



**A Preliminary Report of
Findings and Recommendations
to
Governor David A. Paterson**

June 3, 2008



The New York State Commission on Property Tax Relief

**Thomas R. Suozzi
Chairman**

**John C. Reid
Executive Director**

Commission on Property Tax Relief

Commission Members

Thomas Suozzi, *Nassau County Executive*
Shirley Strum Kenny, *President, Stony Brook University*
Nicholas Pirro, *Former Onondaga County Executive*
Michael Solomon, *Director, Merrill Lynch*
Merryl Tisch, **Vice Chancellor, New York State Board of Regents*
Paul Tokasz, *Former New York State Assembly Majority Leader*

Special Advisers**

Lisa Donner, *Co-Director, Center for Working Families*
Elizabeth Lynam, *Deputy Research Director, Citizens Budget Commission*
Sandra Parker, *President and Chief Executive Officer, Rochester Business Alliance*
Karen Scharff, *Executive Director, Citizen Action of New York*
Robert Ward, *Deputy Director and Director of Fiscal Studies, Rockefeller Institute of Government*

Staff

John Reid, *Executive Director*
Lee Kyriacou, *Policy Director*
Dino Amoroso
Kathy Bennett
Patricia Billen
Wendy Burns
Jim Dunne
Joseph Gerberg
Geoffrey Gloak
Nancy Gutterman
Philip Hembdt
Shannon Hitt
Dianne Malone
Sybil McPherson
Morris Peters
Jennifer Richardson
Amelia Stern
Clarissa Wertman
Glenn Pichardo, *Intern*

*Commission Member Tisch elected to abstain from the Recommendations herein.

**Special Advisers participated in all Commission meetings, offering invaluable advice in their areas of expertise. The policy recommendations herein are those of the Commission only.



June 3, 2008

The Honorable David A. Paterson
Governor of New York
State Capitol
Albany, New York 12224

Dear Governor Paterson:

On behalf of the New York State Commission on Property Tax Relief, I am pleased to submit this Preliminary Report of Findings and Recommendations. While titled “preliminary,” this report recommends major policy changes – especially a property tax cap – that need not wait for our final report.

The Commission strongly supports your and the Legislature’s demonstrated commitment to improve educational opportunities for the children of New York. We also strongly support your and the Legislature’s desire to provide relief for New York’s property taxpayers. Our recommendations, if adopted, will help further both objectives.

Our recommendations, if adopted, would control the rate of school tax increases, provide overall property tax relief based upon a homeowner’s ability to pay, and amend State law to help manage expense growth for school districts and local governments. At the same time, we believe that reducing voter anger over school taxes will help redirect New Yorkers’ attention toward maintaining and improving educational quality. Additionally, providing greater control over expenses to school districts and other municipalities will help redirect resources where they may most effectively impact educational quality.

The Commission believes strongly that such changes are needed: the property tax burden on New Yorkers is among the highest in the nation and rising every year. The burden is especially great for low and moderate income families who are least able to shoulder increased property tax bills. We have heard testimony throughout the State that families and businesses are alarmed by the cost of their property tax bills, and are “voting with their feet” by leaving the State to escape this burden. The risk of inaction is high as the problem will worsen without intervention.

Since January we have solicited advice from elected officials, school leaders, business officials, labor groups, policy experts, and property taxpayers throughout the State. We have invited public comment and received a broad diversity of input. During the next six months, the Commission will ask for additional public comment and further investigate specific topics we believe need continued exploration. The final report will be submitted on December 1, 2008.

I know I speak for all members of the Commission, Special Advisers, and staff when I say that it is an honor to participate in this important work. We look forward to continuing our charge.

Respectfully submitted,

A handwritten signature in blue ink that reads "Tom".

Thomas R. Suozzi
Chairman

TABLE OF CONTENTS

EXECUTIVE SUMMARY	1
PREFACE	6
INTRODUCTION.....	8
Part I: New York State’s Commitment to Quality Public Education	11
Part II: The Problem.....	13
Property Taxes Are Too High	13
Why Are Property Taxes So High?	19
Why High Property Tax Growth is bad for New York State	43
The Proposed Property Tax Cap.....	47
Part III: Recommendations.....	55
Why a “STAR Circuit Breaker” would be better than STAR	55
Changing State Law and Mandate Relief	61
Special Considerations: Big Four, Special Education, and Rural School Districts	75
APPENDIX	
Appendix A: Executive Orders	78
Appendix B: Summary of Recommendations	81
Appendix C: School District Funding, Expense and Pupil Counts Outside of New York City	84
Appendix D: White Papers Received by the Commission	85
Appendix E: Hearings and Testimony	87
Appendix F: References Cited in Report	91
Appendix G: Bibliography.....	92

EXECUTIVE SUMMARY

The New York State Commission on Property Tax Relief was established in January of 2008 by Governor Eliot Spitzer’s Executive Order No. 22 and continued by Governor David Paterson’s Executive Order No. 1 in March of 2008. The Commission, assisted by an excellent staff, has held 11 meetings, received formal testimony from 170 people, received 30 white papers from outside parties, prepared 11 major working papers, held 9 regional roundtables, and numerous informal and formal meetings with subject experts, elected officials, stakeholders, and members of the public. The Commission has produced this preliminary report that recommends solutions to the State’s unsustainable property tax burden.

This report is organized as follows:

Part I: New York State’s Commitment to Quality Public Education

Part II: The Problem

Property Taxes are Too High

Why Are Property Taxes So High?

Why High Property Tax Growth is Bad for New York State

Part III: Recommendations

The Proposed Property Tax Cap

Why a “STAR Circuit Breaker” Would Be Better than STAR

Changing State Law and Mandate Relief

The Big Four, Special Education, and Rural Districts

Part I: New York State’s Commitment to Quality Public Education

This Commission believes that the education of our children must not be compromised. New York State has, in the two most recent Enacted Budgets, made an enormous and historic investment in school funding. Pursuant, in part, to a court ruling and new State policy, school aid investment has been targeted to ensure a “sound basic education” and to encourage smaller class size, full-day pre-kindergarten and kindergarten, and other educational initiatives to improve student achievement. Paramount in all of the Commission’s deliberations has been the recognition of New York State’s and, specifically, the Governor’s and State Legislature’s continued commitment to quality education. At the same time, the Commission believes that reducing voter anger over school taxes will help redirect the attention of New Yorkers toward maintaining and improving educational quality.

Part II: The Problem

Property taxes are too high: New York State has the highest local taxes of any large state in America – 79 percent above the national average. Property taxes account for most of the local taxes levied outside of New York City, and New Yorkers pay some of the highest property taxes in the nation – especially school property taxes. In national comparisons, three of the ten counties where households paid the highest property taxes, nine of the ten counties with the highest property taxes as a percentage of home value, and four of the ten counties with the highest property taxes as a percentage of personal income, are all in New York State.

High property taxes have the most negative impact on low and moderate income working families, seniors on fixed incomes, and small business owners, who must shoulder this burden regardless of their ability to pay. Whether your concern is decreasing education costs, or increasing education spending, or addressing inequities in school funding, or improving programs, virtually all agree the answer cannot be to continue to increase property taxes at the current rate. The rate of increase in property taxes over recent years is unsustainable, and simply unfair to those who cannot afford to pay.

Why property taxes are so high: New York State property taxes are too high for two basic reasons:

Expenses are high. New York schools outside of New York City spend more per student than any state in the nation – an estimated \$18,768 in 2008-2009¹. New York's per student spending is more than 50 percent above the national average.

New York is a proud state with a progressive history and a social compact devoted to improving the quality of life for all New Yorkers. Generations of New York's leaders, committed to maintaining its status as a national model of social responsibility, have adopted laws and regulations that require local school districts and local governments to provide certain functions in certain ways. The unintended consequence is government that is very expensive. The thorny challenge is to help school districts and other local governments reduce these expenses, while remaining faithful to our social compact.

State aid as a percentage of total cost is below the national average. It must be noted that New York State spends a great deal on public education, well above the national average. In fact, the State has dramatically increased spending over the past several years and intends to do even more over the next several years, which the

¹ 2008-09 New York State Education Department Property Tax Report Card. While the average is \$18,768, per pupil spending varies by district. The average reported per pupil spending by district wealth deciles are as follows: Lowest Wealth Decile (WD) \$17,356; 2nd WD \$17,225; 3rd WD \$17,273; 4th WD \$16,979; 5th WD \$17,384; 6th WD \$17,120; 7th WD \$19,297; 8th WD \$19,782; 9th WD \$23,688; Highest Wealth Decile \$32,087. As is shown by the decile averages, per pupil spending is quite consistent across the first six wealth deciles, then rises, with a noticeable increase in the Highest Wealth Decile.

Commission applauds. However, the State's contribution represents, as a percentage of the total cost, only 43 percent, which is below the national average of 47 percent.

To the extent that the costs to maintain the most expensive schools in the nation are not covered by state aid, they must be paid by local property tax payers. This report examines why school district costs are so high and how New York State compares to other states regarding state funding.

Part III: Recommendations

The remaining sections of this report discuss proposed solutions to the property tax problem in New York State. There are only three options to address the ever increasing cost burden of the New York State education system: 1) decrease expenses (or at least decrease the rate of growth), 2) increase state aid, or 3) increase property taxes. These options involve hard choices, but this Commission concludes that, regardless of any other factors, it must be a priority to limit property tax increases above a capped amount.

After months of public testimony and intensive study, the Commission has identified a comprehensive approach that begins with a principal recommendation, a cap on the growth of property taxes. Once that critical priority is addressed, two other key recommendations can supplement the first in important ways: individual relief based upon need – a “STAR circuit breaker,” – and reform of state laws and mandates, where compliance causes an unwarranted growth in costs.

The Property Tax Cap: The Commission proposes capping annual growth in the property tax levy at 4 percent or 120 percent of the Consumer Price Index (CPI), whichever is less. New construction, which results in an increase to the tax levy, may be added to increase the capped amount. Any levy not used may be “banked,” to be used in future years at a rate not exceeding 1½ percent of the prior year's levy. School districts that do not exceed the cap would no longer be required to submit their budgets for an annual vote. If a school district wishes to exceed the cap, a positive vote by at least 55 percent of the voters would be required to override the cap. If a school district has received a 5 percent or greater increase in state aid, 60 percent of the voters would be required to override the cap. This 5 percent number is not intended to suggest that 5 percent growth in state aid is sufficient for high need districts.

The STAR Circuit Breaker: The Commission recommends that, after a property tax levy cap is adopted, the State reexamine the STAR program, which provides payments to school districts with no relation to individual taxpayers' ability to pay and has failed to effectively reduce property tax growth. A new STAR circuit breaker, targeted to relieve the tax burden on individual taxpayers based upon their income and ability to pay, would be a much more equitable way of reducing an individual's property tax burden. A levy cap is necessary to ensure that property tax growth is restrained for all taxpayers,

including businesses. A circuit breaker implemented after a cap has been enacted ensures that, in addition to limiting property tax growth, individual relief is targeted to people most in need. The STAR circuit breaker is the only Commission proposal which has a cost to the State. Recognizing the financial pressure faced by the State, the Commission recommends redirecting at least \$2 billion from the ineffective STAR program to a more effective circuit breaker.

Changing State Law and Mandate Relief: The Commission recommends that the State support school districts' efforts to rein in the costs of salaries, pensions and health care, as well as general operating and capital expenses by changing state law. There are three categories of proposed solutions:

I. New Recommendations to address the root causes of high property taxes:

- **No new legislative mandates** without a complete accounting of the fiscal impact on local governments, which must include full documentation, local government input and proposed revenue sources to fund the new mandates.
- **No new regulatory mandates** from the State Education Department without a complete accounting of the fiscal impacts on local governments, which must include full documentation, local government input, and proposed revenue sources to fund the new mandates.
- **Mandate accountability** through an annual report from the Office of the State Comptroller, which should include the cumulative cost to localities of complying with all new regulatory and legislative mandates.
- **Amend the Triborough provision of the Taylor Law** to exclude teacher step and lane increments from continuation until new contracts are negotiated.
- **Centralize and streamline school district reporting.**
- **Create a Commission task force on other State mandates** to research other reforms between now and the Commission's final report (December 1, 2008).

II. Adopt twelve recommendations from the Commission on Local Government Efficiency and Competitiveness (LGEC), including:

- Regional collective bargaining
- Health insurance contributions
- Health benefit trusts
- Non-instructional service consolidation through BOCES
- School district consolidation
- Wicks Law reform
- Procurement reform
- Countywide property tax assessment

III. Recommendations supplemental to the LGEC report:

- Require school districts to report collective bargaining outcomes to the Governor's Office of Employee Relations and in their budgets.
- Convene a study to evaluate creating a new Tier 5 pension system.
- Rescind the BOCES district superintendent salary cap.
- Create a BOCES statewide energy program.
- Establish uniform statewide assessing standards.

IV. Special Considerations:

- "Big Four" School Districts
- Special Education
- Rural School Districts

PREFACE

Context for the Report

In accordance with Executive Order No. 22 of Governor Eliot Spitzer and Executive Order No. 1 of Governor David A. Paterson, the New York State Commission on Property Tax Relief has closely examined the local property tax burden in New York State, and considered measures to provide property tax relief. The Commission reviewed property tax relief measures throughout the State's history, and evaluated the experiences in other states that have adopted restraints on property tax.

As requested in the Executive Orders, this is the preliminary report of findings and policy recommendations. The final report of the Commission will be transmitted to the Governor on or before December 1, 2008.

Meetings and Regional Roundtables throughout the State

This Commission and its Special Advisers have traveled throughout New York State. From Buffalo to Mineola, from New York City to Plattsburgh, the Commission held 11 meetings and hosted 9 regional roundtables. Commission members have listened to all who wished to be heard, and actively sought the wisdom of the best minds on subjects relevant to the Commission's charge.

Over 170 individuals formally provided testimony at public hearings. More than 30 white papers were received from around the State and from national sources. Commission staff wrote 11 major working papers, each representing an in-depth analysis of a subject within the charge of the Commission. We have carefully reviewed these submissions, and consulted with many of those who prepared those reports.

In addition, Commission members participated in scores of formal and informal meetings, phone conversations, and e-mail exchanges with the subject-matter experts, stakeholders, and elected officials – all with the specific purpose of understanding the many facets of this complex issue. In sum, the Commission benefited from a broad diversity of views.

Five Peer States that Serve as Comparisons

The Commission committed itself early in the process to learning from the experience of other states – both to emulate successes and to avoid mistakes. Commission staff analyzed all fifty states, and presented to the Commission a view that five of them, labeled “peer states”, were comparable to New York in terms of size, complexity, and diversity. In addition, each had important approaches to property tax relief that warranted close scrutiny. Those states are Massachusetts, Illinois, California, New Jersey, and Michigan. If a state outside the set of five was identified by experts as having an approach worth considering it, too, was evaluated closely.

Considering the Special Circumstances of Low Income Families and the Elderly

The Commission was mindful of the fallacy of averages – of designing solutions for average citizens who do not exist. For this reason, in addition to viewing the State region-by-region, the Commission examined many matters through the lens of low income families, where a property tax increase can force difficult choices about basic necessities of life; and of the elderly on fixed incomes, where a property tax increase destroys a carefully balanced budget. This led to a fuller understanding, for example, of the assistance that an improved circuit breaker mechanism could provide these citizens. It also led to a fuller understanding of how vital state aid is to all school districts, but especially those where the property tax base simply is too limited to support the quality schools that all New York children deserve.

Considering the Range of School Districts, from Wealthy to Most in Need

The Commission instructed staff to examine school districts in all of their complexity. The sorting of school district revenue and cost data, separating all school districts in the State into ten deciles, ranging from the poorest to the wealthiest, proved highly beneficial in, for example, evaluating the impact of state aid policies. While this report often cites statewide averages, the Commission notes that actual amounts, such as per pupil spending, may vary widely in different regions of the State, and among school districts of differing wealth.

Considering the Big Four Cities and their Legal Status of “Fiscal Dependency”

The Commission took note of the unique legal status of the “Big Four” cities – Buffalo, Rochester, Syracuse and Yonkers. These cities have school districts that are fiscally dependent, and therefore cannot independently levy property taxes. That function is reserved for the city, which must also levy property taxes for municipal services.

The Challenge Before Us

Our findings on these issues, taken together, present daunting challenges. This report addresses these challenges in all of their complexity, with a focus on the desire shared by all for quality schools and the need to address the burdens of the property taxpayer.

“I signed my oath of office, and the next thing I did was sign the executive order to keep this commission going, because we want to find a solution to property taxes in this state.”

- Governor David A. Paterson

INTRODUCTION

New York is proud of its schools, but the property taxes that support those schools are growing at an unsustainable rate

The Commission heard over and over again, downstate and upstate, on Long Island and in Buffalo: New York has a problem. This State is proud of its schools, but the property taxes that support those schools are growing at an unsustainable rate.

New York has a problem... the property taxes that support its schools are growing at an unsustainable rate.

The debate is not about the problem. The debate is about why the problem exists and what exactly should be done about it.

The Commission traveled throughout the State to conduct eleven commission meetings and nine regional roundtables – taking testimony, receiving white papers, and discussing these complex issues with mayors, Senators, Assembly Members, superintendents, school board members, and community leaders.

Most importantly, we heard from local taxpayers---taxpayers who are concerned, and sometimes even angry.

For example, we heard from a young mother from Malta who waited with two of her children for over an hour to testify before the Commission. Her story was like so many others. The property taxes on her home had risen \$2,100 in one year. Even household repairs had become unaffordable on her husband's modest salary. She wanted us to know that they feared losing their home if their property taxes continue to rise.

Hundreds of additional stories – many called them nightmares – poured in through letters and emails from homeowners statewide. One senior citizen reported that his private sector pension had increased only 7 percent during a time when his property taxes had more than doubled. Another, a retired utility lineman from Saranac Lake, reported that when he first retired in 1994, property taxes were 8 percent of his fixed income. Last year, despite the STAR exemption, his taxes were \$12,274 and consumed 22 percent of his income.

An 80-year-old widow from Woodstock told us that when she and her husband built their house, the combined school, town and county property taxes were \$500. Her property taxes have increased ten-fold to more than \$5,000 while she struggles to pay her bills with half of her husband’s pension and social security. She wrote, “It was always the American dream to own

one's own home. Now it has gotten to the point where the home owns you. There has to be a breaking point, and I think we have reached it.”

Many expressed similar messages in their testimony – that the breaking point has arrived. Homeowners are “voting with their feet” – selling their homes and moving to escape the high property tax burden. Indeed, census data consistently show New York leading the nation in the

...the property tax burden is one of the State's most pressing problems – and it is only getting worse.

number of residents migrating to other states. Others suggested that we are yet to reach the breaking point but that it is approaching rapidly. Almost universally, we heard that the high property tax burden is one of the State's most pressing problems – and it is only getting worse.

This is the reason that Governor Paterson has asked the Commission on Property Tax Relief to tackle this issue.

Historically a local issue, today it is clearly a statewide issue. Indeed, the Governor's Executive Order asks the Commission to consider the systemic, statewide nature of this issue, and to recommend appropriate policies for consideration by the State's leaders.

What should be done? The reflexive response of most New Yorkers is this: If local communities are taxed to the limit, then the State, with funds from the income tax, must do more. This Commission notes that the State has recently committed to do more. Just two years ago, state aid to school districts was \$17.8 billion. The State has increased school aid to \$21.4 billion – an increase of \$3.6 billion and 20 percent – in just two years. This is real progress, and should be continued.

What more should be done? Many would respond: stop, or slow, the spending growth. In good years, the state's economy has grown 5 percent, and most observers consider anything above 5 percent growth to be unsustainable. In years of economic strain, growth at a rate much lower than 5 percent may well be essential. In light of that reality, is there a way to halt school district spending growth that most observers believe is unsustainable?

The question is answered differently depending on where one sits.

If you are a school board member or a superintendent – and the Commission heard from many – the question is answered: Allow me to control my own destiny and perhaps I can rein in this growth. A school district has too many masters, they say. School districts must adhere to thousands of pages of regulation. They point to “mandates,” particularly “unfunded mandates,” as a costly usurpation of their authority, asserting that these mandated costs are responsible for most of the spending growth.

If you are a citizen struggling to make ends meet – and we have heard from many – you say: “If only I had 5-7 percent more every year to live on. If I did, life would not be as tough as it is.” In

this regard, the Commission has heard much criticism of what were viewed as extravagant salary raises and benefit increases that fuel unchecked spending.

If you are an observer – in a national research center, or a think tank, or a university – you may point out certain fundamental facts about our school districts that might raise obvious questions about efficiency. For example, there are almost 700 distinct school districts in New York State. More than 200 of these districts enroll fewer than 1,000 children. Excluding New York City, New York’s average school district size of 2,400 ranks 33rd among states, just below Alaska, and substantially lower than the national average of 3,400 students

***It might be a good idea to
examine our structure.***

**-Robert Bennett, Chancellor, New
York State Board of Regents**

The Commission has listened carefully to all of these voices. We have concluded that the State must adopt solutions that address taxpayers’ anger, and redirect that anger to advocacy for increased educational quality. And, we must support school districts by providing administrators with greater control over their expenses and operations, so that their focus, too, can be on improved educational quality. We believe that there is a way to strike a balance – a balance that supports both continued enhancement of our children’s educational opportunities and real relief for property taxpayers.

That is the subject of this report.

Part I

New York State's Commitment to Quality Public Education

“The Legislature shall provide for the maintenance and support of a system of free common schools, wherein all the children of this State may be educated”

New York State Constitution

Part I: New York State’s Commitment to Quality Public Education

A consensus that the education of our children cannot be compromised

This Commission believes that the education of our children must not be compromised. Further, this Commission believes that there is a consensus on this point among all citizens and leaders throughout the State.

Governor Paterson has strongly advocated for public education, and has expressed his administration’s support for continuation of recent educational progress. Majority Leader Bruno and Speaker Silver, together with elected officials from both sides of the aisle, have all made clear that they share Governor Paterson’s commitment.

In doing so, our leaders reinforce a proud and historic tradition. Since 1884, the New York State Constitution has required that: “The Legislature shall provide for the maintenance and support of a system of free common schools, wherein all the children of this State may be educated.” (NY Constitution, Art XI Sec. 1).

There have been exciting advances:

- **State aid to schools.** The State set a goal for a four-year increase in aid to education totaling approximately \$7 billion.² The 2006-2007 budget provided \$17.8 billion in school aid. The 2007-2008 budget enacted an increase of \$1.8 billion, and the 2008-2009 budget provided for an increase of \$1.8 billion. Thus, in just two years, the State has increased its commitment to schools by \$3.6 billion to over \$21.4 billion, an increase of 20 percent--excellent progress by any measure.
- **Funding school districts most in need.** The Commission has studied school aid funding in the poorest and wealthiest school districts across the State, and finds that the State’s policy of directing more funds to districts with high needs is working. Under the

² In 1995, the Court of Appeals held that the State Constitution required the provision of a sound, basic education to New York’s students, *Campaign for Fiscal Equity vs. State of New York*, 86 NY2d 307 (1995). See also *Campaign for Fiscal Equity vs. State of New York*, 100 NY2d 893 (2003). The Court required a calculation of the actual expense of fulfilling the guarantee of a sound basic education in New York City. See *Campaign for Fiscal Equity, Inc. vs. State of New York*, 8 NY3d 14 (2006).

foundation aid formula, the highest percentage growth in funding is directed to the school districts most in need. These policies, formulated to support schools and children, also support the taxpayers most in need, as high-need districts, in general, have limited and already over-burdened, property tax bases. When school spending grows in such high-need districts, state aid offers significant and important property tax relief.

- **Targeting and Accountability.** State policy targets school aid investment to ensure a “sound basic education,” to address disparities in school district wealth and to encourage proven programs to improve student achievement. These programs include class size reductions, increased time on task, teacher and principal quality initiatives, full-day pre-kindergarten and kindergarten, support for English language learners, middle and high school restructuring and other education quality improvements.

The Commission commends the State’s school aid financial planning, reflecting New York’s commitment to providing a quality education to our children. We call upon the Governor and the Legislature to continue this progress, which is central to property tax relief.

Indeed, the Commission believes these developments *lay the foundation* for property tax relief. If state support is consistent, school districts can and should be expected to moderate property tax increases. If state support continues to be directed to school districts with the weakest property tax bases – those most in need – property owners in those districts should be protected from further burdens.

At the same time, the Commission believes that reducing voter anger over school taxes will help redirect the attention of New Yorkers toward maintaining and improving educational quality. Additionally, providing greater control over expenses to school districts and other municipalities will help redirect resources where they may most effectively impact educational quality.

The Commission understands the increasing pressure on the budgets in all states resulting from the recent downturn in the economy. At the same time, maintaining a strong commitment of state aid to school districts is an essential part of the property tax relief equation. The presence of significant state aid relieves pressure on local taxpayers. The local taxpayer funds what the State does not fund, a key dynamic referenced throughout this report.

Part II

The Problem

Part II: The Problem

Property Taxes Are Too High

New York State has the highest local taxes in America – 79 percent above the national average.³ New York’s local taxes also rank far above those of other large states. For example, New Jersey has the next highest level of local taxes, but they are only 18 percent above the national average. As shown in the chart below, New Yorkers pay \$82 per \$1,000 of personal income in local taxes as compared to the national average of \$46. When local taxes are combined with state taxes, New York has the highest tax burden of any large state – 33 percent higher than the U.S. average.⁴ It is important to note, however, that state taxes are *not* a primary cause of this high tax burden. New York ranks only 1 percent above the national average in state taxes (at \$68 per \$1,000 dollars of personal income). It is New York’s local taxes that are particularly high.

New York State has the highest local taxes in America – 79% above the national average.

**State and Local Tax Burden
New York and the U.S. Average, 2004-05**

Taxes Per \$1,000 of Personal Income	U.S. Average	NY Average	Percentage Difference
State and Local	\$113	\$150	33%
State	\$67	\$68	1%
Local	\$46	\$82	79%

Source: Citizens Budget Commission based on data from U.S. Bureau of the Census and Bureau of Economic Analysis

We here in Onondaga County pay so dearly in property taxes, the highest in the country....it has led too many to have no choice but to sell their homes and leave the state.

- Central New York Homeowner

³ New York State has the highest local taxes in America when mineral related severance taxes are excluded. If severance taxes are included, Wyoming has the highest local taxes. Source: Local Taxes in New York State: Easing the Burden. Citizens Budget Commission December 2007, based on data from US Bureau of Census (2004-05).

⁴ Ibid.

There is a significant disparity between the taxes paid by citizens of New York State, not including New York City, when compared to the rest of the nation, as the chart below illustrates.

**Local and Property Tax Burden
New York Not Including NYC Compared to U.S., 2004-05**

Taxes Per \$1,000 Personal Income	U.S. Average	New York State Not Including NYC	Percentage above U.S. Average
Local	\$46	\$72	57%
Property	\$35	\$54	54%

Source: Citizens Budget Commission based on data from U.S. Bureau of the Census and Bureau of Economic Analysis

Outside New York City property tax represents the greatest proportion, 75 percent, of local taxes. Citizens pay \$54 out of every \$1,000 of income in property taxes, 54 percent above the national average of \$35. Total local taxes are 57 percent above the national average.

Whether it is property tax amounts, property tax rates, or property tax as a percentage of income, residents outside of New York City pay some of the highest property taxes in America.

Looking at property tax *amounts*, several New York counties – Nassau, Westchester and Rockland – were among the top ten counties nationally in terms of property taxes paid on owner-occupied residences in 2006.⁵

Median Household Tax by County, 2006

County and Rank	State	Median Tax
1. Hunterdon	New Jersey	\$7,999
2. Nassau	New York	\$7,706
3. Westchester	New York	\$7,626
4. Somerset	New Jersey	\$7,318
5. Bergen	New Jersey	\$7,237
6. Essex	New Jersey	\$7,148
7. Rockland	New York	\$7,041
8. Morris	New Jersey	\$6,852
9. Union	New Jersey	\$6,703
10. Passaic	New Jersey	\$6,663

Source: U.S. Bureau of the Census, American Community Survey, 2006

⁵ The Tax Foundation based upon U.S. Bureau of the Census, American Community Survey, 2006.

When property tax *rates* are calculated as a percentage of home value, nine of the top ten counties in the country are in New York State. Of particular note is that all of the counties are in the upstate area and are either losing population or experiencing slow population growth. Additionally, some of the counties are in rural areas of New York, where housing values tend to be lower, which necessitates higher tax rates to raise the same amount of taxes.

Property Taxes as a Percentage of Home Value by County, 2006

County and Rank	State	Tax Rate
1. Wayne	New York	2.94%
2. Niagara	New York	2.91%
3. Monroe	New York	2.83%
4. Erie	New York	2.54%
5. Fort Bend	Texas	2.53%
6. Chautauqua	New York	2.52%
7. Onondaga	New York	2.50%
8. Cayuga	New York	2.42%
9. Chemung	New York	2.41%
10. Schenectady	New York	2.39%

Source: U.S. Bureau of the Census, American Community Survey, 2006

Looking at property taxes as a percentage of income, four of the top ten counties in the country are in New York. These counties are all in the metropolitan New York City area, where both average incomes and property taxes are higher than in other states.

