

2020-2021 TAX LEVY LIMIT & BUDGET CONSIDERATIONS

**Huntington Union Free School District
Board of Education Meeting
Monday, February 3, 2020**

TAX LEVY V. TAX RATE

- **Tax Levy** (total taxpayer monies collected) =
projected spending ...
minus state aid
minus appropriated fund balance
minus other revenues
(covered **84%** of current year expenditures)
- **Tax Rate** = individual \$ rate per hundred of assessed value (used to calculate tax bill)
(= tax levy/total district assessed value x 100)

STATUTORY GUIDELINES

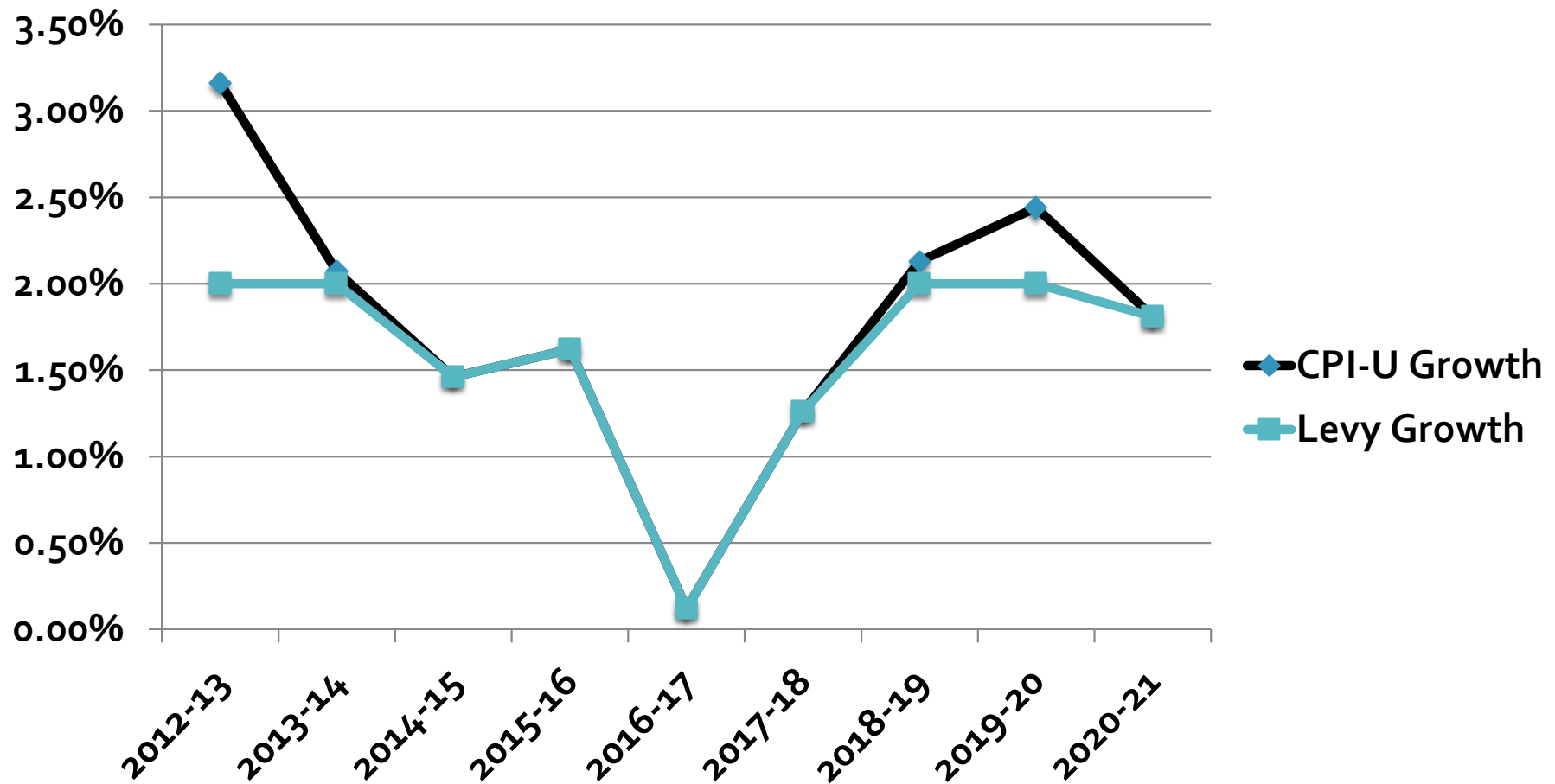
- **Allowable levy growth factor** = amount exceeding the previous year's levy by the lesser of:
(2% + exclusions) **or** (Inflation rate + exclusions)
- Rate of inflation determined by the average monthly **CPI-U growth** for year ending **12/31/19**
- The average monthly CPI-U growth for 2019 = 1.81%
- Allowable levy growth factor for 2020-2021 = **1.81%**

