

Community Budget Workshop

Big Flats Community Center

March 7, 2013

Preliminary 2013-14 School Budget



Horseheads Central School District

The business of educating children...difficult times, difficult decisions. 

Where have we been since 2008?

We are in the fifth year of the economic downturn in our country and state. The Horseheads district has been working for the last five years to combat the downturn while continuing to provide our children with a quality education.

Summary of Reductions 2009-2012

- Eliminated **121 positions** (through retirements, resignations, and layoffs)
- Reduced department/building budgets 37.5% (with a plan to reduce these budgets by another 25% next year)
- Reduced general education and foreign language instruction in grades 7-12 and special area instruction (art, music, physical education, library) in grades K-6
- Eliminated programs including Student Transition and Recovery (STAR) program, K-12 intramurals, German instruction, BOCES GED and Alternative Education programs, Middle/Intermediate School Resource Officer program, freshmen athletic teams
- Reduced total district budget by **nearly \$11 million** in 4 years

Reductions since May 2009

May 2009	\$2,299,659
May 2010	\$2,806,905
May 2011	\$4,203,912
May 2012	<u>\$1,688,676</u>
Total	\$10,999,152

State Aid Projection

as of 3/7/2013

2012-13	\$26,724,730*
2013-14	\$27,131,033

Increase of **\$406,303** or **1.52%**

Note: In 2007-08, the district received \$28,436,680 in total state aid. In spite of the increase next year, we are still receiving less state aid than six years ago.

* The district's share of NYS lottery revenue is included in our total state aid. In 2012-13, this amount was approximately \$5.2 million.

Gap Elimination Adjustment

Reduction in State Aid through GEA:

2010-2011	\$6,143,975
2011-2012	\$5,822,295
2012-2013	\$5,048,275
2013-2014 *	<u>\$4,630,744</u>
Total 4-year reduction	\$21,645,289

*Governor's Proposal

Property Tax Levy Cap Calculations as of 3/7/13

NYS Comptroller's Property Tax Cap Form

(Chapter 97 of the Laws of 2011)

Tax Levy Limit (Cap) Before Exclusions:

Tax Levy Fiscal Year Ending (FYE) 6/30/13	\$33,548,942
Tax Base Growth Factor (per state)	<u>x 1.0072</u>
	\$33,790,494
PILOTS Receivable FYE 6/30/13	<u>+ \$750,504</u>
	\$34,540,998
Capital Tax Levy for FYE 6/30/13	<u>- \$1,084,699</u>
	\$33,456,299
Allowable Levy Growth Factor (2%)	<u>x 1.02</u>
	\$34,125,425
PILOTS receivable FYE 6/30/14	<u>- 925,134</u>
Total Tax Levy Limit Before Exclusions	\$33,200,291

continued

Property Tax Levy Cap Calculations, continued

Exclusions:

Capital Tax Levy for FYE 6/30/14 \$952,638

Tax Levy Necessary for Pension Contribution Expenditures caused by growth in the system average actuarial contribution rate (ERS) or normal contribution rate (TRS) in excess of 2 percentage points:

Employees Retirement System (ERS) + \$0

Teachers Retirement System (TRS) + \$562,453

Total Exclusions **\$1,515,091**

continued

Property Tax Levy Cap Calculations, continued

Total Tax Levy Limit Before Exclusions	\$33,205,348
Total Exclusions	<u>+ \$1,515,091</u>
Total Tax Levy Limit	\$34,715,382
2013-14 Property Tax Levy Limit	\$34,715,382
2012-13 Property Tax Levy	<u>- \$33,548,942</u>
Proposed Increase, 2013-14 school year	\$1,166,440

Total Maximum Property Tax Levy under the law, with simple majority vote

2012-13 (voter-approved tax levy)	\$33,548,942
2013-14 (proposed as of 3/7/13)	\$34,715,382

Increase of **\$1,166,440** or **3.47%**

Revenue Projections

as of 3/7/2013

State Aid	\$27,131,033
Preliminary Maximum	
Property Tax Levy (simple majority)	\$34,715,382
Use of reserve funds	\$?
Other Sources*	<u>\$ 3,244,733</u>
Total Revenue (as of 3/7/13)	\$65,091,148

Note: For the current school year, the district assigned \$5,075,000 from district reserve funds.

