

Goshen Central School District 2010-11 School Budget Development

Community Budget Forum

March 11, 2010

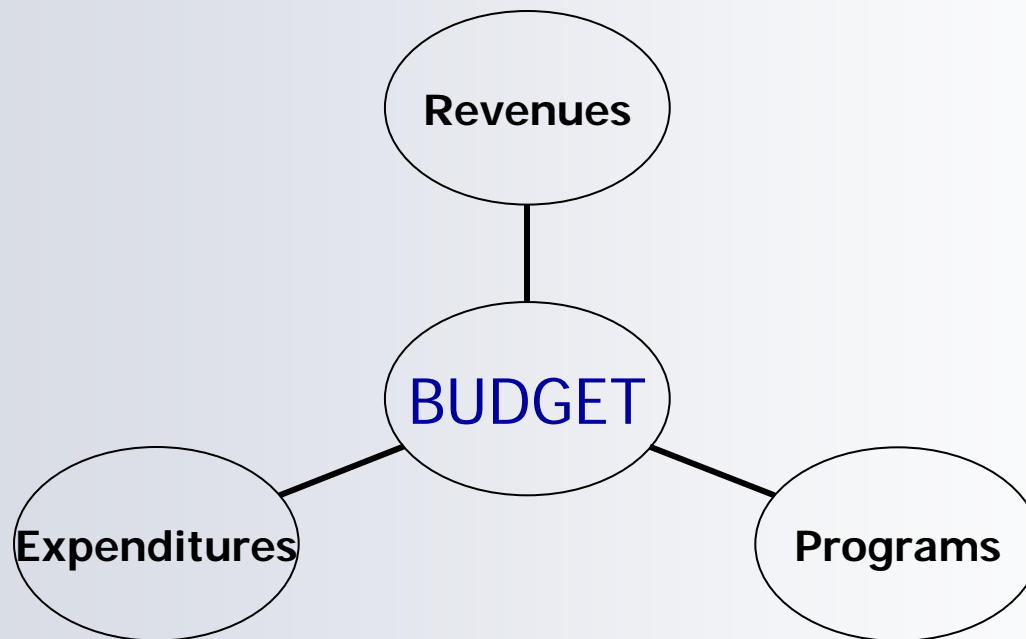
Tonight's Agenda

- Welcome & explanation of tonight's meeting
- 2010-11 budget realities
 - Goshen budget basics
 - The Governor's proposals – how do they affect the district?
 - Fund balances – what are our options?
 - Reductions in the current year's budget
 - Contingency budget impact
- Answer frequent questions
- Break into small groups for community input
- Small group reports

Goshen Budget Basics:

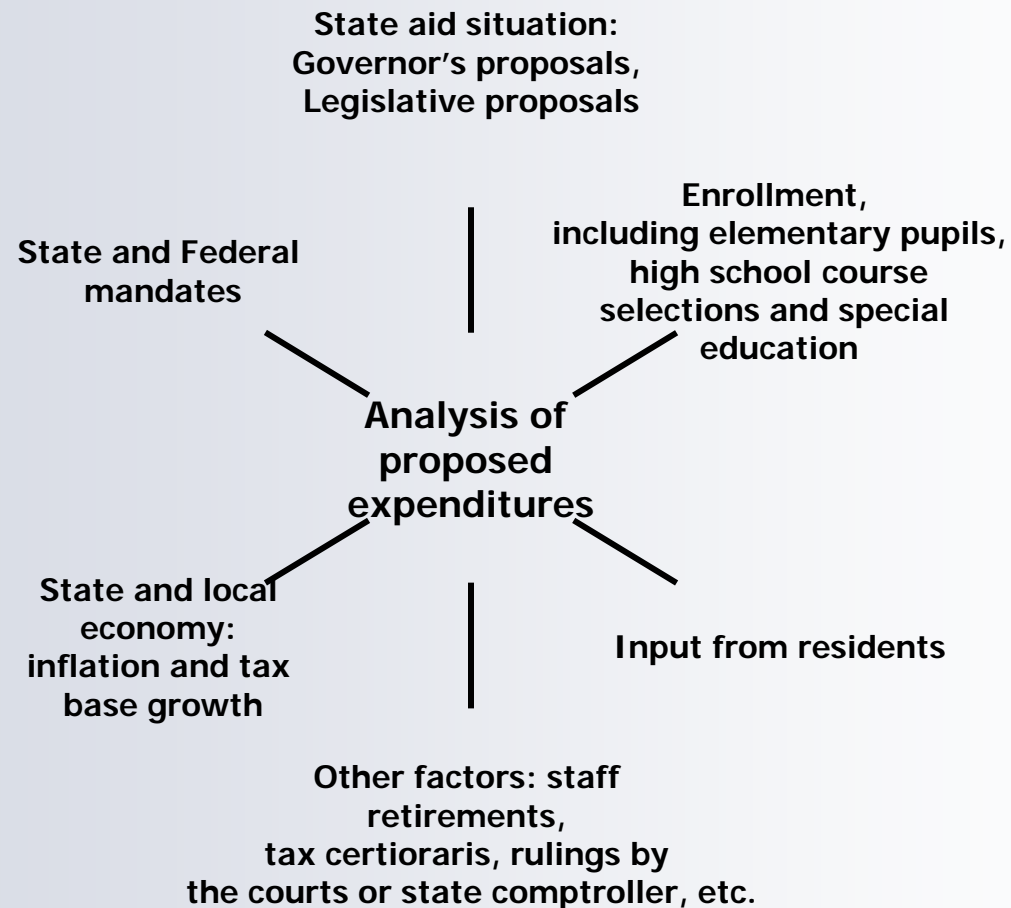
How do we build the school budget?

The budget is like a 3-legged stool:



Goshen Budget Basics:

How do we build the school budget?

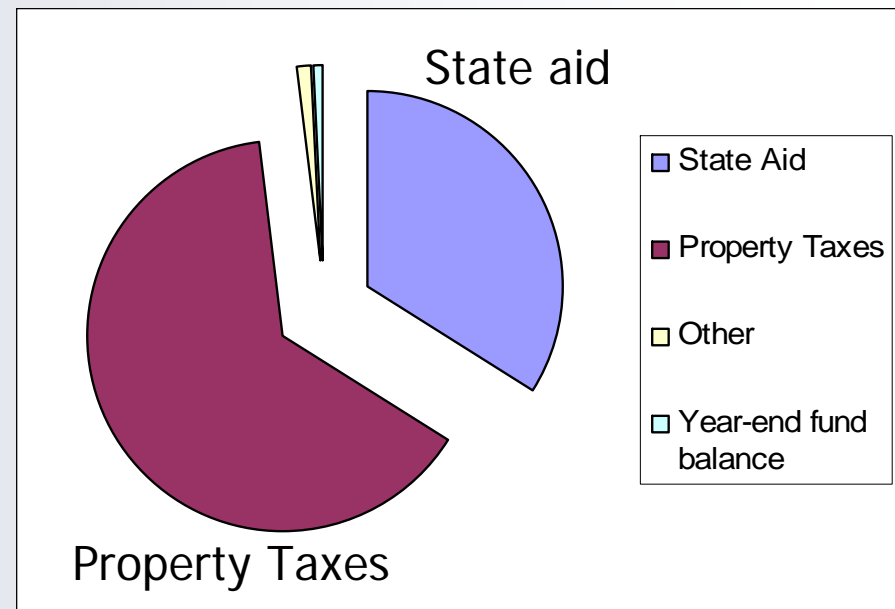


Goshen Budget Basics:

Where does our money come from?

