

SACHEM: Modest tax base, tax cap pressures, tough revote

ONE DISTRICT'S DILEMMA WORRIES OTHERS

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They kept costs low and followed the governor's advice, Sachem school officials said, digging into reserves when times were tight to fund programs in the Suffolk district — Long Island's second-largest by enrollment.

But when Sachem tried for the second straight year to pierce its state-imposed tax-levy limit, the budget received only a 54.2 percent "yes" vote on May 21 — well shy of the 60 percent supermajority required to bust the cap.

Sachem faces the loss of 229 faculty and staff and possible consolidation or closure of schools under a revised budget for 2013-14 to be offered in next week's revote. The district also had planned to cut full-day kindergarten to half-days, but officials yesterday said a last-minute promise of \$650,000 more in state aid would keep the program as it is — if the

budget is approved.

The proposed spending plan was lowered by \$6.8 million, to \$286.9 million. Sachem's newly proposed 3.14 percent tax-levy increase is equal to the state's limit and will require approval by a simple majority of those voting next Tuesday.

More than 250 people attended a budget hearing last night at Samoset Middle School. Several said they did not consider the restoration of kindergarten to be a complete victory, because many teachers still will lose their jobs.

Other districts in same boat

School officials elsewhere — especially in neighboring Suffolk districts that also encompass areas of modest homes and relatively small commercial tax bases — are looking warily at Sachem's financial quandary.

They, too, depend heavily on state aid and are seeing their coffers depleted because of the tax cap and nonnegotiable fac-

tors such as pension and increasing health care costs. Districts with above-average taxable wealth are not under the same pressures, tending to raise tax rates less than other districts because they are less reliant on state aid.

"Because of the way we are funded, eventually we will all be in a very similar position to Sachem," Middle Country Superintendent Roberta A. Gerold said.

Across the Island, much depends on the national economy, future amounts of state aid and other districts' ability to pierce their own tax-cap limits, said Alan Groveman, former head of the Suffolk County School Superintendents Association.

But "a good number of districts could be following in their footsteps," said Groveman, superintendent of the Connetquot district.

Officials also reiterated a long-standing complaint: The state's funding formula is stacked against them, making some Long

Island districts appear to be wealthier than they are.

State Sen. Lee Zeldin (R-Shirley) said the current formula "leads to a lot of unpredictable inconsistencies every year" and needs to be revised.

Eastern Suffolk BOCES chief operating officer Gary Bixhorn, who called Sachem "a relatively low-wealth district by Long Island standards," grouped it with East Islip, Islip, Longwood, Middle Country, Patchogue-Medford and William Floyd as getting less than it needs under the state's funding formula.

Sachem's original 2013-14 spending plan sought a 7.49 percent tax-levy hike, the highest on the Island this budget season. The percentage increase in the rejected budget over last year's, was only 0.58 percent. Officials in the 14,500-student district are deeply concerned by cuts under the revised budget and said they feel shortchanged by the state.

Ripple effect of aid change

Superintendent Jim Nolan, laid off by the district as a teacher in the early 1990s during a fiscal crisis, said it's the second time in his memory that Sachem's finances have been this bad. He and other Sachem officials worry about insolvency, saying their troubles began five years ago when they lost more than \$15 million at once, going from \$119.3 million in state aid in 2008-09 to \$104 million a year later.

Back then, Sachem had \$12 million in its appropriated reserves, which can be used to reduce the tax levy. Its unassigned, "rainy day" reserve



fund held nearly \$11 million.

Not anymore.

The district's appropriated reserves will drop to \$7 million in 2013-14. It had just \$572,330 in its unassigned fund balance in 2011-12, the last year for which the figures are available.

And the stimulus funding that helped stave off layoffs is long gone. The financial strain is starting to show. Sachem has an AA Plus rating from Standard & Poor's but recently was put on credit watch because of its shrinking reserves, Associate Superintendent Bruce Singer said.

The district's pension contributions skyrocketed in the last several years, school board president Rob Scavo said, rising from \$8 million four years ago to \$18 million next school year. Health care costs rose by \$5 million in that same time period.

Singer noted that the district opted in to a "pension smoothing" program in which the state allowed school districts and mu-

Comparing districts

Here are the top 10 Long Island school districts by 2012 enrollment, their budgets' tax-levy increases in each of the last five years, and the 5-year average tax-levy increase.

| District | Total K-12 enrollment 2012 | Percent increase in tax levy | | | | | Average % increase over past 5 years |
|-------------------|----------------------------|------------------------------|---------|---------|---------|---------|--------------------------------------|
| | | 2009-10 | 2010-11 | 2011-12 | 2012-13 | 2013-14 | |
| Brentwood | 16,639 | 2.92 | 6.41 | 4.92 | 3.87 | 3.87 | 4.40 |
| Sachem | 14,378 | -2.02 | 1.13 | 3.15 | 4.19 | 3.14* | 1.92 |
| Smithtown | 10,562 | 0.00 | 1.66 | 4.92 | 2.23 | 3.63 | 2.49 |
| Middle Country | 10,080 | 2.39 | 3.99 | 6.68 | 4.37 | 4.09 | 4.30 |
| Half Hollow Hills | 9,533 | 1.97 | 3.29 | 4.94 | 2.33 | 2.97 | 3.10 |
| Longwood | 8,935 | 1.78 | 2.52 | 3.95 | 3.51 | 3.74 | 3.10 |
| William Floyd | 8,901 | 0.00 | 8.53 | 12.47 | 2.00 | 3.79 | 5.36 |
| Sewanhaka | 8,346 | 3.44 | 4.22 | 5.18 | 2.26 | 3.23 | 3.67 |
| Patchogue-Medford | 7,955 | n/a | 2.90 | 2.64 | 1.99 | 3.17 | 2.68 |
| Massapequa | 7,793 | 3.75 | 2.48 | 1.64 | 2.22 | 3.19 | 2.66 |

(*) Pending upcoming vote on June 18.

SOURCE: SCHOOL DISTRICTS

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