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ABSTRACT

This report describes findings of a study conducted by the Auburn Enlarged City School District that examined the ability of New York school districts to pay for their students' educational needs. The methodology used involved an economic comparison of the largest 80 New York school districts selected on the basis of enrollment and an analysis of data for the years 1988 and 1991. The following aspects were examined: district full value; tax rates; state aid; total revenue; combined wealth ratio; enrollment trends; and small cities aid. Findings indicate that the state aid formulas, when adequately funded and without capping losses, are able to address the economic disparities among the districts. Revenue available for education was changed by reducing state aid to education and replacing it with rapid increases in property values. Because small cities lack a sufficient tax base to fund education, it is argued that the state is responsible for ensuring that the formulas provide equal educational opportunities for all students. Nineteen exhibits are included. (LMI)

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# A Level Playing Field

*A Report  
to the  
Association of Small City School Districts*

*Completed  
by the  
Auburn Enlarged City School District  
1993*

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**Hollis A. Palmer  
Superintendent of Schools**

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## INTRODUCTION

In 1992, an independent study on economic inequalities in funding education in New York State was undertaken by the Auburn Enlarged City School District. The study, entitled "Fair Share," showed significant disparities in funding for a specific number of school districts of similar enrollments or Full Value. The "Fair Share" report received wide-spread circulation, comment, praise and criticism. This year, a more inclusive examination was undertaken to ascertain the ability of school districts to pay for the educational needs of their students.

As anticipated, the 1993 study shows that among districts of equivalent enrollments, disparities exist in their ability to fund local educational programs. Of major significance, the study clearly reveals that these disparities are linked to the designation of Small Cities School Districts and non-cities (e.g. Central School Districts).

## THE STUDY

The study undertaken for 1993 is an economic comparison of the largest 80 school districts chosen on the basis of enrollment.\* The districts studied represent all areas of the State from Jamestown to Albany; from Long Island to Watertown, including 23 of the 57 Small Cities (40%) in New York State. There are also 57 non-cities school systems in the comparison group. An examination of any one year merely illustrates the problem. Therefore, the decision was made to analyze comparative data for the years 1988 and 1991, since an examination over time demonstrates not only the problems, but also the trends. The source of all data, unless otherwise noted, is from the various Basic Educational Data Systems (B.E.D.S.) information booklets.

This report is being incorporated into the Small Cities "Level Playing Field" proposal. This portion of the Level Playing Field examines various financial and enrollment data.

\*The Big Five: New York City, Buffalo, Rochester, Syracuse, and Yonkers were excluded from this study based on special formulas determining their aid.

## THE COMPARISON GROUP

Exhibit 1 lists the school districts in the study and their rough geographic locations. The districts are listed in categories relating to generally accepted geographic designations in New York State: Western New York; Central New York; Capital District; Southern Tier; Mid Hudson; Lower Hudson; and Long Island. This larger group study for 1993, with the broad range of locations, eliminates the "upstate-downstate" issue perceived in the "Fair Share" study.

## ENROLLMENT

Exhibit 2 compares enrollments in 1988. Based on enrollment, and exclusive of the largest non-city, the difference in 1988 between Small Cities and non-cities was insignificant. By 1991, at the same reference points, Small Cities enrollments were slightly larger than their non-city counterparts. Again, the difference was insignificant (Exhibit 3). What is significant, however, is that enrollments were somewhat similar and the differences that did exist tended to favor the non-cities.

## FULL VALUE

As one shifts from an examination of enrollment to one of fiscal characteristics, many significant disparities begin to appear. In 1988, the mean Full Value for Small Cities was less than 75% the Full Value of the non-cities (Exhibit 4). In fact, only the top three Small Cities exceeded their non-city counterparts as measured on Full Value. Because of significant increases in the value of real estate in New York State during the mid and late 1980's, the problem of reliance on Full Value was exacerbated by 1991. Exhibits 5 and 6 clearly point out the Full Value issues. While non-cities had a rapidly expanding property value, by comparison, the Small Cities increase was minimal. In 1991, the Small City at the 50th percentile had a Full Value per pupil equal to the non-city at the 10th percentile, and the Small City at the 75th percentile had the same Full Value as the non-city

at the 30th percentile. The evidence shows that Small Cities do not have the property value to raise the revenue necessary to fund local educational programs that the non-cities possess (Exhibit 7).

Relevant to the inequitable and ineffective system of distributing aid to the schools, the following example illustrates the magnitude of the Full Value dilemma: The total full value of the Small Cities of Auburn, Jamestown, Niagara Falls, Lockport, Kingston, Troy, Rensselaer, Hudson and Watervliet is approximately \$6,450,000. The total tax base of these nine Small Cities is the same as the non-city Great Neck Central School District. To further compound the problem, the enrollment in six of these nine Small Cities each exceeds Great Neck's (Exhibit 8). Further, the full value per student in Great Neck is seven times the average of these six Small Cities.

#### TAX RATES

The effect of the changes in funding in 1988 and 1991 are best demonstrated when one looks at the tax rates. In 1988, the tax rates for the Small Cities and the non-cities were roughly parallel through the 40th percentile (Exhibit 9). All Small Cities beyond that point were lower than their non-city counterparts. By 1991, however, at almost all levels, the Small Cities tax rate exceeded the tax rate for non-cities (Exhibit 10). Indeed, one can see that in just three years, the rates and relationships changed dramatically. Although the difference between the two classifications is not visually significant, the change in relationship over the period is significant. At almost every point the Small Cities have a higher tax rate than their non-city counterparts.

#### STATE AID

For many years, through various State Aid formulas for education, New York State has attempted to address the ability to fund educational programs based on local Full Values. In 1988, the State Aid to Small Cities and to non-cities roughly followed the same curve (Exhibit 11).

By 1991 however, the Small Cities had begun to exceed their non-city counterparts by a small margin (Exhibit 12). When examining tax rate (Exhibit 10) and State Aid (Exhibit 12) separately, it would appear that no problem exists. However, when the Full Value (tax base) is added to the equation, the total revenue per district is revealed.

### TOTAL REVENUES

In 1983, the Small Cities were already behind their suburban neighbors in the amount of State Aid revenue available to educate each child (Exhibit 13). By 1991, as a result in state funding reductions, the disparity widened (Exhibit 14). The gap between the two groups, relative to the amount of monies available to educate their children, had grown significantly.

This difference in local revenues can best be understood when one realizes that Small Cities are taxing their citizens at the highest tax rates, while raising a lower total tax revenue with which to educate their most challenging students. In other words, we tax the most to collect the least, to educate our most challenging students.

Current Operating Aid formulas, while they attempt to address the differences in the abilities of school districts to fund their local educational programs do not, in fact, succeed because the State has not allowed the formulas to function as designed. When the State stopped increasing funding, it caused the school districts to rely more on local revenues, the source of which is exclusively local property tax. When reliance on local property tax is combined with a gross shift in property values, an even greater problem develops.

### COMBINED WEALTH RATIO

Combined Wealth Ratio is a mathematical relationship in which property value and income are both considered in an attempt to equalize effort among districts. In fact, there are numerous arguments regarding the accuracy of the CWR when calculating this mathematical relationship. Regardless of its possible faults, the CWR is simply not accomplishing its original intent.

Exhibit 15 shows the CWR of the Small Cities and non-cities in New York State. In order to understand the differences, the area below .20 CWR was dropped, since no district falls into this range.

A CWR of 1.0 is average. According to the formula, the non-cities at the 50th percentile reach the average. At this same point, the Small Cities have a CWR of .60. Only four of the 23 Small Cities districts cited in the study (17%) exceed the average CWR of 1.0. In simplest terms, the Small Cities are poorer than their non-city counterparts.

### ENROLLMENT TRENDS

Before dealing with some of the inevitable conclusions, an additional trend needs to be examined. Recent population shifts are very significant to the study.

Many of the recent decreases in funding by the State in non-cities school districts were offset by a declining enrollment. Conversely, what limited increase in State Aid occurred in the Small Cities was compounded by increasing enrollments. Thirty percent of the Small Cities school districts in the study grew by 3% or more, while 49% of the non-cities realized a decrease in enrollment of 3% or more. Supportive data can be found in Exhibits 17 and 18.

