

Now retired, I taught public high school in New York State for thirty four years. Education was my profession of choice, and though mentally and physically challenging, I found teaching to be a rewarding experience.

Soon after I began teaching, the Taylor law (Public Employees Fair Employment Act) was enacted, prohibiting strikes in the public sector but in return guaranteeing the right for public sector employees to form bargaining units (unions) and to engage in collective bargaining with their respective employers. Those collective bargaining rights were the vehicle to bring about much needed reform in the education profession in New York State .

I became active in the local bargaining unit (then an affiliate of NYSTA, New York State Teachers Association) which now has become NYSUT, the New York State United Teachers. I served as a building representative, as a member of several negotiating teams, an officer of the local unit and eventually served as President of the local association. Many gains were made on several fronts, both locally and statewide. I shudder to think of where the Education profession would be without collective bargaining rights.

There has always been an inmate disparity resulting from funding public education from property taxes. “Wealthier” districts with broader and deeper tax bases have been able to provide their students with “more” including flexible scheduling, smaller class sizes, expanded course offerings including advanced placement courses, more foreign language options, newer equipment and resources, enrichment programs, newer technologies, updated and renovated facilities, extracurricular and sporting programs, field trips and much more. Even with New York State school aid, “poorer” districts often cannot afford the costs associated with such programming and offerings.

The growth of the union movement in Education has added to the disparity. Local negotiations within respective school districts have resulted in contracts that vary greatly in reference to working conditions, salaries, health and retirement benefits, early retirement incentives and others. Again, “wealthier” districts have the advantage of being able to provide “more”. The collective bargaining process has also created a competitive atmosphere pitting school districts against each other which has inflated salaries and benefits. The bargaining process itself often has proven to a sizable expense especially when negotiations become protracted and involve litigation. Unfortunately, the toll can be more than financial. Too often the negotiation process has led to increased animosity and a decline in positive morale.

Not only a teacher and a union member, I am also a property owner and a school tax payer. Like so many, I continue to be concerned, if not alarmed at ever escalating school property taxes. Drastic increases in state aid have done little to ease the property tax burden and have been out paced by increases in salaries, health care insurance costs and retirement system contributions and other costs.

Sizable cuts in state aid two years ago resulted in many school districts, especially in the upstate rural areas, having to reduce professional and support staffs, curtailing and eliminating educational programs and activities. The disparity of those cuts is illustrated by school districts concerned about the potential loss of a Mandarin Chinese program in the “wealthier” districts, while other “poorer districts” struggle to provide staffing for core English instruction mandated by the state.

Now, with the adoption of the New York State fixed 2% property tax cap, school districts are struggling to cope with severe budgetary restraints. Daily, the local media relates the difficulties plaguing local school districts in their attempts to balance the educational needs of their students and the budgetary dictates of New York State.

The success rate of passage of school referendums meeting the 2% tax cap this past May 2012, was heralded as “proof” that the tax cap does indeed work. But that success has come at a price: the layoff of many professional and support school staff, the trimming or elimination of many educational and extracurricular programs, and the use of reserve funds in order to meet the constraints of the tax cap. Important to note, public school taxes on average still did increase 2%.

Announcement has recently been made that in the next budgetary cycle, public schools will once again have to “deal with” a 2% property tax cap. Once again, schools will have no other option but to continue to cut both staff and programs. Many public school districts are being driven toward insolvency. This is not sustainable. Other than property taxes, alternative or supplemental sources of revenue must be found to support public education in New York State.

I have had the opportunity to meet and listen to addresses by our Governor, Andrew Cuomo. A recurring theme, Governor Cuomo uses the phrase, “...we need to step outside of the box....” when it comes to solving many of the problems confronting New York State. That is precisely what the Governor has done in curbing excessive state spending, passing budgets on time, and working with a seemingly dysfunctional state legislature. Though I am not in blind agreement with everything our Governor has done, I do support and respect his efforts in moving New York State forward.

I welcome this opportunity to forward a possible plan in lessening the financial crisis in the public schools of New York State. No, this plan is not a “silver bullet”. This plan will not in any way make public education free. I am not assuming that these proposals are complete or perfect. I am attempting to “step outside the box” in offering a new approach to addressing the fiscal crisis in New York State public education. I respectfully submit “The Orzel Plan” for your consideration.

