



# North Tonawanda City Schools

## 2022-23 Budget

STUDY SESSION #1

**Board of Education Meeting**  
**January 5, 2022**

**The presentation tonight will provide a foundation for future conversations as the District works through the development of the 2022-23 budget.**





## Discussion Items

- I. Budget Development
  - a. Parameters
  - b. Budget Builders
- II. Long range financial plan
  - a. Background
  - b. Forecasting
  - c. ESSA – building based budgets/expenses
  - d. Roll-Over
  - e. Summary

# Agenda Item # 1

## BUDGET DEVELOPMENT

- Parameters
- Budget Builders



# Setting Parameters

One of the board's primary roles is to assist in setting the course for the District. The main way that the board can direct the District's financial course is by setting budget parameters for the administrative team and building staff for the coming fiscal year.



# Setting Parameters



The first step in an ideal annual budget process is for the board to determine what financial performance measures will set the appropriate course for success in the coming fiscal year and for future budgets.



## Financial Benchmark

- **CPI**
- **Tax Levy**

# 2022-23 Budget Parameters

## CPI – Consumer Price Index:

Trending **above** 2.0%

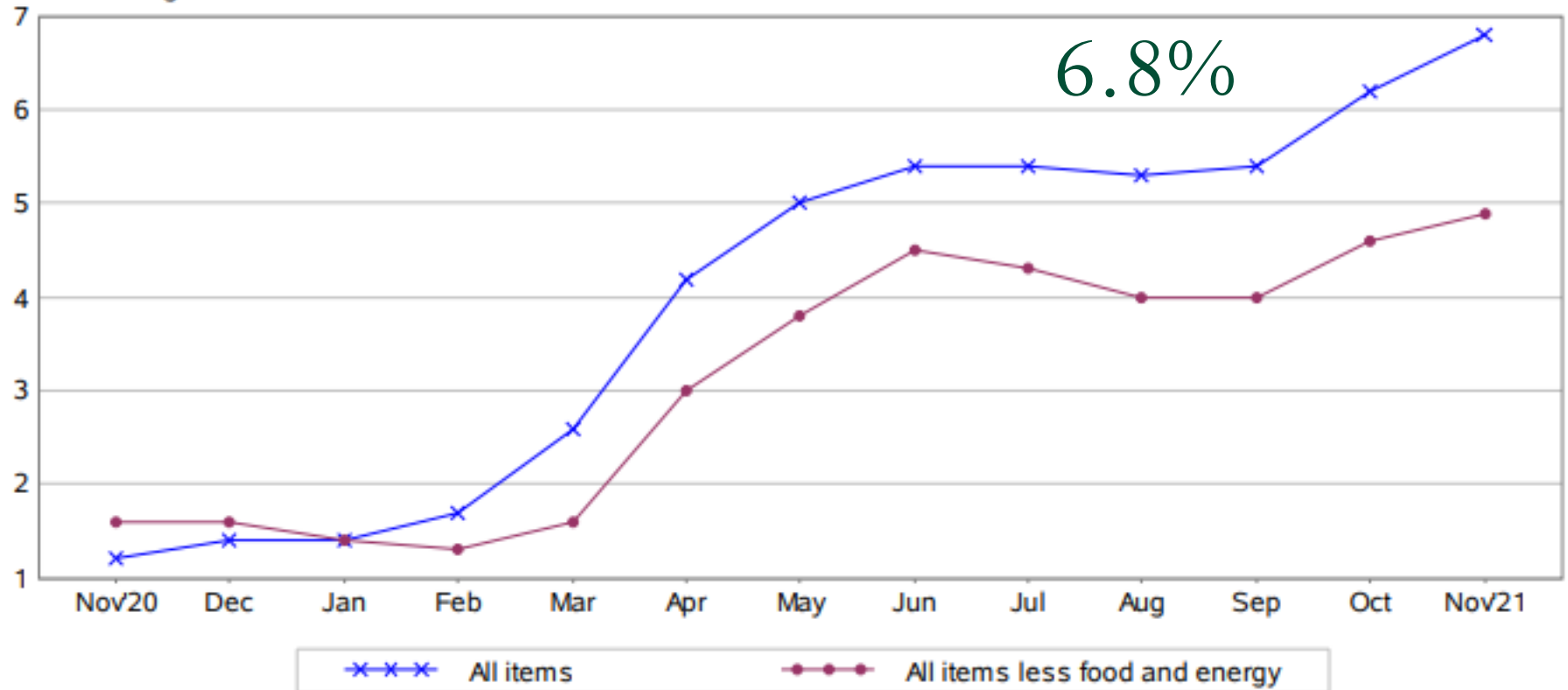
- ❖ The change in the average annual CPI or 2%, whichever is less, is used in the property tax cap calculation as the Allowable Levy Growth Factor.
- ❖ Current consumer price index is approximately **6.8%**

