

**Comments on the Proposed School Budget 2015-16**  
**April 13, 2015**

**Introduction**

The League of Women Voters of Scarsdale (the “League”) thanks members of the Board of Education (the “Board”) and District Administration (the “Administration”) for addressing questions on the 2015-16 Proposed School Budget dated March 18, 2015 (the “Budget”) at the League’s General Membership meeting held on March 23, 2015.

The League appreciates the opportunity to comment on the Budget. This statement reflects the consensus of League members on the topics included in this statement discussed at a League consensus meeting held on March 23<sup>rd</sup>.

The Budget currently anticipates a 0.10% total budget-to-budget decrease and overall tax levy growth of 2.58%. The corresponding property tax rate is estimated to increase 2.54% for both Scarsdale and Mamaroneck residents.<sup>1</sup> Externally driven costs, such as employee health care, special education and utilities costs, continue to account for the most significant proportions of total budget growth; however, for the first time in several years since the 2007-08 recession, there has been a significant reduction in mandated teacher and employee retirement systems contribution costs.<sup>2</sup>

The League supports the Budget for the 2015-16 school year and recommends that the community vote “yes” to approve the Budget on Tuesday, May 19<sup>th</sup>. The League offers its views and recommendations regarding certain budgetary items as well as the budget process, and we hope that our comments and recommendations will be considered as the Budget is revised and finalized.

**Budget Restructuring**

**The League supports the Board’s use of this year’s unanticipated opportunity to develop a structurally balanced budget.**

According to the Administration, this year’s unexpectedly large drop in state-mandated pension contribution costs, along with significantly larger than anticipated savings from teacher retirements, provided “a very unusual opportunity to realign the financing of the school district’s educational program”<sup>3</sup> and to address Moody’s specific concerns about the District’s level of reserves and overreliance on non-recurring revenue.<sup>4</sup> The Budget eliminates planned surplus as an expenditure item, virtually eliminates the use of prior

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<sup>1</sup> Both Scarsdale and Mamaroneck recently completed property revaluations that have brought their assessments up to 100% Equalized Value. Proposed School Budget dated March 18, 2015, p. 16.

<sup>2</sup> For 2015-16 there is a 2.04% (\$3,028,240) budget-to-budget decrease in state-mandated pension contribution costs.

<sup>3</sup> Assistant Superintendent for Business Linda Purvis, Board Budget Study Session 3, February 12, 2015.

<sup>4</sup> According to the Moody’s Investors Service report, April 16, 2014, ([https://www.moody.com/research/Moodys-revises-Scarsdale-UFSD-NYs-outlook-to-negative-affirms-Aaa--PR\\_297373](https://www.moody.com/research/Moodys-revises-Scarsdale-UFSD-NYs-outlook-to-negative-affirms-Aaa--PR_297373)), “Future rating action will focus on the district’s ability to limit the decline in fund balance to current expectations at the end of fiscal 2015. While at the same time, develop operating budgets beginning in fiscal 2016 that reduces fund balance appropriations and convert back to balanced operations through recurring revenues.”

year surplus as a revenue item, and reestablishes reserve accounts, including, most notably, the District's reauthorized Health Insurance reserve.

The League endorses the Board's decision to take advantage of this year's fortuitous circumstances in order to rebalance and stabilize the budget for 2015-16.<sup>5</sup> In addition to being more financially sound, the League believes the return to level budgeting will help to make District finances easier to understand and thus more transparent to the public.

### **Approach to Budgeting**

**The League continues to support the Board's stated policy of not budgeting to a state-calculated tax cap.** The League agrees with the Board's assertion that the State's limit on local annual tax levy growth is "arbitrary."<sup>6</sup> For example, there is a "big disconnect" between school budgets and the Consumer Price Index, which is a key determinant in the State's tax cap formula. In addition, certain expenses, including the cost of State mandates and the price of energy, are not subject to local control.<sup>7</sup> When deciding parameters for the development of the 2015-16 budget, the Board agreed it "would not 'budget to the [tax] cap,' but must take it under consideration, and provide strong justifications, if it is to be overridden."<sup>8</sup>

At the League's March 23<sup>rd</sup> General Membership meeting, the Board confirmed that its commitment to a level budgeting approach going forward has implications with respect to the tax cap. The Board's decision to virtually eliminate reliance on prior year surplus as a revenue source in the Budget means that it will not have such funds available next year to reduce the tax levy, perhaps making it more likely in the future that the community may be asked to approve a budget that exceeds the state-calculated tax cap.

