Unsurprising Reasons Why Scarsdale School Taxes are High

It is generally believed that Scarsdale has high property taxes. But are they too high? Are they higher than they should be? Are they high for bad reasons?

I have been studying these questions for some time, and this memo discusses my observations in the specific area of School Taxes. I am starting with School Taxes for several reasons.

- School Taxes are a high percentage (in the range of 60% to 65%) of the total property taxes that are paid by Scarsdale taxpayers.
- There is remarkably extensive historical data on New York State school districts.
- It is easier to compare school districts than to compare cities/towns/villages because of the intricacies of the town/village overlaps.
- The nature of the service provided by the school districts is basically the same in all locations (generally, K-12 education), while the cities/towns/villages provide multiple types of services (police, fire, sanitation, recreation, water, etc.) and provide them in different ways (fire districts, sewer districts, etc.).

1 Limitations

I am not evaluating taxes relative to the actual value of the services received. I have no expertise regarding what it should cost to run a school district (or a police department or a sanitation department, etc.). My approach is to evaluate Scarsdale relative to other districts in Westchester and New York State.

The analysis uses publicly available data provided by entities such as the New York State Education Department (NYSED) and the United States Census. I focused on school year 2016-2017, because it is the most recent year with complete information from all the sources, but the patterns are stable over many years.

Also, as a preliminary matter, I take as a given that Scarsdale has an excellent school system and that Scarsdale is affluent. I am not attempting to prove these observations.

2 Definition of School Tax

I define School Tax as what the district's budgets refer to as the Net Property Tax Levy.[1] This is comprised of the property taxes levied, plus certain Payments in Lieu of Tax (PILOTs), and minus the School Tax Relief (STAR) amount.[2] As I understand it, when local taxpayers pay

[1] See, for example, the 2018-2019 budget document, https://www.scarsdaleschools.k12.ny.us/cms/lib/NY01001205/Centricity/Domain/5/2018-19%20BUDGET%20-%20FINAL.pdf, page 11 (pdf page 17), showing Net Property Tax Levy of 136,552,552 for 2016-2017.

[2] The source for this data is the NYSED "ST-3" datasets. https://stateaid.nysed.gov/st3/st3data.htm.

taxes the district gets the full amount of the taxes, but the taxpayers get STAR refunds from the state. So, the STAR amount effectively comes from the state, not the local taxpayers. NYSED considers the STAR amount to be a state revenue, not a local revenue.

3 Summary of Conclusions

Cutting to the chase, my basic conclusions are as follows.

- It is fair to conclude that Scarsdale's School Taxes are high and indeed the highest in Westchester.

- However, this is predominantly not the result of anything school leadership has done or has control over. This is predominantly for two reasons.

    - Scarsdale is affluent. It therefore receives less state and federal support than other districts and must pay a higher percentage of expenses using School Taxes.

    - Scarsdale is desirable. Because Scarsdale is viewed as a good place to raise families and enroll children in the school system, school pupils comprise a high percentage of the Scarsdale population. If two districts have the same total population and are otherwise the same, but one has more children enrolled in the schools, the one with the more pupils will have more expenses.

Section 4 provides the basic demonstration that the School Taxes are high. Section 5 provides the analytical framework by with I identify three common sense factors that impact the taxes. Sections 6 and 7 demonstrate quantitatively how these factors combine to impact taxes and, specifically, how the factors that reflect Scarsdale's affluence and desirability predominantly contribute to the high taxes. Section 8 briefly discusses the how all these considerations may be relevant to the planning for the Freightway project. Section 9 provides a conclusion.

4 Basic Demonstration that School Taxes are High

Before I explain *why* Scarsdale's School Taxes are high, I will demonstrate why I think it is correct to say that they are high.

There is no undisputed official metric for this. The metric I am using is "School Tax Per Capita", *i.e.*, the ratio of the School Tax over the District Population.

School Tax per Capita = School Tax / District Population

The Scarsdale School Tax is $136,552,552 and the District Population[3] is 18,410, so the ratio is

School Tax per Capita	=	$136,552,552 / 18,410
	=	$7,417

Appendix A discusses other metrics I considered and the reasons for selecting this particular metric.

Table 1 provides this information for the 40 Westchester school districts[4] and ranks them from highest to lowest. Scarsdale ranks number 1.

[3] The source for population data is https://www.census.gov/programs-surveys/saipe/data/datasets.html.

