2014-2015
Tax Levy Limit/Preliminary Budget Overview

Huntington Union Free School District Board of Education Meeting
Monday, December 2, 2013
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 versus TAX RATE**

- **Tax Levy** (taxpayer monies collected) =
  
  Projected spending
  
  *minus* state aid
  
  *minus* appropriated fund balance
  
  *minus* other revenues

- **Tax Rate** = individual $ rate per hundred of assessed value used to calculate a tax bill
  
  (= tax levy/collective assessed value x 100)
Guidelines

- **Tax levy limit** = amount exceeding the previous year’s levy by the **lesser of:**
  - 2% + exclusions
  - Rate of Inflation + exclusions

- Rate of inflation determined by the average monthly CPI-U for year ending 12/31/13

- Through 10/31/13, the average monthly CPI-U growth = **1.55%**
Although commonly referred to as a “2% tax cap,” the allowable levy limit may 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 total school tax levy and NOT assessed value or tax rate.*
Eight-Step Calculation (STEP 1) (estimated based on figures available to date)

1. Identify total amount of *taxes levied* in 2013-2014 (voter approved May 2013):

   $98,809,854$
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***

(*District growth factors for 14-15 just released by ORPTS)*
Eight-Step Calculation (STEP 3)

3. Add **PILOTs** (Payments in Lieu of Taxes) receivable in 2013-2014:

   \[ + \$157,113 \]
Eight-Step Calculation (STEP 4)

4. Subtract applicable **2013-2014 exemptions**:
   → Tort judgments > 5% of 12-13 tax levy – N/A
   → 2013-2014 Capital Tax Levy: $0

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ADJUSTED 13-14 TAX LEVY = $99,134,944

(Step 1 x 2 + 3 – 4)
5. Multiply by 1 + allowable levy growth factor (the lesser of 2% or inflation rate):

\[
\$99,134,944 \times 1.0155 = \$100,671,535
\]

(limit prior to 14-15 exclusions)
6. Subtracts PILOTS receivable in 2014-2015:
   * estimated using assumption of 2.4% increase as experienced from 12-13 to 13-14

   - $160,883
   (actual figure available February 2014)
Eight-Step Calculation (STEP 7)

7. Add **available carry-over** from prior fiscal year – N/A
Eight-Step Calculation (STEP 8)

8. Add **2014-2015 exemptions:**

→ Tort judgments > 5% of 13-14 tax levy – $0
→ 2014-2015 Capital Tax Levy – $0
→ ERS contribution above 2% increase – $0
→ TRS contribution above 2% increase – $0*

*2014-15 TRS anticipated contribution rate = 17.75% only 1.50% greater than 16.25% rate for 2013-14
2014-2015 Tax Levy Limit (Est.)

$100,671,535 \text{ (prior to PILOTs/exclusions)} - 160,883 \text{ (estimated 13-14 PILOTs)} + 0$

\[ = \frac{100,510,652}{1,700,798} \approx 1.72\% \text{ over 2013-2014 levy} \]
### Huntington Union Free School District

#### Estimated Property Tax Cap Calculation (2013-Dec Projection)

This analysis projects the 14/15 allowable tax levy based on several assumptions:

- **2013/14 Approved Actual Tax Levy**: $98,809,854
- **(multiply) Tax Base Growth Factor**: 1.0017
  - **Total**: $98,977,831
  - **(add) 2013/14 PILOT**: $157,113
  - **Total**: $99,134,944

#### Prior Year Exemptions

- **(subtract) Tort judgments greater than 5% of 2012/13 tax levy**: $0
- **(subtract) 2013/14 Capital Tax Levy (including debt service and less building aid)**: $0
  - **Adjusted Prior Year Tax Levy**: $99,134,944

- **Adjusted Prior Year Tax Levy**: $99,134,944
- **(multiply) Allowable Levy Growth Factor**
  - [lesser of 1 and 2 one hundredths (1.02) or sum of 1 plus inflation factor (1.0%)]
  - **Total**: $100,671,535
- **(subtract) 2014/15 PILOT**: $160,883
  - **Assumed 2.4% increase over 13-14 (Actual amount available from the town by February 2014)**
  - **Total**: $100,510,652
- **(add) Available Carryover (not available in year 1)**: $0
  - **Tax Levy Limit**: $100,510,652

