

Herricks Public Schools

Proposed Budget

2021-2022

Budget Presentation #3

Revenue and Reserves

March 25, 2021

Budget Development Process

Tonight's Presentation: Revenue and Reserves

A draft work in progress, not a finished product: further discussions on the proposed budget will take place at the April 8 Board of Education/Budget Meeting

Budget Hearing: May 6

The budget adopted by the Board of Education and presented for voter approval on Tuesday, May 18 will include input from the community

Budget Development Process

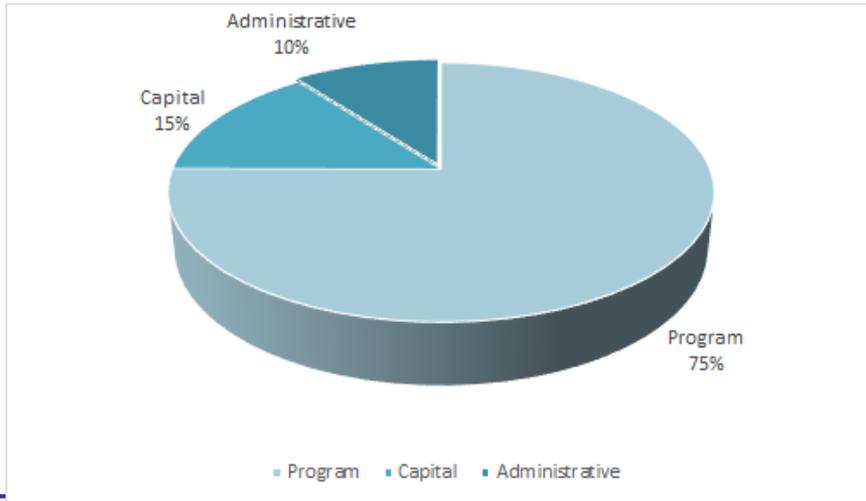


Draft Proposed 2021-2022 Budget:

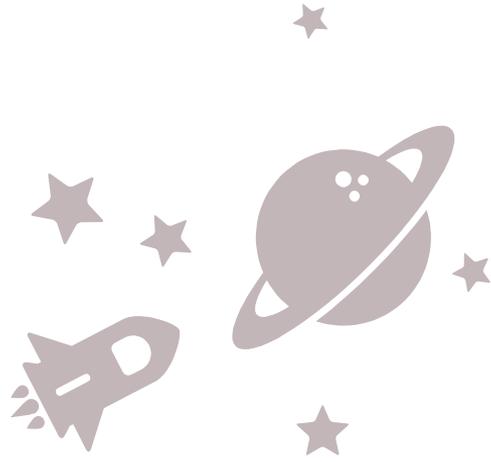


- Proposed budget to budget increase: \$1,424,646 or 1.18% over 2020-21
- Proposed projected tax levy increase: **1.86% increase over 2020-21: Below Our Tax Levy Cap of approximately 2.17%**
- **Average Tax Levy Increase** for Herricks over the last six years: 1.79%

Budget Breakdown: 3 Part Budget



Program	\$91,561,591	75%
Capital	\$17,731,823	15%
Administrative	\$12,665,755	10%
TOTAL	\$121,959,169	100%



Major Budget Drivers

New York State Retirement System Pension Contribution

Teacher Retirement System (TRS):

All teachers and administrators – will increase from 9.53% in 2020-21 to 9.8% in 2021-22

