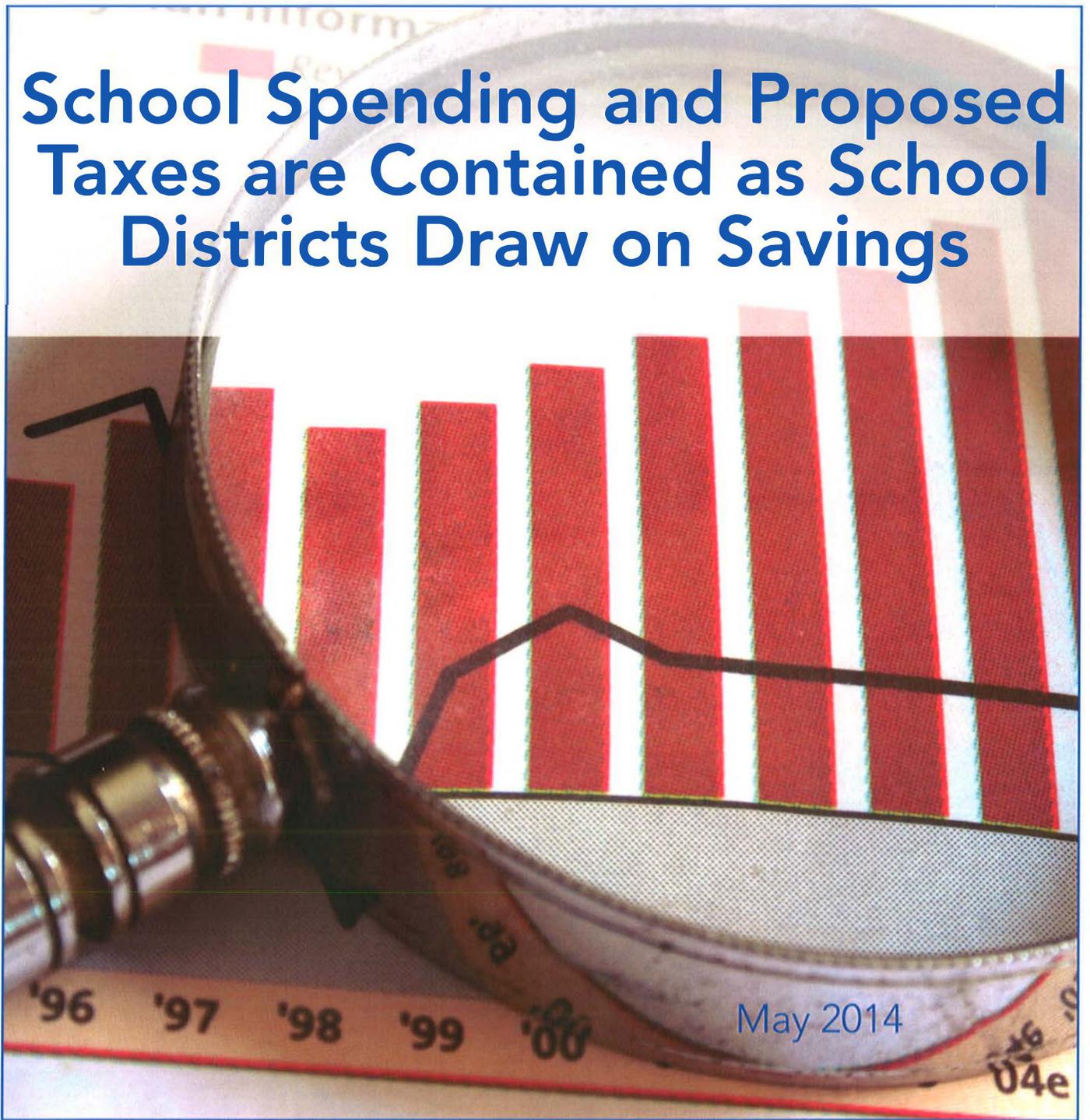


# School Spending and Proposed Taxes are Contained as School Districts Draw on Savings



New York State  
Association of School  
Business Officials

*Advancing the Business of Education*

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Albany, NY 12207, [date of press release], [www.nysasbo.org](http://www.nysasbo.org)**

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# School Spending and Proposed Taxes are Contained as School Districts Draw on Savings

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The State Education Department recently released Property Tax Report Card data for school year 2014-15.

