



2013 Budget Analysis

NYS PTA Response to the Executive Budget Proposal Addresses Three Key Components: Accountability, Predictability and Family Engagement

The Basics

Total Proposed: Each year 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 2013-14, Governor Andrew Cuomo proposes an increase in aid to education of \$889 million, a 4.4% increase over 2012-13. This total includes three components.

The first, with a total recommended increase of \$611 million, is based on a legislative ceiling that limits school aid increases to the 3% personal income growth in the past year.

The second component, which is outside of this cap, provides one time “fiscal stability” relief in the amount of \$203 million.

The third component, also outside of the cap, responds to a series of recommendations made by the NYS Education Reform Commission with a collection of grants totaling \$75 million. The NY SAFE ACT passed in mid January also added incentives for school districts to make buildings safer by increasing the building aid ratio by 10% for security related projects approved after July 1, 2013. Details for each part of the education proposal include:

General Formula Aids Increase of \$611 million

- **Operating aid adjustments: Increase of \$272 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. There was no increase in 2009. Reductions in both 2010 and 2011 were followed by a 2012-13 increase of 4% tied to statewide personal income growth and a proposed increase of 3% for 2013-14.

- **Expense and entitlement aid increases: \$289 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 in 2013-14 are based on prior year district expenditures for these services.
- **Special grant increases: \$9.99 million.** Essentially, these represent increases in grants serving Native American and homeless populations.
- **Competitive performance grant increase: \$50 million.** Competitive grants are proposed to reward schools for improved operating efficiency or improved student performance. The proposal would increase total appropriation in this area from \$50 to \$100 million.

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Fiscal Stabilization (Pension Relief) Aid: One time proposal of \$203 million

The governor proposes this aid to offset large increases in costs of the state retirement systems. This budget proposal does not describe how such aid would be paid to individual school districts. The governor also proposes a voluntary long range program that would permit schools and municipalities to opt into a lower retirement system contribution this year in exchange for agreeing to maintain the higher contribution rate in years when the higher rate would not otherwise have been required.

Grants Responding to NYS Education Reform Commission Recommendations: \$75 million

The governor appointed members to an Education Reform Commission this past spring. The Commission met and heard testimony beginning in July 2012 and made an initial report to Governor Cuomo in December. The Commission will issue a final report a year from now. In response to initial recommendations, the governor proposed grants outside the 3% state aid cap for the following purposes:

- \$25 million in competitive grants to expand or create full-day prekindergarten programs.
- \$15 million for community schools providing health, mental health and other services that “wrap around” basic educational programs.
- \$20 million to extend learning time (day/year) by at least 25%.
- \$11 million to provide \$15,000 annual stipends to master teachers of math and science over a period of four years.
- \$4 million for programs to expand college courses taught in high schools.

Changes and Additions to Basic Formula Aids

Aid Formulas: There are two significant formula changes this year. The first describes how the \$272 million increase in operating aid is achieved. The operating aid formula is really two formulas; one

calculates what a district is entitled to (foundation aid), the other reduces that entitlement (by a Gap Elimination Adjustment or GEA). The foundation entitlement for 2013-14 is frozen at the 2012-13 level. The GEA reduction is an additional \$322 million over last year, but the calculation has been adjusted to lessen dollars taken from low wealth, high-need districts.

The second change affects the high tax aid formula. In the past several years, this formula has distributed aid on a “county eligibility” basis. The Executive Budget proposes to reduce the overall aid allotment in this category by \$50 million yet make more schools eligible. The bottom line is that a number of lower wealth, high tax districts will receive high tax aid increases but many other districts in counties that have received high tax aid in the past will see reductions by as much as 50% of high tax aid for the 2013-14 school year.

Other Provisions

Teacher Certification: The governor proposes implementation of new requirements including expansion of practice teaching experience and a “bar” type exam to qualify for certification.

State Aid Conditions: The governor would link any education aid increases to the condition that districts fully implement continuing staff performance evaluation procedures (APPR) by September 1, 2013 and annually thereafter.

Mandate Relief: The governor proposes very little in the form of mandate relief, focusing on relief from special education mandates. School districts would be permitted to petition the education department for relief from state mandates that exceed federal requirements provided that they sought input from parents prior to requesting such relief. The proposal would also eliminate the requirement that schools with fewer than 1,000 students have a claims auditor.

Adoption Time Frame: The beginning of the new state budget year is April 1. With Easter and Pass-over falling very early this year, however, the legislature has targeted March 21 as the date by which they hope to pass a 2013-14 budget.

