

## Questions and Answers regarding the Facilities Study

**Q: The Comptroller's Audit states the District had collected too much in taxes and had not used the appropriated fund balance as planned. Why didn't Unatego return the excess tax revenue to the taxpayers as the report recommend?**

**A:** The actual recommendations from the 2013 OSC Audit were as follows:

1. The Board should adopt budgets that include the District's actual needs based on historical trends or other identified needs.

2. District officials should develop a plan for the use of the surplus balance in unexpended surplus funds identified in this report in a manner that benefits District taxpayers and provides appropriate transparency through the budget process with public disclosure. Such uses could include, but are not limited to, reducing District property taxes, funding one-time expenditures, or establishing necessary reserves.

The Board did in fact adopt more realistic budgets following the OSC audit, did use some of the excessive fund balance to finance future expenditures as recommended in the audit, and did experience additional fiscal stress from 2013-2015. The worsening financial condition of the District led the Comptroller to conduct another audit in 2016 which showed the following:

Although District officials estimated revenues and expenditures in the 2012-13 through 2014-15 budgets that were reasonable,<sup>5</sup> the adopted budgets were not structurally balanced. The 2012-13 and 2014-15 budgets included \$3.5 million of fund balance as a financing source to keep real property tax levies artificially low. This resulted in using \$1.2 million or 50 percent of fund balance to fund recurring expenditures. While the level of fund balance at the end of 2014-2015 was reasonable, further appropriations of fund balance could cause financial stress. The Board did not appropriate fund balance in its adopted 2015-16 budget and District voters approved overriding the tax levy limit.<sup>6</sup> District officials are currently working on implementing cost-saving measures. For example, District officials converted to a less expensive health insurance plan which will save at least \$2.9 million<sup>7</sup> from the 2015-16 through 2018-19 fiscal years. Moreover, District officials contracted for a feasibility study in August 2015 to review the possibility and cost savings associated with closing school buildings... If the decline in fund balance continues the District's financial stability could become a concern. Recurring revenues are not sufficient to finance recurring expenditures. Without reducing expenditures or raising additional revenues, the District's fund balance will continue to deteriorate and may lead to the inability to provide adequate educational services to its students.

## Recommendations

District officials should:

1. Develop and adopt structurally balanced budgets with sufficient recurring revenues to finance recurring expenditures.
2. Continue to review and seek alternative ways to lower expenditures.

**Q: An organized group of citizens has signed a petition urging that the District keep all elementary schools open and have no increase in taxes. Can this happen?**

**A:** This is not feasible from a financial standpoint. Certain fixed expenses continue to go up every year, including expenses the District has no control over, including mandatory contributions to NYS retirement systems, increases in health insurance premiums, and other state mandates.

The past two years the District has actually presented voters with annual budgets which DECREASED from the previous year, but will unlikely be able to do so going forward.

**Q: Multiple taxpayers have expressed concern that those in the Town of Otego pay a larger share of school taxes than residents of the Town of Unadilla. The School Board should do something about this.**

**A:** Each township in New York State is responsible for assessing property within their borders. Whether or not a town conducts a reevaluation of property is a decision that rests solely with that township. What percentage of taxes residents of towns within school districts pay is determined by Equalization Rates, which are set by the State of New York.

School Districts have no control of when or how often a town conducts reevaluations, the assessed value of property, or the equalization rates and there is no legal authority for them to do so.

Based on the current school year's tax warrant, it shows that the assessed valuation and school tax levied by residents of the Towns of Unadilla and Otego are as follows:

Otego	199,756,433	115.85	3,457,243.37
Unadilla	93,921,269	65.00	2,897,139.13

This indicates that based on the assessed valuation, Town of Otego residents have 61% of the assessed value in the school district while Town of Unadilla residents comprise 29% of the assessed value. On the other hand, what residents of the two towns pay, is closer...residents of the Town of Otego pay 49% of the levy while residents of the Town of Unadilla pay 41%

The remainder is paid by residents of Sidney, Laurens, Oneonta and Franklin.

Problems with equalization rates, reevaluations, and assessments should be taken up with elected officials at the Village, Town, County or State levels of government.