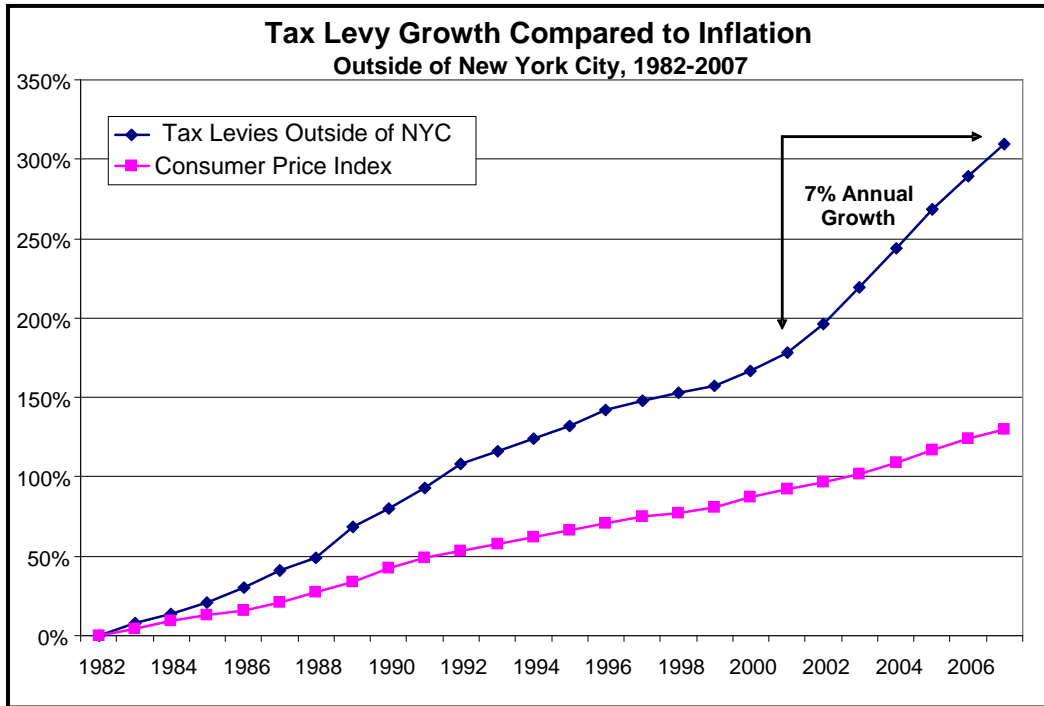
Property Taxes by County as a Percentage of Household Income, 2006

County and Rank*	State	Taxes as Percentage of Income
1. Passaic	New Jersey	8.4%
2. Essex	New Jersey	8.3%
3. Nassau	New York	8.1%
4. Union	New Jersey	7.9%
5. Hunterdon	New Jersey	7.8%
6. Bergen	New Jersey	7.7%
7. Rockland	New York	7.5%
8. Suffolk	New York	7.5%
9. Hudson	New Jersey	7.5%
10. Westchester	New York	7.3%

*New York's Putnam County is ranked 11th and Orange County 26th. Source: U.S. Bureau of the Census, American Community Survey, 2006

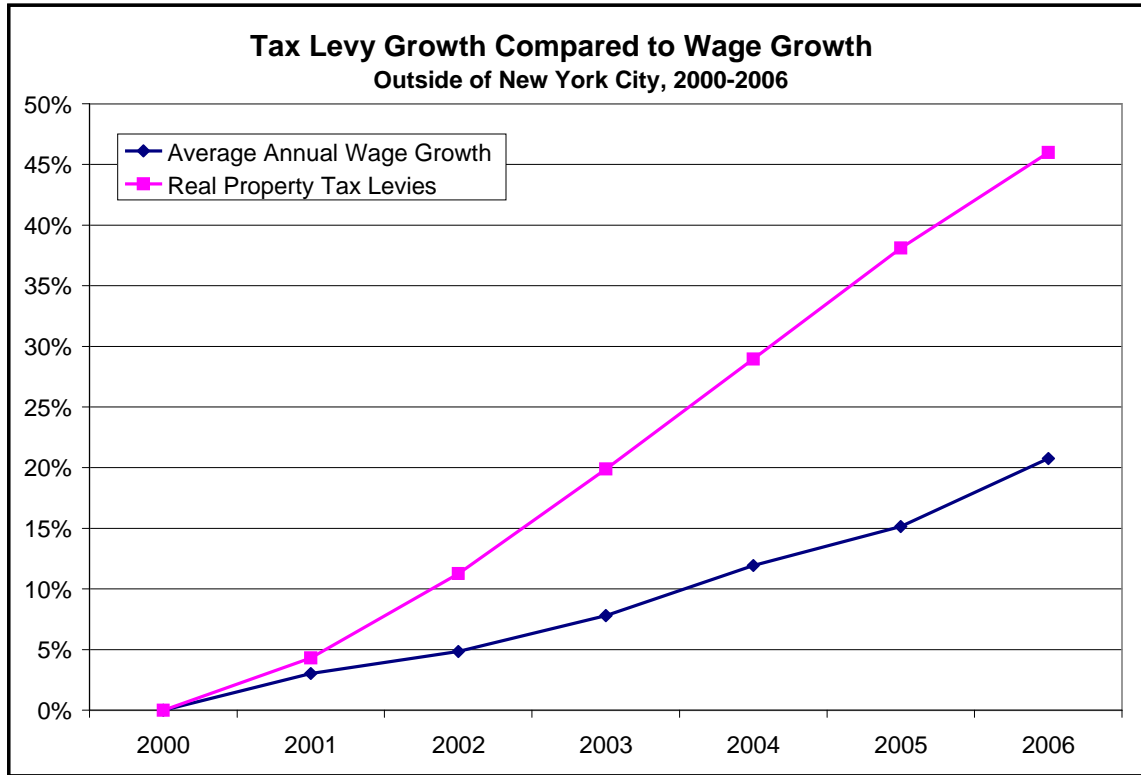
By any of these measures, property taxes in New York rank among the very highest in the nation.

This problem is compounded by the increasing disparity between the growth of property taxes and inflation. The following chart shows that the growth rate of property tax levies in New York has dramatically exceeded inflation, especially since the year 2001.



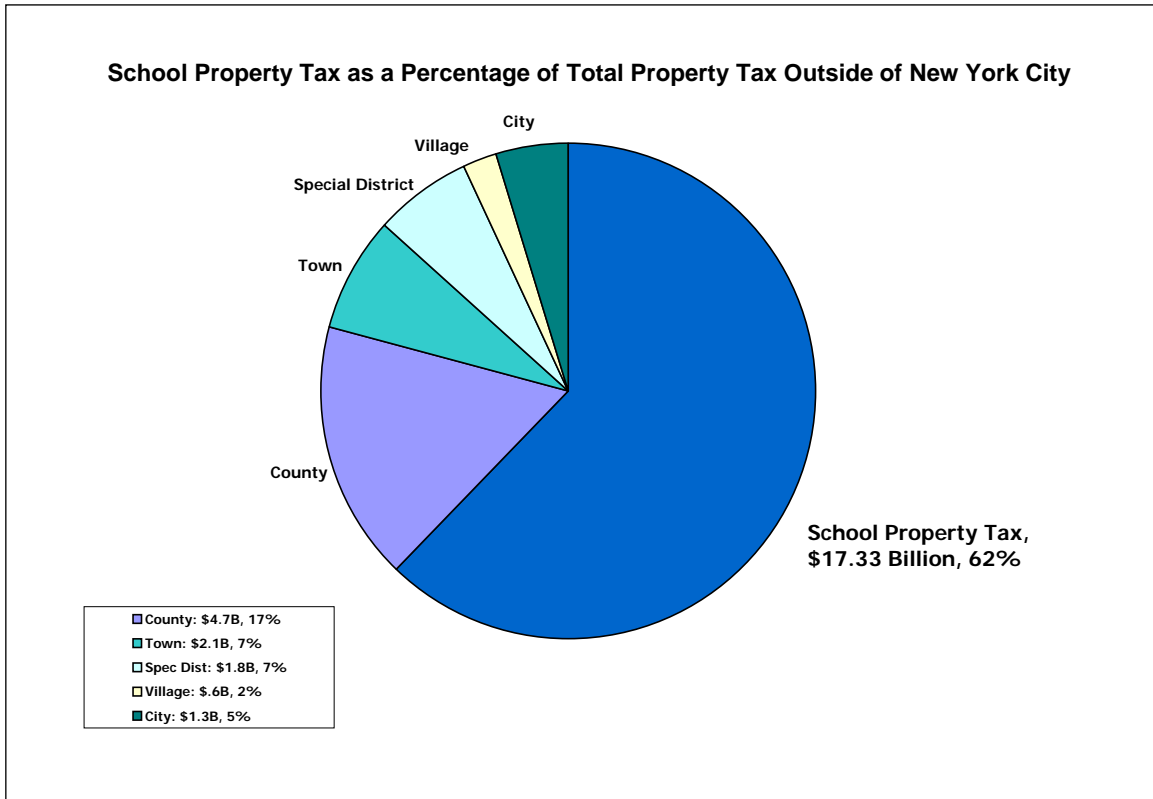
Source: Nelson A. Rockefeller Institute of Government.
CPI data from U.S. Bureau of Labor Statistics, Northeast Urban Consumer Price Index

The growth rate of tax levies is much greater than the growth rate of wages in New York. The following chart shows that while property taxes have grown by a total of more than 45 percent since 2000, wages have grown by only about 20 percent. This underlines how unaffordable property tax bills have become for typical New York families, which makes the State a very costly place to live. It also creates a severe competitive disadvantage for New York, undercutting incentives businesses might otherwise have to locate in some New York communities.



Source: Nelson A. Rockefeller Institute of Government.
CPI data from U.S. Bureau of Labor Statistics, Northeast Urban Consumer Price Index

The Commission notes that school property taxes represent the majority of the property tax burden. Outside of New York City, school property taxes are 62% of total property taxes, as shown in the following chart.



Source: New York State Office of the State Comptroller, Property Tax Outside NYC

Therefore, from every perspective, New York State property taxes have become the most burdensome in the nation. A way must be found to alleviate this problem.

Part II: The Problem

Why Are Property Taxes So High?

School taxes are high and growing rapidly because: (1) New York spends more on primary and secondary education than any other state; (2) the annual spending growth rate accelerated from 4 percent to 6 percent and is now higher; (3) New York State's share of school funding (state aid plus STAR payments) is somewhat below the national average, although significantly higher in dollar amount; and (4) state funding growth had not - until 2007 - kept pace with higher expense growth.

This section examines (a) the overall school district expense and funding, and (b) the details of individual expense categories (for example, salary and benefits) as well as broader expense drivers that cut across expense categories (for example, mandates, and special education).

Overall School District Expense and Funding

1. New York spends more per student on primary and secondary education than any state.

The bottom line, it's not whether we pay for education, it's whether we pay wisely for education.

- Alan Lubin, Executive Vice President, New York State United Teachers

For the 2008-09 school year, New York will spend an estimated \$18,768 per pupil, excluding school districts in New York City and the four other cities with dependent school districts. There is significant variation in per pupil spending among individual school districts, based on analysis of the proposed school district budgets. Including expenses for New York City, New York State consistently spends more per pupil than

every other state (note that expenditures for the District of Columbia are sometimes higher).

The data in the following table summarizes New York's ranking on per pupil spending compared to other states over the last 36 years. New York ranked first in per pupil spending in 1969-70, and then slipped to fourth in 1989-90. Since 2000, with higher expense growth than other states, New York's rank has returned to first or second. While wholly comparable data is not available for 2006-07, trends suggest that New York will rank at or near the top again, and it is expected to hold this position in 2008-09.

State Ranking of Per Pupil Spending, 1970 to Present

State	1969-70	1979-80	1989-90	1999-00	2005-06
District of Columbia	3	4	1	2	1
New York	1	2	4	3	2
New Jersey	4	3	3	1	3
Rhode Island	15	11	6	5	4
Connecticut	5	20	5	4	5
Vermont	22	26	7	8	6
Massachusetts	20	6	8	6	7
California	11	18	24	29	38

Source: U.S. Department of Education, National Center for Educational Statistics

The table below shows per pupil spending, not total spending, on a statewide basis (including New York City). It shows that New York's per pupil spending has increased at a compound annual growth rate of 7.9 percent during the past six years. That rate is substantially higher than the national average of 5.0 percent.⁶

**Per Pupil Spending Excluding Debt Service,
1999-00 to 2005-06 (even years)**

State	1999-00	2001-02	2003-04	2005-06	6-Yr CAGR
United States	\$6,912	\$7,727	\$8,310	\$9,258	5.0%
District of Columbia	10,107	12,102	12,959	16,416	8.4%
New York	9,846	11,218	12,638	15,498	7.9%
New Jersey	10,337	11,793	13,338	14,842	6.2%
Rhode Island	8,904	9,703	11,078	13,410	7.1%
Connecticut	9,753	10,577	11,436	13,014	4.9%
Vermont	8,323	9,806	11,211	12,739	7.4%
Massachusetts	8,816	10,232	11,015	12,656	6.2%
California	6,314	7,405	7,673	7,969	4.0%

Source: U.S. Department of Education, National Center for Educational Statistics

⁶ Education Week, Quality Counts, 2008. Even when regional cost of living differences are taken into account, New York is still 32.7% above the national average in per pupil spending. This spending rate is exceeded only by New Jersey.

2. The annual growth rate of school expense accelerated from 4 percent to 6 percent and is now higher.

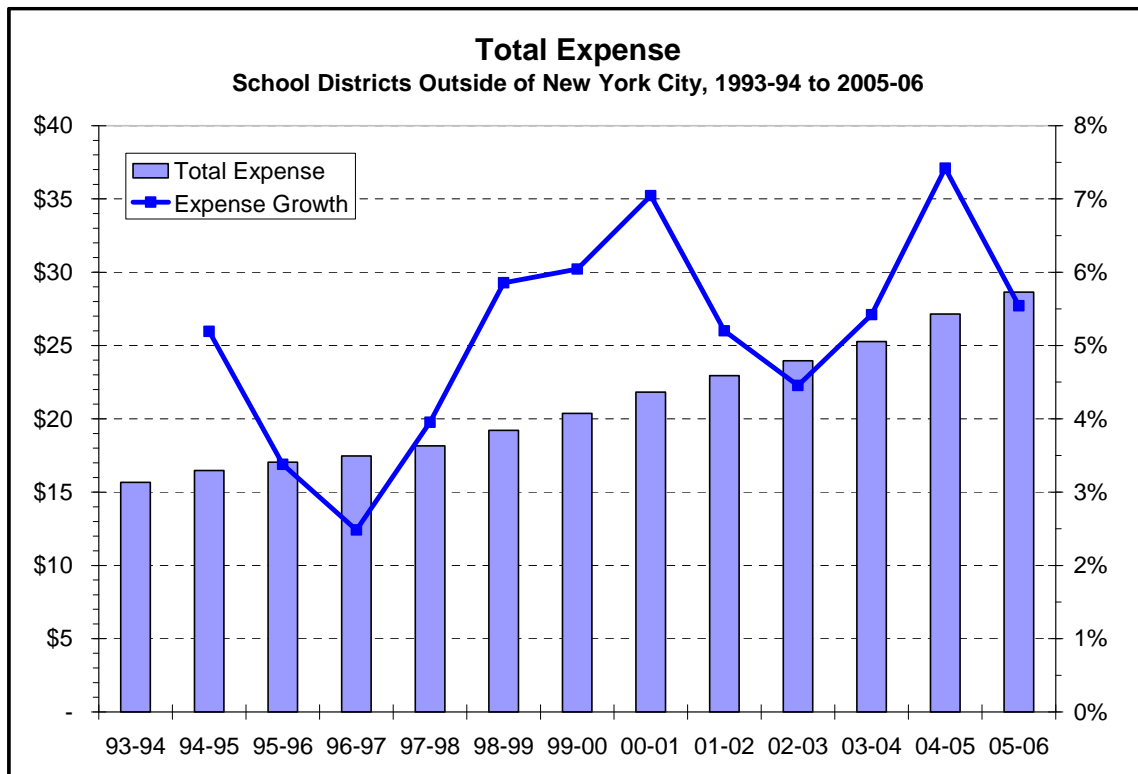
School expenses in New York have been increasing recently at a compound annual growth rate of 6% or more. The Commission noted, however, that expenses grew only 4% in the first four year period shown below. Expenditure growth then accelerated to 6%, and in recent years has been higher, and is estimated at closer to 7% for the 2007-08 school year.

Growth of School Expenses in New York

	Compound Annual Growth Rate			Annual Growth Rate	
	1994-95 to 1997-98	1998-99 to 2001-02	2002-03 to 2005-06	2006-07	2007-08 (estimated)
Expense	4%	6%	6%	6.5%	7%

Source: State Education Department ST-3 filings, U.S. Bureau of Labor Statistics

This data is shown on an annual basis, from 1993-2006, below. The chart shows that expense growth was relatively modest from 1993-1998. Expense growth ranged from a low of 2.5 percent to a high of 5.2 percent. Beginning in 1997-98, however, expense growth turned upward. Since then expense growth has ranged from a low of 5.2 percent to high of 7.4 percent. The STAR property tax relief program, which substituted State funding for a portion of local property taxes, was implemented at the beginning of this period.



Source: New York State Education Department, ST-3 filings

Total school district expense for 2007-08 is estimated to exceed \$33 billion for non-NYC districts.

Total expense in 2005-06 for non-NYC school districts was just over \$29 billion (\$45.8 billion including New York City), almost double the \$15.6 billion spent in 1993-94 (\$23.8 billion including New York City). Total school district expense for 2007-08 is estimated to exceed \$33 billion for districts outside New York City (\$54 billion

including New York City). While final expense data are not available for 2006-07 and 2007-08, based on estimates of total funding collected, the expense growth is estimated at 7 percent annually.

3. New York State's share of school funding (state aid plus STAR payments) is somewhat below the national average, although significantly higher in dollar amount.

The primary sources of school funding are local revenue and state funding. Property tax constitutes the vast majority of local revenue. State funding consists of two distinct categories: state aid, which is designed to help pay for schools, and STAR payments, a form of property tax relief paid to schools in lieu of taxes that would otherwise be paid by homeowners. Federal aid is the third, much smaller component of school funding.

State aid is largely formula-driven, taking into account the number of pupils, pupil needs, specific programs (e.g., BOCES services or new construction) and, importantly, local district wealth. A large component of state aid is highly progressive relative to district wealth, although there are base levels that every district receives through various forms of general funding. In contrast, the Basic and Enhanced STAR Payments to school districts are somewhat regressive relative to district wealth, in that they are largely driven by local property values.

As can be seen in the following table, local revenue provides 53 percent of all funding for school districts excluding New York City. State funding, including both state aid and STAR payments, represents 43 percent of funding. Thirty-five percent is state aid while another 8 percent is from the effect of STAR payments by the State in lieu of homeowner property taxes.

School Funding Sources, 2005-06

2005-06 Funding	New York State Not Including NYC	Percent of Total	New York State	Percent of Total
Local Revenue	\$15.3 B	53%	\$23.5 B	51%
State Aid	\$10.2 B	35%	\$16.6 B	36%
STAR Payments	\$2.4 B	8%	\$3.2 B	7%
State Funding	\$12.6 B	43%	\$19.8 B	43%
Federal Aid	\$1.2 B	4%	\$2.8 B	6%
Total	\$29.0 B	100%	\$46.2 B	100%

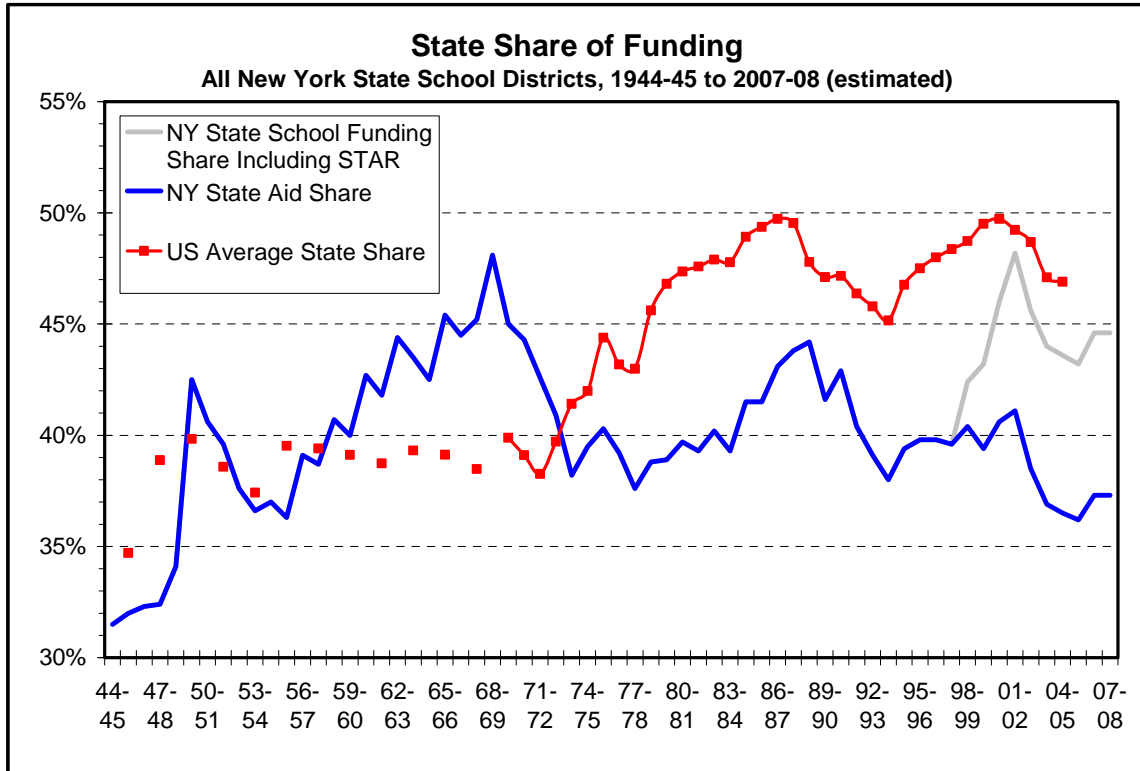
Source: New York State Office of State Comptroller and New York State Office of Real Property Services

The Commission examined New York’s state share of school funding over time, from records reaching back to the 1940s, and found that it has consistently tracked *lower* than the national

New York’s state share of school funding has consistently tracked lower than the national average.

average. The following graph compares New York’s share of school funding to the national average for each year since 1944-45. The state share has fluctuated over time; however, since the mid-1970s it has been lower than the national average. The share of state funding declined to 38 percent in 1993-94, but in the more recent period, with STAR

payments included in state funding, there is another peak of over 48 percent in 2001-02. There is a gradual decline thereafter, bottoming out at 43 percent in 2005-06. The 2007-08 and 2008-09 state budgets included historic increases in school aid. Property taxes also increased, leaving the comparative shares relatively stable.



Source: New York State Education Department ST-3 filings, 2006-2008 revenue estimates by Commission Staff using data from SED, Office of Real Property Services and Division of Budget.

While the State's percentage share of total school funding is below average, the State's contribution in dollars is in fact relatively high. New York State spent \$7,241 per pupil in 2005-06, 44 percent above the national average of \$5,018 per pupil. New York State spending per pupil is lower than that of only Hawaii, Vermont, Delaware and Minnesota – states that are either small, or which do not rely heavily on local funding for schools. This highlights a seeming contradiction: nationally, New York's per pupil support of schools is the fifth highest, and yet its share of total school funding is lower.

While the State's percentage share of total school funding is below average, the State's contribution in dollars is in fact relatively high.

In other words, high per pupil spending by school districts has tapped both local and state taxpayers. Even with the State's considerable investment in education, the school funding burden has fallen disproportionately on local property taxpayers. Comparative state data are not recent enough to take into account the 20 percent increase in funding from New York State over the last two years. This commitment will both increase state dollar funding and to some degree increase the State's share of total funding.

4. State funding growth had not – until 2007 – kept pace with higher expense growth.

When funding from the State does not grow at the same rate as school district expenditures, property taxes generally rise, sometimes dramatically, to cover the difference. This can be seen in the table below, which looks at growth rates covering four-year periods through 2005-06, and then annually through 2007-08.

Growth of School Funding and Expenses in New York

	Compound Annual Growth Rate			Annual Growth Rate	
	1994-95 to 1997-98	1998-99 to 2001-02	2002-03 to 2005-06	2006-07	2007-08 (estimated)
Expense	4%	6%	6%	6.5%	7%
State Funding	4%	11.5%	3.5%	7%	10%
Local Funding	4%	1%	8%	6%	4.5%
CPI	2.5%	2.5%	3%	2%	4%
Pupils	1%	1%	<0%	<0%	<0%

Source: State Education Department ST-3 filings, U.S. Bureau of Labor Statistics

This chart incorporates expense growth data discussed previously in this section, but adds four additional elements: state funding, local funding, the Consumer Price Index (CPI), and student enrollment data.

In the initial four-year period, 1994-95 to 1997-1998, overall school expense growth was a modest 4 percent, and state and local funding both grew 4 percent. This four-year period was a period of moderate CPI growth - 2.5 percent and very modest pupil growth - 1percent.

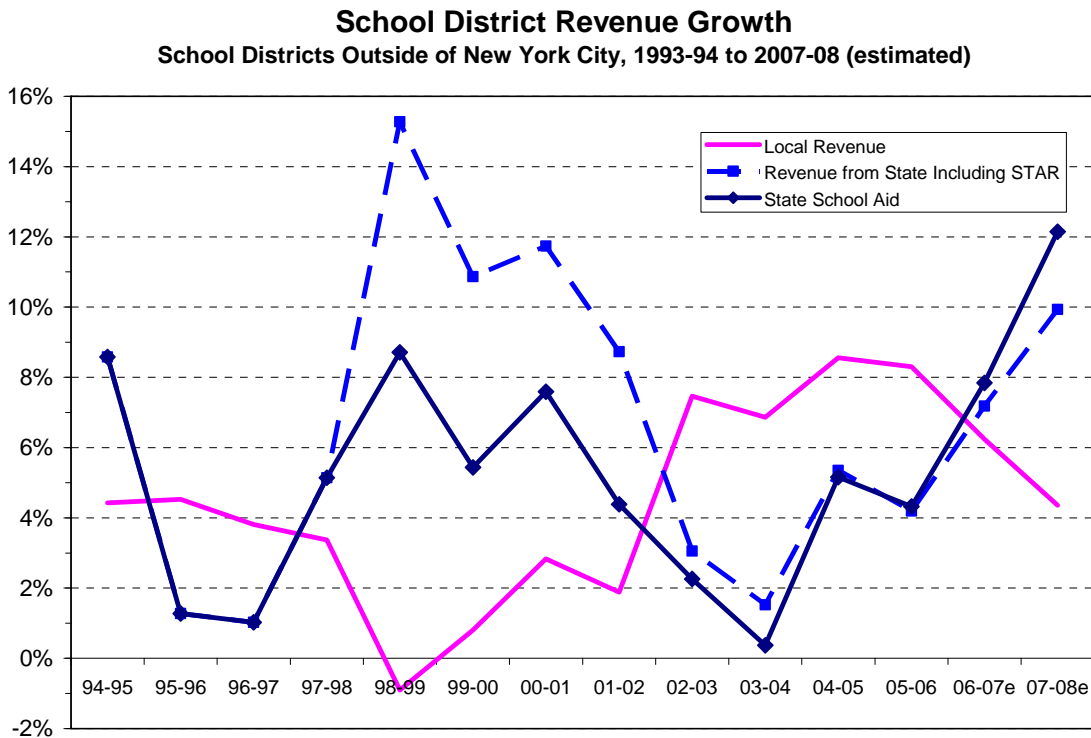
But in the second four-year period, 1998-99 to 2001-2002, overall school expense growth jumped to an average of 6 percent. State funding grew sharply – 11.5percent a year. Local funding increased only modestly – 1 percent per year.

In the third four-year period, 2002-03 to 2005-06, overall expense again grew by 6 percent, but in these years state funding growth dropped significantly – to only 3.5 percent a year. With expense growth at 6 percent, local funding from property taxes had to make up the shortfall – increasing an average 8 percent a year.

Since that time, expense growth has risen to an estimated 6.5 percent to 7 percent annually. Note that pupil growth has stopped entirely and is declining slightly.

The Commission notes that the four year period with 11.5% growth in state funding coincides with the implementation of the STAR program. STAR provides an exemption that lowers homeowner school property taxes. For every dollar of exemption to a homeowner, the State pays a dollar to the school district to compensate for lost revenue. Although STAR no doubt contributed to the four-year moderate growth in local funding of only 1 percent, the mitigating effect on local taxes appears to have been very short-lived. In the final four-year period beginning in 2002-03, STAR payments grew 6 percent, but local funding grew 8 percent. This high local funding growth would not have resulted if overall expense growth had been closer to the earlier average growth of 4 percent. Estimates for the last two years (2006-07 and 2007-08) show a return of higher state funding growth with no abatement of expense growth.

School district revenue growth on an annual basis is presented in the following chart. The chart shows total state funding (including STAR), state aid alone, and local support. The relationship between state funding and local support can be seen on a year-by-year basis.



Source: State Education Department ST-3 filings.

Thus, the interplay between expense growth and funding growth from local and state sources explains the recent high growth of property taxes. The Commission notes that with the increased state aid provided over the past two years, the growth in property taxes has slowed. However, the Commission views lower expense growth as the key to managing property tax growth. Unless underlying expenses are controlled, there can be no long-term permanent relief. The State's commitment to adequate and consistent state funding for schools – both progressive payments for the lowest wealth and greatest need areas, but also basic funding for all schools – provides the other element for property tax moderation.

