

The image features two rolls of white paper property tax receipts. One roll is standing upright on the left, showing a vertical column of purple ink numbers: 45.55, 0.04, 9.79, 0.97, 6546.89, 98.97, 5659.84, and 9.84. The other roll is lying on its side to the right, with some numbers visible on its surface, including 66.59, 334, 3344.79, 344.79, and 85843. The rolls are placed on a document with a grid pattern and some text, which is out of focus. The overall scene is brightly lit, casting soft shadows.

The Property Tax Cap Impact on Rural Schools

Constitutional Requirement

Article XI, § 1 of the State Constitution (Education Article) Requires that:

“[t]he legislature shall provide for the maintenance and support of a system of free common schools, wherein all the children of this state may be educated.”



The CFE Case



- The Court affirmed that the state's constitution requires that every public school child in the State of New York has a right to a "sound basic education" defined as "a meaningful high school education" and that the state has the responsibility to increase funding for New York City's public schools.
- The State Education Budget and Reform Act of 2007 was enacted on April 1, 2007 to address the Court of Appeals ruling. The legislation laid out a historic \$7 billion school funding increase to be phased-in over the next four years, a new foundation aid formula based on need, and unprecedented accountability and transparency measures, including the Contract for Excellence.

The Budget Crisis

CFE funding history

- 2007 increase of \$1.1 billion
 - 2008 increase of \$1.2 billion
 - 2009 was kept flat
 - 2010 cut by \$1.1 billion
 - 2011 cut by \$1.3 billion
-
- Net result – We now have less State Aid funding than before the CFE decision.



New York State Board of Regents

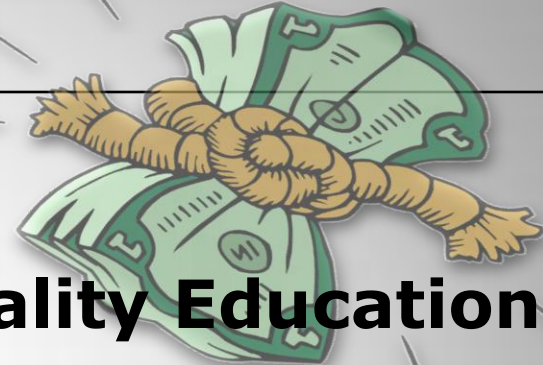
“Experience has shown that when State Aid is frozen, there are inequitable consequences that have a disproportionate negative effect on high need school districts.”

“The freeze affects a greater share of their budgets than districts that are less dependent on State Aid and which may be providing more than an adequate education at a reasonable tax rate.”



Source: NYS Board of Regents
proposal on State Aid for 2011-2012

The State Aid Factor



According to an analysis from the Alliance for Quality Education:

- The poorest districts were cut \$547 in state aid per pupil;
- poor districts lost \$843 per pupil;
- below-average wealth districts lost \$727 per pupil;
- average wealth districts lost \$495 per pupil;
- high-wealth districts lost \$269 per pupil.

A Disparity Occurring Before the Tax Cap

“There are two education systems in this state.”



“One for the rich and one for the poor, and they are both public systems.”



Source: Syracuse Post-Standard November 18, 2011

Commissioner of Education

“I will advocate for greater equity.”

“I’m very concerned about the disparity.”

“We need to dramatically rethink our approach and what we do. Not necessarily do more with less, but do different with less.”



Dr. John B. King, Jr.

District Wealth and Aid

School District	Wealth Ratio	Cuts: 2011 (per pupil)	Cuts: 2010 and 2011 (per pupil)
<u>Genesee County</u>			
Alexander	.445	\$1,004.00	\$1,941.00
Batavia	.542	\$ 838.00	\$1,392.00
Byron-Bergen	.485	\$1,446.00	\$2,530.00
Elba	.418	\$ 982.00	\$1,828.00
LeRoy	.474	\$1,089.00	\$1,963.00
Oakfield-Ala	.404	\$ 875.00	\$1,717.00
Pavilion	.441	\$ 952.00	\$1,878.00
Pembroke	.537	\$1,443.00	\$2,537.00
<u>Wyoming County</u>			
Attica	.496	\$ 884.00	\$1,841.00
Letchworth	.428	\$1,064.00	\$1,903.00
Perry	.523	\$1,267.00	\$2,287.00
Warsaw	.469	\$1,147.00	\$2,177.00
Wyoming	.513	\$1,073.00	\$2,243.00



