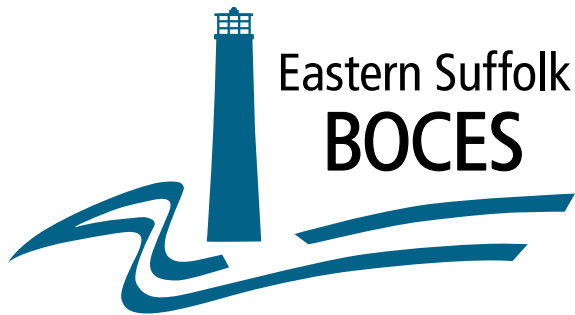


Nassau-Suffolk School Boards Association
Resolutions Dinner & Meeting
September 29, 2010

Growing the Gap with the Cap

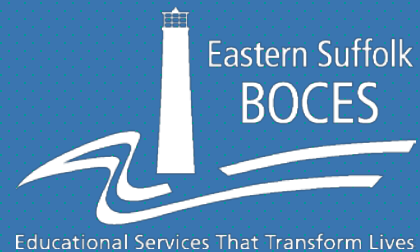


Presented by:

Gary D. Bixhorn
Eastern Suffolk BOCES Chief Operating Officer
SCSSA Legislative Chairperson



Newsday Letters to the Editor

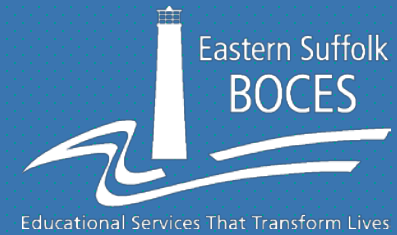


September 10, 2010 (newsday.com)

- “...I live in a cape house for which I will be paying close to \$10,000 per year in property taxes in a few years. Ten years ago, \$10,000 for property taxes for a cape house would have been unthinkable. It’s sad, but only a recession will make school administrators look at their runaway budgets.”



Are “Runaway Budgets” a Characteristic of Long Island Schools?



Long Island School Expenditures:

1988-89	\$ 3,999,542,900
---------	------------------

Long Island School Expenditures:

2010-11	\$10,676,098,600
Adjusted for inflation	\$ 5,472,116,150

After adjusting for inflation*, the average annual percentage increase is 1.60%.

* Average annual change over 23-year period adjusted for NY-Northern NJ-LI CPI



Newsday Letters to the Editor



September 10, 2010 (newsday.com)

- “The graph of school costs on Long Island compared with state education contributions tells the story of the past and likely gives a picture of the future. It shows clearly that the system is broken. School costs on Long Island are increasing at an alarming rate.”



What's Truly "Alarming" about the Graph of "School Costs on LI Compared with State Education Contributions? "



- State Aid to Long Island Schools:

1988-89	\$1,288,419,700
---------	-----------------

- State Aid to Long Island Schools:

2010-11	\$2,224,087,310
Adjusted for inflation	\$1,139,972,990

- After adjusting for inflation*, the average annual percentage decrease is 0.50%.

* Average annual change over 23-year period adjusted for NY-Northern NJ-LI CPI



How do Spending and Aid Trends Impact Property Taxes?



- State aid received as a percentage of school expenditures:

1989-90	32.2%
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- State aid received as a percentage of school expenditures:

2010-11	23.2%
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- State aid dropped from nearly one third of school expenses to less than one quarter of school expenses during the 23-year period.



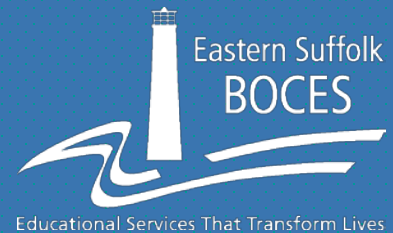
How do Spending and Aid Trends Impact Property Taxes? (continued)



- If the State had continued to support Long Island schools at the 1988-89 level (32.2%) an additional \$960 million in aid would have been received this year.
- \$960 million in added aid would reduce the Long Island overall property tax levy by approximately 15%.



What does this mean to Long Island?



- Long Island has become more over dependent on property taxes.
- Local property taxes fund 70% of school costs on Long Island. The average in the rest of the state (not including NYC) is 53%.
- Compared to the County at the median (Warren), property taxpayers in Nassau and Suffolk pay 86% more of their gross household income in property taxes (7.8% vs. 4.2%).



How have Long Island Communities Responded to this Situation?



