Board of Education Meeting

Wednesday, February 5, 2025

Budget Presentation Two: Tax Cap and Revenue Overview

Antonio Santana, Superintendent of Schools
Jennifer Segui, Assistant Superintendent for Finance and Management Services

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South Country Central School District

Budget Presentation One: *Schedule of Budget Meetings and Presentations*

~~January 22, 2025~~
- ~~Review of the Budget Process and Long Term Planning~~

February 5, 2025
- **Tax Cap & Revenue Overview**

February 26, 2025
- 1000 General Support, Operation & Maintenance, Security, Utilities
- 5000 Transportation
- 9000 Employee Benefits, Debt Service, Fund Transfers & Capital Expenditures

March 5, 2025
- 2000 Curriculum & Instruction

March 19, 2025
- Staffing Analysis

April 2, 2025
- Expenses and Revenues Update

April 23, 2025
- Budget Adoption

May 7, 2025

Budget Hearing

May 20, 2025

BUDGET VOTE & ELECTION

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South Country Central School District

Budget Presentation Two: *Budget Process Timeline*

November / December
Initiate conversations with administrators regarding the budget process, including but not limited to procedures, considerations, and the identification of program needs.

December
Provide training to stakeholders (administration / clerical) on new budgeting process, including the use of the district's financial software to increase accuracy and efficiency.

February
Staffing counts as FTEs, (Full Time Equivalent), are due to district office and meetings are held with the administration to discuss staffing and program requests. (Wants versus Needs)

Staffing counts as FTEs, (Full Time Equivalent), are due to district office and meetings are held with the administration to discuss staffing and program requests. (Wants versus Needs)

March
Staffing requests are verified through projected enrollment (Elementary and Middle Schools) and course requests (High School)

April
School budget is finalized, presented to BOE, and adopted.

May
Budget Hearing and vote is held

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Budget Presentation Two: *The Essential Questions*

Tax Cap:

- What is it?
- Is there a difference between the *tax levy* and the *tax cap?*
- How is it calculated?
- What role does the tax cap play in the budgeting process?

Revenue:

- What are the different funding sources?
- To what extent does a district have control over its revenue?
- What is our anticipated revenue for the 2025/2026 School year?

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Budget Presentation Two: *The Tax Cap and Tax Levy*

The Property Tax Cap was imposed in 2012 in New York State and it limited tax levy increases to two percent, with consideration give to the rate of inflation and other variables. Thus, the tax cap is not necessarily two percent but rather a value that is determined by various factors.

The idea was twofold:

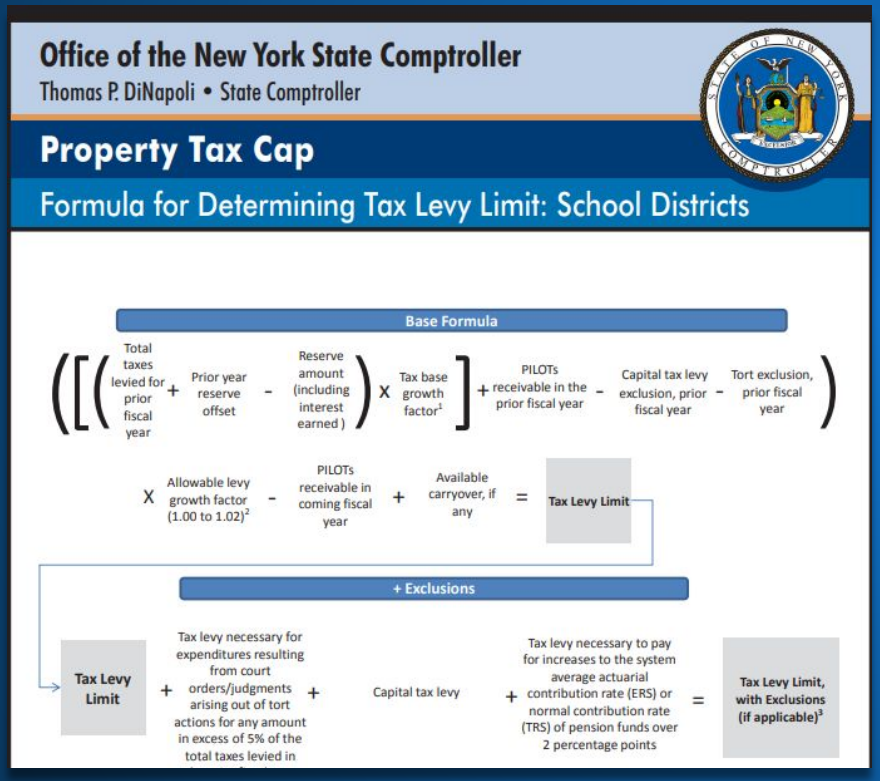
- Protect Taxpayers from over taxation
- Allow school districts to account for rising costs and/or inflation.

