

March 7, 2023

Dear New Paltz Community Members,

Thank you for providing your e-mail address so that I can send you periodic updates about NPCSD. If you would like to be removed from this e-mail list, please let me know.

Lots of good things are going on at the New Paltz Central School District. I would like to spend time telling you about great things like the middle school production of Cinderella...



....or, the tremendous turnout we had at the Duzine-Lenape Spring Fling sponsored by the PTA...



....or, the great accomplishments of our winter sports teams.....



.....or, our students who participated in the Science Olympiad Competition...



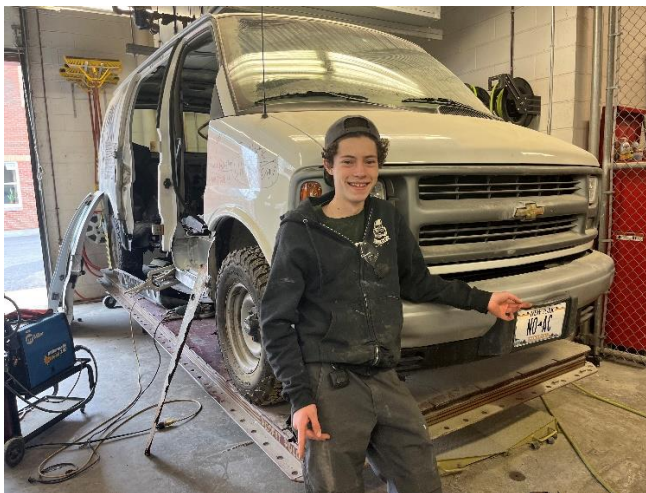
...or, the great events put together by our students in honor of Black History Month....



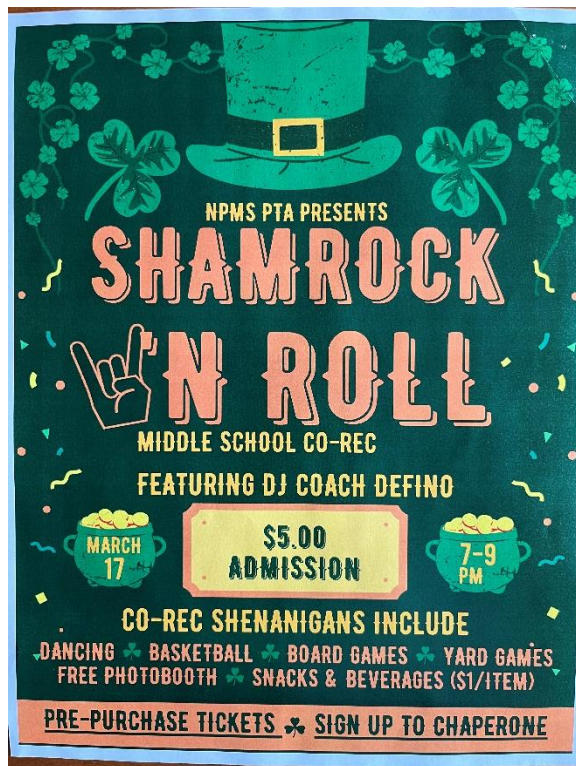
....or, our students and staff who attended the recent Multicultural Conference held at SUNY New Paltz...



...or, the wonderful things our students are doing at the vocational program at Ulster County BOCES...



...or, the upcoming fun night to held at the Middle School....



However, it is budget season, so I think it would be best if I spent time telling you about the work we are doing on the 2023-2024 budget.

Perhaps you tuned in to last Wednesday night's school board meeting and budget presentation. In case you did not, I wanted to fill you in on what you missed in regards to the 2023-2024 New Paltz Central School budget.

This will be a challenging budget season. The School Board will have some very tough decisions to make. While the state aid we will be receiving is somewhat higher than usual, expenses are way up due to a variety of reasons.

Revenue

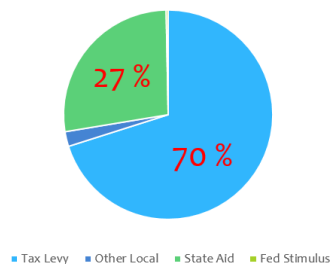
In 2022-2023, we are getting \$18,343,218 in aid from the state. According to the Governor's legislative budget, we can expect to receive about \$20,214,222 for the 2023-2024 school year. This modest increase of \$1,900,553 will be helpful.

