



CLARENCE SCHOOL DISTRICT: 2016-17 BUDGET STUDY SESSION #1

January 25, 2016

Agenda for January 25th Presentation



- **Review of the Governor's Executive Budget Proposal**
- **2016-17 Budget Process Overview**
- **First Draft 2016-17 Clarence Budget**

Governor's Executive Budget

January 25, 2016

Overall State Budget Outlook for 2016-17

- A **surplus** of **\$350 million** for FY 2016
- Total receipts for 2015-16 plus 2016-17 are **up by over \$1 billion** since the budget was approved. This helps reduce the size of the 2016-17 structural deficit by \$636 million.
- The **Senate** has called for a full restoration of the GEA in 2016-17.
- The **Educational Conference Board** deemed that an increase of \$1.7 billion was needed in order to keep schools operating at last year's levels.
- The **Board of Regents** has recommended a \$2.2 billion increase in general operating aid in order to fully fund schools.

Executive Budget Summary

Category	Recommended Increase
Foundation Aid	\$266 million
GEA Restoration	\$189 million
Expense-Based Aides	\$408 million
Community Schools	\$100 million
UPK for 3-yr olds	\$22 million
Early College High Schools	\$4 million
QUALITY Stars (UPK initiative)	\$2 million
TOTAL	\$991 million

Executive Budget Summary

- Increases statewide funding for **charter schools** by **\$27 million**.
- Includes the **Parent Choice in Education Act** that creates three new tax credit programs totaling **\$150 million**
 - ▣ **Education Scholarship & Program Tax Credit:** provides \$50 million for scholarships to attend non-public schools by allowing corporations and individuals a credit equal to 75% of their authorized contributions, up to \$1 million
 - ▣ **Family Choice Education Tax Credit:** provides \$70 million for families with incomes below \$60,000 for tuition expenses to private schools, up to \$500 per student.
 - ▣ **Instructional Materials & Supplies Credit:** provides \$10 million for teachers who purchase school supplies, up to a maximum of \$200 per teacher.
- Provides **\$174 million** to **reimburse non-public schools'** costs for State-mandated activities.

Executive Budget Summary

- The Governor's proposed School Aid (\$991 million) **falls well short** of the recommendations by the ECB (\$1.7 billion) and Regents (2.2 billion) to adequately fund schools.
- The Governor's proposed budget **does not eliminate the GEA** In 2016-17, it only reduces it (\$189 million of \$434 million).
- **Foundation Aid** for many school districts is essentially **flat**, as the CFE formula has not been funded since 2008-09.
- The Governor's budget appears to **fully fund** expense-driven aids.
- Adding tax credits, additional funding for charter & private schools, and a new Community Schools aid category without fully finding Foundation Aid or eliminating the GEA is a serious problem.

Comparison of School Aid Proposals

Item	ECB	Regents	Executive Budget
Overall Increase	\$2.2 billion includes \$1.7 billion to support school services	\$2.4 billion, includes \$2.1 billion in formula aids	\$991 million – Governor says \$2.1 billion over two years
Foundation Aid	\$1.1 billion	\$1.3 billion	\$266 million
GEA	\$434 million (completely gone)	\$434 million (completely gone)	\$189 million – Governor says GEA will be gone over two years
Expense-Based Aids	\$411 million	\$408 million	\$408 million
UPK	\$330 million	\$318 million	\$22 million to expend to 3 yr olds
Tax Credits	None	None	\$150 million
Non-Public Schools	None	None	\$174 million
Charter Schools	None	None	\$27 million

Formulas Are Not Always Fair

- If the true formula ran, **199 districts would get \$0** in Foundation Aid because of their wealth
- Instead of fixing the formula, **other aids were created**, for example “High Tax Aid” - \$223 million
- Foundation Aid never decreases, even if enrollment, student need, or local wealth differs – districts are “**held harmless**”
- **216 districts** receive more Foundation Aid than the formula allows for.
- If the formula ran as it is supposed to, Clarence would receive:
 - ▣ \$1,817,020 in GEA Restoration
 - ▣ \$989,324 in Foundation Aid
 - ▣ A TOTAL OF \$2,806,344

