



# 2026 – 2027 UNDISTRIBUTED BUDGET

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## Pittsford Schools

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March 10, 2026



# 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.



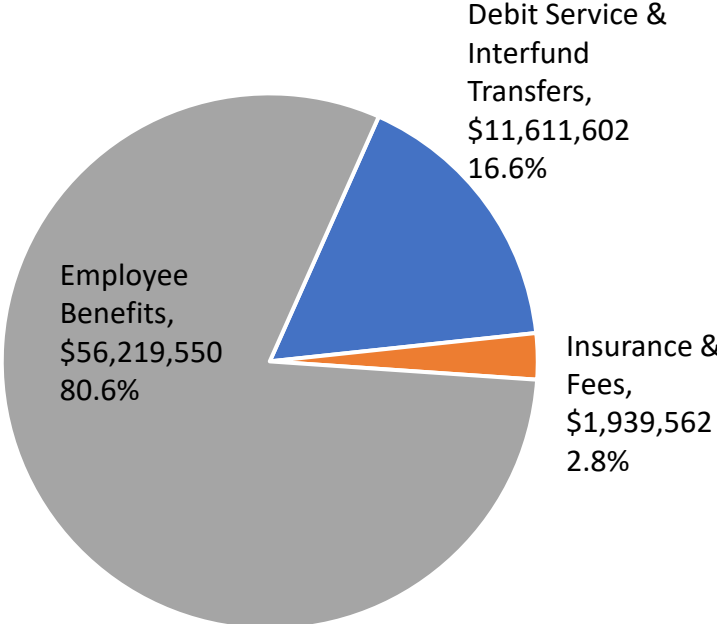
# Undistributed Budget Breakdown

Three Main Budget Categories:

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

Total Budget = \$69,770,714  
(39.5% of the Total District Budget)

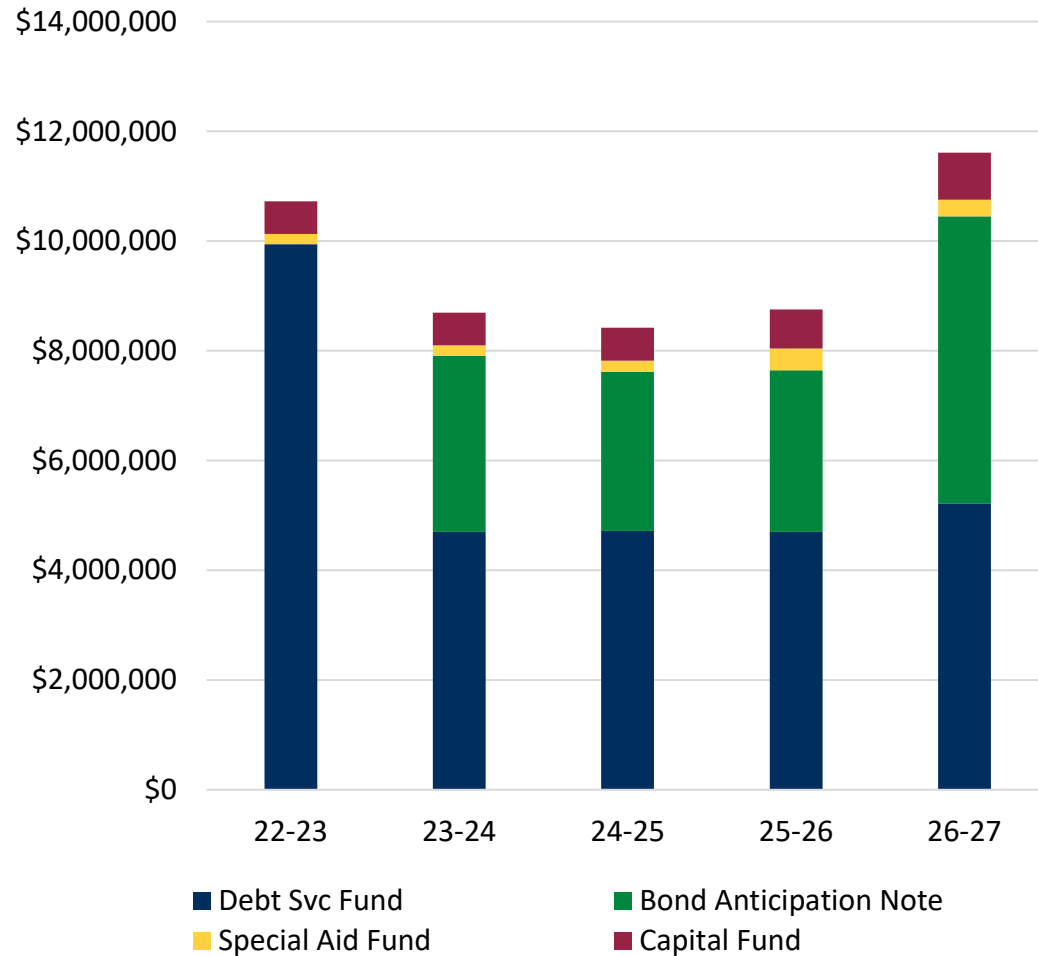
Proposed 2026-27 Undistributed Budget \$69.7 million