## Introduction

The Property Tax Report Card includes information on the change in school spending, levy and enrollment. It also includes information on whether 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 2009-10 to 2014-15.

## 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 May 9 and a corrected file on May 14, 2014 for 669 school districts. This year residents will vote on school district budgets on May 20. 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 17, 2014.

## Findings

Figure 1 shows that enrollment declined from 2013-14 to what it is estimated to be for 2014-15. Statewide student enrollments have declined about one percentage point each year for the past six years.

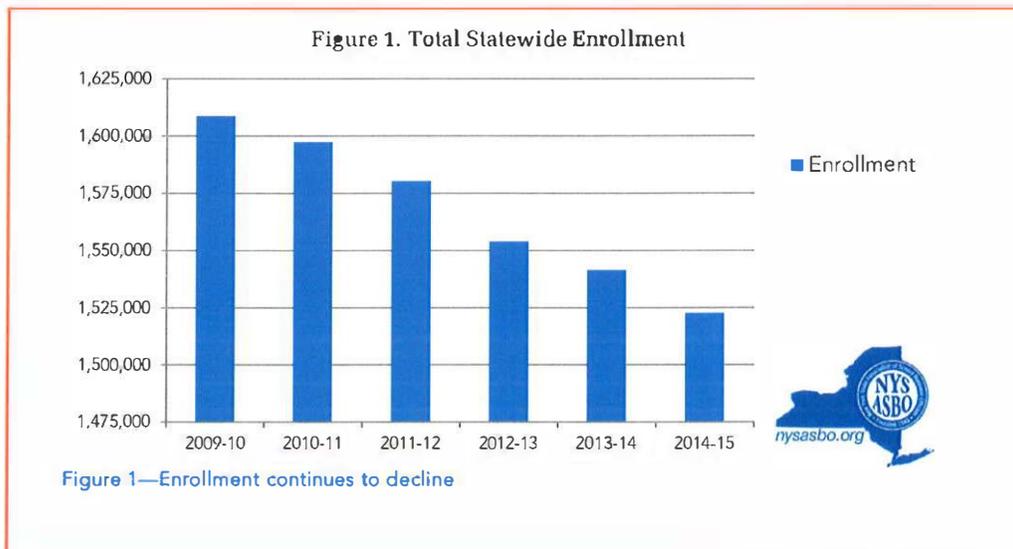


Figure 2 shows that levy proposed for school year 2014-15 declined to 1.8 percent, the smallest percent change over the six years of this study. The law specifies that school districts may comply with the Tax Cap by increasing their levy by two percent or the increase in the Consumer Price Index, whichever is less. With low inflation last year, the lower allowable levy growth factor for 2014-15 was the increase in the Consumer Price Index, or 1.46 percent, plus permissible exclusions.

