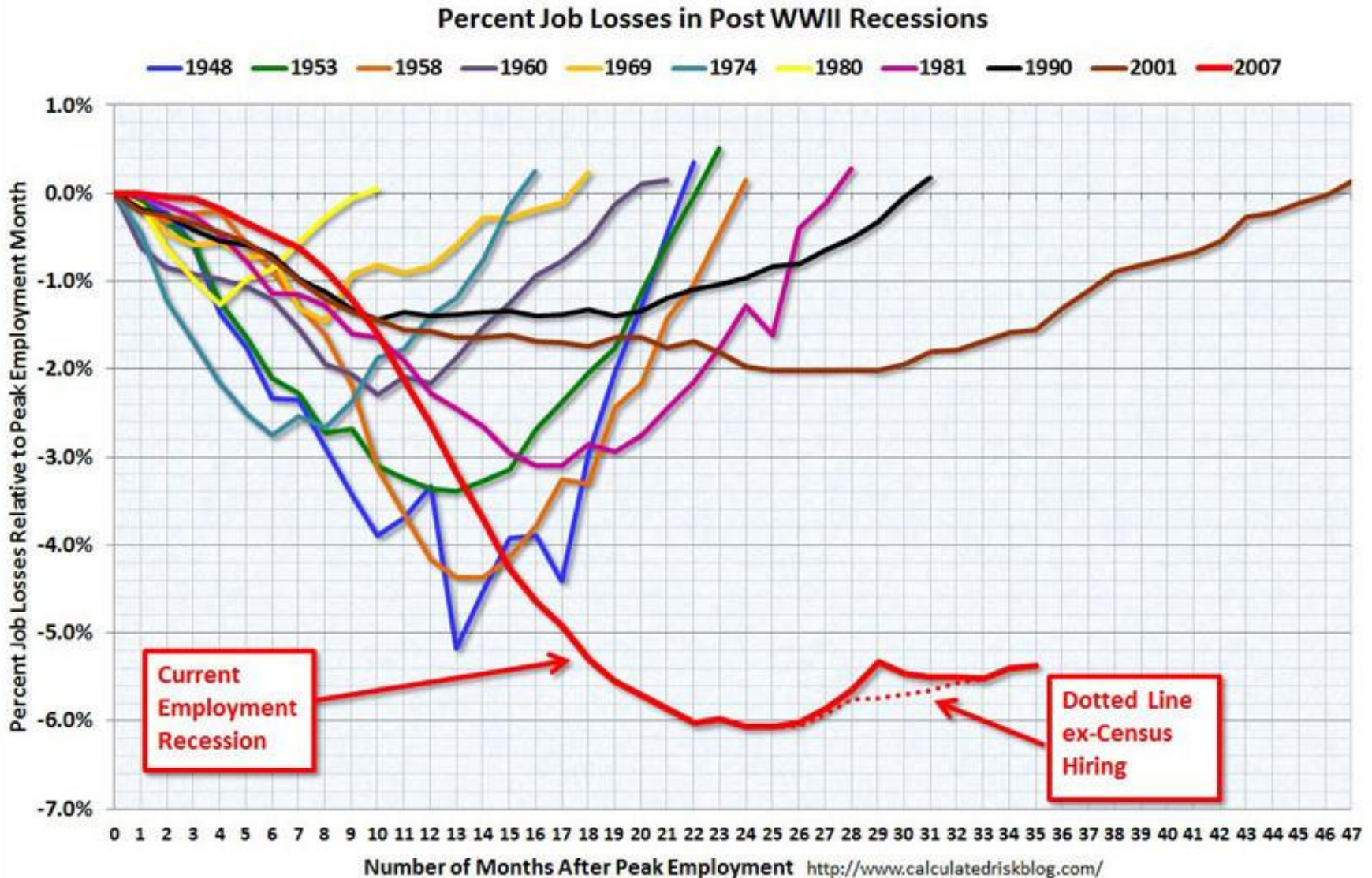


Impact of State Fiscal Policy and Shrinking Enrollment

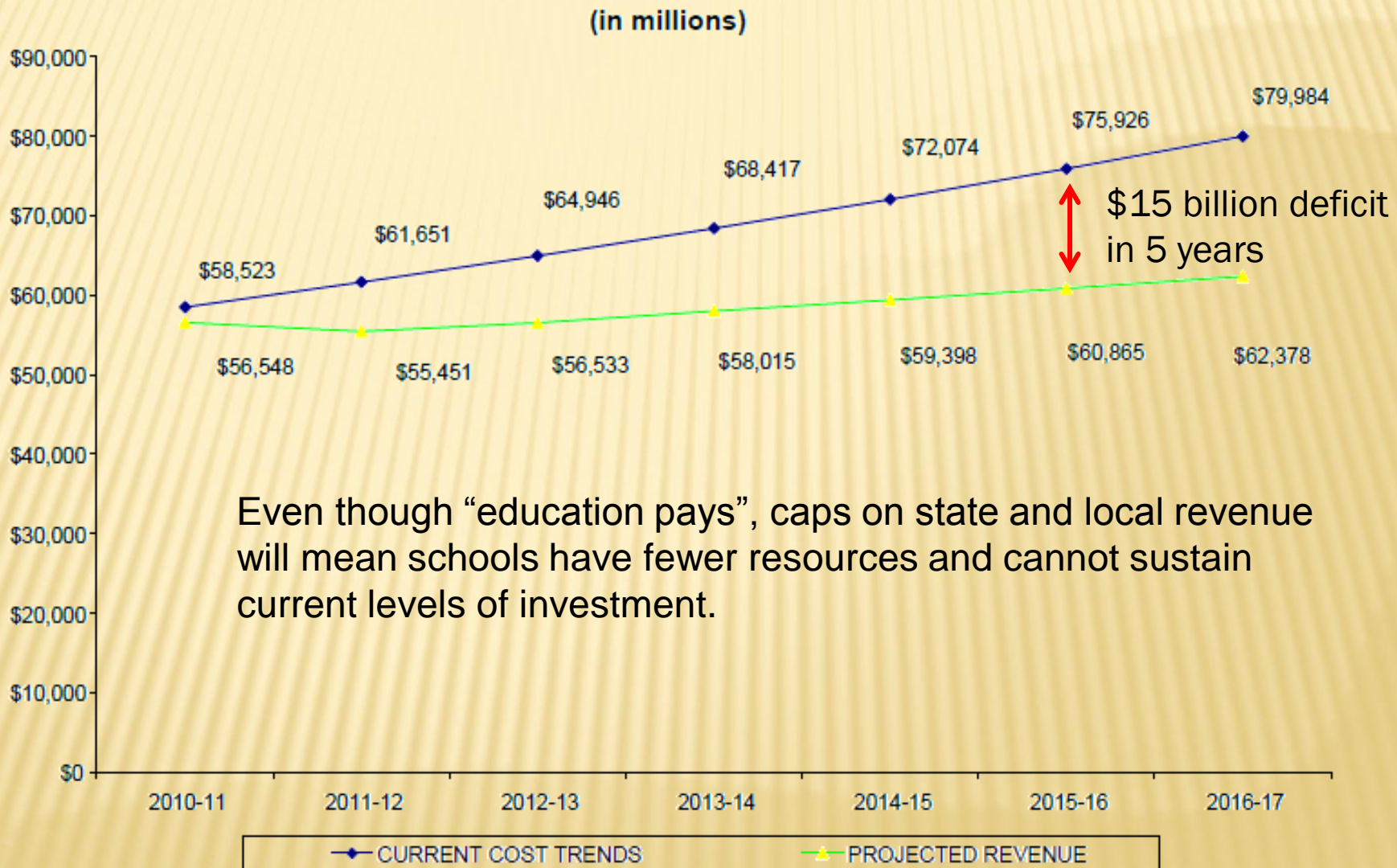
James P. Dexter
District Superintendent
Sole Supervisory District
Washington-Saratoga-Warren-Hamilton
& Essex Counties

