



# 2012-13 Fiscal Realities & the School Budget

*Burnt Hills-Ballston Lake Board of Education*

## **Community Budget Forum**

***and Online Meeting***

*February 9, 2012*



# Tonight's agenda

- 1. Welcome & explanation of tonight's meeting**  
*Board of Education Vice President Patre Kuziak*
  
- 2. 2012-13 Complex Realities & the BH-BL Preliminary Budget**  
*Superintendent Jim Schultz*
  - Preliminary budget & areas of increase
  - Governor's aid package leaves a \$2 million gap
  - Impact of new tax levy cap rules
  - Alternate budget proposals under discussion
  - 9 strategies we are exploring to close the gap, including areas of potential program changes
  
- 3. Answer questions on the presentation**
  
- 4. Public participation: 2 minutes each**



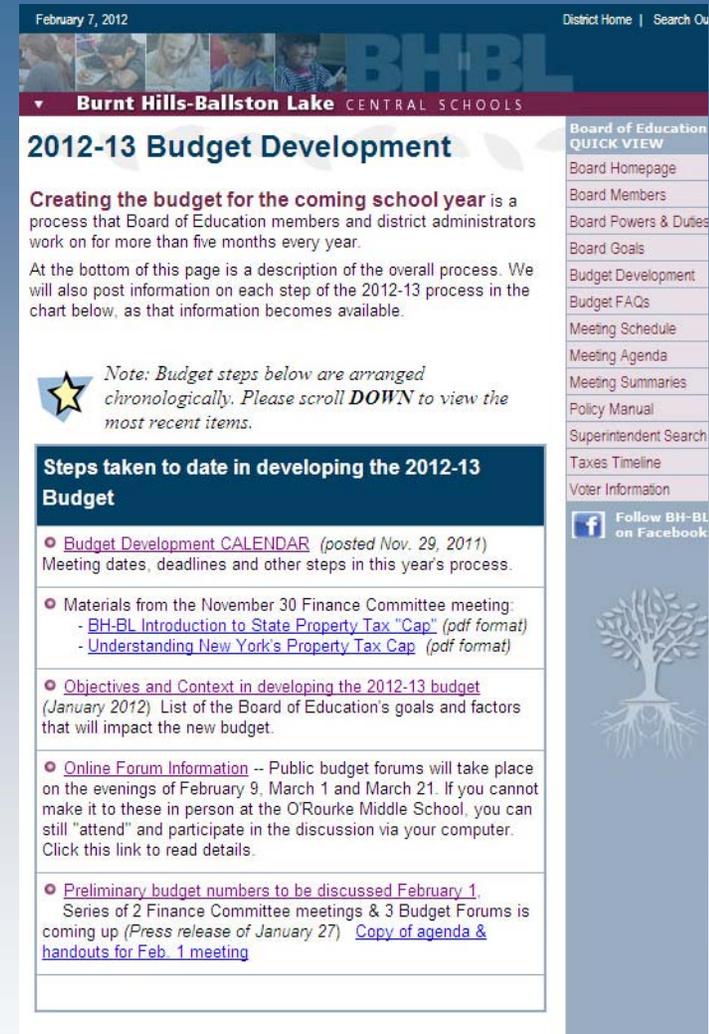
# Meeting process

- We are using online meeting software so that people can participate via their computers
  - Please bear with us as we try to be polite to both audiences: those in the cafetorium & those participating online
- Goals tonight are to share information, answer frequent questions, and collect YOUR input. To pose a question:
  - 3 x 5 cards being handed to those in library
  - Online viewers can type questions in their “Q & A Chat” box
- People in the cafetorium will be able to address the assembled group for 2 minutes each.
- Mr. Schultz will stay afterwards to answer questions individually



# Ways to follow & participate in budget development

1. Come to meetings.
2. View website Budget Development page where each step is posted as process unfolds. →
3. Sign up for budget “School News Notifier” email alerts. (See website to do this)



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**Burnt Hills-Ballston Lake CENTRAL SCHOOLS**

## 2012-13 Budget Development

**Creating the budget for the coming school year** is a process that Board of Education members and district administrators work on for more than five months every year.

