



# TESTIMONY

## **2022-23 Executive Budget and Public Schools**

Senate Finance Committee and  
Assembly Ways and Means Committee

January 26, 2022

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***Chair Krueger, Chair Weinstein, other members of the Senate and Assembly:***

First, thank you for your commitment to implementing and fully funding the Foundation Aid formula. As we have said on many occasions, its enactment in 2007 was an under-appreciated achievement in public policy. We appreciate your determined action to assure that the promise of that accomplishment will finally be fulfilled.

I am Robert Lowry, Deputy Director of the New York State Council of School Superintendents.

### **School Aid**

We are grateful to Governor Hochul, as well, for settling the New Yorkers for Students' Educational Rights (NYSER) litigation over Foundation Aid and following through in her proposed budget by funding the formula consistent with what the budget that you passed last year called for—giving districts increases equal to at least half the difference between current year Foundation Aid and the sum they would receive if the formula were fully funded. Our organization is among the plaintiffs in the NYSER lawsuit.

We also commend the Governor for funding the expense-based aids according to current law, sparing school districts from uncertainty and freeing you from the task of reversing universally opposed cuts in aid.

The Executive Budget would also assure all districts a Foundation Aid increase of at least 3%. Ninety-four percent of the districts helped by this guarantee would be average or high need school districts. Only 8% of the aid generated would go to low need districts.

One disappointment with the Executive Budget School Aid proposal is the absence of additional support for career and technical education programs through an increase in the aidable salary ceiling in BOCES Aid and a corresponding increase in Special Services Aid for the Big 5 cities and other districts not part of BOCES. The Governor proposes several initiatives to help more New Yorkers go to college. But we need to assure that completing high school puts *every* young person on a path toward success in adult life. Quality CTE programs have proven to be an effective option for students, including those planning to enter the workforce, to pursue further education, or both.

Proposed Article VII legislation would at last resolve the issue of penalties imposed on school districts for clerical or ministerial errors in filing Building and Transportation claims. It would also authorize electronic filing of transportation contracts which should eliminate at least some future problems. We are grateful for these proposals from the Governor—and for all your past efforts to spare school districts, their taxpayers, and their students from penalties that were vastly out of proportion to the mistakes that were made.

We are disappointed, however, that the budget would, for a second straight year, omit any funding for payment of prior year adjustments—aid owed by the state *to* school districts. Given the existing backlog in payments, a district now found to be owed a correction might wait more than a decade to be paid by the state under typical appropriations for this purpose in past budgets.

### Some Perspective

It is a fact: the increases proposed for total aid and Foundation Aid are stronger than any we have seen in an Executive Budget in many years—8.1% and 7.2%, respectively. So is the proposed level of the minimum Foundation Aid guarantee.

There are other facts, however:

- We are in a period of high inflation: the change in the Consumer Price Index averaged 4.7% in 2021 and the Division of the Budget forecasts a 4.1% increase in 2022. Among other effects, this adds to the pressure for wage and salary increases already escalating due to hiring shortages.
- While the statewide total increase in Foundation Aid is 7.1%, nearly half of all districts are due to receive increases *below* the projected inflation rate for this year. Forty-six percent would receive just the 3% minimum increase.
- Health insurance premiums are rising; DOB projects that costs the state will pay for its workforce and retirees will grow by 9.1% in the coming fiscal year.
- An increase in the employer contribution rate for the Teachers Retirement System is also projected, although it could be modest.
- The school district property cap will be 2% before applying exemptions and exclusions which result in higher *or lower* figures for each district. The cap makes all districts—rich, poor, or in-between—more dependent on state assistance.
- These dynamics are especially hard for the poorest school districts to manage. Looking at property tax report card data that districts submitted for their budget votes last spring, a 2% increase in local revenue for high need districts would support only a 0.7% increase in school spending, on average, for high need small city, suburban, and rural school districts.

### Concerns for Student Well-Being

But the most important fact of all is that the needs among children in our schools are great and those needs have been intensified by disruptions the pandemic has wrought in their learning and in their lives.

Every year between 2011 and 2019, our organization surveyed superintendents on financial matters. The most widely noted findings in recent years were around mounting alarm among superintendents over student mental health. In 2019, for example, we reported that 67% of superintendents statewide identified improving student mental health services as a top priority for new funding. It was the most widely cited priority among superintendents whether we grouped their districts as urban, suburban or rural, or by region, or by percentage of students in poverty.

