



First Reactions to the Governor's Proposed Executive Budget
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After an initial analysis of the Governor's proposed Executive Budget last week, my reaction is that while a few positive baby steps were taken to address some of the endemic issues that continue to challenge us, there remains a very long way to go in terms of achieving meaningful state aid equity, operational cost relief and, frankly, an informed, compassionate understanding of the real-world problems confronting high need/low wealth school districts in all parts of New York.

The Governor indeed kept his promise to provide an additional \$805 million for education, a 4.1 percent increase over last year. Upon closer examination though, the \$805 million isn't really \$805 million.

To start, schools already had \$265 million of the \$805 million coming to them as promised reimbursement for expenses districts incurred due to state-created incentive plans for BOCES services, capital construction and transportation purchases. That leaves \$540 million to make much needed and long overdue adjustments to the Foundation Aid formula and the Gap Elimination Adjustment (GEA -state aid "defunding" cuts).

If this wasn't enough, research supported productivity and efficiency driven logic then went right out the window when another \$250 million was siphoned off funds we thought were destined to school districts in educational and financial need to support an un-proven, vague Performance Grants program - a follow-up to the specious \$25 million Performance Grants program allotted in the 2011-12 Budget that still sits there, un-applied for and therefore un-awarded.

Without any viable proof that such an incentive program improves student performance or increases productivity or efficiency - this \$250 million was removed from the "school aid "equation many had hoped would keep well-

performing schools afloat or bolster the efforts of lower performing schools. Which then begs two related, key questions: "How many low wealth school districts have access to or money for a grant writer?" and "Can you build a budget for a May public vote and include the notion that you could possibly receive one of these grants?"

So, after removing the \$265 million in aid we already had coming and the Governor's plans to withhold \$250 million more for performance grants to be awarded somehow, some way, some day... there is only \$290 million left to create greater equity in a seriously flawed Foundation Aid and GEA formula.

According to State Education Department records, the GEA in 2010-11 was \$2.138 billion and in 2011-12 it was \$2.557 billion (which includes \$229 million that was restored by the Legislature), for a two-year total of \$4.695 billion. (Note that this doesn't include the June 2011 surprise loss of \$132 million in state aid with the Federal Medicaid Adjustment Program cut, or the loss of over \$1.3 billion of various Federal offsets, grants and funds that saved schools from greater calamity over the last three years while Foundation Aid was frozen at only 37.5% - \$14.894 billion - of its promised funding level.)

It's clear that the "left over" \$290 million will not go nearly far enough to create greater state aid equity - and it is needlessly too small.

It is needlessly too small because the logic of carving out money for performance grants would carry greater validity if there was evidence that the original initiative had not only worked, but worked so well that it made sense to continue the program rather than support other, much-needed initiatives. Again, this begs a key question: "Where are the cost benefit analysis studies and productivity and efficiency research and evidence so touted by state leaders for the current Performance Grant initiative?" After all, we can't just keep throwing money at it.

Finally, after all of the evidence and data that funding inequity exists in abundance, it can't be too much to ask that the current GEA and Foundation Aid formula be altered to assist in an equitable solution to state aid. At the current rate of formula reform it could be over a decade or more before any reasonable form of equity in the distribution of aid is secured. Our kids don't have that kind of time.

What about the rest of the Executive's educational plan?

- A "Sustainable school aid growth" plan was offered. It provides a 3.5% increase in education aid spending for 2013-14. It will not be enough if spending on unfunded mandates continues at the current rate. And of course, the distribution of any new funds is critical to equity. The jury is still out on this, but it is a move in the right direction.

- Pension Reform Tier VI- This is a plus. SSFC called for this the day the state passed Pension Reform Tier V because the new Tier V plan was insufficient.

- The Executive proposal calls for school districts to incur a portion of the costs associated with Pre-School Special Education. Some school districts/BOCES are already operating in a deficit so additional costs will not help; others don't run the programs but will now inherit some of the costs. This is not a help to cash strapped districts.

- Leveraging school district buying power on bus purchases with state contracts is a move for lower costs and greater efficiency. Why couldn't this be done with state-wide health insurance plans?

- No Teacher Evaluation agreement - no aid increase. That really says it all. What a mess.

- Reform of Teacher Disciplinary Hearings is long overdue. But the plan does nothing to recalibrate the penalties handed down in many hearings that are frankly ridiculous. Many warn that the new teacher evaluation initiative may actually make the disciplinary process more difficult.

In summary

A nice philosophical start, but meaningful equity is not solved with this budget. There is a LONG way to go. As noted, of the 4.1% increased aid promised, at best and on average- it amounts to only a 2.8% increase.

The performance plan would have more relevance and be a valid point if there was evidence the plan works. Therefore, the \$250 million Performance Grants program needs to be held in abeyance until such time that it can prove its merit. Until then the Legislature MUST insist that the money be reallocated to the support of greater equity. This is not the time to take 31% of the promised funds away from equity creation to support an unproven project.

More analysis needs to be done to gauge the distribution of the \$290 million. Clearly, the fight for equity and mandate relief is not over. **THE AID FORMULA AND GEA NEED A COMPLETE OVERHAUL!** The combination of this plan and the tax cap will place large numbers of student programs in harm's way and further erode the efficacy of school districts.

Let your legislators know that this plan is not acceptable. They need to put on their "thinking caps"!

We'll be in touch.

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The Statewide School Finance Consortium (SSFC) is an organization of nearly 360 New York public school districts whose mission is to bring equity to the distribution of New York State educational aid. SSFC membership is largely comprised of school districts from average and low-wealth communities that receive a disproportionate share of state funding in comparison to high-wealth regions of New York. The reform of the state aid process will help ensure that all of New York's children receive the same educational opportunities regardless of the wealth or location of their community.

Please visit SSFC at www.statewideonline.org

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