

Garden City Public Schools

Inspiring Minds, Empowering Achievement, Building Community



Question of the Week:

In alignment with the Board of Education's goal of enhancing communication with the community, Garden City Public Schools continues its "Question of the Week" feature.

February 21, 2017

Q: What are some of the challenges in creating a school budget today?

A: Looking at the revenue side of the budget – the dollars and cents needed to implement Garden City Public School's educational program, the first challenge faced by the district is presenting a budget in compliance with Education Law. Other than large city school systems, Education Law requires school districts to present an annual budget to voters for approval. The "Big 5" large city school districts include Buffalo, New York City, Rochester, Syracuse, and Yonkers. Referenda are not required in these districts; school budgets are a component of the cities' municipal budget.

Similar to the nearly 700 public school systems in New York State, Garden City Public Schools must present a budget to voters each year that complies with Education Law, including the tax levy limit. The "tax cap" law requires school districts to present a budget referendum to voters that remains within a 2% increase OR the Consumer Price Index rate of inflation, whichever is LOWER.

Since its implementation for the 2012-2013 school year, the tax levy limit is calculated each year by each school district using the state's 8-step formula. This formula yields a district's "maximum allowable tax levy." However, in practice, the law has been problematic, and in some cases has had negative consequences when major components of a school budget, including both the measurable financial and hard-to-quantify "opportunity costs" (time employees spend on compliance) of state and federal unfunded mandates, increases expenditures without providing districts with a way to increase revenues proportionally. Even the increases a district may experience due to increases in enrollment are not included in the tax levy limit formula.

The state did provide a provision in the law for a district to present a budget to voters that exceeds its tax levy limit, but the budget must then pass by a 60% "supermajority" of the vote, thus giving more weight to the "no" votes (1.2).

Garden City Public Schools has remained within the cap since the tax levy limit law went into effect, including its proposed budget for the upcoming 2017-2018 school year: 1.35% (with STAR). Because the budget Garden City School District will be presenting for public vote on May 16th (6 a.m. to 10 p.m. at Garden City High School) is within its tax levy limit, a simple majority of the vote is required for passage.

A second challenge faced by school districts is the uncertainty of state aid. "The most trying piece in formulating the school budget is the state aid picture," explained Garden City's Assistant Superintendent for Business & Finance Dana DiCapua. Although revenue from property taxes makes up

the majority of the school budget, state aid makes up nearly 6% of the budget (\$5,996,309 for the current school year). What the state provides can vary each year. However, the Governor's budget is not approved until (typically) April 1st. So, at best, districts are making a "best guess" using past state aid figures when building the budget before April 1st.

A third revenue challenge districts face has to do with PILOTs (Payment in Lieu of Taxes) within their taxing districts. Local Industrial Development Agencies (IDAs) can incentivize local businesses by granting PILOTs – effectively, a reduction in taxes in exchange for attracting and retaining businesses. IDAs are not required by law to offer school business officials a vote when these decisions are made. A recent example that could have affected Garden City Public Schools was the PILOT granted to LIPA properties within the district's borders which affected revenue and the tax rate. Although the district prevailed in a court appeal, PILOTs remain another moving piece in the school revenue challenge.

Ms. DiCapua emphasized one final challenge - one that squeezes revenues in a way that limits the educational choices of the board and administration: "Developing new programs in the tax cap era is very difficult - it's a zero-sum game."

Considering the challenges the board and administration face in formulating a school budget, input from the community is critical. Residents are encouraged to attend budget meetings to become involved in the process.

If you are interested but unable to attend one or more budget meetings, all meeting presentations are posted the following day on the district website: www.gardencity.k12.ny.us, under the maroon sidebar "Budget Information." Additionally, all of the "Questions of the Week" are posted and updated on the website as they are released.

Have a budget question? Please email: knightc@gcufsd.net.