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# Pittsford Schools

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**2020 – 2021 BUDGET WORK**

**Undistributed Budget**

**March 30, 2020**





# 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

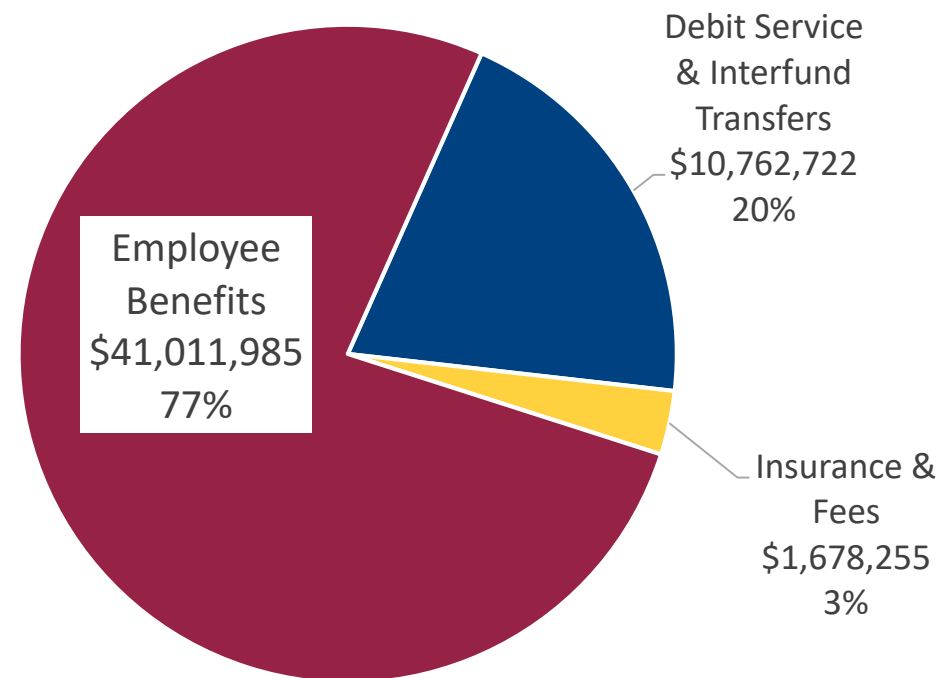
## Three Main Buckets

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

## Total of all three buckets:

- \$53,452,962
- 38% of the Total District Budget
- **Unusual** – Debt Services is less than the previous year

