



2025 – 2026 UNDISTRIBUTED BUDGET

Pittsford Schools

March 11, 2025



What is the “Undistributed Budget”?

Expenses that support all areas in the budget. Includes debt service, interfund transfers, legal fees, insurance fees and employee benefits.

- The budgeting and accounting of undistributed expenses are governed by the Office of the NYS Comptroller and the Uniform System of Accounts.
- 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.
- Percentages and estimates are used when analyzing the District’s internal budgeting and decision-making process as it relates to the analysis of spending by location or program.



Undistributed Budget Breakdown

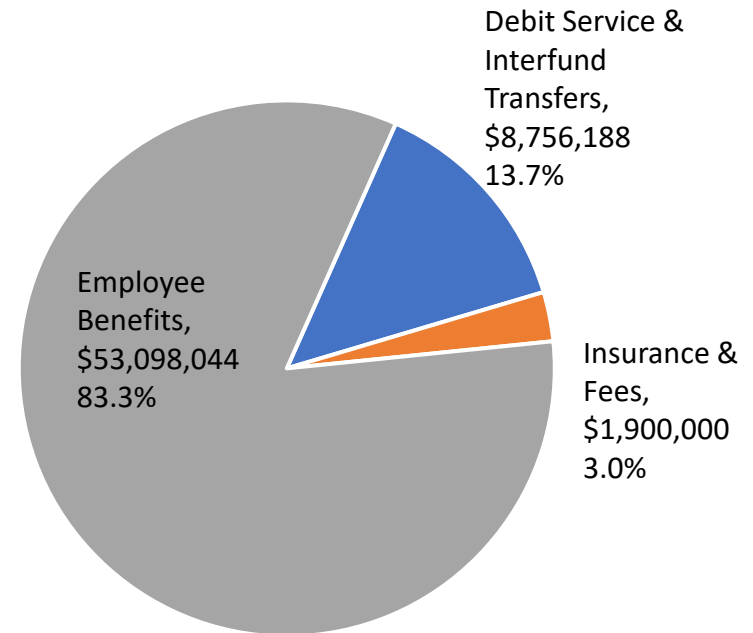
Three Main Budget

Categories:

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

Total Budget = \$63,754,232
(37.9% of the Total District Budget)

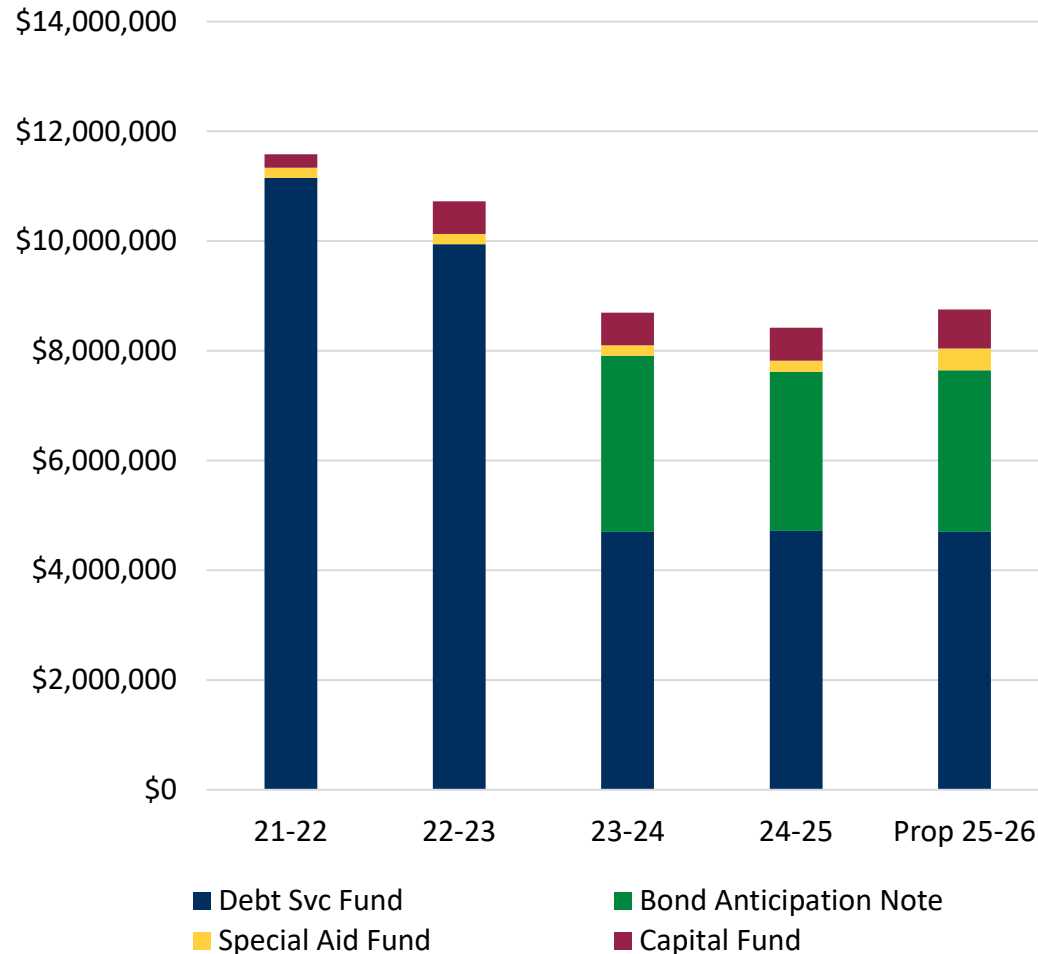
Proposed 2025-26 Undistributed Budget \$63.7 million



