



JERICHO SCHOOL DISTRICT BUDGET 2011-12

The information in this document will be presented at Budget Workshop # 4 on Thursday, March 3 at the Jericho Middle School Library at 7:30 p.m. At that time Dr. Joan L. Colvin, Assistant Superintendent for Business Affairs will review this information with the Board of Education.



You may print a copy of the presentation by clicking the print symbol or you may obtain a copy from the business office. Please call 203-3600 Extension 3214.

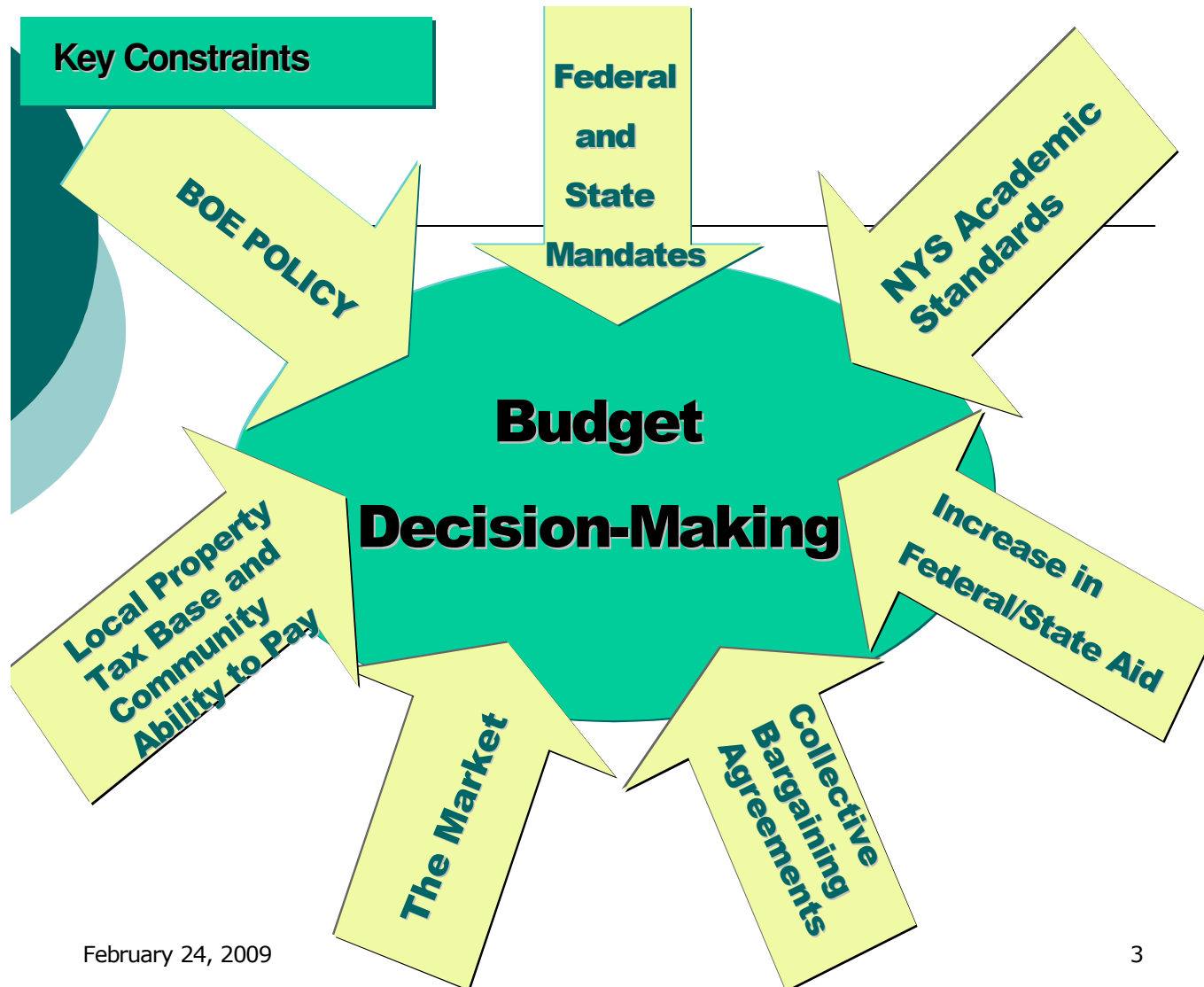


JERICHO SCHOOL DISTRICT BUDGET

Workshop #4

Driving Forces in School Budgets
NYS Economy and Governor's Budget
Cost Analysis Every Fiscal Year
Efficiencies Attained in Past Years
Budget Summary and Revenues
Fund Balance Management
Contingent Budget Rules
Estimated Expenditures
Estimated Revenues
Proposed Tax Levy





