

Schenectady
CENTRAL SCHOOL DISTRICT



2021-22 Budget First Draft

JANUARY 26TH, 2021

AGENDA

BUDGETING 101

BUDGET HISTORY

BUDGET DEVELOPMENT PROCESS

ASSUMPTIONS & CHANGES VS 2020-21 (CURRENT YEAR)

THREE PART COMPONENT SUMMARY

EXPENDITURE VS REVENUE CONSIDERATIONS/PROJECTIONS

HOMEWORK FOR NEXT MEETING

BUDGETING 101

When we budget.....

“A budget is a plan that is supposed to hope for the best but plan for the worst”

YOU BUDGET FOR THE WORST-CASE SCENARIO.....

You are trying to estimate what that worst-case scenario will be:

January – April (budget development) 6 months prior to when it will be used.

May – Vote on budget – still don't know all your definite expenses.

July-June – Use approved budget and hope for the best.



BUDGET HISTORY

Past Budgets

<u>COMPONENT</u>	<u>2015-2016</u>	<u>2016-2017</u>	<u>2017-2018</u>	<u>2018-2019</u>	<u>2019-2020</u>
PROGRAM	\$6,195,350	\$6,549,798	\$6,881,662	\$6,672,392	\$6,475,334
ADMINISTRATION	\$785,437	\$781,227	\$817,764	\$838,476	\$838,784
CAPITAL	\$1,161,159	\$1,234,786	\$1,351,167	\$1,683,906	\$1,735,199
TOTAL	\$8,141,946	\$8,565,811	\$9,050,553	\$9,194,773	\$9,049,317
INCREASE OVER PRIOR YEAR		\$423,865	\$484,742	\$144,220	(\$145,456)
		12.5% tax levy increase without use of reserves	13.9% tax levy increase without use of reserves)	4.10% tax levy increase without use of reserves	

Past BOE Approved Reserve use

	2015-16 Approved	2016-17 Approved	2017-18 Approved	2018-19 Approved	2019-20 Approved	2020-21 Approved
Total Budget	\$ 8,141,946	\$ 8,565,811	\$ 9,050,553	\$ 9,194,773	\$ 9,049,317	\$ 9,463,099
Increase over Prior Year \$		\$ 423,865	\$ 484,742	\$ 144,220	\$ (145,456)	\$ 413,782
Actual Tax Levy Increase %	1.10%	-0.50%	3.70%	4.20%	4.90%	2.90%
Use of Reserves	2015-16 Approved	2016-17 Approved	2017-18 Approved	2018-19 Approved	2019-20 Approved	2020-21 Approved
Unemployment Insurance Reserve	\$ 10,000	\$ 55,079	\$ 50,000			\$ 66,080
Employee Benefit Accrued Liability Reserve EBALR			\$ 50,000	\$ 75,000	\$ -	\$ 178,070
Retirement Contribution Reserve			\$ 150,000	\$ 135,000	\$ -	
Worker's Compensation Reserve			\$ 39,319	\$ 25,000	\$ -	
Gap				\$ 106,713	\$ -	
Debt Service					\$ -	
Total	\$ 10,000	\$ 55,079	\$ 289,319	\$ 341,713	\$ -	\$ 244,150
Use of Fund Balance	2015-16 Approved	2016-17 Approved	2017-18 Approved	2018-19 Approved	2019-20 Approved	2020-21 Approved
Unassigned Fund Balance	\$ 167,788	\$ 300,000	\$ 300,000	\$ 65,000	\$ -	\$ -
Total	\$ 167,788	\$ 300,000	\$ 300,000	\$ 65,000	\$ -	\$ -

Crisis Budgeting

For the past two years, we have been **crisis** budgeting.

- Very little equipment purchases in budget
- No plan for technology to be purchased annually
 - Last technology purchase came from Smart Schools one time grant
- No plan for building project
- No plan for changes in TRS and ERS (reserve not created)
- Limiting supply orders and conferences
- Hiring retired staff that are short timers, but save money – no ERS, TRS, Social Security and Health Insurance

Savings and cuts in expenses since **2018** –

Closed a 750K deficit in 2018

Closed a 700K deficit in 2019

- Negotiated with Unions to leave NY-44 Insurance, effective 7/1/2020 – in 2019-2020 saw an increase of over \$200K in premiums. High Deductible Health plan and Post 65 Retirees move to a Medigap plan.
- Summer 4-day work week to close building 1 day a week and conserve energy (40-hour week split over 4-days).
- Close building 1 day during February break, turn heat down, no one in building, lights off.
- Restrict color copying.
- Share bus runs.
- Utilize retirees in full and part-time positions.
- Recode expenses to get maximum aid for transportation, textbooks, software.