**CPI is a driver of the metrics because it sets  
the limits on revenue growth**



# CPI Trendline

Chart 2. 12-month percent change in CPI for All Urban Consumers (CPI-U), not seasonally adjusted, Nov. 2020 - Nov. 2021  
Percent change



Source: BLS November 2021 news release – next release January

<https://www.bls.gov/news.release/pdf/cpi.pdf>



# CPI Trendline

**Table A. Percent changes in CPI for All Urban Consumers (CPI-U): U.S. city average**

	Seasonally adjusted changes from preceding month							Un-adjusted 12-mos. ended Nov. 2021
	May 2021	Jun. 2021	Jul. 2021	Aug. 2021	Sep. 2021	Oct. 2021	Nov. 2021	
All items.....	0.6	0.9	0.5	0.3	0.4	0.9	0.8	6.8
Food.....	0.4	0.8	0.7	0.4	0.9	0.9	0.7	6.1
Food at home.....	0.4	0.8	0.7	0.4	1.2	1.0	0.8	6.4
Food away from home <sup>1</sup> .....	0.6	0.7	0.8	0.4	0.5	0.8	0.6	5.8
Energy.....	0.0	1.5	1.6	2.0	1.3	4.8	3.5	33.3
Energy commodities.....	-0.6	2.6	2.3	2.7	1.3	6.2	5.9	57.5
Gasoline (all types).....	-0.7	2.5	2.4	2.8	1.2	6.1	6.1	58.1
Fuel oil <sup>1</sup> .....	2.1	2.9	0.6	-2.1	3.9	12.3	3.5	59.3
Energy services.....	0.7	0.2	0.8	1.1	1.2	3.0	0.3	10.7
Electricity.....	0.3	-0.3	0.4	1.0	0.8	1.8	0.3	6.5
Utility (piped) gas service.....	1.7	1.7	2.2	1.6	2.7	6.6	0.6	25.1
All items less food and energy.....	0.7	0.9	0.3	0.1	0.2	0.6	0.5	4.9
Commodities less food and energy commodities.....	1.8	2.2	0.5	0.3	0.2	1.0	0.9	9.4
New vehicles.....	1.6	2.0	1.7	1.2	1.3	1.4	1.1	11.1
Used cars and trucks.....	7.3	10.5	0.2	-1.5	-0.7	2.5	2.5	31.4
Apparel.....	1.2	0.7	0.0	0.4	-1.1	0.0	1.3	5.0
Medical care commodities <sup>1</sup> .....	0.0	-0.4	0.2	-0.2	0.3	0.6	0.1	0.2
Services less energy services.....	0.4	0.4	0.3	0.0	0.2	0.4	0.4	3.4
Shelter.....	0.3	0.5	0.4	0.2	0.4	0.5	0.5	3.8
Transportation services.....	1.5	1.5	-1.1	-2.3	-0.5	0.4	0.7	3.9
Medical care services.....	-0.1	0.0	0.3	0.3	-0.1	0.5	0.3	2.1