State-Wide Fiscal Trends

BUT THE ECONOMY IS STALLED



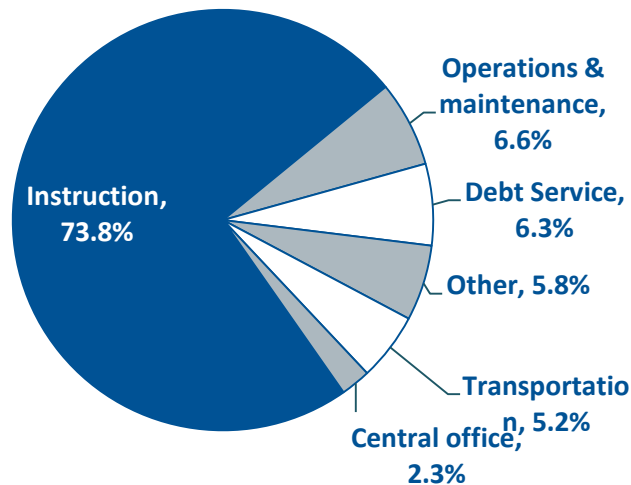
Impact of Caps on Local and State Revenues for School Districts



Where school spending goes...

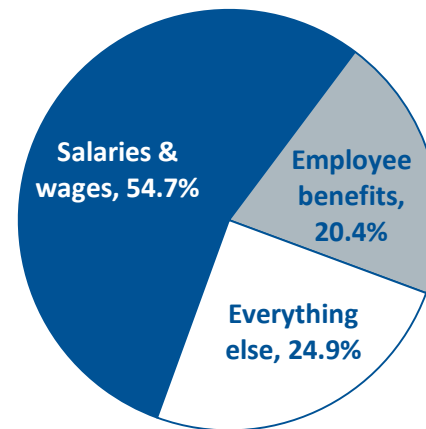
Hard to make cuts without affecting instruction or personnel

Where school spending goes -- by purpose



Source: Council analysis of 2008-09 NYSED School District Fiscal Profiles

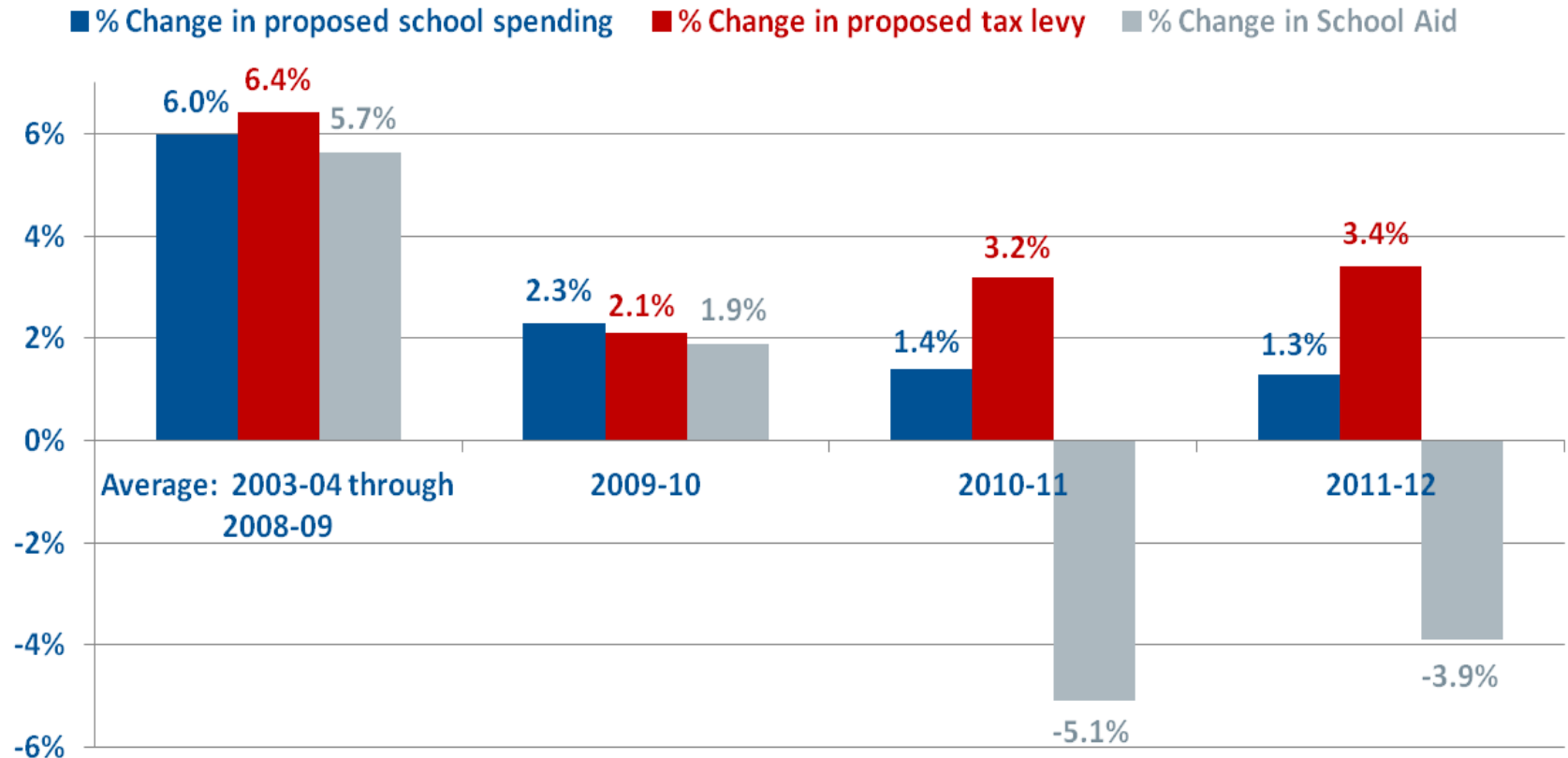
Where school spending goes -- by commodity



