



Waterford-Halfmoon Union Free School District

2021-22 BUDGET

May 6, 2021 Budget Hearing

AGENDA

- 2021-22 Budget Goals
- 2021-22 Budget Influencers
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 - 2021-22 Tax Cap and Tentative Tax Impact
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2021-22 Budget Goals

Budget Goals

- ☒ Provide in-person instruction to the extent possible during the pandemic and support students struggling with learning under pandemic conditions;
- ☒ Provide in-person instruction in a safe, healthy manner and environment;
- ☒ Maintain services and avoid service and staff reductions if at all possible;
- ☒ Reduce appropriated fund balance over a period of multiple years to promote long-term fiscal stability; and
- ☒ Adopt a tax levy that places as little burden on the taxpayers as possible and remains within the tax levy limit.

2021-22 Budget Influencers

Covid-19: Additional Spending for Health & Safety & Learning Loss

In order to ensure in-person instruction in a safe environment under the pandemic, the District has had to increase spending for cleaning and sanitizing, PPE, and technology equipment. Additionally, the District has included plans in the 2021-22 budget to address students struggling with learning under pandemic conditions.

Appropriated Fund Balance: Historic Reliance to be Reduced

The District has historically relied on appropriated fund balance (a one-time revenue which will, over time, be depleted) to finance recurring costs (between 7% and 10% of the total budget). This is a practice which can lead to fiscal stress and but in 2021-22, the reduced the amount appropriated to approximately 4% of total appropriations.

District Momentive Tax Certiorari Settlement: Significant Taxpayer Impact

The District recognizes that the settlement of the MPM tax certiorari case which reduced Momentive's assessed value from over \$200 million to \$95 million had a significant impact on taxpayers in the District. Although the District did not collect any additional funds as a result of this case, tax bills increased significantly.

This occurred because when Momentive's assessed value was reduced, its tax obligation was reduced, and as a result, was shifted to other properties within the District. The total tax levied and collected by the District was not increased.

