

THE SUPERINTENDENT'S
2013-14 BUDGET CONCEPT PAPER

PRESENTED TO THE
BOARD OF EDUCATION

FEBRUARY 22, 2013

DR. LAVAL S. WILSON
SUPERINTENDENT
POUGHKEEPSIE CITY SCHOOL DISTRICT

MEMORANDUM

TO: Mr. Ralph Coates, Board President &
Members of the Poughkeepsie Board of Education

FROM: Dr. Laval S. Wilson
Superintendent of Schools

DATE: February 22, 2013

SUBJECT: The Superintendent's 2013-14 Budget Concept Paper

INTRODUCTION

During Governor Cuomo's State of the State Address in Albany on January 9, 2013, he proposed several competitive grants to boost aid for some school districts. The Governor indicated that some of his priorities will be to fund more Early Childhood Programs, to extend learning time, and to establish innovative community school programs.

Although some school districts will receive limited increases in State Aid, including Poughkeepsie, the Foundation Aid has remained flat. PCSD received \$47,811,246 in Foundation Aid during the 2012-13 school year. According to the Governor's budget, we will receive the same amount of Foundation Aid during the 2013-14 school year.

For the last four years, the State has assessed school districts an amount of money to assist in reducing New York's financial woes. Aid has been reduced by what is called a Gap Elimination Adjustment. For the 2012-13 school year, Poughkeepsie's Adjustment was \$4,167,123. For the 2013-14 school year, the Gap Elimination Adjustment will be \$3,076,292. It is this Adjustment reduction of \$1,090,831 that accounts for the majority of

Poughkeepsie's State Aid increase. Again, the State Aid Foundation allocation will remain the same.

Chart 1, page 2a, depicts the Poughkeepsie City School District's anticipated revenue from all sources and our expected expenses for the 2013-14 school year. Let me point out that the District's anticipated total revenue for 2013-14 is expected to be \$85,673,240. In comparison, our expected expenditures, in order to continue programming and staffing at current levels, are estimated to be \$88,473,240. This creates a \$2,800,000 budget gap for the Poughkeepsie City School District for next year.

When all of the District's expected expenses are totaled and compared to our anticipated revenue, it means PCSD currently has a sizeable 2013-14 budget gap. Resolving such a huge gap is indeed a major task for our school district. Our programs and services require the support and skills of staff. Public education is "people intensive." Public education in an urban environment, such as Poughkeepsie, is even more staff intensive than most of our Dutchess County colleagues. When State, Federal, and Local revenue increases do not match our increased expenses, PCSD staff and programs must be reduced. The Board of Education and I have very few options!!

**THE SUPERINTENDENT'S 2013-14 EDUCATION GOALS,
SCHOOL YEAR BUDGET, & PLANNED EXPENDITURES**

The Poughkeepsie City School District offers a quality instructional program to its students. Our goal is to provide for the various educational needs of high achieving students, average achieving students, and those who are academically needy.

As Members of my Senior Staff, Principals, and Directors have reviewed our educational offerings in our High School, Middle School, and elementary school programs, we have concluded that we would very much like to recommend a continuation of all of the services that we have provided during the current 2012-13 school year. Over the last few years, PCSD has been able to maintain a high level of programs and services for its young people across all grade levels. We realize, however, that the preservation of some key programs and services will not be possible, unless the fiscal problems of the State substantially improve.

Chart 1
A Summary of the District's Estimated State-Aid for the 2013-14 School Year
State Aid Assumption as of 1-22-13

