



# Budget Priorities & Revenue Challenges

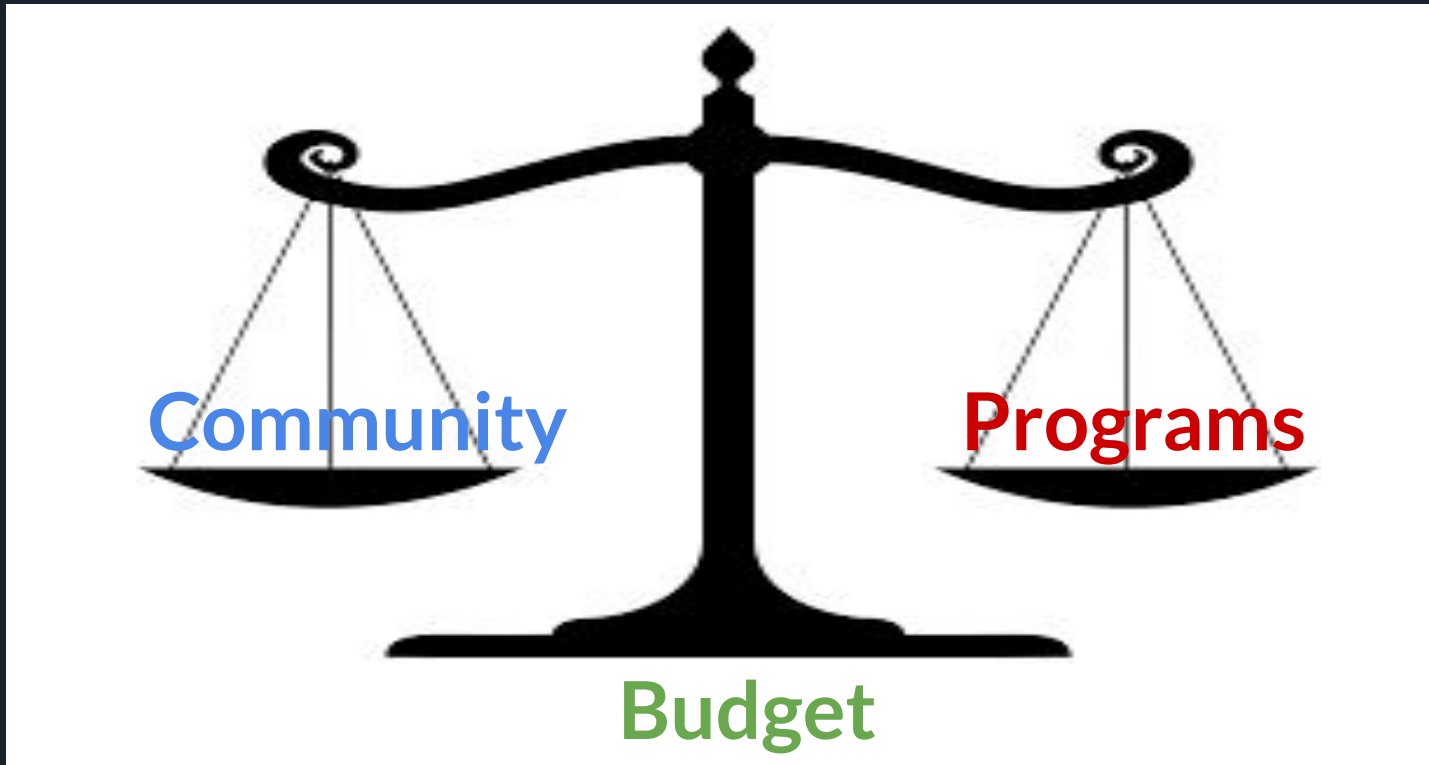
November 10, 2022



**NORTHSHORESCHOOLS**

*Discovering Your Dreams*

# The Big Picture



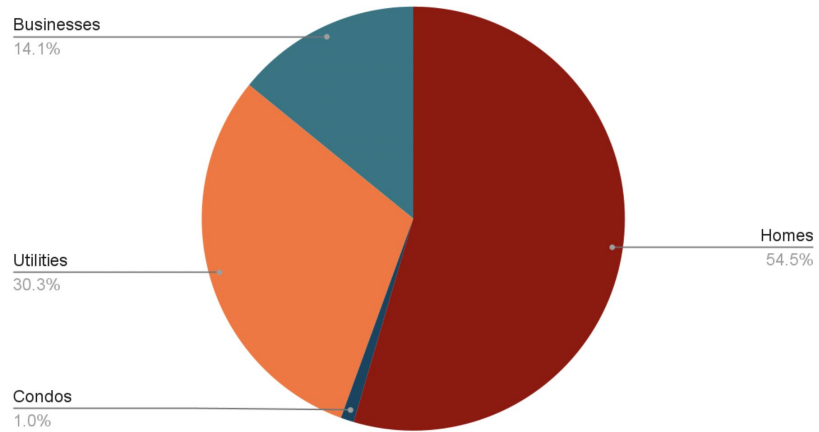


# The Mindset for Budgeting

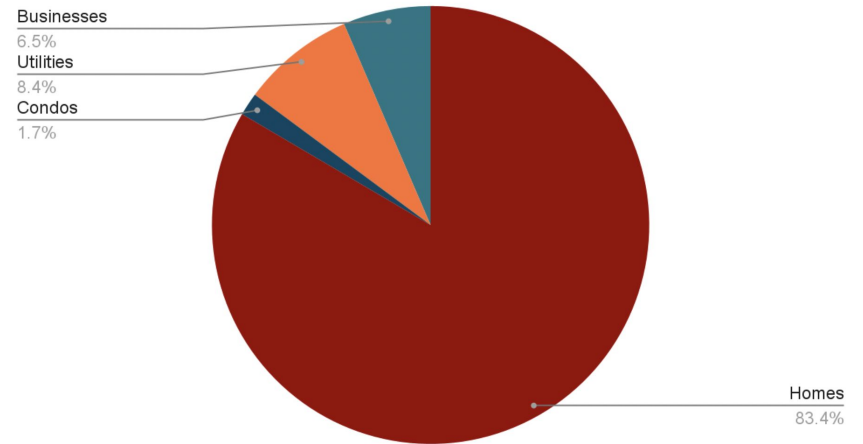
- A New Spirit of Efficiency and Frugality - Can Less be More?
- Opportunity Costs (Redundancies vs. New Opportunities)
- Non-Instructional vs. Instructional Aspects
- So the Students Do Not Notice...
- Halting Additions
- The Impact on Residents



Tax Class Share - 2001



Tax Class Share - 2023





# New Principles in Budgeting

## What is Zero-based Budgeting?

Zero-based budgeting is a method of budgeting in which all expenses must be justified for the new budget year. The process of zero-based budgeting starts from a “zero base,” and each code is analyzed for both the needs and costs. The budgets are built around what is needed for the upcoming year, regardless of whether the budget line is higher or lower than the previous year.

**Tax Levy - Reduced on August 3, 2022 to:**

**\$85,925,546.11**

2021-2022 Tax Levy	2022-2023 Initial Tax Levy	2022-2023 Final Tax Levy
\$92,337,256.24	\$94,644,354.44	\$85,925,546.11

**Tax Levy Increases ARE NOT the Same Amount As Property Tax Increases.**

**WHY?**

## Why would my school taxes be higher or lower than the change in the adopted tax levy from one year to the next?

- **Changes in Assessed Value or Taxable Value**  
*(Value of the property being used to calculate the tax amount)*
- **Changes in the Adjusted Base Proportions**  
*(Share of the Levy being paid by each of the four classes)*
- **Continued adjustments resulting from the phase in of the County's reassessment of all properties in 2018**

*(In 2018, Nassau County reassessed all properties on its assessment roll, which had been frozen for nearly a decade. To protect class one homeowners from the immediate tax impact of assessment increases, Local Law 3-2020 (the Reassessment Phase-in Act of 2020) requires the County to phase in any such increases over five years beginning with the 2020-2021 assessment roll.)*



# Revenue Challenges

## COMPOUNDED EFFECT OF THE REDUCTION IN TAX LEVY

The reduction in tax levy has a compounding effect of revenue generated from taxes, as the allowable increase based on the tax cap is applied to a lower base tax levy.

