



ECASB Position Statement

On the CPTR Property Tax Cap Proposal

Erie County Association of School Boards

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School districts will be making very difficult decisions in the months ahead as they prepare budgets with little or no additional state funding, and little capacity for increased local funding. There couldn't be a worse time for a tax cap.

A tax cap does not control costs such as unfunded mandates. A tax cap does not control fuel, energy, health, or pension costs. It simply cuts funding. Who makes up the difference? Not state or federal sources, given the current fiscal crisis.

Actually, local property taxpayers have been making up for these funding shortfalls for years. Last year, the state stepped up with a landmark Four-Year Educational Investment Plan to increase school aid. This included a Foundation Aid formula, which linked funding to improving school accountability and performance.

The tide began to turn: Student achievement began to go up; local property tax levy increases were slowed.

Cutting that aid will reverse those significant steps toward funding reform and academic accountability. Cutting aid AND imposing a tax cap will decimate school districts. The 4% tax cap number is just a number - depending on aid formulas, the actual amount of spending increase for a district may be more or less, based on contractual and operating expenses. Even if a voter override raises the cap, we're back at square one: the local property taxpayer shouldering the load. Who comes out ahead in this game? Nobody.

The tax cap is an artifice. But, there is a real way to reduce property taxes, and that is to cap the costs:

- **Target cost sharing strategies** through boards of cooperative educational services and other collaborative incentives. This may mean leveraging buying power through shared purchasing, merging back office functions, using cooperative contracts, rather than individual school district bids, for transportation services, creating cooperative regional health care consortiums, or even regionally negotiated benefits for all labor units.

- **The drum is constantly being pounded** for reform of the Wicks Law and the Triborough Amendment. Consider it banged again. These are major items that must be addressed. If changed, they would significantly reduce school district spending.

- **Yes, benefit costs need to be reduced.** The goal should not be to take away benefits - leaving families with less doesn't make sense. But trying to maintain the unaffordable doesn't make sense either. So let's broaden the scope of health care trusts in which multiple districts participate. These trusts significantly rein in costs and still provide excellent coverage. To maximize cost containment on a larger scale, a statewide health care trust should be explored.

- **As for pensions,** well, we need them and we need them to be secure. Having pensions less dependent on market swings than 401k's is not a bad thing. But, again, it must be affordable. Districts should be allowed to create reserves to cover estimated pension cost payments as well as unplanned increases. And a Retirement System Tier V, with new members contributing a fair amount throughout their employment, deserves attention.

Other ideas: Stop the mandates that have nothing whatsoever to do with children's education. Employee time off for blood donations and paid half-days off for breast and prostate cancer screenings are laudable public health efforts, but expensive programs for school districts. School employees already have significant vacation time, sick time, personal time, holidays and summers. Whoever said these types of items wouldn't cost anything is simply wrong. Employees are paid for time off and districts must pay substitutes to teach their classes.

While we're reviewing unfunded and underfunded mandates, let's look at the federal level. The government has shirked its responsibilities for funding promised for special education (Individuals with Disabilities in Education Act) and the No Child Left Behind Act (NCLB) for years. State and local tax dollars have been making up the difference in billions of dollars of federal funding shortfalls.

Saying the tax cap is the blunt instrument needed to force reform is like saying a baseball bat is what's needed for brain surgery. We must reduce expenses, but don't pound the drum for a tax cap thinking it can be implemented without severe cutbacks in school districts. Instead, pound the drum for mandate reform and for maintaining current levels of aid rather than shifting those costs back to the local property taxpayer. Now is the time for shared services, for BOCES, for health care trusts, for pension reform. Now is the time for something that really will make a difference. How can we pursue a property tax cap, the wrong course of action, when we know there is a better way: cap the costs through cost-sharing and control of expenditures.