



Testimony of the New York State School Boards Association

Presented to the New York State Senate Committee on Finance and the New York State Assembly Committee on Ways and Means

February 1, 2024

My name is Brian Fessler and I am the Director of Governmental Relations for the New York State School Boards Association (NYSSBA). I appreciate the opportunity to offer our response and reactions to the executive budget proposal before the Senate Committee on Finance, the Assembly Ways and Means Committee, Chair Krueger and Chair Weinstein, and all committee members on behalf of the 676 member school boards we serve.

Executive Proposals

School Aid

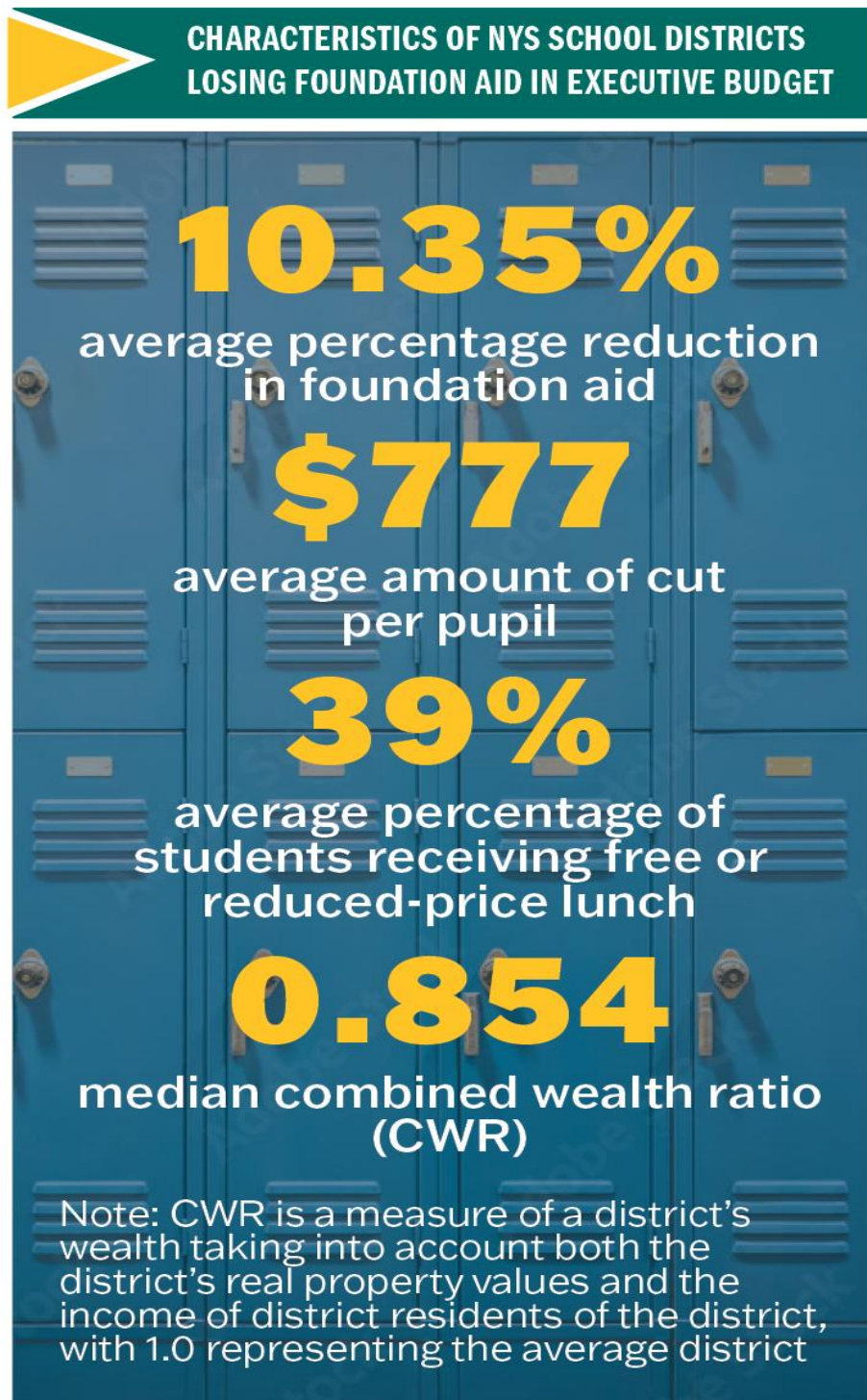
The executive budget proposes a formula-based school aid increase of \$825 million, or 2.4%, over 2023-24 levels. The aid increase would be driven through a \$507 million increase, or 2.1%, in Foundation Aid and a \$318 million increase from the full-funding of expense-based and other traditional categorical aids (ex. transportation and BOCES).

