

## Property Tax Cap

Overview: Chapter 97 of the Laws of 2011 is commonly referred to as the Property Tax Cap. The legislation limits the amount of taxes an entity may levy based on a formula, unless specific criteria are met.

**Q: Doesn't the tax cap law mean my tax bill can not increase by more than 2%?**

**A:** No. The law that New York State passed in June 2011 does not in fact cap an individual's tax bill. Instead, it restricts the district's tax levy - or the total amount in property taxes a district collects. Factors outside a school district's control - such as the loss of assessment in the district - can cause an individual's tax rate to increase at a greater rate than the tax levy.

**Q: Does the property tax cap mean the tax levy - or total amount raised in property taxes - will be limited to a 2% increase each year?**

**A:** Not necessarily. State legislators included exemptions in the property tax cap law for certain expenses that may result in a tax levy increase greater than 2%. Those exceptions include items such as legally mandated pension contributions.

In addition, if school districts want to exceed the property tax cap, they can do so if they obtain more than 60% approval from their community on the school budget.

**Q: If districts are not necessarily limited to a 2% increase in the tax levy, how do they know how much they can raise their tax levy by?**

**A:** By law, each school district's "tax levy limit" is determined by a complex, eight-step formula developed by New York State. The formula takes into consideration a number of variables, including growth in the local tax base (if any), exemptions, the previous year's tax levy, as well as the current and future Payments in Lieu of Taxes (PILOTS). The rate of inflation or 2% (whichever is lower) is also part of the equation.

Individual school districts will each have a unique tax levy limit, which must be submitted to the State by March 1 each year. Once the tax levy limit is determined, the district will then add coming school year's exemptions to the tax levy limit, creating a "maximum allowable levy." As a result, a district may actually propose a budget with a tax levy that is higher than its tax levy limit and still be within its "cap" under the law.

Source: Questar III BOCES

2012-13 Proposed Tax Levy	\$45,570,897 +2.9%
Tax Levy Limit	\$46,206,132 +4.3%
Amount Under the Limit	(\$ 635,235) -1.4%

## Important Dates

Thursday, March 15, 2012  
Community Open Budget Forum  
Brighton Town Hall, 2300 Elmwood Avenue  
1:00 – 2:30 p.m.

Monday, March 19, 2012  
Community Open Budget Forum  
Brighton Town Hall, 2300 Elmwood Avenue  
7:00 – 8:30 p.m.

Tuesday, March 20, 2012  
Board of Education Budget Review Meeting  
Administration Building, 2035 Monroe Avenue  
7:00 p.m.

Tuesday, March 27, 2012  
Board of Education Meeting, Budget Review/Budget Hearing  
Administration Building, 2035 Monroe Avenue  
7:00 p.m.

Tuesday, April 17, 2012  
Board of Education Meeting, Budget Hearing/Budget Adoption  
Administration Building, 2035 Monroe Avenue  
7:00 p.m.

Tuesday, May 8, 2012  
Board of Education Meeting, Budget Hearing  
Administration Building, 2035 Monroe Avenue  
7:00 p.m.

Tuesday, May 15, 2012  
School Budget Vote  
Brighton High School, Lower Level  
7:00 a.m. – 9:00 p.m.



## Budget Update

Dr. Kevin McGowan, Superintendent of Schools presented the Executive Budget Proposal on March 13, 2012. Residents are invited to address the Board of Education about his recommendation at Budget Hearings on Tuesdays, March 27 and April 17 at approximately 7:00 p.m. in the Board Conference Room, Administration Building, 2035 Monroe Avenue. The Board of Education will adopt a proposed budget on April 17, 2012.

Residents will vote on the proposed school budget on May 15, 2012. At that time the community will also elect two members to the Brighton Board of Education and vote on authorization to expend money from two existing capital reserve funds.

Due to continued rising expenditures in key areas (mandated retirement system contributions, health insurance, special education services, and utilities), the national, State, and local fiscal climate and an expected \$2 million reduction in State Aid and federal aid, the District developed the 2012-13 budget with the following objectives and assumptions: develop a list of reductions, identify new initiatives, evaluate program needs, assess economic environment, be less conservative on revenue estimates, utilize more reserve funds, and continue to support informational technology and capital improvements. These objectives and assumptions were balanced with a review of the impact on program and future budgets, and the desire to develop a proposed budget with a reasonable tax rate increase.

