

OVERVIEW OF THE EXECUTIVE BUDGET SFY 2005-06

Education

Fifty years after the landmark Brown v. Board of Education ruling and after more than a decade of litigation in New York State courts, many of New York's schoolchildren continue to be deprived of their right to a sound basic education. The 2005-06 Executive Budget continues the Governor's historic neglect of our schools. His failure to address the unique needs of New York City and other high need communities is unacceptable. The State has an obligation to provide a quality education to *all* of New York's children. The Assembly has proven its commitment to this goal, and *again*, the Governor refuses to make education a priority.

Campaign for Fiscal Equity, Inc. v. State of New York

Nearly twelve years ago, the Campaign for Fiscal Equity, Inc. (CFE) filed a lawsuit against the State of New York charging that the State had failed to provide New York City schoolchildren with a constitutionally guaranteed "sound basic education". On June 18, 2003, New York State's highest court, the Court of Appeals, issued its final decision on behalf of CFE and set forth a remedy that ordered the State to:

1. Ascertain the actual cost of a sound basic education in New York City;
2. Ensure that every school in New York City has the resources necessary to provide every student with the opportunity for a sound basic education; and
3. Implement a system of accountability to ensure that reforms actually provide this opportunity.

In response to this order the Regents, the Plaintiffs, the Governor, the Senate and the Assembly each advanced school funding proposals and related reforms during the 2004 legislative session. The Plaintiffs applauded the Assembly's proposal to spend an additional \$6.1 billion over the next five years, and in fact, the Plaintiffs argued that the Assembly's comprehensive plan was the only plan which complied with the Court's requirements. However, we were unable to reach an agreement with the Senate and Executive to enact reforms for the 2004-05 school year.

The failure to implement reforms by the July 30, 2004 deadline imposed by the Court resulted in the Court's appointment of three Special Masters. The Special Masters appointed by Judge DeGrasse held two months of hearings and heard extensive expert testimony on this issue. This panel recently released a report where they recommended that the State ensure \$5.6 billion in additional spending in New York City schools over the

next four year period. They also recommended an additional \$9.2 billion in additional spending on school facilities in New York City during this same time period. These recommendations were made to the Court on November 30, 2004. Judge DeGrasse has not yet rendered his decision in this matter. Since the panel recommendations were issued, the Regents have issued their 2005-06 State Aid proposal, reinforcing the necessity to increase State education expenditures.

In this year's proposal, the Governor continues to offer the same insufficient plan as last year. He once again proposes \$325 million for a new Sound Basic Education (SBE) program to be funded by a substantial expansion in the number of Video Lottery Terminals (VLTs) in New York State. The Governor claims that this program is expected to grow to \$2 billion over the next five years (see Table 1). New York City schools would receive approximately 60 percent of the total SBE amount, providing the City with \$195 million for 2005-2006. This is an insignificant amount when compared to the \$1.4 billion called for by the Court appointed panel of judicial referees. This proposal was decisively rejected by the Assembly last year.

Table 1
CFE Remedy Proposals

CFE Remedy Proposals (\$ in millions)	Total State Funds to Address CFE Statewide	Amount of State Funds Allocated for New York City
Regents 2005-06	\$6,600	\$4,700
CFE - AIR/MAP	8,527	4,494
Assembly 2004-05	6,065	3,873
Executive 2005-06	2,000	1,200

The Assembly Proposal 2004-05: Reform + Resources = Results

Last year, the Assembly Majority advanced a statewide comprehensive reform proposal to address the Governor's failed leadership in resolving the school funding crisis. Although the Court does not have the legal authority to suggest such reforms for any district other than New York City, the Assembly is committed to ensuring that any solution be applied to school districts across the State.

The Assembly's proposal would establish a foundation aid formula. This approach guarantees a transparent, predictable school aid formula allowing school districts to plan their budgets. Currently, districts often construct their budgets without knowing how much aid they will receive from the State. A foundation formula, coupled with two-year school aid budgeting, would provide the stability and predictability that school districts have been calling for.

The Assembly's reform initiative would offer a functioning, comprehensive Operating Aid formula that would provide an additional \$6.1 billion in flexible operating funds to districts. The foundation formula uses an estimate of the cost of providing a sound basic education, adjusts for regional cost, student enrollment, student need, and reflects school district fiscal capacity. More than half of the other states in the nation use some form of foundation formula in their allocation of state aid to schools.

Under this proposal, the Assembly would also look to New York City to make a commitment to an enhanced maintenance of effort. The City would contribute an additional \$1.2 billion to be phased in over five years. These resources would be targeted in ways that will support programs that directly impact improved student achievement.

The Assembly's proposal allocates our education resources effectively. The Assembly proposal strengthens and supports the accountability measures that have been instituted by the Board of Regents and the State Education Department for meeting standards, yearly progress, and a thorough planning and reporting process. Under the Assembly's education reform proposal, the Regents will be directed to review those processes and develop a transparent and streamlined comprehensive planning process for all school districts. This planning process must include meaningful input of parents, teachers, administrators and other interested stakeholders. The comprehensive plan should demonstrate how resources will be effectively utilized, be accompanied by comprehensive planning at the school level, and build on the existing measures for reliable and valid outcome assessments.

