



Pre-Budget Planning Discussion

October 25, 2016



Objectives

- Highlight budgetary stewardship since the adoption of the Tax Levy Cap Law (2012 -2013).
- Discuss structural financial “challenges” facing the District prior to the budget development process.



Guiding Principles

- Identify efficiencies
- Budget closer to actuals
- Deliver annual budgets under the Allowable Tax Levy Limit
- Reduce reserves
- Identify savings
- Slow growth while maintaining quality and breadth of programs, services, and educational opportunities

Change in Budget and Tax Levy



Summary of Annual Budgets Under The Tax Levy Cap Law

School Year	Budget	Budget Growth %	Tax Levy	Tax Levy Growth %	Allowable Growth Tax Cap	Allowable Growth Tax Cap %	Under Tax Cap	Under Tax Cap %
*2012 - 2013	\$124,295,897	-0.82%	\$110,266,899	1.09%	\$111,850,843	2.53%	-\$1,583,944	-1.45%
2013 - 2014	\$128,226,555	3.16%	\$113,281,115	2.73%	\$114,439,143	3.78%	-\$1,158,028	-1.05%
2014 - 2015	\$131,863,636	2.84%	\$115,288,418	1.77%	\$115,306,156	1.79%	-\$17,738	-0.02%
2015 - 2016	\$133,898,902	1.54%	\$117,043,027	1.52%	\$117,464,649	1.89%	-\$421,622	-0.37%
2016-2017	\$133,159,163	-0.55%	\$117,913,364	0.74%	\$117,916,382	0.75%	-\$3,018	-0.01%

*First Year of Property Tax Cap

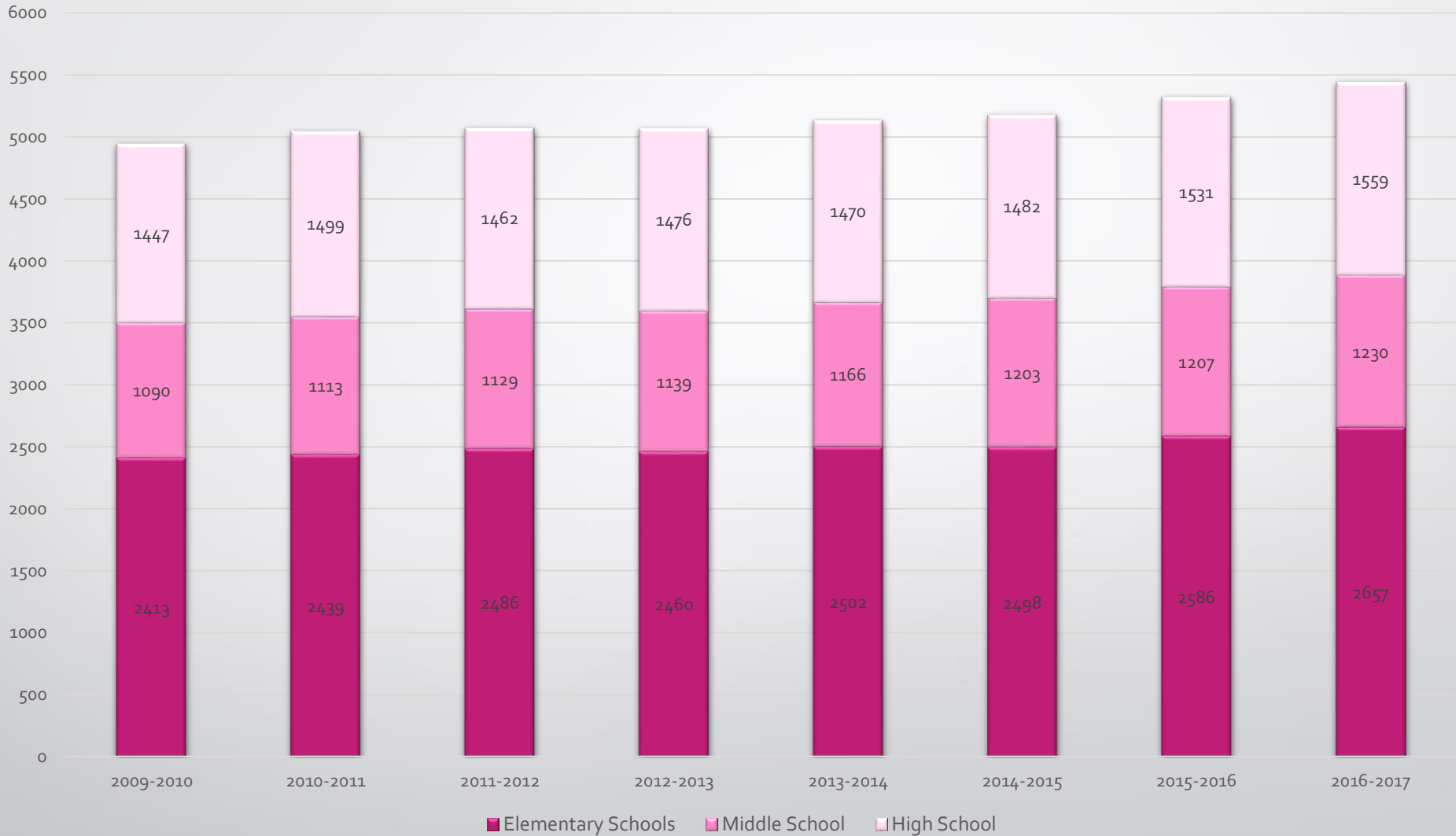
Five-Year Average Tax Levy Growth = 1.57%



