

# School Districts Propose Tax Increases of 1.7 Percent In Budgets Approved by Boards of Education

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New York State  
Association of School  
Business Officials

*Advancing the Business of Education*

*May 3, 2017*

On May 3, 2017 the State Education Department released Property Tax Report Card data for the 2017-18 school year. In the Property Tax Report Card, as required by Education Law, school districts report expected changes in tax levies, proposed spending, and student enrollment for the coming school year. This information reflects budgets approved by boards of education, other than for the Big Five city school districts. These budgets will be sent to the voters on May 16, 2017 for final adoption.

**Taxes and Budgets**

Under the Tax Cap, school district levy increases are limited to the increase in the Consumer Price Index in the previous year or two percent, whichever is less. For the fourth consecutive year, low inflation led to a statewide levy limit smaller than two percent. After factoring in permissible exclusions, a 1.26 percent Tax Cap resulted in a statewide maximum levy increase of two percent. Statewide, school districts expect to have an overall levy increase of 1.69 percent to support an expected spending increase of 2.31 percent, while enrollment declined statewide by 0.29 percent. Although school districts are allowed to levy an increase of up to two percent under the law, the May 2017 data shows districts are proposing a lesser increase of 1.69 percent.

*Figure 1. Maximum Allowable Levy Growth Since Creation of the Tax Cap*

Statewide	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18
Tax Cap	2.0%	2.0%	1.46%	1.62%	0.12%	1.26%
Tax Cap with Permissible Exclusions	2.8%	4.3%	2.2%	1.7%	0.9%	2.0%

*Figure 2. 2017-18 Statewide Estimated Average Spending, Levy, and Enrollment Changes*

	<b>Spending Increase</b>	<b>Change in Enrollment</b>	<b>Levy Increase</b>
Statewide	2.31%	-0.29%	1.69%

**Twelve Districts Look to Override the Tax Cap**

Most school districts propose levy increases smaller than their maximum allowable increase, while a small number propose budgets seeking to override their Tax Cap. Budgets within the tax cap must be approved by 50 percent plus one vote of those voting. Override budgets require a 60 percent supermajority approval for passage. In their March 1 Tax Cap filings, 15 districts reported planning override budgets, by far the lowest number in the Tax Cap era. With the finalization of 2017-18 budget proposals, this number has declined further. Only 12 districts are asking their communities to approve an override of the tax cap.

**Figure 3. School Districts Seeking to Override the Tax Cap**

School District	State Region
1. Beaver River	North Country
2. Cheektowaga-Maryvale	Western Region
3. Deruyter	Central Region
4. East Aurora	Western Region
5. East Ramapo	Hudson Valley
6. Ellicottville	Western Region
7. Franklin	Southern Tier
8. Mamaroneck	Hudson Valley
9. New Paltz	Hudson Valley
10. Niagara Falls	Western Region
11. Pittsford	Finger Lakes
12. Rhinebeck	Hudson Valley

