

# **Rockland County School Boards Association Calls for Mandate Relief**

## **A Report on Mandates and Their Impact on Property Taxes**

Senator Thomas Morahan held a forum on property tax relief in the summer of 2006. School board members and superintendents from the 8 Rockland County school districts and BOCES were in attendance. Mandate relief was one of the topics addressed by those present. The purpose of this paper is to illustrate the actual dollar costs of unfunded and under funded mandates to Rockland County school districts. Such costs are producing crippling property tax increases here and elsewhere throughout the state. We urge our state and local legislators to work with us in reducing property taxes by fully funding federal and state mandates and considering the recommendations which follow. Included are the mandate costs and savings that would be realized if federal and state mandates were fully funded. The relief to property taxpayers would be both significant and real.

We offer the following recommendations to immediately and significantly reduce burdensome property taxes in Rockland County.

### **Recommendation 1** **Fully Fund State Aid**

We believe that state aid remains under funded throughout the state. We further believe that the current state aid formula is a dinosaur which most people are unable to understand. Furthermore, the paper wealth of Rockland County has kept our state aid increases relatively stagnant for the last several years. The state aid received by Rockland's school districts has not kept pace with inflation. Because state aid has not kept pace with inflation, local taxpayers have had to bear the burden. This practice must stop. The increases that our delegation has provided, while real, have been for building aid and increasing school populations. We advocate for a state aid formula that includes six elements. Those elements are:

1. Predictability
2. Adequacy
3. Flexibility
4. Clarity
5. Equity
6. Regional Cost Index

NYSSBA has defined five of the six categories above. You may find them at [www.nyssba.org](http://www.nyssba.org)

## **Recommendation 2**

### **Mandate Relief**

The state and federal government are both notorious for pushing mandates onto school districts. Many of these mandates are either under funded or not funded at all. The impact on local property taxpayers continues to be both burdensome and unacceptable. Mandates are costly for districts, but would not be costly for the state to amend. For example, we count no less than 150 state reporting requirements that districts must comply with each year. Reducing these state reporting requirements will not cost the state a penny. We believe that there are two ways for lawmakers to stop future unfunded or under funded mandates from being forced on Rockland taxpayers.

1. Pass legislation or requirements calling for the state cost out bills that impact school districts. Mandates, like defibrillators, fingerprinting and project SAVE, are all wonderful ideas. It is easy for lawmakers to vote for them in principle, when the state is not footing the bill. The provision of cost estimates on all mandates for education and a requirement that mandates are accompanied by adequate state funds, will reduce the number of mandates imposed on local school districts, and ultimately, local taxpayers.
2. Adopt a constitutional amendment to the state constitution that gives local control to any mandate that is either unfunded or under funded.

## **Recommendation 3**

### **Fully Fund Transportation Costs**

The history of transportation costs in New York State is a prime example of a mandate that was once fully funded but now is significantly under funded. In Rockland, increasing the percentage of transportation costs paid for by the state is a way to drive money to Rockland with a fairness that the current school aid formula does not. Transportation to private schools, which public school districts are required to provide, is not funded at all. If the state were to fully fund transportation costs, Rockland County taxpayers would receive property tax relief that would be significant and real.

## **Recommendation 4**

### **Eliminate or Reform the Wicks Law**

The increasing K-12 school age population in Rockland is significant. Most school districts have new building and/or capital projects that total in the millions. We believe that 15-30% of building/capital costs would be eliminated with the repeal of the Wicks Law. In the 2005-2006 school year, Rockland districts spent a total of \$66 million on building and capital projects. If these Rockland districts had not had the mandate of Wicks, we estimate that construction costs would have been reduced by no less than 20%. If these savings had been realized it would have saved Rockland taxpayers a total of **\$13,000,000.00+** dollars.

## **Recommendation 5**

### **Reform the Taylor Law and the Triborough Amendment**

In Rockland, more than 70% of school district budgets go directly to instructional programs. Staff is the largest portion of this instructional budget. State lawmakers who call for property tax relief must understand that most of the “beef” in school budgets flows to the district’s employees. The current system keeps the current contract in place as the starting point for negotiations. There is little or no incentive for unions to work with the district to cut costs. Step and Scale increases continue even in the absence of a contract. These sky rocketing personnel costs are causing the greatest impact on the property tax and present the most fiscal challenge of all state mandates. Reform these laws and significant savings will be realized. The current system requires binding arbitration when the union and the district reach impasse. Arbitrators consistently impose and award raises to teachers that school districts and taxpayers cannot afford. Furthermore, the current system requires that benefits gained years ago must remain in place. It is impossible to remove them because of provisions of the Taylor Law and Triborough Amendment.

## **Recommendation 6**

### **Fully Fund New Auditing Requirements**

The fraud and misuse of public funds in a few New York school districts is unacceptable and criminal. Such fraud and misuse in any district reduces the public trust in every district. We fully support adequate and appropriate oversight of school district budgets. The new requirements for a claims auditor from outside the district, an internal auditor and an external auditor have produced a spike in district resources allocated for these new unfunded mandates. While all districts welcome oversight and accountability, we believe that the comptroller’s office should have been more vigilant by regularly auditing all state school districts. State government needs to be more proactive and less reactive. While we welcome the oversight and accountability, we have no choice but to pass on the rising costs for these new mandates to property taxpayers.

