



Robert Lowry, Deputy Director

NEW YORK STATE COUNCIL ^{of}
SCHOOL SUPERINTENDENTS

Albany Update

Erie-Niagara
School Superintendents Association/
Western New York
Joint Management Team

January 27, 2012
East Aurora

Last year vs. this year: An improving outlook

2011

State General Fund State Budget Surplus/Deficit Projections (billions of dollars)

	2011-12	2012-13	2013-14	2014-15
Base-level (before actions)	(\$10.003)	(\$15.280)	(\$17.883)	(\$21.415)
Governor's Budget (after actions)	\$0	(\$2.301)	(\$2.496)	(\$4.399)

2012

State General Fund State Budget Surplus/Deficit Projections (billions of dollars)

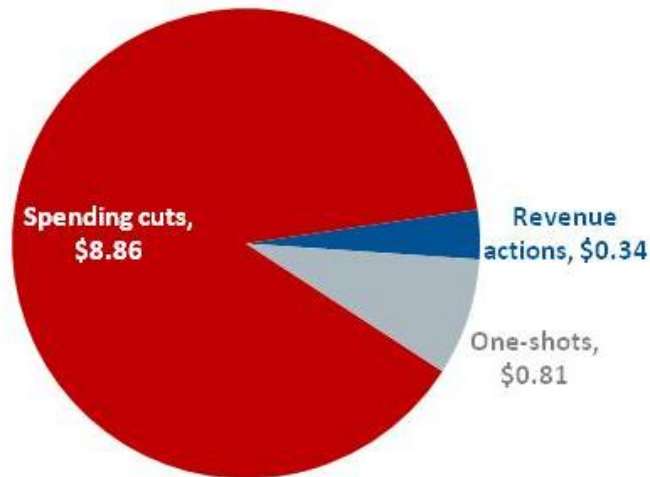
	2012-13	2013-14	2014-15	2015-16
Base-level (before actions)	(\$3.500)	(\$3.624)	(\$5.044)	(\$4.246)
Governor's Budget (after actions)	\$0	(\$.715)	(\$2.974)	(\$3.721)

Source: NYS Division of the Budget, 2011-12 and 2012-13 Executive Budget Five-Year Financial Plans

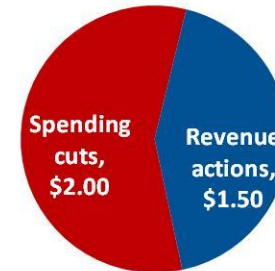
Last year vs. this year: How the Governor proposed closing the gaps

2011-12: \$10 billion structural deficit

2012-13: \$3.5 billion structural deficit



School Aid share of cuts: 31.7%



School Aid share of cuts: 0%

Note: The state measures cuts against what it was projecting to spend under existing laws and practices.

Source: NYS Division of the Budget, 2011-12 and 2012-13 Executive Budgets

Longer term outlook – Projected deficits and School Aid increases...

Projections – Governor’s Five Year Financial Plan (\$ in billions)				
	2012-13	2013-14	2014-15	2015-16
Change in School Aid	\$.805	\$.711	\$.841	\$ 1.006
% change	4.1%	3.5%	4.0%	4.6%
Overall Surplus/Deficit	\$0	(\$.715)	(\$ 2.974)	(\$ 3.721)

Source: NYS Division of the Budget, 2012-13 Executive Budget Five-year Financial Plan

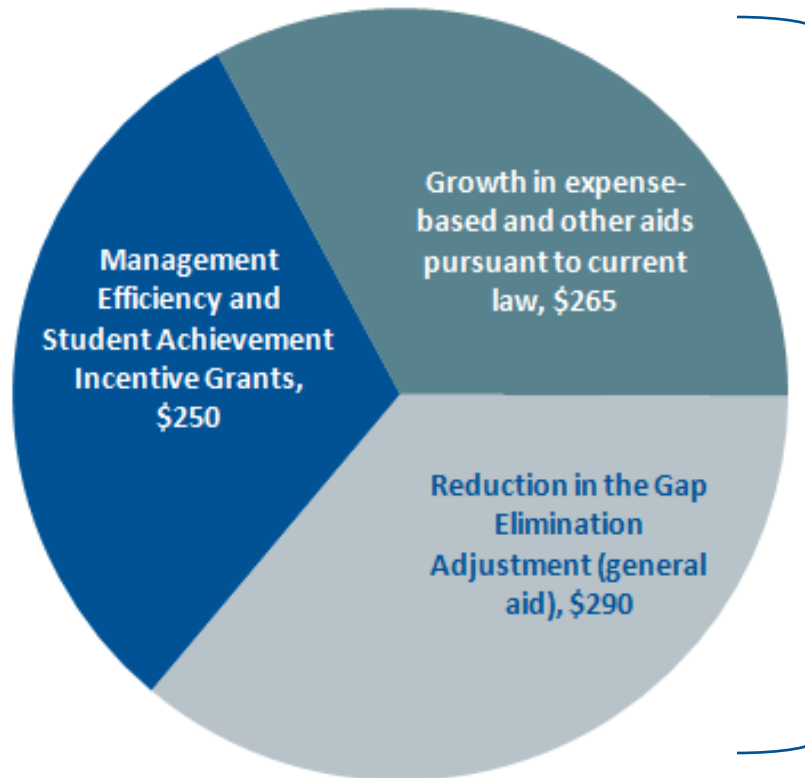
Some key points:

- Governors must propose balanced budgets.
- Future growth in School Aid would be tied to change in personal income for state taxpayers (aid projections will change).
- Some of the School Aid growth would go to competitive grants programs under the Governor’s plans.

The Governor's School Aid proposal: the basics

\$805 million, 4.1%, increase as called for in 2011-12 "two year" appropriation

A pie with three slices (\$ in millions):



\$555 million directly allocated to school districts, BOCES and other education providers – a 2.9% average increase.

Source: NYS Division of the Budget, 2012-13 Executive Budget

Current Law School Aid estimates

Total Aid for 2011-12 down \$143 million from enacted budget

Size of decline is a sharp reversal of past patterns

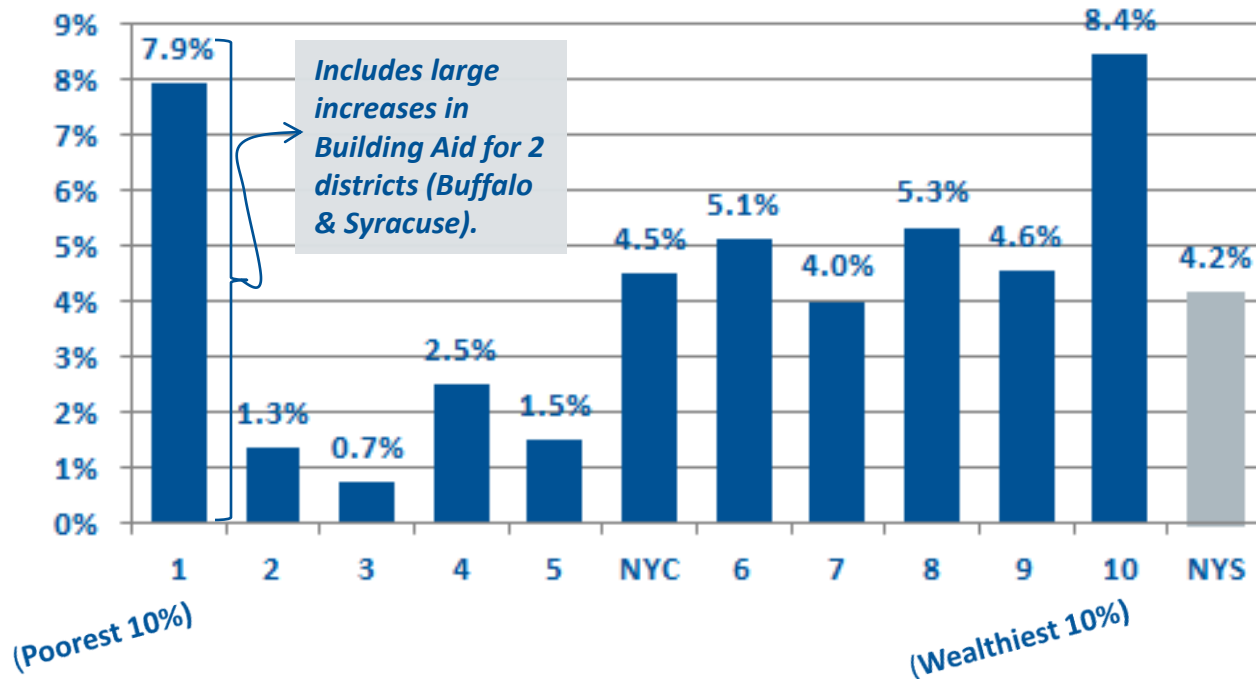
Selected Aid Categories	\$ Variance	% Variance
Building Aid	-\$38 million	-1.3%
Transportation Aid	-\$48 million	-2.9%
Private Excess Cost Aid	-\$32 million	-9.2%
BOCES Aid	-\$15 million	-2.1%

SOURCE: Council analysis of NYSED School Aid data on file 11/14/2011.

