



Achieving Excellence

North Tonawanda City Schools

2020-21 Budget Study Session # 4

**Board of Education Meeting
April 1, 2020**



**In the presentation tonight
there will be a review of the
2020-21 budget for approval by
the BoE.**

Present State of Affairs

Stormy Times Ahead



Present State of Affairs

Hard to see into the future



Present State of Affairs

Eventually it is time to dig out



Present State of Affairs

Remember the sun is around the bend



Present State of Affairs

Outbreak Ravages N.Y. Budget; Governor Calls Aid Deal 'Terrible' for State

The pandemic is causing a statewide economic slowdown that could result in a loss of \$15 billion in tax revenue. The economic slowdown, however long it may last, is projected to cost New York State between \$9 billion to \$15 billion in lost tax revenue, with the worst-case scenario putting the state in financial straits not seen since the Great Recession a decade ago.

Source: New York Times

<https://www.nytimes.com/2020/03/26/nyregion/coronavirus-recession-economy-ny.html>

Present State of Affairs

New state budget could allow Cuomo to make large, unknown spending cuts

With the state's finances continuing to sink amid the coronavirus spread, the Cuomo administration is looking to enact a temporary, "initial" budget with spending adjustments made throughout the coming fiscal year depending on the flow of tax revenues to Albany.

Source: Buffalo News

<https://buffalonews.com/2020/03/26/new-state-budget-could-allow-cuomo-to-make-large-unknown-spending-cuts-over-next-year/>

Present State of Affairs

Cuomo: 'We're going to have to cut education aid'

Gov. Cuomo: "We're going to have to cut education aid because that's the number one expense."

Gov. Cuomo says the state has lost \$10 billion to \$15 billion and all the federal money it's getting, by law, must only be used on the coronavirus.

Gov. Cuomo: "But the main expense for the state is education. [The federal government] knows that. So when they didn't give the state funding all they did was cut the education budget to the state of New York which is a tragedy."

Source: News 10 WHEC

<https://www.whec.com/coronavirus/cuomo-we-are-going-to-have-to-cut-education-aid/5686283/>

Where Do We Go from Here?

The situation is very fluid currently and promises to be possibly for the entire year and years to come.

Some Positives

- **Aware PRIOR to the crisis**
- **Already working on efficiency plans (EPC)**
- **Philosophy built in to deal with variables**
- **Have reserves to utilize over time**

Where Do We Go from Here?

Districts have experienced this in decades before. 2001 – terror attacks, 2008 – Great Recession. What did we learn?

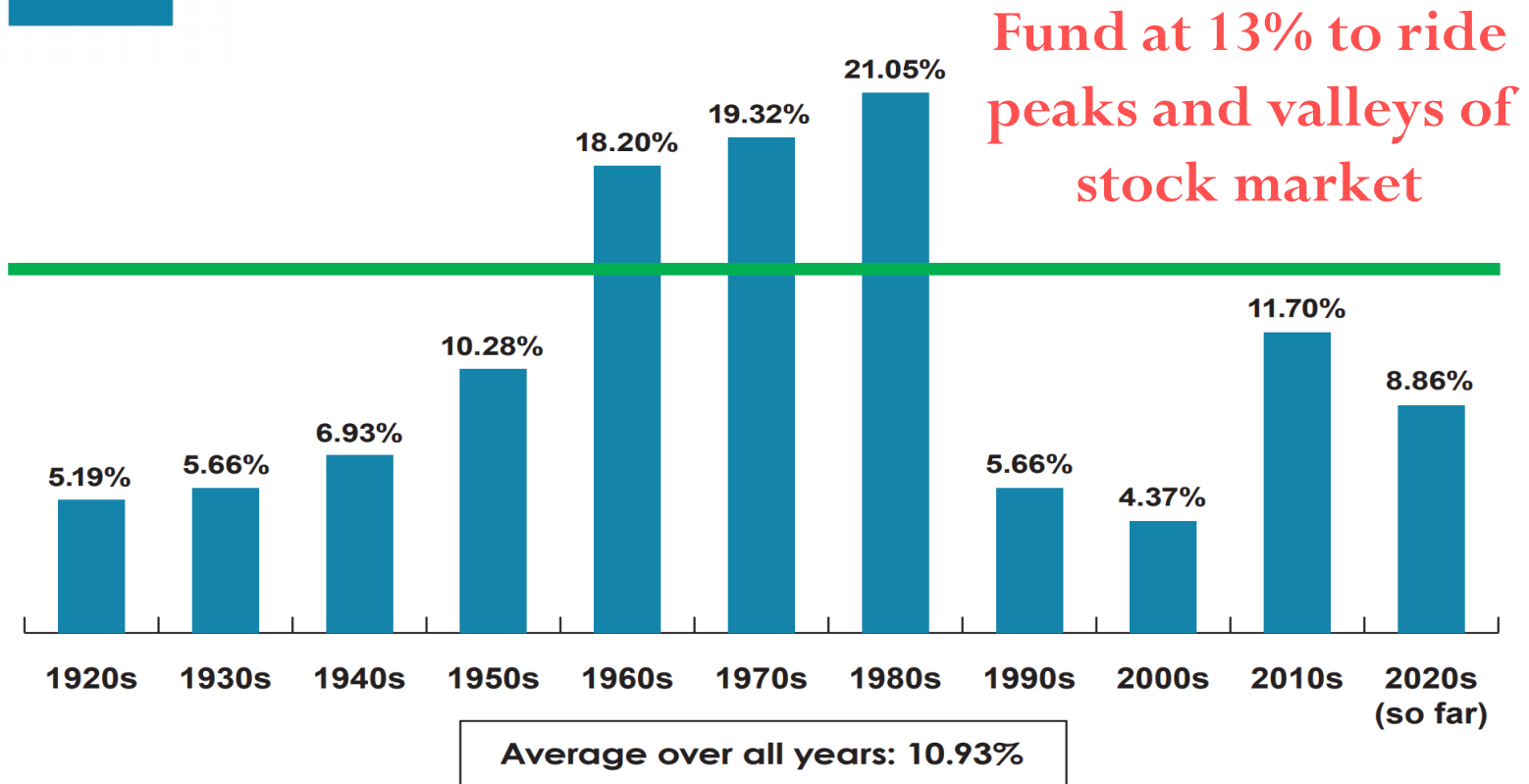
Big Ideas

- NYS is influenced by wealth downstate
 - Market has highs and lows
- Don't overreact
 - Draconian Cuts – hurt morale and programs
 - Maintain long term plans – these are the rudder to reevaluate over time
- Savings are there for a reason!

