

The STATEWIDE School Finance Consortium

formerly the MIDSTATE School Finance Consortium

SSFC *An Alliance for the Reform of Public School Funding in New York State*

Needed Now:

A FOUR---POINT PLAN TO BRING EDUCATION COSTS UNDER CONTROL

1. The State must freeze wages for all public school employees when state aid is frozen or reduced. Only the State Government has the power to enact this measure. No individual district can impose a wage freeze.

2. The State must cap the amount a school district can spend on health insurance and require employees to pay a larger share of their health insurance costs. School districts cannot sustain costly contract provisions for salaries and benefits that were negotiated many years before and which they cannot reduce under the provisions of the so-called "Triborough Amendment".

3. The State must enact a new major pension reform and require public employees to contribute significantly more toward their pensions. The State requires school districts to participate in the Employee and Teachers retirement systems and they have no control over the cost of those benefits.

4. The State must reduce the costs of special education by bringing New York's regulations into conformance with federal guidelines. These skyrocketing costs are beyond the control of local school districts. Only the State Government has the power to make its requirements more reasonable and realistic.

Passing the burden of the state's constitutionally -mandated responsibility onto local schools cannot continue. Schools have already cut spending as far as they could in order to keep property taxes from rising during this economic downturn. Local property tax increases will simply be insufficient to meet school districts' rising costs.

If New York's next Governor and Legislature are unable to provide sufficient state aid for schools to provide a sound, basic education for our children, they must take bold action to enable local school districts to reduce their costs.

The choices lawmakers face are stark. But New York State can no longer pass the buck.

WHY NEW YORK STATE CAN NO LONGER “PASS THE BUCK”

New York State’s Constitution **guarantees** all its children a sound, basic education. Our founders enacted this to ensure that New York would always have a strong system of public schools. For over a century, this was the Empire State’s greatest advantage.

Yet contrary to this clear constitutional requirement, today the state of New York pays for only 42% of the per-child cost of education. Over time, successions of Governors and Legislatures have shifted the state’s fundamental responsibility – the cost of public education – onto local property taxpayers.

In effect, the state stuck local property taxpayers with the bill for its own responsibilities, allowing State government to divert billions of dollars to arguably lesser-priority purposes. The result? School taxes now make up 60% of the average New Yorker’s total tax bill, and we have the highest property taxes in the nation.

Today, our State faces the most significant economic and budgetary crisis of modern times. Huge deficits loom. Tax revenues lag. Health care costs have been increasing as much as 16% per year. School district pension costs will increase about 47% next year and more than 40% the following. Yet there are no new sources of revenue to be found. There are no more large reserves to tap. There is no magic solution.

The 257 school districts of the Statewide School Finance Consortium, especially the less-wealthy districts Upstate, understand that significant cuts in state spending will likely be necessary over the next few years. And we recognize that further cuts in state aid to schools are likely as well.

However, **given the current financial condition of most public school districts, the next Governor and Legislature must recognize reality**: any further cuts in state aid to schools will trigger huge, devastating property tax increases that will drive more businesses, jobs and people out of our state.

The Statewide School Finance Consortium’s analysis of the state’s school districts’ finances forecasts an imminent crisis for the poorest districts, with the problem quickly spreading. Faced with mounting costs, only steep increases in the property tax or dramatic action by the Governor and Legislature will enable school districts to meet the needs of students.

To put it bluntly: If the state doesn’t have the money; then state government can no longer pass the buck. The Governor and Legislature must finally make some hard decisions to allow public schools to bring costs under control.

Detailed information on the financial hurdles New York’s school districts face can be found at www.statewideonline.org.

Dr. Rick Timbs, Executive Director of the Statewide School Finance Consortium, is available to answer questions. Reach him at – rtimbs@statewideonline.org