



PITTSFORD CENTRAL SCHOOL DISTRICT

2016 – 2017 BUDGET WORK SESSION #2

February 23, 2016



Pittsford Central School District 2016-2017 Budget Work Session

For BOE Discussion

DRAFT 2016-2017 Budget Guidelines – Work in Progress

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

- **The board of education reviewed and discussed the guidelines from last year**
 - **The Board requested some small changes were recommended to be reviewed by the District Planning Team**
 - **The Board will adopt final guidelines at later date**
- ❖ 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
 - *Hiring and retaining employees of the highest quality (new)*
 - ❖ Provide **HIGH QUALITY** Professional Development focused on:
 - Strategic Initiative
 - Curriculum, assessment and instruction
 - Social and Emotional learning
 - *Continuous improvement for instructional and non-instructional staff members (new)*
 - ❖ 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



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2016-2017 Budget Development Philosophy and Process

- End in Mind (targets)
 - Maintaining excellence and expected academic performance in instruction and areas that support student achievement in a fiscally responsible manner:
 - *Eye on the Future – A budget that provides for future financial stability while positioning the District to move forward and responsive to changing instructional, political and technological times*
 - *Implemented additional funding for Board of Education approved Strategic Initiatives*
 - *Strive to develop a budget not to exceed the estimated Tax Levy Cap of **0.58%***
- Budget stakeholders in preparing their budgets were instructed to:
 - Identify a budget maintaining current programs and services and/or trade-offs to support new initiatives
 - Identify potential areas to abandon to promote the implementation of Federal & NYS mandates and Board goals & initiatives



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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





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- Budget Development Assumptions
 - Revenue
 - State Aid – Strictly the Governor’s proposal at this time
 - Planning on – nominal aid increase over the current year
 - Hoping for – on time State budget and elimination of the Gap Elimination Adjustment (GEA) and unfreezing Foundation Aid
 - Tax Levy –
 - Not proposing a Tax Levy beyond the provisions of the Property Tax Cap formula (Override) at this time
 - An override may be considered upon finalization of NYS budget
 - Appropriations
 - Similar staffing as current year based on current enrollments
 - Sectioning and Special Education work is in progress
 - Adjustments for English Language Learners and School Schedule Initiative have been implemented
 - Currently in negotiations with 5 of 7 collective bargaining units

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From Work Session on February 8th
Budget Influencing Factors – Status Quo Budget

Revenue Change - Projections

- + 499,189 State Aid – Not Gov
- + 551,492 Tax Levy Cap 0.58%
- 1,050,681 Net Total Revenue Growth

Appropriation Change - Projections

- If Status Quo Budget +\$3,072,854
 - Quick Estimate Budget 2.51% 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

\$1,050,681

Funding Gap \$2,022,173



\$3,072,854

Status Quo Budget 2/9/2015

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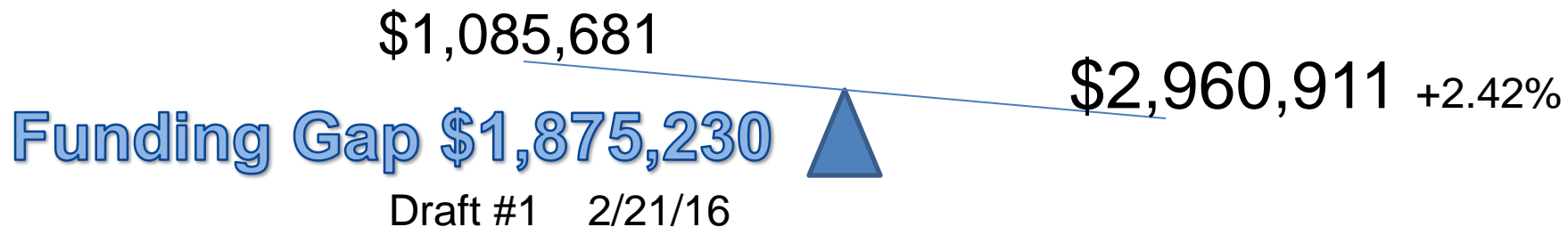
Defining & Closing the Gap – Solutions Implemented
From February 8th Work Session

Revenue

- From Previous Slide \$1,050,681
- Draft #1 Budget Adjustments
 - COMIDA + 35,000
- Net Change in Revenue \$ 35,000
- Net Added Revenue \$1,085,681
(what we have to support current program cost growth)

Appropriations

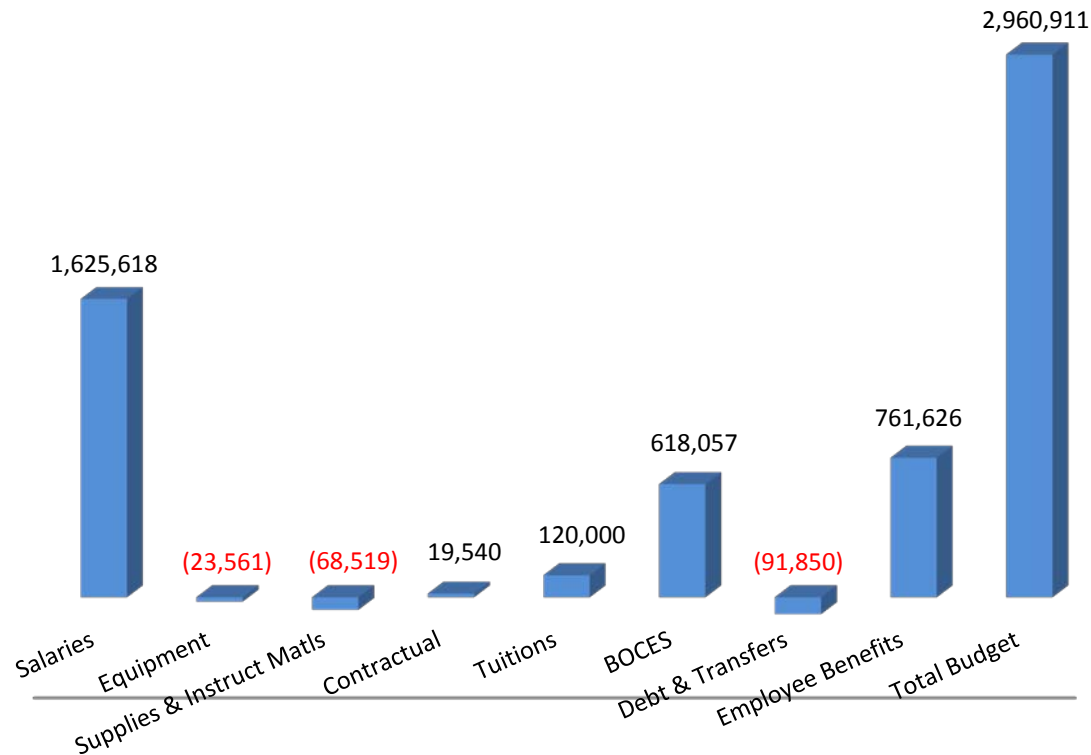
- From Previous Slide +2.52% \$3,072,173
- Draft #1 Budget Reductions Adjustments
 - Retirement Attrition (\$111,943)
- Decrease in Appropriations (\$111,943)
- Net Budget Increase 2.42% \$2,960,911
(what we need to maintain current programs)



