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**Testimony of the New York State School Boards Association
Presented to the New York State Senate Committee on Finance and New York State
Assembly Committee on Ways and Means
January 27, 2016**

On behalf of the New York State School Boards Association, we thank you for this opportunity to respond to Governor Cuomo's budget proposal, as well as the opportunity to present our budget priorities on behalf of our members.

As you begin your deliberations, we strongly encourage you to consider the following amendments to the Executive's proposals.

Executive Proposals

State Aid

NYSSBA requests that the legislature significantly increase school aid over the Executive's proposal.

The Executive Budget included a proposed school aid increase of \$991 million, an amount well below what is necessary for school districts to not only improve services, but avoid cuts in educational programming. In fact, \$991 million is a misleading number as the Executive's proposal provides an increase of only \$863 million in general operating aid since the Executive proposed allocating \$100 million of the total school aid appropriation for community schools and \$28 million for other grant initiatives.

This total aid proposal is significantly less than the minimum \$2.3 billion NYSSBA called for. NYSSBA recommended an increase of nearly \$1.5 billion in Foundation Aid and a full elimination of the Gap Elimination Adjustment (\$434 million). Providing this level of additional operating aid is the most effective and appropriate way to ensure that all school districts receive the financial support they need.

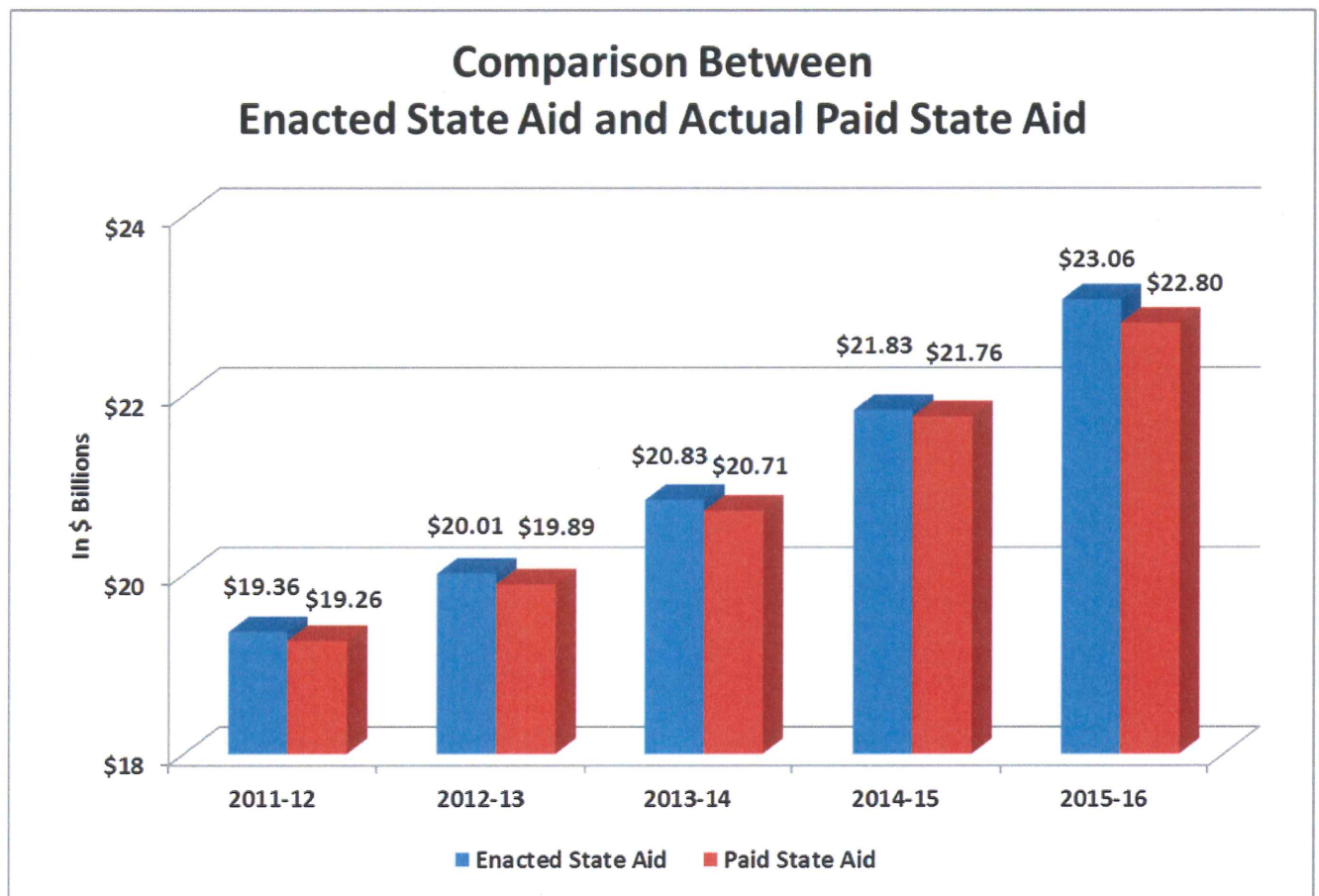
This level of Foundation Aid would also put the state on an ambitious, but realistic, track to fully-fund the formula within three years, while eliminating the GEA. However, the Executive's proposal included merely \$266 million in additional Foundation Aid and a \$189 million GEA restoration. This puts the state more than \$4 billion behind its full commitment to Foundation Aid and leaves in place the GEA for the seventh straight year.

