

Tax Cap Presentation for Herricks

TAX CAP

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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

Herricks' Schools were not “broken”

- 2013 Siemens Competition in Math, Science & Technology regional finalist (1)
- 2013 Siemens Competition in Math, Science & Technology regional semi-finalists (3)
- 2013 Charles Duggan Long Island Science and Engineering Fair first place winners (2)
- 2013 Nassau County Girls Tennis Championships winner
- 2013 NYSSMA All State Performers (8)
- 2013 Nassau County Player of the Year (in basketball)
- 2012 James Green Sportsmanship Award (in basketball)
- 2012 National Youth Orchestra of the United States of America participant
- 2012 Harry Charles Outstanding Social Studies Supervisor/Chairperson Award
- 41st Annual Spanish Poetry Competition winners (4)
- 2012 NY State Swimming Championship Competitors (2)
- 65 members of the Herricks High School Chapter of DECA (Distributive Education Clubs of America) participated in the 2012 Nassau County Regional Competition and moved onto State Competition

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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 – in recent years, state aid has been below 2010 levels
- State Aid Cap – limited to 4%
- Gap Elimination Adjustment (GEA) – reduces state aid
- Unfunded Mandates – increases costs without financial relief

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The Tax Cap

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). NYS Senate just voted to make it permanent.
- 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 twice results in a 0% tax levy freeze.
- The 2% cap can be increased only with a **60%** voter approval. (A 41% “No Vote” is greater than a 59% “Yes Vote.”)

Tax Cap “Sticker Shock”

- Last year, 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 average 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%
● Jericho:	3.13%	8.15%	+5.02%
● Mineola:	2.18%	6.12%	+3.94%
● East Williston	3.21%	6.87%	+3.66%
● Herricks	3.15%	7.12%	+3.96%

Why The “Sticker Shock?”

Factors that Drive Up Tax Rates:

- Home Re-assessment: When one homeowner’s taxes go down due to re-assessment, other homeowners’ 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 homeowners.

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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 Tax Cap 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%

