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Testimony of the New York State School Boards Association Presented to the New York State Senate Committee on Finance and the New York State Assembly Committee on Ways and Means

February 11, 2020

My name is Brian Fessler and I am the Director of Governmental Relations for the New York State School Boards Association (NYSSBA). I appreciate the opportunity to offer our response and reactions to the Executive budget proposal, before the Senate Committee on Finance, the Assembly Ways and Means Committee, Chair Krueger and Chair Weinstein, on behalf of the 674 member school boards we serve.

Executive Proposals

State Aid

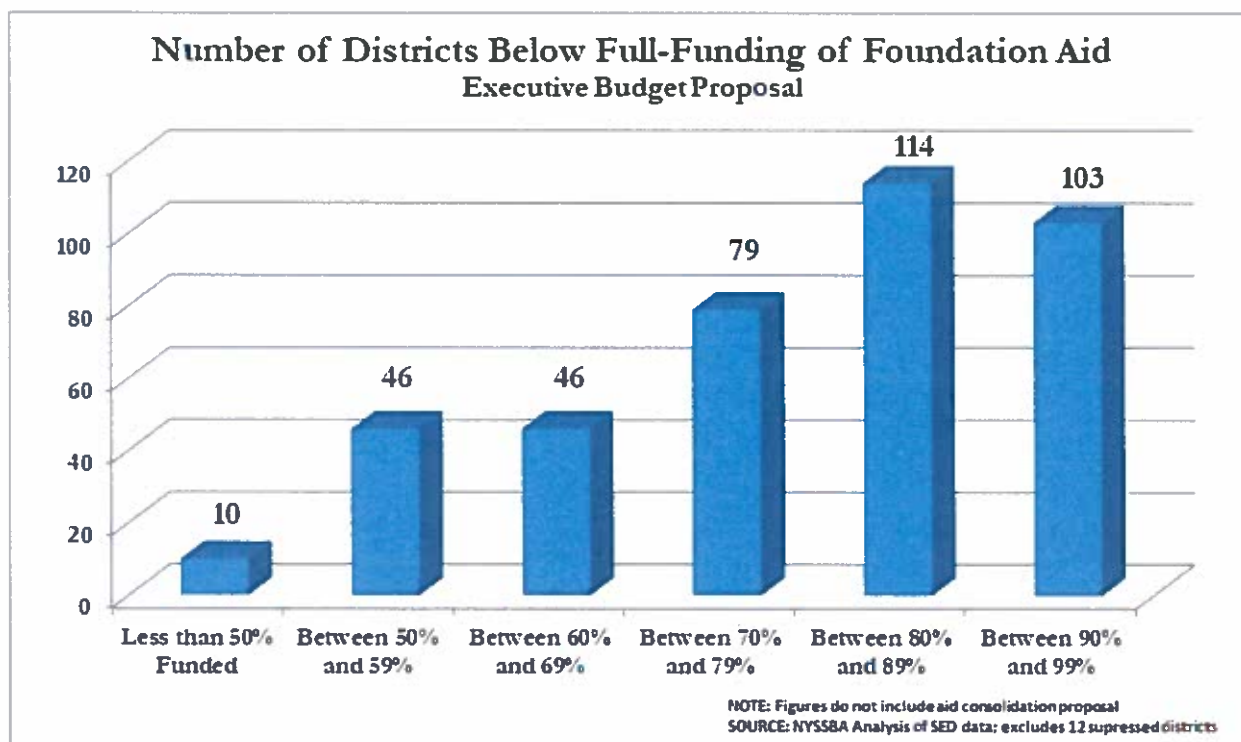
NYSSBA requests the Legislature increase state support for school districts by more than \$1.2 billion over the Executive's proposal and enact a plan to fully phase-in the Foundation Aid formula.

The Executive proposed an education funding increase of \$826 million over 2019-20 levels. Within that figure, the budget proposal would provide a \$504 million increase in Foundation Aid, of which \$50 million would be restricted for an increase in the community schools set-aside. The proposal includes nearly \$75 million in expense-based and other reimbursement aids. The total education funding increase also includes \$200 million in what is described as "targeted high need district foundation aid," but without any specific details or clarity as to distribution methods. While school districts appreciate the state aid increases they have received in recent years, student need continues to grow at a rate that exceeds growth in resources. This year's formula-based school aid increase (the amount listed on the "runs") is the lowest since 2013-14.

