

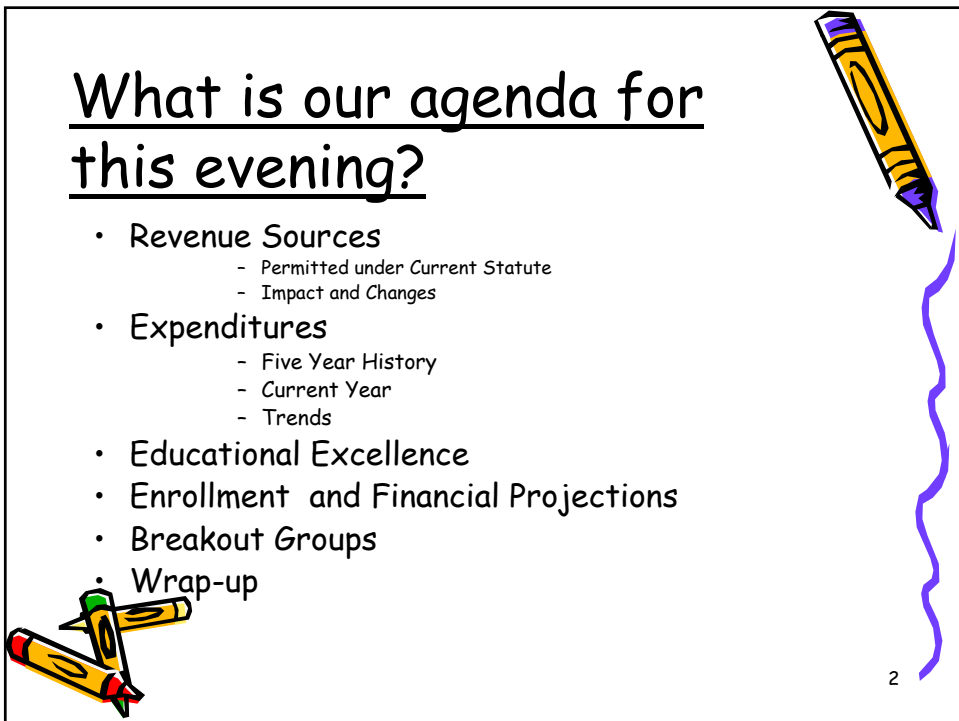


Jericho Finance Forum:
Funding Strategies for
A District of Excellence
October 12, 2004

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What is our agenda for this evening?

- Revenue Sources
 - Permitted under Current Statute
 - Impact and Changes
- Expenditures
 - Five Year History
 - Current Year
 - Trends
- Educational Excellence
- Enrollment and Financial Projections
- Breakout Groups
- Wrap-up



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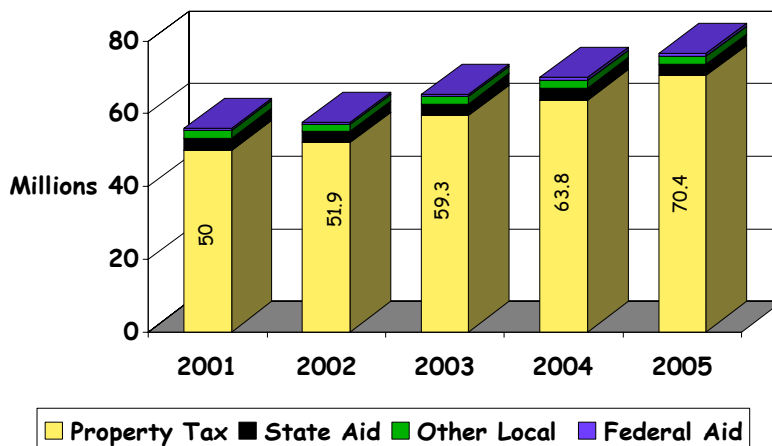
What are the sources of revenue for a school district in New York State?

- Real Property Taxes
- Participation in County Sales Tax
(If allowed by the County)
- Private Foundation Contributions
- Charges for Services
- Interest on Investments



3

Total Revenue for Jericho School District



4

What type and what amount of assistance does our district receive from the NY State Government?

