

2016 School District Budget Results

On May 17, 2016, communities at independent school districts voted on budgets proposed by their boards of education. On June 21, the school districts whose budgets failed in the first vote, again presented their budgets to voters for approval.

NYSASBO analyzed all of the budget votes across the state using data that was released from the State Education Department.¹ New York City and the Big 4 city school districts do not participate in budget votes since their budgets are part of their city budgets. This report presents information regarding passage rates and voter turnout, tax cap overrides, budget defeats and budget impacts for different types of school districts. It also examines data from the Office of the State Comptroller regarding negative tax caps.

Passage Rates and Voter Turnout

Approximately ninety-nine percent of budgets passed at the first opportunity in May, with only ten school districts failing to pass their budgets. School districts whose budgets failed to pass had the option of adopting a contingency budget or presenting the same or different budget to the voters for a second vote on June 21. West Valley CSD chose to adopt a contingency budget. After the second vote, only three districts were again defeated: Waverly CSD, Florida UFSD, and Tuckahoe Common SD. The final passage rate for the year was 672 budgets or 99.4 percent. Figure 1 presents vote results for the ten school districts whose budgets failed in May.

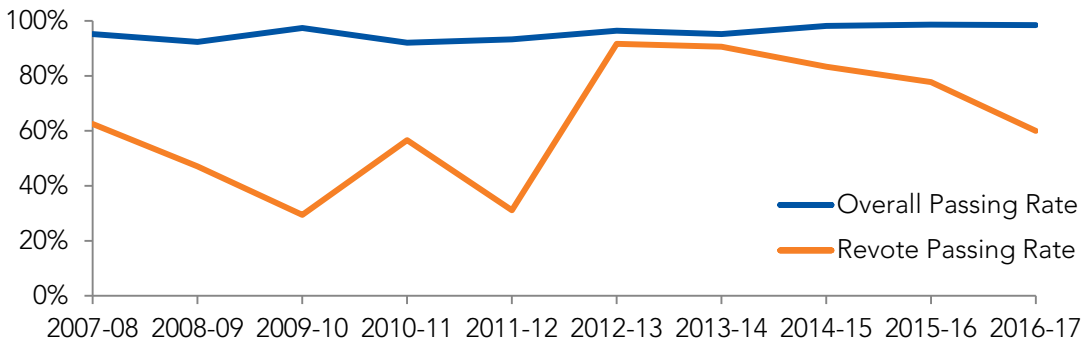
Figure 1. Districts With Defeated May Budget Votes

District	Region	Need/Resource	Votes	May App.	Goal	Votes	June App.	Goal	P/D
Canaseraga	Western	HN Rural	149	52.35%	60%	125	64.8%	50%	P
West Valley	Western	Average Need	580	46.72%	50%				D
Brockport	Finger Lakes	Average Need	1507	41.47%	50%	1112	68.71%	50%	P
Florida	Hudson Valley	Average Need	529	59.92%	60%	731	53.76%	60%	D
Jasper-Troupsburg	Southern Tier	HN Rural	332	47.29%	60%	479	73.9%	60%	P
Elwood	Long Island	Average Need	1937	58.44%	60%	1903	82.87%	50%	P
Tuckahoe Common	Long Island	Low Need	291	49.83%	60%	401	53.62%	60%	D
Waverly	Southern Tier	HN Rural	829	46.08%	60%	455	57.14%	60%	D
Highland	Hudson Valley	Average Need	1296	56.17%	60%	1125	68.62%	50%	P
Bedford	Hudson Valley	Low Need	4418	58.78%	60%	3440	72.38%	50%	P

Figure 2 shows the percentage of budgets that have been passed over the past nine years. Passage rates continued at the same level established during the Great Recession, and demonstrated voter recognition of school district efforts to restrain spending and taxes.

