



North Tonawanda City Schools

2021-22 Budget

STUDY SESSION #4

Board of Education Meeting
April 14, 2021



The presentation tonight will provide a final draft of the 2021-22 budget. In this session we will also:

- Identify the expense and revenue structure of the budget.**
- Review the measures to balance the budget.**
- Approve the tax levy presented on the Property Tax Report Card.**

Present State of Affairs

Lawmakers looking to “fully” fund schools

Assembly

- Increase Foundation Aid by \$1.4 billion.
- Fully phase Foundation Aid in over three years.
- Eliminates Executive proposal to consolidate 11 expense-based aid.
- Eliminates Executive proposal to institute a \$1.35 billion local district funding adjustment for School Year (SY) 2021-22.

Senate

- Increase Foundation Aid by \$1.37 billion.
- Fully phase Foundation Aid in over three years.
- Restoring Executive's proposed \$1.35 billion cut to STAR reimbursement to school districts through the proposed Local District Funding Adjustment.
- Providing \$500 million to fully-fund four-year-old full-day prekindergarten statewide.

Source: New York Assembly & New York Senate – Press Release

<https://www.nyasembly.gov/Press/?sec=story&story=96016> & <https://www.nysenate.gov/newsroom/press-releases/senate-one-house-budget-resolution-leading-new-york-through-covid-19-beyond>

Present State of Affairs

KEY IDEAS

- Budget was not settled by April 1st deadline
- **NEW** state aid proposed SA2122 as of 3-31-21 \$858,351 (2.95%).
- Even with state aid, there is a need to build the tax levy base for future budget stability. (State Aid unpredictable)
- Increase in aid is a good opportunity to decrease very high level of fund balance appropriation. (Risk to fund balance and potential fiscal stress)

Property Tax Report Card

- Needs Board of Education approval
- Report Card shows a 1.47% increase due to prorated taxes added to 20-21 proposed levy.
- **Must detail proposed use of reserves.**
- Due next business day after BOE approval.
- Due no later than April 26, 2021.
- Must provide PTRC to your newspaper – they decide if they want to publish it or not.



Expenditures

2021 – 22 proposed

Expenditure

Budget

\$ 81,854,500

\$837,560 increase over
2020-21 Budget

Previous year over 19-20
\$1,585,640 or 2.0%

1.03 % increase
over
2020-21 Budget

21-22 Reserve usage

Recommendation

- Debt Service Reserve
 - Retire the debt related to previous bond issues.
 - Required use of this reserve.
 - Debt will be retired over the next few years.

Impact of Reserve

- Reduces the amount of the tax cap limit.
- Using this reserve provides tax relief in lieu of tax levy increase.
- **Tax reduction of \$700,000**

REVIEW

What are the options for closing the budget gap?

Gap

\$1,504,181

Projected
Expenses
\$82,584,546

Projected
Revenues
\$81,080,365

Reductions \$ 730,000

Remaining Gap \$ 359,181

Add'l Revenue \$ 415,000

- Option #1
 - Further reduction of **continuing** expenses
- Option #2
 - Mixture of reductions and levy to close the gap from both ends.
- Option #3
 - Increase in the tax levy to provide a stream of revenue to support continuing expenses.



Closing the GAP

REVIEW

Budgetary Reduction Measures

Retirements in support staff/operations	\$ 75,000
Teacher Retirements/Attrition (2 positions)	\$ 100,000
Reduction in security support/contractual	\$ 50,000
Health Ins. Cost Reductions (due to decrease in staff)	\$ 25,000
Reduction in paper and related expenses (Ink/Printers)	\$ 25,000
BOCES Reduction (Administrative Support)	\$ 75,000
Additional Energy Savings (Jan - March Trend)	\$ 15,000
Freeze on Travel / Conferences / Professional Development	\$ 15,000
Reduce COVID contingency	\$ 350,000
Other	\$ -
Other	\$ -
Total Reductions	\$ 730,000



Closing
the GAP



Potential Revenue Streams		
Additional State Aid	\$ 858,351	\$ 858,351
Additional Other Revenue (Energy Performance Project Rebates)	\$ 400,000	\$ 400,000
Increase Rentals	\$ 15,000	\$ 15,000
Additional App Fund Bal	\$ -	\$ -
Additional Use of Reserves	\$ -	\$ -
Revenue Increases	\$ 1,273,351	\$ 1,273,351

What are the options for closing the budget gap?

