



2018-2019 Budget Planning

Board of Education February 13, 2018



Contents

- Budget Planning Guiding Principles
- Guidance from the Board of Education
- Budget Assumptions
- Tax Levy Cap Calculation
- Revenues
- Non-Instructional Costs



Guidance from the Board of Education in Formulating the Budget

- Stay within the allowable tax levy cap
- Conservative use of Fund Balance or other Reserves, as appropriate to balance the budget
- Maintain reasonable class size
 - Minimize impact on instructional programs while continuing to enhance students' learning experiences
- at Somers High School – inclusion of Advanced Placement courses, the International Baccalaureate Diploma Program, Project Lead the Way Pre-Engineering Program, Science Research, Writing Center, Performing and Fine Arts programs, PNWBOCES CTE programs and student support services - eg. Success Center, Transitional Support Program



Guidance from the Board of Education in Formulating the Budget

- at Somers Middle School – inclusion of the Engineering by Design curriculum, Maker Space application of student learning in Science and Mathematics, Advisory programs, Enrichment and support programs, True North and Mentoring programs, Performing and Fine Arts Programs and the development of the International Baccalaureate Middle Years Program
- at the elementary level - a full balanced literacy program - including benchmarking of student progress in reading and writing, Renaissance Learning, Reading Recovery and Foundations - Science 21, Responsive Classroom, elementary counseling curriculum and target programs, opportunities for enrichment and support, and computer literacy programs



Budget Assumptions Regarding Major Revenues and Expenditures

- **Tax Cap** (The allowable tax increase without a super majority is 2% or CPI – whichever is less.)

The CPI index for the 2018-2019 school year is at **2.0%** generating an allowable tax levy increase of \$1,747,595.

- **State Aid Figure**

Initial proposal by the Governor shows an overall **decrease** in aid on a budget-to-budget basis of \$75,000.

- **Retirement Systems**

ERS: The rate has been **reduced** from 15.3% to 14.9% and **decreased** this line item by -\$17,658.

TRS: The rate has been **increased** from 9.8% to 10.63% and has added \$377,187 to the budget.

- **Health Insurance Rates**

Empire Plan has been **increased** by 8.2% and added \$489,357 to the budget.

PNW Health Benefits Consortium has been **increased** by 3.75% and added \$172,643 to the budget.

Medicare payments to retirees has **increased** by \$324 per retiree and added \$123,893 to the budget.



Fund Balance/Reserve Amounts at June 30, 2017

Item	Dollar Amount 6-30-2017
Reserve for Retirement Contributions (ERS Reserve)	\$882,179
Reserve for Tax Certiorari	\$4,885,610
Capital Reserve	\$2,623,178
Repair Reserve	\$133,051
Reserve for Employee Benefit Liability	\$32,836
Appropriated Fund Balance/Retirement Contribution Reserve (ERS)	\$25,000
Unappropriated Fund Balance	\$3,531,555



