



**2024-2025 Budget Hearing
Highland Falls-Fort Montgomery Central School District
May 9, 2024**



AGENDA

- District Overview
- Budget Overview
- Contingency Budget
- Voting Information



District Overview

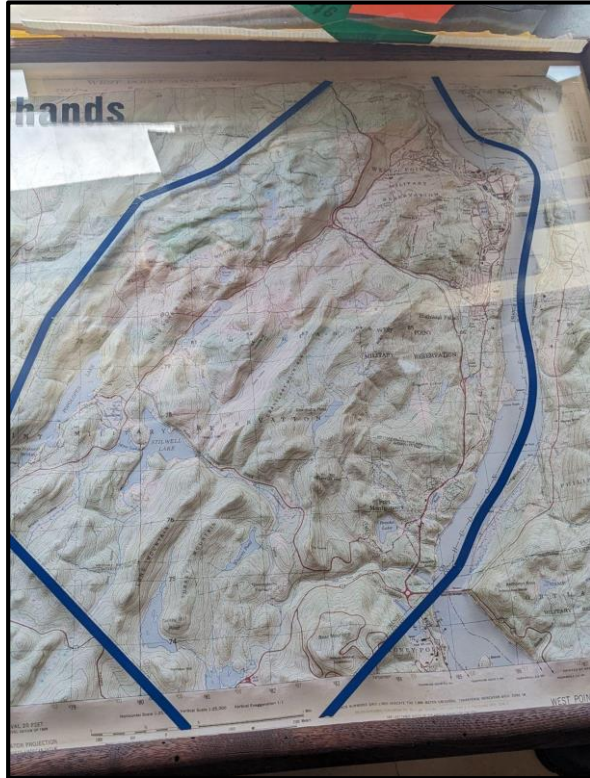


District Overview

- The Highland Falls- Fort Montgomery CSD can only tax 7% of the land in the District.
 - Most NYS school districts can tax upwards of 80%.
 - The Federal & NY State governments own 93% of the district land
- Comparatively little Federal compensation is received for this property:
 - Federal Impact Aid, which is not fully funded, provides \$2.2 MM
 - Less than 9% of the district budget
 - An additional 1.2MM is awarded to the district if we meet a yearly MOE
This was almost not met last year.
 - Full funding would give the district an additional \$21 MM, but Congress has not voted to fully fund the program.
- NY State provides no additional aid for its ownership of district property



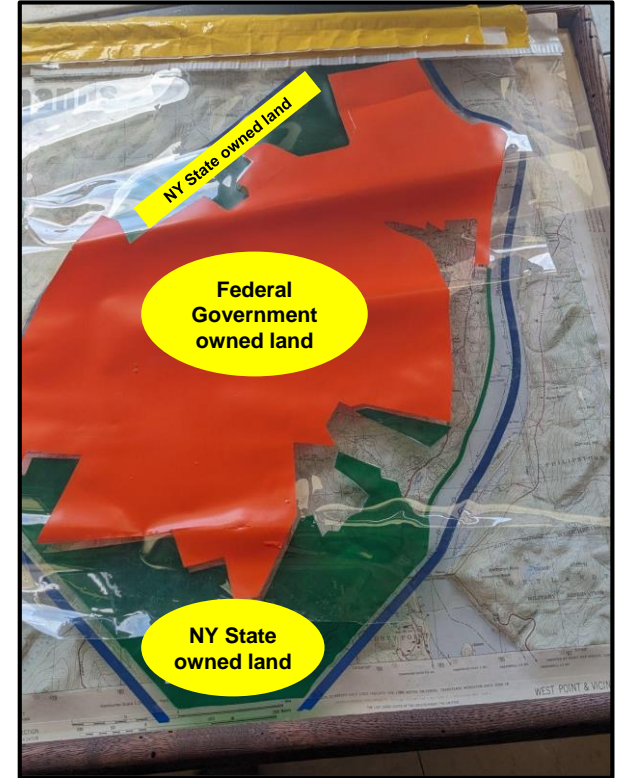
HFFMCSD Land Ownership Detail



District Area



NY State Owned Land



Federal Government &
NYS Owned Land



District Overview

- To supplement it's revenue, the district has contracts:
 - Garrison Union Free School District: makes up 7% of JIO population
 - DoDEA: West Point students make up 37% of JIO population
- However, the revenue stream has changed over the past 3+ years
 - The district is anticipating bringing in \$1.6 million less for the 24-25 school year.
 - The revenue gap began 3 years ago and has incrementally increased
 - The district can not compensate for that type of revenue loss
- Without steady revenue, the continuation of inflation, contracts, and general costs means the district is unable to balance the budget without making changes.