## Proposed 2020-21 Undistributed Budget

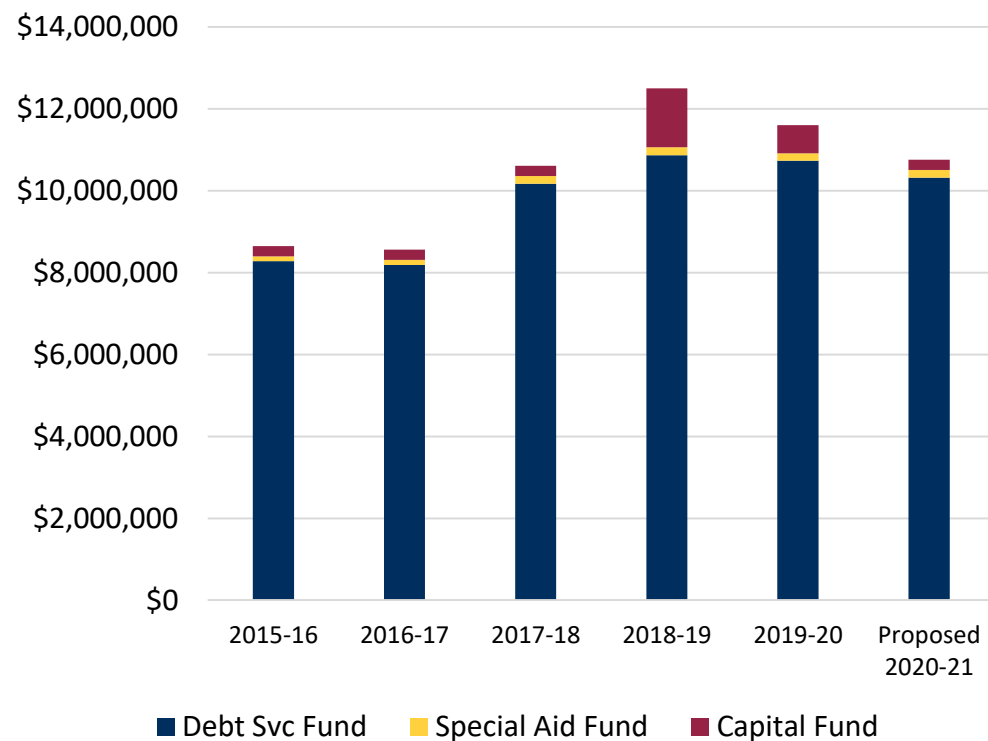




# 1. Debt Service & Interfund Transfers

- 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

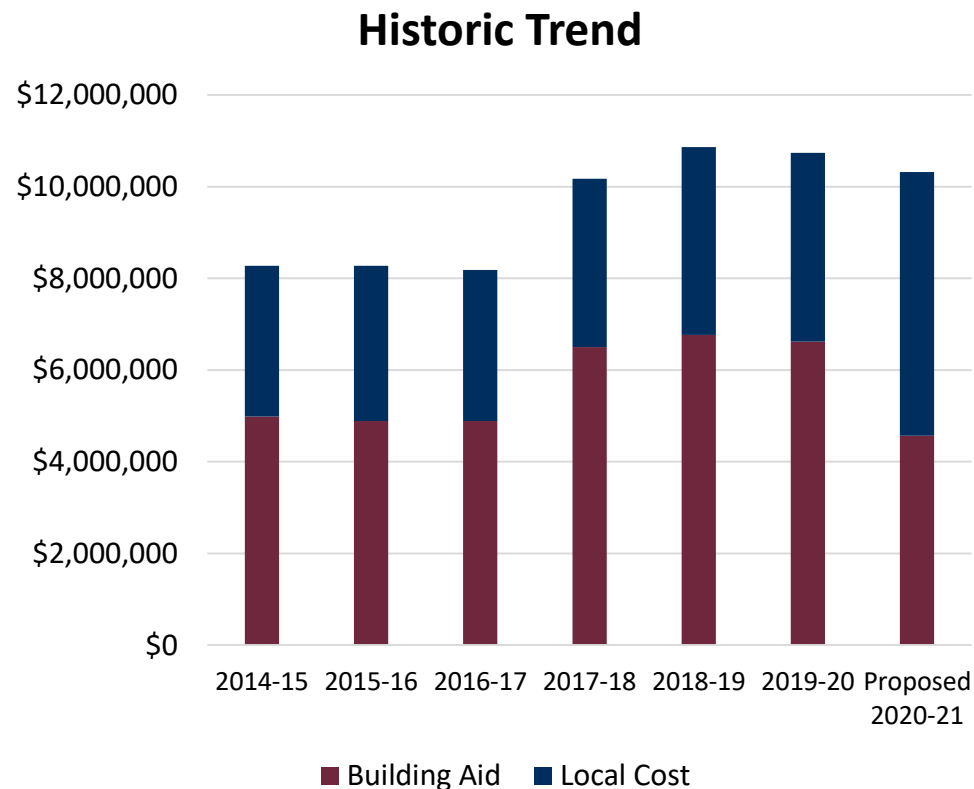
Historic Trend





# 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



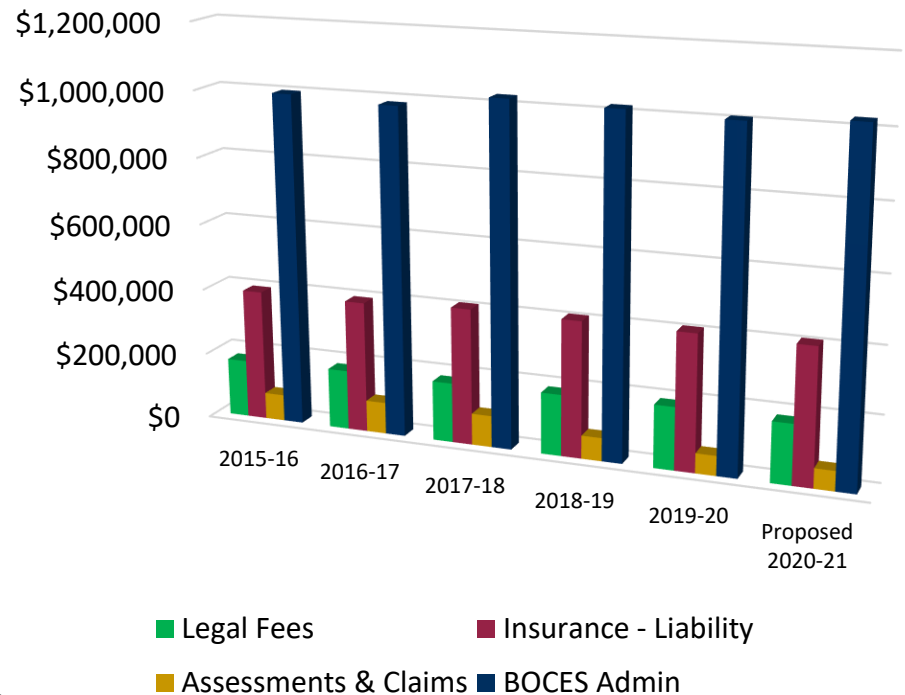
A bond from the 2003 Capital Project has a half year of payments so total debt service decreased. Also resulting in a reduction of NYS Building Aid. Thus the increase in Local Portion and resultant exception (increase) in the Property Tax Cap Formula, because, "the voters already approved the expenditure" in 2000"



## 2. Insurance, Judgments & Fees

- Stable /flat growth, average annual 0.32%
- Legal Fees
  - Defense and process
- Property Insurance
