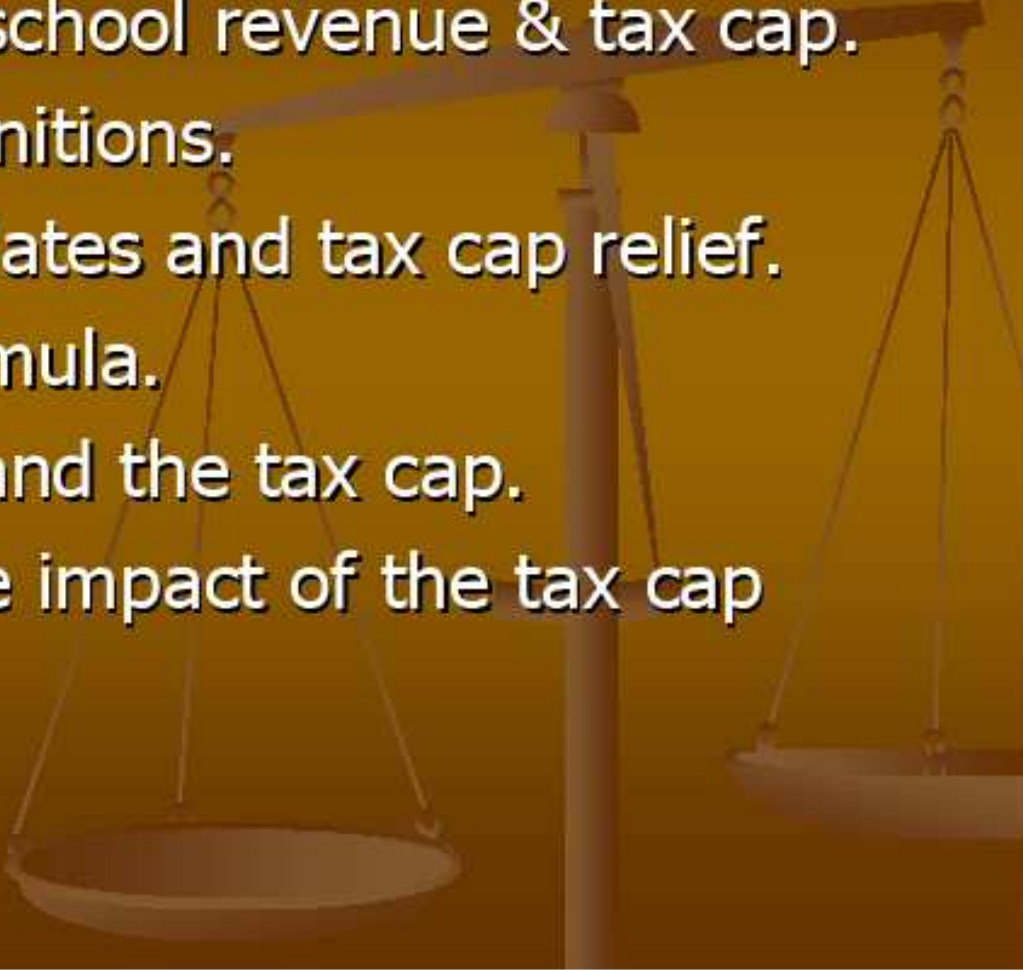




THE TAX CAP-

What is the tax cap and how does it work? Or are we on a trajectory similar to California's, 1st to worst?

A PRIMER ON THE TAX CAP

- Understanding school revenue & tax cap.
 - Some basic definitions.
 - Unfunded mandates and tax cap relief.
 - The tax cap formula.
 - District history and the tax cap.
 - The future – the impact of the tax cap over time.
- 

Property Tax Cap

Chapter 97 of the Laws of 2011

- NYS has a property tax cap, not a “2% cap”
- “2%” is just part of a complex calculation used to determine the tax levy limit
- The property tax cap limits the school district levy, not the tax bill rate
- The actual allowable tax levy increase will vary by district
- Sets a higher threshold for voter approval of budgets IF the proposed tax levy increase exceeds the “tax levy limit”

Key Definitions

- **Tax Levy:** The total amount of money to be collected locally for a school district's proposed budget after factoring in all other available revenues, including state aid and tuition revenue
- The tax levy is the basis for determining the **TAX RATE**.
- **Tax Rate:** dollar amount per thousand dollars of a property's taxable assessed value.
- The Tax Levy divided by the Taxable Assessed Value determines the Tax Rate

R.E.A.D.



