



Areas to Cover

- Economic Factors
- 2011-12 NY State Budget....recent changes
- A Look Back at our last 4 years
- A Look Ahead at the beginning of the 2012-13 budget development & the challenges!



Economic Factors

- Collapse of Stock Market (Fall 2008) – led to a multi year State deficit projection.....1st warning of a mid year state aid cut.
 - 2009-10 NYS used 2/3 of the Federal Stimulus Funds in attempt to close the State's deficit.....Deficit Reduction Assessment
 - 2010-11 NYS is exhausting the remaining 1/3 Federal Stimulus Funds. When this funding ended, over \$4 billion in costs reverted back to the State resulting in the "funding cliff" we discussed previously.....Gap Elimination Adjustment
 - 2011-12 The Federal Stimulus Funding has been exhausted...Governor Cuomo's budget proposal aggressively seeks to decrease State's spending and close the deficit projection...Gap Elimination Adjustment was still imposed with no new federal funding.
 - Two-year 'allocation' of school aid

(Cap on Year to Year Growth in State Aid Limited to the percentage growth in New York State personal income, beginning with the 2012-13 school year)

-Shifting towards competitive funding? (Competitive School Performance Grant Programs....was a \$500 -million dollar program scaled back to \$50 million))



2011 Legislative Snapshot

- January 28th – Governor Cuomo submitted property tax cap legislation (Program Bill #1)
- Passed by Senate on January 31st (Y – 45, N – 17)
- February 1st – Governor Cuomo proposed 2011-12 Executive Budget

March 31st – 2011-12 State Budget Approved

- June 24th – Legislature approves Governor Cuomo's 'Plan' (Program Bill #25 – Chpt. 97)
- **Property Tax Cap**
- 'Mandate Relief'
- Change in Building Aid Process – building aid will now commence 18 months after the date of substantial completion OR filing of the final cost report....whichever is later....rather than 18 months after approval by the Office of Facilities Planning or the date that the GC contract award is certified to SED on the SA-139.



Property Tax Cap

- Chapter 97 of the Laws of 2011
 - Begins with the 2012-13 school year budget
 - In effect through at least 2016-17. Thereafter, it remains in effect only so long as regulation and control of residential rents and evictions (i.e., rent control) laws are in place.
 - Chapter 97 leaves the current contingency budget requirements/restrictions in place (All Contingent Budget Laws are in effect: Expenditures are subject to contingent budget cap, administrative cap is in effect, non-contingent expenses removed)

Tax Levy Limit Calculation: Example based on 1st interpretation (SED, State Comptroller & State Division of the Budget are currently in discussion regarding the language of the law. Details of this will follow regarding how it works “in practice”)

Prior year tax levy 7,174,665

x

Tax base growth factor x 1.00 = 7,174,665 (Held Flat for Illustration Purposes)

Quantity Change Factor = The percentage by which the full value of the taxable real property in the school district **increases due to physical or quantity change**, compared with the prior year tax roll (growth in full value due to new construction, additions and improvements to real property, etc.).

Source: New York State Tax and Finance Department (ORPS) Factor will be made available by February 15th

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Prior year PILOT +0 = 7,174,665

Payments in lieu of taxes (PILOT) owed to the district in the prior school year

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Prior year exemptions (capital levy, court orders) – (1,1016,405 – 885k Capital State Aid) = 221,405

Capital Tax Levy = Tax levy necessary to support capital local expenditures

• Capital Local Expenditures = The tax levy associated with budgeted expenditures resulting from the construction, acquisition, reconstruction, rehabilitation or improvement of school district capital facilities or capital equipment, including debt service and lease expenditures, and transportation capital debt service.

• Court Orders/Judgments = Tax levy necessary for expenditures resulting from court orders or judgments arising out of tort actions for any amount that exceeds 5% of total tax levied in prior school year. (excludes tax certioraris)

= Adjusted Prior Year Levy 6,953,260

x

Allowable Growth Factor (lesser of CPI or 2%) x 1.02 = 7,092,325 (Used 2% for illustration purposes)

CPI change, carried out four decimal places. Source: US Department of Labor

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PILOTs for coming year - 0 = 7,092,325

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Available Carryover + 0

Districts may use taxing authority from the prior school year to increase the subsequent year's tax levy if taxes were increased in the prior school year by less than the amount allowed by the cap.

• Available Carryover = (Prior year tax levy limit – prior year tax levy), but no greater than: (1.5% x prior year tax levy limit).