The Executive's Foundation Aid proposal is approximately \$1 billion less than the amount proposed by NYSSBA, the Board of Regents and the Educational Conference Board. And, as in previous years, the proposed increase is based on a one-time distribution formula and not on a renewed phase-in of the statutory formula. Nor does the proposal make any updates or improvements to the underlying formula.

Headed into a new school year, districts will face rising pension contribution rates, a property tax cap allowable growth factor below 2% - for the fifth time in nine years - and growing student needs in every corner of the state. Recognizing that fact, NYSSBA believes all districts should be eligible for an increase that at least meets the percentage growth in inflation. Unfortunately, the Executive Budget provides a minimum 0.25% Foundation Aid increase to 100 districts. In addition, 150 districts - more than a fifth of those in the state - would receive less than \$50,000 in additional Foundation Aid. That would barely cover the cost of a new teacher. While hundreds of districts across the state are receiving billions of dollars less than what the Foundation Aid formula says they

should be receiving, all districts are experiencing increases in needs and require additional resources to meet them. At a minimum, NYSSBA requests the \$200 million in unallocated proposed funding be distributed through the Foundation Aid formula. NYSSBA also believes the final budget should include a minimum percentage of district Foundation Aid funding. Under the Executive’s proposal, more than 130 districts would be funded at less than 75% of their full phase-in amount.



This past fall, the Senate Committees on Education and Budget & Revenue held statewide hearings on the future of the Foundation Aid formula. The Assembly Education Committee also hosted meetings on the issue. Attendees heard from hundreds of participants who expressed the need for significant increases in Foundation Aid. At the same time, speakers highlighted the importance of enacting updates and modifications to the formula to ensure that it continues to be reflective of the current educational environment. Such improvements should include:

- Conducting a new costing-out study to determine the current cost of educating a student
- Reviewing and adjusting the weightings for high-need students
- Improving data collection for measuring student poverty
- Reviewing and updating the Regional Cost Index
- Reviewing the impact of student-based district wealth factors
- Accounting for the property tax cap in a districts expected local contribution

Some of these reforms would involve replacing outdated information with modern data that is readily available, while others would represent more comprehensive adjustments requiring additional study and analysis. All are important to sustain an education funding system that appropriately serves all students and all school districts.

NYSSBA believes in five specific tenets of education funding: adequacy, equity, flexibility, predictability and clarity. They guide our work on all school funding issues and remain at the forefront of our advocacy on behalf of our members. We firmly believe that all conversations about education funding should be shaped by these principles.

