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Syracuse City School District

February 11, 2020

Jaime Alicea, Superintendent of Schools

TESTIMONY BEFORE

Assembly Ways and Means Committee
Assembly Education Committee
Senate Finance Committee
Senate Education Committee

GOVERNOR'S 2020-21 EXECUTIVE BUDGET PROPOSAL

Education Budget Hearing Testimony

February 11, 2020

I am Jaime Alicea and I have the privilege of serving the students and families of Syracuse as Superintendent of the Syracuse City School District, where I have dedicated my 35+ year career in education. I appreciate the opportunity to be here today to discuss the Executive Budget and the potential impact it will have on the students in the Big 5, and specifically, on the students in Syracuse.

District Overview

The Syracuse City School District serves over 21,000 students. We have nearly 2,000 Pre-Kindergarten students and nearly 4,000 English Language Learners who speak 77 different languages from 84 different countries. More than three-quarters of our students are economically disadvantaged from low-income households. Nearly one out of five students in Syracuse receives special education services.

Syracuse is the second poorest of the Big 5 School Districts. Our combined property and income wealth is less than one-third that of the average New York State school district at 29%. The District's pupil demographics, coupled with wealth measures, highlight our reliance on the State for adequate funding. On average school districts in New York State rely on State Aid for one-third of their revenues, with property taxes making up over half of all revenue sources. Syracuse, however, relies on State Aid for 80% of its operating support, with property taxes making up just 14% of available resources. Over 50% of the properties in Syracuse are tax exempt which significantly reduces the opportunity for additional local support.

2020-21 Budget Planning

Community Engagement

The Board of Education and I embarked on a listening tour this year in preparation for the 2020-21 Budget development. We have engaged the community for input on critical areas of the budget that are not sustainable when funding is temporary, reduced, or cut all together. We hosted several engagement forums and continue to gather online input yielding over 1,200 views and over 400 submissions with feedback and recommendations.

We focused on five main topics including family engagement, student attendance, charter schools, extended learning time and mental health services. The community clearly voted for reducing charter school expenses and extended learning time in our schools. They also clearly voted for increasing mental health services and efforts to improve student attendance, understanding the impact each has on student achievement. As such, we are building our budget with this feedback in mind.

Academic Achievements

While we still have much to achieve, we are making good progress. Our graduation rate of 64.5% is the highest it has been in over 10 years and with more than 10% of these graduates receiving a Regents Diploma with Advanced Designation.

English Language Arts (ELA), mathematics and science proficiency are all at the highest level in four years, up 2.3 points in ELA, up 1.2 points in mathematics, and up 4.5 points in science. NYSESLAT scores have increased in both numbers and percentages of students in the Expanding and Commanding levels over each of the last four years.

These trends are moving in the right direction and I believe with your continued support and funding, will continue to rise. Last year we implemented tiered ELA support and intervention rooms staffed with reading specialists and the early results are promising. I would like to do the same for Math but can only do so with the additional funding.

Receivership

This year Syracuse closed and reopened three new thematic schools, Syracuse STEM at Blodgett Middle School, Brighton Academy Middle School and STEAM at Dr. King Elementary, with no additional state funding to pay for increased programming and services. School Turnaround measures require a tremendous amount of time, dedication, and funding to ensure the success of the school, staff, and students. Each of these three schools have smaller class sizes, more than 50% new staff, oversight of an independent monitor, additional Academic Intervention Services (AIS), ELA and mathematics coaches and thematic technical support for Expeditionary Learning, STEM and STEAM. These additional supports will remain in all three schools.

Two of our middle schools remain in Receivership, Lincoln and Clary, and both will continue to receive academic supports including coaches, reading, mathematics and science AIS, restorative coaches, and

professional development. We plan to continue the added academic and social-emotional supports in each school in 2020-21.

For students in these and all schools to continue making academic progress, we need additional funding.

Increasingly, children are coming to school in need of mental health services that are not readily available in the community. Understanding that student achievement is dependent on many factors including the physical and mental wellbeing of students and their families, the District partners with the County and community agencies to have services delivered in our buildings. Our social-emotional and health care direct support staff of nearly 150 professionals is supplemented with over 350 community agency professionals working with our students and families. The district spends over \$20 million per year on these needed services.

2020-21 Budget Challenges

The Syracuse City School District is facing a nearly \$30 million budget gap in 2020-21. \$10 million of increased cost next year is, in part, the result of increased Pension Contributions of \$3 million, additional Charter School Tuition of \$2 million, and additional local share of Debt Service (debt in excess of Building Aid) of \$5 million.

