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& Achievement

Community Budget Forum

*Property Tax Levy Cap & Other Factors
Creating Budgetary Challenges in 2012-13*

January 17, 2012

Current Fiscal Environment

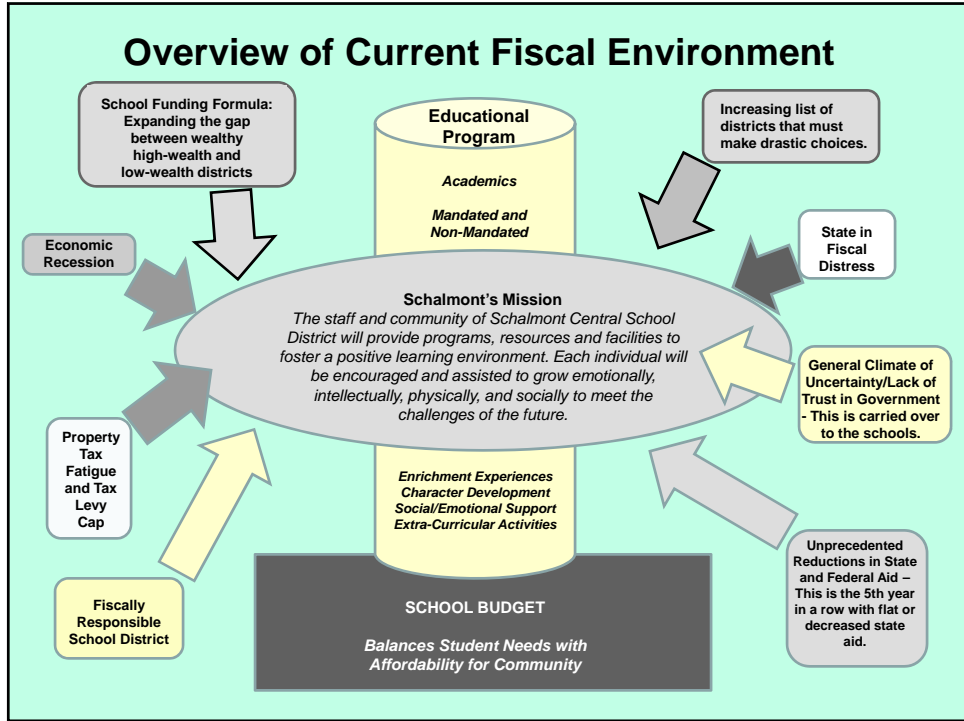
Balancing higher expectations & diminishing revenues

Statistics from school superintendents statewide:

- 75% of NYS districts are worse off financially than one year ago
- 89% are concerned about using reserves to fund recurring operation costs
- 80% cut teaching positions
- 63% increased class sizes
- 80% foresaw negative effects of tax cap
- 47% are reducing or deferring instructional technology
- #1 spending priority - extra help for students in need

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As reported by the New York State Council of School Superintendents (NYSCOSS)



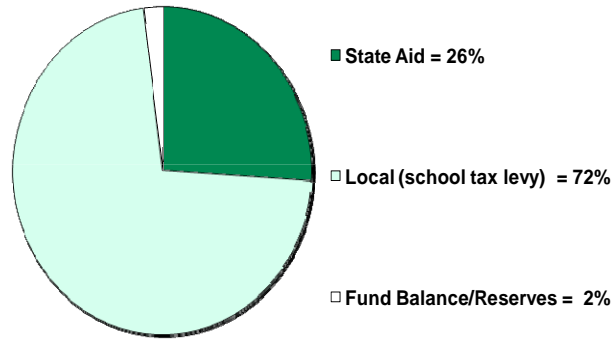
Budget Landscape

New York State Aid

School Year	Schalmont State Aid Allotment
2008-09	\$11,834,426
2009-10	\$11,273,390 (Includes federal aid)
2010-11	\$12,081,560 (Includes federal aid)
2011-12	\$11,212,470 (Includes Federal Jobs Bill)
2012-13	TBD – Based on governor's budget

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Budget Landscape 2011-12 School Year Revenues



Budget Landscape 2011-12 School Year Revenues

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Revenue Summary			
	Approved Budget 2010-11 (\$)	Proposed Budget 2011-12 (\$)	Percent Change
State and Federal Aid	\$12,081,560	\$11,212,470	-7.19%
Fund Balance Appropriations	776,009	595,000	-23.33%
Interfund Transfers	0	324,243	
Interest Earnings/Building Use/Refunds	454,000	647,411	42.60%
Payments in Lieu of Taxes	413,431	390,876	-5.46%
Property Tax Levy for Budget	28,600,000	28,600,000	0%
Revenue in budget	\$42,325,000	\$41,770,000	-1.31%

