

Report of the Suffolk County
Commission to Evaluate School
District Expenses and Efficiency



SUFFOLK COUNTY LEGISLATURE
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Suffolk County Commission
To Evaluate School District Expenses and Efficiency

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I. Executive Summary

The Suffolk County Commission to Evaluate School District Expenses and Efficiency was charged with analyzing school district spending practices and making cost-cutting recommendations. The motivating force behind the creation of the Commission has been the monumental escalation in school property taxes on Long Island; a reality that has left many unable to afford to live, work, and raise a family in this region. This burgeoning problem is illustrated in surveys and statistics contained in the *Long Island Index 2006*, an annual project conducted by the Rauch Foundation, as well as the *Innovate LI Subcommittee on K-12 Costs & Outcomes*. These reports found that increases in property taxes have become the single biggest issue in the minds of the public and show that trends in State aid to schools and school district expenditures are the prime causes of this problem.

School taxes have accounted for most of the property tax increases in recent years. Unlike other major municipalities (town and county governments), the only viable source of local revenue for school districts is the property tax. School districts also depend heavily on State aid, but must rely on property taxes to make up any shortfalls. As school district expenditures have continued to grow in recent years, increases in State aid have not kept up with this trend. According to the *Innovate Long Island Subcommittee Report on K-12 Costs and Outcomes*, although Long Island educates 26% of all public school students, and accounts for 29% of all sales tax revenues in New York State, we only receive 19.6% of the State aid to schools. As a result, property taxes have grown at an uncomfortably high rate. To the extent that more State aid to Long Island is not likely to be forthcoming, with the most likely scenario being that the growth in State aid to Long Island will actually be cut, we have no choice but to consider creative ways to further control the cost of schools.

Consolidation of school districts was not considered by the Commission and was expressly excluded from the Commission's mandate. Although some people who testified at the public hearings found this approach appealing as a way to cut costs and reduce property taxes, Resolution 522 of 2006, which created the Commission and can be found in Appendix C, clearly states in the first Resolved clause that the Commission will "offer recommendations that will increase school district efficiency and reduce school district spending, without combining school districts."

That being said, the Commission did consider a number of 'outside the box' solutions as alternatives to the actual merger of school districts, including what has come to be known as "functional consolidation." This approach, which the Commission believed was more promising, entails consolidating common functions and services between certain districts. Functional consolidation can be utilized on both a large and small scale between geographically close districts or even Countywide. The potential for cost savings could be significant.

Specific recommendations made by the Commission are:

➤ Utilize Shared Municipal Services

Cooperation between municipalities, in the form of sharing and/or consolidating services, is an idea that is being utilized Statewide. Many local governments believe it has led to tremendous cost savings. The Commission recommends continuing, expanding, or adding to this practice in the following areas:

- Cooperative Purchasing and Bidding
 - ✓ The Commission recommends supporting the Suffolk County Executive's proposal to develop an expanded website administered by the County that would give school districts or other municipalities even more opportunities to "shop around" for the lowest price on various services.
- Consolidation of Administrative Functions
 - ✓ The Commission recommends that the existing study being conducted by Eastern Suffolk BOCES be expanded to western Suffolk, with an analysis conducted by Western Suffolk BOCES or perhaps by the Long Island Regional Planning Board (LIRPB). Such a study would analyze the feasibility of instituting functional consolidation measures, especially for simple back office functions.
- Multi-District or Regional Transportation Contracts
 - ✓ The Commission recommends that a study be conducted to consider formal proposals to implement a regional transit system. Such a study should consider drafting State enabling legislation to allow school districts the opportunity to enter into multi-district contracts. At the very least, the prohibition should be lifted for parochial school and BOCES students, which are both far fewer in number than public school students.
 - ✓ In addition, this study should explicitly consider other 'outside the box' solutions, including contracting with the Long Island Railroad or even the County's bus system to help transport students.
- Consolidated Borrowing and Investing Power
 - ✓ The Commission recommends that the New York State Comptroller be requested to enact a pilot program to demonstrate the feasibility and impact of creating an investment pool.

➤ Promote Cost Saving Efficiencies

There are a number of cost-saving efficiencies that school districts can institute through in-house measures, State enabling legislation, or other means. The Commission recommends promoting efficiencies in the following areas:

- Equipment Maintenance
- Energy
 - ✓ The Commission recommends that school districts formally require a Leadership In Energy and Environment Design (LEED) certifiable building standard and be required to contact LIPA, KeySpan, and NYSERTA for information on rebate programs before building plans are formalized. For

instance, school districts can use the example set by Suffolk County in its LEED's legislation. In particular, Suffolk County Resolution 126 of 2006 implements a LEED program for future county construction projects.

- New York State Wicks Law Reform
 - ✓ The Commission recommends that New York State repeal the Wick's Law in its entirety
- Charter School Reform
 - ✓ The Commission recommends exploring the possibility of changing the charter school funding system by aligning the schedule of State aid payments to school districts with the charter school payment schedule.
- Self-Insurance for Healthcare
 - ✓ The Commission recommends that the County Executive's Management Unit compile enrollee profiles for all municipalities and that the Budget Review Office of the Suffolk County Legislature, which developed the analysis contained in this report, work with the Management Unit to determine which ones would benefit from self-insuring under the County's Employee Medical Health Plan (EMHP).
 - ✓ Assuming this analysis shows a significant cost savings, the Commission would then recommend that New York State adopt legislation to allow school districts and other municipalities to self-insure with Suffolk County.

➤ Streamline State and Federal Mandates

School districts are forced to comply with hundreds of State and Federal mandates annually. When new mandates are imposed without additional funding, school districts are forced to raise local revenues. The Commission recommends reform in this area through the following measures:

- Reduced State and Federal Reporting Requirements
 - ✓ The Commission recommends that State Education Department findings to modify reporting requirements in a comprehensive and thorough manner be implemented. Any such recommendations that require New York State enabling legislation should also be adopted.
- Full Federal funding for the Individuals with Disabilities Education Act and for all new mandates.
 - ✓ The Commission recommends that any and all new State and Federal mandates be accompanied with full funding.
 - ✓ The Commission recommends that a cost-benefit analysis should be required of all new mandates, with the fiscal impact statement specifically calculating the affect on all municipalities.

II. Introduction/Overview

A. Commission Mandate

The Suffolk County Commission to Evaluate School District Expenses and Efficiency was established by the Suffolk County Legislature for the purposes of analyzing school district spending, studying cost cutting ideas, and offering recommendations that will increase school district efficiency and reduce school district spending, without combining school districts, increasing class size, or compromising the quality of education delivered within local school districts. The Commission, formed by Resolution Number 522 of 2006, was sponsored by Legislator Lou D'Amaro and co-sponsored by Legislators Jon Cooper, Ricardo Montano, Kate Browning, Steven Stern, Jack Eddington, Elie Mystal, Vivian Vilorio-Fisher, Wayne Horsley, Jay Schneiderman, and Presiding Officer William Lindsay. The resolution forming the Commission passed with bi-partisan support and was signed into law by County Executive Steve Levy.¹

B. Overview of Commission Meetings, Public Hearings, and Guest Speakers

1. *List of Commission Members*

The Commission is made up of various organizations and interest groups from across Long Island. The 12 members are:

1. Legislator Lou D'Amaro, the Chairman and designee of the Presiding Officer of the Suffolk County Legislature;
2. Legislator Daniel Losquadro, the Co-Chairman and Minority Leader of the Suffolk County Legislature;
3. Joseph A. Laria, Ph.D., the designee of the County Executive;
4. Robert Lipp, Ph.D., Deputy Director and representative from the Budget Review Office, Suffolk County Legislature;
5. Seth Forman, Ph.D., the representative from the Long Island Regional Planning Board
6. Michael Deering, Director of Government Affairs and representative from the Long Island Association, Inc.;
7. Lisa Tyson, Director of the Long Island Progressive Coalition, a recognized taxpayer advocacy organization;
8. Jim Kaden, Vice President and representative from the Nassau/Suffolk School Boards Association;
9. Neil Lederer, President and representative from the Suffolk County School Superintendent's Association;
10. Patrick Byrne, President of the Nesconset-Sachem Civic Association, a recognized community organization;
11. Alice Willett, the representative from the Suffolk Region P.T.A.;
12. John Clahane, Labor Relations Specialist and representative from the Regional Chapter of New York State United Teachers (NYSUT)

¹ The resolutions creating and extending the Commission, Res. No. 522 of 2006 and Res. No. 818 of 2007 respectively, can be found in Appendix C at the end of this report.

Legislators D’Amaro and Losquadro recognized that this was indeed a diverse group representing several different, and competing, interests in the school cost debate. This diverse makeup of the Commission, however, was intentional. A primary Commission goal was to bring these diverse interests together, get them talking, and come to consensus on cost-saving measures for the good of all County taxpayers, without engaging in finger-pointing or shouting matches. The Commission met this mandate.

2. Issues Discussed

In Appendix A we list the range of issues that were discussed by members of the public at several public hearings held by the Commission, and in Appendix B we list the issues discussed by guest speakers invited to address the Commission at public hearings.

C. Layout of the Report

In Section III, the Commission endeavors to state the overall problem of escalating school district taxes, costs, and expenditures. This section includes statistical analysis from the “Long Island Index 2006,” the “Innovate LI Subcommittee on K-12 Costs & Outcomes,” as well as other data sources comparing school expenditures and revenue over time. This analysis shows the historical trends in all the aforementioned categories, and illustrates the burgeoning cost of living crisis on Long Island in irrefutable numerical terms.

The final two sections of the report detail the core of the Commission’s work. Section IV showcases the ideas and options that the Commission wholeheartedly endorses to help reduce school district expenses and promote efficiency. Section V details the measures the Commission is not recommending after serious consideration. Although the Commission is not adopting these measures, the Commission felt compelled to disclose them for completeness. Both of these sections are a compilation of ideas and initiatives shared by the general public, special invited presenters, and Commission members themselves over the course of the four public hearings and the numerous work sessions held in 2006 and 2007.

III. Statement of the Problem/Current Conditions

A. Introduction

1. *The Tax Burden*

A major motivating factor in creating the *Commission to Evaluate School District Expenses and Efficiency* is the mounting property tax burden that in recent years can be largely attributed to the school portion of the tax bill. This is particularly troublesome given that school districts account for about two-thirds of all property taxes in Suffolk County. A contributing factor to the increase in school taxes, relative to other taxing municipalities, is that, in general, the property tax is the only source of local revenue available to school districts. In comparison, towns also have a share of the New York State mortgage tax and counties have a share of sales tax.

Concerns over taxes were recently documented in a poll accompanying the “Long Island Index 2006”, which found that Long Islanders rate taxes as our biggest problem by far.²

- 51% of those polled in Nassau and 32% polled in Suffolk rated taxes the biggest problem, with no other issue in either county considered to be nearly as important a problem.
- Although people are generally willing to pay more for quality services, only 35% of those polled rated the quality of local services as good or excellent in relation to what they are paying in taxes.

Property taxes on Long Island are among the highest in the nation. An analysis by the Tax Foundation³ found that in 2005:

- Nassau County had the second highest median homeowner property tax among the nation’s 775 counties with populations greater than 65,000. Suffolk County had the twelfth highest property tax burden. In fact, the top fourteen counties were all in either New York or New Jersey.
- When adjusting for ability to pay, based on median household income, the property tax burden in Nassau County was the third highest in the nation and Suffolk was the eighth highest.
- In 2005 median homeowner property taxes were \$7,025 in Nassau and \$6,131 in Suffolk. Property taxes accounted for 7.9% of median household income in Nassau and 7.3% in Suffolk. In comparison, counties in the rest of New York State, excluding New York City, had a median property tax bill that averaged just \$2,892 or 4.6% of income.

² Long Island Index 2006, <http://www.longislandindex.org/fileadmin/reports/INDEX2006a.pdf>, p. 14.

³ Tax Foundation, <http://www.taxfoundation.org/blog/show/1889.html>. The Tax Foundation analysis is based on counties with populations greater than 65,000, which include Nassau County, Suffolk County, the five counties that make up New York City, and 31 of the remaining 55 counties in New York State.

The higher tax burden in Nassau than in Suffolk is consistent with the “Long Island Index 2006” finding that just over half of those surveyed in Nassau rated taxes the biggest problem, compared to just under one-third of those polled in Suffolk. It should be noted that data compiled for the “Long Island Index 2006” also found high taxes appear to be typical of mature prosperous suburbs like Long Island. Per capita property taxes in Nassau were found to be the highest among a group of select peer counties included in the analysis, while high taxes in Suffolk were found to be in line with those of peer counties.⁴

Our analysis indicates that after 2002, when the rate of increase in school property taxes escalated Statewide, State revenues to school districts did not keep pace with expenditure growth. The problem is particularly acute on Long Island. This is because, as noted above, property taxes as a percent of household income were the third highest in the nation in Nassau County and eighth highest in Suffolk. In comparison, the rest of New York State, excluding New York City, had an average rank of 113.⁵

2. School District Spending

The question that remains is whether or not local school districts are spending too much. The data shows that:

- Spending per pupil is higher on Long Island than in the rest of the State. On average, school districts in Nassau County spend the most per pupil (\$18,362 in 2005), followed by Suffolk County (\$16,302), New York City (\$15,025) and finally the rest of the State (\$14,433).
- Although per pupil spending in Suffolk exceeds the rest of the State, the rate of growth in Suffolk is less.
- When regional cost differences are taken into account, per pupil spending in the rest of the State actually exceeds Suffolk County, while Nassau continues to be higher than both.

As a result, when compared to the rest of the State, school district spending in Suffolk is in line with the rest of the counties in New York State. Higher local spending per pupil can largely be explained by differences in regional costs, which, for the most part, are beyond the control of school districts. Nevertheless, the problem still remains that the property tax burden on Long Island is among the highest in the nation and spending per pupil in New York State is the highest in the nation.

It should be pointed out that our comparisons are only for school districts within New York State. Comparisons to other states are difficult to make. This is due in part to differences in legal requirements, such as state mandates. That being said, average school district spending per pupil is higher in New York than any other state in the

⁴ In addition to Nassau and Suffolk, “peer counties included in the “Long Island Index 2006” were Westchester, Bergen, Fairfield, and Fairfax.

⁵ See footnote 3.

nation. After adjusting for ability to pay, New York is the fifth highest state in terms of school spending as a fraction of personal income.⁶

Clearly, addressing the high cost of schools in New York State requires statewide solutions. This is taken up in our chapters on policy options, where we consider the issues of state mandates and changes to the state pension system.

Another important consideration in the cost equation is the quality of education. Measures of student outcomes are typically higher for Long Island school districts than the statewide average.⁷ It could be argued that, to some extent, the higher cost of education on Long Island is related to the quality of education. However, given the level of spending incurred, New York State overall does not perform particularly well compared to other states that spend less. Stated another way, high spending does not translate into quality education.⁸ That being said, cost cutting measures were well thought out by the Commission to avoid any compromise of the quality of education offered in our schools.

A complete analysis of school district costs should also address the issue of economies of scale. On average, enrollment in Long Island school districts is higher than the rest of the State, excluding New York City. Other things being equal, to the extent that economies of scale exist, per pupil spending should therefore be lower here on Long Island. A literature search⁹ suggests that economies of scale may exist, although several works call into question this conclusion. It is also difficult to apply the conclusions of these studies to today's school districts in New York State, as most restrict their analysis to specific areas and years. Furthermore, there does not appear to be a workable methodology to adjust for economies of scale. Therefore, in this report we assume that the size of the school district does not by itself lead to efficiencies that would bring per pupil costs down. Nevertheless, the Commission does look into the benefits of economies of scale in our chapters on policy options, where we consider consolidating school administrative functions.

⁶ Public Education Finances 2005, April 2007, Governments Division, United States Census Bureau, <http://ftp2.census.gov/govs/school/05f33pub.pdf> Additional data on government finances, see United States Census Bureau, Federal, State, and Local Governments: Public Elementary-Secondary Education Finance Data, <http://www.census.gov/govs/www/school.html>

⁷ Innovate Long Island: Subcommittee on K-12 Costs and Outcomes, August 2006, Long Island Association.

⁸ Based on the National Assessment of Educational Progress (NAEP) performance standard, in reading and writing New York State scored in the top 28.13% in grade 4 and in the top 8.82% in grade 8. In math New York State scored in the bottom 12.11% in grade 4 and in the top 36.11% in grade 8. See United States Department of Education, Institute of Education Sciences. Mapping 2005 State Proficiency Standards Onto the NAEP Scales: Research and Development Report. NCES 2007-482. June 2007.

<http://nces.ed.gov/nationsreportcard/pdf/studies/2007482.pdf>

New York State ranked in the bottom 17.65% in terms of high school drop out rates. See United States Department of Education, Institute of Education Sciences. Event Dropout Rates for Public School Students in Grades 9-12: 2002-03 and 2003-04: First Look Report. NCES 2007-026. May 2007. <http://nces.ed.gov/pubs2007/2007026.pdf>

⁹ Chakraborty, Kalyan, Basudeb Biswas, and W. Cris Lewis. "Economies of Scale in Public Education: An Econometric Analysis." *Utah State University Economic Research Institute Study Paper ERI #99-11*. March 1999. <http://www.econ.usu.edu/Research/99/ERI99-11.pdf>

To reduce costs sufficiently to bring property taxes down to a more competitive level would require major restructuring. If we focus more narrowly on the major contributors to the recent growth in school district expenditures, we find that employee benefits are most responsible for the increase. This is true for school districts statewide, not just locally. The biggest cost drivers here have been retirement benefits and health care benefits. This would suggest that options to control spending include possible reforms associated with the state retirement system and the financing of health care costs.