# Debt Service & Interfund Transfers

**\$11,611,602 +30.4% +\$2,707,414**

Historic Trend

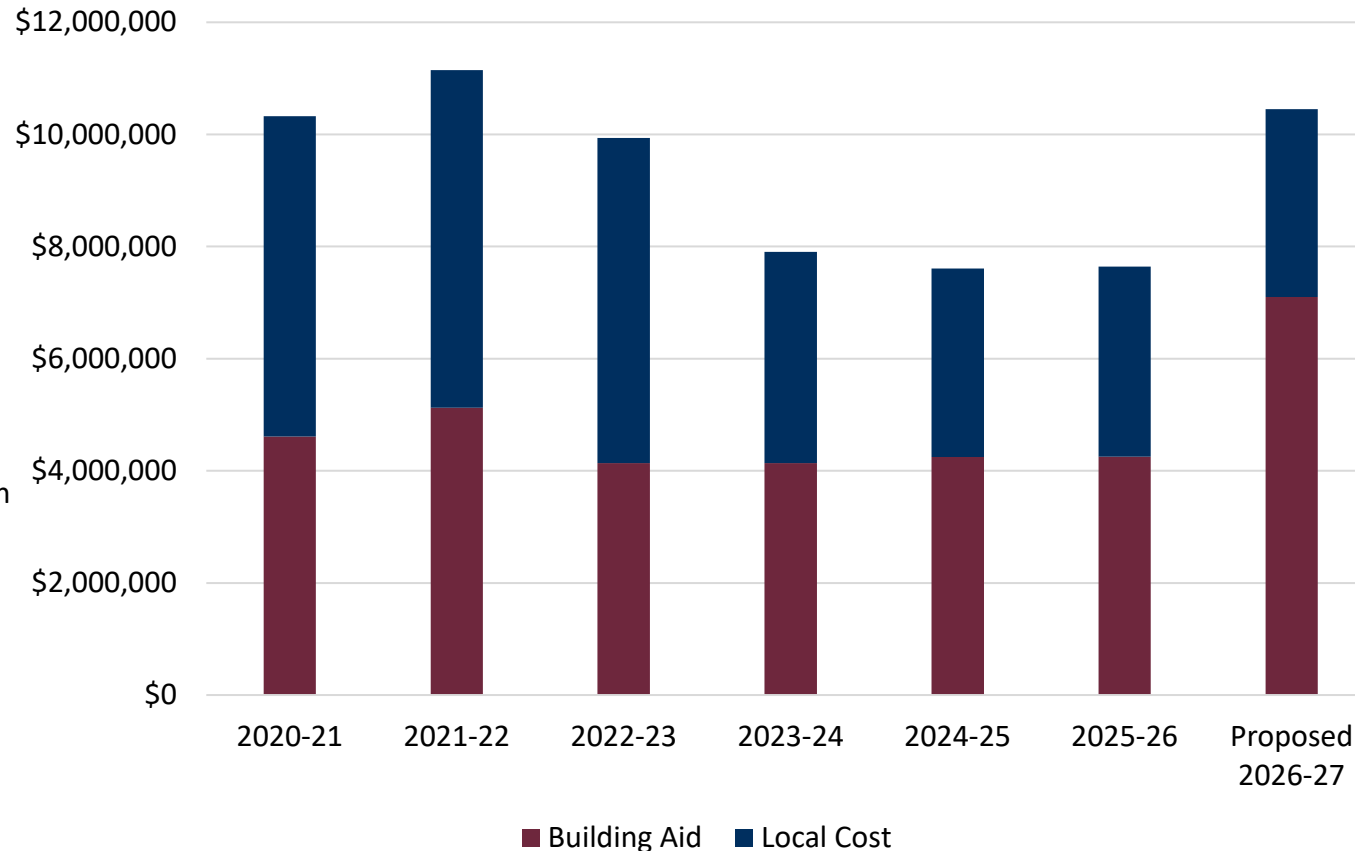


- Debt Service is the re-payment of debt (similar to a mortgage)
  - Pre-approved by the Board and voters at a Capital Project Referendum (vote)
  - Each annual payment is transferred to the Debt Service Fund
  - BOCES Capital Projects paid in full
- Interfund Transfers: budgeted money transferred to 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 - **reduced by \$100,000**
