

**City School District of Albany**  
**June 4, 2007**  
**Albany High School**  
**Special Budget Meeting**

**PRESENT:**

Teneka Frost, President	Dr. Eva Joseph
William Barnette, Vice President	Terence White
Wayne Morris, Secretary	Dr. Joseph Dragone
Mark Barth	Kathleen Wetmore
Judy Doeschate	
Barbara Gaffuri	

**ABSENT/EXCUSED:**

Jackie Jenkins-Cox  
Linda Jackson-Chalmers

**Call to Order:**

Ms. Frost called the meeting to order at 6:10 p.m. All present joined in the Pledge of Allegiance.

**2007-2008 Budget Discussion**

Ms. Frost advised the Board of Education met on May 29 to discuss the next steps related to the 2007-2008 School District Budget. Ms. Frost noted that evening the board decided to go to the voters with another proposed budget but could not set the amount of such budget because, contrary to initial reports that New Covenant Charter School was going to close at the end of this school year, the actual state of New Covenant was not known at that time. The board decided that it would convene a meeting this evening if there was official confirmation that New Covenant was going to close. The District received notice that New Covenant's Board of Directors decided this past Saturday that it would remain open beyond the end of this school year. For the purposes of tonight's meeting the board is faced with the decision to either submit a proposed budget of \$189,535,737 to the voters on June 19, 2007 carrying a tax levy of 6.27% or vote to adopt a contingency budget with the amount to be determined no later than June 30, 2007.

Dr. Joseph advised at this point the District is left with no easy decision. The District will continue to carry the financial responsibilities of the charter schools and that includes New Covenant Charter School. The \$189,535,737 budget that was presented to our community on May 15, 2007 represented a sound, quality educational program for the majority of the students that attend the Albany Public Schools despite increased charter school costs. Dr. Joseph advised that this evening she would not be recommending any change to that budget. Dr. Joseph also noted at this point in time the New Covenant Charter School would still be subject to review by the Charter School's Institute. They will be looking for a sound financial plan and a sound academic plan. It will be subject to review and it may be subject to sanctions. However, the decision to close the school is not expected given that the charter is still outstanding for the next several years. Enrollment projections as identified in the budget remain the same.

Ms. Wetmore advised starting out with the May 15, 2007 proposed budget, the expenditures are expected to remain the same based on the proposed budget of \$189,535,737. The only item that changes in this proposed budget is that the original tax levy was \$102,157,502. In working with the Division of the Budget and realized that the transition aid calculation based on the enrollments that the District has seen throughout the year, yielded a higher number than original projections, which is an additional amount of \$594,280, which brings the tax levy down to \$101,563,222 decreasing the tax levy from 6.89% down to 6.27%.

Ms. Wetmore advised the estimated tax rate is Homestead \$15.51 per thousand and Non-Homestead \$24.98 per thousand. Ms. Wetmore advised this is the same rate previously presented with the last budget proposed. Discussion with the City Tax Assessor over the last few days indicates the taxable assessed value has dropped, resulting in approximately the same rate as previously presented. Non-Homestead has increased slightly since the last calculation.

Ms. Wetmore advised the contingent budget calculation based on the State Education Department's corrected formula as of May 17, 2007 indicates the budget presented to the voters on May 15, 2007 was \$3,453,654 below the contingency cap. Ms. Wetmore advised with a contingent budget there are no student supplies, no purchase of equipment, outside groups must be charged for use of the facilities at approximately \$60/hour and there will be no raises for approximately 22 employees. Ms. Wetmore reviewed the cost of contingency cuts. Total budget reductions amount to \$771,740. Estimated charges for community use of buildings are \$310,000 based on past usage. Ms. Wetmore advised if a contingent budget is approved the proposed budget of \$189,535,737 would be reduced by the \$771,470 in cuts, bringing the contingent budget to \$188,764,267. The proposed tax levy would be at 6.27%. Including the cuts the tax levy would be 5.46%. The estimated tax rate for Homestead would be \$15.39 (\$.12 per thousand) and Non-Homestead is \$24.79 (\$.11 per thousand). Ms. Wetmore advised the District would remain in a negative situation relative to the Contract for Excellence based on charter school costs and the original budget presented to the voters.

Mrs. Gaffuri made a motion to adopt a revised budget of \$189,535,737 to be presented to voters on June 19, 2007. Ms. Frost seconded the motion. Discussion followed regarding the amount of increase to taxpayers, the restrictions of a contingency budget, the impact to the community if the District has to charge for the use of facilities, additional adjustments to the contingency cap indicated to the District by SED after the budget failed on May 15<sup>th</sup> and the confusion relative to the closing of New Covenant Charter School. Discussion also continued relative to the possibility of a defeat of the budget in a revote and the fact that a contingent budget cannot be higher than the budget presented. Hearing no additional discussion, the board voted on the motion.