NYSSBA estimates that \$1.7 billion in general operating aid is the minimum additional revenue necessary to maintain current programs and services. We arrived at this estimate by projecting cost increases for the coming year. Normally, we would then reduce our aid request by subtracting the amount districts are eligible to raise locally; however, this year the tax cap base is (as predicted) near zero, 0.12%. Therefore districts are more dependent on state support than ever, unless they can successfully garner the supermajority support necessary to pierce the cap.

The current limits on the ability to generate local revenue are only part of the reason a significant infusion of state funds is needed. Total state aid approved in the past five enacted budgets compared to the aid actually paid to school districts have been vastly different amounts. Over that time, school districts have received a combined **\$670 million less** than what the legislature appropriated.

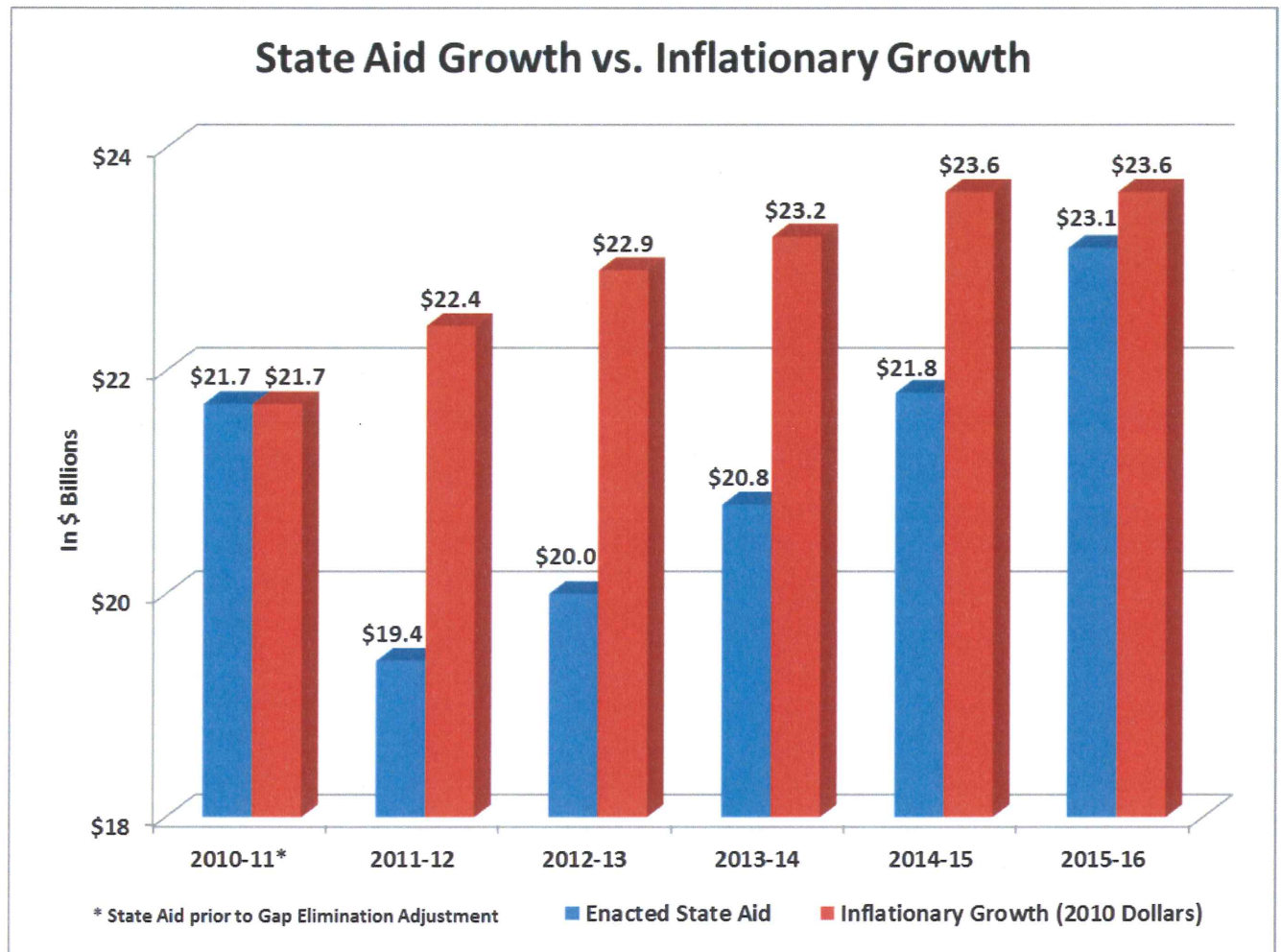
The enacted school aid figure in each budget is estimated and subject to change throughout the school year. However, at the end of the year, if and when the actual state aid paid is less than what the budget included, the state has redirected those funds instead of distributing them to school districts. The \$670 million since 2011-12 would be more than enough to eliminate the remaining Gap Elimination Adjustment (\$244 million after the Governor’s 2016-17 proposed restoration) and fully pay down the more than \$300 million owed to school districts in prior year aid claims. This could be accomplished by simply paying what was appropriated over the last five years.