Budget Landscape 2011-12 School Year Expenses

Expenditure Summary

	Approved Budget 2010-11 (\$)	Proposed Budget 2011-12 (\$)	Percent Change
Instruction	\$19,497,573	\$19,322,940	-0.90%
Employee Benefits	12,188,868	12,089,948	-0.81%
Operations and Maintenance	2,649,619	2,453,890	-7.39%
Transportation	2,613,910	2,618,829	0.19%
District Support	1,316,145	1,327,291	0.85%
Debt Service and Transfer	4,058,885	3,957,103	-2.51%
Expenditures in budget	\$42,325,000	\$41,770,000	-1.31%

Budget Landscape

24.0 FTE* reductions made in 2011-12

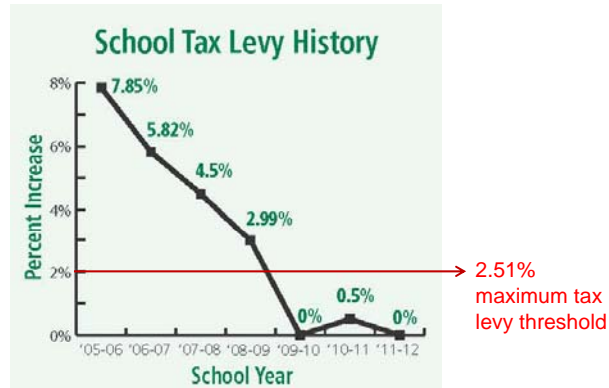
- Administration: 3.0 FTE
- Teachers: 9.8 FTE
- Support Staff: 11.2 FTE
- Also reduced equipment budget by 25% & centralized bus stops for MS/HS students

Reductions totaling 16.9 FTE made in 2010-11, plus extracurricular program, athletic and other miscellaneous cuts.

*Full-Time Equivalent

Budget Landscape

Addressing taxpayers' concerns



Budget Landscape

Financial Operations/Fiscal Oversight

- Direct supervision by NYS Education Department and applicable NYS municipal laws
- Compliance with 2005 Fiscal Accountability Law
 - Mandates school board fiscal oversight training
 - Establishment of district audit committee
- Ongoing audits of financials and internal controls

Budget Landscape Fiscal Responsibility

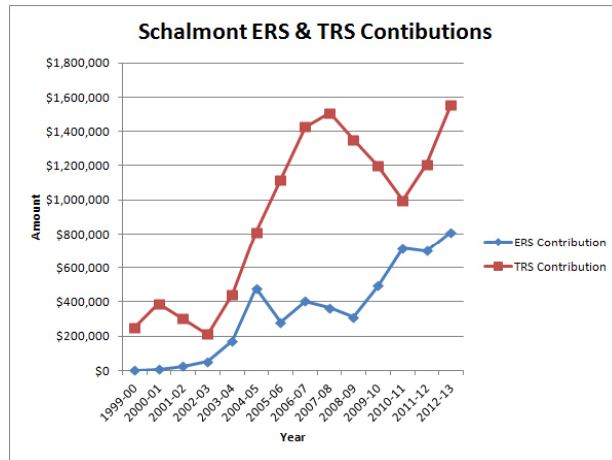
Prepared for anticipated expenses and unexpected emergencies

- Fund Balance (“Rainy Day Funds”):
 - Up to 4% of budget can be kept in a fund balance for emergencies related to health, safety and the preservation of property.
- Tax Certiorari Reserve Fund:
 - District subject to **\$5.2 million** in tax certiorari claims (i.e., court cases brought by businesses or property owners seeking a reduction in property tax assessments).
- Unemployment:
 - Aid cuts and decreased enrollments have made lay-offs a reality. Again, this reserve is funded so taxpayers are not further burdened.
- Employees Retirement System:
 - Retirement system contribution rates have increased from **1.9% to 18.9% since 2003**. Use of this reserves tempers the impact of increases on tax rates.
- Employee Accrued Benefits:
 - Upon staff retirement some benefits become due. This reserve is funded based on actual accrued liability so future taxpayers are not burdened with the cost.