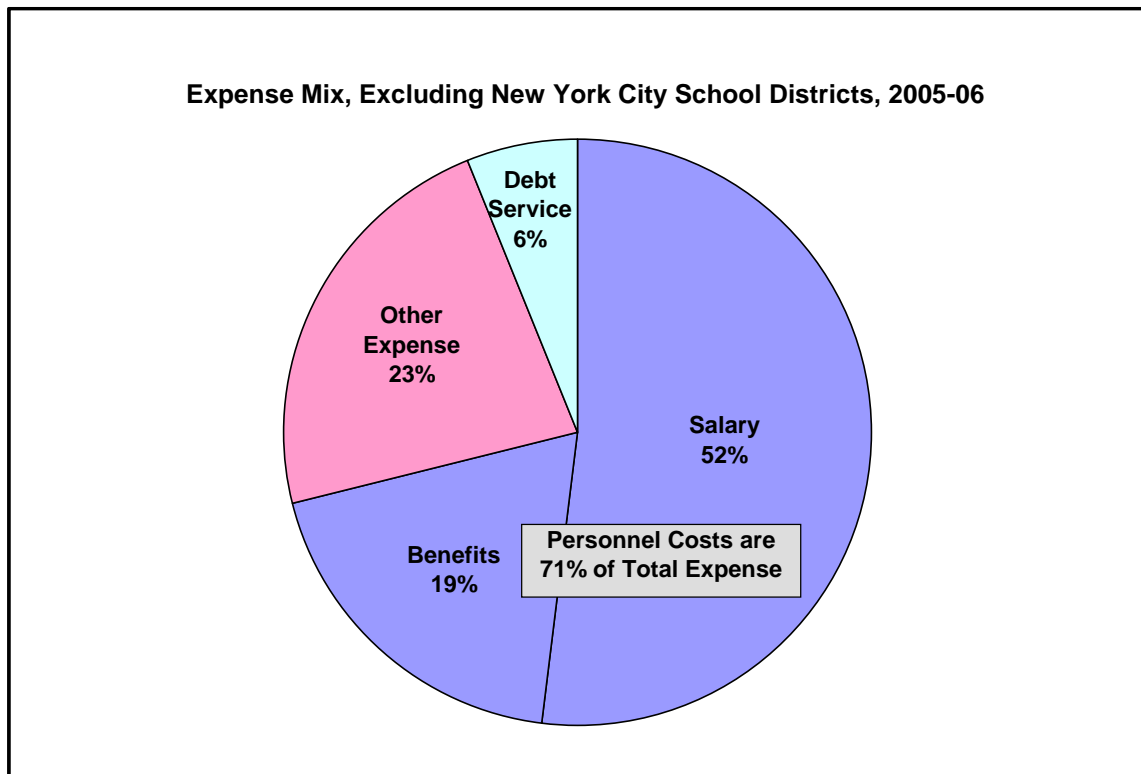
The Commission views underlying expense growth as the key to managing property tax growth. Unless underlying expenses are managed, there can be no long-term permanent relief.

School Expense by Expense Category and Broader Expense Drivers

Expense Categories

School districts have well-known expense drivers, and testimony was heard from across the State about how intractable some have proven to be. The largest, of course, is salaries and benefits, but there are other major categories of expense, including transportation and energy, special education, BOCES and other administrative expenses.

The chart below shows the major categories of 2005-06 expenses for school districts outside of New York City. The “other expense” category includes contractual, purchased goods and services, tuition, BOCES, capital and equipment. The Commission notes that salaries and benefits constituted fully 71 percent of school district expenses. In addition to the categories for direct salary and benefits, other categories of expense, such as payments to participate in BOCES, may also incorporate substantial amounts for salary and benefits.



Source: State Education Department ST-3 filings.

In this section, the Commission reviews its findings about these expense drivers.

Salaries

Education is a labor intensive undertaking, and people are the key ingredient. Classrooms need qualified teachers and aides. Teachers perform an enormously important and difficult job. They deserve fair levels of compensation, as do well-educated professionals in other fields.

The Commission notes the increases in teachers' salaries over the past 25 years, made possible by additional state and local funding. In the 1980s the Legislature made a policy decision to raise teacher compensation in an effort to attract more people to the profession and raise standards. Once considered underpaid, teachers outside New York City now receive a compensation package that is highly competitive in the job market, particularly when generous fringe benefits are taken into account.

In addition, important support is provided by other staff such as bus drivers, lunch workers, custodians, special education tutors, nurses, principals, and school administrators. All play a role, and that role is very expensive. As noted above, salaries and benefits constituted fully 71 percent of school district expenses. Thus changes to labor costs have the greatest impact on total school district expenses.

Since 1993-94, salaries rose 4.4 percent (compound annual growth rate.) However, the average growth rate of salaries reflects not just staffing levels, but corresponding changes in seniority and educational levels of instructional staff

The Commission analyzed staffing levels – the *number* of people employed by our school districts -- and found a higher than expected growth in staffing, given flat student enrollment. Staffing levels have increased outside of New York City, while student enrollment has declined. From 2000-01 to 2006-07, the number of teachers increased by about 5,000. Non-teaching personnel increased by about 7,400. Student population declined over this period by about 15,900 students or 0.9 percent for the period.⁷ Thus, staffing levels have increased approximately 0.6 percent a year for teachers, and 0.8 percent a year for all staff, at a time when enrollments were declining.

New York State teacher salaries are higher than those in other states, according to a National Center for Educational Statistics survey.⁸ The average teacher in New York earned \$58,873 in 2005-06, the latest period available for comparing New York to other states. While the Commission recognizes that a higher cost of living in New York is a contributing factor, this average salary is 17 percent higher than the national average of \$50,379. To compare salaries

⁷ New York State Department of Education

⁸ SOURCE: National Education Association, *Estimates of School Statistics*, 1969-70 to 2005-06. (Table prepared July 2007.)

within New York, the 2006-07 statewide median teacher salary outside of New York City was \$59,594. By major region, this median was \$77,298 for Long Island, \$73,731 for Mid-Hudson, and \$59,094 for New York City.

Teachers are paid according to salary schedules established through collective bargaining. As illustrated in the following table, the salary schedules include both horizontal “steps” representing years of experience, and vertical “lanes” representing levels of academic attainment.

New York State 50th Percentile Salaries for Teachers

Experience	2000-01 50th Percentile Salary				2006-07 50th Percentile Salary			
	Bachelors	Masters	Doctorate	Total	Bachelors	Masters	Doctorate	Total
1 Year	\$31,910	\$36,045	\$40,180	\$32,549	\$41,172	\$45,586	\$51,834	\$41,172
2 Years	\$32,549	\$36,684	\$40,819	\$34,000	\$43,799	\$49,130	\$54,461	\$43,799
3 Years	\$33,187	\$37,322	\$41,457	\$36,045	\$44,161	\$49,492	\$54,823	\$47,604
4 Years	\$33,825	\$37,960	\$42,095	\$37,925	\$44,802	\$50,133	\$55,464	\$50,133
5 Years	\$34,463	\$38,823	\$43,016	\$38,598	\$44,802	\$50,683	\$56,610	\$50,683
6 Years	\$34,742	\$39,890	\$45,336	\$39,890	\$45,352	\$51,279	\$58,473	\$51,279
7 Years	\$35,755	\$41,749	\$49,760	\$42,638	\$45,948	\$51,279	\$63,808	\$53,375
8 Years	\$36,178	\$43,329	\$52,287	\$44,280	\$46,791	\$52,245	\$67,637	\$56,201
9 Years	\$35,480	\$43,828	\$52,287	\$45,625	\$48,044	\$53,375	\$67,637	\$59,049
10 Years	\$35,929	\$45,344	\$52,287	\$47,740	\$45,948	\$53,375	\$67,637	\$62,306
11-15 Years	\$37,118	\$48,152	\$55,155	\$51,020	\$50,974	\$55,180	\$72,305	\$64,786
16-20 Years	\$43,924	\$52,290	\$59,743	\$56,425	\$56,975	\$61,888	\$77,249	\$71,000
21-25 Years	\$50,795	\$57,661	\$70,000	\$62,887	\$62,606	\$66,909	\$86,089	\$77,249
26-30 Years	\$57,199	\$64,000	\$70,000	\$69,525	\$70,681	\$71,830	\$90,472	\$81,220
31-35 Years	\$61,730	\$67,932	\$70,000	\$70,000	\$67,374	\$75,411	\$90,472	\$82,777
36-40 Years	\$63,389	\$69,381	\$70,200	\$70,000	\$79,810	\$80,188	\$90,472	\$87,315
>40 Years	\$61,123	\$67,291	\$70,200	\$70,000	\$74,564	\$83,917	\$90,472	\$87,818
Average Total	\$33,453	\$48,152	\$66,600	\$51,020	\$43,799	\$55,356	\$ 77,249	\$59,554

Source: New York State Education Department

Teachers generally receive a raise for each additional year of experience, until the last step is reached. Further compensation can be achieved for academic attainment (e.g. receipt of a master’s degree). Thus, teachers have the ability to make simultaneous vertical and horizontal moves, which can significantly increase their salaries. In addition, the “step” and “lane” amounts are usually increased annually under the terms of the negotiated agreement. In recent years, such annual increases have been in the 2 to 3 percent range.

How an individual teacher’s salary is affected through experience and additional education can be seen on the table above. For example, a teacher fresh out of college with a bachelor’s degree started at an average salary of \$31,390 in 2000-01. If that teacher earned a master’s degree

(which is prerequisite for certification) within two years and also advanced in annual steps, in 2006-07 that teacher's salary would be \$51,279. Analysis of SED data shows that the combined effect of annual salary increments and gains made through additional qualifications results in typical salary increases in the range of 5.5 to 11.0 percent per year.

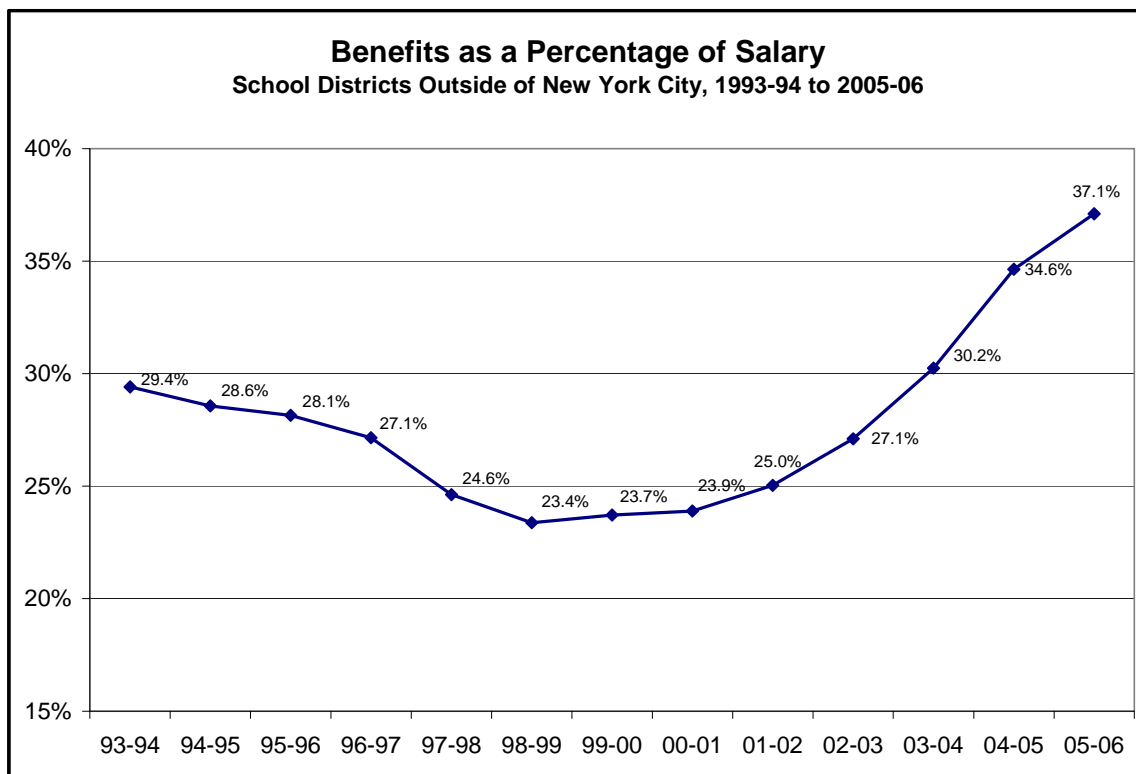
The Commission examined the effect that retirements have had on the mix of junior and more experienced teachers. It found that average school district teacher salary expense has, in recent years, been lowered because a large number of experienced high-paid teachers are retiring and being replaced with lower paid teachers. Without the effect of an above-average number of retirements, it is estimated that teacher salary growth for school districts could be approximately 2 percent higher. As teacher retirements taper off in future years, school district salary expenditures will increase.

Benefits

This section reviews how the cost of benefits has risen faster than other expenses in recent years.

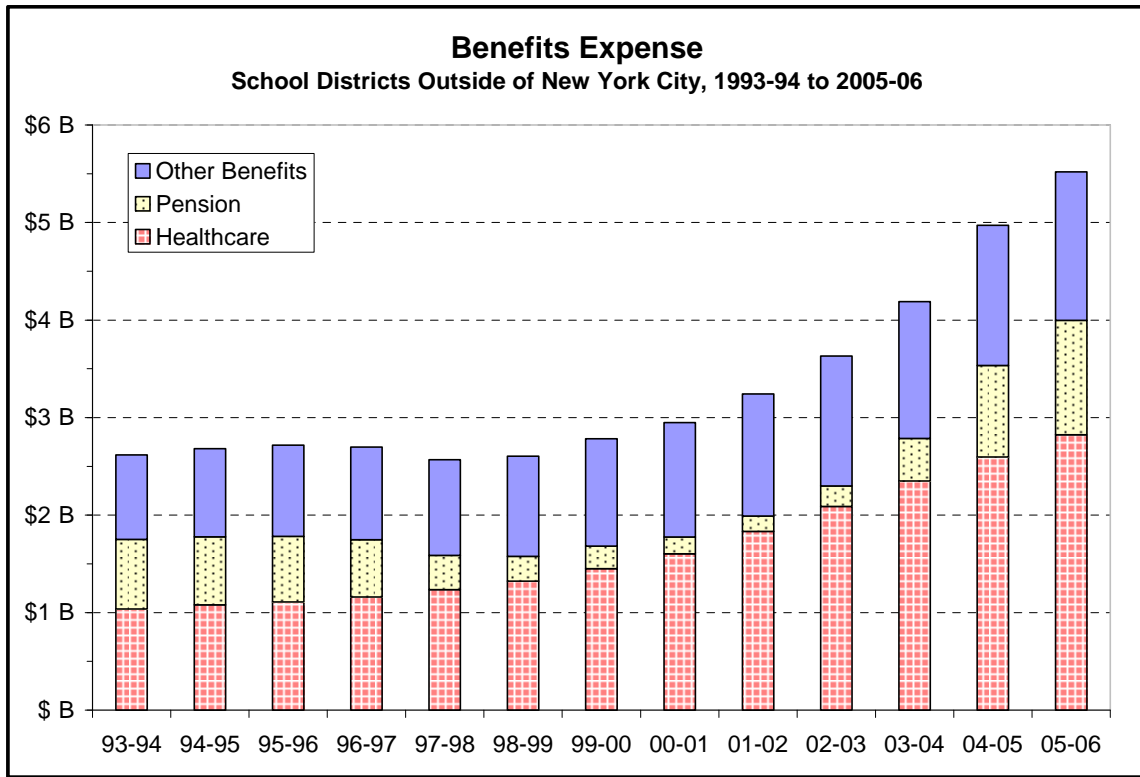
Benefits, consisting primarily of health care and pension programs, have the largest growth factor of any expense category. Benefit expense is best understood as a percentage of salary expense. Benefits in 1993-94 were 29 percent of salary expense. It is estimated that benefits, averaged 37 percent of salary expense in 2005-06. Thus, if a district hired an employee at a \$50,000 salary, an additional \$16,500 had to be budgeted for a total \$66,500 to cover the full expense associated with that employee.

Similar to national trends, health care expense in New York has risen the most, increasing at a compound annual growth rate of 9 percent since 1993. Benefits costs are high in New York State. Total benefit expense for school districts outside of New York City reached \$5.5 billion, or 19 percent of total school district expense in 2005-2006. In that same year, health care represented 51 percent of benefit expense, pension represented 21 percent and other benefits (primarily social security and workers' compensation) accounted for 28 percent. The distribution is similar for New York City and the rest of the State.



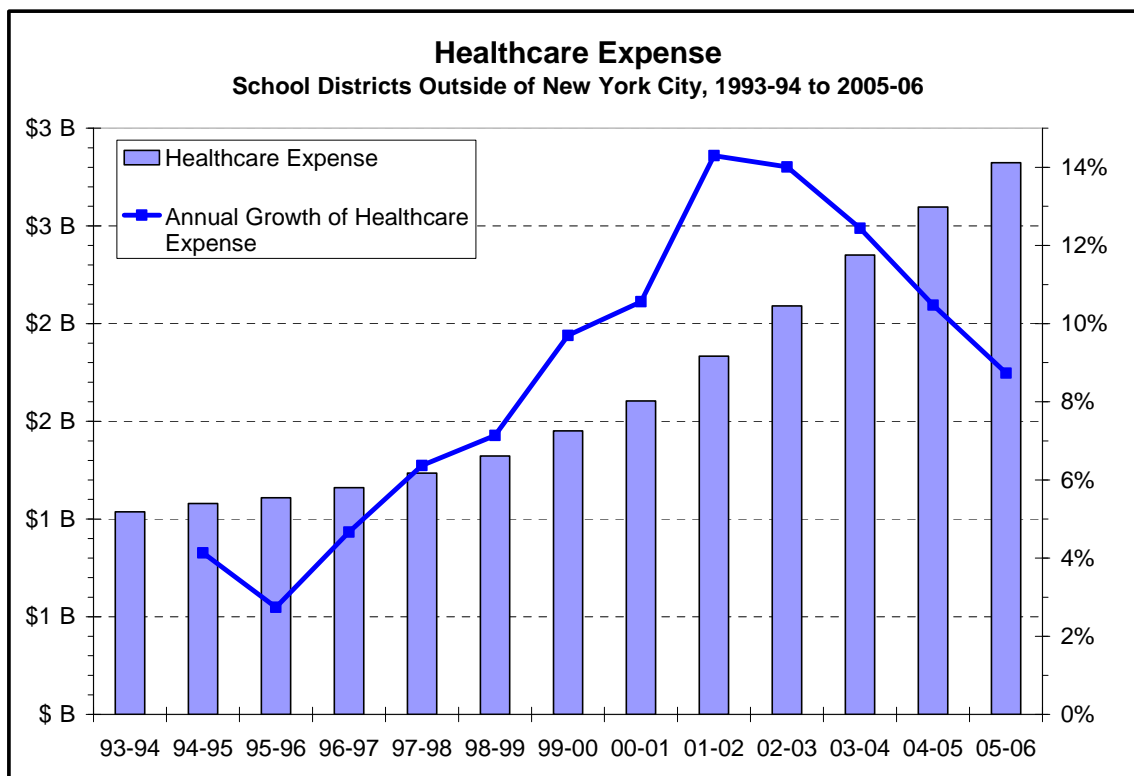
Source: State Education Department ST-3 filings.

As the following chart shows, all benefit categories have grown in cost over time, but the growth curve has trended upward in recent years.



Source: State Education Department ST-3 filings.

The cost of health care has grown more than that of any other benefit. For school districts outside of New York City, health care costs increased 172 percent between 1993-94 and 2005-06, or at a compound annual growth rate of 9 percent. The cost of pensions increased 64 percent or approximately 4 percent annually. The cost of other benefits increased 75.4 percent or approximately 6 percent annually. The following chart illustrates the growing cost of health care benefits.



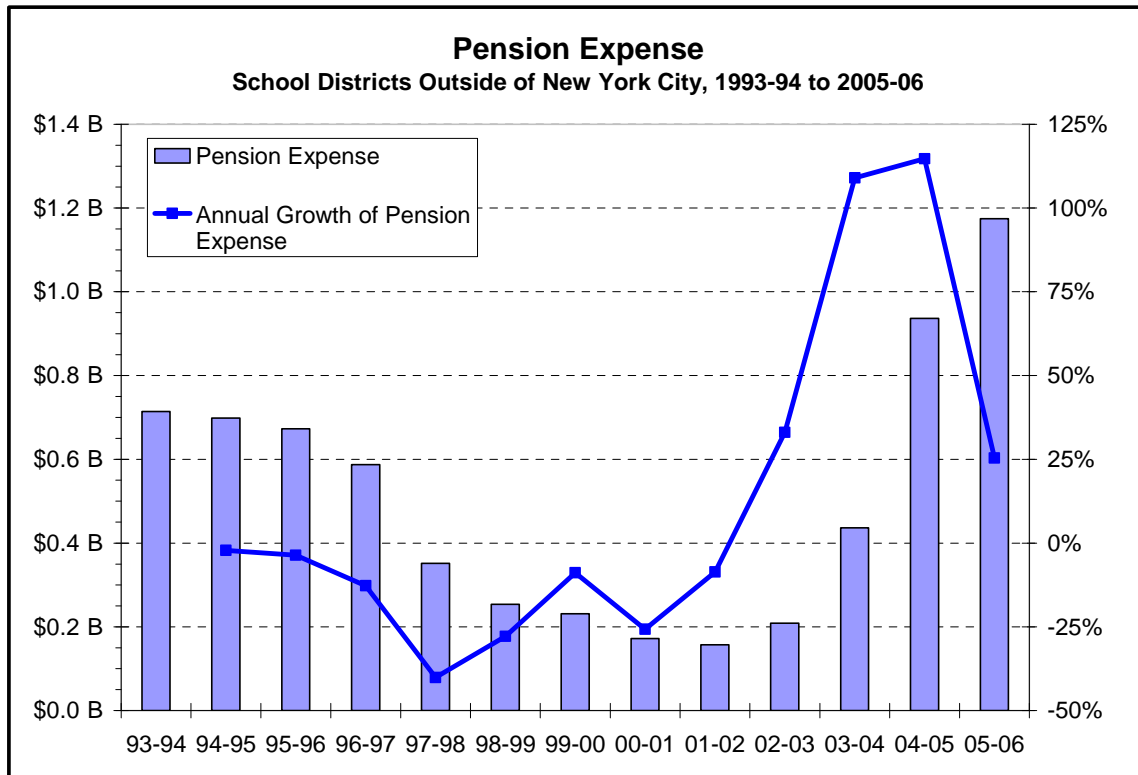
Source: New York State Education Department ST-3 filings.

There are some factors driving health care cost increases generally, such as significant growth in spending on pharmaceuticals. In 2006, private group health insurance for employers nationally represented 7.2 percent of total compensation. By comparison, New York school district payments for health benefits were 11.4 percent of total compensation.⁹ The Commission notes that costs for health care benefits provided to retired employees are included in calculating the total health care cost paid by public employers in New York.

Pension contributions are another significant school district expense. Outside of New York City, the New York State and Local Employees' Retirement System administers pensions for non-instructional school district employees, while teachers' pensions are administered by the New York State Teachers' Retirement System. Pension contributions by school districts fell

⁹ Kaiser Family Foundation, "Wages and Benefits: A long-term View", Snapshots: Health Care Costs, February 2008.

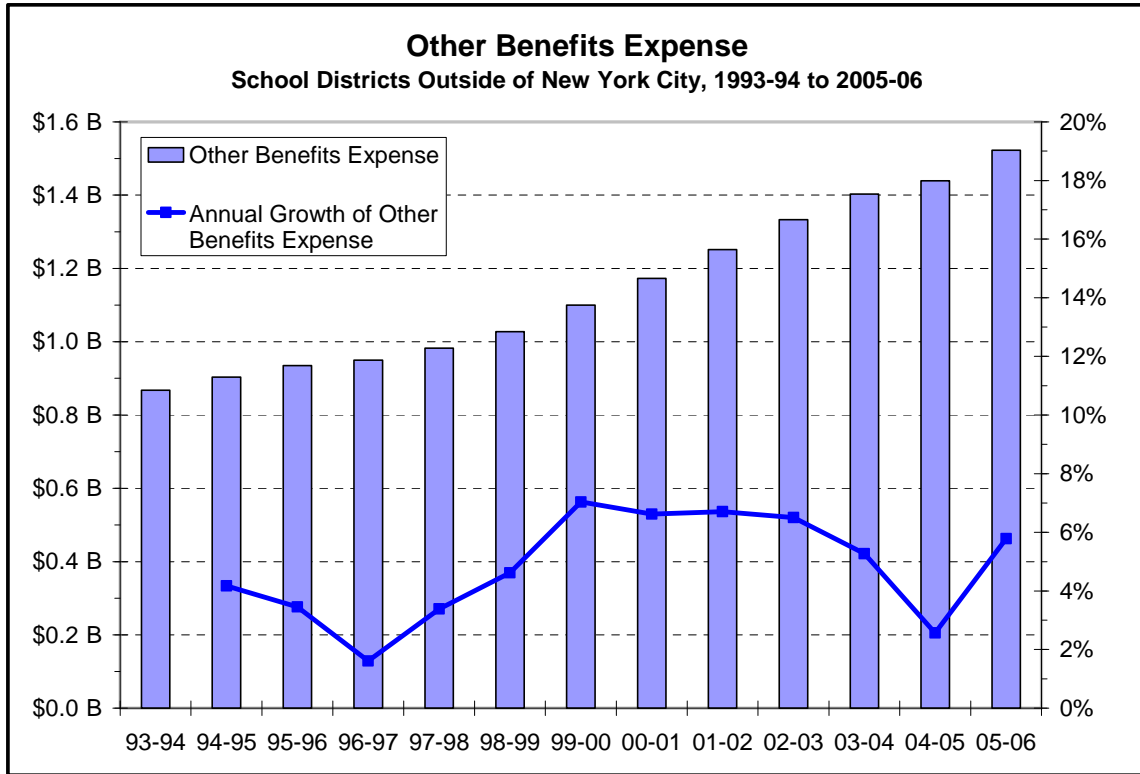
dramatically in the late 1990s. At that time, contributions were eliminated for some pension system members. In the current decade, pension contributions for school districts outside of New York City went from a low of \$172 million in 2001-02 to a high of \$1.2 billion in 2005-06. This resulted in a compound annual growth rate of 65 percent over four years. The Commission noted, however, that over the entire period of 1993-04 to 2005-06, the annual growth in pensions, on average, has been 4.2 percent, consistent with the 4.4 percent growth in salaries.



Source: New York State Education Department ST-3 filings.

Stock market performance is the primary explanation for the wide swings in pension expense growth. During the late 1990s, high returns on investments translated to lower school district contributions to the pension system. Beginning in 2002, pension contributions increased dramatically to balance large declines in market performance. Increases in staff levels, and the magnitude of salary increases also affect the contribution rate of growth. Significantly, benefit enhancements enacted in 2000, including the elimination of contributions for many employees, also had an impact.

Other benefits, including social security payments and workers' compensation insurance, comprised 28 percent of all benefit expenses in 2005-06. This expense category has grown as well, with a compound annual growth rate of 4.8 percent from 1993-04 to 2005-06 for a total increase of 75 percent during that period.



Source: New York State Education Department ST-3 filings.

Other Expenses & Debt Service

Other Expenses

This section reviews non-personnel expense factors, that is “other expenses” and debt service. These expenses include operations, capital, fees for BOCES participation, and tuition for out-of-district education. They accounted for 29 percent of school district expenses in 2005-06, and have grown at an annual compound rate of 6.5 percent since 1993.

Special Education

Almost all representatives of school boards and school district management who testified to the Commission, as well as many academic experts, pointed to the growing costs of compliance with extensive federal mandates under the Individuals with Disabilities Education Act (IDEA) and the Americans with Disabilities Act (ADA), and with requirements established by the State that go beyond the federal requirements.

Instructional cost per pupil for special education is substantially higher than for the general pupil population. According to the most recent State Education Department Report Card, instructional expenditures were \$9,168 per pupil for general education, and \$22,354 per pupil for special education in FY 2005-06.¹⁰ The report also noted that the total instructional spending for all general education was \$25.4 billion for 2.8 million pupils and \$9.0 billion for 400,000 special education pupils.

Special education raises many complex issues and considerations, and the Commission believes that further research is warranted on whether savings can be realized through shared services, and the continued implementation of best practices (see Part III of this report).

Operating Expenses

Operating expenses include items such as the costs of textbooks, equipment, software, materials and supplies, and contractual and other services. Between 1993-04 and 2005-06 operating expenses increased by a compound annual growth rate of 5.8 percent, or 80 percent over that period. By 2005-06, these operating expenses accounted for about 65 percent of the other expenses category, and 15 percent of total expenditures.

¹⁰ New York State School Report Cards for the 2006-2007 School Year, [Fiscal Accountability Supplement & Information about Students with Disabilities](#).

Transportation and Energy

All school districts are required by law to provide a certain level of student transportation services. Transportation costs for all New York school districts totaled \$2.3 billion in 2005-06. Transportation expense has risen 5.2 percent annually for school districts outside of New York City. The magnitude of these transportation costs is increased by the large number of school districts that exist in New York State providing transportation services separately. Some of these school districts, especially those that are smaller, are not able to benefit from economies of scale, and more efficient plotting of routes. Energy has not historically been a major item of expense for school districts. However, with the current volatility in the price of oil, which has jumped from below \$30 per barrel in 2003 to a record high of over \$135 in May 2008 (U.S. Department of Energy/NYMEX), school districts are now confronting unpredictable significant increases in such costs.

BOCES

Boards of Cooperative Educational Services (BOCES) were established in the late 1940s as an efficient means of providing non-instructional educational services on a regional basis. There are 37 BOCES, incorporating all but nine of the school districts in New York State. The dependent city districts of New York City, Yonkers, Syracuse, Rochester and Buffalo are not eligible for BOCES membership. The services provided by each BOCES vary but generally include career and technical education, services for students with disabilities, itinerant teachers for certain subjects, programs for adults, and “back-office services” such as payroll administration, human resources and employee benefit coordination, cooperative purchasing, and business office operations.

BOCES expenditures, which include indirect payments for salary and benefits, were 27 percent of the other expenses category in 2005-06. BOCES expenses grew from \$904 million in 1993-1994 to \$1.8 billion in 2005-2006. This is a compound annual growth rate of 5.7 percent and an overall growth of 94 percent.

Capital Expense

According to the U.S. Census Bureau Annual Survey of Local Government Finances, New York’s public school districts spent almost \$4 billion on capital outlays and other expenditures in 2005-2006. The bulk of that money, \$3.4 billion, went to construction projects, almost \$84 million went to projects related to land and existing structures, and equipment costs accounted for almost \$507 million. New York school districts face rising construction costs. From 2000 to 2007, the cost of construction material throughout the nation rose more than 40 percent, and the cost of such critical materials as structural steel and concrete continues to rise.

The New York State Comptroller's report, *Financing Education in New York's "Big Five" Cities* (May 2005), noted that these school districts use some of the oldest school buildings in the State, with an average building age of more than 55 years (50 years is considered a reasonable maximum lifespan for school buildings).

