

Budget 2012-13 Q&A

What do we mean by tax levy?: A tax levy is revenue that is a tax on the real property within a school district and is determined by taking the budget expense, subtracting all other non-tax revenues, and subtracting appropriated fund balance. The remainder is the tax levy required to balance the budget.

What will be the driving factors in developing the 2012-13 budget?: The major cost drivers are Benefits increasing \$839K, Salaries are increasing \$544K (with no percentage increases for PVFT and PVAA), and Special Ed costs increasing \$551K for tuitions and related services. These three areas total \$1.93 million in additional costs for next year and 95% of the overall budget increase of \$2.04 million.

What is the new required tax cap? Chapter 97 of the Laws of 2011 sets a cap on how much property taxes can increase from year to year. The maximum increase is determined by a complex formula that takes into consideration factors such as new construction, payments in lieu of taxes, and exemptions to the tax cap such as debt service and payments to the retirement system attributable to the rates exceeding the 2% threshold. The result of the formula is termed the "Maximum Allowable Tax Levy". "Maximum Allowable Tax Levy" can exceed 2.0% and need only a simple majority for budget approval. If the budget calls for a tax levy that is greater than the "Maximum Allowable Tax Levy": then a 60% majority is required for budget approval; this 60% majority requirement is commonly referred to as the "**Cap Override**".

What does the tax cap mean to Putnam Valley CSD? At this time the "roll over" budget calls for a tax levy that exceeds the "Maximum Allowable Tax Levy" by \$1.23 million. This means the district will have to find additional revenue, curtail expense and/or use additional fund balance that total \$1.23 million to meet the "Maximum Allowable Tax Levy".

What happens if the budget goes down on May 15th? The BOE may resubmit the original budget for revote on June 19th; or adopt a contingent budget that has a ZERO increase in the tax levy. If the budget is voted down the second time the BOE must adopt a contingent budget that levies a tax no greater than that of the prior year (ZERO increase in the tax levy).

Is there a "Contingent" budget and what will that mean in light of the tax cap? A BOE can adopt a contingent budget (with all the contingent budget restrictions) after the first budget defeat. Please see above for additional details pertaining to the tax cap. For Putnam Valley a contingent budget means no expenditures for non-essential maintenance, equipment purchases, recreational field trips, and no free use of District facilities such as fields, gyms, classrooms, etc, by outside groups as the Scouts, sports organizations, civic groups, etc.