

Hempstead Public Schools

2022-23 Budget Report

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New York State Monitor

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Chapter 19 of the laws of 2020 created the position of Monitor (“the monitor”) for the Hempstead Union Free School District (HUFSD or “the district”). One of the monitor’s responsibilities is to review the district’s proposed budget to ensure that it is balanced within the context of revenue and expenditure estimates and mandated programs. The monitor is also expected to determine whether the proposed budget, to the greatest extent possible, is consistent with the district academic improvement plan and financial plan agreed to by the Board of Education (“the board”)

Methodology

One of my first tasks as a monitor was to work to ensure that the 2020–21 school year budget, which had been approved by neither the monitor nor the commissioner, was not overspent. A focus of my work in the 2021–22 school year has been to monitor the implementation of a budget developed by the district and approved by the monitor. As I did for my review of the 2021–22 school year budget, my first order of business in reviewing the proposed 2022–23 school year budget was to focus on revenue and expenditures for both the current school year budget and the proposed 2022–23 school year budget.

Once my analysis of the 2021–22 school year budget was complete, I undertook an analysis of the proposed 2022–23 school year budget. The revenues in the proposed budget are an estimate and may need to be updated when the State budget is adopted. The State Aid estimate in the proposed budget is based on the Governor’s proposal. Estimates for the tax levy, PILOTs (Payments in Lieu of Taxes), applied fund balance, and other miscellaneous revenues were made using the same procedures as used to analyze the 2021–22 school year proposed budget.

Analysis of the proposed spending plan involved a detailed review of the line-by-line budget, for the most part arranged by function and then by two object codes:

(t)6.72.9 (s) salaries and contracts (b)34 (c)1005 Tc d()Tj02 (h)-1.9 (e)23 (Tc (W)2.1.48 (l)1.2 (005

year budget allocated funds for the purchase of both an elementary language arts and a math program. Funding was also allocated to supply each class with the needed materials and to provide each teacher with the training to implement the programs. Funding is allocated in the 2022-23 school year proposed budget to purchase the supplies needed for continued implementation of the language arts and math program as well as provide for continuing training of teachers.

Findings

2021–22 School Year Budget

Projections for revenues and expenditures through the end of the 2021–22 fiscal year clearly indicate that the budget will not be overspent. In fact, the expected fund balance will continue to enable the district to maintain a 4% undesignated balance and return \$2.1 million to district taxpayers. Bills continue to be received, for example from the attorneys and from other districts for health services, which if paid in this fiscal year will not significantly alter the fund balance assumptions built into the 2022–23 school year proposed budget. Treasurer reports to the board have been timely, and cash management has not been a

The "elephant in the room" continues to be the cost of tuition for students

some significantly. The increase in the proposed 2022–23 school year budget for tutoring, therapy, and evaluations is \$1.1 million.

The proposed 2022–23 school year budget is built on the anticipated June 2021 to June 2022 change in the CPI. Should the legislature and Governor act on the district's request for additional funds to support a reduction in the threshold to provide transportation from 3 miles for secondary school students and 2 miles for primary school students to 1.5 miles for all students, then these projected revenues and expenditures for transportation will be updated.

Fees paid to legal counsel will again likely exceed \$1 million. Even though an attempt will be made this year to more cost effectively secure legal counsel through issuance of a request for proposals (RFP) , as was done last year, \$1.2 million has been budgeted for the 2022–23 school year, an increase of 20%.

Accounting and consulting services continue to be utilized in the Business Office and for buildings and grounds. Consultants will continue for one more year at the same rates of payment, but accounting services will in large part be eliminated when the Business Office is fully staffed by the end of the 2021–22 school year. Accounting services are planned to be gradually phased out during the 2022–23 school year, but it is unknown at this time whether this will result in future cost savings.

Costs for public relations are projected to be the same (\$75,000) in the 2022–23 school year as were budgeted for in the 2021–22 school year. In -

22 school

x GENERAL SUPPORT (Function Code 1): The 2022–23

the 2022–23 school year. The projected budget, therefore, reflects these numbers. For medical insurance, half the school year is calculated on the known dollar amount for individual and family plans. For the second half of the school year, health insurance costs were increased by 10%. If covered by another health insurance policy, staff members may instead choose to be paid a contractually negotiated amount for not subscribing to the district sponsored health insurance plan. Cost increases for these declinations were calculated using the same numbers as those applied to health insurance. Expenditures for these services are projected to increase from \$38.2 million in the 2021–22 school year budget to \$41.5 million in the proposed 2022–23 school year budget.

