



Pittsford Schools

2019 – 2020 BUDGET WORK SESSION #3

Report: Undistributed Budget Section

March 18, 2019





2019-20 Proposed Budget Theme

“Keeping the Promise” is the recurrent theme through this portion of the budget

- Full Day Kindergarten is fully implemented and operating within budgetary expectations
- The “One Time” and “Startup Costs” of Full Day Kindergarten discussed one year ago are removed as promised
- Cost saving measures and favorable impacts of economic performance further mitigate what are normally cost drivers



What is the “Undistributed Budget”?

Premise – A school district, like any organization has certain expenses that support all departments and are caused by virtually all departments. Some of these costs are difficult to allocate to specific cost centers.

- This premise, budgeting and accounting treatments are governed by the Office of The NYS Comptroller and the Uniform System of Accounts. A system that has been in existence for more than 50 years and is archaic by today’s technology and standards.
- The system remains in place partially due to the numerous reports that feed databases and decisions on State Aid, mandates, etc. that are predicated on the Uniform System of Accounts.
- It can be a challenge when new requirements and the District’s internal budgeting and decision making process is more program and cost center focused.



Undistributed Budget Composition

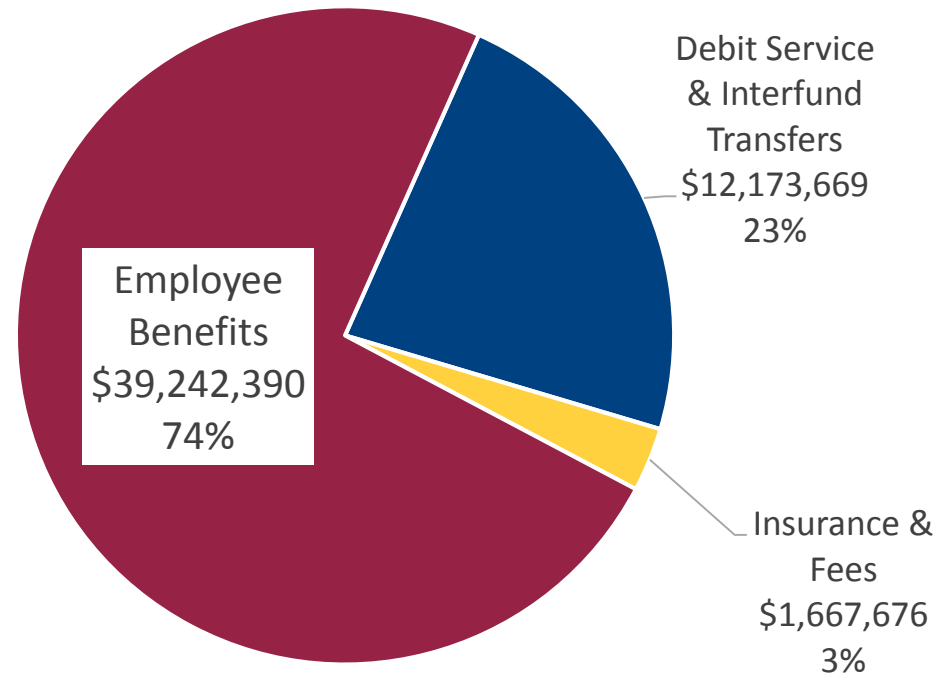
Three Main Buckets

1. Debt Service & Interfund Transfers
2. Insurance, Judgments & Fees
3. Employee Benefits

Total of all three buckets:

- \$53,083,735
- 38.8% of the Total District Budget
- **Unusual** – each component is less than the previous year

