Rye City School District

Fiscal Constraints & Challenges

Related to the Development of the 2014/15 Operating Budget

Overview- Budget Drivers

TAX CAP

Retirement System Contributions

Enrollment Growth

Collective Bargaining Unit Provisions

Health Insurance Premiums

Continued Testing and Reporting Requirements (APPR)

Progressing Technology

Facility Needs and Concerns

State Aid and Other Non-Tax Revenues

Diminishing Fund Balance

Property Tax Cap, how does it work…

Chap 97 of the Laws of 2011

- 2014-15 marks the third year of the law limiting a District's ability to increase the tax levy, it does not apply to individual tax bills or rates
- It is an eight-step formula re-calculated each year
- Two key factors: growth in the tax base (if any), and the rate of inflation (cannot be greater than 2%)

Property Tax Cap, how does it work…

Voters still approve the General Fund's expenditure budget:

- Option 1: Propose a budget that meets or is below the "allowable tax levy prescribed by law"
  - (Requires a simple majority; 50% + 1 voter approval)

- Option 2: Propose a budget that is above the "allowable tax levy prescribed by law"
  - (Requires a "super majority;" 60% voter approval)

Property Tax Cap, how does it work…

Prior Year Tax Levy

x Assessment Growth Factor

+ Current PILOTs

- Exemptions

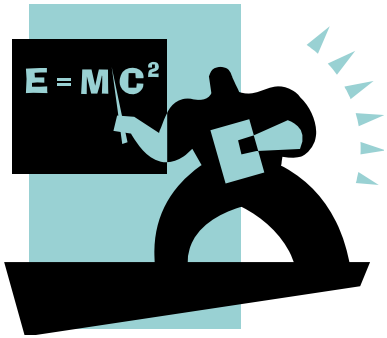
x Lower of CPI or 2%

- Next Year's PILOTs