Projected
Expenses
\$81,854,500

Projected
Revenues
\$81,854,500



Reductions \$ 730,000

Tax Levy \$ 404,407

Add'l Revenue \$ 1,273,351

- **Option #2**
- Mixture of reductions and levy to close the gap from both ends.
 - Reduction of \$ 730,000
 - Tax Levy increase of 1.4%
 - \$404,407
 - EPC rebates
 - \$415,000





SUMMARY

2021-22 **FINAL**

Proposed Budget

Expenditures

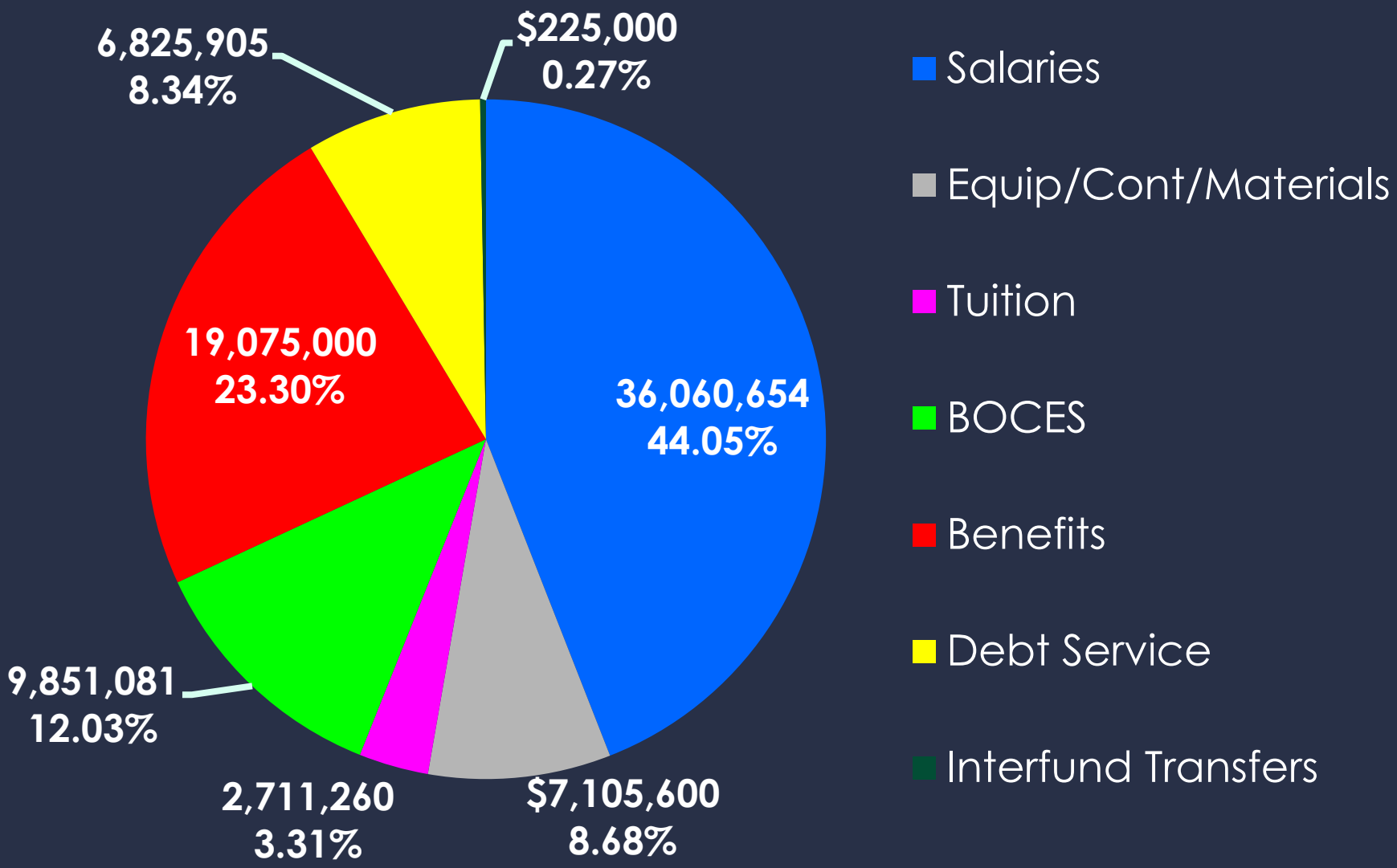


	2020-21	2021-22	Change
Salaries	\$34,461,500	\$36,060,654	\$1,599,154
Equipment	\$1,662,000	\$1,321,500	(\$340,500)