At the bottom of this page is a description of the overall process. We will also post information on each step of the 2012-13 process in the chart below, as that information becomes available.

 *Note: Budget steps below are arranged chronologically. Please scroll **DOWN** to view the most recent items.*

### Steps taken to date in developing the 2012-13 Budget

- [Budget Development CALENDAR](#) (posted Nov. 29, 2011)  
Meeting dates, deadlines and other steps in this year's process.
- Materials from the November 30 Finance Committee meeting:
  - [BH-BL Introduction to State Property Tax "Cap"](#) (pdf format)
  - [Understanding New York's Property Tax Cap](#) (pdf format)
- [Objectives and Context in developing the 2012-13 budget](#) (January 2012) List of the Board of Education's goals and factors that will impact the new budget.
- [Online Forum Information](#) -- Public budget forums will take place on the evenings of February 9, March 1 and March 21. If you cannot make it to these in person at the O'Rourke Middle School, you can still "attend" and participate in the discussion via your computer. Click this link to read details.
- [Preliminary budget numbers to be discussed February 1.](#)  
Series of 2 Finance Committee meetings & 3 Budget Forums is coming up (Press release of January 27) [Copy of agenda & handouts for Feb. 1 meeting](#)

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# 2012-13 Preliminary Request Budget: Our starting point

**Assuming all current programs, services & staffing were rolled forward one year:**

2012-13 Preliminary Budget: \$57,018,454

Change from current budget:

Dollar increase from 2011-12 \$2,248,512

Percent increase from 2011-12 4.1%

Would require an est. tax levy increase of 6.0%  
assuming aid is as proposed by Gov. Cuomo



# What costs are increasing in the preliminary budget?

	<u>Increase</u>	<u>% change year to year</u>	<u>Portion of increase</u>
<b>1.</b> Staff benefits, including	\$1,168,877	9.7%	52%
– Mandatory pension contributions			
– Health insurance			
<b>2.</b> Debt service*	\$544,345	13.8%	24%
<b>3.</b> Staff salaries	\$321,008	1.1%	14%
<b>4.</b> BOCES services	\$134,537	4.8%	6%
<b>5.</b> Maintenance & utilities	\$69,545	2.7%	3%

These 5 areas constitute 99% of the total \$2.2 million preliminary budget increase.

\* Increased cost is offset by increased state building aid.



# Preliminary overall salary increase of 1.1%

This is possible due to efficiencies, previous concessions, and current contract status:

- Savings taking place in current year due to:
  - Retirements with no replacements
  - Retirements with replacement at lower salary
  - Leaves of absence with lower salary replacement
- CSEA staff targeted for an average salary increase of 3% for 2012-13.
- Teachers: Contract under negotiation. 83 teachers received no salary improvement in 2011-12.
- Administrators: Contract ends June 30 – opening negotiations. Approx. 2 % salary increases in 2011-12 with givebacks.



# Impact of the new Tax Levy “Cap”

1. New law applies to the district’s overall tax LEVY, not to tax rates and not to individual tax bills. Tax rate changes for our 4 towns will still vary widely
2. Not really a “cap” – but a levy threshold with a voter approval requirement:
  - With 50% voter approval: can raise levy to district-specific limit
  - With 60% voter approval: can raise levy above district-specific limit
3. Tax levy limit is specific to each school district, based on a number of factors, including:
  - CPI
  - Growth in district tax base
  - Exclusions, including capital bond payments



## Impact of the new Tax Levy “Cap” (Continued)

### 4. Tax levy cap rules change the contingent budget.

- More severe impact if budget fails 2 times:  
0 percent levy increase
- For BH-BL this could mean the loss of 18 staff positions



