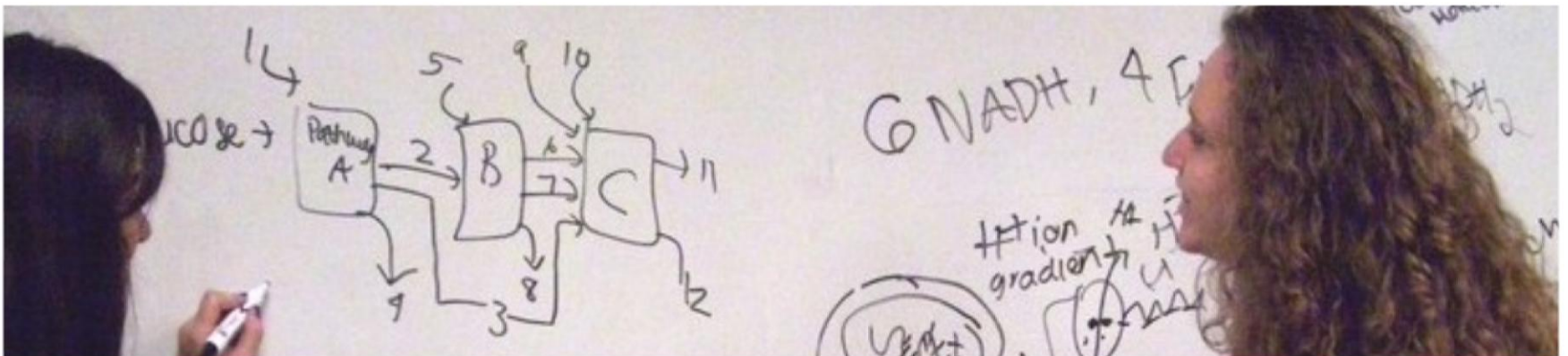




PITTSFORD CENTRAL SCHOOL DISTRICT

2015 – 2016 BUDGET WORK SESSION #1

February 9, 2015





- A** ✓ Governor's Executive Budget Proposal Implications
- G** ✓ State Aid Detail
- E** ✓ Property Tax Cap
- N** ✓ Projected Revenue Summary
- D** ✓ Status Quo Budget
- A** ✓ 2015-2016 Budget Challenges
- ✓ What's Next?
- ✓ Board of Education Work



Governor's Budget Proposal

- Claims “NYS Schools are underperforming, overfunded, communities over taxed and there is little accountability.”
 - His 2015-16 Budget proposed \$1.06b or +4.8% increase in State Aid over the current 2014-2015 levels
 - There is no detail on how this aid will be distributed
 - **This increase is contingent upon the legislature adopting the Governor's entire education reform agenda**
 - New teacher evaluations
 - Amend teacher tenure laws
 - Permanent Property Tax Cap
 - Senior STAR property tax assistance changed to income tax credit
 - “At this time, the Division of Budget has informed districts there will NOT be a release of school aid runs until an agreement is reached, most likely around the start of the State fiscal year (April 1st).”
 - “If the legislature and the Governor do not come to an agreement on his proposed reforms by April 1st, the Governor has stated that total state aid for the 2015-16 and 2016-17 years may not be in excess of the current 2014-15 state aid amounts.”