Contractual	\$4,537,100	\$4,742,800	\$205,700
Materials	\$1,068,719	\$1,041,300	(\$27,419)
Tuition	\$2,425,625	\$2,711,260	\$285,635
BOCES	\$11,357,473	\$9,851,081	(\$1,506,392)
Benefits	\$18,350,000	\$19,075,000	\$725,000
Debt Service	\$6,429,523	\$6,825,905	\$396,382
Transfers	\$725,000	\$225,000	(\$500,000)
Totals	\$81,016,940	\$81,854,500	\$837,560



Expenditures

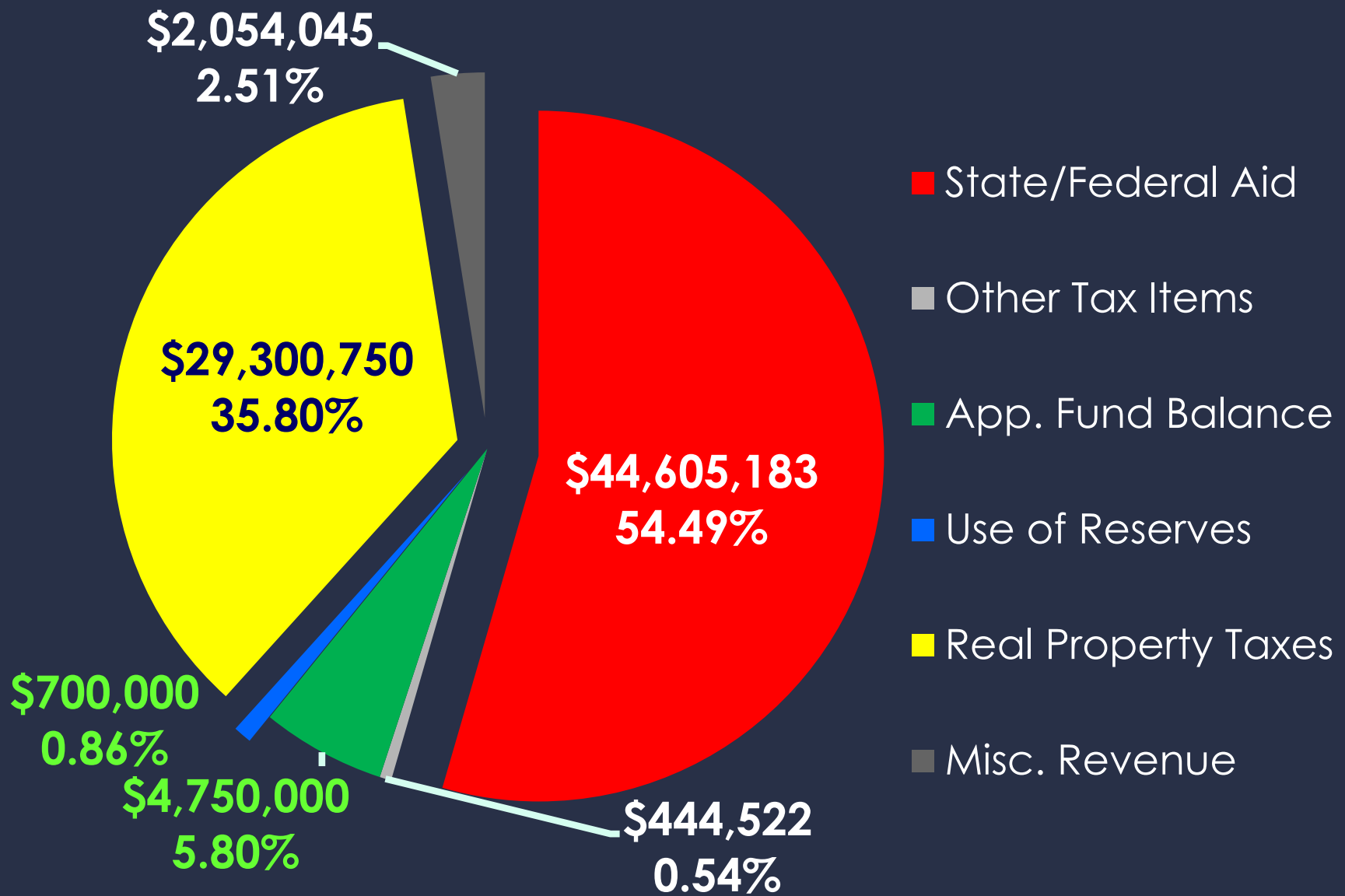
2021 - 22 Proposed FINAL Draft Budget \$81,854,500





Revenues

1.4 % Tax Levy Increase, proposed Final \$81,854,500



What is the most effective tax levy strategy?

