

HUDSON CITY SCHOOL DISTRICT

2017-18 Tax Cap Calculation & Preliminary Budget Estimate



Superintendent

Dr. Maria J. Suttmeier

Board of Education

Carrie Otty - President

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Current Budget Considerations

- New York State Tax Cap Law
- State Aid Fluctuations
- Strategic investments needed to support Vision 2020 goals of social-emotional support and academic achievement
- Loss of state support due to change in status from being “in-focus” to a district in “good standing”
- End of Community Schools Grant
- Negotiations
- Cost of Employee Benefits ~ Retirement and Health
- Workers’ Compensation Rate Increase & Deficit Balance
- Reserve Planning

Tax Levy Limit: Maximum Allowable Levy

Tax Cap Calculation

$$\begin{aligned} & \text{Prior Year Tax Levy} \\ & \quad \times \\ & \quad \text{Tax Base Growth Factor, if any (Set by NYS Tax \& Finance)} \\ & \quad + \\ & \quad \text{Payments In Lieu of Taxes (PILOTS) Receivable in Prior Year} \\ & \quad - \\ & \quad \text{Taxes Levied For Exemptions in Prior Year} \\ & \quad = \\ & \quad \text{Adjusted Prior Year Tax Levy} \\ & \quad \times \\ & \quad \text{Allowable Levy Growth Factor (Lesser of 2\% or CPI)} \\ & \quad - \\ & \quad \text{Payments In Lieu of Taxes (PILOTS) Receivable - Coming Year} \\ & \quad + \\ & \quad \text{Available Carryover, If Any} \\ & \quad = \\ & \quad \text{“TAX LEVY LIMIT”} \\ & \quad + \\ & \quad \text{Coming School Year Exemptions} \\ & \quad = \\ & \quad \text{“MAXIMUM ALLOWABLE TAX LEVY”} \end{aligned}$$

This is the **ONLY** place where 2% is seen in the entire calculation.

Tax Levy Limit: Looking at the Numbers

2017-18 Tax Cap Calculation

Prior Year Tax Levy		\$21,930,871	
	x		
Tax Base Growth Factor, if any (Set by NYS Tax & Finance)		1.0144	
	+		
PILOTS Receivable During Prior Year		\$151,030	
	-		
Taxes Levied For Exemptions During Prior Year		\$540,675	
	=		
Adjusted Prior Year Tax Levy		\$21,857,030	
	x		
Allowable Levy Growth Factor (<u>Lesser of 2% or CPI</u>)		1.0126	
	-		
PILOTS Receivable In The Coming Year		\$151,030	
	+		
Available Carryover, If Any		\$0	
	=		
“TAX LEVY LIMIT”		\$21,981,399	
	+		
Coming School Year Exemptions		\$565,434	
	=		
“MAXIMUM ALLOWABLE TAX LEVY”		\$22,546,833	2.81%



This is the **ONLY** place where 2% is seen in the entire calculation.

Tax Levy Limit: Impact of CPI / Growth Factor

How Would Tax Cap Look With 2016-17 CPI of 0.12%?

Prior Year Tax Levy		\$21,930,871	
	x		
Tax Base Growth Factor, if any (Set by NYS Tax & Finance)		1.0144	
	+		
PILOTS Receivable During Prior Year		\$151,030	
	-		
Taxes Levied For Exemptions During Prior Year		\$540,675	
	=		
Adjusted Prior Year Tax Levy		\$21,857,030	
	x		
Allowable Levy Growth Factor (<u>Lesser of 2% or CPI</u>)		1.0012	← CPI is the ONLY factor of the formula changed for this example
	-		
PILOTS Receivable In The Coming Year		\$151,030	
	+		
Available Carryover, If Any		\$0	
	=		
“TAX LEVY LIMIT”		\$21,732,229	← Difference = \$249K
	+		
Coming School Year Exemptions		\$565,434	
	=		
“MAXIMUM ALLOWABLE TAX LEVY”		\$22,297,633	← 1.67%

Preliminary Budget & Revenue Estimates

2016-17 Approved Budget	\$45,910,371
2016-17 Tax Levy	\$21,931,871

2017-18 Projected Revenues:

Projected State Aid	\$21,954,298
Tax Levy (Maximum)	22,546,965
Other Revenues	<u>1,865,000</u>
Total Estimated Revenue	\$46,366,263

2017-18 Preliminary Budget Projection	\$46,366,263
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What Options Does the BOE Have?

- ❑ **Option 1** : Propose a budget requiring a tax levy **before** exemptions **at or below** the Tax Levy Limit prescribed by law
 - This requires a simple majority (50% + 1 voter approval)

- ❑ **Option 2** – Propose a budget requiring a tax levy **before** exemptions **above** the 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

What happens if the budget is NOT APPROVED by the public?

- ❑ If the proposed budget is not approved by the required margin:
 - The District may resubmit the original budget or 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 Board of Education must adopt a budget that levies a tax no greater than that of the prior year (0% increase in tax levy).

- ❑ Districts will not be allowed to increase the tax levy to the extent necessary to fund items of expenditure excluded from the tax cap
 - No growth factor
 - No capital, court order/judgments or pension exemptions

QUESTIONS?