Savings since 2018 continued

- Use BOCES for as many services as possible to maximize 70% aid.
- Replace guidance counselor with social worker. Social Worker can bill Medicaid for counseling IEP students.
- Restructure Medicaid submittal to get maximum reimbursement for all Medicaid eligible students.
- Restructure process for high-Cost Aid timely submittal to maximize STAC high-cost aid.
- All requisitions checked for need vs. wants.
- Teachers using stored supplies before ordering new ones.
- Combining Transportation Director with Buildings and Grounds Director. Includes some duties taken over by other employees
- Maximizing Federal and State Grant Monies to make sure all monies received.
- Returning to BOCES Shared Business Office and leaving Cooperstown Business Office. Much better service – receive 70% aid on service.

REVENUE GROWTH RATE  EXPENDITURE GROWTH RATE

INCREASES IN *ANNUAL* REVENUE DO NOT MEET INCREASES IN *ANNUAL* EXPENSES



SYSTEMIC PROBLEM

2012-2017 CAUSED FINANCIAL DEMISE OF SCHENEVUS DUE TO USE OF FUND BALANCE RESERVES TO MEET DEFICIT INSTEAD OF CUTTING EXPENSES TO MEET DECLINING ENROLLMENT

2018-2020 – COST SAVINGS MEASURES REDUCED DEFICIT WITHOUT USING FUND BALANCE

2020-PRESENT – REVENUES DECREASE, NO EXPENSES LEFT TO CUT – BACK TO USE OF FUND BALANCE

School or Municipal Budgeting different from Private Business

2020-21 Budget

Revenue \$9,463,099

=

Expenses \$9,463,099

Property Taxes - \$3,524,889 in 20-21

Tax Levy Increase = 1% is about 35,248

NYS Aid – \$5,433,514 in 20-21

1st run of the state budget – **290,404 decrease** in state aid

(Local District Funding Adj) is this permanent?

For 21-22 COVID-19 Supplemental Stimulus grant = 290,000 if applied for = net zero impact (WASH)

Foundation Aid – unchanged and underfunded

Expense Driven Aid – Depends on amount spent in previous year

Special Education High-Cost Aid – Based on high-cost placements

Other Revenue \$260,546 in 20-21

Will be less in 21-22 due to COVID-19

Use of Reserves and Unappropriated Fund balance – \$244,150 in 20-21

2020-2021 budget expenses

3-parts of budget

Administrative- \$938,201

Program – Largest Expense-\$6,663,149

Capital – 1,861,749

(413,782 budget increase from 19-20 (11.9% tax levy increase without use of reserves)



BUDGET DEVELOPMENT PROCESS

Planning Process – What is involved?

- Monitor budget status & purchase orders reports
- Fund Balance projections
- Staffing reviews and anticipate retirements
- Meet with each department head to project 21-22 expenses
 - Tom Hunt, Kimberly Matthews, Vinny Calleja
- Bidding requisition process for supplies with staff
- Request as much 21-22 pricing as possible from vendors
- Review Special Education placements with Kimberly and in-building staffing needs. This is just an estimate as all annual meetings take place from March-June.
- Estimate BOCES service requests for 21-22
- Use Governor's budget runs to predict State Aid as of 1/26/2021
(Local District Funding Adj) is this permanent? **\$290,404 decrease** in state aid
For 21-22 COVID-19 Supplemental Stimulus grant = **\$290,404 grant** if applied for (WASH)



BUDGETARY
CHANGES/ASSUMPTIONS
VS 2020-21

Projected **Decreases** in expenses in 21-22

STAFFING CHANGES from 20-21 to 21-22

- 2 Elementary RETIREMENTS 6/30/2021 potentially replaced at a lower salary

HEALTH INSURANCE CHANGES: will see a net decrease in the health insurance expense line

- HRA DEDUCTIBLE AMOUNT Decrease– REDUCE UTILIZATION RATE TO PROJECTION OF 70% from 90% usage
- Moved Post 65 retirees to a Medigap insurance plan – negotiated with union. Savings in premiums
- PREMIUM RATE INCREASES – 4.39% Less than expected

Projected **Increases** in expenses in 21-22

ALL SALARY INCREASES - Contractual

- SUT 3.5%
- CSEA 3%
- CONFIDENTIAL STAFF 3.5%

INTRODUCTION OF TECHNOLOGY PLAN: Increase technology line from \$0 to \$75,000

- REPLACEMENT CYCLE – HARDWARE – CHROMEBOOKS/LAPTOPS

STAFFING CHANGES from 20-21 to 21-22

- ADD CSE SECRETARY 1.0 FTE (Decision made after 20-21 budget approved)

SPECIAL EDUCATION PLACEMENTS

- Increase RESULTING FROM LITIGATION IN 2020 – placements made after June 30th
- Students moved into district with out of district placements during 20-21 school year

POTENTIAL INCREASES IN COSTS DUE TO INFLATION



3 PART COMPONENT SUMMARY



3 PART COMPONENT SUMMARY

2021-2022 Spending Plan - Administration

The Administrative Component of the budget focuses on expenditures associated with business operations and administration of the district. This includes the school board, the offices of the superintendent and principal, general administration, finance management, and legal costs.

