

The **SPECIAL BUSINESS/BUDGET WORKSHOP** of the Board of Education West Hempstead Union Free School District was called to order in the High School Video Conference Room on March 3, 2015 at 7:35 p.m.

PRESENT: Ms. Brohm, who presided, and four other members of the Board: Ms. Lotito, Mr. Mariano, Mr. Schindler and Mr. Trocchia. Ms. Rilling was absent. Also present were Mr. Hogan, Mr. Cunningham, Mr. O’Keefe, Mr. Vecchione, Mr. Fleck, Ms. Girolamo and members of the staff and community.

Under **ROUTINE MATTERS** action was taken as follows:

Docket #4-205: Upon the motion of Ms. Lotito, seconded by Mr. Mariano and carried by five, the Board approved the Memorandum of Agreement with the West Hempstead Educators Association for the term July 1, 2013 to June 30, 2018.

Docket #4-206: Upon the motion of Ms. Lotito, seconded by Mr. Mariano and carried by five, Appointments, Resignations, etc. were made, accepted, granted and approved as follows:

Topic: Probationary Appointment(s)

<u>Name</u>	<u>Tenure Area</u>	<u>Certification</u>	<u>Salary</u>	<u>Effective</u>	<u>End of Probation</u>
Swittenberg, Tasha	Teaching Assistant Chestnut Street	Teaching Assistant	\$17.95/hr. (plus neg. increase) Step 1	3/9/15	3/9/18

Upon the motion of Ms. Lotito, seconded by Mr. Schindler and carried by five, the Special Business Meeting was adjourned and the Budget Workshop was convened.

Ms. Brohm turned the meeting over to Mr. Hogan.

Mr. Hogan was pleased to announce that a Memorandum of Agreement with the West Hempstead Educators Association was just accepted by the Board for the period July 1, 2013 to June 30, 2018. He then began the opening remarks for the Budget Workshop:

For the past 7 budget cycles, since the collapse of the economy in September of 2008, West Hempstead has found each budget cycle challenging, as have our friends and neighbors working to make ends meet in their own households. During that time we have:

- *Exceeded approximately 100 positions district wide. These positions have been administrative, teaching, clerical, custodial, clubs and their advisors, teams and their coaches (including assistant coaches) and positions like permanent substitutes.*
- *We have combined administrative positions – such as our Guidance Director who also supervises our Music Department, or our assistant principals who do their daily tasks plus supervise Social Studies, Art and Foreign Languages.*
- *Eliminated the 9 period day at both the HS and MS, which meant over four years, HS students having the opportunity to take 28 courses over 4 years, rather than 32, and, MS students having the opportunity to take 21 courses over 3 years, rather than 24.*
- *We have combined bus routes to save dollars and add to efficiency.*
- *We have brought children back to district from outside placement and added an autistic program of our own. We have similarly acted to bring secondary aged students back to district from outside placements, and look to continue this effort.*
- *We froze curriculum writing in two of the past 7 years.*
- *We have functioned under the tax cap legislation, which everyone seems to think is at 2%, but the reality is that it is at 2% or at the Consumer Price Index, whichever is lower...and...for the past two years, the number is lower. CPI last year limited us to approximately a 1.4% increase and this year the number is 1.6%. This limitation makes it extremely difficult to meet all the needs of the students in our care, and maintain our facilities at the same time.*
- *We have prudently utilized reserves to “make ends meet” and still come in at or under the tax cap law. However, as we all know, you can only go into your*

savings so much before they become depleted. Going into reserves is no different. As noted by our auditors last fall, and as will be noted by Mr. O'Keefe in a few moments, our financial position is \$2M less in terms of reserves than it was last year. For the first time in my experience in WH, our undesignated fund balance is below the 4% allowed by law and sits at approximately 3.25%. The point of all this is that our challenge is provide a sound education, while ensuring the long-term fiscal health of the school district. In addition to all this,

- *The state legislature has also passed a law requiring us to show sustainable savings of at least 1% of the tax levy. This means that for the next 3 years, we have to show a savings of \$400K, each year.*
- *We have buildings in need of repairs that we can no longer budget in the normal course of events. Over the course of the past few years, we have budgeted \$400K each year for capital repairs. \$400K buys us a repair of 1/4 of the HS roof...I submit to you we have 4 other buildings as well and they all need roof repair, as well as masonry and renovation work. The result is that the Board is considering a facilities bond for the fall to address our capital needs across the district. Our needs, due to the constraints upon us, and the community, can no longer be met in the normal budgetary process.*
- *Local control of the budgetary process has been compromised. A budget at or below the tax cap requires a simple majority vote, but if a district sees the need to "pierce the cap" a super majority vote of 60% in favor must be achieved. This "flies in the face" of democratic philosophy in that control of a vote is placed in the hands of the minority rather than the majority...but that is our reality.*
- *On another level of local control, public schools seem to be under attack. The Governor is holding the budgetary process "hostage" to his plan for teacher evaluations, which is questionable to say the least. For the first time in my experience, and I believe, for the first time ever, school districts have no idea how much StateAid will be received. We have to operate on the premise that we will get no additional monies from the state, while the Governor and legislature haggle over political differences in terms of education. Hopefully, there will be some real news out of Albany before the Board has to adopt a budget on April 21st.*
- *As an aside, please know that the Governor's evaluation plan calls for 50% of a teacher's score to be based upon state assessments that many question in terms*

