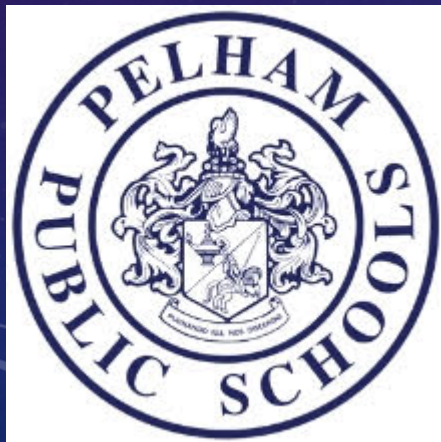


# PELHAM PUBLIC SCHOOLS 2019-20 PROPOSED BUDGET



TUESDAY, APRIL 23, 2019

JAMES F. HRICAY,

ASST. SUPERINTENDENT FOR BUSINESS

# BUDGET AT-A-GLANCE

- Total Appropriations: \$74,930,000
- Expense Budget-to-Budget Increase: 1.74%
- Projected Allowable Tax Levy Increase: 3.17%  
(per NYS Tax Cap Formula)
- Tax Levy Increase: 3.17%

# COMPONENTS OF TAX INCREASE

## Operating Budget (Subject to Tax Cap):

• Growth Factor	0.45%
• <u>CPI - 2% (applied to levy, less cap exclusions)</u>	<u>1.96%</u>
Total Operating Budget Portion	2.41%

## Capital Budget (Part of Tax Cap Exclusions):

• Drop in Building Aid	0.85%
• Reduction in Debt Service Payments	(0.01%)
• Removal of Capital Projects	(0.40%)
• <u>Reduced use of Debt Service Fund</u>	<u>0.32%</u>
Total Capital Budget Portion	0.76%

**Total Tax Levy Increase: 2.41% + 0.76% = 3.17%**

# BUDGET HIGHLIGHTS

## The Final Proposed Budget:

- Complies with NYS tax cap legislation
- Aligns with the Strategic Plan
- Maintains and enriches student programs
- Maintains class sizes within BOE guidelines
- Provides for academic and social-emotional needs of students

# PROGRAMMATIC ENHANCEMENTS

- Supports expansion of FLES to 5<sup>th</sup> grade utilizing existing staff
- Continues professional learning for integration of the International Baccalaureate Middle Years Programme at Pelham Middle School & Pelham Memorial High School Gr. 6-10 and other Strategic Plan initiatives
- Supports continuation of the 1-to-1 Chromebook initiative
- Increases offerings of dual-enrollment, AP, and elective courses at PMHS including A Study in Dramatic Literature (Adelphi), AP Computer Science Principles, Modern Drama, Global Arts, Intro to Programming and App Design, and Intro to Programming and Robotics
- Supports addition of unified sports, girls' ice hockey, and continuation of existing extracurricular opportunities and athletics
- Supports continued update of instructional resources and textbooks at various grades


## ALLOCATION OF ADDITIONAL STATE AID

- Elementary Psychologist (1 FTE) – Allows for one dedicated psychologist per elementary school (Siwanoy and Colonial currently share)
- Interventionist (1 FTE) – Teaching position to support elementary students and bolster the District's Academic Intervention Services program.
- Restoration of Teaching Assistant position

Note: These positions were added to the budget proposal as a result of \$316,000 in additional state aid included in the NYS Budget.

# FACTORS CONTRIBUTING TO A BALANCED BUDGET

- 5 Teacher Retirements
- Reduction in various facilities lines through anticipated cost savings measures and small capital projects
- Decrease in Teachers Retirement System (TRS) costs due to fund performance
- Reduced reliance on appropriated fund balance in line with District goal to bring expenditures in line with “true” revenues
  - Total use of fund balance, reserves & debt service reduced from \$1,725,000 to \$1,325,000 (\$400,000)

The background is a dark blue gradient with faint, light blue circular patterns and a scale on the right side. The scale is a semi-circle with numbers from 0 to 210 in increments of 10. There are also several circular arrows and dashed lines scattered across the background.

