

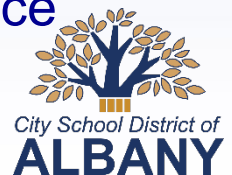
City School District of Albany

Community Budget Committee

Kaweeda G. Adams, Superintendent

Kimberly Rohring, Deputy Superintendent for Business and Finance

February 8, 2021



Agenda

- Committee Questions Received
- Sources of Revenue
- 2021-22 Initial Revenue based on Governor's Budget
- NYS OSC Fiscal Stress Report FY end June 30, 2020
- Next Meeting Dates and Topics

Committee Questions/Answers

Does the Rollover Budget include contractual salary increases for employees? **YES**

Are salary increases something the district has any flexibility to set or change, commensurate with our financial situation? **Any changes in salary increases for members of a bargaining unit would have to be negotiated with the union. The district has more flexibility with staff who are not represented.**

If yes, could this also have some impact on the benefits costs, at least in terms of the size of the district's matching contributions? **Pension system contributions and FICA/Medi payroll taxes are driven by salary expense, so any adjustment in salary expense would impact these two benefit lines.**

Does the district have any flexibility to offer a retirement incentive?

As part of the difficult budget development process for the 2020-21 fiscal year, the district did offer a retirement incentive to both the teachers and support staff bargaining units. These incentives resulted in three members of the teachers unit retiring.



Committee Questions/Answers

Out-of-District Tuition: Is the increase of \$253,281 based on an increase in the contractual arrangement? Wanted to confirm that we don't know the number of students that actually will be placed next school year. In other words, may this cost show up as one of the variables in the final school budget proposal for '21-22? Increase notes for 2021-22 is much less than 2020-21 (\$1.2 million).

Yes, the increase is associated with an assumed increase in tuition rate per student. These rates change annually, but we usually don't know what the increase will be until the new year starts. The 2020-21 budget year over year increase was much greater because it also accounted for the increased number of students attending out of district programs from the prior year and a 5% increase in the tuition rate with BOCES placements they advised us of earlier in the process.



Committee Questions/Answers

Transportation: What is the nature of the contract you have with CDTA and with First Student? Are these flat contract amounts or are they based on number of students using the buses? If these are based on per student usage, is the estimated increase of \$234,345 assuming that we will still be in quasi-remote learning mode or that the students will be physically back in their schools?

We are in a 5 year contract with each of the providers. The increase is associated with the negotiated annual increases in those contracts. Mr. Lesko, Director of Communications and Operations, has been working with our providers on possible contract adjustments.

Committee Questions/Answers

Charter School Tuition: Assuming this was not noted in the cost-drivers on the Rollover Budget because the actual per student cost will be the same as it is this school year. However, like out of district tuition, this, too, may/will change based on the number of students who attend the charter schools in SY '21-22. I seem to remember that this figure has been one that routinely changes dramatically from one school year to another, and is a variable that is very difficult to estimate because we don't know until much later in the current year how many students will actually sign up for charter schools.

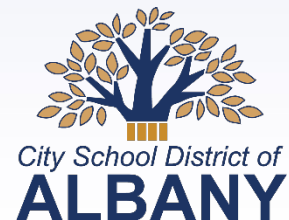
Yes this too is a fluctuating number. We are calculating the proposed tuition rate as the governor's budget proposal includes an adjustment to the calculated rate. For 2020-21 the tuition rate decreased, but the number of seats in charter schools within the district increased. Based on past experience when that happens, our charter school enrollment grows so this assumption was accounted for in the current year's budget. It would be prudent to continue to look at that expansion and its possible impact on charter school tuition for 2021-22.



Committee Questions/Answers

Utilities: Given the semi-closure of the school buildings, is the utility budget for this school year less than the \$9.4 million that had been estimated in the “adjusted 2020-21 Rollover Budget?” Was it significant? How does this impact your decisions about how much to assume for utility costs in the coming school year?

