget Finance Committee Meetings
- Adopt Proposed Final Budget
- Adopt Final Budget

What Drives the Budget?

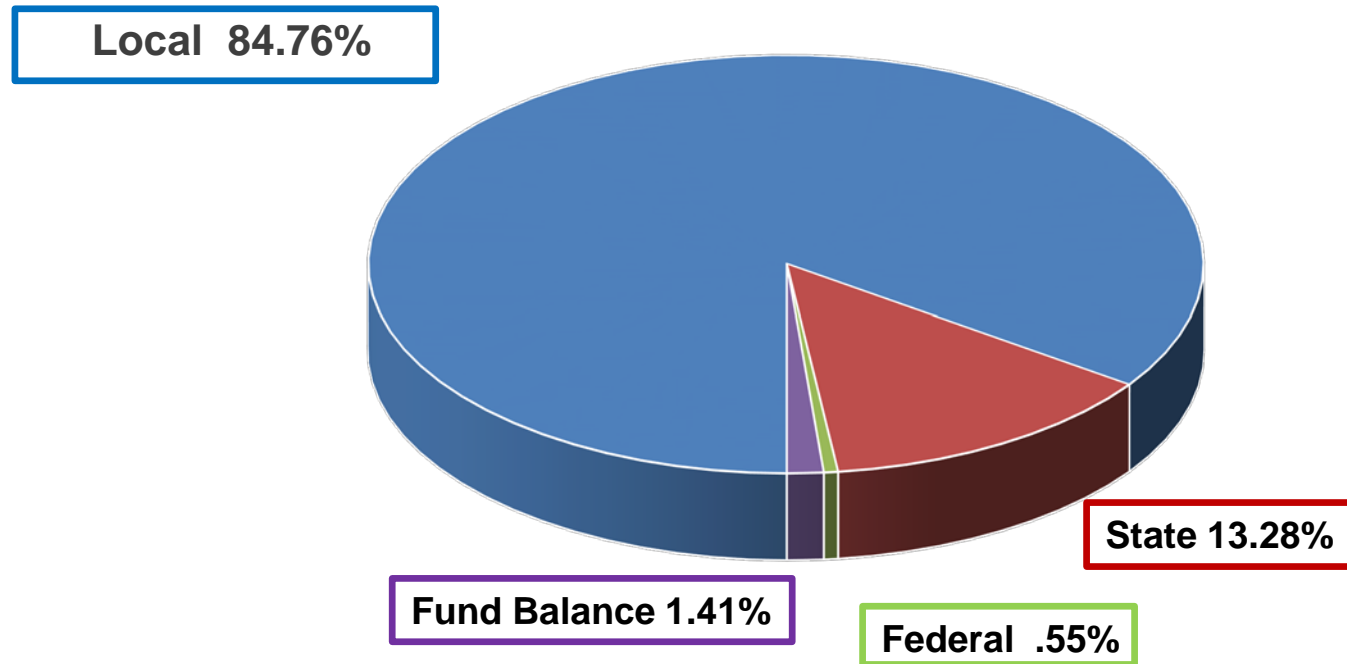
1. Instructional Program - maintaining low class size while continuing student programs
 - a. Enrollment Growth
 - b. Personnel Costs
 - c. Special Education Mandates
2. No/Minimal Increase in State or Federal Funding

2018-19 Budget Highlights

Uncertain Issues

- Current and Future tax revenues
- State Budget – Governor will present the Commonwealth Budget in February
- Pending Budget Litigation
- Current Negotiations

