

# SAVAGE INEQUITIES<sup>1</sup>

## A REPORT OF THE WASHINGTON COUNTY SUPERINTENDENTS' TASK FORCE

The school districts of Washington County are facing increasingly difficult economic times. The districts are impacted both by their own relative poverty and by the comparatively low level of County sales tax revenue; in that the latter are inadequate to offset municipal sales tax burdens, they severely restrain County school systems' ability to tax. The inability to finance our schools adequately impairs the provision of equal educational opportunities for the students of Washington County. The situation will grow steadily worse unless it is addressed now.

The relative poverty of the Washington County school districts compared to neighboring counties is confirmed by the following charts of Combined Wealth Ratios, Operating Aid Ratios, and Building Aid Ratios for Washington, Saratoga, and Warren Counties for 1991-92.

**CHART #1**  
**Combined Wealth Ratios<sup>2</sup> 1991-92**  
**(Ratio is to State Average which would be 1.0.)**

<u>Washington County</u>		<u>Saratoga County</u>		<u>Warren County</u>	
Argyle	0.449	Shenendehowa	0.909	Bolton	2.322
Fort Ann	0.500	Corinth	0.461	North Warren	1.004
Fort Edward	0.480	Galway	0.508	Glens Falls	0.685
Granville	0.443	Mechanicville	0.643	Johnsburg	0.674
Greenwich	0.499	Ballston Spa	0.756	Lake George	1.614
Hartford	0.356	So. Glens Falls	0.573	Hadley-Luzerne	0.705
Hudson Falls	0.435	Schuylerville	0.449	Queensbury	0.695
Salem	0.465	Saratoga Spgs.	0.735	Warrensburg	0.530
Cambridge	0.502	Stillwater	0.458		
Whitehall	0.495	Waterford	0.909		
County Avge.	0.462	County Avge.	0.649	County Avge.	0.914

Source: State Aid Planning Center<sup>3</sup>

<sup>1</sup>Title based on Jonathon Kozol, Savage Inequalities.

<sup>2</sup>Elementary districts from each county excluded - Putnam, Edinburg, Glens Falls Common.

<sup>3</sup>The State Aid Planning Center is the State Aid & Financial Planning Service of Rensselaer-Columbia-Greene Counties BOCES

## CHART #2

Operating Aid Ratios, 1991-92  
(The higher the ratio, the greater the poverty  
based on combined wealth per pupil.)

<u>Washington County</u>	<u>Saratoga County</u>	<u>Warren County</u>
Argyle 0.713	Burnt Hills 0.531	Bolton 0.000
Fort Ann 0.680	Shenendehowa 0.419	North Warren 0.358
Fort Edward 0.693	Corinth 0.705	Glens Falls 0.562
Granville 0.717	Galway 0.675	Johnsburg 0.569
Greenwich 0.681	Mechanicville 0.589	Lake George 0.000
Hartford 0.773	Ballston Spa 0.517	Hadley-Luzerne 0.549
Hudson Falls 0.722	So. Glens Falls 0.634	Queensbury 0.556
Salem 0.703	Schuylerville 0.713	Warrensburg 0.661
Cambridge 0.679	Saratoga Spgs. 0.530	
Whitehall 0.684	Stillwater 0.707	
	Waterford 0.419	
County Avge. 0.705	County Avge. 0.585	County Avge. 0.362

## CHART #3

Building Aid Ratios, 1991-92  
(The higher the ratio, the greater the poverty  
based on full value per pupil.)

<u>Washington County</u>	<u>Saratoga County</u>	<u>Warren County</u>
Argyle 0.792	Burnt Hills 0.714	Bolton 0.000
Fort Ann 0.750	Shenendehowa 0.650	North Warren 0.268
Fort Edward 0.853	Corinth 0.751	Glens Falls 0.710
Granville 0.788	Galway 0.762	Johnsburg 0.531
Greenwich 0.798	Mechanicville 0.751	Lake George 0.000
Hartford 0.822	Ballston Spa 0.718	Hadley-Luzerne 0.536
Hudson Falls 0.829	So. Glens Falls 0.756	Queensbury 0.708
Salem 0.773	Schuylerville 0.798	Warrensburg 0.727
Cambridge 0.761	Saratoga Spgs. 0.692	
Whitehall 0.754	Stillwater 0.829	
	Waterford 0.631	
County Avge. 0.792	County Avge. 0.732	County Avge. 0.387

Historically, the relative inability to pay (demonstrated by the previous tables) was partially offset by use of the Operating Aid formula to distribute the bulk of State Aid. In 1984, the State took a new direction in State Aid, one that benefitted districts whose Operating Aid had been limited due to their wealth. New aids were created which were less equalized in terms

of distribution. These aids were High Tax and Supplemental Support Aid.<sup>4</sup> The chief beneficiaries of High Tax Aid were high wealth, high-expenditure districts. These districts tended to offer programs and opportunities beyond the capabilities of Washington County schools.

