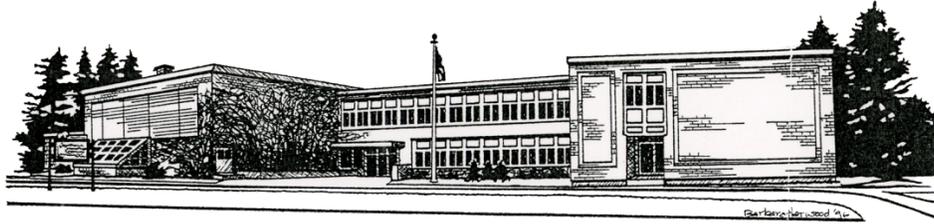




PLANNING FOR OUR FUTURE

**SPRING 2018 REPORT ON THE FUTURE OF ELIZABETHTOWN-LEWIS CSD EITHER WITH OR
WITHOUT A PROSPECTIVE SCHOOL REORGANIZATION BY CENTRALIZATION**

Scott J. Osborne, Superintendent of Schools
ELIZABETHTOWN-LEWIS CENTRAL SCHOOL DISTRICT



PLANNING FOR OUR FUTURE: MERGE OR NO MERGE?

Spring 2018 Report by Scott J. Osborne, Superintendent of Schools

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“PLANNING FOR OUR FUTURE”

Public Report to the Board of Education

April 18, 2018

Constructed by Scott J. Osborne, Superintendent of Schools

EXECUTIVE SUMMARY

This spring 2018 report is intended to provide the Board of Education, community stakeholders, employees and interested others with information pertaining to a key question posed during recent months in the form of a comparison:

Merger or no merger?

I’ve received this comparison question from multiple school community stakeholders in a variety of mediums. I offer this report to provide insight into the question, and I’ve focused this report on a series of broad categories:

- Enrollment;
- Curriculum;
- Student achievement;
- Finances;
- Transportation;
- Facilities.

IF THERE’S NO MERGER:

It’s forecasted that Elizabethtown-Lewis CSD’s finances and programming will be **further stressed** in the years ahead, primarily the result of three compounding conditions:

- Our expenses will **continue to climb**;
- Our revenues will **continue to decline** or become **more limited**;
- Our **fund balances will dwindle, quickly**, if used as artificial ‘revenue’ to close budget gaps.

These factors could, if all conditions remain the same, bring about a **further erosion** of the academic program for our students.

IF THERE IS A MERGER

School mergers aren't a 'magic bullet.' School mergers aren't necessarily 'the answer' to 'fix' all problems, challenges and shortfalls of matching revenues and expenditures in the era of dwindling resources and higher standards.

However, the 2017-18 Centralization Study of merging Elizabethtown-Lewis Central School and neighboring Westport Central School has highlighted **many benefits** to a prospective school merger here in central Essex County.

New York State provides additional funds to merged school districts, called Reorganizational Operating Aid (commonly known as merger incentive aid) over the first fifteen years of the new school district's operation – with funds phasing down over that time period as the new school system plans for future sustainability.

Programmatically, a new school district would be in a strong position to **sustain** current educational programs for students and have strong capacity to **expand** program, perhaps with an eye on **restoring** many of the elective classes and courses eliminated in each district since 2000.

A merged school district would have a fifteen-year period to **stabilize and/or perhaps lower** school taxes within the boundaries of the newly created school district.

It's anticipated that **class sizes** across each grade level of the newly created district would remain **favorable** versus class sizes across Essex County, the Lake Champlain region, and statewide.

FOREWARD

Elizabethtown-Lewis Central School District bears the name of two different former public schools.

On September 28, 1938 the qualified voters of Elizabethtown and Lewis voted favorably on the centralization of local school districts, and thus was born **Central School District No. 1 of the Towns of Elizabethtown, Westport, Lewis and Chesterfield, Essex County**. With votes of 310 For, 118 Against and 2 Void, the Elizabethtown-Lewis Central School District was created and designated on September 30, 1938. The school district began operation on July 1, 1939 for the 1939-40 school year – thus creating the public-school district that is ours today.

