# 2025-26 Budget Kick-Off









Agenda!

1. State Updates 2. Rockefeller Updates 3. State Aid Predictions 4. Budget Area Updates a. Pensions b. Benefits



## Big Changes Coming?

### NY school funding formula needs an overhaul, more than 100 organizations urge

By Julian Shen-Berro | September 16, 2024, 6:01am EDT

CAPITAL TONIGHT

N.Y. School Boards executive director: Rockefeller Institute has been 'transparent' on Foundation Aid formula update Now, a lawyer who led the Campaign for Fiscal Equity, or CFE, during its legal fight

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claims the state's approach to updating the formula is unconstitutional.

**Rockefeller Institute holding hearings on Foundation Aid** 

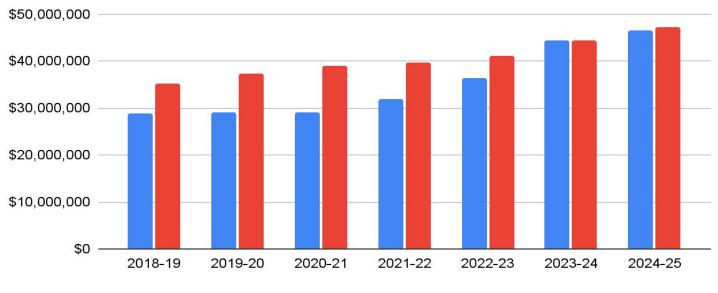
# State Aid Support Continuing?

#### State Aid-Foundation Aid Specifically



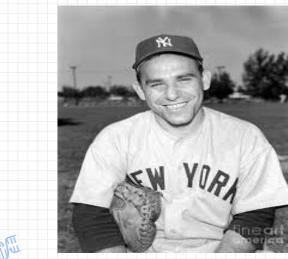
State Allocation 📕 Fo

Formula Allocation



Year

# It's tough to make predictions, especially about the future.



# - Yogi Berra

# Foundation Aid 2025-26 (Nov.)

DISTRICT	2025-26 FOUNDATION AID (ESTIMATED)	2024-25 FOUNDATION AID	\$ DIFFERENCE IN FOUNDATION AID	% DIFFERENCE IN FOUNDATION AID
E. IRONDEQUOIT	\$ 24,734,911	\$ 24,734,911	\$-	0.00%
W. IRONDEQUOIT	\$ 34,265,785	\$ 33,255,233	\$ 1,010,552	3.04%
HONEOYE FALLS	\$ 11,955,110	\$ 11,674,134	\$ 280,976	2.41%
PENFIELD	\$ 30,497,417	\$ 28,005,423	\$ 2,491,994	8.90%
FAIRPORT	\$ 32,056,963	\$ 32,056,963	\$-	0.00%
EAST ROCHESTER	\$ 9,155,001	\$ 9,155,001	\$ -	0.00%
PITTSFORD	\$ 21,380,917	\$ 21,091,130	\$ 289,787	1.37%
RUSH HENRIETTA	\$ 42,306,064	\$ 40,238,988	\$ 2,067,076	5.14%
WEBSTER	\$ 47,555,026	\$ 46,688,815	\$ 866,211	1.86%

## Rockefeller Center Report Takeaways

- **X** We will see....January 2025
- X Many common sense changes for updating
  - Replace free and reduced lunch as the poverty indicator
  - 🗶 Census data
  - X CPI change to the Northeast US
  - X Regional Cost Index changes
  - X Expected local minimum and district wealth factors
- Eliminate the SWD weighting in the formula and move to a separate categorical funding stream
- X Zero Emission School Bus Transition
  - X Report recommends the state to fully underwrite the cost of conversion (page 19)

# Healthcare Increases-A Two Part Explanation



#### Part 1: Medicare-Aetna Plans Impacted by Inflation Reduction Act

- Includes major investments in clean energy, child care, health care, education, and tax cuts for the middle class.
- Most significant change to Medicare Rx rules since Part D was introduced in 2005
  - X Reduce seniors' out-of-pocket Rx costs
  - X Shift manufacturer subsidies to future Rx price negotiation
  - **X** Shift federal subsidies from reinsurance to per enrollee
- ★ Net result for 2025
  - **X** Significant retiree benefit improvement
  - ✗ Significant premium increases

