

## ***BOCES CAPITAL AID EXCLUSION -- FREQUENTLY ASKED QUESTIONS (FAQ)***

**1. Q: WHAT EXPENSES ARE INCLUDED IN THE DEFINITION OF “ALLOWABLE SHARE OF BOCES CAPITAL EXPENDITURES”?**

**A:** District expenses for which taxes have or will be levied within the school year, associated with payments to the BOCES for rent, leases, or capital projects. Also, taxes levied for the district share of expenses for district borrowings to fund BOCES capital work would be included.

**2. Q: ARE LEASES OF ANY KIND CONSIDERED ALLOWABLE BOCES CAPITAL EXPENDITURES (I.E.: RENT, LEASE FINANCING FOR EPC’S, PAYMENTS TO DASNY, EQUIPMENT LEASES, ETC..)**

**A:** Rental and lease of space is included, but only for known lease agreements. Payments from districts for contingencies that may exist in the CoSer 002 budget for unanticipated rentals are NOT included. Lease financing for EPC’s, payments to DASNY, or other capital work are included. Leases or lease purchases for equipment are NOT included. Also, leases that may be paid using sources other than regular budgetary appropriations (i.e.: reserves or fund balance specifically designated for this purpose) are NOT included.

**3. Q: DOES IT MATTER IF BOCES CAPITAL EXPENSES ARE NOT AIDABLE? CAN THEY STILL BE CLAIMED AS PART OF THE EXCLUSION?**

**A:** It doesn’t matter whether BOCES capital expenses are aidable or not. The calculation for the BOCES capital exclusion is based on the taxes levied for a district’s expenditure toward BOCES allowable capital expenses regardless of whether those expenses are aidable. Just as with district capital projects, there is no accounting for aidability.

**4. Q: DOES THE DISTRICT'S SOURCE OF FUNDING FOR THESE BOCES EXPENSES MATTER?**

**A:** Yes. A district must be using regular budgetary appropriations to pay BOCES expenses or debt service associated with BOCES projects and the district must have been required to levy to make the payments in order to qualify for the exclusion. Expenses made using reserves or fund balance that may be designated specifically for this purpose do not apply.

**5. Q: HOW WILL A DISTRICT KNOW WHEN TO INCLUDE THE BOCES FIGURES FOR THE TAX CAP CALCULATION?**

**A:** The BOCES capital exclusion is triggered in any year a district levies taxes to pay money to their BOCES for a capital project or make debt service payments associated

with borrowing for a BOCES project. If there is an expenditure in a particular year, then the values are to be included in the BOCES capital tax cap calculation, net of assumed aid, regardless of whether aid is actually realized that year.

**6. Q: DOES THE TIMING OF WHEN A BOCES SPENDS THE FUNDS COLLECTED FROM A DISTRICT MATTER IN THE TAX CAP CALCULATION PROCESS?**

**A:** The BOCES capital exclusion is triggered in the year that a district levies taxes to pay funds to the BOCES for a capital project or pay debt service associated with a BOCES project. Capital Local Expenditures mean the taxes resulting from the financing, refinancing, acquisition, design, construction, reconstruction, rehabilitation, improvement, furnishing and equipping of, or otherwise providing for school district/BOCES capital facilities, school district/BOCES capital equipment, including debt service and lease expenditures, and transportation capital debt service, subject to the approval of the qualified voters where required by law. Funding a reserve fund for the purpose of capital projects, regardless of whether the fund resides with the BOCES or the District, is not an allowable exclusion.

**7. Q: IF A BOCES PAYS FOR ITS PROJECT USING CASH (AS OPPOSED TO BORROWED FUNDS), DO THEY QUALIFY FOR THE EXCLUSION?**

**A:** Exclusions are applicable only to the extent that district expenditures for allowable BOCES capital expenses require taxes to be levied. How (or when) the BOCES spends the funds is irrelevant to the district's requirement to report that year or the values used in their tax cap calculation. The BOCES capital exclusion is triggered in any year a district must levy taxes to pay money to their BOCES for an actual Capital expense or to make debt service payments associated with borrowing for a BOCES project, and values used are reflective of the actual amount paid that year, net of aid for all past, present, and future capital projects. Funding a reserve fund for the purpose of capital projects, regardless of whether the fund resides with the BOCES or the District, is not an allowable exclusion.

