



Pittsford Schools

2024 – 2025

Budget Work Session #1

February 6, 2024



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:

- 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
- 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, wellness, 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

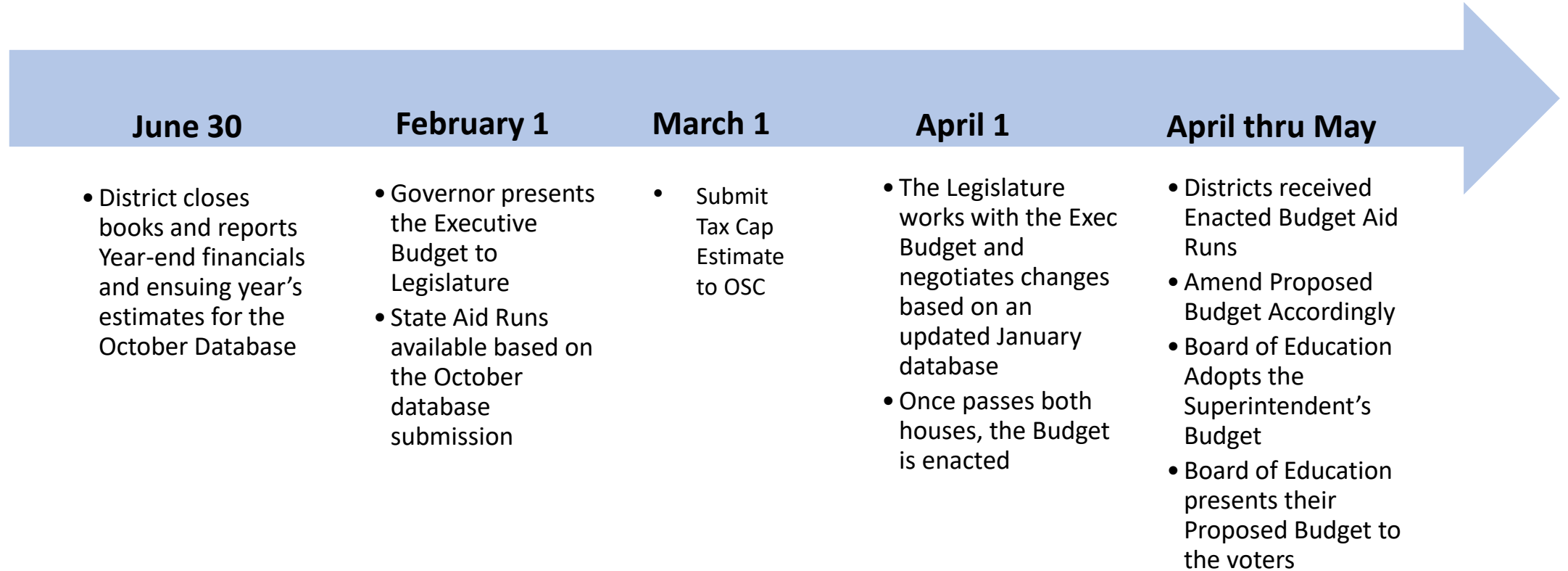
Maintain fiscal stability now and into the future through:

- 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



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.)



Calculation of the Property Tax Cap

New York's Tax Levy "Cap" Formula: *How does it add up?*

Although often referred to as a "2 percent tax cap," New York's tax levy "cap" law does not restrict any proposed tax levy increase to 2 percent. Pursuant to the law, each school district must follow an 8-step calculation, outlined below, to calculate its individual "tax levy limit." That limit then determines what level of voter support is required for budget approval.

THE BASE FORMULA

The "quantity change factor," determined by the Dept. of Taxation and Finance for each district by Feb. 1. It's the year-to-year increase in the full value of taxable real property in a school district due to physical or quantity change (e.g., new construction). Increases in full value due solely to assessment changes are not included. This factor will not be less than 1.000, even if a district sees a decrease in its full property value. The commissioner of taxation and finance is authorized to make rules/regulations that may adjust the calculation based on development on tax exempt land.

The amount of the school district's current-year tax levy necessary to pay for court orders or judgments arising out of tort actions. Applies only to the portion that exceeds 5% of the school district's total prior-year tax levy. Tax certioraries do not qualify.

This factor, which accounts for inflationary change, is limited to the lesser of 2% or the change in the consumer price index.

The highest allowable tax levy (before exclusions; see below) that a school district can propose as part of its annual budget and need only a simple majority of voters (50% + 1) to pass the budget. Each school district will calculate and report its own tax levy limit.

