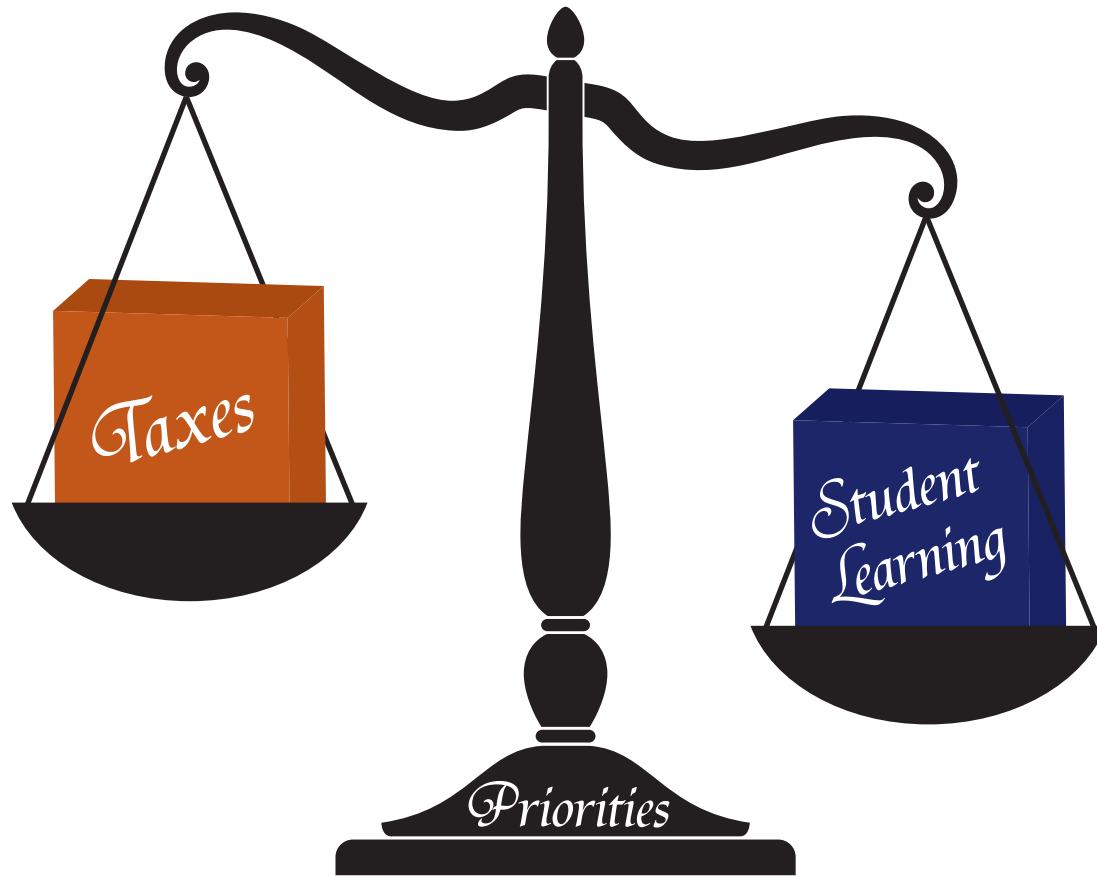


82 School Districts Experience Negative Tax Caps



More Overrides Expected for 2016-17



New York State
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Advancing the Business of Education

Each March 1, New York State independent school districts, which are subject to New York's property tax cap, must file data necessary to calculate their tax levy limit for the coming school year. The tax cap is calculated by increasing the previous year's taxes (with some adjustments) by two percent or the rate of inflation, whichever is less. The 2016-17 tax cap uses an inflation factor from the 2015 calendar year, which has been determined based on U.S. Bureau of Labor Statistics data to be 0.12 percent, or virtually no increase at all.

This information should be considered preliminary as it is still very early in the school district budget process and school districts may submit revised data into the summer months. Budget votes will occur May 17, 2016 and re-votes for school districts that fail to pass their budgets on the first vote may occur on June 21, 2016. Most school districts issue tax warrants in August and collect taxes in September.

