TAX LEVY LIMIT IMPLICATIONS ON EDUCATIONAL PROGRAMS AND PUBLIC SCHOOL BUDGETS IN NEW YORK STATE

A Doctoral Research Project

Presented to

Associate Professor Dr. Janice White

Doctoral Committee Chair

Esteves School of Education

The Sage Colleges

In Partial Fulfillment of the

Requirements for the

Degree of Doctor of Education

In Educational Leadership

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September 29, 2014

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Acknowledgement

This research could not have been possible without the support of my loving and supportive family. My husband, Don, and three wonderful children, Alexis, Giovanni and Marcella, were always there for me throughout this journey. I appreciate their understanding, encouragement and pride over the course of my doctoral work. I hope for this time period to be a living example of life-long learning to my children, and for them to see how important and valuable education is to enriching their lives.

My parents were the foundation for this work. My mother always told me when I was a child, "An education is something no one can ever take away from you." This is so true, but I have learned it is also a transformation of oneself as well. I would also like thank my doctoral chair, Dr. Janice White for a truly transformative doctoral experience at Sage College. I have immense appreciation for her support and commitment to my journey through this program. I thank my executive coach, Dr. Eva Joseph, whom was always there with an encouraging word through difficult challenges. Lastly, I would like to thank Dr. Rick Timbs his insightful wisdom and for serving on my Doctoral Committee.

Sage College has made an impact in my life through scholarly discussion and hearty collegial relationships. As a part of a wonderful cohort of individuals, I was blessed to have created meaningful friendships over the course of this invigorating work.

ABSTRACT

This quantitative study was completed in order to examine the budgetary reductions of school districts, excluding New York City and the Big Four, since the implementation of the New York State Tax Cap in New York State Schools in the last two years. A quantitative analysis was conducted on the comparison of budgetary reductions among New York State schools comparing the categories of High Need, Low Need and Average Need schools in areas of chosen reductions. Data for this study was collected electronically via Survey Monkey from Superintendents of New York State Public Schools, excluding New York City and the Big Four.

This study was undertaken to add to the understanding of the impact of the New York State Tax Cap Levy Legislation on the students of the New York State Public School system, excluding New York City and the Big Four. It is relevant as this is new legislation, which impacts the children of New York State with reductions in services and programs. This reduction will in turn disadvantage the socio-economic development of New York State. Funding inequity results in a system that denies access to high quality education to children based on their zip code.

In total six hundred and sixty two (662) Superintendents in New York State received a survey, of which three hundred and nine (309) responded, indicating a response a response rate of 47%. Over 90% of the superintendent respondents believed that the districts' overall ability to fund programs was either extremely or moderately negatively impacted by the tax levy limit legislation.

The findings of this research indicate that reform is necessary. Low, Average and High Need Resource Capacity School Districts all agree that reform on two items are necessary, changing the tax levy limit legislation and revamping the state aid funding formula to be more equitable to high need districts.

Keywords: Tax Levy Limit, Tax Cap, Educational Leadership, Fiscal Reductions, Educational Program Impact, State Aid, Legislation

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"The worst form of inequality is to try to make unequal things equal."

(Aristotle, n.d.)

The Research Problem

The negative fiscal outlook in New York State has been a theme for years. It has been placed squarely in the forefront since the "great recession" economic decline in the United States' economy in 2008. "The great recession" was a global economic downturn that manifested a slump in the United States economy (Coy, 2012). When jobs are few and taxes are high, the concern is how to create a more balanced scenario, while continuing to foster a positive economic balance between taxes and high quality education. The education system is a microcosm of the economy in which it exists. Public schools are an especially pointed example, as they are funded primarily by taxpayers' funds, whether that is federal, state, or local dollars. This makes the educational system a ripe area for political controversy.

In June 2011, New York State responded to this fiscal crisis with enactment of a tax levy cap. This was preceded by calls from public and elected officials for school fiscal reform. In June 2011, in reaction to public pressure for fiscal reform and tax relief, the New York State legislature enacted legislation, capping the tax levy for the first time in history. There were cries from the citizens of New York State for fiscal accountability and reduction in the tax impact to homeowners. This tax cap is due to expire on June 15, 2016 (NYSED, 2012).

The office of the governor of New York states that the tax cap "limits a local government's (e.g. city, town, village, various special districts and school districts) overall growth in the property tax levy to 2 percent or the rate of inflation, whichever is less." (Cuomo, 2011) This limit was marketed to the citizens as a 2% tax cap. In reality, there is a multi-step formula with exclusions and exemptions, which in some cases can translate into a much higher tax cap. Also, if a big business moves out of a district, everyone else's rate could rise and equalization rates between towns within the same district can fluctuate year to year ("Legislative Action," 2012). This confusion fuels the fire upon which the property owners' concerns over the amount they pay in school taxes continue to grow. School districts must find ways to create a high level of effective and honest communication from the system leader with the community taxpayers and residents. The school districts are faced with the need to find ways to establish what could be known as "the magic number", which is palatable to the taxpayer in a 60% super-majority vote and which is substantial enough to fund the school district's needs for its children. An essential question is how to continue to provide substantial resources to fund high quality education for all children in the state.

There are data and research about the impact of tax caps in other states, however specific research in New York State is limited, as this is a relatively new phenomenon in New York State. Groups such as the New York State Council of School Superintendents have conducted some preliminary research on the topic of the tax levy limit. Research will be reviewed and examined from other states, such as California, Oregon, and Florida. There is a need to research the programmatic impact of continued reduction of resources, including deep analysis of the loss of a basic education of core curriculum due

to program reductions. There is limited research and analysis on how cuts are made at high, low and average school districts in a comparative analysis.

New York State is beginning to see ripples in the pond of education as a result of the tax levy limit since its inception two years ago. There have been two years of tax levy limit in which the majority of districts have complied within their specific tax levy limit. This has limited the districts' ability to raise funding, requiring reductions in order to balance the budgets. This study attempts to quantify implications to the educational programming in New York State public schools, excluding New York City and the Big Four. The results of the research provide information for future research on the effects of the tax levy limit on education in New York State.

Statement of the Problem

This study adds to the understanding of the impact of the New York State tax cap levy legislation on the students of the New York State Public School system, excluding New York City and the Big Four. The purpose of this study is to examine the budgetary reductions of school districts, excluding New York City, since the implementation of the New York State Tax Cap in New York State schools in the last two years. A quantitative analysis was conducted on the comparison of budgetary reductions among New York State school districts comparing the categories of High Need, Low Need and Average Need school districts in areas of chosen reductions. Data for this study was collected electronically via Survey Monkey from superintendents of public New York State districts, excluding New York City and the Big Four. Superintendents' perception on the implications of the tax levy limit on the school district programming is the independent variable in this study. Dependent variables in this study will include the

areas of either increase or decrease in over forty five categories of funding and the impact of the tax levy limit on each during the past two years since the implementation of the tax levy limit legislation. This area of study is important, as New York State PK-12 Education is an enterprise with an estimated worth of $56.2 Billion ("Monitoring School," 2010).

Research Questions

The research questions that guided this study include the following:

1. What are the differences between District Need Resource categories of high, average, and low need when it comes to program impact?
2. What are the differences between District Need Resource categories of high, average and low need districts in support for future budgets and district sustainability?
3. What are the New York State public school superintendents' perceptions of the impact of the tax levy cap in light of the Needs Resource categories?

Significance

This study benefits superintendents, administrators, school boards, and policy makers to quantify the perceived negative perception of the tax levy limit as inequitable to high need districts in regards to the impact of the tax cap legislation. The research highlights the difference between high need, low need and average school districts in the areas of reduction and the implications on future socio-economic factors in the community. A well rounded and educationally diversified student has a positive impact on the community. The students are a net gain or a net loss to society based on the skills

they contribute to the state as a result of their graduation from high school and beyond (Brimley, 2012). This research helps not only to understand the impact of this legislation but also aids in making further informed decisions in the area of fiscal reductions. Previous work by the Campaign for Fiscal Equity (CFE) ensured that students would receive the opportunity for a "sound basic education" by filing and ultimately being successful in a lawsuit against New York State charging that the state unconstitutionally underfunded New York City schools (Campaign for Fiscal Equity v. State of New York, No. 73, 2003). The Campaign for Fiscal Equity set the stage for the continued work of equity to all New York State students.

It is relevant as this is new tax levy limit legislation, which impacts the children of New York State with reductions in services and programs, may negatively impact a basic sound education. This reduction will in turn disadvantage the economic development of New York State. If such disadvantaging occurs, then this type of legislation may cripple our ability to be competitive with other States in post-secondary education with College and Career Ready students. This funding inequity inclusive of the combined impact of the state aid formula and tax levy limit, results in a system that denies access to high quality education to children based on their zip code.

Definition of Terms

Average Need/Average Resource: A district with both estimated poverty and Combined Wealth Ratio equal to the State average would have a need/resource capacity index of 1.0. Need/Resource Capacity (N/RC) categories are determined from this index using all districts between the 20th (0.770) and 70th (1.1835) percentile on the index.

Capital Tax Levy: The tax levy necessary to support capital local expenditures, which is associated with budgeted expenditures resulting from the construction, acquisition, reconstruction, rehabilitation or improvement of school district capital facilities or capital equipment, including debt service and lease expenditures, and transportation capital debt service.

Free/Reduced Lunch Rate: The rate of students who qualify for free or reduced rate price lunch and breakfast as a result of qualifying with household income under a federally mandated level.

Fund Balance: The total amount of adjusted restricted fund balance (reserve funds total) and assigned appropriated fund balance (amount estimated for subsequent school years' taxes) and adjusted unrestricted fund balance (estimated amount to be retained as of June 30 of the school year end.) The fund balance that is limited by law to no more than 4% of the estimated total budget is the adjusted unrestricted fund balance.

High Need/Resource Capacity: A district with both estimated poverty and Combined Wealth Ratio equal to the State average would have a need/resource capacity index of 1.0. Need/Resource Capacity (N/RC) categories are determined from this index using all districts at or above the 70th percentile (1.1835).

Low Need/Resource Capacity: A district with both estimated poverty and Combined Wealth Ratio equal to the State average would have a need/resource capacity index of 1.0. Need/Resource Capacity (N/RC) categories are determined from this index using all districts below the 20th percentile (0.770) on the index.

Permissible Exclusion(s): Items the State of New York has deemed allowed exclusions from the tax levy limit calculations. Currently those exclusions include items such as torts, pensions, excess pension contributions, and capital local expenditures.

PILOT: Payments in lieu of taxes owed to the district as an agreement with the planning authorities of the locality in which they are located. This payment is made to the school district on a schedule as determined and published.

Property Tax Cap: The implementation of the legislation enacted in June 2011 that caps the overall growth in the property tax levy to 2 percent or the rate of inflation, whichever is less. With the exclusions applied, this two percent can be higher or lower than two percent.

Reserve(s): School district funds that are designated as specific purposes for which the district shows an outstanding foreseeable obligation (such as pension and health care costs) and unforeseeable expenses. It provides a route for the

district to assist in long term fiscal planning. A layman example would be a savings account that is geared to specific purposes with rules surrounding input and output of funds.

State Aid Funding Formula: The funding formula that New York State uses to determine the amount of funds the specific district will receive from the state to fund the school budget.

Supermajority Vote: A 60% or more approval percentage in the school budget vote.

Tax Levy: The total amount of funds raised by a school district in a school year that are collected from the district taxpayers. This is represented in a total dollar amount that is spread across the city (s), town(s) and/or village(s), if multiple exist, in a manner that is consistent with the formula set by the State of New York. This includes factors such as assessed value of property and equalization rates.

Tax Levy Allowable Limit: The highest amount of taxes in total that can be levied by a school district, which does not require a supermajority vote but simply a 50% +1 vote, in a school year based on a formula that is prescribed by the State of New York. This formula includes permissible exclusions. This is the tax levy limit and exclusions.

Total Proposed Spending: The total amount appropriated under the school district budget for that specific school year from July 1 to June 30 the next year.

Limitations

The limitations of this study include the total number of respondents of the population. There is risk in assuming the answers apply to the whole population, when a small number of respondents answer the survey. This is mitigated with a healthy response rate of 47%, which assists with limiting this risk. There is also a disporportioniate amount of higher achieving school districts, measured by average graduation rate, as respondents to this research. The average graduation rate in New York State in 2014 is 74.9%. In contrast, over 73% of respondents to this research survey self-reported average graduation rates above 86%. In addition, the survey did not ask the respondents to identify in what region of the state in which they were located. This type of question would have allowed the analysis of information of impact by region.

Organization

This study is organized under five chapters. Chapter One includes an introduction to the topic with the background and overview of the need for the study. Chapter Two includes a literature review of the current research of the topic of tax legislation as it pertains to public schools and also research regarding the reduction of educational programming. Chapter Three includes a methodology of the research. Chapter Four is analysis of the data. Chapter Five presents a summary of findings, conclusions and recommendations.

Chapter II: Literature Review

This chapter reviews the current literature surrounding tax levy limits in the United States, centering mostly on New York State. A historical review of enacted tax limits and the effect on education will be reviewed. The specific subsections of this chapter include a discussion on the history of tax levy limits and their progression; a section on the perceptions of the taxpayer and reasons for favorable public opinion supporting tax limits despite the pressures and constraints they have created on the educational system; and a subsection about the research of superintendents' perceptions of the tax limits and how they have sought to address them in the budgetary process. In addition, a discussion about how the tax levy limits have affected educational programming is included.

Historical Perspective

The modern income tax was passed in 1913 after the Sixteenth Amendment to the Constitution of the United States of America was ratified (Allegra, 2008). In the late 1970's and early 1980's half of the United States imposed taxation limitations on public school districts in both expenditure and revenues (Figlio, 1998). This became known as the "local property tax revolt" and was fueled by public perceptions that there were inefficiencies that would be eradicated by lowering expenditures (Figlio, 1998). New York did not implement tax limitations on public school districts in this time period, as New York State has traditionally left the funding amounts to public schools to the budget process of the State.

Sirmans & Sirmans (2010) reviewed the property tax initiatives in the United states in their research on the historical review of California's Proposition 13, Florida's "Save our Homes" Amendment, and Massachusetts' Proposition 2 ½ legislation. Property tax limitations are the most common form of taxation limitation (Sirmans & Sirmans, 2010). Brunori (2005) stated that the politics of anti-taxation have been occurring since the late 1970's. California's Proposition 13 limits values on homestead properties. Florida's Save Our Homes Amendment limits assessed property tax rates. Massachusetts' Proposition 2 ½ limits property tax rates. New York's tax levy limit caps the tax levy. Sjoquist and Pandy (1999) state that adopted statewide limitations on growth of property tax assessments include Maryland, Iowa, Arizona, Washington and Texas. Maryland limited assessment increases. Iowa limited the growth of assessed value. Arizona limited assessments based on fair market value. Washington limited assessed values. Texas limited assessments of homestead properties.

In New Jersey an income tax was enacted in 1976 in order to ensure that all children receive a "thorough and efficient" education, which resulted in a law requiring that revenues from the income tax be dedicated solely to relief of local property taxes, given mainly in the form of aid to local school districts (Goodspeed, 1998). Goodspeed found that higher income districts choose to increase property taxes so their ability to raise revenue was not affected when the income tax was reduced. It just came from a different source to compensate for the reductions.

Michigan has phased out the property tax as a school finance route (Figlio, 1998). Illinois has limited both expenditure and revenue portions of the school budget in some portions of the state (Figlio, 1998). Duncombe and Yinger p. 337 (2011) state that

California has a "unique education finance system that combines general state support for school districts, numerous state categorical aid programs, a restricted local property tax, and two unusual small local revenue sources: a parcel tax and contributions from educational foundations." The researchers Duncombe and Yinger (2011) conclude that the educational finance system in California is not well designed to meet the state's educational objectives.

During the 1990's the use of budget surpluses to provide property tax relief was common in many states (McCarthy-Snyder, 2003). Researcher McCarthy-Snyder conducted a case study to assess the sustainability of state initiated property tax cuts in Kansas and found that unfunded mandates, inconsistent funding streams from the state, and local control demands regarding the tax levy amount reduced the sustainability of the reductions over time. She argued that the property tax is essential to economic efficiency and maintaining local control (McCarthy-Snyder, 2003).

Historically, litigation has been necessary in order to impact substantial change and reform in education, and this route has also been necessary in the area of school finance. Blankenau and Skidmore (2004), state that since the early 1970s, litigation in many US states has led to education finance reform. A litany of legal challenges occurred relating to the finance system and inequities in school expenditures were violations of state constitutions. The authors Blankenau and Skidmore (2004) found that tax and expenditure limitations were more likely to be passed after a school finance court ruling, for example the implementation of Proposition 13 in California in 1978 followed school finance court rulings of Serrano v. Priest, 1971 and 1976. In the Serrano ruling, a parent of a Los Angeles public school student claimed that district to district disparities

failed to meet the requirements of the equal protection clause of the Fourteeth Admendment of the United States Constitution and the California Constitution (Blankenau and Skidmore, 2004).

Taxpayer Perceptions

According to Sirmans & Sirmans (2010) taxpayers feel limits in taxation or expenditure are most appealing when they perceive themselves to be overtaxed and underserved. These feelings of being overtaxed and underserved are the breeding ground for political passage of legislation with taxpayer support that brings government or educational spending in line with voter preference. The other area that garners support for tax limitations are times when voters do not feel that local governments or schools are efficient in providing services. In addition, tax limitation initiatives are often funded by special interests (Sirmans & Sirmans, 2010).

Researchers Ladd and Wilson in the 1983 research work, *Who Supports Tax Limitations: Evidence from Massachusetts' Proposition 2 ½,* find that characteristics other than simply expressions of self-interest are important influencing factors on voting behavior, such as sex, race, religion, occupation, educational background, and political orientation. These items mixed with voters' likely gains from tax reductions push individual voters in one direction over another on the tax limitation debate (Ladd & Wilson, 1983).

Fahy (1997) investigated taxation limits on local government in Massachusetts, a state that limits by law the amount of local government revenue raised through property taxes and identified the conditions in which the necessary override by majority vote are

more likely. These factors include fiscal considerations such as economic growth, current excess capacity, and changes in state aid. The non-fiscal considerations that made conditions more unfavorable for a majority vote included community perceptions of inefficiencies. The inefficiencies may be the result of imperfect perception on the part of the community of taxpayers (Fahy, 1997). This is a prime example of the importance of a high level of effective communication with the community of taxpayers about the operation of the school and its value to the community.

Brimley and Garfield (2012) reviewed the issue of underinvestment in a poor economy in the overarching concept of financing education in a climate of change. The researchers discuss the difficulty of defining the optimal amount of money that should be invested in education. This is a pervasive problem in education today in most schools in New York State, when news articles abound about cutting programs and opportunities for students due to a lack of funding. There is a shift in burden of fiscal support from state funding to local funds. This lack of funding and reduction of fiscal support in public schools in New York State results in an underinvestment in our economy through the lack of support for students' education (Brimley and Garfield, 2012). If each child is a piece of our economy, then a reduction in investment in the final product is underinvestment in the future of our economic system.

Brimley and Garfield (2012) point out that not all limitations of poor schools are the direct result of insufficient financing. Some schools have inadequate laboratories and overcrowded classrooms, which make it difficult to succeed. It is possible for a fully financed school to not succeed, but inadequate revenues almost guarantee a poor educational program (Brimley and Garfield, 2012). The authors give the example of how

most consumers know that it is not always wise to buy the cheapest product on the market, as it will often break or become incapacitated. If there is not a plan to protect the investments, this will also be a sign of failure in financing a successful educational system. There are legacy costs for protecting our investment in the next generation of citizens. Economists and consumers alike recognize what Brimley and Garfield (2012) call a fallacy of assuming that the economy requires spending the smallest amount of money possible in purchasing a good or service (p. 46). Education is no different in this respect.

If the cheapest products are purchased without a replacement plan or warranty, then disastrous results abound. An example Brimley and Garfield (2012) use to illustrate this point is when a school board employs an unqualified or incompetent teacher at a low salary and that teacher receives poor results, which is recognition of the actions as poor business and a violation of true economy. This same formula can be applied to buildings and equipment. This formula points to a poor protection to the taxpayers' investment in human capital (Brimley and Garfield, 2012).

The value of an education is not purely dollars and cents. There are indirect and intangible benefits that are a part of education (Brimley and Garfield, 2012). The lack of a successful education has severe social consequences. Hodgkinson (1985) stated that high school graduates are a net gain to the state, with a higher probability of employment and thus repaying the state for the cost of their education. Conversely, a drop out is a high probability of a net loss to the state and chances are much smaller for payback of the investment (Hodgkinson, 1985). This is a simple economic example of investment of tangible and intangible benefits.

Underinvestment is a poor economic strategy, which is a powerful example of the decline in the New York State economy based on under investing in the children of New York State. System leaders must make it a top priority to invest in areas that see the most impact for graduation rates as a direct benefit to society. The intangible and tangible benefits of higher educated students, and thus community members, enhance not only the educational system, but also society as a whole. It is essential to garner support for a better tomorrow, one that is self-supporting and results in a net gain.

Additionally, taxpayers perceive greater inefficiencies in areas where voter control is less, such as in communities with council governments in contrast to communities with representative town meetings (Fahy, 1997). Another factor in taxpayer perceived inefficiency relates to the amount close to levy in past budgets. Specifically, budgets previously approved with a low levy gave taxpayers the impression that inefficiencies have already been reduced. This impression could give the budget a greater chance of passing as an override (Fahy, 1997). In this study, Fahy acknowledges that diversity in the community and its effect on successful majority vote is a complicated issue that requires further study. Perceived inefficiencies, past levy amount increases, communication rates to taxpayers on the value of school, intangible and tangible benefits to financing of public education are all items which fuel the taxpayer feelings surrounding the issue of tax limits on expenditures and/or revenues.

Tax Levy Effect on Education

Tax and expenditure limitations have negative effects on education. The negative effects on education include areas such as reduced teacher salaries and reduced test

scores (Sirmans & Sirmans, 2010). Fischel (1989) states the overall level of education in California declined as a result of Proposition 13, with increased class size and lower performance on standardized tests. Figlio (1997) found that tax limitations were "associated with lower student performance on mathematics, science, social studies, and reading examinations (Figlio, 1997, p. 245) ." Interestingly, there was a decline in teacher quality in states with tax limitations. Researchers Figlio and Reuben (2001) found an impact on new teacher quality, demonstrating that the average test scores of education majors in tax limit states declined by 10% compared to states without tax limits. Figlio (1997) examined data for 49 states and found that limitations indicate larger student-teacher ratios and lower teacher salaries.

Lowery (1983) states:

> Effectiveness of state limits on local property taxation revealed that tax and expenditure limits do not sharply reduce expenditure limits and do not sharply reduce expenditures and local employment. The state limits did lead to less reliance on property taxes. This was accomplished by increased reliance on state aid and alternative local revenue sources. (Lowery, 1983, p.247)

Duncombe and Yinger (2011) stated that the categorical aid program in California's financial system limits local flexibility and innovation. In return, this undermines school efficiency, which is a direct negative effect of the implementation of limitations (Duncombe and Yinger, 2011). For example, aid is given in a specific category and can be used for that area only, even though a school district may have an

innovative idea for educational improvement in another area. Those funds may not be used to fund that innovative educational reform.

Figlio (1998) researched the effects of imposing limitations on local public school revenues and expenditures, utilizing a study including the states of Oregon and Washington, which accessed data from before and after Oregon imposed its limitation in 1990. Figlio's study found that Oregon student-teacher ratios have significantly increased as a result of the state's taxation limit. If school quality is measured by student-teacher ratio, 95% of Oregon Schools with over 300 students raised their student-teacher ratio after passage of the tax limitation called Measure 5 (Figlio, 1998).

Nguyen-Hoang (2012) provides empirical evidence on how construction of school budgets put out to public vote affect school inputs in New York State small city school districts. The research showed that in response to budget votes there is a reduction in instructional spending and an increase in student-teacher ratios, while preserving administrative spending. Additionally, this researcher believed that the choice not to cut spending on administration costs may be construed as preserving their own benefits (Nguyen-Hoang, 2012).

O'Toole and Stipak (2000) reviewed the financial impact of the tax and expenditure limitation measures in Oregon and concluded that the tax and expenditure limitation impact included an expansion of the state role in education. This expanded role included the state increased fiscal policy for public school districts (O'Toole & Stipak, 2000).

New York State Tax Levy Limit Legislation

New York State tax cap legislation in 2011 requires that all New York State public school districts, except the Big Five city school districts (New York, Buffalo, Syracuse, Rochester and Yonkers), comply with a cap on the amount in which the levy of school taxes may be raised from the prior year. The Big Five referenced above are fiscally dependent on their municipalities, and as such are not tied to community majority or super majority vote. The tax levy limit has a variety of exclusions that in most cases do not limit the levy to 2%. Currently the levy limit is 2% or the rate of inflation, whichever is lower, plus exclusion allowances. In New York State there were multiple districts with levies allowable above 2% and there were multiple districts with allowable levies below the 2% tax levy limit ("Tax Cap Guidance," 2012). In 2012-13 only five districts had an allowable levy limit, with exclusions applied, that equated to exactly 2%, with 91 schools calculating an allowable levy limit of less than 2%, and 575 schools with a limit greater than 2% as their allowable levy limit ("Capital Region BOCES," March 2013). According to NYSED in 2012, the highest allowable levy limit was 32% and the lowest allowable levy limit was -42.9% ("Legislative Action," 2012).

The limited number of exclusions in New York State includes torts, pensions, excess pension contributions, and capital local expenditures ("Property Tax Cap," 2014). Tort actions are court orders or judgments against the school; they are not tax certioraris or breach of contract actions. If the annual growth in the actuarial contribution rate for the Employees' Retirement System (ERS) or the normal contribution rate for Teachers' Retirement System (TRS) exceeds two percent, then the amount above the two percent is exempt from the cap. Capital expenditures are expenses resulting from financing,

refinancing, acquisition, design, construction, reconstruction, rehabilitation, improvement, furnishing and equipping of, debt service, lease expenditures, and transportation capital debt service, subject to the approval of the qualified voters (Property Tax Cap," 2014). Not excluded from the tax levy limit calculation are health care costs, emergency expenditures, and educational mandates such as special education costs ("Tax Cap Guidance," 2012).

This formula is an eight-step calculation according to the March 2013 New York's Tax Levy "Cap" Formula detailed by Questar III State Aid and Financial Planning Service ("Property Tax Cap," 2014). This eight step process includes the prior year property tax revenue times the tax base growth factor as determined by the Department of Taxation and Finance by February first each year. This rate is an increase in full value of taxable real property never less than 1.0. Step three, add to this the PILOTS from the prior year. Step four, minus the tax levy of some court orders/judgment arising specifically out of torts. Step five, minus the tax levy to pay for local capital costs, including debt service and transportation capital debt service. Step six, multiply the number provided in step five by the allowable levy growth factor, which is two percent or the change in the consumer price index, whichever is less. Step seven, minus out the PILOTS for the coming school year. Finally, step eight requires districts to add in the available carry over to the number from step seven. As a result of this eight step process, the final number is the tax levy limit that is district specific to each school district in New York State for a simple majority vote of 50% + 1 ("Property Tax Cap," 2014). Appendix D shows this data in a table format.

New York State requires school districts to develop a three part budget, which includes capital, program, and administrative. In New York State there is a property tax report card, which serves to inform the state and public with some specific data, including elements from the tax levy limit calculation. Before the statewide budget vote, the Property Tax Report Card shall include the tax levy limit without exclusions, the exclusions, estimated tax levy without exclusions, and total estimated tax levy with exclusions ("Tax Cap Guidance," 2012). On the Property Tax Report Card the existing fund balance category is also displayed. In New York State there is also a requirement for a six-day budget notice. As a requirement for the proposed budget to be passed, if the levy is an amount equal to or less than the tax levy limit, there is an approval required of more than 50% of the vote. If the district proposes to raise the levy by more than the allowable tax levy limit inclusive of exclusions, then a 60% or more approval percentage must be achieved ("Tax Cap Guidance," 2012). In 2014, there were amendments to the NYS budget, which included according to the New York State Comptroller's office, a Reserve Offset as follows:

> The Reserve Offset is the amount that was used to reduce the prior year's levy as a result of exceeding the tax cap. This line is used to add back that reduction from the prior year to bring the local government back to its base prior year levy. The 2014 fiscal year is the first year the Reserve Offset takes effect. ("Property Tax Cap Instructions," 2014, p. 2).

A change in the tax levy limit law also brought a change to the contingency budget adoption. If after disapproval of a supermajority vote, a district in New York State can put the budget up for a second vote, adopt a contingency budget, or adopt a

contingency budget after the first budget was defeated. The contingency budget does not include the exclusions in the tax levy limit. In fact, the school district may levy no more taxes than were levied in the prior school year in a contingency budget. A statutory tax levy limit is one that stays within the tax levy limit calculation, only requiring a majority vote of more than 50%. A separate proposition may be added to the regular budget vote in New York State school budgets. Propositions may include additional transportation services, educational programs, capital expenditures, or transportation capital expenditure. Transportation services and educational programs propositions are subject to the tax levy limit, but capital expenditures and transportation capital expenditures are not subject to the property tax cap ("Tax Cap Guidance," 2012).

In New York State there is no floor on the tax levy limit calculation. Potentially, a district's tax levy limit may be below zero, which would require a supermajority vote of over 60% to go above that potential negative levy amount. The supermajority vote is good for that fiscal year only, which means that a district cannot opt out of the tax cap permanently. Excluded from this tax levy limit are propositions. Chapter 97 allows separate propositions outside of the tax levy limit school budget, such as transportation capital expenditure and capital expenditure propositions. Propositions for education programs separate from core budget proposition are not allowable ("Legislative Action," 2012).

In an effort to right the fiscal ship of New York State finances, the New York State Property Tax Levy Limit Cap was an effort by Governor Andrew Cuomo to demonstrate fiscal responsibility in a time of financial stress. In 2008 there was a meltdown with the New York State budget directly connected to the fiscal success of the

stock market, or lack thereof. This was met with much unrest at the educational level, with many educational advocates feeling a lack of fiscal support for public schools. This is demonstrated by Governor Cuomo's (2011, para 4) quote as he signed the historic tax cap legislation into law. "For decades, taxpayers across New York State have been burdened by back-breaking property taxes that have crippled businesses and families," said Governor Cuomo. "This tax cap is a critical step toward New York's economic recovery, and will set our state on a path to prosperity."

Meanwhile, this tax legislation was met by advocates with dismay. For example, in 2013 the New York State Teachers' Association challenged the constitutionality of NY's property tax cap in a lawsuit against New York State, with the premise that it widens the gap between rich and poor districts and removes local control. The response with this legislation included comments by the then NYSUT President Iannuzzi as follows, "The state's undemocratic tax cap is exacerbating glaring inequities in funding while pushing many school districts to the brink of educational and financial insolvency," (NYSUT, 2013).

New York State has a system for educational funding in place that creates an imbalance of support for students in low wealth school districts. Eom, Duncombe, and Yinger (2011) state that property tax limitations have the potential to freeze in place existing disparities in spending across school districts, which creates serious equity issues.

These inequities of funding tabulated across time coupled with a tax levy limit create gaps for financial support to low wealth districts. The inequitable funding gaps

exist in New York State when unfunded mandates such as Race to the Top (RTTT) requirements have increased, without sufficient funding to cover the costs of the required pieces of implementation. The evidence of this lack of funding is the implementation of the GEA (Gap Elimination Adjustment) which is a cut to school district funding by New York State in terms of total aid and no new grant funding to cover the costs long term for the cost of the test production, scoring and printing of modules for curriculum.

The GEA was enacted in 2009-10 school year, originally set as a temporary cut in school aid in an effort to close the New York State budget deficit. Fast forward five years, and it is still in effect, even though the budget deficit as intended does not exist. This is an area of great concern. The GEA was billed as a temporary fix, but does not currently have an end date. There have been recent advocacy efforts to end the GEA, and this type of advocacy continues to be necessary.

