

HARBORFIELDS CENTRAL SCHOOL DISTRICT
GREENLAWN, NEW YORK

Kind of Meeting	-	Special Meeting/Budget Work Session
Date of Meeting	-	March 5, 2016
Place of Meeting	-	OMS Auditorium
Board Members Present	-	Dr. McDonagh, Ms. Gaughan, Mr. Giuliano, Mr. Lee, Ms. Lustig, Mr. Mastroianni and Mr. Steinberg
Board Members Absent	-	None
Others Present	-	Ms. Todaro, Dr. Ianni, Mr. Nimmo, Mr. Cox Ms. Whelan, and Community Members

Dr. McDonagh called the meeting to order at 9:05 a.m. and led those in attendance in the Pledge of Allegiance.

Dr. McDonagh welcomed and thanked everyone for their attendance at today's special meeting. He spoke of the long and laborious process that is involved in the development of the budget, and he thanked central office administration for the meaningful guidance they have provided to the board. He also thanked the building administrators and other staff members for their efforts with the budget formation. Dr. McDonagh stated that the budget process gets more challenging every year, as the district strives to develop a budget that maintains our excellent programs and opportunities while staying within the tax cap levy that our community can afford and support. He reminded everyone that we are still in the early stages of the budget process, and the board will continue working with district administration. The next several weeks are pivotal as the board moves toward adopting the budget, and the district looks forward to hearing from the community as the process continues.

Ms. Todaro reiterated Dr. McDonagh's welcome and also thanked everyone for coming to the meeting. Ms. Todaro noted that today's presentation will be posted to the district's website. As the budget process evolves over the next several weeks, the district will continue to ensure that accurate information is being presented to the community. Ms. Todaro reminded everyone that district administration is always available, via email or phone, to address any questions community members may have.

Ms. Todaro reflected on prior year's budgets that required reductions to staff and programs. In recent years, the district has been able to maintain, enhance and restore many of our programs while also meeting the fiscal needs of our entire community. The draft budget being presented today focuses on a budget that maintains our current programs. An additional budget scenario will also be presented. Both scenarios take into consideration the partial restoration of the GEA.

Ms. Todaro acknowledged the advocacy efforts of our board members, administrators, teachers, PTAs, and other community groups. It has been the district's goal to communicate with our local legislators to discuss state aid, restoration of the GEA and

other areas of importance to our school-community to ensure that Harborfields receives its fair share of state funding. Harborfields is recognized as a leading school district on Long Island and in the state, and we thank our community for supporting our students and programs through passage of our budgets.

BUDGET PRESENTATION

Dr. Ianni gave a PowerPoint presentation of the first draft of the 2016-2017 proposed budget. He reviewed the budget mission, as well as the essential points considered in preparation of the budget such as enrollment projections, class size guidelines, state aid and other revenue, along with the use of reserves. Dr. Ianni discussed three budget options the district might consider, similar to those presented at the February 10, 2016 board meeting:

- A budget that remains within the allowable tax levy cap of 0.37% or an overall budget of \$81,346,454.
- A rollover budget that maintains all core instructional, co-curricular and athletic programs, as well as class size guidelines, AP and elective courses currently available in the 2015-2016 budget. The rollover budget includes increases associated with the district's contractual obligations and reflects a tax levy of 0.84%, an increase of \$288,530 over the allowable tax levy budget.
- A budget that includes all mandates along with several program enhancements, such as the addition of full-day kindergarten, BOCES Cultural Arts Program, 3rd grade music, etc. This option currently reflects a tax levy of 2.66%, an increase of \$1,398,530 over the allowable tax levy budget.

Dr. Ianni explained that this information is based on the state aid information released in January 2016 and is subject to change once the state budget is approved. He further noted that the draft budget presented today depicts the rollover budget with a tax levy of 0.84%; however, the board will be considering all options as the process continues.

