



# INFORMATION BULLETIN

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## *2007-08 School Budget Voting Summary*

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**O**n the third Tuesday in May, all school districts, with the exception of the Big 5 city school districts, are required to submit a budget proposal to the voters. On May 15, 2007 voters in 680 school districts cast a “Yes” or “No” vote on their school district’s budget. Of those 680 budgets, 648 were approved and just 32 were defeated — a 95.3% approval rate, which is the highest approval rate in state history.

This Information Bulletin details the:

- ▶ School budget voting results,
- ▶ Proposed increases in the property tax levy,
- ▶ History of voter turnout for school budgets,
- ▶ Actions taken by the 32 school districts with a defeated budget,
- ▶ Budget revoting results, and
- ▶ Calculation and impact of the contingency budget cap.

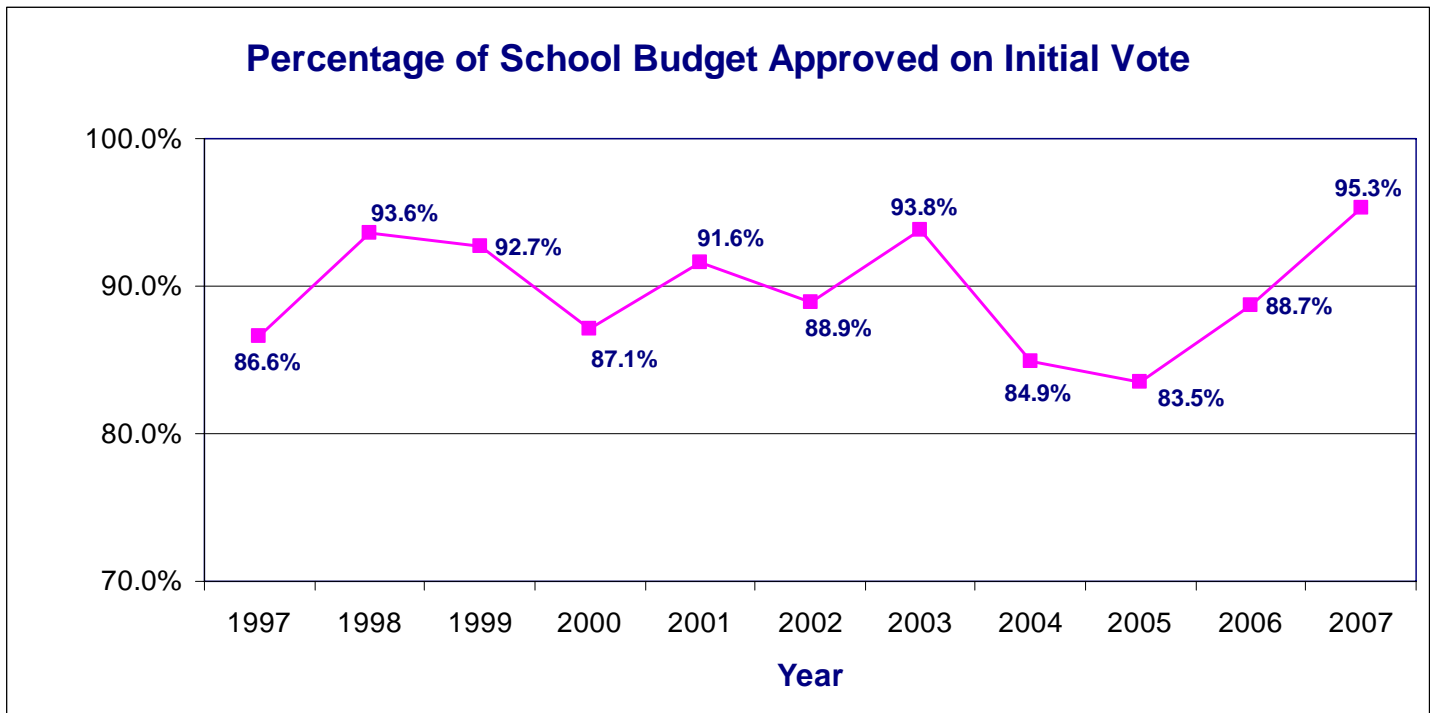
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# 2007-08 School Budget Voting Summary