Financial support would also be provided to ensure that the information collected would be translated into the implementation of best practices by school districts that have been identified as needing assistance in meeting standards. That support would be provided in the form of resources for training, technical assistance, and increased staffing necessary for school districts to make the changes that they need to succeed.

School Facilities

Last year, the Assembly also advanced a single year \$2.2 billion capital improvement proposal to address the glaring inadequacies of facilities in many high-need school districts across the State. High need districts have more than their fair share of aging school facilities and they experience extensive overcrowding, unacceptably large class sizes, and the lack of sufficient science laboratories and school libraries. The need for facility improvements is well recognized. In fact, the Special Masters in the CFE lawsuit recommended an additional \$9.2 billion over a five year period for the construction of new classrooms, laboratories, gymnasiums, auditoriums, and libraries in New York City. The Executive Budget once again ignores the need for facilities improvements that would create educational environments that are conducive to learning.

School Funding in New York State

Public education is funded through a combination of federal, State, and local revenues. The heavy dependence on local revenues links the resources available to children to the wealth of the school district in which students reside. This can have serious adverse effects for children who attend schools in poor areas, since funding inequities exacerbate the fact that poor and low spending districts tend to have the children with the greatest educational needs. Funding from the State attempts to supplement the low level of resources that poorer districts are able to provide, and thereby equalize spending. Governor Pataki's legacy has been a decline in the State share of total spending which has decreased in the past several years, thereby increasing the burden on localities (see Figure 1).

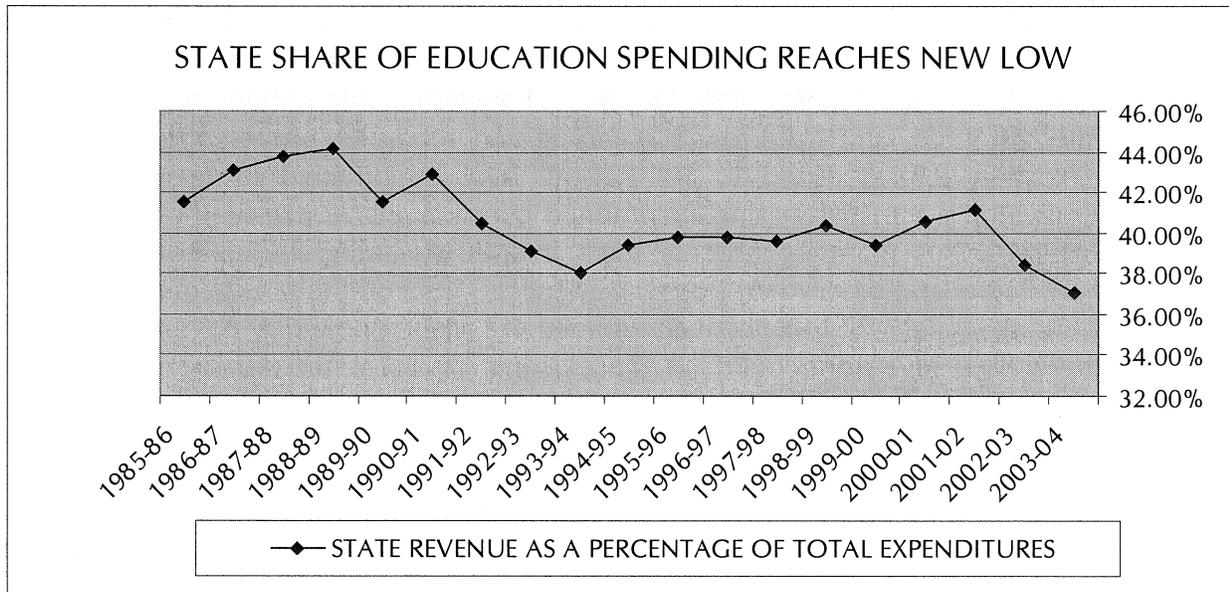


Figure 1

Although school funding has increased in recent years due primarily to Assembly leadership, both resource and performance inequities remain. Whether library books, access to technology, or other educational resources are considered, high-need school districts are often forced to manage with less (see Table 2).

Table 2

Group	Teacher Turnover Fall 2001 to Fall 2002	Average Class Size English 9 Fall 2003	Library Books Per Pupil Fall 2002	High Capacity Computers Per 100 Students Fall 2003
HIGH NEED				
New York City	19%	27.9	10.3*	7.3
Large Cities	16%	23.6	13.7	20.2
Urban/Suburban	12%	22.2	16.7	23.9
Rural	12%	20.0	23.2	33.4
AVERAGE NEED	12.8%	22.1	19.2	26.9
LOW NEED	12.2%	21.6	21.8	25.7
TOTAL PUBLIC	13.0%	N/A	19.5	19.4

* Fall 2002 data unavailable for New York City, Fall 2003 data used instead.

