

Herricks Public Schools

Proposed Budget

2022-2023

Budget Presentation #3: Revenue and
Reserves

March 24, 2022

Budget Development Process

Tonight's Presentation: Revenue and Reserves

A draft work in progress, not a finished product: further discussions on the proposed budget will take place at the April 7 Board of Education/Budget Meeting

Budget Hearing: May 5

The budget adopted by the Board of Education and presented for voter approval on Tuesday, May 17 will include input from the community

Budget Development Process



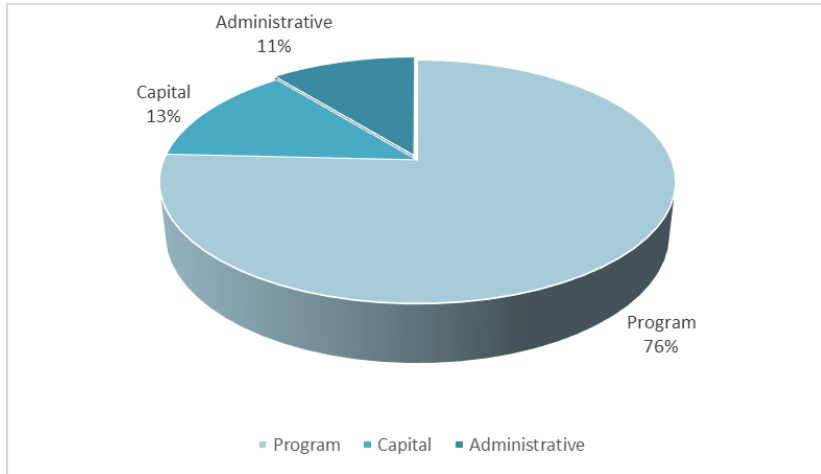
Draft Proposed 2022-2023 Budget:

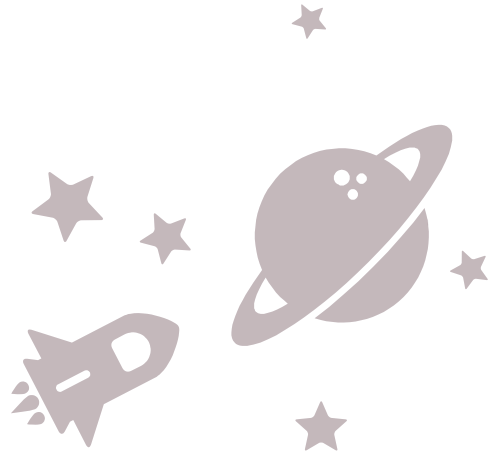


- Proposed budget to budget increase:
\$2,447,838 or 1.99% over 2021-22
- Proposed projected tax levy increase:
**0.5% increase over 2021-22: Below Our Tax
Levy Cap of 1.61%**
- **Average Tax Levy Increase** for Herricks over
the last seven years: 1.54%

Budget Breakdown: 3 Part Budget

Program	\$94,963,649	76%
Capital	\$16,737,601	13%
Administrative	\$13,614,231	11%
TOTAL	\$125,315,481	100%





Major Budget Drivers

New York State Retirement System Pension Contribution

Teacher Retirement System (TRS):

All teachers and administrators – will increase from 9.8% in 2021-22 to 10.29% in 2022-23