Proposed 2019-20 Undistributed Budget

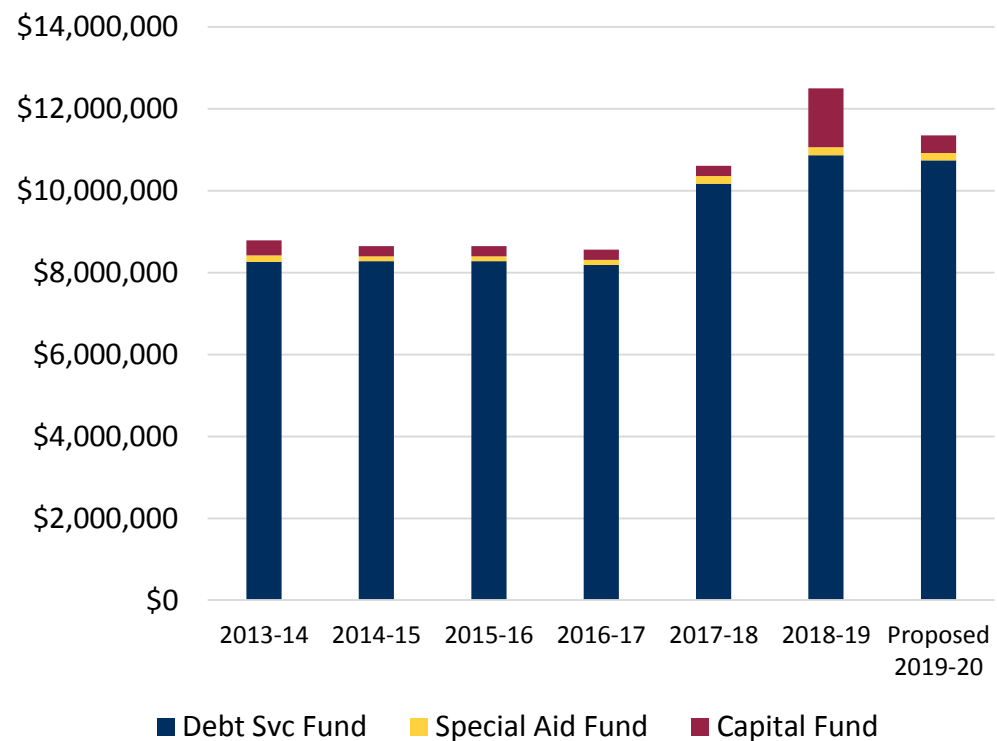




1. Debt Service & Interfund Transfers

- Intended to pay for voter approved and required obligations
- Debt Service is the payment on debt (similar to a mortgage)
 - Preapproved by the Board and voters at a Capital Project Referendum (vote)
 - Each annual payment is interfund transferred to the Debt Service Fund
- Interfund Transfers
 - Money to Funds for specific purposes
 - Special Aid – Extended School Year program (ESY) or Spec Ed Summer School
 - NYS requires the district portion of costs to be transferred to the Special Aid Fund
 - Governor's budget proposes a NYS Funding reduction, increasing the District cost by \$463,000
 - Capital – to fund minor maintenance and repair projects and emergency repairs and equipment and infrastructure replacements

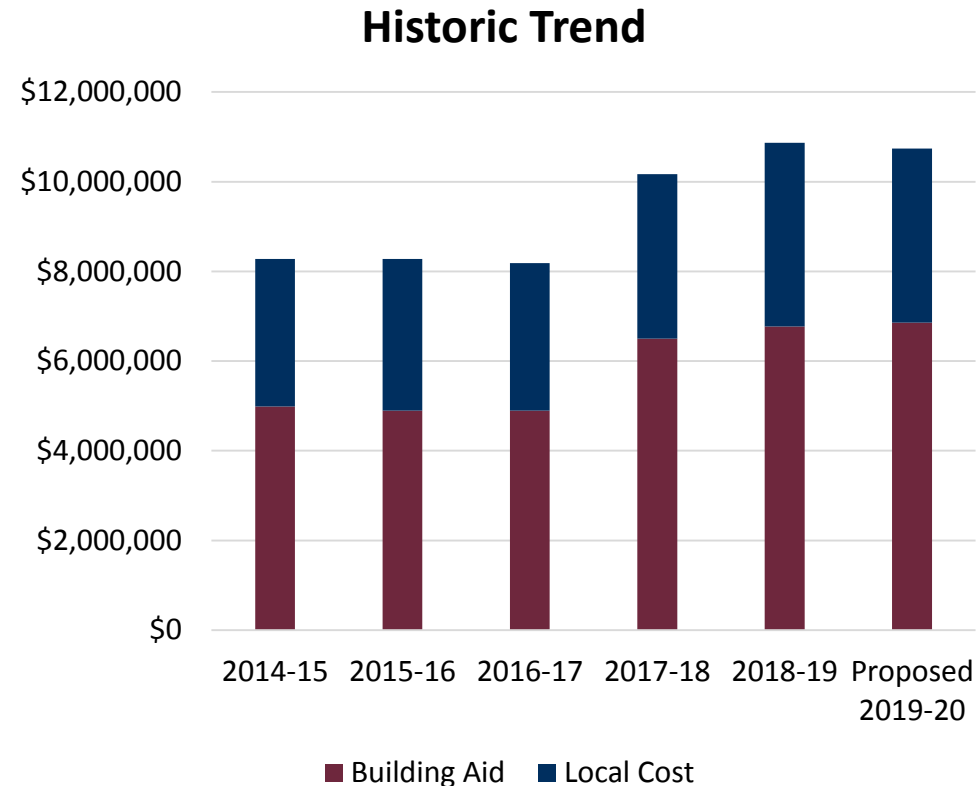
Historic Trend





1. Debt Service

- Intricacies
 - Debt and Aid are based on each building, work performed and many formula variables
 - Debt payments can fluctuate
- Goals
 - To match Debt Payment schedule to Building Aid to minimize local impact and prevent spikes
 - Try to synchronize as much as possible, Capital Improvement Planning to Financial Planning, Level Debt Concept
 - As debt from one project expires have debt from new project commence