The Tax Levy, as it pertains to school districts, is a local property tax passed by the votes of a school district that generates revenue to fund programs and services that the state does not pay for as part of basic education.

The Tax Levy Limit, (the actual *tax cap)*, with some exceptions, the State's Property Tax Cap limits the amount local governments and most school districts can increase the tax levy (the total amount of property taxes billed) to the lower of two percent or the rate of inflation..

South Country Central School District

Budget Presentation Two: ***Calculating the Tax Cap - The Eight Step Formula***



The Tax Cap Formula contains eight steps.

The first seven steps determines the tax levy limit without exclusions. This is the base formula. This determines the initial *Tax Levy Limit*.

The eighth step factors *exclusions,* which determines the *Tax Levy Limit with Exclusions*.

The use of the formula is mandated by New York State and all school districts are required to use it.

South Country Central School District

Budget Presentation Two: *Overview of The Eight Step Formula*

Formula for Determining Tax Levy Limit			
Step 1	Prior Year Tax Levy		69,094,953
Step 2	Multiply: Tax Base Growth Factor		1.0022
	Subtotal		69,246,962
Step 3	Add: PILOTs from prior year		7,517,044
Step 4	Less: Capital Tax Levy Exclusion Prior Year		-4,400,538
	Subtotal		72,363,468
Step 5	Multiply: Allowable Levy Growth Factor		1.02
			73,810,737
Step 6	Less: PILOTs Current Year		-7,742,234
Step 7	Add: Available Carryover from Prior Year		0
	Tax Levy Limit (Before Exclusions)		66,068,503
Step 8	Add: Exclusions	**Scenario A**	**Scenario B**
	Capital Tax Levy Exclusion Current Year	5,427,851	6,427,851
	Tax Levy Limit (with Exclusions)	71,496,354	72,496,354

All of the components of the base formula are fixed, meaning the school district has no control of their values.

Exclusions enable districts to increase their levy above the initial levy limit to account for certain costs resulting from capital expenditures, transportation, and BOCES capital expenditures.

Proposed budget increases within the tax levy limit requires a simple majority.

Proposed budget increases above the tax levy limit requires a supermajority.

South Country Central School District

Budget Presentation Two: ***Calculating the Tax Cap - Steps One and Two - Tax Base Growth Factor***

Formula for Determining Tax Levy Limit		
Step 1	Prior Year Tax Levy	69,094,953
Step 2	Multiply: Tax Base Growth Factor	1.0022
	Subtotal	69,246,962

Step 1	Pric		
Step 2	Mul		
	Sub		
Step 3	Add: PILOTs from prior year	7,517,044	
Step 4	Less: Capital Tax Levy Exclusion Prior Year	-4,400,538	
	Subtotal	72,363,468	
Step 5	Multiply: Allowable Levy Growth Factor	1.02	
		73,810,737	
Step 6	Less: PILOTs Current Year	-7,742,234	
Step 7	Add: Available Carryover from Prior Year	0	
	Tax Levy Limit (Before Exclusions)	66,068,503	
Step 8	Add: Exclusions	**Scenario A**	**Scenario B**
	Capital Tax Levy Exclusion Current Year	5,427,851	6,427,851
	Tax Levy Limit (with Exclusions)	71,496,354	72,496,354

Step 1: The calculation of the 2025-2026 Tax Levy Limit begins with the actual taxes levied in 2024-2025.

