



Mohonasen Central School District

2010-2011 Budget Committee Budget Presentation

March 15, 2010

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A School District's Financial Health



“The most important reason for managing a school district’s financial condition is to sustain the education of students on a long-term basis. The socioeconomic environment and how management adapts to the climate are major factors that influence the fiscal health of the district. District wealth is a key determinant of its capacity to generate revenues. The district leadership alone has minimal influence to improve the wealth of a district. However, it can control how it adapts to the economic environment. Recognizing potential financial stress, making hard choices with programs and service, developing realistic budgets and making timely decisions when faced with stress are all within the capability of the district.”

Source: Fiscal Fitness, a Guide to Monitoring your School District’s Budget, February 2004



This is what a school district budget should look like...



Expenditures

- Programs
- Contractual
- Staffing
- Operations
- Mandates

Revenues

- State Aid
- Tax Levy
- Grants
- Other (e.g. admissions etc.)

**School District
Budget
Balancing
Sound
Educational Plan**

but.....



This year, because of economic instability, it looks more like this....



Expenditures

- Programs
- Contractual
- Staffing
- Operations
- Mandates

Dramatic drop in revenues

Revenues

- State Aid
- Tax Levy
- Grants
- Other (e.g. admissions etc.)

**School District
Budget
Balancing
Sound
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Plan**

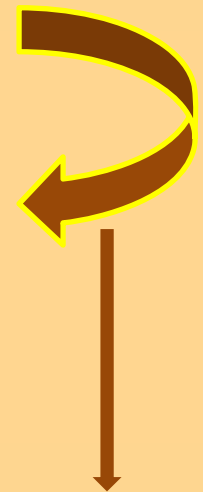


Current Budget Picture



Working Draft 10-11 Budget	\$43,691,398
Difference Between 09-10 and Draft	1,307,705
Current Year Budget (09-10)	\$42,383,693
Reduction in State Aid of 1.9 million	1,900,000
Real Base Starting From (10-11)*	\$40,483,693

* Adjusted for Reduction in State Aid



**Gap Between Proposed Budget
and Real Base is Approx. \$3.2 million**



So....What Does This Mean?

