

Shelter Island UFSD 2020-2021 Proposed Budget

Board of Education Meeting of
January 21, 2020



Budget Formation Process

- District administration consults with teachers and staff to determine programmatic wishes and goals for the 2020-2021 school year.
- District administration examines the value and efficacy of existing programs to determine if changes are needed in the 2020-2021 school year.
- District administration gathers pricing, contractual obligations and best estimates in compiling the spending plan.
- The Board of Education reviews these decisions to determine if they represent the proper direction for the District and its taxpayers.

District Administration Budget Goals

In formulating a proposed spending plan for evaluation by the Board of Education, we have sought to:

- Design and adopt a budget that stays within the Tax Cap limitations.
- Develop a budget that maintains district programs and community support.
- Design and adopt a budget that values fiscal restraint.
- Develop a budget that seeks to identify and implement cost savings.

Budgeting Basics

There are two sides to the budget:

- Expenditure plan - This is what is voted on by the community in May.
- Revenue plan - This is determined by the Board of Education.

Both the expenditure and revenue budgets represent the best estimates as to what the District's financial needs will be in 2020-2021. The budget is an aspirational document and one that evolves throughout the year as plans are achieved or contingencies become realities.

Property Tax Cap - What Does The Law Say?

Revenues raised by the District through property tax – “the levy” – can increase no more than approximately 2%, or CPI, whichever is less, plus several exemptions.

- Exempt from the tax calculation:
 - Capital costs
 - Some pension costs (Pension cost exclusions are not applicable in 2020-2021 due to expected contribution rates)

Shelter Island UFSD Property Tax Calculations

All figures are subject to adjustment.

Prior school year tax levy	\$10,551,653.00	
Tax base growth factor	1.0061	
Product	\$10,616,018.08	
Capital Tax Levy in Prior Year	\$405,169.00	
Difference	\$10,210,849.08	
Allowable Levy Growth Factor	1.0181	
Product	\$10,395,665.45	
Capital Tax Levy in Coming Year	\$405,068.15	
Tax Levy Limit Plus Exclusions	\$10,800,733.60	2.36%

The Capital Tax Levy in the Coming Year is not yet finalized and is subject to change. The final figure will adjust the tax levy limit. The 2.36% allowable increase is therefore preliminary.

How Are Salary Costs Calculated?

- Most District employees are employed through a union contract. The annual raises are determined through a negotiation process and cannot be unilaterally changed.
- Some union contracts have provisions for raises based on years of experience, supplementary education or other negotiated methods.

	2019-2020	2020-2021	Percentage Change
Administration and General Support	569,214.00	579,746.66	1.85%
Operations and Maintenance	411,117.00	416,471.00	1.30%
Instructional Oversight and Development	307,550.40	317,426.50	3.21%
General Education	3,234,385.38	3,281,426.40	1.45%
Special Education and Wellness	1,263,657.92	1,282,327.91	1.48%
Extra Curricular and Athletics	187,702.47	200,672.40	6.91%
	5,973,627.17	6,078,070.87	1.75%

All figures
are subject
to
adjustment.

How Are Pension Costs Calculated?

- All employees of the District are required to participate in either the New York State Teachers Retirement System (teachers and administrators) or the New York State Employees Retirement System (clerical, custodial and other support staff).
- The systems set contribution rates and the District is required to pay the product of an employee's salary multiplied by the relevant contribution rate.

	TRS	ERS	Social Security
Proposed Applicable Salaries	\$4,963,898.54	\$1,073,282.00	\$6,037,180.54
Contribution Rate	10.25%	16.20%	7.65%
Proposed Appropriation	\$509,188.69	\$175,977.68	\$463,129.06

All figures are subject to adjustment.

How Are Health Insurance Costs Calculated?

- The District participates in the New York State Health Insurance Program (Empire NYSHIP), along with NYS and hundreds of local governments across the State.
- NYSHIP rates are set in December for the following 12 months each year.
- The District must make a good-faith estimate as to what increases will be needed in the health insurance costs for the period January - June.
- Since 1999, NYSHIP rates have increased by 324%.

How Are Health Insurance Costs Calculated?

- Contribution rates are negotiated in employment contracts and cannot be changed except through the agreement of both the District and the relevant union.
- All active employees taking the health insurance pay a portion of the cost. Most retirees, however, do not pay a portion of the cost.
- Employees who have coverage elsewhere are eligible for a waiver payment, which is less costly for the District than paying for unnecessary health insurance

How Are Health Insurance Costs Calculated?

- Full share costs for active employees are:
 - Single = \$12,381.84
 - Family = \$28,650.96

	2019-2020 Budget	2020-2021 Budget	Percentage Change
Medical Insurance Waiver	145,421.97	\$152,536.82	4.89%
Medical Insurance - Employees	1,042,364.00	\$1,090,550.25	4.62%
Medical Insurance - Retirees	715,000.00	\$792,097.98	10.78%

All figures are subject to adjustment.

How Are Debt Costs Calculated?

- The District has issued bonds or other borrowings that represent the unconditional promise of the District to repay the loan.
- Debt schedules are determined at the time the loan is finalized.

	2019-2020	2020-2021	Percentage Change
Bond Principal School Renovations	125,000.00	\$125,000.00	0.00%
Bond Principal HVAC Project	105,000.00	\$105,000.00	0.00%
Bond Principal for Town Generator	65,000.00	\$65,000.00	0.00%
Bond Interest School Renovations	30,943.75	\$30,943.75	0.00%
Bond Interest HVAC Project	32,215.50	\$32,121.50	-0.29%
Bond Interest for Town Generator	3,900.00	\$3,900.00	0.00%
Installment Debt Principal	59,509.51	\$61,217.61	2.87%
Installment Debt Interest	23,472.39	\$21,754.29	-7.32%
Debt Service	480,041.15	\$480,937.15	0.19%

All figures are subject to adjustment.

Next Steps....

- Over the next few weeks, District administration will continue to make expense projections and gather additional information about proposed appropriations in the budget.
- The Governor will issue a proposed State Budget which will contain a baseline for state aid; the District will adjust its Property Tax Cap calculation and revenue projections.
- The Board of Education will evaluate spending proposals and make requests for additions and deletions in the budget document.

Next Time....

- February 10 -- Administration/Educational/Facilities and Capital
- March 2 - Budget Workshop and Additional Ballot Items
- March 16 - Budget Overview and Adjustments
- April 20 - Budget Adoption by the Board of Education
- May 11 - Budget Hearing at Board of Education Meeting
- May 19 - Budget Vote - 12:00 pm until 9:00 pm at the School Gym