**Q: Some speakers at the Public Hearing argued that the school district did not look at a long enough time period when tracking enrollment trends. Why didn't the study show long-term enrollment statistics?**

**A:** The District agrees that a longer time period should be examined and in fact did their own study which showed that between 1994 and 2015, the enrollment of the District declined from 1,363 students to 886, a decrease of 35%. Current in-district enrollment for state reporting purposes as of October 2016 stands at 839, and projected enrollment by the 2023-2024 school year is expected to be 772. The total district enrollment decline from 1994 through 2023 is expected to be 591 students, or a decrease of 44%.

**Q: Why doesn't the school District rent out its facilities to generate more revenue for the District?**

**A:** The District currently allows school-associated groups to use the facilities at no charge, as long as the use occurs when custodial staff are on duty. Outside groups are charged a nominal fee for building use: \$7.00 per hour for a classroom and \$10.00 per hour for auditorium or gymnasium. First priority for facilities use is given to school organizations. Most of our facilities are utilized most of the day during the week. Our limited gym space is nearly in constant use by interscholastic athletic teams, youth teams, adults, and other groups.

**Q: Several persons have urged the District to use more local contractors in capital projects. Why doesn't Unatego do more with local businesses?**

**A:** There are multiple state and federal laws which determine how work for capital projects is awarded. In most instances, capital projects must be awarded to the lowest responsible bidder. These projects are open to any qualified interested parties. In fact, two smaller capital projects in the past two years (HS Parking lot repair and the Rebuilding of the HS Loading Dock) have been completed by local contractors. Moreover, even local, non-union contractors must pay their employees prevailing union wage on public projects, which tends to keep costs higher than for private construction.

**Q: Why are Elementary children losing 20-25 minutes of instruction each day because of the so-called Shuttle Buses?**

**A:** In order to transport Unadilla children from Otego back to Unadilla and Otego children back from Unadilla to Otego and have them back by dismissal time, they need to be picked up earlier in the day. Instruction then stops when half the students in the building get on the bus and those students who stay in Otego or Unadilla are given that time to do homework, but with half the students in most classes leaving early, instruction cannot take place.

**Q: Since students are losing so much instructional time each day, why can't we go back to having all students, K-5 in each building, depending on where they reside? We liked it better when each building was a K-5 building and with enrollment going down, it should be easy to go back to the way it was before.**

**A:** One of the factors driving the decision to reconfigure Otego into a K-2 building and Unadilla into a 3-5 building was indeed financial. The reconfiguration allowed the District to cut six teaching positions (one in each grade level) and some support staff as well. The driving factor preventing the District from going back to having K-5 in each building remains finances.

Additional factors taken into consideration at the time include more aligned curriculum and students becoming more comfortable with classmates from the other community.

Even with declining enrollment, the average number of students in each elementary grade is around 65. Assuming half are from Otego and half from Unadilla, which would mean 33 in one building and 32 in the other. Currently each grade level has three sections of approximately 22 or 23 students. In order to meet the contractual obligation to keep class sizes 24 students or less, such a move would require two sections of each grade level in each building, necessitating hiring an additional six teachers and possibly additional support staff as well. This would cost more than \$400,000 including benefits, a cost that the District currently cannot fund.

**Q: Why isn't the school doing more to keep students in our District? I heard that lots of kids are leaving Unatego to go to other schools. Is this true?**

**A:** The District is doing everything it can to provide a top-notch education at an affordable cost taxpayers. We continue to add concurrent enrollment college credit-bearing courses at no cost to our students as well as offering several Advanced Placement courses. In 2016, our 78 seniors graduated with between 3 and 25 college credits, saving students and their families more than \$208,000 in tuition costs. We currently offer an Associate's Degree Program in Business Administration through Tompkins Cortland Community College and recently started a Robotics coding program at the Senior High School. We are adding additional Robotics opportunities in classes and after school this year at both the Middle School and Unadilla Elementary.

As to students leaving Unatego to go to other schools, we currently have 23 resident students attending other schools. One is at Lighthouse Christian School, seven at Oneonta Community Christian School, one at Oneonta City School District, three at Sidney and eleven at Franklin. This represents less than 3% of our total student population.

**Q: I have heard that we send a lot of students to placements outside the District. Why don't we keep these students here instead of spending a lot of money to send them to another school?**

**A:** Although we weigh every decision regarding student placement very carefully and try to keep them in the District whenever possible, there are multiple educational and legal reasons why it is more appropriate to place them in a different setting. We are investigating the possibility of bringing some of these students back in the future if it makes both educational and financial sense.