PRIOR SCHOOL-YEAR
TAX LEVY

×

TAX BASE
GROWTH FACTOR

+

PILOTS RECEIVED IN
PRIOR SCHOOL YEAR

-

TAX LEVY TO PAY FOR SOME
COURT ORDERS / JUDGMENTS

-

TAX LEVY TO PAY FOR
LOCAL CAPITAL COSTS

×

ALLOWABLE LEVY
GROWTH FACTOR

-

PILOTS RECEIVABLE IN
COMING SCHOOL YEAR

+

AVAILABLE CARRYOVER
(IF ANY)

=

TAX LEVY LIMIT

The total amount of property tax revenue levied by the district for the current school year, adjusted for any excess tax levy that was identified for a previous year, including any interest earned.

The amount of revenue receivable by the school district in the current school year from payments in lieu of taxes, known as PILOTs. Certain commercial property owners (usually large corporations) enter into PILOT agreements to make annual payments instead of paying property taxes for a negotiated period of time.

The amount of the school district's current-year tax levy necessary to pay for construction/renovation of capital facilities/equipment (including debt service and lease expenditures) and transportation capital debt service (e.g., bus lease/purchase). Refers only to the portion paid with local tax dollars and does not include state building or transportation aid received. *The commissioner is authorized to make rules/regulations that may provide for adjustments based on a district's share of additional budgeted capital expenditures made by a BOCES.

The amount of revenue the school district expects to receive in the coming school year from payments in lieu of taxes, or PILOTs.

If a district's current year tax levy was less than its tax levy limit, it must increase the coming year's tax levy limit by that amount or 1.5% of the current year's tax levy limit, whichever is less.

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

- The tax levy accounts for 72% of the District's Revenue budget
- Now “capped” 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.”



Tax Levy Limit Calculation Estimate

Subject to change prior to March 1st

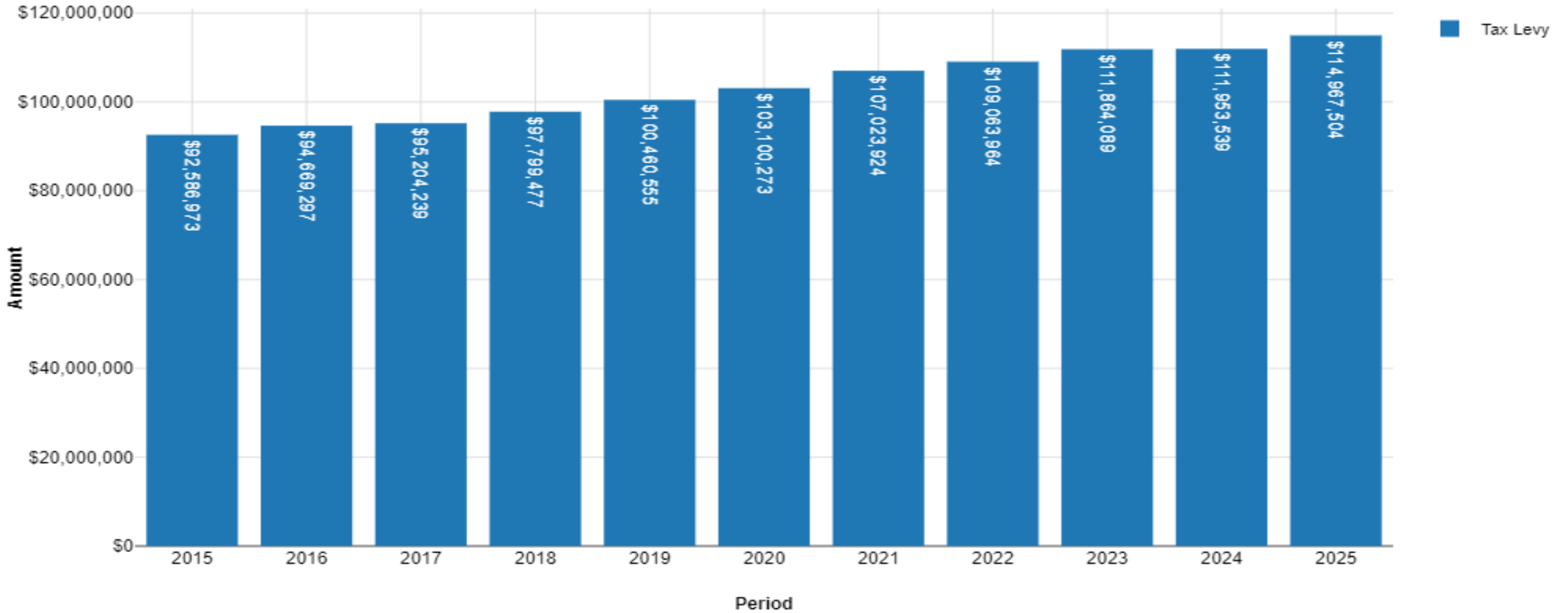
	2023-24 Actual	2024-25 Estimated
Prior Year Tax Levy	111,869,614	111,953,538
Tax Base Growth Factor	x 1.0051	x 1.0080
	112,440,149	112,849,166
Prior year PILOT	+ 78,750	+ 80,080
	112,518,719	112,929,246
Prior Year Exemptions	-5,568,223	-2,944,112
Adjusted Prior Year Levy	106,950,496	109,985,134
Allowable Levy Growth Factor (lesser of CPI or 2%)	x 1.02	x 1.02
Sub-total (Tax Levy Limit)	109,089,506	112,184,837

