

BERNE KNOX WESTERLO

CENTRAL SCHOOLS

2010-2011
PROPOSED
BUDGET

TRAILBLAZER

www.bkwschools.org

MAY 2010

BUDGET VOTE SET FOR MAY 18

The projected 6.7% tax levy increase could be lower if some of the Governor's state aid cuts are restored

On Tuesday, May 18, Berne-Knox-Westerlo residents will vote on a \$19.6 million budget for the 2010-11 school year. While the proposed spending plan is slightly lower than this year's, it carries a projected tax levy increase of 6.7%. This is due to an anticipated \$1.2 million loss in state aid. However, if the state legislature restores some of that aid, the board of education will use it to further reduce the tax levy.

Included in the proposed budget is \$1.3 million worth of staffing and program reductions. These reductions represent four months of intensive work by district administrators and board members, who examined every segment of the current operation and

scoured every line of the current budget. Their goal very simply was to find ways to save money and do as little harm as possible to the educational program. At one point, they considered nearly \$500,000 more in reductions, but concluded that these cuts would have had too severe an impact on students.

In the end, district officials came up with what they believe is a reasonable response to the state and national fiscal crisis. With the proposed budget ready to go to voters, they are now putting together plans to move ahead educationally next year. They also are developing strategies to hopefully head off future financial problems.

BUDGET HIGHLIGHTS	
\$19,657,406	TOTAL BUDGET
-\$133,661	SPENDING DECREASE
+6.7%	TAX LEVY INCREASE

INSIDE THIS ISSUE

- Minimizing the negatives. 2
- Creating new positives. 3
- Understanding the budget . . . 4-5
- What a budget defeat would mean 6
- Looking to the future 7
- Voter information 8

VOTING

- TUESDAY, MAY 18
- 9 A.M. TO 9 P.M.
- HIGH SCHOOL AUDITORIUM

- BALLOT ITEMS**
- The 2010-11 proposed budget
 - Bus proposition
 - Board of Education candidates

- VOTE DAY ACTIVITIES**
- Ice Cream Social
 - Middle School Display Night

Minimizing the negatives and creating new positives
 – That will be the theme of everything BKW does for students in 2010-11.
 For more on this, see pages 2-3.



MINIMIZING THE NEGATIVES: How BKW will implement the budget reductions

When families hit hard financial times, they have to reduce their spending. The same holds true for school districts, but the challenge is not to undermine a school's core mission of educating children to become the citizens of tomorrow. After a long, difficult budget process, BKW has assembled a 2010-11 spending plan with \$1,302,091 in reductions. Most of the savings will be achieved by eliminating 16.9 positions. This stands to reason, since most of a school district's budget is made up of people costs – i.e., salaries and benefits.

The impact on program

There are 14 program reductions built into next year's budget. The first six are a direct result of the staffing cuts. The remaining eight represent additional savings. The reductions are as follows:

- 1. Eliminate K-5 foreign language** – However, the district will investigate the possibility of restoring it as an after-school activity.
- 2. Reduce K-5 music and art to one class each every six days (from the current two)** – To make up for the loss, the school is looking at ideas for music and art enrichment. The staff may also try to offer students a computer research class and/or additional library time in place of the one music and one art class.
- 3. Reduce K-5 Academic Intervention Services (AIS)** – A cutback in the elementary AIS staff from four to two will likely result in the scaling back of formal small-group instruction to students who are struggling academically. However, to keep students on a path of improvement, the district will ask classroom teachers to take on more of a role in this area.
- 4. Reduce K-12 social work and psychological services** – While enrollment is declining, the demand for these services is growing. With one less social worker (3 instead of 4) and a reduced work week for the psychologist, BKW will try to make accommodations. For example, guidance counselors will take on more of a role in helping students get through crises.
- 5. Reduce high school electives** – Ten electives with low enrollments will be

eliminated. However, students in grades 9-12 will still have more than 40 electives and advanced courses to choose from.

