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**Testimony of the Washington Saratoga Warren Hamilton Essex (WSWHE) BOCES
and its 31 Component School Districts**
Joint Budget Hearings on Lower Education
Submitted by James P. Dexter
District Superintendent
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Good morning Chairpersons Young, Marcellino, Farrell and Nolan and other members of the Senate and Assembly. My name is James Dexter and I am the District Superintendent of the Washington, Saratoga, Warren, Hamilton and Essex (WSWHE) BOCES. I am here today to provide some insight about how the Governor's 2016-17 Executive budget will impact the 31 component districts that comprise the WSWHE BOCES, the staff who work at our schools as well the 40,000 students who attend our schools.

Background:

As a point of background the WSWHE BOCES serves 31 school districts in a five-county region. There are three city school districts, three union-free school districts, one common school district and 24 central school districts. The total enrollment in the 31 component districts in Pre-K through grade 12 is approximately 40,000 students.

This is a critical time for all of the 31 school districts that comprise the WSWHE BOCES as they attempt to ensure that our students are provided all the programs and opportunities they require to meet the needs of a 21st century economy. At the same time, the 31 districts face serious fiscal challenges related to the lack of adequate school aid, the inability to generate local revenue because of the tax cap, the growing needs of our students and increasing costs from escalating health and pension costs, among other factors.

As a result, many districts have been forced to make devastating cuts to their educational programs, implement significant staff reductions impacting teachers and other critical employees, increase class sizes and eliminate other student opportunities. The factors upon which the funding formulas are based do not adequately take into account the true needs of the students we serve which creates an unfair distribution of state aid. To illustrate:

- Sixty one percent (61%) have 1000 or less students, with the majority of these districts having less than 700 students.
- These districts are also located in communities that are very constrained by the amount of revenue that can be generated locally due to the tax cap.
- Although most of the districts are considered of "average" wealth because they have a Combined Wealth Ratio (CWR) of 1.0, many have a high percentage of students with special needs: they are poor, in foster care and/or are homeless.

- We also have several districts that appear wealthier because they have a high CWR, due to the presence of expensive lake-front property located within their district boundaries despite the number of residences that are of low income. Because the formula gives equal weight to both income and property wealth, these districts appear wealthier than they are and as a result, they receive less aid.
- Over the past several years, our districts suffered very significant reductions in school aid as a result of the Gap Elimination Adjustment (GEA) and at the same time, received only a relatively small amount of Foundation Aid. These factors, combined with the inability of districts to generate revenue locally based on the tax cap, has imposed very significant financial constraints on these districts.

It is for these and other reasons, we urge the Legislature to implement the following recommendations:

Aid to Education:

The Governor's proposed 2016-17 budget does not provide adequate funding to support our schools. This is true statewide but is particularly problematic in our districts. Because many of our districts are classified as "average need" despite the growing and significant number of needs our students face, they continue to be disproportionately hit by the GEA and Foundation Aid formulas. The Governor's proposed 2016-17 budget is no exception. If the Governor's proposed budget were enacted, most of our districts would still not receive all the money they are owed by the GEA. In addition, only a small percentage of Foundation Aid would be provided to the 31 districts.

Together these factors require immediate solutions which are delineated below:

A. End the Gap Elimination Adjustment (GEA):

As you know, the GEA was introduced in 2010 as a way for the State to close the budget deficit. **Based on the Governor's proposed 2016-17 budget, our districts collectively will still be owed over \$ 7 million.** This is a significant amount of funding for our districts.

Recommendation:

- Fully eliminate the GEA in the 2016-17 budget and provide districts the money they are owed.

B. Fund and Adjust the Foundation Aid Formula:

The Foundation Aid formula was put in place several years ago as part of an effort to provide for a transparent, equitable and reliable funding stream for school districts. It was designed to supplement other forms of district revenue-specifically the local tax levy. With the implementation of the tax cap, it is critical that the Foundation Aid formula be adequately funded and modified in the following manner:

Recommendations:

- As part of the 2015-16 budget, the Income Wealth Index (IWI) factor was once again changed from 0 to .65. Because many of the 31 districts have an actual IWI of less than .65, they are treated in the same way as wealthier districts, resulting in a loss of \$5,777,149. The IWI should be lowered again to 0 to allow districts below .65 to receive the aid they need and deserve.
- Many of the districts have experienced a notable increase in the number of students who now qualify for the Free and Reduced Price Lunch (FRPL) program. The Foundation Aid formula needs to be adjusted to increase the weighting factor for FRPL to provide additional aid to those districts with an increasing number of low income students.

C. Maintain building Aid Calculations:

When a school district undertakes a major capital project, the work is financed up front by borrowing. The repayment plan for those bonds is calculated, and an interest rate is set. The state then calculates the amount of building aid based on the interest rate. A law enacted in 2001 requires the State Education Department to reset the interest rate at least once every 10 years. In the event the interest rate is lower, the district receives less building aid even though they still owe the higher amount. To avoid imposing significantly more costs on school districts, the Legislature has postponed full implementation of the interest rate reset.

Recommendation:

- Eliminate, or at a minimum postpone, the requirement that the interest rate must be reset.

In closing, we urge the Legislature to implement these recommendations to ensure that all districts have the resources they require to educate our students. On behalf of the WSWHE BOCES and all the 31 school districts, we thank you for your time and consideration of these most important recommendations.