



PITTSFORD CENTRAL SCHOOL DISTRICT

Superintendent's 2016-17 Proposed Budget
for Board of Education Adoption
Board of Education Meeting - April 19, 2016





Pittsford Central School District 2016-2017 Budget Adoption

Purpose

Present the Superintendent's recommended 2016-2017 Proposed Budget for the Board of Education to consider adopting as their budget to be presented to the voters

- **Budget development process**
- **Incorporate legally required information**



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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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Where were we at the March 21st Work Session?

- **Appropriations**

- The budget was \$125,567,824 or 2.43%; \$2,979,431 more than previous year
 - Sectioning work was and is ongoing
 - Committee on Special Education (CSE) - underway and identifying student services
 - Continued work on refining the budget

- **Revenues**

- Used Governor's proposal which was a 3.6% or \$499,189 increase in State Aid
- Property Tax Cap was calculated at 0.58% yielding just \$551,492 and Board of Education was not interested in seeking a Property Tax Cap Override and Super Majority

- **Net Impact?**

- *The Budget was not balanced and had a \$1,893,780 gap (revenue support shortage)*



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What has changed since March 21th Work Session?

- **Appropriations**

- **Budget net adjustment reduced to \$125,506,510 or increase of 2.38%**
 - Sectioning work was and is ongoing
 - Committee on Special Education (CSE) - underway and identifying student services +\$42,000
 - Continued work on refining the budget
 - **BOCES corrections and adjustments +\$140,000**
 - **Retirement attrition and enrollment/sectioning provided some additional savings -\$243,314**

- **Revenues**

- **NYS budget** adopted, resulting in an additional total \$1,598,225 in State Aid to the District
 - **GAP Elimination Adjustment (GEA) ended +\$1,052,953**
 - **Foundation Aid +\$447,000, PCSD disqualified due to wealth -\$447,000 = \$0 Net**
 - **Small changes in categorical Aids due to update of SED data +\$356,546**
 - **Urban/Suburban Aid + \$188,726**
 - **PCSD portion of Rochester City Aid for students that attend PCSD**
- **Property Tax Levy** the Tax Cap remained unchanged and the additional State Aid:
 - The additional aid was NOT sufficient to balance the budget
 - Increase use of Appropriated Fund Balance by \$234,000 to \$1,524,000

- **Net Impact?**

- **Budget 2.38%**
- **Tax Levy 0.58%**
- ***Increase use of Fund Balance \$234,000***

***Budget in Balance at the Tax Cap**



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Proposed Budget by Object of Expense

Object of Expense	2015-2016 Adopted	2016-2017 Proposed	Dollar Change	Percent Change
Salaries	58,702,157	60,199,545	1,497,388	2.55%
Benefits	36,043,144	36,601,714	558,570	1.55%
Equipment	567,821	544,260	-23,561	-4.15%
Contractual & Tuitions	6,911,624	7,421,786	510,162	7.38%
BOCES	8,632,344	9,669,969	1,037,625	12.02%
Supplies & Aided Matls	3,078,584	2,513,367	-565,217	-18.36%
Debt Service & Transfers	8,652,719	8,555,869	-96,850	-1.12%
Total Budget	122,588,393	125,506,510	2,918,117	2.38%



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Putting It Together – Programs & Services

	Approved 2015-2016	Approved Budget FTE 2015-2016	Actual YTD FTE 2015-2016	Proposed FTE 2016-2017	Proposed 2016-2017	\$ Change	% Change
TOTAL PROGRAM SERVICES							
Schools	\$ 48,299,664	811.50	810.00	814.90	\$ 49,474,975	\$ 1,175,311	2.43%
Central Student Services	\$ 8,705,767	29.45	29.45	30.05	\$ 9,530,051	\$ 824,284	9.47%
Instructional Services	\$ 3,583,366	34.35	34.35	33.15	\$ 3,706,973	\$ 123,607	3.45%
Support Services	\$ 15,277,462	225.35	225.35	224.89	\$ 15,451,258	\$ 173,796	1.14%
Central Administration	\$ 369,726	3.00	3.00	3.00	\$ 390,928	\$ 21,202	5.73%
Unallocated Expenses	\$ 46,352,408	0.00	0.00	0.00	\$ 46,952,325	\$ 599,917	1.29%
Total Program Services	\$ 122,588,393	1,103.65	1,102.15	1,105.99	\$ 125,506,510	\$ 2,918,117	2.38%



