
Elwood Union Free School District

2020-2021

Budget Workshop #3

Program Component

Budget Goals & Challenges

Tax Cap & Tax Levy

Program Component 2020-2021

- Program Component is the largest portion of the budget and includes the following:
 - Teacher salaries & benefits
 - All instructional related costs
 - Textbooks
 - Materials & Supplies
 - Contractual
 - Equipment
 - Professional Development
 - Special Education Program
 - BOCES Programs
 - Tuition for Out-Of-District placements
 - Contractual costs for all related services
 - Transportation expenses
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Program Component

- Budgeted salaries and benefits reflect all retiree notifications received to date
 - Teachers Retirement increase of 1.39% from previous year
 - Health Insurance Rate increase
 - Transportation budget increase based on projected CPI (Consumer Price Index)
 - Contractual and supply adjustments based on 4-year trend
 - Workbook/textbook expenses continue to decrease based on 1:1 Chromebook initiative
 - Supplies decreased due to purchasing with Ed-Data, State Contracts, Co-operative bidding laws
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2020-2021 Initial Budget Goals

- Maintain all programs including:
 - Continue enhancement of PPS, Mental Health Support, Student Wellness & Equity
 - Continue growth of literacy initiatives in Teachers College (K-8); academic vocabulary, phonics and handwriting
 - Continued support for AIS and ENL Population
 - Increase course selection in math, science and humanities
 - Maintain fiscal health of district
 - No Fiscal Stress Designation from Comptroller
 - Continue to fund reserves to appropriate levels
 - Targeted focus on optimal Moody's rating
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Budget Update 2020-2021

- Tax Cap Calculation filed prior to March 1, 2020 as per NYS Law. Initial number of 7.2% **is subject to change** once final state aid numbers are released.
 - BOCES Budget numbers have been received and continue to be updated
 - Retirement notifications received (4)
 - Staffing continues to be updated based upon students' needs
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2020-2021 Budget Challenges

- First year of debt related to the Bond (approved by voters on November 28, 2017)
 - Additional expense of \$1,362,556
- First year of debt related to the Energy Performance Contract (EPC)
 - Additional expense of \$335,595

These two combined expenses, less the aid we will receive for completed projects (roofs), make up half of our capital exclusion, which equates to approximately 3.5% of the tax cap.

Breakdown of Tax Levy Calculation

Description	Capital Expense	Building Aid Offset	\$ Change to Levy	\$ Allowable Tax Levy Increase	% Tax Levy Increase
Tax Levy Limit Before Allowable Exclusions*				(238,307)	-0.51%
2012 Bond Principal & Interest	1,932,900		1,932,900	1,694,593	3.60%
2014 Bond Principal & Interest	170,813		170,813	1,865,406	3.96%
2019 Bond Principal & Interest	1,362,556		1,362,556	3,227,962	6.85%
EPC Principal & Interest	335,595		335,595	3,563,557	7.56%
Total of Capital Exclusions		(161,593)		3,401,964	7.22%

*If District incurred no debt and received no aid. This is an illustration of the rationale for a capital exclusion within the tax cap formula.

Challenges continued...

- The initial rollover budget is equal to a \$2.8 million increase or 4.59% budget to budget

	2019/2020 Adopted Budget	2020/2021 Proposed Budget	\$ Change	% Change
Expenditures	62,728,901	65,610,850	2,881,949	4.59%
However, if we were to remove the new debt from this budget, the adjusted rollover budget would be <u>1.89%</u>				
2019 Bond Principal & Interest		1,362,556	1,519,393	2.42%
EPC Principal & Interest		335,595	1,183,798	1.89%

Challenges continued...

- This budget includes all contractual obligations related to salaries, insurance, benefits and debt service.
 - There were no other additions incorporated in to the budget, nor does the budget add back any of the reductions (cuts) that took place during the 2019/2020 budget process.
 - As you will recall, last year's tax cap of 2.56% resulted in major reductions to the budget equaling \$1.39 million dollars. Those reductions were taken from all areas of the budget including administration, faculty, program, equipment and materials & supplies.
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Challenges continued...

- We will not be able to maintain programs if we are asked to make reductions once again. Last year's reductions were made with precision and had little to no impact on program. If the decision is made to make reductions once again, program would be directly affected, resulting in:
 - Larger class sizes, K-12 (Reduction in Teaching Staff)
 - Decreased flexibility with scheduling, K-12
 - Decrease in secondary elective offerings
 - Reduction in extra-curricular and athletic offerings
 - Decrease in support services (Academic Intervention Services, Teacher Assistants, Paraprofessionals)
 - Decreased oversight of District Programs, initiatives, instruction, etc. (Admin.)
 - Decrease in instructional technology available to students
 - Decreased professional development for teachers and staff
 - No new equipment purchases
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Options

- Approving budget at tax cap of 7.2%
 - Would allow District to maintain all programs
 - Have flexibility for enhancements to our class sizes, mental health services and other identified priorities
 - Fund balance allocation of \$1.25 million would remain flat
 - Allocation of reserves would be eliminated
 - This is important as the continued use of fund balance and reserves can have a negative effect on our fiscal health and credit rating.
 - Also, each time we allocate fund balance and/or reserves to a budget, it equates to deficit spending and is not sustainable long term.
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Options

- Approving budget below tax cap at 5.8%
 - Ability to maintain all current programs with no additional flexibility.
 - Stability in fund balance of \$1.25 million
 - Reduction of allocation of reserves to \$500,000
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Options

- Approving budget below 5.8%
 - Budget would have to be made up of a combination of reductions to program, increased fund balance allocation and/or allocation of reserves.
 - For each 1.00% reduction to the tax levy, the District would have to cut \$471,137.
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Summary

- Tax Cap limit is currently 7.2%
 - In order to maintain program, we recommend approving no less than 5.8%
 - Anything below 5.8% will result in reductions to program and/or increased fund balance and reserve allocation
 - For each 1.0 percent reduction, the District will have to reduce \$471,137
 - Future budgets will have small tax cap as debt and building aid level off due to completion of Bond work
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Next Meeting

- March 19, 2020 - further updates will be provided based on conversations with administration and Board of Education.
 - April 1, 2020 is NYS Budget deadline. We should receive final state aid numbers at that time.
 - April 2, 2020 - Budget Workshop #4 and Budget Adoption.
 - Please keep in mind, BOE adopts total budget figure, not spending plan.
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Questions?

