



**REFIT**  
**Reform Educational Financing Inequities Today**  
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## **TESTIMONY**

### **REFIT**

**REFORM EDUCATIONAL FINANCING INEQUITIES TODAY**

**BEFORE THE**

**NEW YORK STATE JOINT LEGISLATIVE BUDGET HEARING**

**THURSDAY, JANUARY 28, 2021**

**TESTIMONY SUBMITTED BY**

**DAVID A. LITTLE, Esq.**

**Chief Operating Officer**

Dear Chairs Weinstein, Kreuger and Members,

I am David Little, Chief Operating Officer of REFIT. REFIT was the original plaintiff in the Levittown school funding case and has been advocating for school aid distribution equity for the past 40 years. I appreciate the opportunity to speak with you about the plight of our schools, the communities that support them and the dramatically inadequate addressing of their needs by our state.

The FY2022 Executive Budget provides a year-to-year increase of approximately \$2.1 billion for the 2021-22 school year, but this increase is largely driven by the \$3.9 billion allocated to school districts under the federal CRRSA Act and \$400 million in previously authorized federal funding, more than offsetting a **\$607 million decrease in State support**.

**Specifically:** The plan calls for a \$393 million reduction to 2021-22 what the governor is calling Shared Services Aid. Eleven existing expense-based aids totaling \$3.7 billion for the 2020-21 school year, including Transportation Aid and BOCES Aid are consolidated into a new block grant called "Shared Services Aid." Funding for these aids in 2021-22 is reduced to \$3.3 billion. This reduction is fully offset for each school district by its allocation of CRRSA funds in this year. These spending reductions may be restored if the State receives requested Federal COVID relief funds. Growth in these existing aid categories would be eliminated and (if accepted by the legislature) this proposal would require future State funding increases to be allocated through the Foundation Aid formula, rather than as a reimbursement. High need schools can ill afford to lose the certainty of the availability of BOCES programs and services. The sharing of services is the hallmark of New York State's educational system; the envy of the nation and the Executive Budget undercuts (in both funding level and structure) this vital element of our educational system. How can BOCES be expected to purchase the needed equipment to run career and technical programs that are so critically important to so many students if there is no expectation of school districts being reimbursed for their participation in these programs? Cutting these aids by \$393 million is breaking the promise the state made when these school districts spent funds in good faith. The benefit of flexible funding always seems to be wedded to the requirement of dramatic cuts in aid. When the money has already been used and local tax increases in high need districts often amounts to next to nothing, this is simply unacceptable. The plan varies from last year's similar proposal in that it eliminates Building Aid from the list of categories, recognizing that bond holders relied on state reimbursement to local school districts when purchasing the construction bonds and that it is improper to alter that aid once those bonds have been purchased. Removing Building Aid from that list of categories is insufficient to allow support for the proposal.

**"Local District Funding Adjustment": The New GEA.** The Executive Budget calls for a \$1.35 Billion Local District Funding Adjustment (reduction in aid) for the 2021-22 School Year. A Local District Funding Adjustment would be levied against other reimbursements to school districts outside of what are now known as "reimbursable" aids.) This \$1.35 billion reduction to current law projected aid for the 2021-22 school year would be fully offset by school districts' federal

CRRSA funds and the reduction may be restored if the State receives requested Federal COVID relief funds. However, history tells us that as soon as federal aid stops, the state is left with a multi-billion aid gap to fill. Last time (GEA during the Great Recession) it took the state over a decade to get to pre-recession aid levels. The time needed for the state to recover its pre-recession aid level would take up the entire educational career of a student; from kindergarten to graduation. Our children deserve a better preparation for life than the systematic defunding of their educational programs. A child's education is a progression, built on what has been learned in prior years. Wildly fluctuating state aid levels create huge gaps in learning, as programs and services are cancelled. Federal stimulus funding is meant to eliminate this result, but the Executive Budget first siphons off federal education aid and then cuts its own funding for education. When combined with only a 1.23% cap on local revenue increases, this spells disaster for fiscally dependent school districts.

**Let's Review:** The state is significantly cutting school aid: \$607 million this year and \$1.5 billion over two years. It's cutting aid for BOCES, transportation aid, special education, etc. (the so called "reimbursables") and turning what's left into a block grant based on the Foundation Aid formula (a formula that year after year ignores the needs and economic circumstances faced by high need students.) Schools will get a significant net increase this year only because federal funding allocated to NYS so far is directed specifically for schools and the state has chosen to use all of that aid (meant to cover a three year period) in this first year. Federal funding increases should cover expected losses in the state's contribution for at least the next two years. None of this takes into account the impact of the proposed \$1.98 trillion federal recovery act funding proposed by President-Elect Biden. The governor's statements in support of the Executive Budget indicate he intends to use those funds to backfill its aid cuts if that legislation is passed, but this intent is not codified; a mere verbal indication. Again, this leaves a gap when federal aid dries up and is dependent on the governor's future generosity.

