

**Horseheads Central School District  
Budget Workshop of the Board of Education  
Erin Town Hall  
March 8, 2012**

**Present:** Buck, Conklin, Jacobus, Lively, Lynch, Miller, Stollo

**Also Present:** Bailey, Brock, Christiansen, Donahue, Hillman, Holloway, Marino, McDonough, Moyer, Scaptura, Sotero, Squires, Williams

**Absent:** Brinthead, Holleran

**Call to Order:** President Lynch called the Workshop to order at 6:00 PM

**Board President's Remarks:**

Board President Brian Lynch thanked the Town of Erin for hosting tonight's meeting and welcomed everyone to the second Budget Workshop of the year. Brian explained the guidelines and format of the Workshop as per Board Policy 2370: Public Participation at Board Meetings for Board of Education Community Budget Meetings. He further explained that the Superintendent will present an update of the 2012-2013 School Budget consisting of a Reserve Fund Report, 2008-2011 Overview, Review of the Property Tax Cap Worksheet, 2012-2013 Budget Figures including State Aid, Revenue and Expense Projections as of March 8<sup>th</sup>, the 2012-2013 Preliminary School Budget, 2011-2012 Retirements(21 Positions), Central Office Restructuring Proposal, the Proposed Budget and Five-Year Budget Projection as of March 8th. There will be an opportunity for the Board to ask questions at the end of the presentation and then the floor will be open to the public for comments/questions at the conclusion of Dr. Marino's presentation. Brian stated the guidelines for the Public Comments including to state your full name, address and to conduct yourself in a civil manner.

**Preliminary 2012-2013 School Budget Presentation**

Superintendent and Acting School Business Administrator Dr. Ralph Marino welcomed everyone to the second Budget Workshop of the year. Ralph stated it is very important for the people to understand what has occurred in the District during the past four years and that things will continue to change. We are now in the fourth year of the significant economic downturn in our country and state. We have been working very hard to keep programs intact, but people need to realize that actions we take as a Board are necessary as the situation in the economy is becoming pretty routine. Ralph stated that total reductions since May 2009 equal \$9,310,476, broken down as follows: May 2009 - \$2,299,659, May 2010 - \$2,806,905 and May 2011 - \$9,310,476. Ralph stated this is the first year that the federal stimulus money has expired. The economic reality is that we are in a mode of reducing and are not able to change it. Things have not been the same since 2006 and they won't be again. If we are going to service our students successfully in the long term, we have to look at the way we are going to do business and do it differently. Considering everything we have gone through, we continue to have strong academics, athletics and art programs here in Horseheads.

Ralph stated that the New York State School Boards Association has identified "the new 3Rs" as Reducing, Restructuring and Redesigning and that the District is committed to preserving "the 3A's"(Academics, Arts and Athletics) as much as possible. Ralph firmly believes that we need to really focus on restructuring and redesigning because the old model will not work due to the fact that the funding isn't there to support it. We need to become very creative to redesign our system to ensure our students will continue to receive a solid education.

Dr. Marino reviewed the Property Tax Levy Cap Worksheet as of March 8, 2012. Ralph stated the tax cap formula is a very complex formula. The maximum allowable levy growth factor is 2%, but there are several exemptions a District must factor in to determine the maximum allowable tax levy increase. In Horseheads' case, that increase is 3.85%. This is the maximum the tax levy can increase with a simple majority vote by the taxpayers. The District is awaiting final guidance documents from the New York State Education Department and Comptrollers' Office for the tax levy cap calculation. Dr. Marino stated that we do not control the Tax Base Growth Factor. This is a number that is given to us by the State and is specific to our school district. He also stated that the Base Year Levy plus PILOTs are numbers that fluctuate. This is an incentive for businesses to build in our school district and is payment in lieu of school taxes. As of today the PILOTs are about \$740,000. Ralph stated that the 2011-2012 tax levy was \$32,441,675 with a proposed 2012-2013 at \$33,690,645 which is an increase of \$1,248,970 or 3.85%. State Aid projection with the Governor's proposal as of today is \$26,557,829 an increase of \$602,785 or 2.32%, whereas, last year's was \$25,955,044. Ralph noted that in 2006-2007 the District received \$26,996,403 in total state aid. Even with this current proposed increase we are still receiving less state aid than six years ago. Also, the District's share of the New York State Lottery Revenue(approximately \$4.5million in 2011-2012) is included in our total state aid.