State - Aid Comparison in Detail					Budget Comparison		
Column 1	Column 2	Column 3	Column 4	Column 5	Column 6	Column 7	
Current 2012-13 Budget	Estimate as of 1-22-13 2012-13 State-Aid	Executive Budget 2013-14 State-Aid			2012-13	2013-14	
Foundation	47,811,246	47,811,246	47,811,246	-	State-Aid	52,715,667	54,710,907 (1)
Transportation	2,276,666	2,291,754	2,200,598	(91,156)	All Other	2,490,333	2,390,333
High Cost	1,011,528	1,054,030	901,162	(152,868)	Taxes	25,746,000	26,261,000 (2)
Private Excess	1,236,232	1,480,255	1,469,834	(10,421)	Fund Balance	2,111,000	2,311,000 (3)
Full Day K		11,133		-	Subtotal	83,063,000	85,673,240 (4)
Textbook, Library, Software	383,694	388,059	387,019	(1,040)	Shortfall	0	2,800,000
Hardware	73,624	73,577	73,498	(79)	Total	83,063,000	88,473,240
BOCES	1,195,176	1,241,448	1,153,488	(87,960)	Expenditures:	2012-13	2013-14
Bldg Aid	2,694,624	2,649,763	3,790,354	1,140,591		83,063,000	83,763,000 (5)
Skartados Aid	200,000				Salary Increases		1,640,000 (8)
FMAP Reduction					Health Ins Increase 7%		825,000
ARRA Jobs Grant					TRS Rate Increase		1,710,000
Gap Elimination Adjustment	(4,167,123)	(4,167,123)	(3,076,292) (7)		ERS Rate Increase		235,000
	52,715,667	52,834,142	54,710,907	797,067	Schl Construction Debt Service		200,000 (9)
Dollar Diff			1,995,240		Workers Compensation		25,000
Percentage Diff			3.78%		FICA		75,240
Univ Pre-K Grant	796,411	796,043	796,411		Total	83,063,000	88,473,240
State Aid Including Pre K	53,512,078	53,630,185	55,507,318	Est Total Allocation as of 1-22-13	Percent Increase		6.51% (6)
12-13 Est State Aid		53,630,185.00					

Footnotes:

- (1) Estimated General Fund State-aid as of 1-22-13.
- (2) Assumes a 2.0% tax increase.
- (3) Increases use of Fund Balance used in 2012-13 by \$200,000.
- (4) Current estimated revenue as of 1-22-13.
- (5) Comments on the 2013-14 Expenditure plan:
 - a) This work is not complete, anticipate these numbers to change.
 - b) Taxes may also change depending on final expenditure plan and Board, Community, and Administrative discussions.
- (6) Budget to Budget Increase based on these assumptions would be 6.51%, final budget will be different.
- (7) This note identifies the State's Gap Elimination Adjustment [-\$3,076,292].
- (8) Estimated salary increases will need to be adjusted as budget development continues.
- (9) School Construction Debt Service makes up the bulk of this Increase and is required to be accounted for in the General Fund in order to match the Increased Building Aid.

In planning for the 2013-14 school year, the initial goal of the Superintendent is to offer the following major programs and services:

- Continue the same staffing levels of teachers, support staff, and administrators in all of our elementary schools, Middle School, High School, and homebound tutoring services presently funded in the 2012-13 budget.
- Continue the same level of funding for books, supplies, materials, and technology that is in the 2012-13 school year budgets of our schools.
- Continue the Ninth Grade Academy at the High School for a seventh year.
- Continue the four Career Academies at the High School, started during the 2009-10 school year.
- Continue the District's 2012-13 staffing pattern for Guidance Counselors and Social Workers.
- Enhance the technology centers in each elementary school and at the Middle School, and improve the utilization of technology at the High School.
- Continue the current school district security program. The District began its own security initiative during the 2006-07 school year, and security staff provides services to our High School, Middle School, and elementary schools.
- Implement a summer remediation program at the elementary, Middle School, and High School levels for students in need of academic help in reading, mathematics, and writing.
- Provide funds to procure materials in our library/media centers in our elementary schools, the Middle School, and High School.

- Continue the same level of Central Office support staff.
- Continue the current levels of extra curricular and sports offerings at our Middle School and High School.
- Continue the Pre-Kindergarten and Kindergarten Early Learning Center at the Smith School.

