



JERICHOSCHOOL DISTRICT

BUDGET 2012-13

Workshop # 4

Budget Review Calendar

Property Tax Cap

Budget Strategies and Process

Recommended Reductions/Efficiencies

Recent Administrative Consolidations

Future Challenges

Budget Summary Expenditures and Revenues

Fund Balance Management

Program Continuation

Jericho's Results

Budget Review Calendar



- **January 19** **Overview and Review of Codes:
1000, 2010, 2020, 2070, 7000, 8000**
- **January 26** **Review of Codes:
2250, 2610, 2810, 2815, 2820, 2825, 2850, 2855**
- **February 8** **Codes 2110, 2630, 5000, 9000**
- **March 1** **Full Budget Review of Revenues and Expenditures**
- **March 15** **Adoption of Budget by Board of Education**

The three tax levy numbers under New York state's tax levy "cap"

With all the talk of New York's new "2 percent tax cap," it may come as a surprise to learn that each school district in the state will present three separate tax levy numbers this spring, as part of their compliance with the new legislation.

And chances are good that none of your school district's three tax levy numbers will be exactly 2 percent.

That's because the 2 percent that you hear about is just one part of a complex formula that school districts must use to calculate two of their tax levy numbers, the tax levy limit and the maximum allowable tax levy.

1 Tax levy limit

Essentially, the tax levy limit tells a school district how much community support it will need to pass a budget with its proposed tax levy. For school districts, the tax levy limit is the highest allowable tax levy (before exclusions) that a school district can propose as part of its annual budget and need the approval of only a simple majority of voters (50 percent plus 1) to pass the budget. If a district proposes a budget with a tax levy amount (before exclusions) above this limit, it will need the approval of a supermajority of voters (60 percent) to pass the budget.

School districts are required to report their calculated tax levy limit to the state comptroller by March 1.

2 Maximum allowable tax levy

The maximum allowable tax levy is the tax levy limit PLUS certain exclusions. Taxes levied to fund the following expenses are excluded from the tax levy limit:

- Voter-approved local capital expenditures.
- Increases in the state-mandated employer contribution rates for teacher and employee pension systems that exceed two percentage points.
- Court orders/judgments resulting from tort actions of any amount that exceeds 5 percent of a district's current levy.

A school district adds these exclusions to its tax levy limit without triggering the need for 60 percent voter approval.

3 Proposed tax levy

The third tax levy number is arguably the most important. It's the tax levy called for by a school district's proposed budget. By definition, the tax levy is the total amount of money to be raised locally by a municipality (i.e., school district) after factoring in all other available revenues.

If a school district's proposed tax levy minus exclusions is less than or equal to the district's calculated tax levy limit, the district will need the approval of a simple majority of voters to pass its budget. If the proposed tax levy minus exclusions is greater than the district's calculated tax levy limit, 60 percent voter approval is needed.

Comparing the numbers

On May 15, 2012, New Yorkers will still be voting on school districts' proposed budgets. The level of voter support needed to pass the budget will depend on the amount of the budget's proposed tax levy, as illustrated for a hypothetical district, below:

- PRIOR YEAR TAX LEVY ('11-'12):
\$15,000,000
- CALCULATED TAX LEVY LIMIT ('12-'13):
\$15,207,000
- EXCLUSIONS FROM THE LIMIT ('12-'13):
\$216,500
- MAXIMUM ALLOWABLE TAX LEVY ('12-'13):
\$15,423,500

Scenario A

- PROPOSED TAX LEVY ('12-'13):
\$15,373,500 (2.49% increase over '11-'12)
How does this compare with the tax levy limit?
 $\$15,373,500 - \$216,500 = \$15,157,000$

The proposed tax levy minus exclusions (\$15,157,000) is below the district's calculated tax levy limit (\$15,207,000). Therefore, the proposed budget, with a tax levy increase of 2.49%, requires approval by a simple majority of voters to pass.

Scenario B

- PROPOSED TAX LEVY ('12-'13):
\$15,423,500 (2.82% increase over '11-'12)
How does this compare with the tax levy limit?
 $\$15,423,500 - \$216,500 = \$15,207,000$

The proposed tax levy minus exclusions (\$15,207,000) is at the district's calculated tax levy limit (\$15,207,000). Therefore, the proposed budget, with a tax levy increase of 2.82%, requires approval by a simple majority of voters to pass.

