



North Tonawanda City Schools

2024-25 Budget

BUDGET STUDY SESSION #2

Board of Education Meeting

February 7, 2024

(Rescheduled from January 17, 2024)

Discussion Items

- ❖ State & Federal Update
- ❖ Estimated Budget
- ❖ Closing the Budget Gap



NYS Executive Budget

Proposed Foundation Aid Changes

1) Apply a lower inflation adjustment:

- Current law calls for the per pupil “**Foundation Amount**” to be increased by 4.1% based on average monthly change in the Consumer Price Index over the last calendar year.
- The budget would substitute an adjustment based on the average annual change in the CPI over the last 10 years, excluding the highest and lowest years—lowers adjustment to 2.4%.
- For districts not on save-harmless, this typically reduces Foundation Aid increases by 1.4 percentage points from State Education Department November estimates (e.g. from 3.9% to 2.5%).*

2) Reduce Save-Harmless:

- The budget would reduce each affected district’s **save-harmless amount** through a wealth-adjusted calculation; maximum reduction would be 50%, the minimum would be 9%.
 - Half the state’s school districts would experience year-over-year reductions in Foundation Aid (43% of WNY JMT)
 - 54% of those districts would face the maximum 50% reduction in save-harmless funding (26% for WNY JMT)
- The lower CPI adjustment increases the size of the save-harmless cut—it lowers the full funding target for all districts; for save-harmless districts, that increases the difference between that sum and prior year aid (i.e., the save-harmless amount).

NYS Executive Budget

Rationale for the cuts... and rebuttal

Recent increases were not sustainable

- Increases moderated on their own with full-funding complete and lower inflation (3.9% under current law)
- This was not raised as a concern a year ago when Foundation Aid increased 12.3%

Schools have been benefiting from large increases

- True for many, and we are grateful
- But not all—for 40% of districts, Foundation Aid increases did not keep up with inflation over the last 3 years

Schools have built up reserves

- Policymakers should hope so, with federal COVID-relief aid expiring
- Municipalities have no percentage limit on unrestricted fund balance
- Schools seek to build reserves for the same reason the state does

Districts have lost enrollment causing them to fall on to save-harmless

- This was not raised as an issue the last 2 years—save-harmless was preserved and a 3% minimum increase was provided
- Schools may be serving fewer students, but they are doing more for students and families than ever before
- Cutting aid does nothing to improve opportunities for students in districts with significant enrollment declines



State & Federal Aid Update

- ❖ **State Aid**
- ❖ **Federal Stimulus
(COVID) Funding**

State Aid Projections

Executive Budget for NT

		2023-24 Final AID	2024-25 <i>ESTIMATED</i> BUDGET	BUDGET TO BUDGET INC./DEC.
<u>REVENUE</u>				
CODE A. <u>BASIC STATE AID</u>				
3101	Foundation Aid-Basic Formula	\$ 31,815,825	\$ 29,816,611	\$ (1,999,214)
3101	Textbook / Software / Library	\$ 271,470	\$ 272,837	\$ 1,367
3261	Hardware & Technology	\$ 56,262	\$ 55,313	\$ (949)
3101	Private Excess Costs	\$ 1,542,253	\$ 1,474,182	\$ (68,071)
3101	Public Excess Costs	\$ 593,038	\$ 945,398	\$ 352,360
3101	Transportation	\$ 2,690,154	\$ 3,405,920	\$ 715,766
3101	Building	\$ 5,857,851	\$ 6,135,714	\$ 277,863
3103	BOCES	\$ 2,926,415	\$ 2,434,319	\$ (492,096)
3103	Additional aid legislature	\$ -	\$ -	\$ -
TOTAL STATE AID		\$ 45,753,268	44,540,294	\$ (1,212,974)

Approximately a \$1.2 million decrease in overall State Aid – assuming increases in expense driven aids based on 23-24 spending.

\$2 million cut in foundation aid.



State & Federal Aid Update

- ❖ State Aid
- ❖ Federal Stimulus
(COVID) Funding

Federal Stimulus (COVID) Funding

The American Rescue Plan Fund is ending.

Programs Funded by ARP:

- ❖ Feinerman positions
- ❖ TOSAs
- ❖ Little Jacks Literacy Program
- ❖ After School Tutoring (including overtime goals and the Rebound program)



Rollover Budget

**2024-25 Proposed
Budget Expenditures**

Rollover Budget

- ❖ Rollover of wages – \$1.65M Increase
 - ❖ Includes all existing positions at 2024-2025 contractual rates
 - ❖ Estimated rate increase for units under negotiations
 - ❖ Recapture of wages covered by COVID grants
- ❖ Benefits Increase - \$625,000 Increase
- ❖ Increase for Transportation Costs
- ❖ Projected Increase in Technology
- ❖ Contractual Increases (SROs) – offset by decrease in SAFE Act purchases (metal detectors)



Closing the Gap

Estimated Revenue
and Expenditures

State Aid	\$ 44,540,294
Federal Aid	\$ 300,000
Misc. Revenue	\$ 2,025,000
Appropriated Fund Balance	\$ 4,750,000
Use of Reserves	\$ 800,000
Other Tax Item	\$ 371,900
	\$ 52,787,194
2023-24 Property Tax Levy	\$ 30,127,000
% Levy Increase	0.0%
2024-25 Levy Increase	\$ -
2024-25 Property Tax Levy	\$ 30,127,000
Projected Expenditures	\$ 88,640,654
Projected Revenues	\$ 82,914,194
Budget Gap	\$ 5,726,460

Property tax levy increase not taken into consideration at this point.