- Short-Term Considerations
 - Close the budget gap
 - Impact on the taxpayer
 - Impact on students (programs)
- Long-Term Considerations
 - Revenue stream that supports future budgets
 - State-Aid as a percentage of the budget (unreliable)
 - Impact on the taxpayer
 - Impact on students (programs)

Stability and **Sustainability**

How much tax relief has been budgeted the past three years?

- Tax Levy reductions based on the Tax Cap
 - 2018 - \$ 999,767
 - 2019 - \$ 1,636,197
 - 2020 - \$ 1,859,840
- Use of Reserves – reduction of the limit
 - Capital and Debt Reserve \$1,500,000 in 20-21 budget.
 - Debt Reserve in 21-22 \$ 700,000

Cumulative Tax Reductions: \$6,695,804

Stability and **Sustainability**

Tax Levy Options

1.4 % Increase

Tax Cap Calculator Results Report

Tax Cap 1.4%

	BUDGET 2021	2022	2023	PROJECTIONS 2024	2025	2026
Tax Levy Limit Before Adjustments and Exclusions						
Prior FYE Tax Levy	\$28,907,667	\$28,896,343	\$29,300,750	\$29,710,961	\$30,126,914	\$30,548,691
Tax Cap Reserve Plus Interest from Two Years Ago Used to Reduce Previous Year	\$0	\$0	\$0	\$0	\$0	\$0
Total Tax Cap Reserve Amount (including interest earned from Prior FYE)	\$0	\$0	\$0	\$0	\$0	\$0
Tax Base Growth Factor	1.0033	1.0024	1.0024	1.0024	1.0024	1.0024
PILOTs Receivable from Prior FYE	\$220,011	\$251,004	\$344,954	\$365,826	\$383,665	\$409,891
Tort Exclusion Amount Claimed in Prior FYE	\$0	\$0	\$0	\$0	\$0	\$0
Capital Levy for Prior FYE	\$699,249	\$225,112	\$361,226	\$400,936	\$431,630	\$484,617
Allowable Growth Factor	1.0181	1.0123	1.0123	1.0123	1.0123	1.0123
PILOTs Receivable for Current FYE	\$251,004	\$344,954	\$365,826	\$383,665	\$409,891	\$400,000
Available Carryover from Prior FYE	\$0	\$0	\$0	\$0	\$0	\$0
Total Levy Limit Before Adjustments and Exclusions	\$28,789,102	\$29,003,229	\$29,350,038	\$29,729,382	\$30,112,223	\$30,523,013
Exclusions						
Tax Levy Necessary for Expenditures Resulting from Tort Judgements Over 5%	\$0	\$0	\$0	\$0	\$0	\$0
Capital Levy for Current FYE	\$225,112	\$361,226	\$400,936	\$431,630	\$484,617	\$507,442
ERS contribution increase greater than 2%	\$0	\$0	\$0	\$0	\$0	\$0
TRS contribution increase greater than 2%	\$0	\$0	\$0	\$0	\$0	\$0
Total Exclusions	\$225,112	\$361,226	\$400,936	\$431,630	\$484,617	\$507,442
Tax Levy Limit, Adjusted For Transfers, Plus Exclusions	\$29,014,214	\$29,364,455	\$29,750,974	\$30,161,012	\$30,596,840	\$31,030,455
Total Tax Cap Reserve Amount Used to Reduce Current FYE Levy	\$0	\$0	\$0	\$0	\$0	\$0
Current FYE Proposed Levy, Net of Reserve	\$28,896,343	\$29,300,750	\$29,710,961	\$30,126,914	\$30,548,691	\$30,976,373
OR Current FYE Proposed Levy, Net of Reserve %	0.00%	1.40%	1.40%	1.40%	1.40%	1.40%
	2021	2022	2023	2024	2025	2026
CURRENT FYE PROPOSED LEVY, \$ entry	\$28,896,343	\$29,300,750	\$29,710,961	\$30,126,914	\$30,548,691	\$30,976,373
CURRENT FYE PROPOSED LEVY, % entry	\$0	\$29,300,892	\$29,710,961	\$30,126,914	\$30,548,691	\$30,976,373
CURRENT FYE PROPOSED LEVY, NET OF RESERVE %	-0.04%	1.40%	1.40%	1.40%	1.40%	1.40%
TAX LEVY LIMIT %	0.37%	1.62%	1.54%	1.51%	1.56%	1.58%
DIFFERENCE BETWEEN TAX LEVY LIMIT AND PROPOSED LEVY	\$117,871	\$63,705	\$40,013	\$34,098	\$48,149	\$54,082
YEAR OVER YEAR CHANGE IN CURRENT FYE PROPOSED LEVY	(\$11,324)	\$404,407	\$410,211	\$415,953	\$421,777	\$427,682

