

Superintendent's Recommended Budget for 2013/14

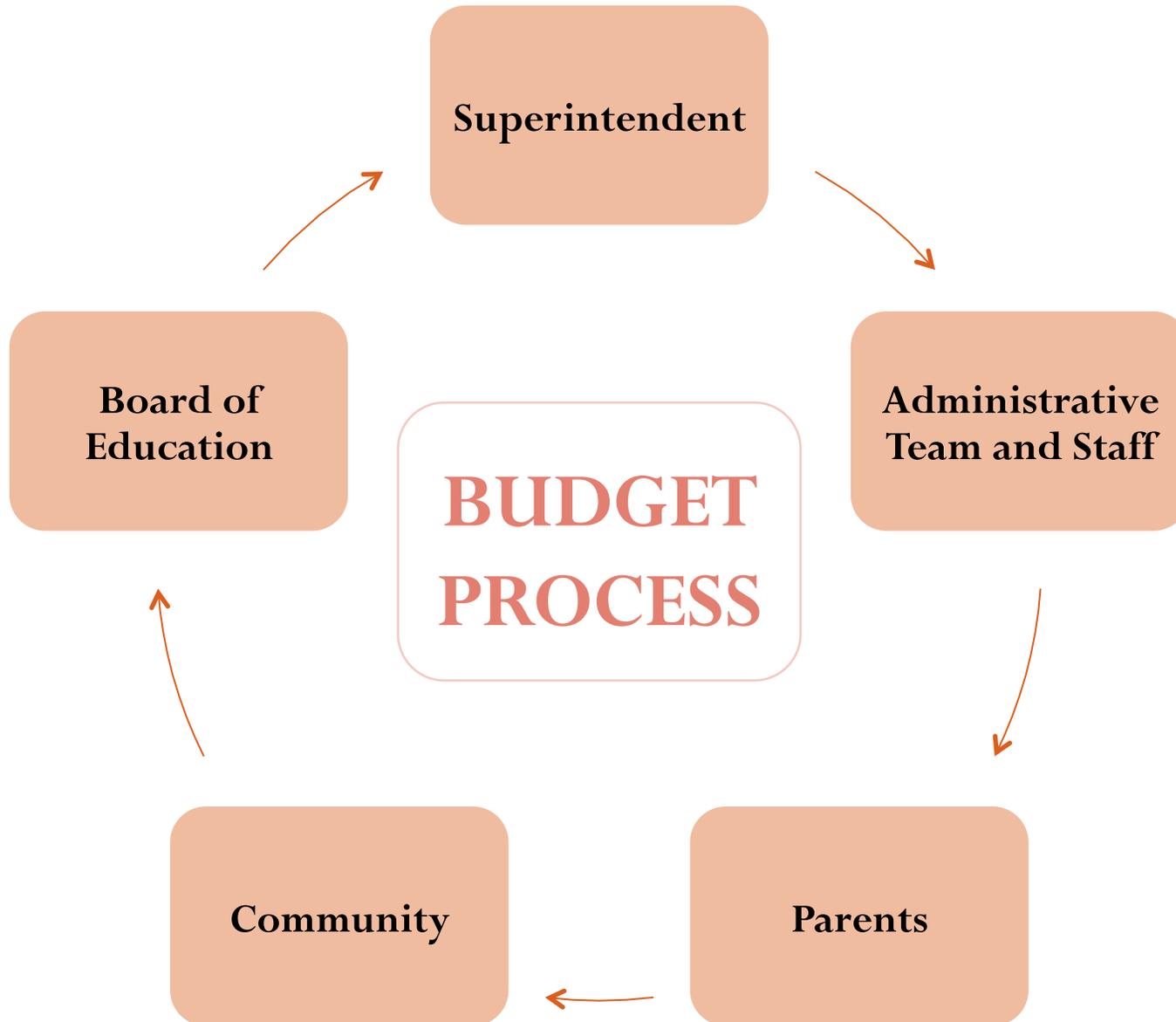
Presented to the Board of Education
February 12, 2013



Supporting the District's Mission

The mission of the Rye City School District, in partnership with the community, is to ensure that every student is capable of becoming a life-long learner who can thrive in a global environment as a self-reliant and socially responsible citizen. To realize this mission, our schools will provide an engaging, challenging, personalized program that supports each individual's talents and potential, in a cost effective manner.

