

Croton-Harmon Union Free School District

Preliminary Discussion For Developing the 2018-2019 Budget

Budget History:

2008/09 Budget = \$41,848,800 (+5.45%)
 2009/10 Budget = \$42,888,020 (+2.48%)
 2010/11 Budget = \$43,860,828 (+2.27%)
 2011/12 Budget = \$43,860,828 (+0.00%)
 2012/13 Budget = \$43,386,393 (-1.08%)
 2013/14 Budget = \$44,592,809 (+2.78%)
 2014/15 Budget = \$45,400,867 (+1.81%)
 2015/16 Budget = \$46,076,000 (+1.49%)
 2016/17 Budget = \$45,905,975 (-0.37%)
 2017/18 Budget = \$46,499,826 (+1.29%)

Consumer Price Index (CPI)

The CPI will be provided by the state in December and will be used as part of the calculation of the maximum the tax levy can increase. The tax levy cap formula uses either the lesser of CPI or 2%. Currently, the Office of the State Comptroller has determined that the CPI figure of 1.84% is the rate to be used by local governments for budgets which begin on January 1, 2018. It is estimated that the CPI for school districts, with budgets beginning on July 1, 2018, could be 2%.

Enrollment

Our school enrollment as of September 14, 2017 is 1623 students which includes 15 students placed in settings outside of the district. The chart shows how inconsistent our class sizes are from year to year.

CET- The current enrollment at CET is 588 students. Current class sizes average (including part-time students): K – 21.8, 1st Grade – 21.4, 2nd Grade – 22.4, 3rd Grade – 19.7, and 4th Grade – 23.7.

There are currently 5 sections at each grade level except 3rd and 4th in which there are 6 sections. There is currently a K-2 special education class with 5 students and a Grades 3-4 special education class with 7 students at CET.

It is projected that CET's student population could decrease by 32 students in 2018-2019 if Kindergarten enrollment stays low. It will be very helpful to have the demographic study when projecting enrollment.

PVC- The student population here is 506 students. It is anticipated that the student population in 2018-2019 will remain the same since the incoming 5th grade would just about be the same as the outgoing 8th grade class in enrollment.

CHHS- The student population at CHHS in 2017-2018 is 514. Here at CHHS, it is anticipated that there will be a very slight increase in population as the seniors will graduate approximately 136 and the incoming 9th grade class will have approximately 142.

Grade Level	2016-17 June Enrollment	2017-18 September Enrollment	Difference
Kindergarten	97	109	+12
1 st grade	111	107	- 4
2 nd grade	117	112	-5
3 rd grade	140	118	-22
4 th grade	130	142	+12
K-2 Special Education	8 (included above)	5 (included above)	-3
Gr. 3-4 Special Ed.	6 (included above)	7 (included above)	+1
5 th grade	131	131	0
6 th grade	108	132	+24
7 th grade	143	101	-42
8 th grade	134	142	+8
9 th grade	140	130	-10
10 th grade	114	136	+22
11 th grade	138	112	-26
12 th grade	131	136	+5

Personnel Services:

At the present time, we have collective bargaining agreements providing scheduled salary increases for 2018-19 for the following bargaining units:

1. Amalgamated Transit Unit (2017 – 2020)
2. CSEA Clerical (2017 - 2021)
3. CSEA Custodial (2017 – 2020)
4. Croton-Harmon Administrators' Association (CHAA) (2017 – 2019)

These units will start negotiations soon:

1. Aides of Croton United (2015 - 2018)
2. Croton Teachers' Association (2015 - 2018)

Salaries of \$24,716,913 and benefits of \$8,924,743 represent 72.35% of the 2017-18 operating budget down from 72.52% last year.