Fiscal Equity

Ladd (1975) stated "the commonly used measure of local fiscal capacity for education, the local property tax base per pupil, compares unfavorably from a distributional point of view with the behavioral concept of fiscal capacity (p. 145)." Ladd identifies the behavioral concept of fiscal capacity to mean that the entity, such as a school district, has the fiscal capabilities to be operationally sound. Applying Ladd's measure of local fiscal capacity to the educational setting, this means that the local tax base as a measure of fiscal stability does not equate to fiscal capacity. This is a foundation of the New York State Property Tax base as it has funded education tax levy by rates per township. Ergo if the property tax base may not be the most fiscally

equitable process to determine funding of education, then the research focus shifts to what the most fiscally equitable process to determine funding of education should be.

Brent (1998) examined the nonresidential expanded tax base approach. This approach improved measures of student equity at no additional cost to the state in the form of state aid and that regional, not statewide, expanded tax base approaches work to the advantage of urban areas in the state. The researcher found that nonresidential expanded tax base approaches permit districts to retain taxing authority over their residential property while removing nonresidential property from the local tax base (Brent, 1998). Using a statewide approach would shift finances from downstate to upstate districts. The difficulty of reforming the school finance system is stressed, in that a system designed under one set of economic and political conditions may not be appropriate years later, without a definitive way to retrofit the needs of the schools, state political movement and the taxpayers. This is exemplified in the Campaign for Fiscal Equity lawsuit. This lawsuit solidified that students would receive the opportunity for a "sound basic education." This was accomplished by filing and ultimately being successful in a lawsuit against New York State charging that the state unconstitutionally underfunded New York City schools (Campaign for Fiscal Equity v. State of New York, No. 73, 2003).

Cunningham (2013), Director of Education and Research for New York State Association of Business Officials, states that 2013 included a $21.1 billion dollar amount of total support to public school districts. This was an overall 4.7 percent increase from 2012. This amount is not spread in an equal share as a pie cut and distributed in equal amounts. How that is spread across all of the districts in New York State is based on a

complicated formula tied to the state aid model. There is a total of $75 million dollars in competitive grants that include areas such as Universal Pre-Kindergarten, Extended Learning Time, Community Schools, Improving Math and Science Instructions, and Early College High School. Once again, these grants are competitive or use based and do not add to the existing fiscal dynamics of a school district in that the use may not be applicable to all schools. In addition, those that have the financial resources to employ grant writers for example, will be in a better position to acquire these new grants. This supports a "have versus have-not" philosophy, where the rich get richer and the poor get poorer. This is a serious issue that has not only been yet to be addressed by the current educational financial system, but has been exasperated by these recent competitive grants.

Timbs (2011) stresses through the Statewide School Finance Consortium review of data that the property tax cap would be harmful to smaller, less wealthy school districts in New York State. Consequences raised by Timbs include the consequences for low-wealth communities. Timbs' (2011) recommendations for future equitable financing of public education include ensuring fair and equitable distribution of state aid to school districts based on ability of residents to support schools and pass laws that eliminate or reduce the high costs of state mandates through mandate relief.

Published in the Journal of Public Economics, Card and Payne (2002) completed a study of school finance reforms on the distribution of school spending across richer and poorer districts, and the consequences of spending equalization for test performance for students with different family backgrounds, in multiple states across the entire country.

The researchers found that across family background groups, there was evidence that equalization of spending leads to a narrowing of test score outcomes.

In a recent survey of New York State School Superintendents by the New York State Council of School Superintendents in 2012, 44% stated they believed that the level of State Aid was of greater concern than the tax levy limit legislation, which was up from 23% in the year prior (NYSCOSS, 2012). In this survey, 13% of New York State School Superintendents believed the tax cap levy limit was of greater concern than State Aid support, while 43% of New York State Superintendents believed they were of equal concern (NYSCOSS, 2012). New York State Council of School Superintendents has stated in the 2012 review that only 5% of poorer upstate school Superintendent of Schools of schools believed that the tax levy was of greater concern than the amount of funding through State Aid (NYSCOSS, 2012). This higher dependence on State Aid skews the necessity of reliance on tax levy from the local support, and thus creates a scenario that creates an imbalance of impact across the State of New York. Interestingly, the tax levy limit is the same formula for the entire state, regardless of State Aid reliance at the district level.

The tax levy limit formula is standard across the state and thus the survey this research conducted compares the tax levy limit impact on programming across the Need Resource levels looking for a difference in level of impact in program components. The area of fiscal equity is important to ensure that each child in New York State has equal access to an appropriate public education that is equitable across the state. A funding equality would ensure, no matter the zip code in which a child's parent chooses to live, he or she would have access to a comparable educational program. This is the issue that the

research included herein addresses in the quantitative survey of all New York State public school superintendents on the impact of tax levy limit on school programming.

New York Tax Levy Limit Legislation Current Status

In recent months of 2014, there was sizable political pressure put on New York State lawmakers to provide fiscal relief to the school districts of New York State. There are several political action groups, such as the Alliance for Quality Education, Oneida, Madison and Herkimer Counties School Boards Institute, Rural Schools Association, the Statewide School Finance Consortium, and others, that have goals for more equitable and substantial funding to school districts. In looking at the current state of New York State Education funding, the State Aid Planning Office from Questar III BOCES recently reviewed the Property Tax Cap Update in which budget facts for 2014-15 were stated. Gap Elimination Adjustment (GEA) is a deduction from each school district in New York State's state aid allocation for the last four years. This deduction has a cumulative effect. In 2014 the GEA holds steady, remaining at $1.315 billion. This removal of funds prior to receiving State allocated aid is essentially a reduction in funds to New York State school districts. The relief of GEA for the 2014-15 executive budget is only $323.3 million. The GEA restoration formula includes a minimum GEA Restoration equal to the greater of 2.5% of 2013-14 GEA, with other options producing larger restoration based on a specific formula using Tax Effort Ratio, Combined Wealth Ratio, and State Sharing Ratio. There is a maximum GEA Restoration of 45% of the 2013-14 GEA and 70% of the 2014-15 GEA ("Property Tax Cap," 2014). This forces districts to deplete reserves, which is essentially the school district's savings account for "rainy day" issues. This depletion means that should any crisis requiring financial fund assistance occur, there

could be a devastating effect on the educational system. This depletion of reserves can be likened to buying a car with exact funds in a personal checking account, but not having the funds in a savings account to repair a tire that becomes flat, rendering the car inoperable. This is a concrete example for the need for reserve funds. In addition, there is no foundation aid increase.

In 2014 new legislation enacted included a real property tax freeze proposal and a real property Income Tax Credit that will require schools to be in compliance with the tax cap. If school districts stay within their allowable tax levy limit cap, then taxpayers in those districts will be reimbursed from the State the difference in increase from the prior year tax levy amount they personally paid in school property tax. The Superintendents of Schools for each district are required to log into the State website and report their district's compliance with the tax levy limit cap, in order to have taxpayers in the corresponding district become eligible for the tax rebate back. There are year two proposals that would give a second year of such rebates back to the taxpayers if in both years the school district is in compliance with the tax levy limit cap as applied to the district and there are cost sharing measures demonstrated. There is also an interest rate recalibration downward for projects first aided in 2004-05 and prior. This recalibration of interest will reduce the amount of state aid for interest funded back to the district, as interest rates were higher in previous years than current interest rates that have been refinanced or refunded.

As the NYS budget was built for 2014-15, there were no projected changes to existing aid formulas. The executive budget allocated $100 million for new full day Pre-Kindergarten programs and state support for after school programs in 2015-16, while in

implementation the majority of these funds went to downstate school districts. These funds are also separate from the traditional K-12 school day. There is also an allocation for a Teacher Excellence Fund set at $20 million ("Property Tax Cap," 2014). Upon passage of the 2014-15 budget, Governor Andrew Cuomo published a written announcement of educationally relevant funding changes, which he titled "Transforming New York's Schools". These funding changes included several items across the P-16 initiative, including a commitment to education, Statewide Universal Full-Day Pre-Kindergarten, Protect Choice for all of New York's Children, Reform Common Core Implementation, Ban use of standardized "bubble" tests, and using instructional time for teaching and learning not over testing.

Governor Cuomo has the following opinions on the key topics from his statement on school funding initiatives. In regards to a commitment to education, "The Budget agreement includes a series of actions that build on the progress of the last three years to ensure all of New York's students receive a quality education (Cuomo, 2014, p 1)." In referring to Statewide Universal Full-Day Pre-Kindergarten, Cuomo stated "The budget builds upon the success of the first-ever State-funded full-day pre-kindergarten program by committing to invest $1.5 billion over five years to support the phase-in of a Statewide Universal Full-Day Pre-Kindergarten program." Under the topic, Protect Choice for all of New York's Children, Cuomo stated "The budget increases tuition funding for charter school students over three years: $250 per student the first year, $350 the second, and $500 in the third. The budget will also promote the growth of charter schools by addressing their facility needs, and charter schools will be eligible for pre-kindergarten funding." In regards to Reform Common Core Implementation, Cuomo stated "The

budget puts into law a series of recommendations to immediately improve the implementation of the Common Core in New York State." These recommendations to improve the implementation of the Common Core in New York State come with budgetary implications, essentially increasing unfunded mandates and further burdening already strapped school district budgets. Furthermore, Governor Cuomo stated, "Bans on standardized "bubble tests" for young children, including legislation prohibits the use of standardized "bubble tests" for children in pre-kindergarten through second grade." On the topic of protecting students from high stakes based on unfair test results, Cuomo stated, "The legislation ensures that the results of English and math Common Core testing for grades 3-8 are not used against students and will not appear on their permanent records." On the topic of using instructional time for teaching and learning – not over-testing, Cuomo stated, "The legislation caps the amount of time that can be used for standardized tests and for test prep; improves transparency about what standardized tests students are required to take, and why; and implements measures for school districts to more easily eliminate unnecessary standardized testing (Cuomo, 2014, p. 1)."

Governor Cuomo further establishes strict data protection and security requirements, while ensuring that appropriate educational and operational data-sharing can occur, by stating, "The legislation reinforces strict data protection requirements, including procedures for parent notification in case of any data breach, including by a third party, and strong penalties for violations; establishes a "Parents' Bill of Rights for Data Privacy" that includes comprehensive transparency about what data is collected by the State and by school districts; who it is shared with and why; and names a Chief Privacy Officer for the State Education Department whose responsibilities include

establishing standards for educational agency data security and privacy policies. These items will come with a monetary cost, which is undisclosed at this time, again further burden financially strapped school districts. Cuomo stated on the topic of School Aid, "The Budget includes a $1.1 billion – or 5.3% – increase in education aid for the 2014-15 school year. High-needs school districts will receive nearly 70 percent of the 2014-15 allocated increase. (Cuomo, 2014, p. 1)"

In functionality, universal Pre-Kindergarten funding is overwhelmingly designated to downstate schools. Increasing charter tuition allowances reallocates public education finances, as it is a deduction from the aid to the school district as the funds flow to the charter school. Common core improvement is mentioned without a direct discussion of how it will be funded, and there is no mention of what the financial impact of those decisions will require. It could potentially be another unfunded mandate. Time will tell. Prohibiting standardized "bubble tests" in K – 2 serves to determine further that something else must be used. The financial impact of the decision to not allow district to use these measures may require the purchase of other instructional materials. Results from the 3-8 testing not being recorded on the permanent record does not assist with the financial stress in the state. Time limited for standardized testing and a Parents' Bill of Rights for Data Privacy are both unfunded mandates that have ripple effects for the financial planning of the district. An increase of 5.3% in school aid does not imply that the neediest schools will receive this level of increase. This is a major focus of advocacy groups such as, Statewide School Finance Consortium, in New York State. The Combined Wealth Ratio (CWR) is a measure of district wealth per pupil to the state average wealth per pupil. A CWR of 1.0 is the State average. A score below 1.0

demonstrates a below average measure of per pupil wealth, and conversely a score above 1.0 demonstrates an above average measure of per pupil wealth. An increased local wealth may result in a loss of state aid unless save harmless comes into effect. This save harmless was originally intended to protect against state aid reductions due to radical enrollment changes.

In addition, in the second year of the tax cap, 96% of districts in New York State proposed budgets with tax levies which were at or below their respective maximum allowable levy. This included 549 proposed budgets with levies below their cap. Twenty-eight (28) districts asked the voters to override the cap, 16 districts proposed budgets with no tax increase, and 14 districts proposed budgets with a tax levy decrease. The average tax levy percent change was 2.83% and the average budget change was 2.88%. The total taxes levied statewide increased by 3.05% ("Property Tax Cap," 2014)

The average cap, inclusive of permissible exclusions, was 5.07%. The proposal was originally billed as an exact 2% tax cap, when in reality it is not. Of the 28 districts that asked for an override, 21 were defeated. This produced only a 25% success rate. Three of these districts asked for an override on the revote and all three passed. The overall budget approval rate for New York State was 95%. There were three districts moved to a contingency budget as a result of two double defeats in 2013-14 ("Property Tax Cap," 2014). The highest proposed tax levy for the second year of the tax cap limit was 24.78% and the lowest proposed tax levy change was -40.48%. The highest maximum allowable levy change was 92.66%, and that district chose to propose 3.5%. The lowest maximum allowable levy change was -40.48%, and that district chose to propose the -40.48% ("Property Tax Cap," 2014).

The new proposals that New York State enacted include real property tax credits, including a Real Property Tax Freeze Credit ("Property Tax Cap," 2014). The Real Property Tax Freeze credit allows residents with incomes of $500,000 or less to apply for a tax credit when filing their 2014 income tax return equal to the 2014-15 increase in school taxes, if the school district complied with staying within the allowable tax cap ("Property Tax Cap," 2014).

Governor Cuomo established the Mandate Relief Council in 2011, with an eleven member committee consisting of the Executive and Legislative Council. They were charged with reviewing and recommending changes to reduce burden on local governments, school districts and businesses ("Mandate Relief Council," 2013). Specifically, in 2011 there were changes in efficient school transportation, allowances of piggybacking, and shared superintendents for up to three schools under 1,000 students each. In 2012, there were changes to allow for pension reform, Medicaid growth takeover, and Medicaid administration takeover. In 2013, there were changes to binding arbitration reform, stable pension options, Medicaid savings advance, Preschool Special Education Audits, small school flexibility for internal audits of districts under 1,500 students, and workers' compensation and unemployment insurance reform ("Mandate Relief Council," 2013). These items, while showing progress, do not amount to a significant savings to school district budgets in comparison to items such as the Gap Elimination Adjustment. Examples of more politically charged topics not addressed in the Mandate Relief Council that would result in significant savings to school districts include healthcare reform and triborough costs.

There is funding for Smart Schools in the 2014 Executive Budget at a level of $2 billion statewide, which will be funded through a general obligation bond act to be brought before New York State voters in November 2014 ("Property Tax Cap," 2014). This would include projects that expand instructional space for pre-kindergarten, expansion of broadband or wireless connectivity, and/or classroom technology projects to expand high speed broadband or wireless connectivity or to acquire learning technology hardware such as whiteboards, computer servers, computers and personal hand held electronic devices ("Property Tax Cap," 2014).

In further advocacy, the Oneida, Madison and Herkimer Counties School Boards Institute has advocated in the Spring of 2014 for elimination of the Gap Elimination Adjustment (GEA) and providing educational funding that is equitable, fair, consistent and predictable, implementation of meaningful mandate relief, support for schools' mission of children first, and elimination of grant money to focused targeted aid for high need, low wealth school districts. Thirty high need, low wealth school districts are located in the Oneida, Madison and Herkimer County catchment area (Oneida, Madison & Herkimer Counties School Board Institute, 2014). The Oneida, Madison & Herkimer Counties School Board Institute (2014) is also advocating for additional fiscal equity changes that include, amendment of Triborough specific to step increase and appropriate funding for all mandates. The GEA has not been eliminated as a result of this advocacy at this time.

Another group, the Rural Schools Association (2014) is also advocating regarding concerns they have with the local property tax levy cap, including existing inequitable allocations become locked in place and that based upon wealth differences existing

spending gaps widen to become chasms. According to Eom, Duncombe and Yinger (2011), there are serious implications for equity for property tax limitations, because of the tendency to freeze in place the existing disparities in spending across school districts. Rural Schools Association believes that with a decade under the local levy cap there will be an exacerbation of inequity in school funding. It is also proposed that the longer this disparity exists, the more expensive the solution will become (RSA, 2014). Some further advocates for change in the state aid allocations in New York Sate include: Alliance for Quality Education (AQE), Campaign for Fiscal Equity (CFE), and the Statewide School Finance Consortium.

There is a recent ruling in the lawsuit regarding New York State on fiscal equity. On February 20, 2013, the New York State United Teachers (NYSUT) and additional individuals filed a lawsuit in the State Supreme Court seeking an injunction that the Tax Levy Limitation Law is unconstitutional as it applies to public school districts (Sanberg, 2013). This suit alleged that the Tax Levy Limit Law perpetuates funding inequities between high wealth and low wealth school districts with arbitrary tax levy increases. It also alleged that the tax cap unconstitutionally limits the ability of districts to address the inequities by exercising local control, including the interference of fundamental voting rights of "one person, one vote". This suit has recently been dismissed by the Supreme Court Justice. Although, with the recent implementation of the "tax freeze" there is an opportunity for the lawsuit to be amended and essentially start from square one. This type of legal process is not uncommon, as the legal process has long been crafting the movement of education finance. According to Sparkman (1994), there is an evolutionary development of educational legal principles that undergird school finance policy.

Education Fiscal Reform

Yinger (2013, p. 1) states, "disparities in school quality are the principle problem facing elementary and secondary education in New York State." Yinger (2013) explains that student performance disparities are closely linked to funding disparities. With all other factors remaining equal, Yinger found that districts with higher student performance spend more per pupil. The connection is made that disparities in funding contribute directly to disparities in student performance. Yinger (2013) states that if current funding stream patterns continue, disparities will widen in the decades ahead between low and high spending districts. In 2011-12, downstate suburbs that are relatively wealthy receive only 16 percent of revenue from state aid, versus low wealth districts receiving approximately 69% of their revenue from state aid. The districts that are not as dependent on state aid have a higher reliance on tax base revenue and as a result the tax levy cap limits their ability to levy revenue. Although, in that the majority of the revenue side of the budget is attributed straight to the tax levy, there is a higher dollar amount to be used to multiply by the tax levy limit and therefore the dollar amount associated with a 2% levy for example is proportionality greater in a lower state aid dependent district versus a district more dependent on state aid. The three principal components of foundation aid formula, including a target spending level, an expected local contribution and a state aid amount, in theory should provide districts with lower property wealth per pupil with more state aid (Yinger, 2013).

Yinger (2013) states that the tax levy limit is out of step with New York's education finance system. This is due to the fact that wealthy districts rely much more heavily on property taxes than poor districts. Given absolute values, this means that

property tax levy increases bring higher amounts of value in wealthier districts. One percent of 1,000 is equal to 10, but one percent of 10,000 is 100. This example demonstrates how a tax levy cap provides for varying amounts of dollars raised depending on the original amount of the total levy. This is a concrete example of the disparity between low wealth and high wealth districts. This effect is not isolated to New York State, as Goodspeed (1998) stated higher income districts in New Jersey choose to increase property taxes more than other districts when the income tax is reduced.

Yinger (2013) also points out that the STAR program had a total cost of $3.3 billion in 2012. This also creates disparity, because there is an unjustified boost in exemption in counties with average house sales prices above the state average. This essentially rewards people for living in wealthy places (Yinger, 2013). The common feature between STAR and tax levy cap is their passage in the legislature without independent analysis and little public debate, Yinger contends. Yinger proposes an independent budget office that is aided by better data provision, which would increase accountability. Yinger makes four recommendations. First, embrace the education aid reforms introduced in 2007 using a fully funded foundation aid formula with appropriate weights for at-risk students. Second, modify the tax cap to recognize the higher role for state aid in some districts. Third, reform STAR to lessen the burden of the property tax on low-income homeowners. Lastly, improve the analytical capacity and data systems for education in New York State to base aid on accurate, current data (Yinger, 2013).

Duncan-Poitier (2009), Senior Deputy Commissioner of Education P-16 for the New York State Education Department, wrote to the audit committee and subcommittee on State Aid regarding the conditions in fiscally stressed schools. Duncan-Poitier

acknowledged that the ability to maintain the financial conditions necessary to support continuous educational programs that allow all students to have the opportunity to achieve State Learning Standards has long been a Regents public policy concern. Duncan-Poitier stated that a healthy school district financial condition provides stability and continuity of Operations; ensures resources are available to close achievement gaps and helps students meet state learning standards, maintain credibility with taxpayers, helps to recruit and retain staff, helps to ensure cash is available to pay bills, provides continued access to financial markets, and gauges fiscal stress (Duncan-Poitier, 2009). Duncan-Poitier's paper is noteworthy as it demonstrates there was a need for reform prior to the Regents Reform Agenda, which further financially taxed school district school budgets through unfunded mandates.

The importance of diverting fiscal stress before it occurs was stressed by Duncan-Poitier (2009). Duncan-Poitier also reviewed state aid and local revenues from 1995 to 2004, showing that state aid grew, but local levy remained flat. Another interesting finding in this document shows that certain counties and regions are over and underrepresented in the class of districts that are in stress or of concern. Seven counties, Appendix E, had more than one-fifth (20%) of districts in this category of stressed: Orleans, Oneida, Herkimer, Montgomery, Warren and Albany. This suggests that there is a regional effect (Duncan-Poitier, 2009). Venteicher (2005) also measured four distinct measures of school performance, and his findings suggested that funding levels have a significant impact on student achievement. Per pupil expenditures were not the most significant variable, but rather the demographics of rural/urban geographic location, poverty level of a school district, and the demographic makeup of a district are influential

to school performance levels (Venteicher, 2005). This study by Venteicher supports Duncan-Poitier's conclusions. Duncan-Poitier further stated that full phase in of the Foundation Formula should reduce the likelihood of a district falling into stress, due to its strong targeting or distributive effects for pupil poverty and the sensitivity to changes in district wealth and fiscal capacity shown as income and property value changes. This study also reviewed the use of fund balances during times of recession in order to minimize the annual increase in local tax effort to fund instructional expenses. High and medium fund balance districts were able to minimize the annual increase in local tax effort as measured by average annual change in levy per pupil, relative to those with low fund balance (Duncan-Poitier, 2009).

The following strategies are recommended by Duncan-Poitier (2009) in order to promote fiscal stability of a District: use data to drive fiscal change; develop a five year financial plan, have a systematic approach to budget development; ensure timely budget administration; educate the school board and community; manage the fund balance; maximize revenues; find cost-efficiencies; and minimize the negative impact on cuts. These strategies prove useful as mandates shifted with a change of State administration, and the change to the new initiatives of Race To The Top (RTTT) Regents Reform Agenda and College and Career Ready initiatives were instituted. In the initiative of Race To The Top (RTTT) funds were allocated to school districts in New York State as a result of a federal allocation to New York State based on an application process. The initiative's allocation of funds were a minimal amount based on the requirements to complete the initiative, with a majority of New York State school districts receiving less than $100,000 in funding for the initiative according to Race To The Top allocations to

participating LEAs as of 2013. This is evidence of Race To The Top being an underfunded mandate impacting New York State school district budgets.

Funding and Academic Program Implications

In 2010, the New York State Board of Regents Subcommittee on State Aid reviewed the "*Cost Drivers, State Aid and Education Reform: The Problem and Possible Strategies."* The recommendations included containing costs and supporting improved student achievement. The goals included improving standards and assessments, developing longitudinal P-20 data systems, developing and retaining great teachers and leaders, turning around low performing schools, and improving school operational efficiency. The improvement of operational efficiency included promoting restructuring and reorganization through competition for funds, BOCES-led local committees, establishing a blue ribbon panel to restructure building aid, encouraging regional transportation with a New York State pilot project and implementing special education mandate relief and cost saving proposals that provide administrative relief or cost savings to school districts ("Cost Drivers," 2010). In evaluating what has transpired with these recommendations, a P-20 data system backbone for reporting of information to the state level has been electronically built and connected, but the other areas continue to be areas in which New York State has not seen full implementation. For example, sharing through mergers and regional transportation still lack local level support as demonstrated by very few mergers, twelve since 1996, successfully leading to completion. In 2014, there is a tax relief effort focused on demonstration of shared services to further encourage this area of operational efficiency. Lastly, there have been no substantial up to date financial positive impacts to the school budget through special education mandate

relief. The mandate relief implemented consisted of membership to the Committee on Special Education, which did not result in a financial impact.

In a policy brief dated September 2011, the New York State Education Department prepared a document titled, "Fiscal Challenges Facing New York State School Districts" for the Regents School Finance Symposium by the Staff of the New York State Education Department. In this briefing, fiscal challenges facing New York State School Districts were reviewed, and the question was posed, "How can we contain costs while increasing learning opportunities and results?" The purpose of this question was to understand how the state can support high student performance despite constrained State and local support. It was stated that revenue options have been constrained by the laws of 2011 enacting changes on a cap for local revenue and limiting future general state support to public schools. This is with a projected average growth rate in school expenditures of 5.3% ("Fiscal Challenges," 2011).

Grant programs were established by NYSED in 2011, including a $250 million school district management efficiency award program. This was geared to reward school districts for improvement in student achievement for underserved student populations ("Fiscal Challenges," 2011). This type of grant program aid is opposed by advocacy groups in New York State as described previously, because it is the wealthier, resource rich schools that have the resources necessary to write and secure these grants. This subcommittee suggested there are factors that may help alleviate fiscal challenges, including school district efforts to address fiscal challenges, declining enrollment trends, mandate relief efforts, statewide proposals supporting greater efficiency, and school reorganization. In particular, the statutory mandate relief suggested included: preschool

census every other year, rather than annually, school bus planning based on actual ridership, flexibility in auditing claims by allowing a deputy claims auditor and risk biased claims auditing, comptroller review and report on effectiveness of risk-based claims audit methodology, shared superintendent program for small districts, regional transportation services, mandate relief council and regional transportation pilots. Coming to fruition as legislated mandate relief were several of these recommendations including changing the preschool census to every other year, planning school bus based on actual ridership, allowing a deputy claims auditor with flexibility in auditing claims in districts with over 10,000 students, allowing a shared superintendent for up to three schools with enrollment less than 1,000 students, allowing regional transportation services and allowing "piggybacking" on federal technology contracts ("Fiscal Challenges," 2011).

The regulatory mandate relief enacted by the Board of Regents included, emergency repeal of the requirement for school facility report cards, emergency repeal of requirement for school bus idling reports, flexibility with scheduling school bus driver safety training, proposed repeal of vision screenings for hyperopia, and proposed amendment to provide additional certification flexibility with regard to the assignment of teachers in school districts and BOCES to provide for more cost-efficient operations ("Fiscal Challenges," 2011). The impact of this relief eased a small portion of the burden of unfunded mandates that were further taxing the financial stress on the school districts. Other recommendations included cost drivers that included structural deficit of healthcare and retirement benefits consuming and becoming an increasing share of expenditures and a shorter work year drives up teacher benefit costs per week. The

subcommittee stated that state funding formulas that define terms of service delivery inhibit adoption of innovations; state funding formulas that specify inputs drive up costs; state funding formulas that protect district allocation levels inhibit change; and state funding formulas that do not recognize student types create inequities ("Fiscal Challenges," 2011). The subcommittee stated that this means that a funding system needs to not attempt to perpetuate current system; should encourage resources to be used differently pushing district with declining enrollment to downsize; unlock current cost curves and restore local ability to affect spending; and to create a more nimble system that adopts best option for school process as they emerge with portability of funds ("Fiscal Challenges," 2011).

Creative funding is an area that needs further exploration in the public education sector. There are public-private partnerships that need to be explored (Green, 2011). This type of out of the box thinking can generate new ideas of how to best finance the 21st century education. Just as the jobs of tomorrow are ones that are not yet created, our financial system needs to have the same out of the box thinking in order to right the ship and achieve an equitable and substantial education for all children in New York State. The overarching start should be determining what the educational vision is and change the funding buckets to match the new vision. Although pockets of funding have been created by grants, they are competition based, and not universal. In contrast, creating a universal funding stream and allowing local control based on the educational vision allows for creative funding.

The New York State Education Department (2010) acknowledged the challenges to maintaining a sound financial condition, including access to information, escalating

expenses, declining revenues from tax dollars and other funding sources, lack of economic growth, balancing educational reform with financial stability, enrollment declines and a resistance to change. High Risk Districts under fiscal stress are indicated by negative fund balance with undesignated fund balance as negative and the total fund balance is <2% of the adopted budget ("Monitoring School District," 2010). Medium Risk Districts under fiscal concern are indicated by an undesignated fund balance <2% of the adopted budget, cumulative operating deficit <-6% of the adopted budget and unreserved, undesignated fund balance of <5% of adopted budget, with a current ratio of <1.25 and undesignated fund balance of <5% of the adopted budget ("Monitoring School District," 2010). Districts that institute fund balance projection and have careful management of fund balance help to avoid spikes in the tax levy and tax rates from year to year ("Monitoring School District," 2010). This multi-year financial planning and management of unreserved and undesignated fund balance is crucial in districts that have already believed the impact of reduced course offerings, layoffs, and/or increased taxes ("Monitoring School District," 2010).

Starrett, Casey and Dunlap (2014) stress the importance of multiyear financial planning with strategic practices of planning associated with budgeting being essential to long term success in outcomes. The strategic practices that superintendents choose in financial downturns are a factor in the success of surviving the financial downturn. Starrett, Casey and Dunlap (2014) reported that in a survey of 79 superintendents in Texas, the researchers found that the superintendents that planned earlier with a multiyear plan reported they fared better through the process of the financial downturn. The funding was based on academic goals with a long term financial plan.

The New York State Education Department Fiscal Analysis and Research Unit (2002) demonstrated through data that the high need rural districts had a K-6 Free Lunch percent (37%) that was double that of average need districts. Data also demonstrates that Need Resource categories tend to devote approximately the same proportion of expenditures to the instructional program, yet the results vary in academic outcomes. This could indicate that there is a lack of creativity of application of the funds, such as mandated areas of expenditures. Less advantaged districts may need to think outside the box and allocate more resources to improve in areas of documented weakness. The major spending differences exist with high need rural districts having the lowest average instructional expenditure per pupil ("Research Note," 2002). On average, high need districts tend to be low in per pupil expenditures, therefore ways must be found to increase efficient spending among districts in these Need Resource categories ("Research Note," 2002). This comparison of data by NYSED (2002) was meant to be an effort to better understand the relationships among instructional expenditures per pupil, district need and educational performance.

As a result of the study completed by NYSED in 2002 titled, *Research Note Towards an Understanding of the Relationships among Expenditures, District Need, and Academic Performance*, the following conclusions were made: adjusting expenditures per pupil for need and cost is a more productive approach to understanding the relationships among expenditures, student need and academic performance and different than the traditional method of investigating the relationships between expenditure per pupil; expenditures per pupil must be adjusted to reflect regional income vs. property cost and educational need; when cost and need are adjusted, expenditures per pupil can make

a difference; strong consideration needs to be given to providing an additional weighting based on the concentration of need in a district or perhaps for the type of poverty found in a district; high need districts may need to become highly cost efficient; high need districts may need to increase instructional expenditures (cost and need adjusted) on a per pupil basis to improve academic performance; cost efficient high need districts can serve as a model for less cost efficient districts. This study relied on data aggregated to the Need Resource category level, a similar study is suggested to be done focusing on district level data. Interestingly, the New York State Education Department (2002) acknowledged that much work still needs to be done in understanding the relationships between need, expenditures and educational performance.

In the time since the 2002 acknowledgement by the New York State Education Department, there has been a shift to Race To The Top (RTTT) and the Regents Reform Agenda, as well as the shift to College and Career Ready students. This shift has resulted in limited grant funding that has not been sufficient to fund the initiatives in their entirety. This is an example of a shift from unfunded mandates to a system of underfunded mandates.

Chapter III: Methodology

This study explores the budgetary reductions of public school districts since the implementation of the Tax Levy Limit in New York State public school districts, excluding New York City and the Big Four. A quantitative analysis was conducted to compare budgetary reductions of New York State public school districts, excluding New York City and the Big Four, in the categories of High Need, Low Need and Average Need.

The following three research questions guided this study:

1. What are the differences between District Need Resource categories of high, average, and low need when it comes to program impact?
2. What are the differences between District Need Resource categories of high, average and low need districts in support for future budgets and district sustainability?
3. What are the New York State public school superintendents' perceptions of the impact of the tax levy cap in light of the Needs Resource categories?

