

DRAFT

**Horseheads Central School District
Public Hearing of the Board of Education
High School Multi Media-Center
May 5, 2011**

Present: Apgar, Brinthaup, Buck, Holleran, Jacobus, Lively, Lynch, Miller, Strollo

Also Present: Abrunzo, Brock, Hillman, Learn, Moyer, Scaptura

Absent:

Call to Order: President Lynch called the Public Hearing to order at 6:00 PM

Board President's Remarks:

President Brian Lynch welcomed everyone to tonight's Public Hearing of the 2011-2012 Budget. He stated it has been a very challenging budget year and he appreciates the public for being so active in participating in the formation of the 2011-2012 Budget. Brian explained the guidelines and format of the Public Hearing as per Board Policy 2370: Public Participation at Board Meetings)for Board of Education Community Budget Meetings.

Presentation of the Proposed 2011-2012 Budget

Superintendent Ralph Marino presented the 2011-2012 Budget. Ralph reviewed the history of the budget and stated we are in the third year of the economic downturn in our country and state. The Horseheads District has been working for the last two years to combat the downturn while continuing to provide our children with a quality education. Ralph stated the first difficult budget was the 2009-2010 school year with a \$2.3 million in reductions. He stated that administrators and staff have been sacrificing for the past few years. Ralph reviewed the previous reductions of May 2009 which totaled \$2,299,659.00. Some of those reductions included a 15% reduction in all building/department budget allocations, eliminated 13 positions through attrition (retirements and resignations), restructured the Educational Support Center Office(replaced three positions with two), took back two Special Education Classes from BOCES, eliminated BOCES Labor Relations Service and more. Ralph also reviewed previous reductions of May 2010 which totaled \$2,806,905.00. Ralph reviewed Reductions since May 18, 2010, which gave a potential savings of \$1,214,894.00. The reductions include not filling 13 positions(\$743,348), Additional Salary Savings of \$95,046, Spending Freeze approved by the Board on December 16, 2010, effective January 1, 2011 – June 30, 2011—estimated savings of \$350,000 and Curtailment of Overtime Costs - \$26,500(July 1, 2010 to January 31, 2011). The Total Reductions since May 2009 total \$6,321,458.00. Since May 2009 a total of 43 positions have been eliminated which equals 5.8% of staffing with a total number of staffing at 736. Ralph stated that state categorical aids such as textbook, hardware and software aid, as well as federal and state grants, must be spent or districts lose that money the following year.

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Ralph reviewed the 2011-2012 Budget Decisions which include a 20% reduction in all building/department budget allocations and 13 positions not filled which total \$1,382,099 that has already been deducted from the 2011-2012 preliminary budget. The Budget Deficit(as of February 17, 2011) is \$8,985,331.00 which does not include a property tax increase or use of reserves. Ralph explained what an \$8.9 million deficit means to Horseheads: the reduction of programs and services and/or reduction of positions(approximately 138) and/or property tax levy increase(approximately 30%) and/or continued use of reserves and/or a combination of all of them. Significant increases for 2011-2012 and what they mean to the 2011-2012 Budget were reviewed. Ralph reviewed the Preliminary 2011-2012 School Budget as of March 10, 2011 with the Preliminary Expenses totaling \$72,022,595(+4.87%), Preliminary Revenues - \$61,055,921(-11.09%) and Preliminary Deficit - \$10,966,674. This includes the reduction of 5 Administration Positions(-\$412,500), 24 Local Retirement Incentive(-\$809,725), Federal Jobs Bill(-\$1,745,980), 7.5% Property Tax Levy Increase(-\$2,250,000), Use of Reserves(-\$3,000,000), Program/Service Reductions(-\$2,779,425) and Preliminary Overage(+\$30,956). As of April 14, 2011, the Additional Revenue includes the Restoration of State Aid(March 30, 2011) estimated at \$659,819 and the Withdrawal from the District's Employee Benefit Accrued Liability Reserve Fund(EBALR) for Compensated Absences fro 2008-2009, 2009-2010, 2010-2011 estimated at \$1,012,632 for a total Additional Revenue of \$1,672,451. The recommendation for New Revenue is to reduce the 7.5% Proposed Property Tax Levy to Approximately 4.95% - \$659,819 and Restore Some Proposed Program/Service Reductions - \$1,012,632 for a total Additional Revenue of \$1,672,451. It should be noted that the total use of reserves for the 2011-2012 school year is approximately \$40 million plus the \$1,745,980 Federal Jobs Bill grant. Ralph reviewed the list of Program/Service Reductions Proposal with items that are slated for restoration. Program/Service to be restored includes \$48,891 to Defund of 50 Extra-Curricular Stipends, \$76,316 eliminate 2 freshmen and 4 modified teams; sports with two teams combined into one Defund Modified/Freshmen or Junior Varsity Sports, Restore 1 Position(\$65,000) to Eliminate 4 Elementary Teacher Positions(due to low enrollment), Restore \$25,000 to the Elimination Grades 7-12 Summer School, Restore 4 positions to the Elimination of 8 Computer Lab Teaching Assistant Positions, Restore 6 Positions(\$361,161) with Friday dismissal at regular time to the Reduction of the 11 K-8 Special Area Teachers(Restructure program delivery for K-8 Art, Music, Physical Education, Library, restoring \$113,286 to the elimination of 1.5 Pre-Kindergarten Teacher Positions and 1.5 Teaching Assistant Positions(In-district Pre-K Program would be reduced to half-day), Restore \$17,400 to the Elimination of the Videoconference Program, restore \$40,000 to the Elimination of the High School Resource Officer Position and restore \$52,153 to Technology Reductions for a total of \$1,012,632 in Restorations. Ralph reviewed the Staffing Levels for 2011-2012 which includes 17 positions being restored with 30(In Addition to the five administrative positions and 24 retiree positions not being replaced) positions being eliminated.