Tax Levy Limit Calculation Estimate

Subject to change prior to March 1st

	2023-24 Actual	2024-25 Estimated
<i>Tax Levy Limit (from previous slide)</i>	<i>109,089,506</i>	<i>112,184,837</i>
PILOTs for coming year	-80,080	-103,966
Tax Levy Limit (with no carryover)	109,009,426	112,080,871
Coming School Year Exemptions:		
Plus: Debt Service/Capital Transfer/BOCES Capital	+8,345,169	+8,155,061
Less: Building Aid/BOCES Aid/Debt Service Fund	-5,401,056	-5,291,795
“Capital Levy Exclusion”	2,944,113	0
<i>Plus: Pension Exclusions</i>	+ 0	+23,367
Maximum Allowable Levy (ESTIMATE)	111,953,539	114,967,504
Maximum Increase in Tax Levy	83,925	3,013,965
Tax Cap %	0.08%	2.69%

Tax Levy History



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%
2024-25	1.02 = 2.00%	4.12%

Monthly
change:

7.75

7.45

6.26

5.43

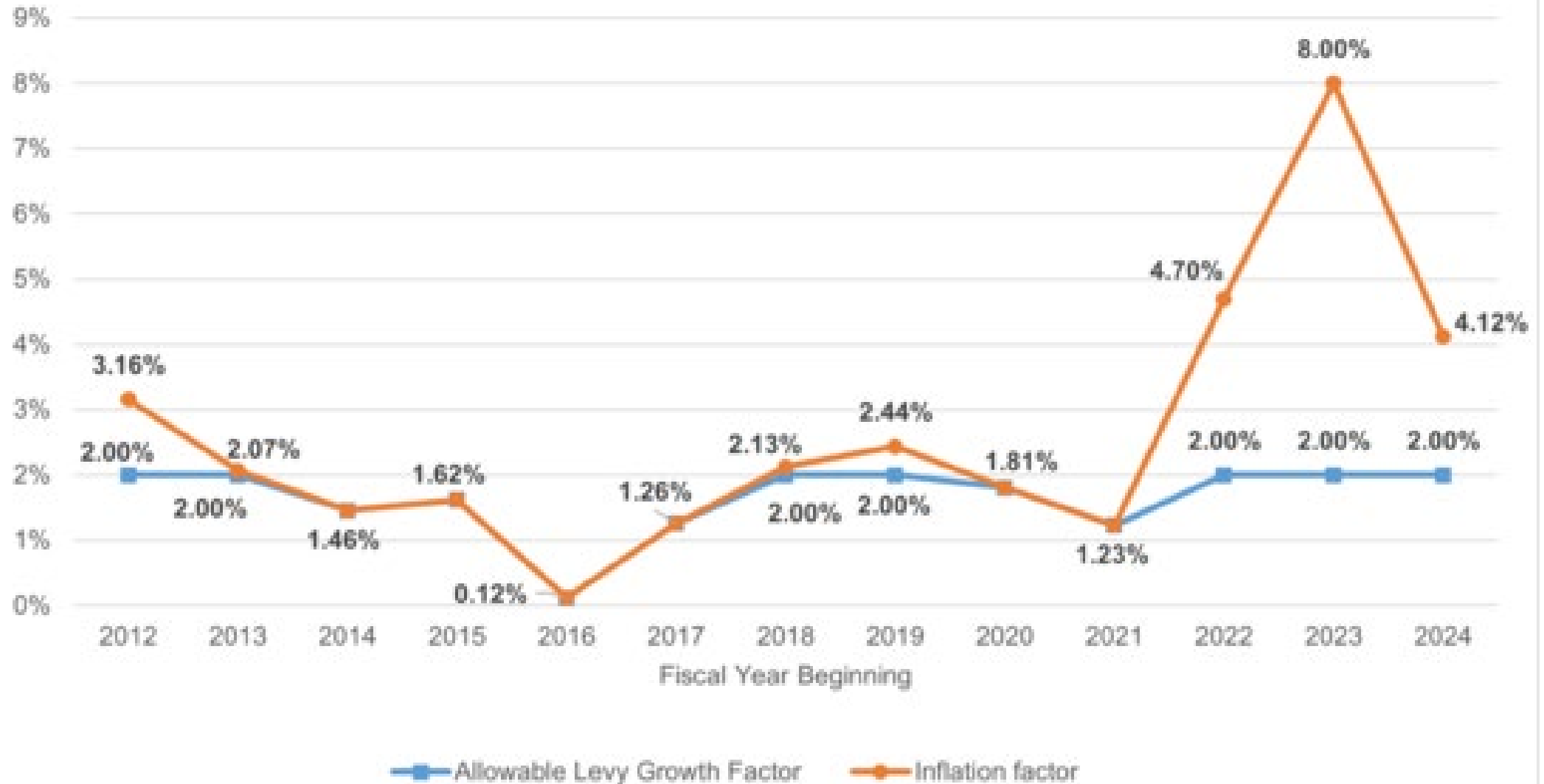
5.06

4.37

4.12



Tax Cap inflation factors



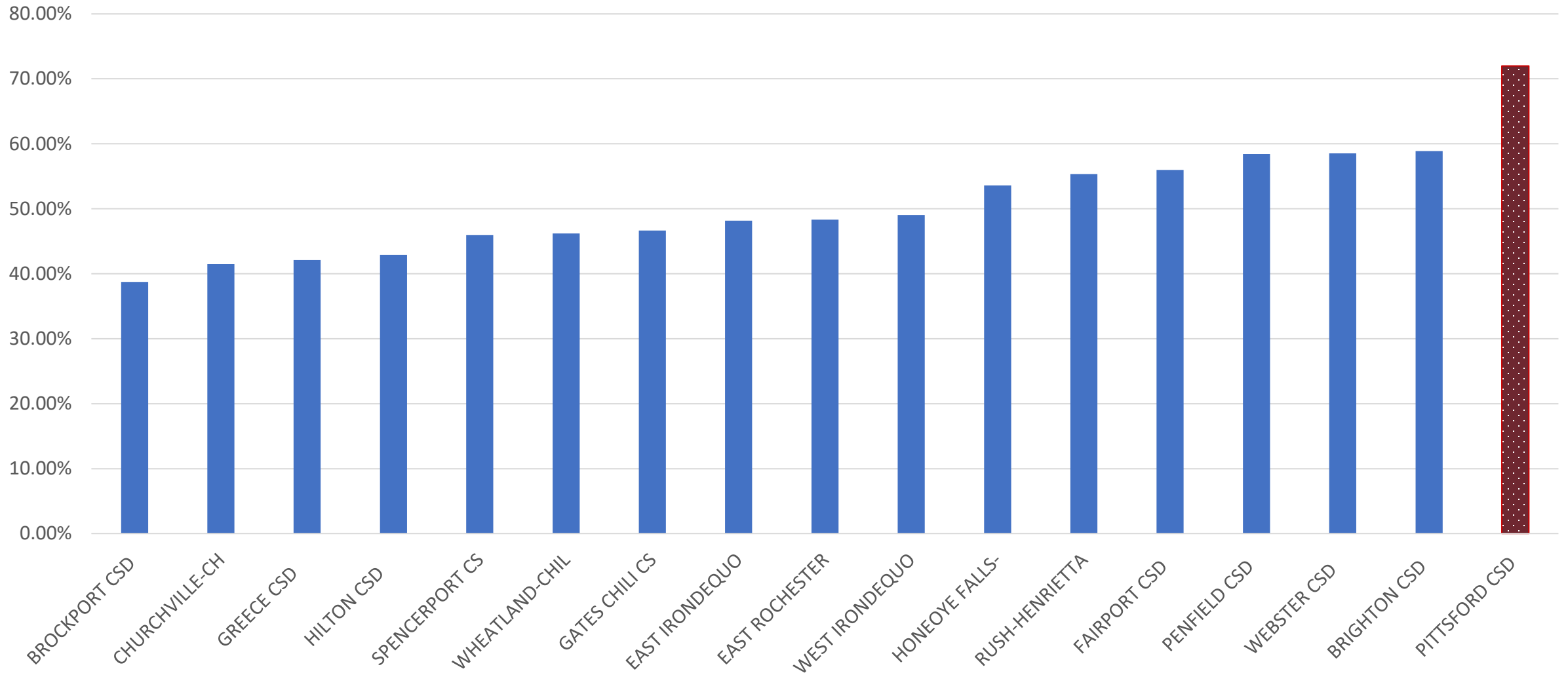
Tax Cap Forecast

	2024	2025	2026	2027	2028	2029
CURRENT FYE PROPOSED LEVY, \$ entry	\$111,953,539	\$114,967,504	\$116,950,135	\$119,301,568	\$121,841,136	\$124,963,871
CURRENT FYE PROPOSED LEVY, % entry	\$0	\$0	\$0	\$0	\$0	\$0
CURRENT FYE PROPOSED LEVY, NET OF RESERVE %	0.08%	2.69%	1.72%	2.01%	2.13%	2.56%
TAX LEVY LIMIT %	0.08%	2.69%	1.72%	2.01%	2.13%	2.56%
DIFFERENCE BETWEEN TAX LEVY LIMIT AND PROPOSED LEVY	\$2	(\$0)	\$0	\$0	(\$0)	(\$0)
YEAR OVER YEAR CHANGE IN CURRENT FYE PROPOSED LEVY	\$83,923	\$3,013,965	\$1,982,631	\$2,351,433	\$2,539,568	\$3,122,735