Clarence Budget Development

January 25, 2016

Overall Budget Philosophy

- **Protect the core programs of the district.**
 - ▣ What do we want the district to be?
 - ▣ Looking beyond the numbers – what opportunities for students need to be available?
- **Exhibit fiscal responsibility with tax dollars.**
 - ▣ Understand the fiscal environment - locally, statewide & nationally
 - ▣ Be sensitive to the issue of tax fatigue, promote total transparency & communication

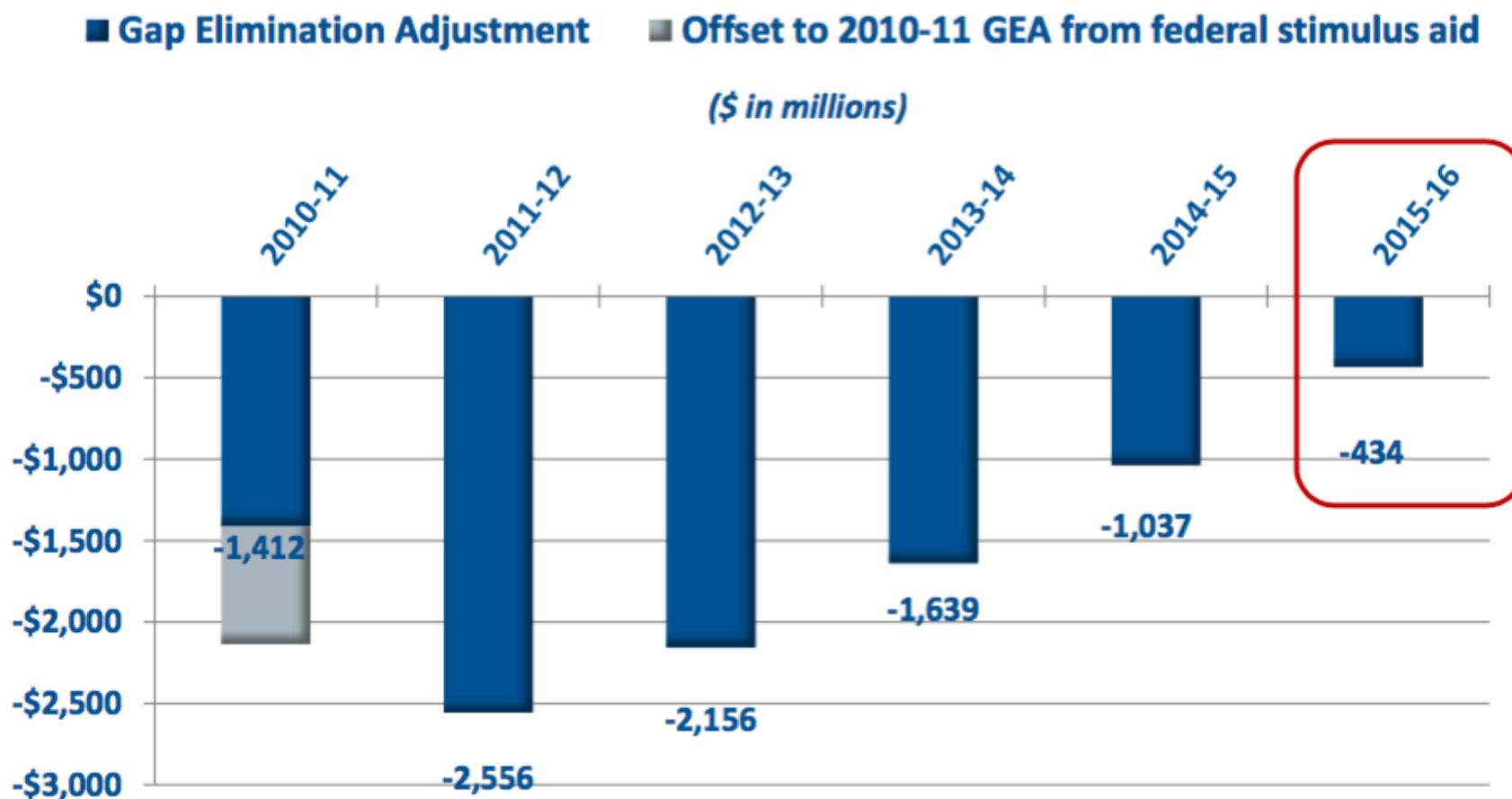
Revenue Update – 2016-17

- Great Recession reductions in State Aid beginning in 2009 have **never fully recovered**.
- Even with temporary Fiscal Stabilization Grants added in, **school aid funding dropped over 10%** between 2009 and 2011.
- Temporary federal aid was **exhausted** in 2011.
- A cap on future growth in state aid was built into the 2011-12 State Budget. **The state aid cap** is tied to growth in NYS personal income.
- The **Gap Elimination Adjustment** has significantly reduced school aid over the past six years
- **Foundation aid** to Clarence is **7% lower** this year than if the proper formula was calculated, which equals an additional \$989,324