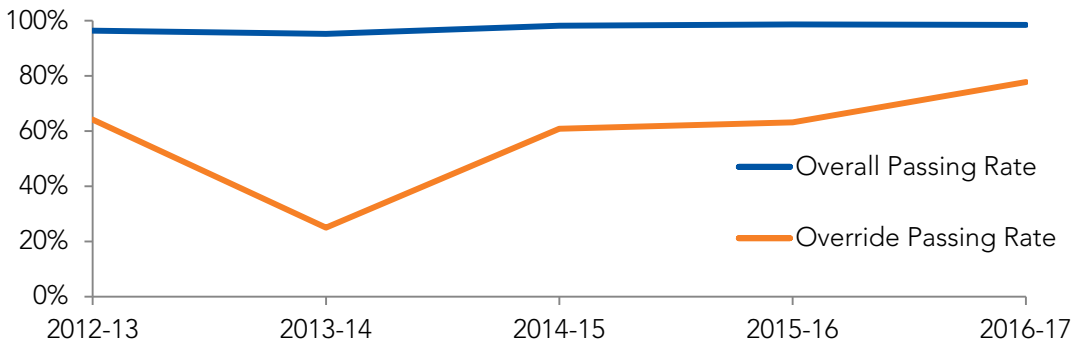
¹ SED data from Brockport was edited, as the data had shown 674 “yes” re-votes, but news reports and a conversation with district staff revealed that number was 764.

Figure 2. Budget Vote Passage Rate (Initial Vote)



Since 2012, school districts have been required to achieve a 60-percent supermajority approval to pass budgets that required a tax levy that exceeded their tax cap. Figure 3 shows that except for 2013-14, most first budgets for school districts that proposed overriding the tax cap have passed, with a jump in the passing rate in 2016-17.

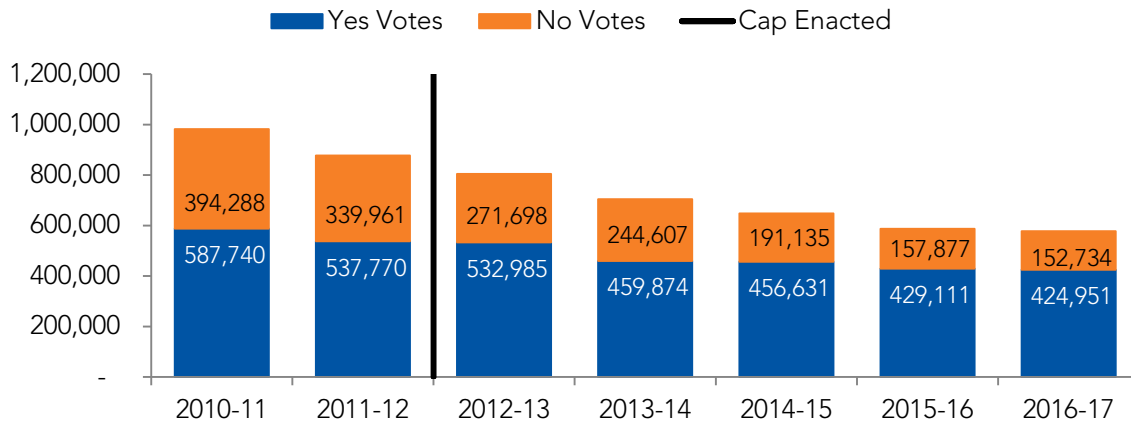
Figure 3. Passage Rate for Initial Budget Votes of All Districts and for Districts Seeking to Override the Tax Cap



Year	Overall	Override
2012-13	96%	64%
2013-14	95%	25%
2014-15	98%	61%
2015-16	99%	63%
2016-17	99%	78%

Although passage rates are increasing, Figure 4 shows that the number of voters has declined, a phenomenon which has intensified subsequent to the implementation of the tax cap in 2012. In 2010, there were about 982,000 voters. This year showed the lowest voter turnout, with about 578,000 voters at the May vote. From 2010 to 2016, there has been a drop of about 404,000 voters.