A closer examination of the Foundation Aid numbers shows this proposal is hundreds of millions of dollars below full-funding of the current statutory formula. This lower proposed increase is manufactured in two ways. First, the executive budget proposes use of a lower inflationary factor (2.4%) than what the current law formula projects (3.8%). This is accomplished by using a 10-year average inflation figure (dropping the highest and lowest years) instead of the inflation rate in the previous year, as is done in current law. Second, the executive budget proposal would eliminate save harmless for hundreds of school districts. The proposal achieves this by applying a district wealth-adjusted calculation in order to bring the save harmless funding level closer to the formula amount for applicable districts. In all, 337 districts would see a year over year cut in Foundation Aid and 336 districts would see a year over year increase.

While NYSSBA appreciates the continued funding of expense-based aids according to statutory formulas, we are frustrated and disappointed that the executive budget proposal both pulls back on full-funding of Foundation Aid and eliminates the save harmless provision for hundreds of districts across the state. Save harmless is an important school funding strategy that ensures no districts receive less Foundation Aid than they did in the previous year, recognizing that all

districts face increasing costs each year, and is a critical part of ensuring adequate and equitable opportunities for all our state's public school students.

We also note that nearly 100 of the districts who would see a reduction in Foundation Aid under the executive budget proposal would still be subject to a community schools set-aside. The average Foundation Aid reduction for these districts is greater than 7%. It is irrational and unnecessarily burdensome to continue to restrict Foundation Aid for districts who are at the same time seeing their total allocations reduced.



In addition, \$507 million would represent the smallest statewide Foundation Aid increase since 2015-16 (excepting the 2020-21 state budget during the height of the pandemic). In NYSSBA's executive budget recommendations, we stated that continued full-funding of Foundation Aid would drive a \$927 million increase over current 2023-24 levels. Further, a minimum increase of 3%, for example (still below true inflation), would cost approximately \$120 million for the nearly 300 districts that are fully phased-in, plus an additional 125 districts who would otherwise receive a smaller increase under the current formula. Lastly, the Board of Regents estimates that school districts will need an additional \$70 million in overall state aid to meet the costs associated with the requirement to provide special education and related services to resident students with disabilities until age 22, unless they have obtained a high school diploma, per a recent federal Court of Appeals decision.

Beyond the dollars, the executive budget proposal unfortunately does not include any permanent updates or improvements to the statutory Foundation Aid formula. This fall, NYSSBA joined our Educational Conference Board (ECB) colleagues in calling for New York State to commence a carefully constructed review of how Foundation Aid now operates. Some formula components have never been updated and others have grown faulty. Since the formula was enacted in 2007, we have also gained deeper understanding of how the life circumstances of children may affect their learning, as well as what strategies can best enhance their prospects for success in school and in life beyond. We envision a multi-step process for any review. Some possible formula changes or updates can be modeled now; others will require research which has not yet been funded. NYSSBA has supported Foundation Aid research funding for the State Education Department and continues to do so.