- In each of the past five years the amount of State Aid received by the Jericho District was approximately \$3M.
- Thus, the percentage of support from New York State has **declined from 6% of total revenue in 2000 to only 4% in 2004.**
- If our State Aid had kept pace with our budget growth we would have received approximately **\$5 million** more in aid over the past 4 years.



5

What is the Campaign for Fiscal Equity?

- In 1993 the Campaign for Fiscal Equity filed a suit against the State of New York for under funding NYC's public schools and, therefore, not meeting the constitutional requirement of providing every child with a sound basic education.
- Judge De' Grasse upheld the claim in 1995; however, there were many appeals and it was not until June 2003 that the Court of Appeals affirmed the position of CFE and ordered the governor and legislature to conform by July 30, 2004.
- Several task forces were established to determine the amount of funds necessary to provide every child in NYS a sound basic education.



6

What did the Task Forces Determine?

- CFE, through a professional judgment model conducted by a renowned Educational Research Group (AIR/MAP), estimated that the state needs to invest an additional \$17 Billion over 5 years in order to provide every child in NYS with a sound basic education.
- The Zarb Commission, created by the Governor, in conjunction with Standard and Poors Research Department, used a successful school model. The Zarb Commission estimated that the state needs to invest an additional \$12-\$15 Billion over 5 years in order to provide every child in NYS with a sound basic education.
- The Board of Regents conducted its own study using a successful schools model and estimated that the state needs to invest an additional \$14.3 Billion over 7 years in order to provide every child in NYS with a sound basic education.



7

What is the Status of CFE Today?

- Neither the governor nor the legislative branch have provided funding for a "sound basic education".
- Since the July 30th date passed with no funding, the court assigned three special masters to determine the amount of funding to be imposed on the state.
- Justice De' Grasse has given the three court-appointed referees until November 30, 2004 to submit a compliance plan to the court.
- The referees will hold hearings to listen to the representatives from the State and CFE.



8

How will the funding of a Sound Basic Education Impact the Finances of the Jericho School District?

- Each group recommended a foundation formula
- The foundation amount will consider both property wealth and income wealth per student.
- The formula would be based on enrollment and then weighted by poverty, ELL, and size of district.
- Each group recommended no "Robinhood".
- Each group recommended a regional cost adjustment.
- Since the Jericho District has above average property wealth, and above average income per child, additional funding from the state is unlikely.



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What type and what amount of assistance does the Jericho District receive from the Federal Government?

- For the past five years the amount of Federal Aid has increased from \$250,000 to almost \$1M.
- These additional funds are due to growth in our programs for special needs and an increase in academic support.
- The Federal Grant funds received:
 - Academic Support (NCLB) and class size, \$300,000
 - Support for Children with Special Needs, \$465,000
 - Program support for math, science and technology, \$11,000
 - Drug Free Schools Support, \$20,000
- Federal support for our programs is only **1%** of our total expenditures.



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Real Estate Taxes are the major source of Revenue for our school budget, but what determines the amount of our real estate taxes?

- *The tax base*—the value of all of the property within the school district
- *The assessment practices*—percentage of market value applied to the property taxed
- *The tax levy*—the amount of money needed by the school district to fund its program



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Who controls the factors that determine the amount of the school tax?

- *State of New York* determines the Tax Base by setting the boundaries for school districts.
- *Nassau County* determines the Assessment Practices and the percentage of market value applied to the property to be taxed.
- *Jericho School District* sets the Tax Levy—the amount of money needed by the school district to fund its educational program.



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Why is the property tax used as the main source of a tax base for school districts?

- Reliability—real property value usually has a very stable affect, it does not change dramatically from year to year
- Measure of the wealth—it is a reasonable measure of the wealth of the residents of a community
- Operates as a direct tax on individuals owning property
- Difficult for anyone to avoid
- Highly productive tax and is not volatile
- Highly visible—provides direct linkage between services provided and the cost of services



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How many Classes of Property are there in Nassau County?