520 Districts Have Tax Cap Less Than Two Percent

The 653 school districts that submitted data collectively expect tax levy increases of 0.9 percent for 2016-17 school year budgets. Tax changes reported by individual school districts ranged from -20.7 percent to 38 percent. We also examined the data for groups of school districts. Figure 1 shows this varied from an increase of 0.6 percent for school districts in the Mohawk Valley region to an increase of 1.3 percent in the Western region. Examining expected tax increases for school districts grouped by the State Education Department's need/resource capacity categories shows that average need school districts expect the largest tax increase at 1.0 percent and low need school districts expect the lowest tax increase at 0.7 percent.

Figure 1. Expected Tax Increase by Region for New York State School Districts (March 15, 2016)

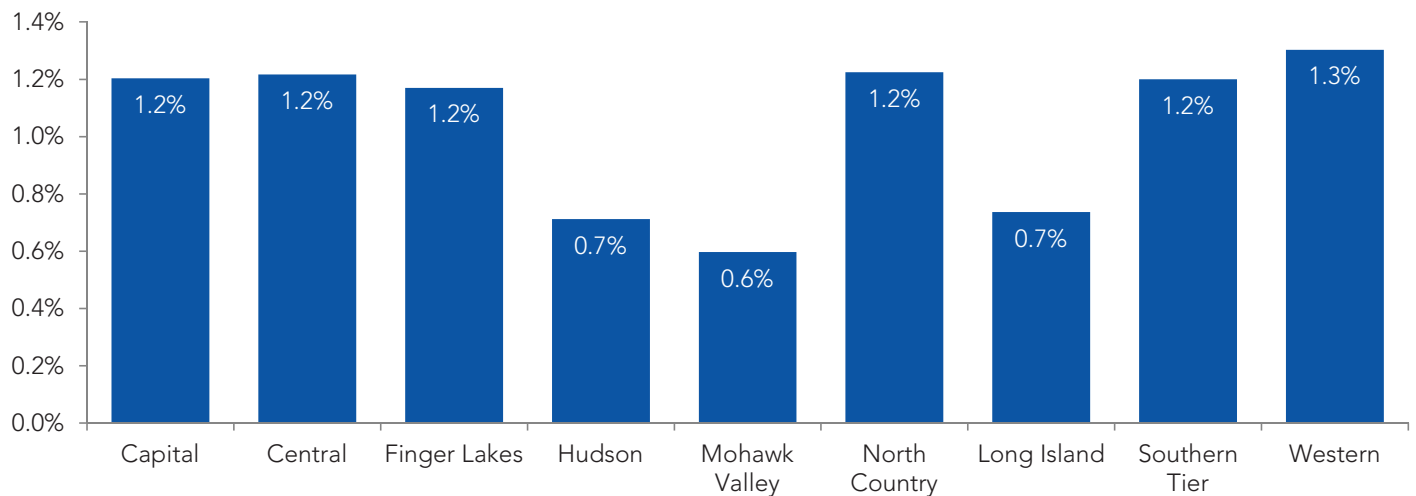
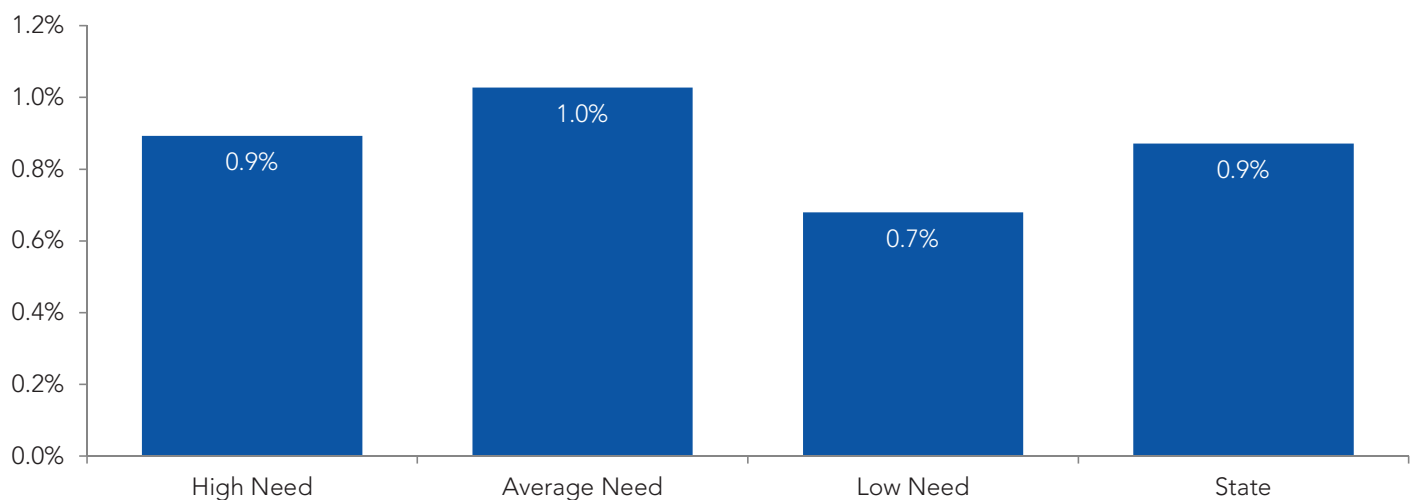


