

BUDGET DEVELOPMENT PROCESS: 2018-2019

January 16, 2018

GOALS FOR THIS EVENING:

Board members will have an:

Understanding of the budget development process;

Understanding of what we believe it would cost to run the District next year maintaining our current level of staffing, programs and services.

District Officials will have an:

Understanding of what the Board feels are the “crucial components” of next year’s budget;

Understanding of the Board’s expectations for the first draft budget to be presented February 20.

BUDGET DEVELOPMENT TIMELINE

January 16, 2018-	Program Maintenance Budget
February 6, 2018-	2018-19 Budget Parameter Development
February 20, 2018-	First Draft of 2018-19 Budget
March 20, 2018-	Final Draft of 2018-19 Budget
April 10, 2018-	2018-19 Budget Adoption
May 1, 2018-	Mandatory Budget Hearing
May 16, 2017-	Budget Vote and Election

BUDGET CODE INFORMATION

“A 2110.450-60-4424”

A = funding source (basic budget)

2110 = function code (instruction)

450 = category code (materials/supplies)

60 = “location” code (middle school)

4424 = grade level/ subject code (LOTE)

BUDGET CODES

Fund Code	Descriptor
A	Funds derived from the tax levy
F	Funds derived from Grants
Function Code	Descriptor
1000	Board of Education
1200-1400	District Office
1600	Plant operations/services
1900	Unallocated Administrative Funds
2000-2999	Instructional/program related items
5000	Transportation
9000- 9100	Employee Benefits
9700-9800	Finances
9900	Inter-fund Transfers
Category Codes	Descriptor
100-199	Salary
200-299	Equipment
400-480	Materials, Supplies, Professional Development, Misc. Contracts, Etc.
490	BOCES related
600	principal payments
700	interest payments
800	Benefit related
900	Special Projects

Location Codes	Descriptor
10	BOE/Superintendent
20	Business Office
21	Facilities
30	NECC
31	Special Education
32	Technology
40	Elementary
41	Aquatic Center
60	Middle School
70	High School
80	Athletics
Subject Codes	Descriptor
16	Kindergarten
17	1st grade
18	2nd grade
19	3rd Grade
20	4th Grade
21	5th grade
22	6th grade
23	English
24	LOTE
25	Math
26	Science
27	Social Studies
28	Art
29	Business
30	PE/Health
31	Home/Career
32	Music
33	Technology
34	GED program
42(42)(45)00	General Bldg Codes

PROGRAM MAINTENANCE BUDGET- ASSUMPTIONS

Enrollment: Kindergarten enrollment stays consistent (@85).

Staffing: projections based on current staffing and seniority levels for current employee base- CSEA, NTA, NAC.

Salaries- adjustments made as per negotiated agreement.

Special education: all current K- 11 students roll over into the new year including all out-of-District placements; special education needs for incoming kindergarteners is based on preliminary information from the CPSE.

Employee benefit costs reflect known/anticipated adjustments to: retirement contribution based on published estimates from ERS/TRS; health insurance rates; Social Security increases, etc.

Most discretionary budgetary allocations (materials and supplies, field trips, equipment, travel, professional development, etc.) remain at current levels.

Transportation expenses reflect current level of services.

ENROLLMENT COMPARISON

2017-2018				2018-2019				
Newfane Elementary School	Male	Female	Total	Newfane Elementary School	Male	Female		
Pre-K	25	17	42	Pre-K	25	25	50	
K	45	39	84	K	43	42	85	
1	51	43	94	1	45	39	84	
2	53	50	103	2	51	43	94	
3	43	43	86	3	53	50	103	
4	53	62	115	4	43	43	86	
UG	3	4	7	UG	3	4	7	
	248	241	489		238	221	459	-30
Newfane Middle School			Total	Newfane Middle School			Total	
5	57	47	104	5	53	62	115	
6	54	44	98	6	57	47	104	
7	50	52	102	7	54	44	98	
8	66	68	134	8	50	52	102	
	227	211	438		214	205	419	-19
Newfane High School			Total	Newfane High School			Total	
9	58	57	115	9	66	68	134	
10	68	64	132	10	58	57	115	
11	77	71	148	11	68	64	132	
12	85	54	139	12	77	71	148	
UGS	7	5	12	UGS	7	5	12	
	295	251	546		276	265	541	-5
District	795	720	1515	District	753	716	1469	-46
					-42	-4		