- 114 of 124 Long Island communities approved the budget prepared by local school boards on May 18, 2010.
- 124 budgets were prepared and presented to communities “on time” with an average proposed increase of 2.4%.
- 10 of 10 districts facing contingency budget cap of 0% approved budgets on June 15, 2010.
- 63.5% of voters voted “yes” on the resubmitted budgets.



What are Long Islanders Getting in Return for this Investment?



Long Island students outperform students from across the state by every SED measure.

Assessment / Regents 2006-07	Long Island	Rest of State (excluding NYC and LI)	New York State (excluding NYC; but including LI)
Assessment Results - Elementary and Middle Level Students Scoring at Levels 3 and 4			
Grade 4 ELA	81.4	72.1	74.6
Grade 4 Mathematics	89.3	80.9	83.2
Grade 4 Science	95.2	90.9	92.1
Grade 5 Social Studies	92.7	85.5	87.5
Grade 8 ELA	73.6	62.2	65.2
Grade 8 Mathematics	75.3	62.6	65.9
Grade 8 Science	81.1	77.3	78.1
Grade 8 Social Studies	80.2	67.0	70.4
Regents Exam Results – Students Scoring 65 +			
English	89.5	85.2	86.3
Mathematics Course A	87.9	85.6	86.2
Global History & Geography	79.4	70.7	73.0
US History & Government	90.6	86.2	87.4
Living Environment	86.5	84.8	85.2



Is there Uniformity in Results? – Wealth Gap / Equity

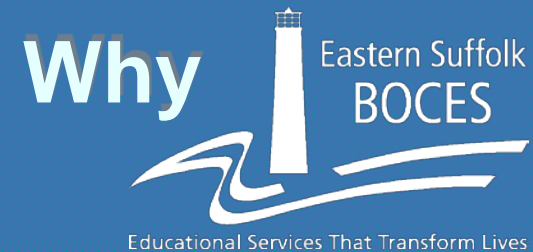


Percentage of Students in Long Island’s Least Wealthy and Wealthiest School Districts Passing the Elementary/Middle Level Assessments and Regents Exams

Demographic Factors/ Assessment / Regents 2006-07	Least Wealthy LI Districts (9 districts) % of all students tested	Wealthiest LI Districts (9 districts) % of all students tested
Total Enrollment (approximate)	62,000	26,000
% Free /Reduced Lunch	48.0	10.8
% Limited English Proficient (LEP)	17.1	6.0
% Drop Out	4.3	0.9
State Aid Share (State Aid as % of Total Aid)	52.4	5.9
Per Pupil Expenditure	\$18,428	\$25,423
Assessments Results – Elementary and Middle Level Students Scoring at Levels 3 and 4		
Grade 4 ELA	63.6	88.1
Grade 4 Mathematics	78.8	92.0
Grade 4 Science	89.3	97.5
Grade 5 Social Studies	83.2	95.8
Grade 8 ELA	54.7	81.6
Grade 8 Mathematics	51.9	80.4
Grade 8 Science	66.3	82.1
Grade 8 Social Studies	58.2	85.4
Regents Exam Results – Students Scoring 65+		
English	75.1	90.7
Mathematics Course A	74.7	91.0
Global History & Geography	60.3	84.6
US History & Government	78.7	93.2
Living Environment	70.4	93.6



So, Where Are We? Not a Tax Cap?



- Long Island schools are very good.
- There's a performance and resource gap.
- We're increasingly dependent on property taxes.
- So all this leads to the question -
 "What would a tax cap do?"



Tax Cap ~ 2010-11

“What If” Scenarios



	Scenario B	Scenario E	Scenario H
Spending	+ 2.5%	+2.5%	+2.5%
State Aid	0.0%	- 2.5%	+2.5%
Fund Balance / Other Revenue	0.0%	0.0%	0.0%
Tax Cap	2.0%	2.0%	2.0%



Allowable Spending Increase within Cap



Nassau County School Districts (5) - with Highest CWR within Scenario B (2% tax cap)

School District/ 2010-11 Budget	CWR/ Enrollment	2011-12 Projected School Budget (2.5% above 2010-11)	2011-12 Budget w/ 2% Cap	2011-12 \$ Cut Required Per 2% Cap	2011-12 % Cut Required Per 2% Cap
Oyster Bay \$48,738,155	4.655/ 1,620	\$49,956,609	1.8% / \$49,635,291	- \$321,318	- 0.6%
Locust Valley \$71,752,390	4.131/ 2,266	\$73,546,200	1.9% / \$73,085,888	- \$460,312	- 0.6%
Manhasset \$83,512,677	4.054/ 3,100	\$85,600,494	1.8% / \$84,993,169	- \$607,325	- 0.7%
Great Neck \$189,547,240	3.544/ 6,310	\$194,285,921	1.9% / \$193,120,765	-\$1,165,156	- 0.6%
Lawrence \$94,073,064	3.378/ 3,156	\$96,424,891	1.7% / \$95,651,809	- \$773,082	- 0.8%



