



## 2014 Budget Analysis

### NYS PTA Response to the Executive Budget Proposal Addresses Two Key Components: Funding Restoration and Prekindergarten

#### Background

New York's Governor traditionally proposes his executive (state) budget the third week in January for the fiscal year beginning on April 1st. The 2014-15 proposed NYS Budget was introduced in the wake of a barrage of reports, recommendations, ongoing or expected court action and community reaction to a combination of fiscal stress and efforts to reform classroom instruction and educator evaluation. The zeal of varying entities to identify education priorities and funding of reforms is evident in the report of the NYS Education Reform Commission, state aid recommendations by the NYS Board of Regents and position papers of the Educational Conference Board, the Alliance for Quality Education (AQE), the NYS Comptroller's Office defining fiscal stress and identifying districts subject to greatest stress and others.

With education reform and equity receiving unprecedented media, legislative and public attention, Governor Andrew Cuomo on January 21, 2014 proposed a 2014-15 State budget that included a proposed \$807 million (3.8%) increase in State support for pre-K-12 education.

#### Description of Proposals

**General Formula Aids.** The Governor's proposed \$807 million increase breaks down to three key areas:

- \$603 million increase in formula-based aid
- \$100 million increase in pre-K funding
- \$54 million in grants and unallocated aids

General formula aid includes:

**Operating Aid: Net Increase of \$323 million.** Operating aid (foundation aid) represents the largest single form of State support for schools. Schools are paid a portion of their full foundation aid entitlement according to a multi-year phase-in plan. That amount is then reduced by a Gap Elimination Adjustment or (GEA). For 2014-15, the Governor proposes to freeze foundation aid payment at the 2013-14 level and restore \$323 million of the GEA "takeaway."

**Expense and Entitlement Aid. Increase of \$285 million.** These formulas reimburse school districts for specific costs, most of which were incurred in the previous fiscal year. There are no formula changes proposed but increased aid is the result of reimbursement for increased expenditure for transportation, building construction, BOCES, special education and instructional supplies.

**Pre-K Aid. Increase of \$100 million.** This proposal is intended to expand current half day pre-K programs to full day and expand eligibility to all students. The governor proposes a five year plan that adds \$100 million each year for a total investment of \$1.5 billion in five years.

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**Grants and Unallocated Support. Increase of \$54 million.** The Governor proposes increased funding for grants and unallocated aid of \$54 million.

## Additional Proposals

The Governor makes a number of other proposals that are not included in 2014-15 formula and grant proposals. These include:

**Property Tax Freeze.** Citing a \$2 billion state revenue surplus by the end of the 2016-17 budget year, the Governor proposes so-called tax relief measures that include a two-year freeze of school property taxes and expansion of a circuit breaker program that would limit property tax obligation to a percentage of personal income. For individual property owners to be eligible for the property tax freeze, school districts would need to keep their tax levy increase within current cap limits in year one. Freeze eligibility for property taxpayers in subsequent years would require that their school district achieve enough savings through reorganization or sharing to reduce their tax levy by one percent each year.

**Smart Schools.** Rather than include new technology funding in the 2014-15 budget, the Governor proposes a \$2 billion bond referendum to be placed on the November 2014 ballot. If passed, schools would be eligible for reimbursement of certain expenditures made to purchase classroom technology or construction of facilities to serve pre-kindergarten populations.

**After School Programs.** An allocation of \$720 million is proposed over a five year period, beginning with \$160 million in the 2015-16 school year. These costs would be funded through projected casino revenues.

**Teacher Excellence Fund.** \$20 million would be made available to provide “bonuses” to teachers rated “highly effective” and distributed through plans negotiated locally and approved by the State.

**PTech Expansion.** \$5 million would be allocated to expand high school to college programs focusing on programs leading to two year degrees in STEM subjects.

**STEM Scholarships.** The Governor proposes \$8 million to offer full scholarships to students graduating in the top 10% of their class and pursuing a STEM major in a SUNY or CUNY college.

**Pre-School Special Education Savings.** This proposal would achieve dollar savings by establishing regional service reimbursement rates and limiting payment for preschool special education services to services actually provided.

**K-2 Ban on Standardized Testing.** The Governor joins a number of other groups (including NYS PTA) in proposing a ban on standardized testing of students in grades K-2.

**Waiver of Special Education Requirements.** A new section of Education law would permit schools and BOCES to seek waiver from certain state requirements that exceed federal regulations in order to theoretically permit the creation of innovative special education programs that enhance student achievement.

**Dignity for All Students Act.** Proposed amendments to this act would require administrators to assess whether individual incidents represent a “pattern”. Such incidents would require administrators to report findings and be subject to removal if they fail to do so.

**Common Core Panel.** The Governor proposes establishment of a panel of legislators and National education experts to make recommendations regarding successful implementation of Common Core reforms.