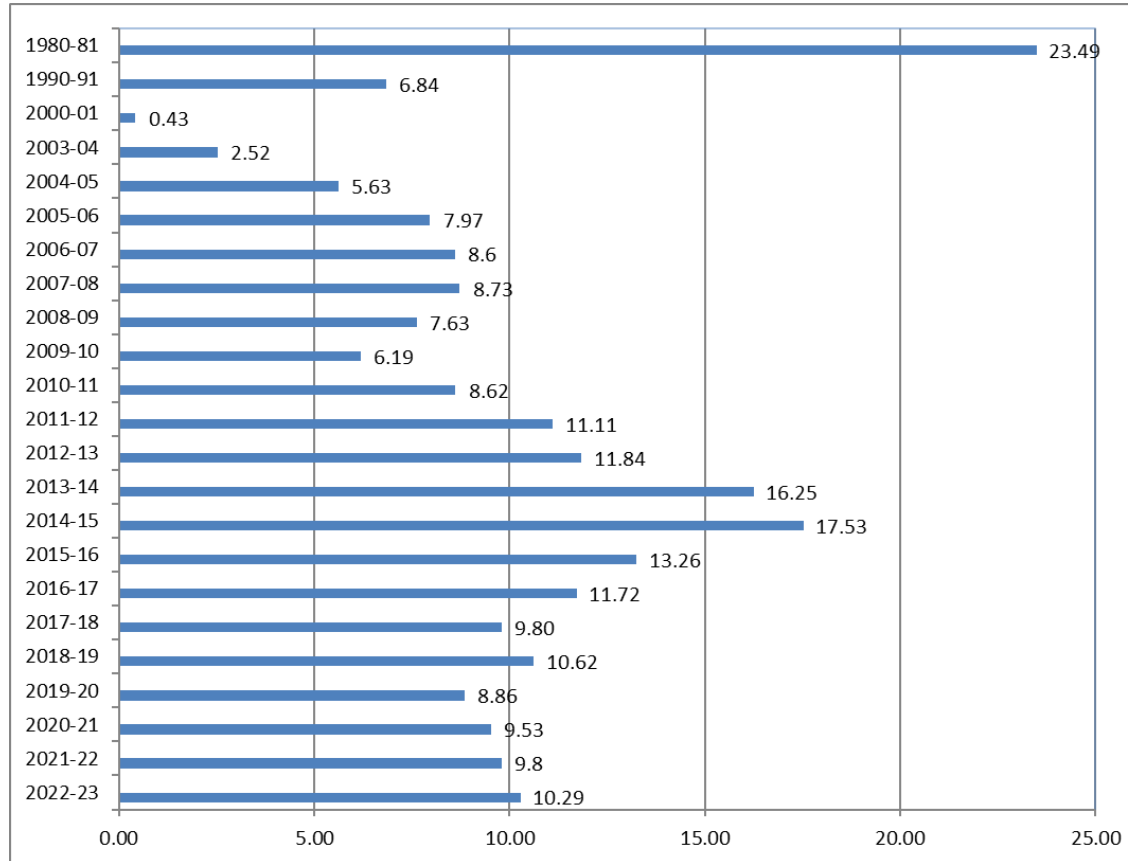
Employee Retirement System (ERS):

All other employees - Civil Service - contribution will decrease on average from 16.2% in 2021-22 to 11.6% in 2022-23

District pension contribution rate is set by the state, not by contract: future is uncertain, but many experts predict a **rate increase** in upcoming years



TRS Pension Contribution (Percent Paid by Districts)



Increase in Health Care Costs



Health care insurance premium is established by NY state civil service health insurance plan (NYSHIP)

12% increase in premiums for calendar year 2022

7.5% increase assumed for 2023 in employee health care insurance costs, in line with historical increase in premiums

Increase over the last few years has been mitigated by an increase in contractual employee contribution rates for health insurance as well as increase in copays and allocation of dividends by NYSHIP

State Aid Outlook

- State aid provides approximately 10% of total district revenues
- Many unfunded mandates: i.e. water testing, state and federal data reporting, Affordable Care Act, APPR
- Total State Aid of \$ 16,620,397 included in the Executive Budget Proposal released on January 18, 2022
- An increase in total State Aid of \$ 2.2m over 2021-22; 15% increase over the Legislative Budget approved on March 31, 2021
- State Aid **may be** revised over the next few months: stay tuned

Foundation Aid Update

- Formula created by New York State in 2007
- “Suspended” in 2008 due to Great Recession
- Amount of aid allocated based on size, wealth, and needs of each district
- Herricks was historically underfunded in Foundation Aid, based on the original formula by **close to \$6 million**
- The District has advocated to local state representatives for full restoration of Foundation Aid for many years
- In spring of 2021 the state legislature made a commitment to fully restore the Foundation Aid by increasing the aid in thirds, over a three year period: 2021-22, 2022-23, and 2023-24
- Herricks is receiving a 32.1% increase in Foundation Aid for 2022-23
- We anticipate another 32% increase in 2023-24, to bring us to the level of funding promised in the original formula
- Foundation Aid represents 70% of Herricks total State Aid

Mission Statement

“The Herricks School District, a Community of Learners, through its educational programs, promotes intellectual curiosity and creative expression, values diversity, and measures success by one's personal development and contribution to society.”