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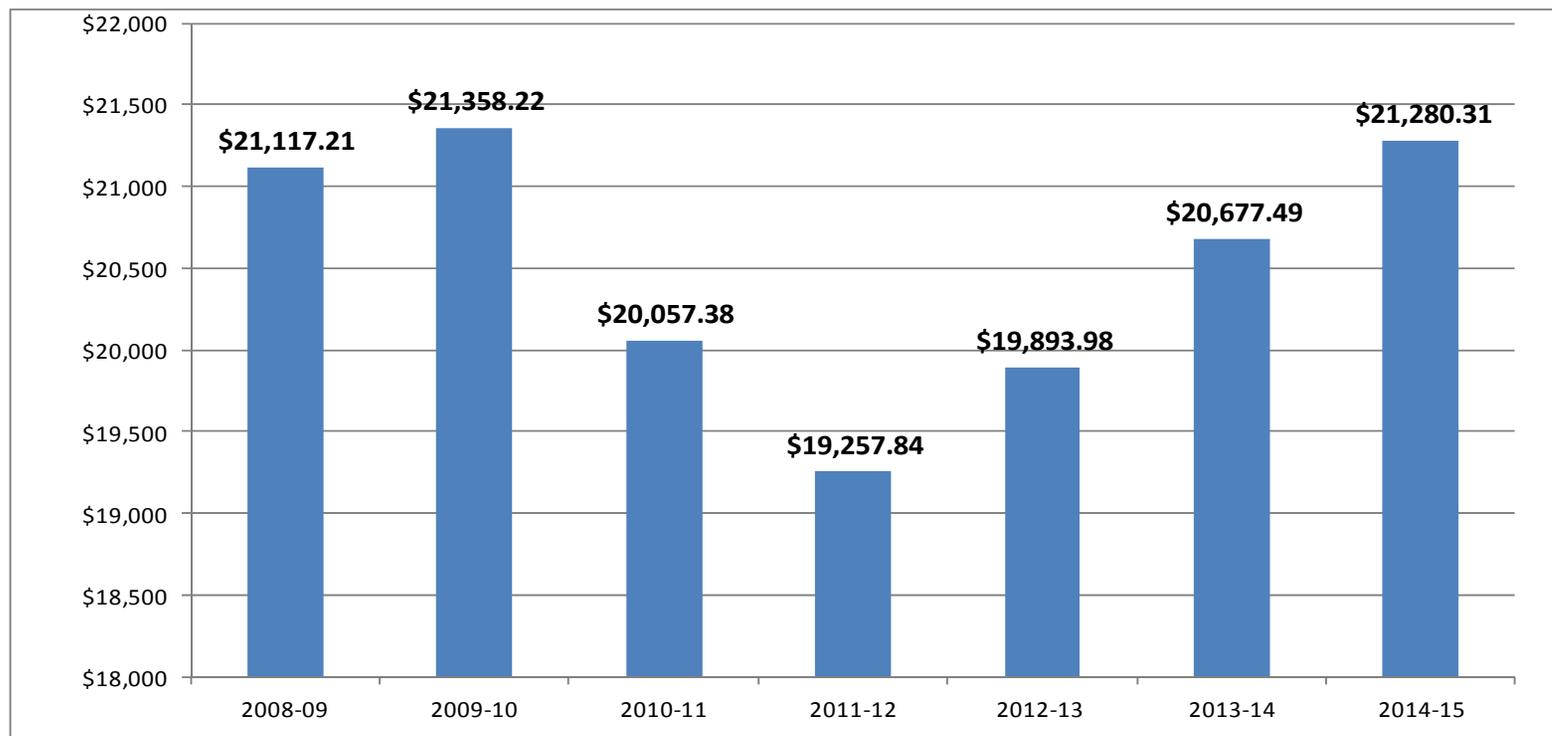
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State Aid

The tax cap limits the amount a school district may increase its budget. This makes school districts more dependent on state aid. But state aid has been reduced over the last five years. On top of that increases to state aid may not exceed 4% even in good economic times when the state is flush. The recently released projected state aid figures increased for 2014-2015.

New York School Aid Over Last Seven Years...

New York State Aid overall has not returned to 2009-2010 levels...



70% of districts have not returned to 2009-2010 levels.

