**5/14/2016**

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**Report of the EDUCATION COMMITTEE**

**On**

**The Scarsdale Board of Education Proposed 2016-17 Budget**

**SUMMARY STATEMENT**

 The Committee reviewed the proposed budget of the Scarsdale Board of Education (the “Board”) for the fiscalyear 2016-17 and concluded the Forum should support its adoption.

The Committee applauds the presentation of the proposed budget over several meetings. The detailed description of the proposed funding made it easier to understand much of the rationale for revenues and expenses. The comparisons with both the current year’s budget and the projected revenues and expenses, along with explanations for increases and decreases were easily understood.

**HIGHLIGHTS OF THE PROPOSED 2016-17 BUDGET**

* The Board of Education has proposed a budget of $150,207,366. That is an increase of $1,719,901 (1.16%) over projected expenditures for 2015-16 and an increase of $2,159,280 (1.46%) over the current year’s adopted budget.
* Based on the initial tax assessment rolls, the projected decrease in tax rate is 3 cents per $1,000 of assessed value. The increase in the tax levy is 0.63%, which is below the calculated tax cap.
* The largest increase in the proposed budget is for increased staffing, a total of 10.4 FTE. Of those, 8.8 are teaching positions at an estimated cost of $913,000 in salary.
* The next largest increase is for capital projects. It is estimated to cost $725,240. Some of the work in this category is work that was originally planned to be covered by the bond issue authorized last year. However, based on revised cost estimates for the work planned to be funded by the bond some work could not be covered by the bond funds and had to be transferred to the 2016-17 budget.
* An area of growing importance is the 3rd greatest increase in the proposed budget – Medicare Part B reimbursement. This budget item estimated increase is $458,225. It has increased 100% since 2010-11 to a projected cost of $1,075,000 in the current year. The driver for this steep increase is primarily that the number of retirees has increased.
* The 4th largest increase is health insurance. It is budgeted to increase $432,979 to $17,536,577. This benefit now is almost 12% of the total budget. These last two increases together are almost 5% in healthcare cost and Committee members expressed concern regarding the increase in healthcare costs and questioned whether it is sustainable

Together, these four items’ increase accounts for more than 76% of the increase in the proposed budget over the current budget.

1. **Enrollment**

Total enrollment in the district is expected to decrease by 6 students. Changes at all schools, except Greenacres are single digit. In Greenacres, the increase is forecast to be 24 students, requiring the addition of 1 section for 5th grade.

1. **Revenue**

Budget over budget increases in State aid of $580,369 and prior year surplus of $600,000 are the main drivers of revenue increase of $1,275,982. The tax levy is projected to be $140,142,277.

1. **Staffing**

The proposed 2016-17 includes 468.6 professional positions, an increase of 10.4 full-time equivalent (FTE) positions over the 2015-16 budget. The increase is in the category of Teachers/Librarians. The added positions are: 3.6 FTE at the HS, 1.2 FTE at the MS, a net of 3.4 FTE at the Elementary schools and 2.2 FTE District-wide. The Civil Service position proposed budget maintains the same number of FTE as the 2015-16 budget.

1. **Reserves**

The total proposed reserve monies are $18,683,372 at the end of the 2016-17 fiscal year. The three largest reserves total slightly greater than $14.5 M. They are: undesignated, health and tax certiorari. The Committee recognizes the direct correlation of the tax reserve with grievances regarding assessments. It also agreed that the increase in the undesignated reserve was appropriate when the State said the District was not permitted to maintain a designated reserve for health insurance since it was a single self-insuring entity. Fortunately the law was changed and the District is now permitted to maintain the $3,750,000 health reserve. Committee discussion regarding the increase in the undesignated reserve resulted in the recommendation that examples of possible ways the undesignated reserve might need to be used would help the public understand the reason for this $5.7M reserve.

**CONCLUSION**

The Committee applauds both the process used in developing the proposed budget and the proposed budget itself. It is recommended that the process used to develop the proposed budget be used as the model for subsequent years.

Dan Hochvert, Chair James Labick

Larry Bell Michelle Lichtenberg

Robert Berg Kamal Mehta

Jordan Copeland Phyllis Murray

Susan Douglass Michael Otten

Dan Gerardi Mary Louise Perlman

Robert Harrison Carlos Ramirez

Terri Harrison Harriet Sobol

Jackie Irwin Michelle Sterling

Brice Kirkendall-Rodriguez Beverley Sved

Mayra Kirkendall-Rodriguez Bruce Wells