

School Business Management - Handbook Number 3 Revised and Reprinted - February 1998

I. BUDGET POLICY

The foundation for the budget process is based on the board of education budget policy. A comprehensive budget policy guides the district administration in complying with the decisions of the board of education. To insure that the district's educational goals are met, budget policy should be based upon and consistent with the board's educational philosophy.

A viable budget policy is a yardstick by which the board of education can measure and evaluate the effectiveness of its budget process. Policy will provide areas of responsibility, continuity of budget process, adherence to laws and regulations, and establish expenditure controls.

THE NEED FOR BOARD OF EDUCATION POLICY

A sound effective budgeting process must begin with positive direction from the board of education in the form of budget policy. This policy should be kept up-to-date, and should be available to all district personnel involved in the budgetary process.

There are, of course, obvious rewards for the formation and implementation of the budget policy statement. These include: adequate control of the budgetary process so that a realistic financial plan is produced in a timely manner; consistency in the budgetary process from one budget cycle to the next; fixed responsibility for the various elements of the budget preparation process and for administration of the adopted budget, and; assurance that financial commitments do not exceed specific appropriations.

POLICY AS OPPOSED TO ADMINISTRATIVE REGULATIONS

Like all policy statements, budget policy establishes general guidelines or plans of action to be followed by district personnel. Day-by-day operations are usually controlled by a more detailed set of administrative regulations and procedures that are consistent with policy. They are more subject to change than policies.

Examples of a policy and regulation are as follows:

Policy

The chief school officer, in cooperation with all staff members concerned, is charged with the responsibility to prepare and present the recommended budget to the board for its review. The recommended budget should be presented to the board no later than the first board meeting in May.

Regulation

All department heads and building principals will have their requests for instructional supplies and equipment for budget preparation to the Superintendent's office no later than the third week of December, using systems provided by the business office.

SUGGESTED CONTENT OF POLICY STATEMENT

1. Responsibility for Preparation

- The board of education is responsible for the preparation and presentation of the budget to the residents.

The annual budget shall be prepared in accordance with the laws of the State of New York. ((Education Law, §§1608, 1716, 2601-a).

- The board of education should charge the chief school officer with the responsibility of initiating, supervising and coordinating the budget preparation for presentation to the board of education. All staff members, both professional and support staff, are charged with the responsibility to assist the chief school officer in the development of the budget.

2. Long-range planning

It is the responsibility of the chief school officer with the cooperation of the business official and other designated staff members to develop a five-year long-range plan in accordance with New York State guidelines. Such plan should be updated on an annual basis.

3. Budget Calendar

The board of education, with the assistance of the chief school officer and the business official, shall develop and present for board adoption a budget calendar setting forth the approximate times of the year and order of consideration for budget items by the board. Once the budget calendar has been established in policy, the chief school officer and the business official should establish an administrative calendar as a regulation. This calendar will list the actual calendar dates for budget development, preparation and review, which may vary from year to year to correspond to the board calendar. (See APPENDIX A, Budget Calendar and Deadline Dates).

4. Authorization

Final approval of the budget to be presented to the voters will rest with the board of education. City school districts will base the approved budget upon Education Law, Section 2516 and 2519.

5. General Format for Presentation of the Budget

The budget for presentation to the district residents will be prepared by the chief school officer with the assistance of the business official. The detail shall be no less than that required by the Commissioner of Education and be available as required by Education Law, §§ 1608, 1716, and 2601.a. The board of education will approve the budget prior to its release (Education Law, §1716).

6. Budget Adoption

The proposed budget will be presented to the voters of the district at the annual budget hearing. The voters will approve the budget by majority vote of those present and voting at the annual meeting on the third Tuesday in May (Education Law, §2022).

7. Use of Fund Balance

The business official is charged with estimating as accurate a fund balance as possible for budget presentation and presenting the same to the board of education as required. The board will comply with the requirement of Real Property Tax Law §1318(1) in its consideration of the use of the fund balance during budget deliberations.

8. Administration

- a) The chief school officer is responsible to the board of education for keeping the adopted budget in balance and for maintaining control of the expenditures within the budget parameters established by the voters. The day-to-day administration of the annual budget is centralized in the business function of the district under the supervision of the business official and members of the business office staff.
- b) The adopted budget is to be entered into appropriate books of accounts. All subsequent receipts and expenditures are recorded and controlled in accordance with the various categories of the adopted budget.
- c) The adopted budget shall, at a minimum, be maintained in the books of account in accordance with the Uniform System of Accounts for School Districts.
- d) Procedures should be developed and maintained whereby no claims or purchase orders are processed unless sufficient appropriations exist, and the requisite authorizations are present.
- e) The board of education shall require the district treasurer to render a monthly report of the status of the budget for each fund as required by Regulations of the Commissioner of Education, Section 170.2(p).

9. Budget Transfers

The board of education is required to keep the incurred obligations within the amount of the total annual appropriations voted or authorized and the prior year's outstanding encumbrances. The board of education may make transfers or authorize the chief school officer to make transfers within limits established by the board and in accordance with Commissioner's Regulations, Section 170.2(k) and (1), and §2023 of Education Law regarding contingent budget caps.

II. LEGAL ASPECTS

RESPONSIBILITY OF BOARDS OF EDUCATION TO PREPARE BUDGETS

The laws of the State of New York are quite explicit as to where the responsibility of budget preparation and presentation lies. The responsibility resides with each Common, Union Free, Central and Small City School District board of education, as follows:

It shall be the duty of the board of education to present at the public hearing the proposed budget. The board of education must present its budget in three components: (1) a Program Component, (2) a Capital Component, and (3) an Administrative Component.

The budget must be written in plain language. Categories of revenues, expenditures and fund balance information, as well as comparison data from the prior year's budget must be set forth in such a manner as to best promote comprehension and readability.

Boards of education must attach to the proposed budget the salaries, benefits and any in-kind or other form of compensation of the superintendent, assistant or associate superintendent and any administrator who will earn over \$97,000 in the upcoming year.

Boards of education must also append to the proposed budget an annual report card prepared by the NYS Education Department which measures the academic performance of the district on a school by school basis. The report card must compare academic performance to statewide averages for all schools of comparable wealth and need. (Education Law §§1608, 1716 and 2601-a)

LEGAL PROCESS INVOLVED IN ADOPTING BUDGETS

School Boards of Education must hold a public hearing to present to the voters the budget for the upcoming school year. The budget hearing must be held no more than fourteen days nor less than seven days before the date of the annual meeting and election. Notice of the date, time and place of the public hearing must be included in the notice of the annual meeting. (Education Law §§1608, 1716, 2003, 2004 &2601-a)

The annual meeting and election must be held on the third Tuesday in May, unless it conflicts with a religious observation. At the request of the school board, the Commissioner may certify by March 1 that a religious conflict exists, in which case the election and budget vote may be held on the second Tuesday in May (Education Law §§1906,2002,2022,2022a and 2601-a)

The board of education must notify the residents of Common, Union Free, Central and Small City School Districts of the time and place of the public hearing and the annual meeting, in accordance with Education Law.

The clerk of each school district shall give notice of the time and place of the public hearing and annual meeting as required by §§1608, 1716, and 2022 of the Education Law. The published notice shall appear four times within the seven weeks preceding the district meeting. The first publication shall be at least forty-five days before said meeting. The announcement shall appear in two newspapers, if there are two, having general circulation within the district. When no newspaper has general circulation therein, the notice shall be posted in at least twenty of the most public places in the district forty-five days before the time of such meeting. (Education Law, §2004)

The notice of the annual meeting (see APPENDIX D for Sample Notice) shall state:

- a) between what hours such annual meeting and election is to take place, and
- b) the place(s) where such election is to be held (Education Law §§2003,2004,2601-a).

AVAILABILITY OF PROPOSED BUDGETS

Each board of education is required to have the proposed budget for Common, Union Free, Central and Small City schools available for public comment.

The budget must be complete and available upon request to residents within the district *seven* days before the budget hearing. The board of education, as part of the notice of the annual meeting referred to in part B. of this section, must give notice that district residents may obtain a copy of the budget, and provide time and place where budgets will be available.

The budget shall be completed at least *fourteen* days before the annual or special meeting and copies thereof shall be prepared and made available, upon request, to residents within the district during the period *fourteen* days immediately preceding such meeting and at such meeting. The board shall also, as a part of the notice required, give notice that a copy of such statement may be obtained by any resident at each schoolhouse in the district in which school is maintained during certain designated hours on each day other than a Saturday, Sunday or holiday during the *fourteen* days immediately preceding such meeting." (Education Law, §§ 1608, 1716, 2003, 2004).

Common, union free, central high school district and small city school districts shall mail a school budget notice to all qualified voters of the school district after the date of the budget hearing but no later than six days prior to budget vote(s) and election. The school budget notice shall compare the percentage increase or decrease in the proposed budget over total spending under the school district budget adopted for the current year, with the percentage increase decrease in the consumer price index. Commencing with the proposed budget for the two thousand one--two thousand two school year, such notice shall also include a description of how total spending and the tax levy resulting from the proposed budget would compare with a projected contingency budget assuming that the contingency budget is adopted on the same day as the vote on the proposed budget. Such comparison shall be in total and by component (program, capital and administrative), and shall include a statement of the assumptions made in estimating the projected contingency budget. The notice shall also include a comparison of the tax savings under the basic school tax relief (STAR) exemption authorized by section four hundred twenty-five of the real property tax law and the increase or decrease in school taxes from the prior year, and the resulting net taxpayer savings, for a hypothetical home within the district with a full value of one hundred thousand dollars, under the existing school district budget with such savings under the proposed budget. The notice shall also set forth the date, time and place of the school budget vote (see [Appendix J](#), Page 71 for form). (Education Law §2022)

ADOPTION OF THE REGULAR BUDGET

The budget must be presented to the voters for their approval. The board of education may submit its budget and/or budget proposition(s) to the voters no more than two times. If the voters fail to approve the budget after the second submission, the board must adopt a contingency budget.

CONTINGENT BUDGET

When a board of education is faced with adopting a contingent budget after the voters have refused or continue to refuse to approve the budget, the crucial question is the determination of what constitutes ordinary contingent expenditures. In general, except for those items for which the statutes themselves either provide mandates or give discretion to the board of education, these may be considered expenditures deemed to be absolutely necessary to operate and maintain schools. The emphasis should be on those expenditures considered essential to maintain an educational program, preserve property, and assure the health and safety of students and staff. In addition, section 2023 of the Education Law places a computed dollar cap on general fund appropriations. The administrative component of the budget is also subject to a cap.

Formal Opinion of Counsel No. 213 specifically discusses provisions for teachers' salaries as authorized by §1709, subdivision 16, of the Education Law. It also divides ordinary contingent expenditures into three categories: (1) legal expenditures; (2) expenditures specifically authorized by statute; and (3) other items necessary to maintain the education program, preserve property and assure the health and safety of students and staff. Formal Opinion of Counsel No. 213 can be used as a guide in helping the board to arrive at a determination of an "ordinary contingent expenditure." (See APPENDICES C, F AND G for further information).

It is important to note that although an item may be an ordinary contingent expenditure, the amount of the administrative component and the total amount of a contingency budget may not exceed the caps set forth under Education Law §2023. The contingency budget is capped at the lesser of: (1) the result obtained when computing 120 percent of the consumer price index (CPI)*, or (2) four percent, over the prior year's budget. Items which shall be excluded when determining total expenditures that are subject to the contingent budget cap include:

- Costs related to increases in student enrollment including the new pre-kindergarten enrollment.
- Expenditure of gifts and grants in aid and the use of insurance proceeds.

Non-recurring expenditures in the prior year's budget.
Expenses related to tax certiorari proceedings.
Expenses related to court orders or judgements.
Emergency expenses necessary as a result of damage or destruction of a school building or school equipment.
Capital expenditures including debt service and leases from projects approved by the voters.

[\(See Excel Spreadsheet to Calculate Compliance with Contingency Budget Cap\)](#)

In addition to this limitation, the administrative component of a contingent budget may not comprise a greater percentage of the contingency budget, exclusive of the capital component, than the lesser of: (1) that percentage which the administrative component had comprised in the prior year's budget; or (2) that percentage which the administrative component had comprised in the last defeated budget presented for the subsequent year. ***NOTE: The CPI shall mean the percentage that represents the average of the National Consumer Price Indexes determined by the United States Department of Labor, for the twelve month period preceding January first of the current year.**

The board of education must exercise its best judgment in determining what the minimum expenditures shall be within the limitations imposed by the administration and the contingent budget caps.

TAXING POWER

Common, Union Free, Central and Small City School Districts are empowered to levy or authorize the levy of taxes after the voters have approved the budget and the resultant tax or after the board of education has adopted a contingent budget.

Where a budget of expenditure is voted at an annual school meeting for school purposes during the following school year, the school authorities shall determine and levy or authorize the levy of the necessary tax, prepare the school tax roll therefor and, on or before September 1, annex thereto a warrant for its collection. (Real Property Tax Law, §1306(1))

NOTE: These procedures may vary in Nassau and Suffolk counties where the Nassau County Administrative Code and Suffolk County Tax Act govern tax collection.

TOTAL EXPENDITURES NOT TO EXCEED APPROPRIATIONS

The budget of a school district is a well calculated estimate as to what will be needed for expenditures by function and object. A school district must keep its expenditures within legally authorized appropriations. The appropriate section of Education Law limiting liabilities and expenditures appears below.

"No board of education shall incur a district liability in excess of the amount appropriated by district meeting unless such board is specially authorized by law to incur such liability." (Education Law, §1718).

BUDGET TRANSFERS AND SUPPLEMENTAL APPROPRIATIONS

It is an exceptional budget that does not require some adjustments made to its appropriation function-object codes during the fiscal year.

