

**“You can’t cap
what
you
can’t
control.”**

- NYS Conference of Mayors

We concur.

Erie County Association of School Boards

Member Districts: Akron, Alden, Amherst, Erie 1 BOCES, Erie 2 Chautauqua Cattaraugus BOCES, Buffalo, Cheektowaga, Cheektowaga-Sloan, Clarence, Cleveland Hill, Depew, East Aurora, Eden, Frontier, Gowanda, Grand Island, Hamburg, Holland, Hopevale, Iroquois, Kenton, Lackawanna, Lake Shore, Lancaster, Maryvale, North Collins, Orchard Park, Springville, Griffith Institute, Sweet Home, Tonawanda, West Seneca, Williamsville

Let's Face It ...

The Tax Cap is not the real problem. No school district *wants* to raise the tax rate, let alone raise it beyond 2%. The real problem is that with the withdrawal of state aid and expiration of federal stimulus funds, school districts are stuck with big expenses that have taken on a life of their own.

Local communities can handle only so much. Without dramatic decreases in expenditures or increases in state aid, the tax cap will result in the dismantling of the public school system. Local communities cannot handle "expenses gone wild." For example:

- **Pension contributions:** Before the downslide of the investment market, nearly 90% of state pension costs were funded by investments. When that income dried up, school districts had to chip in a greater share ... 39% more this year, and 33% more next year. For some districts, the 2% increase allowed under a tax cap would not even cover the cost increase for pension contributions.
- **Salaries:** Teachers are on salary schedules with multiple pay grades and "steps" and can move to higher pay "lanes" with additional graduate credits. The Triborough Amendment of the state's Taylor Law is interpreted by the courts to mean that when a contract expires, the current provisions of the contract stay in place – and certain provisions for continued increases must still be honored. So, when a contract expires, the step increases must continue, even if the district cannot afford to keep paying automatic pay increments.

In difficult times, unions have no incentive to accept a new contract when they can receive more salary and benefits by refusing to settle. Existing salaries and health benefits (another major cost driver) and working conditions all fall under the protection of the Triborough Amendment.

It's important to bargain in good faith, but these were contracts settled in different times. In difficult times, it's important to assess the wherewithall of the community and viability of all revenues. While some area employee unions have agreed to concessions and helped save jobs, the law is on the side of those who would keep adding and adding.

With expiration of federal stimulus funds and reduction of state aids, the local property tax is the only remaining significant funding source left for school districts - but we realize the local property tax is not a realistic source of support for costs of this magnitude and duration.

Rather than decimating our schools and bankrupting our communities, we need to control costs. We believe in fair salaries, reliable pensions and good health care, but they must be sustainable and affordable for our school-communities.

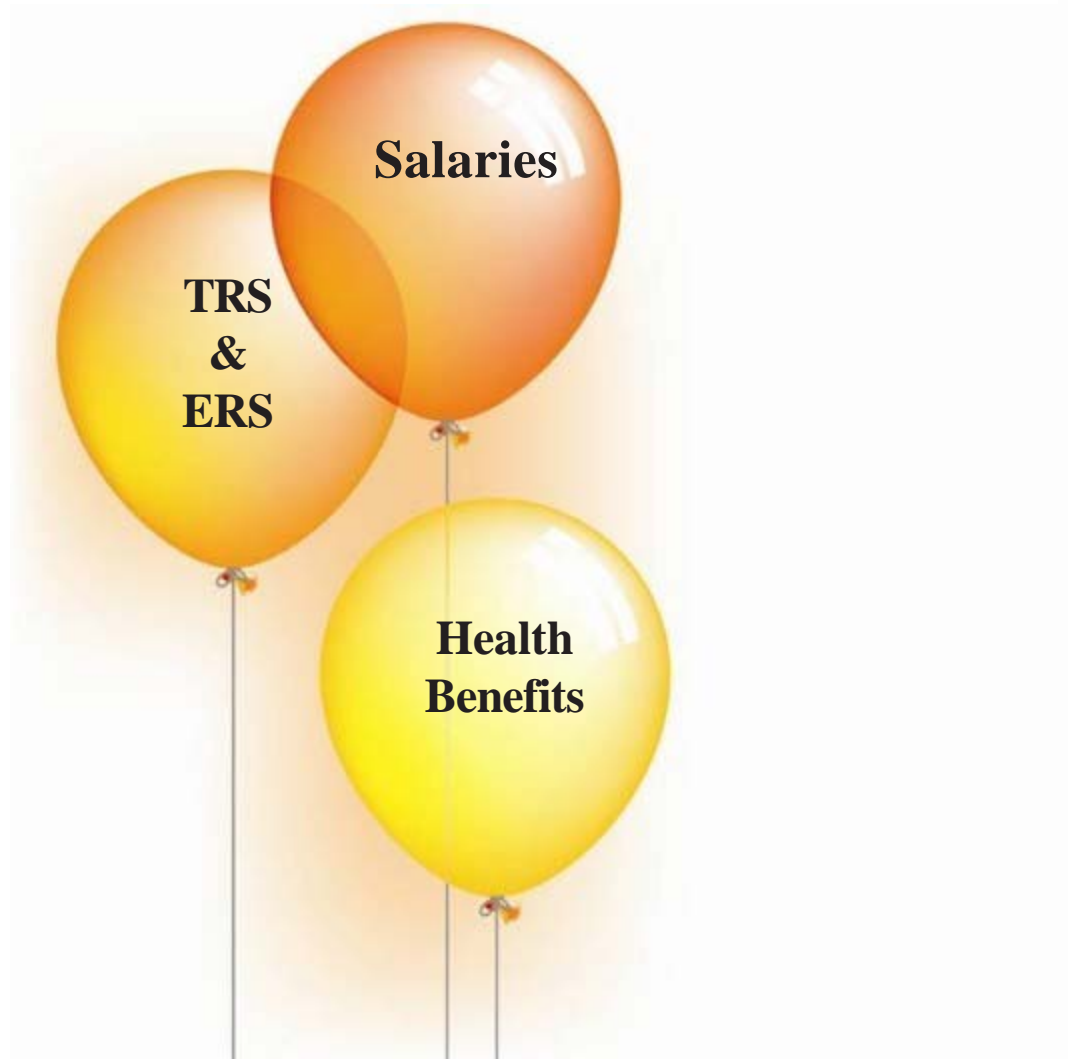
This report profiles some major mandated and contractual expenses school districts are obligated to, with recommendations for how the state could help mitigate and control those expenses. We thank you for your time today and your attention to these concerns.

Lorie Sabo (Erie 2 CC BOCES)
Legislative Team Chair

on behalf of the ECASB Legislative Team

**A tax cap is not what will
get us back in control
of public education costs, because:**

**Salaries, Pension Obligations
& Health Benefit Costs Alone
Will Balloon Above the Cap.**





Issue #1

The Problem with Triborough

Issue Statement

As a former Superintendent, I've been through 126 negotiated agreements, and I have not seen one school board that said, "Give it all to them." They always ask for rollbacks, but Triborough doesn't allow that.

Most government employees in New York, as in other states and the federal government, have been paid according to salary schedules with multiple pay grades and "steps" based on years of service. Teachers also can move to higher pay "lanes" by accumulating additional graduate credits. The resulting pay progression is especially steep and rapid for teachers.

Salaries and benefits make up 75 percent of total operating expenditures for an average school district in New York State. School budget increases are driven primarily by the cost of personnel. If there is to be any real economic control over rising costs, employers should not be required to continue financing step increments after the expiration of a collective bargaining agreement. In thriving periods the increment of the past may not squeeze the public purse, nor may it be even fair to employees, but in times of escalating costs and diminishing tax bases, many public employers simply may not be able to continue to pay automatic increments to their employees.

We ask that you give school boards the leverage they need to control some of the cost that we face. Please collectively lead the initiative to change the Triborough Amendment.

- Presented by James N. Mills, Ph.D.
Department of Educational Leadership
and Counseling, College of Education,
Niagara University, from partner group CIDEL
(Committee for Identifying
and Developing Educational Leaders)

Question

The Triborough Amendment says contract terms for salaries and benefits must remain in place, and salary steps continue to rise, even after a contract expires. What will you do to REFORM the TRIBOROUGH AMENDMENT?



Issue #2

The Problem with Pensions

Issue Statement

We created a pension system fully dependent on the good times: 3% of pension contributions come from the employee (and, for most employees, cease after 10 years of employment), 11% comes from the employer, and **86% from investments.**

With the downslide of the investment market, costs shot up across the employee retirement systems. Payments required from school districts jumped 39% higher this year, and will be 33% more next year. The recently established Tier V - in which employees pay into the system throughout their employment - will help slow the growth over time, but the crisis is immediate.

Question

What will you do to
REFORM
the
PENSION SYSTEM?

However, these things will help:

- 1) The rate the TRS sets needs long term planning, with steady, consistent increases - not huge spikes.
- 2) School districts already are allowed to have ERS reserves to help fund the "spike" years. They also should be allowed to establish TRS reserves for that purpose.

- Ed Cavan, Member
Erie 1 BOCES
Board of Education
and ECASB Legislative Team



Issue #3

The Problem with the Tax Cap

Issue Statement

Does a Tax Cap control the underlying reasons that drive expense increases? The answer is no. A Tax Cap has no relationship toward the control of the items that drive our expense increases. What a Tax Cap does is limit the total increase in the tax levy without providing solutions to the problems that cause annual budget increases to occur.

The Tax Cap situation becomes worse when you consider the impact of State Aid reductions in the Governor's Executive Budget Proposal. The average State Aid reduction, based on current state aid formulas reducing Foundation Aid and other aids, for all school districts in Erie County is -\$4,114,746. When this reduction is compared to the average school district levy amount, it represents 20% of these levies.

Under a 2% Tax Cap, school districts will not be able to cover the loss of this State Aid through their tax levies because their average tax levy increase will only generate \$527,459. The shortfall difference is -\$2,560,321 for the 2011-12 school year and would be even greater but for the use of Federal Education Jobs funding to minimize the loss of State Aid.

This Federal Education Jobs funding is one-year, one-time revenue that will be lost to school districts in the 2012-13 budget year, resulting in another difficult Tax Cap situation as we look toward the future. In fact, under a 2% Tax Cap scenario, it will take almost eight years of tax levy increases to recapture the State Aid cut being proposed in our 2011-12 budgets.

The result will be the deconstruction of many school district programs. A Tax Cap on its own does not provide solutions to the issues that impact school district cost increases.

Question

What will you do to minimize the harm from a tax cap and reform the real cost drivers that threaten the future of our schools?

