



CLARENCE SCHOOL DISTRICT: 2017-18 BUDGET STUDY SESSION #1

January 30, 2017

Agenda for January 30th Presentation



- **Review the Governor's Executive Budget Proposal**
- **Review the First Draft 2017-18 Clarence Budget**



Governor's Executive Budget

January 30, 2017

Executive Budget Summary

Category	Recommended Increase
Foundation Aid Community Schools Set-Aside - \$50 million	\$428 million
Expense-Driven Aids (trans., BOCES, spec. ed.)	\$333 million
Fiscal Stabilization Fund	\$150 million
Empire After-School Program	\$35 million
Expanded UPK for 3- and 4-yr. olds	\$5 million
Early College High Schools	\$5 million
Other Education Initiatives	\$5 million
Charter School Tuition Reimbursement	\$22 million
Smart Schools Debt Service	\$17 million
TOTAL	\$1 billion

Executive Budget Summary

□ **Foundation Aid**

- The Governor's budget **repeals the existing Foundation Aid formula**
 - The formula has been in place since 2007 – CFE Lawsuit
 - Repealing the formula also eliminates the \$4 billion aid owed by NYS
- Each district receives a **sum equal to 2016-17 plus a base increase**
- The **base increase** reflects a **new formula**:
 - Differences in pupil needs (poverty, geographic sparsity, ELL)
 - Local ability to fund education
 - A regional cost index
 - Guaranteed minimum increase of 1% - maximum increase of 15%
- **Community Schools** eligibility is limited to persistently struggling schools

Executive Budget Summary

- **Fiscal Stabilization Fund**
 - \$150 million will be allocated through negotiations with legislators
- **UPK**
 - \$5 million in grants to expand for 3- and 4-yr olds
- **Early College High Schools**
 - Ten new Early College High Schools are funded with a priority for computer science
- **AP Fee Waivers**
 - \$2 million to offset the fees for AP exams not covered by federal funds or local funding
- **Master Teacher Program**
 - \$2.5 million to fund \$15,000 for high performing teachers in computer science and \$5,000 for high performing teacher professional development

Executive Budget Summary

□ Charter Schools

- \$22 million for tuition reimbursement
- Eliminates cap on charters that may be restored after a closing
- Unfreezes charter school tuition – phased over three years.

□ Millionaire's Tax

- Retained for three years – generates \$3.4 billion

□ STAR

- Free increases in STAR reimbursement

Executive Budget Analysis

- The Governor's proposed School Aid (\$1 billion) **falls well short of the total aid recommendations** by the ECB (\$2 billion) and Regents (2.1 billion) to adequately fund schools.
- The Governor's proposed budget **does not fully fund Foundation Aid in 2016-17** (\$3.8 billion needed).
- It is our view that the Governor should fully fund Foundation Aid before allocating additional funding for **new programs**.
- The Governor's seeking unilateral power to **make mid-year budget changes** to education aid.

Comparison of School Aid Proposals

Item	ECB	Regents	Executive Budget
Overall Increase	\$2.0 billion	\$2.1 billion	\$1.0 billion
Foundation Aid	\$1.5 billion	\$1.47 billion	\$428 million
Foundation Formula	<ul style="list-style-type: none"> Conduct a new study to determine the actual cost per student Revisit weightings for poverty, disabilities, ELL, enrollment Phase in new formula over 3 years 	<ul style="list-style-type: none"> Update existing formula for poverty & income wealth index (IWI), & inflation 3-Year Phase-in of existing formula Minimum 1% increase for “save harmless” 	<ul style="list-style-type: none"> Repeals existing formula Gives districts what they received the previous year plus an increase determined through new formulas each year
Expense-Based Aids	\$331 million	\$340 million	\$333 million
UPK	None	\$100 million	\$5 million
Other Aides	Struggling schools & pathways: \$500 million	ELL: \$100 million Prof Dev: \$30 million Pathways: \$60 Million	Fiscal Stab.: \$150 million After-School: \$35 million Early College: \$5 Million
Tax Cap Changes	<ul style="list-style-type: none"> Stable 2% allowable levy growth factor (no CPI) BOCES capital cost exclusion Include PILOTS in tax base growth factor 	None	None
Charter Schools	None	None	\$22 million
Save Harmless	Yes - \$253 million	Yes – 1% increase min.	Yes – 1% increase min.

