2013-2014
School Budget
Preliminary Overview

Huntington Union Free School District
Board of Education Meeting
Monday, December 3, 2012
Established **tax levy limit** for NYS school districts and municipalities, effective 2012-2013

Expires June 2016, but will remain as long as “temporary” rent control and regulation laws remain in effect
Tax Levy (taxpayer monies collected) =
Projected spending
\[\text{minus} \quad \text{state aid}\]
\[\text{minus} \quad \text{appropriated fund balance}\]
\[\text{minus} \quad \text{other revenues}\]

Tax Rate = individual \$ rate per hundred of assessed value used to calculate a tax bill
\[= \frac{\text{tax levy/collective assessed value}}{100}\]
Tax levy limit = amount exceeding the previous year’s levy by lesser of:

2% + exclusions

or

1% + the rate of inflation + exclusions

Rate of inflation determined by the average monthly CPI-U for year ending 12/31/12

Through 10/31/12, the average monthly CPI-U = 2.2%
Clarification of Misconceptions

Although commonly referred to as a “2% tax cap,” the allowable levy limit will routinely be higher for districts due to allowable exclusions.

The law does not cap any property owner’s actual tax bill. It applies only to the school tax levy.
1. Identify total amount of *taxes levied* in 2012-2013 (voter approved May 2012):

$96,086,390
Eight-Step Calculation (STEP 2)

2. Multiply by *tax base growth factor* –
   (state-determined)
   * increases levy limit to reflect:
     → new construction
     → newly taxable status of existing property
     → improvements to taxable property

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**HUFSD Growth Factor = 1.0017***

(*estimated using 12-13 factor, release of 13-14 factor expected Nov 2012*)
3. Add **PILOTs** (Payments in Lieu of Taxes) receivable in 2012-2013:

+ $153,431
Eight-Step Calculation (STEP 4)

4. Subtract applicable **2012-2013 exemptions:**
   → Tort judgments > 5% of 11-12 tax levy – N/A
   → 2012-2013 Capital Tax Levy:
     - $620,144

ADJUSTED 12-13 TAX LEVY = $95,783,024
(Step 1 x 2 + 3 – 4)
Eight-Step Calculation (STEP 5)

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

\[
\$95,783,024 \times 1.02 = \$97,698,684
\]

(limit prior to 13-14 exclusions)
Eight-Step Calculation (STEP 6)

6. Subtracts PILOTs receivable in 2013-2014:
   * estimated using assumption of 2.4% increase as experienced from 11-12 to 12-13

   - $157,113

   (actual figure available February 2013)
8. **Eight-Step Calculation (STEP 7)**

7. Add **available carry-over** from prior fiscal year – **N/A**
8. Add **2013-2014 exemptions:**

- Tort judgments > 5% of 12-13 tax levy – N/A
- 2013-2014 Capital Tax Levy – N/A
- ERS contribution above 2% increase – N/A
- TRS contribution above 2% increase:
  
  2013-14 TRS anticipated contribution rate = 16.50% (compared to 11.84% for 2012-13)

  \[4.66\% - 2.00\% = 2.66\% \text{ of TRS salaries} + \$1,110,550\]
2013-2014 Tax Levy Limit (Est.)

$97,698,684  (prior to PILOTs/exclusions)
- 157,113  (estimated 13-14 PILOTs)
+ 1,110,550  (TRS increase beyond 2%)

$98,652,121*

(= 2.67% over 2012-2013 levy)
Board of Education Options

**OPTION 1:**
- Propose a budget with tax levy at or below the prescribed level
- Requires a simple majority (50% + 1 vote)

**OPTION 2:**
- Propose a budget with tax levy above the prescribed level
- Requires a “super majority” (60% approval)
BUDGETARY CHALLENGE

