



Skaneateles Central School District

Excellence in Education

To: Lynda Quick, Superintendent

From: Christine DeMass, Assistant Superintendent for Business Operations

Date: 01/16/19

Re: Revenue Budget I

Purpose of Review:

Each year administration reviews the executive budget proposal, the tax cap calculation and other possible areas of revenue in order to determine the expenditures for the next year's budget. At this time, we are reviewing preliminary information from a number of different areas. This review is meant to give you a background of our initial thoughts and ask for your approval to move forward with our review of the key components.

Background of Recommendation:

Key Revenue Components for 2019-2020

Executive budget proposal – The Governor released his 2019-2020 executive budget proposal on 1/15/19. There was very little mention of education in his address. The Governor announced that he would propose a \$956 million (3.6%) increase in education funding. However, the actual formula based aid increase proposal is only \$748 million (approximately 2.8%), \$338 million of which is Foundation Aid. Per the proposal, our district would receive \$4,092,948 in foundation aid, up only 0.2% or \$10,206 over this year's aid of \$4,082,742. The aid run can be found here:

<https://www.budget.ny.gov/pubs/archive/fy20/exec/local/school/1920schoolruns.pdf>

Tax Cap calculation –As you are aware, the calculation of the tax levy limit is an eight step formula that involves the prior year tax levy, tax base growth factors, PILOTS and exclusions, just to name a few. A key factor in calculating the tax levy limit is the allowable levy growth factor, which is the lesser of 1.02 OR (1+ the inflation factor), with a minimum of 1.0. Earlier this month, it was announced that the 2018 CPI was 2.44% making the allowable levy growth factor in the school property tax cap calculation 2%. Although this portion of the calculation is 2%, it does not necessarily mean that our tax levy limit could not be over 2%. For a breakdown of the calculation, please see the attached Calculation of the Tax Levy Limit.

Remaining 18-19 funds for pre-purchase of materials and supplies – This year, as we have in the past, we will be keeping a close eye on our fund balance to see if we are in a position to pre-purchase materials and supplies for the 19-20 school year. If we are in a position to do so, the purchase essentially acts as revenue for the following year as it frees up funds to be used in the 19-20 school year.

Fund balance as revenue offset – As mentioned before, administration will be keeping a close eye on fund balance. The district has an option to use a portion of the fund balance (above the 4%) to fund next year's budget. This was done in the 18-19 school year in the amount of \$150,000. As we continue to examine all revenue options, we consider this as an option for the 19-20 school year.

Use of reserves – After examining the first four items, another revenue item to consider would be to use one of our reserves. For example, a portion of the employee benefit accrued liability fund could be used to pay for unused sick or vacation leave. The funds we would have used to pay for those expenses could be moved to another portion of the budget.

Recommendation: Administration recommends that the Board direct us to continue reviewing these 5 areas of potential revenue and report back to the Board after further consideration.

DRAFT for Board Consideration