Employee Contribution Rate



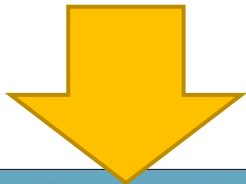
Average Employer Contribution Rate (ECR) by Decade



Employee Contribution Rate



Returns
Are going
To take a
Hit



Investment Income

Employer &
Employee Contributions

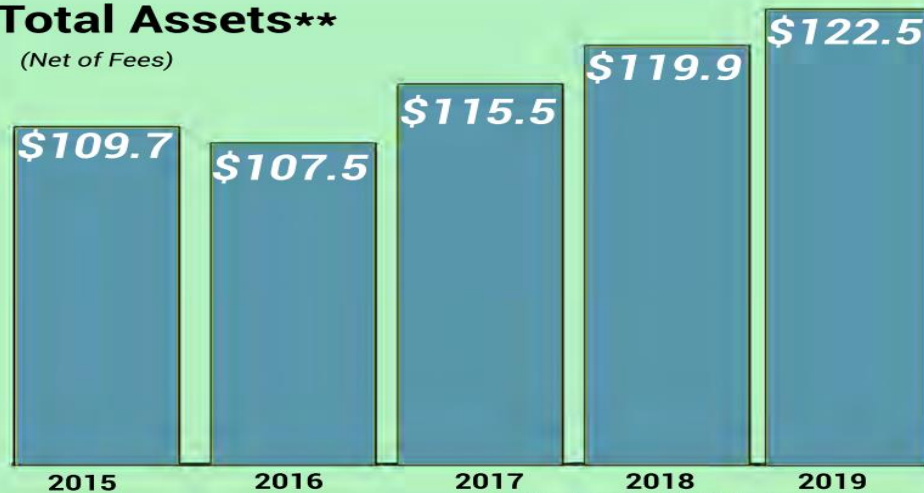
Investment Returns*

30-Year	8.8%
25-Year	8.7%
20-Year	6.3%
10-Year	10.4%
5-Year	7.2%

*As of 6/30/19

Total Assets**

(Net of Fees)



**Fiscal year-end 6/30 figures

Employee Contribution Rate

TRS and ERS Projections:

- ❖ Estimated ECR 2020-21 school year salaries is **9.53%**

ECR	Applicable to
8.86%	2019-20 Salaries
10.62 %	2018-19 Salaries
9.80 %	2017-18 Salaries
11.72 %	2016-17 Salaries
13.26 %	2015-16 Salaries
17.53 %	2014-15 Salaries
16.25 %	2013-14 Salaries

The Retirement Board will adopt the 2020-21 ECR at its July 29 meeting; an Administrative Bulletin will be issued soon thereafter

Source: <https://www.nystrs.org/Employers/Employer-Contribution-Rate>

Employee Contribution Rate

TRS and ERS Projections:

- ❖ Estimated ECR 2020-21 school year salaries is **9.53%**

ECR	Applicable to
17.53%	2014-15 Salaries
16.25 %	2013-14 Salaries
11.84 %	2012-13 Salaries
11.11 %	2010-11 Salaries
8.62 %	2010-11 Salaries
6.19 %	2009-10 Salaries
7.63 %	2008-09 Salaries

What we learned from the past in the 2008 recession. It was 2 to 3 years before the market losses began to crush budgets over a four-year period. Many Districts were not proactively bracing for an almost 9% increase in benefits.