The board of education has the power to make transfers between and within functional unit appropriations for teachers' salaries and ordinary, contingent expenditures. Though transfers are for contingent items, they may **not** cause the administrative or overall contingent budget caps to be exceeded. Boards of education may, by resolution, authorize the chief school officer to make transfers within the limits as established by the board. §170.2(1) of the Commissioner's Regulations **allows transfers** "between and within a functional unit appropriation for teacher's salaries and ordinary contingent expenditures" as follows:

- Transfers to be made between contingent expenditure codes.
Transfers to be made from a non-contingent expenditure code to a contingent expenditure code.

This regulation does **not allow**:

- Transfers to be made from contingent expenditure codes to non-contingent expenditure codes.
Transfers to be made between non-contingent expenditure codes.

Grants in aid received from the state and federal governments and other gifts which are required to be expended for particular objects or purposes, any insurance proceeds received for the loss, the damage or destruction of real or personal property, when proposed to be used or applied to repair or replace such property, may be appropriated by resolution of the board of education at any time for such objects or purposes. (§1718 of Education Law)

INTERNAL CONTROLS

Districts must implement and maintain controls whereby appropriations and actual expenditures are monitored for compliance with overall and administrative component caps when administering a contingent budget. The district may be required to present evidence that these monitoring controls are in place and operating as designed. Such controls may be integrated into existing accounting and reporting systems or built-on to existing systems, such as through the use of spreadsheet or database applications software.

III. A BUDGET PLANNING GUIDE

Everyone involved in the field of school business management today realizes the importance of the budget document. The planning and development of a school budget requires a systematic approach to the identification of the ingredients of the budget document and an appropriate timeline for gathering such data. As these ingredients are identified, they must be organized in accordance with a planned schedule that provides information for review and action at the appropriate time during the school year. It is this calendar of events that this section of the handbook will address.

BUDGET CALENDAR

While it may not be necessary to identify every advantage of establishing such a document, it would appear appropriate to review some of them at this time.

- 1) It provides a timely method to give due consideration and attention to the educational program within the district.
- 2) It provides a planning guide for the administrative staff to develop the necessary background information and statistical data needed to develop the school budget.
- 3) It establishes specific dates and deadlines for information gathering, thereby eliminating the frenzied period when efforts are made to quickly gather statistical information that may be incorrect or untimely.
- 4) It eliminates, by design, haphazard guesswork with respect to the needs of the education program.
- 5) It brings to the forefront the need to obtain opinions and gather data from staff and other organizational groups who desire input in the budget development process.
- 6) It provides a predetermined guideline for submission of budget, section by section that the Board can realistically deal with.
- 7) It eliminates the possible confusion and irritation that can be injected into a board meeting when budget items are placed on the agenda without appropriate notice or preparation.
- 8) It emphasizes the necessity of meeting legal dates and other planned events.
- 9) It serves as a guideline for the establishment of informational meetings and other procedures that are needed to publicize the public budget document.
- 10) It eliminates snap judgments with respect to budget estimates that may lack coordination with the district's educational plan.
- 11) It provides for a systematic approach to allow for coordinated study of budget estimates as they are provided to those responsible for preparing the budget document.
- 12) It provides an appropriate timeline for citizen groups and others to appear before the board or administrators to comment on desired changes and provides an adequate period during which such suggestions can be given proper consideration before decisions are made.
- 13) It eliminates the concept that budget preparation is a seasonal one-person job.
- 14) It provides a uniform flow of budgetary material from the initial request to the final document.
- 15) It establishes responsibility for specific budget items and demonstrates that work on the budget document is an ongoing activity.
- 16) It helps to demonstrate that the budget is a planning activity and emphasizes that the budget is a plan designed to achieve specific educational goals.

There is no single budget calendar that will meet the administrative and staff organizational needs of every school district. The varying educational patterns from district to district make it extremely difficult to set forth a single procedure that will be acceptable to all. Another very important aspect of the budget development process is that it is an activity that is multi-faceted with many planning activities occurring at the same time. As development progresses, there will be certain sections of the budget or singular budget items that cannot be undertaken until others have been completed. The process of budget development isn't simply an annual affair. While there are twelve months over which the various phases of the work can be

accomplished, budget development is an on-going activity that extends across school years, as well as into multiyear periods.

The development of a working budget calendar should be based on the consideration of three very distinct activities that occur throughout the school year with respect to budget development. These are:

- 1) budget preparation;
- 2) budget presentation; and
- 3) budget adoption.

The planning activities that occur during these three periods are the ingredients of a well organized school budget calendar. One of the most critical dates in the budget development process is the annual budget hearing date (between 7 and 14 days before the third Tuesday in May) when the budget will be presented to the voters. Since this budget hearing date may vary from district to district, the budget calendar requires tailoring to meet the needs of each individual district. Because of this problem, it must be understood that the suggested school budget calendar that is provided as an appendix to this handbook is simply a guideline. Accordingly, it should be adjusted or modified by the district to meet its individual planning needs.

The complexity of the management of a school district today necessitates the development of a budget calendar that encompasses the entire work year. The old concept, that once the budget has been approved and becomes a financial spending plan for the ensuing school year, there is little to do for the following two or three months, is a misconception. The fact is, it takes time to put the new budget in operation. Setting up accounts, determining that quotation and bid requirements are complied with, issuing purchase orders, closing accounts, and preparing reports are not activities that should delay the planning of the budget development process until the following school year. As a matter of fact, the activities of planning and preparation of one budget become the basis for the planning and development for the following year's budget. As a district gets into a new school year, it may become apparent that certain planned expenditures or activities become inappropriate or unachievable in that school year. This information should be the basis for the planning and development of the budget in the ensuing school year.

The development of a suggested school budget calendar has two distinct categories of events that are occurring throughout the period of the calendar. Certain of these events are going on continually without a specific deadline date. Other activities and occurrences are tied specifically to target dates. Because these activities are occurring throughout the school year simultaneously and one becomes the basis upon which the other is developed, the exhibits for suggested budget calendars are separated into two different documents. One is identified as a *Budget Development Planning Guide* (see APPENDIX B) and the other is identified as a *Budget Calendar and Deadline Dates* (see APPENDIX A).

The two budget development guidelines are intended simply as guidelines. Though neither of the documents may be appropriate for an individual district, as presented here, they can be modified and used as a basis for developing a calendar that will fit individual administrative and budgetary needs.

LONG-TERM PLANNING

Since the budget is really the financial expression of the educational objectives, which have been developed and accepted by the board of the district, it must be as carefully developed and organized as the school program. This requires a long-range view of the monetary needs, as well as the specific allocations for operating needs during the current fiscal year.

Although long-range fiscal projections are more susceptible to error than those for a single year, fairly reliable estimates can be made. These estimates, however, may be subject to revision as changes in local conditions, objectives, and law occur. Some of the important considerations to take into consideration while developing a long-term plan are as follows.

1. Planning Expenditures

- a) The number of children to be educated and the grade level placement of students. Prior year statistical data as well as projections of future enrollment are vital.
- b) Salaries comprise the greatest percentage of educational expenditures. Estimates for future enrollments should be used to extrapolate staffing needs and projected costs, instructional supplies, equipment, and facility needs.
- c) The budgetary impact on changes in teacher-pupil ratios should be evaluated. Ideally, such planning should occur two or more years in advance so that its impact may be evaluated in terms of requirements for new personnel as well as the need for supplies, equipment, and facilities.
- d) District contributions to employee retirement plans can be projected through the use of historical costs.
- e) The district's contributions to active and retired employee health insurance premiums can be estimated through historical data and future projections of staffing patterns and retirements.
- f) Consideration should also be given to the recognition on the books of account of the liability for compensated absences, e.g., earned but unused vacation and vested sick leave and related fringe benefits.
- g) A statement of existing district indebtedness and the schedule of principal and interest payments as they become due are a necessary part of an effective budgetary process. An assessment of the current status of district facilities should be undertaken so that future reconstruction and new construction needs can be estimated. This estimate can then be used to forecast the impact of new debt service on the budget.
- h) Economic conditions, inflation rates and consumption statistics form the basis for projecting the costs of materials and supplies, insurance, utilities and other commodity areas.
- i) A planned program of building maintenance and capital replacement projects covering at least the next five years is highly desirable, both from the point of view of maintaining the educational program and of maintaining control over budget growth.

It should be noted that Section 155.1 of the Regulations of the Commissioner of Education presently requires school districts to develop and keep on file a comprehensive long-range educational facilities plan. The required plan must be re-evaluated at least annually and must include an approval of:

- present and projected pupil enrollments;
- space utilization and State-rated capacity of existing facilities;
- priority of need for maintenance, repair or modernization of existing facilities, including consideration of their obsolescence.

2. Anticipating Revenue

- a) The principal item of revenue in most school district budgets is derived from real property taxes. Accurate forecasting of available revenue from this source is dependent upon reliable estimates of changes in the level in assessed values as well as a knowledge of the local economy. For this reason estimates of

revenue for real property tax sources should be carefully reviewed at least annually to assure that the most current information is being used in making these estimates.

b) Estimates of state operating aid must be projected largely on the basis of current legislation. Estimated amounts of aid for textbooks, building, transportation, and similar aids should also be determined in terms of current legislation and computational procedures. **Great care must be taken in determining what to project for each state aid category. Items such as the Deduction for the Local Share of Certain Handicapped costs and adjustments to Legislative projections due to enrollment changes or utilization levels must be taken into account.**

c) Non-resident tuition revenue can be a difficult item to estimate, especially when there are other districts with which the sending districts may contract. Where this constitutes an appreciable revenue, the estimates should be based on the most recent information available.

d) Additional revenue generated through Medicaid claim billings should be projected based upon the estimated number of eligible children receiving eligible services at expected rates of reimbursement. Care should be exercised in this projection to ensure that State excess cost aid is not overstated in revenue projections for the amount representing Medicaid payments. Additionally, the timing of claim submission is an important consideration in estimating available revenues.

e) Some items of year-to-year revenue are very minor in amount and not subject to long-range budgeting. Such revenues are incorporated into an item called "miscellaneous" revenue. Where a specific item is reasonably large in and of itself in terms of the total budget, it should be independently projected.

f) There are some optional non-property taxes which can be levied by, or on behalf of, certain classes of school districts (i.e., City School Districts can levy a sales tax of up to 3% on public utilities, gross receipts tax and payment in lieu of taxes). If the long-range budget based on the desired educational objectives indicates that abnormal rises in the property tax rate might occur, it would be prudent practice to study the potential yield from these other possible tax sources.

g) Federal aid under the "aid to education" programs is modified annually. Care should be taken in the projection of these programs as they will undoubtedly affect more than one budget period. Furthermore, local contracts determine the salary paid to employees working within the "grants". If salary increases take place, the business official needs to determine whether or not the monetary amount of the "grants" are sufficient to cover the increased costs. If not, determination needs to be made as to whether or not the grant program needs to be modified to stay within its amount of Federal aid, or whether revenue should be raised in the General Fund budget and transferred to the Special Aid fund to offset the need for additional revenue to support the grant program.

h) Investments and investment should be considered and estimates based upon prevailing rates and economic projections.

i) The fund balance should be considered as a possible revenue and is discussed in further detail in section IX of this booklet.

IV. BUDGET PROCESS

UNIFORM SYSTEM OF ACCOUNTS

The school district's budget essentially follows the format prescribed by the Commissioner of Education based upon the Uniform System of Accounts for School Districts promulgated by the Office of the State Comptroller. General fund appropriation are classified by major function codes are as follows:

- General Support
 - Instruction
 - Pupil Transportation
 - Community Service
 - Undistributed Appropriations

These major function codes are broken down into related functional units such as supervision, teaching, instructional media, and interscholastic athletics.

Functional unit codes have expenditure descriptors called object codes, such as, instructional salaries, materials and supplies, equipment, and contractual expenditure.

SEQUENCE OF EVENTS

The board of education establishes objectives and priorities for the operation of the district and sets that course by establishing policy. The chief school officer is responsible for planning, organizing, directing, coordinating, and reporting the budgeting process. The chief school officer must be aware of both the district's financial capacity and its external environment (public) whose approval is required in order to achieve the district's objectives. Recognizing that the district must respond to a wide variety of pressures, it is appropriate that the chief school officer communicate the district's objectives and gather a coalition of inside and outside groups to participate in the budget decision process.

Participation in the budget process by both inside and outside groups will give the process a broader prospective and will lead to a better communication and a wider support system once the proposed budget is completed and public support is required.

To reach a realistic assessment of the district's educational needs and the community's ability and willingness to finance the school program, it is important to have accurate information regarding:

- the community's receptiveness to tax increases;
- enrollment projection;
- capacity and limitations of facilities;
- staff expertise;
- educational program objectives.

Once this data has been analyzed and the parameters governing budget development have been established, a full staff meeting should be conducted in which educational priorities, fiscal constraints and the process itself are discussed in order to obtain full staff cooperation. This should take place prior to the budget development process.

The professional staff should help by analyzing the district's operations, identifying problems and needs and then creating potential solutions. This includes determining which programs or services should be supported with increased resources, maintained at current levels, reduced or eliminated.

To effectively balance needs of the students with the resources of the community and to determine what approach should be adopted with regard to educational activities, it is suggested that the chief school officer setup a committee, including the people responsible for the educational programs and designated community representatives, to help in planning a rational distribution of identified resources among the district's programs. Potential solutions will be less effective without contributions from staff members at all levels, as well as interested community members.

Once the educational priorities have been established and the guidelines for dollar allocations determined, the chief school officer then can advise the building principals and department heads of the financial constraints to use in evaluating requests submitted by members of the staff.

When the instructional and support staff are requested to submit budget requisitions in accordance with the pre-established guidelines, the process can be facilitated and coordinated by:

- distributing computerized standard supply lists;
- designing forms and computerizing them for on-line systems, consistent with the budget codes established by the SBM.

The building principals should inform the respective members of the staff of budget procedures, and should distribute budget data collection forms or solicit direct input via the district's on-line system in conformance with budget timelines.