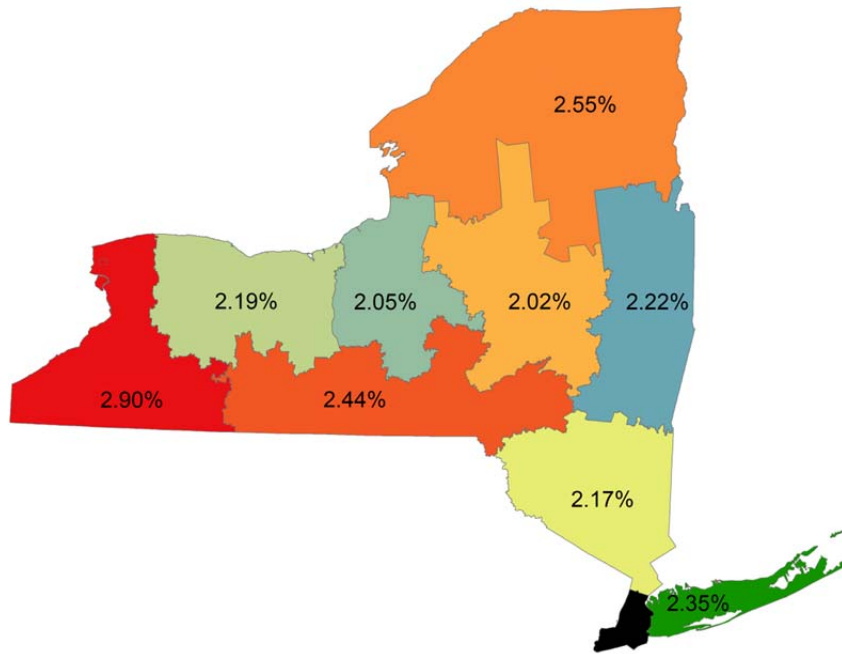
### **Negative Levy Limits**

Last year with a record low inflation and a statewide Tax Cap of 0.12 percent, we recorded that 82 school districts experienced negative levy limits. This means their maximum allow tax levy limit (with permissible exclusions) was less than what they levied the year before. For school year 2017-18, 18 school districts are in that situation. Negative levy limits occur when capital expenses decrease or income from Payments in Lieu of Taxes increase. Negative levy limits require districts to reduce their taxes over the prior year to comply with the Tax Cap, may be confusing to taxpayers, and prevent school districts from using these funds to support areas of the budget that are increasing. NYSASBO and other education groups have recommended a minimum Tax Cap of zero, thus eliminating negative levy limits. For this year, this would have meant that school districts could have levied \$6.3 million more and still comply with the Tax Cap. This amount is small statewide: less than two-hundredths of one percent of total spending and less than three-hundredths of one percent of maximum allowable tax levy.

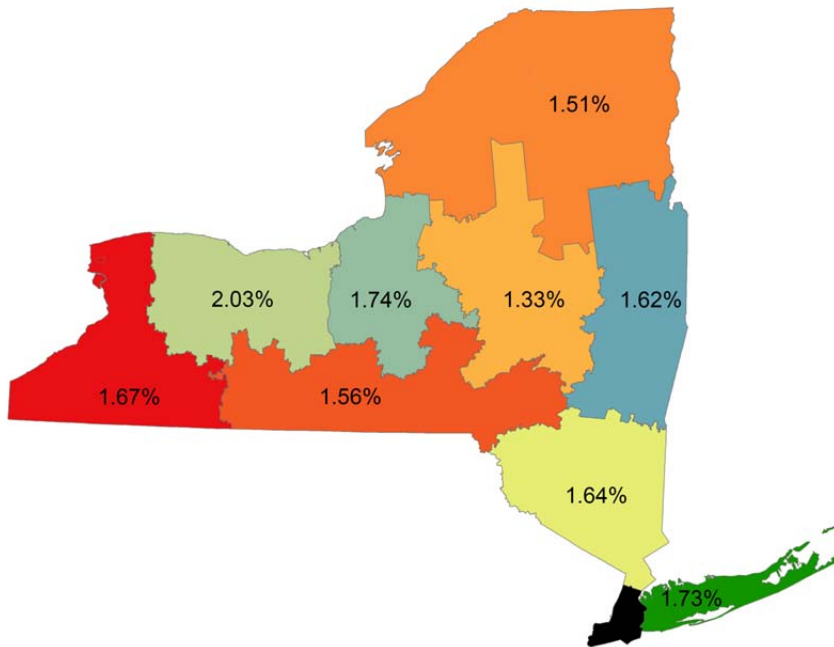
### **Regional Breakdown**

Figures 4 through 8 show maps, charts and supporting data to illustrate changes in expected spending, levies, and enrollment in different regions of the state. Spending increases range from 2.02 percent in the Mohawk Valley to 2.9 percent in the Western region. Levy increases range from 1.33 percent in the Mohawk Valley to 2.03 percent in the Finger Lakes. Seven of the nine regions saw declining enrollment. The sharpest declines were in the Finger Lakes, where enrollment decline 0.77 percent. The Mohawk Valley and the Capital District experienced enrollment growth, with the largest increase of 0.43 percent in the Capital District.

