



Multi-Year Financial Plan

December 16, 2019

Board of Education Meeting



Multi-Year Financial Plan Overview

- **Review 2019-20 Budget Process**
- **Past 5 years expenses and revenues**
- **Major drivers, and volatility, of expenses and revenues**
- **Assumptions for the next 5 years, including recurring vs. one-time expenses and revenues**
- **Projections for the next 5 years**
- **What if..... assumptions change**
- **Impact of Foundation Aid, past and future**
- **What do we know for 2020-21?**
- **BOE Budget Presentations**





2019-20 Budget Process

Projected 2019-20 Operating Deficit

- After all revenue and expense information was received the District faced a \$2 million operating deficit for 2019-20

Staffing Reductions

- Over 21 positions were reduced, either through cuts or attrition, in the adopted budget

Final Projected Deficit

- After all reductions, both staffing and other reductions, budget was adopted with an estimated \$500,000 operating deficit





What did the last 5 years look like?

	2014-15*	2015-16*	2016-17*	2017-18	2018-19	2019-20 Projected
Revenue	\$44,830,657	\$46,278,285	\$46,744,421	\$49,737,774	\$51,850,000	\$52,440,000
Expenses	\$44,310,166	\$45,825,780	\$46,867,973	\$50,579,983	\$52,180,000	\$53,050,000
Net Position	\$520,491	\$452,505	-\$123,552	-\$842,209	-\$330,000	-\$610,000

*Included GEA restoration





Volatility of Major Budget Components District Expenses

Year	TRS		Health Insurance (includes medical and prescription)	
	Dollar Change	Percent Change	Dollar Change	Percent Change
2014-15	\$61,385	2.07%	\$265,374	5.36%
2015-16	-\$543,969	-17.96%	\$155,175	2.98%
2016-17	-\$182,327	-7.34%	\$179,357	3.34%
2017-18	-\$277,747	-12.06%	\$580,823	10.47%
2018-19	\$254,982	12.59%	\$637,476	10.40%
2019-20*	-\$350,000	-16.30%	\$775,000	11.17%





Volatility of Major Budget Components “True” Revenues

Year	Taxes*		State Aid*	
	Dollar Change	Percent Change	Dollar Change	Percent Change
2014-15**	\$461,837	1.93%	\$996,000	7.02%
2015-16**	\$489,256	2.00%	\$1,375,000	9.05%
2016-17**	\$170,000	0.72%	\$709,000	4.28%
2017-18	\$525,000	2.07%	\$339,000	1.96%
2018-19	\$625,000	2.42%	\$364,000	2.07%
2019-20	\$840,000	3.17%	\$200,000	1.10%

*without capital exclusion or building aid

** GEA restoration





State Aid – A Deeper Look

Year	Year to Year Changes		Major Components	
	Total Dollar	Percent	GEA Restoration	Foundation Aid Increase
2014-15	\$996,000	7.02%	770,000	\$177,000
2015-16	\$1,375,000	9.05%	\$1,170,000	\$46,000
2016-17	\$709,000	4.28%	\$660,000	\$75,000
2017-18	\$339,000	1.96%	\$0	\$353,000
2018-19	\$364,000	2.07%	\$0	\$351,000
2019-20	\$200,000	1.10%	\$0	\$136,000



Foundation Aid History

Year	Foundation Aid Received	Full Phase-In Formula Foundation Aid	Amount Underfunded
2012-13	\$12,561,189	\$16,981,128	\$4,419,939
2013-14	\$12,598,712	\$16,861,887	\$4,263,175
2014-15	\$12,775,793	\$16,707,342	\$3,931,549
2015-16	\$12,822,430	\$15,709,052	\$2,886,622
2016-17	\$12,898,380	\$15,341,231	\$2,442,851
2017-18	\$13,251,691	\$15,717,416	\$2,465,725
2018-19	\$13,602,225	\$16,701,859	\$3,099,634
2019-20	\$13,738,077	\$17,727,189	\$3,989,112
		Average	\$3,437,326

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Looking Forward - Assumptions