Source: Council analysis of 2007-08 U.S. Census Bureau data

Not the first tough year...

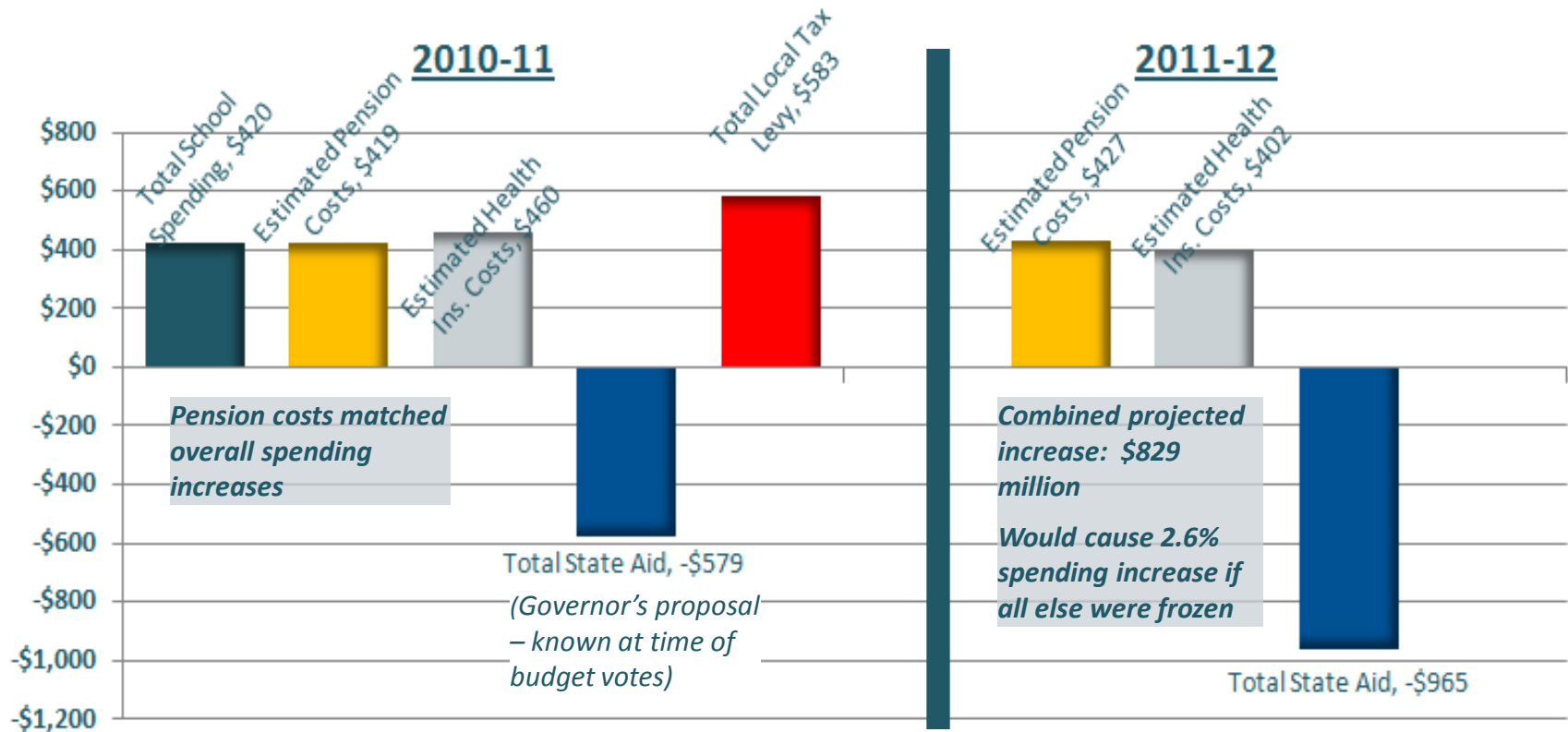
% change in school pending, tax levy, and state aid – 2003-04—2011-12



SOURCE: Council analysis of NYSED School Aid and Property Tax Report Card data; federal Education Jobs Fund allocations excluded. Data for Big 5 Cities not included.

NOTE: 2010-11 Federal Education Jobs Fund allocations are not included as part of state aid. With Jobs Fund allocations, School Aid changes would be -1.7% for 2010-11, and -7.3% for 2011-12.