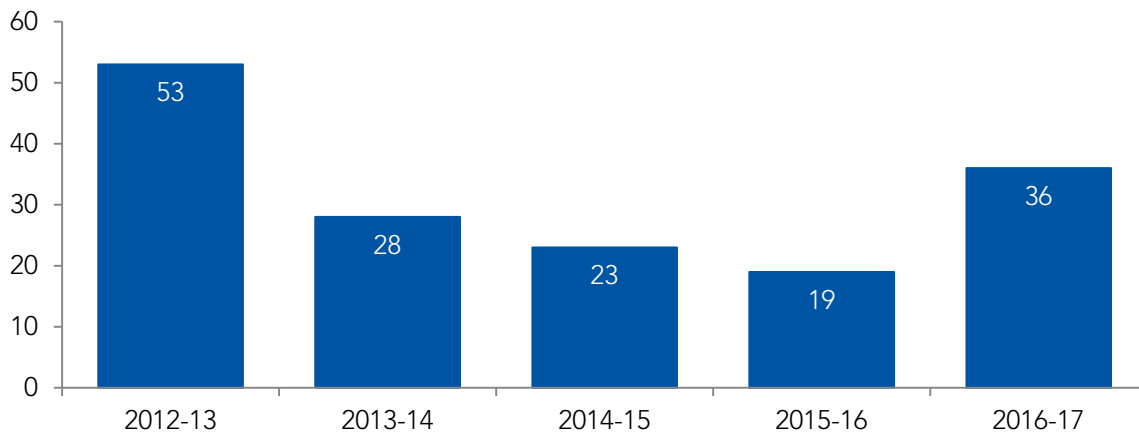
Figure 4. Voter Participation in Initial Vote



Overriding the Tax Cap

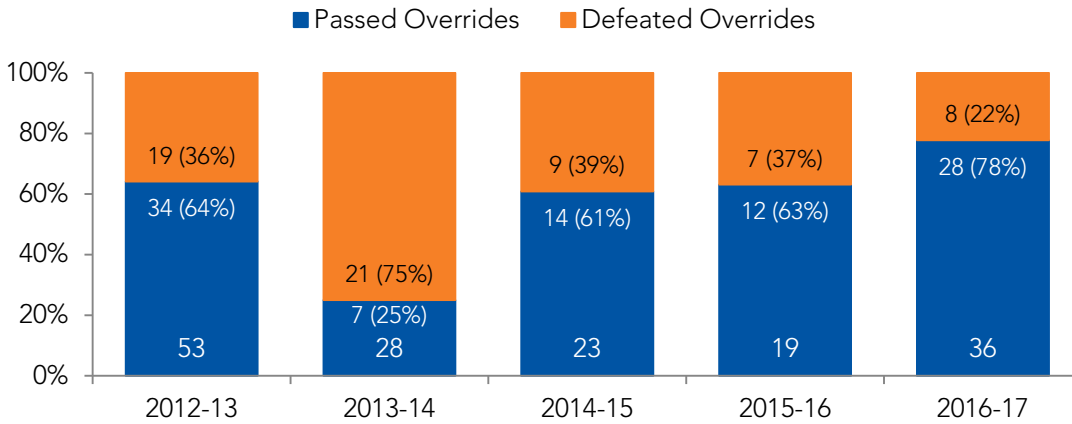
The number of attempted overrides was declining until this year, in which it increased. The greatest drop in override attempts, 25, was from 2012-13 to 2013-14, which was the second year the tax cap was in effect. Since then, the decline in override attempts was more gradual. This year, the tax cap was tied to a very low allowable levy growth factor which led to low and even negative tax caps, and may have caused a number of districts to seek an override.

Figure 5. Override Attempts in Initial Vote



This year, 36 districts initially proposed to override the maximum allowable levy limit established by New York's tax cap. Figure 6 shows that most proposals to override the tax cap succeeded in all years except 2013-14 when only 25 percent of overrides passed.

