



Suffolk County School Superintendents Association  
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July 30, 2008

Dear :

The Suffolk County School Superintendents Association (SCSSA) clearly understands the state's fiscal situation and the budgeting challenges you face this year and next. As a result, our Legislative Committee has prepared the enclosed reports:

- ***Capping the Tax Levy***
- ***2008-09 Long Island Funding Facts: Foundation Aid and High Tax Aid***

We appreciate the fact that you are already involved in the development of next year's budget and consideration of a property tax cap. We have prepared these reports to help inform your discussion of these matters.

Although the reports were developed independent of one another, they are directly linked due to the relationship between the school property tax levy and state aid. Simply stated, school revenues come from basically two sources, so what doesn't come from one must come from the other. Just under 70% of all school funding on Long Island comes from the property tax levy, while just over 25% comes from state aid.

Although these shares vary dramatically from the state average, our concerns about the tax cap and the level of state support go well beyond the basic numbers. The concerns center on the following:

1. **SCSSA research indicates that the impact of the tax cap will vary amongst all districts; however, our Island-wide projections show that the 4% cap could allow a spending increase of as little as 2%. It can be anticipated that much of the 2% increase will be consumed by rising health insurance premiums and energy costs.**

At the district level, we assumed that costs would increase by 5%, Foundation Aid would increase by 3%, High Tax Aid would decrease by 50%, and other state aid would increase by 4%. Given these assumptions, the following are examples of the program and service reductions that the low-wealth districts (CWR <1.0) involved in our study would need to make if the cap is imposed:

- Reduction in teaching staff resulting in increased class size
- Reduction in teaching staff resulting in reduction of elective classes and special area instruction
- Reduction in student support services staff
- Reduction in administrative and support staff
- Reduction in routine facilities maintenance
- Reduction in athletics and extra-curricular programs

Other reductions, which vary from district to district based upon individual circumstances, are itemized in the ***Capping the Tax Levy*** report.

2. **Any Legislation establishing a property tax cap should also clearly outline the state's commitment to providing appropriate levels of state support in the future.**

Given the linkage between state support and the property tax levy, our research indicates that in order to establish a cap without impacting educational opportunities, the state must commit to funding levels that keep pace with rising costs.

3. **Any Legislation establishing a property tax cap should clearly identify the expenses rooted in mandates that the state will assume in the future.**

Many school district expenditures are deeply rooted in state and federal mandates. The state should evaluate spending patterns, identify those areas rooted in mandates, and assume a share of these costs, thus reducing dependence on local property taxes.

4. **The Foundation Aid Formula, which drives 70% of all state aid, does not recognize Long Island school funding needs.**

After only two years of use, the Foundation Formula provides only the 3% minimum increase to most school districts on Long Island (72 of 121), including a majority of the low-wealth districts (15 of 29).

5. **In order to compensate for the deficiencies in the Foundation Formula, the state has driven nearly 70% of all High Tax Aid to Long Island schools.**

This results in Long Island schools being overly dependent on one source of categorical aid and makes our schools disproportionately vulnerable to a statewide reduction in High Tax Aid.

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6. **Consideration of a property tax cap before the Foundation Formula is fixed puts Long Island schools and Long Island property taxpayers at a tremendous disadvantage.**

A property tax cap, which basically caps the levy at a level that is far too high given our historic overdependence on property taxes, places our region at a disadvantage. A tax cap should not be considered until the Foundation Formula is corrected.

We appreciate your attention to our concerns. Our Legislative Committee looks forward to the opportunity to work with Executive and Legislative representatives to devise a plan to assure appropriate levels of state support for our schools and much needed property tax relief for our residents.

Thank you for your attention to this matter. We look forward to hearing from you.

Sincerely,

Gary D. Bixhorn  
Legislative Chair

GDB/jc  
Enclosures