

The New York Times

EDITORIAL

Property Tax Ploy

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Late Friday, Gov. Andrew Cuomo of New York sent a radical bill to cap property taxes to the State Senate. It would devastate school districts in the state. The bill, which exempts New York City, [was passed by the Senate on Monday](#).

But Democrats in the Assembly are rightly startled by a provision that would require a 60 percent majority vote for local property tax increases that exceed 2 percent. That would give people who oppose school spending more voting power than people who support it. It would also leave struggling school districts with no increase if voters rejected an increase twice within a given year.

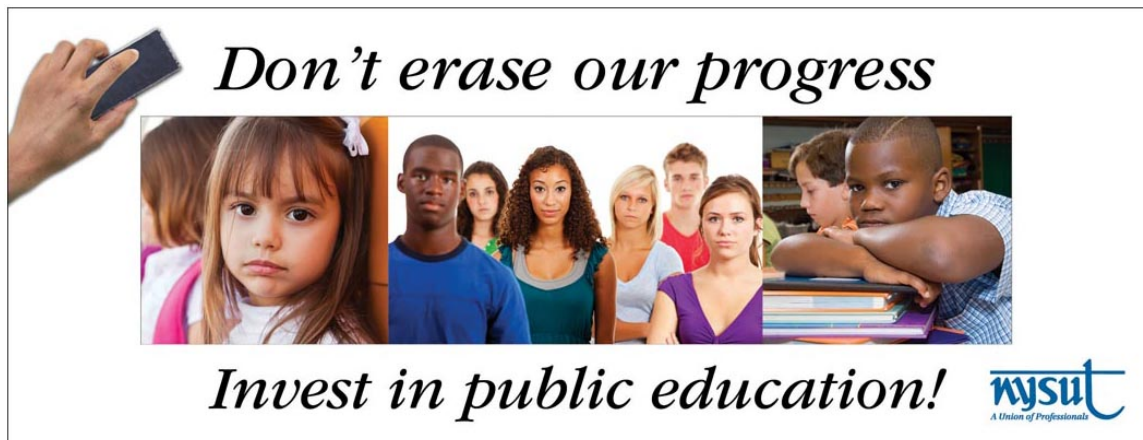
The bill would also do away with the traditional school budget vote and require districts to simply ask voters to support a tax increase. That would make new school financing virtually impossible in many of the poorest communities. Unlike New Jersey's tax cap, this one does not have exemptions for health care, pensions, debt service or increased enrollment. Mr. Cuomo has said he wants to change state law to lift these onerous and costly requirements for local districts. That should come first.

The governor's motives for bringing out this bill now are unclear. Does he want political points for introducing a tough bill that can never go anywhere? If so, that is one of the oldest ploys in Albany and certainly at odds with Mr. Cuomo's promise of a new New York.

Does he want to force Democrats in the Assembly to approve the bill after he and the Senate have given their approval. The Assembly speaker, Sheldon Silver, who can stall or block anything if he wants, should not be talking about compromise, as he has been. But, rather, he should block any Senate bill along these lines.

The entire charade fails to focus on the real hazards tucked in the 74-page bill. A property tax cap, by any standard, is a blunt instrument. It mainly squeezes poorer districts where schools lose teachers or advanced programs because voters reject a tax increase. Wealthier districts more often vote for property-tax increases to pay for better schools or other services, thus widening the gap between schools in poorer or richer areas.

Mr. Cuomo's tax cap effort is a bad bill that promotes a bad idea. People do need property-tax relief but not another state law that makes matters worse.



NYSUT TALKING POINTS: Where we stand on the governor's proposed 2011-12 state budget and tax cap

Below are key talking points to make in meetings with your legislators. It's essential to elaborate on these main themes by sharing the impact cuts have had — and will have — in your local and on the students and communities we serve. NYSUT's detailed budget analyses provide additional specifics that you may cite and updates will continue to appear on Leader Access and the NYSUT website, www.nysut.org.

Additional specific points for constituent groups will be made available for targeted lobbying visits and through the leader site.

I. THE BUDGET PROPOSAL WOULD DEVASTATE PUBLIC SERVICES.

The Executive Budget proposal would devastate our schools, campuses and health care facilities by imposing massive cuts on public education and health care — the worst in a generation.

