

Fire Island School District Consolidation Study

The purpose of the study was to examine the possibility of consolidating Fire Island School District with either the Bay Shore School District or the Islip School District. The current law provides a method by which a consolidation of two school districts can take place. The requirements to accomplish consolidation of school districts have been summarized in the NYSED document entitled, "Guide to the Reorganization of School Districts in New York State." This document explains current law and reviews some of the pros and cons of school district consolidation. The terms "reorganization" and "consolidation" have different meaning in the guide but are used synonymously in many studies of the issue. The consultants have relied on the NYSED guide to provide a framework in which to examine the proposed consolidation of Fire Island with another school district.

There is currently great interest among the public in the concept of school district consolidation as a potential mechanism to reduce operating costs and cut property taxes. There is also a public perception that economies of scale can be achieved through the creation of larger school districts. This perception has been challenged in previous research reports and in a number of consolidation studies. Among the issues raised by these studies as deterrents to school district consolidation are the following: higher transportation costs; negative impacts on labor relations; lower staff motivation and effort; lower student sense of identity with their community; and lower parental involvement.

Nevertheless, school district consolidation appears on face value to make sense financially for many school districts. The state education guide to consolidation posits that, "reorganization creates the potential for school districts to operate more efficiently and economically." The focus of these efficiencies for many consolidated school districts would be on reduction of administrative costs, possible elimination of some teaching and support staff positions, increased purchasing power, and reductions in some transportation costs. Additional state aid to encourage and support consolidation may also reduce district costs to the taxpayers.

The current laws and regulations which control the process of school district reorganization or consolidation mandate an extensive cooperative effort by the school boards and superintendents of the districts in which consolidation is being contemplated. The current law requires feasibility studies, public information sessions, and a district vote to consolidate. A majority of voters in each of the consolidating districts is required.

Much of the current interest in school district consolidation has been generated by the report issued in December 2008 by the New York State Commission on Property Tax Relief. This commission was chaired by Nassau County Executive Thomas R. Suozzi. Hence it has been frequently referred to in the media as "the Suozzi report" or "Suozzi proposal." The actual report to the governor is 126 pages in length and contains numerous proposals and recommendations to

curtail government spending, reduce overlap in agencies, develop shared services, and provide mandate relief. The media have analyzed the findings and reported them on a regional basis. Thus, *Newsday* reported on December 2, 2008 that nineteen school districts on Long Island with student populations of less than 1000 could be subject to mandatory consolidation as recommended by the report. Fire Island School District was one of the districts which could be considered for mandatory consolidation with another school district or districts.

The current study has been prepared for the Fire Island Board of Education as a preliminary analysis and response to the suggestion that the school district should consolidate with one of its neighboring districts. The key issue for the Board to consider would appear to be financial. The question is whether consolidation with a larger school district would benefit the residents and taxpayers by reducing their property tax burden. It should be noted that the findings recommended in the "Suozzi report" would require extensive changes in current law and that the proposed changes contain many controversial elements.

The recommendation which specifically would affect Fire Island School District states: "Require consolidation of school districts that have fewer than 1,000 pupils." (p. 86) However, the commission report goes on to say that, "the State Education Department should undertake reviews that examine school districts under objective standards based on pupil enrollment trends, geography, breadth of educational programs, potential fiscal savings and level of tax burden. This Commission recognizes that these reviews could identify isolated instances where consolidation of districts would not be feasible." In terms of tax burden Fire Island School District would not meet the criteria for consolidation.

In conducting this study we examined the current tax structure for Fire Island and then considered the tax burden implications in two scenarios: consolidation with Bay Shore School District and consolidation with Islip School District. These are the school districts to which Fire Island currently sends its secondary students on a tuition-paying basis. We have used the current regulations and aid formulas for consolidation in the scenarios. Any changes in law or aid ratios under the recommendations of the "Suozzi Report" would be merely speculative.

FINANCIAL IMPLICATIONS OF CONSOLIDATION

In order to encourage districts to consolidate, the state currently offers additional state aid to a newly consolidated district for a fourteen year period. The initial aid is a forty percent increase of each former district's foundation aid. This aid is reduced by four percent a year after the fifth year of the consolidation. If Fire Island and Bay Shore consolidated, the total increase for this aid would be \$10,440,635. This aid would reduce the cost of the total levy for the newly consolidated district. However, since the tax levy is paid by the property value of the total new district, Fire Island would be responsible for 38% of the total levy. This would amount to \$29,064,313. This levy is over six times greater (levy multiplier of 6.3) than the adjusted levy

(\$4,610,969) of Fire Island School District. The adjusted levy is the current levy minus the state foundation aid increase. It is clear that there would be no financial incentive for any member of the Fire Island community to advocate or vote for consolidation with Bay Shore School District.

BAY SHORE/FIRE ISLAND TAX LEVY

	BAY SHORE	FIRE ISLAND	BAY SHORE/FIRE ISLAND
Budget	\$131,142,214.00	\$5,258,839.00	\$136,401,053.00
Levy	\$81,943,874.00	\$4,685,839.00	
Foundation aid	\$25,914,414.00	\$187,174.00	
Foundation aid increase	\$10,365,765.60	\$74,869.60	
Reductions			
Additions			
Adjusted levy	\$71,578,108.40	\$4,610,969.40	\$76,189,077.80
Property value	\$4,032,579,624.00	\$2,487,103,266.00	\$6,519,682,890.00
Percent of levy	62%	38%	
New levy share	\$47,124,764.79	\$29,064,313.01	
Levy multiplier		6.303297742	

In reviewing the same data for a consolidation with the Islip School District a similar result occurs. Fire Island, because of its considerable property wealth, would be responsible for 53% of the new levy, which would amount to \$21,376,686. This is greater than four and a half times (levy multiplier of 4.6) the adjusted levy of \$4,610,969. Again there is no financial incentive for Fire Island to merge with Islip. Because of Fire Island's significant property wealth behind each child it educates, there is no adjacent district that would allow for any financial benefit of a merger.

As was mentioned in the “Suoizzi report” consolidation may not be feasible for some districts. Fire Island School District clearly falls into this category.

ISLIP/FIRE ISLAND TAX LEVY

	ISLIP	FIRE ISLAND	ISLIP/FIRE ISLAND
Budget	\$64,456,665.00	\$5,258,839.00	\$69,715,504.00
Levy	\$41,423,895.00	\$4,685,839.00	
Foundation aid	\$13,730,789.00	\$187,174.00	
Foundation aid increase	\$5,492,315.60	\$74,869.60	
Reductions			
Additions			
Adjusted levy	\$35,931,579.40	\$4,610,969.40	\$40,542,548.80
Property value	\$2,229,881,460.00	\$2,487,103,266.00	\$4,716,984,726.00
Percent of levy	47%	53%	
New levy share	\$19,165,861.91	\$21,376,686.89	
Levy multiplier		4.636050477	

Since the increase in the new tax levy from a consolidation with either Bay Shore or Islip is so great, it is unnecessary to speculate as to savings due to reductions of staffing, elimination of tuition payments, reduction in administrative costs, or even the closing of school facilities on Fire Island. The disparity in property wealth always results in a huge increase of tax burden for Fire Island taxpayers in any current consolidation.

Respectfully submitted,

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