# 2019-20

## PROPOSED BUDGET

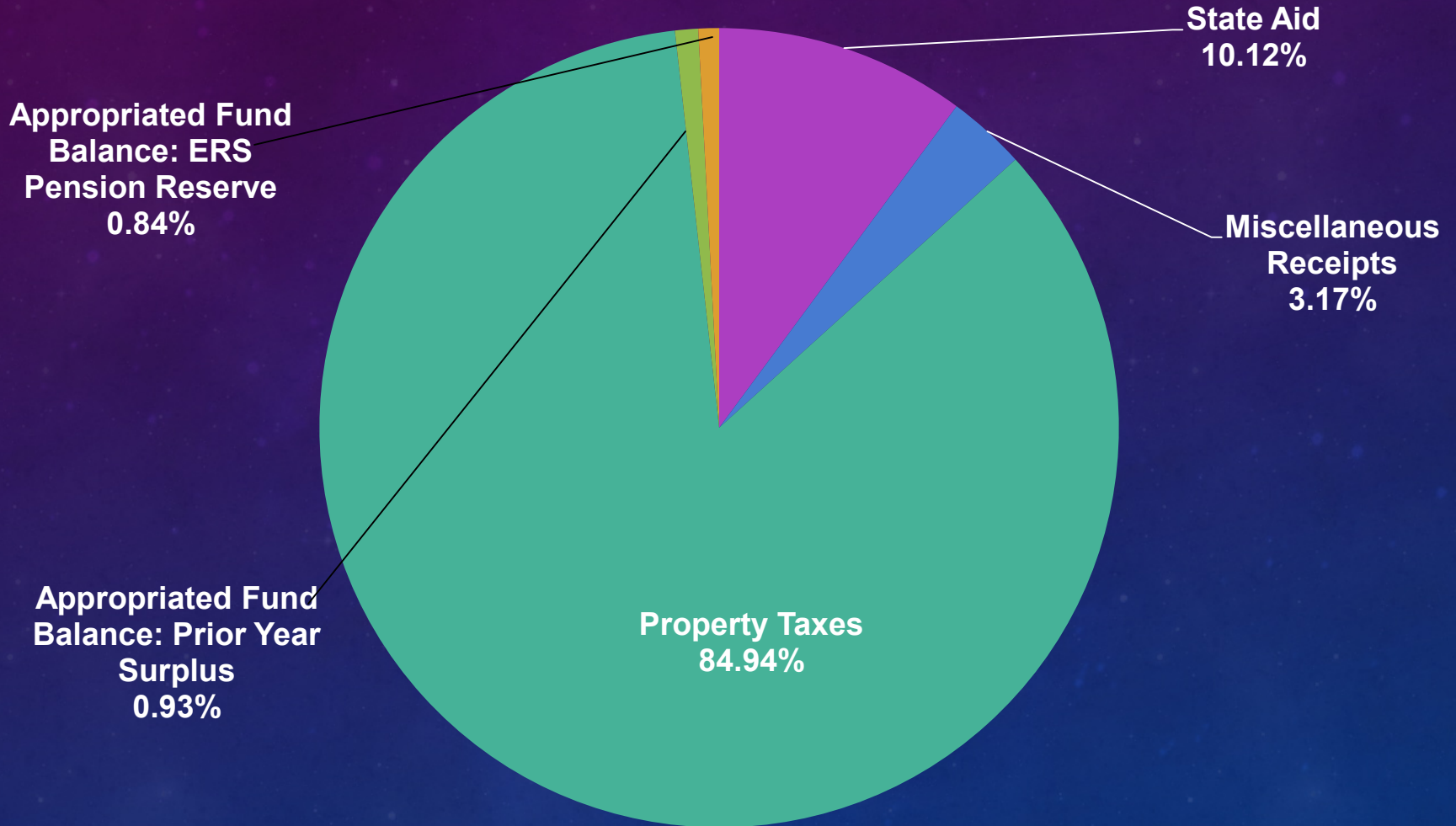
### Revenue Budget



# REVENUE BUDGET

Category	% Total Revenue	2018-19 Adopted Budget	2019-20 Final Proposed Budget	Increase (Decrease)	% Change
Property Taxes	84.94%	\$61,692,210	\$63,646,306	\$1,954,096	3.17%
State Aid	10.12%	7,843,736	7,585,216	(258,520)	(3.30%)
Miscellaneous Receipts	3.17%	2,389,054	2,373,478	(15,576)	(0.65%)
Appropriation-Fund Balance	0.93%	810,000	700,000	(110,000)	(13.58%)
Appropriation-Debt Service Reserve	0.0%	200,000	-0-	(200,000)	(100.00%)
Appropriation-ERS Reserve	0.84%	715,000	625,000	(90,000)	(12.58%)
TOTAL REVENUE	100%	\$73,650,000	\$74,930,000	\$1,280,000	1.74%

# 2019-20 REVENUE BUDGET



# PROPERTY TAXES

The background is a dark blue gradient with a subtle pattern of small white dots. On the right side, there are several technical graphics: a large circular gauge with a scale from 0 to 210, a smaller circular gauge with a scale from 0 to 100, and two circular arrows indicating clockwise rotation. The text 'PROPERTY TAXES' is centered in a white, sans-serif font.