[4] The 40 Westchester districts shown and referred to through this analysis do not include the "institutional" (also known as "special acts") school districts that serve at-risk and special-needs type students from throughout the region and state, often on a residential basis. These are not funded using property taxes.

Table 1 School Tax per Capita -- Westchester Districts				
School District	School Tax	District Population	School Tax per Capita	Rank
Scarsdale UFSD	136,552,552	18,410	7,417	1
Byram Hills CSD	78,989,135	11,731	6,733	2
Bronxville UFSD	39,643,530	6,493	6,106	3
Chappaqua CSD	100,338,003	16,543	6,065	4
Edgemont UFSD	45,450,912	7,654	5,938	5
Pocantico Hills CSD	24,625,142	4,525	5,442	6
Blind Brook-Rye UFSD	34,936,024	6,576	5,313	7
Irvington UFSD	47,483,103	9,433	5,034	8
Rye City SD	73,395,764	15,071	4,870	9
Ardsley UFSD	45,870,003	9,874	4,646	10
Briarcliff Manor UFSD	36,683,182	8,044	4,560	11
Katonah-Lewisboro UFSD	84,557,329	18,718	4,517	12
North Salem CSD	34,075,485	7,577	4,497	13
Pelham UFSD	54,789,529	12,729	4,304	14
Mamaroneck UFSD	111,355,535	29,155	3,819	15
Hendrick Hudson CSD	59,950,744	15,812	3,791	16
Hastings-on-Hudson UFSD	32,818,656	8,743	3,754	17
Rye Neck UFSD	33,313,675	8,890	3,747	18
Pleasantville UFSD	31,147,329	8,322	3,743	19
Bedford CSD	108,834,605	29,413	3,700	20
Valhalla UFSD	36,474,407	9,862	3,698	21
Croton-Harmon UFSD	33,826,742	9,708	3,484	22
Harrison CSD	96,981,743	28,208	3,438	23
Mount Pleasant CSD	44,998,347	13,303	3,383	24
Elmsford UFSD	26,190,159	7,926	3,304	25
Dobbs Ferry UFSD	31,946,280	9,754	3,275	26
Eastchester UFSD	61,795,244	19,102	3,235	27
Somers CSD	63,738,033	20,049	3,179	28
Tuckahoe UFSD	23,943,787	7,637	3,135	29
Yorktown CSD	65,177,093	21,192	3,076	30
White Plains City SD	162,935,605	58,379	2,791	31
UFSD of the Tarrytowns	50,896,279	20,074	2,535	32
Lakeland CSD	90,326,553	36,184	2,496	33
Ossining UFSD	83,486,430	35,149	2,375	34
New Rochelle City SD	184,156,984	79,129	2,327	35
Greenburgh CSD	47,423,804	22,386	2,118	36
Port Chester-Rye UFSD	56,490,265	32,745	1,725	37
Mount Vernon SD	118,342,136	69,096	1,713	38
Peekskill City SD	35,009,238	24,216	1,446	39
Yonkers City SD	220,584,476	201,238	1,096	40

This table convinces me that Scarsdale's School Taxes are high.

It is noteworthy that Scarsdale is higher on a per capita basis than districts that are larger than Scarsdale, such as White Plains, as well as districts that are smaller than Scarsdale, such as Bronxville and Edgemont. It cannot simply be argued that larger districts benefit from "economies of scale" or that smaller districts are "easier to manage".

Also, districts that are close in size to Scarsdale, such as Katonah-Lewisboro and Eastchester, have much lower aggregate School Taxes without even using the per capita metric.

So, what are the factors that impact the School Tax, and why do they result in such relatively high taxes for Scarsdale?

5 Analytical Framework

School Tax per Capita is a ratio.

School Tax per Capita	=	School Tax / District Population

By adding offsetting numerators and denominators, this can be restated as the product of three ratios.

School Tax per Capita	=	(School Tax / Expenditures)
	×	(Expenditures / Number of Pupils)
	×	(Number of Pupils / District Population)

To me, each of these ratios has a common sense meaning as a factor that impacts the result.

- **School Tax / Expenditures.** I will refer to this as "School Tax as Percent of Expenditure." I see this percentage generally as reflecting the district's affluence. Affluent districts get less state and federal support, so they pay more of the expenses from local sources, mainly the School Tax, resulting is a high percentage. Less affluent and poor districts get more state and federal support, which reduces the dependence on the School Tax.

- **Expenditures / Number of Pupils.** I will refer to this as "Expenditure per Pupil." I see this ratio generally as reflecting the scope and quality of educational services delivered to the pupils. I understand there may be instances of excessive compensation or similar concerns, but on balance I expect this ratio to be high when a district seriously aspires to educational excellence.

