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HENDRICK HUDSON SCHOOL DISTRICT

PROPOSED BUDGET
2023-24

Introduction

Since the announcement of the Indian Point closure, the Board of Education and the Hendrick Hudson School District have been discussing cutbacks in expenses to mitigate the reduction of the Payment in Lieu of Taxes (PILOT) payments from Indian Point. Although the District has been successful in cutting costs across the board by lowering debt payments, increasing shared services with other districts and the Town of Cortlandt, and reducing utility costs by using wind and solar power, these cuts are not enough to close the gap. Therefore, the District has embarked on a staff reduction program districtwide. These cuts will not affect any program or reduce any initiative in the district. The purpose of the cuts is to right-size the number of teachers and teacher assistants based on a declining student population. The District is projecting to reduce approximately 12 teachers and 20 teaching assistants.

The 2023-2024 school year will be the twelfth year in which school districts in the State of New York are under Tax Cap Legislation. For the District, the tax cap is $50.1 million, which represents a reduction of 18.5% compared to 2022-23. Since the tax cap was implemented in 2011, the District has proposed a tax levy below the tax cap in every budget cycle. For this budget cycle, we are again recommending a tax levy below the cap. The proposed tax levy is $50,053,604 as compared to a tax cap of $50,125,686. Under the tax cap legislation calculation, every dollar that we lose from PILOT payments is added to our tax cap or vice versa. The tax levy represents an increase of $47,927, or 0.1%, compared to the 2022-2023 school year.

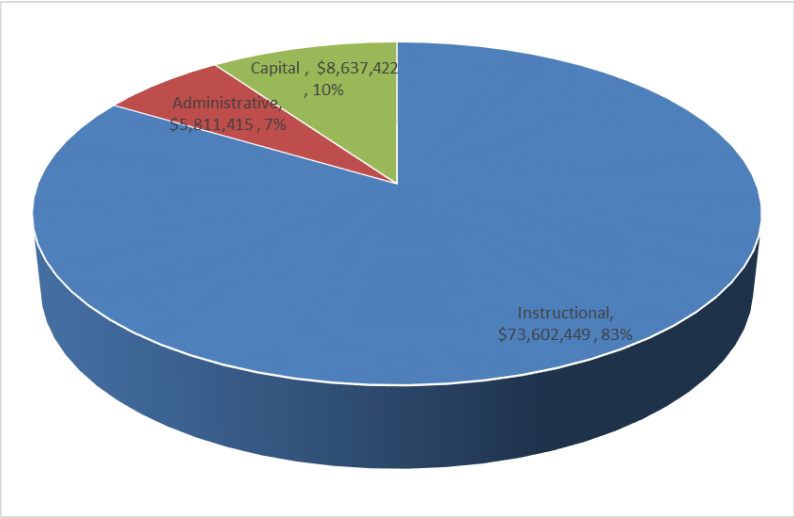
The proposed budget for the 2023-2024 school year is $88,051,287, an increase of 1.6% compared to last year. This budget will maintain all curriculum and instructional programs as well as extra-curricular programs, such as athletics, arts and clubs.

Under Section 170.8 of the Regulations of the NYS Commissioner of Education, Union Free, Central and Small City School Districts are required to present their budgets in three components:

- Administration
- Program
- Capital.

For the 2023-2024 budget, the percentage allocated to each of the categories is: Administrative - 7%, Instructional - 83% and Capital - 10%. The Administrative Budget includes General Support, Central Administration, Central Services and Curriculum Development and Supervision. The total Administrative Budget is $5.81 million compared to $5.30 million last year. This component of the budget will increase 9.6% compared to the prior year. One of the main reasons for the increase is the hiring of a second School Resource Officer to keep our schools safe. The Capital Budget represents the cost of maintaining our capital assets and payment of debt. For the 2023-24 school year, the total budgeted amount for this portion of the budget is $8.63 million. Debt and interest payments are $2.44 million compared to $4.41 million last year. The balance of the Capital Budget is for plant maintenance. The District strives each year to direct more of its resources toward the Instructional Program. We will continue to target a total expenditure of more than 80% of our funds in this category.

The graph below separates the three components of the budget.



- Please note that in the Budget Book there are some cases where totals may vary by one dollar or decimals due to rounding.

Budget Overview

For 2023-24, the Board of Education is proposing a budget of $88,051,287. This represents an increase of 1.6% compared to the 2022-23 school budget. The school district is planning to maintain all instructional programs, athletic teams and clubs in the middle and high school.

