

A person is seen from behind, sitting in a chair and looking at a large screen. The screen displays a blue slide with white text. The person is wearing a light-colored, textured sweater. The screen is mounted on a wall and has a black border.

# Valley Stream 30 UFSD

2012-13 Proposed Budget

Community Budget Forum  
February 1, 2012

# Agenda

- Tax Cap
- 2012-13 Budget Overview
- Conclusion

# Tax Cap

# Tax Cap presents a new challenge for many districts and communities...

- Misinformation and public expectations
- Law doesn't cap tax increase; it sets a new threshold for voter approval based on the tax increase
- 2% is out there
- Confusion WILL abound
- Tax levy limit is reported; tax levy increase is reality
- Districts set tax levy; voters will receive tax bill
- Real consequences under contingent budget

# Property Tax Cap Chapter 97 of the Laws of 2011

- Hot topic throughout the state and this budget season
- Not really a cap
- Sets a **higher threshold for voter approval** of budgets
- The calculations are mind-boggling and work-in-progress
- BOE can present a budget that overrides the cap but....
- If proposed tax levy increase exceeds the tax levy limit, then 60% or more vs. simple majority (more than 50%)
- Tax levy limit calculated by district and will vary by district
- Tax levy limit is also NOT a limit—just a threshold for what level of voter support is needed
- Tax levy limit is NOT 2%
- The property tax cap limits the school district levy NOT the individual tax bill of resident taxpayers
- The public is still approving the budget (spending plan) not the tax levy

# What is the basis for voter threshold?

2012-13 Proposed Budget  
less Estimated State Aid  
less Appropriated Fund Balance & Reserves  
**2012-13 Proposed Tax Levy**

2012-13 "Tax Levy Limit"  
plus 2012-13 Exemptions  
**2012-13 Maximum Allowable Levy**

If 2012-13 Proposed Tax Levy is less than or equal to 2012-13 Maximum Allowable Levy,  
then the voter approval necessary is "simple majority" (50% +1)

OR

If 2012-13 Proposed Tax Levy is greater than 2012-13 Maximum Allowable Levy,  
then the voter approval necessary is a "super majority" (60%)

# Tax Base Growth 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
- Reflects the growth in full value due to new construction, additions and improvements to real property, etc.
- = or > than 1
- only calculated if quantity change factor is a positive number.

*Source: New York State Tax and Finance Department (ORPS)*

# Allowable Levy Growth Factor

- Lesser of 2% OR change in Consumer Price Index (CPI)
- Minimum of 1.0
- Same as CPI used for contingent budget cap

Source: US Department of Labor

# What is the 2012-13 Maximum Allowable Levy?

1. Prior Year Tax Levy	\$ 25,550,760
2. Tax Base Growth Factor	1.00
	25,550,760
3. Bond & Installment Purchase Debt	(623,091)
4. Building Aid	402,370
Net Capital Expenditures	(220,721)
5. Adjusted Prior Year Tax Levy	25,330,039
6. Allowable Growth Factor	1.02
<b>TAX LEVY LIMIT =</b>	<b>\$ 25,836,640</b>
7. Coming School Year Exemptions:	
TRS	
ERS	15,145
Bond & Installment Purchase Debt	547,716
Building Aid	(393,256)
Net Capital Expenditures	154,460
Total Exemptions	169,605
<b>2012-13 MAXIMUM ALLOWABLE LEVY =</b>	<b>\$ 26,006,245</b>
	<b>1.78%</b>

# What is the 2012-13 Maximum Allowable Levy?

	<b>2012-13</b>	<b>EXAMPLE ONLY *</b>
Prior Year Tax Levy	25,550,760	25,550,760
Tax Base Growth Factor	1.00	1.00
	25,550,760	25,550,760
Bond & Installment Purchase Debt	(623,091)	(623,091)
Building Aid	402,370	402,370
Net Capital Expenditures	(220,721)	(220,721)
Adjusted Prior Year Levy	25,330,039	25,330,039
Allowable Growth Factor	1.02	1.02
<b>TAX LEVY LIMIT =</b>	<b>25,836,640</b>	<b>25,836,640</b>
Coming School Year Exemptions		
TRS		
ERS	15,145	15,145
Bond & Installment Purchase Debt	547,716	623,091
Building Aid	(393,256)	(402,370)
Net Capital Expenditures	154,460	220,721
Total Exemptions	169,605	235,866
<b>2012-13 Maximum Allowable Levy</b>	<b>26,006,245</b>	<b>26,072,506</b>
	<b>1.78%</b>	<b>2.04%</b>

**\* Assuming no change in net capital expenditures year on year, for illustration purposes only**

# The contingency budget limit is perhaps the most significant change under the tax cap laws

- 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.
- 
- Formerly, the contingency budget could not exceed the lesser of 120% of CPI or 4%.

