

Budget Specifics Q and A

Q. *What is the amount of the 2013-14 budget, and what is the year over year increase?*

A. The proposed 2013-14 budget as adopted in revised form on June 3, 2013 is \$143,899,713, an increase of \$2,109,134, or 1.49 percent

Q. *What will the impact on taxes be?*

A. Tax rate growth is currently projected at 2.82 percent tax for Scarsdale and 2.91 percent in Mamaroneck. The difference reflects state and county formulae the District does not control.

Q. *Why is the tax rate increase higher than budget increase?*

A. The tax rate increase is higher than the budget increase because of a reduction in revenues, namely state aid, interest earnings and a reduced amount of current year fund balance to carry forward to next year. A more complete explanation of the fund balance situation appears below.

Q. *Did you create or cut any programs?*

A. No new programs were established this year; Mandarin instruction in the Middle School was considered but deferred. Kindergarten dance is being eliminated in conjunction with a teacher retirement.

Q. *Has consideration been given to increasing elementary school class size for cost control reasons?*

A. Changes were considered but rejected prior to presenting the budget to the Board of Education. However, in the event the revised budget is defeated, this will be revisited.

Q. *What steps have been implemented and are proposed at the Middle School and High School to accommodate movement of a large eighth grade class into the High School? In particular, how are class size and cafeteria usage being addressed?*

A. Over the last several years, nearly four full staff positions have been added at the High School in anticipation of the size of the incoming 9th grade classes. This year, the budget adds a full-time English teacher and part-time science teacher to the High School staff. Scheduling adjustments, as well as additional seating in the commons area and in the cafeteria itself, will alleviate cafeteria crowding. At the Middle School a reduction of two positions is proposed to reflect anticipated lower enrollment.

Q. *How would the District decide order of layoffs if it went that route to control costs?*

Under New York State law, layoffs must be implemented by seniority within tenure area. The most recently hired teachers within a specific tenure area would be laid off first.

Q. *What is difference between CFI, STI and other program improvement initiatives?*

A. The Scarsdale Teachers Institute (STI) is a graduate education program for teachers. The Center for Innovation (CFI) is a think tank for redesigning education: whole approaches to

teaching, programs, schools or the District. The two have different goals, activities and structures.

STI provides professional development opportunities to Scarsdale and Edgemont teachers. It focuses on building individual teachers' capacity to teach more effectively, consistent with District goals. Participants extend their knowledge of subject matter and develop their teaching skills through courses that impart academic content, and courses like Lesson Study, which concentrate on methods. Participants earn continuing education credits for successfully completing STI courses, as they would in graduate school. There is a small-scale mini-grant component of STI, where teachers may apply for grants that will enhance particular classroom activities and projects.

The Center for Innovation grows out of the recognition that today's schools must educate students for a different tomorrow, one that will present complex, non-standard global challenges. Today's students will be as likely to create their own jobs as to find them. To prepare graduates effectively for these challenges, education must evolve in new directions.

CFI's focus is "macro" in scope: how K-12 education and schools might be re-designed, opened up, reconfigured or re-imagined in the 21st century. It encourages Individuals and groups to develop ideas about topics as diverse as the structure of the school day and how technology will redefine teaching and learning in the year 2020 or 2030.

CFI does not offer staff development credits, nor provide grants for classroom-level projects. It funds speakers and site visits to expose participants to new ideas and innovative practices in education, and underwrites ancillary costs and token honoraria for research, development and implementation of broad-scale projects that will effect significant, structural change.

Q. What is the purpose and plan for funding CFI a second year?

A. The purpose of the CFI is to re-imagine teaching and learning, explore the role of technology in transforming instruction, and foster widespread change, beyond a single classroom or teacher. The funding will be \$25,000, a reduction of \$75,000 from the current year.

Next steps include adding a Board member to the grant recommendation committee, expanding the RFP process to elicit proposals from collaborative teams of teachers, students, and community members, hosting additional speakers for teachers and the community, and continuing to convene focus groups for students and community members to gather feedback. In the event the budget is defeated again, the program will likely be eliminated.

Q. How are special education students and needs addressed by the proposed budget?

A. State and federal laws regulate much of the special education program for all eligible children ages 3 to 21. Scarsdale provides a comprehensive system of services to comply with these mandates. To the maximum extent appropriate, students participate in the general education curriculum, but may also receive added support in general education classrooms, part-time special class settings (Learning Resource Centers), and full-time special class settings.

In addition to academic instruction, the program addresses physical, health, language, and emotional needs by offering counseling, nursing, occupational therapy, physical therapy, and other support. The level and types of special education services are determined by the Committee on Special Education, which by law cannot consider costs as a factor in determining students' educational plans.

Q. What changes are proposed for the technology budget, and how will they benefit students?

A. There has been no increase in technology support staff since 2001, despite huge increases in demand. This year, two positions will be added: one in network administration and one technician, to provide the staffing support needed to meet current and future needs of the instructional technology program in all seven buildings. In addition, the budget provides funding for purchase of mobile computers for all fifth grade classes, as well as additional mobile computer carts at the Middle School and High School, expansion of the District wireless infrastructure into fifth grade classrooms, and additional bandwidth for the District.

Q. What facilities projects does the budget fund? How much is for ongoing expenses versus project specific needs?

A. The Board of Education makes a priority of ensuring that all buildings are clean and safe, and that they meet the enrollment and educational program needs of students. The budget supports regular maintenance and upkeep (such as roof repair), and funds additional amounts for major repairs and upgrades, such as bathroom renovations or a new playground. After health, safety, and enrollment needs have been addressed, projects that would enable educational program improvements are considered, and approved based on demonstrated need and appropriate cost.

