Raising the stakes for schools...

Today’s contingent budgets

Since New York’s tax levy “cap” law went into effect, public schools have been facing a new reality when it comes to contingent budgets. No longer is there a spending cap on contingent budgets. Instead, there is now a 0 percent cap on the tax levy increase. In other words, a district that adopts a contingent budget would have to levy the same amount of taxes as in the current year or less—without any adjustments for state pension rate increases, contractual obligations or any other costs, mandated or not.

However, other aspects of the contingent budget rules have stayed the same. If voters defeat their school district budget on May 20, a district has two options: resubmit the same proposal or a revised one for a revote on June 17, or adopt a contingent budget. If residents vote down the budget a second time, the district MUST adopt a contingent budget.

Adopting a contingent budget prohibits a district from spending any money in certain areas, including community use of school facilities (unless all costs are reimbursed to the district); new equipment purchases; non-essential maintenance; capital expenditures (except in emergencies); salary increases for non-instructional, non-unionized employees; and certain field trips and student supplies. Contingency rules also cap the growth of the administrative component of the budget. These requirements existed prior to the tax levy cap and remain in effect.

Zero percent increase in contingency is the real “cap”

While districts still have a chance at a revote if a proposed budget fails on the first try, the “zero percent cap” on contingent budget tax levies raises the stakes for school leaders as they work to craft budget proposals that their communities will support.

And with politicians and the media often erroneously referring to the law as a “2 percent tax cap,” the reality is that any proposed school tax levy increase will likely be compared to this perceived levy limit, adding to the pressures schools face to keep tax increases in check despite escalating costs, stagnant state aid and rising expectations to build and sustain world-class schools.