Tax Levy as Percent of Budget

Monroe County

Levy Percentage 2023-24



Property Tax Cap 2024-2025 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
 - The district currently has a BAN for the Capital Project that was voted on in 2023
 - Debt service is expected to increase in 2025-26 causing the exclusion to be reduced
- Transportation aid for school buses also reduces the exclusion because the Bus Purchase Capital Reserve is used to purchase buses instead of financing
- A slight exemption for ERS may be allowed in the tax cap this year
- The calculation of the tax cap will be finalized by the required March 1st reporting deadline



State Aid - Highlights of Executive Proposed Budget

- The proposal contains a \$825 million or 2.4% increase in total school aid for 2024-25:
 - \$507 million or 2.1% increase in Foundation aid
 - \$318 million or 3.2% increase in expense based and other aids
- The Foundation aid increase is \$420 million less than what should be generated under current law:
 - Save harmless provisions have been reduced using a wealth adjusted formula-meaning that 337 districts will receive less Foundation aid than in the previous year
 - The proposal includes changing the calculation of inflations by eliminating the highest and lowest years which reduces the rate to 2.4% (*should be closer to 4%*)



**2024-25 Executive Budget Estimates of General Support for Public Schools for the
State of New York**

	2023-24	2024-25	Change	%
Foundation Aid	\$23,998,878,704	\$24,505,958,574	\$507,079,870	2.11%
Expense-based Aids				
Building Aid	\$3,382,239,407	\$3,337,712,473	(\$44,526,934)	-1.32%
Transportation Aid*	\$2,395,011,028	\$2,543,463,387	\$148,452,359	6.20%
BOCES Aid	\$1,257,335,643	\$1,275,264,236	\$17,928,593	1.43%
Public High Cost Excess Cost Aid	\$574,749,672	\$649,806,162	\$75,056,490	13.06%
Private Excess Cost Aid	\$438,110,697	\$455,545,952	\$17,435,255	3.98%
Special Services Aid	\$221,757,315	\$223,990,909	\$2,233,594	1.01%
Instructional Materials Aids				
Software Aid	\$41,734,600	\$41,843,298	\$108,698	0.26%
Hardware & Technology Aid	\$33,799,069	\$34,255,498	\$456,429	1.35%
Textbook Aid	\$161,612,606	\$161,546,733	(\$65,873)	-0.04%
Library Materials Aid	\$17,114,268	\$17,458,070	\$343,802	2.01%
Other Operating Aids				
Academic Enhancement Aid	\$28,271,832	\$28,271,832	\$0	0.00%
Charter School Transitional Aid	\$53,121,966	\$58,125,350	\$5,003,384	9.42%
High Tax Aid	\$223,298,324	\$223,298,324	\$0	0.00%
Supplemental Public Excess Cost Aid	\$4,313,167	\$4,313,167	\$0	0.00%
Aid for Recent Consolidations				
Operating Reorganization Incentive Aid	\$3,023,009	\$2,365,932	(\$657,077)	-21.74%
Building Reorganization Incentive Aid	\$14,781,063	\$11,296,999	(\$3,484,064)	-23.57%
Subtotal	\$32,849,152,370	\$33,574,516,896	\$725,364,526	2.21%
Aid for Early Childhood Education				
Full Day Kindergarten Conversion Aid	\$0	\$0	\$0	N/A
Universal Prekindergarten Aid**	\$1,077,588,258	\$1,176,935,356	\$99,347,098	9.22%
Total School Aid	\$33,926,740,628	\$34,751,452,252	\$824,711,624	2.43%

*Includes Summer Transportation

**Increases represent 1) the assumption of federal grants funds by the state, and 2) actual claims in 2023-24 returning to the maximum grant allocation, and may not reflect actual increase in funds.



