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# Pittsford Schools

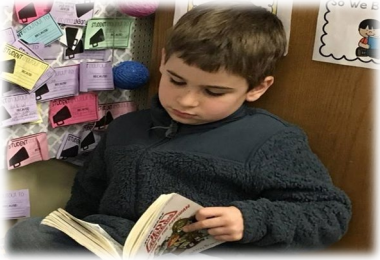
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**2023 – 2024**

## **Budget Work Session #1**

**February 7, 2023**





## Agenda:

- Budget Guidelines
- School Budget Timeline & Process
- Major Components of Revenue
  - Tax Cap/Tax Levy/State aid
- Governor's Budget Highlights
- State Aid – Executive Budget Overview
- Revenue Forecast
- Future Work & Meetings

*These slides are for presentation purposes and contain estimates and projections that are subject to change throughout the budget process*

# Budget Guidelines

## **Develop a Student based budget focused on:**

- Safe and secure school environment and facilities
- Implementation of rigorous, engaging, equitable, and authentic curriculum, instruction, assessments and resources that maintain excellence while supporting responsive and relevant offerings
- Providing experiences, both curricular and extracurricular, that support the varied interests and abilities of the whole child
- Increased accessibility and appropriate staffing, to support district technology initiative
- Equity and inclusion practices
- Social emotional learning and mental health supports
- Supporting diverse academic needs

# Budget Guidelines

## **Provide High Quality Professional Learning focused on:**

- Tiered supports to address range of learners in classroom
- Curriculum, assessment, grading and instructional practices
- Equity and Inclusion practices aligned with District goals
- Professional Learning Communities
- Social emotional and mental health learning
- Safety Preparedness
- Continuous improvement for instructional and non-instructional staff members

# Budget Guidelines

## **Balance the investment in education with sensitivity to limited community resources by:**

- Balancing community expectations for services and programs, with the need to be cognizant of changes in property values, income levels, new state/federal tax laws, and other economic uncertainties
- Engaging in thoughtful long range financial planning
- Working collaboratively with local partners/districts to share services
- Sustaining transportation reserve for planning for electric buses/vehicles
- Planning for the cessation of Federal funds and impact on minimum wage compression
- Seeking innovative sources of revenue
- Recruiting, hiring, and retaining diverse employees of the highest caliber
- Seeking cost efficiencies to further mitigate the burdensome and financial impact of underfunded and unfunded mandates



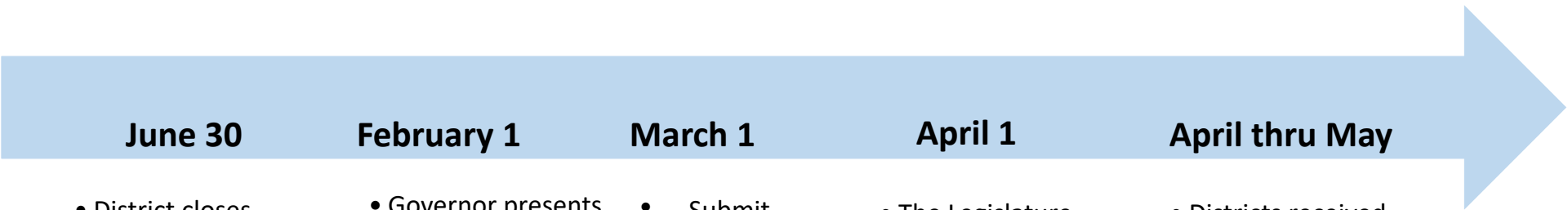
# Budget Guidelines

## **Maintain fiscal stability now and into the future through:**

- Financially prudent and sustainable reserve accounts
- Partnerships, Shared Services, Audits
- Protecting and maintaining our Aa1 bond rating
- Protecting the community's investment in facilities and infrastructure
- Advocacy with legislators relative to appropriate levels of funding

## **Meet legal mandates and contractual obligations**

# School Budget Timeline & Process



## June 30

- District closes books and reports Year-end financials and ensuing year's estimates for the October Database

## February 1

- Governor presents the Executive Budget to Legislature
- State Aid Runs available based on the October database submission

## March 1

- Submit Tax Cap Estimate to OSC

## April 1

- The Legislature works with the Exec Budget and negotiates changes based on an updated January database
- Once passes both houses, the Budget is enacted

## April thru May

- Districts received Enacted Budget Aid Runs
- Amend Proposed Budget Accordingly
- Board of Education Adopts the Superintendent's Budget
- Board of Education presents their Proposed Budget to the voters



# School Budget Revenues

## Major Sources of Revenue for School Districts:

1. Tax Levy (amount of money collected in taxes)
2. State Aid (provided by New York State)
3. Other Sources (PILOT, county sales tax, interest earnings, gifts, sale of equipment, etc.)