This year, four teachers have announced their intentions to retire. In addition, the District is excessing an additional twelve teachers due to overstaffing in some of the buildings. The expected savings for this year from the retirements and excesses is over $2 million.

For the 2023-24 school year, the state aid proposal for our District is $12,414,901 compared to $8,095,560, last year, an increase of 53.4%. The large increase is due to two main reasons. First, the State recalculated the District's wealth ratio due to the closure of Indian Point and, second, the State is reinstating Foundation Aid to all districts in the state. The District's wealth ratio went down from 1.6 to 1.39. In addition, BOCES aid will increase from $836,212 to $923,761. Other Income will increase 60% to $2,000,000. This is mainly due to an increase in interest income and an increase in out-of-district enrollment in the ABC and Sailor Programs. Fund Balance will decrease 43.1%, from $4.5 million last year to $2.6 million this year. The District is planning to use fund balance over the next five years to minimize the impact of large swings in the tax levy. PILOT payments will increase approximately $100,000 or 1.3%. New York State Cessation Fund money will also decrease from $14.4 to approximately $12.3 million.

The Administrative Budget includes expenses for the Board of Education such as the District meetings, the budget vote and dues for national and state organizations; Central Office salaries and expenses; and all building administrators' expenses. The Administrative Budget represents 7% of the entire budget or approximately $5.8 million.

The Program Component includes all services provided to students. The Program component represents 83% of the total budget. This component of the budget is approximately $73 million.

The Capital Component of the budget includes Operations and Maintenance, Debt Service and Transfers. The total Capital component budget for the 2023-24 year is projected to be approximately $8.6 million, which represents approximately 10% of the total budget. This year, the District is planning to add two custodians to help with the maintenance of the buildings.

Expenditure Budget

2023-24 EXPENDITURE BUDGET:

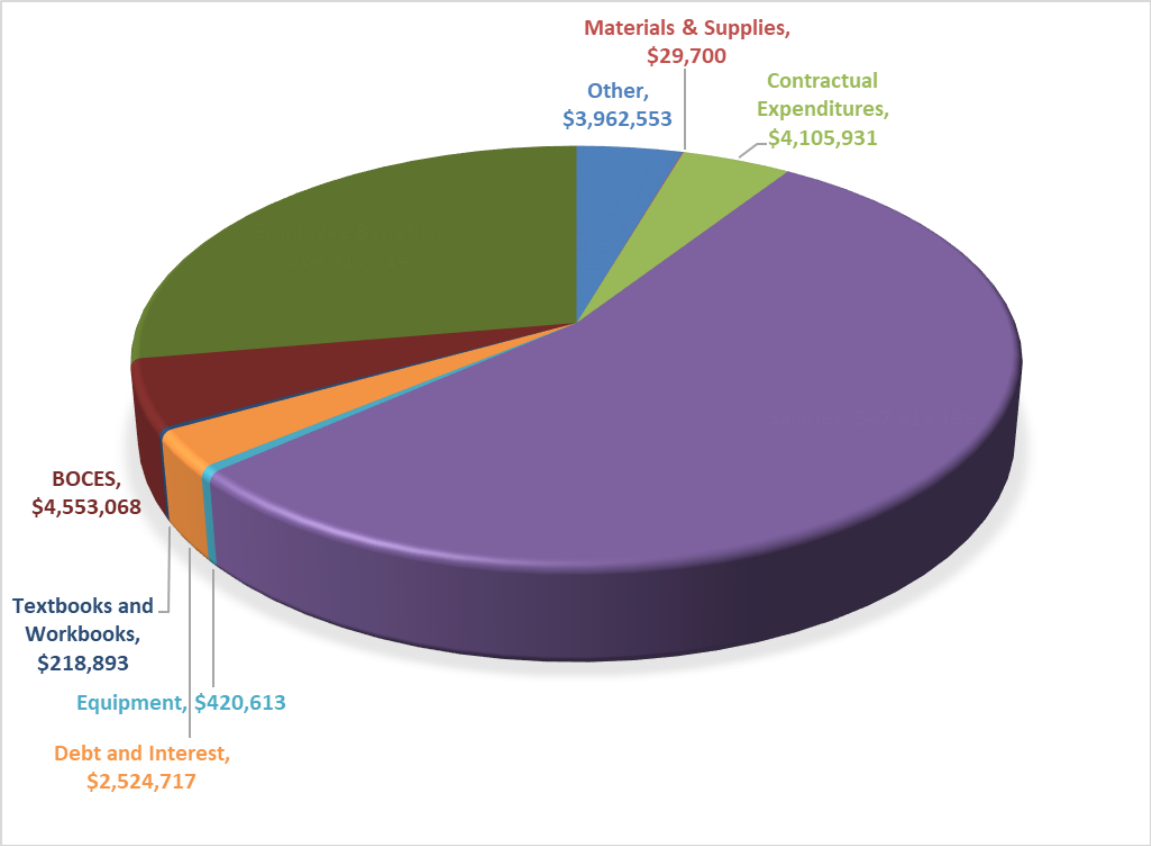
Increases/decreases by sections:

Administrative	+	507,552	+ 9.6%
Capital	-	(1,315,006)	-13.2%
Program	+	2,224,433	+ 3.1%
Total Budget Increase	**+**	**1,416,979**	**+1.64%**

Therefore:

2022-23 Budget	**$86,634,308**	
Plus:	**$ 1,416,979**	
Total 2023-24 Budget	**$88,051,287**	**+ 1.64%**

HOW THE BUDGET IS DISTRIBUTED
2023-2024



REVENUE

Revenue Other Than Taxes
The District receives revenue from sources other than taxes. These revenues and appropriated reserves reduce the money collected from the taxpayers (tax levy). The proposed budget for 2023-24 non-tax revenues are $37,997,683, an increase of 3.7% compared to last year.

The District receives revenue from the following sources:

- Payment In Lieu Of Taxes(PILOTs) - Monies received from Holtec, Wheelabrator (RESCO) and some properties in the industrial section of Peekskill. This year, PILOTs will represent approximately $6.45 million or 7.3% of our total revenues compared to $6.37 million last year.

- The 2023-24 school year is the third year that we qualify for the Electric Generation Facility Cessation Mitigation Fund, a fund established by the State of New York to reduce community impact when a power plant closes. The amount of money that the District is receiving from this fund for the 2023-24 school year is $12.3 million compared to $14.4 million last year. The District's total allocation over seven years from the Cessation Fund is going to total approximately $64 million. The District began receiving money from the Cessation Fund during the 2021-22 school year.

- State Aid - Includes state aid received under several formulas. The District expects to collect approximately $12.4 million, excluding BOCES, an increase of 53.4% compared to last year.

- BOCES Aid - Is based on the services BOCES provides the District. The 2023-24 projection reflects an increase of approximately $90,000 compared to last year.

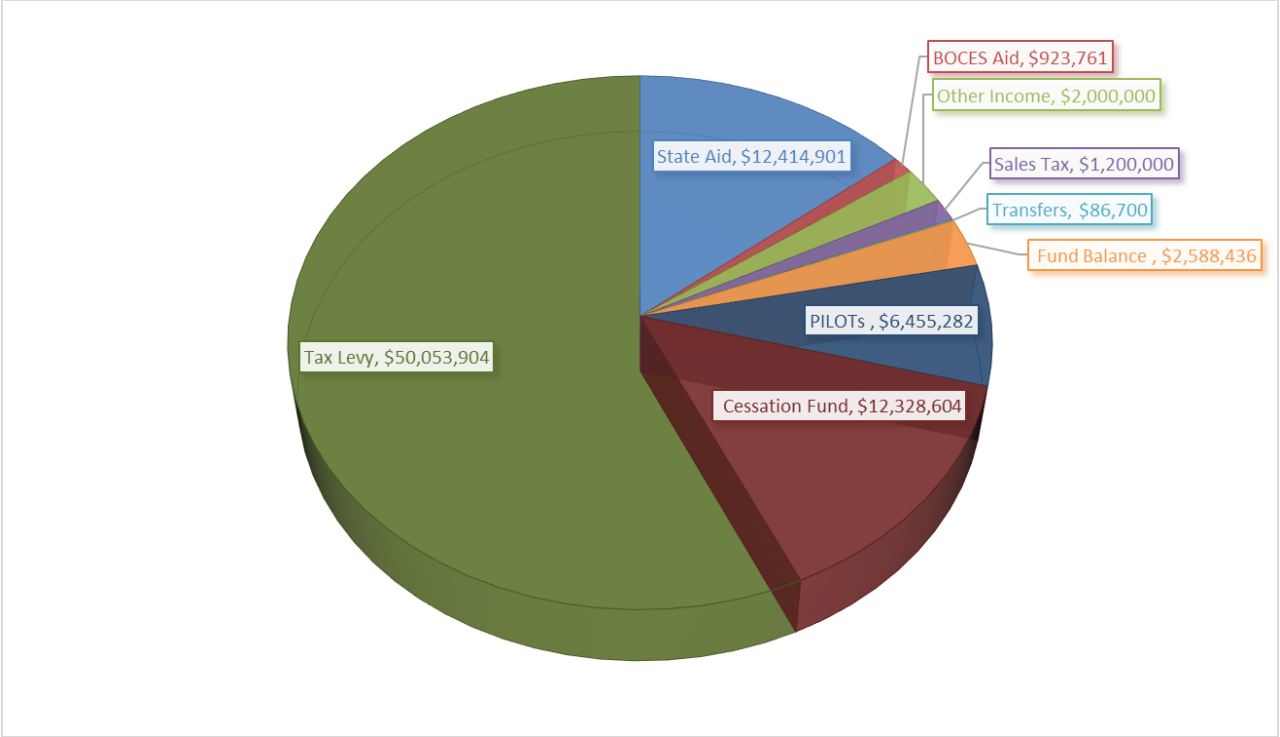
- Westchester Sales Tax - Is currently apportioned to school districts based on retail sales in the county. This year, the District is projecting sales tax to be $1.2 million, an increase of 13.4% compared to last year.