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Analysis

The NYS PTA response to the Executive Budget proposal addresses three key components: Accountability, Predictability and Family Engagement. The response is included in testimony before the Joint Legislative Hearing on Elementary and Secondary Education that can be summarized as follows.

Accountability. The governor has declared that the plan which links educator Annual Professional Performance Review (APPR) to eligibility for school aid increases is a success based on a 99% rate of compliance with the implementation date. Additionally, he proposes stipends for master teachers of math and science, expanding practice teaching experience prior to formal entry into the classroom, and a rigorous “bar” type examination to qualify for certification. While we understand the intent underlying these concepts, we offer several thoughts for consideration.

1. If agreement on a professional evaluation model is to be a condition for aid eligibility, then the evaluation model itself should be thoroughly evaluated to ensure it is accomplishing its intended purpose. We ask that the legislature fund periodic and thorough independent evaluation of the state’s APPR requirement.
2. Rather than focus on a high stakes “bar exam” as the essential gateway to a career in education, we suggest a clinical approach that not only provides for expanded practice experience, but also asks the essential question, “Can this person teach or lead?” and invests in multi-pronged strategies to assess that question accurately at both the pre-service level and for on-going in-service.
3. Master teachers who possess the skills required to inspire and inform their colleagues are an essential component of a quality education strategy. We would welcome a discussion of a broad range of possible incentives that would not only establish such strategies but assure their sustainability.

Sufficiency, Equity and Predictability. When the NYS Court of Appeals ruled that funding for New York City Schools failed to meet state constitutional guarantees, there was no qualifier regarding affordability. Similarly, while the Executive Budget promotes stability and predictability in support of a number of state services, we conclude that these initiatives fall short in the area of public education and offer the following:

1. We applaud the governor for seriously considering initiatives proposed by the Education Reform Commission and proposing to fund them outside the cap placed on increased state resources.
2. For new initiatives such as pension support, community schools, full-day prekindergarten, expanded school hours and master teachers, it is essential to answer the question, “What happens when the money runs out?” If the intent is for such costs to be locally funded, such funding must be exempt from caps on local property tax increases.
3. Growth in state support of Medicaid, as one example, is based on a ten year rolling average of service cost increase while increases in school aid are based on a one year increase in personal income. School districts would be far better able to make efficient use of state resources if they could count on the predictability offered by a multi-year standard that avoids sharp year to year fluctuations.
4. We appreciate the creativity of stabilizing retirement system cost increases by providing schools and municipalities relief for one-year outside the aid cap and setting a single rate that they could voluntarily adopt in future years. We have concerns, however about the fiscal wisdom of asking districts to commit to long term (possibly higher) pension contribution costs in exchange for the ability to achieve a short term savings.

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5. While the Executive Budget channels new state funding to the highest need districts, the method builds on the Gap Elimination Aid (GEA) model that generated equity-related criticism a year ago. Additionally, while higher need schools would receive greater percentage increases in aid, the GEA still reduces more dollars from the calculated entitlement of school districts that depend most heavily on state aid. Finally, where there once was one foundation formula to distribute basic operating aid, under the Executive Budget proposal, there would now be five. A better approach would be to combine all general aid formulas with the \$100 million proposed for competitive grants into a single formula that can more equitably distribute general aid but also avoids taking aid from some districts in order to provide larger increases to others.

Engaging Parents and Families. Again, we applaud the governor for making parent and family engagement a key component of his charge to the Education Reform Commission. To promote a real and effective partnership between families and schools, we urge the governor and legislature to support Board of Regents action that without requiring additional funding, would:

1. Adopt research based family engagement standards and assessments developed by PTA at the National and State level.
2. Require teacher and leader preparation programs to include pre-service instruction in effective family engagement techniques.
3. Require ongoing family engagement instruction as part of continuing in-service education.

In conclusion, the governor and his Commission on Education Reform have recommended important strategies to assure New York State students access to a world class education. By considering actions we have suggested, we can achieve this vision in spite of the economic challenges we have and will continue to face.

Here's what each of us can do:

- **Become informed:** The Governor proposes an increase of \$889 million for education, yet imposes new requirements on eligibility to receive these funds. We have studied this budget and published our analysis on the NYS PTA website, NYSPTA.org.
- **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. **BUT**, keep your priority discussions program related to stay away from specific collective bargaining issues.
- **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. Your time will be well spent and the last thing we want is for our children to be "on the menu".
- **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.