Structural Issues Facing the District

- Enrollment growth
- Employee salaries
- Employee health benefits
- Reserves
- State Aid
- Limited annual growth of Allowable tax levy (Tax Levy Cap Formula)

DISTRICT ENROLLMENT 2009-2016



Enrollment increase of 7.4% since 2010

Salaries by Unit

	2016-17 Projected Salary Cost	2017-18 Cost with Increment	\$ Difference	% Difference
MTA (including nurses)	51,428,532	52,662,832	1,234,300	2.40%
MAA	3,070,314	3,113,992	43,678	1.42%
FSS	2,359,107	2,402,753	43,646	1.85%
CSEA – Custodians	4,070,838	4,101,615	30,777	0.76%
Teacher Aides	3,609,214	3,671,111	61,897	1.71%
Teaching Assist	1,244,964	1,245,187	223	0.02%
Total	65,782,970	67,197,490	1,414,521	2.15%

Salaries (2016/17 – 2017/18)

- Represents a roll over of district-wide salaries for individuals covered by collective bargaining (who ever is here today is considered in the projection)
- It does not include stipends, overtime, retirement recognition and unaffiliated personnel
- Currently four of five bargaining units working under expired contracts (June 30, 2016) – salary figures equal contractually-obligated STEP increases (increment)

2016-17 projected salary Cost:	\$65,782,970
<u>2017-18 salaries with increment:</u>	<u>\$67,197,490</u>
Increase:	\$ 1,414,521 or 2.15%

Health Insurance Costs

	Budgeted 2016-17	Projected costs 2016-17	Budget Projection 2017-18	\$ Increase budget to budget	% Increase budget to budget
Medical	12,238,075	13,636,835	15,042,300	2,804,225	22.91%
Prescription	4,188,791	4,385,799	4,840,000	651,209	15.55%
Total	16,426,866	18,022,634	19,882,300	3,455,434	21.04%

Projected Increase Salary & Health

	2016-17 Projected Health & Salary Cost	2017-18 Projected Health & Salary Cost with Increment	\$ Difference	% Difference
Salary Growth	65,782,970	67,197,490	1,414,521	2.15%
Health Growth	16,426,866	19,882,300	3,455,434	21.04%
Total Growth	82,209,836	87,079,790	4,869,955	5.92%

Change in Reserves

(Non-spendable & Restricted)

		2011	2012	2013	2014	2015	2016
Non-spendable							
Prepaid expenditures		\$ 966,556	\$ 973,430	\$ 272,274	\$ 106,464	\$ -	\$ -
Long-term receivable		529,281	122,744	521,843	399,099	399,099	-
Non-spendable Total		1,495,837	1,096,174	794,117	505,563	399,099	-
Restricted							
Workers compensation		560,966	564,517	566,548	568,861	168,919	168,973
Unemployment benefits		65,398	65,619	65,757	66,026	34,033	34,043
Repairs		9,038	9,038	9,040	9,077	9,081	9,095
Tax certiorari		6,889,675	6,413,759	7,298,467	7,766,798	6,996,403	6,643,433
Retirement contribution		2,542,211	1,557,487	1,063,167	1,567,509	572,438	-
Total Restricted		10,067,288	8,610,420	9,002,980	9,978,271	7,780,874	6,855,544

Change in Reserves

(Assigned & Unassigned)

