



**2023-2024 Superintendent's Proposed Budget
Highland Falls-Fort Montgomery Central School District
April 13, 2023**



AGENDA

- Introduction & General Update
- Expenditure Information
- Revenue Information
- Budget Calendar



2023-2024 District Goals

- Provide a premier educational experience for all students
- Maintain Fiscal Responsibility and Security
- Develop a Long-Term Strategic Plan



General updates since the last presentation

- NY State government has not finalized its budget
 - School Districts still need to adopt their budgets by April 20th
 - State revenue for our district budget will be based on the Executive Budget Proposal and other available data
- Expenditures and Revenues have been reviewed
 - Facility operations & maintenance
 - Transportation costs
 - Provision for risk
 - Best estimates for State and Federal revenue
- Additional Elementary position has been added

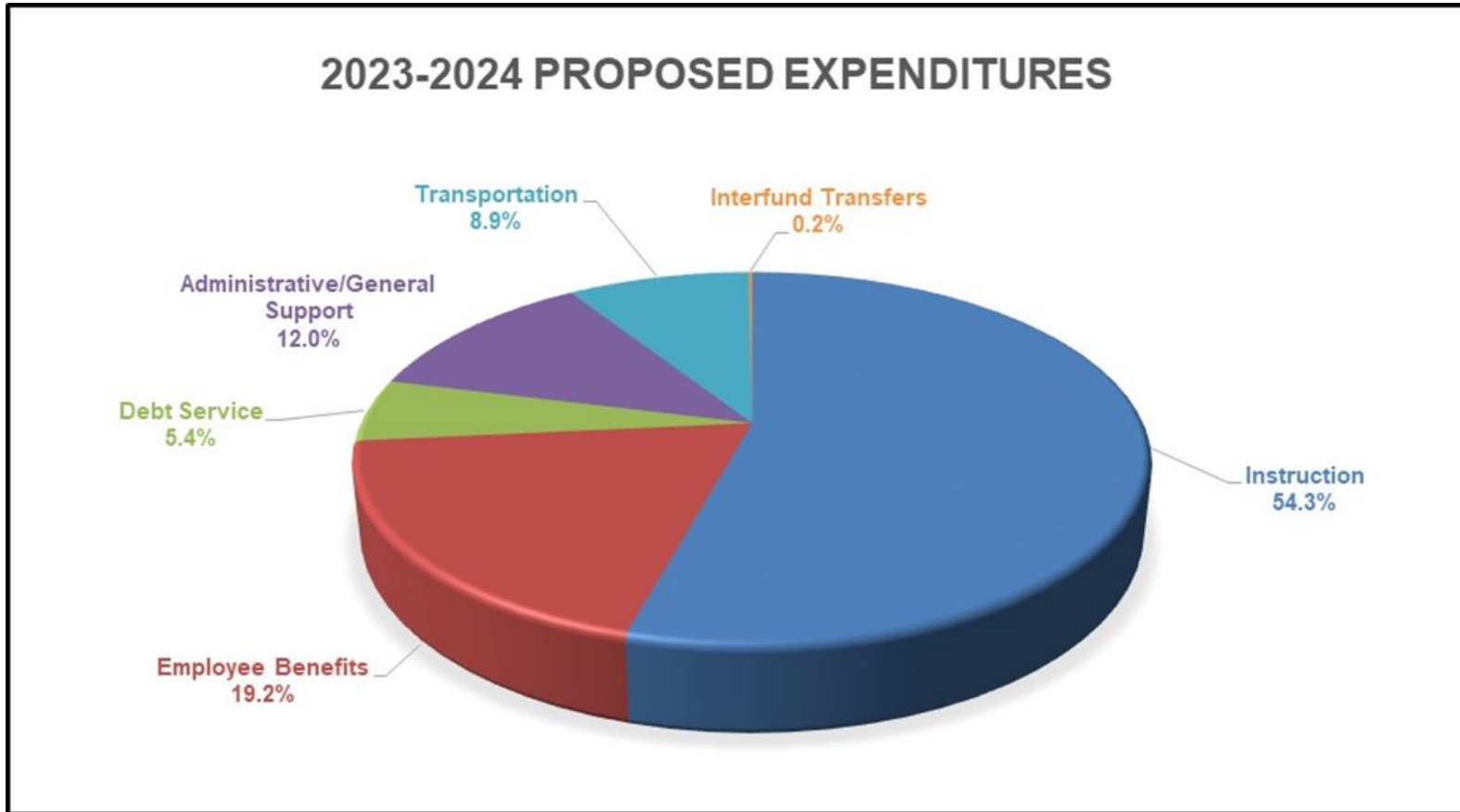


Educational program & operational support included in the '23-'24 Budget

- No reduction in educational program vs. the '22-'23 School Year
- Additional program support:
 - Increased Special Education funding
 - Two positions currently on grants brought into the budget
 - Additional Elementary position has been added
- Additional Operational Support
 - Increased support for district Facility maintenance needs
 - Increased Security for the District
- New Transportation contract costs
- BOCES Capital Project debt payment