February 24, 2009

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March 2, 2011

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Remember the Constraints on Budget Expenditure Decisions

Four Major Categories

- State and Federal mandates and the educational imperatives that flow from these mandates.
- Collective bargaining agreements with administrators, teachers and support staff as negotiated by the Board that define salary, benefits, work hours and teaching workloads.
- The “market”, which within a narrow range determines the price of human and material resources used by the school district, and the level of programs and services we must provide to remain competitive as a community, as well as the tax burden the community is willing to bear.
- Board of Education policy, and other Board of Education decisions, usually reflecting educational judgment and community desires. Board policy imposes “soft” constraints – ones which are modifiable by Board action.





Elements of Governor's Proposal 2011-12 Education Budget

- School Aid Reduction of \$1.5 Billion, a reduction of 7.5%
- \$1.3 Billion loss of Federal Stimulus money
- \$300 Million growth in building aid, BOCES aid, transportation aid, and special education aid





Governor's Budget Proposal Competitive Funding

- \$250 Million to be awarded to districts that demonstrate significant improvement in student performance outcomes
- \$250 Million to school districts that undertake long-term structural changes that reduce costs and improve efficiency





Proposed State Aid Changes

- Shift in Costs for private school special education and summer school special education may be shifted from state to local districts
- Governor's proposal pushes the State's obligation for CFE funding into the future years from 8 years to 10 years
- BOCES Aid in 2012-13 may be based on wealth formulas in the future. No aid would be provided for non-instructional services
- Foundation Aid is frozen at 2008-09 level





Governor's Tax Cap Proposal

- Not Part of Budget Proposal
- Would not go into effect until 2012-13
- Limits property tax levy to rate of inflation or 2% which ever is lower
- Property tax cap may be exceeded if endorsed by governing board and a 60% majority of people who voted in the election
- Eliminates contingency budget language and replaces it with “ a budget could not be greater than the previous year's budget total”





Impact of Economy and Gov's Proposal on Jericho School District

- Loss of State Aid of approximately \$1 Million
- Additional costs for summer programs for children with special needs may have to be budgeted from local dollars
- Economic Pressure on our taxpayers





Cost Analyses

Completed Annually or Periodically

- Transportation Routing including cost per student mile of alternative bus routing/scheduling approaches and Cost for district-run routes versus contracted routes
- Comparative program costs per pupil level of scheduling efficiency in use of secondary staff
- Insurance risk management, i.e. life, dental, disability, property and liability
- Elementary school class size analysis
- Overtime for buildings and grounds and the projects accomplished compared to contracted services
- Staffing FTE and student ratios per building to ensure level and effective programming for all students
- Cost for telephone and data line services
- Technology Department comparison of contracted services versus “in-house” services
- Costs per building--using specific costs for staffing but average costs for benefits and other operational costs



COST SAVINGS MEASURES

- **Bond Refinancing--\$955,000**
- **Use of Educational Data for purchasing materials and supplies saving more than \$915,000 over the past five years**
- **Sale of Nike Site for over \$3,000,000 monies used for Capital Projects**
- **Joining Worker's Compensation Co-operative—savings \$845,000 over past 5 years**
- **Joining NYS Insurance Reciprocal (NYSIR) resulting in lower annual cost for the past 5 years saving more than \$500,000**
- **Tracking of Costs for High Cost Students to Maximize State Aid resulting in increase of aid by approximately \$300,000 per year**
- **Elimination of Leasing of Computer Equipment—saving approximately \$250,000 annually**
- **Re-Negotiations of the Transportation RFP saving over \$700,000. Re-negotiations to re-establish 4 hour bus contract.**
- **Staff Cuts implemented as enrollment has declined and programs have changed**



