

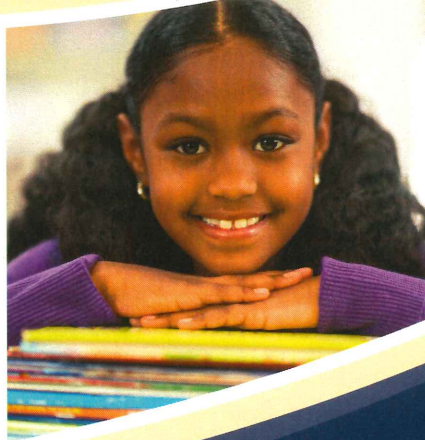


New York State
School Boards
Association

Joint Legislative Hearing on the 2014-15 Executive Budget Proposal *Elementary and Secondary Education*

Hearing Room B, LOB • January 28, 2014

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NYSSBA's **Be the
Change**
for kids

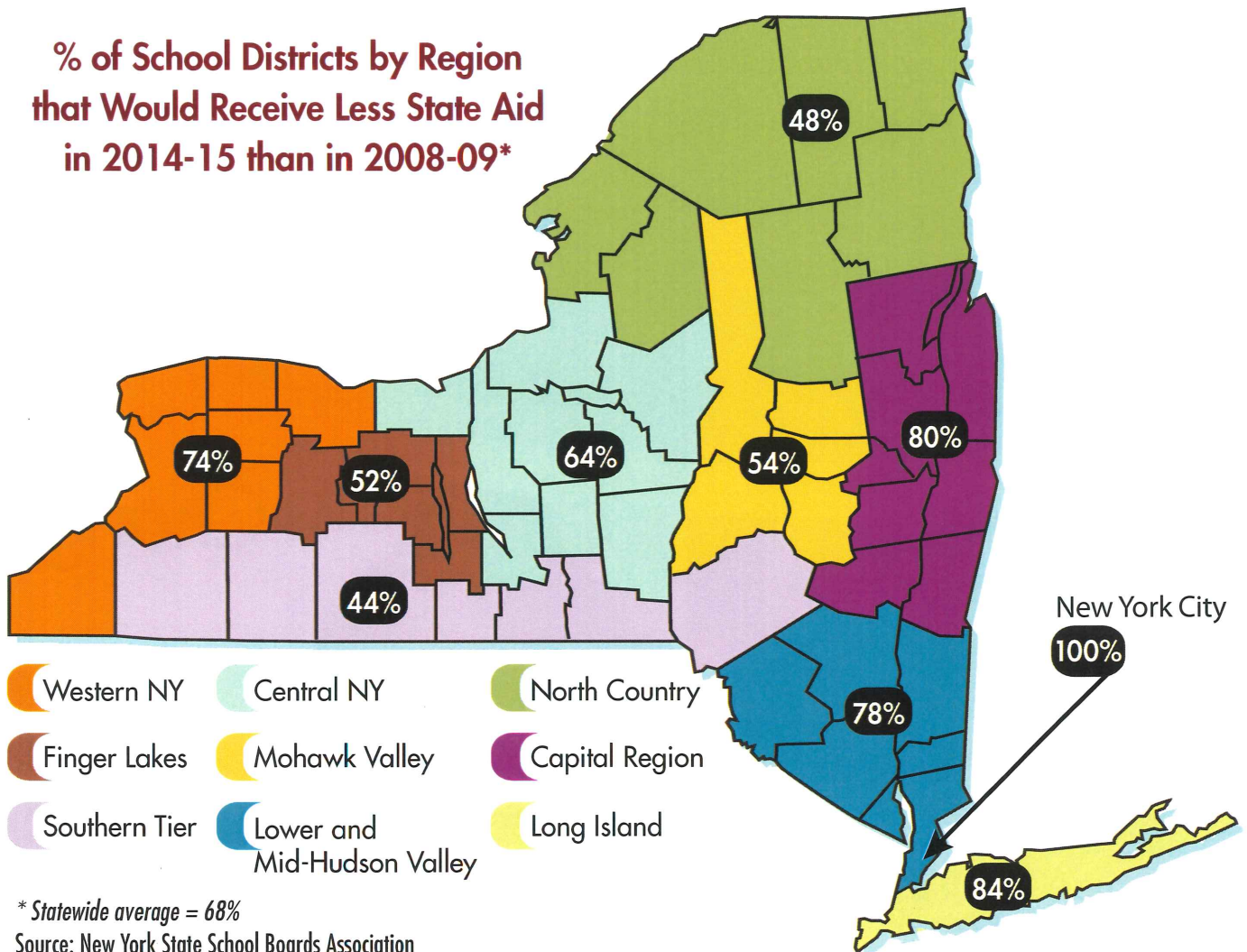
Executive Budget Testimony

Introduction

By any measure, the 2014-15 Executive Budget proposal falls dramatically short of expectation and need for school aid. Claiming that the calls for significant increases are “propaganda,” Gov. Andrew Coumo’s proposal attempts to accomplish a seemingly incongruous result – simultaneously claim there is a state surplus and continue to withhold school funding purportedly intended to reduce a state budget deficit. **When the governor’s teacher bonus and pre-K funding initiatives are taken off the table, schools are left with only an increase of \$285 million to reimburse them for funds already expended, as well as a \$323 million reduction in the Gap Elimination Adjustment (GEA).** It boggles the mind to consider how one creates a state surplus by withholding more than \$1.3 billion in funding legally owed the schools. Governor Cuomo’s proposal leaves it up to you, the Legislature, to fight for the desperately needed additional aid.

The Regents State Aid Proposal pegged school spending needs for 2014-15 at \$1.3 billion. The Educational Conference Board (comprised of the major statewide education associations, including NYSSBA) determined that school districts would need \$1.5 billion in new state aid, along with what they could raise locally under the property tax cap, just to keep current educational programs and services. Less than two weeks ago, in a bipartisan effort, 80 members of the State Assembly and Senate joined together to call for an additional \$1.9 billion in state education spending this year.

**% of School Districts by Region
that Would Receive Less State Aid
in 2014-15 than in 2008-09***



Property Tax Relief

