



CLARENCE SCHOOL DISTRICT: 2017-18 BUDGET STUDY SESSION #3

March 27, 2017

Agenda for March 27th Presentation



- **Update on NYS Budget Process**
- **2017-18 Clarence Budget**
- **Tax Levy & Rate Information**
- **Five-Year Budget Projections**

NYS Budget Summary

Item	Governor's Proposal	Assembly One-House	Senate One-House
Education Increase	\$961 million	\$1.8 Billion	\$1.2 Billion
Foundation Aid	\$428 million	\$1.4 Billion	\$906 million
Foundation Aid Formula	Calls for a repeal of the foundation aid formula – freeze data for aid	Rejects repeal & calls for a 4-year phase in of Foundation Aid	Denies Gov.'s formula & funds with new tiers
Charter Schools	Increases tuition reimbursement by \$22 million + lifts cap	Freeze charter school tuition, rejects increasing charter school cap	Increase tuition by \$150 per pupil, eliminate charter school cap
Expense-Based Aid	Fully Fund	Fully Fund	Fully Fund
ELL	None	\$15 million for schools with growing ELL's	\$20 million for ELL's
Other	<ul style="list-style-type: none"> • Unilateral control to change budget allocations mid-year • \$24 million for extended day • \$50 million new programs 	<ul style="list-style-type: none"> • Oppose Governor's unilateral control • Rejects extended day funding 	<ul style="list-style-type: none"> • Oppose Governor's unilateral control • \$24 million for extended day • Creates Education tax credits - \$300 million

NYS Budget Summary

Item	Governor's Proposal	Assembly One-House	Senate One-House
Community Schools	\$100 million increase	Remove set-aside establish new \$150 million category	\$125 million increase
UPK	New \$5 million competitive grants to expand	Expand program to \$50 million	Reject expansion
Teacher Centers	Eliminate funding	No increase - \$14 million in funding for 2017-18	Accepts Executive proposal
STAR	Cap STAR at 2016-17 amounts	Reject Executive proposal - repeal STAR credits & re-open STAR exemption	Reject Executive proposal – repeal STAR credits & re-open STAR exemption
Property Tax Cap	No change	Make tax cap permanent & apply to NYC	Change cap to include exclusions for PILOTS & BOCES capital expenses
Non-Public Schools	Increases mandated services aid by 3.9% to \$181 million + \$25 million for technology	No changes	<ul style="list-style-type: none"> • \$34 million to increase security • \$25 million for STEM • \$7.7 million for immunization
My Brother's Keeper	\$18 million in new funding	Accepts proposal & restores an additional \$1.2 million in funding	Reject funding

Program Assumptions: 2017-18

- Our **goals** in the 2017-18 budget are:
 - ▣ **no staff reductions** and,
 - ▣ **maintain or improve all existing programs.**
- The capped tax levy alone **will not provide enough** funds to maintain existing programs.
- The Governor's Budget **does not provide enough** state aid to balance the budget.
- We will have to count on **larger increases in state aid and the use of reserves** in order to fund a rollover budget.
- We are closely monitoring **special education** and **ELL** needs for additional staff.

Revenue Assumptions: 2017-18

- **Sales Tax** increase of 2%
- **Local revenues** will remain **flat** (interest rates, PILOTS, and miscellaneous sources)
- **Appropriated Fund Balance & Appropriated Reserves** will increase if State Aid is low
- **Tax Levy at the Cap Level of 1.74%**
 - ▣ Tax levy revenue generates approximately \$790,000
- **NYS School Aid – increase to be determined in final NYS Budget**
 - ▣ Anticipated to increase by approximately 3% - not yet there under the Governor's budget
 - ▣ We are more dependent on state aid but less likely to receive it this year
- The potential for a **reduction in federal aid funds** is high