Scenario C

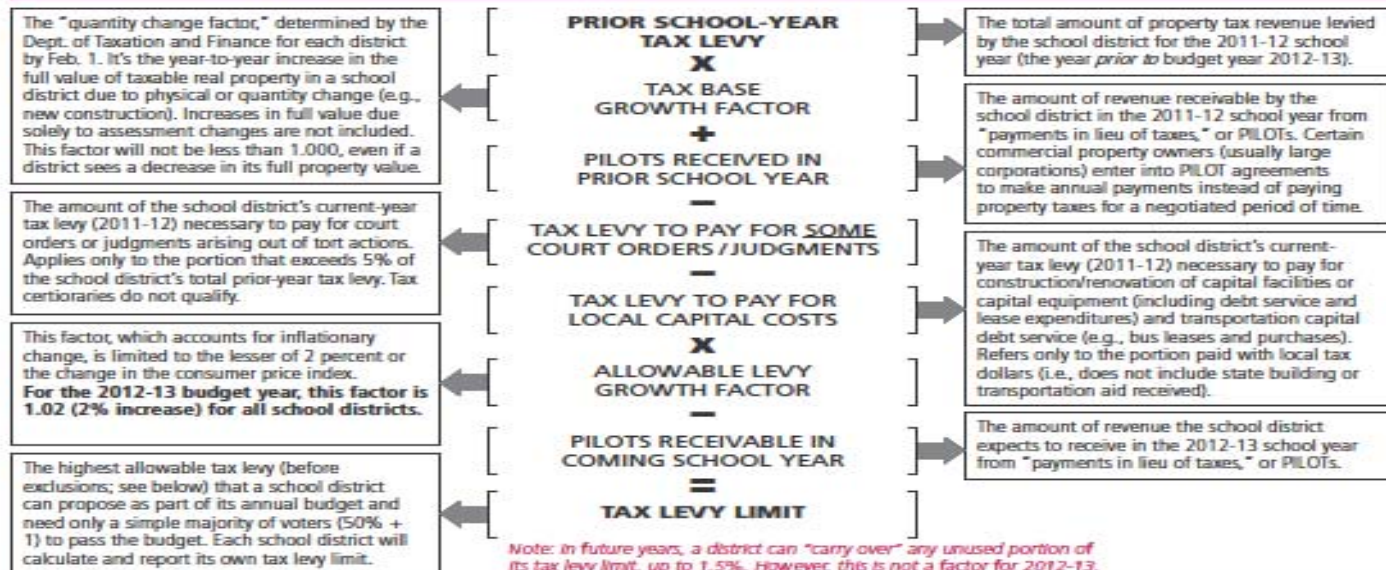
- PROPOSED TAX LEVY ('12-'13):
\$15,472,500 (3.15% increase over '11-'12)
How does this compare with the tax levy limit?
 $\$15,472,500 - \$216,500 = \$15,256,000$

The proposed tax levy minus exclusions (\$15,256,000) is above the district's calculated tax levy limit (\$15,207,000). Therefore, the proposed budget, with a tax levy increase of 3.15%, requires approval by a super majority of voters (60% or more) to pass.

New York's Tax Levy Limit Formula: How does it add up?

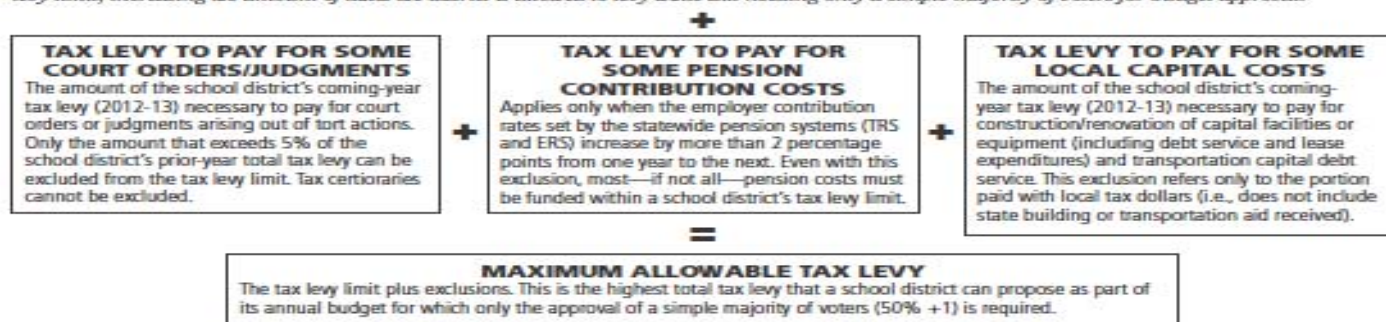
Although often referred to as a "2 percent tax cap," New York's new tax levy "cap" law does not restrict any proposed tax levy increase to 2 percent. Pursuant to the law, each school district must follow an 8-step calculation, outlined below, to calculate its individual "tax levy limit." That limit then determines what level of voter support is required for budget approval.