State Aid - Select Highlights of the Governor's Proposed Budget

- Expense based aids remain the same under current law and will increase by \$318 million or 3.20%
- Amendments for the calculation for transportation aid associated with zero emission buses
- NYSED to establish new practices in the science of reading K-3. Districts will then be required to certify that the curriculum is aligned with SED determined “best practices”
- FAFSA completion for high school students – district must obtain documentation and provide data to SED
- Repeal COVID-19 Sick Leave Law
- Funds established for School Based Health Centers and Student Mental Health Grants

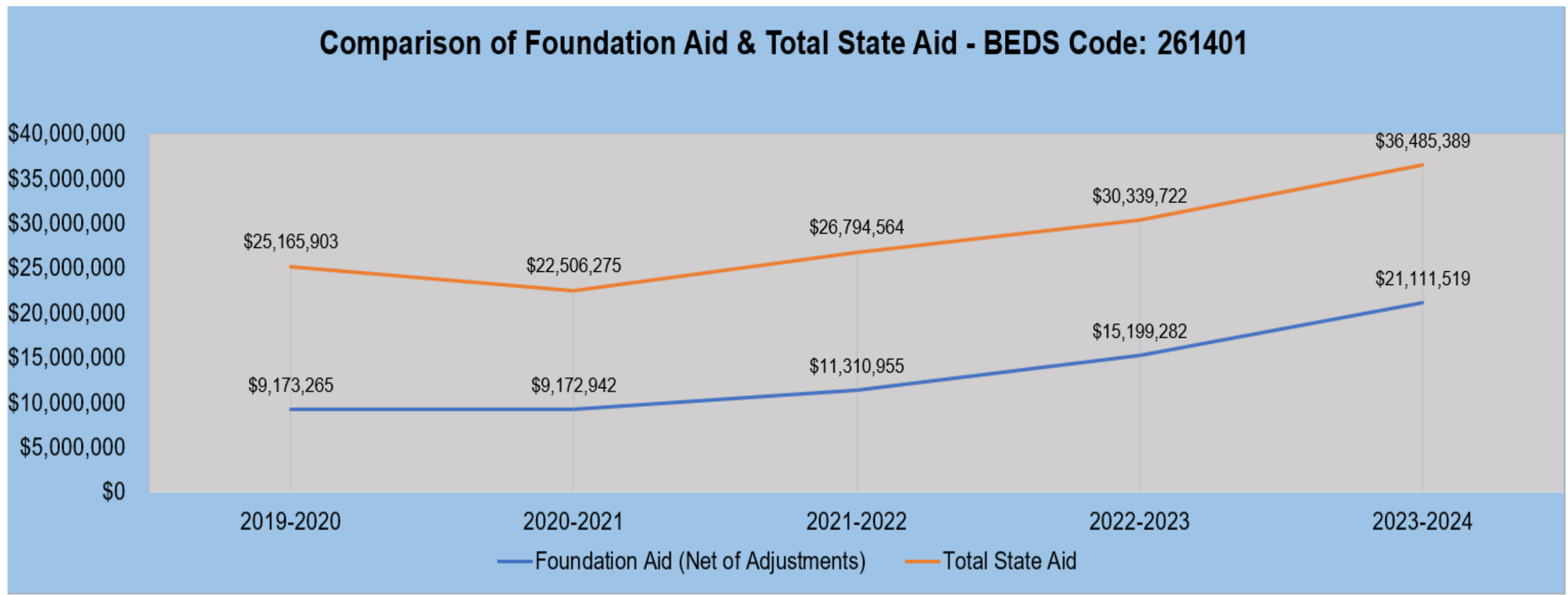


Foundation Aid History

- Governor Hochul announced a renewed commitment to fully fund foundation aid in 2021-22:
- 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 received full foundation aid in 2023-24 (waiting since 2012)
 - Estimated \$100 million in lost revenue over the last 10 years
- Pittsford set to receive an increase of **\$1,161** in foundation aid for 2024-25

