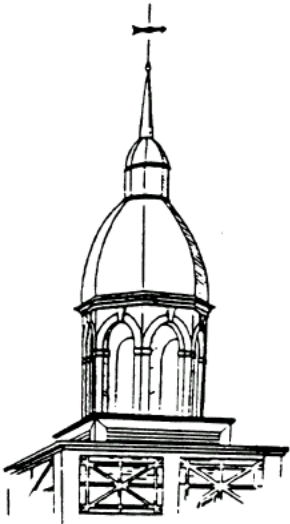


GARDEN CITY PUBLIC SCHOOLS

PROPOSED BUDGET 2012-2013 Overview and Revenue Projections



February 7, 2012

Tonight's Agenda

- Budgeting in the Era of the Tax Levy Cap: How the Cap Works and the Challenges It Presents
- The Budget Numbers for 2012-13: Superintendent's Recommendation
- Garden City Public Schools: The Return on the Community's Investment
- Budget Design Process, Principles and Priorities
- The Revenue Picture and State Aid
- Q & A

Budgeting in the Era of the Tax Levy Cap

- Not exactly a “cap”
- Instead, requires a high level of voter approval (“supermajority”) if the proposed property tax levy increase goes beyond the “tax levy limit”
 - “Supermajority” = 60% of voters must approve
- There is an 8-step formula for determining the “tax levy limit”

Formula Presentation

Base Formula

$$\left[\left(\begin{array}{c} \text{Prior} \\ \text{fiscal} \\ \text{year tax} \\ \text{levy} \end{array} \times \begin{array}{c} \text{Tax} \\ \text{base} \\ \text{growth} \\ \text{factor*} \end{array} \right) + \begin{array}{c} \text{PILOTs} \\ \text{receivable} \\ \text{in the prior} \\ \text{fiscal year} \end{array} \right] \times \begin{array}{c} \text{Allowable} \\ \text{levy growth} \\ \text{factor (1.00} \\ \text{to 1.02)**} \end{array} - \begin{array}{c} \text{PILOTs} \\ \text{receivable} \\ \text{in coming} \\ \text{fiscal year} \end{array} = \text{Tax Levy Limit}$$

+ Transfer of Function

Tax Levy Limit

+

Net of Transfer of
Government
Function (as
determined by OSC)

=

Tax Levy Limit,
Adjusted for
Transfer of
Function

+ Exclusions

Tax Levy Limit,
Adjusted for
Transfer of
Function

+

Tax levy necessary for
expenditures from
court orders/judgments
arising from tort
actions for any amount
in excess of 5% of the
total taxes levied in the
prior fiscal year

AND

Levy necessary to pay
for additional pension
cost due to increases
in the average
actuarial/normal
contribution rate of
pension funds over 2
percentage points

AND

School
districts ONLY:
capital tax
levy

=

Tax Levy Limit,
Adjusted for
Transfers, Plus
Exclusions

The Tax Levy Cap is NOT...

- A limit on the tax increase in dollars that an individual property owner might pay
- A limit on assessment changes
- A direct control on the tax rate
- An end to voting on school budgets
- A 2% cap on property tax increases or *any* tax increase
- A one-year issue
- An effective way to control costs and ensure high quality

What Is Exempt from the Tax Levy Limit?

- Debt service for capital projects (bonds)
- Pension contributions rate increases above 2% (This year's TRS rate increase is 1.2%, and the ERS rate increase is 2.6%. Only .6% of the ERS increase is exempt.)
- Extraordinarily high legal settlements (Garden City has no such settlements.)
- There are also 2 “adjustments” that can be made to the district tax base calculation
 - Tax base growth factor: adjusts for increases in “brick and mortar” development -- actual growth in the number of properties in the school district, not increases in property value.

Garden City has no growth factor for 2012-13
 - Costs and/or savings from the transfer of function(s) from one local government to another, to be determined by the Office of the State Comptroller (OSC)

Garden City has not been advised of any transfer of function changes, although some appear to be contemplated for the future

Challenges for the School District Budget in the Tax Levy Cap Era

- Explaining how the tax levy cap operates
- Garden City relies *extensively* (90%) on property taxes for the funds that allow it to operate its programs.
 - Eligible for little federal aid, and these grants have been declining in value
 - State aid provides only 4.40% of total revenues. State aid has been reduced by over 21% just since 2008.
 - Garden City receives *no* Race to the Top funding
 - It does not appear that Garden City will receive a substantial increase in state aid for the 2012-13 budget year
 - Little revenue is generated from interest on deposits, fees, etc.

