



Skaneateles Central School District

Excellence in Education

To: Board of Education

From: Christine DeMass, Assistant Superintendent for Business Operations

Date: 01/29/20

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 2020-2021

Executive budget proposal – The Governor released his 2020-2021 executive budget proposal on 1/21/20. The Governor announced that he would propose a \$826 million (3%) increase in education funding, which includes an increase to Foundation Aid of \$504 million. However, 10 expense based aids are included in this increase, which has not happened in the past.

Per the proposal, our district would receive \$5,138,269 in Foundation Aid. The breakdown of Foundation Aid is as follows:

| | 2019-2020 | 2020-2021 | Difference | % |
|--|------------------|------------------|-------------------|--------------|
| FOUNDATION AID | 4,113,363 | 4,126,091 | 12,728 | 0.31% |
| BOCES AID | 868,335 | 896,947 | 28,612 | 3.30% |
| SOFTWARE AID, LIBRARY MATERIALS AID and TEXTBOOK AID | 100,074 | 105,290 | 5,216 | 5.21% |
| HARDWARE & TECHNOLOGY AID | 8,639 | 8,875 | 236 | 2.73% |
| SUPPLEMENTAL PUB EXCESS COST | 1,066 | 1,066 | 0 | 0.00% |
| | <u>5,091,477</u> | <u>5,138,269</u> | <u>46,792</u> | <u>0.92%</u> |

Other expense based aids include the following:

| | 2019-2020 | 2020-2021 | Difference | % |
|-----------------------|------------------|------------------|-------------------|-------------|
| TRANSPORTATION | 468,861 | 523,887 | 55,026 | 12% |
| HIGH COST EXCESS COST | 51,364 | 42,622 | -8,742 | -17% |
| BUILDING AID | 2,886,549 | 1,164,118 | 1,722,431 | -60% |
| | | | - | |
| | <u>3,406,774</u> | <u>1,730,627</u> | <u>1,676,147</u> | <u>-49%</u> |

It is important to note that although our building aid significantly decreased, our debt for building projects did as well.

The aid run can be found here:

<https://www.budget.ny.gov/pubs/archive/fy21/exec/local/school/2021schoolrun.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 2019 CPI was 1.81% making the allowable levy growth factor in the school property tax cap calculation less than 2% at 1.81%. Although this portion of the calculation is 1.81%, it does not necessarily mean that our tax levy limit could not be over 1.81% or even 2%. There are new BOCES exclusions for this year and I am awaiting data on that part of the calculation. For a breakdown of the calculation, please see the attached Calculation of the Tax Levy Limit.

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 19-20 school year in the amount of \$150,000. As we continue to examine all revenue options, we consider this as an option for the 20-21 school year.

Use of reserves – After examining the first three 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. All reserves will be considered when preparing the budget.

Recommendation: Administration recommends that the Board direct us to continue reviewing these 4 areas of potential revenue and report back to the Board after further consideration.

LET for Board Consideration

