

The 2012-13 Budget

Presentation and Discussion

Community Budget Presentation #1

March 1, 2012



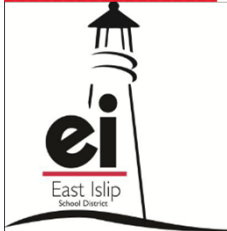
Welcome and Introduction

Mr. Glenn Reed, BOE President



Our Goals for Tonight

1. Review of Factors Affecting Budget (Superintendent)
2. The Tax Cap Budget Presentation (Asst. Superintendent for Business)
3. Your Input to the Board of Education



Overview

The Challenge of Budget Development

Mr. Jay Finello, Superintendent of Schools

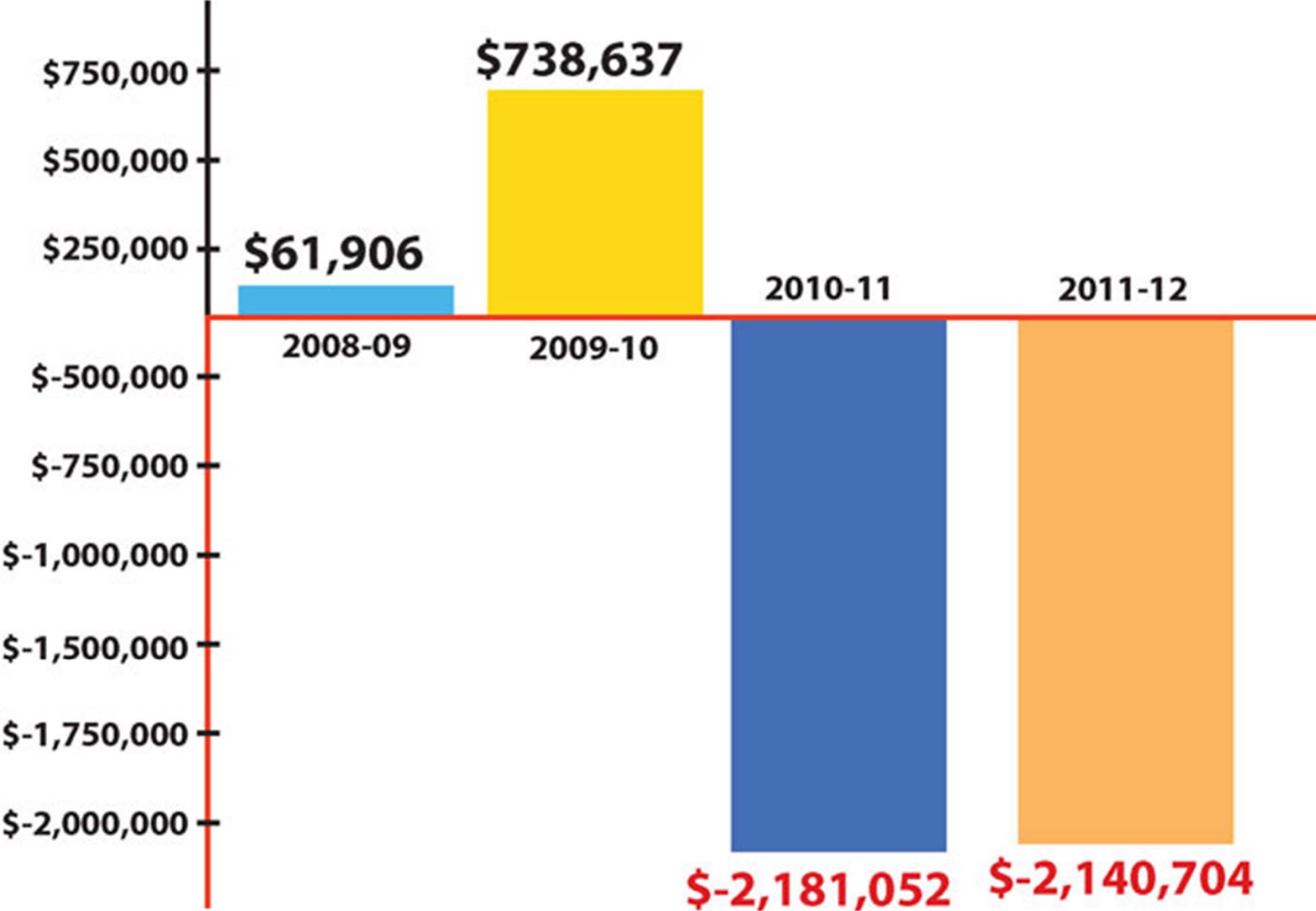


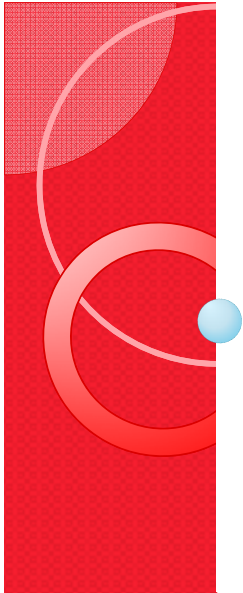
Major Challenges Define the 2012-13 School Year



- **Net Increase in State, Federal Aids is Essentially \$0**
- **Other Revenue Has Decreased**
- **Property Tax Cap Limits Revenue That Can Be Raised**
- **Contractual Salary Costs Will Increase**
- **Benefits Costs Will Increase**
- **Instructional Mandates, Other Mandates Consume Resources**

State Aid (Inc/Dec)



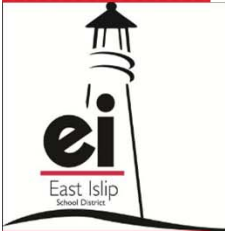


	2011-2012 <u>FINAL</u> <u>BUDGET</u>	2012-2013 <u>PRELIMINARY</u> <u>BUDGET</u>	<u>Difference</u>
STATE AID	31,721,230	32,393,470	672,240
FEDERAL JOBS FUNDS	668,093	0	-668,093
OTHER REVENUE	3,083,538	2,715,510	-368,028

