

**Horseheads Central School District
Budget Workshop of the Board of Education
Broad Street School Cafeteria
April 4, 2012**

Present: Brinthaupt, Buck, Conklin, Holleran, Jacobus, Lively, Lynch, Miller, Strollo

Also Present: Christiansen, Donahue, Hillman, Holloway, Marino, Moyer, Scaptura, Williams, Woodworth

Absent:

Call to Order: President Brian Lynch called the Workshop to order at 6:02 PM

Board President's Remarks:

Board President Brian Lynch welcomed everyone to tonight's Budget Workshop. 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. Brian 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 April 4th, the 2012-2013 Preliminary School Budget, 2012-2013 Proposed Budget and Five-Year Budget Projection as of April 4th. 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 third and final Budget Workshop of the year. Ralph stated a lot has transpired since the first Budget Workshop, most important the State now has a budget. 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 April 4, 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 \$750,000. Ralph stated that the 2011-2012 tax levy was \$32,441,675 with a proposed 2012-2013 at \$33,548,942 which is an increase of \$1,107,267 or 3.41%. State Aid projection with the Governor’s proposal as of today is \$27,136,361 an increase of \$1,162,112 or 4.47%, whereas, last year’s was \$25,974,249. 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 \$69,511,671, Expense Projections total \$69,511,671, an increase of \$182,491 or 0.26% 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 zero. 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 which is how we made the budget work. Ralph noted that the Federal Jobs Bill expires in June which will affect many positions.

Dr. Marino reviewed proposed reductions for 2012-2013 which total \$1,688,676. Dr. Marino reviewed the proposed 2012-2013 Budget and the Five-Year Budget Projection as of April 4, 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 presenting an excellent, very comprehensive and detailed budget presentation. Brian stated that this is the final Budget Workshop and the Board needs to tell Dr. Marino if they are comfortable with the proposed 2012-2013 School Budget as we need to approve the budget in two weeks. Brian also thanked Dr. Marino for trying to maintain as much of the “3 A’s” as possible.

Brian stated it is fortunate that the State came up with a little more money which will help us maintain another \$1.7 million in reductions, however, this increase is still less than where we were five years ago. With an eight years lapse of maintaining the same amount in State Aid, there will still be a huge gap in next year's budget. With the added expense of the voting machines and paper ballots, it will set us back even further as we plan for the 2013-2014 school year. It is excellent that we are able to share expenses with other Districts and moving away from the use of printers will be a huge savings for us. Brian stated that it should be noted that in the past, we would make about \$1.5 or \$1.8 million in revenue and now we are at about \$200,000 which is a dramatic cut which impacts us about \$1million a year. 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 he is in full support of the proposed 2012-2013 School Budget and is truly appreciative of everything Dr. Marino has done to create this Preliminary Budget.

Board Member Mark Brinthaup stated this is one of the best Budget presentations he has seen in years and he is most appreciative of the time and effort Dr. Marino put into it. Mark stated he is concerned what the impact of the local media sources as they are indicating anticipated reductions and BOCES services at \$600,000. If this occurs, how will it affect our services? Also, how will the expense of the voting machines affect this year's budget and future budgets? Mark stated it is absurd to think that we would have to purchase voting machines. Mark stated we need to encourage the legislatures to support a bill that is being proposed to allow districts to use the old machines for another year. Dr. Marino stated the BOCES budget is less this year; however, the school districts have until May 1st to lock into it. If a District chooses not to lock into the budget, then there will be the ripple affect among those that do.

Board Member John Lively stated he is still trying to understand the changes from the last Budget Workshop in terms of the State Aid and Tax Levy Cap. Dr. Marino stated the State Aid is approximately \$570million, however; the Pilots continue to change everyday which means the tax levy will change. Dr. Marino stated at the last Budget Workshop the amount of State Aid was still an unknown, the expense items also changed because we did not have the actual figures from BOCES, we also didn't have the expense of the rental of voting machines, which impacted the overall budget. The renting of the voting machines changed the budget by \$75,000. Ralph emphasized the numbers are fluid and are definitely changing.