In addition to the budget options, Dr. Ianni also presented information on the New York State Tax Rebate Program that will take effect with the 2016-2017 school year. Last June, the state legislature and Governor Cuomo agreed on a four-year rebate program that will apply to households who qualify for an existing STAR property tax exemption and who earn less than \$275,000 a year. In order for residents to receive the rebate, school districts will have to be in compliance with the state's tax cap law. For the first year of the rebate program (2016), all qualified homeowners on Long Island will receive a flat payment of \$130. In the following three years, the rebate checks will reflect a percentage of the homeowner's STAR exemption, with lower-income households getting a larger percentage than higher earners. The chart depicting the NYS Tax Rebate Program is included in the presentation that will be posted to the district's website.

PUBLIC PARTICIPATION

A resident inquired if full-day kindergarten was included in all options or only option 3. Ms. Todaro responded that it is only included in option 3. The resident stated that he supports the idea of full-day kindergarten. He would like to see Harborfields prevail as an excellent school district, and he encouraged the board members to do their best to include full-day kindergarten.

A resident spoke in support of full-day kindergarten, stating that it would cost less than 1% of the budget to include such an essential program. She suggested the board and district administration go back and sharpen their pencils to find the money. Ms. Todaro stated that the rollover is already at a deficit to the allowable tax levy budget, and reserves have been declining. When the community suggests that we sharpen our pencils, those steps have already been taken prior to development of the budget. Dr. McDonagh also noted that approximately 80% of the budget is determined by contractual obligations, leaving roughly 20% within the board's discretion.

A resident inquired if there are options that are being considered should we receive the full restoration of GEA. Ms. Todaro responded that the district is hoping for full restoration; however, there's been no determination on how the funds would be applied.

A resident questioned why the detail chart for option 3 does not include a cost for Theatre Arts I & II and Italian I. Ms. Todaro explained that there might not be a cost involved. It is quite possible that when they develop the scheduling, there will be students who opt out of other electives and chose this one which will negate extra costs. The resident further inquired as to what programs would face cuts if the district chose to go with option 1. Ms. Todaro indicated that a final determination has not been made at this time. Lastly, the resident inquired if piercing the tax cap this year would put us in a better position going forward. Ms. Todaro responded that it would reset the base next year for generating the budget.

A resident stated that even though it's been said that children catch up by the third grade, is it really fair to have them struggle the first few years? We must do what's best for our children and implement a full-day kindergarten program.

A resident commented that she'd like everyone to remember that it's not as easy as it seems to "just find the money." It often translates to taking the money from somewhere else within the budget, which could possibly impact other students. She suggested the board consider piercing the tax cap so that all of our students are benefitted.

A resident urged the board to strongly consider putting full-day kindergarten in place so that our children's educational opportunities are comparable with the rest of Long Island.

A resident posed several questions related to option 3 of the budget presentation and also inquired about when discussions would take place on how to use the GEA funds should the district receive full restoration. Ms. Todaro explained that further discussion would

take place at the Community Forum on March 16, 2016 and the budget adoption meeting on April 19, 2016. At this stage, the district has merely developed its options and has not had specific discussions on how the full restoration of GEA funds would be appropriated.

Dr. McDonagh interjected with a question on how options 3 and 2 might be impacted by full restoration of the GEA. Mr. Nimmo responded that it would reduce option 3 by about half and would place option 2 in compliance with the tax levy.

A resident inquired as to how the tax rebate would be calculated, is it based on a range or actual numbers? Mr. Nimmo responded that it's actual numbers, as the STAR amounts are the same throughout the Town of Huntington. The resident stated that it's very important to have all of the programs outlined in option 3. An eternal optimist, she's hoping for full restoration of the GEA and if we do in fact receive it, she wondered if there's a way to include the enhanced programs but also stay within the tax cap. She also inquired about the class sections for kindergarten and offered suggestions on some areas to look at to lower costs, such as transportation. She also pointed out that Centerport Methodist will no longer offer the Universal Pre-K program next year, and suggested that the new provider might be able to use some of our classroom space. Ms. Todaro addressed the classroom rental issue by explaining that the district is obligated to go through a specific process to replace the UPK provider, and it is unknown at this time if the new provider would look to locate within our facilities.

