

Owego Apalachin Central School District

Proposed Budget, 2011-2012

Presented to the Owego Apalachin
Board of Education

March 14, 2011

Dr. William C. Russell

Superintendent of Schools

OACSD Administrative Team

- *Bernard C. Dolan, Jr.* – Associate Superintendent of Schools
- *Randy Pryor* – Business Official
- *Bob Farrell* – Chief Information Officer
- *Heath Georgia* – Principal of Owego Free Academy
- *Tom Beatty* – OFA Assistant Principal
- *Jill Bennedum* – Principal of OA Middle School
- *Rhonda Bullard-Augustine* – OAMS Assistant Principal
- *Joe DiCosimo* – Principal of Apalachin Elementary School
- *Laurie McKeveny* – Principal of Owego Elementary School
- *Tom Comerford* – Director of Pupil Personnel Services
- *Andrew Goodrich* – Director of Athletics
- *Tony Quaranta* – Director of Transportation
- *Tony Clark* – Supervisor of Facilities, Maintenance, & Operations

Confronting a Budget Crisis

- Governor Cuomo proposes \$1.5 billion cut in state aid to public schools
- Many costs escalating dramatically
 - e.g., pension costs, health care benefits, energy
- Massive shift of tax burden to support schools from state to local property taxpayers
- Governor and State Senate support 2% cap on property tax increases

Budget Development Goals

- Protect our high-quality programs and services for students
- Protect taxpayers from excessive tax increases
- Maintain adequate staff to deliver programs and services to students
- Restructure (as necessary) to deliver programs and services in more cost-effective manner
- Be prudent in use of fund balance and reserves to balance budget – many rainy days to come

Massive Cuts to State Aid

(Governor Cuomo's Proposed Budget)

- Foundation Aid held flat for 4th straight year
 - \$12,183,267
- Gap Elimination Adjustment increased
 - - \$3,876,229
- ARRA Federal stimulus funds eliminated
 - \$1,136,566
- Federal Ed Jobs funds added for 2011-12 only
 - \$951,302

Owego Apalachin Hit Hard by Gap Elimination Adjustment

- Statewide average cut per student = $-\$1,019$
- Owego Apalachin cut per student = $-\$1,752$
- GEA cut alone = -9.3% of 2010-11 OA budget
- Federal Ed Jobs funds offset this loss somewhat, but overall cut to state aid is $-\$821,046$ (-4.6%)

Deep Cuts and Heavy Use of Fund Balance and Reserves

- Potential solutions:
 - Drastic cuts in expenditures, including layoffs
 - Heavy use of district's fund balance and reserves
 - Consider freezing pay and benefits to save jobs
- Significant property tax increases not an option

Use of Reserves and Fund Balance as One-Shot Revenue

- Given State Aid cuts, OA will have to use substantial portion of district savings to balance budget
 - \$463,000 refund from health consortium
 - \$110,000 from Tax Reduction Reserve Fund
 - \$765,000 from Employee Retirement Reserve Fund
 - \$100,000 from Unemployment Compensation Reserve Fund
 - \$200,000 added to Appropriated Fund Balance
 - \$244,000 additional PILOT payment from Best Buy
- \$1,882,000 of reserves and fund balance to make up for state aid shortfall (one-shot revenue enhancement)

State Aid

(Governor Cuomo's Proposal)