Debt Service

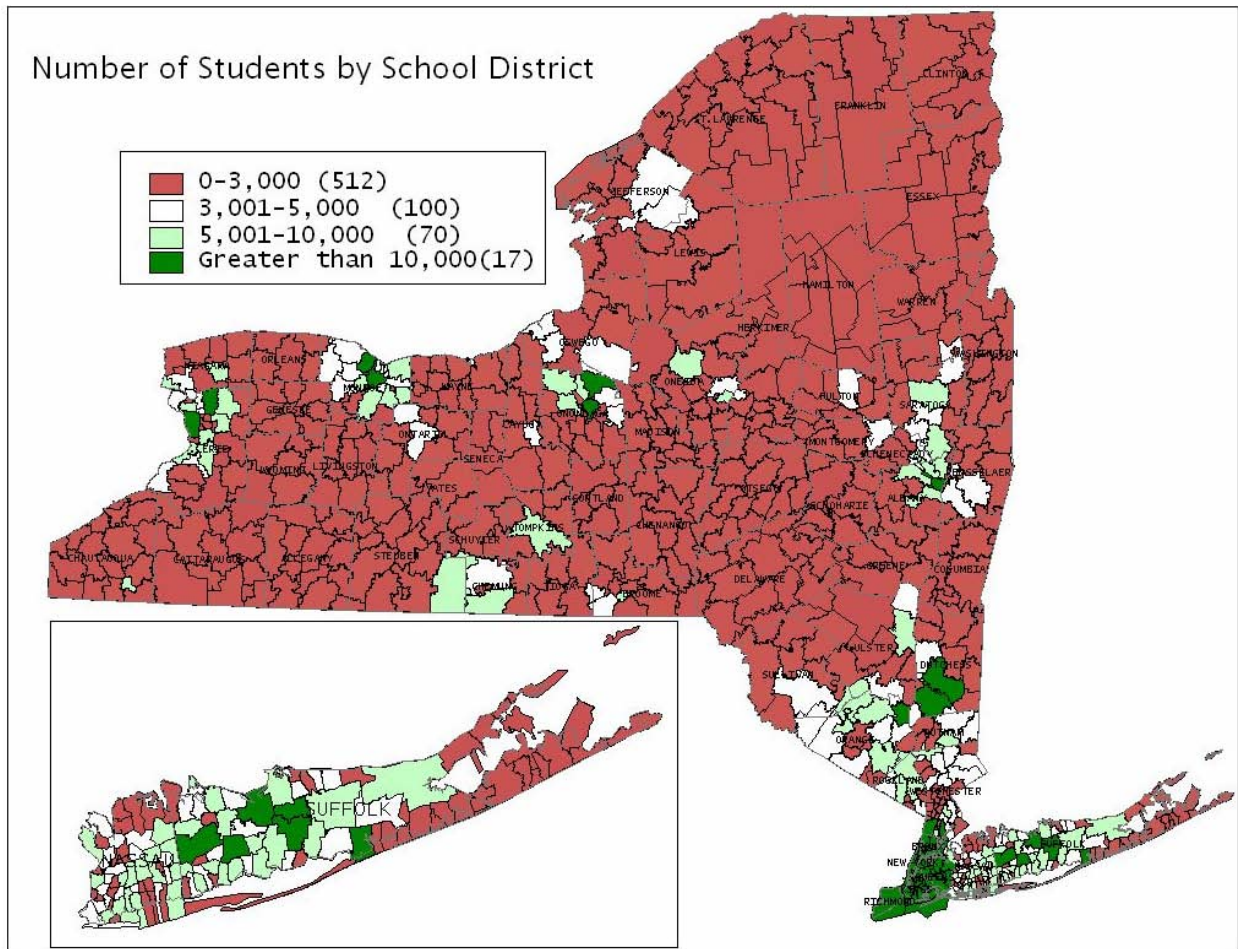
Local governments and school districts borrow money to finance construction projects, purchase vehicles and equipment, and maintain adequate cash flow for district operations. For districts outside of New York City, debt service payments, counting both principal and interest, grew from \$684 million in 1993-04 to \$1.7 billion in 2005-06. This is a compound annual growth rate of 8 percent. According to the New York State Office of Comptroller, four of the Big Five cities in New York had exhausted more than 70 percent of their constitutional debt limits in 2007-08.

Building aid from the New York State Education Department plays a significant role in the financing of construction, renovation, modernization, and expansion of public schools. In 2008-09, building aid is budgeted to be just over \$2 billion, with an additional \$109 million budgeted for debt service on state issued bonds that fund the EXCEL aid program for New York City.

5. Broader Expense Drivers affecting multiple expense categories

Many Small School Districts

There are 699 school districts in New York State, ranging in size from New York City to districts with fewer than eight teachers. Far too many are quite small. Over 200, or approximately 31 percent, had fewer than 1,000 students in 2005. Small districts are not limited to rural areas. On Long Island, where there are almost a half million pupils, over one fifth of the more than 120 school districts have fewer than 1,500 students, with an average district size of under 800 students.



Source: New York State Office of Real Property Services, 2008.

New York State's fragmented structure for delivering elementary and secondary education is somewhat comparable to the educational systems in other large states such as California, Texas and Illinois. These states rank high in terms of total number of districts and number of districts with fewer than 1,000 students, with New York having one of the lowest average school district sizes of the large states. In comparison, Florida's system of countywide school districts includes only 67 districts, and school districts in that state, and in Maryland, North Carolina and Virginia, which also rely exclusively or extensively on countywide school districts, average approximately 40,000, 36,000, 12,000 and 9,000 students respectively.

70 percent of New York school districts saw pupil enrollments decline or remain the same.

From 2005-06 to 2006-07, 70 percent of New York school districts saw pupil enrollments decline or remain the same. Recent trends suggest that this pattern of declining student enrollment can be expected to continue.

While recognizing the unlikelihood of extensive consolidations, the Commission notes that there are 700 districts in New York State. Of this number, over 500 school districts have fewer than 3,000 pupils. If these small districts were consolidated into districts with at least 3,000 pupils, the Commission estimates that the number of districts could be reduced to 350-400 – or almost half

Larger districts can take advantage of economies of scale and administrative and operational efficiencies. In addition to these financial benefits, the New York State Education Department’s guide to reorganizing school districts suggests that merging smaller districts to create larger districts provides an “increased pupil and financial base”

I would leave you with one question. What if we had 62 school districts...?

- Robert Bennett, Chancellor, New York State Board of Regents

that allows the larger district to increase subject offerings (e.g., multiple languages and advanced placement) and increase the number of sections in a specific subject area to meet student needs. Larger district size also increases the likelihood that teachers will teach only their specialty and that specially equipped classrooms for specific subjects can be provided.

Waste, Fraud and Abuse

Finally, there are the incremental expenses added through fraud, waste and abuse. Without question, the majority of school administrators and trustees take their fiduciary responsibilities seriously. Yet reviews by the Office of State Comptroller (OSC) as well as media reports across the State, have documented cases of wasteful practices, and even some cases of fraud and abuse. These instances have not only eroded the public’s confidence in the management of school districts, but have also resulted in expenses---in some cases totaling millions of taxpayer dollars--being added to school district bottom lines.

Among the more egregious examples was a case on Long Island where the superintendent and assistant superintendent for business processed payments outside the normal flow of transactions. This resulted in more than \$11 million in district funds being used for personal expenses of school officials and 26 other individuals. The OSC also identified problematic spending totaling more than \$3 million due to lack of proper controls in another Long Island school district.

Examples in upstate New York include one district’s former business manager awarding himself an amount exceeding \$100,000, and another instance where two district officials received over \$200,000 in questionable salary-related payments and leave benefits. All such incidents cast shadows over how administrators manage school districts and taxpayers’ valuable resources. In addition, board members and administrators, while largely well-intentioned, often times are not fully familiar with the breadth of their internal control and fiduciary responsibilities.

The School District Accountability Initiative of the Office of the State Comptroller (OSC), introduced in 2005, identified clear guidelines for individual school districts to improve their financial operations and fiscal accountability. Focused primarily on strengthening internal controls, this five-point plan included the following:

- Strengthened internal claims auditor function to require that the internal claims auditor report to the director of the school board
- School board financial oversight training is now required for all board members elected or appointed after July 1, 2005
- More rigorous external audit standards to require both an annual audit report directly to the school board and that the board prepare a corrective action plan in response
- New internal audit requirements that include developing, annually updating and reporting on a risk assessment of district operations
- Audit committee required to assist school boards with financial oversight responsibilities, including selecting and overseeing external and internal auditors and implementing necessary corrective reforms

This OSC initiative has already succeeded in bringing about significant reform and enhancing the business operations of school districts. A number of school districts voluntarily implemented all aspects of the five-point plan before new laws were enacted. Many districts chose to expand the audit committee membership beyond existing board members to include professionals in their communities with financial expertise. Others should consider following suit.

Additional actions worthy of future consideration may include requiring school boards and audit committees to meet regularly with internal auditors to set up a system to continuously review and strengthen internal control measures; undertaking a thorough review of qualifications for school district business officials, possibly requiring greater professional experience in accounting and business management disciplines; and encouraging school districts to adopt corporate models particularly focused on further strengthening internal controls in areas including purchasing, payroll, contracting of special education services and more broadly in matters related to contract procurement.

Part II: The Problem

Why High Property Tax Growth is bad for New York State

This Commission rejects the idea that all taxes are bad. Taxes not only fund the education of our children – they pay for our parks, our bridges, our hospitals, our universities and many other fundamentals of a civilized society. Further, the Commission rejects the idea that all property tax growth is bad. Over time, the cost of goods and services rises in all sectors, and schools are no different.

Our concern is when taxes grow faster than taxpayers’ ability to pay – which has been the case for too long in New York. As discussed previously, New Yorkers pay some of the highest property taxes in the nation. The focus of this Commission is high property tax growth – the kind that results in property taxes that double or more than double – in a ten-year period. We live in a state where this phenomenon is far too familiar.

In fact, the body of evidence before us suggests that we are rapidly reaching our limit; we have the highest property taxes of any large state in the United States. These taxes have grown 7 percent annually since 2001. In a recent survey of Long Island residents, when asked: “How serious a problem is high property taxes on Long Island?” 81 percent responded that the problem is “serious” or “very serious.”¹¹

I have zero control over school budgets that are ever increasing and little control on my income aside from taking on a second job. I take that back; I already have a second job. Am I supposed to find a third?

- Adirondack Homeowner

Clearly, our citizens are out of patience. Something must be done.

High property tax growth breaches the basic covenant between homeowners and their community. Homeowners know before they buy a residence that they will need to pay certain expenses, including property taxes. But do our homeowners realize that their taxes will double in a decade, and is this fair? The Commission believes not.

High property tax growth harms many different people in our communities:

- It is bad for the low-income household. Consider the single mother with three children, working in the service sector, or as an aide. The regressive nature of our property tax

¹¹ 2008: Long Island Looks to the Future: Housing Alternatives and Downtown Development. Long Island Index. http://longislandindex.org/looking_future.html.

structure is most unfair to her and others like her. Those among us with the lowest incomes are most likely to pay the highest percentage of their income in property taxes.

- It is bad for seniors on fixed incomes and fixed budgets. They made the decision, perhaps many years ago, to buy their home, aware of the obligation to pay property taxes. How can a senior pay for taxes that double every ten years? This Commission’s answer: It is unreasonable to expect them to shoulder this burden.
- It is bad for businesses, especially small businesses. A small business is extremely sensitive to overhead expense, which includes property tax expenses, paid either directly, or indirectly through rent. For many businesses large and small, the property tax is the largest business tax. In contrast to the corporate income tax, a business must pay property tax even when it is losing money.
- It is bad for the middle-class wage-earner. These households – made up of the nurses and construction workers of our society – rarely see their incomes double in a decade. They are fortunate if incomes rise 3-4 percent every year, while tax growth may equal 7 percent or more a year.
- It is bad for young families. These households are saving every penny, trying to afford the home of their dreams in a school district of their choice. Young families are forced away from too many homes in too many school districts because they have become unaffordable.
- And finally, high property tax growth is bad for teachers. At the same time that property taxes support schools and the teachers who work there, teachers too are finding it hard to own a home, or to balance their budgets when property taxes continue to take a higher and higher percentage of disposable income.

Too many people I know have had to sell their homes and retreat to other states so that they can live a decent life and have the ability to save for their families’ future.

- Long Island Homeowner

High property tax growth harms our communities and State because – at the end of the day – people have choices. They can leave New York State, for places with better jobs or a lower cost of living or both. Like so many other New Yorkers, members of this Commission decided long ago that this is a great State in which to raise their family, build their careers and to make their homes – and have watched with dismay as New York’s population has decreased and economic conditions in some areas have deteriorated.

Indeed, the testimony provided across the State makes it abundantly clear that families and businesses are alarmed by the cost of their property tax bills, and are “voting with their feet” by

leaving the State to escape this burden. While the Commission recognizes that property taxes are not the only contributor to the high cost of living, they are a significant factor.

When examining the challenge of property tax growth, it is essential to remember the income profile of the State. New York has ranked among the states with the highest per capita income for many years. But this fact obscures a more complex economic and demographic reality.

There are really two New Yorks: the “downstate” region, which includes the New York City metropolitan area, Lower Hudson Valley and Long Island, and the “upstate” region. The State's high ranking in terms of income is due mostly to conditions downstate. In contrast, upstate cities and their surrounding areas have been losing industries, jobs, and population for many decades – nearly a quarter-million people left New York for other states in 2006 alone. Seventy percent of all school districts have declining enrollment. Absolute population declines would have become an overwhelming trend had it not been for a steady influx of immigrants. However, these immigrants settle predominately in the downstate area, where job possibilities are better, with a relatively smaller proportion choosing to settle upstate.

Perhaps one of the best summary indicators of the regional divergence is median home values. The median home in the New York City metropolitan area counties is worth over \$400,000. In contrast, the median home value in 25 of the 50 upstate counties is less than \$100,000.

Downstate, the dollar *amount* of taxes paid is the highest in the nation

High property tax growth is bad for downstate. The average income is high, but extreme wealth is a neighbor of extreme poverty. And while the middle class is strong, it does not have the wealth that the averages may imply. The range of income is key.

The Commission heard testimony from many downstate who complained of their property taxes doubling in a decade. In other words, a property tax bill that was \$9,000 escalated to \$18,000 over a ten-year period of time. An investment banker, who lives in a New York suburb earning \$400,000 per year, may be able to absorb such an increase. But, for a teacher or nurse who earns \$80,000, a tax of \$9,000 represents 11 percent of gross income – almost unbearable. A tax of \$18,000 represents 22 percent of gross income – beyond reason.

Upstate, the tax *rates* are the highest in the nation

High property tax growth is bad for upstate. Upstate, the median home value is far below the median home value downstate. And in some counties, for example Allegheny, the median is around \$50,000.

High property tax rates upstate are the result of low property values and declining tax bases. The Commission heard testimony that high tax rates depress property values.¹² For example, when a tax amounts to more than 2 percent of the market value of a property, the property's appreciation may be decreased by at least 2 percent a year. High tax rates are a clear disincentive to businesses, making the task of attracting new jobs more difficult. Some upstate communities have resorted to increasing property tax rates on non-residential property, which further inhibits job creation. However, real progress cannot be made until property tax growth rates are restrained, rather shifted to others.

Summary

High property tax growth harms the State. Whether you are a senior citizen on a fixed income, a small business struggling to pay the rent, or a two-income household economizing to make ends meet, high property tax growth is a major destabilizing force for citizens of this State and for the communities in which they reside. Upstate, property values have grown slowly, perhaps restrained by property tax growth. At the same time property tax increases may limit people's ability to live in the house of their choice. Downstate, where property values have increased dramatically, consequent property tax increases are forcing people out of their homes.

¹² McMahon, E.J. Director, Empire Center for New York State Policy. Testimony before the New York State Commission on Property Tax Relief. 12 Feb. 2008

Part III

Recommendations

It is always harder to change than to hold to the status quo. But with the economic challenges New York faces, doing nothing is no longer an acceptable answer. We need to find ways to tip the balance in favor of efficiency.

- Stan Lundine, former New York State Lieutenant Governor; Chairman – New York State Commission on Local Government Efficiency and Competitiveness

Part III: Recommendations

The Proposed Property Tax Cap

Property taxes in New York State are too high, and have increased over recent years at a rate that is unduly burdensome to all New York property taxpayers. Those New Yorkers who are most in need, and those who live in school districts facing special challenges in ensuring that students receive an adequate education, may be particularly overwhelmed by high property taxes.

There are only three options for addressing the issue of the growth in school district budgets: 1) decrease expenditures; 2) increase state aid to education or 3) continue to increase property taxes. The Commission has concluded that the growth of property taxes must be constrained. For this reason, as a first and essential remedy, a school property tax levy cap must be enacted.

We recognize that this restraint on growth of property taxes collected by school districts will require tough choices. It will require the discipline necessary to reevaluate and adjust spending decisions by both the State and school districts, in accord with the core charge given to this Commission under the Governor's Executive Order – to find a method of limiting property tax growth that does not compromise educational quality. The cap on the annual growth in amounts collected through school property taxes that this Commission believes to be essential would *not preclude* levy growth. Rather, it would *raise the bar* of voter approval required for levy growth that exceeds the cap. In this section, we review property tax policy in New York, examine the experiences of New York and other states in tax relief and tax caps, and provide specific details about our recommendations for a levy cap.

New York Property Tax

New York's property tax is very old, dating back to as early as 1654 when New York was still a Dutch colony. It remains to this day the primary funding mechanism for thousands of local government units across the State. In local government fiscal years ending in 2007, the property tax raised over \$41.2 billion in revenue, including over \$26.3 billion for schools.¹³

¹³ Office of the New York State Comptroller, 2007 Overall Property Tax Levies and Assessments.

A distinctive feature of the property tax is that the tax rate is not fixed in statute. Rather, local governments first decide on spending needs, and then set a rate that will result in collection of the desired tax levy. Other taxes, such as income or sales, have statutory fixed rates. The amounts that such taxes yield rise and fall with the economy, and government spending must adjust to reflect economic conditions. In contrast, the lack of a fixed rate for the property tax means that there is no automatic “fiscal brake” on tax levies – which can and often do increase during periods when weak economic conditions make them less affordable.

The financial strain that property tax obligations create for many people is not a new phenomenon. The basic underpinning of the property tax was that property wealth indicates ability to pay. This equitable concept was certainly the case far back in history, although not as clear-cut today. However, the tax is paid out of income rather than property wealth. As a result, since the early years of the tax, policymakers also have reduced the property tax burden on certain classes of taxpayers deemed to need some degree of relief.

The most common type of tax relief is the property tax exemption, which exempts all or a portion of the assessed value of a parcel from the property tax. This, in essence, shifts the tax burden to remaining property taxpayers. Exemptions are granted on the basis of many different criteria, including the use of the property, the owner’s ability to pay taxes and the desire of the governments to encourage certain economic or social activities. Property can be either wholly exempt, such as a church, or partially exempt, such as the residence of a veteran. Similarly, exemptions may be applicable to certain taxes, such as a town tax, but not for others, such as school tax.

A second and more recent type of tax shifting device shelters one class of taxpayers by placing the burden on a state-level funding source, such as state income and business taxes. The STAR (School Tax Relief) program is an example, as are tax “circuit breakers.” These efforts to shift the tax burden do not result in a reduction in the total amount of property tax collected, or constrain its growth. Instead, the portions for which individual taxpayers are responsible are adjusted, and the burden for those payments is shifted onto state taxpayers.

Property Tax Caps in New York and Other States

In contrast to the types of relief already discussed, property tax caps seek to limit the aggregate amount of the tax collected. The first property tax caps were enacted in New York State in 1884 by constitutional amendment, restricting the property tax rate for county and city purposes to 2 percent of the assessed valuation of real and personal property, while also limiting debt.

In 1953, the Constitution was amended to set New York City’s combined property tax rate for city and county purposes at 2.5 percent, and to allow voters to increase their school district’s tax limit by one quarter of one percent annually. Under a 1985 constitutional amendment, tax caps

were eliminated for school districts within cities having fewer than 125,000 residents. These caps are not relevant to most municipalities and, as documented elsewhere in this report, they have not been effective in constraining property tax growth.

We identified four broad types of tax caps that exist in other states: (1) assessment caps; (2) expenditure caps; (3) tax rate caps; and (4) tax levy caps. Under the charge of the Executive Order the Commission finds the tax levy cap far preferable.

Assessment caps limit the growth in the assessed value of a home, but not the tax rate applied to that assessment. Assessment caps are used in some states, but are ineffective in limiting tax growth unless they are also accompanied by rate caps. For example, Nassau County has a limit on the percentage change in assessed value of properties, but still has some of the highest property taxes in the nation.

Expenditure caps limit the total spending of a government unit, regardless of the source of funds. Applied to schools, an expenditure cap would limit total expense growth, even if funded by state or federal sources, and would not necessarily limit school property tax growth. An expenditure cap would not be suitable, given the Executive Order's commitment to provision of a quality education to all students.

Tax rate caps limit property taxes to an established percentage of the property's assessed value. Currently, there is wide variation in tax rates for school districts in New York, ranging from a high of 3.9 percent of the market value of property to a low of 0.2 percent. This range makes a tax rate cap unworkable in New York, unless increased funding is provided by the State for the predominantly lower wealth districts that would be above the rate cap.

Levy caps limit the amount by which the total property tax can increase from year to year. This is the only tax cap that is effective in limiting the growth of total property taxes for a given municipality or school district. It was explicitly mentioned in the Executive Order, and was a focus of the Commission's deliberations.

According to the *National Tax Journal*, which surveyed the continental 48 states in 2006, 43 states have some form of limitation on real property taxes, with a number of states employing multiple types of caps. Only Maine, New Hampshire, Tennessee, Vermont (which has only a state property tax) and Virginia have no local property tax limitations. Twenty-nine states have a local property tax levy cap, and at least 15 allow

A workable cap on the growth of school and property taxes is absolutely critical to end the out of control growth that has driven our tax burden into the stratosphere.

**- David Duerr, Executive Vice
President of the Greater Syracuse
Chamber of Commerce**

voters to vote to lift temporarily, or override, this cap. Thirty-four states, including New York, employ a tax rate cap. Twenty states, including New York, have some form of cap on assessed values. In New York, these caps apply only in New York City and Nassau County.

Massachusetts and California – starkly contrasting experiences

The Commission carefully analyzed the experiences in several states, including the peer states of Massachusetts, Illinois, California, New Jersey and Michigan. After the initial review, the Commission focused on Massachusetts, based on the state's proximity to New York, the lengthy period since a cap was enacted (during which much data has accumulated), and similarity in school funding mandates.

“Proposition 2½” was enacted in 1980 in response to the level of property taxation in Massachusetts, among the highest in the nation. Proposition 2½ is both a levy cap and a rate cap. The property tax levy cannot increase by more than 2½ percent annually, plus additions to the tax roll from new construction. Amounts less than the levy limit may be reserved and used in a subsequent year. In addition to the levy cap, Proposition 2½ also imposed a rate cap maximum of 2½ percent, which required a number of municipalities to reduce their taxes in the first years of implementation, with offsetting state funding increases. (The rate cap is not the focus of this Commission.)

Public involvement is an important aspect of Proposition 2½, which allows a community to increase its levy limit through the public override vote, and to reduce the levy by way of a voter underride. Over the course of 22 years, Massachusetts cities and towns have placed 3,583 override referenda before voters. Approximately 39 percent of the override attempts were successful, based on a simple majority vote. There have been only a few dozen underride votes, with over half approved.

Proposition 2½ has been successful in lowering the property tax burden in Massachusetts. In the first 20 years following the passage of Proposition 2½, the per capita residential property tax levy dropped 1.6 percent, after adjusting for inflation. Since the enactment of Proposition 2½, Massachusetts dropped from 3rd nationally in 1977 to 33rd in 2005 on the measure of state and local tax burden.

In 1993 Massachusetts instituted a “foundation budget” formula for state funding of schools. That formula, which is quite similar to the one adopted in New York in 2007, calculates the dollar amount needed for an adequate education by school district and determines the local contribution to that amount. Since 1993, Massachusetts state aid to schools has increased at a compound annual average growth (on a per capita basis, adjusted for inflation) of 8.6 percent.

The relative position of Massachusetts in national rankings of per pupil spending has not changed since the period before Proposition 2½ was enacted. Massachusetts has consistently ranked between fifth and seventh among states in per pupil spending, with the most recent comparable year of 2006 showing Massachusetts spending per pupil at \$12,656, ranking seventh highest among states. During the same period, the state's share of school spending has risen.

Comparative pupil performance data demonstrate that the combination of Proposition 2½ and state foundation aid has not negatively affected Massachusetts student performance. The standard comparisons of pupil performance across states involve national tests in reading and mathematics given to fourth and eighth grade pupils. In 2007, in all four tests – 4th Grade Mathematics, 4th Grade Reading, 8th Grade Mathematics, 8th Grade Reading – Massachusetts ranked highest among all states.¹⁴ In contrast, New York test scores are in the middle of the fifty states on these tests, despite ranking first or second in per pupil spending. In another comparison, Massachusetts ranked third among those states where the percentage of students taking the SAT is at least 40 percent, while New York ranked twelfth.

Whereas the experience in Massachusetts demonstrates that a tax cap can be constructed to lower property taxes without harming the ability to provide education, California's experience has shown that a poorly constructed cap can have significant negative impacts.

California provides a sharp contrast to the experience of Massachusetts. California voters overwhelmingly approved Proposition 13 in 1978, as a response to rapidly increasing property taxes. Proposition 13 included both rate and assessment caps. Property taxes are limited to 1 percent of assessed value, the most stringent rate limitation in the nation and one which most observers agree is too low to sustain the government services funded by the property tax. Property assessments were rolled back to their 1976 values and increases in property assessments were limited to 2 percent per year (properties can be assessed at market value upon resale). By 1981 California's property taxes had declined from 51 percent above the national average in 1978 to 22 percent below the average.

California was unable to sustain funding for local government services through its property taxes. Local governments became much more dependent on state aid, and also significantly raised various local user fees. Nonetheless, California has witnessed widespread and major deterioration of public services – especially education – since enactment of Proposition 13. In terms of per pupil spending, California went from 11th nationally in 1970 to 38th in 2006. And while California schools ranked among the highest in the nation in the 1970s in terms of pupil performance, they now rank among the lowest. In national fourth and eighth grade reading and

¹⁴ United States, Department of Education, National Center for Education Statistics, *National Assessment of Educational Progress State Comparisons* (2008). Available: <http://nces.ed.gov/nationsreportcard/nde/statecomp/>

math tests in 2007, California's ranking ranged between 46th and 49th in all four tests – 4th Grade Mathematics, 4th Grade Reading, 8th Grade Mathematics, and 8th Grade Reading.¹⁵

Public Participation

New York requires local voter approval of school district budgets, except for the Big Five city school districts. If voters twice choose not to approve a budget, a contingency budget is, by law, adopted by the board of education, which provides for teachers' salaries and contingent expenses.

Public opinion polls and testimony before this Commission reflect dissatisfaction with high property taxes, although there are high passage rates for school budgets. The Commission on Local Government Efficiency and Competitiveness estimates that 14.2 percent of enrolled voters participated in the May 2006 school budget vote, with participation ranging from 20 percent enrolled voters in Suffolk County to approximately 10.4 percent in Sullivan County and in southwestern New York. Moreover, since 1998, when the uniform budget vote date and the STAR program were introduced, the percentage of budgets passing has been over 90 percent. In 2007, the passage rate reached an all-time high of over 95 percent.

Some view the school voting process in New York as being, effectively, a cap on school spending as voters have the power to turn down their school district's budget if it carries too large a tax increase. The above numbers, coupled with the findings in Part II of this report, show that in practice, the school budget voting process has not affected school spending. The Commission believes that changing the school budget vote from a vote on the *budget* to a vote on the *tax levy* would highlight the interconnection of school spending and the property tax.

Moreover, voter complacency shown by low turnouts can be addressed by focusing on the magnitude of increases to the tax levy. When a school tax levy increase is less than the cap, the Commission recommends that a vote need not occur. When a school board does call an override vote, the importance of that vote is highlighted by its very existence.

¹⁵ Ibid.

Recommendation

In order to control the unsustainable growth in school property taxes, the Commission recommends implementation of a school property tax levy cap. The cap would have the following elements:

- 1. The levy cap would be set at 120 percent of CPI or 4 percent increase, whichever is lower:** This is the same formula that applies to the current contingency budget that goes into effect when school budgets fail to pass. Unlike the levy cap in Massachusetts, which is established in law at 2.5 percent, this formula is somewhat higher and allows some flexibility for inflation.
- 2. New construction should be added to the levy limit:** The construction of new homes and businesses, and major additions and renovations of existing buildings expand the school district's tax base without affecting existing taxpayers. This new growth should be added to the levy cap each year. In the three years ending in 2007, the median annual growth from net new construction in New York has exceeded one percent statewide.
- 3. "Banking" unused Levy Cap:** If the maximum levy growth permitted under the cap is not used in a given year, the unused portion would be "banked" and may be used in any future year to increase the levy by up to 1½ percent. This provides an incentive to save tax capacity for future years.
- 4. Separate capital expense / debt service vote:** Capital items – either as a one-time expense or debt service – would continue to be authorized by public vote, and would not be included within the levy cap. If approved by voters, such exceptions would last until payment for the capital item is completed.
- 5. Budget Votes Limited to Overrides:** The current school budget voting process would be replaced by a cap override vote. School districts would not have to submit their budgets to the voters in years when the tax levy growth does not exceed the levy cap. Levy growth in excess of the levy cap would have to be approved by the voters. By not requiring a vote when the tax levy growth is within the cap, the votes that do take place will take on a greater significance.
- 6. State aid growth affects override vote margin.** The vote required to override the levy cap would be contingent on state aid growth by district. If the annual growth for a district of specified core state aid programs is at least 5 percent in the current year, the vote needed to override the levy cap would be 60 percent. If annual growth of state aid is

less than 5 percent, a 55 percent vote would be needed to override the levy cap.¹⁶ This assumes that state school aid funding decisions would be reached sufficiently in advance of school budget decisions and the public votes currently scheduled in May.