+ Carryover

+ Exemptions

= Allowable Tax Levy for Next Year **(may not = 2%)**



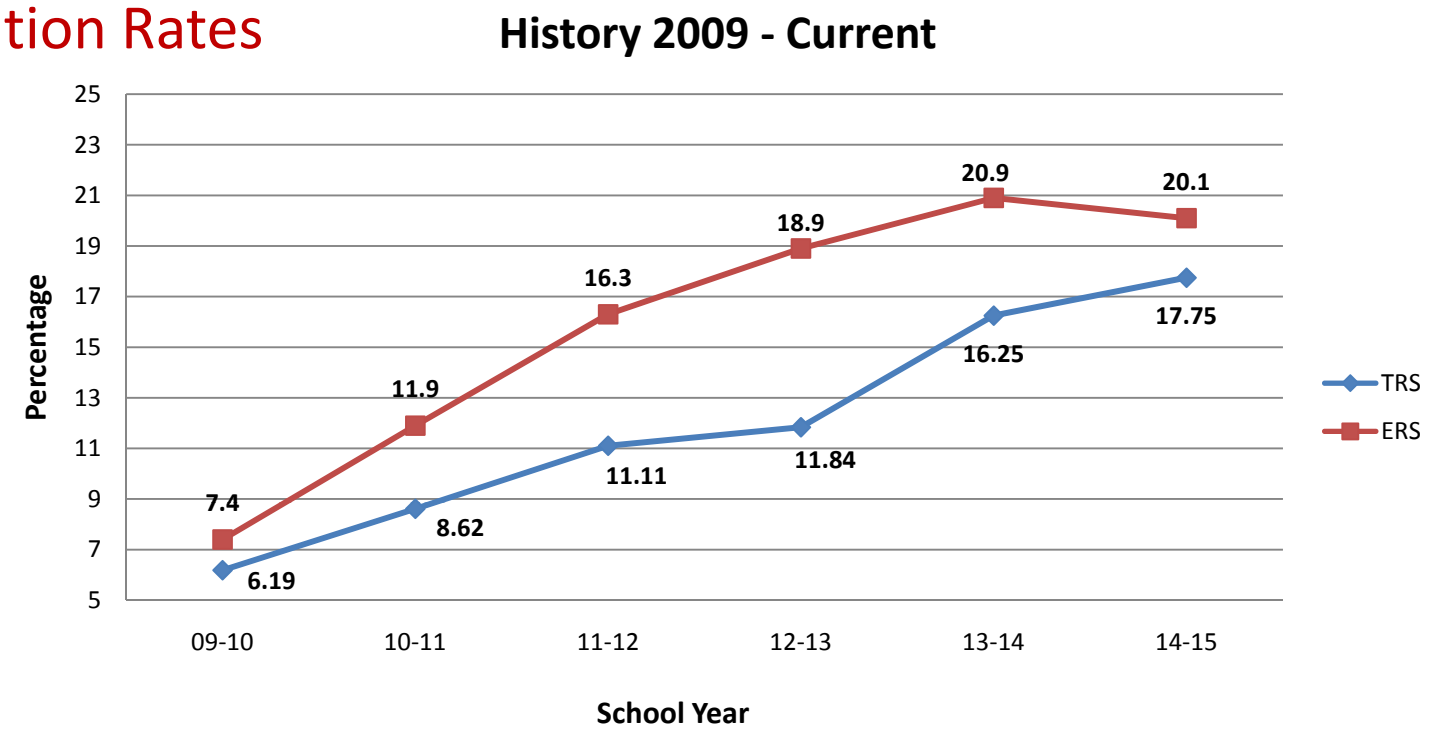
Property Tax Cap, how does it work…

COST EXEMPTIONS

- Increases resulting from voter-approved capital **expenditures**

- Increases that **exceed two percentage points** for state-mandated employer contribution rates for TRS and ERS

Employer Retirement Contribution Rates



TRS

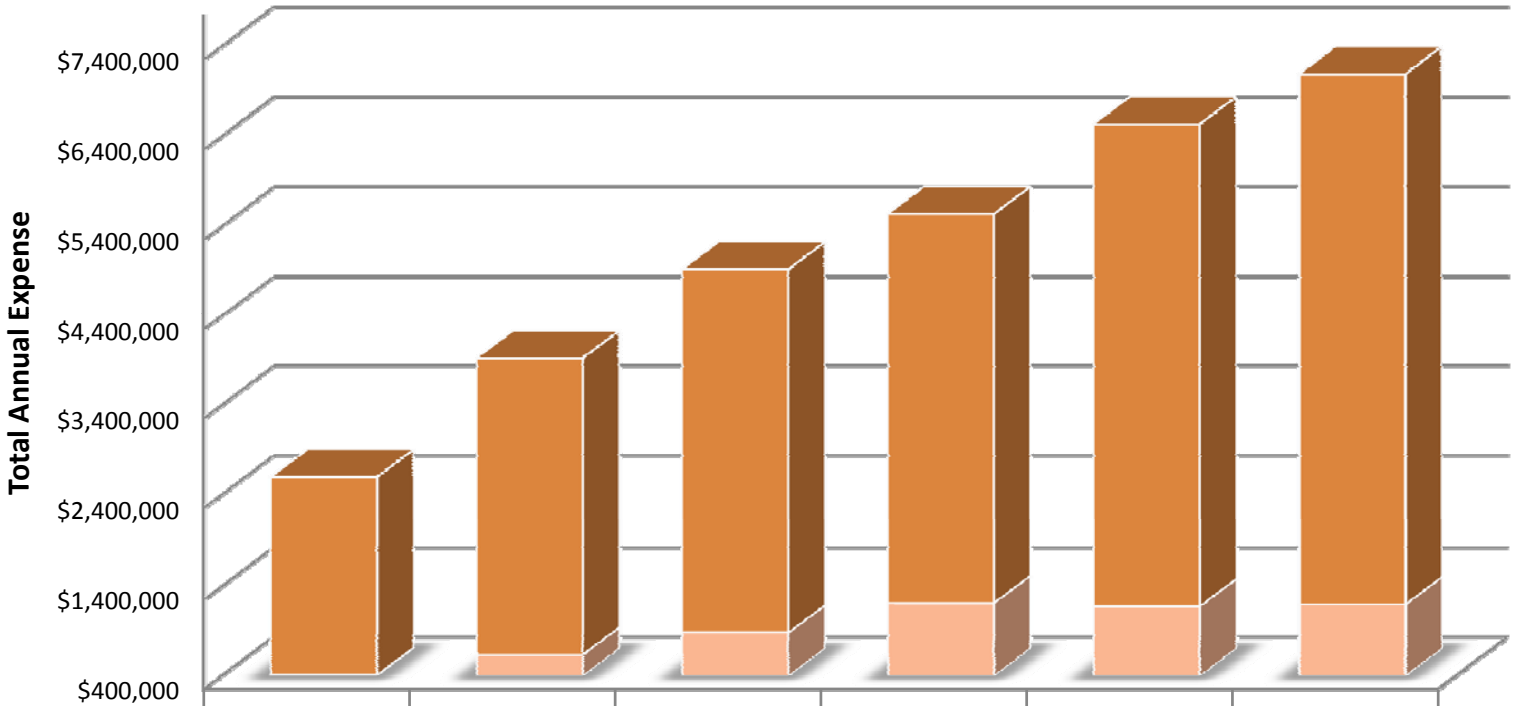
- Rate was 11.84% in 2012-13 and 16.25% in 2013-14
- Contribution rate will increase by 1.5 percentage points to **17.75%.** of total TRS member payroll in 2014-15.
- **Projected expenditure increase of 10% above 2013-14**
- **85% of the staff participates in TRS**