  - Transfer to Capital for minor maintenance and repair projects and emergency repairs and equipment and infrastructure replacements

# 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
  - Debt service payments impact 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
    - This was critical for the March 5, 2026 vote

Historic Trend



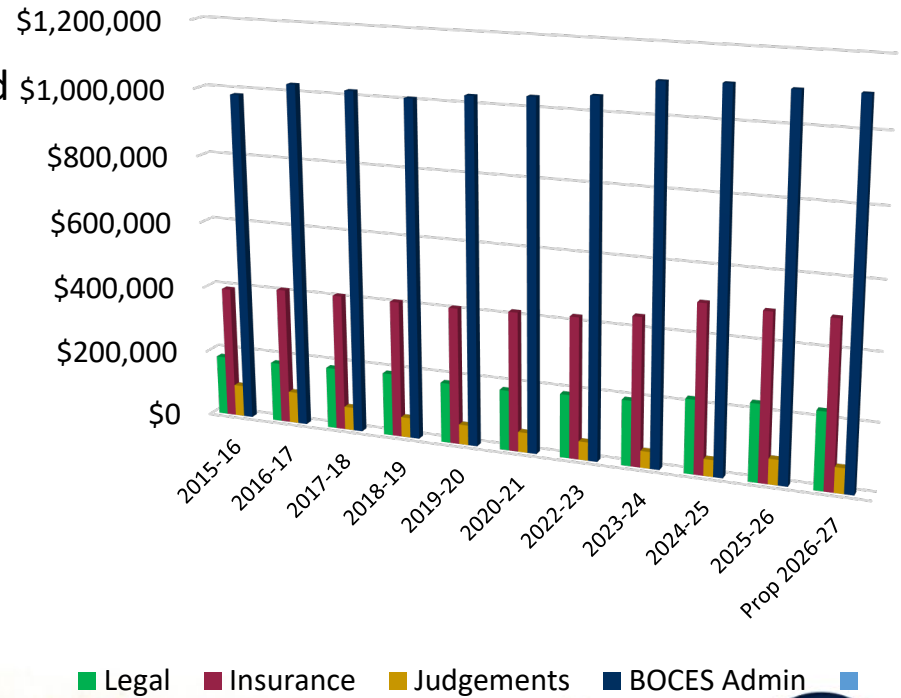
# Insurance, Judgments & Fees

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

Budget For:

- Legal Fees \$175,000 (0% increase)
- Records Management \$55,500 (.9% increase)
- General Insurance \$500,000 (1% budgeted increase)
  - Liability & Property
  - Student Accident
- Judgments and Assessments \$75,000 (0% increase)
  - Court proceedings
  - Various Governmental fees
- Board Of Cooperative Education Services Admin Costs \$1,134,062 (3.1% increase)
  - Certain administrative and retiree costs are prorated to the component (shareholder) districts
  - Facility Improvement Projects

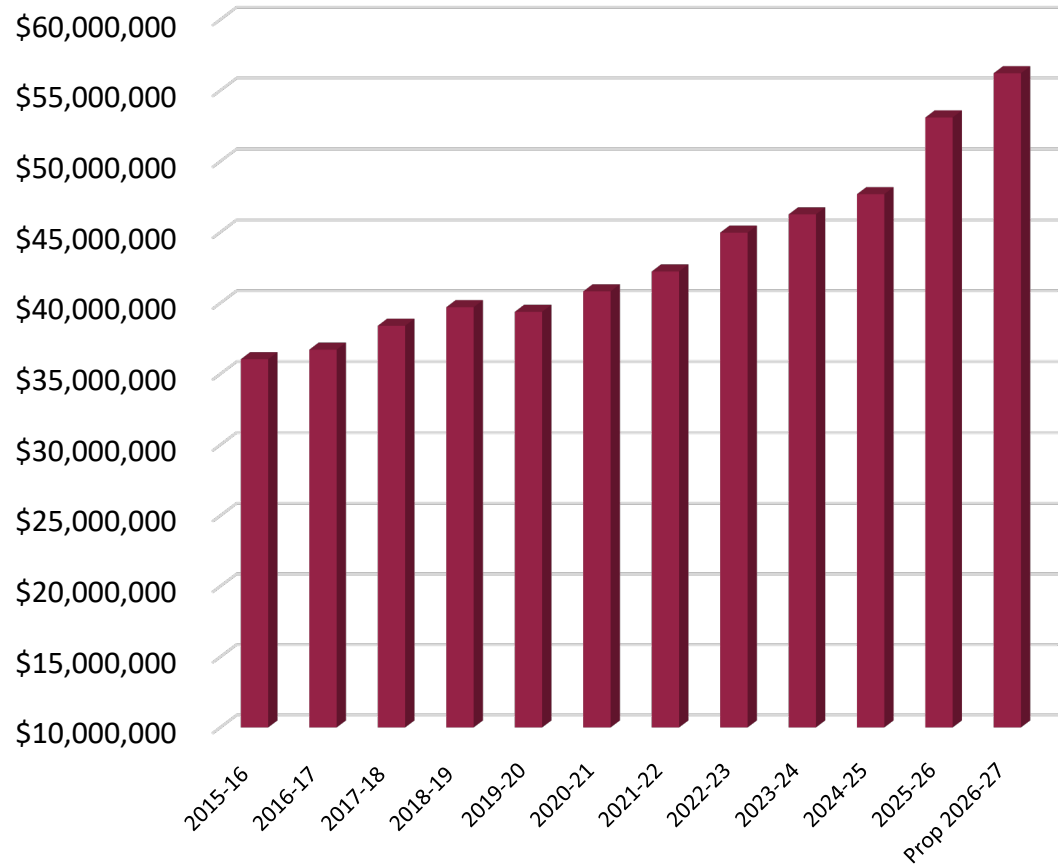
## BOCES Admin/Capital & Miscellaneous Unallocated Expenses \$1.9 million