Class sizes in high need districts are generally larger than the State average. Teacher turnover is high. Given these resource gaps, it is not surprising that achievement gaps remain as evidenced in recent fourth grade math scores (see Figure 2). While it is clear that money will not solve all educational problems, it is equally clear that money spent on proven instructional strategies can bring about striking educational improvements. In fact, without increased resources we cannot even begin to address all of the issues facing today's classrooms. Research has consistently demonstrated that investment in smaller class sizes, prekindergarten, classroom technology, academic intervention services, and professional development for teachers, will bring about dramatic educational results, especially for poor and minority children.

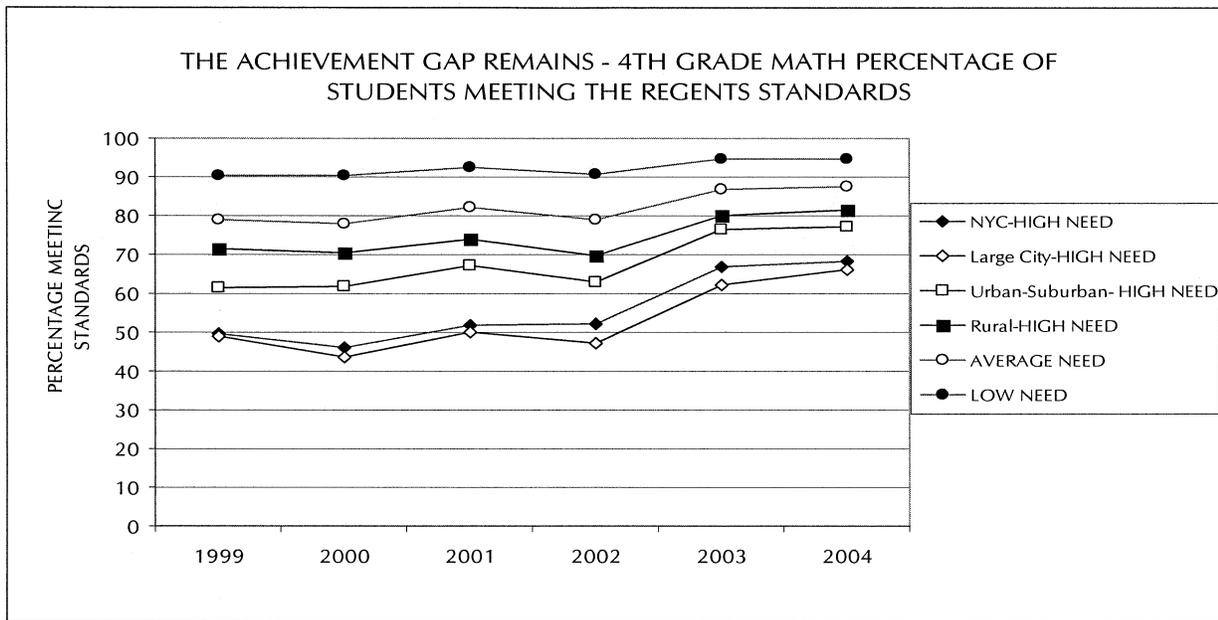


Figure 2

Continuing the Assembly LADDER Program: Learning, Achieving, Developing by Directing Education Resources

In 1997, the Assembly succeeded in enacting the historic LADDER agreement, a blueprint for education which focused on early childhood, technology and instructional materials, professional development and school facilities. LADDER specifically provided a statutory multi-year funding commitment for each of the following distinct initiatives: Universal Prekindergarten; Class Size Reduction; Full day Kindergarten; Extended Day/School Violence Prevention; Minor Maintenance and Repair; Building Aid Enhancement; Instructional Technology; Professional Development; and an increase to Textbooks and Software aids.

As a result of the LADDER initiative, hundreds of thousands of children have participated in programs aimed at providing a strong educational foundation. In fact, the educational programs which comprise LADDER were specifically proposed by the Assembly because of the research documenting these programs as successful steps in developing higher achievement; significantly, most of these programs have been identified in the CFE case as part of the recommended educational remedy. The Court of Appeals and Judge DeGrasse specifically noted that smaller class size and universal prekindergarten programs provide an environment which would result in long term educational benefits to every participating child. Both prekindergarten and smaller class sizes have research-based track records which educators recognize as being part of a cost efficient and effective educational plan. It is fitting that the Courts have also chosen to identify these programs as building blocks of a sound basic education. Indeed, the decisions in the CFE case

repeatedly identified teacher quality, capital funding and up to date instructional materials as inherent to an effective educational environment.

Despite the success of the LADDER programs, nearly every year the Governor has proposed cutting these programs and the Assembly has had to struggle to continue the promised expansion and often, even the continuation of these successful programs. Yet, in spite of the Governor's actions, there has been an increase in the number of children participating in prekindergarten programs every year. Unfortunately, additional districts interested in implementing a prekindergarten program have continually been denied access, due to the Governor's shortchanging this critical program. Clearly, the Governor has kept the LADDER programs from preparing all of our children for a better future.