  - Liability & Property
  - Student Accident (not required by law)
  - Having reserves has helped budget costs
- Judgments and Assessments
  - Court proceedings
  - Various Governmental fees
  - Having reserves has helped reduce budget costs
- 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**



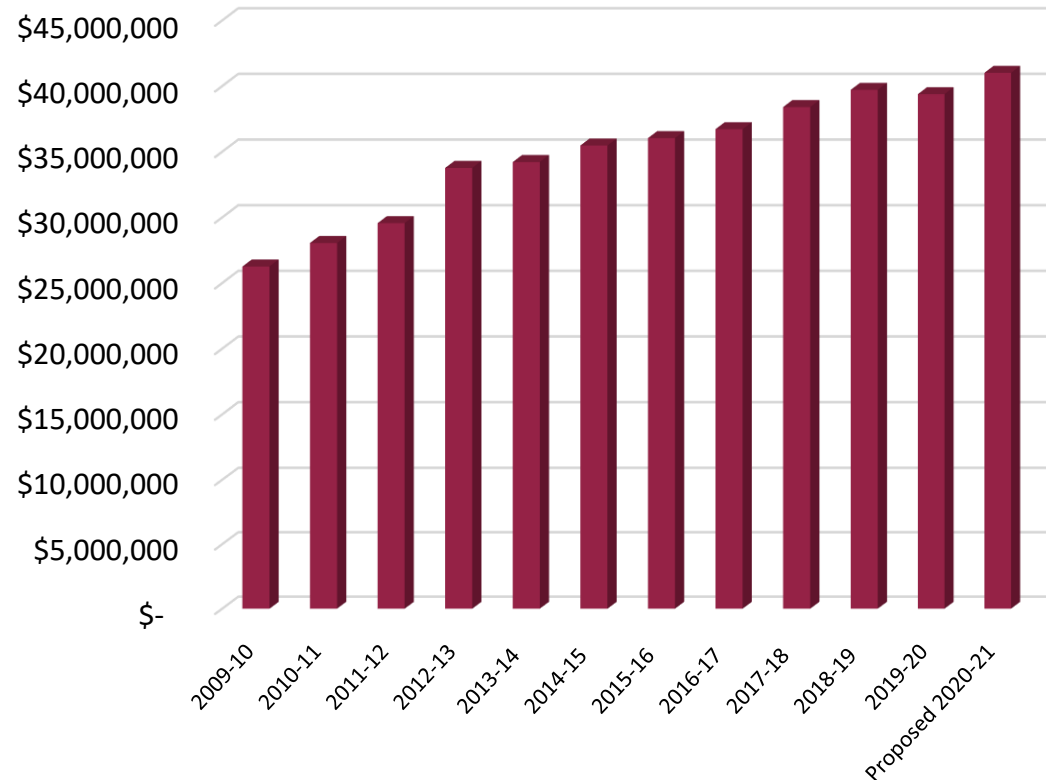




# 3. Employee Benefits

- 2020-21 Proposed Budget \$41,011,985
  - Increase prior year \$1,626,725 4.13%
  - Equates to 29% of entire District Budget
  - Average annual growth over:
    - Twelve years 4.7%
    - Six years 2.3%
- Major Benefits Components include:
  - 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
    - New – District no longer contributes
  - Separation Payments – Accrued benefits upon separation from employment