2021-22 Budget Influencers

District Momentive Tax Certiorari Settlement: Illustration

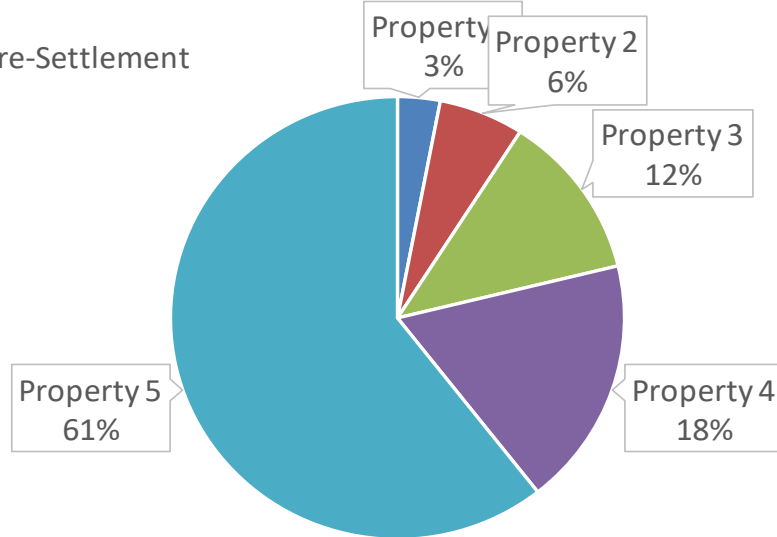
FOR ILLUSTRATIVE PURPOSES ONLY

VALUES NOT REPRESENTATIVE OF ACTUAL VALUES IN THE WATERFORD-HALFMOON UFSD

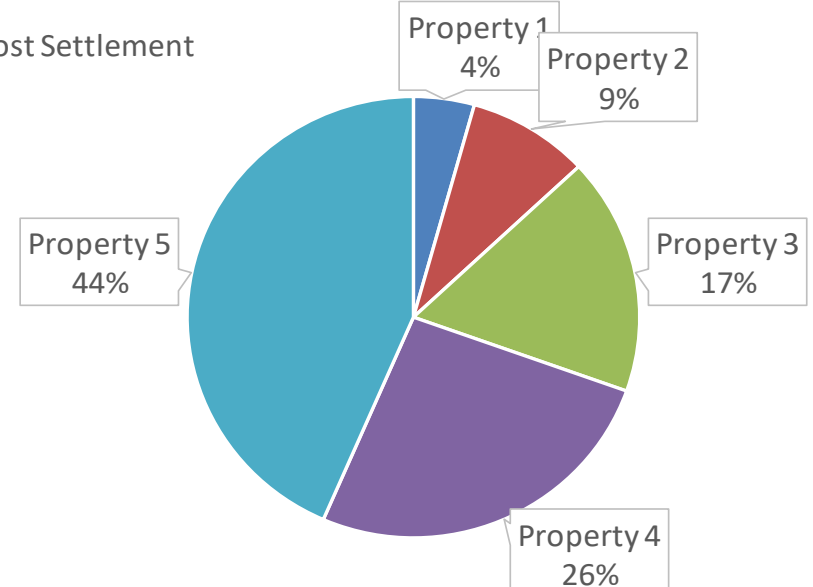
Pre-Settlement	Assessed Value	% of Total	Share of Tax Levy
Property 1	\$ 50,000	3%	\$ 351
Property 2	\$ 100,000	6%	\$ 701
Property 3	\$ 200,000	12%	\$ 1,402
Property 4	\$ 300,000	18%	\$ 2,104
Property 5	\$ 1,000,000	61%	\$ 7,012
	\$ 1,650,000		\$ 11,570

Post-Settlement	Assessed Value	% of Total	Share of Tax Levy
Property 1	\$ 50,000	4%	\$ 503
Property 2	\$ 100,000	9%	\$ 1,006
Property 3	\$ 200,000	17%	\$ 2,012
Property 4	\$ 300,000	26%	\$ 3,018
Property 5	\$ 500,000	43%	\$ 5,030
	\$ 1,150,000		\$ 11,570

Pre-Settlement



Post Settlement



2021-22 Budget Appropriations: Highlights

- Overall, appropriations are decreasing by 3.37 percent!
- Funding was restored to areas reduced or eliminated in the 2020-21 budget to offset increased spending related to COVID-19 and the potential loss of State aid.
- Funding was added for COVID-19 related spending such as cleaning and sanitizing and programs to support students struggling with learning under pandemic conditions.
- The budget includes a \$100,000 capital outlay project which is eligible for reimbursement in the form of State aid.
- The budget includes the purchase of 2 school buses to replace two buses whose leases are expiring at the end of 2020-21.

2021-22 Budget Appropriations: Highlights

How are total appropriations decreasing if we are restoring prior cuts, increasing spending for COVID-19 and continuing to fund capital projects?

- Debt service payments (for prior capital projects) were scheduled to decrease to coincide with a decrease in NYS building aid.
- The District reduced contractual appropriations for legal fees (due to the settlement of the Momentive Tax Certiorari case) and for contract transportation (due to renegotiated transportation contracts).
- Due a 2020 retirement incentive, the District was able to decrease salaries (which amount to about 43% of the total budget).
- Benefits, the second largest spending category also decreased due primarily to the same retirement incentive and contract negotiations.

2021-22 Three Part Budget

Program Component (74% of the total budget): One of the categories that must be presented in the district's proposed budget, this portion includes: salaries and benefits of teachers and supervisors who spend the majority of their time teaching; instructional costs such as supplies, equipment, and textbooks; and transportation operating costs.