Research Design

A quantitative research design was selected for this study. Creswell (2009) distinguishes between qualitative and quantitative research by framing in terms of using words or numbers, respectively. Specifically, in this study closed ended questions are utilized to garner specific comparative, quantitative data across the Need Resource categories across New York State, excluding New York City and the Big Four.

A non-experimental design was utilized in the form of surveys. Survey research provides a quantitative description of opinions of a population by studying a sample of that population (Creswell, 2009). This study was comprised of a population in which the unit of analysis is New York State public school superintendents. The universe of the sample is the entire population of New York State public school superintendents. Superintendents' perception on the implications of the tax levy limit on the school district programming is the independent variable. Dependent variables will include the areas of change over the past two years in tax levies and program impact since the implementation of the tax levy limit legislation.

Target Population

All New York State public Superintendent of Schools, except those in New York City and the Big Four are both the population and the sample for this study. The reason for the sample size to be also the target population is to ensure an adequate response rate and also to ensure the ability to compare High Need, Low Need and Average Need Resource districts. The Need Resource Capacity categories of High Need Urban-Suburban and High Need Rural were collapsed into one category of High Need. Therefore, there were three main categories of High Need, Low Need and Average Need as determined by self report of the respondent. Studying the entire population helps to minimize bias and maximize generalizability.

There are 672 public school districts in New York State, excluding New York City and the Big Four. The target population and sample population included all of the 672 public school districts in New York State, excluding New York City and the Big

Four. New York City structure and governance is vastly different from the rest of New York State. For the purpose of this study New York City and Big Four School Districts were excluded. This is a random sample, as each individual in the population has an equal probability of being selected (Creswell, 2009). In addition to the exclusion of New York City and the Big Four School districts, Special Act school districts were also excluded as their funding is directly decided at the state level, and as such, are not participants in the tax levy cap legislation. The big city school districts of Rochester, Syracuse, Buffalo, and Yonkers were excluded from this survey due to the fact that they are fiscally dependent on their respective cities and cannot levy taxes or determine independently how much they will spend.

Instrumentation

The data collection instrument used for this study was a questionnaire created by the researcher. The survey instrument consisted of nineteen (19) questions, and the content of the survey was broken down into sections. The first section contained an introduction to the purpose of the study, which did not correspond to any questions for purpose of analysis. Section two contained a demographic section about the makeup of the district, including size, graduation rate, free and reduced lunch rate, and Need Resource Capacity level, which corresponded to questions 1-4. Section three included questions about the past two years' tax levy limit data, which corresponded to questions 5-13. Section four included questions about future projections from the superintendent's perspective, which included questions regarding whether adequate funding through State Aid support would limit the negative impact the tax cap levy limit would have on the school district. This section corresponded to questions 14-17. It included questions

regarding whether adequate funding through State Aid support would limit the negative impact the tax cap levy limit would have on the school district, and a question regarding superintendents' opinion of about whether the legislation should be changed and how. Section five contained questions regarding the impact upon the programming during the budgetary process. This section included questions about additions and cuts indicating the degree of impact upon the program. These items corresponded to questions 18-19. These questions centered on additions and reductions, with the degree of impact upon the program. In order to effectively compare school district sizes, impact level was chosen rather than a pure number of individuals reduced. This was to ensure that the impact was equalized across multiple level size districts. The last section included an area for respondents to identify themselves for admission into a raffle at the end of data collection. One survey respondent received a $25 gift card for participating in the survey, which did not correspond to any survey questions for data analysis purposes.

The survey questions were designed to answer three research questions. Survey questions 1, 18 and 19 were designed to answer the Need Resource categories and program impact question corresponding to research question one. Survey questions 5-12 were designed to answer the future budget and district sustainability question corresponding to research question two. Survey questions 15-17 were designed to answer the New York State public school superintendents' perceptions of the impact of the tax levy cap in light of the Needs Resource categories corresponding to research question three. The survey used a forced choice for each question with ranges of responses depending on the question. There were percentage bands from which the respondents could pick, with the last two questions utilizing a Likert-type scale indicating

the degree of negative impact from five choices, which included extreme negative impact, moderate negative impact, no impact, moderate positive impact, or extreme positive impact.

In order to effectively compare school district sizes, impact level was chosen rather than a pure number of individuals reduced. This was to ensure that the impact was equalized across multiple level size districts. The last section included an area for them to identify themselves for admission into a raffle at the end of data collection for one survey respondent to receive a $25 gift card for participating in the survey.

Data Collection

The target population was identified through working with the New York State Council of School Superintendents and New York State Education Department in accessing a database of New York State public school superintendents, including their name, school district address, phone number and email address. There was an introductory email, followed by an email to a link of the survey, followed up with a reminder email with the survey link attached a second time for those who had not responded. Survey links were then sent with reminder emails on different days of the week to enhance the likelihood of response rate due to varying the time and day the survey was disseminated. There were not phone calls launched in which the survey was administered over the telephone for those willing to participate, as an adequate response rate was achieved without implementation of utilizing this avenue. There was a nominal gift card prize given at random to one respondent at the conclusion of the entire data collection process.

Specifically, data was collected via electronic survey using the online data collection software called Survey Monkey. Surveys were sent out in early March 2014 and were completed by early April 2014. The link of the survey was sent via email to 672 public school superintendents as a result of utilizing lists as provided by the New York State Council of School Superintendents and the New York State Department of Education. One email was returned as unfound, when the first informative email was sent without the survey attached, and then the school district websites were utilized as an information-gathering tool for the current Superintendent of School's name, phone number and email address for contact with the survey. Once this list was refined, the second email was sent with the link of the survey. Following approximately one month of survey responses, with totals being reviewed weekly, a third email was sent to the same superintendents reminding them of participation in the study. A follow-up email to the missing data respondents occurred approximately one week after the third email. Subsequent emails of the survey were sent on varying days to increase the likelihood of response based on individual superintendent schedule accommodations. This was also done to increase the likelihood of completing the survey, so as to not send the survey at a difficult day for particular system leaders.

With the nature of the survey process on survey monkey, anonymity cannot be guaranteed. The survey states that the data is confidential and individual district data or names will not be published by name or in any recognizable fashion.

Reliability and Validity

Reliability was tested utilizing the SPSS software for the Cronbach's Alpha. Validity was measured by a panel of experts to determine the face validity. The panel of experts was a group of three retired New York State public school superintendents. This group of three retired public school superintendents remain active in the educational system leader arena through interim or consultant work. This panel of experts reviewed the survey and gave feedback to ensure the validity of the instrument. This pilot testing was done through the use of Survey Monkey to the school superintendents who volunteered to be a part of the expert panel. The survey was emailed with the link to Survey Monkey for completion. The researcher contacted the expert panel for their agreement prior to administering the survey. The focus group was asked for their feedback via telephone and email regarding suggested revisions. The retired superintendents provided valuable feedback about the format and content of the survey. There were suggestions to strengthen wording in order to increase clarity of the questions. Comments were reviewed and revisions were completed for a final product.

Upon the final revision completion, the three retired public school superintendents were asked to complete the surveys via email with a link to Survey Monkey. This data was downloaded into the SPSS software for coding and analysis. Upon review of the information and reviewing any comments and feedback from the pilot group, the final survey was launched to all public New York State school superintendents, excluding New York City and the Big Four, for the beginning of the data collection process.

Data Analysis

The data was transferred from Survey Monkey to SPSS, where the data was run through a variety of parametric tests utilizing ANOVAs. Utilizing the Analysis of Variance (ANOVA), statistical significance was measured for all three research questions at the $p<.05$ level.

Chapter IV: Data Analysis

The purpose of this research was to explore the budgetary reductions of public school districts since the implementation of the Tax Levy Limit Cap in New York State public school districts, excluding New York City and the Big Four. This research employed quantitative data analysis method to compare budgetary reductions of New York State public school districts, excluding New York City and the Big Four, in the categories of High Need, Low Need and Average Need Resource Capacity.

The survey instrument was developed by the researcher and utilizing the online survey software Survey Monkey. Participants of the study were New York State public school superintendents, excluding New York City and the Big Four.

The following three research questions guided the research survey:

1. What are the differences between District Need Resource categories of high, average, and low need when it comes to program impact?

2. What are the differences between District Need Resource categories of high, average and low need districts in support for future budgets and district sustainability?

3. What are the New York State public school superintendents' perceptions of the impact of the tax levy cap in light of the Needs Resource categories?

Background of Participants

The survey was distributed to six hundred and sixty two (662) superintendents in New York State. Of those superintendents in receipt of the electronic survey, three hundred and nine (n=309) responded. This resulted in a response rate of 47%. This survey was made available to respondents for four weeks from mid-March to mid-April 2014. Of the six hundred and sixty two (662) surveys administered, thirteen (13) superintendents opted out through electronic request on Survey Monkey. Of the responding superintendents, 17.23% (n=53) were from Low Need Resource Capacity districts, 46.73% (n=143) were from Average Need Resource Capacity districts, and 35.95% (n=110) were from High Need Resource Capacity districts. This data is displayed in Table 1.

Table 1
School District Demographic by Self Reported Need Resource Capacity Level

Need Resource Capacity	Frequency	Percent
Low	53	17.1
Average	143	46.1
High	110	35.5
Total	306	98.7
Skipped	4	1.3
Total	310	100.0

Additional demographic information reported by the superintendent respondents included free and reduced lunch rate averages, district enrollment, and average district

graduation rate. As shown in Table 2, there were 15 respondents with rates over 70% and 17 respondents with rates over 60%. The rates between 0-29% were represented by 105 respondents. The responses clustered around the 30-59% free and reduced lunch rate. This data indicates that the overwhelming majority of responses were from districts with 59% and below free and reduced lunch rate, with only 10.39% (n=32) respondents indicating a free and reduced lunch rate above 60%.

Table 2

School District Demographic by Self Reported Average Free and Reduced Lunch Rate

Average Free and Reduced Lunch Rate		Frequency	Percent
	0-9%	30	9.7
	10-19%	38	12.3
	20-29%	37	11.9
	30-39%	48	15.5
	40-49%	60	19.4
	50-59%	63	20.3
	60-69%	17	5.5
	70-79%	9	2.9
	80-89%	4	1.3
	90-100%	2	.6
	Total	308	99.4
	Skipped	2	.6
Total		310	100.0

The districts' student enrollment demographics resembled a normal curve. Districts with 500 or less students were 17.59% (n=54) of the respondents. Districts with 501-1,000 students were 23.78% (n=73) of the respondents. Districts with 1,000 to 2,000 students were 29.32% (n=90) of the respondents. Districts with 2,001-5,000 students

comprised 22.48% (n=69) of the respondents. Districts with 5,001 or greater students comprised 6.84% (n=21) of the respondents to the survey. This indicates that the largest portions of respondents are superintendents at districts of the size 1,000 to 2,000 student enrollments. Also noteworthy, is that in comparing the Need Resource Categories against the enrollment size, there shows a trend for school districts with under 1,000 students enrolled to identify themselves as high need and school districts with enrollment greater than 1,000 students showed a trend of identifying themselves as average Need Resource Capacity.

Table 3
School District Demographic by Self Reported District Student Enrollment and Need Resource

District Student Enrollment	Frequency	Percent	Low Need	Average Need	High Need
500 or less	54	17.4	8	19	**27**
501 to 1,000	73	23.5	6	32	**35**
1,000 to 2,000	90	29.0	16	**45**	29
2,001 to 5,000	69	22.3	16	**45**	29
5,001 or greater	21	6.8	17	**36**	13
Total	307	99.0	5	**10**	6
Skipped	3	1.0			
Total	310	100.0			

As indicated in Table 4, the average district graduation rate for the responding districts was predominately over 50%, 99.67% (n=304). Only one district reported fewer than 50% average graduation rate. 30.82% (n=94) districts reported 96-100% graduation rate averages, 42.62% (n=130) districts reported 86-95% average graduation rate, 20.33 (n=62) districts reported 76-85% graduation rate, and 5.9% (n=18) respondents reported having a graduation rate average between 50-75%. This indicates that the majority of

respondents indicated the district average graduation rate for the 2008 and 2009 cohorts was between 86 and 95%, as indicated in Table 4.

Table 4
School District Demographic by Self Reported Average Graduation Rate

Average Graduation Rate	Frequency	Percent
under 50%	1	.3
50-75%	18	5.8
76-85%	62	20.0
86-95%	130	41.9
96-100%	94	30.3
Total	305	98.4
Skipped	5	1.6
Total	310	100.0

As shown in Table 4, districts with achievement issues seemed to be less participatory in response to this survey.

Figure 1 represents the average graduation rate as self reported by respondents. Over 73% of respondents indicated status in the categories of over 86% average graduation rate.

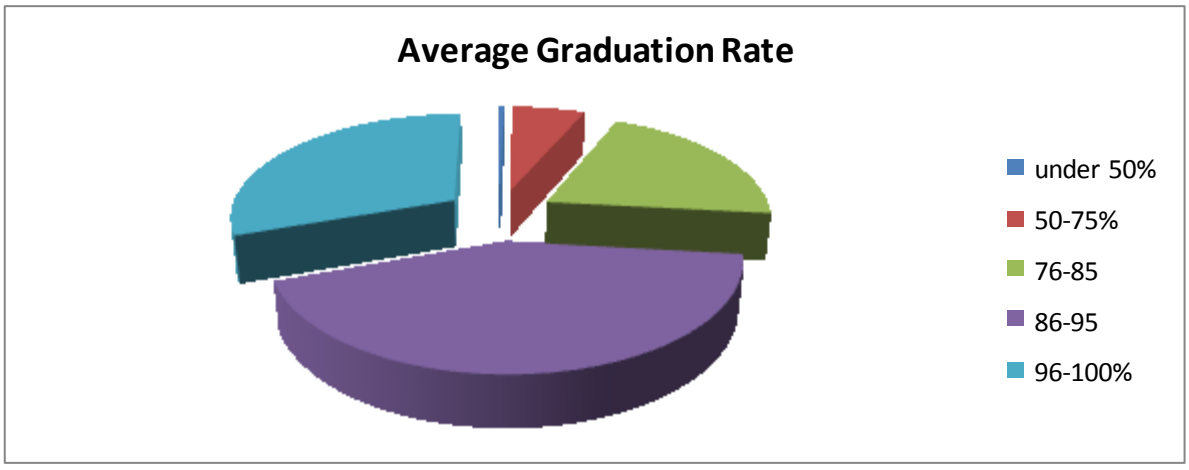

Figure 1. Average Graduation Rate as Self Reported by Superintendent Respondents

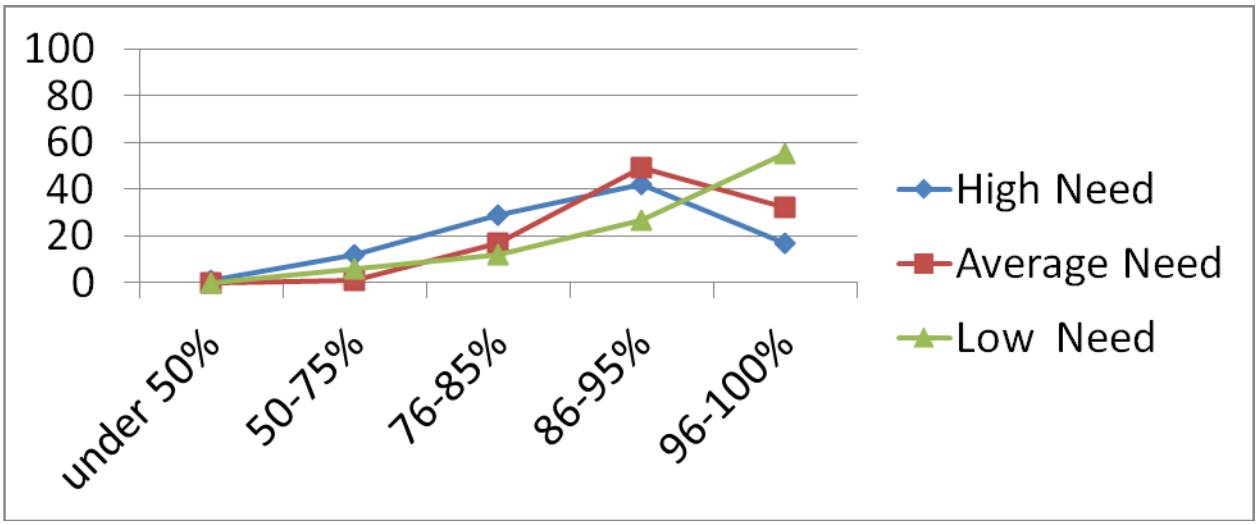

Figure 2. New York State Graduation Rates by Need

Figure 2 demonstrates average graduation rates in New York State as reported by NYS Education Department in 2014, with the average of all categories combined at a rate of 74.9%. Over 73% of all respondents in this research survey were from school districts with average graduation rates at or exceeding 86% by self report.

Reliability Analysis

In order to determine whether the attributes under the major categories of program impact, district sustainability, and superintendents' perceptions were consistent with one another and that they represented the construct measured, Cronbach's Alpha was utilized. When items from the survey clearly represent the construct, then the value will be high, which indicates confidence in the internal consistency of the survey instrument. Cronbach's Alpha of this survey was 0.944 for all variables. A score of 0.70 or higher is deemed to be acceptably reliable. This shows that the construct is highly reliable, as indicated in Table 5.

Table 5
Cronbach's Alpha Reliability Statistics

Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
.944	.967	62

Results

The results of all three research questions were analyzed utilizing Analysis of Variance (ANOVA). Utilizing ANOVA it can be determined if there is a statistical difference in the responses of the superintendents in school districts where the Need Resource Capacity differs. ANOVA is a statistical method which can be utilized to compare the means of more than two groups. This comparison shows if they are statistically different from each other. In addition to showing the differences between the mean scores of two or more variables, ANOVA also helps to determine the level of statistical significance.

The independent variable in all three research questions throughout this study is the Need Resource Capacity of the districts. The dependent variable in this study is the response to the tax levy limit legislation in each specific district related to program impact for research question one, in support for future budgets and district sustainability in research question two, and New York State school superintendent's perceptions in research question three. Utilizing the Analysis of Variance (ANOVA), statistical

significance was measured for all three research questions at the $p<.05$ level. If this level of statistical significance was not measured, then no significant difference was reported.

Research Question 1

The first research question asked, "What are the differences between District Need Resource categories of high, average, and low need when it comes to program impact?" The method of analysis used to analyze the data was Analysis of Variance (ANOVA). The superintendents' responses indicated that there is a significant difference ($p<.05$) in program impact as measured between Need Resource categories in the following areas as measured by ANOVA and displayed in Table 6: Elective Courses, Math Instruction, ELA Instruction, Science Instruction, Elementary Core Instruction, Middle School Core Instruction, High School Core Instruction, Enrichment, Advanced Placement, Special Education, Athletics, Administration Staff, Instructional Staff, Non-Instructional Staff, Class Size Increase, Routine Maintenance Schedule, Intended Use of Reserves, Intended Use of Restricted Reserves, Use of Fund Balance, and Field Trips.

Table 6

ANOVA Program Impact by District Need Resource Capacity Level

		Sum of Squares	df	Mean Square	F	Sig.
Elective Courses	Between Groups	3.237	2	1.619	3.101	**.047**
	Within Groups	132.568	254	.522		
	Total	135.805	256			
Math Instruction	Between Groups	4.479	2	2.240	6.170	**.002**
	Within Groups	93.659	258	.363		
	Total	98.138	260			
ELA Instruction	Between Groups	6.192	2	3.096	8.355	**.000**
	Within Groups	95.601	258	.371		
	Total	101.793	260			
Science Instruction	Between Groups	3.858	2	1.929	4.809	**.009**
	Within Groups	103.080	257	.401		
	Total	106.938	259			
Elementary Core Instruction	Between Groups	3.147	2	1.573	4.088	**.018**
	Within Groups	98.129	255	.385		
	Total	101.275	257			
Middle School Core Instruction	Between Groups	3.998	2	1.999	4.863	**.008**
	Within Groups	104.002	253	.411		
	Total	108.000	255			
High School Core Instruction	Between Groups	2.259	2	1.129	3.202	**.042**
	Within Groups	89.237	253	.353		
	Total	91.496	255			
Enrichment	Between Groups	7.268	2	3.634	6.106	**.003**
	Within Groups	152.947	257	.595		
	Total	160.215	259			
Advanced Placement	Between Groups	12.014	2	6.007	10.327	**.000**
	Within Groups	145.417	250	.582		
	Total	157.431	252			
Special Education	Between Groups	3.394	2	1.697	3.767	**.024**
	Within Groups	115.332	256	.451		
	Total	118.726	258			
Athletics	Between Groups	2.720	2	1.360	3.474	**.032**
	Within Groups	99.057	253	.392		
	Total	101.777	255			
Administration Staff	Between Groups	5.375	2	2.688	5.455	**.005**
	Within Groups	126.625	257	.493		
	Total	132.000	259			
Instructional Staff	Between Groups	3.868	2	1.934	5.002	**.007**
	Within Groups	99.749	258	.387		
	Total	103.617	260			
Non-Instructional Staff	Between Groups	3.442	2	1.721	4.174	**.016**
	Within Groups	105.554	256	.412		
	Total	108.996	258			
Class Size Increase	Between Groups	4.605	2	2.302	3.600	**.029**
	Within Groups	163.089	255	.640		
	Total	167.694	257			
Routine Maintenance Schedule	Between Groups	3.685	2	1.843	3.954	**.020**
	Within Groups	118.377	254	.466		
	Total	122.062	256			
Intended Use of Reserves	Between Groups	3.659	2	1.830	3.441	**.034**
	Within Groups	135.057	254	.532		
	Total	138.716	256			
Intended Use of Restricted Reserves	Between Groups	4.535	2	2.268	3.502	**.032**
	Within Groups	161.884	250	.648		
	Total	166.419	252			
Use of Fund Balance	Between Groups	6.585	2	3.293	5.950	**.003**
	Within Groups	142.226	257	.553		
	Total	148.812	259			
Field Trips	Between Groups	3.798	2	1.899	3.519	**.031**
	Within Groups	136.542	253	.540		
	Total	140.340	255			

However, the superintendents' responses indicated that there was no significant difference ($p<.05$) in program impact as measured between Need Resource categories in the following areas as measured by ANOVA and displayed in Appendix B: Summer School, Textbook Purchases, Materials and Supplies, Social Studies Instruction, Business Instruction, Art, Music, Career and Technical Education, Second Language, Clubs, Counseling/Social Work/Mental Health Supports, Transportation, Operations and Maintenance, School Safety, Clerical, Class Size Decrease, Instructional Technology, Library Materials, Library Instruction, Physical Education/Wellness, Prekindergarten, Full Day Kindergarten, Closure of School Building, Instructional Time, Professional Development Participation, and Teacher Center. Either these had already been cut in the first years of the financial crisis, or there were funding sources protecting them.

In the areas that were statistically significant in Table 6 as mentioned above, the areas in which over 50% of respondents rated the degree of impact as moderate negative impact, as answered by question 19 of the survey, were in the following program categories: Math Instruction, ELA Instruction, Elementary Core Instruction, Middle School Core Instruction, High School Core Instruction, Athletics, Administration Staff, Instructional Staff, Non-Instructional Staff and Class Size Increase. This is shown in Figure 3 below.

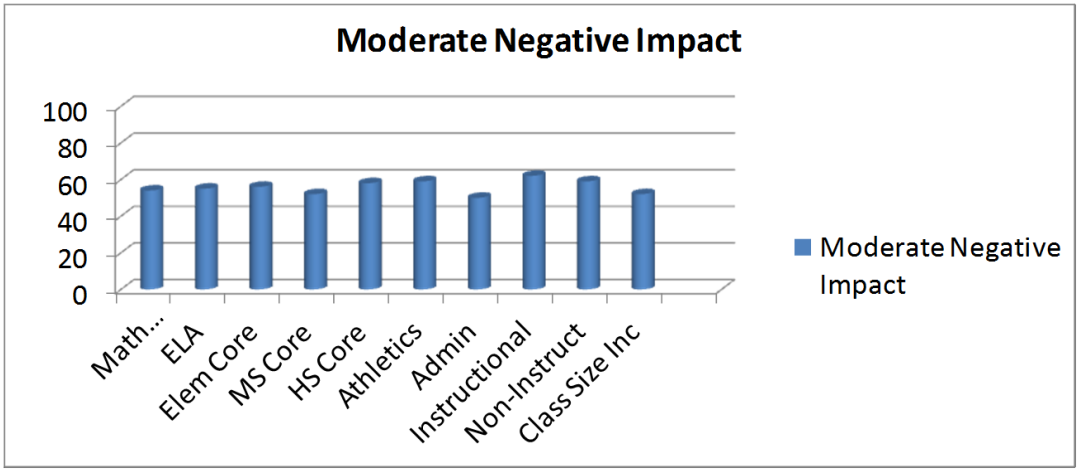

Figure 3. Moderate Negative Impact over 50% by Significant Category of Program

In areas of statistical significance in Table 6 as mentioned above, the areas in which over 20% of respondents rated the degree of impact as extreme negative impact were in the following program categories: Advanced Placement, Administration Staff, Instructional Staff, Non-Instructional Staff, Class Size Increase, Intended Use of Reserves, Intended Use of Restricted Reserves Use of Fund Balance and Field Trips. This is shown in Figure 4 below.

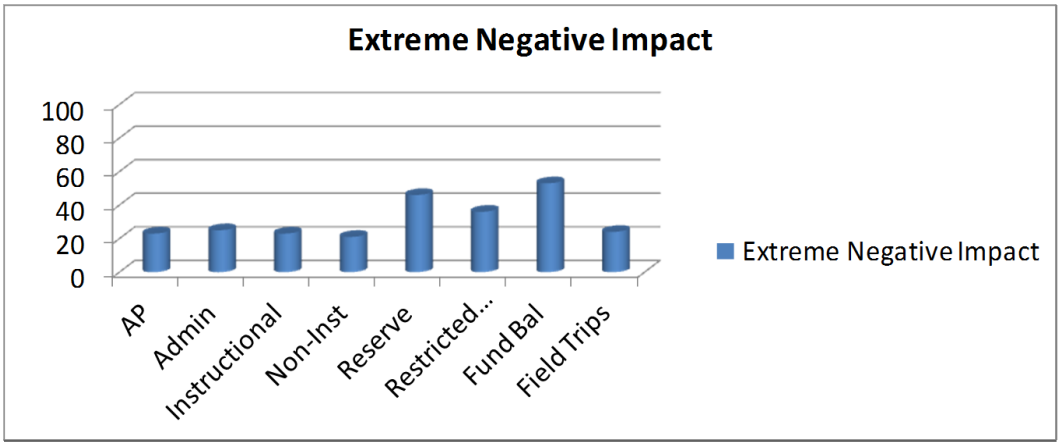

Figure 4. Extreme Negative Impact over 20% by Significant Category of Program

As a big picture perspective, the superintendent respondents rated the districts' overall ability to fund programs as effected by the tax levy limit legislation as negative with a combined negative impact rating of 90.58% (n=250). Superintendents rated the effect as an extreme negative impact at 30.07% (n=83) and the effect as moderate negative impact at 60.51% (n=167). There were 9.06% (n=25) of superintendent respondents that rated the impact on ability to fund programs by the tax levy limit legislation as no impact. Of these twenty-five superintendent respondents, five were from Low Need, five from High Need, and 15 were from Average Need districts. In the category of moderate positive impact 0.36% (n=1) superintendent respondent rated the impact as moderate positive. There were no superintendent respondents that rated the district's overall ability to fund programs as extreme positive impact as effected by the tax levy limit legislation.

In reviewing the information of program categories organized based upon Need Resource Capacity, there were several differences between Need Resource Capacity groups. The program categories where superintendents rated the district's impact in program categories as different included nine (9) out of forty-six (46) categories. These program categories that showed differences between Need Resource categories included: Social Studies Instruction, Business Instruction, Enrichment, Advanced Placement, Counseling/Social Work/Mental Health Supports, Library Materials, Library Instruction, Intended Use of Reserves, and Intended Use of Restricted Reserves.

As shown below in Table 7 in the category of Social Studies Instruction, 53% (n=23) of Low Need Resource Capacity Superintendents rated this category with a

Moderate Negative Impact, 46% (n=55) of Average Need Resource Capacity superintendents rated this category with a No Impact, and 53% (n=50) of High Need Resource Capacity superintendents rated this category as Moderate Negative Impact. This is an area which is not as highly tested in the K-8 environment by New York State Education Department, and may have influenced the negative outcome as a result of fiscal constraints.

Table 7
Social Studies Instruction
Not Significant: Highlights Important Differences

Program	Impact Level	Need Capacity			
		Low	Average	High	Total
Social Studies Instruction	Extreme Negative Impact	1 (2%)	12 (10%)	12 (13%)	25 (10%)
	Moderate Negative Impact	23 (53%)	54 (45%)	50 (53%)	127 (49%)
	No Impact	19 (45%)	55 (46%)	33 (34%)	107 (41%)
Total		43	121	95	259

As shown in Table 8 in the category of Business Instruction, 48% (n=19) of Low Need Resource Capacity Superintendents rated this category as No Impact, 37% (n=43) of Average Need Resource Capacity superintendents rated this category as Moderate Negative Impact, and 36% (n=35) of High Need Resource Capacity superintendents rated this category as Moderate Negative Impact. This is an area which is not mandatory by New York State Education Law, and may have influenced the negative outcome as a result of fiscal constraints.

Table 8
Business Instruction
Not Significant: Highlights Important Differences

Program	Impact Level	Need Capacity			
		Low	Average	High	Total
Business Instruction	Extreme Negative Impact	8 (20%)	31 (26%)	34 (35%)	73 (29%)
	Moderate Negative Impact	13 (32%)	43 (37%)	35 (36%)	91 (36%)
	No Impact	19 (48%)	42 (36%)	27 (28%)	88 (35%)
	Extreme Positive Impact	0 (0%)	1 (1%)	0 (0%)	1 (0%)
Total		40	117	96	253

As shown in Table 9 in the category of Enrichment, 40% (n=17) of Low Need Resource Capacity Superintendents rated this category as Extreme Negative Impact, 42% (n=51) of Average Need Resource Capacity superintendents rated this category as Moderate Negative Impact, and 60% of High Need Resource Capacity superintendents rated this category as Extreme Negative Impact. This is an area which is not mandatory by New York State Education Law, and may have influenced the negative outcome as a result of fiscal constraints.

Table 9
Enrichment

Program	Impact Level	Need Capacity			
		Low	Average	High	Total
Enrichment	Extreme Negative Impact	17 (40%)	44 (36%)	58 (60%)	119 (46%)
	Moderate Negative Impact	15 (36%)	51 (42%)	27 (28%)	93 (36%)
	No Impact	10 (24%)	26 (22%)	10 (11%)	46 (18%)
	Extreme Positive Impact	0 (0%)	0 (0%)	1 (1%)	1 (0%)
Total		42	122	96	260

As shown in Table 10 below in the category of Advanced Placement, 44% (n=19) of Low Need Resource Capacity Superintendents rated as No Impact, 43% (n=50) of Average Need Resource Capacity superintendents rated this area as Moderate Negative Impact, and 45% of High Need Resource Capacity superintendents rated this area as Moderate Negative Impact. This is an area which is not mandatory by New York State Education Law, and may have influenced the negative outcome as a result of fiscal constraints.

Table 10
Advanced Placement

Program	Impact Level	Need Capacity			
		Low	Average	High	Total
Advanced Placement	Extreme Negative Impact	6 (14%)	19 (16%)	33 (35%)	58 (23%)
	Moderate Negative Impact	16 (37%)	50 (43%)	42 (45%)	108 (43%)
	No Impact	19 (44%)	46 (40%)	18 (19%)	83 (33%)
	Moderate Positive Impact	1 (2%)	1 (1%)	1 (1%)	3 (1%)
	Extreme Positive Impact	1 (0%)	0 (0%)	0 (0%)	1 (0%)
Total		43	116	94	253

As shown in Table 11 in the category of Counseling/Social Work/Mental Health Supports, 47% (n=20) Low Need Resource Capacity Superintendents rated this area as No Impact, 53% (n=63) of Average Need Resource Capacity superintendents rated this area as Moderate Negative Impact, and 43% (n=40) of High Need Resource Capacity rated this area as Moderate Negative Impact. This area was shown at no impact for Low Need Resource Capacity districts and moderate for average and high need districts, which may be an area for future research, as there is an increase in the population of mental illness and needs have grown in the past two decades.

