

Talking Points: Proposed 2009-10 Executive Budget and Tax Cap

- The Governor suggests that his proposed 2009-10 Executive Budget claims adheres to a “commitment” to long-term increases in educational investments and the formulas created to equitably allocate funds, yet the Governor’s spending plan sets forth a proposed reduction in 2009-10 state education aid by \$698 million or 3.3%
- Extending the phase-in of the Foundation Formula from 4 years to 8 would put our schools and children farther behind. With the aid shortfalls accumulating, next year school districts will be about \$5 billion short of the promised state aid amount. The farther we fall behind, the more difficult it will be to catch up.
- As the state backpedals on promised yearly foundation increments, public schools become more compromised in their ability to satisfy escalating costs of mandates and contractual obligations. Districts will be forced to either cut services, programs and staffing that support academic success and have NY’s students on a continuum of achievement gains, or impose a greater tax burden on already stressed communities.
- Some aid categories would be frozen, others increased according to formula. Then, a “Deficit Reduction Assessment” (DRA), aka cuts in state aid, would be applied to all formula aids except building and universal pre kindergarten.
- The formula for applying the deficit reduction would have a disproportionate impact on low wealth/high needs districts, i.e. those most dependent on state aid. Despite a lower percent reduction, these districts receive more aid in dollars and will suffer great financial loss. One such district on LI will lose more than \$6 million in aid. With little or no means to balance reductions with uncontrollable cost increases, cuts to programs, staffing, and services will be necessary.
- The deficit reduction will be applied to Contract for Excellence (C4E) programs. With less funding for prescribed state programs already underway and a requirement to remain a Contract for Excellence district, cuts in other programs, services and staffing will be necessary to sustain the C4E program.
- Charter schools are exempt from the deficit reduction. As traditional public schools will need to rein in spending, charter schools operating in the same district could actually outspend them. Under the deficit reduction plan charter schools could become even a greater drain on public school funds. Hardly a shared sacrifice.
- The Governor adherence to the recommendation of a property tax cap will devastate school districts.
 - There is much documentation that capping school district expenditures do not address mandated and legal cost drivers that are beyond district control. Caps do not mitigate rising costs of employee contract and benefit plans, heating/ energy costs, and escalating special education costs. Meeting these costs under a cap would leave districts no choice to remove money from the classroom through cuts to programs, activities and staffing.
 - At best, in the rare occasion that a tax cap is effective, it must be applied concurrently with a large infusion of state aid revenue. With decreasing state revenues, the Governor’s proposal to still impose a cap would place a strangle-hold school district’s ability to provide quality education by limiting both income and spending.
 - Property tax caps undermine the long-held belief in local control by limiting a community’s ability to determine educational program and spending plans.
- The intent of the Foundation Aid formula was to level up the playing field for children of high-needs/low income school districts and sustain the capacity of well-performing low needs school districts. The Governor’s Executive Budget proposal combined with a property tax cap would undermine our most vulnerable communities and weaken those that set the bar to lift them up.