

**Horseheads Central School District  
Community Budget Workshop  
Erin Town Hall  
February 4, 2014**

**Present:** Apgar, Boulas, Conklin, Jacobus, Johnson, Lynch, Sadler, Strollo

**Also Present:** Abrunzo, Bostwick, Bradley, Christiansen, Donahue, Hillman, Marino, McDonough, Moyer, Patterson, Scaptura, Williams

**Absent:** Brinthaup

**Call to Order:** Board President Brian Lynch called the Community Budget Workshop to order at 6:00 PM

**Board President's Remarks:**

Board President Brian Lynch welcomed everyone to the first Budget Workshop of the year with the next one being held on March 6<sup>th</sup> at the Big Flats Community Center. 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 School Business Executive Jane Bradley will present the Preliminary 2014-2015 School Budget consisting of a Reserve Fund Report, 2008-2013 Overview, Review of the Property Tax Cap Worksheet, 2014-2015 Budget Figures and Five-Year Budget Projections first. 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 the presentation. Brian stated the final presentation for tonight will be the Board of Education discussing the 2014-2015 Budget Development Process and Parameters followed by comments from the Public. Brian stated the guidelines for the Public Comments include stating your full name, address and to conduct yourself in a civil manner.

**Preliminary 2014-2015 School Budget Presentation**

School Business Executive Jane Bradley presented the Preliminary 2014-2015 School Budget consisting of a Reserve Fund Report, 2008-2013 Overview, Review of the Property Tax Cap Worksheet, 2014-2015 Budget Figures and Five-Year Budget Projections to the Board.

**Reserve Fund Report**

School Business Executive Jane Bradley reported on the Reserve Fund Report noting that as of June 30, 2013, there is a balance of \$17,670 in the Capital Reserve Fund. Jane reported on the Repair Reserve Fund, the Workers' Compensation Reserve, Unemployment Insurance Reserve, Reserve for Tax Reduction, Mandatory Reserve for Debt Service(The District doesn't have.), the Insurance Reserve, Property Loss Reserve and Liability Reserve(The District doesn't have.), Tax Certiorari Reserve(The District is required to pay back if we are not successful in court. We are required to make adjustments to this account before we close the books on June 30<sup>th</sup>.), Reserve for Insurance Recoveries, Reserve for Encumbrances, Reserve for Inventory(The District doesn't have.), Reserve for Employee Accrued Liability has a balance of \$3,495,181, Reserve for Retirement Contribution(ERS only) and Unreserved-Designated Fund Balance Reserves (How our auditors appropriate the money we have.) has a balance of \$2,879,781. Jane provided the Board with the history and the activity in each of the funds.

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**2008-2012 Overview**

School Business Executive Jane Bradley stated we are in our 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. Jane stated the first difficult budget was the 2009-2010 school year with a \$2.3 million in reductions. She stated that administrators and staff have been sacrificing for the past several years.

Jane 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, 13 positions eliminated 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. Jane also reviewed previous reductions of May 2010 which totaled \$2,806,905.00. Some of those reductions included eliminating 17 positions through attrition (retirements and resignations), changed garbage collection service, lowered heat in buildings, 3:30 PM to 6:00 AM and throughout weekends, eliminated food purchase and water coolers (not drinking fountains), eliminated BOCES GED and Alternative Education Programs, eliminated Attendance Teacher Position and MS/IS Community Resource Officer and more. Jane reviewed the previous reductions of May 2011 which totaled \$4,203,912. She stated the reductions include the building/department budgets have been reduced by approximately 22.5%, approximately 70 positions (26 through layoffs and 33 through retirements/resignations) were eliminated, the Teacher Mentor Program was reduced from a three-year program to a one-year program, defunded department chairs, grade level chairs and team leaders, reduced special area instruction (art, library, music, physical education) and computer lab supervision, phased out German instruction for the 2011-2012 school year, defunded approximately 25 extra-curricular stipends, grades K-12, eliminated freshmen athletic teams and combined sports with two teams into one: 7th and 8<sup>th</sup> grade boys' and girls' basketball, boys' soccer and girls' volleyball, reduced BOCES instructional technology services and eliminated the Extended School Year Principal position. Jane reviewed the previous reductions of May 2012 which totaled \$1,688,676. She stated the reductions include the replacement of 14 positions (open due to retirements) at lower salaries, eliminated 7 positions (open due to retirements), eliminated 3 unfilled teaching assistant positions, reduced cost for Unemployment Insurance, Medical Reimbursement Accounts (HR 105), and Workers Compensation and retired the Bus Debt and School Construction Debt. Jane reviewed the previous reductions of May 2013 which totaled \$1,979,333. She stated the reductions include the replacement of 8 positions (open due to retirements) at lower salaries, eliminated 9 positions (open due to retirements), eliminated 16 positions (layoffs), reduced building budgets by 25%.

