



LEADERS • EDUCATORS • ADVOCATES

Senate Special Session Bills August 8, 2008

Thomas L. Rogers
Executive Director
tom@nyscoss.org

Robert B. McClure
Superintendent-in-Residence
mcclure@nyscoss.org

Robert N. Lowry, Jr.
Deputy Director for
Advocacy, Research and
Communications
boblwry@nyscoss.org

Kelly O. Masline
Senior Associate Director
kelly@nyscoss.org

Douglas E. Gerhardt
General Counsel
douglas@nyscoss.org

Theresa A. Wutzer
Associate Director
theresa@nyscoss.org

2007-08 OFFICERS

Henry L. Grishman
President
Jericho
99 Cedar Swamp Road
Jericho, NY 11753
516.203.3600

Clark J. Godshall
President-Elect
Orleans-Niagara BOCES

L. Oliver Robinson
VP/Treasurer
Shenendehowa

Leslie G. Loomis
Past President
Bethlehem

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THE COUNCIL has a strong interest in the property tax related and mandate bills being considered by the Senate today. Specific comments follow.

Overview

Broadly, THE COUNCIL appreciates the Senate's efforts to help school districts curtail property tax pressures in New York. We appreciate the Senate's efforts to reduce mandates on schools and amend laws to allow more efficient use of BOCES and school resources generally.

At the same time, THE COUNCIL opposes a property tax cap. It is a blunt instrument to address a complex policy issue.

We also note broadly a concern with a property tax cap and simultaneous constitutional amendment limiting the ability of the state to increase the state budget. Schools are funded by a mix of local and state dollars. Limiting both could have the positive impact of an overall decrease in taxes statewide. But at what cost? If S.8736 and S.8738 both become law, school resources would be curtailed at both major sources.

THE COUNCIL urges the Senate to move ahead with proposals on mandate relief and to "keep the promise" to education funding. Over time, there has been a clear link between state aid and local school taxes – when the former is low, the latter are higher. The strong state aid increases of the past two years have paid off with a sharp decline in school tax increases: local tax increases proposed by school districts this past spring averaged 3.3 percent – below the latest estimates of inflation and down by almost one-half from two years ago.

Continuing to "keep the promise" on state aid to education is the surest way to hold down local school taxes while preserving school quality. Combining that commitment with mandate relief and a property tax circuit-breaker credit will further diminish property tax burdens.

NEW YORK STATE COUNCIL OF SCHOOL SUPERINTENDENTS

Seven Elk Street, Third Floor • Albany, New York 12207-1002 • 518.449.1063 FAX 518.426.2229 • www.nyscoss.org

OPPOSE - S.8736: Property Tax Cap- Establishes limits on school district tax levies

THE COUNCIL opposes a cap on school property tax increases. Caps do nothing to change the demand for services – the overall enrollment, or the numbers of children 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 or compensation costs that are locked-in by negotiated agreements or private providers (e.g., health insurance)

Property tax caps tend to hurt schools in poor communities worst. They lock-in existing disparities. For nearly a fifth of New York's school districts, a 1 percent increase in taxes raises \$50,000 or less – not enough to retain a single teacher. Better-off communities can raise more under the same cap.

Caps put schools at the mercy of the state. If the state falters in its support, a community may be unable to preserve its schools, even if it wants to.

Caps do nothing to help taxpayers who already feel they are paying too much. The most efficient way to help these people is a circuit-breaker that targets state income tax credits based on share of income paid in property taxes.

Caps have had catastrophic impacts on schools in other states. According to one review, after caps, California's schools went from "first to worst" – from among the nation's best, to its worst. In Massachusetts – cited as a state where caps have worked – they have had the greatest impact on poor districts. New York has more poor districts than our neighbor.

Tax caps could threaten some of New York's great education success stories. This year New York public schools – mostly on Long Island – accounted for more than a third of the national finalists in the Intel Science Talent Search. Massachusetts public schools produced none. Those opportunities draw families and businesses to some regions of New York. They could be the first to be sacrificed to a tax cap.

Superintendents do not need public opinion surveys to understand "property tax fatigue." Superintendents live with a poll that has real, bottom-line consequences for schools – the annual budget vote each May. But as explained above and below, the state has better options to reduce the impact of property taxes – keep the promise on state aid and reduce costly mandates upon schools.