Figure 6. Budget Passes and Defeats for School Districts Seeking to Override the Tax Cap in Initial Vote



This year saw a number of close budget votes for districts that sought to override the tax cap. Nine district budgets passed in May by a margin of less than five percent over the 60 needed to pass a budget exceeding the tax cap.

Figure 7 – May 2016 Budget Vote Results for School Districts That Sought to Override the Tax Cap

District	Region	Need/Resource	Votes	App.	Result
Canaseraga	Western	HN Rural	149	52.35%	D
Charlotte Valley	Southern Tier	HN Rural	218	69.73%	P
Delhi	Southern Tier	Average Need	352	84.09%	P
Franklin	Southern Tier	HN Rural	173	84.97%	P
Hancock	Southern Tier	HN Rural	98	82.65%	P
S. Kortright	Southern Tier	Average Need	365	63.56%	P
Northeast	Hudson Valley	Average Need	255	61.18%	P
Gloversville	Mohawk	HN Rural	532	69.74%	P
Northville	Mohawk	Average	447	62.19%	P
Central Valley	Mohawk	HN Rural	1053	85.66%	P
Copenhagen	North Country	HN Rural	292	84.25%	P
Brookfield	Central	HN Rural	251	61.75%	P
Victor	Finger Lakes	Average Need	2000	60.35%	P
Tuxedo	Hudson Valley	Low Need	612	64.22%	P

Florida	Hudson Valley	Average Need	529	59.92%	D
Pulaski	Central	HN Rural	543	71.82%	P
Parishville	North Country	HN Rural	524	65.08%	P
Mechanicville	Capital	Average Need	482	67.64%	P
Seneca Falls	Finger Lakes	Average Need	414	72.95%	P
Bradford	Southern Tier	HN Rural	153	88.24%	P
Canisteo-Green	Southern Tier	HN Rural	407	72.48%	P
Jasper-Troupsburg	Southern Tier	HN Rural	332	47.29%	D
Amagansett	Long Island	Low Need	191	63.35%	P
Elwood	Long Island	Average Need	1937	58.44%	D
Harborfields	Long Island	Low Need	3116	67.36%	P
Islip	Long Island	Average Need	2037	61.41%	P
Shelter Island	Long Island	Low Need	516	60.27%	P
Bridgehampton	Long Island	Low Need	239	67.36%	P
Tuckahoe Common	Long Island	Low Need	291	49.83%	D
East Quogue	Long Island	Low Need	1149	70.5%	P
Greenport	Long Island	Average Need	480	66.67%	P
Waverly	Southern Tier	HN Rural	829	46.08%	D
Highland	Hudson Valley	Average Need	1296	56.17%	D
New Paltz	Hudson Valley	Average Need	1475	77.83%	P
Fort Edward	Capital	Average Need	161	67.70%	P
Bedford	Hudson Valley	Low Need	4418	58.78%	D

At the second vote in June, only four of the original eight districts with defeated override attempts put forth budgets that attempted to override the tax cap. Canaseraga, Elwood, and Highland proposed second budgets under the tax cap and passed them without issue. Brockport presented the same budget, which was under the tax cap, and passed without issue in June. The only budgets to be defeated were three of the override attempts, Florida, Tuckahoe Common, and Waverly.

