

# BRIGHTON CENTRAL SCHOOL DISTRICT

## Preliminary Budget Discussion

### 2014-15



Community Forum  
March 4, 2014

# Our Goal and Context

- Goal is to provide you with some preliminary information and the context.
- Would like feedback from our customers.
- The backdrop:
  - State aid is not increasing
  - Costs are rising
  - The Governor is proposing significant changes while continuing a program that takes YOUR revenue away
  - We need to know what your priorities are

# Preliminary Budget and Impact on Tax Levy

		\$	%
	2014-15	Change	Change
A) Total Preliminary Budget Amount	\$70,723,949	\$2,236,073	3.4%
B) Total Revenues Other Than Real Property Taxes (Excluding Tax Levy)	16,725,628	(668,471)	-4.0%
C) Amount of Fund Balance Used for Levy of Tax	3,759,995	-	0.0%
D) Non-Property Tax Revenues (B+C)	\$20,485,623		
<b>E) Total Real Property Tax Levy to be Raised for School Purposes (A-D)</b>	<b>\$50,238,326</b>		
2013-14 Real Property Tax Levy	\$47,333,782		
% Increase in Real Property Tax Levy			6.14%

**Bottom Line: We anticipated a need to increase spending beyond what the tax cap formula would allow (1.25% v. 3.4%)**

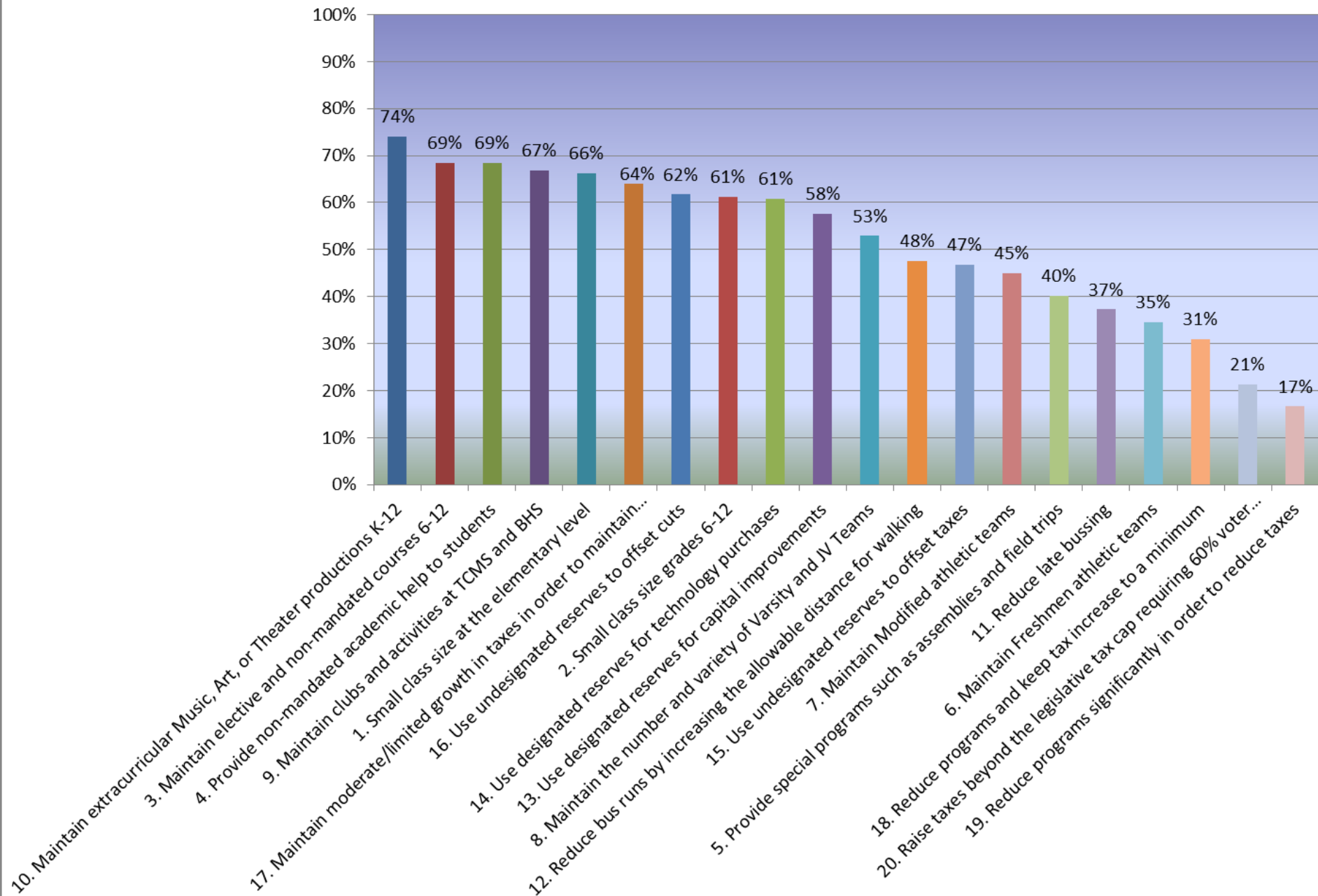
**Without any changes this would require a tax levy increase of 6.14%**