7. **Underride:** Voters could also place on the ballot an “underride” vote to keep the levy growth to a level beneath the calculated levy cap.
8. **Dependent Districts:** The Big Five cities (New York City, Buffalo, Rochester, Syracuse and Yonkers) have “dependent” school districts within their city budgets. As a result, Big Five property taxes are not specifically earmarked for education. Thus, a property tax cap applying only to school funding in those cities would require special design considerations, which need to be studied further.

Conclusion

It is this Commission’s view that there are only three alternatives for addressing the growth in school district expenditures: decrease those expenditures, increase state aid to education or increase school property taxes. The Commission recognizes the overall burden on property taxpayers and the particular burden placed on low and moderate income taxpayers by the unsustainable growth in such levies over recent years, and believes that property taxes cannot be increased at current rates. A levy cap constructed with the above elements would be successful in constraining the growth of school property taxes and will force difficult choices about expenditures that will be necessary to ensure that there is not a negative impact on schools. The recommended cap is set at a level which allows for reasonable growth of school expenses and would be adjusted for economic conditions and growth of the tax base. The cap will encourage efficiencies and creative ways to control costs, and will be the “blunt instrument” needed to force some tough, necessary choices. At no time would district voters be precluded from increasing school taxes. Voter participation will continue through an override vote, which is tied to growth in state aid, and through the petition process for an underride vote. Over time, this constraint on the property tax levy will make New York a better place to live, work, raise a family and run a business.

¹⁶This is not to suggest that 5 percent growth in state aid is adequate for high need districts to provide a sound, basic education.

Part III: Recommendations

Why a "STAR Circuit Breaker" would be better than STAR

Circuit Breaker

It is essential that the growth in the amount of property taxes collected be constrained through a cap on tax levies, as recommended in the previous section. Once such a restraint on property tax growth is in place, the needs of individual taxpayers who may face difficulty in paying their property tax bills could be addressed. The Commission believes that an improved "circuit breaker" program would provide such targeted relief, while recognizing that it would not force hard choices that drive spending restraint, nor provide relief to particular groups of deserving taxpayers, such as small businesses struggling in today's economy. However, because it addresses the symptoms of the problem, rather than the problem itself, the Commission believes that such a benefit should not be enacted until the property tax cap has been instituted.

Conceptually, a circuit breaker shuts off property taxes that exceed a certain percentage of a particular taxpayer's income. This section examines individual tax relief by reviewing existing programs, discusses problems with these programs, and proposes principles for lawmakers to consider in a comprehensive restructuring of state tax relief programs. Specifically, the Commission recommends that current property tax relief programs, including STAR and the circuit breaker tax credit be combined and restructured. Existing levels of relief for middle class taxpayers and those who need it most should continue, and benefits should be expanded to certain taxpayers through an income-based "STAR Circuit Breaker."

Current Circuit Breaker

In 1978, during the "property tax revolt" era, New York enacted its current circuit breaker program, Tax Law section 606(e). Under that statute, any resident, including a renter, with income below \$18,000 (for a single filer) is eligible to receive this rebate. Rather than provide an exemption from the local property tax, this program reimburses that tax by way of a direct credit to individual taxpayers on the state personal income tax return. The maximum benefit is \$375 for seniors and \$75 for those residents under age 65. Because the circuit breaker comes as an income tax credit, it may not be evident to the taxpayer that it is, in fact, property tax relief.

New York's circuit breaker benefit has not been changed in the thirty years since its enactment. The income ceiling is currently among the lowest of state circuit breakers (the New Jersey income ceiling of \$250,000 for homeowners is the highest). The maximum benefit in New York is among the lowest nationally (Maine, for example, provides a benefit of up to \$2,000). According to the Department of Taxation and Finance, in 2005 the New York circuit breaker had approximately 279,000 beneficiaries, of whom the overwhelming majority (91 percent) were

renters as opposed to homeowners. Total benefits were \$29.6 million, which amounted to an average benefit of only \$106.

STAR Programs

By the 1990s, New York's limited circuit breaker program had shrunk in significance. Public dissatisfaction with increasing property taxes led to the enactment of the STAR (School Tax Relief) program in 1997. STAR has been expanded and amended several times, most recently in 2007 and is now the most broad-based form of property tax relief in New York.

The original STAR benefits— both **Basic STAR** and **Enhanced STAR** — are homeowner exemptions, supplemented with state funding. In both cases, a portion of the assessed value of a home is exempted from the school property tax.

- The Basic STAR exemption is available to all homeowners, and exempts the first \$30,000 (adjusted annually in higher value and appreciating localities) of the full value of their primary residence from the school tax;
- The Enhanced STAR exemption is available only to seniors (65 and older) of limited income (in 2007 the income cutoff was \$67,850), and exempts the first \$56,800 (also adjusted annually) of the full value of their primary residence from the school tax; and
- Basic and Enhanced STAR also include a component that grants a state income tax credit to New York City taxpayers, because New York City schools are funded by city income tax as well as property tax.

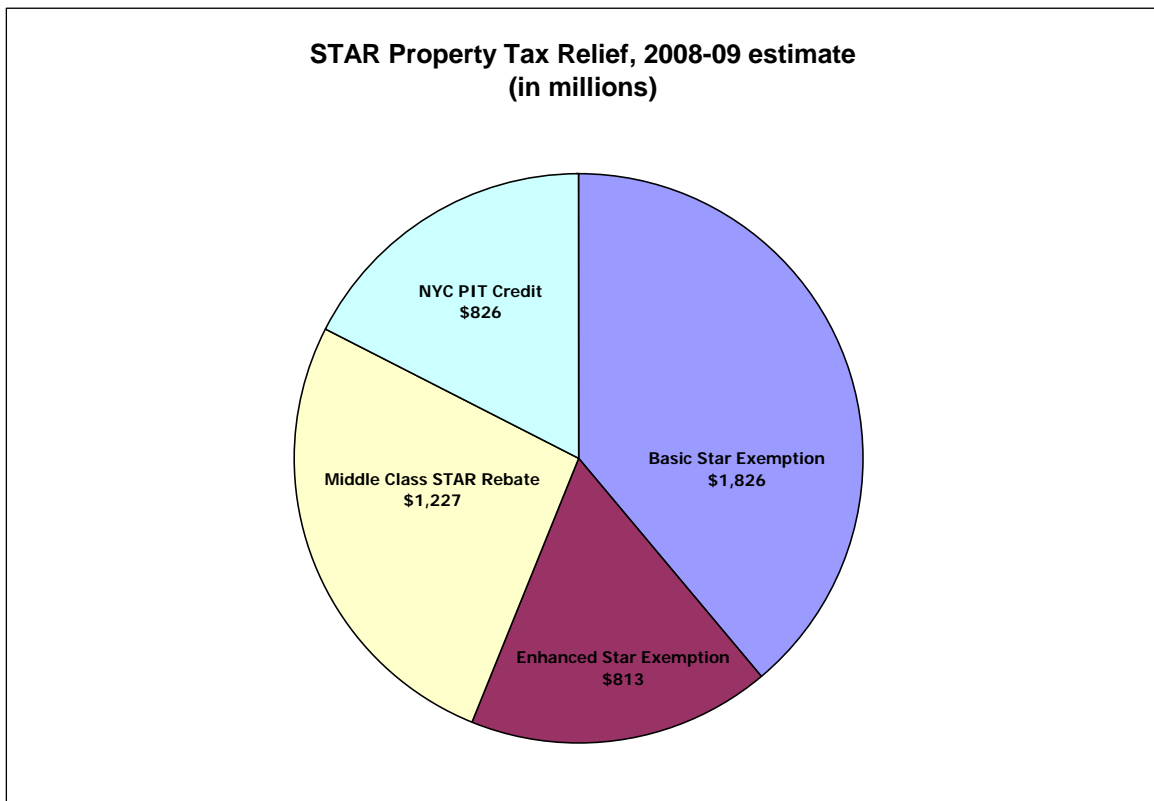
In a typical property tax exemption, the burden is shifted to the remaining property owners within the taxing jurisdiction. With the STAR exemptions, however, the tax reduction for individual beneficiaries is paid by the State, by way of a direct payment from the State general fund to school districts. School districts continue to set a tax levy each year, taxpayers pay an amount reduced by the STAR exemptions, and the State pays the difference directly to school districts as STAR Payments.

In 2006, for a single year, STAR was expanded to create the Local Property Tax Rebate Program, or **STAR Rebate**. Under this program, STAR-eligible homeowners paid the property taxes to local school districts, but the State rebated a portion of that tax by way of a check. The amount of the rebate was based on the size of the STAR exemption, rather than on income. There were 3.4 million beneficiaries, and the average benefit was approximately \$200.

The STAR rebate was replaced in 2007 by **Middle Class STAR**, which also took the form of a rebate program. However, unlike its predecessor, Middle Class STAR is income-based, with the benefit phased out as income increases. The phase-out begins at different income levels

according to region (\$90,000 for the upstate area and \$120,000 for the downstate area). Middle Class STAR is similar, to some degree, to a circuit breaker, in providing property tax relief based on income.

Today, STAR provides nearly 3.5 million Basic and Enhanced exemptions, on a statewide base of 5.6 million parcels of property. STAR programs are expected to cost a total of \$4.7 billion under the 2008-09 Enacted Budget, an increase of \$35 million over the 2007-08 fiscal year. As shown on the chart below, this consists of approximately \$1.8 billion for Basic STAR exemptions (non-seniors outside NYC), \$813 million for Enhanced STAR exemptions (seniors outside NYC), \$826 million for NYC income tax credit (NYC income tax component for STAR exemptions) and \$1.2 billion for Middle Class STAR rebates.



Problems with STAR

The Commission sees several fundamental problems with the current property tax relief programs, including inefficient targeting of relief, unintended consequence of higher taxes, insufficient help for those most in need, perverse school funding, and mounting complexity.

First, the current STAR programs have not adequately targeted property tax relief to individuals based on their ability to pay. Of the original STAR programs – Basic and Enhanced (plus NYC income credit) – about 70 percent of the total benefit is for Basic recipients. The Basic program has no income or property value limitations. Within a given municipality all homeowners receive the same amount regardless of home value, income, size of tax bill or other exemptions.

The Enhanced program for seniors is income based, and has a higher benefit. But since Enhanced STAR in essence provides an incremental benefit above the Basic program, income-qualified seniors would have gotten more than half of that benefit (or more than 15 percent of the total) in any case under the Basic program. Finally, the most recent Middle Class STAR rebate is income-based in terms of qualification, but not in terms of benefit received and therefore not as well targeted as it could be.

Second, the programs have not been effective in limiting school property tax increases. Critics of STAR have noted that taxpayers receiving STAR benefits are more likely to approve higher school district budgets and therefore school districts are more likely to propose them.¹⁷ As was pointed out in Part II above, school expense growth picked up just as the original STAR programs were created, and that growth rate has continued unabated. These effects serve to undermine the basic goal of the program – to limit school taxes.

Third, STAR payments to schools generally run counter to the goals of state aid. State aid is progressive in terms of district wealth, with per pupil aid increased for lower wealth districts. In contrast, STAR payments are somewhat regressive, in that they rise slightly, on average, for higher wealth districts.

Finally, there are, quite simply, too many programs. The complexity has grown since the initial enactment, and could potentially increase in the future, as taxpayers are still not satisfied that school tax increases are under control. The STAR program is, thus, in need of major reform.

¹⁷ Eom, Tae Ho, William Duncombe, and John Yinger. “Unintended Consequences of New York’s STAR Program”. Maxwell School, Syracuse University, October 2005.

Improving Property Tax Relief

The Commission recommends that New York’s current property tax relief programs (Basic and Enhanced STAR, Middle Class STAR and 1978 circuit breaker) be combined and restructured into a mostly income-based “STAR Circuit Breaker.”¹⁸ The Commission believes that STAR benefits for most taxpayers should remain, and has special concern for areas where property values are so low that STAR covers an especially large percentage of the property tax. However, the program should be simplified and realigned to target those who need it the most.

The Commission’s view is that the design of such a program should provide individual relief by incorporating the following principles:

- Property tax relief should be limited to the primary residence of individuals, both homeowners and renters;
- Eligibility should be phased out for those with higher income and property values;
- Benefits should be income based, using a broad definition of income; and
- Benefits should not wholly relieve the excess tax burden (to avoid perverse incentives), and should not exceed a maximum limit.

Many of those who testified before the Commission referred to the pending legislation introduced by Senator Little and Assemblywoman Galef and (S.1053A/ A.1575A). The Commission recommends that the Governor and the State Legislature transition at least \$2 billion of the existing STAR program funding into income-based relief. There should be a careful review of all existing individual property tax exemptions to see whether they still make sense and are fair. Any such restructuring should not sacrifice the benefits for middle class taxpayers and those who need it most. The Commission has done extensive research on the elements and costs of potential circuit breakers, supported by the Department of Tax and Finance, the Division of Budget and the Office of Real Property Services, and Commission staff are available to share this research with the Governor and his staff and members of the Legislature.

Finally, as part of a comprehensive restructuring of state property tax relief, the Commission believes that an optional tax deferral program, similar to a “reverse mortgage,” should be considered. The Commission will study this option further before submission of its final report.

¹⁸ The Commission recognizes that the STAR Circuit Breaker is meant to provide relief for property taxes beyond school taxes.

Conclusion

It is this Commission's view that once property tax levy growth is restrained through a levy cap, additional property tax relief should be targeted to individual middle class taxpayers and those New Yorkers who need it most. STAR benefits for most taxpayers should remain, but New York's current system should be simplified and restructured. Eligibility for all property tax relief programs should be phased out for those with higher income and property values. A restructured STAR Circuit Breaker program could provide relief for those taxpayers most burdened.

Part III: Recommendations

Changing State Law and Mandate Relief

In a continuous effort to improve the quality of education provided to our children, New York leaders have, through numerous state regulations and laws imposed many requirements on school districts. The Commission recognizes that many requirements in fact represent appropriate policy judgments, advancing important principles. However, the Commission's recommendation that the growth in property tax levies be constrained will require that future expenditure growth be controlled. The Commission believes that to reduce the burden on local property taxes, local school districts must be creative and disciplined in achieving economies, and New York State must be a partner with school districts in reining in the rising cost of public education.

State mandates touch many aspects of school district operations including special education administration and services; compliance reporting; salaries and benefits; and student testing. The accumulation over time of these well-intended requirements, coupled with limitations on school districts' ability to act, has resulted in a regime of oversight viewed by many as overly burdensome and complex, sometimes outdated or redundant and very costly. School district expenses have grown at more than double the rate of inflation in the last ten years. The Commission believes, and many who testified before the Commission have asserted, that mandates from the state are a significant factor.

All choices have consequences, and school mandates are no exception. Mandates often force school districts to divert financial resources from their most important objective – educating students.

- Tom Scherer, President, Geneva School Board

Enhanced review of costs and benefits will add an important aspect to decision-making. The following recommendations are directed at either changing existing mandates or proposing new mandates that together will help reduce costs and allow educators to focus more efforts on teaching our children. We propose two broad strategies to accomplish this.

The first is to provide local school districts with relief from State mandates. The second is to adopt regional strategies for delivering educational services that have proven to reduce costs. This section presents proposed processes for ensuring that new mandates are subject to scrutiny before adoption, recommendations for changes to existing laws, and recommendations from the New York State Commission on Local Government Efficiency and Competitiveness (LGEC) that address school district cost drivers.

This Commission recommends that:

- State statutory requirements or mandates that contribute to high property taxes be addressed;
- The recommendations of the New York State Commission on Local Government Efficiency and Competitiveness (LGEC) that address education cost drivers and streamline school district operations through regional service delivery be adopted; and
- The LGEC's recommendations for school district operations and property assessments be used as a base for further efforts to make these systems more efficient and effective.

Address Mandates that Cause High Property Taxes

The Commission received testimony and supporting documents from many school officials and other interested parties, stating that New York State imposes numerous mandates that result in overall cost increases, through additional staff time and efforts needed to provide documentation and follow procedures.

It is undeniable that – in the aggregate – mandates have put significant pressure on local property taxes. This Commission believes that the local fiscal impact of state requirements on schools should be more seriously scrutinized and evaluated. New mandates should be subject to more stringent fiscal analyses with input from outside parties. Existing mandates should be re-examined for their impact on local budgets and system outcomes.

New State Mandates and Requirements

New mandates and regulatory provisions are continuously imposed on local governments by the State Legislature and State administrative agencies. To ensure that such proposals are fully evaluated to determine the costs of compliance by local government entities, the Commission recommends that the analysis conducted during preparation of fiscal impact notes by the Legislature, as well as State Education Department (SED) rulemaking, take into account information provided by local governments and the associations that represent them in Albany, and that an aggregate total of all new costs imposed by the Legislature and through SED rulemaking be calculated by the State Comptroller and made publicly available.

The following Commission recommendations would more effectively incorporate consideration of local fiscal realities and facilitate public review.

1. No new legislative mandates without a complete accounting of the fiscal impact on local governments, which must include full documentation, local government input and proposed revenue sources to fund the new mandates.

Specifically, strengthen the current requirements for the fiscal impact note. Section 51 of the State Legislative Law requires that, with some limited exceptions, a fiscal impact note be prepared when a bill is proposed to the Legislature that is presumed to “substantially affect the revenues or expenses, or both of any political subdivision.” Joint Rules of the Senate and Assembly articulate the content, procedure, exceptions, and application requirements of fiscal notes. However, the Joint Rules do not provide guidance on the level of fiscal analysis required. As a result, the fiscal notes that accompany proposed legislation may vary in quality, and the underlying data and analysis may not be set forth. In addition, fiscal notes may not fully explore the shifting of costs from one government entity to another that will result from the legislative proposal.

The existing requirement for a fiscal impact note should be expanded to include more rigorous cost-benefit analysis. The process for developing fiscal notes must include input from local governments, including school district representation. The views of local government associations, including the New York Association of Counties, the Conference of Mayors, the Association of Towns, the School Boards Association and the Council of School Superintendents must be sought when fiscal notes are being prepared, and made available to legislators before the vote on the legislation. Finally, the fiscal note should identify funding for the full cost of implementing the proposal, including transfer of costs from the state to local governments or among local governments.

2. No new regulatory mandates from the State Education Department without a complete accounting of the fiscal impacts on local governments, which must include full documentation, local government input, and proposed revenue sources to fund the new mandates.

Not all State mandates originate in statute. Many requirements are advanced as State agency regulations which, depending on the proposal, may not be subject to in-depth fiscal analysis. While recognizing the independence of the State Education Department, this Commission recommends that it conduct a regulatory review process before rules are proposed during which the potential costs and benefits are weighed, and that the views of school districts and other entities that will be required to comply with the rule are sought and evaluated during this review process. The potential cost of compliance should be determined, and included in the compilation of total annual additional costs, recommended above.

3. Mandate accountability through an annual report the Office of the State Comptroller, which should include the cumulative cost to localities of complying with all new regulatory and legislative mandates. Fiscal analyses of legislation and SED rulemaking should be aggregated annually to calculate the cumulative cost to localities of complying with new State mandates. Currently, a single source for information on newly enacted mandates and their annual fiscal impact on local governments, including school districts, does not exist. As a result, there is no available analysis of the total impact of new state requirements on localities. This Commission believes that the Office of State Comptroller or another appropriate entity should aggregate the information from fiscal impact notes and the analyses of costs associated with SED rulemaking, and should make this information available to the public. This is a critical step to ensuring transparency of policy-making in relation to the local impact of State requirements.

Existing Mandates

Testimony presented to the Commission highlighted several statutory requirements and categories of State mandates that significantly impact school district costs and warrant immediate attention. These include the Triborough provision of the Taylor Law, school district reporting requirements, special education requirements and the special governance concerns of the fiscally dependent school districts, all of which are addressed by the Commission recommendations listed below:

4. Amend the Triborough provision of the Taylor Law to exclude teacher step and lane increments from continuation until new contracts are negotiated.

The Taylor Law, which regulates collective bargaining between public employee unions and public employers in New York, contains a provision known as the Triborough Amendment. The Triborough Amendment makes it an improper practice for a public employer to: "...refuse to continue all the terms of an expired agreement until a new agreement is negotiated."

Speakers testified to the Commission that the Triborough Amendment is a major force driving increases in teacher salaries and it has "tilted the bargaining table" in favor of teachers' unions. It is very difficult to estimate the financial impact of Triborough on school district expenses. However, as documented in this report, personnel costs are the major component of school district costs, and have been increasing at a rate above inflation for a number of years.

This Commission recommends that the Triborough provision be amended to create an exception for salary step and lane increments. This amendment would require school districts to maintain salaries at the rate set in the expired agreement, but without further

enhancement through step and lane increments during a contract hiatus. This proposal recognizes the basic purpose of Triborough to maintain the status quo during contract negotiations, and would not preclude school districts from bargaining to pay step and lane increments, which may have accrued during the contract hiatus, at a later date.

5. Centralize and streamline school district compliance reporting. Because of overlapping state and federal requirements, school districts must prepare numerous and sometimes redundant reports. School district officials repeatedly testified to this Commission their view that compliance reporting required by the State and federal government is often unrelated to program effectiveness.

This Commission believes there should be a single unit at the State Education Department responsible for all existing school district reporting, charged with responsibility for streamlining and consolidating all reporting. The unit would also determine how to implement and integrate new reporting requirements. The Commission recommends that the State Education Department involve representatives of school districts in the efforts of this unit.

6. Create a task force on streamlining mandates. Between the publication of the Preliminary and the Final Report, a Commission on Property Tax Relief Task Force on Mandates should undertake a review of existing school district mandates. This process should involve collaboration among representatives of school districts, State Education Department and lawmakers. The group should identify school district mandates, with a particular focus on testing, instruction, and procedural requirements; assess the intent and the actual consequences of mandates; and identify redundancies or conflicts. The Commission will then make recommendations to reduce and streamline mandates while maintaining quality of services.

Adopt recommendations of the New York State Commission on Local Government Efficiency and Competitiveness

The New York State Commission on Local Government Efficiency and Competitiveness (LGEC) was established by Executive Order in April 2007 "...to examine ways to strengthen and streamline local government [including school districts], reduce costs and improve effectiveness, maximize informed participation in local elections, and facilitate shared services, consolidation and regional governance."

The 15-member commission was supported by a small staff, an inter-agency task force (IATF) of executive and non-executive state agencies, and an academic study group. Over a 12-month period, the LGEC gathered and analyzed information from public hearings, government documents, academic research, consultant studies, and information gleaned from 200 local

initiatives to streamline local government structures and service delivery. This effort produced over 70 recommendations to make New York State's local governments more efficient and effective.

The LGEC's final report and nearly 40 supporting briefs, issued on April 30, 2008, were carefully reviewed by this Commission for issues of mutual concern.¹⁹ This Commission has determined that the LGEC's significant recommendations addressing school district cost drivers (e.g., personnel costs and State mandates), regional service delivery and school district restructuring are central to the work of this Commission. This Commission endorses the following LGEC recommendations because of their potential to reduce school district costs through mandate relief and more efficient service delivery systems.

Personnel Costs

The following three LGEC recommendations are of particular interest to this Commission because they address the cost of employee salaries and health insurance, both identified in this preliminary report as driving up school districts expenses.

7. Provide for a regional collective bargaining contract negotiated by BOCES, to which school districts could opt in. These regional contracts would be phased in as current contracts expire and would initially apply only to new hires, with existing employees "grandfathered" for some term. Currently, each school district in the State negotiates collective bargaining agreements separately, even though individual districts may be inadequately equipped to handle this task. The LGEC found this duplication of efforts expensive. Further, different salary scales for neighboring districts may inhibit school district consolidations. The LGEC proposed that a regional collective bargaining contract with voluntary participation by school districts would put school districts on a level playing field with teachers' unions during negotiations and would pave the way for consolidations by limiting or eliminating the impact of leveling-up the salary and benefit schedules of the two merging school districts. It would also provide more career flexibility for teachers as they would more easily be able to transfer between districts and provide for State assistance and information sharing in these negotiations.

8. Require local government and school district employees to contribute, at a minimum, 10 percent (for individual coverage) and 25 percent (for dependent coverage) toward the cost of health insurance. Local governments could negotiate higher employee contributions. This change would be phased in over five years

¹⁹ New York State Commission on Local Government Efficiency and Competitiveness. 21st Century Local Government Albany: 30 April 2008.

as collective bargaining agreements expire. This LGEC recommendation addresses one of the fastest growing expenses for localities by aligning local government employee health care contribution requirements with that of state employees who participate in the Empire Plan. The LGEC estimates that this recommendation would save local governments and school districts outside of New York City approximately \$475 million annually.

9. Encourage health benefit trusts. This Commission heard testimony that cited savings when school districts pool resources to purchase employee health insurance. One example of such a cooperative effort is the Orange-Ulster School Districts Health Plan. This self-funded municipal cooperative is governed by Article 47 of the Insurance Law and serves 18 school districts and one BOCES. Such collaborative efforts should be encouraged, and this Commission endorses the LGEC recommendation to ease the provisions of Article 47 to pave the way for additional health benefit cooperatives in other areas of the State.

Regional Service Delivery and School District Consolidation

This Commission found that several LGEC recommendations targeted efficiencies that could be gained from consolidating small school districts and sharing non-instructional functions. There are approximately 700 school districts in New York State. Over 200, or approximately 31 percent, had fewer than 1,000 students in 2005. More than half of these small districts are in the North Country, Western New York, Mohawk Valley, Southern Tier and Capital regions. All of these areas, except for the Capital region, have seen annual student enrollments decline consistently since the mid- to late-1990s. Recent trends in declining student enrollment suggest that many districts will continue to decrease in size.

The LGEC was convinced by testimony and reports that scale matters and that there are efficiencies that can be gained from school districts sharing services and even consolidating. One study found that consolidation would save two 900-pupil school districts 7 to 9 percent and two 300-pupil districts approximately 20 percent.²⁰ Another study of the school districts in the Broome-Tioga region found that the districts could save \$12 to \$16 million annually by applying management techniques of large single school districts or regional service delivery

I propose that we unleash the enormous potential of our BOCES throughout the state to reduce costs through greater service sharing beyond what BOCES is legally allowed to provide.

**- Ronald D. Valenti,
Superintendent of Blind Brook
School District**

²⁰ Duncombe, William, and John Yinger. Does School District Consolidation Cut Costs? Syracuse: Center for Policy Research, 2001.

strategies to operations for transportation, facilities maintenance, healthcare, and special education administration.²¹

10. Consolidate Non-Instructional and Purchasing Services through BOCES.

To encourage the use of BOCES for back-office school district operations such as payroll and purchasing, the State should facilitate a demonstration project that will serve as a model. The LGEC suggests that using BOCES back-office services can be a cost-effective way for school districts to perform operational, management, and other non-educational functions. Many districts are already taking advantage of BOCES services. Additional examples of back-office services include human resources, employee benefits administration, staff development, legal services, printing, and transportation services. The Commission views this approach as having significant potential for beneficial application to the full range of back-office and purchasing services for all school districts outside of New York City.

11. Give the Commissioner of Education discretionary authority to order consolidation of school districts based on reviews triggered by objective standards, including but not limited to the size of the student population and geography, declining enrollment, limited educational programs, ability to achieve fiscal savings, and high tax burden. The Commissioner's order in each case would require a thorough review, the approval of the Board of Regents, and a public hearing in the area affected by the consolidation. Currently, the Commissioner's powers related to consolidation are limited to proposing and approving reorganizations. As a proxy for the potential savings from this recommendation as well as consolidations encouraged by regional BOCES committees, the LGEC report estimated that consolidating school districts in New York State with fewer than 900 students would result in annual savings of \$158.5 to \$189.2 million.

12. Convene a committee in each BOCES region to evaluate potential restructuring opportunities, including consolidation of districts. The committee, representing parents, school administrators, school board members, teachers and other citizens, would review current school district boundaries, enrollment, and financial circumstances. A committee in the Broome-Tioga region is currently looking at consolidation and service sharing to realize savings and to provide better services. Transportation of non-public school students, which often crosses district lines, is another area where BOCES-wide approaches may be able to achieve significant savings.

²¹ Pryor, Donald, and Charles Zettek, Jr. "Thinking Beyond Boundaries: Opportunities to Use Regional and Local Strategies to Strengthen Public Education in the Broome-Tioga Region." Rochester: Center for Governmental Research, 2004.

13. School building aid for new projects should be temporarily suspended for districts identified for potential reorganization. These districts would be identified either by a BOCES school district restructuring committee or by the Commissioner of Education. The LGEC reports that this would prevent new building projects from being launched during the period a consolidation is being contemplated, and would end when the decision on consolidation has been made.

14. State school aid should include significant incentives to encourage school districts to consolidate. This should include reevaluation of the current formula for reorganization incentive aid, as well as more dramatic changes. Currently, districts that reorganize receive a 40 percent increase in state operating aid for five years, which is then reduced 4 percent each year until it is phased out. Also, the reorganized school district's state building aid is increased by 30 percent, up to 95 percent of approved cost. Although this appears to be a generous package, few school districts actively pursue reorganization.

Construction and Procurement Mandates

The following two LGEC recommendations address State mandates that drive up school district construction and procurement costs.

15. The State should repeal the Wicks Law or, in the absence of that, dramatically increase its thresholds. This Commission strongly advocates the repeal of the Wicks Law. The Wicks Law (section 101 of the NYS General Municipal Law), enacted in 1912 to promote fair bidding on construction projects, requires state and local governments to issue multiple prime construction contracts for all public works under a monetary threshold. The original threshold, \$50,000, established in the early 1960s, was not increased until just recently. In this year's Enacted Budget the thresholds were increased to \$3 million for New York City, \$1.5 million for projects in Nassau, Suffolk and Westchester counties, and \$500,000 in all other counties. According to many local government officials and school superintendents, most construction projects now cost more than \$500,000, and therefore in the counties outside of the New York metropolitan region, will continue to require multiple contracting. New York City had estimated, before the recent threshold changes, that it would save \$3.7 billion over its ten-year capital plan with full repeal of Wicks. There is no estimate of what a full repeal of the Wicks Law would save school districts, but significant savings are likely, given the districts' almost \$4 billion on capital outlays and other expenditures in 2005-06. The bulk of that money went to construction projects (\$3.4 billion). The rest went to projects related to land and existing structures (almost \$84 million) and to equipment (almost \$507 million).