The governor's property tax relief proposal cannot work, given his school aid figures. **Simply put, with a tax levy cap set at roughly 1.5 percent, school districts need significant new state aid to stay below the tax levy cap.** The governor knows that for several years most districts have stayed below the tax levy cap and those that have not have largely been met with voter rejection. Providing an amount insufficient to pay for current programs (let alone implementation of the Common Core Learning Standards) will doom both school budgets and the property tax relief program; school spending will be blamed as the cause. The resulting community pressure to cut programs and services to stay below the cap will be severe.

School Aid Proposal

Currently roughly 70 percent of our schools are funded at or below 2009 levels. This plan does little to help. In Erie County, for example, only three school districts would see aid increases beyond the 2009 level. Niagara County would have just one district. In Central New York, seven school districts would receive less aid than last year.

The governor has removed all reference to the GEA from his rhetoric since he claims to have developed a surplus. **The truth is that the "surplus" only exists if he continues to enforce the GEA, which equates to a reduction of \$1.3 billion from school aid.** Without enforcing this deficit-reducing mechanism, the governor's surplus quickly turns into an \$800 million deficit.

The fact that the governor intends to use a claimed budget surplus to fund tax reductions for corporations and manufacturers belies the fact that he is using court-ordered school aid to create that surplus. Without question, tax relief is needed to develop our economy, but taking legislated aid increases to pay for it shifts school costs onto already burdened property taxpayers. Forcing schools to then stay under a cap creates local school failure by design, which is the furthest thing imaginable from creating the world-class schools the governor claims we need.

Technology Bond Referendum

The \$2 billion technology bond proposition is formed on even shakier ground. Highly populated areas are already served by broadband access and most computer hardware needed. **Voters here are unlikely to support 20-year or 30-year borrowing to pay for tablets and other short-lived computer equipment.** Add in the costs of building to pay for pre-K and afterschool programs, and voters are highly unlikely to support long-term borrowing to pay for activities outside the school day. Indeed, there is a question as to whether bondholders would authorize long-term obligations for computer equipment purchases.

