

Laura Bosinski:

Slide 1: Good evening. Welcome to the 2020-21 Budget Hearing for the Amherst Central School District. This hearing is an opportunity for our community members and tax payers to ask questions about our proposed budget for the next school year prior to being asked to cast their votes. Due to the covid-19 outbreak, our hearing is being conducted remotely. Individuals who RSVPed prior to the start of the meeting are joining us live. At the end of the presentation, I will ask all participants if anyone has any questions. If so, please raise your hand and I will call on you one by one. Please make sure the name displayed on your screen reflects how you wish to be addressed. All participants will be muted until called upon.

Slide 2: Tonight's presentation will review five areas of our budget development process, from the starting point, our mission statement, to the final decision on the proposed budget, the public vote and board member election.

Slide 3: To start, we review our mission statement. To prepare all students to excel in a dynamic world through the development of their abilities to reason, solve problems, apply knowledge, communicate and collaborate effectively. We begin with this review because it is the foundation to all of our decisions. It is the reason we are here. The COVID-19 outbreak has challenged us to look at everything we do in a new way, and the process of developing this proposed budget for the 2020-21 school year was not an exception. We need to plan for the unforeseen, we need to prepare for the unprecedented, and we need to make sure we are serving the needs of our diverse student body, all while maintaining fiscal responsibility to our community, for the 2020-21 school year and many years to follow.

Slide 4: We will begin the review of our proposed budget with our projected revenues. This budget includes a tax cap compliant property tax levy increase of 2.389%. The tax cap calculation takes into account any growth in the Town of Amherst through the Tax Base Growth Factor, the state of the economy through the CPI percentage, and the allowable capital exclusions - which are expenses that were approved by our voters at a previous date. State aid for next year is the largest unknown we have in our budget. An overall reduction of state aid was included in the enacted budget, named the Pandemic adjustment. Amherst's reduction is about \$465,000. It is offset by an equal amount in Cares Act Restoration Fund, however, the Cares Act money has limitations on what it can be spent on which are beyond those of our general state aid. Furthermore, Governor Cuomo has stated multiple times that if the federal government does not approve an additional stimulus package, he will cut school aid an additional 20%. For Amherst, this could result in a significant revenue shortfall. And finally, Governor Cuomo has identified four look back periods throughout the next fiscal year in which he may make additional cuts to education if the state revenues are falling short. The first look back period has passed, the next two are June 30th and December 31st, and the final opportunity to make reductions is March 31st of 2021. And while we do project an increase in state aid over our current year amounts, this increase mostly consists of building aid, which offsets our increased debt service payments for our capital construction.

Slide 5: Our miscellaneous revenues may also take a hit as this category includes our Erie County sales tax revenue. We have been advised by the Erie County Comptroller that the reduction in sales tax revenue could be anywhere from 10 to 90%. Our budget is \$3.6M, so these reductions could result in losses between \$360,000 and \$3.2 million dollars.

Slide 6: We are implementing multiple strategies to try to plan for these possible revenue shortfalls without affecting our students or programs, and without overburdening our tax payers. The first strategy is to appropriate additional reserves. Our reserves are put in place in years when budgets end with a surplus. The purpose of the reserves is to help districts through difficult financial times by closing budget gaps and leveling out changes from year to year. As you might imagine, this is such a year. We have increased our reserve usage in next year's budget to \$840,000 to include funds from five reserves: The tax certiorari reserve, the employee benefits accrued liability reserve, the unemployment reserve, the retirement reserve for ERS payments, and the retirement reserve sub fund for TRS payments. These amounts are "up to" amounts. If not needed, they will not be withdrawn from the reserve.

In fund balance allocation, similar to the past several years, we have appropriated \$500,000 to offset an equal expenditure line to be used in the case of unforeseen emergencies or unplanned expenditures. We also typically appropriate an additional amount to help close any budget gap we may have. The gap closing allocation proposed is \$204,000. The combination of appropriations from reserves and unappropriated fund balance will help us keep enough flexibility in our expenditure budget to maintain our current programming in light of unknown revenues. As we do every year, we will closely monitor our budget, both revenues and expenditures, with the goal of not using any of the fund balance appropriated.

Slide 7: This revenue chart demonstrates the difference in multiple revenue categories between the current year budget and the proposed budget for the 2020-21 school year, resulting in a proposed revenue budget of \$62,423,000.