Other Personnel Services:

Staffing may change based on administrative recommendations such as:

1. The Board of Education adopted class size guidelines
2. Growing requirements for academic support, technology integration and support, state standards, social/emotional concerns, English Language Learners and safety/ security concerns.
3. Offering of electives and Advanced Placement classes at CHHS
4. Foreign language offerings at CET

Debt Service

The district continues to benefit from the refinancing of several serial bonds saving over \$80,000 each year for the next 3 years. Through the use of the Capital Reserve Funds, it has been projected that the district has saved approximately \$1,478,951 in interest payments since no borrowing was needed to complete the roof projects, bus loop reconfiguration, paving projects and the transportation facility additions and alterations. (This does not include the current \$4m in projects approved by the voters in January 2014.) This savings also does not include payments for underwriter fees and other bond issuance costs. The district will continue to have level debt until the 2019-2020 school year when the 2006 issue and the 2013 refunding bonds will be paid off. The 2011 refunding will be paid off the following year.

New debt service for the capital bond issue will be dependent on interest rates at the time of borrowing and when construction projects begin.

Health Insurance:

The actuaries continue to review the experience of the Putnam/Northern Westchester Health Insurance Consortium. Premium rates have increased as follows:

- 2010-2011 - 3.0%
- 2011-2012 - 3.0%
- 2012-2013 - 3.0%
- 2013-2014 - 3.0%
- 2014-2015 - 1.5%
- 2015-2016 – 1.5%
- 2016-2017 – 2.6%
- 2017-2018 – 8.0%
- 2018-2019 - 3.75%

With a projected rate increase of 3.75% for 2018-2019, the increase will be approximately \$148,000 using the current known employee contribution rates. The rates for the consortium's coverage through Aetna were determined in November by the Putnam Northern Westchester Health Insurance Consortium Governance Board.

NYSIR Insurance:

NYSIR has been able to hold rates steady over the past several years except in the area of School Board Liability which has increased dramatically in the past several years. Based on past experience, the district will budget 1.5% increase for insurance coverage.

Transportation:

The bus replacement schedule indicates that the district will need to purchase two (2) 66 passenger buses and one (1) 28 passenger van. Our mechanics do an excellent job maintaining our buses and we are fortunate to get the durability out of the buses that we do. This past year we had a perfect 100% Department of Transportation inspection rate for the second year in a row.

It is anticipated that the following buses will be replaced:

Bus # 95	2002 Thomas 75 passenger bus	Current mileage of 61,391
Van # 97	2001 Chevy Wheelchair van	Current mileage of 111,836
Bus #110	2002 GMC 28 passenger van	Current mileage of 87,686
Bus #121	2007 Thomas 75 passenger bus	Current mileage of 72,987

We anticipate a bus proposition of approximately \$290,000.

Retirement Systems:

The history of the contribution to the NYS Employees Retirement System is as follows:

<u>2014-2015</u>	<u>2015-2016</u>	<u>2016-2017</u>	<u>2017-2018</u>
Tier 1 – 27.7%	Tier 1 – 25.2%	Tier 1 – 21.8%	Tier 1 – 21.7%
Tier 2 – 25.4%	Tier 2 – 23.2%	Tier 2 – 16.1%	Tier 2 – 19.7%
Tier 3 – 20.4%	Tier 3 – 18.9%	Tier 3 – 16.1%	Tier 3 – 16.1%
Tier 4 – 20.4%	Tier 4 – 18.9%	Tier 4 – 13.2%	Tier 4 – 16.1%
Tier 5 – 16.7%	Tier 5 – 15.6%	Tier 5 - 9.4%	Tier 5 – 13.2%
Tier 6 – 11.1%	Tier 6 - 10.7%	Tier 6 – 9.4%	Tier 6 - 9.4%

History of ERS payments:

2009-2010	\$330,000
2010-2011	\$550,000
2011-2012	\$676,376
2012-2013	\$865,438
2013-2014	\$982,523
2014-2015	\$986,550
2015-2016	\$830,741
2016-2017	\$801,828
2017-2018	\$822,615 (estimate from ERS for payment in December 2017)
2018-2019	\$806,658 (estimate from ERS for payment in December 2018)

The projection for the December 2018 payment is based on salaries of \$5,732,862.