Budget Landscape Fund Balance & Reserves

Undesignated fund balance	\$1,670,800
“Rainy day” funds	
Tax certiorari	\$5,227,299
Unemployment insurance	\$300,000
Employee benefit accrued liability	\$1,621,039
Retirement contributions	\$348,486

Budget Landscape Expenses



Budget Landscape Expenses

Special Education	\$5,000,000
Health insurance	\$8,000,000
Social Security	\$1,500,000
Debt service	\$4,000,000
Transportation	\$2,600,000
<i>All figures above are approximate</i>	

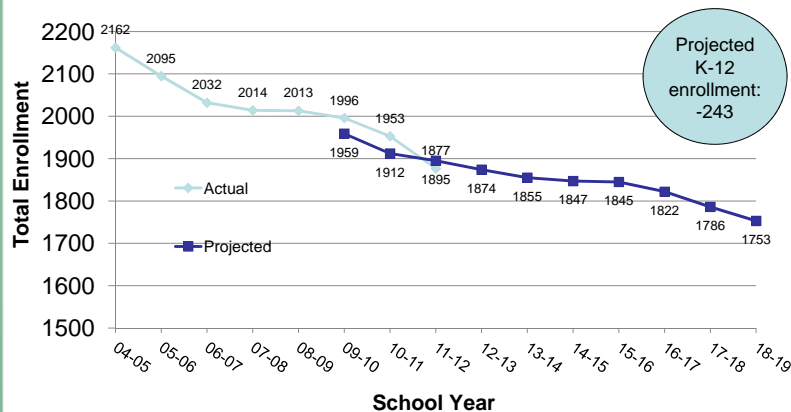
Budget Landscape

Long-Range Financial Planning

- Part of school board's annual goals
- Serves as a tool that reasonably projects future budget changes to assist decision-making for current and future budgets.
- Involves making sure the district has adequate reserves, a sufficient amount of undesignated fund balance, a good credit rating, clean audit reports, and the ability to operate within its voter-approved budget.

Budget Landscape

Declining Enrollment (K-12)



Projections from September 2010 Advisory Solutions Study

Budget Landscape Current Class Size*

Jefferson Elementary School

Grade	Number of students	Number of sections	Average class size
K	116	6	19.3
1	133	6	22.16
2	125	6	20.83
3	144	6	24
4	134	6	22.33

*Data available as of January 5, 2012

Budget Landscape Current Class Size*

Schalmon Middle School

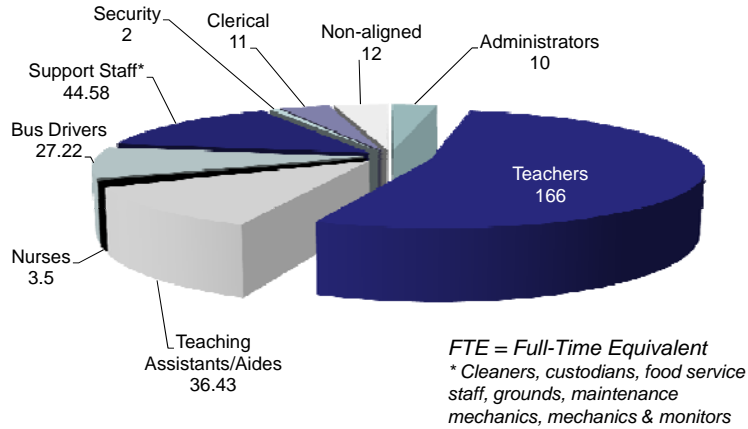
Grade	Number of students	Number of sections	Average class size
5	155	6	25.8
6	158	6	26.3
7	154	6	25.7
8	130	6	21.7

Schalmon High School

Grade	Number of students
9	146
10	166
11	167
12	151

Data available
as of Jan. 5,
2012

Budget Landscape Current Staffing by FTE



Budget Landscape Current Programming

Variety of extracurricular, music and athletic programs:

- Clubs
 - Odyssey of the Mind, Masterminds, Math Olympiad, Friends of Rachel, Key Club etc.
- Music groups
 - Tri-M Music Honor Society, Band, Chorus etc.
- Athletic teams
 - Baseball, basketball, bowling, cheerleading, cross-country, football, soccer, softball, swimming, track & field, tennis, volleyball and wrestling.

Variety of advanced-level high school academic programs:

- Honors, AP and/or college-level courses
- Opportunity to earn college credits through UHS and PLTW
- New state-of-the-art multimedia suite with technology-based electives
- Distance learning classes

Budget Challenge

Governor's Executive Budget Summary

\$805 million increase in school aid (a 4.1 percent increase).