In conclusion, my staff and I desire to recommend in the Superintendent's 2013-14 Budget Concept Paper a continuation of most of the K-12 instructional programs and services, and District support services, currently included in the District's 2012-13 budget. Again, Poughkeepsie has a good instructional program. Some aspects of the program are in need of improvement, but our students really do receive fine support, and they benefit from our strong program.

SUPPORT FOR THE CURRENT MAJOR INITIATIVES OF THE DISTRICT

It had been my goal to plan and budget, for the 2013-14 school year, a continuation of the major instructional initiatives the Board of Education and Superintendent have supported for the last several years. The basic elements of Reading First, and other "Best Instructional Practices," are being implemented in all kindergarten through third grade classes. In addition, our Principals and Professional Development Coaches are helping our 4th and 5th grade staff to utilize the same types of instructional practices in their classrooms. Educational excellence does not occur in just one or two years. Progress toward excellence requires sustained financial support and philosophical support from the leadership of the District, and our Principals. Support for the educational reforms underway has been substantial.

One of the goals of the Board of Education continues to be to graduate more students from the Poughkeepsie High School. PCSD has philosophically and financially supported using the Small Learning Communities program initiative as the best solution to graduating more High School students.

Small Learning Communities at the Poughkeepsie High School & Middle School

For the 2003 High School cohort, the graduation rate was 50%. This group graduated in June of 2007. For the 2004 cohort, the graduation rate was also 50%. The 2005 and 2006 cohorts, however, began to show some improvement, and the percent of students graduating moved upward to 57% and 59% respectively. The 2007 cohort students graduated in June of 2011 with a graduation rate of 59.5%. The 2008 cohort showed even more improvement. That class, which graduated in June of 2012, had a graduation rate of 61%.

Educational research has shown that dividing secondary schools into smaller units is the most appropriate way to improve secondary schools. Poughkeepsie's Small Learning Communities initiatives have included the implementation of a Ninth Grade Academy and four Career Academies at the High School, and grade-level teaming at the Middle School.

The research of Kathleen Cotton, Michael Klonsky, Mary Anne Raywid, Ted Sizer, and numerous others clearly points out that smaller schools are better in virtually every way you can imagine. They reduce student feelings of alienation, improve attendance, enhance achievement, and improve graduation rates.

The problems of the traditional high school were extensively described in the report of the National Association of Secondary Schools, entitled "Breaking Ranks." More recently, professional journals such as the Education Resources Information Center (ERIC), Manpower Demonstration Research Corporation (MDRC), and numerous other research organizations have published a large body of knowledge about the positive influences of small learning community programs on teaching and learning.

The Ninth Grade Academy was started during the 2007-08 school year, and is now in its sixth year. Four teams of English, Math, Science, and Social Studies teachers provide instruction to four teams of students. About 300 students rotate, each day, to these teachers for their basic subjects.

In addition, four Career Academies have been established to assist students to gain some expertise in career themes. The four Academies are Science, Technology, Engineering & Math (STEM), Academy of Design and Music (ADAM), Business and Public Service (BAPS), and Health and Human Services (HHS). These Academies began in September of 2009.

Sixth, 7th, and 8th grade teachers are also grouped into teams in our Middle School. One Literacy Coach and one Math Coach facilitate discussions about the academic progress of students during the common planning time of our Middle School staff.

Let me point out that SED notified PCSD on December 9, 2010, that because its graduation rate was below 60%, it had been designated, for the 2011-12 school year, to be a Persistently Low Achieving School. To assist the District to increase its graduation rate, the District was awarded, by the State Education Department, a \$1,999,000 grant. This was followed by a second grant of \$1,600,000 during the 2012-13 school year. The District is utilizing these grants to implement a number of the components of the Transformation Model. This Model is one of the four Obama Administration's Race To The Top school improvement models. The 2013-14 school year will be the third year of this three-year grant.

This grant supports the improvement initiatives already underway, at the Poughkeepsie High School, and provides professional development opportunities, a longer school day, weekend tutoring programs, and credit recovery opportunities for students who have failed some of their classes.