Supplemental Support Aid was created, presumably, to help all districts implement the Regents Action Plan. Flat grant provisions were included to guarantee aid to wealthy districts. Supplemental Support Aid has grown to be the second largest unrestricted aid category. Over time it has become expenditure-driven, furnishing additional monies to wealthy districts, thus making it even less equalized. As a result of these aid changes, Operating Aid greatly diminished as a percentage of the total aid distribution through 1990-91. (See Chart #4.)

#### CHART #4

##### Operating Aid as a Percentage of Total Aid Revenues

<u>District</u>	<u>1985-86</u>	<u>1986-87</u>	<u>1987-88</u>	<u>1988-89</u>	<u>1989-90</u>	<u>1990-91</u>
Argyle	74.67%	72.04%	69.12%	69.51%	68.74%	67.32%
Fort Ann	76.51%	75.52%	70.58%	66.13%	64.68%	65.24%
Fort Edward	73.57%	70.78%	70.47%	68.14%	69.00%	56.13%
Granville	78.09%	74.27%	74.76%	72.26%	69.87%	68.33%
Greenwich	78.33%	76.50%	76.40%	70.78%	68.31%	67.55%
Hartford	69.97%	68.23%	65.07%	65.42%	63.36%	69.05%
Hudson Falls	82.15%	79.62%	77.96%	75.88%	74.17%	69.73%
Salem	76.22%	73.91%	72.41%	68.23%	66.56%	64.15%
Cambridge	78.88%	69.67%	71.01%	72.15%	70.56%	68.26%
Whitehall	74.32%	71.89%	67.79%	67.76%	66.59%	65.15%

Source: State Aid Planning Center

In 1991-92 and 1992-93 the percentage of Operating Aid increased but the change was caused by the deficit reduction

<sup>4</sup>In 1984 the old High Tax Aid and Very High Tax Aid were restructured to form a new two-tiered High Tax Aid. A new Transition Aid was also introduced into the formulae. In 1985 Supplemental Support Aid was added.

measures which were not charged to Operating Aid. The increase therefore was not actual. It should be noted that the Operating Aid ceiling has not been raised in five years.

The increased reliance on other aids for the distribution of new State Aid monies since 1984 is demonstrated by Chart #5 which shows the dollar increases state-wide for selected aids from 1985-86 through 1990-91.

**CHART #5**

**Statewide Dollar Increases for Selected Aids**

1985-86 - 1990-91						
Type	1985-86 Total State	1986-87 Total State	1987-88 Total State	1988-89 Total State	1989-90 Total State	1990-91 Total State
Operating	\$3,792,508,184	\$4,039,704,311	\$4,249,243,490	\$4,587,966,245	\$4,769,140,000	\$4,918,090,000
High Tax	86,377,719	100,334,093	123,566,723	158,020,672	191,010,000	215,040,000
Supplemental	102,073,661	189,242,328	299,477,083	402,091,546	400,500,000	433,300,000
<b>PERCENTAGE INCREASE 1985-91</b>						
	Operating		29			
	High Tax		149			
	Supplemental		324			

Source: State Aid Planning Center

The impact in terms of percentage increases for individual districts was considerable as evidenced by the fact that in Hudson Falls, for example, through 1992 the amount of Operating Aid the District received went up by only 16.6 percent while the amount of High Tax Aid went up by 2129 percent and Supplemental Support Aid went up 316 percent. The percentage increase in High Tax is evidence of an increased burden on local taxpayers. While the increases in High Tax Aid and Supplemental Support Aid appear dramatic, they represent minimal dollar increases in districts that were heavily dependent on Operating Aid. During this period

(1985-1992), the total increase for all three aids in Hudson Falls, for example, was 27.9 percent or only four percent per year on average. These figures are exclusive of the deficit reductions in 1990-91 and 1991-92 which further reduced aid dollars actually received by the District. During the seven year period, other less equalized categorical aids also were added or increased. These include Library Material Aid, Software Aid, Hardware Aid, and Textbook Aid, which further added to the lack of equalization in aid distribution.

