

New York State Educational Conference Board



For immediate release – November 9, 2015

Educational Conference Board report calls for \$2.2 billion increase for schools

Potential zero percent tax cap prevents schools from raising sufficient revenue to meet student needs and support improvement efforts

New York’s major statewide education organizations today pressed for a \$2.2 billion state aid increase for 2016-17, along with broader action help to schools prepare the next generation of students for success.

In [a school finance report](#) released today, the Educational Conference Board (ECB) also called on the state to address the strong possibility that schools could face a punishing zero percent limit on local tax increases next year due to the way the state tax cap is constructed.

The recommended \$2.2 billion state aid increase includes \$1.7 billion to continue current school services plus \$500 million in targeted funding to fund critical school improvement initiatives such as expanding pre-kindergarten access, providing sufficient support for struggling schools and English language learners, training teachers, and opening new pathways to graduation.

“Public schools are eager to rise to the challenge of a changing world and increased standards, but they need a responsive and reliable state partner to help,” said ECB Chair John Yagielski.

ECB’s projection for the state aid increase that is needed to continue current school services is based on outside estimates for costs such as salaries, health insurance, and pension contributions.

The estimate also reflects state Division of Budget figures, as well as a lower rate next year for employer pension contributions to the Teachers Retirement System. All in all, the ECB estimates that continuing current services in school districts would result in a modest increase in total school spending of 2.7 percent statewide in 2016-17.

End the GEA; Phase-In Foundation Aid

Also among the report’s recommendations is a call for state lawmakers to end the Gap Elimination Adjustment (GEA) – which has now decreased support for public schools for six years – and provide a significant increase in Foundation Aid in 2016-17. The Foundation Aid formula has been largely stalled since the economic downturn, and the state is \$4.4 billion behind in Foundation Aid owed to schools. ECB urges lawmakers to restart the formula and commit to a timeline for full phase-in of this promised funding.

Both ending the GEA and a renewed commitment to Foundation Aid can be accomplished within the overall state aid increase requested.

“In recent years, schools have moved forward with raising academic standards and adapting to changing student needs – all while dealing with state aid cuts, staffing reductions, and a complex and punitive tax cap,” said Yagielski.

Despite the state funding increases of the last couple of years, nearly a third of schools in New York are receiving less aid this year than in 2009-10. Few, if any, have brought programming and staffing levels back to where they were before the Great Recession.

Remove CPI from tax cap formula

The tax cap is expected to be particularly problematic in 2016-17, when the average limit on local tax levy increases could approach zero percent. This is because a key step in the tax cap formula is based on the Consumer Price Index (CPI), and average monthly CPI has remained unchanged through the first nine months of the year.

ECB members believe the state has an obligation to make up the difference between no increase in local tax levies and an increase of 2 percent that matches the rhetoric of the tax cap since its inception. The recommended increase of \$2.2 billion includes \$700 million to cover this shortfall for schools.

Moving forward, ECB reiterates its call to remove the volatility of CPI from the tax cap formula and substitute a consistent 2 percent as the allowable levy growth factor in the calculation.

ECB member organizations represent parents, classroom teachers, school-related professionals, school business officials, school building and program administrators, superintendents and school boards.

Below are all six recommendations from the report:

1. Provide an increase of \$2.2 billion in state aid for 2016-17 to continue current school services, meet critical needs and strengthen improvement initiatives;
2. End the Gap Elimination Adjustment (GEA) that reduces aid to school districts;
3. Establish – and commit to – a plan to fully fund the Foundation Aid formula;
4. Fix the Property Tax Cap law for schools to address its most damaging shortcomings, especially the use of the Consumer Price Index;
5. Provide state aid runs and distribution formulas with the Executive Budget Proposal, and disconnect specific policy initiatives from eligibility for general purpose aid; and
6. Pay schools for state reimbursements they are owed for approved prior year aid claims. The state should meet this outstanding obligation separate from 2016-17 school aid, and has settlement funds available for this one-time expense.

“The state’s financial condition is in markedly better shape today than in previous years,” Mr. Yagielski added. “We believe this can be a period of great progress, and the recommendations in the report provide a roadmap for how the state can lead the way. Schools need an end to the Gap Elimination Adjustment, a firm commitment to make good on the promise of Foundation Aid, and rational changes to the tax cap.”

The New York State Educational Conference Board is comprised the Conference of Big 5 School Districts; New York State Association of School Business Officials; New York State Council of School Superintendents; New York State PTA; New York State School Boards Association; New York State United Teachers; and the School Administrators Association of New York State.