Budget Overview



2024-2025 Adopted Budget: Key Points

- This budget continues to provide programs, support and opportunities for all students in the Highland Falls-Fort Montgomery CSD
- Revenue is based on the published '24-'25 estimated NY State Aid runs
- Total Budget: \$39,995,141
 - Budget-to-budget % Increase = 2.46%
 - Budget-to-budget \$ increase = \$958,865
- Tax Levy: \$11,688,233
 - Increase of 1.91%
 - This is a \$8.81/month increase on a home with assessed value of \$250,000



Reductions to Balance the Budget

- In the 2020-2021 school year the government gave out ESSER (Covid) grants to districts to help with the pandemic.
- The HFFMCSD decided to take the expiring money and hire 5 Academic Intervention Specialist (AIS) and 1 Library Media Specialist.
- The grants expire in late August of 2024
- The District incorporated 2 of the positions into the 23-24 budget
 - Math AIS K-2
 - Math AIS 3-5



Reductions to Balance the Budget

- The district was unable to allocate the last 4 positions into the budget for the 24-25 school year.
- Unfortunately, we had to eliminate four positions due to budget constraints.
- These positions were funded through grants and were not originally included in the budget. The grant money is expiring in August 2024.
- The district made a decision to eliminate a full-time elementary position that was originally allotted in the budget for the 2023-2024 school year.



Additional Reductions to Balance the Budget

Additional Reduction Areas

- District Utility Equipment budget: \$110,000
- District-wide Supply/Materials: \$45,000
- Capital Improvement: \$100,000
- Prof. Development: \$31,000
- Field Trip Transportation: \$28,000



2024-2025 Adopted Budget Expenditure “Three Part Budget”

ADMINISTRATIVE BUDGET	2023-2024	2024-2025
General Support	\$1,823,415.12	\$1,944,152.96
District/Building Administration	\$1,108,935.95	\$1,080,456.68
Employee Benefits	\$582,697.35	\$593,934.20
<i>TOTAL ADMINISTRATIVE BUDGET</i>	<i>\$3,515,048.42</i>	<i>\$3,618,543.84</i>

PROGRAM BUDGET		
Regular Instruction	\$8,651,097.81	\$8,909,641.85
Special Education	\$7,448,269.60	\$7,502,321.14
Instruction Support/Programs/Services	\$3,266,958.02	\$3,434,981.72
Pupil Activities	\$773,043.00	\$827,686.65
Transportation	\$3,471,040.00	\$3,555,586.06
Employee Benefits	\$6,091,452.13	\$6,340,729.18
<i>TOTAL PROGRAM BUDGET</i>	<i>\$29,701,860.56</i>	<i>\$30,570,946.60</i>

CAPITAL BUDGET		
Operations and Maintenance	\$2,873,358.94	\$2,837,714.00
Debt Service	\$2,125,859.00	\$2,125,859.00
Employee Benefits	\$820,149.08	\$842,077.56
<i>TOTAL CAPITAL BUDGET</i>	<i>\$5,819,367.02</i>	<i>\$5,805,650.56</i>

GRAND TOTAL	\$39,036,276.00	\$39,995,141.00
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Proposed Revenue Detail

Revenues	2023-2024 Budget	2024-2025 Proposed Budget	\$ Change	% Change
State Aid	\$18,114,523	\$19,302,020	\$1,187,497	6.56%
Local Tax Levy	\$11,469,172	\$11,688,233	\$219,061	1.91%
Other Sources (Federal, Tuition, etc.)	\$9,402,581	\$8,904,888	(\$497,693)	-5.29%
Reserves/Fund Balance	\$50,000	\$100,000	\$50,000	100.00%
TOTAL	\$39,036,276	\$39,995,141	\$958,865	2.46%

- State Aid estimates project an increase but it is offset by declines in estimated Non-State revenue sources
- Proposed Tax Levy increase of 1.91%
 - Requires a simple majority vote of the budget
- The impact of this increase on an average home with assessed value of \$250,000 is \$105.72/year = \$8.81/month = \$0.29/day



2024-2025 Adopted Budget Tax Levy Detail

- Tax Levy: \$11,688,233
 - Increase of 1.91%
- Estimated '24-'25 Tax Rate: \$22.5611*
 - Rate is expressed per \$1000 of assessed value
- The tax for a home with an assessed value of \$250,000 is estimated to increase by \$8.81/month



Contingency Budget



Contingent Budget Information

- If the budget does not pass on May 21st, the district has two options:
 - Put the budget up for a revote
 - Go directly to a contingency budget
- Under a contingency budget, NY State Law would require the district to:
 - Keep the tax levy the same as the '23-'24 school year
 - Remove all new equipment purchases
 - Charge all organizations for use of district facilities



Contingent Budget Information

- 2024-2025 Contingent Budget: \$39,776,080
 - Reduction of \$219,061 from the '24-'25 Adopted Budget
- Achieving the required reduction would lead to reducing various areas of the budget including potentially reducing additional positions
- Running a contingency budget would put at risk the \$1.2MM i-payment portion of the district's Federal Impact Aid as the district may not be able to meet the Maintenance of Effort requirement.



