



Multi-Year Financial Plan

January 9, 2023

Board of Education Meeting



Multi-Year Financial Plan Overview

- **“One Time Money” – CRRSA/ARP Grants**
- **Past 5 years Expenses and Revenues**
- **Projecting for 2023-24 and Beyond**
- **Major drivers, and volatility, of expenses and revenues**
- **Impact of Foundation Aid, past and future**
- **Assumptions and Projections for the next 5 years**
- **Historical Budget Perspective and Long Term Planning**
- **What do we know for 2023-24?**
- **Debt and Capital Project Timeline**
- **Overall Long-Term Strategy**
- **BOE Budget Presentations**





One Time Funding

Grants

- **CRRSA - \$2,667,922; ARP - \$4,079,756**
 - **Multiyear use for Salaries, Supplies and Equipment**
 - **Staffing to address learning loss and student mental health needs**
- **Approximately 97% of funding will be expended by the end of the 2022-23 school year; should be fully expended by end of Summer 2023**

Impact

- **Grant funded positions will need to be brought into the General Fund in if they are to be continued**



Projecting the 2022-23 Fiscal Year

Expenses

- Continuation of the additional staffing of approximately 20 total teacher and teaching assistant FTE, totaling over \$1 million
- Continued contracted Transportation costs of over \$600,000

Revenues

- Increase in Foundation Aid of \$2.15 million
- Final year of grant salaries of over \$1.5 million

Operating Surplus

- Estimate an operating surplus of approximately \$750,000 in 2022-23 school year





What did the last 5 years look like?

	2017-18	2018-19	2019-20	*2020-21	*2021-22
Revenue	\$49,737,774	\$51,850,000	\$52,485,000	\$54,680,000	\$57,100,000
Expenses	\$50,579,983	\$52,180,000	\$52,500,000	\$53,055,000	\$54,250,000
Net Position	-\$842,209	-\$330,000	-\$15,000	\$1,625,000	\$2,850,000

*Includes ARP/CRRSA grant funding



Projecting 2023-24 and Beyond

Expenses

- **Volatility of major budget factors**
 - Retirement systems (ERS/TRS) and Health Insurance
- **Changes in staffing**
 - Incorporate salary and benefits into the long-term costs, including long-term sub positions originally hired to address learning loss and student mental health needs

Revenues

- **Tax revenue**
 - Dependent on external factors; CPI and local growth factors
- **State Aid**
 - Is the current expected funding of Foundation Aid sustainable?
 - State revenues are dependent on the economy and stock market



Volatility of Major Budget Components

District Expenses

Year	TRS		Health Insurance (includes medical and prescription)	
	Dollar Change	Percent Change	Dollar Change	Percent Change
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	\$259,700	15.44%	\$54,070	0.71%
2021-22	\$235,000	12.11%	-\$15,000	-0.02%
2022-23	\$120,000	5.52%	\$373,000	4.90%





Volatility of Major Budget Components “True” Revenues

Year	Taxes*		State Aid*	
	Dollar Change	Percent Change	Dollar Change	Percent Change
2017-18	\$525,000	2.07%	\$339,000	1.96%
2018-19	\$625,000	2.42%	\$364,000	2.07%
2019-20	\$794,000	3.04%	\$281,000	1.48%
2020-21	\$742,000	2.75%	\$245,000	1.32%
2021-22	\$435,000	1.57%	\$1,840,000	9.81%
2022-23	\$670,000	2.39%	\$2,724,283	13.23%

**without capital exclusion or building aid*



Foundation Aid History

Year	Foundation Aid Received	Full Phase-In Formula Foundation Aid	Amount Underfunded
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
2020-21	\$13,738,077	\$18,434,477	\$4,696,400
2021-22	\$15,113,114	\$18,976,314	\$3,836,200
2022-23	\$17,260,020	\$19,406,927	\$2,146,907
2023-24	\$21,845,076	\$21,845,076	\$0