When the deficit reduction formulas were introduced for 1990-91, 1991-92 and 1992-93, some of the same non-equalized aspects included in High Tax and Supplemental Support Aid were incorporated in the reduction formulas so that while wealthier districts may have been cut by a greater percentage, the cuts did not adequately compensate for differing abilities to pay. This is confirmed by the following chart which depicts 1991 and 1992 deficit reductions for the three counties and the percentage of tax rate increase that would have been necessary to make up for the reductions.

**CHART #6**  
**Potential Impact of Deficit Reduction Formula**  
**on Local Tax Rates for 1991-92 and 1992-93**

<u>Washington County Deficit Reduction</u>			<u>Percentage Potential Impact on Tax Levy</u>		
	1991	1992	1991	1992	Avg.
Argyle	139,142	263,859	10.7	18.9	14.8
Fort Ann	219,192	304,307	19.0	22.6	20.8
Fort Edward	159,348	213,317	11.8	14.6	13.2
Granville	259,890	305,542	12.9	12.6	12.4
Greenwich	269,522	293,975	11.0	11.3	11.1
Hartford	107,870	130,165	12.1	12.6	12.4
Hudson Falls	424,074	604,636	10.6	13.7	12.1
Salem	189,201	259,676	9.8	11.9	10.9
Cambridge	336,369	292,607	15.0	12.1	13.6
Whitehall	296,021	333,060	11.0	11.2	11.1
			<b>Avg. 13.3</b>		
<u>Saratoga County Deficit Reduction</u>			<u>Percentage Potential Impact on Tax Levy</u>		
	1991	1992	1991	1992	Avg.
Burnt Hills	733,926	672,302	6.8	5.8	6.3
Shenendehowa	2,027,356	3,241,973	6.1	8.9	7.5
Corinth	269,821	367,233	8.1	9.4	8.8
Galway	247,194	381,239	10.4	13.2	11.8
Mechanicville	259,335	395,807	5.7	8.2	6.9
Ballston Spa	1,756,368	2,128,484	14.5	15.9	15.2
So. Glens Falls	554,680	753,223	8.7	9.9	9.3
Schuylerville	275,840	506,706	7.8	12.6	10.2
Saratoga Springs	1,330,270	1,547,298	6.9	6.8	6.4
Stillwater	255,147	530,557	8.3	15.3	11.8
Waterford	279,503	301,562	6.0	6.5	6.3
			<b>Avg. 9.1</b>		
<u>Warren County Deficit Reduction</u>			<u>Percentage Potential Impact on Tax Levy</u>		
	1991	1992	1991	1992	Avg.
Bolton	217,665	272,401	9.1	11.0	10.1
North Warren	313,785	224,417	10.0	6.8	8.4
Glens Falls	409,009	595,100	5.7	7.9	6.8
Johnsburg	184,875	223,297	8.5	8.5	8.5
Lake George	581,803	611,723	7.8	7.7	7.8
Hadley-Luzerne	374,598	597,686	8.7	12.9	10.8
Queensbury	603,405	819,861	7.5	9.4	8.4
Warrensburg	253,072	204,369	8.5	6.3	7.4
			<b>AVGE. 7.6</b>		

Source: State Aid Planning Center

Based on the previous chart, it is quite obvious that the effects of the deficit reduction program were much more harsh on poor districts such as those found in Washington County.

If the Washington County schools had to contend only with the reality of their relative poverty and the increasingly disequalized aid distribution, they would be facing difficult times. The added factors of lack of sales tax revenues and escalating municipal tax burdens greatly exacerbate the problem. Chart #7 depicts Washington County's sales tax plight on a per capita basis.

**CHART #7**  
**County Sales Tax Per Capita**  
**(Jan.-June 1992)**

County	Sales Tax \$ Per Capita	County	Sales Tax \$ Per Capita	County	Sales Tax \$ Per Capita
Albany	\$ 184.58	Hamilton	\$97.37	Rockland	125.15
Allegheny	97.53	Herkimer	77.72	St. Lawrence	101.21
Broome	131.68	Jefferson	140.76	Saratoga	111.45
Cattaraugus	108.99	Lewis	84.34	Schenectady	126.26
Cayuga	95.14	Livingston	79.69	Schoharie	61.39
Chautauqua	97.08	Madison	64.00	Schuyler	68.03
Chemung	100.47	Monroe	147.38	Seneca	86.62
Chenango	71.16	Montgomery	83.10	Steuben	80.33
Clinton	111.78	Nassau	202.68	Suffolk	160.35
Columbia	90.34	Niagara	120.42	Sullivan	113.48
Cortland	95.72	Oneida	78.11	Tioga	80.73
Delaware	60.07	Onondaga	150.94	Tompkins	88.50
Dutchess	147.45	Ontario	119.80	Ulster	120.82
Erie	174.63	Orange	117.16	Warren	159.87
Essex	111.86	Orleans	75.03	Washington	64.77
Franklin	89.61	Oswego	N/A	Wayne	88.83
Fulton	59.57	Otsego	94.28	Westchester	116.30
Genesee	81.17	Putnam	92.79	Wyoming	70.20
Greene	108.77	Rensselaer	83.55	Yates	76.05

*Source: NYS Association of Counties*

It is well known to the Legislature and to the residents of Washington County that the County is facing astronomical increases in expenditures and taxation due to the solid waste problem.

