

Board of Education

2024-2025

Preparing for the Annual Budgetary Process

Preliminary Tax Cap Calculation & Other Key Metrics

An Initial Conversation

February 27, 2024

(RESCHEDULED from February 13, 2024)

Kenneth R. Bossert, Ed.D., Superintendent of Schools

John J. O'Keefe, Assistant Superintendent for Business

Brian C. Ernst, School Business Administrator



GREAT NECK PUBLIC SCHOOLS
Where Discovery Leads to Greatness

Budget Timeline

➤ ~~March 6, 2024 – CANCELLED~~

~~* 7:45 PM at South High School~~

➤ **March 26, 2024 – Budget Development Presentations #1 & 2**

* 7:45 PM at North Middle School

➤ **April 18, 2024 – Budget Development Presentation # 3
and Formal Budget Adoption**

* 7:45 PM at North High School

➤ **May 8, 2024 – Official Budget Hearing**

* 7:45 PM at South Middle School

➤ **May 21, 2024 – Annual Election and Budget Vote**

* 6:00 AM – 9:00 PM at EM Baker, Lakeville, Saddle Rock, or South High School (* Please note the time change)

Residents who are unsure of their polling location can use the online Poll Place Finder tool on the District website (www.greatneck.k12.ny.us/voting) or call the District Clerk on school days from 8:00AM – 3:00 PM (516-441-4007)



GREAT NECK PUBLIC SCHOOLS

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Guiding Principles

Budget development is a collaborative process focused on supporting the District's Mission Statement:

- ★ ***“The Great Neck Public School District provides an innovative and collaborative educational environment that supports academic excellence and the social and emotional growth of all students so that they may become lifelong learners and compassionate, productive members of a diverse, global society.”***

Additionally, we are dedicated to maintaining our:

- ★ **Excellent “Return on Investment”**
- ★ **Long tradition of “High Achievement”**
- ★ **History of “Sound Fiscal Management”**
- ★ **Commitment to “Continuous Improvement”**
 - **Remember ... “The Race for Excellence has No Finish Line”**

2023-2024 Budget Recap

Voter Approved Budget: \$272,138,300

➤ **\$10,705,610 Budget-to-Budget Increase**

❖ **4.09% Budget-to-Budget Increase**

▪ **3.07% Tax Levy Increase**

- ★ **Tax Cap Compliant**
- ★ **Fiscally Responsible**
- ★ **Supports Programmatic Needs**
- ★ **Maintains Optimal Elementary Class Sizes**
- ★ **Social and Emotional Supports for all Students**



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Challenges to Budgeting

- **The 2% Tax Levy Limit Legislation (“2% Tax Cap”)**
 - ❖ Although, the **cost of inflation was 4.12%** this past year, the **Allowable Levy Growth Factor is limited to 2.0%**
- **Additionally, there are numerous mandates and expenses related to students, staff, and operations over which the District has no control**

Examples include:

- ❖ **Special Education Mandates**
- ❖ **McKinney-Vento Act Related Costs**
- ❖ **Auditing and Financial Compliance**
- ❖ **Commissioner’s Regulations Part 154 - ELL**
- ❖ **Double-Digit Health Insurance Premium Increases**
- ❖ **Pension and Retirement Contributions – TRS/ERS**



Preparing for 2024-2025

An Update on Fund Balance and Reserves...

