



# The Budget Challenge

Changes and Impacts to Our Future

January 31, 2012

East Islip UFSD Community Forum

# Welcome and Introduction

Mr. Glenn Reed, BOE President

## **Our Goals for Tonight:**

1. Discuss the Tax Levy Cap.
2. The tax cap impact to the EI budget.
3. Your input to the Board.

# The Tax Levy Cap

## 5 Basic Facts

Mr. Jay Finello, Superintendent of Schools

Mr. Carl Fraser, Assistant Superintendent for Business

# The Tax Levy Cap

## 5 Basic Facts

- 1. *As in the past***, a proposed tax levy increase up to the cap requires approval of 50% (plus 1) of participating voters.
- 2. *New, beginning in 2012/13***, a proposed tax levy increase in excess of the cap require approval of 60% of voters. (This is known as a 'supermajority.')

# The Tax Levy Cap

## 5 Basic Facts

- 3. *Contingency, the 'new rules'*** - If a proposed budget is defeated twice, the tax levy (the amount of taxes collected from taxpayers) increase is limited to 0%.

**In other words, the tax levy cannot increase from the prior year.**

# The Tax Levy Cap

## 5 Basic Facts

**4. For 2012-13 we anticipate the East Islip tax cap levy increase to be 3.05%.**

- This amount will be certified by the NYS Comptroller, as per the law, and communicated to our residents when finalized.

# The Tax Levy Cap

## 5 Basic Facts

5. *The concepts we discuss tonight represent the new reality; the tax cap is the new way of thinking and planning – its impact is not one-time, but “**from now on.**”*

# The Impact to the East Islip School District

Mr. Jay Finello, Superintendent of Schools

*Please note that all numbers used in the following slides are  
ESTIMATES and for discussion purposes, and not numbers  
presented for public approval.*



# *Step One*

Where can we find  
and create efficiencies?

- Throughout the entire budget process the Board, the Budget Advisory Committee and the district will seek savings and efficiencies.
- Through review, discussion, planning and leadership this element is critical to our Budget and Planning.

# The Tax Cap Levy REALITY

Based on East Islip's current (2011/12) budget, the 2012/13 Tax Cap Levy may be increased by up to \$1.9 million if approved by a simple majority of the votes cast.

# The Current 2011/12 Educational Program Moved to Next Year

- If all existing programs and activities in the current budget were maintained (including changes in requirements, contracts, and mandates), the tax levy would increase \$6.7 million.
- Based on a \$1.9 million tax levy, there would be a funding shortfall of **\$4.8 million.**

# Why Do the 2011/12 Programs Require \$6.7 Million More in Revenue in 2012/13?

- The primary driver of our costs are salaries and benefits.
  - The year-over-year increase in salaries and benefits is \$4.4 million (\$2.8 million for salaries, \$1.6 million for benefits). This includes pension contributions, health care premium increases, and other costs.
- Other significant increases include: transfer of existing federally-funded positions to local funding; BOCES services; middle school sports; expanded State mandates; and other non-instructional staffing increases like transportation.

# Further Expenditure Cuts are UNAVOIDABLE

Over the past several years, Island-wide, staff and program reductions have constituted the majority of spending reductions for many districts.

- East Islip minimized these reductions in an attempt to preserve the quality and diversity of programs.
- Working within the confines of the property tax levy cap, we must now consider significant expenditure reductions!

# How do we close the gap?

- Every \$650,000 in spending represents 1% on the tax levy.
- While there are many areas that can and are being reviewed, the significant cost centers of the District are in **programs and staff**; these are only area where cuts can be made that will meaningfully close the budget gap.

## *Budget Illustration #1*

# Tax Cap Levy achieved

(requires simple majority of "yes")

- The tax levy rises no more than 3.05%
- Various and significant program and staff changes and reductions will be required.

# Non-Mandated Cost Centers Impacted by a Tax Cap Budget\*

- Athletics program
- BOCES Program - Career & Technical Education
- Clubs (Grades 6-12)
- Kindergarten program
- Non-mandated music programs in Grades 3-12
- HS and MS 9 period day
- Staffing
- Summer School (Middle and High School)

*\*Listed in alphabetical order*



# Tough Choices to Discuss



District Programs / Staff	Estimated Impact	Potential Savings / Reduction
Athletic Program Elimination - All	59 teams and coaches	\$ 898,000
BOCES Program - Reduced Career & Technical Education	15 students new to program	165,000
Clubs - Elimination of Most	80 clubs and advisors	172,000
Kindergarten - Reduced to Half Day	250 students, 8 positions	495,000
Music - Reduce Non-Mandated Music	2,000 students, 8 positions	621,000
School Day - HS & MS reduced from 9 to 8 period day	7 positions	593,000
Staffing Reductions - Other	17 positions	1.7 million
Summer School - Eliminated	300 seats	185,000
	<b>TOTAL</b>	<b>\$ 4,825,000</b>