Employee Benefits

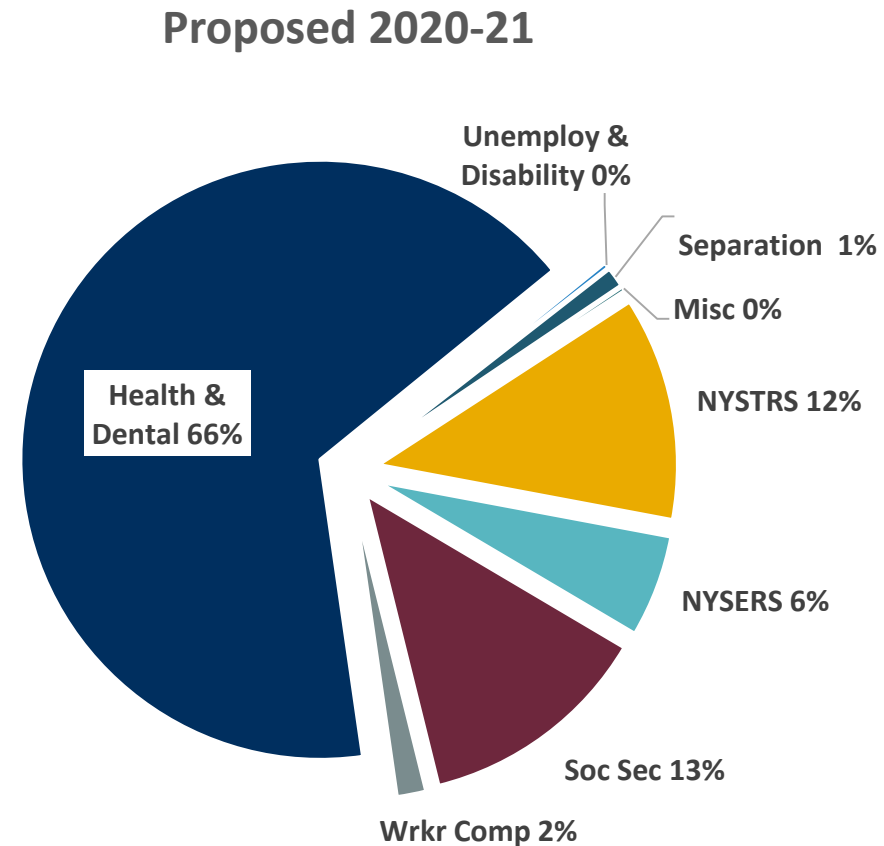


\* Blue font = Costs are supported by related District Reserves



# 3. Employee Benefits – Curbing the Growth

- Benefits are a factor 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
  - Approximately 5% this year



