

Board of Education

2023-2024

Preparing for the Annual Budgetary Process

Preliminary Tax Cap Calculation & Other Key Metrics

An Initial Conversation

February 15, 2023

Dr. Teresa Prendergast, Superintendent of Schools

John J. O'Keefe, Assistant Superintendent for Business

Brian C. Ernst, School Business Administrator



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Budget Timeline

- **March 8, 2023 – Budget Development Presentation #1**
 - ✦ **7:30 PM at North Middle School**
- **March 29, 2023 – Budget Development Presentation #2**
 - ✦ **7:30 PM at South High School**
- **April 18, 2023 – Budget Development Presentation #3 and Formal Budget Adoption**
 - ✦ **7:30 PM at North High School**
- **May 3, 2023 – Official Budget Hearing**
 - ✦ **7:30 PM at South Middle School**
- **May 16, 2023 – Annual Election and Budget Vote**
 - ✦ **7:00 AM – 10:00 PM at EM Baker, Lakeville, Saddle Rock, or South High School**

Residents who are unsure of their polling location can use the online Poll Place Finder tool on the District website (www.greatneck.k12.ny.us/voting) or call the District Clerk on school days from 9:00AM – 4:00 PM (516-441-4007)



Guiding Principles

Budget development is a collaborative process focused on supporting the District's Mission Statement:

- ★ **The Great Neck Public School District provides an innovative and collaborative educational environment that supports academic excellence and the social and emotional growth of all students so that they may become lifelong learners and compassionate, productive members of a diverse, global society.**

Additionally, we are dedicated to maintaining our:

- ★ **Excellent “*Return on Investment*”**
- ★ **Long tradition of “*High Achievement*”**
- ★ **History of “*Sound Fiscal Management*”**
- ★ **Commitment to “*Continuous Improvement*”**

Challenges to Budgeting

- **The 2% Tax Levy Limit Legislation (“2% Tax Cap”)**
 - ❖ Although, the cost of inflation was 8.0% this past year, the Allowable Levy Growth Factor is limited to 2.0%
- **Additionally, there are numerous mandates and expenses related to students, staff, and operations over which the District has no control**

Examples include:

- ❖ **Special Education Mandates**
- ❖ **McKinney-Vento Act Related Costs**
- ❖ **Auditing and Financial Compliance**
- ❖ **Commissioner’s Regulations Part 154 - ELL**
- ❖ **Double-Digit Health Insurance Premium Increases**
- ❖ **Pension and Retirement Contributions – TRS/ERS**



2022-2023 Budget Recap

Voter Approved Budget: \$261,432,690

➤ **\$9,238,008 Budget-to-Budget Increase**

❖ **3.66% Budget-to-Budget Increase**

▪ **2.57% Tax Levy Increase**

- ★ **Tax Cap Compliant**
- ★ **Fiscally Responsible**
- ★ **Supports Programmatic Needs**
- ★ **Maintains Optimal Elementary Class Sizes**
- ★ **Social and Emotional Supports for all Students**



Preparing for 2023-2024

An Update on Fund Balance and Reserves...

Great Neck's Fund Balance & Reserves	June 30, 2018	June 30, 2019	June 30, 2020	June 30, 2021	June 30, 2022
Employee Retirement System Reserve	\$ 17,665,307	\$ 21,863,299	\$ 21,485,399	\$ 23,487,548	\$ 21,802,919
Teacher Retirement System - ERS Sub Reserve	\$ -	\$ 1,845,660	\$ 3,736,502	\$ 5,536,876	\$ 4,012,098
Unemployment Reserve	\$ 1,435,325	\$ 1,497,344	\$ 1,616,574	\$ 2,406,736	\$ 2,409,143
Employee Benefit Accrued Liability Reserve	\$ 7,843,919	\$ 10,465,556	\$ 11,534,048	\$ 12,035,201	\$ 13,015,090
Workers' Compensation Reserve	\$ 10,028,212	\$ 14,533,536	\$ 13,517,189	\$ 13,518,541	\$ 12,432,060
Capital Reserve	\$ -	\$ -	\$ -	\$ -	\$ -
Debt Reserve	\$ 152,813	\$ 152,813	\$ -	\$ -	\$ -
Assigned Unappropriated Fund Balance	\$ 829,847	\$ 1,622,417	\$ 1,299,442	\$ 1,036,191	\$ 1,980,834
Assigned Appropriated Fund Balance	\$ 690,000	\$ -	\$ 2,200,000	\$ 3,184,205	\$ 8,614,076
Unassigned Fund Balance	\$ 11,785,696	\$ 9,088,109	\$ 9,626,018	\$ 10,087,787	\$ 10,457,308
Total Fund Balance/Reserves	\$ 50,431,119	\$ 61,068,734	\$ 65,015,172	\$ 71,293,085	\$ 74,723,528