**Q: I think we should keep both elementary schools open. Why can't the taxpayers vote on the decision to close?**

**A:** State law insists that although there are *recommended* procedures that school boards can do before making a decision to close a building, the procedures are nothing more than recommendations. Education law states unequivocally "...that the final responsibility rests with the board, even if an advisory committee is established." (*School Law: 33rd Edition* published by New York State School Boards Association) At this time there is no legal way for voters to determine whether to close a building or not. The sole authority to do so rests with the duly-elected Board of Education.

**Q: There has been lots of talk about closing both schools and building a new building or adding an addition at the Junior-Senior High School. I want to know how much we owe now**

**and why we should build a new structure when we have too much space and too few students as it is?**

**A:** First, capital building projects are aided for our district at approximately 87.5%. This aid is paid to the District, typically over a period of fifteen years. When a project is approved, the District takes out a Bond Anticipation Note or BAN to fund the construction. When the project is substantially complete, the District then sells a bond to pay off the BAN, and pays the bond off over a period of fifteen years. Each year the state building aid is received to offset a portion of the outstanding principal and interest. The remaining balance of P & I is paid out of the general fund and raised through local taxes.

As of 2016, the current indebtedness of the Otego-Unadilla Central School District is \$17,729,593.62, broken down as follows:

Otego: \$2,926,895.06  
Unadilla: \$4,756,360.38  
Jr-Sr High: \$8,739,519.00  
Bus Garage: \$481,597.56  
Districtwide: \$640,003.50  
Unadilla Storage: \$45,298.44  
Otego Storage: \$45,298.44  
Concession: \$94,621.23

The above debt is the remainder of what is owed from a capital project in 2005 and another in 2010. In 2024, the debt from the 2005 project will be substantially retired, allowing the district to put another project out for referendum with no local tax impact.

Both Otego and Unadilla buildings will be over 90 years old and need substantial work to bring them up to 21<sup>st</sup> century educational standards and even then, they will still be 90 years old.

Finally, although district enrollment has continued to decline, it has not decreased enough to allow us to house all students in grades K-12 in the Jr-Sr High School now or in the foreseeable future.

**Q: There has been a lot of talk about school taxes going up. What does a 1% increase in the tax levy mean to the school district budget?**

**A:** As of the 2016-17 school budget adoption, a 1% increase in taxes translates to an additional \$71,216 in revenue for the school. The adopted budget for the 2016-2017 school year was \$22,045,959, a decrease of .31% from the year before.

**Q: We the taxpayers provide most of the funds to run a school. What percentage of the school budget comes from local taxpayer support?**

**A:** Local taxes account for \$7,121,643 or approximately 32% of the \$22,045,959 budget. The remainder is largely funded through various forms of state aid.

**Q: According to the facilities report Otego Elementary School has grades K-2 students from Otego and Unadilla using 12 classrooms and have a total of 212 students. Unadilla has grades**

**3-5 students from Otego and Unadilla using 9 classrooms and have a total of 179 students. As a result of this arrangement, there is a loss of 13 instructional days for students.**

**A:** As of 11/11/16, enrollment numbers are as follows: Otego Elementary (K-2)—197; Unadilla Elementary (3-5)—191. I believe Otego is using 11 classes for regular education and Unadilla is still using 9. The difference is that we try to keep K sections small so we have four classes of 15 each and there was a bubble in 2<sup>nd</sup> grade (70) so we added a section. Unadilla still has 3 sections of each grade level for 9 classrooms used. Of course, other classrooms are used for special area instruction, special education, PE, etc. as well as OT, PT and Speech in each building. The arrangement (K-2 and 3-5) has resulted in an approximately 45 minute loss of instructional time each day due to the shuttle busses which amount to about 13 days per year of lost instructional time.

The reason the buildings were reconfigured in the first place was to save money and ensure that all students in a grade level were learning the same things. If we were to try to restore each building as a K-5 building, we would need to hire an additional teacher at each grade level, as well as support staff, which is money we do not currently have to spend.

**Q: If all elementary K-4 students attend Unadilla School and close Otego will the number of lost instructional days increase or decrease?**

**A:** The option the board is considering is to move all students K-5 to Unadilla, as it is approximately 50% larger than Otego. If this were to occur, the lost instructional time will be eliminated, as there will be no need for shuttle busses at the end of the day and the students will be dismissed at the same time as the walkers and those who are picked up by the parents. The restoration of instructional time is one of the key factors in exploring this option.

