

2013-2014 School Budget Preliminary Overview



Huntington Union Free School District
Board of Education Meeting
Monday, December 3, 2012

Chapter 97 of the Laws of 2011

- 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 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.*

Eight-Step Calculation (STEP 1)

(estimated based on figures available to date)

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

HUFSD Growth Factor = 1.0017*

(*estimated using 12-13 factor, release of 13-14 factor expected Nov 2012)

Eight-Step Calculation (STEP 3)

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

x 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)

Eight-Step Calculation (STEP 7)

7. Add available carry-over from prior fiscal year – N/A

Eight-Step Calculation (STEP 8)

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)**

$4.66\% - 2.00\% = 2.66\%$ 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

	2012-2013	ESTIMATED ROLL-OVER 2013-2014	AT LEVY LIMIT 2013-2014
BUDGET	\$111,858,780	\$116,208,780	\$114,924,511
REVENUE (includes state aid, fund balance, reserve use, other)	15,772,390	16,272,390	16,272,390
TAX LEVY	96,086,390	99,936,390	98,652,121
ASSESSED VALUATION	45,081,530	44,781,530	44,781,530

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)

	ROLL-OVER 2013-2014	AT LEVY LIMIT 2013-2014
ESTIMATED \$ CHANGE IN BUDGET	\$4,350,000	\$3,065,731
ESTIMATED % CHANGE IN BUDGET	3.89%	2.74%

ALLOWABLE TAX LEVY LIMIT INCREASE FOR 2013-2014 ...	\$3,065,731
ROLL-OVER INCREASE ...	\$4,350,000
REQUIRED ADJUSTMENT TO DISCRETIONARY COSTS	(\$1,284,269)

	2012- 2013	ROLL-OVER 2013-2014	AT LEVY LIMIT 2013-2014
TAX RATE (per \$100)	\$213.14	\$223.16 (est.)	\$220.30 (est.)
TAX RATE \$ CHANGE (per \$100)		\$10.03 (est.)	\$7.16 (est.)
TAX RATE % CHANGE		4.70% (est.)	3.36% (est.)

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.

The Reality of Long Island (cont.)

- 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.

The Reality of Long Island (cont.)

- 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.