



North Tonawanda City Schools

2022-23 Budget

STUDY SESSION #4

Board of Education Meeting

April 6, 2022



The presentation tonight will provide a final draft of the 2022-23 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

NYS Assembly and NYS

Senate One House Budget Proposals

- Increase Foundation Aid by \$2.1 billion.
 - \$120 million increase
- Fully phase Foundation Aid in over three years.
- 3% increase over 21-22 for those fully funded.
- Expense based aids maintained
- **Capital Outlay increased to \$250K from \$100K**
- UPK increased funding

Sources NYS Assembly 2022-23 Budget Resources: <https://www.nyassembly.gov/2022budget/>

NYS Senate 2022-23 Budget Resources: <https://www.nysenate.gov/newsroom/pressreleases/senate-one-house-budget-bill-outlines-balanced-bold-investments-throughout>

Present State of Affairs

KEY IDEAS

- No significant increase (if any) from Executive Proposal
- Even with state aid increases, 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
- Details tax levy changes
- Details proposed use of reserves
- Due next business day after BOE approval
- Due no later than April 22nd, 2022.
- Must provide PTRC to your newspaper – they decide if they want to publish it or not.



Closing the GAP



BOCES Reduction	\$	142,000
Total Reductions	\$	142,000

Final Review of BOCES

- Able to leverage reductions in BOCES services.
- Moving from BOCES payroll support to digital timeclocks.
- Discontinue the use of Propel Licenses.



Expenditures

2022 – 23 proposed

Expenditure

Budget

\$ 83,555,000

\$1,700,500 increase over
2021-22 Budget

Previous year over 20-21
\$837,560 or 1.03%

2.08 % increase
over
2021-22 Budget



Closing the GAP



Additional Use of Reserves - EBLAR	\$	175,000
Revenue Increases	\$	175,000

Analysis of Reserves

- Usage of Reserves as source of revenue.
- Detailed in Reserve Plan.
- Tax Reduction Measure

Allowable Reserve Usage to close the gap

Recommended Usage

EMPLOYEE BENEFIT ACCRUED LIABILITY RESERVE (EBALR)

- Approved for payments earned by employees due upon retirement related to cash value of sick days earned.
- General Municipal Law, §6-p
- Must be less than or equal to annual expenditures related to payments to retirees for accrued leave.

Impact of Usage

- Funds **one-time** expenses of retirement benefit.
- Retirement payments are not a long-term expense.
- Provides tax relief in lieu of levy increase.
- **Tax reduction of \$175,000**



