

# Budget Workshop #4

Patchogue-Medford School District

March 19, 2018

# Items Included in 2018-2019 Budget

- Special Education Five Year Program Enhancement Plan;
- Year two cost of Five Year Literacy Plan;
- Purchase of an additional bus for special education field trip flexibility;
- Inter-fund transfer to Capital Fund to address the Playground Renovation Plan as part of the District Facilities Plan;
- CTE administrative costs as part of CTE implementation Plan;
- Increase in Community Schools Set-A-Side to construct a District greenhouse;
- Security related items in the amount of \$1.2 million will be specifically allocated to the Capital Reserve (pending community approval).

# Additional Items Impacting the 2018-2019 Budget

- Reduction of B.O.C.E.S. Special Education placements as part of the Five Year Special Education Program Enhancement Plan;
- Staffing increases to support program initiatives;
- Balanced Budget.

# External Budget Impacts

- Federal funding impacts on state and local agencies remain unclear;
- Tax Cap continues to restrict annual budget levy increases;
- State Aid – increase of over 2 million projected;
- State Aid - \$315,456 increase in Community Schools Set-A-Side

# External Budget Impacts Continued

- Health insurance rate increase  $\approx 8\%$ ;
- TRS rate 10.36% (up from 9.80%);
- ERS blended rate decrease estimated at 1%;
- CPI increase 2.13%;
- Unfunded mandates continue to be enacted by the State Education Department.

# Staffing Impacts on Budget

Employee Type	Increase / Decrease	Area of Need
Teachers	8.5	General and Special Education
Clericals	3.0	Bay Elementary, River Elementary, Human Resources
Teaching Assistants	6.0	Special Education
Operational	2.0	Audio Visual, Driver/Messenger
Security	10.0	Provide additional Security Guard at elementary and middle school main entrances
Part-Time Clerical	-2.0	Reduction at Bay Elementary and River Elementary
Part-Time Library Aide	0.5	Addition of a library aide to support the literacy plan

# Budget Adjustments

- The below represents cuts made by function area in order to balance the budget;

■ 1060	\$7,075
■ 1620-1621	\$435,753
■ 1670-1680	\$223,760
■ 1910	\$11,000
■ 2010	\$63,900
■ 2110-2128	\$563,999
■ 2250	\$305,900
■ 2330-2855	\$163,250
■ 5540-5581	\$155,120
■ 9010-9075	<u>\$1,851,874</u>
■ Total Cuts Made	<u>\$3,781,631</u>

# Fund Balance Projection for the 2017-2018 School Year

- Unreserved fund balance – 3.99%;
- \$4,600,000 projected transfer into the capital reserve should the voters approve proposition on May 15, 2018. Funds will be used to fund balance of Playground Renovation Plan, Track at Saxton and Oregon, and Dust Collection System at the High School, and possible balance of Greenhouse;
- Actuarial review of reserve levels included in 2017-2018 budget to ensure that appropriate funding ranges are maintained.



# Purpose of Five Year Financial Plan

- Utilize as a functional tool to guide discussions in budget planning process
- Analyze impact of district forecasts on budget development and multi year planning
- Utilize forecasts in determining the impact of significant decisions on long-term fiscal health
- Forecast future fund balance projections for budget development decisions

# What Has Been Accomplished With The District Five Year Plan?

- Balanced budget for the 2017-2018 and 2018-2019 school years;
- Utilized Capital Reserve that has saved the district thousands of dollars in interest expense associated with financing capital construction;
- Propose the creation of a new Capital Reserve to continue to finance future capital construction;
- Increased fund balance reserve levels during years of national, state and local fiscal distress;
- Improved cash flows, thereby minimizing borrowings;
- Leveraged state funding to maximize revenues and minimize expenses.

# Factors to Consider in Future Financial Plans

- Uncertainty of federal impacts on state and local governments;
- Implementation of Superintendent's Road to Success Plan;
- Long term contractual commitments;
- Continued funding for Capital Reserve and related capital projects in order to continue improve district infrastructure while controlling debt.

# Contingent Budget Impacts

- Requires cuts totaling \$3,497,813;
- Eliminates all equipment purchases from the 2018-2019 budget;
- Removes all inter fund transfers to capital and School Lunch Fund from the 2018-2019 budget;
- Eliminates the following staff:
  - 2.0 Teaching FTE's
  - 1.0 Teaching Assistant FTE
  - 1.0 Clerical FTE
  - 1.0 AV Technician
  - .50 Library Aide

# Budget and Tax Rate Summary

- Tax rate percentage increase 3.74 – 5.86% depending on determination of assessed valuation in August 2018 (last year 3.68-5.80%);
- Levy to levy increase 3.21% or \$3,497,813;
- Budget to budget increase 3.54% or \$6,516,248;
- Annual increase in taxes for an average home assessed at \$3,000 - \$282.88 (with no assessment decline).

# Other Important Information

- The proposed budget does not pierce the Tax Cap;
- The Tax Cap Formula caps the Tax Levy, not the Tax Rate;
- Based on the formula Established by the State, dollar values of levies differ from district to district;
- The State reviewed the District's Tax Cap Calculation and reported that it was accurate.

# Propositions on the Ballot

- Proposition #2 – Permission to establish New Capital Reserve for the purposes of funding the Five Year Capital Plan, not to exceed \$15 million dollars;
- Proposition #3 – Permission to spend the balance in existing Capital Reserve on Security related expenses, including vestibules, etc. not to exceed \$1.2 million dollars.

■ Questions?