The format of budget request forms should include the following information:

- the school building or department;
- item description, supplier and cost;
- intended use and frequency of use of the various items;
- a ranking of requested items in order of priority using the following criteria:

- a) is it essential;
- b) will it expand service;
- c) will it save personnel time;
- d) will it affect safety.

Completed requests should be sent to the building principal for review and approval. Once approved by the building principal, the requests are sent to the central office. The business official puts revenue data information together relating to central services, employee benefits and debt service. Revenue estimates are also made in the business office. The major sources of revenue are state aid, the local tax levy and the appropriated fund balance. This information is then collated and placed in the budget by the business official.

The proposed budget is reviewed by the chief school officer, the business official and/or a budget committee. If adjustment is needed, it will be referred through the appropriate staff member for revision and adjustment. After acceptance by the chief school officer, the proposed budget should then go to the board of education for its approval. If reduction is necessary, **the board should make the reduction by total sum rather than by item. Where the board makes budgetary increases, these should be for specific items and in sufficient detail to enable administrative staff to carry out the intent of the increased appropriations.** Reductions should be discussed by the chief school officer with the

administrative staff. The building principals should then discuss respective reductions with the educational staff so that budget decreases are determined according to priority. The current and proposed budget must be separated into the district's program, capital and administrative component costs before being resubmitted to the chief school officer, and subsequently to the board for final approval.

FUND BALANCE

One good aspect of budget administration is an accurate prediction of the year-end surplus the amount of the unreserved fund balance. Year-end surpluses are the result of revenues in excess of expenditures.

Information concerning fund balance is particularly valuable to the board of education and the administration when making final decisions about the upcoming budget, since the amount of surplus available has a direct impact on the amount of tax levy needed in the next fiscal year.

A fund balance projection should be stated in February of each year. A revised fund balance projection should then be calculated each month until the next year's budget is adopted. Such information is critical as the board considers a budget for the upcoming year, since the total amount of the fund balance, with the exception of up to two percent of the new year's budget, is used to reduce the tax levy in the next fiscal year.

AUTHORIZATION

Final approval of the tentative budget document for presentation to the district voters, where required, rests with the board. The chief school officer, and such members of his or her staff as he or she shall deem necessary, should be prepared to explain and justify the budget to the board in sufficient detail to make clear the importance of each item in the educational program.

Final authorization of the budget rests with the voters of the district. When the budget document has been adopted by the board, it becomes the responsibility of the board to ensure that the proposed budget is adequately explained to the public.

POPULAR BUDGET

The popular budget document may be considered one of the most important publications compiled for a school district during the year. It portrays how the school district will operate for the next fiscal year and it conveys the continuity and improvement of the district's desired educational goals. This document should be easy to read, provide budget information in an organized manner, and in plain language. Its contents should include an explanation of three essential plans: the educational plan; the expenditure plan; and the revenue plan.

1. The Educational Plan

The introductory portion of the budget document should provide the setting for the requested appropriations. Among the items recommended for inclusion in such a section are:

- a letter of transmittal from the board;

a statement of philosophy and major objectives of the program of education offered;
an overview of the education programs and services of the district;
a statement of the relationship of this year's budget to any long-range program;
any new services, or changes in present organization, that are being added or undertaken
this year to carry out the educational objectives;
a list of budget recommendations which are being deferred for future consideration due to an
inability to obtain the desirable appropriations.

2. The Expenditure Plan

The expenditure plan should classify budget items through the function and object codes in accordance with the Uniform System of Accounts. As previously noted, in order to provide the comparative statistics which are required to be included in the budget, it will be necessary to divide the current and the upcoming budget into the three components. The expenditure plan should also:

- compare statistics for at least one year prior to the current proposed budget with respect to expenditures, revenues, fund balance, and tax rates;
- describe the nature and types of service covered in some of the more general item classifications;
- provide an attractive and interesting format through pictures, charts, tables, and graphs;
- explain substantial increases or decreases in appropriations by reference to enrollment data, effects of inflation, or program expansion/reduction;
- focus attention on past and present successful efforts to provide economy and efficiency in the district's operations.

3. Revenue Plan

The income plan should contain at least the following elements:

- a) a listing of anticipated revenues with an explanation of substantial increases or decreases;
- b) an explanation in general terms of state aid and types of programs funded by state aid;
- c) an indication of the estimated amount to be raised through local taxes.
- d) fund balance - appropriated and unappropriated

Additional helpful information that should be included in the popular budget are:

- a listing of voter qualifications;
information concerning budget hearings, annual meetings, and budget votes.

The popularized form of the budget should be approved by the board prior to release.

BUDGET DEFEATS

School districts whose voters fail to approve the board of education's proposed budget must operate on a contingency budget (see APPENDICES C, F AND G). The board of education may present the original

budget or a revision of the budget to the voters two times for approval. In the event the board declines this course of action, Section 2008 of the Education Law provides a means whereby a stipulated number of citizens may petition the board to call a special district meeting to vote on one or more budget related measures. It is generally considered good practice to submit a budget for a second vote.

If no budget has been adopted by the voters by the beginning of the new fiscal year, the board must identify those items of contingent nature and adopt a budget that includes only contingent items and is within the calculated administrative and contingent budget caps (see APPENDICES C, F AND G). These items can then be entered in the district accounting records to enable salaries and bills to be paid. If a new budget is adopted records may be adjusted to reflect the changes. If no change occurs, care should be taken by the board and the administration to ensure that the **administrative and contingent budget caps are not exceeded and that only expenditures for teachers' salaries and ordinary contingent expenditures are included.**

V. BUDGET IMPLEMENTATION

MONITORING THE BUDGET

The monitoring of budget activity takes place at several levels. The staff member who is to be responsible for monitoring each section of the budget should be assigned prior to the start of the budgeting process. The assigned staff member must be involved in developing the budget to fully understand its contents, and be knowledgeable about the activity that will take place during the budget year.

Each request for spending must be authorized by the appropriate assigned staff member(s) and purchasing agent. Such authorization establishes that the transaction(s) should be processed, thereby creating the first level of budget monitoring.

The authorization request is next submitted to the business office for further action. The appropriate business office staff member determines if the purchase is allowable, if it must be bid or quoted, and if it is consistent with the budget plan and available funds. At the time of purchase, each purchase order must be encumbered prior to its issuance, as required by the Uniform System of Accounts. If funds are available, the purchase order may be processed.

At least once a month, a budget status report should be prepared for the board of education and for the use of those staff members assigned responsibility for administration of specific portions of the budget. The report should include: estimated revenues, revenues received to date, and estimated revenues yet to be received; original appropriations, adjustments and transfers, revised appropriations, expenditures, encumbrances, and unencumbered balances pursuant to Commissioner's Regulations 170.2(p). Other information may be included as necessary.

The school board president should review the budget status report at least once monthly, with special attention to encumbrances and expenditures. Special summary reports which identify variances from past spending levels are helpful in pinpointing abnormal situations requiring extra attention. Potential problem areas may be identified in time to adjust for them, thereby avoiding serious shortfalls.

The budget status report and/or monthly treasurer's report, the Annual Financial Report (ST-3) and the annual independent audit are financial information sources available to the chief school officer and the board of education, and should be used when planning, managing, and monitoring the financial activities of the district.

BUDGET TRANSFERS

Budget estimates are often prepared months in advance of the actual expenditures. The possibility that the amount of each expenditure will be known in exact terms at the time of the budget preparation is very unlikely.

Boards of education are constrained by Education Law, Section 1718, and may not "... incur a district liability in excess of the amount appropriated by a district meeting..." This law is also enforced by the State Comptroller, who, in the Uniform System of Accounts, states that, "An appropriation *must* be available before an expenditure is charged." (*Italics* have been added for emphasis.) School districts must comply with this provision and must keep expenditures within available appropriations.

The Commissioner of Education, in Section 170.2(1) of the Regulations of the Commissioner provides school districts with a vehicle for making necessary budget transfers in discretionary areas. The Regulation grants the board of education the authority through the following provision: "To make transfers between and within functional unit appropriations for teachers' salaries and ordinary contingent expenditures, boards of education may, by resolution, authorize the chief school officer to make transfers within limits established by the board."

This regulation **allows**:

- Transfers to be made between contingent expenditure codes.
- Transfers to be made from a non-contingent expenditure code to a contingent expenditure code.

This regulation does **not allow**:

- Transfers to be made from contingent expenditure codes to non-contingent expenditure codes.
- Transfers to be made between non-contingent expenditure codes.

Delegation of this authority to the chief school officer, combined with the encumbering of purchase orders before their release, will prevent expending appropriations beyond the amounts authorized. Transfers made by the chief school officer will be shown on the monthly Budget Status Report presented by the treasurer to the board of education at the regularly scheduled board meeting.

The board of education must be diligent in monitoring the budget status report to ensure that there are no over-expended or over-encumbered accounts. **When operating under a contingent budget, transfers cannot be made if their occurrence allows the overall contingent budget and/or the administrative caps to be exceeded.** The board must rely upon its administrators' diligence to ensure that requisitions are not approved or purchase orders released when appropriations are not sufficient to cover the proposed obligation. The purchase process is materially slowed when the administration must await action to make transfers.

VI. OTHER FUNDS

The Uniform System of Accounts for School Districts prescribes the types of funds which a school district may establish and maintain in addition to the General Fund. There are various budgetary requirements for each of these other funds as described in the paragraphs which follow.

SCHOOL LUNCH FUND

This fund is used to account for revenues and expenditures in connection with the school district's food service program.

The estimated expenditures must balance with the estimated revenues, interfund transfers, if any, and fund balance. The basic budget is not submitted to the voters for approval; only the subsidy, if any, from the General Fund need be approved by the voters in Common, Union Free, Central and Small City school districts.

SCHOOL STORE FUND

This fund is used to account for revenues and expenditures of a school store operated and sponsored by the board of education. School stores operated by student organizations are accounted for as part of the Extraclassroom Activity Fund.

Estimated revenues and expenditures are developed by district officials. No voter approval is required unless a general fund subsidy is required to balance the budget. If so, only the subsidy is approved by the voters, not the entire budget.

SPECIAL AID FUND

This fund is used to account for revenues and expenditures in connection with federally supported programs and State funded grants operated by the school district.

Budgets are determined when specific grants are awarded by the funding agency. The board of education should approve each program/grant budget and should appropriate the funds by resolution. For grants which extend beyond June 30, budgets may be re-established in the next fiscal year without additional board of education approval.

DEBT SERVICE FUND

The Debt Service Fund is used to record payments of principal and interest on capital debt. The use of this fund by school districts is optional except where a mandatory reserve for debt service is required as a result of having sold school property on which there is outstanding debt, or where unexpended proceeds of borrowings, earned interest, bond premium, or accrued interest are being retained to offset future payments on principal and interest.

It should be noted that most school districts pay debt service on capital debt directly from the General Fund. However, where a Debt Service Fund is used, the amount necessary to support appropriations in this fund is budgeted in the Interfund Transfer Section of the General Fund Budget and subsequently transferred to the Debt Service Fund.

CAPITAL PROJECT FUNDS

The Capital Project Funds are provided for school districts to account for capital improvement and acquisitions.

Capital projects are budgeted on an individual project basis since legal and contractual requirements will vary from one project to another.

The initiation and implementation of a capital project generally requires voter authorization of the funding which may take the form of either obligations or current funds.

VII. RESERVES

Establishment and funding of reserve funds should be given careful consideration in the overall financial plan for any school district. The various reserve funds which are statutorily available for school districts are described in the paragraphs which follow.

WORKERS' COMPENSATION RESERVE

The purpose of this reserve fund is to pay for compensation benefits and other expenditures authorized by Article 2 of the Workers' Compensation Law, and for payment of expenditures of administering this self-insurance program. The reserve may be established by board action and is funded by budgetary appropriations and such other funds as may be legally appropriated (General Municipal Law, §6j).

UNEMPLOYMENT INSURANCE RESERVE

This reserve fund is used to pay the cost of reimbursement to the State Unemployment Insurance Fund for payments made to claimants. The reserve may be established by board action and funded by budgetary appropriations or other funds as may be legally appropriated (General Municipal Law, §6-m).

REPAIR RESERVE

The Repair Reserve Fund is used to pay the cost of repairs to capital improvements or equipment, which repairs are of a type not recurring annually. Voter approval is required to fund this reserve (See Opinion of the State Comptroller 81-401). Expenditures from this reserve may be made only after a public hearing has been held, except in emergency situations. If no hearing is held, the amount expended must be repaid to the reserve fund over the next two subsequent fiscal years (General Municipal Law, §6-d).

CAPITAL RESERVE

The Capital Reserve Fund is used to pay the cost of any object or purpose for which bonds may be issued. Voter authorization is required for both the establishment of the reserve and payments from the reserve.

The form of the required legal notice for the vote on establishing the reserve and the form of the proposition to be placed on the ballot are set forth in §3651 of the Education Law.

INSURANCE RESERVE

This reserve fund is used to pay judgments, claims, incidental costs and professional services connected with the investigation and settlement of claims. The reserve is funded by budgetary appropriations or any other permissive referendum. The amount that can be paid into the reserve during each fiscal year is limited to 5% of the annual budget. There is, however, no limit upon the amount which may be accumulated in the fund (General Municipal Law, §6-n).

PROPERTY LOSS RESERVE AND LIABILITY RESERVE

This reserve fund is similar to the liability and casualty reserve described earlier, in that it is used to pay for property loss and liability claims incurred. Separate funds for property loss and liability claims are required and these reserves may not in total exceed 3% of the annual budget or \$15,000 whichever is greater. (Education Law, §1709, Subdivision 8-c).

MANDATORY RESERVE FOR DEBT SERVICE

Upon the sale of district property that was financed by obligations which remain outstanding at the time of sale, a reserve must be established for the purpose of retiring the outstanding obligations. The

funding of the reserve is from the proceeds of the sale of district property or capital improvement (General Municipal Law, §6-l).