16. Facilitate cost-effective local purchasing by increasing thresholds for competitive bid requirements. Local government procurement must be conducted through competitive bidding when the costs exceed certain thresholds. The current competitive bidding thresholds are \$10,000 for commodities and \$20,000 for public works projects. This year's Executive Budget submission proposed increased thresholds of \$20,000 and \$50,000 respectively, but this reform was not adopted in the Enacted Budget.

Assessing and Tax Collection Efficiency

The following two LGEC recommendations address improvements in the efficiency of property tax assessments and tax collection. These recommendations do not address the underlying issue of lack of common statewide standards in property assessment, and therefore the lack of fairness in treating all parcels identically in terms of valuation.

17. Move property tax assessing and collection to counties for administration, providing reasonable phase-in provisions. New York State's assessing system is among the most fragmented in the nation, with 1,128 individual assessing units, almost all at the town, city and village level of government. Tax collection is also quite fragmented, again mostly at the municipal level. The LGEC recommended that property assessment as well as property tax collection be consolidated at the county level of government. Benefits from county-level assessing include, among others: (1) elimination of tax shifts resulting from changing equalization rates within the county; (2) improvement in assessment accuracy resulting from more regionalized data, analyses and market monitoring; and (3) specialization of staff for specific types of properties. This Commission further recommends that a system be established for charging back municipalities for the services shifted to county government, as a means of funding these services.

18. Eliminate statutory requirements for school district collections that prevent functional consolidation. School district boundaries are not at all co-terminus with other municipal boundaries. In fact, the 700 school districts have some 2,900 segments that cross into different towns, cities, village and counties. As a result, school district tax collections are handled differently depending on which portions of the district are located in a town of the first class, a town of the second class, or within a city. Having three different statutory arrangements for tax collections poses a barrier to consolidated, modernized operations. The LGEC recommended eliminating these statutory impediments to the efficiency of school tax collection.

Recommendations Supplemental to the LGEC Report

This Commission proposes several strategies that build on the LGEC recommendations for school district operations and property assessments that would make these systems more efficient, effective and transparent.

19. Require school district reporting on collective bargaining outcomes.

Currently, there is no single source for information on the outcomes of collective bargaining between school districts and employee unions. The Commission believes that this severely limits the transparency of an important aspect of school district operations. The Commission recommends that school districts be required to report on collective bargaining outcomes to the Governor's Office of Employee Relations (GOER). These outcomes would be summarized by GOER in an annual report to the Governor and Legislature. In addition, the Commission recommends that school districts be required to report on collective bargaining outcomes in their annual school budget presentation to the voters, in a manner that clearly and transparently informs the public of those outcomes, and attendant costs.

20. Convene a study to evaluate creating a new Tier 5 within the pension system.

The LGEC found that the current pension program needs to be changed to address the relatively rich benefits available to public employees. The LGEC recommended that the State undertake a study of public employee pension benefit options, including evaluation of a potential Tier 5, which would reinstate employee contributions throughout an individual's working years, and either convert to a defined contribution system or provide employees with a defined contribution benefit as an option. This Commission endorses the recommendation of LGEC to convene such a study, but underscores the urgency of moving to a Tier 5. Such a study should be undertaken to review how to best implement Tier 5, rather than whether to establish a new tier.

21. Rescind the statutory cap on the BOCES district superintendent salaries.

The BOCES district superintendent serves two roles. The individual is the chief executive officer of the BOCES who is hired by and reports to the BOCES board. The individual is also an employee of the Commissioner of Education and his/her representative in matters of concern to the Commissioner. The BOCES district superintendent's salary is paid in part by the BOCES district and in part by the State Education Department.

The current statutory cap on the district superintendent salaries is linked to the salary of the Commissioner of Education in such a way that ensures the district superintendent salaries remain aligned with the Commissioner's. This salary level has proved to be an obstacle to hiring and retaining the BOCES superintendents in wealthier areas of the state where school district superintendents' salaries are either on par or higher. Testimony

presented to this Commission suggests that the 9 current vacancies, out of 37 total positions, in this pivotal job are related to non-competitive salary levels. This Commission recommends rescinding the BOCES salary cap to better position BOCES districts to hire and retain highly-qualified individuals for this demanding job.

22. Establish a BOCES statewide energy purchasing program to save energy costs. This Commission heard testimony on several initiatives that help school districts reduce their energy costs by purchasing this commodity jointly. The NYS Municipal Energy Cooperative of the Onondaga-Cortland-Madison BOCES is an example of such efforts. The cooperative, which currently serves 142 school districts and 24 municipalities, is a corporation established under Article 5G of General Municipal Law to coordinate the purchase of natural gas and electricity for local governments in the regions served by National Grid and the New York State Electric and Gas. The five-year savings from the cooperative to just the 23 component school districts of the Onondaga-Cortland-Madison BOCES is estimated at over \$8 million. This Commission applauds this regional approach to procurement that includes BOCES districts, school districts, and municipal governments, and encourages its expansion or replication.

Property Tax Assessments

23. Establish uniform statewide assessing standards. There are 1,128 independent assessing jurisdictions in New York, mostly at the town / city / village level. New York is one of only three states that do not have clear statewide valuation standards and is one of the few without periodic revaluation of all properties. The combination of a myriad of assessing jurisdictions and the lack of statewide standards makes the New York system of property assessment arguably the worst performing in the country, in terms of equitable treatment of taxpayers.

The Commission heard repeated testimony from assessors about the need for statewide assessing standards, including cyclical or annual reassessments, as well as on the plethora of exemptions that benefit some taxpayers and push the burden onto all the others. Numerous elected officials and assessors expressed the need for the state to reestablish common standards of assessing. Statewide standards would also greatly facilitate certain aspects of property tax relief, including the calculation details of both a levy cap and a circuit breaker.

The LGEC recommended that adhering to modern uniform standards be a condition of aid. This Commission is pushing that concept further, and recommends adoption of a statewide full value standard, which would require that every parcel be valued at its estimated market value, i.e., at 100 percent of full value. This could be adjusted annually, or at a minimum on a three-year cycle for all assessing jurisdictions. A phase-in would be appropriate for communities requiring a major reevaluation, and the restrictions on

assessment increases which currently primarily affect New York City and Nassau County, would need to be repealed. To assist in the implementation of this program, the State through Office of Real Property Services (ORPS) would continue to provide aid to local assessing units when they conduct revaluations.

Estimates of Savings from Recommendations Affecting School District Expenses

Commission staff made rough estimates of the potential expense savings from implementing each recommendation for changes to state law and mandate relief that appear above. These were very preliminary and broad estimates, assuming full implementation of recommendations. Overall, commission staff estimated that approximately \$1.5 to 3 billion in expense reductions (5 to 10 % of 2005-2006 expenses for all school districts outside New York City) could result from full implementation of these recommendations. Commission staff estimates were not reviewed by the Commission. Estimates for specific recommendations and greater specificity will be included in the final report of the Commission.

Part III: Recommendations

Special Considerations: Big Four, Special Education, and Rural School Districts

New York is a diverse state. This holds true for school funding and property taxation as well as local implementation of the multitude of laws, regulations and practices – at both at the state and local levels.

Executive Order No. 22 called for the publication of a preliminary report in May “setting forth the Commission’s recommendations with respect to a statutory school property tax cap” with a Final Report due by December. This report makes numerous recommendations in addition to discussing the property tax cap. Nonetheless, there are specific areas that the Commission identified for particular attention between publication of the preliminary and final reports. Those areas are summarized in this section.

Big Four City School Districts

The largest school districts in New York, including Buffalo, Rochester, Syracuse and Yonkers (“Big Four”) have fiscally dependent school districts. Whereas other school districts in New York independently levy property taxes, the local revenue for these school districts is collected as part of the city taxes that are also used to fund other municipal services. In addition, these cities have revenue options that other cities and towns do not have, such as the income tax in Yonkers. Big Four school districts do not have to submit a budget to the voters each year. Instead the school budget is passed by city officials and included in the larger municipal budget.

Because of the unique dynamic of dependent school districts, the Commission recommends they be exempt from the proposed property tax levy cap. The “Big Four” districts have consistently been well under the proposed cap in recent years. From 1993-94 to 2007-08, the compound annual growth rate for local school revenue has been less than 1% (0.2%). These low growth rates have been made possible by fairly consistent State Aid over the period. For the Big Four school districts, over 70% of total revenues come from the State.

The Big Four school districts are also profoundly impacted by the tax and debt limits of their respective cities. Debt related to school construction is included in the cities’ debt limit and, as a result, these districts must compete with other municipal projects for capital funding. Furthermore, the tax limits that have been set for these cities in the State Constitution affect the availability of funding.

Mayor Robert Duffy of Rochester was among who testified before the Commission. He explained that within the current system, not only are the Big Four treated differently from districts in the rest of the state, but there are even discrepancies among the four. The Mayor also

discussed the impact of statutorily required maintenance-of-effort spending for education by the cities with dependent school districts. The mayor pointed out that the Big Five educate some of the most disadvantaged student populations and, with upstate cities suffering significant losses in property values and assessments, a crisis looms.

While the Commission does not recommend in this preliminary report that dependent districts be subject to a school property tax cap, the Commission believes that taxpayers in these districts should continue to have access to property tax relief programs, including the proposed STAR Circuit Breaker.

Create a Commission Task Force on Fiscally Dependent School Districts.

Property taxes in the Big Four cities are not specifically earmarked for education, and thus the dependent school districts are exempt from the Commission's proposed property tax cap. To further examine the unique characteristics of the Big Four cities, a Commission Task Force on Fiscally Dependent School Districts should be formed. Additional recommendations will be made as part of the Commission's Final Report.

Special Education

One of the mandates most frequently cited during testimony to the Commission, particularly by school officials, was special education. Almost all representatives of school boards and school district management who testified to the Commission, as well as many academic experts, pointed to the growing costs of compliance with extensive federal mandates under the Individuals with Disabilities Education Act (IDEA) and the Americans with Disabilities Act (ADA). In addition, they described special education requirements established by the State that exceed federal requirements.

Instructional cost per pupil for special education is substantially higher than for the general pupil population. Rebecca Cort, the Deputy Commissioner for Vocational and Educational Services for Individuals with Disabilities with the New York State Education Department, told the Commission that special education accounts for 25 percent of the total instructional cost of education, even though it involves only 12.3 percent of the students. The graduation rate for those students is approximately 50 percent statewide, but only about 20 percent in large cities.

School superintendents also testified to the Commission that the already high cost of special education for school districts is increased by the growing district expenses associated with the mandated responsibility of transporting students to non-public schools and off-site special education programs.

Create a Commission Task Force on Special Education. The issues surrounding federal and state special education mandates are complex and necessitate additional attention from the Commission and staff. Between the publication of the Preliminary

and the Final Report, a Commission Task Force on Special Education should assess the spectrum of mandates related to the needs of children classified as requiring special education services, and examine the relationship between the New York State mandates on Special Education and the federal IDEA mandates.

Rural School Districts

The Commission concluded, based on testimony, that the unique characteristics of rural school districts warrant special consideration. Of New York's 700 school districts, more than 300 are small and rural. Many of these districts are not just small but poor, yet their property tax rates are high – reflecting their very weak tax bases. The Commission noted that the State may not always adequately recognize the particular challenges posed by the poverty of many rural school districts.

Of these rural districts, 158 are classified as high-need districts. That is, they have comparatively low revenues and low property wealth – the symptoms of a tax base that is getting weaker.

For example, the Commission heard from Larry Cummings, Executive Director of the Central New York School Board Association who represents 50 small school districts in Central New York. He spoke about Hannibal, a low-income school district in Oswego County, just north of Syracuse. It has about 1,600 pupils, over 60 percent of whom are at risk. Hannibal has one-third the wealth of an average school district. The total value of the property in the school district is just over \$200 million – about \$125,000 of taxable property per pupil.

Lawrence Kiley, Executive Director of the Rural Schools Association of New York State, illustrated for the Commission how these high-need, rural districts, like so much of Upstate, are experiencing the effects of a net population outflow and a lagging economy. Specifically, of 158 high-need rural districts, the combined pupil population has declined just over 1 percent per year for the last dozen years, with total pupil population declining from 196,000 in 1993-94 to 167,000 in 2005-06. The rate of decline actually increased, with these districts losing 1.5 percent of their pupils each year from 2000-01 to 2005-06, with a consequent reduction in tax base.

Their plea was direct and powerful: allocate state aid strictly based on wealth, and rural districts will be treated more equitably. In addition, several suggested that additional refinements to the state aid allocations were required to realize a true “wealth adjusted” formula.

The Commission's recommendations, we believe, will have a major salutary effect. The average citizen in these districts is likely to benefit strongly from a revised property tax circuit breaker benefit, which provides individual tax relief. The impact of mandate relief on rural high-need districts will be substantial. Since these districts may not be able to offer services in addition to instructional basics, relief from mandates, and other cost-saving measures recommended in this report will have the most meaningful impact in such districts.

Appendix A: Executive Orders

No. 22: ESTABLISHING THE NEW YORK STATE COMMISSION ON PROPERTY TAX RELIEF

January 23, 2008

WHEREAS, high local property taxes impose a tremendous burden on New York taxpayers, including forcing seniors out of their homes, driving our young people out of our state, and discouraging the formation and expansion of businesses; and

WHEREAS, New York's per capita local tax burden is the highest in the nation, and is more than twice the national average; and

WHEREAS, school district property taxes account for 61% of the property taxes paid by New Yorkers outside of New York City, and these taxes have been growing by an average of 7.3% annually; and

WHEREAS, local property taxes have continued to rise, despite last year's historic increase in state education funding and numerous State efforts to relieve the property tax burden; and

WHEREAS, there is a need to uncover the root causes of high property taxes, with particular examination of unfunded mandates on both school districts and municipalities;

WHEREAS, the State's annual investment of \$5 billion to lessen the impact of property taxes through the School Tax Relief (STAR) program has not mitigated the need for school districts to raise taxes over the past few years; and

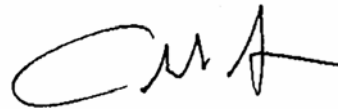
WHEREAS, consideration must be given to the implementation of a fair and effective cap on school district property taxes while maintaining educational quality; and

NOW, THEREFORE, I, Eliot Spitzer, Governor of the State of New York, by virtue of the authority vested in me by the Constitution and laws of the State of New York, including section six of the Executive Law, do hereby establish the New York State Commission on Property Tax Relief, with the following membership, responsibilities and powers:

1. The Commission shall be comprised of the following seven members: Thomas R. Suozzi, who shall be the Chair, Shirley Strum Kenny, Basil A. Paterson, Nicholas J. Pirro, Michael A. Solomon, Merryl H. Tisch, and Paul A. Tokasz.
2. The Commission shall examine and investigate the management and affairs of any and all departments, boards, bureaus or commissions of the State of New York with respect to the issue of local property taxes, including, but not limited to:
 - (a) the root causes of New York's high property tax burden, including the expenditures of local governments and school districts, unfunded mandates imposed by the State, and other factors driving the growth of local property tax levies;
 - (b) the impact of increased state financial support and state taxpayer relief and rebate programs on local school district budgets and tax levies;
 - (c) the extent of public involvement in the development and approval of school and other local government budgets;
 - (d) the effectiveness of the various state mechanisms to provide property tax relief to different classes of taxpayers;

- (e) the effectiveness of property tax caps as a mechanism to control growth in school district tax levies, the experience of other states in implementing such caps, and the potential impact of such caps on educational achievement; and
 - (f) the most effective approach to imposing a limit on local school property tax growth in New York State without adversely impacting the ability of school districts to provide a quality education to all students.
3. The Commission is hereby empowered to subpoena and enforce the attendance of witnesses, to administer oaths or affirmations and examine witnesses under oath, to require the production of any books, records or papers deemed relevant or material, and to perform any other functions that are necessary or appropriate to fulfill its duties and responsibilities, and I hereby give and grant to the Commissioners all powers and authorities that may be given or granted to persons appointed by me for such purpose under authority of section six of the Executive Law.
 4. The Commission shall be assisted by an Executive Director and such other staff as shall be designated by the Governor, including but not limited to staff from the Office of Real Property Services, the Governor's Office of Regulatory Review, the Division of the Budget and the Department of State.
 5. A majority of the total members of the Commission shall constitute a quorum, and all recommendations of the Commission shall require approval of a majority of the total members of the Commission. Members of the Commission shall serve without compensation but shall be reimbursed for all actual and necessary expenses incurred in the performance of their duties. No member of the Commission shall be disqualified from holding any public office or employment, nor shall he or she forfeit any such office or employment by virtue of his or her appointment hereunder.
 6. Every agency, department, office, division, public authority or political subdivision of the State shall cooperate with the Commission and furnish such information and assistance as the Commission determines is reasonably necessary to accomplish its purposes.
 7. The Commission shall issue a final report no later than December 1, 2008, setting forth its findings and conclusions and making such recommendations as it shall deem necessary and proper. In addition, the Commission shall issue such interim reports as it shall deem necessary, including an interim report no later than May 15, 2008 setting forth the Commission's recommendations with respect to a statutory school property tax cap.

G I V E N under my hand and the
Privy Seal of the State in the City of Albany
this twenty-third day of January
in the year two thousand eight.



Eliot Spitzer
BY THE GOVERNOR



Richard Baum
Secretary to the Governor

No. 1: CONTINUATION AND REVIEW OF PRIOR EXECUTIVE ORDERS

March 20, 2008

WHEREAS, an orderly transition is essential for the effective administration of State government; and

WHEREAS, in order to help facilitate such transition, a careful review of existing Executive Orders should be conducted to ensure their continued effectiveness and desirability;

NOW, THEREFORE, I, David A. Paterson, Governor of the State of New York, by virtue of the authority vested in me by the Constitution and laws of the State of New York, do hereby order as follows:

1. The Counsel to the Governor, in conjunction with the Secretary to the Governor, the Director of the Budget and the Director of State Operations (the "Review Committee"), shall review and evaluate all Executive Orders and amendments heretofore issued and currently in effect.
2. This review shall be conducted within the next 90 days, and following such evaluation the Review Committee shall make such recommendations as it deems appropriate for the continuation, modification or revocation of all such Executive Orders and amendments.
3. Every agency, department, office, division and public authority of the State shall cooperate with this review and shall furnish such information and assistance as shall be requested by the Review Committee.
4. All Executive Orders and amendments heretofore issued and currently in effect shall remain in full force and effect until otherwise continued, modified or revoked.

G I V E N under my hand and the
Privy Seal of the State in the City of Albany
this twentieth day of March
in the year two thousand eight.



David A. Paterson
BY THE GOVERNOR



Charles O'Byrne
Secretary to the Governor

Appendix B: Summary of Recommendations

Principle Recommendation: Implement a Property Tax Cap to limit the growth of school property taxes.

The cap would have these elements:

- **The levy cap would be set at 120 percent of CPI or 4 percent increase, whichever is lower:** This is the same formula that applies to the current contingency budget that goes into effect when school budgets fail to pass. Unlike the levy cap in Massachusetts, which is established in law at 2.5 percent, this formula is somewhat higher and allows some flexibility for inflation.
- **New construction should be added to the levy limit:** The construction of new homes and businesses, and major additions and renovations of existing buildings expand the school district's tax base without affecting existing taxpayers. This new growth should be added to the levy cap each year. In the three years ending in 2007, the median annual growth from net new construction in New York has exceeded one percent statewide.
- **“Banking” unused Levy Cap:** If the maximum levy growth permitted under the cap is not used in a given year, the unused portion would be “banked” and may be used in any future year to increase the levy by up to 1½ percent. This provides an incentive to save tax capacity for future years.
- **Separate capital expense / debt service vote:** Capital items – either as a one-time expense or debt service – would continue to be authorized by public vote, and would not be included within the levy cap. If approved by voters, such exceptions would last until payment for the capital item is completed.
- **Budget Votes Limited to Overrides:** The current school budget voting process would be replaced by a cap override vote. School districts would not have to submit their budgets to the voters in years when the tax levy growth does not exceed the levy cap. Levy growth in excess of the levy cap would have to be approved by the voters. By not requiring a vote when the tax levy growth is within the cap, the votes that do take place will take on a greater significance.
- **State Aid growth affects override vote margin.** The vote required to override the levy cap would be contingent on state aid growth by district. If the annual growth for a

district of specified core state aid programs is at least 5 percent in the current year, the vote needed to override the levy cap would be 60 percent. If annual growth of state aid is less than 5 percent, a 55 percent vote would be needed to override the levy cap. This assumes that state school aid funding decisions would be reached sufficiently in advance of school budget decisions and the public votes.

- **Underride:** Voters could also place on the ballot an “underride” vote to keep the levy growth to a level beneath the calculated levy cap.
- **Dependent Districts:** The Big Five cities (New York City, Buffalo, Rochester, Syracuse and Yonkers) have “dependent” school districts within their city budgets. As a result, Big Five property taxes are not specifically earmarked for education. Thus, a property tax cap applying only to school funding in those cities would require special design considerations, which need to be studied further.

Other Recommendations

Circuit Breaker

- Restructure STAR to fund a new “Star Circuit Breaker” to target individual tax relief.

Changing State Law and Mandate Relief

New Mandates

- No new legislative mandates without a complete accounting of the fiscal impact on local governments, which must include full documentation, local government input and proposed revenue sources to fund the new mandates.
- No new regulatory mandates from the State Education Department without a complete accounting of the fiscal impacts on local governments, which must include full documentation, local government input, and proposed revenue sources to fund the new mandates.
- Mandate accountability through an annual report the Office of the State Comptroller, which should include the cumulative cost to localities of complying with all new regulatory and legislative mandates.

Existing Mandates

- Amend the Triborough provision of the Taylor Law to exclude teacher step and lane increments from continuation until new contracts are negotiated.
- Centralize and streamline school district reporting.
- Create a Commission task force on other State mandates to research other reforms between now and the Commission's final report (December 1, 2008).

Adopt recommendations of the NYS Commission on Local Government Efficiency and Competitiveness (LGEC)

The twelve recommendations are in the areas of:

- Personnel Cost
- Regional service delivery and school district consolidation
- Construction and procurement
- Assessing and tax collection efficiency

Recommendations Supplemental to the LGEC Report

- Require school district reporting on collective bargaining outcomes.
- Convene a study to evaluate creating a new Tier 5 within the pension system.
- Rescind the statutory cap on the BOCES district superintendent salaries.
- Establish a BOCES statewide energy purchasing program to save energy costs.
- Establish Uniform Statewide Assessing Standards.

Special Considerations

- Create a Commission Task Force on Fiscally Dependent School Districts for the Big Four cities.
- Create a Commission Task Force on Special Education.

Appendix C: School District Funding, Expense and Pupil Counts Outside of New York City

School District Funding, Expense & Pupil Counts, 1993-94 to 2007-08e, NYS School Districts Outside New York City																4-yr CAGR %		
(\$ mil)	93-94	94-95	95-96	96-97	97-98	98-99	99-00	00-01	01-02	02-03	03-04	04-05	05-06	06-07e	07-08e	93-94 to 97-98	97-98 to 01-02	01-02 to 05-06
Funding																		
State Aid	6,047	6,566	6,650	6,718	7,063	7,679	8,096	8,711	9,093	9,298	9,332	9,814	10,238	11,041	12,381	4.0%	6.5%	3.0%
STAR Payments	0	0	0	0	0	464	932	1,377	1,875	2,004	2,142	2,275	2,358	2,460	2,460	-	25.0%	5.9%
State Funding	6,047	6,566	6,650	6,718	7,063	8,143	9,028	10,087	10,967	11,302	11,475	12,089	12,596	13,500	14,841	4.0%	11.6%	3.5%
Local Funding	9,220	9,629	10,065	10,448	10,800	10,702	10,788	11,094	11,303	12,146	12,980	14,091	15,261	16,212	16,919	4.0%	1.1%	7.8%
Federal Aid	382	415	434	429	487	559	644	740	861	983	1,157	1,196	1,189	1,249	1,311	6.2%	15.3%	8.4%
Total Funding	15,650	16,610	17,148	17,595	18,350	19,404	20,460	21,920	23,131	24,432	25,612	27,376	29,046	30,962	33,072	4.1%	6.0%	5.9%
Funding Mix																		
State Aid	39%	40%	39%	38%	38%	40%	40%	40%	39%	38%	36%	36%	35%	36%	37%			
STAR Payments	0%	0%	0%	0%	0%	2%	5%	6%	8%	8%	8%	8%	8%	8%	7%			
State Funding	39%	40%	39%	38%	38%	42%	44%	46%	47%	46%	45%	44%	43%	44%	45%			
Local Funding	59%	58%	59%	59%	59%	55%	53%	51%	49%	50%	51%	51%	53%	52%	51%			
Federal Aid	2%	2%	3%	2%	3%	3%	3%	3%	4%	4%	5%	4%	4%	4%	4%			
Total Revenue	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%			
Expense																		
Salary	8,902	9,387	9,654	9,939	10,434	11,141	11,732	12,342	12,951	13,401	13,853	14,357	14,876			4.0%	5.6%	3.5%
Healthcare	1,037	1,079	1,109	1,161	1,235	1,323	1,451	1,604	1,834	2,091	2,351	2,597	2,823			4.5%	10.4%	11.4%
Pension	714	698	673	587	352	254	231	172	157	209	436	937	1,174			-16.2%	-18.3%	65.4%
Other Benefits	868	904	935	950	982	1,028	1,100	1,173	1,251	1,333	1,403	1,439	1,522			3.2%	6.2%	5.0%
Benefits	2,618	2,682	2,717	2,698	2,569	2,604	2,782	2,949	3,242	3,632	4,190	4,972	5,520			-0.5%	6.0%	14.2%
Tuition	214	231	237	245	274	294	315	356	416	449	478	529	553			6.4%	11.0%	7.4%
BOCES Services	904	970	1,019	1,073	1,156	1,246	1,325	1,413	1,483	1,519	1,550	1,655	1,754			6.3%	6.4%	4.3%
Other Operating Exp	2,347	2,423	2,564	2,672	2,800	2,895	3,088	3,372	3,373	3,619	3,780	4,025	4,227			4.5%	4.8%	5.8%
Debt Service	684	790	848	836	920	1,035	1,136	1,382	1,482	1,348	1,418	1,604	1,715			7.7%	12.7%	3.7%
Other Expense	4,149	4,414	4,668	4,825	5,150	5,470	5,863	6,522	6,754	6,936	7,225	7,813	8,250			5.6%	7.0%	5.1%
Total Expense	15,669	16,483	17,039	17,462	18,152	19,216	20,377	21,813	22,947	23,968	25,268	27,142	28,646			3.7%	6.0%	5.7%
Growth (%)		5.2%	3.4%	2.5%	4.0%	5.9%	6.0%	7.0%	5.2%	4.5%	5.4%	7.4%	5.5%					
Expense Mix																		
Salary	57%	57%	57%	57%	57%	58%	58%	57%	56%	56%	55%	53%	52%					
Benefits	17%	16%	16%	15%	14%	14%	14%	14%	14%	15%	17%	18%	19%					
Other Expense	26%	27%	27%	28%	28%	28%	29%	30%	29%	29%	29%	29%	29%					
Total Expense	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%					
Benefits as % of Salary	29%	29%	28%	27%	25%	23%	24%	24%	25%	27%	30%	35%	37%					
Pupils																		
DCAADM (000s)	1,682.9	1,705.7	1,728.0	1,747.1	1,755.9	1,776.0	1,790.3	1,801.6	1,815.3	1,816.5	1,813.3	1,804.5	1,792.6			1.1%	0.8%	-0.3%
Revenue / Pupil	9,300	9,738	9,923	10,071	10,451	10,926	11,428	12,167	12,742	13,450	14,125	15,171	16,203			3.0%	5.1%	6.2%
Expense / Pupil	9,311	9,663	9,858	9,995	10,338	10,820	11,382	12,107	12,641	13,195	13,935	15,041	15,980			2.7%	5.2%	6.0%

Source: SED ST-3s (Major districts and funds only) for 1993-94 to 2005-06; 2006-07 & 2007-08e from SED, ORPS, DOB and CPTR estimates

Appendix D: White Papers Received by the Commission

- Batt, William H. Can a Circuit Breaker Ever Really Work? Center for the Study of Economics. 23 Apr. 2008.
- Batt, William H. Generational Equity in Housing. Property Tax Considerations. Center for the Study of Economics. Feb. 2008.
- Batt, William H. The Limits of Property Tax Relief. Presentation to New York State Commission on Property Tax Relief. 23 Apr. 2008.
- Batt, William H. Property Tax White Paper. Center for the Study of Economics. Apr. 2008.
- Deutsch, Ron. Taxes in New York State: Restoring Fairness and Equity to the Personal Income Tax to Reverse Decades of Reliance on the Property Tax-Short and Long Term Solutions. New Yorkers for Fiscal Fairness. (Undated).
- Droz, John. What Needs to be Fixed with the NYS Property Tax System: The Goals are Equability and Fairness. 8 Apr. 2008.
- Koehler, Thomas. Comments on Proposed School Property Tax Cap. 25 Mar. 2008.
- Lav, Iris. Comment to the New York State Commission on Property Tax Relief. Center on Budget and Policy Priorities. 20 Feb. 2008.
- Manhasset Citizen's Advisory Committee for Legislative Affairs. Citizen Comment to the Commission on Property Tax Relief. 27 Apr. 2008.
- Mauro, Frank. Property Taxes in New York: A State Problem Calling for a State Solution. Fiscal Policy Institute. 11 Feb. 2008.
- McMahon, E.J. Enough is Enough: Why and How to Cap New York's School Property Taxes. Empire Center for New York State Policy. 3 Mar. 2008.
- New York State. Commission on Local Government Efficiency and Competitiveness. Root Causes: Considerations in Investigating the Root Causes of New York's High Property Tax Burden. Albany: 2008.
- New York State Council of School Superintendents. Historical and Regional Trends in School Finance. Apr. 2008.
- New York State. Department of Taxation & Finance, Office of Tax Policy Analysis. Issues in Designing Property Tax Relief Through "Circuit Breaker" Credits. Albany: 2008.
- New York State School Boards Association. Alternatives to the Real Property Tax: A Special Report to the New York State Commission on Property Tax Relief. Mar. 2008.
- New York State School Boards Association. Excelsior!: Key Drivers Behind New York's 'Ever Upward' Property Tax Burden. Apr. 2008.
- New York State School Boards Association. Pension Reform for the 21st Century Workforce. Apr. 2008.
- New York State School Boards Association. Quality Educators in Every School. Mar. 2008.
- New York State School Boards Association. Recommended Mandate Relief for School Districts. Mar. 2008.
- Ogilvie, Donald. Economics of Financing NYS Schools. Erie 1 Board of Cooperative Education Services. 2 Apr. 2008.
- Rand, George. Teachers and Administrators Salaries and Benefits Must be Capped to Achieve Property Tax Relief. 21 Apr. 2008.

