



# **Multi-Year Financial Plan**

*January 11, 2021*

*Board of Education Meeting*



## Multi-Year Financial Plan Overview

- **Review 2020-21 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 2021-22?**
- **Debt and Capital Project Timeline**
- **BOE Budget Presentations**





## 2020-21 Budget Process

### Projected 2020-21 Operating Deficit

- Prior to Pandemic the 2020-21 budget was developed with an anticipated operating deficit of \$500,000 - \$600,000

### Final State Budget

- The final state budget reduced aid to Mohonasen by approximately \$400,000 from the initial Governor's Budget.

### Final Projected Deficit

- The District chose not to make an additional \$400,000 of reductions in the budget based on the final state budget and instead used another \$400,000 of appropriated fund balance. This made the final projected operating deficit \$900,000 - \$1,000,000





## What did the last 5 years look like?

	2015-16*	2016-17*	2017-18	2018-19	2019-20	2020-21 Projected
<b>Revenue</b>	\$46,278,285	\$46,744,421	\$49,737,774	\$51,850,000	\$52,485,000	\$53,670,000
<b>Expenses</b>	\$45,825,780	\$46,867,973	\$50,579,983	\$52,180,000	\$52,500,000	\$54,550,000
<b>Net Position</b>	\$452,505	-\$123,552	-\$842,209	-\$330,000	-\$15,000	-\$880,000

\*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
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	\$155,834	7.69%	\$798,716	13.03%
2019-20	-\$499,102	-22.89%	\$647,665	9.35%
2020-21*	\$240,000	14.46%	\$75,000	1.00%

\*These are year over year ACTUAL expenses for TRS; the 2019-20 number was impacted by a reduction in TRS salaries during the COVID shut down from March to June in 2020 (substitute teachers, coaches and other supervisory positions).

\*The low increase in health insurance costs is due to both lower overall rates and a move to the "model plan" by the Mohonasen Teachers' Association as part of their recently settled contract.





## Volatility of Major Budget Components “True” Revenues

Year	Taxes*		State Aid*	
	Dollar Change	Percent Change	Dollar Change	Percent Change
<b>2015-16**</b>	\$489,256	2.00%	\$1,375,000	9.05%
<b>2016-17**</b>	\$170,000	0.72%	\$709,000	4.28%
<b>2017-18</b>	\$525,000	2.07%	\$339,000	1.96%
<b>2018-19</b>	\$625,000	2.42%	\$364,000	2.07%
<b>2019-20</b>	\$794,000	3.04%	\$281,000	1.48%
<b>2020-21</b>	\$742,000	2.75%	\$245,000	1.32%

\*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
<b>2015-16</b>	\$1,375,000	9.05%	\$1,170,000	\$46,000
<b>2016-17</b>	\$709,000	4.28%	\$660,000	\$75,000
<b>2017-18</b>	\$339,000	1.96%	\$0	\$353,000
<b>2018-19</b>	\$364,000	2.07%	\$0	\$351,000
<b>2019-20</b>	\$281,000	1.48%	\$0	\$137,000
<b>2020-21*</b>	\$245,000	1.32%	\$0	\$0

\*Increase in 2020-21 was due to increase in expense driven aids only



# Foundation Aid History

<b>Year</b>	<b>Foundation Aid Received</b>	<b>Full Phase-In Formula Foundation Aid</b>	<b>Amount Underfunded</b>
<b>2012-13</b>	\$12,561,189	\$16,981,128	\$4,419,939
<b>2013-14</b>	\$12,598,712	\$16,861,887	\$4,263,175
<b>2014-15</b>	\$12,775,793	\$16,707,342	\$3,931,549
<b>2015-16</b>	\$12,822,430	\$15,709,052	\$2,886,622
<b>2016-17</b>	\$12,898,380	\$15,341,231	\$2,442,851
<b>2017-18</b>	\$13,251,691	\$15,717,416	\$2,465,725
<b>2018-19</b>	\$13,602,225	\$16,701,859	\$3,099,634
<b>2019-20</b>	\$13,738,077	\$17,727,189	\$3,989,112
<b>2020-21</b>	\$13,738,077	\$18,434,477	\$4,696,400
		<b>Average</b>	<b>\$3,577,223</b>



