



2016-2017 Tax Levy Limit / Budget Overview

**Huntington Union Free School District
Board of Education Meeting
Thursday, February 11, 2016**

Tax Levy v. 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 tax bill
(= tax levy/total district assessed value x 100)

Statutory Guidelines

- **Tax levy limit** = 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 12/31/15
- Through 12/31/15, the average monthly CPI-U growth = **0.12%**

Clarifications

- Although commonly referred to as a “2% tax cap,” the allowable levy limit may be higher due to permissible **exclusions**.
- The law does not cap a property owner’s actual tax bill. It applies to the **tax levy only**, NOT the assessed value or tax rate.

**2016-2017
Tax Levy Limit
Calculation**

Calculation Step 1 ...

1. Identify total amount of **taxes levied** in 2015-16 (final adoption October 2015):

\$101,990,551

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 = 1.0099*

(*figure provided by the Office of Real Property Tax Services)

Step 3 ...

3. Add **PILOTs** (Payments in Lieu of Taxes) **receivable** in 2015-16:

\$102,884

Step 4 ...

4. Subtract applicable **2015-16 exemptions:**

→ Tort judgments > 5% of 15-16 tax levy – **N/A**

→ 2015-16 Capital Tax Levy – **N/A**

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ADJUSTED 15-16 TAX LEVY = \$103,103,141

(Steps 1 x 2 + 3 – 4)

Step 5 ...

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

\$103,103,141

x 1.0012

\$103,226,865

(limit prior to 2016-17 adjustments)

Step 6 ...

6. Subtract **PILOTs receivable** in 2016-17:

- \$82,368

(actual figure provided by Suffolk County IDA & Town of Huntington)

Step 7 ...

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

\$557,087

Step 8 ...

8. Add **2016-17 exemptions:**

- Tort judgments > 5% of 2016-17 tax levy = **\$0**
- 2016-17 Capital Tax Levy = **\$0**
- ERS contribution above 2% increase = **\$0***
- TRS contribution above 2% increase = **\$0****

* 16-17 ERS anticipated contribution rate = **15.00-15.50%** (2.70-3.20% **less than** 18.20% rate for 15-16)

** 16-17 TRS anticipated contribution rate = **11.50-12.00%** (1.26-1.76% **less than** 13.26% rate for 15-16)

2016-2017 Tax Levy Limit

\$103,226,865 (prior to PILOTs/exclusions)
- 82,368 (estimated 16-17 PILOTs)
+ 557,087 (available carryover)
+ 0 (exemptions)

\$103,701,584*

* = **1.68%** over 2015-16 levy (difference of \$1,711,033)

**Huntington Union Free School District
2016-17 Estimated Property Tax Cap Calculation**

	2015/16 Approved Actual Tax Levy	\$101,990,551	
(multiply)	Tax Base Growth Factor	1.0099	
		\$103,000,257	

	\$103,000,257		
(add)	2015/16 PILOTs	\$102,884	
	Total	\$103,103,141	

Prior Year (15-16) Exemptions

	Tort judgments greater than 5% of 2015/16 tax levy	\$0	
(subtract)			
(subtract)	2015/16 Capital Tax Levy (including debt service and less building aid)	\$0	
	Adjusted Prior Year Tax Levy	\$103,103,141	

	Adjusted Prior Year Tax Levy	\$103,103,141	
(multiply)	Allowable Levy Growth Factor	0.12%	
	<small>[lesser of 1 and 2 one hundredths (1.02) or sum of 1 plus inflation factor (1.0X)]</small>	\$103,226,865	

	\$103,226,865		
(subtract)	2016/17 PILOTs	(\$82,368)	
		\$103,144,497	

	\$103,144,497		
(add)	Available Carryover (not available in year 1)	\$557,087	
	Tax Levy Limit	\$103,701,584	

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Current Year (16-17) Exemptions

	1.) tort judgments greater than 5% of 16/17 tax levy	\$0	
(add)			
(add)	2.) ERS contribution increase greater than 2 percentage points (for 16/17)	\$0	
(add)	3.) TRS contribution increase greater than 2 percentage points (for 16/17)	\$0	
(add)	4.) 2016/17 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)	\$103,701,584	
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1.68%

estimated allowable 16-17 levy increase

Adopted 2015/16 Tax Levy:	\$101,990,551	\$1,711,033
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**2016-2017
Budgetary
Projections**

