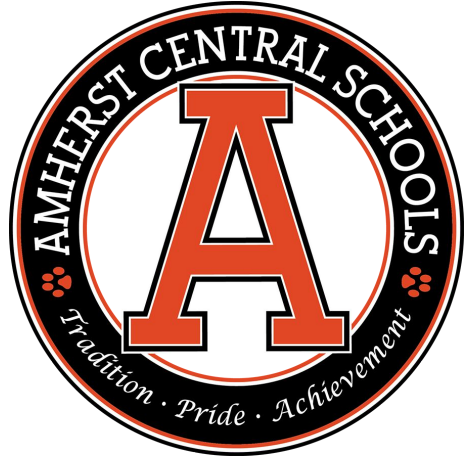




# 2021-2022 Budget Development



Budget Development Update

February 9, 2021



# Overview

- Revenue Assumptions
- Revenue Projections
- Expenditure Assumptions
- Expenditure Projections
- Overall Budget Forecast
- Summary
- Areas of concern in the Executive Proposal
- Questions



# Revenue Assumptions

- Property Tax Levy - Tax Cap Calculation is 3.15%, based on Tax Base Growth Factor of 1.0056 and CPI of 1.23%. Increase from 2020-21 of \$1.19M due to capital project payments.
- Capital Exclusion - Estimated at \$1.7M, with half year of newest bond aid included.
- State Aid – estimated maintaining levels in all aid categories with the exception of BOCES aid increase of \$381K.
- Miscellaneous Revenues – projected to decrease about 7%, or \$415K, due to decreases in Medicaid reimbursements (\$300K) and Sales Tax revenue (\$180K, or 5%). PILOTs projected to increase (\$35K) with adjustments to Day Tuition/Health Services (\$30K).
- Transfers – maintain transfers from reserves (\$840K) and fund balance (\$704K). Additional transfer of capital project interest earnings (\$220K) used in current year.



# Revenue Projections

	Adopted 20/21	Projected 21/22	% Change	Projected 22/23	% Change	Projected 23/24	% Change
Property Tax Levy	\$37,767,990	<b>\$37,211,723</b>		\$38,142,191		\$39,109,289	
Capital Exclusion		<b>\$1,746,727</b>		\$1,187,988		\$1,182,357	
Total Property Tax Levy Allowable	\$37,767,990	<b>\$38,958,450</b>	<b>3.15%</b>	\$39,330,179	0.95%	\$40,291,646	2.44%
State Aid	\$13,001,359	<b>\$13,382,184</b>	<b>2.93%</b>	\$13,582,917	1.50%	\$13,786,661	1.50%
Building Aid	\$4,096,520	<b>\$3,974,749</b>	<b>-2.97%</b>	\$4,806,439	20.92%	\$4,806,439	0.00%
Total State Aid	\$17,097,879	<b>\$17,356,933</b>	<b>1.52%</b>	\$18,389,356	5.95%	\$18,593,100	1.11%
PILOTS	\$400,000	<b>\$435,000</b>	<b>8.75%</b>	\$480,000	10.34%	\$510,000	6.25%
County Sales Tax	\$3,600,361	<b>\$3,420,343</b>	<b>-5.00%</b>	\$3,437,445	0.50%	\$3,454,632	0.50%
Community Education	\$78,500	<b>\$78,500</b>	<b>0.00%</b>	\$78,500	0.00%	\$78,500	0.00%
Interest/Penalties Earnings	\$81,000	<b>\$81,000</b>	<b>0.00%</b>	\$81,810	1.00%	\$82,628	1.00%
Other Revenues	\$1,853,270	<b>\$1,583,270</b>	<b>-14.57%</b>	\$1,599,103	1.00%	\$1,615,094	1.00%
Total Misc Revenues	\$6,013,131	<b>\$5,598,113</b>	<b>-6.90%</b>	\$5,676,857	1.41%	\$5,740,854	1.13%
Transfers	\$840,000	<b>\$840,000</b>	<b>0.00%</b>	\$840,000	0.00%	\$840,000	0.00%
Appropriated Fund Balance	\$704,000	<b>\$704,000</b>	<b>0.00%</b>	\$704,000	0.00%	\$704,000	0.00%
<b>Total Revenue</b>	\$62,423,000	<b>\$63,457,496</b>	<b>1.66%</b>	\$64,940,392	2.34%	\$66,169,599	1.89%



# Expenditure Assumptions

- Personnel – 2.5% increase, about \$756K, in contractual obligations and substitute costs.
- Benefits –
  - ERS – projected rate of 16.2% (current is 14.6%), increase of \$95K.
  - TRS – projected rate of 9.8% (current is 9.53%), increase of \$80K.
  - Fica/Med - expected to increase about \$123K due to increased salary expenditures.
  - Health Insurance – budget projected at \$6.9M, reduction from December presentation of \$395K, due to increases in rebates and reduced enrollment.
  - Workers' Compensation – premiums increasing \$24K due to experience rating average of past three years.



