



## *Albany Update*

### **EXECUTIVE COMMITTEE & HOUSE OF DELEGATES**

**May 1, 2014**

# Development of 2014-15 State Budget

## Governor

- **Formula School Aid: \$603m**
- (included \$323m GEA Restoration)
- Full-Day PreK: \$100m
- Property Tax Freeze
- Smart Schools Bond Act: \$2b

## Assembly

- **Formula School Aid: \$970m**  
(included \$367m GEA Restoration & \$335m Foundation Aid increase)
- Full-Day PreK: \$100m & allow NYC to raise City income tax
- **No** Property Tax Freeze
- Smart Schools Bond Act: \$2b

## Senate

- **Formula School Aid: \$812m**  
(included \$541m GEA Restoration)
- Full-Day PreK: \$340m for NYC; **\$145m for rest of state – could be used for other purposes**
- Modified Property Tax Freeze
- Education Investment Tax Credit
- Charter school legislation
- Smart Schools Bond Act: \$2b, add water and sewer projects

## Final Budget

- **Formula School Aid: \$1.1b**  
(included \$602m GEA Restoration & \$250m Foundation Aid increase)
- Full-Day PreK: \$300m for NYC; \$40m rest of state
- Property Tax Freeze with looser efficiency plan requirements
- Smart Schools Bond Act: \$2b

# Evaluating Aid proposals...

## *Not enough!*



### ECB estimate:

\$1.5 billion state aid increase needed to maintain current services, given these assumptions:

- 2.6% increase in salaries (based on national survey of public sector salaries)
- 8.0% increase in benefits (based on TRS costs)
- 1.8% increase in everything else (based on estimated CPI growth)
- 2.1% tax cap



# ENOUGH!

**Enough** – of shortchanging state aid to public schools, by Gap Elimination Adjustment cuts and Foundation Aid freezes!

**Enough** – of cynically underfunding public schools, by shortchanging state aid and capping local revenues while neglecting mandate relief!

**Enough** – of considering a proposal for a destructive, ill-conceived local tax freeze that ignores the tough choices school districts leaders and voters have been making all along, to hold down taxes and spending while trying to preserve opportunities for children!

**Enough** – of schemes to expand charter schools and give tax credits for private schools, undercutting the capacity to support the public schools that educate roughly 85 percent of the state's children!

Support a state budget that does **enough** to support our public schools.

- This year, over 70 percent of the state's school districts are still receiving less School Aid than in 2008-09 – five years ago.
- The Educational Conference Board estimates a \$1.5 billion increase in regular School Aid is needed to allow districts to preserve current opportunities for students, given moderate assumptions about school costs and the reality that the state has capped the ability to raise local revenue.

Support a state budget that gives our poorest districts **enough** help to have a fair chance at giving their students the opportunities we all would want for our own children.

Support a state budget that **rejects** the school tax freeze that would make it impossible for some districts to raise **enough** local revenue to preserve opportunities for their students. A better option would be to **decouple** the plan from the tax cap and provide rebates to districts that can show they have already implemented consolidation and sharing plans that are producing recurring savings.