- \$290 million provided for general support targeted to high need school districts
- \$265 million supports increased reimbursement in expense-based aid programs (e.g. reimbursement for school construction, pupil transportation expenses and BOCES)
- \$250 million for performance grants


What does this mean for Shalmon?

Budget Challenge

Property Tax Levy Cap Chapter 97 of the Laws of 2011

- Not really a “cap”
- Sets a higher threshold for voter approval of budgets **if** proposed tax levy increase exceeds the “tax levy limit”
 - **60% or more vs. simple majority (more than 50%)**
- “Tax levy limit” calculated and will vary by district
- “Tax levy limit” is not a limit – just a threshold for what level of voter support is required.

Property Tax Cap Calculation under Chapter 97 of the Laws of 2011 <small>(This analysis calculates the allowable tax levy for 2012-2013 school year)</small> <small>ENTER DATA ONLY IN CELLS SHADED IN YELLOW</small>			
Calculate "Adjusted" Current Year Tax Levy Threshold:			
1) Tax Levy 2011-2012		28,600,000.00	2011-12 Levy
Multiply: 2) Tax Base Growth Factor	x	1.0012	2% increase = 102%
sub-total	=	28,634,320.00	Old Method w/ 2% = -
Add: 3) PILOTS - 2011-2012	+	390,876.00	\$ Chg -
sub-total	=	29,025,196.00	
Subtract: 4a) Value of claims and judgements > 5% of total tax levy	-	0.00	
4b) Local share after aid of current (2011-12) allowable capital expenses	-	722,337.75	
Equals: Adjusted 2011-2012 Current Year Tax Levy	=	28,302,858.25	
Calculate Projected Tax Levy Threshold 2012-2013			
Multiply: 5) Allowable Levy Growth Factor (1 + inflation factor, up to 2%) TBD by Dept. of Labor in 01/2012	x	1.02	
sub-total	=	28,868,915.42	
Subtract: 6) Projected PILOTS for 2012-2013	-	390,876.00	
Add: 7) Available Carryover (No Available carryover for 2012-13 year)	+	0.00	
Equals: 2012-2013 TAX LEVY LIMIT (to be submitted to State Comptroller, Commissioner of Tax & Finance and the Commissioner of Education by March 1st) =	=	28,478,039.42	Determines simple/super majority vote
Calculate Coming Year Exemptions:			
Add: 8a) Value of any claims and/or judgements greater than 5% for 2012-13 year	+	-	
8b) ERS Employer Contribution Amount	+	25,761	
8c) TRS Employer Contribution Amount	+	68,600	
8d) Local share after aid of 2012-13 allowable capital expenditures	+	745,000.25	
sub-total	=	839,361.08	
Equals: sub-total	=	29,317,400.50	
Subtract: 9) Erroneous levy plus interest from prior year (N/A for 2012-13)	-	0	2012-2013 Adj Levy = 29,317,400.50
Equals: Maximum Tax Levy Threshold for 2012-2013	=	29,317,400.50	2011-2012 Levy = 28,600,000.00
<small>(requiring a simple majority vote)</small>			\$ Change = 717,400.50
			% change = 2.51%



Budget Challenge

Property Tax Levy Cap

School Board Considerations:

- **Option 1:** Propose a budget requiring a tax levy before exemptions at or below the tax levy limit prescribed by law
 - ✓ Requires a simple majority **(50% + voter approval)**

- **Option 2:** Propose a budget requiring a tax levy above the maximum allowable tax levy limit
 - ✓ Requires a "super majority" **(60% voter approval)**
 - ✓ Requires a statement on ballot indicating the required tax levy before exemptions exceeds the tax levy limit

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Budget Challenge Property Tax Levy Cap

Shalmont's Budget Vote History

Year	Proposed Budget	Vote Result	Yes	No	Tax Levy Increase
2007-08	\$40,093,742	Passed	56%	44%	4.5%
2008-09	\$41,550,000	Passed	52%	48%	2.99%
2009-10	\$42,325,000	Passed	62%	38%	0%
2010-11	\$42,325,000	Passed	60%	40%	0.5%
2011-12	\$41,770,000	Passed	74%	26%	0%

Budget Challenge Property Tax Levy Cap

What happens if the budget is not approved?