Clarence History of aid lost to Gap Elimination Adjustments

2010-11:	(\$3,849,241)
2011-12:	(\$3,915,994)
2012-13:	(\$3,691,502)
2013-14:	(\$3,549,049)
2014-15:	(\$2,848,773)
2015-16:	(\$1,817,020)
2016-17 (Exec Budget):	(\$1,258,116)
TOTAL:	(\$20,929,695)

The GEA should be gone in the next state budget – \$434 million remaining



SOURCE: Council analysis of NYSED School Aid data

Revenue Update – 2016-17

- The **property tax cap** constrains the amount of revenue that can be raised.
- Clarence has kept property **tax increases low** over the past seven years.
- Clarence has been at or below the level of the **property tax cap** each year it has been in existence.
- There has been limited action on **mandate relief**, and expensive new mandates have been adopted, specifically, APPR & Common Core implementation.

Revenue Assumptions 2016-17

- We anticipate a 1% increase in **sales tax**
- **Local revenues** will remain **flat** (interest rates, PILOTS, and miscellaneous sources)
- **Appropriated** fund balance will increase by \$150,000
- Tax levy Cap estimate of **2.99%**, based on current trends (FINAL CAP DETERMINATION MARCH 1st)
 - ▣ Tax revenue generates approximately \$1.3 million
- **NYS School Aid:** anticipated to increase by approximately \$670,000

State Aid For Clarence – Executive Budget Run

Aid Category	Amount	Change in 2016-17
Foundation Aid	\$13,573,662	\$0
Expense-Based Aids (Building, Transportation, BOCES, Spec. Ed.)	\$10,156,803	\$264,363
Other Aides (Hardware, Software, Textbook, Library)	\$715,238	\$135,139
UPK	\$243,000	\$0
GEA	-\$1,258,118	\$558,000

Expenditure Update – 2016-17

- **Wages** are up 3% overall
 - ▣ Salaries and benefits comprise about 75% of school spending.
- **Retirement system** costs are down slightly
- **Special education** costs are up about 1%
- **Debt Service** is up about \$540,000 due to new issues
- **Health care expenses** were estimated to increase by 10-15%, however Clarence's self-funding initiative will cut that increase to 5%.
 - ▣ All employee groups contribute more toward health care
- All **other costs** (BOCES, utilities, supplies, equipment) up 1%

Expenditure Update – 2016-17

- Some cost increases have been mitigated via **efficiency measures**
 - ▣ Shared Transportation Supervisor with Akron
 - ▣ NYSIR cooperative for school insurance
 - ▣ PERMA cooperative for workers compensation
 - ▣ BOCES & SMEC cooperative purchasing agreements
 - ▣ HVAC & Electrical savings with new equipment purchased as part of the building project

Eight Years of Fiscal Conservatism in Clarence

Budget Year	Spending Increase	Tax Levy Increase	Tax Cap	Use of Fund Balance
2008-09	4.3%	-3.3%	No Cap	\$4.0 million
2009-10	1.8%	0%	No Cap	\$5.0 million
2010-11	2.8%	1.1%	No Cap	\$5.0 million
2011-12	-2.1%	2.8%	No Cap	\$5.0 million
2012-13	2.5%	2.2%	At Cap	\$5.0 million
2013-14	-2.3%	3.6%	At Cap	\$1.5 million
2014-15	2.5%	3.2%	At Cap*	\$1.9 million
2015-16	3.8%	3.8%	Below Cap*	\$1.9 million
8 YR. AVERAGES	1.7%	1.7%	*increase rebated	