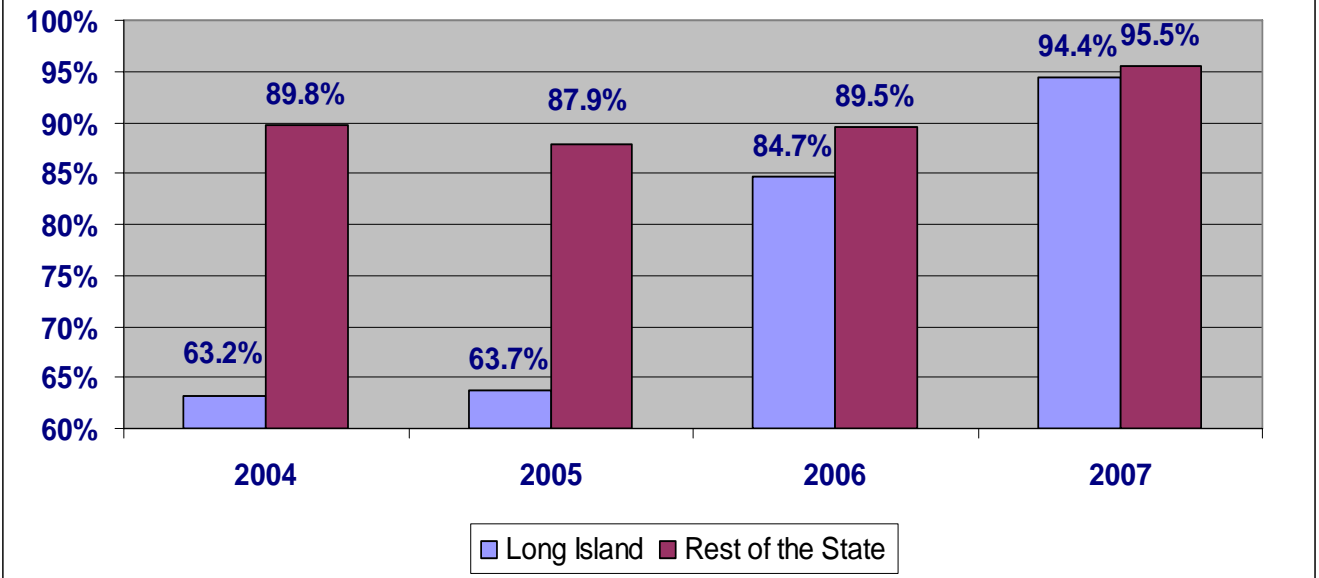
On May 15, 2007 voters in 680 school districts cast a “Yes” or “No” vote on their school district’s budget that on average contained a 5.9% increase in spending and a 3.8% increase in the tax levy. Voters approved 648 school budgets and defeated 32 – a 95.3% approval rate, an all all-time high approval rate exceeding the previous record of 93.8% that was set back in 2003. The following chart provides the approval rates over the last ten years.



## LONG ISLAND BUDGETS—

In both 2004 and 2005 school districts on Long Island experienced a disproportionately large numbers of budget defeats compared with the rest of the state. However, in 2006 and again in 2007 the school budget approval rates on Long Island were more consistent with the rest of the state. The following chart compares the last four-years of budget vote approval rates for Long Island and the rest of the state.

## Percentage of School Budget Approved on Initial Vote *Long Island vs Rest of the State*



### **MID-HUDSON REGION—**

In 2006 the Mid-Hudson Region, defined as districts in Dutchess, Orange, Sullivan, and Ulster County, had the lowest passage rate of any region in the entire state— only 59.6% of budgets received voter approval. However in 2007 the passage rate for this region improved to 91.7%.

### **WESTERN NY REGION—**

While over the last five years the Western NY Region, defined as districts in Allegany, Cattaraugus, Chautauqua, Erie, Genesee, Niagara, Orleans, and Wyoming County, have consistently had budget approval rates that exceeded 90%, in 2007 a new milestone was reached— 100% of the school budgets in this region were approved.