**That is not acceptable.**

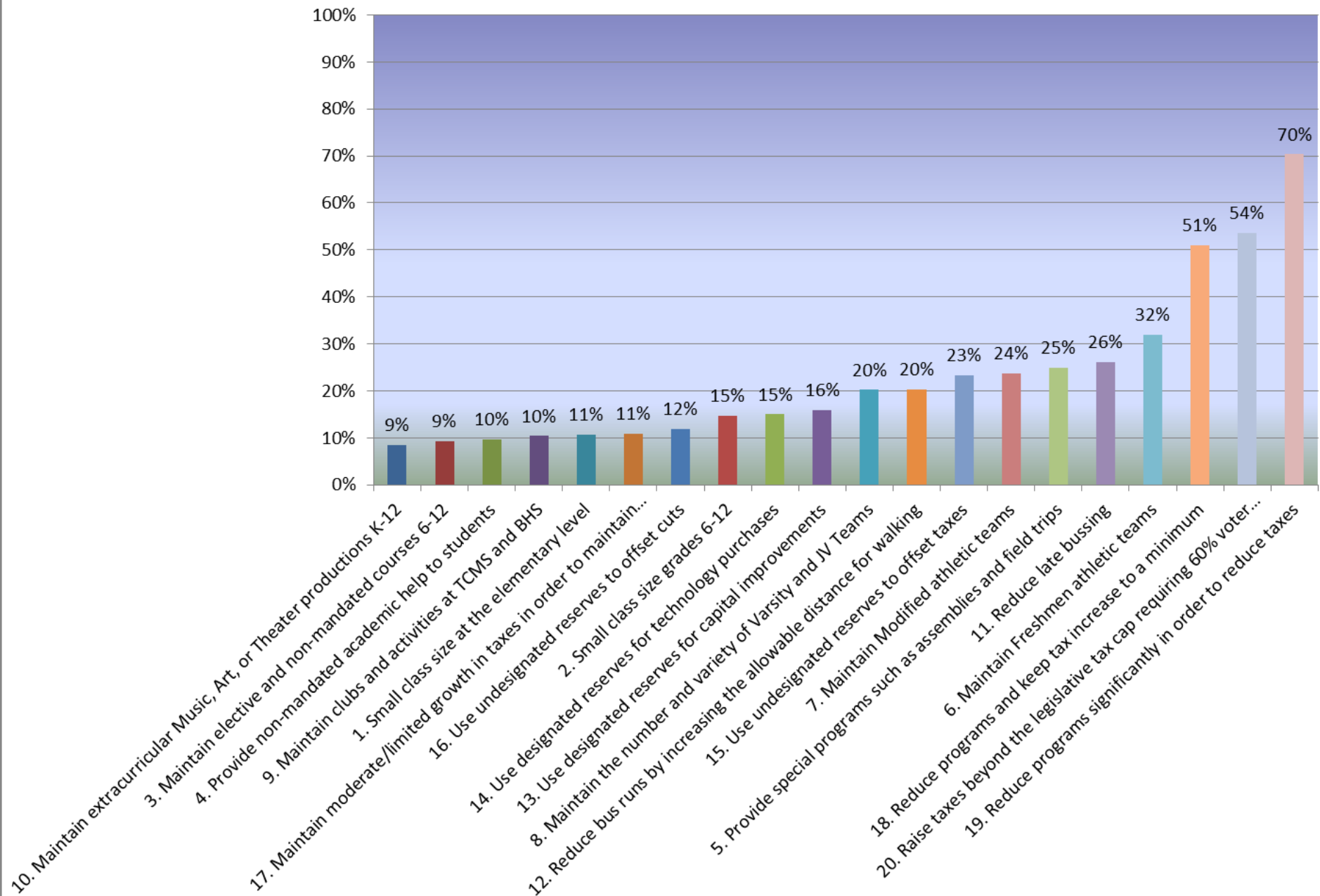
# So What Have We Done...Steps Taken

1. Continued to monitor budget-to-actual projections to analyze assumptions used in preliminary budget.
  - a) Finding the right balance between providing for the unknowns and over budgeting...Can we tighten the margins?
2. Collaborated with building principals and department managers to assess opportunities for efficiencies in non-program areas.
  - a) Is there anything else we can do more efficiently?
3. Analyzed program and service-related spending that exceeds mandates and will not jeopardize health, safety, or our ability to provide our basic educational program.
  - a) Should we reduce programs in order to cut costs?
4. Reviewed feedback from the community budget survey.

Comparison of "High/Somewhat High" Responses by Question



Comparison of Somewhat Low/Low Responses by Question



# Revenue Issues- Here's the Real Problem

## Foundation Aid:

The State has frozen and deferred its obligations under the Foundation Aid formula since 2008-09. The result is that Brighton is receiving \$5.87 million less than it is entitled to.

