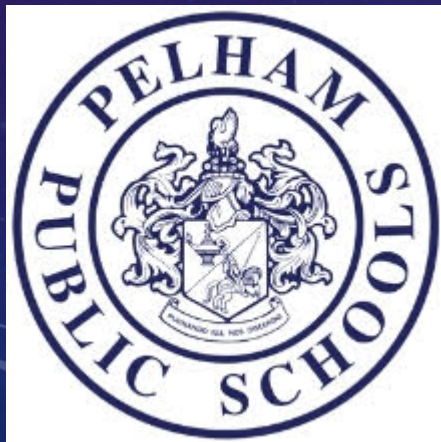


PELHAM PUBLIC SCHOOLS 2020-21 PRELIMINARY BUDGET



SATURDAY, MARCH 7, 2020

2020-21 BUDGET GOAL

- Develop a responsible budget that manages the District's short and long-term finances in a way that balances the preservation of program, staffing, and operational efficiencies.
 - **Cultural Competence** – Cultivate an empathetic, inclusive and equitable community that values and encourages respect, voice and agency for all students.
 - **Authentic Learning** – Develop innovative problem solvers, critical and creative thinkers, effective communicators and strong collaborators who can apply their knowledge and skills to navigate real world challenges.
 - **Whole Child** – Deepen our systemic academic and social-emotional supports for the health, safety and well-being of the whole child, recognizing that our learners need to balance academic, physical, social, and emotional demands.

BUDGET AT A GLANCE

Total Appropriations \$77,370,000

Budget-to-Budget Increase 3.26%

Projected Allowable Tax Levy Increase* 3.15%

Tax Levy Increase per Preliminary Budget* 3.15%

*Subject to change pending State Aid runs from NYS, upcoming BAN issuance (March 2020), and ongoing budget development process

BUDGET HIGHLIGHTS

The Preliminary Budget:

- Complies with NYS tax cap legislation
- Aligns with the Strategic Plan
- Maintains student instructional, extracurricular and athletic programs
- Maintains class sizes within BOE guidelines
- Provides for academic and social-emotional needs of students

PROGRAMMATIC ENHANCEMENTS

- Continuing professional development for integration of the International Baccalaureate Middle Years Programme at Pelham Middle School and at Pelham Memorial High School in grades 9 and 10, DBT, Responsive Classroom, STEAM, literacy, civic discourse, cultural competence, performance-based assessments and next generation learning standards;
- Increasing the Literacy Staff Developer position to full time to better support Literacy initiatives K-12;
- Updating elective offerings at the high school in humanities and STEAM;
- Ensuring that class sizes across all grade levels are at or below Board of Education guidelines;
- Continuing implementation of mobile learning devices as well as exploring emerging technologies that support learning and teaching;
- Adding Modified Cheerleading to build a stronger program for the District
- Supporting expansion of innovative and flexible furnishings.

COMPONENTS OF TAX INCREASE

Operating Budget (Subject to Tax Cap)		
• Growth Factor	0.44%	
• CPI: 1.81% (applied to levy, less capital exclusions)	1.76%	
Total Operating Budget portion		2.20%
Capital Budget (Exclusion; Not Subject to Cap)		
• Drop in Building Aid	0.78%	
• 2018 Capital Project Funding (BANs)	0.74%	
• Reduction in Debt Service Payments	(0.04%)	
• Use of Debt Service Fund (premiums on BAN issuance)	(0.53%)	
Total Capital Budget Portion		0.95%
Total Tax Levy Increase*		3.15%

*Subject to change pending State Aid runs from NYS, upcoming BAN issuance (March 2020), and ongoing budget development process.