The district operated all of its buildings this year. Due to social distancing, there are fewer students in-person but most classrooms are in-use. Additionally, faculty who are teaching remote students are, in most cases, doing so from their classroom in their school. We are anticipating a small savings at this time of less than \$60k for end of 2020-21 year. Utility costs are driven more by weather conditions – i.e. extremely cold temperatures that we have had recently requires additional energy to heat the building and keep it at temperature. District practice includes putting buildings in an “unoccupied” mode when they are not in use (i.e. overnight, weekends) for some savings. We bid for our energy costs allowing us to “lock in” rate increases for more than one year. At this time, we are holding utilities flat in the rollover budget, but will continue to reevaluate as we move through the process and have additional data for the current year.

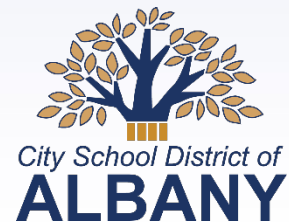


Committee Questions/Answers

Supplies: Assuming that there will be a major net increase in supply costs because of the health and safety requirements, which will be addressed during budget development. Have there been cost-savings for routine supplies such as paper, pencils, etc. because of remote learning and the significant increase in technology-based learning?

We have seen some reduction in school supply expense in the general fund. Some of these costs were supported by grants this year. We have had different types of supply costs in creating art, science, etc. kits to send home for students who are in remote learning. Increased expenses around software licensing and devices to support remote learning, as well as printing expenses for paper packets sent home to/with children when remote learning is taking place.

BOCES: Is it correct to assume that the BOCES contract for '21-22 SY will remain the same as this year – i.e. \$6.1 million? **BOCES contract changes each year. There are several variables including rate increases, some adjustments in services, number of students attending SPED program there, etc.**



Budget Process Overview

BUDGET CALENDAR – Key Dates

February 11	Board Meeting (Budget Update)
March 1	Community Budget Committee meeting – finalize input and feedback
March 4	Board Meeting (Budget Update)
March 8-11	Community Budget Meetings – Virtual
March 18	Board Meeting (Budget Update, State Aid Update)
April 1	Board Meeting (Superintendent’s Proposed Budget)
April 15	Special Board Meeting (Budget Forum and possible adoption)
April 22	Board Meeting (Budget Adoption if not adopted April 15 th)
May 6	Budget Hearing
May 7	Budget Newsletter Mailing
May 18	Budget Vote Day

Rollover Expense Budget

Rollover Budget January 2021

	2020-21 Adopted Budget	2021-22 Rollover Budget	Difference	% Decrease
TOTAL	\$ 261,568,188	\$ 256,592,399	\$ (4,975,789)	-1.90%

The figures above do not include:

1. Additional items needed to address mandates
2. Additional items considered essential for programming, health, and safety

Budget Variables

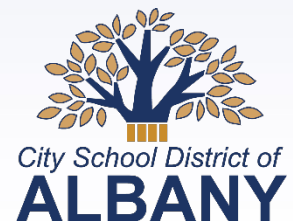
- State Aid (typically not finalized until end of March)
- Health Insurance increases (finalized in March)
- Tax Cap (finalized late February)
- Tax levy (set in early April)
- Impact of Retirements
- Continuing Impact of COVID 19

Retirements

APSAA	0
APSTA	18
APSUE	5

Governor's Proposed Budget

- Budget includes: spending cuts, new revenues, use of fund balance and increased borrowing
- Federal funds used to pay for operating expenses typically covered in General Fund
- Authorizes Division of Budget to impose across the board cuts during 2021-22
- Cuts state funding for local governments and state agency operations
- Reflects federal funds **supplanting** state funds for school districts
- Expectation of additional \$6 billion in unrestricted federal relief and stimulus aid over two years
 - \$3 billion in each 2021-22 and 2022-23



