2022-2023 Budget Hearing I

Presented by:
Finance Advisory Committee
January 18, 2022
2022-2023 Budget Development Process

- **January 18, 2022** Budget Hearing I
  - Five-Year Fiscal Trend Analysis
  - Property Tax Cap Formula
  - Principals’ Overview

- **March 8, 2022** Administration’s Proposed Budget

- **March 22, 2022** Budget Hearing II
  - Programs for Students with Special Needs
  - Computer Assisted Instruction
  - Art and Music Instruction
  - Curriculum Development

- **March 29, 2022** Budget Hearing III
  - Interscholastic Athletics
  - Operations and Maintenance
  - Transportation Services
  - Revenue

- **April 5, 2022** Budget Hearing IV
  - Final Proposed Budget

- **April 19, 2022** Budget Adoption

- **May 3, 2022** Budget Hearing V
  - Review of Proposed Budget

- **May 17, 2022** Budget Vote – H.C. Crittenden MS
  (6:30 a.m. – 9:00 p.m.)
2022-2023 Budget Guidelines

A fiscally sound and responsible budget will be prepared, using a K-12 approach, while controlling expenditure growth and taking into account:

- Board goals
- Enrollment projections
- Quality of educational programs and facilities
- Staffing needs
- Compliance with all Federal and State mandates

- Revenue and expenditure projections and factors
- Review of debt service and investments
- Facilities needs based on an evolving Capital Asset Preservation Plan
- Replacement of district equipment based on needs analysis

The Board and Administration will continue efforts to sustain and build community support and understanding through communications outreach.
Plan & Project Future Fiscal Trends by:

- Utilizing Historical Information
- Using Reasonable Assumptions
  - Enrollment Projections
  - Debt Service
  - Salary & Benefits Projections
  - Consumer Price Index
District Enrollment 2017-2027

Source: Long Range Planning Study – November 2021 Update, Western Suffolk BOCES, Office of School Planning and Research
Enrollment By Building 2017-2027

Source: Long Range Planning Study – November 2021 Update, Western Suffolk BOCES, Office of School Planning and Research
Debt Service 2017-2027

Expiration of 2005 Bond
(-2,514,800)

Refinanced Bond Estimated Savings
(-308,511)

NO DEBT SERVICE REMAINING

Interest
Principal
Salary & Benefits 2017-2027

- Salaries
- Benefits
- Expenses/Budget/Projected

% of General Fund Expenses

2017-18 Actual: 51.7%
2018-19 Actual: 51.3%
2019-20 Actual: 51.07%
2020-21 Actual: 53.82%
2021-22 Budget: 53.39%
2022-23 Projected: 53.52%
2023-24 Projected: 53.66%
2024-25 Projected: 53.80%
2025-26 Projected: 53.94%
2026-27 Projected: 54.08%

Expenses/Budget/Projected

2017-18 Actual: $90,590,230
2018-19 Actual: $92,347,680
2019-20 Actual: $94,534,535
2020-21 Budget: $95,243,544
2021-22 Projected: $97,148,415
2022-23 Projected: $99,091,383
2023-24 Projected: $101,073,211
2024-25 Projected: $103,094,675
2025-26 Projected: $105,156,569
2026-27 Projected: $107,259,463

$0, $20,000,000, $40,000,000, $60,000,000, $80,000,000, $100,000,000
**True Value Tax Rate (Prior Year)**

- **True Value Tax Rate** – Total Tax Levy/Full Value of all property – used to compare taxes in various districts

- **2020-21 Byram Hills True Value Tax Rate** = $16.15 per thousand of Full Value

- **Comparing 2020-21 BH’s True Value Tax Rate** to 46* districts in region
  - Range = $29.70 (North Rockland) to $9.24 (Pocantico Hills)
  - Highest tax rate yields ranking of 1; lowest tax rate yields ranking of 46*
  - Byram Hills ranks 39th
  - 38 districts have a higher true value tax rate; only 7 had a lower rate

*Eight School Districts did not report data.*

*Based on the most recent data compiled and analyzed by Putnam/Northern Westchester BOCES.*
Property Tax Cap - Chapter 97 of the Laws of 2011

• The Tax Cap formula began with the 2012-13 school year.

• Signed into NYS law and made permanent 2018.