The Legislature must plan for needed technology improvements in the event of the failure of the statewide referendum. Simple increases in the existing computer aid formulae provide a more targeted and focused approach without the delay and uncertainty of this speculative proposal.

Building Aid Reductions

Schools are set to have their Building Aid recalibrated, based on a 10-year assessment of interest rates. The governor has failed to address this significant reduction in the Executive Budget. **Without legislative intervention, our school districts will lose \$26 million in aid.** They need the Legislature to impose a moratorium on this recalibration into the state budget. The governor has left \$74 million (available in the Fiscal Stabilization Fund) unallocated in his budget proposal. This amount is sufficient to address both the increase in school technology needs and the moratorium on Building Aid recalibration.

No Mandate Relief

The governor's complete lack of new mandate relief initiatives is certainly discouraging. His only proposal is to once again suggest that school districts be authorized to seek special education waivers, consistent with federal requirements, from the State Education Department. While sorely needed, this proposal alone is woefully inadequate if school districts are to stem the tide of ever-increasing costs. Years after the enactment of the tax cap law that included the promise of mandate relief, only retirement system costs have been addressed. Even there, schools continue to pay astronomical contributions.

Loss of Local Control

The Executive Budget delves freely into policy issues traditionally left to the Legislature. Among these is the proposal to subject school districts to the jurisdiction of the Division of Human Rights. There is good cause for the courts to have rejected this approach. School districts must have the ability to deal with children internally in order to correct behavior and create an environment that is educationally appropriate for both victim and perpetrator. The Division of Human Rights does not share this approach and is unable to approach student complaints in the required expedited and student-focused manner.

The governor's proposal is a significant infringement on appropriate local control. Shifting focus from rehabilitation to punishment in addition to creating significant delays is no recipe for an improved educational environment. Similarly, removing the education commissioner's discretion in removing school officials from their positions (should they fail to report what is later considered a pattern of behavior) is inappropriate and damaging to our schools. The governor has rushed to judgment, based on the as yet unresolved circumstances reported in a single school district. The response is both premature and harmful.

In Sum – A Plan Built on Costly, Inadequately Funded Schools

The governor's Executive Budget has the potential to place extreme financial pressure on school districts, leaving them with no ability to reduce costs outside of reducing staff. **When combined with an inadequate aid proposal, this plan spells a return to fiscal austerity for schools.** The rhetoric of the need for world-class schools, a little more than two weeks ago, rings hollow when supported by such an anemic aid proposal. When taken at face value, the Executive Budget has:

1. No plan to address the inadequacies of the current funding approach.
2. No plan to legitimately relieve local taxpayers of the burden of school costs.
3. No plan to eliminate the destructive Gap Elimination Adjustment.

The governor continues to hang his hat on the total average amount spent per student in the state. Yet he fails to mention that the state's share of this dollar figure has plummeted in recent years and he fails to recognize the unconscionable disparities in how even those amounts are distributed. Support for educational technology seems to hinge on the public's willingness to vote for long-term debt to pay for current expenses. He attaches his plans for pre-K and afterschool programs to the success of yet-to-be-constructed casinos. His plan to make pre-K universal ignores the likelihood that kindergarten may need to be cut as a result of his funding proposal. In fact, the governor's plan freezes the existing pre-K formula. Similarly, support for pre-K and afterschool programs would likely hinge on school district confidence in long-term state funding. The Executive Budget proposal would certainly make assumptions of such confidence appear tenuous at best.

Perhaps most disturbing is the fact that the Executive Budget continues to propose new educational spending initiatives without even acknowledging a school spending scheme that includes systematically withholding promised funds, resulting in the dismantling of already-existing programs. **The proposal repeatedly touts that there is a \$2 billion surplus. Yet the governor's own information on the state's fiscal condition shows that this surplus may actually arrive three years from now – in 2017.** At that rate, the world-class schools of the governor's aspirations may be unreachable.

