Introduction

Data show school spending will increase 1.9 percent and tax levies will increase 1.6 percent for school year 2015-16. Since the tax cap went into effect in 2012, school districts have levied less than allowed by the Tax Cap, approximately $577 million less. Overall enrollments are declining each year, despite increased enrollments for a third of school districts.

The State Education Department has released Property Tax Report Card data for school year 2015-16. They released a file on April 30 and then an updated file on May 4, 2015. This report summarizes the May 4 data.

The Property Tax Report Card includes information on the change in school spending, tax levy and enrollment for 669 independent school districts. The fiscally dependent Big 5 city school districts are not required to file this information and are not included. The report includes information on whether these independent school districts plan to override the Tax Cap and the change in school district savings (Unassigned Fund Balance). To give context to these multi-year data, we also note the point in time when two caps were added to the laws governing school finance: a Tax Cap limiting local revenues for education, and a State Aid cap limiting the growth in state aid to the growth in personal income, subject to override by an act of the legislature and approved by the Governor. We examined data, where possible, from school year 2010-11 to 2015-16. We conclude with recommendations informed by these data.
Budget Deadlines

Education Law section 1608 requires independent school districts to file with the State Education Department a Property Tax Report Card the day after the board approves the budget, but no later than 24 days before the statewide budget vote day. Districts must append the Property Tax Report Card to the budget and make it available no later than seven days before the budget hearing. The State Education Department posted these data on April 30 and May 4 for 669 school districts. This year residents will vote on school district budgets on May 19. School districts, which fail to get approval of their budgets, may put in place a contingency budget or present the same or a revised budget to the voters on June 16, 2015. School districts which operate on a contingency budget are subject to some spending restrictions and may not impose a tax levy that is greater than the year before.

Findings

Figure 1 shows that enrollment declined 0.6 percent from 2014-15 to what it is estimated to be for 2015-16. Statewide student enrollments have declined about one percentage point each year for the past six years.

