

BUDGET GLOSSARY

Below are a few definitions to help you follow the school budget process in New York State.

Base proportions

Base proportions determine how the tax burden is distributed between residential and commercial properties in the town. Changes in the base proportion do not change the overall district tax levy, but instead change how much of the tax levy is paid by homeowners and how much is paid by owners of commercial properties. Base proportions are determined by the NYS Office of Real Property Services (ORPS).

Bond

Money borrowed to pay for a school district expenditure. Typically, the money is used for capital expenditures, such as the purchase of buses or the construction or renovation of a building, although in some cases school districts also issue bonds for other large expenditures such as the repayment of back taxes in a certiorari settlement. The goal in borrowing is to spread the cost out over a period of years and lessen the cost to taxpayers in any one year. By definition, a bond is a written promise to pay a specified sum of money, called the face value or principal amount, at a specified date in the future (the maturity date), together with periodic interest at a specified rate.

Budget

A plan of financial operation expressing the estimates of proposed expenditures for a fiscal year and the proposed means of financing them.

Budget calendar

The schedule of key dates that the board of education and administrators follow in the 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. Often referred to as the "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.

Employee benefits

Amounts paid by the school 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, are part of the cost of operating the district. Employee benefits include the district cost for health insurance premiums, dental insurance, life and disability insurance, Medicare, retirement, social security and tuition reimbursement.

Equalization rate

In simple terms, an equalization rate represents the average level of assessment in each community. For example, an equalization rate of 80 means that, on average, the property in a community is being assessed at 80 percent of its market value. The words "on average" are stressed to emphasize that that an equalization rate of 80 does not mean that each and every property is assessed at 80 percent of full value. Some may be assessed at lower than 80 percent, while others may be assessed at higher than 80 percent.

Equalization rates are established by the New York State Board of Equalization and Assessment. School districts that comprise more than one city, town or village must use the equalization rate to determine the tax rates for each municipality. The purpose is to bring some semblance of equity to how the taxes are distributed in any one district, so that ideally a home with a full market value of \$100,000 in one community will pay the same taxes as a home with a market value of \$100,000 in the next community, regardless of how those two homes are assessed.

Expenditure

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

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 through March 31. The fiscal year for all New York counties and towns and for most cities is the calendar year. School districts in New York State operate on a July 1 through June 30 fiscal year.

Revenue

Sources of income financing the operation of the school district. These may include state aid, property taxes, grants, tuition paid by other public school districts for students to attend EG schools, interest on investment, federal assistance, and rent of property to BOCES.

Salaries

The total amount paid to an individual, before deductions, for services rendered while on the payroll of the district.

STAR

The New York State School Tax Relief (STAR) program provides exemptions from school taxes for all owner-occupied, primary residents, regardless of income. Senior citizens with combined incomes that do not exceed a state set threshold may qualify for a larger 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 districts are still required to present their budgets to voters on the third Tuesday in May.

Supplies

Consumable materials used in the operation of the 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. These include attendance, guidance, and health programs; library personnel and services; special education services; professional development programs; transportation; administration; buildings and ground operations; and security.

Tax base

Assessed value of local real estate that a school district may tax for yearly operational monies.

Tax certiorari

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

Tax levy

Total sum to be raised by the school district after subtracting out all other revenues including state aid. The tax levy is used to determine the tax rate for property owners in each of the towns or villages located within the district.

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, like Rondout Valley, 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.

Three-part budget

School district must, by law, divide their budgets into three components - administrative, capital and program - and each year they must show how much each portion has increased in relation to the whole budget.

These components include:

- **Administrative Budget Component:** 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; public information; legal fees; property insurance; and school board expenses.
- **Capital Budget Component:** This covers all school bus purchases, debt service on buildings, and leasing expenditures; tax certiorari and court-ordered costs; and all facility costs, including salaries and benefits of the custodial staff; service contracts, maintenance supplies and equipment; and utilities.
- **Program Budget Component:** 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; co-curricular activities and interscholastic athletes; staff development; and transportation operating costs.