Tax Levy Options

1.4 % Increase

	2021	2022	2023	2024	2025	2026
2026 Revenue Stream						\$ 54,082
2025 Revenue Stream					\$ 48,149	\$ 48,149
2024 Revenue Stream				\$ 34,098	\$ 34,098	\$ 34,098
2023 Revenue Stream			\$ 40,013	\$ 40,013	\$ 40,013	\$ 40,013
2022 Revenue Stream		\$ 63,705	\$ 63,705	\$ 63,705	\$ 63,705	\$ 63,705
2021 Revenue Stream	\$ 117,871	\$ 117,871	\$ 117,871	\$ 117,871	\$ 117,871	\$ 117,871
Total Lost Revenue Stream each year	\$ 117,871	\$ 181,575	\$ 221,588	\$ 255,686	\$ 303,835	\$ 357,918
Estimated Tax Cap Limit Reduction 2021 - 2026					\$ 1,438,474	

- Option #2
 - Mixture of reductions and levy to close the gap from both ends.
 - **Long term tax reduction estimate = \$1,438,474**

Long Term Considerations

The budget due to the zero levy in 20-21 now has \$ 700,000 in reserve usage and \$4,750,000 in fund balance balancing the budget.

Some Positives

- Potential Increases in future state aid can relieve this use of reserves and appropriations.
- Consistent levy continues to build tax base in a prudent and fiscally responsible manner.

Why is it still important to increase the local levy?

Big Ideas

- NYS is influenced by wealth downstate
 - Market has highs and lows
 - Higher taxes – could wealth leave the state?
- Don't overreact
 - Draconian Cuts – hurt morale and programs
 - Maintain long term plans – these are the rudder to reevaluate over time
 - Becomes almost impossible to grow student services and programs when you are starting with large budget gaps and become more dependent on state aid.

Federal Funds?

American Rescue Plan of 2021

Big Ideas

- **NOT PART OF GENERAL FUND BUDGET.**
- This sweeping legislation includes additional funds for the Elementary and Secondary School Emergency Relief (ESSER) Fund of \$122.7 billion to remain available through **September 30, 2023.**
- Largest of the three federal stimulus funding streams for schools (CARES, CRRSA, and American Rescue Plan).
- SCOPE – address COVID and learning loss
- Tracked in separate fund for grant spending.

Word of Caution

Programs related to the American Rescue Plan will have a limited life. Funding will be available through September 30, 2023 and **should not support ongoing expenditures.**

Grants are structured to support not supplant prior funding due to the learning loss during the pandemic along with potential facility upgrades.

Tax Levy And Rates



**Achieving
Excellence**

	20-21	21-22	Change
Tax Levy	\$28,896,343	\$29,300,750	\$ 404,407
	Includes prorated taxes		
Tax Levy Rate	\$ 22.63	\$ 22.93	\$.30

Estimated Impact on Taxes

Increase on 75,000 household	\$ 22.70/YEAR	Estimated
Increase on 100,000 household	\$ 30.27/YEAR	Estimated
Increase on 150,000 household	\$ 45.40/YEAR	Estimated

Proposed Tax Levy Rate Increase 1.4 %

Star exemptions and credits will impact individual properties based on the information provided the property owners. Actual rate may vary.

ANNUAL BUDGET HEARING

- Tuesday, May 11, 2021
- 7:00 PM



BUDGET



- Tuesday, May 18, 2021
- 12:00 – 9:00 PM
- Fine Arts Center

Not a question of **IF** we can reach
the goals for the District



It is a question of **HOW** we
make them happen.

Thank You