Slide 8: On the expenditure side of our proposed budget, we show an increase in personnel of 2.6%. This is due to contractual obligations and increases in substitute costs. For benefits, the ERS rate stayed the same at 14.6% and the TRS rate increased a little more than half a percent. This is an area we need to watch closely as we anticipate these rates will climb in the coming years due to the economic stress we are facing now. A 1% change in this rate equals an increase in spending for our budget of about \$250,000. Our self funded health insurance program is doing well. After a couple of years with higher than normal claims, we have settled back into modest increases from year to year, 3% last year and 2.75% this year. Our self funded workers compensation plan is seeing a similar pattern...previous high cost years are now far enough away that our experience rating is improving and our premiums are dropping each year. We will continue to work to support these trends moving forward.

Slide 9: General support, the operating budget of the district, has an increase of less than 3%. We increased our utility budgets, added funds for mandated water testing due this upcoming year, and increased our legal fees budget due to current litigation. We will continue with our capital outlay budget code, which I will discuss further later in this presentation, and will continue our \$500,000 contingency line to support required but unknown or unplanned expenses. Our instruction budget also shows an increase of less than 3%, all due to mandated increases or increases required to support current programming.

Slide 10: Our BOCES budget is projected to increase less than 2% and includes funds to support alternative education programming and our new Amplify science curriculum, which supports instruction in the newly revised and mandated science learning standards. The reduction realized in the special education area of our BOCES budget is strictly due to changes in student needs and enrollment. We are happy to report a two year contract extension with our

transportation partner, First Student, which maintains annual increases at CPI. We do see a larger increase in our debt service payment. This is due to the first payments for our current capital project, which are offset by the increase in building aid and the capital exclusion included in the tax levy.

Slide 11: One of the reasons we are able to keep our personnel increases to 2.6% is due to the retirements and staffing changes. The retirements include one administrator, four teachers, and one support staff member. The difference between the retirement salaries and the budgeted replacement salaries is about \$300,000. Additionally, we have included funds to add a third grade teacher at Smallwood Drive Elementary School to help maintain optimal class sizes, we added an additional teacher assignment in the Middle School to better support our English Language Learner students, and we budgeted funds to support the social worker in our new Family Support Center. Our reductions are all based on changing student needs and enrollment. We will reduce a part time science teacher in the high school while still maintaining our science curriculum. Two one on one aides in the high school will be reduced as the students those positions serve have either graduated or have changed programs. In special education, we will reduce one and a half teaching positions and one teaching assistant position, based on student enrollment and class sizes. Finally, our special education after school program is no longer needed as we have partnered with People, Inc. to provide a comprehensive service to our families.

Slide 12: This expenditure chart represents changes from the current year's budget to the proposed budget for the 2020-21 school year. We reflect an increase in spending of \$2,280,000, or 3.79%, for a total expenditure budget of \$62,423,000.

Slide 13: Each year, districts are required to show the proposed budget in two formats: the Tripartite, or 3 part budget, and the component, or five part budget. The tripartite budget breaks expenditures into the categories of administrative expenses, capital expenses, and program expenses. Our goal is to have the majority of our budget devoted to our program, and it is, at a little more than 75% of our total budget. The component budget breaks these categories down further into general support, instruction, transportation, employee benefits, and debt and transfers.

Slide 14: Each year, districts have the ability to include a \$100,000 budget line in the proposed budget for the purpose of small capital project work to be completed during the next fiscal year. These projects receive building aid from New York State. We typically choose our next project and share it during the budget development process, but this year we make the decision to wait. Because of all of the uncertainty with our economy and our revenue budget, this line is one the strategies I mentioned earlier. If revenues fall short and we need to reduce our expenditures, this is an area we will reduce. We will skip a project for one year and allow the funds to simply remain in the budget. If we find we are able to complete a small project with these funds, we will share the details of the project on our district website and in a board of education meeting. Some of the work we have completed over the past few years include elevators at the elementary schools, vestibules at the Middle School and High School, and the replacement of the emergency generator at the Middle School.

Slide 15: Overall, we have developed and propose to the voters a balanced budget of \$62,423,000.

Slide 16: When considering our proposed expenses for upcoming years, we feel it is important to compare our per pupil spending to that of other districts in New York State that are similar to us as well as all other districts in New York State. How are we doing? Are we seeing the results for the investment our taxpayers make? The information gathered in this chart is available to the public at www.nysed.gov and shows Amherst's per pupil spending to be about \$19,630 per student. In comparison, other districts similar to us spend over \$23,500 per student. Then to look at all districts in New York state, the average expenditure per pupil is almost \$26,000. Our per pupil spending is 25% less than the New York state average while we rank in the top 11% of the best school districts in the state. (source: <https://www.niche.com/k12/d/amherst-central-school-district-ny/>)

Slide 17: Now that we have thoroughly reviewed the proposed budget, let's look at the third area in our budget development process... how the tax levy will be reflected in tax rates. The Town Assessor's office has provided a preliminary assessment value which shows the total rolls increasing by over \$12M. Because of this, the projected tax rates will increase an estimated 1.7%, less than the 2.389% the tax levy would increase. This would result in an estimated tax rate of \$20.67 per \$1,000 of assessed value....a little less than a 35 cent increase. Once the rolls are finalized in August, the board will adopt the official tax rate prior to the tax bill printing in September.

