

## Croton-Harmon Union Free School District

### Preliminary Discussion For Developing the 2019-2020 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%)  
 2018/19 Budget = \$47,172,204 (+1.45%)

#### 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 CPI is estimated at 2.7%. The Office of the State Comptroller has determined that the CPI figure of 2% is the rate to be used by local governments for budgets which begin on January 1, 2019. Actual CPI for this period was 2.42%. It is estimated that the CPI for school districts, with budgets beginning on July 1, 2019, will be 2%.

#### Enrollment

Our school enrollment as of September 2018 is 1589 students which includes 13 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 569 students. Current class sizes average (including part-time students):

K – 20.6, *1<sup>st</sup> Grade* – 23.6, *2<sup>nd</sup> Grade* – 23.4, *3<sup>rd</sup> Grade* – 22.2, and 4th Grade – 24.

There are currently 5 sections at each grade level.

There is currently a K-2 special education class with 5 students and a Grades 3-4 special education class with 4 students at CET (all in Grade 4).

According to the demographic study, the incoming Kindergarten class could be 117. This would keep the 2019-2020 student enrollment close to the same as in 2018-2019.

PVC- The student population here is 501 students. It is anticipated that the student population in 2019-2020 will increase since the incoming 5<sup>th</sup> grade will have 22 more students than the outgoing 8<sup>th</sup> grade class in enrollment.

CHHS- The student population at CHHS in 2018-2019 is 506 including three special education students who are listed as ungraded. Here at CHHS, it is anticipated that there will be a decrease in population as the seniors will graduate approximately 112 and the incoming 9<sup>th</sup> grade class will have approximately 98.

Grade Level	2017-18 June Enrollment	2018-19 September Enrollment	Difference
Kindergarten	112	103	-9
1 <sup>st</sup> grade	111	118	+7
2 <sup>nd</sup> grade	110	117	+7
3 <sup>rd</sup> grade	118	111	-7
4 <sup>th</sup> grade	142	120	-22
K-2 Special Education	6 (included above)	5 (included above)	-1
Gr. 3-4 Special Ed.	7 (included above)	4 (included above)	-3
5 <sup>th</sup> grade	128	141	+13
6 <sup>th</sup> grade	134	131	-3
7 <sup>th</sup> grade	101	131	+30
8 <sup>th</sup> grade	139	98	-41
9 <sup>th</sup> grade	127	132	+5
10 <sup>th</sup> grade	135	125	-10
11 <sup>th</sup> grade	111	134	+23
12 <sup>th</sup> grade	134	112	-22

#### Personnel Services:

At the present time, we have collective bargaining agreements providing scheduled salary increases for 2019-20 for the following bargaining units:

1. Amalgamated Transit Unit (2017 – 2020)
2. CSEA Clerical (2017 - 2021)
3. CSEA Custodial (2017 – 2020)
4. Aides of Croton United (2019 - 2021)
5. Croton Teachers' Association (2019-2021)

This unit will start negotiations soon:

1. Croton-Harmon Administrators' Association (2017 - 2019)

Salaries of \$25,042,427 and benefits of \$9,153,181 represent 72.49% of the 2018-19 operating budget up from 72.35% 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 2 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 \$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:

- 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 – A third tier – Employee + 1 was added. There was a 3.7% increase to single coverage rates and an 8.3% increase to family coverage rates. There was no rate increase for someone picking up Emp. + 1 coverage if they had previously had family coverage.

With a projected rate increase of 3% for 2018-2019, the increase will be approximately \$115,891 using the current known employee contribution rates. Rates for the consortium's coverage through Aetna will be 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 \_\_TBD\_\_. 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 near perfect Department of Transportation inspection rate for the third year in a row.

It is anticipated that the following buses will be replaced:

Bus # \_\_\_  
 Van # \_\_\_  
 Bus # \_\_\_  
 Bus # \_\_\_

**We anticipate a bus proposition of not to exceed \$300,000.**

Retirement Systems:

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

<u>2015-2016</u>	<u>2016-2017</u>	<u>2017-2018</u>	<u>2018-2019</u>
Tier 1 – 25.2%	Tier 1 – 21.8%	Tier 1 – 21.7%	Tier 1 – NA
Tier 2 – 23.2%	Tier 2 – 16.1%	Tier 2 – 19.7%	Tier 2 – NA
Tier 3 – 18.9%	Tier 3 – 16.1%	Tier 3 – 16.1%	Tier 3 – 15.9%
Tier 4 – 18.9%	Tier 4 – 13.2%	Tier 4 – 16.1%	Tier 4 – 15.9%
Tier 5 – 15.6%	Tier 5 – 9.4%	Tier 5 - 13.2%	Tier 5 – 13.3%
Tier 6 – 10.7%	Tier 6 - 9.4%	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	\$796,908
2018-2019	\$791,872 (estimate from ERS for payment in December 2018)
2019-2020	\$806,101 (estimate from ERS for payment in December 2019)

The projection for the December 2019 payment is based on salaries of \$5,940,691.

