

Press Release

For Immediate Release:
June 17, 2015

Contact:
Ron Deutsch, FPI (518) 469-6769
Carl Korn, NYSUT (518) 213-6000

**Broad Array of Organizations/Associations Urge Albany to “Fix the Cap”
Groups Propose Common Sense Changes to Make Cap Workable**

(Albany, NY) The future of New York’s property tax cap is of great concern to school districts, counties, municipalities, and residents across the state. Good government groups, fiscal watchdogs, civil rights organizations, school and municipal organizations/associations, and unions from across New York joined together today to urge the state to make intelligent refinements to the property cap to make sure that schools and local governments can continue to deliver the high-quality services that local residents expect and deserve.

The groups urged legislative leaders to consider numerous modifications to the current tax cap before reauthorizing it, including but not limited to:

1. keeping it temporary rather than making it permanent;
2. allowing at least 2 percent growth in the base property tax levy and more if inflation increases in the future;
3. adjusting for costs related to increased enrollment in schools;
4. adjusting to allow localities to raise the revenue needed to address the effects of natural disasters/emergencies;
5. excluding the capital improvement/infrastructure expenditures of local governments and school district costs for improvements to BOCES facilities; and,
6. changing override provisions to allow for a simple majority override as most states with limits do.

Stephen J. Acquario, Executive Director, New York State Association of Counties said, “As the government closest to the people, local governments know our communities’ needs and we are sensitive of the impact property taxes have on the citizens. Now that we are budgeting for the fourth year under the current property tax cap, we have an opportunity to make it better for citizens, the state and local governments. We need to allow for and encourage economic growth and more predictability in our budgeting. These are reasonable and modest reforms, and they can complement the reforms being negotiated for New York City’s housing needs.”

“The tax cap has a disparate negative impact on high-needs schools, often schools with high populations of minority and poor children. At a time when schools are still owed nearly \$5 billion in Foundation Aid and GEA Restorations, how can schools continue to serve some of our neediest students with a tax cap that limits what they can raise to support our kids? Any discussion of tax cap revisions must include both common sense exemptions and the elimination of the super majority provision. New

York has a constitutional mandate to support our students—one that they are failing to meet,” said **Hazel Dukes, President, NYS NAACP.**

NYSUT Executive Vice President Andrew Pallotta said that, “Even with this year’s \$1.3 billion school aid increase, 31 percent of the state’s school districts will operate in 2015-16 with less state aid than in 2009-10 — six years ago. In addition, state aid over the last six years has, by and large, not kept up with inflation. When adjusted for inflation, 77 percent of school districts will operate in 2015-16 with less state aid than in 2009-10.”

“The tax cap is unfairly limiting the ability of communities to decide how much they can choose to invest in their local schools,” **Pallotta** said. “Without reasonable, thoughtful modifications to the tax cap—such as recognizing enrollment growth and counting capital expenses for BOCES—public schools will again be looking at cuts that erode educational quality, especially in the neediest school districts.”

“Since 2008, municipal governments have demonstrated strong fiscal discipline in keeping spending and property tax increases at or below inflationary levels, even though their largest cost-drivers were rising much more dramatically. The enactment of the property tax cap in 2011 posed even greater challenges for local officials, forcing them to further cut local budgets, draw down on fund balance and reduce the size of their municipal workforce—particularly since the state failed to couple the tax cap with promised mandate relief and an overdue increase in municipal aid. The shortcomings associated with the property tax cap are too great to ignore, especially when the rate of inflation continues to trend downward, as does the quality of life in our communities. NYCOM strongly believes that these thoughtful and relatively narrow amendments will foster improvements in local infrastructure and strengthen our municipalities, while continuing to control local property taxes,” said **Peter Baynes, Executive Director of the New York State Conference of Mayors.**

“The two percent cap is simply a bad idea that doesn’t get better with time,” said **CSEA President Danny Donohue.** “It has a stranglehold on schools and localities that undermines good management, better choices about necessary programs and services, and it holds back the local economy.”

