



*A property tax cap will hurt our schools and the opportunities they can give to children.*

*There are better options.*

## ***Property tax caps will hurt our schools and the opportunities they can give to children***

- ***Of course a property cap will hurt schools*** – a cap will reduce the revenue available to schools, without guaranteeing alternative funding, and without reducing costs.
- ***Property tax caps tend to hurt schools in poor communities most*** – especially when the state budget is tight. They start with fewer resources, depend more on state help, and raise less revenue with the same tax rates as better-off neighbors. The last time school aid was cut (2003-04), the poorest districts were forced to propose budgets with the smallest spending increases and biggest tax increases.
- ***Caps do nothing to change the demand for services*** – Caps will reduce school revenues, but not their overall enrollment, or the numbers of children they serve with special needs. Some institutions can choose to serve fewer people, schools can't.
- ***Caps do nothing to lower the costs imposed by state and federal government*** – pension cost increases, mandated programs, and compensation costs locked-in by negotiated agreements or required premiums.
- ***Massachusetts is no model:*** Massachusetts is cited as a state where tax caps have worked, but...
  - it cannot match some of the exceptional accomplishments our public schools have produced (Example: it had no Intel Science Talent Search finalists, New York produced a third of all the finalists nationwide).
  - it increased state aid well beyond what New York can do (8.6 percent, beyond inflation, a year for 15 years).
  - it had steep enrollment declines.
  - its caps applied not only to schools, but local governments as well, and they have borne most of the cuts; New York's cap would apply only to schools.
  - communities have sharply increased their use of fees to pay for local services
  - still, poor communities in Massachusetts were hurt most by the caps, and New York has more poor communities.

## **Better options exist:**

- **Keep the promise:** School aid increases in the last two state budgets have enabled districts to cut proposed local tax increases by almost half from what they were two years ago – to 3.3 percent on average.
- **Enact a circuit-breaker:** A circuit-breaker credit limiting the property taxes anyone pays as a percentage of their income is the most efficient way to help the taxpayers who need the most help. A cap does not help taxpayers who feel they are already paying too much.
- **Cut administrative costs through more aggressive use of BOCES:** With Boards of Cooperative Educational Services (BOCES), schools already have a way to share services. BOCES should be used to regionalize more administrative functions – in finance, personnel and purchasing. Some student transportation, maintenance, and technology services could also be regionalized.
- **Reduce health insurance costs through consortia:** Health insurance costs are one of the biggest cost drivers for schools. Promoting more health insurance consortia will reduce cost by creating larger groups to spread risk, strengthen bargaining power with providers, and spread administrative costs over more school districts and local governments.
- **Reduce energy costs:** Finance school energy conservation projects through the New York Power Authority (NYPA). Allocate lower cost NYPA power to school consortia that commit to energy savings goals.
- **Identify cost savings opportunities in special education:** New York devotes a greater share of instructional salaries to special education than every other state but one, at a cost that exceeds the national average by \$1.3 billion annually. A state commission should explore ways to streamline our system and cuts costs.



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