Challenges for the School District Budget in the Era of the Tax Levy Cap

- School districts are prohibited from “piggybacking” on many other government contracts
- Other levels of government have tried shifting costs to school districts, like the Nassau County sewer tax (approximately \$100,000) and cost of preschool special education (in Governor’s current budget proposal)
- Tax certiorari refunds will be the responsibility of school districts, and these costs—by law—cannot be exempted from the property tax levy cap
- The tax levy cap gives “no” votes more weight (1.2) than “yes” votes
- No adjustments permitted for increased enrollment
- No adjustments for inflation above 2%
- The cap limits the decision-making capacity of elected local officials

Challenges for the School District Budget in the Tax Levy Cap Era

Little has been done to help the school district address the current expenses that are driving up costs--
like pensions and unfunded mandates.

Challenges for the School District Budget

- Some recent examples:
 - Printing scoring and scanning of every student response sheet for grades 3-8 testing (approx. \$4.15 per answer sheet)
 - Scoring of Regents exams (\$1.75, per student, per exam)
 - Printing of 3 versions of the Reference Tables for science Regents and use during the school year (to be bid) and essay booklets for English Regents
 - Printing of ballots for new electronic voting machines (57¢ per ballot) and renting of new voting machines
 - Additional student testing required for new teacher evaluation system (\$28-30,000 to start, perhaps more than \$100,000 later)
 - Staff development and textbook costs associated with new curriculum requirements, new tests and new teacher evaluation system (\$10,000+ to date just for workshops for one-third of the required training for administrators on evaluation system)
 - New asbestos abatement standards

School District Tax Levy Cap vs. Other Government Tax Levy Caps

- The School District increase may differ from the Village increase
- The School District cannot initiate special fees (for athletics or clubs, for example) to supplement revenues provided by property taxes
- Only school districts are required to have their budgets approved by a majority—or supermajority—of voters
 - Other municipalities need have only a majority—or supermajority—of the “governing body”

Nassau female 911 operators win \$7M pay suit



Formula Presentation

Base Formula

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AND

School
districts ONLY:
capital tax
levy

=

Tax Levy Limit,
Adjusted for
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Exclusions

**Proposed overall budget:
\$104,976,751**



**Budget to budget increase:
\$3,859,693 or 3.82%**

**Projected tax levy increase
(with STAR):
4.25%**

**Maximum Allowable Tax Levy:
4.3%**



Budget Drivers 2012-13

Expenditure	Increase in \$	Budget Impact %	Tax Impact %
Pension			
TRS	572,000	0.57	0.63
ERS	315,000	0.31	0.34
Health care	454,000	0.45	0.5
Subtotal	1,341,000	1.33	1.47
Debt service			
2009 bond	1,125,322	1.12	1.24
Subtotal	2,466,322	2.45	2.71
Contract. Salary	1,765,000	1.75	1.94
Spec. Ed.	767,000	0.76	0.84
Total	4,998,322	4.96	5.49

Spending reductions were made to cut the budget increase to 3.82% and the tax increase to 4.25%.

- Question: What additional reductions would be needed to achieve a 2% tax levy increase?

Answer: \$2,050,000

- Question: What would that represent in program or personnel costs?

Answer: 23 teachers (including benefits)

OR

More than the cost of a primary school

OR

More than the entire cost of all principals and assistant principals

OR

More than twice the recommended allocation for capital improvement projects **and** the purchase of 2 school buses and 2 vans

GARDEN CITY SCHOOL DISTRICT

Mission Statement

- The Garden City School District seeks to create an environment for learning which enables each student the opportunity to grow as an individual as well as a group member while striving to achieve the optimal level of academic, social and personal success.
- Students will thrive in a learning environment that is developmentally appropriate, individualized and challenging.
- Our goal and responsibility is to help each student develop an enthusiasm for learning, a respect for self and others, and the skills to become a creative independent thinker and problem solver.

