

# **COLD SPRING HARBOR CSD**

## **COMMUNITY BUDGET FORUM**

**JANUARY 29, 2013**

**Public Education in the Era of the  
New "Tax Cap"**

# Tax Cap Legislation

- Second Year of New Legislation Limiting the amount of the School Tax Levy
- This legislation has changed the way we look at school budgets
- The final proposed budget was always the result of estimating the costs to provide a certain level of programs and services with consideration of the impact on taxes
- Under the tax cap our final proposed budget is now determined by the legislated revenue limitations
- Even before we start the budget process we know the “bottom line” and then must create a budget to conform

# TAX CAP LIMITS

- Applied to School Budgets beginning with the 2012-2013 school year
- The tax cap limits the increase of the tax levy to 2% or the CPI whichever is less plus a growth factor based on increased assessments. The applicable CPI for 2013-14 is 2.07% therefore the tax levy limit will be the lesser of 2.07% or 2.00% plus certain modifications.

# WHEN IS 2% NOT 2%?

- Although the legislation is defined by the 2% cap, that will not be the final rate of increase
- Other factors will eventually determine the actual tax levy increase
  - Growth factor over the 2% based on an increased tax base (assessments). 12-13 = .81%, 13-14 = 0%
  - Ability to “carry over” unused levy amounts from the prior year

# WHEN IS 2% NOT 2%? (Cont'd)

## “Exclusions”

- There are certain expenditures which can be funded over the tax cap.
  - Costs related to pension contributions when the increase in the pension contribution rate exceeds 2% . (Significant for CSH for next year)
  - Court orders or judgments (does not affect CSH)
  - Net increases/decreases in capital expenditures including debt service on construction projects.

# Let's Look at the "Numbers"

- The tax levy for 2012-13 is \$55,394,917
- If we just use the 2% increase for now, that means we can raise our tax levy by \$1,107,898. Couple that with a state aid increase of \$100,000 , it essentially means we can increase our budget by about \$1.2 million before exemptions.

## Let's Look at the "Numbers" (Cont'd) "The Exemptions"

- Teacher Retirement Contributions will go up about \$1 million (Est.) for 13-14.
- Under the legislation a certain portion is exempt from the levy. (Any expenditures attributed to the increase in the contribution rate over 2%).
- The expenditures within the 2% = 415,000
- The expenditures over the 2% = 585,000 which means we can add that to the allowable tax levy increase

## Let's Look at the "Numbers" (Cont'd) "The Allowable tax levy"

- We can raise taxes the 2% plus the TRS exemptions which will be about \$1.7 million or 3%. Hopefully, below 3%, if the final TRS rate is closer to 15.5% not 16.5%.



## Can we meet our obligations under the Tax Cap Limitations

- Is an increase of \$1.7 million sufficient to meet our obligations?
- What are these costly obligations?

# Financial Obligations – Projected Increases for 2013-2014

■ Retirement Contributions (TRS)=	\$1,000,000
■ Retirement Contributions (ERS)=	\$ 120,000
■ Triborough Salary Costs	= 400,000
■ Health Insurance Costs	= 110,000
■ Student Transportation	= <u>70,000</u>
• TOTAL	\$1,700,000

# Unfunded Mandates (To name a few!)

Without the “Unfunded Mandates” the goal of maintaining programs within the cap would be easier

Some Examples of Unfunded Mandates:

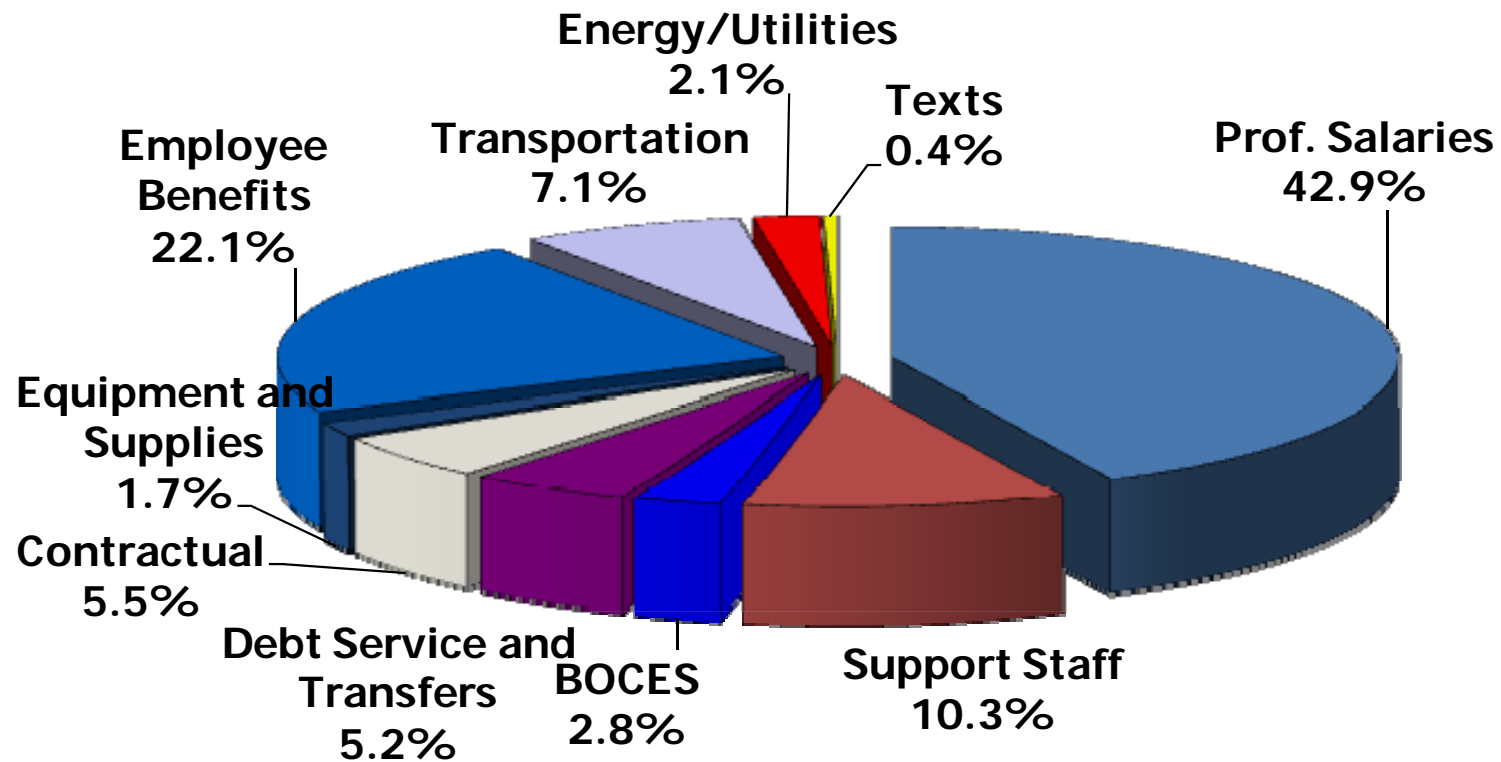
- Triborough Amendment
- Wicks Law
- Seniority in Layoff Decisions
- State Assessments – Annual Testing 3 – 8
- Academic Intervention Services
- APPR
- 3020A

# What are other districts doing?

## Will we have to make these cuts?

- Closing Schools
- Increased Class Sizes
- Staff Cuts and Excessing
- Increased Transportation Limits
- Elimination of Athletic and Co-Curricular Programs
- Elimination of Secondary Electives
- Elimination of Elementary Programs (e.g. FLES, library, art, music)
- Full Day to Half Day Kindergarten

# Where does all the money go?



# Consequences of Defeated Budgets

- As in current law the School District may submit a vote to the public two times
- If a budget is defeated on the first vote or fails to achieve a 60% override vote, the Board may adopt a contingent budget with no increase in the tax levy OR present a second vote to the community with the same or revised levy increase
- If a budget is defeated twice the district must adopt a contingent budget with no tax levy increase

# Override Provision

- A school district can exceed the tax levy limit if 60% of those voting approve the proposed tax levy that exceeds the allowable 2% plus exemptions.
- Vote History for CSH:

2012-13 Budget	61% Yes	39% No	2.41% Levy Inc.
2011-12 Budget	63% Yes	37% No	3.93% Levy Inc.
2010-11 Budget	53% Yes	47% No	3.89% Levy Inc.
2009-10 Budget	57% Yes	43% No	3.30% Levy Inc.
2008-09 Budget	57% Yes	43% No	5.32% Levy Inc.
2007-08 Budget	63% Yes	37% No	6.16% Levy Inc.
2006-07 Budget	52% Yes	48% No	8.98% Levy Inc.

# Tax Levy vs. Tax Rate

- The Tax Cap applies only to the increase in tax levy which is amount of taxes to be raised necessary to balance the budget.
- The tax rate determines how much property taxes a homeowner must pay. The tax rate percent increase does not necessarily equal the percent increase in the tax levy.
- If the tax levy increase is 2% homeowners could have an increase greater than 2% or even possibly less.



# Community Input

- To address the Board
  - Proceed to Podium when your “color” is called
  - Each Speaker Is limited to three minutes
  - Take our Survey. Link to the Cold Spring Harbor School District website [www.csh.k12.ny.us](http://www.csh.k12.ny.us) – The Survey will be available at 10 p.m. this evening.