

APRIL UPDATE

By: Van Riley, Superintendent

Budget Recommendation to Board of Education

The following report was presented by Superintendent Dr. Van Riley to the Board of Education on March 27 in response to action by the Board of Finance to reduce the education budget by over \$600,000, after the Board of Education already cut over \$1,000,000 from the original budget. The Board of Finance is holding a public meeting on April 10 to finalize the cuts to education.

Process: Our community needs the facts and deserves an open budget process. The annual procedure of determining funding for the town, facilities, and education is based on a tradition of behind-the-door discussions with no open dialogue about impacts of those decisions. In addition, there is no discussion about long-range effects of immediate decisions and recommendations. It is time to change this process.

Education: Given proper resources we can do amazing things. Last year, and again this year, we did an extensive review of our budget. We were able to reprioritize funding and pay for the new kindergarten program and also restore some previously reduced programs for our students. We did that with a 2.51% increase. All we ask for is a reasonable adjustment to cover costs and to give us a chance to continue to improve the lives of our youngest citizens. I hope the Board of Finance does not take that opportunity away from our children.

Recommendation: As superintendent, I have made several recommendations to help move the budget process forward for 2014-15 and to set out a mechanism for the three town boards and the community to make informed decisions for the future. Without such a plan, we will all keep making decisions without fully understanding and balancing the needs and desires of the community. No one is asking for unrealistic tax increases. Rather we need a collaborative discussion to set direction for our town.

Facts and Information: It is important for the Board of Education, Board of Selectmen, and Board of Finance to have factual information about how Stonington compares with the 169 towns in Connecticut. Of course, Stonington is unique and decisions should not be made solely on comparisons, but having such information can put decisions in perspective. There have been comments made by various community members about the high taxes and low wealth of the community. Statements have also been made that the education budget consumes more than its share of the resources. So let's look at the facts based on official reports from the State of Connecticut. The most recent report of Municipal Fiscal Indicators (2008-2012) state the following (this is available on line):

1. Per Capita Income is \$44,483 which is 117.7% of the state average.
2. Median Household Income is \$80,666 which is 116.0% of state average.
3. Net expenditure per student in 2011-12 (last year of data) was \$13,238 while the state average was \$14,138.
4. Per Capita Income of \$44,483 ranks Stonington 45 out of 169 towns so we are in the top 26% of the state relative to per capita wealth.
5. Debt per Capita of \$2,135 ranks us low statewide at 57th.
6. Stonington unemployment rate of 6.1% ranks us 134 of 169 so we are better off than most towns relative to unemployment.
7. Net expenditure per student ranks us at 114, in the lower third of the state.
8. The most telling figure is that our "equalized mill rate" of 12.15 in 2012 ranked us 155 out of 169. Our tax rates are in the bottom 10% of towns in Connecticut.

These are a few of the important figures that the three boards need to consider when making financial decisions. Compared to all 169 towns in Connecticut, Stonington is 45th in wealth but is 155th in tax rates.

Budget Proposal: The Board of Finance, without asking about the impacts on our students and educational programs, decided to provide an increase to the operational budget of under one percent. It is important for the Board of Education and the community to understand that just to keep the current programs and staffing, the increase would have been about 6%. This 6% would have covered costs for benefit and salary increases, increased fuel and utility costs, and unfunded state mandates. Realizing that a 6% increase was probably more than the Board of Finance would consider, I proposed a 4.01% budget to the Board of Education that included reduction of 15 positions and many other cuts. The Board of Education then reduced that further to a 2.96% increase, over \$1,000,000 less than what was needed for a "status quo" budget. As we know, the Board of Finance disagreed and cut it to under 1%, an additional \$663,000.

