

TESTIMONY

of

**The New York State Association of
Small City School Districts**

for

**Joint Legislative Hearing on 2016-17 Executive Budget
(Elementary and Secondary Education)**

January 25, 2016

Submitted by:

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On behalf of the New York State Association of Small City School Districts¹, we welcome this opportunity to submit testimony on the 2016-17 Executive Budget and its proposals for aid to public elementary and secondary education.

We are encouraged by the Governor's message in the State of the State that a world-class education is an essential vehicle of economic opportunity, especially in poor communities facing a variety of poverty-related issues, and that investment in education must emphasize early intervention and involve a substantial commitment of the State's resources. However, we have serious concerns that the Executive Budget does not translate these concepts into levels of aid sufficient to provide real hope to our most vulnerable students.

New York State has had a historically bifurcated educational system, with the quality of education a student receives determined by the wealth of his or her zip code. Thus the misfortune of being born into a poor community is often compounded by attending underfunded schools that condemn large numbers of children to lives of limited career opportunities- a personal tragedy as well as a devastating loss to society.

We, like the Governor, understand that schools located in poor communities, especially in Small City School Districts, must provide a host of services to at-risk children and their families: nutritious food, safe spaces for learning in sometimes dangerous environments, social support, including mental and other health services, among others. We welcome Community Schools Aid, made available to schools with low student performance, as an acknowledgment of the many roles played by schools in high need districts. We propose, however, that an alteration to the Foundation Aid Formula and education law section 3602 could fund these necessary student services on an ongoing basis, rather than for only this two-year budget cycle. The changes contained in the Small City Successful Schools Act² (A>5463/S.4988 Brindisi/Griffo) would provide such continuity. Critical programs that are necessary precursors to learning must be funded *every* year or else the gains made in one year may be lost in the next. Additionally,

¹ Small city school districts serve 234,000 children and 1.5 million residents.

² See copy of bill below.

amendment to the Foundation Aid Formula rather than creation of Community Schools Aid, a new category of aid, would minimize the burden of new regulations, restrictions, and paperwork on districts already stretched administrative budgets so that every aid dollar goes to programs benefitting our children.

The importance of sustained support for high need public school districts has been dramatically displayed by the over \$7 billion divestment in this State's educational system during the span of only four years. High student need/low community wealth districts faced rising expectations for student performance while the significant cuts in State aid mandated layoffs of teachers and cuts to essential programs. For example, budget restrictions have meant that many districts have not been able to provide, as required by state regulation, the Academic Intervention Services that at-risk students need to avoid falling further behind.

Despite this recent history of hardship and making do with insufficient resources, the Executive budget proposes a mere 1.3% increase in Foundation Aid to Small City School Districts. This is even below the proposed statewide average increase of 1.68%. At this glacial rate of growth, the Foundation Aid formula, created to fund a sound basic education for all New York students as required by the State Constitution, will never be fully funded. This promise to our youth, made back in 2007, must be fulfilled. Currently, however, Small City School Districts are owed more than \$500 million *each year* under the formula. For some districts, such as Kingston, Utica, Port Jervis and Mount Vernon³ the gap between the amount owed by the State under the formulas and the aid actually received will widen or worsen under the Executive budget, even as the State's economy has improved. We urge the Legislature to address this injustice.

As the State moves out of the recession, the large annual cuts to public education, in the form of the Gap Elimination Adjustment or GEA, have generally decreased in recent years. The method of GEA restoration can have inequitable effects on districts across the State, however. Small City School Districts on average will receive 5% of the total GEA restoration dollars

³ DABTA1 1/11/2016

proposed by the Executive budget, despite that such districts serve approximately 9% of the state's students. Most Small City School Districts have higher percentages of disadvantaged and at-risk students than the state average, thus an equitable division of GEA restoration funds would allocate a *higher* proportion of funds than a straight per pupil percentage (9%) would indicate. We once again invite the Legislature to correct this serious inequity.