**Q: If you choose Option 2: Close Otego Elementary School, Make Unadilla K-4, Move 5<sup>th</sup> Grade to Middle School, I have the following questions:**

**Question: If there is a flood in Unadilla what plans are in place for the elementary students? Where will they attend school? Flooding of the Unadilla School is a very real possibility since it has happened in the past. Fortunately the last time it occurred it was in the summer when school was not in session but what would you do if it occurred when school was in session? A plan is vital.**

**A:** While no one can predict the future, we can rely on past experience. One of the floods (2006) was in June, while the 2<sup>nd</sup> (2011) was in the fall after school started. The Unadilla Elementary School was compromised in the past by having water in the basement, causing some damage to materials stored there, and to the heating plant. Since those floods, the basement has been cleared out, the boilers moved to a higher level, and as a result the basement is empty. It is my understanding the first floor was never compromised or had any water in it. As those were 500 year floods, we can hope that they won't reoccur in the near future, but if they do, as we did during the 2011 flood, little instructional time would be lost if the water was contained in the basement. Other options would be to utilize excess space at the Junior-Senior High School or borrow or rent buildings from neighboring districts. If the decision to close one or both buildings is made, plans will be forthcoming.

**Q: With the number of students and staff doubling the population of the Unadilla School is the septic system able to handle the increase in population? Has this been verified?**

**A:** The Septic System in Unadilla was recently inspected by the Environmental Protection Agency and was cleared. Moreover, we have documentation that in 1994, the Unadilla building housed 460 students and Otego housed 329. In 1998, additions were built at each location. Based on this historical data, the system should be able to adequately handle the less than 400 students projected to be at Unadilla.

**Q: Has anyone prepared a schedule to see if it is possible to accommodate double the population in Unadilla for lunch periods, PE classes, Music classes, Art classes, etc.? Can the school handle double the current population as far as scheduling all the above in a school day?**

**A:** Ms. Mazourek, Unadilla Elementary Principal, has worked out a schedule that indicates that approximately 400 students could be fed, attend PE, music, and art classes and that there is room to do so. In addition, see response above—Unadilla had 15% more students in 1994 than projected for 2018 if that option is selected. That was also before the addition in 1998.

**Q: Regarding savings, by closing Otego Elementary School what is the actual savings after the cost of upkeep, utilities, insurance, and any other additional costs figured in? Additional costs would be transportation of all Otego village, Otego town, Unadilla village, Unadilla town students, some of whom are now not currently bused? What is the cost for additional buses, cost of fuel for buses, drivers, etc.?**

**A:** The actual savings are still projected to be somewhat over \$400,000 per year. Upkeep and utilities wouldn't go away unless the building was sold or otherwise disposed of, but maintenance costs would decline significantly. The building would still need to be heated to an extent but not as warm as would be required for a school with children in it. Electricity bills would go down as there would be no need for lights. Most of the savings would result from a reduction in staff, as many positions would be eliminated. For more details, see the Facilities Study. There should be little to no additional cost for fuel, buses, or drivers, as all the students are transported now or are driven in.

For example, K-2 students living in Otego might be able to walk to school now, but when they are in grades 3-5 they would be forced to ride a bus or other transportation to Unadilla. K-2 students from Unadilla currently are bused but would be able to walk once they entered grades 3-5. No additional buses would be required unless both buildings were to close and an addition built at the Jr-Sr High School, in which case one additional run would be anticipated, necessitating an additional driver but not another vehicle. Moreover, transportation costs, including fuel, cost of buses, either leased or purchased, and driver's salary and partial fringe are reimbursed at about 90% through state transportation aid.

**Q: How much more time will Otego students spend on buses? How much more or less time will Unadilla students spend on buses? What is the comparison of what they now spend riding the bus to what they will spend with Option 2, and how much they used to spend before the reconfiguration?**

**A:** See the question above regarding busing. Students living in Otego village would ride a bus for three years longer (grades K-2) and see an increase of 14 minutes per day on a bus, each way, but with no lost instruction. Unadilla village students would not ride a bus, and would ride three years less. Students are riding a bus an additional 14 minutes in the morning and at night (those that ride-total 28 minutes per day) after the reconfiguration than before, plus the wait time at the schools.