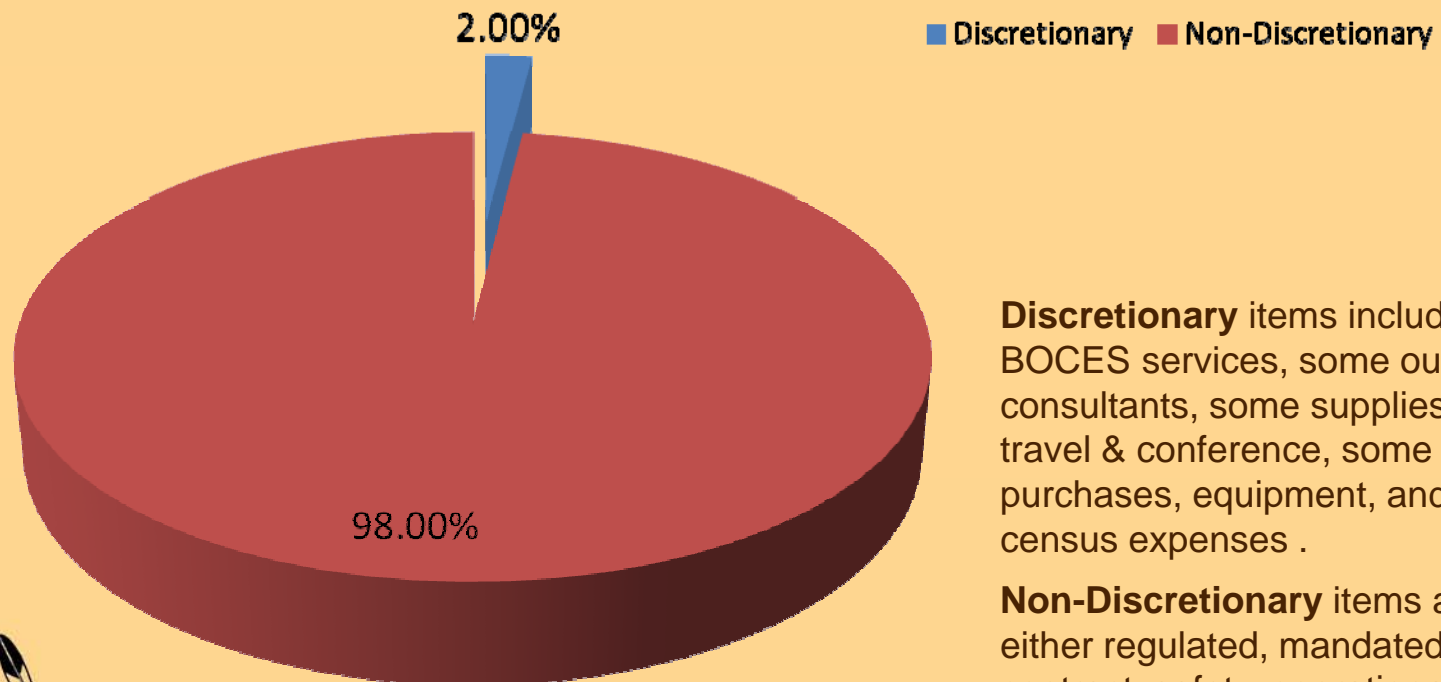


- Since only approximately 3% of our budget is discretionary (not mandated, contractual, safety related, regulatory), there is very little flexibility to reduce expenditures.
- We have revisited the budget and trimmed areas we thought we could trim more, without completely cutting out things like supplies.
- Because we have always budgeted so efficiently, there is not much more “padding.”
- The only way to reduce expenditures by such a significant amount is to look at staffing and some additional services.





Discretionary & Non-Discretionary Expenditures



Discretionary items include some BOCES services, some outside consultants, some supplies , some travel & conference, some library purchases, equipment, and census expenses .

Non-Discretionary items are either regulated, mandated, per contract, safety, operational or instructional related



Proposed Cuts as of Today:

Staffing Cuts (Full-Time Equivalents)

7 K-6 (1 section k, 1, 2, 4, 6 and 2 sections of grade 3 / .1 PE & .1 Art at Pinewood)

3 Secondary Subject Area

High School: .2 bus, .6 S Studies, .3 SW, .4 Math, .4 Eng.

(will be addressed with scheduling-less sections and larger classes)

Middle School: .4 Music, .5 PE

(middle school – will be covered by existing staff)

.5 Special Education *(Pinewood – less students)*

.5 ESL *(District -wide – less students)*

2.1 Administrator/Supervisor *(reduce ass't treasurer to .5, reduce CSE chair position to .5, elimination of .6 academic administrator for social studies, reduce central office clerical by .5)*

4.5 Support Staff *(reduce 3.5 teacher ass't/teacher aides, reduce 1 maintenance mechanic)*

17.6 FTE



Enrollment

<i>Grade Level</i>	<i>2009-10</i>	<i>2010-11</i>	<i>Current Sections/ Class Sizes</i>	<i>Projected Sections/ Class Sizes</i>
Kindergarten	194	180	10/18	09/20
Grade 1	209	194	11/19	09/21.6
Grade 2	191	209	10/19.1	09/23.2
Grade 3	199	191	10/19.9	08/23.8
Grade 4	227	213	10/22.7	09/23.6
Grade 5	222	230	10/22.2	10/23
Grade 6	255	226	11/23	10/22.6
Grade 7	230	257	10 (8) / 23(28.7)	12 (10) / 21.4 (25.7)
Grade 8	247	236	12(10)/ 20.6(24.7)	10(8)/23.6 (29.5)
Grade 9	292	254	English 20-30	English 20-30
Grade 10	282	302	Science 20-30	Science 20-30
Grade 11	274	285	Soc. Stud. 20-30	Soc. Stud. 20-30
Grade 12	273	276	Math 20-30	Math 20-30

Summary of other major changes/reductions



- All associations discussing creative savings options
- **Athletics:** No out-of-state trips, reduction in supplies, new contract with officials, reductions to supervision/chaperones, change in coaching staff
- **Instructional:** Limit on equipment, reduced staff development, reduced outside counseling consultant, reduced conference monies
- **Transportation:** Reduction in salaries due to elimination of mid-day runs, consolidation of services, greater efficiencies with FT drivers
- **Unemployment:** Paid from reserve account
- **General Admin:** Reductions to legal, BOCES neg. exp., records management, communications/web
- **Operations & Maintenance:** Reductions to equipment, testing and inspections, electric and natural gas, telephone salaries, maintenance contracts, repairs and supplies
- **Central Services:** Reduction to BOCES tech. position, BOCES Admin fee; Tax Cert. claims to be paid from reserve



Summary of other major changes/reductions



- Limit expense-driven aids to maximum amount of state aid for textbooks, software and hardware
- Gas/diesel prices have stabilized
- Increasing bidding to include bus repairs, etc.
- Reduction in ERS line due to establishment of reserve
- Health insurance savings due to co-pay changes
- RFP for TPA of trust
- Substitutes: Contain number of activities requiring release time/subs
- Potential Insurance Savings: Offer alternate options to retirees, work with CASHIC (health insurance consortium) to leverage premium cost



How is Mohonasen Pro-Active?