# NEW YORK STATE TAX CAP

- 2019-20 is the eighth year of the tax cap
- Limits tax levy growth to lesser of 2% or CPI, with adjustments for certain exclusions (thus, reference to “2% Tax Cap”)
  - CPI is 2.44% for 2019-20, therefore capped at 2.00%
- Allows exclusions for capital expenditures
- Also allows exclusions related to TRS and ERS pension costs in excess of 2% rate increase from year-to-year
  - Not applicable in 2019-20

# TAX LEVY CAP PROVISIONS BUDGET VOTE PROVISIONS

- If budget is within tax cap limit:

Need simple majority (50% + 1 voter) to pass

- If budget is above the tax cap limit:

Need a 60% supermajority public vote to pass

- Contingency Budget:

If no budget is approved, the district must adopt a contingency budget with 0% tax levy increase over prior year

*\*This would result in significant expenditure reductions and/or increases to appropriations from fund balance in order to compensate for reduced tax revenue of \$1.95 million*

# PROJECTED TAX LEVY CALCULATION: FY 2019-20

NYS Tax Cap Formula Components		2019-20 Amount	%
FY18-19 Tax Levy		\$61,692,210	
x Tax Base Growth Factor		1.0045	0.45%
- Prior Year Exclusions	Capital	\$(1,387,805)	(2.25%)
<b>= FY18-19 Tax Levy Limit</b>		<b>\$60,582,020</b>	
x Allowable Levy Growth Factor (CPI cap for FY19-20)		1.02	1.96%
<b>= FY19-20 Tax Levy Limit (before Exclusions)</b>		<b>\$61,793,660</b>	
+ Current Year Exclusions	Capital	\$1,852,646	3.00%
	Pension	\$0	0.00%
<b>= FY19-20 Projected Allowed Tax Levy</b>		<b>\$63,646,306</b>	<b>3.17%</b>
<b>FY19-20 Proposed Budget Tax Levy</b>		<b>\$63,646,306</b>	<b>3.17%</b>

# BUDGETING IN THE TAX CAP ERA

- District must bring expenditures in line with available revenue and reduce reliance on fund balance/reserve appropriations
- District has limited controllable revenue sources
- Property Taxes (85% of revenue) can grow by around \$1,954,000 for 2019-20 under the preliminary tax cap calculation
- State Aid (10.12% of revenue) is decreasing by \$258,520
  - Proposed Foundation Aid increase is \$63,421 or 1.84%
  - Building Aid for 2019-2020 decreasing \$526,557 or 23.7%
- Use of Fund Balance/Reserves (1.77% of revenue) can be controlled but *these resources are limited* and the amounts appropriated should be gradually reduced until actual expenditures and actual revenues are in line (Goal is get to 1% of revenue)
  - *Note that Appropriations of Fund Balance are not “true” revenue sources, rather they are considered “other financing sources” to meet the gap between revenue and expenditures*

# ASSESSED VALUATION

Homestead  
&  
Non-Homestead



# ASSESSED VALUATION

(IN THOUSANDS)

