

**BOARD OF EDUCATION
LEVITTOWN UNION FREE SCHOOL DISTRICT
LEVITTOWN, NY**

DATE: FEBRUARY 8, 2023

BUDGET MEETING

MINUTES

THE REGULAR BOARD MEETING OF THE BOARD OF EDUCATION, was duly called and held on Wednesday, February 8, 2023 in the Large Board Room of the Levittown Memorial Education Center.

CERTIFICATION:

The District Clerk certified that pursuant to Section 104, Open Meetings Law, notice of meeting was sent to the local newspapers, the Public Library and posted on the district's website. Further, all members of the Board of Education had due notice of said meeting.

I. CALL TO ORDER

Board of Education

Ms. Jennifer Messina, President
Ms. Peggy Marenghi, 1st Vice-President
Ms. Christina Lang, 2nd Vice-President
Ms. Marianne Adrian, Trustee (Excuse Absence)
Mr. Dillon Cain, Trustee (Excused Absence)
Mr. James Moran, Trustee (Excused Absence)
Mr. Michael Pappas, Trustee

Central Administration:

Mr. Todd Winch, Superintendent
Mr. Michael Fabiano, Assistant Superintendent of Business & Finance
Ms. Debbie Rifkin, Assistant Superintendent of Human Resources
Dr. Beth Ziogiannis, Assistant Superintendent of Curriculum & Instruction

Others:

Mr. Robert Cohen, Counsel
Ms. Suzanne Mallozzi, District Clerk

II. INFORMATIONAL ITEMS

Ms. Messina called the budget meeting to order at 8:45pm

| | |
|------------------|------------------------------------|
| RESULT: | MOTION CARRIED [4-0] |
| MOVER: | Peggy Marenghi, 1st Vice-President |
| SECONDER: | Michael Pappas, Trustee |
| AYES: | Pappas, Messina, Marenghi, Lang |
| ABSENT: | Moran, Adrian, Cain |

A. Draft Budget

i. Preliminary Revenue and Tax Cap Calculations

Mr. Michael Fabiano, Assistant Superintendent of Business and Finance, presented to the Board of Education, the first draft of the 2023-24 Preliminary Revenue Tax Cap Calculations. Mr. Winch noted that the reason this presentation is Preliminary, is that the Governor has released her budget, which will be reviewed by the NYS Legislature but until the State Budget is adopted at the end of March, these numbers are not final.

Mr. Fabiano noted that the slide referenced below is the financial aid package proposed by the Governor.

2023-24 EXECUTIVE STATE AID ESTIMATES

| | 2022-23 | 2023-24 | Dollar | Percent |
|---------------------------------------|------------|--------------------|------------|----------|
| | Adopted | Executive Proposed | Variance | Variance |
| Foundation Aid | 44,913,239 | 56,019,756 | 11,106,517 | 24.73% |
| Universal Pre-Kindergarten | 1,361,999 | 1,999,203 | 637,204 | 46.78% |
| BOCES | 4,909,074 | 5,570,260 | 661,186 | 13.47% |
| High Cost Excess Cost | 1,936,524 | 1,962,467 | 25,943 | 1.34% |
| Private Excess Cost | 865,838 | 865,256 | (582) | -0.07% |
| Hardware and Technology | 116,202 | 121,389 | 5,187 | 4.46% |
| Software, Library, Textbook | 583,652 | 586,502 | 2,850 | 0.49% |
| Transportation Including Summer | 3,904,887 | 5,417,180 | 1,512,293 | 38.73% |
| Building and Building Reorg Incentive | 3,616,113 | 3,560,160 | (55,953) | -1.55% |
| High Tax Aid | 4,406,095 | 4,406,095 | 0 | 0.00% |
| Supplemental Public Excess Cost | 208,322 | 208,322 | 0 | 0.00% |
| | 66,821,945 | 80,716,590 | 13,894,645 | 20.79% |

Foundation aid revenue has increased by over 20%, the Governor has kept her mission to increase foundation aid formula. For the first time ever, there has been

a set-aside, which means a portion of this foundation aid must be dedicated to certain programs. This has never happened before and there is much speculation as to whether this will make it through the final legislative adopted budget. Mr. Winch noted that Mr. Pappas will regularly ask about “what about the money owed since 2007 where the State has not fully funded foundation aid in terms of millions of dollars every year. There is no makeup State aid coming.