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Draft One Budget Overview

Dollar Change By Object of Expense
Budget Reductions in Red





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2016-2017 Composite Draft Budget

Salaries & Staffing

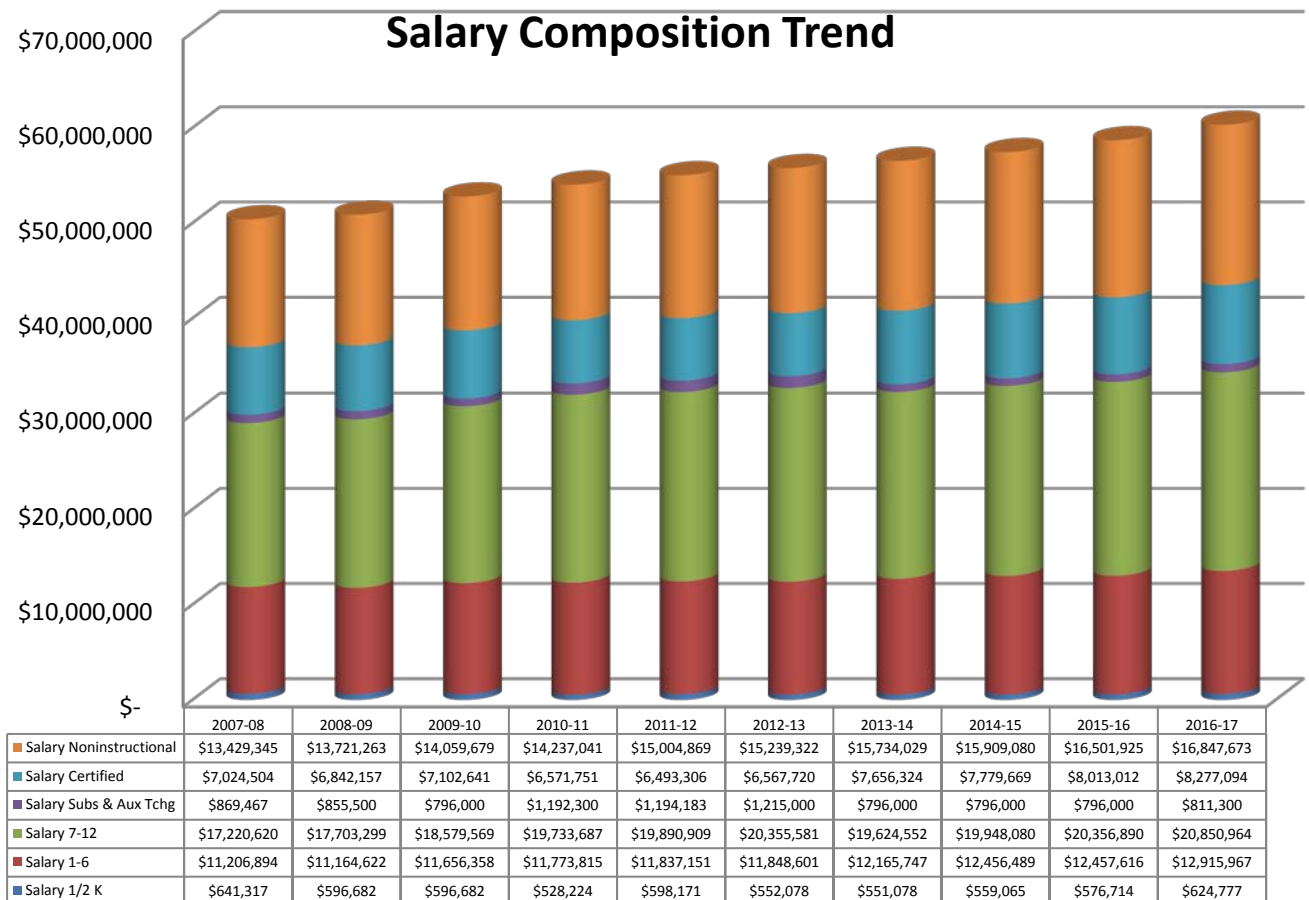
+ \$1,625,618 +2.77%

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

For 2016-2017

- Includes Retirement Attrition Savings
- Added Health Insurance costs for retirees (see benefits section)
- Current total staffing is 4.5 FTE less than budget
- Added 1.0 FTE English Language Learner ELL teacher
- Added 3.2 FTE Special Area teachers to support new elementary schedule change





