

Pittsford Central School District



Budget Work Session #2
February 25, 2014



Pittsford Central School District 2014-2015 Budget Work Session

A g e n d a

Recap from last time – Governor’s Budget & Impact

Revenues - **Finalize Tax Cap for online submittal**

What has changed since the last budget

Multi-year Budget Trends

Budget Highlights

Board / Superintendent work

Bus Purchase Reserve

Proposed – Establish Technology Capital Reserve

Board approved Budget Guidelines

Next Steps

Timetable

Questions & Discussion





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2014-2015 Philosophy and Process

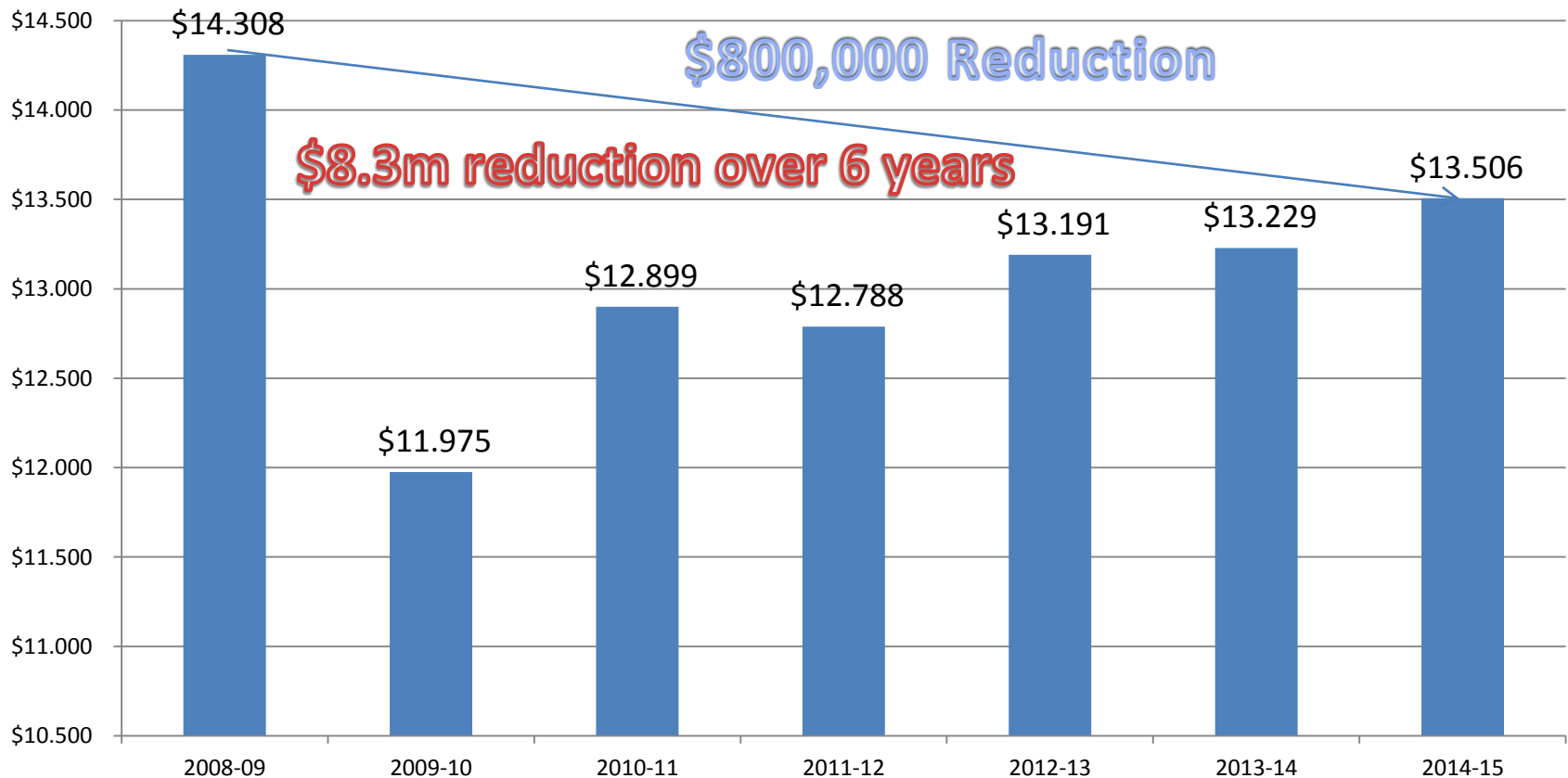
- End in Mind (targets)
 - Maintaining excellence and expected academic performance in instruction and areas that support student achievement
 - *Develop a budget not to exceed the estimated Tax Levy Cap of 1.81%*
 - *Eye on the Future – A budget that provides for future stability and utilizes Fund Balance and Reserves in a thoughtful manner*
- Budget stakeholders in preparing their budgets were instructed to:
 - Identify a budget maintaining current programs and services
 - Identify potential areas to abandon to promote the implementation of Federal, NYS and Board goals and initiatives



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Pittsford Specific Trend

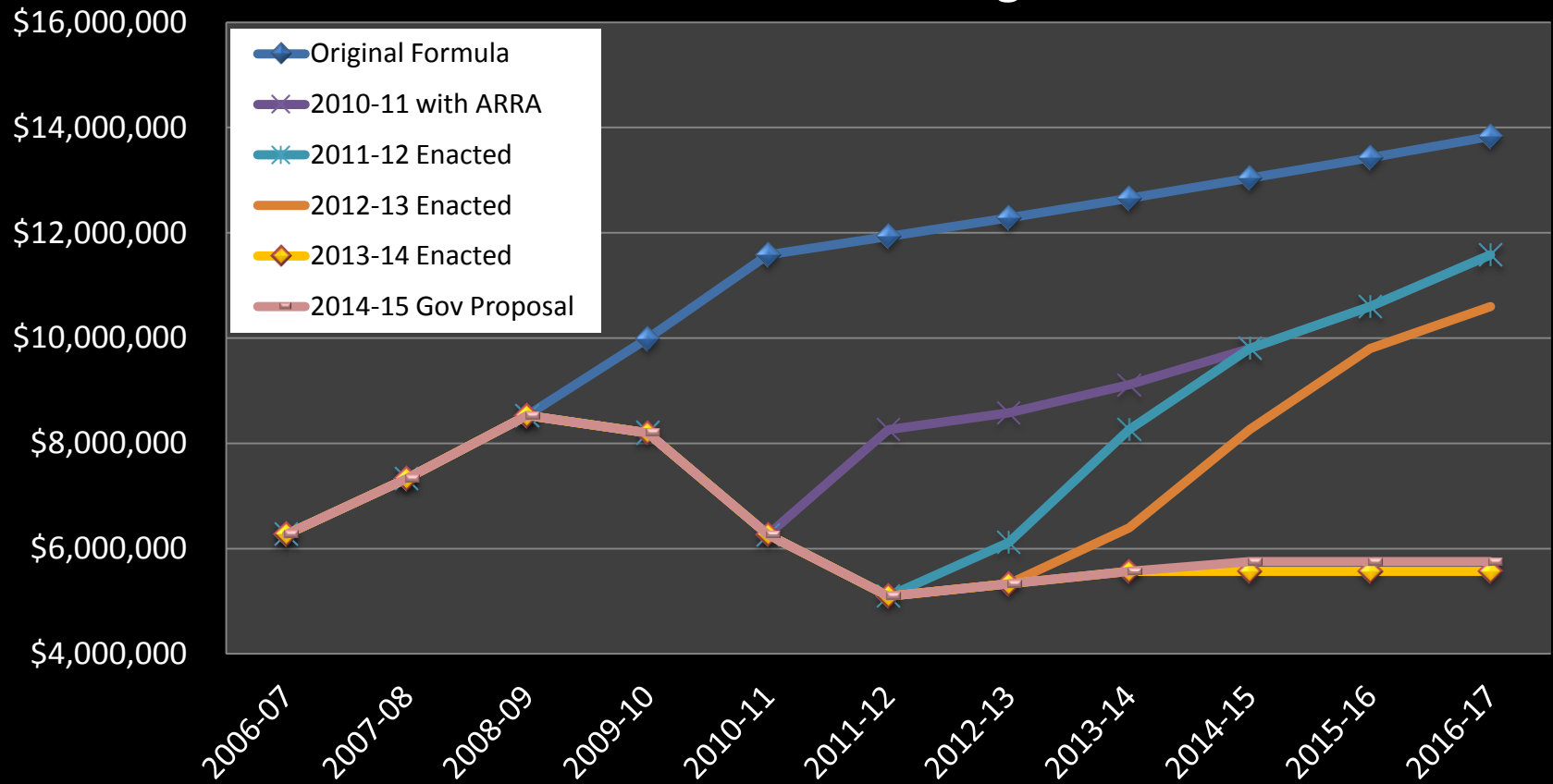
Formula Aids For Pittsford CSD - in millions