Roll-Over Budget (increased by only non-discretionary costs)

versus

Tax Cap Budget
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<thead>
<tr>
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<tbody>
<tr>
<td>BUDGET</td>
<td>$111,858,780</td>
<td>$116,208,780</td>
<td>$114,924,511</td>
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<tr>
<td>REVENUE (includes state aid, fund balance, reserve use, other)</td>
<td>15,772,390</td>
<td>16,272,390</td>
<td>16,272,390</td>
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<tr>
<td>TAX LEVY</td>
<td>96,086,390</td>
<td>99,936,390</td>
<td>98,652,121</td>
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<tr>
<td>ASSESSED VALUATION</td>
<td>45,081,530</td>
<td>44,781,530</td>
<td>44,781,530</td>
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</table>
Non-Discretionary Costs

- Salary and Contractual Obligations
- Pension Contributions (TRS/ERS)
- Insurance Premiums
- Debt Service
- BOCES Administrative & Capital Charges
- Utilities
- Special Education
- Transportation
Roll-Over Assumptions

- $300,000 decline in assessed valuation
- 16.5% TRS contribution rate for 13-14 (= +$2,100,000); compares to 11.84% for 12-13
- 8.7% increase in health insurance costs (= +950,000)
- $600,000 increase resulting from step/increment
- $300,000 increase in ERS contribution
- $400,000 in additional cost increases

TOTAL = $4,350,000 increase (12-13 to 13-14)
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<tbody>
<tr>
<td><strong>Estimated $ Change in Budget</strong></td>
<td>$4,350,000</td>
<td>$3,065,731</td>
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<tr>
<td><strong>Estimated % Change in Budget</strong></td>
<td>3.89%</td>
<td>2.74%</td>
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<tr>
<td>Description</td>
<td>Amount</td>
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<td>-----------------------------------------------------------</td>
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<tr>
<td>ALLOWABLE TAX LEVY LIMIT INCREASE FOR 2013-2014 ...</td>
<td>$3,065,731</td>
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<tr>
<td>ROLL-OVER INCREASE ...</td>
<td>$4,350,000</td>
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<tr>
<td>REQUIRED ADJUSTMENT TO DISCRETIONARY COSTS</td>
<td>($1,284,269)</td>
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<tr>
<td>TAX RATE (per $100)</td>
<td>$213.14</td>
<td>$223.16 (est.)</td>
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<tr>
<td>TAX RATE $ CHANGE (per $100)</td>
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<td>$10.03 (est.)</td>
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<td>TAX RATE % CHANGE</td>
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<td>4.70% (est.)</td>
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Timeline

- MARCH 1, 2013 - tax levy limit calculation submitted to State Comptroller
- MARCH 4/11/18; APRIL 1, 2013 – Budget meetings organized by topic
- APRIL 15, 2013 – HUFSD BOE budget adoption
- MAY 6, 2013 – Public budget hearing
- MAY 21, 2013 – Budget Vote/BOE Election
If Budget is Voted Down on May 15 ....

- District may resubmit original budget or submit revised budget to voters on the third Thursday in June.
- District may adopt contingency budget that levies tax no greater than that from 12-13 (0%). Immediately applies if a resubmitted/revised budget voted down.
- Exclusions do not apply to a contingency budget.
The Reality of Long Island

- Long Island is perceived as being uniformly affluent by many who influence state policy.
- Over 40% of the students on Long Island are enrolled in school districts that fall below the state wealth average. Only 16% are enrolled in the wealthiest districts (CWR > 2.0).
- Long Island’s income wealth per pupil has dropped by 27% since 1999-2000.
Due to higher regional costs, $1 purchases only $.65 worth of goods and services on Long Island according to the SED cost index.

New York State funds only $.23 of every dollar spent on Long Island education.

Long Island schools enroll 17% of the state’s students, yet receive only 12% of the state aid available.
Between 2011-12 and 2012-2013, the percentage of districts with an average class size over 25 grew between 10-20% (depending on district wealth/grade level).

Long Island schools eliminated 1,820 positions between 2010-11 and 2011-12, and another 1,233 positions between 2011-12 and 2012-13.

Long Island students outperform their peers from across the rest of the state on every assessment.