Proposed Expenditure Chart





Proposed Expenditure Detail

Expenses	2022-2023 Budget	2023-2024 Proposed Budget	\$ Change	% Change
Instruction	\$19,764,358	\$21,187,181	\$1,422,823	7.20%
Employee Benefits	\$7,171,098	\$7,493,422	\$322,324	4.49%
Debt Service	\$1,952,569	\$2,125,859	\$173,290	8.87%
Administrative/General Support	\$4,233,677	\$4,696,774	\$463,097	10.94%
Transportation	\$2,770,199	\$3,471,040	\$700,842	25.30%
Interfund Transfers	\$62,000	\$62,000	\$0	0.00%
TOTAL	\$35,953,900	\$39,036,276	\$3,082,376	8.57%



Historic Budget to Budget Changes

Budget Year	Adopted Budget	% Change
2022-2023	\$35,953,900	3.99%
2021-2022	\$34,573,467	3.97%
2020-2021	\$33,251,722	3.63%
2019-2020	\$32,087,219	4.84%
2018-2019	\$30,606,772	2.85%
2017-2018	\$29,759,008	4.23%
2016-2017	\$28,550,987	1.31%
2015-2016	\$28,181,395	2.43%
2014-2015	\$27,512,790	1.26%
2013-2014	\$27,171,625	4.69%

- The proposed 8.57% change this year is a one-time change, driven by:
 - New Transportation contract costs
 - Increases in Facility Maintenance & Operational Costs