- Class I—Residential
- Class II—Condominiums and Co-op's
- Class III—Utilities
- Class IV— Commercial



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What is the Adjusted Base Proportion and how does it affect the amount of tax each resident will pay?

- Adjusted Base Proportion is the mechanism used to shift the tax levy from one class to another.
- For many years Nassau County assessed commercial property more heavily than it did residential property.
- In the reassessment, all types of property were reassessed using new formulas.
- Currently, each year there is a shift of a portion of the tax levy from commercial to residential.
- **The Adjusted Base Proportion may not exceed 2%, but the shift may cause an increase in the residential tax rate from 3-5%.**



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How has the Nassau County Reassessment impacted our school district and our property owners?

- The school tax levy has not been impacted by reassessment.
- Assessments on individual properties have increased.
- Assessments on individual properties have decreased.
- Therefore, there has been a shift of the school tax levy within the boundaries of the school district.



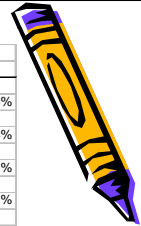
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How Have Jericho Residents Responded to the Needs of the School District Over the Years?



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Budget Year	Voting Date	Amount of Budget	Budget to Bdgt Incr	Yes	No	Margin	Total Votes	% Pass
1987-88	5/6/1987	25,523,015		262	151	1.7	413	63.4%
1988-89	5/4/1988	27,846,960	9.11%	134	100	1.3	234	57.3%
1989-90	5/3/1989	30,936,539	11.09%	543	461	1.2	1,004	54.1%
1990-91	5/2/1990	32,868,186	6.24%	803	376	2.1	1,179	68.1%
1991-92	5/8/1991	34,193,428	4.03%	739	367	2.0	1,106	66.8%
1992-93	5/6/1992	34,355,805	0.47%	704	219	3.2	923	76.3%
1993-94	5/5/1993	35,400,375	3.04%	700	222	3.2	922	75.9%
1994-95	5/4/1994	36,739,085	3.78%	1,353	529	2.6	1,882	71.9%
1995-96	5/3/1995	38,597,050	5.06%	1,085	557	1.9	1,642	66.1%
1996-97	5/21/1996	42,920,910	11.20%	1,080	615	1.8	1,695	63.7%
1997-98	5/20/1997	45,018,500	4.89%	675	386	1.7	1,061	63.6%
1998-99	5/19/1998	48,169,365	7.00%	670	362	1.9	1,032	64.9%
1999-00	5/18/1999	49,970,050	3.74%	488	172	2.8	660	73.9%
2000-01	5/16/2000	56,586,446	13.24%	1,131	338	3.3	1,469	77.0%
2001-02	5/17/2001	59,312,175	4.82%	1,152	309	3.7	1,461	78.9%
2002-03	5/21/2002	65,978,950	11.24%	779	395	2.0	1,174	66.4%
2003-04	6/3/2003	70,524,489	6.89%	1,109	487	2.3	1,870	59.3%
2004-05	5/18/2004	77,557,541	9.97%	919	616	1.5	1,661	55.3%



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What has been the support for our schools over the past Five Years?

- Voter turnout has been between 1,200 and 1,900 residents
- Percentage voting Yes on the Budget has declined from a high of 78.9% to 55.3% in May of 2004
- Less than 6% of eligible voters voted in the school election in 2004
- The average budget to budget increase has been 9.2% due, for the most part, to enrollment growth (staffing)

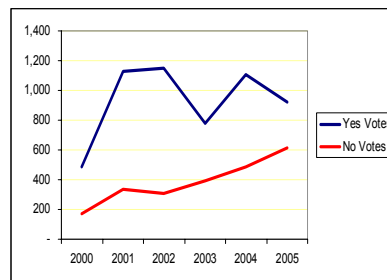


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What was the support for our schools in May 2004?

Voter turnout—less than 6 % of the eligible voters came to the polls.

Total Votes	1,661
Yes Votes	919
No Votes	616



In May 2004 we had the most NO Votes on the Budget in a 20-year history of voter records.



