



TESTIMONY OF THE BOCES EDUCATIONAL CONSORTIUM

Joint Budget Hearings on Lower Education

Submitted by Dan White

District Superintendent of the Monroe #1 BOCES

Chair of the BOCES Educational Consortium

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Good morning Chairpersons DeFrancisco, Farrell, Flanagan and Nolan and other Members of the Senate and Assembly. My name is Dan White. I am the District Superintendent of the Monroe #1 BOCES and the Chair of the BOCES Educational Consortium. Thank you for allowing me the opportunity to provide some important observations about the current state of New York's education system as well as how the Governor's proposed 2014-15 Executive Budget Proposal will impact the State's BOCES system, the school districts that are supported by BOCES and most importantly the students who benefit from the BOCES network.

Background:

As a point of background, the Boards of Cooperative Services (BOCES) were created by the Legislature in 1948 "for the purpose of carrying out a program of shared educational services in the schools for the supervisory district and for providing instruction in such special subjects as the commissioner may approve."

BOCES' role, based on its mission can be described in three primary ways:

- 1) An *educator*;
- 2) A *facilitator* of collaborations and efficiency; and
- 3) An *engine for economic growth* for the State.

- **BOCES as an Educator:**

There are 37 BOCES located throughout the State. With the exception of the Big Five who are precluded from participating by law, all districts but 4 are components of BOCES. BOCES educate hundreds of thousands of students from around the State. The mission of BOCES is to prepare a diverse student population for roles in the global economy and to initiate collaborations designed to close gaps in student achievement.

- **BOCES as a *Facilitator of Collaborations to Achieve Efficiencies:***

BOCES are the premier example of inter-municipal collaboration in New York State that works. Since its creation over 60 years ago, local school districts have been able to use BOCES to provide a wide range of educational programs and services through an organizational structure that is a model of inter-district cooperation. In addition, BOCES is able to leverage the strength of multiple school districts and provide a wide variety of services that individually, school districts could not provide because the costs would be prohibitive.

- **BOCES as an *Engine for Economic Growth:***

A major focus of BOCES is to provide high-quality effective job training for our students through our Career Technical Education (CTE) programs that help them to obtain the skills they require to go onto to college and/or to obtain stable and long-term employment. Research on our CTE programs has demonstrated their effectiveness in terms of how they help students to achieve academically as well as providing them with the capacity to compete in the job market. We also provide strong programs for adults to help them obtain new skills. BOCES plays a critical role in helping to create a skilled workforce that contributes significantly to New York's economy.

BOCES also partners with hundreds of businesses throughout the State each year in its efforts to provide goods and services to school districts in a cost effective manner. Last year, the collaborations between BOCES and our private sector partners totaled over \$700 million in shared goods and services that benefited school districts.

With this mission in mind, I would like to highlight several provisions that are included in the Governor's proposed 2014-15 budget but also underscore several important initiatives that are not included in the budget that should be considered for inclusion.

The Governor's 2014-15 Proposed Budget:

- A. **Aid to Education:** The Governor's proposed 2014-15 budget provides \$608 million in direct school aid. This amount is significantly less than what is needed by districts. If not increased, it will be extremely difficult for many school districts to meet the educational mandates and requirements placed upon them. It is important to note that many districts remain below their 08-09 funding levels and will continue to be in this position even with the \$608 million in additional direct school aid. This fact will continue to impose major challenges on many school districts in all areas of the state. To illustrate, a recent study released by the New York State Council of School Superintendents found that 13% of Superintendents estimate that their districts will face "educational insolvency" within two years (a condition in which districts cannot provide mandated educational services). Many other districts predict they too will reach a state of educational insolvency in a number of years if significant changes are not made. These necessary changes include: providing increased school aid, meaningful mandate relief, and the implementation of new mechanisms designed to address the growing problems related to long-term

liabilities, and escalating pension and health care costs. While providing additional funding is not the only solution required, it is certainly a major piece which requires immediate attention and action.

- B. BOCES Capital Projects:** Nearly 2 million students (which represents two-thirds of all public school students) participate in some level of programming and/or services operated by a BOCES. Despite this, neither current law nor the Governor's proposed 2014-15 budget provides adequate mechanisms to address the on-going needs facing BOCES capital projects. In fact, while school districts have certain options available to them to ensure the proper upkeep and maintenance of their properties, these same options have not been made available to BOCES. This raises serious concerns for the long-term upkeep of these buildings as well as increased costs for BOCES and their component districts.
- **Tax Cap:** Capital costs incurred by school districts are not included within the tax cap. However, the State has interpreted the law to require BOCES capital costs to be included under the cap. This provision disincentivizes districts from serving students in shared facilities – the exact opposite of the increased educational collaboration called for in the Governor's Education Reform Commission Report. We ask you to consider including language in the final enacted budget that would allow schools' capital costs at BOCES to be treated like those at the school district and exclude it from the tax cap.
 - **BOCES Lease Terms:** Unlike school districts who own the majority of their buildings, it is common practice for BOCES to lease space for both their administrative functions as well as for their educational programs which they provide on behalf of their component districts. It is for this reason legislation was developed allowing BOCES to increase the length of their leases from 10 to 20 years. Longer leases allow BOCES to negotiate better rates which translates to savings to their component districts and the state. Although this proposal received wide support in both Houses, the Governor vetoed this measure in 2013. We extend our thanks to the Legislature for their support for this proposal and ask that you consider including this proposal in the final enacted budget.
 - **Repair Reserve Fund Authorization:** Another example of how BOCES is treated differently from school districts is with regard to their lack of authority to establish repair reserve funds. School districts, along with other municipal governments, have the authority to establish repair reserve funds as a way to ensure that funding is available to deal with unexpected but necessary repairs.