The board voted 3 ayes (Ms. Frost, Mrs. Gaffuri and Dr. Barth)  
2 nays (Mr. Barnette and Mr. Morris) 1 abstention (Ms. Doeschate)  
The vote required a majority of the Board (4 votes) in order to pass.

Ms. Frost advised the motion failed.

Dr. Joseph noted that with the default of the previous motion and no additional motion from the board, the District would automatically go a contingency budget. Ms. Frost confirmed that based on the inaction of the board, the District would default to a contingency budget.

Dr. Joseph noted her recommendation that the contingency budget be at the same level as the budget put forward to the community for approval. However, the board does not have to set the contingency budget this evening. It needs to be set before June 30, 2007. If the budget was going up for a revote on June 19, 2007 the budget level has to be set this evening. If its not going up for a revote on June 19, 2007, there would be time to finalize the contingency budget figure.

Ms. Wetmore advised in calculating the contingency figure the District would start with the defeated budget figure of \$189,535,737 and the contingent cuts (\$771,740) would be deducted from that level. The contingency budget would then be \$188,764,267. No additional expenses would be allowed. However, the figure could be lower than that figure.

Mrs. Gaffuri made a motion to present a budget in the amount of \$189,535,736. Mr. Barnette seconded the motion. Discussion followed regarding the events around the budget vote this year with the incorrect calculation by SED in the contingency figure, the issue with New Covenant, the fact that many voters voted in protest to the charter schools and the general confusion by the public relative to all the variables and the fact that a budget that is reduced from 6.89% to 6.27% would in all likelihood not be approved in a revote. Discussion also included attempts by the President of the Board and the Superintendent to appeal to the Governor for consideration of possible hold harmless to the contingency restrictions, given this confusion. The idea behind this would be that the public has to vote on the budget and if it were to be defeated a second time then that could be a consideration. Discussion also included the possibility of the State Education Department paying for a revote.

The board voted 3 ayes (Ms. Frost, Mrs. Gaffuri and Dr. Barth)  
3 nays (Mr. Barnette, Ms. Doeschate and Mr. Morris)  
Motion failed.

Ms. Doeschate asked for the opportunity share a draft piece of legislation she wrote for consideration of board members, appealing to the legislature to relieve the District from the contingent restrictions, specifically with regard to community use of buildings, student supplies and also to provide the District with appropriate relief for charter schools that the District is obligated to pay for when they are in probationary status. Ms. Frost advised the item is not on the budget and suggested that it be presented to the board at a future date.

Ms. Doeschate made a motion to adopt the contingency budget at the level recommended by the superintendent (\$188,764,267). Ms. Frost seconded the motion. Discussion followed, which included the fact that the District is not appropriately treated with regard to state aid. Discussion followed relative to the amount of the contingency budget.

Dr. Joseph noted with respect to a contingency budget, with no motion coming forward to put another budget before the voters, in looking toward a contingency budget, which is actually the recommendation presented at the last meeting, because at that point in time that would have been the recommendation before the iterations regarding New Covenant, primarily because she would not be recommending a changed budget, Dr. Joseph noted the District worked very deliberately to sustain programs and services for our students. Absolutely, state aid is not at a level commensurate with the financial responsibilities of the District, particularly when the District bears the sole responsibility for supporting eight charter schools next year. Still, at the same time the District was very diligent in insuring that programs that were effective were maintained and those programs that showed improvement were expanded both on the enrichment and needed supports. Given the budget as it currently stands, in moving toward a contingent budget, Dr. Joseph noted her recommendation would be that the board would not seek any level that is lower than the current proposed budget then taken to the contingent level of \$188,764,267.

Mr. Barnette presented a question as to what happens if a majority of board members do not vote in favor of the recommended contingency budget amount. Ms. Wetmore noted the amount of the contingency budget does not have to be approved this evening. Discussion followed regarding the actual contingency amount of \$192,989,381 and the possibility of this being the contingency level. Ms. Wetmore advised in discussion with SED earlier this date, Mr. Szuberla advised the District could only raise the contingency amount of the budget was not educationally sound. Ms. Wetmore advised that having already presented a budget that the District feels is educationally sound going higher for the contingency amount could be challenged. Mr. Szuberla's recommendation was that the District should not increase the budget unless there was something truly detrimental. Dr. Barth advised he would like to take the time to read the legislative proposal distributed by Ms. Doeschate and consider the available options. Ms. Doeschate asked the superintendent what her recommendation would be in adoption the contingency figure.

