



2011-12 Fiscal Realities & the School Budget

Burnt Hills-Ballston Lake Board of Education

Community Budget Forum

and Online Meeting

February 9, 2011



Tonight's agenda

- 1. Welcome & explanation of tonight's meeting**
Board of Education Vice President James Maughan
- 2. 2011-12 Complex Realities & the BH-BL Preliminary Budget**
Superintendent Jim Schultz
 - How is this year different?
 - The Governor's proposals & how they may affect us
 - Cuts made over past 2 budgets
 - Good news: cost savings & fund balance
- 3. Answer questions on the presentation**
- 4. Your Input: Break into Small Groups to collect input on Focus Questions**
- 5. Return to cafeteria & Report Out from groups**



Meeting process

- We are using online meeting software so that many people can participate via their computers
 - Please bear with us as we try to be polite to both audiences: those in the cafetorium & those participating from home
- Goals tonight are to share information, answer frequent questions, and collect YOUR input. To pose a question:
 - 3 x 5 cards being handed to those in cafetorium
 - Online viewers can type questions in their “Q & A Chat” box
- We will be breaking into small groups so that everyone can be heard & can discuss the Focus Questions



Ways to follow along & participate in budget development

1. Come to meetings
2. View website where each step is posted: bhbl.org →
3. Sign up for budget “SNN” email alerts. (see website to do this)

Burnt Hills-Ballston Lake CENTRAL SCHOOLS

2011-12 Budget Development

Creating the budget for the coming school year is a process that Board of Education members and district administrators work on for more than five months every year.

At the bottom of this page is a description of the overall process. We will also post information on each step of the 2011-12 process in the chart below, as that information becomes available.



*Note: Budget steps below are arranged chronologically. Please scroll **DOWN** to view the most recent items.*

Steps taken to date in developing the 2011-12 Budget

- [2011-12 Budget Objectives and Context](#). (Jan. 2011)
- [Budget Development CALENDAR](#) (Jan. 2011) Specific dates & upcoming steps in this year's process. For easier printing, see also the one-page pdf version of the same information in the [Budget Development & Communications Plan](#).
- Details and description of [Online Budget Forums: how to participate in Budget Forums via your computer](#)
- Press Release announcing [preliminary 2011-12 budget figures and the February 2 Budget Forum](#) at the Middle School at 7:30 pm (posted Jan. 26)

2011-12 Budget Development & Communications Plan

Context for the 2011-12 Budget

New York State's economic problems continue, and Burnt Hills-Ballston Lake taxpayers are feeling the impact. The ongoing recession and uncertainty regarding the State's 2011 budget will make developing the upcoming school budget especially difficult. Below are some factors that will impact development of the BH-BL budget. (To understand the impact of the following factors, 1% of the BH-BL property tax levy is roughly \$333,000; hence every \$333,000 in additional expense — or lost revenue — that is not ultimately balanced by new revenue or reductions elsewhere in the budget results in roughly a 1% tax levy increase.)

1. Since the district has cut more than 40 full-time-equivalent staff positions and also reduced most programs and services over the past two years, further reductions will be difficult to make without serious impacts on our students.
2. BH-BL is fortunate that our residents by and large support high quality school programs. On the other hand, after two years of this unprecedented bad economy, many district families are stretched financially.
3. Unlike many Suburban Council school districts, BH-BL has very little commercial development, and our tax base is 85-90% residential.
4. New York State is facing a budget deficit of \$9 billion or more, and the \$900,000 in federal stimulus dollars that the state is using to help pay the current year's operating aid to BH-BL ends this year. State aid to BH-BL will likely decline in 2011, and the value of STAR tax exemptions may decline again as well.
5. We can expect no increase in non-tax revenues such as interest on investments. Medicaid reimbursements are expected to decline still further in 2011-12 due to state and federal regulatory changes.
6. Recent stock-market improvements have not yet made up for significant prior year losses in the value of state pension funds. Hence, required employer pension contributions are expected to remain high for the next several years. One factor reducing the district's pension costs somewhat will be the number of staff positions that have been cut over the past two years.
7. Two more factors in developing this budget are negotiations to create a successor contract with the BH-BL Teachers Association and new Race to the Top regulations currently being created by the State Education Department.
8. BH-BL has been able to lock in competitive rates for electricity and natural gas by participating in multi-year, multi-district consortium contracts.
9. Governor Cuomo was elected with the understanding that he would work to create a 2% "cap" or limit on school tax increases. Will the state Senate and Assembly support this? If so, when would it take effect? With the potential for a legal limit on tax increases plus the possibility of continued multi-year decreases in state aid, the district needs to look for new ways to address a downward trend in revenue.

