

Joint Budget Hearing on the Executive Budget Proposal on P-12 Education

Testimony Presented by

Michael J. Borges

Executive Director

ASBO New York

February 6, 2019

1. The Executive Budget's proposed increase in formula-based School Aid (not including grants) is the second lowest in the past five years and lacks a commitment to fulfill the promise of a meaningful education that Foundation Aid offers, by fully funding it over a 3 or even 4-year period. The consensus among education advocacy groups and the Regents is that at least a \$2.1 billion increase is warranted.
2. The Executive Budget continues the troubling trend of carving out unrestricted Foundation Aid to be used for Community Schools initiatives, bringing this carve out to \$250 million. Of the \$338 million proposed increase in Foundation Aid, \$50 million or 15 percent is already specified for a particular purpose regardless of the priorities of individual districts receiving the funding. ASBO proposes removing Community Schools from Foundation Aid and creating a new categorical aid in the amount of \$250 million that would be available to all districts based on need, since all districts regardless of socio-economic classifications are facing student safety and mental health issues that require additional support from the state.
3. The proposal for equity plans is a classic case of putting the cart before the horse since 410 school districts are still underfunded in Foundation Aid, including 57 of the 76 school districts that would have to comply with these new gubernatorial mandates. These 57 districts have a Foundation Aid Still Due of \$2.3 billion (\$1 billion outside of NYC). This is \$1,600 per pupil and \$3,020 per pupil in school districts other than New York City. If a school district is underfunded by the state, then they are going to have underfunded schools. The Governor's conclusion that districts are deliberately short-changing schools with large concentrations of high need students is based on incomplete data and faulty conclusions. Our initial analysis of the data submitted by the 76 school districts shows that variations in enrollment and teacher salaries are the two most significant explanation for variations in per pupil spending. Further examination of and consensus on the data and from a larger cohort of districts, needs to be undertaken before such a micro-managing policy is adopted. In addition, the Executive Budget language refers to spending in particular schools when the transparency reports that the Governor mandated requires reporting on budgeted amounts per building. What school districts budget and actually spend can vary greatly over the year due to changes in student enrollment, retirements, new mandates, the incidence of high need students, etc.
4. The proposed Services Aid that combines 11 categorical or reimbursable aids is just another version of the property tax cap in that it caps school districts revenue without capping or reducing

district expenses upon which the reimbursements are based. If the Governor was truly interested in reducing state reimbursements he should have included mandate relief in the Executive Budget. In addition, according to our analysis, the combining of these categorical aids and capping the amount reimbursed will impact high-need rural and average-need school districts the most. ASBO has made several transportation cost savings recommendations in our school aid proposal that would reduce costs for both districts and the state and are an example of a careful scalpel approach to public policy changes instead of the proposed sledgehammer approach.

5. The Executive Budget's proposal for Building Aid caps again misses the mark when more can be done to reduce district building costs upon which Building Aid is based. If the state reduces district costs, it reduces the amount of aid districts are going to receive. The New York City School Construction Authority is exempt from the Wicks Law as are several other districts like Buffalo, Rochester Syracuse, Ithaca, Niagara Falls, etc. Either allow school districts to opt out of the Wicks Law or increase the statewide exemption thresholds that were put in place in 2008, that put a \$1.5 million limit for Long Island and Westchester, and \$500,000 for everywhere else outside New York City. It has been over 11 years since these thresholds for exemptions to the Wicks Law were put into place and now is the time to revisit these outdated limits.
6. ASBO endorses the Executive Budget's proposal for increasing fines for illegal school bus passing, but with the caveat that the cameras should be state aidable and that districts should not be involved in the collection of motor vehicle fines. School districts are not set up to collect fines and this function should be better left to law enforcement.
7. The Governor signed two bills in 2018 that gave building aid amnesty to the Henry Hudson and North Syracuse school districts. A final state budget should include amnesty for all districts with large building aid penalties as a result of administrative errors.
8. The Executive Budget once again recommends renegeing on paying back over \$300 million in Prior Year Adjustments, which is money owed to school districts for claims submitted late due to clerical errors and placed in a queue for repayment that at the current rate would take almost 30 years.
9. Small city school districts are both underfunded in Foundation Aid and are treated unfairly when it comes to borrowing for capital projects. Small city school districts borrowing limits are lower than every other independent school district because the amount of Building Aid they receive is counted towards their debt limit, while the Building Aid that other independent districts receive is excluded from their debt limit. Small cities should be treated equitably so they can modernize and update their facilities to provide a safe and inviting environment for their students.
10. Lastly, we also recommend the Legislature include in their budget resolutions authorization for school districts to create TRS reserve funds, remove the salary cap for districts to hire retired police officers as School Resource Officers, allow districts to create Regional High Schools, particularly in rural areas of the state experiencing population declines, and increase the reimbursable amount of Career and Technical Education teacher salaries employed by BOCES and the Big 5 school districts.

Using Data from Previous Years Shows High-Need Rural and Average-Need School Districts Most Impacted by Executive Budget's Proposed Merger of 11 Aid Categories into Services Aid

Need/Resource Capacity Category	2019-20 Executive Budget per pupil Aid in the 11 "Services Aid" Categories	Actual Growth in per pupil Services Aid Categories Since 2015-16	Growth in per Pupil Services Aid if Executive Proposal Enacted with 2015-16 as Base Year	Difference Between 2019-20 Executive Budget and Projected Services Aid with 2015-16 as Base Year
NYC	\$797	6%	6%	\$0
Big Four	\$2,296	12%	6%	\$122
High-Need Urban/Suburban	\$2,060	15%	9%	\$120
High-Need Rural	\$2,747	21%	11%	\$211
Average-Need	\$1,728	19%	9%	\$138
Low-Need	\$973	16%	9%	\$62

Using Data from Previous Years Shows Widespread Impact from Executive Budget's Proposed Merger of 11 Aid Categories into Services Aid: Greatest Impact Found in Poorer and More Rural Areas

State Region	2019-20 Executive Budget per pupil Aid in the 11 "Services Aid" Categories	Actual Growth in per pupil Services Aid Categories Since 2015-16	Growth in per Pupil Services Aid if Executive Proposal Enacted with 2015-16 as Base Year	Difference Between 2019-20 Executive Budget and Projected Services Aid with 2015-16 as Base Year
Capital District	\$1,489	21%	9%	\$149
Central New York	\$2,098	22%	9%	\$232
Finger Lakes	\$2,125	18%	9%	\$160
Hudson Valley	\$1,546	13%	9%	\$54
Long Island	\$1,339	19%	10%	\$101
Mohawk Valley	\$2,375	20%	9%	\$225
New York City	\$797	6%	6%	\$(0)
North Country	\$2,315	19%	11%	\$172
Southern Tier	\$2,444	18%	11%	\$157
Western Region	\$1,802	17%	9%	\$111