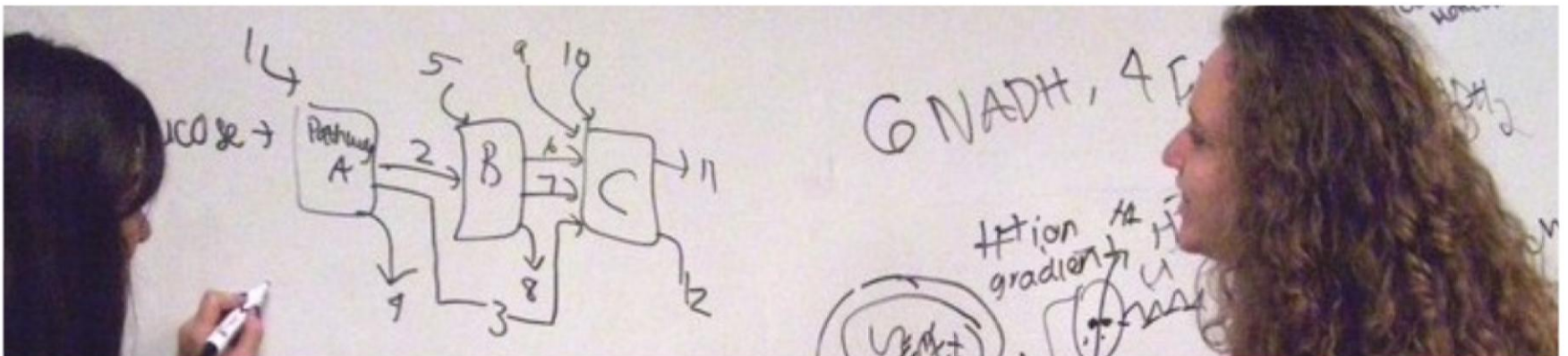




# **PITTSFORD CENTRAL SCHOOL DISTRICT**

## **2015 – 2016 BUDGET WORK SESSION #2**

### **February 24, 2015**





# Pittsford Central School District 2015-2016 Budget Work Session

## 2015-2016 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
  - Curriculum, assessment and instruction
  - Social and Emotional learning
- ❖ 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



# Pittsford Central School District 2015-2016 Budget Work Session

## 2015-2016 Budget Development 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 2.25%*
  - *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



# Pittsford Central School District 2015-2016 Budget Work Session

## A g e n d a

Budget Guidelines – Board of Education Approved

Budget Development Assumptions

Appropriations Budget – Draft #1

What has changed since the last budget

Multi-year Budget Trends

Revenue Detail

Recap from last time – NYS Budget Status

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

Budget Highlights

Bus Purchase Reserve

Next Steps

Questions & Discussion





# Pittsford Central School District 2015-2016 Budget Work Session

- Budget Development Assumptions
  - Revenue
    - State Aid – Governor says no more aid than previous year unless Legislature approves entire proposal
      - Planning on – no aid increase over the current year
      - Hoping for – on time State budget and 4-5% promised increase in aid
    - Tax Levy – we will not seek an Override of the Property Tax Cap and establish a Levy at or close to the Cap
  - Appropriations
    - Similar staffing as current year based on current enrollments
      - Sectioning and Special Education work is in progress

# Pittsford Central School District 2015-2016 Budget Work Session

From Work Session on February 9th  
Budget Influencing Factors – Status Quo Budget

## Revenue Change - Projections

- + 186,000 State Aid – Not Gov
- 2,067,000 Tax Levy Cap 2.23%
- 2,253,000 Net Total Revenue Growth

## Appropriation Change - Projections

- If Status Quo Budget +\$3,421,869
  - Quick Estimate Budget 2.85% more than current year
    - Current level of programs and services
    - Enrollment and related staffing steady
    - Adjusted for known contractual and other cost changes
    - Teacher Retirement System rate reduction

\$2,253,000

**Funding Gap \$1,168,869**



\$3,421,869

Status Quo Budget 2/9/2015

# Pittsford Central School District 2015-2016 Budget Work Session

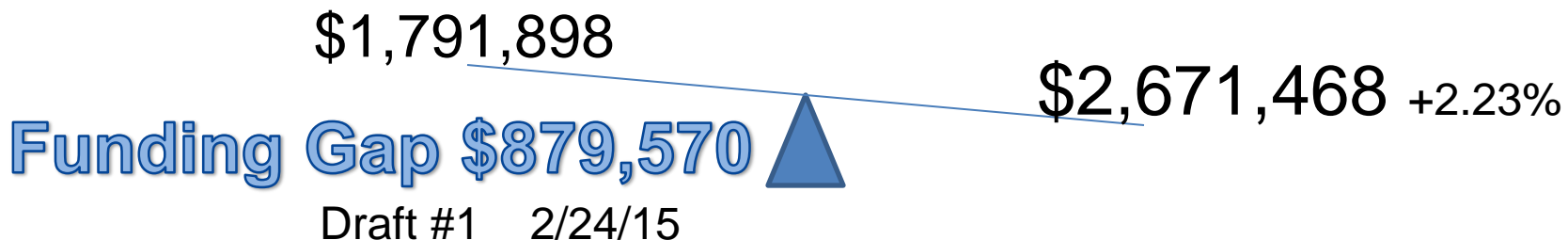
Defining & Closing the Gap – Solutions Implemented  
From February 9th Work Session

## Revenue

- From Previous Slide **\$2,253,000**
- Draft #1 Budget Adjustments
  - Governor Aid Prop -186,000
  - BOCES Aid - 95,556
  - Tax Cap re-calc + 17,162
  - PILOT Reductions - 166,000
  - Misc Rev Reduction - 30,708
- Net Change in Revenue **(\$ -461,102)**
- Net Added Revenue **\$1,791,898**  
*(what we have to support current program cost growth)*

## Appropriations

- From Previous Slide +2.85% **\$3,421,869**
- Draft #1 Budget Reductions Adjustments
  - Retirement Attrition (\$302,382)
  - Employee Benefits Svgs (\$343,932)
  - Discretionary codes (\$104,087)
- Decrease in Appropriations **( \$750,401)**
- Net Budget Increase 2.23% **\$2,671,468**  
*(what we need to maintain current programs)*