- Thomas Maturski, Williamsville Schools
Assistant Superintendent/Finance & Management Services

GAP ELIMINATION ANALYSIS
FOR SELECTED WESTERN NEW YORK SCHOOL DISTRICTS
FEBRUARY 2011

Data Source: Erie 1 BOCES

DISTRICT	GAP Elimination Adjustment Executive Budget Proposal February 1, 2011	Total Reduction in Aid as a Percent of School Tax Levy	Federal Jobs Funding 2010-2012	School Tax Levy 2010-2011	GAP Elimination Adjustment Reduced by Federal Jobs Funding 2010-2012	Total Reduction in Aid as a Percent of School Tax Levy with use of Federal Jobs	Increase Allowed Under 2% Tax Cap (Levy * 2%)	GAP Reduction that Could not be Raised under a 2% Tax Cap
ALDEN CSD	\$ (2,828,866)	-21%	\$749,378	\$13,319,448	\$ (2,079,488)	-16%	\$266,389	(\$1,813,099)
AMHERST CSD	\$ (2,270,890)	-8%	\$590,259	\$29,405,669	\$ (1,680,631)	-6%	\$588,113	(\$1,092,518)
WILLIAMSVILLE CSD	\$ (7,492,454)	-7%	\$1,964,276	\$101,388,824	\$ (5,528,178)	-5%	\$2,027,776	(\$3,500,402)
SWEET HOME CSD	\$ (4,186,421)	-12%	\$1,101,150	\$34,306,013	\$ (3,085,271)	-9%	\$686,120	(\$2,399,151)
EAST AURORA UFSD	\$ (1,630,481)	-10%	\$406,911	\$16,270,166	\$ (1,223,570)	-8%	\$325,403	(\$898,167)
CHEEKTOWAGA CSD	\$ (2,541,500)	-12%	\$668,051	\$20,774,032	\$ (1,873,449)	-9%	\$415,481	(\$1,457,968)
CHEEKTOWAGA-MARYVALE	\$ (2,996,637)	-17%	\$800,307	\$17,156,596	\$ (2,196,330)	-13%	\$343,132	(\$1,853,198)
CLEVELAND HILL UFSD	\$ (2,333,030)	-21%	\$537,870	\$11,158,738	\$ (1,795,160)	-16%	\$223,175	(\$1,571,985)
DEPEW UFSD	\$ (3,617,546)	-24%	\$848,443	\$15,386,844	\$ (2,769,103)	-18%	\$307,737	(\$2,461,366)
CHEEKTOWAGA-SLOAN	\$ (2,457,739)	-18%	\$487,539	\$13,400,699	\$ (1,970,200)	-15%	\$268,014	(\$1,702,186)
CLARENCE CSD	\$ (4,223,450)	-11%	\$1,093,868	\$38,414,560	\$ (3,129,582)	-8%	\$768,291	(\$2,361,291)
SPRINGVILLE-GRIFFITH INST	\$ (3,814,352)	-27%	\$868,932	\$14,008,275	\$ (2,945,420)	-21%	\$280,166	(\$2,665,255)
EDEN CSD	\$ (2,167,733)	-18%	\$513,959	\$12,338,301	\$ (1,653,774)	-13%	\$246,766	(\$1,407,008)
IROQUOIS CSD	\$ (2,919,333)	-12%	\$760,991	\$23,517,611	\$ (2,158,342)	-9%	\$470,352	(\$1,687,990)
EVANS-BRANT CSD	\$ (5,582,132)	-37%	\$1,150,394	\$15,205,063	\$ (4,431,738)	-29%	\$304,101	(\$4,127,637)
GRAND ISLAND CSD	\$ (3,722,972)	-14%	\$990,515	\$27,281,180	\$ (2,732,457)	-10%	\$545,624	(\$2,186,833)
HAMBURG CSD	\$ (4,563,166)	-16%	\$1,168,481	\$28,627,929	\$ (3,394,685)	-12%	\$572,559	(\$2,822,126)
FRONTIER CSD	\$ (6,972,912)	-22%	\$1,793,941	\$31,675,000	\$ (5,178,971)	-16%	\$633,500	(\$4,545,471)
HOLLAND CSD	\$ (1,910,094)	-30%	\$480,487	\$6,359,438	\$ (1,429,607)	-22%	\$127,189	(\$1,302,418)
LACKAWANNA CITY SD	\$ (3,036,000)	-37%	\$599,899	\$8,190,000	\$ (2,436,101)	-30%	\$163,800	(\$2,272,301)
LANCASTER CSD	\$ (6,691,336)	-17%	\$1,727,428	\$40,523,299	\$ (4,963,908)	-12%	\$810,466	(\$4,153,442)
AKRON CSD	\$ (2,887,757)	-34%	\$690,792	\$8,392,640	\$ (2,196,965)	-26%	\$167,853	(\$2,029,112)
NORTH COLLINS CSD	\$ (1,344,496)	-30%	\$285,690	\$4,542,903	\$ (1,058,806)	-23%	\$90,858	(\$967,948)
ORCHARD PARK CSD	\$ (4,877,257)	-10%	\$1,246,651	\$48,533,180	\$ (3,630,606)	-7%	\$970,664	(\$2,659,942)
TONAWANDA CITY SD	\$ (3,298,128)	-31%	\$799,861	\$10,686,560	\$ (2,498,267)	-23%	\$213,731	(\$2,284,536)
KENMORE-TONAWANDA	\$ (11,022,613)	-15%	\$2,841,394	\$72,620,093	\$ (8,181,219)	-11%	\$1,452,402	(\$6,728,817)
WEST SENECA CSD	\$ (9,708,835)	-20%	\$2,560,594	\$48,586,642	\$ (7,148,241)	-15%	\$971,733	(\$6,176,508)
SUM TOTAL OF COLUMNS	\$ (111,098,130)	-531%	\$ 27,728,061.00	\$ 712,069,703.00	\$ (83,370,069.00)	-404%	\$14,241,394	(\$69,128,675)
CALCULATED AVERAGES	\$ (4,114,746)	-20%		\$ 26,372,951.96	\$ (3,087,780)	-15%	\$527,459	(\$2,560,321)
NUMBER OF YEARS TO MAKE-UP GAP ELIMINATION AID LOSS UNDER 2% TAX CAP	8							
STATE AID REDUCTIONS AS A PERCENT OF THE TAX LEVY	-16%				-12%			

***Q: Is there enough \$ in reserves
to cover a 7.3% State Aid Cut and 2% Tax Cap?***

**A: A report by the
Statewide School Finance Consortium**

**projects that
under the current aid scenarios
and cash reserves,**

**the
first Erie County School District
will face structural deficit**

within just over two months,

**followed by
more than half
of the remaining districts
within three years.**

Source: May 2010 Property Tax Report Card (Subject to revision with Fall 2010 ST3)	Total Cash Reserves 2010-11 (Reserves + Undesignated Fund Balance) per Property Tax Report Card May 2010)	STATE AID CUTS WITH FEDERAL RESTORATION	State Aid Cuts- GAP ELIMINATION ADJUSTMENT	2010-11 Federal Restoration	Projected Years to Structural Deficit if State Aid Cuts (GEA) are repeated (RED is under 3 years)	Combined Wealth Ratio (RED 1.0 or less CWR)	TAX EFFORT RATIO (Residential Levy/District Income)	GEA as % of 2009-10 Levy (RED >4% Tax Impact)	LUNCH %, K-6, 3-YEAR AVG. (FPRL) (RED FRPL>25%)
The STATEWIDE School Finance Consortium Helping to Make Ohio Schools Work Better							X(WM0283)		
School District									
Erie									
ALDEN CSD	5,098,253	-1,741,688	-2,637,006	895,318	1.9	0.6	3.4	20.7%	26%
AMHERST CSD	2,456,653	-1,371,868	-2,077,080	705,212	1.2	1.0	2.6	6.9%	24%
WILLIAMSVILLE CSD	55,836,479	-4,967,614	-7,314,431	2,346,817	8.1	1.0	2.8	6.5%	10%
SWEET HOME CSD	12,622,620	-2,559,269	-3,874,867	1,315,598	3.3	0.8	2.4	11.5%	33%
EAST AURORA UFSD	3,630,000	-945,735	-1,431,892	486,157	2.5	0.9	2.8	8.2%	5%
CHEEKTOWAGA CSD	2,208,410	-1,552,669	-2,350,822	798,153	0.9	0.7	2.8	11.2%	47%
CHEEKTOWAGA-MARYV	3,959,051	-1,860,055	-2,816,220	956,165	1.4	0.6	3.1	16.3%	28%
CLEVELAND HILL UFSD	6,278,000	-1,250,107	-1,892,727	642,620	3.3	0.5	4.1	20.7%	44%
DEPEW UFSD	10,579,110	-1,971,933	-2,985,609	1,013,676	3.5	0.6	3.6	20.3%	43%
CHEEKTOWAGA-SLOAN	3,365,000	-1,133,129	-1,715,616	582,487	2.0	0.5	5.2	14.5%	50%
CLARENCE CSD	6,168,514	-2,777,700	-4,084,598	1,306,898	1.6	0.8	2.9	11.0%	6%
SPRINGVILLE-GRIFFITH I	4,454,225	-2,019,552	-3,057,708	1,038,156	1.5	0.5	3.9	19.7%	27%
EDEN CSD	2,540,000	-1,194,533	-1,808,585	614,052	1.4	0.6	3.8	15.1%	19%
IROQUOIS CSD	5,126,793	-1,768,679	-2,677,873	909,194	1.9	0.8	3.1	11.1%	11%
EVANS-BRANT CSD (LAK)	12,456,912	-2,673,720	-4,048,152	1,374,432	3.1	0.5	3.5	23.6%	40%
GRAND ISLAND CSD	13,949,262	-2,302,133	-3,485,550	1,183,417	4.0	0.7	3.5	12.2%	16%
HAMBURG CSD	700,000	-2,934,198	-4,330,239	1,396,041	0.2	0.6	3.0	13.4%	16%
FRONTIER CSD	14,025,000	-4,169,437	-6,312,746	2,143,309	2.2	0.6	2.6	17.4%	24%
HOLLAND CSD	2,435,540	-1,116,738	-1,690,799	574,061	1.4	0.7	3.5	36.5%	29%
LACKAWANNA CITY SD	2,950,000	-1,394,272	-2,111,000	716,728	1.4	0.4	1.4	28.6%	76%
LANCASTER CSD	21,665,511	-4,351,436	-6,415,279	2,063,843	3.6	0.6	2.9	14.0%	16%
AKRON CSD	4,092,705	-1,605,523	-2,430,845	825,322	1.7	0.5	2.8	30.6%	31%
NORTH COLLINS CSD	3,193,598	-663,995	-1,005,323	341,328	3.2	0.6	2.7	24.0%	43%
ORCHARD PARK CSD	7,002,916	-3,119,847	-4,609,283	1,489,436	1.6	0.9	2.5	9.1%	6%
TONAWANDA CITY SD	2,200,000	-1,859,019	-2,814,652	955,633	0.8	0.5	3.0	22.5%	36%
KENMORE-TONAWANDA	33,621,682	-7,117,783	-10,512,537	3,394,754	3.4	0.6	3.4	13.8%	36%
WEST SENECA CSD	9,070,695	-5,951,274	-9,010,541	3,059,267	1.0	0.6	3.2	17.8%	27%

What Would A Tax Cap Do to Erie County Schools?