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• Equipment

-\$ 23,561 -4.15%

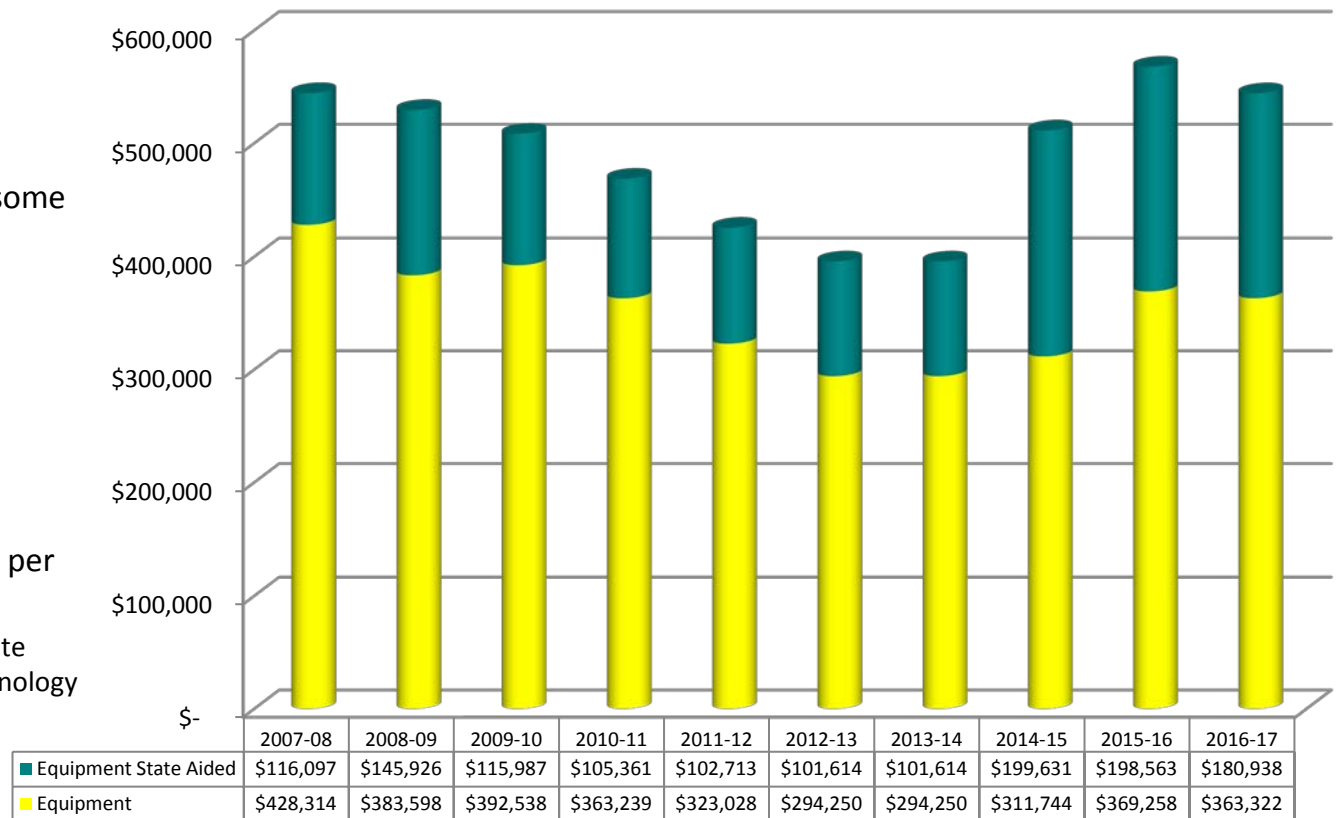
– Historical Nuances

- 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

– 2016-2017

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

Equipment Composition Trend





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• Contractual, Tuitions & BOCES

Total **+\$1,656,317 11.22%**

— Contractual **+\$ 19,540 + 0.35%**

- Reduced copier leases and maintenance costs \$18,000,000 and renewing current study
- Reduce conference and travel
- Reduction of non instructional program related consultants
- Utility saving measures & lower unit charge

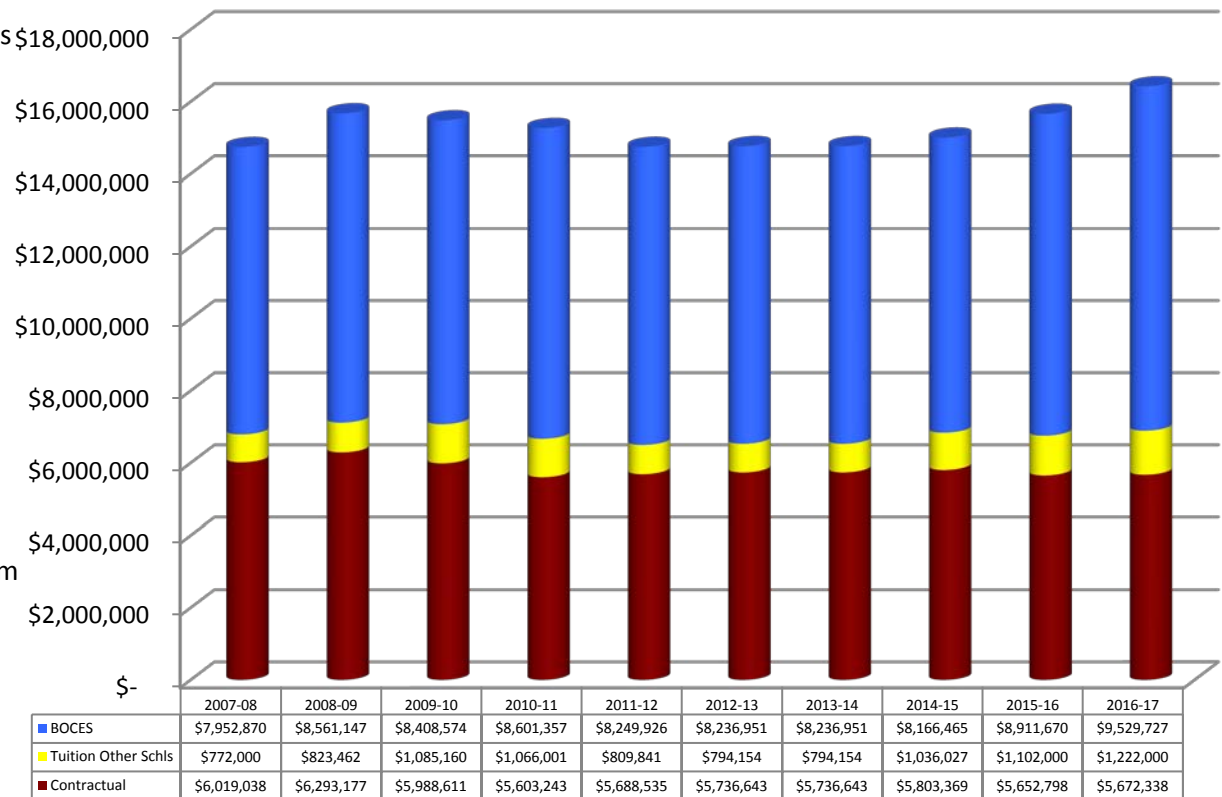
— Tuitions **\$120,000 +10.89%**

- Increased cost of Special Education Svcs
- 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 **+\$618,057 +6.94%**

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

Contractual Composition Trend





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• Supplies and Instructional Materials