Student Mental Health Support

The executive budget includes a general increase in state funding to support expansion of school-based health centers (SBHC), reflective of the Governor's pronouncement that every district that wants a SBHC can get one. The executive budget also proposes to empower school boards to hire physician assistants, and extends the ability of school psychologists to render services in certain preschool programs for an additional two years, to June 30, 2026. Lastly, the executive budget also proposes to provide for continuous eligibility in Medicaid and CHIP for children ages 0-6, meaning they will continue enrollment for 12-month periods, even if their family's income increases beyond eligibility during that time.

NYSSBA supports the state's investment to support schools to treat the whole child, including their medical needs. We further hope the final budget includes funding for mental health professionals, community schools as a separate aid category and dedicated funding for school-based health and mental health services, including infrastructure.

School Meals

The executive budget would invest an additional \$11 million to continue the statewide subsidy that fully reimburses schools that participate in the federal Community Eligibility Provision program, allowing participating schools to serve all of their students free breakfast and lunch.

The budget does not, however, provide for a fully universal school meals program for all schools.

Last year's historic investment in school meals has allowed over 1,000 schools to newly offer breakfast and lunch to all of their students, free of charge. However, without a truly universal program, students – especially needier students in lower-need schools – will continue to fall through the cracks and go hungry during the school day, and school meal debt will continue to rise for schools ineligible to participate in the Community Eligibility Provision program. We estimate that it would cost approximately \$80 million in new funding to achieve truly universal school meals for all students in the state.

School Aid Database Freeze

Similar to past executive budgets, this budget includes a proposal to freeze payments on a permanent basis to a maximum payment of those included in the school aid runs supporting the executive budget proposal based on the November database.

NYSSBA is strongly opposed to this proposal and hopes to see it omitted in the final budget, as has been the case in past years. As with any budgeting process, cost projections can be volatile. Such volatility does not reflect poor budgeting practices, and should not be treated as such. It is important for school districts to be reimbursed for legitimate, actual costs.

Pre-Kindergarten

The executive budget proposes removing “supplement, not supplant” language that would allow school districts to access their Universal Pre-kindergarten (UPK) and Statewide Universal Full-Day Pre-kindergarten (SUFPK) grants prior to exhausting their grant allocations. Recognizing that state support for pre-kindergarten programs is not currently being delivered equitably to all districts across the state, NYSSBA supports this proposed removal of “supplement, not supplant” language. NYSSBA will continue to advocate for increased investments that will ultimately provide enough funding for all school districts to be able to provide universal pre-kindergarten for their 3- and 4-year old students, should they wish to do so.

Literacy

The executive budget would direct the State Education Department to provide school districts with instructional best practices for the teaching of reading to students pre-kindergarten through 3rd grade that are evidence- and scientifically-based, and align with the culturally responsive sustaining framework. All school districts would then be annually required to review their pre-kindergarten – 3rd grade reading curriculum and instructional practices and certify to NYSED that their curriculum, instructional practices, and professional development are in line with SED's instructional best practices, beginning in 2025.

NYSSBA acknowledges the importance of successful and evidence-based reading instruction for our students. We also note that many districts are already following this specific approach, or are currently in the process of moving in that direction. While we recognize that the proposal directs

SED to provide best practices, rather than enumerating them in statute, NYSSBA continues to believe that curriculum and instructional issues are best decided at the local school district level, with support and guidance from the State Education Department. We further note that this proposal includes an additional reporting requirement, adding to the administrative burden of school personnel.

Zero-Emission Buses

The executive budget proposes to exclude funds from the Environmental Bond Act for the purposes of calculating transportation aid, which would increase the total amount a district gets from the state, for the districts that are able to participate in NYSERDA's NYSBIP program.

NYSSBA is strongly supportive of this change. At the same time, this small improvement does not assuage the legitimate concerns felt and barriers faced by districts. There remain many serious transition challenges in both the short- and long-term, some of which have no current technological or statutory remedy. These include: some utility providers being unable to provide the necessary power to districts on the current timetable; delays in NYSED approval of capital projects for ZEB storage; state aid not being fully conducive to the needs and realities of the technology and the timeline; inadequate addressing of non-district transportation providers' needs in order to meet rising costs; decreased range from the already insufficient and non-regulated range estimates due to extreme cold weather and uneven terrains; rising costs, as opposed to assurances during the original deliberations for the transition that costs would go down; and voter disapproval.