**The following pages show the impact of a tax cap on school finances
in Erie County School Districts.**

**Anticipated cost increases are projected
for ECASB Member School Districts in 2011-12
in the areas of salaries, health insurance and retirement obligations,
along with revenue changes,
including reductions in STAR Aid
and State Aid (actual and proposed),
expiration of federal stimulus dollars,
and addition of the one-time-only
Federal Education Jobs Fund dollars.**

**The resulting budget shortfalls are indicated here,
both with and without the impact
of state aid cuts proposed in the Governor's Budget.**

**Also shown is how much of the shortfall could be offset
by local property taxes under a 2% Property Tax Cap.
However, under the current proposal,
if voters defeat the budget two times,
the increase would automatically be zero.**

NOTE: These financial scenarios are sketched in broad strokes, addressing selected key cost increase areas - not all increases in district budgets. In determining revenue shortfalls, these scenarios take into account that districts must still operate minus the funds lost in the 2010 mid-year state aid reduction, as well as other revenue decreases moving forward. School aid numbers were drawn from the 8/24/10 state aid runs posted at nysed.gov on 1/28/2011 and from the state aid runs referenced in the Executive Budget Proposal. ECASB thanks Jim Fregelette, Erie 1 BOCES Director of Finance Services; Jan Kowalski, Erie 1 BOCES Coordinator of Finance & Legislation Services, and the Superintendents and School Business Officials from ECASB member districts for their assistance in developing this report.

Impact of a tax cap in the **AKRON** School District

Anticipated Cost Increases 2011-12

• Health Insurance	\$ 342,000
• Teachers' Retirement	260,000
• Employees' Retirement	125,000
• Salaries	<u>520,000</u>

INCREASE \$1,247,000

Anticipated Revenue Change

• Education Jobs Funds	\$690,792
• Expiration of 2010-11 ARRA Federal Stimulus	- 825,322
• Reduction in STAR aid (Est. 1.1%)	-17,538,00
• Mid-Year St. Aid cut	- <u>2,430,845</u>

NET LOSS - \$2,582,913

Expense Increase: \$1,247,000

+

Revenue Decrease \$2,582,913

=

\$3,829,913

Budget Gap*

*Reflects only key personnel expense increase, does not include anticipated increases in fuel, utilities, etc. Does not reflect possible forthcoming state aid cut.

\$3.6M

SHORTFALL*

* jumping to \$3.8M with the Governor's proposed state aid cut.

**Total Decreased Aid and
Increased Expense:
\$3,829,913**

-

**Amount allowed to be raised
locally at 2% tax cap:
\$167,852**

=

**Akron's cash shortfall
would be
\$3,662,061**

(PLUS \$176,748

if the Governor's proposed aid reduction goes into effect.)

Impact of a tax cap in the **ALDEN** School District

Anticipated Cost Increases 2011-12

• Health Insurance	\$386,000
• Teachers' Retirement	352,000
• Employees' Retirement	196,000
• Salaries	<u>391,000</u>

INCREASE \$1,325,000

Anticipated Revenue Change

• Education Jobs Funds	\$749,378
• Expiration of 2010-11 ARRA Federal Stimulus	- 895,318
• Reduction in STAR aid (Est. 1.1%)	- 28,924
• Mid-Year St. Aid cut	<u>- 2,637,006</u>

NET LOSS - \$2,811,870

Expense Increase: \$1,325,000

+

Revenue Decrease \$2,811,870

=

\$4,136,870

Budget Gap*

*Reflects only key personnel expense increase, does not include anticipated increases in fuel, utilities, etc. Does not reflect possible forthcoming state aid cut.

\$3.9M

SHORTFALL*

* offset by \$115,805 Aid in Governor's proposed budget.

Total Decreased Aid and Increased Expense:

\$4,136,870

-

Amount allowed to be raised locally at 2% tax cap:

\$266,389

=

Alden's cash shortfall

would be

\$3,870,481

(MINUS \$115,805

if the Governor's proposed budget goes into effect.)

Note from Alden ...

Alden has been impacted the past two years by the significant reductions in State Aid. We are very dependent on this Aid as we are a rural school district in Erie County.

Almost 50% of our revenues come from State Aid.

Over the past two years, we have reduced our workforce by around 40 full-time equivalent employees

to allow for reasonable increases in our tax levy and rates which were needed to account for the reduction in State Aid.

The governor has stated that he plans to reduce school aid again in 2011-12.

A 2% property tax cap, in addition to this proposed reduction in Aid in 2011-12, would absolutely devastate our school program.

The tax cap increase at 2% would not even be sufficient to cover our estimated \$548,000 increase in retirement costs for next year.

The District has absolutely no control over this increase in retirement expenditures that we will face next year. Other factors impacting us include rising health insurance costs, natural gas and fuel increases, negotiated collective bargaining agreements and non-funded mandates.

District residents and taxpayers currently have a voice, via the annual budget vote in May, to either to approve or defeat the budget as presented by the District.
Is a tax cap really necessary?

*- Paul J. Karpik, CPA
School Business Administrator
Alden Central School District*

Impact of a tax cap in the **AMHERST** School District

Anticipated Cost Increases 2011-12

• Health Insurance	\$249,714
• Teachers' Retirement	503,133
• Employees' Retirement	224,035
Salaries	<u>1,010,245</u>

INCREASE \$1,987,127

Anticipated Revenue Change

• Education Jobs Funds	\$590,259
• Expiration of 2010-11 ARRA Federal Stimulus	- 705,212
• Reduction in STAR aid (Est. 1.1%)	- 59,462
• Mid-Year St. Aid cut	- <u>2,077,000</u>

NET LOSS - \$2,251,415

Expense Increase: \$1,987,127

+

Revenue Decrease \$2,251,415

=

\$4,238,542

Budget Gap*

*Reflects only key personnel expense increase, does not include anticipated increases in fuel, utilities, etc. Does not reflect possible forthcoming state aid cut.

\$3.6M

SHORTFALL*

* jumping to \$3.9M with Governor's proposed state aid cut.

**Total Decreased Aid and
Increased Expense:
\$4,238,542**

-

**Amount allowed to be raised
locally at 2% tax cap:
\$588,113**

=

**Amherst's cash shortfall
would be**

\$3,650,429

(PLUS \$276,836

**if the Governor's proposed
aid reduction goes into effect.)**

"A tax cap and/or state aid reduction would mean fewer opportunities and resources for our children."

- Melanie Conley
School Business Administrator

Amherst school officials discuss steps to offset funding shortage

By Paul Lane

NORTHTOWNS CORRESPONDENT/ Buffalo News

February 2, 2011, 12:00 AM

In the wake of Gov. Andrew M. Cuomo's budget address Tuesday, Amherst School District officials Tuesday evening discussed early steps that might be possible to help offset a possible funding shortage.

One option outlined by Business Administrator Melanie Conley is to take a combined \$1.96 million from a handful of reserve funds over the next three school years to help smooth out the "bumpy ride" that a lack of funds could create...

Also complicating the fiscal picture is Cuomo's proposed property tax cap. Superintendent Laura Chabe was unable to speculate on the cap, which would limit how much school districts can increase their property tax rates from budget to budget. But she said any cap likely won't be enacted until at least the 2012-13 school year.

School Board President William T. Blanford called the cap an impetus for planning for the future. The district enacted a 7.35 property tax rate increase to help fund its \$44.38 million 2010-11 budget — a move he said might not be possible in the future.

"We need to acknowledge that we may not be able to rebuild like we have in years past," he said.

Impact of a tax cap in the **BUFFALO** School District

Anticipated Cost Increases 2011-12

- Health Insurance \$ 11,600,000
- Teachers' Retirement 4,800,000
- Employees' Retirement 1,800,000
- Salaries -0-*

INCREASE \$18,200,000

*Budgeted salaries will not increase year-to-year due to savings from the retirement incentive and all major CBA's expired in 2004 (no raises).

Anticipated Revenue Change

- Education Jobs Funds \$7,907,070
- Expiration of 2010-11 ARRA
Federal Stimulus -9,446,966
- Reduction in STAR aid
(Est. 1.1%) -194,999
- Mid-Year St. Aid cut - 27,824,394

NET LOSS - \$29,559,289

Expense Increase: \$18,200,000

+

Revenue Decrease \$29,559,289

=

\$47,759,289

Budget Gap*

*Reflects only key personnel expense increase, does not include anticipated increases in fuel, utilities, etc. Does not reflect possible forthcoming state aid cut.

\$46.3M

SHORTFALL*

* jumping to \$56.6M with Governor's proposed state aid cut.

**Total Decreased Aid and Increased Expense:
\$47,759,289**

-

Amount allowed to be raised locally

at 2% tax cap:

\$1,406,455

=

Buffalo's cash shortfall would be

\$46,352,834

(PLUS \$8,799,085M

if the Governor's proposed aid reduction goes into effect.)

Note from Buffalo Schools

Our projected deficit for next year is \$61.7 million, which is comprised of three major cost increases:

Charter tuition	\$17.1 million
Health Insurance	\$11.6m
Pension	\$ 6.6m

On the revenue side, we will be losing the \$16 m of “rainy day” funds used to balance this year’s budget and \$19.5 million of additional aid cuts (for a total cut of \$37m next year).

The deficit of \$61.7m included savings from school closings/reconfigurations of \$6.1m that have met resistance, therefore, our deficit will increase if we cannot attain those savings.

We await the final decision from the wage freeze litigation that has been outstanding since 2007-08. Winning the suit could significantly free up reserves we have set aside for the estimated total of \$74m.