ALLOWABLE LEVY GROWTH FACTORS SINCE INCEPTION

SCHOOL YEAR	CPI-U GROWTH (prior calendar year)	ALLOWABLE LEVY GROWTH FACTOR
2012-2013	3.16%	2.00%
2013-2014	2.07%	2.00%
2014-2015	1.46%	1.46%
2015-2016	1.62%	1.62%
2016-2017	0.12%	0.12%
2017-2018	1.26%	1.26%
2018-2019	2.13%	2.00%
2019-2020	2.44%	2.00%
2020-2021	1.81%	1.81%

Source: Office of the State Comptroller

ALLOWABLE LEVY GROWTH FACTORS SINCE INCEPTION



Source: Office of the State Comptroller

CLARIFICATIONS

- Although commonly referred to as a “2% tax cap,” allowable levy limit may be higher due to permissible **exclusions**
- Law applies to **tax levies only**; it does not cap individual tax bills

2020-2021 TAX LEVY LIMIT CALCULATION

CALCULATION STEP 1 ...

1. Identify total amount of **taxes levied** in 2019-20 (final adoption October 2019):

\$110,400,611

STEP 2 ...

2. Multiply by state-determined **tax base growth factor**

increases levy limit to reflect:

→ new construction

→ newly taxable status of existing properties

→ improvements to taxable properties

HUFSD Growth Factor = 1.0036*

(*Source: Office of Real Property Tax Services)

$$\text{\$110,400,611} \times 1.0036 = \text{\$110,798,053}$$

STEP 3 ...

3. Add **PILOTs** (Payments in Lieu of Taxes) **receivable** in 2019-20:

$$\begin{array}{r} \$110,798,053 \\ + \quad \underline{\mathbf{101,219}} \text{ (2019-20 PILOTs)} \\ \$110,899,272 \end{array}$$

2019-20 PILOTs include:

• LI Industrial Partners (GSM LI LLC, 151-169 East 2 nd St.)	\$43,537.51
• LI Industrial Partners (GSM LI LLC, 171-177 East 2 nd St.)	45,596.19
• Gateway Gardens	<u>12,085.00</u>
	\$101,218.70

STEP 4 ...

4. Subtract applicable **2019-20 exemptions**:
- Tort judgments > 5% of 2019-20 tax levy – **N/A**
 - 2019-20 Capital Tax Levy – **\$147,677 (BOCES)**

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ADJUSTED 2019-20 TAX LEVY = \$110,751,595
(Steps 1 x 2 + 3 - 4)

STEP 5 ...

5. Multiply by 1 + **allowable levy growth factor**
(the lesser of 2% or inflation rate):

\$110,751,595

X 1.0181

\$112,756,199

(limit prior to 2020-21 adjustments)

STEP 6 ...

