



2024-2025 Budget Indicators

Many factors affect the budget at varying degrees of impact. Below are some of the most significant budget drivers for 2024-2025 known at this time:

Revenues

➤ **Real Property Taxes (“Tax Cap”):**

- The Federal Bureau of Labor Statistics determines the Consumer Price Index for All Urban Consumers (CPI-U). The Allowable Growth Factor (AGF) utilized in the “Tax Cap” formula is the lesser of CPI-U or 2%. For 2024-2025, the CPI-U is 4.12%, capping the AGF and the district’s tax levy growth at 2%.
- The NYS Department of Taxation and Finance released the tentative 2024-2025 Tax Base Growth Factors (TBGF), a component of the “Tax Cap” calculation that measures increases in the full value of taxable real property within the District due to physical or quantifiable change. Croton’s tentative TBGF is 1.0059, versus 1.0039 in 2023-24. The TBGF is tentative until finalized by NYS in February 2024 but is unlikely to change.

Impact: Assuming all other “Tax Cap” factors remain constant and based on current information, the “Tax Cap” is expected to range between 2.14% - 2.4%. Property taxes make up approximately 77% of the overall revenue budget.

- **Interest Earnings:** The Federal Reserve met in December and took no action on changes to the federal funds rate of 5.33% based on recent indicators suggesting that growth has slowed, job gains have moderated but remain strong, and the unemployment rate has remained low..

Impact: Interest rates will remain fairly high for the 2024-2025 fiscal year, though not expected to generate the returns seen in 2023-24. For perspective, the federal funds rate at the start of the 2021-22 fiscal year was just 0.08%.

- **State Aid:** The State has been heavily reliant on federal funds in recent years, which are scheduled to be exhausted by the 2026-27 fiscal year. In an apparent effort to curtail spending, Governor Hochul has recommended reductionary changes to the inflation factor for Foundation Aid and removed the “Save-Harmless” provision.

Impact: According to the Governor’s Executive Budget and State Aid Runs, Croton-Harmon is expected to receive approximately \$115K less Foundation Aid in 2024-2025. Additionally, we are projecting a \$300K loss in Building Aid due to older projects reaching their maximum eligible aid. Last year, State Aid represented approximately 17% of the district’s overall revenue budget and is expected to be closer to 15% for 2024-2025.



Budget Indicators 2024-2025 (continued)

Expenditures

- **Property & Casualty Insurance:** Actuaries are projecting 2024-2025's premium to increase between 10 - 20% due to increased loss experiences throughout the state. Many of these losses stem from weather-related disasters and historical Child Victims Act cases, the claims from which continue to be extremely costly and wildly unpredictable.

Impact: This change in premium could increase the district's P&C Insurance costs by as much as \$45K.

- **ERS Pension Contributions:** The estimated average Employer Contribution Rate (ECR) for participating employers in the Employees Retirement System (ERS) will increase in 2024-2025 to an average of 15.2% of covered payroll.

Impact: This represents a rate-to-rate increase of 16% ([15.2% - 13.1%] :- 13.1%) as compared to the current year's 13.1% average rate. An estimated bill typically becomes available in December, indicating the impact on the 2024-2025 budget. Based on this increase, a small portion of this cost will serve as an allowable exemption to offset the Allowable Tax Levy.

- **TRS Pension Contributions:** TRS actuaries project the 2024-2025 Employer Contribution Rate (ECR) estimated to be 10.02%, up from the current year's 9.76% employer contribution rate.

Impact: This represents a rate-to-rate increase of .26% on all "certified" salaries, which could be mitigated using the TRS Reserve, if necessary. In February, the TRS Board will release a more precise contribution rate for budget planning purposes.

- **Health Insurance:** Based on actuarial projections, the Putnam/Northern Westchester BOCES Health Benefits Consortium (PNWHBC) has approved a premium increase of 5% for 2024-2025.

Impact: Health insurance represents the second largest annual expenditure in the budget behind salaries and is expected to increase between \$225K - 375K. Premium increases continue to outpace revenues, straining other areas of the expenditure budget.

This information will be updated periodically throughout the budget development process. Please continue to refer back to this document as it evolves as more accurate information becomes available each month.