

2015-16 Board of Education Questions

Finances

(1) Should there be a small available carryover in the tax cap calculation (page 14, line 7)?

The calculation of any available tax carryover from the prior year is different from unused taxing capacity. Available carryover is calculated by subtracting the current year levy from last year's levy times the allowable tax growth - **not** from last year's maximum allowable levy limit. Unless a district stays under the baseline allowable tax growth, there is no carryover.

In concrete terms, last year's tax cap calculation started with allowable tax growth of 1.59%. Each district adjusted this baseline growth with capital additions and exclusions, PILOTS, and real property tax growth. Last year, Scarsdale's maximum allowable levy limit was 3.94%, but in order to have carryover available from last year, we would have had to stay under 1.59%, which was not possible.

The baseline allowable tax growth for 2015-16 is 1.62%, so the current estimate of tax levy means that there will be no carryover.

(2) To provide context for the high increase in salaries (2.7% overall; 4.0% excluding turnover savings) relative to the allowable growth of the tax levy, please provide a thoughtful multi-year analysis of changes in salaries resulting from: COLA; changes in steps and lanes; changes in student headcount; changes in curriculum; turnover; etc.

The Board received a detailed spreadsheet from Jeff Martin that reflected this data for multiple years.

Please be aware that the 2.72% growth (budget to estimated expense, on p.41) for teaching salaries is only a portion of teaching salaries. Additional teaching salaries are shown in other parts of the budget, including special education, psychological services, guidance and athletics.

The system-wide increase in teaching salaries is actually 2.39%: a reduction of 1.20% due to turnover savings, netted against a 0.75% salary schedule increase, a 1.61% step increase, and other items such as STI related payments, salary credit payments, longevity and other minor changes.

One additional consideration: there will be a shift of costs as a result of the two new administrative positions coming from the teachers' union. Headcount will not change, but salary dollars will be reclassified from the teaching category to the administrative category. The numbers shown above reflect an apples-to-apples comparison of teacher salaries from last year to this year. When the salaries are shifted to the administrative classification, the increase in teacher salaries will be smaller.

(3) Will the very large increases in plant (12%) and special education (9.6%) expenses meet one-time needs or accomplish catch-up spending growth that could result in future spending decreases or increases below the inflation rate?

The significant increase in plant spending is related to telephones. There is a specific need to upgrade the phone/public address system, and the current estimate is \$370,000. A committee of technology people, the Assistant Superintendent for Business, and the Purchasing Agent (currently in charge of the phone system) is reviewing several proposals. The timing and cost of this project is still uncertain, so the \$370,000 should be viewed as a placeholder. We will have a final recommendation before the Board adopts the budget, but it appears that our options are limited to an outright purchase of the upgrade (probably greater than \$370,000) or an installment purchase (the vendor would have to agree, and the number may be less than \$370,000.)

When the telephone upgrade is removed from the year-over-year comparison, the increase is reduced to 5.3%, which is primarily for heat and electricity.

The special education budget growth is a function of what we see as an increasing need to provide an appropriate setting to serve emotionally disabled students who cannot currently be served within the District. If recent history is an indication, costly outplacements may be required. This is not necessarily a reflection of specific cases, but rather a growing trend in the need for services we don't provide here. The Special Education Director, Eric Rauschenbach, is taking an inventory of currently provided services versus identified needs. When that is complete, there may be a recommendation to bring these services into the District.

(4) A question about the BAN repayment was raised. Our understanding was that it could be repaid out of subsequent bond proceeds, and several Board members are asking why this is not being planned. It appears the BAN will be paid out of operating funds, rather than being rolled into the longer-term financing. Please explain the rationale.

In July of 2012, the Board was advised that in the 2015-16 fiscal year, debt service would drop by over \$1.7 million annually. We explained that the maturation of existing debt provides the opportunity to bring on new debt without creating a year-over-year increase in debt service. A list of projects was proposed in January 2013 with a view towards a referendum in late 2013 or early 2014. If we had adhered to that timeline, with a successful vote in spring 2014, we would have issued a one-year Bond Anticipation Note (BAN) at that time, and rolled it into long-term debt to be issued in June of 2015. The first debt payment would have occurred in the 2015-16 fiscal year.