Voting Information

- **Budget Vote & School Board Election:**
 - Tuesday, May 21st, 6AM – 9PM
 - Highland Falls Intermediate School
- **Voter Qualifications:**
 - Citizen of the United States
 - 18 or older
 - Resident of the district for at least 30 days preceding the election
 - Registered to vote with the district or the county
- **Absentee/Early Voting Ballot Information:**
 - Applications can be obtained from the district website or district office.
 - Due to the District Clerk no less than 7 days before the vote if the ballot is to be mailed. Otherwise it is due by the day before the vote
 - The ballot itself must be received by the District Clerk by 5PM on 5/21/24



Thank you



APPENDIX

- Budget Development Process
- Expenditure Backup
- Revenue Backup



Budget Development Process

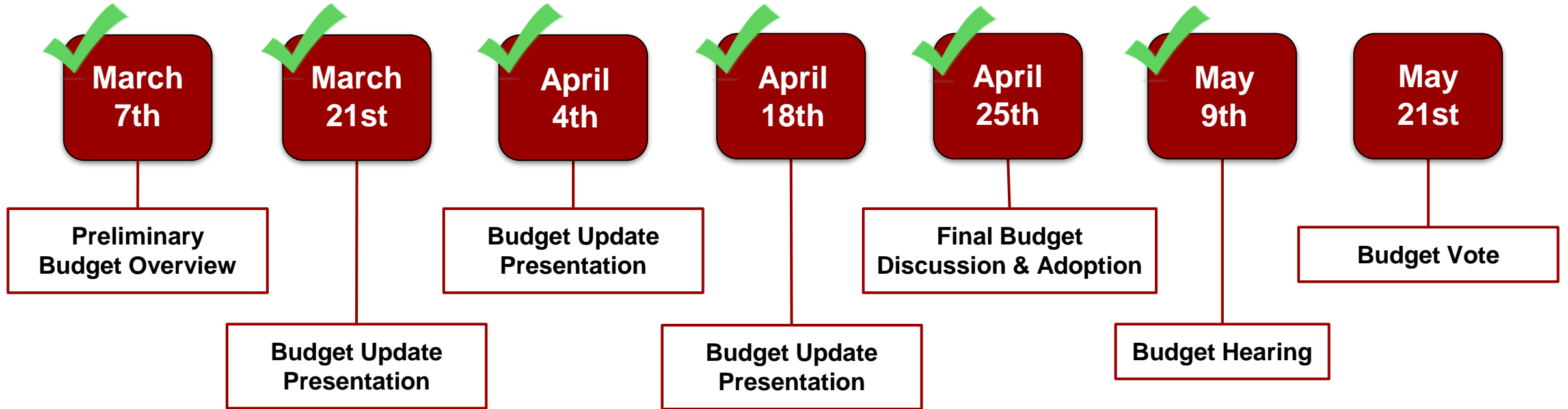


Budget Development Process

- November - February
 - Develop budgets with Building & Departmental Teams
- March
 - Budget Presentations
- April
 - Board of Education adopts the proposed 2024-2025 budget
 - *Updated adoption date is April 25, 2024*
 - Deadline for adoption is April 26, 2024
- May
 - 2024-2025 Budget Vote on May 21, 2024



Budget Development Calendar



Budget Vote will take place at the Highland Falls Intermediate School on Tuesday, May 21, 2024, 6AM – 9PM.



Expenditure Backup



The latest view of the expenditures has been achieved by making cuts across various areas

Reduction Areas

- District Large Equipment cut \$110,000
- District-wide Supply/Materials cut \$45,000
- Capital Improvement “Mini-Project” removed entirely = \$100,000
- Prof. Development for Teachers, Administrators & Staff cut \$31,000
- Field Trip Transportation cut \$28,000

Faculty and staff reductions have been made as well



Expenditure Assumptions (early April '24)

- Known Inputs:
 - Settled contractual expenses
 - Retirement system rates
 - Health insurance cost increases
- Anticipated Budgetary Increase Drivers:
 - Increased benefits & new contract costs
 - Increased Facility maintenance & operations costs
 - Salaries currently on grants expiring in 2023-2024
- Unknowns:
 - Open THTA contract
 - Expected insurance premium increase



