

Budget Terminology

Administrative Budget Component: One of three categories that must be reported by school districts. These expenditures include: office and administrative costs; salaries and benefits for certified school administrators who spend 50 percent or more of their time performing supervisory duties; data processing; supplies; legal fees; property insurance; and school board expenses.

Capital Budget Component: One of three categories that school districts must show in their proposed budgets, this covers: all transportation capital, debt service and lease expenditures; legal judgments and settled claims; custodial costs and all facility costs, including service contracts, supplies, utilities, maintenance, repairs, construction, renovation, debt, and leasing costs.

Program Budget Component: One of the categories that must be presented in the district's proposed budget, this portion includes salaries and benefits of teachers and supervisors who spend the majority of their time teaching; instructional costs such as supplies, equipment and textbooks; and transportation operating costs.

Appropriated Fund Balance: Any portion of a district's fund balance from the previous fiscal year that is applied as revenue to the district's next year budget. This reduces the amount of money that must be generated by taxes.

Budget Calendar: The schedule of key dates that the school district, Board of Education and administrators follow in preparation, adoption and administration of the budget.

Consumer Price Index (CPI): An index of prices used to measure the change in the cost of basic goods and services in comparison with a fixed base period. It is also called "cost-of-living" index. However, the CPI does not take into account many of the items that cause school district budgets to rise, such as the increasing cost of health insurance, liability insurance and retirement contributions.

Contingent Budget: Under state law, school boards can submit a budget to voters a maximum of two times. If the proposed budget is defeated twice, the board must adopt a contingency budget with a zero percent tax levy increase. Under a contingent budget, there is no capital, court order/judgments or pension exemptions and there is no growth factor. The administration cap remains in effect, and non-contingent expenses must still be removed from the budget.

Employee Benefits: Amounts paid by the district on behalf of employees. These amounts are not included in the gross salary. They are fringe benefits, and while not paid directly to employees, is part of the cost of employees. Employee benefits include the district cost for health insurance premiums, dental insurance, life and disability insurance, Medicare, retirement, social security, and tuition reimbursement.

Expenditure: Payment of cash or transfer of property or services for the purpose of acquiring an asset or service.

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Fiscal Year: A fiscal year is the accounting period on which a budget is based. The New York State fiscal year runs from April 1 to March 31. The fiscal year for all New York counties and towns and for most cities is the calendar year. School districts in the State operate on July 1 through June 30 fiscal years.

Fund Balance: A fund balance is created when the school district has money left over at the end of its fiscal year from either underspending the budget or taking in additional revenue. Part of the fund balance (appropriated fund balance) may be applied as revenues to the district's following year budget. A portion may also be set aside (unappropriated fund balance) to pay for emergencies or other unforeseen occurrences.

Proposed Budget: Also called Administrative Proposal. Spending plan developed by school administrators prior to Board adoption. School districts are required by New York State to show their proposed budgets in three categories: administrative, program and capital.

Revenue: Sources of income financing the operation of the school district.

STAR: The New York State School Tax Relief (STAR) Program provides exemption for school taxes for all owner-occupied, primary residents, with a combined income of less than \$500,000. Senior citizens with combined incomes that do not exceed \$62,000 may qualify for an enhanced exemption.

State Aid: State aid is additional money that the state gives to districts to be used in different areas, such as lowering the tax levy, etc. Until the state passes its budget, the district does not know exactly how much to expect in state aid, but school districts are still required to present their budgets to voters on the third Tuesday in May. To meet that mandate, the district had to estimate its state aid revenues.

State Education Department (SED): The New York State administrative department that oversees public elementary and secondary education.

Supplies: Consumable materials used in the operation of the school district including food, textbooks, paper, pencils, office supplies, custodial supplies, material used in maintenance activities, and computer software.

Support Services: The personnel, activities and programs that enhance instruction and provide for the general operation of the school district. This includes attendance, guidance and health programs; library personnel and services; special education services provided by speech and language pathologists, physical therapists and occupational therapists; professional development programs; transportation, administration, buildings and grounds operations, and security.

Tax Base: Assessed value of local real estate that a municipality may tax for yearly operational monies.

Tax Certiorari: The legal process by which a property owner can challenge the real estate assessment on a given property in an attempt to reduce the property's assessment and real estate taxes.

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Tax Levy: Total sum to be raised by the school district after subtracting all other revenues including state aid. The tax levy is used to determine the tax rate for property owners within a school district.

Tax Levy Limit: Is the number calculated by an eight step State-dictated formula that takes into account inflation (2% or the current Consumer Price Index, whichever is less) any PILOT (payment in lieu of taxes) payments a district receives, and any prior year exemptions. This determines the highest tax levy BEFORE exemptions that a school district can propose and still need a simple majority to pass.

Maximum Allowable Tax Levy: The Tax Levy Limit plus allowable exemptions results in the maximum allowable tax levy, which is the highest tax levy a district can propose and still only need a simple majority to pass.

Tax Rate: The amount of tax paid for each \$1,000 of assessed value of property. In districts that cover just one municipality, the tax rate is figured simply by dividing the total assessed property value by 1,000 and then dividing that again into the tax levy (the amount of money to be raised locally). In districts that encompass more than one municipality, the formula for figuring the tax rate is more complicated. It involves assigning a share of the total tax levy to each municipality and applying equalization rates to take into account different assessment practices.

Unappropriated Fund Balance: A school district is permitted to keep up to four percent of its fund balance in an unappropriated fund. This money may be used to pay for emergency repairs and other unforeseen occurrences.