In total, the voters authorized utilization of \$14,673,301 from fund balance and reserves as a revenue source for the 2022-2023 school year budget

* Assigned Appropriated Fund Balance	\$8,614,076
* TRS Reserve	2,076,561
* ERS Reserve	2,582,664
* Workers' Compensation Reserve	1,100,000
* Unemployment Reserve	100,000
* <u>Employee Benefit Accrued Liability Reserve</u>	<u>200,000</u>
	\$14,673,301



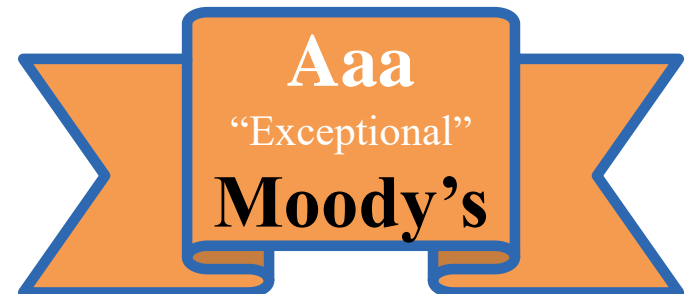
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Maintaining Fiscal Stability

The State Comptroller's Office (OSC) created the **"Fiscal Stress Monitoring System"** in 2013 to objectively identify issues with **budgetary solvency**. In other words, the ability to generate enough revenue to meet expenditures.

Annually, the system analyzes Great Neck's financial information to determine a **"Stress Score"** from **0 – 100**.

The higher the score, the greater the level of fiscal stress.



Year	Great Neck's Designation	Score*
2022	No Designation	0.0
2021	No Designation	6.7
2020	No Designation	10.0
2019	No Designation	6.7
2018	No Designation	3.3
2017	No Designation	0.0
2016	No Designation	20.0
2015	No Designation	0.0
2014	No Designation	6.7
2013	No Designation	6.7

Office of the NEW YORK STATE COMPTROLLER	
NYS Comptroller THOMAS P. DINAPOLI	
*Point Range (0 to 100 Total Points)	
No Designation	0.0 - 24.9
Susceptible Fiscal Stress	25.0 - 44.9
Moderate Fiscal Stress	45.0 - 64.9
Significant Fiscal Stress 65 - 100	65.0 - 100

Governor's State Aid Proposal

AID CATEGORY	2022-23	2022-23	2023-24
	<u>ADOPTED</u>	<u>"REVISED"</u>	EXECUTIVE
	STATE BUDGET	AID RUNS 2.1.2023	PROPOSED
FOUNDATION AID	\$ 6,825,580	\$ 6,802,966	\$ 8,783,641
UNIVERSAL PRE-KINDERGARTEN	\$ 1,334,724	\$ 668,856	\$ 1,334,724
BOCES	\$ 914,606	\$ 866,930	\$ 1,037,784
HIGH COST EXCESS COST	\$ 427,979	\$ 375,479	\$ 338,913
PRIVATE EXCESS COST	\$ 562,852	\$ 542,783	\$ 592,427
SOFTWARE, LIBRARY, TEXTBOOK	\$ 670,198	\$ 654,935	\$ 674,209
TRANSPORTATION INCL SUMMER	\$ 557,058	\$ 738,670	\$ 759,930
BUILDING AID	\$ 377,714	\$ 472,202	\$ 574,007
HIGH TAX AID	\$ 452,843	\$ 452,843	\$ 452,843
SUPPLEMENTAL PUBLIC EXCESS COST	\$ 33,711	\$ 33,711	\$ 33,711
TOTAL AID	\$ 12,157,265	\$ 11,609,375	\$ 14,582,189