**This is a 12.4% shift to local property taxpayers.**

Enacted State Budget/School Year	Current Year Aid	Full Phase-in Level	Estimated Full Phase-In Year
2007-08	\$5,164,815	\$9,971,236	2010-11
2008-09	\$5,930,584	\$10,301,549	2010-11
2009-10	\$5,930,584	\$11,988,793	2013-14
2010-11	\$5,930,584	\$11,953,413	2013-14
2011-12	\$5,930,584	\$13,702,323	2016-17
2012-13	\$6,063,652	\$13,758,124	2016-17
2013-14	\$6,082,043	\$13,582,950	2016-17

School Year	GEA	GEA Restoration	Net GEA
2010-11	(2,152,429)	730,794	(1,421,635)
2011-12	(2,404,780)	167,289	(2,237,491)
2012-13	(2,181,099)	9,748	(2,171,351)
2013-14	(2,171,351)	234,383	(1,936,968)
Total 4 Year GEA Reduction:			(7,767,445)

**This represents a 4.1% shift to local property taxpayers**

## GEA:

The Gap Elimination Adjustment is a tool used by the State to withhold money due to public school districts. The Governor's proposed 2014-15 budget would restore only \$61,000 to Brighton Schools. That funds less than 1/10<sup>th</sup> of 1% of a spending increase **with no mandate relief**.