Source: <https://www.nystrs.org/Employers/Employer-Contribution-Rate>

REVIEW

~ 3 % increase
over
2019-20 Budget

**PRE
COVID-19**



**Achieving
Excellence**

Expenditures

2020 – 21 proposed
Expenditure
Budget

\$81,831,936

\$2,400,636 increase over
2019-20 Budget

\$1,194,500 covered by
reserve

Expenditures

2020 – 21 proposed

Expenditure

Budget

\$81,071,936

\$1,640,636 increase over
2019-20 Budget

\$1,550,000 covered by
reserve



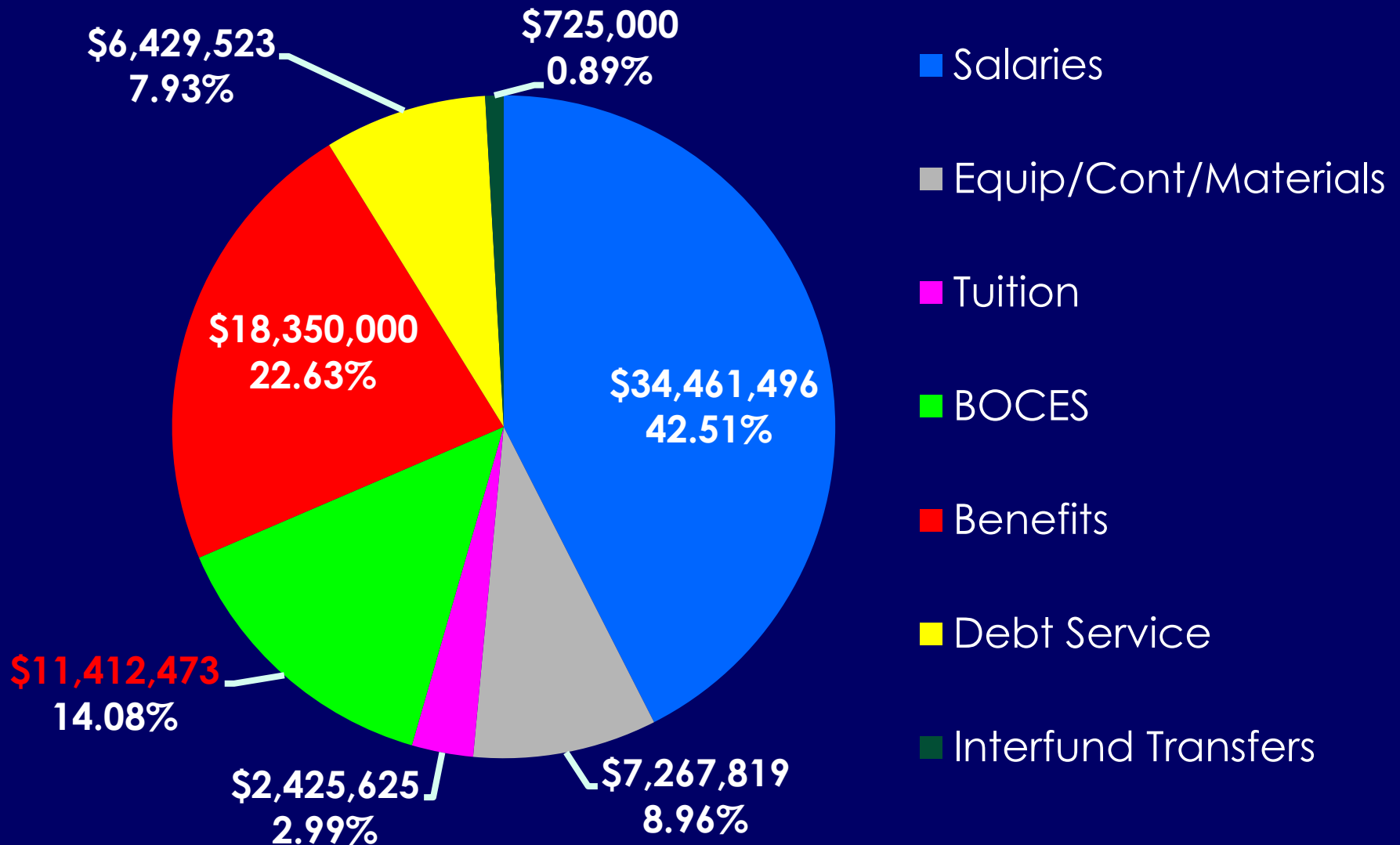
**Achieving
Excellence**

**2.07 % increase
over
2019-20 Budget**

UPDATE

Expenditures

2020 - 21 Proposed Budget \$81,071,936



UPDATE

SUMMARY

2020-21 Proposed
Budget Expenditures

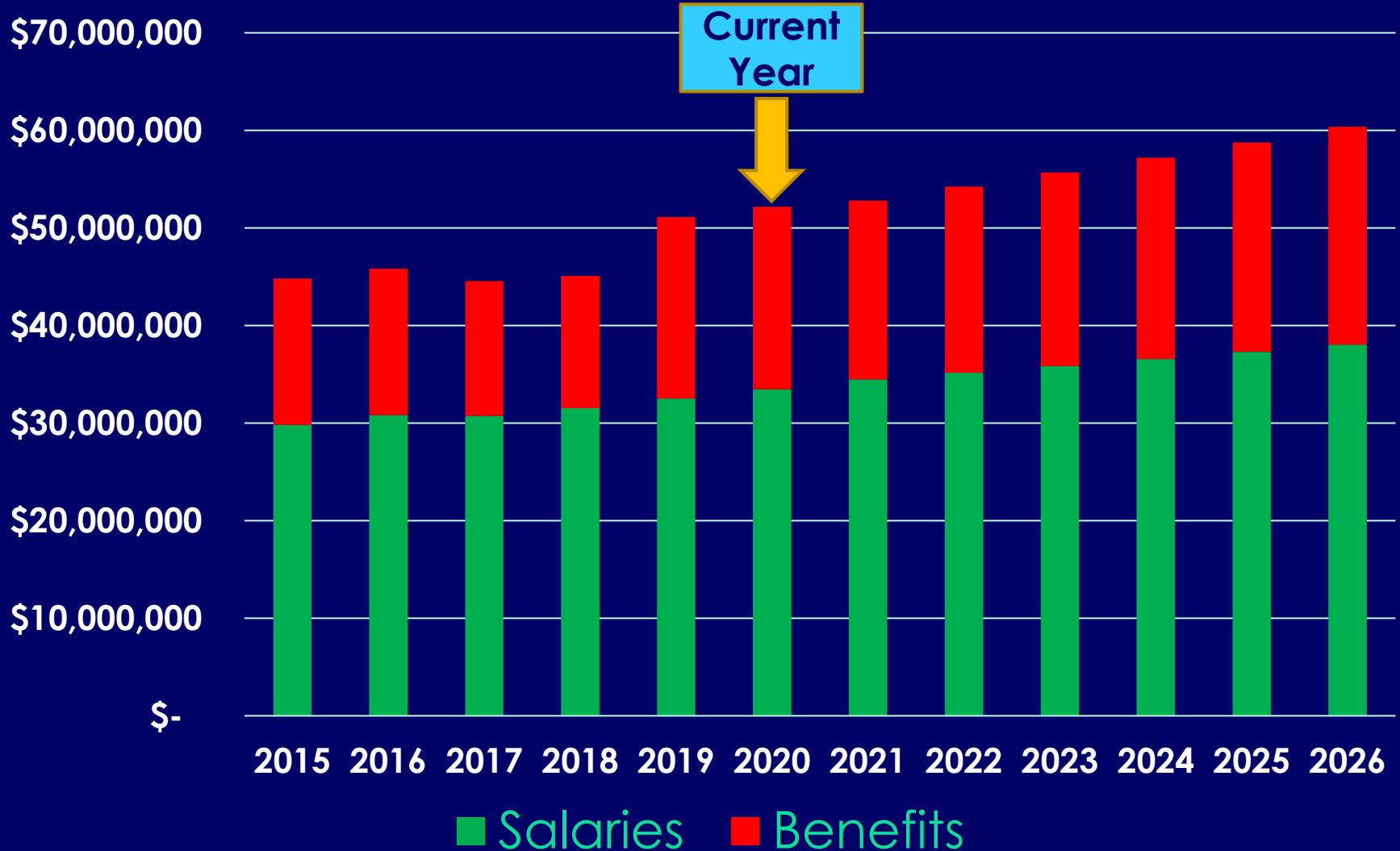


**Achieving
Excellence**

	2019-20	2020-21	Change
Salaries	\$33,477,102	\$34,461,496	\$984,394
Equipment	\$378,500	\$1,662,000	\$1,283,500
Contractual	\$5,386,878	\$4,537,100	(\$849,778)
Materials	\$1,012,516	\$1,068,719	\$56,203
Tuition	\$2,425,625	\$2,425,625	\$ 0
BOCES	\$10,879,677	\$11,412,473	\$532,796
Benefits	\$18,705,266	\$18,350,000	(\$355,266)
Debt Service	\$6,940,736	\$6,429,523	(\$511,213)
Transfers	\$225,000	\$725,000	\$ 500,000
Totals	\$79,431,300	\$81,071,936	\$1,640,636

