

HARPURSVILLE CENTRAL SCHOOL
2016-2017 Budget
Question and Answer

The district has compiled many of the questions that have been fielded through the budget development process in this document. In addition, residents have indicated some concern and confusion regarding these items given some information that has been shared with them that appears to be incomplete or incorrect. As you consider these items, please do not hesitate to contact Michael Rullo (mrullo@hcs.stier.org), superintendent, or Joseph McLaughlin (jjmclaughlin@hcs.stier.org), school business administrator, with additional questions. The phone number to the district office is (607)693-8112.

General budget questions . . .

Where can I find all of the budget information related to the budget development process for the 2016-2017 school year?

All budget information can be found on the district’s website (www.hcs.stier.org). You’ll notice a link on the homepage in the “news” section that will take you to our budget newsletter and all of the information provided at the budget workshops and Board of Education meetings. You’ll also find links to all of the documents that are required to be posted as part of the budget process like the full line-by-line budget, the tax levy calculation for HCS, the school report card, salary disclosures, state aid information, etc.

Where does our revenue come from?

Our budgeted expenses for 2016-17 are \$20,363,159 which means that we must offset that with revenue. Harpursville Central School get its revenue from:

- i. Property Taxes – (\$3,857,206 or 3.02% higher than last year)
- ii. Use of reserves – (\$297,000)
- iii. Use of Appropriated Fund Balance – (\$700,000)
- iv. State Aid (\$14,358,044)
- v. Other Revenue – (\$1,150,909)
 - 1. Other Miscellaneous Revenue \$385,000 (Mostly BOCES Enrichment Revenue)
 - 2. Refund of prior year BOCES Expenditures \$320,000
 - 3. Inter-fund transfer from Debt Services \$187,027
 - 4. Rental of Property to SUNY Broome \$29,000
 - 5. Medicaid Assistance \$20,000
 - 6. Day School Tuition from other Schools \$15,000
 - 7. Interest and Penalties on Property Taxes \$13,000
 - 8. Payments in lieu of taxes (PILOTS) \$8,840
 - 9. Medicare Part D reimbursement \$5,000
 - 10. Interest on Bank Accounts \$2,000
 - 11. Sale of Scrap \$1,000

NOTE: As was presented at the April 11th budget workshop, all federal grant funds and the intended use of them are not included in the general fund budget, neither on the revenue side of the budget nor the expenditure side of the budget.

What programs were cut or “lost” for students with the reductions that were made in the 2016-2017 budget?

None. There was not a single program or service that was eliminated through our budgetary reductions. This is part of the reason that we are feeling proud of the proposed budget. In fact, the “We did it” statement in the newsletter is directly related to the fact that we were able to make the necessary reductions to control spending while maintaining ALL services and programs for our students!

Why does the budget to budget increase seem so large at 11.28% when we made reductions?

Honestly, this has to do with the under-budgeted expenses from the past several years. We’ve taken a look as far back as the 2011-2012 school year and the district has spent significantly more money than the proposed budget each of those years. Part of this was planned as a method of spending down the fund balance. But, here’s the really important piece: this year is the first time over that time period where we have budgeted more than the amount we spent the previous year. This budget for 2016-2017 is a very different approach to budgeting and one that we can feel extremely confident about. When we compare the proposed budget to the amount that we anticipate actually spending during the 2015-2016 school year, the increase in expenses for next year is really only about 2.06%. Just for the sake of comparison, the *actual* increase in spending over the previous four school years was 7.33%, 8.2%, 16.3%, and 9.4%. You can see that we’ve made a plan to control our spending. This is good news for next year and in the years ahead!

Why did we have to eliminate positions and cut staff?

No one is happy about having to reduce personnel. Those conversations are truly painful. These are all good, caring people who have given a great deal of themselves to our students. But, one must look at the facts related to past budgets and past expenses – we’ve consistently spent significantly more than our revenues could support. The argument could be made that we should not have been hiring and adding programs over the past several years when our spending outpaced our revenue. There are two things that only get more expensive with time – people and programs. We added both at a time when we could not support them in a sustainable way.

What are some of the things that were done to keep operating costs down?

- We reduced health insurance costs for both retirees and the district by moving over to a Medicare Supplemental Plan (for retirees over the age of 65).
- We offered a retirement incentive to be paid from our reserves.
- We are capping our UPK program at 18 students per section (2 sections).
- We are establishing a 12:1:1 to keep our special education students in the district with their friends and classmates.
- We have condensed some positions (i.e. Data Coordinator and Athletic Coordinator).