Foundation Aid – A Deeper Look

- Foundation Aid began in 2007-08 and is intended to provide a sound, basic education to all students
- The Foundation Aid formula is comprised of many factors including number of students, student need and wealth factors specific to the District
- The formula has been tweaked over the years to meet specific needs, but has never been fully reevaluated and contains many antiquated factors
- Although the full phase-in of the current formula is a big step in the right direction, it does not address the inequity and volatility of the formula itself
- Mohonasen's Formula is projected to INCREASE by approximately \$4.6 million from 2022-23 to 2023-24.
- *About \$2.4 million of this increase is due to the rising cost of inflation (\$800 million statewide). Will this increase be fully funded? Will it potentially be reduced when inflation declines?*



Foundation Aid History – If Fully Funded

Year	Full Phase-In Formula Foundation Aid	Change in Dollars from Prior Year	Change in Percent from Prior Year
2014-15	\$16,707,342	- \$154,545	- 0.9%
2015-16	\$15,709,052	- \$998,290	- 6.4%
2016-17	\$15,341,231	- \$367,821	-2.3%
2017-18	\$15,717,416	\$376,185	2.5%
2018-19	\$16,701,859	\$984,443	6.3%
2019-20	\$17,727,189	\$1,025,330	6.1%
2020-21	\$18,434,477	\$707,288	4.0%
2021-22	\$18,976,314	\$541,837	2.9%
2022-23	\$19,406,927	\$430,613	2.3%
2023-24	\$21,845,076	\$2,438,149	12.6%



Looking Forward - Assumptions

Projected Average Expenses

TRS Contract Salaries (Admin, Teacher, TA) – Increase 3.00% per year, includes 9 FTE of teaching staff and 10 FTE of Teaching Assistants initially intended to be long-term subs ending after 2022-23

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

Pensions – Estimate a DECREASE in TRS rates of almost 5% and an increase of ERS rates of approximately 13% in 2023-24; then an increase of 5% in 2024-25 and beyond based on a combination of salary increases and contribution rates.

Utilities – Increase 5% per year

Special Education Placements – Increase 3% per year

BOCES – Increase 3% per year

Health Insurance – Estimate an increase of 7.3% for 2023-24 based on some known factors for the upcoming year, then an Increase of 5% in 2024-25 and beyond

Other Insurance and Benefits – Increase 2.5% per year



Looking Forward - Assumptions

Projected Average Revenue

Tax Levy

- Estimate an increase of 2.25% in 2023-24 based on known CPI and growth factors only
- 2024-25 and beyond, estimate an annual increase of 2.25% per year based on CPI and growth factors

State Aid

- Increase of Foundation Aid of \$4.6 million in 2023-24, then 2% increases 2024-25 and beyond
- 2% increase for expense driven aids (transportation, excess cost and BOCES) in 2023-24 and beyond

Rental

- Flat rental rates expected from BOCES SPED classroom and other community rentals

Other

- CRRSA and ARP funds will be fully expended by the end of 2023-24
- All other revenues will increase by 1% per year



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

- One-time expenses not included are retirement incentives, tax certiorari settlements and major unanticipated repairs
- One-time revenues not included are 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

