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TESTIMONY

of

**The New York State Association of
Small City School Districts**

for

**Joint Legislative Hearing on 2015-16 Executive Budget
(Elementary and Secondary Education)**

February 3, 2015

Submitted by:

**Robert E. Biggerstaff, Esq., Executive Director
New York State Association of Small City School Districts**

On behalf of the New York State Association of Small City School Districtsⁱ, we welcome this opportunity to submit testimony on the 2015-16 Executive Budget and its proposals for aid to public elementary and secondary education.

The 2015-16 Executive Budget for Educationⁱⁱ asserts its commitment to the laudable goal of improving outcomes for New York State students. However, we are deeply disappointed that the Executive Budget does not further this goal by ensuring that *every* school district receives adequate levels of funding through an equitable distribution of state aid.

It has been acknowledged repeatedly that, despite considerable total spending on education, New York really has two educational systems, one for the wealthy and one for the poor so that the quality of education a student receives is determined by the zip code of the student and that the gap in spending between wealthy and poor school districts has been growing. New York State has a history of highly inequitable education spending. According to a report by Professor Bruce Baker of Rutgers University (*School Funding Fairness in New York State: An Update for 2013-14*, Prof. Bruce D. Baker, Rutgers University, Graduate School of Education), New York State is 42nd in equity in education spending between poorer and more affluent school districts. This inequity is the main cause of the failure to provide an adequate education in poorer communities. The failure to give a significant portion of our youth the opportunity to become career and college ready causes permanent damage to these children and their families and makes no sense on a societal level, as it is detrimental to the state's long term economic future.

Nevertheless, the Executive Budget does not address this growing inequality. It fails to recognize that the State has drained and disinvested more than \$7 billion in education over the past four years, most of that coming from schools most dependent on education aidⁱⁱⁱ. How can poorer districts be expected to function under such fiscal pressure? How can they be expected to make significant improvement in student performance when they must lay off teachers in unimaginable numbers, cut essential programs, and fail to provide, as required by state regulation, the Academic Intervention Services that students in the greatest need require and deserve?

Rhetoric has been used to confuse and distract by stating that the State gives far more education aid to poor districts than to wealthy districts. This statement obscures the fact that state aid is only part of the school funding picture. In order to realize the true nature of the crisis

facing poor districts and the students they serve, total spending in districts must be looked at. When the spending data are analyzed, it becomes clear that wealthy communities are able to invest far more in education than poor communities and are able to deliver a far richer and more effective educational experience to less needy student populations. The result of this imbalance is that every child in New York State does not in fact have the most precious resource, the opportunity to obtain a quality education, and this lack of opportunity preserves or exacerbates already existing societal injustices. Consequently, many children's rights are and will continue to be violated under the current educational system and the Executive Budget proposes nothing to address this.

Instead, and almost disingenuously, districts^{iv}, teachers and administrators are blamed under the Executive Budget. But the real reason for the crisis is that state fiscal policy has placed higher need, lower wealth districts at the edge of a fiscal and educational cliff, not that the hundreds of thousands of dedicated professionals and elected board of education members do not know how to do their jobs. The real reason for this crisis is not a failure of leadership at the local level but a failure of leadership at the State level and the lack of political will to provide funding districts need.

Therefore, as we recover from the Great Recession, restoration of prior cuts to education aid and allocation of new educational dollars must be used to decrease the serious inequality in education spending and redress the inadequate resources in our needier communities. We thus urge the Legislature to commit to correct those denials of educational opportunity where they currently occur: in the state's higher student need and lower wealth districts, including most small city school districts and those demographically similar to small city districts.

DISCUSSION

The Executive Budget proposes funding levels that would result in an average increase of 1.7% or 4.88%, depending on the passage of proposed reforms.^v When the estimated \$300 million increase in the separate "categorical" aids, including such aids as BOCES, High Excess Cost, Private Excess Cost (Special Education), Building, and Transportation aids, is deducted, the actual increase devoted to supporting general education programs is either .53% or 5.3% over last year. Even a statewide 5.3% increase is barely enough to keep up with inflation in the basic cost of education^{vi}, let alone to catch up from the massive losses of aid that have occurred during

the past six years through the Gap Elimination Adjustment and the freeze of Foundation Aid. Even at the 5.3% rate of increase in education aid, it would take over 12 years (2027-28), or more than another generation of students, before GEA was fully restored and full funding of Foundation Aid were realized.

According to the State's own definitions, in 2012 well over a million children attended 184 school districts not categorized as successful. These "unsuccessful" districts spent nearly \$1,500 or over 20% less per pupil than successful school districts on general education instructional expenses weighted on student need and regional cost. National experts have recognized this gross misalignment in New York between educational resources and student need. The consequence of this regressive system is the yawning student performance gap because gross inequity in funding creates inadequacy in funding, i.e. insufficient resources to provide a sound, basic education in poorer districts. The large magnitude of inequality in educational opportunities is not just unfair and morally wrong, it is very bad public policy.