### HURD AID

The problem is getting worse. Currently, each of the 57 Small Cities receive some Small Cities Aid (HURD). Current legislation calls for a decrease in SCA each year until it is eliminated. Exhibit 19 shows 100% loss impact of SCA, if it were to occur this current year.

## CONCLUSION

The State Aid formulas, when adequately funded and without capping losses, do provide the ability to address the economic disparities that exist between districts. In 1988, the State, facing fiscal problems of its own, began curtailing aid to education. During the period 1988-93, the effects of rapid increases in property values throughout the State were also reflected in the formulas. The results were a dramatic shift in revenue available to educate students.

Regardless of how we tax locally, Small Cities simply do not have the tax base sufficient to provide an equitable education for their students. The State has a responsibility to address the formulas to insure that all students are provided an equal educational opportunity.

# A Level Playing Field

## EXHIBITS

*Completed  
by the  
Auburn Enlarged City School District  
1993*



Hollis A. Palmer  
Superintendent of Schools

## SCHOOL DISTRICTS BY REGION

### Central New York

Auburn  
Baldwinsville  
Central Square  
Ithaca  
Liverpool  
North Syracuse  
Oswego  
Rome  
Utica  
Watertown  
West Genesee

### Western

Fairport  
Frontier  
Gates-Chili  
Greece  
Kenmore  
Lockport  
Niagara Falls  
North Tonawanda  
Pittsford  
Rush-Henrietta  
Webster  
West Seneca  
Williamsville

### Southern Tier

Binghamton  
Corning  
Elmira  
Horseheads  
Jamestown  
Union Endicott

### Mid Hudson

Arlington  
Kingston  
Middletown  
Monroe-Woodbury  
Newburgh  
Pine Bush  
Wappingers

### Lower Hudson

Clarkstown  
East Ramapo  
Haverstraw-Stony Point  
Lakeland  
Mount Vernon  
New Rochelle  
White Plains

### Capital District

Albany  
North Colonie  
Saratoga Springs  
Schenectady  
Shenendehowa  
South Colonie  
Troy

### Long Island

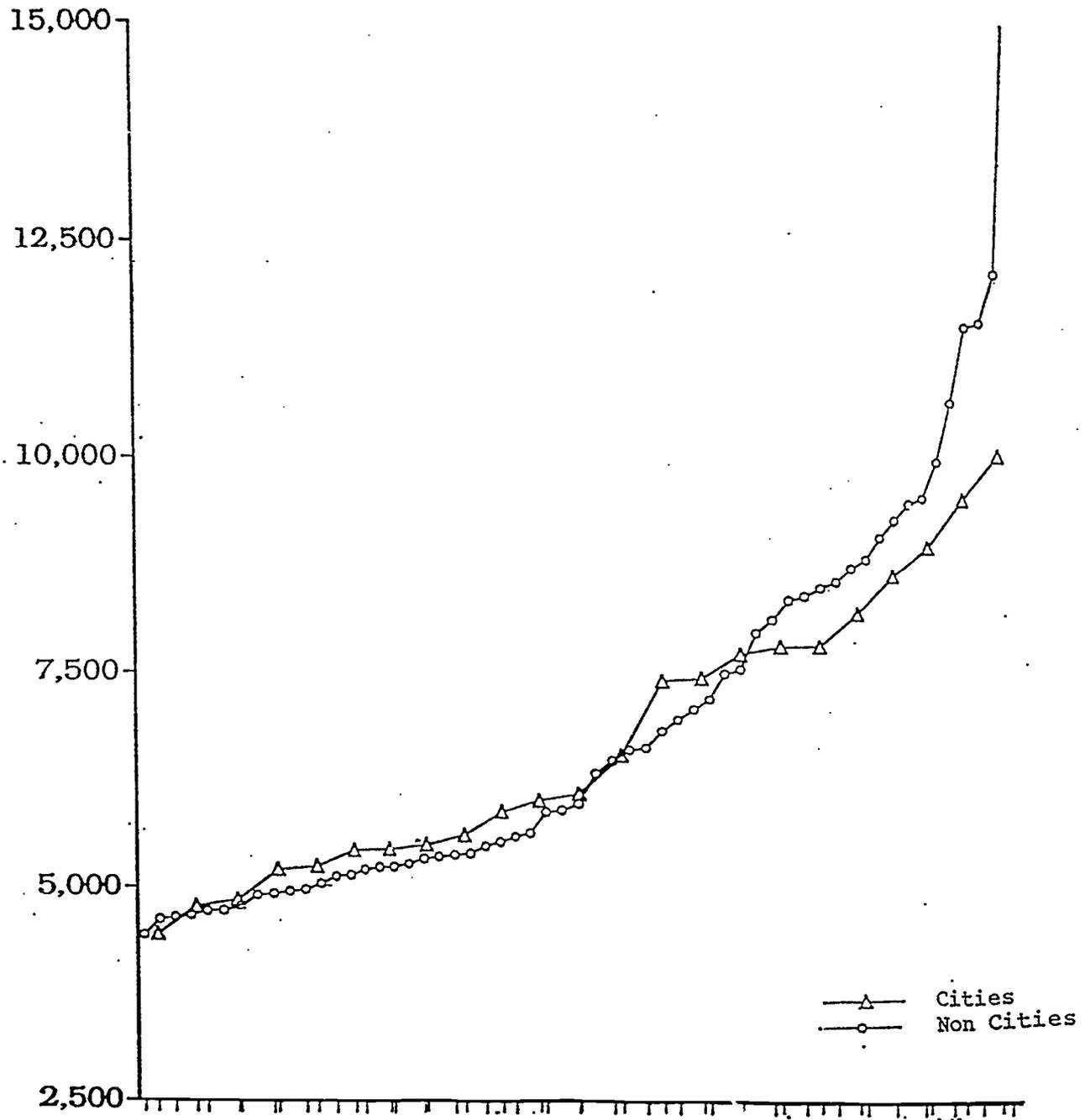
Belmore-Merrick  
Brentwood  
Central Islip  
Commack  
Connetquot  
East Meadow  
Farmingdale  
Freeport  
Great Neck  
Half Hollow Hills

Hemstead  
Levittown  
Lindenhurst  
Longwood  
Massapequa  
Middle Country  
North Babylon  
Northport-E. Northport  
Oceanside  
Patchogue-Midford

Sachem  
Sewanhaka  
Smithtown  
South County  
South Huntington  
Syosset  
Three Village  
West Islip  
William Floyd

