

# New York State Educational Conference Board



## NEGATIVE SCHOOL TAX CAPS REQUIRE ACTION

March 17, 2016

Dear Legislator:

Tax cap data recently filed by school districts across the state reveals what the Educational Conference Board has warned about for some time: Due to the construction of the school district property tax cap, districts will be restricted from generating meaningful local revenue increases in the year ahead. This raises the stakes for 2016-17 school aid, as it will provide the only means by which many districts can continue current services and meet critical student needs.

Contrary to popular belief, the property tax cap is not a “2 percent cap,” but rather it uses a growth factor that is the lesser of 2 percent or the prior year’s change in the Consumer Price Index (CPI). For 2016-17, this figure is barely above zero, at 0.12 percent. The recent tax cap data shows the devastating impact this has on the ability of districts to raise local revenue to support education, including the fact that a record 82 districts – in all regions of the state – face negative tax caps, with some districts still left to report.

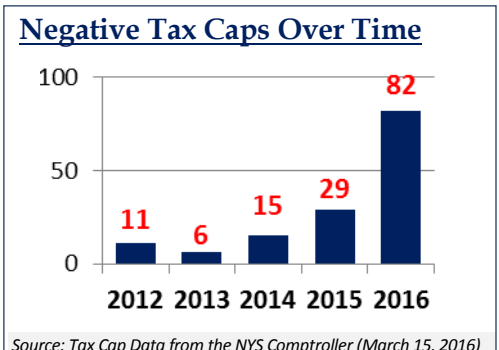
If the state cannot match local tax relief with solid support for schools, it will be at the expense of opportunities and programs for students. The Educational Conference Board strongly recommends the following actions to blunt the detrimental impact of this year’s low cap and provide schools with the state funding needed to continue to provide critical services for students next year.

### 1. Increase state aid by \$2.2 billion in 2016-17

Based on reasonable estimates of school costs for the coming year, the Educational Conference Board estimates that the state’s total school spending would need to increase by \$1.7 billion, a modest 2.7 percent, in order for schools to maintain current services next year. Yet, because schools are limited to a growth factor near zero, they will have little ability to generate local revenue to help offset increased costs. The state must take on the difference, or schools will once again be forced to reduce critical programs and services for students. In addition to the \$1.7 billion, we recommend \$500 million to enhance initiatives widely viewed as important to the future of our state and its children, including prekindergarten and supporting struggling schools. The state funding increases of the last couple years have helped districts preserve programs and even restore some positions lost to the Great Recession. This state aid increase is needed to continue, and strengthen, efforts to provide a meaningful education to all students. We can’t risk going backward.

### 2. Address negative tax caps by setting a floor of zero percent

Due to nuances in the tax cap calculation, each year some districts have had negative caps. With the growth factor near zero this year, a record 82 districts to date – or nearly one in eight – are facing this challenge. These districts are listed by region on the next page. The financial pressure of a negative cap can cause the loss of student programs. It complicates the public’s ability to engage in the school budget process and creates instability for schools. We recommend setting a floor of zero percent for tax caps to provide a degree of stability rather than the disruption a negative cap causes for students and communities.



### 3. Implement tax cap corrections that the Legislature has already approved

In 2015, the Legislature made two modifications to the tax cap law: including a school district's expenses for BOCES instructional spaces in the capital exclusion and including properties covered by payments in lieu of taxes (PILOTs) in the tax base growth factor. The latter would allow districts to more appropriately recognize revenue growth from new construction in their communities. These two changes have still not been implemented, as the law left discretion to implement to the Commissioner of Tax and Finance, which has not occurred. This is especially unfortunate given the severe restrictions the cap is placing on local revenue in general in the coming year. We renew our call for these two changes to be implemented immediately, and ask that lawmakers enact legislation to require this.

The tax cap was intended to restrain the growth of taxes over time, but that should not come at the expense of educational services for school children. The changes outlined in this letter, especially the urgent need for adequate levels of school aid in 2016-17, will help foster the stability that is necessary.

Sincerely,



John Yagielski  
Chair

### Districts with Negative Tax Caps by Region

Region	Districts
<b>Capital</b>	Corinth, Coxsackie-Athens, Fort Edward, Green Island, Hartford, Schodack
<b>Central</b>	Chittenango, Cincinnatus, Fabius-Pompey, Lyncourt, Morrisville-Eaton, Pulaski, Sandy Creek
<b>Finger Lakes</b>	Oakfield-Alabama, Seneca Falls
<b>Hudson Valley</b>	Eastchester, Florida, Haverstraw-Stony Point, Hendrick Hudson Irvington, Katonah-Lewisboro, Marlboro, Minisink Valley, Nanuet, New Paltz, Northeast, Poughkeepsie, Sullivan West, Tuxedo
<b>Mohawk Valley</b>	Adirondack, Amsterdam, Brookfield, Central Valley, Delhi, Clinton, Gloversville, Long Lake, Mayfield, Northville, Schoharie, Remsen, Westmoreland
<b>North Country</b>	Beekmantown, Brushton-Moira, Copenhagen, Lyme, Morristown, Newcomb, Westport
<b>Long Island</b>	Amityville, Baldwin, Bethpage, Floral Park-Bellerose, Glen Cove, Island Park, Islip, Middle Country, Miller Place, Mineola, Sayville, Westbury
<b>Southern Tier</b>	Bath, Bradford, Canisteo-Greenwood, Charlotte Valley, Edmeston, Hancock, Horseheads, Milford, Schenevus, South Kortright, Susquehanna Valley, Wayland-Cohocton, Vestal, Waverly
<b>Western</b>	Amherst, Cattaraugus-Little Valley, Genesee Valley, Hamburg, Niagara-Wheatfield, Panama, Tonawanda

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*The New York State Educational Conference Board is comprised of the seven leading educational organizations representing New York's parents, classroom teachers, school-related professionals, school business officials, building administrators, superintendents and school boards. Members are: the Council of School Superintendents, the New York State School Boards Association, New York State United Teachers, School Administrators Association of New York State, the New York State PTA, the New York State Association of School Business Officials, as well as The Conference of Big 5 School Districts.*