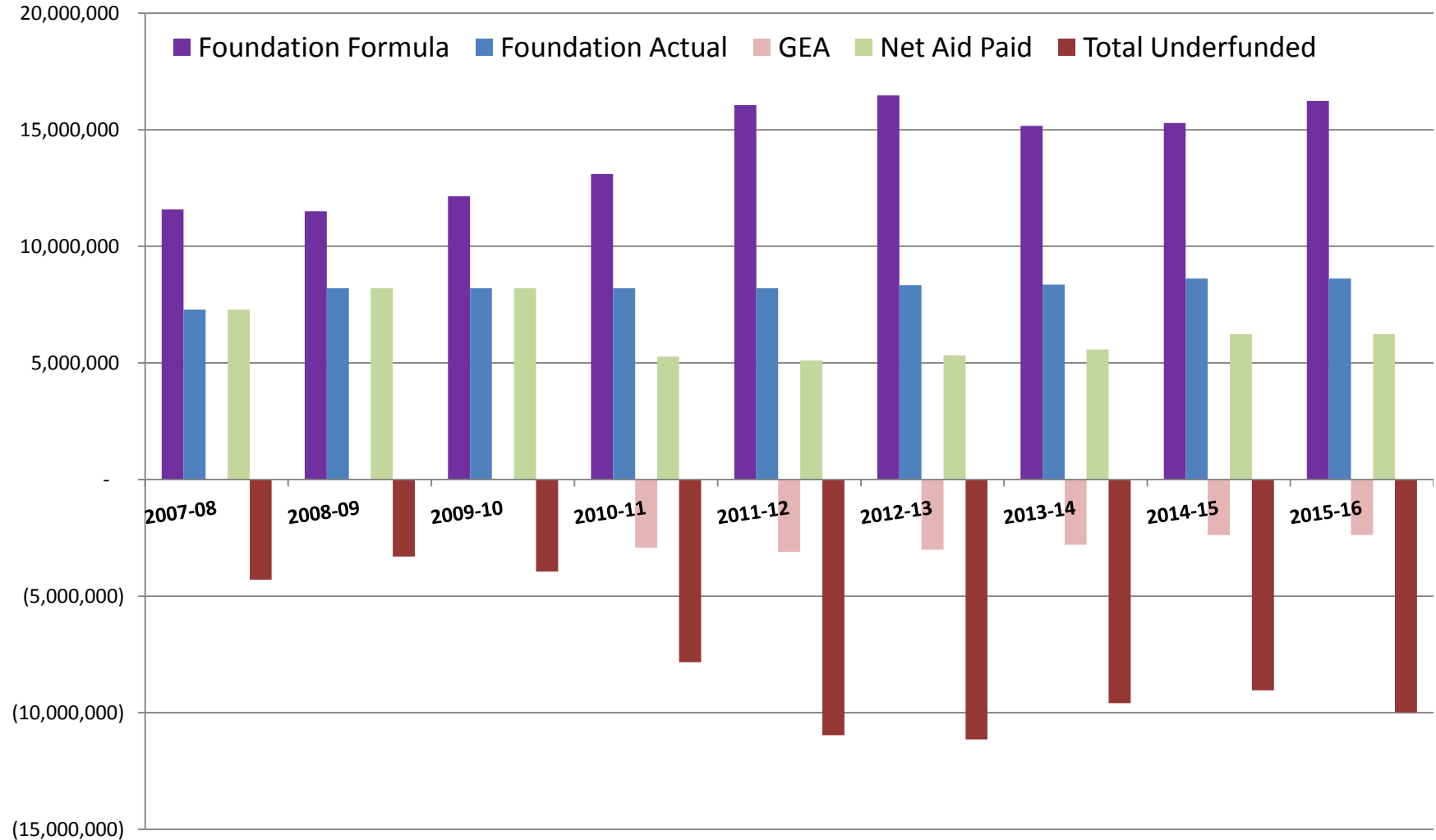


Governor's Budget Proposal

- The above is unprecedented:
 - schools are not given data in which to plan
 - No longer is just Foundation Aid & the GEA being held ransom, but the entire aid package including expense driven formula aids (Special Education, Transportation, Full Day K)
- Foundation (General Operating) Aid continues to be frozen at the 2008-09 level
 - For 2014-15 fiscal year, frozen at \$8,618,409 should be \$15,165,195 (\$6.8m underfunded)
 - Since 2008-09 NYS is behind in its legal commitment to Pittsford by more than \$55 million or 56% funded
- GEA Gap Elimination Adjustment – Continues the further reduction of Foundation Aid with nominal restoration from the prior year
 - For 2014-15 the GEA is -\$2,374,513
 - Since 2010-11 the GEA has further reduced Foundation Aid a cumulative total of \$16,609,935
- Bottom-line? Since 2008-09 Pittsford Taxpayers have funded New York State's portion of our support totaling \$69.5m or the District receives 55% less than it is legally supposed to. Is anyone paying 55% less in NYS Income Taxes today than they did in 2008-09?



