

# The Tax Cap – Unintended or Intended Consequences?



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Monroe County school districts have some of the highest performing schools, not just in New York State, but in the entire country. Having excellent schools brings families to our area which, in turn, sustains business. Over 88% of the revenue that our schools receive remains here and helps drive the local economy. Therefore, maintaining both the quality and economic force provided by our school districts is critical to the health and welfare of our county. The tax cap has direct negative consequences for our schools.

- Why is the tax cap an issue for schools?** The tax cap is based on an arbitrary number of 2% or the Consumer Price Index, whichever is less. It is calculated by a formula that is so complex it is hard for the general public to understand. The CPI is a volatile measure and is based on goods and services that don't mirror school district expenses. Consequently using CPI as a base for the tax cap creates unpredictable and variable revenue to schools and makes it very difficult to plan for or maintain the level of investment needed to provide the quality of education that our communities expect.
- How is this different than my own personal budget?** In our home budgets, we know our basic expenses and we work to provide for them with the income we are earning from year to year. But we also know that things like groceries, energy, and home and vehicle maintenance are more likely to increase than decrease from one year to the next. Investments in cars, appliances, roofs, windows and other items that wear out will be necessary. Predictability in our budget allows us to plan for the future or find other revenue sources when needed (part time work, loans, etc.).
- Why can't schools predict financial needs or plan for the future under the tax cap?** Schools have the same expenses as we do in our homes on a much larger scale. Districts therefore, need to know what revenues are available for things like instruction, transportation and the operation and maintenance of schools. The tax cap keeps districts from knowing how much revenue they will be able to raise to support their *budgets* from year to year. Schools districts have defined and limited revenue sources and must rely on these to fund programs and services. The tax cap along with state aid funding cuts, compound the inability of districts to develop any long term strategic financial plans.
- What other negative consequences does the tax cap have on schools?** Taxes pay for programs and services, but many of these are mandated by law and many are unfunded or were never funded at their promised levels (underfunded). With the tax cap, there is no mechanism to adjust for increased costs in any of these services or programs, so only those non-mandated items are available to be cut. These are some of the very programs and services that make our schools so successful. As a broad concept, the tax cap is very popular however, at best, its premise is disingenuous. It is impossible to cap what is not locally controlled.
- Why not just override the tax cap, like the Governor indicates?** Even after cuts, an override of the tax cap may be prudent. For towns, an override is 60% of the town board members, but for schools it is 60% of the voters who come out to vote on the budget. This is called a supermajority. Added to this, the public is being enticed by rebates to have both municipal and school budgets remain under the cap. This is an intended consequence of the tax cap. Schools are especially concerned since *no votes* cast more weight at the polls in this scenario and the will of the *majority* of the community may not be reflected if the supermajority is not achieved.

**Our elected officials may be unwilling to revoke the tax cap concept. But it's time we asked them to modify its application and computation so it is 1) understandable for residents of a school district and 2) reflective of a reasonable limit on those costs which are discretionary for voters. If Albany mandates certain services, Albany should fully fund those mandates.**

Genesee Valley PTA	Monroe County Federation of Teachers	Monroe County Association of School Business Officials
Monroe County School Boards Association	NYSUT (NYS United Teachers)	Monroe County Council of School Superintendents
	School Administrators Association of NYS	Rochester City School District