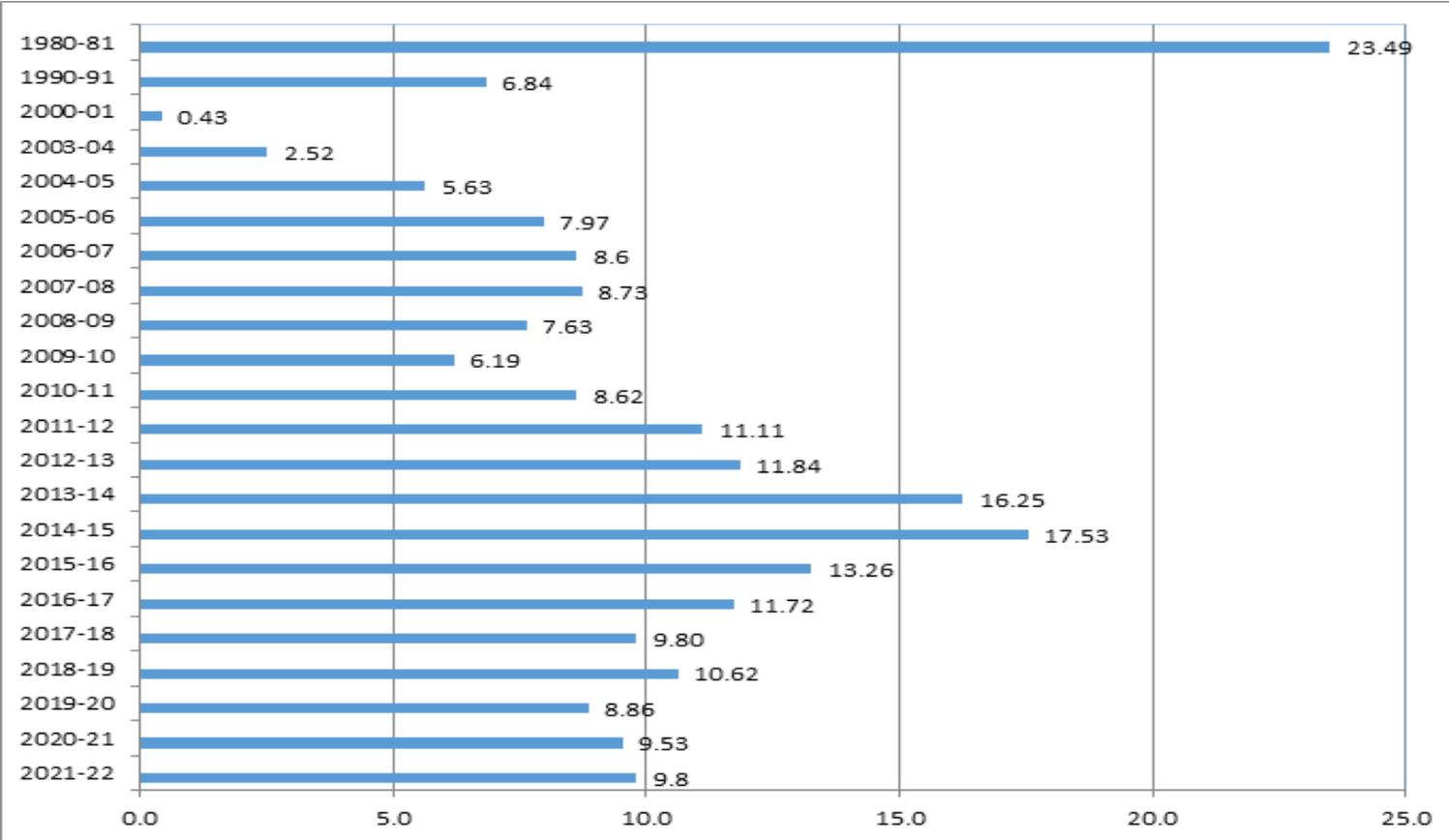
Employee Retirement System (ERS):

All other employees - Civil Service - contribution will increase from 14.6% in 2020-21 to 16.2% in 2021-22

District pension contribution rate is set by the state, not by contract: future is uncertain, but many experts predict a **rate increase** in upcoming years



TRS Pension Contribution (Percent Paid by Districts)



Increase in Health Care Costs



Health care insurance premium is established by NY state civil service health insurance plan (NYSHIP)

7.5% increase assumed year-on-year in employee health care insurance costs, in line with historical increase in premiums

Increase over the last few years has been mitigated by an increase in contractual employee contribution rates for health insurance as well as increase in copays and allocation of dividends by NYSHIP

State Aid Outlook

- State aid provides only 10% of total district revenues
- Many unfunded mandates: i.e. water testing, state and federal data reporting, Affordable Care Act, APPR
- 5% decrease in total State Aid for 2021-22 over 2020-21
Legislative Budget approved March 31, 2020
- “Foundation Aid” remains the same: frozen in the Governor’s proposed budget for 2021-22 at \$7,205,900
- Reduction in State Aid offset by Federal COVID-19 Stimulus Funds of \$ 347,846
- State and Federal Aid total **will be** revised over the next few weeks due to anticipated increase in Federal funding: stay tuned

Original “Foundation Aid” Formula Levels for Herricks

- Formula created by New York State in 2007
- “Suspended” in 2008 due to Great Recession
- Amount of aid allocated based on size, wealth, and needs of each district
- Difference between actual aid in Governor’s proposal and original formula for Herricks in
2021-22: -\$5,905,198 underfunded

Mission Statement

“The Herricks School District, a Community of Learners, through its educational programs, promotes intellectual curiosity and creative expression, values diversity, and measures success by one's personal development and contribution to society.”

