New York State
School Boards
Association
Better School Boards Lead to Better Student Performance

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Testimony of the New York State School Boards Association to the Joint Legislative Fiscal Committees on the 2012-2013 Executive Budget

January 23, 2012
Legislative Office Building
Albany, New York

Chairman Farrell, Chairman DeFransisco, members of the committee, thank you for this opportunity to share the perspective of the nearly 700 member school districts of the New York State School Boards Association and the over 5000 locally elected school officials who govern them. The coming year is much more than one more lean year that we must weather while waiting for a return to normal. Local school officials recognize that "normal" is not coming back and they are eager for productive reform. We understand that school enrollment across the state is declining, our economy and local tax base is stagnant, our population is not growing in proportion to our neighbors, we are deeply in debt and our residents are overtaxed. Coping with the resulting fiscal stress has, and will continue to take firm political resolve and the willingness to make the fundamental changes that our taxpayers, our children and our future demand. We believe that the Executive Budget provides an excellent structure for negotiations that will hopefully result in the rescue of our public educational system. With your continued strident support, the 2012-13 State Budget has the potential to set our schools on an efficient and effective pathway to excellence.

We recognize that the Executive Budget proposal is the first step in the budget process. We fully grasp the severity and gravity of the fiscal crisis gripping our state. We don't envy your responsibility of striking the right balance between our state's many competing priorities in the face of recovering revenues to fund them. But know this; our state's future most assuredly hangs in that balance. You certainly understand that in the information age, our state's future rests on education. For the past several years, we have ignored not only our local communities, but the Court of Appeals. With decreased state aid, a cap on local taxes, expired federal stimulus aid and no significant mandate relief to date, the fiscal outlook has pointed to a grim future for New York State. Fortunately, schools have done yoeman's work in adjusting to the fiscal crisis thus far, leaving you the opportunity to recalibrate finances and restructure public education toward a sustainable and more academically challenging orientation. We respectfully request that you remember, however, that the public is impatient and demands true reform. We ask that you not simply attempt to minimize aid cuts while providing no real change. We must pull out of the state's "death spiral" before the momentum of decline is unrecoverable.

We applaud the governor's commitment to fully funding reimbursable school expenses like BOCES, transportation, special education and building aid. We are equally grateful for the restoration of high tax aid for our highly taxed communities and for eliminating much of the Gap Elimination Adjustment from high needs districts. But we urge you to moderate the governor's proposal to provide nearly one third of new aid in the form of grants. Having afforded our schools the newfound predictability of two year aid funding, please do not descend into an unknowable scenario where local school budgets are crafted without the certainty demanded by the communities that support them. Under the current proposal, one third of aid might come in September, or be held up in January, or not come at all, depending upon a district's ability to secure collective bargaining agreements on teacher and principal evaluations. With school budgets prepared in March and April and voted upon in May, how can schools legitimately provide any level of confidence to local voters when aid may or may not arrive half way through the school year? Fortunately, you have historically seen the wisdom in minimizing this approach and we would once again urge you to wait to see the effect of the current $50 million in performance grants prior to investing $250 million in an as yet unstructured approach. If school districts are to keep their promise of improved academic achievement of our students and wise fiscal stewardship of public funds, you must keep your promise of predictable and adequate funding. Shifting the governor's proposed $250 million grant program toward further reduction in the Gap Elimination Adjustment would do a great deal in rescuing many of our school districts from the brink of educational insolvency.

Make no mistake. We are deeply grateful that additional aid is proposed. We are particularly appreciative of the majority of additional aid being targeted toward high need districts that find themselves teetering on a fiscal abyss. The governor has enhanced that benefit by minimizing the impact of the Gap Elimination Adjustment on those districts. Yet, many school districts have already been forced to take drastic measures that they hoped would be temporary in nature. Many districts have closed schools altogether. Reserve funds are depleted. Most school districts have laid off important staff that provide needed programs and services to students. Class sizes have escalated rapidly; kindergarten is threatened, let alone pre-kindergarten programs. Sports, music and art are being slashed to weather the fiscal storm that has lasted for over four years now. In short, the very things that make kids want to go to school are gone. Now, without sufficient aid and the significant mandate relief that provides the flexibility needed to efficiently allocate resources, many schools are approaching educational calamity. Cuts never experienced in the course of our careers were combined in a stopgap approach, hoping that aid would be restored before the benefit of those "one shot" measures was exhausted. The feared time has now come when schools have no further means to stave off permanent reductions in educational quality. The governor has once again failed to increase Foundation Aid. We urge you in the strongest of terms to modify this approach.

Many districts can no longer proceed under their present structure and provide the curriculum required by the state, let alone that which would actually advance the interests of our state workforce. It has been suggested that these districts should merely merge or consolidate. In some cases, that may in fact be the better course; providing that the combined districts could then provide additional educational opportunities. However, study after study has revealed that there are few fiscal savings from consolidations and mergers. While a few administrative salaries might be left off the balance sheet, districts must adjust salaries of all staff (to that of the higher paid former district) transportation costs increase and communities are disrupted or had their identity permanently taken from them. Regionalism and sharing of services may have true value, but forced consolidation (either by decree or by fiscal necessity) has little merit at best and is socially damaging at its worst. We are grateful for the governor's plan to retain reorganizational aid for those districts for whom consolidation and merger are appropriate.