GARDEN CITY SCHOOL DISTRICT

Mission Statement

In other words:

Inspiring Minds



Empowering Achievement



Building Community

Garden City Public Schools

Facts and Figures

- A K-12 public school district enrolling approximately 4050 students
- Programs for *all* students at *all* achievement levels
- 7 school buildings: 3 primary (K-1), 2 elementary (2-5), 1 middle (6-8), 1 high school (9-12)
- 2 support buildings: central administration and transportation

Garden City Public Schools

- A long tradition of high achievement
- Excellent “return on investment”
- A history of sound fiscal management
- A commitment to continuous improvement
- A key element in making Garden City a ***“destination location”***



Garden City Public Schools: A National Leader in Education

- Excellence in academic achievement
 - 99% of students go on to higher education
 - 90% of graduates attend 4-year colleges
 - 99.5% of graduates receive Regents diplomas
 - 83% received Advanced Regents or Advanced Regents with Honors distinctions
 - 78% of Class of 2011 accepted to at least one of Princeton Review's "Best Colleges"
 - Ranked #1 in New York State for percentage of students enrolled in AP classes
 - High School ranked #115 in the nation by *Newsweek*
 - 5 Merit Scholarship Semi-Finalists, and 9 Commended Students

Garden City Public Schools: A National Leader in Education

- Every eligible school has been honored by the U.S. Department of Education as a “School of Excellence”: Stratford, Stewart, Middle School and High School
- Middle School recognized as national “School to Watch”
- Consistently high test scores
- 22 Advanced Placement offerings; 176 AP Scholars ; 5 college credit courses in world language and business
- Multigrade, multidisciplinary research curriculum
- Successful research programs at middle school and high school that have produced Intel finalists, Siemens semifinalists and ISEF first prize winner; highly popular science clubs at elementary schools

Garden City Public Schools: A National Leader in Education

- Extensive co-curricular, extra-curricular and athletics programs
- GCHS is six-time winner of “Scholar-Athlete School of Distinction” Award; District’s athletics program cited by *Newsday* as “Best in Nassau”
- Strong community education program and community use of facilities
- Comprehensive character education programs begin in primary schools and extend through grade 12
- Small, personalized primary schools
- Comprehensive special education programs & services

Garden City Public Schools: A National Leader in Education

- Strong programs in the arts—Students recognized as Scholar-Artists, exhibited at highly competitive shows and selected for All-State and national bands;
- FLES—Instruction in Spanish begins in 2nd grade
- Relatively low cost per pupil—Very favorable when compared to similar districts
- AA1 bond rating
- Collaborative relationship with Village government
- Participation in county & regional consortia seeking to lower costs
- Summer enrichment and academic support programs; Winter Program for Kids; After School Child Care Program
- Extensive community education program and after-school child care program
- District provides its own bus transportation

Budget Design Principles



Budget Design Principles



- Align budget with district's mission and goals
- Ensure health and safety and provide funds to maintain the physical plant
- Respect that property taxes from individual homeowners remain the major source of revenue for the budget
- Provide allocations to address laws, mandates and obligations, including new teacher/principal evaluation system (APPR) and new NYS learning standards (CCLS), as well as 2009 School Investment Bond debt service
- Reduce potential for tax spikes by maintaining level of appropriated fund balance as well as money for contingencies
- Offset increases with funds from reserves, but **do not** empty reserves—Fiscal challenges confronting the school district (including tax certiorari) may not end with 2012-2013 budget