Estimated/projected changes in school district revenues & expenditures

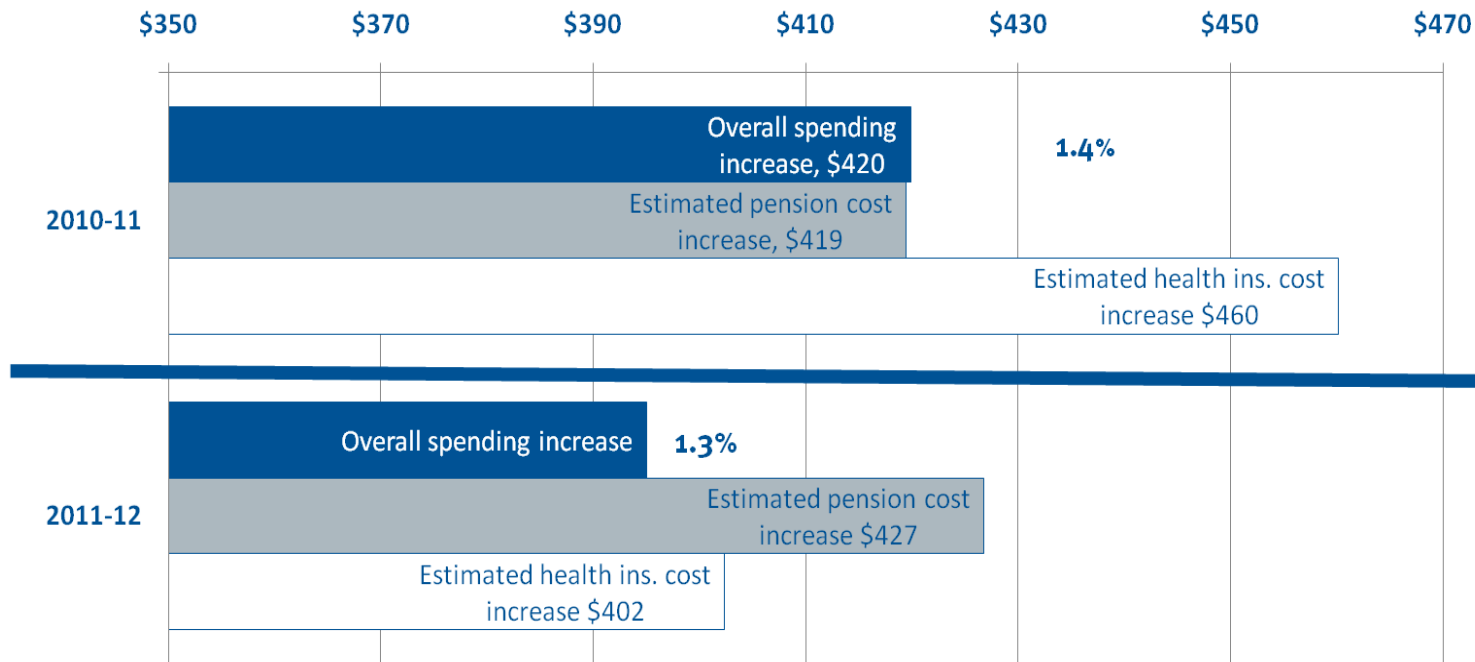


SOURCE: Council analysis of NYSED School Aid and Property Tax Report Card data, Office of the State Comptroller local government data; and benefit cost factors reported by the NYS Division of the Budget and NYS Teachers Retirement System (previous slide).

Pension & health cost increases > overall increases

Implication: districts cut other costs (on balance) to hold down overall spending and tax increases while absorbing surging benefit cost increases

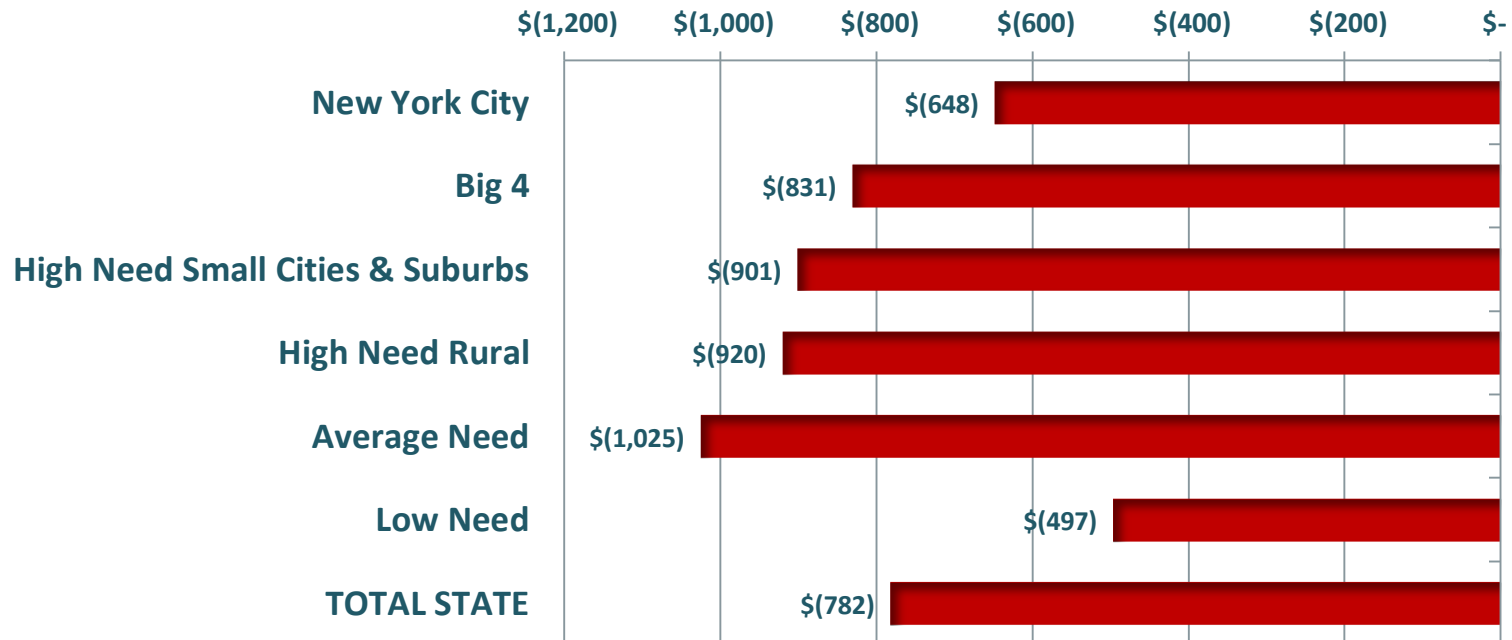
Comparing overall spending with pension and health insurance costs
(amounts in millions)



SOURCE: Council analysis of NYSED School Aid and Property Tax Report Card data, Office of the State Comptroller local government data; and benefit cost factors reported by the NYS Division of the Budget and NYS Teachers Retirement System.

