

# **Schenectady City Schools**

## **2012-13 Budget Preparation**

**January 2012**

# Overview of Current Year Budget

**Revenues:** Loss of **\$1,016,450** in property taxes due to the \$48.6 million of property value taken off the rolls in late spring will be offset by three items:

Transportation Deduct Reduced	\$ 471,025
NYSMEC Refund	342,667
Split-Life Payment	<u>246,834</u>
Total	<b>\$1,060,526</b>

**Expenditures:** At mid-year most expenditures are in line with estimates. Areas of concern include: substitutes, out-of-district S.E. placements, charter school tuition, transportation and grant related issues (Title I, 611, Pre-K, S.I.G.)



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**It's about learning to dance in the rain**



# Outline of Items to be Covered

- **Revenues**

- Initial look at next year
- New State Tax Levy Limit
- Plight of poor school districts

- **The Challenge Area**

- Reductions in staff related costs needed

- **Key Steps Ahead**

- Areas of focus to identify alternative, less costly ways of operating

# Schenectady City School District

## Summary of Revenues

Source	2010-11 Actuals	2011-12		2012-13 Projected
		Original	Current	
<b>State Sources</b>	<b>\$90,269,192</b>	<b>\$87,525,456</b>	<b>\$88,819,684</b>	<b>\$88,565,466</b>
State Aid	\$100,922,033	\$98,238,913	\$99,062,116	\$97,904,101
GAP Elimination	(\$7,724,773)	(\$9,338,635)	(\$9,338,635)	(\$9,338,635)
Transportation Deduction	(\$2,928,068)	(\$1,374,822)	(\$903,797)	\$0
<b>Federal Sources</b>	<b>\$360,499</b>	<b>\$886,000</b>	<b>\$509,700</b>	<b>\$509,700</b>
<b>Other Local</b>	<b>\$3,155,993</b>	<b>\$2,048,300</b>	<b>\$2,447,226</b>	<b>\$2,025,000</b>
<b>Local Taxes</b>	<b>\$57,903,964</b>	<b>\$56,956,741</b>	<b>\$56,211,314</b>	<b>\$56,384,647</b>
Property Taxes	\$53,229,921	\$53,321,741	\$52,180,756	\$52,305,282
Penalties and Interest	\$1,258,606	\$450,000	\$460,000	\$460,000
PILOTS	\$858,867	\$960,000	\$1,013,988	\$1,059,365
Non Property	\$2,556,570	\$2,225,000	\$2,556,570	\$2,560,000
<b>Subtotals</b>	<b>\$151,689,648</b>	<b>\$147,416,497</b>	<b>\$147,987,924</b>	<b>\$147,484,813</b>
<b>Applied Fund Balance</b>	<b>\$8,460,000</b>	<b>\$6,150,000</b>	<b>\$6,150,000</b>	<b>\$3,000,000</b>
Unreserved	\$7,800,000	\$3,150,000	\$3,150,000	\$3,000,000
Reserved	\$660,000	\$3,000,000	\$3,000,000	\$0
<b>Total</b>	<b>\$160,149,648</b>	<b>\$153,566,497</b>	<b>\$154,137,924</b>	<b>\$150,484,813</b>

### Unassigned Fund Balance

Total - Start of Year	\$10,574,146	\$12,318,591	\$12,178,373	\$6,028,373
Applied	(\$7,800,000)	(\$6,150,000)	(\$6,150,000)	(\$3,000,000)
Undesignated	\$2,774,146	\$6,168,591	\$6,028,373	\$3,028,373
As a % of Budget	1.8%	4.0%	3.9%	2.0%

# State Aid – Governor’s Proposal

- Increase agreed upon last year - \$805 million
- \$318 million will be used to cover:
  - Expense based aids at \$268 million  
(BOCES, Excess cost, Transportation, Building aid)
  - Performance & Efficiency grants at \$50 million
- \$487 million remains available for increases
  - Key Question: How will this aid be distributed to school districts?

## Speculating on State Aid

2010 Actions	GAP Elimination Amounts		Percent of State	Share of \$487,000,000
	New York State	Schenectady		
<b>Governor</b>	<b>(\$2,785,794,864)</b>	<b>(\$9,956,627)</b>	<b>0.3574%</b>	<b>\$1,740,572</b>
<b>Restoration</b>	<b>\$229,312,647</b>	<b>\$617,992</b>	<b>0.2695%</b>	<b>\$1,312,453</b>
<b>Net Amount</b>	<b>(\$2,556,482,217)</b>	<b>(\$9,338,635)</b>	<b>0.3653%</b>	<b>\$1,778,974</b>

**Our Education Job Funds this year was \$2,022,644.**

# Tax Levy Limit

- The new state imposed limit on increases to the property tax levy has changed –
  - Number of voters needed for approval, and the consequences of not getting voter approval
- Options available to districts
  - Submit a tax levy at or below the maximum allowable level – simple majority of voters needed for approval
  - Submit a tax levy above the maximum allowable level, 60% of the voters needed for approval
  - Failure to gain the required level of voter support for approval – the tax levy must remain the same as the current year's tax levy – 0% increase
  - Two votes are allowed – Contingency budget mostly gone