Calculation of Tax Levy Limit

1. Prior year tax levy (minus Reserve Amount for any Excess Levy, including interest)

X

2. Tax base growth factor, if any

+

3. PILOT's received during the year

-

4. Taxes levied for exclusions during the prior year (not ERS and TRS)

=

5. *ADJUSTED PRIOR YEAR TAX LEVY*

X

6. Allowable levy growth factor (lessor of 2% or CPI)

-

7. PILOTS receivable in the coming year

+

8. Available carryover, if any

+

9. Tax Levy Limit

+

10. Coming school year exclusions

=

11. Maximum Allowable Tax Levy (requiring simple majority)



Tax Levy Cap Calculation and Maximum Allowable Tax Levy Calculation

Previous Tax Levy	75,992,382	
(x) Tax base growth factor	<u>1.0048</u>	
	76,357,145	
(+) Payment in lieu of taxes prior year	<u>62,357</u>	
	= 76,419,502	
(-) taxes levied for exemptions during prior year (not ERS or TRS)	5,105,490	17/18 debt service \$4,695,794 + lease purchase \$509,696 - debt service transfer \$100,000 = \$5,105,490
Capital Local Expenditures (debt service + lease purchase)		
-	1,829,368	Less Building Aid, \$1,930,953, less interest rate recalibration, \$93,888
	= <u>3,276,122</u>	and less Water testing Aid of \$7,697
(=) Adjusted Prior Year Tax Levy	73,143,380	
(x) Adjusted levy growth factor (2% or CPI) (x .02%)	74,606,248	
(-) payments in lieu of taxes receivable in coming year	64,228	
(+) Available carryover, if any	<u>0</u>	
(=) Tax Levy Limit	74,542,020	
(+) taxes levied for exemptions for coming school year (not ERS or TRS)	5,131,624	18/19 budgeted debt service of \$4,693,369 + lease purchase \$538,255 - debt service transfer of \$100,000 = \$5,131,624
(-) Capital Local Expenditures (debt service + lease purchase)	1,933,667	Less: Building Aid \$1,933,667
	3,197,957	
(+) ERS Pension Exemptions	<u>0</u>	
(+) TRS pension Exemptions	<u>0</u>	
(=) Maximum Allowable Tax Levy	77,739,977	
Maximum Allowable Dollar Tax Levy Increase	1,747,595	
Maximum Allowable Percentage Tax Levy Increase	2.30%	



State Aid

Aid Type	2017-2018 Budgeted	2017-2018 Projected Actual	2018-2019 Governor's Proposal	Variance from Budgeted
Foundation	\$4,635,575	\$4,638,767	\$4,650,363	\$14,788
BOCES	\$983,940	\$936,604	\$871,409	-\$112,531
High Cost/Private Excess	\$440,448	\$465,969	\$444,058	\$3,610
Hardware/Technology	\$22,821	\$22,761	\$22,432	-\$389
Transportation	\$1,629,360	\$1,600,082	\$1,652,699	\$23,339
Building	\$1,932,815	\$1,930,646	\$1,933,667	\$852
High Tax	\$141,256	\$141,256	\$141,256	\$0
Textbook, Software, Library	\$266,247	\$269,355	\$261,241	-\$5,006
Totals	\$10,052,462	\$10,005,440	\$9,977,125	-\$75,337



Major Non-Tax Revenues

	2017-2018 Budget	2018-2019 Proposed	Variance
State Aid	\$10,052,462	\$10,007,125	- \$45,337
PILOT	\$62,357	\$64,228	\$1,871
County Sales Tax	\$1,030,200	\$1,073,192	\$42,992
Facilities Rental	\$208,664	\$195,760	-\$12,904
Health Services	\$533,870	\$586,604	\$52,734
BOCES Refunds & Prior Year Refunds	\$84,500	\$112,000	\$27,500
Debt Service Transfer	\$100,000	\$100,000	\$0
Fund Balance or Reserve Funds	\$25,000	\$650,000 - \$725,000	\$625,000 - \$700,000



Budget-to-Budget Comparison

	Budget 2017-2018	Proposed 2018-2019	Variance
Total Salaries, Sub Costs, Stipends, etc.	\$46,697,307	\$47,293,766	\$596,459
Benefits	\$20,762,715	\$22,112,673	\$1,349,958
Instructional Program	\$7,075,975	\$7,521,825	\$445,850
Contract Transportation	\$4,774,385	\$4,784,336	\$9,951
Debt Service (including Lease Purchase)	\$5,205,490	\$5,231,624	\$26,134
Building & Grounds (exclusive of salaries)	\$2,063,927	\$2,093,056	\$29,129
All Other	\$1,750,510	\$1,829,972	\$79,462
Totals	\$88,330,309	\$90,867,252	\$2,536,943



Auditing

The District is required by statute to have an external, internal and claims auditor.

- The independent External Auditor is to audit and review the financials of the District.
- The Internal Auditor is to conduct a risk assessment audit and a focused audit of the District's financial operations.
- The Claims Auditor reviews and approves payments made by the District to various vendors.

Each Auditor prepares reports that are submitted to Administration and the Board of Education. Each Auditor meets with the Audit Committee and or the Board as needed or required.