Barbara J. Smith, CPA
Chief Financial Officer
Buffalo Public Schools

Impact of a tax cap in the **CHEEKTOWAGA** School District

Anticipated Cost Increases 2011-12

• Health Insurance	\$450,000
• Teachers' Retirement	137,760
• Employees' Retirement	142,138
Salaries	<u>617,000</u>

INCREASE \$1,346,898

Anticipated Revenue Change

• Education Jobs Funds	\$668,051
• Expiration of 2010-11 ARRA Federal Stimulus	-798,153
• Reduction in STAR aid (Est. 1.1%)	-40,322
• Mid-Year St. Aid cut	- \$2,350,822
NET LOSS	- \$2,521,246

Expense Increase: \$1,346,898

+

Revenue Decrease \$2,521,246

=

\$3,868,144

Budget Gap*

*Reflects only key personnel expense increase, does not include anticipated increases in fuel, utilities, etc. Does not reflect possible forthcoming state aid cut.

\$3.5M

SHORTFALL*

* jumping to \$3.8M with Governor's proposed state aid cut.

**Total Decreased Aid and
Increased Expense:
\$3,868,144**

-

**Amount allowed to be raised
locally at 2% tax cap:**

\$415,481

=

**Cheektowaga's cash shortfall
would be**

\$3,452,663

(PLUS \$378,779

**if the Governor's proposed
aid reduction goes into effect.)**

Note from Cheektowaga Schools

These are very, very difficult times for New York State and for our school districts.

We are doing what we can to make sure we meet and exceed New York State's requirements and expectations.

Whatever challenges lie ahead, we are committed to providing the best educational experience for our students.

But, these are very, very difficult times.

- Mike Roberts
School Business Administrator

Impact of a tax cap in the **CHEEKTOWAGA-SLOAN**

School District

Anticipated Cost Increases 2011-12

• Health Insurance	\$256,535
• Teachers' Retirement	344,400
• Employees' Retirement	160,318
• Salaries	<u>527,962</u>

INCREASE \$1,289,215

Anticipated Revenue Change

• Education Jobs Funds	\$487,539
• Expiration of 2010-11 ARRA Federal Stimulus	-\$582,487
• Reduction in STAR aid (Est. 1.1%)	-\$48,729
• Mid-Year St. Aid cut	<u>-\$1,715,616</u>
NET LOSS	-\$1,862,293

Expense Increase: \$1,289,215

+

Revenue Decrease \$1,862,293

=

\$3,151,508

Budget Gap*

*Reflects only key personnel expense increase, does not include anticipated increases in fuel, utilities, etc. Does not reflect possible forthcoming state aid cut.

\$2.9M

SHORTFALL*

* jumping to \$3.8M with Governor's proposed state aid cut.

**Total Decreased Aid and
Increased Expense:
\$3,151,508**

-

**Amount allowed to be raised
locally at 2% tax cap:**

\$268,014

=

**Cheektowaga Sloan's cash
shortfall would be
\$2,883,494**

(PLUS \$490,684

**if the Governor's proposed
aid reduction goes into effect.)**

Impact of a tax cap in the **CLARENCE** School District

Anticipated Cost Increases 2011-12

• Health Insurance	\$560,000
• Teachers' Retirement	400,000
• Employees' Retirement	550,000
• Salaries	<u>1,494,600</u>

INCREASE \$3,004,600

Anticipated Revenue Change

• Education Jobs Funds	\$1,093,868
• Expiration of 2010-11 ARRA Federal Stimulus	- 1,306,898
• Reduction in STAR aid (Est. 1.1%)	- 46,460
• Mid-Year St. Aid cut	- <u>3,849,241</u>
NET LOSS	- \$4,108,371

Expense Increase: \$3,004,600

+

Revenue Decrease \$4,108,371

=

\$7,112,971

Budget Gap*

*Reflects only key personnel expense increase, does not include anticipated increases in fuel, utilities, etc. Does not reflect possible forthcoming state aid cut.

\$6.3M

SHORTFALL*

* jumping to \$6.8M with Governor's proposed state aid cut.

**Total Decreased Aid and
Increased Expense:
\$7,112,971**

-

**Amount allowed to be raised
locally at 2% tax cap:
\$768,291**

=

**Clarence's cash shortfall
would be**

\$6,344,680

(PLUS \$505,342

**if the Governor's proposed
aid reduction goes into effect.)**

Impact of a tax cap in the **CLEVELAND HILL School**

District

Anticipated Cost Increases 2011-12

• Health Insurance	\$503,852
• Teachers' Retirement	312,456
• Employees' Retirement	81,193
• Salaries	<u>365,291</u>

INCREASE \$1,262,792

Anticipated Revenue Change

• Education Jobs Funds	\$537,870
• Expiration of 2010-11 ARRA Federal Stimulus	- 642,620
• Reduction in STAR aid (Est. 1.1%)	- 39,857
• Mid-Year St. Aid cut	- <u>1,892,727</u>
NET LOSS	- \$2,037,334

Expense Increase: \$1,262,792

+

Revenue Decrease \$2,037,334

=

\$3,300,126

Budget Gap*

*Reflects only key personnel expense increase, does not include anticipated increases in fuel, utilities, etc. Does not reflect possible forthcoming state aid cut.

\$3M

SHORTFALL*

* jumping to \$3.7M with Governor's proposed state aid cut.

Total Decreased Aid and

Increased Expense:

\$3,300,126

-

Amount allowed to be raised locally at 2% tax cap:

\$223,174

=

Cleveland Hill's cash shortfall would be

\$3,076,952

(PLUS \$651,689

if the Governor's proposed aid reduction goes into effect.)

Note from Cleveland Hill

We are faced with unprecedented increases in expenditures, projecting costs for health insurance, retirement and contractual obligations to increase by \$1,262,792 or a 4.4% increase in the total budget just to fund these costs.

Frozen state aid, tax cap and loss of ARRA Funds will necessitate significant reductions in programs in the areas of academics, extra-curricular, interscholastic sports, family support programs, music, and art.

We continue to look for efficiencies in our operations and collaborate to contain costs. Needed is timely mandate relief in the areas of personnel costs and other unfunded mandates in order to provide our students with the educational opportunities they deserve.

A tax cap without meaningful mandate relief is not equitable or fair to poorer districts with limited financial resources. Why should students from poorer districts be under represented and under served?

*- Dr. Sharon Huff
Superintendent*

Impact of a tax cap in the DEPEW School District

Anticipated Cost Increases 2011-12

- Health Insurance \$ 500,000
- Teachers' Retirement 110,106
- Employees' Retirement Not Available
- Salaries 643,960

INCREASE \$1,254,066

Anticipated Revenue Change

- Education Jobs Funds \$848,443
 - Expiration of 2010-11 ARRA
Federal Stimulus - 1,013,676
 - Reduction in STAR aid
(Est. 1.1%) - 41,279
 - Mid-Year St. Aid cut - 3,192,121
- NET LOSS - \$3,192,121**

Expense Increase: \$1,254,066

+

Revenue Decrease \$3,192,121

=

\$4,446,187*

*Reflects only key personnel expense increase, does not include anticipated increases in fuel, utilities, etc. Does not reflect possible forthcoming state aid cut.

\$3.8M

SHORTFALL*

* jumping to \$4.8M with Governor's proposed state aid cut.

**Total Decreased Aid and
Increased Expense:
\$4,446,187**

-

**Amount allowed to be raised
locally at 2% tax cap:
\$307,737**

=

**Depew's cash shortfall
would be**

\$3,830,713

(PLUS \$1,001,159M

**if the Governor's proposed
aid reduction goes into effect.)**

Impact of a tax cap in the **EAST AURORA** School District

Anticipated Cost Increases 2011-12

• Health Insurance	\$328,600
• Teachers' Retirement	340,400
• Employees' Retirement	154,800
• Salaries	<u>538,500</u>

INCREASE \$1,362,300

Anticipated Revenue Change

• Education Jobs Funds	\$406,911
• Expiration of 2010-11 ARRA Federal Stimulus	- 486,157
• Reduction in STAR aid (Est. 1.1%)	- 25,305
• Mid-Year St. Aid cut	- <u>1,431,892</u>

NET LOSS - \$1,536,443

Expense Increase: \$1,362,300

+

Revenue Decrease \$1,536,443

=

\$2,898,743

Budget Gap*

*Reflects only key personnel expense increase, does not include anticipated increases in fuel, utilities, etc. Does not reflect possible forthcoming state aid cut.

\$2.6M

SHORTFALL*

* jumping to \$2.7M
with Governor's
proposed state aid cut.

**Total Decreased Aid and
Increased Expense:
\$2,898,743**

-

**Amount allowed to be raised
locally at 2% tax cap:**

\$325,403

=

**East Aurora's cash shortfall
would be**

\$2,573,340

(PLUS \$128,702

**if the Governor's proposed
aid reduction goes into effect.)**

Impact of a tax cap in the EDEN School District

Anticipated Cost Increases 2011-12

• Health Insurance	\$80,015
• Teachers' Retirement	524,212
• Employees' Retirement	150,294
• Salaries	<u>464,389</u>

INCREASE \$1,218,910

Anticipated Revenue Change

• Education Jobs Funds	\$513,959
• Expiration of 2010-11 ARRA Federal Stimulus	- 614,052
• Reduction in STAR aid (Est. 1.1%)	- 25,235
• Mid-Year St. Aid cut	- <u>1,808,585</u>

NET LOSS - \$1,933,913

Expense Increase: \$1,218,910

+

Revenue Decrease \$1,933,913

=

\$3,152,823

Budget Gap*

*Reflects only key personnel expense increase, does not include anticipated increases in fuel, utilities, etc. Does not reflect possible forthcoming state aid cut.

\$2.9M

SHORTFALL*

* jumping to \$3.3M
with Governor's proposed
state aid cut.

**Total Decreased Aid and
Increased Expense:**

\$3,152,823

-

**Amount allowed to be raised
locally at 2% tax cap:**

\$246,766

=

**Eden's cash shortfall
would be**

\$2,906,057

(PLUS \$447,214

**if the Governor's proposed
budget goes into effect.)**

Impact of a tax cap in the **FRONTIER** School District

Anticipated Cost Increases 2011-12

• Health Insurance	\$898,057
• Teachers' Retirement	786,900
• Employees' Retirement	173,000
• Salaries	<u>830,000</u>

INCREASE \$2,687,957

Anticipated Revenue Change

• Education Jobs Funds	\$1,793,941
• Expiration of 2010-11 ARRA Federal Stimulus	- 2,143,309
• Reduction in STAR aid (Est. 1.1%)	- 66,717
• Mid-Year St. Aid cut	- <u>6,312,746</u>

NET LOSS - \$6,728,831

Expense Increase: \$2,687,957

+

Revenue Decrease \$6,728,831

=

\$9,416,788

Budget Gap*

*Reflects only key personnel expense increase, does not include anticipated increases in fuel, utilities, etc. Does not reflect possible forthcoming state aid cut.

\$8.8M

SHORTFALL*

* offset by \$614 Aid in Governor's proposed budget.