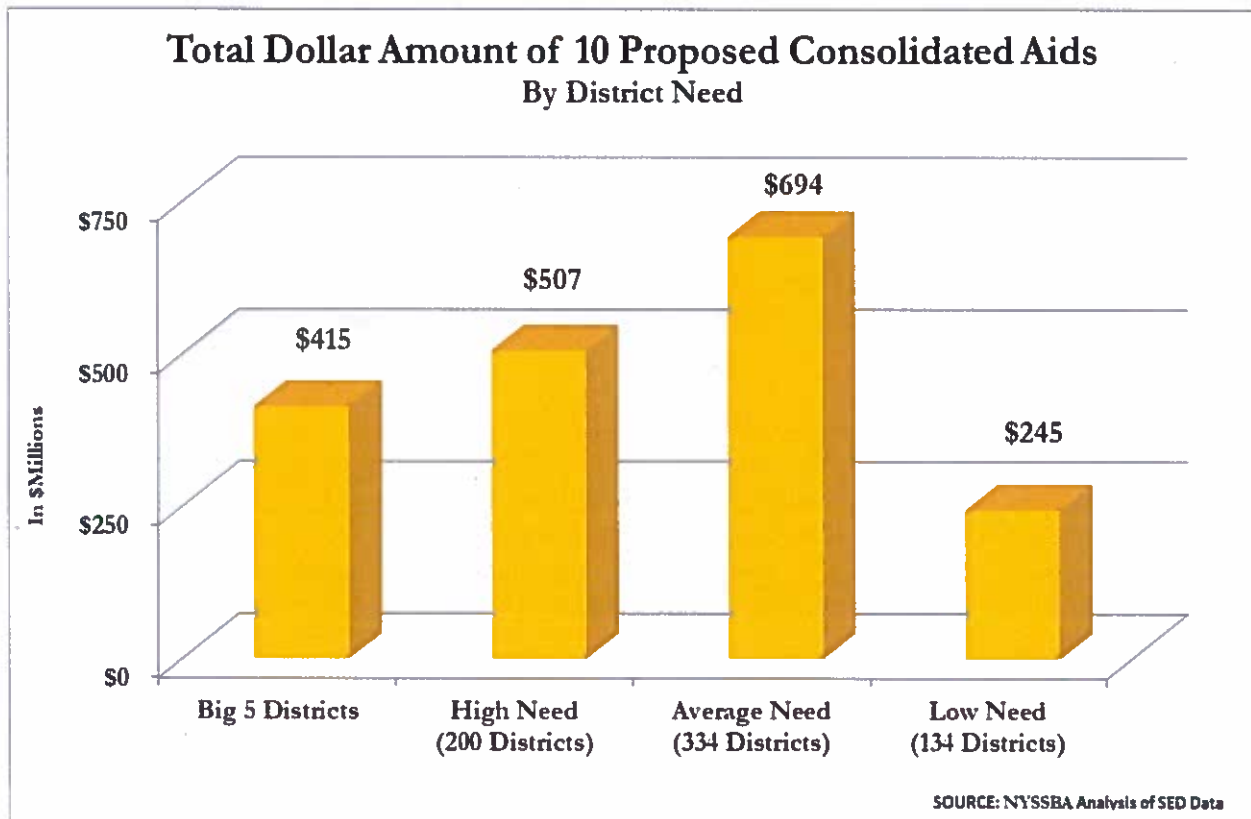
Consolidation and Elimination of Reimbursement Aids

NYSSBA is opposed to the proposed consolidation of 10 categorical and expense-based aids.

The Executive proposes to consolidate ten separate expense-based and categorical aids into a new Foundation Aid base amount for 2020-21. The ten aids include BOCES Aid, Special Services Aid, Charter School Transitional Aid, High Tax Aid, Supplemental Public Excess Cost Aid, Academic Enhancement Aid and the four Instructional Materials Aids (library, textbook, software and computer hardware). The aids would “run” as designed in 2020-21 - generating an increase of approximately \$10 million statewide - but would be paid as Foundation Aid. The ten aid categories would then effectively be eliminated after 2020-21.

NYSSBA is strongly opposed to this proposal. While the Executive has represented the consolidation of these ten aid categories as a way to free up funding for additional Foundation Aid increases, there is nothing in the proposal that would achieve that goal. Without that assurance, it is possible that this proposal could lead to a comparative reduction in school aid for many districts in any given year. In particular, this could negatively impact districts that share services through BOCES and those who see significant growth in charter school costs/enrollment.

In addition, creating a new “base” level of foundation aid using 2020-21 aid will benefit some districts and effectively penalize others in a haphazard fashion. If a district spent less on BOCES services, for example, in the current year, generating less BOCES aid in 2020-21, that lower amount becomes part of the new base foundation aid amount.



The proposal would also increase the level of unpredictability when it comes to state aid for school districts. Currently, districts know if they spend a certain amount in an applicable category, they will receive a certain amount in reimbursement from the state through a set formula. By increasing the amount of aid being paid as foundation aid, districts will be further subjected to annual political negotiations in Albany - especially as long as foundation aid is not operating as a functional formula.

NYSSBA believes strongly that this proposal should be dropped from the final budget.

Building Aid and Transportation Aid Reductions

NYSSBA is opposed to the proposals to adjust and reduce building aid and transportation aid for hundreds of districts.