Governor's Budget - School Districts

- Budget reduces support for school districts by \$607 million or 2.1%
- Proposes recurring “Local District Funding Adjustment” reduction
 - offset by one-time allocation in additional federal stimulus funds
 - can be used through Sept 2023
 - grant model – application with guidance around how funds can be used

Governor's Budget – Services Aid

- Combine certain expense based aids into a single block grant (“Services Aid”) and cut by \$392.5 million or 10.5%
- Rather than running the formulas for these aid categories, it will be similar to Foundation Aid – determined by state budget

Aid Category	What Impacts Aid Amount	Albany Receives
Transportation	prior year actual expense	Yes
BOCES Special Services	prior year actual expense	Yes
Charter School Transitional	formula based on enrollment	Yes
Academic Enhancement	flat amount	Yes
Computer Hardware	prior year student enrollment	Yes
Computer Software	prior year student enrollment	Yes
Textbooks	prior year student enrollment	Yes
Library Materials	prior year student enrollment	Yes
High Tax		No
Supplemental Excess Cost	formula	No
BOCES Aid	prior year actual expense	No



Revenue Sources

Local	State	Federal	Other
Property Taxes	STAR Reimbursement	Medicaid Assistance	Interest earnings
Tax on Consumer Utilities	Foundation Aid	E-Rate	District Billings for non-resident students
Payment in Lieu of Taxes	Categorical Aid (Building, Transportation, Instructional	Pandemic Aid	Appropriated Fund Balance and Reserves
	BOCES Special Services Aid		Rebates & Refunds

Revenue Estimate by Source

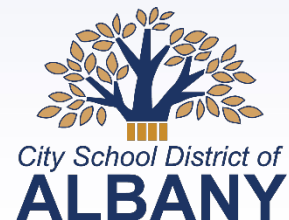
LOCAL	\$ 124,630,938
STATE	\$ 118,734,924
FEDERAL	\$ 7,672,446
OTHER	\$ 9,224,500
TOTAL	\$ 260,262,808

2021-22 Revenue Budget

Revenue Budget February 11, 2021

	2020-21 Adopted Budget	2021-22 with Governor's State Aid Proposal	Difference	% Decrease
TOTAL	\$ 261,568,188	\$ 260,262,808	\$ (1,305,380)	-0.50%

- Revenue will continue to be reviewed and updated
- Plans to use half the COVID 19 Supplemental Stimulus
- No increase in property tax levy



2021-22 Initial Revenue vs Rollover Expense

Budget Comparison February 11, 2021

2021-22 Initial Revenue based on Governor's State Aid Proposal	2021-22 Initial Rollover Budget	Difference
\$ 260,262,808	\$ 256,592,399	\$ 3,670,409

NYS Comptroller Fiscal Stress 2020

- Indicators include low liquidity, operating deficits, low fund balance and environmental factors
- 31 districts in some level of fiscal stress 2019-20
- Fiscal stress risks going forward:
 - High COVID 19 related expenditures
 - Significant withholdings from state aid
 - Existing stress
 - Remaining uncertainty
 - State's fiscal difficulties likely to continue to affect aid to school districts
 - Unforeseen costs for additional protocols necessary to protect students and staff

NYS Comptroller Fiscal Stress 2020

- Albany
 - Environmental score 2019-20 is 36.7
 - Designation 2018-19: Susceptible to Fiscal Stress
 - Designation 2019-20: No designation

Fiscal Score		
2017-18	2018-19	2019-20
23.3	38.3	21.7

* 2018-19 included use of \$15M in capital reserve, no funding of reserves, and unrestricted fund balance less than 2%

Upcoming Meeting Dates

- **February 22 –**
 - **Review District Mission, Vision and Goals**
 - **Mandated vs Non-Mandated expenses**
 - **Discussion on Community Priorities**

- **March 1 –**
 - **Debt Service**
 - **Follow-Up and Final Thoughts on Community Priorities**

Questions



City School District of
ALBANY