

**SOUTH HUNTINGTON SCHOOL DISTRICT
BUDGET WORK SESSION
BOARD OF EDUCATION MEETING
MARCH 8, 2023**



**CREATING THE
LEADERS OF TOMORROW**

FISCAL PHILOSOPHY

The district's fiscal approach, as we go through the budget process, is to address student needs while ensuring fiscal sustainability.

Therefore, our financial recommendations are made through a prudent and protective lens on the future as we return to pre-Covid "normalcy" and set high expectations for future growth.

ENROLLMENT STUDY

The District contracted with Western Suffolk BOCES to have an enrollment study performed. As of March 1, our Pre-K through 12 enrollment is 5,909.

While many districts across Long Island are seeing an enrollment decrease, the study indicated that over the next ten years, South Huntington's will hold fairly steady within a small percent variance.

ACADEMIC PLANS 2023/24

9-Period Day at Walt Whitman High School

- **Approximately 8 additional teachers**
- **29 New Courses at WWHS (science, health, education, technology, history, literature, music, arts, business, digital citizenship, etc.)**
- **Credit Recovery/ALT HS Grades 9-12**
- **Additional ENL Courses to promote on time graduation**

ACADEMIC PLANS 2023/24

9-Period Day at Walt Whitman High School

- Provide greater opportunities for teacher collaboration and professional development through the utilization of the extra period (Common Planning times, Core Subject meetings, Small Group support, Data Team meetings).
- Increased academic opportunities to support students across the educational spectrum (AP/Remedial).
- Provide all students with a lunch period to promote health and wellness in their academic day (currently many students choose not to have one in order to maximize elective/AP opportunities). It also provides a more structured learning environment for AIS outside of the lunch period.

ACADEMIC PLANS 2023/24

Elementary and Middle Level

- **Elementary Report Card Revision (trimesters)**
- **AIS Progress Monitoring Tool, Grades K-5**
- **Continuation of Balanced Literacy Approach, Grades 3-5**
- **i-Ready Math in Grade 6**
- **NYSED Science Investigations, Grades 3-8**

WHAT IS THE TAX LEVY LIMIT

The tax levy limit (“cap”) is the tax increase that School Districts are legally permitted to request from the taxpayers.

RECENT TAX LEVY INCREASE HISTORY

2018/19: 2.15%

2019/20: 2.87%

2020/21: 2.33%

***2021/22: 0.99%**

***2022/23: 0.00%**

*Covid Fiscal Impacted Years (lower than eligible %)

(Pre-Covid 3-year Average was 2.45%)

TAX LEVY GROWTH HISTORY

2018/19 (2.15%) = \$ 2,416,162

2019/20 (2.87%) = \$ 3,293,745

2020/21 (2.33%) = \$ 2,747,582

2021/22 (0.99%) = \$ 1,191,065

2022/23 (0.00%) = \$ 0

2023/24 ELIGIBLE TAX LEVY CAP

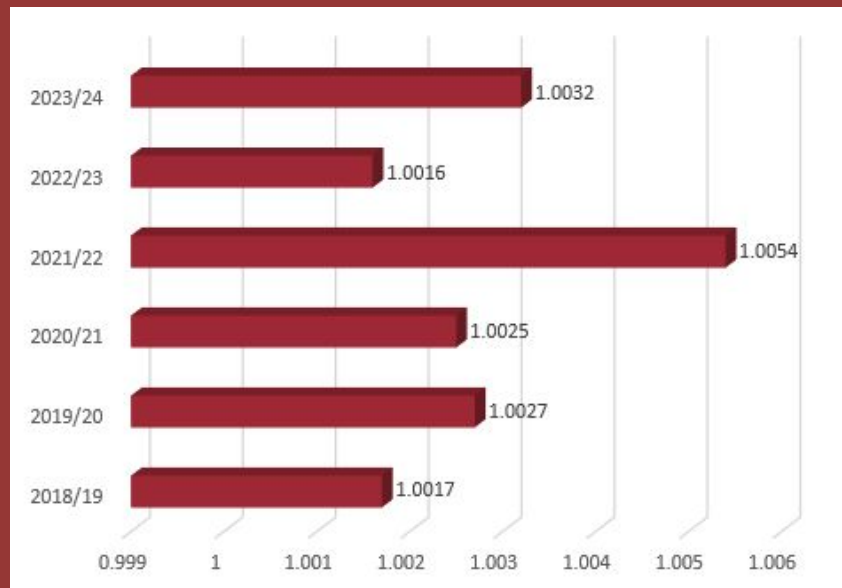
The district's maximum eligible tax levy increase by formula is 2.31%.

