



Pittsford Schools

2021 – 2022 BUDGET WORK SESSION #3

Undistributed Budget

March 9, 2021





2021-22 Proposed Budget Theme

“There is much we don’t know and what we do know changes” is the recurrent theme dominating our current times

- The 2020-21 budget was developed with the plan to fully reopen school. Subsequent to the budget vote the plan changed to the intent for a full restart in January 2021.
- While some savings have occurred this year from not running some programs and services, the plan changed:
 - Almost \$1.6 million in remote and hybrid learning models
 - State Aid for the current year reduced because of not incurring certain costs in 2019-20
 - Other revenues decreased as well
 - The formula aid reductions will continue more substantially into 2021-22 from decreased expenditures in certain areas
- Looking at the forest through the trees is important
- Previous strong financial performance, planning through reserves and employing efficiencies has helped “weather the pandemic storm”



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.

- Therefore, 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

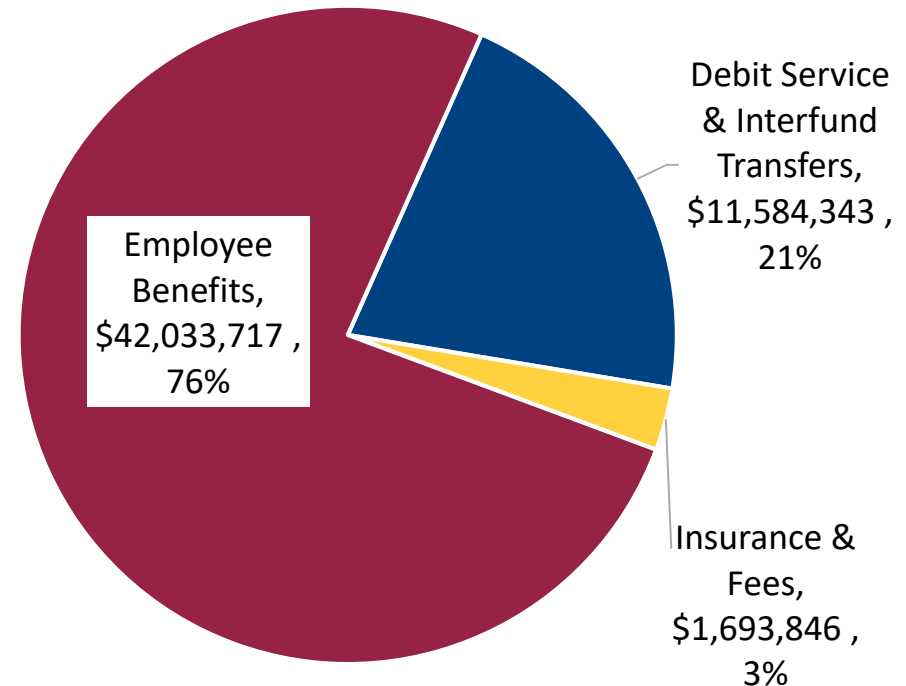
Three Main Buckets

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

Total of all three buckets:

- \$55,311,906
- 38.6% of the Total District Budget
- **New** – Debt Services reflects PCSD's portion of the BOCES Capital Project