**Total Decreased Aid and
Increased Expense:
\$9,416,788**

**Amount allowed to be raised
locally at 2% tax cap:**

\$633,500

=

**Frontier's cash shortfall
would be**

\$8,783,288

(MINUS \$614

**if the Governor's proposed
budget goes into effect.)**

Impact of a tax cap in the **GOWANDA** School District

Anticipated Cost Increases 2011-12

• Health Insurance	\$302,690
• Teachers' Retirement	449,095
• Employees' Retirement	204,774
• Salaries	<u>624,804</u>

INCREASE \$1,581,363

Anticipated Revenue Change

• Education Jobs Funds	\$391,497
• Expiration of 2010-11 ARRA Federal Stimulus	- 467,741
• Reduction in STAR aid (Est. 1.1%)	- 14,651,00
• Mid-Year St. Aid cut	- <u>1,377,650</u>

NET LOSS - \$1,468,545

Expense Increase: \$1,581,363

+

Revenue Decrease \$1,468,545

=

\$3,049,908

Budget Gap*

*Reflects only key personnel expense increase, does not include anticipated increases in fuel, utilities, etc. Does not reflect possible forthcoming state aid cut.

\$2.9M

SHORTFALL*

* jumping to \$3M
pending Governor's
proposed state aid cut.

**Total Decreased Aid and
Increased Expense:
\$3,049,908**

-

**Amount allowed to be raised
locally at 2% tax cap:
\$91,302**

=

**Gowanda's cash shortfall
would be
\$2,958,606**

(PLUS \$115,394

**if the Governor's proposed
aid reduction goes into effect.)**



Note from Gowanda Schools

We can manage state aid cuts.

We can manage exorbitant ERS/TRS and health insurance increases.

We can manage educational reform requirements.

We can even manage a 2% cap if it does not go on indefinitely.

We simply cannot manage all four scenarios at one time.

For each year the present variables remain in place (state aid depressed, double digit expenditure increases, unfunded reform mandates and tax cap) Gowanda will need to cut \$1.2 million from its budget.

In five years our current budget, after depleting all available reserves, will have declined by approximately 24%.

I want to know, what is the Governor, Legislature, Regents and Commissioner's plan for this type of a scenario?

*Charles J. Rinaldi, Superintendent
Gowanda Central School District*

Impact of a tax cap in the **GRAND ISLAND** School District

Anticipated Cost Increases 2011-12

• Health Insurance	\$570,000
• Teachers' Retirement	217,500
• Employees' Retirement	200,000
• Salaries	<u>1,060,566</u>

INCREASE \$2,048,066

Anticipated Revenue Change

• Education Jobs Funds	\$990,515
• Expiration of 2010-11 ARRA Federal Stimulus	- 1,183,417
• Reduction in STAR aid (Est. 1.1%)	- 43,976
• Mid-Year St. Aid cut	- <u>3,485,550</u>

NET LOSS - \$3,722,428

Expense Increase: \$2,048,066

+

Revenue Decrease \$3,722,428

=

\$5,770,494

Budget Gap*

*Reflects only key personnel expense increase, does not include anticipated increases in fuel, utilities, etc. Does not reflect possible forthcoming state aid cut.

\$5.2M

SHORTFALL*

* jumping to \$5.4M
with Governor's
proposed state aid cut.

**Total Decreased Aid and
Increased Expense:
\$5,770,494**

-

**Amount allowed to be raised
locally at 2% tax cap:
\$545,623**

=

**Grand Island's cash shortfall
would be
\$5,224,871**

(PLUS \$228,037

**if the Governor's proposed
aid reduction goes into effect.)**

“ ... major expenditures such as salaries, health insurance and retirements are slated to climb by \$2.56 million for 2011-12 ... the district’s budget process begins with a \$4.76 million gap in funding, which could result in ‘astronomical changes for schools.’”

- Robert Christmann
Superintendent

Island school officials wrestle with issues posed by state budget

By Paul Lane

NORTHTOWNS CORRESPONDENT/ Buffalo News

Published: February 8, 2011, 12:00 AM

Grand Island School District officials spent Monday night lamenting the governor’s desire to cut state funding to schools while simultaneously leaving districts largely unable to combat gaping budget gaps. Gov. Andrew M. Cuomo’s first budget discussion last week called for about a 2.7 percent decrease in funding to school districts across the state in 2011-12. For Grand Island, that would equate to roughly a \$1.7 million funding cut...

The governor’s suggestions for filling budget holes included drawing from reserve accounts, but that’s unrealistic because most of Grand Island’s roughly \$13 million in reserve money is earmarked for specific purposes, including capital projects, Christmann said. Cuomo also mentioned freezing teacher salaries, but school districts are unable to do so due to contractual obligations, which Christmann cited as one of the hundreds of mandates from the state that leaders in Albany fail to pay for.

With no other changes in year-to-year spending, Grand Island would face a 20 percent tax rate hike in 2011-12. While Christmann stressed that such an increase is not an option, the district wouldn’t be able to pass any tax hike that could actually help if Cuomo’s proposed tax rate cap of 2 percent passes. Christmann said that 2 percent figure is closer to 0 percent due to the language of the tax cap law, which states that any tax rate increase above the cap limit would have to be approved by 60 percent of district voters. A 2 percent tax rate hike in Grand Island would generate about an additional \$500,000, he said.

Failing a tax rate increase, the district would be left with little option other than to cut spending — and, with 80 percent of the district’s budget paying for salaries, staff members would likely be the first target, said Christmann, who declined Monday to speculate how many staffers could be affected.

Impact of a tax cap in the **HAMBURG** School District

Anticipated Cost Increases 2011-12

• Health Insurance	\$730,000
• Teachers' Retirement	700,000
• Employees' Retirement	300,000
• Salaries	<u>1,350,000</u>

INCREASE \$3,080,000

Anticipated Revenue Change

• Education Jobs Funds	\$1,168,481
• Expiration of 2010-11 ARRA Federal Stimulus	- 1,396,041
• Reduction in STAR aid (Est. 1.1%)	- 54,123
• Mid-Year St. Aid cut	- <u>4,111,798</u>

NET LOSS - \$4,393,481

Expense Increase: \$3,080,000

+

Revenue Decrease \$4,393,481

=

\$7,473,481

Budget Gap*

*Reflects only key personnel expense increase, does not include anticipated increases in fuel, utilities, etc. Does not reflect possible forthcoming state aid cut.

\$6.9M

SHORTFALL*

*jumping to \$7.1M
with Governor's
proposed state aid cut.

**Total Decreased Aid and
Increased Expense:
\$7,473,481**

-

**Amount allowed to be raised
locally at 2% tax cap:**

\$572,558

=

**Hamburg's cash shortfall
would be**

\$6,900,923

(PLUS \$213,322

**if the Governor's proposed
aid reduction goes into effect.)**



Note from Hamburg Schools

Hamburg's anticipated rollover budget would increase spending about \$3.6 million for the 2011-12 school year.

A tax cap of 2% would create a funding shortfall of approximately \$3 million dollars.

Any state aid cuts would add to the \$3 million dollar shortfall.

*Thomas Bagley
School Business Director*

Impact of a tax cap in the **IROQUOIS** School District

Anticipated Cost Increases 2011-12

• Health Insurance	\$628,000
• Teachers' Retirement	475,000
• Employees' Retirement	285,000
• Salaries	<u>711,300</u>

INCREASE \$2,099,300

Anticipated Revenue Change

• Education Jobs Funds	\$760,991
• Expiration of 2010-11 ARRA Federal Stimulus	- 909,194
• Reduction in STAR aid (Est. 1.1%)	- 38,128
• Mid-Year St. Aid cut	- <u>2,677,873</u>

NET LOSS - \$2,864,204

Expense Increase: \$2,099,300

+

Revenue Decrease \$2,864,204

=

\$4,963,504

Budget Gap*

*Reflects only key personnel expense increase, does not include anticipated increases in fuel, utilities, etc. Does not reflect possible forthcoming state aid cut.

\$4.5M

SHORTFALL*

*jumping to \$4.8M
with Governor's
proposed state aid cut.

**Total Decreased Aid and
Increased Expense:
\$4,963,504**

-

**Amount allowed to be raised
locally at 2% tax cap:
\$470,352**

=

**Iroquois' cash shortfall
would be
\$4,493,152**

(PLUS \$263,509

**if the Governor's proposed
aid reduction goes into effect.)**

Note from Iroquois Schools

In order to reach the 1.92% tax cap the Iroquois CSD would need to decrease its expenditures by \$2.3 million.

This would leave the district completely disassembled from its current structure.

The Iroquois CSD has consistently been named as one of the most cost-effective School Districts with one of the lowest tax rates while providing a "Top 10" education as reported by *Business First*.

Because of Iroquois' fiscal conservatism, the imposition of a tax levy limit would prevent it from recognizing the same ability to cover cost increases as a similar district that has continually had a greater tax rate.

This inability to cover cost increases will leave the district no option but to impact its core courses.

As a fiscally conservative district, we recognize the need to control taxes but also ask for the realization that some districts have been holding down their tax rate.

The Iroquois School District will suffer greatly from this type of legislation especially if there is no consideration of a district's past control of the school tax rate.

We ask that the state legislature visit and discuss that impact to these conservative school districts before enacting any new legislation.

Douglas R Scofield
Assistant Superintendent for Finance & Personnel
Iroquois Central School District

Impact of a tax cap in the **KEN-TON** School District

Anticipated Cost Increases 2011-12

• Health Insurance	\$1,162,575
• Teachers' Retirement	1,532,250
• Employees' Retirement	1,176,800
• Salaries	2,810,520

INCREASE \$6,682,145

Anticipated Revenue Change

• Education Jobs Funds	\$2,841,394
• Expiration of 2010-11 ARRA Federal Stimulus	- 3,394,754
• Reduction in STAR aid (Est. 1.1%)	- 189,028
• Mid-Year St. Aid cut	- <u>9,998,657</u>

NET LOSS - \$10,741,045

Expense Increase: \$6,682,145

+

Revenue Decrease \$10,741,045

=

\$17,423,190

Budget Gap*

*Reflects only key personnel expense increase, does not include anticipated increases in fuel, utilities, etc. Does not reflect possible forthcoming state aid cut.

\$16M

SHORTFALL*

*jumping to \$17.2M with the Governor's proposed state aid cut.

