

Tax Cap Presentation for Hewlett Woodmere



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Take Action

Long Island!

The State of Long Island

How Long Island Compares to the
Rest of the State and the Nation

Long Island Schools were not “broken”

- If Long Island were a state, we would be ranked #1 in the nation in *High School Completion Rate* and *Intel Semifinalists*
- 54 Long Island high schools ranked in the top 7% of high schools in the nation by *The Washington Post*
- 21 Long Island high schools rank among the Top 300 Best Schools in America
- 50% of Long Island graduates earn a Regents Diploma with Advanced Designation compared to 27% for the rest of New York State
- Long Island’s elementary and middle school students outperform every other region of New York State by every measure maintained by the State Education Department

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The Tax Cap & Its Consequences

*Savings overstated, while impact on
public services is harsh and
immediate*

Factors in a School Budget

- Tax Levy Cap – limited to 2%
- State Aid – still below 2010 levels
- State Aid Cap – limited to 4%
- Gap Elimination Adjustment (GEA) – reduces state aid
- Unfunded Mandates – increases costs without financial relief

Tax Levy Cap Facts You Should Know

- Took effect in 2012. Remains in effect until June 15, 2016. (Fate is tied to law regulating rent control in NYC)
- The 5 big cities are exempt from the law: NYC/Buffalo/Rochester/Syracuse/Yonkers (their funding is not tied to property tax **and** they favor rent control)
- Maximum tax levy = 2% increase of previous year's tax levy with a few allowable exemptions **or** CPI (Consumer Price Index) whichever is **lower!** This year the cost of living went up 1.46%, so the tax levy can only increase by 1.46%.

Tax Levy Cap facts, continued

- Voter approval is still needed on school budgets. Any budget that is defeated results in a 0% budget freeze
- The 2% cap can be increased only with a **60%** voter approval. (A 41% “No Vote” is greater than a 59% “Yes Vote.”)
- State aid may not exceed 4% even in good economic times when the state is flush

Tax Cap “Sticker Shock”

- Last May, many voters approved a school budget that resulted in a tax levy increase somewhere in the 2% range. Many homeowners were “shocked” to see the tax bill increase by far more than they voted on...

- **EXAMPLE**

	Tax levy %	Tax rate %	“Sticker Shock”
● Garden City:	3.19%	7.52%	+4.33%
● Hempstead:	1.98%	5.97%	+3.99%
● Syosset:	2.84%	9.13%	+6.29%
● Hewlett	3.45%	9.15%	+5.70%

Why The “Sticker Shock?”

Factors that Drive Up Tax Rates

- Home Re-assessment: When one home-owner’s taxes go down due to re-assessment, other home-owners’ taxes must go up to make up the difference
- Tax Breaks: When businesses are given tax breaks, the “missing” taxes must be made up by home-owners.

Massachusetts has a successful tax cap! Why can't New York?

Well, there are some important differences!

Tax Cap Comparison, NY vs MA

Element/Condition	Massachusetts	New York
CAP FUNCTIONS		
Failed Vote/No Vote	2.5% Increase	0.0% Increase
Simple Majority	Can Exceed Cap	Needed for 2.0% Increase
Supermajority override (=60%)	None Needed	Needed to Exceed Cap
ECONOMIC CONDITIONS		
10 Year Enrollment Trend	-21%	-3.6%
State Aid History	CPI +8.6%/Year*	CPI-Only
State Economic Growth	“Massachusetts Miracle”	Uncertain
STUDENT CONDITIONS		
Students in Poverty	15%	23%

Gov. Cuomo's Current Proposals: How will we pay for this long-term?

- Universal Pre-K
- \$20,000 teacher merit bonuses
- \$2 billion tax relief proposal — tax cuts for renters, property and business owners and upstate manufacturers
- Tax relief would be given to property owners who live in localities which stay under the tax cap – incentivizing people to vote AGAINST piercing the tax cap
- Start Up NY – ten year tax breaks to new businesses
- “Voucher” Legislation – for corporations who donate to public **or** private schools in exchange for tax credits of equal value.