Currently if an unexpected repair must be done by BOCES, the funds must either be diverted from other educational purposes or levied from component districts to secure the money necessary to do the repairs. This places additional financial stress on the component districts because they did not plan for these expenses. Many times the repairs are delayed, creating problems for BOCES in the short-term, while increasing costs to the districts in the long-term. It was for these reasons that legislation was passed by both Houses in 2013 but which was unfortunately vetoed by the Governor in 2013. We are

again asking the Legislature to consider including this provision in the final enacted budget as another way in which BOCES can help districts and the State reduce costs.

Despite these challenges, the State has a network of BOCES who were created to provide much needed support and assistance to the majority of school districts. The BOCES from around the State believe that the Governor and the Legislature should expand the authority of BOCES to allow them to do more to help districts, their communities and the State. This makes sense both programmatically and fiscally. With this thought in mind, I have highlighted below the additional recommendations of the BOCES Educational Consortium for your consideration.

C. Expand the Role of BOCES to Enhance their Assistance to School Districts, Taxpayers and Students: Now is the time for the Legislature to unleash the full potential of BOCES by removing policy, statutory and regulatory impediments that restrict BOCES' ability to provide services and help its component districts save money including:

- **Extend and Expand the law that allows BOCES to provide services to Out-of-state public schools:**

Based on their mission and needs of component school districts, BOCES are often at the forefront of innovative and cost-savings educational services and programs. These innovations include the development and delivery of highly successful curricula, professional development for educators and proven educational programs for students. The Legislature authorized BOCES to provide certain services and programs to out-of-state public schools in 2012. This authorization expires on July 1, of this year. This authorization has allowed BOCES to sell these innovative programs and services that they are already being provided to schools in New York State to those located out-of-New York. This has allowed BOCES to generate revenues that are used to offset costs for their in-state component districts. BOCES urges the legislature to extend and expand this authorization as another way for BOCES to assist districts around the State.

D. Expand Career and Technical Education (CTE) Opportunities: A primary purpose of BOCES is to prepare students for college and careers. BOCES CTE programs are a major vehicle in this effort and have proven to be very effective in helping to prepare students for graduation, careers and post-secondary education. To illustrate, statewide, BOCES CTE students have a 90% graduation rate. In addition, 60% go on to enroll in post-secondary education and another 30% are employed upon graduation. The State must expand CTE pathways for students using BOCES as the vehicle for these efforts.

- **Enhance BOCES Aid for CTE Programs:**

The existing aid formula for BOCES only provides aid for the first \$30,000 of a BOCES instructor's salary. This limit was established 24 years ago in 1990 and has not been adjusted since that time. Because of this, the state's contribution to CTE programs continues to decrease, shifting the costs to the local school district.

At a time when there is so much attention on ways to ensure that both students are prepared to meet the needs of the 21st century economy and businesses have a skilled work force available, the State must do much more to help make both goals a reality. Providing a more adequate level of aid for BOCES CTE instructors is a step in this direction. Toward this end, we support the recommendation of the Board of Regents to increase the aidable salary for all CTE programs over a five year period beginning with a 20 percent increase (\$36,000) for programs offered in 2014-15. We also support the Regents recommendation that the State provide 100 percent of salaries for any CTE program that is certified to be of sufficient rigor to meet national standards including, but not limited to, P-Tech and STEM high schools.

Authorize BOCES to address the Long-term Employee Costs through the establishment of Other Post-Employment Benefit (“OPEB”) Reserves: Despite the large and increasing costs that BOCES continue to incur each year related to retiree post-employment benefits (OPEB), we lack express statutory authorization to set-aside funds for these purposes. Additionally, the Office of the State Comptroller’s requirement that we use the modified accrual accounting method instead of the enterprise fund method precludes BOCES from taking the fiscally prudent course of accruing funds for these long-term obligations. As a result, BOCES continue to accrue very significant long-term financial liabilities that total hundreds of millions of dollars without any way to save to cover these long-term costs. To begin addressing this ticking time bomb that will hurt school districts, local taxpayers and the State, we urge the Governor and Legislature to authorize the establishment of reserves to fund OPEB trusts. This will enable us to prepare for and fund OPEB expenses in a fiscally responsible manner and save public expense in the long-term.

In closing, we believe that now is the time for the Governor and the Legislature to expand the role of BOCES in order to allow this network to provide greater assistance to the schools and students of New York State.

Thank you for the opportunity to these present recommendations. On behalf of the BOCES Educational Consortium, we look forward to working with you on this most important issue.