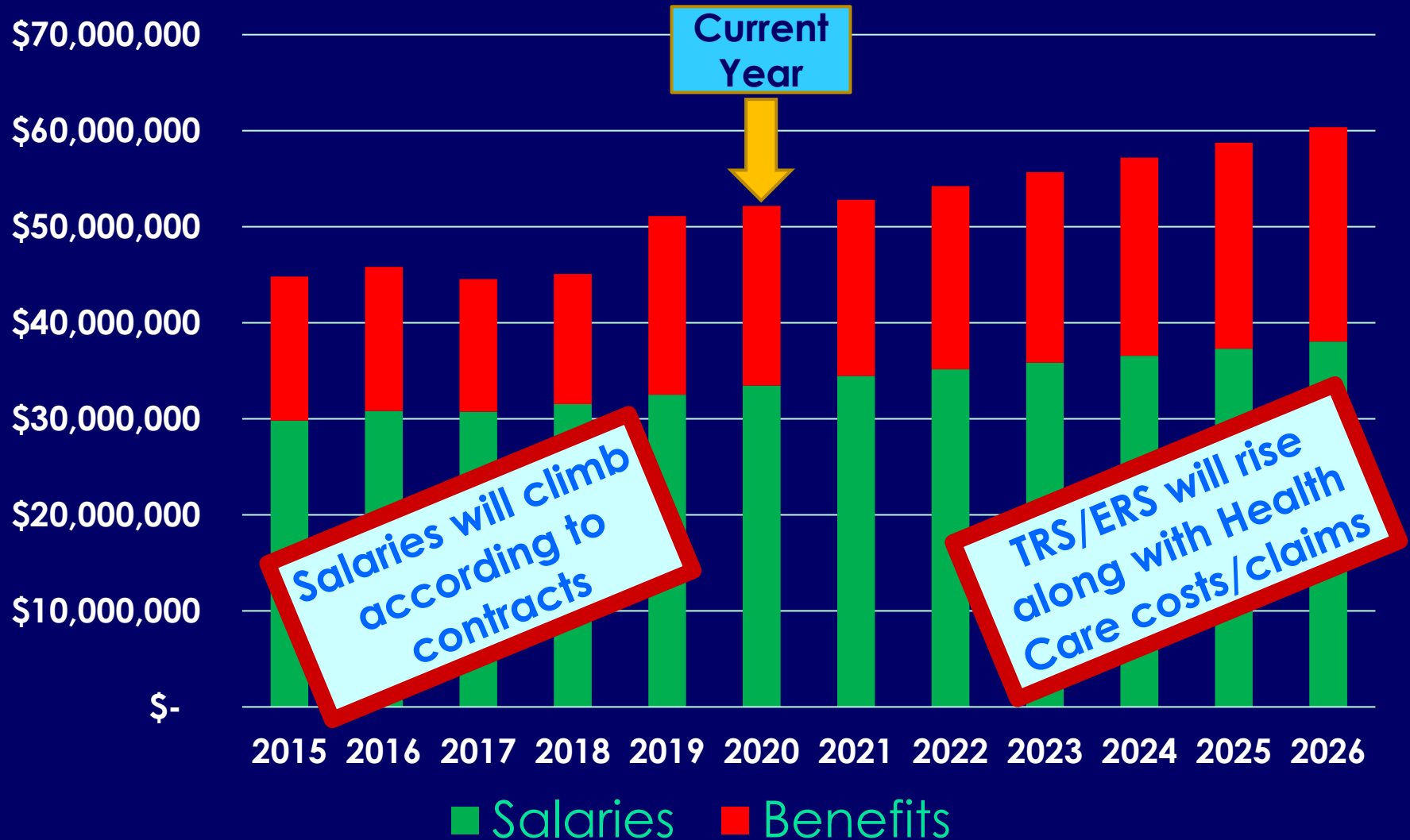
Salaries And Benefits

A 5-Year Review and Projection



Salaries And Benefits

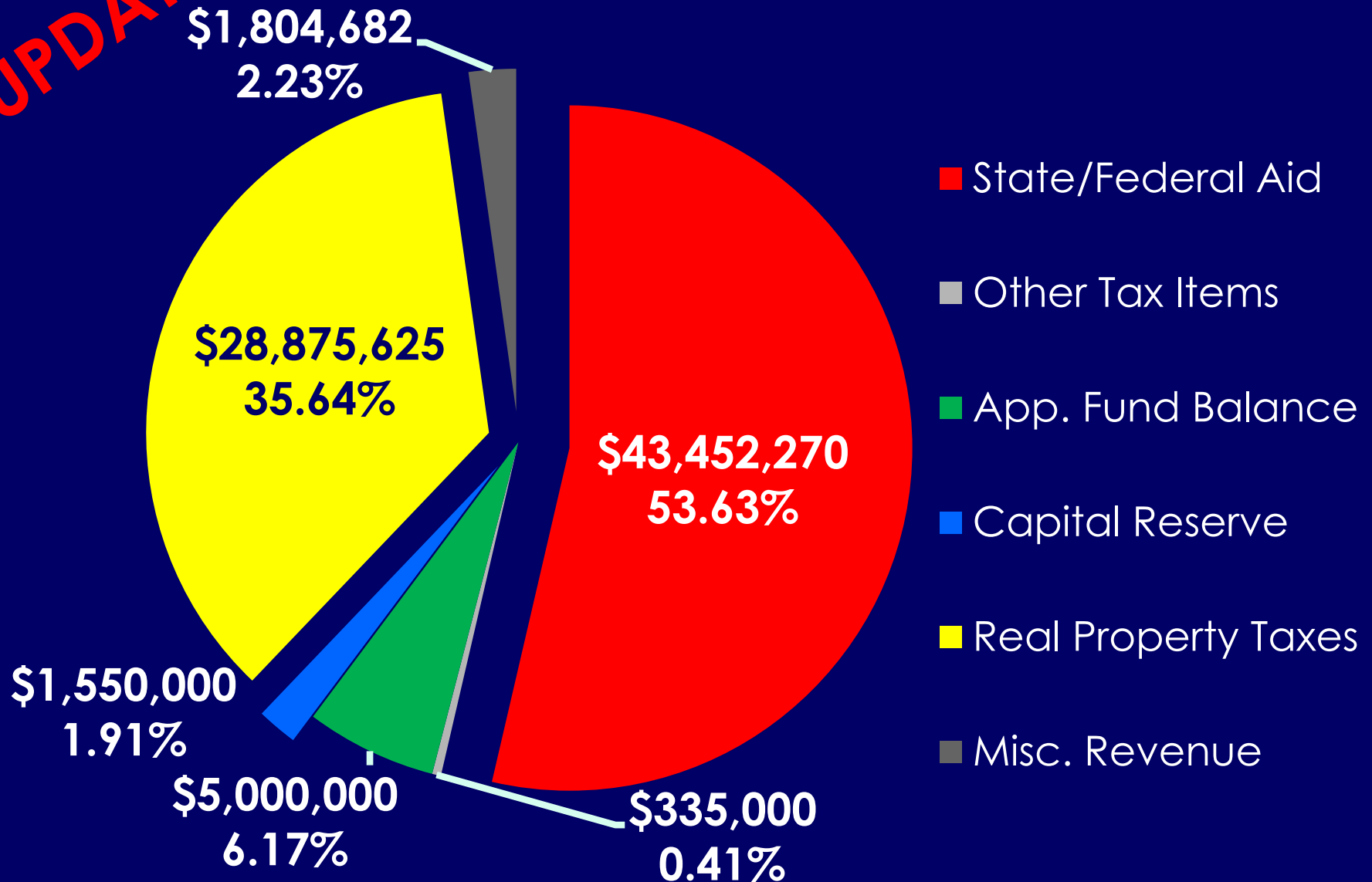
A 5-Year Review and Projection



Revenue (Zero Aid)

0% Tax Levy Increase \$81,017,577

UPDATE



Federal Funds?

Looking to ensure unexpected COVID-19 expenses are reimbursed.

Big Ideas

- Tracking expenses related to COVID-19
 - Cleaning and Maintenance
 - Medical Claims
 - Other????
- FEMA application
- Title and Grant Funds – apply in June and allocation awarded in Fall. No Change expected at this time.

Federal Funds?

H.R. 748 – CORONAVIRUS AID, RELIEF, AND ECONOMIC SECURITY (CARES) ACT OF 2020



Individual Stimulus Checks

Single	\$1,200 per person
Married Filing Jointly	\$2,400 per couple
Children	\$500 per dependent child

Filing Status	Phaseout Start	Phaseout End	10:30 AM 4/1/20
Single	\$75,000	\$99,000	
Head of Household	\$112,500	\$136,500	
Married Filing Jointly	\$150,000	\$198,000	

Federal Funds?