1. Debt Service & Interfund Transfers

\$8,756,188 +4.0% +\$337,938

Historic Trend



- Debt Service is the re-payment of debt (similar to a mortgage)
 - Pre-approved by the Board and voters at a Capital Project Referendum (vote)
 - Each annual payment is transferred to the Debt Service Fund
 - BOCES Capital Projects paid in full
- Interfund Transfers: budgeted money transferred to other funds for specific purposes
 - Special Aid Fund is for the Extended School Year program (ESY) or Special Education Summer School program. The general fund pays for the portion that is not reimbursed by state aid - **plus \$200,000**
 - Transfer to Capital for minor maintenance and repair projects and emergency repairs and equipment and infrastructure replacements

1. Debt Service

- Determination of budget amount:

- Based on debt service schedule prepared by the district's Fiscal Advisor

- Goals:

- To match the debt service schedule with expected building aid in order to minimize the impact on the local share which impacts the tax cap calculation
- Plan Capital Improvement Projects in conjunction with retiring debt: "Level Debt Concept"
 - As debt from one project expires have debt from new project begin

\$12,000,000

\$10,000,000

\$8,000,000

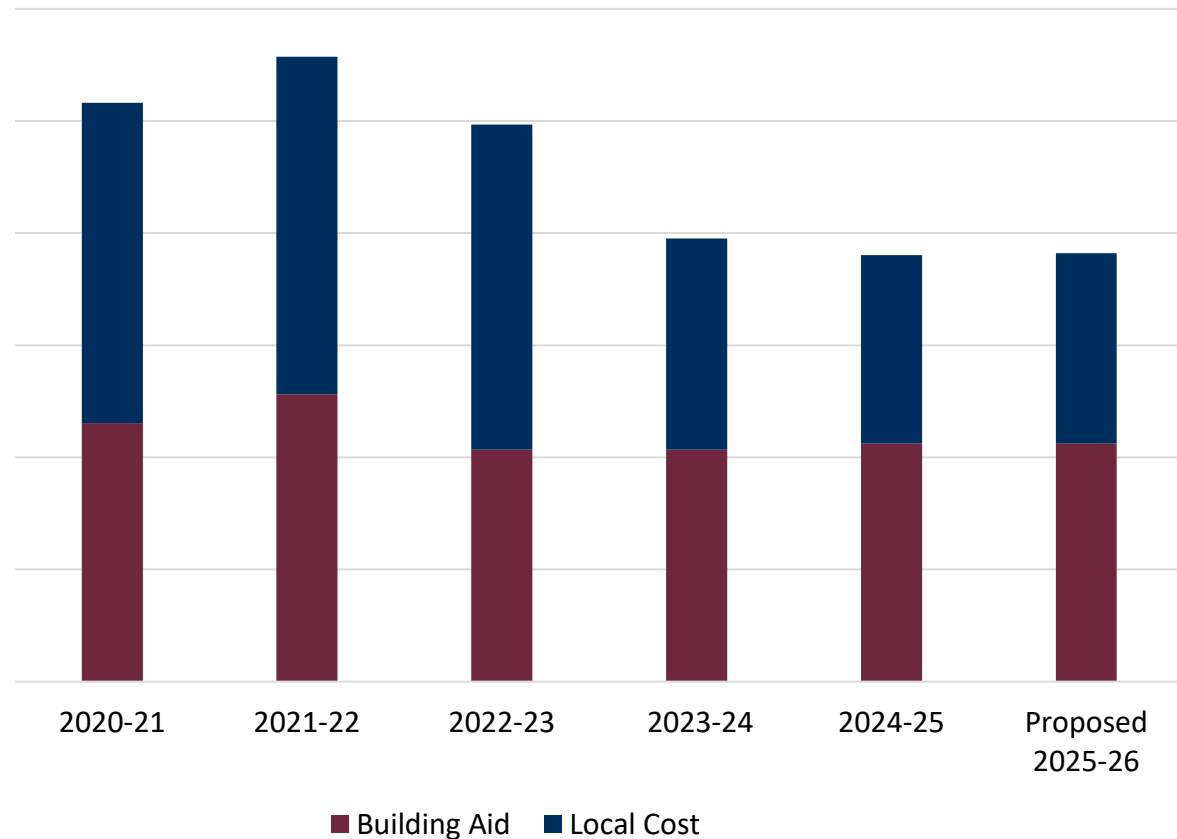
\$6,000,000

\$4,000,000

\$2,000,000

\$0

Historic Trend



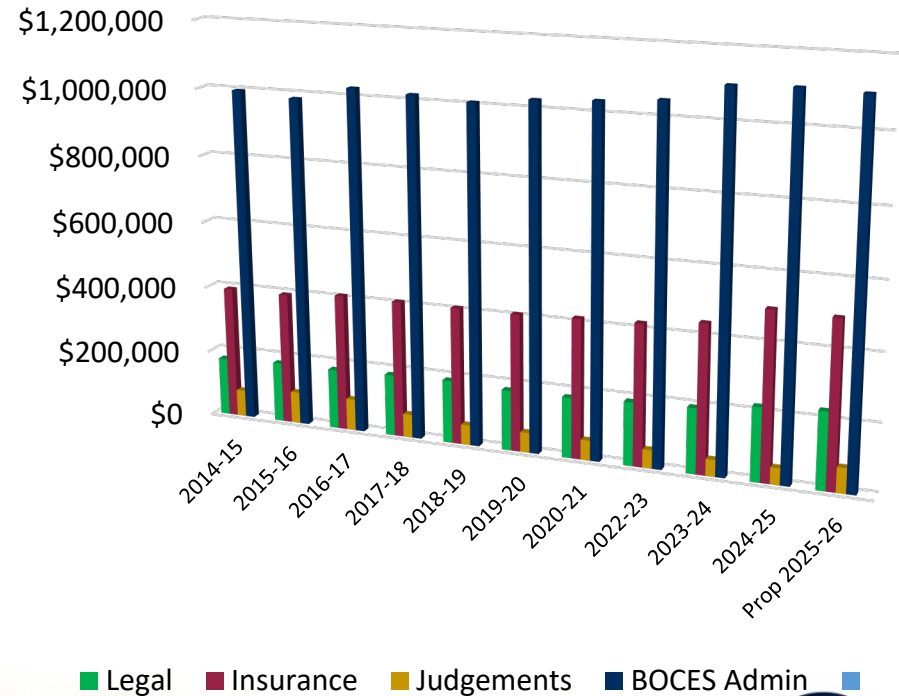
2. Insurance, Judgments & Fees

\$1,900,000 +1.33% +\$25,000

Budget For:

- Legal Fees \$175,000 +2.9%
- Records Management \$55,000 -8.3%
- General Insurance \$495,000 -1%
 - Liability & Property
 - Student Accident
- Judgments and Assessments \$75,000
 - Court proceedings
 - Various Governmental fees
- Board Of Cooperative Education Services (BOCES) Administrative Costs \$1,100,000 -0.045%
 - Certain administrative and retiree costs are prorated to the component (shareholder) districts
 - Facility Costs

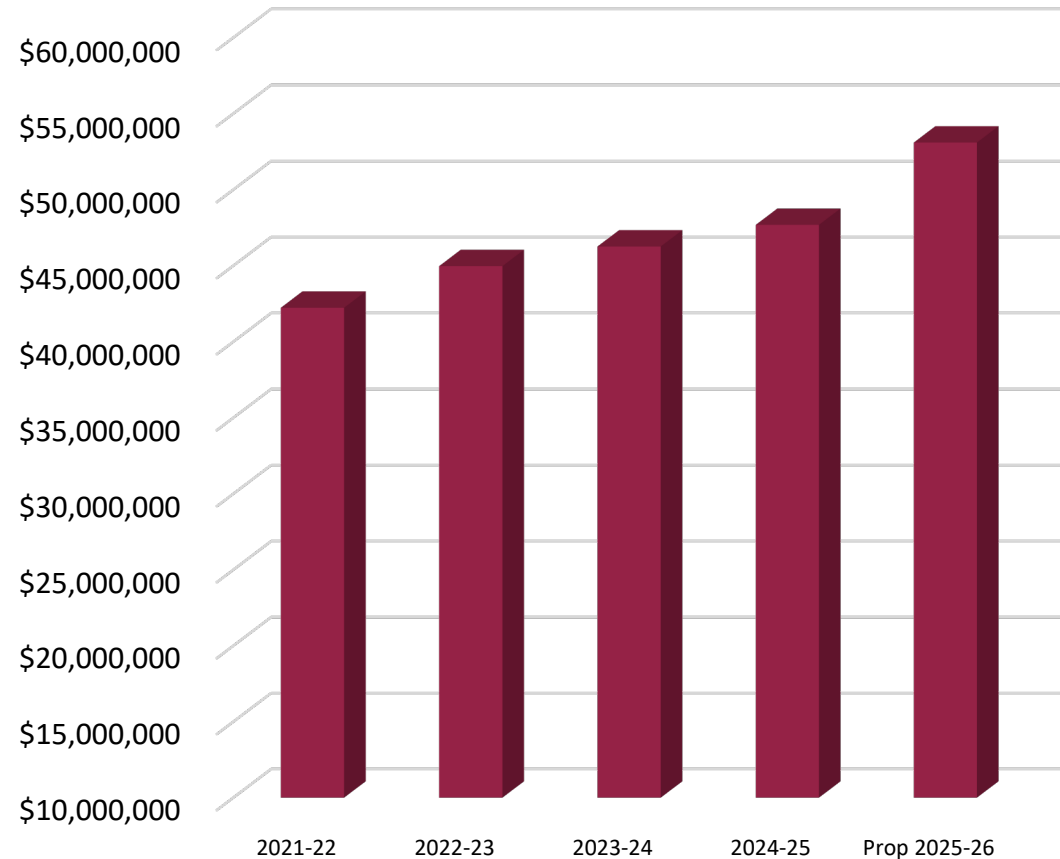
BOCES Admin/Capital & Miscellaneous Unallocated Expenses \$1.9 million