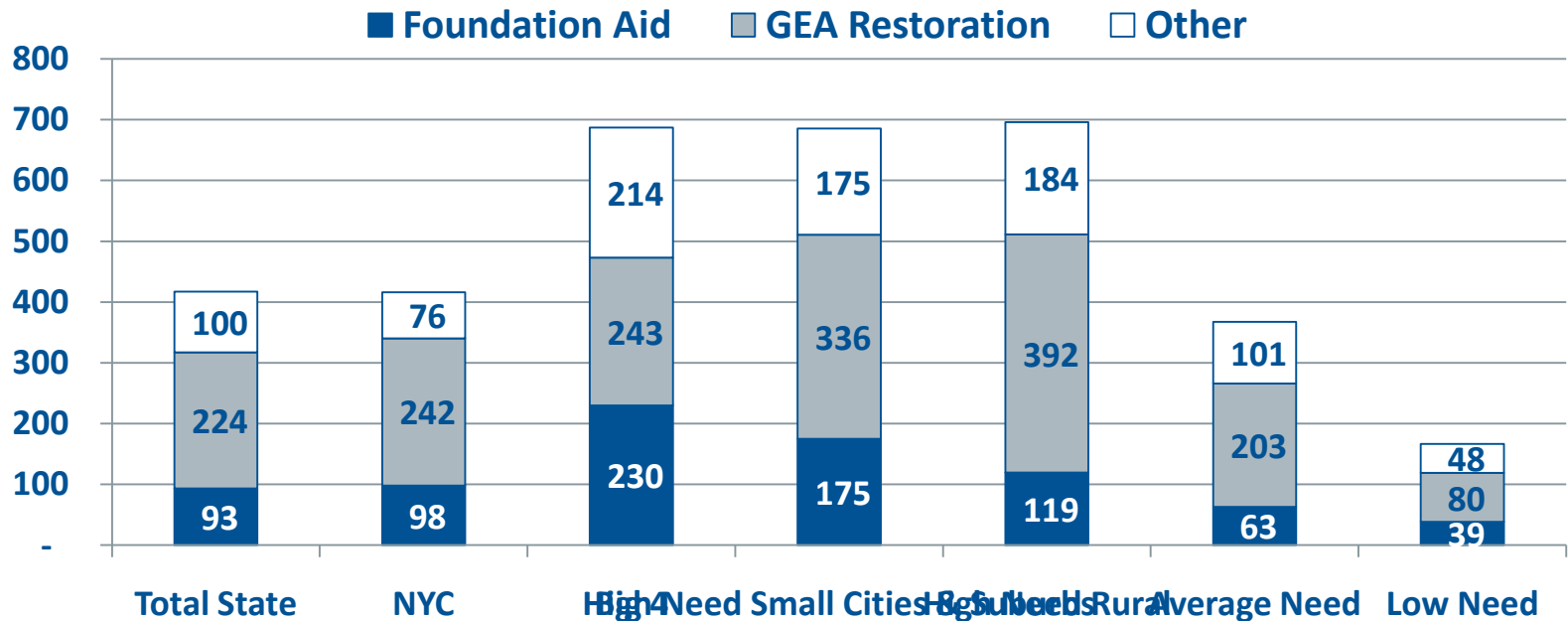
Support a state budget that **does not** make unaffordable promises to expand charter schools, private school tax credits, and other costly new programs that could undermine the state's capacity to provide **enough** support for our public schools in years ahead.

***Please support a state budget that makes adequate support for public schools the priority.***

- *Over 3,000 emails/letters sent to legislators in three days*
- *11 legislators received over 100*

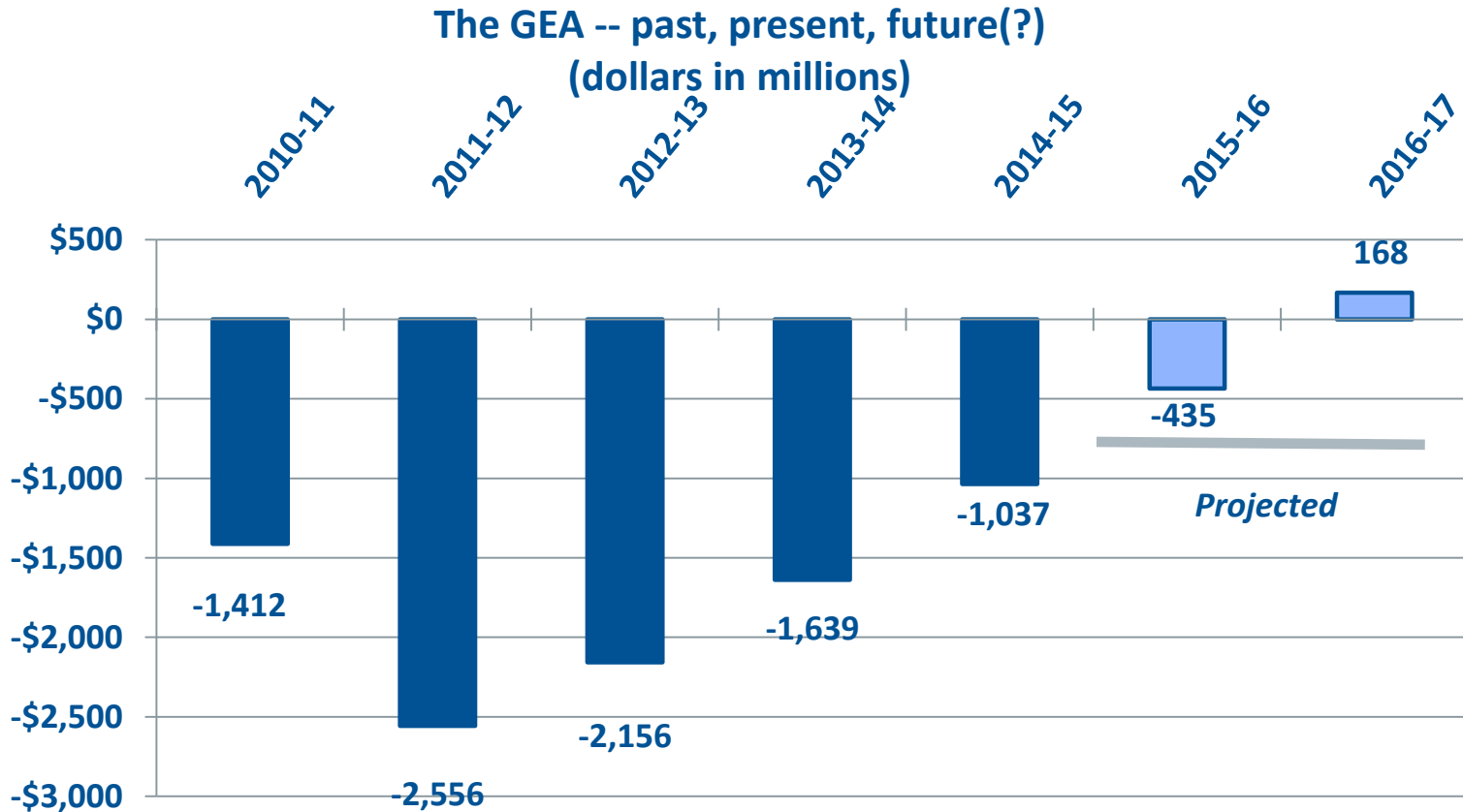
# Composition of total School Aid increase