# For the most part, all other budget deadlines & requirements remain in place..

- Legal notices
- Budget notice & property tax report card still required but will now include:
  - district tax levy limit
  - proposed tax levy before exemptions
- Public hearings and disclosure
- Budget statement
- One significant change is that districts will now have to send the state their levy information by March 1<sup>st</sup>

# 2012-13 Budget Overview



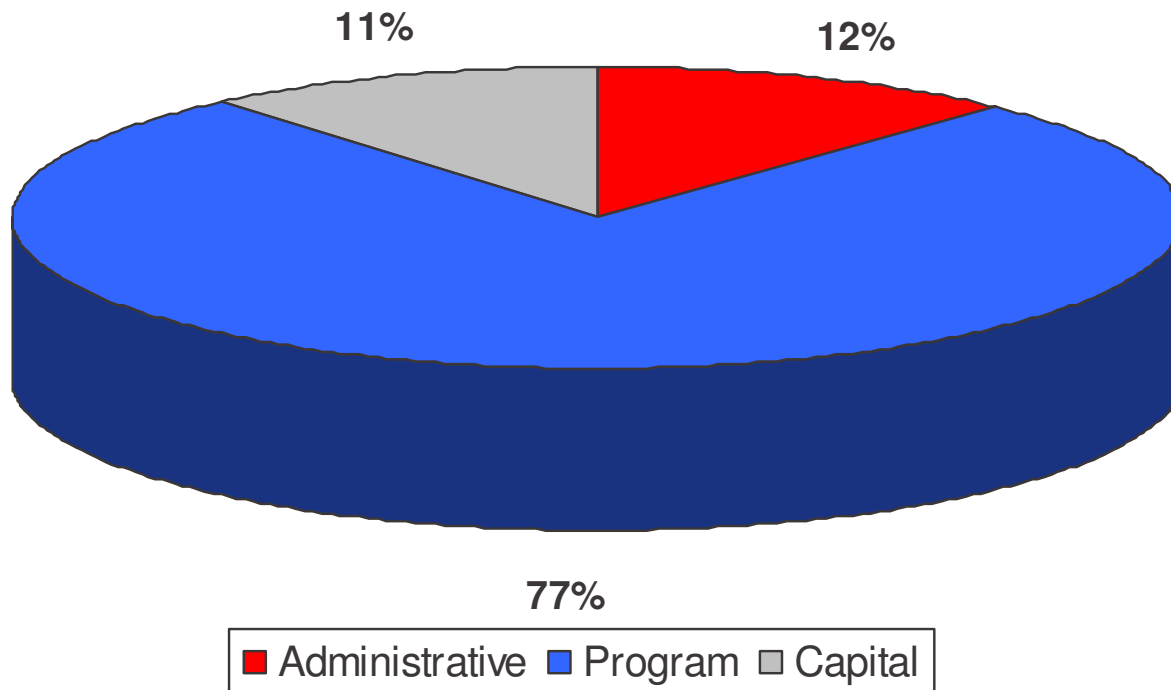
# We consider the following in developing a budget...

- Enrollment projections
- On-going initiatives, as well as those under discussion
- New mandates (Common Core, APPR, RTI, Dignity for All Students Act)
- Programs (English, Math, Science, etc...)
- Results from tests (using in-house as well as State measurement criteria)
- Contractual Obligations
- Employee Benefit Projections (Health Insurance, ERS and TRS)
- Inventory – supplies, textbooks, equipment
- Anticipated transportation needs
- Condition of buildings and grounds
- Anticipated reaction of community to increase in tax levy
- Current fiscal and political environment at the Federal, State and County level
- Availability, if any, of federal stimulus funds

# We focus on matching resources with needs to maintain...

- Classrooms of up to 25 in grades K-2; 28 in grades 3-6
- Full Day Kindergarten
- Comprehensive Academic Programs (i.e. AIS, Quest)
- Classroom libraries
- Student database subscriptions (i.e. Bookflix, Brainpop, Culturegrams, etc.)
- Library, physical education, art, music for every grade
- Band / Orchestra Programs
- After school academies & clubs (i.e. AIS, Spanish, Olympians, etc.)
- Summer school for targeted intervention
- Staff development to meet new state mandates
- Our Special Education program
- Field trips
- Continuous maintenance of facilities

By reallocating resources, our goal is to preserve and improve our program



**In 2011-12 program component was 77%.**

# 2012-13 Proposed Budget & Levy

Current Budget	Proposed Budget	Inc (Dec)	%
\$32,409,760	\$32,403,043	(\$6,717)	(0.02)%