My Senior Staff and I believe that the High School is making progress with its total instructional program, and a higher percentage of students enrolled at PHS are graduating. Some additional reform strategies, however, will be implemented as a part of next year's program.

Elementary School English Language Arts and Mathematics Textbooks

Five years ago, a variety of English Language Arts/Reading and Mathematics textbooks were in use in our elementary schools. In fact, it was common place to find multiple ELA and Math textbooks in use in the

same schools. In order to bring continuity to the elementary instructional program, District-wide ELA and Mathematics Screening and Selection Committees were established. These Committees recommended that the District purchase the Open Court ELA/Reading Series and the Houghton Mifflin/Harcourt Brace Mathematics series.

In September of 2007 all six of the District's elementary schools began to utilize the Open Court ELA series. Currently, we have four elementary schools utilizing a single text, clearly providing continuity in instruction, across all grade levels, in our elementary schools.

Similarly, the purchase of the Houghton Mifflin/Harcourt Brace Mathematics series has provided continuity to the mathematics program across the District.

I should point out, however, that the State of New York has recently joined the national Common Core Curriculum thrust. This means that what we teach in each elementary, middle and high school grade and subject will be similar to the knowledge expected to be learned by students across New York and in all of the States. Some of the material in our current textbooks, as well as selected instructional materials, the Internet, and classroom lectures will be utilized to help teachers to implement the Common Core instructional curriculum.

This means that our various instructional materials will continue to be upgraded and modified to meet the needs of our new Common Core requirements. Some of our current textbooks and instructional materials will soon need to be replaced. Some of the replacements will take place in 2013-14, but most of the replacements will take place in future years.

Summary Comments

Again, I say, students who attend the Poughkeepsie City School District receive a quality instructional program. About 77% of our budget is utilized to support instructional staff, non-instructional staff, and administrative staff. All of these District staff members are vital to the goal of enhancing our total instructional program.

For the 2013-14 school year, it is my plan to budget funds for the elementary schools to procure instructional materials that will support the continuity of instruction in Reading/Language Arts and mathematics.

Let me indicate that the implementation of the new State Common Core Curriculum thrust will require PCSD, as well as all other New York school districts, to constantly upgrade our instructional materials to meet the learning needs of our students.

At the High School level, I plan to budget for the continuation of the Ninth Grade Academy/Small Learning Communities Program. In addition, the District is planning to continue the four Career Academies that were fully implemented during the 2009-10 school year. In addition, the School District is reapplying to the State Education Department for grant funding to continue the support of the implementation of the Transformation Model at the Poughkeepsie High School. If the District is not successful in receiving SED funding, General Funds will need to be budgeted to support this High School initiative.

The Board of Education and I believe that these program initiatives and budget plans will best serve the students, staff, and community during the next school year.

Concerning salary increases for staff, the School District finalized salary negotiations with our Poughkeepsie Public School Teachers Association back in July of 2012. The settlement we reached with PPSTA was affordable and appropriate, given the economy of the State and City. Negotiations will soon be under way with the Poughkeepsie Public School Administrators' Association (PPSAA). This means that the impact of potential salary increases, for the 2013-14 school year, can only be estimated at this time.

Also, negotiations will soon be underway with the Association of Poughkeepsie Public School Paraprofessionals, and the Civil Service Employees Association (CSEA).

Again, approximately 77% of our budget is tied to staff salaries and benefits. About 23% of our budget is earmarked for gas, oil, utilities, contracted services, computers, books, materials, and supplies. Normal inflationary costs for these components of our 2013-14 budget have also been taken into consideration as I finalize the Superintendent's Budget Concept Paper.

**INADEQUATE STATE FUNDING AND ITS NEGATIVE IMPACT
ON THE 2013-14 PROGRAMS AND SERVICES OF THE DISTRICT**

In recent years, there has been a certain amount of uncertainty associated with the State of New York funding city school districts, such as Poughkeepsie. Frequently, the Governor's budget proposal is the lowest, and the Senate and the Assembly add some funding to the budgets of city school districts. Based on the continuing financial struggles of the State, city school districts will probably not receive additional 2013-14 revenue. The revenue figures in the Governor's Budget Message are the basis for PCSD's primary revenue source.