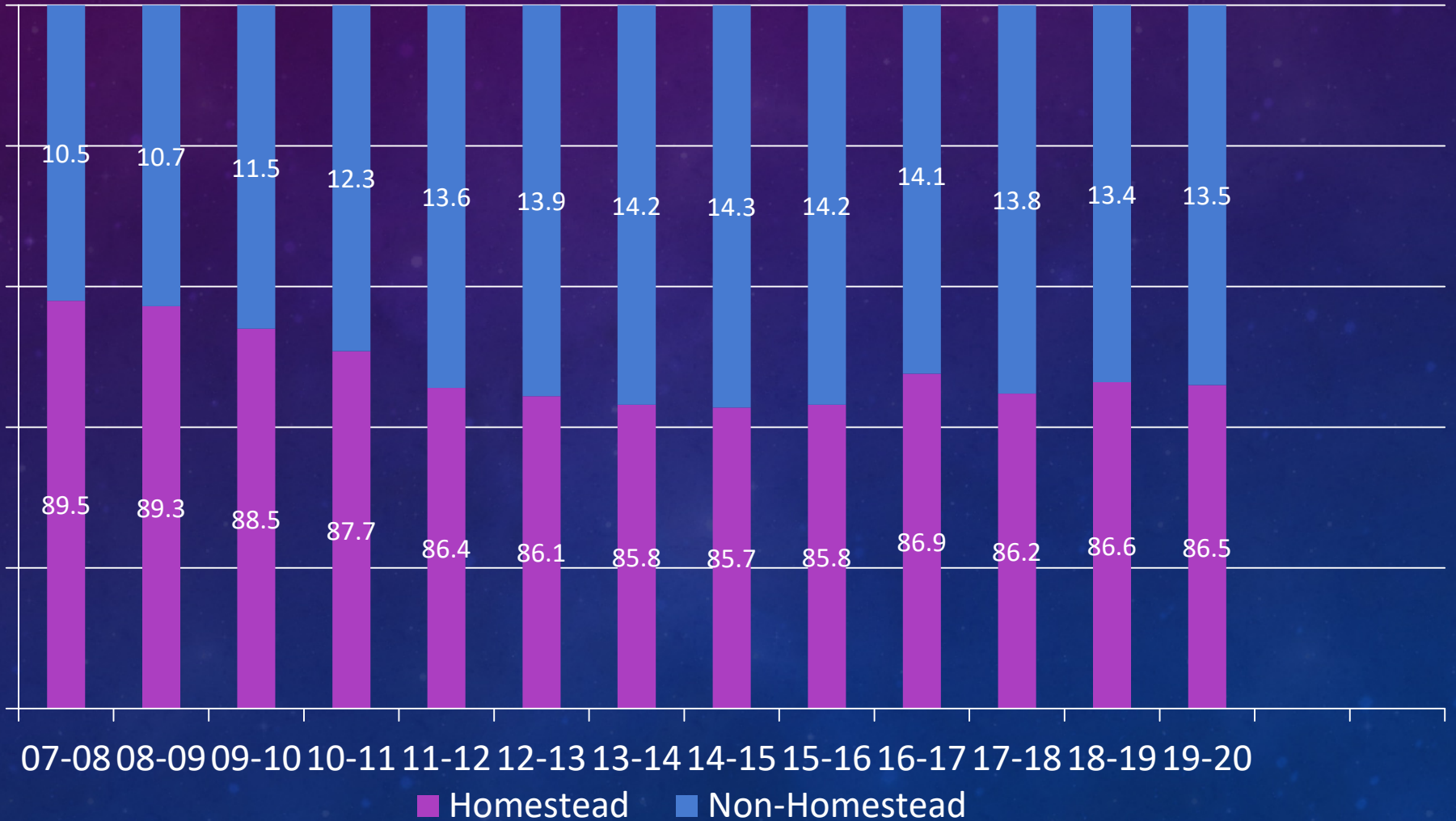
## DATA PER TOWN OF PELHAM

(AS OF 3/21/19)



# ASSESSED VALUATION

## PERCENTAGE HOMESTEAD AND NON-HOMESTEAD PROPORTIONS



# EFFECT OF SCHOOL TAX INCREASE

(ESTIMATED BASED ON 2018 ASSESSED VALUATION WHICH IS SUBJECT TO CHANGE)

## Example 1: \$500,000 home assessment - 2018-2019 School Taxes (Base Year) = \$9,196

Assessed Value Change	2.00%	4.00%	6.00%
Estimated 19-20 School Tax	\$9,366	\$9,550	\$9,734
Tax Increase from 18-19 (annual)	\$171	\$354	\$538
Percent Change	1.86%	3.85%	5.85%

## Example 2: \$900,000 home assessment - 2018-2019 School Taxes (Base Year) = \$16,553

Assessed Value Change	2.00%	4.00%	6.00%
Estimated 19-20 School Tax	\$16,860	\$17,190	\$17,521
Tax Increase from 18-19 (annual)	\$307	\$638	\$968
Percent Change	1.86%	3.85%	5.85%

## Example 3: \$1,300,000 home assessment - 2018-2019 School Taxes (Base Year) = \$23,909

Assessed Value Change	2.00%	4.00%	6.00%
Estimated 19-20 School Tax	\$24,353	\$24,830	\$25,308
Tax Increase from 18-19 (annual)	\$444	\$921	\$1,399
Percent Change	1.86%	3.85%	5.85%

# STATE AID

The background is a dark blue gradient with a field of small white stars. On the right side, there are several technical diagrams. The most prominent is a large circular gauge with a scale from 0 to 210 degrees, marked every 10 units. It features concentric circles, a dashed outer ring, and a solid inner ring with a white arrow pointing counter-clockwise. Below it is a smaller, similar gauge with a dashed outer ring and a solid inner ring with a white arrow pointing clockwise. In the top left and bottom left corners, there are partial views of similar circular diagrams.

# STATE AID - 10.12% of Revenue Budget

Category	% Total Aid	2018-19 Adopted Budget	2019-20 Final Proposed Budget	Increase (Decrease)	% Change
Foundation Aid	46.28%	\$3,447,479	\$3,510,900	\$63,421	1.84%
Building Aid	22.34%	2,221,314	1,694,757	(526,557)	(23.70%)
BOCES Aid	18.44%	1,227,764	1,398,505	170,741	13.91%
Transportation Aid	5.42%	411,441	410,989	(452)	(0.11%)
Instructional Materials Aid	3.11%	238,238	235,560	(2,678)	(1.12%)
High Tax Aid	1.54%	116,596	116,596	-	0.00%
All Other Aids	2.87%	180,904	217,909	37,005	20.46%
<b>TOTAL STATE AID</b>	<b>100.0%</b>	<b>\$7,843,736</b>	<b>\$7,585,216</b>	<b>(\$258,520)</b>	<b>(3.30%)</b>