Table 11
Counseling/Social Work/Mental Health Supports
Not Significant: Highlights Important Differences

Program	Impact Level	Need Capacity			
		Low	Average	High	Total
Counseling/Social Work/Mental Health Supports	Extreme Negative Impact	7 (16%)	21 (17%)	25 (26%)	53 (21%)
	Moderate Negative Impact	16 (37%)	63 (53%)	40 (43%)	119 (46%)
	No Impact	20 (47%)	33 (27%)	29 (31%)	82 (32%)
	Moderate Positive Impact	0 (0%)	2 (2%)	0 (0%)	2 (1%)
	Extreme Positive Impact	0 (0%)	1 (1%)	0 (0%)	1 (0%)
Total		43	120	94	257

As shown in Table 12 in the category of Library Materials, 47% (n=20) of Low Need Resource Capacity superintendents rated this category as Moderate Negative Impact, 45% (n=55) of Average Need Resource Capacity superintendents rated Library Materials as No Impact, and 51% (n=49) of High Need Resource Capacity rated this category Moderate Negative Impact. The Average Need Resource Capacity districts saw no impact, this may be due to this being an area that is directly supported by State Aid.

Table 12
Library Materials
Not Significant: Highlights Important Differences

Program	Impact Level	Need Capacity			
		Low	Average	High	Total
Library Materials	Extreme Negative Impact	5 (12%)	14 (11%)	11 (11%)	30 (12%)
	Moderate Negative Impact	20 (47%)	51 (42%)	49 (51%)	120 (46%)
	No Impact	18 (41%)	55 (45%)	36 (38%)	109 (42%)
	Moderate Positive Impact	0 (0%)	0 (0%)	0 (0%)	0 (0%)
	Extreme Positive Impact	0 (0%)	2 (2%)	0 (0%)	2 (0%)
Total		43	122	96	261

As shown in Table 13 in the category of Library Instruction,49% (n=21) of Low Need Resource Capacity Superintendents rated this category as No Impact, 42% (n=51) of Average Need Resource Capacity superintendents rated Library Instruction as No Impact, and 41% (n=39) of High Need Resource Capacity rated this category as Moderate Negative Impact. The impact for Low and Average need districts was rated as No Impact. This may be due to this being an area in which has been previously stripped in several years of fiscal crisis difficulties in New York State. There is only required to be one Library Media Specialist district wide, and as a result this may have been an area that has seen cuts in previous years. This may be an area for future research.

Table 13
Library Instruction
Not Significant: Highlights Important Differences

Program	Impact Level	Need Capacity			
		Low	Average	High	Total
Library Instruction	Extreme Negative Impact	6 (14%)	25(20%)	21 (22%)	52 (20%)
	Moderate Negative Impact	16 (37%)	45 (37%)	39 (41%)	100 (39%)
	No Impact	21 (49%)	51 (42%)	35 (37%)	107 (41%)
	Moderate Positive Impact	0 (0%)	1 (1%)	0 (0%)	1 (0%)
Total		43	122	95	260

As shown in Table 14 in the category of Intended Use of Reserves, 42% (n=18) of Low Need Resource Capacity superintendents rated this area as Moderate Negative Impact, 45% (n=53) of Average Need Resource Capacity superintendents rated this area as Moderate Negative Impact, and 57% (n=54) of High Need Resource Capacity rated this category as Extreme Negative Impact. This shows as Extreme Negative Impact for High Need Resource Capacity Districts, thus showing this is an important area for future research.

Table 14
Intended Use of Reserves

Program	Impact Level	Need Capacity			
		Low	Average	High	Total
Intended Use of Reserves	Extreme Negative Impact	17 (40%)	47 (39%)	54 (57%)	118 (46%)
	Moderate Negative Impact	18 (42%)	53 (45%)	31 (33%)	102 (40%)
	No Impact	8 (18%)	18 (15%)	10 (10%)	36 (14%)
	Extreme Positive Impact	0 (0%)	1 (1%)	0 (0%)	1 (0%)
Total		43	119	95	257

As shown in Table 15 in the category of Intended Use of Restricted Reserves, 44% (n=19) of Low Need Resource Capacity Superintendents rated this category as Moderate Negative Impact, 37% (n=44) of Average Need Resource Capacity superintendents rated this category as Moderate Negative Impact, and 46% (n=42) of High Need Resource Capacity rated this category as Extreme Negative Impact. Again, all districts rated this area as Moderate or Extreme Negative Impact, with High Need

Resource Capacity rating as Extreme Negative Impact. This further demonstrates that our schools are depleting financial resources they possess impacting district sustainability over the long term of depleting reserves.

Table 15
Intended Use of Restricted Reserves

Program	Impact Level	Need Capacity			
		Low	Average	High	Total
Intended Use of Restricted Reserves	Extreme Negative Impact	13 (30%)	36 (30%)	42 (46%)	91 (36%)
	Moderate Negative Impact	19 (44%)	44 (37%)	30 (33%)	93 (37%)
	No Impact	11 (26%)	38 (32%)	19 (21%)	68 (27%)
	Extreme Positive Impact	0 (0%)	1 (1%)	0 (0%)	1 (0%)
Total		43	119	91	253

Additionally, there were a multitude of areas that High Need Resource Capacity districts rated as an extreme negative impact, including Enrichment, Intended Use of Reserves, Intended Use of Restricted Reserves, and Use of Fund Balance. These areas are represented in Figure 5. This points to a serious fiscal crisis at the forefront in particular for high need districts, as it demonstrates a need to utilize district savings in order to pay for current school year needs. The overwhelming superintendent responses of 90.58% (n=250) indicated the districts' overall ability to fund programs is effected by the tax levy limit legislation.

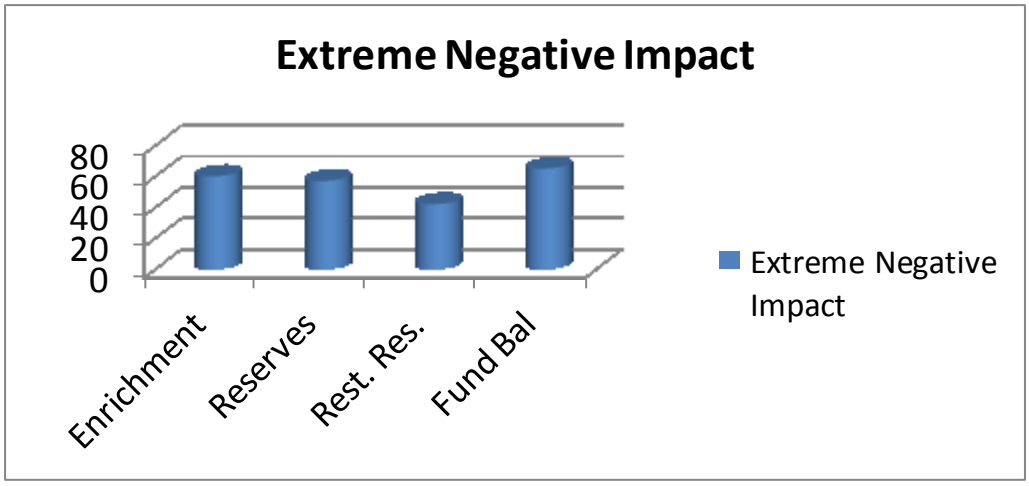

Figure 5. High Need Resource Districts Extreme Negative Impact

Research Question 2

The second research question asked, "What are the differences between District Need Resource categories of high, average and low need districts in support for future budgets and district sustainability?" The method of analysis used to analyze the data was Analysis of Variance (ANOVA).

Table 16

ANOVA District Sustainability by Need Resource Capacity

		Sum of Squares	df	Mean Square	F	Sig.
What was the district tax levy increase change for the 2012-13 school year? (from school year 10-11 to school year 11-12)	Between Groups	.944	2	.472	.885	.414
	Within Groups	149.883	281	.533		
	Total	150.827	283			
Did the district require supermajority vote to increase above the allowable tax levy limit and exceed the levy limit including exemptions during 2012-13 (last school year)?	Between Groups	.007	2	.004	.073	.930
	Within Groups	13.247	260	.051		
	Total	13.255	262			
Please estimate the maximum tax levy percent increase your school district community would support with a supermajority vote for the school budget 2014-15?	Between Groups	.405	2	.202	.059	.942
	Within Groups	927.683	272	3.411		
	Total	928.087	274			
What is the best description of the budget process utilized in the district since the tax levy limit was enacted in New York State?	Between Groups	.893	2	.447	.280	.756
	Within Groups	441.607	277	1.594		
	Total	442.500	279			
What was the district tax levy increase change for the 2013-14 school year? (from school year 11-12 to school year 12-13)	Between Groups	4.627	2	2.313	3.398	**.035**
	Within Groups	192.688	283	.681		
	Total	197.315	285			
Did the district require supermajority vote to increase above the allowable tax levy limit and exceed the levy limit including exemptions during the 2013-14 (this school year)?	Between Groups	.019	2	.009	.249	.779
	Within Groups	10.558	283	.037		
	Total	10.577	285			

Table 16 above shows that only one item was found to be statistically significant at the $p<.05$ level. This item was question number 5 on the survey and inquired "What was the district tax levy increase change for the 2013-14 school year?" The results, as shown in Table 17 below, show that between Need Resource Categories, there was a statistically significant difference in what the district tax levy increase change was for the 13-14 school year. Over 59% of the Average Need Resource Capacity school districts respondents indicated that the tax levy increase change for the 13-14 year was 2% to less than 4%. This was over 10% higher than the other need resource capacity districts of low and high. Low and High Need Resource Capacity districts also showed an 8% higher increase in the 1% to less than 2% response than Average Need Resource Capacity districts.

Table 17

District tax levy increase change for the 2013-14 School Year

Program	Impact Level	Need Capacity			
		Low	Average	High	Total
What was the district tax levy	Less than 0%	2 (5%)	2 (1%)	3 (3%)	7
increase change for the	0% to less than 1%	4 (9%)	5 (4%)	9 (8%)	18
2013-14 school year?	1% to less than 2%	15 (34%)	35 (26%)	36 (34%)	86
	2% to less than 4%	20 (45%)	80 (59%)	50 (47%)	150
	4% or greater	3 (7%)	13 (10%)	9 (8%)	25
Total		44	135	107	286

In reviewing the results showed in Table 17 by total numbers across all need resource categories, rather than between, the greatest number of respondents chose between 2% to less than 4% increase, with 52% (n=150) of responding superintendents choosing this option in survey choice. The second highest choice in response was 30% (n=86) which corresponded to between 1% to less than 2% tax levy increase change for the 2013-14 school year. The lowest response of 2% (n=7) respondents chose the response of less than 0%. The second lowest response of 6% (n=18) chose the response of between 1% to less than 2% tax levy increase change for the 2013-14 school year. The third lowest response of 8% (n=25) respondents chose the response of 4% or greater in district tax levy increase change for the 2013-14 school year. In reviewing the differences across Need Resource Capacities among the districts, all categories of Low, Average, and High had modes in the area of 2% to less than 4%. This demonstrates that the entire population of New York State saw similar tax levy increase changes from the 2013-14 school year based on the mode for superintendent responses in this survey as demonstrated in Table 17. Although, as stated previously, between the Need Resource Capacity there were differences as highlighted by Low and High Need Resource Capacity Districts trending together, with Average Need Resource Capacity Districts demonstrating a different pattern of over 12% higher in the 2% to less than 4% range.

Of the total survey respondents, 3.79% (n=11) stated the district required supermajority vote to increase above the allowable tax levy limit and exceed the levy limit including exemptions during the 2013-14 school year. According to question number 13 in the survey, the estimated maximum tax levy percent increase the school district community would support with a supermajority vote for the school budget 2014-

15, the greatest response category was 2% (n=93), with 1.08% (n=3) responding that their community would support an estimated 10% and over, as shown in Figure 6.

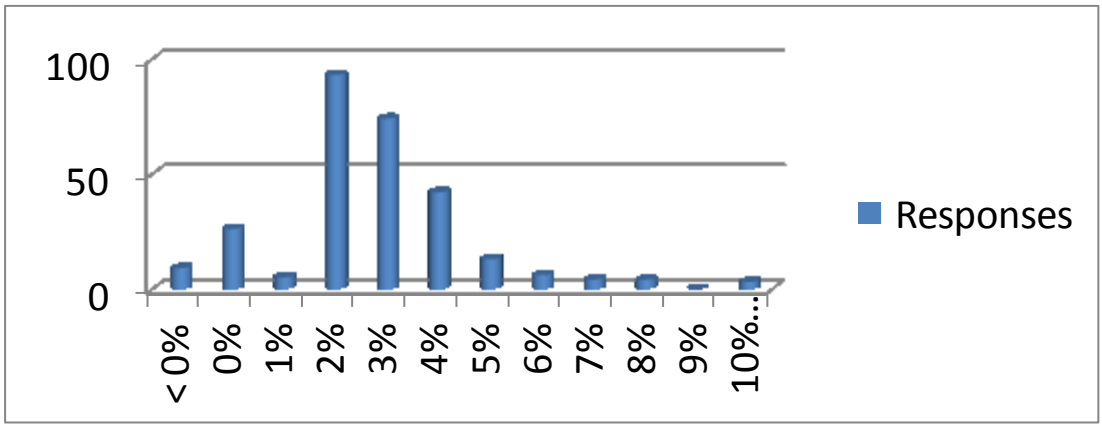

Figure 6. Maximum Tax Levy Increase Community Support

Question 14 of the survey asked: "What is the best description of the budget process utilized in the district since the tax levy limit was enacted in New York State?" The greatest number of responses, 42.05% (n=119) stated Top Down (Board of Education to Superintendent to Principal to Teacher to Student). The fewest responses were in the category response of Community Budget Committee with 10.95% (n=31) choosing this option of the survey response options. The other option of Bottom Up (Student to Teacher to Principal to Superintendent to Board of Education) received a 19.43% (n=55) response rate.

Research Question 3

The third research question asked, "What are the New York State public school superintendents' perceptions of the impact of the tax levy cap in light of the Needs Resource categories?" The method of analysis used to analyze the data was Analysis of Variance (ANOVA).

Table 18

ANOVA Superintendent Perceptions by District Need Resource Capacity

		Sum of Squares	Df	Mean Square	F	Sig.
Under current state aid conditions, what are your recommendations for changes to the tax levy limit legislation?	Between Groups	4.187	2	2.094	3.872	**.022**
	Within Groups	148.680	275	.541		
	Total	152.867	277			
Do you perceive the state aid funding formula to be equitable to high need districts?	Between Groups	.115	2	.057	1.666	.191
	Within Groups	9.528	277	.034		
	Total	9.643	279			
If you answered no to the previous question, what is the impact of the state aid funding formula on your perception of the tax levy limit legislation?	Between Groups	7.585	2	3.792	5.609	**.004**
	Within Groups	181.190	268	.676		
	Total	188.775	270			

Table 18 shows that the superintendents' responses indicated that there is a significant difference ($p<.05$) in superintendents' perceptions in the following areas as measured by ANOVA and illustrated in Table 18: recommendations for changes to the tax levy limit legislation and the impact of state aid funding formula on perception of the

tax levy limit legislation. There was not a significant difference ($p<.05$) in district sustainability in the following areas as measured by ANOVA detailed in Table 18: perception of the state aid funding formula to be equitable to high need districts. Out of the survey responses for question 15, "Do you perceive the state aid funding formula to be equitable to high need districts?" Over 96.4% (n=274) answered No, as shown in Figure 7.

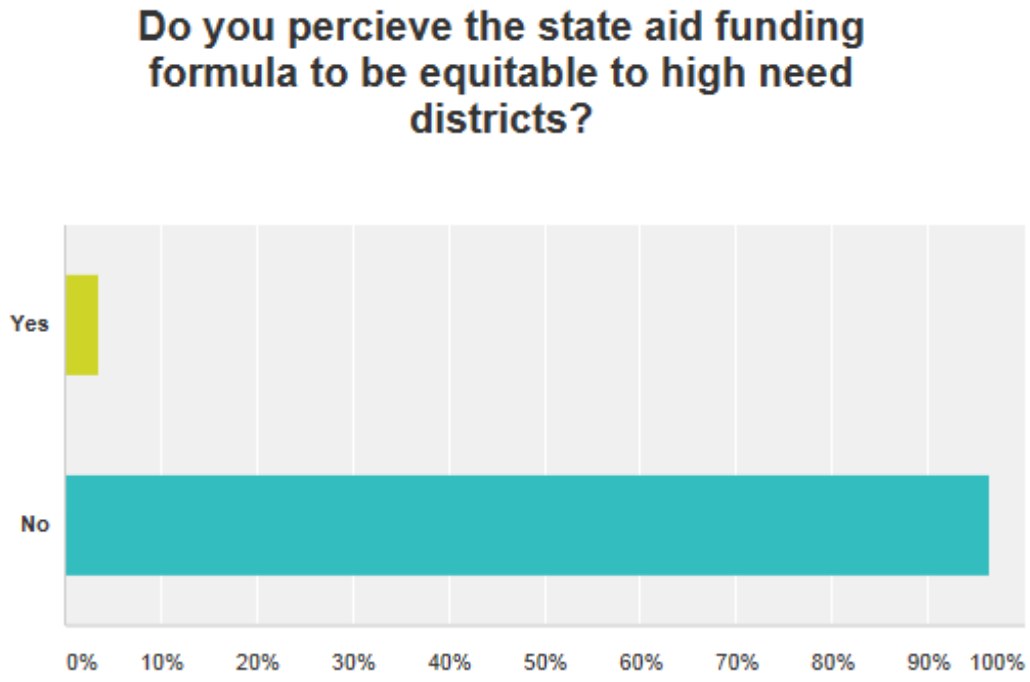

Figure 7. Perception of State Aid Funding Formula

This is a resounding state-wide response to the perceptions of NYS superintendents across Need Resource Capacity areas to this question of whether New York State is equitably funding high need districts. In survey question 16, superintendents were asked, "What is the impact of the state aid formula on your

perception of the tax levy limit legislation?" Over 45% (n=124) stated the funding formula was not connected to their perceptions of the tax levy limit legislation. This was the response most chosen by superintendents. The other two answers were almost a tie, with 27.27% (n=75) believed that if there was a more equitable formula to high need districts, their perception of the tax levy limit legislation would be positive, and 27.64% (n=76) believed that if there was a more equitable formula to high need districts, then it would not change their perception of the tax levy limit legislation. Question 17 asked, "Under current state aid conditions, what are your recommendations for changes to the tax levy limit legislation?" A resounding 89.01% (n=251) believed that the law should be repealed and tax levy decisions should return to local control, as shown in Figure 8.

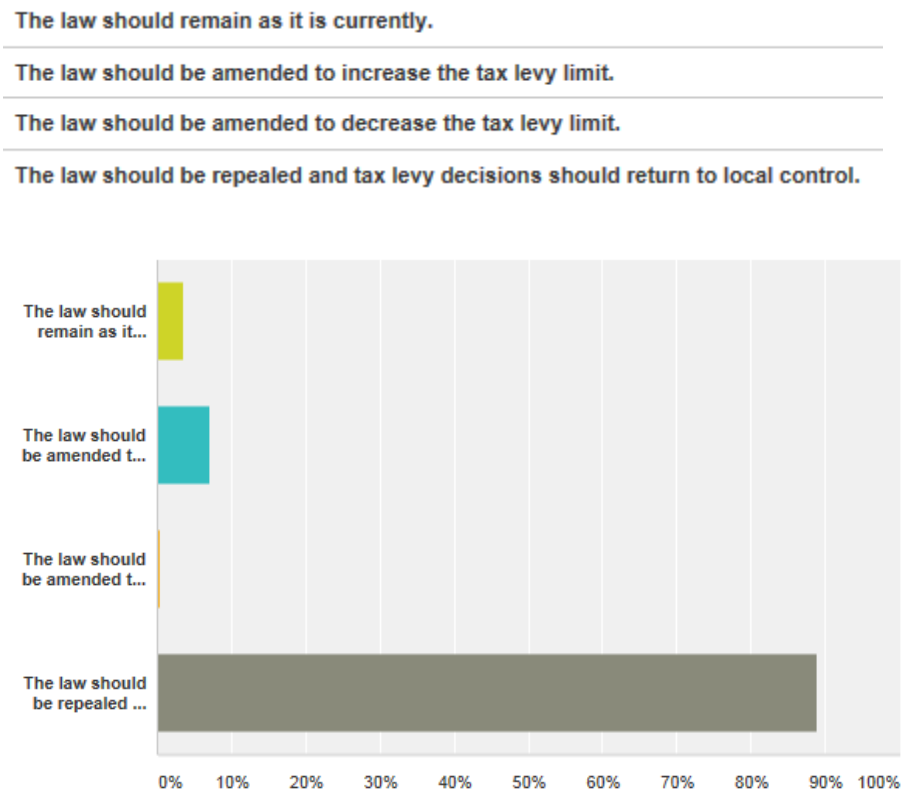

Figure 8. Tax Levy Limit Legislation Law Recommendations

This was followed by 7.09% (n=20) feeling that the law should be amended to increase the tax levy limit as the second greatest response. Only 3.55% (n=10) believed that the law should remain as it is currently. The mode in all three Need Resource Capacity Levels of Low, Average and High trended in the same answer to this survey question number 17, stating that the law should be repealed and the tax levy decisions should return to local control as demonstrated in Table 19.

Table 19

Recommendations for changes to the tax levy limit legislation

Recommendation		Need Capacity			
		Low	Average	High	Total
Under current state aid conditions, what are your recommendations for changes to the tax levy limit legislation?	The law should remain as it is currently.	1 (2%)	7 (5%)	2 (2%)	10 (4%)
	The law should be amended to increase the tax levy limit.	0 (0%)	14 (11%)	6 (6%)	20 (7%)
	The law should be amended to decrease the tax levy limit.	0 (0%)	1 (1%)	0 (0%)	1 (0%)
	The law should be repealed and tax levy decisions should return to local control.	43 (98%)	110 (83%)	94 (92%)	247 (89%)
Total		44	132	102	278

In summary, the three research questions produced statistically significant differences as measured across Need Resource categories in program impact, in district sustainability, and in superintendents' perceptions. Research question one specifically

found statistical significance in the following areas: Elective Courses, Math Instruction, ELA Instruction, Science Instruction, Elementary Core Instruction, Middle School Core Instruction, High School Core Instruction, Enrichment, Advanced Placement, Special Education, Athletics, Administration Staff, Instructional Staff, Non-Instructional Staff, Class Size Increase, Routine Maintenance Schedule, Intended Use of Reserves, Intended Use of Restricted Reserves, Use of Fund Balance, and Field Trips. Research question two specifically found statistical significance in the Tax Levy Increase for the 2013-14 school year. Research question three specifically found statistical significance in recommendations for changes to the tax levy limit legislation and the impact of state aid funding formula on perception of the tax levy limit legislation.

Chapter V:
Summary of Findings, Conclusions and Recommendations

This research was designed to examine the budgetary reductions of school districts, excluding New York City and the Big Four, since the implementation of the New York State Tax Levy Limit Cap in New York State schools in the last two years. A quantitative analysis was conducted on the comparison of budgetary reductions among New York State school districts comparing the categories of High Need, Low Need and Average Need school districts in areas of chosen reductions.

The following three research questions guided the study:

1. What are the differences between District Need Resource categories of high, average and low need when it comes to program impact?
2. What are the differences between District Need Resource categories of high, average and low need districts in support for future budgets and district sustainability?
3. What are the New York State public school superintendents' perceptions of the impact of the tax levy cap in light of the Needs Resource categories?

Utilizing these research questions as a guiding backbone, a survey instrument was developed by the researcher and sent electronically utilizing the online survey format and technology of Survey Monkey, for administration to New York State public school superintendents, excluding New York City and the Big Four. The data collection method used was quantitative. Participants were asked to answer from predefined

questions and answers. It was administered to the entire population of Superintendents in New York State, except for the Big Five including New York City and Special Act School Districts.

The survey was distributed to six hundred and sixty two (662) superintendents in New York State. Of those superintendents in receipt of the electronic survey, three hundred and nine (n=309) responded. This resulted in a return response rate of 47% (n=309). Results were analyzed utilizing the SPSS software for the Cronbach's Alpha. Validity was measured by a panel of experts to determine the face validity. The panel of experts was a group of three retired New York State public school superintendents. This panel of experts reviewed the survey and gave feedback to ensure the validity of the instrument. For each of the dependent variables, ANOVA was utilized with significance at the $p<.05$ level or no significant difference was determined. This chapter presents three sub sections. Section one presents summary of findings, section two provides conclusions, and the last section suggests recommendations.

Summary of Findings

The findings of this research are directly tied to the research questions this study sought to answer. Research question one, "What are the differences between District Need Resource categories of high, average and low need when it comes to program impact?" is associated with the first and second findings. Research question two, "What are the differences between District Need Resource categories of high, average and low need districts in support for future budgets and district sustainability?" is associated with the third finding. Research question three, "What are the New York State public school

superintendents' perceptions of the impact of the tax levy cap in light of the Needs Resource categories?" is associated with the fourth and fifth findings.

Research Question One: Finding One

The first finding is that over 70% of New York State superintendents believe there was a negative impact to core academic programming since the implementation of the tax levy limit legislation. In particular, over 50% of superintendent respondents rated the degree of impact as moderate negative impact in the following program categories: Math Instruction, ELA Instruction, Elementary Core Instruction, Middle School Core Instruction, High School Core Instruction, Athletics, Administration Staff, Instructional Staff, Non-Instructional Staff and Class Size Increase. In the above areas of statistical significance, the areas in which over 20% of respondents rated the degree of impact as extreme negative impact were in the following program categories: Advanced Placement, Administration Staff, Instructional Staff, Non-Instructional Staff, Class Size Increase, Intended Use of Reserves, Intended Use of Restricted Reserves Use of Fund Balance and Field Trips. The program categories that showed differences between Need Resource categories included: Social Studies Instruction, Business Instruction, Enrichment, Advanced Placement, Counseling/Social Work/Mental Health Supports, Library Materials, Library Instruction, Intended Use of Reserves, and Intended Use of Restricted Reserves.

There were several program areas that the participants rated the impact to programs as no impact across Need Resource categories as affected by the tax levy limit legislation. These areas include: Special Education, Transportation, School Safety, Class

Size Decrease, Textbook Purchases, Physical Education/Wellness, Pre-Kindergarten, Full Day Kindergarten, Closure of School Building, Instructional Time, and Teacher Center. The common feature of a majority of these items include a couple of factors that may have made them a safe area from the impact of this legislation, including the fact that many of these items are directly tied to the inflow of State Aid to districts (Transportation, Textbook Purchases, Pre-Kindergarten, and Teacher Center), other items are contractually driven (Instructional time) and others are driven by strict laws surrounding their usage (Special Education). The areas that were specific to Low Need Resource Capacity districts as having no impact included: Business Education, Advanced Placement, and Counseling/Social Work/Mental Health Supports. Only the area of Social Studies Instruction was identified as significant to Average Need Resource Capacity districts related to no negative impact. High Need Resource Capacity districts had no areas that were unique to their resource capacity level related to no impact in the wake of the tax levy limit legislation.

Research Question One: Finding Two

The overwhelming superintendent responses of 90.58% (n=250) indicated the districts' overall ability to district operations is negatively affected by the tax levy limit legislation. There were a multitude of areas that High Need Resource Capacity districts rated as an extreme negative impact, including Enrichment, Intended Use of Reserves, Intended Use of Restricted Reserves, and Use of Fund Balance. As supported by Fahy (1997), the imperfect perception of inefficiencies in budgets is a factor in community support for a positive school budget vote.

Research Question Two: Finding Three

The third finding is that the maximum tax levy percent increase the school district community would support with a supermajority vote was 2%, as determined by the greatest number of responses. This was consistent across Need Resource category levels. Research question three specifically found statistical significance in recommendations for changes to the tax levy limit legislation and the impact of state aid funding formula on perception of the tax levy limit legislation.

Research Question Three: Finding Four

The fourth finding is that superintendents do not perceive the state aid funding formula to be equitable to high need districts. The research specifically asked superintendents, "Do you perceive the state aid funding formula to be equitable to high need districts?", 96.48% (n=274) answered No. This is a resounding state-wide response to the perceptions of NYS superintendents across all Need Resource Capacity areas to this question of whether New York State is equitably funding high need districts. It also ties back to the earlier research indicating the depletion of the reserves in high need districts. Interestingly, 45.08% (n=124) of superintendents stated the state aid funding formula was not connected to their perceptions of the tax levy limit legislation. This demonstrates these two items, tax levy limit and state aid funding formula are unique issues in their own right.

Research Question Three: Finding Five

The fifth finding is that superintendents believe under the current state aid conditions, the tax levy limit law should be repealed and tax levy decisions should return to local control. The research specifically asked superintendents, "Under current state aid conditions, what are your recommendations for changes to the tax levy limit legislation?" A resounding 89.01% (n=251) believed that the law should be repealed and tax levy decisions should return to local control. This was supported by Figlio's (1997) research that showed tax limitations were associated with lower performance. These survey results demonstrate a need for legislative change. In researching the budget building process, 42.05% (n=119) of superintendents stated Top Down (Board of Education to Superintendent to Principal to Teacher to Student) was the process utilized. The fewest responses were in the category response of Community Budget Committee with 10.95% (n=31) choosing this option of the survey response options. This may point to an area of future research.

Conclusions

As a result of the findings there are five conclusions that are further defined in this section. The five conclusions defined individually below include the fact that core instruction is impacted by the tax levy limit, there is an impact on long term fiscal health of districts due to the tax levy limit, a self-fulfilling prophecy has occurred surrounding the tax levy limit rollout to New York State community members, inequity persists in particular to high need districts, and superintendents feel the tax levy limit legislation should be repealed.

Core instruction impacted. The first conclusion is that in a post-tax levy limit environment, the areas being affected include core instruction, thus cutting into the skeleton of the education system. All three Need Resource categories responded with an effect of a moderate negative impact as measured by the mode responses. The other areas that all three Need Resource Capacity level districts agreed upon included a moderate negative impact in the areas of Math Instruction, ELA Instruction, Science Instruction, Elementary Core Instruction, Middle School Core Instruction, and High School Core Instruction. School districts are demonstrating that in previous years they cut down to the bare bones, and now the items being negatively affected include core instruction. The negative impact to core curriculum is highly concerning for the future of the educational system and its impact upon the children of our State. This research points to the negative impact to basic core curriculum across K-12. This supports Yinger's (2013) work stating that districts with higher student performance spend more per pupil.

Impact on long term fiscal health. The second conclusion is that the districts' overall ability to fund additional programs and fiscal stability is negatively affected by the tax levy limit legislation. Conclusion two stems from the finding that there were a multitude of areas that High Need Resource Capacity districts rated as an extreme negative impact, including Enrichment, Intended Use of Reserves, Intended Use of Restricted Reserves, and Use of Fund Balance. The overwhelming superintendent responses of 90.58% (n=250) indicated the districts' overall ability to fund programs is affected by the tax levy limit legislation. This points to the conclusion of a serious fiscal crisis at the forefront in particular for high need districts, as it demonstrates a need to utilize district savings in order to pay for current school year needs.

Self-fulfilling prophecy. The promotion of the Tax Levy Limit Legislation as a 2% cap has become a reality in the perception of system leaders in New York State. This is a self-fulfilling prophecy. Particular attention needs to be paid to the response of the superintendents of the perception of what the maximum tax levy percent increase their school district community would support with a supermajority vote for the upcoming school budget. The highest percentage of respondents, which included 33.33% of superintendents in NYS, believed that 2% would be the maximum support level. Conclusion three stems from the finding that the maximum tax levy percent increase the school district community would support with a supermajority vote was 2%, as determined by the greatest number of responses. This was consistent across Need Resource category levels. The conclusion drawn from this finding is a possible "Self-Fulfilling Prophecy" effect being due to New York State Governor Cuomo's explanation of this legislation as a 2% tax cap. Governor Cuomo promoted this as a 2 % tax cap to the people of the State of New York, and they believed it was a 2% tax cap. This belief system manifested to reality, as the results of this survey indicate it is very much in the range of a 2% tax cap. This demonstrates that perception has driven the reality of the tax levy limit cap.

