



Victor Central School District

PRELIMINARY BUDGET PROJECTIONS FOR 2020-21

Contents

- Initial Budget Projections for 2020-2021
- Analysis of Revenue History and Trends
- Analysis of Fund Balance and Reserve Trends
- Expenditure Comparisons
- Possible 2020-21 Budget Scenarios (With Long-Term Analysis)

2020-21 BUDGET DEVELOPMENT STATUS

Rollover Budget Model:

- Includes all current programs
- No reductions to staffing, no additions to staffing

Additional Recommendations:

- Additional requests for student support and safety
- Meets NYS requirements for special education and English Language Learners (ELL)

Total Projected Revenue	\$75,802,214
Rollover Appropriation	\$76,960,640
Rollover Deficit	-\$1,158,426

Total Projected Revenue	\$75,802,214
As Requested Appropriation	\$77,899,140
As Requested Deficit	-\$2,096,926

Revenue assumptions are subject to change due to:

- Legislative changes to the Governor's proposed budget

- Finalization of the tax cap calculation pending new regulations and aid projections



REVENUE PROJECTIONS

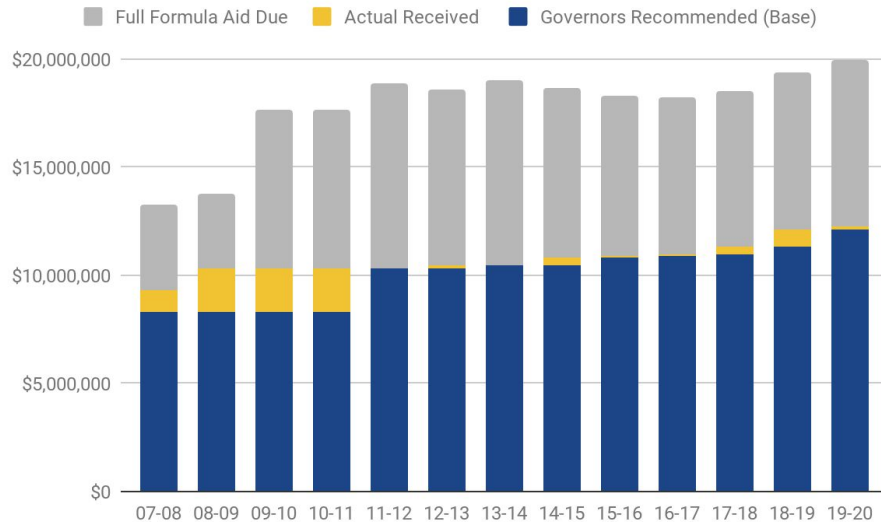
A DECADE OF REVENUE RESTRICTION

- Under NYS' own foundation formula, the District has been shorted an average of **\$7,074,000 per year**

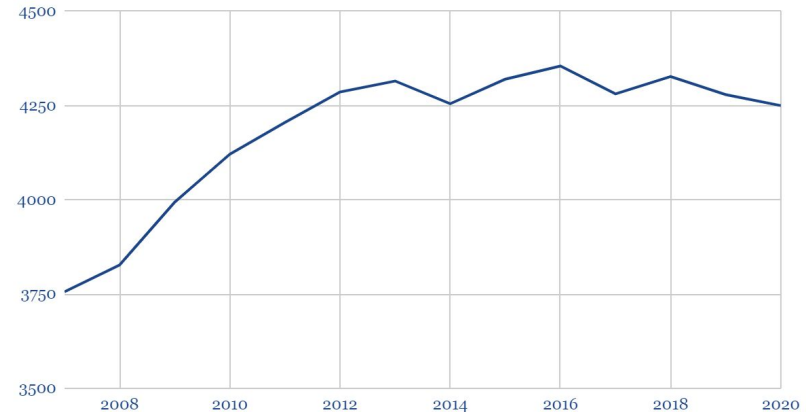
-The total unfunded burden to Victor and its community since 2008 is over **\$92,000,000**

- At the same time the District's enrollment increased by 13%

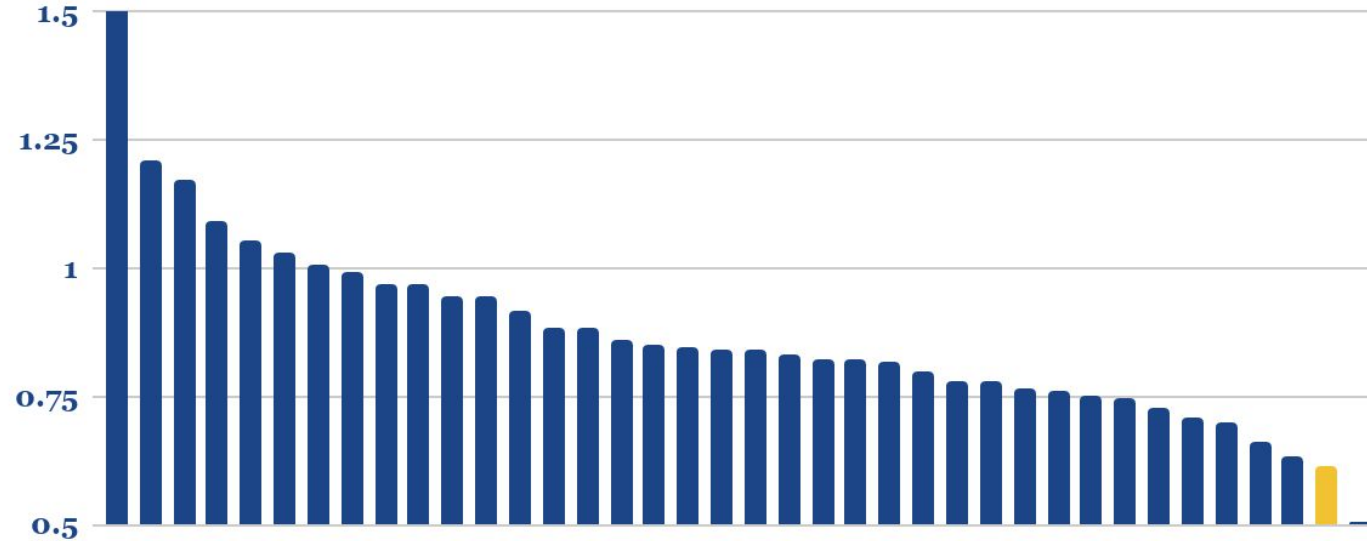
-The formula is built to aid schools based upon enrollment, but has not been funded as legally ordered when the formula was introduced