Advocacy Efforts



- Add additional dollars to Foundation Aid
- Calculate an adequate, equitable, sustainable, and predictable Foundation Aid formula
- Fix the Tax Cap
- Allow districts in good standing flexibility
- De-link school aid and educator evaluations



Clarence Budget Development

January 30, 2017

Overall Budget Philosophy

- **Protect and enhance 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

CCSD Budget Process

1. Feedback sessions with administrators & supervisors
2. Estimate total revenue
3. Determine budget increases to sustain programs
4. Review prior year budget expenditures
5. Consider program enhancements
6. Estimate preliminary budget
7. Review state aid allocations from Executive & Legislative budgets
8. BOE approval of proposed budget
9. Community vote

Revenue Update: 2017-18

- There are three big **drivers of revenue** in school budgets
 - ▣ Property Taxes
 - ▣ State School Aid
 - ▣ Sales Tax
- The **property tax cap** constrains the amount of revenue that can be raised.
 - ▣ Clarence has kept property **tax increases low** over the past nine years.
 - ▣ Clarence has been at or below the level of the **property tax cap** each year it has been in existence.

Revenue Update: 2017-18

- **State School Aid** is also capped
 - ▣ **The state aid cap** is tied to growth in NYS personal income.
 - ▣ Great Recession reductions in state aid beginning in 2009 have **never fully recovered**.
 - ▣ The **Gap Elimination Adjustment** significantly reduced school aid over the past six years and was only eradicated in 2016-17.
 - ▣ **Foundation aid** to Clarence is **6% lower** this year than if the proper formula was calculated
 - ▣ The increase in state aid the last couple of years has mitigated the impact of a lower tax cap.
 - ▣ Clarence is now **more dependent on state aid** as a revenue source.

Revenue Assumptions: 2017-18

- **Sales Tax** increase of 2%
- **Local revenues** will remain **flat** (interest rates, PILOTS, and miscellaneous sources)
- **Appropriated Fund Balance & Appropriated Reserves** may increase if State Aid is low
- **Tax Levy Cap estimate of 1.7%**, based on current trends
 - ▣ Final tax cap determination will be on March 1st
 - ▣ Tax levy revenue generates approximately \$790,000
- **NYS School Aid:** anticipated to increase by approximately 3% - not yet there under the Governor's budget

Expenditure Update: 2017-18

- **Wages** are **up** 3% overall
 - ▣ Salaries and benefits comprise about **75%** of school spending.
- **Retirement system** costs are **down** \$100,000
- **Special education** costs are **up** about 2%
- **Debt Service** costed out as per schedule
- **Health care expenses** **up** by 5%
 - ▣ Self-funding has limited the increase
 - ▣ All employee groups contribute more toward health care
- All **other costs** (BOCES, utilities, supplies, equipment) **up** 1%
- Some cost increases have been mitigated via **efficiency measures**

Nine 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
2016-17	3.6%	2.7%	Below Cap*	\$1.2 million
9 YR. AVERAGES	1.9%	1.8%	*increase rebated	

Program Update: 2017-18

- Our goals in the 2017-18 budget are:
 - ▣ **no staff reductions** and,
 - ▣ **maintain or improve all existing programs.**
- The capped tax levy alone **will not provide enough** funds to maintain existing programs.
- The Governor's Budget **does not provide enough** state aid to balance the budget.
- We will have to count on **larger increases in state aid and the use of reserves** in order to fund a rollover budget.

Historical Personnel Reductions

<u>Year</u>	<u>Teachers Reduced/ Retirements Not Filled</u>	<u>Other Employees</u>
2011-12	-15	-13
2012-13	-13	-17
2013-14	-33	-20
2014-15	RESTORE CLUBS & SPORTS	
2015-16	+11	+2
2016-17	+4	+4

Positive Program Elements

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□ **Class of 2016 Accomplishments**

- 61% of students earn **Advanced Designation Diplomas**
- 93% of students attended a **2- or 4-year college**
- National Finance & Business Academy – 20 graduates last year
- Project Lead the Way (engineering) fully certified program – 27 graduates last year
- Over 26,000 hours of community service