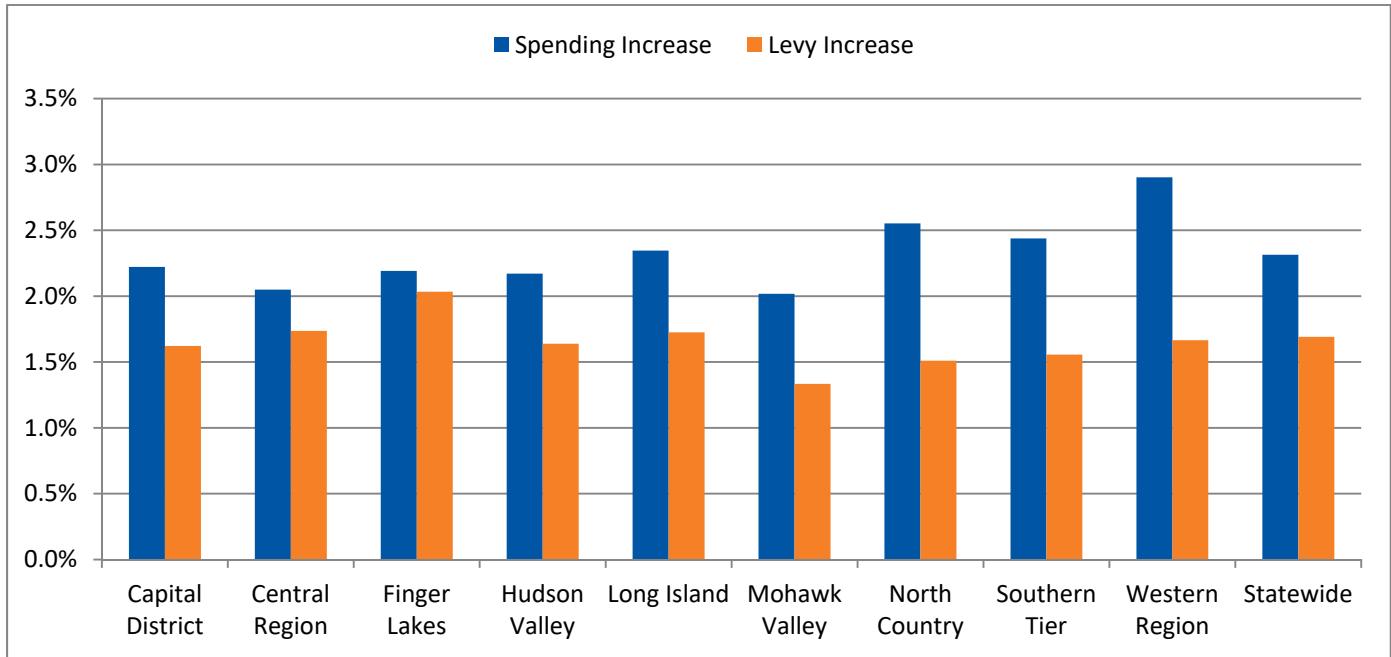
*Figure 4. Spending Increase by Region*



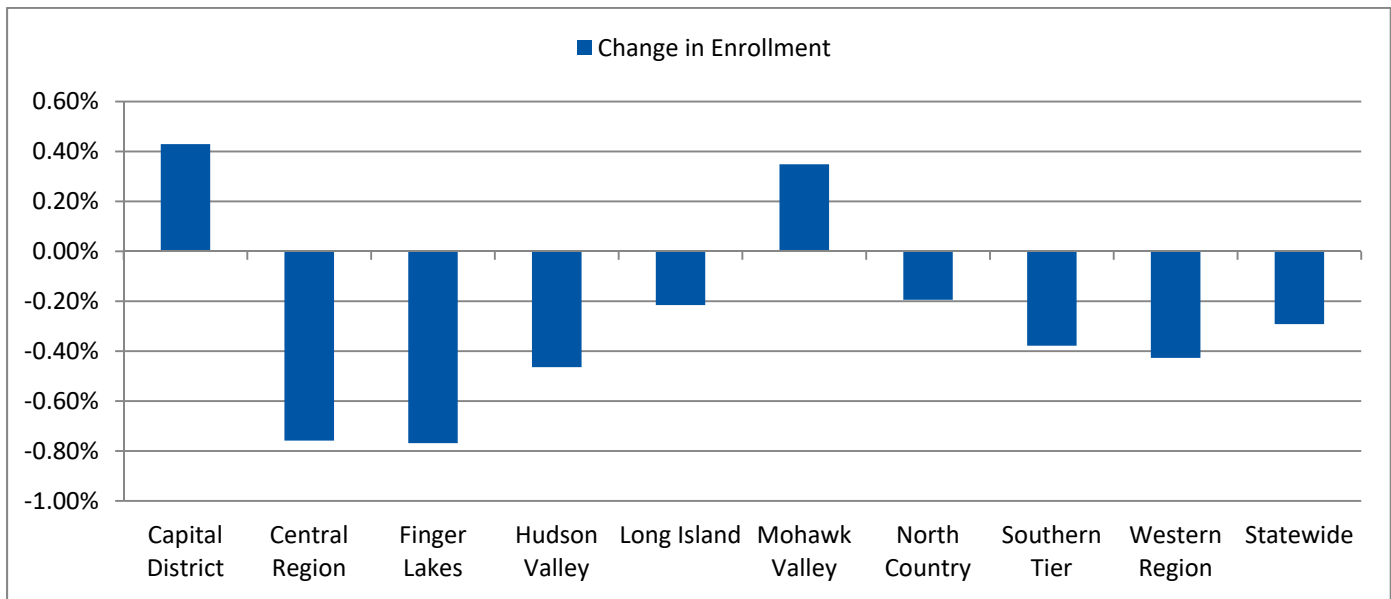
*Figure 5. Tax Levy Increases by Region*



**Figure 6. Spending and Levy Increases