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The Effect of the 2% Tax Cap

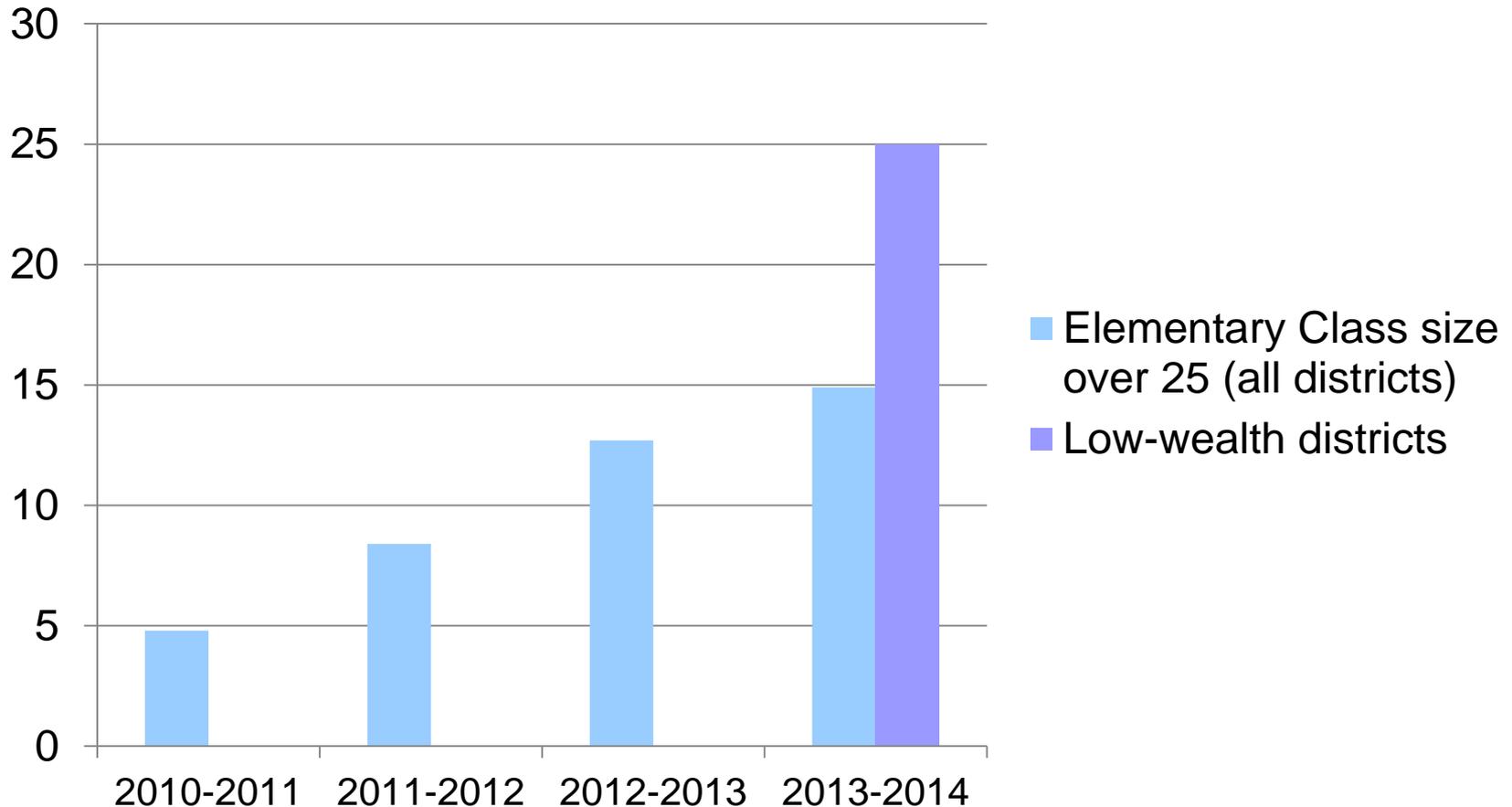
How Districts Will Be Affected

- Remember, while called a 2% tax cap, without voter approval it is a 0% tax cap. Six of the seven LI districts that attempted to pierce cap last year failed – all had a majority vote but not super-majority. Tax credits for keeping school budgets within 2% gives more incentive for people to vote “No” this year.
- Most costs beyond local control (with limited exceptions) must fall under the 2% tax cap, including unfunded mandates (APPR, DASA, AIS, etc.) and increased school enrollments. (State aid does not increase with increased enrollment.)
- \$ Millions have to be cut each year = Existing programs reduced or eliminated. ‘Any programs eliminated now will not be restored in our lifetime’ (Johnson).