Revenue Backup



Tax Levy Limit Calculation Overview

1. Start with the “prior year” (current school year) levy
2. Apply tax base growth factor - 1.0014 for 2024-2025
 - This accounts for “brick & mortar” development that increases a municipality’s taxable property
 - Provided by the NYS Dept. of Taxation & Finance
3. Remove prior year exclusions - **This provides the adjusted prior year levy**
4. Apply the allowable growth factor - 2% for 2024-2025
 - This is the max of CPI or 2% (i.e. “The 2% Cap”)
5. Add available carryover - **This provides the Tax Levy Limit before exclusions**
 - If a local government levies less than the levy limit BEFORE exclusions in a given year, up to 1.5% of that year’s tax levy limit may be added to the levy limit the following year. This amount is called the carryover.
6. Add exclusions or exemptions for the upcoming year
7. **The result of this calculation is the Maximum Allowable Tax Levy**
 - The % change of this Maximum Allowable Tax Levy vs. the prior year actual levy is the Tax Levy Limit





Tax Levy Limit Calculation

- Tax Base Growth Factor = 0.14%
- Allowable Levy Growth capped at 2%
- Tax Levy Limit = 1.91%*
- '24-'25 Final Tax Levy increase = 1.91%

Total Real Property Tax Levy for Base Year (2023/24)	\$ 11,469,172
Tax Base Growth Factor (Minimum of 1.0)	1.0014
Adjusted Tax Levy subtotal (C x D)	\$ 11,485,229
Base Year PILOTS	\$ -
Base Year Levy plus PILOTS	\$ 11,485,229
Base year Torts and Judgements > 5%	\$ -
Base year Capital Expenditures (Net of Aid)	\$ 881,331
Total base year Torts and Capital Expenditures	\$ 881,331
Levy less base year Torts and Capital Expenditures (G - J)	\$ 10,603,898
Allowable Levy Growth Factor based on CPI (4.12% for L12 mths)	1.02
Levy including levy Growth Factor	\$ 10,815,976
Budget year PILOT receivables	\$ -
Levy less budget year PILOTS (M - N)	\$ 10,815,976
Eligible Carryover from base year budget	\$ -
Tax Levy Limit - before Exclusions (O + P)	\$ 10,815,976
Total Budget Year Exclusions	\$ 872,694
Total Tax Levy including Exclusions (Q + U)	\$ 11,688,670
Tax Levy % Increase Cap	1.91% *
Tax Levy \$ Increase Cap	\$219,498

* Levy increase up to this amount would require only a simple majority vote



Impact Aid Overview: Background & 7002 Detail

- Impact Aid Compensates School Districts for:
 - Lost Tax Revenue and Development Potential Due to Federal Land acquisition after 1938 (Section 7002)
 - HFFMCSD - 11,217 acres Highlands; 2,640 acres Woodbury; 13,857 acres
 - Increased school enrollment from Military Dependents (Section 7003)
- Computation of Impact Aid (7002)
 - Four step process that was simplified in 2013 with the new formula applied retroactively to prior application years (2010, 2011 and 2012)
 - HFFMCSD benefited greatly with the formula change by successfully lobbying Congress to retain our “i” payment in the new formula resulting in \$1.2 Million in Impact Aid for the district annually.
 - Currently working with Legislative contacts to see if MOE requirement can be removed



Impact Aid Overview: I-Payment Information

(i) SPECIAL PAYMENTS.-

(1) IN GENERAL.- For any fiscal year beginning with fiscal year 2000 for which the amount appropriated to carry out this section exceeds the amount so appropriated for fiscal year 1996 and for which subsection (b)(1)(B) applies, the Secretary shall use for the fiscal year involved (not to exceed the amount equal to the difference between (A) the amount appropriated to carry out this section for fiscal year 1997 and (B) the amount appropriated to carry out this section for fiscal year 1996) to increase the payment that would otherwise be made under this section to not more than 50 percent of the maximum amount determined under subsection (b) for any local educational agency described in paragraph (2).

(2) LOCAL EDUCATIONAL AGENCY DESCRIBED.-A local educational agency described in this paragraph is a local education agency that-

- (A) received a payment under this section for fiscal year 1996;
- (B) serves a school district that contains all or a portion of a United States military academy;
- (C) serves a school district in which the local tax assessor has certified that at least 60 percent of the real property is federally owned; and
- (D) demonstrates to the satisfaction of the Secretary that such agency's per-pupil revenue derived from local sources for current expenditures is not less than that revenue for the preceding fiscal year.**



Impact Aid Overview: Impact Aid Calculation

Computation of Impact Aid Payment Under Technical Amendment

Steps in Payment Formula

- 1) 90% of the greater, average of 2006-2009 payment or 2009 year payment 2009 Application Year Payment:
\$2,505,215
- 2) HFFMCSD Special rule or "i" payment applied
- 3) Newly eligible districts
- 4) Pro rate remaining funds using new formula

Estimated 2019 Payment for HFFMCSD Under New Methodology (w/o sequestration)

HFFMCSD Foundation Payment at 90%	\$2,254,694
<u>HFFMCSD "i" Payment</u>	<u>\$1,207,000</u>
Total Payment	\$3,461,694