Budget Design Principles



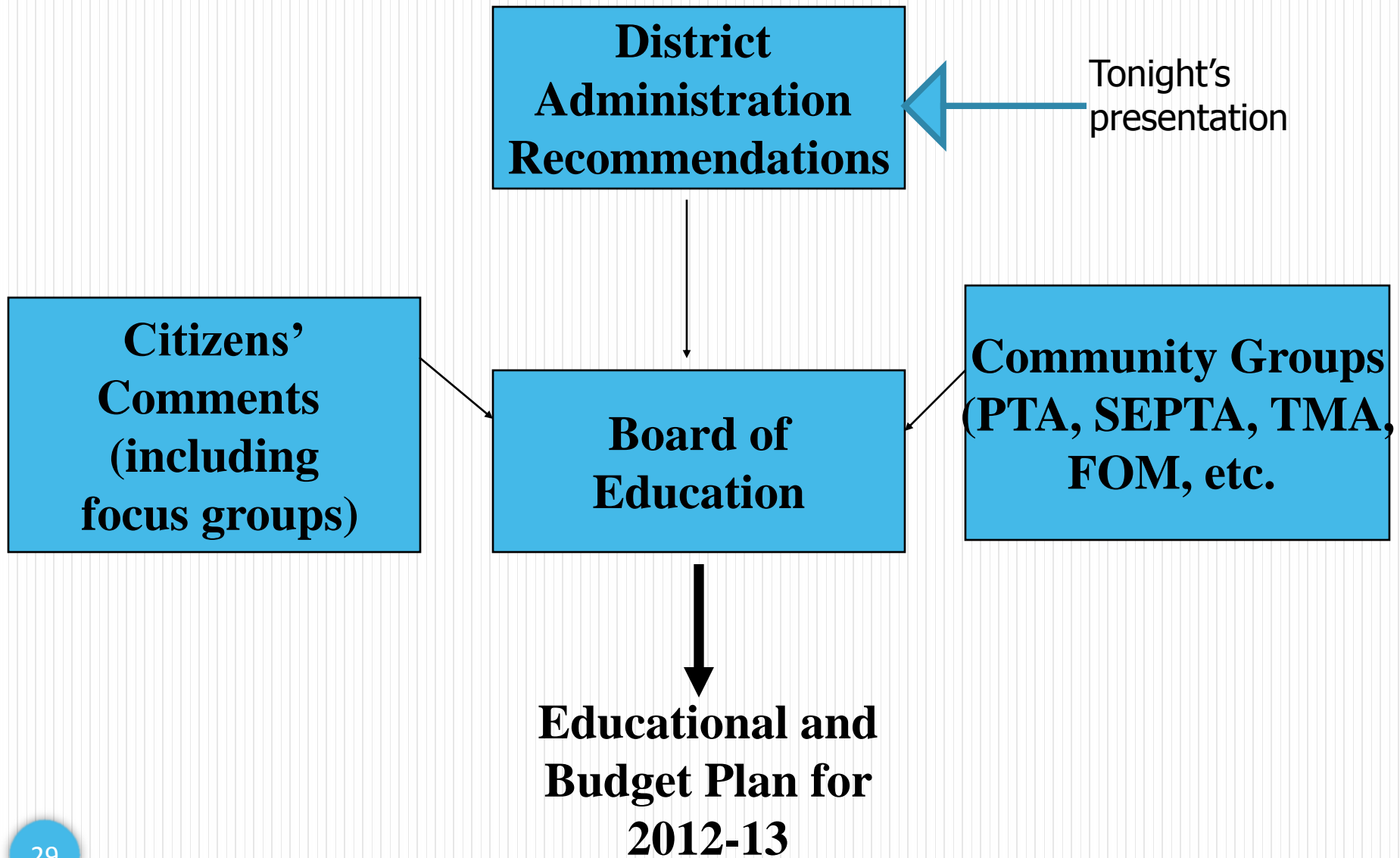
- Make certain all department and program budgets have been reviewed thoroughly
 - No “givens” or automatic increases
 - Eliminate “wish lists”
 - Ensure expenditures are essential to address district mission and goals
 - Empower principals and other supervisors and hold them accountable for results
- Avoid “one-shot” remedies that will only add to future budgets or reduce long-term program effectiveness
- Use data to assess instructional programs
- Seek to return classified students to in-district placements, when appropriate
- Seek savings through “green” initiatives, consortia and economies of scale

Budget Design Principles



- Maintain strong financial controls and oversight; promote transparency and maintain long-term district fiscal health
- Try to identify “value added” reductions that facilitate economies across budget codes
- Use conservative enrollment projections
- Reduce personnel to control costs
- **Work to ensure that current and future students enjoy the same opportunities that former students enjoyed**