Final Draft

2022-23 Proposed
Budget Expenditures

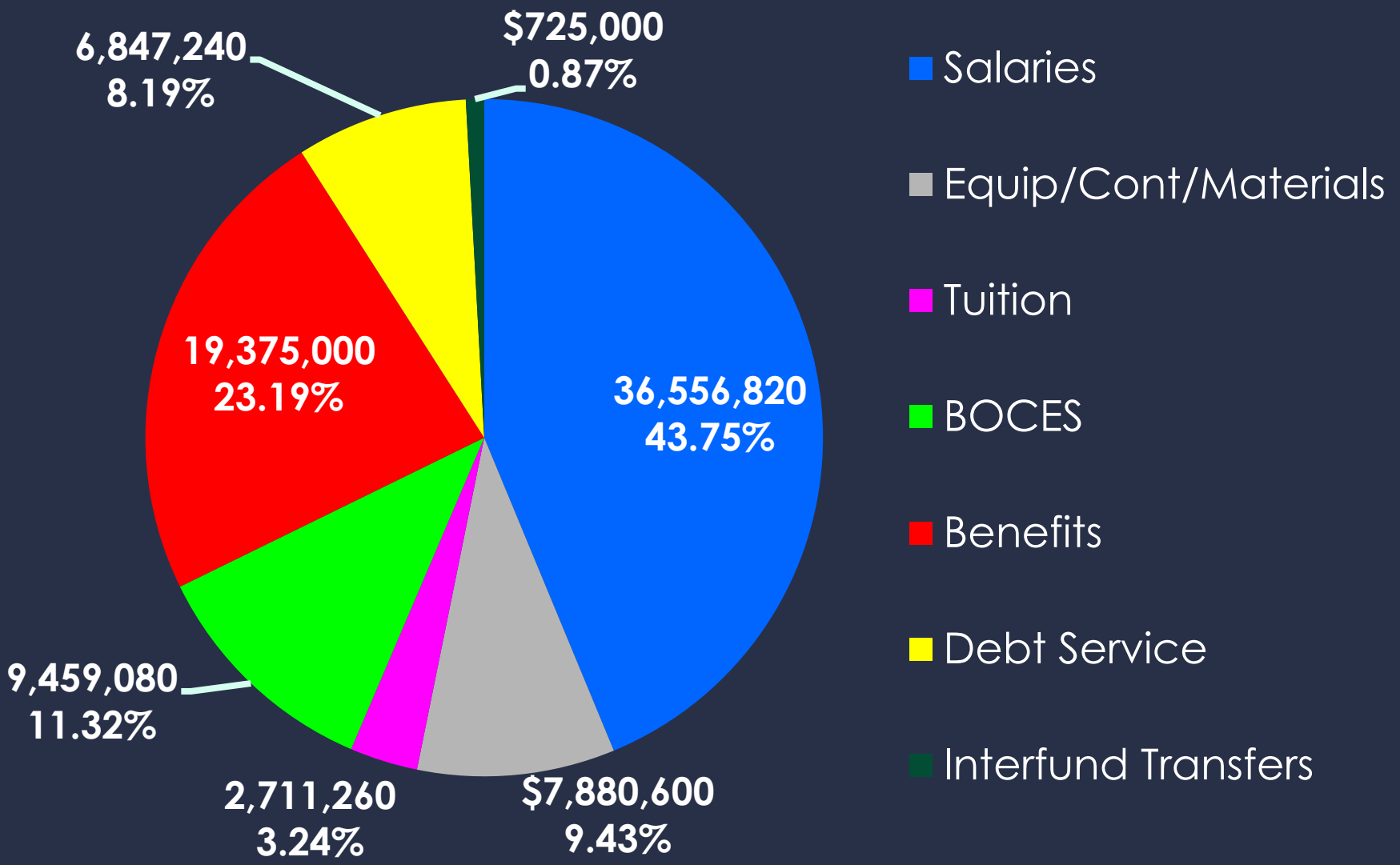


	2022-23	2021-22	Change
Salaries	\$36,556,820	\$36,060,654	\$496,166
Equipment	\$1,421,500	\$1,321,500	\$100,000
Contractual	\$5,292,800	\$4,742,800	\$550,000
Materials	\$1,166,300	\$1,041,300	\$125,000
Tuition	\$2,711,260	\$2,711,260	0
BOCES	\$9,459,080	\$9,851,081	(\$392,001)
Benefits	\$19,375,000	\$19,075,000	\$300,000
Debt Service	6,847,240	\$6,825,905	\$21,335
Transfers	\$725,000	\$225,000	\$500,000
Totals	\$83,555,000	\$81,854,500	\$1,700,500