An example of the egregious consequences of the failure to fund high need/low wealth districts is exemplified by Utica, a small city. Utica City School District has by far the highest student need and the lowest graduation rate in Oneida County. Yet it spends the least per pupil among the county's districts. Utica has low community wealth and the district has been recently classified by the state Comptroller as under "significant fiscal stress," the highest level of financial distress designated in that report. If the State's educational funding system cannot recognize the burdens facing a district like Utica, it will never be able to make progress toward its stated goal of providing a quality education to *all* children wherever they reside.

Our Association believes it has the responsibility to bear witness to the enormity of the funding problems poorer/higher need districts face. Unless the state addresses these shortfalls in general K-12 education funding, all other attempts at education reform will be futile.

We therefore urge the Legislature make the targeting of education aid to needier school districts in order to close the funding and performance gaps its primary goal this year.

THE SOLUTIONS

We therefore urge that you:

- 1. Begin funding districts at levels which will provide at minimum the resources necessary to provide the opportunity for every child to receive a meaningful high school education.**
- 2. Resume full funding of the phase-in provisions of the Foundation Aid formula and improve that formula's targeting to small city school districts. (See, for example, provisions recommended in the draft of the Small City Successful Schools Act)^{vii}**
- 3. Restore cuts to education aid made through the Gap Elimination Adjustment.**
- 4. Amend expense driven aids, also known as categorical aids, to target more dollars to higher need/lower wealth school districts.**

CONCLUSION

State education funding has been going in the wrong direction for six years, leaving poorer communities and children behind. Students and tax payers in small city school districts desperately need help to stop the steady erosion in education resources which is the primary cause for the lack of progress in closing the performance gap and the failure to provide the opportunity for a meaningful high school education.

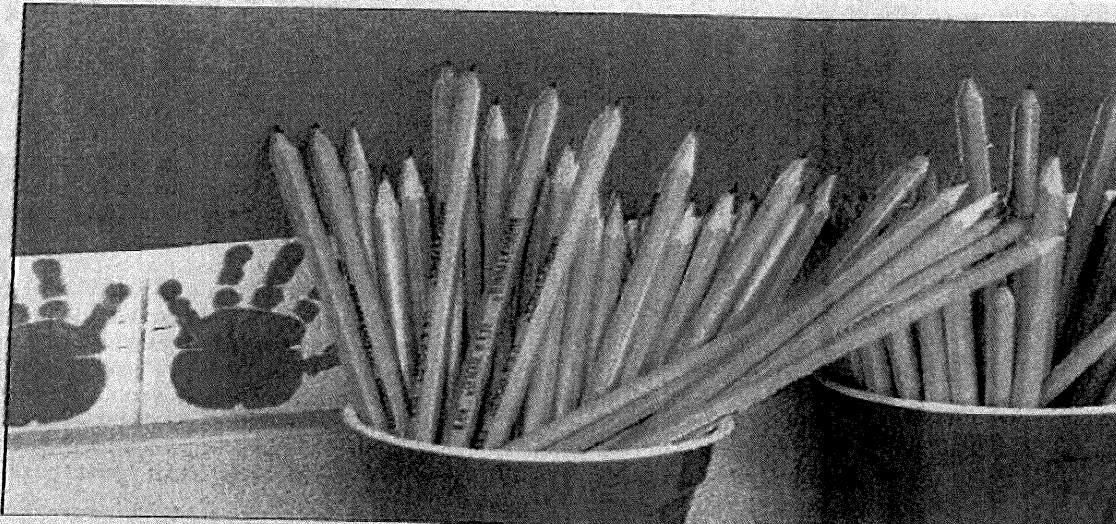
The value judgments and choices made now will have a deep and lasting effect on the lives of millions of children in New York State whose success is essential to their families, their communities and the future of the entire state and beyond. "Education is the most powerful weapon which you can use to change the world." --Nelson Mandela

More than ever we need the Legislature to continue to be the advocate it has always been for adequate and equitable funding of our schools.

ⁱ Small city school districts serve 234,000 children and 1.5 million residents.

ⁱⁱ *Briefing Book*, New York State Executive Budget, 2015-16, p. 71.

ⁱⁱⁱ Albany Times Union Letter to the Editor



Michael P. Farrell / Times Uni

Cuts are hurting the poorer students

"So close, yet so far apart," Oct. 5, is a news article that outlines the glaring divide between students in poorer and wealthier school districts. We must point out the state's inadequate education funding compounds rather than alleviates the problems facing our cities' youth.