Legal and Insurance

- The District retains legal counsel to handle the legal affairs of the District and to provide legal advice as needed by the Board of Education and the Administration.
- The District has insurances covering commercial property/fire, general liability, school board legal liability, boilers & machinery, pollution liability, commercial auto, commercial crime, cyber crime and excess catastrophe liability.
- In addition to the above, the District also carries student accident insurance.



Audit, Legal, Insurances

Service	2016-2017 Actual	2017-2018 Budget	2018-2019 Proposed
Audit, Legal	\$146,706	\$170,650	\$178,400
Insurances	\$317,626	\$331,327	\$321,043
Total	\$464,332	\$501,977	\$499,443



Buildings and Grounds (1620,1621)

The B&G Department consists of the following staff.

- 1 Superintendent of B&G
- .5 FTE Clerical Support
- 22 Custodial personnel and one Courier
- 7 Maintenance Personnel
- 5.5 Custodial positions were eliminated between 2012/13 and 2016/17

Square footage for our school buildings is 575,721.



Major B&G Expenses

Item	2016-2017 Expense	2017-2018 Budget	2018-2019 Proposed
Equipment	\$66,485	\$78,480	\$37,414
Contractual	\$90,248	\$104,885	\$96,345
Service Agreements	\$75,382	\$64,100	\$78,944
Security	\$53,348	\$56,490	\$61,903
Heating Oil	\$317,260	\$443,426	\$446,371
Electricity	\$634,473	\$648,855	\$656,173



Transportation

- Transportation expenses include the Transportation Office, 21 bus monitors, a contractual RN or LPN to accompany a special needs child, the bus garage and student transportation.
- Estimated 3,400 students transported daily by our transportation vendor, Royal Coach, 2,911 students in district and 490 private/parochial students.
- Students transported to nearly 40 different school locations daily.
- Also included in transportation costs are athletic and co-curricular expenses.



Contract Transportation Budget

- To and From School
- Special Education Residential Placements
- Late Bus-After School
- Bus Radio Costs
- Prom Buses
- Routing Software Costs



Contract Transportation (Home to School & School to Home)

2017-2018 Budget	2018-2019 Proposed Budget	Variance
\$4,459,776	\$4,444,472	-\$15,304
60 Buses	59 buses	-1 bus

Contract Transportation (Late Bus)

2017-2018 Budget	2018-2019 Proposed Budget	Variance
\$80,657	\$79,480	- \$1,177



Benefits

Benefits include the costs for the
NYS Employees' Retirement System,
NYS Teachers' Retirement System,
Social Security, Workers Compensation, Unemployment Insurance,
Health Insurance including Medicare
and Health Insurance Buy Back,
Dental, Life, and Vision Insurances, Educational and Attendance
Incentives and
contributions to Welfare Benefit Trust Funds



Health Insurance

The District has two health insurance plans:

- Empire Plan (NYSHIP) for instructional staff.

The plan year runs from January 1 – December 31

- HB Consortium Plan for all other staff.

It is a self-funded plan in conjunction with 13 other school districts and BOCES. The plan year runs July 1 – June 30



Health Insurance: Empire Plan (NYSHIP)

- 2018 percentage aggregate increase is 8.2%
- Instructional staff contribute 13.5% of the premium cost.

There are 210 active and 170 retirees covered by the plan.

■ Current Budget:	2017-2018	\$6,398,202
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■ Proposed Budget:	2018-2019	<u>\$6,887,559</u>
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+ \$489,357



Health Insurance: HBC Consortium (self-insured)