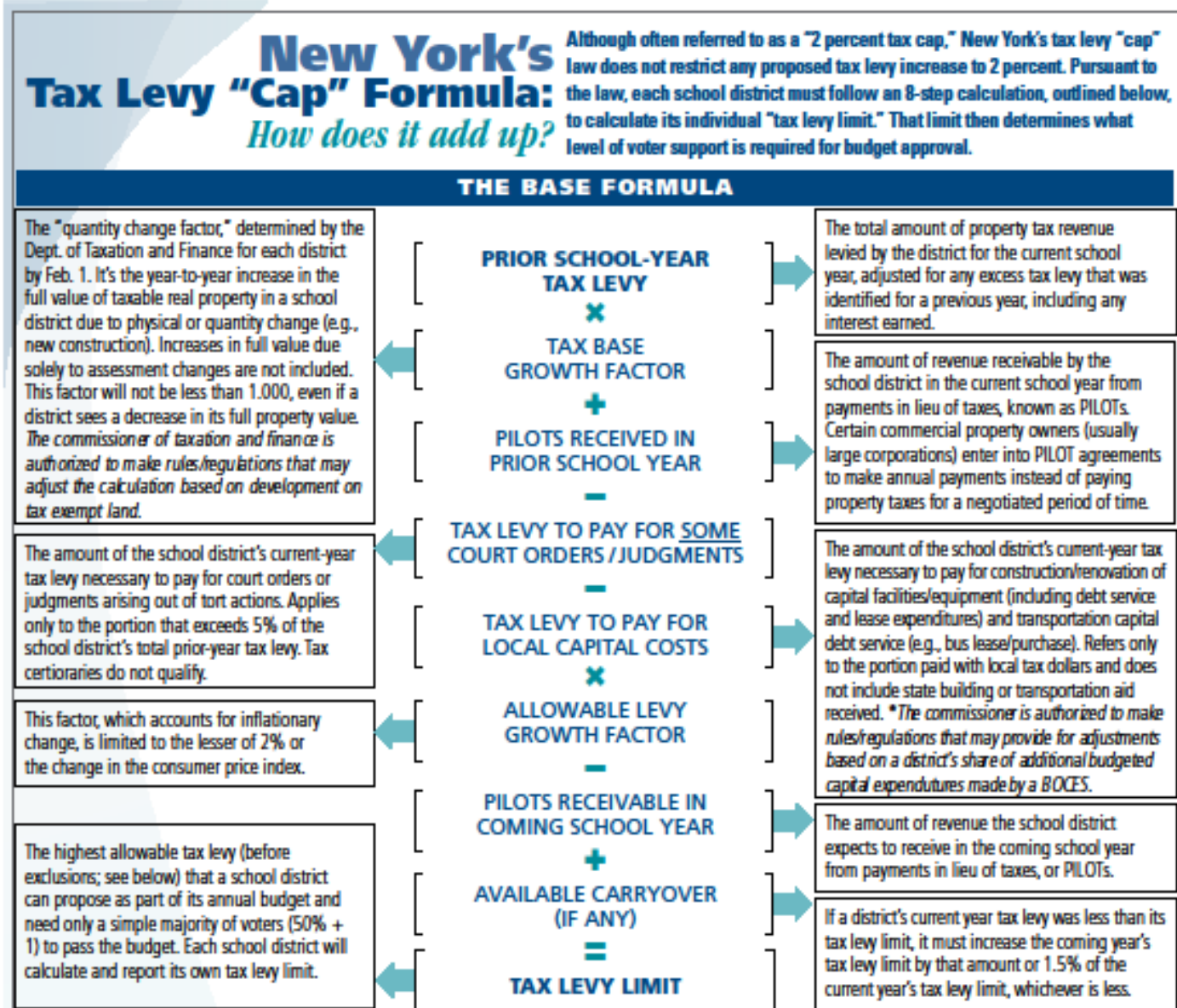


# Tax Levy

- The largest revenue source in the District's budget (estimated at 72% of the total revenue)
- Limited by the Property Tax Cap Legislation

“The State Legislature and the Governor enacted legislation that establishes a property tax cap which limits growth in the property tax levy to 2% or the rate of inflation, whichever is less, with some exclusions.”