### **AN ON-TIME STATE BUDGET & A \$1.76 BILLION SCHOOL AID INCREASE—**

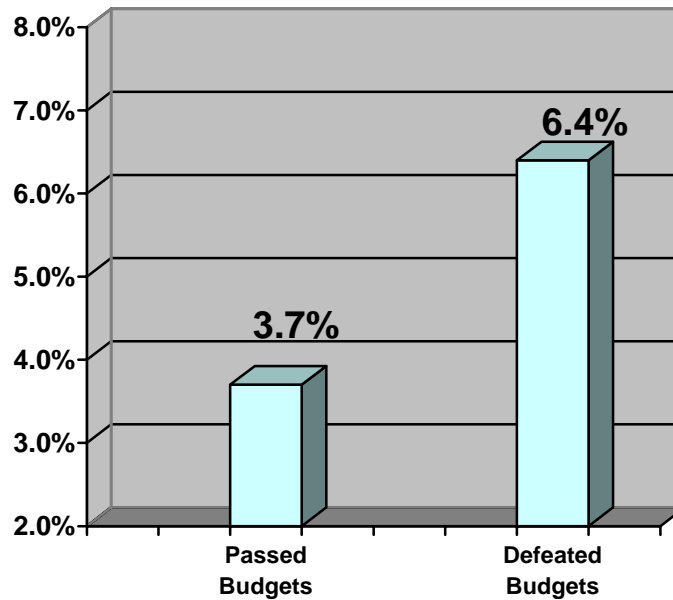
For the third consecutive year, school districts were able to prepare their budget proposals with actual state aid figures from an on-time state budget. The entire education community praised the Legislature for enacting an on-time budget that contained a record \$1.76 billion increase in school aid. This school aid increase is the largest one-year increase in the history of the state.

# Property Tax Increases

At least 24 days prior to the school budget vote, the board of education must adopt a Property Tax Report Card. The report card includes the amount of total spending and total estimated school tax levy that would result from adoption of the proposed budget and the percentage increase or decrease in total spending and total school tax levy from the school district budget for the preceding school year. A copy of the property tax report card is submitted to the State Education Department.

An analysis of the Property Tax Report Cards reveals that the school budgets that were passed by the voters, on average contained a tax levy increase of 3.7%, compared to the school budgets that were defeated, on average contained a tax levy increase of 6.4%.