* "Other" includes rent, interest earnings, gate receipts, donations.

Expense Projections

as of 3/7/2013

Total School Budget:

2012-13 (voter-approved budget)	\$69,511,671
2013-14 (proposed as of 3/7/13)	\$72,689,132

**Projected Increase of \$3,177,461
or 4.57%**

2013-14 Proposed School Budget

as of 3/7/2013

- Total Expenses \$72,689,132
- Total Revenues -\$65,091,148
(Includes 1.52% state aid increase
and 3.47% proposed property tax
levy increase with simple majority vote)
- Deficit \$7,597,984

Budget Breakdown

Budget Category	2012-13 Adopted Budget	2013-14 Proposed Budget	Dollar Change	Percent Change
Board of Education/Central Admin	1,368,354	1,290,464	(77,890)	-6%
BOCES	8,978,917	10,198,988	1,220,071	14%
Instruction	27,016,823	27,201,396	184,573	1%
Facility	4,050,605	3,549,781	(500,824)	-12%
Technology	195,972	216,040	20,068	10%
Transportation	2,752,860	2,537,061	(215,799)	-8%
Census	11,000	-	(11,000)	-100%
Benefits	20,792,397	23,279,980	2,487,583	12%
Debt Service	3,480,743	3,001,422	(479,321)	-14%
Transfers to Capital and Special Aid	864,000	1,414,000	550,000	64%
Totals	\$69,511,671	\$72,689,132	\$3,177,461	4.57%

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Safety/Security Project

Summer 2014

	Secured Entryways	Classroom Door Security Locksets	Building Total
High School	\$130,000	\$49,200	\$179,200
Middle/Intermediate	\$246,000	\$46,200	\$292,000
Big Flats	\$127,000	\$18,000	\$145,000
Center St	\$86,000	\$17,400	\$103,000
Gardner Rd	\$69,000	\$18,000	\$87,000
Ridge Rd	\$100,000	\$16,200	\$116,000
Total	\$758,000	\$165,000	

Total Construction Cost	\$923,000
5% Design Contingency	\$46,150
10% Construction Contingency	<u>\$213,213</u>
Total Project Cost	\$1,279,278

Safety/Security Project Summer 2014

-- 100% of the project is eligible for State Aid --

Project Cost	\$1,279,278
82.9% Building Aid	<u>\$1,060,521</u>
District Local Share of Cost	\$ 218,757

Included in 2013-14 Expense Projections is an additional \$500,000 for total of \$1,300,000 for Capital Expenditures.

Mandated NYS Pension Contributions

Percentage of salaries

Year	Teachers Retirement System (TRS)	Employees Retirement System (ERS)
2013-14	16.25%	20.9%
2012-13	11.84%	18.9%
2011-12	11.11%	16.3%
2010-11	8.62%	11.9%
2009-10	6.19%	7.4%
2008-09	7.63%	8.5%
2007-08	8.73%	9.6%
2006-07	8.60%	10.7%
2005-06	7.97%	11.3%
2004-05	5.63%	12.9%

Rates are set by New York State and are mandated for all public school districts.

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Cost savings/additional revenue

Savings through retirement/resignation incentives:

9 retirements/resignations – positions not to be filled 3 elementary teachers, 3 bus drivers, 1 secondary teacher, 1 teaching asst, 1 clerical	\$ 360,849
8 retirements – positions to be filled but at lower salaries 3 bus drivers, 2 clerical, 1 resource room teacher, 1 special education teacher, 1 speech therapist	<u>\$ 139,111</u>
Total savings:	\$ 499,960

Proposed use of fund balance and reserves:

General Fund	\$4,500,000
Safety and Security Project	\$ 500,000
Tax Reduction	<u>\$ 75,000</u>
Total use of fund balance/reserves:	\$5,075,000

Remaining Deficit

With cost savings/additional revenue

Deficit	\$7,597,984
Savings through retirements/resignations	-\$ 499,960
Use of fund balance/reserves	<u>-\$5,075,000</u>
Remaining deficit:	\$2,023,024