Additional Funding for Universal Pre-K. We are unaware of the amount of additional Pre-K seats will be available, but it could mean up to 80 more seats if this is approved. Mr. Winch touted the District’s track record of children that have received Universal Pre-K, dating back to 2006, when the Board and District went out and got the grant to allow our children to take advantage of this program.

Expense based aid are monies that are expensed in the previous year. Our aid coming back has increased by approximately \$600k. Increased costs of transportation last year has turned into aid for the next year.

Tax Cap Formula:

PROPERTY TAXES, ASSESSMENT, & THE TAX LEVY

There is a 2% cap on Property Taxes

The School District sets the Tax Rate and the Tax Bill



There is a 2% cap on the “Allowable Growth Factor” which is only 1 variable of 8 in the Property Tax Cap formula

The School District sets the Tax Levy, the Property Tax Cap limits the Tax Levy

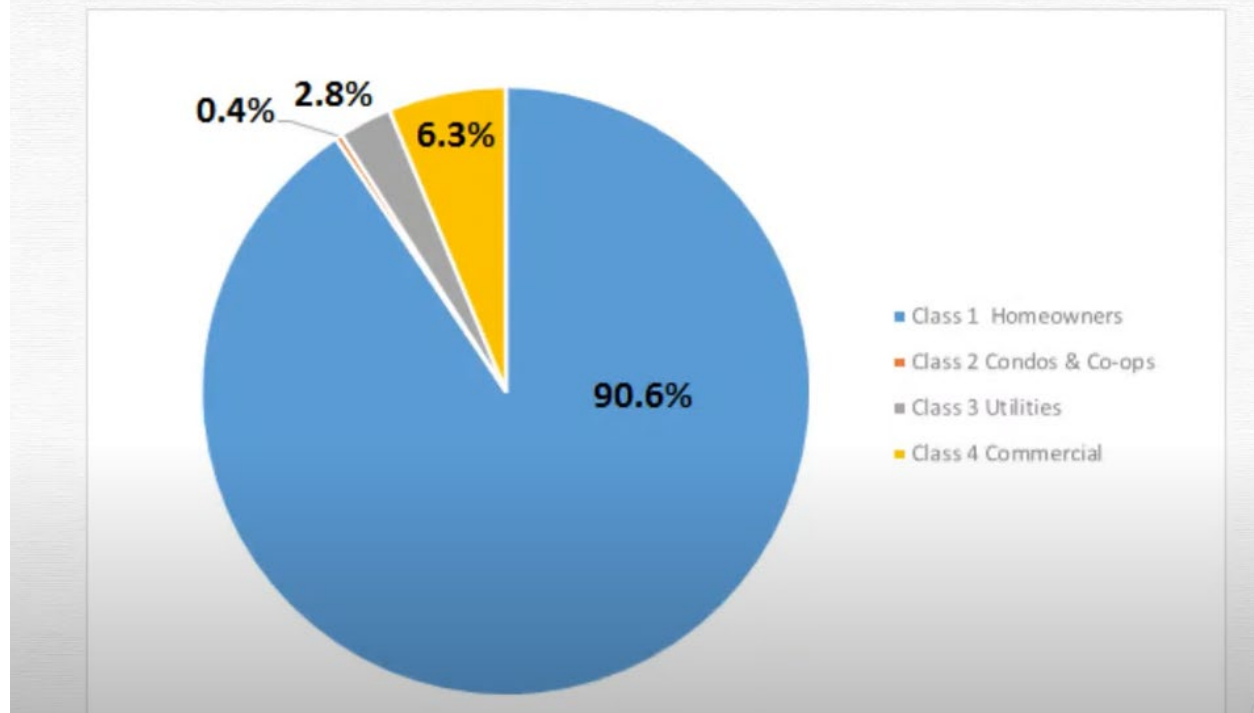
Nassau County determines the Assessed Value of your property