## Expenditure Assumptions, cont.

- General Support – Projected 0.11% increase of \$2,500. Net change due to increase in liability insurance premiums and postage expenses along with decrease of \$10K in B&G lines for mandated water testing completed in current year. Maintain \$100K capital outlay project line and \$500K contingency line (offset by fund balance appropriation, yielding no impact to the taxpayers).
- Instruction - Projected 4.4% increase of \$188K due to increased costs for charter tuition (\$64K), the continuation of our grant writer (\$31K) and special education tuition and services expenses (\$180K), and a transfer from Athletic transportation to Athletic materials and supplies to support team needs. A transfer out of technology equipment (-\$100K) into BOCES will help offset IPA payments.



## Expenditure Assumptions, cont.

- BOCES – Estimated increase of 16% (\$594K) based on February Participation meeting:
  - 20/21 IPA, 2nd payment (+\$218K)
  - 21/22 anticipated IPA, 1st payment (+\$190K)
  - 21/22 BOCES 1st of 3 capital project payments (+\$355K)
  - Special Ed tuition/service increase (+65K)
  - Overall estimated decrease based on enrollment and services (-\$39K)
  - Budget already included funds for technology (-\$155K)
  - Reduce funds for Amplify Science purchased this year (-\$40K )

**IMPORTANT NOTE:** Anticipated revenue increases in BOCES aid for 20/21 IPA (\$149K) and 1st BOCES Capital Project Payment (\$231K) along with the transfer from our technology budget (\$100K) make our IPA and capital project payments

***BUDGET NEUTRAL.***



## Expenditure Assumptions, cont.

- Transportation – overall estimated increase of approximately 1.5%, or \$53K as per our two year contract extension with First Student. \$13K in Athletic Transportation moved to Athletics materials and supplies to support team needs.
- Debt Service – Anticipated increase of about 4%, or \$218K, partially offset by anticipated building aid.





# Expenditure Projections

	Adopted 20/21	Projected 21/22	% Change	Projected 22/23	% Change	Projected 23/24	% Change
Personnel	\$29,757,182	<b>\$30,512,934</b>	<b>2.54%</b>	\$31,428,322	3.00%	\$32,371,172	3.00%
Benefits	\$13,192,845	<b>\$13,287,269</b>	<b>0.72%</b>	\$13,685,887	3.00%	\$14,096,464	3.00%
General Support	\$2,242,328	<b>\$2,244,760</b>	<b>0.11%</b>	\$2,289,655	2.00%	\$2,335,448	2.00%
Instruction	\$4,251,016	<b>\$4,439,508</b>	<b>4.43%</b>	\$4,572,693	3.00%	\$4,709,874	3.00%
BOCES	\$3,704,412	<b>\$4,298,830</b>	<b>16.05%</b>	\$4,384,807	2.00%	\$4,472,503	2.00%
Transportation	\$3,539,681	<b>\$3,579,624</b>	<b>1.13%</b>	\$3,633,318	1.50%	\$3,687,818	1.50%
Debt Service	\$5,235,536	<b>\$5,453,555</b>	<b>4.16%</b>	\$5,735,047	5.16%	\$5,742,500	0.13%
Contingency	\$500,000	<b>\$500,000</b>	<b>0.00%</b>	\$500,000	0.00%	\$500,000	0.00%
<b>Total</b>	\$62,423,000	<b>\$64,316,480</b>		\$66,229,729		\$67,915,779	
\$ Change	\$2,280,000	<b>\$1,893,480</b>		\$1,913,249		\$1,686,049	
% Change	3.79%	<b>3.03%</b>		2.97%		2.55%	