Projected Average Expenses

TRS Contract Salaries (Admin, Teacher, TA) – Increase 2.75% per year

ERS Contract Salaries (Transportation, Facilities, Other Support Staff) – Increase 2.75% per year

Pensions – Increase by 5%, 2.75% per year due to salary increases, and another 2.25% for increase in contribution rate

Utilities – Increase 2% per year

Special Education Placements – Increase 2% per year

BOCES – Increase 3% per year

Health Insurance – Increase 7.5% per year, reduced by move to Model Plan for medical

Other Insurance and Benefits – Increase 2.5% per year



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Looking Forward - Assumptions

Projected Average Revenue

Tax Levy

- Will increase by 2.5% per year based on growth factors only

State Aid

- 1%, increase in Foundation Aid, total from last year after final budget
- 2% for expense driven aids (transportation, excess cost and BOCES)

Rental

- 2% increase per year, based on use of space and current rental agreements

Other

- All other revenues will increase by 1% per year



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Looking Forward - Assumptions

Recurring vs One-Time Expenses and Revenues

Recurring Expenses and Revenues

- Our projections include all recurring expenses and revenues
- Main recurring expenses are salaries and benefits
- Main recurring revenues are the tax levy and state aid

One-Time Expenses and Revenues

- Our projections DO NOT include any one-time expenses and revenues
- Since one-time expenses and revenues are often unforeseen it would difficult to figure them into long-term projections
- One-time expenses can include retirement incentives, tax certiorari settlements and major unanticipated repairs
- One-time revenues can include sale of district property, additional bullet aid from the state, refund from a prior expense or payment of a district held life insurance policy



Looking Forward – Projections

Current Assumptions

	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
Revenue	\$52,440,000	\$53,550,000	\$54,500,000	\$55,465,000	\$56,450,000	\$57,470,000
Expenses	\$53,050,000	\$54,375,000	\$56,100,000	\$57,875,000	\$59,750,000	\$61,700,000
Net Position	-\$610,000	-\$825,000	-\$1,600,000	-\$2,410,000	-\$3,300,000	-\$4,230,000

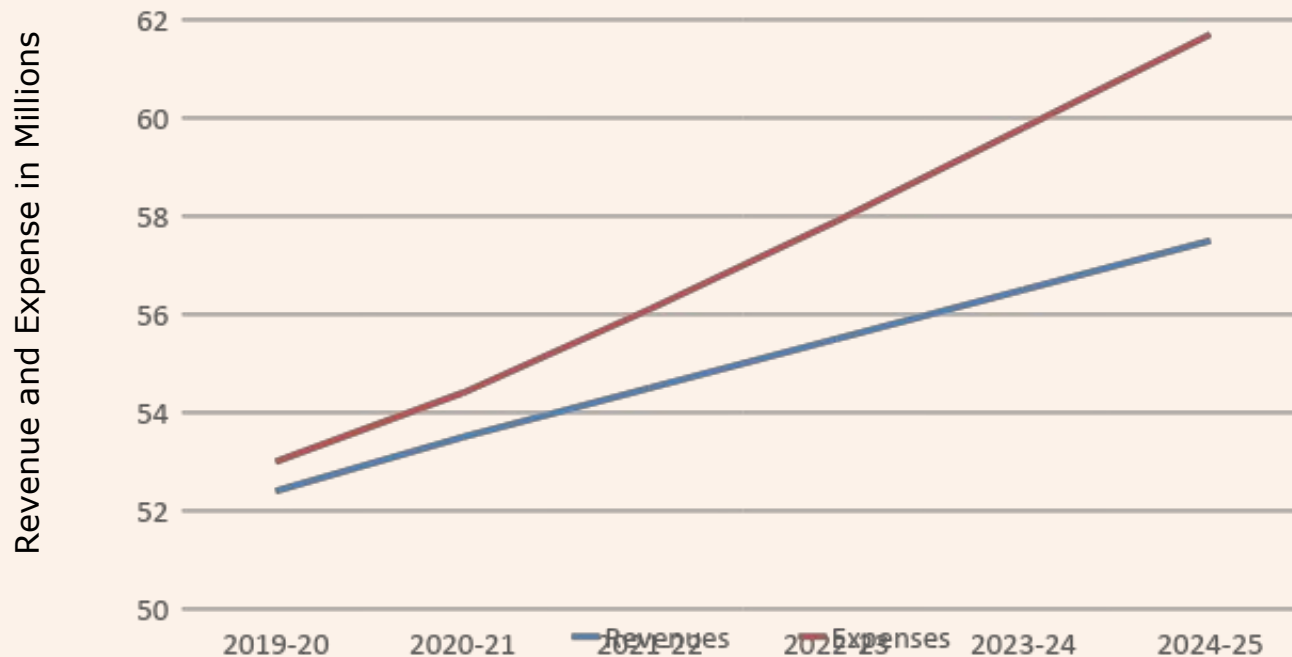
****Total revenue increases by approximately 1.8% per year while expenses increase by about 3.2% per year. This creates a larger deficit each year.***