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Revenue Summary

DESCRIPTION	2011-12	2012-13	2013-14	2014-15	2015-16	ESTIMATED 2016-17	\$ INCREASE (DECREASE)	% INCREASE (DECREASE)
PROPERTY TAX LEVY & STAR	\$ 84,971,450	\$ 87,709,370	\$ 91,075,881	\$ 92,666,331	\$ 94,750,493	\$ 95,301,955	\$ 551,462	0.58%
STATE AID	\$ 18,136,313	\$ 17,350,090	\$ 18,084,866	\$ 19,023,483	\$ 19,819,314	\$ 21,832,029	\$ 2,012,715	10.16%
SALES TAX	\$ 4,398,705	\$ 4,500,000	\$ 4,600,000	\$ 4,900,000	\$ 4,912,858	\$ 4,912,858	-	0.00%
INTEREST	\$ 90,000	\$ 123,968	\$ 98,000	\$ 69,125	\$ 45,758	\$ 45,758	-	0.00%
MISC REVENUE	\$ 2,166,258	\$ 1,534,948	\$ 1,449,482	\$ 1,303,169	\$ 1,116,970	\$ 1,236,910	\$ 119,940	10.74%
FUND BALANCE & RESERVES	\$ 1,828,000	\$ 1,928,000	\$ 1,943,000	\$ 1,943,000	\$ 1,943,000	\$ 2,177,000	\$ 234,000	12.04%
TOTAL REVENUES	\$ 111,590,726	\$ 113,146,376	\$ 117,251,229	\$ 119,905,108	\$ 122,588,393	\$ 125,506,510	\$ 2,918,117	2.38%

• Specific Highlights

- Property Tax Levy – Fifth year of the Property Tax Cap. For Pittsford this year the formula calculates to a capped increase over the prior year's levy of just 0.58%. Formula "Exclusion Items" that affect the Tax Cap :
 - Increase in Property Tax Base (transfer from COMIDA to tax roll)
- State Aid – Governor's Proposed Budget
 - Foundation (General Operating) continues to be frozen to what was received in 2007-08 and is \$60m in arrears
 - "Gap Elimination Adjustment" has ceased but is \$15.7m in arrears since 2010-11
 - Since 2008-09 NYS has paid PCSD \$75m less than the law requires



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- Foundation Aid & the Gap Elimination Adjustment (GEA), why talk about it?
 - It is the basic form of aid to all schools to fund the basic programs public schools are required to provide
 - It is the basis of many Community, District and Board of Education decisions
 - It's about sustainability into the future
 - When the funding is less while the required programs and services are more, other programs are reduced and/or property taxes increase
 - Property Taxes are capped, meaning in Pittsford, the two largest funding sources are constricted
 - It is not funded per law and the distribution is not equitable