As you know, last year we took strong exception to the unwise premise that school districts should completely exhaust their financial reserves in the face of an uncertain future when even the state was not offering to use any of its own reserves to offset the state's deficit. Complete depletion of reserves has placed school districts at risk in an emergency (as was dramatically driven home by this year's floods), it increased the cost of borrowing and it lowered our bond ratings (driving up costs for local taxpayers.) Just as importantly, it misused funds that are largely locally generated. Asking school districts to replace state aid with local emergency funds was confiscatory and certainly defeated from the outset any call for relief from unfunded mandates. The loss of $1.2 billion in aid magnified the impact of all state mandates on local taxpayers.

All of this takes place within the historical context of last year's aid cut and the two prior years of aid freezes, as well as the dramatic loss of federal EduJobs aid. In the final analysis, your deliberation must ultimately determine the allocation of limited state resources. NYSSBA certainly recognizes the importance of many state functions, but few carry with them either a constitutional imperative or hold the very future of the state within their charge.

There are natural disasters whose impact is exacerbated by their lack of warning, like a lightning strike. But there are other calamities that provide more than adequate warning, like a hurricane building several hundred miles away-or the elimination of federal stimulus funding following two years without a state aid increase and one with an aid cut of draconian proportions. Please refrain from simply continuing to pass on the loss to local taxpayers, heaping financial injury onto the insult of three prior years of foisting inflationary costs solely onto local communities.

Over the past four years, the federal government provided increased funds and school districts both restrained job loss and local tax increases. To do this, they were forced to forego contributing to their emergency fund balances. This year, **in year four**-the governor proposes only an inflationary increase, the federal government will provide no new funding, its prior funding will have been exhausted (forcing teachers and support staff being paid out of those funds to lose their jobs and students lose the value of their services) and school districts must seek redress from their communities, that are now operating under the presumption that despite any and all circumstances, their taxes will be capped at the rate of inflation. School districts will not succeed and the political repercussions of failed local school budgets will be far reaching. The educational repercussions will be far worse.

This year, **in year five**-the state will hopefully begin again to accept its share of responsibility for funding public education (which has now dropped to the lowest percentage in our history) and provide additional resources; but the federal funding that has averted disaster in the past years is now a distant memory and school districts are faced not only with attempting to recover from multiple years of diminished state funding, but forced to adjust to this loss of billions of dollars in lost federal aid. Without your reallocating performance grant funding to operating aid, they will be devastated. Programs and services will continue to be curtailed, and thousands of additional jobs will be lost. Taxes will escalate beyond the public (or your) expectations and education will ultimately suffer. As a result, the economic future of our state will decline. The public, already fatigued by high taxes will no doubt continue the backlash against its elected officials-both local school and state. The consequences will be attributed to state legislators. When the only option available to school districts is to eliminate thousands of jobs held by those who prepare our state for the information age, that approach would be less than responsible. Aid must increase sufficiently to offset prior year cuts and mandates must be eliminated, so that school districts can efficiently adapt to local challenges.

Is This the Year for Significant Mandate Relief Real for Schools?

We have long argued that a whole host of cost-saving measures could mitigate the need for state and local tax revenue to support our operations. We have provided innumerable studies, recommendations and lists of suggestions for making schools more efficient and cost effective. Last spring we held over 100 meetings with legislators to show them the benefit of NYSSBA's Playbook for Fiscal Reform. We provided legislative bill drafts, sample sponsors' memos, supporting research and detailed cost saving estimates. We have testified before a myriad of legislative and governor's commissions; all to convey one simple message. There are two sides to the ledger: expenses and revenues. If you can lower your expenses then you can lower the revenues you need. But this does not magically happen at the wave of a wand. A penny saved is a penny unappropriated. There must come a time (and we would argue that the nation's highest combined taxes and dramatically reduced state revenues dictates that we have passed that time) when the political forces that ushered in an era of greater public employee salaries and benefits than is available to the state residents who must pay them must yield to the economic reality that presently confronts us. Adherence to the old laws that hamstring public employers in bargaining more reasoned salary and benefits for public employees confounds any attempt at stemming rising taxes, or creating an attractive economic environment. Public education is a labor intensive enterprise, with personnel costs comprising over 70% of all costs. Any legitimate effort to address school spending with diminished resources will take political resolve from both state and local officials. Any other path unerringly leads to a dismantled educational delivery system or economically injurious local tax rates. Simply put, we urgently plead for you to either untie our hands or risk losing the future. To prepare for a prosperous future, you must free the schools.