# 2012-13 Budget Alternate Proposals

Proposals for additional / different ways to meet needs. These are NOT included in the preliminary budget:

## 1. Response to Intervention improvements:

- Elementary schools \$99 K
- Middle school \$55 K
- High school \$67 K

2. Equipment: Replace 20-year-old music lab \$25 K

## 3. Summer services:

- Add health class \$1.5 K
- Add summer curriculum time \$10 K

4. Sports: Add 3<sup>rd</sup> level of boys & girls lacrosse \$7 K

5. Vo-Tec: Allow participation in Tec-Smart program \$77 K



# 2012-13 Budget Gap is roughly \$2 million

Preliminary budget: \$57,018,454

Projected revenue: \$54,943,259

**Gap to be filled: \$2,075,195**

Can be filled by either reducing expenses or increasing revenue

## Revenue projection already includes:

- \$2 million fund balance
- Governor's state aid increase of \$938 K (including \$586 K in building aid)

# 9 Budget Deficit Response Strategies



- Schools have 9 ways to get more money for the budget
- These are interrelated: the size of each piece impacts the needed size of the others.

## Gap-filling Strategy #2: **Mandate Relief**

- Definition: a “mandate” is anything that state or federal law requires schools to do. Frequently legislators pass laws requiring additional actions without providing additional funding.
- Board of Ed. resolution against unfunded & under-funded mandates
- Governor working on mandate relief



## Gap-filling Strategy #3: Savings from staff retirements

- New staff are typically less experienced and have lower salaries than long-time staff.
- Too soon to have data here, but we will know more by March 1



## Gap-filling Strategy #4:

# Other revenue, such as fees & grants

- Typically this is a small or erratic (non-sustainable) source of income for public schools.
- Board of Ed. is thinking long-term, willing to make small investments now that can have large benefits in future.  
Examples:

- New Grant Writing service at Capital Region BOCES is having a number of successes – we have signed up for small amount of service
- Work to create the new “Spartan Academics & Achievement Foundation” is underway



# Reminder

Please use the 3 x 5 cards to submit questions about the material being presented tonight. We will have a Q & A time at the end of Mr. Schultz's presentation.



## Gap-filling Strategy #5: Using Fund Balance / Reserves

### Fund Balance

- We are using \$2,130,000 designated fund balance to offset costs in the 2011-12 budget.
- The revenue projections already include using \$2,000,000 in the 2012-13 budget



## Gap-filling Strategy #5: (continued)

### Using some designated Reserve Funds

- In 2011-12, we proposed using \$300,000 from reserves
- Tax Certiorari Reserve has \$1,900,000
  - Size increased several years ago when we were threatened with court-ordered tax adjustments.
  - Law limits the holding time of certiorari reserves, and we are now required to use \$1,000,000 of this.
  - Applying \$1,000,000 to the 2012-13 budget would fill half of our gap.
- This level of reserve use is sustainable at least until 2015:
  - Rest of Tax Certiorari Fund: \$900,000
  - Insurance Recovery / Long-Term Building Infrastructure Fund (insurance settlement from the Hostetter Bldg. flood): \$1,600,000



## Gap-filling Strategy #6: **Staff Concessions**

- Individual give-backs for 2011-12:
  - Superintendent: \$5,000 in compensated benefits
  - Assist. Supt. for Support Services: \$3,000 in compensated benefits
  - Assist. Supt. for Instruction: \$3,000 in salary
- Administrators bargaining unit give-backs for 2011-12:  
Approx. \$20,000 in salary & benefits
- Teachers: Contract under negotiation. 83 teachers received no salary improvement in 2011-12.