		2011	2012	2013	2014	2015	2016
Assigned							
	Purchases on order	2,823,648	675,163	347,411	1,641,909	1,880,643	482,045
	Use of fund balance	2,500,000	2,500,000	2,500,000	3,000,000	3,000,000	2,830,381
	Transfer to Capital	2,300,000	-	750,000	920,000	995,000	-
	Transfer from ERS reserve	500,000	1,000,000	1,000,000	1,000,000	1,000,000	572,438
	Transfer from Unemployment reserve	-	-	-	-	-	-
	Transfer from Workers Comp reserve	-	-	-	-	-	-
	Total Assigned	8,123,648	4,175,163	4,597,411	6,561,909	6,875,643	3,884,864
Unassigned		4,439,484	4,528,921	5,066,786	5,234,605	5,301,998	4,834,928
	Total Fund Balances	\$ 24,126,256	\$ 18,410,678	\$ 19,461,294	\$ 22,280,348	\$ 20,357,614	\$15,575,336

Changes in State Aid

	2011/12	2012/13	2013/14	2015/16	2016/17
Foundation	4,524,408	4,567,423	4,460,922	4,332,119	4,502,094
Building	2,282,335	2,192,130	2,106,016	2,099,226	1,690,884
Transportation	220,876	218,451	170,864	176,302	178,508
Software, Library, Textbook	479,067	480,918	478,417	489,241	501,490
GAP elimination	(1,115,595)	(1,082,619)	(980,652)	(517,807)	(217,479)
Total State Aid	6,391,091	6,376,303	6,235,567	6,579,081	6,655,497
Pre K	313,660	313,660	313,660	313,660	313,660
Total	6,704,751	6,689,963	6,549,227	6,892,741	6,969,157

Tax Cap Levy Calculation

- Tax Base Growth Factor – not yet available for schools, used average of last 2 years 1.0048
- Allowable Levy Growth Factor (lesser of 2% or CPI) – used 1.0%
- State aid for debt service is projected to decrease by \$388,135 due to retiring debt. We have not borrowed for the new PE/Locker Room bond. We are unable to borrow until SED approval
- Reduction of \$572,438 from ERS Reserve as per plan to reduce total reserves
- Return to \$2.5 m appropriated fund balance: Reduction \$330,381
- Adjustments to other revenue areas based on actuals: reduction \$173,878
- Formula will allow the LEVY to grow by \$1,581,702 or 1.34 %
- All of the above are subject to change as more information is received

Projected Tax Cap Formula

	Prior Year Levy (2016-17)			\$ 117,913,364
	Tax Base Growth Factor (not yet published, used last 2 year's average)			x 1.0048
				\$ 118,479,348
Add	2016/17 Payment in Lieu of Taxes (PILOT)			+ 41,832
				\$118,521,180
subtract	Prior Year Exemptions	Debt Service	8,630,635	- 6,939,751
		Less Building Aid	(1,690,884)	
		Net Exemption	6,939,751	
	Prior Year Tax Levy Limit			\$ 111,581,429
multiply	Allowable Growth Factor	(Lesser of CPI or 2%)	Estimate of 1%	x 1.0%
				\$112,697,243
Subtract	2017/18 PILOT (Payment In Lieu of Taxes) estimate	First PILOT started in 2016/17		(42,281)
	Current Year Tax Levy Limit			\$112,654,962
Add	Capital Tax Levy	Debt Service	8,142,853	+ 6,840,104
		Less Estimated Building Aid	(1,302,749)	
		Projected Net Addition	6,840,104	
	Allowable tax levy			\$119,495,066
			Tax Cap Increase:	\$1,581,702
			Tax Cap Percent:	1.34%

Salary & Health Growth vs Projected Allowable Tax Levy Limit

	2016-17 Projected Salary Cost	2017-18 Cost with Increment	\$ Difference	% Difference
Salary Growth	65,782,970	67,197,490	1,414,521	2.15%
Health Growth	16,426,866	19,882,300	3,455,434	21.04%
Total Growth	82,209,836	87,079,790	4,869,955	5.92%
Projected Allowable Tax Levy Limit			\$1,581,702	1.34%

Override – What Does it Mean?

- If the Board decides the Tax Levy must exceed the Tax Levy Limit using the formula, they may decide to ask for an override of the Tax Cap Levy Limit
- If the Board presents a budget with an override, a super majority vote is needed to pass the budget. This means 60% of the people who vote would need to vote in favor of the budget as opposed to 50% in a regular vote
- If after 2 votes the budget fails, then we must adopt an austerity budget with a 0% increase in the tax levy. However this does not mean no change in the tax rate as that is dependent on the final assessments set over the summer.

Budget Meeting Dates

- Tuesday, March 7, 2017 - Superintendent's Recommended Budget
- Tuesday, March 14, 2017 – Budget Meeting (if needed)
- Tuesday, March 21, 2017 – Budget Meeting
- Tuesday, April 4, 2017 – Budget Meeting
- Tuesday, April 18, 2017 – Board Adopts Budget
- Tuesday May 2, 2107 – Budget Hearing (statutory)
- Tuesday, May 16, 2017 – Budget and Board Trustee Vote