

Budget Drivers Narrative 2020-2021

The proposed fiscal year 2020-2021 budget displays salaries as the major driver influencing the \$2,787,994.38 increase from the prior fiscal year. In general, salaries and benefits comprise 80.0% of the District's annual operating budget. Transportation and tuition account for 10.75% of the total budget, followed by contracted services, utilities, supplies, equipment and all other line item expenditures.

The Avon Board of Education and the Town of Avon have seen annual health insurance increases ranging between -4.35% and 6.1% over the last five years. Following a competitive bidding process, the Town of Avon recently appointed a new insurance consultant, Lockton Companies, replacing Milliman. Lockton, following an intensive review and audit of the health insurance data, including analyzing the current claims activity between September 2018 and October 2019, has recommended both the Town and Board to increase health insurance premiums by 7.0% for the upcoming year.

The Town of Avon investment retirement accounts are overseen by the Ad Hoc Pension Investment Advisory Committee. The July 1, 2019 valuation provides a funded ratio for the Board of Education Town of Avon Pension Plan of 81.0%. Milliman, the Town of Avon's consulting actuarial firm, projected the funded ratio to grow as of July 1, 2020 to 84.0% and again in July 1, 2021 to 86.0%, should the Board remain diligent in funding its pension obligation annually. The 2020-2021 budget includes \$718,928.00, a decrease of \$43,072.00 over the prior year, for the Board's actuarially determined pension contribution.

The Board has also been attentive to funding its OPEB (Other Post Retirement Benefits) obligations according to the actuarially determined amount beginning in fiscal year 2017-2018. The 2020-2021 budget continues to fund this responsibility in full totaling \$922,682.00, an increase of \$277,682.00 from the 2019-2020 budget. Because this account had not previously been funded at sufficient levels, the estimated funded ratio as of July 1, 2019 is 28.0%, growing steadily however, to 33.0% over the next year by maintaining recommended contribution levels.

Transportation has remained relatively stable due to the negotiated fixed annual increase of 1.774% through 2024. The 2020-2021 budget includes a 3.24% increase of transportation related expenses driven by anticipated special education needs. Projected tuition costs also rose for the upcoming budget year by 7.49%, due to special education placements. Special education outplacement facilities and magnet school tuition obligations continue to escalate between 4.0% and 8.0% annually, accounting for the estimated funding.

The District's property, liability, auto and athletic / student activities insurance coverages are projected to increase a total of \$14,159.94 for fiscal year 2020-2021, determined by property insurance coverage following an increase to building replacement costs. Workers compensation coverage continues to be the primary driver under the other insurances category, representing a 6.07% increase, or \$15,233.48 for the new budget year.

The latest building replacement values issued by The Travelers are as follows:

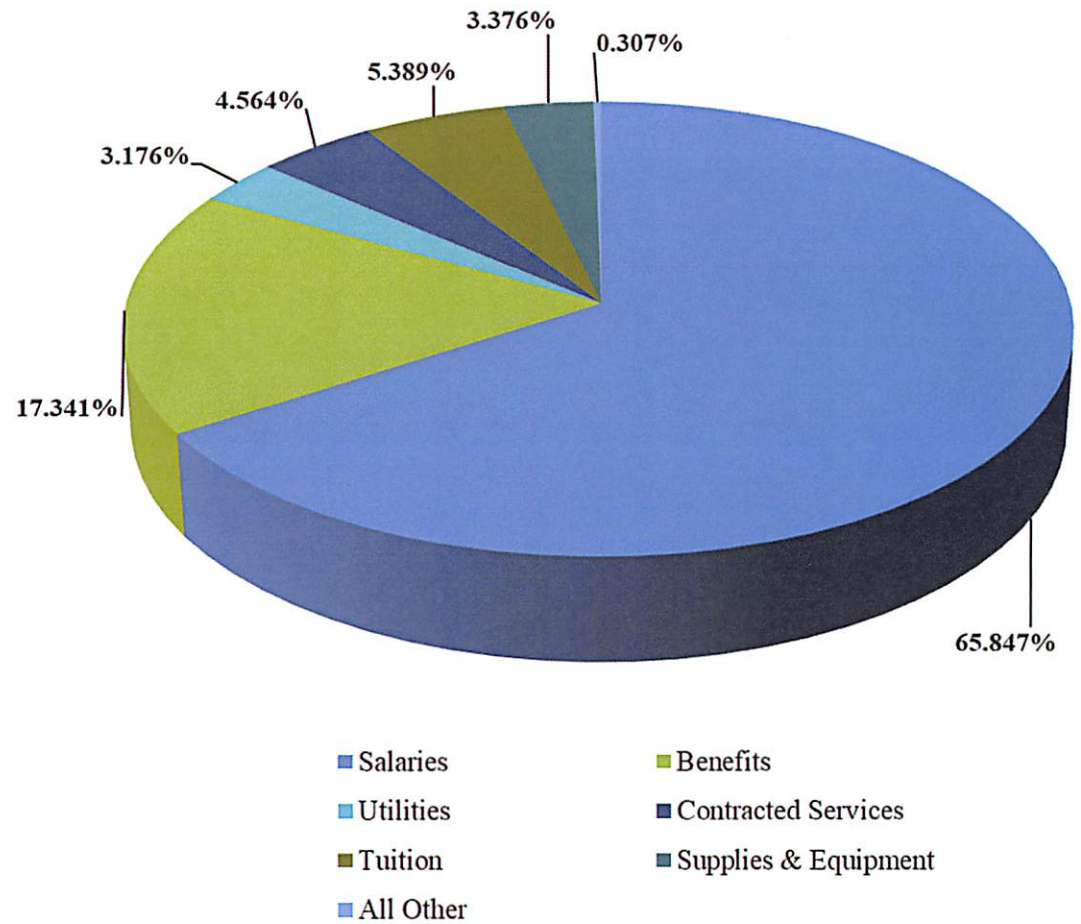
Location	Replacement Value (as of 7/1/2019)	Square Footage
Avon High School	\$66,332,660	220,000
Avon Middle School	\$36,989,144	148,551
Thompson Brook School	\$24,288,828	98,405
Pine Grove School	\$20,863,812	85,090
Roaring Brook School	\$18,091,188	75,406
Central Office	\$1,973,292	7,893
Total	\$168,538,924	635,345

In addition to the above expenditure drivers, the District also utilizes a variety of contracted services, the most notable being substitute coverage for teachers, paraeducators and secretaries provided by Kelly Educational Staffing. Teacher vacancies requiring a substitute increased from 3,303 recorded in 2017-2018 to 3,618 recorded in 2018-2019, a 9.53% rise, with a decrease to teacher fill rates from 93.7% to 88.8%. Similarly, paraeducator vacancies requiring a substitute continued to increase from 1084 recorded in 2017-2018 to 1,442 recorded in 2018-2019, a 33.05% growth. The budget remains unchanged from FY 2019/2020 for substitute services totaling \$470,335.65.