THE BASE FORMULA



EXCLUSIONS TO BE ADDED

The law excludes certain portions of a school district's tax levy from the calculation above. A district can add these exclusions (described below) to its tax levy limit, increasing the amount of taxes the district is allowed to levy while still needing only a simple majority of voters for budget approval.



Jericho Tax Levy Threshold 12-13



Prior Year Tax Levy			\$101,337,751
Tax Base Growth Factor (NYS Department of Taxation)	X		1.0041
			\$101,753,236
Current year Payment in Lieu of Taxes - PILOT (11-12)	+		\$145,838
Capital Tax Levy 11-12 to be DEDUCTED	-		(\$2,787,982)
Adjusted Prior Year Levy			\$99,111,092
Allowable Growth Factor (lesser of CPI or 2%)	X		1.02
			\$101,093,313
PILOTS for coming year (12-13)	-		(\$271,548)
Available Carryover (none for 12-13)	+		\$0
Tax Levy Limit Before Exclusions			\$100,821,766
Retirement System Exclusion	+		\$75,102
Capital Tax Levy 12-13 to be ADDED	+		\$2,672,496
Maximum Allowable Tax Levy for Simple Majority			\$103,569,364
			2.20%

February



What options do Districts have?

- 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% + 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

Required Ballot Language for Districts Exceeding Cap



- "Adoption of this budget requires a tax levy increase of ____ which exceeds the statutory tax levy increase limit of ____ for this school fiscal year and therefore exceeds the state tax cap and must be approved by sixty percent of the qualified voters present and voting."

What happens if the budget is not approved by the public?

- If the proposed budget is not approved by the required margin:

1. The district may resubmit the original budget or submit a revised budget to the voters on the third Tuesday in June

OR

2. 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:

1. the Board of Education must adopt a budget that levies a tax no greater than that of the prior year (0% increase tax levy) and the budget would be subject to contingent budget requirements.
2. Districts will not be allowed to increase the tax levy to the extent necessary to fund items of expenditure excluded from the tax cap
3. No growth factor
4. No capital, court order/judgments or pension exemptions



Budget Strategies



- Remain committed to being a premier school district and continue to deliver a high quality 21st Century education
- Commitment to our district mission and goals
- Keep a multi-year perspective on the budget
- Review all programs at every level to determine their effectiveness, feasibility, and our commitment to their continuation
- Maintain our building reconditioning projects
- Continue our technology replacement plans
- Continue to pursue efficiencies in all areas of the District

Budget Process

- Process began in October with several presentations pertaining to the new tax levy threshold
- What would a \$2 million reduction look like?
- Administration, Board of Education, PTA, staff, site based teams, and community all provided recommendations
- Possible reductions provided publicly in December



Recommended Reductions

- Consolidation of High /Middle School Assistant Principal via position that became open due to a resignation
- Three teaching retirees will not be replaced.
- Absorb at least three clerical positions through attrition
- Eliminate part-time clerical from Central Office
- Absorb one cleaner through attrition
- Excess one additional cleaner
- Reduce custodial overtime





Recommended Reductions

- Reduce three Literacy Aides
- Reduce one FLES teacher (from 3 to 2)
- Reduce one elementary science teacher (from 3 to 2)
- Reduce one speech therapist
- Eliminate part-time music teacher
- ~~Reduce .5 FTE guidance staff~~ Reassign BRAVE Ambassador responsibilities to Guidance Staff and maintain current level of Guidance staff
- Eliminate LI Philharmonic and Fashion Show
- Reduce Arts in Education (Assemblies)
- Reduce Middle School Clubs/Intramurals