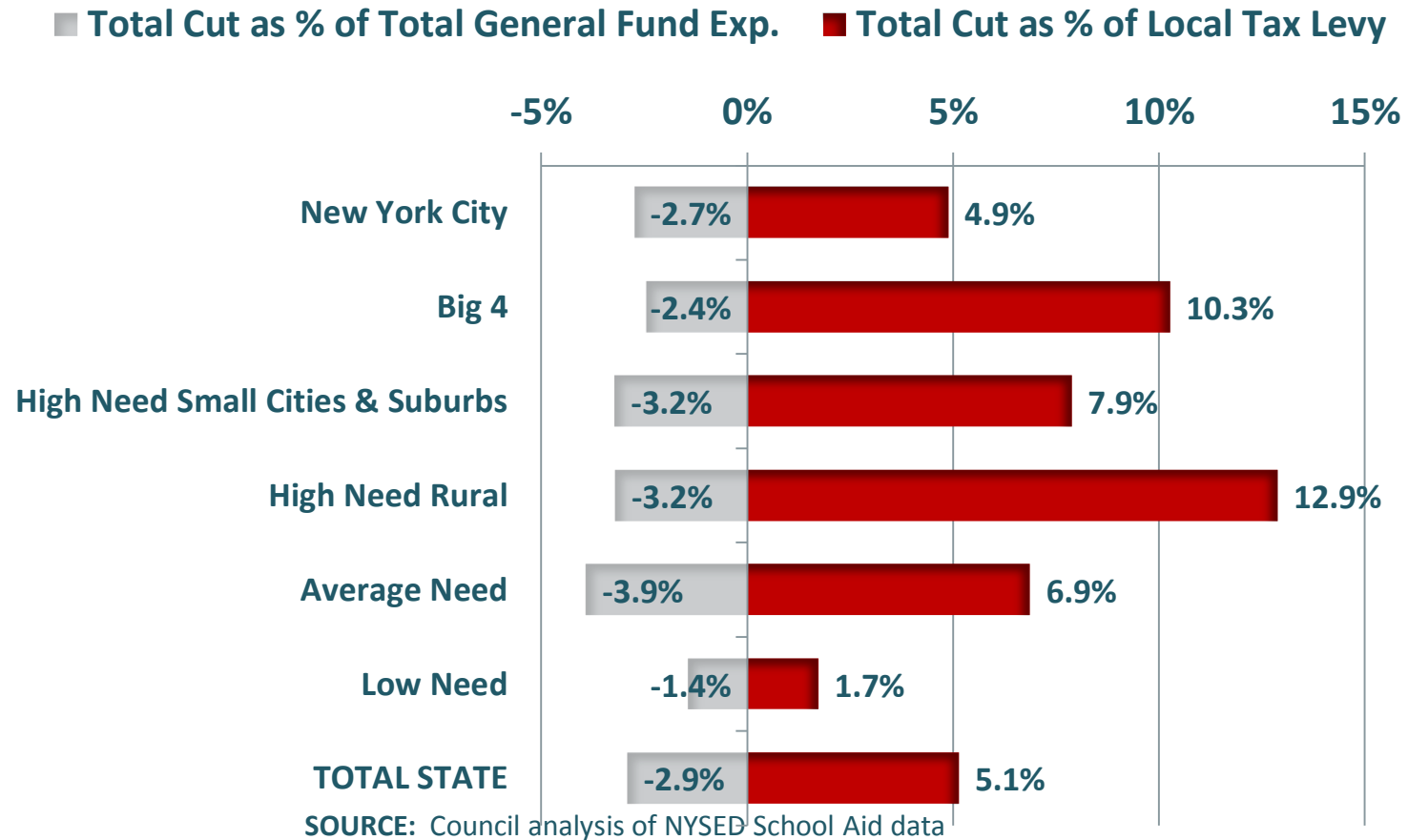
Analyzing the Gap Elimination Adjustment

Proposed Gap Elimination Adjustment per Pupil



SOURCE: Council analysis of NYSED School Aid data

Analyzing the overall cut



Examples of what districts have done

Total position reductions, by category and district type, 2011-12				
	City	Rural	Suburb	Total
Teachers	6.1%	5.8%	3.4%	4.3%
Other Student Support	8.7%	10.8%	6.6%	8.0%
Adminstrators	9.3%	9.8%	6.0%	7.5%
Other	4.3%	4.9%	3.0%	3.6%
Total	6.4%	6.7%	3.9%	4.9%