Expenditures

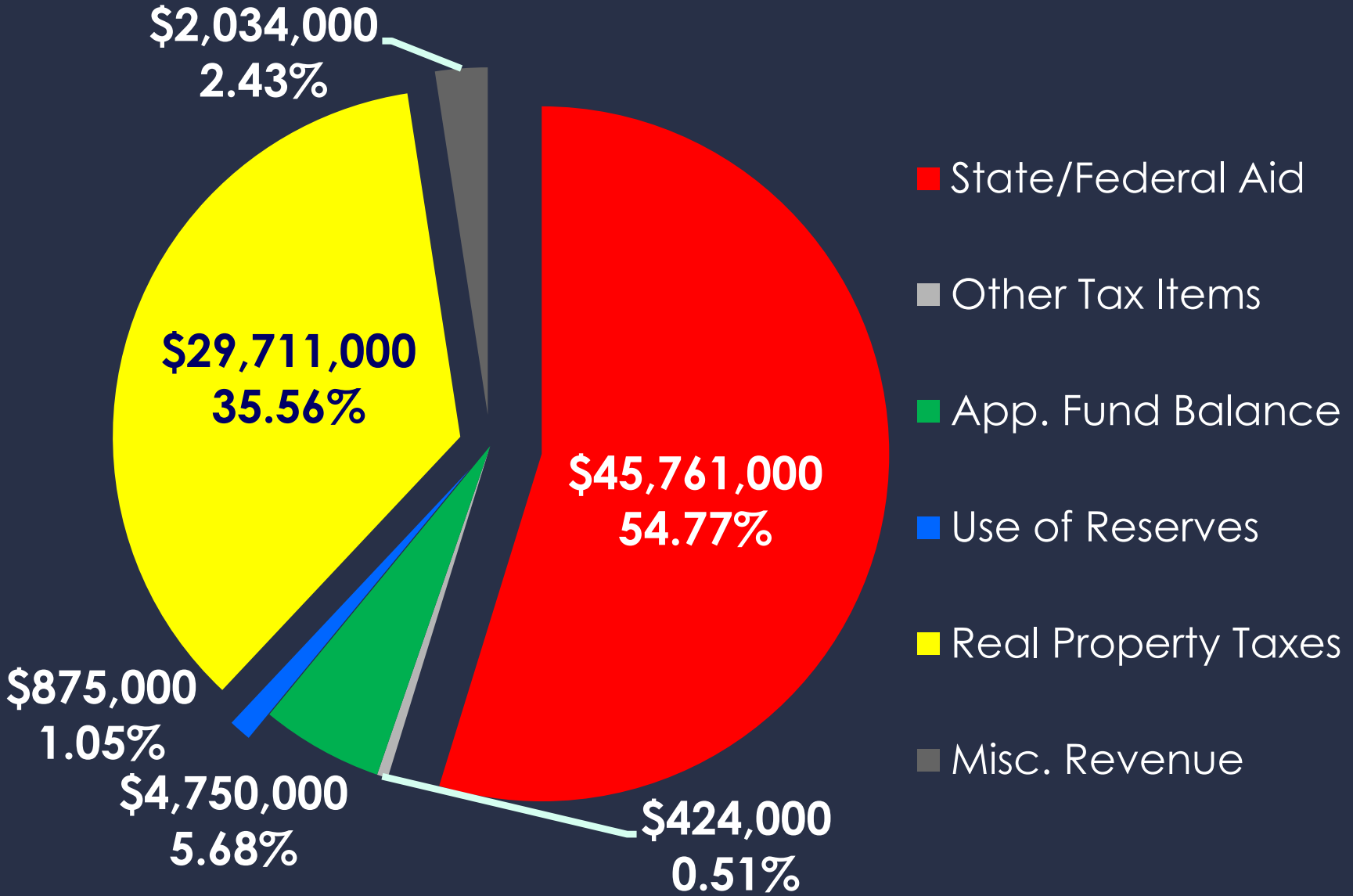
2022 - 23 Proposed Final Draft Budget \$83,555,000





Revenue

1.4 % Tax Levy Increase \$83,555,000



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 five years?

- Tax Levy reductions based on the Tax Cap 5-year projections (not increasing taxes to the legal limit)
 - 2019 - \$ 1,636,197
 - 2020 - \$ 1,859,840
 - 2021 - \$ 382,228
 - 2022 - \$ 2,461,303
- Use of Reserves – reduction of the limit and levy
 - Capital and Debt Reserve \$1,500,000 in 20-21.
 - Debt Reserve in 21-22 \$ 700,000
 - Debt and EBLAR Reserve in 22-23 \$ 875,000