VICTOR CSD STUDENT ENROLLMENT



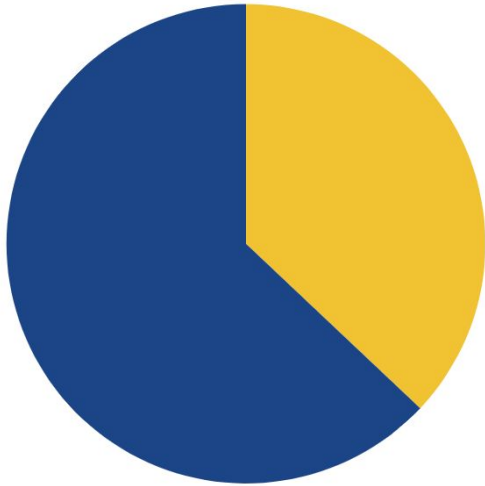
% of Formula Aid Paid



POLITICS OF STATE AID

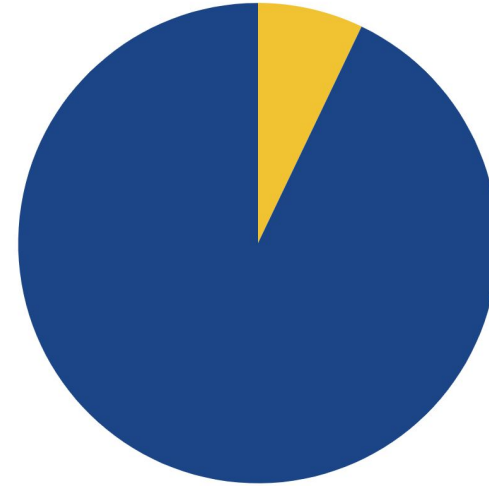
Number of Schools by Foundation Aid Status

● "Save Harmless Aid" ● "Aid Due"



Dollar Amount as Component of Foundation Aid Formula

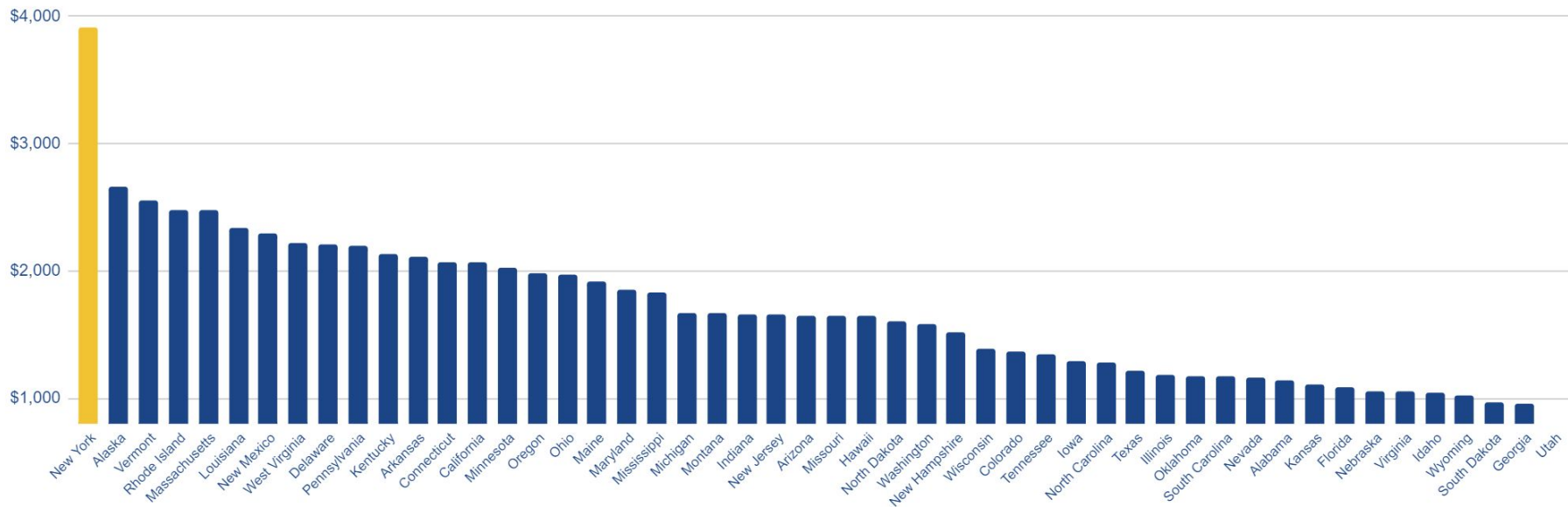
● "Save Harmless Aid" ● "Aid Due"



As a politician, would you upset 37% of your constituents to solve 7% of a problem?

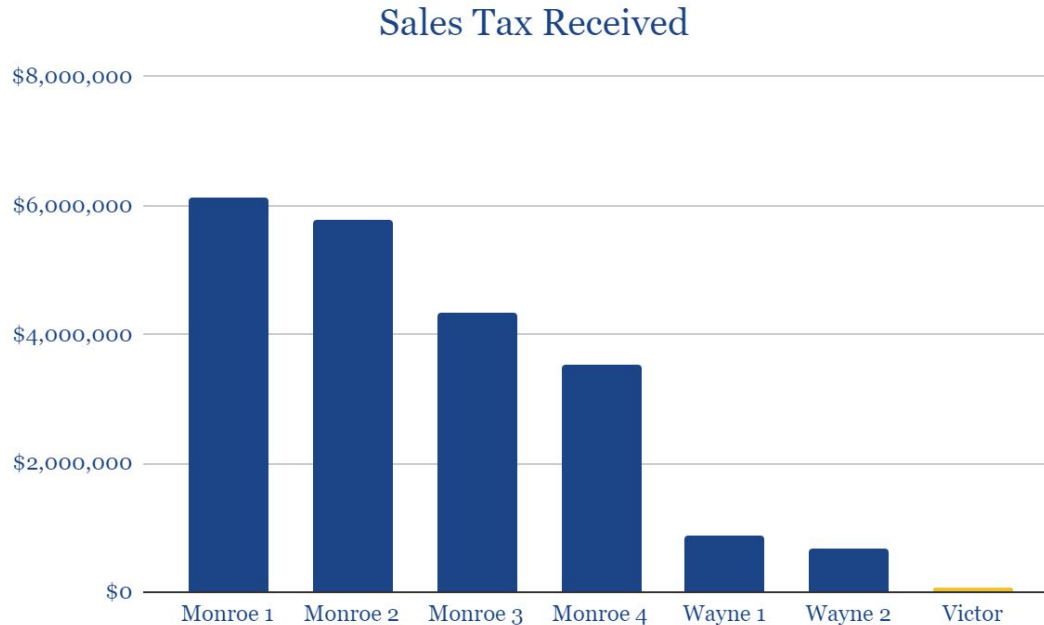
NYS BUDGET WOES

Medicaid Spending Per Capita by State



➤ \$6.1 Billion Dollars in Medicaid Spending Deficit in NYS Budget

Sales Tax Distribution



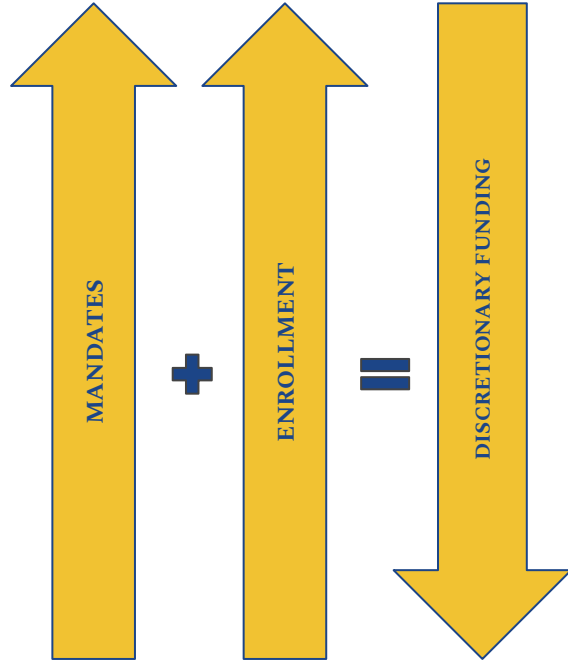
Comparison Includes:
Brighton, Fairport,
Pittsford, Penfield,
Wayne, Palmyra-Macedon

While Monroe and Wayne County distribute a share of sales tax to schools,
Ontario does not.