**Average Percent Increase in the Tax Levy for School Budgets that were Passed and for those that were Defeated**



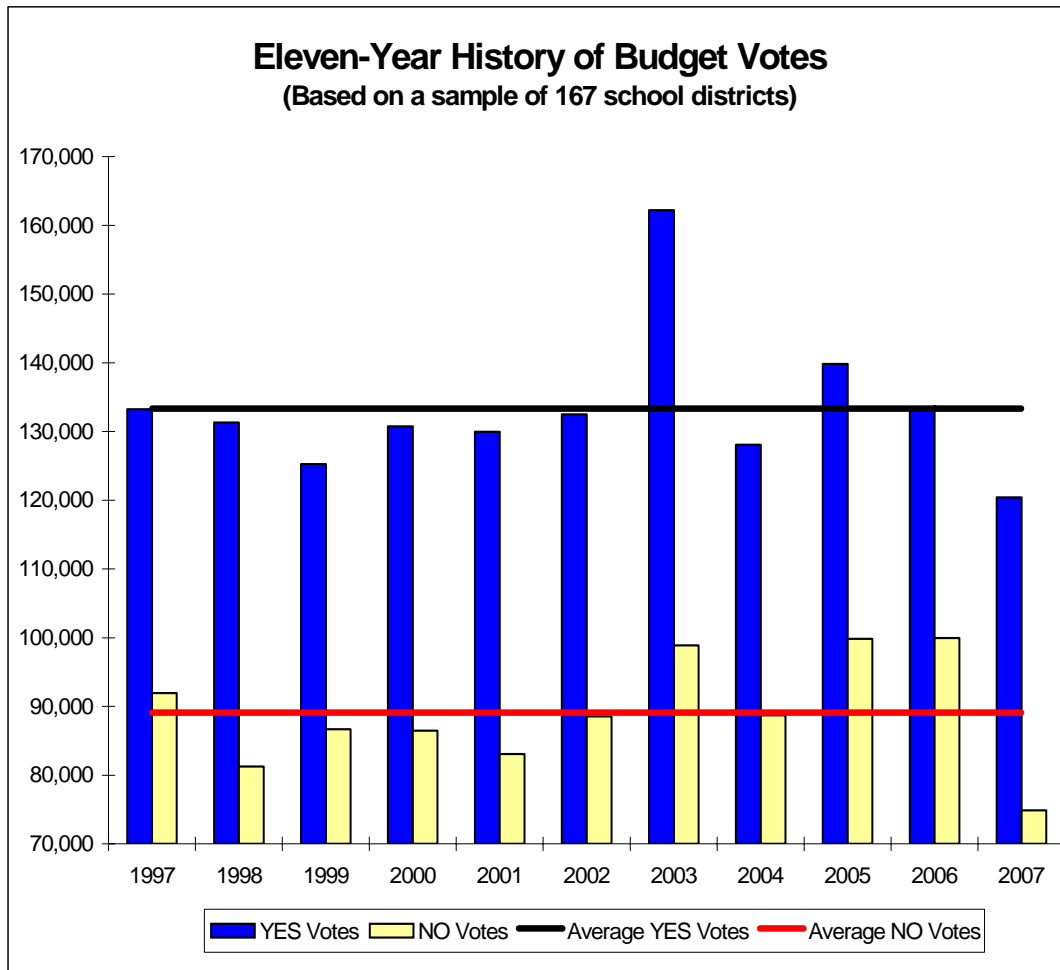
As one would expect, the higher the property tax increase, the more likely that the budget will be defeated. This theory was supported by a regression analysis conducted by the State Education Department. This analysis found a positive relationship between the percent increase in the tax levy and the percentage of “No” votes and concluded that for every 1% increase in the tax levy, the percentage of “NO” votes increases by 1.256 percentage points. Using 28 percentage points as the constant number of “No” votes, the analysis also concluded that a budget with a proposed tax levy increase of 17.5 percent or more would be defeated because the percentage voting “No” would reach 50% at a 17.5% increase in the tax levy —  $((28\% + (17.5 \times 1.256)) = 50\%)$ . Despite the findings of this analysis, each year some school budgets are approved that carry large tax increases. For example, this year voters in three school districts approved budgets with a tax levy increase of more than 17%.

# Voter Turnout for School Budgets

NYSUT’s Research and Educational Services staff used a sample of 167 school districts from across the state and compiled the actual budget voting counts for these districts. From 1997 through 2007, the average number of “YES” votes in these districts was 133,340 and the average number of “NO” votes was 89,105.

In 2003 the total number of “YES” votes was 162,183 and the total number of “NO” votes was 98,891. This spike in voting in 2003 was likely the result of the added focus on budget voting caused by a change in the budget vote date, the legislature’s \$1 billion restoration in school aid, the May 3<sup>rd</sup> March for Public Education, and the legislature’s override of budget vetoes. Prior to 2007, the 2003 budget approval rate of 93.8% was the highest ever. This record setting approval rate in 2003 was likely caused by the spike in the total number of “YES” votes.

In 2007 the total number of “YES” votes was 120,433 and the total number of “NO” votes was 74,856. Although the total number of “YES” votes in 2007 was down approximately 10% from the previous year, the number of “NO” votes was down over 25%. Unlike 2003, the record setting approval rate in 2007 was likely caused by a sharp drop in the number of “NO” votes.



## 32 Defeated Budgets

When the voters reject an initial school district budget proposal, the board of education has three options —1) resubmit the same budget proposal to the voters, 2) submit a revised budget proposal to the voters, or 3) adopt a contingency budget. Districts that choose to have a budget revote must do so on the third Tuesday in June. This is a new requirement that went into effect this year.