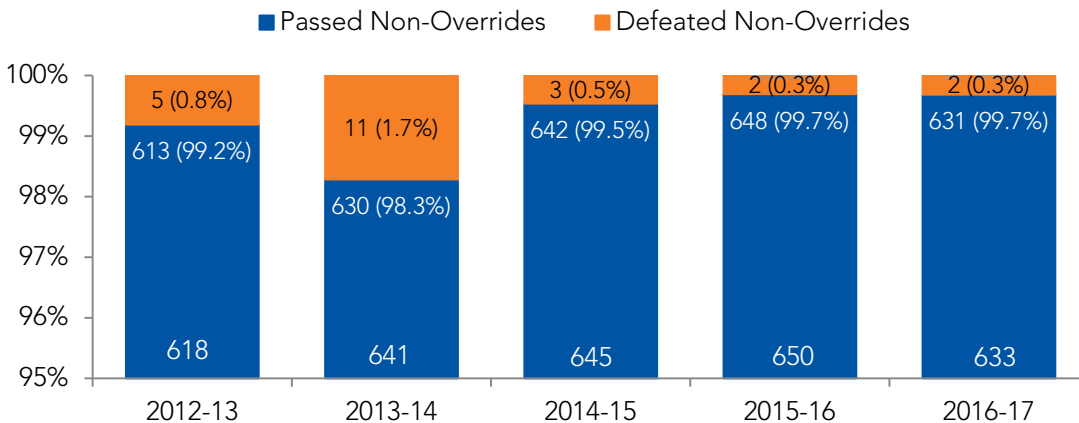
Figure 8 – June 2016 Budget Vote Results for School Districts That Sought to Override the Tax Cap

District	Region	Need/Resource	Votes	May App.	Goal	Votes	June App.	Goal	P/D
Florida	Hudson Valley	Average Need	529	59.92%	60%	731	53.76%	60%	D
Jasper-Troupsburg	Southern Tier	HN Rural	332	47.29%	60%	479	73.9%	60%	P
Tuckahoe Common	Long Island	Low Need	291	49.83%	60%	401	53.62%	60%	D
Waverly	Southern Tier	HN Rural	829	46.08%	60%	455	57.14%	60%	D

Budget Defeats

What was the likelihood of a budget failing, whether a district overrode the tax cap or not? Figures 6 and 9 show the percentage of budget defeats for districts that sought to pierce the tax cap in the May vote (Figure 6) or not (Figure 9). We found that a budget is much more likely to fail if the district proposes to override the tax cap than if it proposes to stay within it. Districts that stayed within the tax cap had almost no failed budgets, while districts that sought to override showed higher incidence of budget defeats.

Figure 9 – May 2016 Budget Passes and Defeats for School Districts that Stayed Within the Tax Cap

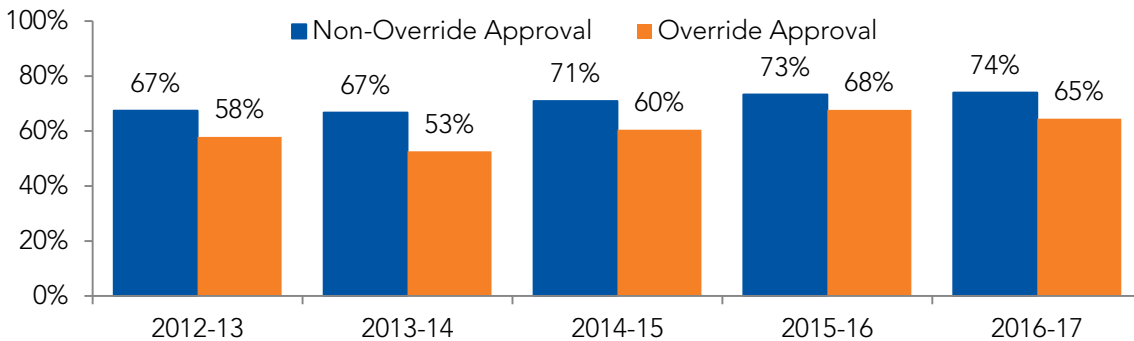


This May, voters approved 78 percent of budgets that sought to override the tax cap. Combining the results of the two budget votes, 33 school districts ultimately sought to override the tax cap and 29 were approved. That is, voters approved 89 percent of budgets that sought to override the tax cap. This occurred despite the fact that taxpayers in these communities will not be eligible for property tax rebates, which the law specifies will only be provided for residents of districts with tax cap compliant budgets.