Per pupil aid increases by aid type



**SOURCE:** Council analysis of NYSED School Aid data

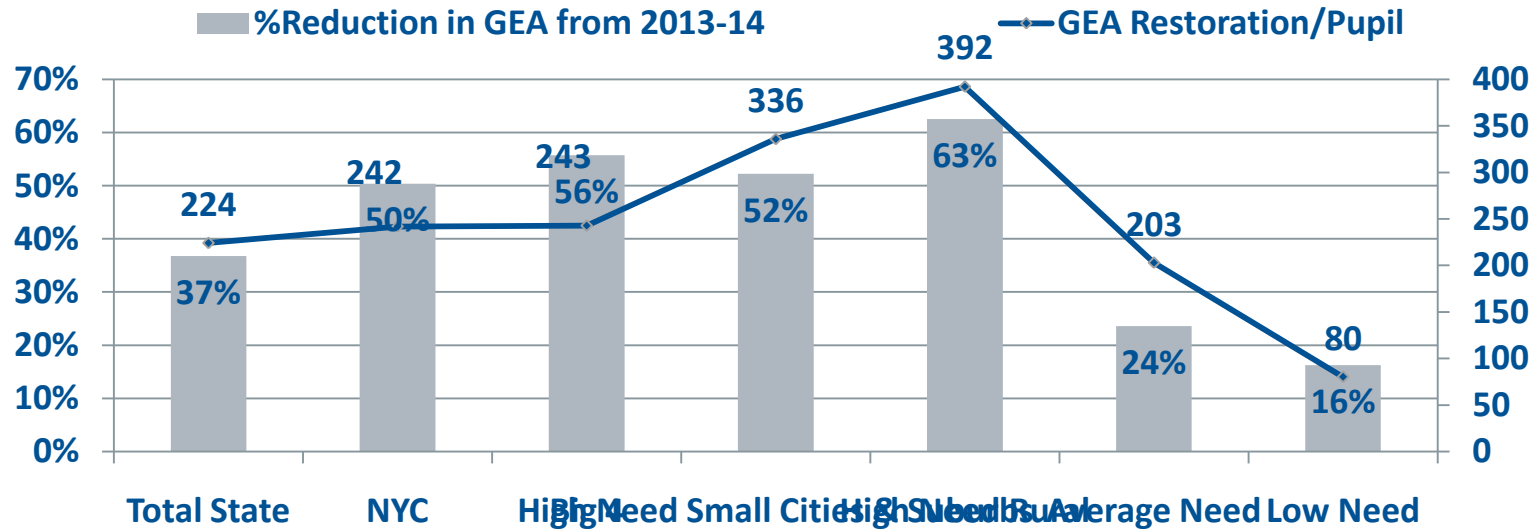
# Reducing GEA by \$602 million a year – *2 more years would be required to eliminate*



