

New York State Joint Budget Hearings- Education

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Testimony of Rabbi Yeruchim Silber

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Good afternoon Chairs Weinstein, Young, Nolan and Marcellino and members of the committees - thank you for this opportunity to testify before this joint committee hearing.

My name is Yeruchim Silber and I represent Agudath Israel of America. We are a national organization founded in 1922 with headquarters in Manhattan, a full time office in Washington DC, and 8 regional offices across the country. Our prime areas of advocacy are in education and religious liberties. We are also a major social service provider, in areas such as workforce development, affordable housing, senior centers, youth services, summer camping, and health care advocacy.

For close to 60 years our organization has been in the forefront advocating for the nonpublic school community, specifically for yeshivas and day schools in the orthodox Jewish community. In addition to our advocacy, our education affairs department helps our schools navigate the maze of applicable laws, regulations and government sponsored programs. This is done through workshops, seminars, and webinars, in addition to over

100 informational memos emailed annually to our member schools. Our staff fields hundreds of calls and emails monthly for guidance on these issues. Last October we held our first Yeshiva expo an all-day conclave attended by nearly 300 school administrators, which covered a myriad of compliance topics and was addressed by commissioner Elia as well as other personnel from the State Education Department and other government entities.

According to the latest numbers available, there are over 410,000 K-12 nonpublic schools students in over 400 schools in New York State or about 13.4% of the total number of students statewide. Of that number over 150,000 are in Jewish Day schools and yeshivas the vast majority being represented by Agudath Israel. To understand the budgetary impact - if all those students attended local public schools, the total cost between federal, state and local governments would be enormous with a conservative estimate being over \$8 billion annually based on the number of students and the average cost per child of education in New York State. And this number excludes the capital costs involved in school construction, which would easily be in the area of 4-5 billion dollars. So simply put, the nonpublic school community besides offering high quality education, also saves the state billions and billions of dollars.

Last year New York State allocated about \$300 million to the nonpublic school sector primarily for mandated services. While

it is certainly appreciated it doesn't come anywhere near actual costs. Parents of schoolchildren, a good deal of them with large family size, many low and middle income working families struggle mightily to pay their tuition. In most religious families, where public school is not an option school, tuition is often the largest household expense after housing. Many times parents are forced to make a choice between their tuition payment and a new pair of shoes for a child, and sometimes even between tuition and an electric bill.

And so we turn to our friends in government, to whom we are saving so many billions of dollars, to help us ease this crushing burden on both schools and parents.

There are a number of proposals that have been advanced. Agudath Israel will always be in support of education tax credits as introduced by Senator Golden and Assemblymember Cusick. We also support an individual tax credit to tuition paying parents based on family size and income. These proposals have passed the Senate numerous times in the past and have had the support of a majority of Assembly Members. However due to intense vocal opposition from certain interests, these measures were unfortunately never brought to the floor for a vote.

This year an exciting opportunity presents itself in the form of the 529 tax deduction. 529 accounts are specialized accounts

set up to encourage savings for college education by making withdrawals from those accounts tax free. The recent federal tax bill enacted expanded 529 accounts to cover K-12 as well. In New York State the principal contributed to the plan is also deductible for state income taxes. Many tax experts are under the opinion that the statute as written automatically includes New York's expansion as well to K-12. We believe this should be the law of the state. This would be a huge opportunity for working families in New York who send their children to nonpublic schools to earn a well-deserved tax deduction. This is all the more beneficial when New York State residents are no longer able to deduct state and local taxes (SALT) on their federal tax returns. Let's provide them with other options for tax deductibility to recoup those lost with the recent federal tax law.

And while on this topic let me take a moment to refute 2 common misconceptions about 529. One is that this is a giveaway to the rich. In truth it is completely the opposite. We are not talking about interest earned after many years of monies being invested. The state allows the principal deposits to be tax deductible. Any working family who pays tuition can use a 529 account and receive their deduction.

Second, there have been press reports that enacting 529's in New York can cost the state treasury up to \$3 billion. This is an absolute fallacy and in our opinion, a scare tactic. My colleague

Avrohom Weinstock, our Associate Director for Education Affairs has written a wonderful article for the publication Education Next (<http://educationnext.org/whats-few-billion-between-friends-fuzzy-numbers-529s-k-12-tuition/>) in which he provides a detailed analysis that the actual cost would more likely be in the area of \$25 million. This is based on the number of nonpublic school students in the state along with the actual percentages of taxpayers who actually utilize 529 accounts, all readily available data. So to summarize an expansion of 529 to K-12 would provide tax benefits to working families and would hardly be a major drain on the state treasury.

Let me now briefly cover 3 other funding streams that we are advocating for

Immunization Mandate- In 2017 the NYS Budget allocated \$7.7 million dollars to reimburse schools in NYC, Rochester, and Buffalo the actual cost of complying with a state mandate requiring extensive immunization recordkeeping. This allocation was long overdue as for many years schools were paid at a rate of .60 per pupil to fulfill this mandate. Last year's budget mandated that the State Education Department calculate the actual cost per pupil up to the amount allocated in the budget. To our dismay, the 2018-19 executive budget did not appropriate this cost which essentially means that the department would be forced to reimburse school at the old laughable rate of .60 per student. We ask the legislature to restore the funding for this immunization mandate.

Security- Last year the legislature allocated \$15 million for safety and security. This amounted to approximately \$35 per child. With an unprecedented rise in hate crimes, our schools are more vulnerable than ever. It is our belief that every child whether they attend public or nonpublic schools is entitled to basic security services. In neighboring New Jersey, that state has increased allocations to \$75 per child. We ask the legislature to increase security funding in New York to that level.

Comprehensive Attendance Policy (CAP)- Non Public Schools have for years been carrying out the CAP mandate to monitor pupil attendance at a reimbursement rate substantially lower than the actual cost. Agudath Israel thanks the Governor and Legislature for a \$250 million appropriation in 2015 as well as an additional \$60 million in 2016-2017 to cover much of the debt. However according to our estimates, an additional \$20 million remains outstanding. Let 2018 finally be the year where the CAP debt is fully retired.

Thank you once again and I look forward to working with all of you for the duration of the legislative session and to achieve positive resolutions