Notes (BANs) will decline slightly from \$2.6 in the 2021–21 school year budget to \$2.4 million in the proposed 2022–23 school year budget.

Five Year Budget Projection

| | BUDGET | PROJECTION | | | | | | | | | | | | | | |
|---------------|-------------|-------------|------------|--------|-------------|-------------|----------|-------------|------------|---------|-------------|------------|---------|-------------|------------|-------|
| | 2022 | 2023 | DOLLAR CHG | ***% | 2024 | DOLLAR CHG | ***% | 2025 | DOLLAR CHG | ***% | 2026 | DOLLAR CHG | ***% | 2027 | DOLLAR CHG | ***% |
| REVENUE | | | | | | | | | | | | | | | | |
| Local | 82,234,370 | 81,734,370 | (500,000) | -0.61% | 81,734,370 | - | 0.00% | 81,734,370 | - | 0 | 81,734,370 | - | 0.00% | 81,734,370 | - | 0% |
| State | 160,735,683 | 188,341,009 | 27,605,326 | 17.17% | 215,946,335 | 27,605,326 | 14.66% | 221,344,993 | 5,398,658 | 2.50% | 226,878,618 | 5,533,625 | 2.50% | 232,550,584 | 5,671,965 | 2% |
| Federal | - | 0 | - | - | - | - | - | 0 | - | #DIV/0! | - | - | - | - | - | - |
| Transfers In | 4,252,973 | 4,634,578 | 381,605 | 8.97% | - | (4,634,578) | -100.00% | 2,807,728 | 2,807,728 | #DIV/0! | 9,176,650 | 6,368,922 | 226.84% | 11,119,712 | - | 0% |
| TOTAL REVENUE | 247,223,026 | 274,709,957 | 27,486,931 | 11.12% | 297,680,705 | 22,970,748 | 7.73% | 303,137,719 | 5,457,014 | 1.80% | 305,955,268 | 2,817,549 | 0.92% | 308,646,876 | 2,691,608 | 0.88% |

The five year projection of revenues and expenses continues to be a work in progress for the district and, therefore, my review and analysis is based on draft reports. Earlier versions of the five-year projections did not show that expected revenues and expenditures in years three through five would be balanced. These projections have since been revised, and the estimated revenue and expense projections are now balanced. On the revenue side, the district adjusted from 0 to 2.5% its projection for growth of state aid in the third through fifth year and used fund balances to make up remaining revenue shortfalls. The district also continued to assume no increase to the tax levy since the board has kept the rate 0 or 5% even

Conclusions and Recommendations

2021-22 School Year Budget

The proposed 2022-

to continue participation in the IB program and to provide the staff development to which the district committed itself last year.

Special Education

- o A priority in the 2021–22 school year has been to move more students into less restrictive environments. That process has commenced. However, the district was challenged by the arrival of 84 students with IEPs, many of them already in out-of-district placements. For each of these students a portion of their expense, depending on when they arrived, caused unanticipated adjustments to the 2021-22 budget and significant increases to the special education budget for the 2022-23 school year. For example, the BOCES special education costs increased by just under \$3 million. Should the district be successful in bringing some of these students back to the district, monies can be shifted to staffing to accommodate student needs in a district program.
- o Many services are provided by contractors. These include special education services for children who attend charter schools as well as occupational, physical, speech therapy, home tutoring, and outside evaluations for students attending district schools. The budget lines for these services have increased \$1 million in the proposed 2022–23 school year budget. It is recommended again that a study be done during the 2022–23 school year to identify better ways to provide the same service at a reduced cost.

Final Summary and Conclusions

At this time, the estimated revenues and expenditures for the 2022–23 school year are aligned. The next steps are for the spending plan to be adopted by the board and then approved by the voters of Hempstead.

As was the case last year, I am satisfied that the resources are there to move the district ahead in its efforts to improve the academic performance of all its students. With the inclusion of programs supported by federal COVID-19 response