6. Subtract **PILOTs receivable** in 2020-21:

(\$90,665)*

*Sources: Suffolk County Industrial Development Agency
Town of Huntington

2020-21 PILOTs include:

• LI Industrial Partners (GSM LI LLC, 151-169 East 2 nd St.)	\$44,285.52
• LI Industrial Partners (GSM LI LLC, 171-177 East 2 nd St.)	<u>46,375.58</u>
	\$90,665.10

STEP 7 ...

7. Add **available carry-over** from prior fiscal year:

\$0 (2019-20 levy at limit)

STEP 8 ...

8. Add **2020-21 exemptions:**

- Tort judgments > 5% of 2019-20 tax levy = **\$0**
- ERS contribution above 2% increase = **\$0***
- TRS contribution above 2% increase = **\$0****
- Capital Tax Levy = **\$149,707 (BOCES)**

* 20-21 ERS anticipated contribution rate = 14.60% (same as 19-20)

**20-21 TRS anticipated contribution rate = 9.53% (less than 2 percentage point increase for 20-21)

2020-2021 TAX LEVY LIMIT

$$\begin{array}{r} \$112,756,199 \text{ (prior to PILOTs/exclusions)} \\ - \quad 90,665 \text{ (estimated 2020-21 PILOTs)} \\ + \quad 0 \text{ (available carryover)} \\ + \quad \underline{149,707} \text{ (exemptions)} \\ \hline \textbf{\$112,815,241*} \end{array}$$

*2.19% over 2019-20 levy (equivalent to **\$2,414,630**)

Huntington Union Free School District
Property Tax Cap Calculation under Chapter 97 of the Laws of 2011
2020-2021

	2019-2020 Approved Actual Tax Levy	\$110,400,611	
(multiply)	Tax Base Growth Factor (per ORPS)	1.0036	
		110,798,053	
		110,798,053	
(add)	2019-2020 PILOTs	101,219	
	Total	110,899,272	
	<u>Prior Year Exemptions</u>		
(subtract)	Tort judgments greater than 5% of 2019/20 tax levy	0	
(subtract)	2019-2020 Capital Tax Levy (including debt service & EPC less building aid)	147,677	
	Adjusted Prior Year Tax Levy	110,751,595	
(subtract)	Adjusted Prior Year Tax Levy	110,751,595	
(multiply)	Allowable Levy Growth Factor	1.81%	
	[lesser of 2 percentage points or CPI]	112,756,199	
		112,756,199	
	2020-2021 PILOTs	(90,665)	
	Total	112,665,534	
		112,665,534	
(add)	Available Carryover	0	
	Tax Levy Limit	112,665,534	
	Tax Levy Limit (to be published on Budget Notice & PTRC)	112,665,534	
	<u>Current Year Exemptions</u>		
(add)	1.) Tort judgments greater than 5% of 2020/21 tax levy	0	
(add)	2.) ERS contribution increase greater than 2 percentage points	0	
(add)	3.) TRS contribution increase greater than 2 percentage points	0	
(add)	4.) 2020/21 Capital Tax Levy (including debt service less building aid)	149,707	
	Allowable 2020/21 Tax Levy prescribed by Chapter 97 of the Laws of 2011	\$112,815,241	2.19%
	(with simple majority vote)		

Adopted 2018/19 Tax Levy:	\$110,400,611	\$2,414,630
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This analysis projects the 2020-2021 Allowable Tax Levy based on numerous assumptions.