*in Millions of Dollars

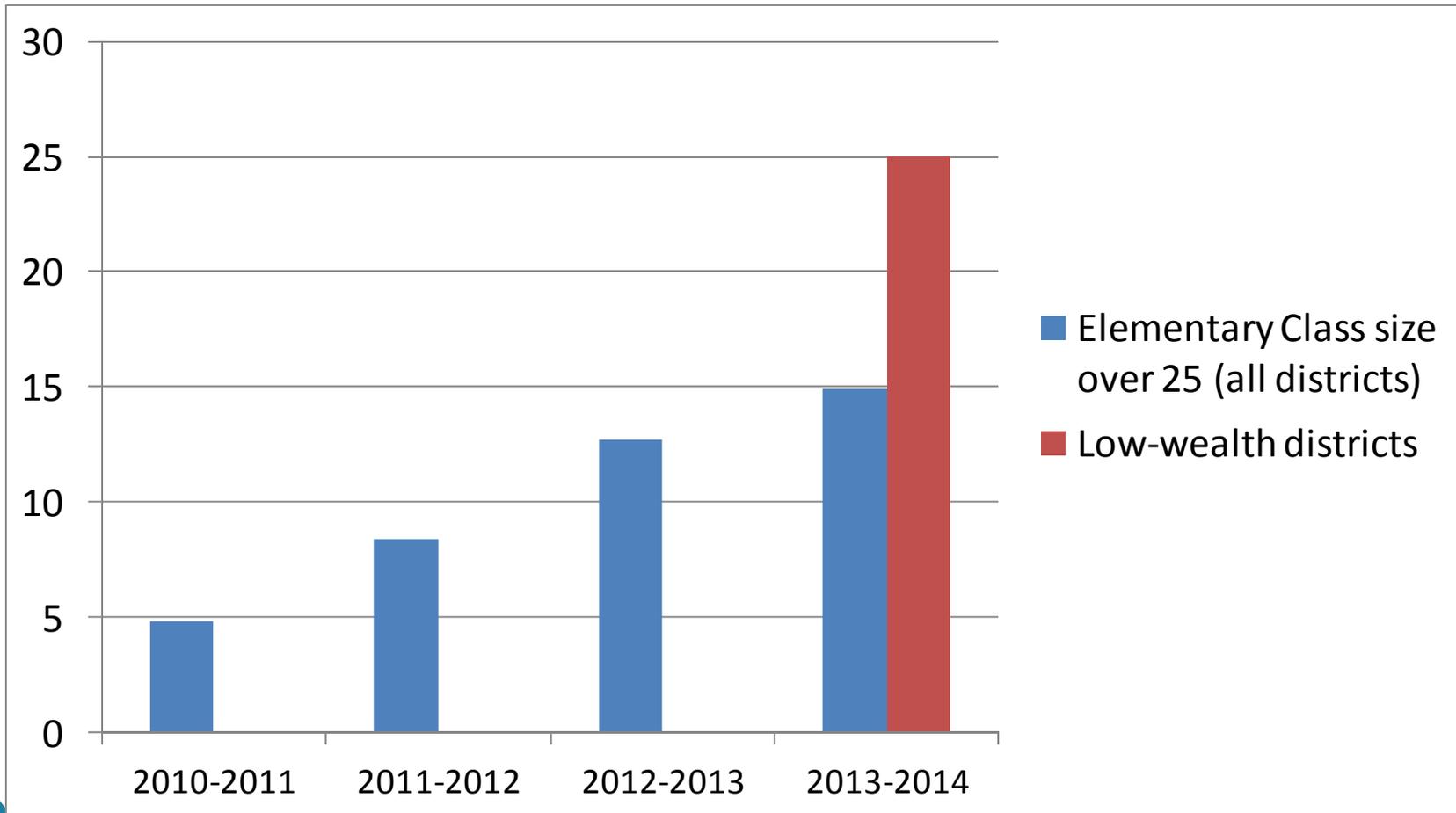
State School Aid to Herricks

Herricks' state aid is has dropped significantly and is still below 2008-2009 levels. Total lost state aid is approximately \$4.2 million over last 5 years.