RESERVE FOR TAX REDUCTION

The purpose of this reserve is to provide for gradual use of the proceeds from the sale of school district real property where such proceeds are not required to be placed in a mandatory reserve for debt service. Specifically, the district is permitted to retain the proceeds of the sale for a period not to exceed ten years and to use them during that period for tax reduction (Education Law, §1709, Sub. 37).

Prior to the establishment of any type of reserve fund, boards of education and school district officials should carefully evaluate the long-term effect of establishing such reserves and should review the authorizing sections of the various laws to assure that management of these reserves is consistent with the provisions of those sections.

TAX CERTIORARI RESERVE

The governing board of any school district, by resolution, may establish a reserve to refund taxes of the current year in tax certiorari proceedings. Establishing or expending the reserve does not require voter

approval. Amounts not necessary to refund taxes must be returned to the unreserved fund balance of the general fund by the first day of the fourth fiscal year following the year for which the reserve was created. (Education Law §3651, Sub.1a, 3a)

VIII. THE INDEPENDENT AUDIT

The annual independent audit should serve as a valuable tool in the budgeting process. The audit may not always receive the attention it deserves because it follows the close of the budget year. However, since the audit is prepared at the close of the year by an outside independent certified public accountant or public accountant, it represents an unbiased look at the major categories of expenditures and revenues. The audit can serve to point out areas for improvement in the budget development process, as well as to serve as a review of the district's compliance with laws, regulations and accounting practices.

Accounting firms that have specialists on staff can also provide valuable consulting and training services throughout the fiscal year to district staff dealing with budgeting and accounting matters. Questions addressed at the appropriate time can prevent problems from occurring that are difficult to correct after the close of the fiscal year.

IX. FUND BALANCE

Year-end fund balances of school districts are the result of the recognition of revenues in excess of amounts estimated and expenditures that are less than the total amount of appropriations. It should be noted that there is no provision in the law or regulations for deficit or negative fund balances.

The total fund balance of a school district's general fund is made up of two parts: Reserved Fund Balance and Unreserved Fund Balance.

The reserved portion of the fund balance is made up of moneys that may be used only for very specific purposes and is, therefore, not available to be used for tax reduction in the next subsequent fiscal year. Examples of these specific reserves are discussed in Section VII of this handbook.

The unreserved portion of the fund balance is the amount which is uncommitted and is, therefore, available to be used to reduce real property taxes in the next fiscal year. It should be noted, however, that a part of this unreserved fund balance may be retained by the district and not used for tax reduction in the next upcoming year. This retained portion is called the unappropriated fund balance and is limited by §1318 of the Real Property Tax Law to an amount equal to 2% of the upcoming year's budget. The remaining portion of the unreserved fund balance that is used for tax reduction, is known as the appropriated fund balance.

The legally retained unappropriated fund balance provides cash flow and could be available to meet unanticipated ordinary contingent expenditures without voter approval. This fund balance may also be appropriated, with voter approval, for unanticipated non-contingent expenditures or the funding of certain reserve funds.

Since the term fund balance could apply to the total fund balance or any part of it, school district officials should be certain that any discussion of disposition of balances begins with a clear statement as to the nature of the balance being discussed.

Managing fund balances can be one of the most difficult tasks of the budgeting process, since budgets are estimates of expenditures and anticipated revenues for a future fiscal period.

Reasonably accurate estimates of year-end fund balances **are essential** to the budget preparation process since the amount available can have a material effect upon the estimated real property tax rates.

X. AUTOMATION OF BUDGETARY AND ACCOUNTING PROCESSES

As previously illustrated and emphasized in this document, the school district's budget is the sole authorization for expenditures. The necessity to keep tight controls on the nature and amount of school district expenditures and revenues is well understood. Because of the large amount of data which must be accounted for and the repetitiveness of the operation, this type of work is uniquely suited to computerization.

One of the chief advantages of computerizing the budget function is the freedom to create files of data ('databases') as archival records, needing to be updated only as the information changes. Various combinations of data access can be developed depending on the requirements of each school district. A complement to the budget program can generate expenditures and revenues by function and object codes and by any other specified criteria for the purposes of producing the monthly budget status report and information needed for building and department program reporting purposes.

Most, if not all school districts, have some type of computer. In recent years many programs have been written giving districts a base of software which better enables them to computerize their business functions. There are many independent hardware and software manufacturers who have recognized the school district market. They are putting out compatible hardware and software at an accelerated rate. Additionally, many BOCES and cooperative computer systems have designed databases which are applicable to complex applications and are available to districts on a fee basis.

Any automated system which is used in the budgeting and accounting process should produce reports in a format which is consistent with law and regulation and compatible with the State's reporting requirements.

APPENDIX A

Sample Budget Calendars

SAMPLE BUDGET CALENDAR - *WITHOUT* PERSONAL REGISTRATION

Activity - Completion Date

- Budget calendar adopted by school board - **October**
Budget development guidelines and budget forms distributed to budget developers with deadline date for return to the business office - **October**
Separate current year budget into three components; administrative, program & capital. Calculate current year administrative and contingent budget caps - **October/November**
Board of Education study session - approve budget format and guidelines - **November**
Preliminary Transportation budget due in business office - **December**
Preliminary Plant Operations and Maintenance budget due in business office - **December/January**
All budget detail including non-instructional staffing, equipment requests, supply needs and contractual expenditures due from budget developers in business office - **December/January**
Transportation, Plant Operations and Maintenance Budgets for Review with Board of Education - **December/January**
General Support section of budget for review with Board of Education - **January/February**
Board study session to review Transportation, Plant Operations and General Support sections of proposed budget - **January/February**
Debt Service and Employee Benefits section of budget for review with Board of Education - **February**
All instructional staffing for the proposed budget finalized - **February**
Board study session to review Debt Service and Employee Benefits Sections of proposed budget - **March**
Instruction Section of budget completed for review with Board of Education - **March**
Board study session to review instructional section of proposed budget - **March**
Presentation and review of estimated revenues and tax projection for the proposed budget - **March**
Board study session for final review of proposed budget prior to adoption and publication of newsletter to publicize the popular budget - **March/April**
Arrange for the pickup and return of voting machines with the Board of Elections or contractor - **March/April**
First publication of Legal Notice of School Budget Hearing and Budget Vote (Annual Meeting) dates...within 7 weeks of date set for Annual Meeting with first publication 45 days before date of Annual meeting - * **April**
Second publication of Legal Notice of School Budget Hearing and Vote (Annual Meeting) dates - **April**
Prepare absentee ballot applications, absentee ballot, related envelopes, and directions. Obtain and use locked ballot box for absentee ballots - **April**
Deadline for submission of petitions for nominations of Board candidates (30 days before election, 20 days in sm. city) - ** **April**
Inform candidates of legal requirement for candidates for election to BOE to file sworn statements of campaign expenses and distribute informational material - **April**
Deadline for submission of petitions for propositions to be placed on ballot (30 days preceding meeting date) - ** **April**

Date for drawing by District Clerk for determination of order for listing Board candidates on ballot or voting machine - **April**

Board of Education meeting to adopt proposed budget - **April**

Third publication of Legal Notice of School Budget Hearing and Vote (Annual Meeting) dates, including availability of budget - **April**

Appointment of Clerks and Inspectors of Elections - **April**

Prepare packet of poll list sheets for each table (original and 1 copy) - **April**

Budget available upon request at each polling place seven (7) business days before Budget Hearing date - **April/May**

Arrange for Notary Public to swear in Inspectors of Elections at opening of the voting session prior to the vote - **April/May**

Prepare paper ballot and written directions for its use. Prepare envelopes with voter affidavit (Ed Law 2019a). Obtain locked ballot box for paper ballots - **April/May**

Prepare supplies needed for the day of the election: pens, pencils, string, registration forms, tally sheets, stapler, tape, letter opener, etc - **April/May**

Prepare declaration (Ed Law 2019) for voters - who are challenged as unqualified - **April/May**

Final date for budget adoption by Board (at least seven (7) days prior to Budget Hearing to meet publication requirement) - **April/May**

Fourth Publication of Legal Notice of School Budget Hearing and Vote (Annual Meeting) dates - **May**

Budget Hearing (at least seven (7), but no more than fourteen (14) Days before the vote date (Annual Meeting) - **May**

Receive sworn statements by candidates for membership on the Board of Education. These statements must be submitted to the District Clerk on the 10th day preceding the election. The second statement must be submitted to the District Clerk 20 days after the election - **May**

Prepare voting machine inserts and transmit to County Board of Elections 5-6 days prior to the election. Physically examine voting machines for ballot placement and sign statement at the Board of Elections - **May**

Post a listing of those residents who were given applications for absentee ballots in the Office of the District Clerk (five (5) days prior to the vote date) - **May**

Annual Meeting (Budget vote and election of Board of Education Candidates) - **Third Tuesday in May**

On the day of the Vote/Election

📌 Post at the voting place a list of those residents who were given absentee ballots

Post a sample ballot

Post Distance Marker signs 100 feet from the polling place stating that persons are forbidden from electioneering within a distance of 100 feet and post signs indicating where the election is taking place.

Obtain key to office used by the Board of Registration for telephoning the Board of Elections

Record voting results on schedule showing each machine total, verified by the Chief Inspector of Elections with the required signatures

* If 45 days from the date of Annual Meeting falls on a Saturday, run first ad on the Friday preceding.

** If 30 days from the date of the Annual Meeting falls on a Sunday, move deadline for the submission of petitions to the Monday following.

SAMPLE BUDGET CALENDAR *WITH* PERSONAL REGISTRATION

Activity - Completion Date

- 📅 Budget calendar adopted by school board - **October**
- Budget development guidelines and budget forms distributed to budget developers with deadline date for return to business office - **October/November**
- Separate current year budget three components, administrative, program & capital. Calculate current year administrative and contingent budget caps - **November**
- Board of Education study session - approve budget format and Parameters - **November**
- Preliminary Transportation budget due in business office - **December**
- Preliminary Plant Operations and Maintenance budget due in business Office - **December/January**
- All budget detail including non-instructional staffing, equipment requests, supply needs and contractual expenditures due from budget developers in business office - **December/January**
- Transportation and Plant Operations and Maintenance Budgets for Review with Board of Education - **December/January**
- General Support section of budget for review with Board of Education - **January**
- Board study session to review Transportation, Plant Operations and General Support sections of proposed budget - **January**
- Debt Service and Employee Benefits section of budget for review with Board of Education - **February**
- All instructional staffing for the proposed budget finalized - **February**
- Board study session to review Debt Service and employee Benefits Sections of proposed budget - **February**
- Instruction Section of budget completed for review with Board of Education - **March**
- Board study session to review instructional section of proposed Budget - **March**
- Presentation and review of estimated revenues and tax projection for the proposed budget - **March**
- Board study session for final review of proposed budget prior to adoption and publication of newsletter to publicize the popular budget - **March/April**
- First publication of Legal Notice of School Budget Hearing and Budget Vote (Annual Meeting) dates...within 7 weeks of date set for Annual Meeting with first publication 45 days before date of Annual meeting - **April**
- Second publication of Legal Notice of School Budget Hearing and Vote (Annual Meeting) dates - **April**
- Prepare absentee ballot applications, absentee ballot, related envelopes, and directions. Obtain and use locked ballot box for absentee ballots - **April**
- Deadline for submission of petitions for nominations of Board candidates (30 days before election, sm city 20 days) - ****April**
- Inform candidates of legal requirement for all candidates for election to BOE to file sworn statements of campaign expenses and distribute informational material - **April**
- Deadline for submission of petitions for propositions to be placed on ballot (30 days preceding meeting date) - ****April**
- Date for drawing by District Clerk for determination of order for listing Board candidates on ballot or voting machine - **April**
- Board of Education meeting to adopt proposed budget - **April**
- Third publication of Legal Notice of School Budget Hearing and Vote (Annual Meeting) dates, including availability of budget - **April**
- Appointment of Clerks and Inspectors of Elections - **April**

Budget available upon request at each polling place seven (7) days before Budget Hearing date - **April/May**

Final date for budget adoption by Board (at least seven (7) days prior to Budget Hearing to meet publication requirement) - **April/May**

Arrange for the pickup and return of voting machines with the Board of Elections or contractor - **April/May**

Arrange for Notary Public to swear in Inspectors of Elections at opening of the voting session prior to the vote - **April/May**

Prepare paper ballot and written directions for its use. Prepare envelopes with voter affidavit (Ed Law 2019a). Obtain locked ballot box for paper ballots - **April/May**

Conduct voter registration with Board of Registration (Ed Law 2014) **OR** Exercise option of voters registering during the school day...Not more than 14 days or less than 5 days before election, 4 consecutive hours between 7AM & 8PM. Board of Registration not required to meet when the district exercises this option - **May**

Prepare supplies needed for the day of the election: pens, pencils, string, registration forms, tally sheets, stapler, tape, letter opener, etc - **May**

Prepare affidavit (Ed Law 2019a) for voters whose names do not appear in the registration books, registered voters whose cards are filled and have voted, and registered voters whose cards are filled and have not voted. (Pre-number all forms) - **May**

Prepare declaration (Ed Law 2019) for voters - who are challenged as unqualified - **May**

Type/order name tags "Assistant Clerk", "Chief Inspector of Elections", and "Inspector of Elections" in bold colors - **May**

Fourth Publication of Legal Notice of School Budget Hearing and Vote (Annual Meeting) dates - **May**

Budget Hearing (at least seven (7), but no more than fourteen (14) Days before the vote date (Annual Meeting) - **May**

Receive sworn statements by candidates for membership on the Board of Education. These statements must be submitted to the District Clerk on the 10th day preceding the election. The second statement must be submitted to the District Clerk 20 days after the election - **May**

Prepare voting machine inserts and transmit to County Board of Elections 5-6 days prior to the election. Physically examine voting machines for ballot placement and sign statement at the Board of Elections - **May**

Post a listing of those residents who were given absentee ballots in the Office of the District Clerk (five (5) days prior to the vote date) - **May**

Annual Meeting (Budget vote and election of Board of Education Candidates) - **May**

On the day of the Vote/Election:

■ *Post at the voting place a list of those residents who were given absentee ballots*

Post a sample ballot

Post Distance Marker signs 100 feet from the polling place stating that persons are forbidden from electioneering within a distance of 100 feet and post signs indicating where the election is taking place.