Allowable Spending Increase within Cap



Nassau County School Districts (5) - with Lowest CWR within Scenario B (2% tax cap)

School District/ 2010-11 Budget	CWR/ Enrollment	2011-12 Projected School Budget (2.5% above 2010-11)	2011-12 Budget w/ 2% Cap	2011-12 \$ Cut Required Per 2% Cap	2011-12 % Cut Required Per 2% Cap
Roosevelt \$84,024,956	0.559/ 2,790	\$86,125,580	0.5% / \$84,443,636	- \$1,681,944	- 2.0%
Hempstead \$160,684,736	0.539/ 6,010	\$164,701,854	0.8% / \$162,010,363	- \$2,691,492	-1.7%
Freeport \$146,286,027	0.757/ 6,618	\$149,943,178	1.1% / \$147,863,863	- \$2,079,314	-0.7%
Island Trees \$57,020,084	0.897/ 2,629	\$58,445,586	1.3% / \$57,789,211	- \$656,375	- 1.1%
Levittown \$193,543,816	0.936/ 7,754	\$198,382,411	1.3% / \$195,989,932	- \$2,392,479	- 1.2%



Allowable Spending Increase within Cap



Suffolk County School Districts (5) - with Highest CWR within Scenario B (2% tax cap)

School District/ 2010-11 Budget	CWR/ Enrollment	2011-12 Projected School Budget (2.5% above 2010-11)	2011-12 Budget w/ 2% Cap	2011-12 \$ Cut Required Per 2% Cap	2011-12 % Cut Required Per 2% Cap
Cold Spring Harbor \$56,795,990	3.439/ 2,024	\$58,215,890	1.8% / \$57,836,896	- \$378,994	- 0.7%
Huntington \$108,786,539	2.001/ 4,300	\$111,506,202	1.7% / \$110,639,416	- \$866,786	- 0.8%
Mattituck-Cutchoque \$36,539,331	2.522/ 1,519	\$37,452,814	1.8% / \$37,183,778	- \$269,037	- 0.7%
Northport \$147,487,339	1.939/ 6,559	\$151,174,522	1.8% / \$150,084,862	- \$1,089,660	- 0.7%
Hampton Bays \$43,814,560	1.865/ 1,879	\$44,909,924	1.8% / \$44,593,790	- \$316,134	- 0.7%

Note: Excludes school districts with significant tuition income



Allowable Spending Increase within Cap



Suffolk County School Districts (5) - with Lowest CWR within Scenario B (2% tax cap)

School District/ 2010-11 Budget	CWR/ Enrollment	2011-12 Projected School Budget (2.5% above 2010-11)	2011-12 Budget w/ 2% Cap	2011-12 \$ Cut Required Per 2% Cap	2011-12 % Cut Required Per 2% Cap
Wyandanch \$57,071,440	0.447/ 1,881	\$58,498,226	0.7% / \$57,493,670	- \$1,004,556	- 1.7%
Brentwood \$304,088,227	0.502/ 15,646	\$311,690,433	0.5% / \$305,553,082	- \$6,137, 350	- 2.0%
William Floyd \$200,029,600	0.606/ 9,676	\$205,030,340	0.8% / \$201,635,797	- \$3,394,543	- 1.7%
Central Islip \$171,367,626	0.625/ 6,365	\$175,651,817	0.9% / \$172,967,126	- \$2,684,691	- 1.4%
Copiague \$100,507,857	0.763/ 4,680	\$103,020,553	1.0% / \$101,561,774	- \$1,458,780	- 1.6%



Longwood CSD Impact



Spending Increase within Scenario E (2% Cap, State Aid reduced by 2.5%)

Scenario / School District 2010-11 Budget	CWR/ Enrollment	2011-12 Projected School Budget (2.5% above 2010-11)	2011-12 Budget w/ 2% Cap	2011-12 \$ Cut Required Per 2% Cap	2011-12 % Cut Required Per 2% Cap
<i>E</i> \$208,200,000	0.919/ 9,112	\$213,405,000	0.1% / \$208,450,085	- \$4,954,915	- 2.4%

A \$4.9 million reduction is particularly significant given the 2.5% assumption.

\$1,000,000 = 13 Positions

\$5,000,000 = 65 Positions



Longwood CSD Impact (continued)



A \$4.9 million reduction would impact:

- Class sizes at all levels
- Elective Programs
- Student Support Services
- Infrastructure

Such reductions...