Foundation Aid & GEA History





TAX LEVY – from One to Three

- With all the talk of New York’s “2 percent tax cap,” it may come as a surprise to learn that each school district in the state will present **three separate tax levy numbers** as part of their compliance with the legislation.
 - Chances are none of the three tax levy numbers will be exactly 2 percent.
 - Because the 2 percent is just one part of a complex formula that schools must use to calculate two of their tax levy numbers:
 - Tax Levy Limit
 - Maximum Allowable Tax Levy
1. **Tax Levy Limit** - a formula that essentially tells how much community support a District may obtain from its proposed budget
 - The highest allowable tax levy (before exclusions) that a district can propose and require a simple majority of voters (50 percent plus 1) to pass the budget
 - If a district proposes a tax levy beyond the Tax Levy Limit (before exclusions) it will need supermajority approval of voters (60 percent) to pass the budget
 2. **Maximum Allowable Tax Levy** is the Tax Levy Limit PLUS certain exclusions. Taxes levied to fund the following expenses are excluded from the limit:
 - Voter approved Capital Expenditures
 - Increases beyond two percentage points in Employee and/or Teacher Retirement System costs (mandated by NYS)
 - Exclusions are added to the Tax Levy Limit and are not subject to or trigger the 60% supermajority
 3. **Proposed Tax Levy** - the levy called for by the district to support the proposed budget
 - The total amount of money to be raised by the local community after factoring all other revenues



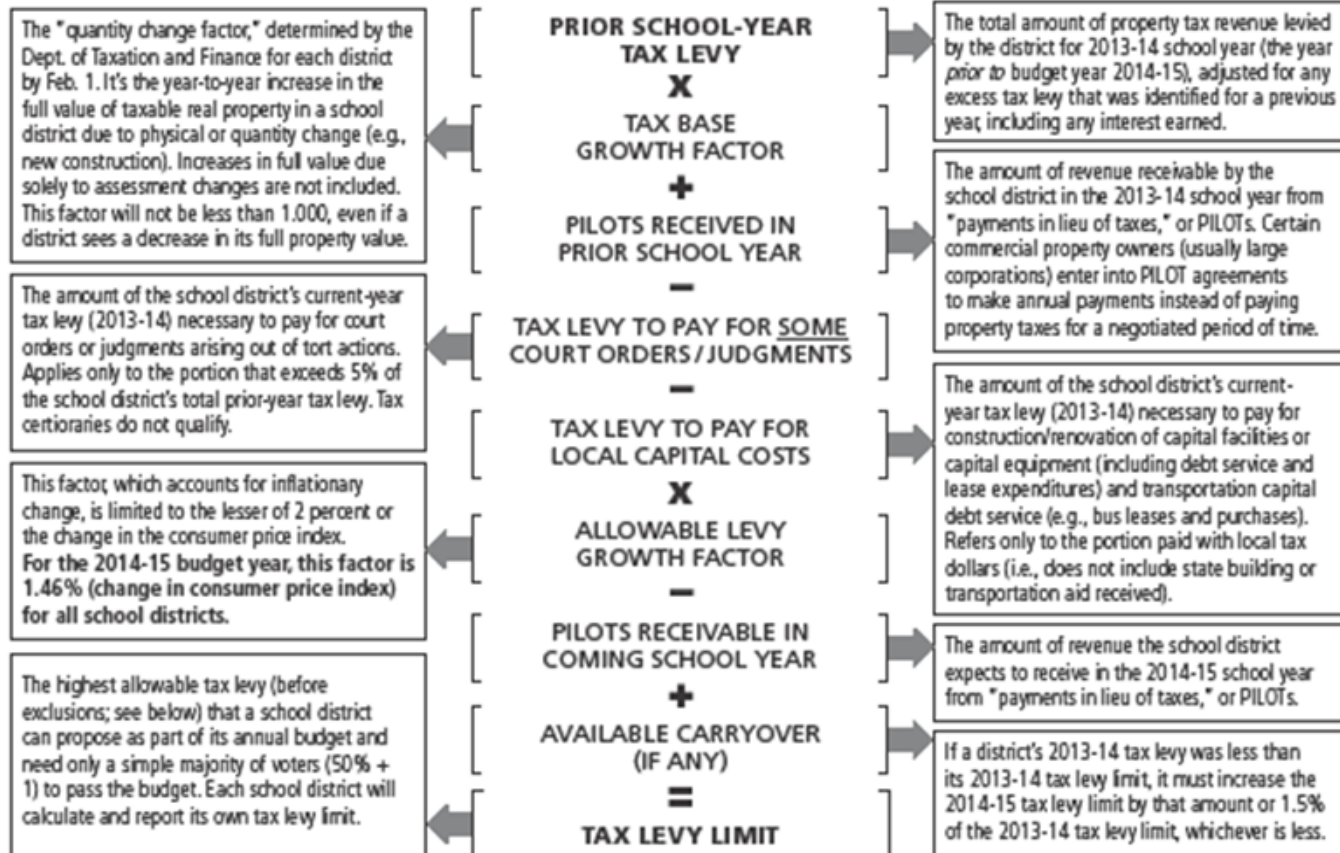
Is the Property Tax Cap Complex?