Furthermore, the 2015 receivership regulations, promulgated pursuant to Education Law Section 211-f, placed considerable new responsibilities and thus added administrative burdens on struggling school districts. While we agree that action must be taken to increase student performance, we must stress that the eight Small City School Districts with schools designated as struggling or persistently struggling by the State Education Department are underfunded by \$236 million annually, according to the Foundation Aid Formula. These districts should not be penalized for low student performance when they have been so severely shortchanged. Although the Executive Budget provides for \$50 million in each of the next two years for either the 17 districts designated as struggling/persistently struggling or districts with low graduation rates, the proposed amount would only support the added administrative costs imposed on districts in receivership, not address the fundamental shortfall of State aid in these districts. We therefore urge the Legislature to amend the Education Law Section 211-f to (1) exempt schools in districts that have had to make significant cuts to staff and programs due to insufficient funding and (2) to specify that no outside receiver shall be appointed in districts that are not fully funded under the Foundation Aid Formula.

Many districts are facing a real property tax levy cap of nearly 0% this year. While we realize that this will place districts in the unenviable position of deciding how to craft a school budget that fits within this cap or risk presenting a budget that requires a supermajority of voter approval, Small City School Districts are generally not able to raise significant funds from increasing local taxes on their weak tax bases in low wealth communities. Historically Small City District residents have real property tax rates that are 20% over the state average, in order to make up for insufficient State aid levels. The tax levy cap has had the unfortunate effect of

locking in the inequities in tax rates between Small City School Districts and wealthier, low student need districts.

We must alert legislators that the Executive budget aid runs should be closely reviewed this year for accuracy. These numbers are of critical importance to districts: due the timing of the school budget vote process vis a vis the State's budget schedule, the Executive's numbers form the basis for the creation of school districts' own budgets for the school year, thus driving decisions about which programs can be funded and which programs and staff must be cut. Uncertainty about the actual amount a district will receive from the State is especially difficult for districts such as Small City School Districts that operate under extremely tight budget constraints. Therefore we ask that legislators and their staff carefully review State aid runs using the most up-to-date district data, available in February.

The cornerstone issue of adequate State funding of public education for our neediest students should be the focus of this year's budget debate. The discussion of tax deductions or credits for parents of students in private schools should not distract us from the State's primary Constitutional and moral obligation of providing a public education that prepares all our children, rich and poor, for college, good careers, and productive, healthy lives.

More than ever we need the Legislature to continue to advocate for adequate and equitable funding of our schools; therefore we urge the Legislature to make its primary goal this year the targeting of education aid to needier school districts.

THE SOLUTIONS

We urge that you:

- 1. Begin funding districts at levels which will provide at minimum the resources necessary to provide the opportunity for every child to receive a meaningful high school education.**
- 2. Resume full funding of the phase-in provisions of the Foundation Aid formula and improve that formula's targeting to small city school districts. (See below, e.g., provisions recommended in the draft of the Small City Successful Schools Act)**

- 3. Ensure full funding of the cost of a sound basic education in all districts before placing any school into receivership, pursuant to Education Law Section 211-f and related State Education Department regulations.**
- 4. Restore cuts to education aid made through the Gap Elimination Adjustment that target needier districts across the state.**
- 5. Amend expense driven aids, also known as categorical aids, to target more dollars to higher need/lower wealth school districts.**

STATE OF NEW YORK

5463

2015-2016 Regular Sessions

IN ASSEMBLY

February 24, 2015

Introduced by M. of A. BRINDISI -- read once and referred to the
Committee on Education

AN ACT to amend the education law, in relation to the computation
of foundation aid and successful schools aid for small city
school districts

The People of the State of New York, represented in Senate and
Assembly, do enact as follows:

1 Section 1. This act shall be known and may be cited as the "small
city
2 successful schools act".
3 § 2. Legislative Intent. It is the responsibility of the
legislature
4 under article XI of the constitution of the state of New York to
estab-
5 lish and maintain a system that will provide all children an
opportunity
6 to receive a meaningful high school education. Certain provisions of
the
7 education law are not adequate to provide the funding necessary
to
8 fulfill that obligation in certain school districts, particularly
those
9 in our small cities, many of which have lower wealth and higher
student
10 needs than average and are faced with high concentrations of
poverty.
11 Moreover, small city school districts function as centers not only
for