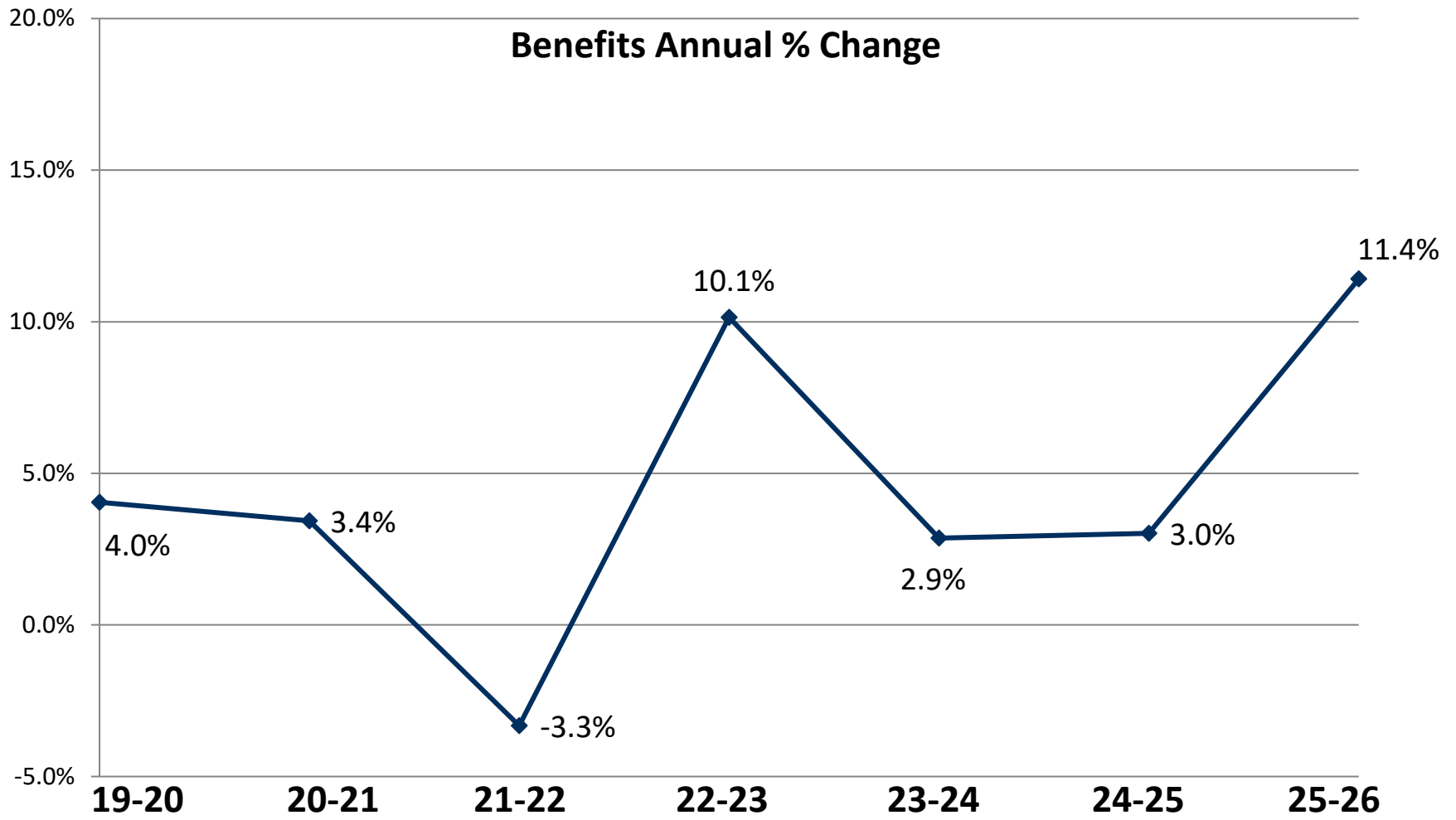
3. Employee Benefits

\$53,098,044 +11.4% +\$5,438,696

- Teacher In-service
- Retirement Systems – rates set by NYS
 - NYS Employee (ERS) average rate increasing from 15.2% to 16.5%
 - NYS Teachers (TRS) rate increasing from 10.11% to 9.59%
- Employer Social Security (FICA)
- Employee Benefit Insurances
 - Worker’s Compensation - consortium
 - Life Insurance
 - Unemployment
 - Disability
 - Medical & Dental – consortium
 - Medicare
- Separation Payments – Accrued benefits upon separation from employment