= “TAX LEVY LIMIT” = 7,092,325 Amount to be calculated and submitted to Comptroller's Office prior to March 1st of each year

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Coming School Year Exemptions + (1,168,452-935k Capital State Aid) +60,000 Pension = 293,452

Same as above & the pension cost exemption applies only when ERS and/or TRS employer contribution rates increase by more than 2 percentage points over the prior year.

= Maximum Allowable Levy = 7,385,777 (211,112 increase 3% Rate Inc)



The biggest misconception:

- NYS has a property cap, NOT a 2% cap and that the property cap limits the school levy increase NOT the individual tax bill of resident tax payers.
- Components of the tax bill:
 - 1) School Tax Levy – adopted by the School Board/approved by the voters
Levy Increase = Tax Rate Increase
 - 2) Assessed Value – set by the Town Assessor
AV Increases town wide = Tax Rate Decreases on the individual bill
AV Increases on the individual bill = total tax due Increases
 - 3) Equalization Rate – set by the State to equally distribute the tax burden across municipalities with in a District
ER Increases = the Tax Rate in that township Decreases
 - 4) Star Exemption – set by the State / 2011 Legislation Capped Growth in an individual's STAR savings at 2% annually



Star Savings Calculation

Calculation:

Town of Duanesburg

W/o STAR $\$100,000 \text{ AV} / \$1,000 * \$54.60 = \$5,460$

With STAR $(\$100,000 \text{ AV} - \$9,440) / \$1,000 * \$54.60 = \$4,945$

Star Savings by calculation = \$515 (\$5,460-\$4,945)

The State capped the STAR Savings at \$462 (2% above last year) despite the exemption amount increased....pushing the \$53 difference (\$515 - \$462) back to the tax payer.



What options does the BOE have?

- **Option 1:**

- Propose a budget requiring a tax levy before exemptions at or below the Tax Levy Limit prescribed by law

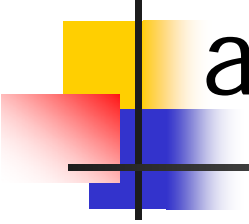
- Requires a simple majority (50% + 1 voter approval)

- **Option 2:**

- Propose a budget requiring a tax levy before exemptions above the Tax Levy Limit

- Requires a "super majority" (60% voter approval)

- Requires a statement on ballot indicating the required tax levy before exemptions exceeds the Tax Levy Limit



What happens if the budget is not approved by the public?

- If the proposed budget is not approved by the required margin:
 - the district may resubmit the original budget or submit a revised budget to the voters on the third Tuesday in June OR
 - adopt a contingency budget that **levies a tax no greater than that of the prior year (0% increase in tax levy)**.
- If the resubmitted/revised budget proposal is not approved by the required margin:
 - the Board of Education must adopt a budget that levies a **tax no greater than that of the prior year (0% increase tax levy)** and the budget would be subject to contingent budget requirements.
 - Districts will not be allowed to increase the tax levy to the extent necessary to fund items of expenditure excluded from the tax cap
 - No growth factor
 - No capital, court order/judgments or pension exemptions



A Look Back.....2008-2009

Expenditure Reductions:

Pt. Computer On-site Coordinator (BOCES)

Non-Instructional Staff – Teachers Aids not associated with Special Education

Transportation Costs

Charter School Tuition

Out of District Programs (BOCES)

Reduced an unfilled line item for boy's volleyball

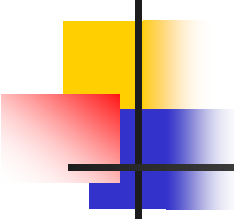
Reduced travel to scrimmages

Eliminated a late afternoon bus run

Eliminated attendance at teacher conferences

Eliminated stipends for 13 club advisors

Reduced the number of field trips



2009-2010

Expenditure Reductions:

Library Aid

Student Agendas

Missoula Theatre (Summer 2010)

Summer Psych. Evaluation Reduction

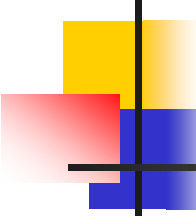
ESL Teacher Reduction

Physical Education Teacher

PT. Science Teacher

Reduction 2 FT Teachers to PT (Math & English)

PT Custodian & OT



2010-2011

Expenditure Reductions:

Reduce business office clerk by one day per week

Eliminate one full-time custodian

Continue to reduce custodial overtime

Reduce contractual health services for private/parochial students

Eliminate staff training for Project Lead the Way

Reduce Transportation/Operations & Maintenance supplies by 7%

Reduce other supplies by 4%

Reduce equipment

Eliminate purchase of non-aidable textbooks, software & hardware

Reduce diesel fuel

Reduce summer curriculum work by 50%

Changed to an "in house" Social Worker rather than a social worker employed by BOCES

Reduce music teacher to part-time due to decreased enrollment in band

Eliminate a high school English teaching position due to drop in high school enrollment and loss of federal remedial reading grant

Eliminate one-full time librarian with remaining librarian to be shared among all schools

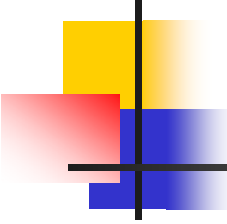
Eliminate kindergarten teacher position that was temporarily added in this year's budget

Eliminate two teacher aides for Academic Intervention Services (AIS)

Eliminate BOCES software purchase

Cost Savings: Retirement Incentive, Utility Savings Started....Energy Education, Cost Reductions in Special Education as a result of a prior year audit.