Source: BLS November 2021 news release – next release January

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# CPI Trendline

**Table A. Percent changes in CPI for All Urban Consumers (CPI-U): U.S. city average**

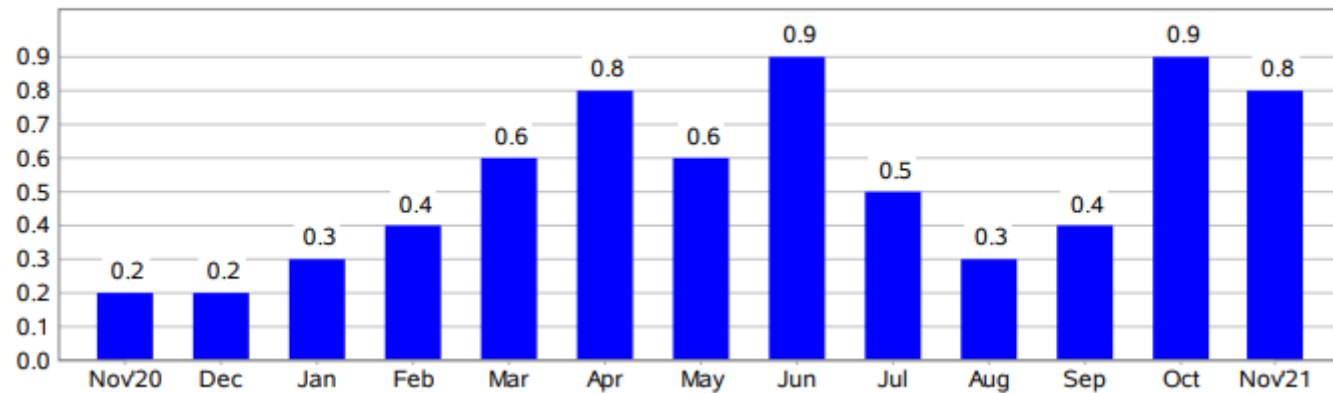
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All items.....	0.6	0.4	0.3	0.4	0.9	0.8	6.8	
Food.....	0.4	0.9	0.9	0.7	6.1			
Food at home.....	1.2	1.0	0.8	6.4				
Food away from home¹.....	0.8	0.6	5.8					
Energy.....	3.5	33.3						
Energy commodities.....	57.5							
Energy services.....	10.7							
Electricity.....	6.5							
Utility (piped) gas service.....	25.1							
All items less food and energy.....	4.9							
Medical care services.....	-0.1	0.0	0.3	0.3	-0.1	0.5	0.3	2.1

Source: BLS November 2021 news release – next release January

<https://www.bls.gov/news.release/pdf/cpi.pdf>

# CPI Trendline

Chart 1. One-month percent change in CPI for All Urban Consumers (CPI-U), seasonally adjusted, Nov. 2020 - Nov. 2021  
Percent change



1% per month trend

Inflation is going to put pressure this year and rolling into the future as prices stabilize at current levels on all budgetary lines. This may translate into pressure on salaries to keep pace. Make staffing and recruitment of talent more difficult in some areas of operations.

Source: BLS November 2021 news release – next release January

<https://www.bls.gov/news.release/pdf/cpi.pdf>



# 2022-23 Budget Parameters

Expense side of the Budget

- The proposed 2022-23 budget is projected increase in the range of 3%: +/- .5% based on forecasting
  - **Approximately \$ 820,000 at 1%**
  - **Approximately \$ 1,630,000 at 2%**
  - **Approximately \$ 2,450,000 at 3%**

## Financial Benchmarks

- **CPI**
- **Tax Levy**

**CPI is a driver of the metrics because it sets the limits on revenue growth**



# Roll Over

2022-23 **initial** Major

Categories

Expenditures

	2022-23	2021-22	Change
Salaries	\$37,356,821	\$36,060,654	\$1,296,167
Equipment	\$1,321,500	\$1,321,500	TBD
Contractual	\$4,942,800	\$4,742,800	\$200,000
Materials	\$1,141,300	\$1,041,300	\$100,000
Tuition	\$2,711,260	\$2,711,260	TBD
BOCES	\$9,851,081	\$9,851,081	TBD
Benefits	\$19,375,000	\$19,075,000	\$300,000
Debt Service	6,517,747	\$6,825,905	(\$308,158)
Transfers	\$225,000	\$225,000	TBD
Totals	\$83,442,509	\$81,854,500	\$1,588,009



## Financial Benchmarks

- CPI
- Tax Levy

## 2022-23 Budget Parameters

The proposed 2022-23 Tax Levy will increase in the range of 0% to 2%:

- Approximately \$146,000 at 0.5 %
- Approximately \$293,000 at 1.0%
- Approximately \$440,000 at 1.5 %
- Approximately \$586,000 at 2.0 %