CONSEQUENCES

Over the years:

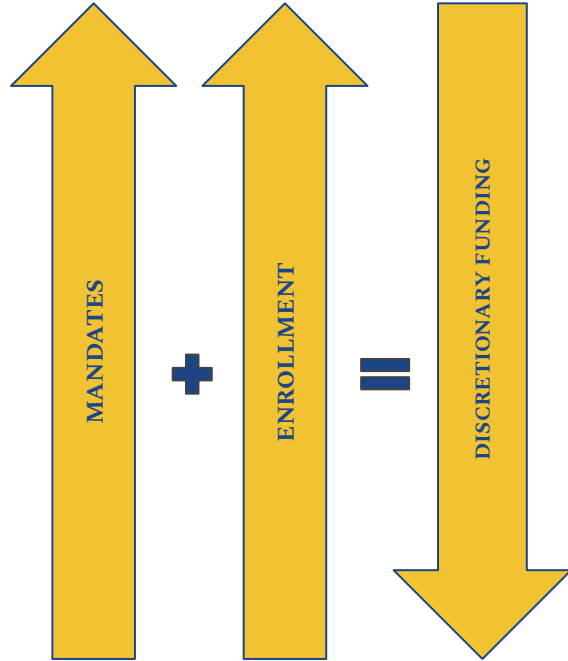
- NYS and the Federal Government have added unfunded mandates (only a few examples)
 - Dignity for All Students Act (DASA)
 - Immunization Law
 - Every Student Succeeds Act (ESSA)
 - Special Education
 - ELL Student Supports
- Neighboring districts that experienced significantly reduced enrollment maintained the same level of NYS funding; Victor dramatically increased enrollment yet was frozen at the original level of funding
- Demographic shift which now includes a larger percentage of enrollment of high needs students



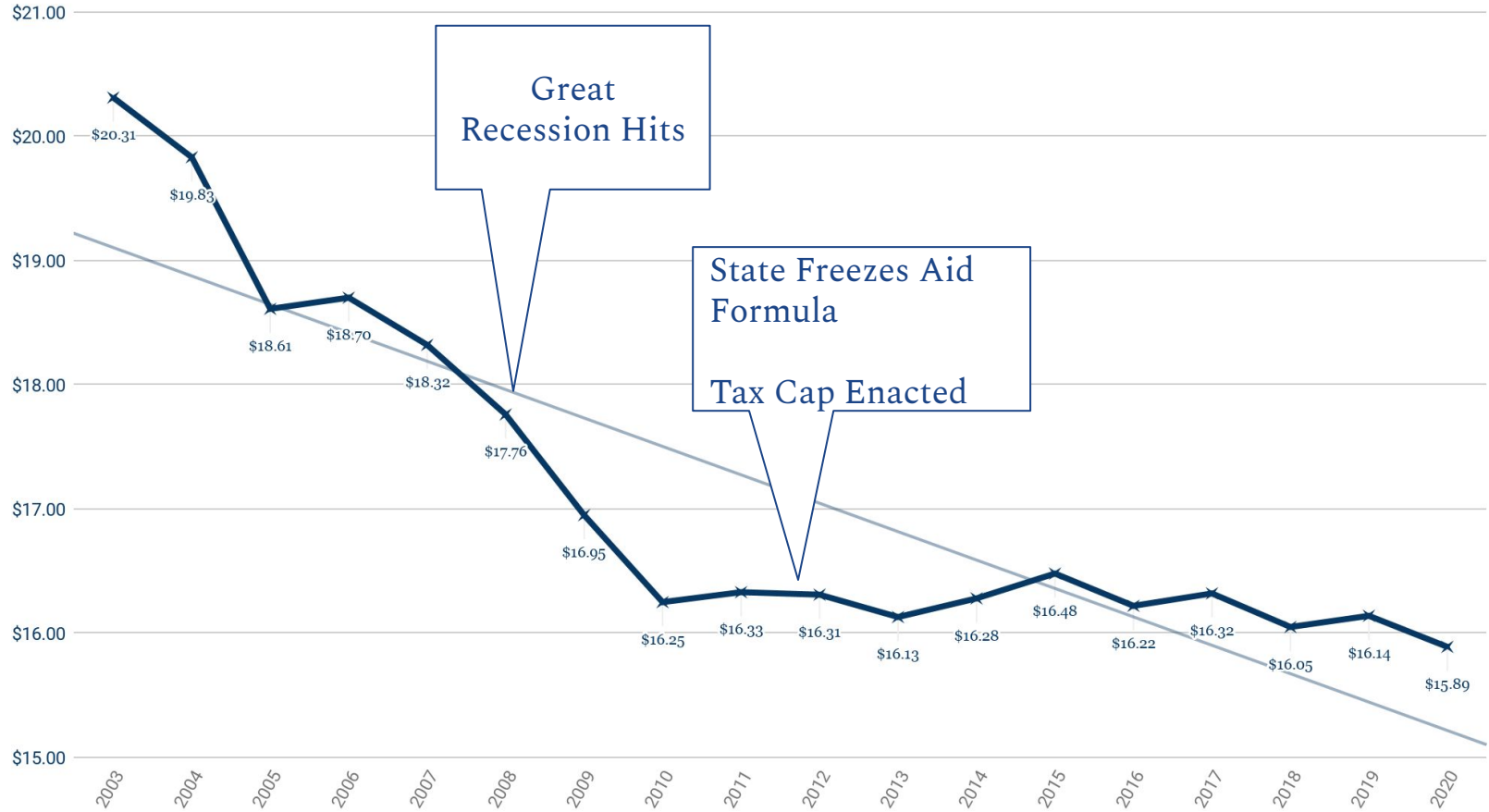
CONSEQUENCES (Continued)

Over the years:

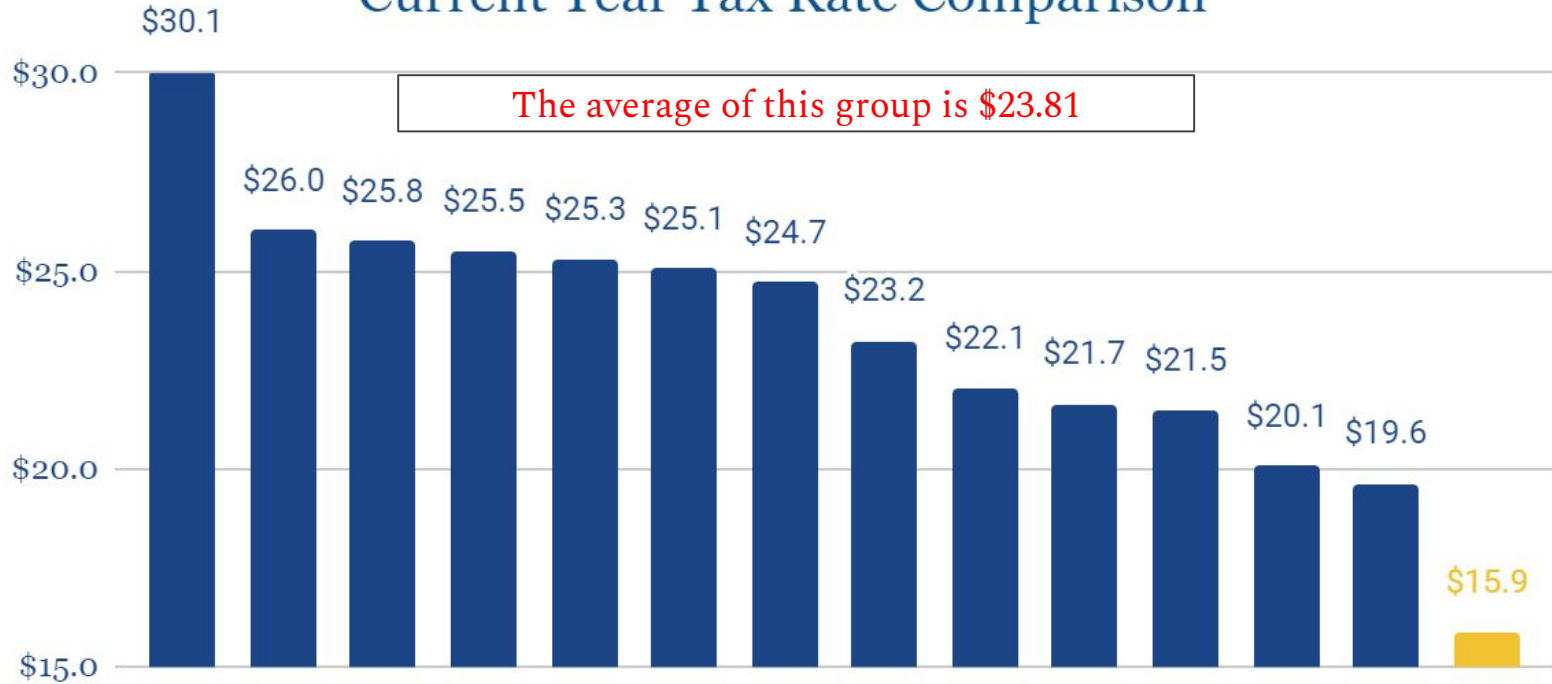
- The District ***cannot*** reduce required programs. Therefore, as a result of the frozen formula, while Victor was growing in enrollment discretionary funding in areas such as those below suffered:
- Academic Programming, Student Support Services
 - Arts, Music and Theater
 - Co-Curricular Club Experiences
 - Curriculum Development and Design
 - Enrichment or Advanced Placement
 - Extra-Curricular Athletic Programs
 - Staffing to Maintain Condition of Buildings and Grounds



Victor CSD True Tax Rate Per Fiscal Year

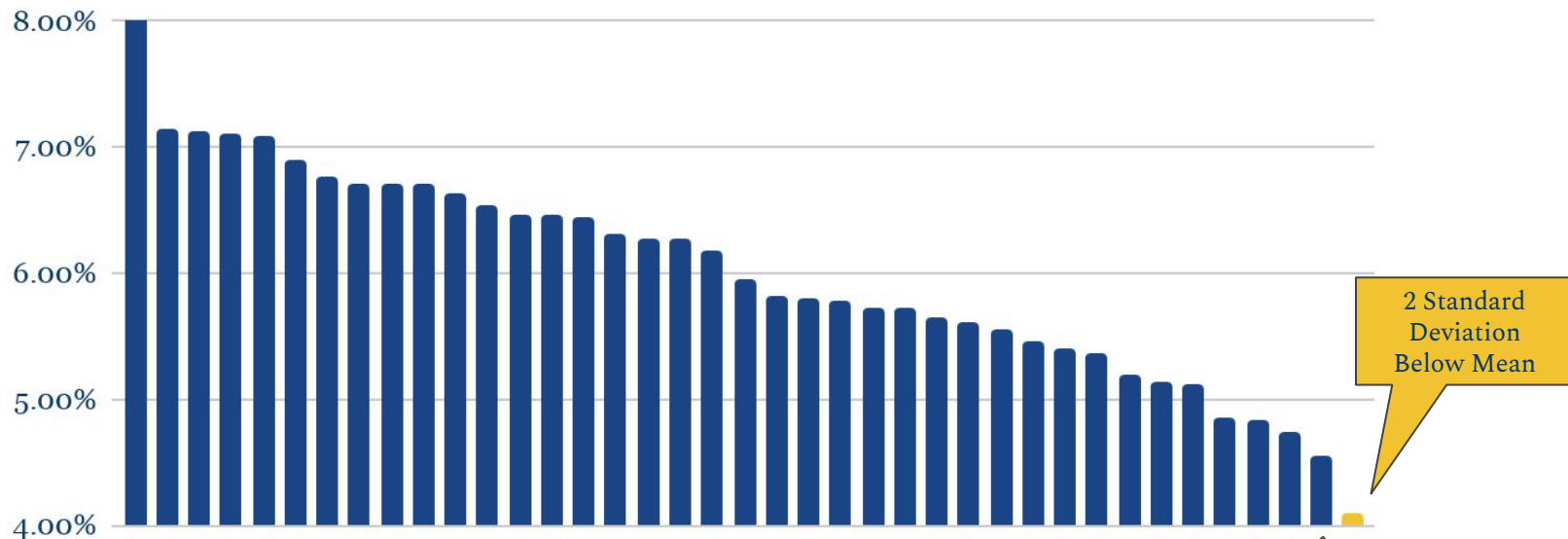


Current Year Tax Rate Comparison



Includes the following contiguous or comparable suburban/rural school districts:
Brighton, Canandaigua, East Bloomfield, Fairport, Gananda, Honeoye Falls-Lima,
Palmyra-Macedon, Penfield, Pittsford, Red-Jacket, Rush-Henrietta, Wayne, Webster

Tax Effort Ratio (Tax Levy / AGI)



Comparisons include all WFL and Monroe County schools

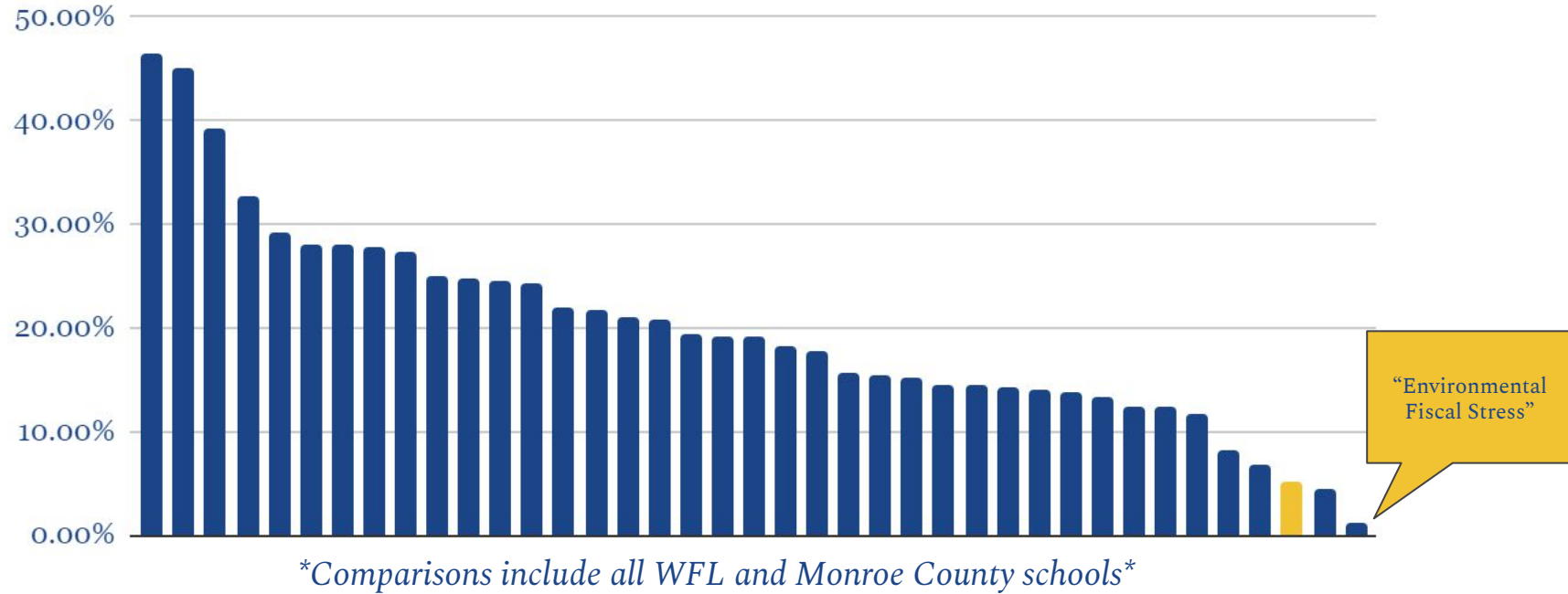
How much of an increase would it take before we were equivalent to the next lowest?