# Calculation of the Property Tax Cap



# Calculation of the Property Tax Cap

## EXCLUSIONS TO BE ADDED

The law excludes certain portions of a school district's tax levy from the calculation above. A district can add these exclusions (described below) to its tax levy limit, increasing the amount of taxes the district is allowed to levy while still needing only a simple majority of voters for budget approval.



### TAX LEVY TO PAY FOR SOME PENSION CONTRIBUTION COSTS

Applies only when the employer contribution rates set by the statewide pension systems (TRS and ERS) increase by more than 2 percentage points from one year to the next. Even with this exclusion, most—if not all—pension costs must be funded within a school district's tax levy limit.



### TAX LEVY TO PAY FOR SOME COURT ORDERS/JUDGMENTS

The amount of the school district's coming-year tax levy necessary to pay for court orders or judgments arising out of tort actions. Only the amount that exceeds 5% of the school district's prior-year total tax levy can be excluded from the tax levy limit. Tax certioraries cannot be excluded.



### TAX LEVY TO PAY FOR SOME LOCAL CAPITAL COSTS

The amount of the school district's coming-year tax levy necessary to pay for construction/renovation of capital facilities or equipment (including debt service and lease expenditures) and transportation capital debt service. This exclusion refers only to the portion paid with local tax dollars (i.e., does not include state building or transportation aid received).\*

## MAXIMUM ALLOWABLE TAX LEVY



The tax levy limit plus exclusions. This is the highest total tax levy that a school district can propose as part of its annual budget for which only the approval of a simple majority of voters (50% +1) is required.



Produced by the Capital Region BOCES Communications Service (<http://www.capitalregionboces.org>). In consultation with the Questar III BOCES State Aid and Financial Planning Service. Published January 2016.



# Tax Levy Limit Calculation with Approved Capital Project

*Subject to change prior to March 1st*

	2022-23 Actual	2023-24 Estimated
Prior Year Tax Levy	109,113,596	111,869,614
Tax Base Growth Factor	x 1.0060	x 1.0051
	109,768,278	112,440,149
Prior year PILOT	+ 62,137	+ 78,750
	109,830,415	112,518,719
Prior Year Exemptions	-5,536,335	-5,568,223
Adjusted Prior Year Levy	104,294,080	106,950,496
Allowable Levy Growth Factor (lesser of CPI or 2%)	x 1.02	x 1.02
<b>Sub-total (Tax Levy Limit)</b>	<b>106,379,961</b>	<b>109,089,506</b>

# Tax Levy Limit Calculation with Approved Capital Project

	2022-23	2023-24
<b><i>Tax Levy Limit (from previous slide)</i></b>	<b>106,379,961</b>	<b>109,089,506</b>
PILOTs for coming year	-78,570	-80,080
Tax Levy Limit (with no carryover)	106,301,392	109,009,426
Coming School Year Exemptions:		
Plus: Debt Service/Capital Transfer/BOCES Capital	+11,724,504	+8,345,169
Less: Building Aid/BOCES Aid/Debt Service Fund	-6,156,281	-5,401,056
<b>“Capital Levy Exclusion”</b>	<b>5,568,223</b>	<b>2,944,113</b>
Plus: Pension Exclusions	+ 0	+ 0
<b>Maximum Allowable Levy (ESTIMATE)</b>	<b>111,869,614</b>	<b>111,953,539</b>
<b>Maximum Increase in Tax Levy</b>	<b>2,756,019</b>	<b>83,925</b>
<b>Tax Cap %</b>	<b>2.53%</b>	<b>0.08%</b>

# Tax Levy Limit Calculation without Approved Capital Project

*Subject to change prior to March 1st*

	2022-23 Actual	2023-24 Estimated
Prior Year Tax Levy	109,113,596	111,869,614
Tax Base Growth Factor	x 1.0060	x 1.0051
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# Tax Levy Limit Calculation without Approved Capital Project

