

## **Part Three:**

# **How Does the Government Decide how much Tax to Levy?**

### **Purpose and Curricular Connections**

Property taxes pay for important services, such as schools. In this part, students learn about what the money pays for, and how changes in state or federal aid affect local budgets:

- Students will analyze charts illustrating the sources of school funding in New York State and determine the amount of funding that must come from the local level;
- Students will analyze their school budget to determine the funds needed, the amount provided by the state and federal governments, and the amount required to be levied by the local government;
- Students will use their school's budget to evaluate the need for the goods and services in the budget;
- Students will draw conclusion and create alternatives when state funding is cut or increased;
- Students will explain how local governments make decisions when faced with state and/or federal aid is cut or increased;
- Students will examine the impact on communities when state and/or federal aid is cut or increased.

## Day One: Which Goods and Services are Most Important in Our School?

\*\*Note: Students should complete “What goods and services does my school need?” homework prior to class.

**Opening Activity:** How much do you think it costs to run our school district? (Remind the students to refer to their homework assignment when making this decision.). Show them your school budget (This information should be on your school district’s web page, the main office, or the district office.)

### **Activity:**

Instruct pairs to:

- Compare and contrast the budgets they created for their homework assignment.
- Rank the goods and services from most expensive to least expensive.

Distribute your school budget. Have each pair read the budget and:

- Compare and contrast their budget to the actual budget and their cost analysis.
- Prioritize the goods and services in the budget: Which items are most important?

**Discuss:** Which goods and services are most important? Which are least?

**Homework:** Have students write a one-paragraph response to the following: Explain how your school district obtains funds to pay for the budget. (This is a review of previously covered material.)



## Day Two: Should State and Federal Governments Help Fund Schools?

**Opening Activity:** Have students guess: What percentage of your school budget is paid for by: local property taxes? Federal government? State government?

### Activity:

1. Display a graph or chart of the revenue obtained by your school district. This can be found in the school budget, where there typically is a pie graph illustrating sources of school revenue. Highlight the revenue obtained from state and federal governments.
2. Distribute **Sources of School Funding** to the students. Using the pie graph, have students complete the section for the revenue for “Year 1” from the federal, state, and local levels.
3. Notify students that the **state** has just cut aid to their school district by **x** amount. Have students complete the section for “Year 2” on **handout** with the relevant revenues.
4. Create groups of three, distribute copies of your school budget and have each group:
  - Determine which goods and services they will remove from their budget. Provide rationale for decision.
  - Determine which goods and services they certainly cannot remove from their budget. Provide rationale for decision.

**Discuss:** How will these cuts impact the school? What are the benefits and drawbacks of state and federal aid? (Teachers might want to discuss how these bodies can control how the money should be spent.)

**Homework:** Develop two or three alternatives to cutting the school budget. Identify consequences for each alternative. (see handout)

Handout: Sources of School Funding

	<b>Year 1</b>	<b>Year 2</b>	<b>Year 3</b>
<b>Federal</b>			
<b>State</b>			
<b>Local</b>			
<b>Total</b>			

## Homework: The Consequences of Budget Cuts

Directions: Write down 2 or 3 actions the school budget makers could take in response to cuts in federal or state aid. Write down positive and negative consequences of these actions.

<b>Action Taken</b>	<b>Positive Consequences</b>	<b>Negative Consequences</b>

## Day Three: What Should We Do If the Federal or State Governments Cut Our Aid?

**Opening Activity:** Have student pairs compare their homework and determine which options are best. Hopefully they will note that there are at least two practical options: cut the budget and remove goods and services, OR increase local revenue (the property tax).

### Activity:

Today we will run a school board meeting to decide what the Board of Education (BOE) will do in response to the cut in state (or federal) aid. Assign students the following roles:

- 1 Student will be the Superintendent
- 1 Student will be the BOE President
- 4 Students will be “Pro-Cutting the Budget” Board Members
- 4 Students will be “Pro-Increasing Local Revenue (Property Tax)” Board Members
- Community Members, including Senior Citizens, Students, Union Representatives, Teachers, Parents of current students, and Parents of students involved in extra-curricular activities (band, athletics, choir, etc.)

Have the BOE President call the special meeting to order. Have the BOE discuss the issue. Allow time for public comment. At the close of the discussion, have the BOE vote on the appropriate action to take. **Remind** students that they should vote according to their opinion, not the role that they were assigned. *Note:* Teachers might want to invite a community board member to this mock hearing.

**Discuss:** Do you agree or disagree with the decision made by the Board of Education? What will be the implications and consequences of their action? Explain your opinion.

**Homework:** Reflect on the activity today. What did you learn about school funding? Did you agree with the decisions made?

## Day Four: What Should We do if Federal or State Funds for Schools are Increased?

**Opening Activity:** New York state (or the federal government) has decided to increase aid to our school district by  $x$  amount. Using the **Handout** from Day 2, complete the chart for Year 3, showing the increase in aid. What should the school district's response be to the increase in revenue? At the close of the discussion, students will hopefully determine that there are at least two practical options: increase the budget and add goods and services OR decrease local revenue (the property tax).

### Activity:

Today we will run a school board meeting to decide what the BOE will do in response to the increase in state or federal aid. Assign students the following roles:

- 1 Student will be the Superintendent
- 1 Student will be the BOE President
- 4 Students will be "Pro-Increasing the Budget" Board Members
- 4 Students will be "Pro-Decreasing Local Revenue (Property Tax)" Board Members
- Community Members, including Senior Citizens, Students, Union Representatives, Teachers, Parents of current students, and Parents of students involved in extra-curricular activities (band, athletics, choir, etc.)

Have the BOE President call the special budget board meeting to order. Have the BOE discuss the issue. Be sure to allow a time for public comment. At the close of the discussion, have the BOE vote on the appropriate action to take.

**Discuss:** Do you agree or disagree with the decision made by the Board of Education? What percentage should the state and federal government fund? Explain your opinion.