Source	2008-2009	2009-2010	2010-2011	Projected 2011-12	Change from Previous Year	
					\$	%
State Aid					\$	%
Foundation Aid	\$ 12,183,169	\$ 12,183,267	\$ 12,183,267	\$ 12,183,267	\$ -	0.0%
Gap Elimination Adjustment	\$ -	\$ -	\$ (3,347,560)	\$ (3,876,229)	\$ (528,669)	15.8%
ARRA Federal Stimulus Funds			\$ 1,136,566	\$ -		
ED JOBS Federal Stimulus Funds			\$ -	\$ 951,302	\$ (185,264)	-16.3%
BOCES	\$ 1,925,296	\$ 2,324,929	\$ 2,020,000	\$ 1,840,000	\$ (180,000)	-8.9%
Excess Cost-Public High Cost	\$ 130,944	\$ 279,170	\$ 192,664	\$ 179,526	\$ (13,138)	-6.8%
Excess Cost-Private High Cost	\$ -	\$ 20,679	\$ 85,546	\$ 174,568	\$ 89,022	104.1%
Transportation	\$ 1,681,171	\$ 1,844,320	\$ 1,997,759	\$ 1,995,914	\$ (1,845)	-0.1%
Hardware & Technology	\$ 33,957	\$ 42,095	\$ 41,708	\$ 41,603	\$ (105)	-0.3%
Textbook	\$ 130,365	\$ 136,072	\$ 135,432	\$ 135,000	\$ (432)	-0.3%
Library Materials	\$ 14,287	\$ 14,418	\$ 14,556	\$ 14,375	\$ (181)	-1.2%
Software	\$ 33,930	\$ 34,559	\$ 34,888	\$ 34,454	\$ (434)	-1.2%
Building Aid	\$ 2,289,134	\$ 2,178,999	\$ 3,205,354	\$ 3,205,354	\$ -	0.0%
Supplemental Excess Cost Aid	\$ 15,944	\$ 19,678	\$ 19,678	\$ 19,678	\$ -	0.0%
TOTAL STATE AID	\$ 18,438,197	\$ 19,078,186	\$ 17,719,858	\$ 16,898,812	\$ (821,046)	-4.6%

Miscellaneous Local Sources of Revenue

Source	2008-2009	2009-2010	2010-2011	Projected 2011-12	Change from Previous Year	
					\$	%
Miscellaneous Local Sources						
Payments In Lieu Of Taxes (PILOT)	\$ 2,544,204	\$ 2,500,852	\$ 3,036,784	\$ 3,196,784	\$ 160,000	5.3%
Day School Tuition-Individuals	\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,000	\$ -	0.0%
Day School Tuition-Other Districts	\$ 50,000	\$ 50,000	\$ 25,000	\$ 40,000	\$ 15,000	60.0%
Admissions	\$ 8,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ -	0.0%
BOCES Services	\$ 20,000	\$ 20,000	\$ 20,000	\$ -	\$ (20,000)	-100.0%
Interest Earnings	\$ 475,000	\$ 375,000	\$ 100,000	\$ 75,000	\$ (25,000)	-25.0%
Rentals (Bus, Property BOCES)	\$ 125,000	\$ 125,000	\$ 141,000	\$ 141,000	\$ -	0.0%
Medicare D Distribution	\$ 65,000	\$ 65,000	\$ 60,000	\$ 60,000	\$ -	0.0%
Refund BOCES	\$ 370,000	\$ 370,000	\$ 450,000	\$ 430,000	\$ (20,000)	-4.4%
Refunds Other	\$ 110,000	\$ 110,000	\$ 473,800	\$ 483,000	\$ 9,200	1.9%
Play Receipts	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000	\$ -	0.0%
Gifts and Donations	\$ -	\$ -	\$ 30,000	\$ 37,000	\$ 7,000	23.3%
Unclassified Revenue	\$ 145,000	\$ 130,000	\$ 130,000	\$ 130,000	\$ -	0.0%
Total Miscellaneous Local Sources	\$ 3,937,204	\$ 3,780,852	\$ 4,501,584	\$ 4,627,784	\$ 126,200	2.8%
Total Medicaid Reimbursement	\$ 50,000	\$ 55,000	\$ 150,000	\$ 75,000	\$ (75,000)	-50.0%