Personnel and Program Reductions

Year	Non-Personnel Cuts	Personnel Cuts	Total Reduction	FTE
2011-12	\$291,746	\$1,446,000	\$1,737,746	28.9
2012-13	\$594,500	\$1,664,000	\$2,258,500	31.2
2013-14	\$660,400	\$3,617,775	\$4,278,175	53.5
2014-15	NO REDUCTIONS – RESTORE CLUBS & SPORTS			
2015-16	NO REDUCTIONS – RESTORE 11 TEACHING POSITIONS			
5 Yr. TOTAL	\$1,546,646	\$5,927,775	\$8,274,421	102.6

Program Update – 2016-17



- Our goals in the 2016-17 budget are:
 - ▣ **no staff reductions** and,
 - ▣ **maintain all existing programs.**
- The capped tax levy alone will not provide enough funds to restore personnel or programs.
- We will have to count on **larger increases in state aid** in order to restore additional personnel.

Positive Program Elements

- ❑ 65% of students earn Advanced Designation Diplomas
- ❑ 95% of students attended a 2- or 4-year college
- ❑ Nationally recognized music program, 30 performing groups 1,672 participants
- ❑ Reasonable class sizes at most elementary grades
- ❑ 60 elective course offerings at CHS
- ❑ National Finance & Business Academy – 27 graduates last year
- ❑ Project Lead the Way (engineering) fully certified program – 30 graduates last year
- ❑ 19 Advanced Placement and 12 college level course offerings
- ❑ Full athletic program – 69 teams with 1,775 participants
- ❑ 60 extracurricular opportunities at CMS & CHS

1st overall in **cost-effectiveness** out of 96 WNY school districts

2nd overall in **cost-effectiveness** out of upstate school districts

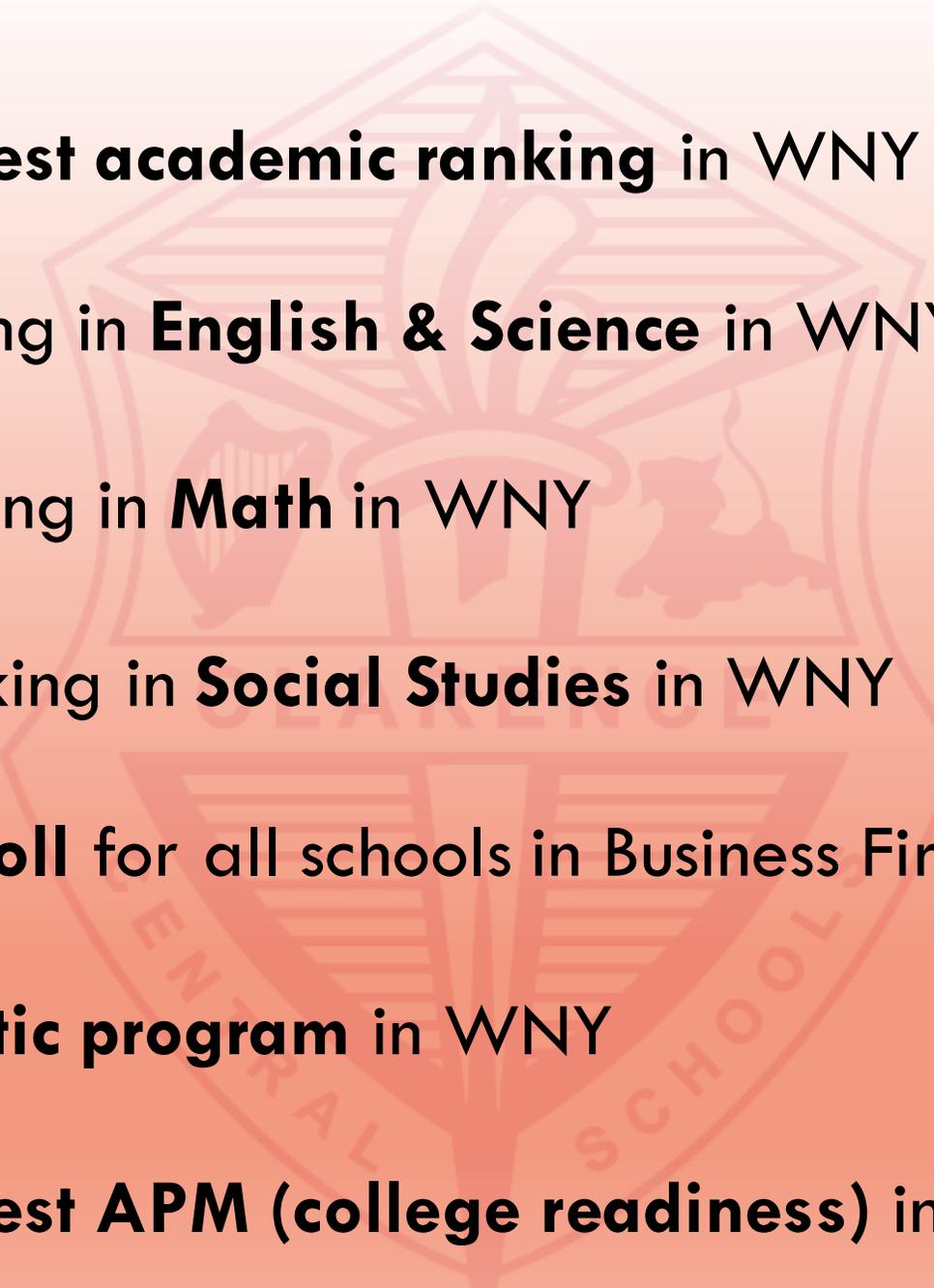
6th overall in **administrative efficiency** in WNY