10% of Total Budget

- \$999,156
- Increase of \$60,954 (6.5%) over PY
- Major changes due to increased BOCES costs, contractual expenditures, plus new services, such as Data Security (Ed Law 2d) and Records Management, Forecast5 for NYS Transparency Reporting & ESSA. BOCES Capital Expenses were moved back to the Admin. Component per Auditors.

2021-2022 Spending Plan - Capital

The Capital Component of the budget focuses on the cost of operation and maintenance of school facilities, and the district's obligations on debt.

- 19% of Total Budget
- \$1,795,076
- Decrease of \$ 66,673 (-3.6%) over PY
- Major changes due to reduction of Debt Service interest payments on Construction Bonds, efficiencies achieved through BOCES services and a reduction of Interfund Transfers compared to PY (merger study costs – fully expended).

2021-2022 Spending Plan: Program

The Program Component of the budget focuses on the cost of instruction and student services (Teaching, Special Education, Guidance, Instructional Media (IT), Athletics, and Pupil Transportation).

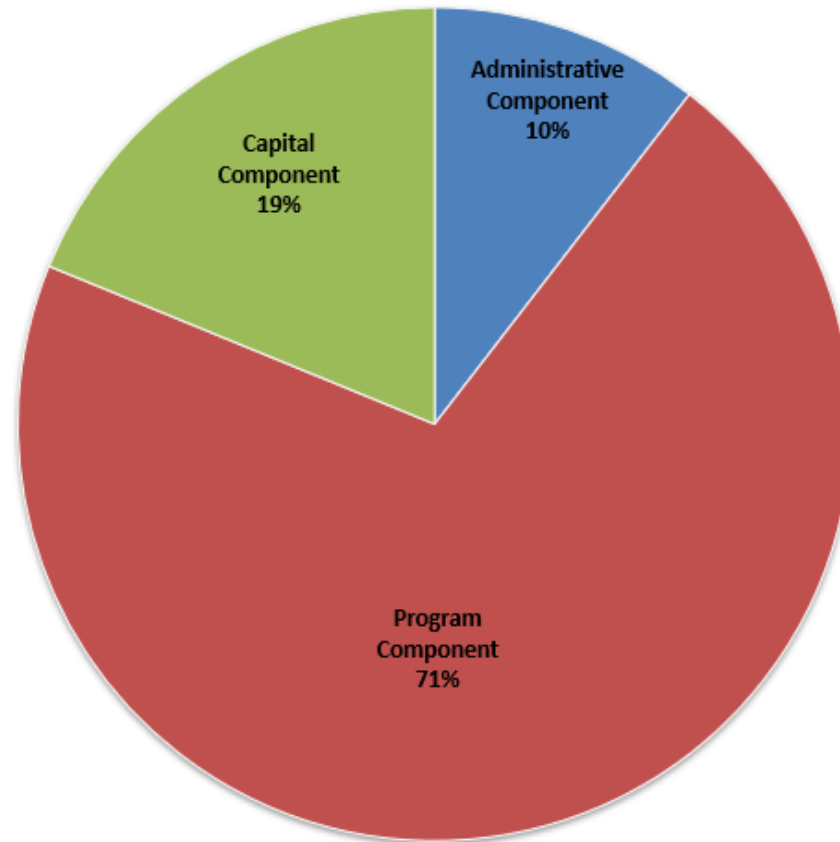
- 71% of Total Budget
- \$ 6,747,436
- Increase of \$ 84,287 (1.3%) over PY
- Major changes due to the suggestion of a Technology Plan to accommodate increasing need \$75,000. Contractual salary increases have been offset by anticipated savings in health insurance.