Oddly, Governor Cuomo is advancing only one (though particularly beneficial) major cost saving measure for your consideration. There is much that could have been considered. Removal of legal barriers to health insurance cooperatives. Help with energy conservation. A Wicks Law exemption. Procurement flexibility, allowing us to piggyback on state and municipal contracts. Buffer us from suddenly enacted newly mandated costs. Dollars saved here can be redeployed to the classroom and to spare our taxpayers. We ask that you support Governor Cuomo's proposal to restructure our pension systems so that they are not only sustainable for the taxpayers that ultimately pay for them, but are responsive to the needs of a new and more mobile workforce. The option of either a defined benefit or defined contribution retirement savings plan is time tested and provides both predictability and portability in an age when both are demanded by the public and its employees.

Extraordinary times call for extraordinary leadership. And such times also provide rich opportunities for systemic improvement. We cannot think of a better time to finally allow school districts to operate free of outdated and burdensome state strictures. Our school boards and property taxpayers need relief from externally imposed mandates that unnecessarily drive up the cost of providing an education. We urge you in this year of fiscal crisis to confront the cost drivers that our state laws and regulations serve to unnecessarily and wastefully burden our schools and our taxpayers. It is time for you to ensure that our education dollars are going to education as efficiently and as effectively as possible.

Schools continue to face dramatic increases in health care premiums. Fuel costs are totally unpredictable. School districts in fact face a multitude of expenses that are rising beyond the simple rate of inflation. If we expect our schools to hold the line on local costs (to restrain property tax increases), they must be given the means to rein in cost increases that are currently beyond their control. This is more critical than ever under the current fiscal circumstances. The dollars we are given must go further than ever before. If you can't reduce the mandates and clear the statutory and regulatory obstacles to efficient management under these fiscal circumstances, there is truly little hope for the vitality of our state's future.

For years we have been asked to name the mandates that inhibit cost effective operation and we have done so, repeatedly. Then you asked how much could be saved by eliminating those mandates. Last year we gave you a method of calculating those costs. Fully 16.3% of school budgets are spent on mandates. Statewide, this equates to more than $10 billion. Significant mandate relief would provide significant fiscal relief.

What's Needed?

So that there is no mistaking what is needed, allow us to simply list the areas that are glaringly in need of your attention and political will.

a. **Pension reform**
b. **Employee and retiree healthcare premium contributions**
c. **Reform of the Triborough Amendment to eliminate automatic raises**
d. **Procurement reform**
e. **Special education**
f. **Elimination of seniority as the sole control over staff lay offs**

APPR

School districts are currently faced with the Hobson's Choice of either succumbing to union and political pressure to quickly settle the issue of teacher and principal evaluations by creating onerous and costly new procedures and appeals, or remain strong in negotiating an effective and appropriate new evaluation system and in so doing, risk losing desperately needed state aid. Most locally elected school officials support the governor's plan to supplant his own evaluation system for the one currently under negotiation between SED and employee unions. School districts are much more susceptible to threats of the loss of aid than are unions. They stand ready to work toward the creation of a new and highly effective system of teacher and principal evaluation. They should not be hamstrung in this effort by the threatened loss of harm to their educational program. The law creating APPR was fundamentally flawed in its requirement of collectively bargaining what had previously been a management prerogative. School districts are currently caught in the quandary of needing to wait for clarity in regulations and litigation or moving forward and having their work either compromised by subsequent legal guidance or worse, living with a hastily agreed upon system of ineffective and burdensome evaluations. State leaders should use the opportunity of the state budget legislation to correct the requirement of collectively bargaining how management will evaluate its employees.

Cost Shifts to Local Taxpayers

Having capped state aid and imposed a cap on local revenue, and recognizing that the schools will lose $353 million in federal aid this year, the Executive Budget's proposal to shift the cost of several programs onto the local taxpayer is particularly burdensome. Shifting the cost of special education summer school, pre school special education and (ironically) the state schools for the deaf and blind is unconscionable, given the fact that the state has asked communities to pay for the full rate of all cost increases for four years now. The governor's assertion that schools control pre school special education is a false assumption. Statute determines the composition of the

Committee on Pre School Special Education and it is a combination of service providers, health care professionals, county representatives and educational experts. Schools have no control whatever over the recommendations of that committee and no ability to alter their determinations, irrespective of cost. Contrary to the governor's claim, schools would in fact naturally have an incentive to minimize the costs of services to pre school special educational students, knowing that those costs will soon shift to the school budget. Forcing local property taxpayers to bear an increased share of future costs is not only misguided policy, but fiscally inequitable given the state's restrictions on all sources of aid. The costs of special education must not be allowed to erode general educational programs and grafting them onto a now legally limited school budget is improper.

Similarly, altering the formula by which school districts are supported in their effort to provide special education summer school is shortsighted. These programs offset educational losses by special educational students over the course of a summer, ultimately lowering costs and preserving academic advancements by students. The Executive Budget proposal to provide funding by district wealth ratio and to put a payment priority on prior year claims both provide a school district deterrent to continuing these valuable programs. We urge you to once again reject this proposal.