## Impacts on RASHP 1 Plans

- Eliminate Coverage Gap
- Reduce "True" Out-of-Pocket Maximum (and how quickly it's reached)
- Reduce Manufacturer's Discounts
- Shift Federal Reinsurance to Per-Employee-Per-Month Subsidy
- Didn't come out with guidance/requirements until August
- ✓ Webster Plan –90% Increase
- o Still better than comparable Excellus Plans

#### **Part D Defined Standard Benefit**



<sup>1</sup>Coverage gap discounts applicable to Non-Low-Income (NLI) beneficiaries only

<sup>2</sup> Manufacturer Discount Program replaces Coverage Gap Discount Program & extends to both LI & NLI for applicable drugs

#### RASHP II Plans-14.4% Increase

- × Provider Contracting
  - X Significant increases due to higher labor costs
- × Outpatient Surgeries
  - Increased utilization & cost per procedure
- × Inpatient
  - × Increased admissions & length of stay
- × Rx Space
  - X New high-cost drugs (hard to predict)
  - × Expanded indications for existing drugs increase utilization
  - $oldsymbol{x}$  Increased need to provide drugs through outpatient setting
- High-cost claimants (technological advancements = higher costs)
  - X More individuals surviving to become high-cost claimants
  - Cancers more drugs available
  - × Transplants



# The Total Estimated Impact for the Healthcare Changes: \$5,000,000 Budget Increase (Active) \$1,000,000 Budget Increase (Retiree)

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# **Other Early Budget Factors**

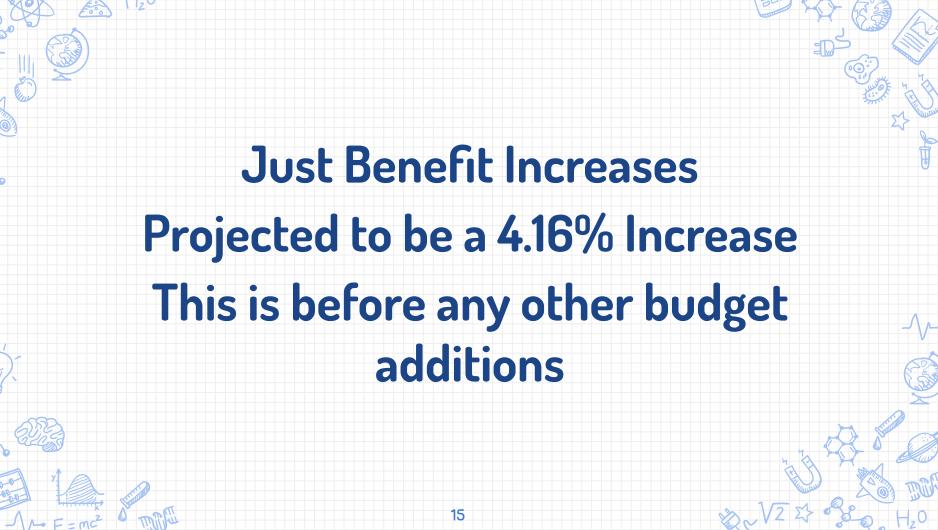
#### ERS

- The rate of contribution for municipalities is going up from 15.2% to 16.5%
- ★ 8.55% Increase
- Final Budget based on final salary projections
- ✗ Estimated \$500,000 Increase

#### TRS

X

- Estimated rates are set to be 9.5%–10%
- X Slight decrease or no change
- Contractual salaries will make this go up naturally, but it could have been worse
- ✗ Estimated increase \$600,000



# Other Budget Items

#### Revenues

- Sales Tax revenue increase/maintain?
- Interest rates
  remaining high for
  earning a few extra
  dollars?

#### Expenditures

- No contract negotiations to settle
- Minimum wage going up to \$15.50 in January 2025
  - This is driving
    SS/Medicare greatly
    Densions

#### Budget = Funding Available - Requests