Proposed 2021-22 Undistributed Budget

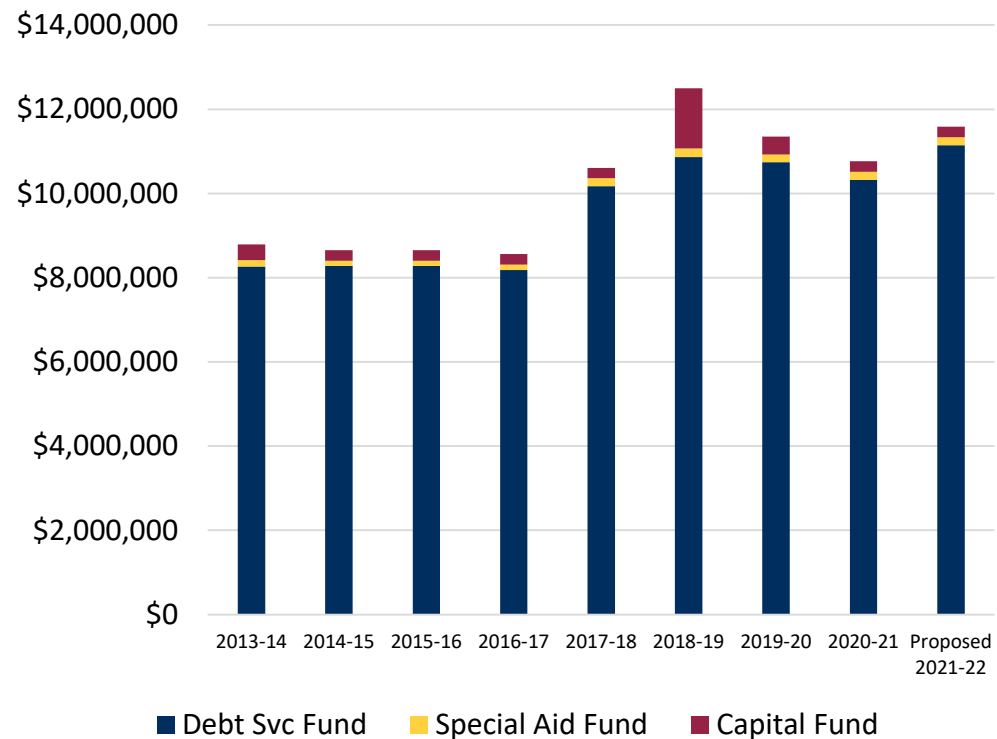




1. Debt Service & Interfund Transfers

- 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
 - BOCES Capital Project \$1.2 million
- 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
 - Capital – to fund minor maintenance and repair projects and emergency repairs and equipment and infrastructure replacements

