

## Property Tax Freeze Credit Frequently Asked Questions from the Field

1. **Question:** Do BOCES savings count towards the savings requirements in a Government Efficiency Plan?

**Answer:** Savings attributable to the purchase of goods and services through BOCES may count toward the savings requirements in a school district's Government Efficiency Plan. For the savings to count, the district must demonstrate it is paying less for the good or service through BOCES than it paid for its most recent purchase of the same good or service. Also, the savings must be achieved without taking into account State aid or grants available for BOCES purchases.

2. **Question:** Do one-time savings count towards the savings requirements in a Government Efficiency Plan?

**Answer:** In general, mergers, cooperation agreements, shared services and efficiencies tend to produce recurring annual cost savings that count towards the savings requirements in a Government Efficiency Plan. However, in their Government Efficiency Plans, school districts (and local governments) may count one-time cost savings associated with such actions only toward the year in which the savings actions occur.

3. **Question:** Would a 3 percent savings in a single year, by itself, satisfy the savings requirements in a Government Efficiency Plan?

**Answer:** No. The statute requires savings of at least 1 percent in *each* of the three years covered by the Government Efficiency Plan (2016-17, 2017-18 and 2018-19).

4. **Question:** Can a school district (or local government) count savings from a closed building towards the savings requirements in a Government Efficiency Plan?

**Answer:** Yes, a school district (or local government) can count savings from a closed building net of any additional costs (such as transportation, construction etc.) that relate to the closing. In some school districts, consolidation of school buildings in response to changing enrolment patterns may promote a more efficient use of facilities and other resources.

5. **Question:** Does income from leasing a closed building count as savings towards the savings requirements in a Government Efficiency Plan?

**Answer:** No. Rental income represents a new revenue source, not a reduction in school districts' (or local governments') costs, and therefore generates no cost savings for purposes of the savings requirements in a Government Efficiency Plan.

6. **Question:** What impact does the amount of state aid received by a school district or local government have on the savings targets in a Government Efficiency Plan?

**Answer:** The amount of state aid received by a school district (or local government) has no impact on the savings targets in a Government Efficiency Plan. A school district (or local government) participating in the Tax Freeze Program must meet the required savings targets irrespective of the amount of state aid received by the district (or local government).

7. **Question:** Are there any circumstances in which homeowners could receive a property tax freeze credit for the school portion of their taxes next year if their school district failed to submit a Government Efficiency Plan that included the required savings?

**Answer:** No. If a school district does not submit a Government Efficiency Plan in 2015, its eligible homeowners will not receive a property tax freeze credit based on their school taxes in 2015. Similarly, if a local government does not submit a plan in 2015, its eligible taxpayers will not receive a property tax freeze credit based on their local taxes in 2016. There are no exceptions to the Government Efficiency Plan requirement.

8. **Question:** Can districts opt out of applying for the tax freeze credit?

**Answer:** Yes. The Tax Freeze Program is optional in each year and school districts (and local governments) can choose not to participate in either or both years. If a school district (or a local government) chooses not to participate, its eligible homeowners will not receive a property tax freeze credit for that portion of their taxes.

9. **Question:** Can a school district or local government apply savings to program improvement instead of tax relief?

**Answer:** Yes. School districts and local governments retain discretion over allocation of the cost savings achieved or to be achieved through actions in their Government Efficiency Plan.

10. **Question:** How will past efficiencies (from Fiscal years beginning in or after 2012) be calculated? Can savings generated between 2012 and 2016 apply towards the savings requirements in a Government Efficiency Plan for Fiscal years 2017, 2018, and/or 2019?

**Answer:** In order to apply savings from a previous efficiency action against any of the annual targets required in a Government Efficiency Plan, a school district (or local government) must demonstrate continuing savings in one or more of the years (i.e., 2017, 2018, and 2019) covered by the Government Efficiency Plan. If a school district (or local government) can demonstrate that the annual savings from a past efficiency from a Fiscal year beginning in or after 2012 continues in 2017, 2018 and/or 2019, the school district (or local government) would be able to count the savings toward the savings requirements for the specific future year to which the savings are expected to occur.

11. **Question:** Do savings in annual premium costs attributable to a school district (or local government) joining a cooperative health insurance consortium or insurance reciprocal count towards the savings requirements in a Government Efficiency Plan?

**Answer:** Yes, continuing savings from a cooperative health insurance consortium or insurance reciprocal that commenced on or after the Fiscal year beginning in 2012 count towards the savings requirements in a Government Efficiency Plan if they continue in 2017, 2018 and/or 2019.

12. **Question:** Is “available carryover” from last year that is included in a school district’s or local government’s current year levy a factor in the calculation of an eligible homeowner’s freeze credit?

**Answer:** Yes. Eligible homeowners receive a freeze credit equal to the greater of the actual increase in their homeowner’s tax bill (which includes the amount attributable to the available carryover) or the previous year’s tax bill multiplied by an inflation factor (the lesser of 2% or inflation).

