



A Tale of Two Budgets:

Capital Projects

vs.

District Operations

Annual Budget



Mustang Mysteries

Why can't building project money be used for teacher salaries and student programs?

How can we afford new construction when we cut staff last year?

Why are you prioritizing new facilities over the education of our children?

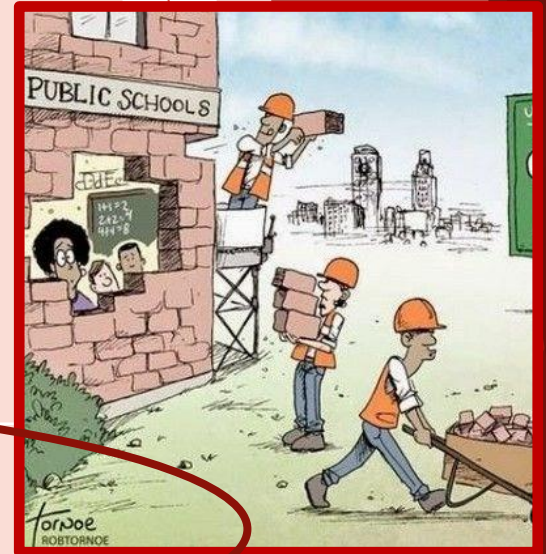
**Different funding streams that
are not interchangeable.**



Different Funding Streams

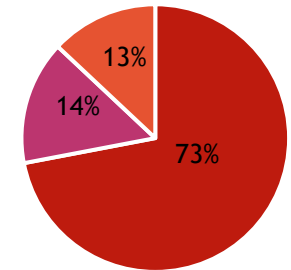
	Annual Operational Budget	Capital Projects
Purposes	Program (All Instructional Costs) <ul style="list-style-type: none"> Instructional salaries and benefits All program costs including special education Co-Curricular & Athletic Programs Transportation and Field Trips Capital/Operations <ul style="list-style-type: none"> Operation of facilities & maintenance Debt Service Administration <ul style="list-style-type: none"> District Office operations Legal expenses District-wide expenses 	Construction Costs <ul style="list-style-type: none"> Contractors, Materials, Labor Incidentals <ul style="list-style-type: none"> Design and Management Application Fees Legal Fees
Funding Sources	State Foundation Aid <ul style="list-style-type: none"> 65% in Dansville CSD Tax Levy <ul style="list-style-type: none"> Limited by statutory cap Fund Balance and Other	State Building Aid <ul style="list-style-type: none"> 90% in Dansville CSD Capital Reserves Tax Levy <ul style="list-style-type: none"> 0% in Dansville CSD

NOT INTERCHANGEABLE



Annual Expenditure Budget (Operational Budget) Funding

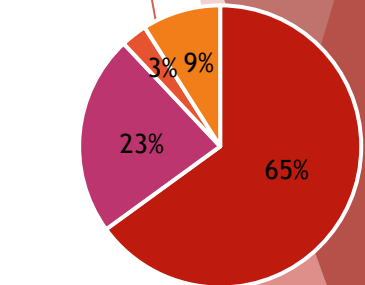
'24-'25 Expenses



- Program
- Capital/Operational
- Administration

Expenses	Revenues
Program <ul style="list-style-type: none">All Instructional Salaries, Benefits, Contractual ObligationsSpecial Education CostsCo-Curricular & Athletic ProgramsTransportationMaterials, Supplies, Field TripsOther Instructional	State Aid (Foundation Aid) <ul style="list-style-type: none">65% in DansvilleVaries annuallyBased on public school enrollment & relative wealth/economic disadvantage
Capital/Operational <ul style="list-style-type: none">Operation of Facilities & Maintenance costsDebt ServiceFacilities Salaries, Benefits, Contractual ObligationsSecurity, Heating/Cooling, utilities, etc.	Tax Levy <ul style="list-style-type: none">Calculation of Tax Cap
Administration <ul style="list-style-type: none">Board of EducationDistrict Office Salaries, Benefits, Contractual ObligationsLegal expenses, Public InformationCurriculum & InstructionProfessional DevelopmentCentral Printing & Mailing	Fund Balance Appropriation <ul style="list-style-type: none">Reserve allocations must be replacedLong-term fiscal planning
TOTAL COSTS = TOTAL REVENUES	

'24-'25 Revenues



- State Aid
- Tax Levy
- Fund Balance
- Other

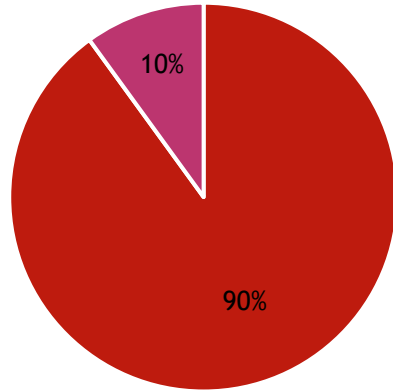
Other Considerations & Contributing Factors:

- CPI (inflation) rate is often greater than increases in State Aid & Tax Levy
- Many fixed costs (i.e. contractual obligations, ERS, TRS)
- Uncontrolled changes in market costs (health insurance, utility costs, fuel & oil costs, etc).
- Changing enrollment & home school



Capital Improvement Project Funding

Capital Project Funding



- State Building Aid
- Capital Reserves & Debt Service

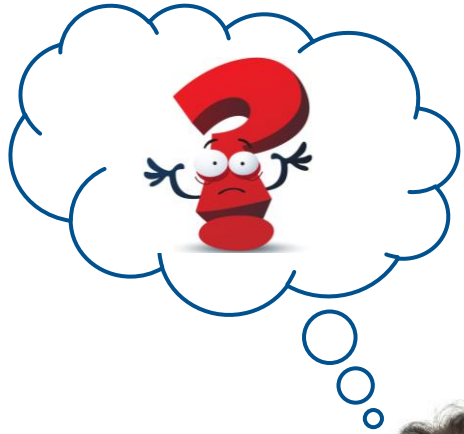
Expenses	Revenues
Construction <ul style="list-style-type: none"> All Instructional Salaries, Benefits, Contractual Obligations Special Education Costs Co-Curricular & Athletic Programs Transportation Materials, Supplies, Field Trips Other Instructional 	State Aid (Building Aid) <ul style="list-style-type: none"> 90% in Dansville
Incidentals <ul style="list-style-type: none"> Operation of Facilities & Maintenance costs Debt Service Facilities Salaries, Benefits, Contractual Obligations Security, Heating/Cooling, utilities, etc. 	Capital Reserve Appropriation <ul style="list-style-type: none"> Reserve allowed for this specific purpose only Long-term fiscal planning
	Tax Levy <ul style="list-style-type: none"> Neutral (0%) No new impact on school taxes
	Debt Service

Other Considerations & Contributing Factors:

- Long-term Reserve Plan
- Stabilization of Debt Service
- Develop cycle of projects to maintain high quality facilities that remains affordable



Wait, I'm confused.



- ▶ Different funding streams, but similarities exist too...
 - ▶ Both require taxpayer approval via a public vote.
 - ▶ Both have an impact on the quality of education for our children.
 - ▶ Districts are held accountable based on NYSED requirements.



“Wait, I’m still confused. It’s still taxpayer money, isn’t it? I mean, we’re still paying one way or another. Zero percent isn’t really zero percent.”



- ▶ **Debt Service**
- ▶ If we don’t use it, another district will.
- ▶ We maintain a certain amount of debt service for capital construction bonds (loans). A small percentage of our annual expenditures are applied to outstanding loans. Since our expenditure budget is partially funded by school tax, a percentage of that is applied to outstanding debt.



Debt Service Explained

“**Debt Service**” is the ongoing balance on loans that districts maintain. It is important that districts incur more debt as older debt falls off, in order to **stabilize debt service payments**, which has several benefits:

1. Budget Predictability and Stability

- Maintaining consistent debt service prevents large fluctuations in annual budgets.
- Predictable expenses make it easier for school districts to plan long-term and allocate resources effectively.

2. Minimizing Taxpayer Impact

- Stabilizing debt service ensures that the tax levy remains consistent year-to-year, avoiding spikes that could burden taxpayers unexpectedly, while allowing for necessary school improvements.

3. Continual Investment in Facilities Infrastructure

- Schools require ongoing maintenance and updates to facilities, technology, and transportation. By incurring new debt as old debt is paid off, districts can ensure that capital improvements are continuous rather than delayed, avoiding costly repairs in the future.

4. Maintaining Credit Ratings

- Demonstrates fiscal responsibility and stability, which can help improve the district's credit rating. This enables the district to secure favorable interest rates for future borrowing, reducing costs overall.

5. Addressing Evolving Needs

- By stabilizing debt service payments, schools can ensure that they meet current and future needs responsibly, while minimizing financial stress on taxpayers and maintaining the quality of education.

Mysteries Solved?

- ▶ “Why can’t building project money be used for teacher salaries and student programs?”
 - ▶ Two different funding streams that are not interchangeable.
- ▶ “How can we afford new construction when we cut staff last year?”
 - ▶ Building aid = 90%, Foundation Aid is only 65%
- ▶ “Why are you prioritizing new facilities over the education of our children?”
 - ▶ Prioritizing the condition of our facilities IS prioritizing the education of our children



Mustang Mysteries



ansville Central School District



Mustang Mysteries

