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For immediate release

OA BOARD OF EDUCATION ADOPTS BUDGET, LAUDS EFFORTS BY DISTRICT ADMINISTRATION

****** Tax levy increase lowered to 1.65% ******

OWEGO – The Owego Apalachin Board of Education adopted its 2010-2011 budget during its regular meeting April 15. The adopted budget contains a tax levy increase of 1.65 percent. The initial budget proposal contained a 2.59 tax levy increase. The adopted budget holds expenditures to a 0 percent increase and eliminates five teaching positions.

The OA district will hold public hearings next week at both its elementary schools. The first is 7:30 p.m. Monday, May 3, at Apalachin Elementary School. The second is 7:30 p.m. Wednesday, May 5, at Owego Elementary School.

District residents will be able to vote on the OA budget from noon to 8 p.m. Tuesday, May 18.

“The board directed us to lower the tax levy, so we went back to the drawing board and cut an additional \$188,000,” said Dr. Bill Russell, OA superintendent of schools. “We are taking a budget to our community that contains a tax levy increase that’s among the lowest in the region.”

“The superintendent and his staff have once again developed a sound budget proposal that achieves the goals set forth by the Board of Education,” said David Barton, OA board president. “We believe that this budget conveys our commitment to sound fiscal management of taxpayer funds while furthering the high quality educational standards expected in this district.

“We look forward to presenting this proposal to our district voters and recognize that all members of the OA faculty and staff have worked hard to meet the challenge of balancing costs and services,” Barton said.

To lower the tax levy increase from 2.59 percent to 1.65 percent, the following additional cuts were made:

- \$40,000 – substitute teachers
- \$17,000 – refinance debt service (total multi-year savings from refinancing is equal to \$150,800)
- \$40,587 – Support staff reductions (salary and benefits)
- \$90,840 – District-wide supplies (total supplies cut \$150,800 from original requests)

“Dr. Russell and his administration have done an exceptional job with the budget this year, especially considering the \$2.2 million dollar takeaway in state aid,” said Gene Cvik, vice

president of the OA board. “That takeaway alone would have translated into a double-digit tax levy increase.

“I believe that we have a sound budget proposal for 2010-2011 that maintains our student programs that translates to a 1.65 percent tax levy increase,” Cvik added.

The OA 2010-2011 adopted budget holds spending to a 0.007 percent increase over the 2009-2010 district budget. It also adds a 2.09 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.

In March, after he handed his 2010-2011 budget to members of the OA board for their review, Dr. Russell presented an overall revenue picture he called “dismal.” Districts statewide face significant reductions in expenditures in response to massive cuts to public education in state aid, he said.

“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.”

When he initially presented his budget to the board, Dr. Russell cautioned its members that while intelligently navigating treacherous waters 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, the adopted OA budget 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.”

Other 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

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More information: Stephen P. Jensen, public information coordinator, at 687-7124.