Recommended Reductions

- Reduce field trips
- Athletics: possible revisions due to Section VIII
- ~~Reduce 2.0 Special Education Facilitators~~
Reduce 1.0 Elementary Facilitator (from 3 to 2)
Reduce 1.0 Secondary Facilitator
- Utilities/energy savings
- Reduce one Middle School teacher due to enrollment
- Classes @ HS/MS not to run with fewer than 17 students unless the class is due to a required sequence
- Reduce Elementary services: video, newspaper & combine student council/peer mediation
- Transportation associated with early arrival for HS students and reduction in after school transportation



Recent Administrative Consolidations

- Curriculum Associate for Guidance
- Curriculum Associates for Music and Art combined
- Director of Instructional Technology replaced with Data Manager
- Eliminated Assistant Principal position
- Above reductions also resulted in clerical consolidations



Future Challenges:



- **State Aid:** at what point does more aid shift from low need Districts to higher need Districts?
- **Federal funding:** with the national debt crisis will there be reductions in Federal funding come 2013?
- When will increases in **retirement system contributions and health insurance premiums** plateau....2015? 2016? 2017????
- **Nassau County Tax Certiorari Challenge:** On-going litigation to force school districts to pay for tax certiorari challenges the County currently pays. This would be a significant cost shift (as early as 2013-2014) for Districts (like Jericho) that have a significant corporate tax base.

.....all within the new **tax cap legislation!**

A Quick Look at New York State's Deficit



- **Projected budget deficit** that the Executive Budget proposal needs to close:

2012-13: \$3.5 billion (Will be partially offset by income tax reform passed in late 2011)

