



**NYS Legislature- Westchester Delegation
January 31, 2019 Public Forum**

**Westchester Putnam School Boards Association (WPSBA) Testimony
Lisa Davis, Executive Director**

We thank you in advance for your ongoing support of public education. We know you understand the important role our schools play in ensuring the next generation of students have a well-rounded education, social-emotional skills, and sense of civic engagement for lifelong success.

Governor Cuomo opened his State of the State/ Budget presentation with three key themes: Jobs, Infrastructure and Taxes. While WPSBA applauds the focus on these critical issues, we would like to highlight some key public education issues that we urge you to consider as well.

Foundation Aid

Once again, the Executive Budget targets our region for the minimal increase in Foundation Aid. While the budget proposes that Foundation Aid statewide increases by just under 2%, about half of the school districts in Westchester and Putnam would only receive a 0.25% increase in Foundation Aid, with only four of our districts slotted to receive an increase of over 1%. Juxtapose that with the fact that 30% of our districts currently receive less than 60% of the Foundation Aid due them by formula, while only 8% of districts statewide are funded under 60% of the Foundation Aid due by formula. High regional costs and relatively high regional wealth trigger these discrepancies. Unfortunately, this underfunding directly affects the programs and services a district can provide to its increasingly diverse student population.

Area districts that will continue to be significantly underfunded under this proposal include: Ossining, Elmsford, Rye Neck, Eastchester, Tuckahoe, Port Chester, Pelham, White Plains, New Rochelle Tarrytown, Dobbs Ferry, Somers, Pleasantville and Hendrick Hudson.

Exec Budget FA Increase	# WPSBA SD's	% WPSBA SD's
<= 0.25%	21	46%
0.251 - 0.5%	16	35%
0.51 - 1%	5	11%
1.01 - 2%	1	2%
2.01 - 3%	2	4%
3% +	1	2%

% FA Due by Formula	# WPSBA SD's	% WPSBA SD's
<= 0.50%	6	13%
50 - 59%	8	17%
60 - 75%	13	28%
76% - 99%	6	13%
>= 100%	13	28%

Tax Levy Limit

The governor proposes making the current tax levy limit permanent with no amendments, thus retaining the “lessor of the annual CPI or 2%” formula. Under this plan, from 2014-15 through 2017-18 the growth factor vacillated under 2%; the current tax levy limit formula is neither stable, predictable, nor reliable.

The DOB 2020 Executive Budget Briefing Book on Education states (p. 64), “Large swings and year-over-year volatility in annual State personal income growth factors have resulted in a School Aid growth index that is irregular and unpredictable for school districts and the State.” The State thus calls for the alignment of the State’s School Aid growth Cap with a 10-year average of State personal income growth. Similarly, tax levy limit fluctuations are problematic given that about 70% of a school district budget goes towards labor agreements that are negotiated three years into the future. The local property tax levy also must be amended with a minimum 2% cap or 10-year rolling average. Year to year swings and near-zero levy growth factors must be addressed, particularly if the tax levy limit is made permanent.

This issue is particularly important to the districts in our area, as the median state aid funding for districts in our region stands at just over 10%. Given the small percentage of State and Federal revenue, our districts have no choice but to rely heavily on the tax levy to cover expenditures.

Furthermore, the tax levy limit formula should consider items such as BOCES capital, PILOTS, enrollment increases, and ensure that districts are not saddled with a negative levy limit (7 of our districts were faced with that when the growth factor was 0.12%).

SALT - STAR

Changes to SALT and STAR directly impact our local taxpayers. We are all aware of the reduction in the Federal SALT deduction to \$10,000, and need to be mindful of the fact that this limitation includes both NYS income taxes and the local property tax. Thus, salary deductions alone could equal half of the allowable SALT deduction for middle class taxpayers, and all of it for higher wage earners, leaving little or no deductions for the local property tax.

The Governor proposes a reduction in the STAR program that would benefit the state but negatively affect our middle class taxpayers. This includes a 0% cap on the annual growth of Basic and Enhanced STAR exemption benefits. The Executive budget also would lower the Basic STAR income limit for the Exemption Program to \$250,000 (from \$500,000). While the STAR credit program income limit would not be affected, conversion to this program creates an issue for school districts and for taxpayers. School district tax bills will have to be increased to account for the lost STAR exemption, and taxpayers will have to pay the full property tax while waiting for their STAR check to arrive in the mail. (It is widely reported that there have been significant delays in the delivery of STAR checks.)

Coupled with the SALT deduction, the changes to STAR will create a “double whammy” for our taxpayers. School district budgets- the only budget they vote on- will no doubt bear the brunt.

Regional Cost Factor

Our school districts are located in New York State's highest cost area, and face significantly higher expenses for staffing and district operations, as well as a higher cost of living for the families in our communities. The current Regional Cost Index (RCI) grouping places the WPSBA districts with counties that have a lower cost of living, and thus it is not reflective of the true costs that our districts incur. Our districts should be included with the NYC/Long Island regional grouping due to the regional similarities.

Furthermore, State aid formulas utilize the outdated 2006 RCI rather than the most recent RCI value. This applies to State Aid formulas and funding eligibility criteria, including the Foundation Aid formula.

Infrastructure

While infrastructure projects are a cornerstone of the Governor's speech and budget proposal, State funding for school construction projects would be reduced by 5%, and other aid formula parameters would be reduced as well. Why the dichotomy? Safe, secure, appropriate school facilities that will meet the needs of our 21c learners are certainly as, if not more, important than transportation and other State infrastructure projects.

Expense Reimbursement Limits

The Executive budget proposes limitations to school district expense reimbursements, including but not limited to BOCES expenditures. These types of expenditures vary from year to year based on student and district needs and programs. Moreover, this perennial proposal would discourage rather than encourage the use of BOCES shared services.

It should be noted that expense reimbursements at private and parochial schools would be increased, and not subject to similar annual limitations.

"Equity" of Funding within a School District

The Governor's proposed "School Level Funding" reporting only considers equity through a financial lens, ignoring key equity measures related to programs, services, etc. This proposal would also remove local control to determine the most efficient, appropriate way to allocate district resources and address student needs.

Charter Schools

The Governor's budget proposal aligns the charter school tuition increase with public school spending while providing a total 3.5% per pupil funding increase for NYC charter schools, irrespective of their wealth, other sources of revenue, or the populations they serve.

Where is the equity in that?