

Thoughts on BCS Budget for 2013/2014

By: Ryan Rogers, Board Member – 5/1/2013

If you haven't seen it yet, there is a lengthy but good article in the 5/1/2013 Waterville Times which accurately describes our BCS district's budget situation "by the numbers", including a good description of most of the cuts in the proposed budget. Despite its length, it of course couldn't cover everything that was said at the last school board meeting, including my description of the proposed cuts as "pathetic" and "fiscally irresponsible". Those that know me well know that I'm no politician, and I don't mince words. While there is nothing in that article which is "wrong", it is simply an incomplete picture, and it is my hopes that this document corrects that.

While it is true that I was advocating the possibility of exceeding the school tax levy cap (which this year is 6.5%), I also strongly encouraged much deeper cuts, so that we could come much closer to a balanced budget. The proposed tax levy increase (6%) and cuts, while a good start, do not go far enough. We are still \$200k short of a balanced budget, with only \$450k in the bank. On the surface that may seem fine, but each year it costs us roughly \$300k more to offer the *same programs* as the year before.

An additional 4% levy increase (10% total) and \$55k in cuts would have gotten us to only a \$100k budget gap: down from \$370k shortage initially. While still not ideal (I would prefer a balanced budget to be sure), it would have bought us much more breathing room going forward into the next school and tax year. When coupled with similar cuts and similar levy increase next year, we would be on the road to sustainability.

Trust me, we made cuts. We made cuts in art. We made cuts in music/band. We are attempting to survive with one less bus route by not backfilling a retiring bus driver, thereby increasing the number of students per bus as well as increasing the amount of time many kids will have to be on the buses due to longer routes. We will be sharing a full-time math teacher with another district, and offer one less Math course. There are changes to the Home & Careers curriculum in order to save costs. There have been many cuts, and they were not fun, and they were not trivial. However, the proposed tax increases are no fun either. But with all that said if we don't cut more and tax more, we're starting to fall behind the sustainability curve we need to be on. While we have a choice this year as we have a fund balance, in future years we will be forced to make up the ground and get back onto the curve.

I do not believe it is fiscally responsible to take our fund balance from \$450k to \$250k in one year when each of the past two years we faced \$300k increase in Program costs to provide the same level of service. It doesn't take a rocket scientist to see that this isn't sustainable, and this this year is the last year we can do it. If next year we again face a \$300k shortage (and with Obamacare kicking in who knows what it actually will be), what do we do with only \$250k in the bank? Even worse, what about the year after that when it increases by \$300k again, and the bank is empty?

To give you an idea of just how untenable a situation this is, a \$300K static program cost increase (which is a reasonable 5% in our case) equates to a 26% increase in taxes in order to cover that \$300K gap! Read that again. With the current proposed budget, and the rate of program cost increases we have seen the last two years, then come this time next year we will be working on a budget which will wipe out our bank account even with a 5% tax increase. And in the year after, we'll be facing a roughly 25% tax increase *just*

to keep up with the expected cost of providing the same level of service! Who thinks such a budget has a chance in passing?

Last year our costs went up around 5%. This next year is more of the same. It will likely continue to do so in the coming years as retirement and healthcare costs continue to mount. In the past years, and in this year's budget as well, the bulk of the difference is not coming from cuts. Nor is it coming from tax increases. The bulk of the difference is coming from the bank account...an account that will not have enough in it to do the same thing next year, and will be completely drained for the year after. We cannot continue to do this. A continual \$300k per year program increase is a big problem for the taxpayers of Brookfield down the road, and the only long-term solution is to make drastic cuts and also get our tax levy up to the level that Albany is telling us it needs to be to be sustainable based on reduced state aid. The problem is we are a LONG way from that tax rate. Our tax rate is at the rock-bottom for our BOCES district. Nobody is even close. The next closest rate is almost 20% higher than ours, and the highest rate is almost double ours!

Our Administrators have been very thrifty and efficient to date, and the fact that we survive with only a \$14+ per \$1000 levy is a testament to that. But we live in a low-income district, and as a result a majority of our total school budget comes from state aid. The flip side of this coin is that when state aid drops (and we still are not back to pre-2008 levels), it affects us far more than other districts. When we combine that state aid shortfall with our already low tax rates, it is a double-whammy. It means that it will take proportionally larger tax increases to balance the budget going forward.

This is why I advocated for higher taxes, but only if they accompanied deeper cuts. It will take both to get us to a station of sustainability. Yes, our proposed budget included a presumed levy increase of 6%. Yes, we made cuts. However, in my opinion, both needed to be more drastic so that the cuts and tax increases in years to come will be more palatable, and so that the district is more likely to support them.

The bottom line: a balanced budget is coming, whether we want it or not. If you think this year is ugly, wait until next. If you think next will be ugly, wait until the year after when we start the year with no money in the bank, and another \$300k increase in costs. The piper will be paid no matter what. The more we pay up front, the less drastic each jump will be.

Please do not take any of this as an indication that I do not support this year's proposed budget. I do, and I voted for it, and the board is in full agreement with this vote. However, I just wanted to make my position on the matter clearer, as the article Times did not do that. While it is true I was advocating the possibility of exceeding the levy cap of 6.5% this August, I also wanted much deeper cuts, so that the combination of both would increase the long-term viability of this district we all love, and also to try to soften the blow in the years to come. Hopefully after reading this explanation, you will understand why I was pushing for these measures now, so that things are more manageable down the road, and the budgets more likely to be passed.

Finally, we can no longer treat this as a year-by-year problem. It is a systemic problem, and Albany is flat-out telling us two things: 1) our school tax levy of \$14-ish per assessed \$1000 isn't cutting it, and 2) we aren't paying our fair share. Right or wrong, that is the reality of the situation, and it is not likely to change. Nor are the costs of retirement or medical insurance to go down (to the contrary, they will likely go up, by a lot, as they have been). All of this is equally out of our control.

In the long run, if I can be honest, given all of the messages from Albany, we are looking at a \$20 per assessed \$1000 school tax level levy in order to hit sustainability, which would put us closer to the average for our BOCES district (right now we have, by far, the lowest tax rate among the OMH BOCES district schools). We will get there, eventually, like it or not. A \$20 per \$1000 levy is roughly 40% higher taxes than what we are paying now. Unless there is a change in direction from Albany, or *massive* changes in the districts offerings, I see this tax rate as unavoidable. As such, I just want to spread these increases out across as many years as possible to soften the blow to both our taxpayers and our students, as well as increase the chances that the district will support the budgets. And 6% per year increase won't do it. We'll be bankrupt before we get up to the sustainable tax rate. That or else we will have to carve up our wonderful overall program to a shadow of its current self.

So while I fully support our budget this year, I just want everybody to understand what's really at stake in the years to come. Get involved and make yourself heard, because the "cuts" and the tax level "increases" we'll be facing this year are just the beginning of what's ahead in the years to come. If you think they are bad this year, you are in for a rude-awakening down the road.