Education Stabilization Fund

\$30.75 billion to remain available through September 21, 2021 to prevent, prepare for, and respond to coronavirus. This amount is to be allocated as follows:

First, the following items are backed out:

Percentage	Dollar Amount	Description
0.05%	\$153.75 million	To outlying areas based on respective needs
0.05%	\$153.75 million	For programs operated by the Bureau of Indian Education
1.00%	\$307.5 million	For grants to States with the highest coronavirus burden

Total Remaining = **\$30.135 billion** to be allocated as follows:

Percentage	Dollar Amount	Description
9.80%	\$2,953,230,000	Emergency Education Relief grants to State Governors with approved applications (due within 30 days of enactment). 60% allocated based on a State's relative population of individuals aged 5 through 24. 40% allocated based on a State's relative number of children counted under section 1124(c) of the ESEA of 1965 (also used for Title I allocations).



10:30 AM
4/1/20

Federal Funds?



Description

10:30 AM
4/1/20

Funds may be used to:

- Provide emergency support through grants to LEAs that the State Education Department deems as having been most significantly impacted by COVID-19;
- Provide emergency support through grants to institutions of higher education that the Governor determines to have been most significantly impacted by COVID-19; and
- Provide support to any other educational institution or agency that the Governor deems essential for carrying out the provision of child care and early childhood education, social and emotional support, and the protection of education-related jobs.

Federal Funds?

43.90%

\$13,229,265,000

Elementary and Secondary School Emergency Relief Grants to each State Educational Agency (SEA) with an approved application (applications due within 30 days of enactment).

Allocations to States will be made based on Title I Part A allocations in the most recent fiscal year.

Each State must allocate at least 90% of the grant funds to LEAs (including charter schools) in the State in proportion to the amount of funds each LEA received under Title I Part A in the most recent fiscal year.



10:30 AM
4/1/20

Federal Funds?



An LEA may use the funds for any of the following:

- Any activity authorized by the ESEA of 1965;
- To improve coordinated responses to prevent, prepare for, and respond to COVID-19;
- Providing principals and other school leaders with the resources necessary to address the needs of their individual schools;
- Activities to address the needs of low-income children or students, racial and ethnic minorities, homeless students, and foster care youth;
- Training and professional development for staff of the LEA on sanitation and minimizing the spread of infectious diseases;
- Purchasing supplies to sanitize and clean LEA facilities;
- Planning for and coordinative for long-term closures;
- Purchasing educational technology for students to aid in regular and substantive educational interaction between students and teachers;
- Providing mental health services and supports;

10:30 AM
4/1/20

Federal Funds?

Description

- Planning and implementing activities related to summer learning and supplemental afterschool programs;
- Other activities that are necessary to maintain the operation of and continuity of services in LEAs and continuing to employ existing staff of the LEA.



10:30 AM
4/1/20

State Funds?

Rolling Budget evaluated on the quarter

Big Ideas

- Each quarter evaluation of revenues
 - Each Month provided to the BoE (Best Practice)
 - Appropriation Status Report
 - Revenue Status Report
 - Fund Balance Projections
- Expense Driven Aid – need to evaluate impact of changes on District
 - BOCES
 - Instructional Materials Aid

State Funds?



Education

Contact: Christopher Hanse
Email: hansec@nyassembly.gov

1:30 PM
4/1/20

School Aid

Total School Aid: \$27.4 billion, \$95.6 million, or 0.35%, more than last year, \$1.15 billion less than the Governor.

Foundation Aid: \$18.4 billion, a decrease of \$2.4 billion from the governor. A school district's Foundation Aid total for this year will be the same as it was for the 2019-20 School Year.

Pandemic Adjustment: The Commissioner of Education will reduce State payments to school districts equal to \$1.21 billion. This reduction will be offset by increased federal Coronavirus Aid Relief and Economic Security (CARES) funding.

State Funds?



Education

Contact: Christopher Hanse

Email: hansec@nyassembly.gov

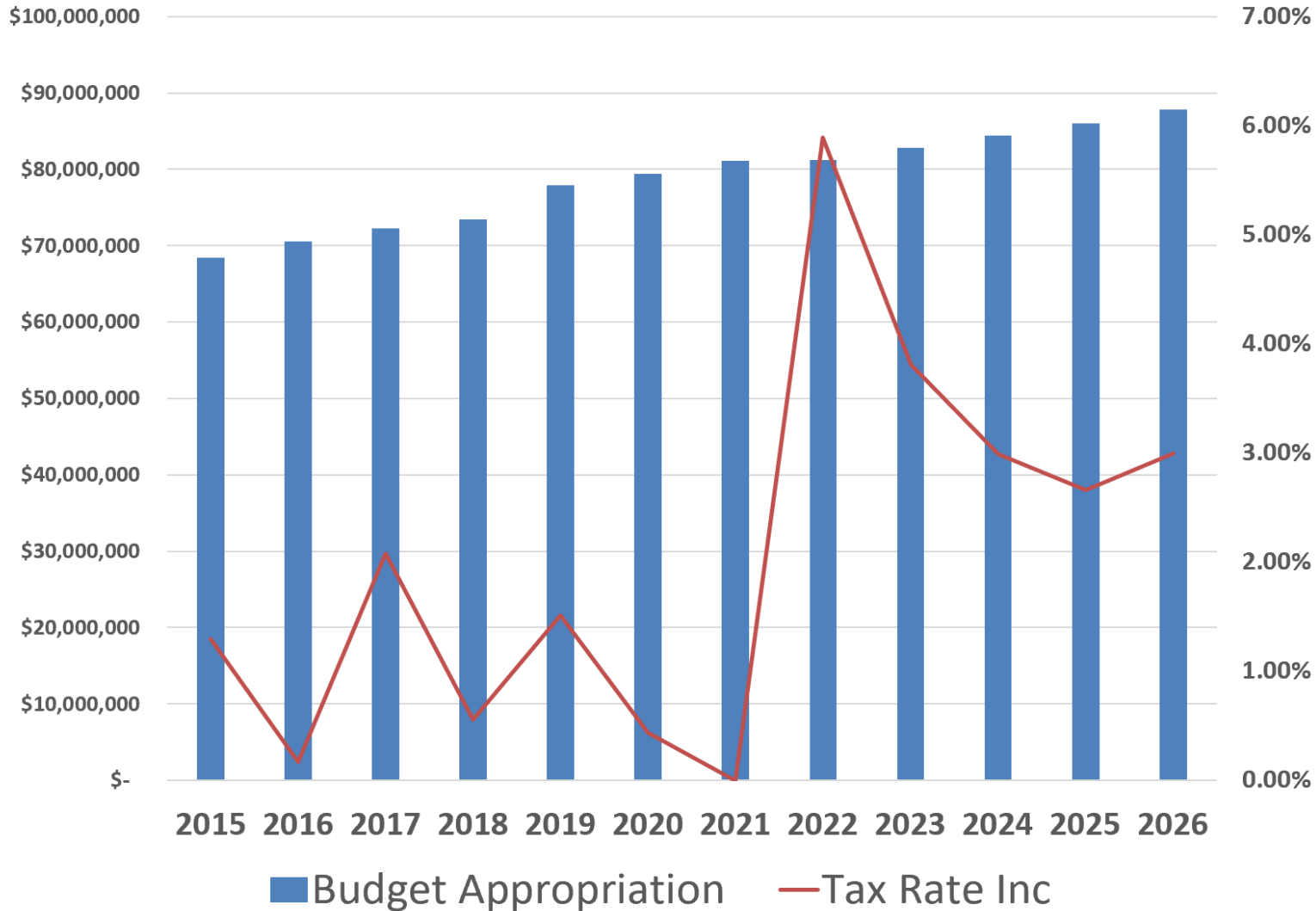
1:30 PM
4/1/20

Education Stabilization Fund: \$1.21 billion in new federal funding is provided from the Elementary and Secondary Emergency Relief Fund and the Governor's Emergency Relief Fund. This funding is provided by the CARES Act. This funding will be used to offset the newly created Pandemic Adjustment.