Obtain key to office used by the Board of Registration for telephoning the Board of Elections

Record voting results on schedule showing each machine total, verified by the Chief Inspector of Elections with the required signatures

* If 45 days from the date of Annual Meeting falls on a Saturday, run first ad on the Friday preceding.

** If 30 days from the date of the Annual Meeting falls on a Sunday, move deadline for submission of petitions to the Monday following.

APPENDIX B

Sample Budget Development Planning Guide

Activity - Planning Period

- ✚ Set up the new budget folders-carry forward notes on desirable items that could not be included in the budget just adopted. Revise budget request forms as experience requires - **June/August**
- Make preliminary notes on budget explanation formats that would be helpful another year - **July**
- Develop Budget Calendar of deadline dates - **July**
- While summer repairs are in progress, obtain preliminary estimates of major repairs and alterations to buildings and facilities to be scheduled during the next budget year - **July/August**
- Gather preliminary data dealing with potential increases in employee salary costs - **July/August**
- Outline questions, having budget implications, that curriculum and program committees should appraise - **July/August**
- Obtain preliminary appraisals for bus replacements and major fleet overhaul work - **August/September**
- Following the new school census report or estimation, review the need for extension of transportation routes and additions to fleet that may be necessary in the following year - **August/September**
- Explore need for additional classroom facilities and potential relocation of children that may be needed next year - **September**
- Advise staff regarding the ensuing year's budgetary process and obtain general suggestions and recommendations - **September/October**
- Consider using curriculum and program evaluation committees to report needed changes in textbooks, supplies, equipment, and staff. If used, set a reporting date - **October**
- Consider appointing building needs committees with request to report budgetary implications by a specific date - **October**
- Finalize format of budget request forms and prepare for distribution - **October**
- Distribute budget request forms to building administrators, program directors, department heads and other staff. Set a submission date - **October**
- Separate 1997-98 budget into three components; administrative, program & capital. Calculate current year administrative and contingent budget caps - **November**
- Review overall status of plant operations and maintenance program and potential for staffing changes, extra-ordinary cost increases in utilities, and major repair projects, etc - **November**
- Contact Town Assessors regarding new construction that may have the potential to change assessed valuations - **November**
- Review current and future enrollment projects and ascertain the impact on the next year's space and staffing needs - **November**
- Receive preliminary reports of curriculum and program committees for review with the board - **December**
- Finalize the budget format and obtain board approval for use in Compiling the budget document(s) -

December

- Begin a review and discussion of salary schedules and adjustments with the board - **January**
- Establish budgetary guidelines for salary adjustments - **January**
- Final reports received by the board from curriculum and program evaluation committees - **January**
- Submit requests for new positions to board consideration and action - **January**
- Receive preliminary transportation and operation and maintenance budgets and general support budgets - **January**
- Requests for furniture and equipment additions and replacements to be sent to the central office - **January**
- Requests for textbooks, workbooks, supplementary reading materials, and library books and supplies to be sent to the central office - **January**
- Requests for instructional supplies and apparatus to be sent to the central office - **January**
- Requests for staff travel to be submitted to the central office - **January**
- Central office compiles estimates of expenditures for programs supervised directly by that office - **January**
- Make final reports from any budgetary advisory groups made to the Board - **February**
- Update salary information for professional and support staff and make any necessary revisions to the budget - **February**
- Complete debt service and employee benefits section of budget in preparation for board review - **February**
- Central office compiles estimates of revenues to include: state aid estimates: sales taxes estimates, projected real property assessed valuation, determination of state average valuations, projected tax rates, miscellaneous revenues, federal aid projections - **March**
- Make preliminary compilation of tentative total budget - **March**
- Complete preliminary draft of popularized budget - **March**
- Budget finalized and approved by board - **April**
- Organize format and develop agenda for budget presentation in school district residents - **April**
- Budget format and documents approved for presentation to the people at the public hearing and annual meeting by the board - **April**
- Prepare legal notice for publication - **April**
- Board of Education formal adoption of budget - **April**
- Issue public information releases and make informal presentations of the budget to interested citizens groups, such as the PTA and service clubs - **April/May**
- Prepare prescribed number of copies of budget for public hearing availability, board use, and other administrative needs - **May**
- Publish legally prescribed notices regarding availability of the budget, annual district meeting and public hearing - **May**
- Formal Public Hearing (for presentation of the budget) - **May**
- Budget vote held at annual meeting - **Third Tuesday in May**

APPENDIX C

QUESTIONS AND ANSWERS

REGARDING REVISIONS TO STATUTE AFFECTING

SCHOOL DISTRICT BUDGET VOTES

Chapter 436 of the Laws of 1997 amends various sections of law concerning authorization of expenditures in school districts. The provisions of the statute are further defined in Section 170.8 of the Regulations of the Commissioner of Education. The following list of questions and answers is provided to assist school districts in understanding and implementing these new provisions.

I. THREE PART BUDGET IN 1998-99

QUESTION: How is the general fund budget to be structured for public presentation in connection with the annual budget vote and election?

ANSWER: The budget is to be divided into three components: an administrative component; a program component; and a capital component. Each must be separately delineated in accordance with regulations of the Commissioner of Education. The budget must categorize revenues, property taxes refunds, expenditures, budget transfers and fund balance information. This information is to be formatted to show changes in the data as compared with the previous year. The budget must be presented in plain language which best promotes public comprehension and readability.

QUESTION: What basis was used to determine the appropriations to be included in each of the three components?

ANSWER: Basically, the functional units prescribed by the Uniform System of Accounts for School Districts were used to divide appropriations among the three components. In most instances, whole functional units were used. In a few instances, however, the language of the law requires that a functional unit be split between or among the components. The specific functional units and accounts assigned to each of the components are listed in the regulation using the titles contained in the Uniform System of Accounts.

QUESTION: Which functional units are divided among the components?

ANSWER: The Employee Benefits Functional Unit (9000) is distributed over all three components so that the cost of benefits is included in the same unit as the salary of the employee entitled to the benefit. The Special Items Functional Unit (1900) is split so that the appropriations for judgments and compromised claims, including tax certiorari, are included in the capital component while the balance of appropriations for this functional unit is included in the administrative component. The District Transportation Services (5510) is included in the program component, except for the cost of bus purchases, which is included in the capital component. The Legal Service Functional Unit (1420) is split so that appropriations for legal service directly related to other functions contained in the program unit (such as the program for students with disabilities and tenured teacher hearings) is included in the program component and that other legal services be included in the administrative component.

QUESTION: Is it permissible to prorate administrative and supervisory salaries between the administrative and program components if the employee devotes a percentage of time to functions recorded in each component?

ANSWER: No. The administrative component shall include the salaries of certified administrators and supervisors who spend a majority (over 50 percent) of their time performing administrative or supervisory duties.

QUESTION: How are post-retirement benefits to be classified when dividing appropriations among the three components?

ANSWER: These appropriations are classified in the same manner as appropriations for employee benefits for active employees. They are included in the component where the salary was last paid prior to retirement.

QUESTION: When do the requirements with regard to budget format take effect?

ANSWER: The provisions of the law are effective for the budget pertaining to and presented for the 1998-99 school year. However, the new section also provides that each school district, for purposes of development of the budget for that year, shall separate its program, administrative and capital costs for the previous school year, 1997-98. This must be done in order to establish a basis for comparison with the proposed 1998-99 budget.

II. ADMINISTRATION OF BUDGET

QUESTION: Does the new section change the Uniform System of Accounts for School Districts as prescribed by the Office of the State Comptroller in accordance with the provisions of Section 36 of the General Municipal Law for accounting and reporting purposes?

ANSWER: No. The new law provides for a budget format to be used for purposes of presentation and to control of the size of the budget and the administrative component but does not alter the accounting system.

QUESTION: How do the provisions of Chapter 436 affect the ability of boards of education to make transfers between and among function- object appropriations?

ANSWER: Transfers may be made for teachers' salaries and ordinary contingent expenses. However, if the district is operating on a contingent budget, a transfer is prohibited and may not be made which would cause the limitation on the budget and/or on the administrative component to be exceeded, even if the transfer is for an ordinary contingent expense or for the salary of a certified employee.

III. BUDGET VOTE AND ELECTION OF BOARD OF EDUCATION MEMBERS

QUESTION: When are districts required to schedule their annual budget vote and election of board of education members?

ANSWER: The purpose of the ANNUAL MEETING is to conduct the annual election of board of education members and votes involving the budget and expenditures of money, and to authorize the levy of taxes. School districts must hold their vote (annual meeting) on the third Tuesday in May or, if a conflict exists due to religious observance, on the second Tuesday in May. School district(s) that are not divided into election districts and conduct their vote by hand or voice, shall hold their vote in the schoolhouse at seven-thirty in the evening, unless the hour and place have been fixed by voters at a previous district meeting. All other districts shall hold their vote during at least six consecutive hours after 6 A.M. in the morning, two hours of which shall be after 6 P.M. in the evening, as determined by the board of education.

QUESTION: May a school district hold an annual meeting for the purpose of presenting the budget?

ANSWER: No. Each school district must present their budget at the annual BUDGET HEARING (Education Law §§1608 & 1716). Such budget hearing shall be held not less than seven (7) or more than fourteen (14) days before the budget vote.

QUESTION: When must the budget statement be prepared and made available to the residents of the district?

ANSWER: The budget statement must be prepared and made available to the residents of the district seven (7) days before the budget hearing. Such statement must be made available, upon request, to residents during the fourteen-day period preceding the vote.

QUESTION: What are the requirements for the Notice of Board Election and Budget Vote?

ANSWER: The notice of the election and budget vote shall be advertised four (4) times within the seven (7) weeks proceeding the date of the annual meeting, with the initial advertisement to appear at least forty-five days (45) before the vote (annual meeting) date (Education Law §§ 2003, 2004).

IV. PROPOSITIONS SUBMITTED TO THE VOTERS

QUESTION: Must the board of education submit a proposition for the expenditure of money brought to them by a petition from the voters?

ANSWER: Where the petition has (a) the number of signatures required under Education Law §2008(2); (b) is within the powers of the voters of the district; (c) the purpose for which a vote is called is not illegal or restricted; and (d) the proposition contains the necessary specific appropriation, the board of education must place the proposition before the voters at the annual meeting or if received after the date of the annual meeting, call a special district meeting for a vote on the proposition. No meeting (vote) need be called where the board finds that there is a valid reason for refusing to call such meeting.

QUESTION: Is a board of education restricted from acting on a petition submitted by voters pursuant to Section 2008 after there have been two previous budget votes ?

ANSWER: The legislation establishes a two-vote limit on budgets. Therefore, the board of education would be precluded from resubmitting a budget proposition to the voters on items of expenditure that have already been voted on twice.

V. CONTINGENT BUDGET ADOPTION

QUESTION: In the event that the qualified voters fail to approve a budget, what limitations are placed upon appropriations for the next year?

ANSWER: The board of education may adopt a budget which provides for teachers' salaries and ordinary contingent expenses. **The contingency budget is capped at the lesser of: (1) the results obtained when computing 120 percent of the consumer price index (CPI), or (2) four percent over the prior year's budget. In addition to this limitation, the administrative component of a contingent budget may not comprise a greater percentage of the contingency budget, exclusive of the capital component, than the lesser of: (1) that percentage in the prior year's budget; or (2) that percentage in the last defeated budget presented for the subsequent year.**

QUESTION: What items may a board of education include in a contingency budget?

ANSWER: After determining teachers' salaries necessary to retain and recruit competent teachers, the board is faced with the necessity of determining ordinary contingent expenses. In general, the term "ordinary contingent expense" encompasses all expenditures deemed to be needed to provide the minimum services legally required to (1) operate and maintain the schools and the educational program of the school district and (2) preserve the property of the district in order to assure the health and safety of the students and staff.

QUESTION: What is the definition of "teachers salaries" as used in Section 2023 of the Education Law?

ANSWER: This term refers to professional educator positions certificated by the Education Department which includes teachers, administrators, teaching assistants, and professional specialists in the various areas of pupil personnel services.

QUESTION: May additional noncertified personnel, such as registered nurses, be employed to replace certified personnel?

ANSWER: No. Nothing in the legislation authorizes violation of teacher certification requirements, tenure statutes, or provisions of the Taylor Law. The board of education has authority to employ the number of nonteaching personnel necessary to maintain the educational program, preserve district property and protect the health and safety of students and staff; but, the board does not have the authority to replace certified teachers and administrators in violation of such laws.

QUESTION: May increased appropriations for salaries be authorized by the board of education to the extent required by an agreement negotiated under the provisions of the Taylor Law?

ANSWER: The board of education has full authority to provide the appropriations required by such agreements, regardless of whether the agreements are concluded prior to or subsequent to voter action on the annual budget. However, the authority to increase salaries does not authorize the board of education to exceed the percentage limitation imposed on the contingency budget or the administrative component of the budget.

QUESTION: Is it necessary to present a contingency budget to the voters at a special district meeting?

ANSWER: No. A contingency budget represents those appropriations over which the board of education has full jurisdiction, and is approved by action of the board of education.

QUESTION: Is the cost of a workbook an ordinary contingent expense?

ANSWER: The answer is a qualified "yes". The definition of a textbook under Education Law section 701(2) includes any book, or a book substitute, which includes hardcover or paperback books, workbooks, or manuals which a pupil is required to use as a text, or a text substitute, in a particular class or program in the school he/she legally attends.

QUESTION: To what extent is the cost of instructional supplies considered to be an ordinary contingent expense?