# Overall Budget Forecast

	Current	<b>Projected</b>	Projected	Projected
	2020-21	<b>2021-22</b>	2022-23	2023-24
Projected Overall Revenues	\$62,423,000	<b>\$63,457,496</b>	\$64,940,392	\$66,169,599
Projected Overall Expenditures	\$62,423,000	<b>\$64,316,480</b>	\$66,229,729	\$67,915,779
<b>Budget Surplus (Gap)</b>	\$0	<b>-\$858,984</b>	-\$1,289,337	-\$1,746,179



# Summary

- Revenues projected to increase by approximately \$1M, or 1.66%, in 21/22. Hoping for a better state aid projection in April with the Legislative budget.
- Expenditures projected to increase by approximately \$1.9M, or 3%, due to contractual obligations for personnel and benefits (\$850K), BOCES (594K), and debt service (\$218K). The remaining increase is due to changes in instruction, transportation and general expenses.
- Overall budget demonstrates a \$859K gap, using current allocations of fund balance (\$704K) and reserves (\$840K).
- Optional gap closers include:
  - increases to state aid,
  - salary breakage from retirements,
  - spending reductions,
  - an increased fund balance allocation,
  - levy increase above cap, and/or
  - additional appropriation from reserve(s).



# Areas of concern in the Executive Proposal

- Foundation aid frozen for second year. Levels same as 2019-20. Our costs are not fixed.
- Expense based aids lumped together into “Services Aid”.
  - Multiple aid categories:
    - Transportation aid - offsets costs of mandated transportation of students
    - BOCES aid - provided to encourage Districts to share services and reduce redundancy of efforts and expenses
    - Building aid - offsets costs to maintain facilities need to provide mandated instructional spaces with projects approved by voters and the NYS Department of Education
    - Excess cost aid - State’s share of mandated educational expenses for high needs students
    - Instructional Materials aids - supports for textbooks, software, hardware, and library expenses, mandated purchases required to be shared with non-public schools
  - Will be treated as block grant and no longer expense based. Potential annual increases capped.

**WHY IS THIS IMPORTANT?**



# Areas of concern in the Executive Proposal

## Example #1 of potential Transportation Aid changes:

2019-20 expensed based aid	\$2,328,774
2020-21 expensed based aid	<u>\$1,628,774</u>
Anticipated reduction due to Covid	\$ 700,000

If frozen at 2020-21 level, our starting point for aid would be \$1.6M, even though our expenses will return to normal. Loss of over \$700K per year.



# Areas of concern in the Executive Proposal

## Example #2 of potential Transportation Aid changes:

2021-22 transportation expenses	\$3,579,624	Aid generated	\$2,326,756
2022-23 transportation expenses	<u>\$3,937,586</u>	Aid generated	<u>\$2,559,431</u>
If rebid results in 10% increase	\$ 357,962	Aid increase due	\$ 232,675

If aid increase are lumped and capped at 2% (or worse, CPI), 2022-23 aid: \$2,373,291

**Aid received would be \$186,140 less than earned.**

That amount would need to be absorbed in budget. This amount would increase year after year.

No consideration in place for:

- Any additional runs that may be needed based on student enrollment and programs
- Transportation contracts that need to be rebid



# Areas of concern in the Executive Proposal

- STAR Payment added to state aid runs.
  - This is determined by our actual homeowners' properties and how they receive their STAR deductions. Revenue is based on actual expenses, not a number capped by the state. Any reduction will increase the amount levied. The STAR program was created to help offset expenses to families.
- COVID-19 Stimulus payment versus Local District Funding Adj.
  - Our COVID-19 Stimulus allocation is almost \$2.9M. This represents Federal dollars sent to schools to support efforts of instruction and safety during the pandemic.
  - The state aid runs include a "Local District Funding Adj." which fully offsets the federal allocation.
  - The State is using the federal dollars to help close the NYS budget gap.

**WHY IS THIS CRITICAL?**



# Areas of concern in the Executive Proposal

What happens next year when the federal allocation is gone? The state will still have a budget gap. Will we then face a deduction in our state aid of \$2.9M? If so, how will we absorb that without reducing our programs?

## **IS A FINANCIAL CLIFF ON THE HORIZON?**

To help prepare, we recommend continuing to exceed the 4% unappropriated fund balance limit at the end of the year. The effects of the pandemic and the budget gaps at the state level are not going away in one year. Excess unappropriated fund balance will help us maintain programming and prevent large fluctuations in both budget and programming.





# Questions

**Next Budget Update:**  
**March 16, 2021**

~Thank you!~