



NEWS RELEASE

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NYS School Superintendents warn property tax cap will hurt equity in funding

ALBANY – June 3rd, 2008 – “Perhaps the greatest single accomplishment of the current administration in Albany has been to improve equity in school funding,” said Dr. Thomas Rogers, executive director of the New York State Council of School Superintendents. “A cap on school property taxes threatens to undermine that accomplishment,” he added.

Dr. Rogers’ comments came as the Governor Paterson accepted the report of the State Commission on Property Tax Relief.

Rogers explained, “Caps tend to hurt poor school districts most, especially when the state is unable to keep up its end of the funding bargain. Wealthy communities can raise much more revenue under the same percentage cap.”

Impact of State Aid and Rebates

“With last year’s school aid reforms and two generous increases in state aid,” Rogers added, “school districts have been able to hold down proposed local tax increases. We hope that support continues.” He noted, “Last year and this year, the state’s poorest districts were able to propose the smallest tax increases and largest spending increases – they were able to begin closing gaps in resources without over-burdening local taxpayers.”

“Other state initiatives have helped too,” Rogers added. “When the new state rebates are factored in, the net increase in property tax burdens has been less than 2 percent last year and this year. For taxpayers in about 40 percent of districts this year, the increase in rebates offset increases in tax levy.”

Misinformation on School Tax Trends

Rogers observed, “It’s become an accepted myth that school taxes have been going up 7 percent per year since the STAR program began. That’s wrong – as the Commission report itself notes.” [See p. 25]. Rogers added, “During the period STAR was being phased-in, local tax increases averaged 1 percent [1998-99 to 2001-02].

Rogers went on to explain, “Then we went through a period of higher than usual tax increases, driven in large measure by increases in pension and health insurance costs that exceeded increases state funding, as Commission report notes. This meant all other costs had to be funded by local tax increases. Stronger state aid and slower pension cost increases have enabled schools to hold down tax increases in the last two years.”

Massachusetts is not a model

“Massachusetts is cited as a ‘cap success story,’” Rogers said. “But even there, research has found that poor communities are less likely to seek voter approval to exceed cap limits, and less likely to succeed when they do.” He added, “Equity needs to be an even bigger concern here in New York, because we

have more poverty, especially upstate. Measured by median home values, two-thirds of New York's counties are poorer than Massachusetts' poorest county."

"Caps can also undermine some of New York's great success stories." Rogers went on. "New York has built some of the finest public school systems in the nation. We dominate Intel's nationwide Science Talent Search every year, for example."

Raising standards, closing achievement gaps

The report does a commendable job of explaining many of the pressures driving property taxes," Rogers said. "But it does overlook one important consideration. Over the past decade, New York has made a huge effort to raise standards and achievement for all students and that effort is paying off with major gains in achievement. More students are passing high school Regents exams than were even taking them just a few years ago, and more students are meeting the state's more demanding requirements for high school diplomas. We also outpace most states in closing achievement gaps."

Medicaid explains part of New York's high property tax burden

"The report also overlooks the fact that one reason New York has high overall property taxes has nothing to do with schools," Rogers added. "We are one of the very few states to require local governments to contribute toward Medicaid costs." The state has acted to lessen that burden, by capping the county contribution and enacting other reforms.

Conclusion

Rogers concluded, "Overall, the Commission's report offers a thoughtful analysis of school property tax pressures and avoids taking cheap shots at school districts. We hope Governor Paterson and the Legislature will act on several of its recommendations for actions the state could take to reduce school cost pressures."

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*The New York State Council of School Superintendents is the professional association
of more than 700 superintendents and other school district leaders.*