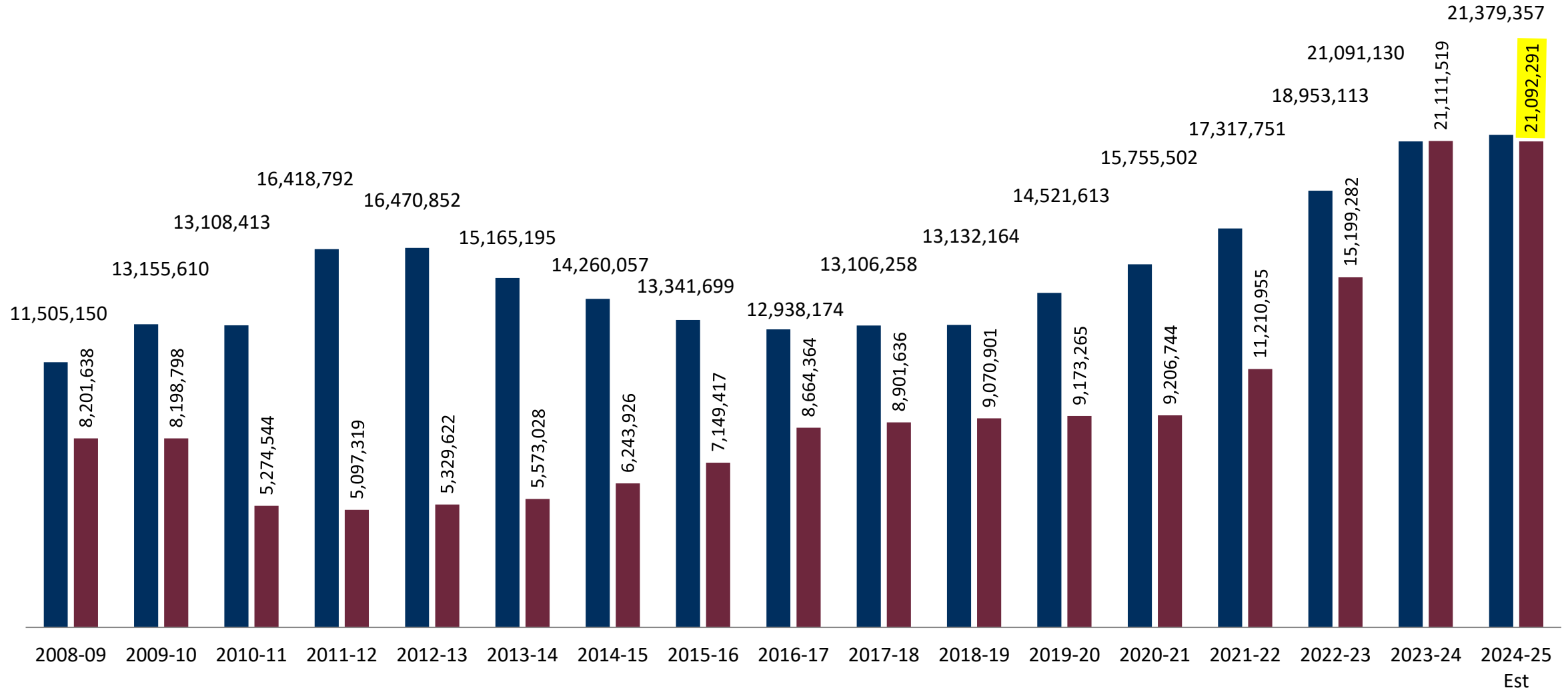


Foundation Aid History



Foundation Aid History (Law vs Actual)

■ Foundation Aid - Law ■ Net Actual Aid



Executive State Aid Proposal

	Estimated State Aid	Proposed State Aid		
AID CATEGORY	2023-24	2024-25	Difference	% Change
Foundation aid	21,091,130	21,092,291	1,161	0.01%
Universal Pre-K	626,400	2,019,600	1,393,200	222.41%
BOCES	4,220,595	3,213,073	(1,007,522)	-23.87%
High Cost Excess Cost	285,588	583,721	298,133	104.39%
Private Excess Cost	298,533	438,378	139,845	46.84%
Hardware & Technology	95,602	93,774	(1,828)	-1.91%
Software, Library, Textbook	474,300	481,438	7,138	1.50%
Transportation	3,367,984	3,982,308	614,324	18.24%
Building Aid	4,171,433	3,950,528	(220,905)	-5.30%
TOTAL	34,631,565	35,855,111	1,223,546	3.53%
<i>Less Universal Pre-K</i>	<i>34,005,165</i>	<i>33,835,511</i>	<i>(169,654)</i>	<i>-0.50%</i>