Current Levy	Proposed Levy	Inc (Dec)	%
\$25,550,760	\$25,983,043	\$432,283	1.69%

# What will the 2012-13 voter threshold be?

<b>2012-13 Proposed Tax Levy</b>	<b>2012-13 Maximum Allowable Levy</b>
\$25,983,043	\$26,006,245

- Since the 2012-13 Proposed Tax Levy is less than or equal to 2012-13 Maximum Allowable Levy, then the voter approval necessary is “simple majority” (50% +1)
- Early indications are that many districts will propose budgets requiring simple majority

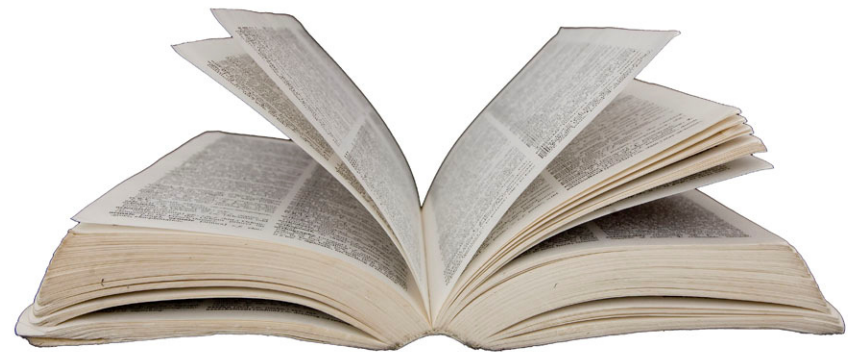
# What would the tax levy be under contingency budget?

Current Levy	Proposed Levy	Inc (Dec)	%	Contingency Levy	%
\$25,550,760	\$25,983,043	\$432,283	1.69%	<b>\$25,550,760</b>	0%

- A contingency budget would **require a further reduction** to the current proposed budget of **\$432,283**.
- The District 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 or exemptions allowed.

# What does this proposed budget include?

- ✓ Sections necessary to support projected enrollment in grades K-6
- ✓ Enhancements and modifications in program and support services based on student assessments (i.e. Enhanced AIS, early morning program)
- ✓ Change in program and data systems to meet new standards (Common Core, RTI, DASA 'Dignity for All Students Act')
- ✓ Current contractual salary obligations & benefits for all faculty
- ✓ Salary freeze (no step, lane, increment) for all teaching faculty
- ✓ Reduction and realignment of staff to meet the needs of our students
- ✓ Special Education tuition & related services
- ✓ Textbooks, instructional & testing supplies
- ✓ Equipment
- ✓ Outdoor Education as well as field trips
- ✓ Professional Staff Development
- ✓ Library books
- ✓ Arts in Education
- ✓ Clubs
- ✓ Transportation
- ✓ Debt Service



# Enrollment Projections

Grade	2011-2012			2012-2013		
	# of pupils	# of classes	Avg. class size	# of pupils	# of classes	Avg. class size
	<b>K</b>	201	8	25	201	9
<b>1</b>	196	9	22	201	10	20
<b>2</b>	217	10	22	196	9	22
<b>3</b>	182	8	23	217	10	22
<b>4</b>	179	9	20	182	8	23
<b>5</b>	204	8	26	179	8	22
<b>6</b>	224	10	22	204	8	26
<b>SC1</b>	12	1	12	12	1	12
<b>SC2</b>	12	1	12	12	1	12
<b>SC3</b>	7	1	7	7	1	7
<b>SC4</b>	10	1	10	10	1	10
<b>Total</b>	1444	66	22	1421	66	22

*SC = Self-Contained Instruction*

# 2012-13 Proposed Budget Summary

	<u>Approved</u> <u>2011-12</u> <u>Budget</u>	<u>Proposed</u> <u>2012-13</u> <u>Budget</u>	<u>Inc (Dec)</u>	<u>% Change</u>
<b>Proposed Expenditures:</b>	<b>\$32,409,760</b>	<b>\$32,403,043</b>	<b>(\$6,717)</b>	<b>-0.02%</b>
<b>Proposed Revenue:</b>				
Appropriated Surplus	\$1,700,000	\$1,175,000	(\$525,000)	-30.88%
State Aid	\$4,892,000	\$5,100,000	\$208,000	4.25%
Other Sources	\$267,000	\$145,000	(\$122,000)	-45.69%
Property Tax Levy	\$25,550,760	\$25,983,043	\$432,283	1.69%
<b>Total Proposed Revenue</b>	<b>\$32,409,760</b>	<b>\$32,403,043</b>	<b>(\$6,717)</b>	<b>-0.02%</b>

- The proposed budget is in line with the 2011-12 budget, with a marginal decrease.
- 4% increase in State Aid vs. 2011-12 Budget.
- The projected tax levy increase is **1.69%** or **\$432,283**.
- This increase is within the tax cap & will require simple majority to pass.

