2015-2016 Preliminary Tax Levy Limit/Budget Overview

Huntington Union Free School District Board of Education Meeting Monday, December 8, 2014
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/total district assessed value x 100)
Guidelines

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

- Rate of inflation determined by the average monthly CPI-U for year ending 12/31/14

- Through 10/31/14, the average monthly CPI-U growth = $1.73\%$
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 a 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 2014-2015 (voter approved May 2014):

   $100,413,940$
2. Multiply by \textit{tax base growth factor} – (state-determined)

* increases levy limit to reflect:
  → new construction
  → newly taxable status of existing property
  → improvements to taxable property

\textbf{HUFSD Growth Factor} = 1.0043*

(*District growth factors for 15-16 just released by ORPTS)
3. Add **PILOTs** (Payments in Lieu of Taxes) receivable in 2014-2015:

+ $168,374
Eight-Step Calculation (STEP 4)

4. Subtract applicable **2014-2015 exemptions**:
   - Tort judgments > 5% of 12-13 tax levy – N/A
   - 2014-2015 Capital Tax Levy: $0

ADJUSTED 14-15 TAX LEVY = $101,014,094
(Step 1 x 2 + 3 – 4)
Eight-Step Calculation (STEP 5)

5. Multiply by $1 + \textit{allowable levy growth factor}$ (the lesser of 2% or inflation rate):

$101,014,094 \times 1.0173 = 102,761,638$

(limit prior to 15-16 adjustments)
6. Subtracts PILOTS receivable in 2015-2016:
   * estimated using assumption of 2.0% increase as experienced from 14-15 to 15-16
     - $171,742
   (actual figure available February 2015)
Eight-Step Calculation (STEP 7)

7. Add available carry-over from prior fiscal year – N/A
8. Add 2015-2016 exemptions:

- Tort judgments > 5% of 14-15 tax levy – $0
- 2015-2016 Capital Tax Levy – $0
- ERS contribution above 2% increase – $0
- TRS contribution above 2% increase – $0*

*2015-16 TRS anticipated contribution rate = 13.25%; 4.28% LESS than 17.53% rate for 2014-15
2015-2016 Tax Levy Limit (Est.)

$102,761,638 \text{ (prior to PILOTs/exclusions)} - 171,742 \text{ (estimated 14-15 PILOTs)} + 0 \text{ (no exemptions)}

= $102,589,896 = 2.17\% \text{ over 2014-2015 levy (difference of $2,175,956)}
### Huntington Union Free School District


This analysis projects the 15/16 allowable tax levy based on several assumptions.

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014/15 Approved Actual Tax Levy</td>
<td>$100,413,940</td>
</tr>
<tr>
<td>(multiply)</td>
<td>1,0043</td>
</tr>
<tr>
<td>Tax Base Growth Factor</td>
<td>$100,845,720</td>
</tr>
<tr>
<td>(add)</td>
<td>$100,845,720</td>
</tr>
<tr>
<td>2014/15 PILOTs</td>
<td>$168,374</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$101,014,094</strong></td>
</tr>
</tbody>
</table>

#### Prior Year Exemptions

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tort judgments greater than 5% of 2013/14 tax levy</td>
<td>$0</td>
</tr>
<tr>
<td>(subtract) 2014/15 Capital Tax Levy (including debt service and less building aid)</td>
<td>$0</td>
</tr>
<tr>
<td><strong>Adjusted Prior Year Tax Levy</strong></td>
<td><strong>$101,014,094</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Adjusted Prior Year Tax Levy</td>
<td>$101,014,094</td>
</tr>
<tr>
<td>(multiply)</td>
<td>1.73%</td>
</tr>
<tr>
<td>Allowable Levy Growth Factor</td>
<td>$102,761,638</td>
</tr>
<tr>
<td>(subtract) 2014/15 PILOTs</td>
<td>$171,747</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$102,589,896</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Available Carryover (not available in year 1)</td>
<td>$0</td>
</tr>
<tr>
<td><strong>Tax Levy Limit</strong></td>
<td><strong>$102,589,896</strong></td>
</tr>
</tbody>
</table>

#### Current Year Exemptions

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.) tort judgments greater than 5% of 2014/15 tax levy</td>
<td>$0</td>
</tr>
<tr>
<td>2.) ERS contribution increase greater than 2 percentage points (for 15/16)</td>
<td>$0</td>
</tr>
<tr>
<td>3.) TRS contribution increase greater than 2 percentage points (for 15/16)</td>
<td>$0</td>
</tr>
<tr>
<td>4.) 2015/16 Capital Tax Levy (including debt service and less building aid)</td>
<td>$0</td>
</tr>
<tr>
<td><strong>Allowable Tax Levy prescribed by Chapter 97 of the Laws of 2011 with a simple majority vote</strong></td>
<td><strong>$102,589,896</strong></td>
</tr>
</tbody>
</table>

#### Voter Approved 2014/15 Tax Levy:

<table>
<thead>
<tr>
<th>Amount</th>
<th>Increase</th>
</tr>
</thead>
<tbody>
<tr>
<td>$100,413,940</td>
<td>$2,175,956</td>
</tr>
</tbody>
</table>
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)
2015-2016
BUDGETARY
CONSIDERATIONS
Non-Discretionary Costs

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

- $200,000 decline in assessed valuation
- 8.0% increase in health insurance costs (= +$900,000)
- $1,200,000 increase resulting from contractual salary obligations
- $800,000 in non-instructional/operational cost increases
- $600,000 in mandated programmatic cost increases
- $1,500,000 potential decrease in TRS costs
Other Variables/Factors to Consider ...

- State aid package not yet released
- Impact of Smart Schools Bond Act funding
- Property Tax Freeze/Government Efficiency Plan requirement
Timeline

- MARCH 1, 2015 - tax levy limit calculation submitted to State Comptroller
- MARCH 2/9/23/30, 2015 – Budget meetings organized by topic
- APRIL 13, 2015 – HUFSD BOE budget adoption
- MAY 11, 2015 – Public budget hearing
- MAY 19, 2015 – Budget Vote/BOE Election
If Budget is Voted Down on May 19 ...

- 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 14-15 (0%). Immediately applies if a resubmitted/revised budget voted down.
- Exclusions do not apply to a contingency budget.
Long Island enrolls nearly 17% NYS students, but receives only 12.2% of school aid.

Despite the fact that Long Island school districts receive only 12.2% of school aid, 21% of the statewide GEA reduction is absorbed by Long Island school districts.
Thirty-eight Long Island school districts (10 more than last year), enrolling nearly 45% of the region’s students, fall below the state’s average in terms of income and property wealth (CWR <1.0).

Over 29% of the students enrolled in Long Island schools qualify for free or reduced-price lunch according to federal guidelines, an increase of 4% over last year.
Only 12.6% of the region’s students are enrolled in the region’s 34 “high-wealth” (CWR > 2.0) school districts. These districts receive 10.6% of the state aid allocated to Long Island.

Long Island school districts will receive $26 million less in state aid (without building aid) in 2014-15 than they received in 2008-09.
Advocacy Priorities

- Elimination of the Gap Elimination Adjustment (GEA)
- Property Tax Freeze Credit Cap
- Common Core Standards Implementation and Regents Reform Agenda