In what follows, the Commission presents a wide range of potential policy options to control costs.

This section of the report concludes with an analysis of school district expenditures and revenue. Data on schools in New York State are available for the 1994 to 2005 period (1993-94 to 2004-05 school years).¹⁰ Although the Commission's charge is to focus on expenditures, an accurate picture requires that consideration be given to revenue. In what follows, school districts are separated into four regions: Suffolk County, Nassau County, New York City (NYC), and the rest of New York State.

B. Enrollment

In order to compare expenditures and revenue across school districts we need to adjust for differences in their size. Enrollment is a reasonable measure of the size of school districts that is used in this report.

In comparing school district enrollment between regions, in 2005:

- There are more pupils in Suffolk than in Nassau.
 - ✓ In Suffolk there are 266,372 student overall.
 - ✓ In Nassau there were 212,183 students overall.

- There are more pupils per school district in Suffolk than in Nassau or the rest of the State.
 - ✓ In Suffolk the average number of pupils per district is 4,098.
 - ✓ In Nassau the average number of pupils per district is 3,789.
 - ✓ In the rest of the state the average number of pupils per district is 2,390.

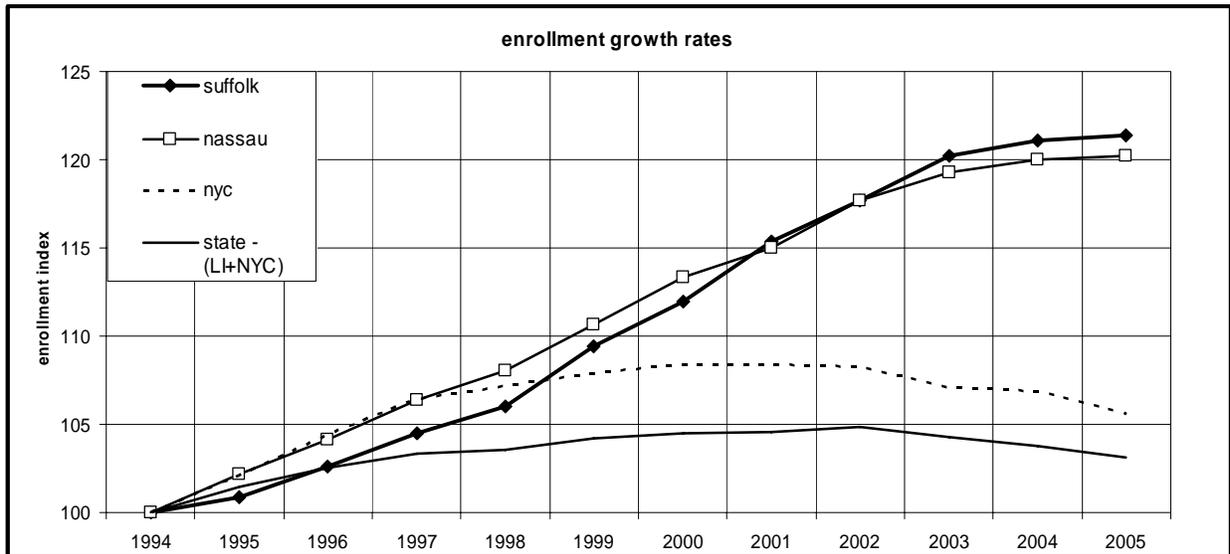
There is less variation in enrollment across school districts in Nassau, than in Suffolk, but considerably larger differences in the number of students across school districts in the rest of the State.¹¹

Finally, in terms of growth, below we graph growth rates for school district enrollment. One can see that the overall increase in Suffolk's enrollment is greater than any other region under observation, with growth in Nassau a close second. Since 1994 enrollment in Suffolk County has continually increased, growing by approximately 21%

¹⁰ See New York State Department of Education Office of Management Services Fiscal Analysis and Research Unit, <http://www.oms.nysed.gov/faru>

¹¹ Using 2005 data, as a measure of variability, the coefficient of variation (CV) shows that one standard deviation is 90% of average school enrollment in Suffolk, compared to a more modest 55% in Nassau.

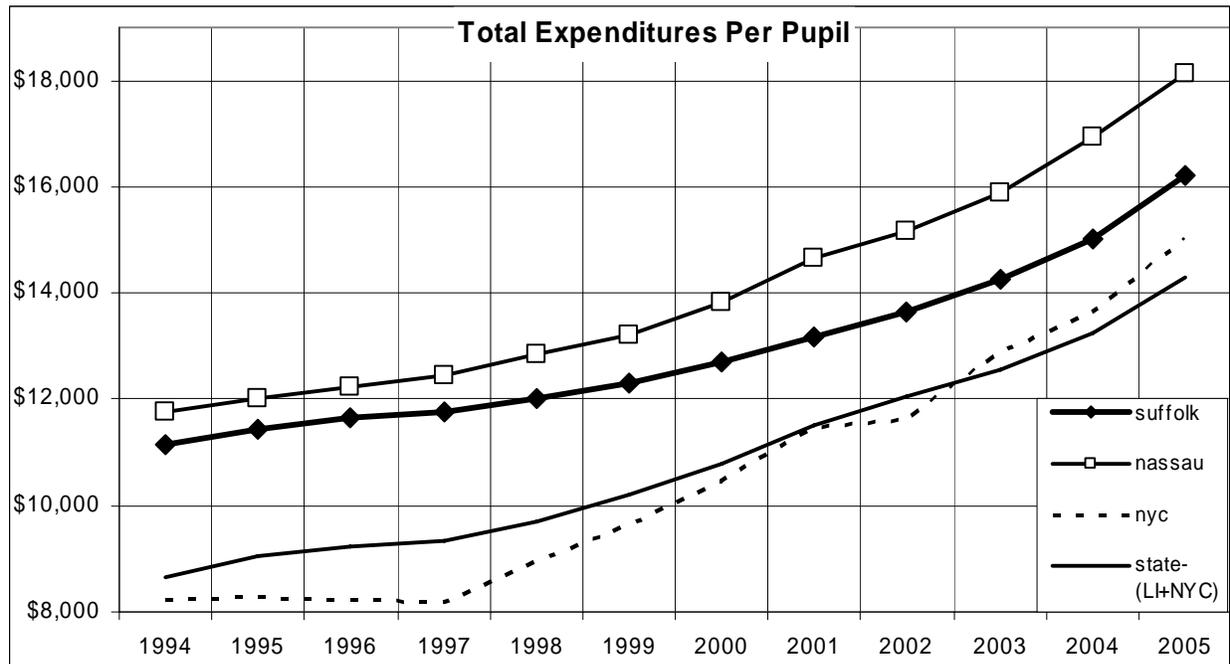
over 11 years, through 2005. Enrollment in Nassau has grown by 20%. The rest of the State grew by only 3% and has shown signs of decreasing in recent years.



C. School District Expenditures

1. School District Spending

As seen in the chart below, spending per pupil in Suffolk County is less than in Nassau County. However, the cost of the school system in Suffolk is higher than in New York City (NYC) and on average for the rest of the State.



Although per pupil spending in Suffolk exceeds the rest of the State, the rate of growth in Suffolk is less. Total expenditures per pupil have grown at an annualized compound rate of 3.5% in Suffolk; less than Nassau's 4.0%, New York City's 5.7%, and 4.7% elsewhere in the State. Growth in each region outpaces the rate of inflation, which was 2.7% over the 1994-2005 period covered in our data set. Expenditures can be broken down into ten component categories: board of education, instructional costs, community services, operations and maintenance, teacher's retirement, health benefits, other employee benefits, other, transportation, and debt service. Generally, the story is the same for each of the categories. Nassau has the highest per-pupil spending, followed by Suffolk and then the rest of the State. Exceptions to this pattern are community services, other, transportation, and debt service. In particular:

- Transportation costs in Suffolk are slightly higher than in Nassau, and both Long Island regions are higher than the rest of the State. The larger geographic area in Suffolk explains why costs are higher than in Nassau.
- Debt service is higher in the rest of State, with Suffolk steadily rising and coming in second. Nassau's debt service costs are also rising, but less significantly than those in Suffolk. Increasing debt service costs in Nassau and Suffolk counties are likely to be due in part to increases in enrollment, compared to the rest of the State. Enrollment increases lead to greater demand for new construction, which in turn result in higher debt service costs.

2. Regional Cost Adjustments

In order to more equitably compare spending, there has been an attempt to take into account differences in purchasing power among the various regions of the State through the Professional Cost Index¹². While this index attempts to equitably measure the purchasing power of a dollar in each of New York State's nine labor force regions, it is our collective opinion that the existing wealth, effort, and labor force incorporated into the regional cost measures do not reflect the reality of living on Long Island. As such, the State's regional cost factor, which is the foundation of the State's aid to education formula, is flawed. These flaws result in a significant cost to Long Island property taxpayers. Recognizing the detrimental economic effect this has on our region, as further elaborated in the table below, the Commission recommends changes to the State Foundation Aid formula adopted in 2007. These changes should incorporate a rationally based regional cost factor for all aid categories that ensures aid is dependent upon an accurate and fair assessment of income wealth adjusted to reflect the real differences in regional costs within the State.

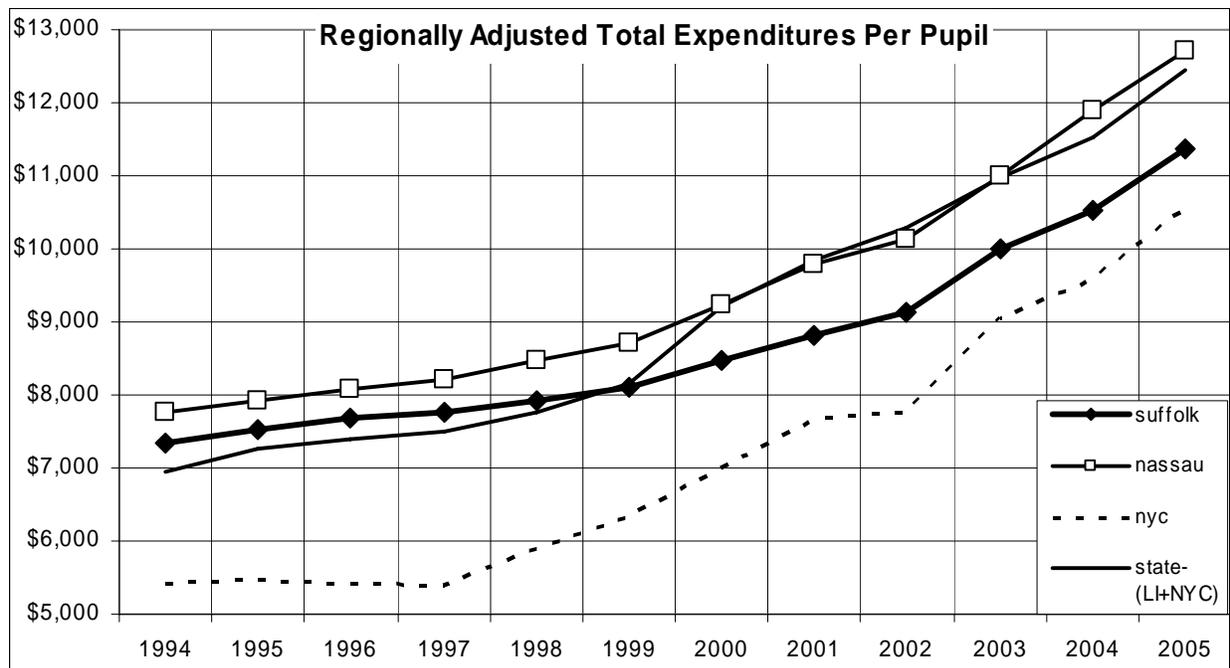
This data is presented in the table below. The system, updated every three years, relies on the cost of labor as a proxy for overall costs in each region. The North Country region is considered the base for this index, with its value set equal to one. In comparison, the value of the index in 2006 was 1.425 for the Long Island/New York City region. In other words, costs in the Long Island/ New York City region were calculated to be 42.5% higher than in the North Country region.

¹² Source: New York State Education Department, <http://www.oms.nysed.gov/faru>

Professional Cost Index for New York State

Labor Force Region	2006		2003		2000 ¹³	
	Index Value	Purchasing Power of \$1,000	Index Value	Purchasing Power of \$1,000	Index Value	Purchasing Power of \$1,000
Capital District	1.124	\$889	1.168	\$856	1.251	\$799
Southern Tier	1.045	\$956	1.061	\$943	1.153	\$867
Western NY	1.091	\$917	1.08	\$926	1.155	\$866
Hudson Valley	1.314	\$761	1.359	\$736	1.476	\$678
Long Island/NYC	1.425	\$702	1.496	\$668	1.516	\$660
Finger Lakes	1.141	\$876	1.181	\$847	1.245	\$803
Central New York	1.103	\$906	1.132	\$883	1.218	\$821
Mohawk Valley	1	\$1,000	1.016	\$984	1.084	\$923
North Country	1	\$1,000	1	\$1,000	1	\$1,000

When regional cost differences are taken into account, the graph below illustrates that Suffolk is no longer ranked second highest in per pupil spending. Instead, Suffolk drops below Nassau and the rest of the State. In general, this holds true for the individual categories. Exceptions are spending in health care, transportation, and debt service. More specifically:



¹³ Index begins with year 2000. All prior years of data are adjusted using the closet-matching index.

- After 1999, the rest of the State becomes the number one spender in regional cost adjusted health care spending per-pupil. Nassau is the second highest spender, followed by Suffolk.
- Both Suffolk and the rest of the State outspend Nassau in transportation costs. This can be attributed to Nassau being a geographically smaller region, which translates into less transportation time, less wear and tear on vehicles, and lower fuel bills.
- Nassau also remains behind the rest of the State and Suffolk in debt service expenditures, who were number 1 and 2, respectively.

3. Allocation of Cost

2005 School District Spending by Category

	Suffolk County		Nassau County		New York City		Rest of the State	
	Spending Per Pupil	Allocation						
Instructional Costs	\$9,673	59.7%	\$11,211	61.8%	\$8,984	59.8%	\$8,270	57.8%
Health Benefits	\$1,507	9.3%	\$1,578	8.7%	\$808	5.4%	\$1,402	9.8%
Ops & Maintenance	\$1,172	7.2%	\$1,289	7.1%	\$997	6.6%	\$977	6.8%
Other Employee Benefits	\$1,036	6.4%	\$1,168	6.4%	\$1,301	8.7%	\$921	6.4%
Transportation	\$916	5.7%	\$908	5.0%	\$675	4.5%	\$742	5.2%
Debt Service	\$847	5.2%	\$555	3.1%	\$740	4.9%	\$950	6.6%
Administration	\$356	2.2%	\$432	2.4%	\$268	1.8%	\$321	2.2%
Teacher's Retirement	\$388	2.4%	\$453	2.5%	\$1,076	7.2%	\$325	2.3%
Other Costs	\$295	1.8%	\$499	2.8%	\$144	1.0%	\$380	2.7%
Community Services	\$16	0.1%	\$37	0.2%	\$32	0.2%	\$16	0.1%
Total Spending*	\$16,205	100%	\$18,131	100%	\$15,025	100%	\$14,305	100%

* figures may not sum due to rounding

The above table provides a breakdown of school district spending by category. Not depicted are trends in spending by category. Our findings include the following observations:

- Instructional costs are considered by many to be the backbone of school spending, accounting for roughly 60% of costs in a typical school district. Though they continue to rise, instructional costs have become a smaller portion of the total.
- As time passes, health and other employee benefits have been taking up a larger portion of total spending. This is most likely attributed to an aging population, longer life expectancies, and health care inflation that has outpaced the overall price index.
 - For the period of 2002-2005, health costs in Suffolk County have grown at a compounded annual rate of 10.9%. This is a large increase when compared to the annual growth rate from 1994 to 2001, which was a more modest 3.3%. Other employee benefits saw a similar jump, going from an annual growth rate of 3.5% for the period of 1994-2001, to 9.2% for the period of 2002-2005. These increases parallel increases in property taxes both locally and statewide.
- Since 2003, teacher's retirement costs have been increasing. Prior to 2003, they had been decreasing as a percentage of total expenditures. This was in part due to stock market gains. More recently, the retirement system has taken a more fiscally prudent approach and increased employer contribution rates. This increase coincides with significant increases in school district property

taxes both locally and statewide. The rate of increase in retirement costs is not likely to continue to be as high. The more financially conservative approach taken by the State, while resulting in a large increase in pension costs in recent years, should translate into more modest future cost increases.

- As for debt service costs, they have trended higher in Suffolk, have grown at a more modest rate in Nassau, and with the exception of a decrease in 2003, are trending upward in the rest of the State as well.
 - School districts in Nassau have kept their debt service costs below any other region studied; and, as a percentage of total costs, spending on debt service in Nassau is lowest among our study areas.
 - The rest of the State's debt service costs are highest among our four regions; trending upward, with the exception of a down turn from 2003 to 2004.
 - For Suffolk, school district debt service costs have become a steadily increasing portion of total expenditures. In 1994 debt service represented 3.2% of total costs. That figure has since increased to 5.2% in 2005. Suffolk County debt service expense has grown at an annualized compound rate of 8.2% over this period. A possible explanation for Suffolk's larger debt service cost could be its ever-expanding enrollment, which may result in more construction spending.