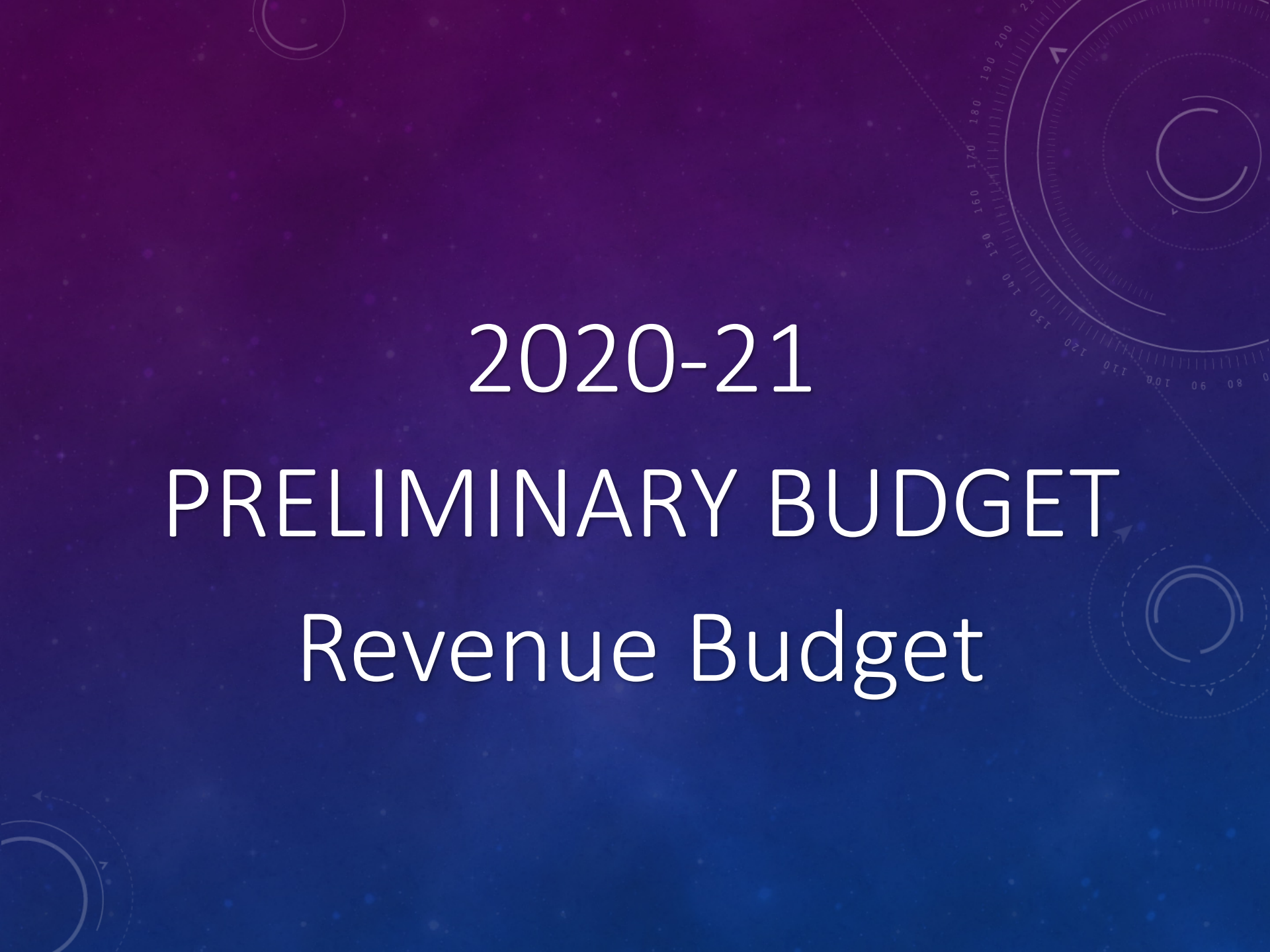
SIGNIFICANT COMPONENTS OF BUDGET CHANGE

Areas of Savings & Increased Revenues:

- 8 teacher and 2 administrator retirements
- Reduced out-of-district tuition costs due to shifting student need
- Westchester County sales tax increase

Areas of Increased Cost:

- Teachers' Retirement System (TRS) rate increase
- Health care rate increase
- Debt service related to 2018 Capital Projects
- Innovative/flexible classroom furnishing expansion
- Facilities project funding (HVAC control update & Glover Field track improvements)