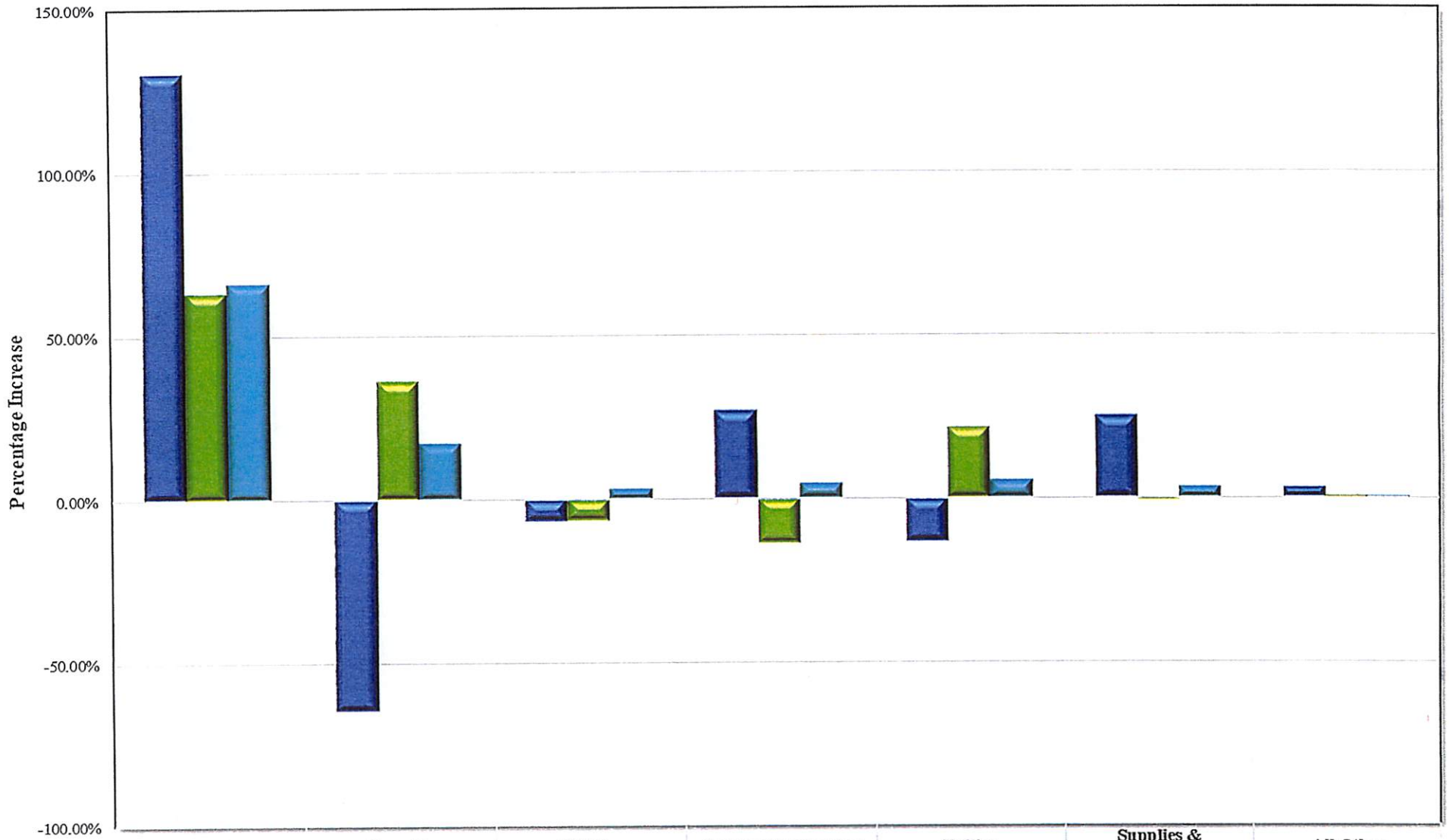
Percentage of Increase by Category

Fiscal Year 2020/2021

Category	20/21 Budget	Percentage
Salaries	1,835,821.96	65.85%
Benefits	483,460.49	17.34%
Utilities	88,554.23	3.18%
Contracted Services	127,233.99	4.56%
Tuition	150,249.21	5.39%
Supplies & Equipment	94,128.50	3.38%
All Other	8,546.00	0.30%
Total Gross Budget Increase	2,787,994.38	100.0%



Budget Drivers FY 2018/2019 through 2020/2021



	Salaries	Benefits	Utilities	Contracted Services	Tuition	Supplies & Equipment	All Other
■ FY 18/19	129.77%	-64.76%	-6.87%	27.02%	-13.41%	25.03%	3.22%
■ FY 19/20	62.82%	36.05%	-6.52%	-13.76%	21.74%	-0.63%	0.31%
■ FY 20/21	65.85%	17.34%	3.18%	4.56%	5.39%	3.38%	0.31%