- **Tax Levy Limit**: $100,510,652

#### Current Year Exemptions

- **(add) 1.) tort judgments greater than 5% of 2013/14 tax levy**: $0
- **(add) 2.) ERS contribution increase greater than 2 percentage points (for 14/15)**: $0
- **(add) 3.) TRS contribution increase greater than 2 percentage points (for 14/15)**: $0
- **(add) 4.) 2014/15 Capital Tax Levy (including debt service and less building aid)**: $0

- **Allowable Tax Levy prescribed by Chapter 97 of the Laws of 2011 (with a simple majority vote)**
  - **Under the Cap**: $100,510,652
  - **1.72%**

- **Voter Approved 2013/14 Tax Levy**: $98,809,854
  - **14-15 levy incre.**: $1,700,798
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

Budget increased by only non-discretionary + full-day kindergarten costs

versus

Tax Levy Limit Budget
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<thead>
<tr>
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<tbody>
<tr>
<td>BUDGET</td>
<td>$114,707,235</td>
<td>$118,357,235</td>
<td>$116,908,033</td>
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<tr>
<td>REVENUE (includes state aid, fund balance, reserve use, other)</td>
<td>15,897,381</td>
<td>16,397,381</td>
<td>16,397,381</td>
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<tr>
<td>TAX LEVY</td>
<td>98,809,854</td>
<td>101,959,854</td>
<td>100,510,652</td>
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<td>ASSESSED VALUATION</td>
<td>44,943,315</td>
<td>44,643,315</td>
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Non-Discretionary Costs

- Salary and Contractual Obligations
- Pension Contributions (TRS/ERS)
- Insurance Premiums
- Debt Service
- BOCES Administrative & Capital Charges
- Utilities
- Special Education
- Transportation
2014-15 Assumptions

- $300,000 decline in assessed valuation
- 17.75% TRS contribution rate (\(= +$750,000\)); compares to 16.25% for 13-14
- 8.0% increase in health insurance costs (\(= +900,000\))
- $600,000 increase resulting from contractual salary obligations
- $980,000 full-day kindergarten reinstated
- $420,000 in additional cost increases

TOTAL = \$3,650,000\ increase (13-14 to 14-15)
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<tbody>
<tr>
<td><strong>ESTIMATED $ CHANGE IN BUDGET</strong></td>
<td>$3,650,000</td>
<td>$2,200,798</td>
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<tr>
<td><strong>ESTIMATED % CHANGE IN BUDGET</strong></td>
<td>3.18%</td>
<td>1.92%</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 2014-2015</td>
<td>$2,200,798</td>
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<tr>
<td>Estimated Increase ...</td>
<td>$3,650,000</td>
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<tr>
<td>Required Adjustment to Discretionary Costs</td>
<td>($1,449,202)</td>
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<td>TAX RATE (per $100)</td>
<td>$219.85</td>
<td>$228.39 (est.)</td>
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<tr>
<td>TAX RATE $ CHANGE (per $100)</td>
<td></td>
<td>$8.53 (est.)</td>
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<tr>
<td>TAX RATE % CHANGE</td>
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<td>3.88% (est.)</td>
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Timeline

- MARCH 1, 2014 - tax levy limit calculation submitted to State Comptroller
- MARCH 3/10/24/31, 2014 – Budget meetings organized by topic
- APRIL 7, 2014 – HUFSD BOE budget adoption
- MAY 12, 2014 – Public budget hearing
- MAY 20, 2014 – Budget Vote/BOE Election
If Budget is Voted Down on May 20 ....

- 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 13-14 (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.
- Approximately 40% of the students on Long Island are enrolled in school districts that fall below the state wealth average.
- Only 14% of the region’s students are enrolled in “high wealth” (CWR > 2.0) districts.
Long Island’s income wealth per pupil has dropped by 27% since 1999-2000.

Nearly 25% of the students enrolled in Long Island school districts qualify for free- or reduced-price lunch according to federal guidelines.

Long Island schools will receive less aid this year than they did in 2008-2009 ($2.54 billion v. $2.62 billion).
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 districts enroll 17% of the state’s students, yet receive only 12% of the state aid available (losing 18% of the aid to the gap elimination adjustment).