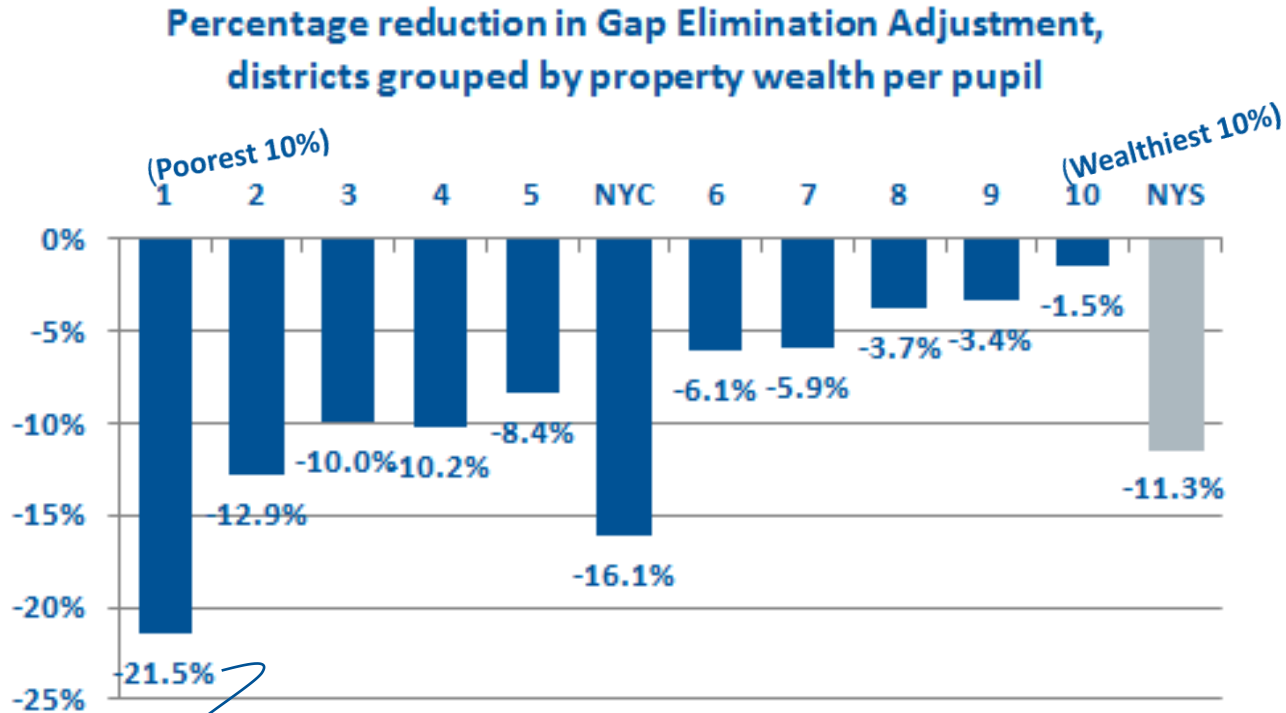
Change in expense-based aids (2012-13)

Current law formulas continued (+\$248 million)

Year-to-year percent change in expense based aids, districts grouped by property wealth per pupil



Gap Elimination Adjustment Reduction (+\$290 million)



Negative percentages represent reductions in the cut imposed in 2011-12 (the GEA) – additional aid to districts for 2012-13.

