

# SAYVILLE PUBLIC SCHOOLS

## Continued Review of the 2012-13 Proposed Budget

**Presented by:**  
**John Belmonte**  
**Assistant Superintendent for Business**

**February 2, 2012**



# Continued Review: 2012-13 Budget

- On January 12, 2012 Draft 1 of the Proposed Budget was presented to the Board and Community
- Overview of the expenditure side of the budget
- Overview of the revenue side of the budget
- Overview of the 2% Property Tax Cap and what it really means for districts

# What Has Changed?

Since we have introduced the Draft 1 Budget.....

1. The Governor has released his Executive Budget with State Aid numbers for school districts.
2. We obtained some new information from SED on the calculation of the Two Percent Property Tax Levy Cap formula.

# Additional State Aid with Strings



**SURPRISE!**

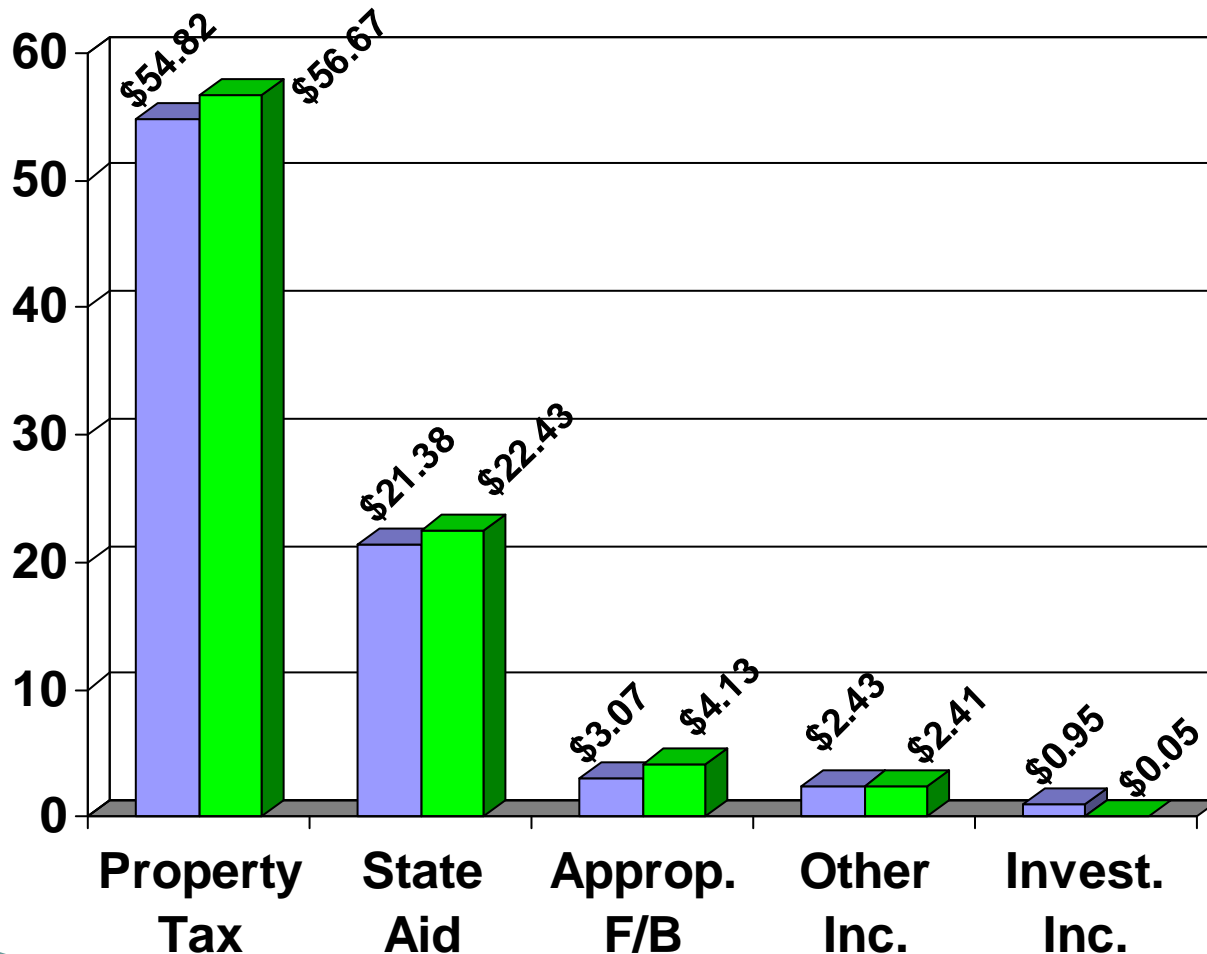
- The Executive Budget recommended \$20.3 billion in School Aid for the 2012-13 school year, year to year increase of \$805 million, or 4 percent.
- Sayville's share of the pie is....\$833,003, or a total increase of 3.81%.
- HOWEVER.....The Governor tied the State aid increase for school districts to the teacher/principal evaluation process – APPR.
- If district's do not have “..... a new and truly effective teacher evaluation system implemented within the next year....” the Governor will withhold aid increases to districts!