Property Taxes, Fund Balance, and Reserves

Source	2008-2009	2009-2010	2010-2011	Projected 2011-12	Change from Previous Year	
Property Tax, Reserves, & Fund Balance					\$	%
CNYOG TAX	\$ -	\$ -	\$ -	\$ -	\$ -	0.0%
Interest & Penalties Taxes	\$ 25,000	\$ 25,000	\$ 30,000	\$ 35,000	\$ 5,000	16.7%
Fund Balance Appropriation	\$ 2,400,000	\$ 2,400,000	\$ 3,850,000	\$ 2,600,000	\$ (1,250,000)	-32.5%
Appropriated Reserves	\$ 337,207	\$ 310,000	\$ -	\$ 975,000	\$ 975,000	100.0%
Property Taxes	\$ 15,001,383	\$ 15,213,403	\$ 15,464,306	\$ 15,773,194	\$ 308,888	2.00%
Total Prop Tax, Reserves & Fund Balance	\$ 17,763,590	\$ 17,948,403	\$ 19,344,306	\$ 19,383,194	\$ 38,888	0.2%
TOTAL ALL REVENUES	\$ 40,188,991	\$ 40,862,441	\$ 41,715,748	\$ 40,984,790	\$ (730,958)	-1.75%

Revenue Shortfall Requires Major Cuts

- Many cost-drivers increase budget at outset
 - Negotiated wage/salary increases approach \$550,000
 - Health insurance costs to district increasing \$542,000
 - Employee Retirement System costs scheduled to increase \$240,000 (45.7%)
 - Teachers Retirement System costs scheduled to increase \$385,000 (32.5%)
 - Energy costs escalating rapidly, especially fuel
- Altogether, had to fill \$2.4 million deficit

Staff Cuts

- Over 75% of our total budget is staff wages, salaries, and benefits
- Four approaches to reducing those costs
 - Retirement incentives
 - Restructuring
 - Layoffs
 - Pay Freeze

Retirements

- Offered enhanced incentive to teachers; new incentive to support staff
- Altogether, 19 people informed us of intention to retire
 - 6 teachers (Art; 1st grade; 6th grade; Reading Specialist; Guidance Counselor; Special Education)
 - 13 support staff (2 custodians; custodial worker; computer programmer; computer operator; bus mechanic; bus driver; 2 clerk typists; 3 aides; food service driver)
- Overall retirement savings = \$1,006,747
- Net retirement savings (after replacements) = \$799,538
- Some positions will be filled or restructured – most will be eliminated

Restructuring

- Changing some duties and responsibilities to achieve greater efficiency and cost savings, and save jobs
 - Bring Universal Pre-K into district (save 3 teachers and 3 aides)
 - Move from 4 network assistants to 2 PC/LAN techs
 - Eliminate head bus driver; replace with dispatcher
 - Replace custodian with lead custodial worker
 - Combine programmer/computer operator/census taker/registrar functions

Layoffs

- To reduce payroll even further, we must eliminate or reduce positions and lay off staff (25.4)
 - 5 teachers
 - 12 aides
 - 1 maintenance mechanic
 - 2 teaching assistants
 - 1 nurse
 - 4 network assistants
 - Partial reduction of public information position (to 3 days/week)

Pay Freeze

- Have approached all employees and their unions, asking for a freeze on wages and salaries for next year to save jobs
- Would save \$625,829 – all to avert staff cuts
- Superintendent and senior leadership team expect our salaries to be frozen for 2011-12
- Expect definitive answer after full information about budget cuts is known

Other Cuts

- Examined every area of budget, looking for savings
- 587 separate lines in the budget
 - 40% were reduced (- \$2,980,491)
 - 37% were held to no increase over 2010-2011
 - 23% had to be increased
- First priority was to protect programs for students

