

Scarsdale Public Schools



2020-21 Budget Update

May 4, 2020

Presentation Focus for May 4, 2020

1. Update Projected 2019-20 Fund Balance
2. Updated 2020-21 Proposed Budget Overview
3. Questions & Discussion
4. Appendix

Updated Projected Fund Balance

Projected Fund Balance - Year End 2019-20

Assumed Closure through mid-May	
Ending Fund Balance 6/30/19	\$22,240,471
Plus: Year End Revenues	<u>\$159,634,874</u>
Minus: Revenues that are funded by reserves	<u>\$0</u>
Minus: Year End Expenditures	<u>(\$157,392,129)</u>
Projected Ending Fund Balance 6/30/20	<u>\$24,483,216</u>
To Be Allocated as Follows:	
Tax Certiorari Reserve	\$5,545,400
Self-Insured Health Insurance Plan Reserve	\$5,174,315
Debt Service Reserve	\$913,131
ERS Retirement Contribution Reserve - <i>Updated</i>	\$2,475,522
TRS Retirement Contribution Reserve - <i>Updated</i> *	\$1,420,000
Reserve for Encumbrances	\$1,104,699
Unassigned Fund Balance (3.94%)**	<u>\$6,400,149</u>
Assigned Fund Balance for 2020-21	<u>\$1,450,000</u>
Projected Ending Fund Balance 6/30/20	<u>\$24,483,216</u>

*ERS Reserve increased by an estimated \$251,500 if closed through June 30th

**May retain up to 4% of 2020-21 Budget = \$6,500,333

Updated Proposed Budget

2020-21 Proposed Budget Overview

May 4, 2020

2020-21 Proposed Budget:	\$ 162,396,316
Budget to Budget Increase:	1.00%
Projected Increase in Tax Levy:	2.08%
Projected Tax Levy Limit:	2.50%
Amount (Under) Over the Projected Limit:	\$ (620,164)
Projected Tax Rate Increase:	
<div> A slight increase in the state issued equalization rate for the Town of Scarsdale will increase Town of Mamaroneck's total share of tax levy. </div>	Town of Scarsdale
	1.92%
	Town of Mamaroneck
	2.73%