The Budget Development Process



The Proposed 2012-13 Budget

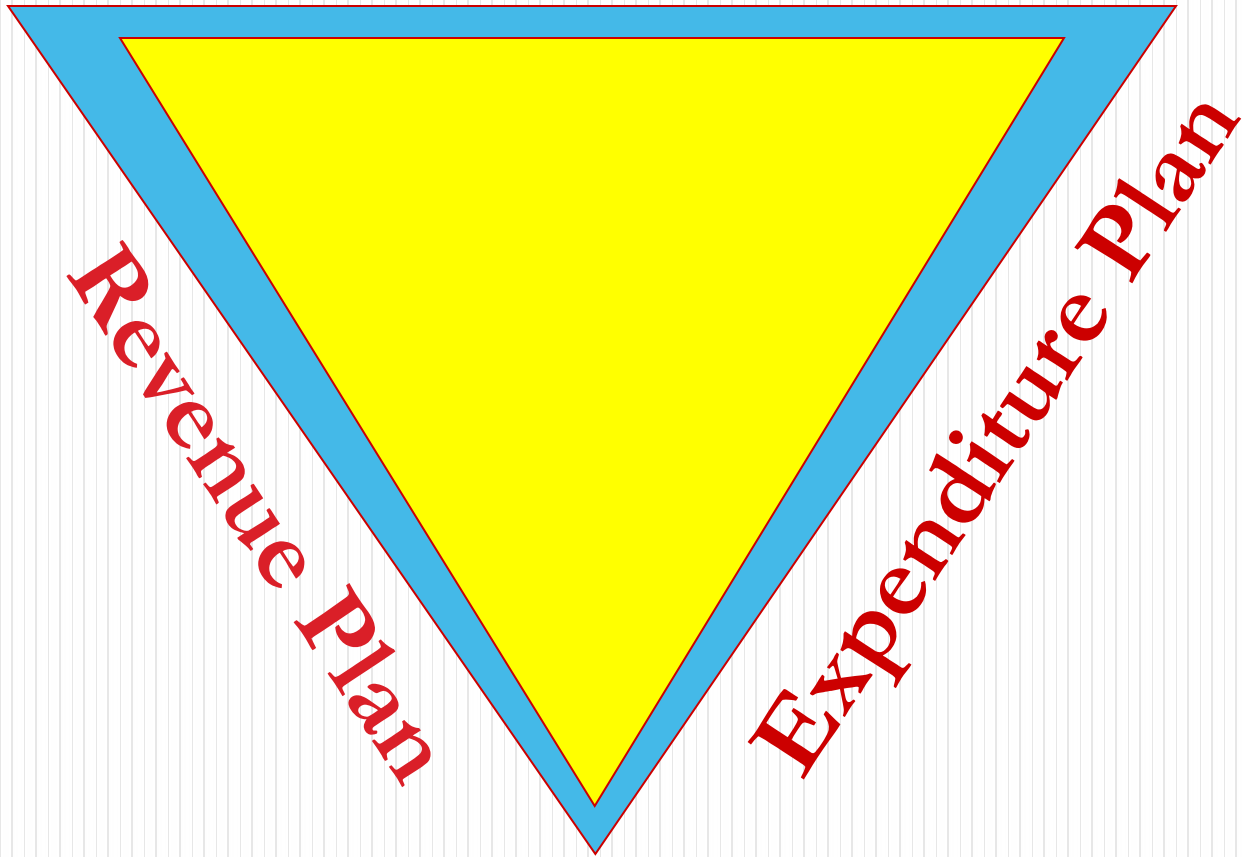
- Preserves programs
 - No major changes proposed
 - No building closures
 - Maintains class size guidelines
 - Retains special programs (FLES, Quest, etc.)
 - Maintains high school electives
 - Preserves most cocurricular/athletics programs
 - Retains full-day kindergarten
 - Includes funding for student support services & technology initiatives
 - Does not contemplate changes in current bus transportation policy
 - Retains needed funds for staff development, textbooks, tests and other materials in connection with major mandated changes in curriculum, assessment and personnel performance evaluation
 - Utilizes reserves, but does not deplete accounts
 - Reduces staff judiciously: teacher reductions accomplished due to reductions in district enrollment



Tonight's presentation is *the first step* in a comprehensive review and discussion of the administration's proposed budget.