The Executive Budget also once again includes a State Education Department plan to shift the cost of teacher disciplinary hearing officers onto local taxpayers. The cost of these hearings is already unbearable when a school district is unexpectedly forced to absorb an average of over $200,000 for each hearing decision into its budget. School districts already pay the salaries of defendants, the cost of salaries for substitute teachers who must replace the defendant in the classroom, legal costs and the cost of hundreds of hours of lost administrative time preparing for the hearing. Is any further "incentive" to prompt conclusion really necessary? NYSSBA has long advocated for real reform of this process, including the empanelling of state hearing officers and reciprocal discovery. This proposal is a transparent attempt to simply remove the cost of the hearing officer away from a financially burdened State Education Department that is currently unable to make prompt payment to these officials; leaving few, if any that seek this work.

The governor seeks to once again force half of the cost of the state's educational testing program onto local taxpayers. Simply put, these are **state tests**, serving as the **state's** accountability system for a $57 billion enterprise. Local communities were long ago deprived of the right to determine their own graduation criteria, their own definitions of academic success. It is inequitable for those local communities to subsidize the state testing program. We urge you to restore full funding of $15 million to this program.

We are grateful for your recent decision to remove schools districts, BOCES and special act districts from the requirement of paying the payroll tax to support the Metropolitan Transit Authority budget. In so doing, you have responded to a fundamental inequity and reduced costs for communities already hard pressed by high local taxes and facing their first year under the tax cap. Thank you.

Other Issues of Importance

Allowing Districts Access to Certain Reserve Funds–We strongly recommend continuing last year's law to allow districts to withdraw funds certified by the State Comptroller to be in excess of the amounts required to fund employee benefits accrued liabilities (EBALR) in order to maintain educational programming in the 2012-13 school year. Given the severity of this fiscal crisis, making use of these funds to offset program cuts and higher local taxes is of paramount importance. Last year you saw the wisdom of this approach and for those 65 districts that currently retain excess funds in this account, continuing this authority would greatly offset further program cuts and help to restrain taxes. Local taxpayers provided these funds and if they remain in excess, those funds should assist local taxpayers in their effort to support their schools.

Retirement Incentive-No retirement incentive was included in the Executive Budget. The legislature should add such a measure to any finalized state budget. It is an essential tool in local school districts' ability to avoid lay offs of promising new staff. However, while early retirement of teaching staff assists school districts in controlling costs and managing their budgets, that process must be completed in a timely fashion. Schools are presently preparing their budgets for community consideration. They must provide 45 days notice to their communities of the amount to be requested. Potential retirees must inform their school of that decision in a time period that allows schools to avoid unnecessarily elevating budget figures, needlessly raising taxes or laying off staff and cutting programs. Any early retirement incentive legislation must include a window of notification that coincides with the school budget calendar for it to be of use to schools and taxpayers.

Combined Instructional Materials Aid-In an era of diminished resources, schools must continue to be given the flexibility to utilize remaining funds in the manner that most efficiently addresses their most pressing needs. Continuing to combine existing aid categories like textbooks, computer hardware and software would allow school districts to allocate funds according to their most immediate needs. This re-designation costs the state nothing and affords tremendous flexibility for schools. It is the type of efficiency that difficult fiscal times demand.

Competitive Grants-Governor Cuomo's proposal to reward greater efficiency and academic progress is laudable. However, rewarding existing progress without providing the resources for others to follow suit is a hollow promise and would take needed resources from struggling schools. Those schools hardest hit by the previous state aid cuts and most incapable of raising sufficient local revenue would find this "rich get richer" approach to be a cruel joke.

Gap Elimination Adjustment-Continuing to use foundation aid after years of failing to adjust the Combined Wealth Ratio exacerbates the tremendous wealth disparity between the schools districts in our state. Since the ratio was last adjusted, our poorest districts have gotten poorer and the loss of state aid has had a disproportionate impact on their communities. The Gap Elimination Adjustment as proposed, though improved, is not equitable. It randomly takes significant additional aid away from districts with characteristics identical to their neighbors in order to provide it to others, in seemingly random (and some would say politically motivated) fashion. Given that the Executive Budget would reduce the impact on high need districts and low need districts do not receive significant percentages of foundation aid, the vast majority of the GEA now falls squarely on average wealth districts. Many of these have been tremendously hard hit by aid cuts and reductions in programs and services. **It is imperative that the legislature provide as much funding this year as possible, in order to create a sufficient tax base from which school districts can operate under the new tax cap law.** The Gap Elimination Adjustment must itself be eliminated through use of the $250 million allocated for performance grants.

State Reserve Revenues-Governor Cuomo failed to mention the ability of state reserve revenues to offset the GEA. If the governor is justified in claiming to have eliminated the deficit, recalibrated state taxes to provide sufficient future funding and provided a 4% aid increase, then he cannot simultaneously recapture aid funds through the GEA. It is misleading to the public that must make sound and informed decisions about local fiscal school district plans. Why can't the school stay under the cap when the governor says he has doled out a 4% aid increase? The answer is simple; because until the Gap Elimination Adjustment is a thing of the past, he hasn't.

