

Homer Central School District BOE Presentation

January 27, 2015

Please Note: All Estimated Budget Numbers Are Subject To Change

Upon further review of the Governor's Proposal for State Aid to Education, please note the changes underlined below.

Governor Cuomo released his 2015-16 Executive Budget proposal yesterday afternoon. The proposal included an increase in school aid of \$1.06 billion (4.8%) over the 2014-15 levels.

This increase is contingent upon the legislature adopting the Governor's education reform agenda which includes new teacher evaluations and a permanent property-tax cap.

If the legislature cannot come to an agreement on these proposals, then the Governor has proposed school aid for both 2015-16 and 2016-17 will be held to the amount of school aid districts received in the 2014-15 school year.

What this means:

- NO RESTORATION of the GEA (Currently at negative \$1.037 billion)
- NO INCREASE in FOUNDATION AID (Currently at \$4.88 Billion due to underfunded districts)
- NO INCREASE in Reimbursable or Expense driven aids (SED Estimated BOCES, Excess Cost aids, Transportation aid are all due an approximate increase of \$368 million)

This is a problem for many reasons:

- Those that have purchased more BOCES services and await state aid in 2015-16 will not get it.
- Those that have Building or Bus Purchase Transportation aid increasing for 2015-16 will not get it.
- Those that have submitted Public or Private high cost aid requests with increases payable in 2015-16 will not get them.

Conclusions to Date:

Regardless of other factors, the Governor's proposal is insufficient to the needs of public school districts because it:

- Continues its inequitable distribution of state aid,
- Under-funds school districts by formula,
- Maintains the current unpredictable nature of state support and,
- Fails miserably to fulfill the constitutional obligation of the State of New York with regard to funding public school districts.

Homer CSD 2015-16 Budget Projections

Revenues

Sources	2012-13 Audited*	2013-14 Audited*	2014-15 Approved Budget	2015-16 Budget Estimates	Notes
New York State Aid	\$19,054,452.00	\$19,724,559.00	\$20,591,710.00	\$ 20,814,895.00	State Aid Run based on November Database
Local Sources/E-Rate/Misc.	\$794,512.00	\$652,122.00	\$571,000.00	\$ 571,000.00	No Increase
Tax Levy/STAR	\$15,362,223.00	\$15,742,189.00	\$15,959,640.00	\$ 15,959,640.00	No Increase to Tax Levy
Reserves	\$1,000,000.00	\$2,340,022.00	\$782,254.00	\$ -	Amount of Reserves to use?
Medicaid-Federal Sources	\$27,159.00	\$28,368.00	\$35,000.00	\$ 35,000.00	No Increase
Net Change in Fund Balance			\$800,000.00	\$ 800,000.00	No Increase
Audited/Approved Revenue	\$36,238,346.00	\$38,487,260.00	\$38,739,604.00	\$ 38,180,535.00	Without Reserves
		Change 12-13 to 13-14	Change 13-14 to 14-15	Change 14-15 to 15-16	
		6.21%	0.66%	-1.44%	

Homer CSD 2015-16 Budget Projections

Expenditures

	2012-13 Audited*	2013-14 Audited*	2014-15 Approved Budget	2015-16 Budget Estimates	Notes
Audited/Budgeted Expense	\$ 36,290,487.00	\$ 38,830,491.00	\$38,739,604.00	\$40,017,521.00	Estimated Pending Adjustments/ Reductions
		Change 12-13 to 13-14	Change 13-14 to 14-15	Change 14-15 to 15-16	
		7.00%	-0.23%	3.30%	

2013-14 Increase over budgeted amount was due to \$1,395,028.00 in Interfund Transfers from the Capital Reserve and Debt Service Reserve to the Capital Fund based on Voter and BOE approval as per NYSED Requirements.

15-16 Estimated Expenditures	\$ 40,017,521.00
15-16 Estimated Revenues	\$ 38,180,535.00
Potential Gap	\$ 1,836,986.00

PROPERTY “TAX CAP”

Tax Levy Limit

There is not a 2% tax cap – but a tax levy threshold with a voter approval requirement.

The actual allowable tax levy increase will vary by district.

The formula allows for certain expenses to be exempt from the threshold calculation, thereby affording districts some relief from certain high cost expenditures beyond their control

In effect through at least 2016-17. Thereafter, it remains in effect only as long as NYC rent control laws call for it.