Budget Objectives

In developing the 2011-12 budget, the Board of Education will:

1. Work to balance the community's desire for both low taxes and excellent school programs by critically evaluating current practices, proposed expenditures, and revenue sources other than taxes.
2. Ensure that BH-BL graduates have the skills, knowledge and attitudes outlined in the district's 21st Century Framework for Learning — including high literacy and numeracy skills — so that they can compete in a demanding and technologically sophisticated global marketplace.
3. Support the development of new strategies to compensate for the loss of state aid and still deliver a comprehensive education program at a lower cost.
4. Engage the community to share their perspectives and values on school programs they wish to support with their tax dollars.
5. Lobby state legislators to approach the tax cap issue with legislative actions that will acknowledge and reduce some of the mandates outside of school districts' control that currently drive up costs in the areas of instruction, personnel, and construction.

Calendar of Budget & Election Activities

Oct. 19 & Nov. 30	Finance Committee meetings (Note: budget development will be an agenda item at all regular Board meetings from now until the May 17 vote.)
Dec. 10 • F	Schools & managers submit budget requests to Business Office
Dec. 14 • Tu	Approve budget calendar at Board meeting, 7:30 High School
Jan. - Feb.	Board members discuss the budget & budget process at PTA meetings
Jan. 19 • W	Finance Committee, 7:00 High School
Jan. 21 • F	Compiled budget requests & reference materials distributed to Board members
Jan. 27 • Th	Finance Committee, 7:00 High School
Feb. 2 • W	Public Forum on Fiscal Realities, 7:30 O'Rourke Middle School — also broadcast live online
Feb. 17 • Th	Finance Committee, 7:00 High School
Mar. 3 • Th	Public Forum on the Preliminary Budget, 7:30 O'Rourke Middle School — also broadcast live online
March 5 • Tu	Approves any referenda & notice of the annual mtg. at Board meeting, 7:30 Stevens Elem.
March 11 • F	Superintendent's recommendations distributed to Board members
Mar. 29 • Tu	Public Forum on the Nearly Complete Budget, 7:30 O'Rourke Middle School — also broadcast live online
April 5 • Tu	Finance Committee, 7:00 High School library
April 8 • F	Board members receive draft budget newsletter
April 12 • Tu	Adoption of the Proposed 2011-12 Budget regular Board meeting, 7:30 Pashley Elem.
Mid-April to mid-May	Reach out to school & community groups about the budget
April 15 • F	Board of Education candidates' filing deadline
April 15 • Tu	Budget newsletter goes to the printer
April 26 • Tu	Budget Hearing as part of regular Board of Education meeting, 7:30 High School
April 28 • Th	Elementary School Walkabouts, 7:00 at all three schools
May 2 • M	Budget newsletter mailed to residents
May 10 • Tu	Budget Hearing as part of regular Board of Education meeting, 7:30 High School
May 11 • W	Meet the Candidates night, 7:30 High School library (TENTATIVE)
May 17 • Tu	Public Budget Vote, 7:00 am - 9:00 pm, High School gymnasium

Burnt Hills-Ballston Lake
CENTRAL SCHOOLS



How is this year different?

The Complex Realities of 2011:

- State government has changed
- Academic pressure is growing:
 - preparing students for 21st Century competitive job market,
 - higher math & English standards,
 - new Common Core Curriculum (24 states)
- BH-BL preliminary budget is up 4%, and state aid is down
- Is a tax cap coming in 2012?
- This will be Year 3 of school district staffing & program reductions



2011-12 Preliminary Budget: Our starting point

Assuming all current programs, services & staffing were rolled forward one year:

2011-12 Preliminary Budget \$55,560,883

Increase from current budget:

Dollar increase from 2010-11 \$2,132,695

Percent increase from 2010-11 4%



What costs are increasing in the preliminary budget?