It's very likely that later this calendar year – 80 years since the aforementioned merger – our school community residents will return to the polls in consideration of another advisory vote on whether or not there should be a centralization of public schools.

This time, the parties are Westport CSD and Elizabethtown-Lewis CSD.

Whether intentional or not, the successful merger vote in 1938 proved to be valuable foresight by the community – today we can say it was a vote for **efficiency** and **sustainability**.

Efficiency and sustainability are now in question, eighty years later. Our school district continues to face **unprecedented fiscal constraints** to the human services profession that is public education. Mandates are increasing; costs are rising; revenues are capped and/or declining; enrollment continues to drop.

During the course of the merger study launched over the last year, I've received the following question from many school stakeholders: ***"What happens if we don't merge?"***

The intent of this Spring 2018 report is to illustrate to the school community the possible scenarios if a prospective centralization of ELCS and WCS were to be defeated this coming fall.

The school community faces an important choice: Maintaining Elizabethtown-Lewis CSD as a school district or merging with Westport CSD. This report is intended to support the Board of Education's efforts to focus decision-making with the future of its public-school community in mind.

A handwritten signature in black ink, appearing to read "Scott A. Osburn", is enclosed in a thin black rectangular border.

CONCEPT COMPARISON: NO MERGER OR MERGE

CONCEPT	No Merger	Merger
<p>STUDENT ENROLLMENT</p>	<p>Elizabethtown-Lewis CSD enrolls 267 students in grades PreK-12. Last year, ELCS was the fifth-smallest public-school district in the Champlain Valley, and our total enrollment represents 2% of the total enrollment of public school students in the Champlain Valley. Average class size in 2017 was 18 students, with a teacher to student ratio of 11.0, compared with the statewide average of 12.5 students per teacher. According to recent live birth data reported by the NYS Department of Health, prospective Kindergarten enrollments for the next three school years are 23, 16 and 12, respectively.</p>	<p>A merged district would enroll approximately 450 students in grades PreK-12 and still be considered a ‘small’ school compared to other public schools in the Champlain Valley – the merged district would still be smaller than Moriah CSD and Chazy Central Rural School.</p> <p>The middle school and high school class sections could be scheduled to feature class sizes that would be more normal in size for middle school and high school class sections.</p> <p>Efficient scheduling of students in those grades could result in capacity to expand the range of courses offered – many of which were lost at ELCS during the Recession-era budgets of 2008-2013.</p>
<p>BUDGET REDUCTIONS</p>	<p>Elizabethtown-Lewis CSD budget reductions since year 2000 include administrative positions, teaching positions such as elementary teachers, Spanish teacher, librarian, part-time music teacher, part-time art teacher. Multiple high school elective courses, student clubs and after-school activities have been cut, diminishing the whole-school experience.</p>	<p>A merged district would be in a strong position to restore high-interest instructional programs, student clubs, extra-curricular activities and academic electives that were the casualties of budget reductions due to insufficient monies to sustain those program elements at Elizabethtown-Lewis CSD.</p>
<p>FACILITIES</p>	<p>The present-day school facility at ELCS requires renovations and modernization to sustain safe, hygienic and adequate spaces for instructional programs and support operations.</p> <p>In February 2018 the Board of Education approved adoption of new Five-Year Facilities Plan which calls for over \$2.5M in repairs and renovations to the main campus school building, and an additional \$1M in renovations to our bus garage facility.</p>	<p>According to the Merger Study Advisory Committee meeting of December 2017, the newly-merged school district would begin with continued use of each existing schoolhouse.</p> <p>Merged school districts receive substantial additional merger aid monies for voter-approved facilities repairs, renovations and/or new construction.</p>
<p>CURRICULUM, INSTRUCTION &</p>	<p>Elizabethtown-Lewis CSD exceeds most statewide benchmarks and success indicators for graduation rate, student</p>	<p>Westport CSD also exceeds most statewide benchmarks for student achievement and performance on Regents examinations.</p>