- **Number of Pupils / District Population**. I will refer to this as "Pupils as Percent of District Population." I see this percentage as reflecting the public's perception of the desirability of the district as a place to raise families and send children to the public schools. If you moved to a district because of the schools (and other attributes that favor families) you should not be surprised that other people did the same thing, resulting in the number of pupils being a relatively high percentage of the total population.

For Scarsdale, these three factors are as follows.

School Tax as Percent of Expenditure = 91.8%
Expenditure per Pupil = $31,118
Pupils as Percent of District Population = 26.0%

Thus,

School Tax per Capita	=	91.8%
	×	$31,118
	×	26.0%
	=	$7,417.

(Numbers do not multiply exactly due to rounding.)

Of these factors, only the second one, Expenditure per Pupil, can reasonably be considered within the past, current or future control of the school leadership. The other two are predominantly a reflection of a district's relative affluence and desirability.

The following section presents data on each factor in detail, showing Scarsdale relative to other districts in Westchester and New York State. I also comment of some of the subtleties that impact these factors in some situations. Section 7 then presents the composite effect.

6 Three Critical Factors

6.1 School Tax as Percent of Expenditure

If you choose to live in an affluent school district, you should not be surprised that your school district gets less state and federal support than other school districts. In other words, you should not be surprised that School Taxes are a higher percentage of the funding for the school budget than in less affluent districts, which get more state and federal support.

Table 2 confirms this. It shows School Tax as Percent of Expenditure for the 40 Westchester school districts, showing Scarsdale's 91.8%, which ranks number 1.[5]

[5] The data source for Expenditures is http://www.oms.nysed.gov/faru/Profiles/profiles_cover.html. See MASTERFILE FOR 2016-2017. Older files are also used for historical information.

Table 2 School Tax as Percent of Expenditure -- Westchester Districts				
School District	School Tax	Expenditures	School Tax as Percent of Expenditure	Rank
Scarsdale UFSD	136,552,552	148,682,564	91.8%	1
Byram Hills CSD	78,989,135	87,590,878	90.2%	2
Harrison CSD	96,981,743	108,144,296	89.7%	3
Rye City SD	73,395,764	82,019,754	89.5%	4
Pocantico Hills CSD	24,625,142	27,754,838	88.7%	5
Bedford CSD	108,834,605	125,016,391	87.1%	6
Chappaqua CSD	100,338,003	117,213,058	85.6%	7
Rye Neck UFSD	33,313,675	39,136,281	85.1%	8
Elmsford UFSD	26,190,159	31,129,916	84.1%	9
North Salem CSD	34,075,485	41,453,937	82.2%	10
Blind Brook-Rye UFSD	34,936,024	42,592,376	82.0%	11
Mamaroneck UFSD	111,355,535	136,334,143	81.7%	12
Bronxville UFSD	39,643,530	48,719,127	81.4%	13
Edgemont UFSD	45,450,912	56,024,684	81.1%	14
Irvington UFSD	47,483,103	58,810,006	80.7%	15
Katonah-Lewisboro UFSD	84,557,329	105,660,178	80.0%	16
Hendrick Hudson CSD	59,950,744	75,686,986	79.2%	17
Croton-Harmon UFSD	33,826,742	43,396,725	77.9%	18
Mount Pleasant CSD	44,998,347	57,807,651	77.8%	19
White Plains City SD	162,935,605	210,334,012	77.5%	20
Pelham UFSD	54,789,529	70,791,252	77.4%	21
Tuckahoe UFSD	23,943,787	31,326,552	76.4%	22
Dobbs Ferry UFSD	31,946,280	42,897,438	74.5%	23
Briarcliff Manor UFSD	36,683,182	49,365,557	74.3%	24
Eastchester UFSD	61,795,244	83,537,003	74.0%	25
Somers CSD	63,738,033	86,621,778	73.6%	26
Hastings-on-Hudson UFSD	32,818,656	44,856,243	73.2%	27
New Rochelle City SD	184,156,984	254,833,325	72.3%	28
Valhalla UFSD	36,474,407	51,228,165	71.2%	29
Ardsley UFSD	45,870,003	64,961,598	70.6%	30
Greenburgh CSD	47,423,804	67,577,847	70.2%	31
Yorktown CSD	65,177,093	95,708,030	68.1%	32
Ossining UFSD	83,486,430	124,219,326	67.2%	33
UFSD of the Tarrytowns	50,896,279	75,879,419	67.1%	34
Pleasantville UFSD	31,147,329	49,022,988	63.5%	35
Lakeland CSD	90,326,553	153,889,413	58.7%	36
Port Chester-Rye UFSD	56,490,265	98,194,139	57.5%	37
Mount Vernon SD	118,342,136	257,025,721	46.0%	38
Peekskill City SD	35,009,238	85,828,184	40.8%	39
Yonkers City SD	220,584,476	602,451,325	36.6%	40

Some further information.