# MISCELLANEOUS RECEIPTS



# MISCELLANEOUS RECEIPTS - 3.17% of Revenue Budget

Category	2018-19 Adopted Budget	2019-20 Final Proposed Budget	Increase (Decrease)	% Change
Tuition	\$1,032,814	\$1,027,854	(\$4,960)	(0.48%)
Sales Tax	680,000	715,000	35,000	5.15%
Health Services	152,950	133,000	(\$19,950)	(13.04%)
Refund-Prior Year Expenses	193,400	150,000	(\$43,400)	(22.4%)
All Other	329,890	347,624	17,734	5.38%
<b>TOTAL MISCELLANEOUS RECEIPTS</b>	<b>\$2,389,054</b>	<b>\$2,373,478</b>	<b>(\$15,576)</b>	<b>(0.65%)</b>

# MISCELLANEOUS RECEIPTS

- **Tuition**
  - Includes tuition for regular and special education non-resident students (secondary program only)
- **Sales Tax**
  - Represents the District's apportionment of NYS sales tax
- **Health Services**
  - Reflects billings for health related services for certain non-resident students
- **Refund of Prior Year Expenses**
  - Includes BOCES refund & prior year expenses
- **All Other Revenues**
  - Includes utility payments from Town, interest earnings, rental charges for facility use and any other miscellaneous monies received
  - Includes Arts-in-Education reimbursement from the PTAs





APPROPRIATIONS AS  
OTHER FUNDING SOURCES:

USE OF  
FUND BALANCE &  
RESERVES

# APPROPRIATIONS

## 1.77% OF REVENUE BUDGET

- FY2019-20 Proposed Budget includes \$1,325,000 in Appropriations Used as Financing Sources:
  - Appropriation of Fund Balance \$700,000
    - Represents appropriation of General Fund fund balance at the end of the 2018-19 school year; used to balance the 2019-20 budget
    - Ongoing practice for many school districts
    - Amount reduced by \$110,000 from prior year budget of \$810,000
  - Appropriation of ERS Reserve \$625,000
    - Represents appropriation from the Employee Retirement System (ERS) Reserve
    - Partially offsets budgeted ERS expenditures of \$780,620

## A NOTE REGARDING RESERVE FUNDS

- NYS recommends that school districts create reserve funds against certain long term liabilities of the school district
- Unlike the private sector, school districts are limited in the amount that can be maintained and the use of such funds

### GOAL:

- Maintain reserves against liabilities of the District and support the budget appropriately through a planned utilization of reserves over time

