

HYDE PARK CENTRAL SCHOOL DISTRICT

Budget Q 'n' A

TO THE PUBLIC: The questions and answers are listed in the approximate order we received them. If you have further questions do not hesitate to e-mail me at QnA@hydeparkschools.org.

Sincerely,
Carole A. Pickering
Superintendent of Schools

Q1. Good job on this year's budget. My question is why can't a budget like this be adopted every year at 1.16% tax levy?

A1. This is a very good question. It really depends on expenditure increases and proposed revenues that make up any given year. We analyzed every budget line this year and compared this with historical data for a three year period and cut out any budgeted areas that have historically been underspent or deemed not necessary. We have also been doing a tremendous amount of work with regard to maximizing the district's revenue collections. The low tax levy increase is the result. We will continue to do our best to keep budgets and tax levies consistently low each year.

Q2. I own property in NJ. For the past three years, there has been no increase in school taxes. Also, I understand that Maryland's teachers have taken a cut in their salaries for this year so that no one will lose their job and so that no programs will be cut for the students. How can they do it and the school districts in Dutchess County cannot do it? Why can't the teachers in our county make concessions, since the bulk of our taxes go to salaries and benefits?

A2. This is an excellent question. The simplest answer is that unions are supported by much tougher laws in NY than many other states. These laws discourage the practice of giving back any portion of a contractual raise while a contract is in effect. Further, automatic increases are in effect even when a contract has expired. Our state government has not relieved any of its constraints on a district's ability to negotiate these terms and conditions of employment.

Q3. Please explain other sources of income in budget revenues.

A3. The district receives money from other sources outside of the school property tax base and state aid. These sources include, but are not limited to:

- ✓ Tuition
- ✓ Health Services

- ✓ Transportation Services (provided for other districts),
- ✓ Interest income (on deposits of district funds).

Q4. Please explain fringe benefits. On your slides, \$30,000 is listed for most of the new positions, \$30,000 on a salary of \$50,000 is quite high.

A4. Fringe benefits include health and dental insurance, payroll taxes, social security and pension contributions. This is the average of employee benefits and is not an inflated number, unfortunately.

Q5. What is the average fringe benefit rate?

A5. There is not a fringe benefit rate. It depends on the employee contract or the required contribution. For example, employers contribute 7.5% of salary toward social security. The employee contributes 7.5% of salary, for a total of 15%.

Q6. Are vehicles 50, 59, 63 and 68 currently on the road? If they are not, why are they being replaced?

A6. Yes, these vehicles are currently on the road. However, they all have high mileage, and either will not pass future inspections, or are costing the district more to repair than it would to replace them with new vehicles. Some of them have severe rust and cannot be repaired. Parts are difficult to obtain for such old vehicles. It is pennywise and pound foolish to not have a long-term vehicle replacement plan.

Q7. What are the fees charged to community groups?

A7. There is a fee schedule available on the home page. Click on <http://www.hydeparkschools.org/forms/Building%20Use%20Packet%207-08.pdf>, and you will be re-directed to the information concerning community use of school facilities, including the fee schedule, application form and other specific information. The fees collected this year will be reinvested in our fields. Many volunteer local groups found these fees a financial burden. The district was required to charge per use by law because we are on a contingency budget.

Q8. Does the district have a trailer and vehicle to transport a backhoe? Why not rent a backhoe as needed rather than purchase one?

A8. Yes, we do have a trailer. It is very expensive to rent a backhoe for a day. We have multiple projects regularly that necessitate the use of such equipment.

Q9. The transportation slide shows fuel savings of approximately \$100,000. The budget slide show quotes \$370,000. Please explain the difference.

A9. The higher figure represents district-wide savings on heating and other fuels used in the district; the lower figure is for transportation fuel savings only.

Q10. If enrollment has decreased, why is the budget still larger?

A10. The district did reduce the budget by a million dollars due to decreased enrollment. This represents the elimination of twelve teaching positions and one teaching assistant. However, health care costs increased by more than one million dollars and pension contributions increased by \$500,000. Mandated special education costs increased by \$725,000. Further, the district is 97% unionized. Salaries automatically increase by law, though the district is slowing the growth of these increases.

Q11. Why don't we cut salaries?

A11. The district is 97% unionized. The law does not permit reducing salaries unless the bargaining unit agrees. Further, the Triborough amendment to the Taylor Law, which is a NYS law, provides for automatic annual increases which members receive even when a contract is expired. The district is working diligently to slow the growth of contract increases.

Q12. If the budget fails, won't it prevent some raises from taking place?

A12. Ninety-seven percent of employees will receive salary increases regardless of whether the budget passes or fails because the law requires that the district fulfill its contractual obligations. The remaining 3% of employees receive merit-based compensation. The budget contains a 3.5% pool of funds to distribute strictly based on the evaluation and performance of these employees. The 3% merit-based employees include the superintendent, assistant superintendents, confidential secretaries and civil service managers, 23 employees altogether.

Q13. Won't it save money to vote against Proposition II?

A13. No. The money to pay for Proposition II is already built into the general operating budget (or Proposition I). It is part of a regular replacement and funding cycle. If Proposition II fails, the funds earmarked for Proposition II will become part of the fund balance at the end of 2009-10, since it will not get spent. Proposition II will not raise taxes a single penny. However, the district must get voter approval to borrow the money.