- State aid: 30 %
- Property taxes: 68 %
- Other: 1 %
(Interest, rent, fees, tuition, admissions, Medicaid)
- Year-end fund balance: 1 %

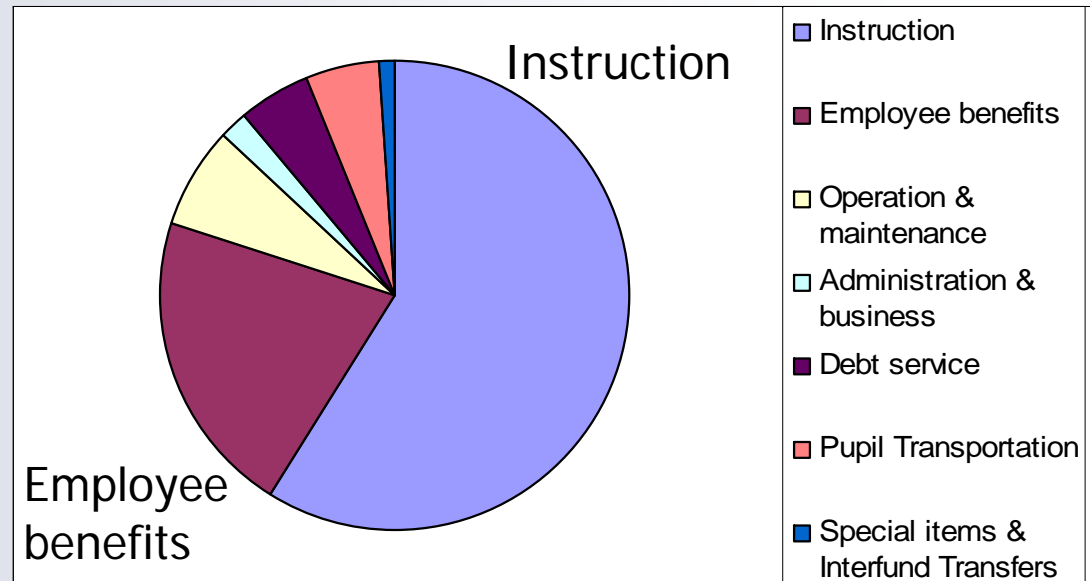
Goshen revenue sources for 2009-10



Goshen Budget Basics: What is our money used for?

- Instruction: 59 %
- Employee benefits: 21 %
- Operation & maintenance: 7 %
- Administration & business: 2 %
- Debt service: 5 %
- Pupil Transportation: 5 %
- Special items & Interfund Transfers: 1 %

Goshen expenditures for 2009-10



Goshen Budget Basics:

2010-11 Preliminary budget

What's our starting point for 2010-11?

Assuming that all current programs, services and staffing were rolled forward one year:

- The 2009-10 budget is approximately \$59.6 million
- The 2010-11 budget would be approximately \$61.6 million
- There is an additional loss in revenue of \$277,645
- That's an increase of approximately \$2.29 million – for the same exact program

Goshen Budget Basics:

What costs are increasing in the preliminary budget?

	Increase	% change year to year	Portion of increase
Staff salaries & retirement incentives	\$1,042,654	3.59 %	51.6%
Staff benefits, including	\$715,706	5.8 %	35.5 %
– mandatory retirement contributions			
– health insurance			
– social security			
– MTA Tax			
BOCES services	\$112,282	1.29 %	5.6 %
Debt Service	\$33,745	1.25 %	1.6 %
Transfer to Special Aid Fund	\$100,000	111 %	5 %

These areas constitute 99.3 % of the total (approximately) \$2 million preliminary budget increase.

Goshen Budget Basics: 2010-11 Projected loss of revenue

	2009-10 budget	2010-11 budget	Revenue loss
State Aid	\$13,345,340	\$12,023,280	\$1,433,060
Medicaid & other revenue			\$278,000
TOTAL			\$1,711,000

Please note:

The 2009-10 tax levy increase was \$1,424,000 – approximately the same amount as the loss of state aid for 2010-11.

Are we standing still or losing ground before we even begin?

Gov. Paterson's proposals

How do they affect the district?

Under the governor's proposal:

- State aid to school districts will be reduced by about 5 % depending on various wealth measurements
- State aid for Goshen would be reduced by \$1.43 million or 12.6 %
- Proposed mandate relief – will this come into fruition?

State aid trends

Prior to the recession, state aid had generally increased every year to help districts keep pace with the rising costs of running a school system. A cut in state aid, combined with continued rising costs, can result in a significant gap between expenses and revenues.