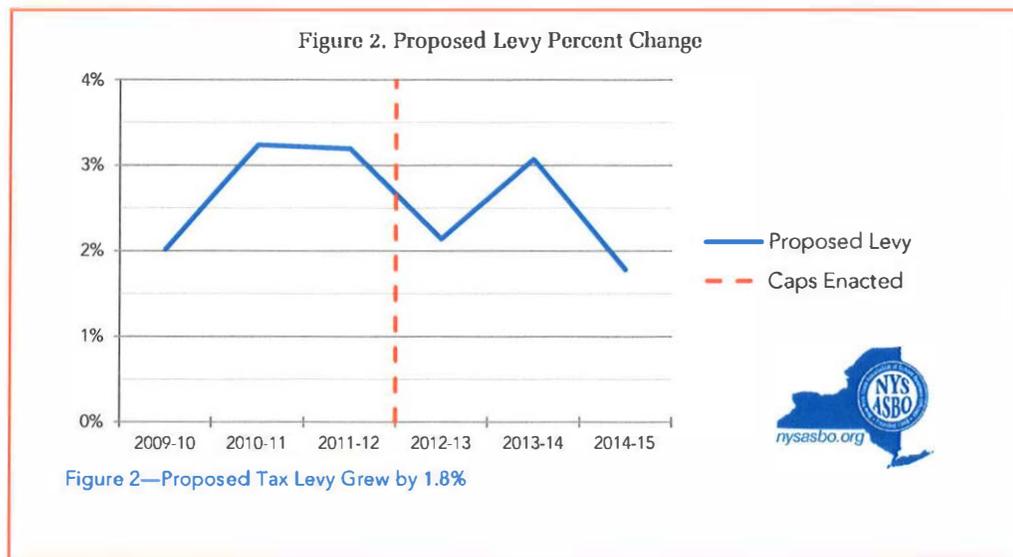


Figure 3 shows that spending increased each year from 2009-10 to 2014-15 between one percent to just over three percent. The proposed increase in spending for 2014-15 will decline from the prior year increase to two and a half percent. Proposed spending grew on average two percent a year in this period.

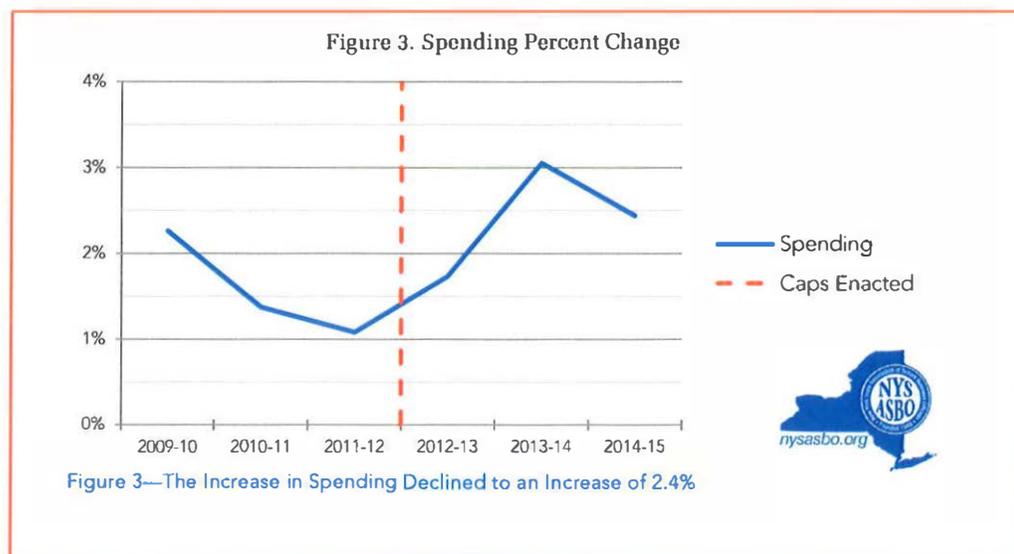


Figure 4 shows the tax levy school districts proposed for the past six years. It also shows the maximum allowable levy that school districts could have proposed under the Tax Cap. During this period, school districts statewide proposed tax increases from just under two percent to just over three percent. Since the Tax Cap has been in place, school districts have proposed levies that were less than the maximum allowable under the law. For 2014-15, school districts proposed the lowest levy in six years, probably a reflection of the low level of the Tax Cap caused by a low level of inflation.

