

## Budget & Levy Options Considered at Budget and Tax Hearings 9-9-2024

Norfolk Public Schools' 2024-2025 estimated budget of expenditures contains a conservative 2.9% increase to cover increasing costs in the areas of staffing, transportation, & legal services. However, we are only estimating a revenue growth of \$30,345 (0.05%) due to a **5.23% reduction** in our Property Tax Authority, leaving us with a budget deficit of **\$3,671,198**. Thankfully, the NPS Board of Education approved a Property Tax Authority Limitation increase of up to 5% on 8-26-2024. The Board of Education now must decide between the following budget and tax levy options:

2023-2024		2024-2025 Options		
		2: No Staff Cuts – 5% Override	3: No Tax Increase – 3.29% Override	4: Published Budget – 4.23% Override
<b>General Fund Levy</b>	95 cents	91.52 cents	89 cents	90 cents
<b>Special Building Fund Levy</b>	5 cents	0 cents	0 cents	0 cents
<b>QCPUF Levy</b>	2.33 cents	2.06 cents	2.06 cents	2.06 cents
<b>Total Levy</b>	\$1.0246	93.57 cents	91.22 cents	92.51 cents
<b>Levy Reduction</b>	5.34 cents	<b>8.89 cents LESS</b>	<b>11.24 cents LESS</b>	<b>9.95 cents LESS</b>
<b>Cash Reserves Used</b>	\$2.1 Million	\$1 Million	\$1.9 Million	\$1.45 Million
<b>Total Tax Asking (TTA)</b>	\$33,800,191	\$34,697,112 (+2.65%)	\$33,800,191 (+0%)	\$34,293,070 (+1.46%)
<b>TTA Compared to 23-24</b>	n/a	\$896,921 more	\$0	\$492,879 more
<b>Increase to Taxes on \$100,000 house with 12% valuation increase included (\$112,000)</b>		\$24	\$0 (actually \$2 less)	\$12
<b>Pros/Cons</b>	n/a	Pros: Closes our funding gap and reduces our draw on cash reserves to \$1 million; No staffing cuts required.	Pros: No increase in taxes	Pros: A potential compromise that reduces our funding gap and draw on cash reserves (as compared to option 3)
		Cons: Slight increase to Property taxes	Cons: \$1.9 million draw on cash reserves; need to cut staff (spread over 2-3 years)	Cons: \$1.4 million draw on cash reserves; some staffing cuts likely in the next few years.

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### Potential Strategy/Timeline to Remediate Deficit—Does Not Account For Changes in Reimbursements/Revenues/Legislation

	Option 2: 5% override	Option 3: 3.29% override	Option 4: 4.23% override
<b>2024-2025 Deficit</b>	\$1 million - cash reserves (\$4M left in CR)	\$1.9M - cash reserves (\$3.1M left in CR)	\$1.45M - cash reserves (\$3.55M left in CR)
<b>2025-2026 Deficit</b>	\$750K in CR/\$250K in cuts (\$3.75M left in CR)	\$1.4M in CR/\$500K in cuts (\$1.7M left in CR)	\$1.05M in CR/\$400K in cuts (\$2.5M left in CR)
<b>2026-2027 Deficit</b>	\$500K in CR/\$250K in cuts (\$3.5M left in CR)	\$900K in CR/\$500K in cuts (\$500K left in CR)	\$650K in CR/\$400K in cuts (\$2.1M left in CR)
<b>2027-2028 Deficit</b>	\$250K in CR/\$250K in cuts (\$3.25K left in CR)	\$400K in CR/\$500K in cuts (\$100K left in CR)	\$250K in CR/\$400K in cuts <b>(\$1.7M left in CR)</b>
<b>2028-2029 Deficit</b>	\$250K in cuts <b>(\$3M left in CR)</b> No remaining deficit  *Non-staffing budget cuts	\$400K in cuts <b>(\$100K left in CR)</b> No remaining deficit  *Numerous staffing cuts likely over the course of several years.	\$250K in cuts <b>(\$1.7M left in CR)</b> No remaining deficit Could extend use of CR further to reduce cuts.  *Some staffing cuts <i>may</i> be necessary over the course of several years.

**Disclaimers:**

1. The Cash Reserves amounts listed above do not include the \$15 million necessary to cover district operating expenses (3 months' cash flow).
2. Anything beyond 2024-2025 is a huge generalization/estimate; a multitude of factors could impact actual results.

- Option Two places the district in the best position financially & protects staff from cuts, but does not result in tax savings for our patrons.
- Option Three depletes our cash reserves & results in significant staffing and program cuts, but does provide property tax savings for our patrons.
- Option Four is a potential compromise, but still results in staffing reductions and a significant reduction to our cash reserves.

It should be noted that if budget cuts are necessary:

- ALL options will be considered.
- ALL staffing positions will be looked at to determine level of necessity.
  - Certified staff includes administrators, teachers, counselors, instructional coaches, etc.
  - Classified staff includes paras, secretaries, custodians, bus drivers, etc.
- Programs, supplies, and equipment will be looked at first!
- We will do everything possible to reduce the number of staff cut.

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