\$4,900,000 or 13%

Reserves and Fund Balance

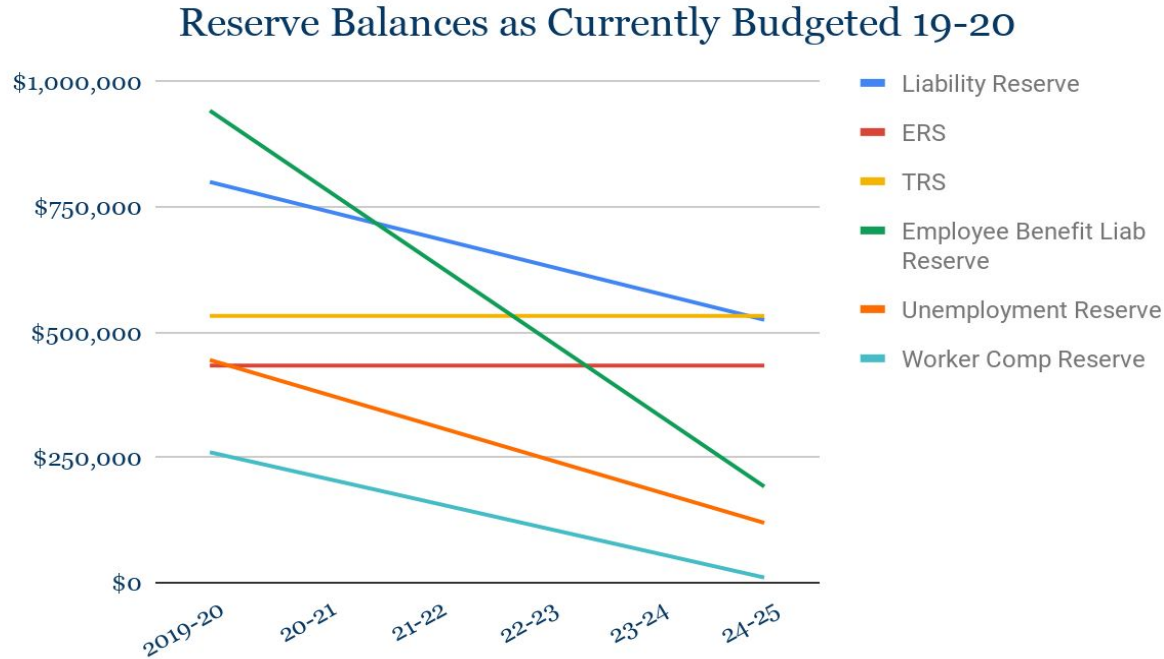
Reserves are defined as restricted general fund balance

General Fund Reserves as Percent of Budget



This excludes the capital reserve that is slated to be expended by July 2020. Absent the Capital reserve we will be at roughly 4% next year. **This level approaches the comptroller's threshold for "fiscal stress."**

POTENTIAL RESERVE DEPLETION

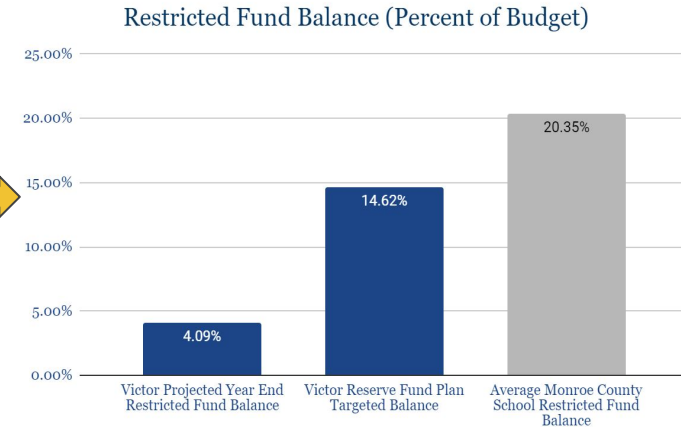


If the economic environment changes and healthcare or pension costs increase as a result, the District may find its reserve levels insufficient to sustain current staffing levels and programs

RESERVE FUNDS = STABILITY

Recent History:

- In recent years Victor has benefited from historic lows in costs for
 - Employee Benefit Rate Increases
 - Pension System Contribution Rates
- Reserve funds allow the District to save funds unspent in the current year to help with increases in the above areas, as well as offset future costs for capital purchases or legal exposure
- Victor's current balances may not be adequate to stabilize coming budgets if these areas of expense do not remain at historic lows
- Without this stability the consequences in the future could be
 - Reduction of discretionary programs and services
 - Credit rating downgrade which increases borrowing costs
 - Increased tax burden for capital purchases (building projects)
 - Potential for deep staffing reductions despite the fact that Victor is not overstaffed in instruction and administration