Change from Prior Year Adopted: \$ 2,424,924

Percent Increase: 19.95%

as of February 1, 2023

**This proposal is preliminary and will be finalized with the adoption of the State Budget in early April*

Universal Pre-Kindergarten Aid is not utilized as a revenue source in the General Fund budget

The “2% Tax Cap”

Reminder: It is not a Property Tax Increase Cap,
and it is typically not 2%

➤ In fact, it is only a threshold controlling the allowable increase to the Tax Levy

➤ Controlled by factors such as:

✦ **Tax Base Growth Factor** (this year 1.0050)

✦ **Allowable Levy Growth Factor**

- Lesser of 2.00% or CPI-U (this year 2.00%)

✦ **PILOTS** (Payments in Lieu of Taxes)

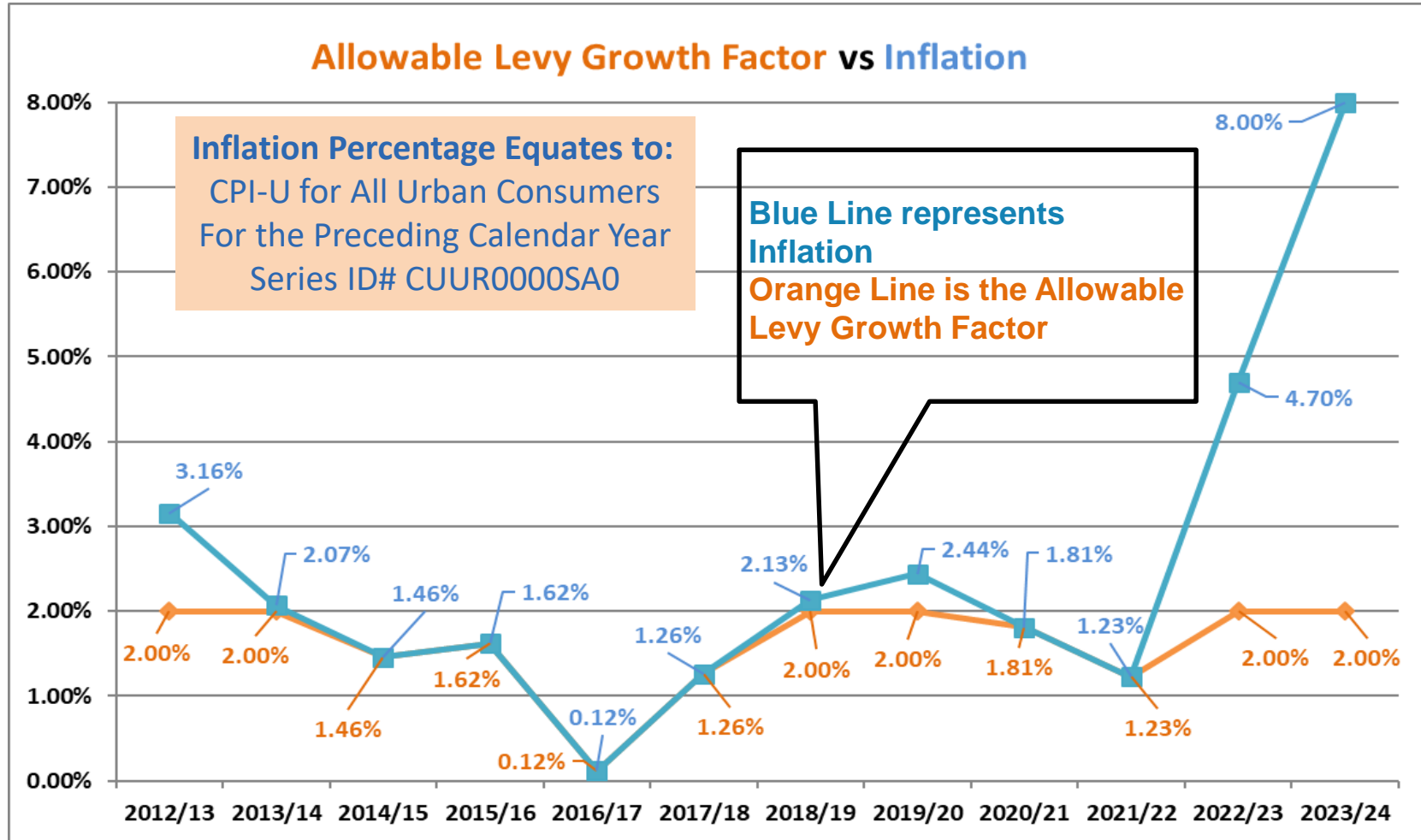
✦ **Capital Tax Levy** (Includes: Capital Projects, Building Aid & Debt Payments)