D. School District Revenues

School district revenues are broken down into three main categories: State, local, and Federal. State revenue is further broken down into State aid and STAR revenue. Local revenue is independently generated by each district, mainly through property taxes. Once again, for comparability, we have split the State into four regions: Suffolk, Nassau, New York City (NYC) and the rest of the State.

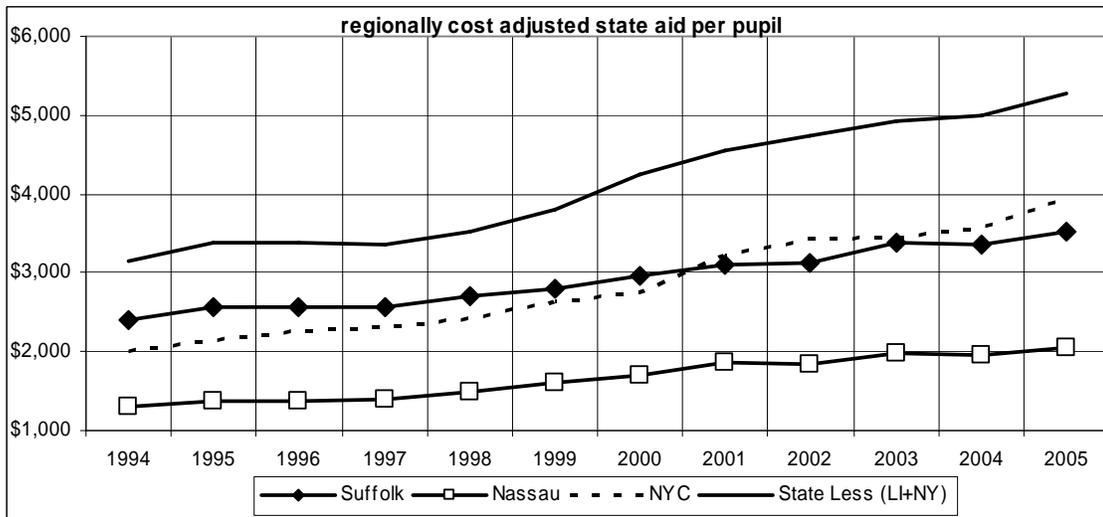
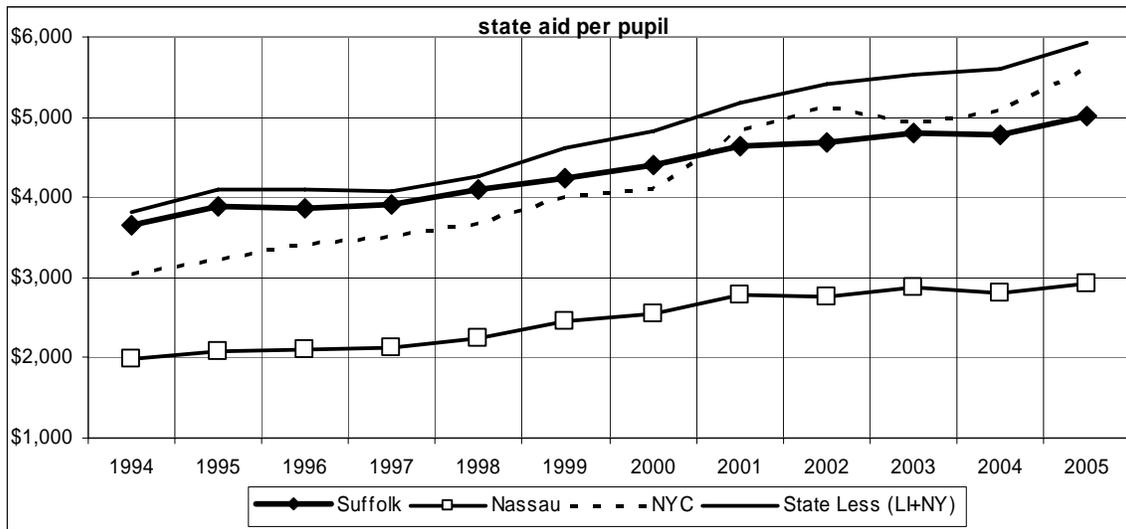
Per Pupil Revenue 2005

	Suffolk		Nassau		New York City		Rest of State	
State Aid	\$5,019	30.8%	\$2,918	15.9%	\$5,606	37.3%	\$5,926	41.1%
STAR Revenue	\$1,306	8.0%	\$1,609	8.8%	\$751	5.0%	\$1,196	8.3%
Locally Revenue	\$9,556	58.6%	\$13,436	73.2%	\$7,259	48.3%	\$6,557	45.4%
Federal Revenue	\$422	2.6%	\$399	2.2%	\$1,410	9.4%	\$754	5.2%
Total Revenue	\$16,302	100.0%	\$18,362	100.0%	\$15,025	100.0%	\$14,433	100.0%
Total Revenue Adjusted for Regional Cost Differences	\$11,440		\$12,885		\$10,544		\$12,548	

1. State Revenue

a. State Aid

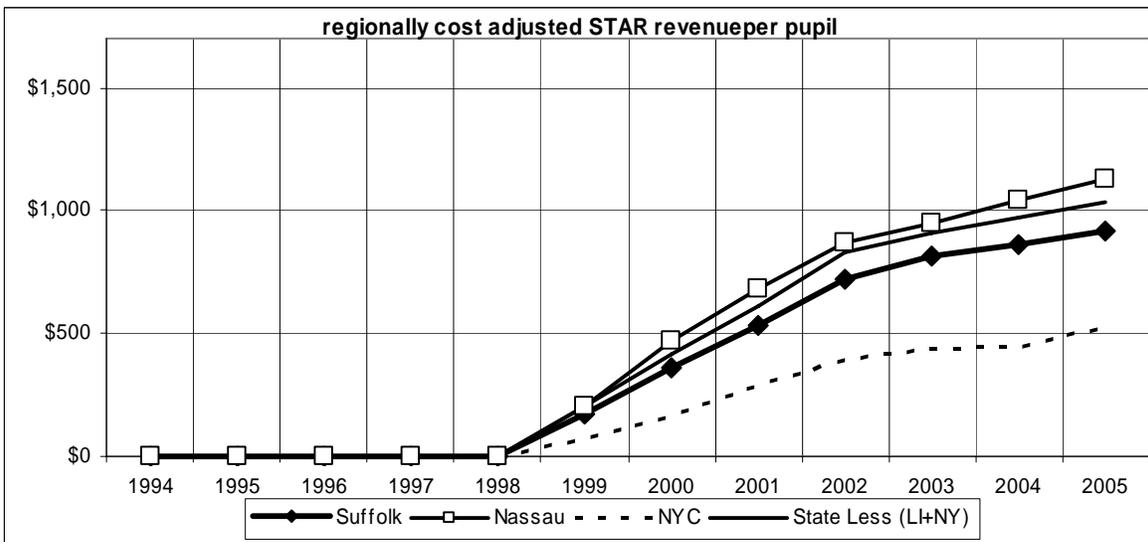
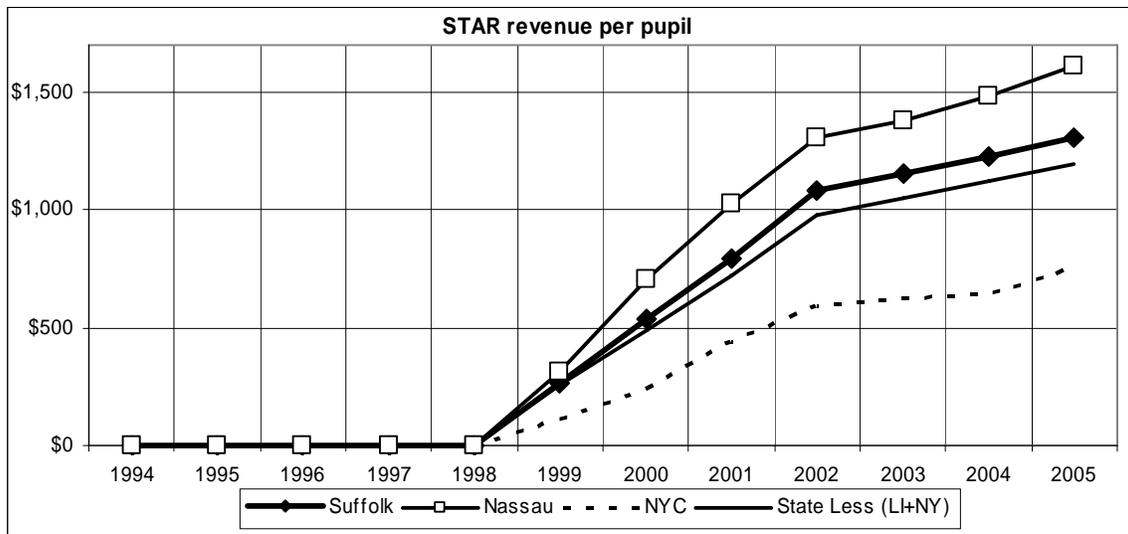
State Aid is not distributed equally among the regions. Throughout the 1994-2005 period, the rest of the State received the largest amount of State aid. This is the case with respect to both State aid per pupil and State aid as a percent of total revenue. New York City receives the second highest amount. As seen in the graph below, prior to 2001, State aid to school districts in Suffolk County was greater than in New York City. Nassau County receives the smallest amount of State aid. The rate at which State aid is increasing is greater for the rest of the State and for New York City. Between 1994 and 2005, State aid to the rest of the State grew at a compound annual rate of 4.1%, New York City at 5.7%, Nassau at 3.6% and Suffolk at only 3%. When adjusted for inflation, growth in State aid is 1.3% in the rest of the State, 2.9% in New York City, 0.8% in Nassau, and 0.2% in Suffolk. When regional cost differences are taken into account, the ordering between regions remains the same; however, the gap between the rest of the State and the other regions widens.



b. STAR Revenue

STAR is the New York State School Tax Relief Program. It is designed to diminish the property tax (and, in New York City, the income tax) burden through tax credits. The State credits individual taxpayers and reimburses schools for the revenue not collected via the STAR exemption. As shown below, STAR revenue per pupil is greatest in Nassau, followed by Suffolk, the rest of the State, and lastly, New York City. The reason for this is STAR's connection to property taxes, which tend to be higher in the Long Island regions.¹⁴

In Suffolk, although property taxes are higher than the rest of the State, once STAR revenue is adjusted for regional cost differences, we find that school districts in Suffolk County actually receive less per pupil. In Nassau, STAR revenue per pupil, when adjusted for regional cost differences, is still higher than in the rest of the State, although the benefit to Nassau is not as great.



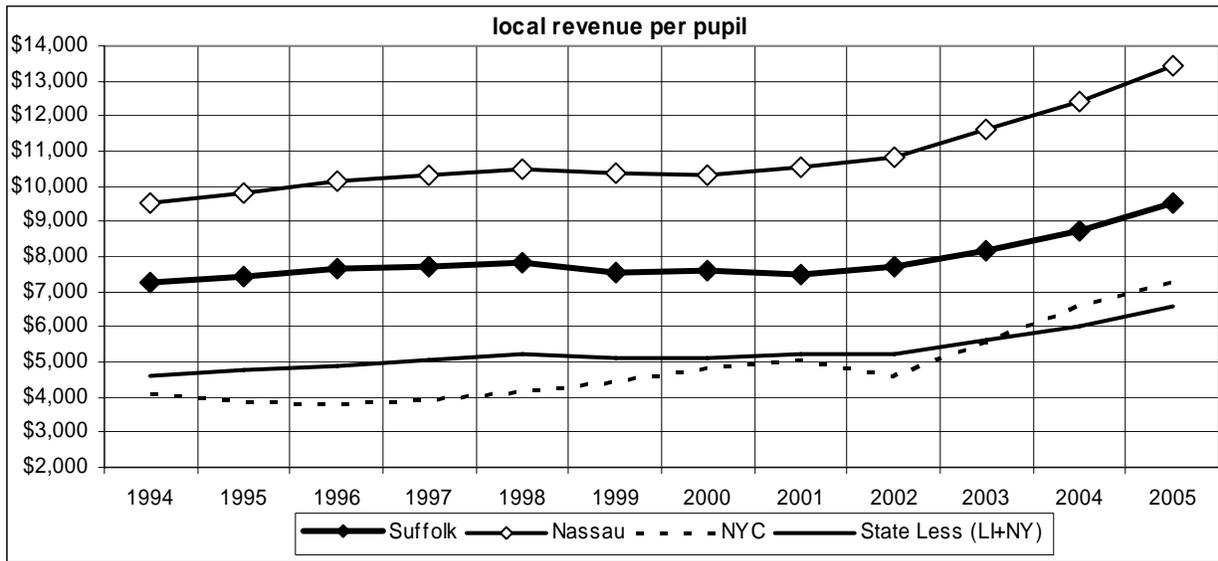
¹⁴ See section III.D.2. below, Locally Generated Revenue, for a comparison of property taxes among the four regions.

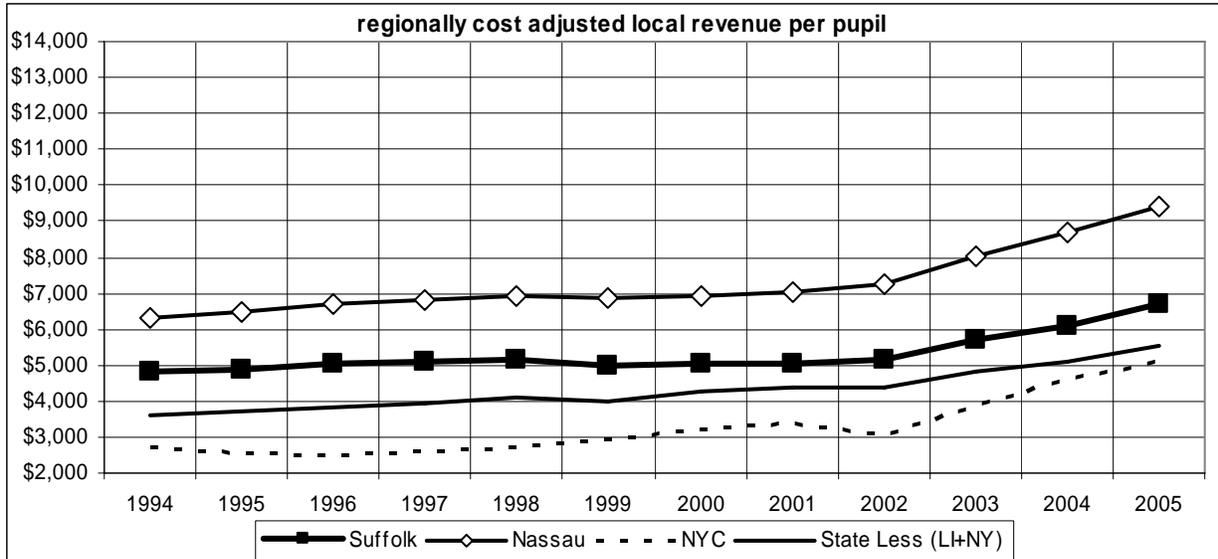
c. Total State Revenue

Combined State aid and STAR revenue shows that as a percent of total revenue, school districts in the rest of the State receive the most funding, followed by New York City, Suffolk, and lastly, Nassau. On average, the rest of the State receives 47.5% of their school district revenue from State revenues; New York City receives 44%, Suffolk 37.1%, and Nassau only 21.6%. After adjusting for regional cost differences, the order remains the same; but the disparity between Suffolk and Nassau counties and the rest of the State becomes more pronounced.

2. Locally Generated Revenue

Most locally generated revenue comes from property taxes. The main exception is New York City, which has a local income tax. School districts that receive the least amount of State funding must generate more revenue locally. This is the case for Nassau, which at \$13,436 per pupil in 2005, has the highest level of funding from locally generated revenue. Next is Suffolk at \$9,556 per pupil, followed by New York City at \$7,259 and then, the rest of the State at \$6,557. Prior to 2004, New York City generated less revenue than the rest of the State. If regional cost differences are taken into account, the order remains the same.