Herricks Points of Pride



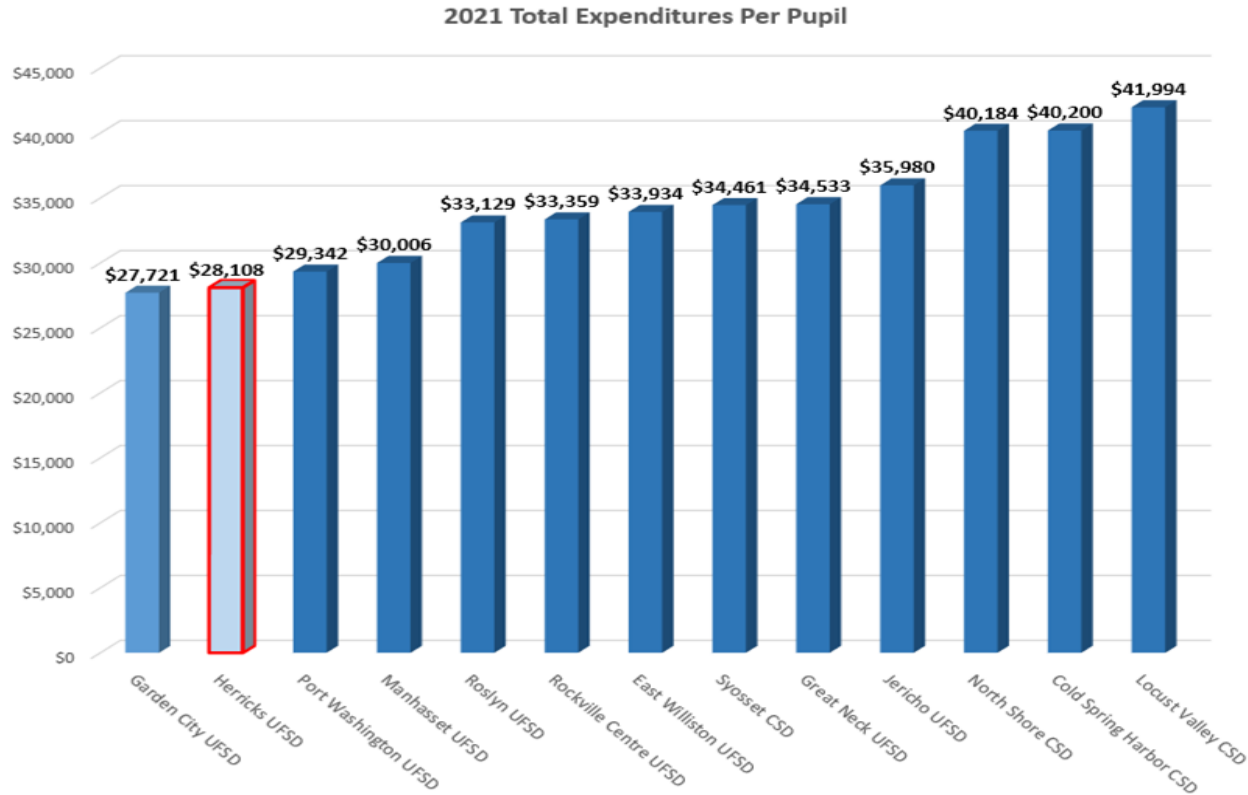
- 99% graduation rate
- 97% of students enrolled in postsecondary education
- 88% of students earned Regents Diploma with Advanced Designation
- 9 students named as finalists in the 2022 National Merit Scholarship Competition
- 361 AP Scholars
- Ranked by *U.S. News and World Report's* National Ranking in the top 2% of High Schools in the U.S.
- Ranked #7 on Niche.com's Best School Districts in N.Y. State
- Providing opportunities and experiences for all students to reach their highest potential and best prepare them for their post-secondary experiences, including college and careers

Herricks Schools at a Glance

- 2021-22 total enrollment: 4,174
- 7 District buildings: 3 elementary schools (K-5), 1 middle school (6-8), 1 high school (9-12)
- Shelter Rock Academy alternative school program
- Community Center building
- Numerous athletic fields and playgrounds
- Full-service cafeteria in each school; district-operated bus transportation
- Numerous summer programs for students at all levels
- Among the highest student achievement levels of any district on Long Island, NYS, and the nation
- One of the lowest per-pupil expenditure levels among our high-achieving comparator districts



Per-Pupil Expenditure Comparison



Budget Design Priorities



Align budget with district's mission and goals

Respect that property taxes from homeowners are the major source of revenue for the budget

Conduct a thorough review of all budget items: seek cost-saving efficiencies

Ensure the health and safety of students and staff: Covid safety protocols

Increase opportunities for use of cutting edge instructional technology

Maintain long-term financial well-being

Address education regulations, mandates, and legal requirements, such as APPR and the Affordable Care Act

Provide efficient, cost-effective operations, and strong fiscal controls and oversight

Use data to assess instructional programs and ensure accountability

Budget Design Priorities

- Plan staffing levels to adhere to Board of Education class size guidelines
- Ensure a wide-range of curricular offerings for all students, and strong social-emotional learning and mental health programs
- Provide varied opportunities for student involvement in athletics, music and art, and extracurricular programs
- Continue our focus on Herricks Portrait of a Graduate 6Cs Competencies
- Ensure the health and safety of students and staff
- Maintain and enhance district facilities



Sources of Revenue

- ▶ State Aid: 13% of total revenue, increase from prior years
- ▶ Property taxes: 82% of total revenue
- ▶ PILOT (payment in lieu of taxes)
- ▶ Interest on investments
- ▶ Summer enrichment programs
- ▶ Special education charge for services
- ▶ Tuition: out of district students-example: SRA
- ▶ Rental / use of property
- ▶ Other sources