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Foundation Aid Formula Progression



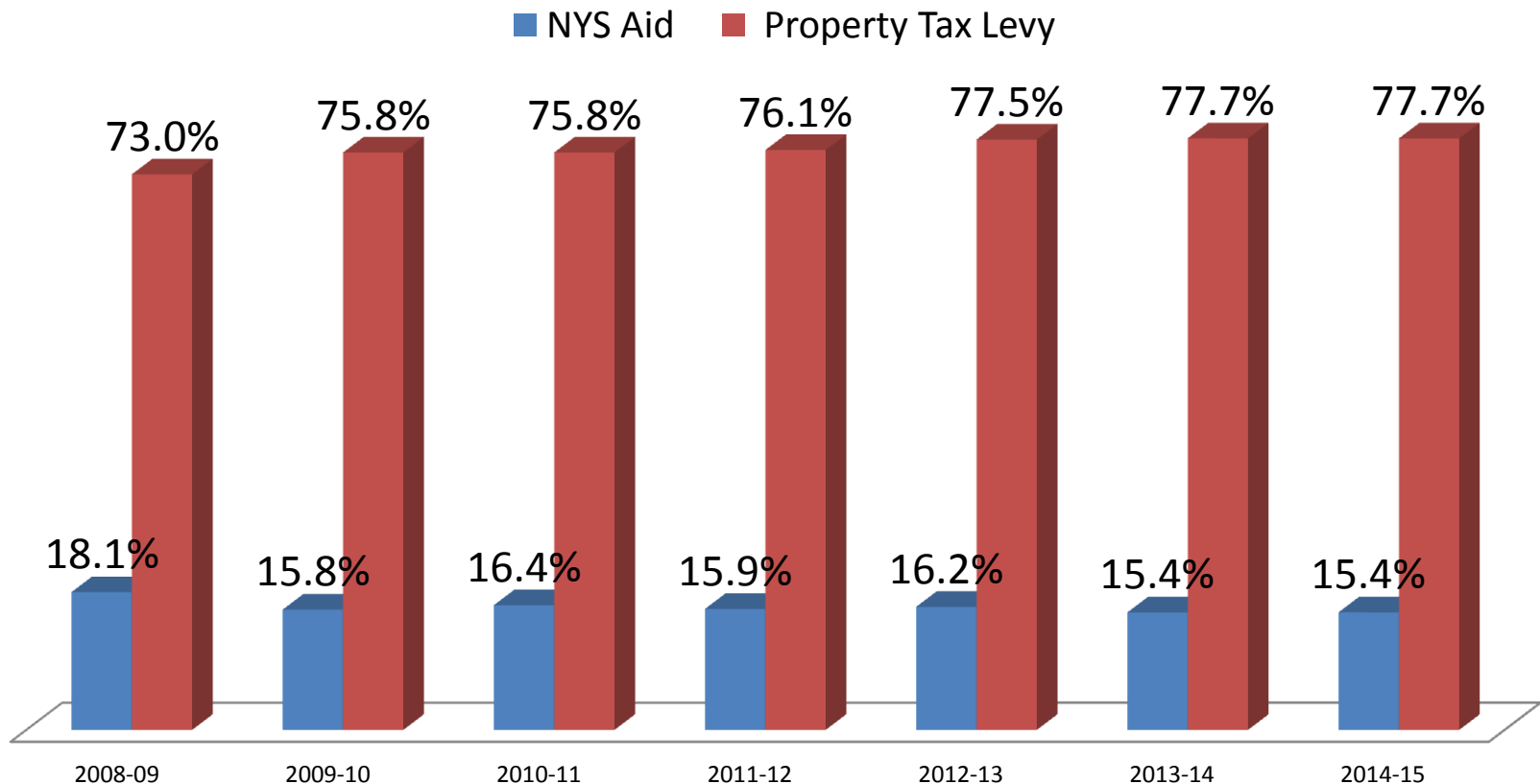
Since 2008-2009 Fiscal Year NYS has paid PCSD \$60 million less than the law and Foundation Aid Formula require.



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Who's Rewarding Academic Performance?

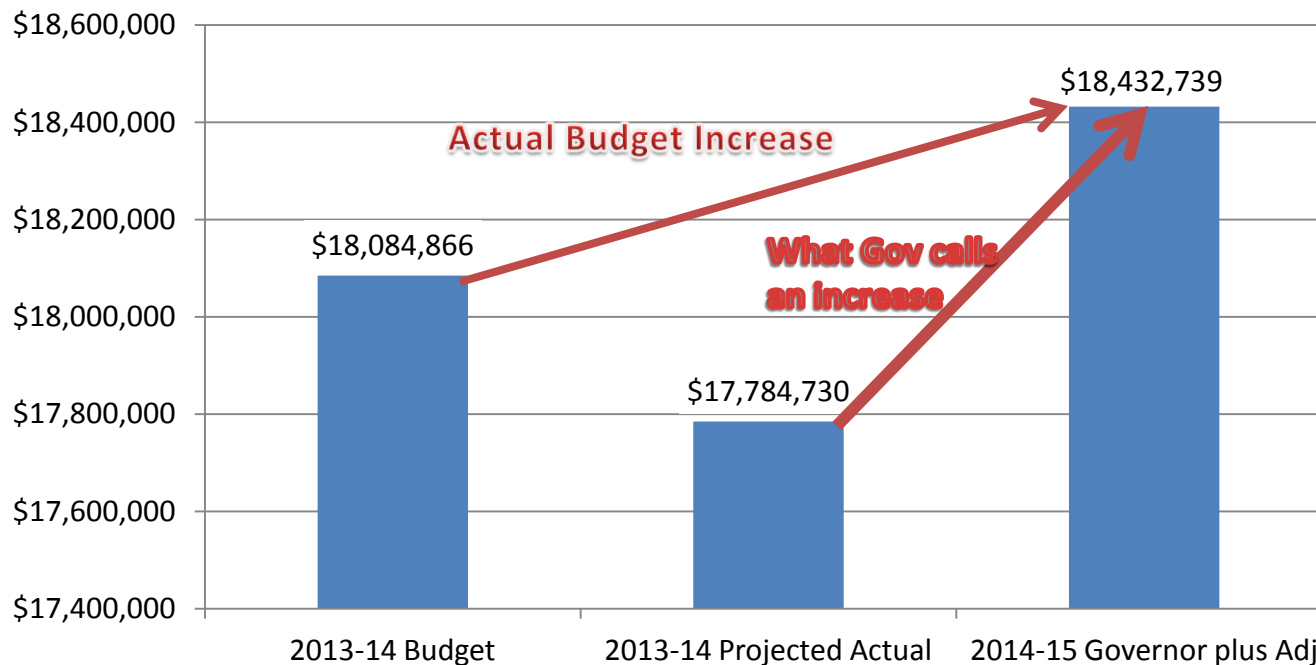
Percentage of Support for the Pittsford CSD Budget





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Total New York State Aid for Pittsford 2014-15 Budget



- Current year anticipated aid is less than budget due to the difference of timing of when the Governor's run utilizes the NYS database and when Districts may update projections
 - One problem is the Tax Cap formula requires the use of Governor's numbers and if erroneous it skews the cap
- NYSED has already issued guidance that the Gov Building Aid Run is incorrect



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How does the formula work for Pittsford?