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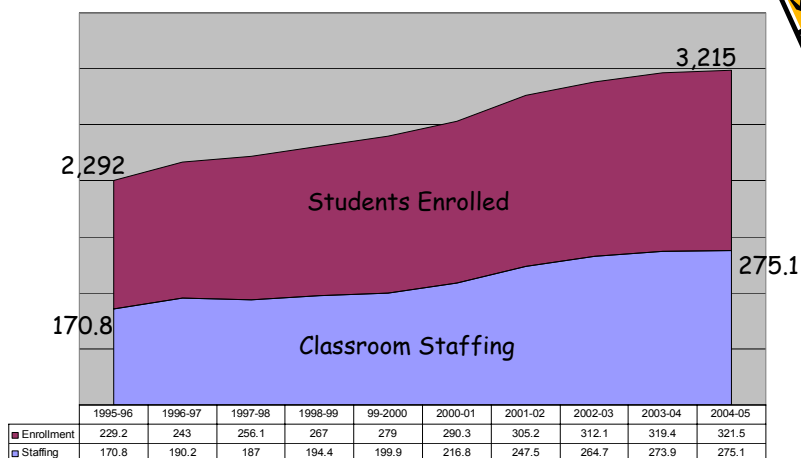
What expenditures have had the largest Impact on the School District's Total Expenditures for the past five years?

- Enrollment Growth—Additional Staffing
- Bond Issue for Building Additions
- Programs for Children with Special Needs
- Academic Support Services
- Increases in Retirement Systems
- Increases in Health Insurance



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Enrollment and Classroom Staffing



Enrollment expressed in tens, 229.2 = 2,292

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Enrollment Increases 1995-2004

<u>Year</u>	<u>District Enrollment</u>	<u>Increase</u>	<u>Percent</u>
1995	2292	98	4.5
1996	2435	143	6.2
1997	2561	126	5.2
1998	2670	109	4.3
1999	2791	121	4.5
2000	2907	116	4.2
2001	3059	152	5.2
2002	3125	66	2.2
2003	3194	69	2.2
2004	3215	21	0.7

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What has been the Impact of the \$25 M in Bonds Approved in 1999?

- Since 2000, four bond payments, totaling \$9,235,000 in principal and interest
- 2004-05 obligation is \$2,169,813
- Outstanding bond principal is \$18,625,000.
Final Payment: 2019

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What has been the Impact of additional services for Children with Special Needs and additional Academic Support Services?

- Services for Children with Special Needs have increased from \$4.4 million in 2000 to \$7.9 million in 2004-05.
- Tutoring Services for Academic Support and for Children with Special Needs have increased from \$1.2 million in 2000 to \$2.4 million in 2004-05.



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What has been the Impact of Teachers Retirement System and Employees Retirement System Increases?

- Teachers Retirement System
 - Rate Increased from .36% to 2.5%
 - Expenditure in 2003, \$113,000 to \$1.3 million in 2004-05, 2.5 million 2005-06
- Employees Retirement System
 - Rate Increased from 1.0% to 11%-17%
 - Expenditure in 2003, \$69,145 to \$1,122,153 in 2004-05



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What has been the Impact of Health Insurance Increases?

- **District Health Insurance is with the Empire Plan for employees of New York State and its Subdivisions**
 - Double digit increases for past 5 years
 - 14% increase from 2003-04 to 2004-05
 - Health Insurance has increased from \$2.2 million in 2000 to over \$5 million in 2005
 - Increases are due to rate increases and additional staffing to support enrollment growth