Psychology and Society (2014) define Self-Fulfilling Prophecy as the tendency for our expectations to foster the behavior that is consistent with our expectations. Eden (1988) states that the Pygmalion effect otherwise known as Self Full-filling Prophecy can be seen in ways to boost productivity. The overwhelming response across Need Resource Capacity level as determined by the mode in response to estimating the maximum tax levy percent increase the superintendents' school district community would

support with a supermajority vote for the school budget 2014-15 was 2%. This is an example of a self-fulfilling prophecy. Governor Cuomo rolled out the tax levy limit legislation as a 2% tax cap, even though it is not, once exclusions are included. This push of information at an early stage of information dissemination about the tax levy limit, caused superintendents to believe that the communities would only support what was originally billed as the 2%. Superintendent expectations fostered the behavior of limiting the increase to the school budget tax levy at approximately 2%.

Inequity persists. The fourth conclusion is that a negative impact to core instruction supports the superintendents' perceptions that the state aid funding formula is not equitable to high need districts, as demonstrated by research question three survey responses. A resounding 96.48% responded "No" to the state aid funding formula being equitable to high need districts. This was inclusive of all Need Resource category superintendents' responses. Therefore, even low and average need school superintendents believe that the state aid funding formula is not equitable to high need districts. Eom, Duncombe and Yinger (2011) agree that there is an imbalance of support when existing inequitable allocations become locked in place and that based upon wealth differences existing spending gaps widen to become chasms.

Repeal tax levy limit legislation. The fifth and last conclusion is that superintendents agree that the tax levy limit legislation should be repealed. This is concluded from the finding that an overwhelming majority of New York State Superintendents in this research, 89.01%, believed that the tax levy limit legislation law should be repealed and tax levy decisions should return to local control. The educational

leadership experts have been asked and have spoken almost unanimously that this law should be repealed.

In reviewing what the impact of the state aid funding formula is on superintendents' perceptions of the tax levy limit legislation, 45.09% believed that the funding formula is not connected to their perceptions of the tax levy limit legislation. It can be concluded that superintendents, New York State's educational experts in school leadership, feel that both items need to be addressed separately as they have either negative consequences for high need districts and/or they limit local control.

Recommendations

The findings of this research show themes that indicate that reform is necessary in several areas, including both the revamping of the state aid funding formula and the repeal of the tax levy limit legislation. There are also indications that this reform needs to be accomplished in order to achieve an equitable educational funding solution for all students of New York State across need resource categories.

Reform

The first recommendation is that reform is necessary to the state aid model to ensure protection to core curriculum. The first finding and conclusion result in a recommendation that reform to the state aid model is necessary, as core instruction is being negatively affected. If the tax levy limit remains, the additional funding must come from the state to fill the gap and support core instruction in an equitable manner. There are indications for need for protections for the basic curriculum for all students, which may be accomplished by either a direct funding correlation or legal requirement directly

tied to the core curriculum. There is a need for children to be educated in 21st century learning skills. It is widely discussed that the jobs for our children in K-8 have not yet been created, and we must teach children to think creatively and abstractly. The student outcomes for 21st century learning include creativity and innovation, critical thinking and problem solving, and communication with collaboration, according to the Partnership for 21st Century Skills ("Partnership for 21st," 2014). This type of overhaul of public education requires resources to support that change. The negative impact to core instruction does not reflect proper support in order to support education that transforms the educational system to 21st century thinking and learning. As Brimley (2012) stated, the students are a net gain or a net loss to society based on the skills they contribute to the state as a result of their graduation from high school and beyond.

This research has also indicated that areas which are either highly regulated by legislation, such as Special Education, or directly tied to state aid returned in the following school year, such as Transportation, are resulting in the response of no impact based on the tax levy limit legislation. This would point to the need, if the legislation was not amended or repealed, for other important areas to have specific legislative support to ensure the viability of the programming. Without either a direct funding correlation or legal requirement, it appears that negative cuts are being made to desperately needed curriculum, such as common core curriculum, across the educational system as supported by superintendents' responses in this research. There are indications of the need for protections to the basic curriculum for all students. System leaders need to keep this target in mind during the budget building process, and to remember priority, communicating those needs to the board of education and the community/taxpayers.

An area that was not negatively impacted, with the majority of responses indicating no impact as a result of the tax levy limit legislation, was school safety. There are reporting requirements such as SAVE and VADIR that may insulate this item. SAVE stands for Schools Against Violence in Education, and it mandates school safety plans. VADIR stands for Violent and Disruptive Incident Reporting, and it mandates incidents of violent or disruptive natures be reported annually. Both of these items require accountability for school safety to the school districts. School safety is not a high aid driven factor, and this may point to a need for future research as to why this area is not being negatively affected in the fiscally challenging times of the post tax levy limit environment. This positive social crisis of safety in schools seems by this research to show that it has a higher fiscal priority than that of core instruction. This is concerning and warrants further review. The differences between support of school district safety versus support of Counseling/Social Work/Mental Health Supports are alarming. In this study, Average and High need districts rated Counseling/Social Work/Mental Health Support as Moderately Negatively Impacted, while school district safety was rated as having No Impact by Low, Average and High Need Resource Capacity districts. It appears through this research that the emphasis has been put on school district safety and the reduction has been put on the mental health supports aspect.

Repeal

The tax levy limit legislation is recommended to be repealed. The superintendent respondents overwhelmingly agree that repealing the tax levy limit legislation is required. This repeal is necessary to allow the districts to provide for and grow educationally, emotionally and well-prepared, College and Career Ready students. CEOs of school

districts, responsible for managing millions of dollars in budgets and the educational programs of thousands of children in their districts, should be a strong voice in decision making about school district funding. These top educational leaders, Superintendents of Schools, would like to see this law repealed and tax levy decisions returned to local control. New York State lawmakers need to listen to the educational experts. The indications in this research are that across Need Resource levels all districts agree that the tax levy limit legislation has affected the overall ability to fund programs as a moderate negative impact with 60.51% responding in this category. Even more disturbing, 30.07% of responding superintendents believed that the impact by the tax levy limit legislation has had is extremely negative.

Equity

Additional funding to high need school districts is recommended in order to effectively and efficiently provide resources to high need school districts. This is due to the extreme negative impact specifically to high need school districts, with the conclusion of a serious fiscal crisis at the forefront for high needs districts. High need districts demonstrated a need to utilize district savings in order to pay for current school year needs. This difference in Need Resource Categories would demonstrate the need to enhance the funding for high need districts, using the cost per pupil as an equitable measure of what each child deserves.

This additional funding to high need districts is necessary in order to effectively and efficiently provide resources to school districts in order to allow the school districts to provide for and grow educationally, emotionally and well-prepared, College and

Career Ready students for a world that contains careers and social issues that do not currently exist. New York State has significant challenges in this regard educationally, and in order to continue to compete competitively with other States and internationally there should be a realignment of priorities and support for fiscal soundness in the educational environment.

The state aid funding formula needs to be revamped to be more equitable to high need districts in particular. Low, Average and High Need Resource Capacity School Districts all agree that reform to equity for high need districts is critical. The superintendent respondents believe that the state aid funding formula is not equitable to the high needs districts. This is a resounding state-wide recognition that New York State is not equitably funding high need districts. Therefore, the recommendation is that the state aid funding formula needs to be revamped to enhance funding to high need districts. The State of New York should create a more communicative system by which the law makers speak with and respect recommendations from the top educational leadership experts, Superintendents of Schools, in New York State. This research demonstrates that these top educational leaders are specifically opposed to the current state aid model as it pertains to equitable funding for high needs districts.

Advocacy

There has been a misunderstanding by the general public, either due to the public not having been clearly informed or the public misinterpreted the tax levy limit legislation. This lack of clear information and misinterpretation has resulted in the two percent levy becoming a reality, when in application the exclusions to the legislation can

create a much higher allowable percentage to the tax levy limit. An educational advocacy and a public service campaign is recommended to reach out to the grassroots level to change this pattern of belief system in order to support increased fiscal support to the educational system. This is a result from the indication that there is a "Self-Fulfilling Prophecy" effect being seen as the Governor explained this legislation as a 2% cap, regardless of reality. It was seen as a 2% cap and therefore that is what the Superintendent respondents believed the community would support. The 2% is a belief that manifested itself into reality. Therefore, the recommendation is that there needs to be educational advocacy and a public service campaign to reach out to the grassroots level to change this pattern of belief system in order to support increased fiscal support to the educational system.

Future Research

Future areas of research include how direct funding tied to state aid creates less of a negative impact to program in times of fiscal crisis, and how district sustainability will be achieved in a post-reserve depleted fiscal environment. In reviewing the tax levy limit legislation realizing a true 2%, there is further research warranted to see if indeed the perception has become the reality. Additionally, research on whether there is a social crisis positively impacting school districts' fiscal support of school safety as a result of recent acts of violence in school districts is warranted. Research into how this will impact our students' socio-emotional well being and education is warranted. Further research is also warranted on the Gap Elimination Adjustment (GEA) and how the decision to hold back aid that is due to districts has compounded the negative effects to educational programming in New York State. This

advocacy for change is one of the primary efforts of this research, to be a platform for further research, discussion and action for the betterment of New York's educational system.

Summary

The results of this study provide a platform in New York State regarding the implications of the tax levy limit on New York State public school districts, excluding New York City and the Big Four, by adding to the understanding of the impact of the New York State tax cap levy legislation on the students in the New York State Public School districts. It is relevant as this is legislation that impacts the education of children in New York State. The continued reductions in services and programs will result in widening of the socio-economic achievement gap, as well as reducing the opportunities for achieving the academic goals set by the New York State in the Regents Reform Agenda. This is supported by Brimley and Garfield (2012) who stated that underinvestment in a poor economy is equal to a lack of funding and support. If each child is a piece of our economy, then a reduction in investment in the final product is an underinvestment in the future economic system in New York State. This is a poor economic strategy. A funding equity would ensure, no matter the zip code in which a child's parent chooses to live, their ability to access a comparable educational program is a viable opportunity that is available and accessible.

This research clarified the difference between high need, low need and average need school districts in the areas of reduction and the implications for future socio-economic growth, in particular demonstrating that the high need districts realized an

extreme negative impacted in the area of fiscal stability. The positive impact of a well rounded and educationally diversified student will result in a productive, high functioning community. If each child is a piece of our economy, then a reduction in investment in the final product is an underinvestment in the future of our economic system. Our financial system needs to have out of the box thinking in order to right the ship and achieve an equitable and substantial education for all children in New York State. It is clear that advocacy through evidence, such as this research, is necessary for action. This area of research has added to the process of analysis of impact of this legislation and has helped system leaders to understand the impact on programming in light of serious fiscal reductions.

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Appendix A
Survey: Tax Levy Limit Program Impact

Tax Levy Limit Program Impact

Purpose

You are invited to participate in a research project titled "Tax Levy Limit Impact on New York State Public Schools". This study is being conducted by Cheryl Venettozzi (Student Investigator and Doctoral Candidate) as a part of the doctoral program in educational leadership leading to an Ed.D. through The Sage Colleges, in Albany, New York (Principal Investigator Dr. Janice White).

This short survey will take approximately 5 to 10 minutes of your time, and you will be entered to a drawing to win a $25 gift card!

The purpose of this survey will be to collect data for the researcher to examine the budgetary reductions of school districts since the implementation of the Tax Levy Cap in New York State school districts and compare budgetary reductions of New York State school districts in categories of High Need, Low Need, and Average Need. New York State school superintendents are invited to participate in the survey. As a participating Superintendent you will be asked to rate the impact the New York State Tax Levy Limit has had on your school district. The goal of this research would be to inform policymakers on the effect of the tax levy limit on New York State public school districts.

Your involvement in this survey is completely voluntary. This survey is estimated to take no longer than 5 to 10 minutes of your time. Please respond to each statement from your perspective as the system leader of your district.

By completing the link to the survey on Survey Monkey, you indicate your voluntary participation in this research study. Participants may stop at any time and skip any question.

* Questions regarding this study and to request a report, please contact:
Cheryl Venettozzi, Student Researcher. 315-717-3418 or venetc@sage.edu
Dr. Janice White, Doctoral Research Committee Chairperson, Sage College of Albany, 518-538-3532 or whitej5@sage.edu. If you have complaints about this research, you may contact Dr. Esther Haskvitz, Dean, School of Health Sciences, Sage Graduate Schools, 65 First Street, Troy, New York 12180, 518-244-2264, haskve@sage.edu.

Participants in this survey will remain confidential. Information reported will only be summative in nature and will not identify individual district's identity. Records will be stored in a locked filing cabinet accessible only to the Principal Investigator and the Student Investigator and will be destroyed at the conclusion of the study.

If you have any questions or concerns, please contact Cheryl Venettozzi via email at venetc@sage.edu or by telephone at (315) 717-3418.

Thank you for your participation!

At the conclusion of this survey, you will be entered into a gift card drawing for an Amazon.com Gift Card valued at $25!

Tax Levy Limit Program Impact

Demographics

1. What term most accurately describes the school district need/resource capacity level?

- ○ Low
- ○ Average
- ○ High

2. What was the average district free and reduced lunch rate for 2012-13 and 2013-14?

- ○ 0-9%
- ○ 10-19%
- ○ 20-29%
- ○ 30-39%
- ○ 40-49%
- ○ 50-59%
- ○ 60-69%
- ○ 70-79%
- ○ 80-89%
- ○ 90-100%

3. What is the district's student enrollment?

- ○ 500 or less
- ○ 501 to 1,000
- ○ 1,000 to 2,000
- ○ 2,001 to 5,000
- ○ 5,001 or greater

4. What was the average district graduation rate for the 2008 and 2009 cohorts?

- ○ under 50%
- ○ 50-75%
- ○ 76-85%
- ○ 86-95%
- ○ 96-100%

Tax Levy Limit Program Impact

Tax Levy Limit Data

5. What was the district tax levy increase change for the 2013-14 school year? (from school year 11-12 to school year 12-13)

- ○ Less than 0%
- ○ 0% to less than 1%
- ○ 1% to less than 2 %
- ○ 2 % to less than 4 %
- ○ 4 % or greater

6. Did the district require supermajority vote to increase above the allowable tax levy limit and exceed the levy limit including exemptions during the 2013-14 (this school year)?

- ○ Yes
- ○ No

7. If you answered yes to question above, did the tax levy limit receive supermajority vote (60% or more) on the first vote?

- ○ Yes
- ○ No

8. If supermajority vote was required during the 2013-14 school year, and it was not successful, what option did you take?

- ○ Revote at the same levy
- ○ Revote with reduced levy that still exceeds the levy limit
- ○ Revote with levy reduced at or below the levy limit
- ○ Other
- ○ Not Applicable

9. What was the district tax levy increase change for the 2012-13 school year? (from school year 10-11 to school year 11-12)

- ○ Less than 0%
- ○ 0% to less than 1%
- ○ 1% to less than 2%
- ○ 2 % to less than 4 %
- ○ 4 % or greater

Tax Levy Limit Program Impact

10. Did the district require supermajority vote to increase above the allowable tax levy limit and exceed the levy limit including exemptions during 2012-13 (last school year)?

- ○ Yes
- ○ No

11. If you answered yes to the previous question, did the tax levy receive supermajority vote (60% or more approval)?

- ○ Yes
- ○ No

12. If supermajority vote was required during the 2012-13 school year, and it was not successful, what option did you take?

- ○ Revote at the same levy
- ○ Revote with reduced levy that still exceeds the levy limit
- ○ Revote with levy reduced at or below the levy limit
- ○ Other
- ○ Not Applicable

13. Please estimate the maximum tax levy percent increase your school district community would support with a supermajority vote for the school budget 2014-15?

- ○ Under 0%
- ○ 0%
- ○ 1%
- ○ 2%
- ○ 3%
- ○ 4%
- ○ 5%
- ○ 6%
- ○ 7%
- ○ 8%
- ○ 9%
- ○ 10% and over

Tax Levy Limit Program Impact

System Leader Perceptions .....Almost Finis...

14. What is the best description of the budget process utilized in the district since the tax levy limit was enacted in New York State?

- ○ Top Down (Board of Eduction to Superintendent to Principal to Teacher to Student)
- ○ Bottom Up (Student to Teacher to Principal to Superintendent to Board of Education)
- ○ Community Budget Committee
- ○ Other

15. Do you percieve the state aid funding formula to be equitable to high need districts?

- ○ Yes
- ○ No

16. If you answered no to the previous question, what is the impact of the state aid funding formula on your perception of the tax levy limit legislation?

- ○ If there was a more equitable formula to high need districts, my perception of the tax levy limit legislation would be positive.
- ○ If there was a more equitable formula to high need districts, it would not change my perception of the tax levy limit legislation.
- ○ The funding formula is not connected to my perceptions of the tax levy limit legislation.

17. Under current state aid conditions, what are your recommendations for changes to the tax levy limit legislation?

- ○ The law should remain as it is currently.
- ○ The law should be amended to increase the tax levy limit.
- ○ The law should be amended to decrease the tax levy limit.
- ○ The law should be repealed and tax levy decisions should return to local control.

Tax Levy Limit Program Impact

Program Impact.....Last Page!

18. How has the district's overall ability to fund programs been effected by the tax levy limit legislation?

- ○ Extreme Negative Impact
- ○ Moderate Negative Impact
- ○ No Impact
- ○ Moderate Positive Impact
- ○ Extreme Positive Impact

Tax Levy Limit Program Impact

19. Indicate the degree of impact in each program category below.

	Extreme Negative Impact	Moderate Negative Impact	No Impact	Moderate Positive Impact	Extreme Positive Impact
Math Instruction	○	○	○	○	○
ELA Instruction	○	○	○	○	○
Science Instruction	○	○	○	○	○
Social Studies Instruction	○	○	○	○	○
Business Instruction	○	○	○	○	○
Elementary Core Instruction	○	○	○	○	○
Middle School Core Instruction	○	○	○	○	○
High School Core Instruction	○	○	○	○	○
Art	○	○	○	○	○
Music	○	○	○	○	○
Enrichment	○	○	○	○	○
Advanced Placement	○	○	○	○	○
Career and Technical Education	○	○	○	○	○
Second Language	○	○	○	○	○
Special Education	○	○	○	○	○
Athletics	○	○	○	○	○
Clubs	○	○	○	○	○
Counseling/Social Work/Mental Health Supports	○	○	○	○	○
Transportation	○	○	○	○	○
Operations and Maintenance	○	○	○	○	○
School Safety	○	○	○	○	○
Administration Staff	○	○	○	○	○
Instructional Staff	○	○	○	○	○
Non-Instructional Staff	○	○	○	○	○
Clerical	○	○	○	○	○
Class Size Increase	○	○	○	○	○
Class Size Decrease	○	○	○	○	○
Summer School	○	○	○	○	○
Elective Courses	○	○	○	○	○
Textbook Purchases	○	○	○	○	○
Materials and Supplies	○	○	○	○	○
Instructional Technology	○	○	○	○	○

Tax Levy Limit Program Impact

Library Materials					
Library Instruction					
Physical Education/Wellness					
PreKindergarten					
Full Day Kindergarten					
Closure of School Building					
Instructional Time					
Routine Maintenance Schedule					
Professional Development Participation					
Teacher Center					
Intended Use of Reserves					
Intended Use of Restricted Reserves					
Use of Fund Balance					
Field Trips					

Tax Levy Limit Program Impact

$25 Gift Card Drawing .....Thank you!

You have completed the survey!

Thank you for your participation in this important research. Your involvement in this research study is greatly appreciated.

You have now qualified to be entered into the $25 gift card drawing at the conclusion of this research project.

Appendix B

ANOVA Program Impact by District Need Resource Capacity Level

Table 6

ANOVA Program Impact by District Need Resource Capacity Level

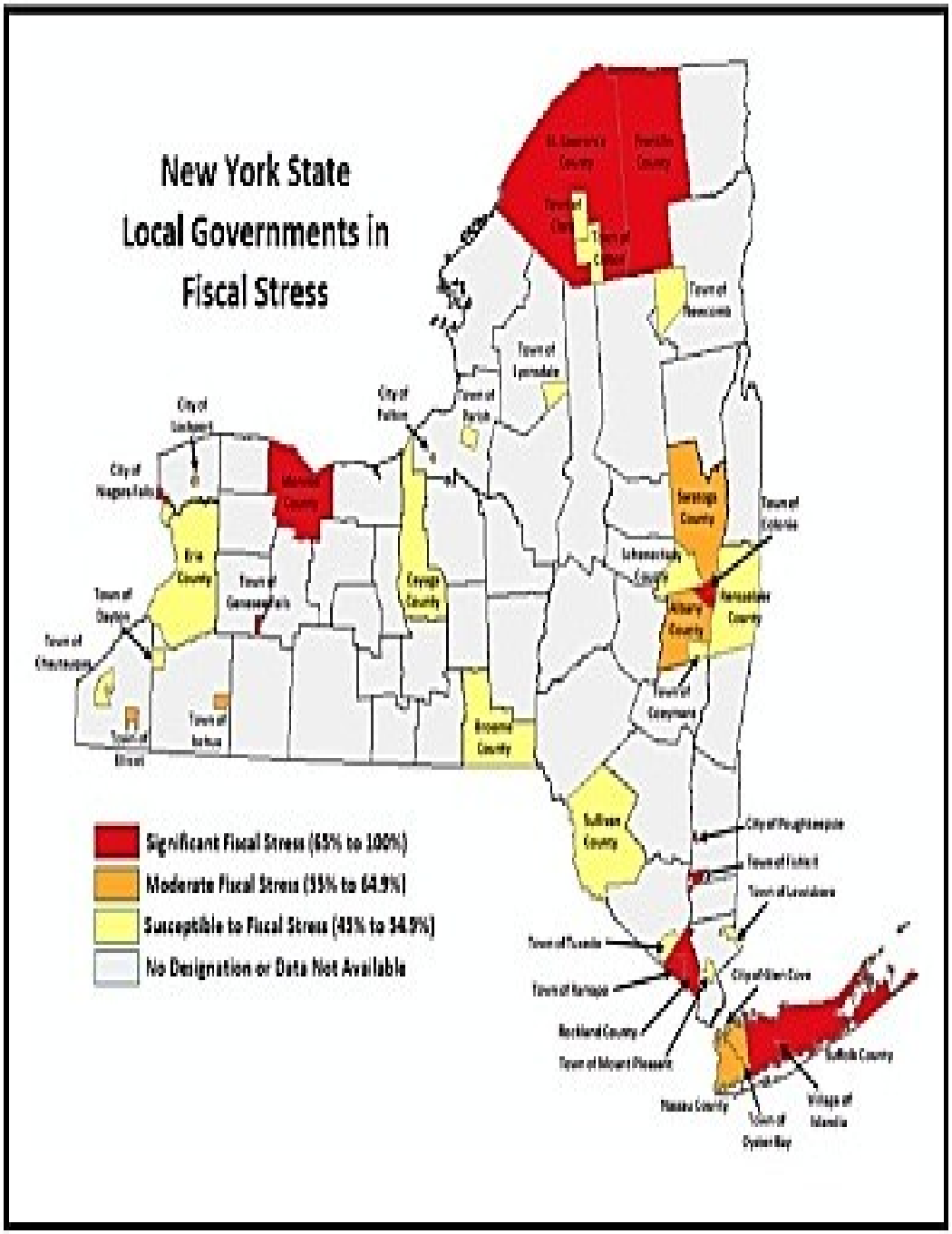
		Sum of Squares	Df	Mean Square	F	Sig.
Summer School	Between Groups	2.518	2	1.259	1.697	.185
	Within Groups	186.918	252	.742		
	Total	189.435	254			
Elective Courses	Between Groups	3.237	2	1.619	3.101	**.047**
	Within Groups	132.568	254	.522		
	Total	135.805	256			
Textbook Purchases	Between Groups	1.335	2	.667	1.282	.279
	Within Groups	133.298	256	.521		
	Total	134.633	258			
Materials and Supplies	Between Groups	1.081	2	.540	1.213	.299
	Within Groups	114.919	258	.445		
	Total	116.000	260			
Math Instruction	Between Groups	4.479	2	2.240	6.170	**.002**
	Within Groups	93.659	258	.363		
	Total	98.138	260			
ELA Instruction	Between Groups	6.192	2	3.096	8.355	**.000**
	Within Groups	95.601	258	.371		
	Total	101.793	260			
Science Instruction	Between Groups	3.858	2	1.929	4.809	**.009**
	Within Groups	103.080	257	.401		
	Total	106.938	259			
Social Studies Instruction	Between Groups	1.497	2	.748	1.832	.162
	Within Groups	104.542	256	.408		
	Total	106.039	258			
Business Instruction	Between Groups	3.930	2	1.965	2.981	.053
	Within Groups	164.789	250	.659		
	Total	168.719	252			
Elementary Core Instruction	Between Groups	3.147	2	1.573	4.088	**.018**
	Within Groups	98.129	255	.385		
	Total	101.275	257			
Middle School Core Instruction	Between Groups	3.998	2	1.999	4.863	**.008**
	Within Groups	104.002	253	.411		
	Total	108.000	255			
High School Core Instruction	Between Groups	2.259	2	1.129	3.202	**.042**
	Within Groups	89.237	253	.353		
	Total	91.496	255			
Art	Between Groups	2.866	2	1.433	2.974	.053
	Within Groups	124.307	258	.482		
	Total	127.172	260			
Music	Between Groups	1.923	2	.961	1.899	.152
	Within Groups	130.139	257	.506		
	Total	132.062	259			
Enrichment	Between Groups	7.268	2	3.634	6.106	**.003**
	Within Groups	152.947	257	.595		
	Total	160.215	259			
Advanced Placement	Between Groups	12.014	2	6.007	10.327	**.000**
	Within Groups	145.417	250	.582		
	Total	157.431	252			
Career and Technical Education	Between Groups	.350	2	.175	.337	.714
	Within Groups	131.587	253	.520		
	Total	131.937	255			
Second Language	Between Groups	3.223	2	1.612	2.865	.059
	Within Groups	141.773	252	.563		
	Total	144.996	254			
Clubs	Between Groups	.502	2	.251	.482	.618
	Within Groups	134.494	258	.521		
	Total	134.996	260			

Special Education	Between Groups	3.394	2	1.697	3.767	**.024**
	Within Groups	115.332	256	.451		
	Total	118.726	258			
Athletics	Between Groups	2.720	2	1.360	3.474	**.032**
	Within Groups	99.057	253	.392		
	Total	101.777	255			
Counseling/Social Work/Mental Health Supports	Between Groups	2.066	2	1.033	1.811	.166
	Within Groups	144.891	254	.570		
	Total	146.957	256			
Transportation	Between Groups	1.339	2	.670	1.508	.223
	Within Groups	114.122	257	.444		
	Total	115.462	259			
Operations and Maintenance	Between Groups	2.781	2	1.390	2.948	.054
	Within Groups	121.687	258	.472		
	Total	124.467	260			
School Safety	Between Groups	.589	2	.294	.597	.551
	Within Groups	126.137	256	.493		
	Total	126.726	258			
Administration Staff	Between Groups	5.375	2	2.688	5.455	**.005**
	Within Groups	126.625	257	.493		
	Total	132.000	259			
Instructional Staff	Between Groups	3.868	2	1.934	5.002	**.007**
	Within Groups	99.749	258	.387		
	Total	103.617	260			
Non-Instructional Staff	Between Groups	3.442	2	1.721	4.174	**.016**
	Within Groups	105.554	256	.412		
	Total	108.996	258			
Clerical	Between Groups	1.031	2	.516	1.057	.349
	Within Groups	125.353	257	.488		
	Total	126.385	259			
Class Size Increase	Between Groups	4.605	2	2.302	3.600	**.029**
	Within Groups	163.089	255	.640		
	Total	167.694	257			
Class Size Decrease	Between Groups	1.915	2	.957	2.099	.125
	Within Groups	108.069	237	.456		
	Total	109.983	239			
Instructional Technology	Between Groups	2.527	2	1.264	2.531	.082
	Within Groups	129.309	259	.499		
	Total	131.836	261			
Library Materials	Between Groups	.865	2	.433	.869	.421
	Within Groups	128.453	258	.498		
	Total	129.318	260			
Library Instruction	Between Groups	1.226	2	.613	1.055	.350
	Within Groups	149.278	257	.581		
	Total	150.504	259			
Physical Education/Wellness	Between Groups	.588	2	.294	.653	.521
	Within Groups	114.792	255	.450		
	Total	115.380	257			
Prekindergarten	Between Groups	3.148	2	1.574	2.963	.054
	Within Groups	131.236	247	.531		
	Total	134.384	249			
Full Day Kindergarten	Between Groups	1.348	2	.674	1.896	.152
	Within Groups	89.570	252	.355		
	Total	90.918	254			
Closure of School Building	Between Groups	.584	2	.292	.583	.559
	Within Groups	122.194	244	.501		
	Total	122.777	246			
Instructional Time	Between Groups	.536	2	.268	.702	.497
	Within Groups	95.862	251	.382		
	Total	96.398	253			
Routine Maintenance Schedule	Between Groups	3.685	2	1.843	3.954	**.020**
	Within Groups	118.377	254	.466		
	Total	122.062	256			
Professional Development Participation	Between Groups	2.239	2	1.119	2.134	.120
	Within Groups	134.286	256	.525		
	Total	136.525	258			

Teacher Center	Between Groups	3.235	2	1.618	2.889	.058
	Within Groups	136.066	243	.560		
	Total	139.301	245			
Intended Use of Reserves	Between Groups	3.659	2	1.830	3.441	**.034**
	Within Groups	135.057	254	.532		
	Total	138.716	256			
Intended Use of Restricted Reserves	Between Groups	4.535	2	2.268	3.502	**.032**
	Within Groups	161.884	250	.648		
	Total	166.419	252			
Use of Fund Balance	Between Groups	6.585	2	3.293	5.950	**.003**
	Within Groups	142.226	257	.553		
	Total	148.812	259			
Field Trips	Between Groups	3.798	2	1.899	3.519	**.031**
	Within Groups	136.542	253	.540		
	Total	140.340	255			

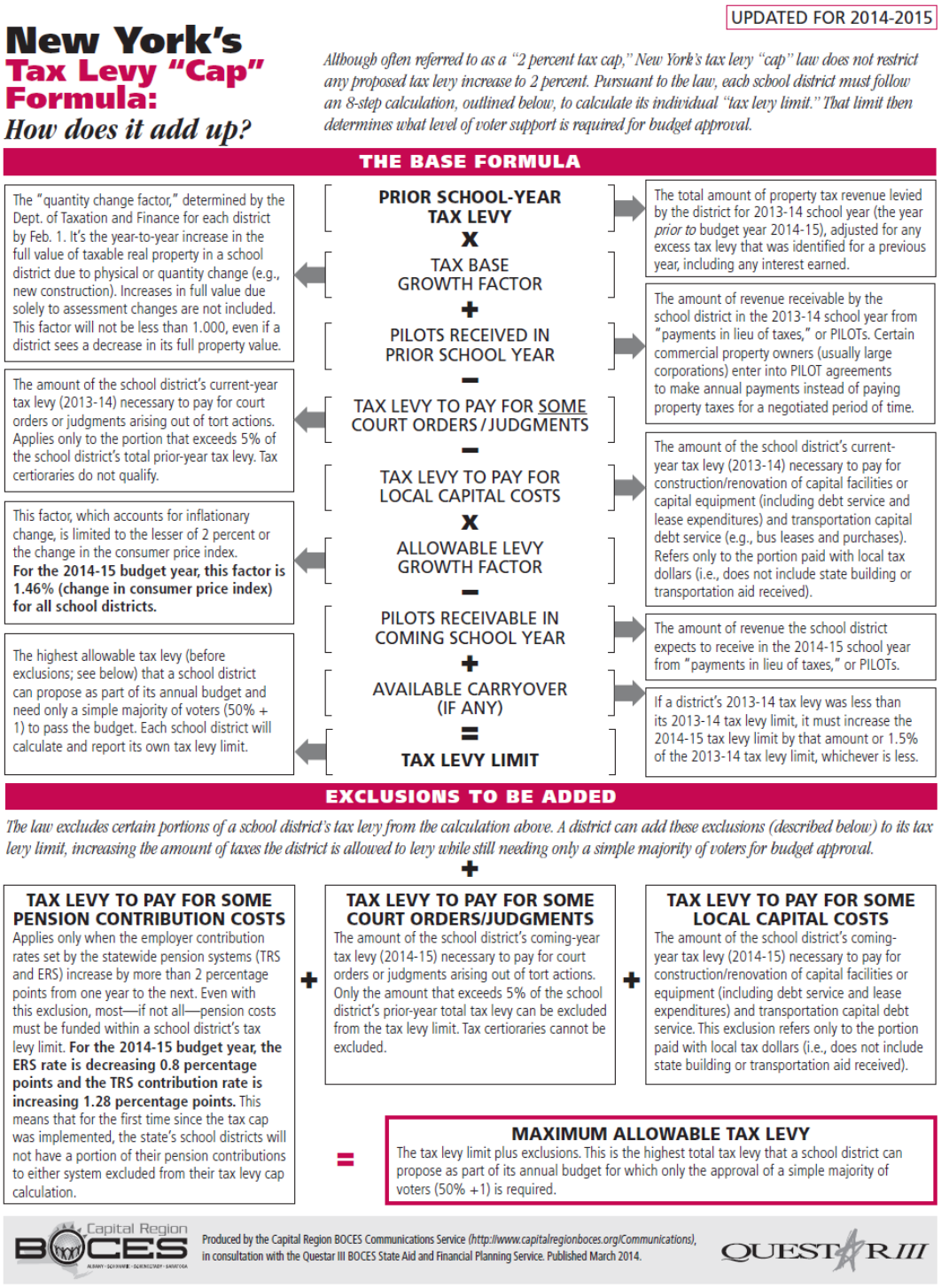
Appendix C

New York State Tax Fiscally Stressed Counties



Appendix D

New York State Tax Levy Limit Tax Cap Formula



Appendix E

Percent of Districts in the County with Stressed or Concerned Fiscal Condition

Figure 2.
Percent of Districts in the County with Stressed or Concerned Fiscal Condition, Last Three Years