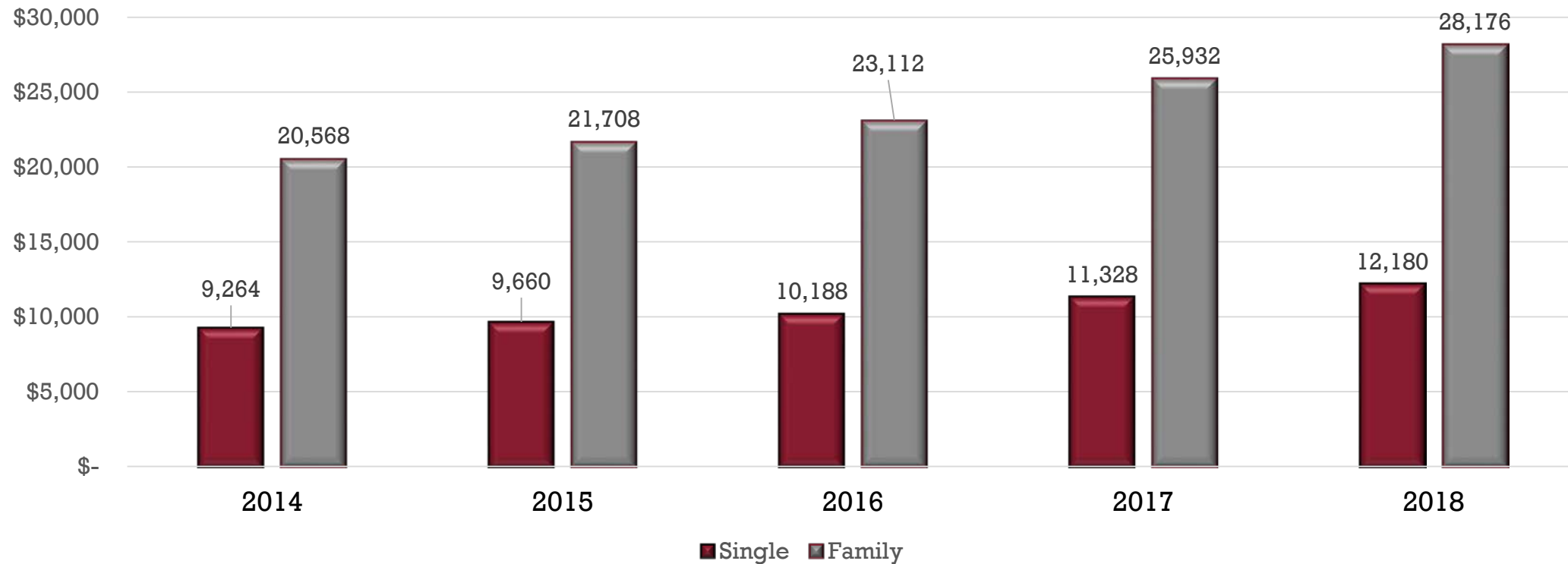
- The HBC Plan increase is 3.75%
- Administrative staff contribute 17% of the premium cost.
- Non-Instructional staff contribute 13.5% of the premium cost.
There are 142 active and 108 retirees covered by the plan

■ Current Budget:	2017-2018	\$3,356,488
■ Proposed Budget:	2018-2019	<u>\$3,529,131</u>
		\$ 172,643