Step 2: Provided by the NYS Dept. of Taxation and Finance.

https://www.tax.ny.gov/research/property/cap.htm

The Tax Based Growth Factor measures the change in the amount on the tax rolls in comparison to the prior year.

The Tax Based Growth Factor is impacted by new construction or improvements to taxable property within the boundaries of the school district

South Country Central School District

Budget Presentation Two: ***Calculating the Tax Cap - Steps Three and Four - PILOTS Payments in Lieu of Taxes***

Step 3	Add: PILOTs from prior year	7,517,044
Step 4	Less: Capital Tax Levy Exclusion Prior Year	-4,400,538
	Subtotal	72,363,468

Step 3	Add: PILOTs from prior year		7,517,044
Step 4	Less: Capital Tax Levy Exclusion Prior Year		-4,400,538
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Step 7	Add: Available Carryover from Prior Year		0
	Tax Levy Limit (Before Exclusions)		66,068,503
Step 8	Add: Exclusions	**Scenario A**	**Scenario B**
	Capital Tax Levy Exclusion Current Year	5,427,851	6,427,851
	Tax Levy Limit (with Exclusions)	71,496,354	72,496,354

Step 3: The value represents PILOT payments for the current school year 2024/2025), or the prior year in reference to next year's budget. (2025/2026) (Suffolk County Assessor's Office)

Step 4: The value represents the total sum of our Capital Tax Levy Exclusion from our current school year (2024/2025), or the prior year in reference to next year's budget. (2025/2026)

South Country Central School District

Budget Presentation Two: ***Calculating the Tax Cap - Steps Five - Allowable Levy Growth Factor***

Formula for Determining Tax Levy Limit			
Step 1	Prior Year Tax Levy	69,094,953	
Step 2	Multiply: Tax Base Growth Factor	1.0022	
	Subtotal	69,246,962	
Step 3	Add: PILOTs from prior year	7,517,044	
Step 4	Less: Capital Tax Levy Exclusion Prior Year	-4,400,538	
	Subtotal	72,363,468	
Step 5	Multiply: Allowable Levy Growth Factor	1.02	
		73,810,737	
Step 7	Add: Available Carryover from Prior Year	0	
	Tax Levy Limit (Before Exclusions)	66,068,503	
Step 8	Add: Exclusions	**Scenario A**	**Scenario B**
	Capital Tax Levy Exclusion Current Year	5,427,851	6,427,851
	Tax Levy Limit (with Exclusions)	71,496,354	72,496,354

Step 5: The growth factor is based upon two percent or the rate of inflation, whichever is the lower value.

New York State Comptroller
THOMAS P. DiNAPOLI

Property Tax Cap

Allowable Levy Growth Factors

s and Allowable Levy Growth Factors by Fiscal Year

Fiscal Year	Fiscal Years Beginning 2021 Inflation Factor	2021 Allowable Levy Growth Factor	2022 Inflation Factor	2022 Allowable Levy Growth Factor	2023 Inflation Factor	2023 Allowable Levy Growth Factor	2024 Inflation Factor	2024 Allowable Levy Growth Factor	2025 Inflation Factor	2025 Allowable Levy Growth Factor
Jan 1 - Dec 31	1.56%	1.0156	2.30%	1.0200	7.17%	1.0200	6.26%	1.0200	3.30%	1.0200
Mar 1- Feb 28	1.46%	1.0146	3.00%	1.0200	7.69%	1.0200	5.43%	1.0200	3.18%	1.0200
Apr 1 - Mar 31	1.43%	1.0143	3.33%	1.0200	7.92%	1.0200	5.06%	1.0200	3.07%	1.02
Jun 1 - May 31	1.31%	1.0131	4.23%	1.0200	8.06%	1.0200	4.37%	1.0200	2.99%	1.020
Jul 1 - Jun 30	1.23%	1.0123	4.70%	1.0200	8.00%	1.0200	4.12%	1.0200	2.95%	1.0200
Aug 1 - Jul 31	1.14%	1.0114	5.21%	1.0200	7.91%	1.0200	3.85%	1.0200	Coming February 2025	
Sep 1 - Aug 31	1.09%	1.0109	5.72%	1.0200	7.75%	1.0200	3.61%	1.0200		
Oct 1 - Sep 30	1.18%	1.0118	6.22%	1.0200	7.45%	1.0200	3.49%	1.0200		