Closing the Gap

Additions & Reductions

Reductions to the Budget	
Admin Retirements	\$ 45,000
Teacher Retirements	\$ 704,484
BOCES Reduction	\$ 1,000,000
Move to Grant Salaries	\$ 1,072,583
Move to Grant Benefits	\$ 299,595
Other	\$ -
Total Reductions to Budget	\$ 3,121,662
Budget Gap	\$ 2,604,798

Retirements include breakage amount based on 1 Admin Retirement and 12 Teacher Retirements.

Property tax levy increase not taken into consideration at this point.



Property Tax Levy Scenarios

Budget gap review with tax levy increase scenarios.

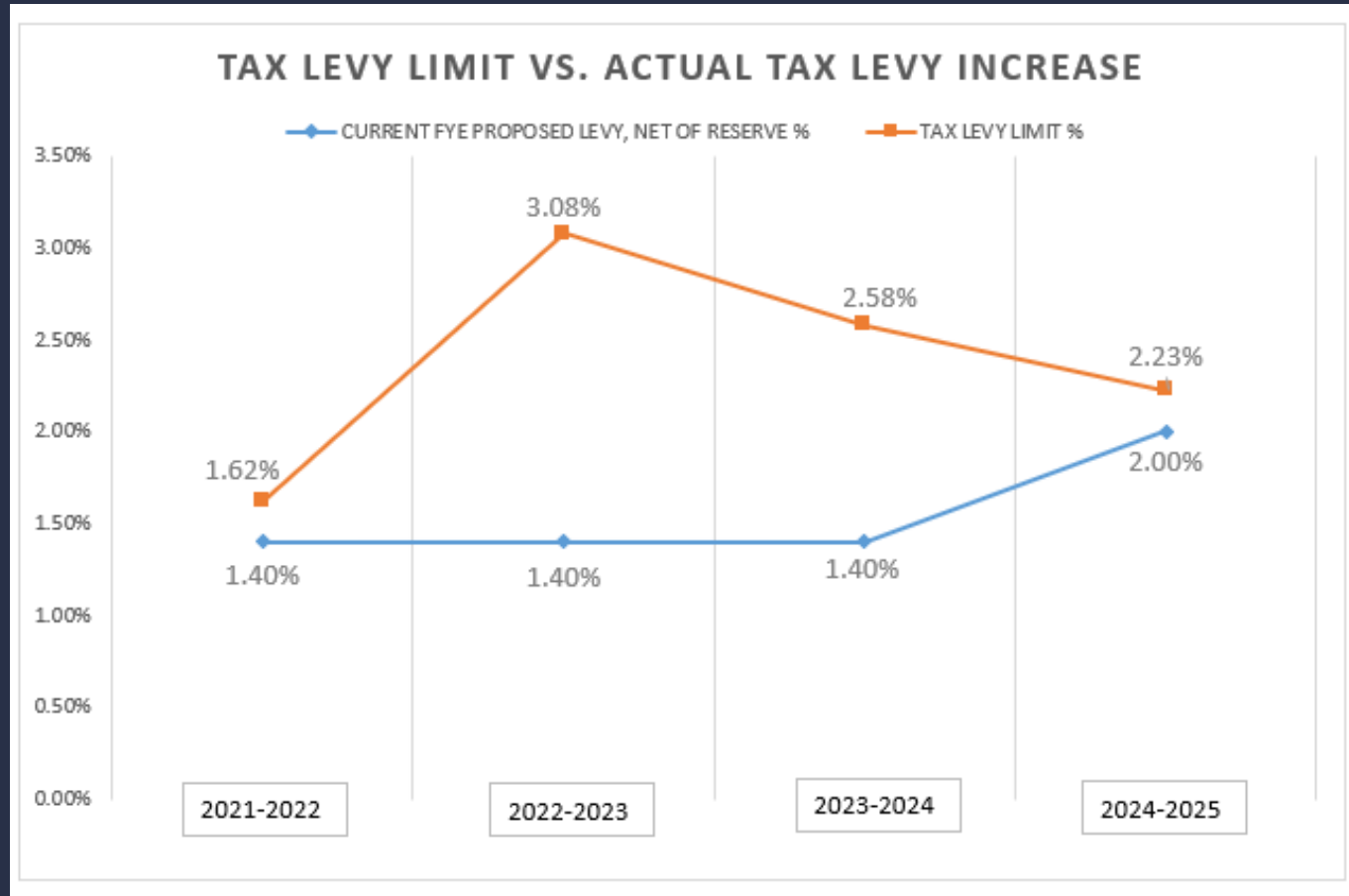
0%, 1.00%, 1.50% and 2.00%

2024-25 Levy Scenarios				
2023-24 Property Tax Levy	\$ 30,127,000	\$30,127,000	\$30,127,000	\$30,127,000
% Levy Increase	0.0%	1.00%	1.50%	2.00%
2024-25 Levy Increase	\$ -	\$ 301,270	\$ 451,905	\$ 602,540
2024-25 Property Tax Levy	\$ 30,127,000	\$30,428,270	\$30,578,905	\$30,729,540
Budget Gap	\$ 2,604,798	\$ 2,303,528	\$ 2,152,893	\$ 2,002,258

Based on estimated numbers, our current tax levy limit is 2.23%.



Property Tax Cap Over the Years



Tax Levy Limit (Tax Cap) vs. Tax Levy Increase
in the last 3 fiscal years.

2% for the 2024-2025 school year is just to show
that 2% is still below the estimated tax cap.

Next Steps.....

Budget Study Session # 3

- ❖ Further discussion on Tax Levy
- ❖ Closing the Budget Gap



Thank You