Chapter 97 leaves the current contingency budget requirements/restrictions in place.

http://www.youtube.com/watch?feature=player_embedded&v=N-Eah8115B0

Tax Levy Limit Formula

$$\begin{aligned} & \text{Prior year tax levy} \\ & \quad \times \\ & \quad \text{Tax base growth factor (if any)} \\ & \quad + \\ & \text{Payments in lieu of taxes (PILOTs) receivable during prior year} \\ & \quad - \\ & \text{Taxes levied for exemptions during prior year (not ERS \& TRS)} \\ & \quad = \\ & \quad \text{Adjusted Prior Year Tax Levy} \\ & \quad \times \\ & \quad \text{Allowable levy growth factor (lesser of 2\% or CPI)} \\ & \quad - \\ & \text{Payments in lieu of taxes (PILOTs) receivable in the coming year} \\ & \quad + \\ & \quad \text{Available carryover (if any)} \\ & \quad = \\ & \quad \text{“Tax Levy Limit”} \\ & \quad + \\ & \quad \text{Coming School Year Exemptions} \\ & \quad = \\ & \quad \text{Maximum Allowable Tax Levy} \\ & \text{(requiring simple majority approval of more than 50\% of voters)} \end{aligned}$$

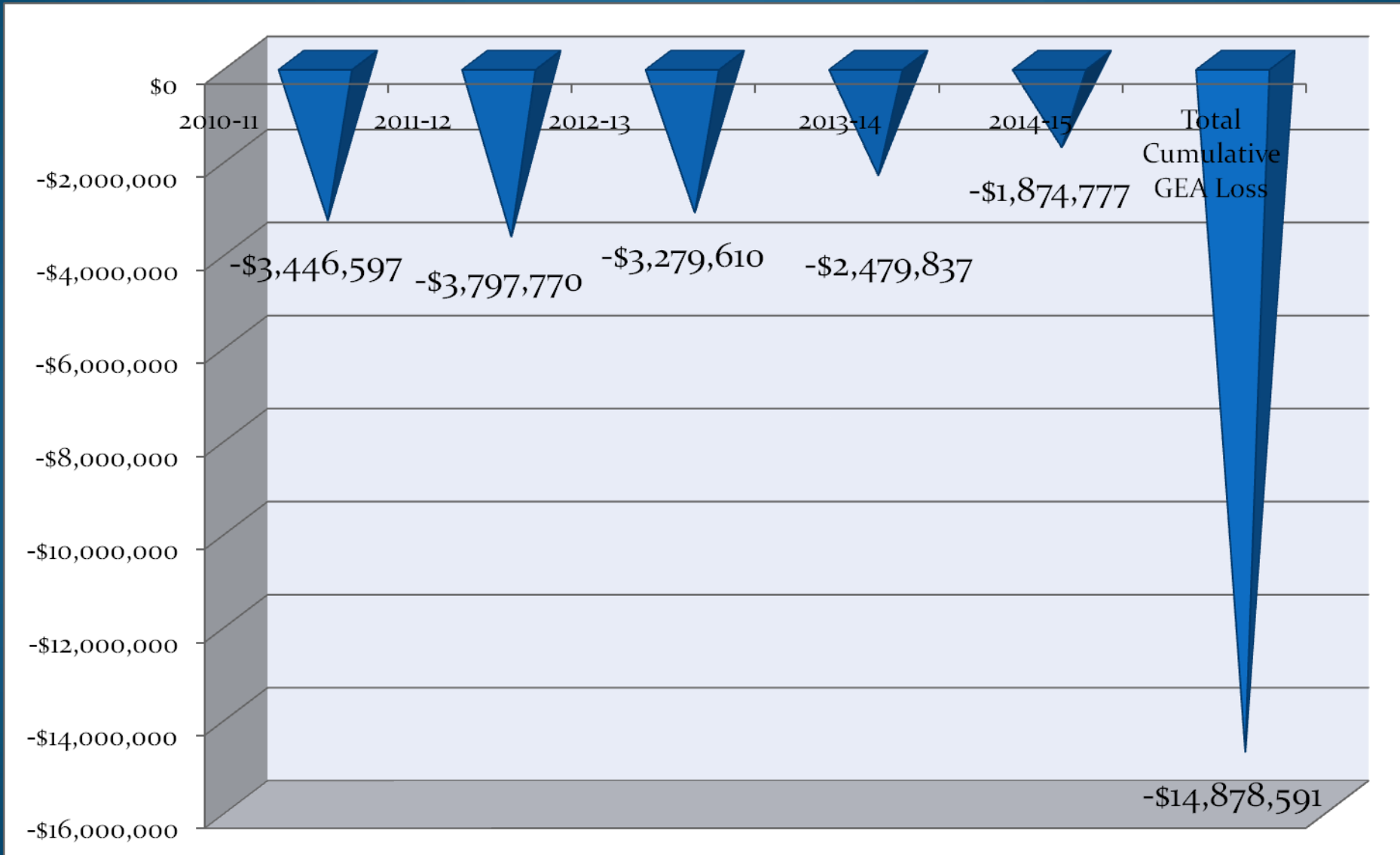
Homer CSD “TAX CAP” & Actual Levy Comparison

Year	Tax Levy Threshold	Actual Tax Levy
2012-13	2.67% \$396,812	2.67% \$396,812
2013-14	4.49% \$684,310	3% \$457,223
2014-15	1.88% \$ 295,364	1.50% \$235,470

The Gap Elimination Adjustment

- The Gap Elimination Adjustment (GEA) law was introduced for the 2010-11 fiscal year as a way to help close New York's then \$10 billion budget deficit.
- Under the legislation, a portion of the funding shortfall at the state level is divided among all school districts throughout the state and reflected as a reduction in school district state aid.
- The GEA is a negative number, money that is deducted from the aid originally due to the district based on the state's aid formula.