History of TRS Payments and contribution rates:

2009-2010	\$1,102,839	6.19%
2010-2011	\$1,491,652	8.62%
2011-2012	\$1,724,970	11.11%
2012-2013	\$1,966,930	11.84%
2013-2014	\$2,548,811	16.25%
2014-2015	\$2,811,219	17.53%
2015-2016	\$2,354,349	13.26%
2016-2017	\$1,995,559	11.72%
2017-2018	\$1,734,566 (est.)	9.80% (actual)
2018-2019	\$1,997,892 (est.)	11.00% (est.)

Teachers' Retirement System contribution will be budgeted at 11% of salaries for 2018-2019. The initial contribution rate budgeted will be 11% since TRS has forecast the rate will be between 10.5 - 11%. **This is an increase of approximately \$263,416.**

Utilities:

As of September 2017, New York Power Authority (NYPA) has indicated that there will be an 8.81% increase in their base production rates effective as of January 2018. We have not received any information on whether or not Con Edison has filed a request with the NYS Public Service Commission (PSC) for a delivery service rate increase. We will continue to monitor these rates. We will also review the impact of the Energy Performance Contract on the cost of utilities.

BOCES:

We are continually evaluating the BOCES budget to identify areas of potential savings. As our BOCES aid rises, it has become more fiscally prudent to contract with BOCES. Aid has stayed constant at 66.4% since the 2016-2017 school year. One figure we will be watching is the additional 2% surcharge which is being added by SW BOCES. This was added because of increasing costs for retiree health insurance.

Technology:CET:

- All students participated in the Hour of Code
- Deployed 40 additional Chromebooks
- All 4th grade classrooms were outfitted with Chromebooks and integrated G-Suite into instruction.
- CHHS Cyber Squad presented Cyber Safety classes to CET 4th graders.
- 4th graders mastered PowToon's to create anti-cyberbullying videos.
- 2nd graders created digital dictionaries using Swivl to act out vocabulary words.

PVC:

- Deployed 80 additional Chromebooks
- All students participated in the Hour of Code.
- Innovation & Design Lab was booked solid with classes.
- 5th grade students explored databases on Chrome books in the classroom to collaborate on their projects “The Human Impact on the Western Hemisphere”.
- 6th grade students went digital to design solutions to issues associated with natural disasters and ultimately connect it to solutions from ancient civilizations.
- Opened eSchoolData student portal for 7th and 8th grade students
- Deployed Touchscreen Chromebooks in Guidance Department

CHHS:

- Created collaboration learning space in Library
 - Installation of 3 Nureva Span Projection Wall systems
 - Purchased furniture to promote collaboration among/between students
- Deployed 30 additional Chromebooks
- All students participated in the Hour of Code.
- Launched Swivl – a video reflection platform for teachers and students including Swivl cameras, mini-iPads and accompanying cloud software licenses
- Deployed Touchscreen Chromebooks in Guidance Department

District-wide:

- Launched the Croton parent app
- Deployed YouTube resources
- Opened Web Edge portal for parents to view detailed NYS and Renaissance Star reports
- Collaboration with Facilities Department to upgrade HVAC systems

We will also continue to review the following areas:

1. Instructional aspects, including video streaming, computer based assessments
2. Replacement schedule of computers including desktops, laptops, Chromebooks, Smart boards and infrastructure (access points, switches, cabling)
3. BYOD – Bring your own device
4. How the increased security measures will impact our infrastructure and bandwidth.
5. Smart Schools Bond Act – replacement and reconfiguration of wireless access points completed during September 2017; purchase of furniture for collaborative spaces

Revenues**State Aid:**

1. Foundation Aid continues to lag behind what the original allocations were meant to be, but the base amount for Croton has increased from \$1,548,097 to \$1,981,197 to \$2,117,441.
2. Sales Tax revenue has continued to rebound.
 - \$292,508 - 2009-2010
 - \$420,719 - 2010-2011
 - \$450,566 - 2011-2012
 - \$456,439 - 2012-2013
 - \$482,617 - 2013-2014
 - \$491,470 – 2014-2015
 - \$496,489 – 2015-2016
 - \$501,661 – 2016-2017
3. Transportation Aid continues to rise as our aid ratio increased to 39.3%. Transportation aid has increased by 50% since 2009-2010.