Prior Year Levy	\$ 91,075,881	2013-14 Actual
	x	
Times: Tax Base Growth Factor	1.0056	From Comptroller expansion & development
	+	
Add: Prior Year PILOTs	\$ 380,000	2013-14 Actual
	-	
Less: Prior Year Capital Levy	<u>\$ (2,846,265)</u>	Local Portion (Debt Service Less Bldg Aid)
	=	
Equals: Prior Year Adj Levy	\$ 89,119,641	Adjusted to Base for Growth
	x	
Times: Allowable Growth Factor	1.46%	lesser of CPI or 2%
	-	
Less: Estimated New Year PILOTs	\$ (380,000)	Est from Assessors - May
	+	
Add: Prior Year Carryover	\$ -	If not all cap used (not eligible)
	=	
Equals: TAX LEVY LIMIT	\$ 90,040,788	



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How does the formula work for Pittsford? (continued)

Equals: TAX LEVY LIMIT		\$ 90,040,788	
		+	To be filed with Comptroller March 1
Plus: <u>EXCLUSIONS</u>			
Court Orders & Judgments	\$ -		
New Year Capital Levy	\$ 2,684,899		Local Portion (Debt Less Bldg Aid) already voter approved
Pension Growth > 2 pts	\$ 0		Employee & Teacher Retire System mandated payments
Add: Total EXCLUSIONS		\$ 2,684,899	
		=	
Maximum Allowable Tax Levy	\$ 92,725,687	\$ 1,649,806	1.81%
		Maximum for simple majority vote	
		Greater would require 60% approval	



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Putting it Together - Revenue

REVENUE – by major category	2013-2014 Adopted	2014-2015 Draft #1	Dollar Change	Percent Change
Property Tax Levy	91,075,881	93,408,155	2,332,274	2.56%
Pmts In Lieu of Tax	380,000	380,000	0	0.00%
Sales Tax	4,600,000	4,900,000	300,000	6.52%
Misc Fees & Other	1,167,482	992,294	-175,188	-15.01%
State & Federal Aid	18,084,866	18,432,739	347,873	1.92%
Use of Reserves	643,000	643,000	0	0.00%
Approp Fund Bal	1,300,000	1,300,000	0	0.00%
Total Budget	117,251,229	120,056,188	2,804,959	2.39%
Amount (Over) / Under Tax Cap		-682,468	-682,468	-0.58%
Target Budget		119,373,720	2,122,491	1.81%



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What has changed since last presentation?

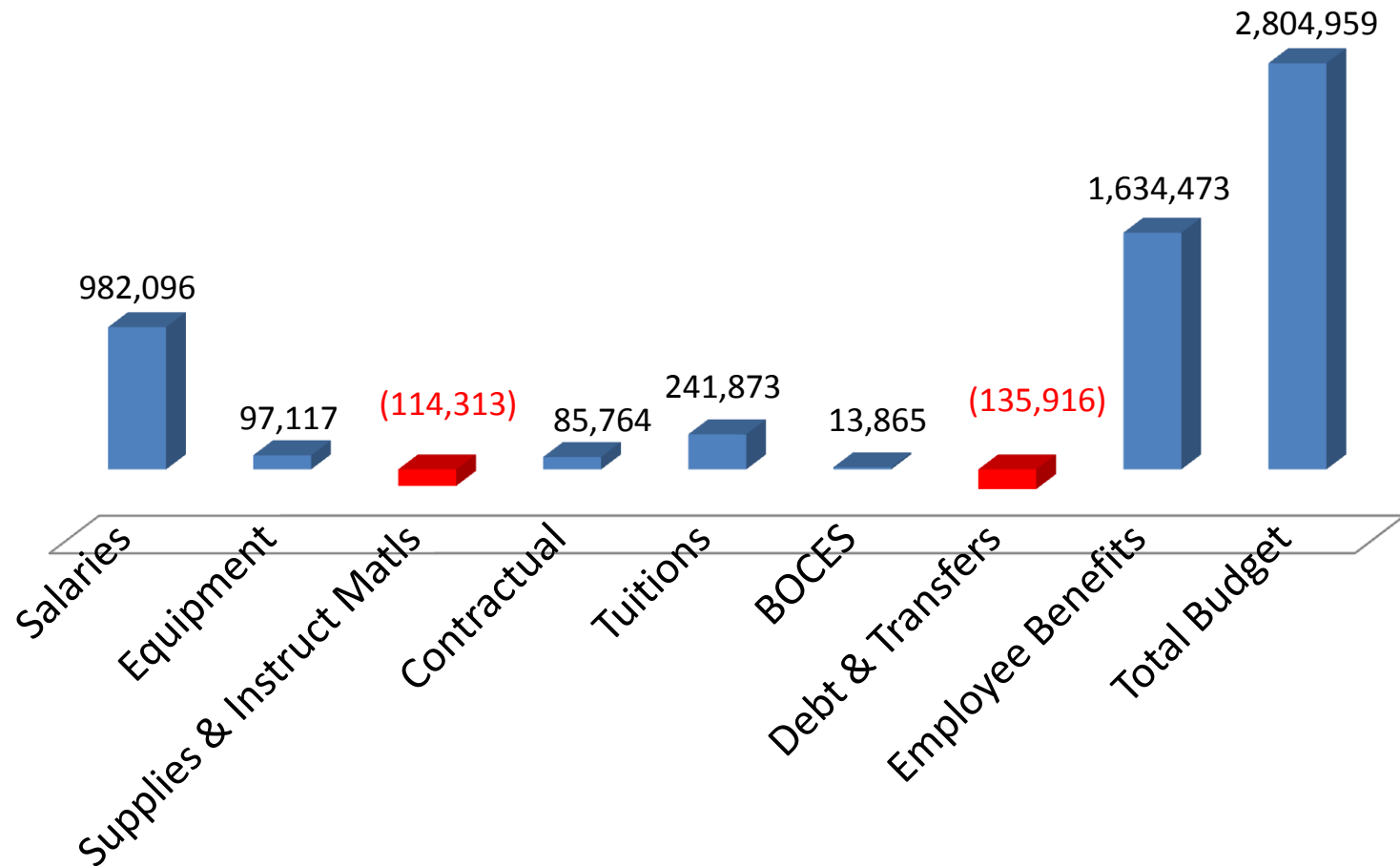
Object Code	Description	Detail	Object Code Subtotal
Salaries	Buildings & Grounds – Retire Attrition	\$ (84,950)	
	Teacher Retire Attrition	\$ (205,227)	
	Total Net Salaries		\$ (290,177)
Benefits	Pensions & Health Insurance Rate		
	Adjustment	\$ (72,853)	\$ (72,853)
Total Adjustments to Status Quo Budget			<u>\$(363,029)</u>

Status Quo Budget	February 10, 2014	\$120,419,216	2.7%
Proposed Budget	February 25, 2014	\$120,056,188	2.4%



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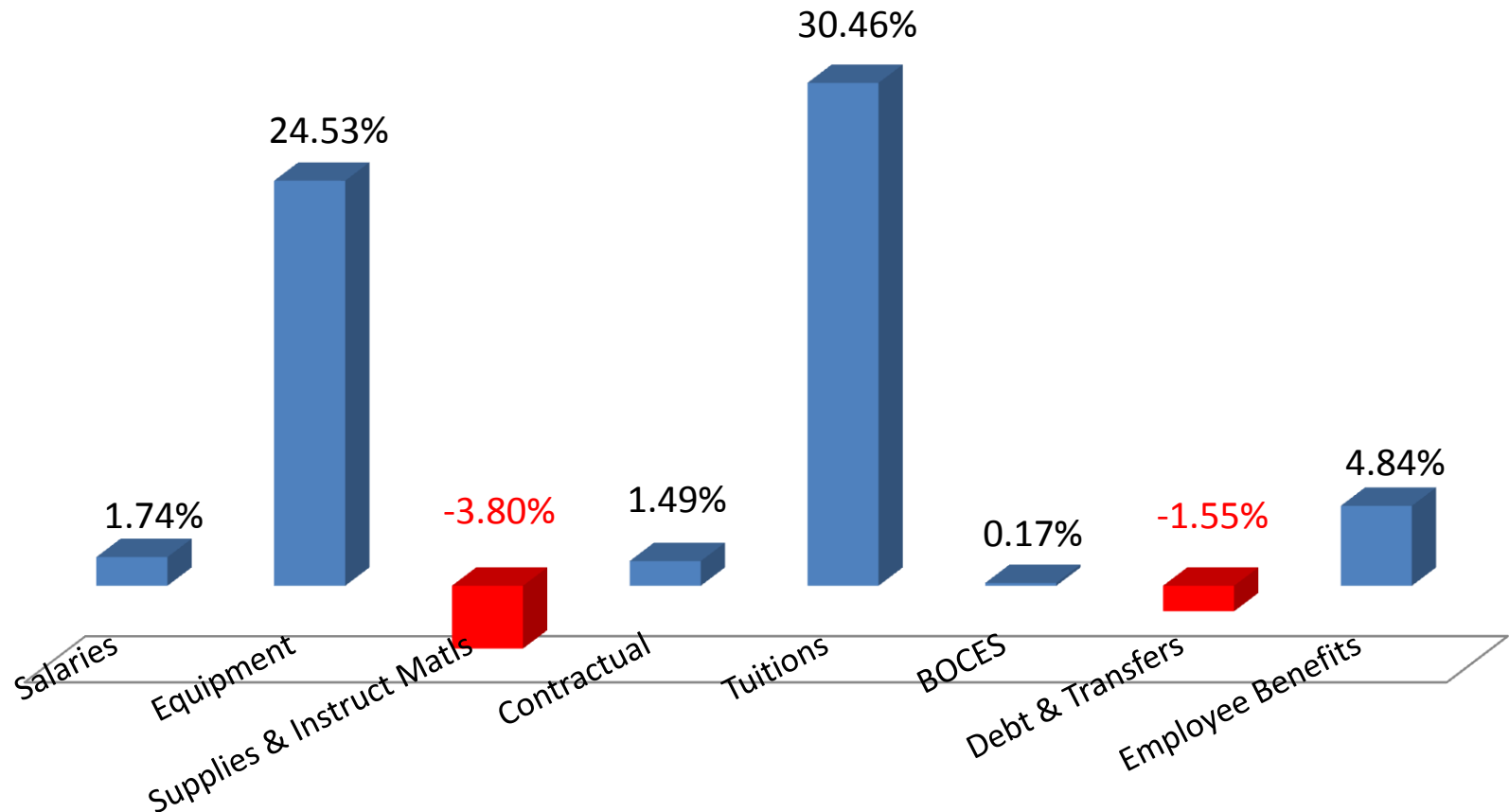
Dollar Change By Object of Expense Budget Reductions in Red