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# 2019-20 PROPOSED BUDGET

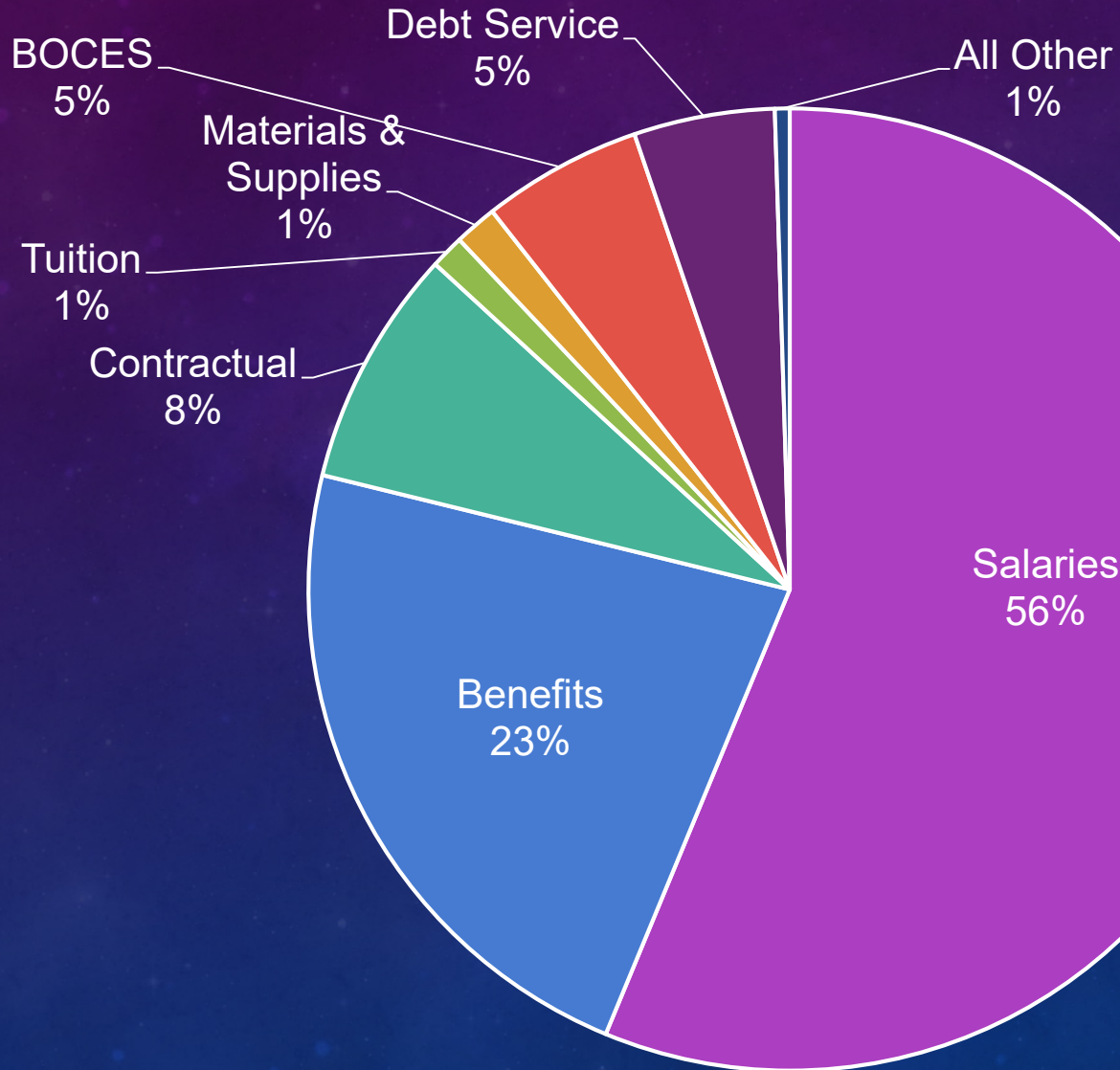
## Expenditure Budget

# EXPENDITURE BUDGET

Category	% Total Expense	2018-19 Adopted Budget	2019-20 Final Proposed Budget	Increase (Decrease)	% Change
Salaries	56.25%	\$41,618,368	\$42,144,537	\$526,169	1.26%
Employee Benefits	22.58%	16,879,749	16,919,744	39,995	0.24%
Note: Salaries & Employee Benefits together comprise almost 80% of the Budget					
Contractual	7.99%	5,825,709	5,990,396	164,687	2.83%
BOCES Services	5.38%	3,578,550	4,028,941	450,391	12.59%
Interfund Transfer-Debt Service	4.73%	3,559,119	3,547,403	(11,716)	(0.33%)
Materials & Supplies	1.44%	1,010,827	1,077,248	66,421	6.57%
Tuition	1.14%	530,094	850,902	320,808	60.52%
Textbooks	0.27%	210,456	203,769	(6,687)	(3.18%)
Interfund Transfers – Special Aid & Capital	0.04%	280,000	30,000	(250,000)	(89.28)%
Equipment	0.18%	157,128	137,060	(20,068)	(12.77%)
<b>TOTAL</b>	<b>100%</b>	<b>\$73,650,000</b>	<b>\$74,930,000</b>	<b>\$1,280,000</b>	<b>1.74%</b>