2013-14: \$3.6 billion

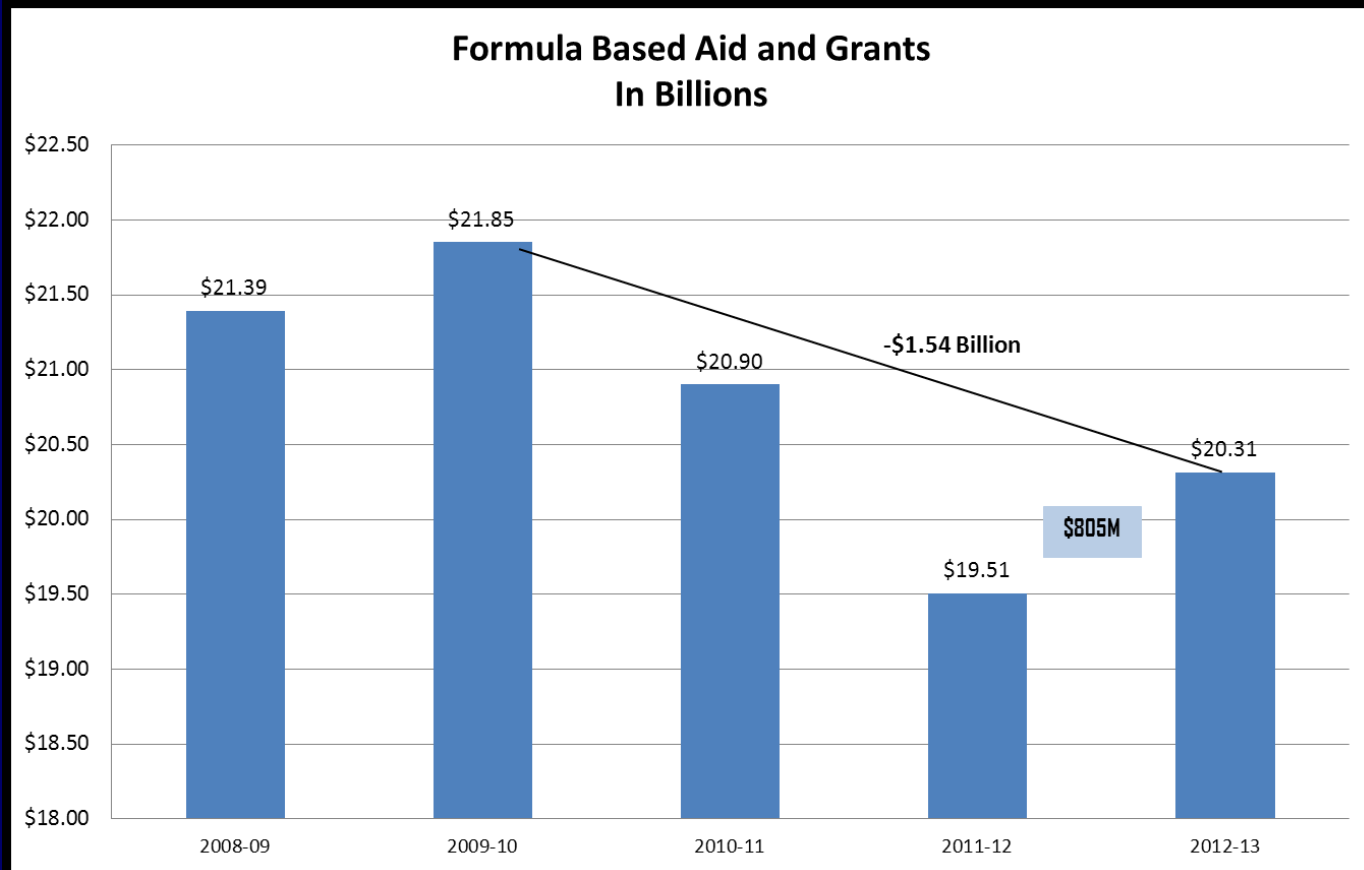
2014-15: \$5.0 billion

2015-16: \$4.2 billion

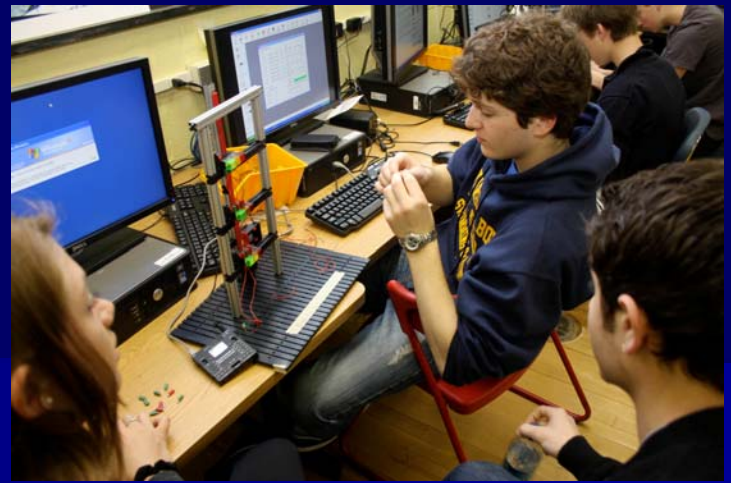
Total *Projected* Four Year Deficit = \$16.3 billion

- Executive Budget Proposal **eliminates** the 2012-13 budget gap, and significantly reduces the 2013-14 deficit from \$3.6 billion to \$715 million
- Combined four year budget gap is reduced from \$16.3 billion to \$7.4 billion

State Spending on Education



Factors Determining Real Estate Taxes



- *State of New York* determines the Tax Base by setting the boundaries for school districts.
- *Nassau County* determines the Assessment Practices and the percentage of market value applied to the property to be taxed.
- *Jericho School District* sets the Tax Levy—the amount of money needed by the school district to fund its educational program—this is the only item tied to the tax levy cap

WHAT IS A FUND BALANCE and HOW IS IT CREATED?



- A fund balance occurs because a budget is an estimate of expected expenditures and revenues and not an exact prediction of the future.
- A fund balance is created when:
 - Revenues are higher than what was budgeted
 - Expenses are less than what was budgeted
- It occurs because the estimate for both revenues and for expenditures was conservative, as it should be.
- By law the Unassigned Fund Balance is limited to 4% of the upcoming year's budget.

Why do we need a FUND BALANCE and what is its value?



- To assure the public that the budget plan will tolerate a certain amount of unexpected adversity without forcing a crisis.
- To meet unanticipated expenses and to provide for “rainy day” emergencies.
- A stable fund balance is an indicator of good money management.
- A stable fund balance results in a good credit rating which leads to lower interest costs for long and short-term borrowing.
- An assigned fund balance promotes stability in the tax rate.

Fund Balance Management



- Managing fund balances is one of the most difficult tasks of the budgeting process, since budgets are only estimates of expenditures and anticipated revenues.
- Spending fund balance monies on the district's regular operations is *not* sound financial management and should be avoided.

