



JERICHO SCHOOL DISTRICT

BUDGET 2013-14

Workshop # 4

Budget Review Calendar

Property Tax Levy Threshold Year 2

Current and Future Challenges

Budget Strategies

Capital Reserve

Fund Balance Management

Recommended Reductions

Budget Summary Expenditures and Revenues

Program Continuation

Jericho's Results

Budget Review Calendar



- **January 17** **Overview and Review of Codes:
1000, 2010, 2020, 2070, 7000, 8000**
- **January 24** **Review of Codes:
2250, 2610, 2810, 2815, 2820, 2825, 2850, 2855**
- **February 7** **Codes 2110, 2280, 2630, 5000, 9000**
- **March 7** **Full Budget Review of Revenues and Expenditures**
- **March 14** **Adoption of Budget by Board of Education**



TAX LEVY THRESHOLD Year 2

- **Does the tax cap law mean school tax levies can't increase by more than 2 percent?**

No, the law does not prohibit tax levy increases greater than 2 percent. Despite how it's been described by some politicians and the media, the legislation signed into law requires every district to calculate its own "tax levy limit." Two percent (or the rate of inflation, if less) is just one of eight factors in this calculation.

The law also establishes a higher threshold of voter approval for a budget to pass if a district's proposed tax levy increase (before exemptions outlined in the law) exceeds its individual "tax levy limit."



TAX LEVY THRESHOLD Year 2

$$\begin{aligned} & \text{Prior year tax levy (12-13)} \\ & \quad \times \\ & \quad \text{Tax base growth factor, if any} \\ & \quad + \\ & \text{Payments in lieu of taxes receivable during prior year (12-13)} \\ & \quad - \\ & \quad \text{Taxes levied to pay for local capital expenditures (12-13)} \\ & \quad = \\ & \quad \text{Adjusted Prior Year Tax Levy (12-13)} \\ & \quad \times \\ & \quad \text{Allowable levy growth factor (lesser of 2\% or CPI)} \\ & \quad - \\ & \text{Payments in lieu of taxes receivable in the coming year (13-14)} \\ & \quad + \\ & \quad \text{Available carryover, if any} \\ & \quad = \\ & \text{"Tax Levy Limit" (13-14).....continued on next slide} \end{aligned}$$



TAX LEVY THRESHOLD Year 2

$$\begin{array}{r} \text{Tax Levy Limit (13-14)} \\ + \\ \text{Coming school year exemptions/exclusions (13-14)**} \\ = \\ \text{Maximum Allowable Tax Levy (13-14)***} \\ \text{(requiring simple majority)} \end{array}$$

- ** Coming school year exemptions/exclusions include estimated local capital expenditures for 13-14 PLUS increases to the NYS mandated employer retirement system contributions above two percentage points.
- *** Jericho's Maximum Allowable Tax Levy requiring a simple majority will be over three percent.

TAX LEVY THRESHOLD

Exclusion for a portion of the increased NYS mandated employer retirement system contributions above two percentage points.

For NYSERS the Employer Contribution Rate is increasing from 18.9% of payroll to 20.9% of payroll; therefore there is no exclusion for the over 10% increase in costs we will experience.



Example:

- Assuming a \$14M payroll, costs will go from \$2.7M ($\$14\text{M} \times 18.9\%$) to almost \$3M ($\$14\text{M} \times 20.9\%$).
- A \$300K or 11% increase in costs, none of which excludable.

TAX LEVY THRESHOLD

Exclusion for a portion of the increased NYS mandated employer retirement system contributions above two percentage points.



For NYSTRS the Employer Contribution Rate is increasing from 11.84% of payroll to 16.25% of payroll; therefore anything above 13.84% would be considered an exclusion from the tax levy threshold.

Example:

- Assuming a \$49M payroll, costs will go from \$5.8M ($\$49\text{M} \times 11.84\%$) to as much as \$8M ($\$49\text{M} \times 16.25\%$).
- A \$2.2M or almost 40% increase in costs, of which only \$1.1M would be excludable.