ERS

- Rate was 18.9% in 2012-13 and 20.9% in 2013-14
- Contribution rate remains high at **20.1%** for 2014-15 a slight decrease of **.8** percentage points.
- Rates for 2014-15 Tier 1 – 6 range: 10.8-20.1%

  Current staff population is in the highest rated Tiers3 & 4
- **Projected expenditure increase of 2% above 2013-14**

Employer Retirement Contribution Costs



	09-10	10-11	11-12	12-13	Estimated 13-14	Projected 14-15
TRS	$2,189,184	$3,287,741	$4,036,208	$4,322,178	$5,351,699	$5,886,692
ERS	$413,035	$639,881	$889,755	$1,219,394	$1,185,172	$1,207,096

TRS

- 2013-14 Estimated Expense = $5,351,699
- 2013-14 expense is estimated to be **24%** increase over the prior year expense of $ 4,322,178 of 2012-13

ERS

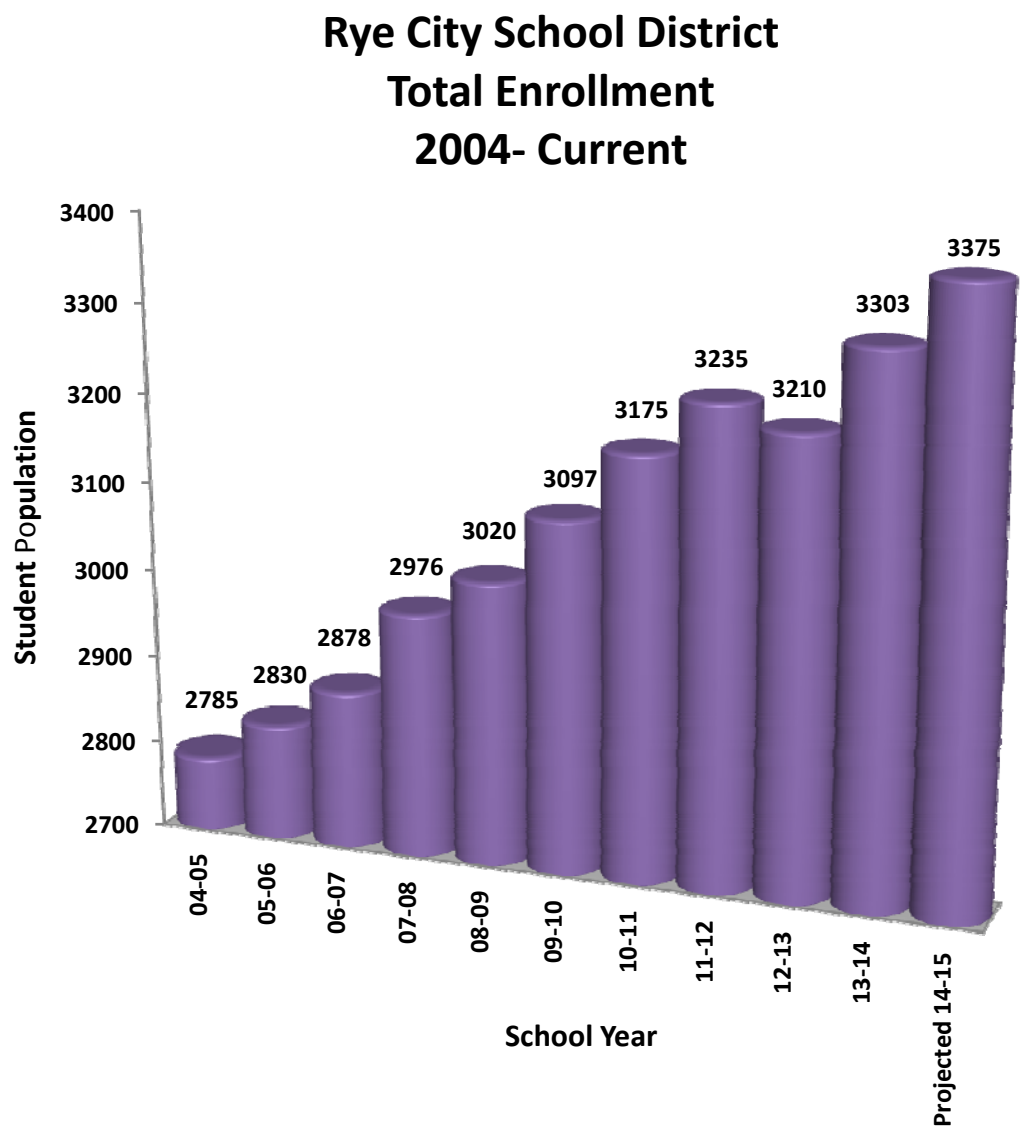
- 2013-14 Estimated Expense = $1,185,572
- 2013-14 expense decrease of 2.8% of the prior year expense of $ 1,219,394 in 2012-13

School Enrollment

Enrollment has increased 18.6% (518 students) since 2004-05.

When enrollments increase, often there is a need to increase:

- Space
- Staffing
- Supplies



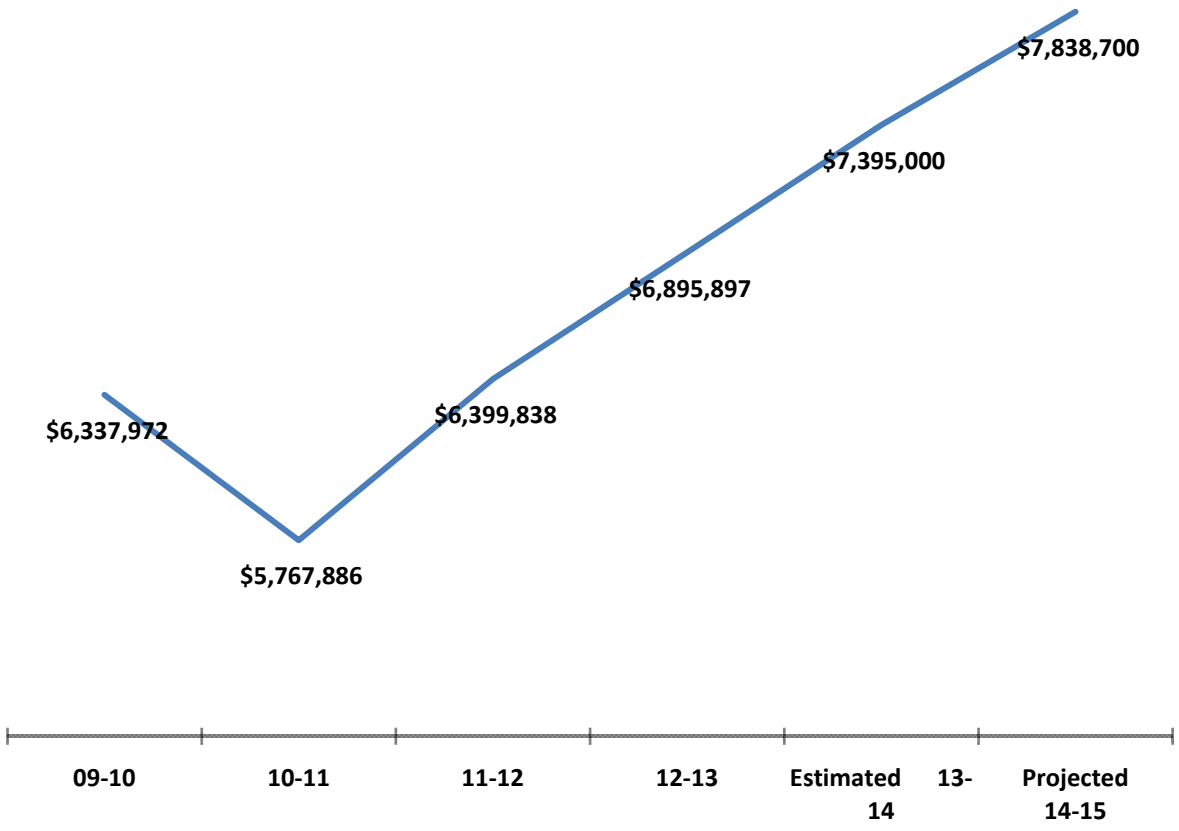
Status of Collective Bargaining

Salaries and Benefit costs make up 78% of the 2013/14 budget

- Contracts for three of the five collective bargaining units have been settled.
- The Board considers salary costs and all benefit expenses, for employees and retirees, in its Total Cost of Compensation projections during negotiations.

Annual Health Benefit Expense 2009- Current

Health Insurance Premium Increases (above contributions) for Active & Retired Staff



*Does not reflect ACA impact, employer implementation delayed until 2015

OTHER COSTS THAT WILL IMPACT FUTURE BUDGETS

- Mandated Testing, Reporting APPR and Training/Support RTI
- Technology Plan Requirements
- Debt Service Changes
- Tax Certiorari Refunds

Facility Needs & Concerns

- Items identified in the Building Condition Survey, Annual Visual Inspection & 5-Year Facility Plan
- Review utility usage and systems to promote energy cost savings and improved heating comfort in schools
- Equipment Preventative Maintenance Plans

Non- Tax Revenue Outlook

Based on the preliminary forecasts many revenues such as State Aid and County Sales Tax are expected to remain the same or increase slightly.

2014/15 Budget analysis and preparation continues…

February 25, 2014- PRESENTATION

2014-15 Superintendent's Proposed Budget to Board of Education

March 11, 2014- Board Discussion about Budget

March 25, 2014 - Budget Hearing I - Open Topics Forum

April 8, 2014 - Budget Adoption

May 6, 2014 – Budget Hearing II

May 20, 2014 - Budget Vote/Trustee Election