- translate into reduced levels of service to students, families, community
- jeopardize student achievement
- erode pride, unity & support



Longwood CSD Impact (continued)



Eroding Fund Balance/Reserves creates long-term catastrophe. Once cuts become permanent:

- Positions are gone, where do you go next?
- Creates a new baseline for future costs.



Bayport-Blue Point UFSD Impact



Spending Increase within Scenario E (2% Cap, State Aid reduced by 2.5%)

Scenario / School District 2010-11 Budget	CWR / Enrollment	2011-12 Projected School Budget (2.5% above 2010-11)	2011-12 Budget w/ 2% Cap	2011-12 \$ Cut Required Per 2% Cap	2011-12 % Cut Required Per 2% Cap
<i>E</i> \$61,989,773	1.143/ 2,514	\$63,539,517	0.7% / \$62,420,461	- \$1,119,056	- 1.8%

- District has held tax levy increases under 4% for three years.
- 2011-12: “Running on empty” – cuts will now directly affect students.



Bayport-Blue Point UFSD Impact (continued)



A \$1.1 million reduction equals 8 teaching positions impacting or eliminating the following programs/staff:

- Elementary art and music, business education, enrichment foreign language, library and media services, science research program.
- Co-curricular activities, middle school sports.
- Reductions in administration, operations, AIS, occupational education.



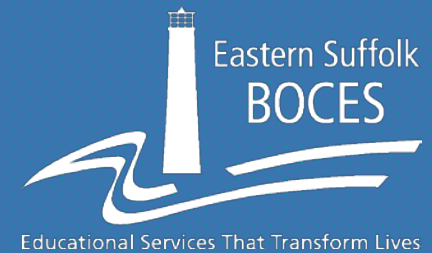
Bayport-Blue Point UFSD Impact (continued)



- Increases in expenditures that are out of a district's control will compound the impact of a property tax.
 - Where do we go then?
 - See "First to Worst"



Smithtown CSD Impact



Spending Increase within Scenario E (2% Cap, State Aid reduced by 2.5%)

Scenario / School District 2010-11 Budget	CWR/ Enrollment	2011-12 Projected School Budget (2.5% above 2010-11)	2011-12 % Increase / Capped Budget	2011-12 Required Budget Cut	2011-12 % Required Budget Cut
<i>E</i> \$211,486,370	1.340/ 10,929	\$216,773,529	1.0% / \$213,667,912	-\$3,105,617	- 1.5%

- \$3.1 million = 43 FTE's which would be in addition to the 18 FTE's reduced for the 2010-11 school year:

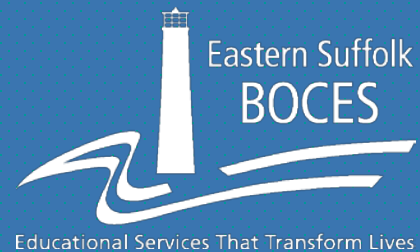
This impacts:

- Class size at all levels
- Elective programs
- Student support services
- Infrastructure repair



Smithtown CSD Impact

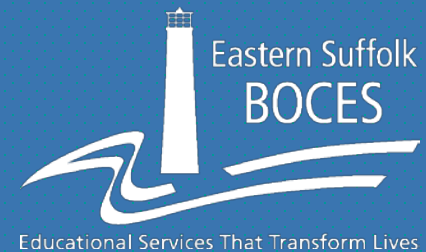
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- Historically, once a program is gone it does not get restored.
- Increased class size is problematic in the face of increased performance requirements.
- Reliance on fund balance/reserves already applied.
- Historically low increases over past three years.



Tax Cap Issues



- Cap impact will differ dramatically among districts.
- Cuts assume budget increase of 2.5% - this is tough to start with.
- Cap projected at 2% - this could be lower.
- Higher budget increases, less state aid, or a lower cap will increase the required budget cut.
- Employee benefits and energy related cost increases alone may exceed the capped increase.
- A cap already exists – however, it is implemented after voters reject the budget, rather than prior to a community vote.



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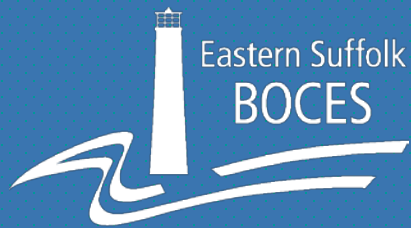
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Islip	Ms. Susan Schnebel
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BOCES

Educational Services That Transform Lives

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Any Questions?