Ralph presented a Comparison of the 2010-2011 to 2011-2012 Budget. Based upon this proposal the approximate spending is +0.52%, Approximate Property Tax Levy: +4.95% and the Use of Reserve Funds: \$4,000,000(This is in addition to the one-time Federal Jobs Bill Grant of \$1,745,980.).

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Ralph reviewed the Comparative Expenditures, Comparative Revenues and the Estimated Average Tax Rate. Ralph stated the Total Comparative Expenditures for the Proposed 2011-2012 Budget is \$69,329,181 which is \$655,372 more than the 2010-2011 Budget which equals a 0.95% percent change. The total Comparative Revenues for the Proposed 2011-2012 Budget is \$69,329,181 which is \$655,372 more than the 2010-2011 Budget which equals a 0.95% percent change. Ralph stated the Estimated Average Tax Rate Per \$1,000 of Assessed Valuation projected for 2011-2012 is \$18.51 which is a \$0.87 or 4.95% change from the 2010-2011 Budget. Ralph stated that even though the District continues to struggle with declining interest rates, we are still keeping less than ½% on the dollar. In the past we have used the interest earning to support programs. It is very important to understand that this is the third year of the recession and because of the recession the District has seen many reductions in programs, services and personnel. It is very disheartening why you look at the changes that have occurred over the past three years. We have cut nearly 100 positions in three years, yet we have nearly the same number of schools and students in the schools, but less teachers.

Ralph stated if the necessary program modifications and position eliminations were not made, the \$10,966,674 deficit would have required an approximate 35% increase in the property tax levy. Ralph stated the 2011-2012 Budget Proposal consists of a Total Proposed Budget of \$69,329,181, a Spending Increase of 0.95% (+\$655,372), a Tax Levy Increase of 4.95% and an Estimated Average Tax Rate Increase of 4.95%

The Five-Year Budget Forecast: Budget Gap Projections for the years 2009-2010 through 2015-2016 was reviewed. Ralph stated the District expects to use approximately \$4 million from reserves to balance the current year's budget. The amount may be greater or lower depending on revenues and expenses by June 30, 2011. Ralph stated the Maximum Anticipated Revenues of \$69.3 includes a one-time grant of \$1.75 million from the federal jobs legislation approved in August 2010 and the use of approximately \$4.3 million from reserves to balance the 2011-2012 budget.

Ralph reviewed the Ten-Year Staffing and Enrollment Information for the years 2001-2002 through 2011-2012 with the employee count being at 695 and student enrollment figures at 4,550 with estimated employee count at 660 and student enrollment at 4,326 for 2011-2012.

Ralph reviewed the Budget and Tax History including the Spending, Tax Levy and the Tax Rate from the years 2002-2003 through 2011-2012. Ralph stated the tax levy is the only figure that the District controls in setting the tax rate.

Board President Brian Lynch thanked Dr. Marino for a very thorough presentation. Brian stated he appreciates the efforts that were taken in putting this budget together due to the changes requested from the Board at the last Board Meeting. He stated he is very happy that we were able to restore over \$1million in Programs and Services along with the reduction of the Tax Levy. We are looking for a balanced budget and Dr. Marino and the Administrative Team has done an amazing job getting one for us to present to the taxpayers on May 17th.