Gov. Paterson's proposals

Goshen's state aid projections

	2009-10 budget	2010-11 budget	Difference
Foundation Aid	\$8,404,314	\$8,404,314	0
High Cost	560,255	443,919	(116,336)
Private Excess Cost	125,816	197,860	72,044
BOCES Aid	773,692	727,681	(46,011)
Software/Library/Textbooks	258,368	274,194	15,826
Computer Hardware	40,174	39,991	(183)
Transportation*	1,577,906	1,577,906	0
High Tax Aid	526,970	526,970	0
Supplemental	0	0	0
Building Aid	1,188,845	1,304,767	115,922
Gap Elimination		(1,474,322)	(1,474,322)
Total	\$13,456,340	\$12,023,280	(\$1,433,060)

*Adjusted for anticipated expenditures

Fund balance

What are our options?

- Many districts, including Goshen, set aside money in case of emergencies or unexpected costs.
- It would be irresponsible not to because “surprises” can happen every year.
- Goshen carries a fund balance of approximately \$2.38 million – the maximum of four percent of our budget allowed under New York State law.
- Gov. Paterson has repeatedly suggested that districts use their fund balances to cover his proposed reductions in state aid.

Fund balance

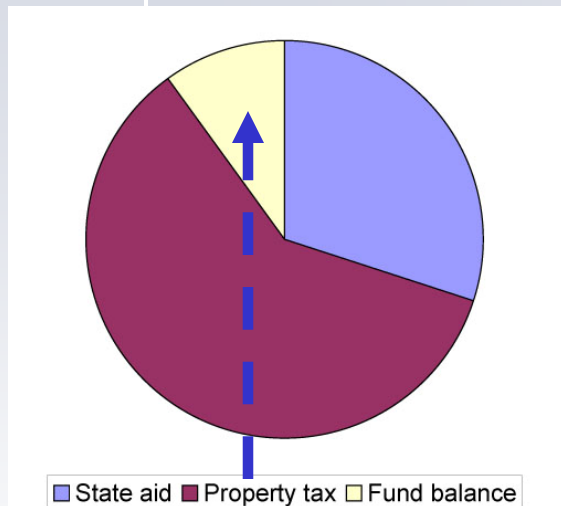
What are our options?

- Raiding our reserve funds may place Goshen in a dangerous financial position.
- Next year (2011-12), the federal stimulus aid given to schools under the American Recovery and Reinvestment Act (ARRA) will expire.
- The loss of ARRA may cause the state aid picture in 2011-12 to be worse than 2010-11.
- Ultimately, we cannot predict future financial challenges for the years to come.

Fund balance

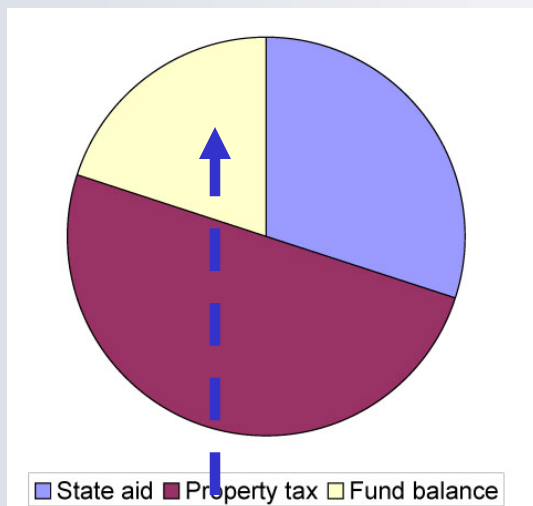
What are our options?

Year with normal use of fund balance



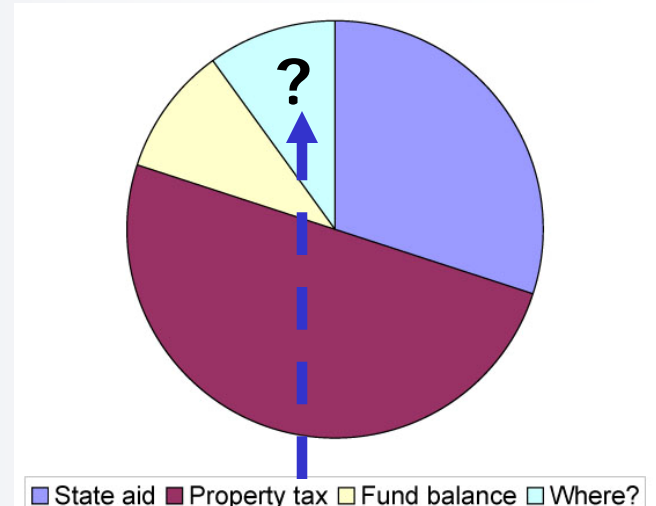
Apply fund balance to budget as normal.