District Cuts and Reductions

- Reduced administrative staff from 4 to 2 over two year period
- Self-imposed Superintendent wage freeze
- Reduction of 6.3 FTE staff over a two year period
- Loss of approximately \$550,000 in state aid
- Loss of ARRA Federal Funds of \$547,000
- Reduction of 6 extra-curricular activities
- 10% reduction in all supplies for the school district
- Combined athletic teams in several sports with a neighboring school district
- Contracted with neighboring school district to handle repairs to our school buses

ESTIMATED MAXIMUM ALLOWABLE PROPERTY TAX CAP LEVY

<u>Description</u>	<u>Amount</u>	<u>Source</u>
Base Year (2011-12) Tax Levy	\$ 2,619,271	A1001 + A1085
+ Tax Base Growth Factor	<u>1.00</u>	Dept of Taxation and Finance (ORPS)
Subtotal	\$ 2,619,271	
+ Prior Year PILOT	\$ 93,725	A1081
Subtotal	\$ 2,712,996	
Prior Year Exemptions:		
Capital Tax Levy	\$ 58,253	A9898 - Building Aid
Court Order & Judgments	\$ -	A1930 - (.05 * (A1001 + A1085))
Adjusted Prior Year Tax Levy	\$ 2,654,743	
Allowable Growth Factor (Lesser of 102% or CPI to a minimum of 100%)	<u>1.02</u>	Office of State Comptroller
Subtotal	\$ 2,707,838	
-Current Year PILOT	\$ 94,877	Budgeted A1081
Preliminary Tax Levy Limit	\$ 2,612,961	Reported to OSC by March 1st
Current Year Exemptions:		
+Capital Tax Levy	\$ 56,844	Budgeted A9898 - Building Aid
+Court Order & Judgments	\$ -	Budgeted A1930 - (.05 * (PY A1001 + PY A1085))
+ERS Excess Cost	\$ 4,103	OSC Provided ERS Excess Change Factor: 18.9% - 16.3% - 2% = 0.6% times sum of Budgeted .16 Object Codes
+TRS Excess Cost	\$ 16,792	TRS estimated rate minus current TRS rate - 2% times sum of budgeted .11 through .15 Object Codes
Maximum Allowable Levy	<u>\$ 2,690,700</u>	Effective allowable levy increase
		Highlighted areas are based on estimates and subject to change
\$ Difference from Base Yr Levy to Max Allow Levy	\$ 71,429	
% Difference	2.73%	

The TRS and ERS Exemption

		TRS RATE	
TRS 11-12 Salaries	\$3,260,512	11.11%	\$362,242.88
Est Salaries for 12-13 Budget	\$3,358,327	12.50%	\$419,790.92
Increase			\$57,548.04
Calculated Exemption Amt			\$16,792.00
Net Increase			\$40,756.04
		ERS RATE	
ERS 11-12 Salaries	\$683,847	16.30%	\$111,467.06
Est Salaries for 12-13 Budget	\$704,362	18.90%	\$133,124.50
Increase			\$21,657.43
Calculated Exemption Amt			\$4,104.00
Net Increase			\$17,553.43
Other Costs to Absorb with Salary Increase:			
Social Security Cost on Salary Increases		7.65%	\$4,460.67
Total Increase just for ERS, TRS & Soc Sec. Costs			\$62,770.15
Total Salary Increases			\$118,330.77
Grand Total Increases			\$181,100.92