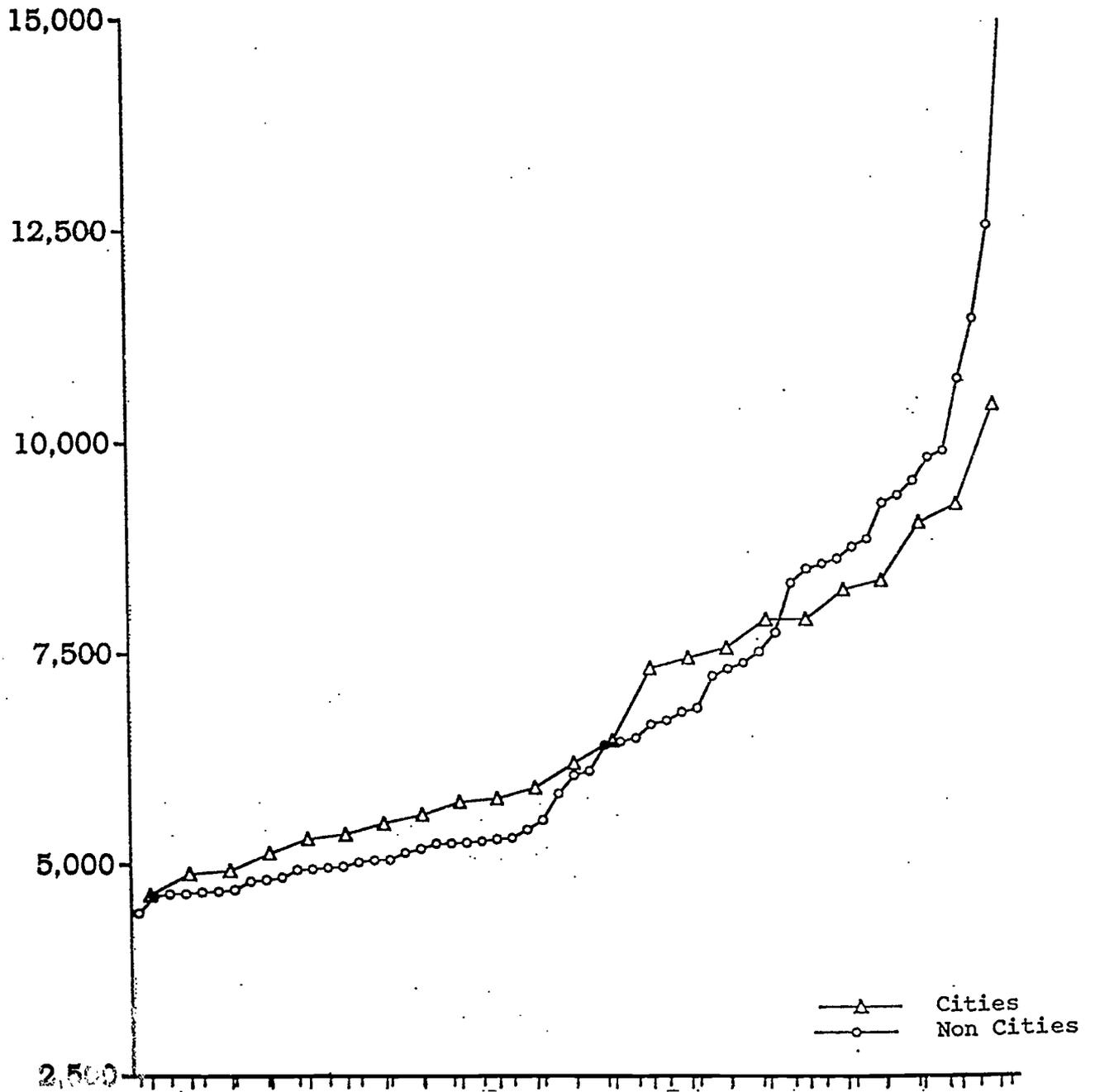
# Exhibit 2

## Enrollment 1988



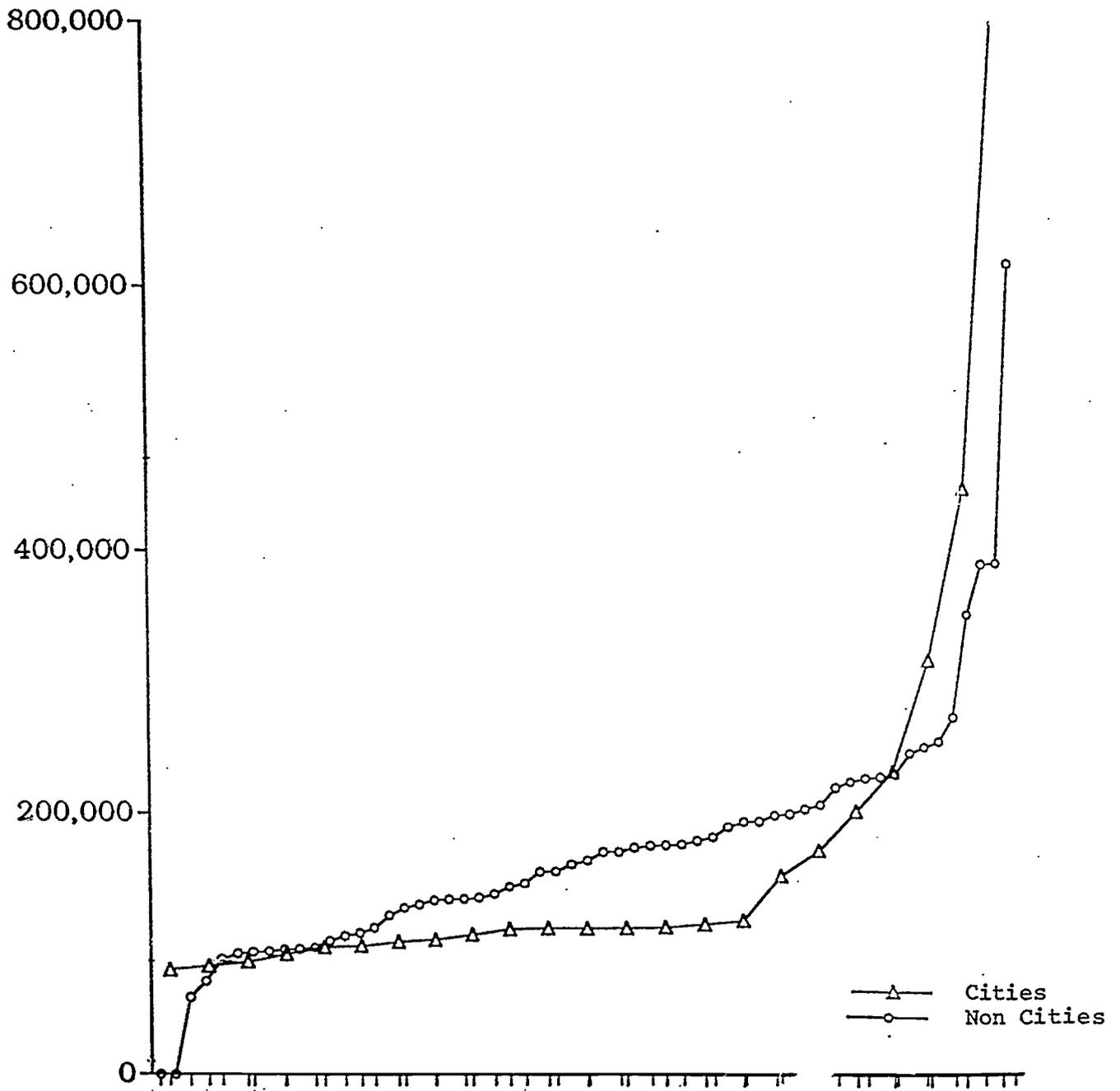
# Exhibit 3

## Enrollment 1991



# Exhibit 4

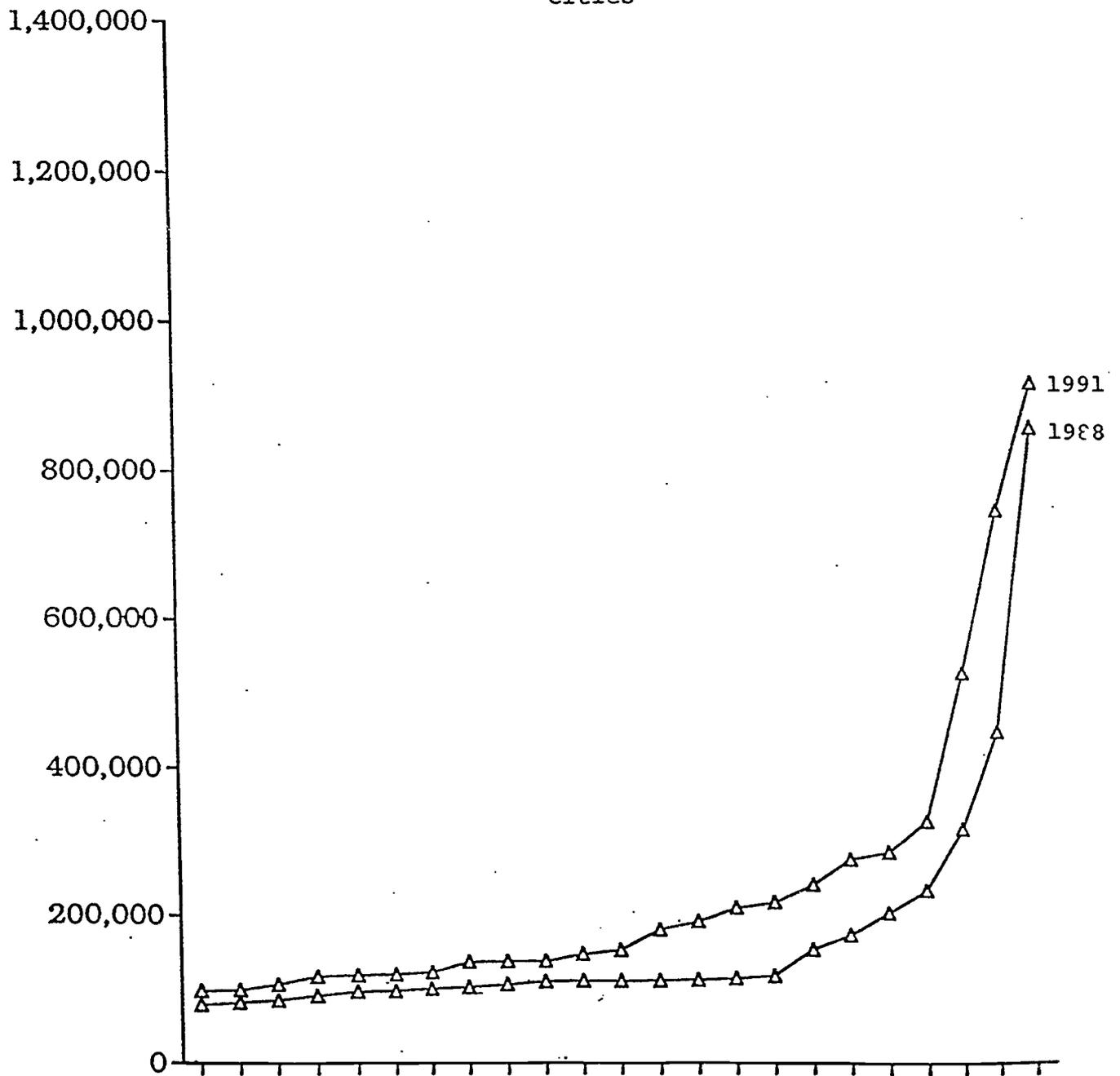
## FVPP 1988



FVPP 1988

FVPP 1991

Cities

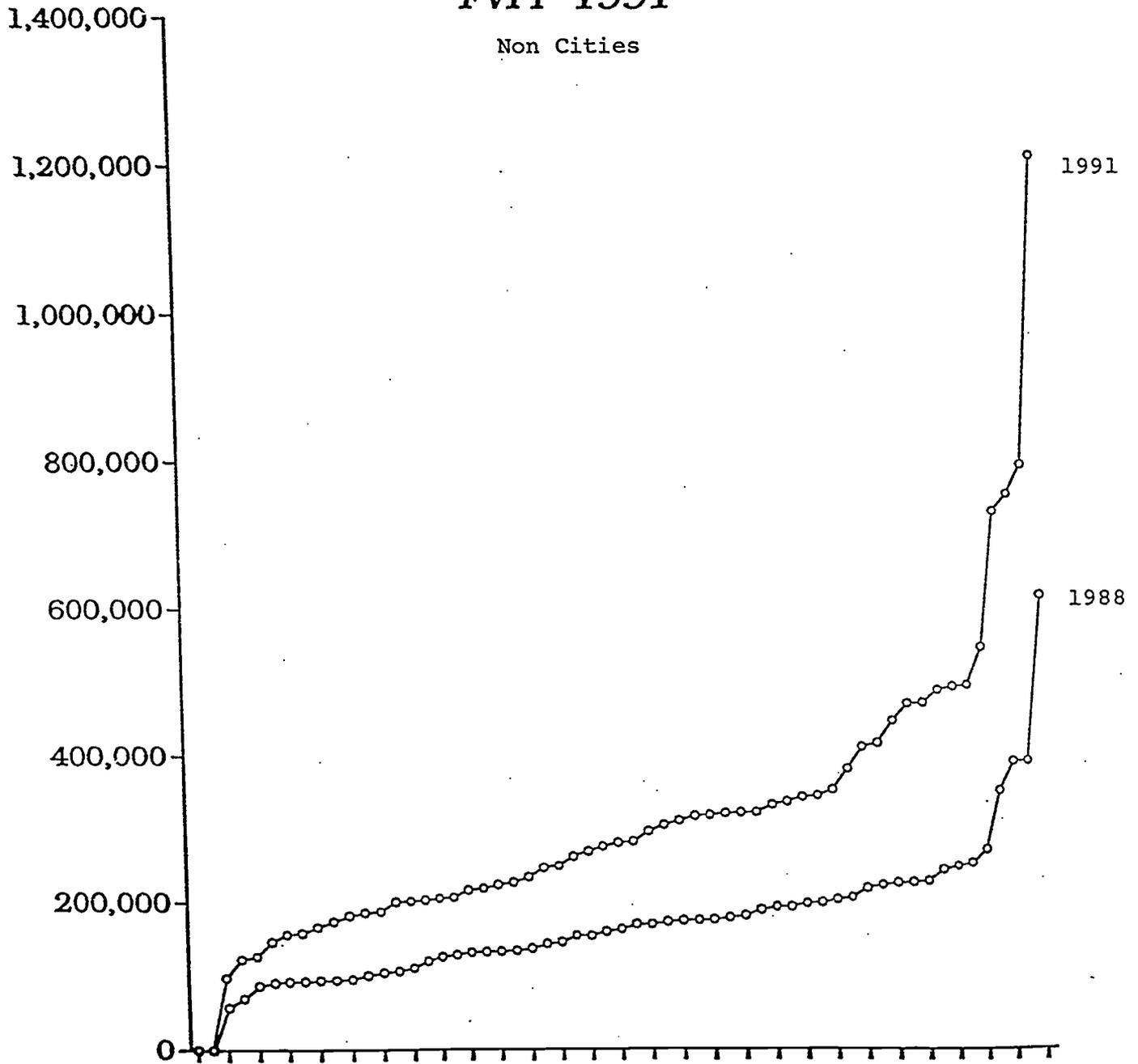