SOURCE: Council analysis of NYSED School Aid data

# Distribution of the GEA Restoration

2014-15 GEA Restoration  
Districts grouped by Need/Resource Category



SOURCE: Council analysis of NYSED School Aid data

# Calculating the GEA Restoration

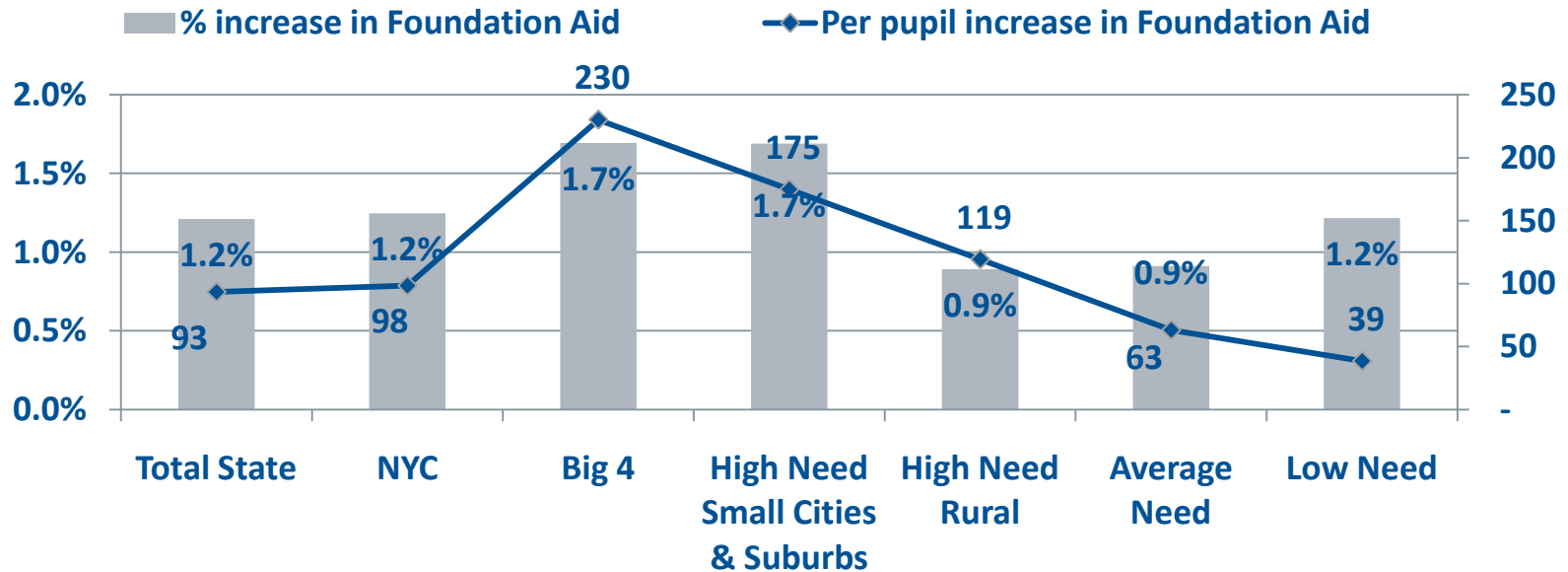
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- Uses an 18+ step formula.
- Some steps are highly targeted – benefiting fewer than 20 districts.
- Several use precise cut-offs
  - Examples: one targets districts with more than 800 students/square mile and meeting other criteria; another targets districts with fewer than 250 students/square mile. One targets districts with more than 25% of students attending nonpublic schools.
- A simple test of fairness: ***Are similar districts treated similarly?***
  - Use of many precise cut-offs results in big differences in aid from small differences in characteristics.
- “Bullet Aid” by another name, in a less transparent form.