# Employee Benefits

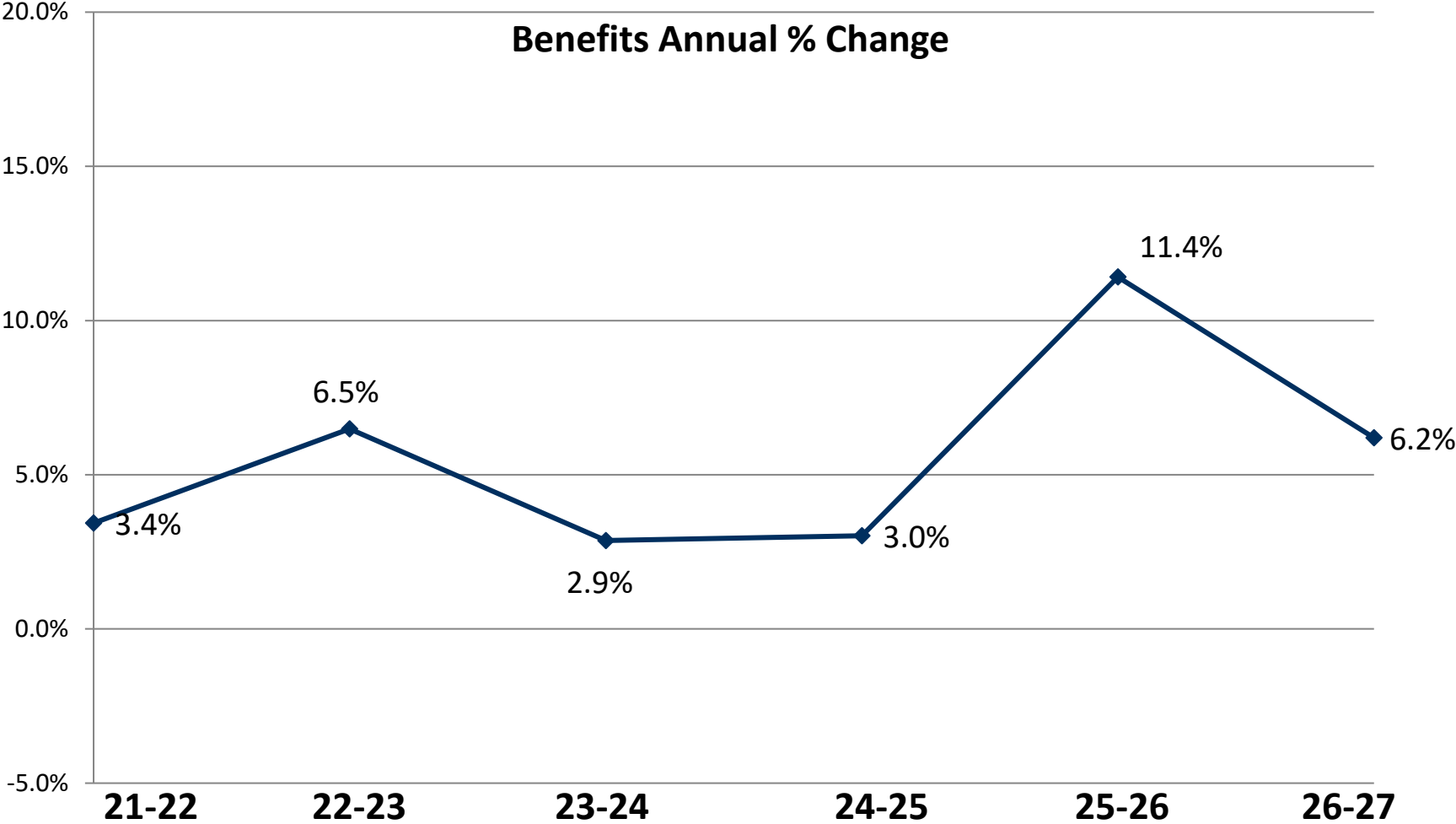
**\$56,219,550 +6.2% +\$3,294,506**

- Teacher In-service
- Retirement Systems – rates set by NYS
  - NYS Employee (ERS) average rate increasing from 16.5% to 17.6%
  - NYS Teachers (TRS) rate increasing from 9.59% to 8.75%
- 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