Revenue and Expense Projections

Total revenue increases by approximately 1.8% per year while expenses increase by about 3.2% per year. This creates a larger deficit each year.



What if.....

Revenue – The Tax Levy average increase was 3.0% per year instead of 2.5% and the Foundation Aid average increase was 3.0% per year instead of 1.0%

Expenses – Health insurance increased by an average of 5% per year instead of 7.5% and pension rates remain flat, so contributions increase an average of 2.75% per year based on salaries.

	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
Revenue	\$52,440,000	\$53,820,000	\$55,200,000	\$56,600,000	\$58,050,000	\$59,550,000
Expenses	\$53,050,000	\$54,375,000	\$55,820,000	\$57,310,000	\$58,850,000	\$60,450,000
Net Position	-\$610,000	-\$555,000	-\$620,000	-\$710,000	-\$800,000	-\$900,000

These **are not** predictions of future aid, tax revenue or expenses, but simply illustrate the impact of changing assumptions.



Foundation Aid History

Year	Foundation Aid Received	Full Phase-In Formula Foundation Aid	Amount Underfunded
2012-13	\$12,561,189	\$16,981,128	\$4,419,939
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2019-20	\$13,738,077	\$17,727,189	\$3,989,112
		Average	\$3,437,326





What would the next 5 years look like with full Foundation Aid?

	2020-21	2021-22	2022-23	2023-24	2024-25
Original Assumptions	-\$825,000	-\$1,600,000	-\$2,410,000	-\$3,300,000	-\$4,230,000
Full Foundation Aid	\$4,000,000	\$4,000,000	\$4,000,000	\$4,000,000	\$4,000,000
<i>Change in Net Position</i>	\$3,175,000	\$2,400,000	\$1,590,000	\$700,000	-\$230,000



What we know and don't know for 2020-21?

Major Revenue Factors

Tax Levy – projected growth factors, state and local, total 3.1%

State Aid - we will not know state aid until later in the budget season. However, last year we received a 1% increase in Foundation Aid after average increases of 2.7% the past two years.

Major Expense Factors

TRS – the rate range has been released and will be an increase from last year. It is estimated to be between 9.25% and 10.25%, up from 8.86% in 2019-20. This calculates to an increase for the District of \$100,000 to \$300,000.

Health Insurance – preliminary renewal rates for medical are between 5% and 10%. Although we know that prescription costs have leveled out this year, “trend” is still approximately 13% per year. We will not have final rates until February/March.

Reserves

The District has continued to use reserves and fund balance to try and smooth the volatility of various budget factors. Use of reserves will be discussed throughout the budget process.





BOE Budget Presentations

December 16, 2019	BOE – Multiyear Financial Plan
January 27, 2020	BOE State Budget Update
February 24, 2020	Tax Levy, Debt Service and Bus Proposition
March 9, 2020	BOCES, Employee Benefits and General Support
March 23, 2020	Instruction, Revenue and Budget Recap
April 6, 2020	Budget Adoption
May 11, 2020	Budget Hearing and Meet the Candidates
May 19, 2020	Budget Vote





Questions and Discussion