# Looking Forward - Assumptions

## Projected Average Expenses

**TRS Contract Salaries (Admin, Teacher, TA)** – Increase 3.00% per year

**ERS Contract Salaries (Transportation, Facilities, Other Support Staff)** – Increase 3.00% per year

**Pensions** – Estimate an increase of 3% in 2021-22 based on a 3% increase in salaries and relatively flat contribution rates; then an increase of 5% in 2022-23 and beyond, based on a 3% increase in salaries, and another 2% increase in the contribution rates

**Utilities** – Increase 2% per year

**Special Education Placements** – Increase 2% per year

**BOCES** – Increase 2% per year

**Health Insurance** – Estimate an increase of 2.5% for 2021-22 based on known factors for the upcoming year, then an Increase of 5% in 2022-23 and beyond

**Other Insurance and Benefits** – Increase 2.5% per year



# Looking Forward - Assumptions

## Projected Average Revenue

### Tax Levy

- Estimate an increase of 1.5% in 2021-22 based on growth factors only
- 2022-23 and beyond, estimate an annual increase of 2.5% per year based on growth factors only

### State Aid

- Estimate a 0% increase in Foundation Aid and 2% for expense driven aids (transportation, excess cost and BOCES) in 2021-22
- 2022-23 and beyond, estimate 2% annual increase for both Foundation Aid and expense driven aids (transportation, excess cost and BOCES)

### Rental

- 2% increase per year, based on use of space and current rental agreements
- Reduction in revenue in 2022-23 of \$500,000 based on anticipated loss of CTE at CAT

### Other

- All other revenues will increase by 1% per year



# Mohonasen

The top of the slide features the word "Mohonasen" in a large, light-colored, serif font. To the right, there is a decorative graphic of three stylized human profiles facing right, rendered in a light orange color. The background is a gradient of light orange and white.

## 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 be 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

	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26
<b>Revenue</b>	\$53,670,000	\$53,840,000	\$54,430,000	\$55,540,000	\$56,675,000	\$57,840,000
<b>Expenses</b>	\$54,550,000	\$55,090,000	\$56,630,000	\$58,230,000	\$59,890,000	\$61,600,000
<b>Net Position</b>	-\$880,000	-\$1,250,000	-\$2,200,000	-\$2,690,000	-\$3,215,000	-\$3,760,000

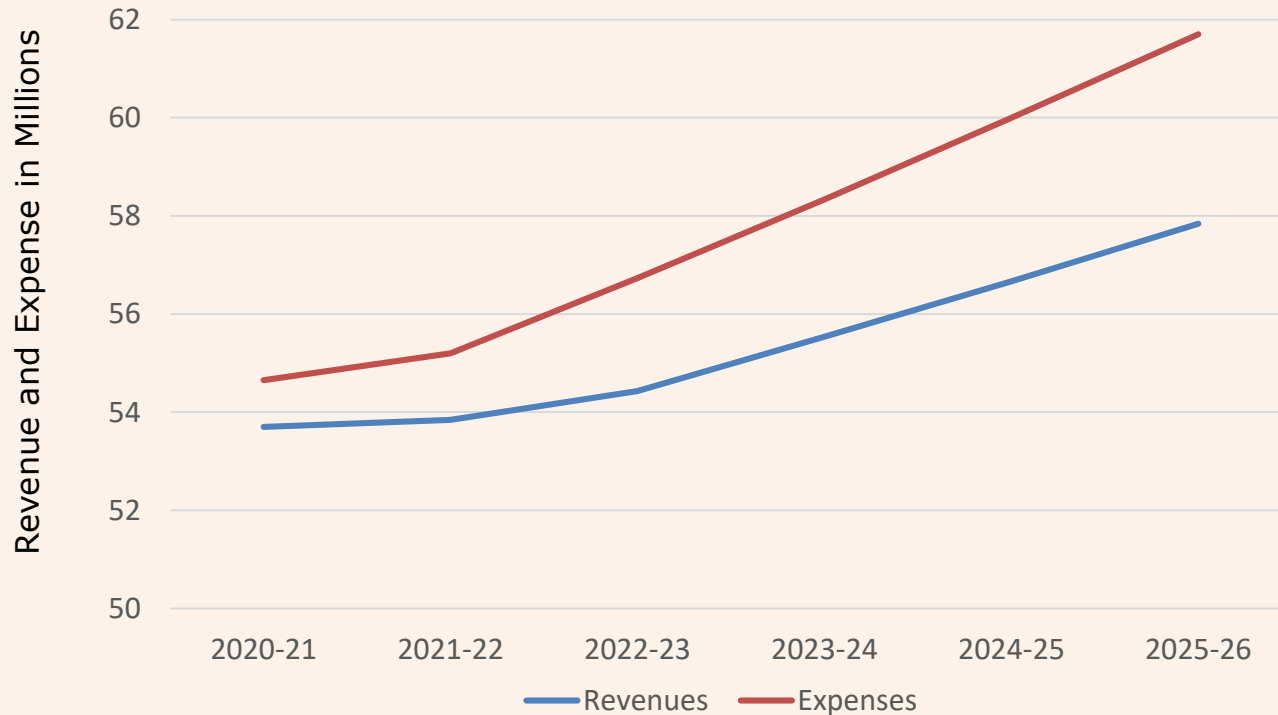
***\*Total revenue increases by approximately 1.8% per year while expenses increase by about 2.8% per year. This creates a larger deficit each year.***