2022-23 Estimated Revenue Projections

	Approved 2021-22 Budget	Proposed 2022-23 Budget	Inc (Dec)	%
Property Tax Levy	\$102,367,819	\$102,879,658	\$511,839	0.50%
State Aid*	\$14,432,086	\$16,620,397	\$2,188,311	15.16%
PILOTs	\$2,264,226	\$1,973,708	(\$290,518)	-12.83%
Other	\$2,653,512	\$2,691,718	\$38,206	1.44%
Appropriation of Fund Balance & Reserves	\$1,150,000	\$1,150,000	\$0	0.00%
Total Revenue	\$122,867,643	\$125,315,481	\$2,447,838	1.99%

Current revenue projections anticipate:

- 0.50% increase in Property Tax Levy, within allowable tax levy limit of 1.61%
- 15% increase in State Aid* per the Governor's proposed budget, primarily due to 32% Foundation Aid increase offset by expense-based aids
- 'Other' includes tuition from other districts, interest, fees for use and rental of property, fees for various summer programs
- PILOT for 2022-23 relates to LIPA

**based on State Executive Budget Proposal 1/18/22*

District Reserves & Fund Balance

- Reserves
 - Can only be used for the established intended purpose
 - Funded with funds available at year end based on formulas approved annually by the Board of Education
 - Part of the District's financial statements

- Unassigned fund balance remains at, or just below, 4% of subsequent year budget, as permitted by law

- Very important to maintain adequate reserves & fund balance for long-term planning and financial well-being

Types of Reserves

- Capital: Necessary in tax cap environment: established two reserves in 2015 & 2019 – 10 year terms to be funded to a maximum of \$5 and \$10 million respectively; voter approval needed to establish and expend
- Employee Benefits: Used to pay for unused accumulated leave time contractually provided to certain employees
- ERS & TRS Retirement Contributions: Established to offset future increases in the Employee Retirement System (ERS) and Teachers Retirement System (TRS)
- Insurance: Used for insurance losses to cover potential deductions that are not covered by insurance
- Unemployment: District is self insured – reimburse state for payments made to claimants
- Workers' Compensation: District is self insured, pays for claims and medical costs

Reserve Balances

Reserve	Balance as of June 30, 2021
Capital	\$ 1,828,894
Employee Benefits Accrued Liability	\$ 1,022,975
Employees' Retirement System Contribution	\$ 7,491,535
Teachers' Retirement System Contribution	\$ 2,620,017
Insurance	\$ 553,559
Repairs	\$2,797
Unemployment	\$ 0
Workers' Compensation	\$ 1,247,289

Budget Proposal Highlights

The 2022-23 Proposed School District Budget:

- Is below the tax levy cap
- Preserves and supports all of our academic programs
- Maintains Board of Education class size guidelines
- Provides funding for extracurricular programs, music, arts, and athletics
- Provides technology upgrades, including continued support of 1:1 devices
- Maintains AIS services, the continuum of special education services, required ENL programs, and opportunities for all learners.



Budget Proposal Highlights - Includes Funding For:

- **Social-Emotional Learning Support for Students:**

- Continued funding for Social-Emotional Learning programs such as Challenge Day
- Partnership with Northwell Health for crisis intervention and mental health center
- Additional Social Worker Staffing at the Middle School

- **Instructional Technology Improvements:**

- New equipment - Complete roll-out of 1:1 Chromebook Initiative
- Updating Equipment and Renovation of HS TV Studio
- New software and Apps for Instruction and Communication
- Network Cybersecurity Protection Upgrades

- **Facilities Improvements:**

- Additional Playground Resurfacing at Denton Avenue and Searingtown
- Bathroom renovations at Searingtown and Center Street
- Art Room renovations at Searingtown and High School
- Painting of Community Center Auditorium
- High School Library Renovation (transfer to capital)
- Additional VIP Program Classroom setup at the High School
- Technology Classroom Upgrades at the Middle School



Budget Proposal Highlights

Includes funding for:

- **Health and Safety Enhancements:**

- BOCES health and safety services
- Covid PPE Safety Protocols

- **Other Areas:**

- Set of New Soccer Goals for High School (2)
- New Plexiglass Backboards for HS Large Gym (4)
- Replacement of Wrestling Mat for Community Center Gym
- Replacement of musical instruments
- “Sound Clouds” for HS Auditorium
- New edition textbooks for Mathematics and Chinese
- Participation in cutting edge curriculum and instruction initiatives: Tri-States Consortium and EdLeader21
- Purchase of two new school buses



Budget Challenge: Finding the Right Balance



School Budget Vote:

Tuesday, May 17

7:00 am. to 9:00 pm.

Community Center Gymnasium

Don't forget to vote!





Thank you!

**Any
Questions?**