

By [Alissa Scott](#)

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Lower tax cap worries school districts

The state Comptroller's Office last month released a nearly zero percent tax-levy cap – a figure local school officials and experts say is harmful to students.

State Comptroller Thomas DiNapoli said the property tax-levy growth for school districts will be capped at 0.12 percent above current levels for the 2016-17 fiscal year. Those calculations affect the tax calculations for 677 school districts.

Districts must submit their calculated tax cap to the state by Tuesday, March 1.

“The nearly zero growth will limit budget options for school and municipal officials as they plan for next year,” DiNapoli said in a release. “Although some local governments can rely on available reserve funds to bridge the gap, others may need to take a hard look at operations to find ways to cut costs to stay under the cap.”

For 2016-17, DiNapoli estimates the state's school districts (excluding New York City and the Big Four city school districts) will have about \$308 million less in levy growth compared to what they had in the 2015-16 fiscal year. Then, the allowable growth was 1.62 percent.

To put this into perspective, state School Board Association Executive Director Tim Kremer said the median school tax levy income in 2015-16 was slightly less than \$15 million. Under a 0.12 percent tax cap, the levy would generate less than \$18,000 in additional local revenue – “not enough to hire a full-time teacher.”

“School districts across the state, regardless of community wealth, will be adversely impacted by this ridiculously low tax cap,” said Michael Borges, executive director of the New York State Association of School Business Officials. “Those school districts with insufficient rainy day funds or reserves will have to cut programs and staff to stay within the 0.12 percent tax cap, unless there is a significant state aid increase.”

Utica is one such district, with a budget of \$161 million and a fund balance of less than a million, which technically is against state mandates that encourage districts to have at least 4 percent fund balance for emergencies.

“We're in the process of figuring out what the tax cap will be,” said Michele Albanese, school business official at Utica.

Tuesday night, Superintendent Bruce Karam presented the Board of Education with his budget which has no tax increase.

“With us being a low income school district, we try to keep the taxpayer in mind,” Albanese said. “We're very mindful of the taxpayer. We go the conservative route. That's why we chose to put a 0 percent increase.”

But for Dolgeville, officials say it won't impact much.

“Dolgeville Central has operated under a self-imposed tax cap of 2 percent long before the state imposed its version,” said John McKeown, business administrator at Dolgeville. “So, minimal tax impact has been a feature of DCS budgets for many years.”

But, as Borges said, unless there is a significant state aid increase, districts will be forced to cut programming.

“Although early in the process, we expect budget growth will be modest; however, state aid is wholly inadequate and will inevitably affect programs for students.”

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Tax caps

* The phrase “2 percent property tax cap” is misleading. Although the law is referred to as a “2 percent tax cap,” it does not restrict any proposed tax levy increase to 2 percent, nor does it prohibit individuals' property taxes from increasing more than 2 percent.* The tax levy cap is a formula put in place by the state to limit how much a school district can raise its annual tax levy without requiring a super majority - or 60 percent - approval from its voters.* The law applies to the school district tax levy, not tax rates or the individual tax bill of residents. It doesn't place any restrictions on how tax bills are calculated.Source Hamilton-Fulton-Montgomery BOCES Allowable levy growth factor 2016-17: 0.12% 2015-16: 1.62 % 2014-15: 1.46 % 2013-14: 2 % 2012-13: 2 %