✦ **TRS and/or ERS Exclusions** (None for 2023 / 2024)



Allowable Levy Growth Factor

This is the component publicized as the “2% Cap”



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The Capital Tax Levy

Variables That Impact the District's Capital Tax Levy

- ✓ New Capital Projects
 - ✓ Debt Service Payable
 - ✓ School Bus Purchases
 - ✓ Changes in Building & Transportation Equipment Aid
-

2023/24 POTENTIAL Capital Expenditures*:

• Various Projects District-Wide	\$6,507,667
➤ This budgeted amount is an initial placeholder for discussion purposes	
• A Thirty-Passenger School Bus	\$ 95,000
• <u>Final Funding of the 2017 Bond Proposition</u>	<u>\$ 363,333</u>
	<u>\$6,966,000</u>

*(*Final proposed project budget will impact the finalized Tax Cap Calculation)*

Debt Service Payable

Date	Principal	Interest	Total P+I
06/30/2024	\$ 3,194,086	\$ 2,061,238	\$ 5,255,324
06/30/2025	\$ 3,344,837	\$ 1,909,987	\$ 5,254,824
06/30/2026	\$ 2,540,000	\$ 1,761,025	\$ 4,301,025
06/30/2027	\$ 2,670,000	\$ 1,634,025	\$ 4,304,025
06/30/2028	\$ 2,805,000	\$ 1,500,525	\$ 4,305,525
06/30/2029	\$ 2,940,000	\$ 1,360,275	\$ 4,300,275
06/30/2030	\$ 3,070,000	\$ 1,234,625	\$ 4,304,625
06/30/2031	\$ 3,190,000	\$ 1,109,025	\$ 4,299,025
06/30/2032	\$ 3,320,000	\$ 981,425	\$ 4,301,425
06/30/2033	\$ 3,440,000	\$ 859,725	\$ 4,299,725
06/30/2034	\$ 3,560,000	\$ 739,825	\$ 4,299,825
06/30/2035	\$ 3,675,000	\$ 620,825	\$ 4,295,825
06/30/2036	\$ 3,775,000	\$ 524,438	\$ 4,299,438
06/30/2037	\$ 3,880,000	\$ 422,644	\$ 4,302,644
06/30/2038	\$ 3,975,000	\$ 317,881	\$ 4,292,881
06/30/2039	\$ 4,085,000	\$ 206,819	\$ 4,291,819
06/30/2040	\$ 1,725,000	\$ 92,544	\$ 1,817,544
06/30/2041	\$ 1,160,000	\$ 49,200	\$ 1,209,200
06/30/2042	\$ 440,000	\$ 17,600	\$ 457,600
Total	\$ 56,788,923	\$ 17,403,650	\$ 74,192,573

← Last Year of Payments on 2007 EPC
(Energy Performance Contract)

As a Reminder. the community authorized a Bond Referendum on May 16, 2017

Bond Issuances Related to 2017 Bond Proposition	
2019 Bonds	\$ 31,220,000
2020 Bonds	\$ 8,535,000
2021 Bonds	\$ 11,210,000
2022 Bonds	\$ 6,221,000
TOTAL	\$ 57,186,000

Projected 2023/24 Tax Levy*

2022 / 2023 Tax Levy	\$ 222,658,679
* Tax Base Growth Factor (1.0050)	1,113,293
* Allowable Levy Growth (2.00%)	4,405,124
* TRS/ERS Exclusions	0
* Change in PILOTs	(-212,182)
<small>(PILOTs Estimated to <u>Increase</u> in 2023/24 by \$212K. This <u>Decreases</u> the Levy by \$212K. This variable can change <u>annually</u>.)</small>	
* <u>Change in Capital Tax Levy</u>	<u>1,575,676</u>
<u>2023/2024 Potential Tax Levy</u>	<u>\$ 229,540,590</u>

This Represents a **\$ 6,881,911** or a **3.09%** Increase to the Tax Levy and is
Within the “**2% Tax Cap**” Only Requiring a Simple Majority Vote.