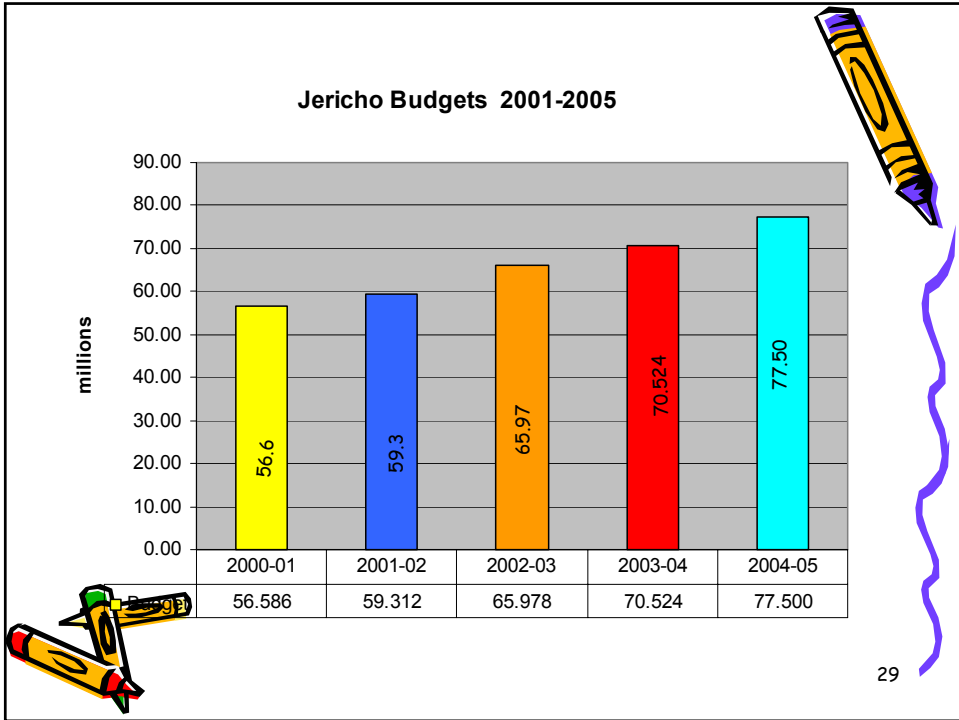


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What were the Budgeted Expenditures for the past five years?



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Where does our money go?

\$14,600,000*

Elementary Programs

- Regular Education
- Special Education
- Academic Support
- Specials-Music, Art, PE, Library, Tech., Science
- World Languages
- Nurse, Psych, Soc. Wkr.
- Classroom and Inclusion Aides
- Support Staff

1,300 students



*Profile Sheets based on 2004-05

Where does our money go?

\$9,700,000*

834 Students

Middle School

- 6th grade Education
- 7th and 8th Grade Teams
- Exploratory Electives
- Special Education
- Learning Center
- Specials-Music, Art, PE, Library, Tech., H & C
- Nurse, Psych, Soc. Wkr.
- Guidance
- Support Staff



*Profile Sheets based on 2004-05

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Where does our money go?

\$13,100,000*

1087 Students

High School

- Regular Education
 - Regents
 - Advanced Placement
 - Research
 - Electives
- Special Education
- Learning Center
- Specials-Music, Art, PE, Library
- Technology
- Nurse, Psych, Soc. Wkr.
- Guidance
- Support Staff



*Profile Sheets based on 2004-05

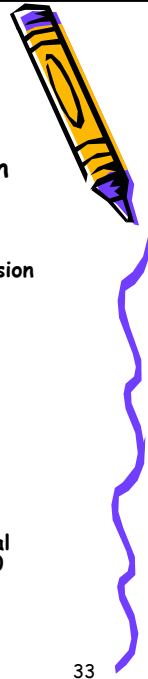
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Where does our money go?

District level expenditures on programs for our children

- Curriculum and Development--\$3,000,000
 - » Professional Development
 - » Curriculum Alignment—Improvement and Supervision
 - » Research and Development, Special Projects
- Programs for Children with Special Needs
 - Program Costs at district level--\$3,035,000*
 - » Special Services--Consultants
 - » Placements in Other Public Schools
 - » Placements in Private Schools
 - » Placements in BOCES Programs
 - » Administrative and Clerical for Special Needs

*Total Spending for all Programs for Children with Special Needs including the building level expenses = \$7,950,000



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Where does our money go?

District level expenditures on programs for our children

- Co-curricular Activities--\$680,000*
 - Clubs and Intramurals
 - Chaperones
- Athletics--\$1,110,000*
 - Middle School and High School

*Does not include transportation



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Where does our money go?