Figure 2. Expected Tax Increase for New York State School Districts Grouped By Need/Resource Capacity Category (March 15, 2016)



The data school districts reported on March 1 show that 520 school districts have a tax levy limit under two percent. This is due to the law which specifies that the growth in taxes will be the lesser of two percent or inflation. NYSASBO has noted problems with this aspect of the law. Inflation is based on prior year inflation data for urban households across the country, but budgets are for the coming year when the New York State Division of the Budget projects inflation will be two percent. Costs of school districts vary from that of urban households and some parts of the budget, such as for health insurance, pensions and special education, are growing at a much faster rate. To help strengthen public education, the balance between state and local funding is critical. School districts should be allowed to raise local revenues each year by two percent, regardless of inflation.

42 Districts Expect to Override the Tax Cap

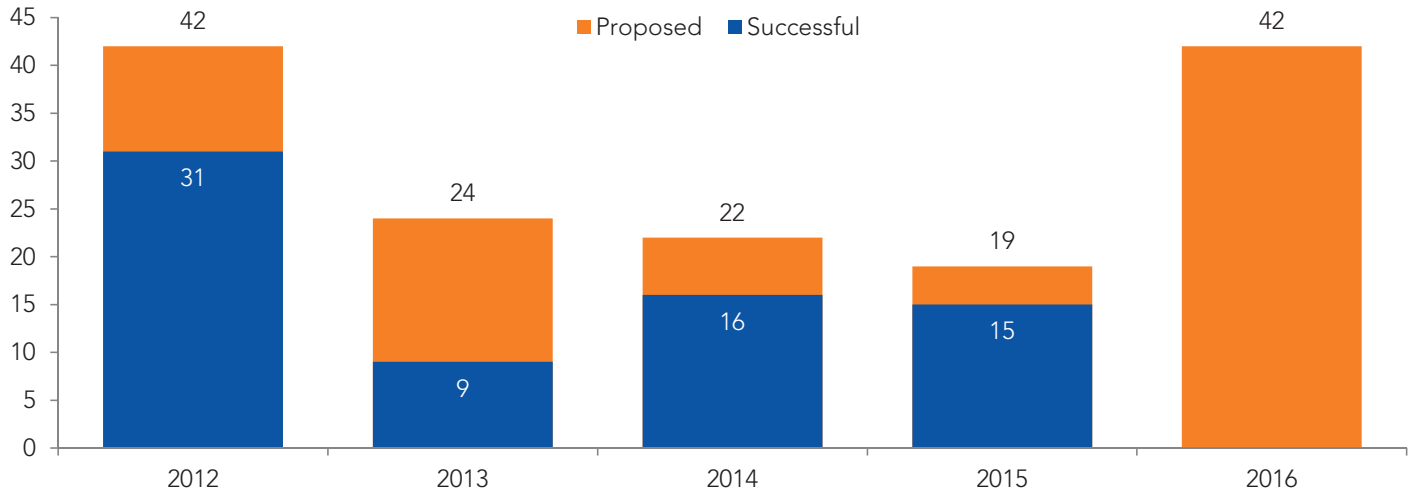
Of these 653 school districts, 42, or 6 percent, currently expect to propose budgets that exceed the tax cap at the May vote. Eligible taxpayers in these districts will forgo the STAR tax rebate available for districts that stay within the cap and budgets will require approval by 60 percent or more of voters. This is a list of school districts that said “Yes” to the Comptroller’s question as to whether they plan to override the tax cap, regardless of whether the district’s proposed tax levy exceeds the maximum allowable under the tax cap. This recognizes the changing nature of the data as school districts learn about the State Aid they will receive and make decisions about how best to support the budget.