Where the Money Comes From



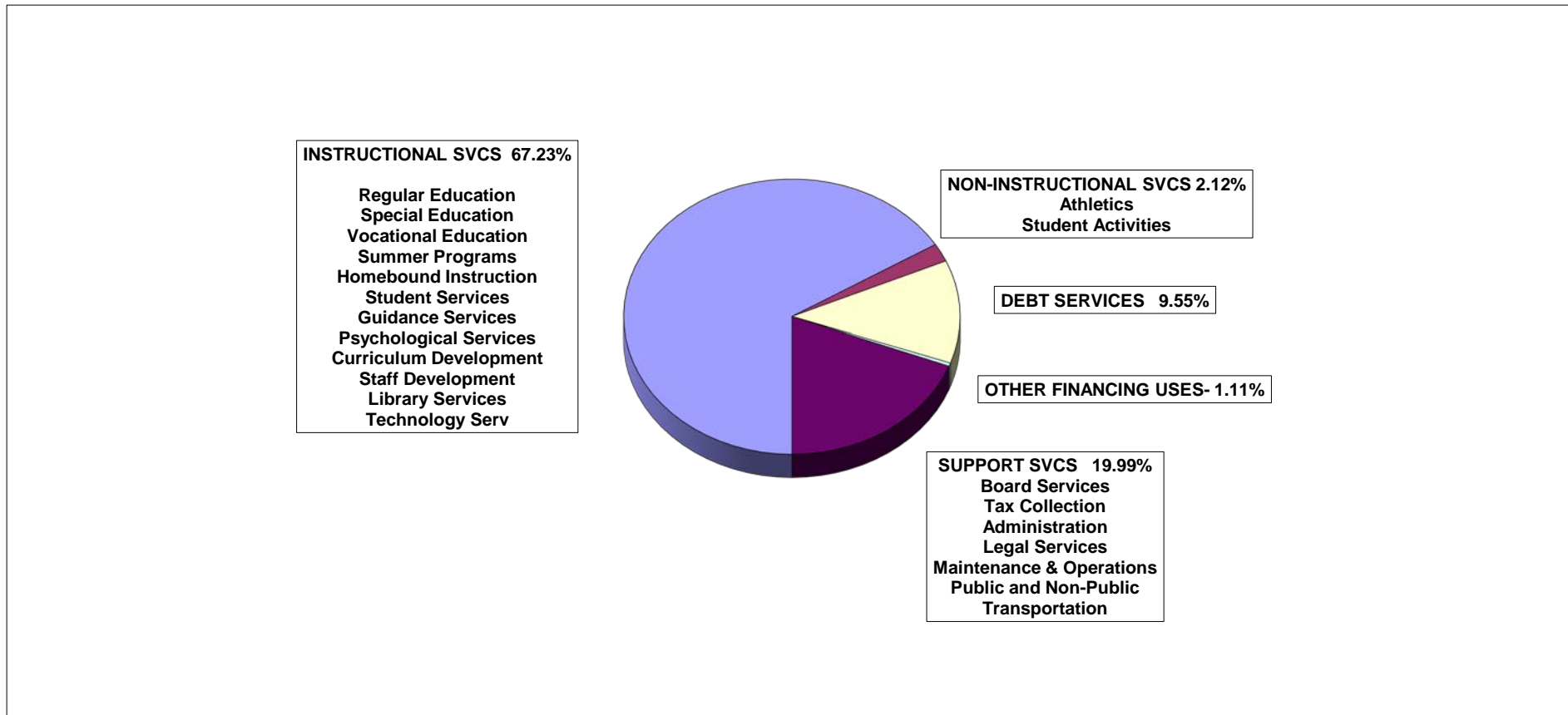
Anticipated Revenue

Description	Budget 2017-18	Initial Budget 2018-19
Fund Balance Funds Designated as a Revenue	6,371,211	3,773,572
<u>Local Sources</u>		
Current Real Estate Taxes	210,569,830	215,866,364
Interim Real Estate Taxes	301,000	600,000
Public Utility Realty Tax	220,000	210,000
Local Services Tax	205,000	210,000
Realty Transfer Taxes	3,250,000	3,700,000
Delinquent Real Estate Taxes	3,600,000	3,600,000
Interest Income	425,000	1,000,000
Tuition - Summer Programs	200,000	170,000
IU Federal Funds	1,200,000	1,265,000
Misc. Other Local Sources	107,500	155,000
Total Local Sources	220,078,330	226,776,364

Anticipated Revenue (cont'd)

Description	Budget 2017-18	Initial Budget 2018-19
<u>State Sources</u>		
Basic Education Funding Subsidy	3,794,830	3,892,946
Special Education Subsidy	2,932,363	2,961,349
Transportation Subsidy	2,200,000	2,400,000
Revenue for Social Security Payment	4,700,000	4,800,000
Revenue for Retirement	20,000,000	21,000,000
State Property Tax Reduction Allocation	3,473,683	-
Health Services Subsidies	250,000	250,000
Rental & Sinking Fund Reimbursement	200,000	200,000
Misc. Other State Subsidies	20,000	25,000
Total State Sources	37,570,876	35,529,295
<u>Federal Sources</u>	1,185,000	1,458,679
Total Revenue	258,834,206	263,764,338
Total Revenue and Designated Fund Balance	265,205,417	267,537,910

How Does The Money Support Our Children?