*Note: As was the case in the previous two years, the Board of Education may choose to move forward with a lower tax levy increase.

TAX LEVY FORMULA: TAX BASE GROWTH FACTOR

The growth factor is based on “quantity change,” such as new construction, newly taxable status of existing property, or measurable improvements to taxable property within the boundaries of the local government or school district.

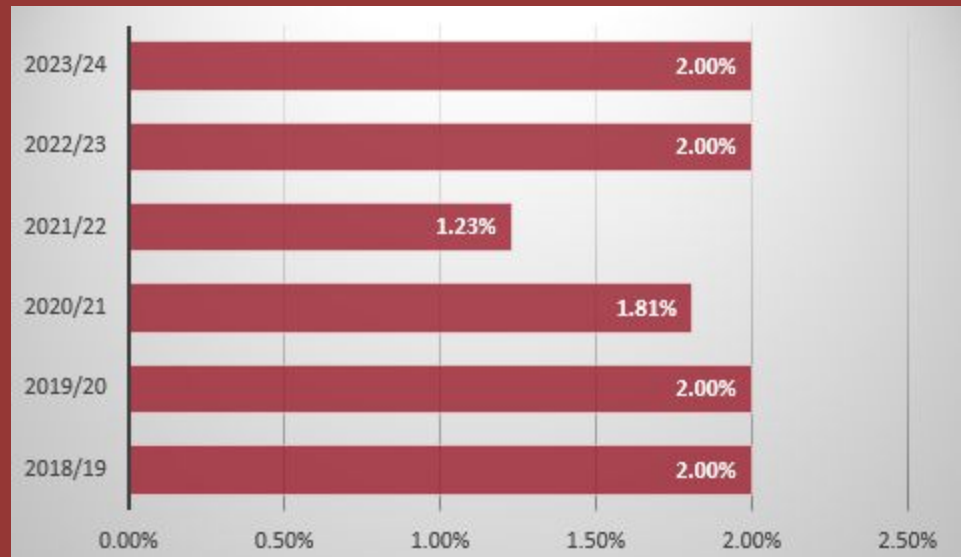
- 2018/19: 1.0017
- 2019/20: 1.0027
- 2020/21: 1.0025
- 2021/22: 1.0054
- 2022/23: 1.0016
- 2023/24: 1.0032



TAX LEVY FORMULA: INFLATION FACTOR

Allowable tax levy increase is the lesser of 1.02 (max) or inflation factor (percent change in CPI for the 12 month period ending December 31)

- 2018/19: 2.00%
- 2019/20: 2.00%
- 2020/21: 1.81%
- 2021/22: 1.23%
- 2022/23: 2.00%
- 2023/24: 2.00%



TAX LEVY FORMULA: EXCLUSIONS

KEY EXCLUSIONS CAN BE:

- Pension increases greater than 2%
- Capital Expenditures Net of Aid
 - a. Debt Service
 - b. Capital Expenditures
 - c. Bus Purchases
 - d. Installment Purchases

REVIEW OF CURRENT 2022/23 BUDGET

Taxation	\$121,832,088
State Aid	\$ 58,393,951
Other	\$ 8,878,000
Total Revenues (adding the above)	\$ 189,104,039
Total Expenditures	\$195,504,039
Reserves Usage	\$2,500,000
Appropriated Fund Balance	\$3,900,000

FUND BALANCE

Fund Balance: Carry-over funds from the current year to be allocated in the subsequent year.

- For 2022/23, we allocated \$3,900,000 in Fund Balance.
- For 2023/24, we are seeking to reduce this to \$2,990,000.

*The allowable percentage of Unassigned Fund Balance, which is a fiscal standard auditors hold districts to, is 4%. The district is currently at 3.47% as of June 30, 2022.

RESERVES

Districts are not permitted to use “credit” to cover expenses, therefore, they have a modest cushion in the budget lines to safeguard for emergencies and unforeseen expenses. If the budget is underspent, the money is placed in reserves or fund balance. If the budget allocations are insufficient, either cuts are made or reserves utilized. Reserves can also be utilized to reduce the tax levy.

Albany wants school districts to budget to the dollar, without leaving much in reserves, while the auditors and Moody’s Investors Services believe budgeting without that modest cushion is bad fiscal practice.

The State Comptroller was quoted a few years back as stating that the districts with “ample rainy day funds” will be able to better navigate a low revenue year, while those who don’t will have to make tough decisions.