The proposal is divided into three sections:

THE PURPOSE (the goals and objectives of the plan)

THE PLAN (the specific proposals in achieving the goals and objectives)

THE PAYMENT (the means to provide financial support of the plan)

THE ORZEL PLAN

THE PURPOSE

Goals:

- To effectively lower the burden of public school taxes on residential and business property owners
- To level and equalize the salary compensation and benefits of professional staff including teachers and administrators in New York State public schools
- To make the recently adopted property tax cap more workable as it pertains to school finance in New York State public schools
- To preserve and maintain collective bargaining rights for professional staff including teachers and administrators in New York State public schools
- To decrease the acrimony and expenses generated by local contract negotiations for professional staff including teachers and administrators in New York State public schools
- To provide an alternative and/or supplementary revenue base for the financial support of New York State public schools
- To provide public schools with flexibility in providing more educational programs at minimal costs

THE PLAN

A. ALL PUBLIC SCHOOL PROFESSIONAL STAFF INCLUDING SUPERINTENDENTS, ADMINISTRATORS AND TEACHERS SHOULD BE DIRECTLY PAID BY THE STATE OF NEW YORK. Whether that payment be weekly, every other week, or once a month, by check in the mail or direct deposit, New York State would provide payment for the salaries and benefits of these public school employees.

The benefits from this proposal would be:

- **A SIZABLE REDUCTION IN LOCAL PUBLIC SCHOOL PROPERTY TAXES**
The greatest percentage (40%, 50% and higher) of every public school district annual budgets are the appropriations for the salaries and benefits of the professional staff within that district including school superintendents, administrative staff and teachers. School districts currently have little control over contractual salary increases, increases in health insurance costs and increases in retirement pension costs. Removing those expenses from local school budgets would drastically lower total budget expenses resulting in sizable reductions in school property levies for both residents and businesses.
- **THE RECENTLY ADOPTED PROPERTY TAX CAP WOULD BECOME MORE WORKABLE IN ITS APPLICATION TO PUBLIC SCHOOL FINANCE.**
The bulk of public school appropriations to be derived from the local school property tax base would now be the salaries and benefits of school support staff (clerical staff, custodial staff, kitchen staff, school bus drivers, etc.) contractual costs (books, paper, etc.) and capital expenditures (building maintenance and repair, construction, etc.) Applying the property tax cap to increases in these costs would be more workable in drafting and submitting budgets for voter approval.
- **AT MINIMAL EXPENSE PUBLIC SCHOOLS WILL BE ABLE TO MAINTAIN AND EXPAND EDUCATIONAL PROGRAMS.**
The major expenditures associated with offering or expanding educational programs (advanced placement courses, more foreign languages, enrichment programs, remedial instruction, etc.) are the costs of compensation and benefits for professional staff. A “transfer” of those costs from within a local public school district to New York State would provide public school districts, with limited revenues, the ability and flexibility to increase their educational offerings.

B. NEGOTIATIONS FOR THE CONTRACTS GOVERNING PUBLIC SCHOOL

PROFESSIONAL STAFF WOULD BE CONDUCTED DIRECTLY WITH THE STATE OF NEW YORK. Through a selective and/or elective process, recognized bargaining units and their respective affiliations (NYSUT, UFT, AFT, etc.) would compose a “negotiating team” or unit that would engage in direct negotiations with a New York State “negotiating team” or unit selected/elected by the Governor, the Assembly, the Senate, The Commissioner of Education, the Comptroller, etc. The focus of the negotiations would be to establish salary compensation, health care insurance coverage(s) and contributions to the retirement system for all New York State public school professional employees. Formulas and guidelines taking into account location (urban core, urban, suburban, rural, rural isolated, etc.) student population, cost of living, etc would be developed to determine salaries and benefits. The goal of this negotiation process would be to develop and adopt a contract that would be applicable to all New York State public school professional employees and would help create a sense of uniformity and “fairness” whereby professional educators with the same/similar educational backgrounds and years of service working in the same/similar school districts across the entire state, would be equally compensated.

The benefits from this proposal would be:

- **A PRESERVATION OF ALL COLLECTIVE BARGAINING RIGHTS.**
The shift from negotiations within the local public school districts to negotiations on a state level would not compromise or jeopardize the collective bargaining rights guaranteed in the Taylor law.
- **A REDUCTION OF LOCAL SCHOOL DISTRICT NEGOTIATING COSTS.**
The costs incurred by local districts in lengthy protracted negotiations and the litigation often arising from those negotiations would be reduced. The acrimonious and even hostile environments often resulting from local contract negotiations would be greatly reduced as well.
- **AN END TO THE COMPETITIVE NATURE GENERATED BY LOCAL NEGOTIATIONS THAT SEEMINGLY PIT SCHOOL DISTRICTS AGAINST EACH OTHER.**
Since the inception of the Taylor Law, a competitive nature has developed between neighboring school districts across the state. For example: If a negotiated agreement in District A provides for a 3% increase in salary for professional staff, then the professional staff in neighboring District B certainly would expect the same and the professional staff in neighboring District C would expect even more. This “competitive atmosphere” leads to salary inflation. Negotiations on a state level would eliminate this “competition”.
- **A REDUCTION IN THE DISPARITY OF PUBLIC SCHOOL PROFESSIONAL STAFF SALARY COMPENSATION AND BENEFITS.**
The “playing field would be leveled” and as a result, public school professional staff members with similar educational backgrounds and years of experience in school districts with similar composition in terms of location, student population, tax base, and costs of living would receive the same/similar salary compensation and benefits. Every public school professional staff member would receive the same identical health insurance coverage and benefits at the same identical cost. The cost of any additional benefits, riders or coverages would be born completely by the employee. The percentage of the total

annual cost of the insurance coverage to be paid by the professional staff member would be subject to negotiation with the state. The extension or continuation of health insurance benefits after retirement would be the same across the state for all public school professional staff members. Every public school professional staff member would be afforded the same identical retirement benefits at the same identical cost. The percentage of the total annual cost of the retirement benefit to be paid by the professional staff member would be subject to negotiation with the State. Any retirement incentive in terms of qualification and compensation would be identical across the State for all public school professional staff members.