**Total Decreased Aid and
Increased Expense:
\$17,423,190**

-

**Amount allowed to be raised
locally at 2% tax cap:**

\$1,452,402

=

**Ken-Ton's cash shortfall
would be**

\$15,970,788

(PLUS \$1.2M

**if the Governor's proposed
aid reduction goes into effect.)**

Impact of a tax cap in the **LACKAWANNA** School District

Anticipated Cost Increases 2011-12

- Health Insurance \$312,016
- Teachers' Retirement 393,275
- Employees' Retirement 228,483

- Salaries 1,062,226

INCREASE \$1,996,002

*In addition, due to enrollment increase, Lackawanna will be paying an additional \$1,090,000 payment to charter schools.

Anticipated Revenue Change

- Education Jobs Funds \$599,899
- Expiration of 2010-11 ARRA Federal Stimulus - 1,744,336
- Reduction in STAR aid (Est. 1.1%) -16,419
- Mid-Year St. Aid cut - 2,111,000

NET LOSS - \$3,271,856

Expense Increase: \$1,996,002

+

Revenue Decrease \$3,271,856

=

\$5,267,858

Budget Gap*

*Reflects only key personnel expense increase, does not include anticipated increases in fuel, utilities, etc. Does not reflect possible forthcoming state aid cut.

\$5.1M

SHORTFALL*

*jumping to \$5.4M with Governor's proposed state aid cut.

Total Decreased Aid and Increased Expense:

\$5,267,858

-

Amount allowed to be raised locally at 2% tax cap:

\$163,800

=

Lackawanna's cash shortfall would be

\$5,104,058

(PLUS \$281,249

if the Governor's proposed aid reduction goes into effect.)

Impact of a tax cap in the **LAKE SHORE** School District

Anticipated Cost Increases 2011-12

• Health Insurance	\$250,000
• Teachers' Retirement	363,896
• Employees' Retirement	329,922
• Salaries	<u>- 905,718</u>

INCREASE \$38,100

Anticipated Revenue Change

• Education Jobs Funds	\$1,150,394
• Expiration of 2010-11 ARRA Federal Stimulus	- 1,374,432
• Reduction in STAR aid (Est. 1.1%)	- 36,825
• Mid-Year St. Aid cut	<u>- 4,048,152</u>

NET LOSS - \$4,309,015

Expense Increase: \$38,100

+

Revenue Decrease \$4,309,015

=

\$4,347,115

Budget Gap*

*Reflects only key personnel expense increase, does not include anticipated increases in fuel, utilities, etc. Does not reflect possible forthcoming state aid cut.

\$4M

SHORTFALL*

*jumping to \$5.2M with Governor's proposed state aid cut.

**Total Decreased Aid and
Increased Expense:
\$4,347,115**

**Amount allowed to be raised
locally at 2% tax cap:
\$304,101**

**Lake Shore's cash shortfall
would be
\$4,043,014
(PLUS \$1,215,975
if the Governor's proposed
aid reduction goes into effect.)**

Note from Lake Shore Schools

Our data has a lot of assumptions built into it - we're in the process of finalizing negotiations with our teachers unit and our noninstructional unit. We've closed 2 buildings over the past two years (last year, and the other closing at the end of this year). We approved the State's retirement incentive program last year, saw 36 retirements, and eliminated a number of positions. We've done a great deal to reduce costs in this coming budget, but we're still up against the wall with the governor's proposal as you will notice below:

While it looks like overall our upcoming staffing expenses will wash each other out ...

Salary Increases:	\$ - 905,718 (*We are using 1/2 Education Jobs Fund in the 2011-12 year, totalling \$575,197 - these salaries are not included in our regular budget, as we are required to account for them in our Federal Fund. That accounts for most of the salary reductions.)
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Health Insurance Increase:	250,000
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ERS Increase:	329,922
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TRS Increase:	363,896
---------------	---------

... the real story is that we've done all of this job cutting only to wind up just about where we started. Then we take it on the chin with a bigger Gap Elimination Adjustment (going from \$1.5 million after the Federal Aid last year) to \$5.5 million this year without the Federal Aid.

*- Daniel Pacos
Assistant Superintendent
for Administration & Finance*

Impact of a tax cap in the LANCASTER School District

Anticipated Cost Increases 2011-12

• Health Insurance	\$822,895
• Teachers' Retirement	1,291,645
• Employees' Retirement	741,087
• Salaries	<u>1,783,164</u>

INCREASE \$4,638,791

Anticipated Revenue Change

• Education Jobs Funds	\$2,063,843
• Expiration of 2010-11 ARRA Federal Stimulus	- 1,727,428
• Reduction in STAR aid (Est. 1.1%)	- 73,466
• Mid-Year St. Aid cut	- <u>6,078,693</u>

NET LOSS - \$5,815,744

Expense Increase: \$4,638,791

+

Revenue Decrease \$5,815,744

=

\$10,454,535

Budget Gap*

*Reflects only key personnel expense increase, does not include anticipated increases in fuel, utilities, etc. Does not reflect possible forthcoming state aid cut.

\$9.6M

SHORTFALL*

*jumping to \$10.2M with Governor's proposed state aid cut.

**Total Decreased Aid and Increased Expense:
\$10,454,535**

-

**Amount allowed to be raised locally at 2% tax cap:
\$795,751**

=

Lancaster's cash shortfall would be

\$9,658,784

(PLUS \$522,901

if the Governor's proposed aid reduction goes into effect.)

Note from Lancaster Schools

For 2010-11, Lancaster School District closed a Kingergarten through Grade 3 building. This caused our remaining K-3 buildings to have higher class sizes and decreased space, and 26.8 staff members were eliminated from the budget, including 14 teachers.

Staff development, professional development, and student enrichment monies were drastically cut. Technology purchases (equipment and software), textbooks, and library materials were limited to only the State-Aided amount. Building level materials and supplies were cut by 10%. District reserves and the year-end fund balance were tapped for budget-balancing revenue streams which will not be able to be maintained for revenue for many more years.

**We're unsure of what 2011-12 will bring.
The only thing we are sure of is that everything
will be on the table.**

Our K-3's can't take any more of the hit. We've already reduced or eliminated many of the costs that don't directly affect our children. This coming budget season is going to force us to make even tougher choices than in previous years. Hopefully we'll come out of this having maintained our student programs, district reputation, and dignity.

- Jamie L. Phillips
Asst. Superintendent for Business
& Support Services



Impact of a tax cap in the MARYVALE School District

Anticipated Cost Increases 2011-12

• Health Insurance	\$279,081
• Teachers' Retirement	324,444
• Employees' Retirement	185,802
• Salaries	<u>849,385</u>

INCREASE \$1,638,712

Anticipated Revenue Change

• Education Jobs Funds	\$800,307
• Expiration of 2010-11 ARRA Federal Stimulus	-956,465
• Reduction in STAR aid (Est. 1.1%)	-43,822
• Mid-Year St. Aid cut	<u>-2,186,220</u>

NET LOSS - \$3,016,200

Expense Increase: \$1,638,712

+

Revenue Decrease \$3,016,200

=

\$4,654,912

Budget Gap*

*Reflects only key personnel expense increase, does not include anticipated increases in fuel, utilities, etc. Does not reflect possible forthcoming state aid cut.

\$4.3M

SHORTFALL*

***jumping to \$4.6M
with Governor's
proposed state aid cut.**

**Total Decreased Aid and
Increased Expense:
\$4,654,912**

-

**Amount allowed to be raised
locally at 2% tax cap:**

\$343,132

=

**Maryvale's cash shortfall
would be**

\$4,311,780

(PLUS \$341,166

**if the Governor's proposed
aid reduction goes into effect.)**

Impact of a tax cap in the **NORTH COLLINS** School District

Anticipated Cost Increases 2011-12

• Health Insurance	\$101,784
• Teachers' Retirement	522,333
• Employees' Retirement	127,152
• Salaries	<u>1,030,425</u>

INCREASE \$1,781,694

Anticipated Revenue Change

• Education Jobs Funds	\$285,690
• Expiration of 2010-11 ARRA Federal Stimulus	-341,328
• Reduction in STAR aid (Est. 1.1%)	-10,883
• Mid-Year St. Aid cut	-1,005,323

NET LOSS -\$1,071,844

Expense Increase: \$1,781,694

+

Revenue Decrease \$1,071,844

=

\$2,853,538

Budget Gap*

*Reflects only key personnel expense increase, does not include anticipated increases in fuel, utilities, etc. Does not reflect possible forthcoming state aid cut.

\$2.8M

SHORTFALL*

*offset by \$9,140 Aid in Governor's proposed budget.

**Total Decreased Aid and
Increased Expense:
\$2,853,538**

-

**Amount allowed to be raised
locally at 2% tax cap:**

\$90,858

=

**North Collins' cash shortfall
would be**

\$2,762,680

(MINUS \$9,140

**if the Governor's proposed
budget goes into effect.)**

Impact of a tax cap in the **ORCHARD PARK** School District

Anticipated Cost Increases 2011-12

• Health Insurance	\$1,406,800
• Teachers' Retirement	1,010,528
• Employees' Retirement	482,801
• Salaries	<u>1,200,125</u>

INCREASE \$4,100,254

Anticipated Revenue Change

• Education Jobs Funds	\$1,489,436
• Expiration of 2010-11 ARRA Federal Stimulus	- 1,246,651
• Reduction in STAR aid (Est. 1.1%)	- 67,299
• Mid-Year St. Aid cut	- <u>4,386,875</u>

NET LOSS - \$4,696,959

Expense Increase: \$4,100,254

+

Revenue Decrease \$4,696,959

=

\$8,797,213

Budget Gap*

*Reflects only key personnel expense increase, does not include anticipated increases in fuel, utilities, etc. Does not reflect possible forthcoming state aid cut.

\$7.8M

SHORTFALL*

*jumping to \$8M
with Governor's
proposed state aid cut.

**Total Decreased Aid and
Increased Expense:
\$8,797,213**

-

**Amount allowed to be raised
locally at 2% tax cap:
\$970,663**

=

**Orchard Park's cash shortfall
would be
\$7,826,550**

(PLUS \$200,496

**if the Governor's proposed
aid reduction goes into effect.)**

Impact of a tax cap in the **SPRINGVILLE** School District

Anticipated Cost Increases 2011-12

• Health Insurance	\$458,050
• Teachers' Retirement	208,301
• Employees' Retirement	115,140
• Salaries	768,904

INCREASE \$1,550,395

Anticipated Revenue Change

• Education Jobs Funds	\$868,932
• Expiration of 2010-11 ARRA Federal Stimulus	-1,038,156
• Reduction in STAR aid (Est. 1.1%)	-29,470
• Mid-Year St. Aid cut	-3,057,708

NET LOSS - \$3,256,402

Expense Increase: \$1,550,395

+

Revenue Decrease \$3,256,402

=

\$4,806,797

Budget Gap*

*Reflects only key personnel expense increase, does not include anticipated increases in fuel, utilities, etc. Does not reflect possible forthcoming state aid cut.