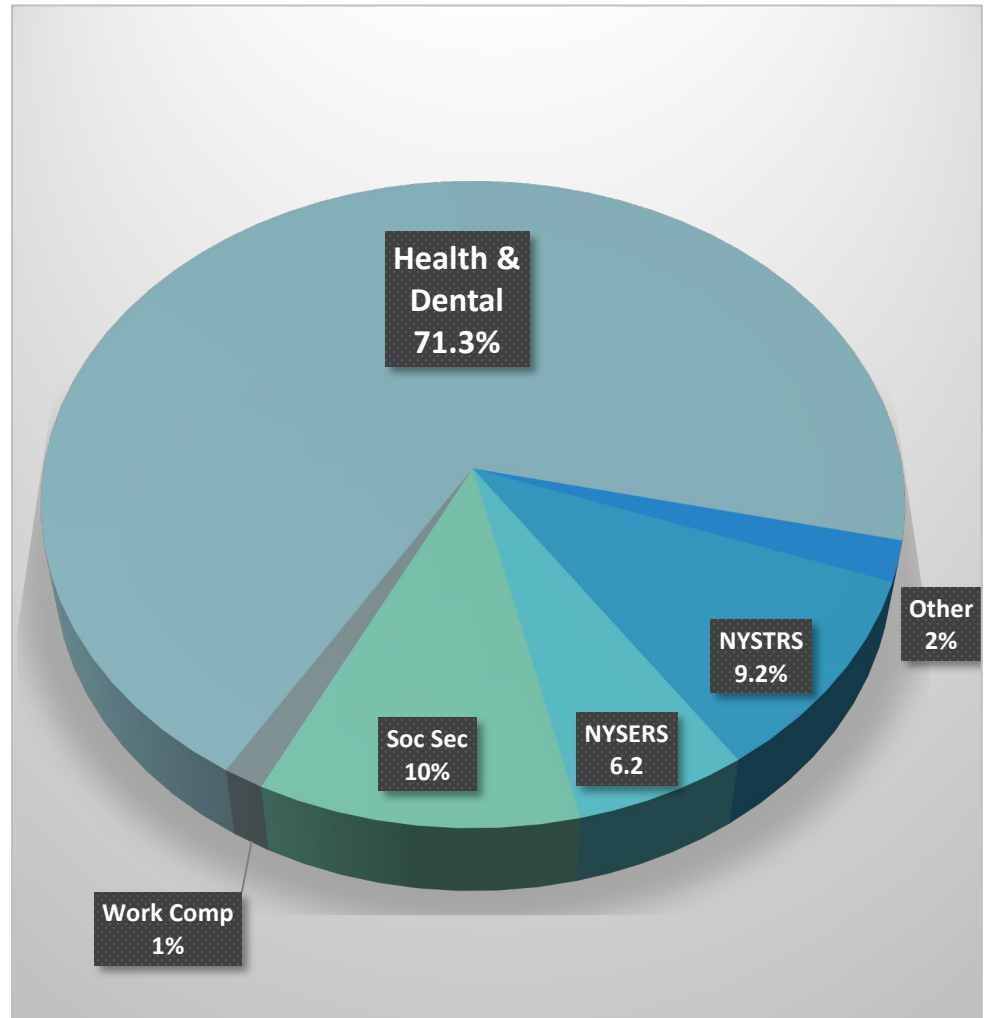
# Benefits - % Change

Benefits Annual % Change



# Benefit Breakdown

- Benefits typically drive annual budget growth
- In ten years, benefits have increase from 29.5% of the total General Fund Budget to 31.8%
- 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 9.9%



# 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

## Claims Drivers

1. Plan Designs
  - 2024 plan cost per subscriber exceeded Excellus' comparison group by 41%
2. Annual Trend: Utilization Increases plus Unit Cost Increases
3. Provider Contracting
  - Significant increases due to higher labor costs
4. Outpatient Services
  - Shift from inpatient settings to outpatient settings
  - Increased need to provide medication through outpatient setting
5. Prescription Drugs
  - New high-cost drugs (hard to predict)
  - Expanded indications for existing drugs increase utilization
6. High-cost claimants (technological advancements = higher costs)
  - More individuals surviving to become high-cost claimants
  - Cancers – more drugs available
  - Transplants

