



January 31, 2012

## Governor's 2012 NYS budget proposal raises questions regarding image of public schools, funding fairness and who really controls our schools

### The Proposal

**Total Proposed:** Each year, except when a Governor has just been elected the previous November, the Governor proposes a NYS budget during the third week in January. The Legislature is required to act on this proposal by adopting a state budget before the first of April. For 2012-13, Governor Andrew Cuomo proposes an increase in aid to education of \$804.96 million, a 4.1% increase over 2011-12. For school districts, this gain will offset a loss of over \$600 million in Federal Jobs grant money. The increase is in keeping with a two year funding plan, proposed last year by the Governor, and adopted by the legislature. The increase is directly linked to growth in personal income. Following this same model, the Governor proposes a two year strategy that would increase school aid by 3.5% in the 2013-14 school year. The increase is comprised of several major components:

- **Operating aid adjustments: \$289.79 million.** Operating aid is the major source of state support for schools and is distributed using a "foundation" formula adopted in 2007 following court action in the Campaign for Fiscal Equity (CFE) lawsuit. The concept of this formula was to increase unrestricted state support for schools in a manner that permits all schools to deliver a sound basic education with a similar local tax effort. Schools received large increases of aid in 2007 and 2008 as part of a formula phase-in plan, no increase in 2009, and reductions in both 2010 and 2011.
- **Expense and entitlement aid increases: \$269.96 million.** Expense-based aids partially reimburse local expenses for specific purposes such as transportation, building, special education, textbook purchases and BOCES. With no changes to these formulas, increases are based on increased 2011-12 school district expenditures for these services.

- **Special grants: \$3.21 million:** Essentially elimination of teacher centers offset by grant increases for homeless and incarcerated youth.
- **Competitive performance grants: \$250 million.** Competitive grants are proposed to reward schools for improved operating efficiency or improved student performance.

### **Changes and Additions**

**Aid Formulas:** The only real formula change this year is in the way operating aid is increased. The operating aid formula is really two formulas: one that calculates what a district is entitled to (Foundation Aid); the other reduces that entitlement (Gap Elimination Aid or GEA). The foundation entitlement is frozen at the 2011-12 level (equal to aid received in the 2008-09 school year). The GEA begins with the overall aid reduction of \$2.56 billion applied in the 2011-12 year but reduces that amount by \$289.79 million, resulting in a net increase to school districts. Individual reductions in the “take away” amount are calculated in one of three ways designed to lessen the Foundation Aid reduction for the highest need districts and districts whose original GEA reduction amount was high in comparison to what they spend.

**Commission on School Accountability:** The governor re-states the proposal made in his State of the State message to appoint an accountability commission but, as with the earlier message, offers little detail regarding who might be asked to serve on such a commission. (NYS PTA has offered to serve.)

**Pensions:** The governor proposes a new Tier VI pension plan that would give new employees the option of a less generous and non-transferable defined benefit plan (like what exists now) or a defined contribution plan (like a 401K) that could be transferred to other employment.

**Aid Conditions:** The governor would link any increases to the condition that districts fully implement new staff performance evaluation procedures (APPR) by January 17, 2013. School districts that were successful in implementing a plan by September 2012 would be given preference in receiving competitive grants. The governor has additionally indicated that if the State and its largest teachers’ union (NYSUT) are unable to resolve evaluation plan differences resulting from a NYSUT lawsuit challenging the Regents’ interpretation of May 2010 legislation within a month, he would impose a plan of his own.

**Mandate Relief:** The governor proposes virtually nothing in the form of mandate relief. While he proposes a centralized plan for school bus purchases, most school buses are already purchased through state Office of General Services purchase contracts. On the other hand, the following new mandates are proposed:

- Aid Increases would be withheld in districts that cannot agree on teacher and principal evaluation plans by mid-January, 2013. Districts that are successful in implementing such plans by September, 2012 would be eligible for reward.
- Increases in county share of pre-school special education program costs would be shared equally between the counties, school districts and the state. This is a \$20 million unfunded mandate.
- The state would no longer fund the cost of hearing officers in teacher disciplinary hearings. The Governor would give the state new authority to monitor the cost and time frame for such hearings and shift the cost from the state to be shared between school districts and bargaining units.

## Analysis:

### The NYS PTA analysis addresses three key components: image, equity and control

**Image:** Building and sustaining a world class education system will require more than just change. It will require an earned image that is seen by the public and promoted by state policymakers. The Governor paints a bleak picture by characterizing New York as number one in spending and number 38 in results. While we certainly have room to grow, there is also room for pride. New York students earn more than one-third of all National Intel Science scholarships in the nation and is second in the country in percentage of students scoring a “3” or higher on Advanced Placement exams. Since 2002, high school graduation rates have increased by more than 11% and, according to *Education Week’s* Quality Counts Report we have done more to close the achievement gap between students in high versus low wealth communities than any other state. Overall, the Quality Counts Survey places New York third in the nation behind Maryland and Massachusetts based on the standards we have set for ourselves and the rigor we have added to our programs. Even with fiscal realities defining a need for change, New Yorkers nonetheless have a solid base on which to build quality that is sustainable.

**Equity:** A \$289.79 million proposal to address distribution of foundation aid dollars combines with a tax cap that would permit high need school districts more dependent on state aid, to increase expenditures by only one-ninth the amount that less dependent, low need districts could raise. As a result, the gap in total resources available to districts with high local wealth and those without local resources is certain to increase significantly. While we must address these inequities, at the same time we must also sustain the capability of our high-performing districts.

**Control:** When the state imposed a 2% property tax cap a year ago, it essentially assumed control over both state and local sources of school district revenue. With this control firmly in the hands of the state, it is necessary to ask how the \$250 million in competitive grants will be distributed and who will apply for them in the first place. Is it reasonable to assume that districts with greater local resources will be better able to devote staff time to preparing such grants? How will the grants be judged? Will money go to districts that have actually improved performance, to districts that have cut expenses or contained staff salaries or based on some more political set of criteria? The final point that must be considered is the long-range planning effect of such grants. Education is not an enterprise that can be effectively planned a year at a time. A longer range view is required. The Governor purports to share this view by offering a multi-year aid proposal. The uncertainty that accompanies even a four year grant proposal, however, does not allow for predictable long range revenue predictability beyond that grant.

## Conclusions

As we consider all three components: image, equity and control, it is evident that there is an evolving shift in how public education is viewed and valued; how communities are able, or not able, to determine their investment; how state support is beginning to mirror a national trend of competing for education dollars, and how accountability determined by data will drive critical decisions in the schoolhouse. We cannot allow this shift to erode public education. Instead, as advocates, we must find ways to use it to collaborate with decision makers in order to shape, infuse and sustain public education through quality programs, services and staff. We must do our part to honor the constitutional commitment to provide every child access to a sound basic education. To do so, we must be at the table as the constant voice reminding others that we serve the needs of the whole child, that this is a shared responsibility, and that we speak on behalf of every child.