Dr. Marino presented the 2012-2013 Budget figures. Ralph stated the total Revenue Projections as of today are \$64,180,680, Expense Projections total \$69,744,389, an increase of \$415,208 or 0.59% whereas last year's, 2011-2012 with voter-approved budget was at \$69,329,180. Dr. Marino stated that the deficit for the 2012-2013 Preliminary School Budget is a negative \$7,079,894. Ralph noted that for the current school year the District used \$5,295,000 from District reserve funds and \$1,745,980 from the Federal Jobs Bill Grant to balance the budget. Ralph noted that the Federal Jobs Bill expires in June which will affect many positions. State Aid Projections as of today with the Governor's Proposal is \$26,557,829 which is an increase of \$602,785 or 2.32%. In 2006-2007 the District received \$26,996,403 in total state aid. We are receiving less than we did six years ago.

Dr. Marino presented the 2012-2013 Preliminary School Budget as of March 8, 2012, with Total Expenses at \$69,744,389, Total Revenues at \$64,180,680 with a Deficit of -\$5,563,709. Ralph stated it should be noted that the District used \$5,295,000 from District Reserve Funds and \$1,745,980 from the Federal Jobs Bill Grant to balance the budget.

Dr. Marino reviewed the 2011-2012 Retirements(21 positions) providing the District with a Savings of \$291,235 due to 14 positions being replaced for 2012-2013 at a lower salary. Ralph stated 7 positions(2 Elementary Teachers, 3 Teaching Assistants, 1 Bus Driver and 1 School Monitor) will not be replaced for the 2012-2013 school year which will give the District a savings of \$204,402.

The three unfilled Teaching Assistant positions that were unfilled in the 2011-2012 Budget can be eliminated which will give the District a savings of \$45,248.

Dr. Marino reviewed the Central Office Restructuring Proposal with the changing of the title of Assistant Director of Student Services to Assistant Director of Elementary and Secondary Education. This would result with the Director of Student Services overseeing the CSE Chair, PreSch-5 and CSE Chair, ASD Cons/6-12.

Dr. Marino reviewed the proposed 2012-2013 Budget and the Five-Year Budget Projection as of March 8, 2012.

### **Board of Education and Public Questions and Answers Regarding the Presentation**

#### **Questions and Comments from Board Members**

Board President Brian Lynch thanked Dr. Marino for putting together the power point and describing in depth the Tax Cap which is a very complicated and challenging piece of information to understand. Brian also thanked Dr. Marino for trying to maintain as much of the "3 A's" as possible. On behalf of the Board, Brian stated the Board is very proud of the "3 A's" that Horseheads has and we want to keep the brand intact. Despite the fact that there are many items in the budget that we cannot control, such as the price of gasoline, the purchase of voting machines and the amount of State Aid we receive, Dr. Marino has done an exceptional job providing the Board with a Preliminary 2012-2013 School Budget that will maintain the brand of the District and at the same time prevent the District from having to layoff employees or reduce programs or services. Brian stated keeping the expenditures under 1% is amazing. He is truly appreciative of everything Dr. Marino has done to create this Preliminary Budget.

Board Vice-President Dr. Michael Buck inquired as to the exact amount of Reserves we have at this time. Dr. Marino stated \$11.5 million is all the District has left. Dr. Buck inquired if we are allowed to use 4% of our annual budget. If so, we will have about \$4million to roll forward for the 2013-2014 school year. In order to keep some type of fiscal solvency, Dr. Buck would like us to be able to maintain this amount. Board President Brian Lynch stated last year we had a total of \$7million from Reserves and this year we are only requesting \$5million. We are certainly going in the right direction. We are closing the gap and keeping the expenditures under 1%. Dr. Buck stated it is time that we move on from reducing the figures and come up with a plan on how to redesign and restructure the details for producing students for the work force. We need to stop reducing in the classroom as we don't want to start to cut into the "3 A's." Horseheads is very fortunate as we have a window where we have time that other districts don't have to continue to work on the gap in expenses and at the same time provide quality education to our students. Dr. Buck stated he is in favor of using the \$5million this year and \$4million next year as long as we come up with a plan focusing on how to restructure and redesign so that we are able to maintain our District's brand and a quality education for the students.