Q. Does the proposed budget allow for changes to enhanced security in the wake of the Newtown tragedy?

A. Classroom door locks throughout the District will be replaced with ones that can be locked by the teacher from the inside. Additional staffing will be provided at the High School and Middle School to monitor outside doors; it was determined that "greeters" at the elementary schools would provide little actual protection not already available through the proximity of the school offices to the entrances, and the camera/buzzer systems already installed at those schools. The office at Greenacres is being relocated to provide a clear line of sight from the office to the building entrance. Additional technology upgrades are being considered.

Q. Now that the fitness center has been removed from the budget, what is planned?

A. The plan to improve and move the fitness center grew out of discussions about the unsuitability of the current location, and the need to expand library and cafeteria spaces and create flexible academic space for the whole school where the current center resides.

The fitness center plans will be considered in the context of the District's master facilities plan that will be discussed in the fall of 2013, along with other capital improvements.

Q. Does the proposed budget change which students are eligible for busing? What is the structure of bus transportation program?

A. No changes are proposed for the transportation program. Changes to student transportation policy cannot be enacted without a public referendum approving the change.

Q. What is the status of teacher contract negotiations?

A. There can be little or no public discussion of ongoing contract negotiations as they are confidential. However, the Board is mindful of the current economic environment and the need to control salary and related personnel costs. Until an agreement is reached on a new contract, all of the terms and conditions of the old one continue in force under the so-called "Triborough Amendment" to New York State's collective bargaining law. The budget provides for salary growth as required by that law.

Q. What is fund balance and how is the Board using it in the proposed budget?

A. Budget **surplus** is created when expenditures are less than revenues. When annual surpluses accumulate over time, they're known as **fund balance**.

The District currently anticipates surpluses this year in teaching salaries, heating and electric costs, which will be offset partially by deficits in other areas. These are in addition to the planned surplus of \$3.37 million included in last year's budget.

The current budget proposes using \$4.3 million of undesignated reserves as revenue to reduce taxes. An additional \$912,000 in designated reserves (repair reserve, employee benefit reserve, debt service reserve, e.g.) will be used for the same purpose. Thus the total of the reserves being tapped for next year's budget is \$5.2 million.

The current estimate is that the District will have an undesignated reserve balance that will be below the 4.0 percent maximum allowable under New York law.

There is a projected planned surplus of \$2.2 million in the 2013-14 budget. That amount will be adjusted by surpluses or deficits that develop in the normal course of the year. According to current estimates, however, there will be less surplus available at the end of 2013-14 than at the end of 2012-13. This trend is likely to continue for the foreseeable future. As a result, there will be less and less fund balance to use as revenue not only next year but in future years, as well.

As fund balances dry up and provide less revenue, the District will either have to raise taxes or cut program to fill the income "hole." The community has indicated it wants to avoid both large tax increases and calls for significant program reductions. The only way to achieve both goals is to control strategically the rate at which the revenue declines.

To be concrete: compared with the 2012-13 budget, the 2013-14 proposal relies on \$1 million less from fund balance as income. It offsets that loss with added revenue from taxes. Taxes

will grow about a percent more than they would otherwise, but on the other hand, the Board did not have to cut another \$1 million from programs and services.

Of course, the Board could have used more fund balance from this year to plug the revenue hole in 2013-14. But that just would have postponed the problem. With fund balance continuing to decline twelve months from now, voters very probably would have been facing an even larger increase in taxes or even larger program cuts.

Future events may alter these assumptions materially, and the Board will continue to monitor fund balances.

A note about the Health Insurance Reserve: The District covers employees and qualified retirees through a self-insured plan, which has proven to be cost-effective. The plan is, however, subject to fluctuations from year to year, as a single large claim may have a disproportionate effect on the bottom line. Since the inception of the plan, the District has maintained a Health Insurance reserve in its fund balance, funds that are available in the event of over-budget situations. The District's auditors have recently noted that they believe this reserve no longer conforms to current law, although its existence has been reported to the state annually for over twenty years without issue. The District is pursuing legislative clarification, but, in accordance with several conversations with the Comptroller's Office, may eliminate the reserve over the next 3-5 years.

Q. What is the amount of the maximum allowable tax levy limit, and why isn't it 2 percent?

A. The property tax cap law says that tax levy for local governments, most school districts and other smaller independent entities, such as library, fire or water districts, can't increase any more than two percent, or the rate of inflation, whichever is lower. However, this so-called "2 per cent tax cap" is adjusted by any of several exclusions, so that the maximum tax levy limit will nearly always be different from 2 percent. State law requires localities to calculate their tax levy limits and report their computation information to the Comptroller's office before they adopt annual budgets.

For Scarsdale, a combination of factors has resulted in a tax levy cap of 3.12 percent. These include exceptions for: some pension costs, capital-related plant improvements, debt service, and bus purchases, balanced against use of debt service reserve and receipt of state transportation and building aid. The proposed budget calls for a tax levy increase of 2.84 percent, which puts it under the tax levy cap. Therefore, a simple majority is needed to approve the budget.

Q. What would happen if the budget did not pass?

A. The initial budget proposal failed to pass on May 21. If this second proposal does not garner the required simple majority on a second vote, the District must adopt a budget with zero percent tax levy increase, translating to an additional \$3.6 million budget reduction.

A reduction on this order would result in fundamental changes to the educational program. Among the areas that would be affected are class sizes at all levels and elective program offerings. By state law, community services such as the Teen Center would have to be eliminated.

The budget vote is Tuesday, June 18, 2013.