Overall, Jane stated the total District budget has been reduced by nearly \$13 million in five years.

**Property Tax Cap Worksheet**

School Business Executive Jane Bradley reviewed the Property Tax Levy Cap Worksheet as of February 1, 2014. Jane stated the tax cap formula is a very complex formula. Jane stated the Total Tax Levy Limit before Exclusions is

\$34,304,941 The Total Exclusions are \$898,218 with a Total Tax Levy Limit at \$35,203,159. Therefore, the Proposed Increase for the 2014-2015 School Year is \$680,928 or a 1.97% increase.

### **2014-2015 Budget Figures**

School Business Executive Jane Bradley presented the 2014-2015 Budget figures. Jane stated the total Revenue Projections as of February 1<sup>st</sup> are \$66,300,879, Expense Projections total \$72,658,359, an increase of \$1,017,705 or 1.42% whereas last year's, 2013-2014 voter-approved budget was at \$71,640,654. Jane stated that the deficit for the 2014-2015 Preliminary School Budget is a negative \$6,357,480. Jane noted that for the current school year the District used \$6,075,000 from District Reserve Funds to balance the budget. As of February 1, 2014, State Aid Projection is \$27,694,137(not including UPK Funds). In 2013-2014 State Aid was projected at \$27,798,690(not including UPK Funds) which is a decrease of \$104,553 or -0.37%. Jane stated that it should be noted that eight years ago in the 2007-2008 school year, the District received \$28,436,680 in total State Aid.

### **Five-Year Budget Projections**

School Business Executive Jane Bradley presented the Five-Year Budget Projections consisting of the Property Tax, State Aid, Use of Fund Balance and Reserves, Other Revenue, Total Budget and the Budget Deficit.

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

Board President Brian Lynch thanked School Business Executive Jane Bradley for putting together a very thorough Budget Presentation and for sharing the history of the budget with the Board. He also thanked Superintendent Dr. Ralph Marino and his staff for having the insight in preparing the projections over the past years or we would not be in the shape we are today. Brian stated tonight the Board will have to come to a consensus that will give Dr. Marino guidance as to the direction he should go with the 2014-2015 Preliminary Budget. Brian stated that if we would have received just 2% increase every year over the past 8 years it would have given us over \$5 million, which would have put us down to about a \$1.3 million gap instead of \$6.3 million. It is such a startling number that even a moderate amount of State Aid increase would have really helped our District. Brian stated that the reductions that have occurred throughout the District over the past five years have been very painful but was necessary for keeping us to where we are.

Board Member Doug Johnson stated that the Governor is claiming that there is a \$1 billion surplus and stated over the years that he cannot do anything about the gap. The money is there now so the Governor should put it back in the budgets. The funding surplus was all changed to help address the gap elimination. Now is the time to write the legislators and let them know we need all the money back. The "someday" is "now." Without it the schools throughout the state will be in trouble and the kids are the ones who will suffer.

Board Member David Sadler stated that he echoes Board Member Johnson's comments. He also commented regarding the Governor's idea regarding the Tax Cap for the next two years which may force the local government to make cuts if it comes to past and inquired how will this affect us one to two years down the road.

Board Member Jim Jacobus stated that essentially based on the Five Year Budget Projection we need to find \$6.3 million. If we are to replace it with half of what is coming from Reserves, what would \$3.1 million in cuts look like?