“Since the tax cap took effect, two-thirds of districts that unsuccessfully attempted overrides had a majority of their voters support their budgets, yet their budgets were defeated. In these cases, fewer than half of voters trumped the will of the majority. The tax cap turns the concept of ‘one person, one vote’ on its head,” said **Timothy Kremer, Executive Director, NYS School Boards Association.**

“The tax cap is an imperfect solution to a complicated issue. School taxes rise because our costs increase, therefore capping our revenue does not get at the root cause of the problem. The Education Conference Board (ECB) has proposed reasonable fixes to the tax cap that the Legislature should seriously consider before renewing the cap”, stated **Michael J. Borges, Executive Director of the NYS Association of School Business Officials.**

“The tax cap must be fixed before it's ‘forever’. Our schools literally can't afford to have a cap approaching no increase at all, while the state imposes double-digit retirement system payments. The state needs to acknowledge the cap's destructive quirks before it forces schools to once again cut programs and services to kids.”
David Little, Executive Director, Rural School Association of NYS.

“New York should proceed cautiously before reauthorizing the cap in order to gather more information on the true impact on the delivery of services at the local level. Because of the way the cap is structured, school districts and local governments will likely see flat local levy limits next year. This was not how the cap was sold to the public and we should, at a minimum, ensure a floor of 2 percent annually and include logical exemptions to allow for the continued delivery of quality local services,” said **Ron Deutsch, Executive Director of the Fiscal Policy Institute.**

“The property tax cap is the wrong solution to the problem of high property taxes and it should be eliminated. But short of being eliminated there are modifications that would make sense to minimize its damage such as allowing for a simple majority override, excluding the costs of infrastructure investments to enhance the economic development capacity of communities and excluding expenditures to cope with natural disasters and other emergencies,” said **Elizabeth McNichol, Senior Fellow at the Fiscal Policy Institute** and author of the organization’s recent policy brief on the topic.

“NYS PTA opposes the property tax cap and believes it should be eliminated. Short of elimination however, we believe that provisions should be added to account for costs related to enrollment growth and to permit cap override with a simple majority vote. With the expectation that the cap will continue in some form, we would also remind legislators of their responsibility to supplement local resources with state support by eliminating the Gap Elimination Adjustment (GEA) and fully funding the foundation aid formula for public schools,” said **Rick Longhurst, Executive Administrator, NYS PTA.**

“The tax cap did nothing to address the factors that were really causing high property tax increases. This year’s strong state aid increase helped schools manage the cap, as did a decline in mandated pension costs. Strong state aid increases will need to continue if schools are to preserve and improve opportunities for their students. Changes to the tax cap we recommend would copy aspects of the less punitive model in place in Massachusetts, such as allowing overrides by a simple majority. We also recommend common sense changes including exemptions for shared service capital expenses and enabling schools to carry over tax levy for use in future years. These changes would help to make a currently inflexible law less damaging to school districts,” said **Robert J. Reidy, Jr., Executive Director, New York State Council of School Superintendents.**

“The League of Women Voters continues to support the property tax circuit breaker as the best way to address high property taxes. An extension of the tax cap in its

current form would continue to jeopardize the ability of school districts to provide a sound basic education,” said **Barbara Bartoletti, Legislative Director LWVNY.**

“The 37 BOCES of New York State are educators providing educational services to nearly 100,000 students every school day, are facilitators helping school districts to collaborate and regionalize services, and are engines for economic growth—all of which require capital investment. It is for these reasons that the law must be clarified so that BOCES capital is treated in the same manner as school district capital which is outside the tax cap” said **Tom Burns, District Superintendent/Chief Executive Officer, St. Lawrence-Lewis BOCES & Chair of the BOCES Education Consortium.**

“Funding school budgets through property taxes inherently creates inequality,” said **Jasmine Gripper, Legislative Coordinator with the Alliance for Quality Education.** “The property tax cap only exacerbates this problem, especially when state aid remains inadequate. The cap can devastate a school budget, forcing schools to cut or eliminate programs and staff. It is vital that the legislature re-examine the effect the tax cap has had on schools throughout the state before making any decision on its permanence.”

“State government is directly responsible for the fiscal condition of public school districts. Public school districts don’t want to raise taxes while state government continues to renege on its constitutional obligation to adequately fund public school districts. Absent equitable, adequate, sustainable and predictable state government funding, the very least they could do is make the Tax Cap more appropriate with the needed reforms outlined by all of our organizations,” said **Dr. Rick Timbs, Executive Director, Statewide School Finance Consortium.**

The Fiscal Policy Institute report on modifying the tax cap can be found here: <http://bit.ly/1KVxUf8>.