Total **-\$ 68,519** **-2.23%**

— 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

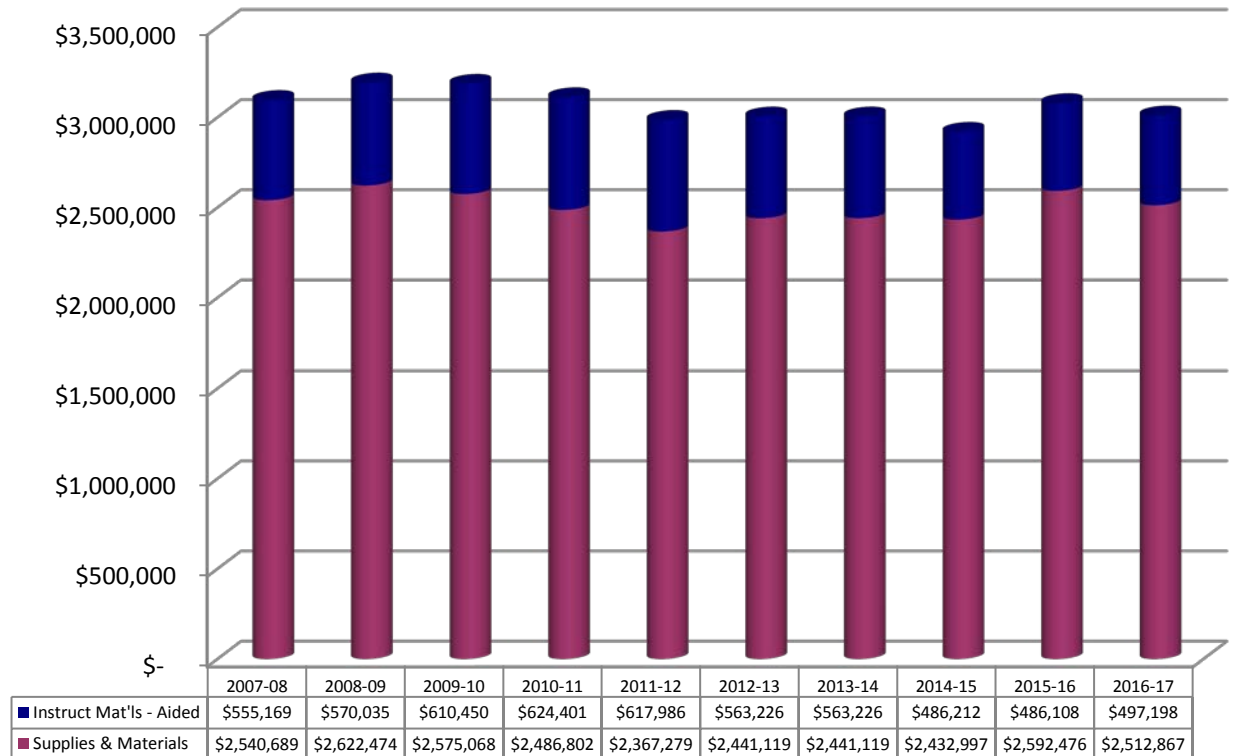
— District Supplies

- Building allocation based on enrollment

— New for 2016-17 – continue *Strategic Initiative Local Grant Program* (second year)

— *Decrease due to decrease in enrollment*

Supplies & Instructional Materials Trend





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• Undistributed Expenses

+\$ 669,776 +1.5%

— Debt Service **-\$91,850 -1.11%**

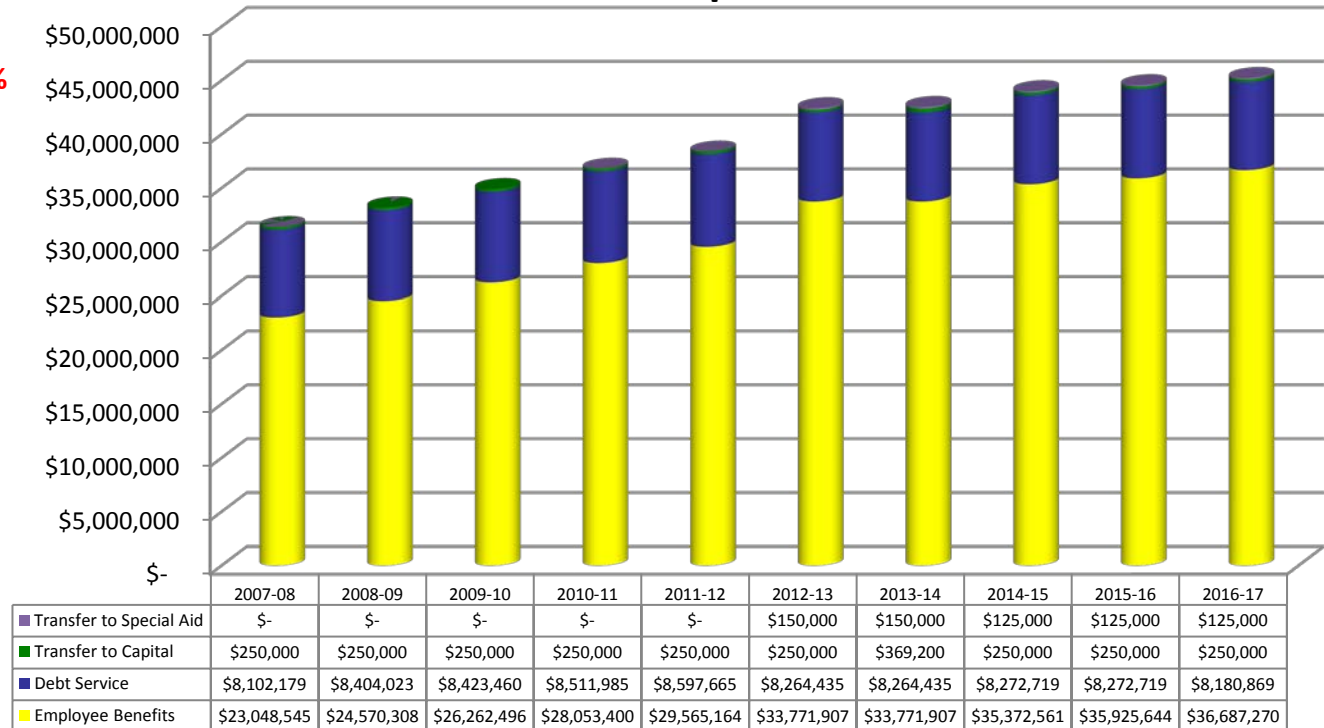
- Refinance July 2012 will save \$2.2 million over next twenty years
- Supported by separate prior voter approval
- Generates Aid that offsets approx 54% of the cost
 - When possible, on Capital Reserve funded projects, transfer Bldg Aid to the reserve to replenish for future tax stabilization