by Region**



**Figure 7. Enrollment Changes by Region**



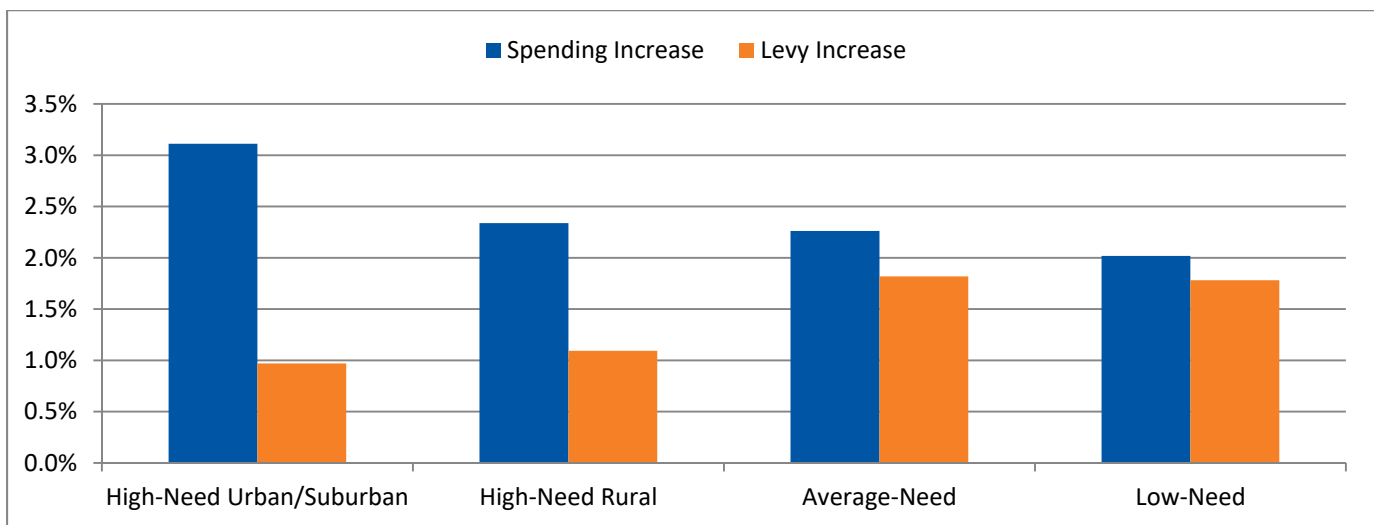
**Figure 8. Spending, Levy, and Enrollment Changes by Region (Data Supporting Figures 6 and 7)**