## Gap-filling Strategy #6: **Staff Concessions** (Continued)

- All staff:
  - 2010-11: Added 2 Medicare Advantage plans as suggested by the Teachers Association, with projected annual savings to the district of \$108,000
- All staff:
  - Increased work responsibility to maintain services & performance with greater work loads
  - Increased work responsibility to maintain student performance with loss of positions



## Gap-filling Strategy #7: Staffing & program reductions

Criteria for making these changes include:

- Enrollment changes. Example: decrease at both grade 7 & grade 9 – can reduce one class section in core subjects (\$20 K per subject)
- Percent reductions already made in that area over the past 3 years of cuts
- State mandates
- Graduation requirements
- Impact on program (i.e. electives) and on instruction (i.e. class sizes)

Working with budget managers to identify best ways to make reductions. Will have prioritized list in tiers for next forum on March 1.



## Gap-filling Strategy #7:

### Program Reduction Areas under discussion

- Page 1 of 2. Listed in alphabetical order. Note that ALL of these would be necessary to get the district to a contingent budget or a zero tax levy increase.

<i>Department / service</i>	<i>FTEs</i>	<i>Savings</i>
BOCES Vo-Tec slots		\$50 K
2 Coaches		\$6 K
CTE	1.0	\$50 K
Elementary teachers	3.0	\$150 K
English	0.6	\$30 K
Extended day kindergarten	1.5	\$70 K
Extra-curricular activities		\$5 K
Fine Arts	1.0	\$50 K
GED program	0.6	\$30 K
Grade 6	1.0	\$50 K

(Note: 0.2 FTE teacher = 1 full-year class section or 2 one-semester electives)



## Program Reduction Areas under discussion (Continued)

<i>Department / service</i>	<i>FTEs</i>	<i>Savings</i>
Interscholastic contests/practices		\$5 K
K-12 administrators	0.8	\$40 K
Library (clerk / librarian)	1.5	\$50 K
Math (teaching assistants / teacher)	2.4	\$60 K
Phys Ed	1.0	\$50 K
Science	0.9	\$40 K
Secondary summer school		\$10 K
Security monitor	1.0	\$20 K
Social studies	0.6	\$30 K
Special ed teacher assistant	1.0	\$20 K
World Languages	0.5	\$25 K

(Note: 0.2 FTE teacher = 1 full-year class section or  
2 one-semester electives)



## Gap-filling Strategy #8: Increase the tax levy

Tax increase is now restricted by new tax levy cap rules:

- Each district must calculate own “tax levy limit” based on a number of factors.
- Questions remain. Still waiting to hear from State Ed. Dept. and State Comptroller exactly how to make these calculations.
- We expect potential tax levy limit with allowable exclusions for BH-BL will be within the following range:

% levy increase	2.28%	2.4%	2.7%
\$ levy increase	\$782 K	\$818 K	\$937 K



# Focus Questions for Community Input

After Mr. Schultz answers some of your questions, we will move to a **public comment period**. Here are the 3 areas where the Board of Ed. is particularly looking for your opinions, questions & suggestions:

1. Tax levy cap
2. Potential BH-BL program reductions
3. BH-BL budget alternates (proposed new programs)

Rules for speaking from the podium:

1. Show respect & courtesy for everyone's ideas. We are offering this to give everyone a chance to speak for 2 minutes.
2. Keep your comments focused to be able to make your point within the 2 minute limit.
3. If you prefer not to speak publicly or have more to say, please use the paper input form/handout.



# What happens next?

Feb. 15: Finance Committee meeting, 7:00 *Middle School Library*

**March 1:** **Public Forum to discuss Preliminary Budget**  
7:30 *Middle School cafetorium (& online)*

March 6: Finance Committee meeting, 7:00 *Middle School Library*

**March 21:** **Public Forum on the Nearly Complete Budget**  
7:30 *Middle School cafetorium (& online)*

April 3: Board votes on budget, 7:30 *Middle School Library*

April 16 Board of Education candidates' filing deadline

May 15: Public vote on budget

Reminder: each step in the budget process will be posted on the district website – along with copies of the proposed reductions list, once that is created