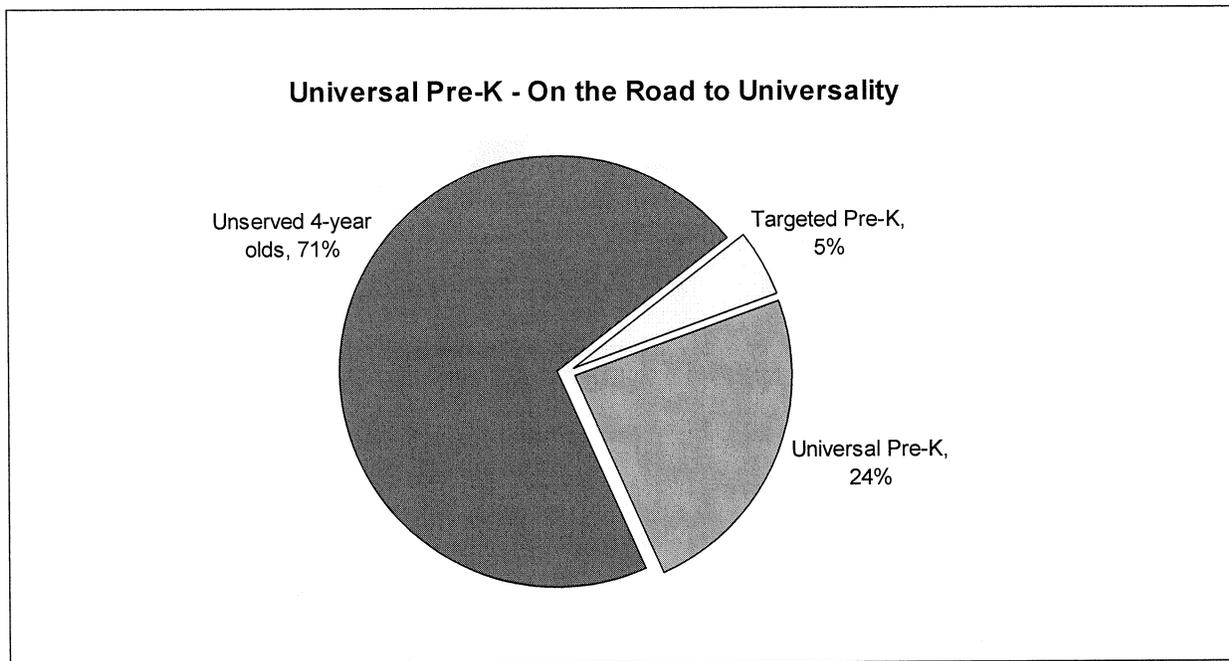


Figure 3

If the Governor had kept his negotiated, statutory commitment to fully fund these programs, thousands of additional children throughout New York State would have received a significant educational benefit which can never be recaptured. Although over 320,000 children have been served by the Universal Prekindergarten Programs since its inception, 71 percent of New York State's four year olds remain without access to this successful program (see Figure 3). Nearly 600,000 additional four year olds would have been able to participate and benefit from prekindergarten if the Governor's promise had been kept. In addition, although the implementation of a reduced class size program for grades K-3 created a more individualized learning environment, full funding would have provided this supportive learning situation for countless additional children.

Eight years later, the CFE decision mirrors the priorities set forth in LADDER and specifically identifies these programs as issues to be addressed as part of the resolution of CFE. It is time for these programs to be fully implemented across the State.