Budget Overview

Payroll

Position	2010-11 Total	2011-12 Total	Difference	Percent Change
Teachers	\$10,103,980	\$9,160,240	(\$943,740)	-9.3%
District Administration	\$807,202	\$821,877	\$14,675	1.8%
Pupil Personnel Services	\$774,209	\$738,602	(\$35,607)	-4.6%
Bus Drivers	\$755,000	\$698,022	(\$56,978)	-7.5%
Aides	\$696,410	\$828,856	\$132,446	19.0%
Clerical	\$672,030	\$601,069	(\$70,961)	-10.6%
Cleaners/Custodians	\$632,860	\$604,365	(\$28,495)	-4.5%
Mechanics	\$543,190	\$475,300	(\$67,890)	-12.5%
Building Administration	\$522,423	\$527,440	\$5,017	1.0%
Substitutes (Teachers)	\$410,000	\$410,000	\$0	0.0%
Coaches	\$380,143	\$340,643	(\$39,500)	-10.4%
Extra Duty	\$372,757	\$269,171	(\$103,586)	-27.8%
Teaching Assistants	\$362,857	\$325,720	(\$37,137)	-10.2%
Librarians	\$211,773	\$221,739	\$9,966	4.7%
Substitutes (all other)	\$184,449	\$169,600	(\$14,849)	-8.1%
Nurses	\$164,739	\$140,299	(\$24,440)	-14.8%
Overtime	\$150,000	\$129,650	(\$20,350)	-13.6%
Total Payroll Costs	\$17,808,051	\$16,571,350	(\$1,236,701)	-6.9%

Budget Overview

Non-Payroll Costs

Non-Salary Expenses	2010-11 Total	2011-12 Total	Difference	Percent Change
Medical/Dental Insurance	\$ 5,595,840	\$ 6,172,610	\$ 576,770	10.3%
Social Security/Medicare	\$ 1,354,701	\$ 1,272,662	\$ (82,039)	-6.1%
Workers Compensation	\$ 129,920	\$ 146,782	\$ 16,862	13.0%
Unemployment	\$ 18,400	\$ 170,000	\$ 151,600	823.9%
Teacher/Admin Retirement	\$ 1,185,161	\$ 1,389,000	\$ 203,839	17.2%
Employee Retirement	\$ 525,000	\$ 765,000	\$ 240,000	45.7%
Prof Development/Conferences	\$ 44,500	\$ 36,500	\$ (8,000)	-18.0%
Prof Memberships/Fees	\$ 17,725	\$ 17,790	\$ 65	0.4%
Travel/Mileage	\$ 14,800	\$ 12,530	\$ (2,270)	-15.3%
Textbooks	\$ 135,000	\$ 135,000	\$ -	0.0%
Library Books/Periodicals	\$ 36,730	\$ 35,955	\$ (775)	-2.1%
Software	\$ 35,000	\$ 35,000	\$ -	0.0%
BOCES	\$ 5,037,593	\$ 4,783,736	\$ (253,857)	-5.0%
Equipment	\$ 145,000	\$ 62,165	\$ (82,835)	-57.1%
Equipment Repair/Maintenance	\$ 129,330	\$ 117,665	\$ (11,665)	-9.0%
Building Repair/Maintenance	\$ 46,750	\$ 41,250	\$ (5,500)	-11.8%
Tires/Bus Parts	\$ 109,000	\$ 81,600	\$ (27,400)	-25.1%
Bus Parts/Repairs/Fluids	\$ 29,000	\$ 22,000	\$ (7,000)	-24.1%

Budget Overview

Non-Payroll Costs

Non-Salary Expenses	2010-11 Total	2011-12 Total	Difference	Percent Change
Other Expense (Contracts)	\$ 710,071	\$ 587,860	\$ (122,211)	-17.2%
Supplies	\$ 452,400	\$ 437,199	\$ (15,201)	-3.4%
Paper	\$ 29,950	\$ 26,450	\$ (3,500)	-11.7%
Uniforms (athletics)	\$ 13,372	\$ 1,688	\$ (11,684)	-87.4%
Tuition Other Districts	\$ 255,000	\$ 215,000	\$ (40,000)	-15.7%
Vehicle Fuel	\$ 290,200	\$ 340,500	\$ 50,300	17.3%
Building Fuel	\$ 651,000	\$ 653,000	\$ 2,000	0.3%
Electricity	\$ 320,000	\$ 320,000	\$ -	0.0%
Water/Sewer	\$ 61,500	\$ 62,000	\$ 500	0.8%
Telephone	\$ 11,000	\$ 11,000	\$ -	0.0%
Insurance	\$ 215,000	\$ 215,000	\$ -	0.0%
Debt Principal	\$ 2,490,829	\$ 2,537,820	\$ 46,991	1.9%
Debt Interest	\$ 1,315,882	\$ 1,374,528	\$ 58,646	4.5%
Appropriated Reserve	\$ 2,400,000	\$ 2,200,000	\$ (200,000)	-8.3%
TOTAL (Non-salary)	\$ 23,907,697	\$ 24,413,440	\$ 505,743	2.1%