Appropriated \$325,000 Additional Fund Balance



2011-2012

Expenditure Reductions:

Remove AD

Reduce ESL Time (.60FTE to .20FTE)

Remove Tech Valley Slot

Reduce BOCES SPED OCC Slots

Eliminate Summer Psych Evaluations

Reduce District Funded Field Trips

Eliminate 2 Clubs (Friends of Rachel & Nimbus)

Eliminate Cheerleading Assistant

Reduce Business Office Time

Eliminate 1 Teacher Aide

Changed Actuary/Health Ins. Benefit Admin to BOCES

Cost savings:

Salary "breakage" from teachers who accepted the district's retirement incentive (savings result from lower salary offered to less-veteran replacements)

Health Insurance Savings from eliminating the Matrix Plan

Additional Appropriated Fund Balance: \$315k



Budget, Tax Levy & State Aid History

EXPENDITURE BUDGET & TAX LEVY

Year	Budget	Change	Tax Levy W/O Penalty	%Change	Tax Rate (T/O Duanesburg)
08-09	\$14,821,497	5.8%inc	\$6,714,790	4.04%	3.19%
09-10	\$14,864,913	.3% inc	\$6,836,009	1.81%	1.14%
10-11	\$14,616,629	(1.4%)dec	\$7,042,825	3.03%	1.03%
11-12	\$14,069,135	(3.75%) dec	\$7,174,665	1.87%	1.09%
12-13					

STATE AID

Year	Actual State Aid	ARRA Grants	Normal Grants (Title I, IIA, SE611, SE619)
08-09	\$7,660,594		\$339,399
09-10	\$7,236,347	\$709,199 (\$550 in GF / \$159 Fed Fund)	\$338,896
10-11	\$6,838,208*	\$539,283 (\$404k in GF / \$135 Fed Fund)	\$377,598
11-12	\$5,910,773	\$338,896 *Edu Jobs Fund in Federal Fund	\$336,126
12-13			



A Look Ahead.....2012-13

Expenditures

Education Jobs Fund returns to the General Fund \$338k

Pension Costs Increase (TRS 11.5% to 14%, ERS 16.3% to 19%) \$215k

Salary & Social Security Increase \$264k

Admin 1% = \$6k

Admin Support 1% = 5.5k

DTA 1% = \$45k

DESA 1% = \$14.5k

Debt Service Cost Increase \$62k

Health Insurance Cost Increases?

Adjustments for student needs?

\$879k



2011-12 Budget & 2012-13 Budget Development

Revenue

Taxes:

2011-12 Taxes \$7,174k

2012-13 Taxes \$7,174k + 210k = \$7,384

State Aid:

2011-12 \$5,803k

Misc:

2011-12 \$307k

Fund Balance:

2011-12 \$785k

2011-12 Total Revenue \$14,069k

2012-13 Total Revenue \$14,069k + \$210k = \$14,279k

Expenditure

2011-12 \$14,069k

2012-13 \$14,069k + 879k = \$14,948k



Impact with out adding Fund Balance

Removing \$785k

Closing the Gap \$669k (12.4% tax rate increase)

Total needed \$1.4 million (23.3% tax rate increase)

Example T/O Duquesburg:

Home Assessed at \$100,000

Current rate per \$1,000 is \$54.60

Current Tax Bill \$5,460 ($100,000 / \$1,000 * 54.60$)

Closing the Gap \$669k

Home Assessed at \$100,000

Current rate per \$1,000 is \$61.28

Current Tax Bill \$6,128 ($100,000 / \$1,000 * \61.28)

Increase \$668 ($\$6,128 - \$5,460$).....school tax bill....does not factor any change in Assessed Value, Equalization Rate or STAR savings



Non-mandated items

45 Courses: \$914k including Kindergarten

Sports \$174k

Clubs/Class Advisors \$45k

Other \$67k (computer lab aids, sub service, late buses, field trips, PLTW)

Total \$1.2 million



THANK YOU