Budget Expenditures Revisions

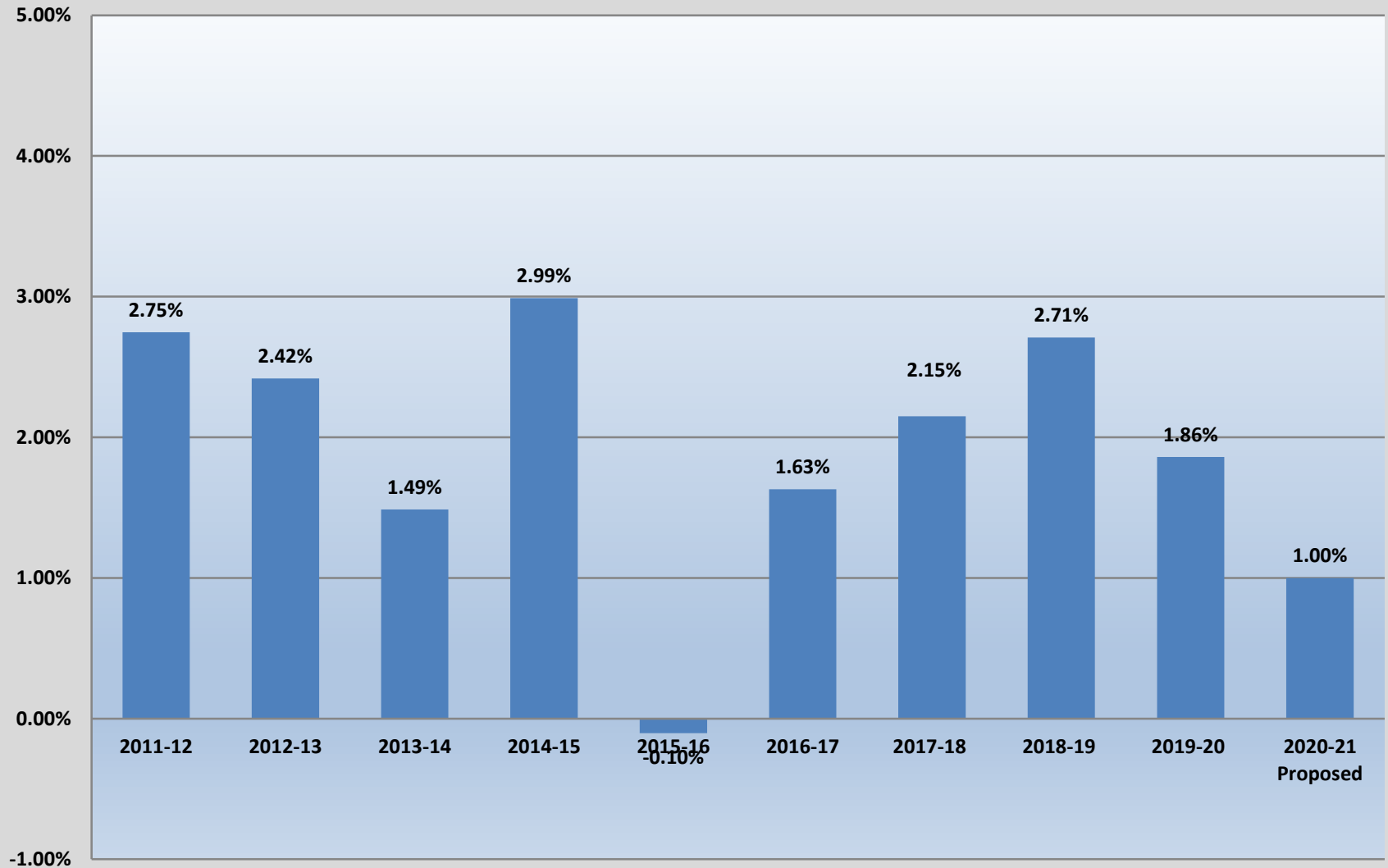
Amount

Reduction of 1.0 FTE Elementary Position due to Enrollment Projections	\$ (110,000)
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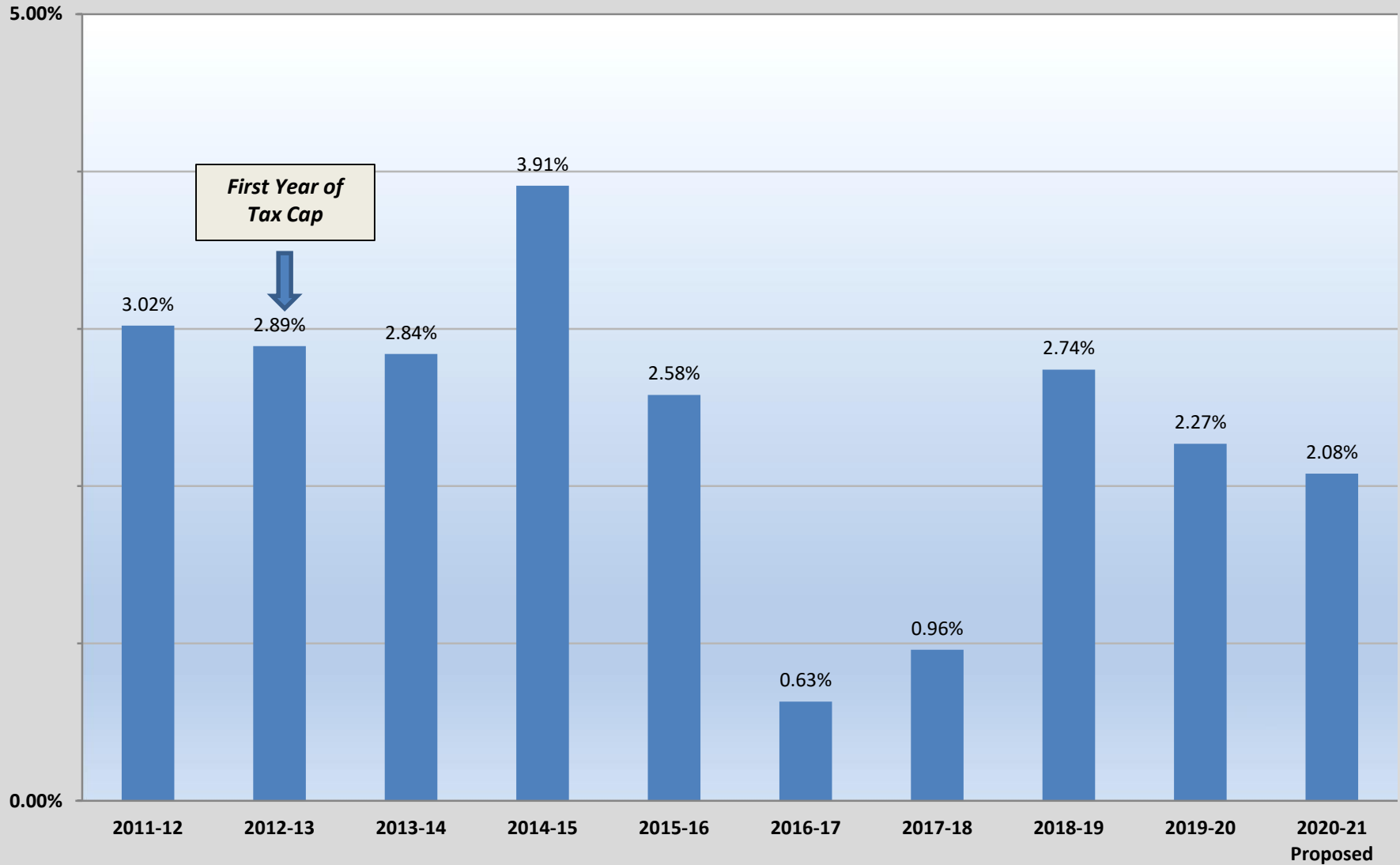
2020-21 PROPOSED BUDGET PLAN - MAY 4, 2020

	2019-20 Approved Budget	2020-21 Proposed Budget	Budget to- Budget Increase	% Difference
Total Expenditures	160,782,597	162,396,316	1,613,719	1.00%
Non-Property Revenues	10,567,381	8,960,845	(1,606,536)	-15.20%
<i>% of Total Budget</i>	<i>6.57%</i>	<i>5.52%</i>		
Transfer From Reserves	453,153	232,153	(221,000)	-48.77%
Assigned Fund Balance	1,100,000	1,450,000	350,000	31.82%
Total Tax Levy	148,662,063	151,753,318	3,091,255	2.08%
<i>% of Total Budget</i>	<i>92.46%</i>	<i>93.45%</i>		

Recent Budget Increases/Decrease



Recent Tax Levy History



Budget Adoption Timeline - *Updated*

School Budget	Upcoming Dates
Budget Update	April 20 th
Budget Finalized	May 4 th
Board Adopts the Budget	May 11 th
Budget Hearing	June 1 st ?
Budget Vote	June 9 th

Discussion

Appendix

Scarsdale Public Schools



2020-21 Budget Study Session/Forum

April 20, 2020

Presentation Focus for April 20, 2020

1. Introduction
2. Open Issues Related to Budget Planning
3. Current Year Financial Strategy
 - Projected 2019-20 Fund Balance – *Updated*
4. 2020-21 Budget Strategy
 - 2020-21 Budget Plan - *Updated*
5. Procedural Strategy
 - Budget Adoption Timeline - *Updated*
6. Questions & Discussion
7. Appendix

Introduction

Open Issues Related to Budget Planning

Open Issues Related to Budget Planning

Current Year Financial Impact

- What impact; if any, does the current Federal Stimulus Package have on District finances?
- How long will the District be closed and what is the continued “positive” impact on spending?
- With the projected shortfall in State revenues will state aid be reduced in the current year?