This underpayment is illustrated in the chart below.



Whether it is the tax cap or the lower than enacted state aid awards, financial support for public schools has not kept pace with expenses or inflation. The following chart compares growth in state aid to basic inflationary growth over the past six years. In 2010-11, the state determined that school districts should have received \$21.7 billion in state aid. However, that amount was cut by the Gap Elimination Adjustment in order to help balance the state’s budget. Using inflation-adjusted amounts based on the would-be \$21.7 billion aid figure from 2010, the state has not even kept pace

with the low inflation over that time. Despite recent state aid increases, school districts are receiving **two percent less** in inflation-adjusted dollars in the current school year. Combined with a restrictive tax cap, insufficient state aid has left many school districts unable to meet their baseline cost drivers, let alone improve the programs and services available to students.



NYSSBA also recommends full-funding of the state’s prior year claims list. This list contains more than 4,000 individual claims for reimbursement of expenses that have already been approved by the state. This list has increased exponentially in recent years and now totals more than \$300 million. Unfortunately, the Executive’s proposal included just \$18.6 million to make payments against the list. At the current rate of repayment a school district submitting a new claim today would have to wait more than 15 years to receive reimbursement aid for an approved expense. Last year, the state made \$250 million available to repay nonpublic schools for prior year entitlements for state mandated services. We ask that you increase the amount proposed by the Executive and make a one-time investment in public school districts this year comparable to that provided for nonpublic schools last year.

Struggling Schools

NYSSBA urges the state to provide significant funding to all struggling schools so they have the resources to implement their comprehensive turnaround efforts and meet the strict timelines to make demonstrable improvement.

NYSSBA supports the \$100 million in dedicated funding for community schools and appreciates the Executive's recognition of the importance of support for struggling districts by allocating \$75 million of this aid to districts with struggling and persistently struggling schools.

However, this funding falls short of what is needed to support struggling schools and to allow high needs school districts to create community schools. We urge the inclusion of significant funds to support struggling schools, separate from and in addition to Community Schools Aid, for the implementation of their comprehensive improvement plans.