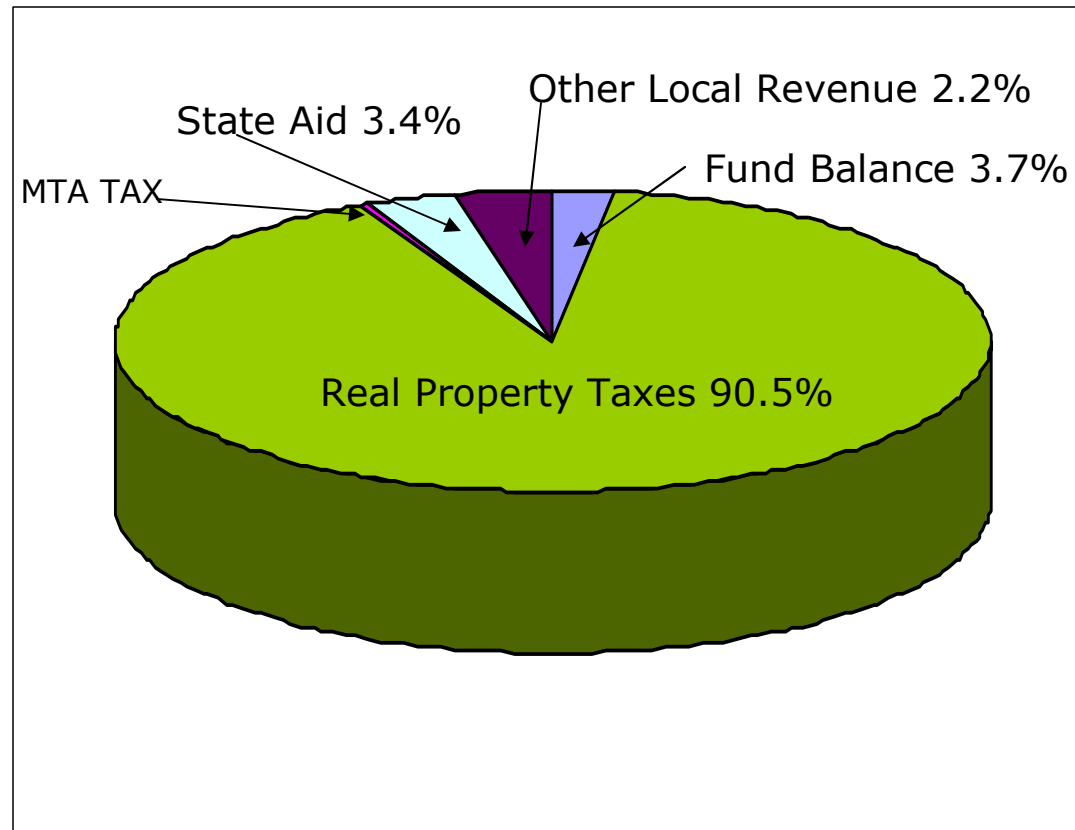


Budget Summary

CODE	DESCRIPTION	Actual 2009-10	Budget 2010-11	Budget 2011-12	Percent Increase
	EXPENDITURES				
1000	GENERAL SUPPORT	9,312,578	10,638,828	10,798,685	
1000A	GENERAL SUPPORT BLDG IMPRV	1,550,000	1,250,000	1,250,000	
2000	INSTRUCTION	63,165,838	67,316,394	68,644,158	
5000	PUPIL TRANSPORTATION	5,175,088	6,212,275	5,935,545	
7000	COMMUNITY SERVICES	43,527	62,000	62,000	
9000	UNDISTRIBUTED	19,032,518	23,438,742	25,311,864	
	TOTAL EXPENDITURES	98,279,549	108,918,239	112,002,251	2.83%
	APPROPRIATED FUND BALANCE		3,500,000	4,100,000	
	REVENUES				
	INTEREST	213,269	500,000	250,000	
	MISCELLANEOUS REVENUES	255,598	320,000	300,000	
	OTHER DISTRICT--TUTORS, DOL/DOR	293,009	320,000	320,000	
	MTA TAX State Support	126,137	250,000	250,000	
	STATE AID--REGULAR	5,217,877	4,000,000	3,800,000	
	TEXTBOOK, COMPT, LIBRARY	-			
	USE OF POOL AND ADMISSIONS	10,250	10,000	10,000	
	TOBAY PROGRAM	7,500	7,000	7,500	
	CULTURAL ARTS FEES	40,622	50,000	50,000	
	NYS OASIS PROGRAM	74,797	66,000	75,000	
	NON-PUBLIC CHARGES	780,183	900,000	900,000	
	RENTAL OF PROPERTY	584,621	550,000	550,000	
	TRANSFER OTHER FUNDS	17,084	-	-	
	TOTAL RECEIPTS	7,620,947	10,473,000	10,612,500	
	RAISED BY TAXES	95,113,873	98,445,239	101,389,751	2.99%
	Total Revenue	102,734,820	108,918,239	112,002,251	



Revenue 2011-12





Factors Determining Real Estate Taxes

- *The tax base*—the value of all of the property within the school district
- *The assessment practices*—percentage of market value applied to the property taxed
- *The tax levy*—the amount of money needed by the school district to fund its programs





Who controls the factors that determine the amount of the school tax?