2020-21 Budget Impact

- What will the impact be on mandated Teachers’ Retirement and Public Employees’ Retirement system contributions?
- What financial impact will there be on the District’s self-funded health insurance plan?
- Will there be restrictions or additional mandates when we eventually open that will impact finances negatively or positively?
- With the projected shortfall in State revenues was and will state aid be reduced? If so, how much?

Procedural

- Will we be able to hold a public vote? If so, when?

What are the District’s strategies to mitigate risk related to the above issues and assure that finances remain stable in order to support an instructional program consistent with community expectations?

Current Year Financial Strategy

Open Issues - *Current Year Financial Strategy*

Open Issues

What impact, if any, does the recently approved Federal Stimulus Package have on District finances?

Strategy

- The recently approved Federal Stimulus Package did not drive additional dollars to the District directly or indirectly. **Currently N/A**

How long will Districts be closed and what is the continued “positive” impact on spending?

Strategies

- Project year end revenues and expenditures for most likely scenarios (closed through mid-May; closed through end of school year).
- Initiate spending freeze to conserve funds. Further, allocate these funds to reserves which will assist in mitigating anticipated increases in mandated pension contributions.

With the projected shortfall in State revenues will state aid be reduced in the current year?

Strategies

- There has been no indication from the Governor that current year state aid would be reduced. There is currently \$800M in 2019-20 state aid still due to the District.
- No shortfall in current year state aid is planned.

Financial Assumptions - *Revenues*

The projection of end of year fund balance is based on the following:

***Revenues – conservatively projected with closure through the middle of May.
End of Year closure would only increase deficit by an additional \$10 thousand.***

- 1. State Aid** – Assumes that there would not be mid/end of year reductions
Current aid outstanding from the State is \$800 thousand. Co-Vid Impact: \$0.
Estimated Surplus: \$156 thousand
- 2. Interest Earnings** – Interest rates on earnings have dropped drastically. Co-Vid
Impact: (\$395 thousand). ***Estimated Deficit: \$395 thousand***
- 3. All Other** – The District originally anticipated a large surplus due to Sales Tax
revenue apportionment changes. This estimate has been decreased due to the
economic slowdown. Co-Vid Impact: \$175M (Sales Tax -\$125M + Building Use
Fees - \$50M). ***Estimated surplus: \$412 thousand***
- 4. Assigned Fund Balance** – ***Deficit: \$1.1 million***
- 5. Use of Reserves** – A reduction in the amount allocated to support the cooling
solutions projects in the 2019-20 budget. ***Deficit: \$221 thousand***

Total Projected Revenue Deficit- \$1.148 million

Financial Assumptions - *Expenditures*

The projected end of year fund balance is based on the following:

Expenditures – conservatively projected with closure through the middle of May. End of Year closure would increase surplus by an estimated \$261.5M.

1. **Health Insurance** – The District has recently received beneficial news regarding rebates associated with its prescription benefits plan. Based on an unexpected increase in rebates (\$400M), a decrease in claims during the social distancing period (\$500M) and non-recurring stop loss insurance collections (\$500M). ***Estimated Surplus: \$1.4 million***
2. **Spending Freeze** – The District has instituted a spending freeze. This freeze eliminates any spending which is not essential to carrying out the instructional mission of the district and those expenditures necessary for the safety and security of essential personnel and facility operations. ***Estimated Surplus: \$920 thousand***
3. **Salaries** – The District anticipates spending less than budgeted due to unspent salaries for district. Due to Co-Vid closure: \$347 thousand. ***Estimated Total Surplus: \$820 thousand***
4. **Oil/Gas** – Due to a decrease in price and a drop in use. Due to Co-Vid closure: \$75 thousand. ***Estimated Surplus: \$500 thousand***
5. **Special Education** – Due primarily to an increase in provided services related to an increase in students requiring special education services. This is \$281 thousand more than previous estimates. ***Estimated Deficit: (\$1.074 million)***
6. **All Other** – Other expenditure categories in addition to spending freeze based on historical expenditures. This is \$330 thousand more than original estimates due to Co-Vid closure including electric, bus fuel and security monitors. ***Estimated Surplus: \$825 thousand***