In January 2012, the preliminary budget presentation included a budget of \$66,610,864, a difference of \$3,050,573, which would have required a 4.8% increase in budget and a 6.8% increase in the property tax levy to maintain the same programs and staffing levels as this year.

Since September, Dr. McGowan and his instructional leadership team have been working with the Board and staff to reduce next year's preliminary projection of expenditures by reviewing every budget line. A community survey and focus groups resulted in data reflecting the community's priorities and concerns. These efforts have reduced expenditures by more than \$1 million dollars. The proposed budget includes new initiatives costing approximately \$265,000, including lowering/maintaining class sizes at CRPS. The proposed 2012-13 budget represents an increase of 3.6% over the current year's budget with a projected tax rate increase of 2.4%. The budget strengthens literacy initiatives at Council Rock and French Road, maintains our commitment to program growth for all students at all levels, maintains a wide variety of electives and advance placement courses at the high school, and demonstrates a commitment to providing and improving connections for all students.

*Focused on Excellence Now and Challenges Yet to Come*



## Preliminary Budget 2012-13

<b>2011-12 School Budget</b>	<b>\$63,560,291</b>
<b>2012-13 Executive Budget</b>	<b><u>\$65,826,693</u></b>
<b>Difference</b>	<b>\$ 2,266,402 or 3.6%</b>
 <b>Net Tax Levy</b>	 <b>\$ 1,284,311 or 2.9% (~Tax Rate 2.4%)</b>

### Summary of Budget Changes by Location

Below is a summary by location of significant changes to programs and services recommended as part of the Executive Budget Proposal. For an impact analysis of recommended changes, please refer to the District website:

#### Brighton High School

- Adds support for the ACE and AIM programs (+1.5 positions) \$40,000
- Adjusts staff based on students' needs reducing two interpreters and a note taker position (\$51,800)
- Adjusts staff for special education co-taught classrooms to 8 or 9 students per class (-0.6 teacher) (\$30,000)
- Restructures teaching assistant allocations to special education classrooms (-5.0 teaching assistants) (\$72,000)
- Eliminates foreign language teaching assistant program (\$11,078)
- Reduces conference funding from building budget (\$15,221)
- Increases class sizes and reduces elective offerings in Social Studies, American Sign Language (BOCES), English, and Science (-1.0 Social Studies teacher, -0.2 English teacher, -0.2 Science teacher) (\$94,430)

#### Twelve Corners Middle School

- Increases student contact time by addition of flex staff (+1.6 teachers) \$80,000
- Reinstates teaching assistant in the library (+1.0 teaching assistant) \$15,000
- Reduces field trips and assemblies (\$ 4,000)
- Reduces the number of sections in Health from 18 to 14 (-0.2 Health teacher) (\$10,000)

#### French Road Elementary School

- Replaces Teacher on Special Assignment position with Reading Teacher \$ 0
- Consolidates special education program based on decreases in enrollment(-0.5 teacher) (\$25,000)
- Reduces field trips (e.g. RPO trip in 4th grade, Genesee Country Museum, 5th grade Choir) (\$ 7,000)
- Reduces building budget impacting conferences and professional development (\$11,880)
- Eliminates full-time tutor with the addition of Reading Teacher (-1.0 tutor) (\$25,570)
- Limits the number of paraprofessional hours for copying and AV support (-0.5 paraprofessional) (\$ 6,700)

#### Council Rock Primary School

- Adds a kindergarten section and 1st grade section based on increased enrollment (+1.5 teachers) \$75,000
- Expands support for early childhood literacy with the addition of a Reading Teacher (+1.0 teacher) \$50,000
- Reduces building budget impacting field trips and assemblies (\$ 5,000)

#### Interscholastic Athletics

- Eliminates the following athletic teams: Freshman football, Boys'/Girls' Modified A Soccer (from 4 teams to 3 teams), one Boys'/Girls' Modified B Basketball (from 5 to 4 teams), Boys' Modified A Baseball (from 4 to 3 teams), Fall Modified A Cheerleading (\$43,645)
- Eliminates strength coach position (\$ 3,800)