The amount of money the tax payers will pay for school taxes has been established:

- * Real Property Tax Levy for 2022-2023 =
 - * \$47,041,024
- * Estimated Real Property Tax Levy of 2023-2024 =
 - * \$47,620,238
- * Tax Levy Increase = \$579,214
- * Estimated Tax Cap = 1.23 %

This \$579,214 increase in tax payer dollars will also be helpful. However, our tax cap of 1.23 % is below the 2 % state tax cap, and well below the estimated tax cap of many of the schools in our BOCES.

It is worth noting at this point that the tax payers contribute far more than the state does when it comes to financing our school:



Thank you tax payers for your assistance. We truly could not do it without you.

If we add the amount of state aid we will get to the amount of money the tax payers will pay (plus a few miscellaneous funds), **our total anticipated revenue for 2023-2024 will be \$69,528,660, up \$2,429,567 from 2022-2023.**

Expenses

While the revenue numbers indicate a modest increase, the increase in expenses will not be modest. The reasons for the increase are not surprising. They are many of the same things that make the expenses in our own homes go up, like gas, heating oil, food, and utilities. In addition, our school faces significant increases in retirement benefits, salaries, and health care costs. The cost of medical insurance alone is going up by \$1,478,510.

The difficult financial situation is exacerbated by the fact that our federal stimulus dollars, that were a great benefit to use during covid, are now mostly gone. Big ticket items that were in the ARP and CRRSA grants include:

- Summer School Enrichment
- Pre-K (Teacher and Aide)
- Supervisor of Elementary Education
- 0.6 SEL Coordinator
- 3.0 Social Workers

In preparing a budget for 2023-2024, we started by rolling over all expenses from the previous year, including those in the federal grants. If we want to pay for everything out of the general fund that we have this year and include the increase in expenses that we anticipate having next year, our total expenses for next year jump significantly:

* 2022-2023	\$68,999,093
* 2023-2024	\$74,441,633
* Increase	\$5,442,540

So here is the total deficit we are looking at:

The Bottom Line			
	2022-2023	2023-2024	Difference
Total Revenue	\$67,099,093	\$69,528,660	\$2,429,567
Total Expenses	\$68,999,093	\$74,441,633	\$5,442,540
Deficit	\$1,900,000	\$4,912,973	

It will not be easy or painless to overcome a deficit of \$4,912,973. However, it is necessary and we believe it is possible to do so without cutting programs.

At the board meeting, we made recommendations to the board of how we can proceed with creating a fiscally responsible budget.

One recommendation we made to the board was that we use the remainder of our federal stimulus funds to pay for the following programs:

- * Summer School Enrichment
- * Pre-K (Teacher and Aide)
- * Supervisor of Elementary Education

These classes/services can be paid for by grant money for one more year. After that, more difficult decisions will need to be made....but that is a conversation for a different day.

We are very fortunate to have Deb Kosiniski as our Assistant Superintendent for Business. Deb has worked hard to look for ways to reduce the budget that won't affect programs or personnel. She has gone through all of the services we purchase from BOCES and has done a five-year analysis of our usage of these items. She was able to reduce or eliminate many items from our BOCES shopping list. Similarly, she has gone through all of the line items in our actual budget to look for places where we can allocate less money.

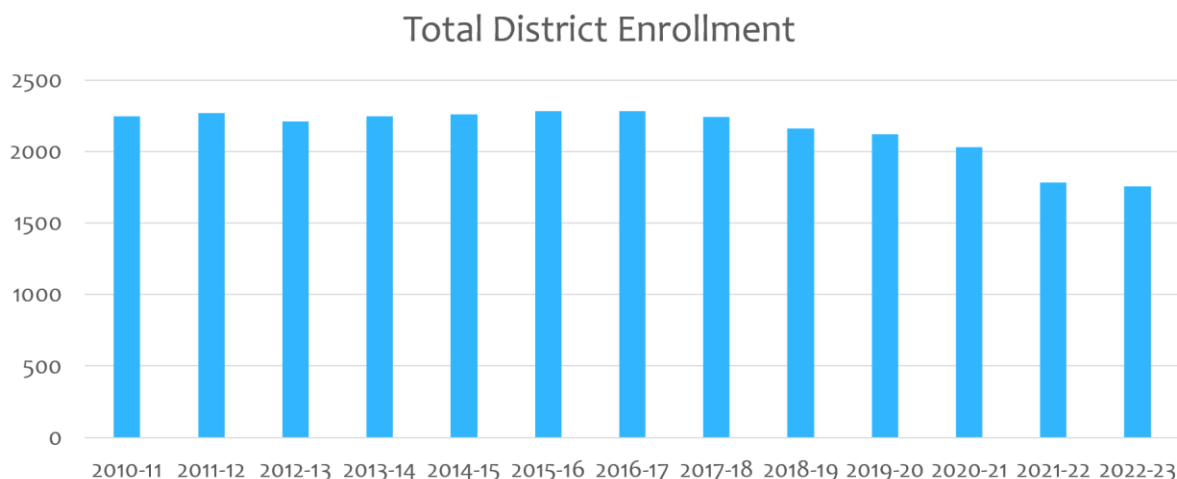
We have informed the board that these reductions will reduce our short fall by \$873,400. We believe these reductions will have only a minor impact on the running of the school. However, it is important to realize that most of these reductions will not actually save us much money. Since we are eliminating things we did not use anyway, they may reduce our budget now, but we will not realize any savings later. For example, if we usually budget \$500,000 for fuel oil but we usually only spend \$300,000, then each year we save \$200,000. If we decide to only budget \$400,000 and we still only purchase \$300,000 worth of fuel oil, then our budget looks better but we are still spending \$300,000.