# 2022-23 Budget Parameters

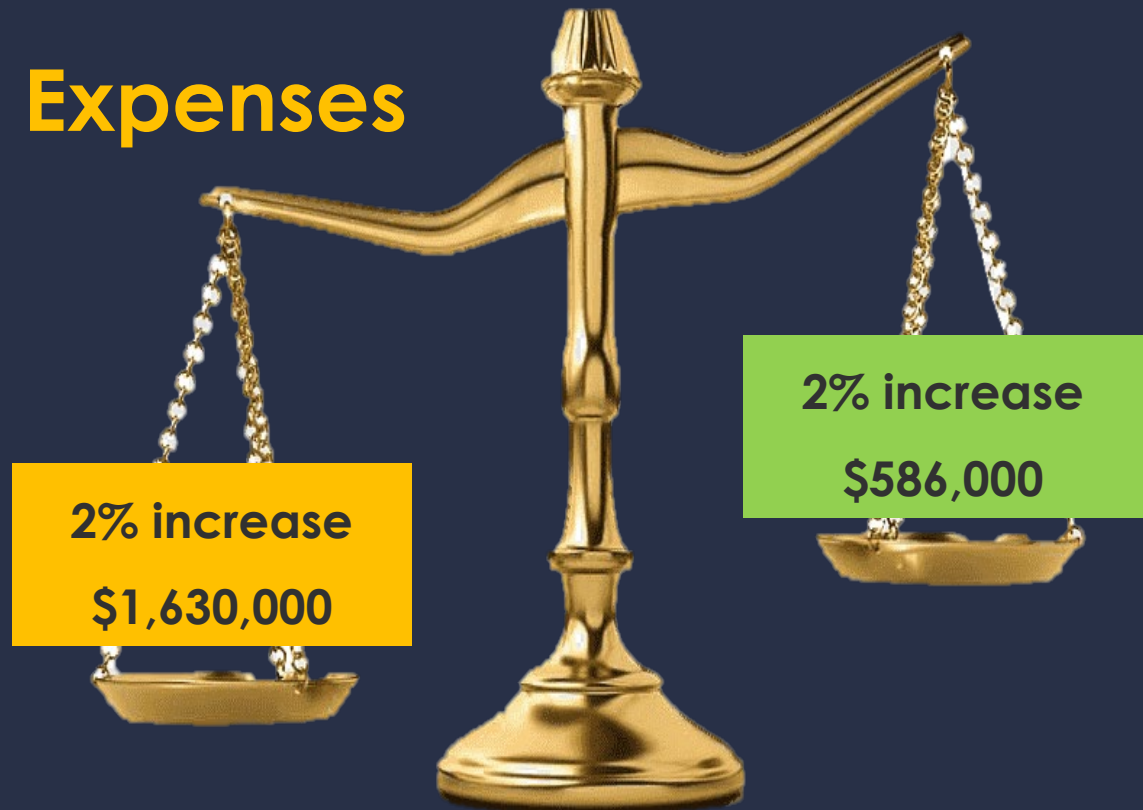
## BALANCING THE BUDGET

Tax levy

Expenses

### Financial Benchmark

- CPI
- Tax Levy







# 2022-23 Budget Parameters