The Executive budget includes proposed changes to building aid for school district construction projects approved on or after July 2020. For some districts, a new building aid tier would lead to a lower reimbursement ratio for approved project costs, therefore generating less building aid. The minimum reimbursement rate for such projects would be 5%, down from 10%. In addition, the formula used to determine aidable costs for construction projects would be adjusted to restrict the allowance for athletic fields, unless they were necessary to meet physical education requirements.

Further, the Executive proposal includes multiple adjustments to the existing transportation aid formula. The transportation aid ratio calculation would be adjusted to allow for a less generous reimbursement rate for some districts. In addition, the approved transportation expense - the amount spent by a district that is eligible for reimbursement - would be limited by general inflation and change in district enrollment.

NYSSBA is strongly opposed to the proposed changes to both building aid and transportation aid. With building aid, we are concerned about the negative financial impact these proposals would have on school districts pursuing construction projects. Decreased state support for school district capital projects would lead to two possible outcomes - less investment in modernizing and improving facilities for students and/or increased costs for local taxpayers. While past data might suggest significant annual growth in building aid in recent years, an important update to the building aid projection process made by the State Education Department shows a much different picture. For 2020-21, statewide building aid is projected to *decrease* by more than \$7 million compared to last year. This is compared to projected executive budget increases of \$272 million, \$176 million and \$178 million, respectively.

For transportation aid, the proposed aid ratio adjustment would negatively impact more than 200 school districts, while the proposed limits on aidable transportation costs would impact countless more. Transportation is a basic operational requirement that is a necessary cost for nearly all districts across the state. School districts have limited ability to control these expenses, which often follow strict state mandates. A reduction in transportation aid would have a disproportionate impact on districts that most rely on sufficient state reimbursement in order to provide transportation services to their students.

Committee on Special Education (CSE) Placements Cost Shift

NYSSBA is opposed to the proposal to shift special education costs from the state to local school districts.

The Executive proposes to eliminate the state share of costs related to Committee on Special Education (CSE) placements for districts outside of New York City. Currently, the state covers 18.424% of the cost, with school districts covering 38.424% and the locality assuming the remainder. Elimination of the state share would move the school district cost to 56.848%.

NYSSBA is strongly opposed to this proposed cost shift. Initial estimates suggest this would cut funding by upwards of \$25 million for non-NYC school districts. At a time when hundreds of districts are already underfunded and facing increasing costs related to special education enrollments and services, the state should not be reducing their share of support for special education students.

Foundation Aid Set-Asides

NYSSBA supports community schools, but is opposed to the continued mandated restriction of Foundation Aid for this or any other purpose.

Under the Executive's proposal, the community school set-aside would increase by \$50 million for the fourth consecutive year, bringing the statewide total to \$300 million in 2020-21. A set-aside is a restriction on how funds, in this case Foundation Aid, can be spent.

NYSSBA supports the provision of resources for school districts that wish to create community schools. In many districts, the services they bring to students have made, and are making, a true positive impact. However, we are opposed to proposals that effectively mandate school districts create certain programs - whether community schools or something different - by restricting the use of their Foundation Aid. Foundation Aid was designed as a general flexible operating aid for which a school district has the ability to decide how and where it is best used.

In order to maintain full flexibility under Foundation Aid, community schools should be supported by the state through an additional dedicated funding stream, to be used if the district determines that a community school model is what their district needs.

Charter Schools

NYSSBA opposes any growth in state support for charter schools while hundreds of traditional public school districts remain underfunded, as well as de facto increases to the charter cap.

The Executive budget would increase state support for charter schools in New York City by 5.3%. In addition, the executive budget would authorize the reissuance of charters that have recently been surrendered, revoked or terminated, and would not count these reissuances against the charter cap.

NYSSBA continues to oppose any growth in state financial support for charter schools while hundreds of school districts across the state remain underfunded. As a comparison, the proposed formula-based aid increase for districts is only 2.1%. While the proposal would not make a statutory change to the charter cap, NYSSBA opposes the de facto increase that would occur through the reissuance of revoked charters.

Non-Public Schools

NYSSBA opposes any growth in state support for non-public schools while hundreds of public school districts remain underfunded.