Some Additional Cuts

- After School and Summer Enrichment (reduced)
- Assemblies and Field Trips
- Teacher leadership stipends (grade level chairs, team leaders, curriculum chairs)
- Elementary swimming
- Math Lab @ OES (teacher to TA)
- PPS Summer Services (reduced)
- Special Education Speech Services

Some Additional Cuts (cont'd)

- Equipment (reduced)
- Supplies (reduced)
- Fitness Center no longer open to public
- Community Swimming (reduced)
- Community use of facilities on Sunday
- Overtime (reduced)
- Professional Development/Conferences/Travel (reduced)

Cuts in Athletics Program

- Teams eliminated
 - Modified Golf
 - JV Cheerleading (football & basketball)
 - Modified Volleyball (2 teams to 1)
 - Badmitten and Table Tennis
 - Boys Volleyball
- Coaching positions cut
 - Assistant Varsity Boys & Girls LAX Coaches
 - Assistant Varsity Football Coach (3 to 2)
 - Assistant Varsity Track Coach (3 to 2)
- Other Expenses reduced – total Athletics cut 11.41%

Administrative Cuts

- 10.5 month schedule for AP (released to be BOCES summer school principal)
- Director of Health and Physical Education (stipend cut – AP absorb duties)
- Public Information reduced to .6 FTE
- Legal Services (reduced)
- Community Swim coordination (reduced – absorbed by AP)
- Administrative secretarial support (reduced/reconfigured)
- Administrative travel/professional development (reduced)
- District-wide registration
- Faculty athletic manager duties absorbed by Athletic Director
- Head Bus Driver (position cut; duties reconfigured)
- Four 10-hour-days summer schedule – District closed Fridays

Cuts in Extra Duties

Extra Duty Responsibility	Cost Savings
Elementary grade level chairs	\$ 16,926
K-12 Curriculum Coordinators	\$ 19,584
Audio Visual Coordinators	\$ -
Computer Coordinators (4)	\$ 4,836
Building Newsletter Coordinators (4)	\$ 1,360
Dean of Students (2)	\$ 7,656
Blackboard Coaches (2)	\$ 2,086
Gaming Club	\$ 794
Asynchronous Learning	\$ 794
Faculty Athletic Manager	\$ 2,438
Assistant Pep Band Director	\$ 3,442
Assistant Marching Band Director (2)	\$ 6,521
Marching Band Director	\$ 5,614
OFA Musical (cut by 40%)	\$ 9,450
OAMS Musical (cut by 30%)	\$ 2,370
Ticket Takers	\$ 3,162
Noon Hour Supervision	\$ 33,816
TOTAL	\$ 120,849

The Bottom Line

- No student programs eliminated – many reduced
- Every attempt to minimize staff reductions, but 45.4 positions eliminated or reconfigured
- Overall year-to-year budget decreased by
 - \$730,928
- Used \$1,882,000 from fund balance and reserves
- Total budget = \$40,984,790
- Tax levy increase held to 2%

Moving Forward

- State has yet to adopt budget (deadline is April 1); may (or may not) see changes in state aid
- Board of Education has 6 weeks to consider proposed budget, make any changes; must adopt not later than April 21, 2011
- Public votes on budget and board members on May 17, 2011