Shading of county area reflects the percent of districts in the county that experienced either fiscal 'Stress' or 'Concern' during one or more of the last three years: e.g., Albany had three stressed or concern districts out of a total of thirteen located in the county: (3/13= .23 or 23 %, so shade is 'black')

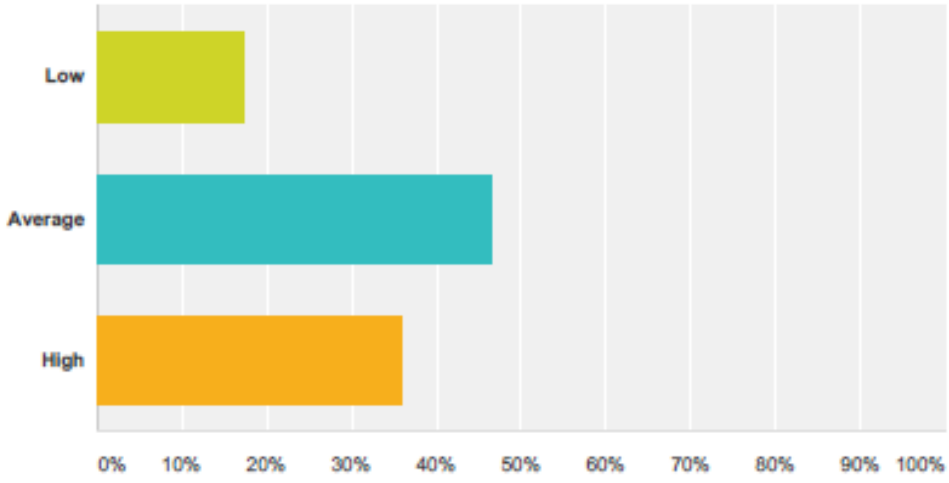
Appendix F

Survey Results: Tax Levy Limit Program Impact

Tax Levy Limit Program Impact

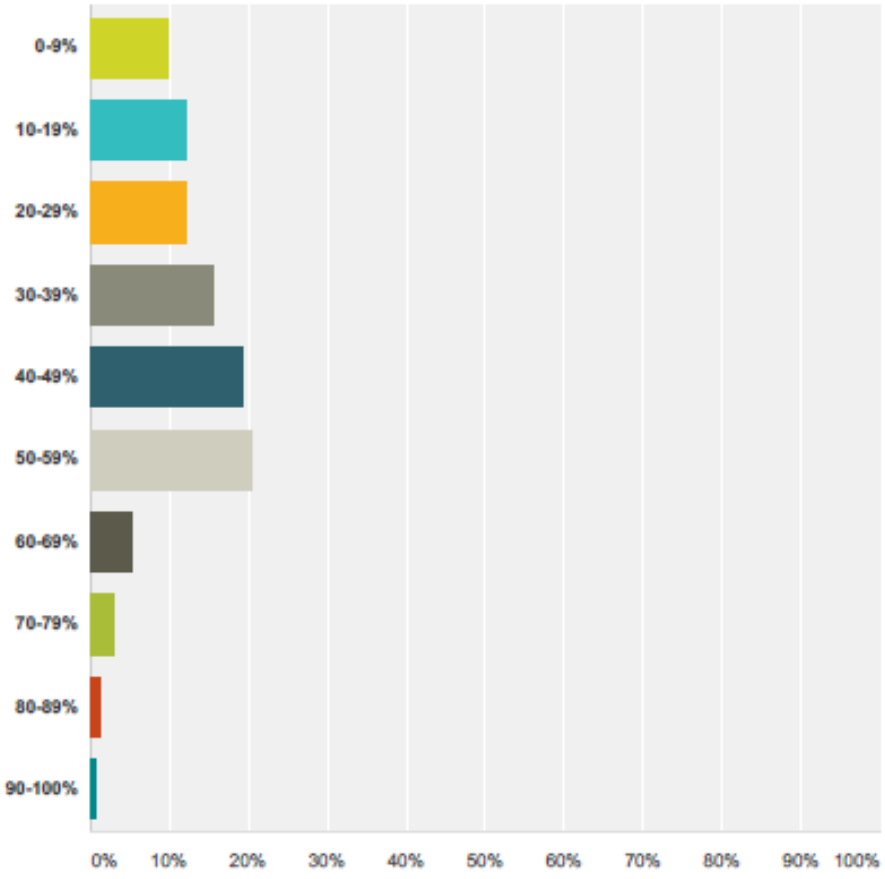
Q1 What term most accurately describes the school district need/resource capacity level?

Answered: 306 Skipped: 5



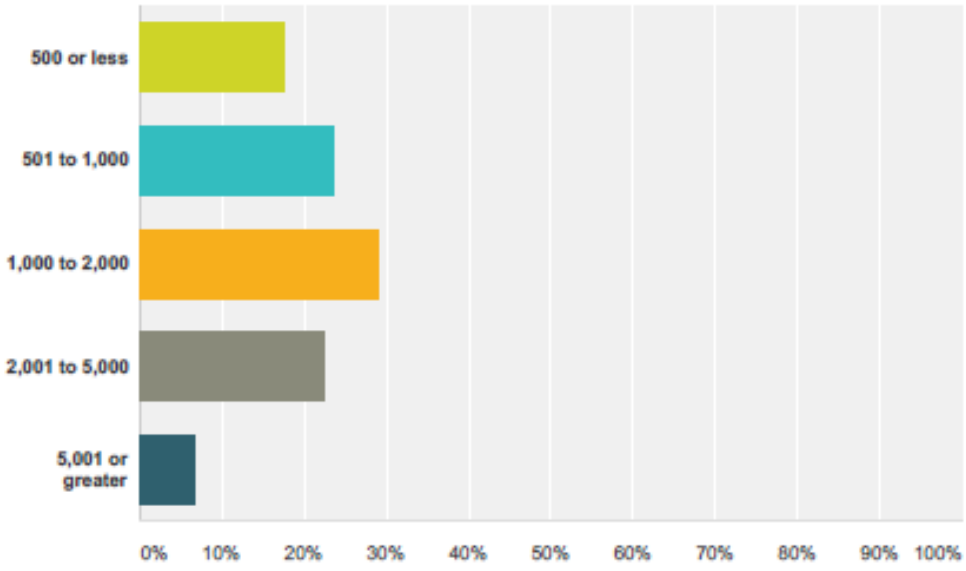
Q2 What was the average district free and reduced lunch rate for 2012-13 and 2013-14?

Answered: 308 Skipped: 3



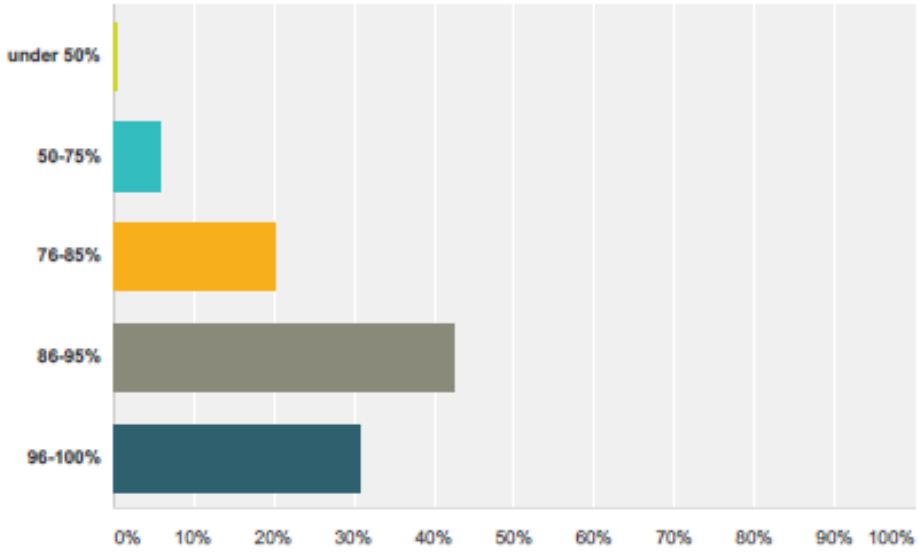
Q3 What is the district's student enrollment?

Answered: 307 Skipped: 4



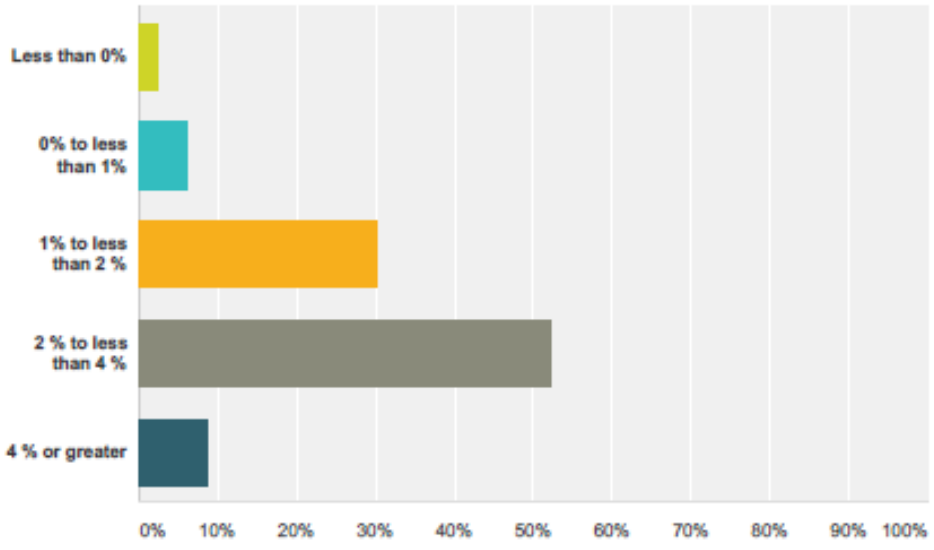
Q4 What was the average district graduation rate for the 2008 and 2009 cohorts?

Answered: 305 Skipped: 6



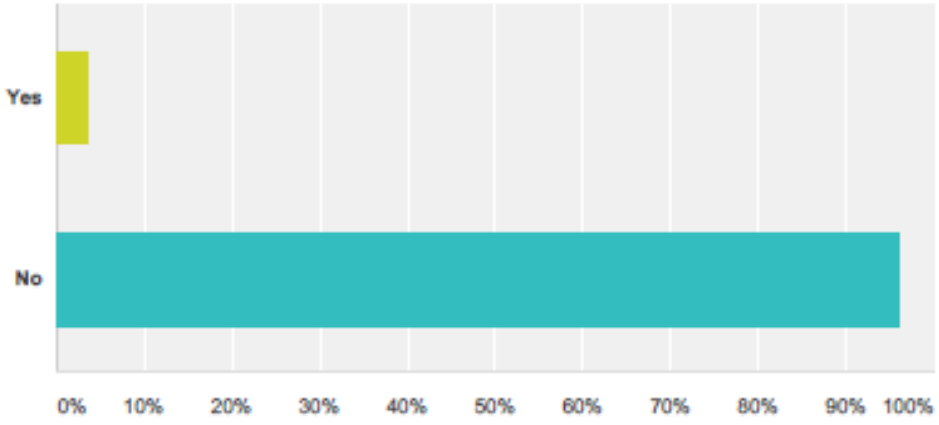
Q5 What was the district tax levy increase change for the 2013-14 school year? (from school year 11-12 to school year 12-13)

Answered: 288 Skipped: 23



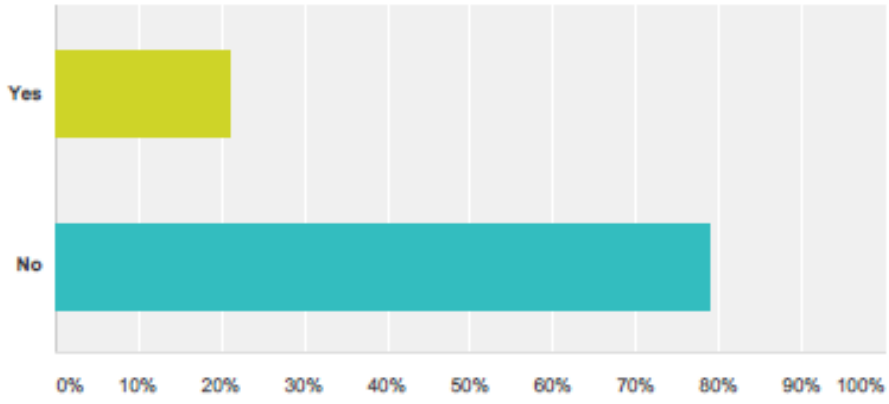
Q6 Did the district require supermajority vote to increase above the allowable tax levy limit and exceed the levy limit including exemptions during the 2013-14 (this school year)?

Answered: 290 Skipped: 21



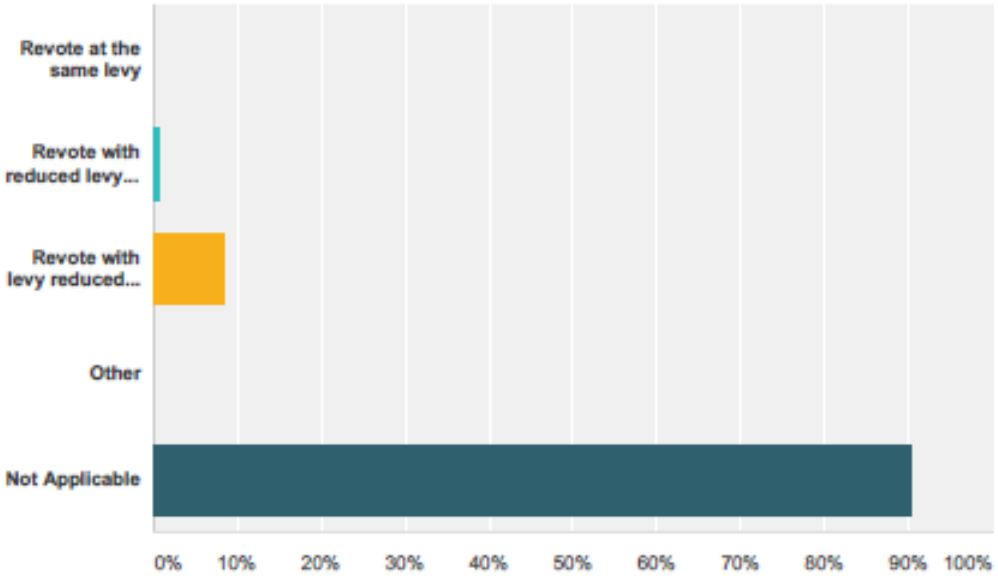
Q7 If you answered yes to question above, did the tax levy limit receive supermajority vote (60% or more) on the first vote?

Answered: 19 Skipped: 292



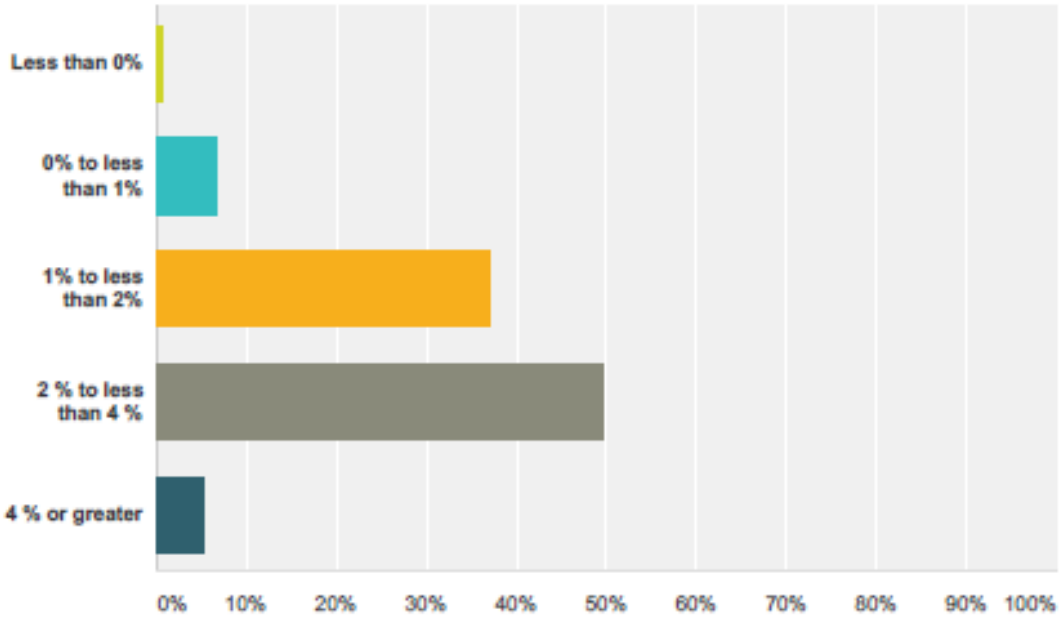
Q8 If supermajority vote was required during the 2013-14 school year, and it was not successful, what option did you take?

Answered: 127 Skipped: 184



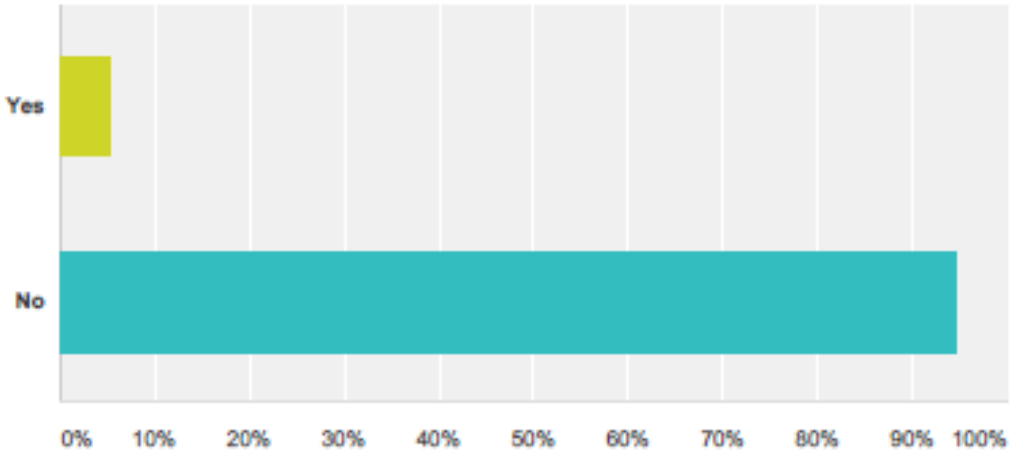
Q9 What was the district tax levy increase change for the 2012-13 school year? (from school year 10-11 to school year 11-12)

Answered: 288 Skipped: 23



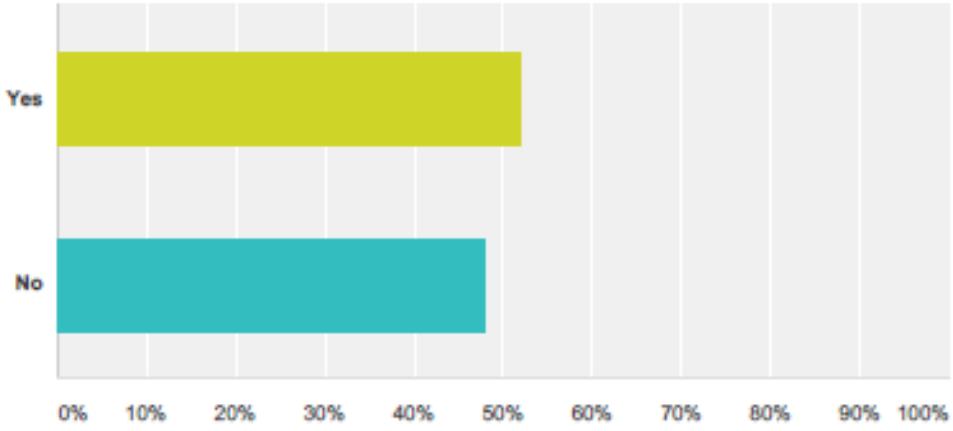
Q10 Did the district require supermajority vote to increase above the allowable tax levy limit and exceed the levy limit including exemptions during 2012-13 (last school year)?

Answered: 267 Skipped: 44



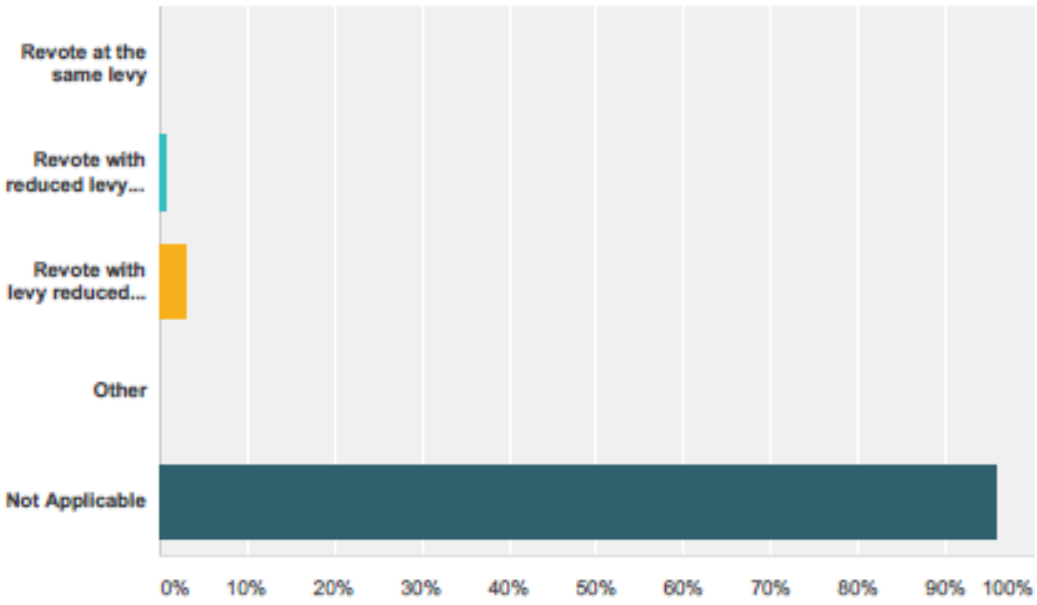
Q11 If you answered yes to the previous question, did the tax levy receive supermajority vote (60% or more approval)?

Answered: 25 Skipped: 286



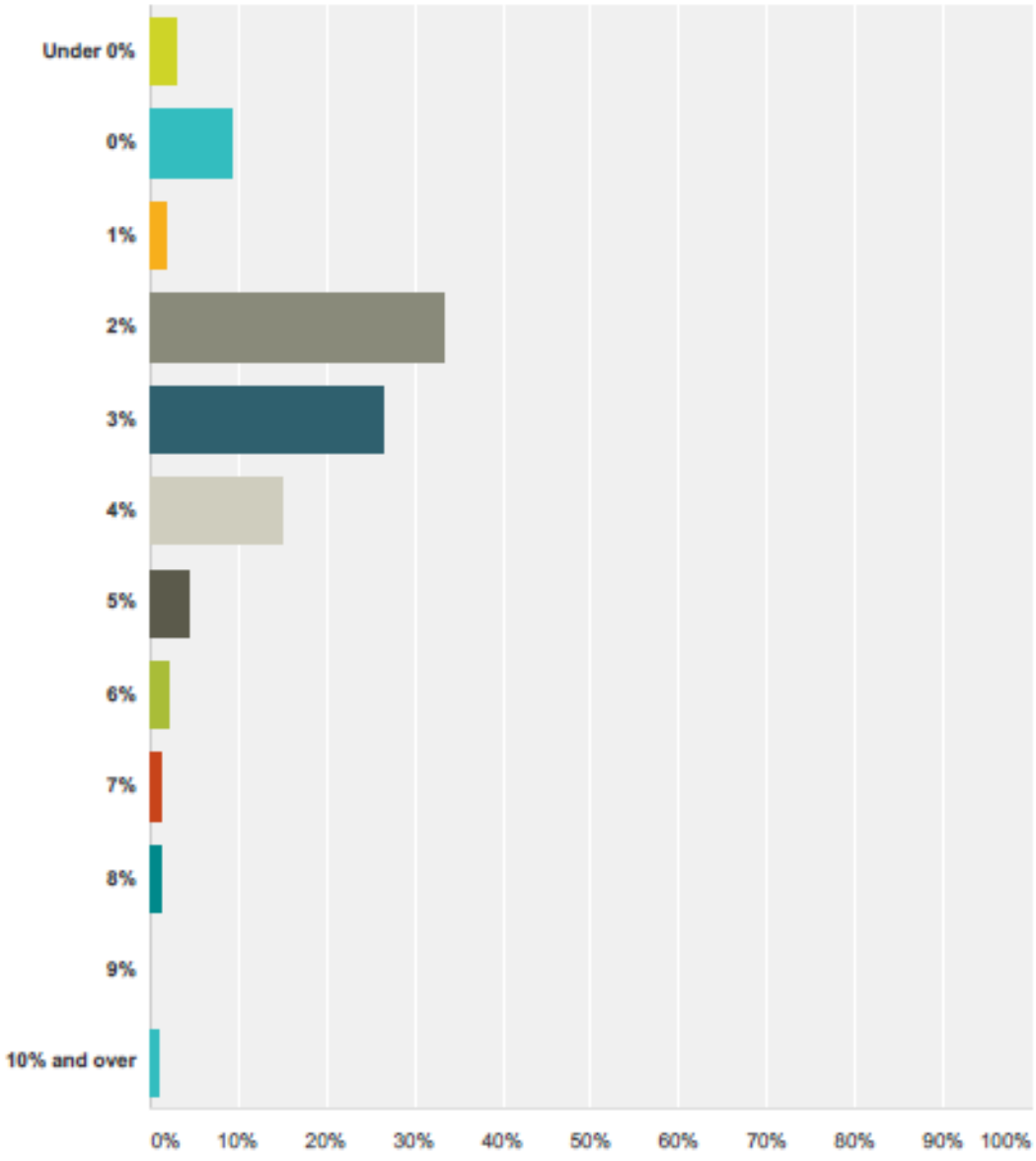
Q12 If supermajority vote was required during the 2012-13 school year, and it was not successful, what option did you take?

Answered: 124 Skipped: 187



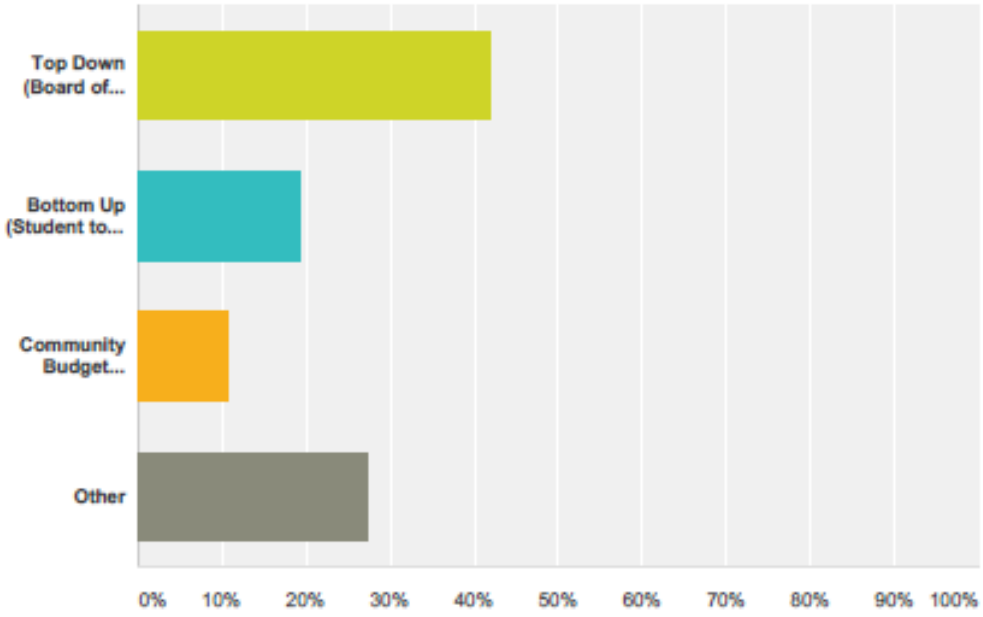
Q13 Please estimate the maximum tax levy percent increase your school district community would support with a supermajority vote for the school budget 2014-15?

Answered: 279 Skipped: 32



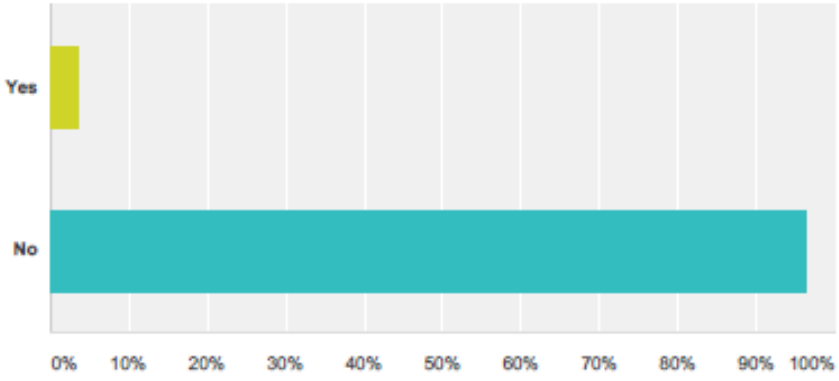
Q14 What is the best description of the budget process utilized in the district since the tax levy limit was enacted in New York State?

Answered: 283 Skipped: 28



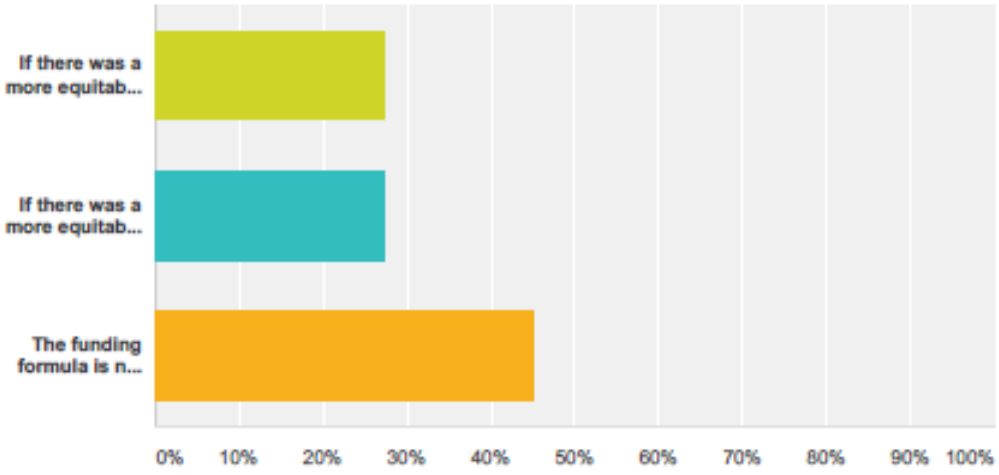
Q15 Do you percieve the state aid funding formula to be equitable to high need districts?