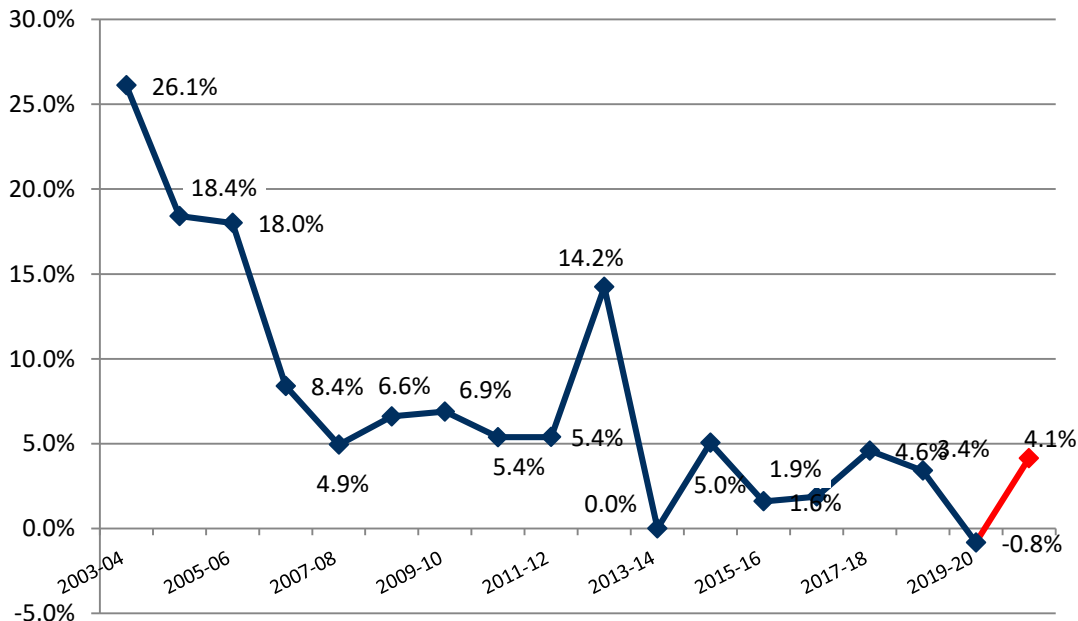




### 3. Employee Benefits – Controlling the Growth

- 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





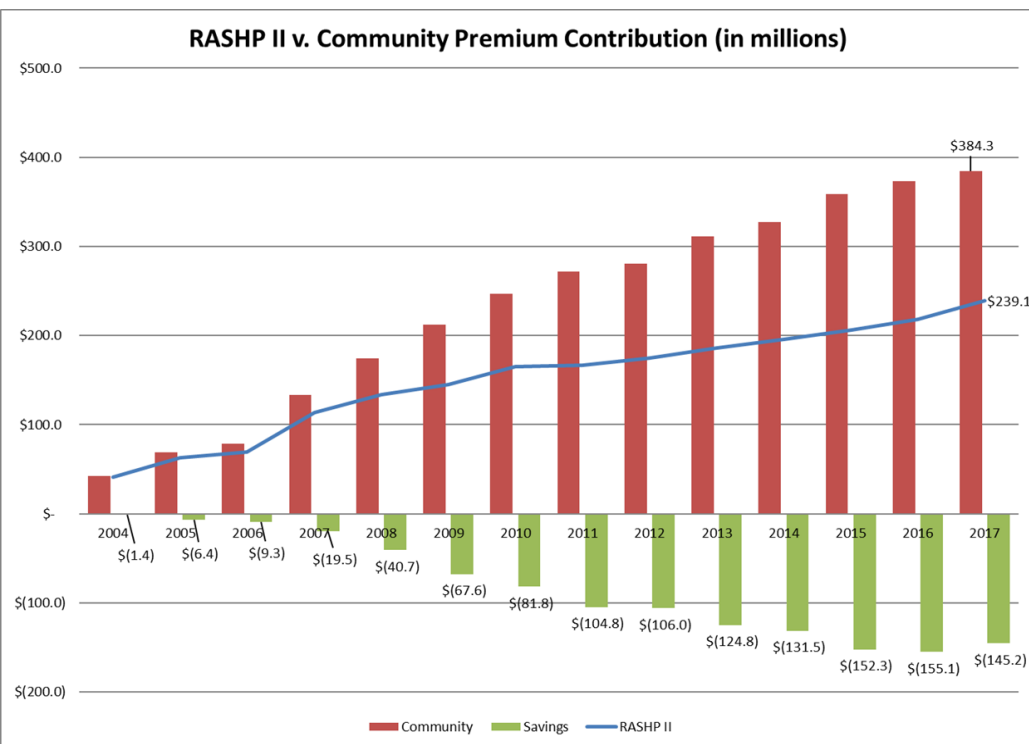
# The Rochester Area Schools Health Plan (RASHP)

- Implemented January 1, 2004
- Membership
  - Seventeen Monroe County schools & two BOCES
  - 15,000 contracts and 40,000 lives are covered by the 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%
2020	8.0%	10.6%	11.5%



# 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 a school's budget
- 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