To: Chief School Administrators
College and University Presidents
District Contacts
Employer Secure Area Contacts

Administrative Bulletin

Issue No. 2017-11
November 2017

**TRS CONTRIBUTION RATE
ANNOUNCED:**

Estimated Range for the Next Employer Contribution Rate

Administrative Bulletin 2017-9, issued August 2017, informed you that the Retirement Board adopted an Employer Contribution Rate (ECR) of 9.80% of payroll. This ECR is applicable to fiscal year 2017-18 NYSTRS member salaries and will be collected in September, October and November 2018.

Based on preliminary results from the June 30, 2017 actuarial valuation, we anticipate the ECR for the next year to be between 10.50% and 11.00% of member payroll. This ECR will apply to fiscal year 2018-19 NYSTRS member salaries and will be collected in the fall of 2019. An Administrative Bulletin will be provided in February 2018 with a more precise estimate of this ECR.

The System is lowering its rate of return assumption from 7.50% to 7.25% with this valuation. Actuarial assumptions are revised in order to align them with experience and expectations. Lowering the assumed rate of return implies a decrease in expected future investment returns and therefore an increase in the required employer contribution. The ECR range provided above is with the new assumption taken into account.

Although returns have generally been favorable over the last several years, the expectation is that they will be more difficult to achieve going forward. While this ECR will represent an increase over the prior year it follows three years of ECR decreases.

If you have any additional questions, please call John Cardillo, Manager of Public Information, at (518) 447-4743.

History of the Employer Contribution Rate (ECR)

Salary Year	ECR
1980-81	23.40%
1981-82	23.40%
1982-83	23.40%
1983-84	22.90%
1984-85	22.80%
1985-86	21.40%
1986-87	18.80%
1987-88	16.83%
1988-89	14.75%
1989-90	6.87%
1990-91	6.84%
1991-92	6.64%
1992-93	8.00%
1993-94	8.41%
1994-95	7.24%
1995-96	6.37%
1996-97	3.57%
1997-98	1.25%
1998-99	1.42%
1999-00	1.43%
2000-01	0.43%
2001-02	0.36%
2002-03	0.36%
2003-04	2.52%
2004-05	5.63%
2005-06	7.97%
2006-07	8.60%
2007-08	8.73%
2008-09	7.63%
2009-10	6.19%
2010-11	8.62%
2011-12	11.11%
2012-13	11.84%
2013-14	16.25%
2014-15	17.53%
2015-16	13.26%
2016-17	11.72%
2017-18	9.80%

TRS Administrative Bulletin: November 2016

“Based on preliminary results...we anticipate the ECR (Employer Contribution Rate) for the next year to be between **10.5% and 11.0%** of member payroll.”

(up from 10% this year)

Administrative Bulletins dating from 2005 to the present are available on our website at NYSTRS.org. Select Employers and visit the Administrative Bulletins page.

ERS CONTRIBUTION RATES

Office of the New York State Comptroller
Thomas P. DiNapoli



New York State and Local Retirement System
110 State Street, Albany, New York 12244-0001

ERS Rate calculation is complicated due to variance in Employer Contribution based on employee's Tier.

Employees' Retirement System
Comparison of Expected Long-Term Rates with Fiscal Year End 2018 and 2019 Final Rates
(all rates are expressed as a %)

Retirement Plan
Basic Contributory

Plan ID
71-a

<u>2/1/2019 Rates</u>	<u>2/1/2018 Rates</u>	<u>Expected Long-Term Rates</u>	<u>2/1/2019 Rates</u>	<u>2/1/2018 Rates</u>	<u>Expected Long-Term Rates</u>
Tier 1			Tier 2		
10.6	10.6	8.3	9.7	9.8	7.7

Retirement Plan
Article 14 & Article 15

Plan ID
A14 & A15

<u>2/1/2019 Rates</u>	<u>2/1/2018 Rates</u>	<u>Expected Long-Term Rates</u>	<u>2/1/2019 Rates</u>	<u>2/1/2018 Rates</u>	<u>Expected Long-Term Rates</u>
Tiers 3 & 4			Tier 5		
15.7	15.8	12.2	12.9	13.0	10.1

