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.

Read More »
Lower Merion Board of School Directors

PROPOSED FINAL 2018-19 BUDGET PRESENTATION

April 16, 2018
Some important highlights

The District did not file a Preliminary Budget with the state this year.

A Preliminary Budget is associated with the request to apply for exceptions which is not part of this year’s financial plan. An Initial Budget plan was presented on January 22, 2018.

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 - PA Districts 2008-2017 (TOP 15)

- Central Dauphin SD: 535
- Spring-Ford Area SD: 553
- Owen J Roberts SD: 554
- Haverford Township SD: 556
- Phoenixville Area SD: 557
- Canon-McMillan SD: 564
- Chambersburg Area SD: 594
- Springfield SD: 624
- Tredyffrin-Easttown SD: 652
- Norristown Area SD: 744
- Hazleton Area SD: 749
- Downingtown Area SD: 949
- South Fayette Township SD: 970
- Cumberland Valley SD: 1,054
- Lower Merion SD: 1,488

Source: Pennsylvania Department of Education
2018-19 Budget Cycle

Act 1

• Adopt Resolution certifying millage rate will not exceed 2.4% index

• Budget Finance Committee Meetings:
  o Operations Presentation 3/14/18
  o Student Services Presentation 4/4/18
  o Staffing and Information Systems 4/25/18
  o Curriculum Presentation 5/16/18

• 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 presented the Commonwealth Budget in February
• Pending Budget Litigation
• Current Negotiations
Where the Money Comes From

- Local 84.76%
- State 13.28%
- Fund Balance 1.41%
- Federal 0.55%
## Anticipated Revenue

<table>
<thead>
<tr>
<th>Description</th>
<th>Budget 2017-18</th>
<th>Proposed Final Budget 2018-19</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fund Balance Funds Designated as a Revenue</td>
<td>6,371,211</td>
<td>3,773,572</td>
</tr>
</tbody>
</table>

### Local Sources

<table>
<thead>
<tr>
<th>Description</th>
<th>Budget 2017-18</th>
<th>Proposed Final Budget 2018-19</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current Real Estate Taxes</td>
<td>210,569,830</td>
<td>215,866,364</td>
</tr>
<tr>
<td>Interim Real Estate Taxes</td>
<td>301,000</td>
<td>600,000</td>
</tr>
<tr>
<td>Public Utility Realty Tax</td>
<td>220,000</td>
<td>210,000</td>
</tr>
<tr>
<td>Local Services Tax</td>
<td>205,000</td>
<td>210,000</td>
</tr>
<tr>
<td>Realty Transfer Taxes</td>
<td>3,250,000</td>
<td>3,700,000</td>
</tr>
<tr>
<td>Delinquent Real Estate Taxes</td>
<td>3,600,000</td>
<td>3,600,000</td>
</tr>
<tr>
<td>Interest Income</td>
<td>425,000</td>
<td>1,000,000</td>
</tr>
<tr>
<td>Tuition - Summer Programs</td>
<td>200,000</td>
<td>170,000</td>
</tr>
<tr>
<td>IU Federal Funds</td>
<td>1,200,000</td>
<td>1,265,000</td>
</tr>
<tr>
<td>Misc. Other Local Sources</td>
<td>107,500</td>
<td>155,000</td>
</tr>
</tbody>
</table>

**Total Local Sources** 220,078,330 226,776,364
## Anticipated Revenue (cont'd)

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

INSTRUCTIONAL SVCS 67.25%
- Regular Education
- Special Education
- Vocational Education
- Summer Programs
- Homebound Instruction
- Student Services
- Guidance Services
- Psychological Services
- Curriculum Development
- Staff Development
- Library Services
- Technology Serv

NON-INSTRUCTIONAL SVCS 2.12%
- Athletics
- Student Activities

DEBT SERVICES 9.55%

OTHER FINANCING USES- 1.11%

SUPPORT SVCS 19.97%
- Board Services
- Tax Collection
- Administration
- Legal Services
- Maintenance & Operations
- Public and Non-Public Transportation
<table>
<thead>
<tr>
<th>DESCRIPTION</th>
<th>Budget 2017-18</th>
<th>Proposed Final Budget 2018-19</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Salaries</strong></td>
<td>124,630,887</td>
<td>129,290,934</td>
</tr>
<tr>
<td><strong>Benefits</strong></td>
<td>79,821,183</td>
<td>81,167,874</td>
</tr>
<tr>
<td><strong>Other</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Purchased Professional and Technical Svcs (IU services, consultants, etc)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Purchased Property Svcs (water utility, repair work, leases, etc)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Other Purchased Svcs (tuition payments to charters, special ed, vo-tech, general insurance, contracted transportation, etc)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Supplies (general supplies, books, technology related items, fuel, gas, electricity, etc)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Property (equipment)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Other Objects (debt service payments, fund transfers, etc)</td>
<td>59,953,347</td>
<td>61,459,310</td>
</tr>
<tr>
<td><strong>Budget Reserve</strong></td>
<td>800,000</td>
<td>800,000</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>265,205,417</td>
<td>272,718,118</td>
</tr>
</tbody>
</table>

**Tax Monies required to balance the Budget**

- Budgeted Mill Value: 7,620,178
- Additional Increase in Mills Required: 0.6737
- Total Mills: 28.074
- 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

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

* 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

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>PSERS Employer Contribution Rate</th>
<th>PSERS Employer Contribution Rate % Increase</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013-14</td>
<td>16.93%</td>
<td>37.0%</td>
</tr>
<tr>
<td>2014-15</td>
<td>21.40%</td>
<td>26.4%</td>
</tr>
<tr>
<td>2015-16</td>
<td>25.84%</td>
<td>20.7%</td>
</tr>
<tr>
<td>2016-17</td>
<td>30.03%</td>
<td>16.2%</td>
</tr>
<tr>
<td>2017-18</td>
<td>32.57%</td>
<td>8.5%</td>
</tr>
<tr>
<td>2018-19</td>
<td>33.43%</td>
<td>2.6%</td>
</tr>
<tr>
<td>2019-20 (Projected)</td>
<td>34.79%</td>
<td>4.1%</td>
</tr>
</tbody>
</table>
WHY PSERS RESERVE IS NEEDED

[Graph showing budgeted expenses and revenue from 2006 to 2030]
Financial Impact of Millage Uncertainty

Current Unassigned Fund Balance $20,000,000
Segregated for Litigation (for 3 years) 12,000,000+
Available Unassigned Fund Balance 8,000,000

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.
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 7 - Civic Association – Budget Presentation
May 16 - Finance Committee – Presentation of Curriculum and Instruction
May 22 – Public Inspection Deadline of Proposed Final Budget
May 27 – Public Notice of Intent to adopt 2018-19 Budget
June - Superintendent presentation to Staff
June 11 - Final Budget Approval/Adoption
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.