District level expenditures for student programs

- Community Service Programs--\$120,000
- BOCES Programs--\$400,000
 - Academic programs--Career Education
 - Cultural Arts
 - Consultants and field trips to support Elementary Program
- Technology--\$1,500,000
 - Maintenance of our WAN
 - Curriculum enhancement for our children
 - Equipment Lease/Purchase
- Pupil Personnel Services--\$800,000
 - English Language Learners--Contracted Services and BOCES
 - Materials and supplies for Guidance, Health, Psychologists
 - Services provided to non-public schools located within the Jericho District
 - Tuition to other districts, health services paid to other districts
 - Night Guidance Counseling



35

Where does our money go?

Transportation Expenditures: \$4,371,000*

- **Transportation Routes**
 - Regular routes
 - After-school routes 4:30, 5:45, 6:30
 - Special Education
 - Private and Parochial
 - Field Trips
 - Athletics
 - Summer Special Education
- **Administrative and clerical**
- **Garage, drivers, mechanics**



*District Referendum for universal transportation in 2001

36

Where does our money go?

District level management expenditures

- Benefits for all employees—\$12,484,000
- Operations and Maintenance--\$4,485,000
(Custodial staff designated to building)
- Bond Payment and Interest on TAN--\$2,445,000
- Insurance and BOCES Adm--\$893,900
- Central Office Administration--\$2,423,000



37

What are the results?

- Meet children's educational needs
- Match school-community expectations
- Satisfy state/federal requirements
- Promote student success



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What are the results?

Philosophy

- Provide comprehensive, "balanced" education
- Implement research-based practices
- Promote heterogeneous grouping
- Facilitate inclusion
- Ensure no "glass ceilings"
- Stimulate interests



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What are the results?

Philosophy

- Facilitate mastery
- Provide support as needed
- Reflect state, national and international standards of excellence
- Enhance post-graduate options



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K-5 World Languages

1999
Latin

2004
Latin
Chinese
Spanish
French
Italian



41

Advanced Placement Courses

- American History
- Biology
- Calculus AB
- Calculus BC
- Chemistry
- Comparative Government
- Computer Science A



42

Advanced Placement Courses

- Economics
- English: Language and Composition
- English: Literature and Composition
- Environmental Science
- European History
- French
- Government and Politics



43

Advanced Placement Courses

- Human Geography
- Latin
- Physics
- Physics C
- Psychology
- Spanish
- Statistics
- World History



44

Staff Development Enrollees

1999
472

2004
2400



45

Music Performances 2003-2004

22 District wide concerts
430 Students to NYSSMA
62 Students to All County Music
Festival
3 Students to All State Music Festival



46

Inter-scholastic Athletic
Achievement
2003-2004

24 Scholar Athlete Teams
2 Conference Championship Teams
1 League Championship Team
1 New York State Boys Tennis Doubles
Championship Team



47

Intramural Teams

1999
22

2004
49



48

High School Research Winners

1999
21

2004
64



49

Regents Diplomas

1999
80%

2004
96%



50

Advanced Placement Enrollments

1999
111 Students

2004
199 Students

Advanced Placement Scholars

1999
42 Students

2004
59 Students



51

Mean SAT Scores

	<u>1999</u>	<u>2004</u>
Verbal	580	600
Math	648	654



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University Attendance Class of 2004

- Brandeis University - 2
- Brown University - 2
- Columbia University - 4
- Cornell University - 14
- Dartmouth College - 1
- Duke University - 4
- Emory - 2
- Georgetown University - 1
- Johns Hopkins University - 2
- New York University - 12



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University Attendance Class of 2004

- Northwestern University - 2
- Princeton University - 1
- S.U.N.Y. Binghamton - 10
- S.U.N.Y. Geneseo - 2
- University of Michigan - 8
- University of Notre Dame - 1
- University of Pennsylvania - 10
- Washington University - 2
- Yale University - 2



54

What are the results?

Many of our children have excelled,
and through them, so have we.



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What is our challenge?

Not only to ensure the success of
"many," but rather to ensure the
success of "all," now and in the
future.