Jericho Tax Levy Threshold 13-14

JERICO UFSD TAX LEVY THRESHOLD FOR 13-14

Prior Year Tax Levy			\$103,569,364
Tax Base Growth Factor (NYS Department of Taxation)	X		1.0026
			\$103,838,644
Current year Payment in Lieu of Taxes - PILOT (12-13)	+		\$271,548
Capital Tax Levy 12-13 to be DEDUCTED	-		(\$2,672,496)
Adjusted Prior Year Levy			\$101,437,696
Allowable Growth Factor (lesser of CPI or 2%)	X		1.02
			\$103,466,450
PILOTS for coming year (13-14)	-		(\$306,442)
Available Carryover (none for 13-14)	+		\$0
Tax Levy Limit Before Exclusions			\$103,160,008
Retirement System Exclusion	+		\$1,122,217
Capital Tax Levy 13-14 to be ADDED	+		\$2,529,767
Maximum Allowable Tax Levy for Simple Majority			\$106,811,992
			3.13%





What Options Do Districts 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:

1. The district may resubmit the original budget or submit a revised budget to the voters on the third Tuesday in June.

OR

2. 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:

1. 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.
2. Districts will not be allowed to increase the tax levy to the extent necessary to fund items of expenditure excluded from the tax cap.
3. No growth factor.
4. No capital, court order/judgments or pension exemptions.

THIS WOULD EQUATE TO A REQUIRED \$3 MILLION + REDUCTION TO THE PROPOSED BUDGET.

3/6/2013

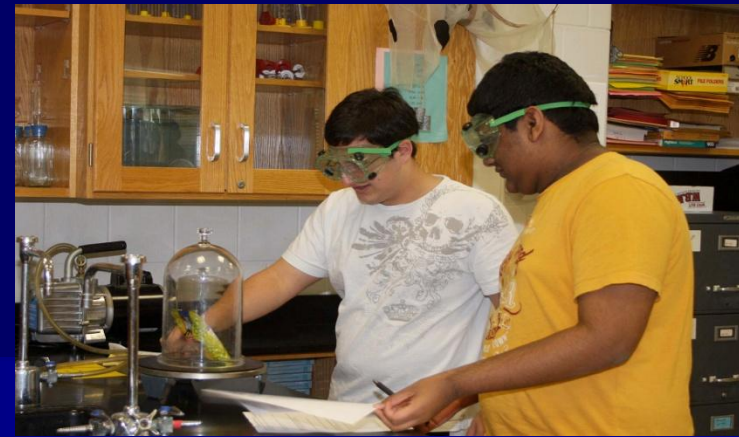


Current and Future Challenges:

- **State Aid:** At what point does more aid shift from low-need districts to high-need districts? Governor's proposed reduction for 13-14 for Jericho is close to \$200K.
- **Federal Funding:** With the national debt crisis will there be reductions in Federal funding? Current discussions are taking place regarding sequestration on the federal level. This could reduce certain federal funding 5%-9%.
- When will increases in **retirement system contributions and health insurance premiums** plateau....2015? 2016? 2017????
- **Nassau County Tax Certiorari Challenge:** On-going litigation to force school districts to pay for tax certiorari challenges the County currently pays. This would be a cost shift for all districts, but particularly for districts (like Jericho) that have a significant corporate tax base. Potential impact to Jericho is \$3M-\$6M annually. Recent Appellate Division decision unanimously reversed Nassau County Supreme Court Decision. Nassau County will likely appeal. 11



Budget Strategies



- Remain committed to being a premier school district and continue to deliver a high quality 21st Century education
- Commitment to our district mission and goals
- Keep a multi-year perspective on the budget
- Review all programs at every level to determine their effectiveness, feasibility, and our commitment to their continuation
- Maintain our building reconditioning projects
- Continue our technology replacement plans
- Continue to pursue efficiencies in all areas of the district

Capital Reserve



- Provides long-range funding and guidance for future capital improvement requirements.
- Requires voter authorization via approval of a proposition to create and fund a capital reserve, including probable term (e.g. 10 years, 15 years, etc.) and ultimate/maximum \$ amount (e.g. \$10M, \$15M, etc.).
- Requires further voter authorization via approval of a proposition to expend from the voter-approved capital reserve.
- Is a savings plan to properly fund future capital projects.