ANSWER: The cost of supplies for the use of teachers in instruction represents an ordinary contingent expense. In addition the cost of certain student supplies which would represent a hazard if sent to school with pupils, may be provided at district expense (such as dangerous chemicals).

QUESTION: Following the adoption of the budget by the board in the case of a budget defeat, or the adoption by the voters of a budget containing funds for teachers salaries' and other contingent expenses, may the board raise the additional amount required in the event the funds originally authorized are inadequate without submitting the matter to the voters?

ANSWER: Yes. Section 2023 of the education law has uniformly been interpreted by the Education Department and by the courts (*Burns v. Wilson*, *Reinken v. Keller*, 1967, 53 Misc.2d 944, 280 N.Y.S. 2d 253) to permit the levy by a board of education of the required additional amounts without first submitting the matter to the voters, whether the inadequacy of fund resulted from the failure of the voters to approve any budget, or resulted from an adopted or approved budget which included insufficient funds for teachers' salaries and ordinary contingent expenses. **However, in the case of a defeated budget the limitations on**

the total budget and the limitations on the administration component of the budget may not be exceeded.

QUESTION: What items **should be excluded** when determining total expenditures that are subject to the percentage limitation under a contingency budget?

ANSWER: The items which must be excluded when determining total expenditures that are subject to the percentage limitation under a contingency budget include the following:

- ✚ Costs related to increases in student enrollment including the new pre-kindergarten enrollment.
- Expenditure of gifts and grants in aid and use of insurance proceeds.
- Non- recurring expenditures in the prior years budget.
- Expenses related to tax certiorari proceedings.
- Expenses related to court orders or judgements.
- Emergency expenses necessary as a result of damage or destruction of a school building or school equipment.
- Capital expenditures including debt service and leases resulting from projects approved by the voters.

QUESTION: When calculating the percentage cap on the administrative component of the budget and/or the total budget cap, how do I handle the rounding of decimals?

ANSWER: Since the law refers to a "percent" and to two decimal places, the computation should result in **XX.XX (percentage plus two decimal places)**. For example, if the administrative ratio calculates to 11.62654, then the calculation would be rounded to 11.63%. Should any of these calculations result in a third decimal place below 5, the percentage would not be rounded. For example, if the lowest overall budget cap, as calculated using the CPI resulted in 2.76455, the cap percentage would be 2.76%.

APPENDIX D

SAMPLE NOTICES

Review with your School Attorney!

(ANNUAL MEETING AND ELECTION NOTICE FOR SCHOOL DISTRICT *WITHOUT* PERSONAL REGISTRATION)

NOTICE OF ANNUAL MEETING, BUDGET VOTE AND ELECTION

_____ **SCHOOL DISTRICT**

TOWN(s) OF _____ COUNTY(s) OF _____ NEW YORK

NOTICE IS HEREBY GIVEN, that a public hearing of the qualified voters of the _____ School District, _____ County, _____, New York, will be held in the _____ building in said District on ***(no less than 7 nor more than 14 before the vote)** _____, May __, 199__ at __: 00 PM prevailing time, for the presentation of the budget. The budget will be available for review on May __, 199__ at the _____ School. ***(available in the said district location--7 business days before the budget hearing).**

NOTICE IS HEREBY GIVEN, that the annual meeting of the qualified voters of the _____ School District Number of the Town of _____, _____ County, New York, will be held at the _____ School in said District on Tuesday, May __, 199__ at 7:30 PM prevailing time, ***(at which time the vote will be taken by hand or voice for the transaction of said vote and election) -OR- (said vote and election will be held (for six (nine-city) consecutive hours two of which must be after 6PM and no earlier than 6AM)** between the hours of __:00 AM and __:00 PM, prevailing time, in the _____ School, at which time the polls will be opened to vote by voting by ballot or machine upon the following items:

1. To adopt the annual budget of the School District for the fiscal year 199__-9__ and to authorize the requisite portion thereof to be raised by taxation on the taxable property of the District.
2. To elect () members of the Board for a __ year term commencing July 1, 199__ and expiring on June 30, 199__ and to succeed _____, whose term expires on _____, 199__.

AND FURTHER NOTICE IS HEREBY GIVEN that a copy of the statement of the amount of money which will be required to fund the School District's budget for 199__- 9__, exclusive of public monies, may be obtained by any resident of the District during business hours beginning

***(14 days before the vote, except Saturday, Sunday or holidays)** _____, May __, 199__, at the _____ School(s).

AND FURTHER NOTICE IS HEREBY GIVEN that petitions nominating candidates for the office of member of the Board of Education shall be filed with the Clerk of said School District at his/her office in the _____ School, not later than _____, April __, 199__, between 9:00 AM and 5:00 PM. **(30 days before the vote, (20 days -city))** Each petition shall be directed to the Clerk of the District and shall be signed by at least () voters of the District, **(representing 2% of the number of voters who voted in the previous annual election**(100 signatures-sm city) must state the name and residence of the candidate and shall describe (where applicable) the specific vacancy for which the candidate is nominated. ***(When each vacancy upon the Board of Education is to be considered a separate office, a separate petition is required to nominate a candidate to each separate office. The petition shall describe at least the length of the term of office and contain the name of the last incumbent; must state the name and residence of each signer, and, must state the name and residence of the candidate. When vacancies upon the board are not considered a separate office, the nominating petition shall not describe any specific vacancy).**

AND FURTHER NOTICE IS HEREBY GIVEN that applications for absentee ballots (where applicable) will be obtainable between the hours of __: 00AM and __: 00PM Monday through Friday, except holidays, from the District Clerk. Completed applications must be received by the District clerk at least seven (7) days before the election if the ballot is to be mailed to the voter, or the day before the election, if the ballot is to be delivered personally to the voter. Absentee ballots must be received by the District clerk not later than 5:00PM, prevailing time, on Tuesday, May __, 199__.

A list of persons to whom absentee ballots are issued will be available for inspection to qualified voters of the District in the office of the District Clerk on and after May __, 199__ between the hours of __: 00AM and __:00PM on weekdays prior the day set for the annual election and on May __, 199__, the day set for the election, and said list will be posted at the polling place(s) at the election. Any qualified voter present in the

polling place may object to the voting of the ballot upon appropriate grounds for making his/her challenge and the reasons therefore known to the Inspector of Election before the close of the polls.

AND FURTHER NOTICE IS HEREBY GIVEN, that the qualified voters of the School District shall be entitled to vote at said annual vote and election. A qualified voter is one who is (1) a citizen of the United States of America, (2) eighteen years of age or older, and (3) resident within the School District for a period of thirty (30) days next preceding the annual vote and election. The School district may require all persons offering to vote at the budget vote and election to provide one form of proof of residency pursuant to Education Law §2018-c. Such form may include a driver's license, a non-driver identification card, a utility bill, or a voter registration card. Upon offer of proof of residency, the School District may also require all persons offering to vote to provide their signature, printed name and address (*refer to board policy*).

AND FURTHER NOTICE IS HEREBY GIVEN, that pursuant to a rule adopted by the Board of

in accordance with §2035 and 2008 of the Education Law, any referenda or propositions to amend the budget, otherwise to be submitted for voting at said election, must be filed with the _____ Board of Education at the _____ on or before April __, 199_ at 5:00PM prevailing time; must be typed or printed in English, must be directed to the Clerk of the School District and signed by at least (__) qualified voters of the District (*representing 5% of the number of voters who voted in the previous annual election*); and must state the name and residence of each signer. However, the School board will not entertain any petition to place before the voters any proposition the purpose of which is not within the powers of the voters to determine, or any proposition which fails to include a specific appropriation where the expenditure of monies is required by the proposition.

District Clerk _____ Dated _____

School District _____

Town of _____ County of _____, New York

** Supplemental information in italics.*

SAMPLE - Review with your School District's Attorney before using!

(ANNUAL MEETING AND ELECTION NOTICE FOR SCHOOL DISTRICT

WITH PERSONAL REGISTRATION)

NOTICE OF PUBLIC HEARING, BUDGET VOTE AND ELECTION

_____ **SCHOOL DISTRICT**

TOWN OF _____ COUNTY OF _____ NEW YORK

NOTICE IS HEREBY GIVEN, that a public hearing of the qualified voters of the _____ School District, _____ County, _____ New York, will be held in the _____ in said District (*no less than 7 nor more than 14 days before the vote*) on _____ May __, 199_ at __: 00 PM prevailing time, for the presentation of the budget document **(available in the district location-7 days-before the budget hearing)*.

AND FURTHER NOTICE IS HEREBY GIVEN, that said vote and election will be held **(6 (nine-city)consecutive hours, two of which shall be after 6PM and not earlier than 6AM)* on May __, 199_

between the hours of __: 00_M and __:00PM, prevailing time, in the _____ School(s), at which time the polls will be opened to vote by voting machine upon the following items:

1. To adopt the annual budget of the School District for the fiscal year 199__-9_ and to authorize the requisite portion thereof to be raised by taxation on the taxable property of the District.
2. To elect () members of the Board of Education for () year terms commencing _____, 199_ and expiring on _____, 199_.

AND FURTHER NOTICE IS HEREBY GIVEN that a copy of the statement of the amount of money which will be required to fund the School District's budget for 199_- 9_, exclusive of public monies, may be obtained **(date 14 days before the vote)* by any resident of the District during business hours beginning _____ 199_, except Saturday, Sunday or holidays, at the Administration Office, _____, New York, and at each of the following schoolhouses:

AND FURTHER NOTICE IS HEREBY GIVEN that petitions nominating candidates for the office of member of the Board of Education shall be filed with the Clerk of said School District at his/her office in the _____ (*30 days before election (20 days-city)*) Building, not later than _____ 199_, between __:00 M and 5:00PM. Vacancies¹ on the Board of Education are not considered separate, specific offices; candidates run at large. Nominating petitions shall not describe any specific vacancy upon the Board for which the candidate is nominated; must be directed to the Clerk of the District; must be signed by at least () qualified voters of the District **(representing 2% of the number of voters who voted in the previous annual election (100 signatures-city))*; must state the name and residence of each signer, and, must state the name and residence of the candidate. **(Where each vacancy upon the board of education is to be considered a separate office nominating petitions shall describe the specific vacancy for which the candidate is nominated. The petition shall describe at least the length of the term of office and contain the name of the last incumbent).*

AND FURTHER NOTICE IS HEREBY GIVEN that applications for absentee ballots will be obtainable during school business hours from the District Clerk beginning _____, 199_; completed applications must be received by the District clerk at least seven (7) days before the election if the ballot is to be mailed to the voter, or the day before the election, if the ballot is to be delivered personally to the voter. Absentee ballots must be received by the District clerk no later than __:00_M, prevailing time, on _____ 199_.

A list of persons to whom absentee ballots are issued will be available for inspection to qualified voters of the District in the office of the District Clerk on and after _____, 199_, between the hours of __:00_M and __:00_M on weekdays prior to the day set for the annual election and on _____, 199_, the day set for the election, and said list will be posted at the polling place(s) at the election. Any qualified voter present in the polling place may object to the voting of the ballot upon appropriate grounds for making his/her challenge and the reasons therefor known to the Inspector of Election before the close of the polls.

AND FURTHER NOTICE IS HEREBY GIVEN, that personal registration² of voters is required either pursuant to §2014 of the Education law or pursuant to Article § of the Election Law. If a voter has heretofore registered pursuant to §2014 of the Education Law and has voted at an annual or special district meeting within the last four (4) calendar years, he/she is eligible to vote at this election; if a voter is registered and eligible to vote under Article 5 of the Election Law, he/she is also eligible to vote at this election. All other persons who wish to vote must register.

The Board of Registration will meet for the purpose of registering all qualified voters of the District pursuant to §2014 of the Education Law at the _____ School, on , 199 , between the

hours of __:00_M and __:00_M, and again on _____, 199_, at the _____ School between the hours of __:00_M and __:00_M to add any additional names to the Register to be used at the aforesaid election, at which time any person will be entitled to have his or her name placed on such Register, provided that at such meeting of the Board of Registration he or she is known or proven to the satisfaction of said Board of Registration to be then or thereafter entitled to vote at such election for which the register is prepared. The register so prepared pursuant to §2014 of the Education Law will be filed in the Office of the Clerk of the School District at _____, and will be open for inspection by any qualified voter of the District beginning on _____, 199_, between the hours of __:00_M and __:00_M, prevailing time, on weekdays, and each day prior to the day set for the election, except Sunday, and at the polling place(s) on the day of the vote.

AND FURTHER NOTICE IS HEREBY GIVEN that pursuant to §2014 of the Education Law of the State of New York, the Board of Registration will meet on _____, 199_, between the hours of __:00_M and __:00_M, prevailing time, at the _____ School to prepare the Register of the School District to be used at the election to be held in 199_, and any special district meetings that may be held after the preparation of said Register, placed on such Register provided that at such meeting of said Board of Registration he/she is known or proven to the satisfaction of such Board of Registration to be then or thereafter entitled to vote at the school election for which said Register is prepared, or any special district meeting held after _____, 199_ .

AND FURTHER NOTICE IS HEREBY GIVEN, that pursuant to a rule adopted by the Board of Education in accordance with §2035 and 2008 of the Education law, any referenda or propositions to amend the budget, or otherwise to be submitted for voting at said election, must be filed with the Board of Education at the Administration Building _____, on or before _____, 199_, at __:00_M prevailing time; must be typed or printed in the English language; must be directed to the Clerk of the School District; must be signed by at least () qualified voters of the District; and must state the name and residence of each signer. However, the School board will not entertain any petition to place before the power of the voters to determine, or any proposition which fails to include a specific appropriation where the expenditures of monies is required by the proposition.

District Clerk _____ Dated _____

School District _____

Town of _____ County of _____, New York

*** Supplemental information in italics**

This page last modified 05/18/2005 15:19:08

1 Change for separate specific seats

2 Change for districts not having personal registration

APPENDIX E

SAMPLE PROPOSITIONS

Review with your School Attorney before using!