- 6. Eliminate driver education as a day-time course** – Instead, the district will look at offering it after school or in the summer for a fee.
- 7. Eliminate field trips** – The schools will focus instead on enriching students' classroom experiences by bringing in outside presenters. Teachers also may be able to still take students on field trips that involve no transportation costs.
- 8. Reduce funding for athletics** – Instead of eliminating junior varsity sports, as originally discussed, the district will reduce the number of contests and tournaments and cut back on the purchase of supplies and equipment.
- 9. Reduce funding for clubs and activities** – The budget will still provide funds for class advisors and 11 other clubs or activities. This includes the most popular ones as well as those that carry no cost.
- 10. Eliminate the afternoon computer lab** – Since few students stay after school to take advantage of this lab, it will be cut from next year's budget.
- 11. Eliminate staff development and summer curriculum work** – Teachers will no longer be paid to attend conferences or work summers to revise curriculum. However, given the importance of these activities to improving student achievement, the district will still encourage them on an unpaid basis.

Staffing Reductions

District-wide – 8.5 positions

Clerical support	1.5
Head custodian	1.0
Social worker	1.0
Special education	1.0
Music	1.0
Teacher aides	3.0

Elementary – 3.0 positions

Foreign language	1.0
Academic Intervention	2.0

Secondary – 5.4 positions

Science	0.6
English	0.8
Art	1.0
Home & Careers	0.4
Business	1.0
Social Studies	0.6
Physical Education	1.0

Other reductions

School psychologist – cut from 4 to 3 days

- 12. Reduce Career & Technical Education (CTE) participation** – The district will cut enrollment in BOCES CTE programs from 73 to 48. *See page 3 for how this will save more than money.*
- 13. Discontinue participation in the BOCES Tech Valley High School** – The two students currently attending this school will be able to complete their program, but no new students will be sent.
- 14. No longer allow staff children from outside the district to attend BKW** – The goal is to save the district's limited resources for children living in the community.

The impact on class sizes

Even with the staffing reductions, class sizes will stay mostly the same. What will no longer exist are classes with *too few* students. Both in special education and regular education, classes will be fully enrolled. This will give the district less flexibility to handle new students, but it will allow BKW to deliver education in a more economical fashion.



CREATING NEW POSITIVES: How BKW plans to move ahead educationally

A fiscal crisis is no excuse for a school district to stand still on the educational front. Indeed, BKW will implement a number of program improvements next year. They are as follows:

A new way to “schedule” in learning – The biggest change will be the revision of the middle school bell schedule. With this new schedule will come a new flex period at the end of the day to give teachers more time to work with students in remediation and enrichment. The lunch period will also be reorganized to reduce congestion in the cafeteria and give students more time to organize themselves

“We literally threw out the old schedule and started from scratch,” says Principal Tom McGurl. One outcome is that the school will move from three core academic sections to four without adding staff. As a result, class sizes in grades 7-8 will be reduced from 24 down to 20-21.

But the biggest outcome will be more focused time for teachers to work with students on building the skills they will need to graduate and succeed in life. “Schools can’t wait until the junior and senior year to give students this foundation. It has to start much earlier,” says McGurl.

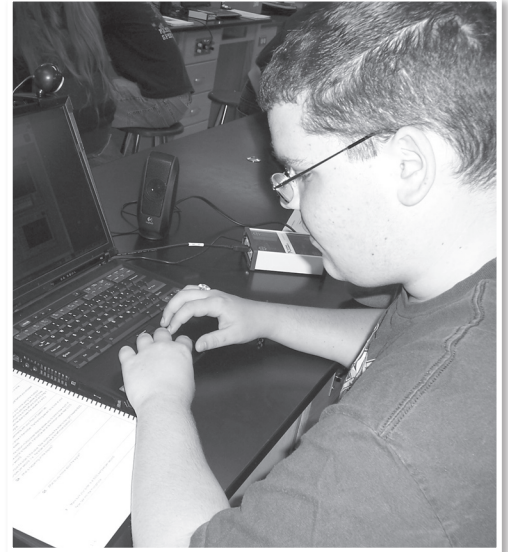
Greater alignment – The elementary and secondary schedules will be better synchronized next year to allow for more staff sharing between the two buildings.

New high school courses – Four new courses are planned. They include a grade 9 Global Studies Honors course, two new half-year technology courses, and a French 4 course to be offered through BOCES Distance Learning.

A new safety net – Next year, BKW will subscribe to a program called Nova Net, which consists of online courses to help students who have gotten

behind in their courses and are in danger of failing. These online courses will be conducted at BKW in a lab with five computers hooked into the Nova Net system. “They are designed primarily to keep students from giving up on school,” says McGurl.