We support new statewide, regional and district-specific feasibility plans to assess the current timeline, with the goal of making changes if necessary. Additionally, while changes to the timeline are considered, small and rural districts should be given extra attention due to their unique challenges. On the whole, certain changes to how funding is distributed and applied by the state would greatly help districts comply, including: allowing for storage facility costs related to ZEBs to be aidable (such as higher power lifts due to increased weights, or equipment and software for advanced fire suppression systems), and a shorter than the current 12-year transportation aid payment amortization period for ZEBs (which are not expected to have that long of an operational lifespan), among other possible changes.

NYC Mayoral Control

The executive budget would extend mayoral control of New York City public schools for an additional 4 years, with a proposed expiration of June 30, 2028. NYSSBA is supportive of continued mayoral control for the New York City Department of Education, based on the local district's desire for continuation of the current system.

Cybersecurity

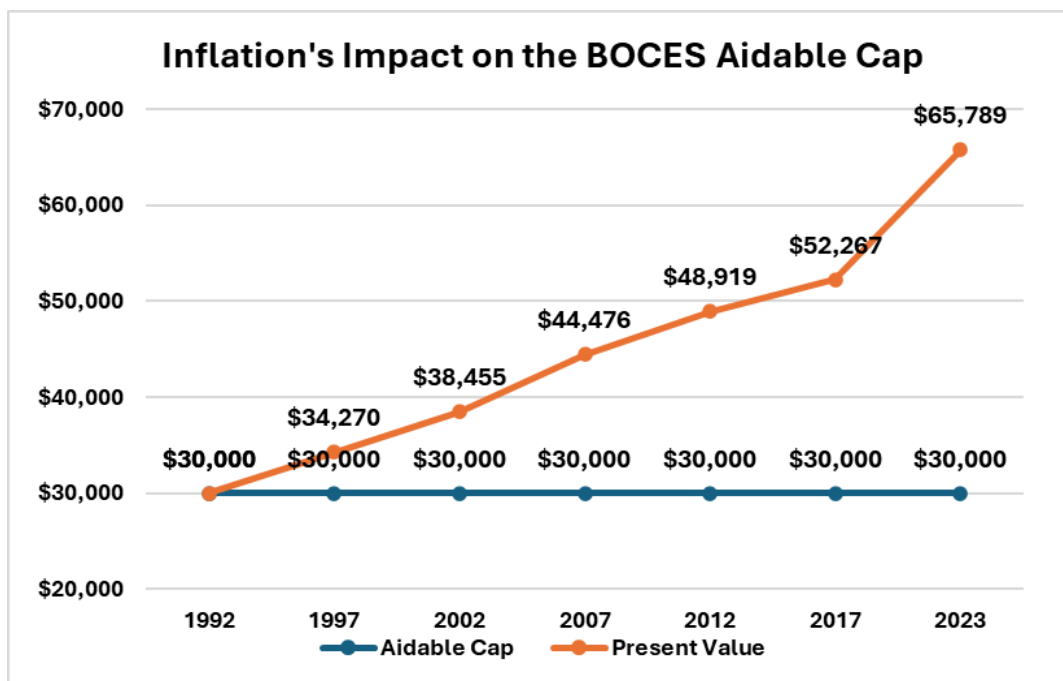
The executive budget proposes a \$32.9 million funding increase for cybersecurity services provided by several state agencies, as well as the funding of approximately 150 additional positions in the NYS Office of Information Technology Services. NYSSBA appreciates the

state's recognition of the grave threat that cyberattacks have on school districts and other local governments, and applauds these efforts to expand cyber-protection across the state.