Figure 3. School Districts Expecting to Propose a Tax Cap Override for 2016-17

District Name	NRC Name	Region	District Name	NRC Name	Region
Albany	High-Urban	Capital	Tuxedo	Low	Hudson Valley
Canaseraga	High-Rural	Western	Florida	Average	Hudson Valley
Beekmantown	Average	North Country	Pulaski	High-Rural	Central
Homer	Average	Central	Schodack	Average	Capital
Charlotte Valley	High-Rural	Southern Tier	Heuvelton	High-Rural	North Country
Delaware Academy	Average	Southern Tier	Jefferson	High-Rural	Mohawk Valley
Franklin	High-Rural	Southern Tier	Seneca Falls	Average	Finger Lakes
Northeast	Average	Hudson Valley	Bradford	High-Rural	Southern Tier
Tonawanda	Average	Western	Canisteo-Greenwood	High-Rural	Southern Tier
Newcomb	Low	North Country	Hornell	High-Rural	Southern Tier
Gloversville	High-Rural	Mohawk Valley	Jasper-Troupsburg	High-Rural	Southern Tier
Indian Lake	Average	Mohawk Valley	Hammondsport	Average	Southern Tier
Central Valley	High-Urban	Mohawk Valley	Sachem	Average	Long Island
Copenhagen	High-Rural	North Country	Amagansett	Low	Long Island
Brookfield	High-Rural	Central	Shelter Island	Low	Long Island
DeRuyter	High-Rural	Central	Bridgehampton	Low	Long Island
Morrisville-Eaton	High-Rural	Central	Greenport	Average	Long Island
Niagara-Wheatfield	Average	Western	Waverly	High-Rural	Southern Tier
Westmoreland	Average	Mohawk Valley	New Paltz	Average	Hudson Valley
Jamesville-Dewitt	Average	Central	Fort Edward	Average	Capital
Victor	Average	Finger Lakes	Irvington	Low	Hudson Valley

Figure 4 shows the number of overrides proposed and approved each year since the tax cap went into effect in 2012. This shows fewer and fewer overrides each year from 2012 through 2015, but the same number as 2012 in 2016, evidence of the very low tax cap this year, despite many incentives for school districts to stay within their tax cap.

Figure 4. Proposed and Successful Tax Cap Overrides Since 2012



Negative Tax Caps

Eighty-two school districts have a maximum allowable tax levy limit for 2016-17 that is less than what they levied in 2015-16, that is, a negative tax cap. See Figure 5. It also shows the projected decrease in each district's levy from 2015-16 to 2016-17.

Figure 5. Negative Tax Caps: School districts whose maximum allowable tax levy limit is less than their prior-year tax levy