School Aid Run: For a breakdown of the other School Aid categories, please refer to the School Aid memo that was provided to you with the school aid run.

Budget History & Tax Rate Projections

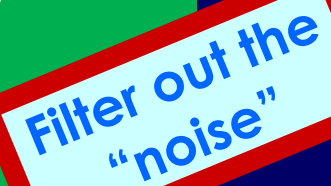
Trend Analysis and Projection



Budget History & Tax Rate Projections

Trend Analysis and Projection

How do we flatten our line?
Or as I would like to say
“smooth the variation”



Filter out the
“noise”

Data smoothing is a statistical technique that involves removing outliers from a **data** set in order to make a pattern more visible.

Identify the most important variables and figure out how to “adjust to”/change them to improve outcomes.

Budget History & Tax Rate Projections

Trend Analysis and Projection

✓ Comprehensive reserve plan

- ❖ OSC requires one
- ❖ Use is normal
- ❖ Part of budget management

✓ Cut BOCES spending

- ❖ Per student cost — High
- ❖ Need in-District options first

✓ Teacher Retirements

- ❖ Breakage
- ❖ Lower Payroll = lower TRS costs
- ❖ New teachers pay into TRS

Initially these are the heavy hitters or data points on our budget that the District influences locally

Comprehensive Technology Plan

Addressing the backbone, security, and capacity of the District network

These types of comprehensive plans will help as a guide through the tough budgets

North Tonawanda CSD: Comprehensive Technology Roadmap

BUILDING CODES
E-6 Drake ES E-6 Ohio ES E-5 Spruce ES I Intermediate School

DATA COLLECTION
MEETINGS
User Groups
Departments
DATA

APPROVED CURRENT PROJECTS
Name: Elementary Schools Cameras
Component(s): Video Surveillance Cameras
Total Budget: \$ 66,172

3 Enhance Computer Environment

4 Safe School Environment

2027 2028
\$ 25,572,568
Total Estimated Goal Budget \$ 1,343,462

1
Total Estimated Goal Budget \$ 332,800

2
Total Estimated Goal Budget \$ 892,800

3
Total Estimated Goal Budget \$ 1,276,993

4
Total Estimated Goal Budget

VISION
School of the Future

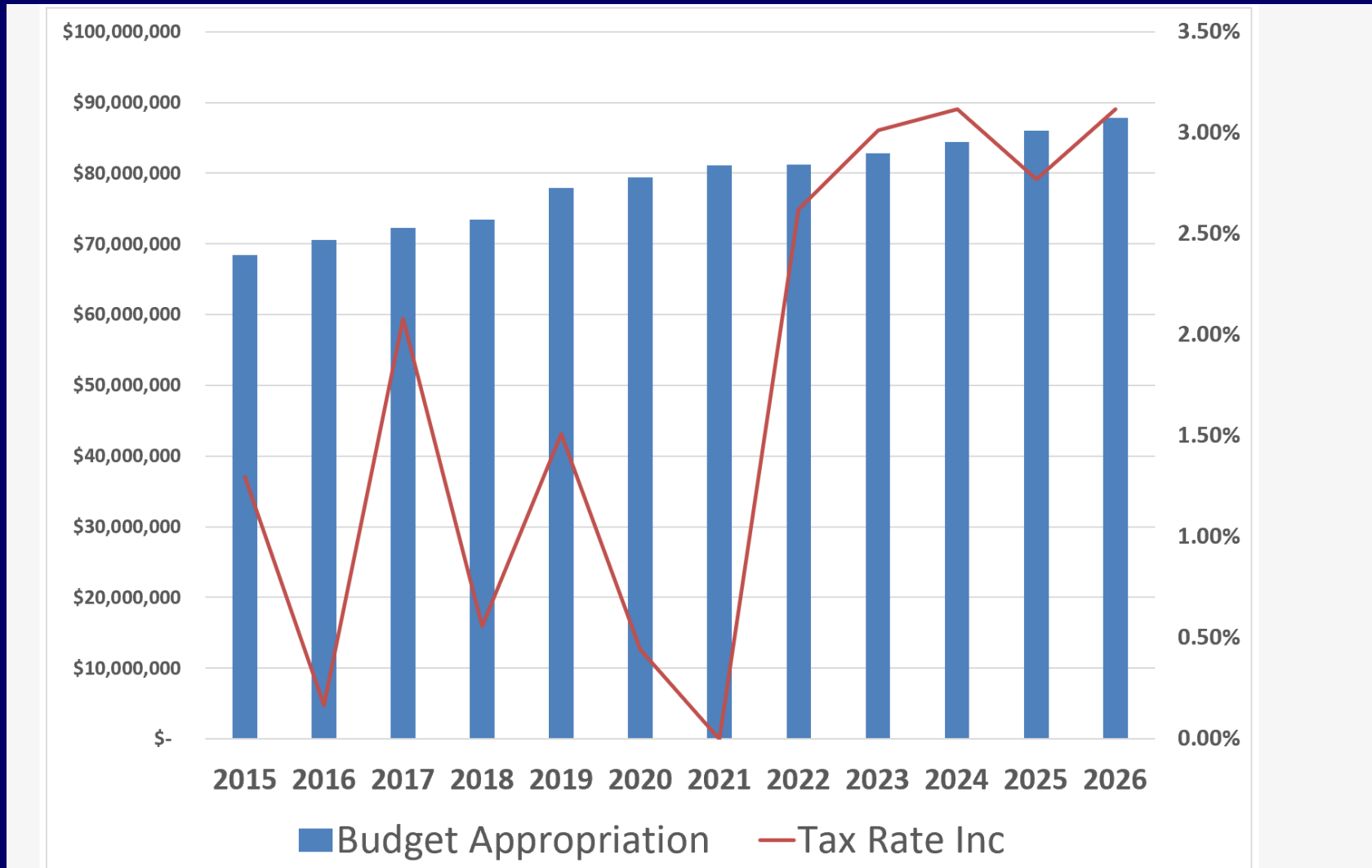
2.1 Network Switch Upgrade 7 YR Refresh
ZY: \$166,400/Yr
\$240,000
\$457,487
\$258,212
\$72,453
\$109,563
\$123,879
\$47,200
\$66,172
\$11,800

4.1 Add Perimeter Door Monitoring All Bldgs
\$47,200
The above estimated project costs include - 10% Contingency. Incidental cost for design, project management, etc - \$255,399

4.2 Expand Video Surveillance Coverage In Elementary Schools
\$66,172
The above estimated project costs include - 10% Contingency. Incidental cost for design, project management, etc - \$11,800

Budget History & Tax Rate Projections

Trend Analysis and Projection



Budget History & Tax Rate Projections

Trend Analysis and Projection

Assumptions:

State Aid increase at 0% in 21-22 but increases slowing again at 1% then 2%..