• The law places restrictions on how school districts and municipalities can increase their tax levies.

• The Property Tax Levy Cap limits the school district levy, NOT assessed values or tax rates.

• Voters approve school budgets, not the tax levy.
Review Property Tax Cap Formula

Base Formula

\[
\left( \left( \frac{\text{Total taxes levied for prior fiscal year} + \text{Prior year reserve offset}}{\text{Reserve amount (including interest earned)}} \right) \times \text{Tax base growth factor}^1 \right) \times \frac{\text{Allowable levy growth factor (1.00 to 1.02)}^2}{\text{PILOTs receivable in the prior fiscal year}} + \text{Available carryover, if any} = \text{Tax Levy Limit}
\]

+ Exclusions

\[
\text{Tax Levy Limit} + \text{Tax levy necessary for expenditures resulting from court orders/judgments arising out of tort actions for any amount in excess of 5% of the total taxes levied in the prior fiscal year} + \text{Capital tax levy} + \text{Tax levy necessary to pay for increases to the system average actuarial contribution rate (ERS) or normal contribution rate (TRS) of pension funds over 2 percentage points} = \text{Tax Levy Limit, with Exclusions (if applicable)}^3
\]

https://www.osc.state.ny.us/localgov/realprop/schools/files/formula.pdf
Property Tax Cap – Three Tax Levy Numbers

1. **Tax Levy Limit (before exclusions)**
   - Highest allowable tax levy (before exclusions) that a district can propose as part of its annual budget and need the approval of only a simple majority of voters (50% + 1), supermajority needed (60%) to exceed the tax levy limit.
   - Reported to state comptroller by March 1st each year.

2. **Maximum Allowable Tax Levy (includes exclusions)**
   - Tax levy Limit PLUS certain exclusions.
   - A District may add these exclusions to its tax levy without triggering the need for a 60% voter approval.

3. **Proposed Tax Levy**
   - The total amount of money to be requested by a school district after factoring in all other available revenues.
### Tax Levy Limit Calculation – Tax Base Growth Factor

- **Based on Dept. of Tax and Finance determination of “quantity change”, such as new construction, newly taxable status of existing property, or measurable improvements to taxable property within the boundaries of the local government or school district.**

- **This factor will no be less than 1.000, even if a district sees a decrease in its full property value.**

<table>
<thead>
<tr>
<th>Year</th>
<th>Tax Base Growth Factor</th>
<th>2021-2022 Tax Levy</th>
<th>2021-2022 PILOTS</th>
<th>2021-2022 Exemptions</th>
<th>Adjusted 2021-2022 Tax Levy</th>
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<tbody>
<tr>
<td>2015-16</td>
<td>1.0049</td>
<td>84,490,094</td>
<td></td>
<td></td>
<td></td>
<td>84,904,095</td>
<td></td>
<td>82,307,602</td>
</tr>
<tr>
<td>2016-17</td>
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<td></td>
<td>2,543,218</td>
<td></td>
<td></td>
<td>87,447,313</td>
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<td>2017-18</td>
<td>1.0049</td>
<td></td>
<td></td>
<td>2,451,117</td>
<td></td>
<td>84,758,719</td>
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<td></td>
<td></td>
<td>84,000,000</td>
<td></td>
<td>84,000,000</td>
</tr>
</tbody>
</table>
**Tax Levy Limit Calculation - PILOTS**

- **Payments in Lieu of Taxes**
- **Add back prior year pilots receivable and subtract pilot payments in the coming year**

### Company Comparison

<table>
<thead>
<tr>
<th>Company</th>
<th>2021-2022</th>
<th>2022-2023</th>
</tr>
</thead>
<tbody>
<tr>
<td>IBM*</td>
<td>$2,027,751</td>
<td>$1,896,426</td>
</tr>
<tr>
<td>Engel Burman LLC</td>
<td>$515,467</td>
<td>$554,691</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>$2,543,218</strong></td>
<td><strong>$2,451,117</strong></td>
</tr>
</tbody>
</table>

### Calculations

- **2021-2022 Tax Levy**: 84,490,094
- **Tax Base Growth Factor**: 1.0049
- **2021-2022 PILOTS**: + 2,543,218
- **2021-2022 Exemptions**: - 4,350,530
- **Adjusted 2021-2022 Tax Levy**: 83,096,783
- **Allowable Growth Factor (<CPI or 2%)**: 1.0200
- **2022-2023 PILOTS**: - 2,451,117
- **Tax Levy Limit (before exclusions)**: 82,307,602