Great Neck's Fund Balance & Reserves	June 30, 2019	June 30, 2020	June 30, 2021	June 30, 2022	June 30, 2023
Employee Retirement System Reserve	\$ 21,863,299	\$ 21,485,399	\$ 23,487,548	\$ 21,802,919	\$ 26,081,299
Teacher Retirement System - ERS Sub Reserve	\$ 1,845,660	\$ 3,736,502	\$ 5,536,876	\$ 4,012,098	\$ 4,238,547
Unemployment Reserve	\$ 1,497,344	\$ 1,616,574	\$ 2,406,736	\$ 2,409,143	\$ 2,505,509
Employee Benefit Accrued Liability Reserve	\$ 10,465,556	\$ 11,534,048	\$ 12,035,201	\$ 13,015,090	\$ 15,235,694
Workers' Compensation Reserve	\$ 14,533,536	\$ 13,517,189	\$ 13,518,541	\$ 12,432,060	\$ 11,829,342
Capital Reserve - 2015	\$ -	\$ -	\$ -	\$ -	\$ -
Debt Reserve	\$ 152,813	\$ -	\$ -	\$ -	\$ -
Assigned Unappropriated Fund Balance	\$ 1,622,417	\$ 1,299,442	\$ 1,036,191	\$ 1,980,834	\$ 499,911
Assigned Appropriated Fund Balance	\$ -	\$ 2,200,000	\$ 3,184,205	\$ 8,614,076	\$ 4,175,007
Unassigned Fund Balance	\$ 9,088,109	\$ 9,626,018	\$ 10,087,787	\$ 10,457,308	\$ 10,885,415
Total Fund Balance/Reserves	\$ 61,068,734	\$ 65,015,172	\$ 71,293,085	\$ 74,723,528	\$ 75,450,724

In total, the voters authorized utilization of **\$13,606,813** from fund balance and reserves as a revenue source for the 2023-2024 school year budget

* Assigned Appropriated Fund Balance	\$4,175,007
* TRS Reserve	4,000,000
* ERS Reserve	3,041,056
* Workers' Compensation Reserve	1,350,000
* <u>Employee Benefit Accrued Liability Reserve</u>	<u>1,040,750</u>
	\$13,606,813



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Maintaining Fiscal Stability

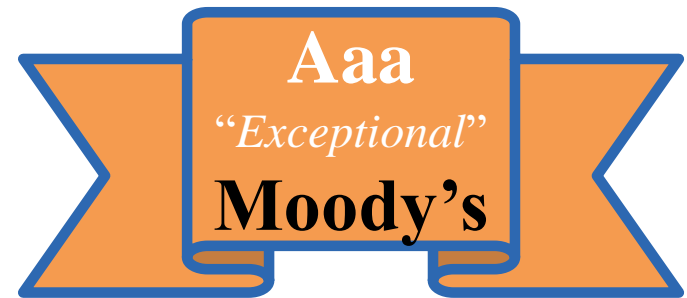
The State Comptroller’s Office (OSC) created the “**Fiscal Stress Monitoring System**” in 2013 to objectively identify issues with **budgetary solvency**.

In other words ... “The ability to generate enough revenue to meet expenditures.”

Annually, the system analyzes Great Neck’s financial information to determine a “**Stress Score**” from **0 – 100**.

The higher the score, the greater the level of fiscal stress.

Year	Great Neck's Designation	Score*
2023	No Designation	0.0
2022	No Designation	0.0
2021	No Designation	6.7
2020	No Designation	10.0
2019	No Designation	6.7
2018	No Designation	3.3
2017	No Designation	0.0
2016	No Designation	20.0
2015	No Designation	0.0
2014	No Designation	6.7
2013	No Designation	6.7



Office of the NEW YORK STATE COMPTROLLER	
NYS Comptroller THOMAS P. DINAPOLI	
*Point Range (0 to 100 Total Points)	
No Designation	0.0 - 24.9
Susceptible Fiscal Stress	25.0 - 44.9
Moderate Fiscal Stress	45.0 - 64.9
Significant Fiscal Stress 65 - 100	65.0 - 100

