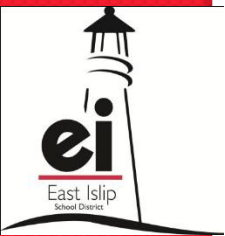


The 2013-14 Budget

Presentation and Discussion

Community Budget Presentation #1

March 7, 2013



Welcome and Introduction

Goals for Tonight

1. Overview – Where We Stand (Superintendent)
2. Draft Budget (Superintendent, Asst. Superintendent, Directors)
3. Input to the Board of Education





Overview

Where We Stand Today



Mr. Jay Finello, Superintendent of Schools

2013-14 Budget Parameters

- State aid decrease of \$61,528.
- Significant increase in TRS & ERS pension contribution of \$2.5 million.
- No mandate relief in the Governor's proposed budget.

Tax Cap-Compliant Budget

Voters have demonstrated a desire to stay within the tax levy cap, as confirmed by last year's first budget vote; therefore, the presentation tonight centers on a preliminary budget that is adjusted to the property tax cap level.

At this time, the district's projected tax levy cap represents a **4.09%** or approximately **\$2,724,622** increase over the current levy.



Major Challenges

- Revenue down about \$469,000 over last year
- Total contractual salary costs will increase by approximately \$2.1 million
- Benefits costs will increase by approximately \$3.3 million



Revenue Down \$469,000

- Loss of one-time legislative grant
- Lower interest income and rental income
- Decrease from 2012-13 budget in state aid.

In fact, state aid to East Islip is now almost \$4 million a year less than in 2008-09. Cumulatively, we have lost nearly \$16 million in that period of time.



• Contractual Salary Increases

- The total increase projected is \$2.1 million
 - Impact from deferred schedule increase for teachers
 - Impact of contractual obligations for other bargaining units



Employee Benefits Increases

- All fringe benefits increase: about \$3.3 million
 - ERS, TRS, Health, Disability, Social Security
 - Most significant: pension contribution rate



How Much Will Pension Costs Rise?

Contributions to the retirement systems for teachers (TRS) and other staff (ERS) are projected to increase significantly. For the TRS (Teacher Retirement System) contribution, the rate is increasing from 11.84% of payroll to 16.25%. For the ERS (Employee Retirement System) contribution, the rate is increasing from 18.9% of payroll to 20.9%.



Rollover Budget: Major Details

Spending Variance: \$5,280,733 4.99%

Major Areas of Increase/Decrease

All Benefits	\$3,301,796
Salaries	\$2,069,729
3 Contingency Teaching Positions	\$185,817
Higher Pupil Transportation Cost	\$169,260
7 Additional Paraprofessionals: SpEd	\$134,161
Impact of Lower Federal Funds	\$132,900
Retirements	(\$712,896)
Lower BOCES Special Ed Expense	(\$164,321)

Revenue Variance: \$469,233

Total Levy Impact \$5,749,966 8.64%



The Budget Gap

If all existing programs and activities in the current budget were maintained (including changes in requirements, contracts, and mandates), the tax levy would increase over \$5.7 million.

Based on the 4.09% tax levy cap which allows for a \$2.7 million increase over the 2012-13 tax levy, there is a projected 2013-14 budget gap of **\$3.0 million**.



Eliminating the Budget Gap

Under a tax cap-compliant budget, spending reductions and revenue enhancements must still take place.



Closing the \$3.0 Million Budget Gap

Reductions in Spending Include:

Description	Staff	Budget Savings Impact	Tax Levy Impact	Explanation
Athletics – Varsity & JV	-	-\$700,000	-1.05%	Varsity & JV Coaches; Athletic Trainer; Transp.
Full Day K to ½ Day K	-7.0	-\$509,266	-0.77%	6 GE teachers; .5 SE teacher .5 Para; + 2 Buses
Add 6 Elementary Teachers	6.0	\$605,477	0.91%	Enrollment & Contractual Class Size Requirement
Music program cuts/ 8 period day	-9.0	-\$714,325	-1.07%	Grades 4-12 band, orchestra & chorus; 1 by attrition
Consolidation of sections/HS	-5.0	-\$294,847	-0.44%	3.8 FTE through attrition; 1.2 FTE positions lost
Remove 3 Contingency Positions	-3.0	-\$185,817	-0.28%	Remove 3 contingency teacher positions from Budg



Reductions in Spending, cont.

Description	Staff	Budget Savings Impact	Tax Levy Impact	Explanation
Reduce Long Term Disability	-	-\$30,000	-0.05%	Reduction of LTD cost for 1 employee
Transportation Cost Reduction	-	-\$150,000	-0.23%	Reduce contract increase by 3%; extend contract
Other Non-Salary Expenses	-	-\$26,000	-0.04%	Reduce conf. & travel, equip. contr. & mat & suppl.
Benefits	-	-\$59,229	-0.09%	Salary related FICA benefits
TOTAL EXPENSE REDUCTION	-18	-\$2,064,007	-3.10%	



Revenue Impact

Description	Staff	Budget Savings Impact	Tax Levy Impact	Explanation
Apply additional ERS reserves		\$933,112	1.40%	Per Board of Education
Building Aid Adjustment		-\$64,761	-0.10%	Lower aid based on bldg. aid re-calc.
Additional State Aid			0.00%	
Total Revenue Increase		\$868,351	1.31%	
Total Adjustment to Budget		\$2,932,358	4.41%	
Tax cap gap to be filled		\$3,025,344	4.55%	Based on 4.09% tax cap calc.
Tax cap \$\$ adjustment		-\$92,986	-0.14%	Adjustment due to less bldg. aid
Adjusted Tax Cap Gap		\$2,932,358	4.41%	
Amount Over/Under		\$0	0.00%	





Using Additional Reserves

To put off the impact of necessary expenditure reductions for an additional year, the district can apply additional reserve funds (about \$933,000) to the budget. While this will reduce the impact of cuts for 2013-14, it will leave the district with nearly \$1 million in revenue that may not be available for 2014-15.

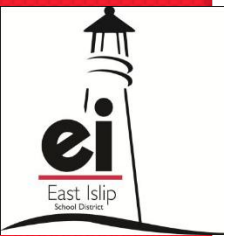
It will also further diminish the district's reserves.



Staff Impacts of Proposed Budget

A total of 9.5 positions would be reduced, including 17 teachers which is partially offset by the addition of 1 teaching assistant and 6.5 para-professionals.

Description	FTE	Explanation
Full Day K to ½ Day K	-7.0	6.5 teachers; .5 Para-professional
Cut Music program/8 period day	-9.0	1 FTE through attrition from retirements
Consolidation of Sections – HS	-5.0	1 Eng.; 1 SS; 1 PE/Health .8 art (3.8 attrition); 1.2 science
Remove 3 contingency positions	-3.0	
Add .5 special ed. teacher	0.5	Self-Contained - HS
Add elementary teachers	6.0	1 CES; 2 RCK; 3 TP
Add 1 TA position – HS	1.0	HS Computer Lab
Add 7 para-professionals – Sp. Ed.	7.0	To provide services to students with IEPs
TOTAL	-9.5	



Staff Impacts of Proposed Budget

Summary

Description	FTE	Explanation
Total Teaching Positions	-17.0	4.8 FTE through attrition from retirements; 9.2 FTE lost; 3.0 FTE from contingency
Total TA Positions	1.0	
Total Para-professionals	6.5	
TOTAL	-9.5	





Questions/Comments from the Board of Education