13. **Question:** If a school district pays off a bond earlier than expected, and thus avoids paying interest on the bond in future years, would the avoided interest expense count towards the savings requirement in a Government Efficiency Plan?

**Answer:** No. Prepayment, nor refinancing, of debt is not an efficiency action. As a result, any avoided interest from the prepayment, or refinancing, of a debt does not count towards the savings requirement in a Government Efficiency Plan.

14. **Question:** If a BOCES began operating a co-operative purchasing service prior to July 1, 2012, can a school district joining the co-operative purchasing service after July 1, 2012, include the savings achieved from the co-operative purchasing service in a Government Efficiency Plan.

**Answer:** Past efficiencies can be included in the savings requirement in a school district's Government Efficiency Plan only if (1) the efficiency was implemented after the school district became subject to the tax cap and (2) the past efficiency generates savings during the 2017, 2018, and/or 2019 fiscal periods. This July 1, 2012 date applies to when the school district first entered into the existing cooperative agreement. Accordingly, if a school district first joined a co-operative purchasing service after July 1, 2012, the savings generated by the service during the 2017, 2018, and 2019 fiscal periods may be included in a Government Efficiency Plan. Please note that in the case of a BOCES service, the savings must be achieved without taking into account State aid or grants available for BOCES purchases.

15. **Question:** Education Law section 2023 references certification by the school district "chief financial officer." Which officials would qualify to provide this certification?

**Answer:** The chief financial officer is commonly understood to be an Assistant Superintendent for Business, School Business Administrator, School Business Officer or other similar official that reports directly to the Superintendent.

16. **Question:** Can a BOCES be a "lead district" for purposes of a Government Efficiency Plan?

**Answer:** A BOCES may convene and facilitate Government Efficiency Plan development and may also file a Government Efficiency Plan on behalf of a school district or group of school districts. However a BOCES may not serve as the lead school district. Technical information on filing plans will be available with the application.

17. **Question:** Do staffing efficiencies in the program component of a school district's budget count towards the savings requirements in a Government Efficiency Plan?

**Answer:** Only changes to non-instructional staff will be considered efficiencies that count towards the savings requirements in a Government Efficiency Plan.

18. **Question:** What documentation is necessary to support the inclusion of savings attributable to past efficiency actions in a Government Efficiency Plan?

**Answer:** In order to include savings from past efficiency actions in a Government Efficiency Plan, local governments and school districts must submit documentation of the specific actions that were implemented and the savings associated with such actions. The required documentation will depend on the nature of the past efficiency action but must be sufficient to establish (1) what efficiency action was taken, (2) when it was taken, and (3) the amount of savings in 2017, 2018, and 2019 that are attributable to that past efficiency action.

19. **Question:** If a contract that renews automatically results in a lower cost than the prior year's contract, can the amount of the lower cost attributable to the contract renewal be counted toward the savings requirements in a Government Efficiency Plan, or does a local government or school district have to establish that it took affirmative action to reduce its contract costs in order for that reduction to count toward the savings requirements on a Government Efficiency Plan?

**Answer:** A local government or school district must demonstrate that it took affirmative action to reduce its contract costs in order for that reduction to count toward the savings requirements in a Government Efficiency Plan. In addition, any such savings will only be counted toward the savings requirements in a Government Efficiency Plan to the extent they exceed savings that would have been achieved by an automatic renewal of the contract.

20. **Question:** Can a Government Efficiency Plan be submitted in the Jan-Feb 2015 time frame for an evaluation prior to the school district budget vote? How quickly will districts know if their plans are approved and will there be an opportunity to make revisions if the plan is not approved?

**Answer:** Complete Government Efficiency Plans may be submitted as soon as the online application is available. School districts may make revisions to a previously submitted Government Efficiency Plan prior to the June 1, 2015 deadline, but may not be advised prior to that date as to whether their Plans have been approved. School Districts will be advised as to whether their Plans have been approved on or before July 31, 2015. Revisions to Plans may not be made after the June 1, 2015 deadline without the express written consent of the Director of the Budget.

21. **Question:** Do collective bargaining savings count towards the savings requirements in a Government Efficiency Plan? For example, does increasing the employee health care contribution count as a savings for the district?

**Answer:** Savings resulting from negotiated changes to existing collective bargaining agreements may be counted towards the savings targets. However, for purposes of the Government Efficiency Plan savings requirement, school districts (or local governments) may not consider individual changes in isolation and must instead report the net impact of all adjustments made in new collective bargaining agreements.

22. **Question:** Do new sources of income count towards the savings requirements in a Government Efficiency Plan?

**Answer:** No. New sources of income may not be counted against the savings requirements in a Government Efficiency Plan regardless of the source.

23. **Question:** Can savings from privatization of non-instructional services be counted towards the savings requirements in a Government Efficiency Plan?

**Answer:** Savings from privatization of non-instructional services, as allowable by law, count towards the savings requirements in a Government Efficiency Plan.