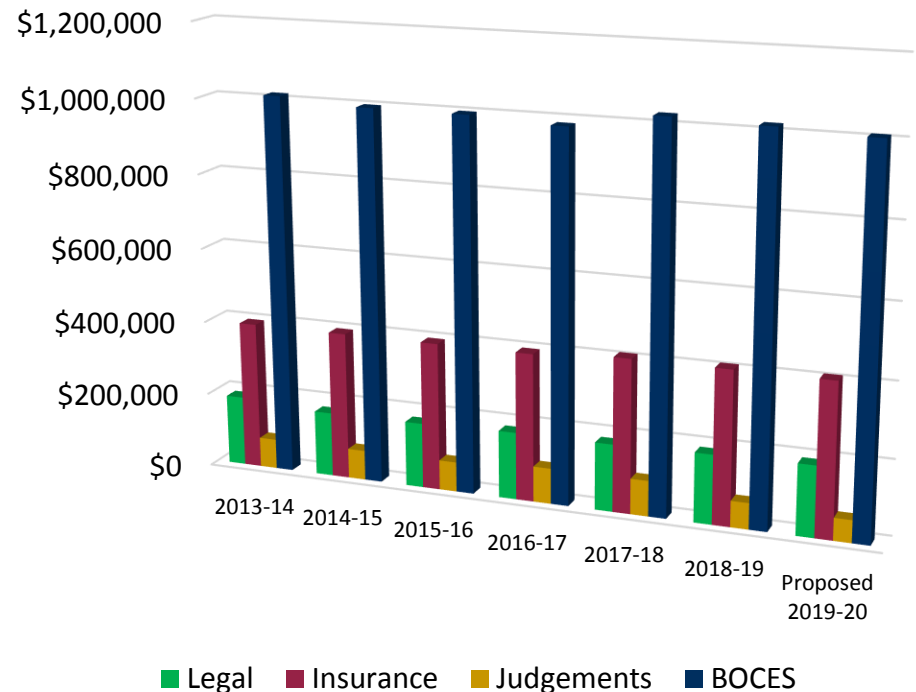




2. Insurance, Judgments & Fees

- Legal Fees
 - Defense and process
- Property Insurance
 - Liability & Property
 - Student Accident (not required by law)
- Judgments and Assessments
 - Court proceedings
 - Various Governmental fees
- Board Of Cooperative Education Services (BOCES) Administrative Costs
 - Certain administrative and retiree costs are prorated to the component (shareholder) districts
 - Capital Costs

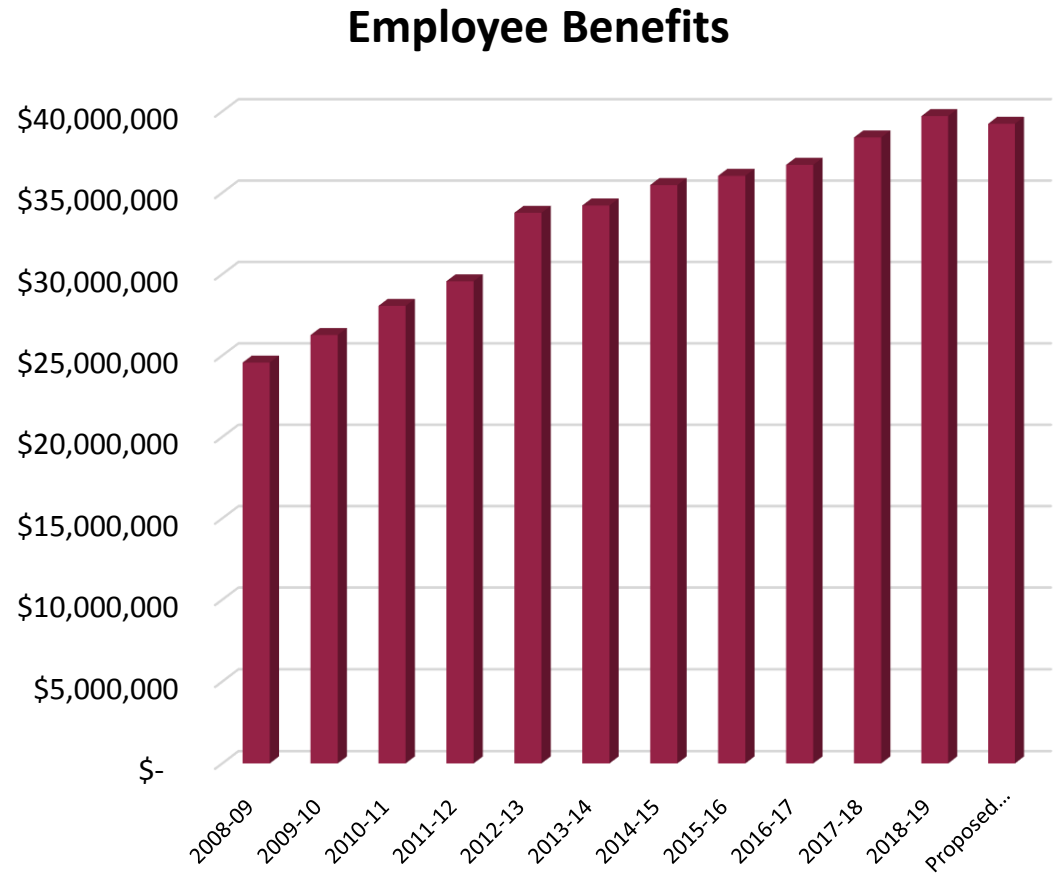
BOCES Admin/Capital & Miscellaneous Unallocated Expenses