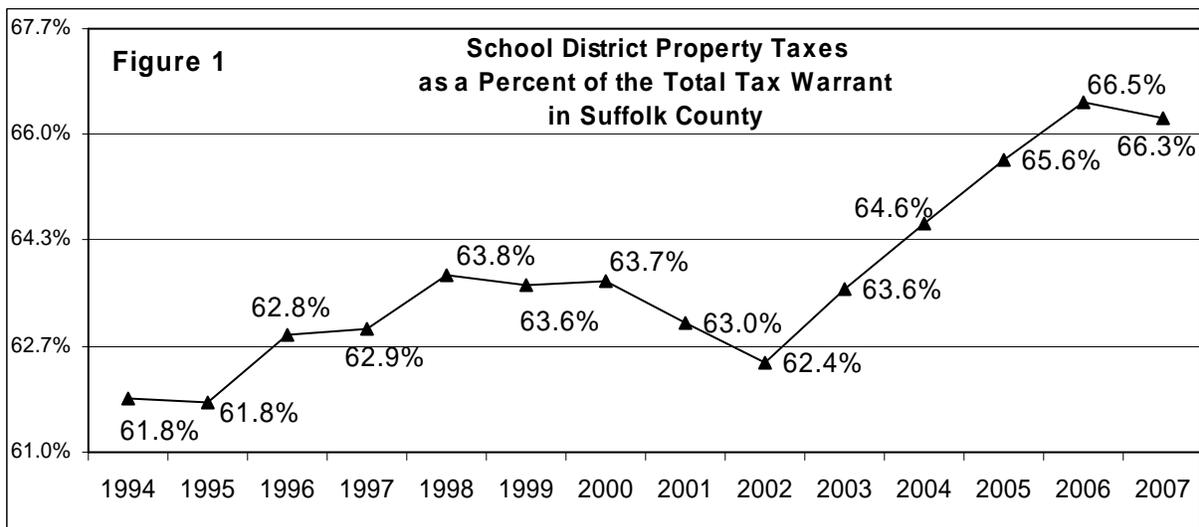


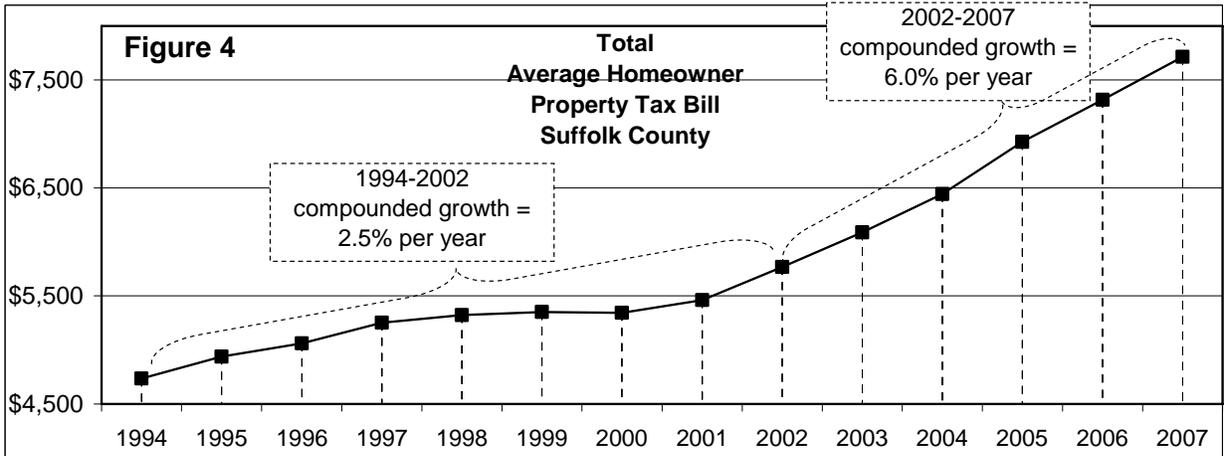
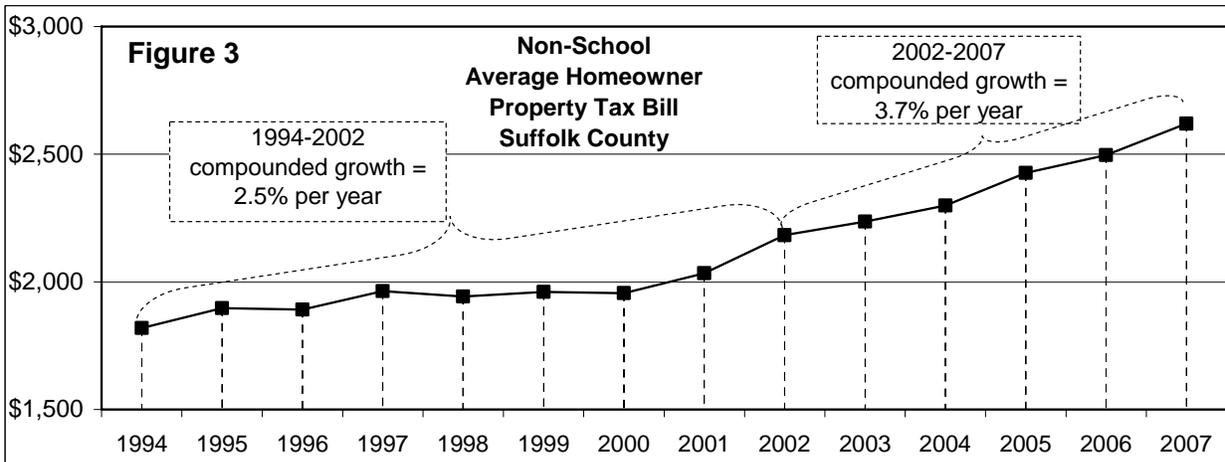
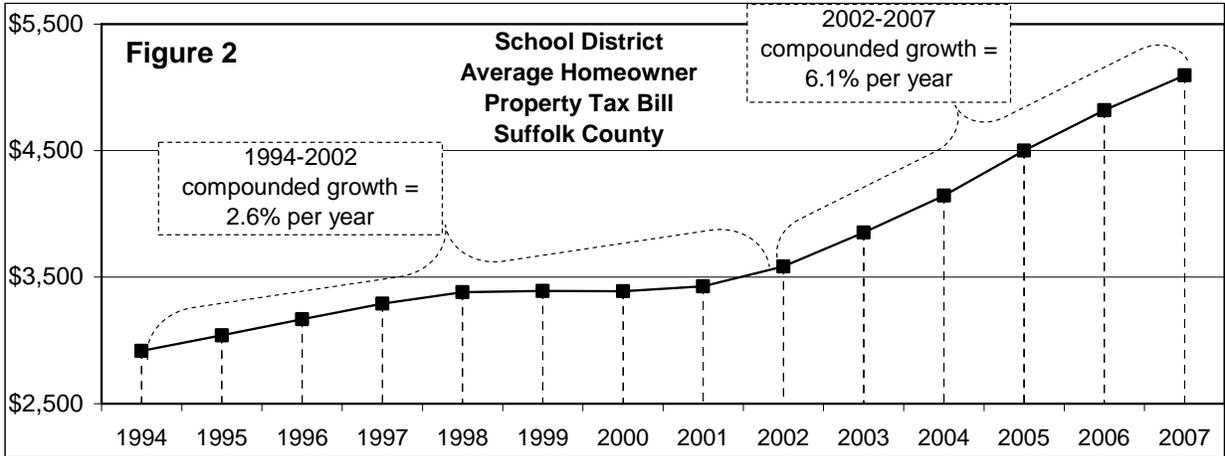
The need to generate large amounts of school funding locally has resulted in disproportionately high property tax burdens for communities with lower levels of State funding (i.e. Nassau and Suffolk counties).

a. Average Homeowner Property Tax Bills in Suffolk County

Figures 1 through 4 illustrate that rising property taxes in Suffolk County are largely attributed to the school district portion of the tax bill. In particular:

- Figure 1 shows that since 2002 the school district share of property taxes in Suffolk has steadily increased, from 62.4% in 2002 to 66.5% in 2006. Subsequently, 2007 saw a slight dip to 66.3%.
- Figure 2 graphs the increase in the school district portion of property taxes. When compared with Figure 3, which displays the non-school district portion of the tax bill, we can see that since 2002, the school district portion has grown at a compound rate of 6.1%, while the non-school district portion has grown at a noticeably smaller 3.7% rate.





➤ Figure 4 combines figures 2 and 3 to give a picture of total property tax increases for Suffolk County. Overall property taxes grew at a compound rate of 2.5% from 1994 to 2002. Between 2002 and 2007 the rate of growth accelerated to 6.0%.

b. Property Tax Comparisons between Regions

Property Taxes on Owner Occupied Housing 2005¹⁵	Median Property taxes	Median Home Value	Taxes as percent of Home Value	Median Income for Home Owners	Taxes as percent of Income
	(1)	(2)	(3)=(1)/(2)	(4)	(5)=(1)/(4)
Suffolk County	\$6,131	\$412,300	1.5%	\$83,915	7%
Nassau County	\$7,025	\$469,100	1.5%	\$89,320	8%
New York City	\$2,475	\$474,760	0.5%	\$78,332	3%
Rest of the State	\$2,992	\$163,500	2.1%	\$61,319	5%

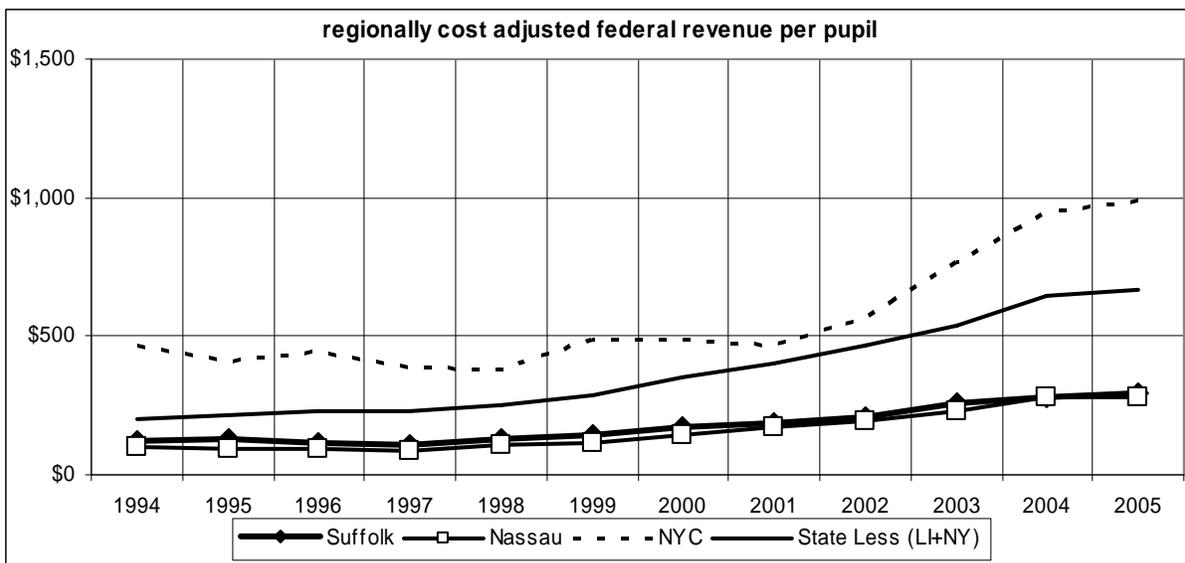
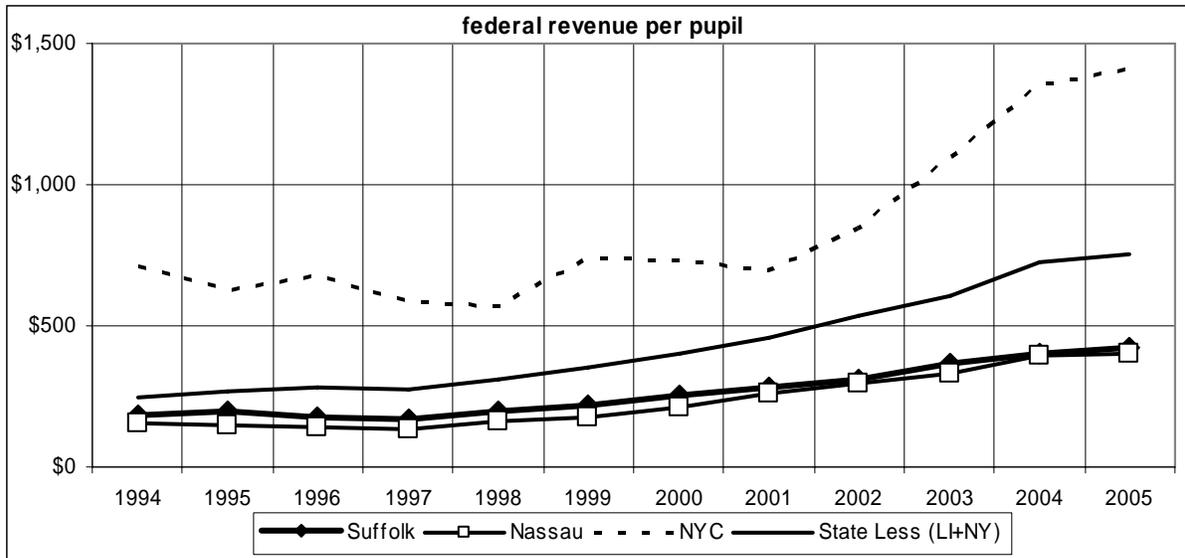
As seen in the above table:

- i. Median homeowner property taxes are highest in the Long Island region, Nassau and Suffolk counties. In 2005 the median property tax in Nassau was \$7,025, next was Suffolk at \$6,131 per homeowner, followed by the rest of the State at \$2,992, and New York City at \$2,475.
- ii. Median home values in the New York City and the Long Island regions are higher than in the rest of the State. Long Islanders, on average, pay 1.5% of the value of their home in property taxes, while the rest of the State, pays 2.1%. New York City residents pay only 0.5%; however, unlike other areas, New York City also charges a local income tax. Home value, being a very illiquid asset, is not necessarily the best gauge of an individual's ability to pay property taxes. Income is generally recognized as a better indicator.
- iii. Long Islanders pay a greater portion of their income in property taxes than do residents of New York City or the rest of the State. Suffolk pays 51.2% more in property taxes than does the rest of the State, despite having incomes that are only 26.9% higher. Nassau pays 57.1% more in property taxes compared to the rest of the State, with higher taxes being partially offset by incomes that are 31.3% higher. Nassau county residents pay, on average, 8% of their income in property taxes, followed by 7% for Suffolk County residents, an average of 5% for the rest of the State, and lastly, New York City at only 3%. As previously stated, property taxes in New York City are supplemented with a local income tax.

3. Federal Revenue

The last portion of school district revenue is Federal aid. Federal revenue contributes the smallest amount to school district funding. The graphs below illustrate trends in Federal school district revenue for 1994 to 2005.

¹⁵ Source: The Tax Foundation, <http://www.taxfoundation.org>



New York City's school district receives the most Federal funding, followed by the districts in the rest of the State, with Suffolk and Nassau counties receiving the least. This pattern remains even after Federal aid is adjusted for regional cost differences. The growth rate in Federal support also favors the rest of the State. The rest of the State has seen Federal aid grow at a compound rate of 10.8% per year over the 1994-2005 period, as opposed to 8.9% for Nassau, 7.7% for Suffolk, and 6.4% for New York City. Adjusted for inflation, growth was 7.9% for the rest of the State, 6.0% for Nassau, 4.9% for Suffolk, and 3.6% for New York City. New York City had the smallest growth rate, but also receives the largest share of Federal aid, with, on average, 8.1% of its revenue coming from the Federal government. Conversely, Federal revenue, on average, accounts for just 3.8% for the rest of the State, 2.0% for Suffolk, and 1.6% for Nassau. Moreover, in recent years (from 2002 forward), New York City's Federal funding grew at a rate of 18.5%, as opposed to 12.2% for the rest of the State, 10.6% for Nassau, and 10.7% for Suffolk.

IV. Commission Recommendations

The following topics represent the core part of this Commission's mandate. They were brought up during the Commission's public hearings or work sessions. These options were fully discussed and researched by the Commission. After much consideration, we agreed to fully recommend these cost saving measures for Suffolk's school districts. Suffolk County has tremendous diversity when it comes to our school districts. We have some of the largest, smallest, wealthiest, and poorest districts in the entire State of New York. While we recognize that these recommendations may not be a good fit for every district, it is our hope that at the very least they are given every consideration in school districts ongoing efforts to mitigate the property tax impacts for Suffolk's overburdened homeowners.

1. Share and/or consolidate municipal services

Cooperation between municipalities, in the form of sharing and/or consolidating services, is an idea that is being utilized statewide. Many local governments believe it has led to tremendous cost savings. According to the New York State Comptroller's report on Intermunicipal Cooperation and Consolidation, in 2004 there were over 3,000 cooperative agreements between local governments statewide totaling \$677 million in revenues. School districts accounted for over \$35 million of those revenues.¹⁶

Cooperation typically takes the form of service agreements. Some of the areas particularly pertinent to school districts that may be consolidated via service agreements include snow removal, public safety/security operations, self-insurance, and waste disposal.

In the case of public safety, security patrol can possibly be provided with greater efficiency and less cost through a consortium of various districts as opposed to separate security personnel for each district.

In the area of technology, many schools are looking to expand their hi-tech communication capabilities. Since Suffolk County already has a countywide communications system in place, there may be the ability to allow school districts to feed into the present system and/or tap into Suffolk's potential wireless network. Schools districts could also lease computer hardware instead of directly purchasing costly items that may not often be utilized.

The *Suffolk County Shared Services Initiative White Paper*¹⁷ recently recommended the formation of a Suffolk County Shared Services Consortium as a model of cooperation between local municipal governments, BOCES, and school districts countywide. This endeavor has the potential to provide a local regional outlet to coordinate shared service activities. The Consortium is particularly focused on the

¹⁶ *New York State Comptroller's Office Overview of Intermunicipal Cooperation and Consolidation*, pg. 13

¹⁷ *Suffolk County Shared Services Initiative: A White Paper Outlining the Business Reasons for a Suffolk County Shared Services Model*, Suffolk County Executive Management Unit, July 12, 2007.

areas of finance, insurance, purchasing, technology, operations and maintenance, energy, and legislative change. Although this idea sounds promising, at this time, the cost-savings potential is indeterminate.

Although outside the direct charge of this Commission, it is also worth noting that New York State Governor Eliot Spitzer recently formed a commission of his own to examine local government efficiency efforts.¹⁸ His commission, expected to release its report in April of 2008, takes the idea of municipal service consolidation even farther, venturing into the realm of reducing the more than 4,200 local government entities such as fire, library, sewer, and other special taxing districts. Taken together with the ideas presented in this report, which are specifically geared toward school districts, the potential for curtailing New York's sky-high property taxes is very promising.

