

# New York State Educational Conference Board



## Reject the Proposed Repeal of the Foundation Aid Formula

The New York State Educational Conference Board – comprised of New York’s leading educational organizations representing parents, classroom teachers, school-related professionals, school business officials, building administrators, superintendents and school boards – opposes the Executive Budget’s proposal to repeal the long-standing Foundation Aid formula. We commend both the Assembly and Senate for rejecting the proposal in their respective one-house budgets.

The Foundation Aid formula was enacted in 2007, following the resolution of the notable Campaign for Fiscal Equity (CFE) lawsuit. The formula represented a significant policy success and an important reform of the state’s education funding system. Foundation Aid incorporates the cost of educating a student, the needs of students within each district, variations in regional costs and the district’s local ability to support the cost of educating its students. The formula also served as a way for districts to understand and plan for the level of state support that they should expect to receive in a given year. This level of funding is rooted in the ability of districts to provide their students with a sound basic education, as guaranteed by the state Constitution.

As part of our 2017-18 School Aid proposal, ECB called for a firm commitment to fully-fund the Foundation Aid formula within three years. Efforts to restore the cuts made to school aid under the Gap Elimination Adjustment (GEA) diverted the state from its focus on a functioning Foundation Aid formula and instead resulted in single-year aid distribution methods with little to no connection to previous or future years. The State Education Department has estimated the state to now be \$4.3 billion behind full phase-in of Foundation Aid as we enter budget negotiations for 2017-18. The elimination of the GEA allows the state to return its attention to the Foundation Aid formula in order to provide adequate and equitable funding for our schools.

Instead, the Executive Budget has proposed to repeal the Foundation Aid formula and leave schools without any basis for projecting state operating support beyond 2017-18. Not only would this proposal turn back the clock on the notable improvements made in 2007, but it would also return the state to an unpredictable and undependable school funding system that is not linked to actual costs of successfully educating students. The concept of Foundation Aid provides school districts and their communities with a level of transparency that fosters productive discussions about achieving school success. This enhances participation in the educational process and leads to higher levels of accountability.

**The ECB urges the legislature to hold firm in their rejection of the proposed repeal of the Foundation Aid formula during final budget negotiations and commit to full phase-in of the formula within three years.**

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## Approve Common Sense Adjustments in the School Tax Cap

The New York State Educational Conference Board – comprised of New York’s leading educational organizations representing parents, classroom teachers, school-related professionals, school business officials, building administrators, superintendents and school boards – calls upon the legislature to approve common sense adjustments in the school property tax cap.

ECB advocates these changes be addressed in legislation to accompany the 2017-18 state budget:

- **BOCES Capital:** Permit districts to exclude from their allowable levy limit the local share of capital expenses for Boards of Cooperative Educational Services (BOCES) instructional facility improvements. This reform would have the effect of treating BOCES capital expenses that districts incur the same as district capital expenses. Districts rely on BOCES instructional facilities to provide opportunities for students they cannot provide themselves, or cannot do so at an affordable cost to local taxpayers.
- **PILOTS:** Permit districts to include in the “quantity change factor” additions to their tax base which generate payments in lieu of taxes (PILOTs). This reform would have the effect of treating tax base growth additions which generate PILOTs the same as those which generate property taxes. Especially because some PILOT-producing developments create new service demands, schools and municipalities should be permitted to realize revenue to meet those demands.
- **Negative Tax Caps:** Assure that the tax cap for any school district or local government will never be less than zero.

Each of these reforms would be common sense adjustments, consistent with expectations for the tax cap as enacted. The BOCES and PILOT adjustments have in fact been previously approved by the legislature in various forms:

- First, legislation enacted in 2015 authorized the Commissioner of Taxation and Finance to promulgate regulations to implement the reforms but, to date, the agency has not done so.
- The same changes would also have been enacted into practice through S. 8049 (Rules), which passed the Senate unanimously last June.
- Finally, the Assembly’s proposed state budget approved on March 16 would direct the Tax and Finance Commissioner to promulgate regulations within 90 days to implement the BOCES and PILOT changes (A. 3006-B, Part HH, sections 4 and 5). The Assembly budget would also prevent negative tax caps.

ECB member groups believe additional changes to the tax cap are needed, but are prioritizing these for action with the upcoming state budget based on the foregoing evidence of past legislative support.

**Note:** *This paper and its recommendations apply to independent school districts – those outside the Big 4 cities and New York City – and as such do not represent the position of the Conference of Big 5 School Districts, an ECB member.*



## Reject Significant Charter Industry Funding

The Executive and Senate budget proposals would provide significant financial aid to charter schools at the expense of public school districts. These proposals include:

- Increasing charter school basic tuition for most districts, with partial reimbursement on a one-year lag, except for New York City, and phasing-out over three years
- Eliminating the charter school cap statewide and/or for New York City
- Providing Building Aid to charter schools and increasing rental reimbursement in New York City
- Added ten percent increase in tuition costs to fund charter school personnel

The Educational Conference Board has estimated school districts require approximately \$1.5 billion in funding just to maintain current services given moderate assumptions about costs. Yet, if the Executive and Senate proposals are enacted, significant sums of money would be diverted from the public education system and redirected to privately operated charter schools. This divestiture of public funds could result in programmatic and other cuts to public school districts.