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Ralph reviewed the New York State School Report Card for Fiscal Accountability 2008-2009 (most current data published by New York State). He stated that Instructional Expenditures Per Pupil for General Education is \$8,597 and Special Education is \$16,682 and the total Expenditures Per Pupil is \$15,141 in comparison to similar school districts at \$17,709 and New York State at \$19,381. Ralph stated that per New York State, Total Expenditures Per Pupil include District expenditures for classroom instruction, transportation, debt service and district-wide administration.

Ralph reviewed the Tax Rate Comparison and History for the years 2006-2007 through 2010-2011 of Horseheads, Elmira, Elmira Heights and Corning-Painted Post. He also reviewed proposed budgets for New York State school districts with similar enrollment (plus or minus 100 students) along with a Statewide Budget Comparison of Horseheads with the Statewide Average.

Three Propositions on the Ballot

Superintendent Ralph Marino presented the three propositions that will be on the ballot on May 17th. Proposition No. 1 is the Adoption of the 2011-2012 Budget in the amount of \$69,329,181. Proposition No. 2 is for the Purchase of Busses(5) for Delivery During the 2012-2013 School Year. Proposition No. 3 is for the Capital Reserve Fund Expenditure of \$650,000 for the construction, repair and reconstruction and related expenses of a new roof for the Gardner Road Elementary School Gym/Cafeteria, the replacement of two broilers at Gardner Road Elementary and completion of the Village mandated installation of back-flow prevention on the water service entrances at the Gardner Road, Ridge Road and Broad Street Schools.

Election of Members to the Board of Election

The following candidates will appear in the following order on the on the May 17th Ballot for election of members to the Board of Education: Brian Lynch, Pamela Stollo, Rose Apgar and Warren Conklin.

Board of Education Discussion

Linda Watson, Big Flats, inquired as to where the money is coming from for the purchase of the busses. How do we pay for them? Superintendent Ralph Marino stated that the District can go out with five-year bonds to purchase them or if the cash is available go out and pay cash to avoid interest fees. We do not know which we will do yet. If the proposition is approved by the voters, we will work with the auditors to decide what is best for the District. Ralph did state that the District will receive 84% back in State Aid.

Al Dedrick, Horseheads, stated given the limited turnout tonight how do you feel it will impact the turnout at the polls on May 17th? What would happen with a contingency budget if the District goes in that direction? Superintendent Ralph Marino stated right now we are lower than a contingency budget. If the budget fails, then the Board can decide to go to a Contingency Budget where we would have to remove \$1.4 million back out of the budget. This would bring the tax levy down to the 1.5 tax range. Ralph stated that with the current proposed budget no programs are being eliminated but they are

being reduced. However, German had the hardest hit as it will be phased out in 2012-2013. We still have the special area programs but they will be less. Music will either remain at the 4th Grade Level or will start in 5th Grade. The Freshmen Program which was only two programs of sports will be eliminated. The District will be down six teams in our athletic program.

John Warner, Horseheads, inquired as to the amount of State Aid that Horseheads received and how it relates to the purchase of the busses and also what happens to the money that New York State receives from the purchase of lottery tickets? Superintendent Ralph Marino stated the money for Proposition No. 2, Purchase of Busses(5) can be paid for by either going directly out in five-year bonds to purchase them or if the cash is available go out and pay cash to avoid interest fees. We do not know which we will do yet. We will work with the auditors if the proposition is approved by the voters. Once again Ralph stated that the District will receive 84% back in State Aid. Ralph stated the State funding that the District receives supports the teaching and learning component of our education system, supplies and equipment as approved by the Board of Education, our academic programs and our Library system. Ralph stated that education receives a small portion of lottery sales, while a large portion of the lottery sales goes towards general maintenance of New York State's budget

Mr. Warner also questioned the STAR Program and the discount that people under the age of 65 receive. He wanted to know why the figure for the Elmira City School District is different from Horseheads. Mr. Warner stated it is public knowledge that in Southport it is a \$30,000 value home that receives the discount, whereas, in Horseheads it is a \$100,000. Why is this different when it is supposed to be the same across New York State? Superintendent Ralph Marino stated that the STAR Program is a state-wide program that we are required to be part of. Ralph will investigate why the rates are not uniformed for the two school districts.