We have recommended to the board that they support the reduction of BOCES services and budget line items as described above. However, additional and more difficult reductions are also being recommended.

For starters, we are recommending the cutting of positions (other than summer school enrichment, Pre-K, and Supervisor of Elementary Education) that were grant funded but for which grant funds no longer exist. These positions include social worker positions and the 0.6 SEL coordinator. We know these positions are important, but we believe that we do not have money in the general fund to support them.

We also recommend the elimination of vacancies in the high school that will occur due to anticipated retirements. While these reductions would increase class sizes in some cases, they are perhaps more palatable because people will not be losing their jobs.

As you know, our student population has gone down significantly over the past couple of years:



Student needs are changing and will continue to do so with the graduation of a big senior class. The special education department has carefully analyzed projected needs for next year and they are seeing a

need for reduced special education services which means we will need fewer special education teachers and aides. Reductions in this department have been recommended to the school board.

I have given you a lot of information, so let me try to summarize our proposed reductions in one list:

Let's Review the Recommended Reductions

- * BOCES Services \$436,000
- * Consultants/Contractual/Supplies \$110,000
- * Staff Development \$170,400
- * Social Emotional Support \$30,000
- * Substitutes, Enrichment, Misc. \$127,000
- * 0.6 SEL Coordinator \$90,673
- * 3.0 Social Workers \$325,000
- * Retiring Science Teacher Position \$154,000
- * Retiring Teacher Position \$154,000
- * 5.0 Special Ed Teachers \$500,000
- * 2.0 Aides \$81,000

Total Reductions: \$2,178,073

These are reductions that we have asked the board to consider. None of these reductions have been approved by the board. At this point, they are only suggestions.

However, even if the board does approve all of these reductions, this will still not allow us to balance the budget. If all of these reductions are made, we will still be exceeding our projected revenue by \$2,499,400.

At the board meeting on March 15, we will be considering ways to make up the nearly \$2.5 million-dollar short fall. There are three options that will be considered:

- * Continue to make cuts to reduce expenses
- * Use fund balance (our unrestricted fund balance was \$2,908,045 at June 30, 2022)
- * Exceed the tax cap (which would require the support of 60 % of the voters)

It is certainly tempting to consider exceeding the tax cap to make up the \$2.5 million dollars since our tax cap (1.23 %) is lower than the state 2 % tax cap. However, making up this amount of money would require us to make huge increases in our tax levy:

Covering the \$2,499,400 Deficit by Exceeding the Tax Cap

Tax Cap	Additional Money
1.23 %	0
2.29 %	\$500,000
3.36 %	\$1,000,000
4.42 %	\$1,500,000
5.48 %	\$2,000,000
6.55 %	\$2,500,000

As I have said, our tax payers already pay a lot of taxes and they provide almost all of the financial support for our school. Any increase in the 1.23 % tax cap would have to be a last resort and it would need to be reasonable.

At the March 15th board meeting, we will bring a variety of options to the school board for their consideration. These options will include additional reductions, the use of fund balance, and possibly exceeding the tax cap.

We appreciate that you have read this document. The school board is truly interested in any thoughts or comments you would like to share. Tough decisions lie ahead. If you have any feedback or questions, please send them to me at sgratto@newpaltz.k12.ny.us and I will provide them to the board members.

Thank you for your participation in this process. While the picture looks difficult, we are confident that, working together, we can generate a budget that will support our students and preserve all programs.

Regards,

Stephen Gratto - Superintendent