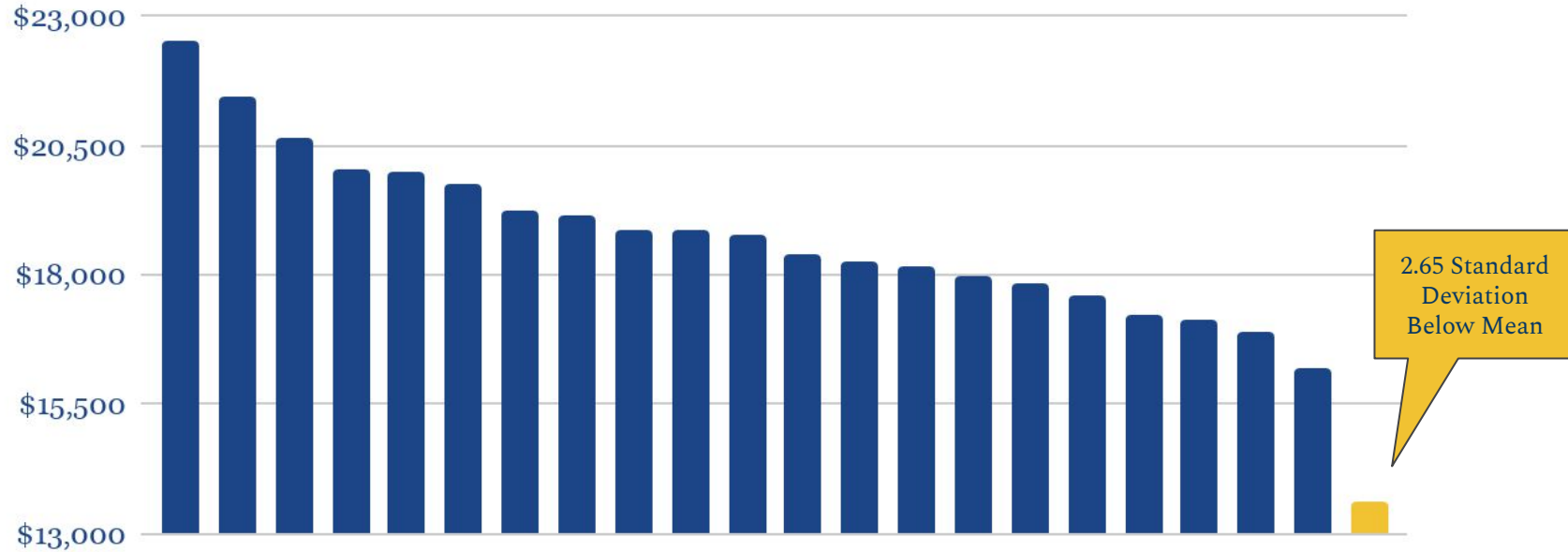


Expenditure Comparisons

Where and how is VCS spending its money?

Comparisons include Monroe and WFL schools with enrollments greater than 1,500

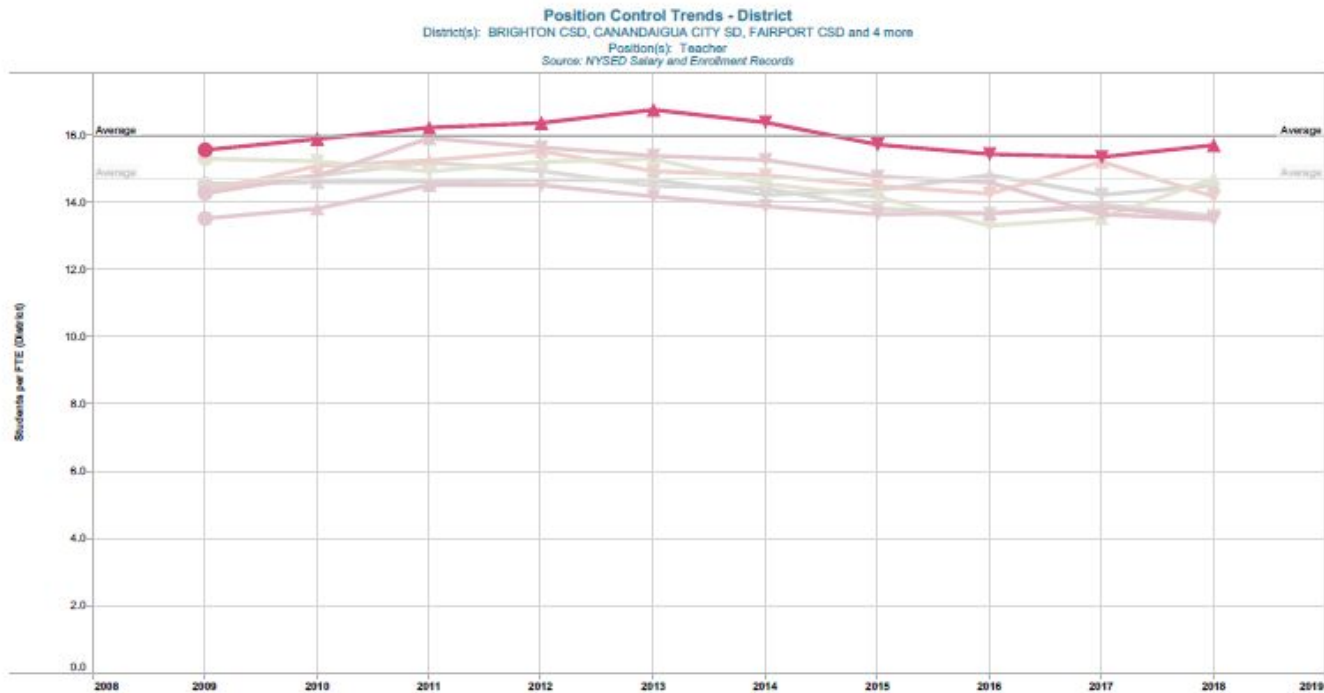
Expenditure Per Student (Monroe/WFL +1,500 Enrollment)



What if?	Approx Budget	Increase Above Current	% Increase
If VCS = Next Lowest District	\$84,655,690	\$10,923,087	14.81%
If VCS = Peer Group Average	\$94,857,031	\$21,124,428	28.65%

At 3 Standard Deviation from Mean we become a “statistical outlier”

PLAYING CATCH UP



Peer group includes Brighton, Canandaigua, Fairport, Honeoye Falls-Lima, Penfield, Pittsford

VCS staffing additions have been helping the District “right size” its programs and services based upon enrollment growth, while receiving no additional support from New York State

Comparison of Similar Size School Districts (Enrollment) & Budget

District	Number of Students	Total Budget (2019-20)
Pittsford	5707	\$136,689,421
Fairport	5682	\$132,199,783
Rush Henrietta	5392	\$132,072,542
Penfield	4669	\$100,733,732
Victor	4439	\$73,732,603
Hilton	4308	\$80,891,334
Brighton	3939	\$80,522,065
Gates Chili	3799	\$106,693,649
Churchville Chili	3758	\$85,362,900
West Irondequoit	3641	\$74,368,265
Spencerport	3617	\$82,500,150
Canandaigua	3507	\$76,361,991
Brockport	3446	\$82,496,416
East Irondequoit	3131	\$83,361,323

POTENTIAL SCENARIOS

Revenues subject to changes per state budget and tax cap submission

Tax Rate projections subject to change per assessment levels in July 2020

SCENARIOS EXECUTIVE SUMMARY

➤ SCENARIO 1:

- Within anticipated tax cap
- Budget increase of 4.4%,
- Reduces programs, services, and staff
- May also utilize **additional** fund balance and reserve funds

➤ SCENARIO 2:

- Above anticipated tax cap
- Budget increase of 4.4%
- Supports current programs, services and staffing levels
- Utilizes current level of reserve fund appropriation to balance budget

➤ SCENARIO 3:

- Above anticipated tax cap
- Budget increase of 5.6%
- Supports current programs, services and staffing levels
- Supports additional recommended services and staffing
- Utilizes current level of reserve fund appropriation to balance budget

➤ SCENARIO 4:

- Above anticipated tax cap
- Budget increase of 5.6%
- Supports current programs, services and staffing levels
- Supports additional recommended services and staffing
- Eliminates current reliance upon reserve fund appropriation to balance budget
- Begins to address long-term fiscal health of VCS

SCENARIO ONE

Stay within tax cap law and reduce programs, services, and staff. Areas in which potential reductions could be considered are below:

Potential Reduction Areas	Potential Expenditure Reduction
Certificated Positions	\$1,296,150
Support Staff Positions	TBD
Program Reductions	\$318,000
Curricular, Co-Curricular, Extra-Curricular Reductions	\$670,000

Positives: Within tax cap limit, levy increase approximately 2.0%

Negatives: Reduces educational opportunities, does not address budget deficit long term

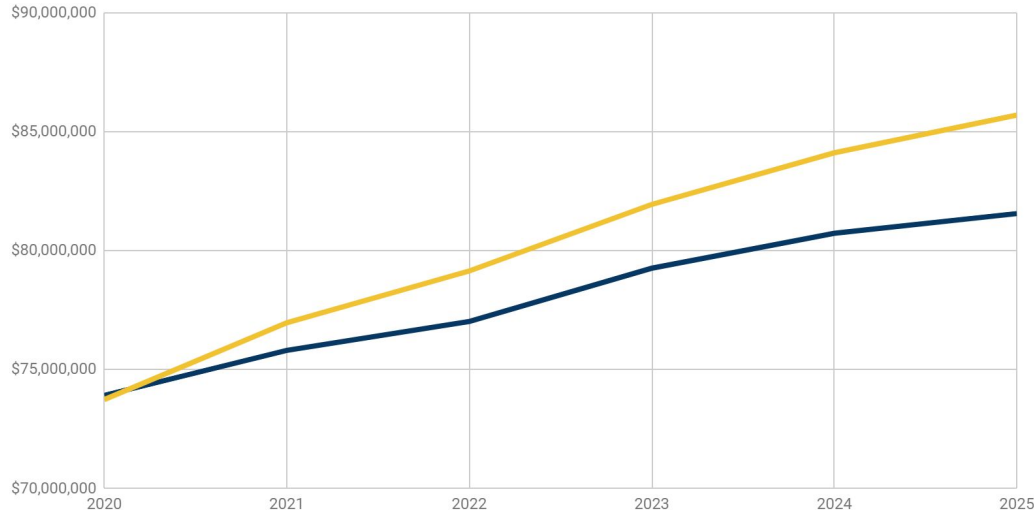
SCENARIO ONE - LONG TERM IMPACT

Result:

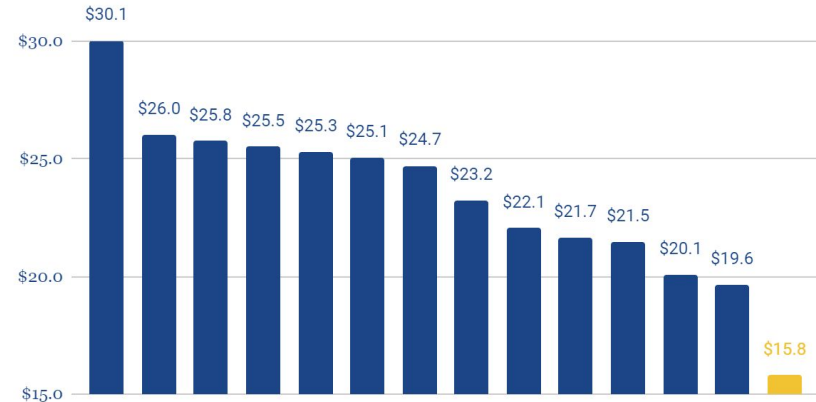
- Within tax cap law, projected tax rate of \$15.79 (-.6%) versus peer group average of \$23.81
- Recent staffing level corrections will be reversed by reductions
- In 2021-2022 a projected budget gap would remain

5 Year Forecast Revenue vs Expense

■ Total Revenue ■ Total Expenditure



Scenario 1 - Projected Tax Rate (Compared to Peers Existing Rate)



***Tax rate and STAR information is subject to change based upon assessment value and final tax cap figure**

SCENARIO TWO

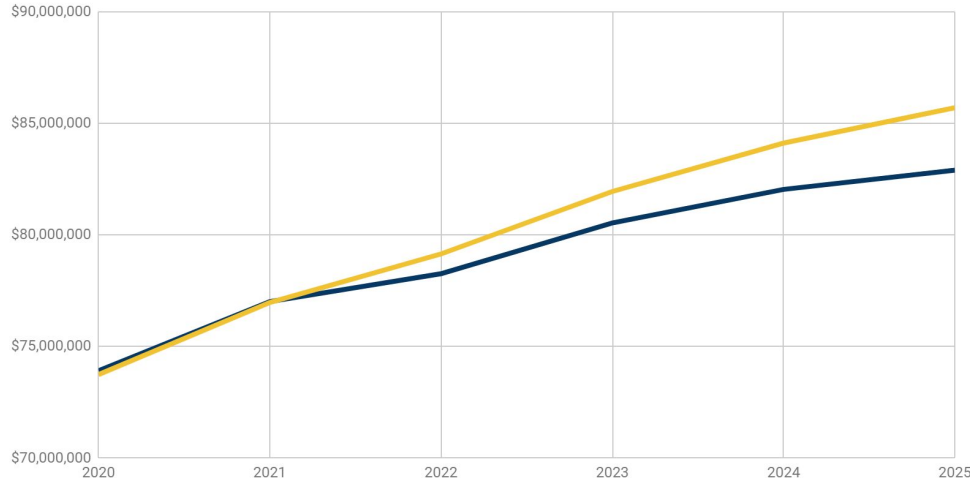
Propose tax-cap override that supports current programs, services, and staffing levels

Result:

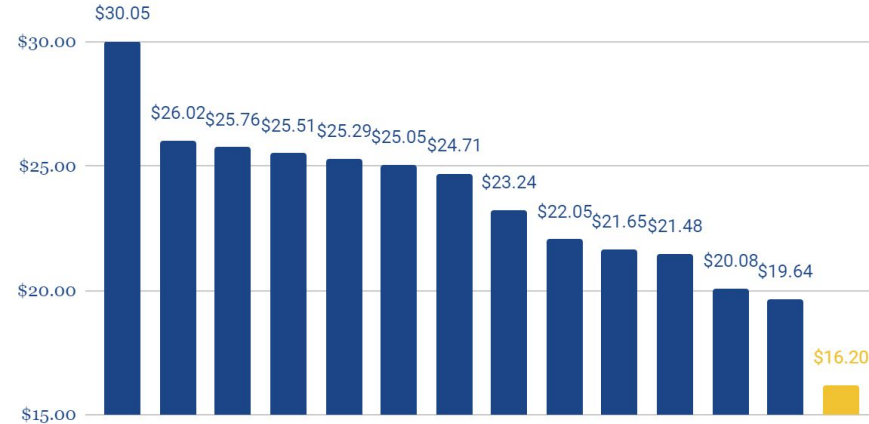
- No *major* reduction to program offerings or staffing
- Projected deficit remains next year
- Projected tax rate of \$16.20 (+2%) versus peer group average of \$23.81, Levy of 4.5%
- \$200,000 assessed home with STAR - *approximately \$40 increase**

5 Year Forecast Revenue vs Expense

■ Total Revenue ■ Total Expenditure



Scenario 2 - Projected Tax Rate (Compared to Peers Existing Rate)



*Tax rate and STAR information is subject to change based upon assessment value and final tax cap figure