12 educational purposes but also for health, civic and public safety
uses.
13 These services and uses are not adequately supported by existing
educa-
14 tion aid.
15 Therefore, it is the intention of the legislature to amend
certain
16 provisions of the education law to insure that the necessary funding
is
17 available in those districts to help them provide all their children
an
18 opportunity to receive a meaningful high school education and to
main-
19 tain healthy vibrant educational communities.
20 § 3. Subdivision 1 of section 3602 of the education law is amended
by
21 adding a new paragraph hh to read as follows:
22 hh. "Small city poverty concentration count" for districts in
cities
23 with populations fewer than one hundred twenty-five thousand persons
in
24 the most recent census shall mean the number equal to the product of
the

EXPLANATION--Matter in italics (underscored) is new; matter in
brackets

[-] is old law to be omitted.

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1 three-year average free and reduced price lunch percent and
the
2 quotient, computed to three decimals without rounding, of the
enrollment
3 per square mile divided by two, but not more than three
hundred.
4 Enrollment per square mile shall be the quotient, computed to two
deci-
5 mals without rounding, of the public school enrollment of the
school
6 district on the date enrollment was counted in accordance with
this
7 subdivision for the base year divided by the square miles of
the
8 district, as determined by the commissioner.
9 § 4. Paragraph s of subdivision 1 of section 3602 of the
education
10 law, as amended by section 11 of part B of chapter 57 of the laws
of
11 2007, is amended to read as follows:
12 s. "Extraordinary needs count" shall mean the sum of the product
of
13 the limited English proficiency count multiplied by fifty percent,
plus,

14 the poverty count, the small city poverty concentration count and
the
15 sparsity count.
16 § 5. Subparagraph 4 of paragraph a of subdivision 4 of section 3602
of
17 the education law, as amended by section 3 of part A of chapter 56
of
18 the laws of 2014, is amended to read as follows:
19 (4) The expected minimum local contribution shall equal the lesser
of
20 (i) the product of (A) the quotient arrived at when the selected
actual
21 valuation is divided by total wealth foundation pupil units,
multiplied
22 by (B) the product of the local tax factor, multiplied by the
income
23 wealth index, or (ii) the product of (A) the product of the
foundation
24 amount, the regional cost index, and the pupil need index, multiplied
by
25 (B) the positive difference, if any, of one minus the state
sharing
26 ratio for total foundation aid. The local tax factor shall be
estab-
27 lished by May first of each year by determining the product, computed
to
28 four decimal places without rounding, of ninety percent multiplied
by
29 the quotient of the sum of the statewide average tax rate as computed
by
30 the commissioner for the current year in accordance with the
provisions
31 of paragraph e of subdivision one of section thirty-six hundred
nine-e
32 of this part plus the statewide average tax rate computed by the
commis-
33 sioner for the base year in accordance with such provisions plus
the
34 statewide average tax rate computed by the commissioner for the
year
35 prior to the base year in accordance with such provisions, divided
by
36 three, provided however that for the two thousand seven--two
thousand
37 eight school year, such local tax factor shall be sixteen
thousandths
38 (0.016), and provided further that for the two thousand eight--two
thou-
39 sand nine school year, such local tax factor shall be one
hundred
40 fifty-four ten thousandths (0.0154). The income wealth index shall
be
41 calculated pursuant to paragraph d of subdivision three of this
section,

42 provided, however, that for the purposes of computing the expected
mini-
43 mum local contribution the income wealth index shall not be less
than
44 [~~sixty-five~~] fifteen percent [~~(0.65)~~] (0.15) and shall not be more
than
45 two hundred percent (2.0) and provided however that such income
wealth
46 index shall not be more than ninety-five percent (0.95) for the
two
47 thousand eight--two thousand nine school year, and provided further
that
48 such income wealth index shall not be less than zero for the two
thou-
49 sand thirteen--two thousand fourteen school year. The selected
actual
50 valuation shall be calculated pursuant to paragraph c of subdivision
one
51 of this section. Total wealth foundation pupil units shall be
calculated
52 pursuant to paragraph h of subdivision two of this section.
53 § 6. Subdivision 18 of section 3602 of the education law, as added
by
54 section 37 of part A of chapter 58 of the laws of 2011, is amended
to
55 read as follows:
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1 18. Allocable growth amount apportionment. Such amount shall be
appor-
2 tioned for a school year pursuant to a chapter of the laws of New
York
3 enacted for the state fiscal year in which such school year
commences,
4 and shall be allocated to purposes including but not limited to
compet-
5 itive grant awards made pursuant to subdivisions five and six of
section
6 thirty-six hundred forty-one of this article, the small city
successful
7 schools aid allocated pursuant to subdivision forty-two of this
section,
8 the foundation aid phase-in amount or other foundation aid
increase
9 allocated pursuant to subdivision four of this section and the gap
elim-
10 ination adjustment restoration amount apportioned pursuant to
subdivi-
11 sion seventeen of this section. In the event that a chapter of the
laws
12 of New York enacted for the state fiscal year in which such school
year
13 commences is not enacted, the allocations in support of
subdivisions