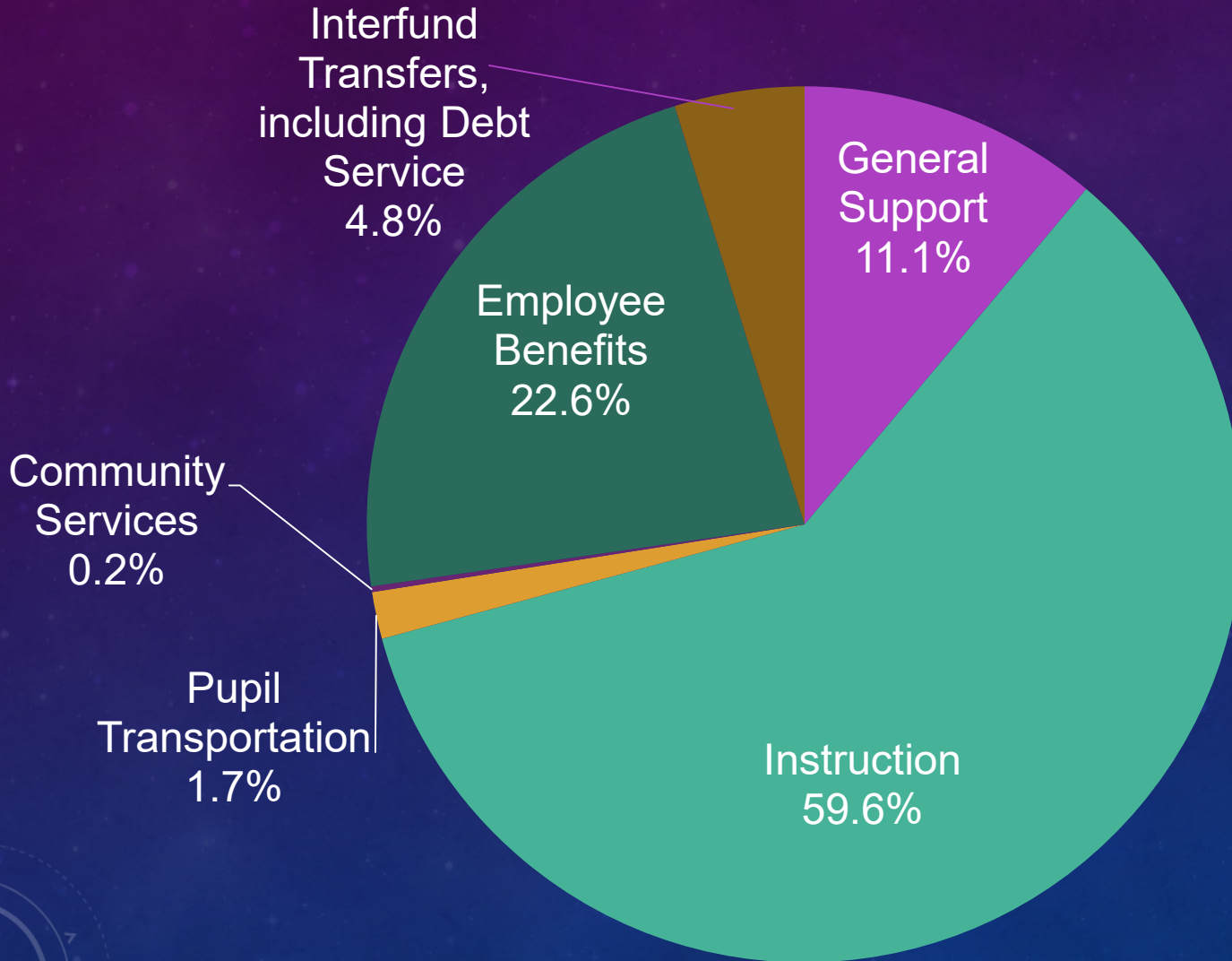
# FY 2019-20 EXPENDITURE BUDGET

BY OBJECT CODE

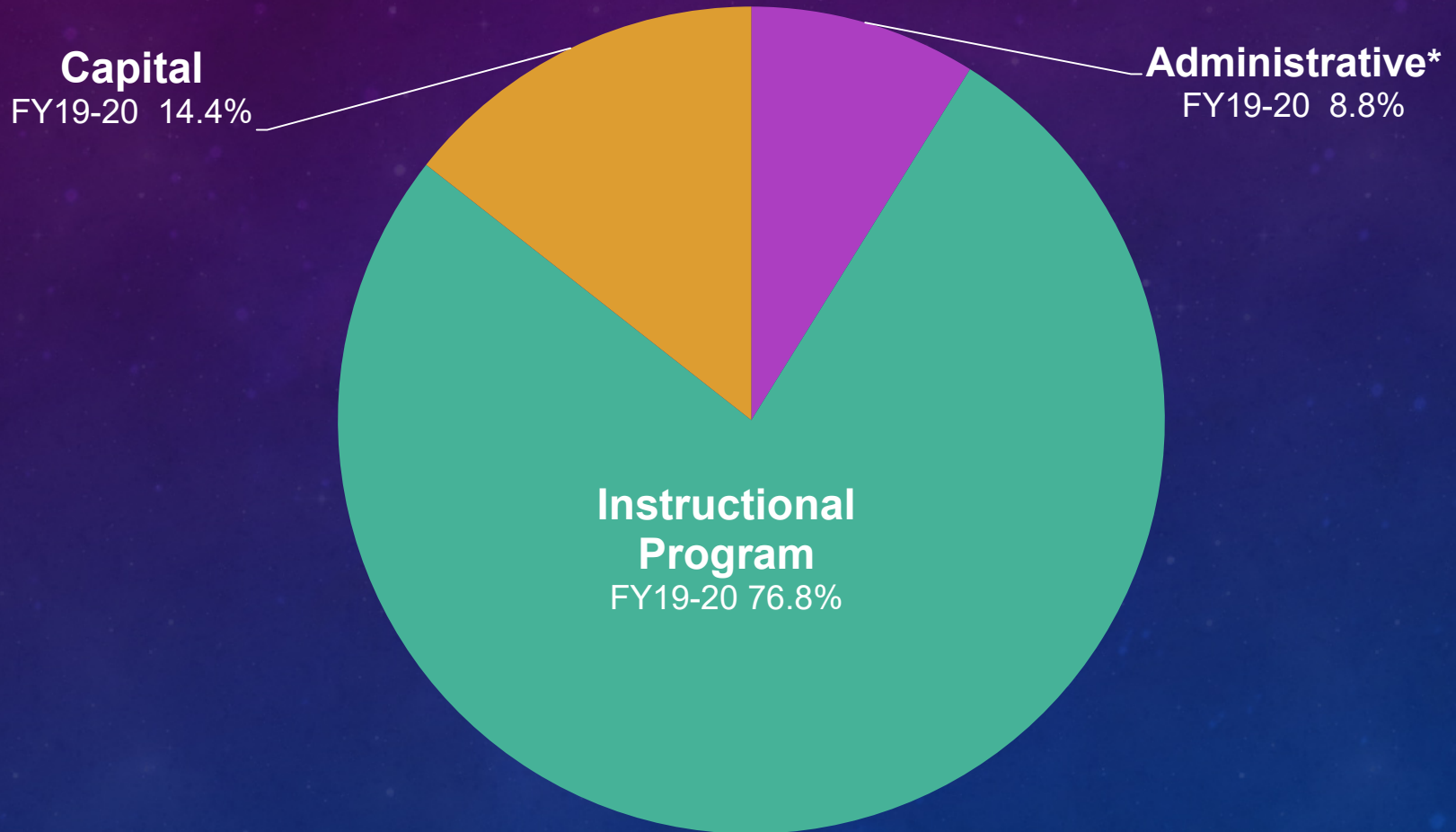


# FY 2019-20 EXPENDITURE BUDGET

BY FUNCTION CODE



# FY 2019-20 EXPENDITURE BUDGET 3 COMPONENT CATEGORIES



\*Note: The Administrative portion of the budget cannot exceed 10% of the total budget per NYS law.



BUDGET CATEGORIES DRIVING  
BUDGET-TO-BUDGET CHANGE

Salaries	\$526,169	1.26%
BOCES	450,391	12.59%
Tuition	320,808	60.52%
Contractual	164,687	2.83%
Materials & Supplies	66,421	6.57%
Employee Benefits	39,995	0.24%
Textbooks	(6,687)	(3.18%)
Debt Service Fund	(11,716)	(0.33%)
Equipment	(20,068)	(12.77%)
Transfer to Capital Fund	<u>(250,000)</u>	<u>(100.00%)</u>
TOTAL	\$1,280,000	1.74%

# OVERVIEW OF SIGNIFICANT BUDGET TO BUDGET CHANGES

- Salaries, \$526,169 increase
  - Includes contractual increases for teachers, administrators, clerical, custodial, and exempt employees
  - Includes significant savings realized from retirements/reductions
- BOCES, Tuition and Contractual increase \$935,886
  - Out of District Tuitions (career/technical & IEP) \$661,630
  - Transportation \$150,726
  - BOCES Administrative Fee \$52,358
  - All other \$71,172
- Net Capital & Facilities Changes decrease \$304,567
  - Rent for Administrative Offices \$205K increase
  - Reduction of small capital projects \$355K (\$250K transfer to capital + \$105K – Other)
  - Other net reductions in Facilities Budget lines \$154K

# OVERVIEW OF SIGNIFICANT BUDGET TO BUDGET CHANGES

- Employee Benefits, \$39,995 increase
  - Teachers Retirement System (TRS) pension rate decreased from 10.62% to 8.86% which, when combined with the lower staffing costs resulting from retirements, created savings of \$580,000