Centralized Bus Purchases-School districts desperately need purchasing reform. New York State now stands alone in preventing its taxpayers from reaping the benefits of national purchasing cooperatives and "piggyback" purchasing from other state and municipal contracts. It does so in the guise of offering the "state contract" as a viable alternative. It is anything but viable or valuable. It is an outmoded restriction on new and innovative opportunities for efficiency and savings. School districts frequently are unable to find needed products on the state contract. When they can, delays often make its use unworkable. The rest of the nation now fairly and effectively uses national purchasing in all areas of school purchasing, while we hold fast to a promise that the state contract will someday be updated and useful once again. For the Executive Budget to impose a new mandate that districts be forced to purchase all buses from the state contract would be laughable were not the consequences so dire. For years, state leaders have criticized BOCES purchasing as being overly costly, were it not for state BOCES aid. Now, the Executive Budget would force districts to either purchase buses from the state, or lose all related aid. It is time for the state contract to support schools, not have schools support the state contract. This proposal must be rejected by the legislature.

State Spending Cap for Education-The governor's proposal to impose a permanent cap on state spending for public education is now forever relegating impoverished districts to their current status and violates both the state constitution and the Court of Appeals decision in the Campaign for Fiscal Equity case. Just as importantly, when taken together with the tax cap limits the ability of all school districts to raise additional revenue, the governor's plan forms a battle plan for the evisceration of public education. NYSSBA strongly urges you to reject the continuation of the cap on state aid.

Cost Report Deadline for Building Aid- Last year the governor vetoed several local school district bills intended to relieve local taxpayers of the burdens associated with the correction of local administrative errors in the filing of Building Aid reports. Given the financial severity of the related implications of these errors and the governor's unwillingness to address such matters outside the scope of the state's financial plan, this Executive Budget provision is a welcome development. NYSSBA strongly supports that the legislature accept this revision.

Education Reform Commission-Two thirds of local school officials responding to a recent NYSSBA poll support the creation of an Education Reform Commission. We are hopeful that this body is promptly empanelled and focuses on the most pressing issues facing public education, such as significant mandate relief, embedded personnel costs, improvement of the state's graduation rate, the disparity of performance and educational opportunity between high and low need districts and the structural need for funding reform. In their deliberations, we would trust that they make wise and extensive use of the knowledge garnered by locally elected community educational representatives.

Finally, we would ask that you examine what our schools have accomplished in the midst of such adversity. Last year school districts collectively imposed the lowest tax rate in nine years. They did it with the lowest amount of state aid in seven years. They are daily finding new ways to become more efficient and more effective. They are attempting to adjust to a new era of a stagnant tax base and diminished and fluctuating resources. They must succeed and they can succeed with your continued support. While it is true that the future of our children is up to us, it is also true that our state's future is up to them. If only in our own self interest, we must equip them to compete, to attract opportunity and to build anew.

Thank you for the opportunity to comment at this crucial juncture in the future of public education and indeed, our state.

Attached is a State Aid Synopsis and Analysis for your reference.

Respectfully submitted,

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Director
Governmental Relations

APPENDIX A

STATE AID SUMMARY AND ANALYSIS

SCHOOL AID

The governor kept promised $805 million (4%) increase to schools.

School districts are receiving an overall $552.4 million increase in total state aid, including building aid. If building aid is not included, school districts are set to receive a $460.2 million state aid increase.

Flat Foundation Aid. Every district is receiving the same amount of Foundation Aid in 2012-13 as in 2011-12. Total Foundation Aid statewide is $14.9 billion.

The below chart summarizes the number and percentage of districts receiving increases and decreases in state aid:

	With building aid		Without building aid	
#/% of districts that received an increase in state aid	539	79.7%	592	87.6%
#/% of districts that received a decrease in state aid	137	20.3%	84	12.4%
#/% of districts that received level state aid	0	0.0%	0	0.0%
Totals	**676**	**100.0%**	**676**	**100.0%**

About $262.5 million of the total aid increase of $552.4 million is an increase in new aids. Of this $262.5 of new aids, about $89.1 million (34%) of that is for general support and about $173.3 million (66%) is for expense-based aids.

About $290 million of the total aid increase is from a reduction in the Gap Elimination Adjustment (GEA).

The governor allocates $250 million for two competitive grant programs – the School District Management Efficiency Award Program and the School District Performance Improvement Awards Program.

Table 1. Distribution of Aids

	Total Aid Before GEA	Gap Elimination Adjustment (GEA)	Total Aid After GEA
2012-13	$22,081,510,003	-$2,272,284,188	$19,809,225,815
2011-12	$21,819,050,516	-$2,562,193,358	$19,256,857,158
Difference	**$262,459,487**	**$289,909,170**	**$552,368,657**

	General Support[1]	Expense-based aids[2]	Totals
2012-13	$16,944,845,425	$5,136,664,578	$22,081,510,003
2011-12	$16,855,703,303	$4,963,347,213	$21,819,050,516
Difference	**$89,142,122**	**$173,317,365**	**$262,459,487**
	34.0%	66.0%	

[1] General Support includes Foundation Aid, Charter School Transitional Aid, High Tax Aid, Operating Reorganization Incentive Aid, Non-component Computer Admin Aid, Non-component Career Education Aid, Non-component Academic Improvement Aid, Public Excess High Cost Aid, Private Excess Cost Aid, Software Aid, Library Materials Aid, Textbook Aid, Hardware and Technology Aid, Full-day K conversion, Universal Pre-K Aid, Supplemental Public Excess Cost, Academic Enhancement Aid, Gap Elimination Adjustment

[2] Expense-based aids includes Summer Transportation Aid, Transportation Aid w/o summer, Building Aid, Building Reorganization Incentive Aid, and BOCES Aid

STATE AID – BY WEALTH

The Combined Wealth Ratio (CWR) is a measure of a district's wealth that takes into account both the district's real property and the income of residents of the district. The statewide average is 1.0. Districts with CWRs below 1.0 are poorer than average and districts with CWRs greater than 1.0 are richer than average.