Capital Reserve Recommendation Proposition #2

- Shall the BOE be authorized to establish a Capital Reserve Fund known as the “Facilities Improvement Program -Jericho Public Schools”
- The maximum amount of the aforesaid Capital Reserve Fund shall be \$10 million not to exceed an annual allotment of \$5 million
- The probable term is to be ten (10) years
- The funds are to be transferred from monies remaining in the general fund and/or from existing reserves as allowed by General Municipal and Education Law



Factors Determining Real Estate Taxes



- *State of New York* determines the Tax Base by setting the boundaries for school districts.
- *Nassau County* determines the Assessment Practices and the percentage of market value applied to the property to be taxed.
- *Jericho School District* sets the Tax Levy—the amount of money needed by the school district to fund its educational program—this is the only item tied to the tax levy cap.

WHAT IS A FUND BALANCE?

HOW IS IT CREATED?

- A fund balance occurs because a budget represents expected expenditures and revenues, and is not an exact prediction of the future.
- A fund balance is created when:
 - Revenues are higher than what was budgeted
 - Expenses are less than what was budgeted
- It occurs because the estimate for both revenues and for expenditures was conservative, as it should be.
- By law the Unassigned Fund Balance is limited to 4% of the upcoming year's budget.



Why Do We Need a FUND BALANCE and What Is Its value?



March 6, 2013

- To assure the public that the budget plan will tolerate a certain amount of unexpected adversity without forcing a crisis.
- To meet unanticipated expenses and to provide for “rainy day” emergencies.
- To provide options for long-term planning (e.g. capital reserve).
- A stable fund balance is an indicator of good money management.
- A stable fund balance results in a good credit rating which leads to lower interest costs for long and short-term borrowing.

Fund Balance Management

- Managing fund balances is one of the most difficult tasks of the budgeting process, since budgets are only estimates of expenditures and anticipated revenues.
- Spending fund balance monies on the district's regular operations is *not* sound financial management and should be avoided.



What would be the effect if a district did not plan for the appropriation of the fund balance and depleted the fund balance over time?



Fund Balance Example:

	<u>6/30/12</u>	<u>6/30/13</u>	<u>6/30/14</u>
Revenue	\$107,000,000	\$109,000,000	\$111,000,000
Expenditures	<u>102,000,000</u>	<u>105,500,000</u>	<u>109,000,000</u>
Fund Balance	5, 000,000	3,500,000	2,000,000
Assigned For Taxes	<u>4,000,000</u>	<u>4,000,000</u>	Now What?
Unassigned Fund Balance	1,000,000	500,000	

4,500,000

2,500,000

- The district must increase the 2013 tax levy by at least \$1,500,000 in order to make up for the shortfall in Assigned Fund Balance.
- If the district assigns the full \$4,000,000 they will have \$-0- for emergencies.

ENROLLMENT PROJECTIONS



***Jericho Enrollment Projections 13-14
BOCES Demographer***

	<u>2012-2013</u>	<u>2013-2014</u>
K	172	180
1	195	188
2	176	209
3	204	187
4	195	221
5	175	204
6	213	185
7	259	225
8	248	267
9	282	260
10	288	290
11	329	292
12	318	330
	<u>3054</u>	<u>3038</u>

Recommended Reductions for 2013-2014



- Staff re-organization due to retirements/resignations
- Support staff consolidations
- MS intramurals?

Budget Summary: Within Maximum Allowable Tax Levy Requiring Simple Majority (50% + 1)