3. Employee Benefits

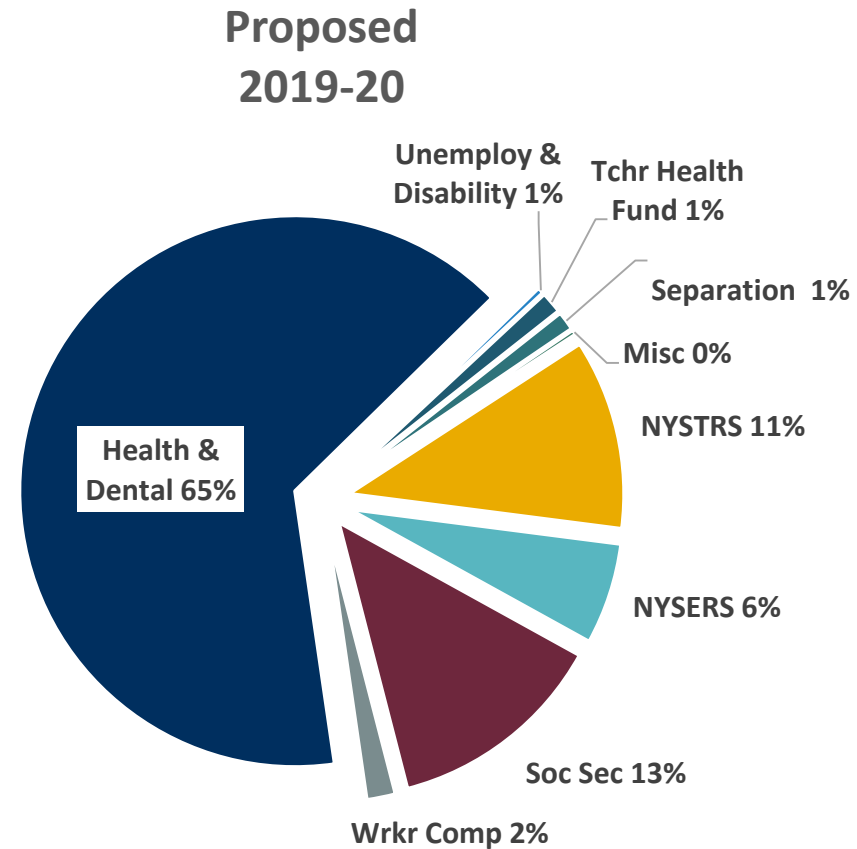
- Teacher In-service
- Retirement Systems – rates set by NYS
 - NYS Employee (ERS)
 - NYS Teachers (TRS)
- Employer Social Security (FICA)
- Employee Benefit Insurances
 - Worker’s Compensation - consortium
 - Life Insurance
 - Unemployment
 - Disability
 - Medical & Dental - consortium
 - Medicare
- Health Fund – Teachers
- Separation Payments – Accrued benefits upon separation from employment





3. Employee Benefits – Curbing the Growth

- Benefits are a driving force in annual budget growth
- In ten years, benefits have gone from being 24% of the total General Fund Budget to 29%
- The retirement systems have had the most volatile changes, from 0.43% to 22% of employee pay
- Health Insurance general increase has ranged from 4% to 13% with an average of 7%
 - Far below the community rated plans and from the onset the plan costs less
 - 1% this year