Expenditure Assumptions: 2017-18

- **Wages are up 3%** overall
 - ▣ Salaries and benefits comprise about **75%** of school spending.
- **Retirement system costs are down \$100,000**
- **Special education costs are up about 2%**
- **Debt Service** costed out as per schedule
- **Health care expenses up by 5%**
 - ▣ Self-funding has limited the increase
 - ▣ All employee groups contribute more toward health care
- **All other costs (BOCES, utilities, supplies, equipment) up 1%**

2017-18 Budget: Draft #2

Budget Element	Cost Estimate
2016-17 Budget Total	\$78,113,100
2017-18 Tax Levy Increase (estimated cap 1.7% – actual number is due by March 1)	\$790,000
2017-18 Other Revenue Increases: (State Aid, Sales Tax, Medicaid, Interest, Appropriated Reserves & Appropriated Fund Balance)	\$572,583
Needed to Close Gap (combination of fund balance, reserves + additional state aid)	\$733,557
2017-18 Budget Total	\$80,209,240

What If the District Gets Additional State Aid?

- We need approximately \$730,000 in additional state aid to close the current revenue gap.
- Additional aid will lower the dollars we need to spend from reserves or fund balance.
- We would have to get an extremely large increase in aid to consider enhancing programs - it is unlikely to happen.

Tax Levy & Tax Rate

- **Tax Levy – At the Cap Level of 1.74%**
 - ▣ The amount of money raised via property taxes as a revenue in the school budget.
 - ▣ The levy is determined by subtracting the total spending number in the budget from all other sources of revenue.
- **Tax Rate – Estimated at \$14.67 per thousand**
 - ▣ The dollar per thousand number needed to raise the total tax levy.
 - ▣ Determined by dividing the total assessed value of a Town by the total tax levy to be raised.

Estimated Tax Increase on Clarence Homes

2017-18 Property Tax Estimates – At the Estimated Capped Tax Levy			
Estimated Tax Rate: \$14.67 per thousand			
Assessed Value of Home	\$100,000	\$200,000	\$300,000
Annual Property Tax Increase at the Capped Levy Amount	\$14	\$28	\$42
Monthly Property Tax Increase at the Capped Levy Amount	\$1.17	\$2.33	\$3.50

The real dollar increase will likely be lower once re-assessments and total growth of assessments are figured in tax rate.

5-Year Projections Revenue

	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>	<u>2019-20</u>	<u>2020-21</u>	<u>2021-22</u>
Sales Tax	\$5,300,000	\$5,400,000	\$5,508,000	\$5,618,160	\$5,730,523	\$5,845,134
Local Revenues	\$1,431,000	\$1,431,000	\$1,431,000	\$1,431,000	\$1,431,000	\$1,431,000
Fund Balance	\$1,200,000	\$1,600,000	\$1,600,000	\$1,600,000	\$1,600,000	\$1,600,000
Tax Levy	\$45,286,097	\$46,074,075	\$47,456,297	\$48,879,986	\$50,346,386	\$51,856,777
NYS AID	<u>\$24,896,003</u>	<u>\$25,704,165</u>	<u>\$26,475,290</u>	<u>\$27,269,549</u>	<u>\$28,087,635</u>	<u>\$28,930,264</u>
TOTAL	\$78,113,100	\$80,209,240	\$82,470,587	\$84,798,695	\$87,195,544	\$89,663,175

Sales Tax: Anticipated to rise 3% annually

Local Revenues: Anticipated to remain flat – no increases

Tax Levy: Anticipated to rise by 3% annually (includes anticipated exemptions)

Fund Balance: Increases in 2017-18. Fund Balance and Debt Reserve may be needed to balance the budget in 2022, when nearly \$1 million of net debt is retired

State Aid: Anticipated increase is based on historical increases and the current political environment

