



Budget Analysis Brief

February 2009

NYS PTA Perspective: the Governor's 2009-10 Proposed Executive Budget

As we look back, 2007 introduced a new era -- and a new hope -- for NY's public education system through school aid reform. After more than 15 years of court battles for equitable access to quality public education to ensure every child a "sound basic education", the Governor, legislature and education stakeholders embraced the promise of a "Foundation Aid Formula" plan. The plan would "level up the playing field" for children and youth attending school in low wealth/high needs areas. This would be accomplished by allocating school district operating funds based on student need and a community's ability to pay while, at the same time, sustain the capacity of areas with lesser needs to provide quality educational programming. A commitment was made to increase the state's investment in public education by \$7 billion dollars over a four year span.

In year two of the Foundation Aid plan, as our state was precariously perched at the edge of the economic downturn, the Governor proceeded with caution by cutting back the 2008 promised funds. Some warned that this measure had the potential to roll into a difficult catch-up game. Now, under escalating pressure from the growing state, national and global economic crisis, we approach year three with even deeper concern for future of educational investment and the future of NY's children.

In his January 7th State of- the-State address, Governor David A. Paterson reiterated that we must do more to prepare our children for the future and the "road to economic competitiveness and renewal runs through our schools" yet we "cannot spend more but must spend more effectively". Proclaiming that the proposed 2009-10 Executive Budget maintains the "commitment to both long-term increases in educational investments and the formulas created to equitably allocate funds", the Governor's spending plan sets forth a proposed reduction in 2009-10 state education aid by \$698 million or 3.3%.

The proposed Executive budget would freeze some forms of aid but maintain current formulas for others. A "Deficit Reduction Assessment" (DRA) would then be applied to all formulas except building and universal pre kindergarten to result in an overall proposed 2009-10 aid reduction of \$698 million as illustrated in the table below:

Executive Budget Proposal for 2009-10

The proposed executive budget would freeze some forms of aid but maintain existing formulas for others. A "deficit reduction" plan would then be applied to all formulas except those which support building and universal pre-kindergarten programs to result in an overall proposed 2009-10 aid reduction of \$698million as illustrated in the table below.

Aid Category	Formula Status	Dollar Change from 2008-09 (millions)
Formula Aids subject to "Deficit Reduction"		
- Foundation (Operating Aid)	Frozen for two years	
- Public and Private Excess Cost Aid	Same formula	
- Textbook, hardware, software & Library Aids	Same formula	
- BOCES Aid	Same formula	
- Transportation	Same formula	
- High Tax Aid	Frozen at 2008-09 level	
- Charter school transition	Same formula	
- Full day K	Same formula	
	Frozen at 2008-09 level	
Total Change in Aids subject to "Deficit Reduction"		\$ 217.54
Proposed Deficit Reduction	3% to 13% of formula	\$ (1,097.93)
Formula Aids NOT subject to "Deficit Reduction"		
- Building and EXCEL	Same Formula	
- Universal Pre K	Frozen at 2008-09 level	
Total Change in Aids NOT subject to "Deficit Reduction"		\$ 244.76
Grants and additional aid programs	Appropriations vary	\$ (62.71)

Predictions for economic improvement in the near future are grim and we clearly understand the need to examine spending. However, as the state continues to backpedal on the original yearly foundation increments, public schools will become more compromised in both their ability to satisfy escalating costs of mandates and contractual obligations. In order to balance budgets, school districts will have no choice but either to cut the very services, programs and staffing that support academic success and the development of the whole child and have put students on a continuum of achievement gains or impose a greater tax burden on already stressed communities.

Additionally, the formula for applying the deficit reduction would have a disproportionate impact on low wealth/high needs districts. DRA cuts would range between 3% and 13%, based on school district need and ability to pay. Districts considered high need-low ability to pay would likely see a lower percentage of their state aid reduced than those that are low need-high ability to pay. At the same time high need-low wealth districts usually are more dependent on and receive a greater percentage of their annual district budgets in state aid. Under the deficit reduction plan, while a high need/low wealth district might qualify for the lesser aid reduction of 3%, the reduction in dollars could be significantly high. Consider for example, a high need/low wealth district that receives \$100 million in state aid. If that aid is cut by 3%, the loss to the district equals \$3,000,000. However, if a low need/high wealth district receives \$10 million in state aid and is cut by 10%, there is a loss of \$1,000,000. It is much more difficult for high need/low wealth district to increase tax revenue (local effort) to offset the greater dollar shortfall.

The following are other important highlights of the Governor's proposal:

- 15% of preschool special education costs would be shifted to local school districts. This would reduce state and county shares of these costs and add more than \$150 million statewide for school districts to ante up.