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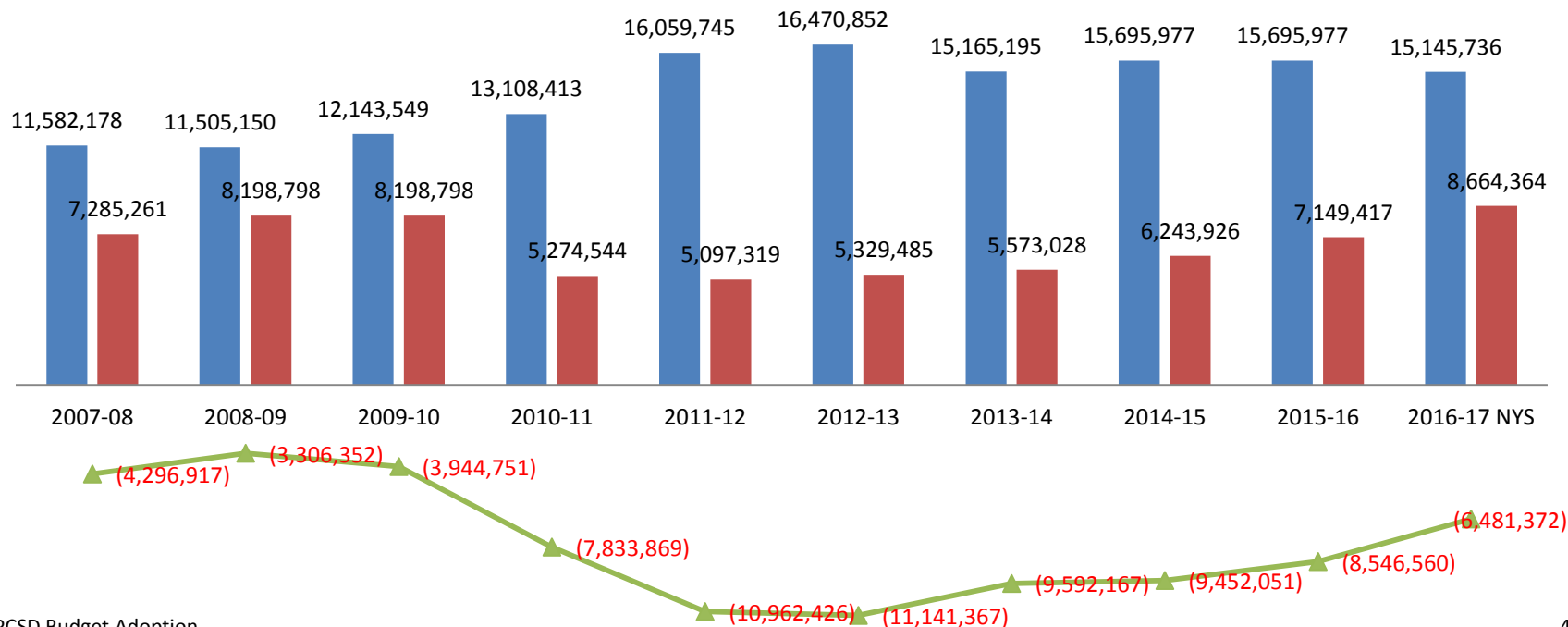
Foundation Aid & GEA Impacts

Owed \$60m and \$15.5m respectively

The Real Foundation/GEA Picture

It's not an increase, it's a reduction of the reduction, and it's NOT the Law.

