

**Horseheads Central School District
Community Budget Workshop
Broad Street School Cafeteria
April 11, 2013**

Present: Apgar, Buck, Conklin, Johnson, Lynch, Miller, Stollo

Also Present: Abrunzo, Austin, Bailey, Bostwick, Bradley, Christiansen, Donahue, Holloway, Marino, McCawley, McDonough, Moyer, Patterson, Scaptura, Sechrist, Williams, Woodworth

Absent: Brinthaup, Jacobus

Call to Order: Board President Brian Lynch called the Community Budget Workshop to order at 6:01 PM.

Board President's Remarks:

Board President Brian Lynch welcomed everyone to the third and final Budget Workshop of the year. Brian stated that the Board will hear an update on the Finances for the 2013-2014 Preliminary Budget and next Wednesday, April 17th, the Board will have a Special Meeting to approve the 2013-2014 Budget. 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 an Update on the the Preliminary 2013-2014 School Budget consisting of the Gap Elimination Adjustment, a Reserve Fund Report, 2008-2012 Overview, Review of the Property Tax Cap Worksheet, 2013-2014 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 2013-2014 Budget Development Process and Parameters.

Board President Brian Lynch stated that Board Member Mark Brinthaup and Board Vice-President Pam Stollo were unable to attend tonight's workshop.

Update on 2013-2014 School Budget Planning and Development Process

School Business Executive Jane Bradley presented an update of the 2013-2014 School Budget consisting of the Gap Elimination Adjustment(total four year reduction-\$20,776,070), Summary of Reductions since May 2009(\$10,999,152), State Aid Projection as of April 11, 2013 is \$1,033,937 or 3.86%, Property Tax Cap and Tax Levy limit before Exclusions is \$33,200,291 with a Proposed Increase at \$973,289, the Total Maximum Property Tax Levy increase of \$973,289 or 2.90% with a Deficit of \$1,540,058. Jane stated that the Board Finance Committee met on April 8, 2013, to address the budget in light of this information and recommended that the Board consider layoffs and the use of additional Reserve Funds. Jane stated Revenue Projections total \$65,565,654 and noted that \$5,075,000 is from the District Reserve Funds. Jane stated the total Expense Projections with the Finance Committee recommendations total \$71,765,864 which is a projected increase of \$2,254,193 or 3.24%. Jane stated that with the Total Expenses at \$71,765,864 and Total Revenues at \$65,565,654 which includes a 3.86% State Aid increase and 2.90% proposed Property Tax

Levy increase and 2.90% proposed Property Tax Levy increase (with simple majority vote) there is a deficit of \$6,200,210. Proposed Reductions for 2013-2014 total \$1,979,333, Proposed Use of Fund Balance and Reserves total \$6,075,000, the Remaining Deficit is at \$125,210, the Budget Breakdown at \$71,765,864 which equals a dollar change of \$2,254,193 or 3.24% change and the Five-Year Budget Projections at \$71,765,864 with a projected deficit of \$6.2 million, Safety/Security Project totaling \$1,279,278 with the District Local Share of Cost at \$218,757. Summary of Reductions since May 2009 and the New York State School Report Card for Fiscal Accountability – 2009-2010 were reviewed.

Board of Education Discussion and Questions 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. Brian stated that the Board has to decide tonight if this is the right direction to go or do we want to do something else. Brian stated that he was in attendance at the Finance Committee Meeting while the Committee was discussing what direction to go in regarding the \$1.5 million gap and felt that we could take another \$1 million from Reserves, but felt very uncomfortable going higher and decided to go with the layoffs. Brian stated it is unfortunate that the District is in this situation; however, our District is not alone. Every school district is facing this right now. Brian commended Superintendent Dr. Ralph Marino and his staff for keeping the budget in check and at a low rate. He stated that receiving less State Aid than we did six years ago has really hurt the District. Brian stated that since our last Budget Workshop the Tax Cap Levy has changed from 3.5% to 2.9% which means we have to take more from Reserves. He stated that he is in support of the \$6 million; however, he does have some concerns. Earlier in the school year, we talked about Hunt Engineers and Servosky doing studies for us. We will hear their recommendations in July and will discuss them during the August Board Retreat. Even if they give us a \$5 million fix as a solution for the present, we will still be overspending as we are looking at being \$6 million in the hole. Even the best scenario of \$5 million we are at the threshold going forwards. So, as a Board we need to decide tonight how we want Superintendent Dr. Marino to move forward.