SUPPORT - S.8737: Mandate Relief: Relates to mandate relief and school district efficiency

THE COUNCIL supports the Senate's multifaceted initiative to reduce mandates on schools. This bill would improve school efficiency, district by district and statewide. We are especially pleased with the Senate's reaffirmation of commitment to Foundation Aid - 'affirm the promise of the remaining \$3.3 billion' in foundation aid for schools. THE COUNCIL understands and appreciates legislators make hard choices. Many areas of the state budget do without so education receive the resources needed to succeed. This

bill keeps the promise to children while looking for new and innovative ways to reduce costs to schools.

a. Building Energy: For many years, NYSEDA has been available to schools to conduct energy audits. Some have engaged these. Mandating all schools engage audits could lead to cost savings. We support these and ways of enabling schools to be more energy efficient. The use of building aid to implement recommended changes is an appropriate use of resources.

b. Use of BOCES for Management: We support the Senate proposal to further promote BOCES as a means of sharing services. BOCES has for years demonstrated the value it can bring to schools, both in terms of cost efficiency and expertise. Allowing BOCES aid for HVAC, repair and other maintenance will enable economies of scale to reduce costs, especially in rural and small districts.

c. Reduce Mandates: We support all three aspects of the Senate plan to reduce mandates: banning new unfunded mandates, delaying effectiveness of regulations which themselves would be new mandates and reducing paperwork. Senator Saland has long been a leader in curtailing bills which would amount to unfunded mandates on schools. The Senate plan in S.8737 does this and more, allowing schools to operate more efficiently and put resources where they are most needed.

d. Superintendent Sharing (AMEND): THE COUNCIL can support superintendent sharing proposed in the bill. Current law does not preclude districts from sharing superintendents – two North Country districts do so now. The bill would *allow* but not require sharing when school boards (up to three) decide they wish to do so. We do note, however, that the experience of other states where superintendent-sharing is more common as been mixed at best. In small districts, superintendents share many roles – CEO, CFO, instructional leader, personnel director, head of pupil services. Districts must employ someone to exercise these responsibilities, so savings from sharing a superintendent is offset by the need for other administrative personnel.

We also note a needed change. The bill would not impair any contract in place as of July 2006 or earlier. This could be problematic for most districts which seek to consolidate. Many of those contracts would be set to expire this year or next. We would offer this date should be July 1, 2008. Invalidating current contracts is practically and legally problematic.

e. Teacher Pension Costs: We welcome the Senate proposal to assist districts with teacher pension costs. Surging pension and health insurance costs, combined with weak state aid helped cause some of the higher than typical tax increases earlier in this decade. For four straight years, increases in those two cost areas exceeded increases in state aid, forcing local taxpayers to bear all other school costs. Though pension costs have stabilized in recent years, the promise of significant state aid would remove pensions as a driver of property tax increases, should retirement system investments suffer due to stock market declines, or should the state adopt an enhancement to pension benefits.

f. Blue Ribbon Mandate Commission: As much as THE COUNCIL opposes mandates, we support the proposal to mandate a Blue Ribbon Commission on Mandates. We would encourage the Commission to rely on much of the work already

completed by THE COUNCIL on this subject so as to hasten its report and begin effectively eliminating unfunded and unnecessary mandates on schools.

OPPOSE - S.8738: Cap State Budget Increase: Places limits on amount of money the Governor may propose to spend in a given fiscal year

THE COUNCIL opposes placing an arbitrary cap on state spending. Certainly, state leaders should generally seek to contain state spending increases, but that discipline should be exercised through the regular annual budget process, based upon prevailing economic and policy concerns.

Also, a recent Census Bureau report found that New York has the second highest combined state and local tax burden, but that state taxes per capita are in the mid-range of all states. This presents a misleading picture, however. Local taxpayers in New York pay a larger share of the cost for services such as Medicaid and public education than in most other states. To the extent that the state increased spending by more than the cap amount in order to assume a larger share of these costs, that would be beneficial to local property taxpayers, without necessarily increasing the aggregate tax burden. If the state did bear more of these costs, it should become less willing to impose cost-increasing mandates.

SUPPORT - S.8739: Anti-Bullying: Establishes the safe schools for all students act

This bill would specifically require education on and prevention of bullying in schools and mandate this new requirement be embedded in school districts' codes of conduct. Bullying is currently covered under existing law and regulations. Most school codes of conduct already address incidents of harassment which would include bullying. By specifying bullying, this legislation enhances awareness and work to prevent bullying from occurring in schools.