The budget adopted by the Board of Education and presented for approval on May 15th will reflect input from the community.

Educational Plan



2012-13 Proposed Budget

Sources of Revenue

1. State Aid
2. Local Revenue
3. PILOT (Payment in Lieu of Taxes)
4. Appropriation from Reserves
5. Fund Balance Allocation
6. Property Taxes

Summary of Revenues

<u>Revenues from State Sources</u>	<i>Actual 2010-11</i>	<i>Anticipated 2011-12</i>	<i>Proposed Budget 2012-13</i>
Foundation & Other Oper. Aids	\$ 1,091,213	\$ 1,605,759	\$ 1,672,440
Transportation	165,070	184,417	195,091
BOCES	406,912	367,057	371,828
Handicapped	1,911,816	1,989,848	1,997,389
Textbook	283,154	279,542	275,573
Computer Software	77,387	76,713	76,713
Library Materials	32,287	32,006	32,003
Federal Fiscal Stabilization	364,682	-	-
TOTAL STATE AID	\$ 4,332,521	\$ 4,535,342	\$ 4,621,037

Summary of Revenues

	Actual Revenues 2010-11	Est. Actual Revenues 2011-12	Projected Revenues 2012-13
<u>Charges for Services</u>			
Continuing Education Fees	434,386	400,000	385,000
Health Services - Other Districts	631,308	630,000	615,000
Tuition & Services - Other Districts	234,334	207,943	225,000
Summer Programs	109,092	112,154	110,000
<u>Other Local Revenues</u>			
Interest on Deposits and Investments	143,336	118,793	84,380
Charges for Use of Facilities	1,050	3,193	1,500
Rental of Musical Instruments	16,885	17,287	17,000
Lost Textbook, Library Fines	7,808	6,368	7,500
Insurance Recoveries	78,892	119,020	35,000
MTA Payroll Tax Reimbursement	190,446	175,300	-
Miscellaneous	288,384	180,030	210,000
Total Local Revenues	Sub Total	2,135,921	1,970,088
Total Non-Tax Revenues		6,468,442	6,505,430
Real Property Taxes	\$82,780,196	\$85,237,491	\$89,094,614
Star Reimbursement	5,572,094	5,416,523	5,416,523
PILOT (Payments in Lieu of Taxes)	221,981	235,069	254,197
Appropriation from: Workers Comp Reserve	-	300,000	600,000
Appropriation from: NYS ERS Reserve	-	792,422	500,000
Fund Balance Allocation	2,800,000	2,800,000	2,800,000
Total Revenues		97,842,713	101,286,935
		104,976,751	