# 2012-13 Proposed Budget Summary

2011-12 BUDGET    2012-13 PROPOSED BUDGET    INC (DEC)    % CHANGE

	2011-12 BUDGET	2012-13 PROPOSED BUDGET	INC (DEC)	% CHANGE
1000 - 1999 GENERAL SUPPORT	\$4,550,589	\$4,256,747	(\$293,842)	-6.46%
2000 - 2999 INSTRUCTION	\$19,157,681	\$19,019,525	(\$138,156)	-0.72%
5000 - 5999 TRANSPORTATION	\$967,500	\$921,460	(\$46,040)	-4.76%
9000 - 9099 EMPLOYEE BENEFITS	\$7,124,907	\$7,622,595	\$497,688	6.99%
9700 - 9799 DEBT SERVICE	\$578,083	\$547,716	(\$30,367)	-5.25%
9900 - 9999 INTERFUND TRANSFERS	\$31,000	\$35,000	\$4,000	12.90%
<b>TOTAL</b>	<b>\$32,409,760</b>	<b>\$32,403,043</b>	<b>(\$6,717)</b>	<b>-0.02%</b>

- Similar to the current school year, the increase in employee benefits (retirement system contributions, healthcare insurance) is the most significant increase at **\$498k**.
- The projected increase in the district’s contribution to the employee retirement, teacher retirement and health insurance systems is 2.6%, 1.4% and 10% respectively.
- This increase was primarily offset by a reduction in security (\$120k), elimination of MTA payroll tax (\$69k), reduction and reallocation staff as well as retirement of 7 senior faculty members.

# Changes in Instructional Support

- Based on the projected enrollment and predicated number of instructional sessions and services mandated by students' Individual Education Plans, the proposed budget assumes a reduction of 3 Full-Time Equivalent (FTE) – ESL, Social Work & Technology and inclusion of a full-time Director of Special Services.
- An adjustment of the ESL department from 7 to 6 FTE will still maintain a student to faculty ratio below the Nassau County ESL ratio of 30:1 and allow the ESL faculty to work with students in small groups of 3-5, utilizing the SIOF model to push-in to classrooms for support.
- Elimination of social work position due to low level of mandated support services (currently 3 students receive mandated mental health services) and realignment of other social & emotional services to the building level.
- As part of the strategic plan, past professional development initiatives enable us to integrate technology into the classroom and eliminate 1 Technology FTE.
- The equivalent of one full day computer aide has been added for next year to provide peripheral ongoing support district-wide.
- Library support will be standardized district-wide to provide half day circulation support.
- Current copy support at Forest Road and Clear Stream will be centralized back to Shaw Avenue.

# Capital Reserve Funds

- In the past, the district has strategically and proactively addressed capital needs
- In May 2007 and May 2009, voters approved the establishment of capital reserve funds; each was not-to-exceed \$4M/not-to-exceed 5 years
- Voters approved the initial establishment and subsequent use of the funds set aside to replace roofs, masonry, exterior and rescue windows district-wide as well as corridor ceiling & electric units at Shaw Ave.
- In May 2011, voters approved the replacement of air-handling/ventilation units, reconstruction of HVAC control facilities and exterior doors district-wide.
- No borrowing required therefore no additional cost to the taxpayer

# Capital Reserve Proposition

- \$7.4M of capital work has been identified by the school architect in the SED required building condition survey ('BCS') completed in 2010
- BCS is updated every year in the SED required annual visual inspection
- We plan to fund a portion of this work through the remainder of the May 2009 capital reserve and, if possible, an Energy Performance Contract.
- However, these funding sources will not cover all work identified.
- Proposition requesting voter approval to establish a new capital reserve fund will be included on the 2012-13 ballot.
- Only requesting voter approval to establish, not fund, the reserve at this time.
- Establishment of a new capital reserve fund can allow the District to continue to plan long term.

# In conclusion, the proposed budget

- Focuses on realigning and matching resources to meet the needs of our students and faculty as well as new legislative guidelines

*and*

- At the same time is fiscally responsible as it allows us to present a budget that is within the tax cap, requiring approval by a simple majority of the voters

# We will continue to...

- Seek opportunities for consolidation and collaboration
- Examine expenditures for efficiencies
- Revisit our approach to delivery for improvement

***Always with an eye toward maximizing our student's achievement***

# We want you to be informed!

- Superintendent Newsletters
- District Website
- Board of Education Regular Meeting, Tuesday, January 31<sup>st</sup>
- Community Budget Forum, Wednesday, February 1<sup>st</sup>

# Questions on the Budget?

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**Thank you**

***Remember to Exercise Your Right to Vote  
on May 15th***