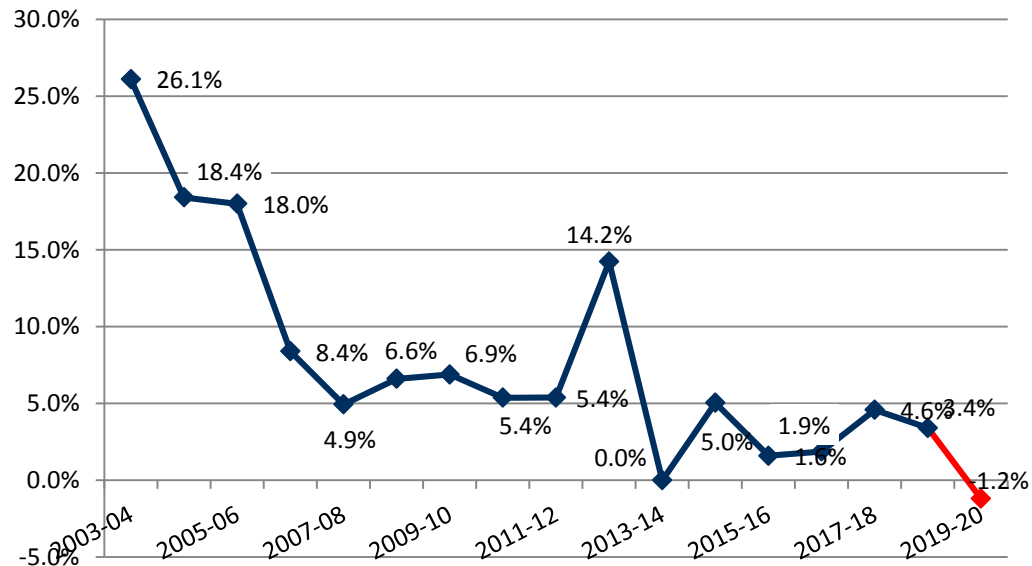




3. Employee Benefits – Controlling the Growth

- Some factors are outside District control (retirement systems), some we have significant influence (health fund) and others we have some influence (health insurance)
 - Negotiated labor agreements with increased employee cost sharing and lower cost base plans
 - Belong to county consortiums that have better than market experience ratings and lower costs per plan
 - The Health Consortium went from minimum premium to self-funded to avoid the Affordable Care Act employer tax
- The measures are having a favorable impact, but it's still growth
 - “Any growth on almost one third of your costs, will be felt on your total budget”

Benefits Annual % Change





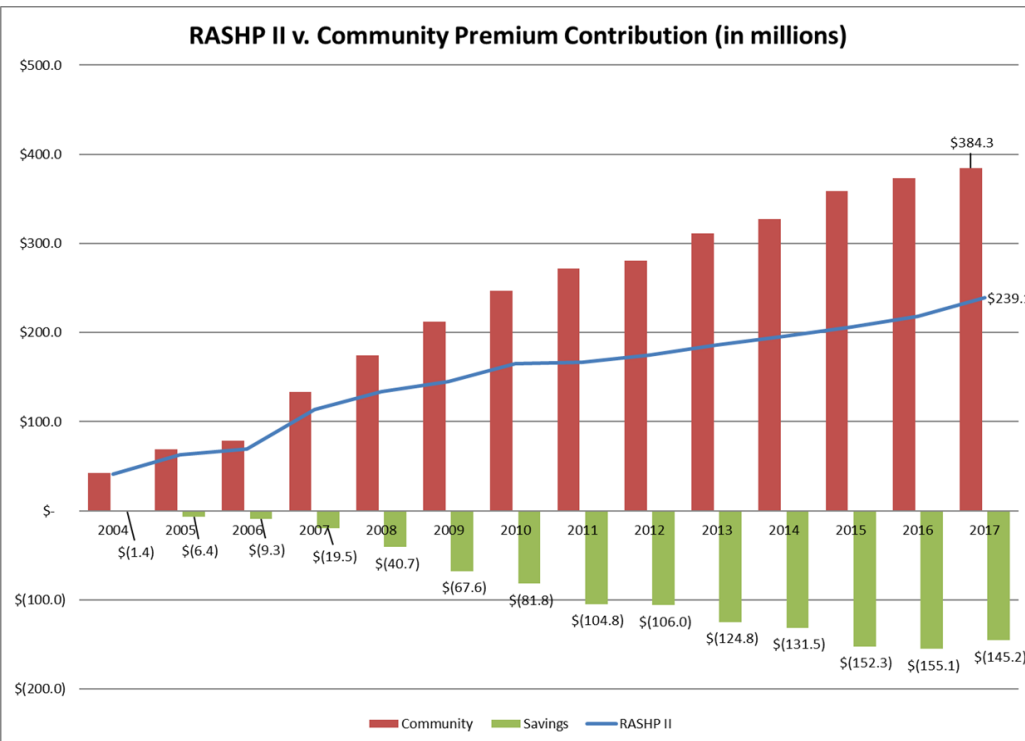
The Rochester Area Schools Health Plan (RASHP)

- Implemented January 1, 2004
- Membership
 - Seventeen Monroe County schools & two BOCES
 - 15,000 contracts and 40,000 lives covered by the these plans
- Board of Directors
 - One representative from each District
 - Five union seats
- Provides coverage to school employees at lower cost than similar “Community Rated Plans”
- RASHP was a Minimum Premium Experience Rated Plan
- January 2018 received NYS Dept. of Finance approval to be Self-Funded
 - Assured adequate reserves and stop-loss insurance to minimize risk of high cost claims