Voter Approval

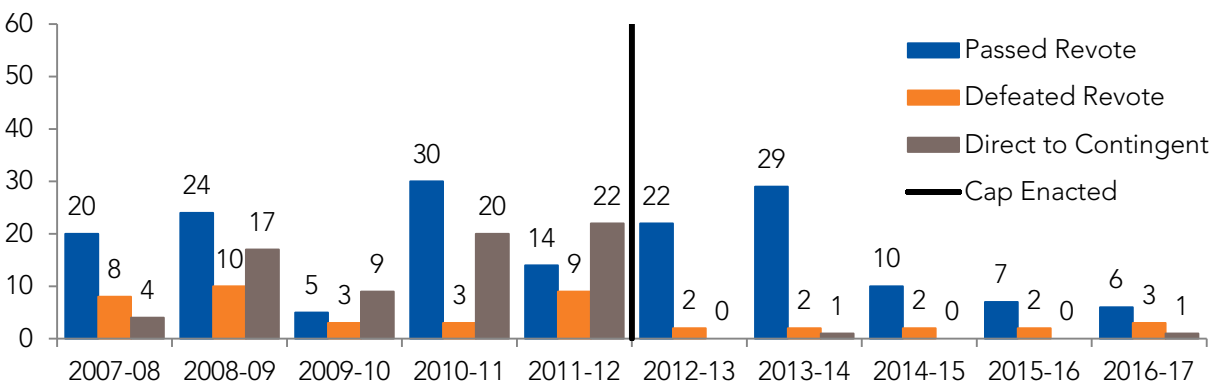
We examined voter approval rates for school districts that chose to override the tax cap or stay within it. Figure 10 shows that voter approval was lower for those school districts that sought to pierce the cap. This May, an average of 74 percent of voters approved budgets that stayed within the tax cap while an average of 65 percent of voters approved budgets that sought to override the tax cap.

Figure 10 – May 2016 Approval Rates in Districts Seeking an Override or Staying Within the Tax Cap



Since the tax cap was in place in 2012, we found that school districts were much less likely to go to a contingency budget. With the tax cap legislation, the rules for contingency budgets also changed. Before the tax cap, school districts with defeated budgets were subject to a spending cap of four percent or 120 percent of the CPI, whichever was less. After the tax cap, school districts with defeated budgets were subject to a levy cap equal to the levy from the year before, that is, no increase in levy. Figure 11 shows that in the past four years most budget re-votes passed. It also shows that before the tax cap, a number of school districts went directly to a contingent budget, foregoing the second vote, and resulting in a considerable number of school districts operating under a contingency budget. After the tax cap, only two districts have gone directly to a contingent budget—one in 2013-14, and another in 2016-17.