BOARD OF EDUCATION OPTIONS

OPTION 1:

- Propose budget with tax levy **at or below** prescribed level
- Requires simple majority (50% + 1 vote)
- Eligible residents will receive associated state tax rebate (assuming still permissible by law)

OPTION 2:

- Propose budget with tax levy **above** prescribed level ("pierce the cap")
- Required "super majority" (60% approval)
- Residents ineligible for state tax rebate

EXECUTIVE BUDGET PROPOSAL HIGHLIGHTS

School Aid:

- \$826 million (3%) increase in total aid
- Includes \$504 million in Foundation Aid - formula based on such factors as FRPL, combined wealth ratio, regional cost index and pupil need
- \$200 million in additional “targeted aid” set aside for distribution upon reaching reaching a final budget agreement
- Recommendation for consolidation of 10 expense-based aid categories into Foundation Aid starting in 2020-21
- New and potentially unfavorable transportation aid ratios and building aid tiers

EXECUTIVE BUDGET PROPOSAL HIGHLIGHTS

Other:

- Increased funding/support for charter and non-public schools
- \$15 million for pre-kindergarten expansion (3- and 4-year-olds)
- Elimination of state share of costs for CSE placements outside of NYS (would increase district obligation from 38 to 57%)
- \$10 million increase in after-school program grants
- \$6 million in grants toward creation of early college (dual enrollment) high schools
- \$1.5 million to support mental health programs in schools
- \$1 million toward civics education
- Prohibition on sale/distribution of flavored e-cigarette products
- Requirement that unions gain access to new employee orientations
- Styrofoam ban
- Establishes net neutrality principles for all NYS internet service providers
- STAR income eligibility lowered from \$250,000 to \$200,000

HUNTINGTON SCHOOL AID: EXECUTIVE PROPOSAL

AID CATEGORY	2019-2020	2020-2021	\$ Change	% Change
Foundation Aid (current law)	\$9,703,433	\$9,703,433	N/A	N/A
<i>Tier A Increase</i>	<u>N/A</u>	<u>270,347</u>	<u>270,347</u>	N/A
Subtotal	\$9,703,433	\$9,973,780	270,347	2.79%
Expense-based Aids:				
High Tax	442,003	442,003	0	0.00%
BOCES	2,191,693	2,479,436	287,743	13.13%
Software	75,575	75,589	14	0.02%
Library Materials	31,531	31,538	7	0.02%
Textbook	318,045	314,092	(3,553)	(1.12%)
Hardware & Technology	34,063	36,512	2,449	7.19%
Suppl. Public Excess Cost	<u>168,228</u>	<u>168,228</u>	<u>0</u>	0.00%
Subtotal	\$3,261,138	\$3,547,798	\$286,660	8.79%
Foundation Aid (proposed law)	\$12,964,571	\$13,521,578	\$557,007	4.30%
Transportation Aid	\$3,501,647	\$3,606,683	\$105,036	3.00%
Public Excess/High Cost Aid	\$666,351	\$800,415	\$134,064	20.12%
Private Excess Cost Aid	\$432,341	\$415,128	(\$17,213)	(3.98%)
UPK Aid	\$330,192	\$335,605	\$5,413	1.64%
Building Aid	\$801,648	\$834,598	\$32,950	4.11%
TOTAL AID	\$18,696,750	\$19,514,007	\$817,257	4.37%

HUNTINGTON SCHOOL AID: EXECUTIVE PROPOSAL

PROPOSED FOUNDATION AID COMPARED TO FULLY FUNDED FOUNDATION AID

Current law full funding Foundation Aid	\$19,723,264
Current law 2020-2021 Foundation Aid	<u>9,703,433</u>
Current law 2020-2021 funding shortfall	(\$10,019,831)
Executive Budget proposed Foundation Aid (includes expense-based aids)	\$13,521,578
Full-funding shortfall as proposed in Executive Budget	(\$6,201,686)
Proposed Foundation Aid without expense-based aids	\$9,973,780
TRUE FULL FUNDING SHORTFALL	(\$9,749,484)

BUDGET DEVELOPMENT TIMELINE

Feb. 24; Mar. 9/23; Apr. 6, 2020 – Budget meetings organized by topic

March 1, 2020 – Tax levy limit calculation submitted to state comptroller

April 20, 2020 – HUFSD BOE budget adoption

May 11, 2020 – Public budget hearing

May 19, 2020 – Budget vote/BOE election