Initially, Nova Net will be made available to juniors and seniors; but if the pilot is successful, BKW will add more ports and expand it to grades 7-12. In the future, Nova Net also could be used for Regents and GED prep work.



A new focus on saving students

One budget reduction – the cutback in CTE enrollment from 73 to 48 students – started out as a way to save students rather than money.

When High School Principal Tom McGurl came on board last summer, he was surprised that so many BKW students – the equivalent of more than one grade level – were leaving each day to go to BOCES Career & Technical programs.

“Too often, they were not meeting with success here at home and were looking to CTE as a way of getting out of their academic classes,” says McGurl. However, career and technical education today also requires a high level of academic preparation, and so they were not necessarily meeting with success there either.

In an effort to better serve students and motivate them to want to learn, McGurl and his staff began implementing changes. The first was to establish a new alternative education program known as PEAKS. The 35 students currently in this program get all the same academics as any other student at BKW, but it is delivered in smaller classes with a lot more attention to their social and emotional needs.

Next year’s plans to revamp the middle school schedule should help more students gain a stronger academic foundation before they even get to high school. And down the road, when the district’s capital project with its increased space for technology is finished, McGurl is envisioning an extensive hands-on technology program that would appeal to many BKW students. For example, he can foresee a woodcraft course or a motorcycle repair course that would give students the basics for developing a trade and then allow them to go on to CTE for further training.

“We do not want to eliminate the CTE option for students. We think CTE serves an important role,” says McGurl. “But we want our students to choose that option for the right reasons and not the wrong ones.”

“We want our students to choose (CTE) for the right reasons and not the wrong ones.”

– HS Principal Tom McGurl



EXPENDITURES

Where the money is going

BUDGET CATEGORY	2009-10 BUDGETED	2010-11 PROPOSED	DIFFERENCE
<i>General Support</i>	\$892,331	\$883,470	\$(8,861)
<i>Operations/Maint.</i>	1,080,118	1,013,912	(66,206)
<i>Instruction</i>	9,925,961	9,526,918	(399,043)
<i>Athletics</i>	177,600	142,678	(34,922)
<i>Transportation</i>	1,583,068	1,534,971	(48,097)
<i>Employee Benefits</i>	5,300,621	5,699,503	398,882
<i>Debt Service/Transfers</i>	831,368	855,954	24,586
TOTAL Expenditures	\$19,791,067	\$19,657,406	\$(133,661)

REVENUES

Where the money comes from

REVENUE SOURCE	2009-10 BUDGETED	2010-11 PROPOSED	DIFFERENCE
<i>Fund Balance</i>	\$540,000	\$990,000	\$450,000
<i>State Aid</i>	8,570,545	7,441,709	(1,128,836)
<i>BOCES</i>	657,821	486,477	(171,344)
<i>Other</i>	143,134	198,000	54,866
Tax Levy	\$9,879,567	\$10,541,220	\$661,653
TOTAL Revenues	\$19,791,067	\$19,657,406	\$(133,661)



UNDERSTANDING THE PROPOSED 2010-11 BUDGET

BKW's 2010-11 budget is full of paradoxes. The district has cut more than \$1.3 million in spending, and yet the total budget is only \$133,000 less than this year's spending plan. Not only that, but the budget is decreasing, while taxes are increasing. How can that be?

To understand this situation, you have to look at both the expenditure and revenue picture. When BKW first put together what is known as a "rollover" budget – i.e., one that continues with all the same staffing and programs – the district was looking at a \$1.17 million or 5.9% increase. Most of this additional money was for salaries and benefits – and in fact, nearly \$900,000 of it was to pay for rapidly rising health insurance rates and retirement contributions. Even in a good financial year, that would have been hard to swallow!

But then when you look at the revenue picture, the story gets even worse. The big problem is the Governor's proposed budget, which calls for drastic decreases in state education aid – for BKW, more than \$1.2 million.

The district was able to make up for some of this projected state aid loss by increasing its fund balance appropriation. Even so, BKW was left with a nearly \$800,000 revenue shortfall. As a result, a rollover budget would have translated into a nearly 20% tax levy increase.