The above referenced ideas represent a general conceptual overview of what shared services entail. What now follows are more comprehensive descriptions and recommendations that fall under this umbrella category of shared and/or consolidated services.

A) Cooperative Purchasing/Bidding

Cooperative purchasing is often considered one of the "big ticket" cost-saving items for school districts. According to *The Fraud/Red Tape Dilemma in Public Procurement*, if a local government was to reduce "transaction costs associated with the purchasing process by five (5) percent; this could net a 2.75 percent tax reduction."¹⁹ The general concept behind the idea is for school districts to leverage their collective size to take advantage of economies of scale as a way to pursue price efficiency and lower costs.

Eastern Suffolk BOCES presently offers a Cooperative Bidding Program for bulk purchasing that includes 29 bid categories.²⁰ The program, which was initiated in 1981 as a way to combat the effects of inflation on school districts' purchasing power, has been enormously successful. All school districts cooperate to various degrees, and have saved tremendous amounts of time, money, and resources as a result. The savings in legal advertisement obligations alone, which can cost well over \$300 per bid, justify program participation.²¹

The 29 bid categories encompass a plethora of areas including classroom, office, and custodial supplies, furniture, electrical equipment, and fuel oil. Each year, one new item is added to this list. The Commission believes that the potential exists for significant savings in the areas of refuse removal services, electric power, and

¹⁸ New York State Commission on Local Government Efficiency and Competitiveness: <http://www.nyslocalgov.org>

¹⁹ *Suffolk County Shared Services Initiative: A White Paper Outlining the Business Reasons for a Suffolk County Shared Services Model, Suffolk County Executive Management Unit, July 12, 2007, pg 4*

²⁰ School Districts interested in more information about the Eastern Suffolk BOCES Cooperative Bidding Program are encouraged to contact Lorraine Hein, Program Coordinator, at 631-687-3160.

²¹ *Suffolk County Shared Services Initiative: A White Paper Outlining the Business Reasons for a Suffolk County Shared Services Model, Suffolk County Executive Management Unit, July 12, 2007, pg 15*

maintenance contracts. For instance, Operations and Maintenance account for approximately 7.2% of school district spending in Suffolk County, the equivalent to \$1,172 per pupil. For illustrative purposes, a 10% reduction in costs would translate into a little over seven-tenths of one-percent (0.72%) of school district costs or \$117.20 per pupil. The Commission recommends that BOCES conduct a formal study to determine the benefit of adding additional services to this list. Ideally such a study should be funded. One potential source of funding is the “Shared Municipal Services Incentive” grant program, which was funded at \$25 million in the 2007-08 State Budget.²²

In addition, the Commission recommends that LIPA allow for bundling of buildings for electricity costs for school districts. This would allow for school district to take greater advantage of the declining block rate structure where electric rates are lower for higher levels of use. We further recommend that the State Legislature enact and finance a program to help address and subsidize the substantial increases in energy costs for school districts. Such a program could provide additional State aid that is directly tied to the incremental increases in the costs of energy or modeled on the recently extended Power for Jobs Program, which requires a \$30 million contribution from the Power Authority of the State of New York to repay the State for expenditures to fund the Power for Jobs and other low cost power programs.

The Commission encourages the continuation and expansion of this first rate cooperative program. Whether it is through the aforementioned Shared Services Consortium, or some other Intermunicipal vehicle, it is imperative that local governments strive to break down the barriers that have kept regional cooperation from growing at a faster pace. Information channels need to be constantly opened up in order to make sure all the key players remain informed and involved. The Commission recommends that information pertaining to cooperation and Intermunicipal services be posted in a central location that’s easily accessible via the Internet. As mentioned above, BOCES is already doing much of this. To augment their efforts, the Commission recommends supporting the Suffolk County Executive’s proposal to develop an expanded website administered by the County that would give school districts or other municipalities even more opportunities to “shop around” for the lowest price on various services. This would be particularly pertinent for rarely utilized specialty services that are often the most costly. This central information location would give school districts more choice and foster competition between the various industries offering the services. Basic economic laws dictate that more competition will lend itself to even better rates. Extending this idea even further, municipalities can eventually enter into service agreements with one another. Set fee schedules or charge backs for services rendered could be posted on this website. In short, this is a promising idea that should be further studied and then implemented.

²² New York State Department of State: <http://www.dos.state.ny.us/pres/pr2007/82907smsi.htm>

B) Functional Consolidation

While concerned about their tax burden, Long Islander's desire for local control. Thus, it is not anticipated that widespread consolidation of school districts will be forthcoming in the foreseeable future. There is, however, an appealing alternative in the form of "functional consolidation," a term that refers to consolidating school district administrative functions that utilize economies of scale in an effort to save money. According to a recent survey conducted in the summer of 2007 by the Center for Survey Research at Stony Brook University, 63 percent of respondents were willing to consider centralizing some of their school district's administrative "back office" functions such as payroll, financing, purchasing agreements, and insurance.²³

The Commission is encouraged by these findings and recommends expanding functional consolidation efforts on a larger scale. At the very least, this may be a smart concept for smaller school districts, especially those on the east end of the County, which presently use their limited resources (compared to larger west end school districts), to hire separate personnel to perform each and every administrative duty. A regional business office could handle these operations within the participating districts, hence eliminating the plethora of duplicative, often costly, positions.

There are some potential negatives to functional consolidation. The loss of autonomy and control is most often cited as the major drawback. Some school district administrators would not feel comfortable ceding their purchasing, payroll, or financing authority to an outside entity. Others argue that many business functions are far too large in size and scope to be effectively merged into one single entity. The main concern here revolves around preserving the delicate balance between prudent economic cost saving measures and important safeguards that protect the public's resources. Districts may in fact deem the cost reduction efforts as less important than retaining autonomous control over certain imperative financial functions. This is a legitimate concern that each district must analyze and come to its own conclusion on.

The flip side of this argument, however, is that the resulting service enhancement and potential cost savings far outweighs any negatives resulting from functional consolidation. Although exact savings estimates from consolidating these back office functions are not presently known, we can estimate the potential based on school district spending statistics. Using 2005 spending allocations for "administrative expenditures," which include auditing services, legal services, personnel costs, purchasing costs, and other business related functions, school districts in Suffolk County on average expend \$365 per student, or 2.2% of their total spending allocations, in this category.²⁴ This figure may not seem that large in the grand scheme of things, but if we assume a potential savings of 10% or more generated from eliminating these duplicative services, the figures could be impressive.

²³ *Newsday*, September 19, 2007

²⁴ See footnote 12

To their credit, a number of east end school districts have already begun to consolidate administrative positions such as business officials and transportation directors. These districts are leading by example and can speak to the enhanced efficiency this practice has produced. The Commission recommends that the existing study on this matter, conducted by Eastern Suffolk BOCES, be expanded to western Suffolk, with an analysis conducted by Western Suffolk BOCES or perhaps by the Long Island Regional Planning Board (LIRPB). Such a study would analyze the feasibility of instituting functional consolidation measures, especially for simple back office functions. Once again, the Commission recognizes that the study should be fully funded, with one potential source being the New York State “Shared Municipal Services Incentive” grant program. We fully recognize that large-scale administrative consolidation measures may not work for certain districts/regions. However, the potential is too great, and the need for “outside the box” solutions too high, to completely ignore an idea that has such cost saving and efficiency potential.

C) Rescind the Prohibition on Entering into Transportation Contracts on a Multi-District or Regional Basis.

The aforementioned figures could be even more impressive if we consider the savings possibilities of functional consolidation in other areas, specifically school district transportation. One of the ideas most often mentioned is regionalizing district transportation systems. Proponents of this idea believe that regionalizing the transportation system will lead to cooperation between neighboring districts in terms of dealing with the associated costs and logistics of bus runs. In order to accomplish this, the New York State law that prohibits entering into transportation contracts on a multi-district basis has to be rescinded. This prohibition is extremely inefficient, especially for geographically close school districts, since each district is forced to negotiate separate contracts with private bus companies who often drive up the cost of contracts to make a profit.

In terms of the negatives surrounding regionalizing school transportation systems or entering into a contract with another district, some once again argue that there will be a loss of autonomy. This would be a cooperative venture and participating districts will need to work together to come up with a feasible method of dealing between themselves or some sort of regional vendor that is in charge of picking up and dropping off a very large number of students.

However, the savings potential could far outweigh any perceived negatives. The spending statistics for transportation related costs reveal that school districts in Suffolk County on average expend \$916 per student, or 5.7% of their total spending allocations, in this category.²⁵ Even a modest 10% savings on transportation costs, would result into an expenditure reduction of \$29,252,602 for school districts countywide in the year 2008. That’s a significant savings that warrants a serious look at cost-cutting solutions such as regionalizing the transit system.

²⁵ See footnote 12

The Commission recommends that a study be conducted to consider formal proposals to implement a regional transit system. Such a study should consider drafting State enabling legislation to allow school districts the opportunity to enter into multi-district contracts. At the very least, the prohibition should be lifted for parochial school and BOCES students, which are both far fewer in number than public school students. School districts by law must provide the transportation for these students at a high cost. It is extremely inefficient to prohibit neighboring districts from entering into cooperative agreements to transport such a small number of students. In addition, this study should explicitly consider other 'outside the box' solutions, including contracting with the Long Island Railroad or even the County's bus system to help transport students. A few districts are even purchasing their own bus fleets, giving them more control and streamlining the transportation process because they avoid the entire convoluted bidding process associated with hiring outside vendors. When it comes to lowering transportation costs, even the most unique options should be considered.

D) Consolidate School District Borrowing and Investment Power

Consolidated borrowing and investment power is another shared service idea that has been discussed in great detail recently. Almost all of Long Island's school districts borrow a great deal of money upfront to maintain a proper cash flow for their school operations. These borrowings have high associated legal, printing, and processing fees, which possibly could be lowered if districts were allowed to borrow in a collective fashion. Similarly, if districts pooled their cash they may receive higher interest rates on investments.

Currently, all local governments and school districts borrow money by issuing municipal debt. The interest rate cost incurred depends on the S&P or Moody's credit rating for the entity itself, the term of the bond, and several other factors. There are also legal fees and underwriter's allowances. Therefore, it might make sense to create one entity, in combination with Suffolk County or New York State, to facilitate this process. For those local governments with a lower credit rating, millions might be saved by the ability to borrow through an organization that has a better credit rating. By integrating with either the County or State, centralized oversight and budget coordination might also prove beneficial.

There are some potential downsides to consolidated borrowing. Although it may reduce fees, there is no guarantee that interest rates will follow suit and also be reduced, especially for school districts with better than average credit ratings. The unique timing situations that evolve when it comes to individual school district borrowing needs could also prove difficult. If a dire situation arises in one school district that requires immediate access to borrowed funds, the fact that you are beholden to the actions and decisions of a separate entity outside your direct control could be detrimental. This is another example of the lost autonomy involved in collective ventures. Again, many school superintendents and business officials are very reluctant to cede control of vital financial decisions.

Despite these issues, the *Suffolk County Shared Services Initiative White Paper* recently endorsed the formation of a Municipal Investment Pool that would be managed by the New York State Comptroller. The *White Paper* indicates that in addition to saving taxpayer dollars through improved oversight of cash management, collectively pooling cash resources will immediately eliminate inconsistencies in the way individual municipalities are investing by providing a simple straightforward standard that has the possibility to generate tens of millions of dollars in revenue.²⁶ The report points to the fact that a similar venture was instituted in an Illinois Township, which returned in excess of \$6.5 million in interest earnings for one of the Township's school districts.²⁷ These figures are definitely appealing, however, initiating any type of investment pool or consolidated borrowing entity requires enabling legislation from the State of New York and tremendous amounts of political will. Nevertheless, this Commission recommends that the New York State Comptroller be requested to enact a pilot program to demonstrate the feasibility and impact of creating an investment pool.

2. Cost Saving Efficiencies

Aside from sharing or consolidating services, there are a number of cost-saving efficiencies that school districts can institute through in-house measures, State enabling legislation, or other means. What follows are a series of measures/recommendations that fall within the umbrella category of cost saving efficiencies.

A) Equipment Maintenance Upkeep

During the public hearings, the Commission had the opportunity to hear a presentation by a company that specializes in controlling equipment costs.²⁸ The company does analysis and provides information on how much new and/or replacement equipment should cost businesses or other entities. By consolidating expense tracking for all equipment by category, department, and location, and providing a single resource for maintenance information, the company stated that school districts could successfully avoid lapses in maintenance coverage. This type of service could be useful for school districts as they make decisions on when, if, and how best to make equipment maintenance upgrades. A thorough analysis from an equipment cost control company will help school districts avoid unneeded, costly purchases of equipment.

Of course, the real question is how much can a service like this save on a school district's maintenance and equipment expenditures? We know from above that operations and maintenance accounts for 7.2% of school district expenditures. If the company's projections are accurate, namely that the savings on equipment costs from utilizing its services can be in the 20% to 25% range, then companies that provide equipment cost control services warrant serious consideration by school districts. Using the aforementioned \$1,172 expended per pupil on operations and

²⁶ *Suffolk County Shared Services Initiative White Paper*, pgs. 7-8

²⁷ *Suffolk County Shared Services Initiative White Paper*, pg. 10

²⁸ See Appendix B, Section C below

maintenance costs, savings would amount to somewhere in the range of \$234 to \$293 less spending per pupil in this category. It should be noted, however, that the justification for those savings figures were never fully broken down statistically so, at this time, a true estimate is indeterminate.

B) Institute Energy Efficiency Measures To Cut Electric Costs

One of the best ways to cut school district costs is to institute energy efficiency measures. Many school districts are already jumping on the “Green Energy” bandwagon. During the public hearings, the Commission heard testimony about the benefits of using full spectrum polarized lighting systems in educational settings. Not only do these lighting fixtures make it easier for students to see blackboards, by eliminating glare and poor contrast, they also are extremely energy efficient. When the Lloyd Harbor Police Department partook in a full spectrum polarized lighting system pilot program, they slashed their monthly electricity bill by 80 percent. Similar savings were seen when the Floyd Memorial Library in Greenport made the switch to these types of fixtures.²⁹ School districts should take a serious look at all alternative technologies, such as high efficiency T-5 fluorescent lighting, compact fluorescents, and LED’s. In addition, we support school district efforts to enter into performance contracts for energy savings. This is addressed in the Commission recommendation below.

The Commission also recommends that school districts consider using dual fuel systems (gas and oil) instead of having heating systems that only run on one type fuel. Single fuel systems, especially those that run exclusively on oil, are at the mercy of the market, where prices can fluctuate wildly. It’s more efficient to have a system that can run on alternative fuels to alleviate this problem.

It is also worth noting that LIPA offers an “Energy Efficiency Rebate Program” for utilities such as heat pumps and air conditioners. Depending on the efficiency rating for each unit, entities can save significantly through the types of rebates offered. Similarly, LIPA also offers an “Energy Efficient Commercial Construction Rebate Program” that could produce even more savings. This Program offers financial incentives for school districts, commercial, and industrial entities that use energy efficient building standards on their construction projects. The incentives could reach as high as \$300,000 per building.³⁰ Builders are often unaware of these programs in drawing up building plans. As such, school districts should be in contact with LIPA for more information on these two programs whenever it undertakes new construction or renovations.

The Commission also recommends that school districts formally require a Leadership In Energy and Environment Design (LEED) certifiable building standard and be required to contact LIPA, KeySpan, and NYSERTA for information on rebate programs before building plans are formalized. For instance, school districts can use the example set by Suffolk County in its LEED’s legislation. Suffolk County

²⁹ *Consulting-Specifying Engineer*, April 1994 edition, pgs.46-48

³⁰ *Suffolk County Shared Services Initiative: A White Paper Outlining the Business Reasons for a Suffolk County Shared Services Model*, Suffolk County Executive Management Unit, July 12, 2007, pg. 30

Resolution 126 of 2006 implemented a LEED program for both new County construction projects and renovations to existing County buildings requiring the expenditure of \$1 million or more.³¹ The program uses advanced energy efficient building principles, practices, and materials, to meet set environmental and economic performance standards that help reduce energy consumption and save money. Suffolk County has set the example in how to successfully implement LEED's standards and school districts should use this legislation as a model cost-cutting action plan.

Finally, there may be energy savings potential through the use of enhanced conservation, energy efficiencies, renewable technologies, and alternative fuels. Some energy investments in these categories include window, door, and insulation upgrades, energy star appliances, efficient lighting fixtures, geothermal technology, wind turbines, solar panels, and biodiesel fuels.

While the implementation costs associated with energy investments range from inexpensive to very expensive, the rate of energy return one gets in relation to the purchasing and maintenance costs must be considered. There should also be a greater emphasis on educating facilities managers and administrators as to the resources that may be available to them from energy producers and suppliers, industry experts, local, state, and federal governments. These entities can all assist in identifying, planning, and financing conservation/efficiency measures, as well as alternative energy systems and fuels.

C) Repeal/Reform the Wicks Law

The Wicks Law is Section 101 of the New York State General Municipal Law, which relates to capital construction projects. The law, which was created in 1912, mandates that any municipality constructing a project in New York State, which exceeds \$50,000, issue separate contracts for electric work, plumbing, and HVAC, rather than retaining a single contractor who can hire and supervise all subcontractors.³² A general contractor can only be hired to perform the remainder of the project.

