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April 7, 2017

SCARSDALE FORUM, INC.

Report of the Education Committee

On

The Scarsdale Board of Education Proposed 2017-18 Budget

**SUMMARY STATEMENT**

The Committee reviewed the proposed budget of the Board of Education (the "Board") for the 2017-18 fiscal year and concluded that the Forum should support its adoption. Subject to the comments contained herein, the Board and the Superintendent have made the case for endorsing the proposed 2017-18 budget by the Community, and we commend them for their efforts.

The Committee thanks the members of the Administration for their time, patience and willingness to address our questions. The Committee also applauds the continued public discussion regarding the development of the proposed budget. The discussions during the multiple budget study sessions provided the rationale for the additional teaching positions.

## **HIGHLIGHTS OF THE PROPOSED 2017-18 BUDGET**

The Board has proposed a budget of \$153,690,765, which is an increase of \$4,550,406 (4.45%) over the estimated expenditures for 2016-17 (“the current year”), and represents expenditures that are 2.15% higher than the current year’s adopted budget.

The estimated tax rate per \$1,000 of assessed valuation in Scarsdale increased by 1.34% and in Mamaroneck by 8.40%.<sup>1</sup> The difference relates to the State determination of whether the current assessment is full market value.

Enrollment is projected to decrease by two students, with an increase of 18 in the elementary schools, an increase of 10 students at the Middle School and a decrease of 30 students at the High School.

The largest portion of the increase in the proposed budget over the current year’s budget is salary, which accounts for 87.8%. This is partially offset by a decrease in pension costs of 56.2%. Other double figure increases are for 6.4 new teaching FTEs (21.8%), Plant Department expenditures (15.2%) and one-time Computer servers (18.5%). Other double-digit decreases are Health Insurance (12.8%) and Special Education (10.4%).

The use of the expected surplus of revenue over expenditures in the current fiscal year is divided between reinforcing reserves and lowering the necessary tax levy. The District is proposing to use \$2,799,432 of the anticipated surplus to reduce the tax levy. The two funds to which a portion of the anticipated surplus will be assigned are Tax Cert (\$717,774) and Retirement Contribution (\$206,000). The total reserve fund balance estimated at the end of the 2017-18 fiscal year is \$21,135,523. In the 2013-14 budget, the June 30, 2013 reserve fund balance was projected to be \$15,614,607. The substantial increase in the reserve fund balance over the past 5 years may present a mechanism to deal with both the property revaluation and to create a safety net for the major capital expenditures identified in the facilities analysis. It is expected that the development of the long-range financial plan will make clearer the possible need for the reserve balance increase.

The modest increase in salary associated with the change in title of the 5 elementary school Teachers-in-Charge to Assistant Principals might be better

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<sup>1</sup> Proposed School Budget, 2017-18, March 20, 2016, p. 16.

supported by explaining the additional administrative work that is required, largely by the State. Originally, the positions were created to assist the elementary school principals during the construction of additional classrooms required to deal with the reduced class size.

The proposed budget adds 3 FTE in support of the Response to Intervention reading support program. This program focuses on improving reading skill in the lower grades. Since pupils entering the elementary schools have differing preparation, this program makes a strong effort to bring pupils closer to the same level. The Committee believes that the program benefits our children both academically and socially.

As a result of bids associated with the work included under the 2014 bond coming in higher than expected, \$1,699,432 is provided under the 2017-18 proposed budget to cover the shortfall.

Although the Board has made it clear that it focuses on the educational needs of Scarsdale students and is not influenced by the State cap, the proposed budget shows a tax levy increase of 0.96% and the tax cap is 1.55%.

### **CONCLUSION**

District communication during the budget planning process has been excellent, with well-reasoned and balanced explanations of increases and staff re-classifications. The increase is under the 'cap,' but still provides judicious support of current and improved educational programs. The proposed 2017-18 budget reflects favorably lower projected expenses in healthcare, pensions and fuel, as well as retirement of some more senior staff.

A potential concern, which has been discussed during the budget process, is that we are adding staff every year while enrollment is relatively flat. The budget impact is covered by falling pension costs (which can go up fast due to funding requirements, if there is a stock market turn-down), and the replacement of highly paid teachers with lower paid, less experienced teachers. This will set up future years with high salary growth rates as the new teachers are receiving the steps contracted increases, while long-term retiring teachers were getting just cost-of-living increases. The long-term plan targeted for next fall should provide better context for future planning. The Forum looks forward to the Board's initiative for

the Long Range Financial Plan and receiving initial reports along the lines that Superintendent Hagerman spearheaded in Winnetka.

We commend the Board for judiciously applying the surplus to improve instruction and to provide substantial reserves, while at the same time addressing concerns of taxpayers for prudent fiscal management.

Respectfully submitted by the following members of the Education Committee:

Mayra Kirkendall-Rodríguez, Chair<sup>2</sup>

Robert Berg

Lynne Clark

Jordan Copeland

Susan Douglass

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<sup>2</sup> Dan Hochvert was Education Committee Co-Chair and the lead author of this report prior to stepping down as Co-Chair on March 31, 2017 to assume his role as Scarsdale Mayor.