



Multi-Year Financial Plan

January 8, 2024

Board of Education Meeting

Multi-Year Financial Plan Overview

- **Projecting 2023-24 Fiscal Year**
- **Past 5 years Expenses and Revenues**
- **Projecting for 2024-25 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**
- **“What if Scenarios” and Long-Term Planning**
- **Recap of what we know and don’t know for 2024-25**
- **Overall Long-Term Strategy**
- **BOE Budget Presentations**

Projecting the 2023-24 Fiscal Year

Expenses

- Incorporated over \$2 million in grant salaries into the general fund budget
- Continued contracted Transportation costs of over \$650,000

Revenues

- Increase in Foundation Aid of \$4.6 million
- Final \$200,000 in salaries from stimulus funding

Operating Surplus

- Estimate an operating surplus of approximately \$2.5 million in 2023-24 school year



What did the last 5 years look like?

	2018-19	2019-20	*2020-21	*2021-22	*2022-23
Revenue	\$51,850,000	\$52,485,000	\$54,680,000	\$57,100,000	\$58,970,000
Expenses	\$52,180,000	\$52,500,000	\$53,055,000	\$54,250,000	\$56,590,000
Net Position	-\$330,000	-\$15,000	\$1,625,000	\$2,850,000	\$2,380,000

*Includes ARP/CRRSA grant funding

Projecting 2024-25 and Beyond

Expenses

- **Volatility of major budget factors**
 - Retirement systems (ERS/TRS) and Health Insurance
- **Increased staffing**
 - Incorporated salary and benefits into the long-term costs, including long-term sub positions hired to address ongoing 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?
 - We did not expect another large increase for 2024-25, estimated to be \$2.3 million
 - 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
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	-\$35,000	-1.62%	\$260,000	3.41%
2023-24	\$260,000	12.14%	\$600,000	7.59%



Volatility of Major Budget Components “True” Revenues

Year	Taxes*		State Aid*	
	Dollar Change	Percent Change	Dollar Change	Percent Change
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	\$680,000	2.41%	\$2,900,000	12.01%
2023-24	\$655,000	2.16%	\$4,500,000	16.54%

**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	\$22,010,080	\$22,010,080	\$0
2024-25	\$24,300,000	\$24,300,000	\$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 \$2.3 million from 2023-24 to 2024-25. This is due to changes in our Combined Wealth Ratio, enrollment increases, needs of our students and other state factors, including CPI.
- Although this is very positive short-term news, the question of long-term sustainability remains.

Looking Forward - Assumptions

Projected Average Expenses

TRS Contract Salaries (Admin, Teacher, TA) – Increase of 4.50% for 2024-25 based on the settled MTA contract; 2025-26 through 2027-28 will be impacted by Foundation Aid increases.

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

Pensions – Estimate an increase of TRS rates of approximately 5% and an increase of ERS rates of approximately **24%** in 2024-25; then an increase of 5% in 2025-26 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 9.0% for 2024-25 based on some known factors for the upcoming year, then an Increase of 7.5% in 2025-26 and beyond

Other Insurance and Benefits – Increase 2.5% per year

Looking Forward - Assumptions

Projected Average Revenue

Tax Levy

- Estimate an increase of 2.45% in 2024-25 based on known CPI and growth factors only
- 2025-26 and beyond, estimate an annual increase of 2.25% per year based on historical CPI and growth factors

State Aid

- Increase of Foundation Aid of \$2.3 million in 2024-25, then 2% increases 2025-26 and beyond
- 2% increase for expense driven aids (transportation, excess cost and BOCES) in 2024-25 and beyond

Other

- Rental fees for classrooms and public use of facilities, minimal revenue
- 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 expiring grants, refunds from a prior expenses or payment of a district held life insurance policy