Cumulative Tax Reductions: \$9,414,568

Stability and **Sustainability**

Tax Levy Projections

1.4 % Increase

Tax Cap Calculator Results Report

Initial Base Scenario - Tax Cap 1.4% in current year

	BUDGET 2022	2023	2024	PROJECTIONS		
				2025	2026	2027
Tax Levy Limit Before Adjustments and Exclusions						
Prior FYE Tax Levy	\$28,896,343	\$29,300,750	\$29,711,000	\$30,156,000	\$30,608,000	\$31,067,000
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	1.0024	1.0037	1.0037	1.0037	1.0037	1.0037
PILOTS Receivable from Prior FYE	\$251,004	\$344,954	\$312,202	\$300,000	\$300,000	\$300,000
Tort Exclusion Amount Claimed in Prior FYE	\$0	\$0	\$0	\$0	\$0	\$0
Capital Levy for Prior FYE	\$225,112	\$361,226	\$534,714	\$600,000	\$600,000	\$600,000
Allowable Growth Factor	1.0123	1.0200	1.0200	1.0200	1.0200	1.0200
PILOTS Receivable for Current FYE	\$344,954	\$312,202	\$300,000	\$300,000	\$300,000	\$300,000
Available Carryover from Prior FYE	\$0	\$0	\$0	\$0	\$0	\$0
Total Levy Limit Before Adjustments and Exclusions	\$29,003,229	\$29,668,547	\$29,890,387	\$30,266,929	\$30,729,675	\$31,199,587
Exclusions						
Tax Levy Necessary for Expenditures Resulting from Tort Judgements Over 5%	\$0	\$0	\$0	\$0	\$0	\$0
Capital Levy for Current FYE	\$361,226	\$534,714	\$600,000	\$600,000	\$600,000	\$600,000
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	\$361,226	\$534,714	\$600,000	\$600,000	\$600,000	\$600,000
Tax Levy Limit, Adjusted For Transfers, Plus Exclusions	\$29,364,455	\$30,203,261	\$30,490,387	\$30,866,929	\$31,329,675	\$31,799,587
Total Tax Cap Reserve Amount Used to Reduce Current FYE Levy	\$0	\$0	\$0	\$0	\$0	\$0
Current FYE Proposed Levy, Net of Reserve	\$29,300,750	\$29,711,000	\$30,156,000	\$30,608,000	\$31,067,000	\$31,533,000
OR Current FYE Proposed Levy, Net of Reserve %	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

Tax Levy Projections

1.4 % Increase

	2022	2023	2024	2025	2026	2027
2026 Revenue Stream						\$ 266,587
2025 Revenue Stream				\$ 262,675	\$ 262,675	\$ 262,675
2024 Revenue Stream			\$ 258,929	\$ 258,929	\$ 258,929	\$ 258,929
2023 Revenue Stream		\$ 334,387	\$ 334,387	\$ 334,387	\$ 334,387	\$ 334,387
2022 Revenue Stream	\$ 492,261	\$ 492,261	\$ 492,261	\$ 492,261	\$ 492,261	\$ 492,261
2021 Revenue Stream	\$ 63,705	\$ 63,705	\$ 63,705	\$ 63,705	\$ 63,705	\$ 63,705
Total Lost Revenue Stream each year	\$ 63,705	\$ 555,965	\$ 890,352	\$ 1,149,281	\$ 1,411,956	\$ 1,678,543
Estimated Tax Cap Limit Reduction 2022 - 2027						\$ 5,749,802

- Mixture of reductions and levy to close the gap from both ends.
- **Long term tax reduction estimate = \$5,749,802***

*Based on tax levy and tax cap estimates based on current information.

Long Term Considerations

The budget has \$ 700,000 in reserve usage and \$4,750,000 in fund balance balancing the budget to provide tax relief.

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 solely on state aid increases from year to year.

Federal Funds?

CCRSA and ARP Funding

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 and 2024.**
- 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 2024. Any programs supported by these funds now will be difficult to maintain without creating budget gaps in the future in the general fund budget.

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**

	21-22	22-23	Change
Tax Levy	\$29,300,750	\$29,711,000	\$ 410,250
Tax Levy Rate	\$ 22.78	\$ 23.10	\$.32

Estimated Impact on Taxes

Increase on 100,000 household	\$ 31.91/YEAR	Estimated
Increase on 150,000 household	\$ 47.86/YEAR	Estimated
Increase on 200,000 household	\$ 63.81/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 10, 2022
- 7:00 PM



BUDGET



- Tuesday, May 17, 2022
- 11:00 – 8:00 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