Item	2020-21	2021-22	Dollar Change	Percent Change
Instruction	10,476,589	10,296,030	(180,559)	-1.72%
Pupil Transportation	1,560,142	1,358,367	(201,775)	-12.93%
Employee Benefits	3,741,519	3,687,900	(53,619)	-1.43%
Fed. Summer Transfer	30,600	32,000	1,400	4.58%
Program Budget Total	15,808,850	15,374,297	(434,553)	-2.75%

2021-22 Three Part Budget

Administrative Component (10% of the total budget): One of three categories that must be reported by school districts. These expenditures include: office and administrative costs; salaries and benefits for certified school administrators who spend 50 percent or more of their time performing supervisory duties; data processing; supplies; legal fees; property insurance; and school board expenses.

Item	2020-21	2021-22	Dollar Change	Percent Change
Board of Education	48,800	31,500	(17,300)	-35.45%
Central Adminintration	241,500	234,200	(7,300)	-3.02%
Finance	250,700	264,100	13,400	5.35%
Legal/Personnel Services	132,650	37,650	(95,000)	-71.62%
Public Information/Central Services	151,020	144,770	(6,250)	-4.14%
Insurance, BOCES Admin	207,130	203,630	(3,500)	-1.69%
Curriculum Dev. & Supervision	609,539	634,800	25,261	4.14%
Employee Benefits	480,759	491,596	10,837	2.25%
Administrative Budget Total	2,122,098	2,042,246	(79,852)	-3.76%

2021-22 Three Part Budget

Capital Component (16% of the total budget): One of three categories that school districts must show in their proposed budgets, this covers: all transportation capital, debt service; legal judgments and settled claims; custodial costs and all facility costs, including service contracts, supplies, utilities, maintenance, repairs, construction, renovation, debt and leasing costs.

Item	2020-21	2021-22	Dollar Change	Percent Change
Operations & Maintenance	1,009,470	1,046,129	36,659	3.63%
Transportation	-	110,000	110,000	0.00%
Debt Service	2,270,420	1,883,900	(386,520)	-17.02%
Employee Benefits	205,222	235,004	29,782	14.51%
Capital Projects Transfer	100,000	100,000	-	0.00%
Capital Budget Total	3,585,112	3,375,033	(210,079)	-5.86%

2021-22 Three Part Budget

Item	2020-21	2021-22	Dollar Change	Percent Change
Program Budget Total	15,808,850	15,374,297	(434,553)	-2.75%
Administrative Budget Total	2,122,098	2,042,246	(79,852)	-3.76%
Capital Budget Total	3,585,112	3,375,033	(210,079)	-5.86%
Total Budget	21,516,060	20,791,576	(724,484)	-3.37%

2021-22 Appropriations: A Different View

Rather than reviewing the budget by its three components, we can review the budget by object of expenditure which gives us a different view; one which helps identify the primary drivers of budget change.

Object of Expenditure	2020-21	2021-22	\$ Change
Contractual	\$2,443,159	\$2,093,389	(\$349,770)
Materials & Supplies	\$357,577	\$392,787	\$35,210
BOCES	\$2,419,600	\$2,293,100	(\$126,500)
Salaries	\$9,056,864	\$8,997,900	(\$58,964)
Equipment	\$24,500	\$146,500	\$122,000
Tuition	\$393,340	\$445,000	\$51,660
Benefits	\$4,420,000	\$4,407,000	(\$13,000)
Debt	\$2,270,420	\$1,883,900	(\$386,520)
Transfers	\$130,600	\$132,000	\$1,400
Total Appropriations	\$21,516,060	\$20,791,576	(\$724,484)

Impact of State and Federal Aid

- The District's base State aid (Foundation aid) has increased by 4%, this is included in the budget presented to voters for approval. However overall, State aid is decreasing, primarily due to a decrease in expense based aids.
- The District has been allocated nearly \$1.7 million in Federal aid.
 - This will not affect the budget presented for voters for authorization because these monies are required to be accounted for in a different operating fund.
 - The District is making tentative plans for the use of these monies and is awaiting further guidance from the State and Federal Government.