**8. Q: HOW IS BOCES AID DEDUCTED IN THE CALCULATION?**

- A:**
- i.* Expenditures to BOCES in CoSer 002 collected for rent and/or future projects are multiplied by the district's current year RWADA Aid ratio.
  - ii.* Expenditures to BOCES in CoSer 002 collected for immediate projects are multiplied by the estimated or known Bond % for the project and then by the district's current year RWADA Aid ratio.
  - iii.* Expenditures to BOCES in CoSer 002 collected for EPC's or DASNY obligations are multiplied by the estimated or known Bond % for the project and then by the district's applicable Aid ratio.

iv. Expenditures made by districts to a lender for their own debt service relative to a BOCES project, are multiplied by the estimated or known Bond % for the project and then by the district's current year RWADA Aid ratio.

**9. Q: WHAT IF A BOCES HAD ALREADY COLLECTED FROM DISTRICTS IN PRIOR YEARS AND IS HOLDING THOSE FUNDS TO BE USED ON CAPITAL IMPROVEMENTS IN A SUBSEQUENT YEAR?**

**A:** Funds collected prior to 2019-20 (and the aid generated on the eventual expenditure of those funds) are not applicable now or in the future to this tax cap exclusion. The BOCES capital exclusion is triggered in the year that a district levies taxes to pay funds to the BOCES or to pay debt service associated with a BOCES project.

**10. Q: WHAT HAPPENS IF AID IS NOT GENERATED IN THE SAME YEAR THAT THE EXPENSE IS MADE?**

**A:** It doesn't matter. The tax cap calculation is finalized the year it is reported, either using actual current year aid or estimated amounts of offsetting aid a district may receive in future years. All aid is subtracted for Capital expenses in the year that the aid is received, regardless of whether it is for past, present, or future capital projects.

**11. Q: WHERE WILL THE VALUES COME FROM FOR DISTRICTS TO USE IN THEIR CALCULATION?**

**A:** BOCES will supply each of their component districts the values they need for the 2019-20 (base year) and the 2020-21 school year. Each year thereafter, BOCES will also supply the subsequent year's amount. Similarly to the pre-existing process for districts, this exclusion is an annual process, with the base year being frozen at values reported in the prior year. These numbers will also be reported to SED by the BOCES and verified by SED that those same values were used in the district calculation.

**12. Q: IS IT POSSIBLE THAT PAYMENTS TO BOCES OR DEBT SERVICE PAYMENTS BY DISTRICTS FOR BOCES PROJECTS WOULD BE THE SAME FROM ONE YEAR TO THE NEXT, BUT THE DISTRICT'S RWADA AID RATIO COULD CHANGE, THEREBY IMPACTING THE BOCES CAPITAL EXCLUSION AND THE DISTRICT'S TAX CAP?**

**A:** Yes. The RWADA Aid ratio is a variable in the BOCES capital exclusion calculation, and fluctuations in this figure would impact the exclusion and ultimately the district's tax cap amount.

**13. Q: DOES A SCHOOL DISTRICT HAVE AN ANNUAL OPTION TO REPORT THE INFORMATION BUT NOT FACTOR THE BOCES PORTION IN THEIR TAX CAP IF THEY DO NOT WANT TO (I.E.: IS IT OPTIONAL TO CLAIM THIS EXCLUSION)?**

**A:** No. This information must be included in district tax cap calculations annually, but it is only triggered in any year a district levies taxes to pay money to their BOCES for a capital project or to make debt service payments associated with borrowing for a BOCES project.

**14. Q: COULD A DISTRICT EXPERIENCE SPIKES AND VALLEYS IN ITS TAX CAP CALCULATION, IF A BOCES CONDUCTS INTERMITTENT CAPITAL WORK?**

**A:** Yes. Fluctuations in tax caps due to intermittent capital projects could impact the district's tax cap calculation, similar to what districts could experience if they were to conduct their own intermittent capital work.

**15. Q: WILL THERE BE A TEMPLATE SUPPLIED THAT ALL BOCES CAN USE TO PROVIDE DISTRICTS WITH VALUES TO ENSURE A UNIFORM APPROACH?**

**A:** Yes. One is currently in development and it will be shared when available.