State Implications

NYS expenses-growing much faster than Revenues

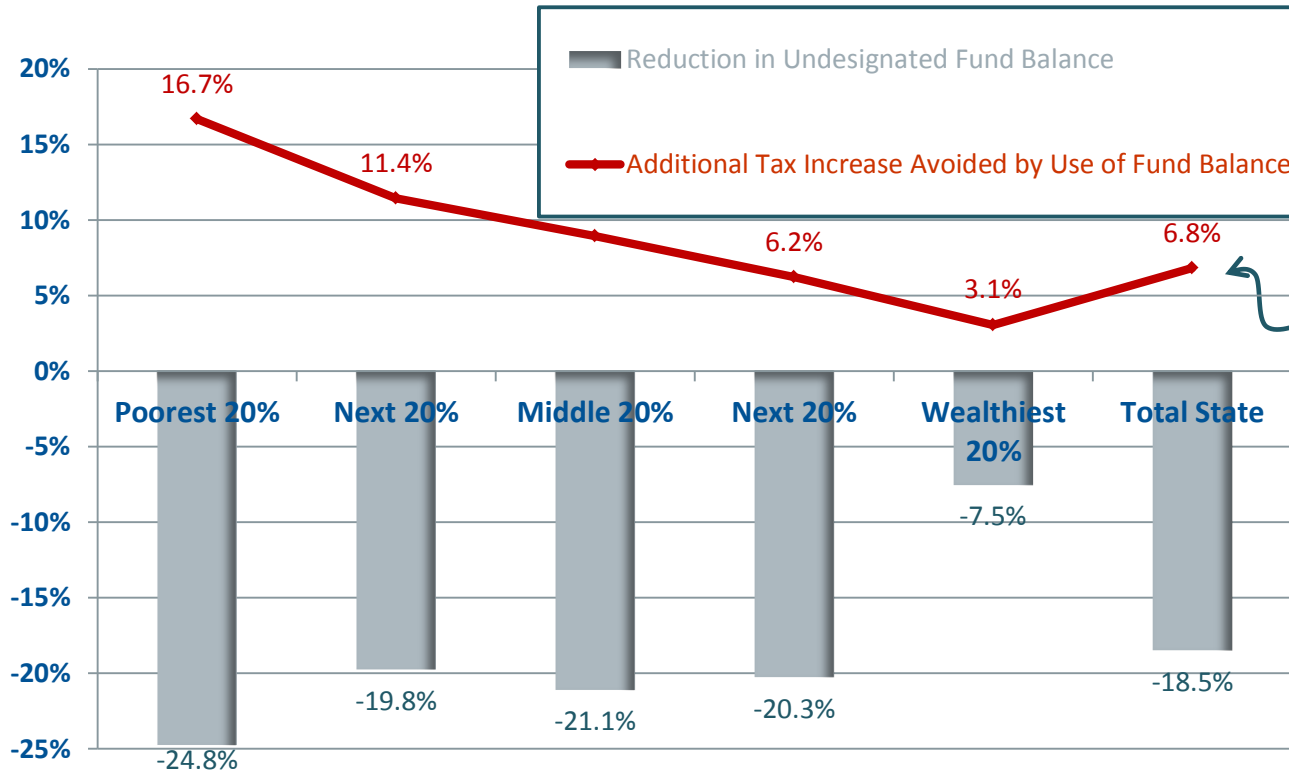
- State does not have the means to increase aid

School District Expenses are for Instruction

In the Past, pressure would bring more State Aid

Rural and City Schools are Adversely Affected by
School Aid Reductions

Financial data confirms: districts are relying heavily on reserves...



Without fund balance, districts would have needed to raise taxes by almost 7% more, or make equivalent cuts (4.1%)

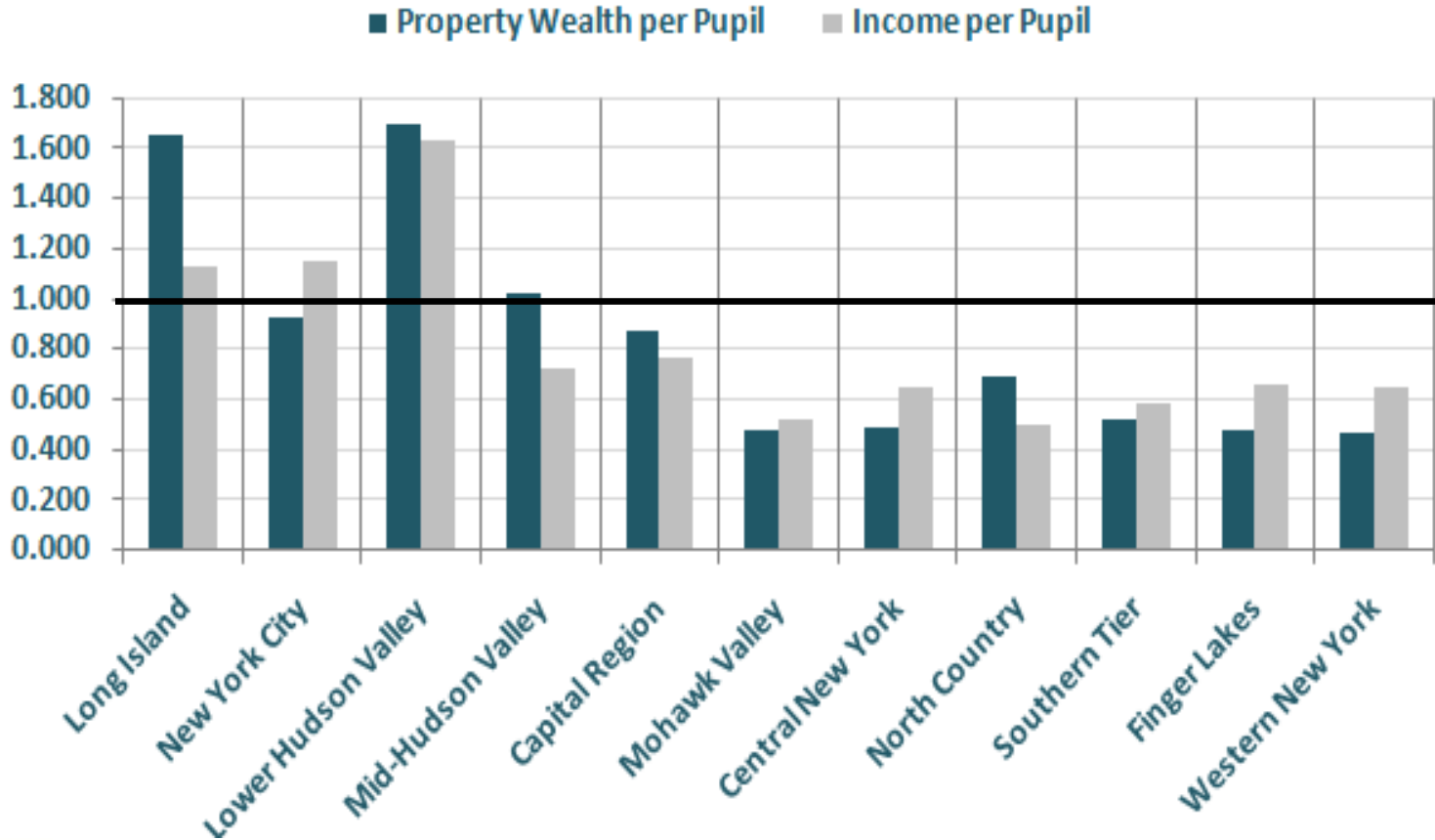
If districts use all reserves this year, they would need bigger tax increases or spending cuts next year.