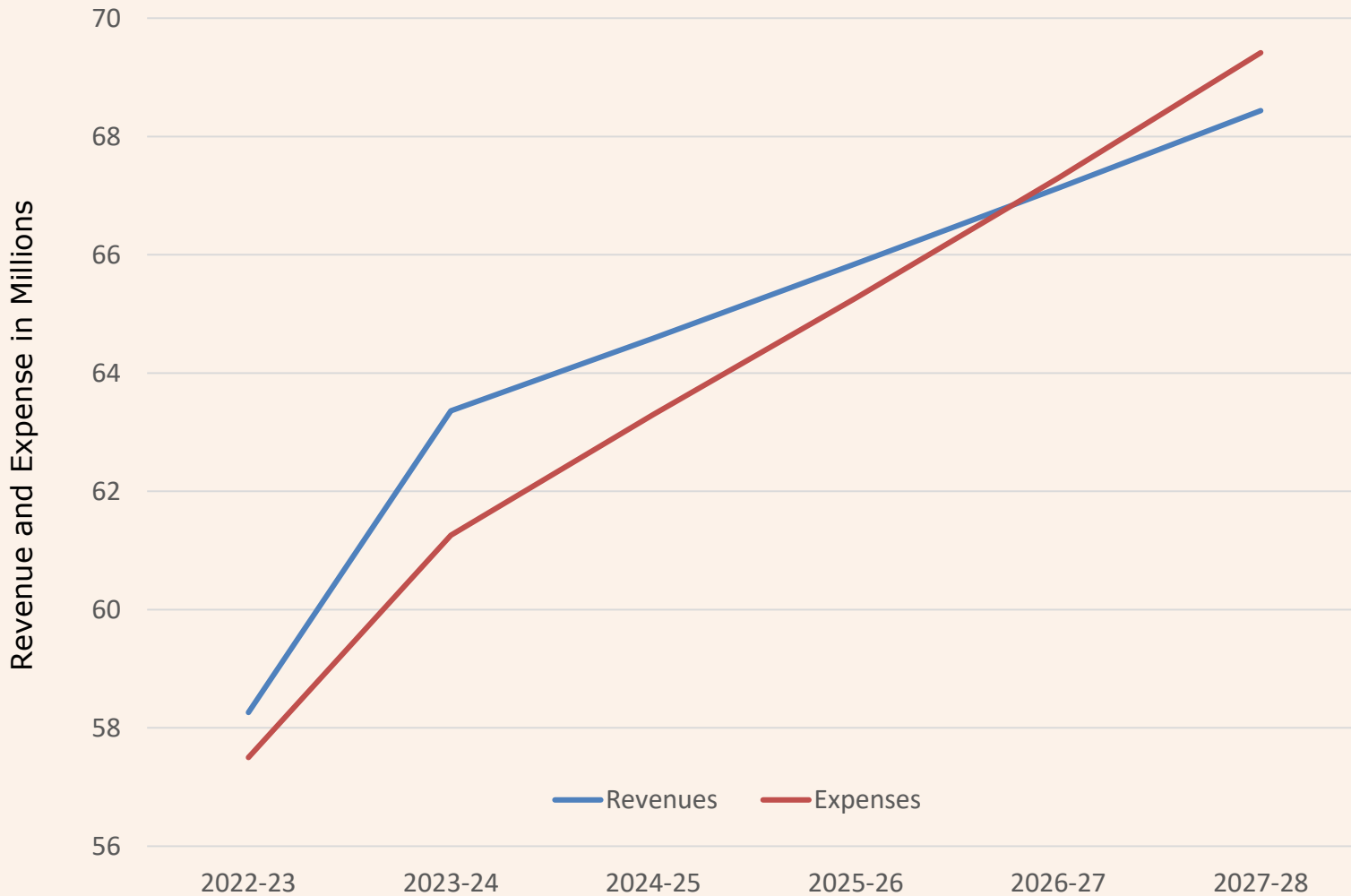
	2023-24	2024-25	2025-26	2026-27	2027-28
Revenue	\$63,360,000	\$64,590,000	\$65,850,000	\$67,130,000	\$68,440,000
Expenses	\$61,260,000	\$63,300,000	\$65,270,000	\$67,300,000	\$69,420,000
Net Position	\$2,100,000	\$1,290,000	\$580,000	-\$170,000	-\$980,000

**Total revenue increases by approximately 1.95% (starting 2024-25) per year while expenses increase by about 3.18% per year. This creates an operational deficit each year.*



Revenue and Expense Projections

Total revenue increases by approximately 1.95% per year while expenses increase by about 3.18% per year, starting in 2024-25. This creates an operational deficit.



Long Term Impact of Increased Staffing

Cost of 1.0 FTE Teaching Position – \$55,000 Base Salary

Salary and Benefits

- \$75,000 – one year
- \$400,000 over 5 years
- \$840,000 over 10 years

Cost of 1.0 FTE Teaching Assistant Position – \$20,000 Base Salary

Salary and Benefits

- \$35,000 – one year
- \$180,000 over 5 years
- \$400,000 over 10 years

Cost of 1.0 FTE Support Staff Position – \$35,000 Base Salary

Salary and Benefits

- \$51,000 – one year
- \$270,000 over 5 years
- \$570,000 over 10 years



Revisiting Past Budgets



Prior to 2019-20

- Small increases in Foundation Aid and large increases in costs, specifically health insurance, created a significant and unsustainable operational deficit.
- In order to balance the budget and avoid larger layoffs in the future, over 40 total FTE were reduced.
- Reduced positions included teaching staff, support staff administrators and supervisors.