- Over the past five years, Scarsdale's rank in Westchester has ranged from 1 to 3, and the average is 2.0.

- Scarsdale ranks 11 in New York State. Over the past five years, Scarsdale's rank in New York State has ranged from 11 to 26, with an average of 15.8.

- The Westchester average is 74.7%, and the New York State average is 46.5%. (All averages presented in this memo are unweighted means. Weighted means are significantly impacted by large cities, such as Yonkers and New York City.)

This is not a situation that can be attributed to excessive compensation or similar concerns with respect to school leadership. This is an inherent result of Scarsdale being affluent. As further confirmation of this point, Scarsdale's combined state plus federal revenue as a percent of expenditures ranks last -- 40 out of 40 -- in Westchester. It ranks 664 out of 675 in New York State.[6]

It should be noted that there are a few situations where other districts have low School Tax percentages without corresponding high state and federal percentages. Pleasantville, for example, receives significant amounts of tuition revenue. I have studied this further issue of local revenues that are not School Taxes, and it does not alter my basic conclusions. I have avoided an extensive discussion here in the interest of brevity, but I can discuss it if anyone is interested.

Thus, even if the level of spending per pupil in Scarsdale is reasonable as discussed in Section 6.2, the amount required from local property taxes is quite high. If Scarsdale was spending the same amount per pupil, but was less affluent and thus obtained more state and federal support, all other things being equal, the level of local property taxes would go down.

6.2 Expenditure per Pupil

As a matter of common sense, if the goal is to fund an excellent public school district, and one of the best in the country, the state and the county, I would expect the Expenditure per Pupil to be high. At the same time, it should not be excessively high relative to other districts. It should not be excessively high to an extent that indicates excessive compensation, or waste, or other management issues.

Table 3 shows Expenditure per Pupil for the 40 school districts in Westchester, ranked from highest to lowest. Scarsdale's figure, $31,118, ranks 12 which I think is pretty acceptable. Scarsdale is higher than the middle, but not extremely high.[7]

[6] The source for Local, State and Federal revenues is http://www.oms.nysed.gov/faru/Profiles/profiles_cover.html.
[7] The source for the number of pupils is http://www.p12.nysed.gov/irs/statistics/enroll-n-staff/home.html.

Table 3 Expenditure per Pupil -- Westchester Districts				
School District	Expenditures	Number of Pupils	Expenditure per Pupil	Rank
Pocantico Hills CSD	27,754,838	309	89,821	1
North Salem CSD	41,453,937	1,107	37,447	2
Byram Hills CSD	87,590,878	2,372	36,927	3
Greenburgh CSD	67,577,847	1,868	36,177	4
Valhalla UFSD	51,228,165	1,462	35,040	5
Katonah-Lewisboro UFSD	105,660,178	3,109	33,985	6
Irvington UFSD	58,810,006	1,750	33,606	7
Briarcliff Manor UFSD	49,365,557	1,480	33,355	8
Hendrick Hudson CSD	75,686,986	2,324	32,568	9
Elmsford UFSD	31,129,916	987	31,540	10
Mount Vernon SD	257,025,721	8,240	31,192	11
Scarsdale UFSD	148,682,564	4,778	31,118	12
Ardsley UFSD	64,961,598	2,097	30,978	13
Chappaqua CSD	117,213,058	3,805	30,805	14
Mount Pleasant CSD	57,807,651	1,881	30,732	15
Harrison CSD	108,144,296	3,587	30,149	16
Bedford CSD	125,016,391	4,180	29,908	17
Bronxville UFSD	48,719,127	1,674	29,103	18
White Plains City SD	210,334,012	7,299	28,817	19
Dobbs Ferry UFSD	42,897,438	1,491	28,771	20
Pleasantville UFSD	49,022,988	1,704	28,769	21
Blind Brook-Rye UFSD	42,592,376	1,486	28,662	22
Edgemont UFSD	56,024,684	1,965	28,511	23
Somers CSD	86,621,778	3,076	28,161	24
Hastings-on-Hudson UFSD	44,856,243	1,597	28,088	25
Yorktown CSD	95,708,030	3,428	27,919	26
Lakeland CSD	153,889,413	5,678	27,103	27
UFSD of the Tarrytowns	75,879,419	2,826	26,850	28
Croton-Harmon UFSD	43,396,725	1,637	26,510	29
Tuckahoe UFSD	31,326,552	1,185	26,436	30
Eastchester UFSD	83,537,003	3,226	25,895	31
Peekskill City SD	85,828,184	3,468	24,749	32
Pelham UFSD	70,791,252	2,873	24,640	33
Mamaroneck UFSD	136,334,143	5,554	24,547	34
Ossining UFSD	124,219,326	5,061	24,544	35
Rye Neck UFSD	39,136,281	1,620	24,158	36
Rye City SD	82,019,754	3,429	23,919	37
New Rochelle City SD	254,833,325	11,037	23,089	38
Yonkers City SD	602,451,325	26,598	22,650	39
Port Chester-Rye UFSD	98,194,139	4,925	19,938	40