Slide 18: So what happens if our budget does not pass? In the event of a failed budget, the board would typically have a decision to make. Do we adopt a contingent budget? Do we go out for a revote on the statewide revote day with the same budget? Or do we go out for a revote on the statewide revote day with a revised budget? This year may be different. With the covid 19 outbreak, the entire budget development and vote calendar was altered. At this point in time, a statewide revote day has not been established. It is unknown if a revote will be an option or if districts will immediately be forced to adopt a contingent budget. If that is the case, it is important that our voters understand what a contingent budget looks like and how that would change our day to day operations. In a contingent budget, there are various restrictions. There would be no increase in the tax levy. No community members would be permitted to use any of our facilities, indoor or out, without paying for the full operating cost of that space. The district would not be permitted to purchase any new equipment, perform any non-essential maintenance, or make any type of capital expenditure unless in an emergency situation. None of our non-unionized employees would be permitted to receive any type of raise. A contingent budget would be \$61,843,865, a decrease in budget of \$579,135. This would reflect an increase in spending of \$1.7M, or 2.83%, and would utilize about \$381,000 of additional unappropriated fund balance.

Slide 19: And finally, the fifth and final step in budget development...budget vote and board member election. This year is different than any other. The polls will be quiet as only a few elections workers will feed returned absentee ballots into voting machines. But the questions asked of our voters is as important this year as it is any year. Proposition 1 will ask for your vote on the budget, \$62,423,000 with a tax cap compliant increase in the levy. The second question asked of voters will be for the board of education candidate seats. We have two vacancies and two incumbent board members on the ballot. Mrs. Jessica McLaughlin and Mr. Mark Smith. To read their biographies, please visit our district website at www.amherstschools.org.

Slide 20: The covid 19 outbreak has raised more questions than answers, and it will may be that way for some time. This pandemic has affected every family and every individual differently. Some are without work and some are essential workers. Some worry about food and others donate food. Some are unable to go out in public and others volunteer to serve in the community. Our charge is to support the whole student, including the physical and social emotional well-being of every child. We offer services to support families in need, including the Family Support Center, the Tiger's Den Food Pantry, free breakfasts and lunches to all students of our district seven days per week, and offered assistance with child care for the essential workers of our community. Plans are being developed now for the return to school in the fall, taking into account all critical areas, such as social distancing, cleaning, disinfecting and hygiene, and personal protective equipment, just to name a few. We have worked to put strategies in place to not only maintain, but increase, our standards of achievement. This budget is structured to provide maximum flexibility to address the learning, health, and safety of our students and staff while striving to maintain fiscal accountability and responsibility in the most uncertain of times. So what are the facts? All programs, athletics, and extracurriculars remain intact. We have not made program cuts or reductions. The budget supports the whole child, not only academics, but physical and social emotional well-being as well. As we discussed, we have large unknowns in our revenues, but are implementing strategies to try to mitigate any losses. Our proposed tax levy is cap compliant and the projected tax rate increase is 1.7%, less than CPI. A passed budget allows the continued usage of our buildings and facilities by the public, where a contingent budget requires these resources to be unavailable.

Slide 21: We now turn the decision over to our community. Absentee ballots will be mailed to all known eligible voters in the district with a self addressed postage paid return envelope by Wednesday, May 27th. If you believe you are a qualified voter and you do not receive your ballot by Tuesday, June 2nd, please find instructions for obtaining a ballot on our district website. All absentee ballots must be received by the District Clerk by 5:00 p.m. on Tuesday, June 9th. At this time, I will end the presentation and ask if anyone participating has any questions about our proposed budget for the 2020-21 school year. If you do, please raise your hand. We will unmute you and I will read your name.

At this time, it appears there are no questions from our participants. A recording of this presentation will be available on our district website. Thank you for joining us this evening. At this time, the 2020-21 Budget hearing for the Amherst Central School District is closed. We will now transition to our regularly scheduled Board of Education meeting. To our community participants, you have the choice to either log out and end your participation or continue to observe the board meeting. If you choose to continue to observe, please be advised that due to the COVID 19 outbreak, all community correspondence with our board must be completed in writing, your microphone will be muted throughout the meeting. Board of Education President Steimle will now begin the board meeting.