NYSUT members are doing everything they can to provide the services students need — finding cost-savings and economies of scale and dealing with the impact of layoffs and position losses. NYSUT and our locals have made it clear we are willing to work locally and at the state level to preserve essential services, but we can't cut our way to educational excellence.

II. SCHOOLS WOULD BE HARD HIT AFTER ALREADY EXPERIENCING WAVES OF CUTS AND LOSS OF POSITIONS.

Schools would be cut 7.3 percent. The proposed \$1.5 billion cut is the largest total dollar state aid cut ever proposed in the history of New York state and an amount so large it would send our schools into reverse gear, with state support that would be less than in the 2007-2008 school year.

These cuts would affect class size, course offerings, support services, counseling, library services and every measure of quality used in education.

These proposed cuts are three times the size of last year's draconian cut, which resulted in 10,000 positions eliminated statewide.

III. HIGHER EDUCATION WOULD BE HAMMERED AT A TIME WHEN IT IS NEEDED MORE THAN EVER AS THE ENGINE TO RECOVERY.

A destructive 10 percent cut for SUNY, CUNY and our community colleges after three straight years of enormous cuts would jeopardize quality and access to higher education and would wreak havoc on campuses already reeling from years of underfunding.

The elimination of the \$154 million state subsidy to SUNY teaching hospitals would destabilize and potentially jeopardize their very existence and hurt our most vulnerable citizens and those who depend on these lifelines in their communities.

If this higher education budget is enacted, SUNY and CUNY will continue to experience cuts far deeper than those imposed on any other state agencies during this fiscal crisis. For example, under this proposal, SUNY would lose one-third of its annual operating budget in just three years.

The SUNY/CUNY flexibility proposals won't replace critical state funding and would only serve to privatize our public universities and endanger their essential mission.

These cuts to higher education would have a devastating impact on our ability to halt any future deterioration in access and academic quality and are contrary to the governor's mission to create jobs and economic prosperity in New York state.

IV. A DAMAGING TAX CAP WOULD FOREVER HURT NEW YORK'S SCHOOLS AND THE STATE'S ECONOMY.

New Yorkers want and need tax relief. Ill-conceived and irresponsible tax caps provide only the illusion of relief. If you have difficulty paying your property taxes or believe your taxes are too high, a tax cap will not help you. It is a gimmick.

The proposed tax cap would erode democracy — because 41 percent of the electorate could veto a tax increase supported by the majority.

A cap of 2 percent or the rate of inflation — whichever is less — would have a permanent, chilling effect on a community's ability to fund its schools. Communities most in need would be horribly penalized by a cap that they would not be able to override, widening an achievement gap that we are succeeding in closing.

V. WE CAN'T JUST CUT OUR WAY OUT OF THIS HOLE.

Even as these deep cuts are proposed for public services, the wealthiest 3 percent of New Yorkers continue to enjoy a multi-billion dollar tax cut. There is an alternative to this recipe for disaster: By closing corporate loopholes and extending the millionaires' tax, a plan supported by more than two-thirds of New Yorkers, these devastating cuts could be mitigated.

VI. DON'T ERASE OUR PROGRESS!

The simple truth is New York's public education system is among the country's best.

SUNY, CUNY and their community colleges are engines to the state's economic development — in growing jobs, initiating cutting edge research and creating the educated workforce for which New York is renowned. Enrollments are soaring and access must not be compromised.

And New York is *not* 34th in educational achievement. The so-called "34th in the nation" canard has been traced back to the 2007 Census that contains a mushy category called "total educational achievement." That refers to the whole citizenry, lumping together senior citizens who left school in the 1950s with immigrants who arrived in this country as adults, not speaking English, with students still struggling to obtain their high school diploma. Additionally, New York has both unique diversity and deeper poverty not generally found in other states. An adjacent chart in the *very same Census report* shows New York ranks well above other states with nearly 32 percent of its residents holding at least a bachelor's degree.

When it comes to current educational attainment, New York is soaring. *Education Week*, an independent and widely respected education watchdog, says when it comes to student performance, the Empire State repeatedly rates near the nation's top.