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Projections

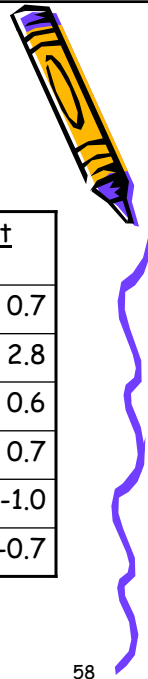
- What do we expect our enrollment to be by 2009?
- Where will our district finances be in 3-5 years?
- What is the projected budget for 2010?



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Enrollment Projections: 2004-2009

<u>Year</u>	<u>District Enrollment</u>	<u>Increase/Decrease</u>	<u>Percent</u>
Actual 2004	3215	21	0.7
2005	3305	90	2.8
2006	3325	20	0.6
2007	3347	22	0.7
2008	3312	-35	-1.0
2009	3290	-22	-0.7



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What do we know about district finances for the next 3 to 5 years?

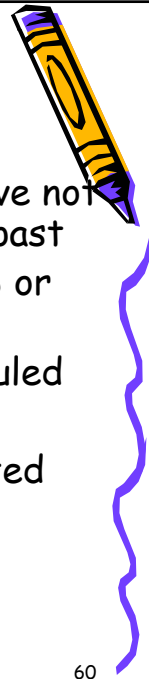
- The growth in enrollment that started in the late 1990's will continue to impact our secondary enrollment until 2009
- Our major employee contracts extend until June 2007
- State aid will most likely remain flat
- Heating and Fuel Oil costs will increase
- Benefit payments to the state will continue to increase
- Capital Improvement needs will increase



59

What Attempts have been made to hold the Budget Down?

- Class size at elementary level: Splits have not occurred where they might have in the past
- Secondary Class Size: 26 sections of 28 or higher
- Classes of less than ten were not scheduled
- Elective courses have been reduced
- New initiatives have not been implemented
- Efficiencies in instructional and non-instructional staffing have occurred



60

What Attempts have been made to hold the Budget Down?

- Capital improvements have been deferred
- Reduced the increase in premium on the district's property and liability insurance by changing the carrier and in 2004 we joined NYS Schools co-operative group.
- We are a member of a co-operative group for Worker's Compensation Insurance.
- Installed a new telephone system that resulted in significant savings on monthly telephone charges.



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What Attempts have been made to hold the Budget Down?

- Negotiated a level per pupil student accident premium for the past 3 years
- Decreased Legal Services over the past 5 years
- Reduced overtime in custodial and maintenance areas
- Decreased the number of outside contractors
- Decreased dollars spent on maintenance agreements



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What Attempts have been made by the State of New York to hold our Budget Down?

- The State of New York has renegotiated the benefits under the Empire State Health Insurance Program
- Additional co-payments and additional deductibles will go into effect in January of 2005
- Subscribers must use mail-order prescription drugs or their co-payment amount will be 2.5 times more
- These features could save as much as 3 per cent on the annual premium
- Reductions of these health benefits over time will help to stabilize the premium costs for the district