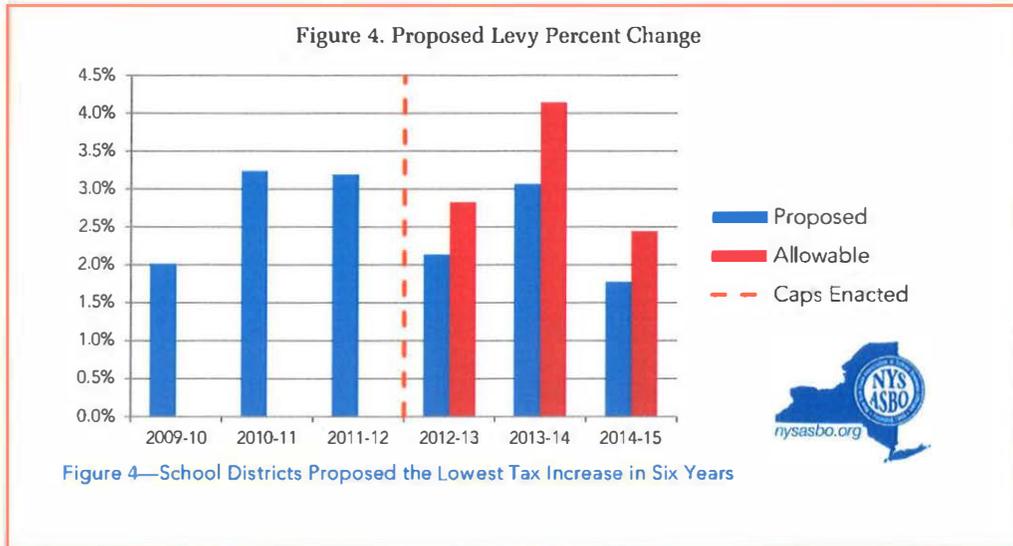


Figure 5 shows that school district savings (Unassigned fund balance) declined since 2009-10 as school districts struggled to maintain programs in the face of a reduction in State revenues and limits on local revenues.

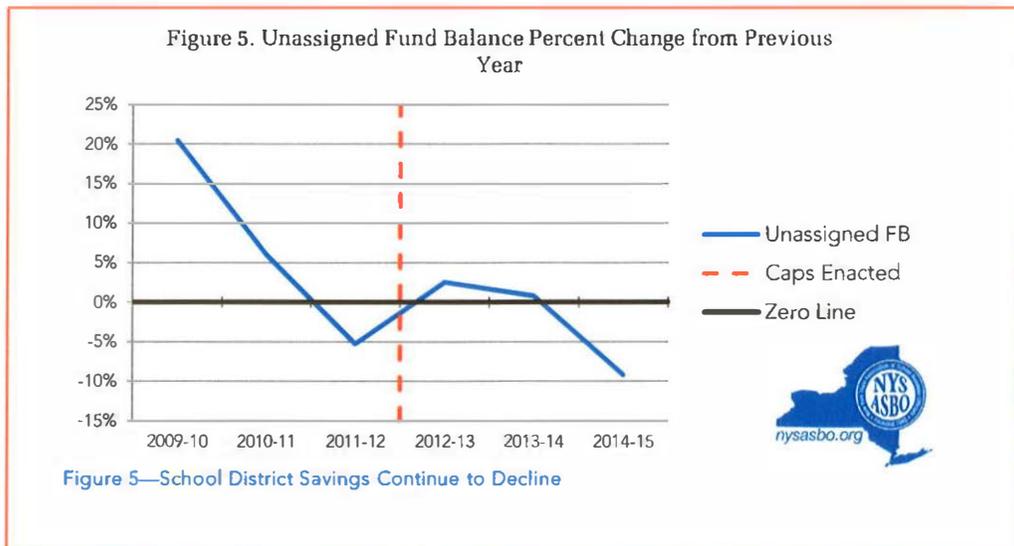


Figure 6 presents the percent change in spending, proposed levy and enrollment for New York State independent school districts grouped by the State Education Department’s need to resource capacity groupings of school districts. Enrollment declined about a percent and a half in all groups except for the high need urban/suburban group, where enrollment increased a full percentage point. Proposed levies increased by approximately two to three percent in each category. The greatest levy increase was for low need school districts and the smallest levy increase was for high need rural school districts. Proposed spending for school year 2014-15 grew approximately between two and three percent. The greatest spending increase was in high need rural school districts and the lowest spending increase was in low need school districts.

