

School Districts Propose Tax Increases of 2.4 Percent



New York State
Association of School
Business Officials

Advancing the Business of Education

May 4, 2018

Summary

In budgets approved by boards of education, independent school districts propose an overall spending increase of 2.7 percent and a levy increase of 2.4 percent. In the enacted 2018-19 state budget, state aid to school districts for the 2018-19 school year increased 3.4 percent.

Introduction

On May 2, 2018 the New York State Education Department released Property Tax Report Card data for the 2018-19 school year. This information reflects budgets approved by boards of education, other than for the Big Five city school districts. These board-approved budgets will be voted on by communities across the state on May 15, 2018 in order to become fully-approved and adopted school budgets for school year 2018-19. This brief note looks at statewide data, legal reserves, proposed tax cap overrides, and regional trends.

Levies and Budgets

Under the Property Tax Cap law, school district levy increases are limited to the increase in the Consumer Price Index (CPI) in the previous year or two percent, whichever is less. Because the final CPI change for 2017 was 2.13 percent, the inflation factor for 2018-19 budgets is capped at two percent. This follows four years of low inflation where the final figure was less than two percent.

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

| Statewide | 2012-13 | 2013-14 | 2014-15 | 2015-16 | 2016-17 | 2017-18 | 2018-19 |
|------------------------------|---------|---------|---------|---------|---------|---------|---------|
| Allowable Levy Growth Factor | 2.0% | 2.0% | 1.46% | 1.62% | 0.12% | 1.26% | 2.0% |

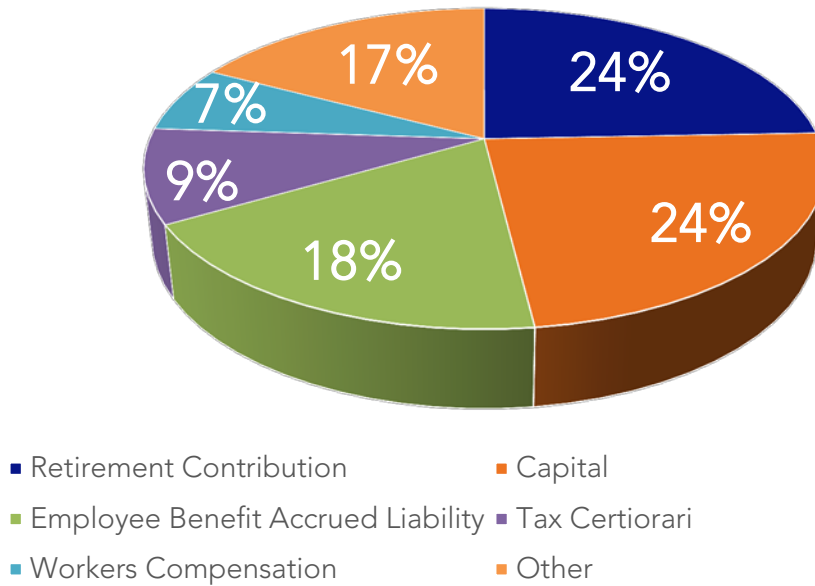
Reserves

The biggest change in this year's Property Tax Report Card is the addition of information on school district reserves. School districts are allowed by law to use reserves to help with the effective financial management of the district. Boards of Education may establish reserve funds and retain portions of fund balance to finance future costs for a variety of specified objects or purposes but must do so in compliance with statutory requirements and properly account for them in the District's financial records.¹

Figure 2 shows the distribution of reserve funds. All funds that account for less than five percent of the overall reserve funds are listed under the "other" category. These other reserves include insurance, liability, debt service, repair, tax reduction, unemployment insurance, and a single other reserve available to districts.

¹ New York State Comptroller.
<http://osc.state.ny.us/localgov/audits/schools/2017/bath.pdf#search=%20reserves>. Accessed 5-3-18.

