



**New York State  
School Boards  
Association**

March 27, 2009

Governor David A. Paterson  
Majority Leader Malcolm Smith  
Speaker Sheldon Silver  
State Capitol  
Albany, NY

Dear Honorable Leaders:

We have been reading press accounts of the developing state budget for education with increasing alarm. We recognize the extraordinary efforts being made by state leaders to restore cuts to education aid and forestall school staffing reductions. But we are concerned that the current state efforts may nevertheless be insufficient to comply with federal stimulus fund expectations, creating risks for the state and the schools, either in how our application is received or subsequently in how our use of the funds is reviewed.

As we understand the emerging federal stimulus guidelines, there will be an expectation that school districts use stimulus funds to avoid staffing reductions and that schools (and the state) will be audited on the extent to which that purpose has been accomplished. Absent a significant year-to-year increase in state funding for education – consistent in magnitude with that proposed by the New York State Board of Regents – schools will be incapable of fully funding current programs and will have to accommodate the shortfall through the only mechanism available: layoffs.

Local school funding consists primarily of two components: state aid, and local taxes. Schools face cost pressures like every other enterprise. Two of the largest are for salaries and health insurance. At the same time, school leaders have heard – loudly and clearly – from both voters and elected officials, that school property tax pressures must be contained. They are doing their best to hold tax increases for the coming year to a minimum.

It is also the case, that, in New York, more than most other states, school districts are extraordinarily accountable to the public. As one of a small handful of states where school districts must seek voter approval for their operating budgets, school leaders must construct spending plans which balance what their schoolchildren need with what their taxpayers can afford and will support.

The Executive Budget proposed by Governor Paterson in December projected a 4 percent increase in state funds spending for state agency operations. Schools would expect roughly similar baseline increases in their costs. But when state aid does not keep pace with costs – some of which are

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mandated by the state – and school leaders strive to comply with public wishes for lower property taxes, districts must resort to spending reductions to make up for inadequate aid.

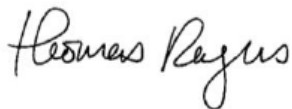
Undoubtedly, schools will use a combination of reserves and non-instructional cuts to mitigate the impact of the lost inflationary state aid increase, but these tools will fall well short of the funding gap that the state is poised to open. While increases in Federal Title I and IDEA funds may offset some of this loss in the state's largest urban districts, it is clear they will fall far short in magnitude, and contain too many restrictions on use to replace the lost state revenue elsewhere.

Therefore, we anticipate large numbers of layoffs, despite the additional federal resources, in numbers potentially approaching 10,000 individuals once all districts are considered.

In short, if press accounts are accurate (and in the absence of conference committees, they are the only public information source), federal stimulus funds would simply supplant existing State aid amounts and schools would be left to accommodate locally the entire cost of inflation for the state's \$50+ billion annual education system. Schools will have little choice but to reduce staffing, in direct violation of the repeatedly stated expectations of federal officials that stimulus funds would be used to minimize layoffs. Given the intense level of transparency anticipated for these funds, we are concerned about any risk that the state/local education partnership might fail to satisfy the federal government's intent for the use of these funds.

Please know that local educational leaders across the state stand ready to do their part to help the state weather this economic storm. We remain grateful for past assistance from the state, and mindful of the current economic and fiscal situations in the state and nationally. We write, not out of self-interest, but because it would be irresponsible not to ensure that state leaders appreciate the full extent of our concerns for both the state and its education system.

Sincerely,



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Executive Director  
New York State Council of School Superintendents



Timothy G. Kremer  
Executive Director  
New York State School Boards Association

cc: Commissioner Mills  
Chancellor Bennett  
Chancellor-Elect Tisch  
Members of the New York State Board of Regents