2021-22 Budget Revenues

Revenue Category	2020-21 Budget	2020-21 Budget	\$ Change	% Change
State aid	6,188,650	6,430,588	241,938	3.91%
State Aid - Capital Projects	1,789,950	1,289,412	(500,538)	-27.96%
Miscellaneous Revenue	388,500	359,000	(29,500)	-7.59%
Interfund Transfers	35,000	35,000	-	0.00%
Appropriated Fund Balance	1,471,960	870,576	(601,384)	-40.86%
Appropriated Reserves	22,000	22,000	-	0.00%
Payments in Lieu of Taxes	50,000	105,000	55,000	110.00%
Projected Tax Revenue	11,570,000	11,680,000	110,000	0.95%
Total Revenues	21,516,060	20,791,576	(724,484)	-3.37%

Note the decreased State aid for building projects (discussed previously) and decreased reliance on appropriated fund balance which was a budget goal.

2021-22 Tax Cap and Tentative Tax Impact

- The District's 2021-22 Tax Levy Limit (aka Tax Cap) allows the District to grow the tax levy by up to \$210,170 or 1.82%.
- However the proposed budget includes a tax levy increase of only \$110,000 or 0.95%, which is approximately one half of the tax levy limit.
- Since the inception of the tax levy limit, the District has always remained within or under the tax levy limit.

2021-22 Tax Cap and Tentative Tax Impact

TENTATIVE Tax Impact:

1. The below analysis is based on 2020-21 assessed values and equalization rates. Changes in assessed value that appear on the final assessment rolls (released in July 2021) will affect the tax rate. Changes in equalization rate will affect the tax rate.
2. This Analysis does not include star savings. Star savings for a \$150,000 property are estimated at \$780 for a property located within the Town of Waterford and \$622 for a property located in the Town of Halfmoon.

	Tax Rate Per \$1,000 of Assessed Value				Tax Bill on \$150,000 Home (Excluding STAR Savings)			
	2020-21	2021-22	\$ Increase	% Increase	2020-21	2021-22	\$ Increase	% Increase
Town of Waterford	\$21.64	\$21.85	\$0.21	0.95%	\$3,246.65	\$3,277.51	\$30.86	0.95%
Town of Halfmoon	\$38.14	\$38.50	\$0.36	0.95%	\$3,246.65	\$3,277.51	\$30.86	0.95%

Why is the Town of Halfmoon's tax rate HIGHER than the town of Waterford's?

The Town of Halfmoon is not assessed at 100% of full market value, instead, for 2020-21, residences in the Town of Halfmoon were assessed at 56.75% of full market value. As a result, they pay a greater tax rate on their assessed value. After applying the equalization rate to Town of Halfmoon properties, their equalized tax rate is the same as Waterford's. This is why the tax bill amounts are the same even though the tax rates are different.

2021-22 Tax Cap and Tentative Tax Impact

Q: If the total budget is decreasing 3.37%, why is there a need to increase taxes 0.95%?

A: The District's budget is funded with a variety of revenue sources. When certain revenues decline, other revenues must be increased to make up the reduction and balance the budget. In the 2021-22, the proposed budget is declining, however State aid and appropriated fund balance are also declining. As a result, the tax levy must be increased to balance the budget.

Contingency Budget

If the District is forced to go to a contingency budget, certain items must be removed from the budget.

1. Equipment must be removed from the budget including but not limited to: bus purchases, athletic equipment, technology equipment and equipment to replace failing facilities equipment. The removal of the school buses will cause increased contractual expenditures.
2. The \$100,000 capital project transfer must be removed, this will mean that we will be unable to repair failing valves which if left unrepaired, pose a health and safety risk, and can cause expensive damage if they continue to fail and leak.


Resources

For more information on the 2021-22 budget, please visit the District's website where you can find prior finance committee presentations as well as a 2021-22 budget frequently asked questions document.

http://www.whufsd.org/district/budget_school_taxes/2021-2022_budget

For more information on the Momentive tax certiorari case, please visit the District's website

http://www.whufsd.org/district/budget_school_taxes/tax_certiorari_case_m_p_m_silicones



Any
Questions