— Employee Benefits

+\$ 761,626 +2.12%

- Cost savings from
 - Health and Worker's Comp insurance consortiums
 - Self-funded Dental
 - Contractual concessions
- Substantial decrease in the required employer contribution to Employee & Teacher Retirement Systems
- Due to the Federal Health Care Reform Act, Health Insurance costs starting to rise
- Includes the health insurance for the new retirements

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

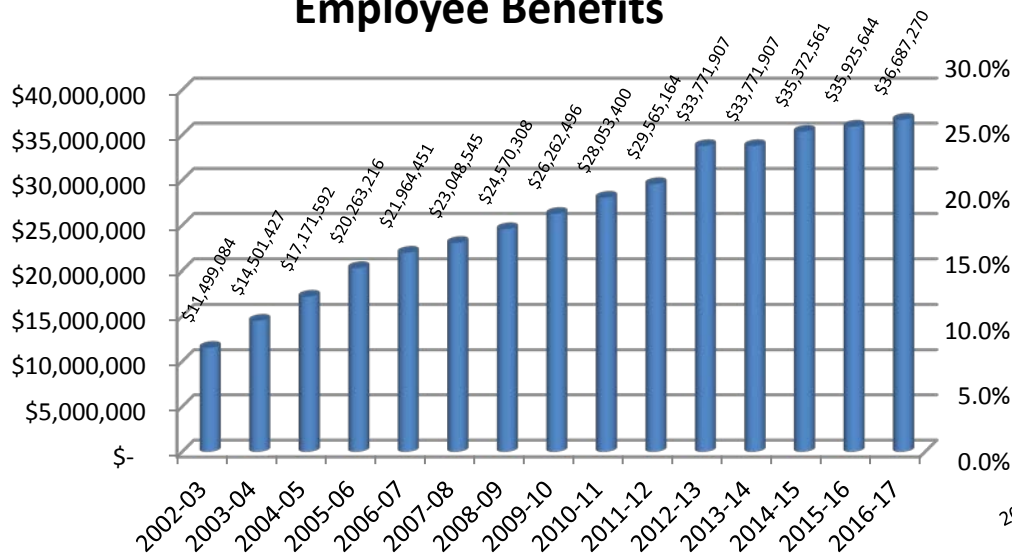
— Transfer to Special Aid Fund

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

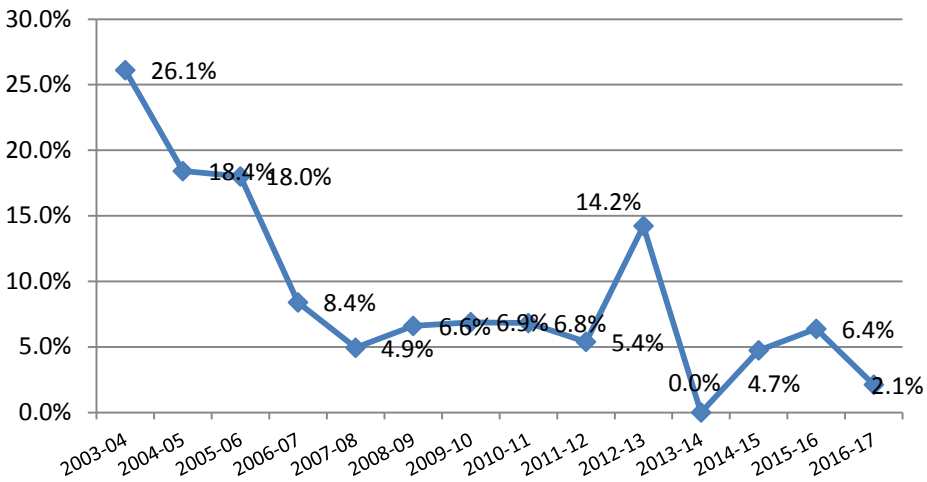


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Employee Benefits



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 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, for 2016-17 Benefits comprise 29% of the total budget



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Putting It Together - Appropriations

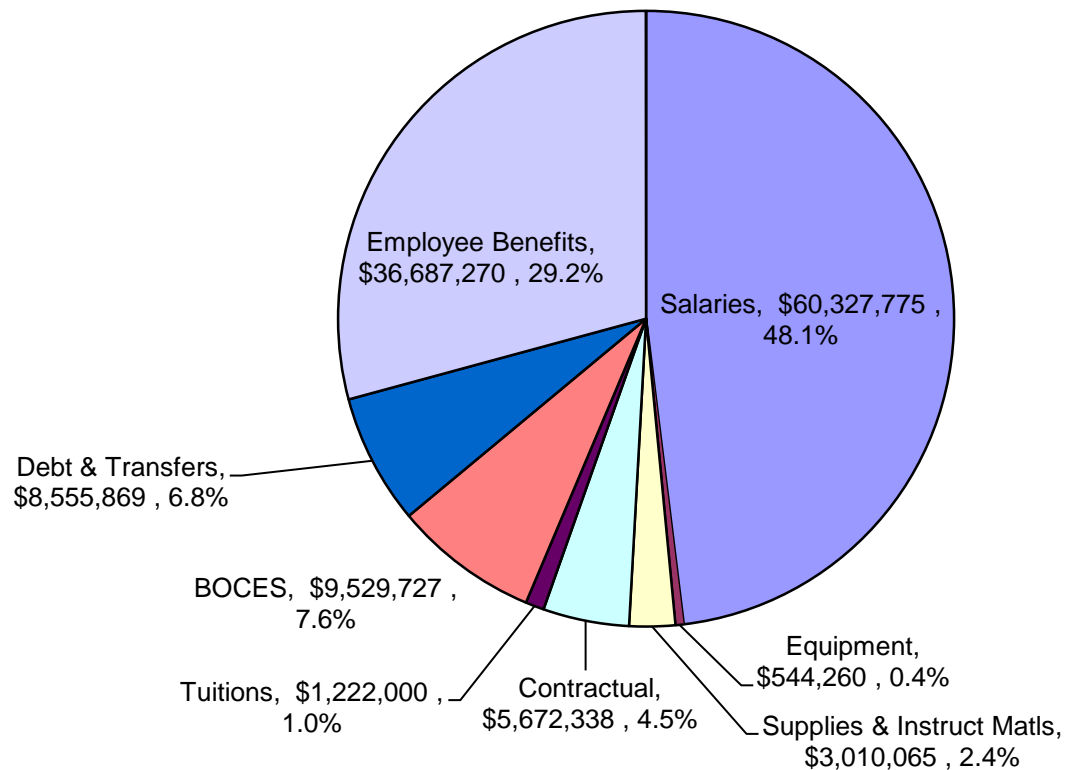
	2015-16 Approved Budget	2016-17 Proposed Budget	Dollar Change	Percent Change
Salaries	\$ 58,702,157	\$ 60,327,775	1,625,618	2.77%
Equipment	\$ 567,821	\$ 544,260	(23,561)	-4.15%
Supplies & Instruct Matls	\$ 3,078,584	\$ 3,010,065	(68,519)	-2.23%
Contractual	\$ 5,652,798	\$ 5,672,338	19,540	0.35%
Tuitions	\$ 1,102,000	\$ 1,222,000	120,000	10.89%
BOCES	\$ 8,911,670	\$ 9,529,727	618,057	6.94%
Debt & Transfers	\$ 8,647,719	\$ 8,555,869	(91,850)	-1.06%
Employee Benefits	\$ 35,925,644	\$ 36,687,270	761,626	2.12%
Total Budget	\$ 122,588,393	\$ 125,549,304	2,960,911	2.42%