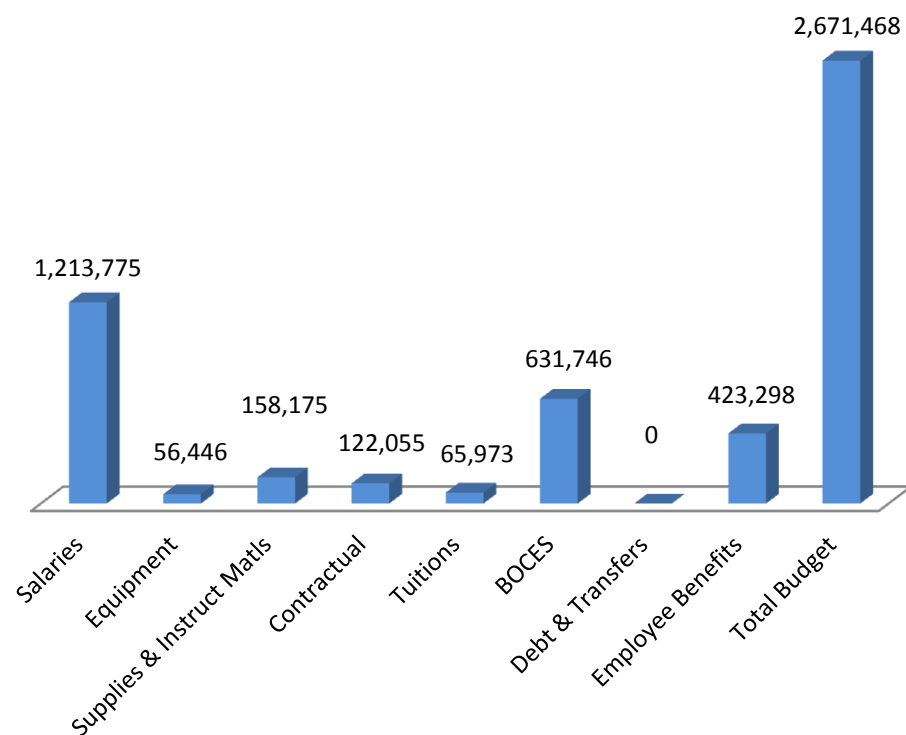




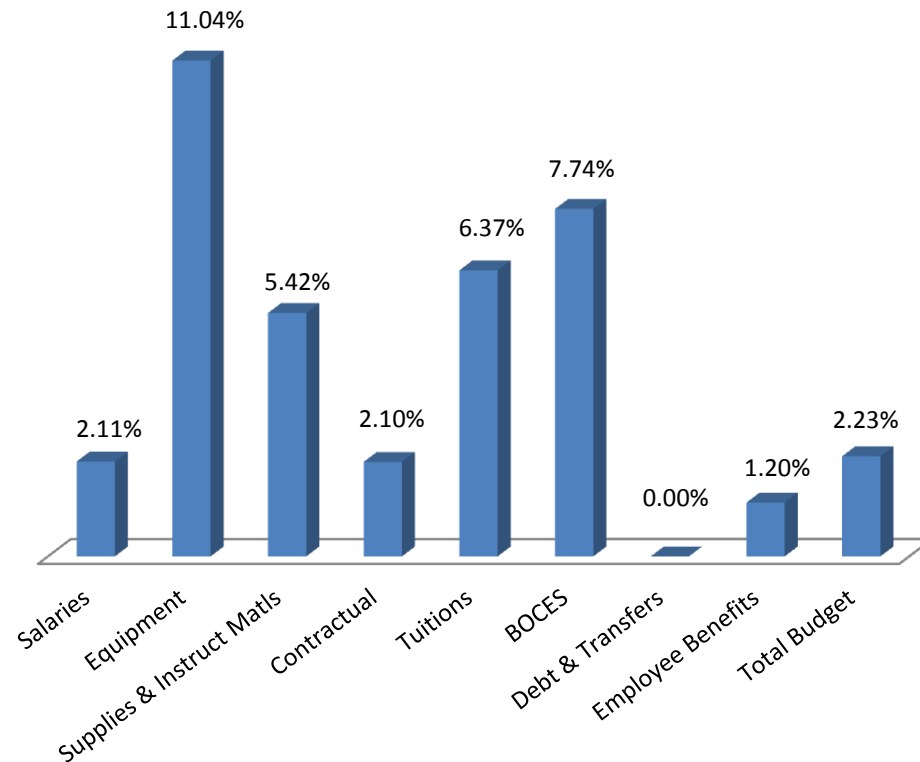
# Pittsford Central School District 2015-2016 Budget Work Session

## Draft One Budget Overview

Dollar Change By Object of Expense  
Budget Reductions in Red



2015-2016 Draft #1 Budget  
Percent Change by Object Code







# Pittsford Central School District 2015-2016 Budget Work Session

## 2015-2016 Composite Draft Budget

### Salaries & Staffing

### Salary Composition Trend

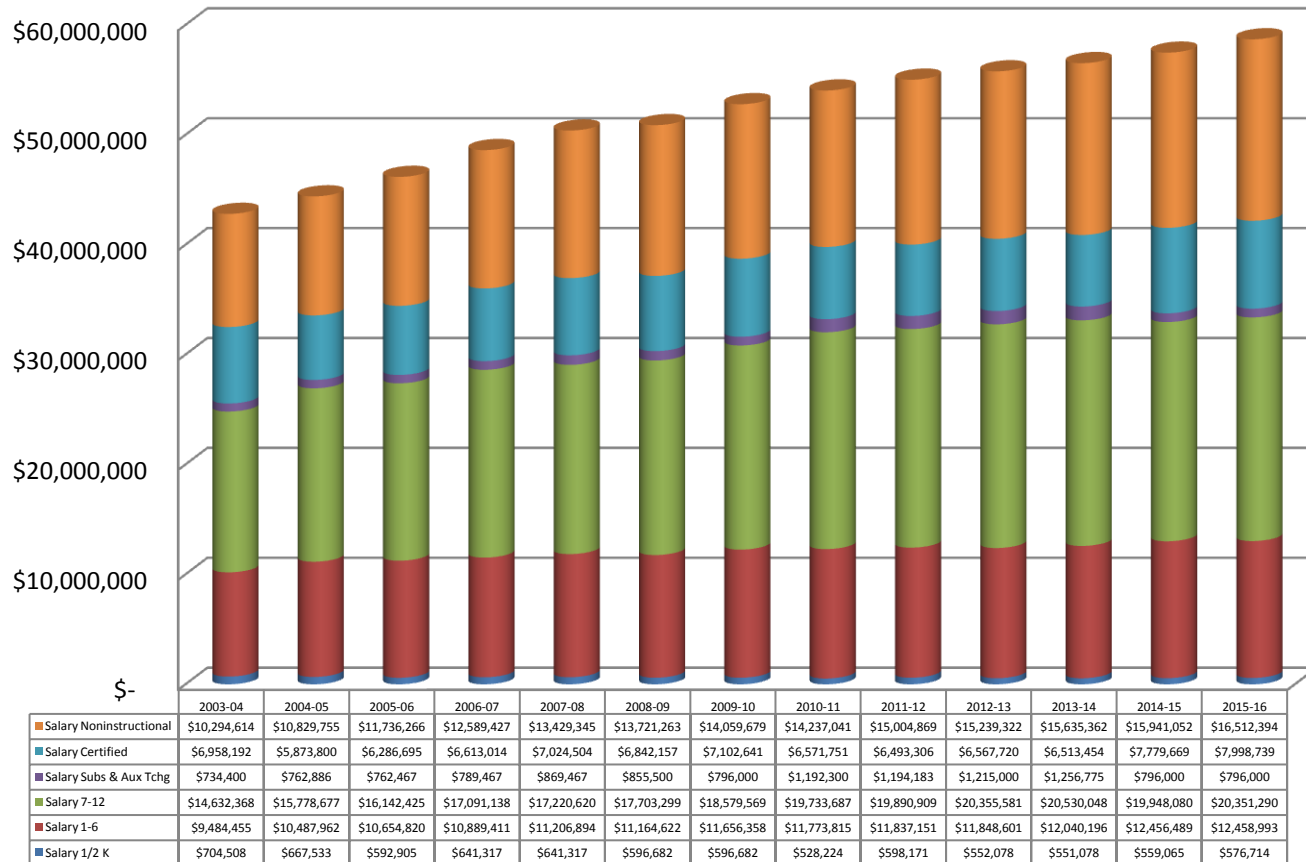
**+ \$1,213,775 +2.11%**

#### 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

#### For 2015-16

- Retirement Attrition – estimated net savings \$301,000 from 16 positions, all replaced
- Added Health Insurance costs for retirees (see benefits section)
- Added 1.6 FTE teacher and 10.6 paraprofessional positions during 2014-15 related to Students With Special Needs
- 2015-16 addition of Director of Technology and Clerical Support + 2.0 FTE