Health Insurance – Empire Plan

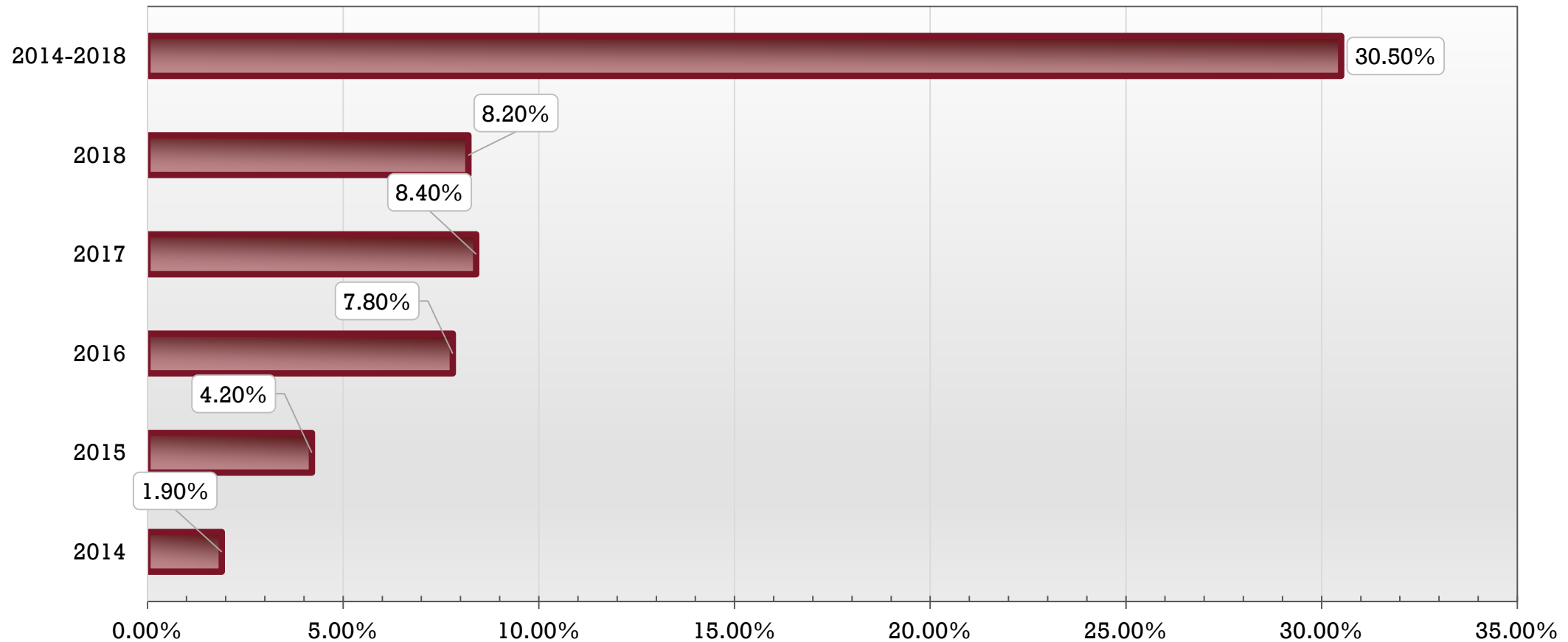
Annual Premiums





Health Insurance – Empire Plan (NYSHIP)