The rate of inflation has been hovering around three percent, so the two percent value will be used for the calculation.

South Country Central School District

Budget Presentation Two: ***Calculating the Tax Cap - Steps Six and Seven - Current Year PILOTS / Carryover***

Formula for Determining Tax Levy Limit			
Step 1	Prior Year Tax Levy	69,094,953	
Step 2	Multiply: Tax Base Growth Factor	1.0022	
	Subtotal	69,246,962	
Step 3	Add: PILOTs from prior year	7,517,044	
Step 4	Less: Capital Tax Levy Exclusion Prior Year	-4,400,538	
	Subtotal	72,363,468	
Step 5	Multiply: Allowable Levy Growth Factor	1.02	
Step 6	Less: PILOTs Current Year	-7,742,234	
Step 7	Add: Available Carryover from Prior Year	0	
	Tax Levy Limit (Before Exclusions)	66,068,503	
Step 8	Add: Exclusions	**Scenario A**	**Scenario B**
	Capital Tax Levy Exclusion Current Year	5,427,851	6,427,851
	Tax Levy Limit (with Exclusions)	71,496,354	72,496,354

Step 6: 2025-26 total estimated from PILOT agreements

Step 7: When the total property taxes levied is less than the levy limit in the prior year, a school district is permitted to carryover all or a portion from the prior year based on a calculation.
This amount represents the maximum Available Carryover that can be applied to this year's tax cap calculation.

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Budget Presentation Two: *Calculating the Tax Cap - Step Eight - Exclusions*

Formula for Determining Tax Levy Limit			
Step 1	Prior Year Tax Levy	69,094,953	
Step 2	Multiply: Tax Base Growth Factor	1.0022	
	Subtotal	69,246,962	
Step 3	Add: PILOTs from prior year	7,517,044	
Step 4	Less: Capital Tax Levy Exclusion Prior Year	-4,400,538	
	Subtotal	72,363,468	
Step 5	Multiply: Allowable Levy Growth Factor	1.02	
		73,810,737	
Step 6	Less: PILOTs Current Year	-7,742,234	
Step 7	Add: Available Carryover from Prior Year	0	
	Tax Levy Limit (Before Exclusions)	66,068,503	
Step 8	Add: Exclusions	**Scenario A**	**Scenario B**
	Capital Tax Levy Exclusion Current Year	5,427,851	6,427,851
	Tax Levy Limit (with Exclusions)	71,496,354	72,496,354

Step 8: The capital exclusion is the only component of the calculation impacted by internal factors that occur within a school district. (i.e. bond payments, Transfer to Capital, Energy Performance Contracts)

The exclusion allows districts to increase their levy above the initial levy limit for certain costs resulting from capital projects, Transportation, and BOCES capital expenditures.