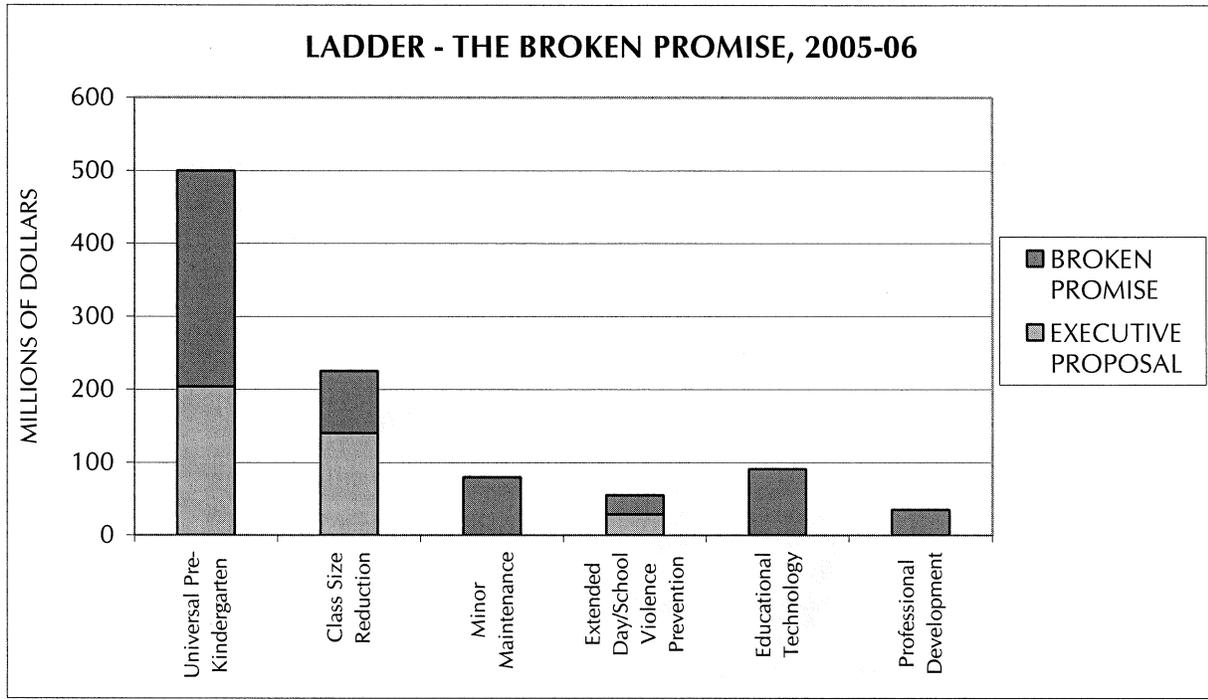


Figure 4

In the 2005-06 Executive Budget, the Governor recommends continued funding for the Universal Prekindergarten Program at \$204.7 million, and Class Size Reduction Program at \$140 million. The Minor Maintenance Program is consolidated within the Governor’s Flex Aid proposal, thereby undermining its distinct value. The Extended Day/School Violence Prevention Program is continued at \$28.7 million, a ten percent reduction in aid from 2003-04 funding levels. Unfortunately, the Governor did not choose to restore the \$1.5 million cut in services made in 2004-05, initiated originally in his Executive Budget and again through his veto.

The original LADDER agreement provided for a multi-year phase-in of programs starting in 1998 and reaching their committed funding level in 2001-02, with continued funding thereafter. This commitment provided for continuing appropriations of \$500 million for Universal Prekindergarten, \$225 million for Class Size Reduction, \$80 million for the Minor Maintenance Program, \$55.2 million for Extended Day/School Violence Prevention, \$91 million for Educational Technology and \$35 million for Professional Development. This amounts to \$614 million in unfunded LADDER programs in the current school year. The Assembly will once again fight to ensure the continuation and enhancement of these critical initiatives. (see Figure 4)

Standards

Students in New York State are expected to reach a high standard of academic achievement. In fact, *Education Week's Quality Counts 2005* analysis rates New York first in the nation in the category of Standards and Accountability. Since 1999 student achievement has been climbing steadily as schools are focusing more of their resources on meeting the standards. However, there is still much work to be done.

Despite gains, there is still a significant achievement gap that exists between high need districts and low need districts. For example, while 72.4 percent of students in low need districts met the Regents standards on the 2004 4th grade English language arts exam, only 32.8 percent and 28.6 percent reached that level in New York City and other large city school districts respectively. Additionally, there is a great need for improvement in middle-school achievement. The exams given in 8th grade also show students in low need districts performing considerably better than those students in high need districts. While substantial progress has been made in math scores since 1999, in 2004 only 57.7 percent of 8th graders met the Regents standards and only 47.2 percent met the standards in the English language arts exam (see Figure 5 and Figure 6).