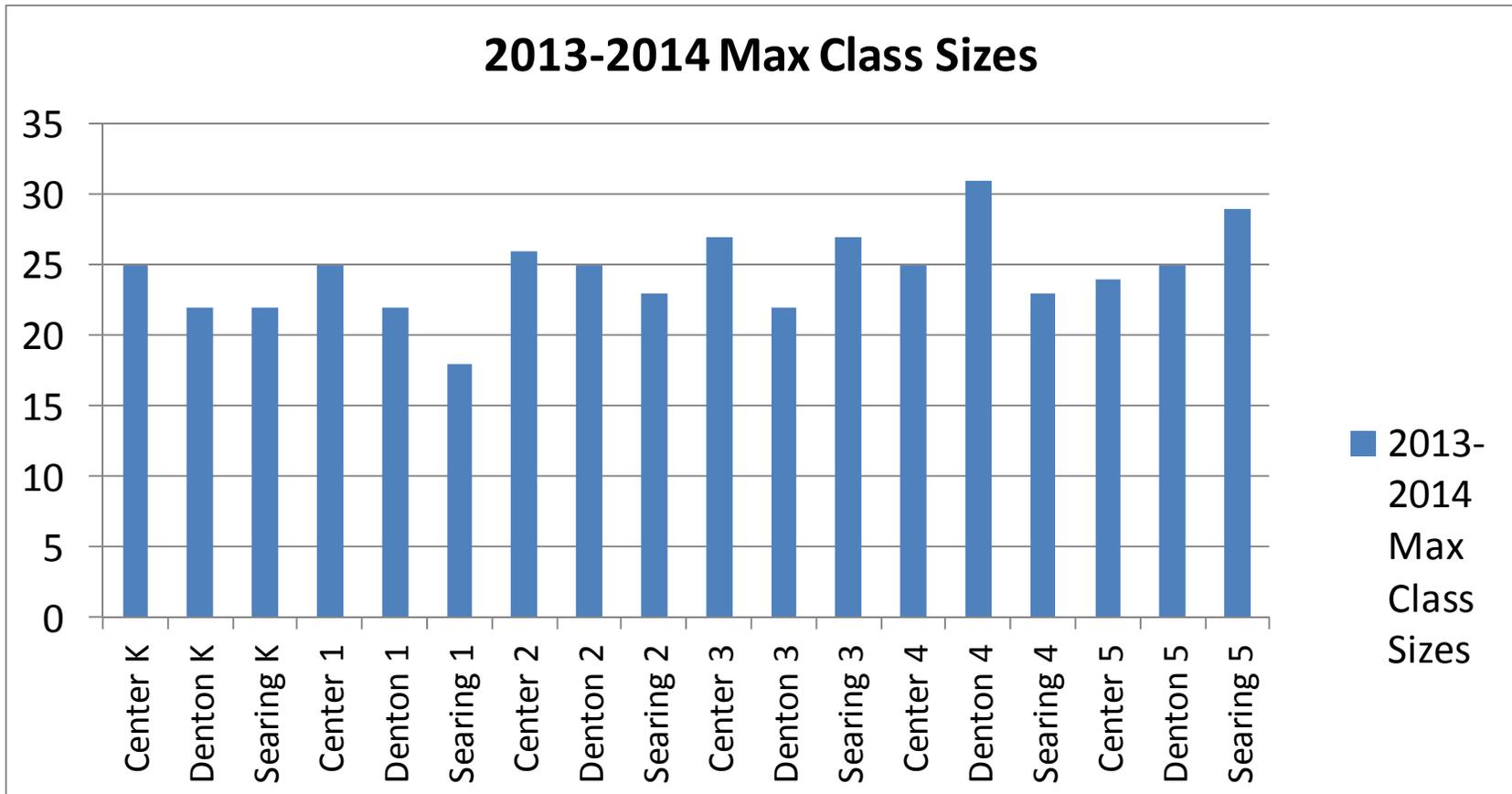


Most (70%) districts' state aid levels are still below 2010 levels. In tandem with the tax levy cap, the state's share of the cost of public education has also declined.