DESCRIPTION	Budget 2017-18	Initial Budget 2018-19
Salaries	124,630,887	129,237,748
Benefits	79,821,183	81,146,060
Other		
- Purchased Professional and Technical Svcs (IU services, consultants, etc)		
- Purchased Property Svcs (water utility, repair work, leases, etc)		
- Other Purchased Svcs (tuition payments to charters, special ed, vo-tech, general insurance, contracted transportation, etc)		
- Supplies (general supplies, books, technology related items, fuel, gas, electricity, etc)		
- Property (equipment)		
- Other Objects (debt service payments, fund transfers, etc)	59,953,347	61,534,310
Budget Reserve	800,000	800,000
	265,205,417	272,718,118
Tax Monies required to balance the Budget		(5,180,208)
Budgeted Mill Value	7,620,178	7,689,191
Additional Increase in Mills Required		0.6737
Total Mills	28.074	28.7477
Mills Increase		2.40%
Budget Expenditure Increase		2.83%

Real Estate Tax Change

Median Household Assessment		\$250,680
2017-18 Real Estate Tax mill rate	28.0740	
Face amount of 2017-18 Real Estate Tax		7,038
2018-19 Real Estate Tax mill rate	28.7477	
Face amount of 2018-19 Real Estate Tax		7,206
	Tax Increase	\$169

Median household assessments provided by Montgomery Co. Board of Assessments

Special Education Exceptions

Fiscal Year	Act 1 Index Threshold	Net Increase in Expenditures	Exception Amount
2014-15	675,257	2,267,720	1,592,463
2015-16	654,033	2,264,227	1,610,194
2016-17	880,489	3,128,817	2,248,328
2017-18 *	995,396	2,897,093	1,901,697
2018-19 **	1,025,111	722,680	(302,431)