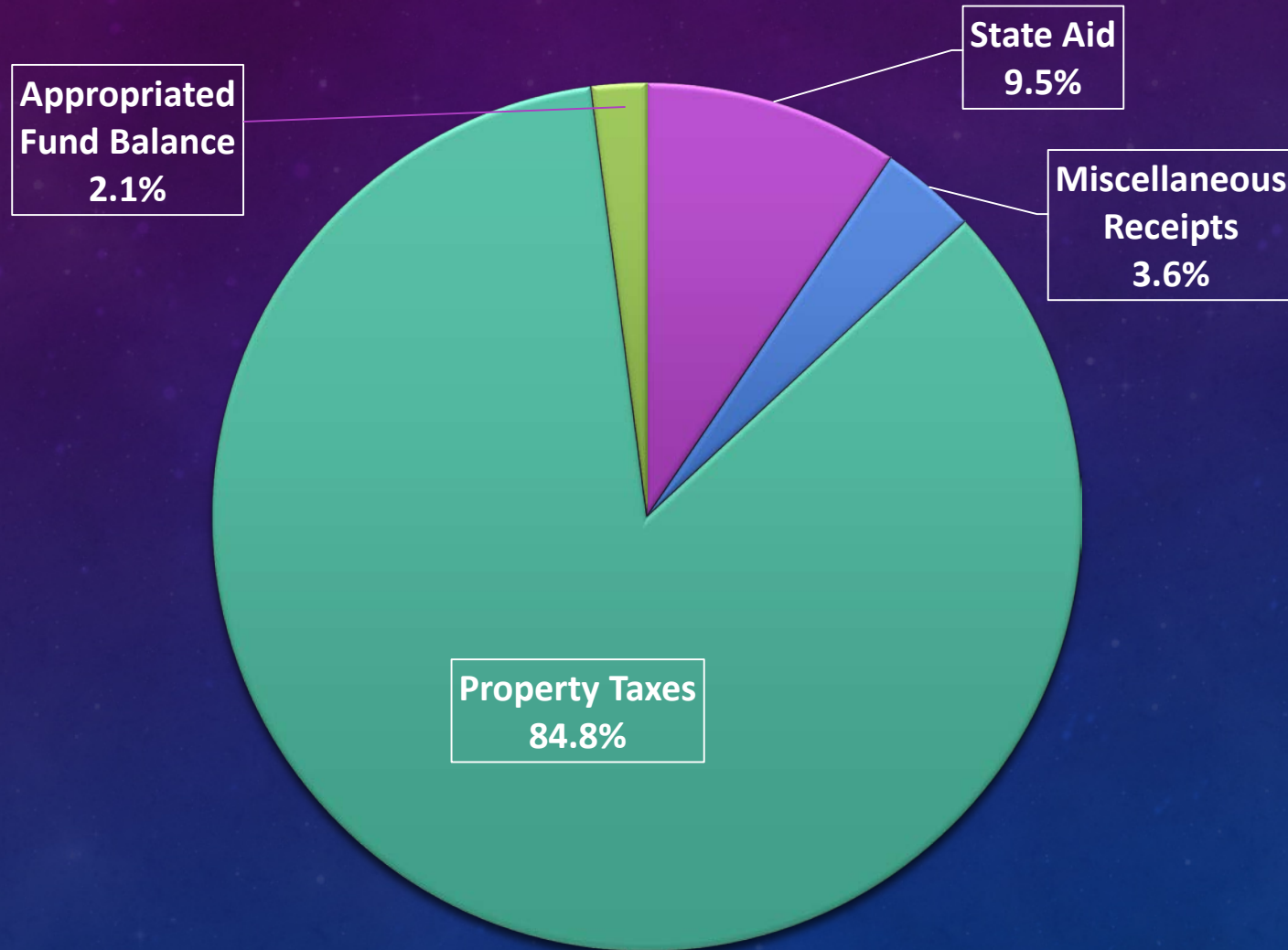


2020-21 PRELIMINARY BUDGET Revenue Budget

REVENUE BUDGET

Category	% Total Revenue	2019-20 Adopted Budget	2020-21 Preliminary Budget	Increase (Decrease)	% Change
Property Taxes	84.8%	\$63,646,306	\$65,652,370	\$2,006,064	3.15%
State Aid	9.5%	7,585,216	7,336,927	(248,289)	(3.27%)
Miscellaneous Receipts	3.6%	2,373,478	2,790,953	417,475	17.59%
Appropriation-Fund Balance	0.8%	700,000	655,000	(45,000)	(6.43%)
Appropriation-Debt Service Reserve	0.5%	-0-	334,750	334,750	n/a
Appropriation-ERS Reserve	0.8%	625,000	600,000	(25,000)	(4.00%)
TOTAL REVENUE	100%	\$74,930,000	\$77,370,000	\$2,440,000	3.26%

2020-21 REVENUE BUDGET



PROPERTY TAXES



NEW YORK STATE TAX CAP

- 2020-21 is the ninth year of the tax cap
- Limits tax levy growth to lesser of 2% or CPI, with adjustments for certain exclusions (thus, reference to “2% Tax Cap”)
 - CPI is 1.81% for 2020-21, therefore capped at 1.81%
- Allows exclusions for capital expenditures
- Also allows exclusions related to TRS and ERS pension costs in excess of 2 percentage point rate increase from year-to-year
 - Not applicable in 2020-21
- New for 2020-21: Allows for additional capital exclusion for BOCES facilities/capital expenditures (minimal impact for Pelham)

TAX LEVY CAP PROVISIONS

BUDGET VOTE PROVISIONS

If Budget is Within the Tax Cap Limit:

- ➡ Need simple majority to pass (50% + 1 voter)

If Budget is Above the Tax Cap Limit:

- ➡ Need a supermajority public vote to pass (60%)

If no Budget is Approved:

- ➡ Board of Education must adopt a Contingency Budget
- ➡ 0% tax levy increase
- ➡ \$2 million reduction to budget through a combination of expenditure reductions and increased appropriations of fund balance

2020-21 PROJECTED TAX LEVY CALCULATION

(Subject to change pending state aid runs from NYS, upcoming BAN issuance (March 2020), and ongoing budget development process)