Projection: It is important for the Board of Education and the community to understand the impact of a 1% increase over the next five years. The attached chart shows projected costs based on past history. If the Board of Finance continues with the 1% level of funding, our schools will need to cut an additional \$7,642,907 over the next four years. I hope they do not expect us to actually eliminate 100 teaching positions and increase class sizes to 50. But that is exactly what will happen with no planning and their arbitrary 1% increase. As we know, not one member of the Board of Finance asked anyone in the district what the impact of a 1% increase would do to our youngest citizens.

Solutions: I propose that the Board of Education send two proposals to the Board of Finance that would result in keeping the education funding at around 2.5% for 2014-15 with no further increases above what the Board of Finance already approved.

Solution #1: The State of Connecticut divides towns into DRGs (District Reference Groups). DRGs are groupings of similar towns. The attached charts show towns in Stonington's DRG. The interesting fact is that towns in our DRG that also support a local police department spend an average of 63.5% of their town budgets on education. Stonington traditionally only spends 57-58% of their budget on education. The Board of Finance could simply adjust the percentage spent of our budget to the DRG average. This would transfer \$2,912,133 to the education budget without one cent of additional taxes above what has already been approved. This would result in an 8.55% increase to the Board of Education budget. Obviously this is more than requested, but the concept is sound. If we want quality schools that attract businesses and families to Stonington, simply make education a priority. Better schools...more businesses...higher quality community...NO higher taxes.

Solution #2: At the last Board of Finance meeting, another action taken was to eliminate all facilities/safety items from the Board of Education Capital Improvement Fund requests with the caveat that these items will appear on a future separate bond approved by the Board of Finance. That action resulted in a 20.07% reduction in CIP from the 2013-14 budget. The Board of Finance could take their own suggestion and do the same for the police and town portions of CIP. They could reduce those expenditures by the same percent and place those deleted items on the same bond that they promise for the school needs. As can be seen in the attached chart, this action would save \$421,894 that then could be used to keep the education budget at around 2.5%.

Long-Term Planning: One of the most important results of the discussion about this year's budget will hopefully be a commitment by all three boards to meet and discuss long-range needs for the town and schools. The discussion must also include a determination by the Board of Finance as to a realistic annual percent increase for the next 5-10 years. The Board of Education requested such a meeting last December in order for all three boards to share their ideas and concerns. Unfortunately the Board of Finance decided such a meeting was not necessary. I would suggest that the Board of Education reach out again with the hope that the community will support the three boards working together to provide stability, realistic revenue increases, and quality programs for the town and schools.

2014-15 Reductions: If the Board of Finance is resistant to the solutions presented in this proposal and/or continues with the proposed increase of less than 1%, my responsibility as superintendent is to present options and

recommendations for such reductions to the Board of Education. Therefore, I have attached a list of possible reduction areas with my recommendations to accomplish the \$525,000 necessary to meet the Board of Finance recommendation. It should be noted that the original cut of \$663,000 was reduced to \$525,000 due to finalization of the health benefit costs for 2014-15 that resulted in a savings of \$138,000. I met with principals on several occasions to discuss my recommendations. While none of us desire to make any of these reductions, it may become necessary. I have not included line items from the 53000-8000 series as those items are determined primarily by principals through their "formula" funds. I have given the Board the option of reducing formula funds which would cause principals to make those line item decisions.

A summary of the attached spreadsheet is as follows:

Teaching/Certificated Positions	5.2 FTE
Athletics and Extracurricular	\$ 61,000
Classified Personnel	\$ 36,000
Administrative – SEED	\$120,000
Materials/Other	\$ 40,000

Impact: With these huge cuts, the Board of Education will accomplish the reductions as set forth by the Board of Finance. These reductions will have a significant negative impact on our children. If the Board of Finance continues down this negative spiral of a 1% annual increase, in five years we will have had to eliminate all athletics and extracurricular activities and reduce 100 teaching positions resulting in average class sizes of 50 or more. Hopefully these facts will encourage the Board of Finance to consider impacts of their arbitrary decisions.

Please click the link below for further information:

[Budget Recommendation to Board of Education](#)