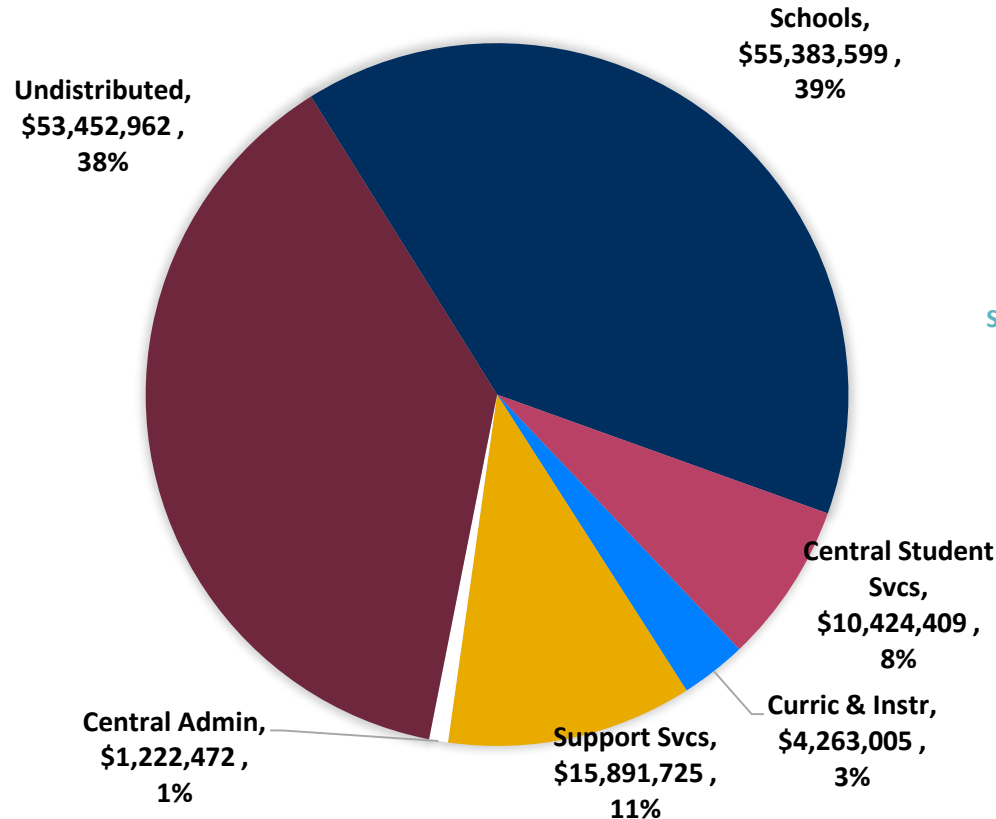
Budget Program Area	2019-20 Adopted Budget	2020-21 Draft Budget	\$ Change	% Change
Schools	\$ 53,527,541	\$ 55,383,599	\$ 1,856,058	3.69%
Elementary	\$ 18,785,800	\$ 19,625,936	\$ 840,136	4.47%
Middle	\$ 14,487,850	\$ 15,012,831	\$ 524,981	3.62%
High	\$ 20,253,891	\$ 20,744,832	\$ 490,941	2.42%
Central Student Svcs	\$ 9,565,205	\$ 10,424,409	\$ 859,204	8.98%
Curriculum & Instruct	\$ 4,037,391	\$ 4,263,005	\$ 225,614	5.59%
Support Services	\$ 15,675,259	\$ 15,891,725	\$ 216,466	1.38%
Central Admin	\$ 1,221,420	\$ 1,222,472	\$ 1,052	0.09%
Undistributed	\$ 52,661,605	\$ 53,452,962	\$ 791,357	1.50%
<b>Total</b>	<b>\$ 136,688,421</b>	<b>\$ 140,638,172</b>	<b>\$ 3,949,751</b>	<b>2.89%</b>