<p>STUDENT ACHIEVEMENT</p>	<p>achievement and performance on NYS Regents Examinations.</p>	<p>The merger study consultants have determined that curriculum, student achievement and graduation rates are more similar than different between the two school districts.</p> <p>It's highly likely that student achievement at a merged district would continue to exceed state benchmarks for student graduation and achievement.</p>
<p>TRANSPORTATION</p>	<p>Elizabethtown-Lewis CSD schedules bus runs in the most efficient way possible, balancing economic considerations with length of ride and safety for our students – given the geographic sparsity of where students reside in our 168 square mile school district.</p>	<p>Given the proposed use of existing school facilities, a merged district would likely employ a 'shuttle bus' concept to transport middle school students from the former ELCS campus to the former WCSD campus. And another shuttle bus would transport high school students from the former WCSD campus to the former ELCS campus.</p> <p>School bus routing would be analyzed in preparation for the first year of the district's operation: prospective incoming kindergarten enrollment, current student home addresses and new boundaries of the merged school district will all be significant factors for efficient routing.</p>
<p>OPERATING AID</p>	<p>Elizabethtown-Lewis CSD is disadvantaged by less-than-adequate annual increases to state operating aid (Foundation Aid) that reflects our comparably small student enrollment.</p>	<p>A merged district in New York State is provided with substantial additional operating aid, often referred to as Operating Reorganizational Aid (merger aid) across fifteen years.</p> <p>Merger Study data estimate a merged school district of ELCS and WCS could receive over \$6.24M in additional operating aid over a fifteen-year period.</p>
<p>ANNUAL BUDGETING</p>	<p>Elizabethtown-Lewis CSD annual budgets have been very modest funding for classroom supplies, instructional technology, custodial supplies, equipment, maintenance and updating of classroom door locking mechanisms, program spaces and continued updating of safety/security systems.</p>	<p>A more solid academic program could be a focus of annual school budgets of the merged district, given the aforementioned additional state aid.</p> <p>Annual budgets of the merged district could also maintain facilities more reliably and increased fiscal capacity could establish and fund reserve accounts for</p>

		the longer haul, following the initial fifteen years of the merged district.
OPERATING EFFICIENCIES	<p>Elizabethtown-Lewis CSD has realized increased operating efficiencies over the last decade, the result of budget reductions and an increased focus on establishing and sustaining shared services with other school districts and municipalities.</p>	<p>A merged district would allow for the two former districts to decrease operating costs totaling \$7.62M across the initial fifteen years of operation, reflecting the employment of one less superintendent, two fewer teachers, one less operations supervisor and one less clerical position, all recommended to be via attrition.</p>
FUND BALANCE	<p>Elizabethtown-Lewis CSD's financial condition will be further stressed in the years ahead.</p> <p>Forecasted cost increases far exceed forecasted revenues.</p> <p>Continued reductions to curriculum and program staffing are highly likely, as part of balancing income with expenditures.</p> <p>ELCS faces the prospect of a continued dwindling fund balance if present conditions persist.</p>	<p>A merged district would experience the enviable position of having a fifteen-year window of time to bolster programs and services, stabilize or lower tax rates, while simultaneously establishing reserve funds to sustain good financial footings for school year 2034 forward.</p> <p>Substantially greater capacity to stabilize curriculum, programs, services and employment would be afforded to the newly merged school district.</p>

KEY ELEMENTS

The facts, figures, details and numbers used for this report consist of:

- A. **Foundation Aid assumption:** two percent increase annually.
- B. **Property Taxes:** Assumption values taken from most recent Tax Cap
- C. **Fund Balance:** most of ELCS D's fund balance consists of accounts reserved for specific uses, such as employee benefits, tax certioraris, transportation vehicle purchases and capital improvements.
- D. **Unassigned Fund Balance:** Roughly \$500,000 of the fund balance is currently unassigned to any specific purpose.
- E. **Shared Services:** Contractual arrangements continue with Schroon Lake CSD and Westport CSD.
- F. **Salary rates:** Forecasted at three percent annually.
- G. **Other categories:** Forecasted at two percent increase annually.
- H. **Health Insurance:** Increased by 13.5% for the 2018-19 school year. Assumptions for years after is 8% annually for the years represented.
- I. **Employment contracts** with Faculty Association in-place until 2022. Employment contract with Support Staff Unit currently in negotiation.

