

Mount Markham Central School 2020-2021 Budget Presentation



Impact of COVID 19

*Creating a Pathway to
Excellence*

2020-2021 Appropriation/Revenues Adopted Budget

| Expenditure | Proposed Budget |
|-----------------------------------|-----------------|
| Salary | \$ 10,233,696 |
| Benefits | \$6,943,563. |
| Debt Service | \$ 3,349,650. |
| BOCES | \$ 4,933,144. |
| Equipment/ Supplies/Contracted | \$ 2,236,603. |
| School Buses | \$ 400,000. |
| Total Cost | \$28,096,656. |

| Revenue | Budget Initial | Budget 4/15/20 |
|---|----------------|----------------|
| State Aid | \$ 19,915,250. | \$19,096,142. |
| Local Tax Levy * | \$ 7,028,483. | \$7,028,483. |
| Federal <small>(\$352,060 Federal Cares restoration)</small> | \$ 60,000. | \$412,060. |
| Miscellaneous | \$ 233,177. | \$233,177. |
| Allocated fund Balance | \$ 859,746. | \$1,326,794. |
| Total Revenue | \$ 28,096,656. | \$28,096,656. |

Impact of COVID 19 on State Budget

- Governor Cuomo has identified a \$13.3 billion revenue shortfall for the fiscal year 2021
- “Devastating and unprecedented reductions have been identified to close the gap” April, 2020 (Boston Consulting Group Economic Impact Study)
- Initial impact on Mount Markham freezes foundation aid levels at the 2019/2020 level- \$13,000,880; reduces our revenue by \$500,000;
- Guidance has been shared by the Office of Budget suggesting schools should prepare for up to a \$2.6 million reduction in foundation aid

Pandemic Adjustment

2020-2021 Enacted Budget

continued

- NYS will have three Measurement Periods
 - April 1-April 30
 - May 1-June 30
 - July 1-December 31
- After each of these Measurement Periods NYS will make a determination based on revenues and expenditures to evaluate the State Aid \$ and adjust up or down depending on the results.
- The results of the first Measurement Period will be available **May 15th**.
- Until these Measurement Periods have past it may be difficult to determine if the State meets MOE and is eligible for 100% of Federal Cares Act.
- If the State Does meet MOE it appears that the any other cuts above the \$467,048 will be made up by Fed. \$.

Responding to a \$2.6 million reduction in Revenue

- The only way to reduce expenditures by \$2.6 million is to reduce staff.
- Reducing staff impacts students by changing the academic program
 - eliminates elective courses; eliminates programs
 - increases class sizes;
 - seeks ways to share services
- Let's prepare but not panic
- Let's identify three levels of opportunities for savings and let's be prepared to implement as necessary.

Understanding Allocated Fund Balance & Reserves

- Allocated Fund Balance-District savings used to balance the revenue budget developed to fund the expenditure budget adopted by the board and presented to the school community
- Strategically, in budget development, if you plan on spending all or some of allocated fund balance, you are spending district savings and if these expenditures are legacy costs, the sustainability of this practice is uncertain at best and highly risky at worst
- Reserves-board established savings identified for specific purposes (ERS, TRS, Capital, Unemployment, Insurance, EBLAR, Repairs, Liability)

• Responding to COVID-19 Potential Reductions to foundation aid



Use of Reserves/Fund Balance

COVID 19

| | |
|--|---------------------|
| Appropriated Fund Balance (2019-2020) | \$776,243 |
| Earned Fund Balance from 2019-2020 | \$658,781. |
| Transfer to unallocated fund Balance to Maintain 4% | \$ -41,441 |
| Use of Reserve- 2019-2020 Workers Comp Reserve- \$84,797 Unemployment Reserve - \$7,785 Employee Retirement Reserve – \$ 277,336 Tax Reduction Reserve- \$90,201 | \$460,119. |
| Total Fund Balance Allocated to 2020-2021 Revenue Budget | \$1,853,702. |
| Use Of Reserves-2020-2021 Workers Com Reserve - \$200,000 Unemployment Reserve – 100,000 Employee Retirement Reserve (ERS)-\$250,000 Teacher Retirement Reserve- 300,000 Debt Service – 403,984 | \$1,253,984 |
| Total Allocated Fund Balance/Reserves | \$3,107,686. |

2020-2021 Appropriation/Revenues

Effect of COVID 19

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|-----------------------------------|-----------------|
| Salary | \$ 10,233,696 |
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| BOCES | \$ 4,933,144. |
| Equipment/ Supplies/Contracted | \$ 2,236,603. |
| School Buses | \$ 400,000. |
| Total Cost | \$28,096,656. |

| Revenue | Budget Initial | Budget 2.6 million reduction |
|---|----------------|---------------------------------|
| State Aid | \$ 19,915,250. | \$17,315,250. |
| Local Tax Levy * | \$ 7,028,483. | \$7,028,483. |
| Federal <small>(\$352,060 Federal Cares restoration)</small> | \$ 60,000. | \$412,060. |
| Miscellaneous | \$ 233,177. | \$233,177. |
| Allocated fund Balance | \$ 859,746. | \$3,107,686. |
| Total Revenue | \$ 28,096,656. | \$28,096,656. |

Responding to a \$2.6 million reduction in Revenue

-Level I-Create savings by reducing expenditures for:

- supplies
- equipment
- fuel
- professional development
- substitutes
- use of fund balance
- use of reserves

-Level II-Create savings by reducing expenditures for and in some cases, engaging community groups to raise funds to offset in response for:

- athletics
- BOCES Special Education Placements
- Summer Hours and curriculum
- Security

-Level III-Create savings by reducing salary and benefit expenditures by laying off staff

Responding to a \$2.6 million reduction in Revenue

- -Level I-Create savings by reducing expenditures for:
 - -supplies
 - -equipment
 - -fuel
 - -professional development
 - -substitutes
 - -use of fund balance
 - -use of reserves
- What is allocated fund balance and how can it be used in this crisis?
 - Allocated fund balance are funds that the district uses to balance the revenue budget;
 - The district does not plan to spend significant amounts of allocated fund balance; why? A reliance upon allocated fund balance to meet expenditures would quickly result in the elimination of district funds saved through careful budgeting;
 - Expenditure budget is a financial plan to provide a program for the school year;
 - It is a budget plan, not an exact accounting of the projected expenditures because that is impossible!
 - Enrollment
 - Student placements
 - Staffing
 - Variability of certain costs
 - Health Ins.
 - ERS/TRS
 - Unexpected
 - Major repair or replacement
 - Unexpected reduction in revenue