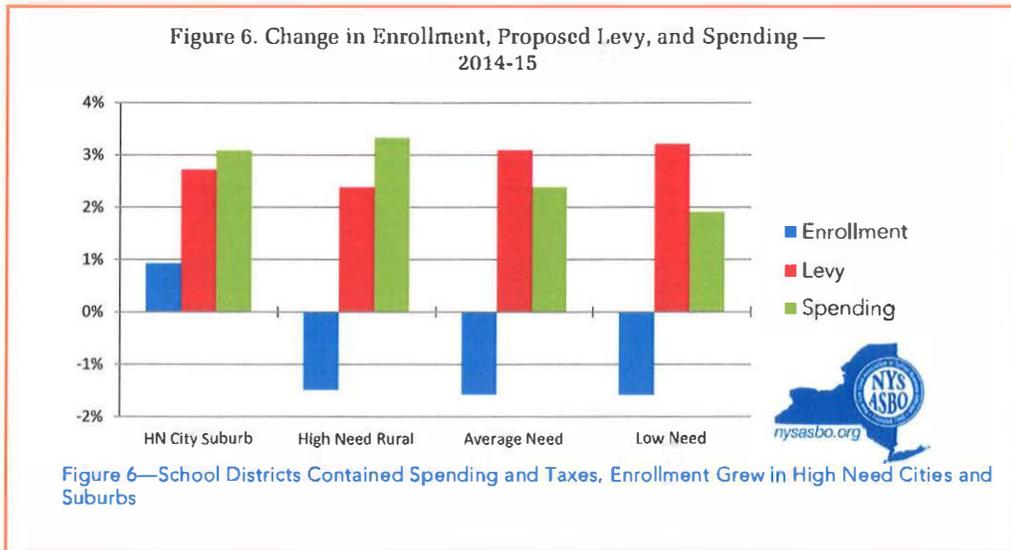
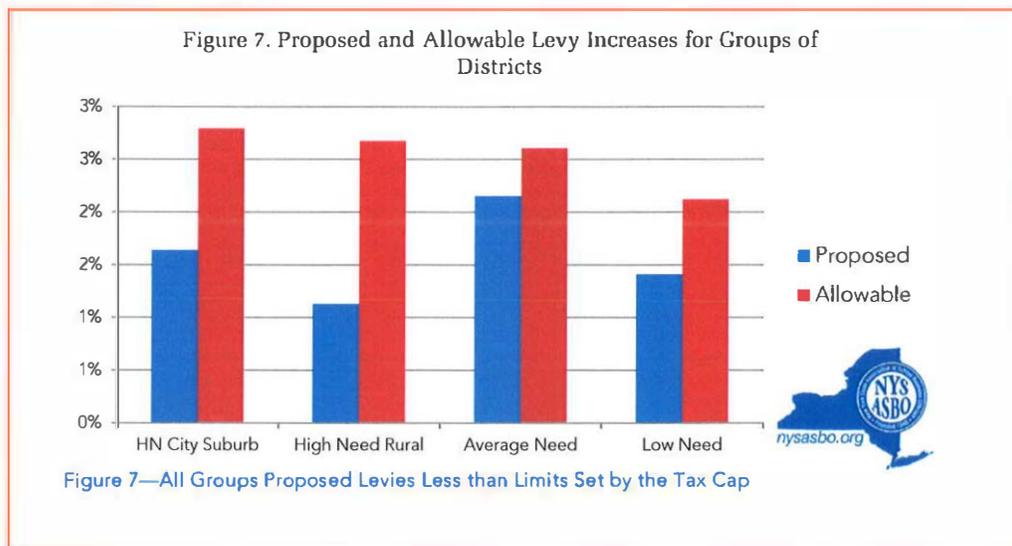


Figure 7 shows proposed versus maximum allowable tax levies for school year 2014-15 for New York State independent school districts grouped by need and resource capacity. High need cities and suburbs were allowed the greatest percent change in their maximum tax limit (over three percent), but proposed levies that represented only about a two percent increase. All groups of districts proposed levies that were less than the maximum allowable. Average need school districts proposed the largest levy increase.



## Conclusion

Property Tax Report Card data submitted by 669 independent school districts last week showed that school districts are containing spending and complying with the Tax Cap. Overall school spending and proposed taxes were contained as school districts drew on their savings.

Bottom line: school districts have yet to turn the corner to fiscal stability after several years of painful cuts.

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Proposed tax levies for 2014-15 grew on average by less than two percent, the lowest tax levy increase in six years. The change in school district spending proposed for school year 2014-15 declined from 2013-14 to an increase of 2.4 percent. Based on these data, 23 school districts (three percent) propose a levy increase greater than the allowable levy limit and thus will seek an override to the Tax Cap, requiring a supermajority approval of 60 percent or more of voters to pass the budget. Residents in school districts that override the Tax Cap will not be eligible for 2014 tax freeze credits enacted this year. School district savings continue to decline, suffering the largest decrease since 2009-10. Looking at 2014-15 data by need-resource capacity groupings of school districts, show that all groups of districts are containing tax levy and spending and suffering from enrollment loss, with the exception of high need city and suburban school districts which, as a group, are experiencing a modest enrollment increase. The average proposed levy for school year 2014-15 for all groups of school districts was less than the maximum allowable under the Tax Cap. Average need school districts proposed the largest levy increase.