

INTERIM SUPERINTENDENT'S UPDATE FOR THE MARCH 8, 2018 MEETING

MERGER STUDY COMMITTEE' FEBRUARY GATHERING FOCUSED ON FINANCES



The twenty-member merger study advisory committee comprised of board-appointed representatives of Westport CSD and Elizabethtown-Lewis CSD engaged with the consultants February 28th on an **analysis** of pertinent **financial facts and figures** for the time period of school years 2019-20 through 2033-2034.

During the initial fifteen years of a merged district, the state provides several categories of incentive aid. **Some highlights** of the financial analysis presented by the consultants and discussed with the merger study advisory committee are **below**, along with **other** pertinent facts and figures:

- A. The State's [merger] incentive operating aid during that initial fifteen years of the merged district would provide an **additional \$6.24M of operating aid** to the merged district comprised of the former Westport CSD and Elizabethtown-Lewis CSD.
- B. Fifteen years of annual reduced expenditures due to the **increased staffing efficiencies** of operating a **single** merged school district rather than the **two** current school districts would result in **decreased** expenditures of **\$7.62M** across that fifteen year time period.
- C. **Other** annual budget efficiencies of operating one merged district rather than operating the two current school districts (*necessary management-related functions such as auditing services, financial services, legal services, BOCES services, school physician, insurance and tax collection*) would result in **decreased** expenditures of **\$800,685** across that fifteen year time period.
- D. **Tax rates** for the merged school district could be **stabilized** or **reduced**, when compared to what the tax rates would be if **no merger** of Westport CSD and Elizabethtown-Lewis CSD takes place.
- E. The merged district would be able to offer **all of the courses** that are currently offered in both districts and operate with enough added efficiency to offer **additional courses and/or reduce staffing**. The consultants have recommended that any such staffing reductions be via **attrition**.

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UPDATE ON STATEWIDE BUDGET DEVELOPMENT MATTERS

The statewide budget development now underway will continue to be exceedingly complex, unpleasant and challenging, given the growing need for State funding of essential services to its citizens, its local communities and its own branches of public service such as P-12 public education, higher education, transportation, public health, law enforcement, environmental protection, food inspection and public infrastructure systems.

The February 14, 2018 analysis by State Comptroller Thomas DiNapoli of the Governor's proposed 2018-19 state budget illustrates the predicament facing the Empire State:

"It is a high-pressure year for the state budget. Decisions made in Washington pose a real risk to New York's finances. Cuts from Washington, questions over state tax revenues and billions of dollars in out-year gaps pose significant threats," DiNapoli said. "At a time of difficult financial challenges, transparency, accountability and oversight in the use of public dollars are more important than ever."

The lingering uncertainty as to the overall impacts of the federal tax changes suggests a heightened need for caution in revenue projections for the coming year. The Governor's proposed budget yields flat funding of aid programs for local governments, DiNapoli said.

CONCISE ANALYSIS

Recent state budgets in the Empire State have provided many of our state's public school districts with annual state aid percentage increases **above** the level of increased state aid percentage increases that other local government agencies (such as counties and towns) have received during those same years.

Given the challenges ahead for New York State (summarized **above**), I believe it's very likely the regular annual year-to-year state aid increases for our state's public school districts may be **somewhat more modest** in the **next** few budget years than what we've experienced in most of the recent **past** budget years.

EXTRAORDINARY PERIOD OF TIME

Westport CSD is experiencing an **extraordinary** period of time:

The school board and school community are in the midst of a process exploring whether or not our school district, serving approximately 187 resident students, should continue "as is" in regard to being a K-12 schoolhouse, or if our school district should merge with Elizabethtown-Lewis CSD to channel the combined human resources and financial resources to provide for public education needs and priorities ahead.

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UPDATE ON WESTPORT CSD BUDGET DEVELOPMENT MATTERS

- On the **revenues** side, the state-mandated local property tax cap threshold allows Westport CSD an additional **\$84,810** in property tax levy for 2018-19. Our shared business manager will provide a revised forecast of all revenue categories at budget workshop #2.
- On the **estimated expenditures** side, Westport CSD faces a **\$285,436** increase in estimated health insurance-related costs including plan premiums, buyouts and Medicare reimbursements; and an estimated **\$164,100** increase in salaries, among various other budget category increases for July 1st forward.

I expect to be presenting a set of specific recommended cost reductions this evening to the school board, intended to address a **roughly quarter million dollar gap** [as of March 2, 2018] between forecasted revenues and forecasted expenditures for 2018-19.

KEY POINTS REGARDING RECOMMENDED BUDGET ADJUSTMENTS

The budget adjustments will include a recommended reduction in BOCES services. The budget adjustments will also include recommended reductions to instructional program staffing. Some key factors:

- Recommended staffing reductions are based on attrition resulting from retirements, rather than reducing multiple full-time faculty positions to multiple part-time positions next school year forward;
- Of the three full-time positions becoming vacant due to retirement, I will be recommending one of the positions be sustained as full-time; one of the positions be sustained on a part-time basis rather than full-time basis; and one of the positions not be filled next school year because Westport CSD has capacity to fill the necessary class sections without filling that vacant position next school year.
- Westport CSD has a **strong bench** of faculty members to sustain the vast majority of programs and services into next school year. However, I forecast **Latin** will not be feasible to offer next school year, and I forecast **driver education** will not be feasible to offer next school year.
- I will also be recommending use of some unassigned fund balance, as yet another component of closing the roughly quarter million dollar gap.

Respectfully submitted by A. Paul Scott, Interim Superintendent of Schools