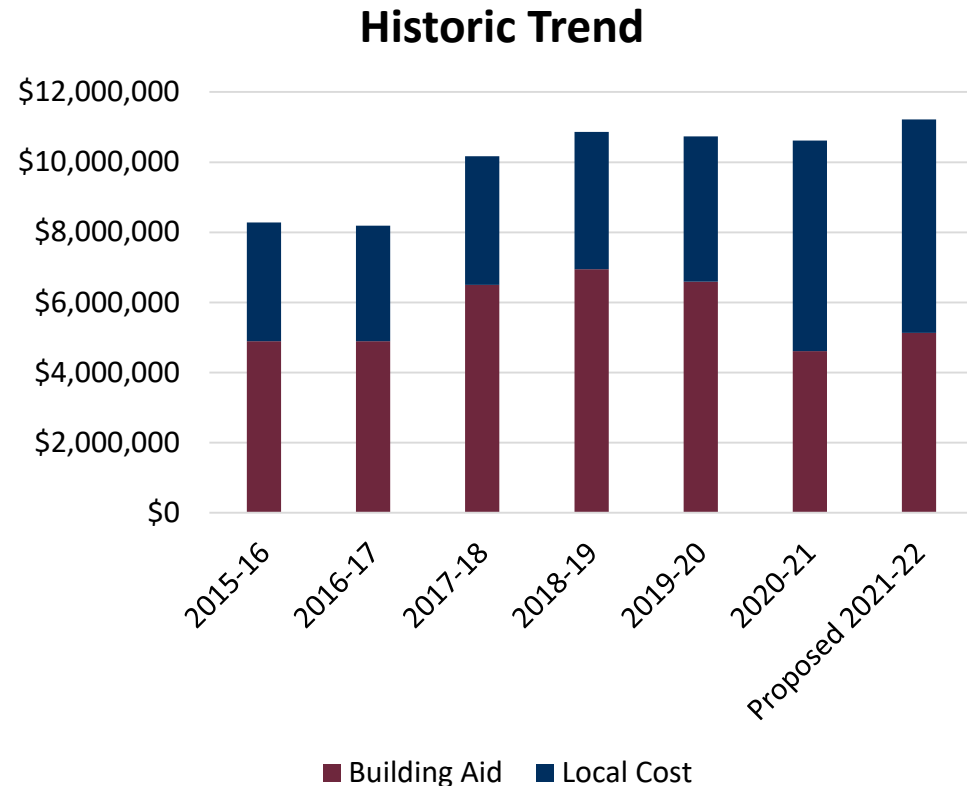
Historic Trend





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

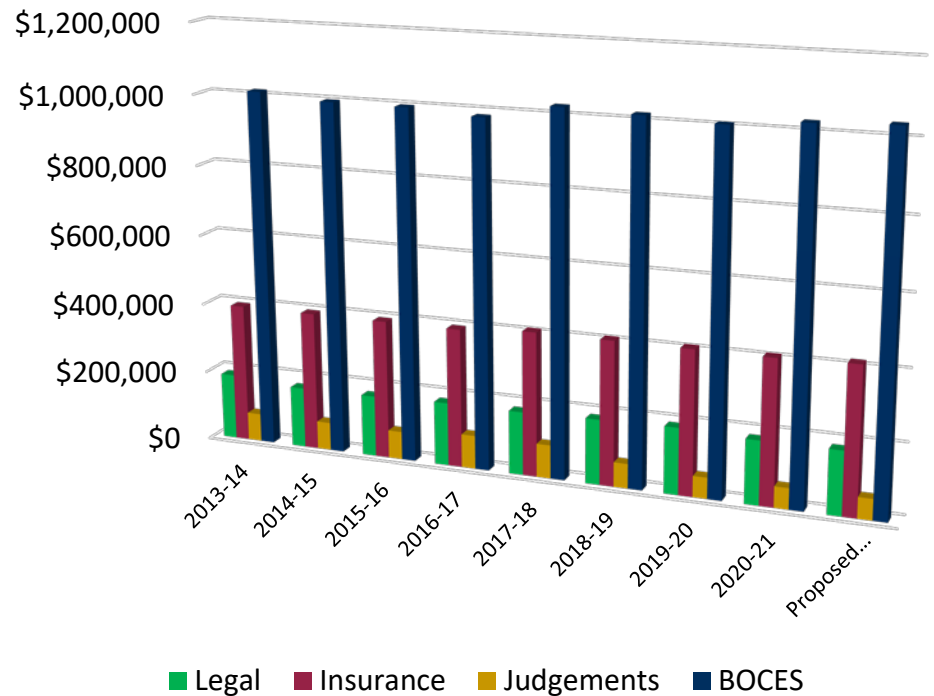




2. Insurance, Judgments & Fees

- 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
 - Facility Costs

BOCES Admin/Capital & Miscellaneous Unallocated Expenses

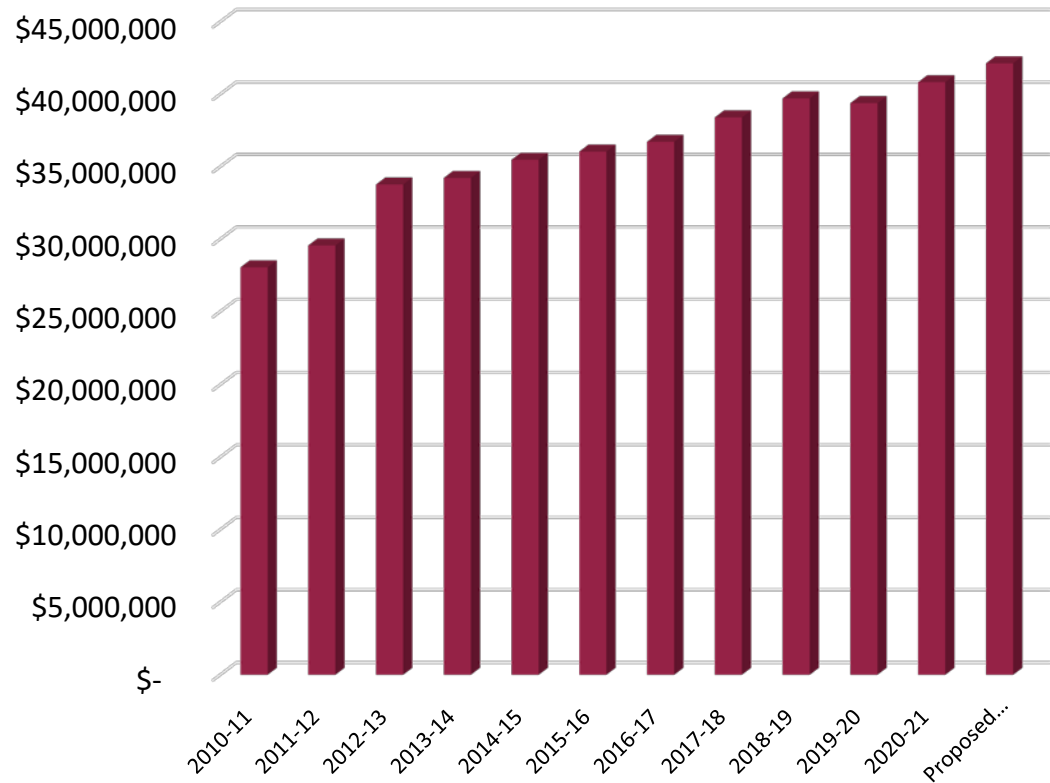




3. Employee Benefits

- 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
- Separation Payments – Accrued benefits upon separation from employment