Board Member Jim Jacobus asked for an update on the EBALR and if we are going to tap into it again for this budget. Dr. Marino stated he is waiting to hear from the Comptroller's Office. After he hears from the Comptroller's Office he will report back to the Board.

Questions and Comments from the Public

Final Board of Education Discussion and Questions

James Schoonover, 13 Rosewood Avenue, stated he is a student at the High School and is involved in the Marching Band. He expressed the importance of music and arts and stated how much music has impacted the lives of the

Cont'd

students at the High School. He pleaded with the Board if numbers need to be cut in the budget, please realize how important music is to the students. Board President Brian Lynch stated that hopefully the budget will pass as it has been presented tonight and the Board will not have to revise the figures. At this point in time there isn't a plan to cut any of the music or art programs. Brian thanked James for sharing his viewpoints. Superintendent Dr. Marino stated that the music and arts programs are still intact; however, they are not the same as they used to be. We have a director who has a set amount of money in the music budget and it is up to him how he wishes to use it. There is money for competitions and money for consultants but not as much money as there used to be. Ralph emphasized that even though the Board may approve the tentative budget it is up to the taxpayers to pass it.

Brad Lytle, 2227 Grand Central Avenue, inquired if this presentation is going to be made available to the public. Dr. Marino stated it will be on-line tomorrow. Brad stated he appreciates all the work that Dr. Marino and the Board does to ensure a quality education for the students in the Horseheads Central School District. He also stated that after hearing the history of the budget, as a taxpayer, he is particularly interested in one of the three R's that were presented, reducing the budget. He stated that it cannot continue to go up when there are a lot of people in the area who are on a limited income. The Board cannot expect the taxpayers to continue to approve a 3.4% increase in taxes. Board President Brian Lynch stated that we are proposing to fill two administrative positions as half-time positions(savings of \$200,000) as one of the ways to reduce the budget. We are looking at ways to continue to reduce the budget but at the same time we need to keep the programs intact so that we are able to continue to keep people moving to our area and at the same time keep the taxpayers happy. It may be a little more than a 2% increase this year. Dr. Marino stated we are \$5million less with State Aid and yet we are striving to keep the Horseheads brand intact.

Final Board of Education Discussion and Questions

Board Member Mark Brinthaup commented in regards to Board Member Lively's question regarding the Tax Levy Cap and Tax Rate. In the Ten Year Presentation that Dr. Marino presented, the difference is shown in great detail. If you go back and review them, you are able to track the changes over the years. Dr. Marino stated that Horseheads is one of the few districts in the State of New York where our property rates continue to increase even though we are in a recession which results with people in the community becoming upset. Mr. Lytle inquired as to what the tax rate is if the levy is 3.41%. Dr. Marino stated that we are not there yet. It will get locked in during the middle of August when we receive the final assessment rolls. If everything stands the same, it is 3.41% but it will not happen because our wealth has skyrocketed as a community. The key information we receive from Big Flats and Horseheads(because they are the biggest communities) is when the final figure will be determined. Also, we do not know the number of people who are challenging their assessments when they come out in a few weeks. In the past litigations by businesses totaled \$1.9million. Due to these unknown factors at this point, we only know what the possible overall tax levy will be.

Board President Brian Lynch thanked Dr. Marino, the Finance Committee and the Board for working with Dr. Marino to present a Preliminary 2012-2013 Budget that the Board will vote on at its Special Business Meeting on April 18th at the High School, Multi-Media Center. Brian stated the Proposed Budget will go to the taxpayers on May 15th for a Budget vote.

Adjournment

Moved by Jacobus, seconded by Holleran

RESOLVED, that the Horseheads Central School District Board of Education Meeting adjourned from its Budget Workshop of the Board of Education at 6:50 PM.

<u>Ayes</u>	<u>Noes</u>	<u>Absent</u>
-------------	-------------	---------------

Brinthaupt

Buck

Conklin

Holleran

Jacobus

Lively

Lynch

Miller

Strollo

MOTION CARRIED

Respectfully Submitted By:

Candy L. Maine,

Candy L. Maine,
District Clerk