Determining the Budget



District Goals

**Teacher
Effectiveness**

**Culture of
Caring**

**Student
Achievement**

**Fiscal
Responsibility**

**Community
Engagement**

Cost Reductions

Administrative Restructuring

Program Efficiencies

Operational Savings

Financial Presentation Outline

Elements of the recommended budget plan:

- 1) Review of various funding sources and fund activity
- 2) Student enrollment changes
- 3) Planning for the Tax Levy Cap- a steep slope vs. a cliff
- 4) Program changes and new unfunded mandates
- 5) Increasing employee and retiree benefit costs
- 6) Continued efforts to contain and manage costs
- 7) Changes in revenue outlook
- 8) Elements of the tax levy and tax rate

DISTRICT'S FINANCIAL ACTIVITIES

- As reported in the annual audit, the District has financial activity in each of the following funds:
 - **General Fund**
 - Special Aid Fund (Grants) IDEA \$1M+, Title \$100k+
 - School Lunch Fund
 - Special Purpose (TA) Fund
 - Capital Fund
 - Debt Service Fund
- The annual budget process each year focuses on the planned activities in the **General Fund**, also called the “Operating” Fund.
- The General Fund’s total expenditure appropriations are voted on by the public each year in May-5/21/13. If not successful, another vote in June is permitted.

Planning for Enrollment Changes

Actual versus planned enrollment may cause staffing increases above what is expected for a given year.

In October of each year, the district's demographer is sent the actual enrollment for BEDS day.

The birth rates and actual migration in and out for each grade is studied and an updated five-year projection is provided for each school.

Rye City Schools often experience unusual patterns of in and out migration. Some of these changes are difficult to plan for during the budget process.

The staffing required to maintain class sizes within the guidelines for each grade is determined.

Often, when sections are added (whether planned or unplanned), added sections of special areas are also needed.

Unlike many neighboring districts, Rye does not permit staff to enroll their children in the schools.

There are a limited number of students who are admitted on a case-by-case basis as tuition-paying students, providing space is available.

The non-resident tuition revenue lowers the taxes for residents more than the actual incremental cost for the students admitted since sections are not added.

2013/14 Enrollment Forecast

| GRADES | 2012/13 Actual | 2013/14 Projected | # CHANGE | % CHANGE |
|---------------------------------|-------------------|----------------------|-----------|-------------|
| K-5 | 1,559 | 1,538 | -21 | -1.3% |
| 6-8 | 754 | 720 | -34 | -4.5% |
| 9-12 | 887 | 933 | +46 | +5.2% |
| Self-contained Special Educ. | 10 | 10 | 0 | NA |
| TOTAL | 3,210 | 3,201 | -9 | -.3% |

Based on projected enrollment changes for 2013/14 , two fewer sections are budgeted for the elementary level to maintain class sizes within the District's current guidelines.

Tax Levy Cap Planning- Steep slope vs funding cliff

- The 2013/14 initial calculated tax levy cap increase represents a 3.04% increase over the 2012/13 levy.
- Relying on the use of fund balance to support recurring expenses is unsustainable- the available funds will not replenish at the same rate as the use to lower taxes and maintain program.
- The District has used fund balance to provide resources for one-time expenses like capital projects, since 2011/12.
- Beginning to make sustainable reductions to the spending plan will avoid drastic cuts all in one year.
- Keeping reductions away from programs that directly impact students are the focus in this year's reductions.



- Continuing to analyze the delivery of programs and services at lower costs is ongoing and vital to reducing base costs.
- The Tax Levy Cap will eventually force difficult student program reductions or impact class sizes unless legislative mandate relief is forthcoming.

Planning for Program Changes

- When new programs [e.g., Mandarin] are added, preparation for added sections to accommodate students advancing in the course of study are provided for in the budget.
- Continued curriculum development to align instruction with the Common Core Learning Standards.
- Professional development to support new K-5 science program.
- Professional development continues for Framework for Teaching, application of the Common Learning Standards and Best Practices for Teaching/Learning.
- Funds were added to the budget to provide for security staff at each of the elementary schools.