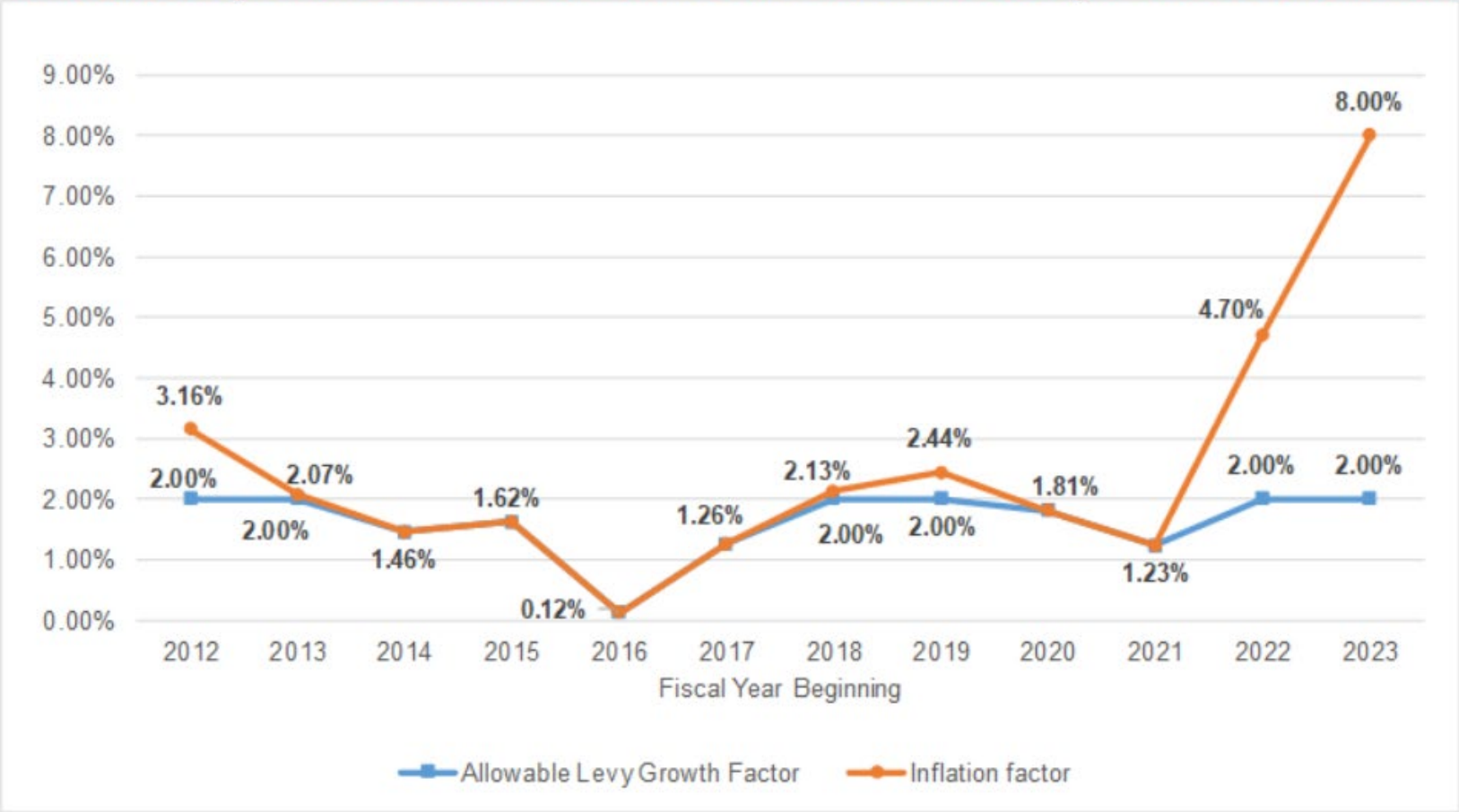
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Less: Building Aid/BOCES Aid/Debt Service Fund	-6,156,281	-5,401,056
<b>“Capital Levy Exclusion”</b>	<b>5,568,223</b>	<b>-155,887/0</b>
Plus: Pension Exclusions	+ 0	+ 0
<b>Maximum Allowable Levy (ESTIMATE)</b>	<b>111,869,614</b>	<b>109,009,426</b>
<b>Maximum Increase in Tax Levy</b>	<b>2,756,019</b>	<b>-2,860,188</b>
<b>Tax Cap %</b>	<b>2.53%</b>	<b>-2.56%</b>

# Tax Cap inflation factors

Year	Allowable Growth Factors	CPI-U
2012-13	1.02 = 2.00%	3.16%
2013-14	1.02 = 2.00%	2.07%
2014-15	1.0146 = 1.46%	1.46%
2015-16	1.0162 = 1.62%	1.62%
2016-17	1.0012 = 0.12%	0.12%
2017-18	1.0126 = 1.26%	1.26%
2018-19	1.02 = 2.00%	2.13%
2019-20	1.02 = 2.00%	2.44%
2020-21	1.0181 = 1.81%	1.81%
2021-22	1.0123 = 1.23%	1.23%
2022-23	1.02 = 2.00%	4.70%
2023-24	1.02 = 2.00%	8.00%