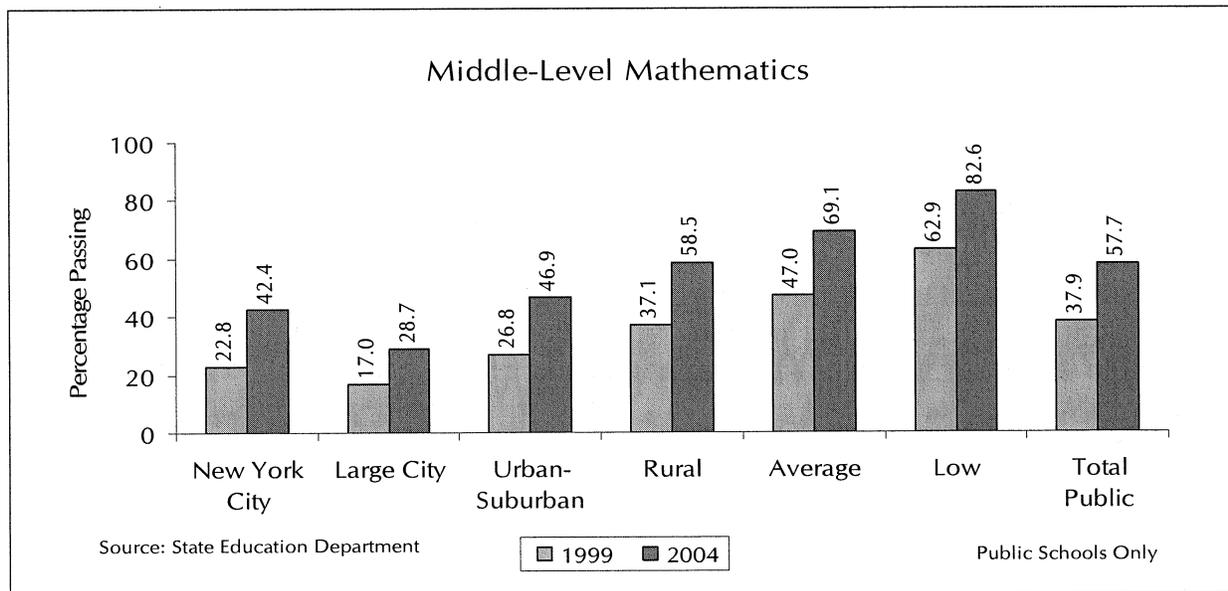


Figure 5

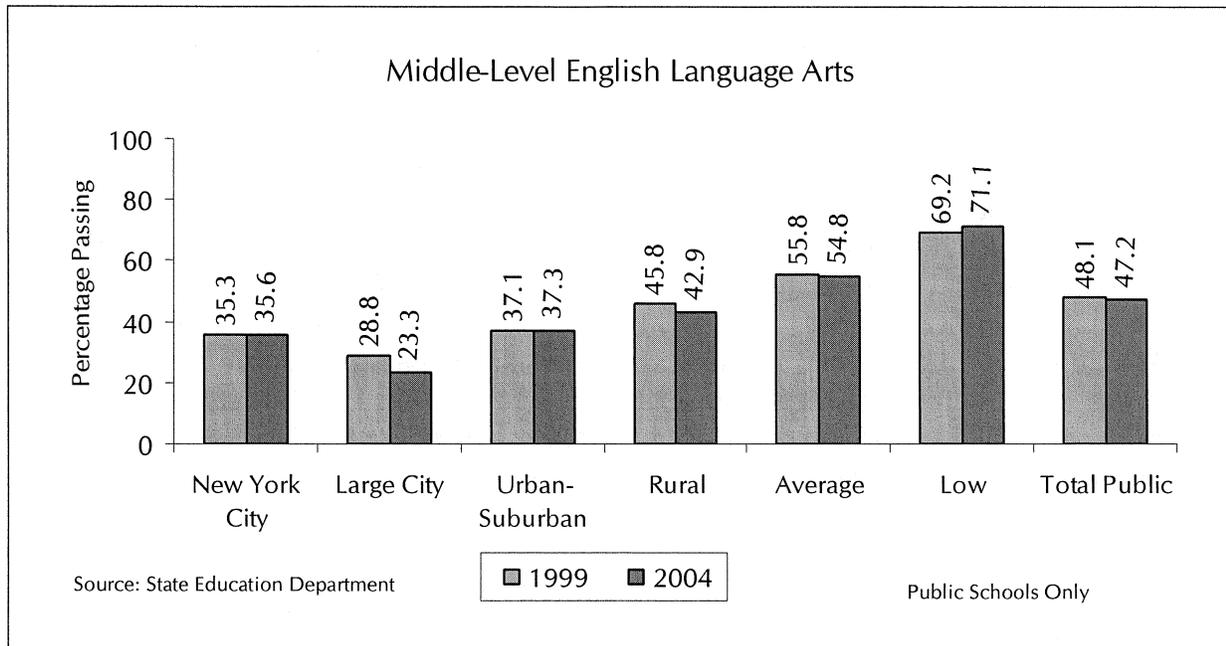


Figure 6

Although New York’s high standards help prepare our students for a competitive workplace, we must ensure that they have the support all throughout their schooling experience in order to meet these goals. While a vast majority of students taking the high school Regents exams are passing, many students still are not taking the tests on time or at all. Statewide, of the students who entered high school in 2000, 70 percent graduated in four years. The other 30 percent of students are coming into high school unprepared and unable to complete their coursework on time. Some students drop out of school with some enrolling in GED programs while others continue in high school beyond the traditional four year period. The proportion of students not taking required high school exams within four years is much higher in high need districts. Students who are not taking the exams, or who are taking and not passing them, are not graduating on time and are at an increased risk of not graduating.

Students must earn 22 course credits to graduate, including four years of English and social studies and three years of math and science. If students fail these courses they will be held back and cannot graduate in four years. Nearly 15 percent of students are being held back in 9th grade statewide, while 25.7 percent of New York City’s students are being held back. Additionally, there is a notable discrepancy between the percentage of graduates receiving Regents diplomas in high need districts and other areas in the State (see Figure 7).