Some further information.

- Over the past ten years, Scarsdale's rank in Westchester has ranged from 8 to 16, with an average of 12.1

- Scarsdale ranks 98 in New York State. Over the past ten years, Scarsdale's rank in New York State has declined from 57 in 2007-2008 to 98 in 2016-2017, with an average of 78.0. Relative to other districts, Scarsdale is reducing its spending per pupil.

- The Westchester average is $30,430 and the New York State average is $ 26,577.

Pocantico Hills is anomalously high on this measure because that district only provides K-8 education, with students then going to high school at either Pleasantville, Briarcliff Manor or Sleepy Hollow.[8] This reduces the pupil count, but the impact is offset by the corresponding low Pupils as Percent of District Population, as discussed in Sections 6.3 and 7.

6.3 Pupils as Percent of District Population

All other things being equal, the required property taxes for a district will increase as the number of pupils increases.

As stated above, if you choose to live in a school district because it has good schools, you should not be surprised that other people choose to live there for the same reason. You therefore should not be surprised that a relatively high percentage of the population comprises children in the public schools. Furthermore, you should not be surprised that taxes are higher than they would otherwise be if there were fewer pupils in the schools.

Table 4 shows Pupils as Percent of District Population for the 40 Westchester school districts. Scarsdale, at 26.0%, ranks number 1.

[8] https://www.pocanticohills.org/about_us

Table 4 Pupils as Percent of District Population -- Westchester Districts				
School District	Number of Pupils	District Population	Percent of District Population	Rank
Scarsdale UFSD	4,778	18,410	26.0%	1
Bronxville UFSD	1,674	6,493	25.8%	2
Edgemont UFSD	1,965	7,654	25.7%	3
Chappaqua CSD	3,805	16,543	23.0%	4
Rye City SD	3,429	15,071	22.8%	5
Blind Brook-Rye UFSD	1,486	6,576	22.6%	6
Pelham UFSD	2,873	12,729	22.6%	7
Ardsley UFSD	2,097	9,874	21.2%	8
Pleasantville UFSD	1,704	8,322	20.5%	9
Byram Hills CSD	2,372	11,731	20.2%	10
Mamaroneck UFSD	5,554	29,155	19.0%	11
Irvington UFSD	1,750	9,433	18.6%	12
Briarcliff Manor UFSD	1,480	8,044	18.4%	13
Hastings-on-Hudson UFSD	1,597	8,743	18.3%	14
Rye Neck UFSD	1,620	8,890	18.2%	15
Eastchester UFSD	3,226	19,102	16.9%	16
Croton-Harmon UFSD	1,637	9,708	16.9%	17
Katonah-Lewisboro UFSD	3,109	18,718	16.6%	18
Yorktown CSD	3,428	21,192	16.2%	19
Lakeland CSD	5,678	36,184	15.7%	20
Tuckahoe UFSD	1,185	7,637	15.5%	21
Somers CSD	3,076	20,049	15.3%	22
Dobbs Ferry UFSD	1,491	9,754	15.3%	23
Port Chester-Rye UFSD	4,925	32,745	15.0%	24
Valhalla UFSD	1,462	9,862	14.8%	25
Hendrick Hudson CSD	2,324	15,812	14.7%	26
North Salem CSD	1,107	7,577	14.6%	27
Ossining UFSD	5,061	35,149	14.4%	28
Peekskill City SD	3,468	24,216	14.3%	29
Bedford CSD	4,180	29,413	14.2%	30
Mount Pleasant CSD	1,881	13,303	14.1%	31
UFSD of the Tarrytowns	2,826	20,074	14.1%	32
New Rochelle City SD	11,037	79,129	13.9%	33
Yonkers City SD	26,598	201,238	13.2%	34
Harrison CSD	3,587	28,208	12.7%	35
White Plains City SD	7,299	58,379	12.5%	36
Elmsford UFSD	987	7,926	12.5%	37
Mount Vernon SD	8,240	69,096	11.9%	38
Greenburgh CSD	1,868	22,386	8.3%	39
Pocantico Hills CSD	309	4,525	6.8%	40