Increases in state aid in the 2012-13 Executive Budget varied somewhat by wealth.

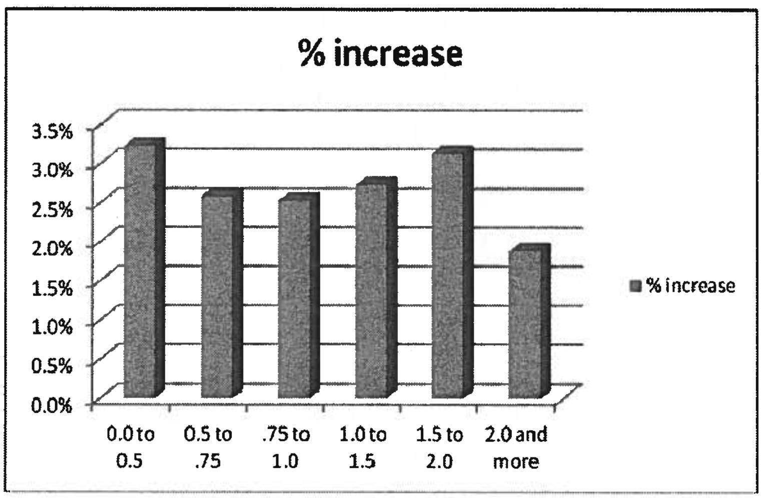
Districts were grouped into the six different categories below (see Table 2) based on their CWR. The poorest districts (CWR of 0.0 to 0.5) received the greatest percentage increases, on average (3.2%). However, though districts with CWRs of 1.0 to 1.5 received a smaller percentage increase than districts with CWRs of 0.0 to 0.5 (2.7% vs. 3.2%), they received nearly twice as much in actual dollars, illustrating that even small percentage increases in state aid to wealthier districts tend to generate greater actual dollar increases.

Table 2. State Aid Increase by CWR (Note: Building aid not included)

CWR (range)	$ increase in state aid	% increase in state aid	# of districts
0.0 to 0.5	$108,547,899	3.2%	137
0.5 to .75	$75,866,766	2.6%	208
.75 to 1.0	$50,348,511	2.5%	109
1.0 to 1.5	$214,504,756	2.7%	109
1.5 to 2.0	$7,768,885	3.1%	42
2.0 and more	$3,035,477	1.9%	72

Percentage increases get smaller the wealthier a district is until the statewide average CWR of 1.0 is reached. At that point, percentage increases rise again until a CWR of 2.0 is reached. For districts with CWRs of 2.0 and more, the percentage aid increase drops off markedly (see Figure 1).

Figure 1. State Aid Increase by CWR



STATE AID – BY REGION

Increases in state aid in the 2012-13 Executive Budget varied somewhat by region (see Table 3 and Figure 2). Districts were grouped into 10 different regions (Capital Region, Central New York, Finger Lakes, Long Island, Lower/Mid-Hudson Valley, Mohawk Valley, North Country, Southern Tier, Western New York and New York City. See Table 4 to see what counties are in each region.).

Table 3. State Aid Increase by Region

Region	$ state aid increase	% state aid increase
Capital Region	$18,321,995	2.3%
Central NY	$35,472,368	2.5%
Finger Lakes	$5,230,444	2.3%
Long Island	$56,255,785	2.7%
Lower and Mid-Hudson Valley	$48,045,148	3.1%
Mohawk Valley	$10,037,662	3.2%
New York City	$179,591,524	2.7%
North Country	$17,599,521	3.3%
Southern Tier	$22,800,868	3.0%
Western NY	$66,716,979	3.0%