Herricks Points of Pride



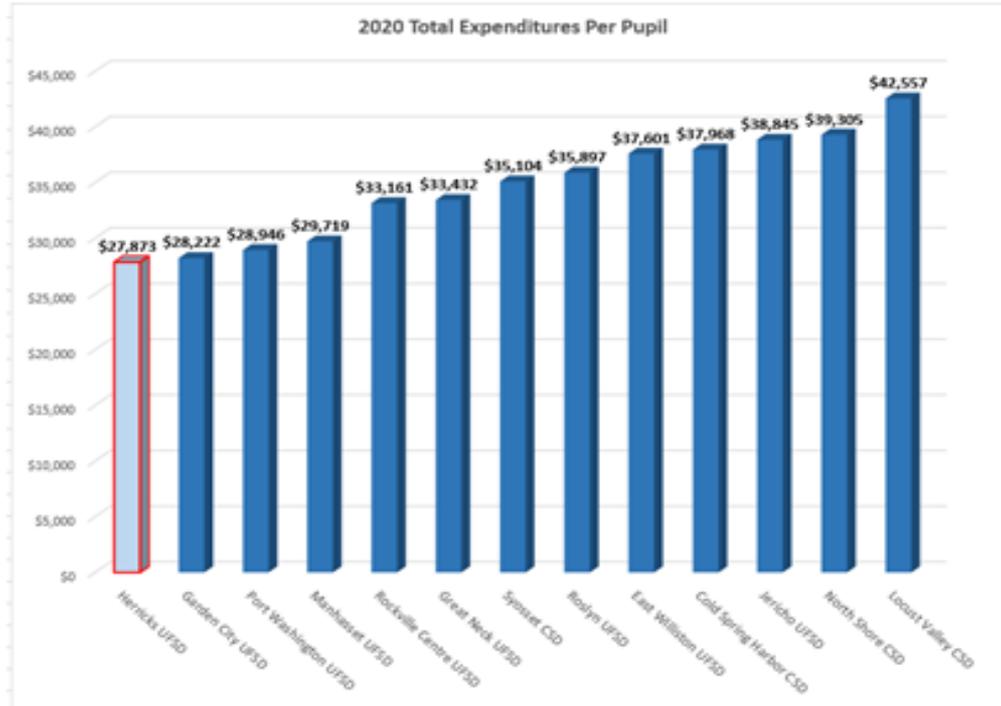
- 99% graduation rate
- 97% of students enrolled in postsecondary education
- 86% of students earned Regents Diploma with Advanced Designation
- 9 students named as finalists in the 2021 National Merit Scholarship Competition
- 349 AP Scholars/ 33 National AP Scholars
- Ranked by *U.S. News and World Report's* National Ranking in the top 2% of High Schools in the U.S.
- Ranked #6 on Niche.com's Best School Districts in New York State

Herricks Schools at a Glance

- 2020-21 total enrollment: 4,058
- 7 District buildings: 3 elementary schools (K-5), 1 middle school (6-8), 1 high school (9-12)
- Shelter Rock Academy alternative school program
- Community Center building
- Numerous athletic fields and playgrounds
- Full-service cafeteria in each school; district-operated bus transportation
- Numerous summer programs for students at all levels
- Among the highest student achievement levels of any district on Long Island, NYS, and the nation
- One of the lowest per-pupil expenditure levels among our high-achieving comparator districts



Per-Pupil Expenditure Comparison



The Cost Per Pupil is the total district expenditures, including classroom instruction, transportation, debt service, and district administration, divided by the number of students

Budget Design Priorities



Align budget with district's mission and goals

Ensure the health and safety of students and staff: Covid safety protocols

Address education regulations, mandates, and legal requirements, such as APPR and the Affordable Care Act

Respect that property taxes from homeowners are the major source of revenue for the budget

Increase opportunities for use of cutting edge instructional technology

Provide efficient, cost-effective operations, and strong fiscal controls and oversight

Conduct a thorough review of all budget items: seek cost-saving efficiencies

Maintain long-term financial well-being

Use data to assess instructional programs and ensure accountability

Budget Design Priorities



- Plan staffing levels to adhere to Board of Education class size guidelines
- Ensure a wide-range of curricular offerings, and strong social-emotional learning and mental health programs
- Provide varied opportunities for student involvement in athletics, music and art, and extracurricular programs
- Ensure the health and safety of students and staff
- Develop Herricks Portrait of a Graduate 21st Century skills and competencies
- Maintain and enhance district facilities

Sources of Revenue

- ▶ State Aid: 10% of total revenue
- ▶ Property taxes: 85% of total revenue
- ▶ PILOT (payment in lieu of taxes)
- ▶ Interest on investments
- ▶ Saturday/summer programs
- ▶ Special education charge for services
- ▶ Tuition: out of district students-example: SRA
- ▶ Rental / use of property
- ▶ Other sources