As you know, after the May 2013 defeat of the budget, conversations about capital projects were shelved. The Board felt that a vote in the spring of 2014 was too hasty, and postponed it until December 2014. I explained at the time that the delay would likely impact the mechanics of how we handled the debt service, but that I thought we could keep our promise of level debt service by issuing a BAN for the first year. That is what we propose to do.

The planning, design, and state approval process for capital projects takes 12-18 months. Districts may not issue long-term-debt until plans receive final approval from the State Education Department. Instead, they may issue a BAN, which is a twelve-month financing mechanism that provides funds for immediate cash-flow needs: architects' fees, structural testing, engineering and construction management fees, as well as any fast-track projects (technology infrastructure and the Quaker Ridge roof, in our situation.)

Many districts issue BANs at the beginning of the construction process. They may be issued for up to 10 per cent of the voter-authorized amount, provided there are identifiable cash-flow needs equal to the amount of the BAN. At the end of the year, the BAN may be paid off using either operating funds or the proceeds of the issuance of long-term debt; the answer usually depends on the particular situation that exists in a district at that time.

When the Board was given an update in December 2014 on the next steps related to the capital projects, they were told that no long-term debt could be issued until final SED approvals were received. (We estimate this will occur between December 2015 and April 2016, depending on the project.) Short-term cash needs would be financed through a BAN to be issued in the spring of 2015, which would be paid off in the 2015-16 year. The specific amount of the BAN is not set in stone, although we have included it in the budget at \$1.675 million.

Because of the maturing debt scenario in 2015-16, if we do not pay off the BAN using operating funds, debt service in 2015-16 will drop by \$1.7 million. Then the following year, debt service will rise by \$1.7 million as the new debt is absorbed into the budget. This would violate the promise made to the public.

In the end, issuing a BAN and paying it off with operating funds is a mechanical issue, not a substantive one. The literature for the bond vote stated that the debt would be paid off at about \$1.5 million per year, over a period of 15-18 years, at the discretion of the Board of Education and based on the interest rate market at the time of issuance. None of those assumptions have changed. The only thing that has changed from the original plan is that the first year will be a short-term financing that is currently much cheaper (less than one per cent) than long-term debt, which is an ancillary benefit to taxpayers. The community will still repay the \$18.120 million in debt over 15-18 years, at approximately \$1.5 million each year.

(5) If eliminating reliance on planned surplus is a goal of the Board, what is the rationale for using \$500,000 this year and what are the pros/cons/benefits/consequences (on tax levy, tax cap, etc.) for reducing reliance to \$0 rather than the proposed \$500,000?

Even though we have virtually eliminated prior year surplus as a revenue item (leaving \$500K as noted) there is a likelihood that we will end the 2015-16 year with surpluses in some cost centers, although we don't know precisely where these will occur. We budget conservatively in areas that are unpredictable, like special education and health care. If the surplus doesn't materialize, there will only be a small revenue "hole" to fill the following year. But if a surplus does result, there should be a plan for where it will go.

We are currently estimating that we will end 2015-16 with a \$500,000 surplus. So using \$500,000 this year as a revenue item will mean that the revenue impact is neutral in the following year. As we are close to the four per cent limit on undesignated fund balance, it seems wise to plan on using this surplus to offset tax growth.

If, on the other hand, the BOE would like to reduce the budget further in areas like special education or utilities, then the \$500,000 surplus for 2015-16 becomes more unlikely. In that case, we would recommend *not* using the \$500,000 as revenue.

Please remember, though, that all of this is a balancing act, especially in light of the tax cap. If the budget is reduced further, you are giving up future taxing capacity. While preservation of taxing capacity is not a stated goal of the BOE, it should be kept in mind as a strategic consideration.

The administration believes the goal should be to keep the prior year surplus revenue item to less than 1% of budget (the 2015-16 projection of \$500,000 is 0.34%), although history has shown that sometimes this is difficult because of the volatility of the health care plan.

(6) If we were to reduce the use of planned surplus to \$0, on which reserves or one-time expenses would the administration recommend using the \$500,000?

Other than undesignated fund balance, there are few options for the use of these funds. The health care reserve is already proposed at a level of \$2.25 million, which seems adequate. It would be preferable to put the \$500,000 into either the retirement liability reserve, to be drawn down in a planned way for future budgets, or the 2014-15 tax certiorari reserve as a hedge against the uncertainty of the current revaluation situation.