More Effects

- In-fighting within districts when programs are eliminated (sports, music, library, gifted and talented, HS electives, summer school, etc.)
- What effect will these devastating cuts have on college admissions? How many scholarship opportunities will be lost? Music, art and sports all contribute to those opportunities.
- Reductions in salary and benefits impact the ability of a district to attract top-notch professionals
- Class sizes increase, staff reduced (including teachers, nurses, department chairs, etc.) and school closings will occur

Impact of Tax Cap on Class Size



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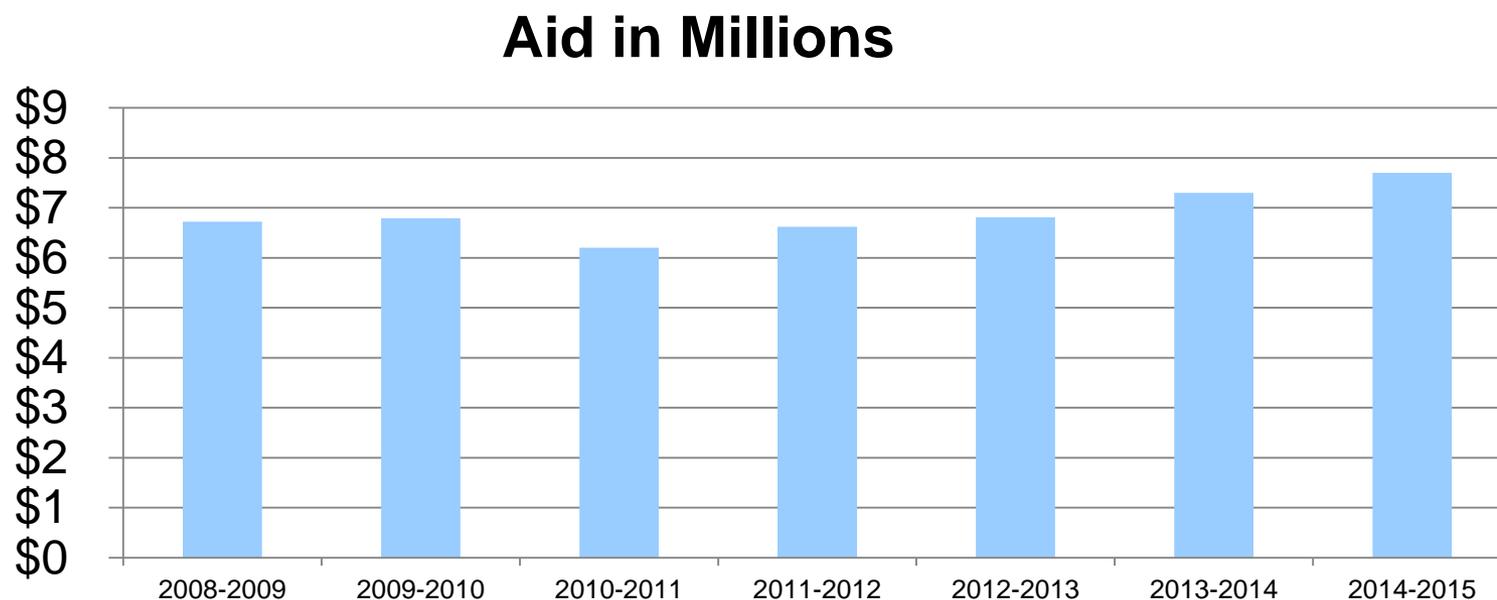
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Local Impact on Our District