Year	Original 2022-23 Budgeted Tax Levy	Increase in Original Levy based on 2% Tax Increase	Reduced Levy following LIPA Settlement	Increase in Reduced Levy Based on 2% Tax Increase	Difference in Increase from Original Levy to Reduced Levy
2022-2023	94,644,364	1,892,887	85,925,546	1,718,511	174,376
2023-2024	96,537,251	1,930,745	87,644,057	1,752,881	177,864
2024-2025	98,467,996	1,969,360	89,396,938	1,787,939	181,421
2025-2026	100,437,356	2,008,747	91,184,877	1,823,698	185,050
2026-2027	102,446,103	2,048,922	93,008,574	1,860,171	188,751
<b>Net Effect Over 5 Years</b>					<b>907,462</b>

There is an additional reduction in tax revenue for 2023-2024 in the amount of \$177,864.







# Revenue Challenges

## REDUCTION IN DIRECT ASSESSMENTS

The District will see a reduction in the revenue being received from Direct Assessments over each of the next four years, as follows:

2023-2024	(\$ 1,845,251)
2024-2025	(\$ 2,388,670)
2025-2026	(\$ 215,030)
2026-2027	(\$79,321)



# Mountains of Cost



## Annual Revenue Loss

2022-2023	(\$3,127,717)
2023-2024	(\$4,972,968)
2024-2025	(\$7,361,638)
2025-2026	(\$7,576,668)
2026-2027	(\$7,655,989)
2027-2028	(\$7,655,989)