Nassau County determines the Adjusted Base Proportions among the 4 Classes of property

Nassau County sets the Tax Rate and the Tax Bill

The adjusted base proportions below show that 91% of your tax bill is being absorbed by homeowners. There is little to no commercial properties assuming the tax.

Nassau County Apportions the Tax Levy by Property Classification



Ms. Messina asked about the rate at which commercial properties pay their taxes? Are they taxed differently?

Mr. Fabiano responded yes, they are taxed differently. The different classes of properties are assigned different tax rates. The tax rate applied to a house is not the same as a commercial property.

Mr. Pappas – “But 10 – 12 years ago, didn’t Nassau County lower the business tax 1% per year on commercial businesses?”

Mr. Fabiano – “I think what the County had been doing for many years, the grievance award have been more heavily weighted in commercial, so this is why we’ve seen this shrink. I believe last year, when this slide was put together, it was at 90.1%, so again, if you’re rewarding lower assessments to commercial properties at a faster rate than you are the residentials, you have a further diminishing of the commercial base. So last year, 90.1% of the tax bill was being picked up by the homeowners, this year it is 90.6%.”

Mr. Fabiano - The slide below shows the 2023-2024 Preliminary Capital Expenditure Exclusions. “This is the amount of money that’s exempt from the Cap that’s due to pay things like your debt. Any debt that the District has, any capital improvements the District is looking to do, Capital acquisitions such as buses, are factored in here. Our capital exclusion is actually down from the prior year. The quick reason is that we’re taking a bit of a pause on our bus replenishment schedule because of the uncertainties of the electrification. Last year that number was up at about \$800k, this year it’s at \$262k, so that reduction in that line is really what is driving our Capital exclusions.”

2023-2024 Preliminary Capital Expenditure Exclusions

| Add Capital Expenditures | |
|---|----------------------|
| Debt Service | \$2,648,637 |
| Capital Outlay (Transfer to Capital) | 3,000,000 |
| Bus Purchases | 261,725 |
| BOCES Shared Capital Expense | 232,767 |
| Total Capital Expenditures | \$6,143,129 |
| Deduct Building and Transportation Capital Aid | |
| Building Aid | (\$3,560,160) |
| Transportation Capital Aid | (303,992) |
| BOCES Capital Aid | (129,783) |
| Total Building, Transportation & BOCES Capital Aid | (\$3,993,935) |
| 2023-24 Preliminary Net Capital Exclusion | \$2,149,194 |
| 2022-23 Adopted Net Capital Exclusion | 2,572,914 |
| Change in Net Capital Exclusion | (423,720) |

Mr. Pappas – “I see that \$261k is 1 or 2 buses (1 large, 1 small, clarified by Mr. Fabiano). With the shortage of drivers, do we need to even purchase those buses? We can’t find people to drive the buses we do have.”

Mr. Fabiano – “We are still working through that, but will certainly take that under advisement. Depending on where some of the other things shake out, that may or may not make it into the final draft. However, that is an area that we are going to have to decide on soon as we do have to submit our tax cap information to the State Comptroller before we adopt the budget. So we will have to lock down that answer”.

Mr. Winch – “I believe in one of the first runs of the budget, we had 4 buses in there and we mentioned that, as Mr. Pappas said, we have more buses than drivers at the moment. So we reduced that to what we consider to be the bare minimum. Based on Ms. Reeve’s presentation, she presents the bus purchase history, and the Board had committed many years ago, not having years go by where we did not purchase buses, so the 1 large 1 small is not something that we normally would’ve done. But because of the fact that we’re not quite sure what the electric bus situation, we didn’t want to over extend. But in the end, we could decide that we aren’t going to buy any buses.”