# Schenectady City School District

## Preliminary Estimate of the 2012-13 Maximum Allowable Tax Levy

<b>2011-12 Tax Levy</b>	<b>\$52,305,282</b>
Tax base growth factor, if any	1.0000
2011-12 Payments in Lieu of Taxes	\$1,004,112
Tax Levy for Capital Items	<b>(\$20,472)</b>
Debt Service	\$8,263,068
Leases	\$599,047
Building Aid	<b>(\$8,882,587)</b>
Court Orders/Judgments (Exceeds 5% of prior year tax levy)	\$0
<b>2011-12 Adjusted Tax Levy</b>	<b>\$53,288,923</b>
Allowable Growth Factor (lesser of CPI or 2%)	1.02
Subtotal	\$54,354,701
2012-13 Payments in Lieu of Taxes	<b>(1,059,366)</b>
Available Carryover	\$0
<b>Tax Levy Limit - Before Exemptions</b>	<b>\$53,295,335</b>
Tax Levy for Capital Items	\$520,782
Debt Service	<b>\$8,441,088</b>
Leases	<b>\$588,120</b>
Building Aid	<b>(\$8,508,426)</b>
Court Orders/Judgments	\$0
Pension Cost Exemptions	\$87,673
TRS ( <del>12.5%</del> / <del>11.1%</del> = <del>1.4%</del> / <del>2.0%</del> =0.0%)	\$0
ERS ( <del>18.4%</del> / <del>15.8%</del> = <del>2.6%</del> / <del>2.0%</del> + <del>.6%</del> )	<b>\$87,673</b>
<b>Maximum Allowable Levy</b>	<b>\$53,903,791</b>
<b>Change from 2011-12</b>	<b>\$1,598,509</b> <b>3.1%</b>

# Schenectady City School District

## Preliminary Estimate of the 2012-13 Maximum Allowable Tax Levy

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Subtotal	\$54,354,701
2012-13 Payments in Lieu of Taxes	<b>(1,059,366)</b>
Available Carryover	\$0
<b>Tax Levy Limit - Before Exemptions</b>	<b>\$53,295,335</b>
Tax Levy for Capital Items	\$120,782
Debt Service <b>(\$400,000 less)</b>	<b>\$8,041,088</b>
Leases	<b>\$588,120</b>
Building Aid	<b>(\$8,508,426)</b>
Court Orders/Judgments	\$0
Pension Cost Exemptions	\$87,673
TRS (12.5% <del>-11.1%</del> =1.4% <del>-2.0%</del> =0.0%)	\$0
ERS (18.9% <del>-16.3%</del> =2.6% <del>-2.0%</del> + .6%)	<b>\$87,673</b>
<b>Maximum Allowable Levy</b>	<b>\$53,503,791</b>
<b>Change from 2011-12</b>	<b>\$1,198,509</b> <b>2.3%</b>

# Per Pupil Tax Levy by Property Wealth Under the Tax Cap

## 2% Levy Increase Per Pupil (Based on 2009-10)



# Hypothetical Situation

## Wealthy District



Total Spending **\$1,000**

\$250 State Aid

\$750 Property Taxes

→ State aid freeze &  
3% increase in costs

Total Spending **\$1,030**

\$250 State Aid

\$780 Property Taxes

**4% Increase in  
Property Taxes**

# Hypothetical Situation

## Poor District



Total Spending **\$1,000**

\$750 State Aid

\$250 Property Taxes

→ **State aid freeze &  
3 % increase in costs**

Total Spending **\$1,030**

\$750 State Aid

\$280 Property Taxes

**12% Increase in  
Property Taxes**

# Impact on Property Taxes

## Wealthy District

Original Property Tax **\$750**

Increase in spending **\$30**

Percentage increase in  
property taxes is **4%**

$(\$30/\$750 = 4\%)$

## Poor District

Original Property Tax **\$250**

Increase in spending **\$30**

Percentage increase in property  
taxes is **12%**

$(\$30/\$250 = 12\%)$

# The Challenge Ahead

## Key Changes in Revenues\*

<u>Item</u>	<u>Millions</u>
Current Projection	-\$3.1
Education Jobs	-\$2.0
Additional State Aid	?
Property Taxes	?
Total	-\$5.1

## Key Changes in Expenditures

<u>Item</u>	<u>Millions</u>
Salaries & Benefits**	+\$2.8
New TRS & ERS Rates	+\$1.3
Out-of District Placements	?
Energy and Other Costs	?
Total	+\$4.1

## Structural Balance is Essential

### Notes:

\* The Safe Schools/Healthy Students grant ends on June 30, 2012.

\*\* For the 3 units currently bargaining new contracts, only the cost of stepping has been included.

# Key Steps

- 1. Identify alternative, less costly ways of operating**
- 2. Review the multi-year plan for fund balance and reserves developed last year and refine, as warranted**
- 3. Identify positions and items we simply will have to do without and accept the consequences.**

# Areas of Focus for Alternatives

- **More efficient use of district facilities**  
**(Pre-K & Kindergarten, Middle Schools, High School)**
- **Explore organizational and operational changes at the high school**  
**(School day structure and schedule, course offering schedules, class size minimums, house organization)**
- **Explore eliminating or restricting general fund support for grant funded programs and projects**
- **Explore sub-contracting selected functions**



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