

Issue Brief: State Aid and the Proposed State Budget

The Governor's proposed 2010-11 Executive Budget reflects a reduction equal to 2% of all school spending statewide. Individual school districts would see a reduction of state aid averaging 5%. Current state aid formulas were left unchanged but foundation aid, High Tax Aid and Universal Prekindergarten aids would be frozen for two years. Full phase-in of the foundation formula would be extended to 2016-17.

The total reduction, called a Gap Elimination Adjustment (GEA), is wealth adjusted with higher wealth districts receiving the largest percentage reduction. Although the Governor would impose a greater percentage cut in state aid to high wealth/ low need districts, the loss of actual dollars would still likely be greatest in low wealth/high need districts that are more dependent on state aid and serve our most vulnerable populations. Moreover, proposed reductions are too great to be absorbed in a single year without causing long term damage to educational program and staffing.

The Governor proposes mandate relief in the form of a four-year moratorium on new mandates, streamlined reporting requirements and exemption from Wick's Law construction requirements. At the same time he imposes aid reductions and new school district costs for Special Education programs. Aid would be reduced by the GEA formula. State support for summer special education programs would change from a fixed to a wealth-based reimbursement plan and costs of pre-school special education program increases exceeding 2% would be shifted from counties to school districts.

The proposal would also save an estimated \$13 million by modifying Health Dept's Early Intervention Program. Eligibility would be limited based on new criteria, paraprofessionals permitted to provide some services and higher reimbursement rates could be required of commercial insurers. More importantly, the Governor introduces a sliding scale based on income that would, for the first time, charge parents between \$42 and \$540 for each child enrolled in the program.

Public school payments to charter schools would continue at current levels, yet public school operating aid would be reduced. Transition aid to school districts that enroll a high percentage of charter school pupils would be increased by \$3.7 million to a total of \$21.84million. The Governor continues to push for legislation to lift the statewide cap on the number of charter schools..

In his January 19th public address, the Governor stated his budget proposal would have the effect of a state spending cap. At the same time he proposes changes to STAR reimbursements that, when coupled with aid reductions, would increase property taxes for most homeowners. He explains that his proposals to impose long-term fiscal discipline will return an anticipated \$1B surplus to tax payers through a circuit-breaker tax cut. Any return would be dependent on State surpluses after a portion is directed to the State's rainy day fund. He continues on to say, "in order to provide real property tax relief...this initiative would require school districts to do their part in controlling spending." While looking to build state reserves (a good thing), he recommends districts offset deficits by diminishing their reserves (a short term capability at best). Many low wealth/high need districts do not have this capability.

With the State's back-pedaling on the commitment of dollars to foundation aid and stretching its phase-in from the original four years to seven and now to a proposed ten years, our schools will fall further and further behind. Over the past several years, school districts, of all entities, have demonstrated remarkable ingenuity and effort to reduce spending. To single out education spending places the State's responsibility for past decisions on the shoulders of every child to whom we are required to provide access to quality education by quality staff in a safe environment. If the federal government recognizes the dilemma our schools face through stimulus aid, we would expect New York's Governor to do no less.

We acknowledge that Governor Paterson and our state Legislators approach the 2010-11 budget year faced with unprecedented and continuing economic challenge. As New York State's largest child advocacy organization, we recognize this challenge and urge that each of our State's policy makers keep the following in mind:

- New York State's economic future depends on protecting the investment our state has made in providing the learning opportunities that today's youth will need to succeed in tomorrow's world.
- Education is an enterprise that can only flourish where each achievement builds on those that precede it, and where continuity is the key to achievement of long term objectives.
- Educational success is greatest when teachers, families and communities work together locally to achieve that success.
- Each child passes through the education process once. Where opportunity is diminished or denied at any level, the impact will be felt forever.

The education, health and welfare of children are the "special interest" of NYS PTA. We look to a future that they will be responsible to shape and must be well-prepared to do so. The state's investment in public education empowers our children to preserve the principles of democracy. For this reason, as decision makers, we ask that you recognize that children and education must be our "shared interest".