

March 2020 Tax Cap Report



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Ninety-Eight Percent of School Districts Anticipate Staying Within the Tax Cap

On March 2, school districts filed their initial tax cap calculations and preliminary levies for the 2020-21 school year with the Office of the State Comptroller. Based on an analysis of 626 submissions, this research note examines calculated tax caps, proposed levies, potential overrides, and negative tax caps.

Statewide Findings

For the fifth time in the last seven years, the statewide growth factor is less than two percent. The growth factor is based on the Consumer Price Index for Urban Consumers (CPI-U) and is the lesser of the CPI-U or two percent. School districts use this growth factor along with district-specific factors to determine their specific maximum allowable levies for 2020-21. Factors affecting a district's levy limit include anticipated Payments in Lieu of Taxes (PILOTs) and spending on voter approved capital projects. Figure 1 shows the statewide growth factors, the maximum allowable levy increases, and proposed levy increases from the 2016-17 school year through the 2020-21 school year. Because the 2019 CPI-U was 1.81 percent, the statewide allowable growth factor this year is less than two percent. After accounting for district-specific data, the statewide maximum allowable levy increase is 2.95 percent. Based on preliminary submissions, the overall proposed levy increase is 2.69 percent. Figure 2 shows the maximum allowable and proposed levy increases by state region.

Figure 1. Statewide Growth Factors, Maximum Allowable Levy Increases, and Proposed Levy Increases, 2016-2020

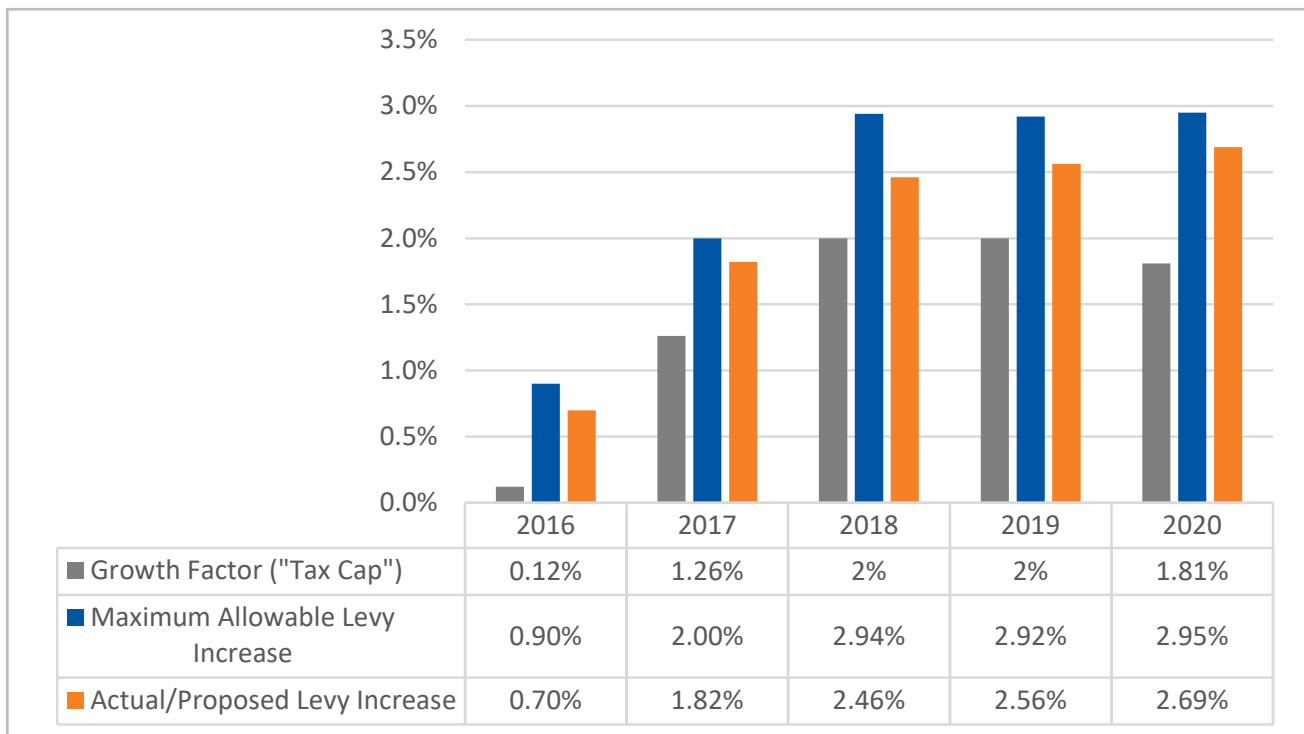


Figure 2. Maximum Allowable Levy Increases and Proposed Levy Increases by Region

	Levy Limit	Proposed Increase
Capital District	2.82%	2.54%
Central New York	4.53%	4.35%
Finger Lakes	3.07%	3.05%
Hudson Valley	2.93%	2.69%
Long Island	2.84%	2.55%
Mohawk Valley	2.74%	2.65%
North Country	3.36%	2.98%
Southern Tier	2.31%	2.11%
Western Region	3.00%	2.48%