Governor's State Aid Proposal

AID CATEGORY	2023-24 ADOPTED STATE BUDGET	2023-24 MID-YEAR AID ADJUSTMENT	2024-25 EXECUTIVE PROPOSED	CHANGE FROM 2023-24 ADOPTED
FOUNDATION AID	\$ 9,045,116	\$ 9,046,163	\$ 9,017,619	\$ (27,497)
UNIVERSAL PRE-KINDERGARTEN *	\$ 1,334,724	\$ 722,846	\$ 1,334,724	\$ -
BOCES	\$ 1,037,784	\$ 1,375,012	\$ 1,327,351	\$ 289,567
HIGH COST EXCESS COST	\$ 347,349	\$ 333,517	\$ 292,100	\$ (55,249)
PRIVATE EXCESS COST	\$ 601,509	\$ 686,343	\$ 654,266	\$ 52,757
SOFTWARE, LIBRARY, TEXTBOOK	\$ 682,092	\$ 675,714	\$ 679,453	\$ (2,639)
TRANSPORTATION INCL SUMMER	\$ 759,911	\$ 763,814	\$ 786,101	\$ 26,190
BUILDING AID	\$ 574,007	\$ 661,477	\$ 711,750	\$ 137,743
HIGH TAX AID	\$ 452,843	\$ 452,843	\$ 452,843	\$ -
SUPPLEMENTAL PUBLIC EXCESS COST	\$ 33,711	\$ 33,711	\$ 33,711	\$ -
TOTAL AID	\$ 14,869,046	\$ 14,751,440	\$ 15,289,918	\$ 420,872

as of Jan 16 2024

Change from Prior
Year Adopted: \$ 420,872
Percent Increase: 2.83%

This proposal is preliminary and will be finalized with the adoption of the State Budget in early April

** Universal Pre-Kindergarten Aid is not utilized as a revenue source in the General Fund budget*

The “2% Tax Cap”

Reminder: It is not a Property Tax Increase Cap, and it is typically not 2%

➤ In fact, it is only a threshold controlling the allowable increase to the Tax Levy

➤ Controlled by factors such as:

✦ **Tax Base Growth Factor** (this year 1.0041)

✦ **Allowable Levy Growth Factor**

- Lesser of **2.00%** or CPI-U, which was **4.12%** in 2023

✦ **PILOTS** (Payments in Lieu of Taxes)

✦ **Capital Tax Levy** (Includes: Capital Projects, Building Aid & Debt Payments)