Total Projected Expenditure Surplus- \$3.390 million

Projected Fund Balance - Year End 2019-20

Assumed Closure through mid-May	
Ending Fund Balance 6/30/19	\$22,240,471
Plus: Year End Revenues	<u>\$159,634,874</u>
Minus: Revenues that are funded by reserves	<u>\$0</u>
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*TRS Reserve would increase by an estimated \$251,500 if closed through June 30th

**May retain up to 4% of 2020-21 Budget = \$6,500,333

2020-21 Budget Strategy

Open Issues - 2020-21 Budget Strategy

Open Issues

With the projected shortfall in State revenues will state aid be reduced? If so, how much?

Background

- During the 2008 recession, the State reduced state aid to districts to account for revenue shortfalls. Although initially offset by federal funds, these dollars eventually went away and districts experienced state aid reductions.

Based on the recently adopted State budget the District did not receive any Federal Stimulus funding as an offset against a reduction in state aid as many districts did based on the State's funding mechanism. This is good. However, stimulus funding offsets in the budget were based on a \$1+ billion State revenue shortfall. Recent State revenue shortfall estimates have been \$14+ billion.

Strategy

- The updated budget plan includes a \$920,488 decrease in anticipated state aid which assumes a \$10 billion State revenue shortfall. State revenues will be measured periodically (with aid adjustments made accordingly) throughout the course of the year. This estimated decrease is based on the decrease experienced by the District in 2011-12, and a similar \$10 billion State revenue shortfall. However, does history repeat as we look forward to future years?

State Aid – *Does History Repeat?*

Budget Year	GEA Adjustment (Actual per District AFS)	<u>Total NYS Deficit</u>
2009-10	\$ -	
2010-11	\$ 566,905	\$13.7B
2011-12	\$ 920,488	\$10.0B
2012-13	\$ 893,279	\$3.5B
2013-14	\$ 793,279	\$1.4B
2014-15	\$ 681,189	\$1.7B
2015-16	\$ 453,315	\$1.8B
2016-17	\$ -	\$1.8B
2017-18	\$ -	\$3.5B
2018-19	\$ -	\$4.4B
2019-20	\$ -	\$5.3B
2020-21	\$ -	<u>\$6.1B (Medicaid shortfall)</u>
Total State Aid Withheld	\$ 4,308,455	
2020-21	\$ 920,488	\$10.0B* Recent estimates were \$14B
2021-22	\$ 893,279	??
2022-23	\$ 793,279	??
2023-24	\$ 681,189	??
2024-25	\$ 453,315	??
	\$ 3,741,550	

Open Issues - 2020-21 Budget Strategy

Open Issues

What will the impact be on mandated Teachers' Retirement and Public Employees' Retirement system contributions?

Strategy

- It is anticipated that rates will remain as previously set for the 2020-21 school year with no additional impact on the 2020-21 budget. Increasing the TRS reserve will help offset any large increases in future years.

What financial impact will there be on the District's self-funded health insurance plan?

Strategy

- There is currently a positive impact on the claim experience of the health insurance plan as all elective procedures have ceased. The budget increase accounts for normal growth while maintaining reserves at current levels to safeguard the plan against any spikes in growth.

Will there be restrictions or additional mandates when we eventually open that will impact finances negatively or positively?

Strategy

- To be determined. However, there may be a shift in resources to account for the purchase of additional personal protective equipment and other considerations if physical distancing rules still apply.

