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For immediate release

**OA SUPERINTENDENT PRESENTS 2010-2011
BUDGET PROPOSAL TO BOARD OF EDUCATION**
*Proposal eliminates five teaching positions through attrition;
budget would carry a 2.59% tax levy increase*

OWEGO – During Owego Apalachin’s Thursday (March 11) regular Board of Education meeting, Dr. Bill Russell, OA district superintendent, presented his 2010-2011 proposed budget.

In a year where school districts face significant reductions in expenditures in response to massive cuts to public education in state aid, Dr. Russell presented an overall revenue picture he called “dismal.”

“A major economic recession has created a large state budget deficit, thus drastically limiting state aid to education,” Dr. Russell said. Governor David Paterson has proposed budget cuts in state aid to Owego Apalachin in the amount of more than \$2.2 million.

“If Governor Paterson’s proposal were accepted by the legislature,” the superintendent said, “it would amount to a major shift of the tax burden to support schools from the state to local taxpayers.”

“That said, local taxpayers may be unable and/or unwilling to absorb a substantial tax increase.”

Dr. Russell cautioned the board that while intelligently navigating treacherous financial times may be possible, some obstacles are unavoidable. For example, nearly two-thirds of this proposed OA budget is comprised of salaries and benefits, he said. Collective bargaining agreements dictate many salaries and benefits for 2010-11, as well, and the OA teachers’ union contract is currently in negotiations.

Moreover, this budget proposal carries large increases in pension and health care costs. Employee Retirement System costs are up 69 percent, while Teachers Retirement System costs will increase 32 percent. Health insurance will also rise 5.05 percent.

But Dr. Russell told the board members that OA maintains some strategic advantages, even in the face of budgetary challenges such as this year’s.

“We have reduced long-term expenditures, especially debt, over the past three years, and we have stable replacement plans for technology, maintenance equipment, musical instruments, athletic uniforms, and buses – items already in the budget,” Dr. Russell said.

“Additionally, our prior years’ budgets and tax increases have been very modest, and we have adequate ‘rainy day funds’ - reserves and fund balance - available to supplement revenue in this fiscal crisis,” he added. “As a result of previous years’ frugality, our voters’ support and confidence in our budgets has grown.”

Dr. Russell went on to further caution members of the OA board that this proposed budget relies on the use of one-time revenue enhancements to keep taxes down. Those enhancements include:

- Health Insurance Refund (\$364,000)
- Appropriated Reserves (\$1,000,000)
- Appropriated Fund Balance (\$450,000)

“However, if the state aid picture doesn’t improve,” Dr. Russell said, “relying on this level of revenue from reserves and fund balance will be difficult, if not impossible, to sustain over time.”

At the meeting, Dr. Russell also discussed with the board and members of the public in attendance the formation of the OA budget proposal, beginning with budget development goals.

They were:

- To support high-quality educational programs for our children.
- To maintain stability and consistency in our programs, services, and staff.
- To reduce expenditures in response to huge cuts in state aid to public education.
- To apply fund balance and reserves to make up for revenue shortfall.
- And, to avoid a large tax increase.

This budget proposal does not call for the elimination of educational programs, nor does it carry the weight of layoffs, Dr. Russell said.

Major budget cuts in the OA 2010-2011 proposed budget include:

- \$370,000 - 5 open teaching positions not replaced (2 retirements, 3 resignations)
- \$200,000 - Reduce appropriated fund balance
- \$100,000 – Equipment
- \$121,536 - BOCES Programs and Services
- \$85,968 - Contractual Expenses
- \$85,754 - Supplies and Materials
- \$65,000 – Electricity
- \$60,000 - Building Fuel
- \$52,568 - Debt Interest
- \$50,000 - Vehicle Fuel

The OA 2010-2011 budget proposal holds spending to a 0.36 percent increase over the 2009-2010 district budget. It also adds a 2.08 percent increase attributable to new debt service related to the district’s current capital construction project. Dr. Russell noted that the new debt service is completely offset by additional state building aid.

Overall, the proposed budget contains a 2.44 percent spending increase and a corresponding 2.59 percent tax levy increase.

The OA board has six weeks to discuss the superintendent's proposed budget before adopting a final version of the budget at its April 15 regular meeting.

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