- Cost-benefit analysis and evaluation of existing educational programs
- Justification for new programs during budget development process
- Re-deployment of staffing resources to facilitate efficiency and effectiveness
- Cost containment measures in health care area
(co-pay changes, medicare gold option for retirees, Cana-Rx)
- Energy initiatives in place since August 2005
- EXCEL Project to address infrastructure issues including energy efficiency
- Central Registrar incorporated into existing position
- Maximization of State Aid
(facilities projects, EXCEL aid, transportation, textbooks)
- Elimination of inefficiencies (e.g. bus runs)
- Careful administration/monitoring of budgetary expenditures



How is Mohonasen Pro-Active?



- Freeze on non-essential spending and hiring
- Part-time administrative positions
- Incorporation of job responsibilities from vacant administrative position into other existing positions
- Careful administration/monitoring of budgetary expenditures including limit on overtime and freeze on all non-essential spending
- Prepayment of callable bonds
- Locked into pricing for electricity, natural gas and general liability insurance
- Aggressively seek lowest price for purchases and services



How is Mohonasen Pro-Active?



Work with BOCES, other school districts and towns to consolidate and share resources/services:

BOCES – Distance Learning

Community Transition Program with Schalmont

Grant funding – Model Transition Program with Schalmont, Guilderland

E2T2 Grant opportunity with other districts

Town of Rotterdam – salt for snow removal

Shared Sports teams with other districts

Coordination of special needs transportation with Guilderland, Shenendehowa, OSWEGO
BOCES

Cooperative bids with BOCES and other school districts

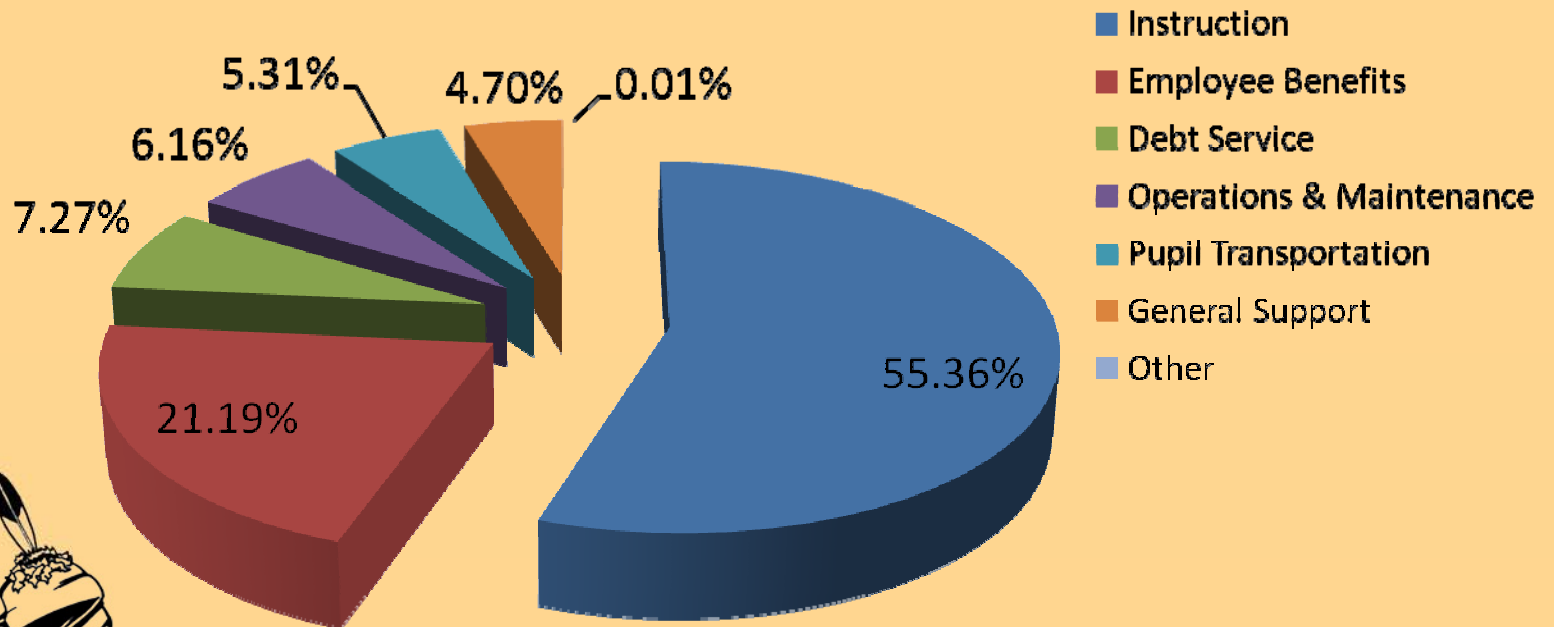
Use of facilities by Living Resources, Boys and Girls Club, YMCA after school program