Another option would be to re-establish the repair reserve, which was depleted in 2013. This would allow the Board to provide funds for repairs in future budgets or have emergency funds on hand for this purpose. It could be drawn down in a strategic way for planned repairs funded in upcoming budgets. Such a transfer must be identified and included for voter approval in a future budget. If it is used to fund emergency repairs without voter approval, it must be replenished in the following budget year by an appropriation of funds through tax levy.

Facilities

(7) During the discussion of projects to include in the bond, a Dean Field renovation was pitched at a cost of approximately \$750,000. How do the proposed renovations to Dean Field in the proposed annual budget (\$270,000) differ from the one discussed in connection with the bond proposal? Would the other \$500,000 in renovations outlined in the HS Master Plan still be needed to Dean Field? If so, what efficiencies, if any, are we losing by doing it in more than one stage (not including possible fundraising efforts by Scarsdale Little League)?

The proposal to repair Dean Field with funding from the bond was shelved last year based on the Board's priorities; field repairs will always have a lower priority than a new library or orchestra space. However, when the project was withdrawn (late spring 2014), I specifically stated that it should not be viewed as a statement that the field didn't need to be fixed. No significant work has been done on this field in decades, and it is heavily used. I stated that most likely there would be a request for a partial repair of the field in an upcoming budget.

The original Dean Field scope included rebuilding the entire field, including recreating the crown on the football field to improve drainage and a complete replacement of the turf and the irrigation system. The revised scope is a partial repair that will only address the baseball infield. When the repairs to the rest of the field are ultimately funded, this work will not need to be redone.

Currently there are areas of the infield that are seriously worn and rutted, creating a safety hazard for runners and fielders. The infield will be rebuilt, the backstop relocated to provide more room behind home plate (also a safety issue), the irrigation replaced, and team areas built to protect players who are not currently on the field. The fencing between the field and the parking area will be replaced. (The Little League may be interested in fundraising for one or more of these components.)

Plans are being developed now for the rebuilding of the infield. The project will be ready to start in June 2015, at the end of the interscholastic baseball season. Little League will not use Dean Field this summer.

The remaining repairs to the outfield and the football field will still need to be done, and in the not-too-distant future. Efficiencies of scale would certainly be created if the entire project were done at once. If funding were provided for the entire project, the project in its entirety would be deferred until the summer of 2016. Plans would be developed during 2015-16, with work to begin in the spring of 2016. The estimated completion date for this larger project would be the fall of 2016, with grass planted in the late summer or early fall. Since three to six months is necessary for the grass to properly establish itself, the 2016 football season could not be played on Dean Field. (The games would be relocated to the synthetic turf field.)

This project could be funded over two seasons, if the Board felt more comfortable doing that, but there would need to be some consensus that the remaining funding will be appropriated in the 2016-17 budget.

(8) Can and should the District undertake and fund a District-wide facilities plan (incorporating the HS Master Plan and Greenacres Feasibility Study work)? Can we use the state-mandated five-year facilities review (due this summer) to maximize efficiencies and jumpstart this work?

The District is in the process of reviewing all of its facilities with a view towards developing a master plan for capital improvements. The recent bond referendum, the Greenacres feasibility study and the High School Master Plan are all components of that process.

The upcoming five-year Building Condition Survey (to be done summer/fall 2015) will incorporate all of the items listed above, but also include a detailed review of the remaining facilities. When this review is concluded, and the Board has had an opportunity to review the final report, the priorities and focus of the new long-term capital plan will be determined.

(9) The Fox Meadow office renovation was surprising to me as it wasn't even on the radar in the facility-specific committee. Is this really needed? Isn't the office already near the main entrance?

Last spring, as we were discussing the scope of the Edgewood project (which includes an office relocation for security reasons) I mentioned several times that there would be a funding request for the renovation of the Fox Meadow office in the next budget. While the office is located near the entrance, there is no line of sight to the door, no double enclosure, and visitors must walk into the building and make two right turns to enter the office. The setup does not meet the current standards for controlled access to school buildings.

When we met with the Fox Meadow building committee last year, there was an immediate question about the office orientation, since Fox Meadow would be the last building without an entrance that met current safety standards. The group was told that funds would be requested in the 2015-16 budget for this purpose, since it was a relatively small, stand-alone project. If we had included it in the bond, it would have had to wait another 12-18 months. This is an important project for Fox Meadow.