*The **Capital Tax Levy**, and therefore the **Tax Levy**, are still subject to change once finalized State Building Aid numbers are released and if there are changes to proposed Capital Expenditures.

Projected 2023/24 Revenue*

ACCOUNT DESCRIPTION	2023-2024	2022-2023	2021-2022	2020-2021	2019-2020
	PROPOSED	BUDGET	ACTUAL	ACTUAL	ACTUAL
REAL PROPERTY TAXES & STAR	\$ 229,540,590	\$ 222,658,679	\$ 217,155,671	\$ 213,902,173	\$ 207,741,003
PAYMENTS IN LIEU OF TAXES (PILOTS)	\$ 6,986,624	\$ 6,774,442	\$ 6,545,830	\$ 6,439,775	\$ 8,088,624
OTHER STUDENT - COMMUNITY EDUCATION	\$ 790,000	\$ 888,700	\$ 544,824	\$ 317,881	\$ 589,209
OTHER STUDENT - ADULT BASIC EDUCATION	\$ 70,000	\$ 72,000	\$ 43,956	\$ 33,633	\$ 77,986
OTHER STUDENT - FEES & CHARGES	\$ 1,795,000	\$ 1,811,000	\$ 1,768,295	\$ 731,065	\$ 1,714,722
OTHER DISTRICT - TUITION, FEES & HEALTH SERVICES	\$ 2,500,000	\$ 2,402,000	\$ 3,369,169	\$ 3,204,839	\$ 2,783,202
INTEREST & EARNINGS	\$ 1,100,000	\$ 102,500	\$ 203,834	\$ 81,125	\$ 1,069,537
RENT REAL PROPERTY - INDIVIDUALS	\$ 850,000	\$ 758,027	\$ 777,888	\$ 820,666	\$ 700,993
RENT REAL PROPERTY - OTHER GOVERNMENTS	\$ 2,000	\$ 2,000	\$ 1,330	\$ 1,890	\$ 1,470
MISCELLANEOUS REVENUE & DONATIONS	\$ 700,000	\$ 277,500	\$ 820,558	\$ 878,050	\$ 899,051
STATE AID - ALL COMPONENTS (LESS PRE-K)	\$ 13,247,465	\$ 10,822,541	\$ 9,977,076	\$ 9,895,280	\$ 9,447,858
MEDICAID ASSISTANCE	\$ 40,000	\$ 40,000	\$ 275,505	\$ 42,825	\$ 10,541
INTERFUND TRANSFERS	\$ -	\$ 150,000	\$ 298	\$ 20	\$ 9,307
APPROPRIATED FUND BALANCE / RESERVES	TBD	\$ 14,673,301			
TOTAL REVENUE -----	\$ 257,621,679	\$ 261,432,690	\$ 241,484,234	\$ 236,349,222	\$ 233,133,503

*The Projected 2023/24 Revenue Budget is simply a starting point for discussion purposes.

It does not imply there will need to be budgetary cuts in order to balance the budget.

The Board of Education will still need to consider utilization of Fund Balance & Reserves as part of the overall budget development and adoption process.

Continuing the Conversation...

The Expenditure Budget Presentations are Scheduled for:

- **March 8, 2023 – Budget Development Presentation #1**
 - ✦ 7:30 PM at North Middle School
 - **March 29, 2023 – Budget Development Presentation #2**
 - ✦ 7:30 PM at South High School
 - **April 18, 2023 – Budget Development Presentation #3
and Formal Budget Adoption**
 - ✦ 7:30 PM at North High School
-

Budget Vote & Trustee Election – Tuesday, May 16th

7:00 AM – 10:00 PM

EM Baker, Lakeville, Saddle Rock, or South High School



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