Our concern: While the rationale for the shift is to better align fiscal and programmatic responsibilities for district determined pre-school services, this approach contradicts any intention to provide mandate relief. On one hand the governor states we should "act on the recommendations" of the Commission on Property Tax Relief to seek mandate relief and on the other this imposes another "unfunded mandate" on districts and, in turn, directly onto the taxpayer.

- STAR rebate program (Middle Class STAR) will be eliminated.

Our concern: While we acknowledge the significance of a \$1.4 billion dollar savings for the state, this is the one component of the STAR program where the amount returned to the tax payer is based on income and goes directly to the taxpayer. This is nearest to a circuit breaker which targets relief to middle income families.

- The Deficit Reduction Assessment would not be applied to charter schools. The 2009-10 charter school tuition calculation would remain unchanged and, in fact, would be increased by the statewide percentage increase in 2007-08 and 2008-09 per pupil operating expenses.

Our concern: Being exempt from reductions, charter schools could be in a position to potentially spend more than the traditional public schools within district boundaries. While traditional public schools are being asked to significantly reduce per pupil expenditures, the cost to support charter schools could cause severe damage to those schools struggling to provide a sound basic education. NYS PTA does not oppose charter schools but does oppose the method by which they are funded as they drain the resources of traditional public schools yet are not held to the same accountability.

- Contract for Excellence programs can be reduced by the same Deficit Reduction Assessment applied to school district Foundation Aid, but must remain in the program unless all schools within the district have improved their performance and are in good standing.

Our concern: Since CFE programs are required to implement specific programs, such as class size reduction, staffing and support needs for professional development and mentoring would be reduced or eliminated. These include the elimination of \$40 million for Teacher Centers Program that provide professional development and eliminates the Teacher-Mentor Program that pays for substitutes to free up experienced teachers to mentor new teachers.

Our concern: Support of professional development programs for teachers and staff and mentoring programs that provide important teacher supports in the early years of their careers are priorities of PTA advocacy efforts. Cutting funding diminishes access to programs that enhance teaching skills, benefit student well-being, and does not serve to stave off the early exit of young teachers from the profession.

Just as there are concerns with the Executive Budget proposal, we also acknowledge that there are a few bright spots. In addition to earlier references to the continuation and increase of some reimbursable aids, exemption of school districts from Wick's Law requirements for five years would provide much-needed savings on construction projects. There also remains the commitment to ensure every child is insured and that more New Yorkers are covered by health insurance by utilizing savings already achieved. Beyond the budget, the Governor's five-point plan to combat childhood obesity works hand-in-hand with NYS PTA's efforts to support healthy school foods, education and initiatives that link home, school and community to promote wellness. This is relevant to future savings for our state as we work together to reduce the risk and expense of diseases related to obesity. For this, we are deeply appreciative to the Governor for his fortitude to assume the mantle and move this forward.

We do not trivialize the fiscal peril of our state. Yet lost investment, i.e. monetary, human and academic, in public education can be even more perilous for our future. In his State-of-the-State address, the Governor intones that we must balance both the budget and our priorities, that sacrifices must be shared. He also states that we must have courage -- the courage to build a New York where "everyone has access to...an excellent education and a good job". At the same time, the Governor pledges continued support of a property tax cap. As a proven regressive measure of tax relief that increases inequities between poor and affluent communities by limiting ability to provide quality education, there seems to be an inconsistency in the Governor's words. Added to the two years of reductions in state aid, a proposed extension of the Foundation Aid Formula from four years to eight, and ever-dwindling state revenues, a tax cap would force devastating cuts to education programs and services. The result would be children and schools bearing a greater responsibility for a crisis they did not create. This certainly does not reflect the notion of "shared" sacrifice and does not balance, but instead skews priorities.

Our NYS PTA Legislative Directives, our advocacy priorities, ask that we target our advocacy efforts to ensure that every child has access to opportunities to attain a quality education. Even in the Great Depression, our country continued to invest in public education knowing that this was investment in the future and in sustaining the democratic principles of our citizenry. With this in mind, we must face today's fiscal challenges to public education not with regressive ideas and lost investment but with creativity, hope and continued investment. We must encourage the Governor and our state Legislators to be mindful that today's decisions affect the future, a future that will be shaped by today's youth. We agree with the Governor, we do need courage – the courage not to allow "barriers" that are put in the way to block the future. Our children, all children, will need the education and need the skills that will enable them to compete and succeed in a global society. This can only be achieved by holding closely to the intent of the Foundation Aid Formula as we surmount the barriers and continue to level up the playing field.