UPDATED FOR 2014-2015

New York's Tax Levy "Cap" Formula: *How does it add up?*

Although often referred to as a "2 percent tax cap," New York's tax levy "cap" law does not restrict any proposed tax levy increase to 2 percent. Pursuant to the law, each school district must follow an 8-step calculation, outlined below, to calculate its individual "tax levy limit." That limit then determines what level of voter support is required for budget approval.

THE BASE FORMULA





EXCLUSIONS TO BE ADDED

The law excludes certain portions of a school district's tax levy from the calculation above. A district can add these exclusions (described below) to its tax levy limit, increasing the amount of taxes the district is allowed to levy while still needing only a simple majority of voters for budget approval.



TAX LEVY TO PAY FOR SOME PENSION CONTRIBUTION COSTS

Applies only when the employer contribution rates set by the statewide pension systems (TRS and ERS) increase by more than 2 percentage points from one year to the next. Even with this exclusion, most—if not all—pension costs must be funded within a school district's tax levy limit. For the 2014-15 budget year, the ERS rate is decreasing 0.8 percentage points and the TRS contribution rate is increasing 1.28 percentage points. This means that for the first time since the tax cap was implemented, the state's school districts will not have a portion of their pension contributions to either system excluded from their tax levy cap calculation.



TAX LEVY TO PAY FOR SOME COURT ORDERS/JUDGMENTS

The amount of the school district's coming-year tax levy (2014-15) necessary to pay for court orders or judgments arising out of tort actions. Only the amount that exceeds 5% of the school district's prior-year total tax levy can be excluded from the tax levy limit. Tax certioraries cannot be excluded.



TAX LEVY TO PAY FOR SOME LOCAL CAPITAL COSTS

The amount of the school district's coming-year tax levy (2014-15) necessary to pay for construction/renovation of capital facilities or equipment (including debt service and lease expenditures) and transportation capital debt service. This exclusion refers only to the portion paid with local tax dollars (i.e., does not include state building or transportation aid received).



MAXIMUM ALLOWABLE TAX LEVY

The tax levy limit plus exclusions. This is the highest total tax levy that a school district can propose as part of its annual budget for which only the approval of a simple majority of voters (50% + 1) is required.



Produced by the Capital Region BOCES Communications Service (<http://www.capitalregionbooces.org/Communications/>), in consultation with the Questar III BOCES State Aid and Financial Planning Service. Published March 2014.





How does the formula work for Pittsford?

Prior Year Levy	\$ 92,666,331	2014-15 Actual - current year
	x	
Times: Tax Base Growth Factor	1.0046	From Comptroller expansion & development
	+	
Add: Prior Year PILOTs	\$ 380,000	2014-15 Actual
	-	
Less: Prior Year Capital Levy	<u>\$ (2,680,810)</u>	Local Portion (Debt Service Less Bldg Aid)
	=	
Equals: Prior Year Adj Levy	\$ 90,791,786	Adjusted to Base for Growth
	x	
Times: Allowable Growth Factor	1.62%	lesser of CPI or 2%
	-	
Less: Estimated New Year PILOTs	\$ (207,000)	Est from Assessors - May
	+	
Add: Prior Year Carryover	\$ -	If not all cap used (not eligible)
	=	
Equals: TAX LEVY LIMIT	\$ 92,055,613	



How does the formula work for Pittsford? (continued)

Equals: TAX LEVY LIMIT		\$ 92,055,613		
		+	To be filed with Comptroller March 1	
Plus: <u>EXCLUSIONS</u>				
Court Orders & Judgments	\$ -			
New Year Capital Levy	\$ 2,677,983		Local Portion (Debt Less Bldg Aid) already voter approved	
Pension Growth > 2 pts	<u>\$ 0</u>		Employee & Teacher Retire System mandated payments	
Add: Total EXCLUSIONS		<u>\$ 2,677,983</u>		
		=		
Maximum Allowable Tax Levy	\$ 94,733,596	\$ 2,067,265	2.23%	
		Maximum for simple majority vote		
		Greater would require 60% approval		