Proposed Budget - *Update*

Revenue Update

1. **State Aid (Foundation Aid)** – Based on the State budget approved by the legislature. ***Revenue Decrease: \$65 thousand***
2. **State Aid (Pandemic Adjustment)** – The State has currently assumed a \$1.128 billion deficit in the State budget adopted April 1st, which is offset by Federal Stimulus dollars and allocated based on Title 1 funding. Scarsdale does not fall into this category. However, State revenue deficits were most recently estimated at \$14 billion. The 2008 recession resulted in a \$10 billion deficit and a \$920 thousand state aid reduction in the first year of reductions. The first measurement of State revenues will be made by the State after the first month of their fiscal year. (April 30th) The proposed draft presumes a \$920M reduction in state aid based on an estimate of minimal likely reduction. ***Decrease: \$920 thousand***
3. **Sales Tax Revenues** - Reduced from the previously presented revenues. This represents in total a 25% reduction. **Total Reduction of \$381,500 due to Co-Vid. *Reduction: \$181 thousand***

Proposed Budget - *Update*

Expenditure Update

1. **Implementation** of all reduction considerations (Efficiencies, New Items, Safety and Core Educational Support) presented to the previously proposed budget with the exception of the computer lease which is included in the budget and not scheduled for a payoff this year.
2. **Health Insurance** - Reduced from the previously presented budget due to savings from recently realized and projected prescription plan rebates. Health insurance Budget to Budget decrease of 3.25%. ***Budget Reduction: \$820 thousand***
3. **Special Education** – Increased due to 1) a shift in funding for residential placements from the County to the District per State budget (\$120M), and 2) updated projections related to the same (\$180M). ***Budget Increase: \$300 thousand***

2020-21 Proposed Budget

\$162,508,332

2020-21 Proposed Budget Overview

April 20, 2020

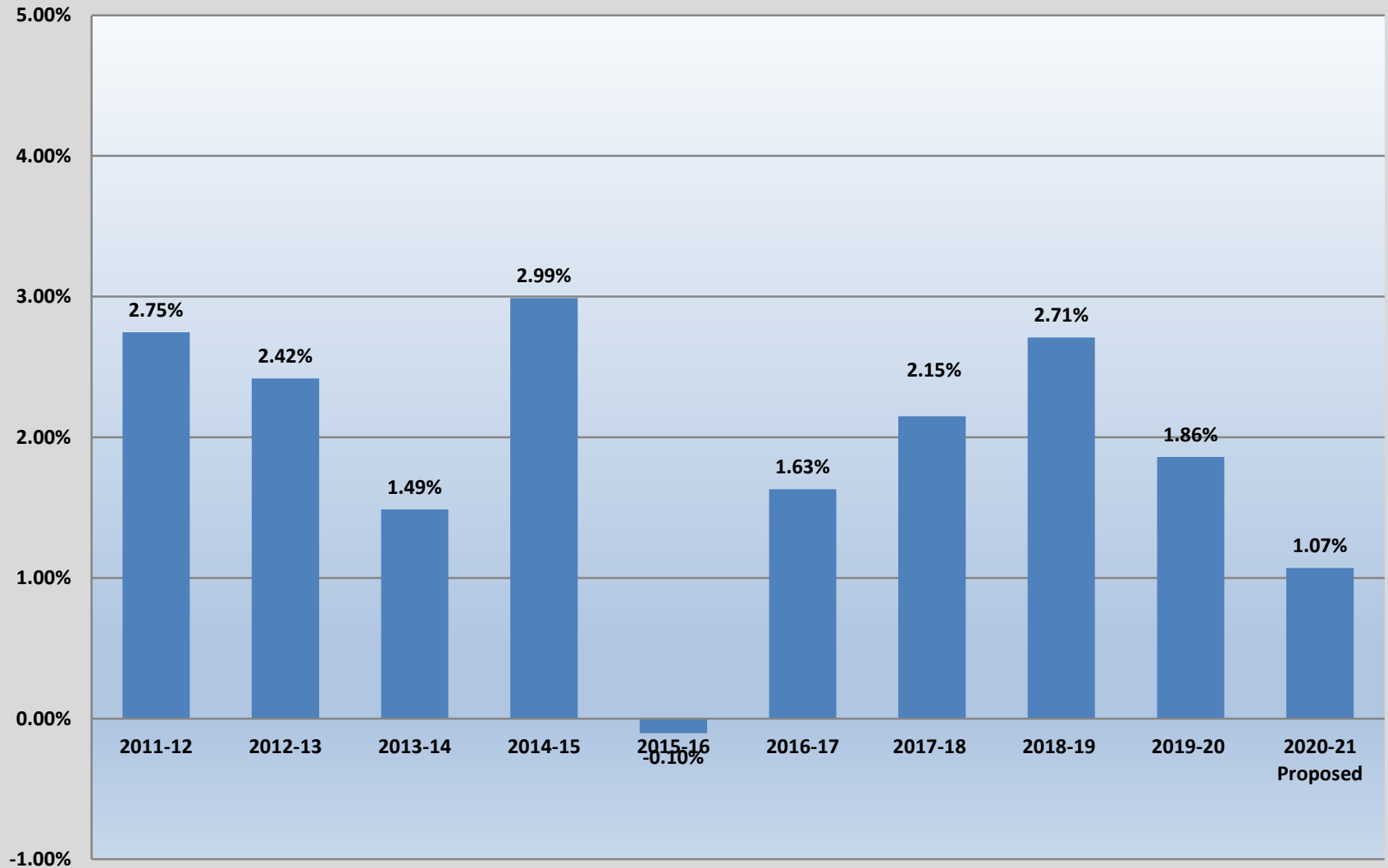
2020-21 Draft Budget:	\$	162,508,332
Budget to Budget Increase:		1.07%
Projected Increase in Tax Levy:		2.15%
Projected Tax Levy Limit:		2.50%
Amount (Under) Over the Projected Limit:	\$	(508,148)
Projected Tax Rate Increase:		
<div>A slight increase in the state issued equalization rate for the Town of Scarsdale will increase Town of Mamaroneck's total share of tax levy.</div>	Town of Scarsdale	1.99%
	Town of Mamaroneck	2.81%