**Q: In the report there are a lot of alarming “cons” in Option 2 compared to Option 1. I think looking at what problems are presented in the cons for Option 2 would be enough to eliminate this as an option and only consider Option 1 or consider another option which would be to revert the Otego and Unadilla Schools to K-5 as it was before reconfiguration. The option of returning each school to K-5 was never given as an option. Why? This option should have been included in the report with pros and cons so it could be considered.**

**A:** The option of not returning each to a K-5 school was not considered due to curriculum concerns and particularly cost. Here’s an example. Assume there were 60 students in grade 2, equally divided, ½ in the Otego section of the district and ½ in the Unadilla section. Currently there are three sections of 20 students each. If we take those same 60 students, put 30 in Unadilla and 30 in Otego, there would need to be 4 sections of 15 each, as 30 is too many for one class of 2<sup>nd</sup> graders and the contract with the teacher’s union caps the class size for 2<sup>nd</sup> grade at 24 students. Therefore instead of three teachers we would need to have four. This would need to happen in grades K-5, requiring an additional six teachers to be hired. This would cost, on average, an additional \$75-80,000 per year, per teacher (starting pay around \$45,000 per year, plus health insurance, retirement, workman’s compensation, social security, etc.) for an additional \$500,000.00 annually in costs. Compared to closing a building, instead of saving \$400,000 per year, the district would be spending an additional \$500,000 per year, totaling \$900,000 more in spending annually. To put this in taxpayer terms, 1% increase in taxes generates about \$70,000 dollars in revenue for the district. To make up the \$400,000 in savings if the board chose to keep both schools open would require a nearly 6% increase in taxes. If both buildings were reconfigured back to K-5, the cost to the taxpayer could result in a tax increase of 7%, and when the additional costs were combined, a 13% increase in taxes would be necessary to offset the increased expense.

**Q: Why hasn’t the school explored the option of using green energy, including solar?**

**A:** The District has, for the past three years, been exploring alternative energy options. Initially, schools were encouraged to sign up for Energy Purchase Agreements or EPA’s. In an EPA, the district provides the land for solar systems, agrees to purchase electricity from the supplier for a fixed period of time, usually twenty years, at a reduced rate. Since schools are not eligible for tax incentives that were being offered at the time, the owner of the solar installation would pay the upfront construction costs and receive the tax incentives. In the subsequent investigation it was revealed that current school boards could not legally agree to arrangements that bound future boards to them, so we were prohibited from entering into such an arrangement. Moreover, in the past two years tax incentives have started to dry up. Finally, the district enrolled in a program with NYSERDA to explore the possibility of grant funds to install solar power systems, and we learned that due to financial foresight in the past, our cost for electricity through a third party provided or TPP, was so low there was no financial gain possible from converting all or parts of our power use to solar. Finally, in the absence of grant funds, the district does not have the financial resources to build a solar array at this time and from what we have been told, the payback time for conversion would be longer than twenty years, so this is not a feasible option at this time.

**Q: Public construction costs are so expensive. Are school Districts required to go out to bid and only award bids to bonded contractors? Can we hire local contractors?**

**A:** School Districts are required to go out to bid on all capital projects and in most cases, the contractors must post a performance bond. There are several state laws that govern public works

projects, including the Wicks Law, which requires separate prime contractors for each component of the project, and the scaffold law which costs districts in added insurance costs. Moreover, both union and non-union contractors must pay their employees prevailing union wage for the area, which drives costs up further.

The District can and does hire local contractors when possible and when they are otherwise qualified. In fact, our last two projects, involving emergency repairs to the high school parking lot and driveway and the reconstruction of the loading dock at the Jr. Sr. High School were both awarded to local contractors who did a fine job.

**Q: If the District closes Otego and moves those students to Unadilla, won't the increased energy costs at Unadilla negate the energy savings from closing Otego?**

**A:** Whether we move more students to Unadilla or not, the heating and lighting costs should not increase. We will still need to maintain some heat and electricity to Otego, but the savings in energy from closing that building should amount to approximately 60% of the current expenses.