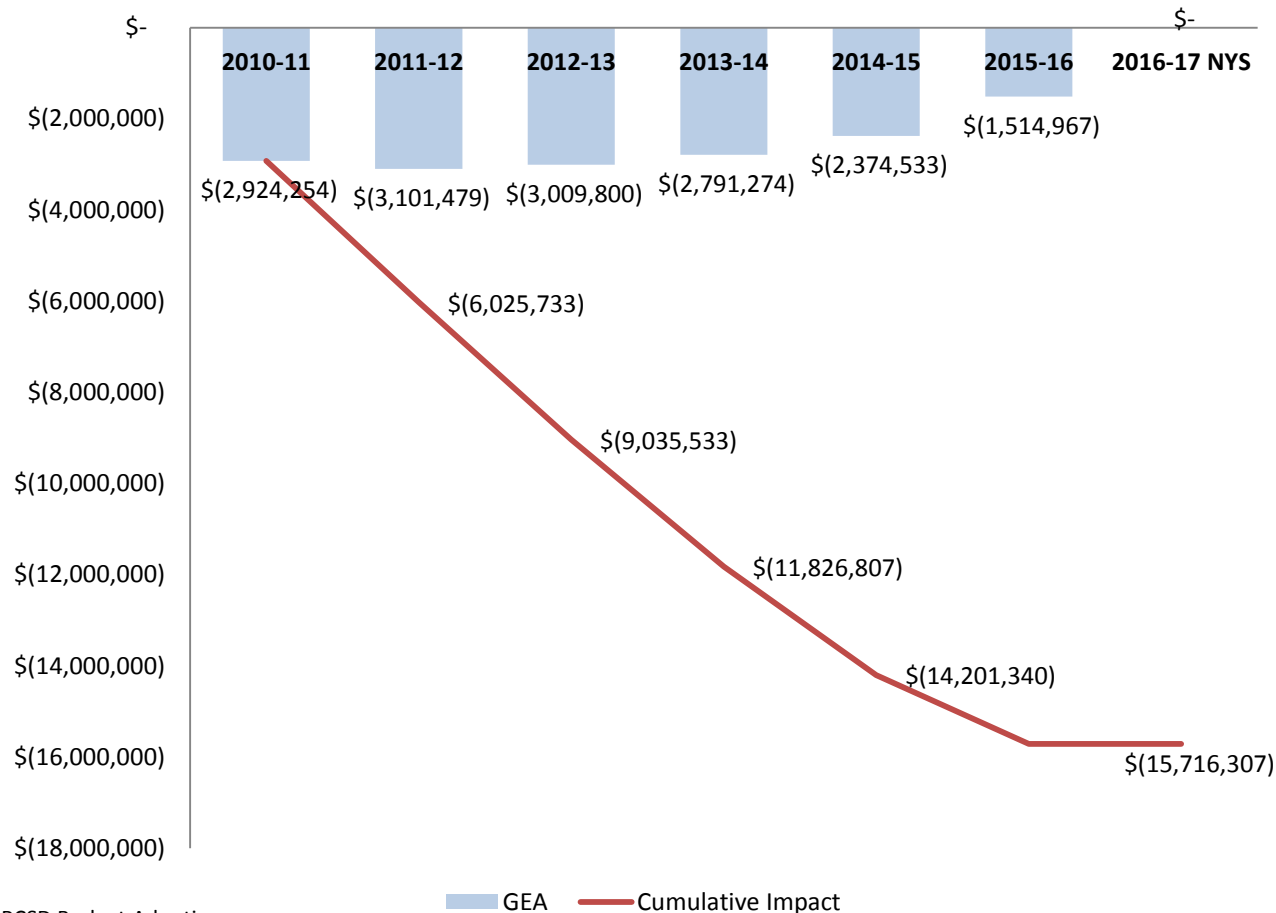
Foundation Aid - Law Net Actual Aid Net Aid Underfunded





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Gap Elimination Adjustment (GEA) “It’s restoration, right?”



- “Restoration” would mean paying the District the \$15.7m in Aid in arrears
- GEA “Elimination” is a ceasing of reducing Foundation Aid
- Example – you have not made mortgage payments for 8 months. Today you make a full mortgage payment and expect the bank to forgive the debt



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- Foundation Aid & Gap Elimination Adjustment (GEA) Underfunding Impact:
 - Tax Levy
 - Would have been reduced by \$75m over the ten year period
 - Tax Levy increase over the period would have been 18% compared to the actual 25%
 - Average Homeowner Tax Bill – assumes \$250,000 assessed home and Basic STAR eligible
 - The loss of State Aid has resulted in the average homeowner paying \$4,091 or 9% more in school taxes than if the Foundation Aid Law had been followed
- Foundation Aid is funded through NYS income taxes. NYS Resident Income Taxes have not decreased yet the funding is not going to where it is legally required.
 - Shifting of tax burden from the State to schools while mandating increases in curriculum, programs and services
 - Capping a school's ability to balance a budget is even more punitive in a district heavily dependent on the Tax Levy (76% of PCSD support is Tax Levy)



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Pittsford Central School District Property Tax Report Card (legally required)