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Appropriations – Where is it spent?

2016-2017 Draft #1 Budget Composition by Object of Expense





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- Let's Talk Revenue & Support for the Budget/Programs
 - Governor says..... not much, it is unusually quiet in Albany
 - Property Tax Cap
 - We don't know some of the variables but required by law to submit to the NYS Comptroller by March 1st

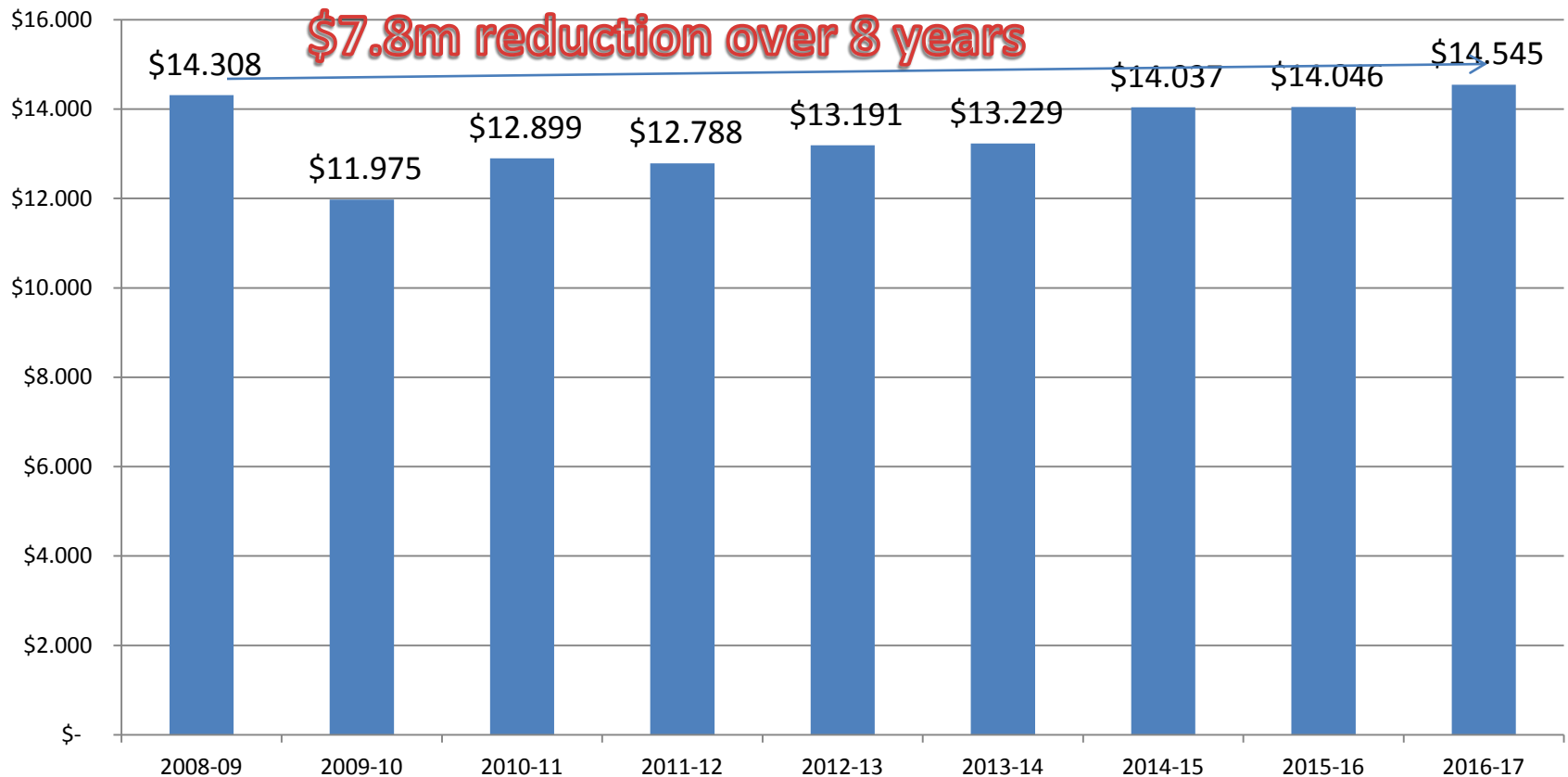




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Pittsford Specific Trend

Formula Aids For Pittsford CSD - in millions





How does the formula work for Pittsford?