As is usually the case, this year most districts opted to submit a revised budget to the voters.

### *Of the 32 that were defeated:*

Districts that went directly to a contingency budget: 4 (12.5%)  
(A complete listing of these districts is included in Appendix One)

Districts that chose to have a second budget vote: 28 (87.5%)  
(A complete listing of these districts is included in Appendix Two)

— Districts that resubmitted the same budget: 8  
— Districts that submitted a revised budget: 20

The decision on whether or not to have a budget revote and whether or not to reduce the budget proposal for the revote rests entirely with the board of education. Some board members and superintendents support the concept that if the initial budget is defeated, only a reduced budget should be put before the voters on the second vote. They believe that they have an obligation to the community to make spending cuts and they fear that resubmitting the exact same budget proposal for a second vote could spark community outrage. Conversely, other board members and superintendents believe that resubmitting a lower budget for a revote could send the wrong message to the community—that there was unnecessary spending included in the original budget. The final approach, simply adopting a contingency budget after an initial budget defeat, is often used when district leaders believe that another budget vote would simply result in another budget defeat or would result in an approved budget that would be similar in size to a contingency budget.

One factor that may guide school boards in their decision as to whether or not to resubmit the same budget is the margin by which the budget was defeated. If a budget was narrowly defeated by the voters, a strong case could be made to resubmit the same budget.

## The Revote Results —

*Of the 8 districts that resubmitted the same budget:*

Districts that had their revote pass:	6 (75.0%)
Districts that had their revote fail:	2 (25.0%)

*Of the 20 districts that resubmitted a revised budget:*

Districts that had their revote pass:	14 (70.0%)
Districts that had their revote fail:	6 (30.0%)

*An analysis of the 20 districts that submitted a revised budget revealed that in total over \$8.92 million in cuts were made to the original budget proposals (see Appendix Two).*

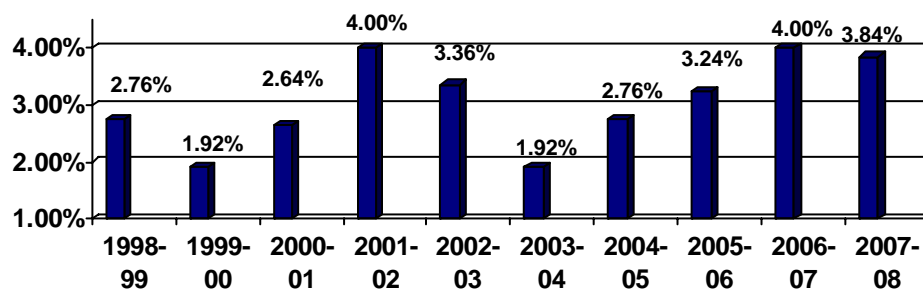
*The 8 districts that experienced a second budget defeat were required to adopt a contingency budget (see Appendix Three for a complete list of these districts).*

## Contingency Budget Cap

Following an initial budget vote, a board of education may, rather than having a budget revote, simply adopt a contingency budget. If the initial budget proposal is defeated and a second budget proposal is also defeated, the board of education must adopt a contingency budget.

In 1997, the New York State Legislature enacted a cap on spending for contingency budgets. The contingency budget cap is equal to the lesser of 4.00 percent or 120 percent of the Consumer Price Index. The increase in the Consumer Price Index in 2006 was 3.2 percent, and increasing 3.2 percent by 120 percent equals 3.84 percent. Since the cap is equal to the lesser of 4.00 percent or 120 percent of the Consumer Price Index, the cap on contingency budgets will limit spending increases to 3.84 percent over the prior year's budgetary appropriation. The following chart shows what the cap has been in previous years:

*Contingency Budget Cap*



The following types of expenditures are exempt from the cap:

- ▶ expenditures resulting from a tax certiorari proceeding (i.e., court-ordered property tax assessment reductions),
- ▶ expenditures resulting from a court order or judgment against the school district,
- ▶ emergency expenditures that are certified by the Commissioner as necessary as a result of damage to, or destruction of, a school building or school equipment,
- ▶ voter-approved capital expenditures,
- ▶ expenditures attributable to projected increases in public school enrollment,
- ▶ nonrecurring expenditures from the prior year's budget,
- ▶ expenditures for self-supporting programs,
- ▶ expenditures for payments to charter schools, and
- ▶ expenditures of gifts, grants, and use of insurance proceeds-- Increases in Foundation Aid are considered to be a grant and are therefore exempt from the cap.