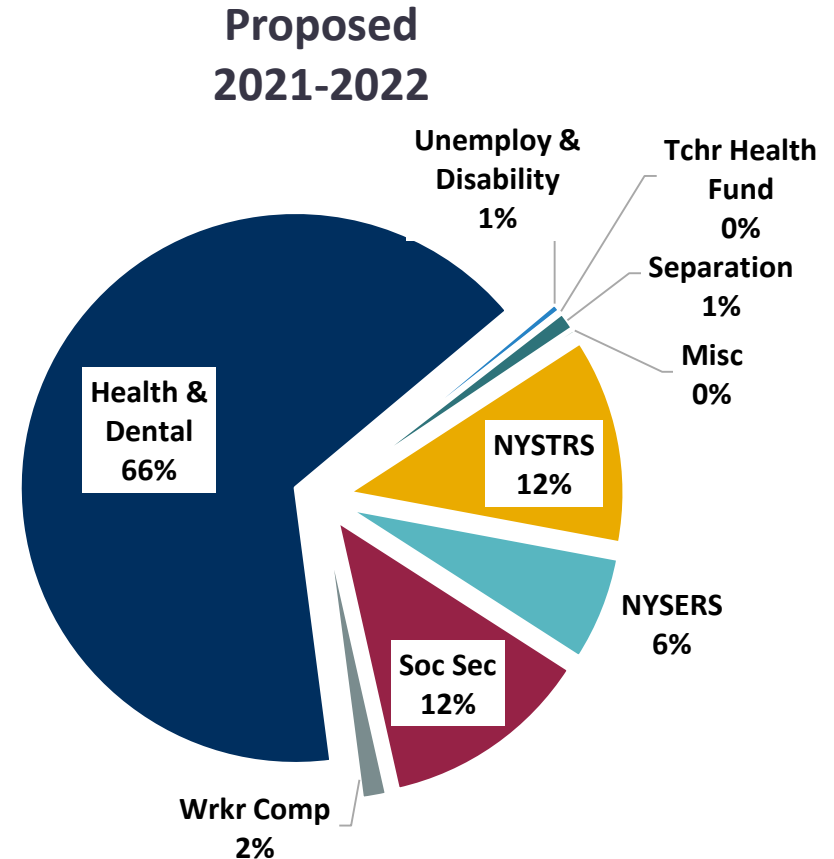
Employee Benefits





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%
- Over recent years, the retirement systems have had the most volatile changes, from 0.43% to 22% of employee pay
- Health Insurance general increase has ranged from 1% to 13% with an average of 6%
 - Far below the community rated plans and from the onset the plan costs less