Some further information.

- Over the past ten years, Scarsdale's rank in Westchester has gone from 5 in 2007-2008 to 1 in 2016-2017, with an average rank of 2.2.

- Scarsdale ranks 3 in New York State. Scarsdale's New York State rank has gone from 10 in 2007-2008 to 3 in 2016-2017, with an average rank of 4.9.

- The Westchester average for this metric is 16.8%, and the New York State average is 14.1%.

Just like the high School Tax as Percent of Expenditure, the high Pupils as Percent of District Population is not a situation that I attribute generally to excessive compensation or similar concerns with respect to school leadership. This high percentage is basically a compliment to Scarsdale. It is an inherent result of Scarsdale being an attractive place to raise a family and send children to school. It could even be considered fundamental to the "ethos" or the "social compact" here in Scarsdale that we all support the education of each other's children.

In the interest of completeness, I should note one respect in which this percentage may be impacted by local decisions. I am referring to the practice of providing free tuition for children of staff who are not residents of Scarsdale. I was not able to find any NYSED or Westchester data regarding this practice at other districts. To estimate the potential impact, assume that there are 100 such pupils out of the total 4,778 Scarsdale pupil count. If they are excluded, Pupils as Percent of District Population becomes

(4,778 – 100) / 18,410 = 0.254 = 25.4%.

This would move the rank to 3 on Table 4. This assumes that neither Bronxville nor Edgemont also offer similar free tuition, and I do not know what they actually do.

The impact on the School Tax per Capita, all other things being equal, would be

School Tax per Capita	=	91.8%
	×	$31,118
	×	25.4%
	=	$7,262.

Scarsdale would still rank number 1 on Table 1. This does not alter my overall observations that Scarsdale's School Tax is high and that Scarsdale's high Pupils as Percent of District Population is predominantly the result of Scarsdale being an attractive place to raise a family and send children to school. I am not advocating the ending of the free tuition practice and I am not attempting to get into the various other aspects of this issue. I am noting it – and the limited extent of its impact -- for the sake of completeness.

Thus, even though the level of spending per pupil seems reasonable, Scarsdale is educating a relatively large number of pupils. If Scarsdale was spending the same amount per pupil and had the same population, but the number of public school pupils in its population was lower, the level of local property taxes would go down.

Finally, as explained in Section 6.2, the Pocantico Hills pupil count is low because the district only covers K-8. The low percentage here offsets the high Expenditure per Pupil, as further shown in Section 7.

7 Combined Effects

Table 5 restates the Table 1 ranking, but now showing the three factors that are multiplied together.

School Tax per Capita	=	(School Tax as Percent of Expenditure)
	×	(Expenditure per Pupil)
	×	(Pupils as Percent of District Population)

Also, at the bottom, Table 5 shows the impact of the Westchester and New York State averages.