Rivera, Manuel. Unfunded Mandates: Considerations in Investigating the Potential Root Causes of New York's High Property Tax Burden. 30 Jan. 2008.

Rodgers, Thomas. The Tax Cap Con. New York State Council of School Superintendents. Feb. 2008.

Rye Neck Union Free School District School Board and Superintendent. Letter to the New York State Commission on Property Tax Relief. 15 Apr. 2008.

Silver, Harold C., Jr. A Proposed Two Phase Solution to the Current Education Funding Crisis as Viewed from the "Trenches." 11 May 2008.

Sweeney, Sharon. White Paper. Four County School Boards Association. Apr. 2008.

Tedisco, James. The State of New York Schools: Addressing the Burden of Unfunded Mandates-Real Solutions, Real Relief. New York State Assembly Republican Conference. May 2008.

Whiteley, John. Local Control-A Mixed Blessing: Who Votes, Who Pays Taxes, and What is the Impact on Local Budgets, Tax Levies, and Individual Tax Burdens? New York State Property Tax Reform Coalition. Apr. 2008.

Whiteley, John. Rational of Proposal. New York State Property Tax Reform Coalition. Mar. 2008.

Whiteley, John. Revised Proposal for Systemic School Funding Reform to be Combined with Relief via Galef-Little Circuit Breaker. New York State Property Tax Reform Coalition. Apr. 2008.

Whiteley, Roberta. Just a Few Money Saving Ideas. New York State Commission on Property Tax Relief. 16 Apr. 2008.

Appendix E: Hearings and Testimony

Individuals/Groups Who Presented Testimony (in presentation order):

Meeting 2

FEBRUARY 12, 2008, NEW YORK STATE MUSEUM: ALBANY, NY

Frank Mauro, Executive Director, Fiscal Policy Institute
Edmund J. McMahon, Director, Empire Center for New York State Policy
Hon. Elizabeth Little, Chair, New York State Senate Local Government Committee
Hon. James Tedisco, Minority Leader, New York State Assembly
Hon. Catherine Nolan, Chair, New York State Assembly Education Committee
Hon. Herman D. Farrell, Chair, New York State Assembly Ways and Means Committee
Hon. David Valesky, Ranking Member, New York State Senate Agriculture Committee
Hon. Stephen Saland, Chair, New York State Senate Education Committee
John Whiteley, Legislative Liaison, New York State Property Tax Reform Coalition
Thomas L. Rogers, Executive Director, New York State Council of School Superintendents
David Little, Director of Government Relations, New York State School Boards Association
Peter Baynes, Executive Director, New York Conference of Mayors and Municipal Officials

Meeting 3

MARCH 5, 2008, SUFFOLK COUNTY LEGISLATURE: SMITHTOWN, NY

Edmund J. McMahon, Director, Empire Center for New York State Policy
Hon. William Lindsay, Presiding Officer, Suffolk County Legislature
Hon. Lynn Nowick, Legislator, Suffolk County Legislature
Hon. Diane Yatauro, Presiding Officer, Nassau County Legislature
Hon. Harvey Levinson, Chair, Nassau County Board of Assessors
Richard Bivone, President, Nassau Council of Chambers of Commerce
Gary Bixhorn, Chief Operating Officer, Eastern Suffolk BOCES
William Johnson, Superintendent, Rockville Centre School District
Charles Murphy, Superintendent, Sachem School District
Martin Cantor, Director, Long Island Economic and Social Policy Institute at Dowling College
Lisa Tyson, Director, Long Island Progressive Coalition
Mary Jo O'Hagan, Secretary/Treasurer, Nassau-Suffolk School Boards Association
Martin Kaye, Board Member, West Hempstead Board of Education
Michael White, Executive Director, Long Island Regional Planning Board
Hon. Kate Browning, Legislator, Suffolk County Legislature
Andrea Vecchio, Member, East Islip Unit of Suffolk County PAC
Bennett Rechler, Executive Board Member, Association for a Better Long Island
Fred Gorman, Member, Long Islanders for Educational Reform (LIFER)
Michael Bernard, Executive Board Member, New York State Assessors' Association
John Whiteley, Legislative Liaison, New York State Property Tax Reform Coalition
Brian Schneck, Co-chair, Suffolk County Working Families Party
Evelyn Blöse-Holman, Superintendent, Bay Shore School District
Maureen Dutcher, Assistant Superintendent of Business, Bay Shore School District
Lilly Knox, Association of Community Organizations for Reform Now (ACORN)
Barbara Erickson, Taxpayer
Bob Dinato, Taxpayer
Anita McDougal, Taxpayer

Meeting 4

MARCH 5, 2008, TARRYTOWN PUBLIC LIBRARY: TARRYTOWN, NY

Edmund J. McMahon, Director, Empire Center for New York State Policy
Hon. Andrew Spano, County Executive, Westchester County
Hon. John Faso, Former Minority Leader, New York State Assembly
Hon. Drew Fixell, Mayor, Village of Tarrytown
William Mooney, President, Westchester County Association
Hon. Ken Jenkins, Legislator, Westchester County Board of Legislators
Hon. Jose Alvarado, Legislator, Westchester County Board of Legislators
James Langlois, District Superintendent, Putnam/North Westchester BOCES
Tim Conway, Assistant Superintendent, Brewster School District
Howard Smith, Superintendent, Tarrytown School District
Joanne Sold, Vice President, Ardsley Board of Education
Lisa Tane, Board Member, Briarcliff Manor Board of Education
Sarah Stern, President, Edgemont Board of Education
Janet Walker, Executive Director, Westchester/Putnam School Boards Association
Hon. Richard Randazzo, Former Supervisor, Town of Cornwall
Robert Shaps, Superintendent, Hastings-on-Hudson Schools District
Peter Breslin, President, Katonah-Lewisboro Board of Education
Barbara Walker, Member, Westchester/Putnam Working Families Party
Irving Feiner, Member, New York State Property Tax Reform Coalition
Jim Timmings, Assessor, Town of Mount Pleasant
Deborah Sutton-Garvin, Member, Common Ground New York City
Hon. Gloria Fried, Receiver of Taxes, Town of Ossining
Thomas Frey, Executive Secretary, New York State Assessors' Association
Hon. Steven Otis, Mayor, City of Rye/Counsel and Chief of Staff, New York State Senator Suzi Oppenheimer
Hon. Andrea Stewart-Cousins, Senator, New York State Senate

Meeting 5

MARCH 20, 2008, ROCHESTER CITY HALL: ROCHESTER, NY

Hon. David Paterson, Governor, New York State
Hon. Sandra Frankel, Supervisor, Town of Brighton
Hon. William Pritchard, Vice President, Rochester City Council
Tom Nespeca, Board Member, Webster Board of Education
Hon. Robert Duffy, Mayor, City of Rochester
Tom Scherer, President, Geneva Board of Education
John Abbott, Deputy Superintendent, East Irondequoit School District/Member, Monroe 2-Orleans BOCES Board
Michael Ford, Superintendent, Phelps-Clifton Springs School District
Jody Siegle, Executive Director, Monroe County School Boards Association
Daniel Buerkle, Taxpayer Alliance
Hon. Mary Ellen Heyman, Supervisor, Town of Irondequoit
Tammy Gurowski, Alliance for Quality Education
Rosemary Rivera, Alliance for Quality Education
Lawrence Quinn, President, New York State Assessors' Association
Tom Gillet, Regional Staff Director, New York State United Teachers
John Greenbaum, Metro Justice
William McCoy, Metro Justice
Hon. Richard Moy, Supervisor, Town of Clarendon
John Whiteley, Legislative Liaison, New York State Property Tax Reform Coalition
Carole Kraus, Representative, New York State Property Tax Reform Coalition
John Keevert, Treasurer, Interfaith Impact of New York State
Paul Kramer, Taxpayer
Jay Gsell, County Manager, Genesee County
John Ryanne, Business Owner, Rochester

Meeting 6

APRIL 2, 2008, HEALTH NOW/BLUE CROSS/BLUE SHIELD BUILDING: BUFFALO, NY

Janet Penska, Commissioner of Administration, Finance, Policy and Urban Affairs, City of Buffalo

Hon. Lynn Marinelli, Chair, Erie County Legislature

Hon. Andrea McNulty, Legislator, Niagara County Legislature

David Smarczniak, Board Member, West Seneca School Board of Education

Andrew Rudnick, President and CEO, Buffalo Niagara Partnership

Donald Ogilvie, Superintendent, Erie 1 BOCES

Hon. Terry Keeley, Supervisor, Town of Portville

Joe Tette, Business Administrator, Wilson School District

Ramona Popowich, President, Williamsville Board of Education

James Anderson, Regional Board Chair, Citizens Action of Western New York

Hon. Satish Mohan, Supervisor, Town of Amherst

Hon. Maria Whyte, Majority Leader, Erie County Legislature

Roger Cook, Representative, Working Families Party of Western New York

Ellen Kennedy, Board President, Citizens Action of New York

Robert Bennett, Chancellor, New York State Boards of Regents

Meeting 7

APRIL 10, 2008, SYRACUSE CITY HALL: SYRACUSE, NY

Hon. Bea Gonzalez, President, Syracuse City Council

Frank Mauro, Director, Fiscal Policy Institute

William Duncombe, Professor, Syracuse University, Maxwell School

John Gamage, Commissioner, Department of Assessment, City of Syracuse

Hon. Bill Meyer, Chairman, Onondaga County Legislature

Larry Hart, Central New York Property Tax Alliance

Mike Masse, Board Member, Fayetteville–Manlius Board of Education

Rick Timbs, Executive Director, Statewide School Finance Consortium

Larry Cummings, Executive Director, Central New York State School Boards Association

Jessica Cohen, Superintendent, Cortland/Onondaga/Madison BOCES

Randy Kerr, Board Member, Newark Valley Board of Education

Joe Mareane, Chief Fiscal Officer, Onondaga County

C. Thomas Bailey, Executive Secretary, Cooperative Organization for Public Education

Linda Yancey, Assessor, Town of Forestport

Larry Kiley, Executive Director, Rural Schools Association

David Duerr, Executive Vice President, Greater Syracuse Chamber of Commerce

Hon. Thomas Seals, Councilmember, Syracuse City Council

Margrit Diehl, Parents for Public Schools

Mark Spadafore, Executive Director, Syracuse Alliance for a New Economy

Ralph Martone, Taxpayer

Bill Hicht, Taxpayer

Anthony Rossi, Taxpayer

Phil Dann, Taxpayer

Dick Barry, Taxpayer

John Carroll, Taxpayer

Joan Johnson, Taxpayer

Jane Palla, Taxpayer

Dan Lowengard, Superintendent, Syracuse City Schools

Hon. Richard Gladu, Councilmember, Town of Hague

Meeting 8

APRIL 23, 2008, STATE EDUCATION BUILDING, CHANCELLOR'S HALL: ALBANY, NY

Richard Mills, Commissioner, New York State Education Department
Robert Lowry, Deputy Director, New York State Council of School Superintendents
Hon. Gerald Jennings, Mayor, City of Albany
Hon. Kathy Jimino, County Executive, Rensselaer County
Alan Lubin, Executive Vice President, New York State United Teachers
Timothy Kremer, Executive Director, New York State School Boards Association
Rebecca Cort, Deputy Commissioner, Vocational and Educational Services for Individuals with Disabilities, New York State Education Department
Kenneth Pokalsky, Director, Environmental and Regulatory Programs, Business Council of New York State
John Lincoln, President, New York Farm Bureau
Richard Bivone, President, Nassau Council of Chambers of Commerce
Bruce Ventimiglia, Vice Chair, Business and Labor Council of New York
John Whiteley, Legislative Liaison, New York State Property Tax Reform Coalition
Vaughan Smith, Hudson Valley Property Tax Reform Task Force
Bernetta Calderone, Citizen of Gardiner/Member of Taxnightmare.org
Marlis Momber, Citizen of New Paltz/Member of Taxnightmare.org
Hon. Susan Zimet, Legislator, Ulster County Legislature
Robert McKeon, Tax Reform Effort of North Dutchess (TREND)
Richard Longhurst, Assistant to President, New York State Congress of Parents and Teachers
Bill Batt, Center for the Study of Economics
Tom Lee, Executive Director, New York State Teachers' Retirement System
Richard Young, Actuary, New York State Teachers' Retirement System
James Baldwin, Superintendent, Questar III BOCES
Ron Deutsch, Executive Director, New Yorkers for Fiscal Fairness
Robert Biggerstaff, Executive Director, New York State Association of Small City School Districts
G. Jeffrey Haber, Executive Director, Association of Towns of the State of New York
Steven Van Hoesen, Director of Government Relations and Professional Support Services, New York State Association of School Business Officials
Hon. Ken Zalewski, Councilman, City of Troy
Mary Evans, Resident, Town of Malta
Richard Wray, Member, New York State Property Tax Reform Coalition
Hon. Richard Gladu, Councilmember, Town of Hague
John Peck, Resident, Town of Bleecker
Doug Adams, Member, Property Tax Reform Task Force

Additional Written Testimony Submitted to the Commission by:

Stephen Acquario, Executive Director, New York State Association of Counties
Hon. Maggie Brooks, County Executive, Monroe County
Hon. Byron Brown, Mayor, City of Buffalo
Matthew Crosson, President, Long Island Association
Garry F. Douglas, President and CEO, Plattsburgh North Country Chamber of Commerce
Hon. Patricia Eddington, Assemblymember, New York State Assembly
Catherine Glover, President & CEO, Greater Binghamton Chamber of Commerce
Hon. Jeff Klein, Deputy Minority Leader, New York State Senate
Mark Lansing, Partner, Hiscock & Barclay
Andrew Licari, Resident, St. James
Hon. Joanne Mahoney, County Executive, Onondaga County
Hon. Michael Manning, Mayor, City of Watervliet
George Miner, President, Southern Tier Economic Growth
Bob Orosz, Resident, Garden City
Art Sciorra, City Manager, City of Ogdensburg
Donna Stefanacci, Member, Working Families Party

Appendix F: References Cited in Report

- Campaign for Fiscal Equity vs. State of New York*, 86 NY2d 307 (1993).
- Citizens Budget Commission. Local Taxes in New York State: Easing the Burden. New York: 2007.
- Duncombe, William, and John Yinger. Does School District Consolidation Cut Costs? Syracuse: Center for Policy Research, 2001.
- Eom, Tae Ho, William Duncombe, and John Yinger. Unintended Consequences of New York's STAR Program. Maxwell School, Syracuse University. Oct. 2005.
- Jacobs, Paul. Wages and Benefits: A Long-term View. Snapshots: Health Care Costs. Kaiser Family Foundation. Feb. 2008. <<http://www.kff.org/insurance/snapshot/chcm012808oth.cfm>>.
- Long Island Index. 2008: Long Island Looks to the Future: Housing Alternatives and Downtown Development. Stony Brook University, Center for Survey Research. <http://longislandindex.org/looking_future.html>.
- National Education Association. Estimates of School Statistics, 1969-70 to 2004-05. July 2007. <http://nces.ed.gov/programs/digest/d07/tables/dt07_076.asp>.
- Netzer, Dick. Economics of the Property Tax, Brookings Institution. Washington: 1966.
- New York State. Commission on Local Government Efficiency and Competitiveness. 21st Century Local Government: Report of the New York State Commission on Local Government Efficiency & Competitiveness. Albany: April 2008.
- New York State. Education Department. 2006-07 Property Tax Report Card Data. Fiscal Accountability Supplement & Information about Students with Disabilities. Albany: 2007. <<http://www.emsc.nysed.gov/irts/reportcard/2007/supplement/home.shtml>>.
- New York State. Education Department. Various data sets on student enrollment and school personnel.
- New York State. Office of the Comptroller. 2007 Overall Property Tax Levies and Assessments.
- McMahon, Edmund, J, Director, Empire Center for New York State Policy. Testimony before the New York State Commission on Property Tax Relief. 12 Feb. 2008
- Prante, Gerald. "New Census Data Shows Where Property Taxes Hit Homeowners Hardest." Taxfoundation.org. 12 Sept. 2007. Based upon U.S. Bureau of the Census, American Community Survey, 2006. <<http://www.taxfoundation.org/publications/show/22607.html>>.
- Pryor, Donald, and Charles Zettek, Jr. Thinking Beyond Boundaries: Opportunities to Use Regional and Local Strategies to Strengthen Public Education in the Broome-Tioga Region. Rochester: Center for Governmental Research, 2004.
- "Quality Counts 2008. Tapping into Teaching: Unlocking the Key to Student Success." Education Week 27.18 (2008).
- United States. Department of Education, National Center for Education Statistics. National Assessment of Educational Progress State Comparisons. 2008. <<http://nces.ed.gov/nationsreportcard/nde/statecomp/>>.

Appendix G: Bibliography

- 16B Am. Jur. 2d, Constitutional Law §§ 305 to 318.
- Abbott, John D., Deputy Superintendent, East Irondequoit Central School District. Testimony before the New York State Commission on Property Tax Relief. 20 Mar. 2008.
- Acquaro, Ralph, Superintendent of Mayfield Central School District. Personal Interview. 4 Apr. 2008.
- Adams, Douglas Lee. Tier V: Two Steps Forward for Property Tax Reform, If...Property Tax Reform Task Force. Presented to the New York State School Boards Association State Legislative Network Issues Conference. Mar. 2008.
- Allen, Michael and Woodbury, Richard. "Containing the Individual Burden of Property Taxes: a Case Study of Circuit Breaker Expansion in Maine." National Tax Journal Sept. (2006): 665-683.
- American Council of Engineering Companies of New York. Deconstructing Wicks Law: The Evolution of Public Construction Projects. Mar. 2006. <<http://www.acecny.org/PDF/WicksLawPosition.pdf>>.
- American Federation of Teachers. Press Release: "New York Ranks Sixth in the Nation for Teacher Pay." 29 Mar. 2007.
- American Federation of Teachers. Survey and Analysis of Teacher Salary Trends 2005. Washington: 2007.
- American Institutes for Research and Management Analysis and Planning, Inc. The New York Adequacy Study: Determining the Cost of Providing All Children in New York an Adequate Education. Final Report. Mar. 2004.
- Americans for Tax Reform. A Model for Property Tax Reform in 2006: Reducing Property Tax Growth through Local Spending Limits. Washington: 2006.
- Anderson, Nathan B. "Property Tax Limitations: an Interpretative Review." National Tax Journal Sept. (2006): 685-694.
- Anderson, Nathan B. and McGuire, Theresa J. "Property Taxation in Illinois: How and Why It is Broken and What Can be Done to Fix It." 3 Nov. 2007. <www.igpa.uiuc.edu/life/data/pdf/PropTax07-Agenda.pdf>.
- Ashmore, David and Randall Filer. "Contract Form and Procurement Costs: The Impact of Compulsory Multiple Contractor Laws in Construction." The Rand Journal of Economics 28.0 (1997).
- Associated Press. "Confidence in Retirement Savings is Crumbling." MSNBC.com 9 Apr. 2008 <<http://www.msnbc.msn.com/id/24018971/>>.
- Association for a Better Long Island. Statement to the Nassau Assessment Improvement Commission on the Classified Real Property Tax System in Nassau County. (Undated).
- Association of the Bar of the City of New York, Construction Law Committee. 21st Century Construction, 20th Century Construction Law. Feb. 2008.
- Baer, David. State Programs and Practices for Reducing Residential Property Taxes. AARP Public Policy Institute. Washington: 2003.
- Barrett, Katherine and Richard Greene. "Growth & Taxes: Why outdated state tax systems undercut economic vitality, and what states can do about it." Governing Jan. 2008: 21.
- Basier, George. "Wicks Law Changes Irk Upstate Officials – Reforms Called Biased Toward Downstate, NYC." Binghamton Press & Sun-Bulletin. 14 Apr. 2008.

- Batt, William H. Comments on James Stodder's "Connecticut's Property Taxes: Asking the Right Questions." Center for the Study of Economics. 4 Mar. 2008.
- Batt, William H. Comment on Parts of the New York State Legislative Tax Study Commission's "Who Pays New York Taxes?" Working Paper. 2007.
- Batt, William H. Comments on a Report on Massachusetts Tax Design and Practices. Center for the Study of Economics. Albany: 2008.
- Batt, William H. How the Railroads Got Us on the Wrong Economic Track. 1996.
<http://www.wealthandwant.com/docs/Batt_HTRGUOTWET.html>.
- Batt, William H. Property Tax Relief Measures: Answers to the "Poor Widow" Argument. Center for the Study of Economics. Philadelphia: 2007.
- Batt, William H. Saving the Commons in an Age of Plunder. Presented to the Albany Torch Club, 2 May 2008.
- Batt, William H. Who Gets the Free Lunch? Georgist Panel Presentation, US Ecological Economics Conference. New York. 27 June 2007.
- Bay Shore Union Free School District. A Partial View of Reality: Piercing the Myth of Downstate Wealth. Bay Shore: 2007.
- Baynes, Peter A., Executive Director, New York State Conference of Mayors and Municipal Officials (NYCOM). Testimony before the New York State Commission on Property Tax Relief. 12 Feb. 2008, 5 Mar. 2008.
- Bennett, Robert, Chancellor of the New York State Board of Regents. Testimony before the New York State Commission on Property Tax Relief. 2 Apr. 2008.
- Bernard, Michael, Assessor, Town of Babylon. Testimony before the New York State Commission on Property Tax Relief. 5 Mar. 2008.
- Bixhorn, Gary, Chief Operating Officer, Eastern Suffolk BOCES. Testimony before the New York State Commission on Property Tax Relief. 5 Mar. 2008.
- Board of Cooperative Education Services. Reorganization Options for the Erie Two-Chautauqua-Cattaraugus Supervisory District: Delivery of Educational Services in the 21st Century. Buffalo: Institute for Local Government and Regional Growth, 2005.
- Board of Educ. Of City Scho. Dist. Of New York v. Public Empl. Relations Bd., 75 NY 2d (1990).
- BOCES v. PERB, 41 N.Y.2d 753 (1997)
- Brecher, Charles, et al. "Old Assumptions, New Realities: The Truth About Wages and Retirement Benefits for Government Employees." Citizens Budget Commission. (Undated). Based on a Study, "The Case for Redesigning Retirement Benefits for New York's Public Employees." Citizens Budget Commission. 2005.
<www.cbcny.org>.
- Brooks, John E. Proposal for Educational Funding Reform for Public and Private Schools in the State of New York. (Undated).
- Bryant, Erica. "Uniting Health Programs Studied." Rochester Democrat and Chronicle. 13 Mar. 2008.
<<http://www.democratandchronicle.com/apps/pbcs.dll/article?AID=/20080313/NEWS01/803130349>>.
- Buffalo Fiscal Stability Authority. Annual Report of the Buffalo Fiscal Stability Authority, Fiscal Year Ending June 30, 2007. 25 Sept. 2007.
- Building Design and Construction. Green Buildings and the Bottom Line. Nov. 2006: 42-45.

- California School Finance. Parcel Tax Election Trends. 2008. <http://www.californiaschoolfinance.org/finance_system/revenues/parceltaxelections>.
- Cantor, Martin, Director of the Long Island Economic and Social Policy Institute at Dowling College. Testimony before the New York State Commission on Property Tax Relief. 5 Mar. 2008.
- Cantor, Martin. Structural Reform in Funding Education in New York State: A Paradigm Shift Providing Lasting Property Tax Relief. Long Island Economic and Social Policy Institute at Dowling College. 9 Mar. 2007.
- Casagrande, Richard, Steven Klein and Stephanie Baxter. "Public Sector Bargaining in New York: Examining PERB's Sunset Doctrine In a New Light." Albany Law Review (1995): 481.
- Case, Karl et al. "School Quality and Massachusetts Enrollments Shifts in the Context of Tax Limitations." New England Economic Review July-Aug. (1998).
- Cecchini, Dennis. "10 Ideas for Coping with Rising Construction Costs." School Construction News. Sept.-Oct. 2007.
<<http://www.schoolconstructionnews.com/ME2/Audiences/dirmod.asp?sid=86E03AC2EC4B4A00843270C8C92B5A9D&nm=Archives&type=Publishing&mod=Publications%3A%3AArticle&mid=8F3A7027421841978F18BE895F87F791&tier=4&id=46037CA3735F4C718BD3DAAFDE2CD6EA>>.
- Center for Government Research. A Study of Local Governmental Expenditures and Revenues. Rochester: 2007.
- Center for Governmental Research. A Tale of Two Suburbs: A Comparative Analysis of the Cost of Local Governments on Long Island and in Northern Virginia. Rochester: 2007.
- Center for the Study of Economics. Rejuvenation and Watervliet, NY: Can a Land Value Tax Be Part of the Toolbox? Philadelphia: 2008.
- Center for Working Families. Memorandum: Winners and losers from recent rounds of tax cuts in Washington and Albany. Brooklyn: 2008.
- Center on Budget Priorities. The Problems with Property Tax Revenue Caps. Washington: 2007.
- Chambers, Jay G., et al. The New York Adequacy Study: Determining the Cost of Providing All Children in New York an Adequate Education. Final Report. American Institute for Research, Texas A&M University, and Management Analysis and Planning, Inc. 2004.
- Chapter 126 of the Session Laws of the State of New York, 2000.
- Chapter 729 of the Session Laws of the State of New York, 1994.
- Citizens Budget Commission. Local Taxes in New York State: Easing the Burden. New York: 2007.
- Cohen, Bob. New York State's Dual Crisis: Low Graduation Rates and Rising School Taxes. The Public Policy and Education Fund, Inc. Albany: 2006.
- Cohen, Jessica, Superintendent, Cortland/Onondaga/Madison BOCES. Testimony before the New York State Commission on Property Tax Relief. 10 Apr. 2008.
- Cohn, Audrey and Greg Gibbs. New York State Funding Gap & Potential Solutions for Sustainability. St. Bonaventure University. 2005.
- Collins, Edward J. Jr. Tax Limitation Initiatives: The Massachusetts Experience. Massachusetts Department of Revenue. Boston: undated.
- Conway, Tim, Assistant Superintendent, Brewster Central School District. Testimony before the New York State Commission on Property Tax Relief. 5 Mar. 2008.

Cort, Rebecca. Special Education Cost Drivers and Cost Reducers/Controllers Fact Sheet. New York State Education Department. Albany: 2008.

Dao, James. "Cuomo's School Proposals Strikes a Chord." New York Times 8 Jan. 1993.

De Frondeville, Bertrand. Essential School Budgets. Center for Responsible Excellence in Education. (Undated).

Denison, Dave. "The Odd Proposition." Commonwealth Magazine. Summer 1996.

Dinato, Bob. Testimony before the New York State Commission on Property Tax Relief. 5 Mar. 2008.

Douzinas, Nancy Rauch, Ann Golub and Nigel Holmes. "A Tale of Two Suburbs." The New York Times 1 Apr. 2007, 16.

Downes, Thomas A., and David N. Figlio. "Tax Expenditure Limits, School Finance and School Quality." American Education Finance Association. Handbook of Research in Education Finance and Policy. 2007.

Duffy, Robert, Mayor, City of Rochester. Testimony before the New York State Commission on Property Tax Relief. 20 Mar. 2008.

Duncombe, William. What Do We Know About the Cost Impact of School Consolidations? Presentation to the Lincoln Institute on Land Policy. 19 Oct. 2007.

Duncombe, William, and John Yinger. Does School District Consolidation Cut Cots? Syracuse: Center for Policy Research. 2001.

Duncombe, William, and John Yinger. Statement to be Presented at the Regional Roundtable Discussion in Syracuse. 26 Mar. 2008.

Dye, Richard F. and Daniel P. McMillen. An Unintended Consequence. Land Lines July 2007: 8.

Dye, Richard F. and Daniel P. McMillen. The Algebra of Tax Burden Shifts from Assessment Limitations. Lincoln Institute of Land Policy. 2007.

Dye, Richard F., Therese McGuire and Daniel P. McMillen. "Are Property Tax Limitations More Binding Over Time?" National Tax Journal June (2005): 215-225.

Eddington, Patricia, New York State Assemblymember. Written Testimony submitted to the New York State Commission on Property Tax Relief. 5 Mar. 2008.

Education Commission of the States. State Taxation and Spending Caps. 2004.

Education Law Center. The Abbott Districts in 2005-06: Progress and Challenges. Abbott Indicators Project. Newark: 2006.

Ehrenberg, Ronald G., Randy A. Smith, Christopher L. Smith and Liang Zhang. "Why Do School District Budget Referenda Fail?" NBER. Aug. (2002). Working Paper No. W9088. <<http://ssrn.com/abstract=321354>>.

Employee Benefit Research Institute. Compensation Costs in the Private and State/Local Public Sectors. Mar. 2005.

Farkas, Sarah and Iris Lav. Targeted Property Tax Reform: Designing a Circuit Breaker for Florida. Center on Budget and Policy Priorities. 12 Oct. 2007.

Faso, John, Former Minority Leader of the New York State Assembly. Testimony before the New York State Commission on Property Tax Relief. 5 Mar. 2008.

Fessenden, Ford and Josh Barbanel. "The Rise of the Six-Figure Teacher." New York Times 15 May 2005.