What would be the effect if a district did not plan for the appropriation of the fund balance and depleted the fund balance over time?



Fund Balance Example:

	<u>6/30/11</u>	<u>6/30/12</u>	<u>6/30/13</u>
Revenue	\$107,000,000	\$109,000,000	\$111,000,000
Expenditures	<u>102,000,000</u>	<u>105,500,000</u>	<u>109,000,000</u>
Fund Balance	5, 000,000	3,500,000	2,000,000
Assigned For Taxes	<u>4,000,000</u>	<u>4,000,000</u>	
Unassigned Fund Balance	1,000,000	500,000	

4,500,000

2,500,000

Now What?

- The district must increase the 2013 tax levy by at least \$1,500,000 in order to make up for the shortfall in Assigned Fund Balance.
- If the district assigns the full \$4,000,000 they will have \$-0- for emergencies.

ENROLLMENT PROJECTIONS



<i>Jericho Enrollment Projections 12-13</i>				
<i>BOCES Demographer</i>				
		<u>2011-2012</u>		<u>2012-2013</u>
K		179		159
1		160		195
2		193		170
3		176		205
4		168		191
5		201		176
6		240		212
7		247		247
8		260		257
9		275		271
10		321		279
11		317		324
12		289		318
		3026		3004

Budget Summary:

Within Maximum Allowable Tax Levy Requiring Simple Majority (50% + 1)



CODE	DESCRIPTION	Actual 2010-11	Budget 2011-12	Budget 2012-13	Percent Increase
	EXPENDITURES				
1000	GENERAL SUPPORT	9,852,018	11,048,685	11,227,674	
1000A	CAPITAL PROJECTS	1,000,000	1,000,000	1,000,000	
2000	INSTRUCTION/ADMINISTRATION	62,324,818	68,644,158	69,201,049	
5000	PUPIL TRANSPORTATION	5,371,408	5,935,545	6,105,479	
7000	COMMUNITY SERVICES	41,895	62,000	54,000	
9000	UNDISTRIBUTED	21,377,836	25,271,864	26,880,262	
	TOTAL EXPENDITURES	99,967,975	111,962,251	114,468,464	2.24%
	REVENUES				
	INTEREST	215,972	250,000	175,000	
	MISCELLANEOUS REVENUES	318,759	300,000	300,000	
	PILOT	117,024	-	271,548	
	OTHER DISTRICT--TUITION, DOL/DOR	220,595	320,000	320,000	
	MTA TAX State Support	200,372	250,000	-	
	STATE AID	4,564,647	3,800,000	3,800,000	
	USE OF POOL AND ADMISSIONS	8,900	10,000	9,000	
	TOBAY PROGRAM	7,500	7,500	7,500	
	CULTURAL ARTS FEES	46,340	62,000	45,000	
	NYS OASIS PROGRAM	75,381	75,000	75,000	
	NON-PUBLIC CHARGES	674,602	900,000	750,000	
	RENTAL OF PROPERTY	604,106	550,000	550,000	
	TRANSFER OTHER FUNDS	4,555	-	-	
	TOTAL REVENUES	7,058,753	6,524,500	6,303,048	
	APPROPRIATED FUND BALANCE		4,100,000	4,100,000	
	RESERVE FOR NYS RETIREMENT SYSTEM			496,052	
	TAX LEVY	98,562,597	101,337,751	103,569,364	2.20%
	TOTAL REVENUE	105,621,350	111,962,251	114,468,464	

February 28, 2012

Elementary Program Highlights

Continuing in 12-13

- Band & Orchestra for Grades 4-5
- Library
- Student Leaders/Safety Patrol
- Cultural Arts
- Science Labs
- World Languages
- Mandarin Enrichment
- Co-Teaching
- ELA & Math After School Support Grades 3-5
- Expanding Social/Emotional Literacy Components
- Various Student Enrichment Opportunities in Mathematics, Art, Science, etc.