	<u>Increase</u>	<u>% change year to year</u>	<u>Portion of increase</u>
1. Staff salaries	\$1,034,143	3.6%	48%
2. Staff benefits, including	\$911,915	7.9%	43%
– Mandatory pension contributions			
– Health insurance			
3. BOCES services	\$81,512	2.9%	4%
4. Transportation	\$50,000	7.1%	2%
5. Maintenance & utilities	\$41,285	1.6%	2%

These 5 areas constitute 99% of the total \$2.1 million preliminary budget increase.



Understanding state pension increases

- **Required Employer** contribution is set by the state & changes each year. This is what is increasing in the school budget.
- **Required Employee** contribution depends on a person's date of hire:
 - Tier 4 workers contribute during 1st 10 years of state employment
 - Tier 5 workers = hired since Jan. 2010, must contribute for entire employment
 - Tier 6 is now under discussion, would further reduce both benefits to the worker & cost to employer



What is Gov. Cuomo proposing for schools?

1. Would “freeze” Foundation Aid to schools, but then take away a chunk of it with a “Gap Elimination Adjustment” that is bigger than in 2010.
2. Proposing a Tax Cap for the 2012-13 year
3. Expense driven aids (such as BOCES aid, summer school aid, transportation aid, etc.) are either frozen or provided at a lower % reimbursement than this year.
4. Promising mandate relief -- how real will this be??
State committee report due March 1



How would Gov. Cuomo's proposals affect BH-BL?

- Our Foundation Aid stays frozen at 2008-09 level of \$12.5 million
- BUT the “Gap Elimination Adjustment” would cut our Foundation Aid
- This “adjustment” (i.e. loss of aid) is \$3.3 million, compared to the same “adjustment” of \$1.6 million we experienced in the current year
- Therefore, we face a NET loss of \$1.7 million in aid in 2011-12 compared to 2010-11



The 2011-12 budget challenge in a nutshell

**Assuming all current programs, services & staffing were rolled forward one year
AND assuming the Legislature approves
Gov. Cuomo's proposals:**

\$2.1 million spending increase in Preliminary budget

+ \$1.7 million net loss in state revenue

\$3.8 million “hole” to fill either with reduced spending
or other revenue



Tax Cap proposal for 2012-13

- Governor's proposal was approved by Senate on Jan. 31. Assembly version unknown.
- Senate version would impact our 2012-13 budget (not 2011-12 budget)
- Tax levy increase capped at 2% or 120% of CPI
 - For reference: 2% of current tax levy = \$666,000
- Would limit only overall tax levy. Each town's portion of the levy is controlled by equalization rates, so actual town tax rate changes would vary as they do now
- If legislators are committed to a tax cap, we all need to lobby for mandate relief to give schools & towns, etc. more ability to hold down their costs



Feeling the pain at BH-BL:

How do we move forward now?

- Reducing preliminary 2011-12 budget won't be easy when so many cuts were already made in the 2009-10 budget and more in the 2010-11 budget.
- Administrators have begun discussions of how to reduce spending even more for 2011-12.
- Both short-term & long-term strategies are important.
- Will be actively lobbying legislators for mandate relief.
- Expect to have list of potential cuts by the next forum on March 3.



Reductions made over the past two years

Over 40 staff positions in full-time equivalents, including:

- Cut 3 sections of elementary instruction (i.e. 3 elem. teachers) but still maintained class sizes in the 20's.
- Cut secondary school teaching time (grades 6-12) in ALL academic areas, causing fewer electives, larger class sizes in a number of places & larger study halls
- Cut special ed teachers & teaching assistants where possible
- Eliminated elementary library clerks & a part-time librarian
- Reduced secondary school teacher leader positions
- Cut custodians, security monitors, clerical positions, bus drivers, bus dispatcher



Reductions & changes already made over past 2 years:

Interscholastic Sports

Interscholastic sports generates many questions. Reductions already made include:

- Reduced the number of teams by no longer offering 4 levels (varsity, JV, 9th grade, & modified). BH-BL now the only Suburban Council high school with only 3 levels of teams.
- Reduced annual spending for supplies, uniforms & equipment to only \$60,000. Reduced number of scrimmages, league games, and non-league games.
- Changed scheduling of games to allow more teams to share buses. Merged ice hockey team with Ballston Spa.
- Parents have raised approx. \$100,000 annually in non-tax \$\$ to support the teams.
- BH-BL continues to be the BEST PERFORMING but LOWEST COST interscholastic sports program in Suburban Council.