- *IBM PILOT payment reduction of $131,325*
### Tax Levy Limit Calculation – 2021/22 Exemptions

#### Prior Year Exemptions (21/22)

- **Debt Service (Net of Building Aid)** ✓
- **Employee and Teachers Retirement System Costs** (contribution rate must increase by 2% or more to be excluded) ✗

#### Prior Year Exemptions (21/22) Table

<table>
<thead>
<tr>
<th>Year</th>
<th>TRS Rate</th>
<th>ERS Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>2020-21</td>
<td>8.86%</td>
<td>14.60%</td>
</tr>
<tr>
<td>2021-22</td>
<td>9.53%</td>
<td>14.60%</td>
</tr>
</tbody>
</table>

#### Total Exemption Calculation

- **Total Debt/CAPP/Vehicles**: 4,452,080
- **Total Building/State Aid**: -101,550
- **Total Exemption**: 4,350,530

#### Detailed Calculation

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**Adjusted 2021-2022 Tax Levy**: 83,096,783

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**Tax Levy Limit (before exclusions)**: 82,307,602

**2021-2022 Tax Levy**: 84,490,094

**Total Building/State Aid**: -101,550

**Total Exemption**: 4,350,530

**2021-2022 Tax Levy Limit**: 84,490,094

**Adjusted 2021-2022 Tax Levy**: 83,096,783

**Allowable Growth Factor**: 1.0200

**2022-2023 PILOTS**: -2,451,117

**Tax Levy Limit (before exclusions)**: 82,307,602

**2021-2022 Tax Levy Limit**: 84,490,094

**Adjusted 2021-2022 Tax Levy**: 83,096,783

**Allowable Growth Factor**: 1.0200

**2022-2023 PILOTS**: -2,451,117

**Tax Levy Limit (before exclusions)**: 82,307,602

**2021-2022 Tax Levy Limit**: 84,490,094

**Adjusted 2021-2022 Tax Levy**: 83,096,783

**Allowable Growth Factor**: 1.0200

**2022-2023 PILOTS**: -2,451,117

**Tax Levy Limit (before exclusions)**: 82,307,602

**2021-2022 Tax Levy Limit**: 84,490,094

**Adjusted 2021-2022 Tax Levy**: 83,096,783

**Allowable Growth Factor**: 1.0200

**2022-2023 PILOTS**: -2,451,117

**Tax Levy Limit (before exclusions)**: 82,307,602
**Tax Levy Limit Calculation – Allowable Growth Factor (CPI)**

- Lesser of 2% or Inflation Factor (CPI); minimum 0%.

- Inflation Factor = Consumer Price Index change carried out four decimal places.

<table>
<thead>
<tr>
<th>Year</th>
<th>CPI</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015-16</td>
<td>1.62%</td>
</tr>
<tr>
<td>2016-17</td>
<td>0.12%</td>
</tr>
<tr>
<td>2017-18</td>
<td>1.26%</td>
</tr>
<tr>
<td>2018-19</td>
<td>2.00%</td>
</tr>
<tr>
<td>2019-20</td>
<td>2.00%</td>
</tr>
<tr>
<td>2020-21</td>
<td>1.81%</td>
</tr>
<tr>
<td>2021-22</td>
<td>1.23%</td>
</tr>
<tr>
<td>2022-23</td>
<td>2.00%</td>
</tr>
</tbody>
</table>

(Actual CPI 2.13%)  
(Actual CPI 2.44%)  
(Actual CPI 4.70%)  

**2021-2022 Tax Levy**
84,490,094

**Tax Base Growth Factor**
\[ \times 1.0049 \]
84,904,095

**2021-2022 PILOTS**
\[ + 2,543,218 \]
87,447,313

**2021-2022 Exemptions**
\[-4,350,530 \]
**Adjusted 2021-2022 Tax Levy**
83,096,783

**Allowable Growth Factor (<CPI or 2%)**
\[ \times 1.0200 \]
84,758,719

**2022-2023 PILOTS**
\[-2,451,117 \]
**Tax Levy Limit (before exclusions)**
82,307,602

*Not “2%” tax rate increase as suggested*
# Tax Levy Limit (before exclusions)