Source: Council analysis of NYSED School Aid data for 2012-13 Executive Budget

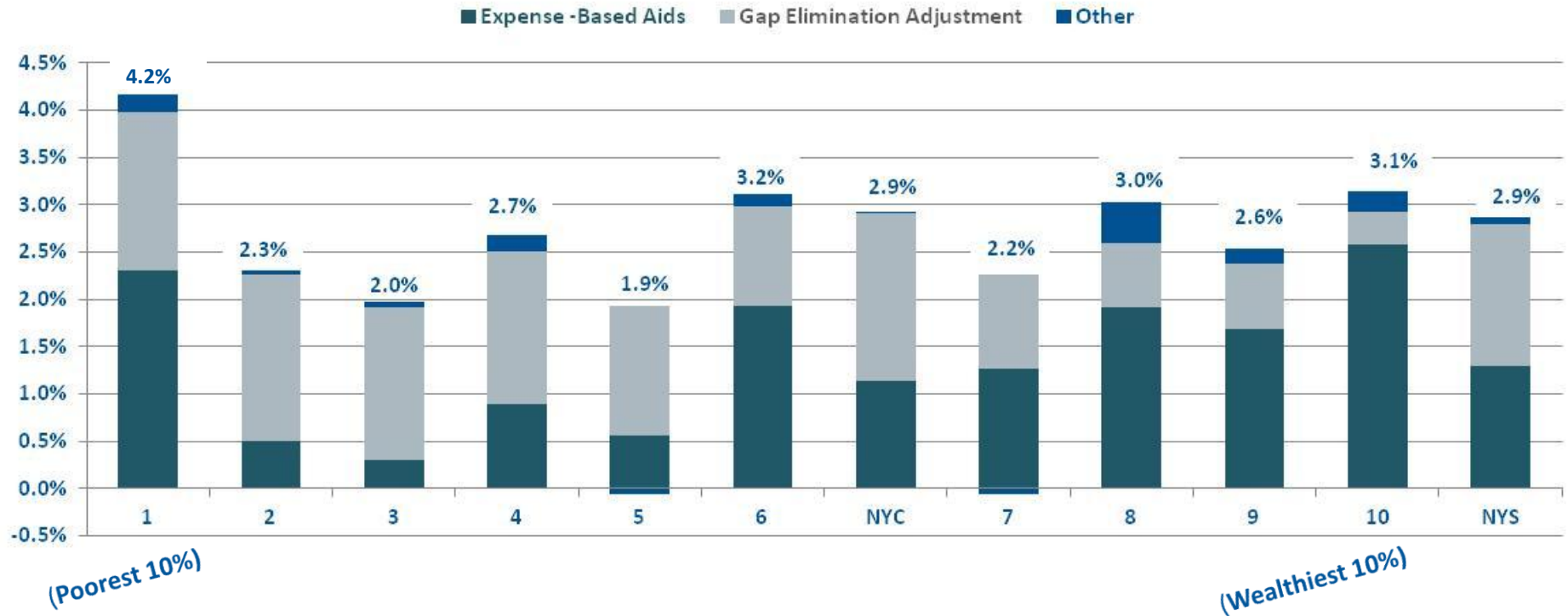
Explaining the Gap Elimination Adjustment Reduction

- All districts would get a reduction in the their 2011-12 GEA of between 1% and 25%.
- Two options for calculating reduction:
 - one considers % of extraordinary needs students and Combined Wealth Ratio;
 - the other considers the size of last year's GEA as a % of total general fund expenditures (must have been greater than 4.76%).

School Aid – putting the pieces together

Mix of GEA reduction and expense-based aid increases create appearance of random distribution

Composition of total aid change,
districts grouped by property wealth per pupil

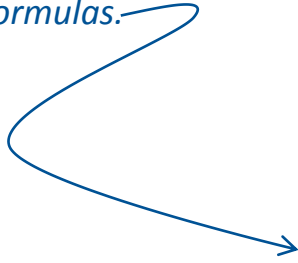



A sample district:

(my alma mater)

go to www.nyscoss.org
to check your district

Nearly flat total aid, biggest factors are an increase in general aid through the proposed GEA reduction, partly offset by a loss of Building Aid under existing formulas.



2012-13 GOVERNOR'S SCHOOL AID PROPOSAL				
		DISTRICT: NIAGARA FALLS CITY SD		
		COUNTY: Niagara		
AID CATEGORY	2011-12	2012-13	CHANGE	% CHANGE
General Purpose Aids	70,172,603	69,947,548	(225,055)	-0.3%
Foundation Aid	69,844,853	69,844,853	-	0.0%
Charter School Transition Aid	327,750	102,695	(225,055)	-68.7%
High Tax Aid	-	-	-	NA
Reorganization Incentive Operating Aid	-	-	-	NA
Academic Enhancement Aid	-	-	-	NA
Expense-Based Aids	23,319,019	22,609,122	(709,897)	-3.0%
Building Aid	9,623,721	8,533,998	(1,089,723)	-11.3%
Reorganization Incentive Building Aid	-	-	-	NA
Transportation Aid	5,931,476	5,989,729	58,253	1.0%
Summer Transportation Aid	-	-	-	NA
BOCES Aid	4,981,045	5,202,466	221,421	4.4%
Non-BOCES Computer Administration Aid	-	-	-	NA
Non-BOCES Career Education Aid	-	-	-	NA
Non-BOCES Academic Improvement Aid	-	-	-	NA
Private Excess Cost Aid	1,538,824	1,582,592	43,768	2.8%
Public Excess Cost High Cost Aid	1,243,953	1,300,337	56,384	4.5%
Supplemental Public Excess Cost Aid	-	-	-	NA
Other Aids	2,673,638	2,658,782	(14,856)	-0.6%
Computer Software Aid	111,661	109,818	(1,843)	-1.7%
Library Material Aid	46,587	45,818	(769)	-1.7%
Textbook Aid	470,194	457,612	(12,582)	-2.7%
Hardware and technology Aid	156,937	151,863	(5,074)	-3.2%
Full Day-Kindergarten Conversion Aid	-	-	-	NA
Universal Prekindergarten Aid	1,888,259	1,893,671	5,412	0.3%
Gap Elimination Adjustment	(8,137,599)	(6,356,105)	1,781,494	-21.9%
TOTAL AID	88,027,661	88,859,347	831,686	0.9%
Total Aid without Building Aids	78,403,940	80,325,349	1,921,409	2.5%

