

# **Bethpage Union Free School District 2018-19 Budget**

## **Overview**

# Overview

- **Accountability**
- **Tax Cap**
- **Overview of 2018-19 Budget and Tax Levy for Bethpage**

# Financial Accountability

- **July 2015-** NYS Comptroller's Auditors issued very positive report on district business practices with no major findings
- **January 2018-** NYS Comptroller issued Fiscal Stress Test for all districts- Bethpage had the best possible score- ZERO (Third year in a row)
- **February 2017-** Moody's reaffirmed our excellent Aa2 rating

# Academic Accountability

## Long Island's Reward Schools

### **Nassau**

- John F. Kennedy High School, Bellmore
- Bethpage High School
- W. Tresper Clarke High School, Westbury
- Garden City High School
- Great Neck South High School
- Herricks High School
- Jericho Senior High School
- Locust Valley High School
- Lynbrook High School
- Manhasset High School
- North Shore High School, Glen Head
- Plainview-Old Bethpage JFK High School
- South Side High School, Rockville Centre
- Roslyn High School

- Syosset High School
- Wantagh High School

### **Suffolk**

- Bayport-Blue Point High School
- Half Hollow Hills High School East, Dix Hills
- Half Hollow Hills High School West, Dix Hills
- Harborfields High School, Greenlawn
- Mount Sinai High School
- Earl L. Vandermeulen High School, Port Jefferson
- Sayville High School
- Smithtown High School West

*Source: State Education Department*

# The Number One Question Asked

- If the district had a LESS THAN ZERO percent tax levy increase, why did my taxes go up?
  - District informed Nassau County that our tax levy would decrease by **0.11%** (\$66,000 less than prior year)
  - Taxes in Nassau County have many variables
    - Assessed valuation of home
    - Changes in Adjusted Base Proportions
    - Tax certs filed by neighbors
  - Taxes went up because of Nassau County, not Bethpage School District

# Four Year History of Bethpage Tax Levy

- 2014-15      0.78%
- 2015-16      0.00%
- 2016-17      -0.17%
- 2017-18      -0.11%

*(In addition we paid off \$2.9 million in debt over the past three years)*

# Federal Tax Legislation

- Board of Education asked us to be mindful of new tax legislation restricting deductions for state and local taxes
- Paramount concern

# **Tax Cap Definition**



# Tax Cap Legislation

## What is the property tax cap?

- The law states that schools and municipalities have a cap on their tax levy. The cap starts at 2% (or less if inflation is lower) and then lists items that are excluded and can cause the cap to increase. **The starting point for the cap this year statewide is 2%**
- Exclusions include costs of capital improvement projects, litigation, and extremely high pension costs. It is a long mathematical formula that takes into account changes in PILOT payments (for businesses that have moved into Bethpage and received tax incentives).
- Districts can exceed the cap if they get 60% of the community to support a higher tax levy.
- If the proposed budget is defeated twice, contingency now requires a zero percent increase in the tax levy.



# Tax Cap Formula

# 2018-19 Tax Cap Formula for Bethpage

Prior Fiscal Year Tax Levy	\$61,927,055
multiplied by Growth Factor	1.0020
<b>Sub-Total</b>	<b>\$62,050,909</b>
Add Prior Year Budgeted PILOTS Revenue	7,474,336
Less Prior Year Exemptions (except Pension)	(624,108)
<b>Sub-Total</b>	<b>\$ 68,901,137</b>
multiplied by Allowable Levy Growth Factor	1.0200
<b>Sub-Total</b>	<b>\$ 70,279,159</b>
Less Budgeted PILOTS Revenue	(6,787,444)
<b>Tax Levy Limit</b>	<b>\$ 63,491,715</b>
ERS Exclusion	-
TRS Exclusion	-
Torts/Settlements	-
Capital Tax Levy	\$ 884,784
<b>Tax Cap Levy Limit Plus Exclusions</b>	<b>\$ 64,376,499</b>

**Allowable Tax Levy Increase**      **\$2,449,445**  
**3.9554%**

# “Property Tax Freeze”

- Last year, all municipalities that stayed within their Tax Levy Cap limits enabled their residents to receive a property tax refund from NYS
- Difference between last year’s tax bill and the prior year’s tax bill
- Bethpage was under the tax levy limit and all residents should have received a check