**Age of Criminal Responsibility.** \$250,000 is proposed for services that would be necessary to raise the age at which youth offenders may be treated as adults from 16 to age 18.

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## Analysis

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Education is at a critical crossroads. What we do in the year ahead is likely to affect our future over the next generation. The NYS PTA analysis of the Executive Budget proposal addresses three key concepts:

- First do no (additional) harm.
- Acknowledge the magnitude and necessary cost of education reform efforts.
- Invest in highest priority reform efforts.

**Do No Harm.** The Governor proposes an additional \$603 million to address continuation of the basic operating needs of school districts in the 2014-15 school year. With at least 70% of the State's schools receiving less support in the 2013-14 year than they did five years ago; with \$1.6 billion owed to schools in GEA reductions, with an additional \$5.3 billion in funding promised three years ago but remaining unpaid, this amount is grossly inadequate.

In attempting to cope with funding inadequacies and rising costs, schools have depleted reserves and collectively eliminated more than 30,000 positions over the past five years. The Education Conference Board's calculation of a \$1.5 billion increase in State support needed to avoid additional program and staff reductions is realistic, if not conservative. An aid increase of \$603 million is not only inadequate but would do serious, possibly irreparable damage, particularly to our most needy and fiscally stressed urban and rural schools.

If, as the Governor suggests, there is a \$2 billion state budget surplus, the State's first priority must be to restore funding denied schools through the Gap Elimination Adjustment. The GEA not only diverts attention from foundation formula as the State's primary means of adequately and equitably distributing state aid, its continued use expands funding inequities certain to be challenged as unconstitutional.

**Reform Efforts.** In response to challenges posed by economic globalization, New York State, along with 45 other states and the District of Columbia are currently in the process of implementing the most ambitious and controversial instructional changes of our lifetime. While the Governor proposes a number of exciting new initiatives, his acknowledgement of the challenges of Common Core based reform seems an afterthought. Reform of this magnitude cannot be an afterthought. Mandated changes and their associated costs must be as central to State level budget discussions as they are to individual school districts.

The Regents' state aid proposal includes funding for professional development and parent/family awareness needed to supplement major instructional reform efforts. This essential initiative should be strongly supported.

**Priority Investments.** The Governor proposes investment in two major program initiatives that, while important, must not be adopted at the expense of ongoing K-12 programs or result in the demise of ongoing reform efforts due to lack of adequate funding. Early Childhood Education programs that combine integrated, sustainable plans for pre kindergarten through grade two students are essential to assuring success at higher grades. The Governor draws appropriate attention to the need for such programs, but proposed plans are neither well-coordinated nor adequately funded.

Likewise, the Governor draws appropriate attention to the need for ongoing investment in technology to support instruction that keeps pace with a rapidly changing world. Because much of bond funding proposed by the Governor, however, are for technologies that will need to be replaced in a few short years, we conclude that such short term investments are better addressed through ongoing budget appropriations than through long-term borrowing plans.

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## Conclusion

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The governor's proposal fails to acknowledge the value of investing in our educational system, in our children and our future. At a time when many of New York's schools are grappling with fiscal and programmatic challenges to meet the demands of reform initiatives we see little if any support of these efforts through this budget. Limiting and reducing funds that flow to the classroom undermines the effort of those very educators we are depending on and holding accountable to prepare every child for the world they will meet upon high school graduation.

Funneling yet to be realized surpluses to tax relief and alternate objectives without first considering immediate needs and outstanding commitments may provide good sound bites, but not necessarily good investments that can be sustained. Providing "relief" may briefly make property taxpayers feel like winners, but children, communities and individual taxpayers will ultimately be the losers. This Executive Budget is not a solution for struggling schools, especially those heading to fiscal or educational insolvency. Its proposals are instead attention grabbers and, more importantly, distracters from the reality that the State has repeatedly ignored the fact that sound educational reform costs money, needs investment, and access to it must be equitable.

## Here's what each of us can do:

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- **Identify local challenges:** Your Board of Education is right in the middle of the most difficult discussions they will have had in our lifetime. Get a sense of the most crucial local issues.
- **Set a priority:** Your Board of Education will be deluged with all kinds of requests. See if your units or council can come up with one or two positions that you believe are so critical, it would be difficult for the school to effectively accomplish its mission without them.
- **Attend School Board meetings:** This is hard. They aren't always held at convenient times and we all have many other commitments. Keep in mind, however, that others will be there. If your voice isn't at the table, others' will be. This is a critical time and your time will be well spent.
- **Ask questions:** Use our resources and don't hesitate to call or email team members if you have a question. Remember, school board members are people too and for most of them, their primary objective is to make everybody happy.

**Don't be discouraged or intimidated.** This is a critical year but it's also a time of opportunity. Use our resources and insist on being an informed and engaged part of the discussion. Our children depend on us and nobody is in a better position to represent them.