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2014-2015 Projected Budget Percent Change by Object Code





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2014-2015 Composite Draft Budget

Salaries & Staffing

— + \$ 982,096 + 1.74%

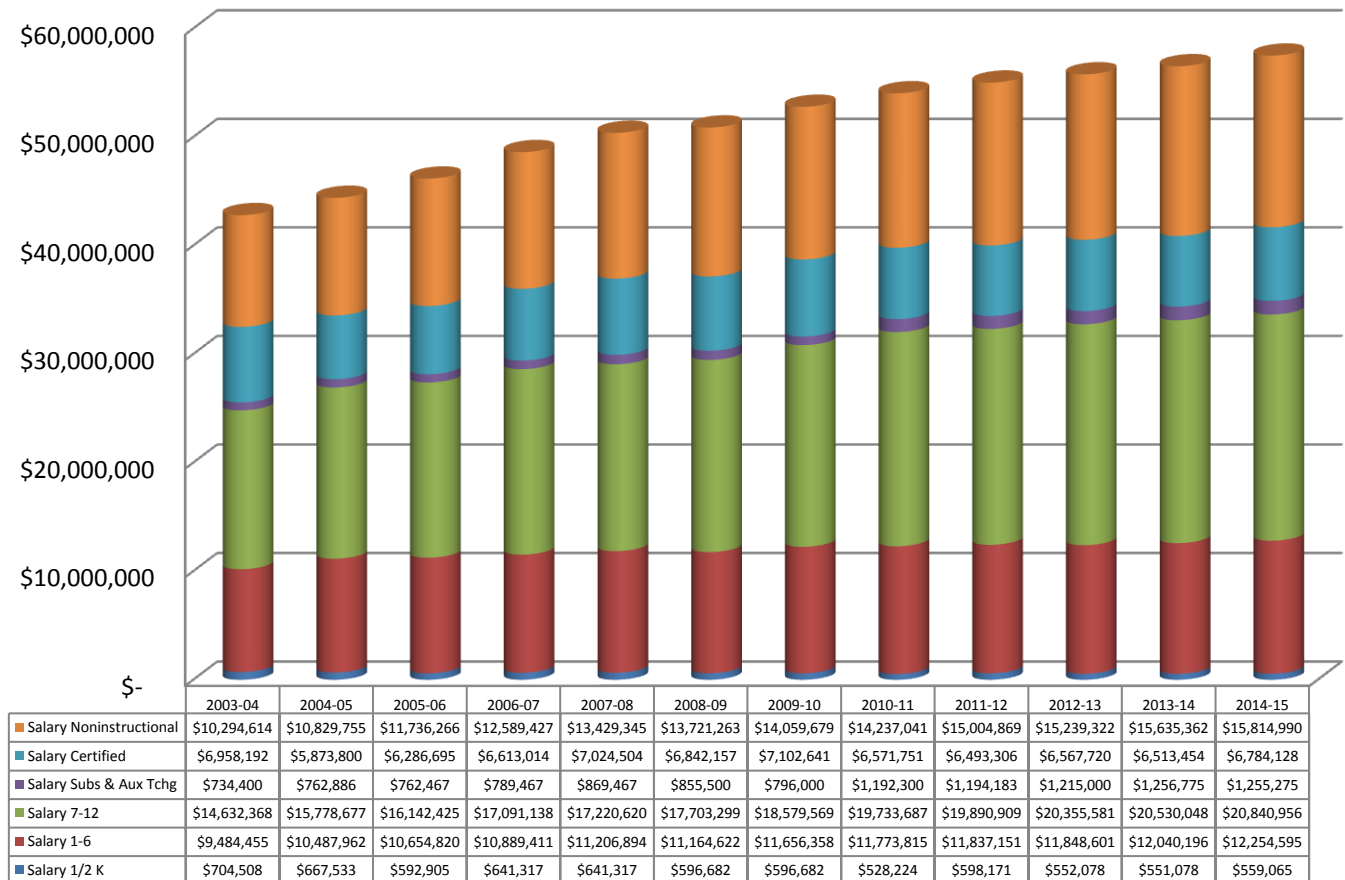
— Multi-year history nuances

- Enrollment bubble impact
- Some areas may have a more senior work force and thus a cost bubble
- Impact of Collective Bargaining Agreements & new NYS APPR
- Implementation of new school building in 2006-07
- 2005-06 thru 2007-08 personnel to operate and maintain 36% more Facilities and Grounds

— For 2014-2015

- Retirement Attrition – estimated net savings \$363,000
 - » 10 Teachers
 - » 1 Buildings & Grounds Supervisor

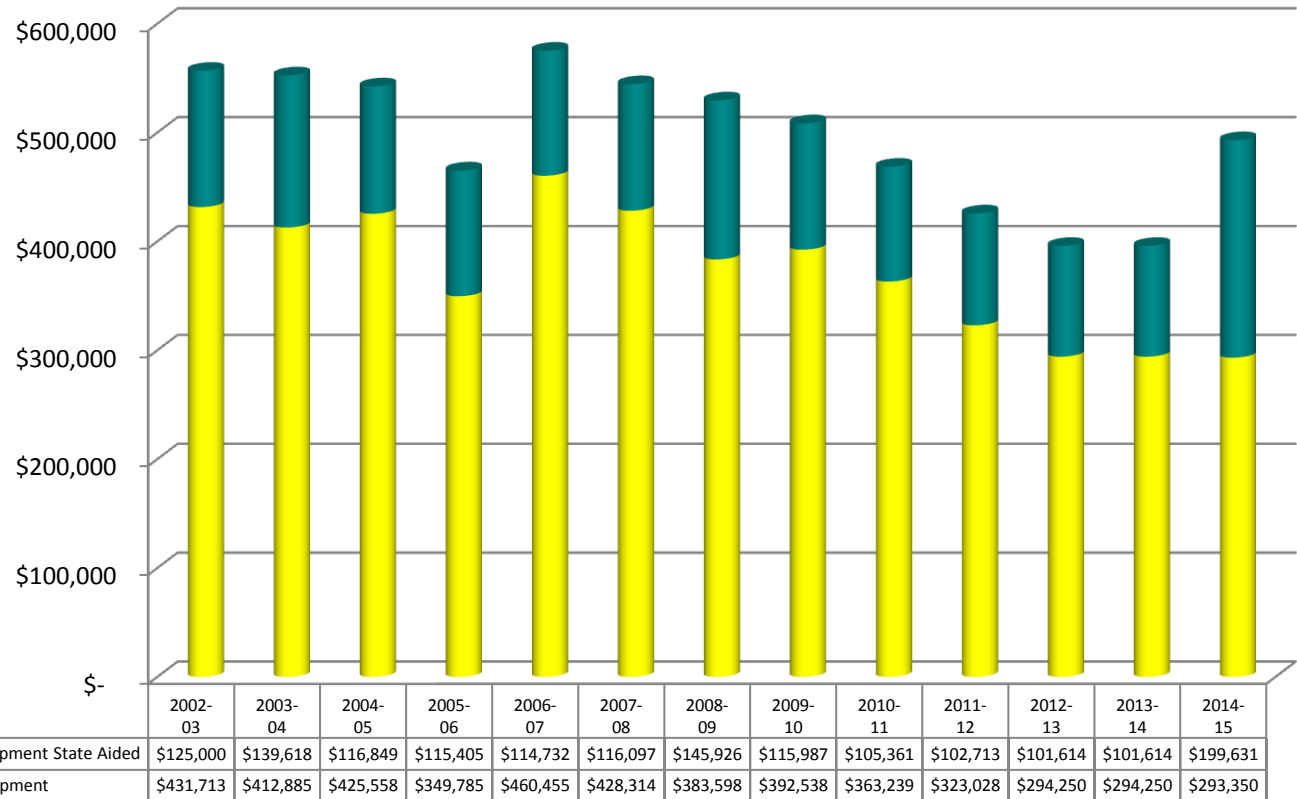
Salary Composition Trend





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Equipment Composition Trend



• Equipment

– **+\$ 97,117 24.5%**

- Steady decline in District equipment
- Short-term savings provided by Capital Projects
- Allowable threshold for equipment increased, thus some reclassification to supplies
- Budget Manager reductions
 - Deferred replacement and maintenance plans
 - » O&M equipment
 - » Technology
- State Aided Equip. based on per pupil allocation
 - New – can reclassify from State Aided Supplies to Aided Technology if in original budget