- If the proposed budget is not approved by the required margin the district may:
 - Resubmit the original budget;
 - Submit a revised budget to the voters on the third Tuesday in June; or
 - Adopt a contingency budget that **levies a tax no greater than that of the prior year (0% increase in tax levy).**
- If the resubmitted/revised budget proposal is not approved by the required margin:
 - the school board must adopt a contingency budget with a tax levy no greater than that of the prior year **(0% increase in the tax levy).**

Budget Challenge Property Tax Levy Cap

Key Points:

- NYS's tax levy cap is NOT a "2% cap"
- The law applies to the school district levy, NOT the individual tax bill of resident taxpayers
- The "tax levy limit" (actual allowable tax levy increase requiring only a simple majority) will vary by district
- The formula allows for certain expenses to be exempt from the cap, therefore allowing the total tax levy increase to be greater than "perceived" limit
- BOEs can present a budget that has a tax levy above the "limit," but will need 60% voter approval
- Voters are approving the budget (spending plan), not the tax levy

Looking Forward Priorities & Vision

Priorities and measurable goals are reviewed, developed and/or updated by the school board each year. New goals, include:

- Continue **academic improvement**
 - *Schalmont has jumped from #49 in 2005 to #11 in 2011 in the Capital Region Business Review's annual rankings*
- **Maintain current programs** and **extracurricular** activities
- Compliance with **new federal mandates** and **changes in state education funding** (APPR, Common Core Standards);
- Gaining a better understanding of and compliance with the new **property tax levy cap**; and
- Identifying potential areas for **cost-savings and collaboration**.



Budget Development Building a School Budget

Challenge: Creating a budget that meets needs of students and addresses taxpayers' concerns.

Considerations:

- External influences
(governor's executive budget, property tax levy cap)
- Priorities and vision
- Budget outlook in 2012-13
- Superintendent's budget recommendations

Budget Development Building a Balanced Budget

- NYS **requires** the expense budget to equal offsetting budgeted revenues
- Each budget (fiscal year) **must be approved** by the school board and community
- School districts **must follow applicable state law** regarding the budget process (budget restrictions, public notice, budget vote etc.)

Budget Development Gathering Feedback

- Previous budget vote exit survey results
- Results from other relevant surveys
- Feedback from last year's roundtable discussions surrounding school closures
- Board of Education meetings
- Budget Advisory Committee meetings
- Online, e-mail, phone and in-person communication

Budget Development Listening to Our Community

2010-11 budget and roundtable discussions:

- Maintain academic, extracurricular, music and athletic programs
- Maintain class sizes
- Explore options for cost savings
- Remain sensitive to the needs of taxpayers
- Share the burden of reductions districtwide

Budget Development Listening to Our Community

2011 Exit Survey Results:

Of the 931 residents who voted in May 2011, 613 completed an exit survey. Residents' cited top funding priorities as:

- College-level and AP courses (60%)
- Honors/other electives (49%)
- Interscholastic athletics (45%)
- Classroom technology (44%)
- Enrichment/accelerated courses (43%)
- Music electives (41%)
- Existing class sizes (35%)

Complete report available online at www.schalmont.org.

Budget Outlook for 2012-13 Rollover Budget

What might the school budget look like if:

– Expenses:

- Maintain all current programs and services (known as a “rollover budget”)
- Increasing expenses anticipated

– Revenue:

- Reductions in state aid likely
- School tax levy is flat
- Use same fund balance and reserves as in previous years

Budget Outlook for 2012-13 Possible Budget Scenario

Current School Year Budget (2011-12)	\$41,770,000
Estimated Rollover Budget for 2012-13	\$42,500,000
Projected Budget Gap • Designed to be under Shalmon's 2.51% tax levy limit (requiring 50% voter approval)	TBD

Budget Outlook for 2012-13 We will have a significant gap to close

Goals:

- Be sensible and strategic
- Be sensitive to taxpayers, employees and the community
- Maintain the integrity of educational programs
- Preserve student programs, especially at the high school
- Continue to address declining enrollment
- Discuss and explore potential cuts to non-mandated programs and services

Staying Informed and Engaged

Community participation is vital to the budget process

Save the dates:

- **Jan. 23:** Superintendent to present first draft budget proposal
- **Feb. 29, March 13 & 19:**
Budget Advisory Committee to review superintendents' second draft budget proposal (**all meetings open to the public**)
- **March 26:** Superintendent presents final budget proposal
- **April 16:** School board expected to adopt 2012-13 budget
- **May 14:** Official budget hearing and meet the candidates night
- **May 15:** Annual budget vote and board election