4. Building Aid has also increased over \$200,000 since 2008-2009 as projects, such as Energy Performance Contract, Excel Aid (which enabled us to install card readers at our buildings), roofs and bus loop reconfiguration and the addition to the Transportation Facility have been completed.

Return to taxpayers:

Each year, a portion of the unappropriated fund balance is recorded as revenue to reduce the tax levy. This appropriation is shown below.

- 2008-2009 \$1,125,000
- 2009-2010 \$1,600,000
- 2010-2011 \$2,600,000
- 2011-2012 \$2,000,000
- 2012-2013 \$1,800,000
- 2013-2014 \$1,600,000
- 2014-2015 \$1,600,000
- 2015-2016 \$1,300,000
- 2016-2017 - \$ 926,016
- 2017-2018 - \$1,125,000

There is a down side to this allocation. If this money is not available, the tax levy increases and the taxpayers have to make up the difference in revenue unless there is a corresponding increase in another source of revenue.

Reserves:

Each year, the district also relies on reserve funds as revenue to lower the tax levy, to support projects, such as capital improvements, to pay accrued leave time at retirement and to pay tax certiorari refunds. These reserves avoid having to fund these expenses through the general fund budget and help the district to smooth out tax increases. The 2% tax levy cap will severely limit the district's ability to replenish reserves in the future. In recent years, we have used money from the Employees Retirement System (ERS) and Unemployment Insurance (UI) Reserves as revenue to offset the tax levy. As of June 30, 2017, the current balances in our reserves are as follows:

- Debt Service Reserve - \$86,676
- Unemployment Insurance - \$246,969
- Employees' Retirement System - \$1,145,453
- Capital Reserves - \$6,096,936
- Tax Certiorari Reserve - \$5,100,440
- Legal Liability Reserve - \$198,061
- Employee Benefit Accrued Liability Reserve - \$431,796
- Workers Compensation Reserve - \$200,000

This past year, the district used \$100,000 from the UI Reserve, \$300,000 from the ERS Reserve and \$20,000 from the Debt Service Reserve as revenue to fund the 2017-2018 general fund budget. There is currently no mechanism to reserve for the contributions to TRS.

Assessments:

We have had a slight increase of 0.37% in taxable assessments in the Town of Cortlandt while the assessments in the Town of Yorktown decreased 0.50%. We continue to see an increase in homeowner and commercial certioraris being filed in recent years. At the present time, our tax certiorari reserve is valued at approximately 50% of the total value of refunds sought by taxpayers both residential and commercial.

Equalization Rates:

Equalization rates for 2017, which are used to determine distribution of taxes in Westchester school districts for the 2018-2019 school budget have been tentatively set by the New York State

Office of Real Property. There is little change from the previous year. Town of Cortlandt's equalization may change from 1.71% to 1.70%. The equalization rate for the Town of Yorktown may change from 2.46% to 2.38%.

STAR:

The STAR rebate program remains in effect for districts that stay within the tax levy cap and comply with the submission of required paperwork to certify staying within the cap. Governor Cuomo capped the STAR savings for homeowners at 2% in 2011-2012. This cap remains in effect. The NYS Legislature eliminated STAR rebates for anyone making over \$500,000.

Overall, the Croton-Harmon School District will receive \$154,522 less in STAR revenue in 2017-2018 than we received in 2016-2017.

Interest Rates:

We continue to compare interest rates between JP Morgan Chase and NYLAF to ensure that we are earning the highest interest possible on our investments. Interest rates recently topped 1% - a number we have not seen in many years.