The coordination of several contractors causes deficiencies in both cost and time. According to the 2006-2007 New York State Budget Analysis Review of Executive Budget, the Wick's Law can increase the cost of construction projects anywhere from 10% to 30%.³³ For Suffolk County school districts, a repeal of the Wick's law could mean savings in debt service costs, which are largely attributed to construction projects. In Suffolk County, on average 5.2% of school district spending allocations go toward debt service costs. This amounts to \$847 expended per student.³⁴ The chart below indicates how much Suffolk school districts could have saved between the years 1994-2005, if the Wicks law had not been on the books.

³¹ Suffolk County Resolution No. 126 of 2006, 1st Resolved Clause

³² NYS General Municipal Law, Section 101

³³ <http://www.osc.state.ny.us/reports/budget/2006/budgetanalysis.pdf>

³⁴ See footnote 12

THE COSTS OF WICKS LAW: SUFFOLK COUNTY SCHOOL DISTRICTS 94-05			
SCHOOL YEAR ENDING	TOTAL DEBT SERVICE COSTS principal + interest	THE COSTS of WICKS LAW: low estimate = 10%	THE COSTS of WICKS LAW: high estimate = 30%
1994	\$77,936,566	\$7,793,657	\$23,380,970
1995	\$83,381,801	\$8,338,180	\$25,014,540
1996	\$90,167,484	\$9,016,748	\$27,050,245
1997	\$91,599,320	\$9,159,932	\$27,479,796
1998	\$94,586,257	\$9,458,626	\$28,375,877
1999	\$102,681,377	\$10,268,138	\$30,804,413
2000	\$114,237,236	\$11,423,724	\$34,271,171
2001	\$129,602,621	\$12,960,262	\$38,880,786
2002	\$148,621,189	\$14,862,119	\$44,586,357
2003	\$163,951,945	\$16,395,195	\$49,185,584
2004	\$192,050,019	\$19,205,002	\$57,615,006
2005	\$225,703,553	\$22,570,355	\$67,711,066

New York State is actually the last state in the country that mandates this requirement, which was originally intended to increase competition and reduce constructions costs, but in reality has done the opposite by saddling local municipalities like school districts with delays and higher than necessary costs. Recent strides to reform the Wick’s Law have ranged from repealing it altogether, to amending it by allowing smaller projects to be excluded from the contractor requirements. Currently, it is often difficult to find vendors to bid at reasonable prices, hence making taxpayers foot a larger then necessary bill. Governor Spitzer has proposed an increase of the Wick’s Law threshold from \$50,000 to \$1 million (\$2 million in New York City, where schools are already exempt from the statute), but many agree that it does not go far enough. Long Island is one of the highest cost regions in the State, so it stands to reason that even this new threshold won’t make a serious dent in reducing construction costs. Based on this analysis, the Commission recommends that New York State repeal the Wick’s Law in its entirety.

D) Charter School Reform

According to the National Assessment of Educational Progress (NAEP) “a charter school is a publicly funded school that, in accordance with an enabling state statute, has been granted a charter exempting it from selected state or local rules and regulations. A charter school may be newly created, or it may previously have been a public or private school. It is typically governed by a group or organization (e.g., a group of educators, a corporation, or a university) under a contract or charter with the state. In return for funding and autonomy, the charter school must meet accountability standards. A school's charter is reviewed (typically every 3 to 5 years) and can be revoked if guidelines on curriculum and management are not followed or the standards are not met.”³⁵

³⁵ <http://nationsreportcard.gov/glossary.asp>

As documented in a report by the New York State Council of School Superintendents (NYSCOSS), charter schools receive most of their funding through so-called “tuition payments” charged to the school districts where their students reside. The payments are based on the sending district’s overall approved operating expense per pupil, which typically constitutes about 75 percent of total spending.³⁶ Districts also pay for transportation costs and pass on aid for instructional materials and special education services.

One possible charter school reform the Commission recommends exploring relates to changing the charter school funding system by aligning the schedule of State aid payments to school districts with the charter school payment schedule. Local school districts are mandated to make six equal payments to charter schools beginning on July 1st and every two months thereafter. However, school districts do not receive State aid until November and then March and May. This schedule forces districts to borrow money each year, at a heavy cost in interest, to make the charter school payments on time in the face of late State aid payments and property tax revenue flows. The State could also align the charter school payment schedule to the time when districts receive property tax revenue, typically after January 1st.

E) Self-Insurance for Healthcare / Countywide Insurance Cooperative

Health benefits account for 9.3% of Suffolk County school district spending allocations, which amounts to \$1,507 expended per student. This statistic is second only to instructional costs, which account for 59.7% of total spending.³⁷ One can clearly see how this is an area where any cost saving measures could make a huge difference, especially given the fact that healthcare costs are growing at a rate of 12% per year, with school districts experiencing a more than 100% increase in health insurance expenditures over the ten year span from 1994 to 2004.³⁸

The Suffolk County Shared Services Initiative has proposed that an analysis be conducted to consider changing health insurance coverage for school districts in Suffolk County. The proposal is to self-insure through Suffolk County’s Employee Medical Health Plan (EMHP). School district health insurance is for the most part provided under the New York State Empire Blue Cross/Blue Shield Plan. The argument for a shift is the Empire Plan has a profit built in that self-insuring could avoid. The argument against a shift is that the State Empire Plan is actually larger and may therefore lead to savings. Therefore, whether or not self-insuring would lead to savings is an empirical question.

Based on available data, a comparison of the two plans is made in the table below. The challenge in comparing the two plans is that the Suffolk EMHP does not break down premiums into active versus retired beneficiaries on Medicare. As a result, for comparison purposes, we construct effective New York State Empire Plan premiums for individual and family coverage that combine active and retired employees. As

³⁶ *New York State Council of School Superintendents Policy Report: Mandate Relief for New York Schools*, pg. 15

³⁷ See footnote 12

³⁸ *Suffolk County Shared Services Initiative: A White Paper Outlining the Business Reasons for a Suffolk County Shared Services Model*, Suffolk County Executive Management Unit, July 12, 2007, pg. 12

seen in the table, effective Empire premiums are calculated using two different profiles for enrolled beneficiaries – the enrollment profile in the Suffolk EMHP from Feb. 2003 and the profile for the Half Hollow Hills school district from Oct. 2007. Unfortunately, more recent data for Suffolk was not available. In addition, the profile for school districts other than Half Hollow Hills, or for other municipalities in Suffolk County, was not available. A complete analysis would cover all such municipalities.

An analysis of the accompanying table reveals the following:

- Based on the profile of enrollees in the Suffolk EMHP, by self insuring it would appear that the County saves by not being part of the New York State Empire Plan. The savings average \$514 per enrolled beneficiary. Effective premiums in the EMHP are actually \$139 higher for individual coverage, but this is more than offset by effective premiums that are \$760 lower for family coverage.
- Based on the profile of enrollees from the Half Hollow Hills school district, it would appear that this school district does not benefit from a proposed change in State law that could allow other municipalities in the County to self insure under Suffolk County's EMHP. The change would result in an estimated increase in effective premiums of \$885 more than under the New York State Empire Plan. The reason is that in comparison to Suffolk County, beneficiaries from the Half Hollow Hills school district have a higher percent enrolled under the cheaper individual coverage option (39.58% versus 27.40%) and a higher percent enrolled in the less expensive category of retired age 65 and over (32.6% versus 22.1%). Effective premiums in the EMHP are actually \$211 higher for individual coverage, which is only partially offset by effective premiums that are \$46 lower for family coverage.
- While this analysis would lead to the conclusion that it is not worth it for Half Hollow Hills to self-insure under the Suffolk County EMHP that might not be the case for other school districts. It would depend upon each districts profile of enrolled beneficiaries. In addition, based on these findings there may be adjustments Suffolk County can make to its individual coverage that would lower premiums so that they are not higher than the State Empire Plan. For example, as more school districts participate with EMHP, the costs of individual coverage may decline as a function of volume enrollment.
- The Commission recommends that the County Executive's Management Unit compile enrollee profiles for all municipalities and that the Budget Review Office of the Suffolk County Legislature, which developed the analysis for this report, work with the Management Unit to determine which ones would benefit from self-insuring under the County's EMHP. Assuming this analysis shows a significant cost savings, the Commission would then recommend that New York State adopt legislation to allow school districts and other municipalities to self-insure with Suffolk County. Among other things, enrollee profiles can be developed to determine breakeven points for when it would be advantageous for school districts and other municipalities to self-insure with Suffolk County. This would

be useful in terms of projecting likely future changes in enrollee profiles and how such changes would impact on cost savings.

Comparison of Health Insurance Premiums under the NYS Empire Plan and Suffolk County's self-insured Employee Medical Health Plan (EMHP)

	Premiums		Beneficiaries		Effective NYS Empire premium based on the number of beneficiaries in		Difference = Suffolk EMHP premium <i>minus</i> Effective NYS Empire premium, based on the number of beneficiaries in	
	NYS Empire BC/BS	Suffolk EMHP	Suffolk EMHP, Feb. 2003	Half Hollow Hills School District, Oct. 2007	Suffolk EMHP	Half Hollow Hills School District	Suffolk EMHP	Half Hollow Hills School District
	(1)	(2)	(3)	(4)	(5) = col (1) weighted by Col (3)	(6) = col (1) weighted by Col (4)	(7) = (2) – (5)	(8) = (2) – (6)
Individual Coverage		\$6,004	27.40%	39.58%	\$5,865	\$5,793	\$139	\$211
Active + Retirees <65	\$6,778		18.40%	25.55%				
Retired >/ 65	\$3,998		9.00%	14.03%				
Family Coverage		\$12,812	72.60%	60.42%	\$13,572	\$12,858	-\$760	-\$46
Active + Retirees <65	\$14,376		59.50%	41.85%				
Retired >/ 65								
w/ 1 on Medicare	\$11,597		5.20%	4.14%				
w/ 2 or more on Medicare	\$8,818		7.90%	14.43%				
Effective premium for all beneficiaries		\$10,947	100.00%	100.00%	\$11,460	\$10,062	-\$514	\$885
Active + Retirees <65			77.90%	67.40%				
Retired >/ 65			22.10%	32.60%				

3. State and Federal Mandates

School districts are forced to comply with hundreds of State and Federal mandates annually. When new mandates are imposed without additional funding, school districts are forced to raise local revenues or cut back on existing programs and services.³⁹ What follows are three areas, which fall under this mandate category, where cost savings to school districts could be realized through improvements and reforms.

A) Streamline and reduce State-reporting requirements

Under the present system, there's too much time, money, and manpower devoted to fulfilling the State mandated paperwork requirements. A number of these requirements are both onerous and duplicative in nature. Streamlining the requirements would lead to much greater efficiency. A 2002 NYSCOSS study found the following in relation to State and Federal reporting requirements:

³⁹ *New York State Council of School Superintendents Policy Report: Mandate Relief for New York Schools*, pg. 2

“State and Federal policies require school district leaders to compile 52 separate plans and reports – in effect a different one for each week of the year. In response, the 2002-03 State budget directed the State Education Department to review the requirements and report its findings and recommendations by June 2003. That report yielded startling findings – 118 plans, applications, and reports are required annually by school districts. The report went on to note that existing planning and reporting requirements are burdensome at the local and State level.”⁴⁰

In the four years since that report was issued the State Education Department (SED) continues to update its findings on reporting requirements. As of the date of this Commission’s report, the number on the SED website stands at 150 reports per district, resulting in approximately 100,000 plans, reports and applications being filed each year.

In support of Senator Saland’s Bill (S.1773), which would streamline the planning and reporting requirements placed on school districts and BOCES, the New York State School Boards Association wrote, “Any effort that would reduce or eliminate the excessive and often duplicative reporting requirements imposed on school districts would be extremely helpful. Many of the current requirements divert staff time and resources from districts’ primary objective of educating students....Given tight fiscal constraints, school districts must be freed from administrative restrictions and mandates that hamper their ability to devote every education dollar to the pursuit of raising academic achievement levels.”

This Bill has passed twice in the State Senate, but has yet to receive the support of the Assembly. The Commission supports Senator Saland’s reintroduction of this Bill in the 2008 session of the Legislature and calls for swift passage in the Assembly. The Commission calls on the State Education Department to heed its own recommendations and begin immediately modifying each and every reporting requirement in a comprehensive and thorough manner. Failure to stem the waste of time and resources resulting from excessive, overlapping and often arcane reporting requirements would be a dereliction of the State’s responsibility to promote efficiency and cost savings.

B) Require a cost-benefit analysis for all future State and Federal mandates

According to the New York State Council of School Superintendents, school districts must comply with hundreds of State and Federal mandates each year. Some are in the form of reports, applications, and plans, while others deal with district employees and personnel.⁴¹ Mandates do play a critical role in that they help define a core set of educational opportunities for all students. However, they can also have consequences, especially when they force school districts to divert precious resources from educating students.

⁴⁰ *New York State Council of School Superintendents Policy Report: Mandate Relief for New York Schools*, pg. 17

⁴¹ *New York State Council of School Superintendents Policy Report: Mandate Relief for New York Schools*, pg. 1

The Commission recommends that any and all new State and Federal mandates be accompanied with full funding. In the absence of a moratorium on all mandates that aren't accompanied by full funding, the Commission recommends that any State or Federal bill mandating costs be borne by non-State or non-Federal entities, like school districts, should have an accompanying fiscal impact statement disclosing an exact line-itemed breakdown of these costs. In particular, the Commission recommends that a cost-benefit analysis should be required of all new mandates, with the fiscal impact statement specifically calculating the affect on all municipalities. This type of analysis will alert our leaders in Albany and Washington to the crippling financial problems that districts have to deal with when forced to pay for and implement the scores of unfunded mandates. These fiscal impact statements may work to push the Governor or State Legislators to put more money in the budget for a particular mandate. At the very least, they will let us see the full financial picture.

C) Advocate for full federal funding of the Individuals with Disabilities Education Act (IDEA)

Congress originally enacted the Individuals with Disabilities Education Act (IDEA) in 1975 to make sure that children with disabilities had the opportunity to receive a free appropriate public education, just like other children. The law has been revised many times over the years. Ever since its initial enactment, the Federal law has included a commitment to pay 40 percent of the average per student cost for every special education student. Using 2004 figures, the average cost per special education student amounted to \$16,921, which is nearly \$10,000 more than the average for non-special education students.⁴²

Despite this immense expenditure figure, the Federal government is providing local school districts with less than 20 percent of its IDEA commitment rather than the 40 percent specified by the law. This failure to fully fund the program is creating a \$10.6 billion shortfall for states and local school districts, and would require a 139 percent increase in funds to fully remedy.⁴³ This shortfall creates a burden on local communities and denies full opportunity to all students - with and without disabilities.

A number of proposals have been offered to ease the IDEA burden. One major proposal from the IDEA Funding Coalition, which is a working group of nine non-profit education associations sharing an interest in special education finance, would gradually increase federal spending over a six-year span through annual increases of at least \$2.45 billion.⁴⁴ Funding for IDEA would be moved out of the discretionary portion of the budget and into mandatory spending. Below is a chart of IDEA Authorization Estimates included in the original proposal from the year 2002.

⁴² <http://www.nea.org/specialed/index.html>

⁴³ See footnote 38

⁴⁴ <http://www.nea.org/specialed/coalitionfunding2002.html>

No matter what method is proposed, the Commission recommends that action be immediately taken to ease these disproportionately unfair funding burdens that are being placed on local municipalities by our leaders in Washington. Simply put, as special education costs continue to exponentially grow, the Federal government owes it to both the local school districts and taxpayers to hold up their end of the bargain and fully fund IDEA at the mandated 40% level.

The IDEA Funding Coalition's 2002 Mandatory Funding Proposal⁴⁵

FY	Per Pupil Expenditure	Special Education Enrollment	IDEA Authorization	Actual IDEA Spending	Education Community IDEA Full Funding Recommendations	% Of Per Pupil Spending Paid by Fed. Gov.
1991	\$5,023	4,761,000	\$9,566,000,000	\$1,845,000,000		
1992	\$5,160	4,941,000	\$10,198,000,000	\$1,976,000,000		
1993	\$5,327	5,111,000	\$10,890,000,000	\$2,050,000,000		9.0%
1994	\$5,529	5,309,000	\$11,741,000,000	\$2,150,000,000		8.0%
1995	\$5,689	5,378,000	\$12,238,000,000	\$2,320,000,000		8.0%
1996	\$5,923	5,573,000	\$13,204,000,000	\$2,320,000,000		7.4%
1997	\$6,168	5,729,000	\$14,135,000,000	\$3,110,000,000		9.5%
1998	\$6,407	5,903,000	\$15,128,000,000	\$3,800,000,000		9.5%
1999	\$6,584	6,055,000	\$15,946,000,000	\$4,310,000,000		10.0%
2000	\$6,821	6,118,000	\$16,629,000,000	\$4,989,000,000		13.0%
2001	\$7,066	6,138,000	\$17,348,443,200	\$6,340,000,000		14.8%
2002	\$7,320	6,153,000	\$18,015,984,000	\$7,528,533,000		16.7%
2003	\$7,583	6,163,000	\$18,693,611,600		\$9,978,533,000	21.3%
2004	\$7,856	6,171,000	\$19,391,750,400		\$12,428,533,000	25.6%
2005	\$8,138	6,176,000	\$20,104,115,200		\$14,878,533,000	29.6%
2006	\$8,431	6,174,000	\$20,821,197,600		\$17,328,533,000	33.2%
2007	\$8,734	6,162,000	\$21,527,563,200		\$19,778,533,000	36.7%
2008	\$9,048	6,143,000	\$22,232,745,600		\$22,228,533,000	39.9%
2009	\$9,373	6,129,000	\$22,978,846,800		\$22,978,846,800	40.0%
2010	\$9,710	6,124,000	\$23,785,616,000		\$23,785,616,000	40.0%

NOTE: Unfortunately, up to date figures were not available for inclusion in this report. Despite this deficiency, the Commission wanted to publish this chart for informational purposes in order to publicize one of the foremost endeavors made in recent years to remedy the IDEA funding dilemma.