Board Member Dr. Michael Buck inquired to Page 23 of the 2013-2014 Budget Packet stating after having had time to do the math, is this correct amount that we put in for Capital Construction? Also, what is the correct balance of all of our Reserves? Dr. Marino stated yes, this is the amount that we need to complete the Capital Construction. The Reserves is a guesstimate assuming we stick to the budget at \$2.7 million. We are probably at \$16 million. If we appropriate \$6 million, it will leave us at \$10 million. The numbers fluctuate if we take more money out of Reserves.

Board Member Doug Johnson inquired regarding the Remaining Deficit of \$125,201. Is it correct that this is the amount that the administrators need to find by next Wednesday's Board Meeting? Superintendent Dr. Ralph Marino stated this is correct. Ralph stated there will be a Special Meeting on Monday morning with his Team and then with the Finance Committee. Doug stated that it is very hard to make recommendations that will affect the livelihood of the people we are recommending to layoff. He further stated that for now it is the right balance. Ralph stated the potential merger with Elmira Heights and Horseheads is on the

horizon, but we still need to act now. Ralph stated he is in agreement with Brian that we do not know how we can take much more from Reserves. It will take us to the summer when we look at the students and cost savings. Ralph is hoping that administration is able to come up with another \$125,000 to get us where we need to be.

Board Member Vice-President Pam Strollo stated that she is in agreement with everything that has been said. She stated that layoffs are never easy. We have done everything we can to keep it to a minimum number of staff. We are being fiscally responsible as we have approved the Hunt Study, the Study with merging with Elmira Heights and the Transportation Study. Pam stated she is in support of this budget.

Board Member Dr. Michael Buck stated that it was at the November Board of Education Meeting at Center Street Elementary School when we approved the Hunt and Servosky Study. At that time, it was approved as a three-year plan and he urged the Board to make it a one-year plan. There was a disclaimer stating that it could be done. However, the Board chose to go with the three-year plan. During the Board discussion tonight, it sounded as though we may go with a one-year plan. Has there been an official decision that this plan has been changed to a one-year plan as this is the way it sounds? Board President Brian Lynch stated that it has not been changed. The plan was kept flexible because we did not know what the State Aid would be and did not know where we would be later in the school year. We need to see the list that will be presented to us at the July meeting to see if there are things that can be done sooner or that require capital construction. It will be the decision of the Board as to how we want to proceed. There will be a lot of discussion over the summer on this topic. We will also need to seek input from Elmira Heights before any decisions can be made. Board Member Dr. Buck stated that he understands the need for flexibility on how to restructure our District for the potential savings. However, he stated his concern is that he does not know how the two can happen together as these studies will change enrollment, possible reconfiguration of both districts and building renovations which may result with buildings being rendered as useless which may lead to a sale of them, staff changes and bus routes and much more. He stated that at this time he is not able to support this budget as he is having a very difficult time seeing how we can arrive at a balanced budget in three years based on the numbers that we have been presented. Mike stated we are out of money and a big issue for him is there is no clear articulate plan to balance the budget in three years. There is no clear budget in mind, therefore, he cannot see the District move ahead in that direction. Board President Brian Lynch stated that we need to wait and see what the recommendations are from the Studies before we can plan further. No one can say how long this will take. We need to see the list to see what needs to be done quickly and if we can accelerate it. Without the list, we have to make the assumption to put the possible merger with Elmira Heights on the back burner.

Board Member Ruth Miller stated that we all know that numbers change daily and that nothing is guaranteed. Ruth stated that she appreciates all the work Superintendent Dr. Ralph Marino and the Administrative Team have done in putting together this budget. It was a very difficult budget to put together due to the financial status of the economy and even though she is having a really hard time with the layoffs, she is in support of the budget.