Year with extra use of fund balance



Extra use of fund balance to offset state aid reductions.

Year with "back-to-normal" use of fund balance



Fund balance use goes back to normal. What will we use to fill the gap?

Fund balance

Did you know?

- Municipalities are recommended to maintain an unreserved fund balance of 5-15 % of their general fund revenues; however, they have no limit as to what they can put aside.
- By law, school districts are only permitted to maintain a maximum balance of 4 % of their operating budget.

So what does this mean?

Fund balance

Did you know?

This means that the **highest** percentage of money that a school district is allowed to reserve in case of emergencies is considered an **inadequate amount** for a municipality, because the district's permitted **maximum** of 4 percent is **LESS** than a municipality's recommended **minimum** of 5-15 percent.

Current budget reductions

How do we move forward?

Making cuts to the preliminary 2010-11 budget won't be easy when so many reductions were made for 2009-10:

- 5 positions eliminated through retirement
- 12.3 FTE faculty and staff positions reduced
 - Full- and part-time cuts affecting 16 people
- 2 coaching positions, 10 teacher aides and 15 coordinator positions eliminated

Current budget reductions

How do cuts impact programs and students?

- No summer school program for high school students
- 1/3 co-curricular activities cut
- Fewer students able to participate in alternative education program and BOCES services
- Limited computer hardware/software use in the classroom
- Library materials reduced
- Eliminated long-distance nonleague athletic competitions
- Fewer number of athletic games per season per sport

Contingency budget impact

What happens if the budget is not approved?

- If voters defeat the initial budget proposal:
 - Hold a second budget vote with the same budget or a revised budget
 - Adopt a contingency budget
- If voters defeat a second budget proposal, the district must adopt a contingency budget
 - May only include contractual obligations, such as salaries, benefits, debt service, etc.

Contingency budget impact

What happens if the budget is not approved?

Assuming a consumer price index (CPI) of 0 %:

- This year, contingent budget rules require an almost 0 % budget to budget increase.
- Zero increase over the current year would:
 - Require cutting the preliminary budget by almost \$2 million in expenditures.
- If CPI is less than 0 %, then the contingency budget would be less than the current year's budget.

Contingency budget impact

What happens if the budget is not approved?

	Total Expenditures	Budget Increase (Decrease)
2009-10 Contingency Budget	\$59,489,776	1.14 %
2009-10 Actual Budget	\$59,652,247	1.42 %
* Estimated 2010-11 Contingency Budget - Governor	\$59,685,992	0.05 %
Estimated 2010-11 Contingency Budget – SED	\$59,459,557	- 0.04 %

* Assuming a CPI of 0 %. If the CPI is less than 0 %, the 2010-11 contingency budget will be less than the current year's budget.

Frequent Questions

- Index cards will be collected and reviewed while we break into small groups.
- Administrators will answer any recurring questions before small group conversations.
- Other questions will be answered and posted on the Goshen website.

Small group discussions

Key questions for community input

1. What suggestions do you have for ways that our schools could save money?
2. Your highest priorities: What aspects of our district would you most like to see preserved or increased?
3. Your lowest priorities: What aspects of our district would you most like to see reduced or eliminated?
4. What parts of the school district and budget would you like to understand better?

What's next?

Attend the second Community Budget Forum

- The second Community Budget Forum will be held at 7 p.m. March 25.
- During this forum, district officials will present the district's recommendations for the 2010-11 budget.
- Participants have the opportunity to weigh in a second time on the proposed budget.
 - Look at actual numbers
 - Share your thoughts