Note: Building aid not included

Figure 2. State Aid Increase by Region

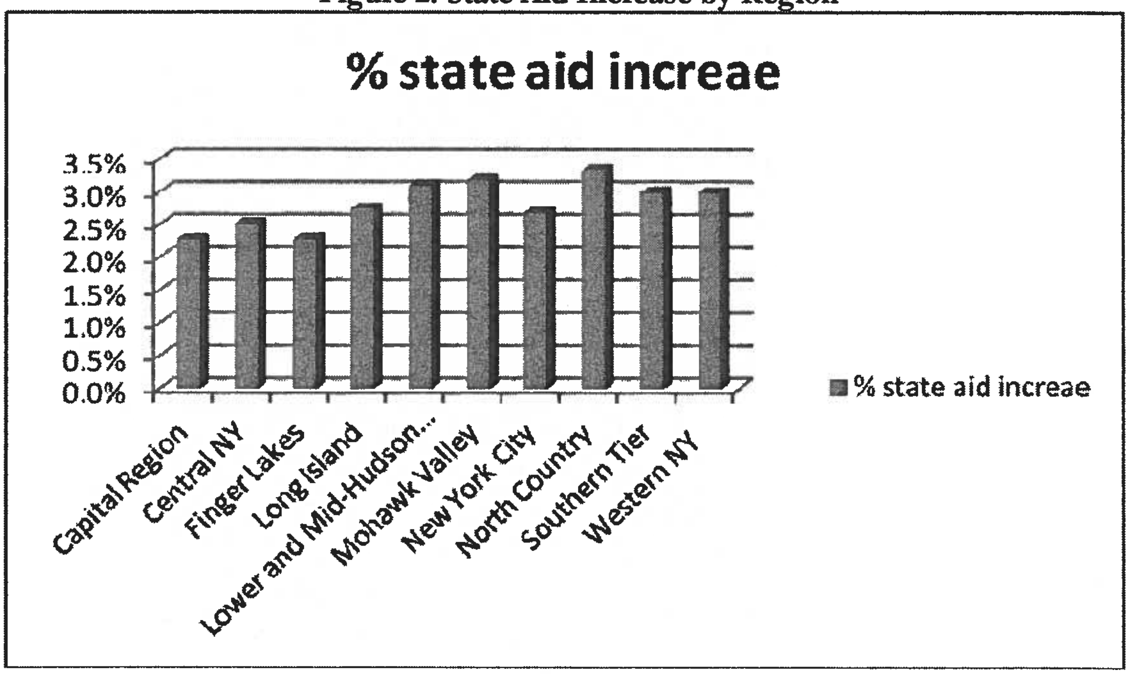


Table 4. COUNTIES IN EACH REGION OF THE STATE									
Capital Region	Albany	Columbia	Greene	Rensselaer	Saratoga	Schenectady	Warren	Washington	
North Country	Clinton	Essex	Franklin	Hamilton	Jefferson	Lewis	St. Lawrence		
Long Island	Nassau	Suffolk							
Lower and Mid-Hudson Valley	Dutchess	Orange	Putnam	Rockland	Sullivan	Ulster	Westchester		
Mohawk Valley	Fulton	Herkimer	Montgomery	Otsego	Schoharie				
Central NY	Cayuga	Chenango	Cortland	Madison	Oneida	Onondaga	Oswego	Tompkins	Wayne
Southern Tier	Allegany	Broome	Cattaraugus		Chemung	Delaware	Steuben	Tioga	
Finger Lakes	Livingston	Ontario	Schuyler	Seneca	Yates				
Western NY	Chautauqua	Erie	Genesee	Monroe	Niagara	Orleans	Wyoming		

HIGH TAX AID

A total of 291 districts will receive High Tax Aid in 2012-13 – the same as 2011-12. All districts that received High Tax Aid in 2011-12 will get the exact same amount in 2012-13.

High Tax Aid is distributed by district wealth as follows:

#/% of districts that received High Tax Aid - by wealth category		
Districts with a Combined Wealth Ratio of:	#	%
0.0 to 0.5	11	3.8%
0.5 to 1.0	97	33.3%
1.0 to 1.5	84	28.9%
1.5 to 2.0	38	13.1%
2.0 and more	61	21.0%
Totals	**291**	**100.0%**

GAP ELIMINATION ADJUSTMENT

All districts received a reduction in its Gap Elimination Adjustment (GAE) for 2012-13. The GAE was reduced by a total of $290 million – or 11.3 percent – statewide.

COMMENTS REGARDING STATE AID:

- ⇑ Promise of $805 million increase kept
- ⇑ 76% of the total increase in aid would be directed at high needs school districts.

⇓ $250 million should be distributed to districts as general aid rather than competitive grants.
⇓ Additional aid should not be tied to implementation of teacher evaluation system. Districts need to be able to plan for their 2013-14 budgets.
⇑ NYSSBA applauds the two-year approach to school funding which has been a NYSSBA priority for years.

FEDERAL EDUCATION JOB FUND

COMPONENTS:
- $353 Million in EduJobs money is eliminated after the 2011-12 school year

Total EduJobs $ for NYS	Budgeted for 2010-11	Budgeted for 2011-12
607,591,394	254,066,512	353,524,882

COMMENTS:
⇓ Districts no longer have the federal EduJob dollars to make up lost state aid.

ACCESS TO EBALR RESERVE FUNDS

COMPONENTS:
- There is no authorization in the Executive Budget that would allow districts to once again gain access to excess EBALR reserve funds, as was allowed last year.

COMMENTS:
⇓ 65 eligible districts did not utilize authorized EBALR reserve funds as designated by the Comptroller's Office as excess last year. These districts could utilize the money to help offset the federal Edujobs money that is set to expire in 2012.

MANDATE RELIEF

Executive Budge contains reforms for pension but is also significant for mandate relief measures it does not contain such as school district consolidation, health care insurance reform and reform of Triborough.