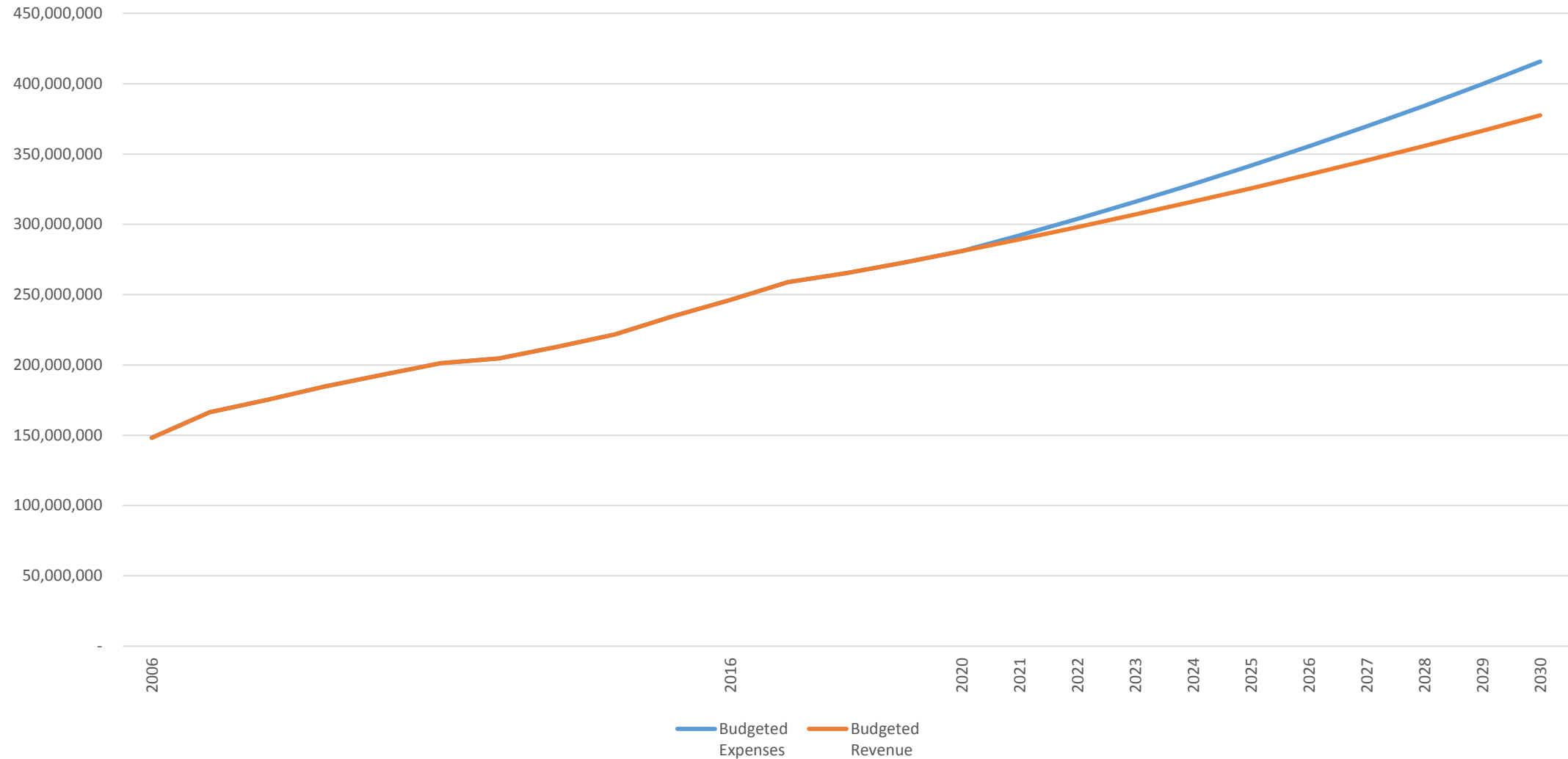
* Exception not taken in 2017-18

** Since the net increase does not exceed the Act 1 threshold, the District does not qualify for the Act 1 exception in 2018-19.

Retirement Exceptions

Fiscal Year	PSEERS Employer Contribution Rate	PSEERS Employer Contribution Rate % Increase
2013-14	16.93%	37.0%
2014-15	21.40%	26.4%
2015-16	25.84%	20.7%
2016-17	30.03%	16.2%
2017-18	32.57%	8.5%
2018-19	33.43%	2.6%
2019-20 (Projected)	34.79%	4.1%

WHY PSERS RESERVE IS NEEDED



Budget Calendar - 2018

February 13 - Superintendent presentation to ISC

March 14 - Finance Committee - Presentation of Operations including facilities and transportation

April 4 - Finance Committee – Presentation on Student Services including gifted and talented

April 16 – Proposed Final Budget Approval

April 25 - Finance Committee – Presentation on staffing including enrollment impact and class size and Technology

May 16 - Finance Committee – Presentation of Curriculum and Instruction

May 22 – Public Inspection Deadline of Proposed Final Budget

May - Superintendent presentation to Federations

May 27 – Public Notice of Intent to adopt 2018-19 Budget

June - Superintendent presentation to Staff

June 11 Final Budget Approval/Adoption

Financial Impact of Millage Uncertainty

Current Unassigned Fund Balance	\$20,000,000
Segregated for Litigation (for 2 years)	8,000,000+
Available Unassigned Fund Balance	12,000,000

For each year that we don't have resolution to budget litigation, we segregate \$4+ million. If the District does not prevail, it would cause a drastic reduction in fund balance which would have a negative impact on our credit rating.

Lower Merion School District: A Public School System

Independent schools implement a stringent vetting process designed to ensure that students entering will be successful. Public schools encourage all students – no matter where they are from, no matter their skills in language or mathematics, no matter their religion or beliefs and strive to provide a superior education – and we represent what has been a crown jewel in our republic – a public education.