Region	Spending Increase	Levy Increase	Change in Enrollment
Capital District	2.22%	1.62%	0.43%
Central Region	2.05%	1.74%	-0.76%
Finger Lakes	2.19%	2.03%	-0.77%
Hudson Valley	2.17%	1.64%	-0.46%
Long Island	2.35%	1.73%	-0.21%
Mohawk Valley	2.02%	1.33%	0.35%
North Country	2.55%	1.51%	-0.19%
Southern Tier	2.44%	1.56%	-0.38%
Western Region	2.90%	1.67%	-0.43%
Statewide	2.31%	1.69%	-0.29%

**Spending, Levy, and Enrollment Changes by Need/Resource Category**

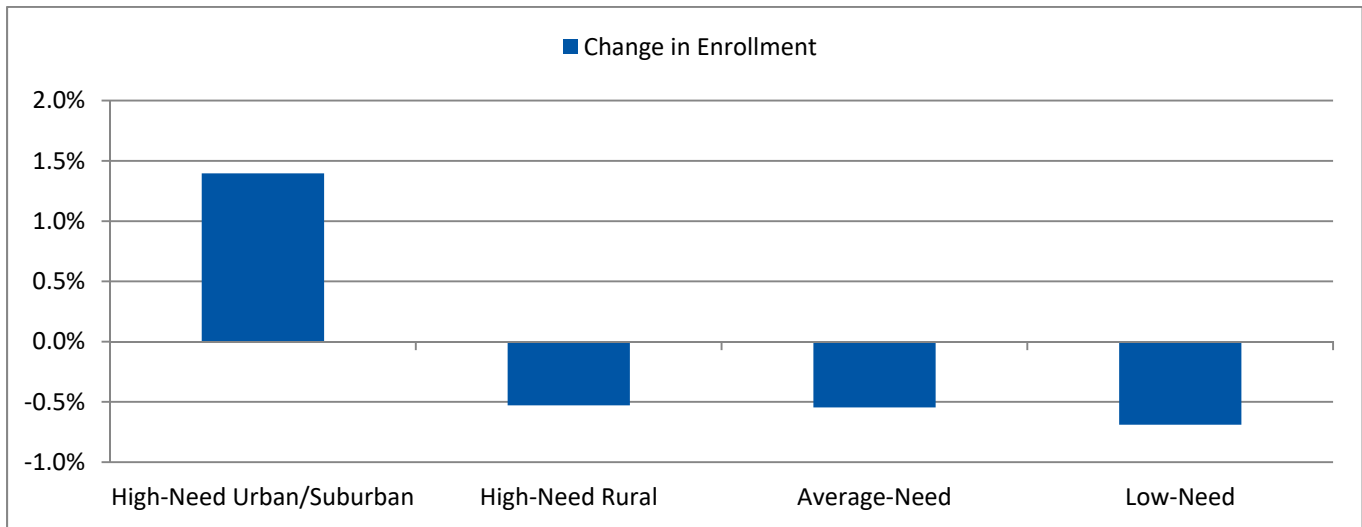
Looking at Property Tax Report Card results in terms of Need Resource Capacity categories<sup>1</sup> of school districts reveals gaps between spending and levy increases. High-need urban, suburban, and rural districts have an overall spending increase of 2.79 percent, while their levy increase is only 1.01 percent. Average and low-need districts have smaller spending increases and larger levy increases. These gaps show the importance of Foundation Aid in ensuring access to a quality education for all New York students. The Foundation Aid formula is a need-based, education-oriented funding formula that is only partially phased in. As of the 2017-18 enacted budget, \$3.4 billion remains for full funding the formula. In the 2017-18 enacted budget, 78 percent of the Foundation Aid increase went to high-need school districts. Enrollment increased in high-need urban and suburban districts, but decreased across the other three need-resource categories.