# Pittsford Central School District 2015-2016 Budget Work Session

## • Equipment

**+\$ 56,446      11.04%**

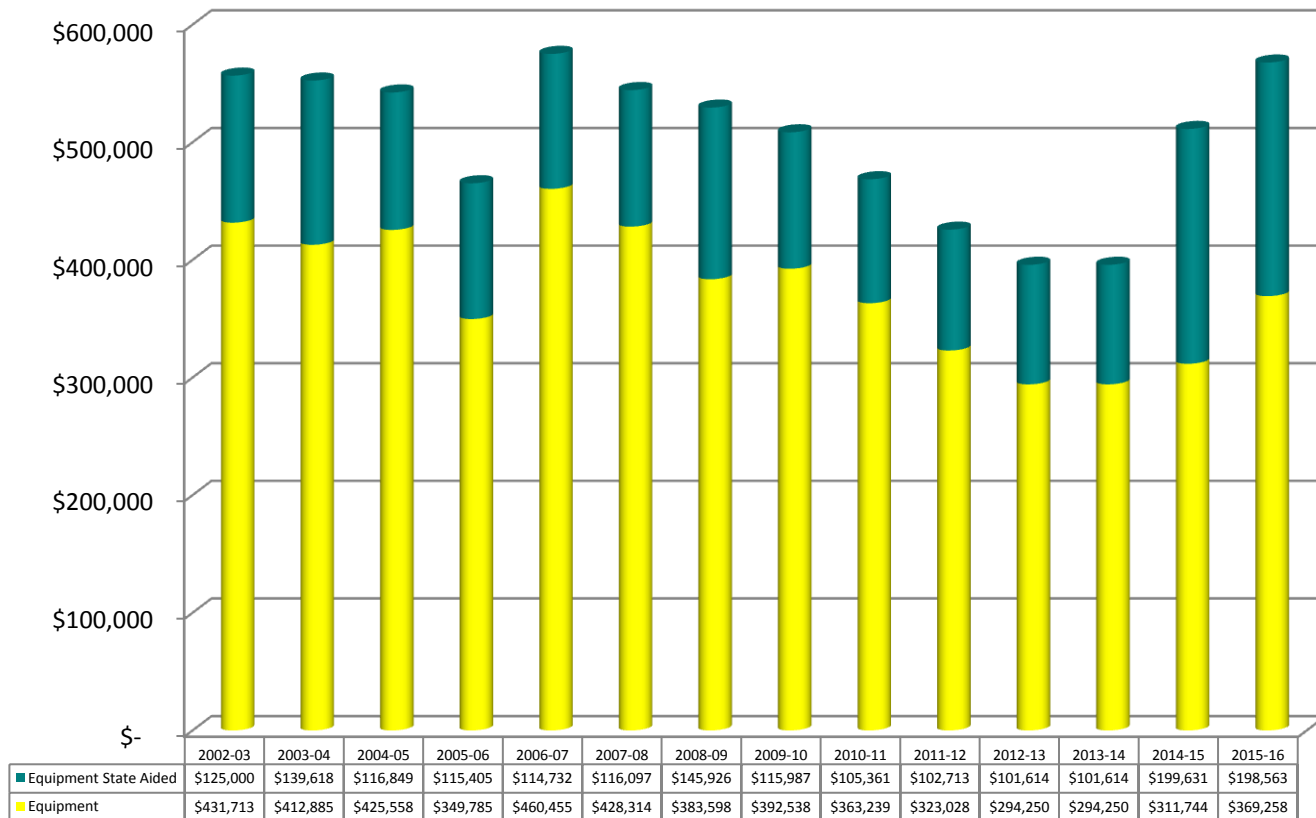
### – Historical Nuances

- Steady decline in District equipment
- Allowable threshold for equipment increased, thus some reclassification to supplies
- Budget reductions
  - Deferred replacement and maintenance plans
    - » O&M equipment
    - » Technology

### – 2015-2016

- State Aided Equip. based on per pupil allocation
  - New – can reclassify from State Aided Supplies to Aided Technology if in original budget
  - Scantron scanner for State Assessments