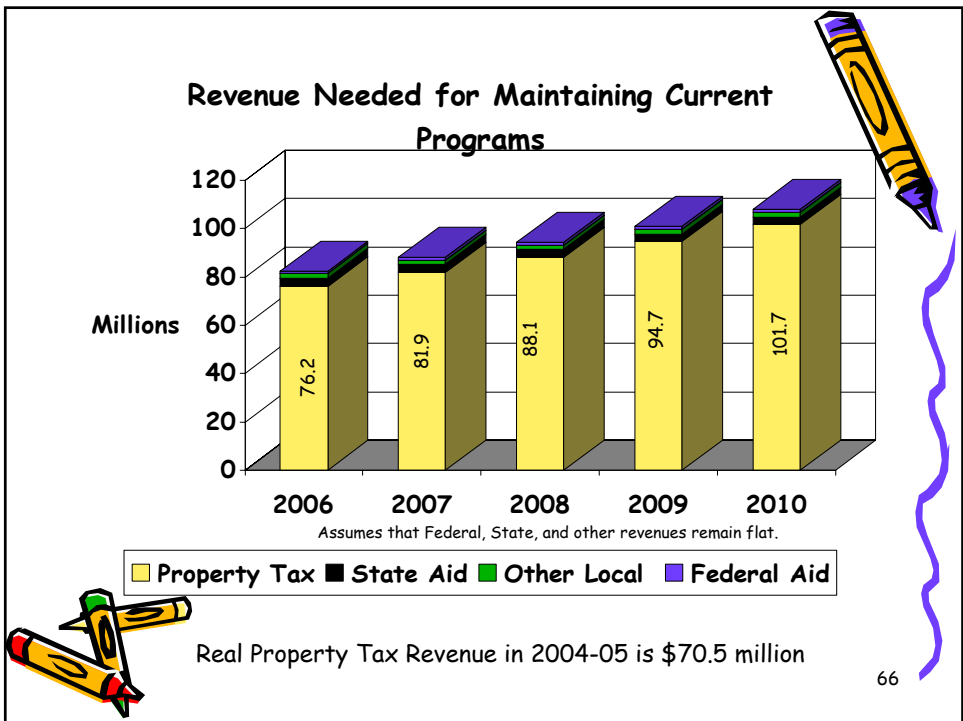
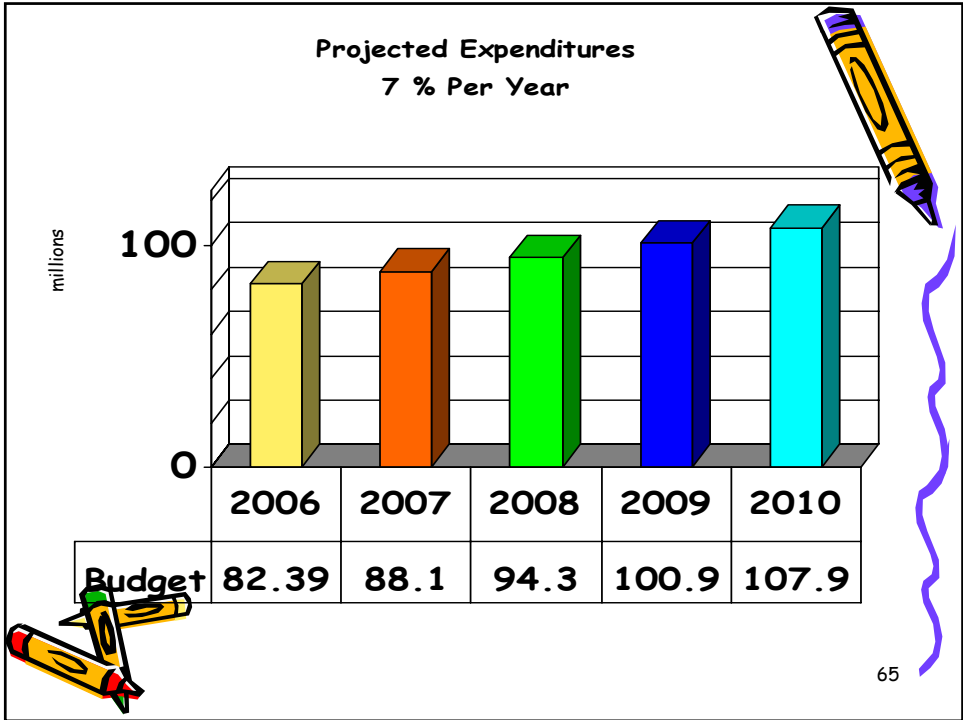
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What Attempts have been made by the State of New York to hold our Budget Down?

- The Comptroller's Office recommended, and the legislature approved, legislation reforming the payments for the Employees Retirement System.
- This legislation provides a minimum payment of 4.5% of non-instructional salaries, therefore, eliminating the large fluctuations that have occurred recently.
- The Teachers Retirement System has indicated that the rate to be paid in 2005-06 will be 5.63% which is double the current year. They have also indicated without return on investments it would take a contribution of 12% to sustain the system.



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Small Group Discussion

- What information surprises you?
- What is your reaction to the data presented?
- What additional information would you like?
- Where do we go from here?



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Wrap-up

- Group response to questions
- Where do we go from here?



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