# 2026 RATE RENEWALS

RASHP I – Classic Blue/Secure 2026 rate increase: -3.6%

1. Projected Trend 12.7% for 2026
2. Claims Experience
  - YTD claims significantly **better** than expected
3. Inflation Reduction Act
  - Increased federal subsidy **more** than increased claim cost impact

RASHP I – Aetna Medicare Advantage 2026 rate increase: 40%

1. Trend (Not Available - Fully Insured)
2. Claims Experience
  - YTD claims significantly **worse** than expected
3. Inflation Reduction Act
  - Decreased federal subsidy **less** than increased claim cost impact

RASHP II – Select/Value/HDHP 2026 rate increase: 9.9%

1. Projected Trend (9.1% for 2026)
2. Claims Experience
  - YTD claims **close** to expected

# RASHP | CLASSIC BLUE 2026 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

# SUMMARY

- RASHP I Classic Blue Rate Decrease: 3.6%
  - Claims experience better than expected
  - New law impact better than expected
- Medicare Advantage
  - Large insured premium increases
  - Due to benefit improvements mandated by law
  - Due to reduced federal/manufacturer subsidies
  - Savings from move to Aetna plans still substantial
- RASHP II Increase: 9.9%
  - Claims experience in-line with expected
    - Increasing utilization (more services)
    - Increasing cost of services

# RASHP II SELF-FUNDED PERFORMANCE

Cumulative Performance: \$16.9 Million Increase

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	330,479,453	(354,182,097)	(23,702,644)
2025	369,277,611	(358,276,952)	11,000,659

Based on New York State Department of Financial Services Reporting

# 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

	2020-2021	2021-2022	2022-2023	2023-2024	2024-2025	2025-2026	2026-2027
<b>Health Insurance Budget</b>	<b>25,862,275</b>	<b>26,651,192</b>	<b>28,824,142</b>	<b>29,861,285</b>	<b>30,697,015</b>	<b>35,780,495</b>	<b>38,798,893</b>
<b>Budget to Budget Increase \$</b>	<b>1,398,721</b>	<b>788,917</b>	<b>2,172,950</b>	<b>1,037,143</b>	<b>835,730</b>	<b>5,083,480</b>	<b>3,018,398</b>
<b>Budget to Budget Increase %</b>	<b>5.72%</b>	<b>3.05%</b>	<b>8.15%</b>	<b>3.60%</b>	<b>2.80%</b>	<b>16.56%</b>	<b>7.8%</b>
<b>RASHP % Rate Increase</b>	<b>6.50%</b>	<b>6.20%</b>	<b>6.40%</b>	<b>6.70%</b>	<b>7.30%</b>	<b>14.40%</b>	<b>9.9%</b>

# Undistributed Budgets - Conclusion

## Accomplishments

- The health and worker's compensation consortiums are operating effectively and provide cost relief
- Stable stock markets have kept retirement system contributions in check, 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
- Cost sharing options for health insurance plans will need to be reviewed
- Balancing pressures for lower premium with long-term sustainability of the plan

# Factors Bearing on the Budget

- Staffing increases = average of 10 positions added per year during the past 9 budgets
  - Staffing must be reviewed closely
- Health Insurance Costs continue to increase
  - Aetna Medicare supplement plan may increase by 100% or \$3.34 million in January 2027 impacting the second half of the 2026-27 budget and the development of the 2027-28 budget
- Electric buses, infrastructure, new bus garage
- Contract transportation due to ongoing staff 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 12 – District Planning Team (DPT)

April 14 – Board Adopts Superintendent's  
Proposed Budget

April 16 - District Planning Team (DPT)

May 12 – Public Hearing for Budget

May 14 – District Planning Team (DPT)

May 19 – Budget Vote and Board Election



# End of Presentation