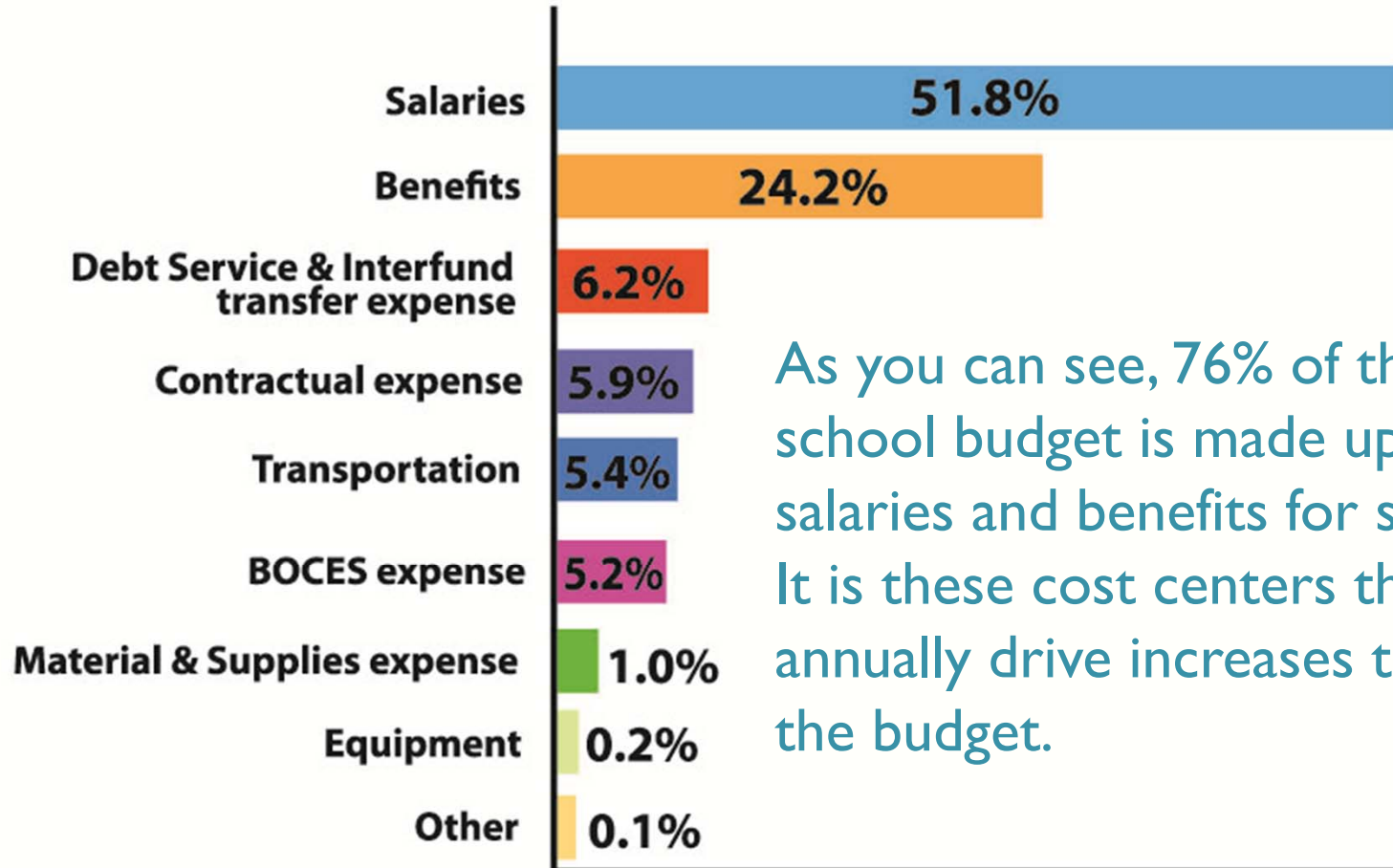
State Aid Increased. But Federal Jobs Fund Aid Decreased.

The net total increase in aid is essentially \$0.

Other Revenue is projected to decline.



2012-13 Expense



As you can see, 76% of the school budget is made up of salaries and benefits for staff. It is these cost centers that annually drive increases to the budget.

Contractual Salary and Benefit Costs: Significant Increase



**\$2.6
Million**

Salaries

Salaries are scheduled to increase approximately 4.8% for the faculty and other collective bargaining groups.

Pension contributions and health care costs are driving the increase in benefits.

**\$1.6
Million**

Benefits



The Tax Levy Cap

1. A proposed tax levy increase up to the cap requires approval of 50% (plus 1) of participating voters.
2. Beginning in 2012/13, a proposed tax levy increase in excess of the cap requires approval of 60% of voters.





The Tax Levy Cap

For 2012-13, we estimate our tax levy cap to be 3.05%. This raises \$1.9 million in additional revenue for the district over 2011-12. (This amount must be certified by the NYS Comptroller).



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 \$6.7 million.

Based on the 3.05% tax levy cap (which raises \$1.9 million) there would be a funding shortfall of **\$4.8 million.**





Reserves

Reserves can help a school district lower tax increases in the short term. We continue to use our reserves aggressively, and will do so in the proposed budget. But these reserves are being depleted. We will not be able to apply large reserve amounts against the budget in the future.





Application of Reserves

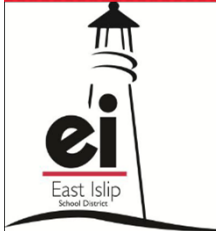
Current year (2011-12) and next year (2012-13):

\$1.9 million in appropriated fund balance, \$1.6 million in reserves.

Following year (2013-14)

Unlikely to be applied, as they will have been drawn down.





What It All Means

East Islip has minimized reductions over the past few years in an attempt to preserve the quality and diversity of programs. This is no longer possible. Major spending realignment and reduction must take place.



Direction of the BOE

The Board has asked us to formulate a budget that falls within the tax cap limit as a starting point for discussion with the community. This necessitates major spending reductions.