We are releasing results from a new survey, conducted in November. Here is some of what we found:

- Superintendents indicating a *high* level of concern over their students mental and emotional health climbed from 64% in 2019 to 80% in late 2021. There were also jumps in superintendents sharing high concerns about kindergarten readiness and school absenteeism.
- Roughly 90% of superintendents answered that they saw pandemic disruptions hurting students' academic progress and social-emotional well-being at each school level for all student groups. Superintendents leading higher poverty districts were most likely to report very negative impacts. Concerns about academic losses tended to be highest at the elementary level, while those about social-emotional harm were greatest for high school students.
- School districts are responding. Aided by the current year's Foundation Aid increase and over \$13 billion in federal COVID relief aid, 80% of superintendents answered that their district budget for 2021-22 is improving student mental health services. Seventy-eight percent expect improved extra academic help. Majorities also foresee improvement in core instruction at each school level. In nine prior annual surveys, only twice before had a majority of superintendents predicted improvements in *any* student service area.
- But sustainability is a huge concern. The largest reported uses of federal aid in our survey were to hire additional district-employed instructional and student support staff. Over half the superintendents submitting open-ended comments on financial circumstances shared fears that their districts won't be able to preserve the extra help now being given to schoolchildren, once the special federal aid is gone.
- Notwithstanding the infusion of federal help, improving student mental health services and expanding extra academic help are once more the first and second most widely cited priorities among superintendents for new funding, as they were in our three latest prior surveys.

Charts and tables summarizing some of our survey findings are at the end of our testimony.

#### **NYSCOSS Survey: Open-Ended Comments from Superintendents:**

**Finger Lakes:** 18 months in student time appears to be significant. While many adults understand the pause or temporary setbacks, for students, routines and roles were muddled throughout the pandemic. Grading, expectations of attendance, working collaboratively, and even things like school spirit have all been tempered by a lack of common experiences that in-person schooling promotes.

**Western New York:** I think we need to be clear about how long it will take to address the social/emotional challenges that children and families are experiencing. It is quite likely that the unpacking of the trauma, and dealing with the often volatile and unpredictable impact of it, will take at least a couple of years after we've fully returned to normal.

**Mohawk Valley:** The (federal) funds have been used for long-standing needs that have existed for decades prior to the COVID pandemic. While welcome, these funds address new challenges resulting from COVID and do not address or reduce the inequities our students and communities continue to experience. The disparities have only increased in the past 20 years. I am extremely concerned about the sustainability of these activities if additional state or federal funds are not forthcoming once the federal assistance is concluded...

**Lower Hudson Valley:** We have concern that the impacts of learning loss and achievement gaps will still need to be addressed even after the funding runs out and sustainability of funding.

**Long Island:** We are very fortunate to have received federal grants. We are utilizing these grants to provide academic and mental health supports to our students. Unfortunately, once these funds are depleted these supplemental programs will likely be abolished (this includes the additional personnel hired to provide the academic and social-emotional supports).

## Other Budget Issues

- **RECOVS Grants:** The Executive Budget proposes \$100 million over two years for a Recover from Covid School program—RECOVS. This funding would support grants targeted to high need school districts to expand services to help students recover from harm to their learning and their well-being caused by the pandemic.

This initiative aligns with priorities pinpointed in our survey. But while we did find the greatest concerns about student learning and well-being among superintendents leading high poverty districts, all districts will need help addressing student needs. Our members also foresee that more than two years will be required to help all students recover from the pandemic’s disruptive effects. Yet the Executive Budget financial plan projects that Foundation Aid increases will level-off after the formula is fully funded over the next two years and this is also roughly the time span for school districts to obligate all the federal funds.

- **Hiring Shortages/Educator Diversity:** The proposed budget includes several initiatives to address hiring shortages and increase diversity in the education workforce—increasing funding for the Master Teacher Program, temporarily eliminating the cap on earnings for public retirees working in school positions, and creating a temporary teaching certificate option.

We favor streamlining some aspects of teacher certification and are continuing to evaluate the Executive proposal for a temporary certificate option. We will be working with State Education Department leaders and the Board of Regents to complete a true overhaul of requirements to work in our schools.

We support the expansion of the Master Teacher Program and favor additional funding for other initiatives to relieve hiring shortages and increase educator diversity, including support for teacher aides and teaching assistants to become certified classroom teachers and for “grow your own” programs to help schools identify promising students of their own and support them in becoming teachers.

We support temporarily eliminating the cap on retiree earnings as a possible “quick fix” to hiring shortages. In our survey, over 40% of superintendents statewide whose districts attempted to fill at least one substitute teaching or bus driver position reported being unable to do so. There are also concentrated shortages for other positions in some regions.