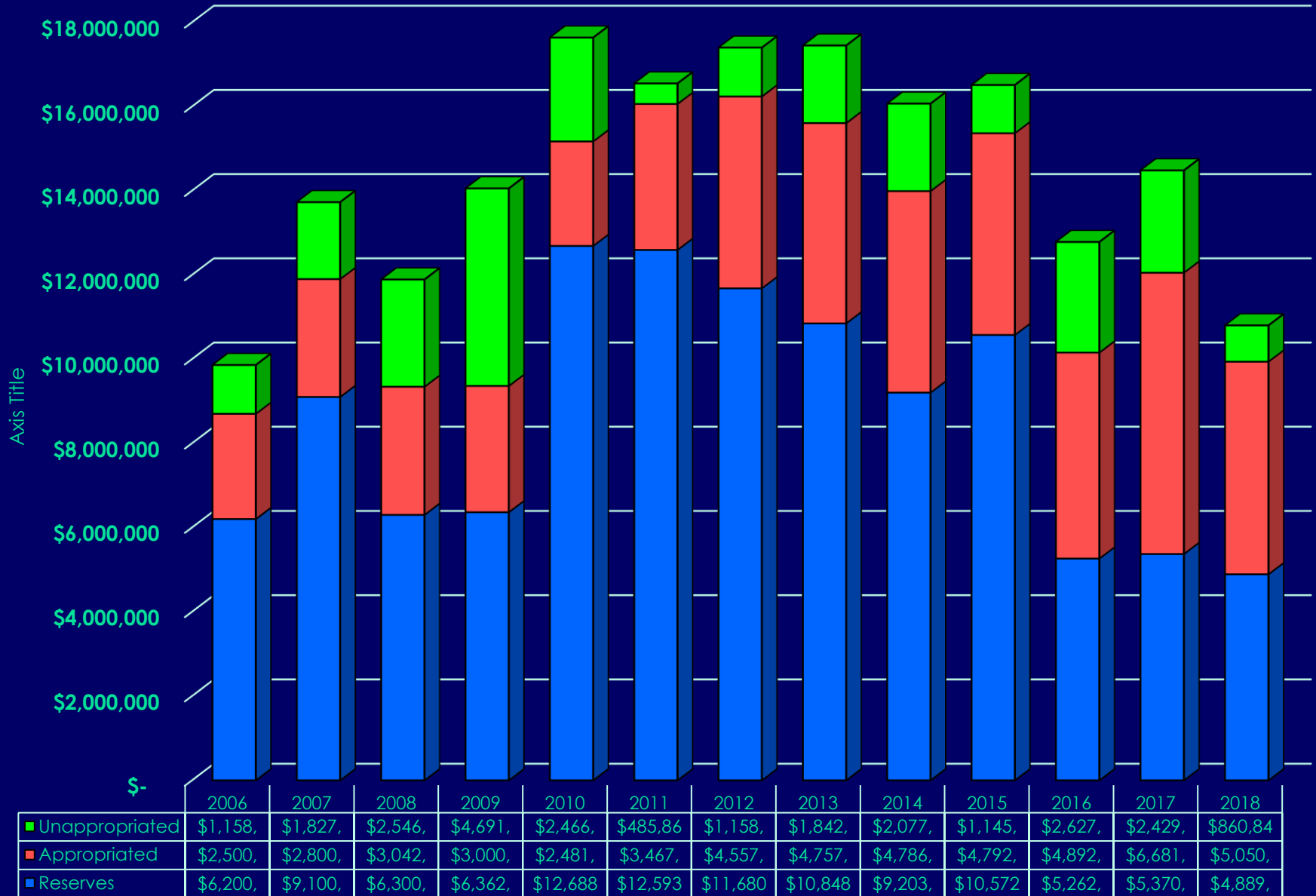
Benefits (TRS/ERS) – increasing at 4%

BOCES – cuts spending to 95% of 20-21 budget in 22 and 23

Uses of reserves – 500k in 22 and 350k each year after – total 1.9 Million over five years after this budget.

Very basic initial **SINGLE model** – needs to be refined over time multiple outcomes.

Fund Balance Analysis



Ballot Proposition #2

What is proposition on the ballot for the vote in JUNE?

- ❑ Authorization to spend out of established capital reserve fund. Est. at **\$1,200,000**
- ❑ Balances budget without tax increase
- ❑ Use of savings from previous years

Amount of purchase will generate state aid at approximately 84% which will help future budgets.

Funding

**Vote in
May
2019**

Proposition
for voters to
establish
reserve



Establish a
Capital
Reserve to
Purchase Buses

Voter approval
to spend from
the
reserve



**Vote in
JUNE
2020**



Ballot Proposition #3

What is proposition on the ballot for the vote in JUNE?

- ❑ Authorization of energy performance project for **ADDITIONAL STATE AID**.
- ❑ **EXTRA AID** will help FUTURE District budgets to avoid tax increases in the amount of aid.

Amount of purchase will generate state aid at approximately 82% which will help future budgets.

Energy Performance Project

eliminating waste – being efficient

PROJECT OVERVIEW

- \$5.3MM Cost
- \$176k Annual Energy Savings
- \$170k Utility Rebate
- Operational/Maintenance Savings

1,098,892 Annual kWh Saved

Equivalent GHG
Emissions:



Carbon
Sequestered by:



18,772 Annual Therms of Natural Gas Saved

Equivalent GHG
Emissions:



Carbon
Sequestered by:



Transfer to Capital

State Aided
Project

81.2%



**Achieving
Excellence**

Capital Outlay

\$ 100,000

- Control and Equipment Room
- Playground Site Work

Transfer to Capital

State Aided Project at **81.2%**.