# Tax Cap inflation factors

Allowable Levy Growth and Inflation Factors for Entities with a July 1 - June 30 Fiscal Year

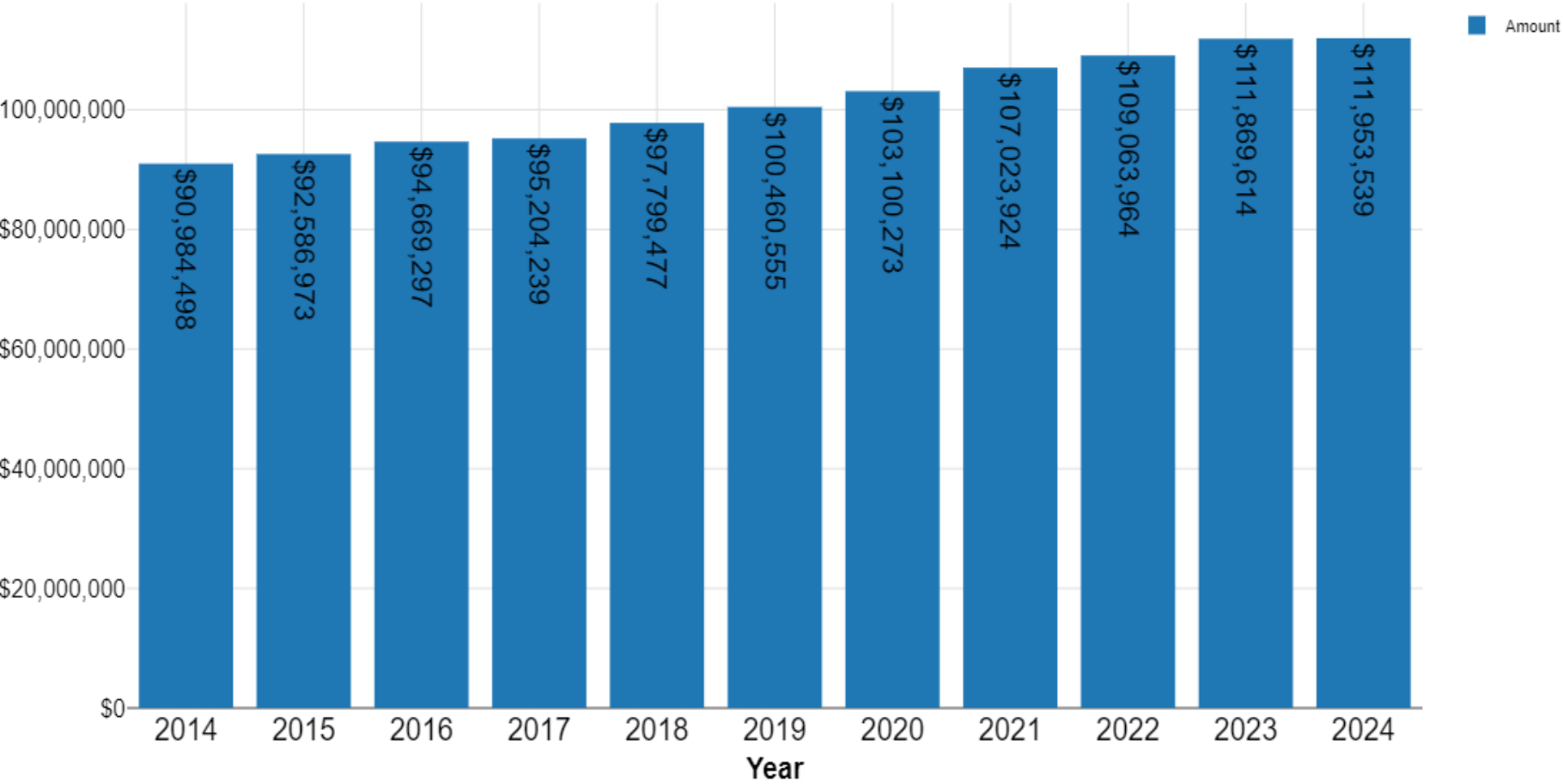


Note: Allowable levy growth factor is expressed as a percentage.