14 five and six of section thirty-six hundred forty-one of this
article
15 shall equal the allocations in support of such awards in the base
year,
16 and the apportionments pursuant to subdivisions four and seventeen
of
17 this section for the current year shall equal the apportionments
for
18 such subdivisions four and seventeen for the base year.
19 § 7. Section 3602 of the education law is amended to add a new
subdi-
20 vision 42 to read as follows:
21 42. Small city successful schools aid. Commencing with aid payable
in
22 the two thousand fifteen-two thousand sixteen school year,
school
23 districts in city school districts of those cities having
populations
24 fewer than one hundred twenty-five thousand inhabitants shall be
eligi-
25 ble for an additional apportionment as provided for in this
subdivision.
26 Such districts shall be eligible for an additional apportionment in
the
27 two thousand fifteen-two thousand sixteen school year and thereafter,
in
28 an amount equal to the product of the three-year average free
and
29 reduced price lunch percent and the product of four hundred dollars
and
30 total aidable foundation pupil units to be used for new programs
or
31 expanded programs with respect to such students first begun or
expanded
32 in the two thousand fifteen-two thousand sixteen school year or
there-
33 after approved by the commissioner for the following purposes:
34 a. implementation of common core curriculum;
35 b. class size reduction;
36 c. academic intervention services;
37 d. response to intervention services;
38 e. drop out prevention;
39 f. incarcerated youth services;
40 g. parent involvement programs;
41 h. extended day and extended year programs; and
42 i. psycho-social testing.
43 § 8. This act shall take effect immediately.

NEW YORK STATE ASSEMBLY
MEMORANDUM IN SUPPORT OF LEGISLATION
submitted in accordance with Assembly Rule III, Sec 1(f)

BILL NUMBER: A5463

SPONSOR: Brindisi

TITLE OF BILL:

An act to amend the education law, in relation to the computation of foundation aid and successful schools aid for small city school districts

PURPOSE OR GENERAL IDEA OF BILL:

To amend computation of foundation aid and successful schools aid in small city school districts sufficient to insure funding of a meaningful high school education.

SUMMARY OF SPECIFIC PROVISIONS:

To add small city successful schools aid for the following uses:

- a) implementation of common core curriculum
- b) class size reduction
- c) academic intervention services
- d) response to intervention services
- e) drop out prevention
- f) incarcerated youth services
- g) parent involvement programs,
- h) extended day and extended year programs, and
- i) psycho-social testing.

To amend computation of foundation aid to add a small city poverty concentration count and lower the income wealth index.

JUSTIFICATION:

Small city school districts face unprecedented educational and fiscal challenges. These challenges have threatened the capacity of many districts to provide a meaningful high school education as required by the state constitution. Current provisions in the foundation aid formula do not deliver the aid to all districts necessary to enable them to meet this requirement fully. Moreover, current education aid does not adequately compensate for the burdens facing these districts from the high concentration of poverty in the cities. These districts serve as centers providing not only educational services but also health, civic and public safety uses. These services and uses cause an overburden which is not adequately supported by existing education aid.

The state constitution requires and promises that a meaningful high school education be provided to all children wherever they reside and whatever school district they attend. This bill would make it possible to fulfill that promise.

PRIOR LEGISLATIVE HISTORY:

This is a new bill.

FISCAL IMPLICATIONS:

To be determined.

EFFECTIVE DATE:

This act shall take effect immediately.