Transfer to Capital

State Aided
Project

81.2%



**Achieving
Excellence**

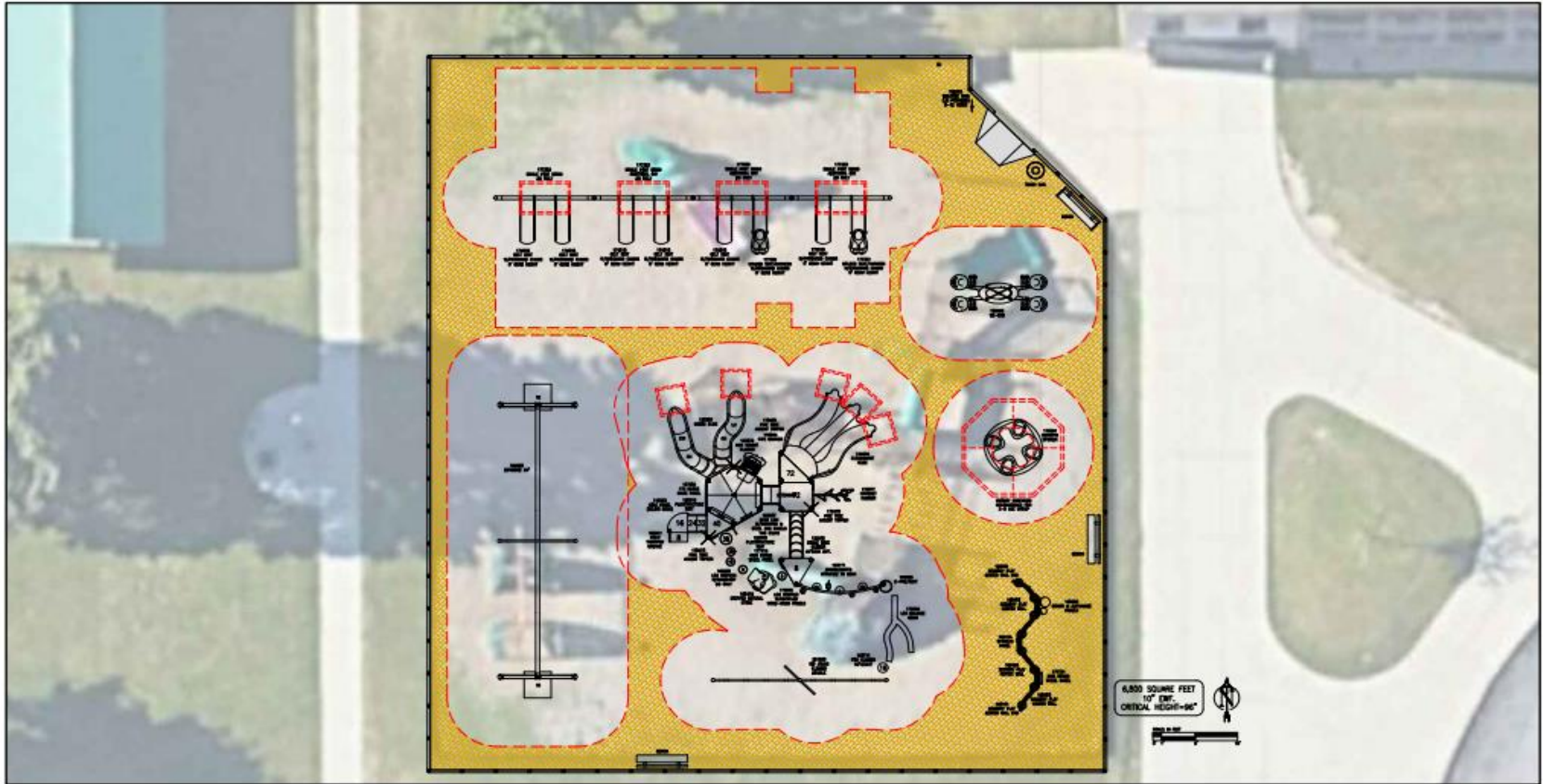
Capital Improvement Project

\$ 500,000

- Refinishing of gym floor - complete sanding and resurfacing
- Reconstruction/Construction of Fine Arts Center stair access for stage
- Stage wood floor apron to be refinished
- Pool Improvements
- Bus Parking lot improvements
- Playground Site Work (additional)
- school sign needs to be upgraded and aligned

Capital Projects

Playground Improvements



5-12 Play Area

Total Elevated Play Components:		11
Total Elevated Play Components Accessible by Transfer or Ramp Shown:	13	Required: 6
Total Elevated Play Components Accessible by Ramp Shown:	0	Required: 0
Total Accessible Ground Level Play Components Shown:	20	Required: 4
Types of Ground Level Play Components Shown:	12	Required: 3
Estimated User Capacity:		75

800.726.4833

playgroundinfo.com



Spruce Elementary
Playground

North Tonawanda, NY

Project: Spruce Elem_rev-1.DWG

Date: 1/15/2020

Scale: As Shown

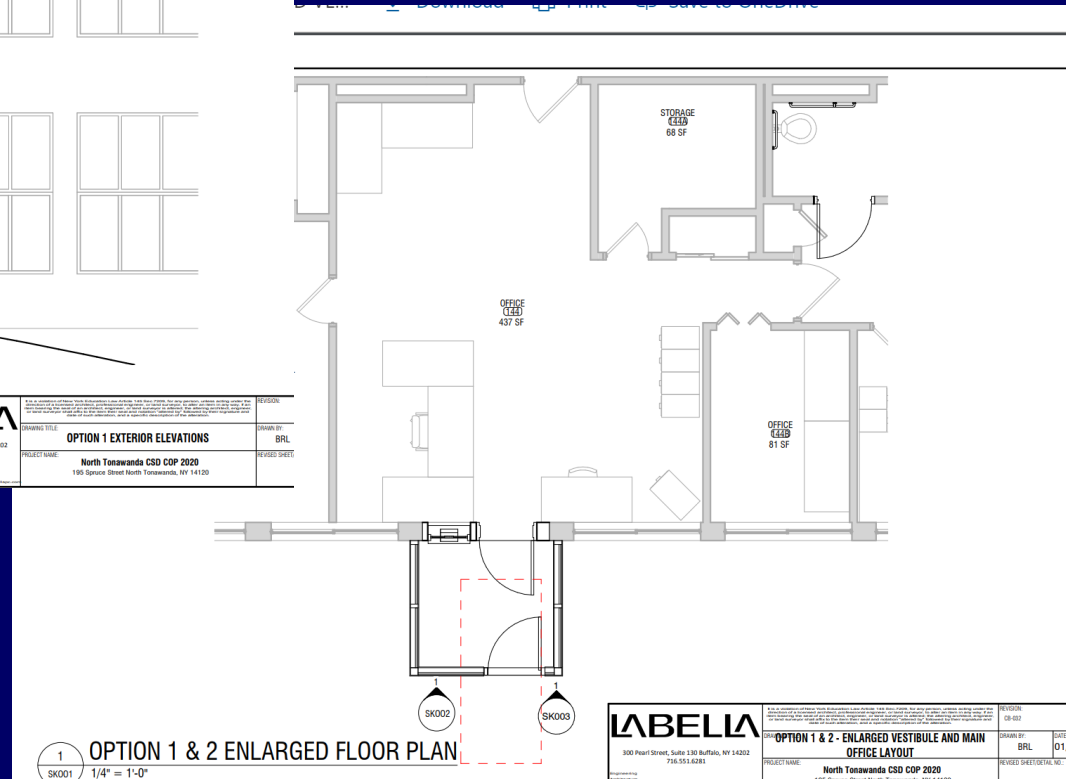
Capital Projects

Playground Improvements



Capital Projects

Spruce Secure Entrance



Capital Projects

Facility Improvements



ANNUAL BUDGET HEARING

- Tuesday, May 12, 2020
- 7:00 PM



BUDGET



- Tuesday, May 19, 2020
- 12:00 - 9:00 PM
- Fine Arts Center

Executive Order

202.13

March 30, 2020

Any school board, library board, or village election scheduled to take place in April or May of 2020 is hereby postponed until at least June 1, 2020, and subject to further directive as to the timing, location or manner of voting for such elections.

Not a question of **IF** we can reach
the goals for the District



It is a question of **HOW** we
make them happen.

Thank You