The district thereupon set about the not-so-pleasant task of cutting staff and programs, thus reducing the rollover budget by \$1.3 million. And still with the projected \$800,000 revenue shortfall, the tax levy increase will be 6.7%.

However, there may be a silver lining of sorts. If the state legislature were to add more aid to the budget, then the tax

BUDGET OVERVIEW	2009-10 BUDGETED	2010-11 ROLLOVER	2010-11 PROPOSED
Total expenditures	\$19,791,067	20,960,579	\$19,657,406
Dollar change		+1,169,512	-133,661
Percent change		+5.9%	-0.7%
State aid, fund balance and other revenues	\$9,911,500	\$9,116,186	\$9,116,186
Revenue shortfall		-795,314	-795,314
Tax levy	\$9,879,567	\$11,844,393	\$10,541,220
Tax levy increase		+19.89%	+6.7%

levy increase would be less. For example, a restoration of a quarter of BKW's lost state aid – or \$300,000 – would bring the tax levy increase down to about 3.7%. And a restoration of half

– or \$600,000 – would bring the tax levy increase down to 0.6%.

Thus, the final piece of BKW's budget picture can not be put in place until a state budget is settled!

Three-part budget shows breakdown of costs

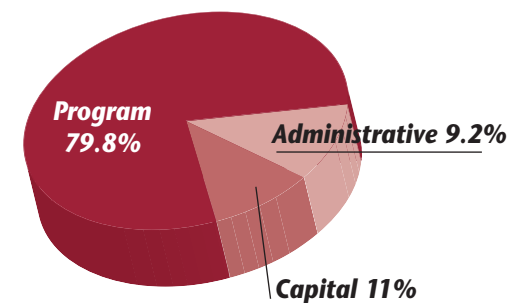
State law requires that school districts present their budgets in three component parts: administrative, program and capital. As the chart below indicates, the district's administrative costs will decline next year, while program and capital expenditures will increase ever so slightly.

Administrative costs include salaries and benefits of administrators and administrative clerical staff, school board costs, curriculum development, staff development, tax collection, legal and auditing costs, central printing, central data processing, BOCES administrative costs, research, planning and evaluation.

Program costs include salaries and benefits of all teachers and staff delivering pupil services (health, guidance, library, etc.), text-

books, instructional materials, equipment, extracurricular activities, athletics, BOCES program costs, and all costs of the transportation program except bus purchases.

Capital costs include salaries and benefits of maintenance and custodial staff, debt service on buildings, bus purchases, utilities, insurance, tax certiorari, and other court-ordered costs.



THREE-PART BUDGET	2009-10 BUDGET	2010-11 PROPOSED	DIFFERENCE
Administrative	\$2,183,300	\$1,799,000	\$(384,300)
Program	\$15,565,677	15,689,127	123,450
Capital	\$2,042,090	2,169,279	127,189
TOTAL BUDGET	\$19,791,067	\$19,657,406	\$(133,661)



WHAT A BUDGET DEFEAT WOULD MEAN

Some people in the community may feel the proposed budget with its staffing and program reductions is too low. Others may view it as too high – or at least they may view the projected tax levy increase as too high. However, if the budget were defeated at the polls on May 18, neither group is likely to be satisfied with the end result. Here's why:

In the event of a defeated budget, the board of education would have three options:

- **Put the same budget before the voters a second time.**
- **Put a revised (and typically lower) budget before the voters, or...**
- **Go directly to a contingent budget.**

After a second defeat, the board has no choice but to adopt a contingent budget. This year, contingent budgets must be capped at a 0% increase – a standard that BKW's proposed budget already meets. However because of the contingency rules, the district would still be required to cut another \$7,494, primarily in equipment. Thus, a budget defeat would not lead to any program restorations. Rather, it would lead to further cuts, which would hardly satisfy those who think the proposed budget is too low.

Furthermore, the tax levy increase associated with a contingent budget would still be 6.6%, which would hardly satisfy those who think the proposed budget is too high.