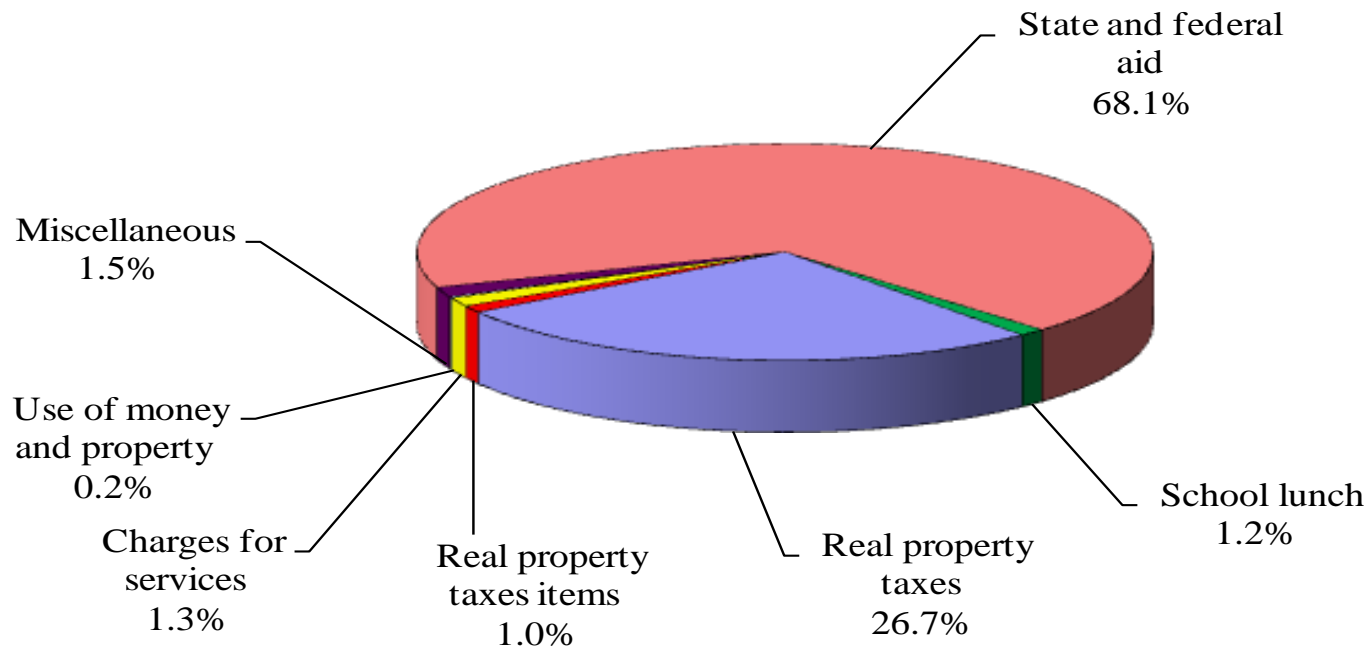
The Effect of the Tax Cap

	With Exemptions	Without Exemptions	Flat 2% Increase
Loss of Ed Jobs Funding Revenue	\$179,000	\$179,000	\$179,000
Maximum Allow Inc in Tax Revenue	\$71,429	\$6,310	\$52,385
Net Loss of Revenue	\$107,571	\$185,310	\$126,615
Increase Costs in Salaries	\$118,331	\$118,331	\$118,331
Increase Costs in TRS, ERS & Soc Sec	\$62,770	\$62,770	\$62,770
Net Increase In Salary & Fringe Benefits	\$181,101	\$181,101	\$181,101
Amount of Revenue Needed to Cover Increase	\$288,672	\$366,411	\$307,716