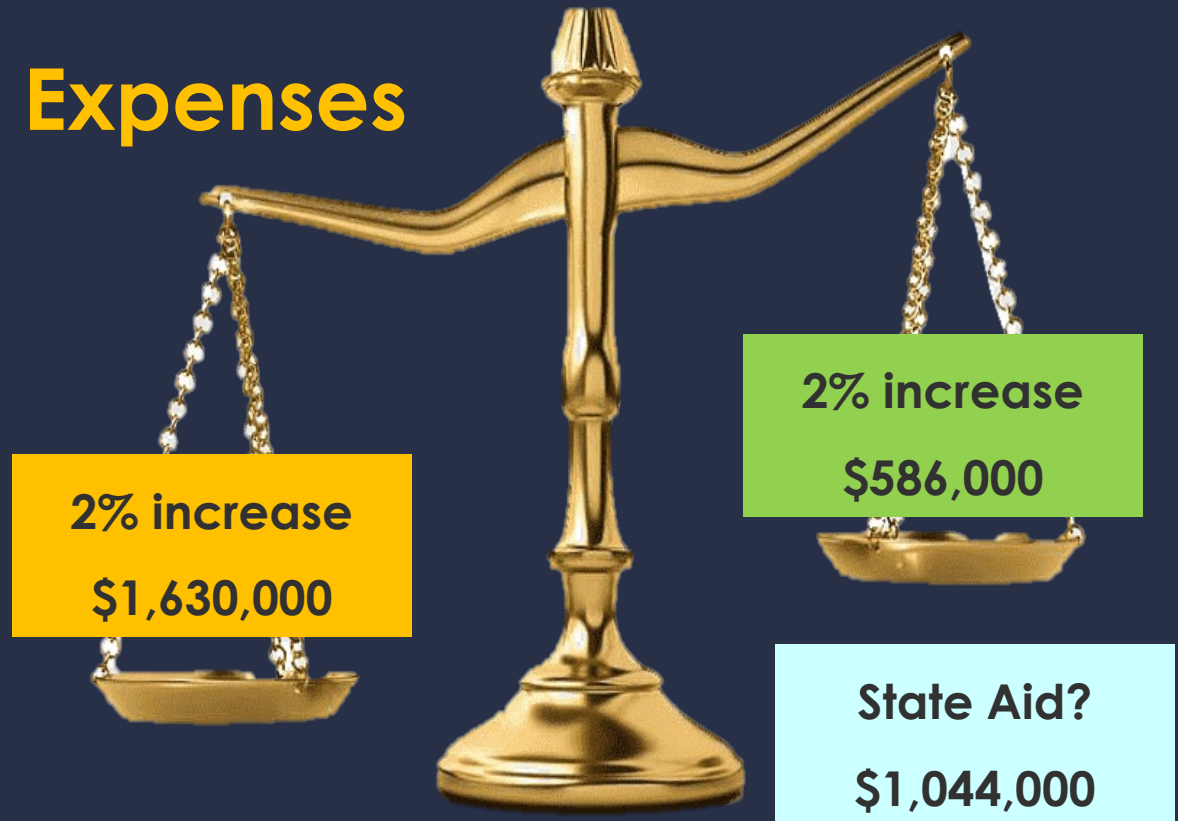
## BALANCING THE BUDGET

Tax levy

Expenses

### Financial Benchmark

- CPI
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# 2022-23 Budget Parameters