Dr. Joseph advised there are two ways of looking at this. One, that we would be moving forward with another vote, which to some extent in terms of the information being put forward would identify programs and services. Absent that vote, then we think about the time frame. Dr. Joseph advised it is June 4<sup>th</sup> and certainly we have until June 30<sup>th</sup>. But, some of the program elements, not knowing the level of a contingency budget, if different than what's recommended, certainly we would not be moving upward but rather moving downward. That would mean that absent the discussion about what those program might be, securing that contingency budget sooner than later is definitely more productive for the District.

Dr. Joseph advised she did reach out to our legislators on the contingency restrictions and the relief seen therein. There is certainly some wisdom to the strategy noted by Dr. Barth, but at the same time we are in a very unusual circumstance. There isn't another board in this State that is struggling with the misinformation or highs and lows with respect to the budget that this board is and given the box that the District has been put in, that the relief, regardless of whether a contingency budget is adopted, and there is no second vote, that contingency relief is still very important for the District. Dr. Joseph noted she would continue to encourage that discussion. As

far as the contingency budget is concerned, the sooner that that is set, the more productive the District can be in moving forward with the identified programs. Dr. Joseph advised in discussions with representatives of the Governor's Office as well as legislators, they did place the responsibility for relief from the contingency restrictions at the State Education Department. However, there is hopefully a voice of support from our legislators that there would be a bill that would provide relief. It might not be for the contingency relief waiver, but it would be for a monetary supplement that could then be used to provide both the supplies, equipment and to cover the cost of building use.

Ms. Frost confirmed that there is a motion on the floor to approve the amount of \$188,764,267. Dr. Joseph confirmed that the amount could be amended up through June 30, 2007, if it was determined that contingency relief would be forthcoming, specifically for those contingency restrictions. Dr. Joseph noted at the heart of all this discussion is the students and a contingency budget is very difficult. In particular, acknowledging the comments that all board members have made. Going any lower is not an option. That is the most responsible contingency budget figure. Given Ms. Wetmore's experience and understanding, if the board adopted that as the contingency budget figure this evening and there was contingency relief for the District to cover the amount as stated for supplies and equipment and allow the community use of our buildings, we could amend the budget before June 30, 2007. Dr. Joseph confirmed with counsel that if the board adopted a budget this evening, absent those expenses, if the District were to find or receive a waiver or relief then the District would be permitted to amend the budget to include those contingent expenses before June 30, 2007.

Ms. Frost noted with this information, she would recommend proceeding with the motion on the floor. Discussion followed relative to tabling the motion. Dr. Joseph advised the District has continued to request relief, assistance and all kinds of support for a number of issues that confront Albany, unlike they confront any other district and we have not seen or received that relief. Dr. Joseph advises she does not believe that holding on a contingency budget this evening with the anticipated hope that there might be something forthcoming puts the District in any better position. Adopting a budget tonight without those contingency elements, with those contingency restrictions in place is a very clear demonstration that the District acknowledges its responsibility to the District, moving forward, getting programs in place.

Dr. Joseph noted the kind of hoops the district has been asked to jump through in the last several weeks have been unconscionable. The District found itself, without even a backward glance, willing to accept 400 students into our school system, provide all the programs and services that they needed and reduce the budget by \$3.8 million dollars. That deserves some recognition. Dr. Joseph noted she is in agreement with board members that the District is in a very, very difficult place. Dr. Joseph advised she does not recommend that the contingency budget go below the level that is on the table and adopting it tonight secures the District's capacity in the best way possible at this very, very difficult juncture to put summer programs in place, to make program recommendations for our children for next year, to really put the interest programmatically of our students forward. Dr. Joseph noted the District fully recognizes the needs of so many of our

children when it comes to basic student supplies and equipment. Absolutely, when we talk about musical instruments, when we talk about physical education, we also talk about the capacity for our staff to do their jobs well and some of the equipment they need. Everyone recognizes the hardship and adopting a contingency budget at the level that's recommended this evening still gives the District some room for planning. I don't think we gain any leverage by delaying the decision. In fact, making the decision and identifying exactly what the losses are for our community and our children perhaps puts the District in a stronger position to find that relief. Dr. Joseph strongly recommended that the contingency level budget be adopted this evening, knowing full well that it can be amended before June 30, 2007.

The board voted 4 ayes (Ms. Frost, Mrs. Gaffuri, Dr. Barth and Ms. Doesschate)  
2 nays (Mr. Barnette and Mr. Morris) No abstentions.  
Motion passes.

**Adjournment**

Mrs. Gaffuri made a motion to adjourn. Mr. Morris seconded the motion. Meeting adjourned at 7:30 p.m.

Respectfully submitted,

Catherine Cutting  
Clerk of the Board