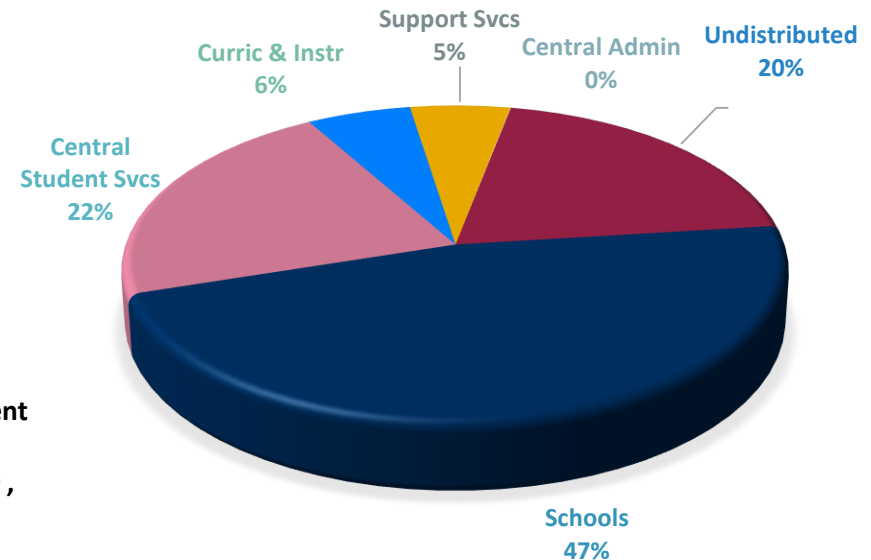


# Proposed Appropriations Composition

**2020-21 PROPOSED  
\$140,638,172**



**\$3,948,751 INCREASE BY DEPARTMENT**





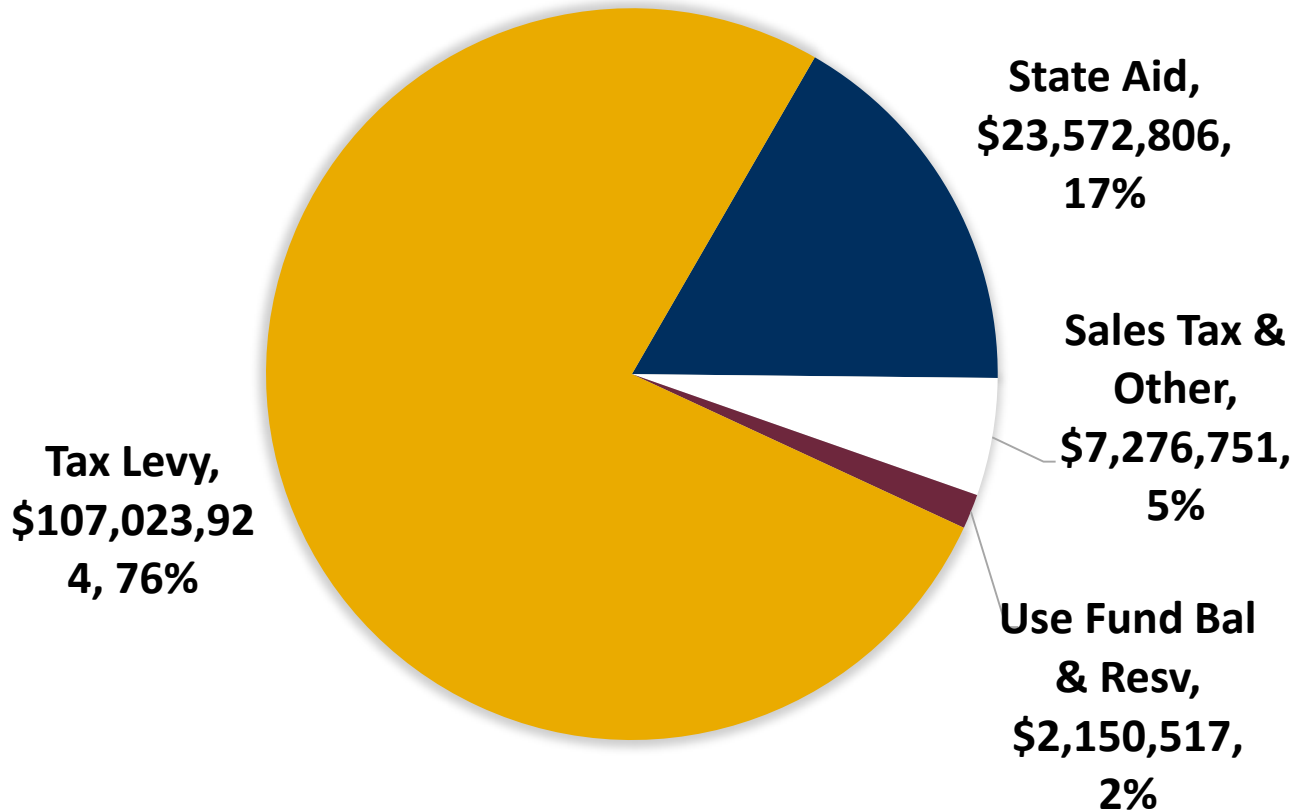
# Compiling the Budget - Revenues

Revenue	Adopted Budget 2018-19	Adopted Budget 2019-20	Proposed Budget 2020-21	Comparison	
				\$ Change	% Change
<b>State Aid - Operating</b>				\$ -	
Foundation	\$ 9,070,901	\$ 9,173,265	\$ 13,554,699	\$ 4,381,434	47.76%
Full Day K Conversion	\$ 649,150	\$ 478,396	\$ 258,085	\$ (220,311)	-46.05%
Excess Cost - Spec Ed	\$ 899,085	\$ 810,756	\$ 885,938	\$ 75,182	9.27%
<b>Total Operating Aids</b>	<b>\$ 10,619,136</b>	<b>\$ 10,462,417</b>	<b>\$ 14,698,722</b>	<b>\$ 4,236,305</b>	<b>40.49%</b>
<b>Categorical Aids</b>					
Building Aid	\$ 7,007,757	\$ 6,594,136	\$ 4,564,888	\$ (2,029,248)	-30.77%
Bullet Aid/Grant	\$ 200,000	\$ -	\$ -	\$ -	0.00%
Transportation	\$ 3,184,358	\$ 3,229,642	\$ 3,237,952	\$ 8,310	0.26%
BOCES	\$ 2,298,431	\$ 2,819,445	\$ -	\$ (2,819,445)	-100.00%
Instruct Matls	\$ 586,080	\$ 584,145	\$ -	\$ (584,145)	-100.00%
Urban/Suburban Aid	\$ 1,071,629	\$ 1,071,244	\$ 1,071,244	\$ -	0.00%
<b>Total Categorical Aids</b>	<b>\$ 14,348,255</b>	<b>\$ 14,298,612</b>	<b>\$ 8,874,084</b>	<b>\$ (5,424,528)</b>	<b>-37.94%</b>
<b>Total State Aid</b>	<b>\$ 24,967,391</b>	<b>\$ 24,761,029</b>	<b>\$ 23,572,806</b>	<b>\$ (1,188,223)</b>	<b>-4.80%</b>
Misc. Other	\$ 6,364,426	\$ 6,866,356	\$ 7,276,751	\$ 410,395	5.98%
Use of Fund Balance & Reserves	\$ 4,752,508	\$ 1,920,000	\$ 2,150,517	\$ 230,517	12.01%
Property Tax Levy - at Cap	\$ 100,460,555	\$ 103,141,036	\$ 107,023,924	\$ 3,882,888	3.76%
<b>Total Revenues</b>	<b>\$ 136,544,880</b>	<b>\$ 136,688,421</b>	<b>\$ 140,023,998</b>	<b>\$ 3,335,577</b>	<b>2.44%</b>
<b>Total Appropriations</b>	<b>\$ 136,544,880</b>	<b>\$ 136,688,421</b>	<b>\$ 140,638,172</b>	<b>\$ 3,949,751</b>	<b>2.89%</b>
