

Budget Community Forum

Summary

February 24, 2016

Present: Sandy Anzalone, Thomas Murphy, Dan Braunscheidel, Michael Byrnes, Jack Cuddihy, Marisa Fallacaro, Jennifer Horschel, Kathy Klopp, Lucinda Karstedt, David Martin, Paul Shephard, Donald Sutfin

Next Forum: Saturday, March 12, 2016, 10:00 a.m., Jr./Sr. High School Library

I. Community Forum Presentation began at 6:34 p.m. –

- Mr. Thomas Murphy briefly reviewed the areas that would be covered in his presentation, including Foundation Aid. Most of the time, talk will be about the spending side, because that is what the public votes on. The revenue comes into play, because the spending and revenues must equal. Also addressed will be the Gap Elimination Adjustment, which comes from the State side, the Governor's budget, which was released on January 13th, the budget timeline, the budget tax cap, a recap of the 2015-2016 budget, and steps towards next year.

II. Budget Considerations

A. Foundation Aid

- In 2007-2008, the State changed the foundation aid formula. Prior to that, districts received funding in a myriad of different categories. In 2007-2008, the bulk of funding went into foundation aid. Foundation aid is a general savings. It can be used for any bill without restrictions. Some small city schools filed lawsuits against the State, because they were not receiving what they should have received. A court decision required that the State come up with a plan to phase in the full foundation aid. Once the recession hit, New York State was unable to do a full phase in.
- In 2007-2008, NYS was supposed to give Eden \$7,817,263. In 2015-2016, NYS was supposed to give Eden \$7,364,204. That is less now than in 2007-2008, partly because enrollment is down and partly because they are not fully funding the way they should be. In 2007-2008, Eden was funded at almost \$6.2 million, a shortfall of \$1.6 million from where funding should have been. As a whole, Eden was shorted \$17 million from where we would have been if we were at the full phase in. We are currently \$678,000 short of where we should be.

B. GAP Elimination Adjustment

- We are getting money back, but it actually means NYS is taking less money from us. NYS balances their budget by taking money from our budget. For 2015-2016, they are taking \$375,596.
- The Senate would like to see the GEA gone this year. This is the lowest we will get from the State. It can only go up from there. The final run will be available around the end of March. By then, we should be close to finished. We will already have looked at what we need to do to balance our budget. There has been \$7.4 million lost in GEA aid since 2010-2011.

C. State Aid Factors

- Aids are based on several different averages, using complex formulas, such as our state numbers, resident weighted average daily attendance (RWADA), wealth ratios, total aidable foundation pupil units (TWFPU), and special education population.
- Free and Reduced lunch population for Eden is at 18%. Eden is not considered a poor community. Free and Reduced meal letters will go home to all families. We want every student to have a full meal. The higher your Free and Reduced population, the more state

aid the district will receive. Mrs. Anzalone added that state aid factors are meant to be complicated. The Free and Reduced percentage is based on an average between 2011 and 2013. Since then, there has been a lot of change. We know that we are no longer at 18%. Having everyone fill out a form may make a difference in our aid.

- At 2015-2016, we are still not where we were at 2008-2009. Across the state, school districts are not where they should be.

D. Governor's Budget Implications for Eden

- The Governor's proposed budget of \$6,685,449 includes a cut of \$678,755 in Foundation Aid. The GEA is an original loss of \$375,596. Together, that is a loss of \$1,054,351 of state aid. That will have an impact as we are looking at our deficit. The deficit will not be depleted, but it will put a huge chunk in helping us reduce the deficit.
- Revenues are projections. They are going to change. The Governor's run is not final. What we get at the end of March is a combination of the Senate and the Assembly. That also is not final. It changes throughout the year. That will affect the State and the tax levy.
- The tax levy, what the taxpayers pay, is over 50% of our budget. All of these things are estimates. Because of the tax cap, we can estimate where we will end up.

E. Budget Timeline

- We have been working hard on the budget since November. The Board of Education adopts the budget. It is their responsibility to say yes or no to any budget. That is their primary job.
- A budget advisory team was put into place three years ago, as a directive from the Board. The budget advisory team is comprised of community members, parents, union officials, staff members, and the Board. They look at different parts of the budget. We have heard from every department. They talk to the BAT team, advising them of their budget and what they need to run the departments and schools to give the students what they need.
- A zero based budget is used. What we have seen in the budget is the requests. The Board will approve what the finals are when we look at the deficit. The Administrative team works together to bring the deficit amount down. The Board will let us know where they think we should be headed.
- Next week, we will start looking at the staffing piece. On March 12th, there will be another community forum from 10 am – 12 pm in the JSHS Library. A school messenger call will be made. There will be other drafts in March and April. A public hearing will be on May 3rd and the budget vote is May 17, 2016.