SCENARIO THREE

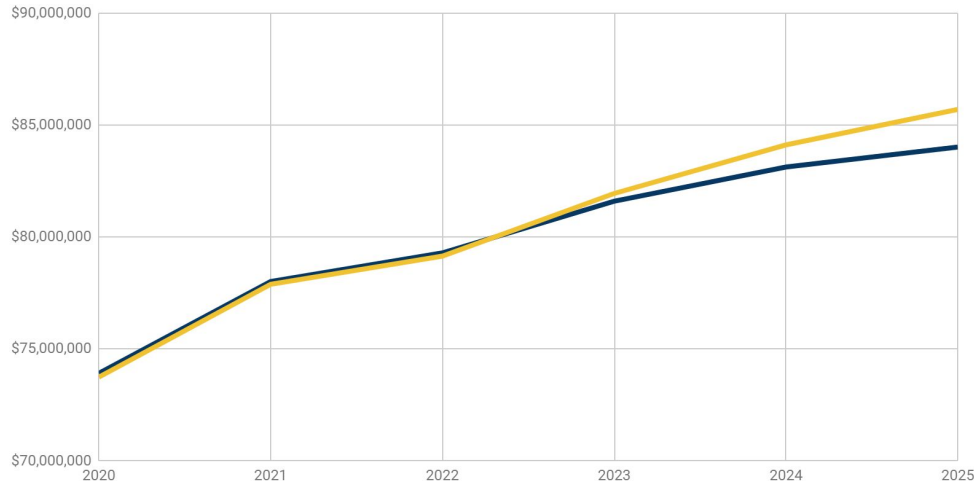
Propose tax-cap override that supports the recommended budgets requirements, but may not address the long term fiscal health of the District

Result:

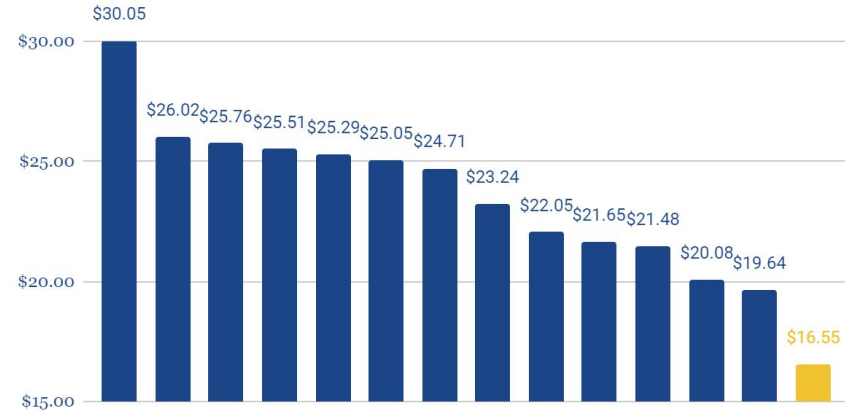
- Supports new initiatives and requirements
- Short-term budget stabilization
- Tax rate of \$16.55 (+4.2%) versus peer group of \$23.81, levy of 6.6%
- \$200,000 assessed home with STAR - *approximately \$98 increase**

5 Year Forecast Revenue vs Expense

■ Total Revenue ■ Total Expenditure



Scenario 3 - Projected Tax Rate (Compared to Peers Existing Rate)



*Tax rate and STAR information is subject to change based upon assessment value and final tax cap figure

SCENARIO FOUR

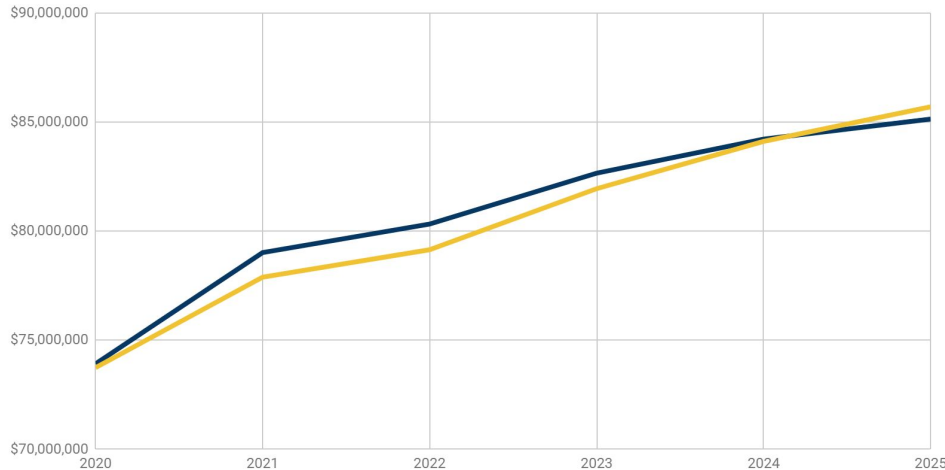
Propose tax-cap override that supports the recommended budgets requirements, and begins addressing the long term fiscal health of the District

Result:

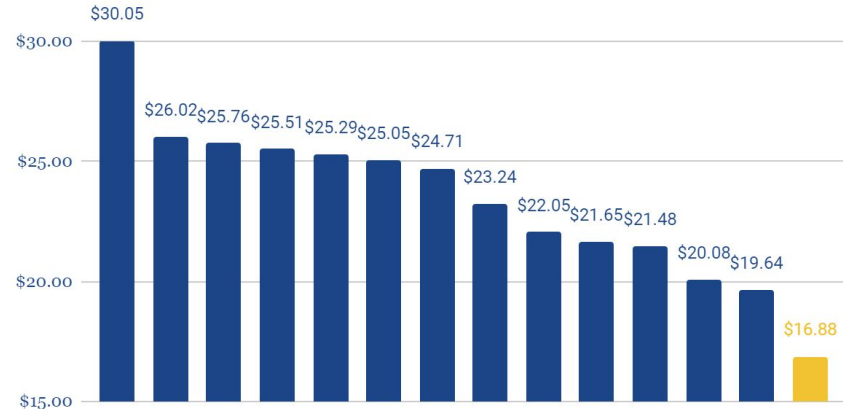
- Supports new initiatives and requirements
- Begins addressing long term fiscal health of VCS
- Tax rate of \$16.88 (+6.2%) versus peer group of \$23.81
- \$200,000 assessed home with STAR - *approximately* \$155 increase, levy of 8.8%*

5 Year Forecast Revenue vs Expense

■ Total Revenue ■ Total Expenditure



Scenario 4 - Projected Tax Rate (Compared to Peers Existing Rate)



*Tax rate and STAR information is subject to change based upon assessment value and final tax cap figure

Conclusions

- Like **most** NYS Districts, Victor's expenses grow at a larger rate than its revenues
- Like **few** NYS Districts, Victor has supported substantial enrollment growth
- Victor's revenues have been constrained at a level far beyond the majority of other districts
- In order to continue to provide a wide variety of outstanding opportunities and programs, the District may be required to increase its revenues
- The District's current fund balance levels may not allow for stabilization of future budgets in uncertain economic times
- Victor's residents enjoy the lowest tax rate in the region, **20% below the next lowest district**
- **None** of the proposed scenarios would **substantially** alter the above relationship of tax rates, Victor residents will continue to enjoy the lowest tax rate in the region into the foreseeable future

Next Steps

- Further analysis of state aid proposal, await legislative budget
 - Advocate for revenue support from legislative bodies
- Further analysis of areas for resource reallocation or expenditure reduction
- Await release of benefit and pension contribution rates
- Assembly and submission of final tax cap calculation