Board Member Warren Conklin stated that he is also willing to support the budget; however, he is not comfortable having to impact people's livelihoods, but still believes this is the best budget that the District could have at this time in terms of providing a quality education and extra-curricular activities to the students.

Board Member Rose Apgar thanked Superintendent Dr. Ralph Marino, the Finance Committee and everyone who has been involved in putting this budget together. Rose stated that she understands Board Member Buck's concerns, however, we can only support the figures that we have now as figures do change and we don't know what may happen in the future. We have to take action and do what we need to do now to get through this year. We need to remain flexible and open minded with figures that come our way, therefore, she is in support of the budget.

Board President Brian Lynch thanked the Board for their input as it was very helpful.

Questions and Comments from the Public

David Crowley, 53 Stonecraft Drive, inquired regarding the layoffs of teachers and the impact it will have on educating the students and yet the cost of athletics is extremely high and the District has not made cuts in that area. Mr. Crowley stated that he does not know the cost of transporting athletes over the year to games, but it should be looked into as maybe this could save two or three teachers' jobs. Also, he stated that he does not see a tremendous benefit of the athletic program in view of losing teachers. Is there anything that can be done in the future to reduce the cost of the Athletic Program? We have two or three athletes who go on to get scholarships which is not a very good number when looking at the full student body. What can be done to reduce this pretty hefty cost throughout the future years? He stated that he realizes that costs do increase on a yearly basis due to Title 9. Superintendent Dr. Ralph Marino stated that the reductions that have taken place over the past years also includes reductions in the Athletic Program which is one of the reasons that we have dropped back to league schools only. Ralph stated that we are required by law to provide transportation to the events. Ralph stated that the District services about 1,200 student athletes at a yearly cost of \$500,000 and there has been a total of \$100,000 - \$600,000 of reductions in the Athletic Program over the past few years. Ralph stated as he has said before it is about the three A's (Arts, Academics and Athletics) that makes the roundness of our education program here in the District. Ralph stated he believes that the Athletics Program is a highly cost effective program when you look at the whole picture. Ralph stated we want to make sure that we keep this comprehensive program for as long as we can. We have locked in diesel rates for next year at \$3.29 a gallon which will be very beneficial to us. We are doing our very best to keep families in our District. Once we start cutting programs, we will start to lose families. We are very sensitive to our students' needs and at this point, Ralph stated he is not comfortable with doing away with the Athletic Program.

Mr. Crowley inquired if it would be possible if we could restructure the program, maybe it could be similar to an afterschool intramural program among the District. Is there a law that says you have to go outside of the District to participate in games? Dr. Marino stated that the District belongs to the Athletic

Conference. We want our students to excel and be recognized for their athletic accomplishments so it would be hard to do this if it were only within our District. Dr. Marino stated that he believes that over time if the District does not see a change in revenue then there may be a demise of this program. Until then, we will do everything we can to keep it intact.

Board President Brian Lynch stated that the Board is in agreement with Dr. Marino. We realize that a lot of families are drawn to our District not only because of our academics but also because of what we offer in the areas of arts and athletics. We need to keep these programs intact as long as possible so that our students will become well-rounded citizens.

Final Board of Education Discussion and Questions

Board President Brian Lynch stated that it sounds as though the majority of the Board is in agreement with the 2013-2014 Budget as it was presented tonight. The Board has given Dr. Marino the task of moving forwards to close the deficit of \$125,000 which will be presented at the April 17th Special Meeting of the Board of Education at which time Board action will be taken on the 2013-2014 Budget.

Adjournment

Moved by Apgar, seconded by

RESOLVED, that the Horseheads Central School District Board of Education adjourned from its Budget Workshop of the Board of Education at 6:45 PM.

<u>Ayes</u>	<u>Noes</u>	<u>Absent</u>
Apgar		Brinthaupt
Buck		
Conklin		Jacobus
Johnson		
Lynch		
Miller		
Strollo		
MOTION CARRIED		

Respectfully Submitted By:

Candy L. Maine,

Candy L. Maine, District Clerk