<u>Shaded Fields Will Calculate</u>	Budgeted 2015-16 (A)	Proposed Budget 2016- 17 (B)	Percent Change (C)	
Total Budgeted Amount, not including Separate Propositions	122,588,393	125,506,510	2.38	%
A. Proposed Tax Levy to Support the Total Budgeted Amount, Net of Reserve ¹	94,750,493	95,301,955		
B. Tax Levy to Support Library Debt, if Applicable	0	0		
C. Tax Levy for Non-Excludable Propositions, if Applicable ²	0	0		
D. Total Tax Cap Reserve Amount Used to Reduce Current Year Levy, if Applicable	0	0		
E. Total Proposed School Year Tax Levy (A+B+C-D)	94,750,493	95,301,955	0.58	%
F. Permissible Exclusions to the School Tax Levy Limit	2,677,983	2,561,939		
G. School Tax Levy Limit, <u>Excluding</u> Levy for Permissible Exclusions ³	92,072,510	92,740,016		
H. Total Proposed Tax Levy for School Purposes, <u>Excluding</u> Permissible Exclusions and Levy for Library Debt, Plus Prior Year Tax Cap Reserve (E-B-F+D)	92,072,510	92,740,016		
I. Difference: (G-H); (negative value requires 60.0% voter approval) ²	0	0		
Public School Enrollment	5,718	5,676	-0.73	%
Consumer Price Index			0.12	%

¹ Exclude any prior year reserve for excess tax levy, including interest.

² Tax levy associated with educational or transportation services propositions are not eligible for exclusion under the School Tax Levy Limit and may affect voter approval requirements.

³ For 2016-17, includes any carryover from 2015-16 and excludes any tax levy for library debt or prior year reserve for excess tax levy, including interest.

	Actual 2015-16 (D)	Estimated 2016- 17 (E)
Adjusted Restricted Fund Balance	21,076,056	23,119,077
Assigned Appropriated Fund Balance	1,300,000	1,534,000
Adjusted Unrestricted Fund Balance	4,903,356	5,020,260
Adjusted Unrestricted Fund Balance as a Percent of the Total Budget	4.00 %	4.00 %



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What is a Contingent Budget and process?

- If the voters do not approve a proposed budget, the Board of Education may:
 - Go before the voters for one more vote on the same or different budget
 - Implement the contingent budget after the first defeat, but must implement contingent budget if the second budget is not approved by the voters
- Contingent Budget Cap is no longer based on a permissible expenditure growth, but a cap on the taxes levied. ***The Tax Levy cannot be greater than the previous year.***
- **The Contingent Budget**
 - Contingent Budget must be calculated based on a zero percent tax levy increase and as required by law, certain items must be removed from the budget:
 - ♦ Non health & safety or preservation of facilities related equipment
 - ♦ Community or non-school use of facilities is not permitted
- **The Contingent Budget is \$124,834,105; which is \$672,405 less than proposed and 1.83% more than the current year 2015-2016 budget**
- **A Contingent Budget would require almost \$700,000 in budget/program reductions**



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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 passenger 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 exiting “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) service truck and communications equipment used in the operation of such buses.



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Key Points

- **Proposed Budget** Increase is 2.38%
- Estimated **Tax Levy** Increase is 0.58%
 - Within Tax Cap so NYS Tax Credit eligible
- Estimated **Tax Rate** Increase of \$0.17 or 0.67%
 - Approx \$29 for average homeowner (\$250,000 assessed value, BASIC STAR exemption)
 - Since the PCSD's Tax Levy increase is within the Tax Cap, NYS **should** issue credit/refund checks that would offset the taxpayer increase. **Net cost to taxpayer should be \$0.00**
- **Contingent Budget** would require a 0% tax levy increase and as a result \$700,000 of additional reductions would be required



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Budget Timetable

- Annual Budget Hearing
May 9, 7:00 pm
Barker Road Middle School
- Budget Vote
May 17, 7:00 am to 9:00 pm
Barker Road Middle School
gymnasium; Voter identification
is required





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- Questions or Comments?



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Board Action Required

- ***BE IT RESOLVED*** that the Board of Education of the Pittsford Central School District, at its regular meeting of April 19, 2016, does hereby adopt and support as a corporate body the Superintendent's 2016-2017 Proposed Budget in the total amount of \$125,506,510 as presented.
- ***BE IT FURTHER RESOLVED*** that the Board of Education of the Pittsford Central School approves the Property Tax Report Card and authorizes the Assistant Superintendent for Business to electronically submit to the New York State Commissioner of Education within 24 hours of adoption, as per law.