A resident asked which option contains the mandates, noting that they were included with the rollover budget option at last month's meeting. Ms. Todaro responded that a decision was made to put them in with option 3. The resident further commented that it appears to make sense to pierce the cap this year, given that the tax rebate will be \$130 for everyone. Since the tax rebate gets larger in subsequent years, any decision to exceed the cap would become more difficult, particularly for households with lower income. Additionally, if we decide to exceed the tax levy, from an optical standpoint, 2% might be the line to draw. If the tax levy could be kept at 2%, he believes many within the community would support the budget.

A resident and employee of the district thanked the board for considering piercing the tax cap. Our district has been quite conservative these past several years, with administrators and teachers taking step freezes in their contracts, and our budgets producing tax rates that hover around 2% on average. She believes the support is out there to present a budget around the same percentage as previous years, especially since this year's budget provides the community with a lot more for their money. She encouraged the board to pierce the tax cap.

A resident commented that if a decision is made to pierce the cap, it will be very important how that information is presented to the community. The district should emphasize the fact that the tax rebate is only \$130, the lowest amount over the four-year period, and we should also emphasize the areas of the budget that are mandated programs.

A resident suggested that this is the year to pierce the tax cap. It's hard to believe that we're looking at a 2% increase with a sense of dread. It's not that big a number when you consider the bang for your buck it gives you. She definitely thinks of it as "go big or go home." She's hopeful the board will select option 3 and seek to pierce the tax cap.

Mr. Steinberg interjected with a question on when the capital bond will impact the levy. Mr. Nimmo responded that it would impact the levy for 2017-2018.

A resident voiced concern that there would be no additional board meeting prior to the budget adoption meeting. Ms. Todaro explained that there will be opportunity for community input at the budget adoption meeting. Dr. McDonagh added that, if necessary, the board would convene to executive session to address specific matters prior to adoption of the resolution.

A resident commented that the work of the Get Out the Vote committee will be extremely important this year.

A resident commented that in the same way the community was against the turf field, we might have voters that will hear "piercing the tax cap" and just shut down. Piercing the cap is great, but she's concerned about selling it to the community. With 20% of the budget discretionary, she suggested that the board show why we cannot find the money to fund full-day kindergarten before deciding on piercing the cap.

A resident agreed with the importance of selling this to the community, especially explaining the tax rebate. However, if the board is being asked to show why the money can't be found, they should also show how many children would be impacted if they were to take \$600,000 from somewhere else in the budget to fund full-day kindergarten.

BOARD OF EDUCATION BUDGET DISCUSSION

Mr. Lee stated that, personally, he's in favor of pursuing option 3. We must wait to see what happens with the state budget, but if it all works out; he hopes that we would have the community's support.

Mr. Giuliano commented that he's inclined to agree with the people who pointed out that this year would be the year to pierce the tax cap due to the small amount of the tax rebate. It would be less costly to pierce the cap this year than in years to follow. He noted that the district's allowable tax levy of 0.37% is very low and remaining within option 1 would be pretty tough to do. He would, however, like to see a chart put together that depicts the cost to taxpayers for option 3 in years to come. How much would taxes go up, and how much would programs cost going forward? We don't want to take on full-day kindergarten if we can't maintain it in the future. The bond issue will also impact taxpayers, so the community needs to know what option 3 looks like in real out-of-pocket costs to them.

Ms. Lustig commented that this year represents the perfect storm. We're faced with our lowest levy coupled with the tax rebate. Some in our community won't receive any rebate. Looking at our history, we've been advocating for restoration of our programs. We've been reasonable; the government has given unreasonable mandates. We've seen our community make compromises, we've lost positions, eliminated a music program and repurposed our gifted program. We've done everything right, but now is the time for the entire community to take back our district. We shouldn't have to select one or two things and say these are the things to do; we should do what is necessary for all our students by supporting option 3.