District	NRC	Region	Prior Levy	Max Levy	Decrease	Decrease %
Copenhagen	High-Rural	North Country	\$1,652,428	\$1,310,180	(\$342,248)	-21%
Schoharie	Average	Mohawk Valley	\$9,505,510	\$8,432,708	(\$1,072,802)	-11%
Central Valley	High-Urban	Mohawk Valley	\$8,380,000	\$7,777,972	(\$602,028)	-7%
Gloversville	High-Rural	Mohawk Valley	\$14,199,834	\$13,329,404	(\$870,430)	-6%
Green Island	High-Urban	Capital	\$3,317,500	\$3,130,116	(\$187,384)	-6%
Waverly	High-Rural	Southern Tier	\$6,771,509	\$6,419,088	(\$352,421)	-5%
Hamburg	Average	Western	\$36,974,654	\$35,324,513	(\$1,650,141)	-4%
Nanuet	Low	Hudson Valley	\$54,221,076	\$52,526,873	(\$1,694,203)	-3%
Charlotte Valley	High-Rural	Southern Tier	\$3,109,286	\$3,016,344	(\$92,942)	-3%
Katonah-Lewisboro	Low	Hudson Valley	\$95,904,695	\$93,046,338	(\$2,858,357)	-3%
Panama	Average	Western	\$3,513,183	\$3,409,769	(\$103,414)	-3%
Sullivan West	Average	Hudson Valley	\$17,389,077	\$16,908,287	(\$480,790)	-3%
Delaware Academy	Average	Southern Tier	\$9,144,098	\$8,917,271	(\$226,827)	-2%
Fort Edward	Average	Capital	\$3,561,000	\$3,476,638	(\$84,362)	-2%
Brookfield	High-Rural	Central	\$1,345,000	\$1,313,973	(\$31,027)	-2%
Pulaski	High-Rural	Central	\$6,399,144	\$6,261,344	(\$137,800)	-2%
Poughkeepsie	High-Urban	Hudson Valley	\$27,800,000	\$27,205,747	(\$594,253)	-2%
Islip	Average	Long Island	\$55,497,195	\$54,359,679	(\$1,137,516)	-2%
Bradford	High-Rural	Southern Tier	\$2,297,958	\$2,252,468	(\$45,490)	-2%
Tonawanda	Average	Western	\$11,675,351	\$11,449,561	(\$225,790)	-2%

Figure 5 continued on page 5

Figure 5 continued

District	NRC	Region	Prior Levy	Max Levy	Decrease	Decrease %
Fabius-Pompey	Average	Central	\$8,245,253	\$8,094,704	(\$150,549)	-2%
Hancock	High-Rural	Southern Tier	\$3,862,113	\$3,804,791	(\$57,322)	-1%
Beekmantown	Average	North Country	\$19,717,476	\$19,444,589	(\$272,887)	-1%
Oakfield-Alabama	Average	Finger Lakes	\$5,208,545	\$5,139,815	(\$68,730)	-1%
Northeast	Average	Hudson Valley	\$12,938,714	\$12,792,749	(\$145,965)	-1%
New Paltz	Average	Hudson Valley	\$39,635,000	\$39,210,000	(\$425,000)	-1%
Glen Cove	Average	Long Island	\$66,104,265	\$65,412,566	(\$691,699)	-1%
Newcomb	Low	North Country	\$4,511,675	\$4,465,679	(\$45,996)	-1%
Chittenango	Average	Central	\$17,708,969	\$17,538,890	(\$170,079)	-1%
Canisteo-Greenwood	High-Rural	Southern Tier	\$5,217,331	\$5,167,667	(\$49,664)	-1%
Brushton-Moira	High-Rural	North Country	\$2,928,740	\$2,905,109	(\$23,631)	-1%
Seneca Falls	Average	Finger Lakes	\$12,304,305	\$12,206,248	(\$98,057)	-1%
Corinth	Average	Capital	\$8,464,669	\$8,397,637	(\$67,032)	-1%
Milford	High-Rural	Southern Tier	\$3,990,214	\$3,960,753	(\$29,461)	-1%
Mayfield	Average	Mohawk Valley	\$7,282,432	\$7,234,380	(\$48,052)	-1%
Niagara-Wheatfield	Average	Western	\$32,069,386	\$31,860,121	(\$209,265)	-1%
Sayville	Low	Long Island	\$58,688,645	\$58,313,837	(\$374,808)	-1%
Lyncourt	Average	Central	\$5,453,746	\$5,420,223	(\$33,523)	-1%
Clinton	Average	Mohawk Valley	\$14,845,962	\$14,762,056	(\$83,906)	-1%
Coxsackie-Athens	Average	Capital	\$16,659,903	\$16,569,095	(\$90,808)	-1%
Amsterdam	High-Rural	Mohawk Valley	\$20,989,099	\$20,875,122	(\$113,977)	-1%
Schenevus	Average	Southern Tier	\$3,048,109	\$3,033,021	(\$15,088)	0%
Long Lake	Low	Mohawk Valley	\$2,765,000	\$2,751,477	(\$13,523)	0%
Amherst	Average	Western	\$34,153,763	\$33,990,164	(\$163,599)	0%
South Kortright	Average	Southern Tier	\$4,303,305	\$4,282,705	(\$20,600)	0%
Hendrick Hudson	Low	Hudson Valley	\$40,959,972	\$40,768,254	(\$191,718)	0%
Floral Park-Bellerose	Low	Long Island	\$22,499,955	\$22,398,563	(\$101,392)	0%
Baldwin	Low	Long Island	\$90,719,846	\$90,311,057	(\$408,789)	0%
Vestal	Average	Southern Tier	\$46,394,976	\$46,186,290	(\$208,686)	0%
Edmeston	High-Rural	Southern Tier	\$2,512,805	\$2,502,050	(\$10,755)	0%
Lyme	High-Rural	North Country	\$3,958,882	\$3,941,974	(\$16,908)	0%
Sandy Creek	High-Rural	Central	\$6,294,170	\$6,268,129	(\$26,041)	0%
Cincinnatus	High-Rural	Central	\$3,689,555	\$3,674,331	(\$15,224)	0%
Eastchester	Low	Hudson Valley	\$69,765,922	\$69,492,765	(\$273,157)	0%
Bath	High-Rural	Southern Tier	\$8,388,984	\$8,359,699	(\$29,285)	0%
Morrisville-Eaton	High-Rural	Central	\$4,458,798	\$4,443,408	(\$15,390)	0%
Tuxedo	Low	Hudson Valley	\$11,330,364	\$11,293,001	(\$37,363)	0%
Westbury	High-Urban	Long Island	\$75,979,665	\$75,731,414	(\$248,251)	0%
Northville	Average	Mohawk Valley	\$5,956,052	\$5,936,751	(\$19,301)	0%
Schodack	Average	Capital	\$12,785,245	\$12,747,084	(\$38,161)	0%
Genesee Valley	High-Rural	Western	\$2,899,929	\$2,891,291	(\$8,638)	0%