Our state has experienced the largest disinvestment in public schools in living memory, with a four-year cumulative loss of \$7.4 billion in education aid through the Gap Elimination Adjustment. These cuts have hit poorer districts serving needier students especially hard, including many small city school districts such as Schenectady, Albany and Troy.

Most troubling is that these cuts to public education, made to balance the state's budget during the recession, continue year after year, to the tune of \$1 billion annually, with no end in sight.

Alleged aid "increases" are really only partial restorations of the annual GEA cuts.

Furthermore, the state has

never fully funded the Foundation Aid Formula, which calculates the funding each district needs to provide the basic programs and staffing needed for student success.

Foundation Aid remains more than \$4.7 billion behind what was promised in 2007.

The combined effect of the foundation aid freeze and the GEA cuts total over \$5.7 billion in 2014-15 alone, approximately a 20 percent loss. As a result, many poorer districts are struggling to meet their students' essential needs.

All those concerned about our state's future must press our elected representatives to redress this injustice inflicted on our most vulnerable students.

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^{iv} The Executive Budget proposal for receivership in chronically failing districts and schools is particularly shortsighted. These receivers will not address the inadequate state funding underlying the educational crisis.

^v The State Budget Runs normally produced in connection with the Executive Budget have been withheld. This unconscionable step drags the education community into partisan politics which is anathema to a healthy educational system and destroys decades of public policy rejecting the mixing of state partisan politics with education policy. The absence of Budget Runs make responsible public debate over education budget issues impossible on both the local and state levels.

^{vi} Table 2, Consumer Price Index for All Urban Consumers (CPI-U): U. S. city average, by detailed expenditure category

^{vii} DRAFT Small City Successful Schools Act

STATE OF NEW YORK

2015-2016 Regular Sessions

February , 2015

Introduced by -- read twice and ordered printed, and when
printed to be committed to the Committee on Education

AN ACT to amend the education law, in relation to
the computation of foundation aid and successful schools aid for small city
school districts.

The People of the State of New York, represented in Senate and
Assem-
bly, do enact as follows:

Section 1. Legislative Intent: It is the responsibility of the legislature under article XI, section 4 of the constitution of the state of new york to establish and maintain a system that will provide all children an opportunity to receive a meaningful high school education. Certain provisions of the education law are not adequate to provide the funding necessary to fulfill that obligation in certain school districts, particularly those in our small cities, many of which have lower wealth and higher student needs than average and are faced with high concentrations of poverty. Moreover,

small city school districts function as centers not only for educational purposes but also for health, civic and public safety uses. These services and uses are not adequately supported by existing education aid. Therefore, it is the intention of the legislature to amend certain provisions of the education law to insure that the necessary funding is available in those districts to help them provide all their children an opportunity to receive a meaningful high school education and to maintain healthy vibrant educational communities.

§ 2. This legislation shall be called the Small City Successful Schools Act.

§ 3. Section 3602 of the education law is amended to add new paragraph hh of subdivision 1 to read as follows:

hh. "Small city poverty concentration count" for districts in cities with populations fewer than 125,000 in the most recent census shall mean the number equal to the product of the three-year average free and reduced price lunch percent and the quotient, computed to three decimals without rounding, of the enrollment per square mile divided by two, but not more than three hundred. Enrollment per square mile shall be the quotient, computed to two decimals without rounding, of the public school enrollment of the school district on the date enrollment was counted in accordance with this subdivision for the base year divided by the square miles of the district, as determined by the commissioner.

§ 4. Paragraph s of subdivision 1 of section 3602 of the education law is amended to read as follows:

s. "Extraordinary needs count" shall mean the sum of the product of the limited English proficiency count multiplied by fifty percent, plus, the poverty count, the small city poverty concentration count and the sparsity count.

§ 5. Sub-paragraph 4 of paragraph a of subdivision 4 of section 3602 of the education law is amended to read as follows:

(4) The expected minimum local contribution shall equal the lesser of (i) the product of (A) the quotient arrived at when the selected actual valuation is divided by total wealth foundation pupil units, multiplied by (B) the product of the local tax factor, multiplied by the income wealth index, or (ii) the product of (A) the product of the foundation amount, the regional cost index, and the pupil need index, multiplied by (B) the positive difference, if any, of one minus the state sharing ratio for total foundation aid. The local tax factor shall be established by May first of each year by determining the product, computed to four decimal places without rounding, of ninety percent multiplied by the quotient of the sum of the statewide average tax rate as computed by the commissioner for the current year in accordance with the provisions of paragraph e of subdivision one of section thirty-six hundred nine-e of this part plus the statewide average tax rate computed by the commissioner for the base year in accordance with such provisions plus the statewide average tax rate computed by the commissioner for the year prior to the base year in accordance with such provisions, divided by three, provided however that for the two thousand seven--two thousand eight school year, such local tax factor shall be sixteen thousandths (0.016), and provided further that for the two thousand eight--two thousand nine school year, such local tax factor shall be one hundred fifty-four ten thousandths (0.0154). The income wealth index shall be calculated pursuant to paragraph d of subdivision three of this section, provided, however, that for the purposes of computing the expected minimum local contribution the income wealth index shall not be less than (sixty-five) fifteen percent ((0.65)