Prekindergarten

NYSSBA supports transitioning existing prekindergarten grants and all new prekindergarten funding into the existing aid formulas such as Foundation Aid and transportation aid, and allowing every district the opportunity to offer half or full-day pre-K at their own discretion with a guarantee of recurring state aid.

NYSSBA appreciates the recent investments in prekindergarten expansion. However, our members cannot confidently build programs that are funded through a myriad of different grant programs, which may or may not be reoccurring. Moving forward, the state should fund pre-K programs to the same extent and in the same manner as grades K-12.

The \$22 million the governor has proposed to expand pre-K for three year olds ignores the fact that many districts want to offer four year old pre-K but do not have the resources to do so. Transitioning the nearly \$800 million in existing pre-K grants into sustainable, recurring Foundation Aid and making all districts eligible to draw down this aid, if their communities so choose, will enable the state to achieve true universality. Furthermore, by making pre-K transportation aidable, a significant barrier to access for many families will be eliminated.

Education Tax Credit

NYSSBA strongly opposes the Executive's proposed Parental Choice in Education Act and any similar education tax credit proposal.

At a time when the state is more than \$4 billion below full-funding of the Foundation Aid formula and more than \$434 million in Gap Elimination Adjustment reductions are still being applied, the state should be using its general fund dollars to fulfill its commitment to public education, rather than diverting needed state resources to support nonpublic schools.

Charter Schools

NYSSBA opposes the Executive's proposal to direct State dollars to charter schools while increasing the City of New York's local obligations.

The Executive Budget would provide \$27 million in direct state support to charter schools and increase New York City's charter school basic tuition rate while also providing a more generous facilities aid formula for New York City's charter schools. These proposals provide significant benefits to a limited number of schools and students while the Executive's underlying school aid proposal neglects to meet the financial needs of traditional public school districts, which serve all students, including those students most in need of educational support.

Mayoral Control

NYSSBA supports the Executive's proposal to extend mayoral control in the New York City school district.

New York City's school district serves approximately 40% of the state's students. Such a large and diverse student population must have a governance structure that provides both certainty and accountability. The existing mayoral control law provides needed accountability and while we appreciate the Executive's three year extension, it should be extended for at least seven years as part of the final budget agreement as requested by the city of New York. A multi-year rather than single year extension is reasonable, as the district must be able to depend on consistent and predictable leadership without waiting for an extension each year.

We do, however, maintain our opposition to the expansion of mayoral control to other cities absent affirmative support of the local educational leadership.

School Safety

NYSSBA supports measures to promote school safety while limiting the academic disruption and administrative burden on districts.

The Executive's proposal would require rigid timelines for annual safety plan training and training for new employees. The proposal would also require that schools hold one of their mandated fire and emergency drills during a mass gathering, such as an assembly.

Making sure our schools are a safe environment for our students is a priority for NYSSBA, and we appreciate the governor making this a priority. However, we recommend that any changes leave scheduling decisions to the local board of education. We also ask that state policymakers work with local leaders to minimize duplicative reporting and disruption of the academic day.

NYSSBA Requests for Budget Additions

In addition to our response the above referenced Executive proposals, NYSSBA requests that you consider including the following initiatives in the final budget.

Property Tax Cap Reforms

NYSSBA supports a series of limited adjustments to the property tax cap that would allow school district flexibility while protecting the interests of local property taxpayers.

As school districts face a heavily restrictive 0.12% property tax cap base growth factor in the 2016-17 school year, the lack of any relevant additional local revenue heightens the importance of sufficient state support. To put this situation into perspective, the median school tax levy in 2015-16 was slightly less than \$15 million. Under a 0.12% tax cap, that levy would generate less than \$18,000 in additional local revenue – not enough to hire a full-time teacher. However, this also reinforces the need for us to learn from the lessons of the past four years of the cap.

NYSSBA calls on the state to address the volatility of the CPI by making the base growth factor a straight two percent. In addition, we recommend elimination of the possibility of a negative cap, recognition of growth in enrollment as a factor in the calculation of the tax cap calculation and improving the cap override process.