5-Year Projections Expenses

	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>	<u>2019-20</u>	<u>2020-21</u>	<u>2021-22</u>
Non-Intr Wages	\$9,472,166	\$9,755,140	\$10,047,794	\$10,349,228	\$10,659,705	\$10,979,496
Instr. Wages	\$29,835,526	\$30,829,010	\$31,753,880	\$32,706,497	\$33,687,692	\$34,698,322
Supplies	\$1,391,282	\$1,427,790	\$1,456,346	\$1,485,473	\$1,515,182	\$1,545,486
Contractual	\$7,551,475	\$7,899,110	\$8,057,092	\$8,218,234	\$8,382,599	\$8,550,251
Eq.	\$286,253	\$290,100	\$290,100	\$290,100	\$290,100	\$290,100
BOCES	\$3,821,128	\$3,945,710	\$4,064,081	\$4,186,004	\$4,311,584	\$4,440,931
Benefits	\$17,984,206	\$18,359,900	\$19,094,296	\$19,858,068	\$20,652,391	\$21,478,486
Debt Service	<u>\$7,771,064</u>	<u>\$7,702,480</u>	<u>\$8,000,000</u>	<u>\$8,000,000</u>	<u>\$8,000,000</u>	<u>\$8,000,000</u>
TOTAL	\$78,113,100	\$80,209,240	\$82,763,590	\$85,093,603	\$87,499,252	\$89,983,072

Wages: Anticipated to rise 3% annually. Projected retirements are built in.

Benefits: Anticipated to rise 4% annually. Benefits are dependent on wage increases, the retirement systems are stabilizing. Health insurance costs projected at 5% annually.

Contractual & Supplies: Anticipated to rise by 2% annually

BOCES & Special Ed.: Anticipated 3% increase due to service increases

Debt Service: Estimate increase for 18-19 school year due to bonding our capital project, then stabilizing

Three-Part Budget

<u>Administration</u>	<u>2016-2017</u>	<u>2017-2018</u>	<u>CHANGE</u>
District Office	\$1,883,616	\$1,934,910	\$51,294
Curriculum & Supervision	\$1,930,372	\$2,062,620	\$132,248
Liability & Property Insurance	\$797,440	\$809,700	\$12,260
Benefits	<u>\$1,111,852</u>	<u>\$1,199,350</u>	<u>\$87,498</u>
	\$5,723,280	\$6,006,580	\$283,300
<u>Capital</u>	<u>2016-2017</u>	<u>2017-2018</u>	<u>CHANGE</u>
Operation & Maintenance	\$4,932,216	\$5,128,690	\$196,474
Debt Service	\$7,771,064	\$7,702,480	-\$68,584
Benefits	<u>\$1,428,246</u>	<u>\$1,585,030</u>	<u>\$156,784</u>
	\$14,131,526	\$14,416,200	\$284,674

Three-Part Budget

<u>Instructional</u>	<u>2016-2017</u>	<u>2017-2018</u>	<u>CHANGE</u>
Regular Education	\$28,981,085	\$29,851,150	\$870,065
Special Programs	\$9,944,429	\$10,391,660	\$447,231
Transportation	\$3,887,672	\$3,968,130	\$80,458
Benefits	<u>\$15,445,108</u>	<u>\$15,575,520</u>	<u>\$130,412</u>
	\$58,258,294	\$59,786,460	\$1,528,166

Component Percentage	<u>2016-17</u>	<u>2017-18</u>
Administrative	7.5%	7.5%
Capital	18.2%	18.0%
Program	74.3%	74.5%

Bus Resolution: 2017-18

#	Bus Type	Unit Cost	Total Cost
5	72 Passenger Buses	\$116,338.86	\$581,694.30
2	Wheelchair Vans	\$70,186.18	\$140,372.36
2	30 Passenger Buses	\$57,526.26	\$115,052.52
	Estimates for Trade-in's		-\$17,100
9	TOTAL		*\$820,019.18

* 10-12 year replacement cycle for buses

* Impact of bus purchase is tax cap neutral

2017 Budget Development Sessions

□ **Special Budget Study Workshops**

- January 30, 2017

- February 27, 2017

- March 27, 2017

□ **Regular Board Meetings**

- February 13, 2017 (Clarence Center)

- March 13, 2017 (CHS)

- April 17, 2017 (CHS – Budget Adoption)

- May 8, 2017 (Budget Public Hearing)

- May 16, 2017 (Public Budget Vote)