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• Contractual, Tuitions & BOCES

– Total **+\$ 341,502 +2.31%**

– **Contractual +\$ 85,764 +1.49%**

- Reduce copier leases and maintenance costs
- BOCES printing services
- Reduce conference and travel
- Reduction of non instructional program related consultants
- Utility saving measures

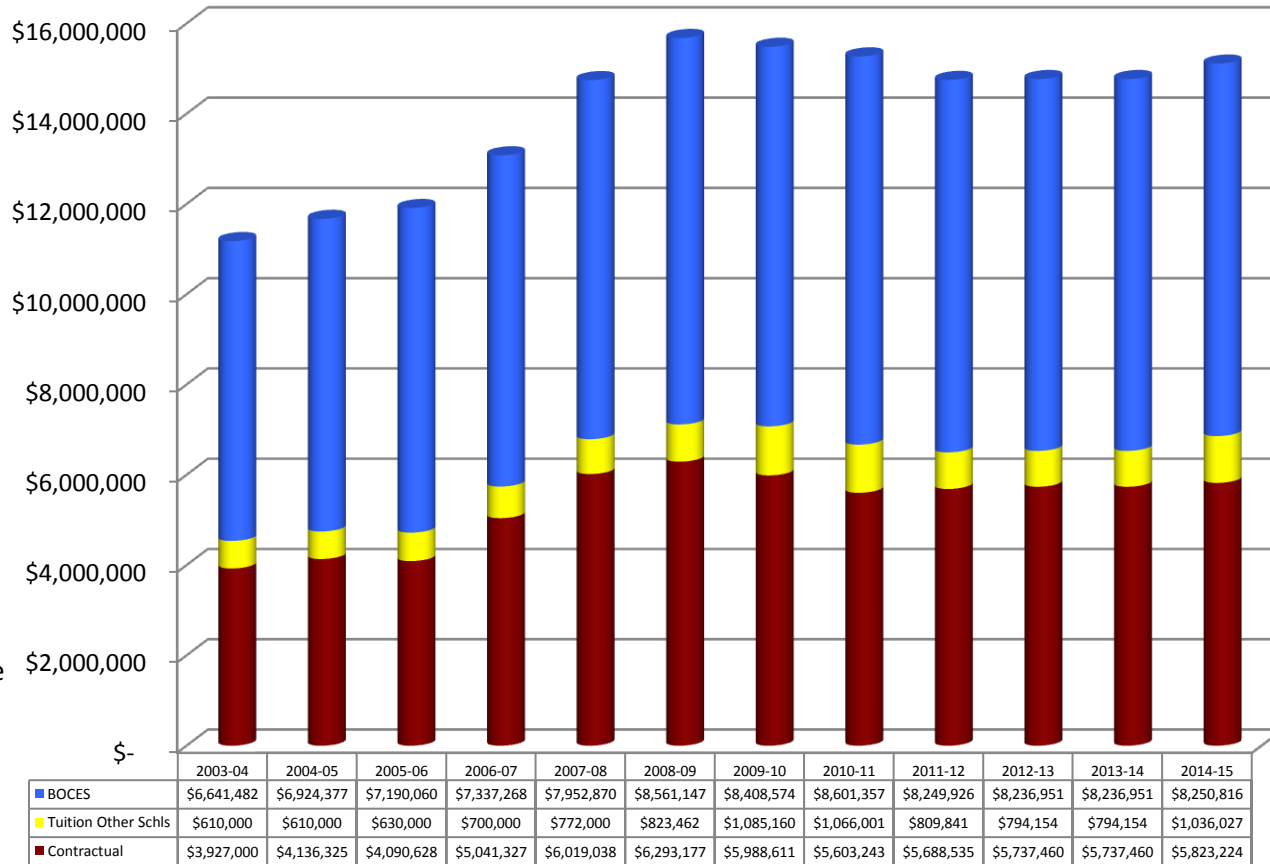
– **Tuitions +\$241,873 +30.46%**

- Increased cost of Special Education Placements
- Adjusted to billing from other schools for students attending programs out of District and New Law Amendment requires Special Aid Fund expense
- Some offsetting Revenue when we charge other Districts for services we provide to them

– **BOCES +\$ 13,865 +0.17%**

- Increase in charge for BOCES services
- Reduction in services provided
 - » Spec Ed program take backs
 - » Reduction in Technology services

Contractual Composition Trend



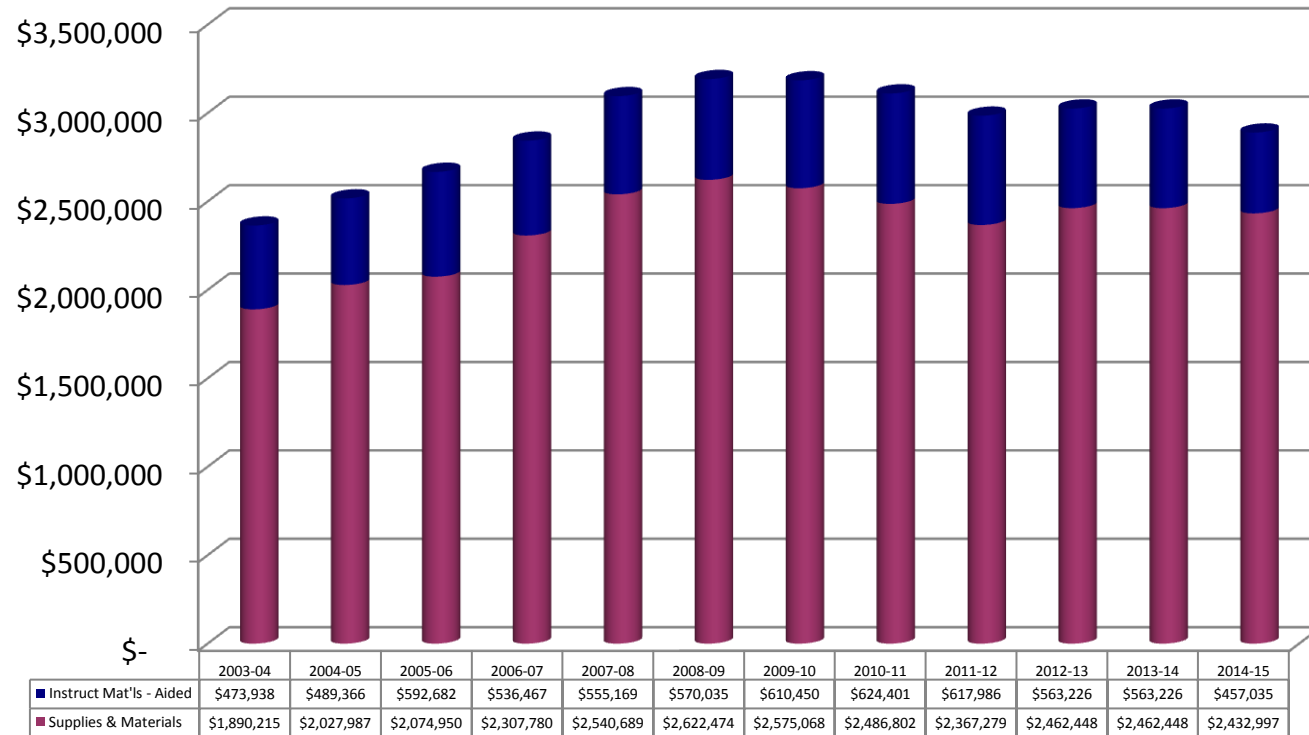


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• Supplies and Instructional Materials

- Total **-\$ 114,313 -3.80%**
- Instructional Material
 - Text and Library Books, Software
 - Are aided \$ for \$ based on a per student allocation
 - NEW – \$100,000 reallocated to Technology Aided Hardware (equipment). NYS Law now allows the reclassification if in original District budget
- District Supplies
 - Building Reductions
 - Paper
 - Standardized cleaning products
 - Parts inventory systems