- **Electric School Buses:** In her State of the State address, Governor Hochul called for the state to transition to zero-emission school buses, requiring all buses purchased starting with the 2027-28 school year and all buses in use in 2035-36 and thereafter to be zero-emission school buses. The Executive budget would enact these timelines and authorize partial state reimbursement for costs through Transportation Aid. We expect this initiative to result in increased costs for school districts. For example, it will be very expensive to replace gasoline storage tanks with electric charging stations and to retain employees to work with the new engines. We are attempting to ascertain these potential district costs and the capacity of vendors to meet the timelines.
- **Shift of Residential Placement Costs to School Districts:** The 2020-21 state budget enacted then Governor Cuomo’s proposal to shift room and board costs from the state to school districts, adding to the costs which districts must absorb within their property tax cap. The shift was continued in the current budget and would be renewed again under the proposed budget. We

urge that this proposal be rejected; it is estimated to impose nearly \$30 million in costs upon affected school districts.

- **Capital Needs of Native American Nation Schools:** We and other statewide school groups joined with the superintendents of LaFayette, Niagara-Wheatfield, and Salmon River to advocate throughout the fall for state action to address alarming and long-neglected capital needs of state-owned Native American Nation schools within their districts. The Governor’s budget provides \$35.7 million in capital funding to correct an injustice and to remedy conditions that might otherwise lead to tragedy. We must also create a plan to assure capital needs at these schools are met without delay in the future.
- **Internet Connectivity:** With the sudden, unplanned transition to remote instruction, school superintendents gained glaring insights into inequities in internet access. The Governor’s “ConnectAll” initiative represents a comprehensive strategy to give all New Yorkers affordable and reliable broadband access. We support the agenda and will be reviewing its elements with our members to determine whether there are any improvements we should recommend.
- **State Education Department Operating Budget:** State Education Commissioner Betty Rosa is an ardent proponent of improving her Department’s performance at “customer service.” We commend the Governor for proposing additional funding for some SED offices that should help advance the Commissioner’s goal, including support for the teacher certification operation.

But we oppose the Executive Budget proposal to transfer administration of child nutrition programs to the Department of Agriculture and Markets. Put simply, school lunch and breakfast programs are services for schoolchildren and SED is the agency that has personnel, systems, processes, and data in place to work with the schools that are delivering those services. In March 2020, schools were called upon to make an abrupt switch to out-of-school distribution of meals. SED supported schools in that transition and in every shift required since. We understand, also, that to complete the transfer, the state would require a waiver from the federal government and that the process is drawn-out and demanding. A better use of time and attention would be to focus on refining existing relationships in the operation of this program.

### Some Superintendent Priorities

- **Unrestricted Reserve Funds:** All school districts are capped at maintaining an unrestricted fund balance of no more than 4% of their budget. This places schools in a precarious position of limited reserves in the event of a downturn. Municipalities have no percentage limit on unrestricted fund balance while operating with a less restrictive tax cap, fewer financial reporting disclosures, and no requirement for annual budget votes.
- **Capital Outlay Limit:** Most state Building Aid is paid to districts using assumed amortization periods, allowing the state to spread out its payments. Current law does permit school districts to have up to \$100,000 in construction costs reimbursed for one project each year as “capital outlays,” with all state reimbursement paid in the year after costs are incurred. This enables districts to complete small but important projects without delay and without the borrowing costs they would incur if folded into a larger, bonded project.

But the limit has not kept pace with inflation. We ask that it be raised to \$250,000, with an adjustment of up to \$500,000 based on the regional construction cost index used in Building Aid.

We also recommend that districts be allowed to request approval for multi-year plans for their use of capital outlays and that the authority to use this option for multiple projects in a year be clarified.

### Looking Ahead

In 2018, it seemed we would never reach full funding of Foundation Aid. A year ago, the state's fiscal outlook was uncertain, if not bleak. With the infusion of federal aid and the promise of full Foundation Aid, the financial position of many school districts is stronger than at any time since the onset of the Great Recession. With the Budget Division forecasting no structural deficits for the next five years, state government finances appear to be in a position of unprecedented strength.

This is a good time to consider future needs and priorities.

Back in the fall of 2019—before COVID-19 came to demand so much of all our attention—you and your staffs began extended and thoughtful discussions with stakeholders about the future of Foundation Aid. A “fix it versus fund it” cleavage emerged in those conversations, with some participants arguing that defects in the formula should be promptly rectified, while others contended any significant changes should be deferred until full funding is delivered.

Now, we are at last on the verge of achieving full funding. Our organization does not recommend attempting to agree upon and enact structural changes to the formula between now and March 31. But over the next year, the state should commence a process to develop consensus on shortcomings and solutions to be considered. Among the issues we would prioritize are reviewing how student needs are accounted for and how the regional cost index is constructed.