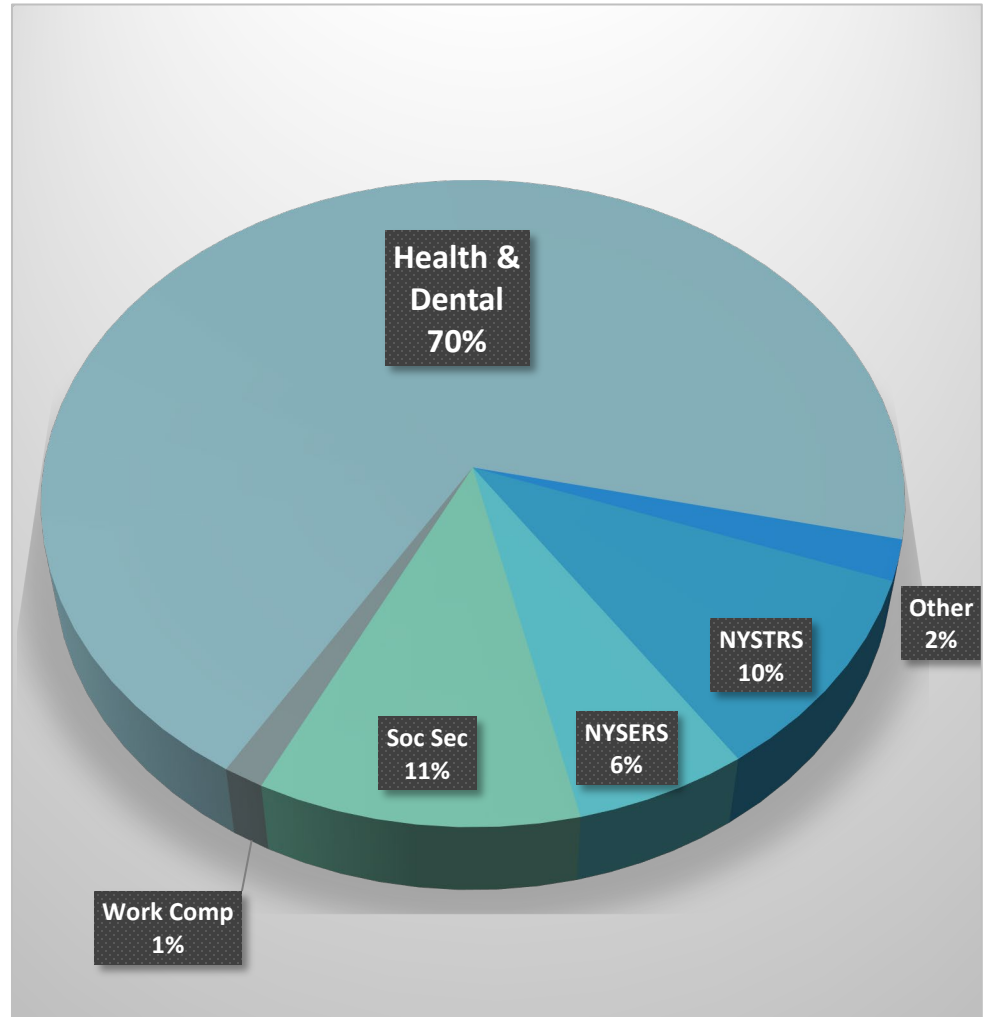


Benefits - % Change



Benefit Breakdown

- Benefits typically drive annual budget growth
- In ten years, benefits have increase from 24% of the total General Fund Budget to 32%
- Historically, the retirement systems have had the most volatile changes, from 0.43% to as much as 22% of employee pay
- Health Insurance increase have averaged between 6.5% - 7.5% during the past five years, this year the increase is 14.4%



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 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

FACTORS INFLUENCING HEALTHCARE COSTS

Key Drivers of Claims

1. Provider Contracting
 - Significant increases due to higher labor costs
 2. Outpatient Surgeries
 - Increased utilization & cost per procedure
 3. Inpatient Hospital Stays
 - Increased admissions & length of stay
 4. Pharmacy
 - New high-cost drugs (hard to predict)
 - Expanded indications for existing drugs increase utilization
 - Increased need to provide drugs through outpatient setting
 5. High-cost claimants (technological advancements = higher costs)
 - More individuals surviving to become high-cost claimants
 - Cancers – more drugs available
 - Transplants
- *Members are seeking answers for these conditions