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South Country Central School District

Budget Presentation Two: ***Calculating the Tax Cap - Anticipated Tax Cap - Percentages***

Formula for Determining Tax Levy Limit			
Step 1	Prior Year Tax Levy		69,094,953
Step 2	Multiply: Tax Base Growth Factor		1.0022
	Subtotal		69,246,962
Step 3	Add: PILOTs from prior year		7,517,044
Step 4	Less: Capital Tax Levy Exclusion Prior Year		-4,400,538
	Subtotal		72,363,468
Step 5	Multiply: Allowable Levy Growth Factor		1.02
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Step 6	Less: PILOTs Current Year		-7,742,234
Step 7	Add: Available Carryover from Prior Year		0
	Tax Levy Limit (Before Exclusions)		66,068,503
Step 8	Add: Exclusions	**Scenario A**	**Scenario B**
	Capital Tax Levy Exclusion Current Year	5,427,851	6,427,851
	Tax Levy Limit (with Exclusions)	71,496,354	72,496,354

Anticipated Tax Cap:
Scenario A - 3.48%
(Does not include interfund transfer to capital.)

Anticipated Tax Cap:
Scenario B - 4.92%
(includes interfund transfer to capital.)

Clarification:
The tax levy limit does not represent the district's proposed tax levy.

Clarification:
The budget process functions independently of the tax levy limit.

Clarification:
In **Scenario A**, we can propose a vote to use our Capital Reserves to continue capital improvement projects.

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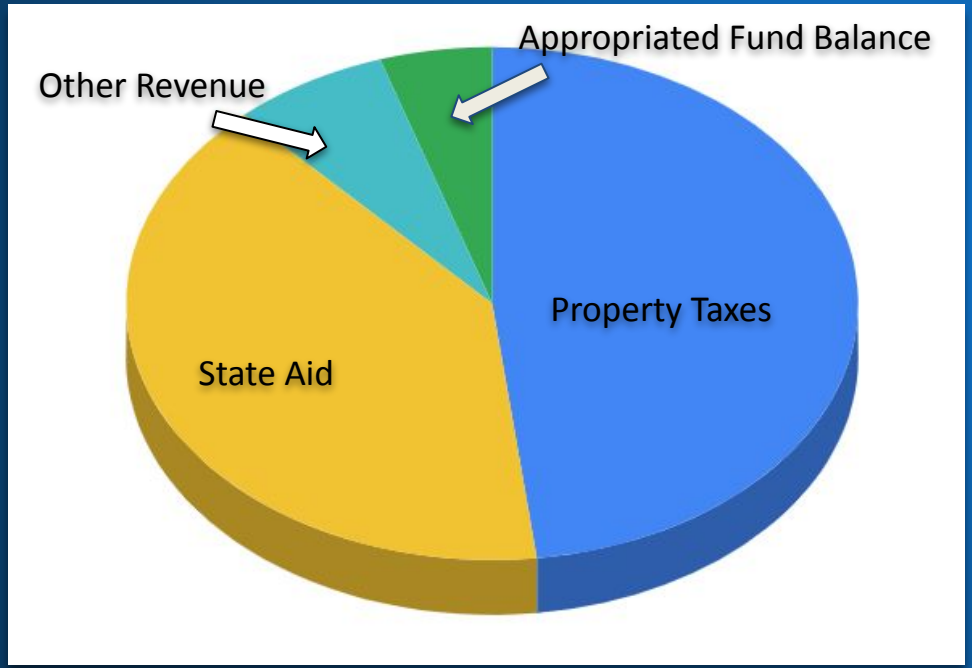
South Country Central School District

Budget Presentation Two: ***Revenue Overview - How are School Districts Funded?***



Revenue Sources

The Tax Levy
Property Taxes: 49.1%

State Aid: 38.5%

Other Revenue: 6.7%

Appropriated Fund Balance: 5.7%

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South Country Central School District

Budget Presentation Two: *Revenue Overview - State Aid*

State Aid:

MOD ED: 0064C DB ED: 0064C STATE OF NEW YORK SA ED: 102 PY ED: 221 01/21/25 PAGE 119
COUNTY - SUFFOLK 2025-26 EXECUTIVE BUDGET PROPOSAL RUN NO. BT252-6
2024-25 AND 2025-26 AIDS PAYABLE UNDER SECTION 3609 PLUS OTHER AIDS