JERICHO PUBLIC SCHOOLS						
Budget Summary						
CODE	DESCRIPTION	Actual 2011-12	Budget 2012-13	Budget 2013-14	Percent Increase	
	EXPENDITURES					
1000	GENERAL SUPPORT	9,679,634	11,227,675	11,226,871		
1000A	CAPITAL PROJECTS	1,000,000	1,000,000	900,000		
2000	INSTRUCTION/ADMINISTRATION	62,799,795	69,201,048	69,781,189		
5000	PUPIL TRANSPORTATION	5,402,182	6,105,479	6,202,778		
7000	COMMUNITY SERVICES	53,559	54,000	54,000		
9000	UNDISTRIBUTED	22,860,029	26,880,262	29,713,871		
	TOTAL EXPENDITURES	101,795,199	114,468,464	117,878,708	2.98%	
	REVENUES					
	INTEREST	169,855	175,000	155,000		
	MISCELLANEOUS REVENUES	418,065	300,000	300,000		
	PILOT	152,664	271,548	300,000		
	OTHER DISTRICT--TUITION, DOL/DOR	617,903	320,000	320,000		
	MTA TAX State Support	213,833	-	-		
	STATE AID	3,921,650	3,800,000	3,600,000		
	USE OF POOL AND ADMISSIONS	30,250	9,000	9,000		
	TOBAY PROGRAM	7,500	7,500	-		
	CULTURAL ARTS FEES	59,095	45,000	45,000		
	NYS OASIS PROGRAM	75,381	75,000	75,000		
	NON-PUBLIC CHARGES	719,497	750,000	700,000		
	RENTAL OF PROPERTY	493,255	550,000	490,000		
	TRANSFER OTHER FUNDS	34,442	-	-		
	TOTAL REVENUES	6,913,390	6,303,048	5,994,000		
	APPROPRIATED FUND BALANCE		4,100,000	4,100,000		
	APPROPRIATED FROM RESERVES		496,052	972,716		
	TAX LEVY	101,337,751	103,569,364	106,811,992	3.13%	
	TOTAL REVENUE	108,251,141	114,468,464	117,878,708		



Undistributed



Undistributed Expenditures						
Employee Benefits		2009-10 ST-3	2010-11 ST-3	2011-12 ST-3	2012-13 Budget	2013-14 Budget
9010 800 00 0000	NYS Employees Retirement System	1,051,756	1,687,377	1,727,262	2,740,500	3,000,000
9020 800 00 0000	Teachers Retirement	2,844,955	3,972,617	5,102,687	6,144,000	8,000,000
9030 800 00 0000	Social Security	4,045,132	4,031,898	3,964,702	4,568,505	4,588,833
1980 400 00 0000	MTA Tax	198,833	207,546	133,962	-	-
9040 800 00 0000	Workers Compensation	356,766	349,710	346,420	433,250	480,000
9045 800 00 0000	Life Insurance	508,686	539,467	570,433	600,000	200,000
9050 800 00 0000	Unemployment Insurance	229,309	227,210	207,068	260,000	230,000
9055 800 00 0000	Disability	70,923	50,912	68,170	91,350	80,000
9060 800 00 0000	Health/Dental Insurance	7,165,105	7,702,324	8,137,843	9,356,431	10,400,000
9070 800 00 0000	Union Welfare	278,199	294,695	312,778	320,000	320,000
	TOTAL - Employee Benefits	16,749,664	19,063,756	20,571,325	24,514,036	27,298,833
9760 700 00 0000	Interest-TAN	48,982	44,717	32,007	160,000	160,000
9901 600 00 0000	Trans Bond Fund	1,973,950	1,929,363	1,883,963	1,866,226	1,790,038
9901 900 00 0000	Transfer to School Lunch	140,000	140,000	140,000	140,000	225,000
9902 900 00 0000						
9902 900 00 0000	Transfer to Special Aid	119,922	200,000	232,734	200,000	240,000

Elementary Program Highlights

Continuing in 13-14

- Band & Orchestra for Grades 4 & 5
- Library
- Student Leaders/Safety Patrol
- Cultural Arts
- Science Labs
- World Languages
- Mandarin Enrichment
- Co-Teaching Program
- ELA & Math After-School Support Grades 3-5
- Expanding Social/Emotional Literacy Components
- Various Student Enrichment Opportunities



Middle School Program Highlights

Continuing in 13-14

- Middle School Teaming/Student Team Advisors
- OLWEUS Anti-Bullying Program
- BRAVE Program/BRAVE Ambassadors
- Co-teaching Program
- Diversity Day
- Wise Start
- Project History Elective
- SEEDLINGS Elective
- Competitive Science Elective
- Chinese Language
- Mathletes/Math Olympiad/American Math Competition
- Mathcounts Long Island Champions
- Study Island
- S.A.D.D. Students Against Destructive Decisions
- V.A.L.U.E. Credit Program-Community Service
- Mentoring Program
- Project A.I.M. (HS students mentoring 6th grade students)
- Participation in Nassau County Anti-bias Consortium
- Personal Best Initiative