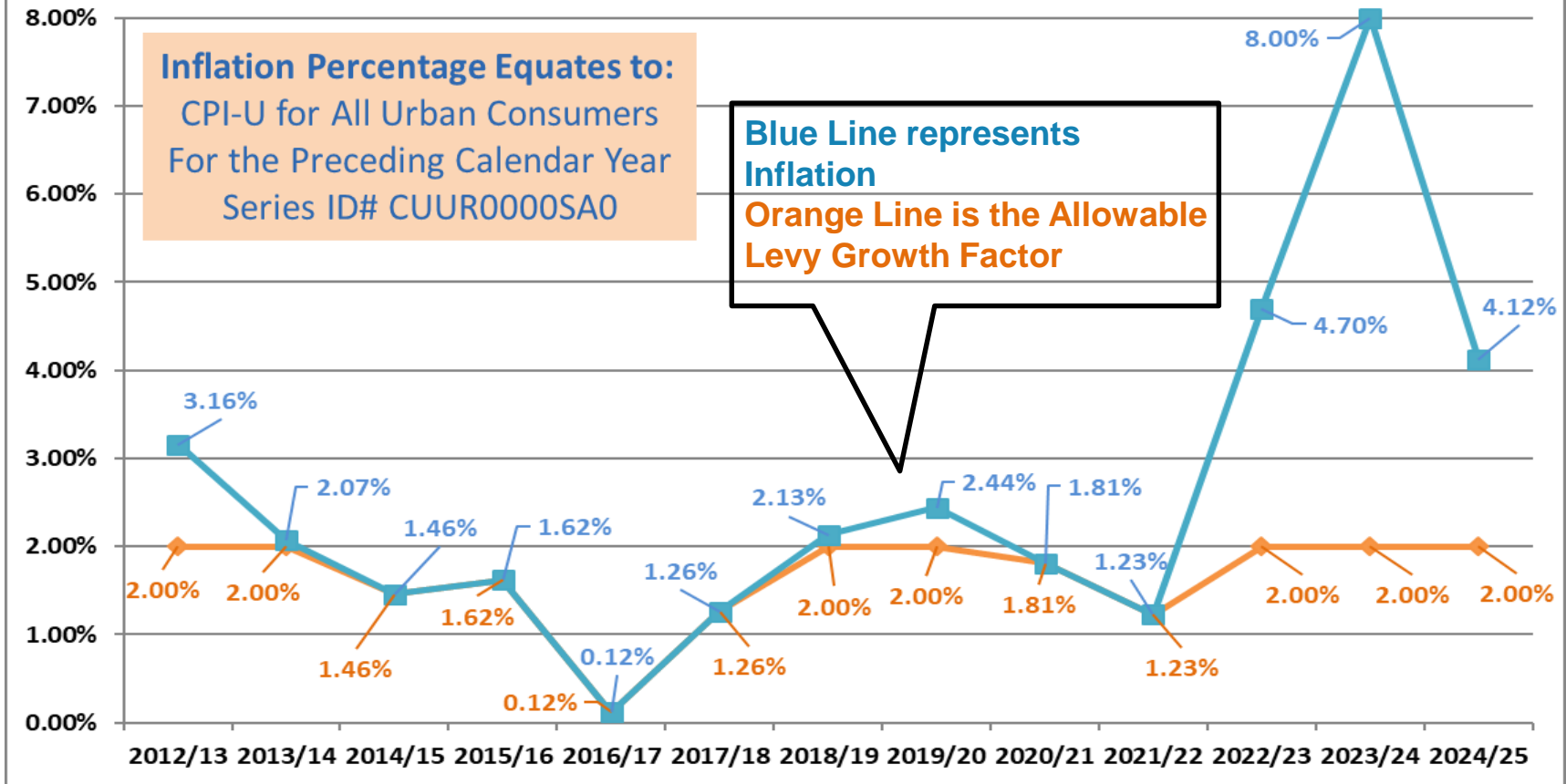
✦ **TRS and/or ERS Exclusions** (ERS Exclusion of 0.1% for 2024/25)



Allowable Levy Growth Factor

This is the component publicized as the “2% Cap”

Allowable Levy Growth Factor vs Inflation



The Capital Tax Levy

Variables That Impact the District's Capital Tax Levy

- ✓ New Capital Projects
- ✓ Debt Service Payable
- ✓ School Bus Purchases
- ✓ Changes in Building & Transportation Equipment Aid

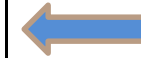
2024/25 POTENTIAL Capital Expenditures*:

- **Various Projects District-Wide** **\$7,473,000**
 - This budgeted amount is an initial placeholder for discussion purposes
 - Includes items, such as:
 - ✓ Partial roof replacements at JFK, and the Commons at NHS, with replacement skylights
 - ✓ Full renovation of North High School Library
 - ✓ Full replacement of main gym floor at SHS
 - ✓ New water main for fire suppression system at NMS
 - ✓ Full renovation of OT/PT room at Parkville
- **Two School Buses - One 24-Passenger and One 30-Passenger** **180,000**
\$7,653,000

(*Final proposed project budget will impact the finalized Tax Cap Calculation)

