

Scotia-Glenville School District
Scotia, New York

To: Susan Swartz, Superintendent
From: Drew Giaquinto, Business Manager
Subject: 2022-2023 Carry-Forward Budget
Date: February 07, 2022

The Carry-Forward Budget: The first draft of the 2022-2023 budget reflects a 3.74% (prior year C/F 2.01%) spending increase and a funding shortfall of \$1,086,000 (prior year C/F \$785,956) reflecting a tax cap of 1.27% (.13% prior year), which allows for an increase to the 2021-22 tax levy of \$393,021. I have rolled over all encumbered positions with contractual increases as well as all existing programs and commitments with estimates on any changes to pricing. The carry-forward budget also includes positions and contractual support funded through the CARES ACT II (ESSER II, GEERS II and ARPA) where funding will sunset for the most part at the end of 22/23.

Tax Cap and funding of the budget: The Tax Cap for 2022-23 allows for an increase of 1.27% to the 2021-22 levy and allows for an increase to taxes levied by \$393,021. The District would require a simple majority if the budget is set at or under the Tax Cap. If the District decides to override the Tax Cap, 60% of the voters must approve the budget. If a budget is defeated, the District may go out with a second budget proposition in mid-June or default immediately to a contingency budget. A 2nd defeat of a budget proposition requires an adoption of a

contingency budget and a zero dollar change to the prior year tax levy. The deviation from the maximum allowed Tax Cap of 2% before exclusions is attributable to our PILOTS increasing from the prior year (\$66,000) and our debt service reduction (\$418,000) related to our stable building aid number. Although both areas are positive on the budget, increased revenue and a decrease in debt service expenditures, they have an adverse effect on the current year's formula. I have attached the Tax Cap detail. Please note the tax levy increase may or may not equate to the tax rate, which is set in August each year, depending on the change in assessed values of properties and equalization rates.

The Tax Levy will fund 53% of the budget; State Aid 36% and Fund Balance 7.4% with the balance from Federal Aid and other sources.

State Aid is increasing by 2.5% or \$542,000 and is based on the Governor's proposal (see Exhibit B for detail). The District is scheduled to receive a 3% increase in Foundation Aid or \$424,000 as we are recognized as being fully funded under the current formula. Declining enrollment and a stable wealth factor for the District have an adverse effect in the Foundation Aid formula. Fund Balance is appropriated at \$4,519,504 (7.37% of the budget), \$150,000 more than the 2021-22 budget. I am utilizing \$150,000 from the Tax Cert. reserve due to a favorable settlement in 2021-22.

The District entered 2021-22 with \$2.2 million or 3.8% of undesignated fund balance in contrast to the 4% allowed by NYSED. Projected 2021-22 operating surplus will be sufficient to cover the appropriated fund balance used to balance the 2022-23 budget (see 2nd fiscal projection January 2022). The District was at 4.6% at June 30, 2020. We will again use \$500,000 of Debt Service reserve as this is the final year of our 3-

year plan for use of the debt service reserve. I am not recommending use of TRS or ERS reserves as they are approximately at the prior year rates.

Expenditures: The carry-forward draft reflects an increase in spending of \$2,236,000 or 3.78%. The increase net of the impact of CARES Act II is \$1,746,000 or 3%. The CARES ACT II funded 8 new Instructional hires in 2021-22 (4 teachers, 4 teaching assistants) at a cost of \$397,000 (salary plus benefits). The District is also funding an SRO and an Athletic Trainer for 2021-22 and 2022-23 with the federal funding.

I am bringing \$50,000 of the \$110,000 cost of the SRO into the 2022-23 budget (see Building and Grounds budget section) and \$15,000 of the \$53,000 cost of the trainer into the budget (see Athletic department section). I have worked with the Athletic Director to reallocate funds to cover the partial Trainer costs being phased into the 2022-23 budget.

Salary and Wages: Overall, salary and wages are \$27,555,000 or 45% of spending and are increasing 5.4% budget-to-budget and reflect CBA and individual increases negotiated in most recent contracts ranging from 3.50% for Local 766, 6% aides and monitors, 3.75% nurses, 3.50% administrators and 1.00 % plus step (avg. 3.47%) for teachers. I have accounted for four teacher retirements replaced at Step 8, (\$55,335 plus MA) and one teaching assistant retiring and replaced at step 1, as of the January 24th BOE meeting. Teaching Assistants are estimated at 3% plus step and secretarial at 4% cost of living as both groups have contracts expiring on June 30, 2022. Non-Certified payroll (secretarial, maintenance, custodial, Bus. Admin.) generates \$6,032,000 in spending

and is increasing \$189,000 (3.1%), related to wage increases of \$232,000 mitigated by savings on replacement hires.