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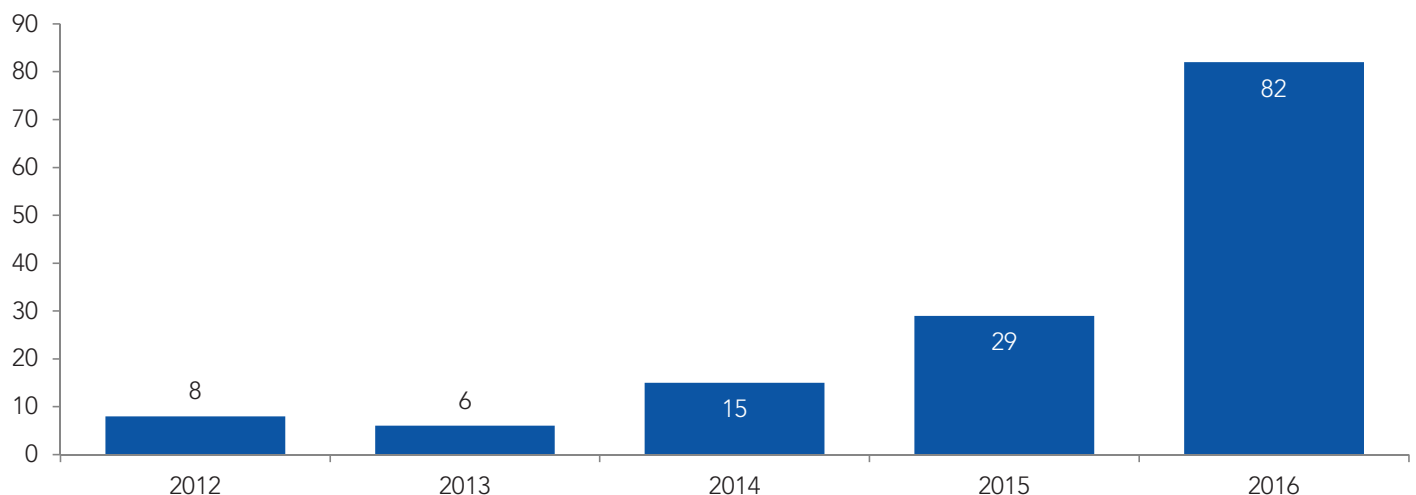
Figure 5 continued

