NEW YORK STATE COUNCIL OF SCHOOL SUPERINTENDENTS

NEWS RELEASE

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"Something has to give" on school finances, warns new survey report from superintendents

ALBANY – "Something has to give," warns a new report on school finance from the New York State Council of School Superintendents.

In its sixth annual survey of school district leaders across the state, the Council found that three of years of state aid increases averaging over 6 percent per year have had a positive impact for many school systems, but concern about future financial prospects remains widespread.

Asked to look ahead three years, only 20 percent of superintendents expressed optimism about the ability of their district to fund services adequate to the needs of their students. Seventy-three percent answered that they are somewhat or very pessimistic and 6 percent said their districts are unable now to fund adequate services, the equivalent of about 40 school districts statewide.

Council Executive Director Charles Dedrick explained, "What is driving the concern is a sense that district leaders and voters can't control the financial fates of their schools." He added, "As we note in the report, 'The state's basic structure of education finance puts schools in a potentially unsustainable position, required to accommodate costs they cannot control with revenues they can no longer presume will materialize.'"

The report stresses that state policies help drive school costs while restricting the ability to raise revenue to support those costs and that if the state intends to keep these rules, it must fund them with adequate state aid increases.

Four factors stood out as causes for concern, led by the possibility of inadequate state aid, cited by 91 percent of superintendents, followed closely by the tax cap, named by 89 percent of superintendents. Increasing student needs were identified by 78 percent of superintendents and 76 percent named increases in fixed or hard to control costs such as pensions and health insurance as concerns.

State aid has been unpredictable for some time, sensitive to both changing economic prospects and political priorities. After two years of an intended four-year phase-in, the Foundation Aid formula enacted as a major reform in 2007 was frozen for three years and only minimally increased several years thereafter.

The state's property tax cap for schools has proven unstable as well. Although advertised as a "2 percent tax cap," the actual cap floats based on consumer inflation and factors specific to each district.

The basic tax cap for the current school year is 0.12 percent. The cap for 2017-18 is likely to be around 1 percent.

The report notes that the number of students in poverty statewide has risen by 11 percent since 2007, and the number for whom English is not their first language has increased by 20 percent.

The contribution rate that school districts are required to pay for pension costs has been declining in recent years, but the survey reports what superintendents identify as leading financial concerns for their schools, pension costs do continue to rank high, and mandated contribution rates will rise again at some point.

The Council's survey did find that more superintendents reported their districts' financial condition has improved (31 percent) rather than worsened (16 percent) this year, continuing a trend first identified in its survey a year ago. An increased share of superintendents also reported improvements in specific student services.

But Council Deputy Director Robert Lowry warned, "It's important to recognize that in every one of our six annual surveys, at least two-thirds of superintendents said that there had been either no change or a worsening in the financial condition of their schools over the prior year. So there are probably many schools that were hurt badly by cuts during the Great Recession and have seen little or no improvement since."

He added, "A commonly expressed fear among superintendents has been that students of the future might never again have opportunities matching those of the past."

In the Council's first financial survey, in 2011, 75 percent of superintendents said that the financial condition of their schools had worsened over the prior year; only 2 percent reported improvement.

The report includes a section on financial reserves and multi-year planning. Dedrick noted that, "State aid has always been sensitive to changes in the economy, making it unpredictable from one year to the next. The floating tax cap has now made local revenues harder to predict as well. This has changed how district leaders think about reserves – reserves are now one tool left to exert some control over a district's financial future."

The report concludes with a section describing resourceful actions that superintendents and their colleagues have been taking to reduce or control costs or to protect and improve opportunities for students within existing resources, as well as actions that superintendents say state government could take to promote those goals.

The survey was conducted online between August 16 and 31. A total of 361 superintendents submitted complete responses, a response rate of 54 percent. New York City was not included in the survey.

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The New York State Council of School Superintendents is a professional and advocacy organization with over a century of service to school superintendents and assistant superintendents in New York State. The Council provides more than 800 members with professional development opportunities, publications and personal support while advocating for public education and the superintendency.