Mr. Pappas – “My thoughts on this would be that, I believe we have about 43 drivers and we have over 80 buses, and if we’re buying, we have to replace 1 large and 1 small, somewhere along the line there are 37 buses available and not one of them is serviceable?”

Mr. Fabiano – “We are looking at that, we are going to begin excessing some of the buses that are just not worth maintaining anymore, so we’re looking at 10-13 buses, we will be bringing that to you and once you approve the excessing of those buses, we’ll go through the process of getting bids on that and actually auctioning those off, trying to do as well as we can.”

Mr. Pappas – “I do understand the issue, that during the great recession, we stopped purchasing buses for some years, and then we had to make up and buy buses several years later and we all agreed that what the MTA did buying an entire fleet of LIRR cars in about 4-5 years, all that means is those trains with 30-40 years life expectancy are all going to have to be replaced somewhere down the line at the same time. But here, with the excess that we have, I find it hard to believe that we can’t find a bus (1 large and 1 small) to replace these that are serviceable. Of course, if we had 10 other drivers this year, those 10 buses would be on the road this year.”

Mr. Winch – Yes, I think we had determined that with the 40-43 drivers we have, needing different types of buses. With the different types of routes, you probably need 50-55 buses and spares, so I think we were

saying about 60 is probably a number we need to maintain and we have about 80. For example 1 bus that we are getting rid of is from 1999. So, to get to that 60 number, with the oldest bus being from 2007, part of that issue is that we do have a lot of buses that are 15 years old, we're going to try to get some money out of them, I think you recommended that last time, was to begin the process of trying to get money for some of these buses before we can't get money for them anymore. The concern about going out with no ability to buy any buses because we do have surplus buses but many of them are just very old.

Mr. Fabiano – “We do get considerable aid back on the bus purchases.”

Mr. Pappas – “it's an even greater reimbursement if there is no money spent on buses. I just want you to know I am not opposed to us upgrading facilities, upgrading our fleet, I just think this money that we're getting from the State, it's a big difference from finding a \$100 bill on payday or getting a \$100 raise every payday. And this just may be found money”.

Below is the formula of how the District gets to the Tax Levy:

| 2023-2024 Preliminary Property Tax Cap Calculation | | |
|---|--|---------------|
| 2023-24 Property Tax Cap Variables | | |
| 2022-23 Voter Approved Tax Levy | | \$152,756,232 |
| Multiplied by the Tax Base Growth Factor | | 1.0026 |
| Plus 2022-23 PILOT Payments | | 2,400,900 |
| Less 2022-23 Capital Exclusions | | (2,572,914) |
| Multiplied by Allowable Levy Growth Factor | | 2.00% |
| Less Projected 2023-24 PILOT Payments | | (2,450,000) |
| Plus 2023-24 Capital Exclusions | | 2,149,194 |
| 2023-24 Tax Levy Limit | | \$155,740,206 |
| Tax Levy Limit Increase/(Decrease) | | 2,983,974 |
| Tax Levy Limit as a Percentage of Prior Year | | 1.95% |

Ms. Messina – An outside agency determines the amount of PILOT (Payments in Lieu of Taxes) payments that the District gets every year?

Mr. Fabiano – Yes, the District does not get to negotiate these payments. The 2 PILOT's that we have are coming to the end of their life, so once that's done, unless they are renegotiated, we will lose the revenue of the PILOT but we will gain them back on the rolls, so in theory, it should be a wash. But our tax base will grow so losing the PILOT's should mitigate the damage, although the entities should now be paying more of a fair share.