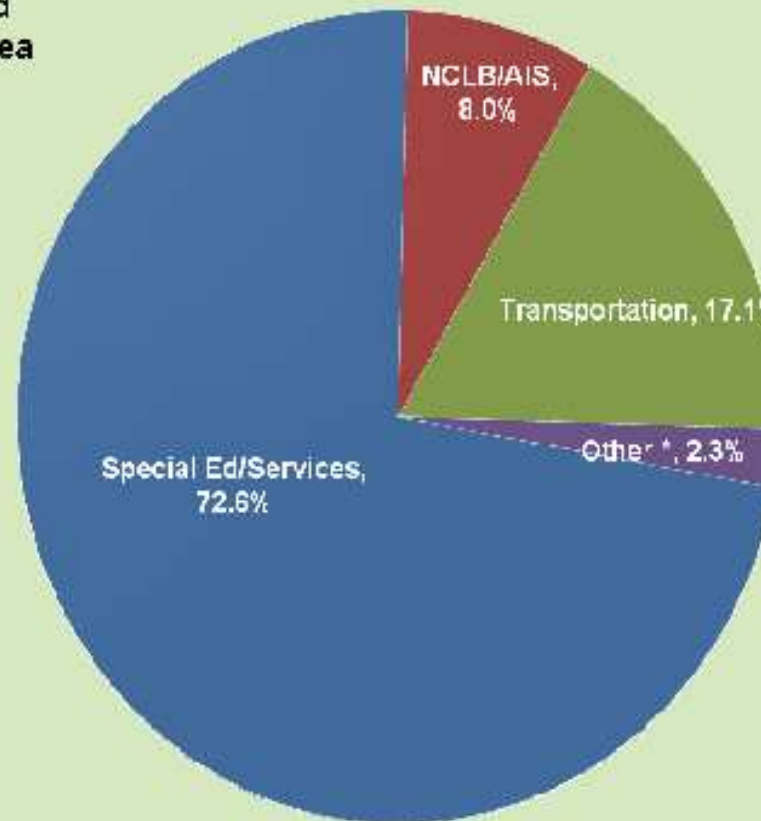
- **Started in 2004**
 - Member districts include Brewster, Croton-Harmon, Garrison, Haldane, Hendrick-Hudson, Highland Falls-Fort Montgomery, Lakeland
- **Superintendents and board trustees**
- **The seven R.E.A.D. districts represent...**
 - Over 85,000 residents,
 - 14,900 students, and
 - Approximately \$365 million spending on schools.



The Cost of Unfunded Mandates



2008-2009 Unfunded Mandate Costs by Area



*Other = Health & Safety (1.3%), Finance (.6%), Buildings and Grounds and other (category not specified) mandates (<1%)

Source: Unfunded Mandate spreadsheet, 7 districts FY '08-'09: Brewster, Carmel Croton-Harmon, Garrison, Haldane, Hendrick-Hudson, Lakeland

The Cost of Unfunded Mandates



The numbers add up quickly for seven school districts...

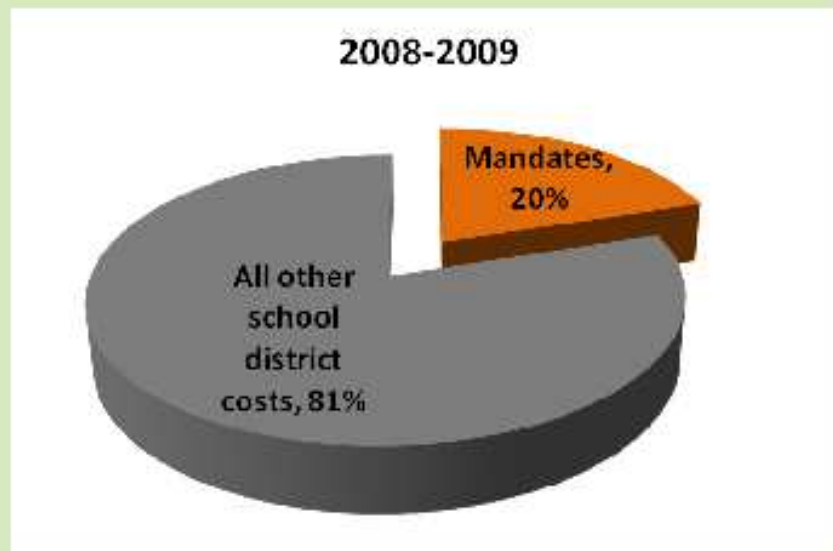
- Over \$553,321 in testing costs.
- Over \$147,060 in internal audit costs.
- Over \$526,813 in data warehousing costs.
- Over \$279,087 in special education legal costs.
- Over \$40,200 in Special Education (STAC) reporting.
- Over \$118,000 in clerical costs associated with professional development & monitoring highly qualified teacher requirements.
- Over \$196,382 in inspections, monitoring, and compliance (OSHA, DEC, elevators, fire safety, extinguishers, etc.)

