



# *Sweet Home Central School District of Amherst and Tonawanda*

Office of the Superintendent  
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Geoffrey M. Hicks  
*Superintendent of Schools*

October 19, 2009

Dear Staff Member,

On Thursday, October 15<sup>th</sup> Governor David Patterson proposed mid-year state aid cuts to schools as part of a plan to close the state's current year budget deficit, now estimated at \$3 billion. The plan would cut School aid by a total of \$686 million for the 2009-10 school year. The school aid reductions are structured progressively based on local fiscal capacity, student need, and residential tax effort.

Specific proposed reductions on a district-by-district level were released last Friday. The Governor's plan labels the reductions as a "Gap Elimination Adjustment" to state aid. Sweet Home's gap elimination adjustment would reduce our overall state aid by \$1,042,086, or 5.66%.

Mid-year cuts are particularly devastating to schools because tax revenues are fixed and budgets are created in anticipation of receiving full state aid. The only way for our school district to deal with a cut of over \$1 million is to reduce spending and use reserve funds to offset the shortfall. At this point the Governor has turned his plan over to the State Legislature. They can approve it, modify it, or create their own plan. Regardless of the legislative outcome, Sweet Home has to begin preparing for potential reductions in state aid.

The proposed mid-year state aid cut is not the only fiscal challenge the District faces this year. The Town of Amherst has made major errors in assessing the value of property in Sweet Home, especially commercial property. Commercial property owners have challenged their tax assessments, and almost all of the businesses have been granted a reduction. The reductions have a significant negative impact on the amount of property tax the school district collects because the businesses must be reimbursed dollars based on the reduced assessed value. The school district has a reserve account to take care of normal contingencies, but this year the number of rebates has far exceeded the money in the reserve.

In order to proactively address these issues, the district will immediately institute a freeze on most spending. Administrators and Supervisors have been instructed to freeze all spending on materials, supplies, and equipment unless the purchase is part of a contractual arrangement. Further, overtime shall not be approved unless it is deemed to be absolutely essential. The district shall also freeze student field trips and transportation to non-essential athletic events.

Once the Governor and Legislature agree on a final state aid reduction figure, the district will revisit our spending freeze and make additional decisions. The current financial crisis will have a significant impact on budget preparations for the 2010-11 school year. I'll continue to keep you informed of decisions as they are made.

Sincerely,

Geoffrey M. Hicks  
Superintendent of Schools

cc: Board of Education