Prior to the 1997 legislation, a district adopting a contingency budget was not limited in its ability to increase spending for items that were deemed to be an “ordinary contingent expense.” Given that most districts are faced with substantial spending increases for certain items, such as retirement costs and health insurance, districts that adopt a contingency budget will undoubtedly find it extremely difficult to comply with the contingency budget cap. Districts operating under a contingency budget are required to honor collective bargaining agreements while still fitting their spending increases under the cap. However, in order to fit their spending increase within the contingency budget cap, districts may need to eliminate programs, reduce staff size, increase class size, eliminate field trips, and eliminate interscholastic athletics.

Also, under a contingency budget, a district may only fund those items that are deemed to be an “ordinary contingent expense.” The term “ordinary contingent expense” encompasses all expenditures that are deemed necessary to provide the minimum services legally required to both operate the schools and preserve the property of the district in order to assure the health and safety of the students and staff.

Examples of items that are **not** deemed as an “ordinary contingent expense” include certain equipment, community use of the school buildings and grounds, and salary increases for certain employees that are both nonunionized and noncertified staff. Although an item may be an “ordinary contingent expense,” the total amount of a contingency budget may not exceed the contingency budget spending cap.

The following worksheet from the State Education Department provides an example of how the contingency budget cap is applied:

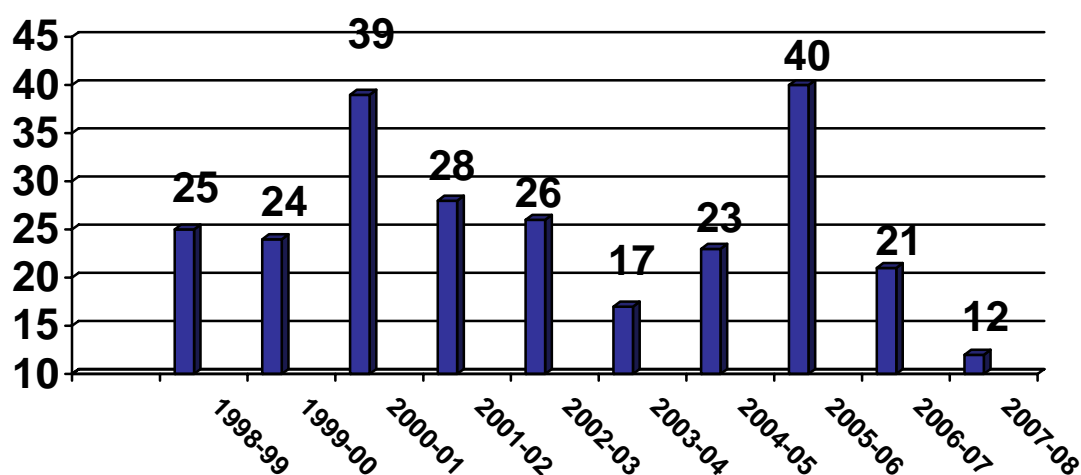
## *Contingent Budget Cap Worksheet – Example*