0.15) and shall not be more than two hundred percent (2.0) and provided however that such income wealth index shall not be more than ninety-five percent (0.95) for the two thousand eight--two thousand nine school year, and provided further that such income wealth index shall not be less than zero for the two thousand thirteen--two thousand fourteen school year. The selected actual valuation shall be calculated pursuant to paragraph c of subdivision one of this section. Total wealth foundation pupil units shall be calculated pursuant to paragraph h of subdivision two of this section.

18. Allocable growth amount apportionment. Such amount shall be apportioned for a school year pursuant to a chapter of the laws of New York enacted for the state fiscal year in which such school year commences, and shall be allocated to purposes including but not limited to competitive grant awards made pursuant to subdivisions five and six of section thirty-six hundred forty-one of this article, the small city successful schools aid allocated pursuant to subdivision forty-two of this section, the foundation aid phase-in amount or other foundation aid increase allocated pursuant to subdivision four of this section and the gap elimination adjustment restoration amount apportioned pursuant to subdivision seventeen of this section. In the event that a chapter of the laws of New York enacted for the state fiscal year in which such school year commences is not enacted, the allocations in support of subdivisions five and six of section thirty-six hundred forty-one of this article shall equal the allocations in support of such awards in the base year, and the apportionments pursuant to subdivisions four and seventeen of this section for the current year shall equal the apportionments for such subdivisions four and seventeen for the base year.

§ 6. Section 3602 of the education law is amended to add new subdivision 42 to read as follows:

42. Small city successful schools aid. Commencing with aid payable in the two thousand fifteen- sixteen school year, school districts in city school districts of those cities having populations fewer than one hundred twenty-five thousand inhabitants shall be eligible for an additional apportionment as provided for in this subdivision. Such districts shall be eligible for an additional apportionment in 2015-16 and thereafter, in an amount equal to the product of the three-year average free and reduced price lunch percent and the product of four hundred (\$400) dollars and total aidable foundation pupil units to be used for new programs or expanded programs with respect to such students first begun or expanded in 2015-16 or thereafter approved by the commissioner for the following purposes:

- a) implementation of common core curriculum
- b) class size reduction
- c) academic intervention services
- d) response to intervention services
- e) drop out prevention
- f) incarcerated youth services
- g) parent involvement programs,
- h) extended day and extended year programs, and
- i) psycho-social testing.

§ 7. This act shall take effect immediately.

**NEW YORK STATE
MEMORANDUM IN SUPPORT OF LEGISLATION
submitted in accordance with**

BILL NUMBER:

SPONSOR:

TITLE OF BILL: An act to amend the education law, in relation to the computation of foundation aid and successful schools aid for small city school districts.

PURPOSE OR GENERAL IDEA OF BILL: To amend computation of foundation aid and successful schools aid in small city school districts sufficient to insure funding of a meaningful high school education.

SUMMARY OF SPECIFIC PROVISIONS:

To add small city successful schools aid for the following uses:

- a) implementation of common core curriculum
- b) class size reduction
- c) academic intervention services
- d) response to intervention services
- e) drop out prevention
- f) incarcerated youth services
- g) parent involvement programs,
- h) extended day and extended year programs, and
- i) psycho-social testing.

To amend computation of foundation aid to add a small city poverty concentration count and lower the income wealth index.

JUSTIFICATION: Small city school districts face unprecedented educational and fiscal challenges. These challenges have threatened the capacity of many districts to provide a meaningful high school education as required by the state constitution. Current provisions in the foundation aid formula do not deliver the aid to all districts necessary to enable them to meet this requirement fully. Moreover, current education aid does not adequately compensate for the burdens facing these districts from the high concentration of poverty in the cities. These districts serve as centers providing not only educational services but also health, civic and public safety uses. These services and uses cause an overburden which is not adequately supported by existing education aid. The state constitution requires and promises that a meaningful high school education be provided to all children wherever they reside and whatever school district they attend. This bill would make it possible to fulfill that promise.

PRIOR LEGISLATIVE HISTORY: This is a new bill.

FISCAL IMPLICATIONS: To be determined.

EFFECTIVE DATE: This act shall take effect immediately.