Impact of Tax Cap on Class Size



Impact of Tax Cap on Class Size in Herricks



** A projected \$700,000 increase in State Aid will be used to address class size.

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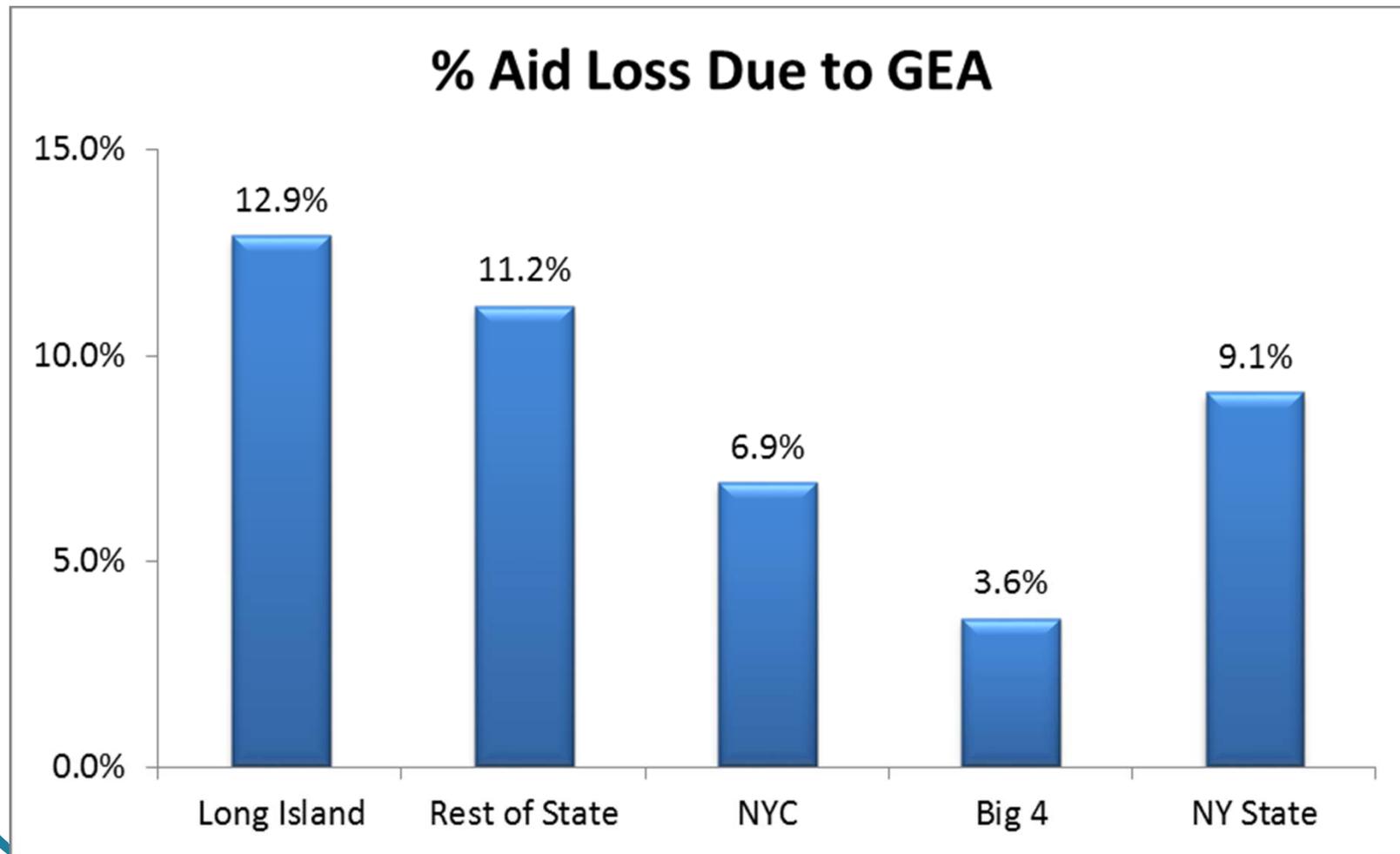
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The Gap Elimination Adjustment

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.
- The Gap Elimination Adjustment (GEA) has reduced state aid to Long Island school districts by nearly \$1 billion over the past three years. The GEA further reduces our region's disproportionately low share of aid generated by the funding formulas.
- Had the 2013-14 GEA been eliminated when the state budget was established, Long Island's current school tax levy would be nearly \$300 million, or 4% lower. The GEA increases dependence on local property taxes to fund our schools.

The Effect of the GEA Across NY...



The Effect of the GEA Closer to Home...

FOR 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
● Roslyn	\$2.67 million	-\$811,832	-\$254
● Great Neck	\$4.99 million	-\$1.6 million	-\$247
● Jericho	\$2.72 million	-\$830,658	-\$277
● East Williston	\$1.60 million	-\$460,777	-\$265
● Mineola	\$3.10 million	-\$956,357	-\$354
● Herricks	\$ 5.45 million	-\$1.4 million	-\$440

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What is Albany doing???