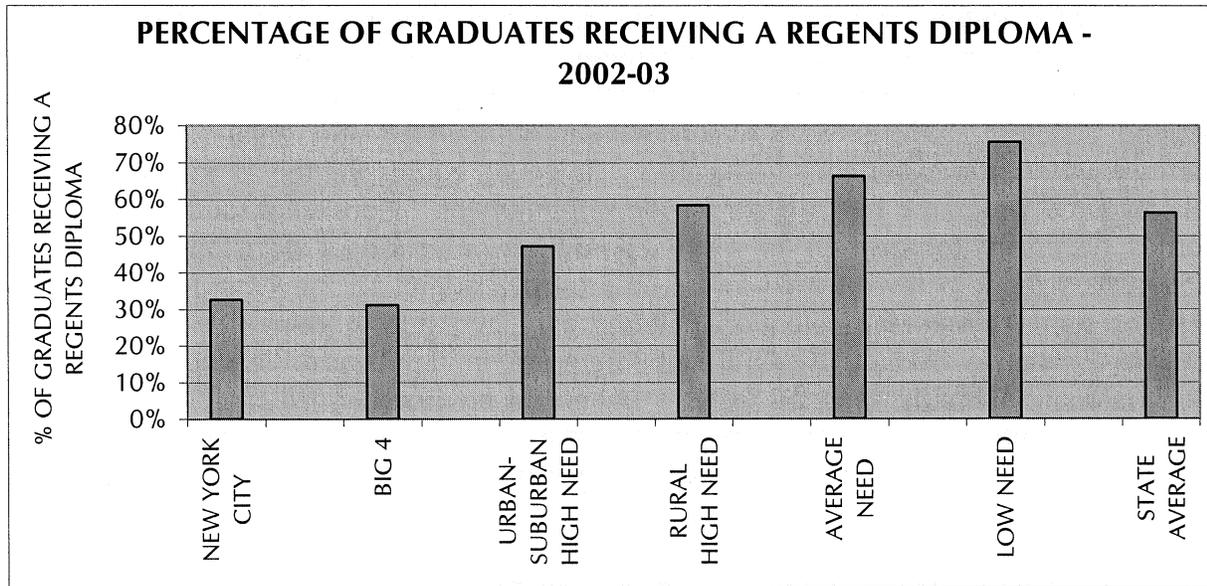


Figure 7

Maintaining high standards requires hard work and investment. Students today are facing a globally competitive marketplace and must have the skills to rise to the challenges of tomorrow. While substantial progress has been made, our students in high needs districts are still behind. Since 1999 the number of students that are succeeding has markedly increased. However, it is important to make sure that at the end of middle school, all of our children are ready for a rigorous high school curriculum. The Assembly remains committed to providing the resources necessary for all students to succeed in meeting the Regents standards.

Teacher Quality and Professional Development

An estimated 70 percent of school expenditures are instructional in nature. Clearly then, the importance of the classroom teacher and the effective delivery and exchange of information is crucial to student achievement.

New York State’s teachers are on the frontlines when it comes to implementing and incorporating new proven strategies, techniques and technology into the classroom experience in order to help students attain higher levels of achievement. It is widely known that the most effective way to improve student achievement is to have a high quality teacher in every classroom. And in fact, quality teaching was identified in the CFE decision as being one of the primary factors needing to be addressed as part of the assurance of a sound basic education. There is a large body of research which consistently confirms that excellence in teaching is essential to the process of providing every child with a quality education. Every child must be given the opportunity to learn and to learn from highly qualified teachers in properly resourced schools.

Issues of attraction, retention and support of high quality teachers in all classrooms remains one of the primary roadblocks to increased achievement. High need districts are hard pressed to compete with the more attractive surrounding districts that have well maintained schools, students with fewer learning difficulties, and higher salaries for beginning teachers and experienced educators. However, addressing this is not a question of only targeted programs but a system-wide commitment. Consistent, sufficient State support is necessary for districts to make appropriate educational decisions including keeping class sizes to a level which fosters improved academic achievement, as well as provide for stable hiring and retention patterns and favorable working conditions. In the 2005-06 Executive Budget, there are no increases in funding for teacher programs which would undoubtedly serve to foster a beneficial environment in the schools, but, breaking with tradition, the Governor maintains current funding levels for Teacher Support Aid, Teacher Resource Centers, the Teacher Mentor-Intern Program and Teachers of Tomorrow.

We must implement strategies which contribute to the enhancement of working conditions in such a way as to attract high quality teachers who seek a supportive and professional environment in which to practice their craft. Boyd, Lankford and Loeb reported in their paper "Improving Student Outcomes: The Role of Teacher Workforce Policies," "It is imperative that adequate resources are there to help develop the foundation for high student achievement in all low performing schools." A recent study in Texas found that "teacher expertise accounts for about 40 percent of the variance in student test scores in both math and reading across grades 1 through 11." The study also found that when "teacher expertise is coupled with small class size in elementary grades, the combination matches and exceeds the influence of the external home environment in predicting learning gains" (Ferguson, 1991).