CONSIDERATIONS FOR THE FIVE-YEAR FORECAST (next page)

- A. **Current staffing** across all departments is maintained.
- B. Funds to purchase **new school buses** is not included.
- C. Information technology **hardware and software** updating is not included yet is **vital** for future updating.
- D. **Top priority** repairs, upgrades and/or modernization of our school and bus garage are not included.

A	B	C	D	E	F	G	
	Current Year	2018-19	2019-20	2020-21	2021-22	2022-23	
1			\$ (286,080)	\$ (410,855)	\$ (621,649)	\$ (830,296)	
2							
3	July 1st Fund Balance	\$ 2,314,510	\$ 2,808,749	\$ 2,522,669	\$ 2,111,814	\$ 1,490,165	\$ 659,869
4	INCOME						
5	Property Taxes	\$ 3,740,982	\$ 3,856,598	\$ 3,915,450	\$ 3,992,463	\$ 4,070,991	\$ 4,151,063
6	State Aid	\$ 4,362,743	\$ 4,023,156	\$ 3,804,411	\$ 3,847,704	\$ 3,892,924	\$ 3,937,737
7	Other Income Categories	\$ 262,597	\$ 110,166	\$ 110,166	\$ 110,166	\$ 110,166	\$ 110,166
8	Total (including Fund Balance)	\$ 10,680,832	\$ 10,798,669	\$ 10,352,696	\$ 10,062,147	\$ 9,564,246	\$ 8,858,835
9	Change (percentage)		1.1%	-4.1%	-2.8%	-4.9%	-7.4%
10	EXPENSES						
11	Instruction	\$ 3,991,978	\$ 3,901,422	\$ 4,010,859	\$ 4,123,505	\$ 4,239,458	\$ 4,358,818
12	Support Functions and Operations	\$ 1,144,149	\$ 1,106,890	\$ 1,133,401	\$ 1,160,574	\$ 1,174,506	\$ 1,202,635
13	Transportation	\$ 478,723	\$ 350,652	\$ 360,264	\$ 370,147	\$ 380,308	\$ 390,754
14	Health Insurance	\$ 1,453,950	\$ 1,859,309	\$ 2,008,054	\$ 2,168,698	\$ 2,342,194	\$ 2,529,569
15	Employee Retirement Contributions	\$ 360,562	\$ 391,883	\$ 383,235	\$ 395,483	\$ 406,512	\$ 419,507
16	Social Security, Worker's Comp, etc.	\$ 274,206	\$ 286,767	\$ 276,096	\$ 285,717	\$ 294,653	\$ 305,017
17	All Other Expenses (debt service)	\$ 662,755	\$ 379,077	\$ 68,973	\$ 67,863	\$ 66,747	\$ 65,634
18	Total	\$ 8,366,323	\$ 8,276,000	\$ 8,240,882	\$ 8,571,987	\$ 8,904,378	\$ 9,271,934
19	Change (percentage)		-1.08%	-0.4%	4.0%	3.9%	4.1%

"Planning for ourFuture"