Potential Overrides

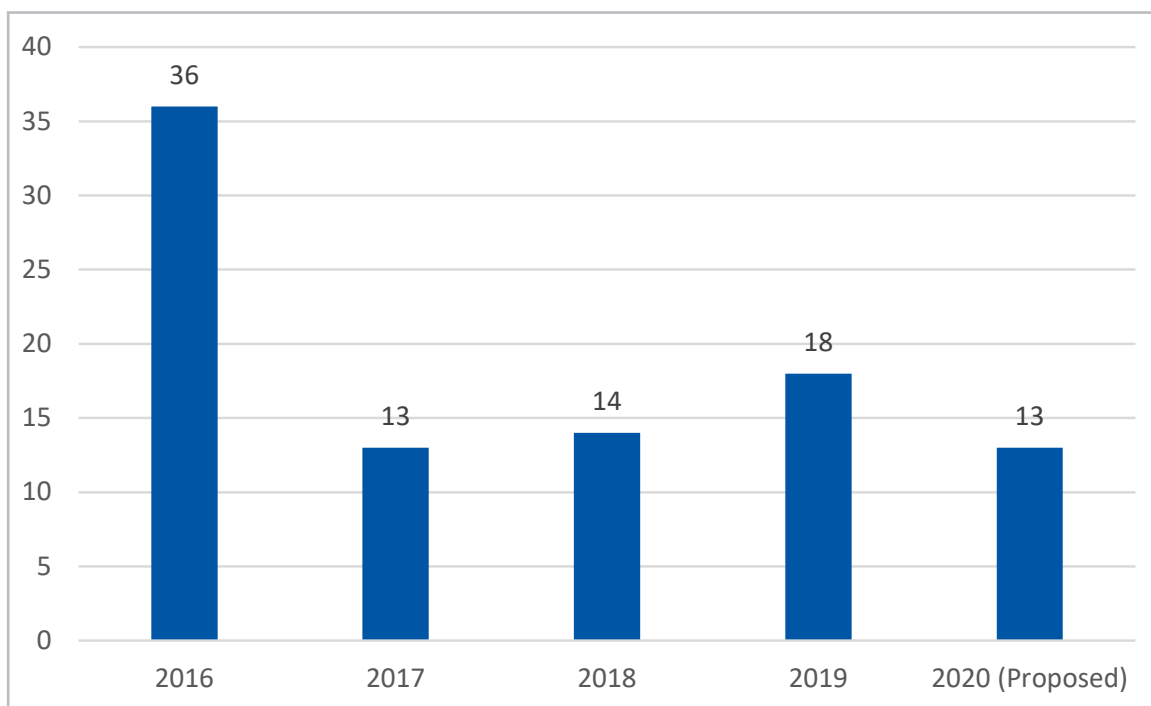
School districts are still in the midst of planning the 2020-21 budgets that they will put before voters on May 19. School districts that levy beyond their maximum allowable levy increase need to receive 60 percent support from voters in order to pass their budgets. At this point, as shown in Figure 3, 13 districts indicate that they are planning to override the Tax Cap. This is the same number of districts that indicated potential overrides last year. Five of the districts that are planning to override the Tax Cap have negative tax levies, indicated by an asterisk in Figure 3.

Figure 4 shows the number of overrides over the past five years. It is important to note that these school districts aren't committed to proposing to override the Tax Cap. For example, last year 13 districts indicated a potential override as of March 1, but 18 school districts ultimately proposed budgets requiring a 60 percent supermajority. In the past few years, 20-25 percent of districts that indicated an override on March 1 ended up proposing budgets that complied with the Tax Cap.