5-YEAR HISTORY OF RESERVES

	2017/18	2018/19	2019/20	2020/21	2021/22
Workers Comp.	\$ 2,802,026	\$ 2,361,745	\$ 1,952,687	\$ 1,505,195	\$ 927,844
Unemployment Ins.	\$ 330,387	\$ 335,866	\$ 339,057	\$ 339,099	\$ 339,444
Insurance	\$ 671,572	\$ 682,709	\$ 689,194	\$ 689,281	\$ 689,981
Employee Retirement System	\$ 7,201,639	\$ 5,809,677	\$ 4,184,870	\$ 2,035,395	\$ 1,387,463
Teachers Retirement System	\$ -	\$ 1,000,000	\$ 1,009,500	\$ 1,009,627	\$ 360,652
Employee Benefit Accrued Liability (EBLAR)	\$ 8,838,183	\$ 9,423,925	\$ 9,893,466	\$ 8,894,707	\$ 8,203,743
Assigned – Appropriated Carryover Encumbrances	\$ 397,512	\$ 99,100	\$ 4,040,723	\$ 1,717,259	\$ 1,654,911
Assigned – Appropriated Fund Balance	\$ 5,537,282	\$ 5,008,041	\$ 5,100,000	\$ 4,500,000	\$ 3,900,000
Assigned – Unappropriated Fund Balance (OPEB)	\$ 1,233,034	\$ -	\$ -	\$ -	\$ -
Unassigned Fund Balance (4% Cap)	\$ 6,816,807	\$ 6,834,978	\$ 4,511,177	\$ 5,089,635	\$ 6,781,150
TOTAL RESERVES	\$ 33,828,442	\$ 31,556,041	\$ 31,720,674	\$ 25,780,198	\$ 24,245,188