**Total Loss**  
**(\$38,350,969)**

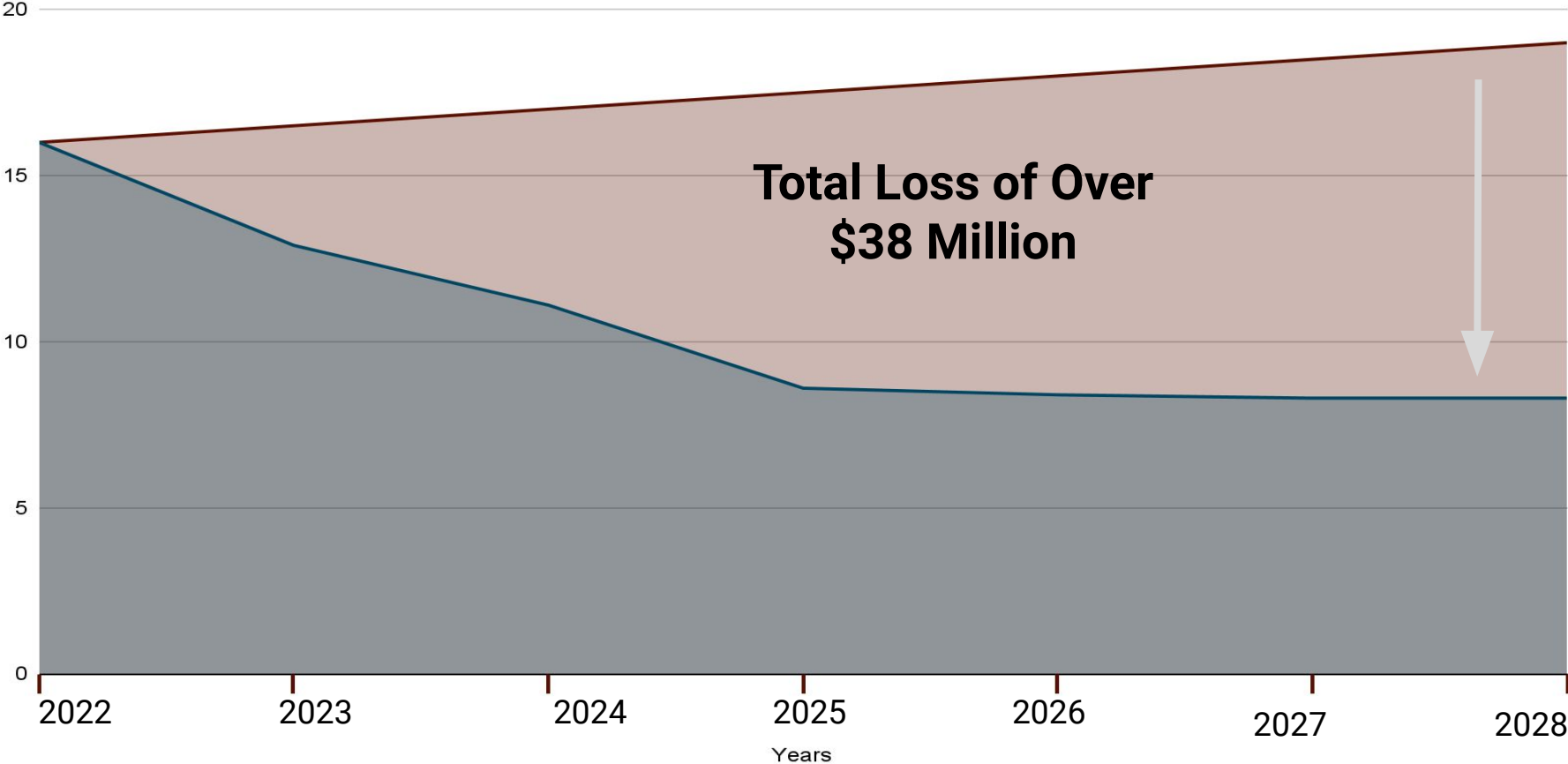


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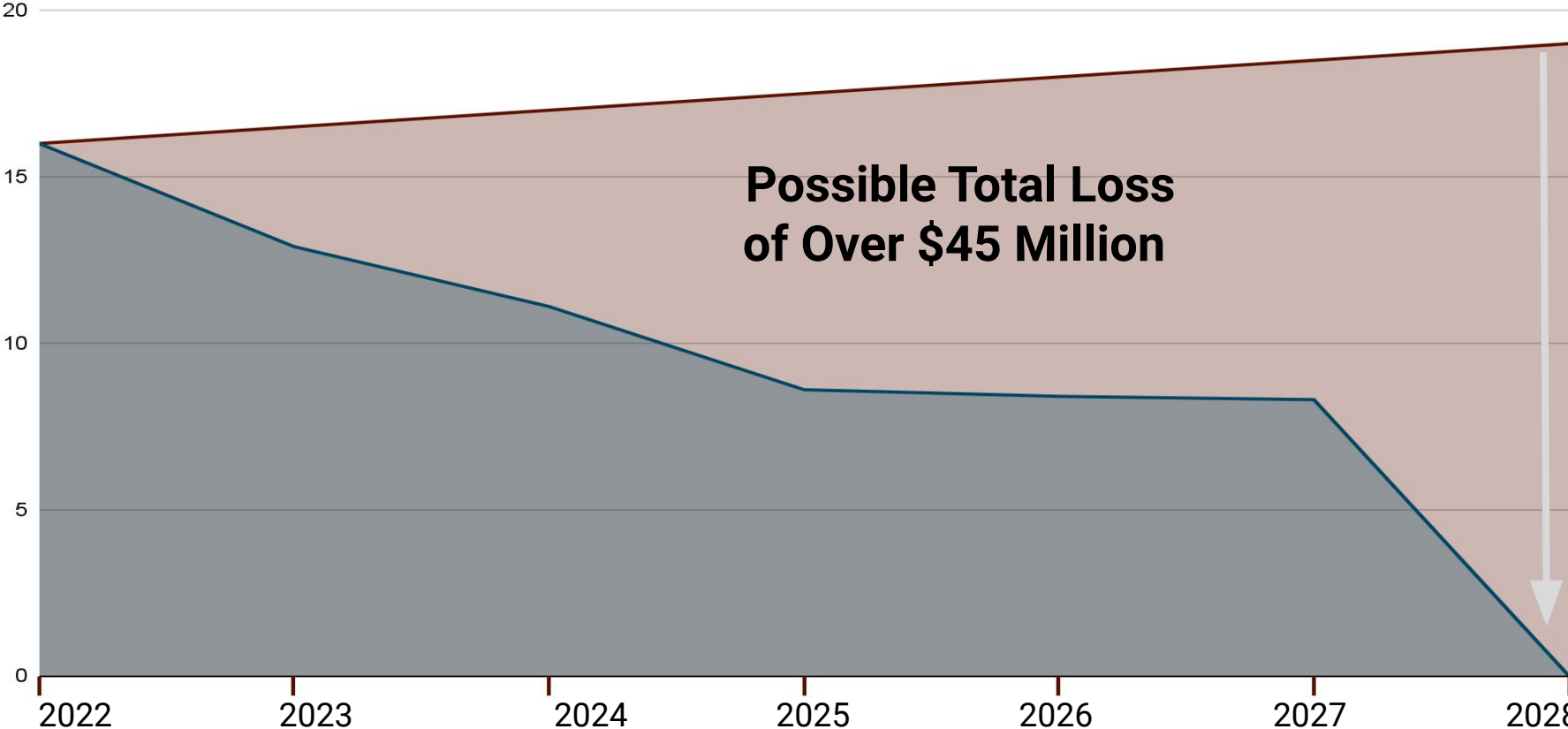
# LIPA Taxes vs. LIPA Direct Assessment