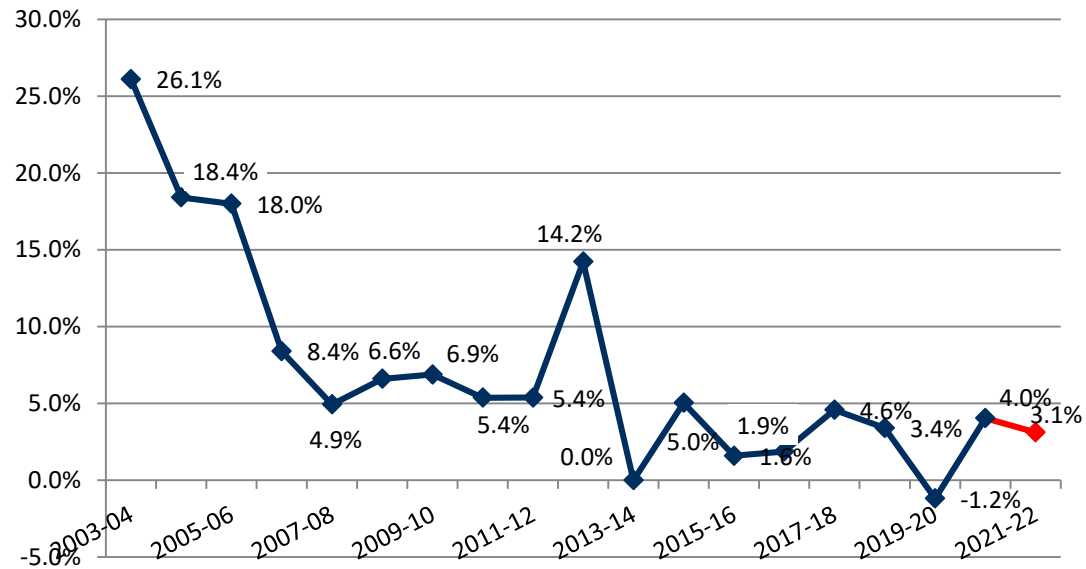




3. Employee Benefits – Controlling the Growth

- 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





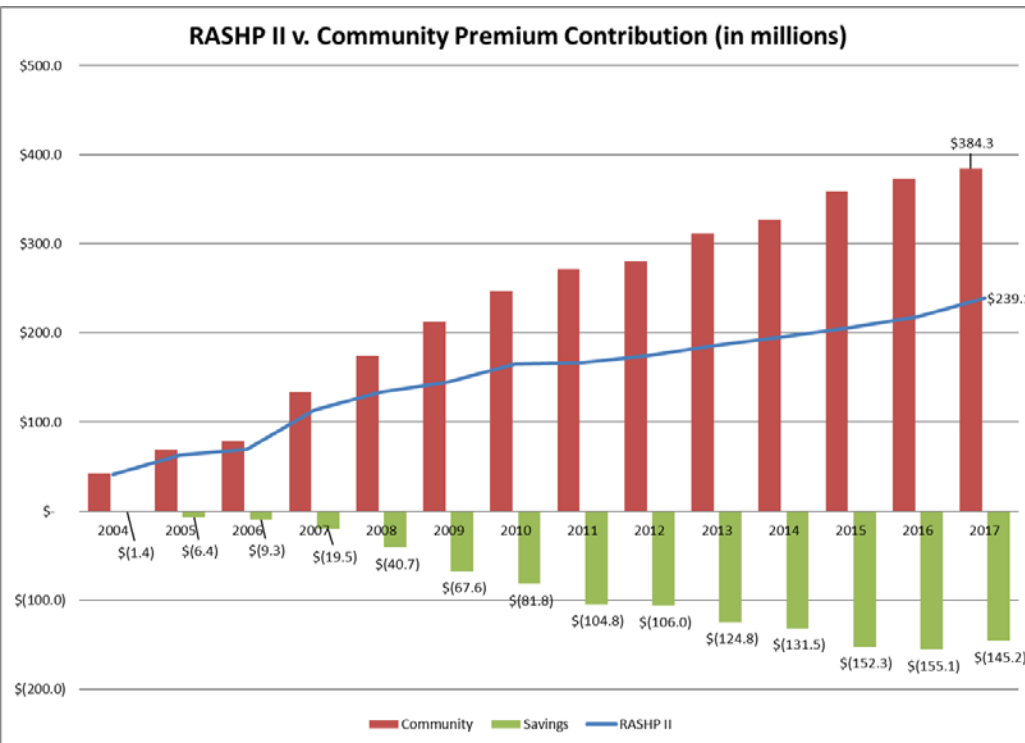
The Rochester Area Schools Health Plan (RASHP)

- 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	Excelsus	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%
2020	1.2%	8.8%	9.4%
2021	4.0%	9.4%	11.1%



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 to the total budget
- The overall Benefits growth is often exceeds 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
 - We have the highest bond (credit) rating a school can have
 - Favorable comments from investors on financial management = pay premiums to hold our notes (loans)
 - The Pandemic moved the 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
- Combining & capping 13 forms of Aid into Services Aid
- Reliance on “one shots” – Federal Stimulus
- Numerous building codes, program and current events that place unplanned and unfunded demands on our facilities



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 2020-21 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*



Upcoming Meetings

March 18 – District Planning Team (DPT)

March 22 – Regular BOE Meeting

April 7 – Regular BOE Meeting

April 15 – District Planning Team (DPT)

April 19 – Board Adopts Superintendent's Budget

May 10 – Public Budget Hearing

May 18 – Budget Vote and Board Election

End of Presentation