Again, school district leaders expect that delivering extra help for students will remain an urgent need for the foreseeable future. Foundation Aid will take on increased importance in the years that follow the end of current federal aid.

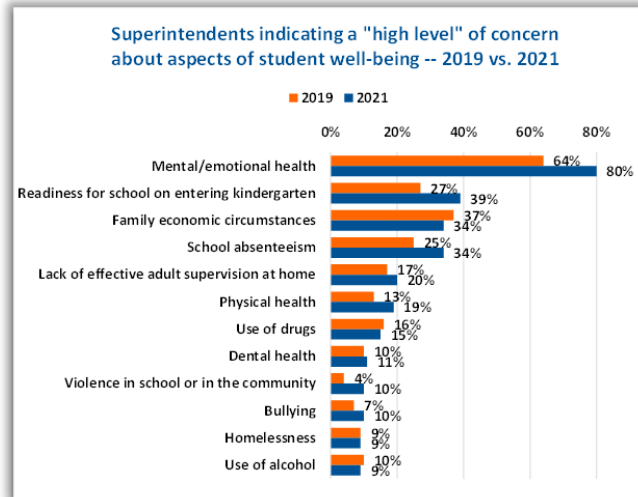
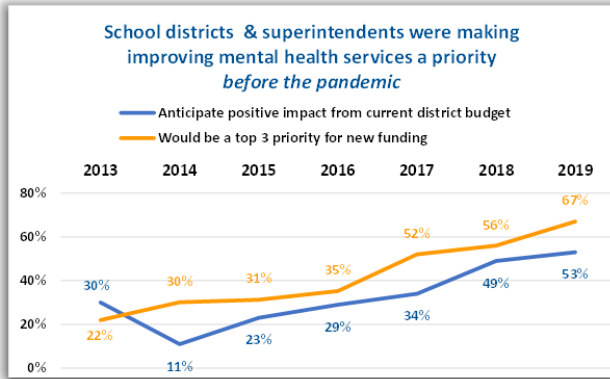
The Foundation Aid formula enacted in 2007 largely reflected a consensus built at that time among policymakers and stakeholders. Studies completed by the State Education Department helped to develop that consensus. We support funding to enable the Department to complete similar research now.

One theme repeatedly emphasized by school district leaders in those 2019 Foundation Aid discussions was a hope for greater predictability in state support. The proposed state budget takes a welcome stride in that direction by funding both Foundation Aid and expense-based aids consistent with laws on the books.

We know that one obstacle to giving schools the predictability that our leaders hope for is that the state's own revenues can be hard to predict—the last 24 months have been an incontrovertible demonstration of that. So, it is wise to take this opportunity to expand state reserves. Again, we also advocate action to give schools more tools to put aside their own funds in preparation for a time when federal resources are gone but student needs remain and state aid may not be so strong.

The present is promising. The future is never certain. But your support for schools has been constant and your commitment to fulfilling the promise of Foundation Aid has been resolute. Thank you for all your efforts and for listening today.

**PARTIAL RESULTS**  
**NEW YORK STATE COUNCIL OF SCHOOL SUPERINTENDENTS**  
**2021 FINANCE AND POLICY SURVEY**  
Conducted on line between November 9 and 27, 2021. Response rate: 51%.

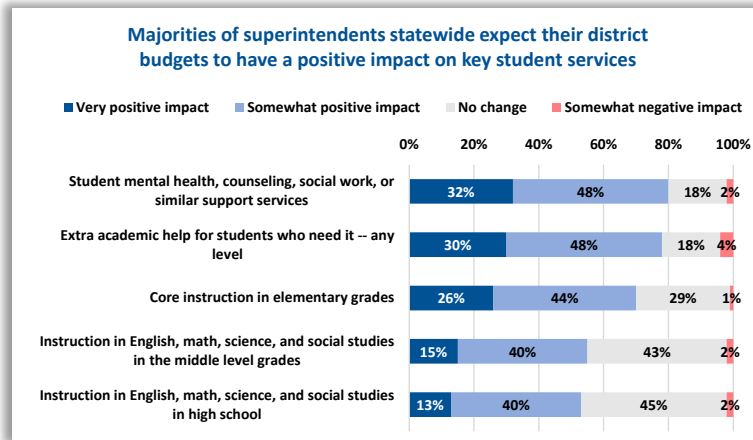


**Percentage of Superintendents Seeing a "Very Negative" Impact on Students Academic Progress Due to Pandemic Disruptions**