# What Does the Additional Aid Mean to Sayville?



	BUDGET	BUDGET PERCENTAGE INCREASE	PROPOSED INCREASE ON TAX RATE
2012-13 Proposed Budget (Draft 1)	\$85,674,961	4.76%	4.77%
Revised with Additional State Aid (\$800K)	Same	Same	3.31%

# 2012 -13 Projected Revenues



In Millions

2011-12

2012-13

# Update on the Two Percent Cap Formula



- Since our January meeting, SED has provided some updated information on the Tax Levy Cap formula:
  - Library Debt Service is excluded from the Local Capital Exclusion calculation
  - NO Teacher Retirement System Exclusion for 2012-13

# Update on the Two Percent Cap Formula



- Being a work-in-process and incorporating the recent formula information and additional State aid, the following is the impact to the Two Percent Cap Formula to date:
  - **By formula, our Tax Levy Limit is now 3.67%**
  - **By Law, we are now UNDER our TAX Levy Cap Limit by \$196,214**
  - **Would require only a majority vote (50% or more)**

**"WE ARE NOW IN THE BOX"**



# Understanding NY's Property Tax Levy Cap

## **Review**

***Although the new law has been referred to as a “2 percent Tax cap,” it does ‘not’ in fact restrict any proposed tax levy increase to 2 percent!***

# Understanding NY's Property Tax Levy Cap

This is a 'spending limit' on the  
District's Tax Levy - **NOT** - Tax  
Rate!





# Understanding NY's Property Tax Levy Cap

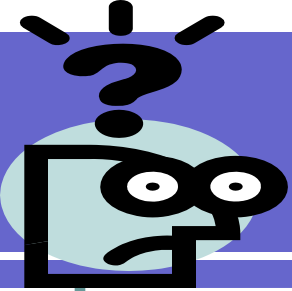
- So what is the difference?
  - Simply stated – a district's 'tax levy' is the additional pot of money needed to fund a portion of the voter approved budget, after accounting for all other revenue sources including state aid. It is only one of several revenue sources.
  - A district's 'tax rate' is used to assess the taxes needed over the entire community. The 'tax rate' is affected by the community's assessed valuation and base allocations (ratio between residential and commercial properties).

Based on these variables, the change in the tax rate is usually different from the change in the tax levy.

# Understanding NY's Property Tax Levy Cap

Q: Does the new tax cap law mean school tax levies can not increase by more than 2 percent?

A: No, the law does not prohibit tax levy increases greater than 2 percent. Every district must calculate its own 'tax levy limit.' Two percent (or the rate of inflation, if less) is just one of eight factors in this calculation!



# Understanding NY's Property Tax Levy Cap

Q: *Why is it called a 2 percent tax cap if a district's calculation of the formula can exceed the 2 percent spending limit and still be within the cap?*

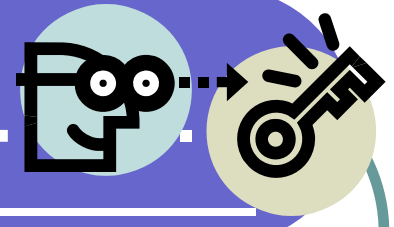
A: Because, the formula to calculate the 2 percent spending limit is based on eight factors; and one factor provides for the 'exclusion' of certain expenses from the tax levy limit calculation. The following are some of the relevant exemptions:

- ❖ Voter-approved local capital expenditures, including debt service less building aid
- ❖ Increases in State-mandated employer contribution rates for TRS and ERS that exceed 2 percentage points

A second factor is a 'Tax Base Growth Factor' issued by NYS Department of Taxation and Finance.

(year to year increase in the full value of taxable real property due to new construction, additions and improvements)

Therefore.....the facts are..



**The ‘*Exclusions*’ and ‘*Tax Base Growth Factor*’ have the effect on the formula of raising the final Adjusted Tax Levy Limit above 2 percent.**

**Therefore, based on the prescribed formula, the calculation permits districts to be over 2 percent, but still be within the cap as defined by law, and requires the budget to pass with a simple majority of votes ( 50% or more)**

# Other Key Elements of the Law

- The law allows communities of local school districts to override the annual spending cap.
- If override is approved, it is good for that fiscal year only.
- An override must be approved by at least 60% of budget voters
- If a district proposes a budget that requires a tax levy (before exemptions) above its 'Tax Levy Limit', it must include a statement on the ballot

# Special Wording for Budget Proposition if Exceeding Cap Limits

“Adoption of this budget requires a tax levy increase of \_\_\_\_\_ which exceeds the statutory tax levy increase limit of \_\_\_\_\_ for this school fiscal year and, therefore, exceeds the State tax cap and must be approved by sixty percent of the qualified voters present and voting.”



# Other Key Elements of the Law

- School district residents will still vote on the Proposed Budget on the third Tuesday in May
- Should the budget fail, the Board has the option of putting up the same or a revised budget for a revote, or adopt a contingent budget
- If the budget fails twice, the District must adopt a contingent budget with a '**ZERO**' percent increase on the current tax levy!

# DISCLOSURE

THE VARIOUS STATE AGENCIES HAVE NOT YET FINALIZED SEVERAL OF THE FORMULA GUIDELINES FOR DETERMINING THE PROPERTY TAX LEVY CAP.

THEREFORE, THE INFORMATION PRESENTED HERE ON THE CALCULATION OF THE PROPERTY TAX LEVY CAP MAY CHANGE.

AS ADDITIONAL INFORMATION BECOMES AVAILABLE, WE WILL UPDATE YOU ON THE DISTRICT'S WEBSITE AT [www.sayville.k12.ny.us](http://www.sayville.k12.ny.us)

# Transportation Referendum



- Earlier in the school year, the District formed a Transportation Committee to evaluate the current Busing Policy  
(K-2 one half mile, 3-5 one mile, 6-12 one and a half miles)
- The study concluded that, based on decreasing student enrollment trends and the ability to increase student capacities on our existing contracted bus fleet, we are able to standardize transportation for grades K-5 to one-half mile at no additional cost

# Transportation Referendum



- A 'no cost' Referendum to change the current Transportation Policy to K-5 to one-half mile will be presented to the community in May with the Budget Referendum (grades 6-12 will remain one and a half miles)
- Will accomplish better utilization of existing capacities of the total number buses contracted
- Buses will appear fuller, and may slightly extend trip times.