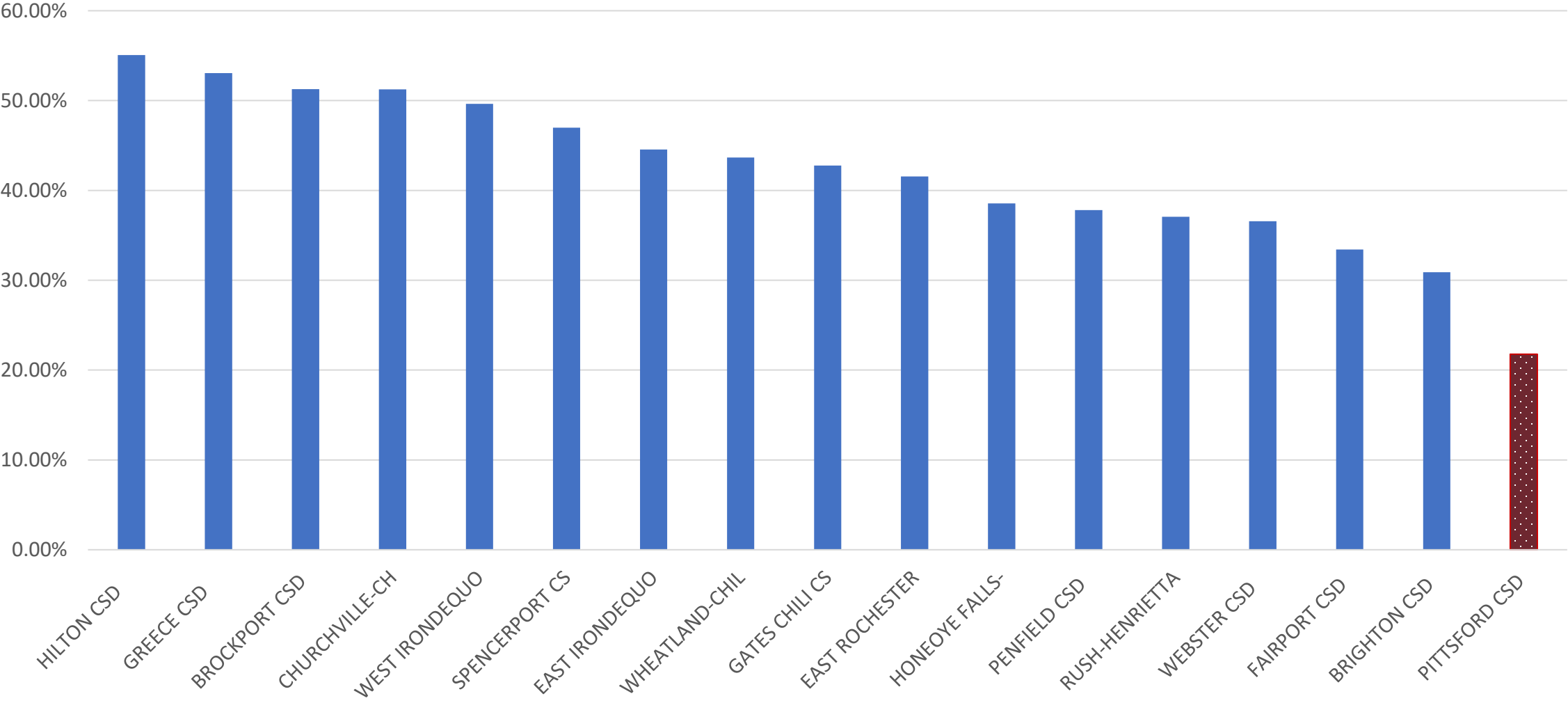
“More Realistic” Executive State Aid Proposal

	Estimated State Aid	Proposed State Aid		%
AID CATEGORY	2023-24	2024-25	Difference	Change
Foundation aid	21,091,130	21,092,291	1,161	0.01%
Universal Pre-K	626,400	2,019,600	1,393,200	222.41%
BOCES	4,220,595	3,513,073	(707,522)	-16.76%
High Cost Excess Cost	285,588	353,527	67,939	23.79%
Private Excess Cost	298,533	366,473	67,940	22.76%
Hardware & Technology	95,602	93,774	(1,828)	-1.91%
Software, Library, Textbook	474,300	481,438	7,138	1.50%
Transportation	3,367,984	3,782,308	414,324	12.30%
Building Aid	4,171,433	4,200,528	29,095	0.70%
TOTAL	34,631,565	35,903,012	1,271,447	3.67%
Less Universal Pre-K	34,005,165	33,883,412	(121,753)	-0.36%

State Aid as Percent of Budget

Monroe County

State Aid Percentage 2023-24



Early Revenue Forecast for the 2024-25 Budget

- Tax Levy \$3,013,965
- State Aid \$ -121,753
- “New Revenue” \$2,892,212

- The actual “Budget to Budget” State aid amount will be higher due to conservative estimates in the prior year
- Interest Earnings +300?
- Sales Tax Increases +200K?
- Fund balance and reserve allocations will need to be reviewed

Next Steps of the Budget Process

- Work with budget originators and Board of Education as budgets are refined and presented
- Solidify Tax Cap components
- Continue to evaluate staffing
- Make budget adjustments based on replacement plans for technology, transportation, custodial/maintenance
- Evaluate BOCES services
- Adjust State aid based on the Legislative budget
- Continue to work with the District Planning Team on possible savings
- Monitor State Budget progress and continue advocacy efforts

Upcoming Meetings

February 27 – Board Work Session #2

March 1 – Tax Cap Report to NYS Comptroller

March 7 – District Planning Team (DPT)

March 12 – Board Work Session #3 (Final)

April 11 – District Planning Team (DPT)

April 16 – Board Adopts Superintendent's Budget

May 14 – Public Budget Hearing

May 21 – Budget Vote and Board Election





Pause for Board Discussion