Retirement Plan
Article 14 & Article 15

Plan ID
A14 & A15

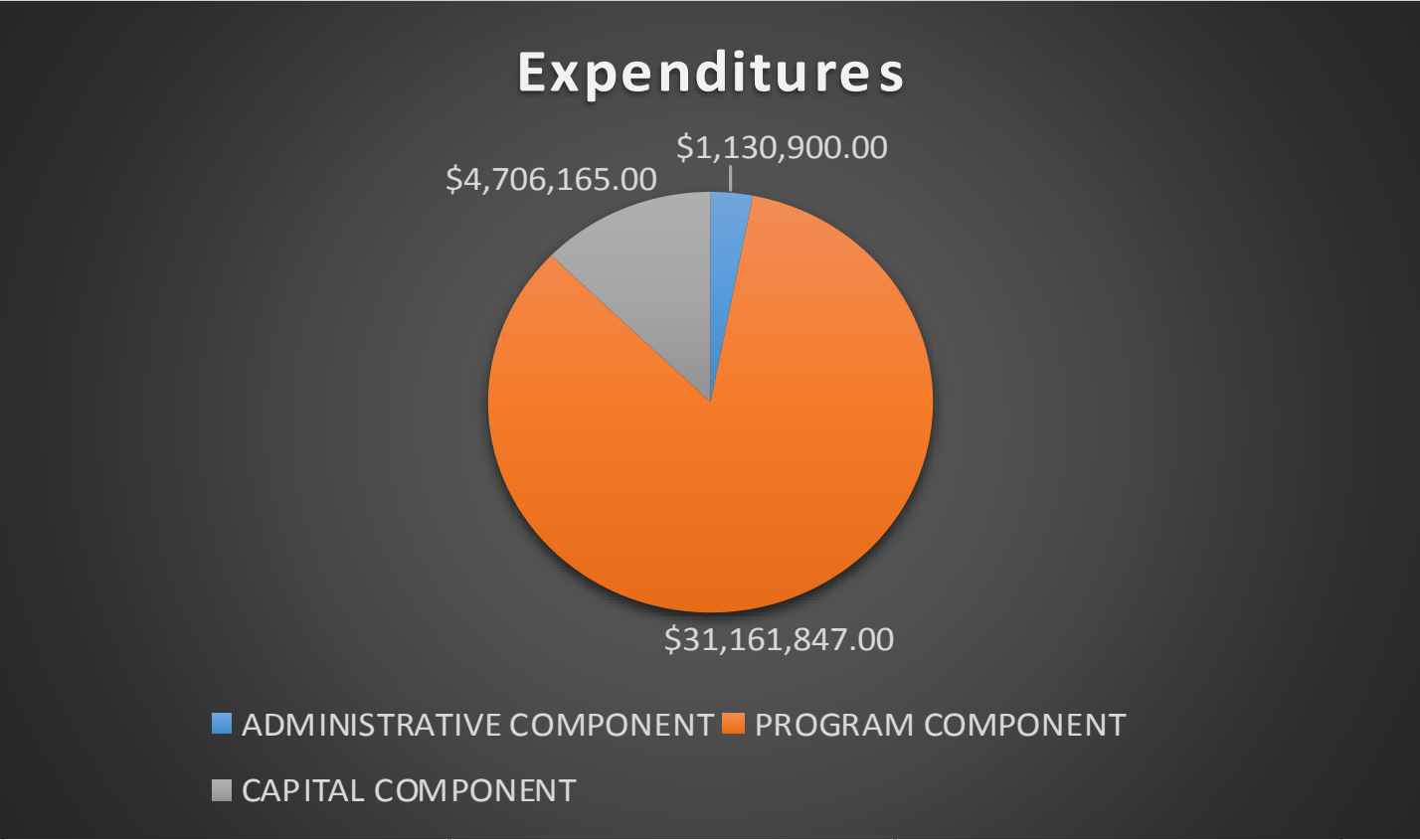
<u>2/1/2019 Rates</u>	<u>2/1/2018 Rates</u>	<u>Expected Long-Term Rates</u>
Tier 6		
9.2	9.2	7.2

For the bulk of our CSEA employees, the contribution rate will be around 15.8%.