Revenue Picture Summary

- 77% of our funding support is the Property Tax Levy and it is capped
- 16% of our funding support is State Aid and it may be frozen if the Legislature and Governor do not come to agreement (we will NOT be given data for planning)
- Result = 93% of our budget is capped/frozen at a 1.7% growth rate
 - Our budget to meet obligations needs 2.5%-3.2% allowable growth



Status Quo Budget

- The Status Quo or “rollover budget” assumes:
 - Enrollment stable
 - Staffing adjusted for BOCES and known Special Ed changes
 - Programs & Services offered at current levels
 - Costs converted to next year dollars
 - Collective Bargaining Agreements
 - BOCES unit charge estimates
 - Fuel and Utilities
 - Market indicators
 - Town field rental

Status Quo Budget

Status Quo - Quick Estimate Budget

	2014-15 Initial Budget	2015-16 Status Quo	\$ Chg	\$ Chg
Salary - Certificated	41,634,503			
2014-15 FTE Chg	282,150	3.8 FTE		
CBA Increases	1,236,541			
Salary - Certificated		43,153,194	1,518,691	3.6%
Salary - Non Cert	15,845,852			
2014-15 FTE Chg	368,442	11.1 FTE		
CBA Increases	470,215			
Salary - Non Cert		16,684,512	838,660	5.3%
Salaries	57,480,355	59,837,706	2,357,351	4.10%
Equipment	511,375	511,375	-	0.00%
Contractual	4,569,077	4,614,768	45,691	1.00%
Utilities	2,411,030	2,409,705	(1,325)	-0.05%
Supplies	10,944,963	10,999,688	54,725	0.50%
Benefits	35,340,589	36,047,401	706,812	2.00%
Debt & Transfers	8,647,719	8,770,719	78,000	0.90%
Status Quo	119,905,108	123,191,361	3,286,253	2.74%

Status Quo Budget

2015-16 Changes

Retirements	(242,841)	18 FTE net replace and retire incentive & benefits
Dir of Tech & Clerical	187,650	
Strategic Plan	87,089	
Clerical Longevity	13,500	
SNAP Scanner	8,640	
Town Field Agreement	14,000	
Section V Membership	3,000	
State Championship	10,000	
Misc Items	54,578	
Net 2015-16 Changes	135,616	

Projected Budget	119,905,108	123,326,977	3,421,869	2.85%
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Revenue Enhancements

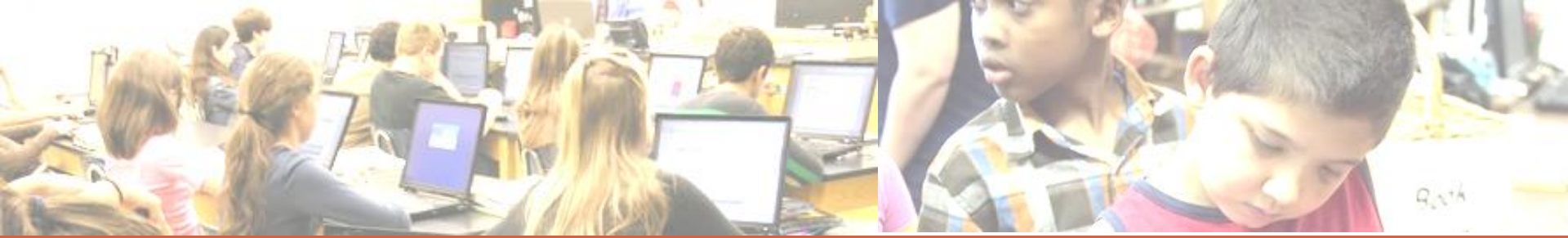
Formula Aids - Projected	186,000
Property Tax Cap - est 2.23%	2,067,265

Status Quo Budget Gap	1,168,601
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Challenges for 2015-2016 Budget

- Governor's Budget Proposal does not afford us good information for planning purposes or allow adherence to data submission deadlines without State Aid projections
- Property Tax Cap Nuances and data needed
- Solidify Cost Centers
 - Special Education
 - BOCES
 - Transportation
 - Enrollment / Staffing & Sectioning
- Some relief from slight decreases in Retirement System costs