Taxes Direct Assessment



# LIPA Taxes vs. LIPA Direct Assessment

Taxes Direct Assessment



**Possible Total Loss  
of Over \$45 Million**

Years

**HYPOTHETICAL** 4 Year Strategy to Mitigate Loss of Revenue from Nassau/LIPA Settlement  
**(SAMPLE - NOT ACTUAL PLAN)**

Fiscal Year	Unadjusted Annual Revenue Loss	Adjusted Revenue Loss from LIPA (Considering Tax Shift, Budget Cuts or New Revenue from Prior Years)	Budget Cuts and/or New Revenue In Given Fiscal Year	Net Loss After Cuts	Use of LIPA Settlement Aid or Other Grants In a Given Fiscal Year	Tax Shift (to Address LIPA Revenue) For Given Year to All Four Classes	Loss Carried Into Following Year
<b>2023-2024</b>	4,972,968	2,345,251	2,000,000	345,251	345,251	0	345,251
<b>2024-2025</b>	7,361,638	2,733,921	1,200,000	1,533,921	1,533,921	0	1,533,921
<b>2025-2026</b>	7,576,668	1,748,951	1,000,000	748,951	748,951	0	748,951
<b>2026-2027</b>	7,655,989	828,272	828,272	0	0	0	0

# Other Revenue Challenges

**Rising Energy  
Costs**

**Rising Insurance  
Costs**

**Unfunded  
Mandates**





# Budgeting Priorities

## Maintaining

- Arts
- Athletics
- Extracurriculars
- Academic Quality and Choice
- Student Choice
- Student Supports

## Improving

- Facilities: Arts and Athletics
- Administrative Systems and Processes
- Options for Students
- The Burden on Residents





# Initial Actions

- Underspend the current budget to create savings that can be used next year.
- Conduct program audits to determine redundancies and opportunities to reduce cost and offer new opportunities.
- Thoroughly examine all non-instructional personnel related items in the current budget.
- Seek out avenues for maintaining and expanding annual grants and state aid.
- Build out tuition based programs that support North Shore resident students but also generate revenue.