Certified staffing (administrators, teachers, teaching assistants) generates \$22,811,000 in spending, an increase of \$1,288,000 (5.99%) related to salary increases, \$804,000, CARES ACT II hires, \$342,000 and one Administrator, \$90,000.

Instructional Budget is \$33,293,000 and increases \$1,675,000 (5.30%) which comprises 54.3% of the budget; last year comprised 53.5% of the budget. Salary and wages increased \$1,288,000 to comprise 77% of the increase. Special Education, out-of-district tuition, generates 20% of the increase at \$315,000 due to 5 new placements entering from pre-school and five in-district placements moving to out-of-district placements in 2022-23.

Building and Grounds Budget is \$3,577,000 and increases \$103,000 (2.95%) and comprises 5.83% of the budget, last year was 5.88%. Salary and wages increased \$80k with \$47,000 related to a new grounds position added mid-year 2021-22. Reductions in utilities of \$25k reflect the recent budgetary trend in this area, reflecting District investments in this area in recent Capital Projects and Energy Management projects. The budget includes \$50,000 for a new plow truck to replace an existing one and is incorporated into the budget by reallocating budgetary amounts within the department due to cost savings implemented (see attached specifications). The budget also reflects \$25,000 to resurface two tennis courts, which is part of phase 2 of a year process. We resurfaced two courts in 2021-22, and we will refurbish the final two in 2023-24. The budget contains adequate funds

to maintain PPE inventory. Please see attached supporting documentation for Building and Grounds budget.

Transportation Budget is \$2,423,000 and reflects a slight decrease of \$29,000 (1.17%), the second consecutive year of a budget decrease (\$3,000 last year) and comprises 3.95% of the budget compared to the prior year, 4.11%. The moved to a shared maintenance and parts management intermunicipal agreement with the BHBL school district generated additional savings in comparison to the prior arrangement with BOCES/Niskayuna CSD. The budget reflects the position of a Transportation Director, which will replace one Head Bus Driver and a Transportation Assistant who was added mid-year in 2021-22. Please see attached Transportation budget packet.

Employee Benefits Budget is \$15,284,000, and increases \$840,000 (5.82%) from the prior year and comprises 24.92% of the budget compared to the prior year, 24.2%. The health insurance numbers are up as projected at last year's budget presentation as medical premium increases were flat for a year due to the impact of COVID-19, but would increase in 2022-23 as elective surgeries were allowed. Medical insurance increases by \$484,000 (5.4%). Last year's rate increases for CDPHP and Blue Shield were at 1.7% and 0% due to low claims during the Pandemic, which allowed for a zero increase to the active medical budget line. ERS and TRS pension rates (14%, 10.5%) had little or no change from the prior year.

General Support which reflects the District Office, Board of Education and related District-Wide professional services (Audit firms, law firms, property and casualty insurance) has a budget of \$2,133,000, an increase of \$49,000 (2.35%) and comprises 3.48% of the budget

compared to 3.53% a year ago. Salary and wage increases generate \$38k of the spending increase.

Debt Service Budget is **\$4,417,000** and is decreasing for the 2nd consecutive budget by \$418,000 (prior year \$107,000) -8.64% and comprises 7.20% of the budget compared to 8.18% a year ago. Retirement of the 2002 bond refinancing generates the savings.

Interfund Transfer of \$199,000 is a decrease of \$8,000 from the prior year and reflects \$100,000 to Capital Fund for our annual \$100k project that will generate building aid in 2022-23 if we have substantial completion by 6/30/22. The project will continue replacing exterior doors Districtwide. \$99,000 is for the General Fund 20% due to the Special Aid fund for the ESY (summer special education, section 4408 program). We eliminated \$8,000 to the School Lunch Fund for bad debt coverage as there is a sufficient fund balance in the C fund to absorb if necessary in 2022-23.

Community Service Budget of \$12,859 is for the GIVE program and is consistent with the prior years' budget.

I have attached to following for your reference and for sharing with the BOE:

- I. Budget Summary with summary of Revenue and Expenditures, related tax levy and tax rate impact on the First Draft Budget.
- II. Budget-to Budget line item model, 2022-22 adopted with categorical changes to First Draft.
- III. Tax Cap supporting documents
- IV. Transportation Budget packet
- V. Building and Grounds Budget supporting documents
- VI. State Aid Analysis