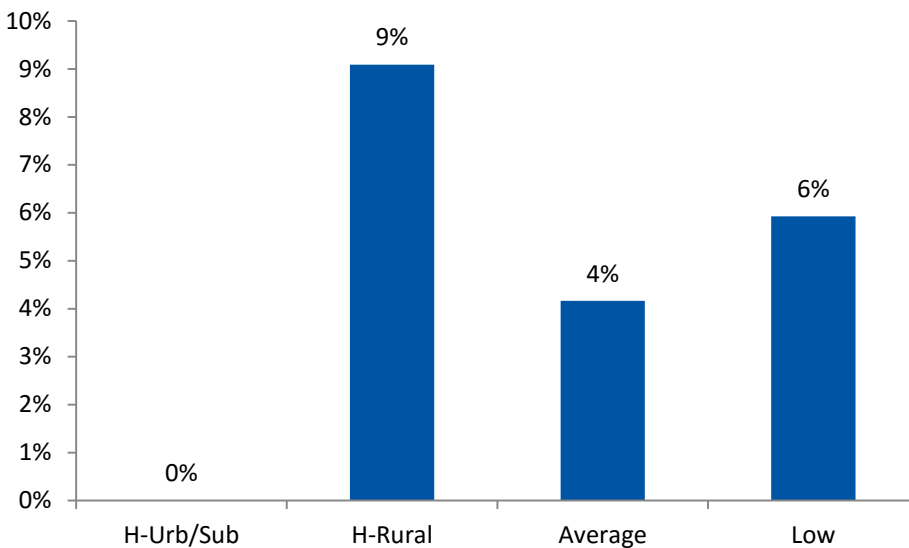
Figure 11 – Second Budget Vote Results



Budget Vote Results by School District Type

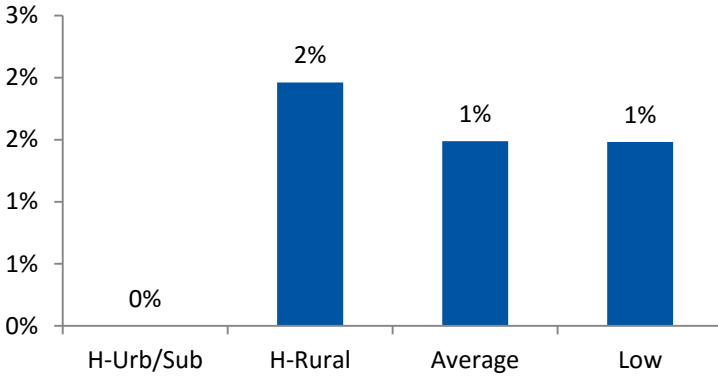
We examined May budget vote results for different types of school districts. Figure 12 represents the percentage of districts in each need/resource capacity category that sought overrides. We found that in past years, override attempts were greatest in high need rural school districts. In 2016, an unusually high number of average and low need districts sought overrides, while rural districts continued to seek overrides in the greatest numbers. This could possibly be attributed to the low allowable levy growth factor, which has led to a low tax cap and has affected all districts, including those average need districts that rely on local revenue for much of their budgets.

Figure 12 – May 2016 Override Attempts for School Districts Grouped by Need/Resource Capacity Category



Examining the incidence of budget defeats for different need/resource capacity categories of school districts showed that with only one budget defeat in the category, high need urban/suburban districts had the lowest incidence of budget defeats.

Figure 13 – May 2016 Budget Defeats for School Districts Grouped by Need/Resource Capacity Category



Budget Vote Results by Region

We analyzed budget vote results for school districts grouped by nine regions in the state. Figure 14 shows that the highest incidence of override attempts occurred in the Southern Tier, followed by Long Island, the Hudson Valley, and the Mohawk region. Every region contained at least one override attempt.

Figure 14 – Percent of School District Override Attempts by Region (May 2016)