The Executive budget includes a 3.0% increase in state support for non-public schools. This funding would be used to reimburse non-publics for certain state-mandated services. The proposal also would increase funding for non-public STEM instruction by \$5 million, to \$35 million.

NYSSBA continues to oppose any growth in state financial support for non-public schools while hundreds of school districts across the state remain underfunded. The Executive's proposed increase in funding of 3.0% for mandated services reimbursement for non-publics exceeds the proposed formula-based aid increase for public schools (2.1%).

Vaping and E-Cigarette Protections

NYSSBA supports the Executive's proposals to protect youth from the risks of vaping and e-cigarette use.

The Executive budget includes a variety of proposals meant to address the vaping and e-cigarette epidemic, with a focus on protecting youth. Proposals include a prohibition on the sale and distribution of flavored e-cigarette products, restrictions on advertising that targets youth and increased penalties on the sale of such products to minors.

NYSSBA has increasingly heard from school board members across the state about the health concerns and classroom distractions vaping creates in schools. The vaping epidemic continues to grow among students while the repercussions associated with vaping are only recently beginning to be fully understood. These products deliver nicotine through a tobacco-free approach and were developed to help adult smokers cut their tobacco-use. Unfortunately, students are beginning to use these products without having previously smoked traditional cigarettes. Over 30% of adolescents start smoking traditional tobacco within six months after beginning the use of vape products. Advertising that portrays vaping in a positive light, as well as the wide variety of flavors such as bubble gum, mango, coconut and cotton candy, are enticing to youth and exacerbate this epidemic.

NYSSBA strongly supports the Executive's efforts to protect students and other minors from the growing vaping and e-cigarette epidemic. School districts across the state are vigorously educating their students about the dangers associated with the use of e-cigarettes and other vaping products, and they continue to evaluate and implement practices and procedures to deter their students from engaging in such activities. These proposals are an important part of those efforts.

Student Mental Health Services

NYSSBA supports the Executive's maintained investment in mental health services, but asks the Legislature to significantly increase the amount of funding available to school districts.

The Executive budget continues funding of \$1.5 million to support mental health programs in schools. Up to \$500,000 of this funding can be used to support the school mental health technical assistance center.

NYSSBA supports investments in student health and mental health services. However, while we are pleased with any investment, this allocation is likely inadequate to make a meaningful impact on mental health for students and school districts across the state. As student mental health needs grow across the state, significant additional investments are needed to help meet those needs.

Net Neutrality

NYSSBA supports the proposal to establish net neutrality protections in the state.

The Executive budget would establish net neutrality principles for all internet service providers in the state. NYSSBA strongly supports the re-establishment of these protections. Equitable access to online educational resources helps school districts save money while exposing students to the most innovative and effective instructional content.

NYSSBA Requests for Additional Budget Action

School Safety

NYSSBA requests flexible funding be made available to school districts to support locally-determined school safety needs.

Providing students with a safe and secure learning environment is one of the most important responsibilities of a school district. Our communities, including school districts, parents, law enforcement, students and other stakeholders, all have ideas about the best way to ensure that school buildings are safe places for students and staff. Consensus in one community may be different than consensus among stakeholders in a neighboring community.

NYSSBA does not believe there is a one-size-fits-all solution for addressing school safety. Some communities may choose to have a school resource officer employed by a law enforcement agency assigned to one or more of their school buildings. Another district may feel better served by a security officer or team that is not affiliated with law enforcement, but rather selected and hired by the district. Others may determine their greatest need is to provide mental health services, while yet another may focus on the hardening of entrances, access policies and security systems. This is not an exhaustive list. However, these and other options have one thing in common: each will best serve students if adopted with local stakeholder input and support.

NYSSBA asks for the state budget to include flexible funding to support the development and implementation of school safety programs.

Growth in English Language learners, special education pupils and enrollment

NYSSBA requests dedicated funding to support school districts as they meet a wide range of growing student needs.

Districts all across the state have experienced growth in student need in recent years. Whether it be growing English language learner (ELL) populations, increasing numbers of high-cost special education students or the steady growth in student poverty rates, the pace of growth has often exceeded the growth in resources available to meet those needs.