2025 RATE RENEWALS

RASHP I

1. Trend (9.9% for 2025)
2. Claims Experience
 - YTD claims significantly **better** than expected
3. Inflation Reduction Act
 - Increased federal subsidy **more** than increased claim cost impact

RASHP II

1. Trend (8.4% for 2025)
2. Claims Experience
 - YTD claims significantly **worse** than expected

Medicare Advantage Plans

1. Trend (Not Available - Fully Insured)
2. Inflation Reduction Act
 - Increased federal subsidy **less** than increased claim cost impact

RASHP I CLASSIC BLUE 2025 RENEWAL

Key Factors

- Composite trend: 9.9%
- Claims Experience better than expected
- Estimated Rx Rebate increases
- Inflation Reduction Act
 - Estimated claims increase: \$1.5M
 - Offsetting federal subsidy: \$1.8M

Action Taken by Board of Directors

- Adopted a 7.1% composite rate increase

RASHP II 2025 RENEWAL

Utilize two actuarial pricing models

- Composite trend: 8.4%
- Claims History worse than expected
- Estimated Rx rebates increased

Action Taken by Board of Directors

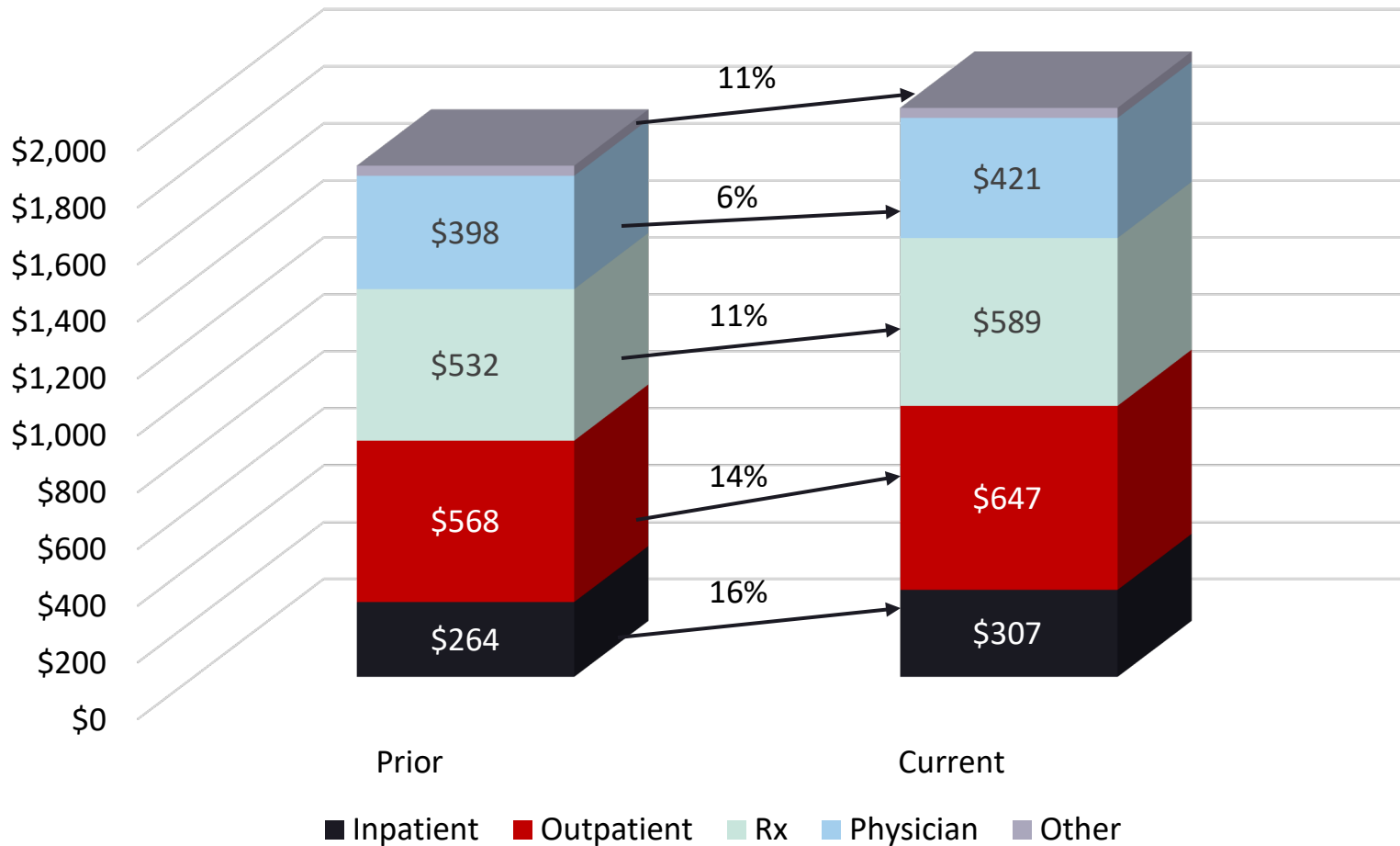
- Adopted a 14.4% composite rate increase