<table>
<thead>
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<tr>
<td>Tax Levy Limit (before exclusions)</td>
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- **Submit to NYS Comptroller’s Office Prior to March 1st.**
- **Prior to addition of allowable exemptions.**
- **Not the tax levy limit voted on by the public.**
### 2022-2023 Tax Levy Limit With Exclusions

Tax Levy Limit (before exclusions)  
82,307,602

<table>
<thead>
<tr>
<th>2022-2023 Exemptions</th>
<th>+</th>
<th>4,328,120</th>
</tr>
</thead>
<tbody>
<tr>
<td>Maximum Allowable Tax Levy</td>
<td></td>
<td>86,635,722</td>
</tr>
</tbody>
</table>

#### Debt Service (Net of estimated state aid)

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Debt Service/Vehicles/CAPP</td>
<td>4,391,902</td>
</tr>
<tr>
<td>Total Estimated State Aid</td>
<td>- 63,782*</td>
</tr>
<tr>
<td>Total 2021-22 Estimated Exemptions</td>
<td>4,328,120</td>
</tr>
</tbody>
</table>

*Only eligible for exemption over 2.0%

#### ERS/TRS Employer Contribution

<table>
<thead>
<tr>
<th>Retirement System</th>
<th>Prior Year Rate (%)</th>
<th>Estimated Rate (%)</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>ERS</td>
<td>16.20%</td>
<td>11.60%</td>
<td>-4.60%</td>
</tr>
<tr>
<td>TRS</td>
<td>9.80%</td>
<td>10%-10.50%</td>
<td>+0.20% - +0.70%</td>
</tr>
</tbody>
</table>

*Estimated building/state aid
Estimated Maximum Allowable Tax Levy

$86,635,722

Estimated Maximum Allowable Tax Levy Increase (%): 2.54%

Estimated Maximum Allowable Tax Levy Increase ($): $2,145,629
## Review of Prior Years Maximum Allowable Tax Levy

<table>
<thead>
<tr>
<th>School Year</th>
<th>Maximum Allowable Tax Levy</th>
<th>Final Proposed Tax Levy</th>
<th>Percentage Below Max</th>
<th>Dollars Below Max</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012-2013</td>
<td>2.05%</td>
<td>1.72%</td>
<td>-0.33%</td>
<td>-$228,603</td>
</tr>
<tr>
<td>2013-2014</td>
<td>3.61%</td>
<td>3.49%</td>
<td>-0.13%</td>
<td>-$90,848</td>
</tr>
<tr>
<td>2014-2015</td>
<td>3.61%</td>
<td>3.58%</td>
<td>-0.03%</td>
<td>-$24,800</td>
</tr>
<tr>
<td>2015-2016</td>
<td>2.20%</td>
<td>1.83%</td>
<td>-0.36%</td>
<td>-$274,274</td>
</tr>
<tr>
<td>2016-2017</td>
<td>0.43%</td>
<td>0.41%</td>
<td>-0.02%</td>
<td>-$15,605</td>
</tr>
<tr>
<td>2017-2018</td>
<td>1.15%</td>
<td>1.10%</td>
<td>-0.05%</td>
<td>-$38,489</td>
</tr>
<tr>
<td>2018-2019</td>
<td>4.59%</td>
<td>3.42%</td>
<td>-1.17%</td>
<td>-$920,227</td>
</tr>
<tr>
<td>2019-2020</td>
<td>2.64%</td>
<td>1.94%</td>
<td>-0.70%</td>
<td>-$568,678</td>
</tr>
<tr>
<td>2020-2021</td>
<td>1.54%</td>
<td>1.00%</td>
<td>-0.54%</td>
<td>-$445,694</td>
</tr>
<tr>
<td>2021-2022</td>
<td>2.57%</td>
<td>1.00%</td>
<td>-1.57%</td>
<td>-$1,311,205</td>
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**Total $ Below Maximum Allowable Tax Levy**  
- **-$3,918,423**
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Questions:

For additional information regarding the 2022-2023 Budget, please visit the District website at:

www.byramhills.org

Or Email:

kseibert@byramhills.org