Supplies & Instructional Materials Trend





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• Undistributed Expenses

— **+\$1,498,557 +3.52%**

— **Debt Service +\$ 8,284 +0.10%**

- Refinance July 2012 will save \$2.2 million over next twenty years
- Supported by separate prior voter approval
- Generates Aid that offsets approx 54% of the cost
- When possible, on Capital Reserve funded projects, transfer Bldg Aid to the reserve to replenish for future tax stabilization

— Employee Benefits

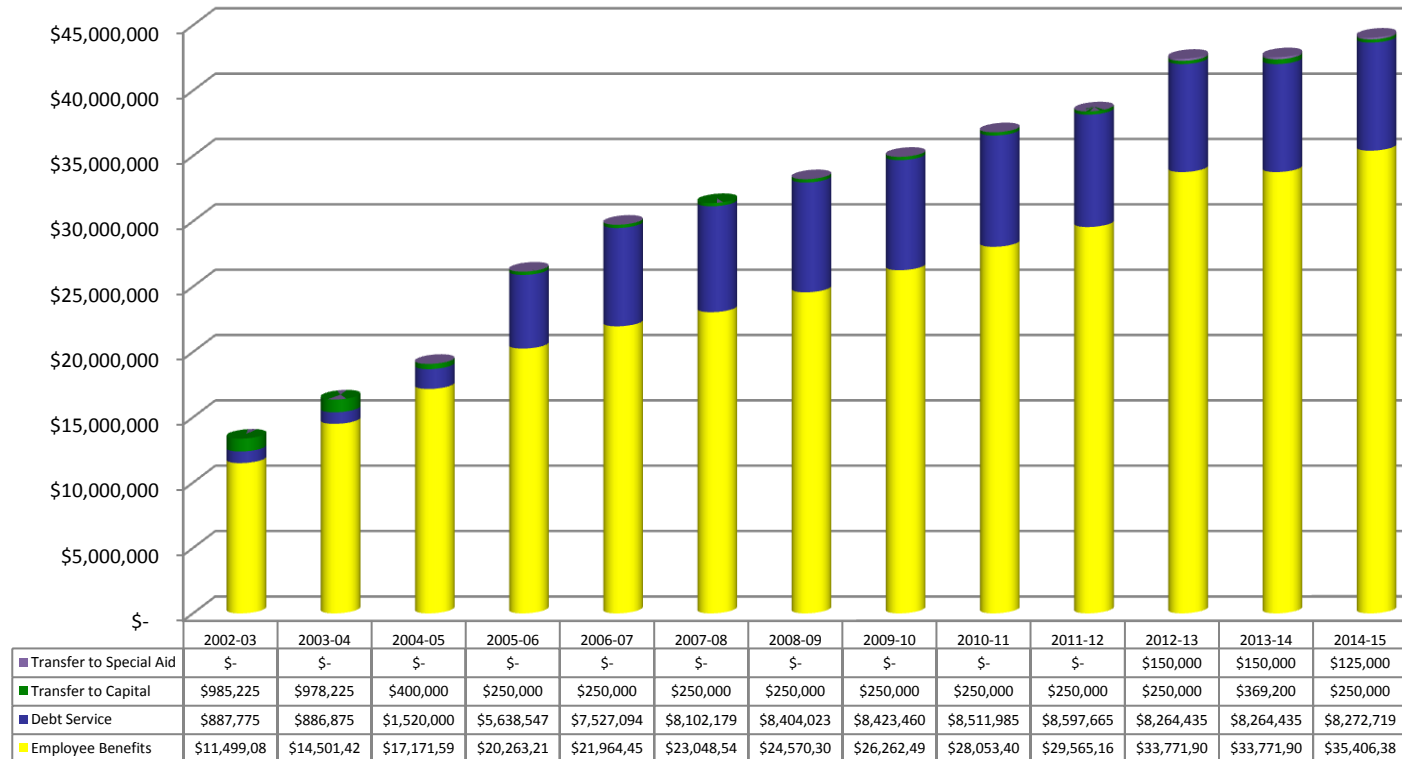
+\$1,634,473 +4.84%

- Cost savings from
 - » Health and Worker's Comp insurance consortiums
 - » Self-funded Dental
 - » Contractual concessions
- Employee & Teacher Retirement System required Employer contribution continue to be in the 20% of salary range
- Some Cost Savings for 2014-15 from:
 - » Retirements
 - » Teacher Contract now requires additional 5% employee contribution toward their insurance

— Transfer to Capital

- Used to fund minor maintenance and repair projects to maintain facilities, infrastructure and equipment
- Projects may be aided by Building Aid
- Steady decline to nominal funding during the revitalization project

Undistributed Composition Trend



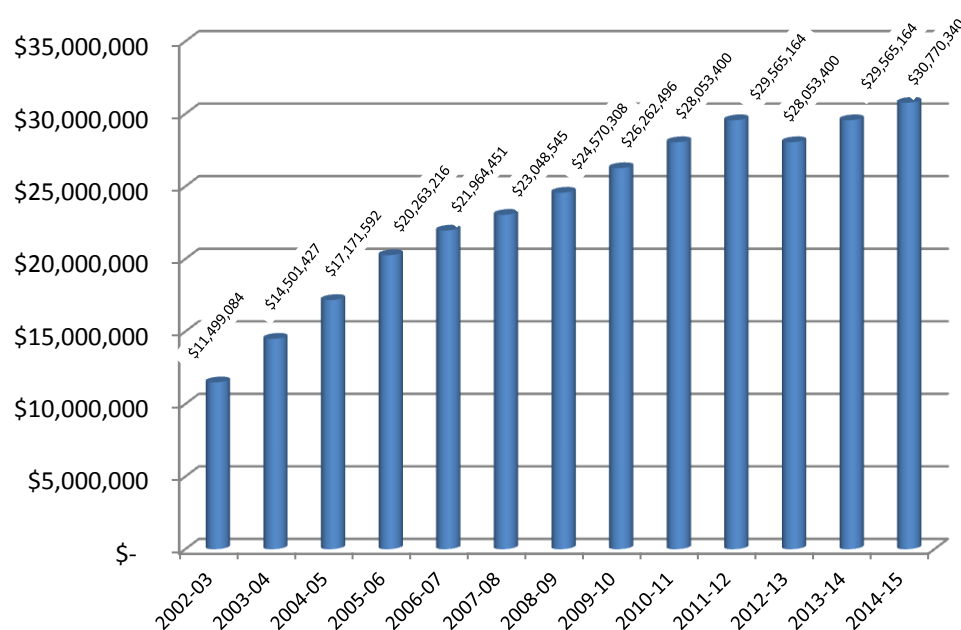
—Transfer to Special Aid Fund

- Local portion of Spec Ed Summer Program (ESY) 20%
- Local portion of State Schools 20% NYS School for Blind and Deaf

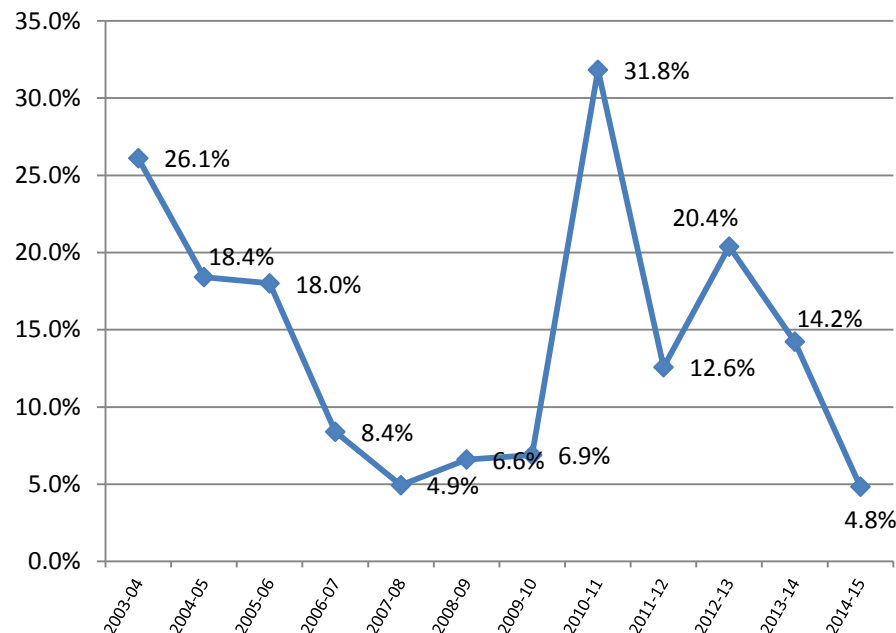


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Employee Benefits



Benefits Annual % Change



• The Facts About Benefits

- The District and area schools have instituted cost mitigation measures
 - Rochester Area Schools Health Plan Consortium (RASHP) is experiencing premium increases 1/3 that of community rated plans
 - The Consortium has saved the District more than \$11 million over the previous eight years
 - Employees now pay a portion (10%) of health insurance costs
 - The Base plan is now the lowest cost offering. If an employee elects a higher cost plan they pay the difference.
 - Retirement System Costs are the fastest growing cost
 - In 2003 for the average teacher/employee, the District paid \$215 to the Teacher's Retirement System and \$75 to the ERS
 - In 2014 for the average teacher/employee, the District will pay \$13,491 to the Teacher's Retirement System and \$8,050 to the ERS
 - In the 2003-04 Budget, Benefits comprised 16% of the total budget, in 2014-15 Benefits comprise 29% of the total budget



