

FISCAL FITNESS



We have to look at our programs and our tax cap to see how they are now competing with each other.

2015-16 TAX CAP

- In 2015-16 a Tax Cap compliant budget will set the limit that the District can raise in LOCAL tax dollars at \$325,426 or .90%. If utilized, this translates into an additional .20 (cents) added to the School District tax rate. For an average home valued at \$240,000 this means an additional \$48.00 per year. However, the proposed budget does not include a tax levy increase to maintain programs. The proposal uses some existing Reserves to cover the cap.
- I DON'T BELIEVE THAT WE SHOULD CONSIDER USING ANY MORE RESERVES UNLESS ABSOLUTELY NECESSARY. The amount I proposed is reasonable but not too much. If State Aid is increased I recommend that we return reserves before considering anything else. PLEASE NOTE that by using the reserves as part of the budget that we are returning tax dollars to residents instead of implementing the cap.

How much STATE AID?

- The amount of State Aid for 2015-16 has not been revealed and we have no choice but to budget based on what we know. We can estimate BOCES aid to the best of our ability based on current years expenses, Building Aid can be roughly estimated. All other Aid, Foundation, High Cost, Transportation and Gap Elimination Aid are being budgeted at the prior years levels. If Additional aid amounts are restored I recommend that we budget an amount to be transferred back into the debt service fund in an amount equal to what we needed to close the gap in revenues vs. expenditures. Let's keep in mind that the amount we are using from Reserves to close the budget gap is money money being given back to the taxpayers. The District is not calling for an increase in the taxes by not utilizing the tax cap. After building Aid recalculations this week the tax cap is at .90 or \$326,426.

How about Gap Elimination Aid?

- Since the 2009-10 school year, the state has deducted from each school district's state aid allocation an amount now known as the Gap Elimination Adjustment (GEA) to help the state fill its revenue shortfall. The state must stop shifting its costs to local school districts.
- Districts have been coping with the cumulative impact of five of consecutive years of state aid losses resulting from the GEA. The net impact has been detrimental to students in the form of cuts in personnel, programs and services and the depletion of district reserves.

Effect of GEA (GAP ELIMINATION AID)

5 YEAR GEA HISTORY

BEDS #

480503

School District

PUTNAM VALLEY

<i>School Year</i>	<i>GEA</i>	<i>GEA Restoration</i>	<i>Net GEA</i>
2010-11	(1,130,940)	383,977	(746,963)
2011-12	(1,297,833)	272,350	(1,025,483)
2012-13	(1,025,483)	191,008	(834,475)
2013-14	(834,475)	189,805	(644,670)
2014-15	(644,670)	91,091	(553,579)
<i>Total 5 Year GEA Reduction:</i>			(3,805,170)

We must try to maintain reserves at a dignified level and the State must keep State Aid flowing or change the Tax Cap formula so we can keep up with the cost of living and not use the reserves to maintain programs.



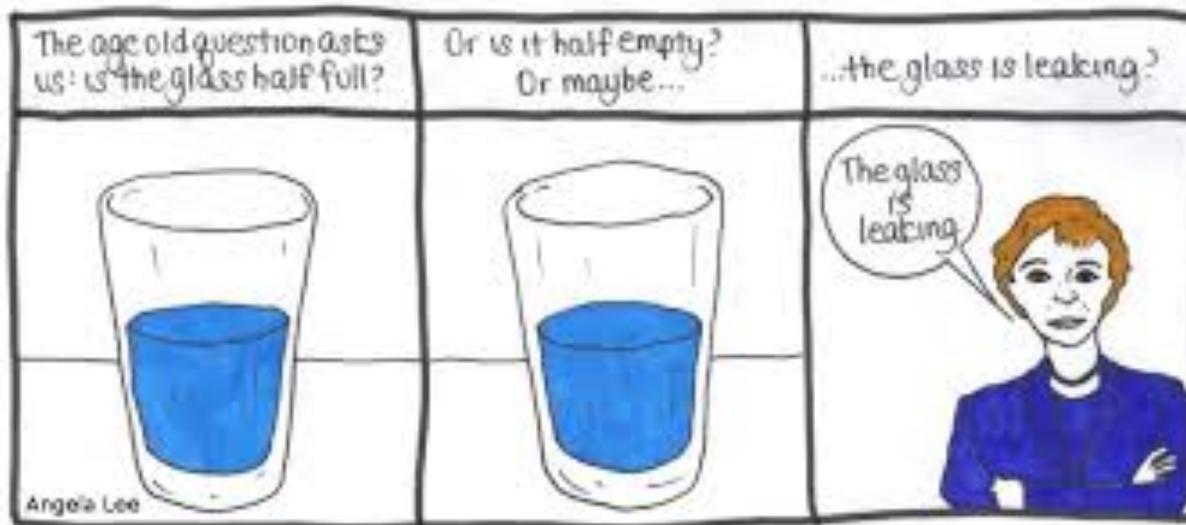


WE LOOK TO RESERVES

When we have no reserves, we look to borrow .

The tax cap is forcing us to delve into our reserves in order to maintain the programs we have. If the tax cap remains in effect eventually our reserves will be depleted and program offerings will have to be depleted as well.

THE COMMUNITY MUST CONTINUE to look to the FUTURE and not just at the NOW. The reason we have some reserves is because those before us looked to the FUTURE.



FUTURE Fiscal sustainability is at risk .



WE HAVE BEEN CONTINUALLY DIPPING INTO OUR RESERVES YEAR AFTER YEAR TO CLOSE OUR BUDGET GAPS. HOWEVER, TO DATE WE HAVE BEEN ABLE TO END OUR FISCAL CYCLE WITH ENOUGH APPROPRIATED FUNDS TO REPLENISH MONEY TO THOSE RESERVES. THAT IS WHAT IS CALLED.....

“RESPONSIBLE FISCAL SUSTAINABILITY”.

WHILE WE WANT TO MAINTAIN THE TAX LEVY WE SHOULD ALSO CONTINUE WITH OUR GOAL OF MAINTIANING A HEALTHY RESERVE.