RASHP 2 Plan Performance Compared to the Community

Savings to Monroe County Schools



Trend Comparison – composite rate increases

Year	RASHP 2	Excellus	Nation
2013	8.5%	10.1%	6.4%
2014	6.6%	10.3%	8.4%
2015	6.6%	10.6%	8.0%
2016	7.3%	10.0%	8.8%
2017	8.4%	10.0%	8.5%
2018	6.8%	9.8%	8.4%
2019	4.0%	9.4%	10.8%

RASHP 2 increase for Jul-Dec 2018 was 1%



Undistributed Budgets - Conclusion

Accomplishments

- The health and worker's comp consortiums are operating effectively and provide cost relief
- Improved market has lowered retirement system rates
- RASHP successfully made it through a long and arduous process to obtain NYSDFS approval is a testament to the financial viability of the plan and providing additional savings into the future

Challenges

- While lower than could be, the increase is on a large number and is a significant driver
- The overall Benefits growth is unsustainable within the NYS imposed Property Tax Cap
- Labor concessions normally lower the Base cost, but still subject to annual incremental increase in insurance
- Balancing pressures for lower premium with long-term sustainability of the plan



Undistributed Budgets - Conclusion

Accomplishments

- Our debt outlook is more favorable than anticipated in 2012
 - Highest bond (credit) rating a school can have
 - Favorable comments from investors on financial management = pay premiums to hold our notes (loans)
 - On target to maintain the “level debt concept”
 - Debt Schedule coincides with State Aid
- Much improved facilities status and planning than ten plus years ago

Challenges

- Various changes in Federal accounting practices without commensurate changes in NYS Ed Law is making schools less attractive to investors
- Compounded by some Governor’s Budget Proposals
 - Capping retroactively NYS Building Aid – it would be going backward on a promise
- Numerous building code, program and current events that place unplanned and unfunded demands on our facilities