EXPENDITURES		CURRENT BUDGET 2017-2018	BUDGETED 2018-2019	Increase
ADMINISTRATIVE COMPONENT				
Board of Education	1000	\$ 82,004.00	\$ 77,940.00	\$ (4,064.00)
Chief School Administrator	1200	\$ 218,170.00	\$ 219,567.00	\$ 1,397.00
Finance	1300	\$ 331,766.00	\$ 340,652.00	\$ 8,886.00
Legal/Personnel/PR	1400	\$ 152,813.00	\$ 153,728.00	\$ 915.00
Special Misc. Items	1900	\$ 319,133.00	\$ 332,133.00	\$ 13,000.00
Curriculum Admin/Supervision	2010	\$ 6,880.00	\$ 6,880.00	\$ -
Total Administrative Component		\$ 1,110,766.00	\$ 1,130,900.00	\$ 20,134.00
PROGRAM COMPONENT				
Instruction- Day School	2020	\$ 13,255,948.00	\$ 13,856,178.00	\$ 600,230.00
Special Education	2250	\$ 4,775,898.00	\$ 5,387,032.00	\$ 611,134.00
Summer School	2330	\$ 43,835.00	\$ 56,335.00	\$ 12,500.00
Transportation	5000	\$ 2,518,099.00	\$ 3,024,255.00	\$ 506,156.00
Interfund Transfers	9900	\$ 145,000.00	\$ 145,000.00	\$ -
Employee Benefits- Total	9000	\$ 8,067,453.00	\$ 8,693,047.00	\$ 625,594.00
Total Program Component		\$ 28,806,233.00	\$ 31,161,847.00	\$ 2,355,614.00
CAPITAL COMPONENT				
Plant Operation and Maintenance	1600	\$ 2,671,021.00	\$ 2,791,669.00	\$ 120,648.00
Debt Service Principal/Interest	9700	\$ 1,646,825.00	\$ 1,914,496.00	\$ 267,671.00
Total Capital Component		\$ 4,317,846.00	\$ 4,706,165.00	\$ 388,319.00
Adjustments/Carry-over				
BASIC BUDGET EXPENDITURES		\$ 34,234,845.00	\$ 36,998,912.00	\$ 2,764,067.00

	2018-2019
ADMINISTRATIVE COMPONENT	\$ 1,130,900.00
PROGRAM COMPONENT	\$ 31,161,847.00
CAPITAL COMPONENT	\$ 4,706,165.00
	\$ 36,998,912.00



FUNDING: HOW ARE WE GOING TO PAY FOR THE BUDGET?

FOUR SOURCES OF FUNDING:

- State Aid
- Tax Levy
- Miscellaneous revenue
- Reserves (savings)

School Aid

2017-18 Governor's Proposed Budget



District: NEWFANE CSD
County: Niagara

Aid Category	2016-17	2017-18	Change	% Change
General Purpose Aids	\$12,335,739	\$12,597,693	\$261,954	2.1%
Foundation Aid	12,335,739	12,597,693	261,954	2.1%
High Tax Aid	-	-	-	NA
Reorganization Incentive Operating Aid	-	-	-	NA
Academic Enhancement Aid	-	-	-	NA
Expense-Based Aids	\$6,315,723	\$7,42,385	(\$473,337)	-7.5%
Building Aid	2,937,773	1,508,023	(1,029,750)	-35.1%
Reorganization Incentive Building Aid	-	-	-	NA
Transportation Aid (including summer)	1,606,022	1,955,912	289,890	17.4%
BOCES Aid	1,274,844	1,242,338	67,534	5.7%
Non-BOCES Special Services Aid	-	-	-	NA
Charter School Transition Aid	-	-	-	NA
Private Excess Cost Aid	330,577	345,309	14,732	4.5%
Public Excess Cost High Cost Aid	206,547	390,804	184,257	89.2%
Supplemental Public Excess Cost Aid	-	-	-	NA
Other Aids	\$442,996	\$439,434	(\$3,562)	-0.8%
Computer Software Aid	23,384	22,650	(734)	-3.1%
Library Material Aid	9,756	9,450	(306)	-3.1%
Textbook Aid	92,676	91,045	(1,631)	-1.8%
Hardware and Technology Aid	29,504	28,613	(891)	-3.0%
Full Day-Kindergarten Conversion Aid	-	-	-	NA
Universal Prekindergarten Aid	287,676	287,676	-	0.0%
TOTAL AID	\$19,094,458	\$18,879,513	(\$214,945)	-1.1%
Total Aid without Building Aids	\$16,156,685	\$16,971,490	\$814,805	5.0%