RASHP II PLAN PERFORMANCE

Plan Year	Revenue	Expenditures	Plan Performance
2019	262,555,180	(257,464,575)	5,090,605
2020	280,089,570	(255,486,365)	24,603,205
2021	282,626,499	(291,758,241)	(9,131,742)
2022	304,263,271	(291,042,101)	13,221,170
2023	323,633,108	(327,803,127)	(4,170,019)
2024	350,376,307	(361,669,031)	(11,292,724)

RASHP II Total Claims Costs Increased 11%

Cost Per Contract Per Month 12-Months Ending 12/31/2024



INFLATION REDUCTION ACT (IRA)

- National impact
- Includes major investments in clean energy, child care, health care, education, and tax cuts for the middle class.
- Most significant change to Medicare Rx rules since Part D was introduced in 2005
 - Reduce seniors' out-of-pocket Rx costs
 - Shift manufacturer subsidies to future Rx price negotiation
 - Shift federal subsidies from reinsurance to per enrollee
- Net result for 2025
 1. Significant retiree benefit improvement
 2. Significant premium increases

Impact on Pittsford CSD's Health Insurance Budget

	2019-2020	2020-2021	2021-2022	2022-2023	2023-2024	2024-2025	2025-2026
Health Insurance Budget	24,463,554	25,862,275	26,651,192	28,824,142	29,861,285	30,697,015	35,780,495
Budget to Budget Increase \$		1,398,721	788,917	2,172,950	1,037,143	835,730	5,083,480
Budget to Budget Increase %		5.72%	3.05%	8.15%	3.60%	2.80%	16.56%
RASHP % Rate Increase	6.60%	6.50%	6.20%	6.40%	6.70%	7.30%	14.40%

Undistributed Budgets - Conclusion

Accomplishments

- The health and worker's compensation consortiums are operating effectively and provide cost relief
- Improved market has lowered one retirement system rate, however stock performance will drive future rates
- The capital project vote was timed with the retirement of debt reducing the impact on the local share for taxation

Challenges

- Employee benefits constitute a large portion of the budget that impact future planning for budget growth
- The overall benefits growth can potentially exceed the NYS imposed Property Tax Cap
- Labor concessions can reduce the base cost, but are still subject to annual incremental increase in insurance
- Balancing pressures for lower premium with long-term sustainability of the plan

Factors Bearing on the Budget

- Health Insurance Cost
- March 2022 Capital Project debt service financing
- Facilities infrastructure improvements –
Roofs/HVAC
- Electric buses/vehicle costs
- Contract transportation
- General salary increases with wage inflation
 - Staffing shortages
- Projected structural budget deficits due to lack of state funding

Prepare Final Proposed Budget

- 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 Projected Enrollment — *Human Resources/Buildings*
- Historic staffing review and impact on future budgets — *Business Office*
- 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*

Upcoming Meetings

March 13 – District Planning Team (DPT)

April 3 – District Planning Team (DPT)

April 8 – Board Adopts Superintendent's Proposed
Budget

May 8 – District Planning Team (DPT)

May 13 – Public Hearing for Budget

May 20 – Budget Vote and Board Election



End of Presentation