**Other notable effects:**

1. Districts would be **reimbursed for pandemic related transportation** (and meal delivery) expenses the state claimed could not be paid without authorizing legislation. The Executive Budget makes no mention of paying these expenses in the coming year.
2. The governor's budget plan would **eliminate teacher support programs**, including the Teachers of Tomorrow and the Teacher Mentor intern Program. There is no mention of the critical state of teacher recruitment and retention in many high need areas, no plan to address this significant challenge.
3. **Eliminate Prior Year Aid Queue.** The FY2022 Executive Budget proposes to eliminate \$18.7 million in funding for school districts' prior year claims and expunge all claims currently in the queue. The Executive Budget proposes prospectively eliminating the PYA queue altogether. These spending reductions may be restored if the State receives requested Federal COVID relief funds. This is quite simply, unconscionable.

4. **District distribution to high need buildings required:** The Executive Budget would require all districts to allocate their state aid most heavily to high need buildings within their districts (indicating the governor's attempt to shift focus away from the state's reductions and onto the district's responsibility to allocate funds equitably within its borders.) The fact that this featured aspect of the governor's approach to educational equity has no relevance to most school districts amounts to an unnecessary reporting requirement. For most schools, the lack of equity is in the totality of state funding, not the local distribution of those resources. Fluctuations in building spending are often determined by the length of service of employees within each building and the higher cost of services provided to special educational students in some buildings. This proposal diverts attention away from the issue of the state's inadequate and inequitable funding distribution scheme.

In short, the Executive Budget approaches the state deficit in exactly the same manner it did over a decade ago during the Great Recession. It cuts aid to schools and to the extent federal law allows, replaces its aid cuts with temporary federal stimulus funds. It again proposes making long term changes to BOCES, Transportation, Special Education and other aid categories that would both cut total aid and then distribute what's left according to gubernatorial direction, rather than reimburse it for amounts actually already incurred. It takes money from above, as well as below in seeking additional resources from the federal government, while starving its schools.

**We've been through this before.** We know that the result is that temporarily, schools will weather this storm (if we ignore the lower 1.23% tax cap on local revenue.) We know too that the minute the two years of federal money dries up, the state is once again unlikely to be able to fill its aid cuts, leaving districts with billions in lost aid. There is no ignoring that the state is in a dire fiscal state, though increased revenue above state projections show that dire state to be diminished from what was previously announced. The amount of additional aid coming from the federal government under the new administration could significantly affect this scenario, allowing direct aid to the state to prevent the hole from being dug in the first place. The state legislature has traditionally rejected the governor's aid cuts and systematic dismantling of the reimbursable aid categories. Its action this year, in this economic and health crisis is needed all the more.

Only through your collective leadership can the state avoid past mistakes and a generation of underfunding to the education of its children. The cuts must be avoided now, not restored later. This is the intent of the federal aid provided and you must ensure its proper use. New York State has seen fit thus far to starve its high need schools through an artificially low cap on local revenue, then withheld state funding to provide sufficient resources to uphold its constitutional responsibility of providing a sound, basic education to its children. To rectify this catastrophe, it must reform its funding distribution system that is annually listed as among our nation's worst. Federal funding must be used as the one time revenue it is, rather

than for recurring expenses that will require elimination as soon as that stimulus is removed. **Our Foundation Aid formulae must be reformed to reflect variations in regional cost, an accurate assessment of the cost of educating English Language Learners and increasingly impoverished students, as well as a community's lack of a commercial tax base that forces school districts to rely overmuch on residential homeowners for school funding.** New York is last in the nation in its school funding mechanism not because we have inadequate total resources; indeed we pay the most per child on average. But that average belies vast variations between school districts and tremendous inequities in the resulting education provide by the state.

**We can be smarter than the last time we faced these circumstances. We must!** We have a sacred responsibility to provide our children a competitive education. We are failing. That failure not only impedes their future, it deteriorates our communities and forces our children away from their homes in order to seek affordable circumstances. Only your intervention can rectify this historic breach of the public trust. Yes, our state is currently fiscally challenged, but failure to reform the distribution of our state's education funding will have permanent and far reaching implications. Please rise to this moment in our history. Reject the Executive Budget proposals for public education and replace them with an adequate and equitable system that builds a better New York State.

Thank you for this opportunity and thank you (as always) for your leadership.

Respectfully submitted,

David A. Little, Esq.

Chief Operating Officer