

# Mandate Relief Would Save NY School Districts Millions

“ A Perfectly Good Crisis – *Let’s Not Waste It.*”



**NY State is in a fiscal crisis.** Governor Paterson is proposing to cut education aid by \$1 billion. These steep cuts will have a devastating effect on school districts statewide.

**Mandate reform would provide a meaningful, long-term solution to the state’s funding challenges.** If the state legislature adopts mandate relief proposals, it would save NY school districts billions of dollars and help prevent massive staff layoffs, program cuts, and property tax increases.

**Presented to local legislators at the NYSSBA 2010 Lobby Day by Port Jervis School District Board of Education members: Roger Kalin, Tom Sexton, & Bill Smith**

# School District Cost Drivers

A ban on future unfunded mandates and relief from existing mandates would **SAVE** Port Jervis School District taxpayers more than **\$4 MILLION** annually.

## Non-Discretionary Expenses:

SCHOOL DISTRICTS HAVE ALMOST NO CONTROL OVER THESE COSTS. MANY ARE DRIVEN BY UNFUNDED MANDATES.

- ✓ Pension Contributions
- ✓ Health Insurance
- ✓ Special Education
- ✓ Wicks Law
- ✓ Unfunded Mandates
- ✓ Mandated Reports

## Partly Discretionary Expenses:

SCHOOL DISTRICTS HAVE LIMITED CONTROL OVER THESE COSTS.

- ✓ Teacher Salaries
- ✓ Operations & maintenance
- ✓ Transportation



# Non-Discretionary Expenses Pension Contributions

- Contributions are mandated by law.
- Teacher pension contributions increased 268% from 2001-02 to 2005-06.
- Non-teacher pension contributions increased 1,032% from 2002 to 2006.

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## Non-Discretionary Expenses Health Insurance

- ❑ Accounts for 12% of the total increase in education spending since 2001.
- ❑ This expense rose 51% between 2001-02 and 2005-06.
- ❑ Rose by double digits in each of those years.



## Non-Discretionary Expenses Special Education

- ❑ NY State Special Education spending is **\$1.3 billion more than the national average.**
- ❑ Mandated spending on **Special Education rose by 31%** (2001-02 to 2005-06).
- ❑ Accounted for **14.2% of increase** in education spending,  
- But, number of students served rose only 0.5%.
- ❑ Federal Government has reneged on its promise to fund 40% of mandated Special Education costs — **NY taxpayers are picking up the tab.**



# Non-Discretionary Expenses

## Wicks Law

- New York State mandates schools hire four separate contractors for each construction project.
- NYS is the **ONLY** state with this requirement.
- Adds substantial unnecessary expenses.
- Port Jervis could save \$1,460,000 taxpayer dollars on current capital project if this requirement did not exist.



# Non-Discretionary Expenses

## Unfunded Mandates

- Add significant costs to school district's annual operating budget.
- Elimination of unnecessary mandates would provide long-term savings. For example, the requirement to supply graphing calculators costs NY schools \$100 million annually.
- It cost the Port Jervis School District over \$4 million to comply with unfunded mandates in 2008-09.



# Non-Discretionary Expenses

## Mandated Reports

- NY schools are required to file 130 reports annually to State Education Department.
- NYSSBA and State Education Department identified excessive and duplicative reporting mandates.
- Reports divert staff time and resources.
- Excessive reports burden State Education Department staff who must review them.



# Non-Discretionary Expenses

## MTA Payroll Tax

**Port Jervis SD paid \$115,000 in 2008-09**

- The cost is approximately 0.5% on tax levy, or the equivalent of 1.5 teachers.
- This expense is utterly unrelated to education.
- Double taxation—employers pay as employers and also as school district taxpayers.

The background of the slide is a collage of various US dollar bills, including \$10, \$20, and \$50 denominations, scattered across the page. The bills are slightly faded and overlapping, creating a textured, financial theme.

## Partly-Discretionary Expenses Teacher Salaries

- Represent 35% of expenditures.
- Subject to collective bargaining.
- Salaries rose 18% (2001-02 to 2005-06).
- Rose at 3.6% annual rate.
- Salaries are comparable with occupations requiring similar education, skills, training.

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# Partly-Discretionary Expenses Transportation Operations & Maintenance

- Salaries subject to collective bargaining.
- Diesel fuel costs increased 102% (average for the East Coast from 2001 – 2006).
- Cost of heating oil in NY more than doubled from 2001 to 2006.

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# What can you do?

**Ask your state legislators to:**

- Urge federal lawmakers to pass the EDUCATE Act.** Requires federal government to pay 40% of Special Education mandates, as originally promised in 1975.
- Support legislation to streamline reporting requirements.**
- Support mandate relief legislation**
  - No new unfunded mandates
  - Temporary moratorium on existing mandates
  - Repeal MTA Payroll Tax
  - Repeal Wicks Law

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# Benefits of Suggested Reforms

- Would offset proposed reductions of \$1 billion in state aid.
- NOT requests for new state funding.
- Save dollars for taxpayers, schools, and state government.
- Represent a call for needed review of current mandates and policies.
- Would result in greater efficiencies in schools and state government.
- Require no new state expenditures.

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## **Contact Information for State Leaders**

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### **Sources:**

**“Excelsior: Key Drivers Behind New York’s ‘Ever Upward’ Property Tax Burden.”**

New York State School Boards Association. April 2008. Web. March 12, 2010.

<[http://www.nyssba.org/clientuploads/nyssba\\_pdf/CommExcelsiorReport.pdf](http://www.nyssba.org/clientuploads/nyssba_pdf/CommExcelsiorReport.pdf)>.

**“Recommended Mandate Relief for School Districts.”** New York State School Boards Association.

n.d. Web. March 12, 2010.

<[http://www.nyssba.org/clientuploads/nyssba\\_pdf/gr\\_MandateReliefBooklet08.pdf](http://www.nyssba.org/clientuploads/nyssba_pdf/gr_MandateReliefBooklet08.pdf)>.