**Q: Why doesn't the District have Pre-Kindergarten? This is very important. If you close Otego, there wouldn't be enough room in Unadilla to house a Pre-K program.**

**A:** The last year that NYS funded Pre-K programs was 2006. Unatego chose not to apply for a grant that year. Since then, those schools that were already funded have continued to receive those funds but no new grants have been available for 4 year old pre-K. Ironically, there is funding this year for 3 year old pre-k on a competitive grant basis when many schools are in the same position as Unatego, with no funding available for much-needed four year old pre-k. At this time, Unatego does not have the financial resources necessary to start such a program. As noted in an earlier question, should funding for Pre-K become available, there is enough unused space at the Jr-Sr High School to house a Pre-K program.

**Q: Is it true that even if Unatego had the money for a Pre-K program, if we close Otego there would be no room for a Pre-K in Unadilla?**

**A:** If Otego is closed and Unadilla housed grades K-5, there would be no room for a new Pre-K program. However, we have studied available space in the district and determined that there is enough space at the Jr. Sr. High School to house two or three Pre-K classrooms and the district has funding available from the state for use to renovate this space to create a suitable pre-k environment, should operating funds become available in the future.

**Q: What about buses? If the district closes the Otego building, where would you put the bus garage?**

**A:** At this time, the plan would be to leave the bus garage where it is, in Otego.

**Q: Are there more specific details available of the upgrades and repairs done necessary for all three sites, i.e. which doors need to be replaced and a fair estimate of the cost of materials and supplies?**

**A:** Every five years, the District is required by law to conduct a Building Condition Survey. The latest survey was completed in 2015 and the full study is available at the District Office. The costs

listed in the survey are estimates, provided by licensed engineers and architects and include materials, labor, and design costs.

**Q: When does the board intend to address having the necessary upgrades and repairs done to the current Jr/Sr High School? If they are indeed legitimate needs, then the board should be getting done ASAP. Closing of Elementary Schools have nothing to do with maintaining existing buildings that aren't being considered for closure.**

**A:** The Jr/Sr High School, like the two existing elementary schools, needs significant repairs, maintenance items, and possibly upgrades. The District is waiting to develop a plan for this building dependent on the decision to close one or both existing elementary schools. If the decision is to close both buildings, an addition would be needed for the Jr/Sr High School to provide additional classroom space, gym space, and an expansion of the cafeteria/kitchen area. Also needed would be additional parking space and playground facilities for the younger students.

Until this decision is made, the district is choosing to hold off on any necessary work on the Jr/Sr High School. This is not to procrastinate but rather to coordinate any work that needs to be done now with planned work in the future. For example, the existing parking lot is in very poor condition and needs to be redone. However, it makes sense to wait if there is a significant project planned for the future as the heavy equipment needed for an addition would cause damage to a new lot. There are many other scenarios where it makes sense to wait until we have a five to ten year capital plan, which all hinges on the decision where to house our elementary students going forward.

**Q: If the District decides to close Otego Elementary, what would the impact be on home values? If we close or don't close elementary schools, what is the impact on local taxpayers?**

**A:** The answer to the first part of the question is unclear. The consultants the district retained to do the facilities study indicated that in some cases, the values of homes in a community where a building was closed had gone down, in other cases, gone up, or in some cases, stayed the same. One of the problems in using historic data to look at home values in the 21<sup>st</sup> century is that there were two recessions in the past 16 years, which had a significant impact on home values nationwide. Although the economy continues to grow, in many areas home values have never approached what they were before the recession. And with a stagnant local economy, it appears that is the case with homes in our area. Finally, if a building is closed, what happens afterward is very important and could significantly impact home values in a community.

As to the second part of the question, with different assessed valuation and equalization rates, it is always dangerous to include the impact for say, a house valued at \$100,000, but it is possible to make some generalized statements about taxes and keeping schools open or closing them down. A 1% increase on the tax levy generates approximately \$71,000 for the school district. If we were to keep both elementary schools open, we would not realize the \$400,000 in savings from closing Otego. That could result in a 6% increase in the tax levy, which would translate to approximately a 6% increase in a taxpayer's school tax bill. On the other hand, closing a building with the same \$400,000 in savings, could result in a 6% reduction in school taxes. Of course, that is not taking into account that other district expenses continue to rise, and other revenue sources would be needed to fund these increases. Our anticipated 2017-18 school budget is projected to increase significantly due to rising costs, which would need to be funded in any case.