Unfortunately, the school districts of Washington County cannot escape the impact of the added municipal taxation.

Chart #8 depicts the total tax burden of school and municipal taxes combined for selected villages and towns in Washington, Warren, and Saratoga counties for 1991-92. The chart does not show the dramatic increases projected for Washington County taxes for 1993. The towns included for Warren, Washington, and Saratoga are located within the poorest school districts in those counties. The relatively low percentage figure for School as a Percent of Total (40.2) for Lake George is a function of the district's wealth.

**CHART #8**  
**1991 School and Municipal Taxes for Selected Villages**  
**and Towns per 1,000 of True Value**

	School Tax	Village or Town	County	Combined	School as % of Total
Village of Hudson Falls (Washington County)	17.14	12.37	13.67	43.18	39.7
Village of Whitehall (Washington County)	20.04	27.76	6.73	54.53	36.8
Town of Hartford (Washington County)	17.14	9.47	6.96	33.57	51.1
Village of Fort Edward (Washington County)	25.82	16.74	7.78	50.34	51.3
Village of South Glens Falls (Saratoga County)	19.31	11.16	3.26	33.73	57.2
Village of Schuylerville (Saratoga County)	22.41	7.49	4.46	34.46	65.0
Village of Lake George (Warren County)	10.43	9.39	6.10	25.92	40.2
Town of Warrensburg (Warren County)	20.18	8.25	.79	29.22	69.1

The impact of the combined municipal and school taxes without benefit of sales tax in Washington County can also be demonstrated by comparing the school tax proportion within portions of a Warren



County town and a Washington County town located within a Washington County school district. In this case, the only variable is the municipal tax burden since the school tax remains constant. For example, in 1991-92, the Hudson Falls school tax for the Town of Kingsbury represented 50 percent of the total tax burden. The Hudson Falls school tax for the Town of Queensbury (Warren County) represented more than 75 percent for that town's taxpayers; a difference of 25 percent.

If the problems with equity cited above are not sufficient to engender some compassion for Washington County schools, then we suggest that the impact of the latest equalization rates promulgated by the State Board of Equalization and Assessment will be sufficient to help destroy any equal educational opportunities for Washington County pupils.

By the stroke of the pen and selected random sampling of land rates for 1987 through 1989, the Board of Equalization and Assessment has determined that land values in the County increased by 44 percent, as compared to State average increases of 25 percent, thereby creating instant paper wealth. Suggesting to the average taxpayer that his or her home is now worth 44 percent more than in 1987 is a cruel hoax at best.

The fact is, however, that the State Aid formulas treat paper wealth increases as real wealth increases and our Washington County districts will lose future State Aid because of this concept. The fact is that the per capita income of Washington County which is an indication of real wealth as opposed to paper wealth, placed the County 55 in a ranking of the 62 counties in

1987.<sup>5</sup> The Superintendents of Washington County Schools, Boards of Education of Washington County and Teachers Associations of Washington County, in recognition of the plight of Washington County schools, urge and recommend to the Legislature that the following actions be taken to provide more equitable treatment for these schools. We urge consideration of the following.

### RECOMMENDATIONS

1. Develop a special aid provision (similar to Hurd Aid for Small Cities) to assist Washington County type schools (i.e., low wealth by property and income, low sales tax, low growth).
2. Restructure State Aid wealth measures to provide for per capita sales tax revenue by county.
3. Provide the State Board of Equalization and Assessments with sufficient funding to bring standards up to the current year and to provide more accurate evaluations of property sales so that rural areas will not be penalized due to small samplings which give too much weight to transactions resulting from the sale of farm lands for other uses.

<sup>5</sup>Ranking from NYS Association of Counties

4. Restructure State Aid formulas to address the equity issue through increasing Operating Aid ceilings and the removal of reliance on disequalized categorical aids.
  
5. Remove disequalized provision from any future deficit reduction formulas.

See See State - DC

12/16/92