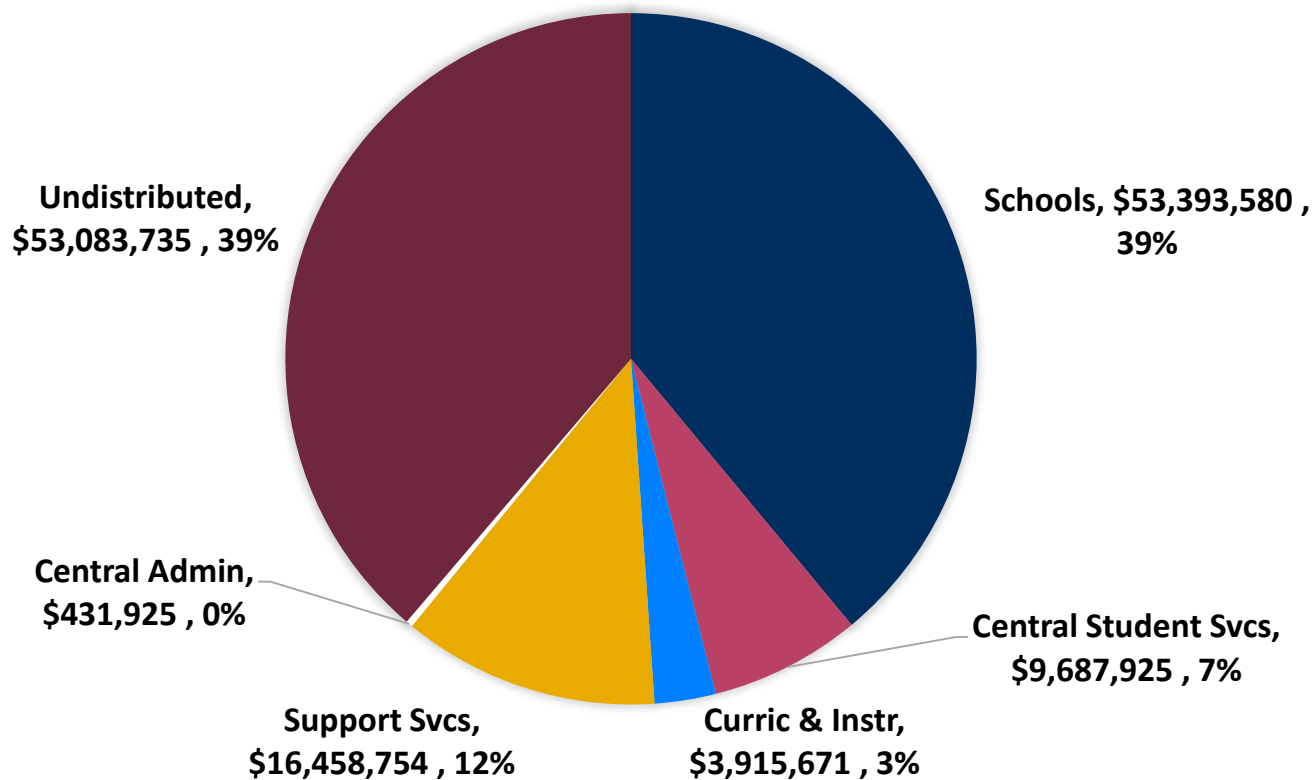
Compiling the Budget - Appropriations

Budget Program Area	2018-19 Adopted Budget	2019-20 Draft Budget	\$ Change	% Change
Schools	\$ 52,666,521	\$ 53,393,580	\$ 727,059	1.44%
Elementary	\$ 19,088,557	\$ 18,760,800	\$ (327,757)	-1.72%
Middle	\$ 14,018,513	\$ 14,487,850	\$ 469,337	3.35%
High	\$ 19,559,451	\$ 20,144,930	\$ 585,479	2.99%
Central Student Svcs	\$ 9,867,920	\$ 9,687,925	\$ (179,995)	-1.82%
Curriculum & Instruct	\$ 3,838,891	\$ 3,915,671	\$ 76,780	2.00%
Support Services	\$ 15,863,592	\$ 16,458,754	\$ 595,162	3.75%
Central Admin	\$ 409,205	\$ 431,925	\$ 22,720	5.55%
Undistributed	\$ 53,898,751	\$ 53,083,735	\$ (815,016)	-1.51%
Total	\$ 136,544,880	\$ 136,971,590	\$ 426,710	0.31%