Mr. Steinberg stated that, personally, he supports piercing the tax cap and believes this is the year to do it. We are faced with the challenge of not having direct information on the full restoration of GEA at this time, and he hopes the advocacy efforts pay off, but we must work within what we know. His duty as a board member is to consider the necessity of piercing the cap. As deliberations on the budget continue, his focus will be on examining how to keep the tax levy as low as possible while trying to fit everything in.

Mr. Mastroianni stated that he is not in favor of piercing the tax cap. Acknowledging our local legislators, Mr. Mastroianni gave kudos to them for indicating that they intend to see to it that the state budget includes full and complete restoration of the GEA. He remains optimistic. There are, however, several other factors to take into consideration as well. Our reserves are at an acceptable level, but certainly not padded. Our enrollment numbers are going down. If we pierce the cap, we cannot expect additional money to come from our reserves. The cushion used to reset the tax levy is going to be programs, which is not something Mr. Mastroianni's comfortable with. If our cushion becomes programs, he's concerned that, as has happened in the past, we'll be forced to once again cut programs should we come up against a shortfall in the future. We must also remember that our recently approved capital bond will impact taxpayers beginning with the 2017-2018 school year, and with the substantial number of grass fields being renovated as part of the bond, we must assure that we're properly allocating the necessary funds in the budget to maintain them. With that information in mind, he believes that if we get full GEA restoration, we need to utilize it to stay within the cap and put in specific programs that we feel are the best additions for our district and ones that we can sustain.

Ms. Gaughan stated that she supports option 3, but says it with some trepidation. She's not entirely persuaded to pierce the cap, as we must look to the future of our programs as well. The board and district administration have worked extremely hard despite the challenges they are facing. We've made a tremendous effort to restore and enhance, and she'd be opposed to cutting anything that would affect that. She agreed that if there's a year to pierce the cap, this would be the year; however, we need to see the outcome of the state budget, and she hopes for the full restoration of the GEA.

Dr. McDonagh stated that he's in favor of all the programs contained in option 3; however, he's concerned about how we'll pay for them. He appreciates all the feedback the board has received and he proceeded to review the options for funding the proposed budget:

- Reduce existing programs. Some members of the community have suggested we sharpen our pencils. Realistically, that's not going to happen. The cost would be programs already in place, and the board and district administrators don't see programs they'd be comfortable cutting at this point. There's not \$600,000 that can be reduced from the budget at this time.
- Use money from reserves. The board has been advised by our auditors that this would not be a prudent decision.
- Plan on additional state aid and full restoration of GEA. While certainly helpful, this would still leave a deficit in order to pay for option 3.

We still have decisions to make and the last resort is to increase the tax burden. Dr. McDonagh stated that he appreciates the comment about the optics to achieve that. If we pierce the cap, the community must understand that they will not get the tax rebate. Personally, he believes remaining at or under 2% would be a goal. We still have several weeks to go and a critical piece is going to be the state aid and GEA so we can make a final decision.

PUBLIC PARTICIPATION

A resident inquired if there was any chance they'd hear about aid by the end of March. Ms. Todaro acknowledged that it's a possibility, and if in fact that happens, they would look into scheduling another meeting.

Ms. Todaro thanked everyone for coming out on a Saturday morning to provide input. The budget development is a lengthy process, and the district takes it very seriously. She reminded everyone that on Wednesday, March 9, 2016, the PTA Council will be hosting "Conversations with the Superintendent" which is an opportunity for residents to have an informal dialogue about the budget. The meetings will be held at 10:00 a.m. at TJL and 7:00 p.m. at OMS.

ADJOURNMENT

Upon motion duly made by Ms. Lustig, seconded by Ms. Gaughan, and carried (7-0), the board adjourned the special meeting of March 5, 2016 at 11:30 a.m.

Respectfully submitted,

Sharon M. Whelan
District Clerk