

# **BKW**

# **2024-25 Budget Update**

# The Why for each budget- Core Values

1. Student-centered
2. Individualized & Personalized
3. Life after high school
4. Growth mindset
5. Leadership and stability are critical
6. School is the heart and soul of the community

## **This year's budget cycle:**

1. Routine and quiet until January 16
2. Governor's Proposal on Foundation Aid
3. Salary calculations, line by line analysis of costs, next health insurance premiums in process
4. Tax cap calculation
5. Reserve analysis and debt service analysis
6. Long-term plans- facility, personnel planning, program development

# 1. NYS 2024-25 Executive Budget Proposal- The Problem

Governor Hochul released her budget proposal on January 16, 2024. The proposal included state aid funding for Education. There were some significant changes proposed that came without warning.

After fulfilling a promise over the past three years by fully funding Foundation Aid (FA) to suburban and urban districts who had been underfunded by the formula for the past 15+ years, this year's proposal made two changes to the application of the formula:

- 1) The “save harmless” status was removed for the more the 280 districts that have had declining enrollment but were protected from losing aid from one year to another; and,
- 2) A ten year average was used as an inflation factor, 2.4%, rather than the real rate of 3.8%

These changes have created “real” and significant reductions for many rural districts

# Outcome of the proposed Foundation Aid formula changes:

- 337 districts across the State would receive reductions related to the “save harmless” amount that has accumulated to their district over time due to declining enrollment
- BKW would receive \$ 5,824,000 of FA given its current enrollment. This represents \$ 1,248,000 dollars less than the 7,072,000 than we would receive under save harmless.
- The proposal devised a “transition adjustment” as a way to absorb the reduction. For BKW, we would be reduced by \$ 624,000/year for the next two years.
- The last time the district received \$ 5,824,000 in FA was 2009.

Our State allocation would be rolled **backwards by fifteen** years....

This was a surprise to the field. In various speeches, the Governor outlined her reasons for the changes:

- 1) The districts have declining enrollment and are overfunded
- 2) Districts have high fund balances that should be spent down
- 3) Governor needs the flexibility to shift funds to needy districts

337 districts impacted for a total FA reduction of \$167 million dollars

Anticipated that if this proposal is enacted, it would include the 2025-26 school year as well

The field would welcome more equitable changes to the FA formula

# Assumptions driving Governor's proposal

1. Declining enrollment reduces cost- False (25 vs 15-cost per student)
2. Schools are sitting on a lot of money- False (4% vs 15%, facilities, mandates)
3. Increase in Combined Wealth Ratio means more ability to pay- False (Property wealth is paper wealth)
4. Rural schools do not have the student needs that urban and suburban schools have- False (Literacy, math skills, people skills, health)

# Potential impact if enacted: Nothing final, potential:

- To cover the loss of funds would be a 12% tax increase over two years, **or:**
- Eliminate 12-15 positions- Elementary classes would go to 25+ (2 sections)
- Special Education program would be weakened risking great gains
- Eliminate iReady Math, Ready Reading, and Horizons Reading programs
- Ag Science could be eliminated- FFA would go with it
- STEAM programs could be eliminated
- College and Career Readiness work would stop- Internships, research, Regents
- Social/Emotional care and support investment would be wasted
- Longer bus runs
- Eliminate summer programs
- Eliminate Bulldog club and all student clubs
- Eliminate School Resource Officer program



# **Fiscal Stress Score- What is it? How does it work?**

## **Why is it important?**

1. Comptroller reviews district financials from prior year based on a rubric of various fiscal factors- revenues/expenses, fund balances
2. For 2023, the district's fund balances were extremely tight and revenues vs. expenditures were very tight, resulting in a designation "Moderate Fiscal Stress"
3. We anticipated this because we knew the issues of last year with health and RX costs. Those issues have been resolved in budget lines, with stop/loss insurance, and continual monitoring shows a positive trend in health insurance

# Opportunities and Timeline:

- Facilities planning- Business Operations, Facilities and Transportation- Need for more healthy working environment, planning and preparation for electric buses, and replacement of roofs on the elementary building
- Debt service- 2012 Bond expiration and EPC Bond expiration (25-26)- Important to keep dates and plan in alignment- 1.1 million in debt retiring.

2017- 38MM/56MM possible, or 67% of legal limit

2024- 20MM/65MM possible, or 31% of legal limit

- Achievement- Math 17% to 75%; ELA 28% to 62%
- Trauma-Skilled School verification, Ag Science, College and Career Readiness, Student Awards
- Fiscal responsibility- Tax Levy and State Aid= 1% growth versus 29% growth

**This is just a math problem and the solution-oriented minds are on it....**

# The BKW story:

- Leadership stability that is committed to kids and the community
- Fiscal responsibility in stewarding community resources
- Long-term view of district affairs- academic, operational, facility, and financial
- Strategic actions for growing State resources to support programs
- Careful consideration of community ability to pay more
- Financial planning for reserve use in facility maintenance and transportation mandates