Q *Could the budget be increased if more revenues become available?*

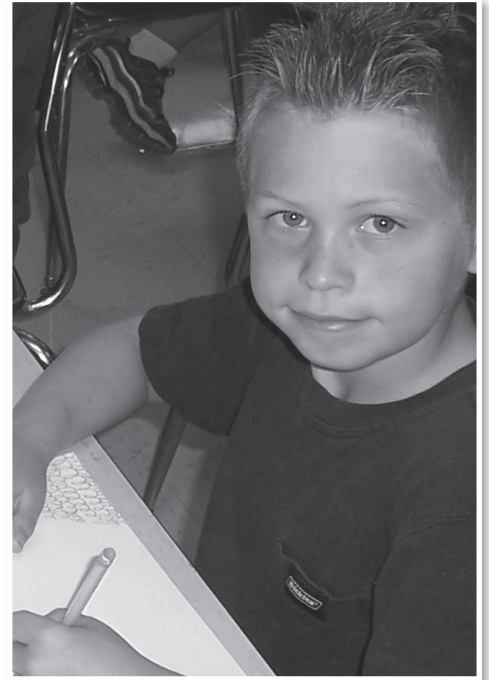
No, once a budget is approved by the voters, the board of education cannot legally increase the bottom line of the budget just because it has received more revenues. *However, there is one exception to this rule.*

The board could conceivably increase the budget, if the community came forward with donations. This question was first raised by parents and sports boosters in connection with the proposed athletic reductions. Upon investigation, district officials learned that schools can accept a donation for a specific purpose and therefore increase the budget appropriation by that amount of money. The same would not be true with an increase in other revenues. In other words, the district can only increase an appropriation if the money comes in the form of a donation.

Q *How will the budget affect tax bills?*

The proposed budget calls for a projected 6.7% tax levy increase. Theoretically, this is how much tax bills would go up next year. However, there are other factors that can affect individual tax bills – none of which the school district has any control over. These include:

- **Town equalization rates** – These rates represent the state's judgment of how closely assessed values in each town match the "true" market value. When equalization rates rise, tax bills often turn out to be lower than predicted; and when equalization rates drop, tax bills often turn out to be higher.
- **Assessed values** – The town assessors set the property values on which tax bills are based, and each homeowner's final tax bill is determined by what happens to the value of his/her property in relationship to all other properties in the community. This, too, can cause some tax bills to run higher and others to run lower than predicted.



Please note, if your tax bill increases by more than 6.7%, it does not mean the school district is collecting any more money. Instead, it most likely means there has been a shift in the way the tax burden is being shared. In other words, if you are paying more, someone else is paying less.

Q *How will STAR changes affect tax bills?*

The STAR program itself is still in place, and homeowners who are signed up for either the BASIC or the ENHANCED exemptions can once again expect to see a reduction in their taxes in 2010-11.

However, there are proposed changes in the way the STAR program is administered that could reduce the amount of the STAR exemption for some homeowners. If that happens, some tax bills will increase by more than 6.7%, and it won't be because of anything the school district has done. Those most affected would be homeowners in towns where property assessments are falling further behind market values and equalization rates are dropping.



PLANNING FOR BKW'S FINANCIAL FUTURE

The state and national fiscal crisis has taken its toll on BKW. Last year, in response to declining state aid, the district eliminated 1.2 administrators and four teachers. This year, the district has cut even further, eliminating 16.9 positions and reducing program opportunities for students.

"We believe we have done a careful job of not inflicting any severe damage on our ability to educate students," says Interim Superintendent Kimberly LaBelle. Yet many community residents probably wonder: What does the future hold for BKW?

Most predictions are that the state's fiscal problems will continue into 2011-12, which could mean another round of state aid cuts. "We will be operating close to the bone next year; and if we have to cut much further in 2011-12, we will be *into* the bone," says LaBelle.

The secret to avoiding more drastic program reductions is simple: A school district has to find ways to maximize its revenues and/or minimize its costs. Yet that is often easier said than done.

Maximizing revenues

The district has two major sources of revenue: state aid and the tax levy. Next year, BKW is also looking to a third source: its fund balance, which consists of

unspent monies or unused revenues from previous years.

In 2010-11, BKW will contribute \$990,000 of its fund balance as revenues to offset taxes. This is up by \$450,000 from the current year. However, a fund balance is not a source of unending money. Just because \$990,000 is available for 2010-11 does not mean it will be available the following year. In fact, with the both the state and the district tightening their respective belts, BKW's fund balance is likely to decline. The district will try to address this issue by being cautious in its spending so there is money leftover to contribute to the 2011-12 budget. However, that may not be enough to head off future revenue shortfalls, particularly if state aid remains static or drops again.