Per Pupil Expenditure: This column is historical data from 1991-1998 (Digest of Education Statistics 2000). 1999-2000 numbers are estimates included in Digest. 2001-2010 numbers are estimates prepared by advocates in the education community assuming a yearly growth rate of 3.59 percent (the average growth from 1996-2001).

Special Education Enrollment: 1991-1999 based on historical data provided by Digest of Education Statistics 2000. 2000-2010 enrollments represent 13.01 percent of enrollment projections in Education Projections to 2010 (Table 1 -- enrollment in grades k-8 and 9-12 of elementary and secondary schools, by control of institution.). 13.01 percent was used as an assumption of enrollment because it is the most recent (1999-2000 school year) data available on percentage of students in public school served by special education. Using the 1999-2000 percentage results in a conservative estimate of student growth since that percentage has grown consistently over the last 10 years.

IDEA Authorization: This column is historical data from 1991-2002. For 2003-2007, authorization level was calculated by multiplying 40 percent (Expenditures) by (Enrollment).

IDEA Spending: This Column is all historical data provided by the annual CEF Education Budget Alerts.

Education Community Proposal: This column illustrates \$2.45 billion increases each year for the next six years. This is only a suggested path to full funding.

Percentage of Per Pupil Spending: This column is a calculation of the appropriation level (or proposed appropriation level) divided by the total authorization level (column 3).

⁴⁵ See footnote 40 for data source

How Recommendations Were Adopted

The goal of this Commission was to build consensus for cost saving measures. Each recommendation was adopted by a unanimous vote of Commission members. Conversely, if a recommendation was not adopted, it did not receive a unanimous vote. Accordingly, some Commission members may favor recommendations not adopted by the Commission.

V. Options that the Commission Does Not Recommend

The following section details options that were fully discussed and researched by the Commission but not recommended for adoption. Commission members were unable to come to a consensus on these measures and declined to include them in the final recommendations. In the interest of full disclosure, we decided to include these options in this report, under the title referenced above.

1. Charge user fees for driver's education and other voluntary extracurricular activities or after school programs

During the public hearings, a number of citizens spoke to the possibility of having school districts charge mandatory user fees for extracurricular activities such as sports or gifted and talented programs. According to those who testified to this effect, if all students aren't participating in an activity, taxpayers shouldn't be forced to foot the bill. They believe that the costs should be incurred solely by the participants.

While the Commission understands the frustrations felt by Suffolk's overburdened taxpayers, it does not recommend instituting user fees for extracurricular activities. The reasons are many in number. First, by law, if schools provide a service, it must be made available to everyone. Districts are not empowered to charge fees for programs that are part of the "core mission of public education." Extracurricular activities are included in the core mission. Interestingly enough, driver's education programs are not included in this core mission. The many testifiers who recommended that driver's education be considered a "pay as you go" service will be happy to know this program is not funded with taxpayer dollars. All participants are charged fees.

Secondly, extracurricular activities are a key component of a well-balanced curriculum. The American education system is not solely based on academics. Sports, gifted and talented programs, and other after-school activities all help produce well-rounded students. For these reasons, the Commission believes that charging additional fees to access these things will be detrimental, especially for those children whose families cannot afford them and thus will be excluded.

Finally, there is the cost component. Sports and extracurricular activities are classified under the "community services" portion of school budgets, which account for only .1% of school district spending. That percentage equates to \$16 dollars

expended per student, by far the smallest of the spending categories.⁴⁶ Compared to some of the other categories, like transportation and maintenance, any cost savings from reduced community services spending would be minimal.

2. Establish minimum health insurance contributions for school district employees

While Suffolk County Employees do not currently contribute to cover health insurance costs, this is not the norm. According to the data available in *Nassau-Suffolk School Boards Administration’s Salary Workbook and Fringe Benefit Study 2006-2007*, all but 6 of the 37 school districts that responded to a survey require employees to contribute to their health insurance benefits.⁴⁷ The chart below details this data further:

Suffolk County: Health Insurance Provisions	
Percent Paid by School District	Number of Districts
100%	6
95%	1
90%-94%	13
85%-89%	18
80%	1
Total	37

A 10% decrease in the cost of health care for school districts translates into a decrease of just under one-percent (0.93%) in overall school budgets. It should be noted that since school district health care costs include expenses other than premiums for health insurance, a 10% decrease in the cost of health care would require an increase in employee contributions of more than 10%.

The Commission concludes that further extension of health insurance contributions to other districts, and/or increases in the existing contribution percentages, are matters best left to the collective bargaining process. There was no consensus on these matters and no recommendations made.

3. Establish retirement contributions for school district employees

Raising Retirement Contributions for School District Employees

Currently, teachers are required to contribute 3% of their salary to help cover their retirement system costs. After 10 years of service, this contribution ceases, and the district picks up these costs. One policy option that was discussed is to restructure this system and ask teachers to contribute more to their own retirement. Below is a chart, displaying the potential savings in Suffolk County school district spending if:

⁴⁶ See footnote 12

⁴⁷ *Nassau-Suffolk School Boards Administration’s Salary Workbook and Fringe Benefit Study 2006-2007*, pgs.92-93

Option 1: Teachers are required to contribute 3% for the entirety of their career.

Option 2: The contribution rate is raised to 6%, and teachers are required to contribute for the entirety of their career. (Note: 6% was an arbitrary number chosen simply by way of comparison to the current 3%)

Year	Option 1				Option 2			
	trs savings per year	trs savings as % of total costs	trs savings as % of total costs: if trs is 1.2% of total	trs savings as % of total costs: if trs is 5% of total	trs savings per year	trs savings as % of total costs	trs savings as % of total costs: if trs is 1.2% of total	trs savings as % of total costs: if trs is 5% of total
2005	\$0	0%	0.00%	0.00%	\$884,754	0.71%	0.02%	0.04%
2006	\$0	0%	0.00%	0.00%	\$1,867,695	1.42%	0.03%	0.07%
2007	\$0	0%	0.00%	0.00%	\$2,957,015	2.14%	0.05%	0.11%
2008	\$0	0%	0.00%	0.00%	\$4,161,516	2.87%	0.07%	0.14%
2009	\$0	0%	0.00%	0.00%	\$5,490,652	3.60%	0.09%	0.18%
2010	\$0	0%	0.00%	0.00%	\$6,954,574	4.34%	0.10%	0.22%
2011	\$0	0%	0.00%	0.00%	\$8,564,178	5.09%	0.12%	0.25%
2012	\$0	0%	0.00%	0.00%	\$10,331,159	5.85%	0.14%	0.29%
2013	\$0	0%	0.00%	0.00%	\$12,268,062	6.61%	0.16%	0.33%
2014	\$0	0%	0.00%	0.00%	\$14,388,345	7.38%	0.18%	0.37%
2015	\$1,588,950	0.8%	0.02%	0.04%	\$18,295,391	8.93%	0.21%	0.45%
2016	\$3,354,235	1.6%	0.04%	0.08%	\$22,592,058	10.50%	0.25%	0.53%
2017	\$5,310,569	2.4%	0.06%	0.12%	\$27,309,646	12.09%	0.29%	0.60%
2018	\$5,630,797	2.4%	0.06%	0.12%	\$32,481,737	13.69%	0.33%	0.68%
2019	\$11,703,750	4.7%	0.11%	0.23%	\$38,144,356	15.30%	0.37%	0.77%
2020	\$12,489,877	4.8%	0.11%	0.24%	\$44,336,133	16.93%	0.41%	0.85%
2021	\$15,380,602	5.6%	0.13%	0.28%	\$51,098,490	18.58%	0.45%	0.93%
2022	\$18,553,962	6.4%	0.15%	0.32%	\$58,475,826	20.24%	0.49%	1.01%
2023	\$22,032,489	7.3%	0.17%	0.36%	\$66,515,725	21.92%	0.53%	1.10%
2024	\$25,840,354	8.1%	0.19%	0.41%	\$75,269,172	23.62%	0.57%	1.18%
2025	\$30,003,475	9.0%	0.22%	0.45%	\$84,790,786	25.33%	0.61%	1.27%
2026	\$34,464,032	9.8%	0.24%	0.49%	\$94,967,849	27.01%	0.65%	1.35%
2027	\$39,239,717	10.6%	0.25%	0.53%	\$105,838,817	28.66%	0.69%	1.43%
2028	\$44,349,200	11.4%	0.27%	0.57%	\$117,444,251	30.27%	0.73%	1.51%
2029	\$49,812,178	12.2%	0.29%	0.61%	\$129,826,936	31.86%	0.76%	1.59%
2030	\$55,649,428	13.0%	0.31%	0.65%	\$143,031,988	33.42%	0.80%	1.67%
2031	\$61,882,871	13.8%	0.33%	0.69%	\$157,106,987	34.95%	0.84%	1.75%
2032	\$68,535,625	14.5%	0.35%	0.73%	\$172,102,101	36.45%	0.87%	1.82%

Assumptions

1. The average TRS retiree will be part of the system for 28 years. (Based on statistics from 2005-2006 TRS annual report)
2. Starting salary was based on the average teacher's salaries in Suffolk County for 1st year teachers during the 2005-2006 school year. Salary step increases are approximately 3% for up to 21 steps (Based on Nassau-Suffolk School Boards Association's Salary and Fringe Benefit Study 2006-2007). In addition, inflation of salaries (aka cost of living adjustments) is assumed to be 3%.
3. The number of employees is based on the number of paid teachers in Suffolk County in 2005-2006. A compounded growth rate was calculated using the number of employees (statewide) in 2006 vs. the number in 1987. (Based on statistics from TRS annual report).
4. The number of new employees each year was calculated assuming that the percentage of first year teachers in Suffolk remains consistent with the 2005-2006 level.
5. The cost of retirement benefits per teacher was calculated using the median value of retirement costs obtained from the Nassau-Suffolk School Boards Association's Salary and Fringe Benefit Study 2006-2007. This median value was applied to the number of total number of working teachers in 2005-2006 to obtain a total retirement cost for that year. The result was \$125,279,966 for 2005-2006. An inflation rate of 3% per year was then applied in conjunction with the employee growth rate to project TRS costs in future years.
6. Since TRS costs as a percentage of total expenditures have been volatile in the past, we have included both high and low projection rates of 1.2% of total costs and 5% of total costs, for comparability.

Under Option 1, there are no savings recognized until the 11th year after the plan is implemented. In that year, TRS costs are reduced by 0.8%. This leads to an overall cost reduction of anywhere from 0.02% to .04%. If Option 2 were applied, the savings would be immediate. The first year would see a reduction in TRS costs of 0.71%. In the 11th year, option 2 reduces TRS costs by 8.93%; an overall cost reduction ranging from 0.21% to 0.45%. In the 28th year, when (presumably) all of the teachers under the current system have retired, the TRS savings in Option 1 are 14.5%, and 36.45% under Option 2. Total cost savings are between 0.35% and 0.73% for Option 1 and between 0.87% and 1.82% for Option 2.

The conclusion reached is that a change in the retirement system would not result in as large a cost savings or as immediate a savings. Savings would nevertheless be substantial in the long run. In the end changing the retirement system is a statewide issue. The Commission did not come to a consensus on this matter.

4. Amend the Tri-Borough Amendment

The Tri-Borough Amendment to the Taylor Law, which is Section 209-a (1)(e) of the New York State Civil Service Law, was passed in 1982. The Amendment mandates that contractual clauses be honored even after the contracts have expired.⁴⁸ The result of this amendment is that teachers and school employees without new contracts continue to their previous wage contract. According to the Nassau-Suffolk School Boards Association, the average number of salary steps for teachers is 21. While each step increase varies, an approximate annual growth rate for school districts on Long Island is about 3%.

Since the Tri-Borough Amendment guarantees the continuation of the expired collective bargaining agreement, which may include step increases and other benefits, whether or not a contract has been settled, this is likely to result in higher costs to school districts and other municipalities. Proponents of amending the law believe that changes could provide savings.

The flip side of this coin is just as powerful. Teachers, school district employees, and unions believe the Tri-Borough Amendment is one of the founding principles in New York public sector labor relations. They believe it is an extremely effective piece of legislation that keeps the balance of negotiating power from unfairly tipping toward the management side of the table. Amending or eliminating the law is strongly opposed by these influential parties.

Clearly this is a vital and emotional issue for the many parties involved. As a result, there was no consensus and the Commission issued no recommendations regarding the Tri-Borough Amendment.

⁴⁸ NYS Civil Service Law, Section 209-a (1)(e)

5. Request the Long Island Regional Planning Board prepare and maintain a “School Financial Watch” table annually and post it to the web before each annual school budget vote: the elements of the table should include, but not be limited to:

- Changes in Taxes Per Student from Prior Year
- Changes in Spending Per Student from Prior Year
- Change in Enrollment from Prior Year
- Property Tax Per Student
- Expenditure Per Student
- Estimated Tax Levy
- Total Spending
- Projected Enrollment
- Instructional Expenditures as a Percentage of Total Expenditures
- Teacher’s As Percentage of All School Employees
- Instructional Personnel as a Percentage of All School Employees
- Average and Median School Property Tax in District
- Number of Top Level Administrators, Salaries, Benefits
- Pupils per Top Level Administrators.

Appendix A
Range of Issues Discussed by Members of the Public

The legislation forming the Commission called for at least four public hearings to be held throughout Suffolk County in order to ascertain the views, wishes, and opinions of the residents. The first public hearing was held on September 26, 2006 at the Evans K. Griffing Building in Riverhead. The second of the four hearings was held on October 3, 2006 at the William H. Rogers Legislature Building in Hauppauge. The third of the four hearings was held on October 24, 2006 at the Evans K. Griffing Building in Riverhead. The final public hearing was held on November 14, 2006 at the William H. Rogers Legislature Building in Hauppauge. More than 50 individuals testified before the Commission.

The following is a brief listing of issues/ideas that were brought up by members of the public during the four aforementioned hearings. (Note: Complete transcripts of the public testimony and copies of the materials handed out by the speakers are available from the Suffolk County Legislature's Clerk's Office.)

- Reform the system of unfunded mandates, which are driving up the cost of education
- Change/repeal the New York State Wicks Law
- Reform the retirement system by switching to a 401(k) plan
- Consolidate school district administrative functions
- Use energy efficient devices to cut electric costs
- Provide services for students with special needs within the school district rather than transporting them to BOCES at a greater expense
- Consolidate school districts – One recommendation was to consolidate school districts along town lines, reducing the number of districts in Suffolk from 71 to 10
- Cut the number of highly paid school district administrators
- Increase class size after Third Grade
- Increase oversight and competition to create an incentive for districts to be efficient
- Eliminate all the nonessential school programs, such as sports. The nonessential services may possibly be paid for with user fees
- Take students with reading problems out of the Learning Disabled Program. This could result in substantial savings. In addition, these students would be better served by an appropriate literacy program
- Change current teaching methods. The quality of students has gone down, yet costs continue to rise. There are better teaching methods (especially in teaching reading) than are generally being practiced on Long Island. These methods can reduce the number of special needs students, reduce the number of students that have problems, improve the quality of education, and reduce overall costs, a win-win situation

- Change the current curriculum – we're not teaching kids properly. We are not teaching the structure of the English language and need to improve reading and literacy. It is the most cost effective approach to teaching, resulting in a win-win situation
- Measure the extent to which school districts are underachieving or overachieving. This can be used as a basis to evaluate school districts. Outliers can then be looked at more closely to make changes
- Hire an Inspector General for Education to oversee school corruption, regional oversight of teacher contracts, and overall costs
- Institute a voucher system. This would introduce competition into the system, but would have a radical impact on inefficient districts that would have to be addressed

Appendix B
Issues Discussed by Guest Speakers

Eight invitees also gave special presentations on topics of interest in the field of study. The following is a synopsis of those presentations. (Note: Complete transcripts of these presentations and copies of the materials handed out by the presenters are available from the Suffolk County Legislature's Clerk's Office.)

A) Roger Tilles, New York State Regent representing Long Island
(Presentation given on 9/26/06)

Mr. Tilles addressed the financial improprieties occurring in districts like Roslyn and Hempstead, which have led to a lack of public trust in these and other districts Island wide. There are differences in the impact that these school funding/financial problems have had on students. Some are affected negatively, while others have successfully completed their high school education and continued on to college. He spoke about the need for students to have access to effective targeted programs, such as extracurricular activities and mentoring, to give them an incentive to go on to college. If money is used more efficiently, it will foster an environment where kids will want to go to school.

He also spoke about the need for more employees in the State Department of Education to increase school district monitoring, oversight, and enforcement of penalties for serious infractions. During the previous gubernatorial administration, the department lost a thousand out of their 3,000 employees in Albany. This tremendous loss of resources has hurt the department's ability to investigate and respond to public complaints, which is a problem that needs to be quickly addressed.