Mr. Winch – “What we're looking for from the Board is just some guidance as to the tax levy. We do have to put in to the Comptroller's office, what the levy will be. As Mr. Fabiano has provided the Board with the revenue side, and it is preliminary, there are no final discussions for tonight other than and before we meet next time, whatever that tax levy number is, it has to go into the Comptroller's system. We could still decide in March that we're going to do something less than that, but is there any comment from the Board in regards to any direction in the budget process with regards to the levy limit?”

Mr. Pappas – “I would still like to see some further projections where we stand, say a 5 year projection. We used to get 5 year projection years ago when inflation was in the 4, 5, 6% range. We've been very

lucky in having inflation at 1 or 2%, don't think the cap was made for 8%, if that's what you believe it is. Go shopping or go to a restaurant, you'll see it's more than that. Several Superintendent's of Finance have told us that the CPI, really has nothing to do with schools. We buy books, it's not figured out in the CPI, we're not buying washing machines and things like that. Inflation for schools is driven by healthcare, salary & benefits, which is 82% of our budget, that's not buying eggs, milk at the store, so whatever the Consumer Price Index is, whatever they use for variables in that, doesn't necessarily pertain to school districts as equally as it does to your own home, but I'd just like to see a 5 year prediction of a 0%, .5% and 1.95% tax levy to see where we are with each one of them, because there are a lot of people suffering in this community."

Mr. Fabiano agreed to provide this information to the Board for the next meeting. However, due to the mechanics of the portal, the District must import a number in before March 1st. We can absolutely change the numbers up until the time you adopt the budget. So you are not casting this in stone.

Ms. Messina – "I think as a Board goal, we talk a lot about being fiscally responsible as a District and I think we also think about Community members and having them have the finances they need and with the State Aid being increased and we don't ever want to pierce the Cap, I think we shouldn't look at it as two ends of the spectrum, I think can also look at it as somewhere in the middle. So, if you could get those calculations, that would be helpful. I think to be safe, we should put in the limit that is set now, and then we can always go down and we can work on it from there, because we do offer such a wide variety of programs in this District, and I think that the support that the children get, I want to see those programs continue. It's a windfall from the State, a bonus, but it's not just planning for next year, we're planning for the years after, so I think it's important to think about the bigger picture also, while concentrating on our focus now and 5 years out. My opinion would be to do the 1.95%."

Ms. Marengi – I think at this point, after hearing what Mike said and what Jenn said, we have nothing to lose by going out with the 1.95% because then it can always come down. So, I think, like Mike's suggestion of having the runs of where we will be in 3 and 5 years out, will give us much more data which will allow us to make a much more informed decision as to what we feel we would need to make the District continue to move forward the way it is but at the same time, being very, very conscious of our community and of inflation and everything else."

Ms. Lang – "Just to clarify, if we put in 1%, we cannot go above that on March 1st."

Mr. Fabiano – Here's the interesting thing, you only adopt the appropriations budget. That's what the voters vote on, the spending plan. You do not actually set the levy until August when we have to report to the County, how much we want to raise in taxes. Now you can never adopt a budget with one number in it and then tell the County to levy something else. But technically, that's not set until the August meeting."

Mr. Cohen – "In terms of reporting to the State Comptroller, can you change that?"

Mr. Fabiano – "Yes, up until you adopt the budget. So we'll do the 1.95% and then we'll set in there something just under that amount so we stay below the cap."

Mr. Winch – "So you'll bring to the next meet that 5 year projection with the different numbers?"

Mr. Fabiano – "Yes, so you'll have a better idea of what that will mean."

III. MOTION TO ADJOURN – MEETING ADJOURNED AT 9:41PM

| | |
|------------------|--|
| RESULT: | MOTION CARRIED [4-0] |
| MOVER: | Peggy Marengi, 1st Vice-President |
| SECONDER: | Christina Lang, 1 st Vice-President |
| AYES: | Pappas, Messina, Marengi, Lang |
| ABSENT: | Moran, Adrian, Cain |

Suzanne Mallozzi
District Clerk