### Equipment Composition Trend





# Pittsford Central School District 2015-2016 Budget Work Session

## • Contractual, Tuitions & BOCES

Total **+\$ 839,774 5.46%**

### — Contractual **+\$ 122,055 + 2.10%**

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

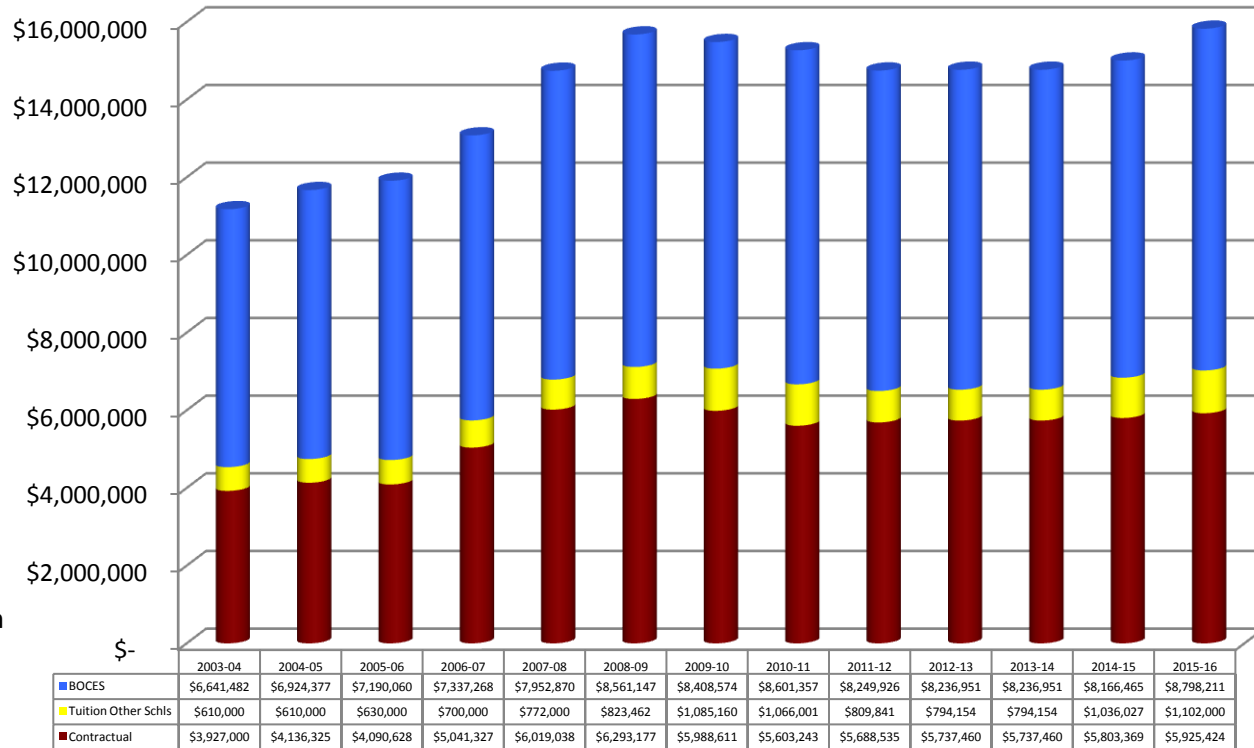
### — Tuitions **\$ 65,973 +6.37%**

- 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 **+\$631,746 +7.74%**

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

### Contractual Composition Trend





# Pittsford Central School District 2015-2016 Budget Work Session

## • Supplies and Instructional Materials

Total **+\$ 158,175** **+5.42%**

### — Instructional Material

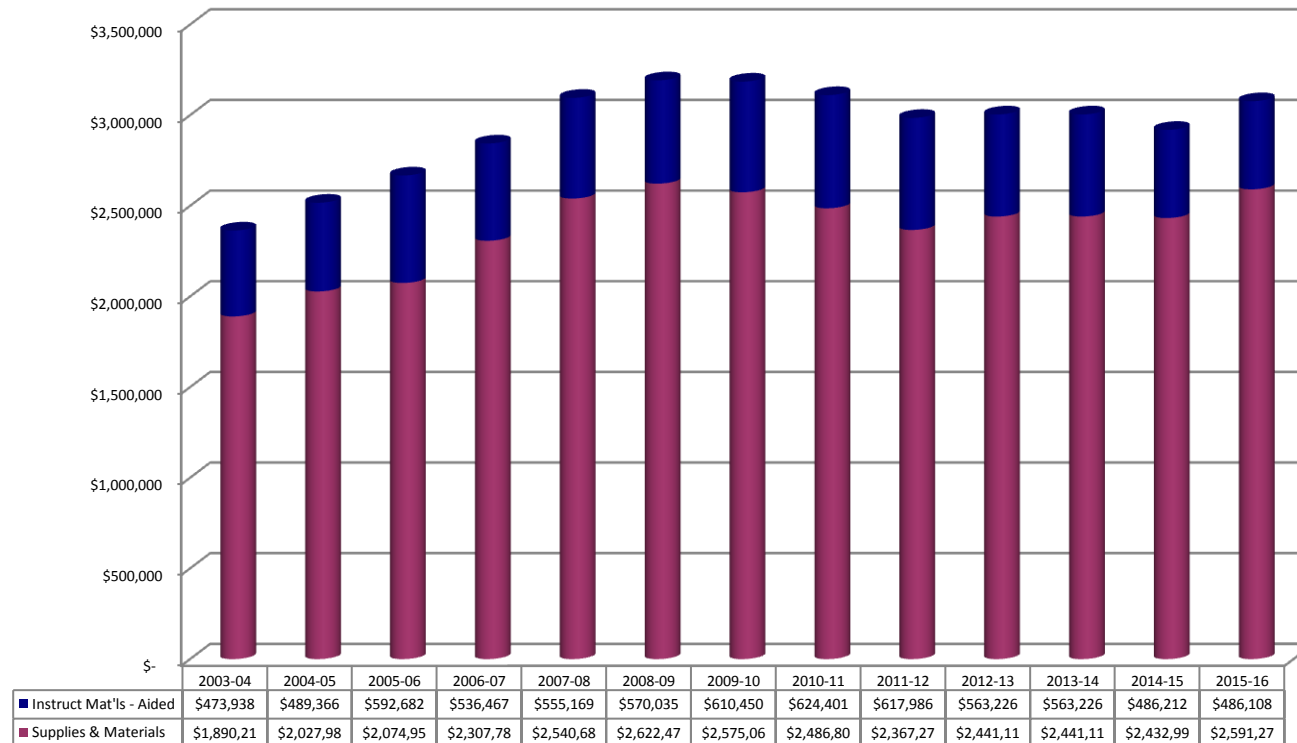
- Text and Library Books, Software
- Are aided \$ for \$ based on a per student allocation
- NEW – \$100,000 reallocated to Technology Aided Hardware (equipment). NYS Law now allows the reclassification if in original District budget

### — District Supplies

- Building Reductions

- **New for 2015-2016** – after 6 years of reductions to building allocations started a *Strategic Initiative Local Grant Program*

## Supplies & Instructional Materials Trend





# Pittsford Central School District 2015-2016 Budget Work Session

## • Undistributed Expenses

**+\$ 423,298 +0.96%**

**— Debt Service +\$ 0 +0.00%**

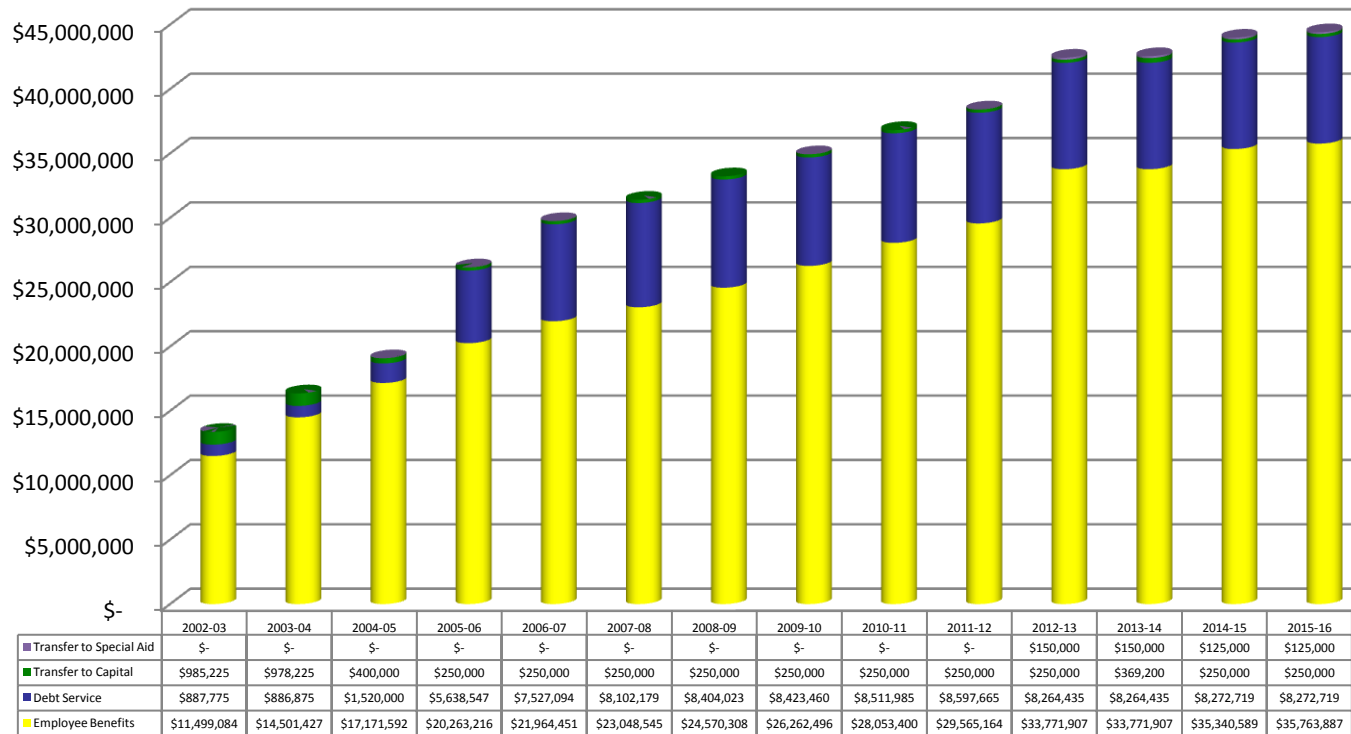
- Refinance July 2012 will save \$2.2 million over next twenty years
- Supported by separate prior voter approval
- Generates Aid that offsets approx 54% of the cost
  - When possible, on Capital Reserve funded projects, transfer Bldg Aid to the reserve to replenish for future tax stabilization

**— Employee Benefits**

**+\$ 423,298 +1.20%**

- 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 2015-16 from:
  - Reduction in employer contribution to Teacher Retirement System – savings of \$900,000