  - Employee Retirement System (ERS) pension rate reduction from 14.9% to 14.6% which partially offset additional costs due to salary changes resulting in a slight increase of \$26,000
- Health Insurance increases totaling \$447,000 as follows:
  - Medical insurance rate increase of 5.2% (blended rate)
  - Retiree health premium did not increase for Medicare eligible

# SUMMARY OF BUDGET TO BUDGET CHANGES

REVENUE & OTHER FINANCING SOURCES		EXPENDITURES	
Property Taxes	\$1,954,096	Salaries	\$526,169
State Aid	(258,520)	BOCES	450,391
Miscellaneous Receipts	(15,576)	Tuition	320,808
Appropriation of Prior Year Fund Balance	(110,000)	Contractual	164,687
		Materials & Supplies	66,421
Appropriation from Debt Service Fund	(200,000)	Employee Benefits	39,995
		Textbooks	(6,687)
Appropriation from ERS Reserve	(90,000)	Interfund Transfer – Debt Service	(11,716)
		Equipment	(20,068)
		Interfund Transfer – Capital	(250,000)
<b>TOTAL INCREASE</b>	<b>\$1,280,000</b>	<b>TOTAL INCREASE</b>	<b>\$1,280,000</b>

# BUDGET RECAP

• <u>Total Appropriations:</u>	\$74,930,000
• <u>Expense Budget-to-Budget Increase:</u>	1.74%
• <u>Projected Allowable Tax Levy Increase:</u> (per NYS Tax Cap Formula)	3.17%*
• <u>Tax Levy Increase:</u>	<u>3.17%*</u>
• Operating Budget:	2.41%
• Capital Budget	
• Drop in Building Aid	0.85%
• Reduction in debt service	(0.01%)
• Removal of Capital Projects	(0.40%)
• <u>Reduced use of Debt Service Fund</u>	<u>0.32%</u>
• Total Capital	0.76%

# BUDGET DEVELOPMENT CONTINUES

## Key Budget Dates

- April 23, 2019: Board of Education adopts 2019-20 Budget
- May 21, 2019: Community Budget Vote and Board Member Election

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Questions?

Thank you!