# Exhibit 6

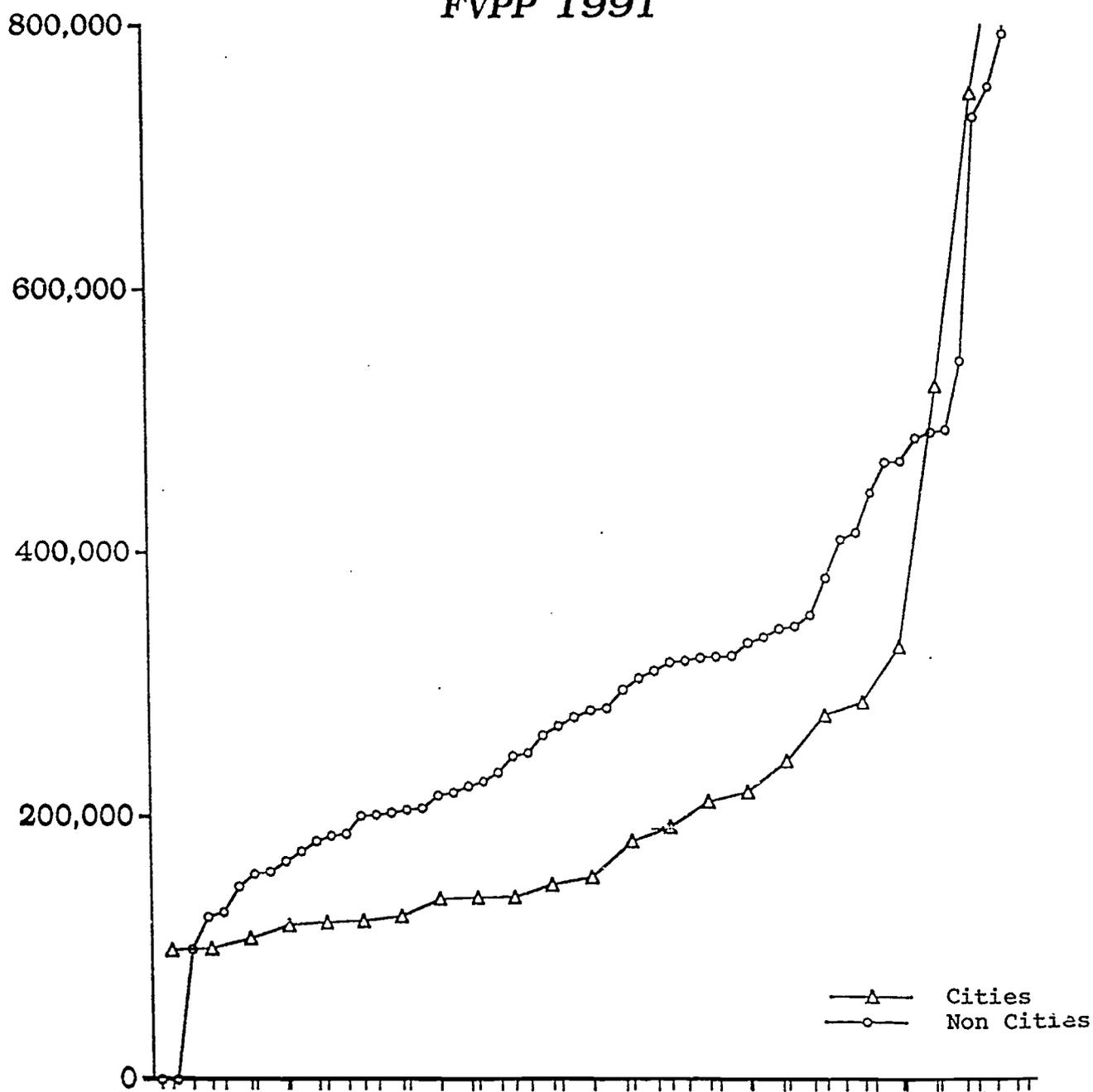
FVPP 1988

FVPP 1991

Non Cities



FVPP 1991



**Full Value Equivalent 6,450,000,000**

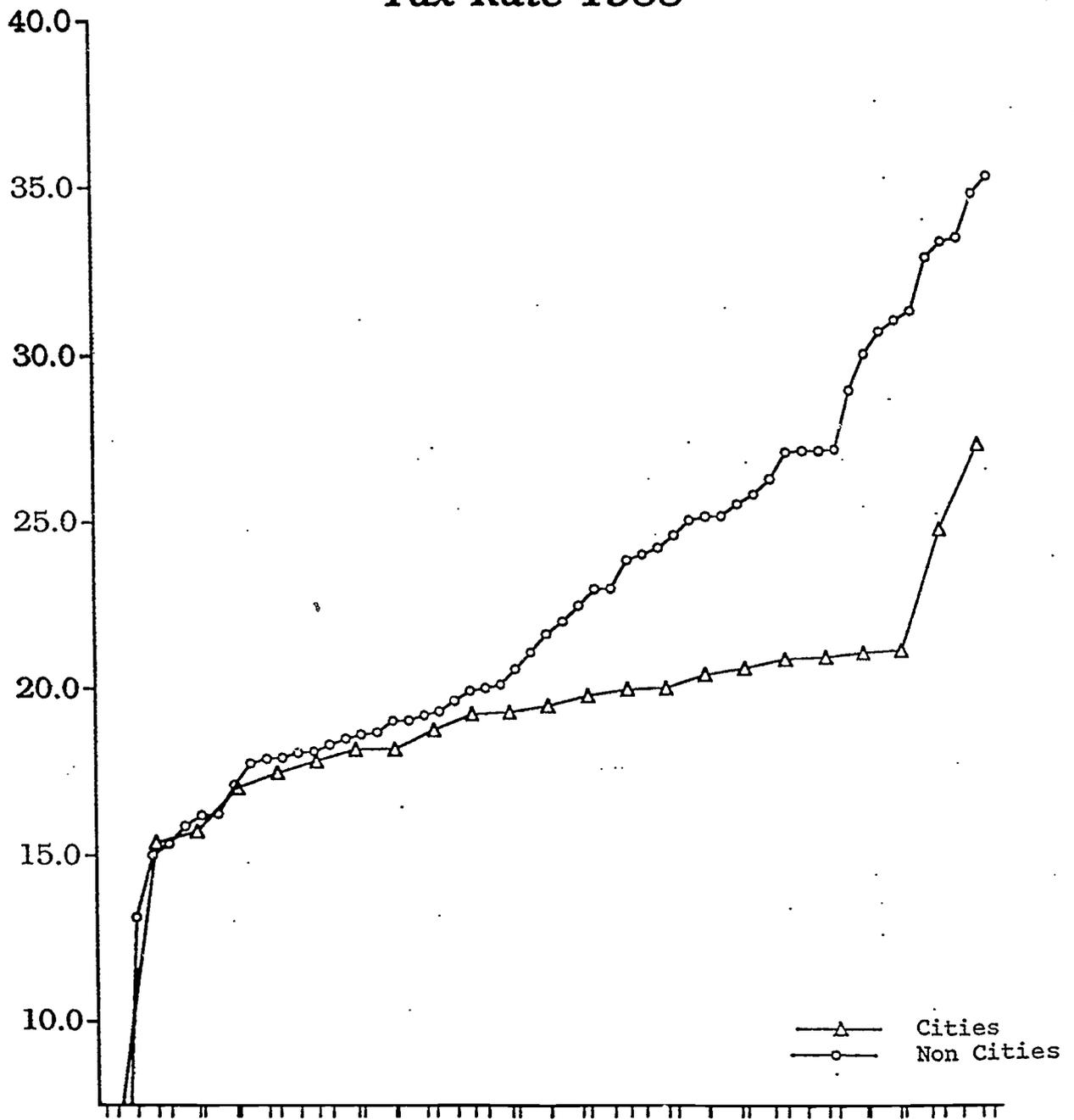
Cities	Number of Students	Tax	
		Rate	Levy
Auburn	5507	21.62	13,870,600
Jamestown	5801	16.45	9,420,400
Niagara Falls	9067	20.18	21,720,400
Lockport	6218	19.44	14,909,400
Kingston	7340	16.60	33,657,400
Troy	5322	23.71	15,120,200
Rensselaer	1035	18.95	2,665,400
Hudson	2436	15.89	6,906,700
Watervilet	1365	20.58	3,755,100
Total ---->	44,691		122,025,600