## Undistributed Composition Trend



**— 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

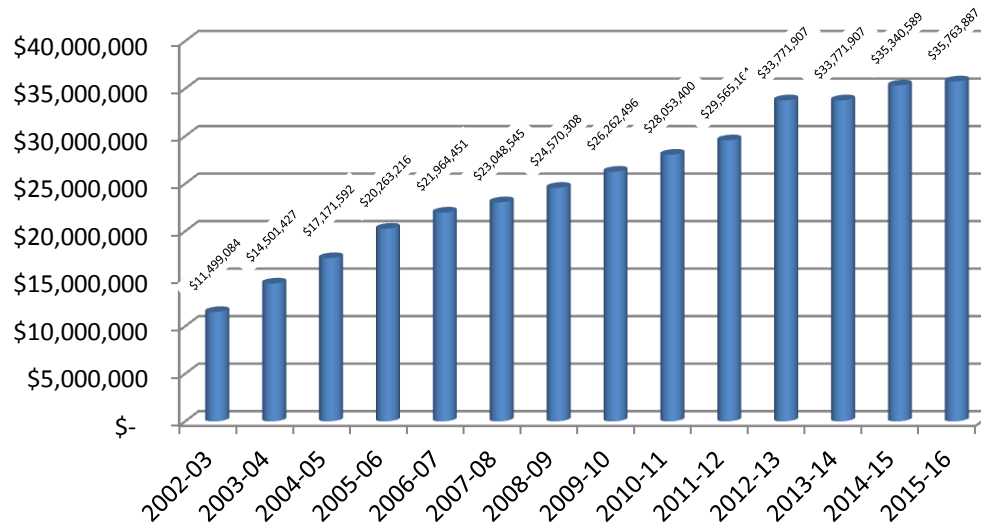
**— Transfer to Special Aid Fund**

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

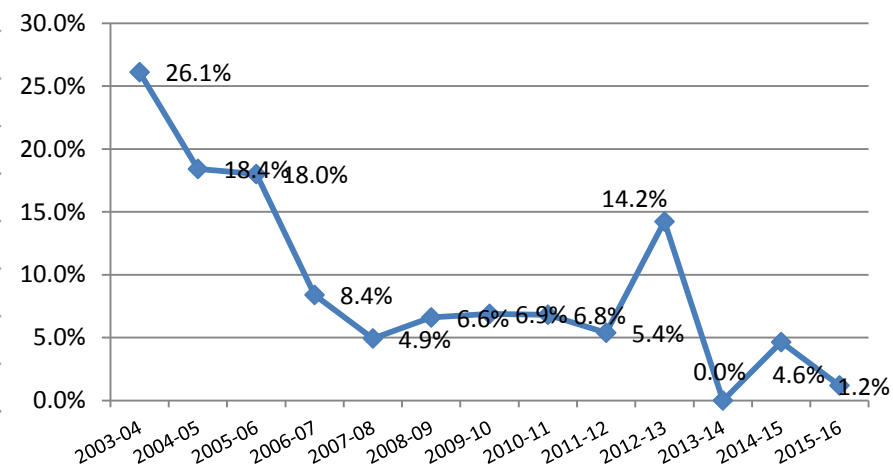


# Pittsford Central School District 2015-2016 Budget Work Session

## 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 to 20% 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.
- In the 2003-04 Budget, Benefits comprised 16% of the total budget, in 2015-16 Benefits comprise 29% of the total budget



# Pittsford Central School District 2015-2016 Budget Work Session

## Putting It Together - Appropriations

	2014-15 Approved Budget	2015-16 Proposed Budget	Dollar Change	Percent Change
Salaries	\$ 57,480,355	\$ 58,694,130	1,213,775	2.11%
Equipment	\$ 511,375	\$ 567,821	56,446	11.04%
Supplies & Instruct Matls	\$ 2,919,209	\$ 3,077,384	158,175	5.42%
Contractual	\$ 5,803,369	\$ 5,925,424	122,055	2.10%
Tuitions	\$ 1,036,027	\$ 1,102,000	65,973	6.37%
BOCES	\$ 8,166,465	\$ 8,798,211	631,746	7.74%
Debt & Transfers	\$ 8,647,719	\$ 8,647,719	0	0.00%
Employee Benefits	\$ 35,340,589	\$ 35,763,887	423,298	1.20%
<b>Total Budget</b>	<b>\$ 119,905,108</b>	<b>\$ 122,576,576</b>	<b>2,671,468</b>	<b>2.23%</b>

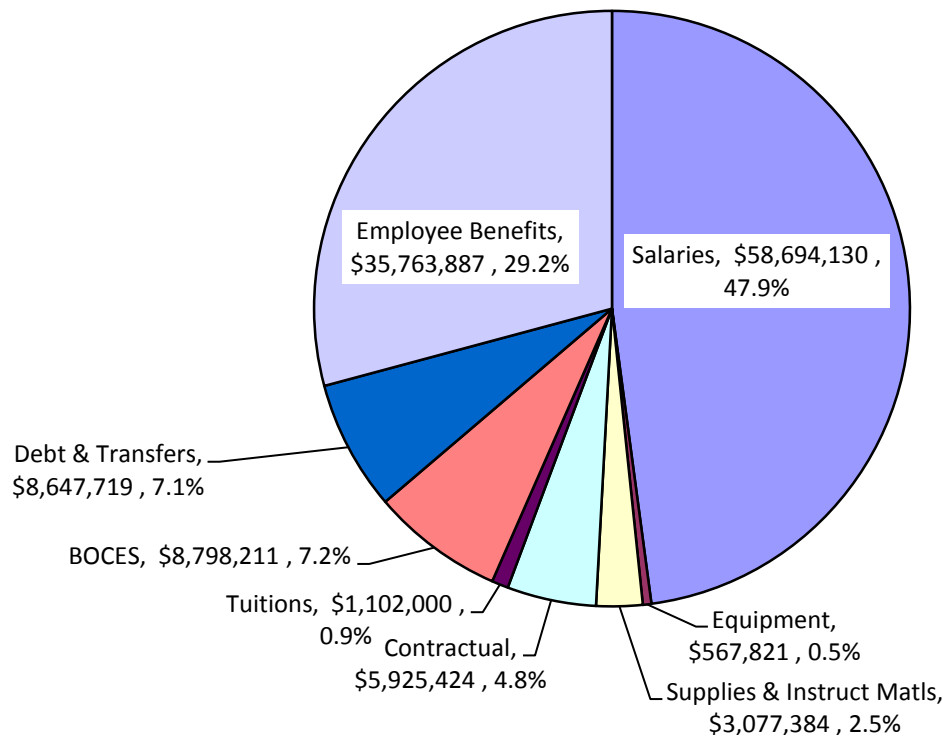




# Pittsford Central School District 2015-2016 Budget Work Session

## Appropriations – Where is it spent?

2015-2016 Draft #1 Budget Composition by Object of Expense





# Pittsford Central School District 2015-2016 Budget Work Session

- Let's Talk Revenue & Support for the Budget/Programs
  - Governor says, “no more aid unless I get my way”
  - Property Tax Cap
    - We don't know some of the variables but required by law to submit to the NYS Comptroller by March 1st