In addition, we request that the legislature revisit the legislation enacted at the end of the last legislative session intended to amend the calculation of the tax cap to treat BOCES capital costs as exemptions in the same way as district capital costs, and to consider properties that are new construction but with a tax abatement agreement as a part of the tax base growth factor.

The permissive nature of the adopted language has resulted in no regulatory action. To ensure that these changes are made, we believe stronger language mandating these changes must be adopted. NYSSBA has legislative language for any of the proposals referenced here that are not already live bills and looks forward to discussing these proposals with you in detail in the weeks to come.

Annual Professional Performance Reviews

NYSSBA calls for a repeal of the requirement that school districts negotiate an approved plan or risk losing their state aid increase.

Recent actions, supported by NYSSBA, established a moratorium relating to the effect of certain assessments on the overall annual professional performance review (APPR) score for students and educators. We believe the transition scoring methodology will help ease the concerns among teacher and principals over the next four years.

However, consequences have not been eliminated for everyone. Districts have not been given relief and must still negotiate and implement an APPR plan that complies with Education Law section 3012-d and have such plan approved by September 1, 2016 or face losing the 2016-17 school aid increase. It is patently unfair for educators to be given broad relief from APPR consequences but still leave districts liable for negotiating a new evaluation law while under the threat of losing critical state support. The legislature and the Governor should work together to repeal this unnecessary penalty provision.

English Language Learners

NYSSBA requests an allocation of \$8 million in targeted aid for English language learner services and for flexibility in staffing decisions, ensuring that school districts are able to keep staff with the needed language skills in place if reductions in staff are required.

Students who are English language learners (ELL) present districts with a varying set of educational needs. State support is critical as school districts strive to meet these needs. Increases in the number of ELLs enrolled in many districts, combined with changes to part 154 of the Commissioner's regulations increasing requirements in reporting and delivery of ELL and bilingual education services at the building level have exacerbated the need for increased funding.

Adjustments must be made to state aid to ensure that non-native English speakers receive the programs and supports they are entitled to. The Foundation Aid formula includes a moderate and indirect pupil count adjustment for ELL students, but that has proven to be ineffective because the formula is not being properly funded. In addition, the formula's pupil count adjustment does not adequately reflect the costs associated with meeting student need.

NYSSBA supports an \$8 million targeted allocation to support ELL students, as well as providing districts with flexibility in staffing decisions, which would allow them to keep the staff that possess relevant language skills should reductions in workforce be necessary.

Career and Technical Education

NYSSBA requests an increase in resources to allow for expansion of Career and Technical Education programs.

Regulatory changes enacted by the Board of Regents open the possibility that students will be able to attain a Regents diploma by successfully completing an approved industry based exam in lieu of one of their Regents exams. Creating the framework for these programs is only part of the equation. For an increase in student access and participation, resources will be required.

NYSSBA requests that the aidable cap on BOCES salaries for Career and Technical Education teachers be raised above the current cap of \$30,000, with a simultaneous increase in special services aid to allow aid to flow to similar programs serving non-component districts and the Big 5.

Triborough/LIFO

NYSSBA continues to support amendments to the last-in, first-out policy and the Triborough amendment to allow school districts the opportunity to make meaningful structural changes that will reduce costs and aid districts in improving educational outcomes.

The last-in, first-out law ties districts hands when layoffs are necessary and eliminates a district's ability to make prudent staffing decisions that would ensure the most qualified educator, not necessarily the most senior, is in the classroom. We are not advocating for seniority to be eliminated when make layoff determinations, it just should not be the sole factor.

Furthermore, limited changes to the Triborough amendment relating only to the step and lane components of compensation plans, would enable districts to renegotiate newly formulated collective bargaining agreements that are fair to the staff, students and taxpayers.

Regional High Schools

NYSSBA calls for authorization for the creation of regional high schools.

Many school districts, especially small districts and those in remote settings, struggle to offer students with a diversity of programming. Allowing school districts to combine resources with each other or through their BOCES means students across the state could have access to richer academic programs. The state has encouraged mergers in recent years and has made some changes to make them more feasible. However, local voters have rejected most of these mergers, so it is time for the state to create an alternative that offers an option for students that allows for a more comprehensive academic experience without a merger or reorganization. NYSSBA calls on the state to remove barriers to collaboration in the delivery of educational services.