Debt Service Payable

Date	Principal	Interest	Total P+I
06/30/2025	\$ 3,344,837	\$ 1,909,987	\$ 5,254,824
06/30/2026	\$ 2,540,000	\$ 1,761,025	\$ 4,301,025
06/30/2027	\$ 2,670,000	\$ 1,634,025	\$ 4,304,025
06/30/2028	\$ 2,805,000	\$ 1,500,525	\$ 4,305,525
06/30/2029	\$ 2,940,000	\$ 1,360,275	\$ 4,300,275
06/30/2030	\$ 3,070,000	\$ 1,234,625	\$ 4,304,625
06/30/2031	\$ 3,190,000	\$ 1,109,025	\$ 4,299,025
06/30/2032	\$ 3,320,000	\$ 981,425	\$ 4,301,425
06/30/2033	\$ 3,440,000	\$ 859,725	\$ 4,299,725
06/30/2034	\$ 3,560,000	\$ 739,825	\$ 4,299,825
06/30/2035	\$ 3,675,000	\$ 620,825	\$ 4,295,825
06/30/2036	\$ 3,775,000	\$ 524,438	\$ 4,299,438
06/30/2037	\$ 3,880,000	\$ 422,644	\$ 4,302,644
06/30/2038	\$ 3,975,000	\$ 317,881	\$ 4,292,881
06/30/2039	\$ 4,085,000	\$ 206,819	\$ 4,291,819
06/30/2040	\$ 1,725,000	\$ 92,544	\$ 1,817,544
06/30/2041	\$ 1,160,000	\$ 49,200	\$ 1,209,200
06/30/2042	\$ 440,000	\$ 17,600	\$ 457,600
Total	\$ 53,594,837	\$ 15,342,412	\$ 68,937,249



Last Year of
Payments on
2007 EPC

(Energy Performance Contract)

**As a Reminder. the
community
authorized a
Bond Referendum on
May 16, 2017**

Bond Issuances Related to 2017 Bond Proposition	
2019 Bonds	\$ 31,220,000
2020 Bonds	\$ 8,535,000
2021 Bonds	\$ 11,210,000
2022 Bonds	\$ 6,221,000
TOTAL	\$ 57,186,000

Projected 2024/25 Tax Levy*

2023 / 2024 Tax Levy	\$ 229,498,923
* Tax Base Growth Factor (1.0041)	940,946
* Allowable Levy Growth (2.00%)	4,512,045
* TRS/ERS Exclusions (0.1% ERS Exclusion)	26,047
* Change in PILOTs <small>(PILOTS Estimated to <u>DECREASE</u> in 2024/25 by \$1.4M. This <u>INCREASES</u> the Levy by \$1.4M. This variable can change <u>annually</u>.)</small>	1,411,029
* <u>Change in Capital Tax Levy</u>	<u>596,216</u>
<u>2024/2025 Potential Tax Levy</u>	<u>\$ 236,985,206</u>

This Represents a **\$ 7,486,283** or a **3.26%** Increase to the Tax Levy and is
Within the “**2% Tax Cap**” Only Requiring a Simple Majority Vote.

***The Capital Tax Levy, and therefore the Tax Levy, are still subject to change once finalized State Building Aid numbers are released and if there are changes to proposed Capital Expenditures.**

Projected 2024/25 Revenue*

ACCOUNT DESCRIPTION	2024-2025 PROJECTED	2023-2024 BUDGET	2022-2023 ACTUAL	2021-2022 ACTUAL	2020-2021 ACTUAL
REAL PROPERTY TAXES & STAR	\$ 236,985,206	\$ 229,498,923	\$ 222,876,817	\$ 217,155,671	\$ 213,902,173
PAYMENTS IN LIEU OF TAXES (PILOTS)	\$ 5,575,595	\$ 6,986,624	\$ 6,896,664	\$ 6,545,830	\$ 6,439,775
OTHER STUDENT - COMMUNITY EDUCATION	\$ 700,000	\$ 790,000	\$ 606,628	\$ 544,824	\$ 317,881
OTHER STUDENT - ADULT BASIC EDUCATION	\$ -	\$ 70,000	\$ 50,034	\$ 43,956	\$ 33,633
OTHER STUDENT - FEES & CHARGES	\$ 1,950,000	\$ 1,795,000	\$ 2,301,214	\$ 1,768,295	\$ 731,065
OTHER DISTRICT - TUITION, FEES & HEALTH SERVICES	\$ 2,600,000	\$ 2,500,000	\$ 2,692,251	\$ 3,369,169	\$ 3,204,839
INTEREST & EARNINGS	\$ 2,000,000	\$ 1,500,000	\$ 3,906,855	\$ 203,834	\$ 81,125
RENT REAL PROPERTY - INDIVIDUALS	\$ 880,960	\$ 850,000	\$ 858,313	\$ 777,888	\$ 820,666
RENT REAL PROPERTY - OTHER GOVERNMENTS	\$ 2,000	\$ 2,000	\$ 3,010	\$ 1,330	\$ 1,890
MISCELLANEOUS REVENUE & DONATIONS	\$ 1,050,000	\$ 950,000	\$ 1,384,216	\$ 820,558	\$ 878,050
STATE AID - ALL COMPONENTS (LESS PRE-K)	\$ 13,955,194	\$ 13,508,940	\$ 11,011,360	\$ 9,977,076	\$ 9,895,280
MEDICAID ASSISTANCE	\$ 80,000	\$ 80,000	\$ 78,388	\$ 275,505	\$ 42,825
INTERFUND TRANSFERS	\$ 1,900,000	\$ -	\$ 20,227	\$ 298	\$ 20
APPROPRIATED FUND BALANCE / RESERVES	TBD	\$ 13,606,813			
TOTAL REVENUE -----	\$ 267,678,955	\$ 272,138,300	\$ 252,685,977	\$ 241,484,234	\$ 236,349,222

