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Why the Cap Will Not Hurt Educational Quality

A Fact Sheet Prepared by the Staff of the
New York State Commission on Property Tax Relief

Background: The Working Families Party (WFP) and the Alliance for Quality Education (AQE) have asserted that the Governor's property tax cap would hurt educational quality in New York. In the WFP/AQE advertisements, the proposed tax cap is compared to Massachusetts' Proposition 2 ½.

Massachusetts' tax cap has captured efficiencies without harming schools

AQE provided examples from Massachusetts where library hours have been decreased or teachers laid off in the last two years. These are cited without regard for the context of those decisions, such as decreasing student populations or changing funding priorities at the school district level. In fact, during the last five years, the student/teacher ratio in Massachusetts has remained unchanged at 13.6 to 1. During this time, the percentage of core academic classes which were taught by teachers considered "highly qualified" increased from 93.9 to 95.7.

Massachusetts' tax cap has been successful at lowering property taxes

Since enactment of Proposition 2 ½, Massachusetts has dropped from 3rd to 33rd in state and local tax burden. The AQE study says that non-tax fees in Massachusetts made up for the moderated growth in property tax revenue and that total taxation increased from \$1,162 per person when Proposition 2 ½ was created in 1982 to \$1,281 per person in 1990. This 10% increase over eight years in Massachusetts can be compared to the 56% increase in local revenue for schools that New York property owners have paid over the last eight years.

Like Massachusetts, New York state policy is committed to education

In terms of education funding, Massachusetts has been in the top ten in per pupil spending for the past 30 years, according to the United States Department of Education. New York is number one in per pupil spending. Since Proposition 2 ½ was enacted in 1980, the growth of per pupil spending in Massachusetts has averaged 6.4%. New York's state aid to schools increased by 22% in the last two budget years and is budgeted to be \$21.5 billion in 2008-09.

The tax cap will not hurt poorer districts

Raising property taxes to cover a potential shortfall in state funding is *not* a realistic option for areas with a limited tax base, and recent historic increases in state aid have been targeted to these districts. Moreover, history tells us that the poorest wealth districts on the average increase local revenues by only 1% a year. Thus, for these districts a cap set around 4% would, typically, have no impact.

43 states have some form of limitation on property taxes

29 of these states have a local property tax levy cap of some sort. The Commission looked at each of these states generally and then focused on peer states, with Massachusetts being the most relevant.

The bottom line in education is student performance

Across the country, student performance is measured using 4th and 8th grade math and reading test scores. According to the United States Department of Education, in 2007 Massachusetts ranked first in the country in 4th grade mathematics, first in 4th grade reading, first in 8th grade mathematics, first in 8th grade reading. New York ranges between 17th and 34th on the same test scores.

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