SOURCE: Council analysis of NYSED School Aid and Property Tax Report Card data.

Comparing the regions

2008 income and property wealth per pupil

Ratio of region to state average (1.000 = average wealth)



Measures of Wealth and Needs: Essex, Hamilton, Saratoga, Warren, and Washington Counties

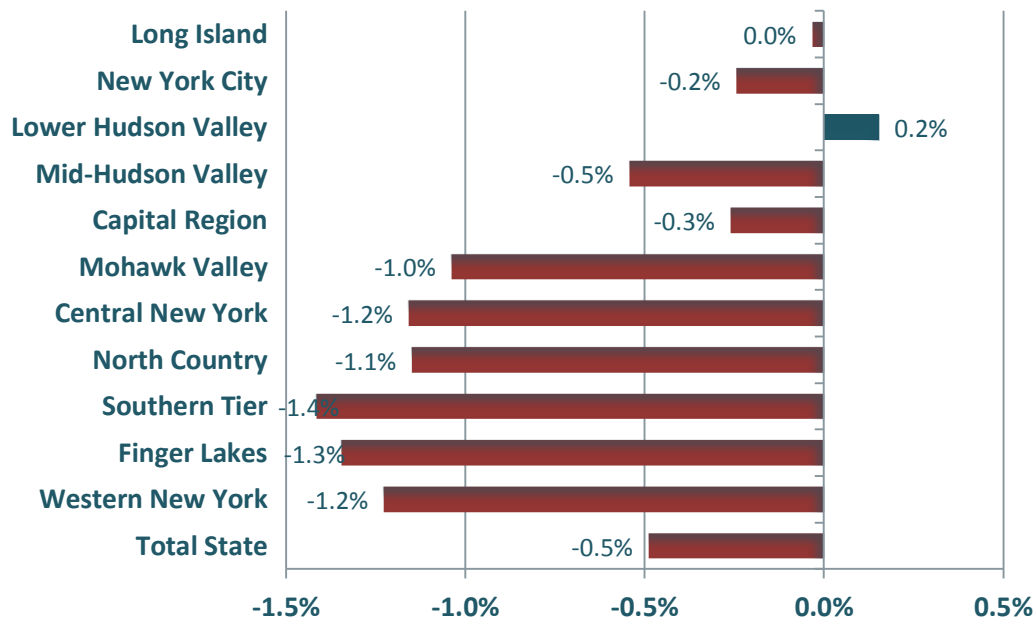
	Property Wealth per Pupil Ratio ----- 1.000= average -----	Income per Pupil Ratio -----	Free/ Reduced Price Lunch %
Essex	2.179	0.638	46.5%
Hamilton	6.385	0.725	36.0%
Saratoga	0.892	0.829	18.1%
Warren	1.595	0.681	30.0%
Washington	0.635	0.504	39.8%
Capital Region	0.871	0.761	31.0%
North Country	0.686	0.494	46.3%
State	1.000	1.000	49.4%

SOURCE: Council analysis of NYSED School Aid data

Steep enrollment declines common in poorer regions

Most upstate regions losing enrollment at more than 1% per year

Average annual % change in enrollment, 2001-02 to 2010-11



Average annual enrollment change by Need/Resource Category,* 2001-02 to 2008-09

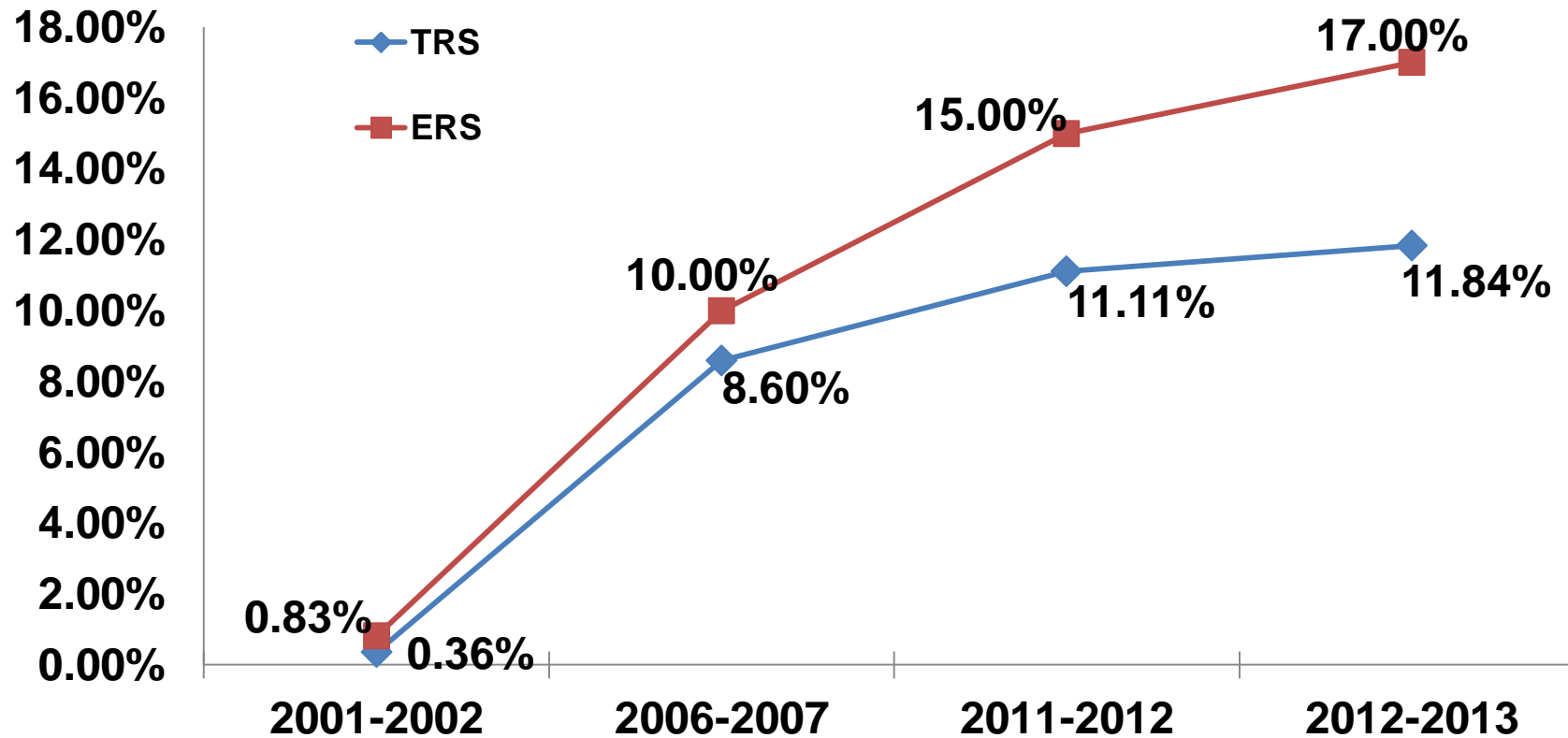
New York City	-0.2%
Big 4 Cities	-1.1%
High Need Small Cities/Suburbs	-0.6%
High Need Rural	-1.5%
Average Need	-0.9%
Low Need	+0.2%