# **2018-19 Budget**

# State Aid Questions

- **State Budget Deadline: April 1**
- **Lots of political discord in Albany right now**
- **Agreement last week that revenues are better than earlier predicted**
- **We are not sure the State Budget will be on time**
- **We are currently using the Governor's state aid projections, but expect them to be higher when final budget adopted**

# Pension Costs

- **Pension Costs related to stock market averages over past five years**
- **However, like many Pension Systems, NYS is recalibrating future returns- Result is a 10% increase in district contributions for next year**
  - **Teacher Retirement System (TRS) contributions going UP this year- \$359,000 increase**

# Debt

- We retired \$2.9 million in debt over the past four years
- Savings of \$430,000 a year in debt payments (Principal and Interest)
- Moody's notes our low debt as one reason (of many) for our positive rating



# Salary Costs

- **All Bethpage unions have presented very realistic requests**
- **Teachers next year are 1% COLA**

# Additional Savings

- **Six Teacher Retirements**

- Teachers are being replaced with new teachers making lower salary

**OR**

- Positions being eliminated due to lower enrollment

- **Overall Net Savings of \$550,000**

# **Additional Savings**

- **Teachers agreed to first 10 hours of free staff development in latest contract settlement**
- **We anticipate significant savings from that**

# Additional Savings

- Last year we had a Health & Safety Emergency construction project in the budget (a second egress to the BHS Wrestling Room)
- This budget reduced the capital project code back to prior level (savings of \$210,000)

**Even though the  
Allowable Tax Levy is 3.95%  
Bethpage will be below that**

# Budget as of Today

- **Right now we have a Budget to Budget increase of 2.29%**
- **Tax Levy Cap of 2.9%**
- Still waiting for:
  - Final enrollment numbers for Kindergarten
  - Private/Parochial Transportation Requests (April 1)
- We will use funds from our Reserves (the amount will depend on our state aid number)

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- 2017-18            -0.11%
- 2018-19            2.9%

*(In addition we paid off \$2.9 million in debt over the past four years)*

# Important Budgetary Items

- Science TA's for new STEM Labs
  - STEM Labs will be OPEN for business in September!
- Full funding of Middle School Sports at JFK
- Standardized Transportation Measuring Points
  - No longer using the gate entrances at any school
  - Measurement will be to the front/rear entrance
- New Course at BHS:
  - Advanced Placement Capstone Research
  - Financial Literacy
- Partnership with Composite Prototype Center
  - Cutting Edge Course for BHS students
- Replenishment of Chromebook Initiative
- Support for K-12 Drama Program
- Additional funds for capital projects
- New Replacement Bus



# The **NO CUT** Budget

- What we have as of right now is a budget that contains **NO CUTS**
  - No change in class size policy
  - No change in school configuration
  - No cuts in staff (other than those related to decreased enrollments)
  - No cuts in sports
  - No cuts in extracurricular programs
  - No cuts in transportation
  - No cuts to summer programs



# Possible Second Proposition

**Date of Vote: May 15, 2018**

# Capital Reserve Fund Expenditure

- In light of the shootings in Parkland, Florida, the Board and Administration are reviewing security enhancements
- If/when the list is finalized, we may request to have a second proposition for things like reinforced vestibules, new ways of locking classroom doors, additional cameras, network enhancements
- The Capital Reserve is the appropriate source for this type of expenditure- Long-term investments

# Capital Reserve Fund Expenditure

- We may also include HVAC for the BHS Cafeterias
- Two summers ago we installed air conditioning in the other four schools
- We had hoped to pay for air conditioning at BHS from the profits generated by the school lunch program, but SED informed us that would not be permitted
- The High School is our only school without cafeteria air conditioning (and we also do a lot of Regents testing in those spaces)



# Summary

# Proposition One: The Budget

**Budget to Budget increase of 2.29%**

**Tax Levy of 2.9%**  
*(well below the cap of 3.95%)*

**Once we know final State Aid numbers  
the Board can decide how much to use  
from Reserves**

# Proposition Two: Capital Reserve

- Possible second proposition
- Security Enhancements (to be determined)
- HVAC for Bethpage High School Cafeteria



**Questions?**