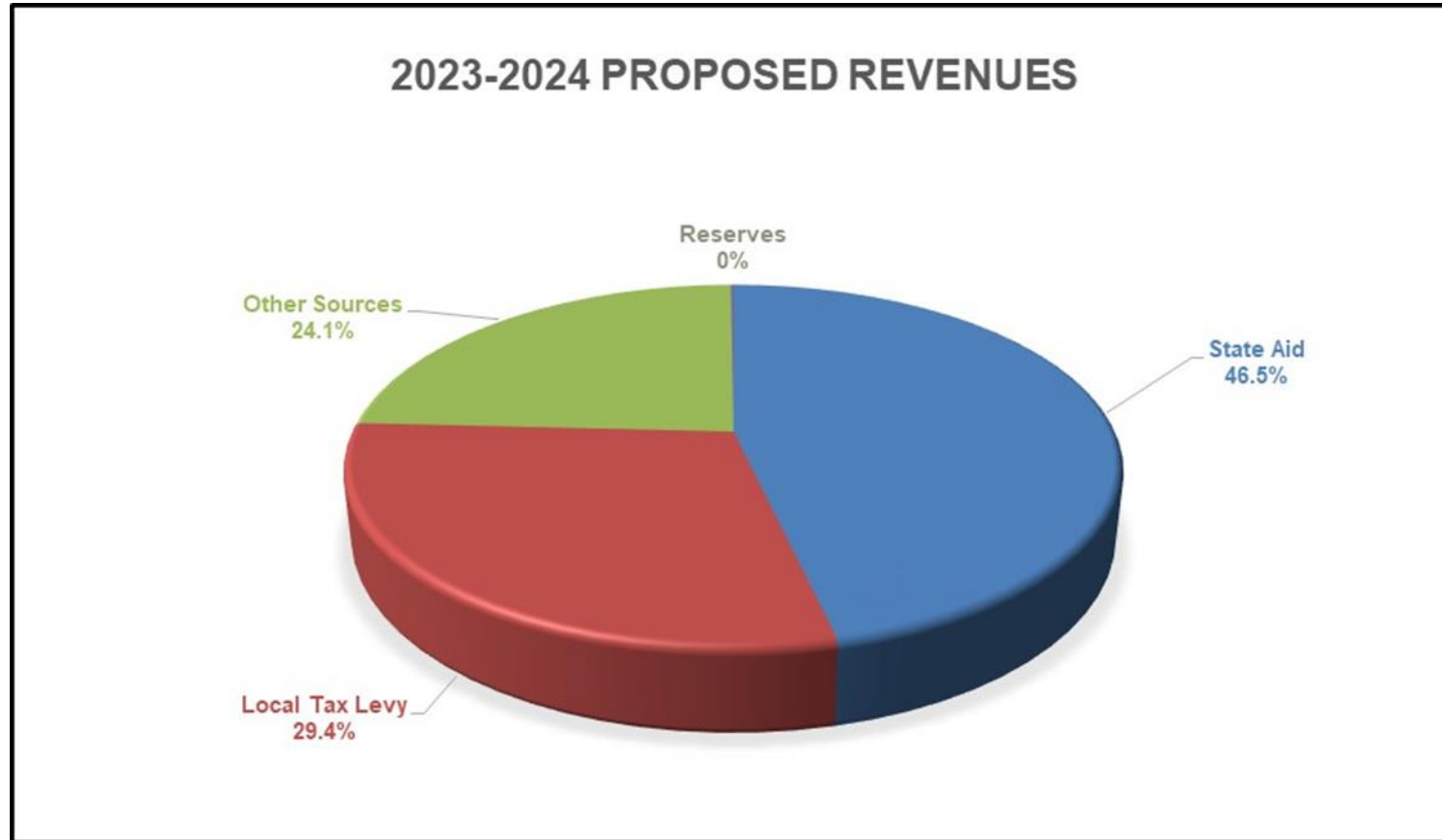


Proposed Revenue Assumptions

- NY State Aid
 - NY State has not finalized its budget
 - Now due April 17th, but that is not guaranteed
 - State revenue in our budget is based on the Executive Budget Proposal
 - Conservative estimates will be taken based on data available
- Federal Impact Aid estimated to be flat vs. '22-'23
- Tuition paying student enrollment
 - Garrison numbers are known
 - Realistic estimate for West Point students



Proposed Revenue Chart





Proposed Revenue Detail

Revenues	2022-2023 Budget	2023-2024 Proposed Budget	\$ Change	% Change
State Aid	\$14,039,610	\$18,114,523	\$4,074,913	29.02%
Local Tax Levy	\$11,305,952	\$11,469,172	\$163,220	1.44%
Other Sources (Federal, Tuition, etc.)	\$10,431,411	\$9,402,581	(\$1,028,830)	-9.86%
Reserves	\$176,927	\$50,000	(\$126,927)	-71.74%
TOTAL	\$35,953,900	\$39,036,276	\$3,082,376	8.57%

- Proposed Tax Levy increase of 1.44%
 - Under this year's 2.17% tax levy limit
 - Requires a simple majority vote of the budget



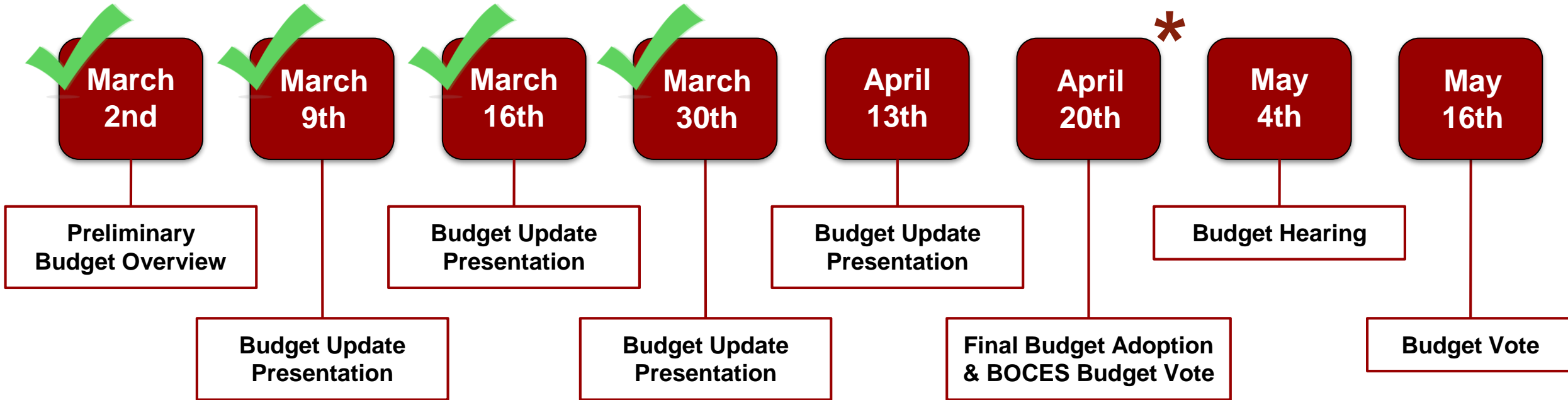
Historic Tax Levy Changes

Budget Year	Tax levy	Tax Levy Increase
2022-2023	\$11,305,952	0.00%
2021-2022	\$11,305,952	0.00%
2020-2021	\$11,305,952	1.53%
2019-2020	\$11,135,120	2.47%
2018-2019	\$10,867,114	2.39%
2017-2018	\$10,612,951	3.36%
2016-2017	\$10,267,520	3.34%
2015-2016	\$9,936,021	1.44%
2014-2015	\$9,795,307	2.65%
2013-2014	\$9,542,513	1.29%