# Distribution of the Foundation Aid increase

2014-15 Foundation Aid increase  
Districts grouped by Need/Resource Category



SOURCE: Council analysis of NYSED School Aid data

# Calculating the Foundation Aid increase

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- The Foundation formula is calculated for all districts. If the formula would generate an increase for the district, it receives the increase times a phase-in factor:
  - The phase in factor is 7% of the increase for districts with a CWR  $<.350$  and more than 22% of Foundation Aid still to be phased-in;
  - 4.32% for New York City;
  - 4.31% for all other districts.
- Minimum increase is 0.85% (353 districts/52% of total); Maximum increase is 15% (no districts receive this).
- Formula is now underfunded by \$4.7 billion (without accounting for the GEA)
- But due to past freezes and minimum increase guarantees, 195 districts receive a total of \$179 million more aid than they would if the formula were run without limits.

# Longer-term Outlook under Governor's Budget

## (Update for enacted budget should be out in a few weeks)

### State General Fund Budget Projections, Gap Closing Actions (dollars in millions)

	2014-15	2015-16	2016-17	2017-18
<b>Mid-Year Budget Surplus/(Deficit) Estimate</b>	(1,742)	(2,889)	(2,948)	(3,887)
Total Specified Spending Changes	1,942	2,562	2,981	3,105
Use of surpluses	286	31	-153	-129
Tax Actions (Cuts) & Timing Considerations	(\$486)	(\$1,234)	(\$2,082)	(\$2,534)
Further Actions Needed to Reach 2% Spending Target	NA	1,685	2,367	3,618
<b>Executive Budget Surplus/(Deficit)</b>	<b>0</b>	<b>155</b>	<b>165</b>	<b>173</b>

SEE NOTE

**NOTE:** Positive numbers reflect positive impact on the deficit – e.g., positive spending changes = cuts in spending

<b>Projected School Aid Change (School Year)*</b>	\$807	\$853	\$1,069	\$1,190
<b>Percent Change</b>	3.8%	3.9%	4.9%	5.4%

*\*includes \$100 million per year increase in funding for Full-Day Prekindergarten*

**SOURCE:** New York State Division of the Budget. FY 2015 Executive Budget Financial Plan, pp. 10 and 90

# “Common Core” Legislation

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- Ban on standardized testing in prekindergarten through grade 2 (regulations seem reasonable – allow for diagnostic tests)
- Ban on using standardized tests as sole or primary factor in student placement decisions – may use among multiple measures; not aware of any districts affected other than NYC.
- Prohibition against making state test scores part of student’s permanent record.
- Limitations on testing preparation and testing time. Maximum allowable time 2% for preparation and 1% for testing (of minimum required annual instruction hours for the respective grade level).
- Student Data Restrictions and Privacy Measures: prohibition on state data distribution to third party vendors, creation of a Chief Privacy Officer within SED and a Parents Bill of Rights for Data Privacy and Security (appears manageable for districts).
- SED directed to request federal waivers on testing for students with disabilities, English Language Learners.
- Directions to SED (*no funding provided*): produce annual testing report; “significantly increase number of questions released, provide support/information to educators, schools, districts, BOCES and parents; reduce field testing; expedite APPR changes to reduce testing.

# End of session issues

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- APPR
  - Governor’s Comments: *“If you say Common Core testing was premature for students and you just halted the grades on the transcript, then what is your opinion about the impact of Common Core testing on teachers’ evaluation and what should be done. That is an issue that we have not addressed and we need to address before the end of the session.”*
  - “75-25” option?
  - Washington State ESEA Waiver
  - ECB discussions
- Education Investment Tax Credit
- “Patterns of discrimination” legislation
- Special education private placement?
- Council Priorities

# New Yorkers for Students Education Rights Litigation

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- School finance lawsuit supported by Council, NYSSBA, NYSASBO, NYSPTA, SSFC, REFIT, Rural Schools Association, and others.
- State given until May 30 to respond; state may seek to have case merged with small cities suit and NYSUT challenge to tax cap, and moved to an Albany judge.
- Oral argument set for September 12; may be pushed back due to state motion and NYSER request for preliminary injunction; in any event appeals may extend beyond a year.
- NYSER request for preliminary injunction:
  - Essentially a simplified argument based on known facts and law, requiring virtually no discovery or debate;
  - Seeks to enjoin state from enforcing the GEA (primary argument), school aid growth cap, and property tax cap (based on restriction on districts' ability to raise expected local contribution for Foundation Aid).





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