2017-2018

Calculating the Tax Cap: **DRAFT**

<u>BASE FORMULA</u>		
Prior year Tax Levy	\$	13,024,626
(x) Tax Base Growth Factor		1.0071
=	\$	13,117,101
(+) Pilots receivable in fiscal year	\$	39,133
(=) sub total	\$	13,156,234
(+) Prior year Exemptions		\$0.00
(=) Adjusted 2017-2018 Tax Levy	\$	13,156,234
(X) Allowable Growth Factor		1.0184
(=) Adjusted 2018-2019 Tax Levy	\$	13,398,309
(-) 2018-19 Pilot Payments	\$	40,327
(+) 2018-19 Carry-over	\$	-
Tax Levy Limit	\$	13,357,982
	CAP:	2.56%

POTENTIAL REVENUE SUMMARY:

TAX LEVY INCREASE @2.0%

NO INCREASE IN STATE AID

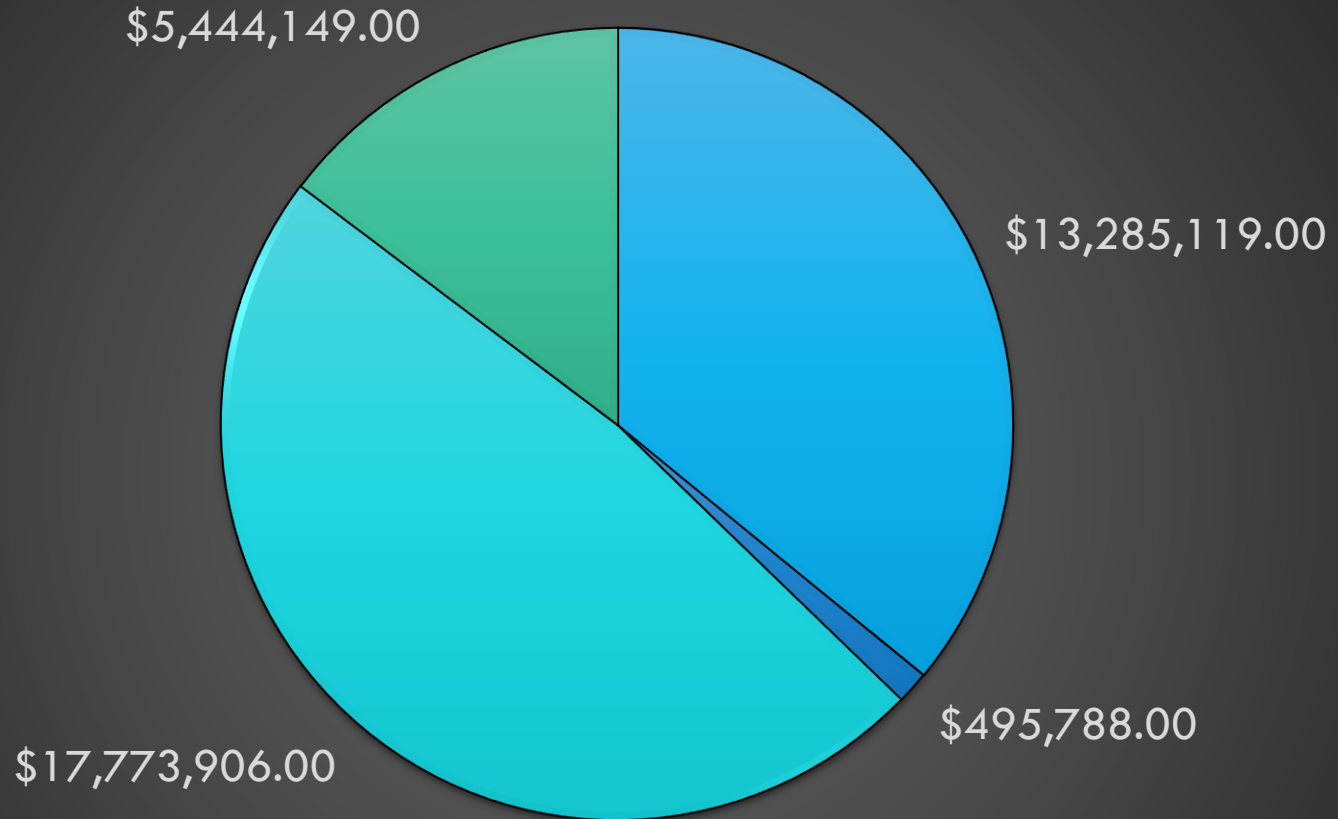
MINIMAL ADJUSTMENT TO MISC. REVENUE

DESCRIPTION	Budget 2017-2018	Budgeted 2018-2019	AMOUNT CHANGE	percent change
Real Property Tax Levy	\$13,024,626	\$13,285,119	\$260,493	2.00%
Miscellaneous Revenue	\$473,888	\$495,788	\$21,900	4.42%
State Aid	\$17,773,906	\$17,773,906	\$0	0.00%
Unallocated Reserves	\$2,962,425	\$5,444,149	\$2,481,724	45.59%
BASIC BUDGET	\$34,234,845	\$36,998,962	\$2,764,117	7.47%

USE OF RESERVES:

Unallocated Reserves	\$5,444,149
2017-2018 Carry Over	\$ 1,500,000
EBLAR Reserve- retiree health care	\$ 1,200,000
Contingency Funding	\$ 1,146,344
Assigned Unappropriated	\$ 1,597,805

Revenue Sources



- Real Property Tax Levy
- Miscellaneous Revenue
- State Aid
- Unallocated Reserves

EXPENDITURES:

The Program Maintenance or “Roll-Over” budget focuses on potential expenditures. There are still a number of unknowns:

- Staffing changes (retirements, resignations)
- Specific increases in health care, TRS, ERS rates