□ **Program Accomplishments**

- Nationally recognized music program, 30 performing groups 1,672 participants
- Reasonable class sizes at most elementary grades
- 60 **elective** course offerings at CHS
- 19 Advanced Placement and 12 college level course offerings
- Full athletic program – 69 teams with 1,642 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 431 upstate school districts

2nd overall in **administrative efficiency** in WNY

3rd overall in **administrative efficiency** upstate

3rd **lowest spending per pupil** in WNY

2nd **highest teacher experience** in WNY

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



3rd highest academic ranking in WNY

1st ranking in Science in WNY

2nd ranking in Math in WNY

15th ranking in Social Studies in WNY

4th ranking for English in WNY

2nd ranking for athletic program in WNY

3rd highest APM (college readiness) in NYS

Fiscal Comparisons

Fiscal Category	Clarence	Similar Schools	All School Districts
Expenditures Per Pupil – General Ed.	\$9,137	\$14,396	\$11,949
Expenditure Per Pupil – Spec Ed.	\$17,502	\$39,462	\$30,667
Total Expenditures Per Pupil	\$16,158	\$26,207	\$22,556
SWD Classification Rate	12.2%	12.3%	14.7%

Academic Comparisons

Academic Indicator	Clarence	Erie County	NYS
Graduation Rate (4 year)	94%	84%	80%
Regents Diploma with Advanced Designation	62%	42%	36%
Grade 3 ELA Proficiency	68%	39%	42%
Grade 4 ELA Proficiency	59%	36%	41%
Grade 5 ELA Proficiency	60%	29%	33%
Grade 6 ELA Proficiency	61%	32%	34%
Grade 7 ELA Proficiency	60%	30%	35%
Grade 8 ELA Proficiency	61%	35%	41%
Grade 3 Math Proficiency	82%	40%	44%
Grade 4 Math Proficiency	76%	41%	45%
Grade 5 Math Proficiency	71%	38%	40%
Grade 6 Math Proficiency	71%	36%	40%
Grade 7 Math Proficiency	61%	30%	36%
Grade 8 Math Proficiency	38%	17%	24%

2017-18 Budget: Draft # 1 Assumptions

- The **Tax Levy will be at or below the cap level** (estimated at **1.7%**, the exact number will be calculated before March 1st)
- **No budget reductions** of any kind, including staff reductions
- We anticipate **7 teacher retirements** & have built them into the budget
- **Wages** are anticipated to go **up 3%**
- **Pension** costs **decrease** slightly
- **Debt service** will run according to schedule
- **All other expenses** (BOCES, utilities, fuel, supplies, equipment) **up 1%**
- **Health care** expenses **up 5%**
- **We will use a combination state aid, miscellaneous revenues and reserves to stay within the tax cap for 2017-18.**
- The administration is recommending a proposition for **purchasing buses.**

2017-18 Budget: Draft #1

Budget Element	Cost Estimate
2016-17 Budget Total	\$78,113,100
2017-18 Tax Levy Increase (estimated cap 1.7% – actual number is due by March 1)	\$790,000
2017-18 Other Revenue Increase: (State Aid, Sales Tax, Medicaid, Interest, Appropriated Reserves & Appropriated Fund Balance)	\$1,306,140
2017-18 Budget Total	\$80,209,240

Bus Purchase Plan: 2017-18

#	Bus Type	Unit Cost	Total Cost
5	72 Passenger Buses	\$116,338.86	\$581,694.30
2	Wheelchair Vans	\$70,186.18	\$140,372.36
2	30 Passenger Buses	\$57,526.26	\$115,052.52
	Estimates for Trade-in's		-\$17,100
9	TOTAL		*\$820,019.18

* 10-12 year replacement cycle for buses

* Impact of bus purchase is tax cap neutral

2017 Budget Development Sessions

□ **Special Budget Study Workshops**

- January 30, 2017

- February 27, 2017

- March 27, 2017

□ **Regular Board Meetings**

- February 13, 2017 (Clarence Center)

- March 13, 2017 (CHS)

- April 17, 2017 (CHS – Budget Adoption)

- May 8, 2017 (Budget Public Hearing)

- May 16, 2017 (Public Budget Vote)