Curriculum

(10) When will be the best opportunity to review the District's overall foreign language goals and program?

The review process been an ongoing iterative process with regular updates given to the Board. The optimum time for the next report would be in the fall of 2015, after we survey elementary parents about potential enrollment in a Middle School Mandarin program that might be implemented in the 2016-2017 school year.

(11) Assuming our FLES program is not meeting our goals, what would it take (finances, staff, time in the school day, etc.) to implement and offer FLES the "right" way? Do we offer world languages the "right" way at the Middle School? What would it take (finances, staff, etc.) to implement and offer Mandarin the "right" way at the Middle School?

Elementary World Language Program:

Given the schedule we have and the other constraints that exist, yes, the FLES program is meeting our student learning goals: (1) develop oral proficiency in Spanish, and (2) learn the culture of Spanish-speaking countries.

Gains in oral proficiency were documented by the Center for Applied Linguistics (CAL) evaluation, reported to the board in 2010 and 2012. Gains in learning about the culture in Spanish-speaking countries were documented by local assessments, and reported to parents on report cards.

The issue is not about the FLES program per se; it is about the 80 minutes of Spanish instruction taking time away from literacy learning in a short elementary day. If, in the future, through STA/BOE contract negotiations, the elementary day is extended, we would form a committee to consider our options for reorganizing the elementary schedule in general and review best practices for scheduling FLES, including scheduling Spanish more frequently during each rotation, with less time per class meeting.

Until more time is available in the elementary day, it would be premature to estimate any additional staffing or cost.

Middle School World Language Program:

Our Middle School program is a best practice model. The Middle School offers students a choice of Spanish or French. Once students choose a language in grade six, they study that language for all three years. At the sixth grade level, World Language classes are taught one period every other day, alternating with reading. In grades seven and eight, World Language classes are taught one period each day. Each of the four Middle School houses have three sections of Spanish and one section of French.

If we were to add Mandarin to the languages offered at the Middle School, the staffing and related costs would depend on how many students choose Mandarin when entering the sixth grade. Hypothetically, if the enrollment is at least 60 students in 6th grade, these students would be distributed across the four houses, resulting in a teaching load of four sections, which would be a 1.0 position. In subsequent years, assuming the enrollment is at least 60 students per year, we would add a teacher in each of the next two years. The total additional staffing would be 3.0 Mandarin teachers.

Personnel

(12) What are the ten largest academic classes taught at the high school in terms of teacher/student ratio and are they concentrated in one subject matter area.

The following is a list of the 13 largest sections:

13 Largest Classes at Scardale High School, 2014-15			
Code	Course Title	Enrollment	Reasons for Section Sizes
1141-2	Honors English 224	27	14 sections of English are over 25 (21.2%). Six of them are honors or AT classes, which are large because of our deliberate decision to run smaller skills-level classes. Four of the other large classes are in senior English (English 243). Students choose from among four senior-year offerings in English, any one of which fulfills the senior English requirement. The upside is that students get to choose the version of English 243 that most interests them, but the result is that sections can turn out to be less balanced than they would be if we were to offer a single senior course.
1141-3	Honors English 224	27	
1341-2	AT English 245	28	
1371-2	English 243	27	
1371-4	English 243	27	
1373-4	English 243	27	
2486-1	Public Policy 642 (SS)	27	Students choose from among five senior-year social studies offerings, any one of which fulfills the senior social studies requirement. The upside is that students get to choose the version of Public Policy 642 that most interests them, but the result is that sections can turn out to be less balanced than they would be if we were to offer a single senior course.
2655-1	AT Psychology 645 (SS)	30	This course is a singleton.
3101-1	Earth Science 513	27	Enrollment in this section was 24 at the start of the school year, before two students moved up from Earth Science 512 and one student dropped from Chemistry 513.
3133-1	Environmental Science 523	28	Enrollment in this singleton was 26 at the start of the school year.
3301-8	Biology 513	27	249 students were enrolled in 10 sections of Bio 513 at start of school year (avg. of 25 per section). Current enrollment is 229 (avg. of 23 per section). Drops we had anticipated came to pass. Once the school year begins, we don't change a student's teachers so that we can balance sections.
3501-7	Chemistry 513	27	230 students in 9 sections of Chem 513 at start of school year (avg. of 25.6 per section). Current enrollment is 226 (avg. of 25.1 per section). We anticipated drops that didn't come to pass.
4301-3	Honors Math 434	27	Enrollment in this section was 25 at the start of the school year, before two students moved up from Math 433.