#### General Support and Other Department Reductions

- Transfers capital work to the Reserve (\$50,000)
- Reduces non-instructional clerical support (\$15,000)
- Restructures central technology support and human resources processing (\$15,000)
- Transfers certain salaries to federal grants and reduces operating surpluses (\$550,000)

**Net Budget Impact on Proposed Changes to Programs and Services (\$797,124)**

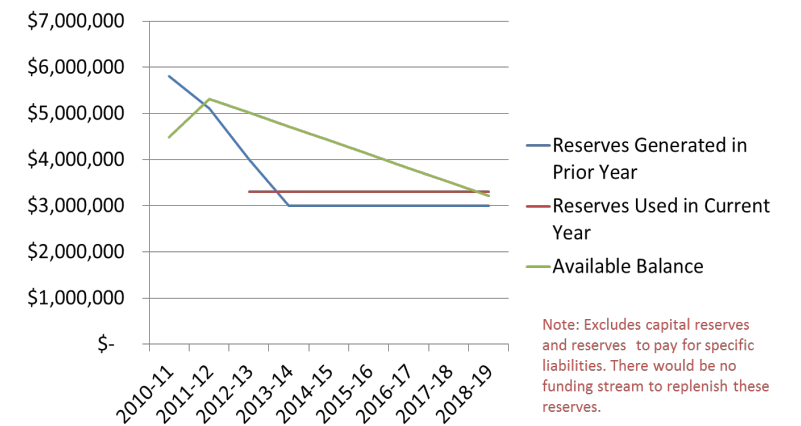
## Budget Guidelines 2012-13

- Meet all applicable mandates, health, safety and legal requirements and fulfill all contractual obligations.
- Support education programs and services vital to successful implementation of the District mission and vision.
- Evaluate the impact that spending reductions made for the 2011-12 school year has had on academic program and school culture.
- Gather school community feedback and input from all stakeholders through a community survey and open focus group discussions. Use this feedback in developing a proposed spending plan that reflects community priorities and addresses ongoing fiscal constraints.
- Evaluate new initiatives with program advantages and costs.
- Understand the impact of the tax cap on long-term financial planning and gauge community support for tax cap implications.
- Considering the economic climate and changing student needs, the Board of Education recognizes the importance of prioritizing resources and finding opportunities for reduction/consolidation. The Board will determine this amount upon review of the projected 2012-13 budget. All potential budget reductions/consolidations will require an academic impact analysis.
- A summary of the projected budget for 2012-13 will be provided to the Board of Education on January 24, 2012.

## Fund Balance and Revenues

Faced with a \$2.1 million Gap Elimination Adjustment imposed as part of the Governor's Executive Budget along with a \$570,000 reduction in property taxes paid by commercial properties, and a \$300,000 loss of federal stimulus funds; the District evaluated its ability to raise taxes and strategically use its reserve funds (savings accounts). Based on this, the District proposes to increase the use of reserves by \$980,000 and limit the increase in property tax revenue to 2.9%. While increasing the use of reserves has long-term implications, we believe we have the financial strength to execute a long-term plan that stabilizes the impact on the tax levy.

As the chart to the right demonstrates, over the past two years, the District has increased its reliance on its reserve accounts and yet has decreased the amount of surpluses that are generated from its operating results. If this trend continues, the District will have less in its savings account than it is using to pay its obligations starting in 2018.



Below is a summary of Reserve Fund balances, estimated at June 30, 2012, and recommended uses:

	<u>Available Balance</u>	<u>Recommended Use</u>
Building Reserve Fund (Restricted)	\$5,618,357	\$1,400,000
Technology Reserve Fund (Restricted)	\$3,499,032	\$ 425,000
Other Liability Reserves (Restricted)	\$1,224,411	\$ 0
Retirement Contribution (Available for Use)	\$2,375,768	\$ 800,000
Undesignated/Unrestricted (Available for Use)	\$6,542,423	\$2,500,000

2010-11 Tax Levy Increase = 1.2%	Use of Reserves = \$1,820,000
2011-12 Tax Levy Increase = 1.5%	Use of Reserves = \$2,320,000
2012-13 Tax Levy Increase = 2.9%	Use of Reserves = \$3,300,000

(The Average Annual Change in the CPI-U for 2011 was 3.2% )