



July 28, 2023

Honorable Kathy Hochul
Governor
Executive Chamber
The Capitol
Albany, NY 12224

**RE: S.6549 (Mayer)/A.7049 (McDonald) – APPROVE
Contracting of indebtedness by small city school districts**

Dear Governor Hochul:

All of the public school leadership organizations endorsing this letter strongly urge you to approve S.6549/ A.7049, an act to amend the local finance law, in relation to the contracting of indebtedness by city school districts.

In combination with a proposed constitutional amendment to be considered by the voters in November, this legislation would align limitations on indebtedness for small city school districts with those applicable to all other fiscally independent school districts – districts subject to annual votes on their proposed budgets and tax levies. The effective date for the bill provides that it will become law only if the proposed constitutional amendment is approved by the voters.

Put more directly, small city school districts would not receive special treatment if this bill and the constitutional amendment become law, they would be ensured the same treatment as school systems serving suburban and rural communities.

Now, under the State Constitution, small city school districts cannot incur debt in excess of 5% of their average full value of taxable real estate, except with approval by 60% of voters, the State Comptroller, and the Board of Regents. In contrast, other fiscally independent districts have no constitutionally prescribed debt limits. These districts do have a statutory 10% limit, prescribed by section 104.00(d) of the Local Finance Law.

Small city school districts are further disadvantaged by a discrepancy in how state Building Aid is applied in calculating debt limits. Pursuant to section 121.20 of the Local Finance Law, other fiscally independent school districts are permitted to deduct costs reimbursed through state Building Aid from debt subject to the 10% limit. But small city districts are *not* permitted to apply this Building Aid offset against their already tighter debt limit, expanding further the gap in actual debt limits.

Small city school districts are put at a severe disadvantage by these meritless discrepancies, impairing their capacity to maintain and improve facilities. The impact falls most heavily upon students from economically disadvantaged backgrounds. For example, as calculated for Foundation Aid purposes, over 60% of small city students in kindergarten through grade six are eligible for free or reduced-price lunches, compared to 35% of students in other fiscally independent districts.

The more restrictive debt limitation imposed on small city school districts is an artifact from a time when there were many more disparities in financial practices as prescribed by state law. It was not until 1997, for example, that small city school districts were required to seek voter approval for their annual operating budgets. But now small city districts are subject to essentially the same voting procedures and exactly the same property tax cap provisions as school districts serving suburban and rural communities. The constitutional amendment and this bill would bring further alignment to school financial requirements and procedures.

Once again, the proposed constitutional amendment and this bill would *not* give small city school districts special treatment, they would ensure fair treatment, making the small city school systems subject to the rules applicable to all other school districts which must seek voter approval for tax levies to support annual operating budgets.

For all the foregoing reasons, all of our groups strongly urge you to approve this legislation. We request prompt action on the bill, to help ensure that the actual and intended effect of the proposed amendment can be fully and accurately conveyed to voters.

Sincerely,

Brian S. Cechnicki
Executive Director

**Association of School
Business Officials–New York**

Jennifer K. Pyle
Executive Director

**Conference of Big 5 School
Districts**

Charles S. Dedrick
Executive Director

**New York State Council of
School Superintendents**

Kyle Belokopitsky
Executive Director

New York State PTA

Robert S. Schneider
Executive Director

**New York State School
Boards Association**

Melinda Person
President

**New York State United
Teachers**

Kevin Casey
Executive Director

**School Administrators
Association of New York
State**

William R. Lynch
Executive Director

**New York State Association
of Small City School Districts**

cc: Senator Shelley Mayer
Assemblymember John McDonald
Elizabeth Fine, Esq.
Robert Megna
Terrance Pratt, Esq.
Maria Fernandez