

MEMORANDUM

School Aid

In relation to the 2013 – 2014 Executive Education Budget

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The New York State Council of School Superintendents SUPPORTS Governor Cuomo's additional allocation of \$203 million, and urges it be SUPPLEMENTED to provide further School Aid restorations

Despite the increases in School Aid enacted last year, 87 percent of all school districts are receiving less help from the state than in 2008-09. This is one reason why fears of financial and educational insolvency are so widespread among school district leaders.

Even with the proposed increases presented on School Aid runs accompanying Governor Cuomo's budget, 80 percent of districts would still be receiving less state help than in 2008-09, five years in the past.

Background

Governor Cuomo proposes a \$610 million increase in School Aid for the 2013-14 school year. The increase consists of a \$550 million in formula-based aids shown on School Aid "runs;" \$10 million in other programs funded through School Aid; and \$50 million for a new round of competitive grant awards for Management Efficiency and Performance Improvement.

The \$550 million increase in aids shown on the aid run has these three "moving pieces":

- 1) \$322 million in additional general purpose aid through a reduction in the Gap Elimination Adjustment;
- 2) a \$50 million net *reduction* in High Tax Aid (more than one-quarter of all districts would lose more in High Tax Aid than they would gain from the GEA Restoration); and
- 3) a \$289 million net increase in expense-based aid including Building, Transportation, BOCES Aids, and other miscellaneous categories funded according to current law.

In addition to the \$610 million School Aid increase, the Governor also proposes \$203 million for a Fiscal Stabilization Fund and \$75 million for programmatic initiatives endorsed by his New NY Education Reform Commission and outlined in his State of the State message, including full-day prekindergarten, community schools, and extended learning time.

The budget does not propose an allocation of the Fiscal Stabilization funding; that will be done through negotiations with the Legislature. It is described as "one-time financial relief to school districts," provided "in recognition of extraordinary increases in fixed costs, including pension contributions."

Support for additional allocations, but more changes are needed

- ✓ It is a positive step that Governor Cuomo recommended funding for his education reform initiatives outside the School Aid growth cap, and that he recommends an additional \$203 million for “fiscal stabilization” on top of the aid provided within the cap.
- ✓ Nonetheless, even with the proposed increase, 80 percent of school districts would still be getting less help from the state than in 2008-09 – five years before. Excluding Building Aid, only 4 percent of districts would be getting as much or more state help as in 2008-09.
- ✓ The \$203 million Fiscal Stabilization Fund should be targeted to providing additional general operating aid to school districts.
- ✓ The proposed \$50 million increase in funding for Management Efficiency and Performance Improvement grants should be used instead to provide additional general operating aid to school districts, along with \$33 million in unspent funds for those programs from this year.
- ✓ Ensuring all children the opportunity for a sound basic education is a primary obligation of state government under its constitution. At the same time, the ability of schools to raise local revenues has been constrained by the property tax cap. Given these legal parameters and the grave fiscal prospects for many districts, additional state funding for schools must be the first priority should additional resources become available.
- ✓ Since 2011-12, growth in School Aid has been tied to the *annual* change in statewide personal income. The Council strongly supports using a *multi-year average* of income growth to calculate the School Aid cap. The state’s cap on Medicaid growth uses a 10-year average of medical cost inflation. The Council continues to oppose the growth factor as an arbitrary ceiling on aid increases, but using a multi-year average would improve predictability in financial planning for school and state leaders.
- ✓ The Governor has again proposed eliminating School Aid increases for districts which fail to meet a deadline to negotiate and obtain state approval for teacher/principal evaluation plans. In addition, districts without approved plans would be barred from receiving aid through the Fiscal Stabilization Fund or new programmatic initiatives.
 - The Governor proposes a September 1 deadline for evaluation plans. This is impractical because schools will not receive student growth scores from the State Education Department before mid-August. Districts and unions will want to consider this data before revising their plans. The deadline should again be set for mid-January.
 - In addition, the Governor proposes to make aid penalties recurring, so that if a district loses aid for missing a deadline in one year, that aid would be lost in every future year as well. This is excessive. Which is worse for students: to have their district miss a deadline for an evaluation plan, or have it suffer a permanent reduction in state aid. Students should not be penalized eternally because adults cannot reach timely agreement in any one year.