E. Calculating the Budget Tax Cap

- The tax cap is on the revenue side of the ledger. The tax cap is said to be 2%. As previously stated, 2% is not 2%. The Governor has done a wonderful job of framing the argument. The problem is that a lot of factors go into it. Every school community has a different percentage. It is very rare for any district to wind up at exactly 2%. The tax levy and the tax cap amounts must be filed with NYS by March 1st. That is before we even get into the deficit part of it.
- Last year, \$13,571,363 was collected from taxpayers. That amount is multiplied by a tax base growth factor. Eden was at .81% growth. \$13,571,363 then becomes \$13,681,290.63. Mrs. Anzalone stated that our enrollment is declining. It would take a big push to make it look like we are growing like some of our neighboring districts. The fewer the number of people moving in, the smaller the growth factor becomes. That compounds itself to other factors, such as transportation aid, student aid, and textbook aid. There are probably nine or ten different dollar amounts attached to it where we would get less money.
- Pilots are payments in lieu of taxes. Not every business pays taxes. Sometimes arrangements can be made with municipalities to do something different in lieu of taxes for a certain number of years. Eden does not have any Pilots to add to the prior year tax levy, nor do we expect any in the coming year.
- Taxes levied for exemptions during the prior year are court orders, judgments, and allowable exemptions for pension increases. If pensions go up over 2%, the overage can be

deducted, as well as capital local expenditures. We do not have any for this year to subtract from the prior year tax levy.

- The formula for calculating the tax cap is: Multiply the prior tax levy by the tax base growth factor, add any pilots received during the prior year, and subtract taxes levied for exemptions during the prior year, which equals the adjusted prior year tax levy. Multiply the adjusted prior year tax levy by the allowable levy growth factor, subtract pilots expected for the coming year, and add any additional carryover equals the tax levy limit percent, plus any coming year exemptions equals the district's maximum allowable levy. This is multiplied by the allowable growth factor, which is the lesser of 2% or the CPI (.12%). Pilots are then subtracted, and any carryovers are added. The allowable levy growth factor (.12) plus the tax base growth factor (.81) equals the tax levy limit (.93) \$13,697,708. If there are any coming school year exemptions, they are added for the maximum allowable levy. The increase is .93 for this coming year. Taxes will increase about \$120,000 as a whole, for all five communities.

F. Budget 2015-2016 Recap

- The 2015-2016 budget was \$26,994,111 or an increase of \$597,631 over 2014-2015. It was a 2.26% increase. The tax levy increase was 2.21%. The tax cap was 2.21%. The change in consumer price index was 1.62%

G. Looking & Moving Forward 2016-2017

- Impact items affecting the district include declining enrollment, which does not necessarily equate to a decrease in staffing per Mrs. Anzalone. We are currently in a very stable place with our staffing. This year, we did not replace a third grade classroom. This coming year, we won't replace a fourth grade classroom, the year after that, we won't replace a fifth grade classroom. Those class sizes will be about 80-85. The high school classes are still running about 120-130. Overall, the numbers are enough to cause changes from a B to a C football league, and textbook money that we get, but it doesn't change overall staffing or technology right now, Mrs. Anzalone said. In some regards, those are going up, because a larger percentage of students coming to us have higher needs. Demographics have changed enough to see more expensive schooling for each student needing services.
- Mr. Murphy stated that we start the budget process each year by looking at what needs to be done to change the coming students' needs. There are a couple ways to approach the coming budget; one is to rollover the budget from the previous year. We have chosen not to do that. As the student population and other factors change, we look at what we need to do to continue to move forward educationally. At that point, we do not look at the budget. First, we look at what we need to do for students. Students and demographics change every year. Those must be addressed. Things we need to do differently include increasing instructional technology needs, changing infrastructure needs to accommodate instructional needs, updating security needs, accommodating greater special needs population and greater at-risk population, and adhering to unfunded mandates (school counselor/guidance regulations, AIS, health and safety issues).
- The district has had a deficit for many years, and we expect to have one for many years to come unless something radically changes with the Governor's tax cap. Mr. Murphy believes it is a move on the State's part to reduce the number of school districts as a whole. The number of fiscally stressed schools is increasing. Eden is in a good fiscal situation currently. The Board has tough decisions to make for the best interests of students. We have more requests than we can fund. Going through the budget process, we won't be able to afford many of them. Right now, we are looking at over \$2 million in deficit. When going through the budget, we look at the board goals. In every line that we are spending, we ask does it: 1) increase academic rigor? 2) Effectively implement common core standards? 3) Improve communication among all community stakeholders? 4) Review and approve facility change improvements? All of those things guide us in looking at the budget process.
- March 2nd, we will look at staffing, and March 12th will be a second community forum in the library.

III. Questions



There were no questions from the audience.



Mrs. Anzalone asked what people could do if they had comments or concerns about the direction we may be looking at in terms of trying to balance the budget. Mr. Murphy stated that a question and answer section could be put on the front page of the web-site.

IV. The Community Forum ended at 7:17 p.m.