# Impact on the Tax Levy



District Programs / Staff	Estimated Impact	Potential Tax Levy Impact
Athletic Program Elimination - All	59 teams and coaches	1.38%
BOCES Program - Reduced Career & Technical Education	15 students new to program	0.25%
Clubs - Elimination of Most	80 clubs and advisors	0.26%
Kindergarten - Reduced to Half Day	250 students, 8 positions	0.76%
Music - Reduce Non-Mandated Music	2,000 students, 8 positions	0.96%
School Day - HS & MS reduced from 9 to 8 period day	7 positions	0.91%
Staffing Reductions - Other	17 positions	2.61%
Summer School - Eliminated	300 seats	0.28%
	<p style="text-align: center;">20</p> <p style="text-align: right;"><b>TOTAL</b></p>	<p style="text-align: center;">7.42%</p>

## *Budget Illustration #2*

# Tax Cap Levy exceeded ...and by how much? (requires 60% "Super Majority")

- The following information illustrates the impact of maintaining individual programs on the tax levy.
- While not yet proposed, these are estimates of the impact on the tax cap levy to guide our discussion.

*Budget Illustration #2*

# Impact of Add backs



ITEM	COLUMN A	COLUMN B	INDIVIDUAL
	BASE BUDGET	Individual Items	Tax Levy effect of BASE BUDGET with each of the Individual items
Allowable Tax Cap Levy 2012/13	3.05%		
Athletic Program Elimination - All		1.38%	4.43%
BOCES Program - Reduced Career & Technical Education		0.25%	3.30%
Clubs - Elimination of Most		0.26%	3.31%
Kindergarten - Reduced to Half Day		0.76%	3.81%
Music - Reduce Non-Mandated Music		0.96%	4.01%
School Day - HS & MS reduced from 9 to 8 period day		0.91%	3.96%
Staffing Reductions - Other		2.61%	5.66%
Summer School - Eliminated		0.28%	3.33%
<b>Totals</b>	<b>3.05%</b>	<b>7.42%</b>	

**NOTE:** This chart shows the total of the BASE BUDGET *plus* each Individual item.

*Budget Illustration #2*

# Impact of Add backs





ITEM	COLUMN A	COLUMN B	CUMULATIVE
	BASE BUDGET	Individual Items	Tax Levy using BASE BUDGET (COLUMN A) plus ALL items (COLUMN B)
Allowable Tax Cap Levy 2012/13	3.05%		
Athletic Program Elimination - All		1.38%	4.43%
BOCES Program - Reduced Career & Technical Education		0.25%	4.69%
Clubs - Elimination of Most		0.26%	4.95%
Kindergarten - Reduced to Half Day		0.76%	5.71%
Music - Reduce Non-Mandated Music		0.96%	6.67%
School Day - HS & MS reduced from 9 to 8 period day		0.91%	7.58%
Staffing Reductions - Other		2.61%	10.19%
Summer School - Eliminated		0.28%	10.47%
<b>Totals</b>	<b>3.05%</b>	<b>7.42%</b>	

**NOTE:** The Tax Levy would be the BASE BUDGET *plus* Individual items, if any, added back

*Budget Illustration #2*

# Exceeding the tax cap levy through a mix of spending cuts and tax increases

- A combination of expenditure reductions and tax increases (above 3.05%) would have to be made to exceed the cap and preserve programs.
- Furthermore, exceeding the tax cap will require 60% voter approval.

# Recap of Presentation

***The Property Tax Levy Cap is law and the budget process has changed from now on...***

- The 2012/13 Tax Levy Cap is 3.05% for East Islip.
- If the 2012/13 budget offered the same programs and services as 2011/12, (adjusted for estimated state aid and costs), the change would be \$6.7 million:
  - \$1.9 million of that increase would be allowed under the Tax Cap Levy,
  - \$4.8 million would be in excess of the levy.
- Significant reductions would be required to stay at or under the Tax Cap Levy.
- Any amount of Tax Levy over the Cap would require 60% voter support.

# *Now we begin the discussion...*

- Members of the Community are encouraged to share their perspectives, ask questions, comment and provide input to the Board of Education as the 2012/13 Budget is prepared.
- Also, the Board may be emailed at:

[AllBoardMembers@eischools.org](mailto:AllBoardMembers@eischools.org)

# Budget Calendar

- Budget Presentation #1 March 1
- Budget Presentation #2 March 15
- Budget Presentation #3 March 27

*Meetings are at 7 pm at District Office (formerly ECC).*

- Budget Vote May 15th