Has anyone in the district taken a salary freeze given the financial position of the district?

Yes. The superintendent and school business administrator have taken salary freezes for the next school year. Furthermore, be assured that no person in the district has received an increase in their salary due to a lateral move/title change. If anyone’s salary changed, it was because of a contractual agreement/obligation and would have been consistent with the increase for other members of the respective bargaining unit.

What is different about this proposed budget compared to the budgets of the past and why should we “trust” this budget?

The proposed budget for the 2016-2017 school year is the first year in the recent past where the district has budgeted more than the previous year’s *actual* expenses. Furthermore, the district is committed to “living within our means” with the proposed budget. In other words, the district will closely track spending during the next school year to ensure that we stay within the budgetary limitations. The only items that could be anomalies are special program placements for certain students beyond what we’ve anticipated and if we have some type of unanticipated, significant event where a major repair needs to be made.

Will voting “NO” on this budget have an impact on any individual employee’s salaries and benefits?

- No, salaries and benefits are part of a negotiated contract with employee groups for multi-year periods.
- By NYS regulation, a contingency budget would eliminate things like the free use of the building by community groups, student supplies, non-essential maintenance, general fund support of the cafeteria program (i.e. the food service program must be self-sustaining – costs of breakfast and lunch could be impacted), sports uniforms, and new equipment.

How will voting “NO” on this budget affect 2016-2017 revenue and future revenue?

A “NO” vote means the district cannot levy more than the prior year. It will decrease the 2016-2017 tax levy by \$112,921 which will require the district to reduce expenses by that amount. This will also impact each subsequent school year as the amount of the tax levy will always be \$112,921 less than it would have been given an approved budget. This reduction in revenue will also hinder the district’s goal to eliminate our reliance on fund balance as a means of balancing our budget (\$700,000 this year).

I no longer have children in school why should I vote and why do I have to pay taxes?

- New York State has established this as the state-wide process of how the local community funds public schools.
- Well educated citizens benefit the entire community.
- Good schools increase property value.

FACTS RELATED TO THE TAX LEVY...

Are the tax levy and tax rate the same?

No. The tax levy is the total amount of property tax a school district must collect to balance its budget, after accounting for all other revenue sources including state aid. This is only one component of the calculation of an individual’s property tax bill. The tax bill is calculated based on individual property assessments and equalization rates set by New York State. The tax levy impacts the tax rate for each of the towns that make up a school district. Residents only approve the tax levy through the voting process; residents do not approve the tax rate.

How much does a 1% increase on our tax levy generate in revenue?

1% on the levy in our district raises \$37,441. Only one other district in our BOCES raises less than that figure with 1% and every other district is able to raise more than twice the amount of revenue with a 1% increase.

What is our maximum allowable levy limit under the law?

Our limit for the 2016-2017 school year is 3.02%. The district has proposed an increase equal to the limit. Of the 15 component districts in our BOCES, 10 of the districts are proposing a levy increase at their maximum allowable limit. In other words, our district and these districts in our region are complying with the tax cap law.

How was our tax levy limit calculated?

There is an 8-step process that is used to determine the maximum allowable limit under the law. A full description of our tax levy calculation can be viewed at:

<http://www.hcs.stier.org/Downloads/Harpurville%20Tax%20Levy%20Calculations2.pdf>

How and when are final tax rates determined?

Final tax rates for the 2016-2017 school year cannot be determined until each of the towns in our district provide assessments to the state's Office of Real Property Services (ORPS) and then the state provides the equalization rates to the district. In general, this happens in August. School district officials do not have any input or impact on the assessments or the equalization rates.

If the district had a 0% increase on the tax levy, could my taxes change?

Yes. The assessments and equalization rates could result in a change to your school tax bill. It is possible that even with a 0% tax levy increase that some people's taxes could increase (or decrease). This doesn't have anything to do with any decisions made by the district. It is a function of assessed values and equalization rates. All other things being equal, if assessments grow then the change in the tax rate paid by residents will be less than the increase in tax levy. On the other hand, if assessments decline, then the change in the tax rate paid by residents will be greater than the increase in the tax levy.

Are HCS taxpayers eligible for the "Property Tax Relief Credit Program"?

Yes. This is an annual property tax credit for income-eligible taxpayers receiving a STAR exemption and living in a district that complies with the tax cap. Since the Harpurville Central School has complied with the cap, eligible taxpayers will receive a credit for the 2016 taxable year consistent with Tax Law § 606[n-1][3][a].