Table 5 Components of School Tax per Capita					
School District	School Tax as Percent of Expenditure	Expenditure per Pupil	Pupils as Percent of District Population	School Tax per Capita	Rank
Scarsdale UFSD	91.8%	31,118	26.0%	7,417	1
Byram Hills CSD	90.2%	36,927	20.2%	6,733	2
Bronxville UFSD	81.4%	29,103	25.8%	6,106	3
Chappaqua CSD	85.6%	30,805	23.0%	6,065	4
Edgemont UFSD	81.1%	28,511	25.7%	5,938	5
Pocantico Hills CSD	88.7%	89,821	6.8%	5,442	6
Blind Brook-Rye UFSD	82.0%	28,662	22.6%	5,313	7
Irvington UFSD	80.7%	33,606	18.6%	5,034	8
Rye City SD	89.5%	23,919	22.8%	4,870	9
Ardsley UFSD	70.6%	30,978	21.2%	4,646	10
Briarcliff Manor UFSD	74.3%	33,355	18.4%	4,560	11
Katonah-Lewisboro UFSD	80.0%	33,985	16.6%	4,517	12
North Salem CSD	82.2%	37,447	14.6%	4,497	13
Pelham UFSD	77.4%	24,640	22.6%	4,304	14
Mamaroneck UFSD	81.7%	24,547	19.0%	3,819	15
Hendrick Hudson CSD	79.2%	32,568	14.7%	3,791	16
Hastings-on-Hudson UFSD	73.2%	28,088	18.3%	3,754	17
Rye Neck UFSD	85.1%	24,158	18.2%	3,747	18
Pleasantville UFSD	63.5%	28,769	20.5%	3,743	19
Bedford CSD	87.1%	29,908	14.2%	3,700	20
Valhalla UFSD	71.2%	35,040	14.8%	3,698	21
Croton-Harmon UFSD	77.9%	26,510	16.9%	3,484	22
Harrison CSD	89.7%	30,149	12.7%	3,438	23
Mount Pleasant CSD	77.8%	30,732	14.1%	3,383	24
Elmsford UFSD	84.1%	31,540	12.5%	3,304	25
Dobbs Ferry UFSD	74.5%	28,771	15.3%	3,275	26
Eastchester UFSD	74.0%	25,895	16.9%	3,235	27
Somers CSD	73.6%	28,161	15.3%	3,179	28
Tuckahoe UFSD	76.4%	26,436	15.5%	3,135	29
Yorktown CSD	68.1%	27,919	16.2%	3,076	30
White Plains City SD	77.5%	28,817	12.5%	2,791	31
UFSD of the Tarrytowns	67.1%	26,850	14.1%	2,535	32
Lakeland CSD	58.7%	27,103	15.7%	2,496	33
Ossining UFSD	67.2%	24,544	14.4%	2,375	34
New Rochelle City SD	72.3%	23,089	13.9%	2,327	35
Greenburgh CSD	70.2%	36,177	8.3%	2,118	36
Port Chester-Rye UFSD	57.5%	19,938	15.0%	1,725	37
Mount Vernon SD	46.0%	31,192	11.9%	1,713	38
Peekskill City SD	40.8%	24,749	14.3%	1,446	39
Yonkers City SD	36.6%	22,650	13.2%	1,096	40
Westchester Average	74.7%	30,430	16.8%	3,825	
New York State Average	46.5%	26,577	14.1%	1,744	

Some interesting individual observations.

- Pocantico Hills (rank 6), as discussed, shows how the low Pupils as Percent of Population offsets the high Expenditure per Pupil.

- Unlike Pocantico Hills, Byram Hills (rank 2) and North Salem (rank 13) are full K-12 schools, but they still have higher Expenditure per Pupil than Scarsdale. The impact is more than offset by the Pupils as Percent of Population.

- Pleasantville (rank 19) in particular has a low School Tax as Percent of Expenditure. As noted in Section 6.1, this does not entirely reflect the level of state and federal support for Pleasantville but instead arises because Pleasantville receives substantial tuition revenue from Pocantico Hills. Tuition revenue is not counted in the School Tax. Briarcliff Manor and some other districts are similarly affected, but Pleasantville seems most affected.

8 Freightway Project

I mention the Freightway project because it is timely. Although I have not been following it that closely, I am aware that there has been public discussion to the effect that the project should not encourage more pupils in the schools, and more generally, should not increase the tax burden on current taxpayers. The project report addresses this to an extent,[9] but the seven responses to the Request for Expression of Interest mostly do not say anything at all.[10]

The anticipated project appears big enough that it could impact a number of the elements used in the foregoing analysis, such as population, number of pupils and expenditures. Also, to what extent will the increase in the tax base reduce the share of taxes paid by everyone else in Scarsdale?

For these reasons, I think it is reasonable to expect that future Freightway proposals and analyses include specific estimates of the impacts on the tax base, tax collections, expenditures, population and number of pupils in the school system.

9 Conclusion

So, yes, the perception that Scarsdale's School Taxes are notably high is a valid perception. Since School Taxes are a dominant percentage of total taxes, it follows that total taxes are also notably high. I hope this memo demonstrates that the predominant reasons for the high taxes are not surprising and not under the control of the school leadership – we have chosen to live in an affluent community, and to raise families and send our children to school here.