Enrollment : Essex, Hamilton, Saratoga, Warren, and Washington Counties

	2001-02 Enrollment	2010-11 Enrollment	Average Annual % Change
Essex	5,060	4,110	-2.1%
Hamilton	625	472	-2.7%
Saratoga	35,437	35,313	0.0%
Warren	11,371	9,987	-1.4%
Washington	10,878	9,289	-1.6%
Capital Region	156,669	152,997	-0.3%
North Country	69,938	62,708	-1.1%
State	2,859,688	2,733,796	-0.5%

SOURCE: Council analysis of NYSED School Aid data

Ten Year Trend ERS and TRS District Cost (% on Salary)



Ten Year Trend Health Insurance Annual Cost – Family Matrix Vs. PPO Total Premium



Matrix has increased 160%

7/1/2003 BOCES began offering the PPO plan
7/1/2010 Consortium Plan Consolidation
2012-2013 Projected Rate

Regions used in this presentation:

Regions defined (Adapted from NYS Labor Department Labor Market Regions)

Long Island: Nassau, Suffolk

New York City

Lower Hudson Valley: Putnam, Rockland, Westchester

Mid-Hudson Valley: Dutchess, Orange, Sullivan, Ulster

Capital Region: Albany, Columbia, Greene, Rensselaer, Saratoga, Schenectady, Warren, Washington

Mohawk Valley: Fulton, Herkimer, Montgomery, Oneida, Schoharie

Central New York: Cayuga, Cortland, Madison, Onondaga, Oswego, Tompkins

North Country: Clinton, Essex, Franklin, Hamilton, Jefferson, Lewis, St. Lawrence

Southern Tier: Broome, Chemung, Chenango, Delaware, Otsego, Schuyler, Steuben, Tioga

Finger Lakes: Genesee, Livingston, Monroe, Ontario, Orleans, Seneca, Wayne, Wyoming, Yates

Western New York: Allegany, Cattaraugus, Chautauqua, Erie, Niagara

Review of Future Trends

State Implications

- New York State expenses - growing much faster than revenues
 - State does not have the means to increase aid at the same rate
 - Tax Cap limits ability to raise local revenue (0% if budget does not pass)
- Most school district expenses are for instruction
- In the past, pressure would bring more State Aid

Future Trends

State Aid-Going Forward

- Loss of “Jobs’ monies
- Education Spending: 4.1% for total increase
(\$250,000,000 for competitive grants)

Facts about the “Tax Cap”

- Calculation of Maximum Allowable Levy
- Exemptions
- Override
- Failed Budgets

Loss of Fund Balance

In Some Cases, Academic and Fiscal Insolvency

A Few Thoughts:

- In the past, schools were bailed out with either additional state aid, higher levies. Will that happen again??
- Communities need to begin to review their status “what do you want for your children and school(s)”
- Fiscal Predictions based on current set of data
 - How long until a deficit situation?
 - How much room do you have cut?
- Look at the Potential Solutions
 - Put together plan(s) B, C, D
- Fiscal Issues will not go away soon

Some Solutions (many are partial)

Increased Sharing

- What is possible, what are the cost savings?

Reorganization

Tuition Students to another district (in whole or in part)

Increase Levy

Reduce Growth in Spending

Continue to cut program each year, only teach the basic requirements

Wait it out, see what happens

Options for Sharing

Shared Business Official Itinerant Model

- One Professional Shared Between two or more districts
- Individual employed by the BOCES
- Time **split** between participating districts (logical distribution .5 FTE per district)
- Costs for employee split by participating districts
- Shared Business Official works from each district's central office
- Expenditure eligible for BOCES aid
- Districts guide service and program

Shared Business Official Itinerant Model

Advantages

- Reduced Cost for both districts
- Eligible for Aid
- Employee works from Districts
- Able to attract “high level” candidates
- Back-up if service expands
- District does not assume post-retirement legacy costs

Dis-Advantages

- Reduced FTE
- Less access at meetings
- Some duties may need to be spread “to others”

Shared Business Office Central Service Model

- Districts share a “business office” at an off site location
- All costs associated with the office tabulated, billed to participating districts (methodology is agreed upon in advance)
- Costs are eligible for BOCES aid
- Staff are employees of the BOCES

Shared Business Office Central Service Model

Advantages

- Likely reduction of costs (study needed to make determination)
- Eligible for BOCES Aid
- More specialization
- Ability to look at new “business model”
- Back-up for job functions
- District does not assume post-retirement legacy costs

Dis-Advantages

- Access to business office staff is more limited
- Some duties may need to be spread “to others”
- Standardization of software and procedures

Next Steps

- If Interest Exists
 - Each District should indicate such
 - Tim Place will work with Superintendents to develop cost and aid estimates
 - Study for CBO more intricate and time consuming
- Upon Final Commitment
 - Both districts work with the BOCES to develop job description and qualifications
 - Position(s) posted, districts involved in hiring process
 - Service starts at a mutually agreeable date

Questions or Thoughts???