**Figure 9. Spending and Levy Increases by Need/Resource Category**

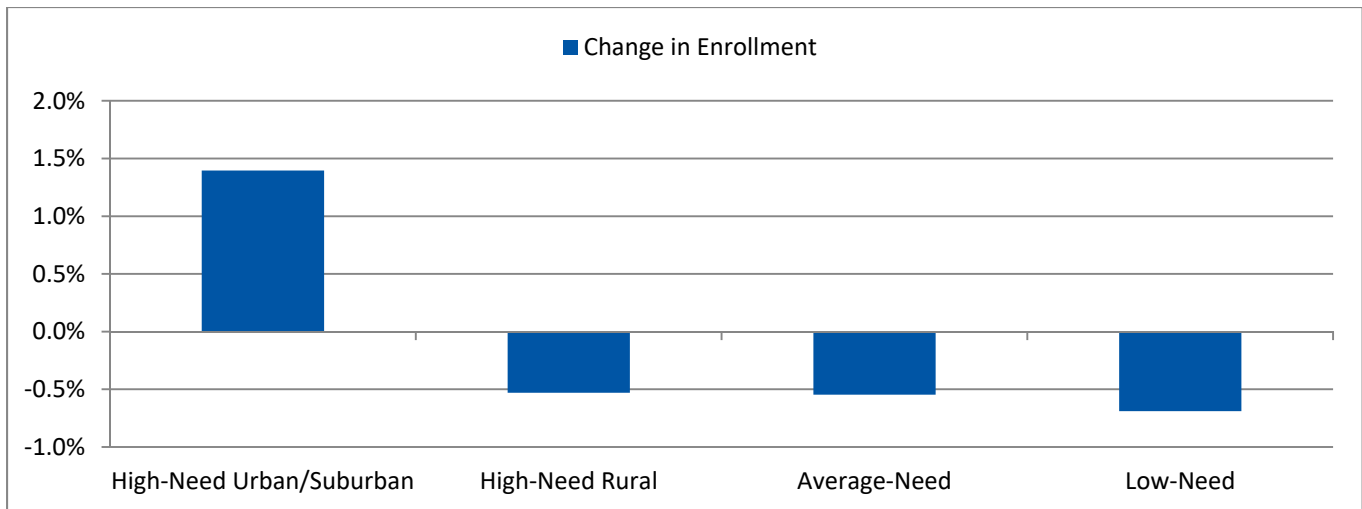


<sup>1</sup> The Big Five districts do not directly issue levies, so do not file Property Tax Report Cards by law.

**Figure 10. Enrollment Changes by Need/Resource Category**



**Figure 11. Enrollment Changes by Need/Resource Category**



**Figure 12. Spending, Levy, and Enrollment Changes by Region (Data Supporting Figures 10 and 11)**

	Spending Increase	Levy Increase	Change in Enrollment
High-Need Urban/Suburban	3.11%	0.97%	1.40%
High-Need Rural	2.34%	1.09%	-0.53%
All High-Need	2.79%	1.01%	0.62%
Average-Need	2.26%	1.82%	-0.55%
Low-Need	2.02%	1.78%	-0.69%

## Conclusion

The Property Tax Report Card represents the intentions of New York State school districts for school year 2017-18. These estimates, reported at the end of April 2017, show that school districts expect to spend slightly more than the rate of inflation, expect to stay within the Tax Cap taxing less than allowable under the law, and expect enrollment declines of less than a third of a percent. The 2017-18 Property Tax Report Card signals the continuation of school districts to slow spending and taxation that has occurred since enactment of the Tax Cap in 2011. These results also illustrate the importance of State Aid in New York State school finance in the Tax Cap era. High need urban and suburban school districts must spend more to meet the demands of a growing student body but expect to raise fewer local resources and therefore rely on State Aid to meet this demand. While student enrollment is declining in most regions and need-resource groups of school districts, some regions and groups are experiencing enrollment growth and will need additional resources to meet these demands.

It is the diversity of New York State school districts that attracts the attention of those interested in New York State education. In order to ensure the state offers a sound education to all of its children, differences in student need, school district fiscal capacity, and enrollment growth must be studied carefully to craft effective and efficient State responses to ensure that all of New York's children have the opportunity for success. NYSASBO supports full implementation of the Foundation Aid formula and continued study of the needs of students, costs required to educate them, and appropriate responses to these needs in state funding formulas.



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