**Great Neck**

Students = 5311  
Rate = 12.15  
Levy = 78,218,800

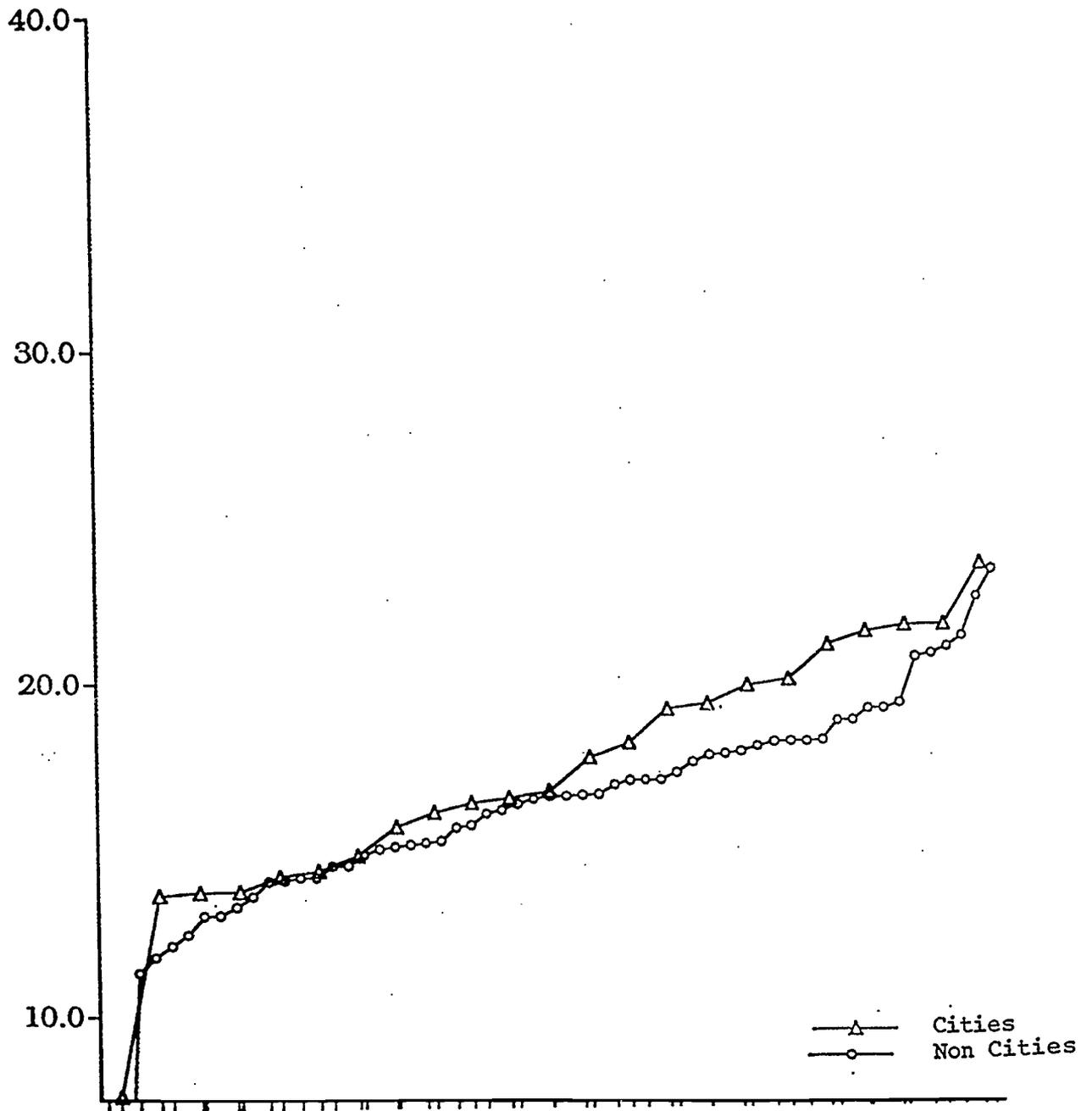
# Exhibit 9

## Tax Rate 1988



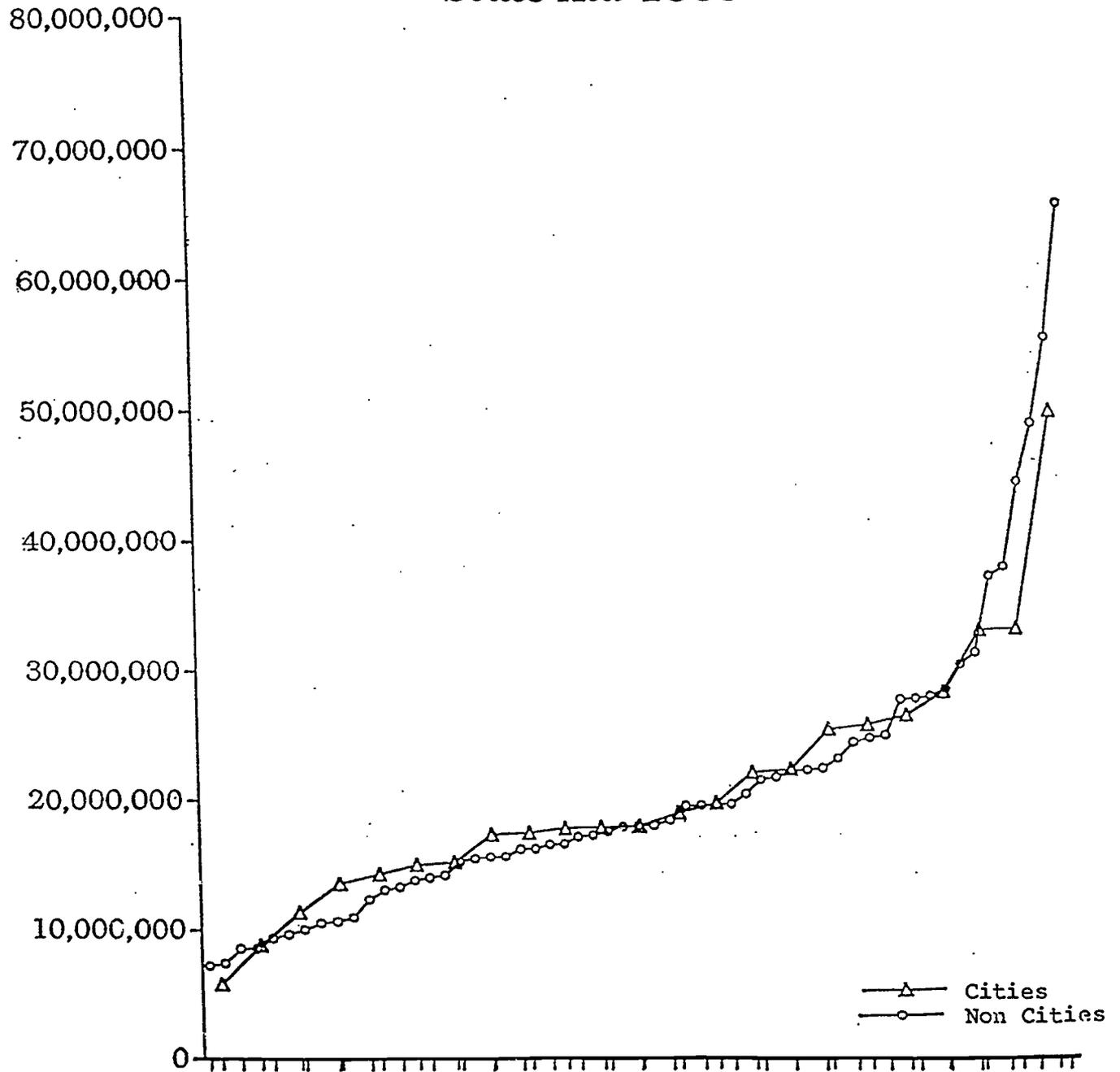
# Exhibit 10

## Tax Rate 1991



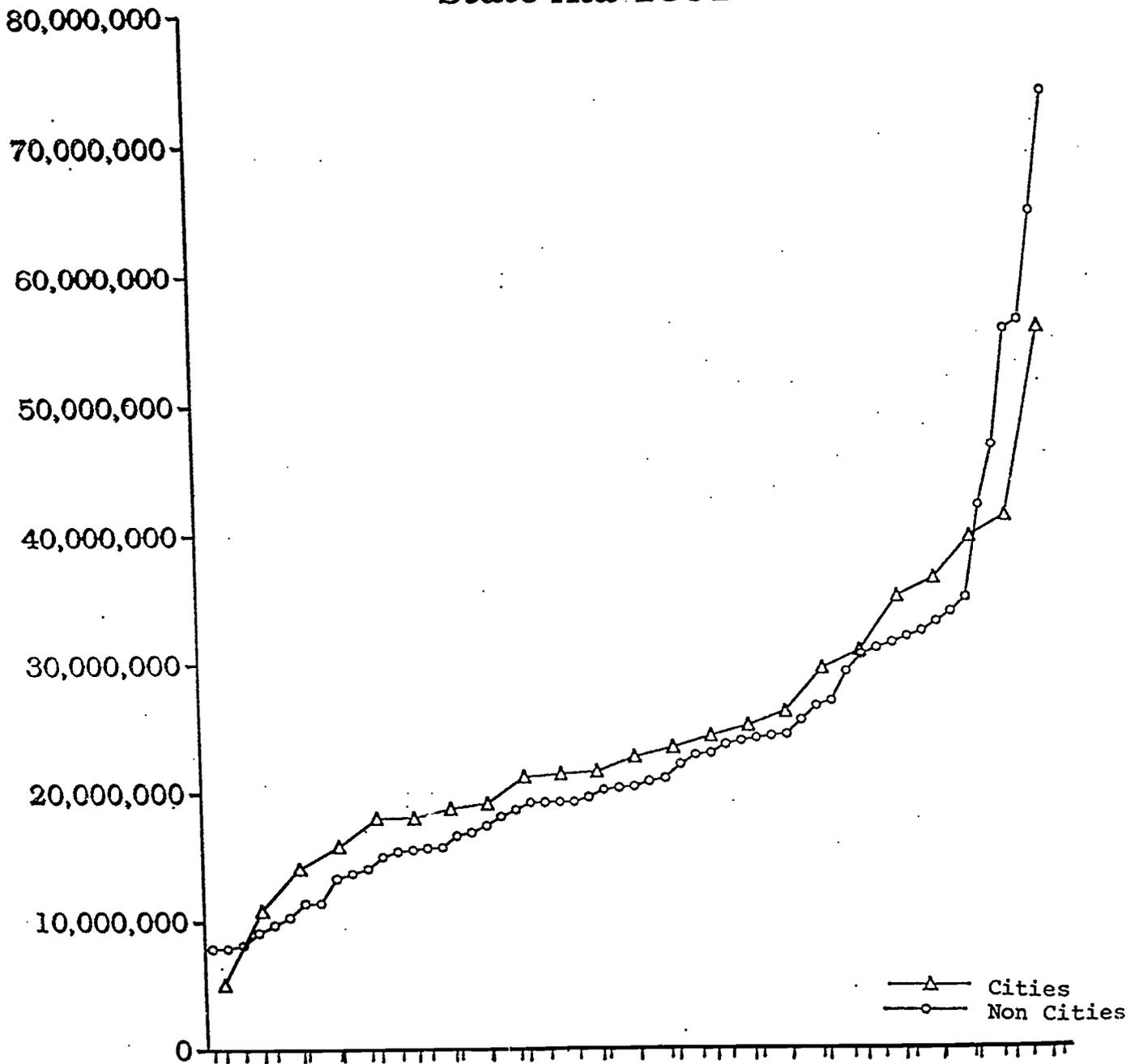
# Exhibit 11

## State Aid 1988

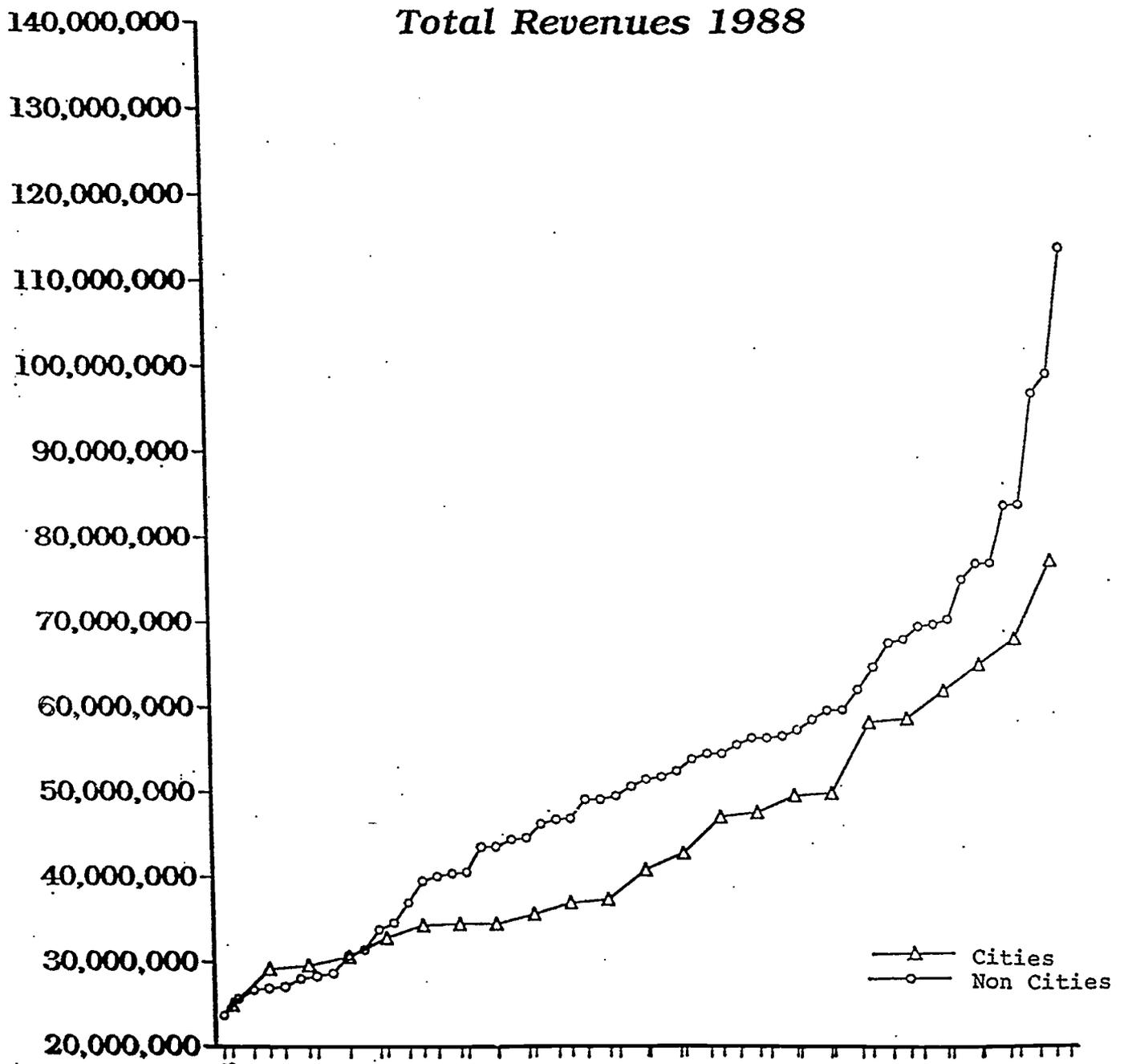


# Exhibit 12

## State Aid 1991

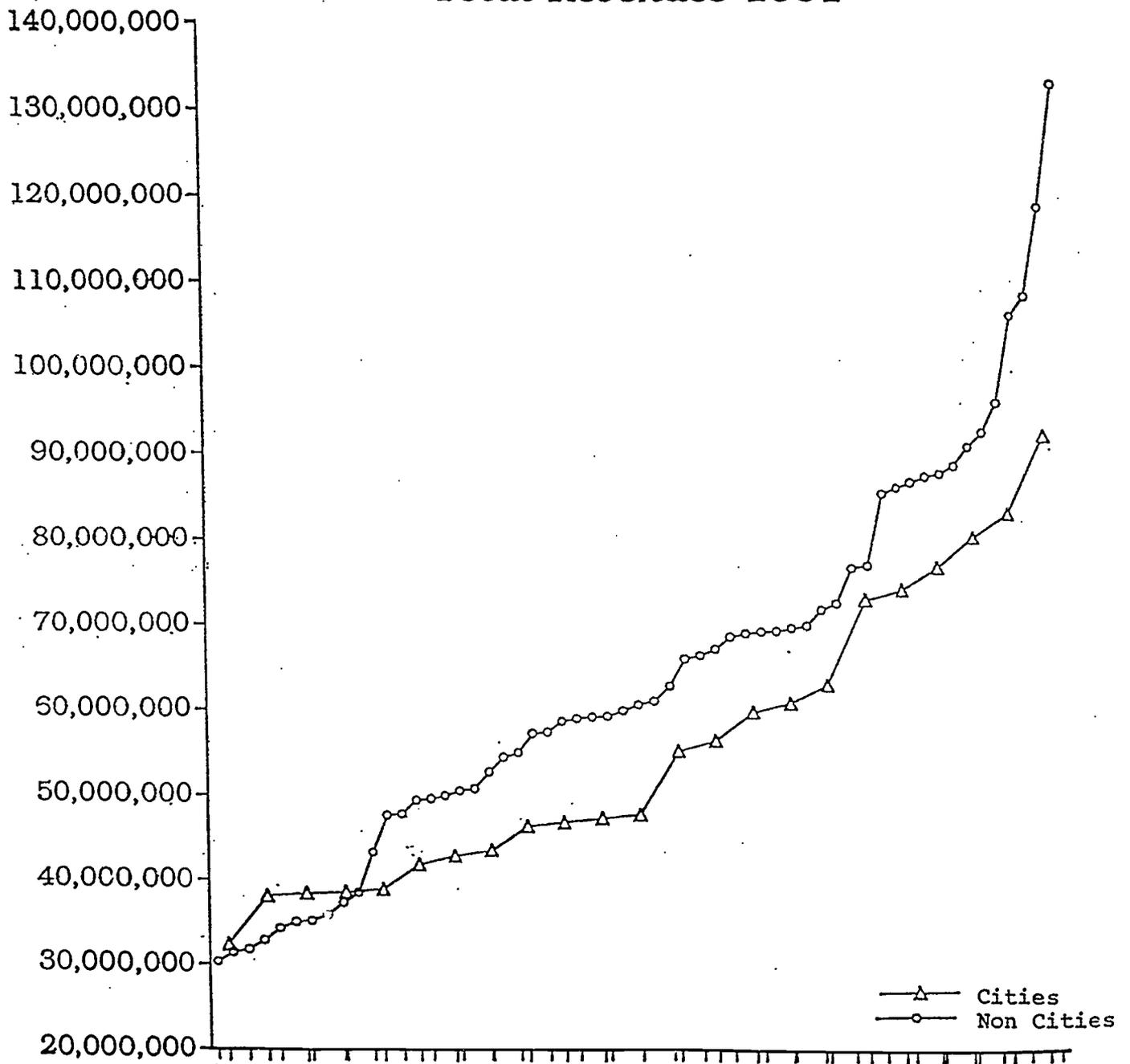


# Exhibit 13



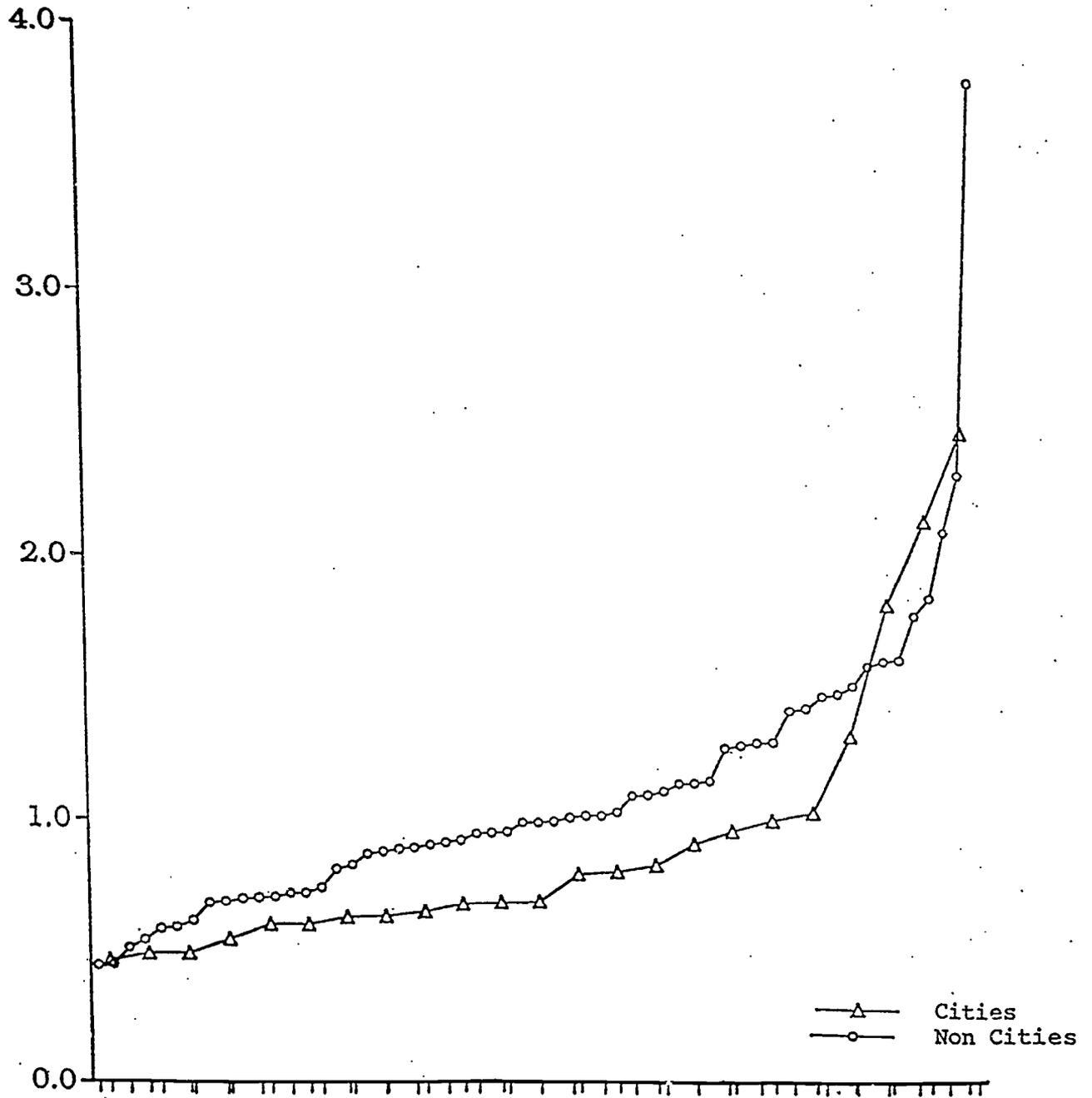
# Exhibit 14

## Total Revenues 1991



# Exhibit 15

## CWR 1991



# Exhibit 17

## ENROLLMENT INCREASES

1988 - 1991

### CITIES

<u>0-1%</u>	<u>1-2%</u>	<u>2-3%</u>	<u>3-4%</u>	<u>Over 4%</u>
Niagara Fls. 0.98	Rome 1.36	Oswego 2.70	Newburgh 3.40	Albany 8.61
Elmira 0.89	W. Plains 1.94		Lockport 3.44	Ithaca 4.75