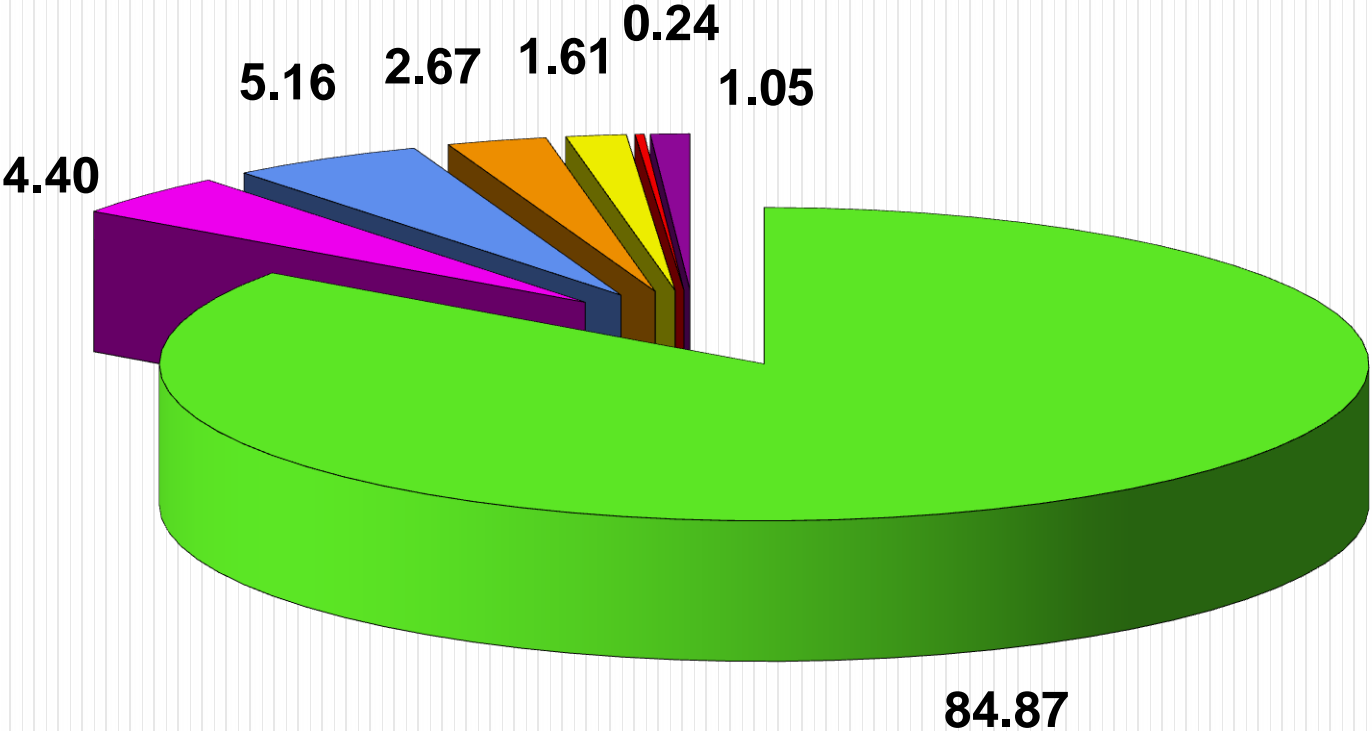
2012-13 REVENUE SOURCES

<i>Category</i>	<i>Anticipated 2011-12</i>	<i>Proposed 2012-13</i>	<i>Dollar Change</i>
State Aid	4,535,342	4,621,037	85,695
Local Revenue	1,970,088	1,690,380	(279,708)
PILOT	235,069	254,197	19,128
Appropriation from Reserves	1,092,422	1,100,000	7,578
Fund Balance	2,800,000	2,800,000	-
STAR Reimb.	5,416,523	5,416,523	-
Property Taxes	85,237,491	89,094,614	3,857,123
TOTAL	101,286,935	104,976,751	3,689,816

Revenue Category Percentages

	<i>Proposed Budget 2012-13</i>	<i>% of Overall Budget</i>
State Aid	\$4,621,037	4.40
Local Revenue	\$1,690,380	1.61
PILOT	\$254,197	0.24
Appropriation from Reserves	\$1,100,000	1.05
Fund Balance	\$2,800,000	2.67
STAR Reimb.	\$5,416,523	5.16
Property Taxes	\$89,094,614	84.87
TOTAL	\$104,976,751	100.00

2012-13 Proposed Budget : Sources of Revenue



- Property Tax Levy
- STAR
- Local Revenue
- App. From Reserves
- State Aid
- Fund Balance
- PILOT

Fund Balance Allocation

<i>Actual 2010-11</i>	<i>Budgeted 2011-12</i>	<i>Proposed Budget 2012-13</i>
\$2,800,000	\$2,800,000	\$2,800,000

Real Property Taxes

	<i>Actual 2010-11</i>	<i>Budgeted 2011-12</i>	<i>Proposed Budget 2012-13</i>
(A)	\$82,780,196	\$85,081,920	\$89,094,614
(B)	\$88,352,290	\$90,654,014	\$94,511,137

(A) Levy without STAR

(B) Levy with STAR

State Aid

- Actual 2007-08 \$ 5,870,490
- Projected 2012-13 \$ 4,621,037
- Reduction of: \$ 1,249,453*

*This figure reflects more than a 21% decrease in state aid over 6 years

Don't forget to vote on May 15th



