Tax cap creating uncertainty for schools feeling squeezed

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Mid-Hudson voters will go to the polls May 16 to decide on a record $2.38 billion in proposed 2017-18 spending plans for more than 90,000 public school students in 34 districts.

There's no question that districts are feeling squeezed by union contracts with built-in pay increases and soaring health insurance costs on one hand and the state's tax cap on the other.

There is also no question that the tax cap, started in 2012 to end decades of frequent high single-digit tax hikes, has changed the educational landscape.

"The tax cap is Gov. Cuomo's most far-reaching and lasting accomplishment to date," said Ken Girardin of the conservative Albany-based Empire Center for Public Policy. "It has saved taxpayers (statewide) more than $7 billion when you compare the previous school tax growth rate with how slowly they have risen since the cap was enacted."

Gerald Benjamin, of The Benjamin Center at SUNY New Paltz, pointed out that the constraints on tax levies has led to more public acceptance of school budgets.

But what's good for taxpayers isn't necessarily good for children, he said, since the tax cap promotes "academic instability."

“What it's doing to the financial stability of school districts is, it is making it more precarious as fund balances are being spent down,” Benjamin said. "It's not
a long-term strategy."

Part of the reason for that: "The tax cap has been successful in constraining district revenue, but has failed to reduce costs," said Michael Borges, executive director of the state Association of School Business Officials.

School administrators are at the pivot point in the process.

“We have to do our best to control expenses and strike a careful balance to meet the real needs of both the taxpayers and the children,” Marlboro Superintendent Michael Brooks said.

Marlboro has a proposed $56.7 million budget and an enrollment of nearly 2,000 students. The district was able to reduce the levy by applying $3 million in additional state aid that it will be receiving in the coming year as well as $3.7 million in fund balance and reserves, Brooks said. Across the region, school districts will see state education aid increase by $43 million next year.

John Solis lives in the Marlboro School District. The tax levy in the district's proposed budget will drop 0.81 percent or $276,730. But he will still face a tax hike, albeit a small one. That is, in large part, because a reduced assessment of the Roseton power plant shifting more of that burden to other taxpayers.

According to the district’s budget presentation, a taxpayer with a home valued at $200,000 and a basic STAR exemption can expect to pay an estimated tax increase of $127.98 for the coming school year.

“I appreciate the work they’ve been doing, but it seems to me they could go even lower because every time we get ahead, they go and add a teacher,” said Solis, who has grown children.

The Monticello district plans to add secretarial positions to the front office as well teaching positions if voters approve the proposed budget of $85.2 million. It features a 0.10 percent increase in the tax levy. An additional $2.4 million in state aid as well as $4.3 million in fund balance will be used to keep the spending plan for the district of 2,800 students under the tax cap, according to Monticello Superintendent Tammy Mangus.

“As much as it’s causing a bit of pain as a school district, I think that we need to
expend funds to make sure that our kids are life-ready,” she said.

New Paltz is the only district in the region seeking voter approval to exceed its tax cap of 1.2 percent. Last year, four districts sought to override their tax caps, including New Paltz. The tax cap is based on inflation and a variety of district-specific factors. A district that seeks to exceed its cap must have its budget approved by 60 percent of voters.

In the current school year, New Paltz’s cap increased 0.12 percent compared to last year. For the coming school year, it would increase 1.26 percent.

The New Paltz school board has adopted a $59 million spending plan for the coming year, representing a 2.6 percent increase in spending and a 2.3 percent tax levy increase.

The budget would restore the elementary library media specialist position cut two years ago. It would also keep elementary class sizes at 24 students or less, New Paltz Superintendent Maria Rice said.

For the owner of a $300,000 home, the tax increase for next school year would be about $152, according to the district’s budget presentation.

According to Richard Linden, assistant superintendent for business, the district of about 2,200 students will be receiving about $170,000 in additional state funding, which is far less than what many other districts will get.

The school board is proposing to apply $1.5 million in fund balance to the upcoming budget, but Linden warned that spending large amounts of fund balance is “very, very dangerous, because while it works in the short term, in the long term it will run out.”

“Does it (the tax cap law) work?” Brooks of Marlboro asked. “We don’t know if it really works. We’ll have to look back in 10 years.”

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