of their value and efficacy, and some parents are choosing to opt their children out of. So...how viable are those scores? The other 50% of the evaluation would see 35% coming from independent evaluators, and just who these people would be, what training might be required and what the cost might be to districts is unclear to put it mildly. Only 15% of a teacher's score would be evaluated by the principal of the school. I submit to you that the effectiveness of a teacher, and by extension any principal, goes far beyond the results of one exam.

- *A regulation has been passed requiring school districts to hire certified bilingual teachers at any grade level where at least 20 children are not proficient in English. First of all, the number of such certified teachers is limited at best. Secondly, how are districts supposed to meet another unfunded mandate? Where is the money coming from when our hands are tied by the tax cap, we have to show efficiency savings of 1% and we have no idea how much State Aid is coming our way? Also, competition for the few certified bilingual teachers who are out there will be fierce and, I submit to you, that the wealthier districts will have “a step up” on those districts who do not have similar resources. So...the gap the state is trying to close will just get wider. I know of one district that may need to hire 8 additional teachers to meet this new requirement. A conservative cost for 8 teachers with salary and benefits would be in the area of \$680,000. We anticipate that we may need two...a cost of approximately \$170,000 to us. In conclusion, we once again have our work cut out for us. It seems that we have been “rubbing nickels together to get dimes” each year as we work to present a budget to the community that is both educationally and fiscally sound. Sadly, the 2015/16 budget process is no different, and is truly a work in progress as we work, yet again, to close a gap between expenses and revenue. That being said, I have every confidence that together, we will once again rise to the challenge.*

Mr. Hogan then turned the meeting over to Mr. O'Keefe, who began a PowerPoint presentation on the budget.

Mr. O’Keefe first spoke on the goals in the budget process, which included the commitment to excellence in education remains constant, ensure that the District’s fiscal responsibility is maintained by using our resources wisely, balancing the needs of the District and the impact on our community being important and everyone has a role in supporting our District’s mission.

Mr. O’Keefe then covered the 2014-15 Budget Recap that included the total approved budget of \$57,235,856; a \$1,560,136 budget-to-budget increase; 2.80% spending increase and a 1.42% tax levy increase.

The challenges to budgeting are the 2% tax levy limit legislation and numerous mandates and expenses over which the District has no control - Charter School funding, BOCES administrative fees, Special Education mandates, mandated testing and scoring, auditing and financial compliance, Academic Intervention Services, health insurance premium increases, pension and retirement contributions and the implementation of APPR and Common Core Standards.

In preparing for 2015-16 important financial information to consider: 2013-14 revenues and expenses with an operational loss of \$(2,822,431); CPI-U for 2014 is 1.62%, which is below 2%; increase usage of fund balance and reserves as revenue source – decreased \$2M during 2013-14 school year from \$7.9M to \$5.9M

Important factors in the District’s favor are: Employee Retirement System’s contribution rate is dropping from 20.1% of salaries to 18.2%; Teacher Retirement System’s dropping from 17.53% of salaries to 13.26%; refinancing of the Library bond debt with a savings over \$34K over the 2014-15 school year; and currently exploring the refinance of EPC debt (approximately \$2.2M), as well as financing for 2015-16 equipment purchases.

Challenges the District is facing: No State Aid projections at this time; Special Education expenses; revised accounting protocols for retiree payouts and replacing windows at George Washington.

Mr. O’Keefe then went on to explain the “2% Tax Cap” is not a property tax cap and it is typically not 2% and is controlled by factors such as tax base growth factor, allowable levy growth factor, PILOTS, Capital Projects tax levy and TRS and/or ERS exclusions. It is important to note that the final number of the tax rate is still unknown because we are awaiting State Aid runs.

Under **CONSIDERATION OF BUDGET ITEMS** – Staff and community members were given copies of the Proposed 2015 - 2016 Budget items. They were invited to ask questions on any items as the Board and Administration discussed the various items listed in these reports. It was explained that this evening’s discussion would be on the Non-Instructional portion of the Proposed Budget.

Non-Instructional areas of 1000s – General Support, 5000s – Transportation, 9000s – Undistributed Expenses were then covered.

Mr. O’Keefe finished with the next steps in the budget: these are preliminary numbers and are subject to change; we are still waiting for State Aid projections; Administration will continue to work with all stakeholders to refine budgetary projections and will keep the Board and the community updated as information becomes available.

The next Budget Workshop is March 10th and additional workshops will be scheduled as needed.

Residents were permitted to ask questions at the conclusion of each section covered and at the end of the meeting.

At 8:53 p.m. the Budget Workshop was adjourned.

Kathryn Girolamo, District Clerk