



Middleburgh

CENTRAL
SCHOOL
DISTRICT

FACT SHEET

Creating a School Budget

A walk-through of the process of developing a district budget at MCS

Middleburgh Central School District residents have the final say on the annual school budget spending plan when they vote on the third Tuesday of each May. Prior to that vote, several steps and a lot of work must take place to craft a balanced budget proposal.

The typical first step in constructing a new school budget is to create a “rollover” budget. A rollover budget assumes the district will keep all programming and staff exactly as it is and budgets for any known increases in salaries and pensions, while making projections for items such as energy, health insurance, etc. for the next year. This now becomes the preliminary or working budget and serves as a starting point for discussion.

This is usually followed by the Governor’s Executive Budget announcement at the end of January, which includes estimated state aid for the upcoming year.

(A note on state aid: Schools base their early budget calculations on the state aid runs generated from the Executive Budget. However, these numbers can — and often do — change when the state budget is officially adopted. The deadline for state budget adoption is April 1. However, the actual state aid numbers may not be known until August. This is because several categories of state aid are expense-driven, meaning the district is reimbursed a percentage of the cost of certain items, such as capital projects and certain BOCES services. Since the district will not have a final total for its yearly expenditures until the school year ends on June 30, estimates are used in calculating the proposed budget. This is why you may see an adjustment to state aid amounts after the end of the fiscal school year.)

Districts are required to submit their tax levy limit calculations to the state on March 1. The tax levy limit (also known as the tax “cap”) is a threshold that determines whether a district needs a simple

Quick Glance at Creating a Budget

- Create a rollover budget.
- Adjust for known factors such as salary increases.
- Make educated projections for insurance premiums, energy, pension costs.
- Figure in estimated state aid.
- Calculate the tax levy limit.
- Estimate the budget gap.
- Gather data, including community input.
- Prioritize cuts.
- Present a preliminary budget (superintendent).
- Adopt a proposed budget (BOE).
- Vote on budget May 21 (district residents).

or a super majority to pass its budget. The district business official will follow a state-dictated formula to determine the district’s maximum allowable tax levy limit. This gives the district the maximum increase in tax levy allowable and still only need a simple majority to pass the budget.

Now with the working budget, state aid estimates, and the tax levy limit, a district can start looking at the overall picture: What is the difference between the current and working budgets? How has state aid changed? How does the allowable levy compare to the difference in budgets? What is the budget gap?

The budget gap is the difference between expected revenue and estimated expenses. This is typically the part of the budget that is funded by the property tax levy and the use of fund balance and reserves.

In recent years, however, the budget gap has been too large to be bridged with district fund balance/reserves and property taxes alone. Like districts across the

state, Middleburgh has had to make cuts to staffing and programming in order to bridge the budget gap.

Before any cuts are suggested, district officials must collect and review data to determine which reductions or eliminations can be made with minimal effect or, as the economy worsens, which cuts can be made to bridge the gap but still allow MCS to offer students a “sound, basic education” as prescribed under New York State Education Law.

The school board and superintendent review data on current and projected student enrollment, academic performance, and costs to operate the district, including employee salaries and benefits. They also consider trends in the costs of supplies (e.g., fuel, electricity, food) and outside services (e.g., BOCES programs). The school board and administrators also regularly research educational trends, state and federal education standards, and even college and job market trends that could impact future graduates.

Building a budget is not just about expenses, so the school board and superintendent also research revenue trends. That means looking at trends in state aid, researching changes in the local tax base and the challenges facing residents and business owners who provide the funds for the school tax levy.

Armed with all the above information, the superintendent and business manager begin to craft a preliminary budget that weighs the needs of the district against the taxpayers’ ability to support the district’s budget. This budget is a working document that often changes as more information becomes available, such as any changes to state aid as a result of the adoption of the state budget or the finalization of employee contribution rates or insurance premiums.

Administrators and the board also reach out during this time to community members for input on the developing budget. Residents can get involved in the process at MCS through joining the Budget and Finance Committee, discussions at board of education meetings, participation in district forums, Q&As, Coffee Talks, and online surveys as well as discussions on the district’s Facebook page, and by exploring the budget section on the district’s website.

When the administration has crafted a budget they think

Budget Definitions

- **Rollover budget:** A rollover budget assumes the district will keep all programming and staff exactly as it is and budgets for any known increases in salaries and pensions, while making projections for items such as energy, health insurance, etc. for the next year.
- **Preliminary budget:** The preliminary budget is also called the working budget. It starts as the rollover budget and is adjusted to reflect changes in expenses and revenues as the budget process continues.
- **Proposed budget:** The proposed budget is the final budget that is adopted by the board and put up for vote by the community on May 21.
- **State Aid:** State aid is the total sum of money the district receives from the state of New York, according to the adopted state budget.
- **Tax levy:** The tax levy is the total amount of money to be raised by the school district through property taxes. The tax levy is used to determine the tax rate for property owners in each of the cities, towns or villages that makes up a school district.
- **Expense-Driven Aid:** The state of New York reimburses the district a percentage of the cost of certain items, such as capital projects and certain BOCES services. This is referred to as expense-driven aid and is included in the district’s state aid total. However, it is directly tied to how much the district spends on these services. If the district spends less in these categories, it will receive less reimbursement in return.

best balances the needs of the district against the ability of the tax payers to support it, the superintendent delivers it to the board and the public for review.

A final budget proposal is presented to the board and the community in April. The board then must officially adopt a budget to put before voters.

Perhaps the most important step in the process is the annual school budget vote in which district residents vote whether or not to approve the district’s proposed spending plan. School budget vote day is the third Tuesday in May. The next vote will be held on Tuesday, May 21, 2013, from noon to 9 p.m. in the lobby of the Middleburgh High School gymnasium, 291 Main St., Middleburgh.