District	NRC	Region	Prior Levy	Max Levy	Decrease	Decrease %
Middle Country	Average	Long Island	\$133,599,992	\$133,269,910	(\$330,082)	0%
Westmoreland	Average	Mohawk Valley	\$7,874,905	\$7,855,709	(\$19,196)	0%
Adirondack	High-Rural	Mohawk Valley	\$9,809,860	\$9,788,329	(\$21,531)	0%
Amityville	High-Urban	Long Island	\$55,689,487	\$55,572,109	(\$117,378)	0%
Susquehanna Valley	Average	Southern Tier	\$16,291,330	\$16,262,294	(\$29,036)	0%
Island Park	Average	Long Island	\$31,877,086	\$31,820,862	(\$56,224)	0%
Hartford	Average	Capital	\$3,467,396	\$3,461,291	(\$6,105)	0%
Bethpage	Low	Long Island	\$62,099,127	\$61,993,934	(\$105,193)	0%
Miller Place	Low	Long Island	\$44,819,949	\$44,757,730	(\$62,219)	0%
Remsen	High-Rural	Mohawk Valley	\$4,988,111	\$4,982,419	(\$5,692)	0%
Marlboro	Average	Hudson Valley	\$34,262,690	\$34,225,463	(\$37,227)	0%
Morristown	High-Rural	North Country	\$3,617,925	\$3,614,421	(\$3,504)	0%
Florida	Average	Hudson Valley	\$14,377,830	\$14,364,751	(\$13,079)	0%
Cattaraugus-Little Valley	Average	Western	\$5,538,320	\$5,533,558	(\$4,762)	0%
Irvington	Low	Hudson Valley	\$50,927,598	\$50,890,518	(\$37,080)	0%
Wayland-Cohocton	High-Rural	Southern Tier	\$7,340,000	\$7,335,757	(\$4,243)	0%
North Rockland	Average	Hudson Valley	\$139,671,890	\$139,596,919	(\$74,971)	0%
Minisink Valley	Average	Hudson Valley	\$43,840,581	\$43,817,342	(\$23,239)	0%
Horseheads	Average	Southern Tier	\$35,323,835	\$35,307,604	(\$16,231)	0%
Mineola	Low	Long Island	\$78,853,503	\$78,843,160	(\$10,343)	0%
Westport	Average	North Country	\$3,446,676	\$3,446,543	(\$133)	0%

A district's maximum allowable tax levy limit can result in a negative change from the prior year when districts have a new payment-in-lieu-of-taxes (PILOT) agreement or when local capital expenditures decrease. A negative change in the tax levy limit is a dramatic fluctuation for a district and for taxpayers. Under the current law, this puts districts in the position of needing a super-majority to increase taxes at any level – or in some cases needing super-majority approval to even decrease taxes. This undermines the public's ability to understand school finances and the true consequences of a budget vote. It complicates planning and stability for a school district. The law should provide for a floor of zero percent in the change of the levy – giving districts the ability to, at least, hold taxes steady from year to year.²

Examining the incidence of negative tax levy limits over time shows a troubling increase in the number of school districts experiencing this disruptive scenario. See Figure 6. Failed budgets ultimately result in contingent budgets, which are held to no increase in levy from the prior year and other spending restrictions. Negative levy limits create the unintended consequence in which a district may fare better financially with a defeated budget.

Figure 6. History of Negative Tax Levies Since 2012



Data Sources and Endnotes

All levy information is from the NYS Comptroller's Tax Cap data (as of March 15, 2016). Override information for 2012-13 through 2015-16 is from NYSED school budget vote data available at <http://www.p12.nysed.gov/mgtserv/votingresults/>.

For selected data on your school district's Tax Cap data for 2016-17, go to <https://goo.gl/uXQqLJ>.

¹ Data for 15 districts was missing or incomplete.

² This description of negative tax levy limits comes from a 2015 paper prepared by NYSASBO in collaboration with the Education Conference Board titled "Tax Cap adjustments can help schools balance student needs, fiscal stability, and taxpayer concerns." See nysasbo.org/reports

Acknowledgements

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