<b>2006-07 Adopted Budget</b>	<b>\$1,000,000</b>	
<b>Less: (base year exclusions)</b>		
– Budgeted expenditures of gifts, grants in aid or insurance proceeds	50,000	
– Budgeted expenditures resulting from a tax certiorari proceeding	10,000	
– Budgeted expenditures resulting from a court order or judgment against the district	5,000	
– Budgeted expenditures certified by the Commissioner as necessary as a result of damage to, or destruction of, a school building or school equipment	20,000	
– Budgeted capital expenditures resulting from construction, acquisition, reconstruction, rehabilitation or improvement of school facilities, including debt service and lease expenditures, subject to the approval of the qualified voters where required by law	150,000	
– Nonrecurring expense(s)	30,000	
– Budgeted expenditures for payments to Charter Schools	10,000	
<b>Adjusted Base Year Adopted Budget</b>	<b>\$725,000</b>	
<b>2007-08 Contingency Budget</b>		
2007-08 adjusted base year x CPI (3.84%)		<b>\$ 752,840</b>
<b>Add: (subsequent year exclusions)</b>		
– Budgeted expenditures of gifts, grants in aid or insurance proceeds		\$ 25,000
– Budgeted expenditures resulting from a tax certiorari proceeding		40,000
– Budgeted expenditures resulting from a court order or judgment against the district		30,000
– Budgeted expenditures certified by the Commissioner as necessary as a result of damage to, or destruction of, a school building or school equipment		50,000
– Budgeted capital expenditures resulting from construction, acquisition, reconstruction, rehabilitation or improvement of school facilities, including debt service and lease expenditures, subject to the approval of the qualified voters where required by law		140,000
– Budgeted expenditures for payments to Charter Schools		15,000
<b>Proposed budget vs. Contingent budget</b>	<b>\$1,100,000</b>	<b>\$1,052,840</b>
<b>Required Cuts</b>		(\$47,160)
<b>Noncontingency items, e.g.</b>		
Student supplies		
Community use of buildings and grounds		
Certain equipment		
Certain salary increases		

Excel spreadsheet provided by Erin Thomas Brennan to calculate compliance with contingency budget cap.

In total, there will be 12 school districts operating under a contingency budget in the 2007-08 school year — 4 districts adopted a contingency budget following the initial budget defeat and 8 districts adopted a contingency budget after a second budget defeat (see Appendix One and Appendix Three for a listing of these districts). The following chart shows the number of districts on a contingency budget since the contingency budget cap took effect.

### *Number of Districts on a Contingency Budget*



#### **IMPACT OF CONTINGENCY BUDGET CAP—**

An analysis of the 12 districts that adopted a contingency budget found that, in total, there was a \$5.31 million difference between the budgets that were presented on May 15 and the contingency budgets that were adopted by the board of education. This means that as a result of the contingency budget law, these 12 districts were forced to make \$5.31 million in cuts to education spending. (See Appendix Four for a complete listing of the contingency budgets and the amount of education spending cuts that were made from the initial budget proposals.)

**APPENDIX ONE**

*School districts that chose to adopt a contingency budget  
after a defeat on May 15<sup>th</sup>:*

<u>DISTRICT</u>	<u>COUNTY</u>
1. Albany	Albany
2. Amsterdam	Montgomery
3. Georgetown-South Otselic	Chenango
4. Greece	Monroe