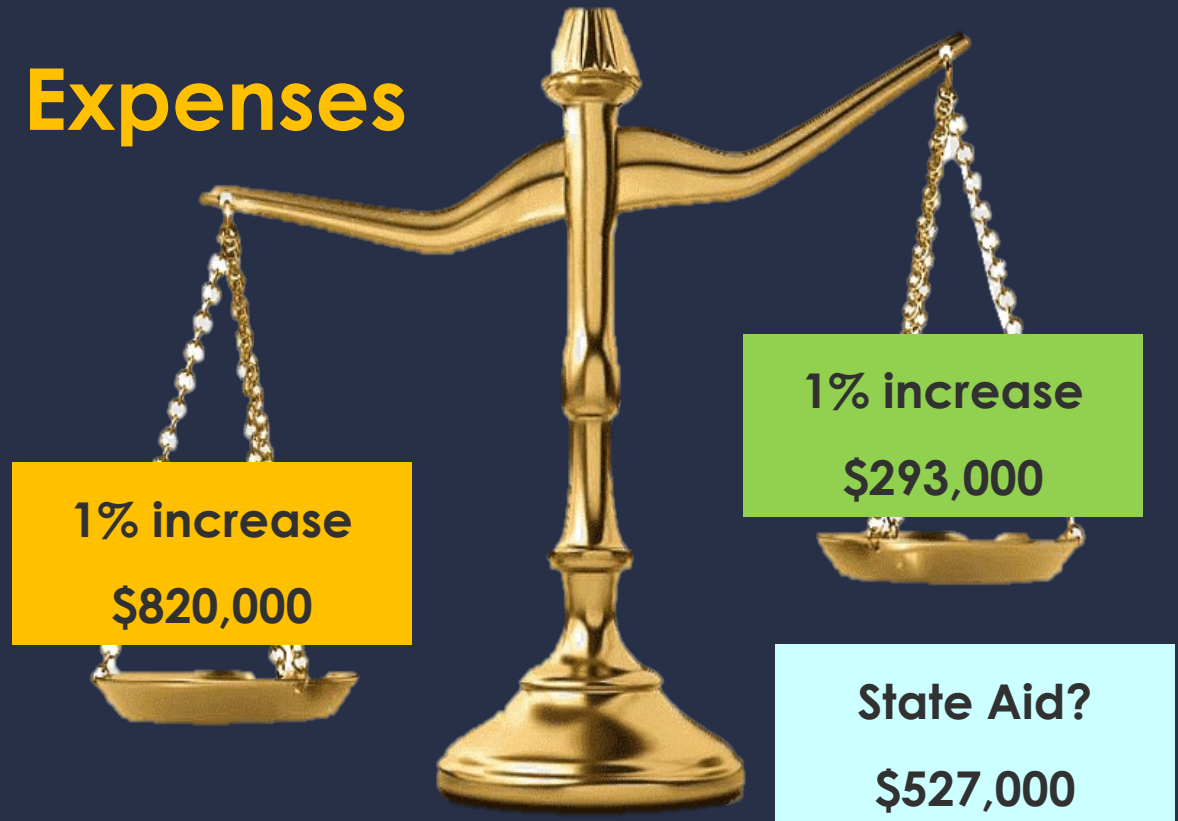
## BALANCING THE BUDGET

Tax levy

Expenses

### Financial Benchmark

- CPI
- Tax Levy





## Budget Builders

- Revenues
- Expenditures
- Mandates
- Fund Balance and Reserves

## 2022-23 Considerations

- Sources – State, Federal, Local
  - Taxes
  - Other (interest, sale of excess equipment and refunds)
  - Pupil Counts
- Expense Driven aids (Capital, BOCES, Special Education)
- Pilot programs
- Assessed Values
  - Distribution share of Levy and tax rate
- History and Trends in revenues

**Governor proposal available in January**



## Budget Builders

- Revenues
- Expenditures
- Mandates
- Fund Balance and Reserves

## 2022-23 Considerations

History and trends by major function

- Staffing
  - Payroll Projection
  - Long range models
  - Contract Negotiations

### IMPACT OF NEW AGREEMENTS

- Non-Mandated Programs List
- Retirement System Contributions
- Health Insurance cost
- Capital projects versus maintenance budget (**BCS**)
- Debt Service

(Foundation of Long range planning)



## Budget Builders

- Revenues
- Expenditures
- Mandates
- Fund Balance and Reserves

## 2022-23 Considerations

### Special Education and Academic Intervention Programs

- Evaluate program needs
- Monitor use of outside programs
- Use of Grants to fund salaries and benefits
- Attrition of positions due to retirement

### • REALLOCATION OF FUNDS

### • ACADEMIC RETURN ON INVESTMENT (AROI)

Look for opportunities to make measured reductions in spending



## Budget Builders

- Revenues
- Expenditures
- Mandates
- Fund Balance and Reserves

## 2022-23 Considerations

- Review current reserve balances
- Budget for use of Reserves
- Long range planning for usage

Use of debt reserve for retirement of debt

Funding of a capital reserve for a future project

# Agenda Item # 2

## LONG RANGE FINANCIAL PLAN

- Background
- Forecasting
- ESSA
- Summary





# Long Range Forecast

**The purpose of this five-year long-range financial plan is to support the annual budget development process.**



LONG RANGE FINANCIAL PLAN

2022

*Prepared by: Anthony Montoro, Assistant Superintendent of Administrative Services*