## **Recommendation 7**

### **Reform the Property Tax**

Everyone in New York State seems to be focused on the property tax. Because the school district portion of the property tax represents the greatest share of this burden on the homeowner, the focus on school district budgets is both intense and focused. Districts have been working diligently to decrease costs wherever possible. While it is easy for us to recommend the following actions, we fully understand that the real resolutions will be in the details. We stand ready to work with our legislators to reform these age-old problems. We believe that concrete solutions to these problems are an essential part of the needed reform of the property tax. These reforms will provide the property tax relief we all seek.

1. **Stability** Property taxpayers cannot continue to absorb large property tax increases each year. We have outlined several ways to create this stability. Legislators must fully fund already created unfunded and under funded mandates and adopt a bill markup process that requires lawmakers to know the cost to taxpayers before they vote on bills that impact K-12 education.
2. **Credibility** The current property tax structure is not credible. The assessing situation throughout the state allows for two identical houses to get different property tax bills because of the assessment system. Districts that have two or more taxing jurisdictions raise the credibility issue to a new level. One of the worst examples of this lack of credibility is in the North Rockland school district where new assessments in one town were not completed in the other town. We need a property tax structure that is credible.
3. **Fairness** The credibility issue impacts the perception of property tax fairness and is at the heart of the fairness issue. When school districts try to explain the equalization rate and the differences that are created by different towns, the public sees a clear lack of fairness.

## **Recommendation 8**

### **Reform the Pension & Healthcare System**

Recent double digit increases in TRS and ERS have hit school districts and taxpayers in significant ways. More than 70% of school district budgets go directly to instruction in the classroom carried out by dedicated, hard working staff. Therefore, the state must explore new ways for school districts to fund employee benefits. We urge our legislators to partner with us in finding a series of state alternatives for the healthcare of school district personnel. We also request our lawmakers to reform the state pension system. We know that reducing or changing the pension formula for current staff is a non-starter. We submit that the state must create a new tier for new staff. This tier should require staff to contribute to their pension throughout their careers. The current system requires instructional staff to contribute to their pensions only for the first few years of their employment, when they earn the least. As staff income rises with step, scale and contractual increases, their ability to contribute to pension costs increases. We cannot contain property tax hikes without addressing school district pension costs.

Additionally, the state is in a unique place to work with educational leaders to reign in healthcare costs. This goal can only be realized if the state explores new and creative alternatives to the current healthcare system. We must continue to fund current employee healthcare benefits while at the same time reducing the cost for this service. It is our belief that the legislature can potentially make this goal a reality. It is worth the effort given our common goal of reducing school district costs. Every cent of savings will reduce the property tax burden.

## **Recommendation 9**

### **Adequately Fund BOCES**

BOCES must be adequately funded. BOCES has saved taxpayers millions of dollars by fulfilling their mission of reducing costs to school districts. They accomplish these savings by allowing individual districts to partner with BOCES, thereby reducing the cost of the service to districts and district taxpayers. We believe that if BOCES were adequately funded, it could offer additional cost savings to component districts. BOCES allows districts to cooperate together and reduce costs by the economy of scale.

## **Recommendation 10**

### **Fully Fund NCLB**

Educational leaders and parents have embraced the accountability of NCLB. The requirement to reach all children is a worthy goal. However, we point out to our state and federal representatives that these new accountability measures have increased district costs. Teachers must grade the tests. While they are away grading (or being trained to grade tests), the district is required to hire substitute teachers. Regular classroom instruction is disrupted and the very outcomes that the law seeks are being weakened by the time away from instruction. We have calculated the cost of this federal mandate to have reached more than **\$11,000,000.00** dollars to Rockland Schools in 2005-2006. We urge our state lawmakers to work with us in lobbying the federal government for the promised full funding of NCLB.

## **Recommendation 11**

### **Fully Fund IDEA**

When IDEA was passed, the federal government promised to fund 40% of school districts' special education costs. The full funding of this mandate has never been realized. The promise has been approved by the Congress regularly; however, the promise is never funded. Our data shows that Rockland County school districts receive only 11% of special education costs reimbursed by the federal government. Again, this is a critical component of public school education in Rockland, the costs of which must be passed on to taxpayers.

## **Recommendation 12**

### **Limit Charter Schools**

Charter Schools have been an experiment in New York State for a several years. While we question the success of Charter Schools, that is not our main focus. Our concern is the impact cost of a single charter school in a Rockland County School District. At Rockland's cost per pupil, a single school serving 100 students would cost approximately **\$1,400,000.00** dollars. We oppose charter schools on their face. If, however, the legislature approves any additional charters we believe that a separate funding mechanism must be put in place to address the property tax impact on hard working citizens.