Reductions & changes already made over past 2 years:

Hostetter Building / Central Admin. Functions

- Cut 1 clerical position by combining 2 Human Resources secretaries & reducing tax collection time.
- Combined 2 information tech. positions (1 at high school & 1 at Hostetter) to create 1 shared traveling position
- Eliminated one K-12 academic department head by combining math & science department supervision in one person
- Superintendent's concessions: \$13,000 in give-backs over the past 2 years, plus agreed to further \$5,000 give-back for 2011-12.
- Reduced staff development coordinator position from full-time to half-time.



Thinking Long Term:

Efforts to sell the Hostetter Building

- BH-BL is ahead of several other local districts who are thinking about possibly selling property
- Last July the school board put Hostetter Building & its 38 acres of land on the market
- Goals are:
 - To solve long term issue of deteriorating building
 - To seek funding for instructional infrastructure improvements as well as district office space
- Developer now doing 6 – 18 month feasibility study with town of Glenville re his option to purchase the property from us for \$1.1 million.

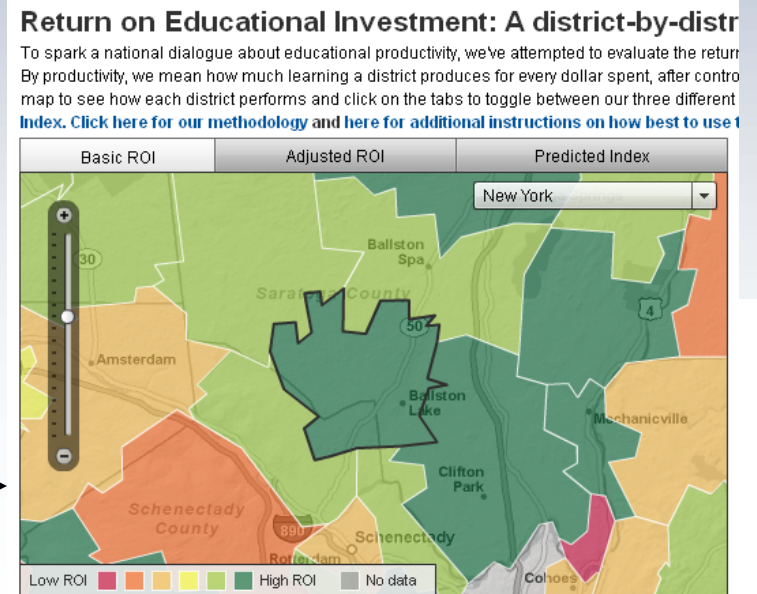


The Good News

External evidence that BH-BL programs are both academically effective and cost effective

- BH-BL tied with Niskayuna for the highest cohort graduation rate (93%) of all Suburban Council school districts.
- BH-BL has an annual dropout rate of 1%.
- In 2010 BH-BL again ranked 5th out of 85 regional school districts by the *Business Review* based on graduation results & state test scores.
- Last month, the Center for American Progress rated all US school districts on basis of their academic achievement (we are 4th in the region) and their “productivity” or “Return On Investment.” We are dark green, the highest possible ROI.

*ROI map from CAP website, →
showing BH-BL outlined in black*



The Good News

Examples of new or ongoing cost-savings

- BH-BL is part of at least 10 purchasing consortia for prices even lower than state contract
 - Copier paper
 - BOCES services & computer purchase/lease
 - Cleaning supplies
 - Sports equipment & supplies (new)
 - Electricity & natural gas (saves $\approx 20\%$ compared to districts not in the consortium)
 - Gasoline & diesel fuel (saves $\approx 1\text{¢}$ / gal or at least \$15,000 per year)



The Good News

Examples of new or ongoing cost-savings (Continued)