DISTRICT CODE DISTRICT NAME SEE NOTE BELOW	580232 WILLIAM FLOYD	580233 CENTER MORICHES	580234 EAST MORICHES	580235 SOUTH COUNTRY	580301 EAST HAMPTON	580203 AMAGANSETT
2024-25 BASE YEAR AIDS:						
FOUNDATION AID	180,838,239	15,921,561	4,517,791	40,953,913	2,297,462	220,394
FULL DAY K CONVERSION	0	0	0	0	0	0
UNIVERSAL PRE-KINDERGARTEN	3,010,407	397,886	178,658	780,257	226,800	32,400
BOCES	4,066,195	791,595	419,599	2,100,157	518,442	90,782
SPECIAL SERVICES	0	0	0	0	0	0
HIGH COST EXCESS COST	6,226,619	1,071,600	58,673	1,369,859	131,033	0
PRIVATE EXCESS COST	1,723,588	237,301	150,762	283,462	0	0
HARDWARE & TECHNOLOGY	174,719	25,287	7,921	54,552	0	0
SOFTWARE, LIBRARY, TEXTBOOK	767,434	122,232	71,616	325,780	106,342	11,761
TRANSPORTATION INCL SUMMER	18,711,450	1,457,934	813,331	6,081,369	2,022,069	26,099
BUILDING + BLDG REORG INCENT	7,426,405	989,660	910,811	3,308,677	165,398	3,350
OPERATING REORG INCENTIVE	0	0	0	0	0	0
CHARTER SCHOOL TRANSITIONAL	0	0	0	0	0	0
ACADEMIC ENHANCEMENT	0	0	0	0	0	0
HIGH TAX AID	3,752,477	795,746	323,352	2,794,176	143,681	50,000
SUPPLEMENTAL PUB EXCESS COST	0	32,725	0	0	16,526	1,427
TOTAL	226,697,993	21,855,517	7,452,144	58,052,202	3,707,471	436,203
2025-26 ESTIMATED AIDS:						
FOUNDATION AID	190,375,127	16,239,992	4,608,146	41,772,991	2,343,411	224,801
FULL DAY K CONVERSION	0	0	0	0	0	0
UNIVERSAL PRE-KINDERGARTEN	3,010,407	785,112	181,366	1,369,065	226,800	32,400
BOCES	4,014,462	782,444	386,935	2,291,117	443,475	96,958
SPECIAL SERVICES	0	0	0	0	0	0
HIGH COST EXCESS COST	6,957,967	919,765	53,764	1,007,777	98,152	0
PRIVATE EXCESS COST	1,722,560	229,694	148,335	503,473	0	0
HARDWARE & TECHNOLOGY	174,375	22,848	7,260	51,638	0	0
SOFTWARE, LIBRARY, TEXTBOOK	776,417	117,098	70,783	332,183	114,156	11,261
TRANSPORTATION INCL SUMMER	21,678,214	1,634,431	762,262	5,775,887	1,942,315	30,298
BUILDING + BLDG REORG INCENT	1,944,087	885,343	868,821	1,499,197	113,941	0
OPERATING REORG INCENTIVE	0	0	0	0	0	0
CHARTER SCHOOL TRANSITIONAL	0	0	0	0	0	0
ACADEMIC ENHANCEMENT	0	0	0	0	0	0
HIGH TAX AID	3,752,477	795,746	323,352	2,794,176	143,681	50,000
SUPPLEMENTAL PUB EXCESS COST	0	37,725	0	0	16,526	1,427
TOTAL	233,305,157	22,337,298	7,408,127	57,397,504	3,694,407	447,865
$ CHG 25-26 MINUS 24-25	6,607,164	481,781	-44,017	-654,698	-13,264	11,662
% CHG TOTAL AID	2.91	2.20	-0.59	-1.13	-0.36	2.67
$ CHG FOUNDATION AID	9,536,888	318,431	90,355	819,078	45,949	4,407
% CHG FOUNDATION AID	5.27	2.00	2.00	2.00	2.00	2.00

NOTE: STATE AID ESTABLISHED BY EXECUTIVE BUDGET FOR 7 DISTRICTS WITH INCOMPLETE DATA.