NYS Tax Cap Formula Components		Amount	%
2019-20 Tax Levy		\$63,646,306	
x Tax Base Growth Factor		1.0044	0.44%
- Prior Year Exclusions	Capital	(1,852,646)	(2.91%)
= Prior Year Tax Levy Limit		62,073,704	
x Allowable Levy Growth Factor (lower of CPI or 2%)		1.0181	1.76%
= 2020-21 Tax Levy Limit (before Exclusions)		63,197,238	
+ Current Year Exclusions	Capital	2,455,132	3.86%
	Pension	\$0	0.00%
= 2020-21 Allowable Tax Levy		\$65,652,370	3.15%
2020-21 Preliminary Budget Tax Levy		\$65,652,370	3.15%

BUDGETING IN THE TAX CAP ERA

- District must bring expenditures in line with available revenue and reduce reliance on fund balance/reserve appropriations
- District has limited controllable revenue sources:
 - *Property Taxes--subject to cap and taxpayer tolerance/sensitivity*
 - *State Aid--formula driven and subject to political considerations*
- Use of Fund Balance/Reserves can be controlled but *these resources are limited* and the amounts appropriated should be gradually reduced until actual expenditures and actual revenues are in line (Goal is get to 1% of revenue)
 - *Appropriations of Fund Balance are not “true” revenue sources, rather they are considered “other financing sources” to meet the gap between “true” revenue and expenditures ... usage is like drawing on a savings account*

EFFECT OF SCHOOL TAX INCREASE

Example 1: \$500,000 home assessment – 2019-20 School Taxes (Base Year) = \$9,181

Assessed Value Change	2.00%	4.00%	6.00%
Estimated 2020-21 School Tax	\$9,295	\$9,478	\$9,660
Tax Increase from 2019-20 (annual)	\$115	\$297	\$479
Percent Change	1.25%	3.23%	5.22%

Example 2: \$920,000 home assessment - 2019-20 School Taxes (Base Year) = \$16,893

Assessed Value Change	2.00%	4.00%	6.00%
Estimated 2020-21 School Tax	\$17,104	\$17,439	\$17,774
Tax Increase from 2019-20 (annual)	\$211	\$546	\$881
Percent Change	1.25%	3.23%	5.22%

Example 3: \$1,350,000 home assessment - 2019-20 School Taxes (Base Year) = \$24,788

Assessed Value Change	2.00%	4.00%	6.00%
Estimated 2020-21 School Tax	\$25,098	\$25,590	\$26,082
Tax Increase from 2019-20 (annual)	\$310	\$802	\$1,294
Percent Change	1.25%	3.23%	5.22%

STATE AID

STATE AID - 9.5% of Revenue Budget

Category	% Total Aid	2019-20 Adopted Budget	2020-21 Preliminary Budget	Increase (Decrease)	% Change
Foundation Aid	50.9%	\$3,510,900	\$3,736,137	\$225,237	6.4%
Building Aid	16.5%	1,694,757	1,204,527	(490,230)	(28.9%)
BOCES Aid	18.3%	1,398,505	1,338,960	(59,545)	(4.3%)
Transportation Aid	6.4%	410,989	462,819	51,830	12.6%)
Instructional Materials Aid	3.6%	261,142	260,833	(309)	(0.1%)
High Tax Aid	1.6%	116,596	116,596	-	0.00%
All Other Aids	2.7%	192,327	217,055	24,728	12.9%
TOTAL STATE AID	100.0%	\$7,585,216	\$7,336,927	\$(248,289)	(3.3%)

MISCELLANEOUS RECEIPTS



MISCELLANEOUS RECEIPTS

- Tuition
 - Includes tuition for regular and special education non-resident students (secondary program only)
- Sales Tax
 - Represents the District's apportionment of NYS sales tax
 - Westchester County increased rate from 3% to 4% effective 8.1.19 (school districts receive 10% of the increase)
- Health Services
 - Reflects billings for health related services for certain non-resident students
- Refund of Prior Year Expenses
 - Includes annual BOCES refund, Arts-in-Education reimbursement from the PTAs & other recapture of prior year expenditures
- All Other Revenues
 - Includes utility payments from Town, interest earnings, rental charges for facility use and any other miscellaneous monies received

MISCELLANEOUS RECEIPTS - 3.6% of Revenue Budget

Category	2019-20 Adopted Budget	2020-21 Preliminary Budget	Increase (Decrease)	% Change
Tuition	\$1,027,854	\$1,115,088	\$87,234	8.5%
Sales Tax	715,000	1,000,000	285,000	39.9%
Health Services	133,000	122,000	(11,000)	(8.3%)
Refund-Prior Year Expenses, including Arts in Ed	315,000	345,000	30,000	9.5%
All Other	182,624	208,865	26,241	14.4%
TOTAL MISCELLANEOUS RECEIPTS	\$2,373,478	\$2,790,953	\$417,475	17.6%