In light of the fact that the Board has proposed budgets under the tax cap three years in a row, the League is concerned about the Board's ability in the future to garner enough community support to approve a budget that exceeds the tax cap should the Board propose to do so. As we learned at our meeting, the Board believes that "enough good will in the community" from the years of budgeting below the tax cap when exceeding the tax cap was not needed, along with "better communications practices" and the use of

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<sup>5</sup> In its "Comments on the Preliminary Proposed Budget 2014-15," dated April 7, 2014, (<http://www.lwvs.org/issues.html>), the League expressed concern about the level of the reserves and the District's ability to manage risk in light of various unpredictable costs, including Health Insurance, Special Education, Teacher and Employee Retirement System contribution, and Tax Certiorari claim costs. The League further noted, "The level of the undesignated reserve fund takes on additional significance since the District's credit rating can be negatively affected if either the undesignated reserve or total fund balance drops below a certain threshold, an important factor in the District's ability to issue bonds in the future." Moody's subsequently reaffirmed the District's Aaa credit rating but revised its outlook to negative due to Scarsdale's "increased reliance on reserve appropriations to balance operations" and "trend of deficits" that projected a reduction in total reserve levels below 10% of total budget revenues by the end of 2015. According to District Treasurer Jeff Martin, by 2014 total reserve levels had decreased to 6.22% of total budget for 2014-15. Board Budget Study Session 3, February 12, 2015.

<sup>6</sup> Board Work Session, January 12, 2015.

<sup>7</sup> As stated in the Budget, "The expenditure budget is the most accurate indicator of the District's fiscal control, since it reflects the Board's decisions about how to deliver the educational program. While the District has little to no ability to control expense items such as pension contributions, special education costs, or energy prices, it does control the overall investment in the educational program" (p. 17).

<sup>8</sup> Scarsdale Public Schools Infinite Campus Messenger, "BOE Meeting Highlights: January 12, 2015."

a “multi-year planning approach,” will help to prepare voters and present the community the reasons to support an override, if needed.<sup>9</sup>

## **Educational Values**

**The League appreciates the choices reflected in the Budget**, including the decisions to:

- Maintain traditional class size practices at the elementary schools;
- Maintain the historical class size norm at the High School,<sup>10</sup> with continued flexibility to support student choice in course selection;
- Increase funding to address needs in the areas of Plant Improvement and Transportation;
- Enhance elementary literacy instruction; and
- Increase investment in Technology and Professional Development to support K-12 initiatives tied to District goals, including STEAM.<sup>11</sup>

**The League looks forward to being updated on the results of the Board’s study of a number of issues referenced at our meeting:**

- The elementary school day schedule and 6-day rotation;
- The addition of Mandarin to the Middle School curriculum;
- The role of our school librarians in the delivery of library services; and
- The five-year Building Condition Survey;

as well as on the development of a long-term capital plan and the strategic plan that had been put on hold last year.

## **Local Control**

**The League appreciates the Board’s past and current advocacy efforts in connection with maintaining local control over school decision-making.** Unfortunately, escalating challenges from the State continue to undermine traditional local democratic processes that have allowed Scarsdale community values to shape our schools.<sup>12</sup>

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<sup>9</sup> Board response to the League Board’s question at the General Membership meeting on the proposed school budget, March 23, 2015.

<sup>10</sup> The historical norm at the High School is to have no more than 10-12% of class sections with greater than 25 students. In 2014-15, 10.4% of sections have more than 25 students. Nonetheless, within subjects the norm is not being met, as 21.2% of English and 20.3% of Science sections have more than 25 students. Without staffing changes, next year’s projected enrollment decrease is expected to restore the norm within both disciplines.

<sup>11</sup> STEAM refers to an integrated approach to Science, Technology, Engineering, Arts and Math curricula.