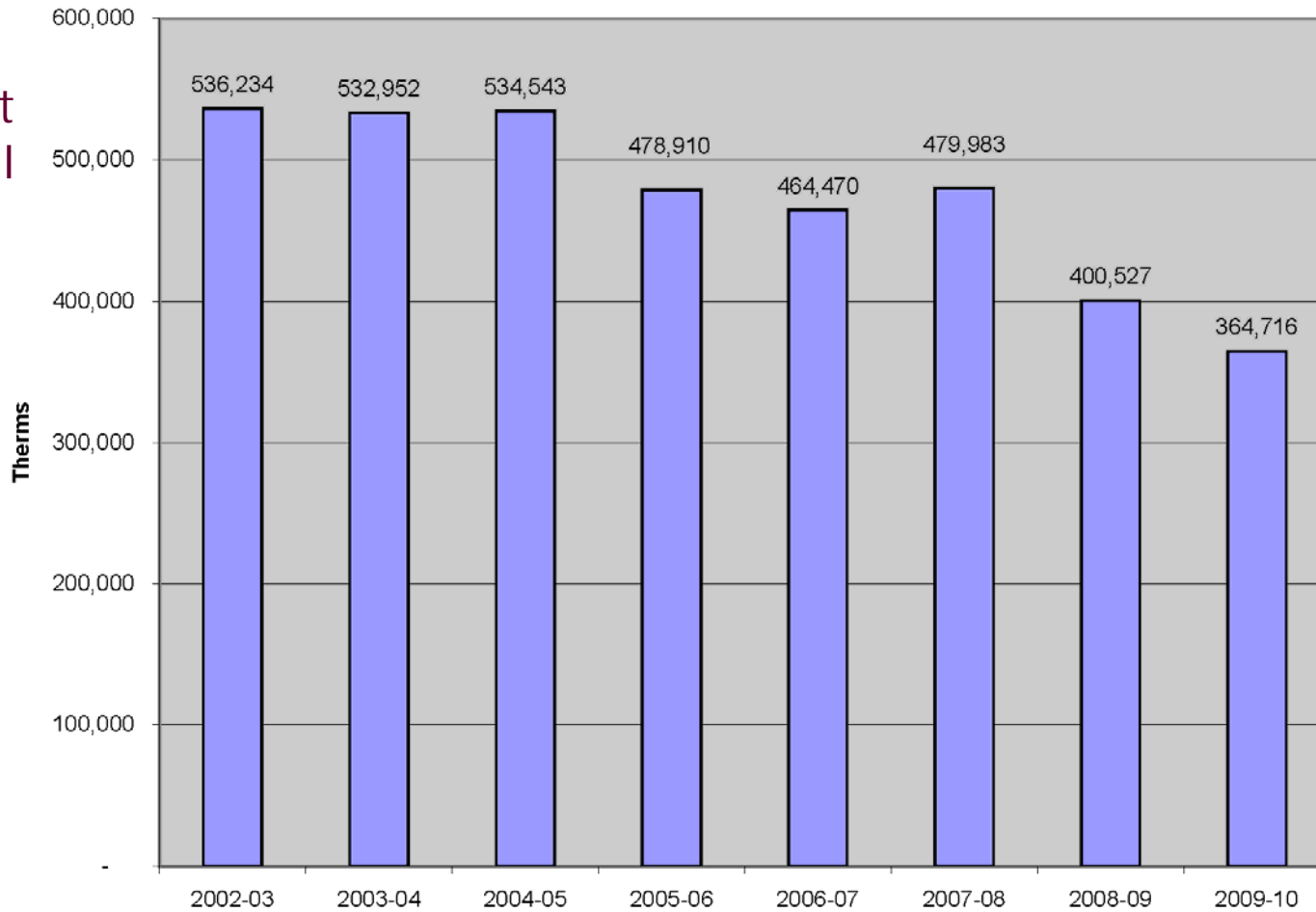
Health Insurance cost reductions. Bargaining units have been actively working with the district to find savings such as:

- BH-BL is part of 13-district consortium ⇒ lower premiums
- No longer offering higher cost provider plans
- Higher co-pay for staff ⇒ lower premiums for both staff & district
- Medicaid Advantage program



Infrastructure investments for long term energy savings

District
Natural
Gas
Usage
per
year



Energy conservation has been a goal of every district 5-year renovations cycle since 1978

New Middle School boilers installed

New High School boilers installed

New Pashley boilers installed

page 21



The Good News re Strategic Fiscal Planning

What's happening with the Fund Balance?