**Jericho Middle School has been re-designated a National Middle School to Watch
(1 of only 300 Middle Schools in the nation to earn this designation)**

High School Program Highlights Continuing 13-14



- Broad array of Advanced Placement opportunities
- Science / Social Science / Pre-Calculus Research: Four year program that allows students to perform actual research with top researchers for the betterment of our world.
- BOLT (Building Outstanding Leaders for Tomorrow): Leadership class that challenges students to make a difference in the school and the world
- Project Lead the Way: International pre-engineering program that offers up to 16 college engineering credits.
- Senior Experience: Integrated internship experience that allows students to learn about government and economics in the real world
- Virtual Enterprise: Virtual business consortium where students build a business from the ground up and sell their wares to other VE businesses across the globe.
- Broad array of elective and extracurricular opportunities
- Extensive World Language Program
- Co-Teaching Program

With an Eye and Ear Towards the ARTS

- **Newsday Scholar-Artist Winner**
- **8 Jericho musicians selected to perform at NY All-State Conference**
- **Jericho represented at Nassau Art Supervisors Association**
- **New art display panels in lobby for student and faculty projects**
- **26 concerts in ten months; pit orchestra for musicals**
- **400 plus NYSSMA entries**
- **87 All-County Students - 26 LISFA Musicians**
- **Herricks and Berklee Jazz Festivals**
- **Ad hoc ensembles perform at nursing homes and senior citizens facilities**
- **Homecoming Parade and football games – Pep Rallies**
- **Fund-raising concerts – Tri-M Music Honor Society**
- **Graduation Band**
- **“BRING BACK THE MUSIC”: Hurricane Sandy benefit concert nets over \$20,000 for East Rockaway HS music program.**



ATHLETICS



- The Jericho Athletic Program currently consists of:
 - 29 Varsity Teams
 - 15 Junior Varsity Teams
 - 23 Middle School Teams
- Participation:
 - 381 High School students participated on our 18 fall teams
 - 305 High School students are currently participating on 13 winter teams
 - 242 Middle School students participated on our 10 fall teams
 - 268 Middle School students are currently participating on 13 winter teams
- A New York State Scholar Athlete School of Distinction for 8 consecutive years.
 - The most by any school district in New York State.
- 2 fall teams were named Scholar Athlete State Champions in 2012.
- Boys Soccer won the New York State Championship in 2011 and 2012.
- Boys Badminton captured their 4th consecutive Nassau County Championship.
- In the past 6 years, the Jericho Athletic Program has won:
 - 10 Nassau County Championships
 - 18 Conference Championships
 - 2 individual athletes earned State Championship honors in their respective sports
 - 10 individual athletes received All-State honors
- 6 current athletes have signed to play at Ivy League schools next year.
- Boys Basketball won the Nassau County Class A Championship in March 2013.

Jericho High School

In Constant Pursuit of Excellence



- **100% Graduation Rate**
 - 98% Graduates of Class of 2012 attending college**
 - 315 Scholarships Awarded by Colleges to Class of 2012 Graduates**
 - 99% Regents Diploma Rate**
 - 84% Advanced Regents Diploma**
- **30 National Merit Commended Students**
 - 6 National Merit Finalists**
 - 1 National Merit Winner**
- **88% student body taking at least one Advanced Placement course over career**
 - 137 Advanced Placement Scholars**
 - 48 Advanced Placement Scholars with Honor**
 - 41 Advanced Placement Scholars with Distinction**
 - 3 National Advanced Placement Scholars**
- **5 Intel Semifinalists**
- **4 Siemens Semifinalists**
- **8 consecutive NY School of Distinction Awards (only school in NY)**



JERICH0 SCHOOL DISTRICT



- The information in this document will be presented at Budget Workshop # 4 on Thursday, March 7, 2013 at the Middle School Library at 7:30pm. At that time Victor Manuel, Assistant Superintendent for Business Affairs, will review this information with the Board of Education.
- You may print a copy of the presentation by clicking the print symbol or you may obtain a copy from the Business Office after March 5, 2013. Please call 203-3600 Extension 3214.