To Do over next few weeks

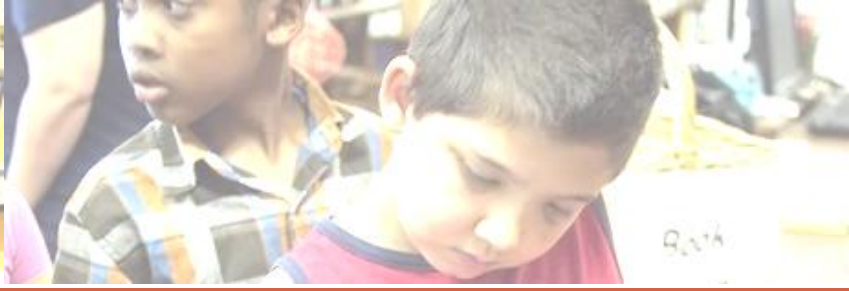
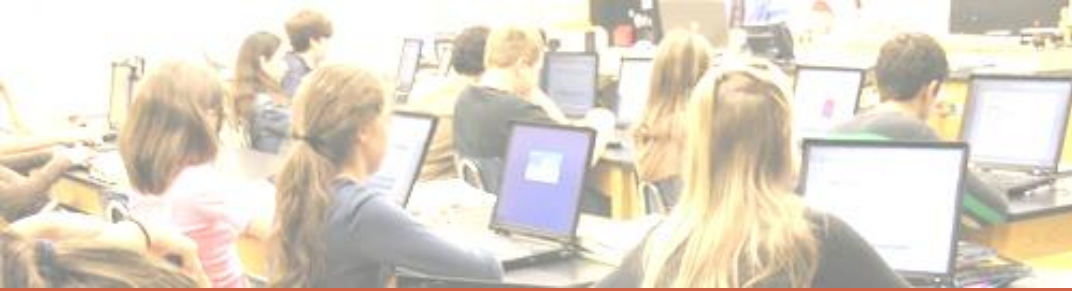
- Continue to update Long-Range Financial Status
- Retirement Attrition Savings
- Further enrollment, program and staffing review
- BOCES cost analysis
- State Aid review
- Continue to work with the DPT to compile for the Board a list of options



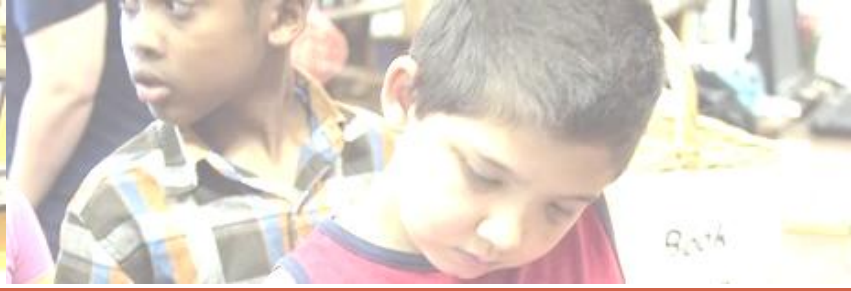
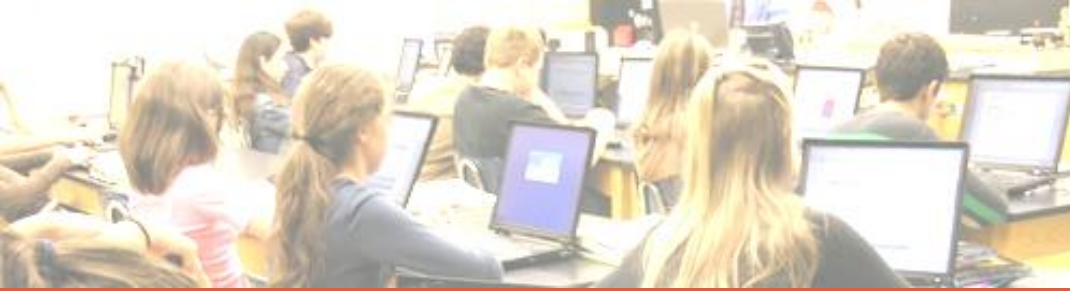
Work Session To Do's

- February 24 – Board Work Session
 - BOE to determine Proposed Tax Levy options & implications
 - Superintendent will present work of DPT to-date
 - Bus Purchase Reserve
- March 1 – Report required data to Comptroller
- March 11 – Board Work Session (Final)
 - Stay abreast of and implement changes
 - State/federal funding update
 - Additional propositions
- March 19 – District Planning Team (DPT)
- March 23 – BOE Meeting
- April 16 – District Planning Team (DPT)
- April 20 – Board adopts Superintendent's Budget
- May 11 – Public Budget Hearing
- May 19 – Budget Vote and Board Election





Pause for Board Discussion



End