\$4.5M

SHORTFALL*

*jumping to \$5M
with Governor's
proposed state aid cut.

**Total Decreased Aid and
Increased Expense:
\$4,806,797**

**Amount allowed to be raised
locally at 2% tax cap:
\$280,166**

**Springville's cash shortfall
would be**

\$4,526,631

(PLUS \$527,984

**if the Governor's proposed
aid reduction goes into effect.)**

Impact of a tax cap in the **SWEET HOME** School District

Anticipated Cost Increases 2011-12

• Health Insurance	\$459,033
• Teachers' Retirement	1,096,094
• Employees' Retirement	442,023
• Salaries	<u>1,674,106</u>

INCREASE \$3,671,256

Anticipated Revenue Change

• Education Jobs Funds	\$1,101,150
• Expiration of 2010-11 ARRA Federal Stimulus	-1,315,598
• Reduction in STAR aid (Est. 1.1%)	-43,150
• Mid-Year St. Aid cut	<u>-3,874,867</u>

NET LOSS - \$4,132,465

Expense Increase: \$3,671,256

+

Revenue Decrease \$4,132,465

=

\$7,803,721

Budget Gap*

*Reflects only key personnel expense increase, does not include anticipated increases in fuel, utilities, etc. Does not reflect possible forthcoming state aid cut.

\$7.1M

SHORTFALL*

*jumping to \$7.4M with Governor's proposed state aid cut.

**Total Decreased Aid and
Increased Expense:
\$7,803,721**

-

**Amount allowed to be raised
locally at 2% tax cap:
\$686,120**

=

**Sweet Home's cash shortfall
would be
\$7,117,601**

(PLUS \$270,196

**if the Governor's proposed
aid reduction goes into effect.)**

Impact of a tax cap in the TONAWANDA School District

Anticipated Cost Increases 2011-12

• Health Insurance	\$318,000
• Teachers' Retirement	188,000
• Employees' Retirement	23,000
• Salaries	<u>562,000</u>

INCREASE \$1,091,000

Anticipated Revenue Change

• Education Jobs Funds	\$799,861
• Expiration of 2010-11 ARRA Federal Stimulus	-955,633
• Reduction in STAR aid (Est. 1.1%)	-36,131
• Mid-Year St. Aid cut	<u>-2,814,652</u>

NET LOSS - \$3,006,555

Expense Increase: \$1,091,000

+

Revenue Decrease \$3,006,555

=

\$4,097,555

Budget Gap*

*Reflects only key personnel expense increase, does not include anticipated increases in fuel, utilities, etc. Does not reflect possible forthcoming state aid cut.

\$3.9M

SHORTFALL*

*jumping to \$4.4M
with Governor's
proposed state aid cut.

**Total Decreased Aid and
Increased Expense:
\$4,097,555**

**Amount allowed to be raised
locally at 2% tax cap:
\$213,731**

**Tonawanda's cash shortfall
would be**

\$3,883,824

(PLUS \$492,766

**if the Governor's proposed
aid reduction goes into effect.)**

Impact of a tax cap in the WEST SENECA School District

Anticipated Cost Increases 2011-12

• Health Insurance	\$84,126
• Teachers' Retirement	1,425,898
• Employees' Retirement	722,037
• Salaries	<u>1,795,755</u>

INCREASE \$4,027,816

Anticipated Revenue Change

• Education Jobs Funds	\$2,560,594
• Expiration of 2010-11 ARRA Federal Stimulus	- 3,059,267
• Reduction in STAR aid (Est. 1.1%)	- 124,192
• Mid-Year State Aid cut	<u>-9,010,541</u>

NET LOSS - \$9,633,406

Expense Increase \$4,027,816

+

Revenue Decrease \$9,633,406

=

\$13,661,222

Budget Gap*

*Reflects only key personnel expense increase, does not include anticipated increases in fuel, utilities, etc. Does not reflect possible forthcoming state aid cut.

\$12.7M

SHORTFALL*

*jumping to \$12.9M with Governor's proposed state aid cut.

**Total Decreased Aid and Increased Expense:
\$13,661,222**

**Amount allowed to be raised locally at 2% tax cap:
\$971,733**

West Seneca's cash shortfall would be

\$12,689,489

(PLUS \$207,905

if the Governor's proposed aid reduction goes into effect.)

Note from West Seneca Schools

Our health insurance cost is low because we negotiated a onetime waiver of health ins.payments for our teachers in July and August 2011.

This saved us about \$880,000.

In addition , we abolished 70 positions over the last 18 months.

Obviously any one or any combination of these cost increases exceeds the 2 % cap.

We will use a significant portion of our fund balance to maintain programs and pray for a better day down the road.

We will use the federal Education Jobs Funds in 2011-12 to help mitigate the funding cliff from federal stimulus dollars and the 2% cap.

If a cap comes in, I would much rather see it go into effect for budget years after 12/31/2011.

This would give us more time to implement any mandate relief and buy time for the retirement systems to recover.

We already renegotiated with all our bargaining units and would be in significantly worse shape if we had not done that.

Brian Schultz, School District Treasurer



Impact of a tax cap in the **WILLIAMSVILLE** School District

Anticipated Cost Increases 2011-12

• Health Insurance	\$700,000
• Teachers' Retirement	2,650,000
• Employees' Retirement	1,700,000
• Salaries	<u>1,500,000</u>

INCREASE \$6,550,000

Anticipated Revenue Change

• Education Jobs Funds	\$1,964,276
• Expiration of 2010-11 ARRA Federal Stimulus	- 2,346,817
• Reduction in STAR aid (Est. 1.1%)	-158,302
• Mid-Year St. Aid cut	- <u>6,912,143</u>

NET LOSS - \$7,452,986

Expense Increase: \$6,550,000

+

Revenue Decrease \$7,452,986

=

\$14,002,986

Budget Gap*

*Reflects only key personnel expense increase, does not include anticipated increases in fuel, utilities, etc. Does not reflect possible forthcoming state aid cut.

\$11.9M

SHORTFALL*

*jumping to \$12.2M
with Governor's
proposed state aid cut.

**Total Decreased Aid and
Increased Expense:
\$14,002,986**

-

**Amount allowed to be raised
locally at 2% tax cap:
\$2,027,776**

=

**Williamsville's cash shortfall
would be**

\$11,975,210

(PLUS \$201,269

**if the Governor's proposed
aid reduction goes into effect.)**

Impact of a tax cap in the **HOLLAND** School District

Anticipated Cost Increases 2011-12

• Health Insurance	\$173,000
• Teachers' Retirement	25,000
• Employees' Retirement	37,000
• Salaries	<u>277,764</u>
INCREASE	\$512,764

Anticipated Revenue Change

• Education Jobs Funds	\$480,487
• Expiration of 2010-11 ARRA Federal Stimulus	-574,061
• Reduction in STAR aid (Est. 1.1%)	-10,721
• Mid-Year St. Aid cut	-1,690,799
NET LOSS	- \$1,795,094

Expense Increase: \$512,764
+
Revenue Decrease \$1,795,094
=
\$2,307,858
Budget Gap*

*Reflects only key personnel expense increase, does not include anticipated increases in fuel, utilities, etc. Does not reflect possible forthcoming state aid cut.

\$2.1M

SHORTFALL*

*jumping to \$2.3M
with Governor's
proposed state aid cut.

Total Decreased Aid and
Increased Expense:
\$2,307,858

-
Amount allowed to be raised
locally at 2% tax cap:
\$127,189

=
Williamsville's cash shortfall
would be
\$2,180,669
(PLUS \$139,957
if the Governor's proposed
aid reduction goes into effect.)

Narrative from Jim Mills Issue Presentation on Triborough_____

This is Andrew Cuomo. (Slide 3) He is our new governor. This picture was taken from the January-February issue of *The Atlantic* magazine for an article entitled "Dire States." The point of the article is evident by its title. The fact that it features Cuomo highlights the extent of New York's financial trouble.

I think we can all agree that we, as a state, are in trouble. I think we also can agree that New York State Education as a PK-12 system is also in trouble. Race to the Top Funds (Slide 4) are running out. American Recovery and Reinvestment (Slide 5) funds are also diminished. These funds were extremely helpful in 2010-2011 and their absence in 2011-2012 is sure to be painful.

I think we can also all agree that there is no one simple fix. No silver bullet. Almost every solution comes with its own set of complications. Yet we also know that doing nothing to fix the problems that have been identified is not an acceptable solution anymore. The status quo has got to go! (Slide 6)

As a School Boards Association we have identified specific legislative changes that we believe will help us through the difficult times ahead. We don't have a long list, but we have a serious list. A list that we believe, as our legislative representatives, that you need to be serious about achieving on our behalf.

WE ARE ASKING THAT YOU ACT TO MODIFY THE TRIBOROUGH AMENDMENT. (Slide 7)

So that there is a common understanding I would like to review the historical background of the law and then give some concrete reasons why you should seek to modify the Triborough Amendment.

The Taylor Law is the name of Section 14 of the New York State Civil Service Law. (Slide 8)

This is the law that gives public employees the right to bargain collectively for their terms and conditions of employment.

The Taylor Law established the Public Employment Relations Board to administer the law. PERB, as it is called, has established procedures to resolve disputes concerning all aspects of the law. It has judicial authority as it relates to the Taylor Law. (Slide 9)

Within a few years of the Taylor Law's enactment, PERB held that, following the expiration of a contract, public employers were prohibited from unilaterally altering "terms and conditions of employment" while negotiating a successor agreement following the expiration of a contract. This doctrine was adopted in 1972 in a case involving Triborough Bridge and Tunnel Authority employees, and thus became known as the Triborough doctrine. (Slide 10)

The rationale was based on a quid pro quo theory—since unions could not strike to protest a failure to agree on a new contract, employers should not be able to unilaterally change "terms and conditions of employment" while negotiations continued. (Slide 11)

However, non-mandatory subjects of bargaining were not deemed "terms and conditions of employment" under the Taylor Law, even if they were contained in a collective bargaining agreement. As a result, after a contract expired, the original Triborough doctrine allowed employers to alter any non-mandatory subjects even if included in the expired agreement.

Employers could also refuse to negotiate a union's demand to continue contractual provisions that were non-mandatory subjects of bargaining, such as staffing levels. Unions thus lost some non-mandatory provisions in a successor agreement when they did not settle prior to the expiration of an existing agreement.

If a union went on strike, it lost all the protections of the Triborough doctrine-the "quid" was gone, so the employer did not have to grant the "quo."