N. Rochelle 0.42			N. Tonawanda 3.16	Auburn 6.82
				Watertown 4.57

### Even

Corning

### NON-CITIES

<u>0-1%</u>	<u>1-2%</u>	<u>2-3%</u>	<u>3-4%</u>	<u>Over 4%</u>
Fairport 0.89	Longwood 1.99	N. Syracuse 2.73	Greece 3.49	Williamsville 7.27
Baldwinsville 0.50	East Meadow 1.86			Shenendehowa 7.14
S. Colonie 0.40				Arlington' 5.85
Horseheads 0.44				Webster 9.12
N. Colonie 0.58				Pine Bush 7.53
				Central Square 5.23

### Even

Monroe-Woodbury  
West Genesee

# Exhibit 18

## ENROLLMENT DECREASES

1988-1991

### CITIES

<u>0-1%</u>	<u>1-2%</u>	<u>2-3%</u>	<u>3-4%</u>	<u>Over 4%</u>
Kingston 0.93	Jamestown 1.38	Mt. Vernon 2.54		Utica 8.36
Saratoga Sprgs. 0.76	Middletown 1.79	Schenectady 2.91		
	Binghamton 2.68	Troy 2.36		

### NON-CITIES

<u>0-1%</u>	<u>1-2%</u>	<u>2-3%</u>	<u>3-4%</u>	<u>Over 4%</u>
Brentwood 1.00	Liverpool 1.48	William Floyd 2.17	Syosset 3.84	Cachem 10.82
Freeport 0.87	Haverstraw-St Pt. 1.83	Kenmore 2.17	Oceanside 3.74	Wappingers 6.74
Pittsford 0.40	Great Neck 1.67	Rush-Henrietta 2.26		Middle Country 7.01
Union-Endicott 0.38	Frontier 2.37			E. Ramapo 7.37
Gates Chili 0.91				Clarkstown 5.31
				Patchogue-Med. 4.01
				W. Seneca 8.02
				Smithtown 10.23
				Half Hollow H. 10.24
				Three Village 9.42
				Connetquot 9.44
				Massapequa 7.72
				Levittown 6.24
				Sewanhaka 6.01
				Lindenhurst 4.57
				Commack 7.73
				Hemstead 5.41
				Farmingdale 5.09
				S. Huntington 4.36
				Northport-E.N. 8.17
				Central Islip 4.93
				Lakeland 6.63
				Bellmore-Merr. 6.00
				S. Country 6.23
				W. Islip 7.35
				N. Babylon 6.52

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# Exhibit 19