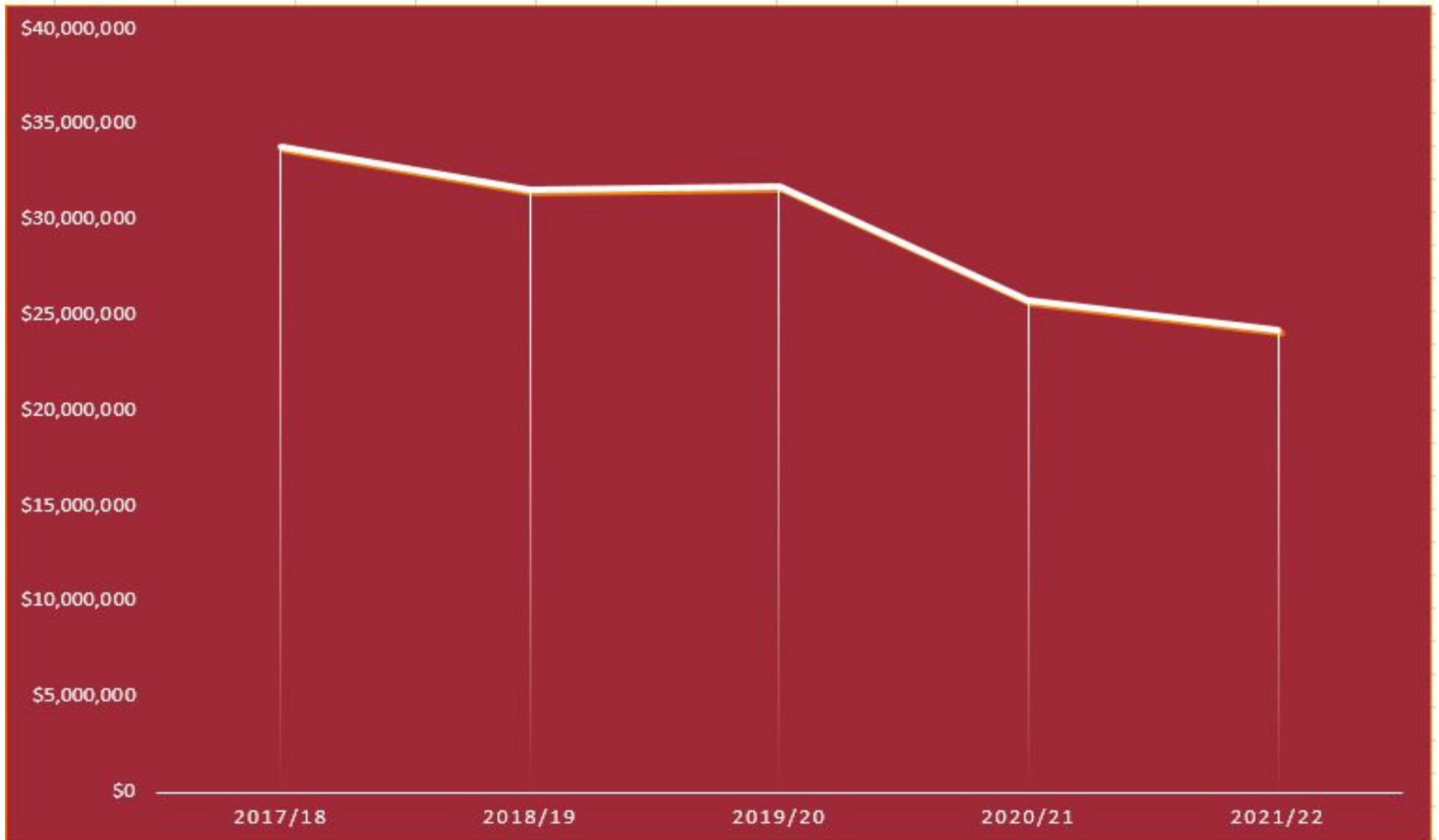
USE OF RESERVES

Between June 30, 2018, through June 30, 2022 we have seen a decrease in our reserves of \$9,583,254, approximately 28%.

When the books close this summer, it is estimated that they will be further reduced by an additional \$2.5 million based upon current year allocations.

The district's utilization has been prudent and selective. Reducing this dependency remains a fiscal focus.

5 YEAR - TOTAL RESERVES TREND



THE REVENUE REALITY OF 2023/2024

- **The Governor's Executive Proposal contains \$72,253,375 in total State Aid:**
 - Foundation Aid: \$ 51,305,970
 - Expense Based Aid: \$ 19,153,190
 - UPK Aid: \$ 1,794,215
- **Our hope is that the final approved State Budget will, at the very least, maintain if not increase these projections to further offset use of reserves.**
- **Last year, the final State Aid number was reduced from the initial proposal by approximately \$228,000.**

TRANSPORTATION PLANNING

For 2023/24, the district is currently planning to allocate approximately \$680,000 for the purchase of additional buses.



STIMSON LATE BUS PILOT

With the proposed State Aid for 2023/24, the district is currently planning to pilot late buses for after-school extra help & club activities at Stimson Middle School. Costs are impacted by private school obligations.

ARMED SECURITY PLANNING FOR 2023/24

With the proposed State Aid for 2023/24, the district is also currently planning to allocate approximately \$750,000 for the continued utilization of contracted armed security.

FACILITIES PLANNING FOR 2023/24

Based upon the proposed State Aid, the district is currently planning to allocate approximately \$1,000,000 for buildings and grounds maintenance as well as \$3,480,000 in “Transfer to Capital” for Capital improvement projects.

Potential Capital Projects include:

- WWHS Bleachers (addition to 22/23 funding) - \$1.258 million
- WWHS Main Field Comfort Station - \$350K
- WWHS Marine Bio Lab - \$1 million
- WWHS Fitness Center - \$500K
- WWHS Robotics Lab/Auto Shop - \$200K
- SMS and WWHS Electronic Message Boards - \$72K
- JKAO Security Vestibule - \$100K

ENERGY PERFORMANCE CONTRACT

South Huntington has engaged in an Energy Performance Contract (EPC) that will help to address many of the district's needed repairs and replacements for facilities items such as boilers, water heaters, HVAC, lighting, controls, and solar arrays.

GOALS FOR 2023/2024

- Continue to strive for excellence
- Provide learning opportunities and meet the academic as well as social-emotional needs of all students
- Close achievement gaps
- Continuity and expansion of programs
- Strengthen community partnerships
- Fiscal sustainability including reducing reserve reliance as State Aid increases
- Enhancement of safety measures and the upkeep of facilities & grounds



UPCOMING BUDGET PRESENTATION DATES

March 22, 2023: Budget Work Session/Board of Education Meeting, JKAO

April 18, 2023: Budget Adoption/Board of Education Meeting, JKAO

April 25, 2023: BOCES Budget Vote/Special Board of Education Meeting, JKAO

May 9, 2023: Public Hearing of Budget/Board of Education Meeting, JKAO

May 16, 2023

BUDGET VOTE & BOARD OF EDUCATION ELECTION

Walt Whitman High School, 3-10 pm

Board of Education Meeting

Walt Whitman High School, 7:30 pm