Proposed Appropriations Composition

2019-20 PROPOSED





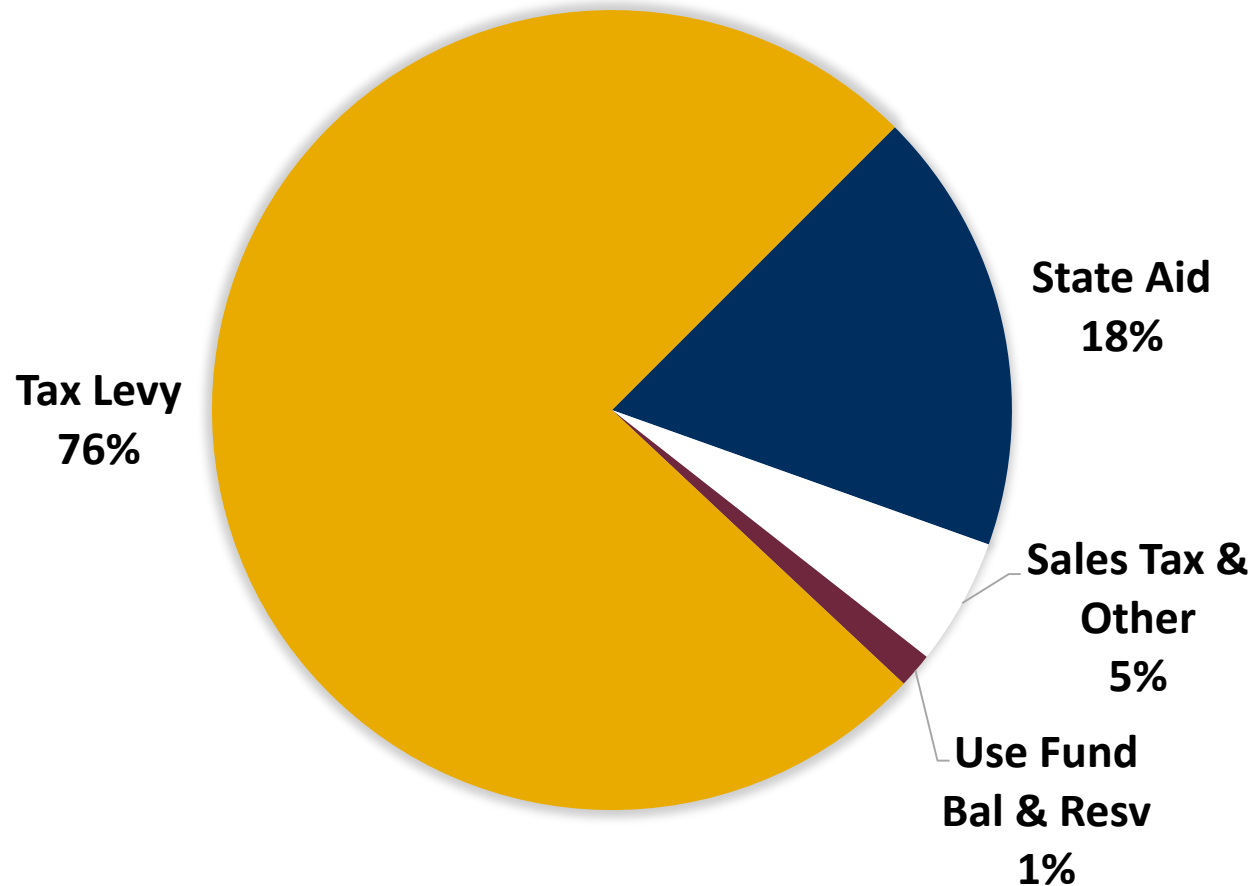
Compiling the Budget - Revenues

Revenue	2017-18 Adopted Budget	2018-19 Adopted Budget	2019-20 Draft Budget	\$ Change	% Change
State Aid - Operating					
Foundation	\$ 8,901,636	\$ 9,070,901	\$ 9,098,591	\$ 27,690	0.31%
FDK Conversion	\$ -	\$ 649,150	\$ 478,396	\$ (170,754)	-26.30%
Excess Cost - Spec Ed	\$ 938,568	\$ 899,085	\$ 858,618	\$ (40,467)	-4.50%
Transportation	\$ 3,044,000	\$ 3,184,358	\$ 3,237,952	\$ 53,594	1.68%
BOCES	\$ 2,632,896	\$ 2,298,431	\$ 2,599,068	\$ 300,637	13.08%
Instruct Matls	\$ 588,761	\$ 586,080	\$ 593,082	\$ 7,002	1.19%
Total Operating Aid	\$ 16,105,861	\$ 16,688,005	\$ 16,865,707	\$ 177,702	1.06%
Categorical Aids					
Building Aid	\$ 6,500,330	\$ 7,007,757	\$ 6,585,036	\$ (422,721)	-6.03%
Bullet Aid/Grant		\$ 200,000	\$ -	\$ (200,000)	-100.00%
Urban/Suburban Aid	\$ 1,071,629	\$ 1,071,629	\$ 1,071,629	\$ -	0.00%
Total State Aid	\$ 23,677,820	\$ 24,967,391	\$ 24,522,372	\$ (445,019)	-1.78%
Misc. Other	\$ 6,264,590	\$ 6,364,426	\$ 7,006,487	\$ 642,061	10.09%
Fund Bal & Reserves	\$ 2,247,000	\$ 4,752,508	\$ 1,920,000	\$ (2,832,508)	-59.60%
Property Tax Levy	\$ 97,875,108	\$ 100,460,555	\$ 103,141,036	\$ 2,680,481	2.67%
Total Revenues	\$ 130,064,518	\$ 136,544,880	\$ 136,589,895	\$ 45,015	0.03%
Total Appropriations	\$ 130,064,518	\$ 136,544,880	\$ 136,971,590	\$ 426,710	0.31%
Surplus / (Deficit)	\$ -	\$ -	\$ (381,695)		



Estimated Revenue Composition

2019-20 PROPOSED





PROPOSITION – Capital Reserve Fund – Purchase of Buses

Shall the following resolution be adopted, to wit:

BE IT RESOLVED, that the Board of Education of the Pittsford Central School District is hereby authorized to withdraw from the “Capital Reserve Fund – Purchase of Buses” a sum of money not to exceed One Million, Twenty-one Thousand, Three Hundred Forty-nine Dollars (\$1,021,349), less trade-in allowance, to be used for the purchase of four (4) replacement sixty-five passenger buses, three (3) thirty-six passenger buses with air, two (2) thirty-six passenger buses without air and communications equipment used in the operation of such buses. State Aid generated on these purchases will be returned to the Capital Reserve Fund – Purchase of Buses.

Will not impact the tax levy or the tax rate



PROPOSITION – General Capital Reserve Fund

Shall the following resolution be adopted, to wit:

BE IT RESOLVED, that the Board of Education of the Pittsford Central School District is hereby authorized to withdraw from the “General Capital Reserve Fund” a sum of money not to exceed Three Million Dollars (\$3,000,000) to perform minor renovations and repair projects.

BE IT FURTHER RESOLVED that the Board of Education of the Pittsford Central School District does hereby authorize these funds to be used for the partial replacement of the roof at Barker Road Middle School, the partial replacement of the roof at Park Road Elementary, the replacement of the fuel farm storage at the Transportation facility and other incidental work associated with said projects. Work is to be performed in summer 2019.



Final Stretch “To Do’s”

- Obtain BOCES updated Unit Costs and review, verify and amend PCSD Service Requests — *Business Office & Districtwide*
- Department administrators update the program services narratives and review their respective projected budgets — *Districtwide and Business Office*
- Teacher and Paraprofessional Sectioning and Staffing based on current and 2019-20 Projected Enrollment — *Human Resources/Buildings*
- Receive, evaluate and implement an Enacted NYS Budget — *Business Office and others as needed*
- Amend the Proposed Budget for all of the above and present to the Board of Education for Adoption — *Superintendent*



Work Session To Do's

March 21 – District Planning Team (DPT)

April 1 – Regular BOE Meeting

April 23 – Board Adopts Superintendent's Budget

April 25 – District Planning Team (DPT)

May 13 – Public Budget Hearing

May 21 – Budget Vote and Board Election

End of Presentation