Figure 3. School Districts Planning to Propose Tax Cap Overrides as of March 2020

School District	Region
Alexandria Central School District	North Country
Central Valley Central School District at Ilion-Mohawk*	Mohawk Valley
Cuba-Rushford Central School District*	Western Region
Fort Edward Union Free School District	Capital District
Johnstown City School District*	Mohawk Valley
Mamaroneck Union Free School District	Hudson Valley
Northern Adirondack Central School District	North Country
Northville Central School District*	Mohawk Valley
Rensselaer City School District*	Capital District
Victor Central School District	Finger Lakes
Wainscott Common School District	Long Island
Waterville Central School District	Mohawk Valley
Wyandanch Union Free School District	Long Island

Figure 4. Number of Tax Cap Overrides, 2016-2020



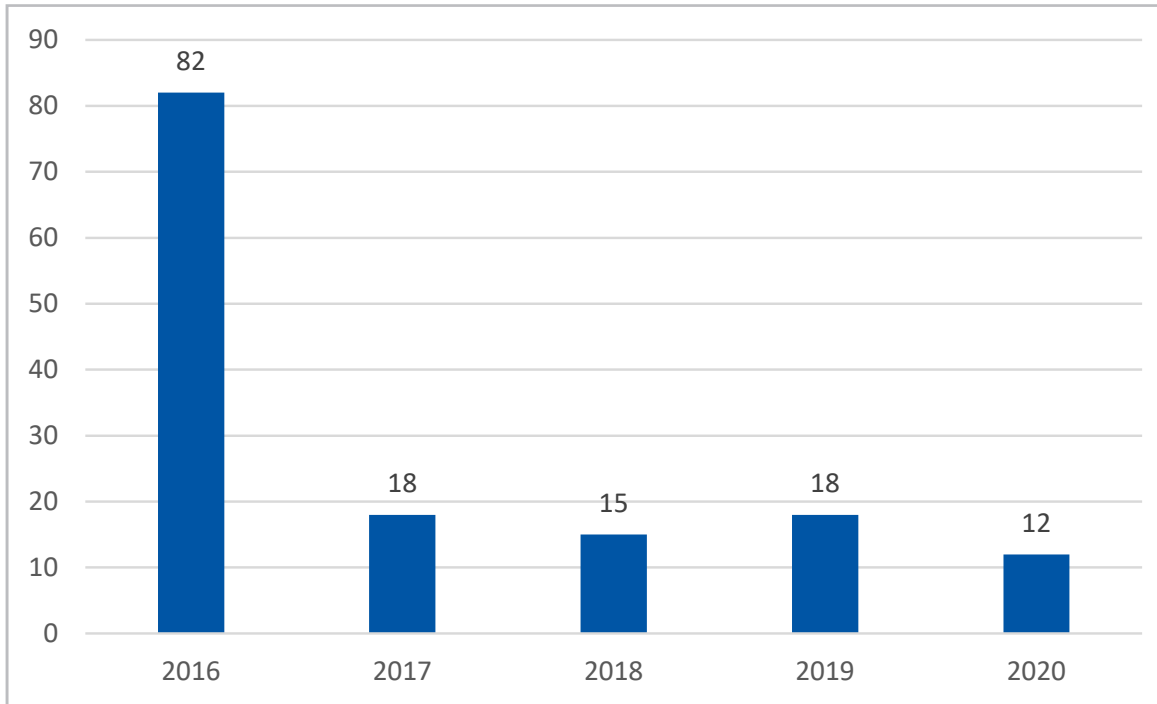
Negative Tax Caps

Each year, some districts are faced with a negative levy limit. For these districts, the amount they can levy for 2020-21 without requiring a 60 percent supermajority is less than their 2019-20 levied amounts. Negative Tax Caps can occur for many reasons, for example, changes in the local property base, PILOTs, or capital exclusions. Figure 5 presents the 12 districts facing negative levy limits and Figure 6 shows the number of negative levy limits in each of the past five years. In 2016, when the allowable growth factor was 0.12 percent, 82 districts faced negative Tax Caps. Even in years when the growth factor is at or near two percent, 12-18 districts have had negative caps.

Figure 5. School Districts with Negative Maximum Allowable Levy Increases

School District	Region	Levy Limit
Batavia City School District	Finger Lakes	-0.1%
Central Valley Central School District At Ilion-Mohawk*	Mohawk Valley	-9.1%
Chester Union Free School District	Hudson Valley	-0.01%
Cuba-Rushford Central School District*	Western Region	-8.0%
Dover Union Free School District	Hudson Valley	-6.3%
Johnstown City School District*	Mohawk Valley	-2.0%
Margaretville Central School District	Southern Tier	-4.8%
Mount Morris Central School District	Finger Lakes	-0.3%
Northville Central School District*	Mohawk Valley	-4.3%
Rensselaer City School District*	Capital District	-3.3%
Salmon River Central School District	North Country	-4.5%
Sherburne-Earlville Central School District	Southern Tier	-11.0%

Figure 6. Number of Negative Tax Caps, 2016-2020



Conclusion

Based on their initial Tax Cap filings for 2020-21, the vast majority of school districts anticipate proposing budgets that comply with their Tax Caps, continuing a recent trend. This year, for the fifth time in seven years, school districts face the challenge of a growth factor less than two percent. Now that the Tax Cap has been made permanent, State Aid becomes even more important to school districts as they work to educate their students.

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