This chart demonstrates the levels of GAP ELIMINATION ADJUSTMENT (GEA) that withheld New York State Aid from the Homer Central School District between 2010-11 and 2014-15. Homer had a total reduction of \$14,878,591.



Homer CSD Salaries

	2012-13 Actual	2013-14 Actual	2014-15 Budgeted	2015-16 Estimated
Instructional	\$ 13,664,478.00	\$ 13,644,237.00	\$ 13,648,021.00	\$ 14,036,990.00
Non Instructional	\$ 1,101,861.00	\$1,123,048.00	\$ 1,231,979.00	\$ 1,267,090.00
Co-Curricular/ Coaching	\$ 557,108.00	\$ 503,200.00	\$ 508,000.00	\$ 522,478.00
Transportation	\$ 1,055,125.00	\$ 1,066,873.00	\$ 1,127,500.00	\$ 1,159,634.00
Operations/ Maintenance	\$ 840,141.00	\$ 826,511.00	\$ 877,926.00	\$ 902,947.00
General Fund Total	\$ 17,218,713.00	\$ 17,163,869.00	\$ 17,393,426.00	\$ 17,889,139.00
Federal Grant Salaries	\$ 968,863.00	\$ 942,720.00	\$ 840,469.00	\$ 840,469.00
Total All Salaries	\$ 18,187,576.00	\$ 18,106,589.00	\$ 18,233,895.00	\$ 18,729,608.00
			Change 2014-15 to 2015-16	\$ 495,613.00

Homer CSD Benefits

	2012-13 Actual	2013-14 Actual	2014-15 Budgeted	2015-16 Estimated
TRS	\$1,728,038.00	\$2,335,089.71	\$2,600,000.00	\$2,300,000.00
ERS	\$524,117.00	\$565,025.00	\$650,000.00	\$600,000.00
FICA-Workers Compensation	\$1,384,097.00	\$1,412,993.00	\$1,693,930.00	\$1,719,400.00
Health & Dental Insurance	\$4,068,795.00	\$4,280,442.00	\$4,500,000.00	\$4,770,000.00
TOTAL	\$7,705,047.00	\$8,593,549.71	\$9,443,930.00	\$9,389,400.00
		Change 2014-15 to 2015-16	-\$ 54,530.00	

Homer CSD Debt Service Overview

	2012-13 Actual	2013-14 Actual	2014-15 Budgeted	2015-16 Estimated
Building Debt	\$ 4,151,043.00	\$ 4,175,594.00	\$ 4,196,962.00	\$4,546,273.00
Bus Debt	\$ 541,708.00	\$ 502,558.00	\$ 522,731.00	\$384,506.00
Total Debt	\$ 4,692,751.00	\$4,678,152.00	\$ 4,719,693.00	\$4,930,779.00

**Estimated 2015-16 Increase in Building Debt is due to 21 Million Dollar Capital Project.
Estimated 2015-16 Decrease in Bus Debt is due to Leasing of Buses.**

Homer CSD Reserves

	Budget Year	Budget Year	Budget Year
	2014-15	2015-16	2015-16
Employee Liability Reserve	\$ 1,834,260.37	\$ 1,834,260.37	\$ 1,834,260.37
Reserve for ERS	\$ 1,603,522.18	\$ 1,603,522.18	\$ 1,603,522.18
Reserve for W/C & Unemployment	\$ 2,526,422.84	\$ 1,266,422.84	\$ 1,266,422.84
Capital Reserve	\$ 929,280.00	\$ 250,000.00	\$ 250,000.00
Tax Certiorari Reserve 2012	\$ 11,706.09		
Tax Certiorari Reserve 2013	\$ 200,090.58		
Tax Certiorari Reserve 2014-2020		211,814.32	211,814.32
	Move to H Fund	Move WC to H Fund	
		\$1,300,000	
		New Fund Established by Voters	

Homer CSD Reserves

	Budget Year	Budget Year	Budget Year
	2013-14	2014-15	2015-16
Mandatory Reserve for Debt Service	\$ 5,798,062.69	\$ 3,215,808.69	\$ 3,215,808.69
		1.8 Million Move to H Fund for Capital Project	
		\$782,254 Moved to A Fund Revenue	