Taxpayer Impact	Town of Scarsdale (1.99%)		Town of Mamaroneck (2.81%)	
	Annual	Month	Annual	Month
Current average assessment is \$1,595,700	\$508	\$42.30	\$673	\$56.08

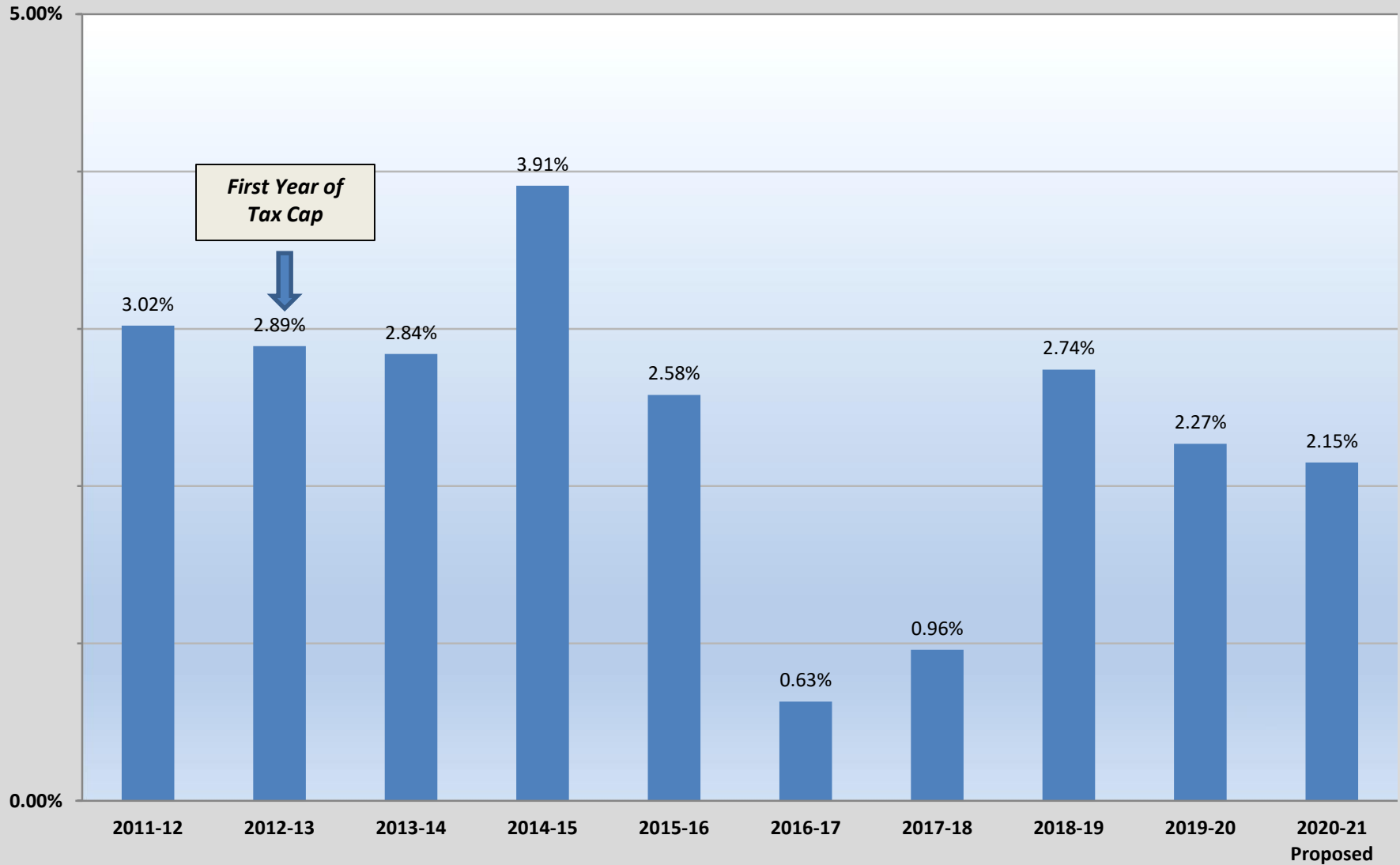
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<i>% of Total Budget</i>	<i>92.46%</i>	<i>93.45%</i>		

Recent Budget Increases/Decrease



Recent Tax Levy History



Procedural Strategy

Open Issue - *Procedural Strategy*

Open Issues

Will we be able to hold a public vote? If so, when?

Background

- The State has remained firm on holding a public vote no sooner than June 1st. The State has also remained firm that all budget mandates (i.e. property tax report card, budget notice, budget hearing etc.) and related timelines must be followed. NYS school districts' fiscal year commences on July 1st.

Strategy

- **In order to meet all mandated timelines and allow time to promptly react to State directives it is recommended that the Board adopt the 2020-21 school budget at the Board meeting scheduled on May 11th.**

Budget Adoption Timeline - *Updated*

School Budget	Upcoming Dates
Budget Update	April 20 th
Budget Finalized	May 4 th
Board Adopts the Budget	May 11 th
Budget Hearing	May 19 th ?
Budget Vote	June 2 nd ?

School Budget Development

Budget initiatives only appear in a budget draft after thoughtful consideration, deliberation, and discussion.

Staffing requests and instructional budget drivers are vetted in purposefully planned meetings throughout the fall between Cabinet, Principals, and Administrative Council (District-wide Administrators).

Requests are assessed for:

- Educational efficacy,
- Staffing efficiency; and
- Alignment with guiding principles of staffing.

All non-instructional departments meet with the Assistant Superintendent and Business Manager to review budget requests.

Requests are analyzed based on:

- Consistency with Strategic Plan and overall District goals;
- Consistency with operational standards; and
- Historical spending norms and purchasing efficiencies.