APPROPRIATIONS AS OTHER FUNDING SOURCES:

USE OF FUND BALANCE & RESERVES

A NOTE REGARDING RESERVE FUNDS

- NYS recommends that school districts create reserve funds against certain long term liabilities of the school district
- Unlike the private sector, school districts are limited in the amount that can be maintained and the use of such funds

GOAL:

- Maintain reserves against liabilities of the District and support the budget appropriately through a planned utilization of reserves over time

APPROPRIATIONS

2.1% OF REVENUE BUDGET

2020-21 Preliminary Budget includes \$1,589,750 in Appropriated Fund Balance

Source	Amount	Notes
Prior Year Surplus	\$655,000	• Appropriation of General Fund fund balance at end of 2019-20 school year
		• Ongoing practice for most school districts
		• Reduction of \$45,000 from prior year
ERS Reserve	\$600,000	• Appropriation from Employee Retirement System Reserve
		• Partially offsets budgeted ERS expenditures of \$816,830
		• Reduction of \$25,000 from prior year
Debt Service Fund	\$334,750	• Represents use of premiums received/expected from Bond Anticipation Notes issued in connection with 2018 Capital Projects
		• Must use premiums to reduce debt service within one year



2020-21 PRELIMINARY BUDGET

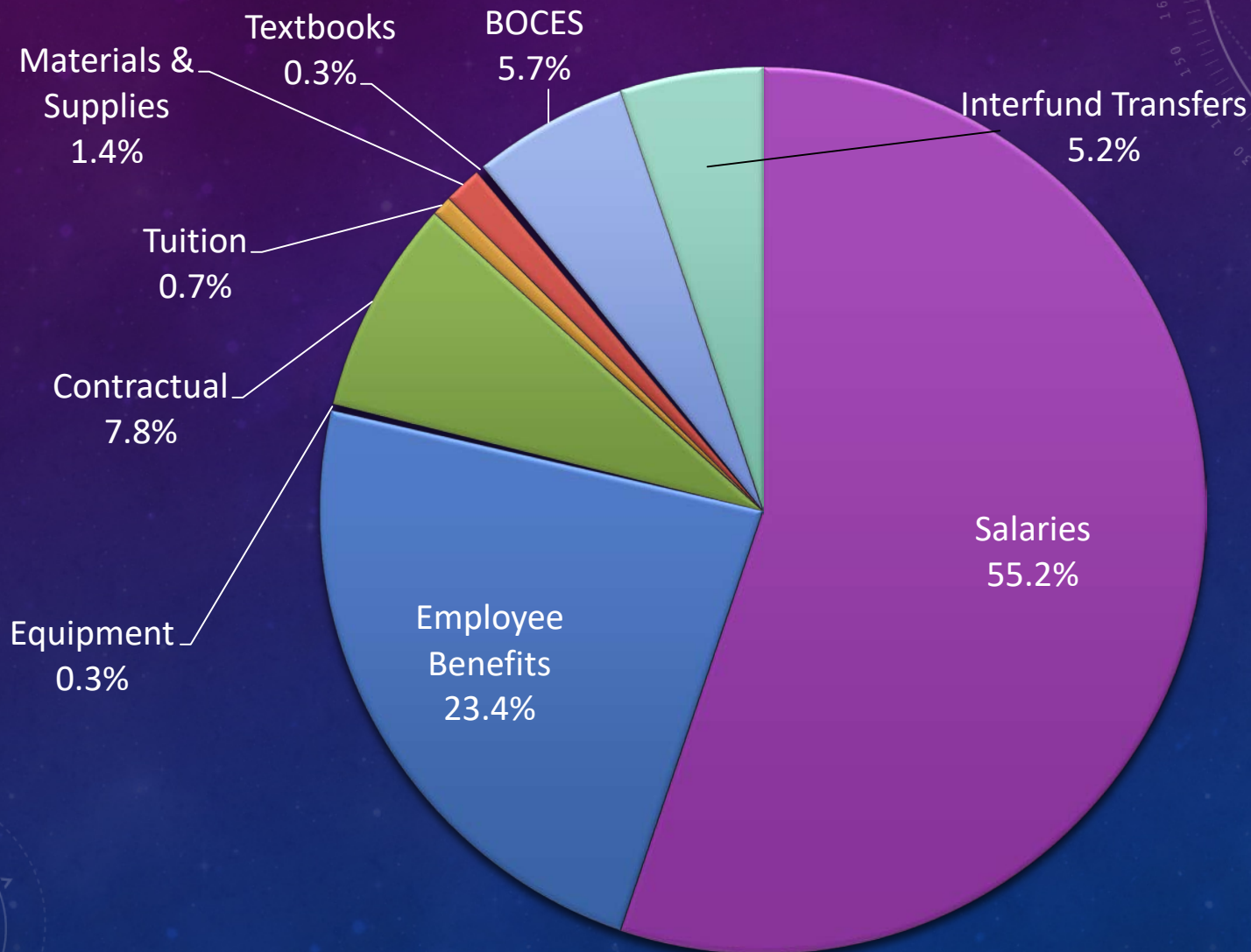
Expenditure Budget

EXPENDITURE BUDGET

Category	% Total Expense	2019-20 Adopted Budget	2020-21 Preliminary Budget	Increase (Decrease)	% Change
Salaries	55.2%	\$42,144,537	\$42,718,999	\$574,462	1.36%
Employee Benefits	23.4%	16,919,744	18,116,866	1,197,122	7.08%
Note: Salaries & Employee Benefits together comprise almost 80% of the Budget					
Contractual	7.8%	5,990,396	6,054,420	64,024	1.07%
BOCES Services	5.7%	4,028,941	4,394,931	365,990	9.08%
Interfund Transfer-Debt Service Fund	5.1%	3,547,403	3,994,409	447,006	12.60%
Materials & Supplies	1.4%	1,077,248	1,074,271	(2,977)	(0.28%)
Tuition	0.7%	850,902	575,000	(275,902)	(32.42%)
Textbooks	0.3%	203,769	206,354	2,585	1.27%
Equipment	0.3%	137,060	199,750	62,690	45.74%
Interfund Transfers – Special Aid Fund	0.1%	30,000	35,000	5,000	16.67%
TOTAL	100%	\$74,930,000	\$77,370,000	\$2,440,000	3.26%