BUDGET PROPOSITION

RESOLVED that the proposed budget of expenditures of the District for the school year in the amount of \$ _____, and for the purposes shown in the statement of estimated expenditures adopted by the Board of Education, be and the same hereby is approved and the amount thereof shall be raised by a levy of a tax upon the taxable property of the school district, after first deducting the monies available from State Aid and other sources as provided by law.

AT LARGE ELECTION PROPOSITION

(with Unexpired Term to be Filled)

To elect () members of the Board of Education for ____-year terms commencing 199_, and expiring on _____, 199_. One of the successful candidates will be eligible to fill the unexpired portion of a term immediately upon qualifying after election and until _____ 199_.

ELECTION PROPOSITION TO CHANGE FROM SEPARATE SPECIFIC SEATS TO AT-LARGE VOTING

BE IT RESOLVED, commencing 199_, that vacancies on the _____ School District Board not be considered separate and specific seats, rather elections shall be at large, and that nominating petitions are not to describe any specific vacancy for which a candidate is nominated.

EXTENSION OF TRANSPORTATION PROPOSITION

Shall the Board of Education be authorized to extend the School District's current policy for transporting non-public school students in grades nine (9) through twelve (12) from the current fifteen (15) miles to thirty-five (35) miles, effective at the beginning of the 199_-9_ school year, in the approximate amount of \$ _____ and levy the necessary tax therefore.

MODIFICATION OF STUDENT TRANSPORTATION (REDUCTION)

Shall the _____ School District modify its public school transportation eligibility effective _____, 199_ for Grades K-6 pupils from the existing one-half (½) mile limit to a new one (1) mile limit for Grades 7-9 pupils from the existing one (1) mile limit to a new one and one-half (1-½) mile limit and for Grades 10-12 pupils from the existing one and one-half (1-½) mile limit to a new two (2) mile limit, thereby reducing the proposed 199_- 9_ school district budget in the approximate amount of \$ _____ and levy the necessary tax therefore.

USE OF SCHOOL FACILITIES

Resolved that the Board of Education be and is authorized to provide community use of the school facilities in the school year 199_ - 199_ in an amount not to exceed \$ _____, and to levy the necessary tax therefore.

SCHOOL LUNCH PROPOSITION

Resolved that the Board of Education be and is authorized to subsidize the school lunch program for the school year 199_- 199_ at a cost not to exceed \$ _____ and to levy the necessary tax therefore.

CONSTRUCTION PROPOSITION

Resolved that the Board of Education be and is authorized to erect an addition to the School at a cost not to exceed the sum of \$_____ and to issue therefore obligations of the district pursuant to the provisions of Education Law and the Local Finance Law, and to levy a tax to be collected in installments for the payment of the principal and the interest on such obligations.(NOTE: Proposition may not be submitted for a vote more than twice during any twelve month period and in no event more than once in ninety days, except when bids received exceed approved amount and an additional proposition is necessary)

CAPITAL IMPROVEMENT PROPOSITION

Shall the Board of Education of _____ School District, _____ County, New York, be authorized to reconstruct the district's schools for the purpose of providing additional classroom facilities, and for general rehabilitation, and that the sum of \$_____ or so much therefor as may be necessary, shall be raised by the levy of a tax upon the taxable property of said School District and collected in annual installments as provided by Section 416 of the Education law, and, in anticipation of such tax, obligations of said School District shall be issued.

NEW EQUIPMENT PROPOSITION

Resolved that the Board of Education be and is authorized to expend a sum not to exceed \$_____ for the purpose of new equipment during school year 199_ - 9_ and to levy the necessary tax.

WALK-IN VOTER REGISTRATION PROPOSITION

To authorize the Board of Education to implement a system of walk-in voter registration under which (1) registration will be conducted from _____ to _____ and _____ to _____ on days when school is in session beginning with the first day of the student attendance and ending with the last day of student attendance and during the period between the last day of student attendance and the first day of student attendance from __:00 AM to __:00 PM on regular days of business; and (2) such system of walk-in voter registration shall be effective beginning with the next annual meeting and election and shall take place at the Office of the District Clerk in the _____ Building and at the Office of presently located in the _____ School.

APPENDIX F

BOARD OF EDUCATION RESPONSIBILITY FOR THE DETERMINATION OF ORDINARY CONTINGENT EXPENSES

In all school districts of the state school budgets are determined by the qualified voters of the school district. In the event the voters reject a proposed budget, the board of education is empowered to levy a tax sufficient to defray the cost of those items specifically authorized by statute, and the cost of those items determined by the board to constitute "ordinary contingent expenses." In addition, Section 2023 of the Education Law places a computed dollar cap on general fund appropriations. The administrative component of the budget is also subject to a cap.

Therefore, even if the item is an ordinary contingent expense, the total amount of the administrative component and the total amount of the contingency budget may not exceed the caps set forth pursuant to the following formula:

The contingency budget is capped at the lesser of: (1) the results obtained when computing 120 percent of the consumer price index (CPI)*, or (2) 4 percent over the prior year's budget. *NOTE: The CPI shall mean the percentage that represents the average of the National Consumer Price Indexes determined by the United States Department of Labor, for the twelve month period preceding January first of the current year.

The following items **shall be excluded** when determining total expenditures that are subject to the percentage limitation under a contingent budget:

- Costs related to increases in student enrollment including pre-kindergarten enrollment.
- Expenditure of gifts and grants in aid and use of insurance proceeds.
- Non-recurring expenditures in the prior years budget.
- Expenses related to tax certiorari proceedings.
- Expenses related to court orders or judgements.
- Emergency expenses necessary as a result of damage or destruction of a school building or school equipment.
- Capital expenditures including debt service and leases resulting from projects approved by the voters.

In addition to this limitation, the administration component of a contingent budget may not comprise a greater percentage of the contingency budget, exclusive of the capital component, than the lesser of: (1) that percentage in the prior year's budget; Or (2) that percentage in the last defeated budget presented for the upcoming year.

After assuring that the budgetary "caps" are adhered to, the board of education must follow some basic guidelines. The underlying rule is found in Education Law, Section 1718, which reads as follows:

"Section 1718. Limitation upon expenditures

1. No board of education shall incur a district liability in excess of the amount appropriated by a district meeting unless such board is specially authorized by law to incur such liability."

The exceptions from this basic rule are contained in Section 2023 of the Education Law, Levy of Tax for certain purposes without vote, which reads as follows:

"1. If the qualified voters shall neglect or refuse to vote the sum estimated necessary for teachers' salaries, after applying thereto the public school moneys, and other moneys received or to be received for that purpose, or if they shall neglect or refuse to vote the sum estimated necessary for ordinary contingent expenses, including the purchase of library books and other instructional materials associated with library and expenses incurred for interscholastic athletics, field trips and other extracurricular activities, the sole trustee, board of trustees, or board of education may levy a tax for the same, in like manner as if the same had been voted by the qualified voters subject to the limitations imposed by the administrative and contingent budget caps.

2. Notwithstanding the defeat of a school budget, school districts shall continue to transport students for interscholastic athletics, field trips, and other extracurricular activities, and, to and from the regular school program in accordance with the mileage limitations previously adopted by the qualified voters of the school

district. Such mileage limits shall change only when amended by a special proposition passed by a majority of the qualified voters of the district."

The reason for these provisions is found in the State Constitution which requires, as interpreted by the courts, that the schools of the state must be kept in operation at all times so that the youth of the state may have access to uninterrupted education.

The responsibility for determining which items in a school district budget fall under the concept of "ordinary contingent expenses" **rests with the board of education.**

Where individual citizens disagree with such a determination of a board of education, they are authorized to present the question to the Commissioner of Education who then pursuant to Section 2024 of the Education Law, determines the issue.

The purpose of this Appendix is to summarize the relevant statutory provisions and the general information contained in Formal Opinion of Counsel, No.213, dated July 6, 1967 (which replaces No.93, dated April 28, 1961). A copy of No.213 is attached. This opinion, in general terms, sets forth the rationale behind pertinent decisions of Commissioner of Education over the years and statutory provisions, as they affect the determination of the term " ordinary contingent expenses."

While it is not possible in this document to answer every question which may be raised concerning contingent budgets, it is hoped that it will help to clarify those questions most frequently asked.

OPTIONS OPEN TO THE BOARD OF EDUCATION

There are several options open to a board when its budget is defeated, such as:

1. The board may prepare and adopt a contingent budget without going back to the voters.
2. The board may present only one additional revised budget at a special district meeting.

MISCONCEPTIONS

Many misconceptions have arisen concerning defeated school budgets. The most common of these, together with comments about each, are as follows:

Misconception No. 1

"The Commissioner of Education imposes a budget if the voters continue to turn the budget down." The Commissioner does not have this authority. **It is the responsibility of the board of education to adopt a contingent budget, if the voters refuse to pass the budget.**

Misconception No. 2

"A special meeting must be called in the event of a defeated budget." This is at the discretion of the board of education, unless a petition for such a meeting is properly filed in accordance with Section 2008 of the Education Law.

Ordinary Contingent Expenses

When a board of education is faced with adopting a contingent budget after the voters have refused or continued to refuse to approve the budget, the crucial question is the determination of what constitutes

ordinary contingent expenses. In general, except for those items over which the statutes themselves either provide mandates for or give discretion to the board of education, these may be considered those expenditures deemed to be absolutely necessary to operate and maintain schools. The emphasis should be on those expenditures considered essential to maintain an educational program, preserve property, and assure the health and safety of students and staff. The board of education must exercise its best judgment in determining what those minimum expenditures shall be.

Formal Opinion of Counsel No.213 specifically discusses provisions for teachers' salaries as authorized by Section 1709, subdivision 16, of the Education Law. It also divides ordinary contingent expenses into three categories: (1) legal expense; (2) expenditures specifically authorized by statute; and (3) other items necessary to maintain the educational program, preserve property, and assure the health and safety of students and staff.

Examples are given in Opinion 213 of some expenditures which are not considered to be acceptable ordinary contingent expense items. In general, these may be defined as those items which are not required to maintain a minimum educational program, to preserve property, and to assure the health and safety of pupils and staff. Excluded are those expenditures which, by law, only the voters can authorize. Example of the latter are the purchase of new equipment, and budgetary subsidies for school food service.

There are certain items of expenditure which require a fuller explanation than was possible to give in Opinion 213. These are discussed below:

Public Employees Fair Employment Act (Taylor Law)

- a. Agreement entered into under the provisions of this Act must be honored by the board of education.
- b. In the case of noninstructional employees, the board of education is still required to determine the number necessary under a contingent budget, as indicated in Opinion 213, page 5, item 4. If the salaries for the required number of these employees have been determined by agreements under the Public Employees Fair Employment Act, such salaries are an ordinary contingent expense.

Transportation

- a. The cost of transportation for; (1) pupils to and from regular school programs in accordance with mileage limitations previously adopted by the qualified voters and, (2) interscholastic athletics, field trips and other extracurricular activities are ordinary contingent expenses. Mileage limits for pupils to and from regular school programs shall change only when amended by a special proposition passed by a majority of the qualified voters of the district. Transportation of nonpublic school pupils beyond the mileage limitation is an ordinary contingent expense up to fifteen miles. If transportation is provided to public school pupils attending public schools other than BOCES facilities within the district for distances in excess of fifteen miles, transportation for nonpublic school pupils attending nonpublic schools within the district is an ordinary contingent expense up to the maximum distance such public school pupils reside from the schools they legally attend and to which they are transported. If public school pupils are transported outside the district, under tuition contract, the rule is similar. (Education Law 305.14)
- b. Shuttle service between public schools for instructional purposes is an ordinary contingent expense.
- c. Transportation, pursuant to article 89, for all handicapped children living up to and including 50 miles is an ordinary contingent expense.

Public Library

If no separate proposition to raise money for the public library had been included in the budget vote, or if the amount requested had been greater than that included in the prior year's budget, the same amount approved by the voters in the year prior to defeating the budget becomes an ordinary contingent expense.

Use of School Buildings and Grounds by Outside Agencies

If there is no identifiable expense to the taxpayers, or where such extra costs are paid in advance in full by donations, the board of education may grant the use by outside agencies of school buildings and grounds. This does not apply to public school activities.

Equipment

The cost of equipment does not normally constitute an ordinary contingent expense, as indicated in item 14 on page 5 of Opinion 213. This is true regardless of whether the equipment is to be purchased, leased or lease-purchased in accordance with the provisions of Section 1725 of the Education Law. Where equipment is to be lease-purchased pursuant to Section 109-b of the General Municipal Law, a separate referendum is required.

Pupil Supplies

When appropriations for free pupil supplies have not been approved by the voters, it becomes the responsibility of the parents or guardians to see that their children are provided with the items needed to attend upon instruction, as required by the Compulsory Education Law. The responsibility of the school district, on the other hand, is to determine what supplies are considered pupil supplies as contrasted to those which should be called teacher supplies.

Pupil supplies should be deemed to be those supplies that are essentially retained by the pupil such as writing pads, looseleaf binders, pencils, rulers, etc. and other supply items required by the pupil and which are readily available from sources other than the school district; all other supply items required by the educational program approved by the board of education but which are not readily available from sources other than the school district should be deemed to be teacher supplies and therefore a contingent expense.

The following is an illustrative list of supplies which may be deemed to be pupil supplies and which are readily available from sources other than the school district:

- writing pads
- lined composition paper, excluding wide lined primary paper
- typing paper
- carbon paper
- pencils, excluding primary pencils and special testing pencils
- pens
- erasers
- rulers, yardsticks
- notebooks, but not workbooks which are considered textbooks
- gym shorts
- t-shirts
- sneakers
- other personal athletic needs
- compass
- protractors

crayons, excluding oversize primary crayons
felt tipped pens
paper clips
rubber bands
mucilage
index cards, 3 x 5, 5 x 8

Of primary concern in the determination of pupil supplies is that the list be a reasonable one and that the parent be granted the option of purchasing such items from sources other than the school.