Our multi-year effort to grow the unreserved fund balance is helping us in the current crisis.

- 2010-11: Board applied \$1 million to balance budget
- 2011-12: Board previously announced intention to apply \$1 million to balance budget, so this is already in the prelim. budget

Current available unreserved fund balance = \$3.4 million

- Board of Ed. considering using an additional \$1 million of this (i.e. raising the fund balance contribution to \$2 million), plus the \$600,000 in federal stimulus ("Schumer money") we are owed to reduce the \$3.8 million hole in the 2011-12 budget:

\$3.8	million needed
- <u>\$1.6</u>	million apply additional fund balance + Schumer money
\$2.2	million funding shortage



Where could the \$2.2 million come from?

This will be the focus of our work over the next 2 months of budget development.

Potentially it could come from:

1. State aid restoration.
2. Mandate relief
3. Reduced programs & staffing
4. Bargaining unit concessions
5. Retirement savings (“breakage”)
6. Additional operating efficiencies
7. Increased tax levy



Resource Allocation Task for your input

Groups all programs & services in the district budget into 7 areas:

- Academic K-12 Instruction
- Academic, Social/Emotional & Health Support Services
- Comprehensive Offering of Career Electives
- Enhanced School-Day Educational Opportunities
- Extracurricular After-School Activities
- Maintaining the Community's Investment in School Infrastructure
- Other Services that Support Education



Focus Questions for Community Input

Your job tonight is to answer 4 focus questions that will help the Board move constructively toward a balanced budget

1. What are your worries & concerns about the 2011-12 budget?
2. What are your hopes for the 2011-12 budget?
3. **Resource Allocation Task:** what are the most important values this school district serves?
4. What questions do you have about the budget?
– so we can post answers on the website for all to see.



Process for small group discussions

- We thank the 5 Mediation Matters members who volunteered to come facilitate discussion groups tonight. They will hand out input forms when you get to your small group session.
- Goal is to make opportunities for everyone to be heard respectfully.
- Remember to turn in your input forms at the end. If you can't get the form finished tonight, it will also be available on the website tomorrow & you can do it there.
- Mr. Schultz will be in cafetorium to answer individual questions at the end.



2011 Legislative Task Force

- Participation of more people can help us lobby Albany for **mandate relief** more effectively.
- Once talking points are developed, task force volunteers can help tell legislators how state proposals will impact our kids & our community.
- This could include:
 - Calling or sending letters to legislators
 - Visiting them in Albany
 - Attending rallies in Albany
- Please sign up on the **Legislative Taskforce** clipboard tonight or contact board member Lee-Ann Mertzlufft



Q & A

- Will try to answer some frequent questions here if we have time
- Then break into small groups so that all may share ideas on the Focus Questions

(Reminder: you can ask Mr. Schultz more questions at very end.)



Breaking into 10 small groups to discuss the Focus Questions

If your last name starts with:

A – B

C – D

E – F

G – I

J – L

M – N

O – Q

R – S

T – V

W – Z

Go to:

Room 137 Chorus room

Room 132

Room 130 Band room

Room 128

Room 126

Room 125

Room 124

Room 123

Room 122

Room 121

Online participants: Please hang on. We will be back to you in a few minutes.



Breaking into 5 small groups to discuss the Focus Questions

If your last name starts with:

A – D

E – I

J – N

O – S

T – Z

Go to:

Room 137 Chorus room

Room 132

Room 130 Band room

Room 128

Room 126

Online participants: Please hang on. We will be back to you in a few minutes.



What happens next?

Feb. 17: Finance Committee meeting, 7:00 High School Library

March 3: **Public Forum to discuss Preliminary Budget**
7:30 Middle School cafetorium (& online)

March 29: **Public Forum on the Nearly Complete Budget**
7:30 Middle School cafetorium (& online)

April 5: Finance Committee meeting, 7:00 High School Library

April 12: Board votes on budget, 7:30 Pashley School

May 17: Public vote on budget

Reminder: each step in the budget process will be posted on the district website – along with copies of the proposed reductions list once that is created