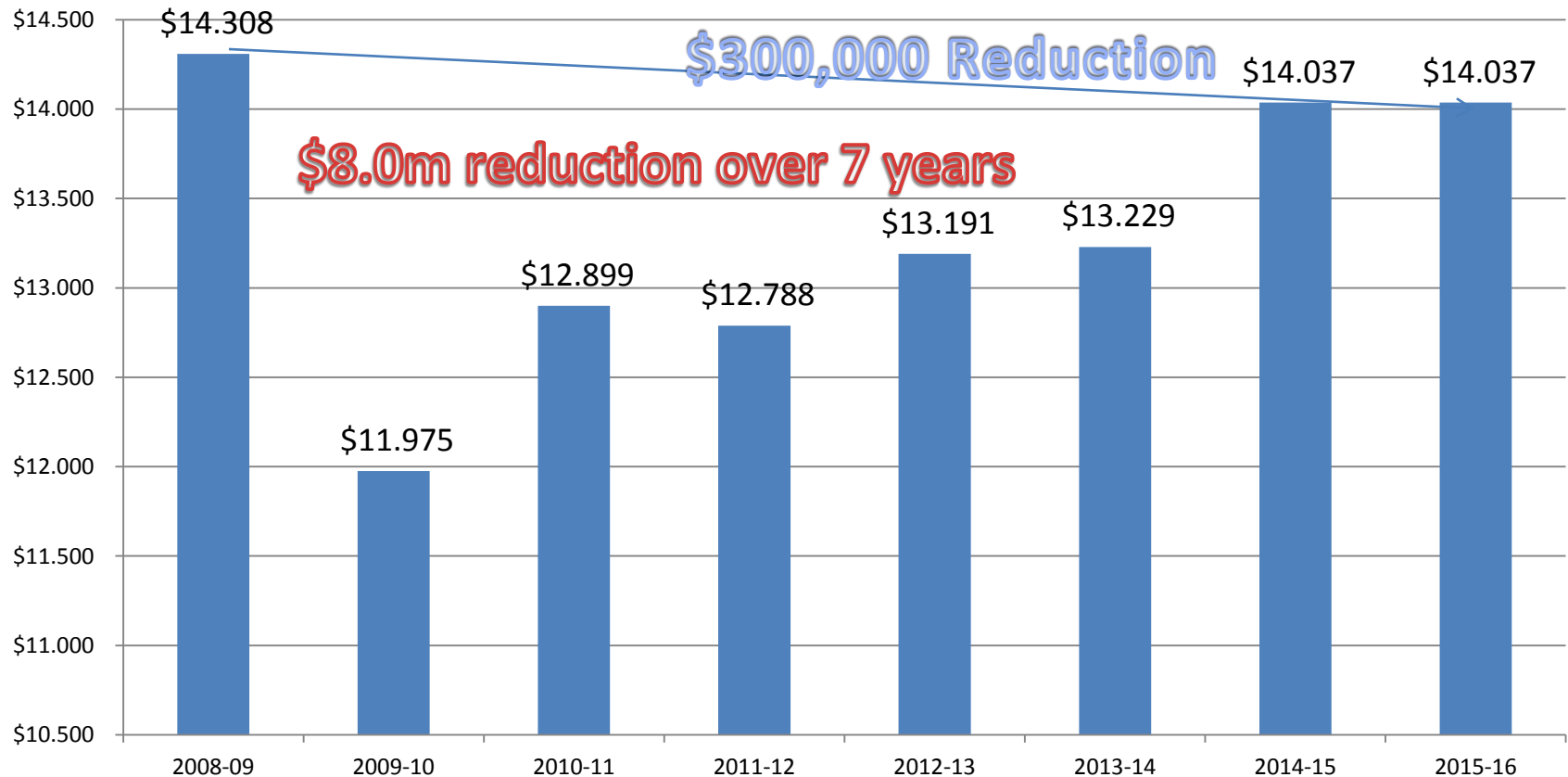




# Pittsford Central School District 2015-2016 Budget Work Session

## Pittsford Specific Trend

Formula Aids For Pittsford CSD - in millions

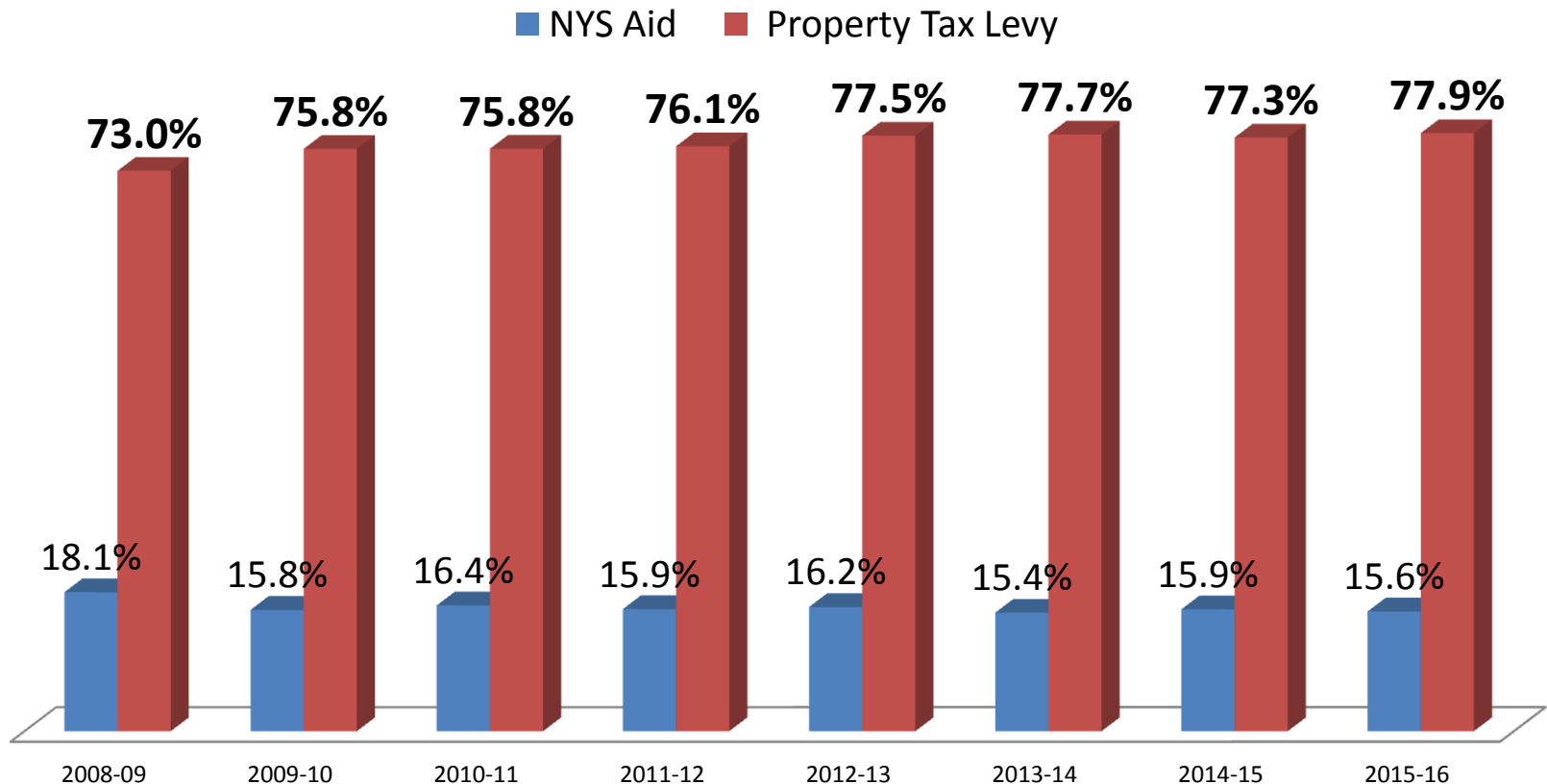




# Pittsford Central School District 2015-2016 Budget Work Session

## Who's Rewarding Academic Performance?

Percentage of Support for the Pittsford CSD Budget





# Pittsford Central School District 2015-2016 Budget Work Session

## How does the Property Tax Cap 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>\$ (2,657,294)</u>	Local Portion (Debt Service Less Bldg Aid)
	=	
Equals: Prior Year Adj Levy	\$ 90,815,302	Adjusted to Base for Growth
	x	
Times: Allowable Growth Factor	1.62%	lesser of CPI or 2%
	-	
Less: Estimated New Year PILOTs	\$ (214,000)	Est from Assessors - May
	+	
Add: Prior Year Carryover	\$ -	If not all cap used (not eligible)
	=	
Equals: TAX LEVY LIMIT	\$ 92,072,510	