In all cases, we have attempted to limit impacts to instructional programs and services, but the following cuts are, regrettably, quite significant.



The Proposed Tax Cap Budget

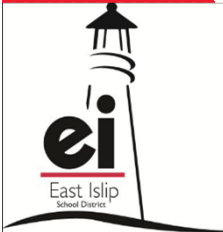
3.05% Tax Levy Increase, which is a

\$213 Increase for Average Household

Mr. Carl Fraser, Assistant Superintendent for Business



Why Does the Tax Cap for EI Exceed 2%?



The tax cap is derived using a complex formula established in the law approved by legislators. It makes certain allowances for items like growth factors, pilot payments, capital project debt service, and legal settlements. The effect of these can result in an amount that exceeds 2%.

Capital project debt service in our budget is the main reason why our cap is up to 3.05%.



Proposed Tax Cap Budget

Current Budget (2011-12) \$103,929,639

Proposed Tax Cap Budget: (2012-13) \$105,260,603

Difference: \$1,330,964

Budget Increase: 1.28%

Tax Levy Increase: 3.05%

Enrollment

	2009-10	2010-11	2011-12	2012-13	12-13 H/(L)
	Act. Enroll	Act. Enroll	Act. Enroll	Proj. Enroll	than 11-12
ECC	278	286	0	0	0
T.P.	443	419	494	467	-27
J.F.K	505	474	503	467	-36
CONN.	367	353	386	371	-15
RCK	389	357	447	453	6
EIMS	1,110	1,119	1,052	1,039	-13
EIHS	1,664	1,630	1,585	1,504	-81
Total Enrollment	4,756	4,638	4,467	4,301	-166

EXPENSE BUDGET OUTLINE

	2010-2011 FINAL BUDGET	2010-2011 ACTUAL EXPENSE	2011-2012 FINAL BUDGET	2012-2013 PRELIMINARY BUDGET	12-13 H/(L) THAN 11-12 BUDGET	% Change
Total General Support	\$10,461,248	\$9,799,213	\$10,042,748	\$10,037,416	-\$5,332	-0.05%
Total Instruction	57,056,745	56,585,900	57,607,326	57,109,954	-497,372	-0.86%
Transportation	5,512,772	5,407,632	5,903,407	5,940,554	37,146	0.63%
Community Services	230,723	238,734	239,538	260,738	21,200	8.85%
Total Undistributed	27,540,059	27,410,646	30,136,619	31,911,941	1,775,321	5.89%
TOTAL BUDGET	\$100,801,547	\$99,442,125	\$103,929,639	\$105,260,603	1,330,964	1.28%

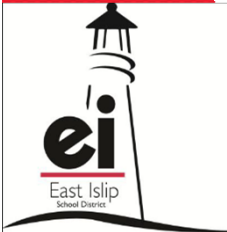
Efficiencies Undertaken (since 2010)

• Utilities Audit - Telephone , Electric & Gas.....	\$51,000
• Refunding Bonds - 2010 series.....	\$1,200,000
• Refunding Bonds - 2011 series.....	\$1,052,000
• Refunding Bonds - 2012 series.....	\$609,935
• E-Rate discounts.....	\$64,000
• Energy Savings - LIPA	\$53,000
• Workers Comp. Settlements	\$260,000
• Fav. Decision from WC Board.....	\$30,000
• 1 month delay in borrowing TANs	\$18,000
• Transportation cost savings	\$400,000
• E-Payables - Bank of America	\$31,000
• Retirement savings	\$174,000





Major Increased Cost Drivers



Salaries	\$2,629,027
Employee Benefits	\$1,604,680
BOCES Special Education Expense	\$404,291
Staff Impact of Eliminated Fed Funds	\$218,342
Interfund Transfer/Debt Service	\$205,641
Contingency Teaching Positions	\$120,030
Special Education TA/Para Positions	\$111,368