Chart 1 is a description of Poughkeepsie's anticipated revenue in comparison to our expected expenditures for next year. Our \$2,800,000.00 budget gap is real. This is a sizable budget gap between anticipated revenue and expected expenditures.

The District will not be able to bridge this gap by just reducing expenditures in supplies and materials, field trips, and conferences. The only way to have a balanced 2013-14 budget will be to obtain substantially more State revenue, and/or significantly cut programs and services.

Receiving additional State revenue does not seem realistic, based on the current news from Albany.

Clearly, the Poughkeepsie City School District will need to focus on reducing many of our current costs, and becoming more efficient so that we can balance our planned expenditures with our anticipated revenue.

COMMUNITY INPUT ABOUT THE PROGRAMS & SERVICES
TO BE FUNDED IN THE 2013-14 BUDGET

For the last three years, the District has appointed a community Budget Review Committee (BRC) to assist in the development of the budget. The purpose of the Committee has been to provide broad-based stakeholder suggestions and recommendations to the Superintendent and the Board about the programs and services to be funded in our yearly budget.

Last year, the 31 person BRC was composed of a broad-based group of parents, community representatives, staff, and high school students. The BRC met three times and advised me and the Board before the Board adopted the budget.

Once again, we are establishing a diverse BRC to assist in the development of the 2013-14 budget. The Board of Education and I feel strongly that the input of the community is most critical when such severe cuts will be considered to balance our budget. I look forward to hearing more budget recommendations from the members of the BRC.

In addition, the Presidents of the various school parent organizations meet with me four or five times a year. They will be sharing their views with me about our 2013-14 spending recommendations.

The District will also be holding a Budget Forum in March. After the public is given a presentation about our revenue picture, the participants will be divided into two discussion groups. Recommendations will then be formulated and made to my Assistant Superintendents and me about possible 2013-14 budget reductions.

I have already received input about expenditure reductions to be considered to help balance the 2013-14 budget from our Principals and Directors. The insights from the administrators are always quite helpful.

**DISTRICT PROGRAM AND SERVICE REDUCTION
RECOMMENDATIONS OF THE SUPERINTENDENT**

Although it had been my goal to recommend a continuation of most of the current school year’s programs and services in the 2013-14 school year budget, I cannot do so based on the District’s financial plight.

Unless substantially more revenue becomes available, I must recommend to the Board of Education a reduction in educational programs and services for our central office, High School, Middle School, and elementary schools for the next budget year.

The 2013-14 school year budget will be the fourth year in a row that will require significant program reductions in order for the District to have a balanced budget. In total, these new cuts will be considered “Devastating.” My staff and I have already made program and service recommendations during the last few years we called “Difficult,” “Disruptive,” and “Destructive.”

I have no choice but to recommend these Devastating 2013-14 reductions in order to balance next year’s budget.

Outlined below are my recommendations to balance the 2013-14 budget. After these options have been discussed by Board Members, the BRC, PTA Presidents, various staff, and the community, and adequate feedback has been received, I will make a final 2013-14 budget recommendation to the Board.

**SUPERINTENDENT’S INITIAL 2013-14
SCHOOL YEAR BUDGET RECOMMENDATIONS**

PROGRAM REDUCTIONS	GENERAL FUND COST SAVINGS	COMMENTS
1. Eliminate the Position of Director of Pre-School Special Education	\$56,000.00	½ Paid for by a Grant
2. Eliminate 21 Teaching Assistant Positions	\$775,000.00	This leaves 21 TAs in the District