PART III

School Aid to Hewlett Woodmere

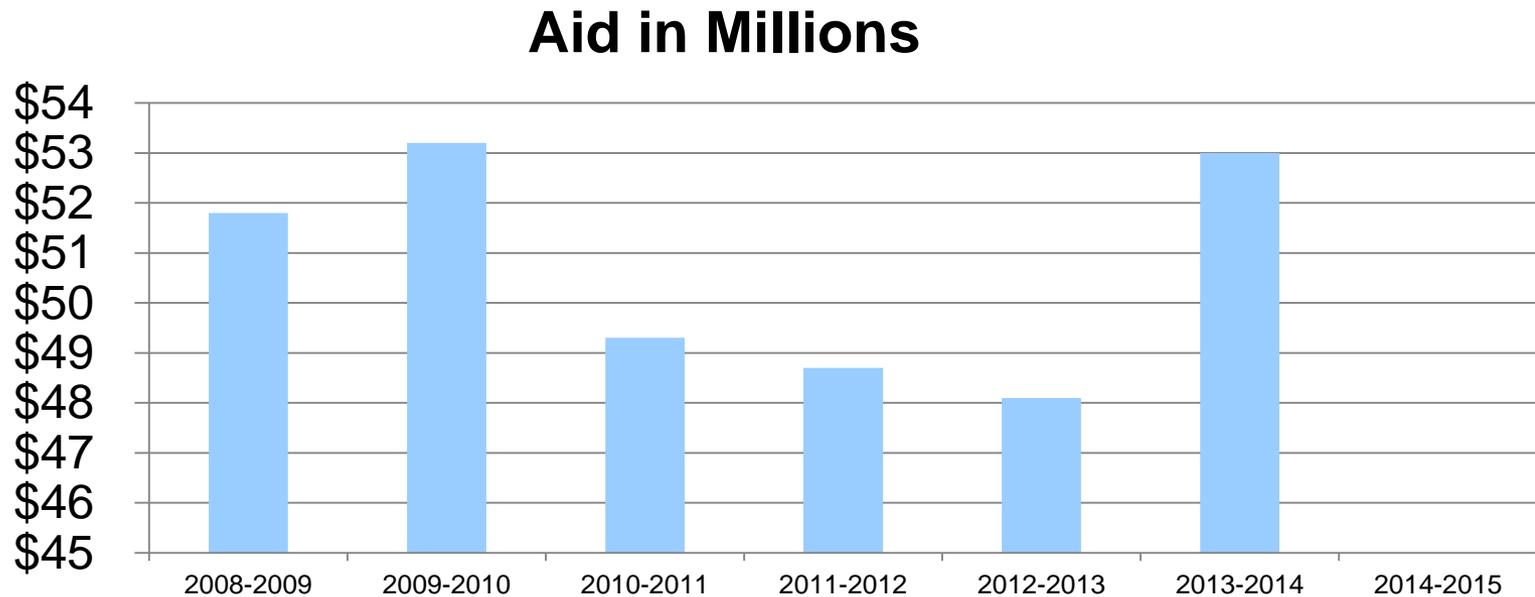
Hewlett Woodmere has seen a fairly steady level of state aid...



But 70% of districts look more like Levittown...

State School Aid to Levittown

Levittown's state aid is more typical...



Most (70%) districts' state aid levels are still below 2010 levels. In tandem with the tax levy cap, the state's share of the cost of public education has also declined.

Impact of the GEA

The Gap Elimination Adjustment (GEA) is a formula in the state budget that reduces the amount of aid each school district is entitled to receive. Introduced in 2009-10 (under former Gov. Paterson) in order to partially reduce New York's \$10 billion budget deficit. The GEA continues even though we now have a \$2 billion surplus in the state budget.