- The '23-'24 proposed 1.44% tax levy change is:
 - Below the pre-COVID 5-year average of 2.60%
 - Below the 10-year average of 1.85%



Budget Development Calendar



Board of Education candidate petitions are due back to the District Clerk in the Superintendent's Office at James I. O'Neill High School on April 17, 2023.



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 2023-2024 budget
 - Deadline for adoption is April 21, 2023
 - Target is April 13th Board Meeting
- **May**
 - Budget Hearing on May 4, 2023
 - Proposed 2023-2024 Budget vote on May 16, 2023



Expenditure Backup



Transportation Bid Process

- Notice to Bidders has been submitted to the newspapers
 - News of the Highlands
 - Times Herald Record
- Bids are due back by March 29, 2023
- Requested bids for a 5-year contract
- New contract information will be included in the Budget Statement
- Year 1 contract cost will be a line item in the 2023-2024 Budget



Expenditure Assumptions

- **Known Inputs:**
 - Settled contractual expenses
 - Retirement system rates
 - Health insurance cost increases
 - Four colleagues have provided notice of retirement. Breakage funds will be used to offset:
 - Anticipated salary increases
 - Positions created after '22-'23 Budget was approved
 - New Transportation contract cost
- **Anticipated Budgetary Increase Drivers:**
 - Increased Special Education student OOD placements
 - Increased Facility maintenance & operations costs
 - Additional security for the district
 - Two positions currently on grants moved into the budget
- **Unknowns:**
 - Expiring contracts (Teachers, Clerical, Custodial, Aides and Monitors)



Revenue Backup



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
 - New Impact to HFFMCSD: +\$1.2 Million additional Impact Aid annually



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



Tax Levy Limit Calculation Overview

- 1. Start with the “prior year” (current school year) levy**
2. Apply tax base growth factor - 1.0004 for 2023-2024
 - This accounts for “brick & mortar” development that increases a municipality’s taxable property
3. Remove prior year exclusions
- 4. This provides the adjusted prior year levy**
5. Apply the allowable growth factor - 2% for 2023-2024
 - This is the max of CPI or 2% (i.e. “2% Cap”)
6. Add available carryover
 - If a local government levies less than the levy limit 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.
- 7. This provides the Tax Levy Limit before exclusions**
8. Add exclusions or exemptions for the upcoming year
 - Pension contributions
 - Court orders/judgments
 - Capital expenditures local share (i.e. net of building aid)
- 9. This provides the Maximum Allowable Tax Levy**



Tax Levy Limit Calculation

- Tax Base Growth Factor = 0.04%
- Allowable Levy Growth capped at 2%
- Tax Levy Limit = 2.17%*
- ***Final Tax Levy TBD - not final***

A. Total Real Property Tax Levy for Base Year (2022/23)	\$	11,305,952
B. Excess Levy in Reserve	\$	-
C. Tax Levy subtotal (A - B)	\$	11,305,952
D. Tax Base Growth Factor (Minimum of 1.0)		1.0004
E. Adjusted Tax Levy subtotal (C x D)	\$	11,310,474
F. Base Year PILOTS	\$	-
G. Base Year Levy plus PILOTS	\$	11,310,474
H. Base year Torts and Judgements > 5%	\$	-
I. Base year Capital Expenditures (Net of Aid)	\$	850,222
J. Total base year Torts and Capital Expenditures	\$	850,222
K. Levy less base year Torts and Capital Expenditures (G - J)	\$	10,460,252
L. Allowable Levy Growth Factor based on CPI (8.0% for 2023/24)		1.02
M. Levy including levy Growth Factor	\$	10,669,457
N. Budget year PILOT receivables	\$	-
O. Levy less budget year PILOTS (M - N)	\$	10,669,457
P. Eligible Carryover from base year budget	\$	-
Q. Tax Levy Limit - before Exclusions (O + P)	\$	10,669,457
U. Total Budget Year Exclusions	\$	881,331
Total Tax Levy including Exclusions (Q + U)	\$	11,550,788
Tax Levy % Increase Cap		2.17% *
Tax Levy \$ Increase Cap		\$244,836

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