3.	Eliminate 1 Middle School Assistant Principal Position	\$108,000.00	
4.	Eliminate 1 Middle School Counselor Position	\$113,000.00	
5.	Eliminate 3 Secondary Teaching Positions @ \$70,000	\$210,000.00	
6.	Eliminate 1 Micro Technology Position	\$50,000.00	This position is currently vacant
7.	Eliminate 1 Clerical Position	\$51,000.00	
8.	Leave Vacant 2 Music Positions	\$120,000.00	Cost savings of replacement positions
9.	DEHIC Health Insurance Estimate has been reduced from 7% to 5%. This 2% estimated reduction equals \$200,000.	\$200,000.00	Based on the latest information provided by the Chairperson of the DEHIC committee, the District has lowered its cost estimates
10.	Eliminate 1 Director of Technology Position	\$108,000.00	This position is currently vacant
11.	Eliminate 1 Attendance Teacher Position	\$73,317.00	
12.	Pupil Personnel Services Program Reorganization	\$700,000.00	Designated classes will be brought back into the District
13.	Reduction of Extra Curricular & Athletics	\$50,000.00	

14. Partial Reduction of Secondary Summer School Program	\$50,000.00	
15. Use of District Reserves	\$200,000.00	Although Reserves continue to drop, I believe the District's Reserves can fund this allocation.
GRAND TOTAL	\$2,864,317.00	Dollar figures as of 02/22/13

The total savings from enacting the described budget reductions are expected to be \$2,864,317.00.

Let me point out that I am recommending in Chart 1 that the tax rate be 2%. My staff and I are mindful of the economic condition of the City, and I have recommended a minimal tax increase. This is the same moderate increase that has been recommended during the last several years.

The District's 2013-14 budget is now balanced, if all of my recommendations are approved. Clearly, making all of these program reductions will have a Devastating impact on the School District. If the Board of Education decides to reject some of my budget recommendations, we will have to reach agreement on appropriate alternative budget reductions in order to keep the budget in balance.

SUMMARY REMARKS

In this Budget Concept Paper I have provided the Board of Education, staff, students, and the community my best thinking about how to balance the 2013-14 budget. School districts across New York State are facing tough fiscal times. Our District is heavily dependent on State revenue. About 63 percent of our revenue comes from Albany.

In summary, by utilizing the savings from my recommended program and service reductions, agreeing to the proposed local tax levy increase, re-organizing the Pupil Personnel Services delivery for some of our students,

and supporting the recommended appropriation of funds from our Reserves, the District has a balanced 2013-14 budget.

This Budget Concept Paper is about how to balance the District's 2013-14 budget. Again, the only way to balance next year's budget, I believe, is to substantially reduce programs, consolidate services, and reduce staff, no matter how unpleasant these decisions are. I am well aware that taken as a whole, these recommended program and service reductions will "Devastate" the delivery of programs in the Poughkeepsie City School District. The Superintendent, however, as well as the Board of Education, must annually develop a balanced budget.

I look forward to deliberating the various recommendations with the Board, community, staff, and students of our School District.

SUPERINTENDENT'S BUILD BACK RECOMMENDATIONS

If additional revenue becomes available from the State, or expected expenditures are determined to be less than projected, and more money is available for programs and services, I am providing recommendations to restore some of the reductions I have made. Here is a listing of the build back recommendations in priority order:

1. Middle School Counselor Position	\$113,000
2. Middle School Assistant Principal Position	\$108,000
3. Three Secondary Teaching Positions	\$210,000
4. Five Teaching Assistant Positions	\$200,000
5. Partial Reduction of Summer School Program	<u>\$ 50,000</u>

TOTAL \$681,000

In summary, in this section, I have outlined my recommendations for building back into the 2013-14 Budget programs and services that I would ask the Board to consider if additional monies become available.

This is a “tough budget year.” In fact, the last several years have been “tough budget years.” The Superintendent does not have a lot of options to recommend to the Board of Education for balancing the 2013-14 budget. If all of the recommended reductions do occur, the reductions will Devastate the District. But, if additional revenue does not become available, then program reductions must take place. The 2013-14 Budget must be balanced!