- *State of New York* determines the Tax Base by setting the boundaries for school districts.
- *Nassau County* determines the Assessment Practices and the percentage of market value applied to the property to be taxed.
- *Jericho School District* sets the Tax Levy—the amount of money needed by the school district to fund its educational program.





WHAT IS A FUND BALANCE and HOW IS IT CREATED?

- A fund balance occurs because a budget is an estimate of expected expenditures and revenues and not an exact prediction of the future.

- A fund balance is created when:
 - Revenues are higher than what was budgeted
 - Expenses are less than what was budgeted

- It occurs because the estimate for both revenues and for expenditures was conservative, as it should be.

- By law the Unappropriated Fund Balance is limited to 4% of the upcoming year's budget.





Why do we need a **FUND BALANCE** and what is its value?

- To assure the public that the budget plan will tolerate a certain amount of unexpected adversity without forcing a crisis.
- To meet unanticipated expenses and to provide for “rainy day” emergencies.
- A stable fund balance is an indicator of good money management.
- A stable fund balance results in a good credit rating which leads to lower interest costs for long and short-term borrowing.
- An appropriated fund balance promotes stability in the tax rate.





Fund Balance Management

- Managing fund balances is one of the most difficult tasks of the budgeting process, since budgets are only estimates of expenditures and anticipated revenues.
- Spending fund balance monies on the district's regular operations is not sound financial management and should be avoided.





What would be the effect if a district did not plan for the appropriation of the fund balance and depleted the fund balance over time?

Fund Balance Example:

	<u>6/30/10</u>	<u>6/30/11</u>	<u>6/30/12</u>
Revenue	\$11,200,000	\$11,300,000	\$11,800,000
Expenditures	<u>9,600,000</u>	<u>10,800,000</u>	<u>11,600,000</u>
Fund Balance	1, 600,000	500,000	200,000
Appropriated For Taxes	1, <u>000,000</u>	<u>1,000,000</u>	Now What?
Unappropriated Fund Balance	600,000	100,000	

Diagram annotations:
 - Arrow from 600,000 (Unappropriated Fund Balance 6/30/10) to 500,000 (Fund Balance 6/30/11) labeled 1,100,000
 - Arrow from 100,000 (Unappropriated Fund Balance 6/30/11) to 200,000 (Fund Balance 6/30/12) labeled 300,000

- The district must increase the 2012 tax levy by at least \$700,000 in order to make up for the shortfall in Appropriated Fund Balance.
- If the district appropriates the full \$300,000 they will have \$-0- for emergencies.



What is a Contingent Budget?

- In the event that the school budget is rejected, the Board of Education is empowered to levy a tax for ordinary contingent expenses.
- If the school budget is rejected twice, the school board must adopt a contingent budget.
- Education Law, however, places a computed dollar cap on the contingent budget dollar amount.





Contingent Budget

- Determination of the sum needed for ordinary contingent expenses rests with the Board of Education
- Expenses that are necessary to operate and maintain the schools are considered contingent expenses
- Expenses that are essential to maintain the educational program, preserve property, and assure the health and safety of students and staff
- Examples of expenditures not allowable:
 - new equipment (however replacement computer equipment has been deemed by the commissioner to be a contingent expense)
 - budgetary subsidies of food service
 - pupil supplies
 - certain capital expenditures
- Public use of school buildings and grounds, except where there is no cost to the district
- Consultant services to review district operations and make recommendations necessary for the creation of a budget





What is the Contingent Budget Cap for 2012 in the Jericho District?

<u>CONTINGENT BUDGET CAP WORKSHEET</u>			
<u>2010-11 Adopted Budget</u>			\$108,918,239
<u>Less: (base year exclusions)</u>			
<i>- Budgeted capital expenditures resulting from construction, acquisition, reconstruction, rehabilitation or improvement of school facilities, including debt service and lease expenditures, subject to the approval of the qualified voters where required by law</i>			
	Debt Service		1,929,363
	Capital Improvement		1,250,000
<u>Adjusted base year adopted budget</u>			\$105,738,876
<u>2011-12 Contingency Budget</u>			
2011-12 adjusted base year x CPI *1.20%			\$ 107,747,915
<u>Add: (subsequent year exclusions)</u>			
<i>- Budgeted capital expenditures resulting from construction, acquisition, reconstruction, rehabilitation or improvement of school facilities, including debt service and lease expenditures, subject to the approval of the qualified voters where required by law</i>			
	Debt Service		1,883,963
	Capital Improvement		1,250,000
<i>- Budget expenditures attributable to projected increases in public school enrollment</i>			
<u>Proposed budget VS Contingent budget</u>			\$ 110,881,878
<u>Difference</u>			\$ (1,120,374)



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