Summer School programs





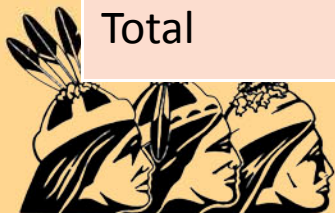
2009-10 Expenses by Category



2010-11 EXPENDITURES



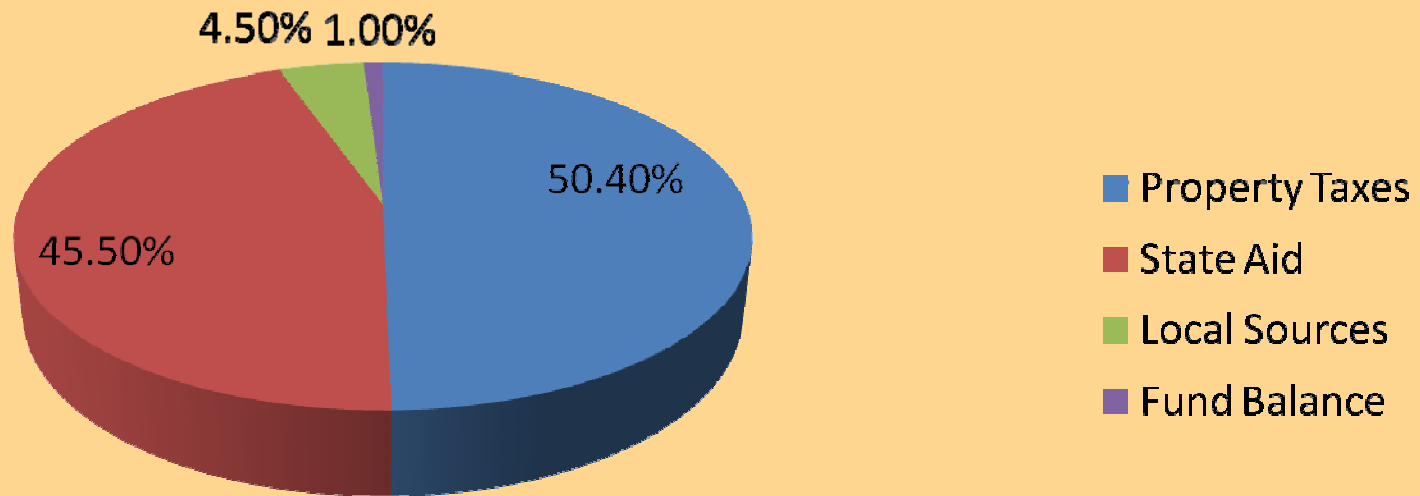
	2009-10 Budget	2010-11 Proposed Budget as of 3/15/10	\$ Increase/Decrease
Instruction	\$23,461,782	\$24,053,530	\$591,748
Employee Benefits	\$8,981,150	\$9,059,114	\$77,964
Operations & Maintenance	\$2,611,937	\$2,372,667	-\$239,270
Transportation	\$2,252,645	\$2,192,062	-\$60,583
District Support	\$1,993,776	\$1,814,357	-\$179,419
Debt Service	\$3,082,403	\$3,228,440	\$146,037
Total	\$42,383,693	\$42,720,170	\$336,477



Budget Increase: .8%



2009-10 Revenues

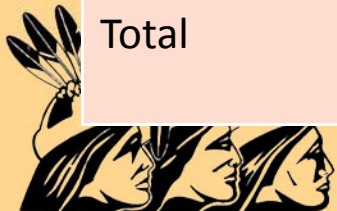


Local revenues include interest income, BOCES classroom rental, use of facilities, admissions at sporting events, and other miscellaneous items.