**APPENDIX TWO**  
*School Districts that had a Budget Revote*

District	County	May 15 Budget Vote			Budget (millions)	Revote Result P/D	Budget Revote		Budget (millions)	Difference Between May 15 Budget & Budget Revote Amount (millions)
		Yes	No	Yes			No			
1	BRENTWOOD	Suffolk	923	924	\$276.48	P	1,281	966	\$276.48	\$0.00
2	CAIRO-DURHAM	Greene	491	697	25.15	P	520	508	24.94	0.21
3	CANISTEO-GREENWOOD	Steuben	270	323	20.93	D	392	401	20.74	0.19
4	CHERRY VALLEY-SPRINGFIELD	Otsego	334	361	11.00	P	364	255	10.96	0.04
5	CLINTON	Oneida	639	677	22.84	D	755	803	22.69	0.16
6	CORNING	Steuben	1,079	1,148	79.63	D	1,718	1,835	79.48	0.15
7	DOLGEVILLE	Herkimer	169	242	14.58	P	249	102	14.58	0.00
8	FIRE ISLAND	Suffolk	84	91	5.11	P	184	99	5.11	0.00
9	GENERAL BROWN	Jefferson	333	383	19.57	D	332	434	19.57	0.00
10	GLOVERSVILLE	Fulton	580	869	47.08	P	597	211	46.86	0.22
11	GREENBURGH	Westchester	438	663	54.79	D	589	798	53.94	0.85
12	HIGHLAND FALLS	Orange	132	509	22.78	D	323	336	22.71	0.06
13	HOOSIC VALLEY	Rensselaer	327	453	18.24	P	514	367	18.14	0.10
14	ITHACA	Tompkins	1,290	1,499	91.67	P	2,417	2,209	91.06	0.61
15	MAMARONECK	Westchester	1,061	1,663	111.99	P	3,471	1,253	110.42	1.57
16	MORRISTOWN	St. Lawrence	175	192	8.16	P	207	178	7.94	0.23
17	MT SINAI	Suffolk	696	933	51.22	P	975	743	50.78	0.44
18	NAPLES	Wayne	299	352	15.04	P	396	141	14.94	0.10
19	NORTHEAST	Dutchess	301	314	19.22	P	342	112	19.17	0.49
20	PATCHOGUE-MEDFORD	Suffolk	2,348	3,479	151.31	P	3,917	3,478	148.55	2.76
21	PAWLING	Dutchess	562	687	31.11	P	917	797	31.11	0.00
22	PLEASANTVILLE	Westchester	723	874	38.87	P	1,575	984	38.70	0.17
23	ROOSEVELT	Nassau	151	384	63.72	P	427	274	63.72	0.00
24	SOUTH GLENS FALLS	Saratoga	805	971	48.72	P	1,033	669	48.60	0.12
25	TUXEDO	Orange	194	221	16.13	P	235	211	15.79	0.34
26	WESTBURY	Nassau	549	677	91.53	D	718	815	91.53	0.00
27	WYANDANCH	Suffolk	93	162	51.74	P	131	116	51.74	0.00
28	YORK	Livingston	358	491	14.68	D	302	372	14.56	0.11
<b>TOTAL</b>			<b>15,404</b>	<b>20,239</b>			<b>24,881</b>	<b>19,467</b>		<b>\$8.92</b>

8 School Districts presented the same budget on the budget revote

20 School Districts presented budgets that in total cut \$8.92 million from the rejected budgets

Source: State Education Department, various newspaper articles, and personal contact with school districts.

### APPENDIX THREE

*School districts that had their budget defeated on a second vote and were forced to adopt a contingency budget:*

<u>DISTRICT</u>	<u>COUNTY</u>
1. Canisteo-Greenwood	Steuben
2. Clinton	Oneida
3. Corning	Steuben
4. General Brown	Jefferson
5. Greenburgh	Westchester
6. Highland Falls	Orange
7. Westbury	Nassau
8. York	Livingston

## APPENDIX FOUR

### *School Districts on a Contingency Budget*

	District	County	MAY 15 BUDGET Amount (millions)	CONTINGENCY BUDGET Amount (millions)	Difference between May 15 Budget & Contingency Budget Amount (millions)
1	Albany	Albany	\$189.54	\$188.7	\$0.84
2	Amsterdam	Montgomery	49.67	49.41	0.26
3	Canisteo-Greenwood	Steuben	20.93	20.35	0.58
4	Clinton	Oneida	22.84	22.55	0.29
5	Corning	Steuben	79.63	79.45	0.18
6	General Brown	Jefferson	19.57	19.53	0.04
7	Georgetown-South Otselic	Chenango	8.18	8.18	0.00
8	Greece	Monroe	188.36	187.66	0.70
9	Greenburgh	Westchester	54.79	53.38	1.41
10	Highland Falls	Orange	22.78	21.92	0.86
11	Westbury	Nassau	91.53	91.53	0.00
12	York	Livingston	14.68	14.53	0.15
	<b>TOTAL</b>				<b>\$5.31</b>

As a result of the contingency budget law, the 12 school districts operating under a contingency budget for 2007-08 cut \$5.31 million in education spending from the budgets that were proposed on May 15th.

Source: State Education Department, various newspaper articles, and personal contact with school districts.

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