

Unfunded Mandates, Tax Caps and Advocacy for Mandate Relief

What's an unfunded mandate?

- An unfunded mandate is an obligation imposed on school districts by the state or federal government, the cost of which is not paid for by the government.

EXAMPLE. New York State law requires that school districts provide transportation for students living more than certain distances from school, whether the student attends public or private school, but the State does not reimburse the expenses the district incurs in meeting that obligation.

EXAMPLE. If a teacher and/or employee pensions go up as determined by state law, school districts must pay the increase.

- School districts must find money within their budgets to pay for unfunded mandates. Thus, districts must sometimes cut programs or staff to find the money to pay for expenses the state or federal government requires them to incur.

What is a tax cap?

- Last year, the New York State Legislature enacted a cap (the so-called 2% tax levy cap) on the amount of money that school districts can collect from property taxes to meet their budgets. The amount a district can collect is also known as the **tax levy**. For more info, see <http://www.nyspta.org/pdfs/advocacy/3TaxLevyNumbers2012.pdf>
- The tax levy cap (sometimes called the tax cap) prevents districts from increasing the amount they collect from taxpayers by more than 2% or the rate of inflation - whichever is less. Certain expenses -- like the portion of pension cost increases that exceed 2% or voter-approved capital costs -- are excluded from the formula and then added back in after the calculation.
For more info, see <http://www.lohud.com/article/20120220/NEWS05/302200048/School-districts-struggle-explain-tax-cap>
Under the current tax levy cap law, school districts cannot seek a tax levy increase of more than 2% without obtaining a supermajority vote (60%) from its community.
- The so-called tax levy cap does not cap tax increases at 2%. Even with a tax levy increase of 2% or less, an individual family's tax bill could still increase more than 2%.

EXAMPLE. If a business in town closes, the taxpayers could be charged more in dollars to make up for the lost tax revenue the business previously generated, regardless of the tax levy cap. More precisely, taxpayers would have to share the additional cost of that business's share of taxes it could not produce.

What does a tax cap have to do with unfunded mandates?

- School districts have struggled under the burden of unfunded mandates for years, but the tax levy cap interferes with a community's ability to determine how much money its taxpayers are willing to pay to support its local school programs.

EXAMPLE. If a district's cost to implement unfunded mandates is greater than or equal to the allowed tax levy increase under the cap, a district would not have sufficient monies to fund any increase in program costs due to inflation. In that situation (and in the absence of a supermajority), the district would be forced to make program cuts.

- In the past two budget years (and notably prior to the imposition of the tax levy cap), our school district, like many in our region, eliminated inefficiencies, cut teaching positions and used reserves to keep tax increases to a minimum. The district did not need the tax levy cap legislation to appreciate that there is a limit to what taxpayers can afford.
- The tax levy cap does not limit a school district's expenses. The cost of existing unfunded mandates is continually growing, while the cap limits the funds a district can collect. Moreover, since the enactment of the tax cap legislation, New York lawmakers have proposed or legislated at least five new mandates. Passage of these other mandates would add to the existing financial burdens upon school districts at a time when the State is limiting districts' fiscal resources via the tax levy cap.

What can taxpayers do?

- **Stay informed!** See the district website for up-to-date information about the development of the proposed school budget.
<http://www.mamkschools.org/education/dept/dept.php?sectionid=3783>
 - Attend the March 20th Board of Education Meeting to learn more about the contents of the Proposed School Budget for 2012-2013 and the proposed bond.
 - Attend as many other related meetings as you can.
 - Learn what would happen if our community were to vote down the proposed budget on May 5th.

EXAMPLE. If the community were to vote the proposed budget down twice, the district would be forced to adopt a budget that reflects a 0% tax levy increase over this year's budget. That would translate to significantly more budget cuts than the current 2% tax levy cap would dictate.

- Get to the polls and VOTE on Tuesday, May 15th.
 - Historically, only 1/3 of parents in our district vote. Let's change that!
 - Are you registered to vote? Do you need an absentee ballot? For more information, click [here](#).
- Write to our elected state officials in support of relief from unfunded mandates and resulting program and staffing cuts. A sample letter is [available](#). You may revise it as you wish, or write your own letter. Some relevant contact information:

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