Limited Local Share Capacity

Property Tax support from the City of Syracuse is stable but was only increased once in the last fifteen years by less than 1%. Over 50% of the properties in Syracuse are Tax Exempt further restricting how much local share the City and District can raise annually. Every 1% increase in the tax rate yields \$600,000 in School Tax. If the City were to increase the rate at the cap for 2020-21, it would yield less than one million dollars in School Taxes. As such, the City does not have the capacity to close the School District budget gap.

Charter School Growth & Increased Tuition

Planned expansion at existing Charter Schools adds over \$2 million of Charter Tuition expense next year. Charter School enrollment is nearing 10% saturation in Syracuse and will continue to climb as it has in Buffalo, Rochester, Albany and other urban districts. At 6% of our annual budget, Charter Tuition is siphoning limited resources from our most needy children. Students enrolling in charter schools are coming from every school and grade level in the District, making it impossible to offset tuition costs with reductions in existing District programs and classrooms. We are required to prepay Charter Tuition every two months beginning in July despite not receiving our aid from the State until December, March and June.

Benefit Costs

Pension contributions are increasing again this year for both TRS and ERS resulting in \$3 million of additional expense. Pension rates are not stable or predictable and increase annually.

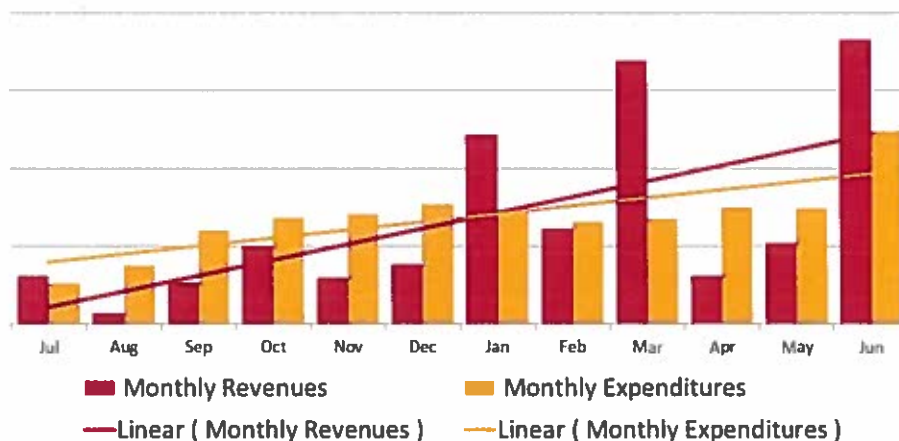
I am proud to tell you that today our health care costs are at the same level they were in 2010. In a decade where health care costs have risen year after year, Syracuse City School District has leveled these costs with creative ways to improve employee and retiree healthcare while containing costs.

We implemented a High Deductible Health Care Plan for new hires, transitioned our retirees to a Medicare Advantage & Prescription Drug plan that is significantly subsidized by Federal funds, incorporated an audit function in our Prescription Drug contract and issued RFPs in conjunction with our City and County to capitalize on larger book of business and to qualify for efficiency funding. These changes save several million dollars every year.

I share all this with you to point out that we are good fiscal stewards of taxpayer dollars and do all that we can to contain costs. By managing our health care plans and minimizing cost, we minimize our annual budget growth which in turn keeps the annual request for state aid at a minimum.

Negative Cash Flow

In August the District borrows money in order to fund September – March payroll and expenses. The chart below depicts the cash flow issue as a result of State Aid payments delayed until the last quarter of the school year. By December, we have paid 41% of our annual expenses but have only received 23% of our annual State Aid.



Additionally, most grants pay on a delayed cycle or 'spend then get' furthering our cash flow dilemma. If the State would align its aid payment schedule to the school year, Syracuse would save nearly \$500,000 in interest expense.

Short-Term Grant Funds

Grants and short-term funding further exacerbate the annual budget issues in Syracuse. Every year grants are reduced or eliminated. These dollars fund many programs and services that support our teachers and students. When the funding ends, we look for alternatives to fund continuation of programs and services that serve our most vulnerable and needy students.

The supplemental supports initially provided by grants become essential to the overall academic growth in our schools. Loss of funding either results in eliminating the services or cutting other programs to shift the expenditure to our general fund. Resources are sacrificed when funding is cut.