2021-22 Estimated Revenue Projections

	Proposed 2020-21 Budget	Proposed 2021-22 Budget	Inc (Dec)	%
Property Tax Levy	\$100,937,081	\$102,817,819	\$1,880,738	1.86%
State Aid*	\$13,231,906	\$12,575,588	(\$656,318)	-4.96%
PILOTs	\$2,130,090	\$2,264,226	\$134,136	6.30%
Other	\$2,935,446	\$3,001,536	\$66,090	2.25%
Appropriation of Fund Balance & Reserves	\$1,300,000	\$1,300,000	\$0	0.00%
Total Revenue	\$120,534,523	\$121,959,169	\$1,424,646	1.18%

Current revenue projections anticipate:

- 1.86% increase in Property Tax Levy, within allowable tax levy limit
- 5% decrease in State Aid* per the Governor's proposed budget, primarily due to expense-based aids; we anticipate a change given the Federal Stimulus funds recently announced
- 'Other' includes tuition from other districts, interest, fees for use and rental of property, fees for various summer programs
- PILOT for 2021-22 relates to LIPA

**based on State Executive Budget Proposal 1/19/21*

District Reserves & Fund Balance

- Reserves
 - Can only be used for the established intended purpose
 - Funded with funds available at year end based on formulas approved by the Board of Education at reorganization meeting
 - Part of the District's financial statements

- Unassigned fund balance remains at, or just below, 4% of subsequent year budget, as permitted by law

- Very important to maintain adequate reserves & fund balance for long-term planning and financial well-being

Types of Reserves

- Capital: Necessary in tax cap environment: established two reserves in 2015 & 2019 – 10 year terms to be funded to a maximum of \$5 and \$10 million respectively; voter approval needed to establish and expend
- Employee Benefits: Used to pay for unused accumulated leave time contractually provided to certain employees
- ERS & TRS Retirement Contributions: Established to offset future increases in the Employee Retirement System (ERS) and Teachers Retirement System (TRS)
- Insurance: Used for insurance losses to cover potential deductions that are not covered by insurance
- Unemployment: District is self insured – reimburse state for payments made to claimants
- Workers' Compensation: District is self insured, pays for claims and medical costs

Reserve Balances

Reserve	Balance as of June 30, 2020
Capital	\$ 1,532,959
Employee Benefits	\$ 1,078,000
Employers' Retirement Contribution	\$ 7,470,881
Teachers' Retirement Contribution	\$ 2,081,783
Insurance	\$ 553,185
Repairs	\$2,795
Unemployment	\$ 0
Workers' Compensation	\$ 1,616,196

Budget Proposal Highlights

The 2021-22 Proposed School District Budget:

- Is below the tax levy cap
- Preserves and supports all of our academic programs
- Maintains Board of Education class size guidelines
- Provides funding for extracurricular programs, music, arts, and athletics
- Provides technology upgrades, including initial roll-out of 1:1 Chromebook devices
- Maintains AIS services, the continuum of special education services, required ENL programs, and opportunities for all learners.



Budget Proposal Highlights - Includes Funding For:

- **Social-Emotional Learning Support for Students:**
 - Continued funding for Social-Emotional Learning programs such as Challenge Day
 - Partnership with Northwell Health for crisis intervention and mental health center
 - Responsive Classroom Program
- **Instructional Technology Improvements:**
 - New equipment - Initial roll-out of 1:1 Chromebook Initiative
 - Addition of New Elementary Math/Technology Staff Developer
 - Expansion of Google Workspace for Education Plus
 - Network Security Protection Upgrades
- **Facilities Improvements:**
 - Additional Playground Resurfacing at Searingtown School
 - Select bathroom renovations at the High School and Denton Avenue
 - Art Room renovations at Center Street and Denton Avenue
 - Refurbishment of Uni-Vent ventilation systems in all classrooms
 - Replacement of SRA Windows
 - Renovation of High School locker rooms (transfer to capital)
 - Refinishing Middle School gym floor



Budget Proposal Highlights

Includes funding for:

- **Health and Safety Enhancements:**

- BOCES health and safety services
- PPE Supplies and Equipment
- Covid Safety Protocols

- **Other Areas:**

- New carbon upright volleyball system for Middle School
- Equipment for new Fitness Center at High School
- Replacement of musical instruments
- New edition textbooks for math, grades K-5
- Online student registration process
- Participation in cutting edge curriculum and instruction initiatives: Tri-State Consortium and Battelle for Kids 21st Century Learning
- Purchase of one new school bus



Budget Challenge: Finding the Right Balance



School Budget Vote:

Tuesday, May 18

7:00 am. to 9:00 pm.

Community Center Gymnasium

Ballot will include:

- ▶ *Proposition 1: General Fund Budget*
- ▶ *Proposition 2: to expend an amount not to exceed \$1,208,145 from the Capital Reserve Fund - 2019 for High School Auditorium Renovation (no impact to tax levy)*

Don't forget to vote!





Thank you!

**Any
Questions?**