NYSSBA Requests for Additional Budget Action

Career and Technical Education

School district and BOCES Career and Technical Education (CTE) programs have proven highly effective in helping provide students with the essential skills they require to successfully transition to college and career. The growth in popularity of such programs reflects their success. However, the state reimbursement formula for these BOCES programs has not been changed in more than 30 years. This effectively increases the costs absorbed by districts every single year. It is well past time for the state to agree to increase the aidable cap on BOCES salaries for career and technical education instructors. Such programs grow student interest and provide a worthy path to successful employment for thousands of students. At the same time, a proportionate increase in special services aid should be made for similar CTE programs in the Big 5 and other non-component districts.



Prior Year Aid Claims

The state first eliminated its annual funding to make payments against the prior year aid claims list in the 2021-22 budget. Prior to that budget, the state had annually allocated nearly \$20 million to pay down against the list of approved aid claims for certain past expenses from school districts. With no funding included in the budget, the \$300 million owed by the state to school districts will only continue to grow. The majority of these funds are owed to high and average-

need districts. There are more than 200 approved claims on the list that have gone more than 10 years without being paid. In addition, the lack of prior year aid claim funding will significantly blunt the positive impact of the building and transportation aid forgiveness provisions included in last year's enacted budget.

NYSSBA calls on the state to restore the annual funding provided to pay against this list. In addition, the state could and should use state aid overpayment claw-backs as a funding source to further pay down claims. This would speed up the payment process without leading to an additional net cost to the state.

Staff Recruitment and Retention

Staffing shortages have had an enormous impact on all public sector employers and our school districts and BOCES have been no exception. Most notably for schools, New York is expected to need 180,000 new teachers over the course of the next decade. For positions outside of the classroom, we believe that the most effective way to begin addressing the shortage of qualified employees is with the civil service process itself. It would be beneficial to both current and potential public sector employers to adopt several modest changes that would streamline and improve the civil service hiring process. NYSSBA, along with several other statewide organizations, sent a letter to the Governor last year, outlining several of these proposed changes:

- Establishment of an electronic canvassing process
- Adoption of a public standard for civil service grading metrics
- Modernization of exam content, derived from professionals in the field
- Expansion of the Rule of 3 to a Rule of 5
- Making part-time positions non-competitive
- Allowance of provisional appointees to become permanent if an exam is not offered within nine months; and if an exam is offered within nine months, a person in the provisional appointment should be scored as pass/fail

We further note that the current temporary waiver of the income cap for retired public employees to return to the public workforce has allowed recent retirees to fill critical roles within districts. The waiver is currently set to expire June 30, 2024. We have heard from our members that this continues to be an important tool, and we support another one-year extension of the waiver.

The shortage of teachers is especially challenging in high-need subjects, in special education, for students of color, and in rural areas. NYSSBA supports proposals aimed at enhancing and embracing diversity of the teaching workforce. We recognize that the teaching and administrative workforce must diversify so that students are exposed to role models of different races and backgrounds, and district-wide decisions are made with consideration of various viewpoints.

Fund Balance Limit

Balancing the need for strong academic programs with keeping local property taxes stable and affordable is one of a school board's most important responsibilities. Currently, districts may

carry a maximum undesignated fund balance of just 4% per year. School districts are operating in an environment in which recent inflation itself has been double the allowable fund balance limit. The current restrictions leave districts with little room for error to meet unplanned costs. In fact, the Government Finance Officers Association (GFOA) recommends that local governments – including school districts – maintain no less than two months’ worth of operating expenses on hand. The Governor has recognized the importance of such a safety net by committing 15% of the state’s operating spending to be placed in a rainy-day fund.

In a world where districts are also operating under the property tax cap, these burdensome restrictions further reduce districts’ ability to meet their students’ needs and budgetary realities. A modestly higher cap of, for example, 6% or 8% is both needed and fiscally responsible. NYSSBA calls for a reasonable increase to the fund balance limit.

School boards stand ready to work with you on these, and other, important issues – in support of our school districts and BOCES, and the millions of students they educate every day. For additional information, please contact NYSSBA Governmental Relations at 518-783-0200.