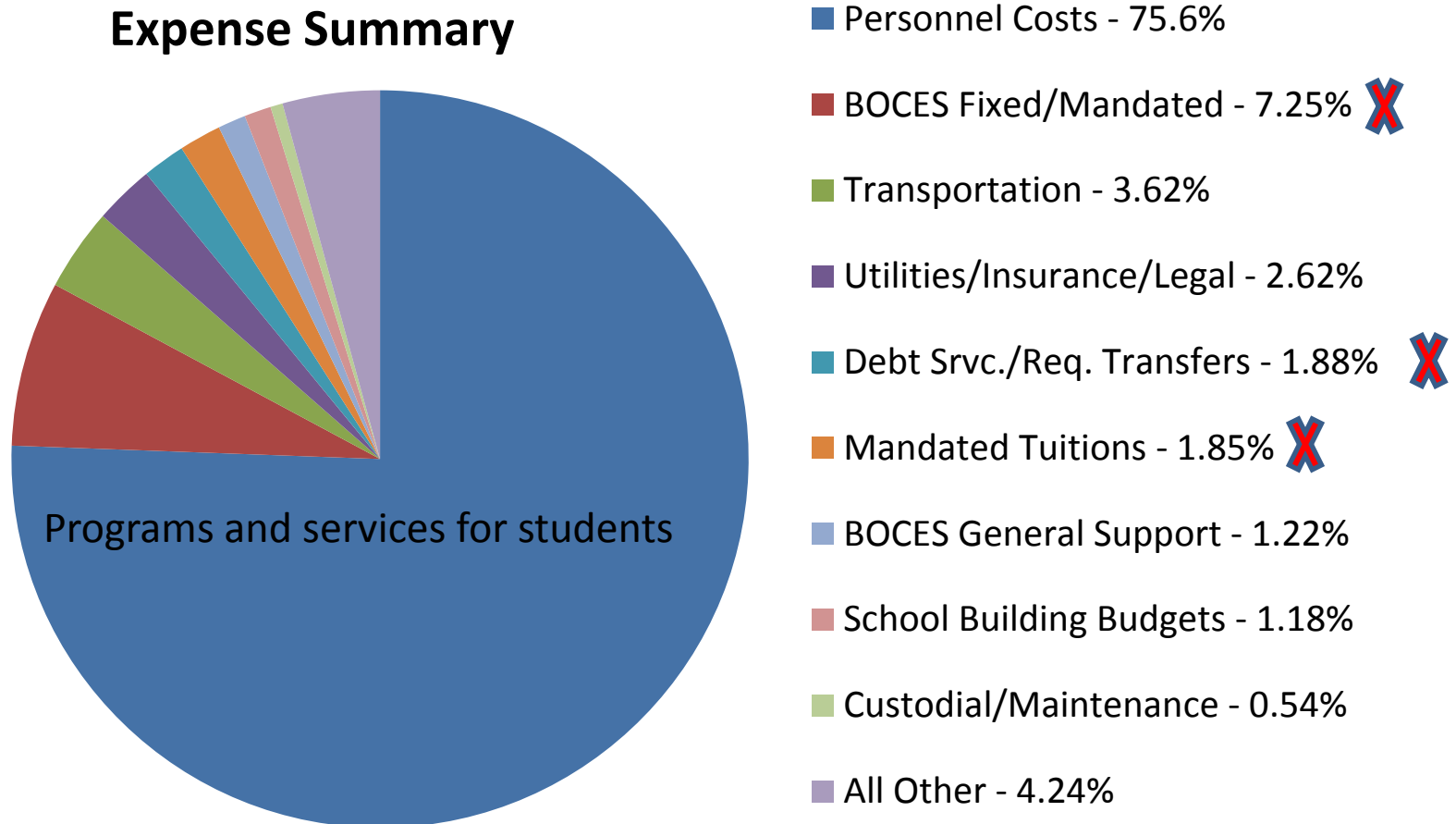
**WE COULD FREEZE TAXES IF THE STATE FULFILLED ITS OBLIGATION TO YOU AND YOUR CHILDREN**