**NORTH TONAWANDA CITY SCHOOL DISTRICT**  
**Four Year Financial Plan, Fiscal Year 2023-2026**  
**General Fund**

**Long Range Forecast**

	2021	2022	2023	2024	2025	2026
<b>Revenues</b>						
Real Property Tax	23,873,910	24,700,750	25,194,765	25,698,660	26,212,634	26,736,886
Other Tax	5,429,768	5,044,522	5,145,412	5,248,321	5,353,287	5,460,353
Nonspendable	325,258	435,974	435,974	435,974	435,974	435,974
Intergovernmental	150,384	168,260	168,260	168,260	168,260	168,260
Community Service	42,060,649	44,305,183	45,191,287	46,095,112	47,017,015	47,957,355
Employee Benefits	352,506	300,000	300,000	300,000	300,000	300,000
Debt Service (Principal and Interest)	1,689,691	1,233,411	1,258,079	1,283,241	1,308,906	1,335,084
Interfund Transfers	313,864	216,400	216,400	216,400	216,400	216,400
<b>Total Expenditures and Other Uses</b>	<b>\$74,167,027</b>	<b>\$76,404,500</b>	<b>\$77,910,177</b>	<b>\$79,445,968</b>	<b>\$81,012,475</b>	<b>\$82,610,312</b>
<b>Surplus (Deficit)</b>	<b>\$2,518,095</b>	<b>\$259,251</b>	<b>(\$1,564,546)</b>	<b>(\$1,651,020)</b>	<b>(\$1,999,949)</b>	<b>(\$122,917)</b>
<b>Budgetary Reserves</b>						
Fund Equity, Beg. of Year	\$14,481,792	\$18,359,894	\$18,619,145	\$17,054,599	\$15,403,578	\$13,403,630
Fund Equity, End of Year	16,999,887	18,619,145	17,054,599	15,403,578	13,403,630	13,280,712
Nonspendable and Restricted Fund Balance	6,400,445	9,960,593	9,210,593	8,460,593	7,960,593	7,460,593
<b>Unrestricted Fund Balance</b>	<b>10,599,442</b>	<b>8,658,552</b>	<b>7,844,006</b>	<b>6,942,985</b>	<b>5,443,037</b>	<b>5,820,119</b>
UFB as % of Expenditures*	15.7%	11.3%	9.9%	8.6%	6.6%	7.0%

**Each budget process is unique...**

**The objective of**

**this plan is to show how annual budget increases impact future budgets.**

## **FORECAST HIGHLIGHTS**

- ✓ **Average Annual Increase in Revenue Streams**
- ✓ **State Aid Has Steadily Decreased**
- ✓ **Moderate assumption of 2% for state aid**
- ✓ **Expense Driven Aid Categories (Last year expense)**
- ✓ **Stable Tax Cap Calculation (approximately 2%).**

# FORECAST HIGHLIGHTS

- ✓ Simplified Long-Range - basic set of assumptions
- ✓ Illustrating how current year budget decisions impact the long-term financial health of the District.

## Assumptions used in forecast:

- ❖ 2% increase in general support,
- ❖ 3% increase in instruction,
- ❖ 2% increase in transportation,
- ❖ 2% increase in benefits, and the
- ❖ actual debt service schedules currently in place

Forecasts a budget deficit situation of  
**\$1,564,546**

- Need additional revenue or
- Reduction in the expense budget

## KEY IDEAS

### Why do I create this report?

- ✓ Understand the methodology that supports this long-range plan
- ✓ Highlight limited control over revenue increases each fiscal year
- ✓ Identify the largest budget categories.
- ✓ Staffing provides the ability for the District to control expenses
  - ✓ **Decisions on continuing programs or reducing programs.**

## KEY IDEAS

Why do I create this report?

- ✓ Bargaining units are not easily convinced that they should concede salary and benefit changes to the District.

**This illustrates the “state of the economy” of the District**

**Recognize opportunities to gradually impact future budget development while understanding the interrelationship between the current budget cycle and future budget cycles**

# Budget Study Sessions

**Roll-Over budget – contractually mandated increases that the District is obligated to make. All other budget lines at a base line of a 0% change from the previous year no increase or decrease in discretionary spending items.**

**- Addressing each budget area in more detail in future sessions**

**We will be looking at Opportunities, Challenges, and Goals for each area of the budget. Consideration given to Long Range Financial planning.**



## IN SUMMARY

# Stability and Sustainability

## Stability

- Economic Factors – tax levy (CPI) and state aid
- Planned use of Reserves
- Revenue/Expense Forecast

## Sustainability

- Understanding: The constraints and parameters
- Understanding: Current Budget / Future Budget
- Long range plans – predictability in budget
  - Instructional Programs - Reallocations
  - Energy Savings/Project
  - Technology Plan

Thank You