Answered: 284 Skipped: 27



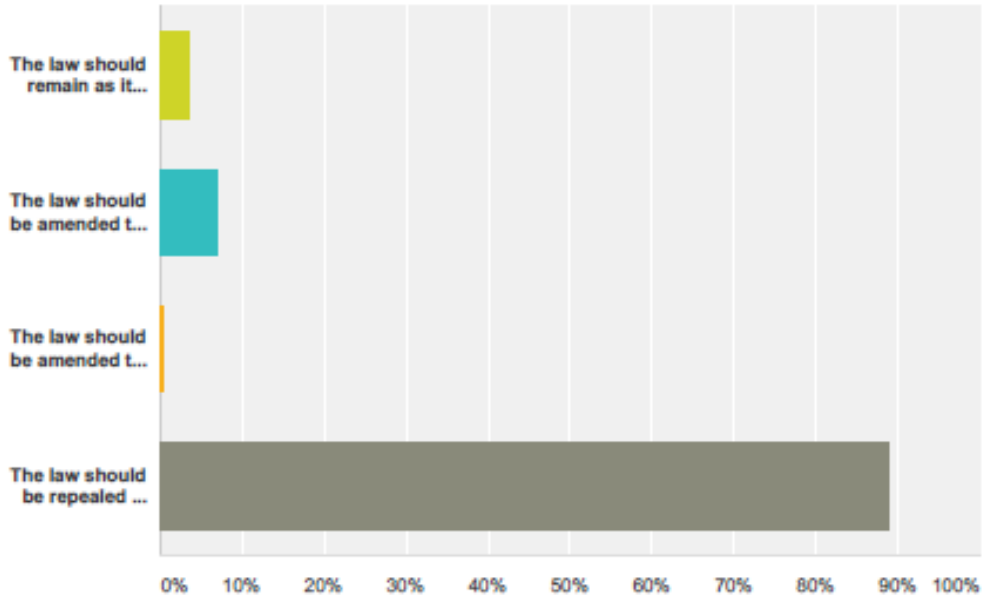
Q16 If you answered no to the previous question, what is the impact of the state aid funding formula on your perception of the tax levy limit legislation?

Answered: 275 Skipped: 36



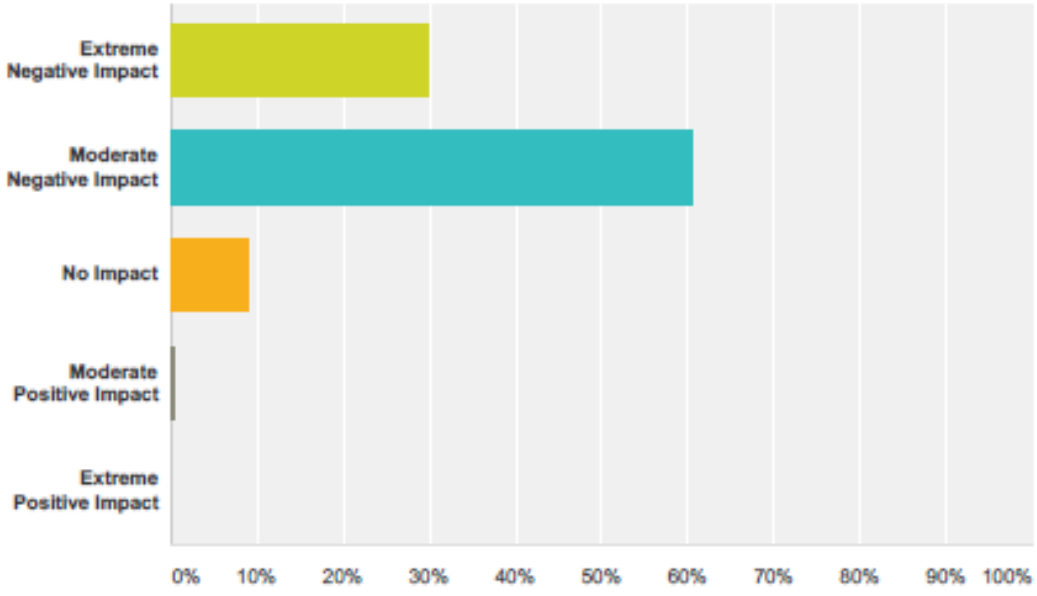
Q17 Under current state aid conditions, what are your recommendations for changes to the tax levy limit legislation?

Answered: 282 Skipped: 29



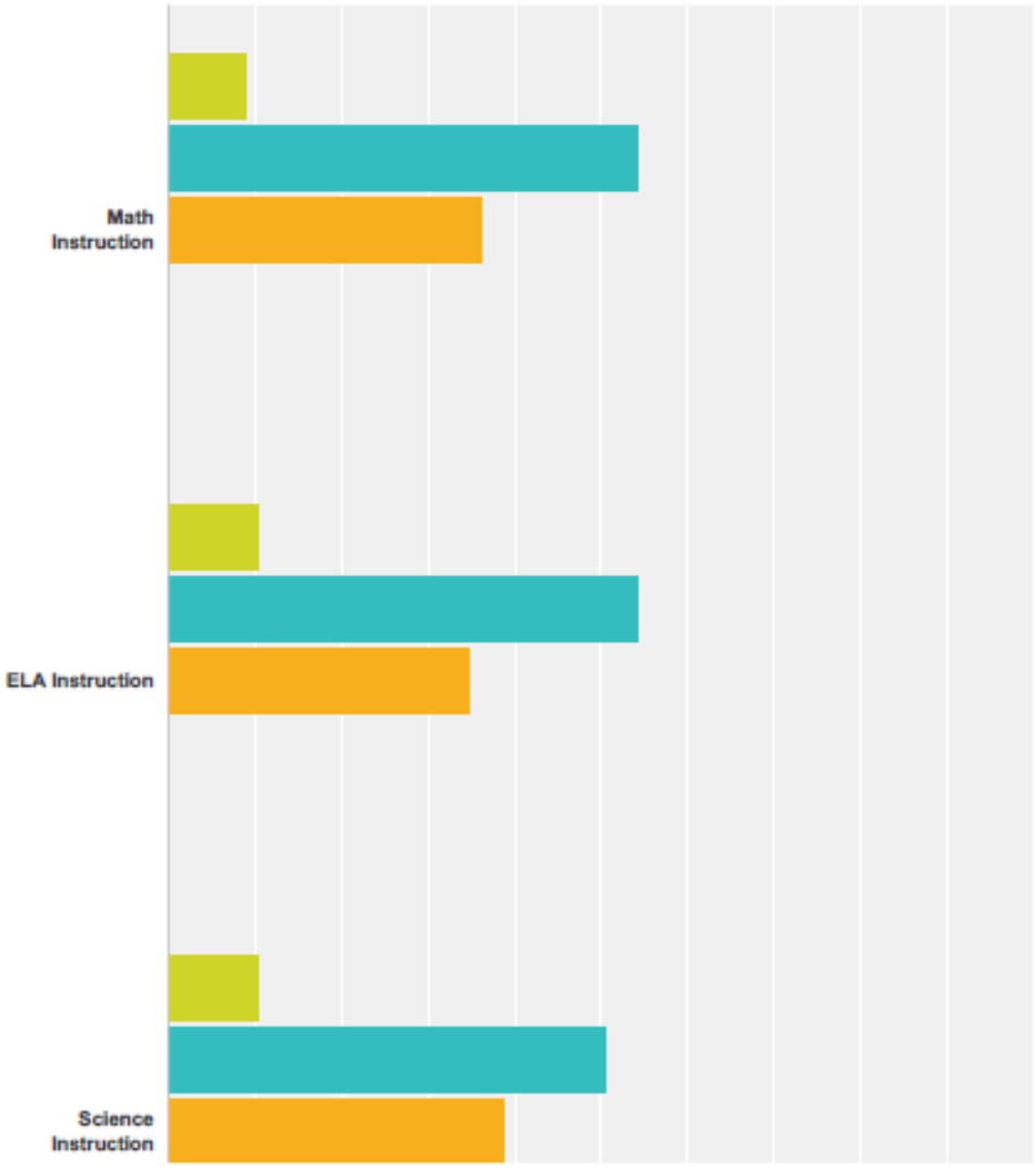
Q18 How has the district's overall ability to fund programs been effected by the tax levy limit legislation?

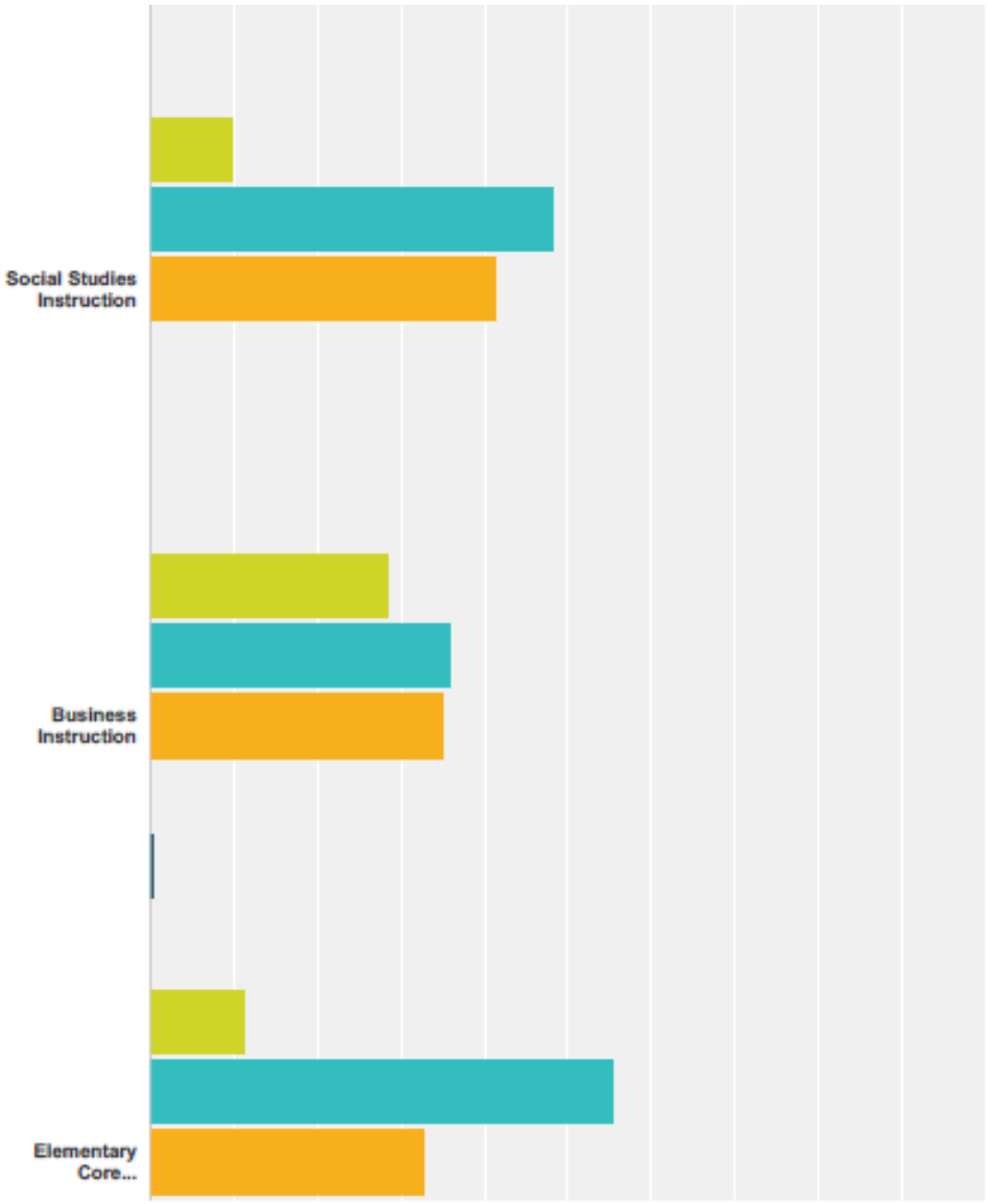
Answered: 276 Skipped: 35

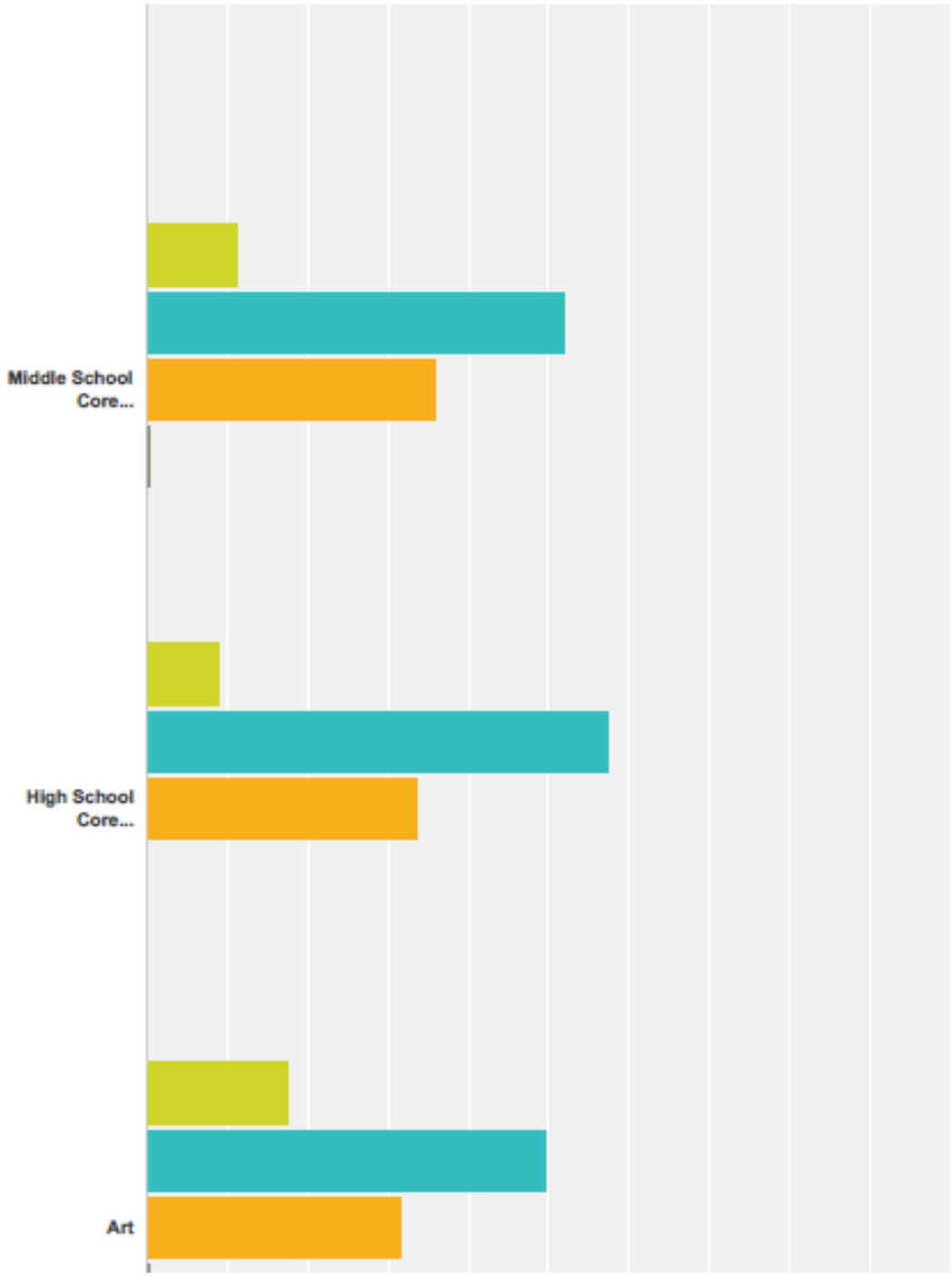


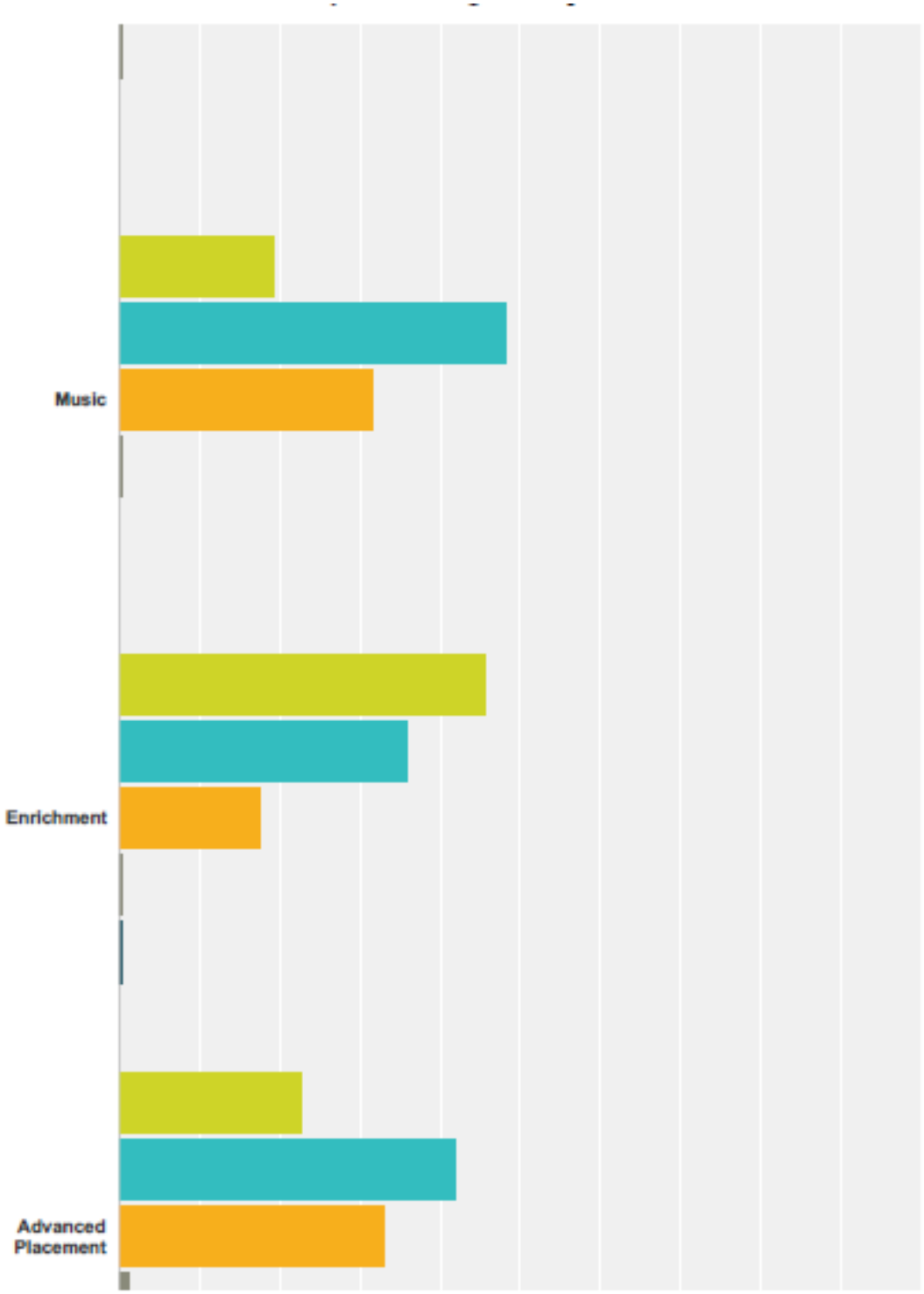
Q19 Indicate the degree of impact in each program category below.

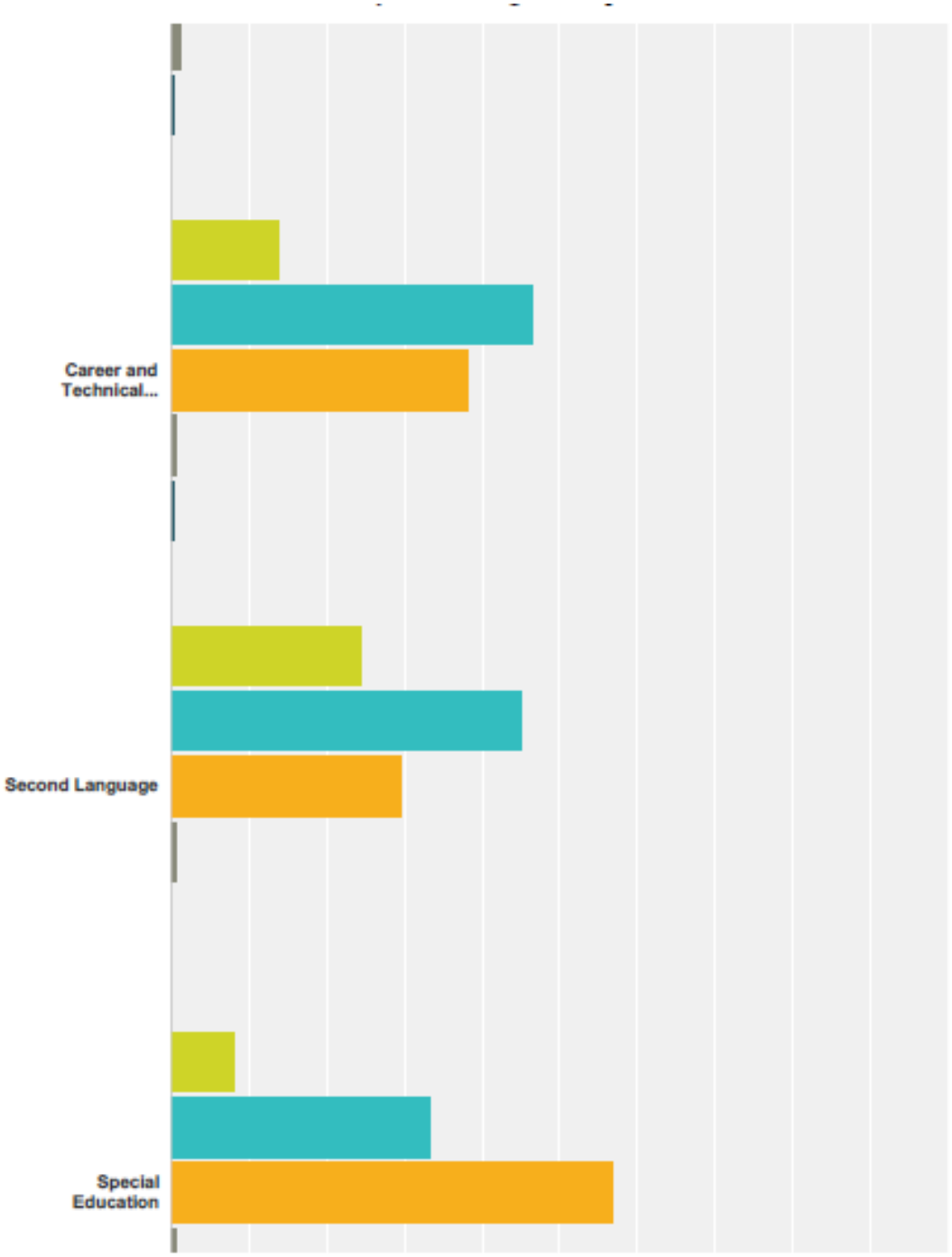
Answered: 267 Skipped: 44

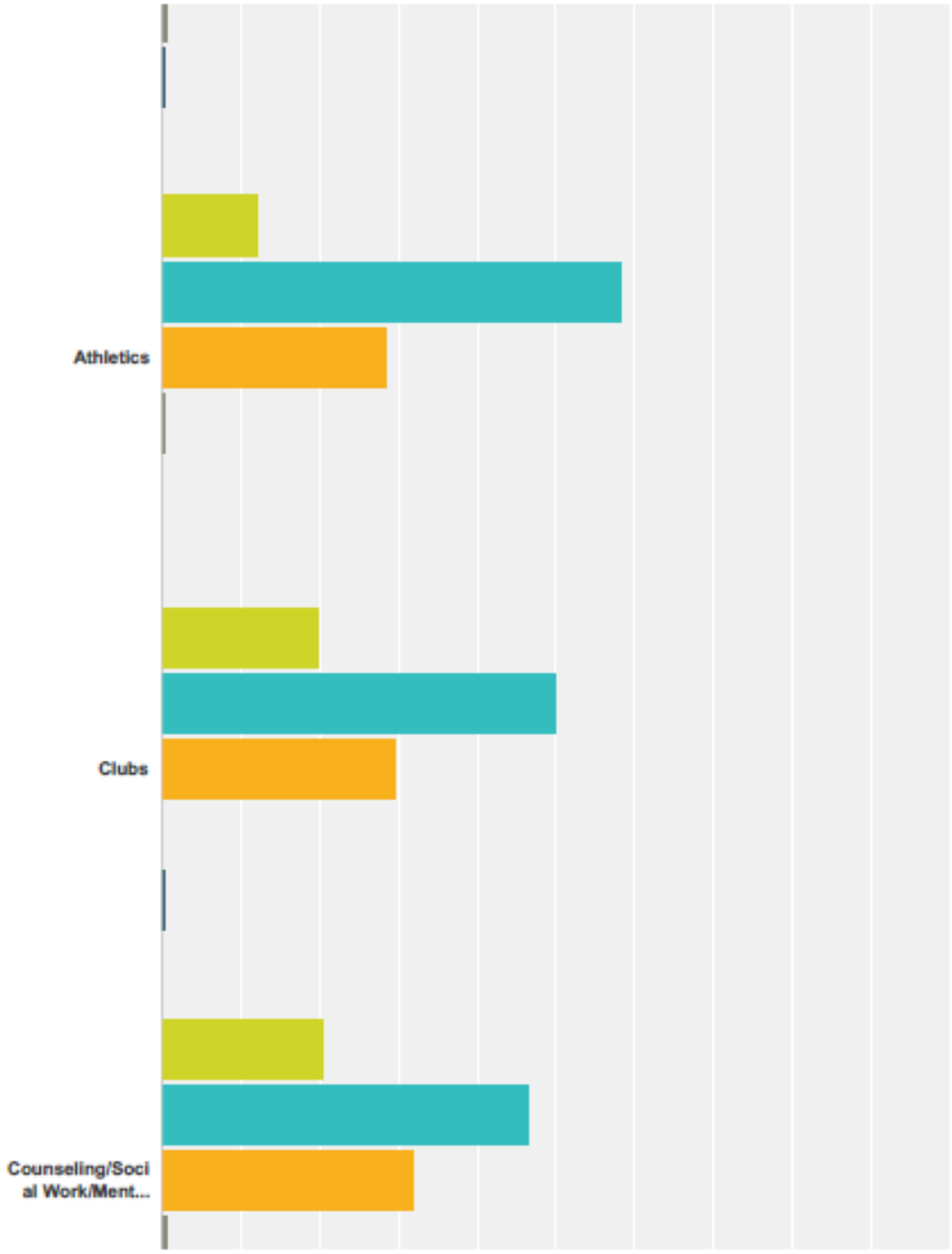


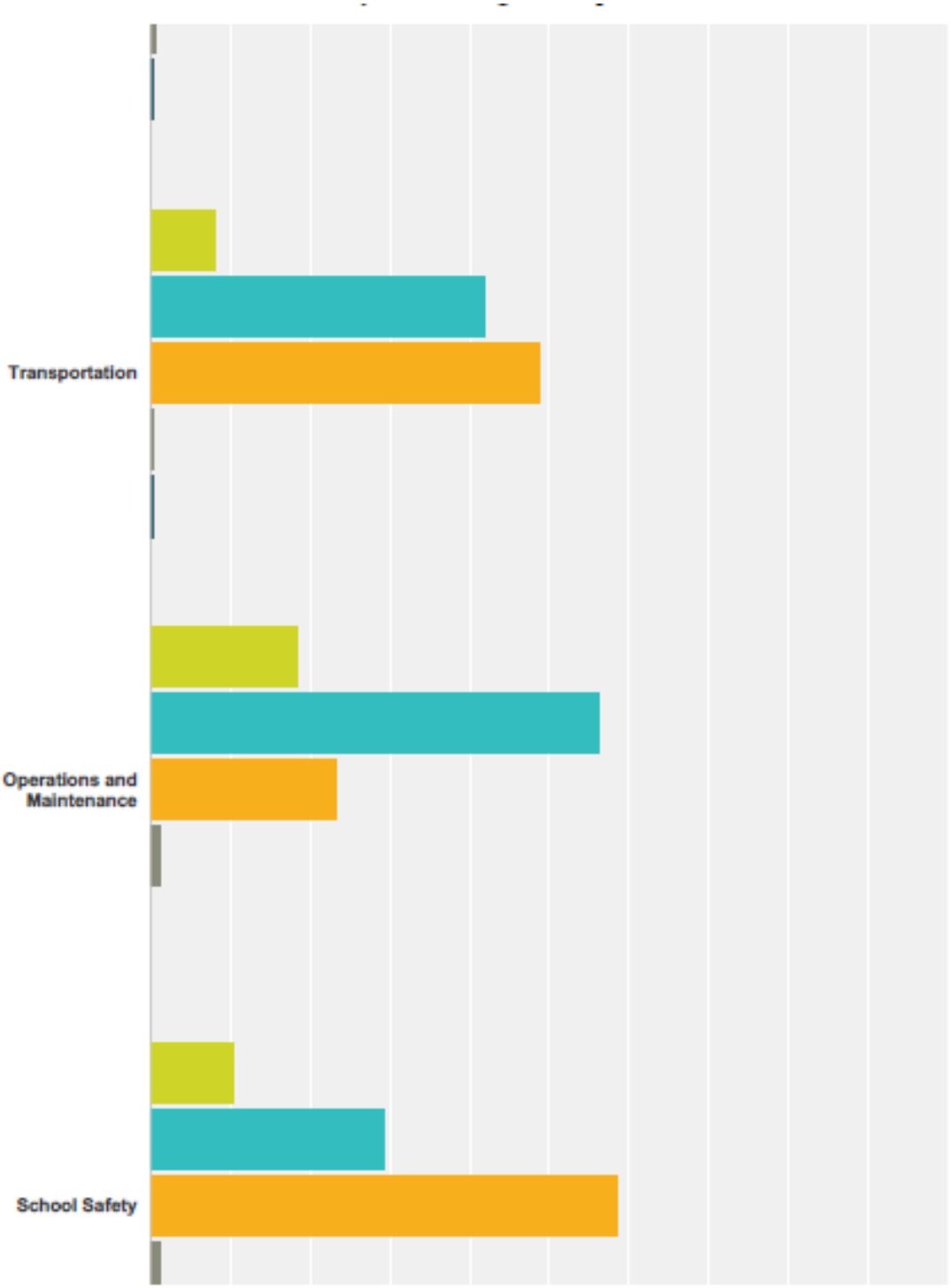

Social Studies Instruction
Business Instruction
Elementary Core...