# Pressures on Spending

- We are a people business. Our services to children cannot be automated, and we have invested in both talent, specialization and ample support so that children are supported, pushed and engaged.
- 76% of the preliminary budget is attributable to personnel costs.
- We exceed our tax cap limit (1.81% this year!) by doing nothing differently in this area.
- We believe that the investment needs to be made in this area so that children receive the service that our community expects.
- A 1% increase in salary impacts the tax levy 0.8% (of the 1.81% tax cap limit).
- To maintain targeted class sizes at the elementary level and respond to emerging student needs, the District may need to add 7 teaching positions.
  - This alone would require a tax levy increase greater than 1.2% (of the 1.81% tax cap limit)
- State pension obligations are a mandated payroll cost not negotiated by the district or by its employees. Before any contractual obligations, the increase in rates requires a tax levy increase of 0.7% (of the 1.81% tax cap limit).
- Like any business, the District contends with increases to utilities, insurance, printing, mailing, computing costs, and many other non-instructional costs required to support the education of our students. A 1% increase in such costs calls for a 0.5% increase in the tax levy.
- This is in large part how we arrive at 6.14% when our limit is 1.81%.



# Limits on Achieving Significant Reductions Elsewhere in the Budget



The District would need to reduce all non-personnel, non-mandated costs by 5% to reduce the levy 1%

# Property Tax Cap

	2012-13	2013-14	2014-15
Base Year Levy	\$44,286,586	\$45,576,752	\$47,333,782
Tax Base Growth Factor	1.0097	1.0000	1.0028
Base Year PILOT Revenue	\$961,334	\$454,044	\$502,672
Allowable Growth Factor	1.0200	1.0200	1.0146
Project PILOTS Receivable	\$464,814	\$395,861	\$480,935
Available Carryover	\$0	\$549,483	\$0
Tax Levy Limit Before Exclusions	\$46,126,236	\$47,105,034	\$48,188,401
Exclusion for Pension			
ERS	\$28,843	\$0	\$0
TRS	\$0	\$627,095	\$0
Total Exclusions	\$28,843	\$627,095	\$0
Total Tax Levy Limit	<b>\$46,155,079</b>	<b>\$47,732,129</b>	<b>\$48,188,401</b>
Actual (Estimated) Levy	\$45,570,897	\$47,333,782	\$49,165,599
Amount (Under)/Over Cap	-\$584,182	-\$398,347	\$977,199
Cumulative Taxes Compared to Cap	-1.27%	-0.83%	<b>\$ (5,330)</b>



 Represents a 1.81% increase in tax levy and allows for a 1.25% increase in spending.

# Cap and Freeze Issues

- The Governor is proposing a program that would freeze your taxes by providing you a rebate to compensate you for any increase in school taxes, IF your district stays under the current property tax cap AND promises significant efficiencies in the future with other districts.
- The rebate will be only for the increase. For example:

Rate		Assumed Valuation		
		\$100,000	\$200,000	\$300,000
Current Rate	\$25.93	\$2,593	\$5,187	\$7,780
Tax Cap - 1.81%	\$26.40	\$2,640	\$5,281	\$7,921
Est. - 3.9%	\$26.94	\$2,694	\$5,389	\$8,083
<u>Tax Bill Difference</u>				
Current v. Cap		\$47	\$94	\$141
Current v. 3.9%		\$101	\$202	\$303

# Where Does That Leave Us?

- We believe we can keep program intact with a 3.9% increase to the levy.
- We would have to cut an additional \$1.1 million in order to be under the cap. This would mean significant program cuts.
- 3.9% would mean an additional \$200 on a home valued at \$200,000
- We would need 60% of voters to approve.
- WE COULD FREEZE TAXES IF THE GOVERNOR WOULD RESTORE THE AID DUE THAT IS BEING TAKEN AWAY THROUGH THE GEA.
- How do you feel about this? Do you have any suggestions? What is your input?