Non-Discretionary Costs

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

2016-17 Budget Drivers

- \$100,000 decline in assessed valuation?
- \$2,286,653 **increase** in health insurance costs (NYSHIP Policy Memo ends buyback)
- \$569,048 **increase** in contractual obligations
- \$691,264 **increase** in mandated program costs (e.g., Special Education, transportation)
- \$955,942 **decrease** in TRS/ERS costs

	2015-2016	INITIAL DRAFT 2016-2017	AT LEVY LIMIT 2016-2017
BUDGET	\$120,394,737	\$122,891,253	\$122,553,458
REVENUE (includes state aid, fund balance, reserve use, other)	18,404,186	18,851,874	18,851,874
TAX LEVY	101,990,551	104,039,379	103,701,584
ASSESSED VALUATION	44,671,097 (Budgeted) 45,172,531 (Fall actual)	45,072,531	45,072,531

	INITIAL DRAFT 2016-2017	AT LEVY LIMIT 2016-2017
ESTIMATED \$ CHANGE IN BUDGET FROM 15-16	\$2,495,516	\$2,158,721
ESTIMATED % CHANGE IN BUDGET FROM 15-16	2.07%	1.79%

ALLOWABLE TAX LEVY LIMIT INCREASE FOR 2016-2017 ...	\$1,711,033
INITIAL DRAFT INCREASE ...	\$2,048,828
DISCRETIONARY COST ADJUSTMENT REQUIRED TO REACH LEVY LIMIT	(\$337,795)

	2015- 2016	INITIAL DRAFT 2016-2017	AT LEVY LIMIT 2016-2017
TAX RATE (per \$100)	\$225.78	\$230.83	\$230.08
TAX RATE \$ CHANGE (per \$100)		\$5.05	\$4.30
TAX RATE % CHANGE		2.24%	1.90%

Factors To Be Determined

- Adjustments to levy limit calculation?
 - include PILOTed properties at fully assessed values?
 - exclude share of BOCES capital costs?
- Changes from Executive to Legislative budget proposals (e.g., further removal of Gap Elimination Adjustment)

Executive Budget Proposal Highlights

- \$2.1 billion dollar increase in school aid statewide over two years (amounts to \$330,772 in reduced GEA for Huntington and \$0 in Foundation Aid in 2016-17)
- \$150 million for the Parental Choice in Education Act (includes credits to support student scholarships to non-public schools and tax credits to non-public school donors)
- \$27 million for the development of charter schools

If Budget Voted Down ...

- District may resubmit original budget or submit revised budget to voters on third Thursday in June.
- District may adopt contingency budget that levies tax no greater than that levied in 2015-16.
- Contingency budget applied immediately if revised/resubmitted budget voted down.
- Exclusions do not apply to a contingency budget

Reality Of Long Island

- State aid to Long Island schools will increase by 4.5% under the Executive Budget proposal. Regardless, 21 districts would receive less aid in 16-17 than in 08-09.
- Long Island enrolls nearly 16.2% of the state's students, but receives only 12.3% of school aid. Our state aid per pupil is 27.3% below rest of state.
- Despite the fact that Long Island school districts receive only 12.3% of school aid, 27.1% of the statewide GEA reduction is absorbed by Long Island school districts.

Reality Of Long Island

- Forty-three Long Island school districts, which is five more than last year, enrolling nearly half of the region's students, fall below the state's average in terms of income and property wealth ($CWR < 1.0$).
- Over 33% of the students enrolled in Long Island schools qualify for free or reduced-price lunch, according to federal guidelines. This is an increase of 4% over last year.

Reality Of Long Island

- Long Island's 43 "low-wealth" districts are slated to receive an aggregate of \$1.4 million in additional Foundation Aid. If the Foundation Aid formula were fully funded, they would receive an additional \$15 million for 16-17.
- Long Island's 34 "high wealth" districts ($CWR > 2.0$) will receive 4% of all aid to the region, while enrolling 12.6% of the students.

Huntington is Unique

- 2015-16 Combined Wealth Ratio = 1.604 (NYS average = 1.00)

BUT

- Free/Reduced Lunch = 40-45%

Budget Timeline

- **Feb. 29; Mar. 14/21; Apr. 4, 2016** – Budget meetings organized by topic
- **March 1, 2016** – Tax levy limit calculation submitted to state comptroller
- **April 18, 2016** – HUFSD BOE budget adoption
- **May 9, 2016** – Public budget hearing
- **May 17, 2016** – Budget Vote/BOE election

Board 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 approved Government Efficiency Plan in place)

OPTION 2:

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