It is also important to note that the financial consequences from these proposals would not be limited to a single fiscal year. In the annual Executive Budget, total School Aid is restricted by the personal income growth cap which limits increases in School Aid to the statewide percent increase in personal income of state taxpayers. Even if state spending is allowed to exceed that cap, each year, school districts must vie against other agencies and programs to ensure that districts receive the funding they need. Additional direct state support for charter schools by the establishment of a statewide building aid program commits state revenue to that program thereby limiting the availability of state funds for all districts in future years.

School districts also have a restrictive tax cap that limits local revenue and dependent district rely on their cities to increase local funding. Limits on revenue combined with legal and regulatory mandates that increase costs and decrease flexibility leave many districts struggling to serve their students. Charter schools are not subject to many of these expenses and requirements, and are far less transparent than public school districts.

With the Gap Elimination Adjustment fully eliminated, now is the time to focus on increasing and implementing Foundation Aid. Any increase provided would be blunted by allowing the cost of charter school tuition to increase, increased facilities rental costs and requiring districts to pay for additional charter school staff. These are all costs that would be borne by public school districts. Public school districts and their students should not bear the expense of subsidizing the charter school industry.

***The members of the Educational Conference Board strongly urge that all charter school amendments proposed by the Executive and Senate are rejected.***

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## Support Legislative Proposals to Give Students Access to Career and Technical Education

The Education Conference Board recognizes the importance of career and technical education (CTE) for realizing the state’s education goals. Pupils attending schools that have highly integrated and rigorous academic and CTE programs show significantly higher achievement rates in math, reading and science compared with students who attend schools with less integrated programs. In addition, this holds true for students with disabilities and data shows that CTE students are better prepared for both college and careers.

The Assembly One-House Budget Proposal recommends increasing funding for CTE by \$25 million statewide through a phase-in of reimbursement for ninth graders under Special Services Aid and increasing the aidable salary cap for BOCES teachers from \$30,000 to \$52,000 by the 2020-21 school year.

The Senate’s Proposal would increase the aidable salary cap for BOCES CTE teachers to \$50,000 by the 2021-22 school year. The Senate proposal does not provide any increase for Special Services Aid to support CTE programs in the Big 5, where the potential benefit to students is large.

It is vital that New York invests in ensuring high-quality CTE programs are available statewide — for the success of our students and for the success of the state’s economy.

**The members of the Educational Conference Board strongly support increasing the aidable salary cap for BOCES teachers and increasing Special Services aid for the 2017-18 school year and urges that these provisions be included in the final enacted budget.**

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## Oppose the “Education Affordability” Tax Credit

The New York State Educational Conference Board – comprised of New York’s leading educational organizations representing parents, classroom teachers, school-related professionals, school business officials, building administrators, superintendents and school boards – opposes the Senate’s budget proposal to create a multi-million dollar education tax credit program.

New York’s public schools are charged with educating all students, whatever their circumstances, wherever they come from, whenever they arrive. The public schools must remain the state’s highest priority for education funding.

The Senate proposal would remove upwards of \$300 million annually from the state general fund in the form of tax credits at a time when experts agree state aid to public schools continues to be inadequately funded. Under the proposal, individuals, corporations and partnerships would be eligible for a tax credit of up to 90% on a contribution to organizations that benefit private schools and their attendees. The tax credits could be as large as \$875,000 per individual per year.

While the proposal includes public education organizations as eligible recipients of contributions, any funds received would ignore existing school aid formulas that reflect student and district need. The distribution of scarce financial resources for education under this proposal would be uneven and at the discretion of the donors and supporters; distribution would not be based on the educational needs of students in the various school districts throughout New York State. The likelihood is that schools in many of the poorest communities would derive little or no benefit. Such funds would be more appropriately and effectively spent through direct state funding of public educational programs.

In addition, the state already provided significant funding (\$250 million) to assist non-public schools as part of an end-of-year legislative agreement in 2015. These funds were approved in order to reimburse the schools for required services. At the same time, the state’s public schools are still waiting for nearly \$350 million in what are referred to as “prior year aid claims.” These aid claims have already been approved by the state for past school district expenses. However, a school district submitting a claim today would have to wait more than 15 years to receive their aid, based on current state funding levels.

At a time when the state is more than \$4 billion behind full funding of the Foundation Aid formula, the state should not be reducing its financial capability to properly fund school aid by diverting hundreds of millions of dollars annually from the general fund.

Public education is a constitutionally mandated function of state government, and, therefore, should always be the state’s top priority when providing funding for education. **The ECB urges the Assembly and the Executive to reject the Senate’s education tax credit scheme and any other similar proposals.**