Since 2019-20

- 26 teaching FTE and 10 teaching assistant FTE have been added to address elementary class sizes, learning loss, student mental health needs and expanded academic options.
- Some support staff positions have been reinstated to address needs and an additional supervisor has been added to the Transportation Department.



What if scenarios?



Retirement Systems:

What if the contributions spike based on stock market volatility?

- Every 1% on the contribution rate is about \$250,000

Health Insurance:

Costs have remained stable for several years based on CASHIC participation, but the industry itself is still volatile and the District is self insured for prescription costs and some medical costs.

Tax Levy:

What if the CPI decreases and no longer allows for the 2% growth factor?

- Every 1% on the tax levy is approximately \$300,000 and this compounds each year

Foundation Aid:

What if the current increase based on inflation is reduced in future years?

- This is approximately \$2.4 million per year, starting in 2023-24, which is now included in long-term plan



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Long Term Planning



How to Handle Short Term Surplus?

Fund Balance and Reserves

- Follow the current Reserve Plan which is approved by the BOE
- Once these reserves are appropriately funded as per the approved plan, create a Capital Reserve to help fund the next Capital Project

What is a Capital Reserve?

- A Capital Reserve is a fund which can be created to offset a portion of the local taxpayer share of capital construction costs
- It can be funded through planned budget appropriations or budget surpluses
- This type of reserve must be approved by the voters to establish, to fund and to expend funds



Debt and Capital Project Timeline

Building Condition Survey and Five Year Plan

- We have used the 2021-22 Building Condition Survey as a basis for a \$50 million project expected to be put on the ballot with the budget vote in May 2023.

Impact of Debt on Budget

- It is important to time projects for when older debt falls off in order to lessen impact on the tax levy; there are decreases in debt of \$230,000 in 2025-26 and \$260,000 in 2027-28.
- A Capital Reserve should be used to minimize the remaining “local share.”
- Funding the Capital Reserve with a minimum of \$3 million would offset the local taxpayer share to .25% each year for 8 years. Funding at higher levels would reduce that further. It is recommended to establish the Capital Reserve for up to \$5 million as it is not fully known what may be available each year due to the variables in expenses and revenues with a target of reaching at least \$3 million over multiple years.
- Projected tax impact would be less than \$8/year for \$150,000 home.



What we know and don't know for 2023-24?

Major Revenue Factors

Tax Levy – projected growth factors, state and local, total 2.25%; every 1% on the tax levy is approximately \$300,000

State Aid – expecting full funding Foundation aid in 2023-24, including an increase of \$4.6 million in 2023-24 based on most updated projections from NYS.

Major Expense Factors

TRS – the rate range has been released and should be a minimal decrease. It is estimated to be between 9.50% and 10.0%. It is 10.29% for 2022-23. A change of 0.5% is approximately \$100,000.

ERS – the composite rate is increasing from 11.6% to 13.1%, resulting in an increase of approximately \$75,000

Health Insurance – preliminary renewal rates for medical should be a composite of under 7.5%. Prescription costs have remained stable and we expect to be able to keep rates flat, although we will not have finalized rates until February/March.



Overall Long-Term Strategy

Cautiously Optimistic

- The next few years will result in structured/planned surpluses for the District to be applied to a Capital Reserve.
- Starting in 2026-27 increasing operational deficits are projected to each year.

Staffing

- Continue to support lower class size targets for grades K-6.
- Continue with additional FTE to address learning loss and the mental health needs of our students.

Use of Fund Balance and Reserves

- Use Fund Balance and reserves to mitigate the volatility of expenses (pensions and health insurance) and revenues (tax levy and Foundation Aid)
- Establish sustainable staffing levels which are less dependent on the year to year fluctuations of the local, state, national and global economies.
- Create a Capital Reserve to mitigate impact on the community for the upcoming capital project.





BOE Budget Presentations

January 9, 2023

BOE – Multiyear Financial Plan

February 6, 2023

State Budget Update

Tax Levy, Debt Service and Bus Proposition

February 27, 2023

BOCES, Employee Benefits and General Support

March 13, 2023

Instruction, Revenue and Budget Recap

March 27, 2023

Budget Adoption

May 8, 2023

Budget Hearing and Meet the Candidates

May 16, 2023

Budget Vote





Questions and Discussion

