



Contingent Budget Fact Sheet

- With the establishment of the Property Tax Cap in July 2011, the spending cap on contingent budgets was **removed**. This means district expenditures are **NO** longer restricted to the contingent budget cap (4% or 120% of CPI).
- Instead, the tax levy can be no greater than the prior year actual tax levy. No increase in the tax levy is allowed.
- School districts must adhere to the contingent budget administrative cap:

The lesser of:

The % of the administrative component in the 2014-15 budget (exclusive of capital)

OR

The % of the administrative component in the last defeated budget proposed for the 2015-16 school year (exclusive of capital)

- All non-contingent items of expenditure must be removed from a contingency budget
 - Determining which items fall under "ordinary contingent expenses" rests with the board of education
 - Examples of **non-contingent expenses** include (but are not limited to):
 - Capital construction projects (transfer to capital fund), most equipment, certain student supplies, school bus purchases, new multi-year school bus and building leases, other new multi-year contractual arrangements, rental of office equipment, salary increases for management confidential employees and any civil service employees not covered by a collective bargaining agreement with a recognized bargaining unit – teachers, administrators, superintendent and other positions requiring SED certification, district clerk, district treasurer and internal claims auditor may receive salary increases
- Ordinary contingent expenses may also have to be reduced to ensure there is no tax levy increase
 - Ordinary contingent expenses are those necessary to provide the minimum services legally required to:
 - Operate & maintain school buildings & the educational program.

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10 Empire State Boulevard • Castleton, NY 12033 • Phone: 518.477.2635 • Fax: 518.477.4284

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- Preserve the property of the district; and
 - Ensure the health & safety of students and staff
 - Examples of **ordinary contingent expenses** include (but are not limited to): Interscholastic athletics, extracurricular activities, field trips as well as related transportation, transportation per mileage limits previously approved by the voters, Pre-existing contractual obligations (no NEW contracts), General Fund support for school food services
 - **Note:** Hardware Aid received while operating under a contingent budget may be used to purchase computer equipment, even though equipment is not an ordinary contingent expense.
- Following adoption of a contingent budget, BOE may increase/add appropriations:
 - For additional unanticipated ordinary contingent expenses **only** as long as the district still adheres to the contingent budget administrative cap and there is no resulting increase in the tax levy.
 - Additional appropriations would have to be funded by unanticipated increase in revenue and/or the appropriation of available fund balance.
 - To provide for the expenditure of additional gifts, grants in aid, and insurance proceeds not already budgeted (See §1718(2) of Education Law).
 - NOTE: BOE must always identify and appropriate revenue sufficient to cover any increases in appropriations.
- Part 170.2 (l) of Commissioner's Regulations permits transfers between and among contingent budget codes.
 - Non-contingent budget codes may never be increased, but they may be decreased.
 - Under a contingent budget, **transfers may not** be made that cause the limitation on the contingent budget administrative cap to be exceeded.

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