Percentage Increase

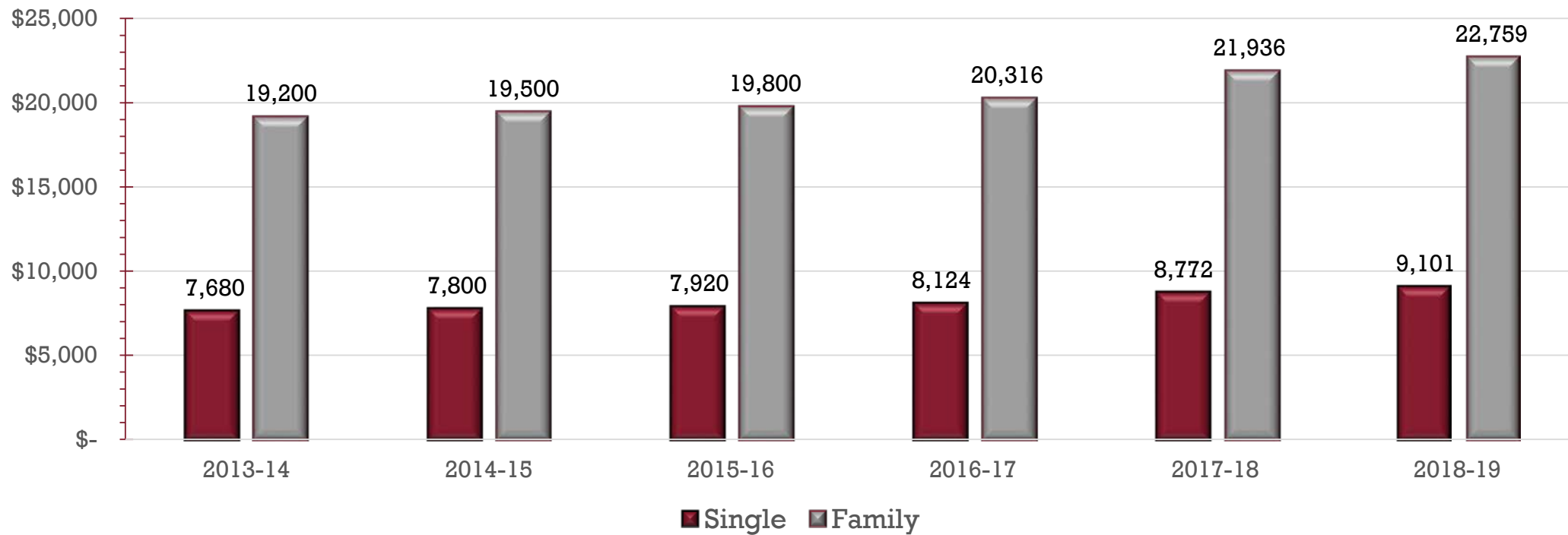


*Calendar year – January to December



Health Insurance – Health Benefits Consortium

Annual Premiums

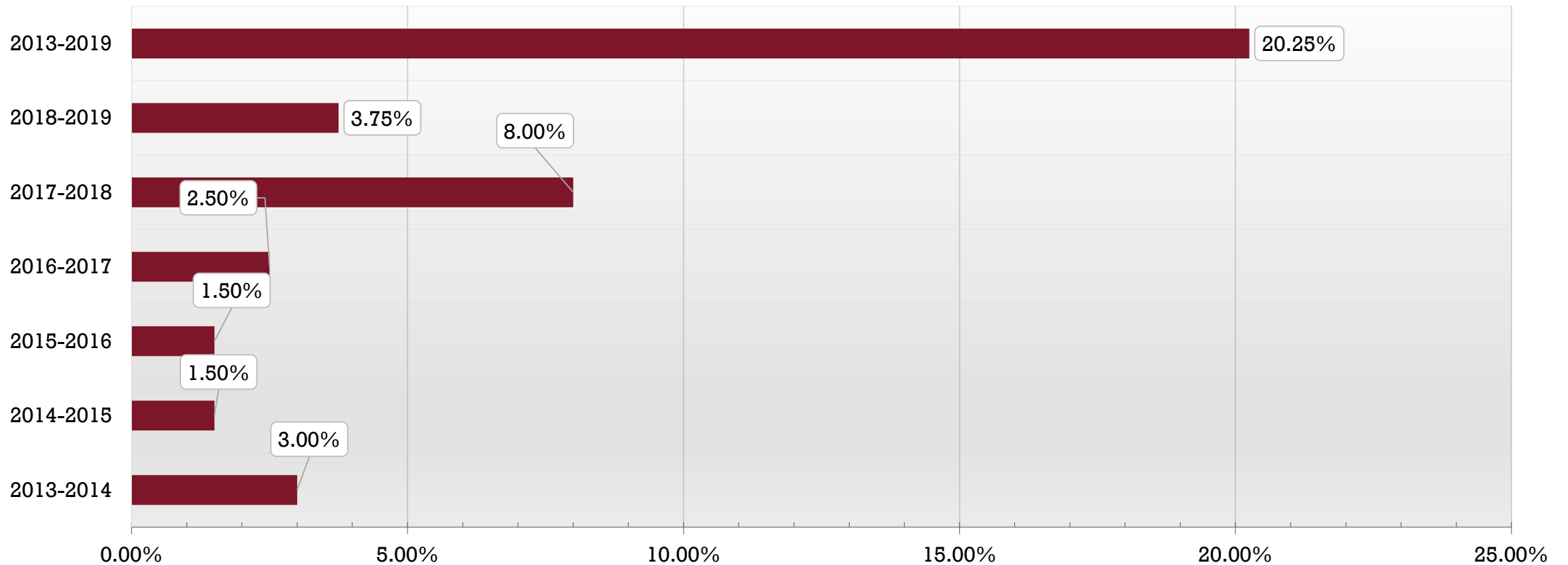


*Fiscal year – July to June



Health Insurance – Health Benefits Consortium

Percentage Increase



*Fiscal year – July to June



Employer Contribution Rates – TRS and ERS

Salary Year	TRS Employer Contribution Rate	Salary Year	ERS Employer Contribution Rate
2002-2003	0.36%	2002-2003	1.50%
2003-2004	2.52%	2003-2004	5.90%
2004-2005	5.63%	2004-2005	12.90%
2005-2006	7.97%	2005-2006	11.30%
2006-2007	8.60%	2006-2007	10.70%
2007-2008	8.73%	2007-2008	9.60%
2008-2009	7.63%	2008-2009	8.50%
2009-2010	6.19%	2009-2010	7.40%
2010-2011	8.62%	2010-2011	11.90%
2011-2012	11.11%	2011-2012	16.30%
2012-2013	11.84%	2012-2013	18.90%
2013-2014	16.25%	2013-2014	20.90%
2014-2015	17.53%	2014-2015	20.10%
2015-2016	13.26%	2015-2016	18.20%
2016-2017	11.72%	2016-2017	15.50%
2017-2018	9.80%	2017-2018	15.30%
2018-2019	10.63%	2018-2019	14.90%