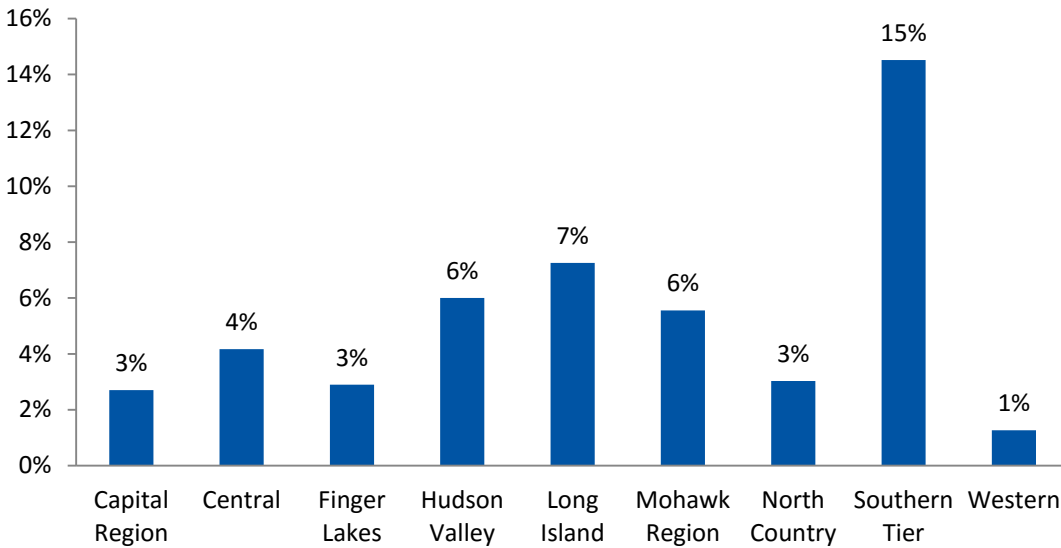
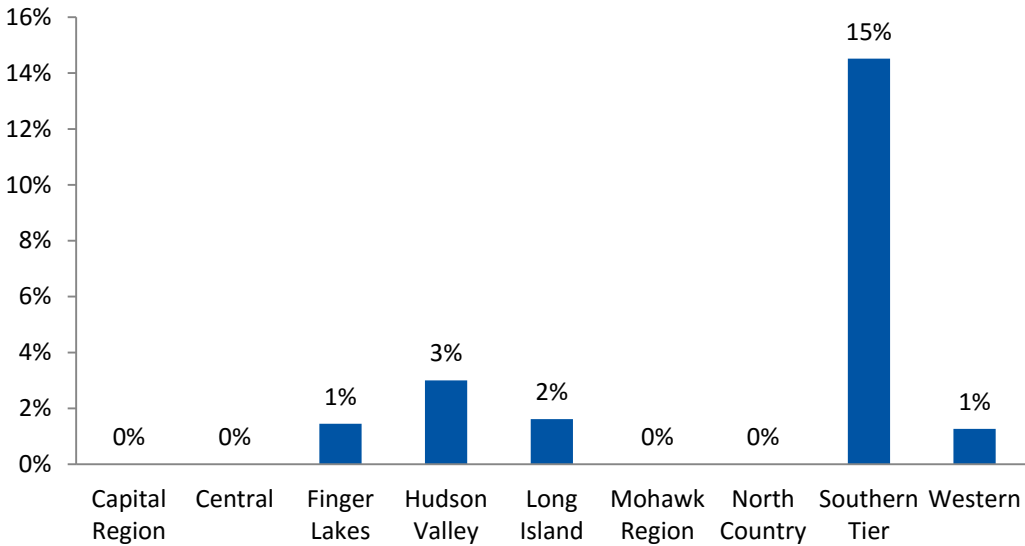


Figure 15 shows that the highest incidence of budget defeats occurred in the Southern Tier.

Figure 15 – School District Budget Defeats by Region (May 2016)



Negative Tax Caps

This year was unique in that the allowable growth factor for the property tax cap was unusually low. As mentioned earlier, the tax cap is tied either to two percent or the CPI, whichever is lower. The CPI for this year's tax cap was .12, or 12 hundredths of a percent. Once this is factored into a district's tax cap calculation, the cap is equal to almost no increase. In fact, some districts faced negative tax caps this year, meaning their levies had to decrease in order to be within the cap.

NYSASBO examined data that was provided from the Office of the State Comptroller on May 31, 2016. The data shows that 86 districts faced negative tax caps this year. Of those, 19 sought an override in the May budget vote, according to the budget vote data from SED. Of those that had negative tax caps and sought an override, 17 passed their budgets in May. Canaseraga's revised, tax cap compliant budget passed in June, while Florida's second attempt at an override did not.

Conclusion

In 2016, 99 percent of budgets passed at the first opportunity. However, record-low tax caps, and in many cases negative tax caps, caused districts to seek overrides in higher numbers. After three years of declining numbers of overrides, 2016 saw a jump from 19 attempted overrides to 36. The state should recognize this jump as a sign that this year's tax cap was unreasonably low, and could have negative effects for students and communities in the coming year.

NYSASBO continues to advocate for the state to make commonsense revisions to the property tax cap law, including preventing negative tax caps, tying the cap to a flat two percent or making up for the loss in local revenue in state aid, and implementing the changes that were approved in the laws of 2015 but never implemented. These changes would allow for more reasonable tax levies that can more adequately support education without overburdening taxpayers.