Prior Year Levy	\$ 94,750,493	2015-16 Actual - current year
	x	
Times: Tax Base Growth Factor	1.0048	From Comptroller expansion & development
	+	
Add: Prior Year PILOTs	\$ 350,376	2015-16 Actual
	-	
Less: Prior Year Capital Levy	<u>\$ (2,677,983)</u>	Local Portion (Debt Service Less Bldg Aid)
	=	
Equals: Prior Year Adj Levy	\$ 92,877,688	Adjusted to Base for Growth
	x	
Times: Allowable Growth Factor	0.12%	lesser of CPI or 2%
	-	
Less: Estimated New Year PILOTs	\$ (249,125)	Est from Assessors - May
	+	
Add: Prior Year Carryover	\$ -	If not all cap used (not eligible)
	=	
Equals: TAX LEVY LIMIT	\$ 92,740,017	



How does the formula work for Pittsford? (continued)

Equals: TAX LEVY LIMIT

\$ 92,740,017

+

To be filed with Comptroller March 1

Plus: EXCLUSIONS

Court Orders & Judgments

\$ -

New Year Capital Levy

\$ 2,561,939

Local Portion (Debt Less Bldg Aid) already voter approved

Pension Growth > 2 pts

\$ 0

Employee & Teacher Retire System mandated payments

Add: Total EXCLUSIONS

\$ 2,561,939

=

Maximum Allowable Tax Levy

\$ 95,301,955

\$ 551,462

0.58%

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

Maximum for simple majority vote

Greater would require 60% approval



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Putting it Together - Revenue

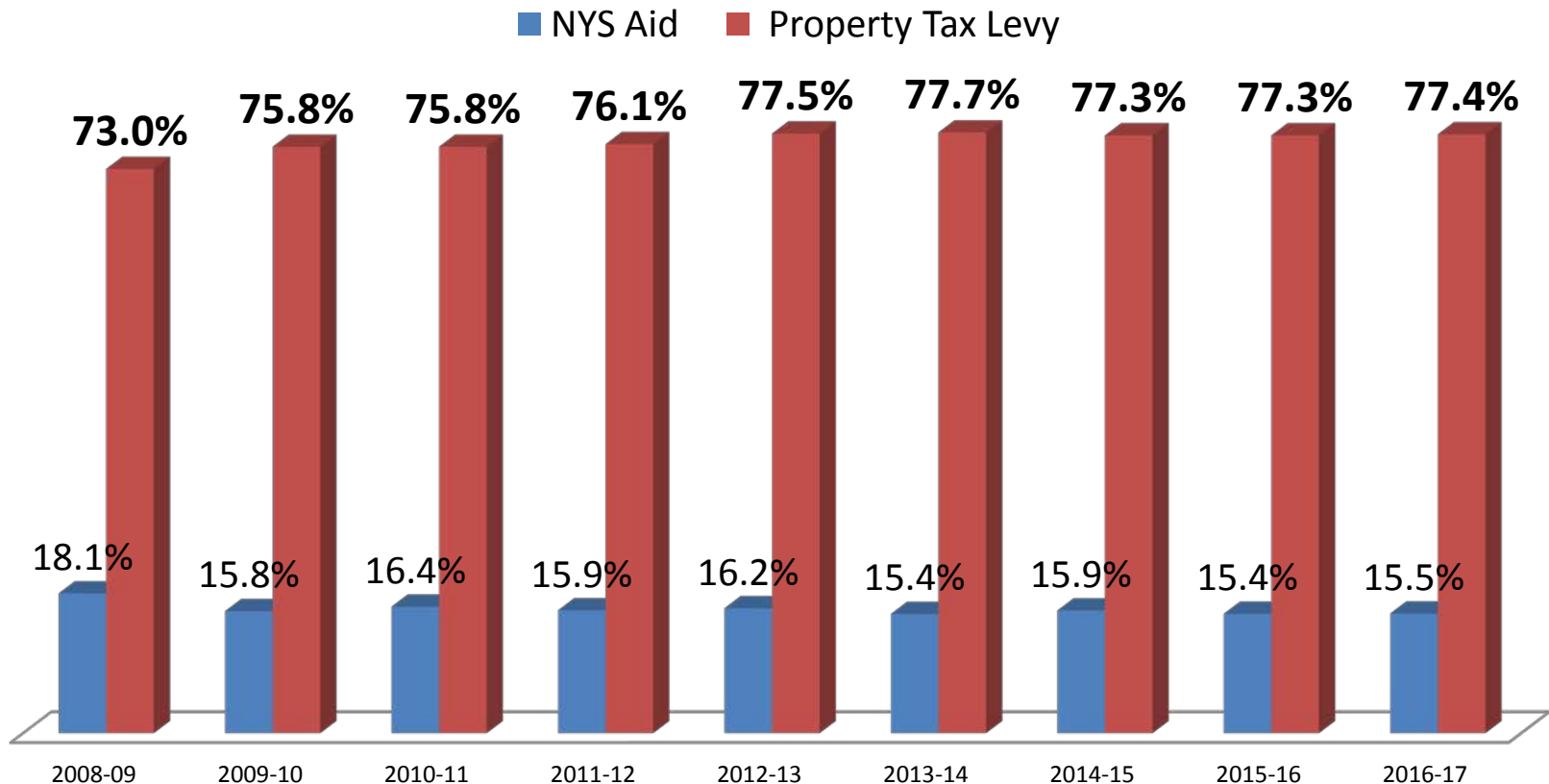
REVENUE – by major category	2015-2016 Adopted	2016-2017 Draft #1	Dollar Change	Percent Change
Property Tax Levy	94,750,493	97,177,215	2,426,722	2.56%
Pmts In Lieu of Tax	214,000	249,000	35,000	16.36%
Sales Tax	4,912,858	4,912,858	-	0.00%
Misc Fees & Other	948,728	948,728	-	0.00%
State & Federal Aid	19,819,314	20,318,503	499,189	2.52%
Use of Reserves	643,000	643,000	-	0.00%
Approp Fund Bal	1,300,000	1,300,000	-	0.00%
Total Budget	122,588,393	125,549,304	2,960,911	2.42%
Amount (Over) / Under Tax Cap		-1,875,260	-1,875,260	-1.53%
Target Budget		123,674,044	1,085,651	0.89%



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Who's Rewarding Academic Performance?