# Pittsford Central School District 2015-2016 Budget Work Session

## How does the Property Tax Cap formula work for Pittsford?

Equals: TAX LEVY LIMIT

\$ 92,072,510

+

To be filed with Comptroller March 1

Plus: EXCLUSIONS

Court Orders & Judgments

\$ -

New Year Capital Levy

\$ 2,677,983

Local Portion (Debt Less Bldg Aid) already voter approved

Pension Growth > 2 pts

\$ 0

Employee & Teacher Retire System mandated payments

Add: Total EXCLUSIONS

\$ 2,677,983

=

Maximum Allowable Tax Levy

\$ 94,750,493

\$ 2,084,162

2.25%

**Must be reported to NYS  
Comptroller by March 1st**

Maximum for simple majority vote

Greater would require 60% approval



# Pittsford Central School District 2015-2016 Budget Work Session

## Putting it Together - Revenue

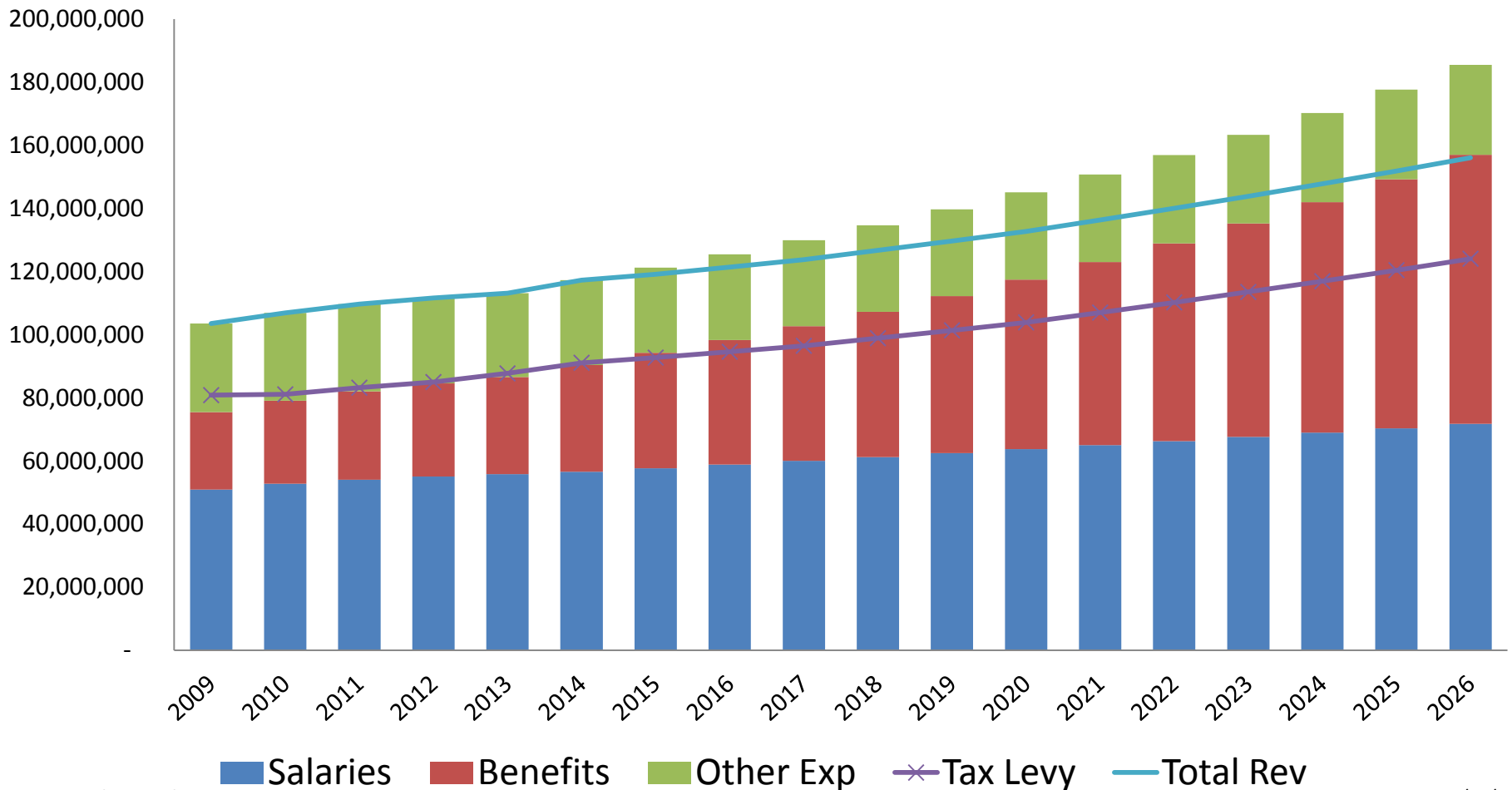
REVENUE – by major category	2014-2015 Adopted	2015-2016 Draft #1	Dollar Change	Percent Change
Property Tax Levy	92,666,331	95,630,063	2,963,732	3.20%
Pmts In Lieu of Tax	380,000	214,000	(166,000)	-43.68%
Sales Tax	4,900,000	4,912,858	12,858	0.26%
Misc Fees & Other	942,294	898,728	(43,566)	-4.62%
State & Federal Aid	19,073,483	18,977,927	(95,556)	-0.50%
Use of Reserves	643,000	643,000	-	0.00%
Approp Fund Bal	1,300,000	1,300,000	-	0.00%
<b>Total Budget</b>	<b>119,905,108</b>	<b>122,576,576</b>	<b>2,671,468</b>	<b>2.23%</b>
Amount (Over) / Under Tax Cap		-879,570	-879,570	-0.73%
<b>Target Budget</b>		<b>121,697,006</b>	<b>1,791,898</b>	<b>1.49%</b>





# Pittsford Central School District 2015-2016 Budget Work Session

## Budget Composition & Support Trend — *Historic & Projected*





# Pittsford Central School District 2015-2016 Budget Work Session

## Understanding the Root Problem

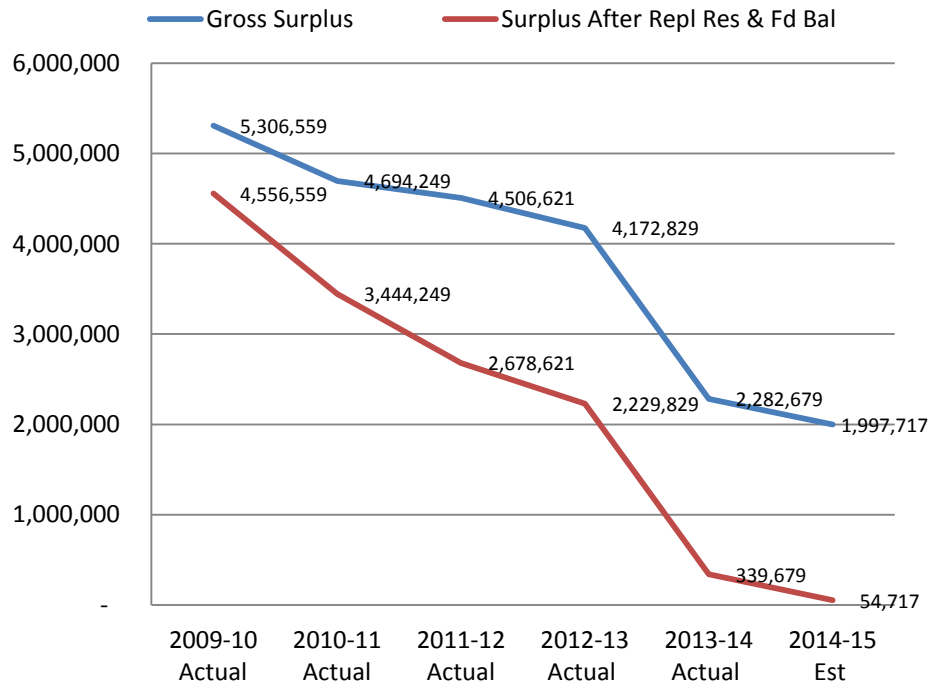
- 80% of our Budget is expended on:
  - Salary
  - Benefits
  - Combined they are growing at a rate of 5% per year
- 80% of our Revenue is from Property Taxes and they are capped at:
  - The lesser of CPI or 2%, plus or minus some exclusions
- 15% of our Revenue is State Aid
  - Relatively flat due to
    - 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