# Property Tax Cap 2023-2024 Notes

- CPI continues to diminish the revenue power of school districts
- The Capital Exclusion is calculated by adding principal and interest payments for the debt service together and then subtracting the associated building aid that is received
  - Building Aid and fluctuates based on wealth factors and the State's assumed amortization schedule
- \$5.1 million of debt was paid in the 2022-23 budget reducing the Capital Exclusion
- BOCES Capital Project funds also were reduced significantly in the 2023-24 fiscal year
- Transportation aid for school buses also reduces the exclusion because the Bus Purchase Capital Reserve is used to purchase buses instead of financing
- The calculation of the tax cap will be finalized by the required March 1<sup>st</sup> reporting deadline

# Tax Levy History



# Foundation Aid Update

Governor Hochul announced a renewed commitment to fully fund foundation aid:

- Foundation aid was created in 2007:
  - consolidated about 30 aid categories into one formula;
  - provided a more equitable approach to distributing State aid; and
  - called for more than \$5 billion in new operating aid to be phased in over a four-year period, which would have resulted in full funding by 2011-12. (Financial challenges delayed the full phase-in plan)
- Pittsford to receive full foundation aid (waiting since 2012)
- Estimated \$100 million in lost revenue over the last 10 years



# Highlights of Governor's Budget

## Highlights Provided by ASBO NY:

- The final phase-in of Foundation Aid, a \$2.7B, or 13% increase
- A set aside within Foundation Aid of \$250 million for **“high impact tutoring”**
- \$20 million for additional early college high school and P-TECH grants
- \$10 million over 2 years for school districts and BOCES to partner with local industry on strategic workforce plans
- Expanded mental health services for school-aged children
  - Creation of school- based health centers and other wrap around services
  - Equitable treatment of school-based mental health services by private insurance equivalent to Medicaid
  - Increasing Medicaid rates for school-based satellite clinics and wrap around services
  - Funding annual partnerships and capacity grants to jumpstart school-based programs

# Highlights of Governor's Budget

Highlights Provided by ASBO NY:

- \$50 million over five years to support “scratch” cooking facilities that will facilitate the use of fresh New York State farm products in meal preparation for K-12 school children
- Increase discretionary spending limits for purchases of NY produced food for municipal governments and school districts
- Amend the Civil Service Law to allow agencies to continuously recruit for a variety of titles and offer continuous recruitment exams to be held via a hybrid of online training and experience exams, multiple choice exams via remote proctoring (online), and instate operated computer-based testing centers.

Reflection: this is probably the “best case” scenario for school revenue based on the amount and full funding of foundation aid scenario