- Fund Balance -The 2023-24 school budget will apportion $2.59 million toward reducing taxes. This represents a decrease from last year of $1.96 million or

43%. The District has been managing the fund balance based on the increase/ decrease of the non-tax levy revenues, in order to maintain an even increase in tax levy revenues rather than large swings in the tax levy from year to year.

- Other Income - Includes tuition and related services from out-of-district students in our ABC and Sailor programs, earned income, sale of equipment and other. These revenues are projected to increase from $1,250,000 to $2,000,000.

REVENUES BY CATEGORY 2023-2024



Tax Levy

The tax levy is the amount of property taxes collected from residents and businesses, which lie in the school district's boundaries. The levy represents 56.8% of total revenues of the District.

Projected 2023-24 Budget	$ 88,051,587
• Less: Non-Tax Revenue	$(37,997,683)
Equals Projected Tax Levy 2023-24	$ 50,053,904
• 2022-23 Tax Levy	$ 50,005,677
• Difference	$ 48,227

Represents a 0.10% increase in the total tax levy, which is within the District's tax cap.

TAX RATES

The tax levy is divided between the City of Peekskill and the Town of Cortlandt based on the full value of each municipality. This year the Town of Cortlandt's full value is projected to represent 92.34% of the total assessed value of the District, with Peekskill representing the balance. Full value is determined by applying the County's 2021 equalization rate to the December 2022 assessment roles.

Tax rates are only estimates and are subject to change as information is received.

Estimated Tax Rates

Town of Cortlandt
The estimated tax rate per 1,000 of assessed value for the Town of Cortlandt is $1,154.483, a decrease of 0.15% compared to last year. This represents a decrease of $1.721 per $1,000 of assessed value. Based on an average property with an assessed value of $7,700, the total tax bill before the STAR exemption will be approximately $8,809 compared to $8,903 last year, which is an annual decrease of $14.

City of Peekskill
The estimated tax rate per 1,000 of assessed value for the City of Peekskill is $599.615, a decrease of 1.47% compared to last year. This represents a decrease in the tax rate of approximately $8.975 per $1,000 of assessed value. Based on an average property with an assessed value of $7,700, the total tax bill before the STAR exemption will be approximately $4,617 compared to $4,686, which is an annual decrease of $69.

STAR PROPERTY TAX RELIEF

New York State has provided property tax relief through the STAR program. The program has been fully implemented and residents who applied will continue to see a reduction in their taxes. Senior citizens whose income is below a certain threshold receive a greater benefit from Enhanced STAR.

In the 2022-23 school year, Cortlandt residents in the Hendrick Hudson School District received a total assessment exemption for Basic STAR of $1,230 and a total Enhanced Star exemption of $3,070. STAR exemptions for 2022-23 reduced total homeowners' taxes by $3,637,462.

Last year, Peekskill residents in the Hendrick Hudson School District received an assessment exemption for Basic STAR of $2,280. Senior citizens whose income is below a certain threshold received an assessment exemption for Enhanced STAR of $5,670. STAR exemptions for 2022-23 reduced total homeowners' taxes by $259,244.

PROPOSED BUDGET SUMMARY 2023-24

- **BUDGET TO BUDGET INCREASE** **1.64%**
- **TAX LEVY INCREASE** **0.10%**
- **CORTLANDT TAX DECREASE** **-0.15%**
- **PEEKSKILL TAX DECREASE** **-1.47%**

ACCOUNT CODES