New York State holds All the Control in Small Districts

Figure A-5

Sources of Revenues for Fiscal Year 2011

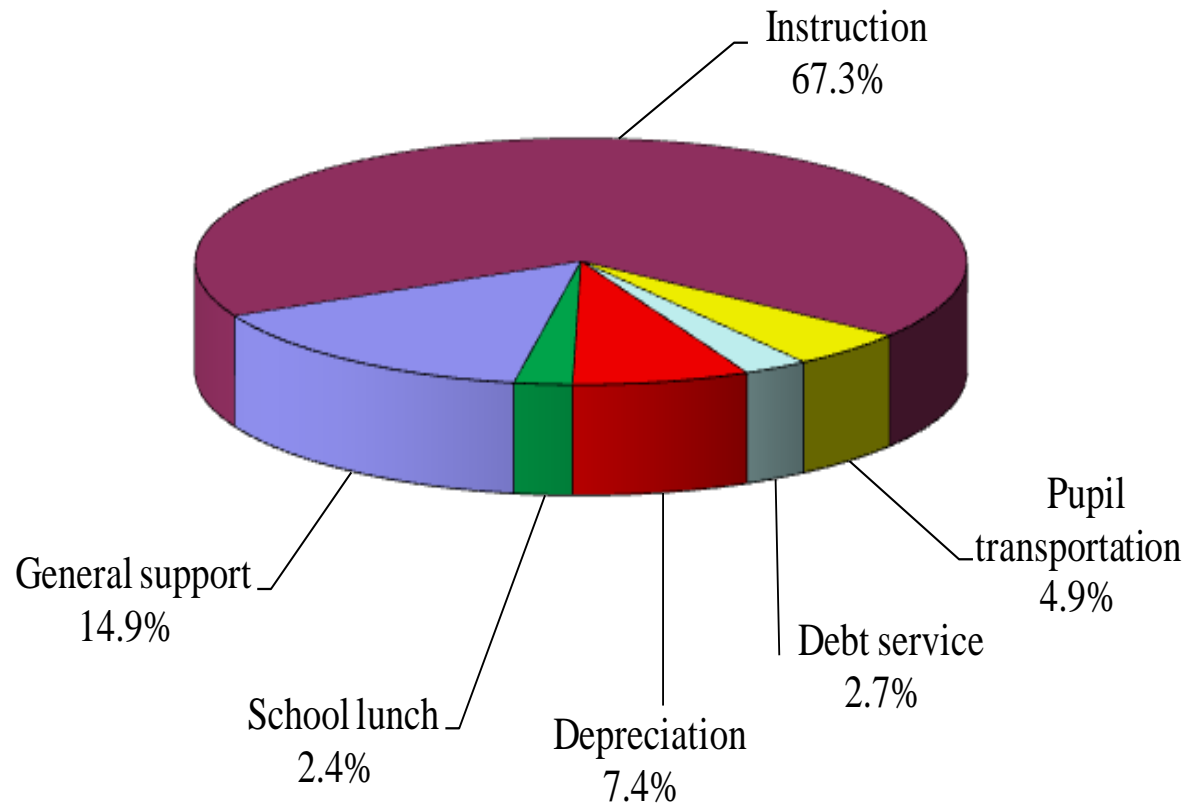


Property taxes and State and Federal aid account for most of the District's revenues, contributing approximately 95% of total revenue.

Breakdown of District Expenditures

Figure A-6

Expenses for Fiscal Year 2011



Other Circumstances Effecting Future Financial Health of District

- Expenditures will more than likely exceed the amount generated by the increased revenue from the tax levy. The reliance on real property tax revenues to support program and capital expenditures is significantly hindered due to the Property Tax Cap.
- Increased State and Federal unfunded mandates focusing on movements towards Common Core Standards and APPR which could result in significant cost increases to the District.
- Decreases in student enrollment.
- Significant percentage of Student demographics that are classified as either “poverty” and/or “English as a Second Language” students.
- Labor agreement for the Elba Faculty Association expired June 2011.

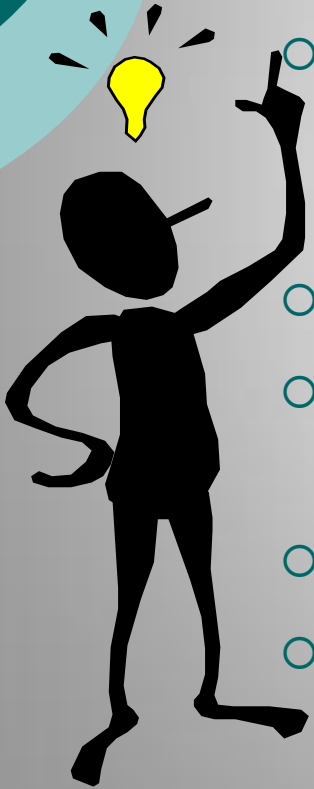
Will The Commonly Considered Solutions Work?

- Cut programs – with Rural Schools already offering less programming this means not being able to meet State Standards (Basic Sound Education).
- Use Reserves – Most Rural Schools have limited reserves and will be used within a few years.
- Consolidation – Is this realistic?

Refreshing Solutions to Consider

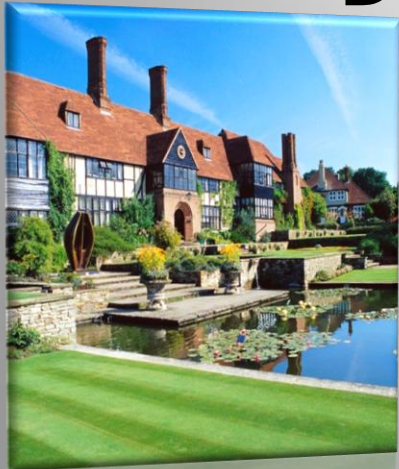
Source: Let New York Work: A Common Agenda for the Common Good

- When contracts expire, freeze step increases
- Establish minimum health insurance contribution levels for employees and retirees
- No new mandates
- Make the pension system predictable and affordable
- Redefine Compulsory Arbitration
- Reduce the costs of Construction on Public/Private Projects



This is not a Regional Concern

“. . . the future of a child growing up in a multimillion dollar home in Chappaqua is inextricably linked to that of a student living in a trailer with no running water in South Dansville.”



From Dr. Michael Glover's October 6, 2011 Buffalo News "Another Voice."

Equitable versus Equal



While difficult economic times do require shared sacrifice, that sacrifice should be equitably distributed.