2010-11 ESTIMATED REVENUES



	2009-10 Budget	2010-11 Proposed Budget as of 3/15/10	\$ Increase/Decrease
State Aid	\$19,290,541	\$18,652,219	-\$638,322
Property Tax Levy	\$21,387,652	\$21,920,276	\$532,624
Fund Balance Appropriation	\$350,000	\$850,000	\$500,000
Interest Earnings	\$175,000	\$100,000	-\$75,000
BOCES Rental	\$305,500	\$305,500	0
Interfund Transfer	\$350,000	\$553,000	\$203,000
Other Revenue	\$475,000	\$339,175	-\$135,825
Medicaid Reimbursement	\$50,000	0	-\$50,000
Total	\$42,383,693	\$42,720,170	\$336,477



ESTIMATED 2010-11 TAX LEVY



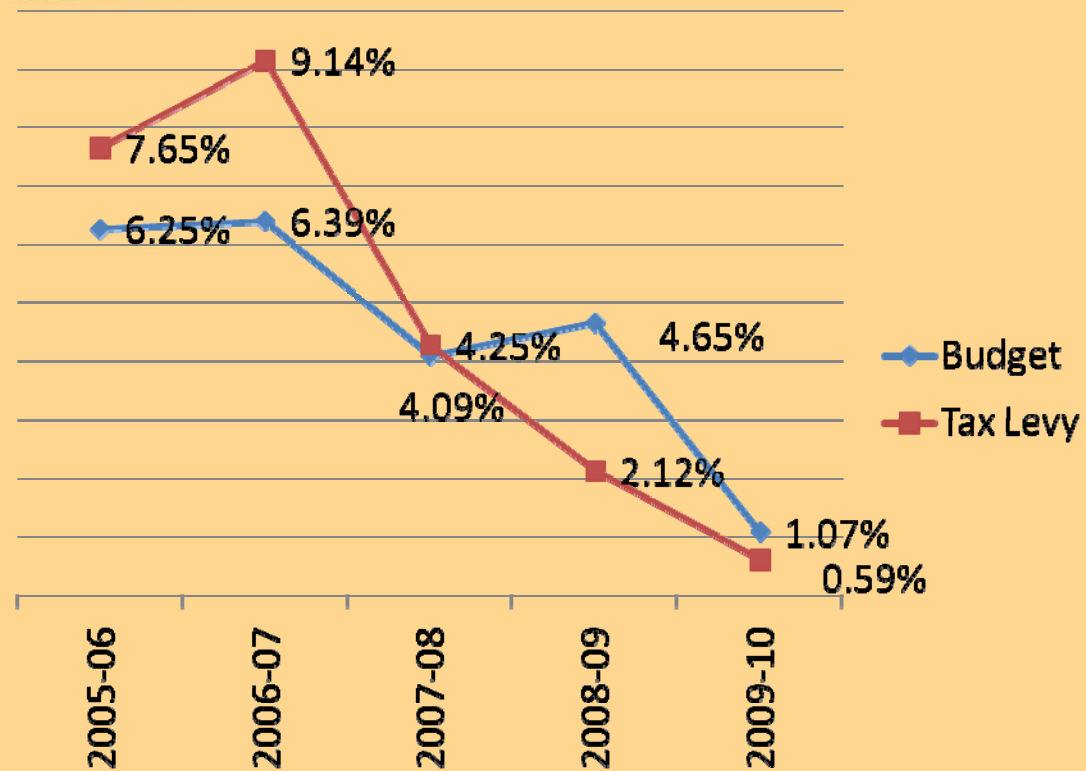
	2009-10 Budget	2010-11 Proposed Budget as of 3/15/10	\$ Increase /Decrease	% Increase
Budget	\$42,383,693	\$42,720,170	\$336,477	.0794%
Tax Levy	\$21,387,652	\$21,,920,276	\$532,624	2.49%

Factors that impact the final tax rate:

- Assessed values of property within the town
 - An increase in assessments will reduce the tax rate
 - A decrease in assessments will increase the tax rate
- Change in equalization rate set by Office of Real Property Tax Services (ORPS, www.orps.state.ny.us)
- Appropriated fund balance



Five-Year Overview of Budget and Tax Levy Increases



Contingency Budget



Under current law a contingency budget is capped at the lesser of :
120% of the CPI for the prior calendar year or 4% whichever is less.