Figure 2. Distribution of Reserve Funds Reported in the 2018-19 Property Tax Cap Report Card



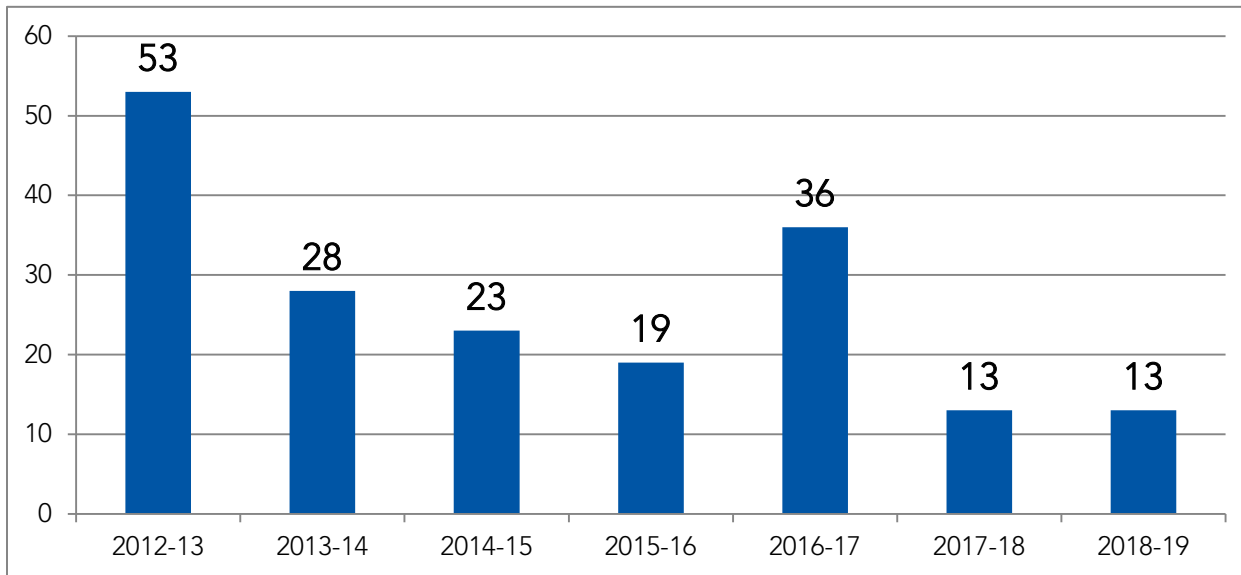
Overrides

Ninety-eight percent of school districts have proposed 2018-19 budgets that stay within the tax cap. There are 13 districts whose property tax report card filings indicated they will be asking their voters to override the cap. Figure 3 provides a list of the 13 districts. Four of the proposed overrides are from districts in Western New York and three are from the North Country. Overriding the tax cap requires a 60 percent or greater approval rate in the school budget vote. Figure 4 shows that this year continues the trend of fewer districts seeking to override the tax cap.

Figure 3. School Districts Proposing to Override the Tax Cap in 2018-19

| District Name | Region |
|----------------|------------------|
| Alfred-Almond | Western Region |
| Cazenovia | Central New York |
| Chateaugay | North Country |
| Chazy | North Country |
| Clymer | Western Region |
| Eden | Western Region |
| Evans-Brant | Western Region |
| Greenport | Long Island |
| Johnstown City | Mohawk Valley |
| Mamaroneck | Hudson Valley |
| New Rochelle | Hudson Valley |
| Stamford | Southern Tier |
| Westport | North Country |

Figure 4. The Number of Tax Cap Override Attempts in the First School District Vote—2012-2017 Actual and 2018 Reported



Regionalization

Figure 5 shows the regional breakdown of spending and levy increases. The smallest spending increase is in the Southern Tier, which has proposed a spending increase of 1.9 percent. The largest increase is in the North Country, where the combined proposed increase is 3.0 percent. The Southern Tier also has the lowest combined proposed levy increase at 1.9 percent. The largest is in the Western Region, 2.6 percent.

Figure 5. 2018-19 Spending and Levy Increases by Region

| Region | Spending Increase | Total Proposed Tax Levy Increase |
|------------------|-------------------|----------------------------------|
| Capital District | 2.8% | 2.4% |
| Central New York | 2.6% | 2.1% |
| Finger Lakes | 2.1% | 2.4% |
| Hudson Valley | 3.0% | 2.6% |
| Long Island | 2.9% | 2.4% |
| Mohawk Valley | 2.8% | 2.2% |
| North Country | 3.0% | 2.2% |
| Southern Tier | 1.9% | 1.9% |
| Western Region | 2.9% | 2.6% |

Conclusion

In analyzing proposed school budgets that local voters will consider on May 15, it is clear that New York state school districts have shown fiscal restraint in a time of economic uncertainty. In spite of insufficient increases in state aid and significant growth in the number of districts experiencing an increase in Foundation Aid still due, more than 98 percent of districts have proposed budgets that comply with the limitations of the property tax cap.

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For use of NYSASBO data or analyses, please use the following source citation:

SOURCE: New York State Association of School Business Officials, Albany, NY 12205, [Date of Release], www.nysasbo.org

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