Hot off the press!

Source :New York State Education Department

	2024-25	2025-26	Difference	% change
Foundation Aid	40,953,913	41,772,991	819,078	2.00%
Universal Pre-K	780,257	1,369,065	588,808	75.46%
BOCES	2,100,157	2,291,117	190,960	9.09%
High Cost Excess Cost	1,369,859	1,007,777	(362,082)	-26.43%
Private Excess Cost	283,462	503,473	220,011	77.62%
Hardware & Technology	54,552	51,638	(2,914)	-5.34%
Software, Library, Textbook	325,780	332,183	6,403	1.97%
Transportation	6,081,369	5,775,887	(305,482)	-5.02%
Building	3,308,677	1,499,197	(1,809,480)	-54.69%
High Tax Aid	2,794,176	2,794,176	0	0.00%
Total State Aid Projections	**58,052,202**	**57,397,504**	**(654,698)**	**-1.13%**
Less: Universal Pre K	(780,257)	(1,369,065)	(588,808)	
State Aid Adjusted Total	**57,271,945**	**56,028,439**	**(1,243,506)**	**-2.17%**

The Governor just released the state's 2025/2026 proposed Executive Budget. Based on this initial proposal, while we are scheduled for a two percent increase in Foundation Aid, we will also have decrease in Building Aid in the next year, resulting in an overall decrease. This information will be updated in time for our April 2nd budget presentation - *Expenses and Revenues Update.*

South Country Central School District

Budget Presentation Two: *Revenue Overview - Other Revenue*

Other Revenue:

Description	2024-2025	Scenario A 2025-2026	Scenario B 2025-2026
Tax Levy	69,094,953	71,496,354	72,496,354
State Aid	56,040,788	56,028,439	56,028,439
PILOTs (Payments In Lieu Of Taxes)	7,517,044	7,742,234	7,742,234
Miscellaneous Revenue	2,155,000	2,047,250	2,047,250
Appropriated Fund Balance	4,000,000	4,000,000	4,000,000
ERS Contributiom Reserve	1,050,000	1,050,000	1,050,000
TRS Contribution Reserve	1,750,000	1,750,000	1,750,000
Workers Comp Reserve	650,000	650,000	650,000
Unemployment Reserve	50,000	50,000	50,000
Employee Benefits Accrued Liability Reserve (EBALR)	750,000	750,000	750,000
Total:	143,057,785	145,564,277	146,564,277

Miscellaneous Revenue:

Day School Tuition
Health Services
Interest and Earnings
Medicaid Reimbursement
E-Rate
Rental Income
Donations

Use of Reserves:

Used to offset expenditures in a deliberate manner.

Please note that the values for the fund balance and reserves are approximations and will be adjusted during the budget process.

South Country Central School District

Budget Presentation Two: ***Tax Cap and Revenue Overview - A Quick Recap***

The Tax Cap is based on legislation adopted in 2012 to both protect the taxpayer and enable school districts to be properly funded.

The Tax Cap is based on an eight part formula mandated by the State Comptroller's Office. Most of the formula contains values that are fixed, this calculates the initial tax cap / tax levy limit. Exclusions can also be factored which calculates the tax levy limit with exclusions.

The anticipated tax levy limit for the South Country Central School District is projected to be 3.48% or 4.92%

The anticipated tax levy limit for the South Country Central School District does not represent the anticipated tax levy increase. It simply indicates the limit at which we can approve a budget with a simple majority.

The tax levy limit or tax cap does not factor into the budgeting process. The goal is to propose a tax levy increase that meets the needs of the district without overburdening the taxpayer.

Above and beyond property taxes, school districts are funded by state aid, PILOTS, and miscellaneous sources.

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South Country Central School District

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Questions?

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