

NPS Budget and Levy Considerations for 2024-2025 and 2025-2026

* Norfolk Public Schools has developed a budget for 2024-2025 with a conservative 2.9% increase to cover necessary increases in the areas of staffing, transportation, and legal services.

* However, we are estimating that our revenue will only grow by \$30,345 (0.05%) due to a **5.23% reduction** in our Property Tax Authority.

* That leaves us with a budget deficit of **\$3,671,198**.

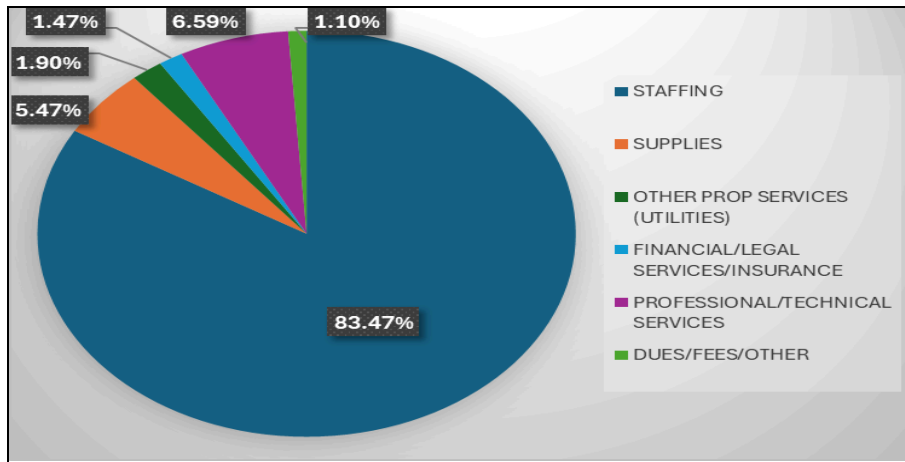
* Because Staffing (83%) and Prof Tech Services/Contracted Staffing (7%) make up 90% of our budget, only minor adjustments can be made to the 2024-2025 budget at this time. The real decision before the Board now is how to *fund* the budget.

2024-2025 Budget Set @ the Prop. Tax Limit (See option 1 below for more details)		Increase
Budgeted Disbursements	\$61,502,098	2.9 %
Budgeted Revenue	\$57,830,900	0.05%
Property Tax Authority	\$32,078,364	-5.23%
Difference (Budget Deficit)	-\$3,671,198	

2023-2024		2024-2025 Options		
		1:At Prop Tax Limit	2:Maximum (5%) Override	3:Override-But No Tax Increase
General Fund Levy	95 cents	84.6 cents	91.52 cents	89 cents
Special Building Fund Levy	5 cents	0 cents	0 cents	0 cents
QCPUF Levy	2.33 cents	2.06 cents	2.06 cents	2.06 cents
Total Levy	\$1.0246	86.67 cents	93.57 cents	91.22 cents
Levy Reduction	5.34 cents	15.78 cents LESS	8.89 cents LESS	11.24 cents LESS
Cash Reserves Used	\$2.1 Million	3.6 Million	1 Million	\$1.9 Million
Total Tax Asking (TTA)	\$33,800,191	\$32,078,364 (-5.4%)	\$34,697,112 (+2.65%)	\$33,800,191 (+0%)
TTA Compared to 2023-2024	n/a	\$1,721,827 LESS	\$896,921 more	\$0
Pros/Cons	n/a	Pros: Real Tax Relief; No Override.	Pros: Closes our funding gap and reduces our draw on cash reserves; No staffing cuts required.	Pros: No increase in taxes; Reduces our draw on cash reserves and funding gap and keeps our tax asking the same.
		Cons: Large Draw on Cash Reserves NOT sustainable; Need to cut staff; Funding gap will cont. to widen.	Cons: Requires a one time override of the property tax lid.	Cons: Draw on cash reserves; need to cut staff (spread over 2-3 years); requires a one time override of property tax lid.

**Public Input Options: LB 243 Resolution 8/26/2024 @ Noon and Budget and Tax Hearing 9/9/2024 @ 5:30P.M.
NPS will NOT need to participate in the Joint Public (Pink Postcard) Hearing!**

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- If the Board chooses Option One (not to override the property tax limit), large amounts of cash reserves will be utilized in 2024-2025 and budget reduction discussions will begin this fall for 2025-2026.
- Because, together, Staffing (83%) and Professional/Technical Services/Contracted Staffing (7%) make up 90% of our budget, we would be forced to cut staff to balance the budget in 2025-2026.

Estimated Shortfall in 2025-2026	\$\$	Estimated Number of Certified Staff That Would Need to Be Cut To Make Up Budget Deficit	
With 0% Raises	\$1,803,251	26 certified staff members cut	
With 1% Raises	\$2,314,624	33 certified staff members cut	<u>Note for Community:</u> Nebraska Public Schools are required to negotiate with a collective bargaining unit (union) which makes pay freezes an unlikely option.
With 2% Raises	\$2,825,997	40.5 certified staff members cut	
With 3% Raises	\$3,344,390	48 certified staff members cut	
With 4% Raises	\$3,848,743	55 certified staff members cut	

- Even if we used all of our remaining available cash reserves, (approximately \$1.4 million) we would still need to cut 26 certified staff members in 2025-2026 if we gave a 3% raise in 2025-2026.
- We would do our best to limit the number of staffing cuts by making cuts to other areas of our budget, but staffing makes up such a large portion of our budget that staffing reductions would be inevitable.

* Both Option 1 and 3 require budget and staffing cuts. However, Option 3 provides us with \$1.7 million more in cash reserves to work with, which would allow us to spread those cuts over two to three years. This would allow us to be more strategic with our cuts, making them via attrition and hopefully avoiding the need to “RIF” staff.

* Option 2 would not require budget and staffing cuts.

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