<sup>12</sup> As the League has noted, for example, “Even though Scarsdale taxpayers now fund nearly 95% of the costs of our schools, and State Aid has diminished over time, the State’s costly unfunded mandates now consume a growing portion of our school budget expenditures. Meanwhile, the rising costs of State mandates are disconnected from the Consumer Price Index, which is a key determinant in the State’s calculation of the District’s tax cap where a local supermajority vote is required to approve a tax levy in excess of the cap. Such unfunded mandates include costly testing and teacher evaluation requirements that already impact classroom learning.” March 23, 2015 LWVS General Membership Meeting Proposed School Budget 2015-16 Questions submitted to the Board and the Administration. In addition, with newly enacted State legislation these mandates now magnify the role of state test scores in teacher evaluation and expand the State’s role in traditionally local teacher and principal hiring, tenure and firing decisions. The “Education Transformation Act of 2015” is one of the bills enacted on April 1, 2015 as part of the State Budget 2015-16. See: <https://www.budget.ny.gov/budgetFP/enacted1516.html#enactedBills>.

**In order to ensure the Scarsdale schools continue to reflect our community's values, the League urges the Board to consider taking on a greater role in advocacy. Toward that end, the League suggests that the Board consider the following actions:**

- Present a Board meeting Education Report to inform the community regarding the issues that the District faces, specifically with regard to State testing and teacher evaluation mandates;
- Reinstate the District Legislation Committee, with representation of key community stakeholder groups, in order to provide an avenue for a more concerted leadership effort;
- Increase Board involvement with outside advocacy groups, including presence and participation at regional and state school boards association meetings; and
- Connect with area districts to identify shared concerns and to make common cause with those affected to even greater extreme by the recent direction of State education policy.

### **Budget Process**

The League acknowledges that the March 23<sup>rd</sup> General Membership meeting was cut short due to a District emergency and notes that the Board and the Administration might have addressed some of the following comments on the budget process had there been time.

**Alternative Funding Sources and District Goals.** The League supports public education funded by public dollars and therefore continues to monitor the Board's use of alternate funding sources outside of the budget. The League would like clarification regarding the Board's reliance on PTA gifts to support the Arts & Aesthetic Education initiative, as was mentioned at our meeting. We would also appreciate being updated on the Board's plans to utilize grants from the Scarsdale Schools Education Foundation to fund District initiatives in the coming year.

**Communication of Educational Values.** The League believes that in order to understand what is at stake for our children and our community in the budget process and to make informed choices, voters need transparency on the value considerations, as well as the costs, that shape the budget.

The League therefore encourages the Board to consider:

- An Education Report before the start of the public budget process in which educational priorities and values are discussed,<sup>13</sup> and
- Effective communication of all the needs of the District and, in particular, the needs that are not being addressed in the proposed budget, in order that the community understands what requests have not been included in the budget and the rationale for not doing so.

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<sup>13</sup> In last year's statement on the budget, the League commended the Administration and Board for the series of Fall school level education program reports that highlighted educational values and goals. "Comments on the Preliminary Proposed Budget 2014-15," April 7, 2014, pp. 2-3, (<http://www.lwvs.org/issues.html>).

**Availability and Accessibility of Information.** The League commends the Board and Administration for continuing to build on last year’s improvements to the availability and accessibility of budget related information,<sup>14</sup> including, for example:

- The addition of online live streaming of Board Budget Study sessions and budget related meetings;
- The addition of online documentation and a Board Budget Study presentation of detailed Administration responses to community member questions;
- The addition of online documentation and a Board Budget Study presentation of detailed Administration responses to Board member questions; and
- New Superintendent summaries of Board meetings, including budget related meetings, with timely delivery to all community members connected to District email.

In conclusion, we thank all the members of the Board and the Administration for striving to meet the best interests of our children. The League looks forward to the release of the Board’s final budget iteration resulting from having considered comments made by the community.

Sincerely,

Mary Beth Evans  
Chair, School Budget Study  
Committee, League of Women  
Voters of Scarsdale

Susie Rush  
President  
League of Women Voters of  
Scarsdale

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<sup>14</sup> Last year the League noted “numerous improvements in the availability and accessibility of budget related information” and specifically commended the Administration and the Board “for making all budget related materials, including links to all documents and recordings of budget presentations and meetings, promptly available online and readily accessible via direct link from the home page of the District website,” and for the Board’s presentation of the proposed budget, which was “focused and streamlined so as to provide complex budget information to the public in a more digestible and intelligible format.” “Comments on the Preliminary Proposed Budget 2014-15,” April 7, 2014, p. 3, (<http://www.lwvs.org/issues.html>).