Figure 1 - Statewide Enrollment

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<table>
<thead>
<tr>
<th>Year</th>
<th>Enrollment</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010-11</td>
<td>1,591,318</td>
</tr>
<tr>
<td>2011-12</td>
<td>1,572,855</td>
</tr>
<tr>
<td>2012-13</td>
<td>1,553,906</td>
</tr>
<tr>
<td>2013-14</td>
<td>1,532,825</td>
</tr>
<tr>
<td>2014-15</td>
<td>1,518,212</td>
</tr>
<tr>
<td>2015-16</td>
<td>1,509,455</td>
</tr>
</tbody>
</table>
```

Figure 2 shows that school district taxes for school year 2015-16 will increase 1.6 percent, the smallest increase over the six years of this study. The law specifies that school districts may comply with the Tax Cap by increasing their levy by two percent or the increase in the Consumer Price Index, whichever is less. With low inflation last year, the allowable levy growth factor for 2015-16 was the increase in the Consumer Price Index, or 1.62 percent, plus permissible exclusions.

Figure 2 - Proposed Tax Levy Growth

Proposed Tax Levy grew by 1.6 percent, less than in past years
Figure 3 shows that spending increased each year from 2010-11 to 2015-16 between one percent to just over three percent. The proposed increase in spending for 2015-16 is 1.9 percent, a decline from the prior year. Proposed spending grew on average 2.1 percent a year in this period.

Figure 3 - Proposed Spending Growth

![Graph showing proposed spending growth from 2010-11 to 2015-16.

Proposed Spending for 2015-16 increased 1.9 percent]

Figure 4 shows the data described above on spending, enrollment and proposed tax levies in tabular format.

Figure 4 - Percent Change in Enrollment, Proposed Levy, and Spending

<table>
<thead>
<tr>
<th>Year</th>
<th>Total Enrollment</th>
<th>Enrollment Change</th>
<th>Proposed Levy Change</th>
<th>Spending Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010-11</td>
<td>1,591,318</td>
<td>-1.1%</td>
<td>3.0%</td>
<td>1.3%</td>
</tr>
<tr>
<td>2011-12</td>
<td>1,572,855</td>
<td>-1.2%</td>
<td>3.4%</td>
<td>1.2%</td>
</tr>
<tr>
<td>2012-13</td>
<td>1,553,906</td>
<td>-1.2%</td>
<td>2.1%</td>
<td>1.7%</td>
</tr>
<tr>
<td>2013-14</td>
<td>1,532,825</td>
<td>-1.4%</td>
<td>2.9%</td>
<td>3.0%</td>
</tr>
<tr>
<td>2014-15</td>
<td>1,518,212</td>
<td>-1.0%</td>
<td>1.9%</td>
<td>2.5%</td>
</tr>
<tr>
<td>2015-16</td>
<td>1,509,455</td>
<td>-0.6%</td>
<td>1.6%</td>
<td>1.9%</td>
</tr>
</tbody>
</table>

Figure 5 shows the tax levy school districts proposed for the past six years. It also shows the maximum allowable levy that school districts could have proposed under the Tax Cap. During this period, school districts statewide proposed tax increases from 1.6 to 3.4 percent. Since the Tax Cap has been in place, school districts have proposed levies that were less than the maximum allowable under the law. For 2015-16, school districts proposed a 1.6 percent increase in tax levy, the lowest levy in six years.

Figure 5 - Proposed Levy vs Allowed Levy by Percent

![Bar graph showing proposed and allowed levies from 2010-11 to 2015-16.

School districts proposed the lowest tax increase in six years]

Adding the amounts that school districts left on the table shows that over the four years the Tax Cap has been in place school districts proposed tax increases that were more than $577 million less than what they were allowed. Figure 6 presents these data graphically.
The overall level of fund balance is just under $1.4 billion, or four percent of total planned spending for these districts. This level of savings is less than any year in the last six years.

Figure 8 presents the percent change in spending, proposed levy and enrollment for New York State independent school districts grouped by the State Education Department’s need/resource categories. Enrollment declined in all groups except for the high need urban/suburban group, where enrollment increased 1.5 percent. Proposed levies increased one percent in high need rural school districts and approximately two percent in the other groups of school districts. The greatest levy increase was for average need school districts and the smallest levy increase was for high need rural school districts. Proposed spending for these groups of school districts for school year 2015-16 ranged from 1.3 to 2.8 percent. The greatest spending increase was in high need urban and suburban school districts presumably to respond to their enrollment growth and the lowest spending increase was in low need school districts.
Figure 8 - Enrollment, Proposed Levy, and Spending Change by Need/Resource Category

Figure 9 shows proposed versus maximum allowable tax levies for school year 2015-16 for New York State independent school districts grouped by need/resource capacity. Under the Tax Cap, all groups were allowed to increase their tax levies by about two percent. All groups of districts proposed levies that were less than the maximum allowable. Average and low need school districts proposed the largest levy increase and high need school districts the least.

Figure 9 - Proposed Levy vs Allowed Levy by Need/Resource Category

Do different types of school districts retain different levels of savings (Unassigned Fund Balance)? To answer this question, we examined fund balance per pupil for school districts grouped by need/resource capacity. Figure 10 shows that high need urban and suburban school districts had the least amount of savings per pupil despite high student needs and enrollment growth. High need rural school districts kept the largest amount of savings per pupil, followed by low need and then average need school districts.

Figure 10 - Savings per Pupil by Need/Resource Category
Property Tax Report Card data submitted by 669 independent school districts and released the week of May 4 showed that school districts are containing spending and complying with the Tax Cap. Overall school spending and proposed taxes were contained and school districts continued to draw on their savings. High need school districts proposed the smallest tax levy increases.

Proposed tax levies for 2015-16 grew on average by 1.6 percent, the lowest tax levy increase in six years and even lower than last year's low. School district spending proposed for school year 2015-16 increased 1.9 percent, which is a smaller increase than districts proposed last year.