*The Projected 2024/25 Revenue Budget is simply a starting point for discussion purposes. It does not imply there will need to be budgetary cuts in order to balance the budget.

The Board of Education will still need to consider utilization of Fund Balance & Reserves as part of the overall budget development and adoption process.

Proposed Capital Reserve

- ✓ Authorized under Ed. Law §3651
 - ✓ A component of Fund Balance Plan re-adopted November 2023
-

What other Reserves does GNPS Already Have ?

- Employee Retirement System Reserve
- Teacher Retirement System Reserve
- Workers' Compensation Reserve
- Unemployment Payment Reserve
- Employee Benefit Accrued Liability Reserve
- Unassigned Fund Balance – aka “Rainy Day Fund”

Why should GNPS consider a Capital Reserve?

- Important planning tool and an appropriate use of surplus
- Helps mitigate levy increases for major, non-recurring expenditures
- Reduce reliance on indebtedness to finance capital projects
 - ✓ Can save taxpayers the considerable cost of interest payments over time
- Considered prudent fiscal management by the NYS Comptroller’s Office



Proposed Capital Reserve

For the Board of Education's Consideration:

A recommendation from Administration to authorize a proposition to appear on the May 21st ballot to establish a new **Capital Reserve Fund**; possibly with these provisions: *"Probable term not to exceed ten (10) years; principal amount not to exceed \$40M; the annual funds to be transferred from surplus not to exceed \$8M."*

Frequently Asked Questions:

- What is a Capital Reserve?
 - Essentially a savings account established to fund future capital improvements and identified infrastructure needs.
 - ✓ Effective use of a Capital Reserve could help to diminish or even eliminate the need for future bond campaigns.
- How is the reserve funded?
 - Operating surplus, if available.
- How can we appropriate funds from the reserve?
 - Voter approved proposition.
- If established May 21st and funded June 30th, when could funds be utilized?
 - The earliest would be the budget vote of May 2025.
- What is the cost to the taxpayer to approve a Proposition for a Capital Reserve?
 - There is **no cost impact** to the taxpayers if a Proposition for a Capital Reserve is approved by the community.



Continuing the Conversation...

The Expenditure Budget Presentations are Scheduled for:

- **March 26, 2024 – Budget Development Presentations #1 & 2**
 - * 7:45 PM at North Middle School
- **April 18, 2024 – Budget Development Presentation # 3
and Formal Budget Adoption**
 - * 7:45 PM at North High School
- **May 8, 2024 – Budget Hearing**
 - * 7:45 PM at South Middle School

Budget Vote & Trustee Election – Tuesday, May 21st

6:00 AM – 9:00 PM *

EM Baker, Lakeville, Saddle Rock, or South High School



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* Please note the change in poll hours