Program Impacts of Proposed Budget

- 9 Period to 8 Period Day at MS and HS
- Reduce Full Day Kindergarten to Half Day
- Reduce Music Programs in Grades 3-12
- Eliminate All Athletic Programs
- Reduce BOCES Career & Tech Ed
- Eliminate Elementary Co-Curricular Program
- Reduce HS and MS Co-Curricular Program
- Discontinue BOCES Summer School



Staff Impacts of Proposed Budget

Teachers	23.3 FTE
----------	----------

Instructional Support Staff	4.0 FTE
-----------------------------	---------

Teaching Assistants	8.0 FTE
---------------------	---------

Clerical	4.0 FTE
----------	---------

Security	1.0 FTE
----------	---------

Total Loss of Staff	40.3 FTE
---------------------	----------





Detailed Staff Reductions

7.0 Kindergarten Teachers

1 Kindergarten TA

6.3 MS Teachers Due to 8 Period Day

2.0 HS Teachers Due to 8 Period Day

7.0 TA Positions in Computer Labs

8.0 Music Teachers (grades 3-12)

1.0 Guidance Counselor

1.0 Elementary Level Librarian

1.0 Administrator

1.0 Social Worker

4.0 Clerical Positions

1.0 Security

NOTE: 1.0 FTE Additional Social Worker Reduction Included in BOCES Expense



Is Restoration Possible?

Restoration of programs and staff that are projected for reduction or elimination would trigger a tax levy increase that is in excess of the tax cap.

This would require voter approval at a rate of 60%.

Cost impacts of restoration are as follows:

Cost/Tax Levy Impact If Considered for Restoration

	<u>Description</u>	<u>Staff</u>	<u>Budget Impact</u>	<u>Tax Levy Impact</u>	<u>Explanation</u>
1	Athletics - Varsity & JV	-	\$711,031	1.09%	Varsity & JV coaches; Athletic Trainer
2	Athletics - Middle School	-	189,611	0.29%	Middle School Coaches
3	All Elementary Clubs	-	30,156	0.05%	Intramurals & Student Government
4	Middle School Clubs lost	-	61,326	0.09%	6 clubs kept
5	High School Clubs lost	-	81,786	0.13%	18 clubs kept
6	Full day K to 1/2 day K	8	490,415	0.75%	6 GE teachers; 1 SE teacher; 1 TA; 2 Buses
7	Music program cuts	8	621,452	0.96%	Grades 3-12 band, orchestra & chorus
8	HS 8 Period day	1	75,000	0.12%	Portions of FTEs from each dept. for 1 FTE
9	MS 8 Period day	6.3	518,155	0.80%	5 Foreign Lang.; .4 Art; .3 Tech; .6 Fam & Cons. Sc;
10	Elementary Librarian	1	78,617	0.12%	
11	Guidance Counselor	1	70,434	0.11%	Reduction due to lower enrollment/caseload
12	AIS Math Teacher	1	35,000	0.05%	Secondary AIS math sub-teacher
13	Social Worker	1	70,489	0.11%	
14	BOCES Social Worker	1	114,000	0.18%	Loss of state aid on this expense
15	BOCES Summer School	-	185,000	0.28%	HS & MS summer program
16	BOCES Career & Tech. Ed.	-	164,942	0.25%	Allow 7 students in program versus 22 students
17	Reduction of 1 bus	-	72,456	0.11%	Anticipation of implementing new law on act. ridership
18	Computer Lab Assistants	7	188,797	0.29%	TAs reduction - 4 at Elementary level; 1 HS; 2 MS
19	Reduction of clerical positions	4	143,436	0.22%	Districtwide reduction of 4 clerk typists
20	Security Post	1	28,800	0.04%	Security coverage for walk over bridge
	Benefits	-	252,146	0.39%	Salary related FICA benefits
Total		40.3	\$4,183,049	6.44%	



Considerations for Next Steps

What has been presented is a tax cap budget. It calls for difficult, deep cuts to staff and programs. But these are the ‘new rules’ for school district budget formulation.

- Do we move forward with this budget?
- Do we try to exceed the cap?

The community will determine the next steps, and we genuinely seek your input on how to proceed.