- Transportation program

REVENUE:

The impact of potential expenditure plan on the Tax Levy cannot be determined without more information on what our State Aid will look like this year.



QUESTIONS?

CURRENT SPENDING:

EXPENDITURES		CURRENT BUDGET 2017-2018	CURRENT EXPENDITURES AS OF 1/1/2018	BALANCE
ADMINISTRATIVE COMPONENT				
Board of Education	1010	\$ 82,004.00	\$ 64,669.30	\$ 17,334.70
Chief School Administrator	1200	\$ 218,170.00	\$ 201,587.45	\$ 16,582.55
Finance	1300	\$ 331,766.00	\$ 320,815.04	\$ 10,950.96
Legal/Personnel/PR	1400	\$ 152,813.00	\$ 130,132.24	\$ 22,680.76
Special Misc. Items	1900	\$ 319,133.00	\$ 316,328.06	\$ 2,804.94
Curriculum Admin/Supervision	2010	\$ 6,880.00	\$ 6,270.32	\$ 609.68
Total Administrative Component		\$ 1,110,766.00		
PROGRAM COMPONENT				
Instruction- Day School	2020	\$ 13,255,948.00	\$ 11,835,805.70	\$ 1,420,142.30
Special Education	2250	\$ 4,775,898.00	\$ 4,514,630.12	\$ 261,267.88
Summer School	2330	\$ 43,835.00	\$ 29,903.42	\$ 13,931.58
Transportation	5000	\$ 2,518,099.00	\$ 2,359,072.43	\$ 159,026.57
Interfund Transfers	9900	\$ 145,000.00	\$ 50,097.50	\$ 94,902.50
Employee Benefits- Total	9000	\$ 8,067,453.00	\$ 6,962,122.54	\$ 1,105,330.46
Total Program Component		\$ 28,806,233.00		
CAPITAL COMPONENT				
Plant Operation and Maintenance	1600	\$ 2,671,021.00	\$ 2,662,410.54	\$ 8,610.46
Debt Service Principal/Interest	9700	\$ 1,646,825.00	\$ 959,587.50	\$ 687,237.50
Total Capital Component		\$ 4,317,846.00		
Adjustments/Carry-over				
BASIC BUDGET EXPENDITURES		\$ 34,234,845.00	\$ 30,413,432.16	\$ 3,821,412.84