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Putting It Together - Appropriations

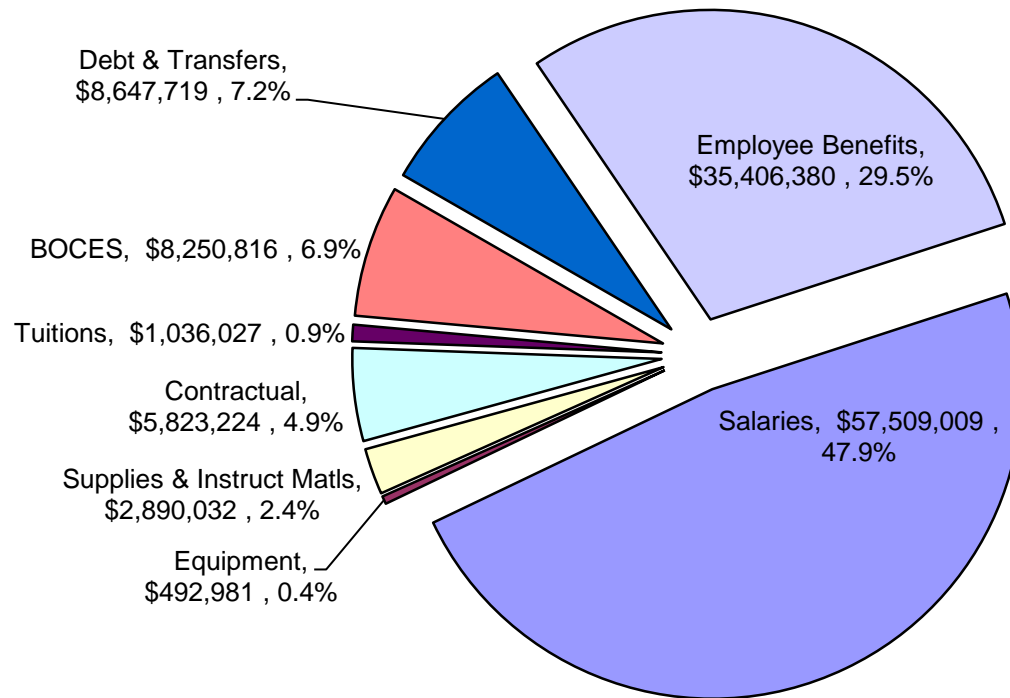
	2013-14 Approved Budget	2014-15 Proposed Budget	Dollar Change	Percent Change
Salaries	\$ 56,526,913	\$ 57,509,009	982,096	1.74%
Equipment	\$ 395,864	\$ 492,981	97,117	24.53%
Supplies & Instruct Matls	\$ 3,004,345	\$ 2,890,032	(114,313)	-3.80%
Contractual	\$ 5,737,460	\$ 5,823,224	85,764	1.49%
Tuitions	\$ 794,154	\$ 1,036,027	241,873	30.46%
BOCES	\$ 8,236,951	\$ 8,250,816	13,865	0.17%
Debt & Transfers	\$ 8,783,635	\$ 8,647,719	(135,916)	-1.55%
Employee Benefits	\$ 33,771,907	\$ 35,406,380	1,634,473	4.84%
Total Budget	\$ 117,251,229	\$ 120,056,188	2,804,959	2.39%



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Keep it in Perspective, where's it go? Appropriations

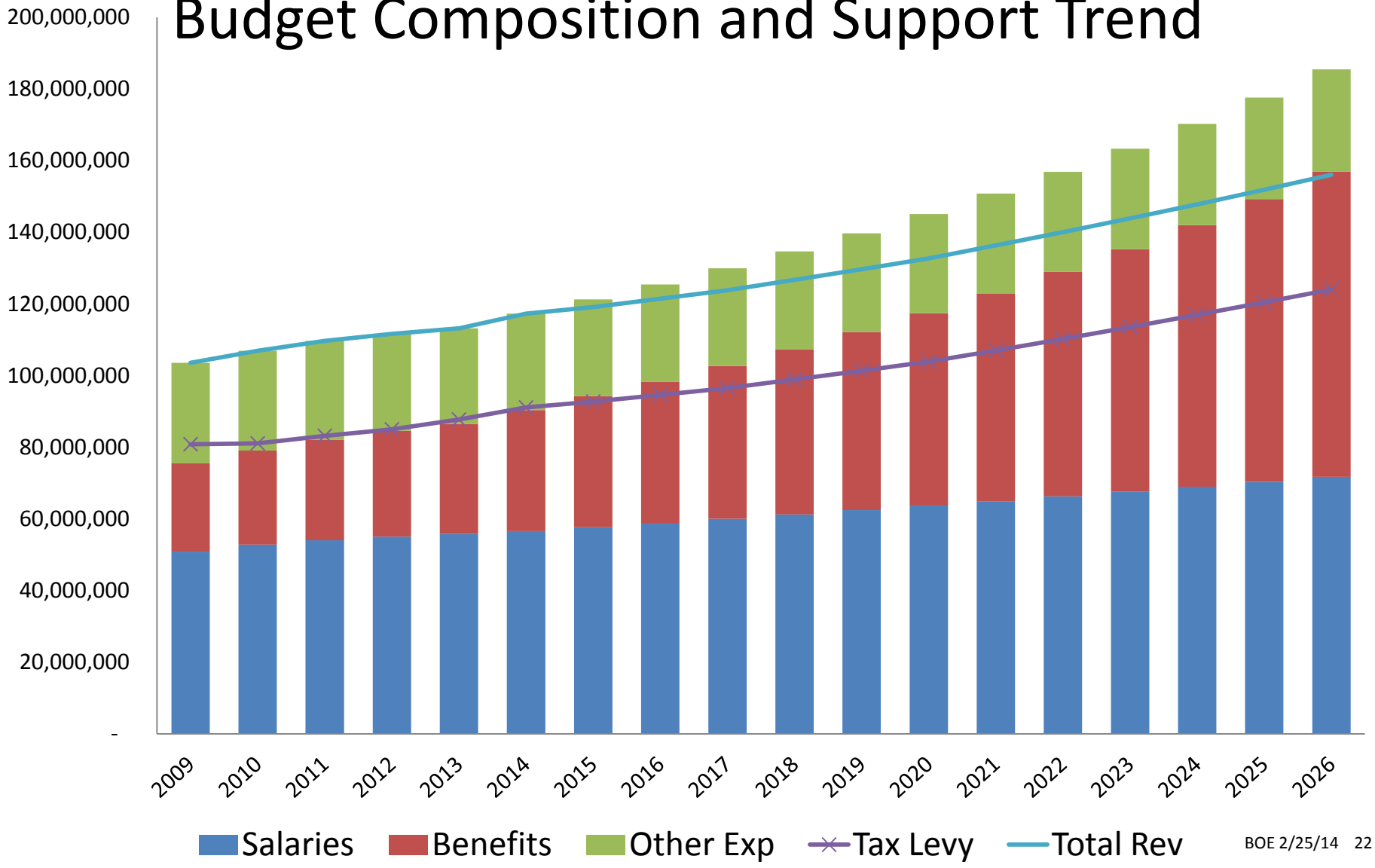
2014-2015 Draft Budget Composition by Object of Expense





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Budget Composition and Support Trend





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Understanding the Root Problem

- 80% of our Budget is expended on:
 - Salary
 - Benefits
 - Combined they are growing at a rate of 5% per year
- 80% of our Revenue is from Property Taxes and they are capped at:
 - The lesser of CPI or 2%, plus or minus some exclusions
- 15% of our Revenue is State Aid
 - Relatively flat due to
 - Aid Frozen
 - Reduction Formulas (Gap Elimination Adjustment)
 - Each year is less of a slice of the support pie
 - Restoration of Aid (return to formula) is not likely for a High Wealth High Performing School
- Our Community Wealth is declining
 - Combined Wealth Ratio is dropping from 50% to 25% wealthier than State Average
 - Property Value Wealth pretty stable
 - Income Wealth is declining meaning our community's ability to retain their high value property and pay taxes is diminishing which could eventually translate to falling property values also



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What are Our Options?