Fessenden, Ford. "At the Polls, the Demographics of Pass or Fail." New York Times 14 May 2006. <<http://www.nytimes.com/2006/05/14/nyregion/nyregionspecial2/14/litax.html>>.

- Fiscal Policy Institute, Long Island Progressive Coalition, Public Policy and Education Fund, and Alliance for Quality Education. Property Taxes on Long Island: Zeroing in On the Problems and Solutions. Albany: 2007.
- Fisher, Glenn W. History of Property Taxes in the United States. EH.Net. 1 Oct. 2002. <<http://eh.net/encyclopedia/article/fisher.property.tax.history.us>>.
- Frey, Thomas, Executive Secretary, New York State Assessors' Association. Testimony before the New York State Commission on Property Tax Relief. 5 Mar. 2008.
- Freyman, Richard. Report on State Aid Issues for the Westchester Putnam Rockland Region. Jan. 1989.
- Gaffney, Mason. The Hidden Taxable Capacity of Land: Enough and to Spare. Nov. 2007.
- Gaffney, Mason. New Life in Old Cities: Georgist Policies and Population Growth in New York City, San Francisco, Chicago, Cleveland, Toledo, Detroit, Milwaukee, Pittsburgh, and Other Cities, 1890-1930. Oct. 2006.
- Garrison, Marjory. "NYC School System Makes Teachers Pay." The Brooklyn Rail Feb. 2005. <<http://brooklynrail.org/2005/02/local/nyc-school-system-makes-teachers-pay>>.
- Gorman, Fred, Long Islanders For Education Reform. Testimony before the New York State Commission on Property Tax Relief. 5 Mar. 2008.
- Hart, Kevin. Changing Paradigm for Pensions. New York State United Teachers. 19 Jan. 2006. <http://www.nysut.org/cps/rde/xchg/nysut/hs.xsl/newyorkteacher_060119nyt_21.htm>.
- Hazzard, Claire. Time for a New Approach to Property Tax Relief. Public Policy Institute of New York State. Albany: 2008.
- HFM Architects, Inc., and the Vermont Energy Investment Corp. Prepared for the Massachusetts Technology Collaborative. The Incremental Costs and Benefits of Green Schools in Massachusetts, 19 Dec. 2005. <http://www.masstech.org/RenewableEnergy/green_schools/HMFHstudy121905.pdf>.
- Hu, Yue and John Yinger. The Impact of School District Consolidation on Housing Prices. University of Wisconsin-Madison and Syracuse University. 23 July 2007.
- Indiana State. Department of Local Government Finance Website. Indiana Department of Local Government Finance 2008 School Construction Cost Thresholds. 25 Mar. 2008. <http://www.in.gov/dlgf/files/2008_school_construction_thresholds.pdf>.
- Indiana State. Indiana Department of Local Government Finance website. School Construction Facts. 25 Mar. 2008. <<http://www.in.gov/dlgf/2497.htm>>.
- Institute on Taxation and Economic Policy. Property Tax Circuit Breakers. Policy Brief #40. Washington: 2005.
- The Interdisciplinary Ad-Hoc Roundtable. A Report on the High Cost of Construction for K-12 Schools and Community Colleges in California. 2007. <http://www.parsons.com/K-12-CC_Construction_Cost_Report.pdf>.
- Jenny, Nicholas and Noah Berger. Understanding Our Tax System: A Primer for Active Citizens. Massachusetts Budget and Policy Center. Boston: 2008.
- Joint Schools Construction Board. Syracuse JSBC Annual Report Executive Summary. 11 Jan. 2007. <<http://www.jsbc.us/PDFs%20to%20link/Website%20Updates/2006%20Annual%20Report%20Executive%20Summary.pdf>>.

- Kaiser Family Foundation. Employer Health Insurance Costs, Snapshots: Health Care Costs. Mar. 2008
<www.kff.org/insurance/snapshot.cfm>.
- Kaiser Family Foundation. Trends in Health Care Costs and Spending. Sept. 2007
<www.kff.org/insurance/snapshot.cfm>.
- Kaiser Family Foundation. Wages and Benefits: A long-term View, Snapshots: Health Care Costs. Feb. 2008.
<www.kff.org>.
- Kenyon, Daphne A. The Property Tax-School Funding Dilemma. Lincoln Institute of Land Policy. Cambridge: 2007.
- Kilmer, Robert F. "Introduction to the Real Property Tax Law." McKinney's Consolidated Laws of New York 49A, Real Property Tax Law, 1960.
- Klein, Jeff, New York State Senator. Testimony before the New York State Commission on Property Tax Relief. 5 Mar. 2008.
- Koppelman, L, et al. New York State Temporary Commission for Tax Relief on Long Island. Financing Government on Long Island. Working Paper, Vol. 1 and 2. May 1993.
- Kyriacou, Lee, et al. New York State Office of Real Property Services. Various data sets.
- Lawyer, Harry S. Exemptions From Real Property Taxation in New York State, 2006 County, City and Town Assessment Rolls. New York State Office of Real Property Services. Albany: 2007.
- Lee, Thomas, Executive Director, New York State Teachers' Retirement System. Testimony before the New York State Commission on Property Tax Relief. 23 Apr. 2008.
- Lefkowitz, Jerome, Melvin H. Osterman and Rosemary A. Townley, eds. Public Sector Labor and Employment Law, Second Edition. New York State Bar Association, 1998.
- Levay, Rita, Leslie Loomis, and Steven O'Shea. Personal Interview. 2 Apr. 2008.
- Levinson, Harvey, Chair, Nassau County Board of Assessors. Testimony before the New York State Commission on Property Tax Relief. 5 Mar. 2008.
- Little, Esq., David A., Director of Governmental Relations, New York State School Boards Association. Testimony before the New York State Commission on Property Tax Relief. 12 Feb. 2008. Citing Pension Reform for the 21st Century Workforce Report to the New York State Legislature, New York State School Boards Association. Mar. 2007.
- Long Island Index. Long Island Index Report 2008. Garden City: 2008.
- Lower Hudson Council of School Superintendents. Financing Education in New York State. 1994.
- Lubin, Alan B., Executive Vice-President, New York State United Teachers. Testimony before the New York State Commission on Property Tax Relief. 23 Apr. 2008.
- Lynam, Elizabeth. Capping the Right Bottle: Cost Containment for Schools. Presentation to the New York State School Boards Association, 3 Mar. 2008.
- Lyons, Karen, and Iris J. Lav. The Problems with Property Tax Revenue Caps. Center on Budget and Policy Priorities. Washington: 2007. <www.cbpp.org>.
- Lyons, Karen, et al. The Property Tax Circuit Breaker: An Introduction and Survey of Current Programs. Center on Budget and Policy Priorities. Washington: 2007.
- Mann, Brian. "Locals are being priced out of paradise in a spiraling Adirondack housing market." Adirondack Life Collectors Issue 5, undated: 48.

Mardock, Mark. "Riding the Roller Coaster: Coping With Today's School Construction Market Takes Some Preparation." School Planning & Management. June (2006). Massachusetts Department of Revenue. Boston: undated. <http://www.peterli.com/spm/resources/articles/archive.php?article_id=1163>.

Massachusetts State. Department of Revenue. Levy Limits: a Primer on Proposition 2 1/2. Boston: undated.

Mauro, Frank J., Director of the Fiscal Policy Institute. Testimony before the New York State Assembly Standing Committee on Real Property Taxation. 5 Dec. 2007.

Mauro, Frank J., Director of the Fiscal Policy Institute. Testimony before the New York State Division of the Budget Public Hearing on Property Taxes. 13 Dec. 2007.

McClenathan, Edward. "The Countywide School District: Cost Saving Measure; Extremely Difficult to Achieve." Government, Law and Policy Journal 9.2 (2007): 41-47.

McMahon, E.J. "New York's Pension Peril." New York Post 8 Jun. 2006 <www.manhattan-institute.org/html/nypost_new_york_pension_peril.htm>.

McMahon, E.J. "State Pension System Needs Broad Overhaul." Newsday 13 Jan. 2004 <www.manhattan-institute.org/html/newsday-state_pension.htm>.

McMahon, Edmund J., Director, Empire Center for New York State Policy. Testimony before the New York State Commission on Property Tax Relief. 12 Feb. 2008, 5 Mar. 2008.

The Merrow Report: First to Worst. 2004. DVD. Learning Matters.

Mercurio, Joseph A. "Testifying for Property Tax Reform." Adirondack Daily Enterprise 15 Apr. 2008.

Michalak, Darlene, Plan Administrator, Erie 1 BOCES Benefit Health Plan Trust. Interview by Telephone, 1 May 2008.

Mikesell, John L., and Daniel R. Mullins. The Effects of Property Tax Systems on Household Property Tax Burdens. State Tax Notes 15 Nov. 2007.

Mikhailov, Nikolai. Types of Property Tax and Assessment Limitations and Tax Relief Programs. Lincoln Institute of Land Policy. Cambridge: 1998.

Monroe County School Boards Association. The Best for Less: Cost-Saving Strategies and Shared Services in Monroe County School Districts. Aug. 2007.

Montana State. Department of Revenue. Reverse Annuity Mortgage Loan Program (And Table of Deferral Programs). Prepared for the Property Tax Reappraisal Committee. Helena: (undated).

Moonery, William, President, Westchester County Association. Testimony before the New York State Commission on Property Tax Relief. 5 Mar. 2008.

Moses, Mary Helen. "Scope of Bargaining and the Triborough Law: New York's Collective Bargaining Dilemma." Albany Law Review 56.1 (1992).

Municipal Finance Task Force. Local Communities at Risk: Revisiting the Fiscal Partnership Between the Commonwealth and Cities and Towns. Boston: 2005.

Munell, Alicia and Annika Sunden. 401(k) Plans are Still Coming Up Short. Center for Retirement Research at Boston College. Mar. 2006.

Munell, Alicia, et al. How much are workers saving? Center for Retirement Research at Boston College. Oct. 2005.

Munell, Alicia, et al. "Why Have Some States Introduced Defined Contribution Plans?" Center for Retirement Research at Boston College, State and Local Pension Plans Jan. 2008.

Murphy, Charles, Superintendent of the Sachem School District. Testimony before the New York State Commission on Property Tax Relief. 5 Mar. 2008.

Nassau-Suffolk School Boards Association, et al. Working Together for Long Island Schools: Key Facts About Spending and Results. Jan. 2007.

National Coalition on Health Care. Health Insurance Cost. Citing, Poisal, J.A., et al, "Health Spending Projections Through 2016: Modest Changes Obscure Part D's Impact." Health Affairs. Feb. (2007): W242-253.

National Coalition on Health Care. Health Insurance Cost. Citing, The Henry J. Kaiser Foundation, "Employee Health Benefits: 2007 Annual Survey." 11 Sept. 2006. <<http://www.nchc.org/facts/costs.html>>.

National Conference of State Legislators. A Guide to Property Taxes: Property Tax Relief. Denver: 2002.

National Education Association. Rankings & Estimates of the States 2006 Estimates of School Statistics 2007. Atlanta: 2007.

The Nelson A. Rockefeller Institute of Government. A Study of the First Supervisory District of Monroe County. Albany: 2005.

The Nelson A. Rockefeller Institute of Government. The Supervisory District of Albany, Schoharie, Schenectady, and Saratoga Counties: A Study of Potential Educational Reorganization in the Capital Region. Albany: 2007.

Nespeca, Thomas J., Member, Webster Board of Education. Testimony before the New York State Commission on Property Tax Relief. 20 Mar. 2008.

New York Building Congress. Press Release: "Chancellor Harold O. Levy Announces the Release of a Report of the Commission on School Construction." New York Building Congress News & Issues. July 2002. <<http://www.buildingcongress.com/code/press/2002-07.htm>>.

New York City. Education Department. Summary of Unfunded Mandates. New York: 2007.

New York State Association of School Business Officials and the New York Association for Pupil Transportation. Rising Diesel Fuel Prices: An Emergency in Education. Sept. 2005.

New York State Association of School Business Officials and the Superintendent of School Buildings and Grounds. Another Challenge for School Districts, Keeping Kids Warm This Winter. Oct. 2005.

New York State Constitution, Article V, section 7 "Membership in Retirement Systems; benefits not to be diminished nor impaired."

New York State Council of School Superintendents. Cost Drivers in Public Education, Draft Report. July 2007.

New York State Council of School Superintendents. A Compilation of Mandatory School District Planning & Reporting Requirements: Drowning in a Sea of Paperwork. May 2002.

New York State Council of School Superintendents. Cost Drivers in Public Education. Jul. 2007.

New York State Council of School Superintendents. Mandate Relief for New York Schools. Jan. 2004.

New York State Council of School Superintendents. Written testimony submitted to the New York State Assembly Committee on Real Property Taxation. 12 Dec. 2006.

New York State General Municipal Law, section 119-n.

New York State Insurance Law, section 4402; Article 47.

New York State School Boards Association. Accountability for All: 5 Ways to Reform the Teacher Discipline Process. Mar. 2007.

New York State School Boards Association. Alternatives to the Real Property Tax: A Special Report to the New York State Commission on Property Tax Relief. Mar. 2008.

New York State School Boards Association. Recommended Mandate Relief for School Districts: A Special Report to the New York State Commission on Property Tax Relief. Mar. 2008.

New York State School Boards Association. School Paperwork Elimination and Reduction. 2008.

New York State School Boards Association. Taxation Without Representation: The Reality of Charter Schools. Feb. 2006.

New York State School Boards Association. 2007 Teacher Contract Survey.

New York State School Boards Association. Pension Reform for the 21st Century Workforce: Report to the Legislature. Mar. 2007.

New York State Teachers' Retirement System. Actuarial Report 2007. <www.trrs.org>.

New York State Teachers' Retirement System. Rules and Regulations of the New York State Teachers Retirement System, as amended through 25 Jul 2007. <www.nystrs.org/main/library/rules/preface.htm>.

New York State Teachers' Retirement System. Statistical Report 2007. <www.trrs.org>.

New York State United Teachers. "Changing Paradigm for Pensions." 19 Jan 2006.

New York State. Board of Regents. 2008-2009 Regents State Aid Proposal. Albany: 2007.

New York State. Board of Regents. Raising Revenues for New York's Public Schools: A Synthesis of Options for Policymakers. Albany: 1995.

New York State. Board of Regents. Regents Proposal on State Aid to School Districts 2007-08. Albany: 2006.

New York State. Board of Regents. Study on the Generation of Revenues for Education. Final Report. Albany: 1995.

New York State. Commission on Local Government Efficiency and Competitiveness. 21st Century Local Government: Report of the New York State Commission on Local Government Efficiency & Competitiveness. Albany: LGEC, 2008.

New York State. Constitutional Convention Committee. Problems Relating to Taxation and Finance. Vol. X ; Problems Relating to Home Rule and Local Governments. Vol. XI. New York: 1938.

New York State. Department of State. SMSI Announcement: Secretary of State Lorraine Cortes -Vazquez Announces \$1.325 million in New Health Insurance Grants Under Shared Services Program Aimed at Reducing the Cost of Local Government. Albany: 2008 <www.dos.state.ny.us/pres/pr2008/124smsi.html>.

New York State. Education Department. 2005-2006 BOCES Program & Administrative/Capital Budgets Summary. Albany: 2008. <http://www.emsc.nysed.gov/mgtserv/BOCES/2005-2006_BOCES_Budget_no_formulas.xls>.

New York State. Education Department. 2005 Analysis of Local Effort in New York State School Districts. Albany: 2005.

New York State. Education Department. 2008-09 Property Tax Report Card Data. Albany: 2008. <http://www.emsc.nysed.gov/mgtserv/property_tax_data/2008/xls/SM_PTRC_4_23_08_Final.xls>.

New York State. Education Department. Budgeting Handbook 3. Albany: 1998. <<http://www.emsc.nysed.gov/mgtserv/budhome.htm>>.

New York State. Education Department, Fiscal Analysis and Research Unit. Changes in Debt Payments in New York State School Districts 1993-94 to 2002-03. Albany: 2005.

New York State. Education Department, Fiscal Analysis and Research Unit. Estimating School District Health, Retirement and Energy Expenditures in New York State. Albany: 2005.

New York State. Education Department, Fiscal Analysis and Research Unit. Reversal of Fortune: The Growth of Fringe Benefit Expenditures in New York State School Districts 1993-94 to 2001-02. Albany: 2004.

New York State. Education Department, Fiscal Analysis and Research Unit. School Budget Vote Failures: Risk Factors. Albany: 2005.

New York State. Education Department, Fiscal Analysis and Research Unit. State Aid to Schools: A Primer. Albany: 2007.

New York State. Education Department, Fiscal Analysis and Research Unit. Wealth Indicators by the Department of Labor Regions-2001-02 School Year. Albany: 2004.

New York State. Education Department. Guide to the Reorganization of School Districts in New York State. Albany: 2007.

New York State. Education Department. Historical Statewide School District Budget Voting Results. Albany: 2006. <<http://www.emsc.nysed.gov/mgtserv/budgeting/budgetvotehistorical.htm>>.

New York State. Education Department. NY-CHPS High Performance Schools Guidelines. Albany: 2007. <<http://www.nys-cma.org/NY-CHPS%20September%202007.pdf>>.

New York State. Education Department. School Budget Vote Failures: Risk Factors. Albany: 2005. <http://oms33.nysed.gov/faru/Articles/School_Budget_Failures/svbudgetresearch_note.htm>.

New York State. Education Department. Selected Legal References For The School Business Official. Albany: 1999. <<http://www.emsc.nysed.gov/mgtserv/legalref.htm>>.

New York State. Education Department, State Aid Work Group. School District Responses to Building Aid Incentives. Albany: 2002.

New York State. Education Department, State Aid Unit. State Formula Aids and Entitlements for Schools in New York State. Albany: 2005.

New York State. Governor David A. Paterson. Executive Order Number 2: Establishing a State Energy Planning Board and Authorizing the Creation and Implementation of a State Energy Plan. Albany: 2008.

New York State. Insurance Department, Office of General Counsel. Opinion Re: Municipal Cooperative Health Benefit Plans. Albany: 2004. <www.ins.state.ny.us/ogco2004/rg040328.htm>.

New York State. Office of the State Comptroller. New York State and Local Retirement System. The Service Retirement Benefit (Tier IV) as of 28 Apr 2008. Albany: 2008. <www.osc.state.ny.us/retire/publications/vol522.htm>.

New York State. Office of the State Comptroller. Opinion 97-2. Albany: 1997. <www.osc.state.ny.us/legal/1997/legalop/op97-2.htm>.

New York State. Office of the State Comptroller, Division of Local Government Services & Economic Development. Buffalo City School District – Joint Schools Construction Program Phase I. Albany: 2006.

New York State. Office of the State Comptroller, Division of Local Government Services & Economic Development. “Financing Education in New York’s “Big Five” Cities.” Local Government Issues in Focus. Albany: 2005.

- New York State. Office of the State Comptroller, Division of Local Government Services & Economic Development. Local Government Issues in Focus. Property Taxes in New York State. Albany: 2006.
- New York State. Office of the State Comptroller Division of Local Government and School Accountability. 2007 Annual Report on Local Governments. Albany: 2007.
- New York State. Office of the State Comptroller, Division of Local Government and School Accountability. Containing Employee Health Insurance Costs. Albany: undated. <www.osc.state.ny.us/localgov/costsavings/emphealth.htm>.
- New York State. Office of the State Comptroller, Division of Local Government and School Accountability. Financial Report on School Districts – Fiscal Years Ended 2005. Albany: 2007.
- New York State. Office of the State Comptroller. Progress Report on the Buffalo Joint School Construction Board: Financing, Reconstruction and Diversity Goals. Albany: 2004.
- New York State. Office of Real Property Services. The Uniform Standard Municipalities Suffering Growing Pains with the Spread of Condominiums. Albany: 2005.
- New York State. Report of the Temporary State Commission on State and Local Finances. Albany: Vol. 2, The Real Property Tax. 15 Mar. 1975; Vol.3, State Mandates, 31 Mar. 1975.
- New York State. State and Local Retirement System. Comprehensive Annual Financial Report for Fiscal Year Ended March 31, 2006. Albany. <wwwf.osc.state.ny.us/retire/members/index.htm>.
- New York State. State Board of Equalization and Assessment. Survey of Railroad and Utility Taxation Practices Among the States. Albany: 1993.
- O’Neil, Terry and E.J. McMahon. Taylor Made: The Cost and Consequences of New York’s Public-Sector Labor Laws. Empire Center for New York State Policy. Oct. 2007.
- O’Shea, Steven, Assistant Superintendent for Business, Bethlehem Central School District. Follow-up interview via telephone. See also, Bethlehem Central School District, “Board of Education – 2008-09 Budget Development” <http://bcsd.k12.ny.us/aboutBC/budget/bdgt0809_adopted.html>
- Ogilvie, Donald, Superintendent, Erie 1 BOCES. Testimony before the New York State Commission on Property Tax Relief. 2 Apr. 2008.
- Oliff, Phil and Iris J. Lav. Hidden Consequences: Lessons From Massachusetts for States Considering A Property Tax Cap. Center on Budget and Policy Priorities. 21 May 2008.
- Orszag, Peter and Joseph Stiglitz. Budget Cuts vs. Tax Increases at the State Level: Is One More Counter-Productive Than the Other During a Recession? Center on Budget and Policy Priorities. 6 Nov. 2001.
- Osorz, Bob, Resident, Garden City. Written testimony submitted to the New York State Commission on Property Tax Relief. (undated)
- Phair, Matthew. Construction News from New Jersey, New York, and Pennsylvania. Constructioneer. 18 Dec. 2007. <<http://www.acppubs.com/article/CA6513782.html>>.
- Plucker, Jonathan A., et al. Assessing the Policy Environment for School Corporation, Collaboration, Cooperation, and Consolidation in Indiana. Center For Evaluation and Education Policy. Education Policy Brief. Bloomington: 2007.
- Prante, Gerald. Property Tax Collections Surged with Housing Boom: Will Localities Respond to Housing Dip with Higher Rates? Tax Foundation. Oct. 2006

Pryor, Donald, and Charles Zettek, Jr. "Thinking Beyond Boundaries: Opportunities to Use Regional and Local Strategies to Strengthen Public Education in the Broome-Tioga Region." Rochester: Center for Governmental Research, 2004.

Public Financial Management, Center for Governmental Research, and Hofstra University. Nassau County, NY: School Labor Analysis. Progress Discussion Slides. 28 Feb. 2008.

Public Policy Institute. What's STAR got to do with it? Feb. 2008.

Randazzo, Richard, et. al. The Town of Cornwall Joint Committee for School Property Tax Reform Presentation. 2005.

Rechler, Bennett, Executive Board Member, Association for a Better Long Island. Testimony before the New York State Commission on Property Tax Relief. 5 Mar. 2008.

Redfoot, Donald L., et al. Reverse Mortgages: Niche Product or Mainstream Solution? Report on the 2006 AARP National Survey of Reverse Mortgage Shoppers. AARP Public Policy Institute. Washington: 2007.

Rivera, Manuel. New York State Deputy Secretary for Education. Unfunded Mandates: Consideration in Investigating this Potential Root Cause of New York's High Property Tax Burden. 30 Jan. 2008.

Rogers, Thomas, Executive Director, New York State Council of School Superintendents. Testimony before the New York State Commission on Property Tax Relief. 12 Feb. 2008.

Ronan, Gayle B.. "Is There Really a Retirement Savings Crisis?" MSNBC.com 30 Oct. 2007. <<http://www.msnbc.msn.com/id/20296654/>>.

SBA Solutions, Inc. New York State Aid to School Districts; An Inequitable Experience. Jul. 2007.

School & Municipal Energy Cooperative of Western New York. Making Friends and Saving \$\$\$ through Inter-Municipal Cooperation. 2008. <<http://www.nyserda.org/programs/pdfs/schoolconfjimfregellette.pdf>>.

School Efficiency Services. Annexation Feasibility Study: North Colonie Central School District and Maplewood-Colonie Common School District. Chittenango: 2007.

Schuylerville Centr. Sch. Dist., 29 PERB 3029 (1996).

Shadbegian, Ronald J. "Did Proposition 2 1/2 Affect Local Public Education in Massachusetts? Evidence from Panel Data." Global Economic and Business Review (2005): 363-380.

Siegle, Jody, Executive Director, Monroe County School Boards Association. Testimony before the New York State Commission on Property Tax Relief. 20 Mar 2008.

Silvaroli, Nicholas J., CPA, Business Administrator, Pioneer Central School District. "Comparison of Health Insurance Expense to Total Compensation Expense." Table, 2. May 2008.

Spano, Andrew, County Executive, Westchester County. Testimony before the New York State Commission on Property Tax Relief. 5 Mar. 2008.

Spitzer, Eliot. Speech at the New York State Association of Counties Annual Winter Meeting. 30 Jan. 2007. Albany, NY. <http://www.ny.gov/governor/keydocs/0130071_speech.html>.

Standards & Poors School Evaluation Services. Study of the Cost-Effectiveness of Consolidating Pennsylvania School Districts: Part 1 of 2. Prepared for the Pennsylvania Legislative Budget and Finance Committee. New York: 2007.

State Passes Education Budget. New York State School Boards Association Website. 11 Apr. 2008. <<http://www.nyssba.org/index.php?src=news&refno=277&category=SLN%20News>>

Strauss, Robert. School Finance Reform: Moving from the School Property Tax to the Income Tax. Carnegie Mellon University. Pittsburgh: 2000.

Stewart-Cousins, Andrea, New York State Senator. Testimony before the New York State Commission on Property Tax Relief. 5 Mar. 2008.

Suffolk County, 18 PERB 3030, at 3062 (1985).

Suffolk County Court Special Grand Jury. Grand Jury Report CPL §190.85(1) (C). 29 June 2006.

Suffolk County Legislature. Report of the Suffolk County Commission to Evaluate School District Expenses and Efficiency. Dec. 2007.

Suffolk County Legislature. Report of the Suffolk County Homeowners Tax Reform Commission. Dec. 2006.

Swartz, Susan. Personal Interview. 16 Apr. 2008. Susan M. Swartz is Superintendent of Scotia Glenville Central School District.

Tane, Lisa, Member, Briarcliff Manor Board of Education. Testimony before the New York State Commission on Real Property Tax Relief. 5 Mar. 2008.

The Tax Foundation. New Census Data Shows Where Property Taxes Hit Homeowners Hardest. Washington: 2007.

Teachers' Retirement System of the City of New York. A Comparison of Retirement Systems for Full-Time CUNY Educators. New York: 2004.

Tedisco, James. The State of New York Schools: Addressing the Burden of Unfunded Mandates: Real Solutions, Real Relief. New York State Assembly Republican Conference. May 2008.

Temporary Task Force on Preschool Special Education. Improving Preschool Special Education in New York State: Conclusions and Recommendations. Albany: 2007.

Tideman, Nicolaus and Florenz Plasmann. Sources of Public Revenue that Make Nations Richer. Virginia Tech and Binghamton Universities. (Undated).

Traylor, John, et al., New York State Office of the Comptroller. Various Data, State Education Department Data Sets.

United States. Census Bureau. Annual Survey of Local Government Finances. June 2006.

United States. Department of Commerce, Bureau of the Census. The American Community Survey. Washington: undated.

United States. Department of Energy. Energy Information Update. State Energy Consumption, Price, and Expenditure Estimates. 2005.

United States. Department of Energy. Energy Information Update. Gasoline and Diesel Fuel Update. 2008.

United States. Department of Health and Human Services. Health Care Costs: Why Do They Increase? What Can We Do?: Factors Driving Cost Increases. Agency for Healthcare Research and Quality (AHRQ) (Undated) <www.ahrq.gov/news/ulp/costs/ulpcosts8.htm>.

Valenti, Ronald. "More Sharing of Services Would Reduce Education Costs." LoHud.com 28 Mar. 2008. <<http://www.lohud.com/apps/pbcs.dll/article?AID=/20080328/OPINION/803280329>>.

Vecchio, Andrea, East Islip Tax Pac. Testimony before the New York State Commission on Property Tax Relief. 5 Mar. 2008.

Vermont State. Department of Taxes, Property Valuation and Review Division. Education Property Taxes: Guidelines for Treasurers and Collectors. Montpelier: 2007.

- Vujovic, Vuk. "Tired of Expensive School Buildings? Try Sustainable Design." SchoolConstructionNews.com. Nov./Dec. 2005.
<<http://www.schoolconstructionnews.com/ME2/Audiences/Segments/Publications/Print.asp?Module=Publications::Article&id=F5226D174AD3413CB463A55D6BC47536>>.
- Ward, Robert. A cap on property taxes in New York? WAMC.org. 10 Jan. 2008. <www.wamc.org/commentators-ward.html>.
- Ward, Robert. "BOCES: A Model for Municipal Reform?" NYSBA Government, Law and Policy Journal 9.2 (2007): 65-68.
- Ward, Robert. "New York's Property Taxes are High, and Rising Fast. Why-and What to do about it?" Business Council Connect Apr. (2007) 4-6.
- Ward, Robert. "Why Does Health Care Cost So Much—And What Can New York Do About It?" Business Council Connect Feb. (2007): 4-7.
- Westchester County Association. Property Tax Reform Commission Initial Report. Oct. 2007.
- Westchester-Putnam School Boards Association. Statement of Position on Reform of Education Finance in New York State. May 1994.
- Westchester-Putnam School Boards Association. Statement of Position on Reform of Education Finance in New York State. May 1995.
- Whitely, John. "A Misguided Take on 'Circuit Breaker'" Adirondack Daily Enterprise 21 Feb. 2008.
- Wisconsin Legislative Fiscal Bureau. Property Tax Deferral Loan Program. Informational Paper 26. Madison: 2007.
- Young, Hal. "State's School Construction Costs Soaring." The John Locke Foundation. Carolina Journal Oct. (2005): 1-2.
- Youngman, Joan M. "The Variety of Property Tax Limits: Goals, Consequences, and Alternatives." State Tax Notes 19 Nov. 2007.
- Yuan, Bing, et al. Tax Expenditure Limitations and Their Effects on Local Public Finances. George Washington University. Aug. 2007.