Two Property Tax Cap Scenarios

	<u>6.47% Tax Cap*</u>	<u>3.47% Tax Cap**</u>
Projected Revenue	\$66,098,679	\$65,091,148
Use of Reserves	\$ 5,075,000	\$ 5,075,000
Projected Expenses	\$72,689,132	\$72,689,132
Deficit	(\$1,515,453)	(\$2,522,984)
Incentive Savings	\$ 499,960	\$ 499,960
Potential Revenue	?	?
Needed to balance	<u>\$1,015,493</u>	<u>\$2,023,024</u>

* *Supermajority vote needed (60%)*

** *Simple majority vote needed*

Five-Year Budget Projection as of 3/7/13

	<u>Actual</u> 2011-12	<u>Estimated</u> 2012-13	<u>Projected</u> 2013-14	<u>Projected</u> 2014-15	<u>Projected</u> 2015-16	<u>Projected</u> 2016-17	<u>Projected</u> 2017-18
Property Tax Levy	\$32,312,697	\$ 33,547,932	\$ 34,715,382 (↑ 3.47%)	\$ 35,409,690 (↑ 2%)	\$ 36,117,884 (↑ 2%)	\$ 36,840,341 (↑ 2%)	\$ 37,577,046 (↑ 2%)
State Aid	\$25,879,219	\$ 26,374,414	\$ 27,131,033 (↑ 1.52%)	\$ 27,673,654 (↑ 2%)	\$ 28,227,127 (↑ 2%)	\$ 28,791,670 (↑ 2%)	\$ 29,367,503 (↑ 2%)
Fund Balance and Reserves	(See deficit below)	(See projected deficit below)	?	?	?	?	?
Other Revenue	\$3,613,022	\$ 3,251,416	\$ 3,244,733	\$ 3,244,733	\$ 3,244,733	\$ 3,244,733	\$ 3,244,733
Total Budget	\$63,915,070	\$ 65,676,431	\$ 72,689,132 (↑4.57%)	\$ 73,416,023 (↑ 1%)	\$ 74,150,183 (↑ 1%)	\$ 74,891,685 (↑ 1%)	\$ 75,640,602 (↑ 1%)
Projected Deficit	\$(2,110,132)	\$(2,502,669)*	\$(7,597,984)	\$(7,087,946)	\$(6,560,439)	\$(6,014,941)	\$(5,181,320)

**The original deficit for fiscal year 2012-13 was estimated at \$5 million. We now estimate it at \$2.5 million.*

Finance Committee Recommendations

for addressing the remaining deficit of \$2,023,024

- Wait until the final state budget is adopted to learn actual state aid amount.
- Adopt a budget with a 3.47% property tax levy increase instead of 6.47% as suggested on February 7 (3.47% increase requires a simple majority).
- Identify targeted program reductions/layoffs to help close part of the remaining budget deficit after the adoption of the state budget (by April 1).
- Appropriate additional monies from reserves to help close part of the remaining budget deficit.
- Do not close any schools this year and allow the Seversky/Hunt Facilities Use/Grade Configuration Study (recommendations to find \$5 million in annual cost savings) to be completed in July 2013.
- Give an updated budget presentation at the March 28 Board of Education meeting.

Board Discussion and Questions

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Public Comments and Questions

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Any Further Board Discussion or Questions

Upcoming Dates

- March 28 Board of Education Meeting, Intermediate School, 6pm
- April 11 Board of Education Budget Workshop, Broad Street Building, 6pm
- April 17 Board of Education Meeting, Multi-Media Center, 6pm
The board will vote on adopting the proposed budget at this meeting.
- April 22 Board of Education Candidate Petitions due, Business Office, by 5pm
- April 22 Budget Q&A, Millport Village Hall, 7pm
- April 25 Board of Education Meeting, Multi-Media Center, 6pm
- April 29 Budget Q&A, Horseheads Legion, 7pm
- May 6 Budget Q&A, Erin Town Hall, 7pm
- May 8 Board Candidate Forum, Multi-Media Center, 7pm
- May 21 Budget Vote/Board of Education Election, High School/Big Flats/Ridge Road, 7am to 8pm**

Thank you for attending.

This presentation is on the district website.

Go to www.horseheadsdistrict.com, and click on 2012-13 Budget Information at the right of the page.

Information on the property tax cap law is also in this section.