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

- Universal Pre-K:
 - \$340 million per year for 5 years (some estimate cost at \$1.4-\$2 billion/year)
 - How will we pay for it after 5 years
 - No mandated Kindergarten
- \$20,000 teacher merit bonuses
- Tax Cuts
 - Corporate Income Tax cut from 7.1% to 6.5%
 - Income Tax Relief for Manufacturers from 5.9% to 0%
 - Exemptions on Estate Taxes (inherited wealth) from \$1 million to \$2.06 million to \$5.25 million in 2017
- 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. Average rebate per household estimated at \$178-300
- After the first year rebates offered to districts that consolidate services
- Start Up NY – ten year tax breaks to new businesses
- Increased per student payments to charter schools

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The Effects on School Districts...

How Districts Will Be Affected

- Remember, while called a 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. Although some authorities claim, ‘Any programs eliminated now will not be restored in our lifetime’ (Johnson).

More Effects

- Districts struggle to determine which programs should be eliminated or modified (sports, music, library, enrichment programs, electives, etc.)
- What effect will continued cuts have on college admissions?
- Other districts are already experiencing class sizes increases, staff reductions (including teachers, nurses, department chairs, etc.) and school closings

Effects on Herricks

2011-2012 Cuts: In total, \$5.5 million cut from budget and 62.8 positions were cut:

- Eliminated 3 administrators
- Eliminated 35.3 teachers
- Eliminated 8 teaching assistants/teacher aides
- Eliminated 1.5 bus drivers
- Eliminated 8 clerical
- Eliminated 3 facilities staff
- Eliminated 4 high school monitors
- Eliminated homework help at the elementary level
- Reduced Athletics at the middle school and high school levels
- Reduced technology equipment (district wide)
- Reduced texts/supplies/STAC consultants
- Reduced outside security
- Reduced District contribution to Teacher Center

More Effects on Herricks

2012-2013 Cuts: In total, just under \$2 million cut from budget and 20 positions were cut:

- Eliminated 4 classroom positions at the elementary level
- Eliminated 3 teaching assistants at the elementary level
- Eliminated 2 grade 6 classroom positions at the secondary level
- Eliminated 3.5 grades 7-8 positions at the secondary level
- Eliminated 4.4 positions at the high school
- Eliminated 4 positions in the Facilities Department
- Reduced clubs and activities in grades K-12
- Increased fees for building usage by community groups
- Reduced interscholastic and intramural athletics budget
- Eliminated participation in Tri-State Consortium

More Effects on Herricks

2013-2014 Cuts: In total, \$2.3 million cut from budget and a total of 99 positions over last 3 years were cut:

- Eliminated 9 classroom positions at the elementary level*
- Eliminated 9 classroom positions at the secondary level*
- Removed sewer tax
- Reduced supplies and equipment for facilities
- Removed purchase of new bus
- Replaced Middle School Boston Trip with Day Trip to Philadelphia
- Replaced 6th Grade Frost Valley trip with local trip to Project Adventure, a BOCES program
- Reduced athletics, including most asst. coaching positions, third teams at the Middle School and JV II teams at the High School.

*Some positions were eliminated or impacted by declining enrollment

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What Can We DO?

Resolutions

Why Herricks Cares?

- We have family and friends in other districts
- If we let other districts fall, who will be left to support us?
- Nine LI districts are in “moderate to significant” stress and another seven are “susceptible.”
- Albany is surprised and has no plan to help.
- 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;
- 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 – Use our new *Advocacy Tool* on our website to contact the Governor and legislators: www.TakeActionLI.org
- TALK with your neighbors/friends/colleagues!
- First-to-Worst video: [Click here!](#)
- Install NYSUT MAC app on your phone!