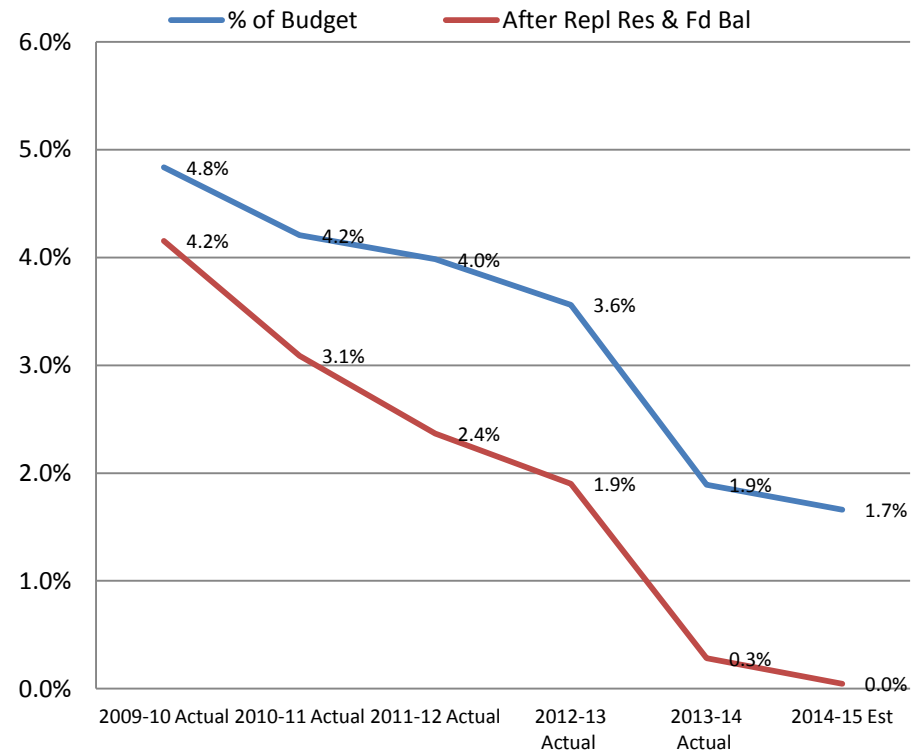
# Pittsford Central School District 2015-2016 Budget Work Session

## We always have a year-end surplus, right?

### Year End Surplus



### Surplus as Percent of Budget





# Pittsford Central School District 2015-2016 Budget Work Session

- Current Status The “Waiting Game”
  - The appropriations budget is significantly complete
    - Working on sectioning and special education placements
  - Needed Answers to Revenue (support) Questions:
    - Will there be an on-time State budget?
    - What will that budget mean to schools and PCSD?
    - Will it have an impact on the Tax Cap?



# Pittsford Central School District 2015-2016 Budget Work Session

What have we been hearing?

- A. No additional aid if no budget
- B. Expect 1.7% increase for expense driven aids
- C. 4.8% increase in aid if legislature accepts Governor's budget
- D. Legislature discussing GEA elimination phase out = 9.2%

Budget Case Scenario	Add'l Aid from Scenario	Budget (Cuts) to Meet Tax Cap
Draft #1 Budget		(\$879,552)
1.7% Aid Restore	\$162,503	(\$717,049)
4.8% Aid Restore	\$458,833	(\$420,719)
9.2% Aid Restore	\$879,430	(\$ 122)
Gap Elimination Adj (GEA) Ended	\$2,374,513	+\$1,499,961 <i>surplus</i>



# Pittsford Central School District 2015-2016 Budget Work Session

## 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



# Pittsford Central School District 2015-2016 Budget Work Session

## Proposition No. 1 Capital Reserve Fund - Purchase of Buses

- Purchase of twelve replacement buses at a total maximum cost of \$1,400,000
  - Ten - 65 passenger \$120,639 ea.
  - One - 36 passenger mini-bus \$114,305 ea.
  - One - 30 passenger \$127,737 ea.  
Wheel Chair van/bus
  - Trade-in allowance will reduce total cost approximately \$49,000
  - **Will not impact the tax levy**
  - Will generate approximately \$812,000 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







# Pittsford Central School District 2015-2016 Budget Work Session

## **PROPOSITION NO. 1 – Capital Reserve Fund – Purchase of Buses**

Shall the following resolution be adopted, to wit:

**BE IT RESOLVED**, that the Board of Education of Pittsford Central School District is hereby authorized to withdraw from the existing “Capital Reserve Fund – Purchase of Buses” a sum of money not to exceed One Million, Four Hundred Thousand Dollars (\$1,400,000) to be used for the purchase of ten (10) replacement sixty-five passenger buses, one (1) replacement thirty-six passenger bus and one (1) replacement thirty passenger wheel chair bus and communications equipment used in the operation of such buses.

### ***PROPOSED – RE-ESTABLISH PURCHASE OF BUSES RESERVE***

***IT IS FURTHER RESOLVED*** that the Board of Education of the Pittsford Central School District is hereby authorized and directed to establish a new reserve fund pursuant to Education Law §3651 which shall be known as the “Capital Reserve Fund – Purchase of Buses” for the purpose of financing, in whole or in part, the purchase and replacement of vehicles and equipment related to the transportation of District students, including all costs incidental to the acquisition thereof, as permitted by Local Finance Law. The ultimate amount of such reserve fund shall not exceed Fifteen Million Dollars (\$15,000,000) plus amounts earned on deposit on reserve funds. The probable existence of said reserve fund shall be ten (10) years, but the fund shall continue in existence for its stated purpose until liquidated according to Education Law. The source from which funds shall be obtained for said reserve funds shall be transfers authorized by the voters from other such reserve funds, current and future unappropriated fund balances from the General Fund as directed by the Board of Education and any other appropriations authorized by the voters. No monies may be expended from the “Capital Reserve Fund – Purchase of Buses” without voter approval.

***BE IT FURTHER RESOLVED*** that the Board of Education of the Pittsford Central School District is hereby directed to transfer any unexpended balance remaining after the purchase of twelve (12) replacement vehicles from the existing “Capital Reserve Fund – Purchase of Buses” as set forth above into the newly established “Capital Reserve Fund – Purchase of Buses” and discontinue use of the existing.



# Pittsford Central School District 2015-2016 Budget Work Session

## 2015-2016 Proposed Budget Quick Facts

- Proposed Budget Increase 2.23%
- The Property Tax Levy Cap 2.25%
- The Proposed Tax Levy 2.25% ??
- State Aid *TBD*



# Pittsford Central School District 2015-2016 Budget Work Session

## Work Session To Do's

- 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 (Regular)
- 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



## **Pittsford Central School District 2015-2016 Budget Work Session**

- Board of Education Questions and Discussion
- End of Presentation
- Presentation may be reviewed on District's website:

[www.pittsfordschools.org](http://www.pittsfordschools.org)

End of Presentation