

# Homer CSD Budget Topic

## Changes in Future Building Aid payments to the District

According to Chapter 383 of Laws of 2001 of NYS, the State Education Department is required To review and revise the interest rate for Building Aid projects at least once during each ten year period of amortization.

This impacts Districts with projects older than 10-years and most likely those projects with SED approval dates prior to 7/1/03.

Instead of paying Building Aid based on the original interest rate of the debt (commonly 4% or more), the aid payments will be based on a new, lower rate estimated around 2.375% for next year. The exact rate should be announced in the Fall of 2013.

This will occur every year from now on... So what does this mean for Homer CSD?

**Initial Building Aid = \$3,932,531**

(based on Executive Budget Proposal)

Because the state is recalculating the amortization rates that it will use for payments, the amount above is expected to be reduced by \$159,000 for 2013-14.

(based on estimates provided by Questar SAP and Fiscal Advisors & Marketing, LLC.)

**Expected Building Aid = \$ 3,773,531**

# Impact on 2013-14 Budget

The originally estimated amount of aid the District expects to receive next year will be lower, which further impacts the GAP between revenue and expense...

|                          |                |
|--------------------------|----------------|
| Executive Run State Aid  | = \$19,411,958 |
| Aid After Rate Reduction | = \$19,252,958 |

There is a chance that the legislature could act to restore aid in some manner, we will have to wait and see...