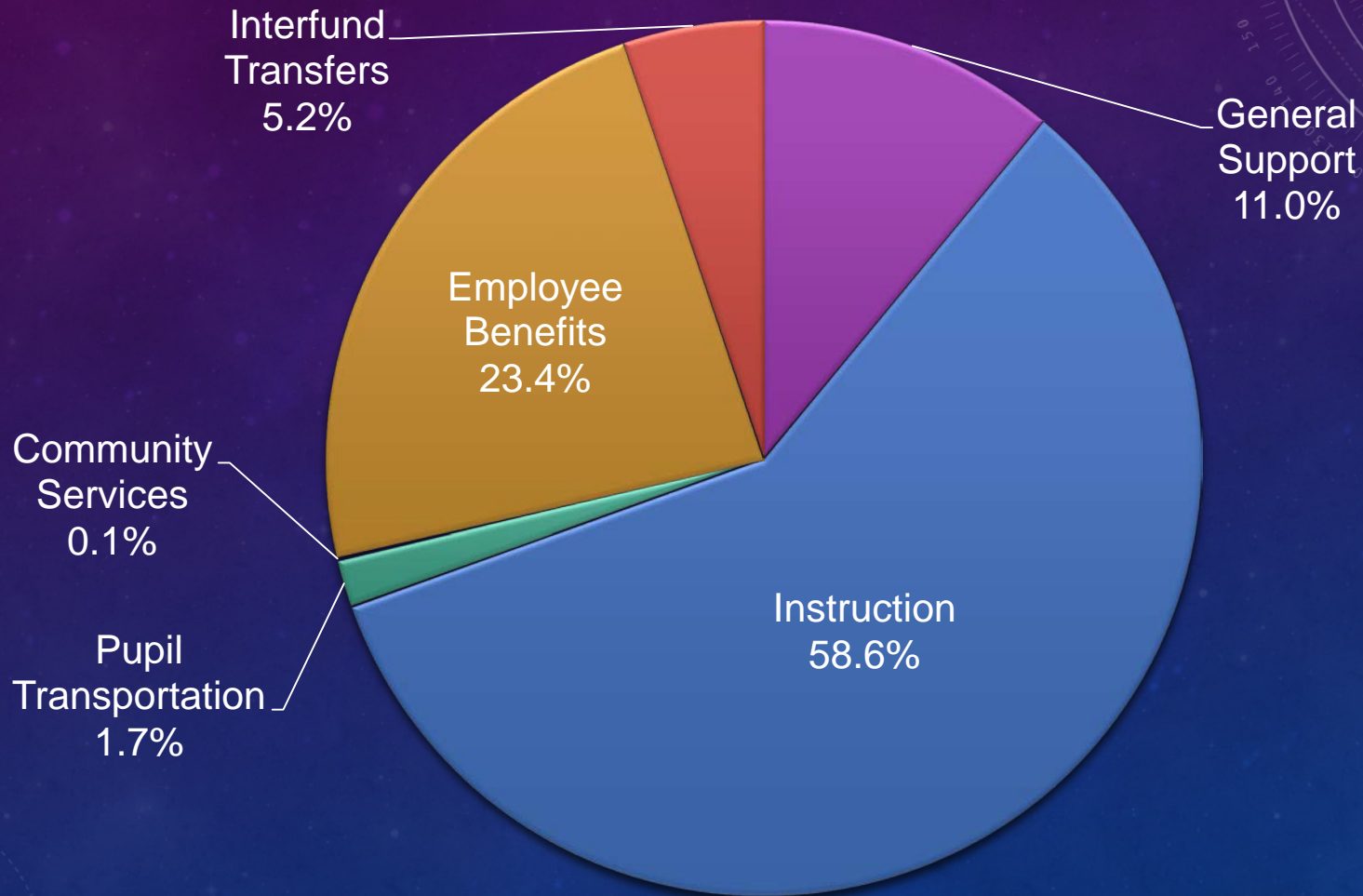
2020-21 EXPENDITURE BUDGET

BY OBJECT CODE



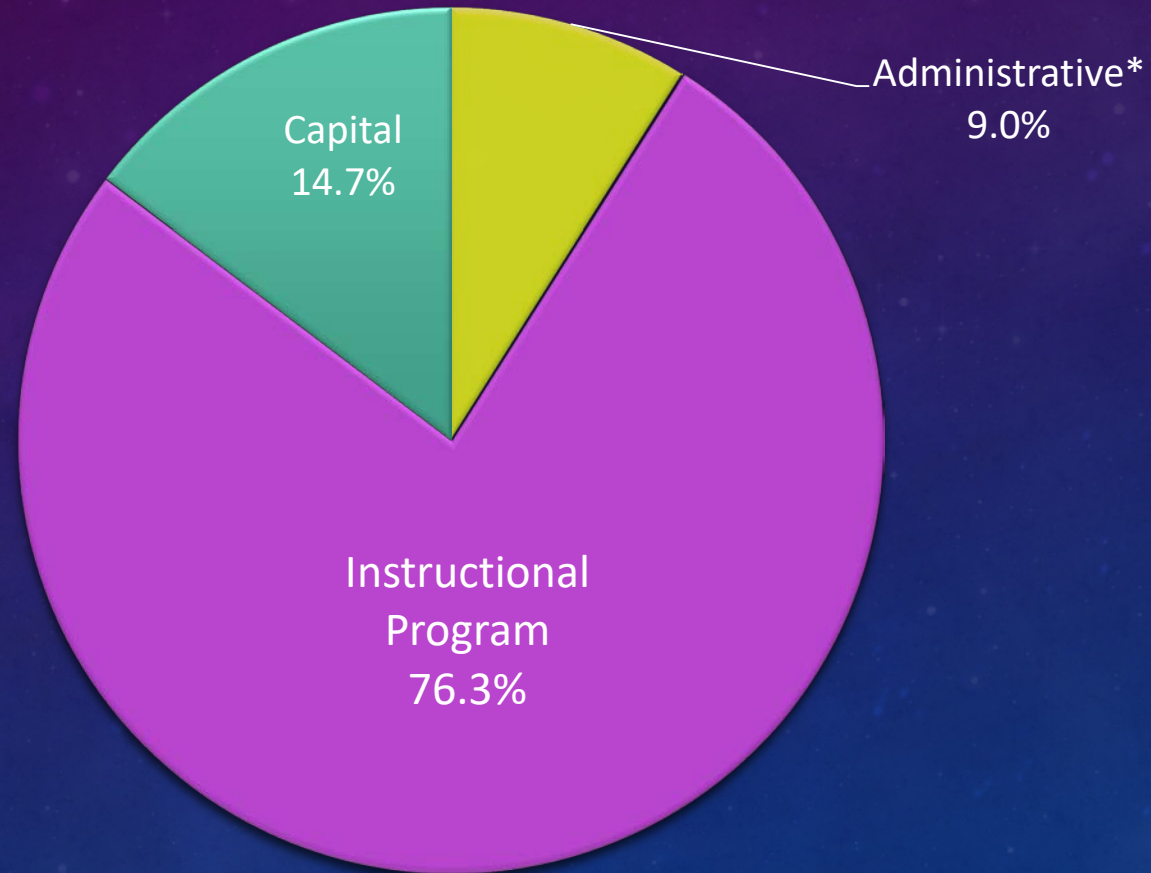
2020-21 EXPENDITURE BUDGET

BY FUNCTION CODE



2020-21 EXPENDITURE BUDGET

3 COMPONENT CATEGORIES



*Note: The Administrative portion of the budget cannot exceed 10% of the total budget per NYS law.