2021-2022 Spending Plan - 3 Part Component

Administrative Component	\$ 999,156
Program Component	\$ 6,747,436
Capital Component	\$ 1,795,076
TOTAL PROPOSED BUDGET	\$ 9,541,667

Increase of \$ \$78,568 over
2020-21 budget

% increase of 0.8%





EXPENDITURES VS REVENUES

2021-2022 Total Proposed Budget – Deficit

PROPOSED BUDGET = \$ 9,541,667

REVENUE

- State Aid Estimate \$5,418,678
- Other Revenue \$ 239,500
- Use of Reserves \$ 0
- Total Tax Levy 2% \$ 3,595,387

Total Revenue \$ 9,253,565

PROPOSED BUDGET = \$ 9,541,667

EXPENSES

- Administrative \$ 999,155
- Program \$ 6,747,436
- Capital \$ Total Expenses \$ 1,795,076

Total Deficit as of 1/26/21 - \$ 288,102 – use of Fund Balance to close the gap

EXPENDITURE GROWTH RATE > REVENUE GROWTH RATE

SIMPLE SOLUTION : RAISE REVENUES!



PROBLEM – REVENUES ARE INFLEXIBLE – DIFFICULT TO RAISE

1. PROPERTY TAX REVENUE – \$35,248 per 1% increase
Can we raise taxes over 2% tax cap? 70,496 increase = 2%
2. Schenevus Community cannot support large increases based on property and gross income wealth.
3. FOUNDATION AID – Underfunded based on the formula.
Can NYS fix the foundation aid formula, so that SCSD is correctly funded? NOT LIKELY

How do you want to close the 21-22 budget deficit?

Revenue

=

Expenses

Property Taxes -

Tax Levy Increase 1% is about 35,248

How much are you willing to increase taxes?
Have a number you personally can support!

Use of Reserves and Unappropriated Fund balance –

How much are you willing to use from
unappropriated fund balance? Savings
Write down a number you are comfortable supporting!

Are you willing to make cuts?

What are you willing to cut?
Write down what cuts from list
You personally can support!

2021-2022 Revenue



2021-2022 Expenses

How do you want to close the deficit?

Increase Revenue

1. Property Taxes – Yes!

Tax Levy Increase = 1% is about 35,248

Keep in mind we have NEVER gone over the cap!

2. NYS Aid – No!

Anticipate will remain the same for 21-22 and could decrease

3. Other Revenue – No!

Interest & Penalties on Real Property Taxes, Tuition,
Transportation Revenue, Yearbook Sales, Interest & Earnings,
Refund of Prior Years Expenditures: BOCES, CASEBP Refund – GONE
Medicaid Reimbursement, Misc.Sale of Scrap & Excess & Transp. Equip.

4. Use of Reserves and Unappropriated Fund balance – YES!

Not Sustainable

Decrease Expenses

Cut Non-Mandates

Athletics and extra-curriculars –	\$125K
Pre-K after grant	\$70K
Kindergarten	\$70K
Arts (band or music and art)	\$150K
RTI Pull-out teachers -	\$150K
Cut HS Electives	\$150K
Cut BOCES CTE Program	\$275K
Field Trips	\$10K
Conferences	\$5K
Distance Learning – College Course	\$50K
Move to reduced day so don't have to hire aides to cover study halls and teacher prep time	

Board of Education Homework for 2/23/21

Review the 3-part budget – line by line. (emailed to you after this meeting)

- Note any areas that you have questions about and or feel can be reduced. We will discuss at the February 23rd finance committee meeting.
- Be prepared to discuss the following:
 - Are you willing to make cuts?
 - What are you willing to cut to close the deficit?
 - Are you willing to PIERCE the cap and raise taxes above the property tax cap?
 - If you are willing to pierce the cap, what is the highest % increase you are comfortable with?
 - Are you willing to use reserves to close the whole deficit, part of the deficit? How much?

Next Steps in the Process

February 9th BOE meeting – presentation by Dr. Rick Timbs. Schenevus 5-year plan.

February 23rd – Finance Committee - How do we close the deficit?

March 2nd- Future of Schenevus discussion on Merging vs. Tuitioning out vs. cutting to non-mandates vs. Dissolving.

March 9th – BOE meeting – Budget updates (state aid changes, updated fund balance projections)

March 23rd – Final Discussion on balancing the budget.

April 13th – Present final budget

April 20th – BOE meeting adopt Budget

Next Steps in the Process-Continued

May 5, 2021

Budget Presentation - Westford Town Hall

May 11, 2021

Budget Hearing @ BOE Meeting - Schenevus Central School Draper Room

May 12, 2021

Budget Presentation - Maryland Town Hall

May 18, 2021

Annual School District Budget Vote and School Board Election Vote – 1 seat open – encourage re-election to keep consistency with merger potential.

June 15, 2021

Statewide Budget Revote Day – 2nd chance to vote same or different budget.

July 1, 2021

Implement 2021-22 Budget

Questions / Concerns

Thank you for your time!