Maximum reduction for any district would be 25%

Some projections – how revenues and expenses may not match for schools:

Assumptions – districts outside the Big 5	\$ in billions
3.5% baseline increase in spending (based on Council survey – <i>districts have held actual proposed spending under 1.5% in each of last 2 years</i>):	\$1.127
2% increase in tax levy (per tax cap law):	\$.385
2.9% average increase in state aid (per Governor’s budget)	\$.258
Surplus/gap:	-\$.485
<i>Does not include \$390 million in discontinued Education Jobs Fund allocations</i>	

SOURCE: Council analysis of NYSED School Aid and property Tax report Card data

Preschool Special Education

- Cost of program has been growing by ~8% per year.
- Prohibit evaluations by the same agency which provides services, or by an evaluator with a less than arms-length relationship with service agency.
- Require additional justification when a distant provider is chosen, over closer suitable providers.
- Cap county share of costs and have schools assume 1/3rd of growth over 2011-12 levels.
- Governor's Budget Division projects a \$5 million impact on school districts outside New York City in 2012-13.

Tier VI

- Employees would have a choice of a defined benefit or defined contribution plan.
- Defined Benefit Option
 - Retirement age: 65
 - 5-year final average salary with cap of \$179,000
 - 12 years to vest
 - Yearly multiplier set at 1.67% (down from 2%)
 - Graduated employee contribution rates (e.g., for TRS: <\$35,000 =4%; >\$65,000 = 6%)
 - Employees and employers share in risks and rewards (i.e., employee contribution rate could rise or fall depending on investment performance).
- Defined Contribution Option
 - Employees could contribute up to 3% (may contribute zero)
 - Employers would contribute 4%, with an additional match of up to 3% (maximum total rate of 7%)
 - Employees vest after 1 year.

3020-a Reform (Governor's proposal)

- Allow the Education Commissioner to set maximum rates paid to arbitrators;
- Limit the number of study days claimed by arbitrators;
- Eliminate the requirement for court reporters at teacher arbitrations;
- Disqualify arbitrators for failure to comply with statutory timelines; and
- Require all future arbitration costs to be split evenly between the school district and the teacher's bargaining unit, or the employee if the employee is not represented by a union.

Other items

- **Education Reform Commission:** Should be opportunity for an extended, honest, statewide discussion on how state and local practices need to change for our schools to produce more learning for our students with the resources our taxpayers can provide.
- **Mandate Relief Council:** 11 state officials – a focal point for mandate relief debates – creates expectations for state action.
- **Teacher/principal evaluations:**
 - Governor has given SED and NYSUT 30 days to resolve lawsuit (to February 16).
 - If they do not, he will propose legislation.
 - Governor would stop aid increases for districts which do not have new evaluation procedures in place by 1/17/2013.

SED's key principles for APPR resolving lawsuit

- In addition to the 20 percent of the evaluation based on a state-determined measure of student growth using state assessments, districts should have the option to also use the state assessments for the local 20 percent student performance measure;
- Of the 60 percentage points of the evaluation based on subjective measures, 40 of those percentage points should be based on classroom observations;
- Evaluations should be based on multiple observations which are more reliable than a single observation;
- Evaluations must be rigorous and teachers rated “ineffective” on both the state and local measures of student performance should not be able to receive positive ratings;
- The State Education Department should have the authority to require corrective action, including the use of independent evaluators, when districts evaluate their teachers positively regardless of students’ academic progress;
- School districts must retain their authority to terminate non-tenured probationary teachers and should not be burdened with new bureaucratic obstacles to removing unsuccessful non-tenured probationary teachers; and
- Appeals should be timely and expeditious.



**NEW YORK STATE
COUNCIL OF SCHOOL SUPERINTENDENTS
7 Elk Street, 3rd Floor
Albany, NY 12207
(518)449-1063
www.nyscoss.org**

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