	Elementary School			Middle School			High School		
	General education students	Students with disabilities	English language learners	General education students	Students with disabilities	English language learners	General education students	Students with disabilities	English language learners
<b>New York State</b>	36%	63%	50%	36%	59%	51%	29%	53%	46%
<b>Community</b>									
City	41%	77%	50%	36%	68%	55%	32%	64%	55%
Suburb	32%	59%	53%	30%	56%	53%	21%	50%	46%
Rural	38%	63%	31%	40%	57%	30%	32%	51%	26%
<b>Poverty Level (% of K-6 Students qualifying for federal Free or Reduced Price Lunch Program)</b>									
0-10%	15%	40%	42%	11%	29%	41%	6%	35%	35%
11-20%	21%	52%	52%	21%	54%	54%	15%	48%	52%
21-30%	35%	68%	47%	32%	65%	47%	24%	55%	41%
31-40%	48%	70%	56%	33%	59%	54%	21%	44%	42%
41-50%	32%	55%	37%	31%	51%	43%	29%	53%	38%
51-60%	40%	67%	52%	47%	68%	52%	38%	60%	47%
61-70%	36%	64%	53%	47%	56%	55%	31%	50%	48%
Over 70%	67%	100%	86%	60%	87%	86%	67%	87%	86%

**Percentage of Superintendents Seeing a "Very Negative" Impact on Students Social-Emotional Well-Being Due to Pandemic Disruptions**

	Elementary School			Middle School			High School		
	General education students	Students with disabilities	English language learners	General education students	Students with disabilities	English language learners	General education students	Students with disabilities	English language learners
<b>New York State</b>	36%	45%	39%	49%	56%	46%	47%	54%	46%
<b>Community</b>									
City	41%	55%	36%	55%	59%	41%	50%	59%	45%
Suburb	33%	41%	39%	42%	48%	44%	42%	48%	46%
Rural	37%	46%	26%	51%	58%	31%	47%	54%	28%
<b>Poverty Level</b>									
0-10%	10%	15%	10%	18%	25%	18%	25%	35%	25%
11-20%	24%	28%	28%	25%	32%	32%	22%	30%	33%
21-30%	41%	53%	50%	56%	62%	57%	52%	59%	59%
31-40%	33%	45%	35%	40%	48%	39%	38%	46%	40%
41-50%	38%	45%	43%	47%	53%	53%	47%	51%	47%
51-60%	46%	52%	46%	62%	68%	53%	58%	64%	49%
61-70%	27%	43%	30%	51%	56%	38%	50%	57%	41%
Over 70%	53%	73%	57%	67%	87%	64%	67%	80%	71%



**Please rank the 5 largest planned uses of the special federal assistance, thinking in terms of the amount of funding allocated for the purposes that spending is intended to serve (10 highest ranked uses statewide):**

Answer	Rank 1	Rank 2	Rank 3	Rank 4	Rank 5	Weighted Score	% Choosing as a Priority
1. Providing additional direct academic help to students in general [other than summer school]	102	46	44	21	29	897	71%
2. Providing additional direct support for student social/emotional needs	57	77	49	30	30	839	71%
3. Expanding summer school	49	34	50	29	42	631	60%
4. Providing/increasing after school programming	27	57	31	42	17	557	51%
5. Making facility improvements or renovations related to COVID-19	36	13	13	11	47	340	35%
6. Providing professional development related to instruction	8	21	30	34	29	311	36%
7. Other spending related to responding to the COVID-19 pandemic (for example: additional cleaning staff or supplies, additional school nurses)	15	16	12	35	43	288	35%
8. Providing professional development related to student social/emotional needs	6	10	32	37	20	260	31%
9. Providing/increasing enrichment activities	9	20	18	23	19	244	26%
10. Curriculum improvements	12	13	13	18	19	206	22%

**What would be your top 3 priorities for funding if your district were to receive an increase in revenue beyond what would be needed to comply with mandates and maintain current service?**

Priorities	Rank 1	Rank 2	Rank 3	Weighted Score	% Choosing as a Priority
1. Increase mental health, counseling, social work, or similar services for students	59	68	48	361	51%
2. Increase extra academic help for struggling students	66	46	20	310	39%
3. Reduce reliance on property tax levy	70	16	24	266	32%
4. Increase funding of reserves	20	24	22	130	19%
5. Expand or initiate prekindergarten	18	18	18	108	16%
6. Increase enrichment/advanced classes (e.g., Ap, IB, and college dual enrollment courses)	15	20	15	100	15%
7. Reduce class sizes	18	12	17	95	14%
8. Improve facilities	14	14	23	93	15%
9. Expand/improve career and technical education (CTE) opportunities	10	18	16	82	13%
10. Extend the school day	10	14	7	65	9%