Ideally, a functioning Foundation Aid formula would drive additional funding to the districts experiencing this growth. But the formula has not run as designed since 2009. This means half a generation's worth of students have been subject to the annual ebbs and flows of the state budget debate.

At least until Foundation Aid is fully funded, the state should create short-term dedicated funding streams to help districts support the needs of these students.

Special Act School Districts

NYSSBA supports adjustments to Special Act funding methodologies to better ensure their ability to serve many of the state's most fragile students.

While a commitment to traditional school aid and local revenue will help most school districts, it is important to remember that not all districts are supported through these funding streams. The state's Special Act school districts, serving a population of students with significant needs, do not have geographic boundaries and therefore are not taxing entities. These districts are funded through tuition payments made by sending districts, at a rate set by the state. Generally addressed outside the budget process, these payments have not kept pace with the growth in student need, and as a result, expenses.

NYSSBA recommends that these school districts be addressed within the context of the state budget, like all other school districts. Specifically, we call for inclusion of language that would provide for tuition rates to be automatically indexed each year at a comparable rate to personal income growth. In addition, these school districts should be allowed to establish fiscal stabilization reserve funds. Unlike other public school districts, Special Act districts are not permitted to retain any undesignated fund balance from year-to-year. This means that they must start each year by borrowing, simply to meet their payroll obligations. Allowing for a reasonable reserve would allow them to lessen their reliance on borrowing and as a result reduce the costs associated with interest payments. NYSSBA recommends this be addressed in the 2020-21 budget.

Modernizing Learning Environments

NYSSBA requests resources and funding formula adjustments to allow for greater access to programs and services that prepare students for college, career and citizenship.

Students enrolled in school today will face a different world and workforce than encountered by policymakers, school board members and their parents. Our districts owe it to these students, and those who will come after them, to provide an education for the world ahead of them, not the one behind them. To do so, parents, communities, school districts and policy makers will have to revise what a school looks like and invest in programs that will grow in the future. Offering multiple pathways to graduation can be an important part of this goal. However, districts continue to face resource gaps that prevent them from allowing their students to fully take advantage of these opportunities.

Unfortunately, the Executive proposal to consolidate expense-based aids, including BOCES Aid, would make this process even more difficult. BOCES are often the cost and academically efficient way to offer such programs to students. And, in some cases, the only realistic way to do so.

In addition to the rejection of the consolidation, ideation proposal, NYSSBA requests that the aidable cap on BOCES salaries for career and technical education teachers be raised above the current cap of \$30,000, with a simultaneous and proportionate increase in special services aid to allow aid to flow to the Big 5 and non-component districts with similar programs. The BOCES aid reimbursement adjustment would have no fiscal impact in fiscal year 2020-21. An increase in special services aid could be approved to take effect in the same year. Proposals to achieve this goal have been part of numerous previous budget plans. While each of these plans has slightly different details, all parties understand the issue and believe something needs to be done. Now is the time to reach an agreement.

Building and Transportation Aid Forgiveness

NYSSBA supports a period of amnesty to alleviate districts from excessive and outdated aid penalties.

Districts count on the state to honor their commitment to pay our approved reimbursable aids on an agreed upon schedule. In some instances, districts make commitments to their taxpayers based on that agreement with the state. To ensure that these commitments are met, we seek two provisions in the 2020-21 budget.

NYSSBA is appreciative of state action to provide forgiveness to a small number of school districts over the past few years. But these approvals have been piecemeal, unpredictable and limited - more than a dozen school districts still have active penalties.

In order to address this issue in its entirety, NYSSBA calls on the state to enact a renewed period of building aid amnesty to support the students and taxpayers of the limited number of districts with projects approved before 2011, that are still facing recapture of their approved building aid due to the filing of a late cost report. NYSSBA also requests that a renewed period of transportation aid amnesty be renewed in 2020 to support the districts facing financial hardship due to late contract filings.

NYSSBA stands ready to work with you on these, and other, important issues - for the betterment of our school districts and the millions of students they educate every day. For additional information, please contact NYSSBA Governmental Relations at 518-783-0200.