NYS Legislative Mandates for 2013/14 and Costs

Race-to-the-Top Requirements

- Annual Professional Performance Review (APPR) requires that new faculty and principal evaluations were to be negotiated and put into place by July 1, 2012.
 - Funds are needed to support and train evaluators, provide professional development for staff, and prepare plans for improvement that must be in place for September 2013.
 - Student testing, test scoring, test result reporting requirements and data system costs continue to grow.



Employee Retirement Costs

- The required contribution rate for defined payments (% of salaries and payments made to certified staff) to the Teacher's Retirement System (TRS) is changing from 11.84% to 16.25%. *The 4.41% rate increase is a 37% increase in costs for this budget item.* The cap allows 17% of the increase, a rate increase of 2%, to be exempt from the tax levy cap.
- Based on the current year's (2012/13) budgeted salaries subject to TRS, this rate increase would result in an increased cost of \$1.5 million.

Employee & Retiree Benefit Costs

- The amount required to be paid for non-certified staff to the Employees' Retirement System (ERS) is increasing from a blended rate of 18.8% to 20.8%. None of the 2% rate increase (*an 11% cost increase*) is excludable from the cap.
- Based on the current year's (2012/13) budgeted salaries subject to ERS, this rate increase would result in an increased cost of \$117,000.
- Health premiums for active and retired staff will increase 7.5%, an estimated cost increase of \$580,000.
- Effective 1/1/14, the new Federal Affordable Care Act requires an increase in the budget of approximately \$30,000 to pay fines for not providing "affordable" health care to all "full-time" employees.

Ongoing Efforts to Contain and Manage Costs

- Continued analysis and efforts are underway to provide improved services at reduced costs for special education students in the District.



- Heating the HS/MS with gas in 2013/14 will save \$30,000.
- Lower lease costs of \$20,000 for Administrative Offices. Lease extension for 3-5 years included.
- Defer desktop replacement plan as new approaches are piloted.
- Efforts to further share and/or consolidate services with other districts and/or governments continue to be explored.
- Collective bargaining efforts are underway for the five contracts that expire 6/30/13.

Changes in Expenses for 2013/14

| COST CENTER | 2012/13 APPROVED BUDGET | 2013/14 RECOMMENDED BUDGET | CHANGE |
|--|-------------------------|----------------------------|------------------|
| SALARIES | 40,528,850 | 42,226,000 | 1,697,150 |
| BENEFITS | 17,121,890 | 19,695,000 | 2,573,110 |
| STAFF and FTE REDUCTIONS | | -2,157,400 | (2,157,400) |
| REGULAR SCHOOL | 2,522,350 | 2,659,080 | 136,730 |
| SPECIAL EDUCATION | 2,790,050 | 2,682,000 | (108,050) |
| PROGRAM ADMIN, AND SUPPORT | 2,007,710 | 2,231,520 | 223,810 |
| TECHNOLOGY | 1,021,600 | 1,016,000 | (5,600) |
| ATHLETICS | 363,850 | 366,000 | 2,150 |
| FACILITIES | 2,464,000 | 2,394,000 | (70,000) |
| TRANSFERS TO CAPITAL AND OTHER FUNDS | 1,170,000 | 1,170,000 | 0 |
| CURRENT DEBT SERVICE* (must add new debt costs) | 3,589,700 | 3,421,000* | (168,700) |
| TECHNOLOGY, FACILITIES AND OTHER REDUCTIONS | <u>0</u> | <u>-110,000</u> | <u>(110,000)</u> |
| TOTAL SPENDING BUDGET | 73,580,000 | 75,593,200 | 2,013,200 |
| % Change Budget to Budget | 2.33% | 2.74% | |

Changes in Revenue Outlook

- There is \$2,908,296 (a \$68,300 or 2.4% increase) in state aid proposed for 2013/14. Though the Governor speaks about increased funding for public education (a state responsibility), the state's support for Rye's education has yet to return to the 2008/09 funding level of \$3,195,080.
- The Federal government's 3/1/13 "sequestration" possibility could mean \$500k-\$1M of costs shifted to the proposed operating budget. **These are NOT included in this budget.**
- Current tuition paying non-resident applications for 2013/14 exceed the number of students graduating, thus a \$67,250 increase is expected.
- County sales tax revenue is expected to increase by \$20,000.