Q14. Won't it save money to vote against Proposition III?

A14. No. If Proposition III passes, \$100,000 will be transferred from the current fund balance (savings) to the repair reserve. If Proposition III fails, the \$100,000 will remain in the fund balance. It is a conscientious way to keep the district financially stable for the long-term.

Q15. What happens if Proposition II and Proposition III are defeated?

A15. The funds for these line items will appear as surplus (fund balance) at the end of the 2009-10. Busses and district vehicles will cost more to maintain and repair. If there are any emergencies that require major repair, the district will have to find other revenue sources to pay for them.

Q16. Projected fund balance is about \$3.1 million. Why not return that all to the tax payers now?

A16. The district has been returning some fund balance to the taxpayers every year since 2006-07, gradually increasing that amount. (See slide 61 of the final budget presentation.) In order to keep district finances and the tax levy stable, fund balance must be applied to the budget each year in at least the same amount. Otherwise future tax levies will spike. We are working to keep tax levy increases low, not just this year but into the future.

Q17. Since teaching staff had to be reduced due to lower enrollment, why didn't administrative staff also get reduced?

A17. We have 355 teachers in the district who work with approximately 4,200 students in many subject areas and capacities. Declining enrollment has made it necessary to reduce twelve positions since we will get less state aid in 2010-11 to help pay for the budget. State aid is largely received on a per-pupil allocation. We have an adequate number of administrators and supervisors whose work is not lessened by declining enrollment at this time. For example, if an elementary school has 35 fewer pupils next year, we still need a full-time principal. It is also

true that Hyde Park has the lowest administrative costs in the county*. Each administrator or supervisor has a very specific job description and area of supervision. By any criteria, our administrative staff is adequate, but lean.

* - Source: Dutchess County Fact Book, 2003-2004 through 2007-2009, page 35, Table X, Total Administration, Comparison of Total Administrative Costs for 2003-04 to 2007-08.

Q18. How does the estimated tax impact compare with last year's and with other districts?

A18. Our 1.16% estimated average tax levy is among the lowest in the county, region and state. Last year, it was 2.23% and the prior year 1.21%. We continue our efforts to keep tax levies low.

Q19. Will the district use some of the reserve fund to reduce the tax levy?

A19. The district will use \$2,000,000 of fund balance to reduce the tax levy and keep the estimated impact at 1.16%. We will still have a healthy fund balance, the maximum allowed by law.

Q20. What's the difference between the proposed budget and the contingency budget?

A20. The difference is .64% on the tax levy. The contingency budget reduces Proposition I by \$313,210. Cuts are required in non-mandated areas such as: new equipment and student supplies, and requires pay-per-use of schools and fields.

Q21. Will the line-item budget be available on the district's web site to go along with the budget presentation that is already there?

A21. The public budget document/statement will be available at each school building in the district and at the district office on May 5, at least seven days before the budget hearing of May 11, and fourteen days before the vote as per the law. Mr. Wayne Kurlander, assistant superintendent for business, will also personally meet with any community member to go over the line-by-line version of the 2009-10 budget.

Q22. How many students does the district transport?

A22. The district bus fleet transports over 5,000 private, public, parochial and students with disabilities daily, traveling approximately 1.4 million miles annually. The bus replacement plan addresses student safety and fleet reliability. Proposition II, which continues the school bus replacement schedule, carries no new taxes.

Q23. How many busses and bus drivers do we have?

A23. The district operates a fleet of 103 busses, with 73 part-time drivers and 16 full-time drivers.

Q24. Why do we need a district vehicle replacement plan?

A25. Our district maintenance vehicles desperately need to be replaced over an eleven year period. The four trucks we are replacing are either inoperable or too costly to repair. This plan is about attending to employee safety and both short- and long-term savings for the district. This is the second year of an eleven-year replacement plan.

Q26. Why is there no additional tax impact from Proposition II?

A26. There is no additional tax impact from Proposition II because the long-term borrowing plan is already part of the general operating budget (Proposition I) and has been for approximately ten years. If Proposition II were defeated, the funds in Proposition I would simply not be spent.

Q27. Why does the community have to vote on Proposition II if there is no additional tax impact?

A27. The Community must vote because the voters must approve any borrowing the district does. The busses and trucks are part of our long-term borrowing plan. The busses are 57.8% state aidable. If Proposition II passes, the district will also put \$370,000 toward the cost of Proposition II. This money will come from 2008-09 fuel savings. If Proposition II does not pass, this money will go into the fund balance (district savings account).

Q28. If the district were not applying \$2,000,000 from fund balance to lower the tax levy, what would the projected tax levy increase be?

A28. If the district were not applying \$2 million from fund balance, the projected tax levy increase would rise from 1.16% to 5.23%.

Q29.What rate of interest will the Emergency Fund be earning as it sits there waiting for a 'rainy day'?

A29. The rate of interest is all market driven, so whatever the market is bearing currently or our investment at that time is. The current interest rate is 0.25% and our last investment in a CD was .55%.

Q30.Can the Emergency Fund dollars in the Fund be used for any other expenses or just emergency expenses?

A30. The rate of interest is all market driven, so whatever the market is bearing currently or our investment at that time is. The current interest rate is 0.25% and our last investment in a CD was .55%.