In its recently released annual state-by-state "Quality Counts" guide, *Education Week* ranks the Empire State:

- No. 1 in the nation in working to close the achievement gap between students in high-income and low-income districts — an issue on which NYSUT has long taken the lead.
- No. 2 nationwide in overall student performance, just behind Maryland. This ranking is a far more meaningful measure of educational quality compared to data from the U.S. Census since the Education Week score factors in multiple areas of education policy and student performance.

FINALLY: Fully 79 percent of New Yorkers steadfastly say public education should not be cut — even in the midst of these tough economic times.



Preliminary Analysis of the 2011-2012 Executive Budget
NYSUT Legislative Department

K-12 Education

School Aid

- The Executive Budget recommends a year-to-year decrease of \$1.5 billion or 7.3 percent in school aid compared to 2010-11 levels. This is the largest state aid cut ever proposed in the history of the State of New York.
- It would send New York State into reverse gear by slashing school aid to below the amount allocated in 2007-08.
- On top of cuts already experienced, it will likely result in thousands of painful layoffs and program cuts across the state.
- The proposal would further delay the promised full phase-in of Foundation Aid , so essential to closing the achievement gap and would push it out to the 2016-17 school year.
- The Executive Budget recommends a \$2.8 billion Gap Elimination Adjustment (GEA) for the 2011-12 school year. This approach would reduce school aid by using school district wealth, student need, administrative efficiency and residential property tax burden data. Low-wealth districts would receive proportionately smaller reductions than high-wealth districts. The GEA would be continued in future years and annual growth would be tied to growth in personal income.
- The Executive Budget proposes two competitive grant programs totaling \$500 million, to reward academic improvement and school district efficiencies. It's unclear how these would be funded and distributed or when they would start.
 - **School District Performance Improvement Awards:** Grants totaling \$250 million would be awarded to school districts that demonstrate significant improvements in their student performance outcomes. This program would build upon the objectives of the Race to the Top program and provide additional state funding to those school districts with the most improved academic achievement and student outcomes.

- **School District Management Efficiency Awards:** Competitive grants totaling \$250 million would be awarded to school districts that find recurring cost savings and undertake long-term structural changes that reduce costs and improve efficiency.
- **Building Aid:** The Executive Budget proposes to redesign building aid allocations by modifying reimbursement rates based on the fiscal capacity of school districts, and creating a new funding structure for school construction that would use a competitive application process that considers the need for the project, the age of the building to be renovated or replaced and district fiscal capacity. This would not affect 2011-12 aid.
- **Transportation Aid:** The Executive Budget recommends prospective changes to the Transportation Aid program. School districts would be forced to either demonstrate participation in a cost-effective shared services program with another municipal entity or in the use of practices identified as efficient by the State Education Department. Noncompliance would result in graduated reductions in the percentage of costs the state would reimburse. In addition, constraints would be placed on reimbursement to ensure that the acquisition of school buses reflects cost-effective practices.
- **BOCES Aid:** Beginning with aid payable in 2012-13, the Executive Budget would distribute BOCES Aid based on the same State Aid ratio as Foundation Aid. In addition, beginning with costs reimbursed in 2012-13, certain non-instructional services provided by BOCES would no longer be reimbursed, a proposal that would be a disincentive to creating greater economies of scale through these services.
- **Summer School Special Education:** The 2011-12 Executive Budget proposes to change reimbursement to school districts for summer school special education costs and would use the wealth-based aid ratios used during the regular school year. Additionally, the priority of payment would be for claims from the 2011-12 school year with state reimbursement for prior year costs limited to \$100 million during the coming fiscal year. This amounts to a reduction of \$57 million in the 2011-12 state fiscal year.
- **Private Schools for the Blind and Deaf:** The Executive Budget would consolidate these 11 private schools into the broader classification of private special education providers. State funding for the cost of students attending these schools would be provided through Private Excess Cost Aid, as is the case for students attending all other private special education schools at the direction of school districts. This would amount to a cost shift of \$98 million in the 2011-12 SFY from the state to school districts.
- **Employee Benefit Accrued Liability Reserve Funds:** The Executive Budget would allow a school district's governing board to authorize a withdrawal of excess funds in an employee benefits accrued liability reserve fund. The amount withdrawn could not exceed the Gap Elimination Adjustment for a school district. The State Comptroller would first certify that the amount remaining in the Fund is sufficient to meet employee benefit requirements after the withdrawal.
- **Universal Pre-K** would be maintained at 2010-11 levels.
- **Education Improvement Performance Grants:** The Executive Budget proposes new funding of \$1.7 million for competitive grants for programs with success in improving achievement outcomes.
- **School District Charter School Payments:** The per pupil charter school tuition payments made by school districts to charter schools for the 2011-12 and 2012-13 school years would be maintained at 2010-11 levels.