SHS CLASS SIZES, 2014-15

6-Mar-15

Department	# of Sections	Sections 25 or Less	Sections More than 25	% of Sections More than 25	Avg. Class Size
English	66	52	14	21.2%	22.1
Social Studies	85	78	6	7.1%	21.1
Math	80	76	5	6.3%	20.4
World Languages	83	82	1	1.2%	16.4
Science	69	57	14	20.3%	21.5
TOTAL OF 5 MAJORS	383	345	40	10.4%	20.2

Identifying the ten largest sections is not the only determiner of staffing needs. Staffing needs are a combination of enrollments, course selection, student interest, and available staff.

Some classes are large because they are run as singletons (AT Psychology, 30 students this year), a decision that was made because running a section of that size allowed the High School to run two small sections of ninth grade skills-level social studies classes. If, as has sometimes been the case in the past (and might be the case next year) we had five fewer of those skills students this year, we would have been able to run two sections of AT Psychology and one section of the skills class, in which case each of those sections would have had around 15 students--and all three would have been on the list of *smallest* sections! Therefore, it is a balancing act.

(13) What update do we have on need for additional staffing at the Math Help Center?

The Math Center is staffed by a certified teacher who works 25 hours per week in the capacity of teacher aide/tutor. The peak periods at the Math Center are Monday and Wednesday during 7th period and during all lunch periods. Upon first review, it does not appear that additional staff is required. The High School will monitor the logbook (sign in) and other feedback for final review to determine if additional support is warranted. The Math Center is in addition to the tutorial model where classroom teachers are available to help students when they do not have a teaching assignment.

(14) Why are there no proposed staffing reductions (other than transfer of PE Coordinator position a district-wide position) at the High School despite the estimated decrease of 50 pupils (or 3.2%)?

Although there are no proposed reductions in staff, the current level of staffing does not reduce all class sections to the optimum 25 students per section. For example, English is well above the high end of the historical range of classes having more than 25 students--this year at 21.2%. The enrollment decrease will return English to the goal of 10% of classes having over 25 students. Social studies is at 8.2% of classes over 25, but has so many electives for students in 10th through 12th grades that next year's class sizes will likely be identical or within one student from this year's. (There are 70+ sections in social studies, so 50 fewer students is, on average, one student per section.) In science, we are also high at 20.3% of sections over 25. Our focus there includes preserving the override option available for students and parents: many students who override into a higher-level science change back to a lower level as the year progresses. The decrease in enrollment should lower that percentage to closer to 10% (the goal) and preserve the flexibility for students.

Although not a decrease in total staffing, a programmatic shift is proposed. One full-time math teacher will be re-assigned full-time to the computer department.

(15) If the 2018 Cadillac tax on healthcare plans were in effect for 2015-2016, approximately how much would the District have had to pay in tax (assuming the government's thresholds for planning purposes of \$10,200 for individual coverage and \$27,500 for family coverage)?

The "Cadillac Tax" is an excise tax scheduled to take effect in 2018 to reduce health care usage and costs by encouraging employers to offer plans that are cost-effective and engage employees in sharing in the cost of care. It calls for a 40% excise tax on employer-sponsored plans spending more than \$10,200 per employee (or \$27,500 per family). This number includes employer and employee-paid premiums and employer contributions to Health Savings Accounts (HSAs) or Flexible Spending Accounts (FSAs). Scarsdale does not contribute to either an HSA or an FSA.

Patrick Cowburn (KBM consultant) responded that based on present premiums and cost trends, we do not anticipate that the District will exceed the annual premium limitations of \$10,200 for individual coverage and \$27,500 for family coverage presently set for 2018. The following table shows projected annual premiums based on an estimated trend of a 7% annual increase in the cost of the plan.

	2014/15	2015/16	2016/17	2017/18	2018/19
Individual Premium	\$7,964.52	\$8,522.04	\$9,118.58	\$9,756.88	\$10,049.59
Family Premium	\$19,192.32	\$20,535.78	\$21,973.29	\$23,511.42	\$25,335.90

The Federal Government has just begun to work on the regulations for this tax and should have specific guidance later in the year. We will provide further assistance once additional information is made available.