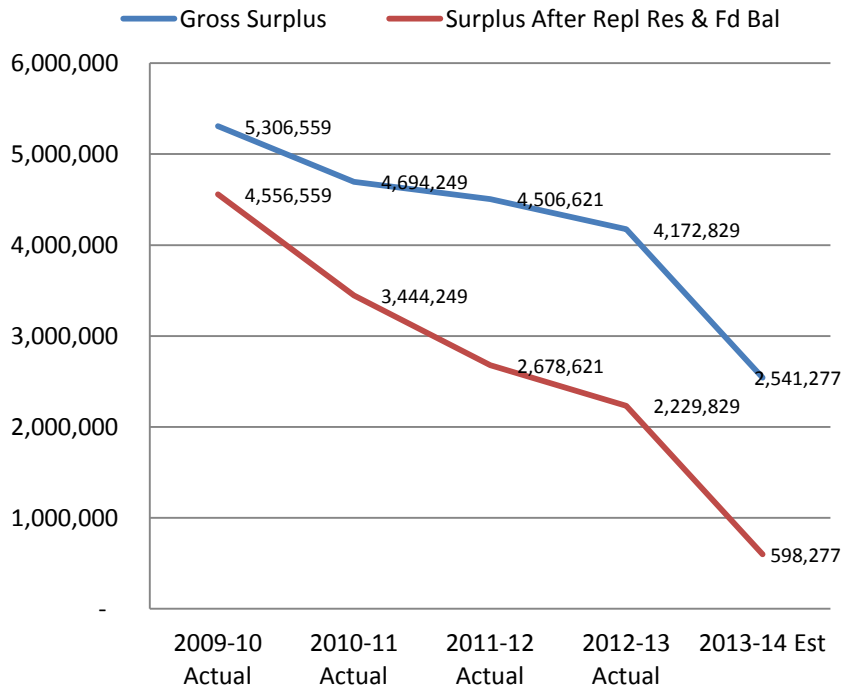
1. Seek a Property Tax Cap Override
 - Would require at least 60% supermajority support, not 50% simple majority
2. Make program and service reductions
 - Are our programs and services why we have historically received support for our budgets?
 - Has our community reached tax saturation?
3. Utilize more Fund Balance & Reserves
 - Every \$ more we take from savings today means it has to be there for next year. Otherwise we in essence raise next year's taxes before doing anything with that budget.
 - Use of Fund Balance & Reserves should be for one shots and unusual circumstances. They cannot support a "way of life", Clarence CSD, Kodak
4. Some combination of Two and Three
 - Weigh impact on the long-term



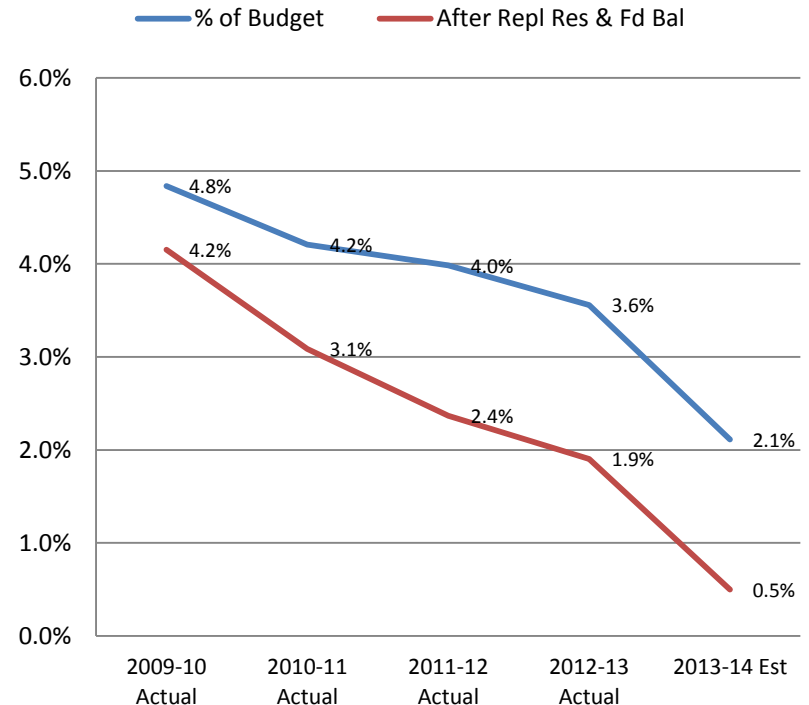
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We always have a year-end surplus, right?

Year End Surplus



Surplus as Percent of Budget





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Proposition No. 1 Capital Reserve Fund - Purchase of Buses

- Purchase of twelve replacement buses at a total maximum cost of \$1,276,000
 - Eight - 66 passenger \$119,371 ea.
 - Two - 36 passenger mini-bus \$111,589 ea.
 - Two - 22 passenger van/bus \$ 48,754 ea.
 - Trade-in allowance will reduce total cost
 - ***Will not impact the tax levy***
 - Will generate approximately \$791,000 in State Aid that will replenish the reserve
 - All buses being replaced are more than ten years old and have more than 120,000 miles





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Proposition No. 2 **Authorization To Establish Capital Reserve Fund – Instructional Technology**

BE IT RESOLVED, that the Board of Education of the Pittsford Central School District, Monroe County, New York, be authorized to establish a reserve fund in accordance with New York State Education Law and Local Finance Law, to be known as the “Technology Reserve Fund”. The ultimate amount of such fund shall not exceed \$_____ plus accrued interest. The fund shall be used to finance, in whole or in part, the purchase of equipment, including computer equipment (i.e. hardware, software, related networking infrastructure and related peripherals). The maximum term of the Technology Reserve Fund shall be 10 years and the source of money to be paid into such reserve fund shall include excess revenues, unencumbered appropriations, unreserved fund balances of the school district or budgetary appropriation.



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2014-2015 Proposed Budget Quick Facts

- Proposed Budget Increase 2.39%
 - Salary & Benefits comprise 93% of the increase with NYS Pensions being the driving force
- The Property Tax Levy Cap 1.81%
- The Proposed Tax Levy 1.81% ??
- Estimated Tax Rate Increase 1.21%
 - Continue to work with Assessors on assessment and PILOT estimates (subject to change)
 - \$99 Average Homeowner with \$250,000 assessed home and Basic STAR Exemption



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2014-2015 Budget Guidelines

IMPORTANT - Due to the importance of each guideline, the following bullets are **NOT** listed in a specific prioritized order.

❖ Develop a **STUDENT BASED BUDGET** focused on:

- Integration of data systems that allows for easy and timely accessibility of data for teachers, administrators, students and families
- Implementation of rigorous, engaging and authentic curriculum, instruction and assessments
- Providing experiences, both curricular and extracurricular, that supports the varied interests of the whole child

❖ Provide **HIGH QUALITY** Professional Development focused on:

- Strategic Initiative
- Common Core
- Social and Emotional Component

❖ Manage the impact of investment in education with sensitivity to limited community resources by:

- Seeking new sources of revenue
- Balancing community expectations for services and programs, while being cognizant of changes in property values, income levels, and economic uncertainties
- Seeking cost efficiencies to further address the costly impact of unfunded mandates

❖ Provide for fiscal stability into the future through:

- Maintaining financially prudent and sustainable reserve accounts
 - Technology
 - Capital Reserve Fund
- Protecting the community's investment in facilities and infrastructure

❖ Meet legal mandates and contractual obligations

❖ Continued support of new and ongoing costs associated with the Safety Initiative



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Work Session To Do's

- March 1 – Report required data to Comptroller
- March 6 – District Planning Team (DPT)
- March 10 – Board Work Session (Final)
 - Stay abreast of and implement changes
 - State/federal funding update
 - Additional propositions
- March 24 – BOE Meeting (Regular)
- April 23 – Board adopts Superintendent's Budget
- April 24 – District Planning Team (DPT)
- May 12 – Public Budget Hearing
- May 20 – Budget Vote and Board Election



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- Board of Education Questions and Discussion
- End of Presentation
- Presentation may be reviewed on District's website
 - www.pittsfordschools.org follow the menu
 - Direct Link
<http://pittsfordschools.org/departments.cfm?subpage=55146>