Looking Forward – Projections

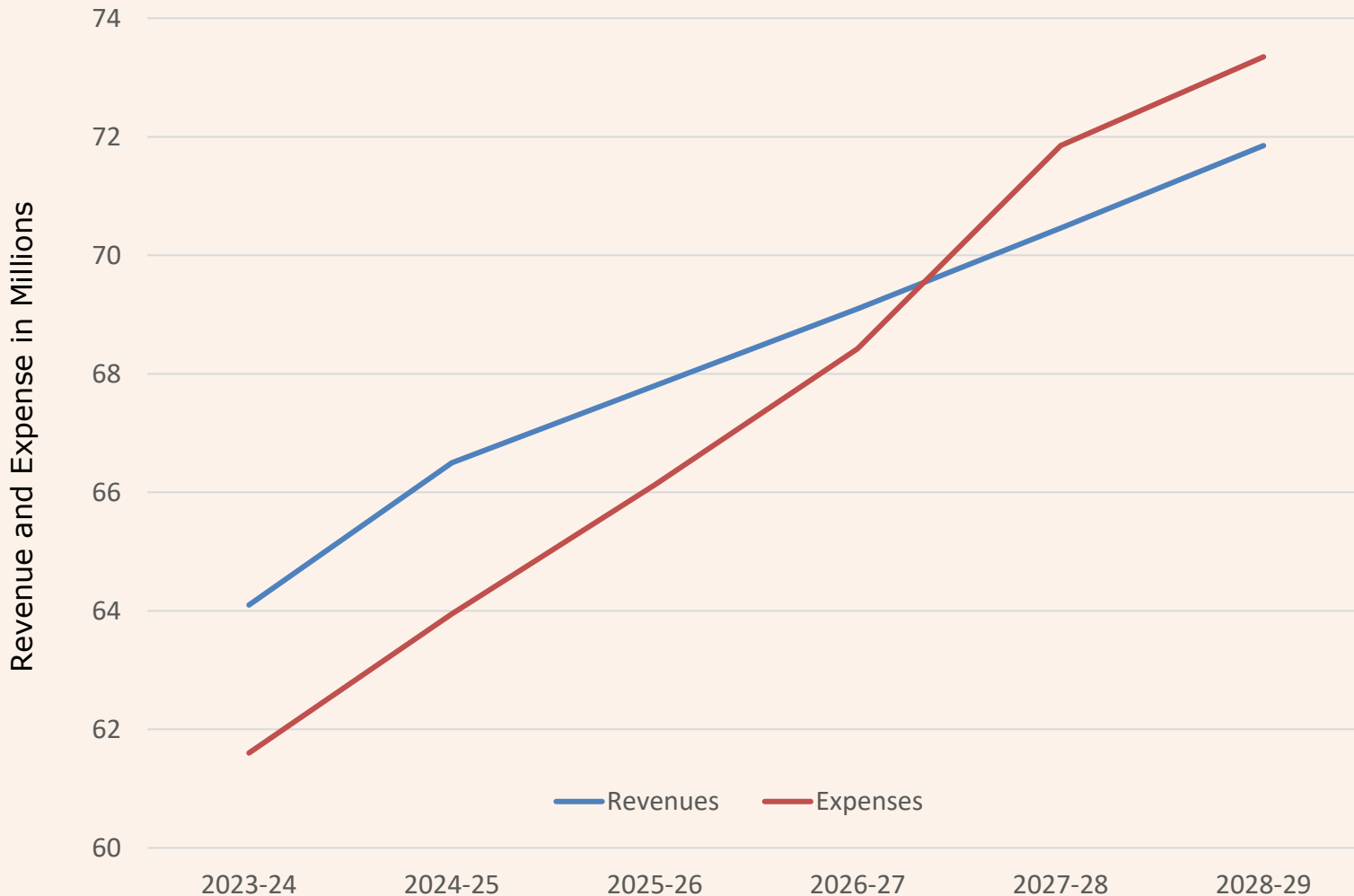
Current Assumptions

	2024-25	2025-26	2026-27	2027-28	2028-29
Revenue	\$66,500,000	\$67,800,000	\$69,100,000	\$70,460,000	\$71,850,000
Expenses	\$63,950,000	\$66,125,000	\$68,425,000	\$70,825,000	\$73,350,000
Net Position	\$2,550,000	\$1,675,000	\$675,000	-\$365,000	-\$1,500,000

Total revenue increases by approximately 1.95% (starting 2025-26) per year while expenses increase by about 3.49% 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 3.49% per year, starting in 2024-25. This creates an operational deficit.



What if scenarios?



Retirement Systems:

What if the contributions spike based on stock market volatility?

- Every 1% on the contribution rate is almost \$300,000

Health Insurance:

Costs had remained stable for several years, but 2024-25 are projected as larger increases. CASHIC participation helps to mitigate increases, but the industry itself is still volatile and the District is self insured for prescription costs and some medical costs. Every 10% on health insurance is over \$750,000.

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:

Are our increases sustainable based on projected budget deficits from New York State? Have had a 60% increase (over \$9 million) in the past 3 years.



Mohonasen Long Term Planning



How to Handle Short Term Surplus?

Fund Balance and Reserves

- Follow the current Reserve Plan which is approved by the BOE
- Reduce the dependence on Fund Balance and Reserves to balance the budget each year

Continue to connect expenses to revenues in contracts

- Current MTA contract includes a connection to Foundation Aid
- Connecting major revenues to major expenses will help to mitigate any large changes in revenue over time

What we know and don't know for 2024-25?

Major Revenue Factors

Tax Levy – projected growth factors, state and local, total 2.45%; every 1% on the tax levy is approximately \$300,000.

State Aid – expecting continued full funding Foundation aid in 2024-25, including an increase of \$2.3 million in 2024-25 based on most updated projections from NYS.

Major Expense Factors

TRS – the rate range has been released and should be a minimal increase. It is estimated to be between 9.75% and 10.25%. It is 9.76% for 2023-24. The potential change of 0.5% is approximately \$100,000.

ERS – the composite rate is increasing from 13.1% to 15.2%, resulting in an increase of approximately \$170,000. ERS has had more volatility than TRS in recent years.

Health Insurance – preliminary renewal rates for medical should be a composite of under 10%. Prescription costs have remained stable, and we expect to be able to keep rates at approximately 5%, 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 continue to fund reserves.
- Starting in 2027-28 increasing operational deficits are projected 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.



BOE Budget Presentations

January 8, 2024	BOE – Multiyear Financial Plan
February 5, 2024	State Budget Update
	Tax Levy, Debt Service and Bus Proposition
February 26, 2024	BOCES, Employee Benefits and General Support
March 11, 2024	Instruction, Revenue and Budget Recap
March 25, 2024	Budget Adoption
May 6, 2024	Budget Hearing and Meet the Candidates
May 14, 2024	Budget Vote



Questions and Discussion