Source: *Unfunded Mandate spreadsheet, 7 districts FY '08-'09: Brewster, Carmel Croton-Harmon, Garrison, Haldane, Hendrick-Hudson, Lakeland*

The Cost of Unfunded Mandates



- In FY '08-09, the total cost for these unfunded mandates for seven districts was **\$89.6 million**, or an average of **20%** of the entire school budget.



Total School District Budgets: \$442.0 million

Source: Unfunded Mandate spreadsheet, 7 districts, FY '08-'09: Brewster, Carmel, Croton-Harmon, Garrison, Haldane, Hendrick-Hudson, Lakeland



**NYSSBA'S
91ST ANNUAL
CONVENTION
& TRADE SHOW
OCT 21-24, 2010**

What will the voter threshold be?

2012-2013 Proposed Budget
Less Estimated State Aid
Less Appropriated Fund Balance & Reserves
Less Other Revenues

2012-2013 Proposed Tax Levy

2012-2013 "Tax Levy Limit"
Plus 2012-2013 Exemptions

2012-2013 "Maximum Allowable Levy"

If 2012-2013 Proposed Tax Levy is less than or equal to 2012-13 Maximum Allowable Levy,
then the voter approval necessary is "simple majority" (50% + 1)

OR

If 2012-13 Proposed Tax levy is greater that 2012-13 Maximum Allowable Levy, then the
voter approval necessary is a "super majority" (60%)

Haldane's Calculation

Prior Year Tax Levy (2011-12)		\$	17,046,875
Tax Base Growth Factor (ORPS)	x		1.0058
		\$	<u>17,145,747</u>

Prior Year Exemptions

Debt Service	1,084,884		
Lease Purchase: EPC	140,799		
Less: Bldg Aid	<u>(369,977)</u>		
	855,705	-	<u>(855,705)</u>

ADJUSTED PRIOR YEAR LEVY = \$ **16,290,042**

Allowable Growth Factor (Lesser of CPI or 2%) x 1.02
\$ 16,615,842

Available Carryover (None for Initial Year) + -
\$ 16,615,842

Clerical/Technical Errors (None for Initial Year) + \$ -

Tax Levy Limit (prior to allowable exemptions) \$ **16,615,842**

Current Year Exemptions

Debt Service	1,091,350
Lease Purchase: EPC	225,894
Less: Bldg Aid	<u>(370,689)</u>

	Salary Base	Rate	Exemptions
TRS	8,176,396	0.0049	40,064.34
ERS	2,926,884	0.006	17,561.30
	1,004,180		

+ 1,004,180

Maximum Allowable Tax Levy \$ **17,620,023** 3.36%
(requiring simple majority)

Haldane Central School District 5 - Year History of Data

	2006-2007	2007-2008	2008-2009	2009-2010	2010-2011	2011-2012
Budget Total	\$ 17,529,590	\$ 18,630,241	\$ 19,926,258	\$ 20,688,727	\$ 21,462,350	\$ 21,630,013
Budget to Budget Increase		6.28%	6.96%	3.83%	3.74%	0.78%
Tax Levy	\$ 14,157,998	\$ 15,601,724	\$ 16,163,083	\$ 16,539,521	\$ 16,692,758	\$ 17,046,875
Tax Levy Increase		10.20%	3.60%	2.33%	0.93%	2.12%
Tax Rate Increase	7.52%	2.51%	1.83%	1.86%	0.94%	1.63%
Budget Vote % voter App	53%	55%	58%	59%	58%	66%
Total Yes votes	636	589	710	505	692	606
Total No votes	557	478	512	346	510	310
			(revote)			

What happens if the budget is not approved by the public?

- If the proposed budget is not approved by the required margin:
 - the district may resubmit the original budget or submit a revised budget to the voters on the 3rd Tuesday in June OR
 - adopt a contingency budget that levies a tax no greater than that of the prior year (0% increase in tax levy)

- If the resubmitted/revised budget proposal is not approved by the required margin:
 - the Board of Education must adopt a budget that levies a tax no greater than that of the prior year (0% increase tax levy) and the budget would be subject to contingent requirements

THE FUTURE

- What happens if the budget is defeated?
 - The tax cap and capital projects.
 - How are other schools dealing with this problem?
 - If aid and growth is flat and taxes are capped what will happen?
- 