

New York State Educational Conference Board



February 9, 2015

Honorable Andrew M. Cuomo, Governor

Honorable Dean Skelos, Temporary President of the Senate

Honorable Carl Heastie, Speaker of the Assembly

Dear Governor Cuomo, Senate Leader Skelos, and Speaker Heastie:

As leaders of the state's public schools, we write to you for clarification of what school districts should rely upon as baseline state aid figures as they proceed with developing their budgets and plan to submit data in compliance with property tax cap reporting requirements.

In the "State of Opportunity" address and budget presentation, Governor Cuomo indicated that School Aid would increase by \$1.1 billion (4.8 percent) if a series of education reforms are enacted, but only \$377 million (1.7 percent) if reforms are not enacted.

However, the "Education Opportunity Agenda" Article VII bill provides,

- 25 Section 1. As used in this section, "current year" and "base year"
26 shall have the same meanings as defined in paragraphs a and b, respec-
27 tively, of subdivision 1 of section 3602 of the education law.
28 1. Notwithstanding any provision of law to the contrary, a school
29 district shall not be eligible for an apportionment of general support
30 for public schools for the 2015-16 school year or any school year there-
31 after in excess of the amount apportioned to such school district in the
32 base year, unless the following eligibility criteria and conditions have
33 been met:
34 (a) For all school districts, the director of the budget has notified
35 the commissioner of education in writing that by March 31, 2015 the
36 legislature has enacted a chapter or chapters of law identical to part A
37 and part B of this act as proposed in legislative bill numbers S.2010
38 and A.3010 and submitted in support of the executive budget for the
39 2015-16 state fiscal year; and ... (S. 2010/A.3010, p. 56).

Similar language is contained in the School Aid appropriation (S.2003/A.3003, p. 107).

This provision establishes that if proposed reforms are *not* enacted, *no district would receive an increase in aid over what it received in 2014-15.*

It is not clear what amount districts would receive if proposed reforms *are enacted* into law. The Executive Budget would appropriate funding for a \$1.1 billion increase. But the budget does not propose formula changes or other funding recommendations to allocate a full \$1.1 billion increase.

Under either scenario, current law School Aid formulas remain in place. So if the proposed reforms *are enacted*, it may be reasonable to assume that districts would receive current law funding amounts for such aid categories as Building, Transportation, BOCES, and Excess Cost (special education) aid, as well as other categories. On the other hand, 146 districts are to experience reductions in aid under current law, due to changes in enrollment, wealth, expenditures or other factors. Accordingly, if reforms *are not enacted*, these districts would lose aid, since the bill language cited above provides no district would receive an aid increase; it does *not* freeze aid for all districts.

In subsequent spoken comments, the Governor has advised that districts should plan on a 1.7 percent aid increase, stating that this amount is provided for under the state's statutory School Aid growth cap, based on change in statewide personal income. But again, the bill section cited above provides that, absent enactment of education reforms, *no* district would receive *any* increase in aid over 2014-15 amounts. Also, the growth cap indicates a planned overall statewide increase in aid; it would not assure every district a 1.7 percent increase. Finally, we note that through October, the Division of the Budget had been projecting that the growth cap would call for an \$864 million (3.9 percent) increase (see Division of the Budget Mid-year Update to the 2014-15 State Financial Plan, p. 61).

District leaders need baseline state aid estimates to comply with reporting requirements for the property tax cap. By law, districts are required to submit data to the Office of the State Comptroller, State Education Department, and Department of Taxation and Finance by March 1. Relying upon current law estimates would partially address these responsibilities. But again, budget legislation provides that unless education reforms are enacted, no district would receive an aid increase above what it received in 2014-15.

There are also larger considerations for district leaders. The school district budget process emphasizes openness and transparency. Outside the "Big Five" cities, the process culminates with a voter referendum. Requiring voter approval, the entire process emphasizes informing and engaging local opinion leaders, parents, and other voters. The School Aid levels proposed in the Governor's budget give district leaders a documented baseline estimate for one of the two major revenue sources for most school systems. This enforces a degree of realism in the consideration of budget options by these community parties.

Delaying the availability of any creditable state aid estimates until late March or beyond does not allow enough time for this realistic engagement over options to take place. Also, by collective bargaining agreement, some districts have advanced layoff notice requirements. If districts are to proceed with the assumption that no aid increase is a possibility, this would require the issuance of layoff notices before the state enacts a budget.

The property tax cap has elevated the importance to districts of timely and reliable state aid figures. Prior to the tax cap, spring budget votes authorized a maximum spending level. Districts could then wait, even into summer for a final state budget and resulting School Aid runs, before adopting a tax levy. Under the prior system, the local tax levy essentially constituted the "last dollar in" in district budgets, filling the gap between the voter-approved spending level and other revenue sources. But now, budget votes authorize a maximum local tax levy – once approved by voters it may not be increased.

Accordingly, we seek official guidance on what level of School Aid individual districts should use in complying with tax cap reporting and local budget development.

As a final point, we also want to emphasize that uncertainty over state aid expectations has so far diverted attention from even more critical matters, including consideration of the overall financial needs of public schools.

In October, the Educational Conference Board groups joined together to issue a statement outlining the need for a \$1.9 billion increase in School Aid to accelerate the end of the Gap Elimination Adjustment, assure adequate funding for all districts, and advance critical priorities such as expanding full-day prekindergarten, strengthening career and technical education, improving services for English language learners, and supporting implementation of state education reform initiatives.

We continue to advocate for enactment of funding to advance all these essential priorities for the schools and students we serve.

Sincerely,



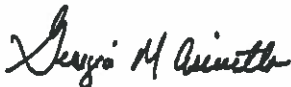
John Yagielski
Chair



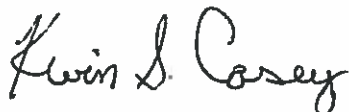
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President
New York State PTA



Andrew Pallotta
Executive Vice President
New York State United Teachers



Georgia Ascianto
Executive Director
Conference of Big 5 Schools



Kevin Casey
Executive Director
School Administrators Association of New York State



Timothy Kremer
Executive Director
New York State School Boards Association



Robert Reidy
Executive Director
NYS Council of School Superintendents



Michael Borges
Executive Director
NYS Association of School Business Officials

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Senate Independent Democratic Conference Leader Klein
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Assembly Education Committee Chair Nolan
Acting State Education Commissioner Berlin