TIER VI

COMMENTS:
⇑ A defined contribution option is a longstanding NYSSBA legislative priority
⇑ Affords new employees the option of a portable retirement plan in an age of employee mobility
⇑ Estimated to save the state and school districts $79 billion over the next 30 years

CENTRALIZE BUS PURCHASES

COMMENTS:

- ⇓ 49 other state authorizes their school districts to achieve significant savings through the use of national purchasing cooperatives.
- ⇓ Historic inability of state contracts to offer a wide variety of choices in a timely manner
- ⇓ Proposal appears to be too limiting in scope and too coercive in its application.
- ⇑ Elimination of obstacles to shared bus maintenance and other shared services though specifics have yet to be revealed.

COST REPORT DEADLINE FOR BUILDING AID

COMPONENTS:

- School districts are provided a window of opportunity to regain eligibility for Building Aid in cases where a district has been denied aid for missing the final cost report filing deadline for school construction projects.

COMMENTS:

- ⇑ Districts were relying on the State aid due for the construction. Denial due to administrative error put undue hardship on schools and taxpayers. Language would address the needs of several school districts that saw their individual legislation to correct state aid eligibility vetoed last spring.

ACCOUNTABILITY

EDUCATION REFORM COMMISSION

COMPONENTS:

- Creation through Executive Order
- Commission may be the body that determines successful applicants for the proposed Performance Grants.
- Insufficient details about the Commission have been released but focus on school accountability – in both management and teaching, to improve student achievement and operational efficiency.

COMMENTS:

- ⇑ Two-thirds of the 486 school board members responding to an informal NYSSBA online poll said that they support the creation of a statewide commission to recommend reforms in the education accountability system.
- ⇑ Details have not yet been provided but NYSSBA encourages the Governor to include school board representatives and others currently practicing in the field.

APPR

COMPONENTS:

- The Governor plans to put his own APPR plan into his 30-day budget amendments if districts and their unions are not able to reach agreement on APPR.
- Districts have until January 17, 2013 to implement the new teacher evaluation process. Failure to meet deadline means forfeiture of the district's eligibility for state aid increase for the 2012-13 school year.
- If districts are able to implement their new evaluation system by September 1, 2012, they would be eligible for Performance Grant bonus monies.

COMMENTS:

⇓ Nearly two-thirds of the 526 respondents to a NYSSBA poll said they did not believe linking state aid to the completion of a teacher and principal evaluation system would expedite a fair agreement.

⇓ School boards do not want to be put in a position to accept a watered-down evaluation system.

⇓ The threat of funding losses will not resonate as strongly with employees as it does with school officials who must manage the budget and make ends meet.

⇓ Districts have to budget for the subsequent school year prepared by March or April.

⇔ Half of 526 respondents to a NYSSBA poll said that they would prefer that the governor impose a statewide evaluation system rather than the current system in which school districts collectively bargain separate agreements with their teachers' and principals' unions. This may be indicative of board members not wanting districts to make significant concessions for the sake of a swift agreement on APPR but would rather see the governor impose his own system.

COST SHIFTS TO SCHOOL DISTRICTS

PRE-SCHOOL SPECIAL EDUCATION

COMPONENTS:

- Currently, the state (59.5%) and county (40.5%) share the cost of pre-school special education.
- The Governor proposes having the state, county and school districts share equally in any increase in the cost of these services.

COMMENTS:

⇓ The shift would be from a larger tax base to a smaller tax base.

⇓ The Governor's justification is based on the misperception that schools should share in the cost of a system that they do not control, simply because these students ultimately enter the school system.

SUMMER SCHOOL SPECIAL EDUCATION

COMPONENTS:

- The summer school special education program supports educational services provided during July and August for approximately 43,000 disabled students aged 5 to 21.
- The State has historically supported 70 percent of the total education, transportation and maintenance costs of these programs regardless of a school district's relative wealth.

COMMENTS:

⇓ The 2011-12 Executive Budget proposes to more closely align State reimbursement to school districts for summer school special education costs with wealth-based aid ratios used during the regular school year. Additionally, the priority of payment will be for claims for services provided during the 2011-12 school year, with State reimbursement for costs incurred for prior school years limited to $100 million during the upcoming fiscal year.

STATE ASSESSMENTS AND GED EXAMS

COMPONENTS:

- The Executive Budget would maintain last year's state funding of $7.7 million for state testing. This is one half of the total cost of the program.

COMMENTS:

⇓ For a $57 billion per year enterprise, the fact that the state plans to pay only half of the cost of its own testing and accountability system is truly remarkable.

3020-A TEACHER DISCIPLINARY HEARINGS

COMPONENTS:

- A new payment structure would have the costs of 3020-a Hearings split evenly between the school district and the teacher's union, rather than the state. The goal is to provide a mutual financial incentive for prompt resolution of the charges.

COMMENTS:

⇓ Cost shift from state to district and unions.

⇓ School districts already pay the salaries of defendants, the cost of salaries for substitute teachers who must replace the defendant in the classroom, legal costs and the cost of hundreds of hours of lost administrative time preparing for the hearing. Districts do not need any further "incentive" to prompt resolution of the charges.