Middle School Program Highlights

Continuing 12-13

- Middle School Teaming/Student Team Advisors
- BRAVE Program/BRAVE Ambassadors
- Diversity Day
- Wise Start
- Project History Elective
- SEEDLINGS Elective
- Competitive Science Elective
- Chinese Language
- Mathletes/Math Olympiad/American Math Competition
- Study Island
- OLWEUS Anti-Bullying Program
- S.A.D.D. Students Against Destructive Decisions
- V.A.L.U.E. Credit Program-Community Service
- Mentoring Program
- Project A.I.M. (HS students mentoring 6th grade students)
- Participation in Nassau County Anti-bias Consortium
- Personal Best Awards Ceremony
- Co-teaching Program
- **Jericho Middle School has been re-designated a National Middle School to Watch (1 of only 300 nationally)**



High School Program Highlights Continuing 12-13



- Broad Array of Advanced Placement opportunities
- Science / Social Science Research: Four year program that allows students to perform actual research with top researchers for the betterment of our world.
- BOLT (Building Outstanding Leaders for Tomorrow): Leadership class that challenges students to make a difference in the school and the world
- Project Lead the Way: International pre-engineering program that offers up to 16 college engineering credits.
- Senior Experience: Integrated internship experience that allows students to learn about government and economics in the real world
- Virtual Enterprise: Virtual business consortium where students build a business from the ground up and sell their wares to other VE across the globe.
- Broad Array of Elective and extracurricular opportunities
- Co-Teaching Program
- Extensive World Language Program

With An Eye and Ear Towards The ARTS



- First Newsday Scholar-Artist Winner
- 8 Jericho musicians selected to perform at NY All-State Conference
- Jericho represented at Nassau Art Supervisors Association
- New Art Display Panels in Lobby for student and faculty projects
- 26 Concerts in ten months
- 400 plus NYSSMA entries
- 87 All-County Students - 26 LISFA Musicians
- Herricks and Berklee Jazz Festivals
- Pit Orchestra for musicals
- Chamber Music for Staff Recognition Night
- Ad Hoc Ensembles perform at Nursing Homes and Senior Citizens Facilities
- Homecoming Parade and Football Games – Pep Rallies
- Fund-Raising Concerts – Tri-M Music Honor Society
- Graduation Band

ATHLETICS

- Our Athletic program currently consists of:
 - 29 Varsity Teams
 - 15 Junior Varsity Teams
 - 23 Middle School Teams
- Participation:
 - 367 High School students participated on our 18 Fall teams
 - 306 High School students are currently participating on 14 Winter teams
 - 214 Middle School students participated on our 10 Fall teams
 - 146 Middle School students are currently participating on 7 Winter teams
- A New York State Scholar Athlete School of Distinction for 7 consecutive years.
 - The most by any school district in New York State
- 4 Winter teams were named Scholar Athlete State Champions in 2010-11.
- Boys Soccer won the New York State Championship in 2011:
 - The first outright state championship in Jericho history
 - Team received the N.Y.S. Officials Association Sportsmanship Award
- Boys Badminton captured their 3rd consecutive Nassau County Championship.
- In the past 5 years, the Jericho Athletic Program has won:
 - 8 Nassau County Championships
 - 16 Conference Championships
 - 9 Individual athletes received All-State honors
- Named as a top 10 Sportsmanship School by the Nassau County Officials Association.
- All 27 Varsity Teams are Scholar Athlete Teams





Jericho High School

In constant pursuit of excellence

- **100% Graduation Rate**
 - 99% Graduates of Class of 2011 attending college**
 - 310 Scholarships Awarded by Colleges to Class of 2011 Graduates**
 - 99% Regents Diploma Rate**
 - 94% Advanced Regents Diploma**
- **26 National Merit Commended Students**
 - 6 National Merit Finalists**
 - 5 National Merit Winners**
- **87% student body taking at least one Advanced Placement course over career**
 - 126 Advanced Placement Scholars**
 - 50 Advanced Placement Scholars with Honor**
 - 40 Advanced Placement Scholars with Distinction**
 - 2 National Advanced Placement Scholars**
- **7 Intel Semifinalists (most in NY)**
 - 1 Intel Finalist (out of 40 nationally)**
- **8 Siemens Semifinalists**
- **7 consecutive NY School of Distinction Awards (only school in NY)**



JERICH0 SCHOOL DISTRICT

- The information in this document will be presented at Budget Workshop # 4 on Thursday, March 1, 2012 at the Middle School Library at 7:30. At that time Victor Manuel, Assistant Superintendent for Business Affairs will review this information with the Board of Education.
- You may print a copy of the presentation by clicking the print symbol or you may obtain a copy from the Business Office after February 28, 2012. Please call 203-3600 Extension 3214.