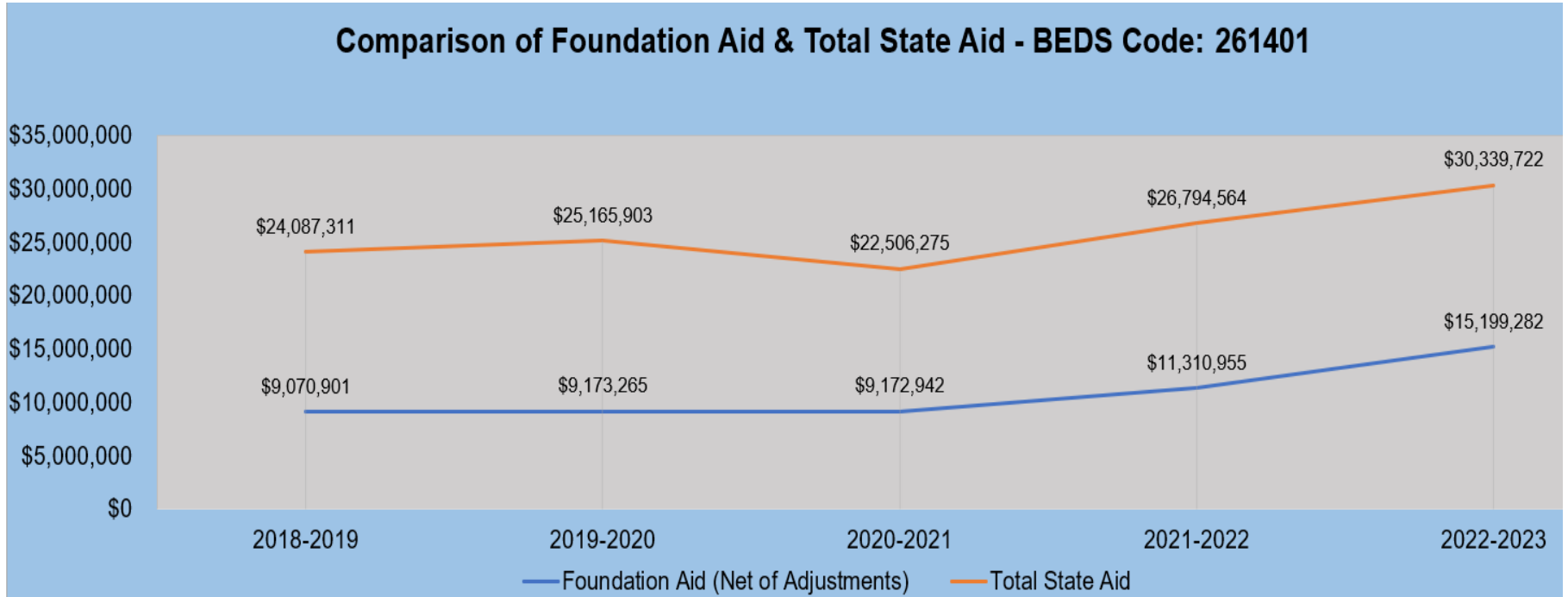
# Executive State Aid Proposal

AID CATEGORY	Estimated State Aid 2022-23	Proposed State Aid 2023-24	Difference	% Change
Foundation aid	15,188,284	21,016,693	5,828,409	38.37%
Universal Pre-K	626,400	2,019,600	1,393,200	222.41%
BOCES	4,475,618	3,696,160	(779,458)	-17.42%
High-Cost Excess Cost	250,298	434,420	184,122	73.56%
Private Excess Cost	366,180	374,260	8,080	2.21%
Hardware & Technology	96,450	95,994	(456)	-0.47%
Software, Library, Textbook	476,379	474,423	(1,956)	-0.41%
Transportation	2,905,972	3,626,243	720,271	24.79%
Building Aid	4,223,704	4,138,304	(85,400)	-2.02%
<b>TOTAL</b>	<b>28,609,285</b>	<b>35,876,097</b>	<b>7,266,812</b>	<b>25.40%</b>
<i>Less Universal Pre-K</i>	<i>27,982,885</i>	<i>33,856,497</i>	<i>5,873,612</i>	<i>20.99%</i>
<i>High Impact Tutoring Set Aside</i>			<i>632,373</i>	