Spring 2018 Report on Five-Year Financial Forecast

Forecasted Revenues through 2023

■ Increase ■ Decrease ■ Total

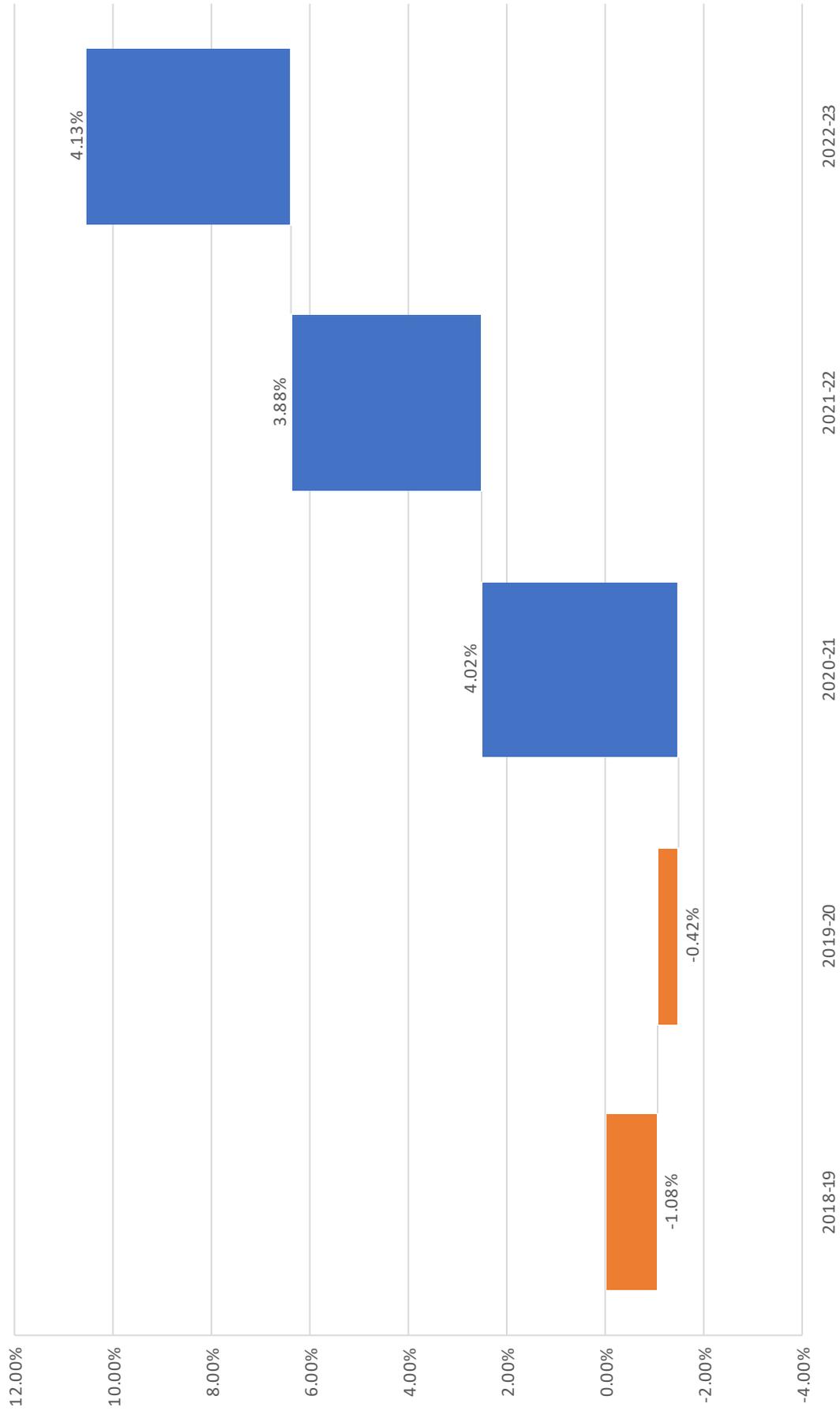


"Planning for our Future"

Spring 2018 Report on Five-Year Financial Forecast

Forecasted Expenses through 2023

■ Increase ■ Decrease ■ Total



"Planning for our Future"
 Spring 2018 Report on Five-Year Financial Forecast
 Comparison: Forecasted Annual Changes to Revenues & Expenditures
 2018-2023