<b>Surplus / (Deficit)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (614,174)</b>		



# Estimated Revenue Composition

## 2020-21 PROPOSED REVENUE COMPOSITION





## **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, Five Hundred Seventeen Thousand, Five Hundred Fifty-three Dollars (\$1,517,553), less trade-in allowance, to be used for the purchase of seven (7) replacement sixty-six passenger buses, two (2) thirty passenger wheelchair buses with air, three (3) thirty-six passenger buses without air, a service truck with utility bed 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***



# 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*



# Work Session To Do's

March 30 – Regular BOE Meeting

April 16 – District Planning Team (DPT)

April 20 – Board Adopts Superintendent's Budget

May 11 – Public Budget Hearing

May 19 – Budget Vote and Board Election



# End of Presentation



# 1. Debt Service

- Example
  - Prior to 2013-14 Buildings A & B were in a project with combined debt payments of \$1,500 per year
  - Building B was a renovation, A was additions, so debt term ended sooner on B and \$500 payment ended
  - 2015-16 voters approved another project for Building C and its debt \$600 started when B dropped off
    - First four years show a level schedule
  - 2017-18 Building A's debt expires, but there is no project to replace it. Debt Service decreases \$1,000
  - 2019-20 Voters approve Building D project at \$1,200 and Debt Service appears to spike
  - Voters are concerned with “out of control project and debt debacle”
  - The facts are:
    - If district had maintained \$1,500 payments every year, it would have spent \$12,000 over the eight years
    - The example cost in total \$11,000 or \$1,000 less
  - Result
    - Significant debt service fluctuation can cause confusion and misleading assumptions
    - Prolonged decline in the debt schedule often indicates deteriorating facilities

Level Debt v. Non-Level Example