Based on these data, 18 school districts (2.7 percent) propose a levy increase greater than the allowable levy limit and thus are planning to seek an override to the Tax Cap, requiring a supermajority approval of 60 percent or more of voters to pass the budget. See Appendix A for a map listing these districts. Most of these were high need rural school districts. Residents in school districts that override the Tax Cap will not be eligible for 2015 tax freeze credits enacted for this year. In order for eligible taxpayers to receive tax freeze credits, school districts complying with the Tax Cap must also have an approved Government Efficiency Plan to save one percent of their 2014-15 tax levy for three years beginning in school year 2016-17.

Looking at 2015-16 data by need/resource categories of school districts, show that the average for all groups of districts are containing tax levy and spending and experiencing enrollment loss, with the exception of high need city and suburban school districts which, as a group, had a modest enrollment increase. The average proposed levy for school year 2015-16 for all groups of school districts was less than the maximum allowable under the Tax Cap. Average and low need school districts proposed the largest levy increase and high need urban and suburban school districts proposed the largest spending increase, presumably to deal with their enrollment growth. High need urban and suburban school districts have the lowest level of savings per pupil and high need rural school districts have the highest.
The examination of tax, enrollment and spending data by New York's independent school districts lead NYSASBO to make the following recommendations.

**Mandate relief.** It is clear the Tax Cap is containing spending and tax levies effectively. A NYSASBO analysis of historical school spending showed a change in spending from an average 5.6 percent increase a year in the 15 years before 2009 to about a 2.1 percent increase since then. In order to ensure that educational program quality does not decline and adversely impact the effectiveness of the educational system, the state must ensure mandates are relieved or eliminated when they do not add value to the education enterprise. Examples are the Triborough amendment to the Taylor Law that allows the increases of labor contracts to continue until a new contract is approved thus giving labor groups little incentive to make contracts less costly or more productive, the Wicks Law that requires four separate contractors in school construction projects and special education requirements that exceed federal requirements.

**Tax Cap Adjustments.** The Tax Cap applies to all local New York State municipalities but has had a disproportionate effect on school districts. They are the only local government which must approve overrides with a vote of the citizens. The other municipalities need only have a supermajority approval of the board to override. This has resulted in six to eight times as many overrides in other local government budgets. Especially without meaningful mandate relief, this will result in harming educational programs for students and the state's ability to meet the constitutional mandate to provide a meaningful high school education to all children. In order to meet both state policy goals of tax relief and educating children, we must look carefully at the provisions of the Tax Cap and make adjustments that are warranted. The Education Conference Board coalition of New York State educational associations has advanced a variety of recommendations to help pursue tax relief and educational excellence simultaneously. See http://tinyurl.com/k8uhwmd

**Growth Aid.** The growth of students has not been recognized in New York's Foundation Formula for funding schools since it was frozen in 2009. These Property Tax Report Card data show overall a slight decline in enrollment, but this average covers up the nuances of enrollment change. Over 200 school districts have enrollment increases that are masked by enrollment declines in the other school districts. The detail shows that 222 school districts reported an increase in enrollment of 23,188 students in 2014-15. One hundred and ninety-nine school districts reported an increase of 5,122 ELL students. In order for schools to educate every child, they must have funding that increases as the number of students grows. NYSASBO recommended the state return to a current-year Growth Aid to recognize enrollment growth of all students and in addition for the excess costs of educating limited English proficient students, which make up more than one-fifth of these students.

**Allow a higher fund balance limit in high need school districts and greater flexibility with reserves.** These Property Tax Report Card data show that statewide school district savings (Unassigned Fund Balance) are approximately four percent and that high need urban and suburban school districts retained fewer savings per pupil than other groups of school districts, despite having high student needs and enrollment growth, both of which drive costs up. These districts may lack the flexibility afforded by having the right level of fund balance to maintain quality educational programs and thus impede their efforts to meet the educational needs of all students. In NYSASBO’s 2015 School District Fiscal Snapshot, we recommend that increased aid must be complemented by increased flexibility and thus high need school districts, who are more likely to experience fiscal stress, require higher levels of fund balance than more affluent school districts. This report also recommends increased flexibility in the use of restricted reserves, by reducing the number of reserve funds school districts can maintain from twelve to eight types of funds while giving them more flexibility and greater choice in which funds to establish that best meets their individual needs. See http://tinyurl.com/krknbnz
Appendix - School Districts Planning to Override the Tax Cap
Acknowledgements
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