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	\$1,875,200	11.72%
2017-2018	\$1,741,557	9.80%
2018-2019	\$1,995,550 (est.)	10.62% of estimated salaries of \$18,790,490.
2019-2020	\$2,078,092 (est.)	11.00% of estimated salaries of \$18,891,745

Teachers' Retirement System contribution will be budgeted at 11% of salaries for 2019-2020. **This is an increase of approximately \$82,542. This estimate will be released by NYSTRS in early November.**

Utilities:

As of October 2018, New York Power Authority (NYPA) has indicated that there will be a 17.98% decrease in their base production rates effective as of January 2019. 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/decrease. We will continue to monitor these rates.

BOCES:

We are continually evaluating the BOCES budget to identify areas of potential savings. At our current BOCES aid ratio, it has become more fiscally prudent to contract with BOCES. Aid has dropped from 66.4% in the 2016-2017 school year to 64% in 2017-2018 to 63.4% in 2018-2019 but it is still a significant rate of return. 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:

## District-wide:

- All students continued to participate in the Hour of Code
- Developed guidelines and plan to initiate 1:1 Chromebook deployment for 5<sup>th</sup> graders
- CHHS Cyber Squad presented Cyber Safety classes to CET 4<sup>th</sup> graders.
- 4<sup>th</sup> graders mastered PowToon's to create empathy videos.
- Innovation & Design Lab was booked solid with classes.

- 5<sup>th</sup> grade students explored databases on Chrome books in the classroom to collaborate on their projects “The Human Impact on the Western Hemisphere”.
- Experience Science Fair featured students in K-12 displaying creativity and innovation.
- PVC Film Festival showcased 6 videos that students created from stories they had authored, all worthy of an award.
- The Coding Team completed a first draft K-8 Scope and Sequence for Coding in the first year.
- PVC Tech Committee created an infographic to show how technology can support our goals in the Strategic Coherence Plan and Profile of a Croton-Harmon graduate.
- Croton Coding Academy Team won a RELL award (Transforming Education through Leading and Learning) for being a LHRIC Outstanding Partner for their work on a K-8 Coding Scope and Sequence.
- CHHS collaborative Art/ESL unit on biography was a wonderful project that united students across disciplines to create written and illustrated biographies.
- Professional development continued for PVC for Google Classroom and related apps as well as for the Nureva span, Compass Learning, Alpine Achievement and Achieve 3000.

We will also continue to review the following areas:

1. Instructional aspects, including video streaming, computer based assessments, 1:1 Chromebook initiative for all 5<sup>th</sup> graders
2. Replacement schedule of computers including desktops, laptops, Chromebooks, Smart boards and infrastructure (access points, switches, cabling, servers, SAN)
3. Installation of telephones in every classroom.
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 including new flat screens for CET 3<sup>rd</sup>/4<sup>th</sup> grade wings.

## **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 \$1,981,197 in 2011-12 to \$2,278,140 for 2018-19. Full phase-in level would have provided the district with aid of \$3,475,096 in 2018-19 – an additional \$1,195,956.
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
  - \$526,123 – 2017-2018
3. Transportation Aid ratio dropped from 39.3% in 2016-17 to 36.1% in 2017-2018.
4. Building Aid will be reviewed since we are coming to the end of building aid on the additions but have added many new 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.

### **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
- 2018-2019 - \$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, 2018, the current balances in our reserves are as follows:

- Debt Service Reserve - \$157,781
- Unemployment Insurance - \$246,969
- Employees' Retirement System - \$1,245,453
- Capital Reserves - \$7,096,936
- Tax Certiorari Reserve - \$5,000,944
- Legal Liability Reserve - \$198,061
- Employee Benefit Accrued Liability Reserve - \$489,008
- Workers Compensation Reserve - \$400,000

This past year, the district used \$100,000 from the UI Reserve and \$300,000 from the ERS Reserve as revenue to fund the 2018-2019 general fund budget. There is currently still no mechanism to reserve for the contributions to TRS.

#### Assessments:

We have had a slight decrease of 0.01% in taxable assessments in the Town of Cortlandt while the assessments in the Town of Yorktown increased 0.26%. 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 2018, which are used to determine distribution of taxes in Westchester school districts for the 2019-2020 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 1.70% to 1.65%. The equalization rate for the Town of Yorktown may change from 2.38% to 2.35%.

#### 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 1.43% - a number we have not seen in many years.