



GOVERNANCE & FIDUCIARY RESPONSIBILITY

As of July 1, 2005, all newly elected board members must take six hours of training on fiscal oversight, accountability, and fiduciary responsibilities during the first year of his/her term. (Ed Law Sec 2102-a)

Prior to this law, school board members had no specific requirements regarding their fiduciary responsibility.

A certificate of completion is required to be filed with the district clerk. Failure to complete the training within the first year may result in board removal.

AGENTS OF THE STATE

- School districts are given taxing authority for a specific designated purpose which is to provide educational opportunities for the students in the district.
- In preparing its annual expenditure plan,(budget) the school board formulates a plan based on anticipated needs of the district.
- They may not add on expenditures to create a surplus fund. (save for a rainy day theory)



ADEQUACY AND EQUITY

- Adequacy is based on the principle that states should provide enough funding for all students to be able to meet academic expectations
- National Center for Education Statistics reports the average state spending per pupil was \$10, 297 in 2008 ranging from a high in NY of \$11,572 to a low of \$3,886 in Utah. (NCES, 2010)
- The question is how can it be determined how much money is needed to give all students an adequate education.



THE NEW THREE R'S

- Reducing
- Restructuring
- Redesigning
- The New 3 Rs analyzes the impact of the states new property tax cap on school districts, provides recommendations for state lawmakers to allow schools to operate more efficiently, and suggest ideas for local school boards to consider in order to survive in the tax cap era. nysed.org



ADEQUACY AND EQUITY

- Equity has to do with the ability of districts to raise revenues for their schools
- Revenue to districts is generated from the state and local taxes. Therefore, less wealthy communities are not able to raise as much money for schools as wealthier districts, leaving their children at a considerable disadvantage.
- There have been challenges to state funding systems since the 70's . Currently the courts have supported local funding and local control.



LEGAL CHALLENGES

Serrano v. Priest

San Antonio Indep SD v. Rodriguez

Pontiac v. Spellings

Pontiac v. Duncan

CFE

Courts over the last 30 years have increasingly ruled that more state funding systems are unconstitutional.

The issue is interdistrict inequity - defined as disparity in local taxable wealth which is closely linked to spending differences which contribute to inequities in educational quality.

Epstein- Chapter 3 discusses Congressional spending power and the Court.

Funding Public Schools- Kenneth B. Wong



- Financing public education in NYS and many other states is a combination of state and local participation
- Districts supplement state aid through an ad valorem tax on property
- It is the role of local boards of education to provide the fiscal resources to meet the instructional needs of students



LOOKING AT THE BUDGET

- Where is the focus?
 - *Does the school board play a central role in fostering and guiding community dialogue about the vision for its schools?*
 - *Do the board and superintendent act as a team to communicate how the expenditure plan implements the vision of the district?*
 - *Is there a strategic plan in place to implement the vision?*
- *School Board Guidebook*



GOVERNANCE QUESTIONED

- While there appears to be little change in the activities of boards in the last decade, the lack of attention to what boards do or should do has changed dramatically in the '90s. Currently there is a strong and growing urgency for the overhaul of the 200-year-old institution that governs our schools, so that the school's governing works "to the advantage of every child" (Danzberger, Kirst, & Usdan, 1992, p. viii).
- Chapter 5 Guidebook p.38



NEW LEGISLATION (NYS)/REGULATIONS 2006 (NYCRR 170.2, 170.3, 170.12)

- Audit Committee
- Internal auditor required to establish an internal audit function to conduct risk assessments of district operations and evaluate internal controls
- External Auditor
- Claims auditor reports directly to the board



NEW LEGISLATION/REGULATIONS

- There are four overriding factors that a board of education (board) should consider when selecting an audit committee member or hiring an auditor, be it a claims auditor, deputy claims auditor, internal auditor or external auditor.
- **1. What is the underlying rationale for having this position?**
- Each of the four types of audit functions are separate and distinct, and it is important to understand the intended protection each is meant to provide:
- **External Auditor** - Audits financial statements to render an opinion on whether they adhere to Generally Accepted Accounting Principles (GAAP).
- **Internal Auditor** - Performs risk assessments and helps the board in developing internal controls to reduce financial risk.
- **Claims Auditor/Deputy Claims Auditor¹** - Ensures that all expenditure vouchers are properly itemized and documented before payments are made by the treasurer.
- **Audit Committee** - Assists the board of education with matters related to both internal and external audits, including input on the hiring of internal and external auditors and reviewing reports and recommendations.



PROPERTY TAX CAP

CHAPTER 97 OF THE LAWS OF 2011

- **Local Government and School Accountability**
- **Real Property Tax Cap Information**
- Chapter 97 of the Laws of 2011 (Part A-Property Tax Cap) established a tax levy limit (hereafter referred to as the "property tax cap") that affects all local governments, most school districts in New York State, except New York City, and a host of other independent taxing entities such as library, fire and water districts.
- Under this law, the growth in the property tax levy, the total amount to be raised through property taxes charged on the municipality's taxable assessed value of property, is capped at 2 percent or the rate of inflation, whichever is less, with some exceptions. Local communities have the ability to override the cap.
- <http://www.osc.state.ny.us/localgov/realprop/index.htm>



IS THERE A SOLUTION TO:

Doing more with less resources (limited staff doing the job)

Demand for high student achievement

More accountability and transparency

Increased litigious environment

Inadequate training (professional development) CCSS

Present governance structure in making decisions

Current funding system



NYSSBA ESSENTIAL FISCAL REFORM PLAYBOOK

- http://www.nyssba.org/clientuploads/nyssba_pdf/GRPlayBook.pdf
- Seven key points to alleviate mandates:
- Triborough Amendment
- Health Care Costs
- RIF(Lay-offs)
- Teacher Disciplinary Procedures
- Pensions
- Special Education
- Purchasing



SCHOOL FOR ALL SEASONS (CHILDREN)

- To all of which is added a selection from the elementary schools of subjects of the most promising genius, whose parents are too poor to give them further education, to be carried at the public expense through the college and university. The object is to bring into action that mass of talents which lies buried in poverty in every country, for want of the means of development, and thus give activity to a mass of mind, which, in proportion to our population, shall be double or treble of what it is in most countries.
- Thomas Jefferson, letter to Jose Correa de Serra, November 25, 1817



- http://www.regents.nysed.gov/about/statement_governance.html
- <http://www.osc.state.ny.us/localgov/costsavings/sdau>
- <http://www.osc.state.ny.us/localgov/pubs/research/snapshot/FederalStateAid.pdfediting.htm>