Recognizing the importance of high quality, ongoing teacher education, the Assembly provided funding for professional development activities as a key element of LADDER. Just a few years after its passage, however, the Governor completely eliminated funding for these programs, to the detriment of the thousands of teachers who would benefit. "If the goal is to increase student learning the single most productive use of education dollars is to improve teacher education" (Greenwald Hedges & Laine, 1996).

All children deserve the attention of a teacher who has the skills, knowledge and desire to continue to perfect the art of teaching. The recruitment and retention of high quality teachers is paramount to the future economic health of New York State. In New York State we have set the bar higher for students with the expectation that they will achieve these standards, thereby making them competitive in the global race for tomorrow's jobs. Now we must ensure that the high quality teaching is delivered by those who can and will reach beyond the standards set for our students and public education.

Executive Proposal for Aid to Schools

Last year, the Governor proposed a meager increase of \$85 million or about one-half of one percent in state support for public schools. The Legislature's budget restored the Governor's shortfall and enacted an overall increase of \$751 million, a five percent increase, which was the fourth largest state aid increase in State history. This restoration of State funding for schools once again preserved vital education programs and prevented massive property tax increases in our local districts.

This year, the Governor has once again failed to offer a school aid proposal that meets the needs of New York's schoolchildren as he has done throughout his time as Governor (see Figure 8). Although the Executive Budget provides an overall increase of \$201 million in school aid for 2005-06, the proposed budget would cut almost \$250 million worth of other school aid programs including BOCES, aid for special education and building aid. In addition, the Governor proposes school year funding of \$325 million predicated on gambling revenues from Video Lottery Terminals across the State. This is clearly an insufficient attempt to meet the demands of the constitutional mandate to provide children with the opportunity of receiving a sound basic education.

The Governor's cap on BOCES aid and Special Services aids would cost local districts almost \$60 million in 2005-06. Changes to the reimbursement formula for the costs of public school children who are educated in private settings would result in a loss to local districts of \$105 million in 2005-06. A proposed deferral in the payment of building aid would cost school districts almost \$82 million in aid in the 2005-06 school year. The Governor's failure to adequately fund these programs is especially egregious because these are costs that districts have already incurred and were expecting reimbursement.

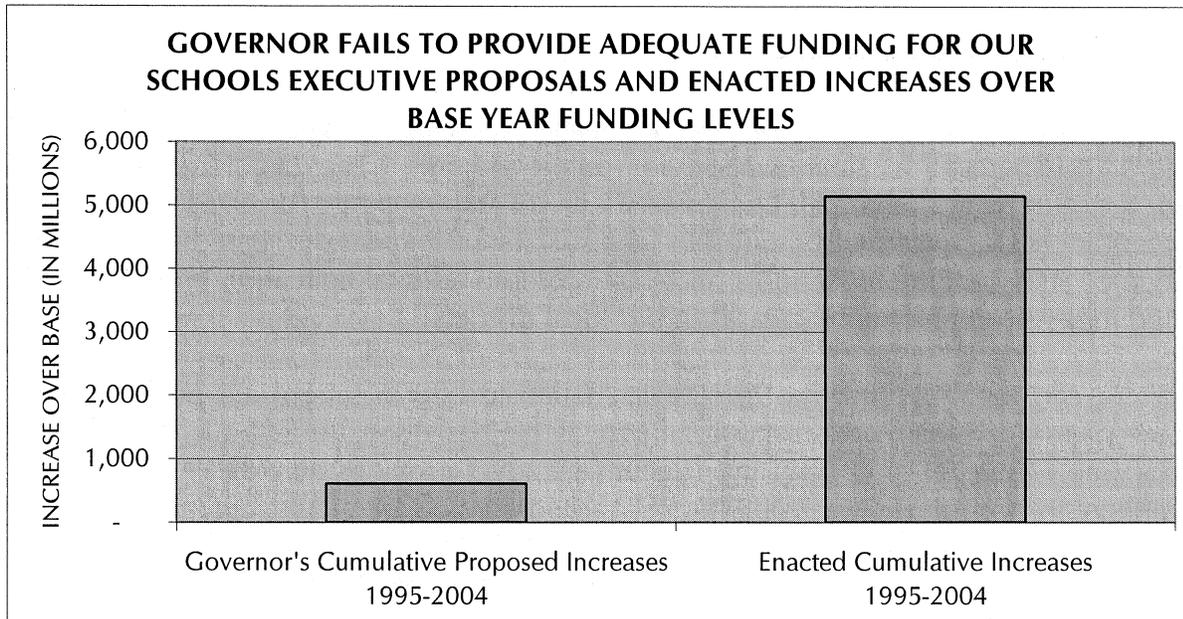


Figure 8

The best way to improve public schools is to invest in small classes, high standards, well-equipped classrooms, and the best teachers. The Assembly Majority has long pushed for smaller class sizes, universal prekindergarten, professional development and improved school facilities. The Assembly has also pushed for providing more money to high need school districts, including New York City. This year will be no different. The Assembly will once again advocate for reforms that deliver the sound basic education that is every New York State child's right.