Library Aid

- The Executive Budget proposes a reduction of \$8.4 million (10 percent) to Library Aid which would lower it to \$76 million.

Higher Education

SUNY State Operated Campuses Funding

- The 2011-12 Executive Budget reduces year-to-year overall General Fund support (state operating aid) by \$100 million (state fiscal year). This equates to a 10 percent reduction from 2010-11 state funding levels for the state operated campuses and university-wide programs.
- Tuition. The Executive Budget does not authorize any increase in tuition levels.

SUNY Hospitals

- State Subsidy. The state subsidy for SUNY's hospitals is eliminated. This results in a cut in state aid to these facilities of \$154 million.
- Medicaid. The Executive Budget reduces Medicaid spending by a total of \$2.85 billion. The total impact of Medicaid cuts on SUNY hospitals is unknown at this point pending specific recommendations due by March 1 from the governor's Medicaid Redesign Team.

SUNY/CUNY Flexibility Proposals

- The Executive Budget provides enhanced management flexibility which is similar to last year's Public Higher Education Empowerment and Innovation Act. Major provisions include:
 - Authorizes SUNY to lease real property without legislative oversight.
 - Authorizes SUNY to participate in public-private partnerships subject to approval of a newly created State University Asset Maximization Review Board.
 - Eliminates pre-approval by the Comptroller for SUNY and CUNY contracts for goods and services.
 - Authorizes the Dormitory Authority to finance and construct projects for SUNY's state operated campuses, community college dormitories and SUNY associated not-for-profits.
 - Authorizes the State University Construction Fund (SUCF) to implement capital projects through alternative construction delivery methods and streamlined procurement guidelines.

CUNY Senior Colleges State Funding

- The 2011-12 Executive Budget reduces year-to-year overall General Fund appropriations by \$70.1 million for the senior colleges and university-wide programs. This equates to a 10 percent reduction from 2010-11 state funding levels.

- Tuition. Increased appropriation authority is provided to CUNY's 2010-11 (current-year) budget to reflect the trustees' passage of a 5 percent mid-year tuition increase. No tuition increase is authorized for 2011-12.

SUNY/CUNY Community College Base Aid

- The Executive Budget proposes a cut in the state's appropriation to SUNY and CUNY community colleges of \$226 per full-time (FTE) student totaling \$46 million on a state fiscal year basis. This equates to a 10 percent reduction over last year's state funding levels. If enacted, this would bring the level of base aid funding from \$2,260 per student to \$2,034 per FTE student.

Educational Opportunity Programs

- Funding for these programs are maintained at last year's level.

Health Care

The Executive Budget is short on fiscal details regarding specific cuts to Medicaid, pending recommendations from the Medicaid Redesign Team (MRT). The MRT must submit to the governor by March 1 its recommendations and reductions (i.e. modifying program requirements and limiting spending growth) to arrive at a \$2.85 billion cut for SFY 2011-12. The MRT has been soliciting recommendations from Medicaid-affiliated organizations since its inception last month and will continue to do so until the targeted cut for 2011-12 is met and throughout the coming months. NYSUT will provide specific details as they become available.

State Workforce Issues

The governor's Executive Budget proposal requests that all state agencies evaluate all reduction options to achieve a 10 percent reduction in general fund spending. The governor also proposes to reduce state workforce payroll and fringe benefits through negotiations to achieve a savings of \$550 million. The governor has threatened that a lack of concessions at the negotiating table will result in state workforce layoffs of up to 9,800. Labor contracts for both CSEA and PEF, whose members would be affected by this threat, expire April 1.