Pension Systems (NYSTRS)

- NYS TRS covers teachers, teaching assistants and administrators
- Membership is mandatory for full-time employees
- The mandated Employer Contribution Rate is set by the System and is set to be 10.63% of TRS payroll

■ Current Budget:	2017-2018	\$3,818,934
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■ Proposed Budget:	2018-2019	<u>\$4,196,121</u>
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+ \$378,272



Pension Systems (NYSERS)

NYS ERS covers non-instructional, support staff - teacher aides, custodial/maintenance, bus monitors, clerical and food service staff

Membership is mandatory for full-time employees

The mandated Employer Contribution Rate is set by the System and the composite rate is set to be 14.9% of ERS payroll.

Current Budget:	2017-2018	\$1,203,412
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Proposed Budget:	2018-2019	<u>\$1,185,754</u>
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- \$15,583



Total Benefit Budget

	2017/2018 Budget	2018/2019 Proposed	Variance
NYS ERS	\$1,203,412	\$1,185,754	- \$15,583
NYS TRS	\$3,818,934	\$4,196,121	\$378,272
FICA	\$3,581,277	\$3,640,601	\$60,097
Worker's Compensation	\$183,307	\$180,607	- \$2,700
Unemployment Insurance	\$28,560	\$16,208	- \$12,352
Health Insurance/HI Buy Back, Medicare Part B reimbursements	\$11,125,414	\$12,017,249	\$891,835
Dental, Life, Vision, Flex Plan, Ed/Att. Incentives, Welfare Trusts	\$821,811	\$876,133	\$54,322
Total	\$20,762,715	\$22,112,673	\$1,349,958



Bonded Debt Service

Debt Service is the outstanding principal and interest payments required on the District's outstanding bonds. Bonds were issued by the District for the following building projects:

- The 1999 District-wide building project \$17,919,000. These bonds were refinanced in 2009.
- The 2006 District-wide building project – three series of bonds totaling \$49,094,953. Two series bonds were refinanced in January 2015 with an annual net savings of \$110,000 for a total savings of \$2.1M for life of bond.
- One series of bonds was refinanced in January 2016 with an annual net savings of \$191,500, for a total savings of \$2.4M over the life of the bond.



Installment Debt Service

For approximately 19 years the District has utilized installment lease purchases to refresh its technology equipment eg. computers, file servers, routers, blades, switches, monitors, Smart boards, tablets, etc.

- The financing of the installment lease purchase is bid and awarded to the vendor providing the lowest interest rate.
- The installment lease purchase period is three years.
 - Current Budget: 2017-2018 \$509,696
 - Proposed Budget: 2018-2019 \$538,255
 - The proposed budget includes \$190,000 of lease purchase dollars for 2018/2019.



Upcoming BOE Meeting Dates and Budget Topics

February 13, 2018	Budget Planning Session ▪ Anticipated State Aid ▪ Non-Instructional Expenses – Including Administrative Expenses, B&G, Transportation, Benefits (pension systems, health insurance, etc.), Debt Service ▪ Tax Levy Cap Calculation
March 6, 2018	Budget Planning Session ▪ Instructional Program Expenses ▪ Potential Capital Project Proposition
March 20, 2018	Budget Planning Session ▪ Review of Proposed Budget and Property Tax Cap ▪ Projected Tax Rate ▪ Contingency Budget
April 10, 2018	Budget Summary Update and Budget Adoption
May 8, 2018	Public Budget Hearing
May 15, 2018	Budget, Proposition Vote and Trustee Election



Board Member Questions?