## Revenue and Expense Projections

**Total revenue increases by approximately 1.8% per year while expenses increase by about 2.8% 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 2.0%

**Expenses** – Health insurance increased by an average of 2.5% per year instead of 5% and pension rates remain flat, so contributions increase an average of 3% per year based on salaries.

	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26
<b>Revenue</b>	\$53,670,000	\$53,840,000	\$54,710,000	\$56,110,000	\$57,550,000	\$59,050,000
<b>Expenses</b>	\$54,550,000	\$55,090,000	\$56,630,000	\$57,700,000	\$59,070,000	\$60,470,000
<b>Net Position</b>	-\$880,000	-\$1,250,000	-\$1,670,000	-\$1,590,000	-\$1,520,000	-\$1,420,000

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



# Foundation Aid History

<b>Year</b>	<b>Foundation Aid Received</b>	<b>Full Phase-In Formula Foundation Aid</b>	<b>Amount Underfunded</b>
<b>2012-13</b>	\$12,561,189	\$16,981,128	\$4,419,939
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<b>2020-21</b>	\$13,738,077	\$18,434,477	\$4,696,400
		<b>Average</b>	<b>\$3,577,223</b>





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

	2021-22	2022-23	2023-24	2024-25	2025-26
<b>Original Assumptions</b>	-\$1,250,000	-\$2,200,000	-\$2,690,000	-\$3,215,000	-\$3,760,000
<b>Full Foundation Aid</b>	\$4,000,000	\$4,000,000	\$4,000,000	\$4,000,000	\$4,000,000
<b><i>Change in Net Position</i></b>	\$2,750,000	\$1,800,000	\$1,310,000	\$785,000	\$240,000





# What we know and don't know for 2021-22?

## Major Revenue Factors

**Tax Levy** – projected growth factors, state and local, total 1.5%; every 1% on the tax levy is approximately \$275,000

**State Aid** - we will not know state aid until later in the budget season. However, based on the current budget deficit at the state level, we are expecting flat Foundation Aid, or even a potential decrease.

## Major Expense Factors

**TRS** – the rate range has been released and should be a minimal increase, if any. It is estimated to be between 9.50% and 10.00%. It is 9.53% for 2020-21. A change of 0.5% is approximately \$100,000.

**Health Insurance** – preliminary renewal rates for medical are under 5%. Prescription costs have remained low and we expect there to be little to no increase in rates, although 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.



# Debt and Capital Project Timeline

## Impact of Debt on Budget

Important to time projects for when older debt falls off in order to lessen impact on the tax levy

## Buidling Condition Survey

Will perform Building Condition Survey in 2021-22 school year as mandated by the State Education Department. This survey will be the basis for what is needed in future projects.

## Timeline for Debt

Increase in 2022-23 of \$250,000

Decrease of \$230,000 in 2025-26 and \$260,000 in 2027-28





## **BOE Budget Presentations**

<b>January 11, 2021</b>	<b>BOE – Multiyear Financial Plan</b>
<b>January 25, 2021</b>	<b>BOE State Budget Update</b>
<b>February 22, 2021</b>	<b>Tax Levy, Debt Service and Bus Proposition</b>
<b>March 8, 2021</b>	<b>BOCES, Employee Benefits and General Support</b>
<b>March 22, 2021</b>	<b>Instruction, Revenue and Budget Recap</b>
<b>April 12, 2021</b>	<b>Budget Adoption</b>
<b>May 10, 2021</b>	<b>Budget Hearing and Meet the Candidates</b>
<b>May 18, 2021</b>	<b>Budget Vote</b>





## Questions and Discussion