Board Member Pam Strollo stated she truly appreciates all of the work that Dr. Marino continues to do to preserve as much of the "3A's" as possible. It is critical as we move forwards that we continue to do this. Pam stated that she sent her

Cont'd

yearly letter to the legislatures citing the importance of State Aid and how it affects the different aspects of educating our children. She encouraged the public and the Board to send letters to the legislatures also. Board Vice-President Michael Buck commended Pam for taking the initiative to write to the Legislatures. Pam stated that as things become tougher regarding the competitiveness of the students to reach their dreams, it is imperative that the cut in State Aid decreases. We have to try to do everything we can in our capability of preserving the “3A’s.” Pam stated even though we will get through this hurdle we still are not out of the woods yet. We still need to look towards the future and plan for it as the economy will continue to provide us with challenges.

**Questions and Comments from the Public**

Felix Kapron, 310 Harris Hill Road, Big Flats, stated he strongly agrees with Vice-President Dr. Michael Buck’s comments focusing on restructuring and redesigning. The efficiency of education needs to be improved as the District move forwards. He inquired as to the status of the Health Care Issue in the District. Last year it was mentioned that there may be changes to the employees’ Health Insurance and inquired if it was followed through. Superintendent Dr. Marino stated that during the past year, the District has been in negotiations with various employee units and to date there are a number of employees who are paying more towards their insurance. The District is currently in negotiations with the remaining units to do the same. This change in the Insurance with the employees contributing more for their health care has really helped us with the budget. Dr. Marino stated he truly appreciates the employees understanding how important it is that insurance benefits had to change. He is very happy with the progress that has been made as it reflects on the growth of the budget.

**Final Board of Education Discussion and Questions**

Board Member John Lively stated that at the previous Budget Workshop, we had discussed that we were in agreement to take \$5million from the Reserves. Was there a full consensus of the Board with this decision? Board President Brian Lynch asked each Board member individually for their viewpoint.

Moved by Miller, Seconded by Lively.

RESOLVED, that the Horseheads Central School District Board of Education is in favor of using \$5million in Reserves towards the 2012-2013 School Budget in order to maintain the programs that the District currently has.

Ayes	Noes	Absent
		Brinthaupt

Buck  
Conklin

Holleran

Jacobus  
Lively  
Lynch  
Miller  
Strollo

MOTION CARRIED

Board Vice-President Dr. Michael Buck stated that he is not truly happy with this decision, but he will support it. His rationale is that his fear is in two years will the District have to amputate programs because of using the money that is in Reserves this year and next year. Once again, Dr. Buck stressed the importance of coming up with a plan on how to redesign and restructure what we have and

slowly get away from reducing. We need to have a new approach other than to continue to cut in the classroom so that our brand stays intact and the “3A’s” are preserved. Board President Brian Lynch stated he is in full agreement with Dr. Buck. It is imperative that we look at redesigning and restructuring what we have as we don’t want to lose the integrity of the District or even think about bankruptcy as other districts have had to consider. We need to come up with a plan now and move forwards with it.

Board Member Ruth Miller stated she is in full support of taking the \$5million from the Reserves as long as we charge ourselves with a goal on how we plan to restore and redesign what we have.

Board Member Jim Jacobus stated a couple of years ago we looked at the budget figures and thought that at this point in time we would be close to being non-existent, however, we have done a great job at reducing the budget so that we are able to continue to provide a solid education to our students. We want to look at what we can do to have the school district continue to run more efficiently and at the same time maintain as much as we can this year and use the \$5million to ensure this continues next year.

Board Member Warren Conklin inquired if at some point in the future something will be coming from the District explaining why it is legal to have 3.85% when it has been noted in the news the tax cap is 2%. Dr. Marino stated that he has been working on writing an article explaining the Tax Cap that will go in the District newsletter.

Board President Brian Lynch thanked everyone for attending tonight’s workshop. He stated this is another challenging year and trying to explain the tax levy cap is a very difficult task; however, Dr. Marino has done an excellent job in doing so tonight and it is imperative that we explain this to our friends and family so that they understand why we are asking for a 3.85% increase. It is important that people understand that not every district has the same number. The next Community Budget Workshop will be held at Broad Street School at 6:00 PM on April 4<sup>th</sup>.

### Adjournment

Moved by Miller, seconded by Jacobus.

RESOLVED, that the Horseheads Central School District Board of Education Meeting adjourned from its Budget Workshop of the Board of Education at 6:47 PM.

<u>Ayes</u>	<u>Noes</u>	<u>Absent</u>
Brinhaupt		
Buck		
Conklin		
		Holleran
Jacobus		
Lively		
Lynch		
Miller		
Strollo		
MOTION CARRIED		

Respectfully Submitted By:

***Candy L. Maine***, Candy L. Maine, District Clerk