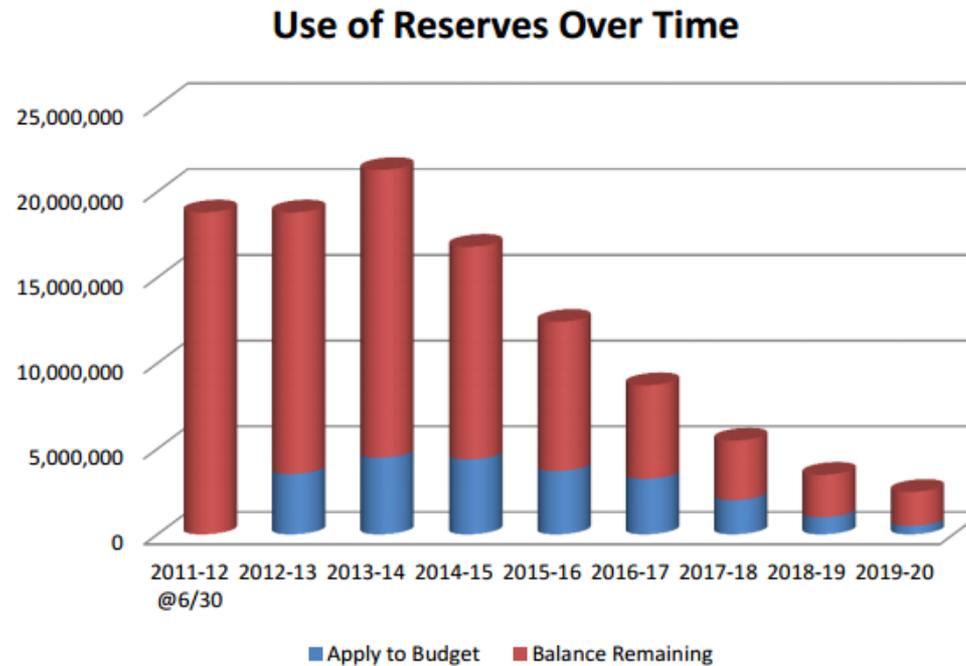
EXAMPLE:

	<u>Total 3 yr loss</u>	<u>2013-14</u>	<u>Per Student</u>
Garden City:	\$3.14 million	-\$970,000	-\$242
Hempstead:	\$15.48 million	-\$5 million	-\$475
Syosset:	\$6.85 million	-\$2.1 million	-\$332
Hewlett	\$3.86 million	-\$1.2 million	-\$401

Projected Use of H-W Reserves

Projected Impact of Long-Term Use of Reserves to Fill Budget GAP – 7 year plan

	Apply to Budget
2011-12 @6/30	
2012-13	3,526,000
2013-14	4,475,000
2014-15	4,375,000
2015-16	3,700,000
2016-17	3,234,000
2017-18	2,000,000
2018-19	1,000,000
2019-20	500,000



Based on recommended Utilization

Local Impact of Testing

- Cost of Testing for Hewlett's 2012-2013 School Year
=\$375,000 (Estimated cost for APPR, Rtl and SLOs only. Some districts estimate cost as high as \$500,000-\$1,000,000 per year.)
- Total School Days Used for Administration of Tests
 - ELA, Math, Science (3-8) ---8 days
 - Scoring ELA, Math, Science (3-8) – 5 days
 - NWEA (coming to Hewlett) – 2-4 hours 3x/year
 - SLOs and PBAs – 4days+
- Test Prep: Lost days of instruction and cost of test prep materials
- Last year, Commissioner King “predicted” a 35% pass rate on state test
= artificially high numbers of students for AIS services

New York State continues to implement unfunded mandates including the Common Core, which requires extensive teacher training (not funded). Further, is chronic testing of our children necessary? Who pays for this? Coming soon: PARCC!

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What Can We DO?

Resolutions

Why Should Hewlett Woodmere Care?

- HW Teachers live in other districts or have family and friends in other districts
- Our reserves won't last forever (7 years?)
- If we let other districts fall, who will be left to support us?
- Nine LI districts are in “significant to moderate” stress and another seven are “susceptible.”
- Albany is surprised and has no plan to help
- Salaries are depressed
- Property values are tied to the quality of our schools.
- School funding kept to such a low level can only force successful schools to dismantle programs over time.

You can Take Action!

- Attend your local BOE meetings to learn what is being cut and ask if it is because of the Tax Cap;
- Ask your District to provide a list of what has been cut out or cut back due to the tax cap and high stakes testing;
- Share this information with neighbors, family, organizations of which you are a member
- Contact your local representative and tell them that you are opposed to the 2% tax cap. Possible alternatives to suggest are:
 - simple majority vote
 - exempt costs that are beyond a school district's control
 - Allow for reserves to be created for NYSTRS (Pension Fund) costs
 - Allowance for increased enrollment
 - Increase state aid

You can Take Action!

- JOIN *TALI*: info@TakeActionLI.org
- CALL/WRITE to the Governor and your legislators – Find contact info on our website: www.TakeActionLI.org
- TALK with your neighbors/friends/colleagues!
- First-to-Worst video: [Click here!](#)
- Install NYSUT MAC app on your phone!