Changes in Revenues for 2013/14

| NON-TAX REVENUES | 2012/13 BUDGET | 2013/14 PROJECTED | CHANGE |
|--|----------------|-----------------------|---------------|
| STATE AID | 2,840,000 | 2,908,000 | 68,000 |
| TUITIONS (PRIVATE, RSL, AND SPECIAL EDUCATION) | 430,000 | 497,000 | 67,000 |
| HEALTH SERVICES | 610,000 | 640,000 | 30,000 |
| COUNTY SALES TAX | 680,000 | 700,000 | 20,000 |
| PAYMENT IN LIEU OF TAXES | 318,000 | 323,000 | 5,000 |
| INTEREST EARNINGS | 120,000 | 120,000 | 0 |
| REIMBURSEMENT OF MTA TAX | 0 | 0 | 0 |
| BORDER TAX | 86,000 | 80,000 | (6,000) |
| REFUNDS OF PRIOR YEAR'S EXPENSES | 40,000 | 20,000 | (20,000) |
| ALL OTHER NON-TAX (FEES, RENT, FEDERAL) | <u>156,000</u> | <u>205,400</u> | <u>49,400</u> |
| TOTAL NON-TAX REVENUES | 5,280,000 | 5,493,400 | 213,400 |
| % Change Budget to Budget | | +4.0% | |

Elements of the Tax Levy & Rate

- The Estimated Tax Levy (the amount that will be raised by taxes to support the proposed budget) is \$67,799,900, which is \$1,999,900 higher than the 12/13 levy of \$65,800,000.
- This is based on the use of \$2.3M in Fund Balance to lower the 7/1/13 levy; of which up to \$1.4M can come from the ERS reserve, and the balance is for one-time capital costs to make facility (including security) improvements.
- Added costs for new debt are being calculated and will be added to the budget, but are exempt from the Tax Cap calculations. These costs will be better known in a few weeks.
- The capital project priorities will be presented on 3/19/13 and are reviewed with the Facilities Committee.
- The 2013/14 initial calculated Tax Levy Cap is \$67,799,900- + 3%. To have a budget approved by a simple majority, the tax levy for the proposed budget must not exceed that cap.

Elements of the Tax Levy & Rate

- Actual Taxable Assessments were \$124,236,097 for 7/1/12. The resulting actual tax rate per thousand of assessment was \$529.6367.
- The estimated Taxable Assessments for 7/1/13 are currently \$124,801,429, but may drop by \$500-\$600k.
- If these estimates provided by the City Assessor remain accurate, then the final estimated tax levy change in April should mirror the estimated tax rate increase.

Tax Levy Estimate for 2013/14

| | 2013 / 14 PROJECTED | CHANGE |
|---|--|--|
| 2013/14 Recommended Budget Appropriations* | 75,593,200 | 2,013,200 +2.7% |
| Estimated Non-Tax Revenues | 5,493,400 | 213,400 +4.0% |
| Projected use of Fund Balance for one-time capital and to lower taxes | 2,300,000 | (200,000) -8.0% |
| Estimated Property Tax Levy | 67,799,800 | 1,999,800 +3.0% |
| Estimated Tax Levy Cap* | 67,799,900 | |
| <i>* Added debt costs for new debt must be added which are exempt from the tax levy cap calculation</i> | <i>The current maximum cost of new debt is estimated to be \$1,402,500</i> | <i>The preliminary maximum estimate of new debt on the impact on the tax levy is +2%</i> |

Looking Ahead...

February 26 & March 5: Continued Discussions



March 19: Open Topics Forum/Budget Hearing



April 16: Budget Adoption



May 7: Budget Hearing II



May 21: Budget Vote/Board Election

- Questions and Comments from the Board of Education
- Questions and Comments from the Community
- For more information, please check the information on the District's website:

WWW.RYESCHOOLS.ORG

Contact Dr. Frank Alvarez, Superintendent of Schools

ALVAREZF@RYESCHOOLS.ORG

Mrs. Kathleen Ryan, Assistant Superintendent for Business

RYANK@RYESCHOOLS.ORG