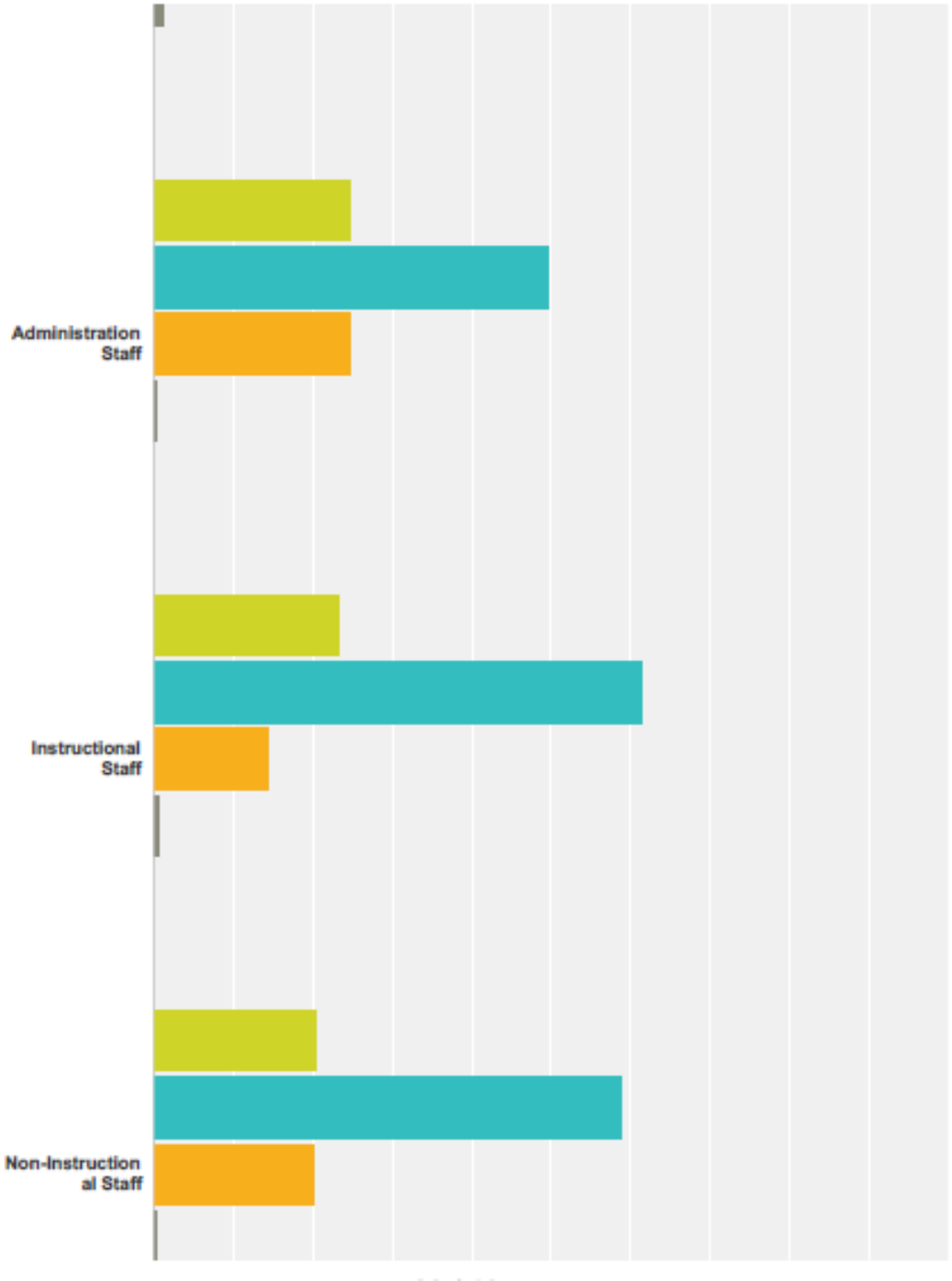

Middle School Core...
High School Core...
Art

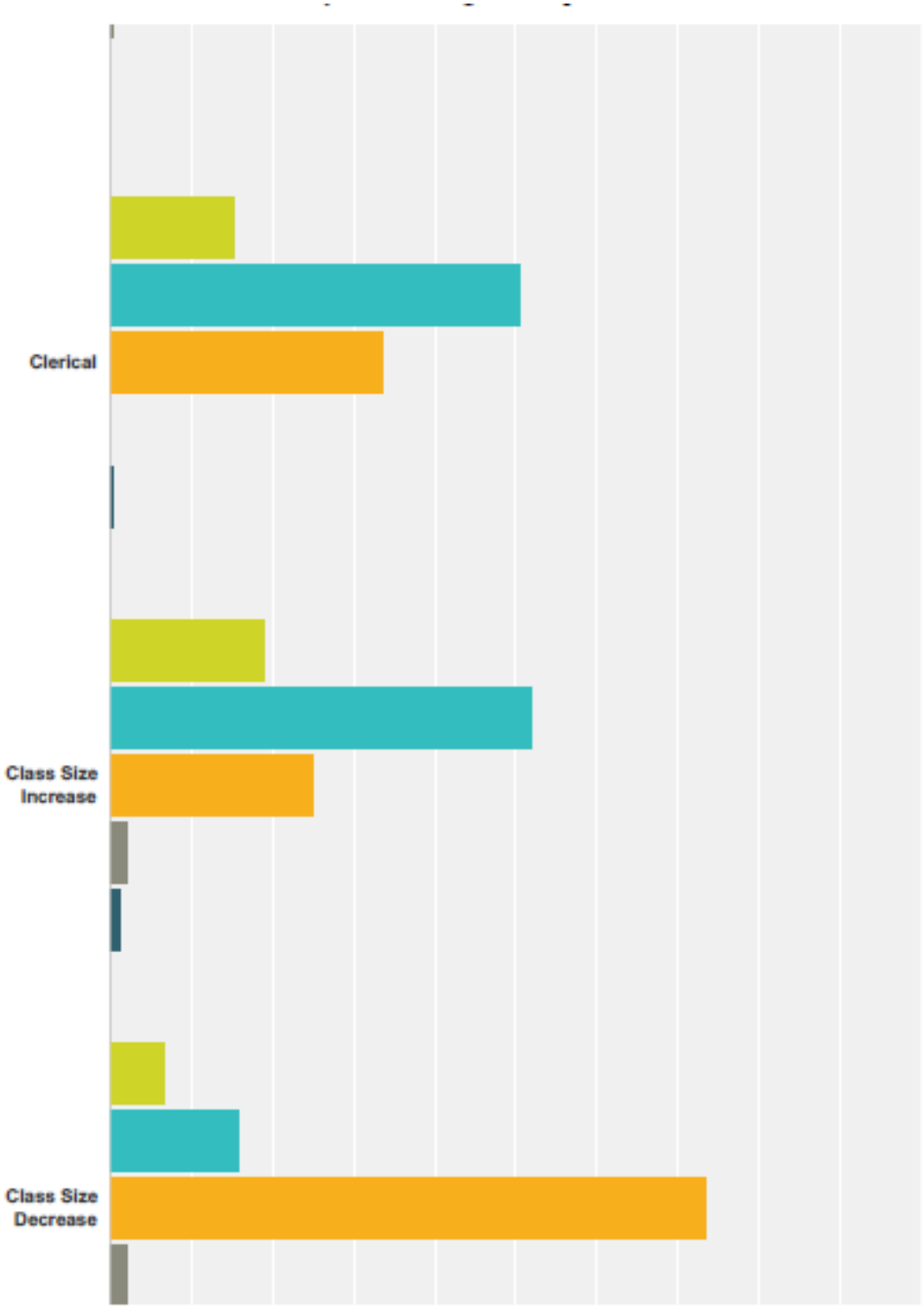

Music
Enrichment
Advanced Placement

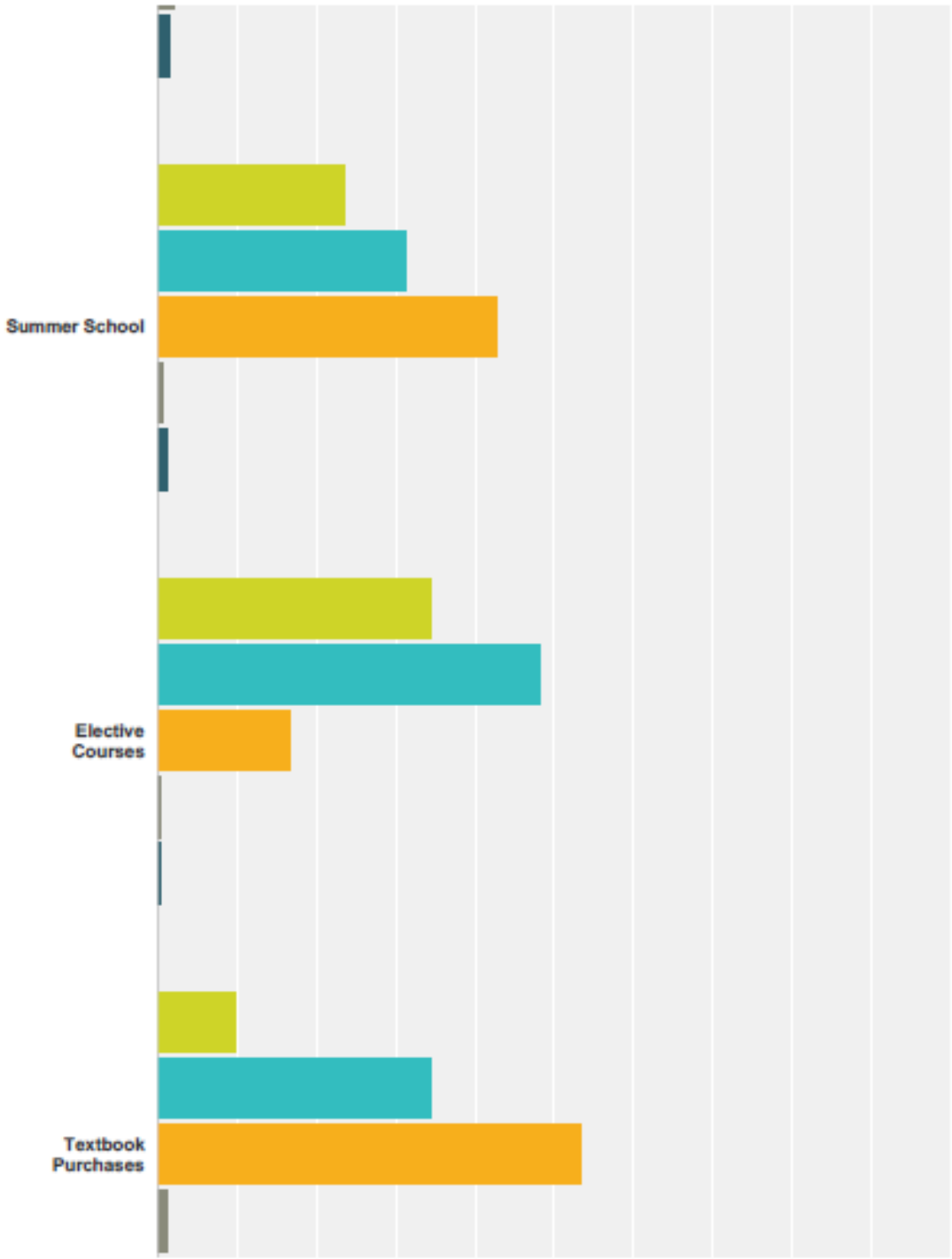

Career and Technical...
Second Language
Special Education

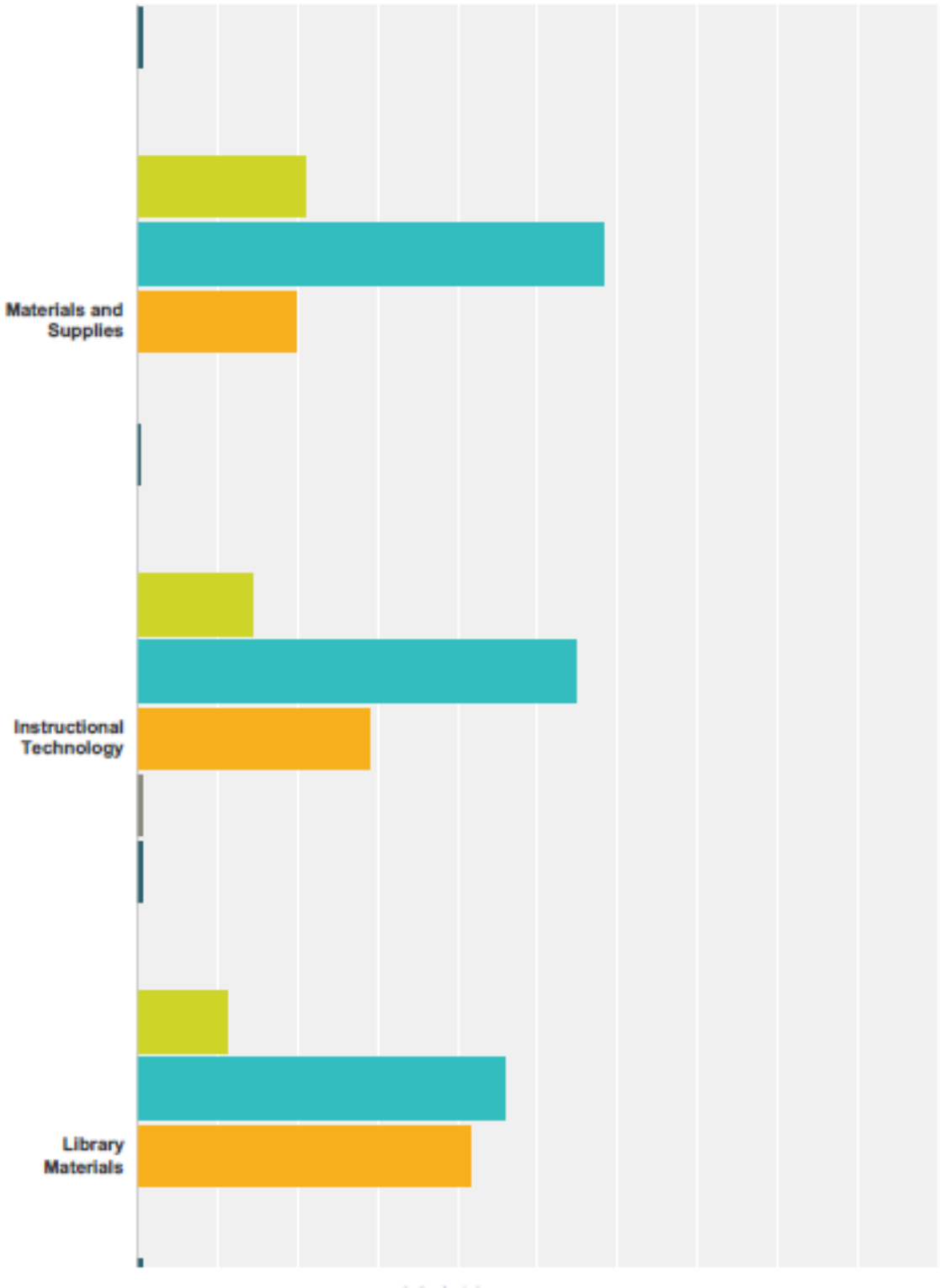

Athletics
Clubs
Counseling/Soci
al Work/Ment...

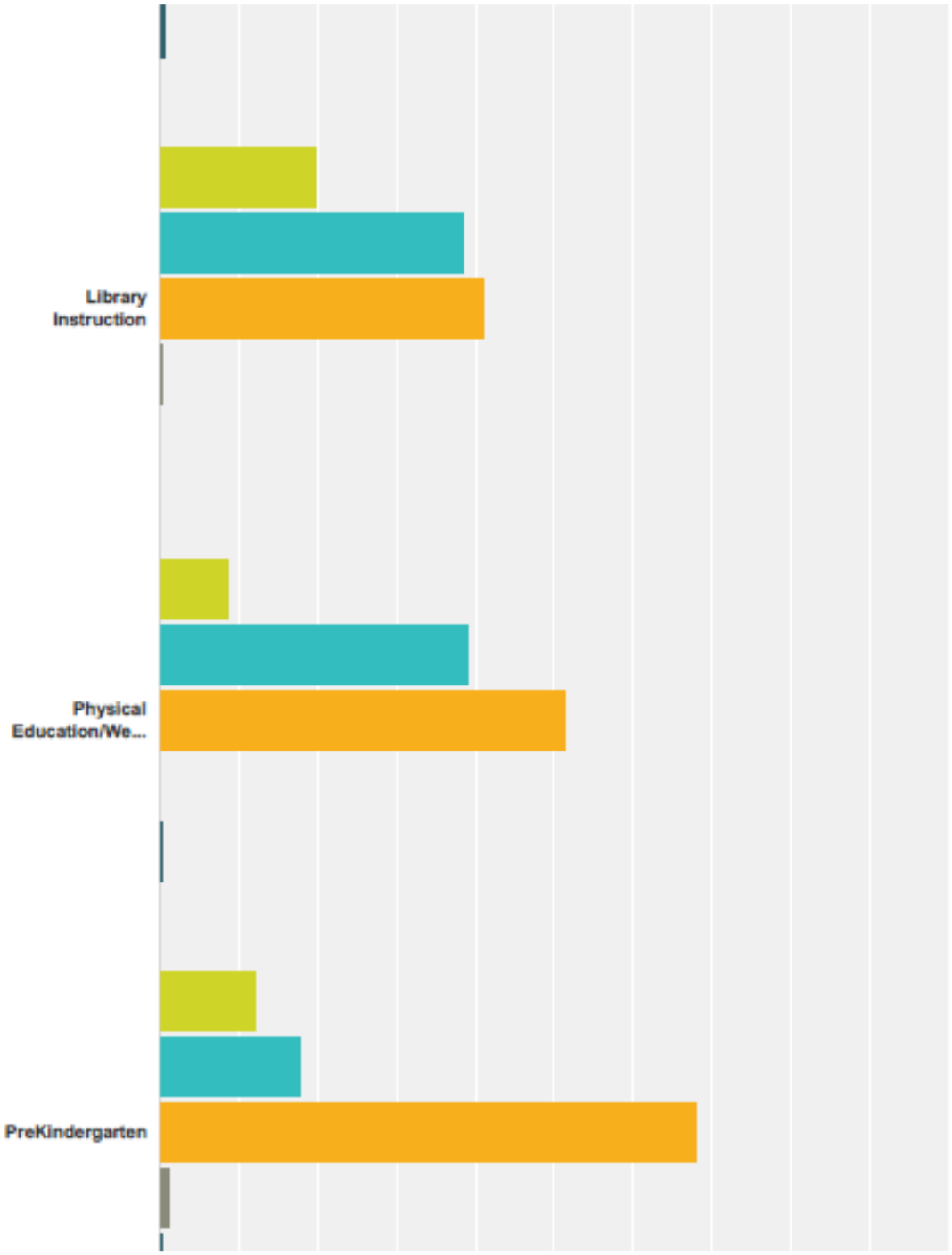

Transportation
Operations and Maintenance
School Safety

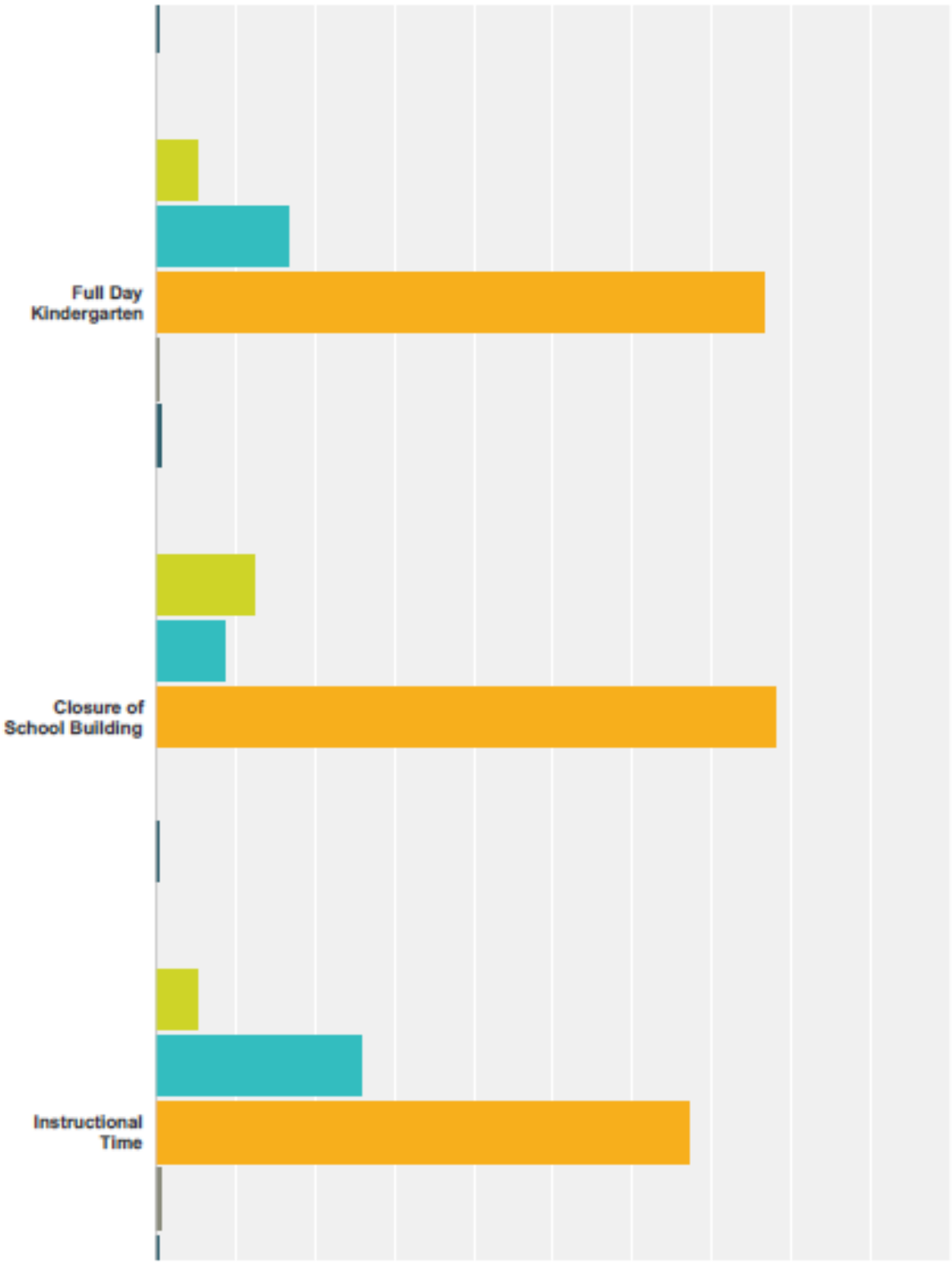

Administration Staff
Instructional Staff
Non-Instructional Staff

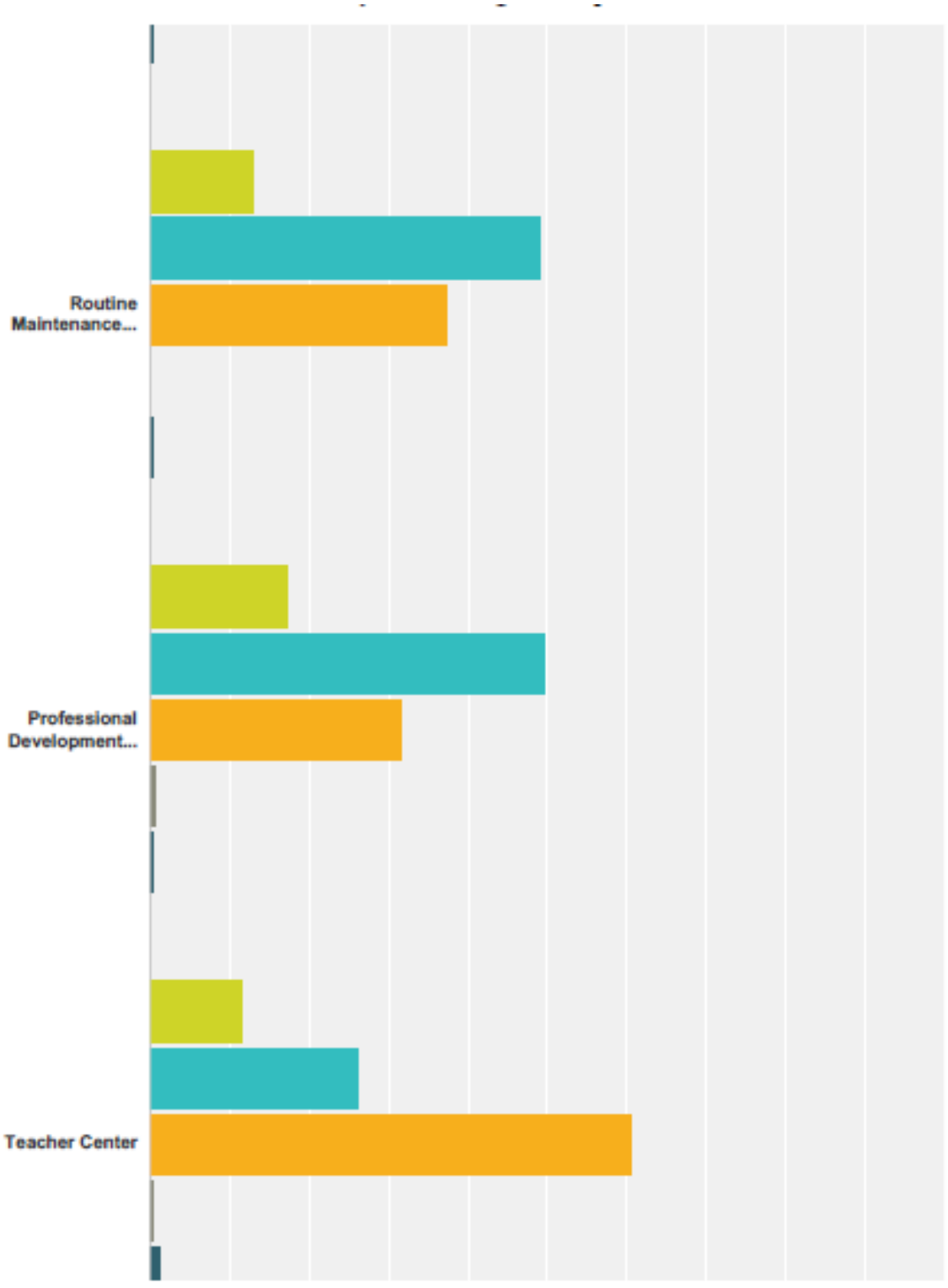

Clerical
Class Size Increase
Class Size Decrease

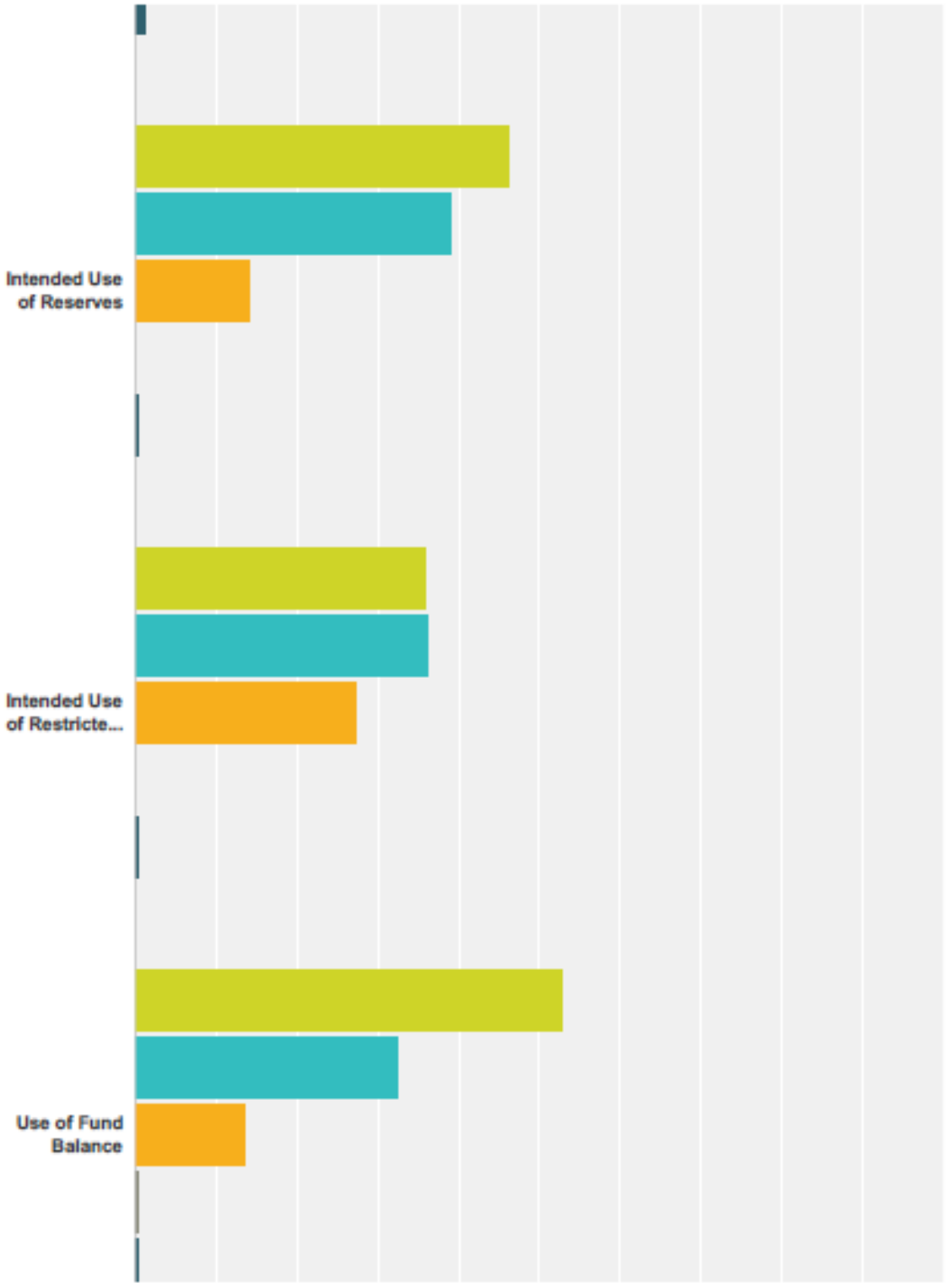

Summer School
Elective Courses
Textbook Purchases

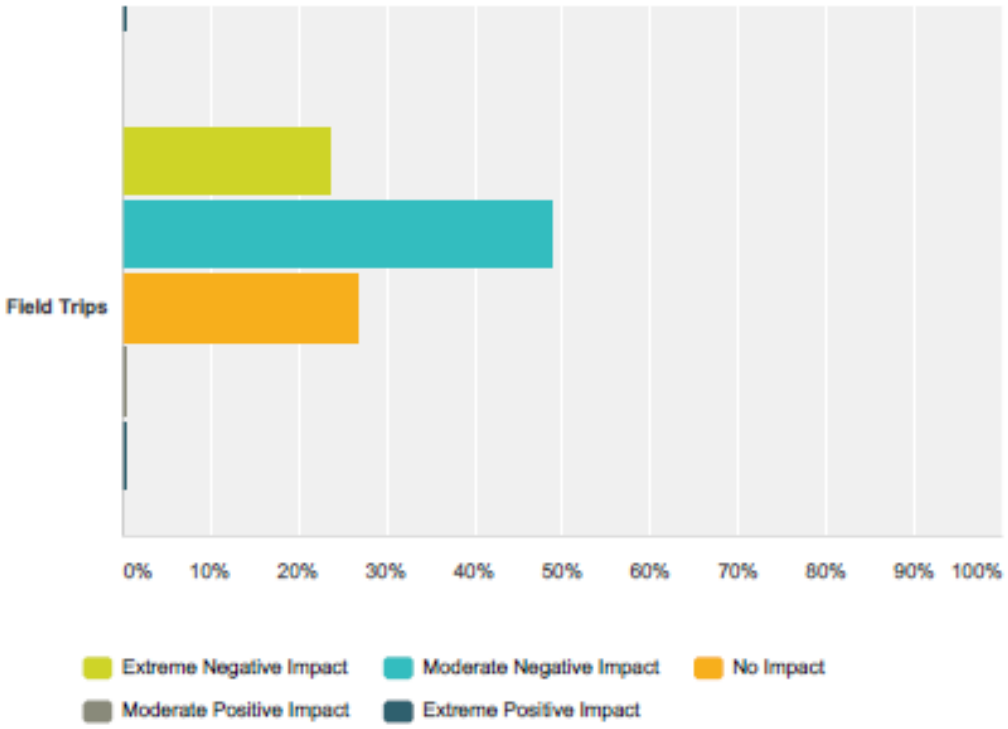

Materials and Supplies
Instructional Technology
Library Materials


Library Instruction
Physical Education/We...
PreKindergarten


Full Day Kindergarten
Closure of School Building
Instructional Time


Routine Maintenance...
Professional Development...
Teacher Center


Intended Use of Reserves
Intended Use of Restricte...
Use of Fund Balance


Field Trips
0%
10%
20%
30%
40%
50%
60%
70%
80%
90%
100%
Extreme Negative Impact
Moderate Negative Impact
No Impact
Moderate Positive Impact
Extreme Positive Impact