# Executive State Aid Proposal

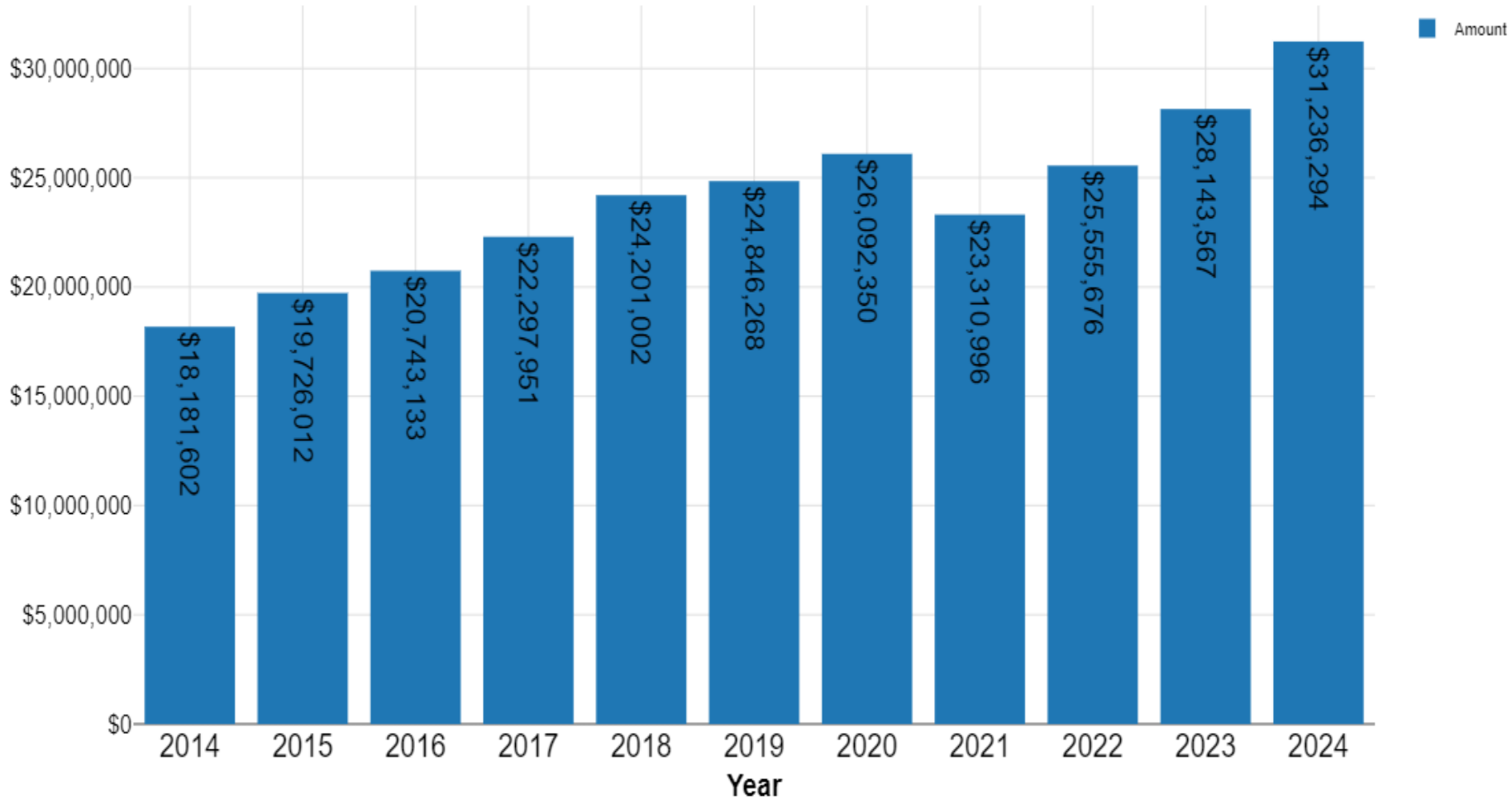
AID CATEGORY	Estimated State Aid 2022-23	Adjusted State Aid 2023-24	Difference	% Change
Foundation aid	15,188,284	19,122,733	3,934,449	25.90%
Universal Pre-K	-	-	-	N/A
BOCES	4,475,618	3,696,160	(779,458)	-17.42%
High-Cost Excess Cost	250,298	234,420	184,122	73.56%
Private Excess Cost	366,180	374,260	8,080	2.21%
Hardware & Technology	96,450	95,994	(456)	-0.47%
Software, Library, Textbook	476,379	474,423	(1,956)	-0.41%
Transportation	2,905,972	3,100,000	194,028	6.68%
Building Aid	4,223,704	4,138,304	(85,400)	-2.02%
<b>TOTAL</b>	<b>27,982,885</b>	<b>31,236,294</b>	<b>3,453,409</b>	<b>12.34%</b>
<i>High Impact Tutoring Set Aside</i>			<b>632,373</b>	

# Foundation Aid History



# State Aid History


(Actual/Budget)





# Early Revenue Forecast

## With Approved Project

- Tax Levy \$ 83,925
- Adjusted State Aid \$3,092,727
- Total New Revenue \$3,176,652
  
- Budget to Budget State Aid 
- Interest Earnings 500-750K?
- Sales Tax Increases 500-700K?

## Without Approved Project

- Tax Levy **\$(2,860,188)**
- Adjusted State Aid \$ 3,092,727
- Total New Revenue \$ 316,464
  
- Impact on future Tax Levy could be as much as \$500K over 5 years
- Reduced BAN financing

# Next Steps of the Budget Process

- Work with budget originators and Board of Education as budgets are refined and presented
- Continue to evaluate staffing and sectioning
- Make adjustments as needed for COVID Federal funds
- Evaluate BOCES services and update enrollment figures
- State Aid analysis
- Solidify Tax Cap components
- Continue to work with the District Planning Team
- Monitor State Budget progress and Legislative action to prepare advocacy efforts
- **What will an enacted State budget provide?**

# Upcoming Meetings

February 16 – District Planning Team (DPT)

February 28 – Board Work Session #2

March 1 – Tax Cap Report to NYS Comptroller

March 14 – Board Work Session #3 (Final)

March 23 – District Planning Team (DPT)

April 18 – Board Adopts Superintendent’s Budget

April 27 – District Planning Team (DPT)

May 9 – Public Budget Hearing

May 16 – Budget Vote and Board Election



# Pause for Board Discussion