In the event that the parent or guardian opts to purchase such supplies from a source other than the school, no charge may be imposed by the district.

The Commissioner in **Matter of Hasslacher** (Decision 9459) has determined that the school district need not afford parents the opportunity to make a piecemeal selection of items they may wish to purchase but may instead offer any or all supplies at a given total price.

Budget Format

The requirements as to budget format and availability of copies to voters applicable to budgets presented at the annual district meeting also apply to budget-related propositions for presentation at special meetings. Sections 1608, 1716 and 2601-a of the Education Law require that copies of proposed budgets be made available to residents during the seven days prior to the budget hearing (presentation) and fourteen days prior to the annual meeting/budget vote. This requirement also applies to budget proposals for presentation at special meetings.

APPENDIX G

Formal Opinion of Counsel No. 213 (1967)

THE UNIVERSITY OF THE STATE OF NEW YORK

EDUCATION DEPARTMENT

July 6, 1967

FORMAL OPINION OF COUNSEL NO. 213

TO: City, Village and District Superintendents of Schools Supervising Principals

Since Formal Opinion of Counsel #93 (1961) with re-spect to the question of the powers of a board of educa-tion to levy taxes for certain purposes in the event the voters of a district have refused to approve a proposed budget, there have been changes in the statutes and a number of additional questions have arisen. The items listed in the earlier letter have been included in this one.

In this connection, section 2023 of the Education Law reads as follows:

"2023. Levy of Tax for certain purposes without vote. If the qualified voters shall neglect or refuse to vote the sum estimated necessary for teachers' salaries, after applying thereto the public school moneys, and other moneys received or be received for that purpose, or if they shall neglect or refuse to vote the sum estimated necessary for ordinary contingent expenses, the sole trustee, board of trustees, or board of education may levy a tax for the same, in like manner, as if the same had been voted by the qualified voters."

It is to be observed with regard to teachers' salaries that the board of education has an absolute discretion. Reference in this connection should be made to subdivision 16 of section 1709 of the Education Law, which is as follows:

'1709, subd. 16. To contract with and employ such persons as by the provisions of this chapter are qualified teachers, to determine the number of teachers to be employed in the several departments of instruction in said school, and at the time of such employment to make and deliver to each teacher a written contract as required by section three thousand eleven of this chapter, except as otherwise provided by sections three thousand twelve and three thousand thirteen; and employ such persons as may be necessary to supervise, organize, conduct and maintain athletic, playground and social center activities, or for any one or more of such purposes; and to adopt rules and regulations governing the excusing of absences of all teachers and other employees and for the granting of leaves of absence to such employees either with or without pay. The regular teachers of the school may be employed at an increased compensation or otherwise, and by separate agreement, written or oral, for one or more of such purposes.

Consequently, a board of education may determine for what purposes teachers are needed, how much they are to be paid and what the terms and conditions of employment are to be, including, of course, providing for leaves of absence. This applies whether such teachers are employed for regular school service, full or part-time, summer school, adult education or for special programs of any kind, such as the recently authorized driver education on Saturday (L. 1967, ch. 654).¹ In each of these cases there need only be a determination by the board of education that such services are necessary.

The question of what is an "ordinary contingent expense," however, tends to be more complicated. The following are ordinary contingent expenses:

I. Legal expenses

- A. Debt service-interest and principal
- B. Judgments
 - 1. Courts
 - 2. Orders of Commissioner of Education
- C. Other Legal obligations
 - 1. Social Security and other payroll taxes and assessments
 - 2. Preexisting contractual obligations.

II. Expenditures specifically authorized by statute

- C. Transportation
 - D. Textbooks for grades ,** including summer school (Educ. L., '701, subd 3, see Formal Opinion No, 181).
 - E. Supplies for sale, rental or loan to pupils (Educ, L., '701, subd 5).
 - F. Expenses in connection with membership in N.Y.S. School Boards Association, Inc. within this State (Educ. L., '1618).
 - G. Convention and conference expenses (Gen. Mun. L., '77-b).
 - H. Youth bureaus; recreation and youth service projects; and other youth programs (Exec. L., "422, 423; but not under Gen. Mun, L., "95, 244--b, which require authorization by voters)

- I. District's share of services provided by a Board of Cooperative Educational Services (Educ. L., '1958)
- J. Health services (Educ. L., '912)
- K. Private, Federal or State donations not involving expenditure of local money (Educ. L., '1718, subd 2)
- L. Nursery school (Educ. L., '1712, subd 2)
- M. Accident insurance for pupils (Educ. L., '1709, subs 8-a, 8-b)
- N. In-service training for teachers (Educ. L., '1709, subd 32)
- O. Child Nutrition Programs

2. Eye safety devices (Educ. L., '409-a)

* Maximum distance raised to 15 miles by Chapter 755 of the Laws of 1974. Now 50 miles for handicapped students since amendment by Chapter 853 of the Laws of 1976. This was amended to include transportation for field trips, interscholastic athletics, co-curricular activities and transportation to and from regular school.

** Section 701 was amended by Chapter 587 of the Laws of 1973 to include textbooks in grades K-12.

I. Other items necessary to maintain the educational program, preserve property and assure the health and safety of students and staff. The following is a partial list of such items deemed to be included in this category as an ordinary contingent expense:

- 16. Necessary travel expenses of board members and employees on official business
 - 17. Amount necessary to pay for necessary legal services
 - 18. Instructional supplies for teachers' use (regard-less of program)
 - 19. Necessary salaries for the necessary number of nonteaching employees. This not only applies to custodial and maintenance personnel, except cafeteria employees, but also to all other non-teachers such as the business manager and clerical personnel. Salary increases or increments may not be provided for these employees unless it is impossible to assure qualified personnel for the minimum service, in which case these employees may be paid necessary amounts.
 - 20. Fuel
 - 21. Water
 - 22. Light and power
 - 23. Telephone
 - 24. Use of school buildings for the purpose of teachers' meetings and PTA meetings with school--connected purposes. These do not include pro-grams of entertainment or of a social nature
 - 25. Emergency repairs of school plant
 - 26. Maintenance of necessary sanitary facilities
 - 27. Necessary expenditures for complying with Regulations of the Commissioner of Education pertaining to such items as fire alarm systems and fire escapes.
 - 28. Temporary rental of essential classroom facilities
 - 29. Expenses for capital outlay are not ordinary contingent expenses. However, certain expenses, such as for emergency repairs, or to equip a classroom or classrooms where essential to house additional students, would be deemed ordinary contingent expenses. This does not include replacement of equipment, however.
 - 30. Required civil defense equipment
 - 31. Materials used in classes by students where uniformity is essential to the program or to preserve health and safety (chemicals, etc.).
 - 32. Newspapers and periodical subscriptions for libraries and classroom use where essential for instruction or to preserve continuity of sets.
 - 33. Options on land where the price of the option is nominal.

- 34. Expenditures necessary to advise district voters concerning school matters.
- 35. Preliminary plans and specifications needed to submit propositions to voters.

The following is a partial list of items **not** deemed to be an ordinary contingent expense:

- 36. Fee for evaluation of school system by the Middle States Association of Colleges and Secondary Schools.
- 37. Fees for surveying school system by various individuals, groups, or organizations.
- 38. Rental of office equipment, computers, etc..
- 39. Use of school buildings and grounds by outside organizations except where there is no identifiable extra cost to the district or such cost is fully paid by a donation before the activity occurs.
- 40. Capital expenditures, except in an emergency
- 41. * Transportation and maintenance of interscholastic athletic teams
- 42. Pupil uniforms whether for athletic activities or otherwise

- 1. *** New library books

* Chapter 436 of the laws of 1997 defines costs related to interscholastic athletics, field trips and co-curricular activities as ordinary contingent expenses.

** Since the issuance of Formal Opinion of Counsel No. 213, the law has been amended rendering this statement obsolete. Section 1709, subdivision 22, now provides for the continued operation of a school food service program without "voter approval".

*** Chapter 775 of the laws of 1992 defines the purchase of library books as ordinary contingent expenses.

If a controversy arises as to the application of what is an ordinary contingent expense as far as some particular item is concerned, an appeal lies to the Commissioner of Education under section 310 of the Education Law. See section 2024 of the Education Law, which reads as follows:

§2024. Reference to Commissioner of Education. -

If any question shall arise as to what are ordinary contingent expenses the same may be referred to the Commissioner of Education, by a statement in writing, signed by one or more of each of the opposing parties upon the question, and the decision of the commissioner shall be conclusive.

APPENDIX H

CONVERSION OF THE BUDGET TO THREE COMPONENTS

FUNCTION OR ACCOUNT	SBM CODE	TOTAL	ADMIN.	PROGRAM	CAPITAL
Board of Education	1099.0		X		
Central Admin	1299.0		X		
Finance	1399.0		X		

Legal Services	1420.0		X	X	
Personnel	1430.0		X		
Records Mgmt.	1460.0		X		
Public Information	1480.0		X		
Op. Of Plant	1620.0				X
Maint. Of Plant	1621.0				X
Other Cent. Serv.	1699.0		X		
Judgments & Cl.	1930.4				X
Refund of Taxes	1964.4				X
Other Spec. Items	1998.0		X		
Curr. Dev. & Sup.	2010.0		X		
Sup. Reg. Schl.	2020.0		X		
Sup. Spec. Schl.	2040.0		X		
Res. Eval. & Plan.	2060.0		X		
Instruction (Net of supervision)	2999.0			X	
Purchase of Buses	5510.21				X
Other Dist. Trans.	5510.0			X	
Garage Bldg.	5530.0			X	
Contract Trans.	5540.0			X	
Community Service	8998.0			X	
Employee Benefits	9098.0		X	X	X
Debt Service	9898.0				X
Trans. to Capital	9950.9				X
Trans. to Debt	9901.96				X
Other Transfers	9951.0			X	

APPENDIX I

Section 170.8 of the Commissioner's Regulations

ADDITION OF SECTION 170.8 TO THE REGULATIONS OF THE COMMISSIONER OF EDUCATION PURSUANT TO EDUCATION LAW SECTIONS 207,1608 and 1716 AND EDUCATION LAW AS ADDED BY CHAPTER 171 OF THE LAWS OF 1996 AND CHAPTER 436 OF THE LAWS OF 1997 RELATING TO PROCEDURES FOR PREPARATION OF SCHOOL BUDGETS.

A new section 170.8 of the Regulations of the Commissioner of Education is added effective December 27, 1996 to

APPENDIX J

School District Budget Notice

Overall Budget Proposal

	Budget Adopted for the 20__ School Year	Budget Proposed for the 20__ (+1) School Year	Contingency Budget for the 20__ (+1) School Year*
Total budgeted amount	\$	\$	\$
Increase/decrease for the 20__ (+1) school year		\$	\$
Percentage increase(decrease) in each proposed budget		%	%
Change in the consumer price index		%	
Resulting est. property tax levy for the 20__(+1) school year		\$	\$
Administrative component	\$	\$	\$
Program component	\$	\$	\$
Capital component	\$	\$	\$
* Statement of assumptions made in projecting a contingency budget for the 20__(+1) school year, should the proposed budget be defeated. ¹			

Basic STAR Exemption Impact

Estimated Basic STAR² Exemption Savings Based on a Hypothetical Home Within the School District with a Full Value of One Hundred Thousand Dollars (\$100,000)

	Budget Adopted for the 20__ School Year	Budget Proposed for the 20__ (+1) School Year
Basic STAR tax savings	\$	\$
School tax increase/decrease	\$	\$
Net Basic STAR tax savings	\$	\$

The annual budget vote for the fiscal year 20__-20__ by the qualified voters of the _____ school district, _____ County, New York, will be held at _____ school(s) in said district on Tuesday, May ____, 20__ at 7:30pm prevailing time *OR* between the hours of __:00am and __:00pm, prevailing time in the _____ school(s), at which time the polls will be opened to vote by voting ballot or machine.

¹ Provide a statement of assumptions made in estimating the contingency budget pursuant to section 2023 of the Education Law.

² The basic school tax relief (STAR) exemption is authorized by section 425 of the Real Property Tax Law.

Procedure for estimating Basic STAR exemption savings on hypothetical \$100,000 residence:

1) Calculate the *full value tax rate* for the school district for each school year:

$$\text{Full value tax rate} = \frac{\text{Total school district property tax levy}}{(\text{Total school district equalized full value}) / (1,000)}$$

2) Calculate the estimated property tax on a hypothetical \$100,000 residence for each school year:

$$\text{Estimated property tax} = (\$100,000 / 1,000) \times (\text{Full value tax rate})$$

3) Calculate the increase or decrease in school taxes on a hypothetical \$100,000 residence:

$$\text{Increase/decrease in school tax} = (\text{School year } 20__ \text{ tax}) - (\text{School year } 20__(-1) \text{ tax})$$

and

$$\text{Increase/decrease in school tax} = (\text{School year } 20__ (+1) \text{ tax}) - (\text{School year } 20__ \text{ tax})$$

4) Calculate the estimated Basic STAR savings using the full value exemption amount from the predominant municipality in the school district. (Note: in most cases, this will be \$20,000 and \$30,000, respectively for each school year. The exception will be if the predominant municipality is located in a county with a STAR exemption *sales adjustment factor* greater than 1.00. Beyond school year 2001-2002, the exemption will stabilize at \$30,000.):

$$\text{Estimated Basic STAR savings} = (\$20,000 / 1,000) \times (\text{Full value tax rate})$$

and

$$\text{Estimated Basic STAR savings} = (\$30,000 / 1,000) \times (\text{Full value tax rate})$$

5) Calculate the estimated net Basic STAR savings for each year:

$$\text{Estimated Net Basic STAR savings} = (\text{Estimated Basic STAR savings}) - (\text{Increase/decrease in school tax})$$