The high taxes are the logical consequence of some essential characteristics of Scarsdale. This is an inherent structural situation. It does not make sense to fault anyone for causing this situation. But I suppose if I did want to view this as some sort of problem and I was looking for someone to blame, I would have to paraphrase Pogo: "We have met the enemy and they are us."

Michael Levine
January 7, 2019

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[9] http://www.scarsdale.com/DocumentCenter/View/2626/Freightway-Site-Redevelopment-Study-Feb-2018, pages 69-70 (pdf pages 75-76).

[10] The LMC response suggests a Payment in Lieu of Taxes (PILOT) as part of the project financing. "The 15-year PILOT would ramp up over the period until it reaches full market rate taxes in Year 16." http://www.scarsdale.com/DocumentCenter/View/3872/LMC---RFEI-final, page 29 (pdf page 31).

Appendix A

The memo uses School Tax per Capita as the metric for comparing the relative levels of School Taxes among districts.

School Tax per Capita = School Tax / District Population

I also considered three other methods, replacing District Population with other bases.

School Tax per Pupil = School Tax / Number of Pupils

School Tax per Parcel = School Tax / Number of Assessed Parcels

School Tax as Percent of Property Value
= School Tax / Full Value of Assessed Parcels

Table A summarizes the Scarsdale results using each of these.

Table A
School Tax Metrics

Method	Scarsdale Value	Westchester Rank (out of 40)	New York State Rank (out of about 675)
School Tax per Capita	$7,417	1	5
School Tax per Pupil	$28,579	4	46
School Tax per Parcel	$22,000	2	NA
School Tax as Percent of Property Value	1.31%	34	499

School Tax per Pupil. I rejected this metric because it disregards the impact of the relative number of pupils in the district. If two districts have the same total population and are otherwise the same, but one has fewer children enrolled in the schools, the one with the fewer pupils can pay more per pupil but still have lower overall School Taxes.

Even so, if this metric were to be used, Scarsdale is highly ranked. This confirms the high level of taxes.

School Tax per Parcel. This is an attractive approach in theory because the tax on a parcel is what the property owner actually sees and pays each year. Along these lines, my ideal measure would be to isolate the School Taxes paid by residential taxpayers (owners of single family residences and condos), and then calculate the average (or median) per parcel for this group.

However, as a practical matter, the available data does not easily support this type of analysis. I am not aware of any statewide datasets that provide parcel counts by school district. There is Westchester county data, but it does not differentiate among types of parcels. Total parcels include commercial properties, for example. Also, the parcel count treats a rental building or a coop as a single parcel, no matter how many units it has, while a condo is multiple parcels. Each

district has a different mix of different parcel types, which can distort how the districts compare to each other, and there is no transparency for further inquiry.

Still, using the county data that does exist,[11] I was able to calculate the results shown in Table A. The metric shows Scarsdale as number 2 in Westchester (after Bronxville), thus confirming the high level of taxes.

Going forward, I may make more use of a "per parcel" metric. For example, in the context of analyzing town/village taxes, the county provides taxes and parcel counts for special fire districts. Subject to the foregoing caveats, this would enable comparison of the portion of property taxes used in Scarsdale for fire protection to the taxes paid where fire protection is provided through special fire districts.

School Tax as Percent of Property Value. Scarsdale's School Tax as Percent of Property Value is not high, as shown in Table A. This percentage is actually low compared to other districts, ranking 34 in Westchester and 499 in New York State.

The fundamental problem with this measure is that it does not measure the level of property taxes. It is really measures the affordability, which is a different thing. As an analogy, Warren Buffet can easily afford to pay $100 for a regular hamburger, but $100 is still a very high price for a regular hamburger.

School Tax as Percent of Property Value is an important metric for bondholders and others who are concerned about the risk of tax delinquencies. A low percentage indicates a lower risk, but it does not indicate that the taxes are actually low.

Which brings me back to **School Tax per Capita**. One concern I had about this measure is that property taxes are not billed or paid "per person". Therefore, to develop more confidence in this measure, I translated it to "School Tax per 10,000 Population." Simply multiply all the Table 1 results by 10,000. The Scarsdale figure becomes $74 million while the White Plains figure (for example) becomes $28 million.

In other words, instead of envisioning each actual person as paying a certain amount, I was able to view it as a standard "district-sized" aggregate paying a certain amount. In this way, it is apparent that Scarsdale taxes are higher than White Plains taxes.

In addition, thanks to the US Census data showing population by school district, this metric is easily computed from a consistent source.

[11] https://www3.westchestergov.com/property-tax-rates