THE PAYMENT

THE STATE OF NEW YORK SHOULD USE EARNED AND INVESTMENT INCOME AS THE BASIS FOR GENERATING REVENUES TO COMPENSATE THE WAGES AND BENEFITS OF PUBLIC SCHOOL PROFESSIONAL EMPLOYEES. These revenues from earned income would be collected as an “educational deduction” or payroll taxes (similar to Social Security), deducted and collected by employers and forwarded to the State on a set schedule. These revenues would not be “matched” by employers. Residents of New York State who do not receive a “payroll check” on a regular basis or who derive their income from investments or other sources would remit payment based on annual income tax filings to the State of New York. These revenues would be specifically ear marked and targeted for, and only for, the expressed purpose of providing the funding base to compensate public school professional employees in New York State.

(PLEASE NOTE: I am aware that the preceding “theory” of payment immediately triggers many questions concerning the usual how, what, when, who, etc. For example:

Would those earning less than \$30,000 be exempted from this payroll “educational deduction”?

At what income levels would those living on a fixed income be subject to payment of this “educational deduction”?

Would the payroll deductions be indexed? Would the taxing rates be progressive in that the more one earns the more they would pay?

Would every dollar of earned or investment income be subject to this “educational deduction” or would ceilings be established whereby the amount of earned or investment income subject to this “educational deduction” would be capped or limited?

How would this payment formulation impact New York State aid to schools? Would the bulk of state aid to education be directed into revenue accounts used to compensate New York State public school professional employees? Would/should state aid be decreased significantly?

I have given consideration to these and many other questions. However, for the sake of the initial and basic proposals as presented here, I defer those questions to a future time.)

The benefits of this proposal would be:

- **A REVENUE SOURCE OTHER THAN PROPERTY TAXES TO FUND AND SUPPORT EDUCATION IN NEW YORK STATE.**

The ever increasing school property taxes, even with a tax cap, continue to exert considerable pressure on residents and business owners . Though school property taxes would not be eliminated completely, they should stabilize and actually decrease. Earned and investment income would provide a much wider and extensive base than property ownership in generating revenue to support public school education.

- **A REDUCTION IN PUBLIC SCHOOL PROPERTY TAXES WOULD HAVE A BENEFICIAL IMPACT UPON RESIDENTIAL AND BUSINESS REAL ESTATE MARKETS.**

Property taxes, school taxes in particular, often have a detrimental impact upon residential or business real estate transactions. A significant lowering of school property taxes would have an opposite effect. Similarly, property rental fees would be impacted in a positive manner.

- **PROPERTY OWNERS WHO EXPERIENCE A JOB LOSS OR LAYOFF WOULD NOT BE SUBJECT TO AN INCOOME BASED EDUCATIONAL PAYROLL TAX.**

Currently, any property owner who experiences the loss of a job or a layoff however temporary, is still subject to paying the full amount of the assessed school property tax. Under this proposal, a property owner experiencing a job loss or a layoff would have no earned income and therefore would not be subject to a payroll “educational deduction”. They would still be subject to the payment of an assessed school property tax, but that tax would be significantly lower.

- **CONSIDERABLE REDUCTIONS IN PUBLIC SCHOOL RESIDENTIAL AND BUSINESS PROPERTY TAXES WOULD “FREE UP” CAPITAL IN THE ECONOMY.**

Decreases in public school property taxes for both district residents and businesses would “free up” capital expenditure, for investment, expansion and possible job creation.

SUMMATION

The importance of public school education can not be overstated. However important, public education is not “free”. Using assessed property as the sole base from which to generate the revenue to fund, support and maintain local public schools has reached a breaking point. Given the economic climate, increased State aid to public schools is no longer a viable option in providing relief in addressing revenue inequities, especially in needy public school districts. The recently enacted property tax cap has proven to be, and will continue to be a detriment to local school districts in providing necessary and proper public school education. Other than a property tax base and state aid, alternative and supplementary sources of revenue must be found and established to provide property tax payers with relief and all public school students with the essential education necessary for them to become secure and productive members of society. In the event that my attempt to “step out of the box” in forwarding these proposals falls short of being possible or productive, it is my sincerest hope that other efforts will be made to find solutions to the fiscal crisis in funding public school education in New York State.