

Common school budget questions and answers

Q. What number will you use for state aid if the Legislature does not adopt a budget on time?

A. Generally, the district views the Governor's proposal as a "worst case scenario." Because of legal deadlines related to the district's May 18 budget vote, the district would hope to see the state finalize a budget plan by its annual deadline of April 1 in order to have the most accurate state aid figures for its budget decisions. Absent this information, the district would likely be compelled to use the Governor's figure in an effort to ensure that its budget planning and decisions are as conservative as possible.

Q. When the state adopts its budget, what happens if the district ends up receiving more state aid than was estimated?

A. If the state budget includes additional aid for the district, and it is adopted before the district must set its tax rates in August, then the additional revenue could be factored in when determining the tax rates. If the state budget is adopted after the tax rates are set, any additional monies will be applied to the district's fund balance.

Q. Due to the economic downturn, will there be increased state pension (Employee Retirement System/Teacher Retirement System) contributions required of the district?

A. State pension contributions are largely dependent upon the health of the state pension fund. Like the experience of many investors, it is apparent that the economic climate has affected the pension fund. When the fund decreases, it does lead to a need for increased contributions from municipalities and government agencies. There will be increased pension contributions beginning in 2010-11 probably around 3 percent.

Q. Why does the school budget always seem to go up more than the rate of inflation?

A. The rate of inflation is not a fair measure for schools, since the Consumer Price Index is based on the rising cost of food, clothing, cars, and housing - not on the rising costs associated with school budgets such as health insurance, liability insurance, and retirement fund contributions.

Q. Why doesn't the school district just freeze or reduce staff salaries to cut its costs for 2010-11?

A. While the district has the ability to cut positions to reduce its costs, it does not have the ability to unilaterally change the salaries of staff covered by a negotiated agreement. The district has negotiated agreements with its unions. These agreements are legally binding contracts that spell out staff members' terms of employment, including salaries.

Here's an analogy. Say you want to cut your household expenses, and you decide that your monthly cell phone bill, car payment and mortgage payment are too high. Chances are that you signed an agreement -- a contract -- with these companies describing how much you would pay each month for your cell phone, car or home. You cannot simply decide to start sending these companies smaller monthly checks.

What you can do is contact these companies and ask if they are willing to renegotiate your contract. But if they say no, you must continue to pay what you promised until your contract with them expires.

Similarly, the district cannot unilaterally start paying its staff members a different salary from what is spelled out in their contract.

Q. Why is the percentage increase for the total budget sometimes different than the increase in the tax rate?

A. The increase in total budget only looks at expenses. Tax rate is a function not only of expenses but revenues and property assessment growth, as well. If expenses rise but revenues remain constant or decrease, the tax rate increase will be higher than the budget increase. Conversely, if revenues or property assessments rise, the tax rate increase may be lower than the budget increase.

Q. How does the district ensure it is getting the best price for the products it purchases?

A. The district ensures it gets the best prices for the products and services it purchases by conducting bids, utilizing competitive quotes, and purchasing through cooperative arrangements with BOCES or New York State. By law, school districts are required to competitively purchase goods and services. Annually, the district conducts formal bids for the purchase of items such as instructional and office supplies, musical instruments, and filters for the heating system. In addition, the district routinely seeks competitive proposals for various services such as auditing, student accident insurance, and legal services.

Q. What are equalization rates and how do they affect our taxes?

A. It is fairly common in school districts for taxes to be collected from more than one town. Our school district boundaries encompass all or parts of the towns of Minden, Danube, Canajoharie, Ephratah, and Palatine. Each town may have assessments at varying rates of market value. The New York State Office of Real Property Services is charged with the responsibility of determining an equalization rate for each town. This factor, applied to the town's total assessment, creates an assessment value that equates to full market value. The equalized assessment values by town (not the actual assessed value of the town) are then used to apportion the amount of the tax levy or total amount of taxes to be collected by the school district. This process is intended to ensure that each town is assessed their fair share of school taxes based on the market value of the properties within the town.

Q. What happens if the budget is defeated?

A. Under New York State law, if the school budget is defeated, the Board of Education has three options: put a revised budget up for a second vote; put the same budget up for a second vote; or move directly to a contingency budget. Should the Board decide to present the budget - revised or not - for another vote and it is defeated a second time, the Board must adopt a contingency budget.

Q. How much of the budget do residents vote on?

A. Residents vote on the entire budget. This is a “YES” or “NO” vote on the giving the district permission to spend the budgeted amount in the coming fiscal year.

Q. What programs are mandated by the state?

A. The overwhelming majority of the district’s budget goes toward meeting state and federal mandates and requirements — everything from areas of study to building climate issues to transportation regulations. Elementary school mandates include instruction in math, science, technology, English language arts, social studies, health, physical education, art, music, and library in addition to specific topics as varied as state history and fire prevention. Middle School students are required, among other mandates, to have a certain amount of units of study for English, social studies, math, technology, science, physical education, home and career skills, the arts, library skills, and second language. At High School, the academic mandates differ depending on which diploma a student is pursuing.

STAR Information

Q. How will the STAR program affect my school taxes?

A. All New Yorkers who own their own homes can significantly reduce their school taxes through a School Tax Relief (STAR) exemption, regardless of age or income. Homeowners must apply through their town assessor's office to be eligible for this tax break.

Q. Does the district take taxpayers' STAR savings into consideration when developing its budget?

A. No. STAR is a tax-relief program for homeowners and is paid for through state taxes. It is not a new source of funding for schools, and it is not a consideration in developing an annual budget.