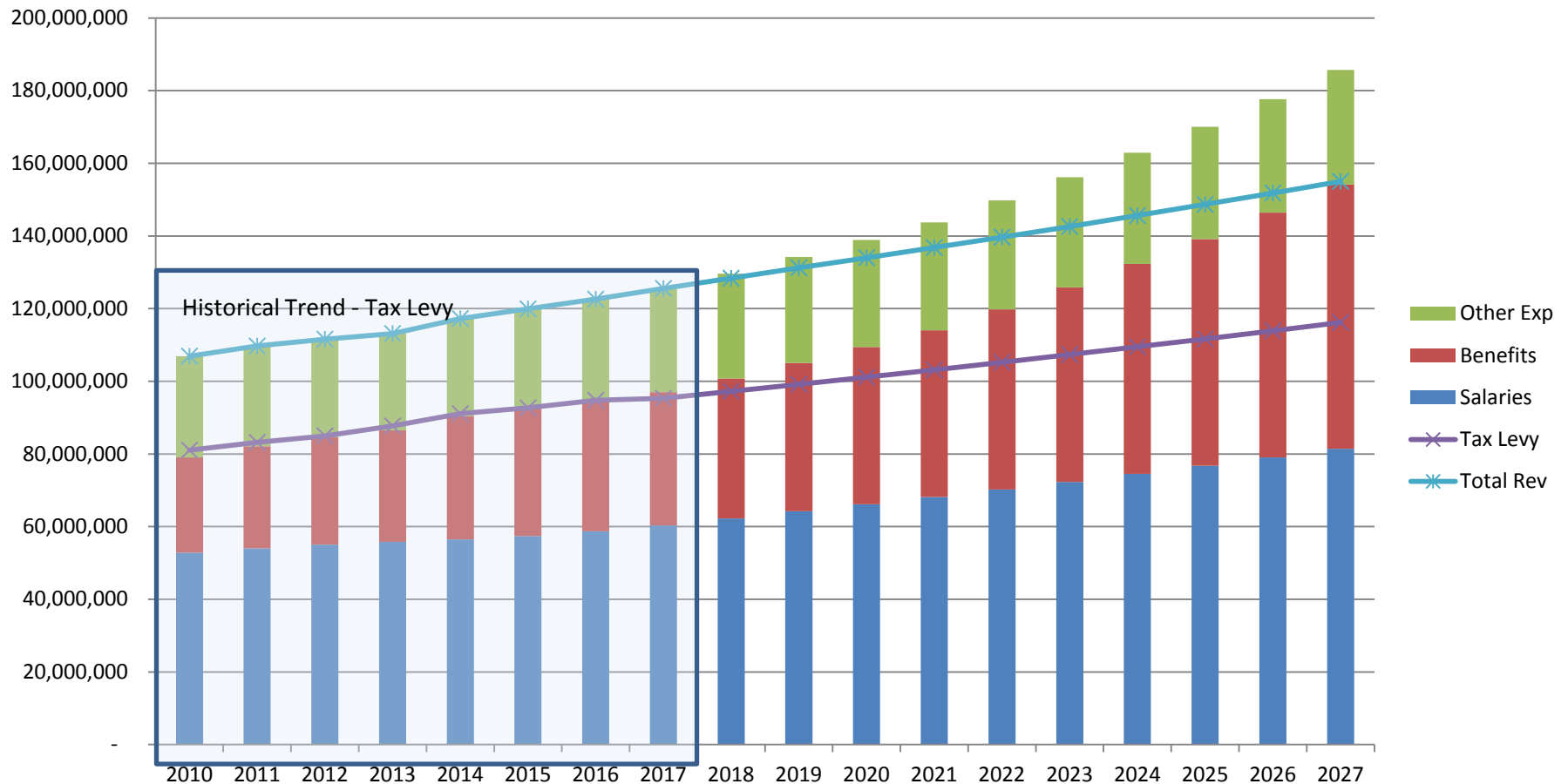
Percentage of Support for the Pittsford CSD Budget





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Budget Composition & Support Trend – *Historic & Projected*





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Understanding the Root Problem

- Approximately 80% of our Budget is expended on:
 - Salary
 - Benefits
 - Combined they are growing at an average rate of 5% per year
- Approximately 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 total budget support pie
 - Restoration of Aid (return to formula) is not likely for a High Wealth High Performing School
- Our Community Wealth on average is improving (per SED data)
 - Combined Wealth Ratio is increasing from 25% to 31% wealthier than State Average
 - Property Value Wealth pretty stable
 - Income Wealth is increasing meaning the State Aid formulas become less in our favor and the Tax Cap more punitive
 - Tax Effort ratio or a communities ability to pay property taxes is improving and the lowest in the county



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- Current Status The “Waiting Game”
 - The appropriations budget is significantly complete
 - Working on sectioning and special education placements
 - Vetting all departments and codes
 - 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?



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What have we been hearing?

- A. State Aid Increase – cease the Gap Elimination Adjustment (GEA)
- B. Some Increase to Foundation Aid Formula
- C. Possible modification to the Property Tax Cap formula

Budget Case Scenario	Add'l Aid from Scenario	Budget (Cuts) to Meet Tax Cap
Draft #1 Budget		(\$1,875,260)
IF GEA termination	\$1,052,953	(\$822,307)
IF 4.8% Aid Restore	400,000	(\$422,307)



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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 short and long-term budget and services



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Proposition No. 1 Capital Reserve Fund - Purchase of Buses

- Purchase of twelve replacement buses and one service truck at a total maximum cost of \$1,405,000
- **Estimated Costs (pre-bid)**
 - Twelve – 36 pass mid size \$115,019 ea.
 - One – Service Truck \$ 38,000 ea.
 - Trade-in allowance for twelve buses will reduce total cost approximately \$14,500
 - **Will not impact the tax levy**
 - Will generate approximately \$685,000 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. 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 Five Thousand Dollars (\$1,405,000) to be used for the purchase of twelve (12) replacement thirty-six passenger buses, one (1) replacement service truck.



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2015-2016 Proposed Budget Quick Facts

- Draft #1 Budget Increase 2.42%
- The Property Tax Levy Cap 0.58%
- The Proposed Tax Levy ?.??% TBD
- State Aid *TBD*



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Work Session To Do's

- March 1 – Report required data to Comptroller
- March 9 – Board Work Session (Final)
 - Stay abreast of and implement changes
 - State/federal funding update
 - Additional propositions
- March 17 – District Planning Team (DPT)
- March 21 – BOE Meeting (Regular) **Budget Work Session if needed**
- April 19 – Board adopts Superintendent's Budget
- April 21 – District Planning Team (DPT)
- May 9 – Public Budget Hearing
- May 17 – 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

End of Presentation