Superintendent Dr. Ralph Marino stated that it would be devastating to the District. There would be a massive reduction in programs, people and services. The Horseheads Brand that we have come to know would no longer be here. Ralph stated that Brian pointed out that over the years we have made the adjustments the best we could so that we could keep the Brand intact. Ralph stated that we are still constructing the budget and will discuss it further at the next Finance Meeting and will bring back current numbers to the Budget Workshop that will be held on March 6<sup>th</sup>. We will receive our State Aid numbers on March 31<sup>st</sup>. Ralph stated at this point all the school budgets are in and they are flat budgets. This means they are the same as last year with no increase, but money may have been moved around throughout their individual budgets. Ralph stated that overall non-salary cuts total 65.75% in the past eight years.

Board Member Jim Jacobus stated that he disagrees with Board Member Johnson regarding the gap elimination. Once the State starts taking funding away it is almost impossible to get it back. It would probably take us a significant amount of time to get the money back at the rate the State is giving it back. Jim stated that he was very angry when the Governor gave us some State Aid and then took it away knowing that we would be lucky if we even saw it again.

Board Member Warren Conklin inquired as to what are we looking to do right now, do we tell Dr. Marino we want to see more cuts as Board Member Jacobus inquired or do we want to use the Reserves or wait until March 31<sup>st</sup> to see what State Aid will be. Dr. Marino stated we were hoping for a positive number for State Aid which did not happen. It is still early yet. In our preliminary conversation we talked about \$5 million vs. \$6 million and what the impact will be to the programs. We put all the pieces together at this point and will continue to work on it and eventually the Finance Committee will make a decision. Ralph stated that we need to keep in mind the property freeze and the implication. Board Member Jim Jacobus also stated that we need to be concerned with the Pre-K Proposal also as we may need some type of Capital Construction to do it. Board President Brian Lynch stated that he is hoping that we do not need to use a lot of the Reserves.

### **Questions and Comments from the Public**

Jim Brink, Fairview Road, Erin, stated that he attends the workshops on a regular basis and has voiced his concern more than once over the years that he is very worried about taking money from the Reserve Fund to balance the budget. Mr. Brink stated that he is worried that the District keeps taking the money out of the fund and eventually there will be no money left. Superintendent Dr. Ralph Marino stated that in the last two budgets, we have used about \$3 million. We work really hard not to use it at all. We have had spending freezes, delayed purchases, have had conversations with Elmira Heights regarding a possible merger, discussed closing schools, etc. Ralph stated that the Board does realize we cannot tax our way out of it and also realizes we cannot continue to fall back on the use of the Reserves. We are trying to do the best we can without exhausting the Reserves. We realize we cannot use them all up which is why we are trying to slow the use of them so that we can figure out where we are going.

**Questions and Comments from Board Members**

Board President Brian Lynch thanked Superintendent Dr. Ralph Marino and School Business Executive Jane Bradley for presenting the Board with a very thorough presentation and for also putting it on the Web. He stated he understands that the budget process is very confusing, is hard to understand as it involves a lot of information that can become very complex and overwhelming at times which is why he appreciates everyone who came to tonight's meeting. Brian stated that the Finance Committee will have some intense discussions as we get more numbers from the State as they continue to construct the budget.

Board President Brian Lynch thanked the Public for attending tonight's Workshop and the Town of Erin for hosting it. He stated that word needs to get out to the Public that there are two more Community Budget Workshops, one on March 6<sup>th</sup>, at the Big Flats Community Center and the final one on April 10<sup>th</sup> at Broad Street School.

**Adjournment**

Moved by Conklin, seconded by Johnson.

RESOLVED, that the Horseheads Central School District Board of Education adjourned from its Budget Workshop of the Board of Education at 6:34 PM.

<u>Ayes</u>	<u>Noes</u>	<u>Absent</u>
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Boulas		
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Conklin		
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Jacobus		
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Johnson		
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Lynch		
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Sadler		
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Strollo		
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MOTION CARRIED

Respectfully Submitted By:

***Candy L. Maine,***

Candy L. Maine, District Clerk