Minimizing costs

A school district has more control over spending than it does revenues, and so minimizing costs is going to be a big focus in 2010-11. With three employee contracts under negotiation, the BKW Board will take an aggressive stance on issues of compensation, particularly health insurance contributions.

BKW will continue to exercise creative planning to serve students less expensively. An example is a new plan to synchronize the two building schedules to allow for more sharing of teachers. Over the next



year, the district will look at other ways to achieve greater cost efficiency in its educational program.

BKW also hopes to get a better handle on its operational costs through the capital project and energy performance contract. These two projects, which are due to get underway this summer, should help save on building maintenance expenses and reduce energy usage.

Projecting future budgets

District officials hope to use this summer to develop a long-range financial plan that would project budgets out over the next three years. "Given our heavy dependence on state aid, we may not be able to completely avoid another difficult budget year, but we believe we can reduce the impact on students by planning ahead," concludes LaBelle.

VOTERS TO SELECT TWO BOARD MEMBERS

Two of the five BKW Board of Education seats are up for re-election. Those seats are currently held by Helen Lounsbury and Michelle Fusco. The candidates for the two seats are:

- Jill Norray ■ Tom Gagnon
- Gerald Large ■ Helen Lounsbury

The top two vote-getters will win election to three-year terms. For more information on the candidates, go to www.bkwschools.org.

Voters to decide on bus purchase

BKW will ask voters to approve the purchase of five buses, including two 65-passenger vehicles, two 28-passenger vehicles and one wheelchair bus. The total cost will be \$365,000. The district will fund this purchase by using \$200,000 from the Transportation Reserve account and borrowing the remaining \$165,000 (to be paid back over five years). Approximately 71% of the cost will be reimbursed through State Transportation Aid.

Each school day, district buses travel 126 square miles to transport students from seven different towns. To ensure that students get to school safely, the district annually replaces those buses with high mileage or advanced age. The new buses would replace four of the oldest ones purchased between 1999 and 2001.



KIMBERLY A. LABELLE
Interim Superintendent

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EDITOR
JUDITH E. COX

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Voting information

Any U.S. citizen who is 18 years of age or older and a resident of the Berne-Knox-Westerlo School District for at least 30 days prior to May 18 is eligible to cast a ballot. But first you must be registered.



Those who are registered for the general elections are automatically registered for school elections. The district will also hold a special voter registration on Tuesday, May 11, from 4-8 p.m. at the high school.

CAN'T GET TO THE POLLS ON MAY 18?

You can still vote using an absentee ballot. Applications are available at the district office. If the ballot is to be mailed to the voter, the Clerk of the District must receive the completed application no later than 3 p.m., May 11.

Applications delivered in person will be accepted until 3 p.m. on May 17. All absentee ballots must be returned to the District Clerk no later than 3 p.m., May 18.

BUDGET DATES

- **Annual budget hearing:** 7 p.m., Monday, May 10, in the high school auditorium.
- **Voter registration:** Tuesday, May 11, 4-8 p.m., in the high school auditorium.
- **School budget and proposition vote, board election:** 9 a.m. to 9 p.m., Tuesday, May 18, in the high school auditorium.

Don't miss these important Budget Vote event dates:

BUDGET PUBLIC HEARING

MONDAY, MAY 10

The annual BKW school budget public hearing will be held at 7 p.m., Monday, May 10, in the high school auditorium. If you have questions about the proposed 2010-11 budget, we strongly encourage you to attend this meeting.

MIDDLE SCHOOL DISPLAY NIGHT TUESDAY, MAY 18

Please join us from 6:30 to 7:30 p.m. at the Middle School! Many classrooms will be open with samples of student projects, writing, etc. Sixth grade semi-finalists in the Invention Convention will be on hand to show off their projects and explain their work. All parents and other interested community members are welcome to visit the school, meet the teachers and view the student work.

ICE CREAM SOCIAL

TUESDAY, MAY 18

During the budget vote, come and enjoy a refreshing scoop of ice cream from 5:30 to 6:30 p.m., May 18, in the high school gymnasium.