The CPI for 2009 was = to -0.4% , which means the contingency cap for 2010-11 would be a negative. Since this was never the intent of the law, there is currently a proposal that would prevent a negative contingency cap. The proposal would also use a five-year CPI average instead of only the previous year's to determine the amount used in the contingency budget cap calculation.

Assuming current law a -0.4% Contingency Cap would mean the current proposed budget amount of \$42,720,170 would need to be reduced by an additional \$433,577. This would decimate programs.



Under contingency, some items would need to be cut from the budget to meet the law with respect to the definition of contingency appropriations. Cuts would be to student supplies, community use of buildings and grounds, certain equipment purchases and salary increases.

Rainy Day Funds: Fund Balance and Reserves

Where do they come from, what is the difference and what can they be used for?

Fund Balance

- Money remaining at the end of the year
 - Difference between revenues received and expenditures
 - Spend less and/or take in more revenues than budgeted/expected
- Undesignated (un-appropriated) portion set aside to address emergencies or other unforeseen occurrences (4% cap)
- Designated as revenue to lower next year's taxes (appropriated)



Rainy Day Funds: Fund Balance and Reserves



Reserves

- Reserve funds provide a degree of financial stability
- Mitigate the need to cut services or raise taxes by providing a budgetary option
- Savings account to pay for a specific known future expense
- Thirteen types authorized by law
 - Mohonasen utilizes the following reserves:
 - Unemployment Insurance
 - Tax Certiorari (claims)
 - Retirement Contribution (ERS only)
 - Health Insurance (retirees)
 - Employee Benefit Accrued Liability
 - Capital
- Voter approval may be required to establish a reserve or expend monies from the reserve (capital reserve)
- Budget appropriation of reserve funds cannot exceed reasonably anticipated expenses



Rainy Day Funds: Fund Balance and Reserves



Capital Reserve Fund

- A Capital Reserve is available to cover, in whole or in part, the cost of any object or purpose for which a school may issue bonds.
- Voters approved the current Capital Reserve Fund on May 15, 2001
 - The ultimate amount of the fund is \$2,500,000
 - The term of the reserve is 10 years
 - Any unused portion of the reserve must be applied first to any outstanding bonded indebtedness, with the remaining balance, if any, applied to reduce the tax levy.
- The district's current outstanding debt amount is around \$22 million.





What About the Long Range Plan/Capital Project?

- Anticipate an October referendum if Merger Aid is renewed after July 1.
- Considering proposition to purchase land adjacent to high school campus may happen on same day as budget vote.
 - This will be purchased with funds that have been specifically set aside for the past 9 years in the capital reserve.
 - These funds can only be used for capital projects or the purchase of land.





Bus Proposition

7 Type A buses 21-22 capacity
3 would be wheel chair compatible

Total Proposition Limit	\$420,000
Less Transportation Aid @ 82.2% =	- <u>\$345,240</u>

Est. Budget Impact over Life of the Bond (5 years)	\$ 74,760 or \$14,952/year
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Debt Service payments on buses begin the school year following the bus purchase, in this case 2011-12.



Board of Education Vacancies

- Two (2) “at large” seats
- Three year terms
- At least 35 signatures required on petition
- Petitions are available in the District Office
- Petitions are due back to the District by April 19th at 5:00 p.m.



A new way to vote



The Schenectady County Board of Elections has introduced new voting machines, which will be used for the first time in May at the school budget vote and election.

- Machines are a Digital Image Scanner, which reads a paper ballot that is completed by the voter.
- Upon registration, voters will receive a paper ballot and a privacy sleeve.
- Privacy Booths will be available for voters to use.
- Votes are cast when the voter inserts the ballot into the scanner
- A digital screen will display any errors on the ballot, which can be corrected before the vote is cast.



Next Meeting



Budget presentation to BOE

Monday, March 22, 2010

7 p.m./Farnsworth Technology Center





Break-out sessions to discuss the following questions:

- **What is your reaction to the cuts?**
- **What do you think the community's reaction will be to the proposed tax levy increase?**



Questions?