BUDGET CATEGORIES DRIVING BUDGET TO BUDGET CHANGE

Category of Spending	Budget Change	% Total Budget Change
Employee Benefits	\$1,197,122	1.60%
Salaries	574,462	0.77%
Interfund Transfer-Debt Service	447,006	0.60%
BOCES	365,990	0.49%
Contractual	64,024	0.09%
Equipment	62,690	0.08%
Interfund Transfer-Special Aid Fund	5,000	0.00%
Textbooks	2,585	0.00%
Materials & Supplies	(2,977)	(0.00%)
Tuition	(275,902)	(0.37%)
TOTAL	\$2,440,000	3.26%

OVERVIEW OF SIGNIFICANT BUDGET TO BUDGET CHANGES

- Employee Benefits, \$1,197,000 increase
 - Pensions
 - Teacher Retirement System (TRS), \$260,000 increase driven by rate increase from 8.86% to 9.53% (7.6%) and salary base increase
 - Employee Retirement System (ERS), \$36,000 increase with relatively flat rate
 - Health Insurance, \$848,500 increase
 - Medical insurance rate increase of 3.7% for current & non-Medicare eligible retirees
 - No increase for Medicare eligible retirees
 - Allowance for settlements of collective bargaining unit contracts

OVERVIEW OF SIGNIFICANT BUDGET TO BUDGET CHANGES

- Salaries, \$574,000 increase
 - Includes known contractual increases for administrators and custodial staff
 - Includes contractual step increases for teachers and clerical staff
 - Includes significant savings realized from retirements (8 teachers & 2 administrators)
- Interfund Transfer-Debt Service Fund, \$447,000
 - Increase due to interest expense on Bond Anticipation Notes used to fund 2018 Capital Projects
 - District received BAN issuance premium revenue (accounted for in the Debt Service Fund)
 - Such revenues are being appropriated to offset debt service (as noted in Revenue presentation)

OVERVIEW OF SIGNIFICANT BUDGET TO BUDGET CHANGES

- BOCES, increase \$366,000
 - Administrative charges (shared by member districts), \$23,000 increase
 - Copier leases district-wide (transferred to BOCES in 2019-20), \$74,000
 - Estimated hardware purchase & repair, \$36,000 (not usually estimated on initial request for services)
 - Installment purchase agreement, increase \$20,000
 - Classlink, Frontline, RTIM Direct, Frontline PD: increases totaling \$40,000 (new or enhanced level of services)
 - Interscholastic athletics software “Huddle”, \$8,000 (new)
 - ThoughtExchange, increase \$24,000 (new in 2019-20)
 - Arts-in-Education spending, estimated increase \$70,000 (based on recent experience; partly refunded by PTAs in subsequent year)
- Tuition, decrease \$276,000
 - Reduction in Special Education placements out of district due to changing student need

SUMMARY OF BUDGET TO BUDGET CHANGES

REVENUE & OTHER FINANCING SOURCES		EXPENDITURES	
Property Taxes	\$2,006,064	Employee Benefits	\$1,197,122
State Aid	(248,289)	Salaries	574,462
Miscellaneous Receipts	417,475	Interfund Transfer-Debt Service	447,006
Appropriation of Prior Year Surplus Fund Balance	(45,000)	BOCES	365,990
		Contractual	64,024
Appropriation from ERS Reserve	(25,000)	Equipment	62,690
		Interfund Transfer-Special Aid	5,000
Appropriation from Debt Service Fund (premium on BAN issuance)	334,750	Textbooks	2,585
		Materials & Supplies	(2,977)
		Tuition	(275,902)
TOTAL INCREASE	\$2,440,000	TOTAL INCREASE	\$2,440,000

BUDGET RECAP

Total Appropriations

\$77,370,000

Budget-to-Budget Increase

3.26%

Projected Allowable Tax Levy
Increase*

3.15%

Tax Levy Increase per
Preliminary Budget*

3.15%

*Subject to change pending State Aid runs from NYS, upcoming BAN issuance (March 2020), and ongoing budget development process.

BUDGET DEVELOPMENT CONTINUES

The numbers will change!

- Final State Aid runs will affect State Aid revenue, and likely the tax cap calculation as Building Aid is a component
- BAN being issued in mid-March 2020; final interest cost & offsetting premium could vary from estimate used in Preliminary Budget, which will affect the tax cap exclusion calculation
- Student need changes (enrollment, Special Education needs, etc.)
- Board of Education review during upcoming budget discussions
- Community input

BUDGET SCHEDULE

- **Wednesday, March 18** – Regular Meeting, Budget Discussion
- **Wednesday, April 1** – Regular Board Meeting, Budget Discussion
- **Wednesday, April 22** – Budget Adoption
- **Wednesday, May 6** – State-mandated Public Hearing on budget
- **Tuesday, May 19** – BUDGET VOTE and SCHOOL BOARD ELECTION



Questions?

Thank you!