8th overall in **administrative efficiency** upstate

2nd **lowest spending per pupil** in WNY

5th **lowest spending per pupil** in NYS

2nd **lowest full value tax rate** in WNY



3rd highest academic ranking in WNY

1st ranking in English & Science in WNY

2nd ranking in Math in WNY

15th ranking in Social Studies in WNY

Honor Roll for all schools in Business First

1st athletic program in WNY

3rd highest APM (college readiness) in NYS

2016-17 Budget: Draft # 1 Assumptions

- The **Tax Levy will be at the cap level** (exact cap number still to be determined)
- **No budget reductions** of any kind, including staff reductions (teacher, support or administrative)
- We anticipate **10 teacher retirements** & have built them into the budget
- **Wages** are anticipated to go up 3%
- **Pension** costs decrease by \$200,000 ?
- **Debt service** increase by \$540,000 for refinancing & new issues
- **All other expenses** (BOCES, utilities, fuel, supplies, materials, equipment) up 1%
- **Health care** expenses up 5%
- We will use a combination state aid & miscellaneous revenues to stay within the tax cap for 2016-17.
- The administration is recommending the BOE consider a proposition for purchasing buses.

2016-17 Budget: Draft #1

Budget Element	Cost Estimate
2015-16 Budget Total	\$75,392,377
Tax Levy Increase for 2016-17 (estimated cap 2.99% – actual number is due by March 1)	\$1,300,000
Other Revenue Increase for 2016-17: (State Aid, Sales Tax, Medicaid, Interest)	\$912,647
Appropriated Fund Balance Increase for 2016-17	\$150,000
2016-17 Budget Total	\$77,754,984

Bus Purchase Plan – 2016-17

#	Bus Type	Unit Cost	Total Cost
3	72 Passenger Buses	\$119,339.40	\$358,018.20
2	72 Passenger Buses (luggage racks)	\$121,625.04	\$243,250.08
1	Wheelchair Van	\$66,921.69	\$66,921.69
3	30 Passenger Buses	\$51,625.12	\$154,487.36
9	TOTAL		\$822,677.33

Tax Freeze Credit

- Homeowners will receive a **rebate on the increase to their school taxes** in 2016-17 if:
 - ▣ The school budget stays within the property tax cap,
AND
 - ▣ The school district puts forward a compliant efficiency plan to save 1% of their tax levies in each of the following three years.
- Clarence has teamed with Erie 1 BOCES to generate a regional Government Efficiency Plan that meets the conditions listed by NYS.

2016 Budget Development Sessions

□ **Special Budget Study Workshops**

- *January 25, 2016*

- February 22, 2016

- March 14, 2016

□ **Regular Board Meetings**

- February 8, 2016 (Ledgview)

- March 14, 2016 (CHS)

- April 4, 2016 (CHS – Budget Adoption)

- May 9, 2016 (Budget Public Hearing)