B) Yvonne Yruegas and Elizabeth Davis, representatives from the New York State Comptroller's Office, Division of Local Government Services and Economic Development
(Presentation Given on 9/26/06)

Ms. Yruegas and Ms. Davis reviewed two reports: *Property Taxes in New York State* and *Intermunicipal Cooperation and Consolidation: Exploring Opportunities for Savings and Improved Service Delivery*. The first report indicated a number of alarming trends, namely that property taxes per household in New York State are the highest on Long Island, with school taxes making up 2/3rds of the tax bill.⁴⁹ It also showed that schools consume more public resources than other local governments. Future trends in both school property taxes and resource consumption are only going up.

The second report recommended more statewide intermunicipal cooperation, as there is not enough of it occurring in New York. Article 5-G of New York

⁴⁹ *Property Taxes in New York State*, pg. 7

State Municipal Law specifically details the different types of cooperative ventures that could realize a cost savings.⁵⁰ The State also offers incentives for cooperation in the form of grants through their “Shared Municipal Services Awards” program.

This report also detailed the numerous forms of consolidation that municipalities might want to consider. These include:

- Consolidating service levels
- Merging functions
- Merging local governments (i.e. school district consolidation).

Some of the service levels and functions mentioned include:

- Snow removal
- Public safety
- Self-insurance
- Sewer agreements

Negotiating consolidation agreements can be complex, however, and these complexities often make it difficult for the interested parties to come to agreeable terms.

C) Rey Hernandez, President, Kemper Cost Management
(Presentation Given on 10/3/06)

Mr. Hernandez discussed the equipment maintenance operation that his company provides. Kemper does an analysis to control equipment costs, providing information on how much new and/or replacement materials should cost. This type of service could provide useful information to large-scale vendors like businesses and school districts that should help them to minimize the likelihood of being sold more than they need. The big question is how much can this save? Kemper approximates that savings on equipment costs may be in the 20% to 25% range.⁵¹

D) Victor Manuel, President, Suffolk County Association of School Business Officials
(Presentation Given on 10/13/06)

Mr. Manuel’s presentation addressed a number of initiatives his organization recommends to control costs. The presentation was divided into three categories:

- Initiatives to control costs that are currently being done
- Initiatives to control costs that may also be done with current legal authority

⁵⁰ *Intermunicipal Cooperation and Consolidation: Exploring Opportunities for Savings and Improved Service Delivery*, pg. 1

⁵¹ *Kemper Cost Management Inc. Comprehensive Maintenance Solutions for Today’s Equipment Technology*, pg. 6

- Initiatives to control costs that could be done with expanded / revised legal authority.

Initiatives to control costs that are currently being done:

The largest initiative currently being done is cooperative purchasing. Eastern Suffolk BOCES offers bulk purchasing for 29 bid categories. All school districts cooperate to various degrees. In addition, Eastern Suffolk BOCES provides shared services including technology, equipment, and specialized vocational and technology programs. Other shared services include increased productivity through technology (the Connect ED program), and energy conservation (energy efficient lights, boilers, conservation measures, use of power, etc.)⁵²

Initiatives to control costs that may also be done with current legal authority:

- Shared municipal services with towns and the county
- Expanded cooperative bidding to include electric power and maintenance contracts
- A countywide compensation cooperative
- Self-insurance for health plans
(Most school districts use the New York State Empire Plan, thus reducing the benefit of self-insurance. However, combining school district's insurance plans with either a town or the county could provide substantial savings.)⁵³

Initiatives to control costs that could be done with expanded / revised legal authority:

- Revision of New York State Workers Compensation Laws to be more balanced for employers
- State established minimum health insurance contributions for new hires
- State requirements to do a cost-benefit analysis for all future mandates
- Full Federal funding of the Individuals Disability Education Act (IDEA)
- Set a goal to increase the share of school expenditures allocated for programs and decrease the share allocated for administration – One suggested proper mix is 80% for programs, 10% for administration, and 10% for capital. The rule-of-thumb is that school district expenditures are currently about 75% for programs, 15% for administration, and 10% for capital⁵⁴

⁵² Suffolk County Association of School Business Officials Presentation to the Commission to Evaluate School District Expenses and Efficiency, pgs. 4-5

⁵³ Suffolk County Association of School Business Officials Presentation to the Commission to Evaluate School District Expenses and Efficiency, pg. 6

⁵⁴ Suffolk County Association of School Business Officials Presentation to the Commission to Evaluate School District Expenses and Efficiency, pgs.7-9

E) Gary Bixhorn, CEO, Eastern Suffolk BOCES
(Presentation given on 10/24/06)

Mr. Bixhorn's presentation focused on the Report of the Innovate Long Island Subcommittee on K-12 Costs and Outcomes. He detailed the following statistics and priorities:

Costs

- A State aid dollar on Long Island buys far less than in other regions of the State - \$1,000 of purchasing power in the lowest cost region is the equivalent of \$668 on Long Island
- Long Island's regionally adjusted per pupil expense (\$10,017) is approximately 6.6% below the median county
- Over the past 10 years Long Island has experienced an average 2 percentage point increase annually in per pupil expenditures compared to 3.2 percentage points in the median county⁵⁵

Priorities for Statewide School Finance Reform

- Property tax relief for Long Islanders
- Significant increases in State Aid to education in New York
- Recognition of differences in school district needs as determined by demographic, achievement, and wealth data
- Recognition of regional cost differences in the operating aid formula
- Guarantee every school district in New York State a minimum "State share" of revenue
- Introduce multi-year State aid appropriations to provide an enhanced ability to plan and provide greater stability to the budget process
- Consolidate and simplify the formulas to make the allocation system understandable⁵⁶

F) Edward Heilig and Maureen McCormack, representatives from the Suffolk County District Attorney's Office, Economic Crime Bureau
(Presentation given on 11/14/06)

Mr. Heilig and Ms. McCormack presented an overview of the recent Grand Jury investigation into fiscal matters relating to school districts in Suffolk County. They discussed the following recommendations:

- Creation of a New York State Inspector General for Education
- District administrative reforms: require advanced degrees in accounting for administrators
- Public disclosure of budgetary documents
- Educate the educators on fiscal management practices
- Create new penalties for violators
- Improved monitoring of grant fraud

⁵⁵ *Report of the Innovate Long Island Subcommittee on K-12 Costs and Outcomes*, pg. 4

⁵⁶ *Report of the Innovate Long Island Subcommittee on K-12 Costs and Outcomes*, pgs. 6-7

- Local proposals – combine back office functions like purchasing, data entry, and payroll ⁵⁷

Recommendations for local school boards

- Adopt written policies for travel, lodging, and meal reimbursement that adhere to the Federal per diem rates
- Require two authorized signatures for all expenses over \$25,000
- Do not purchase or maintain expensive whole life policies for administrators ⁵⁸

Pension system reforms

- Create specific criminal penalties for double dipping (collecting pensions and working for the same retirement system)
- Report information on retirees who come back to work ⁵⁹

G) Fred Koelbel, President, New York State Association for Superintendents of School Buildings and Grounds (Presentation given on 11/14/06)

Mr. Koelbel's presentation focused on changing the State aid formula in relation to maintenance expenditures, like roof repairs. These types of expenses are not directly reimbursed by the State, while capital spending (i.e. a brand new roof) is. Minor maintenance has been incorporated into flex aid, often resulting in maintenance getting the short shrift. This is particularly troublesome because Mr. Koelbel calculates that every dollar spent on maintenance will save \$4 in capital spending.

This system is inefficient, as it contributes to understaffing of school district maintenance, resulting in efforts focused on putting out fires, instead of preventative maintenance. To make up some of the shortfall, districts often contract out at greater expense.

Mr. Koelbel stressed the need for more cooperative purchasing to offset this failed system. He particularly recommends cooperative purchasing of garbage services, fuel oil, and maintenance supplies.

⁵⁷ *Suffolk County Court Special Grand Jury Term IE Report*, pgs. 183-186

⁵⁸ *Suffolk County Court Special Grand Jury Term IE Report*, pgs. 193-199

⁵⁹ *Suffolk County Court Special Grand Jury Term IE Report*, pgs. 206-208

Appendix C
Resolutions Creating and Extending the Commission

Intro. Res. No. 1413-2006

Laid on Table 4/4/2006

Introduced by Legislators D'Amaro, Cooper, Montano, Presiding Officer Lindsay, Browning, Stern, Eddington, Mystal, Vilorio-Fisher, Horsley and Schneiderman

**RESOLUTION NO. 522 -2006, ESTABLISHING A
COMMISSION TO EVALUATE SCHOOL DISTRICT
EXPENSES AND EFFICIENCY**

WHEREAS, property taxes on Long Island are two and one half times the national average, and 66.5% of all property taxes collected fund school district operations; and

WHEREAS, the average homeowner's tax bill in Suffolk County, for all taxing jurisdictions, has trended up at a compound rate of 5.61% per year since 1970; and

WHEREAS, 56% of local residents said they are somewhat or very likely to move in the next five years to an area with lower housing costs and property taxes. This includes 70% of the residents in the all-important 18-34 bracket; and

WHEREAS, school district spending has grown faster than nearly every other level of government on Long Island, increasing 28% between 1998 and 2003; and

WHEREAS, the annual cost of living in Suffolk County is growing at a faster rate than wages and income, making it increasingly difficult for residents to afford to live, work, and raise a family in Suffolk County; and

WHEREAS, increasing school taxes contribute to the high cost of living in Suffolk County; and

WHEREAS, the issues resulting from high school taxes, and their impact on the ability of Suffolk's residents to live and work in Suffolk County, have been well documented and defined; and further study to define the problem would be duplicative; and

WHEREAS, studies show there are many complex factors influencing school property taxes including rising energy costs, unfunded mandates, escalating insurance, pension and healthcare costs, administrative and educator costs, salaries and benefits, insufficient State aid, and the costs of upkeep and maintenance of school buildings, grounds and equipment; and

WHEREAS, no single factor influencing school taxes is solely responsible for rising school property taxes. Many factors that cause rising school taxes are beyond the direct control of school districts and require the intervention of State and federal government; and

WHEREAS, despite the need for State and federal problem solving, there are cost cutting and efficiency measures that can be taken on a local level; and

WHEREAS, to properly begin the process of reducing school property taxes through local efforts, there is a need to go beyond finger pointing and heated rhetoric, and to "fix the problem, not the blame" by beginning a rational process of discussion and analysis between all groups impacting, or impacted by, school property taxes to reach a consensus on ways to properly reduce school district expenses and make school operations more efficient without

merging school districts, increasing class size or impacting the quality of education delivered by dedicated educators to our children; and

WHEREAS, if school operations are made more efficient and costs can be reduced, more funds will be available to fund quality education for the school children of Suffolk County; now, therefore be it

1st RESOLVED, that a Commission known as the “Commission to Evaluate School District Expenses and Efficiency” is hereby established to analyze school district spending in Suffolk County, study cost cutting ideas, and to offer recommendations that will increase school district efficiency and reduce school district spending, without combining school districts, increasing class size, or compromising the quality education delivered within local school districts; and be it further

2nd RESOLVED, that this Commission shall consist of the following fourteen (14) members:

- 1) the Presiding Officer of the Suffolk County Legislature, or his designee, who shall serve as Chair;
- 2) the County Executive, or his designee;
- 3) the Minority Leader of the Suffolk County Legislature, or his designee;
- 4) the Director of the Legislature’s Budget Review Office, or her designee,
- 5) New York State Comptroller, or his designee;
- 6) the Director of the Long Island Regional Planning Board or his/her designee;
- 7) a representative of the Long Island Association;
- 8) one (1) representative from a recognized taxpayer advocacy organization to be selected by the Presiding Officer of the Suffolk County Legislature;
- 9) a representative from the Nassau/Suffolk School Boards Association;
- 10) a representative of the Suffolk County School Superintendent’s Association;
- 11) a representative of a community or civic organization, to be appointed by the Presiding Officer of the Suffolk County Legislature;
- 12) a representative of the Suffolk Region P.T.A.;
- 13) a representative of the American Association of Retired Persons; and
- 14) a representative of the Regional Chapter of New York State United Teachers (NYSUT);

and be it further

3rd RESOLVED, that the Commission shall hold its first meeting no later than thirty (30) days after the oaths of office of all members have been filed, which meeting shall be convened by the Chair of the Commission, for the purpose of organization and the appointment of a vice chairperson and a secretary; and be it further

4th RESOLVED, that the members of said Commission shall serve without compensation and shall serve at the pleasure of their respective appointing authorities; and be it further

5th RESOLVED, that the Commission shall hold regular meetings, keep a record of all its proceedings, and determine the rules of its own proceedings with special meetings to be called by the Chair upon his or her own initiative or upon receipt of a written request therefore signed by at least three (3) members of the Commission. Written notice of the time and place of

such special meetings shall be given by the secretary to each member at least four (4) days before the date fixed by the notice for such special meeting; and be it further

6th **RESOLVED**, that eight (8) members of the Commission shall constitute a quorum to transact the business of the Commission at both regular and special meetings; and be it further

7th **RESOLVED**, that the Commission may submit requests to the County Executive and/or the County Legislature for approval for the provision of secretarial services, travel expenses, or retention of consultants to assist the Commission with such endeavors, said total expenditures not to exceed Five Thousand Dollars (\$5,000.00) per fiscal year, which services shall be subject to Legislative approval; and be it further

8th **RESOLVED**, that clerical services involving the month-to-month operation of this Commission, as well as supplies and postage as necessary, will be provided by the staff of the Suffolk County Legislature; and be it further

9th **RESOLVED**, that the Commission may conduct such informal hearings and meetings at any place or places within the County of Suffolk for the purpose of obtaining necessary information or other data to assist it in the proper performance of its duties and functions as it deems necessary; and be it further

10th **RESOLVED**, that the Commission may delegate to any member of the Commission the power and authority to conduct such hearings and meetings; and be it further

11th **RESOLVED**, that the Commission shall cooperate with the Legislative Committees of the County Legislature and make available to each Committee's use, upon request, any records and other data it may accumulate or obtain; and be it further

12th **RESOLVED**, that the Commission is hereby authorized, empowered, and directed to hold at least four (4) public hearings throughout the County of Suffolk to assemble the data and information necessary to complete the valuation, study, and report required with all reasonable efforts to be made to ascertain the views, wishes, and opinions of the residents of Suffolk County; and be it further

13th **RESOLVED**, that this special Commission shall submit a written report of its findings and determinations together with its recommendations for action, if any, to each member of the County Legislature and the County Executive no later than one hundred eighty (180) days subsequent to the effective date of this Resolution for consideration, review, and appropriate action, if necessary, by the entire County Legislature; and be it further

14th **RESOLVED**, that the Commission shall expire, and the terms of office of its members terminate, as of March 1, 2007 at which time the Commission shall deposit all the records of its proceedings with the Clerk of the Legislature; and be it further

15th **RESOLVED**, that this Legislature, being the State Environmental Quality Review Act (SEQRA) lead agency, hereby finds and determines that this resolution constitutes a Type II action pursuant to Section 617.5(c)(20) and (27) of Title 6 of the NEW YORK CODE OF RULES AND REGULATIONS (6 NYCRR) and within the meaning of Section 8-0109(2) of the NEW YORK ENVIRONMENTAL CONSERVATION LAW as a promulgation of regulations, rules, policies, procedures, and legislative decisions in connection with continuing agency administration, management and information collection, and the Suffolk County Council on

Environmental Quality (CEQ) is hereby directed to circulate any appropriate SEQRA notices of determination of non-applicability or non-significance in accordance with this resolution.

DATED: June 13, 2006

APPROVED BY:

/s/ Steve Levy
County Executive of Suffolk County

Date: June 16, 2006

**RESOLUTION NO. 818 -2007, TO AMEND ADOPTED
RESOLUTION NO. 522-2006, TO EXTEND THE DEADLINE FOR
THE "SCHOOL DISTRICT EXPENSES AND EFFICIENCY"
COMMISSION**

WHEREAS, Resolution No. 522-2006 established a "Commission to Evaluate School District Expenses and Efficiency" to analyze school district spending in Suffolk County, study cost cutting ideas, and to offer recommendations that will increase school district efficiency and reduce school district spending; and

WHEREAS, this Commission will require additional time in order to complete its work; now, therefore be it

1st RESOLVED, that the 14th RESOLVED clause of Resolution No. 522-2006 is hereby amended to read as follows:

* * * * *

14th RESOLVED, that the Commission shall expire, and the terms of office of its members terminate, as of [September 1, 2007] December 31, 2007 at which time the Commission shall deposit all the records of its proceedings with the Clerk of the Legislature; and be it further

* * * * *

and be it further

2nd RESOLVED, that all other terms and conditions of Resolution No. 522-2006 shall remain in full force and effect; and be it further

3rd RESOLVED, that this Legislature, being the State Environmental Quality Review Act (SEQRA) lead agency, hereby finds and determines that this resolution constitutes a Type II action pursuant to Section 617.5(c)(20) and (27) of Title 6 of the NEW YORK CODE OF RULES AND REGULATIONS (6 NYCRR) and within the meaning of Section 8-0109(2) of the NEW YORK ENVIRONMENTAL CONSERVATION LAW as a promulgation of regulations, rules, policies, procedures, and legislative decisions in connection with continuing agency administration, management and information collection, and the Suffolk County Council on Environmental Quality (CEQ) is hereby directed to circulate any appropriate SEQRA notices of determination of non-applicability or non-significance in accordance with this resolution.

[] Brackets denote deletion of existing language
___ Underlining denotes addition of new language

DATED: August 21, 2007

APPROVED BY:

/s/ Steve Levy
County Executive of Suffolk County

Date: August 27, 2007