

To: Susan Swartz, Superintendent

From: Drew Giaquinto, Business Manager



Subject: 2023-2024 Carry-Forward Budget

Date: February 20, 2023

The Carry-forward budget or first draft reflects the estimated costs of continuing instructional programs in force for the 2022-23 school year and adhering to salary and benefits agreed to under the current collective bargaining units. The first draft also maintains current levels of support services in mental health, safety (SRO) and Athletics (trainer). The first draft does not reflect any changes to class sizes, new programs or re-districting. The first draft reflects retirements accepted by the Board of Education up through the February 13, 2023, meeting (3 instructional and one non-instructional) with each replacement reflected in the first draft (teachers step 8).

The First Draft or Carry-forward budget for 2023-2024 reflects a \$2,923,476 increase in spending or 4.85% (prior year budget 1.94%). The budget would require an increase to the tax levy of \$1,285,657 (4.08%) to support the spending increase and leave the district \$81,711 under the cap. The maximum allowable Tax Cap for 2023/24 is \$1,367,368 or 4.33%. (Please refer to exhibit for budget summary and for tax cap calculation and summary). The 2022-23 tax levy is \$31,547,351 and increased 1.61% with a Tax Cap of 1.62%.

The Tax Levy is the amount the district would generate in tax revenue from residential and business property within the school district. The tax rate is the amount per thousand dollars of assessed value for each property to generate the tax revenue. The percentage increase in the tax levy does not typically align with the tax rate. This is attributable to the changes in assessed values from the prior year related to the change in the tax levy. The preliminary impact of a 4.08% levy increase would generate a tax rate increase of 3.17%. Target (see tax cap narrative) is moving onto the tax rolls in 2023/24 which generates \$11.6 million in increased assessed value (AV) to the tax rolls or \$278,000 on revenue compared to a decrease to PILOT revenue of \$136,000. Please note tax rolls are not finalized until May 31, 2023. The tax rate is preliminary and Target has already grieved their AV via a tax cert.

tax rate	rate incr	Impact on \$160,000 home		
		2023-2024	2022-2023	
			23.89900	incr taxes
24.65658	3.17%	\$3,945	\$3,824	\$121
24.87408	4.08%	\$3,980	\$3,824	\$156
24.93383	4.33%	\$3,989	\$3,824	\$165

The Carry-forward Budget partially reflects the SRO and Trainer contractual positions funded through the CARES ACT II (ESSER II, GEERS II and ARPA). Whereas GEERS II and ESSER II sunset in the fall of 2023, ARPA does not sunset until 2024 so we may fund these two support

positions through the ARPA grant. I have built into the general fund budget for 2023/24, 50% of the annual funding of the two positions to mitigate the full impact of continuing in 2024-25.

The Tax Levy will fund 52% (previous year 53%) of the budget; State Aid 38% (previous year 36%) and fund balance 6.4% (previous year 7.4%) with the balance from Federal Aid and other sources. State Aid is increasing by 9.23% or \$2,049,000 and is based on the Governor's proposal (see State aid exhibit for detail and narrative). Fund Balance is appropriated at \$4,043,558 (6.4% of the budget), \$476,000 less than the 2022-23 budget, primarily due to the debt service reserve utilization strategy being completed in 2022/23. I am utilizing \$24,000 from the Workers' comp reserve to mitigate the rate increase in 2023/24.

The district entered 2022-23 with \$2.3 million or 3.9% of undesignated fund balance in contrast to the 4% allowed by NYSED. The projected 2022-23 operating surplus will be sufficient to cover the appropriated fund balance used to balance the 2023-24 budget (see 2nd fiscal projection January 2023). I am not recommending use of TRS or ERS reserves as they are approximately the same as the prior year rates.

Expenditures: The First Draft or Carry-forward budget for 2023-2024 reflects a \$2,923,476 increase in spending or 4.85% (prior year budget 1.94%). Salary and wages are projected to increase by \$1,096,000 or 3.85%. Employee benefits are projected to increase by \$800,000 or 5% as health insurance will increase by \$557,000 or 6% as claims are back up with the "ending" of COVID-19. Debt Service

increases by \$764,000 as debt related to \$12.8 million capital project debt is coming into the budget for 2023/24.

Buildings and Grounds Budget is \$3,638,000 and increases \$111,000 or 3% (prior year \$103,000 or 2.95%) and comprises 5.76% (5.85% prior year) of the budget. The Budget includes \$45,000 for a new cargo van which is at the end of its useful life (see attached) The budget also reflects \$25,000 to resurface 2 tennis courts which is phase 3 of our maintenance plan. We resurfaced four courts the past two years and will refurbish the final 2 in 2023-24. Please see attached supporting documentation for Buildings and Grounds budget.

Transportation Budget is \$2,467,000 and reflects a slight increase of \$21,000 or .85%) after two consecutive years of budget decreases. Transportation comprises 3.90% of the budget compared to the prior year, 4.06%. The move to a shared maintenance and parts management Intermunicipal agreement with the BHBL school district will enter its third year in 2023/24 and has generated additional savings in comparison to the prior arrangement with BOCES/Niskayuna CSD. Please see attached Transportation Budget packet as well as the Bus proposition narrative discussed at the February 13th BOE meeting.

I have attached to following for your reference and for sharing with the BOE:

- I. Budget Summary with summary of Revenue and Expenditures with related tax levy and tax rate impact on the First Draft Budget.
- II. Budget to Budget line item model, 2022-23 adopted with categorical changes to First Draft.
- III. Tax Cap supporting documents

IV. State Aid Analysis

V. Transportation Budget packet

VI. Building and Grounds Budget supporting documents

Please let me know if you have questions or require additional information. Thank you for reviewing and I welcome your feedback.