Dr. Denis Kingsley inquired if mandated relief is a consortium. Superintendent Ralph Marino stated there are state-wide groups that we belong to. We are not seeing any results. We would have at least 120 reports of plans that we would have to file each year which takes a lot of people power and supplies. This is one of the major mandates that Ralph has been seeking a reduction in. The writing of these reports is a financial impact of between \$7-8 million which we are required to do without any funding. Ralph's concern is that if we lessen the number of people we have available we will have to use outside experts for their assistance. As far as transportation is concerned, we are responsible to make sure there is a seat for every child in the District regardless of how many actually ride the bus to or from school.

Pam Jefferson, Horseheads, stated she does not think the District will really feel or suffer being down six teams. The kids are still going to be able to receive the foundation of sports when they enter the Middle School. In the meantime there are community sports that they can participate in. Pam stated that this is progress the District is making not a loss.

Al Dedrick, Horseheads, commented regarding the mandated relief that Cumo is trying to put in place with the property tax cap at 2%. Mr. Derrick stated that one of the District's largest expenses, state pension which the District has no control over has to be paid, and this proposed tax cap will create a tremendous impact on the District's financial status. The District will definitely have to seek revenue elsewhere.

Don Thompson, Horseheads, inquired as to why we would have to have a Contingency Budget when what is being proposed is already below where we should be, yet the tax rate goes up and you are cutting things in the total budget. Superintendent Ralph Marino stated we are below a Contingency Budget because it is based on CPI. We could increase it by 1.69 if the Board decided to do so. To fund a budget that is increased by 0.95%, we need to raise the property tax levy by 4.95%. However, with a Contingency Budget you have to back out of the purchase of equipment, capital construction and the use of allowing outside agencies to use the schools. The spending will be less than the current budget if we back out or if we lose the federal stimulus money or if the governor cuts state aid.

Linda Watson, Big Flats, inquired as to what happens in the area of Capital Improvement if the District ends up with a Contingency Budget? Superintendent Ralph Marino stated that we would still be good because the money is there. It is very important and a necessity to keep our facilities looking good.

Don Thompson, Horseheads, inquired as to the cost of the athletic program, what happens to the money that is made from the ticket sales and what happens with a Contingency Budget. Superintendent Ralph Marino stated the athletic program is about \$500,000 and stated that no program changes if the budget goes down. The Board can leave everything in except for capital improvement, purchase of new equipment and allowing outside agencies to use the buildings. Sports and special areas would be fine. Ralph stated if the budget goes down there are there options, the Board may chose to put the same budget to the voters for a second vote, or present a revised budget with items taking out or go directly to a Contingency Budget. Ralph stated that about \$10,000 a year is made from the ticket sales and this money goes towards expenses such as bussing, coaching, STACC which services almost 1,400 student athletes.

Board President Brian Lynch thanked the Public for attending and for asking some very good questions. The education of the budget and its process is important to all of us and it is great to see so many people in our community take such an interest in it this year.

Questions and Comments from the Public

Board Member Mark Brinthaupt stated it is very unfortunate that there were not very many members from the Public in attendance for tonight's Public Hearing of the 2011-2012 Budget. Mark stated this is probably one of the best Budget Presentations on the Budget he has ever seen and that Dr. Marino needs to be commended for the thoroughness of which he presented the budget to us. It is a shame that there weren't more people in attendance to learn of the history of the budget and where we are at today and why decisions were made the way they were.

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Board Vice-President Michael Buck echoed Mark's sentiments. The Board and most of the people attending know this budget pretty well. However it is the people who have not been in attendance that will go to the polls to vote on May 17th and they are the ones who need to be educated on the budget. It is up to everyone who has been attending the Budget Workshops to get out there and help educate their family, their friends and their neighbors so that the budget will pass.

Board President Brian Lynch thanked Dr. Marino and his Administrative Team for all of the work they have done to provide us with a budget that will go to the voters on May 17th. Brian stated this budget season has been a struggle, but he is very pleased with the budget that will be presented to the public and once again thanked Dr. Marino, his Administrative Team and the Board members for their support in putting this budget together. Brian thanked the members of the public for their contributions through comments and suggestions that were made throughout the Budget Workshops. This is the most involved the public has been and it was nice to receive so much good input this year from everyone involved.

Adjournment

Moved by Brinthaup, seconded by Apgar.

RESOLVED, that the Horseheads Central School District Board of Education Meeting adjourned from the Public Hearing of the Board of Education at 6:49 PM.

<u>Ayes</u>	<u>Noes</u>	<u>Absent</u>
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Apgar

Brinthaup

Buck

Holleran

Jacobus

Lively

Lynch

Miller

Strollo

MOTION CARRIED

Respectfully Submitted By:

Candy L. Maine,

Candy L. Maine, District Clerk