2020-21 Budget Gap

Syracuse is facing a Budget Gap of nearly \$30 million **after** factoring in the \$12 million State Aid increase in the Executive Budget. Without additional funding, we will have to eliminate staff positions, cut programs and scale back promising initiatives. We are starting to see real gains in student achievement and in order to keep that momentum going, the District needs your support.

Legislative Funding Request

Syracuse is requesting an **additional \$12 million beyond the Executive Budget** increase of \$12 million for a total year over year State Aid increase of \$24 million.

\$ 5.0 million	Increase Foundation Aid
3.6	Special Services Aid (CTE)
<u>3.4</u>	Advance Charter School Transitional Aid to the Current Year
<u>\$ 12.0</u> million	

Increase Foundation Aid by an additional \$5 million

Ensure the formula includes proper weighting of student need by revisiting weighting for poverty, special needs and ENL status and use updated census, poverty, enrollment and regional cost factors.

Increase Special Services Aid for Career & Technical Education by \$3.6 million

Raise the per pupil cap on funding by 10% from \$3,900 to \$4,300 per pupil and expand Special Services Aid to cover 9th grade students. These modifications will ensure continued investment in the Career and Technical Education (CTE) programs that prepare students to be college and career ready for generations to come.

Advance payment of Charter School Transitional Aid to the current year

The District is required to pay charter school tuition every other month beginning in July for the upcoming school year. However, the District receives most of its State Aid at the end of December, March and June. Waiting a whole year for the Charter School Transitional Aid payment compounds our cash flow dilemma.

Reject the Governor's proposal to consolidate and freeze expensed driven aids into Foundation Aid – in particular - Special Services Aid, Academic Enhancement Aid, and Charter School Transitional Aid.

Special Services & Academic Enhancement Aid provide funding for CTE programs. Syracuse continues to expand CTE offerings with 27 pathways now available. Consolidating these aids into Foundation Aid would freeze the funding of CTE at current enrollment levels despite planned growth.

Charter School Transitional Aid was created to bridge the gap for districts like Syracuse because the gross tuition per pupil paid to Charter Schools exceeds the state aid per pupil received. Charter School enrollment and Charter School Tuition increases each year in Syracuse. By collapsing and freezing Charter School Transitional Aid in Foundation Aid, the annual increase cost will not be funded resulting in larger gaps each year.

Syracuse Regional STEAM High School

Thank you for your continued support of the Syracuse Regional STEAM High School. This high school will offer a rigorous curriculum focused on science, technology, engineering, arts and math to students in Onondaga, Cortland and Madison Counties as a cornerstone to the City of Syracuse Surge initiative to transform the community.

This project will bring back to life one the most iconic physical structures in downtown Syracuse. Built in the early 1900's, the former Central Tech High School contains original woodwork and ornate interior design including Italian marble floors and cast-iron stairways. Perhaps the most well-known feature of the school is Lincoln Auditorium. During the expansion of the auditorium in 1930 the district consulted with a premier acoustics expert creating the finest auditorium in the region.

This project is built on partnerships. Partnerships among governmental entities, businesses, higher education and neighboring school districts. The whole community has come together to collaborate on this project to change the future for generations.

The Syracuse Regional STEAM High School will provide education and programming in:

Visual Arts including 2D and 3D Art & Media

Performing Arts including Theater, Technology, Dance, Music, and Recording

Creative Writing

Remotely Piloted Aerial Systems including Engineering & Data Analytics
Robotics & Automation Controls Engineering
Construction Management & Engineering
Business Entrepreneurship

Limit Number of Charter School approvals and freeze Charter School Tuition Rates

Limit Charter School approvals to 10% saturation in urban centers. This allows for school choice while limiting the financial burden on public school districts. The financial statements of local charter schools indicate that about ½ of the tuition is not used for annual operating expenses therefore, freezing the rate would not have an immediate impact on their operations.

Reject the cap on Transportation Aid

Syracuse has a very cost efficient, effective model of transportation with high school students riding Centro and K-8 students riding on First Student buses. Capping Transportation Aid shifts the burden of rising costs of transporting students, including those attending non-public and charter schools, to the District.

Reject proposed changes to Building Aid

Syracuse is preparing the final borrowing for JSCB Phase II and is drafting Phase III legislation. Reducing the Building Aid Ratio would be detrimental to the District's ability to continue renovations of our aging infrastructure.

In closing, I thank you for your continued support by helping us achieve the level of funding required for us to continue the important work of educating our students. Working together, we can make the most of the education investment in New York State's children.