For decades, most government employees in New York, as in other states and the federal government, have been paid according to salary schedules with multiple pay grades and "steps" based on years of service. Teachers also can move to higher pay "lanes" by accumulating additional graduate credits. As a result, the resulting pay progression is especially steep and rapid for teachers. (Schedule Sample) (Slide 12 & 13)

During the first 10 years after enactment of the Taylor Law, union negotiators for teachers commonly insisted on treating costs associated with step and lane movements as "old money"; only raises applied to base salaries on the pay schedule were considered "new money." (Slide 14) The unions generally refused to acknowledge the costs of increments as part of a final settlement, regarding them as "guaranteed." Thus, a 4 percent raise, plus increment, generally meant a 5 to 7 percent settlement cost to the employer. An added percentage point was usually also added to the cost of the agreement to cover the cost of lane movements.

In 1977, public employers scored a major victory in the state's highest court on the applicability of the Triborough doctrine to step increments. In the case of BOCES v. PERB, the Court of Appeals found that the doctrine "should not apply where the employer maintains the salaries in effect at the expiration of the contract but does not pay increments." The unanimous court explained:

"The concept of continual successive annual increments is tied into either constantly burgeoning growth and prosperity on the part of the public employer, or the territory served by it, or a continuing general inflationary spiral, without a measurement either of the growth or inflation and without consideration of several other relevant good faith factors such as comparative compensation, the condition of the public finance and a myriad of localized strengths and difficulties. In thriving periods the increment of the past may not squeeze the public purse, nor may it on the other hand be even fair to employees, but in times of escalating costs and diminishing tax bases, many public employers simply may not be able in good faith to continue to pay automatic increments to their employees. (Slide 15)

The BOCES ruling meant all pay increases were truly negotiable-and the employer was not required to implement the approximately 2.5 percent to 6 percent increases applicable to individuals who had not yet reached top step. This leveled the playing field for both employers and taxpayers, putting more pressure on unions to settle without prolonged negotiations because no member of the unit was assured of a raise until a settlement was reached. (Slide 16)

However, this pro-taxpayer precedent lasted less than five years. In 1982, then-Governor Hugh Carey and the Legislature amended the Taylor Law to make it an "improper practice" for an employer to refuse to continue all of the terms of an expired agreement until a new agreement was negotiated. (Slide 17) The Triborough doctrine thus gave way to what became known as the Triborough Amendment. (Slide 18)

Within a year, PERB had interpreted the amendment to require employers to continue paying for both steps and lane movements in the absence of a new contract.

Mills/Triborough pg 2

Technically, the continuation of pay steps and lanes could still be negotiated like any other provision of a contract. Practically speaking, however, unions have treated these provisions as off limits in contract talks.

Salaries and benefits make up 75 percent of total operating expenditures for an average school district in New York State. School budget increases are driven primarily by the cost of personnel-not extras like clubs, sports or transportation, although these are usually the first areas cut when money must be found to accommodate the steadily growing teacher pay packages protected by the Triborough Amendment.

Since the majority of teachers in most districts are eligible for some step or lane movement every year, the Triborough Amendment means only the most senior and highly paid teachers go without a pay increase while negotiations for a new contract continue. Consequently, there is less pressure on the union to settle things quietly or quickly (Slide 19).

Protracted negotiations generally are more difficult for a school board than for a teachers' union to withstand. During this period, union members can put pressure on boards through legal job actions such as picketing and distributing leaflets, or through illegal job actions such as refusing to volunteer for co-curricular activities. In many districts, lawn signs ticking off a local union's "days without a contract" mislead district residents into assuming that the teachers are enduring a hard pay freeze while negotiations continue.

If there is to be any real economic control over rising costs in school district negotiations, employers should not be required to continue financing step

increments after the expiration of a collective bargaining agreement. (Slide 20)

Please do not be blind-sided by the concept of "fairness." We as a state have gone beyond fair for our teachers. The teachers union is the leader of the PAC. They have 600,000 members making contributions for political action. They are the 800-pound gorilla. (Slide 21)

Their political action has provided them with an overwhelming amount of fairness. (Slide-22)

NYSUT-PAC has \$ 7,234,420 in the bank (Capital Confidential). They have enjoyed enormous political clout in a broken system that allows political contributions to buy votes in the legislature. (Slide 22)

We ask that you not fall victim to the NYSUT political game and instead give school boards the leverage they need to control some of the cost that we face.

Go back and examine the wisdom in the Court of Appeals decision. Please collectively lead the initiative to change the Triborough Amendment.

*In thriving periods the increment
of the past may not squeeze the public purse,
nor may it on the other hand
be even fair to employees,
but in times of escalating costs
and diminishing tax bases,
many public employers
simply may not be able in good faith
to continue to pay
automatic increments to their employees.*

Narrative from Ed Cavan Presentation on Pension Costs

Good morning. Thank you for your participation in the ECASB legislative breakfast. We are very pleased that all of you here this morning took time from your busy schedules to listen to and forge responses and solutions to the impending crises in public education in New York State and most certainly here in Western New York.

What I will talk about this morning is pension reform. We will explore two aspects of pension reform as they impact school districts and school district finances. One topic will be statutory authorization for school districts to establish fund balances for TRS. And, the second will be a level percentage of contribution.

We ask you to have courage and to live up to your campaign promises for reform/change in Albany.

Your first act of courage would be to establish legislation permitting reserves to help fund TRS. The Employee Retirement System (ERS) is for school district (and municipal) employees other than full- teachers or administrators.

In 2008 you permitted municipalities to establish fund balances, also known as reserves, to lift the burden of fluctuating contribution assessments as well as escalating costs due to salary increases from being taxed to taxpayers all in one year. This made sense for municipalities. It makes sense for the ERS employees in a school district. We are permitted by your legislation to establish and maintain reserves for ERS pension costs. It has helped. We ask that you enact legislation to do this for TRS.

Your second act of courage would be to help tame the wild ride of rates of return, return on investments and shrinking values in retirement

accounts, essentially pension cost increases. We all know what that looks like. Currently, TRS and ERS are permitted to establish their own contribution levels.

Another way to view that is as an assessment. It is an assessment placed on school districts and municipalities to fund the retirement systems. In 1984 the TRS rate was 22.8%. In 1990, the rate was 6.84%. In 2005, it was 7.97%. In 2010, it was 6.19%. This year, in 2011, it is scheduled to be 8.62%. For 2011-2012, it is scheduled to be between 11.0% and 11.5%

What we are asking is for you to exercise oversight and establish legislation to determine the calculations for contributions in a manner that levels the contributions or sets maximum increases in any multi-year period. This would help to prevent, or at least mitigate, the roller coaster ride of contributions. TRS and ERS pension contributions are met with increased taxes or staff/program reductions. We believe you have the ability and the authority to provide a system that is duly diligent.

Pension reform won't be easy. Reform never is. As school board members and administrators, we are willing to work with you.

We ask you to be courageous and deal with pension reform. We feel the reforms we are suggesting are fair. We feel the reforms we are suggesting minimize the impact on our employees while being fair to our communities. We ask you to have the courage to set the course straight for the long term survival of New York State.

Thank you.

Cavan/Pensions

Narrative from Tom Maturski Presentation on the Tax Cap

The discussion we are having this morning has focused on two critically important school district cost escalation factors. These items represent at least 70-85% of a school district's annual budget increase. When these items are added into a Tax Cap scenario the entire budget process takes on a completely different perspective.

The purpose of a tax cap as discussed in the political arena appears to be simple enough: limit the amount of the tax increase to be levied by school districts on property owners.

Everyone in this room will agree that limiting tax increases onto our communities is a good idea. The question that needs to be asked and answered is whether a Tax Cap controls the underlying reasons that drive the expense increases. The answer is no. A Tax Cap has no relationship toward the control of the items that drive our expense increases. What a Tax Cap does is limit the total increase in the tax levy without providing solutions to the problems that are causing our annual budget increases to occur.

The Tax Cap situation becomes worse when you consider the impact of current State Aid reductions that are in the Governor's Executive Budget Proposal. The average State Aid reduction for all school districts in Erie County, based on current State Aid formulas reducing Foundation Aid and other aids, is -\$4,114,746.

When this reduction is compared to the average school district levy amount, it represents 20% of these levies. Under a 2% Tax Cap scenario school districts will not be able to cover the loss of this State Aid through the issuance of their tax levies because their average tax levy increase will only generate \$527,459.

The shortfall difference is -\$2,560,321 for the 2011-12 school year and this reduction amount has been further reduced by the use of Federal Education Jobs funding to minimize the loss of State Aid. This one-year, one-time revenue will be lost to school districts in the 2012-13 budget year, resulting in another difficult Tax Cap situation as we look toward the future.

In fact, under a 2% Tax Cap scenario it will take almost eight years of tax levy increases to recapture the State Aid cut being proposed in our 2011-12 budgets. When you look at combining both the expense and revenue challenges faced by school districts under a strict 2% Tax Cap scenario, it is clear that the end result will be the deconstruction of many school district programs.

Boards of Education, School District Administrations, Teachers, and School District Support Personnel know and understand the financial issues facing New York State. The enacting of a Tax Cap on school districts without regard to the major expense drivers affecting our budgets provides school districts with few options which do not involve the cutting of educational programs. School districts understand that controlling our cost increases is important to our Communities and to New York State.

We understand how important it is to control future tax levies. But the true facts on this matter show that a Tax Cap on its own does not provide solutions to the issues that impact school district cost increases. As Legislators you have many important financial decisions in front of you and we ask that you keep in mind the students that your decisions will affect. If a Tax Cap is enacted, we ask that it include realistic options that allow school districts to function in a fair and reasonable manner.

ECASB Supports Exploration of the Following Points of Reform to Maintain the Financial Viability Of Our Schools in New York State

From New York State School Boards Association (NYSSBA)

- 1. Mandatory minimum health insurance contributions for all employees**
- 2. Enact Tier VI of state pension plans**
- 3. Amend the Triborough Provision of Taylor Law**
- 4. Enable BOCES to negotiate regional contracts**
- 5. Implement statewide salary schedule for teachers**
- 6. A one- to two-year wage temporary wage freeze**
- 7. Create lower cost health insurance plans for school employees**

From Statewide School Finance Consortium (SSFC)

- 1. State freeze on wages when aid is frozen or reduced**
- 2. Cap the amount school districts can spend on health insurance and require greater employee contributions**
- 3. Reform the pension systems**
- 4. Reduce the cost of special education**



ECASB Legislative Breakfast

Feb. 12, 2011

Michael's, Hamburg, NY

Legislative Team Leader:

Lorie Sabo, Erie 2 Chautauqua Cattaraugus Board of Education

Executive Director: Jane Burzynski, APR

355 Harlem Road, West Seneca, NY

www.ecasb.org