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## A DAY LATE (TECHNICALLY) AND A (BUNCH OF) DOLLAR(S) SHORT STATE PULLS ALL NIGHTER TO PASS A “TIMELY” STATE BUDGET

Twenty six years ago today my wife Lynne woke me up in the middle of the night to tell me it was time to go to the hospital for the arrival of our second son. Knowing that it had just turned April 1<sup>st</sup>, I replied “I’m not falling for that. I know what day it is!” Danny was born 90 minutes later. Those first few hours of April 1<sup>st</sup> were the beginning of wonderful things. Will the struggle to produce a sound state budget yield similar results? Let’s take a look.

Try as they might, state leaders couldn’t meet the midnight deadline of an “on time” state budget, settling instead for a “timely” one. Indeed, as long as school districts could wake up to-day and begin planning their own budgets using real state aid numbers, it’s largely a distinction without a difference.

**There is much to applaud in the 2016-2017 state budget, some to decry and a few things that just leave you scratching your head:**

1. **The budget provides a billion and a half of new aid to education.** That’s a 6.5% increase; a significant investment that required most state programs to be frozen in order to free up this level of resources for public education. Within that total, the Gap Elimination Adjustment has finally been removed. The GEA was an abomination, directly contravening the state constitutional requirement of providing a sound, basic education to every child. It was abhorrent from the outset, but particularly egregious when it remained years beyond the fiscal crisis it was intended to help. While many rural schools will be thrilled to have their GEA amount restored, statistically the restoration benefits suburban high wealth districts the most (since they had the most left to restore and this year’s local property tax freeze left them unable to raise the local funding that forms the vast majority of their school budget.)

**Is \$1.5 billion enough?** Short answer? No way. It makes no investment in the billions still owed to schools under the CFE court settlement and it fails to cover even the cost of extending our existing programs and services into the next year (though it comes close.) State leaders created a school funding crisis this year when they failed to alter the tax cap’s 0% limit on local revenue increases. They needed to provide enough state aid to eliminate the GEA, pay at least a normal aid increment and make up for the loss in local revenue that their law prohibited districts from raising. That’s a tall order. However, realistically, a 6.5% in-

crease in a state budget that stays at a 2% total spending increase shows that education remains a state priority. Paying the full amount of reimbursable aid for BOCES, Transportation, Building and Special Education Aids is always laudable and a \$675 million increase in Foundation Aid is nothing to sneeze at, though far short of correcting for years of inequity. In the next few days, we'll have a better idea of how the totals play out in individual school district aid runs.

Perhaps the most beneficial aspect of this year's school aid is that the elimination of the GEA and the providing of an otherwise healthy increase sets the stage for our most important work: Designing a new, workable, equitable Foundation Aid formula that accurately assesses what each community is realistically able to provide for its students and then have the state provide whatever is needed above that to assure the state lives up to its constitutional responsibilities. Until that politically difficult but vital effort is undertaken, New York State will continue to damage its children and its future. New York State is first in educational funding in total, but near last in how it distributes that aid. It is largely responsible for the entrenched poverty and lack of job competitiveness that plagues our urban centers and our rural communities. **This year's state aid is not the finish line, it's the starting line.** We need go no further than the aid runs to see that some districts have only received what the governor originally proposed and some of our districts cannot raise even last year's amount under the local property tax freeze. That's no way to provide for education. Despite the fact that total state education aid is fast approaching \$25 billion, we have work left to do.

2. There was **no private and parochial school tuition tax credit** included in the state budget. This was a major victory for public education and allowed for additional aid above the governor's originally proposed amount. The issue may well come back in post budget negotiations toward the end of the legislative session, but for now, we are prevailing in this RSA Legislative Priority.
3. **Charter school funding was increased by \$432 per student**, for a total increase of \$52 million. For districts with students being sent to charter schools, this increase will exacerbate the lack of local revenue, forcing an unnecessary competition between the local public school district and charters. The largest impact will be in the New York City schools
4. **The minimum wage increase is a compromise that reflected the concerns of rural school districts.** Moving to a \$15 minimum wage is a double edged sword for rural districts. The wage increase might well entice young people to remain in the rural communities but schools and struggling local employers would be hard pressed to pay the increased costs. The final approach allows most rural areas to see an increase to only \$12.50 per hour, incrementally increasing over several years until it reaches that figure. Beyond that, the state's Director of the Budget would have to certify that the upstate economy is strong enough for further increases leading to the \$15/hour cap. As with the tuition tax credit, state leaders heard your concerns and the impact on rural schools was indeed a factor in crafting the legislative compromise.

5. **The total amount of aid for Community Schools is \$175 million**, up \$75 million from the governor's proposal. This amount is largely for districts that persistently struggle, but the amount allotted is encouraging. Community Schools can have a dramatic impact in rural school districts, given that many rural issues (such as teen drug and alcohol use, pregnancy and lack of after school supervision) are identical to those of urban students. Seeing Community Schools funded at an initially healthy level bodes well for their expansion into rural districts. **"Click here for school district aid runs"**
6. **The budget does not address receivership for struggling school districts, nor does it separate the requirement of having a teacher evaluation plan in place from receiving state aid increases.** No APPR by September 1<sup>st</sup> still means no aid increase. Despite significant advocacy efforts, this requirement is what remains of one of the governor's signature pieces of legislation. Simply put, despite its potential for a horrific result, it stays in place.
7. The spending plan also includes non-education related items, like **a gradual income tax cut for middle level earners and 12 seeks of paid family leave** (the most generous such program in the nation.) While the former will no doubt be of help in rural communities and the latter will obviously help those whose circumstances put them in need of it, the payment of the family leave plan has not been specified and so may have the potential to be an unfunded mandate on rural school districts. Discussion to date has placed the financial burden on employee contributions, but it is difficult to imagine early contributions sufficient enough to pay the expenses projected for the program.

**WRAP UP:** Middle aged and elderly legislators pulling an all-nighter to arrive at a \$147 billion state spending plan that was negotiated in secret and served to lawmakers who had no opportunity to read the voluminous tome, is obviously not an optimal governing process. Whether it is truly the best budget of the Andrew Cuomo era remains to be seen. Individual school districts will be affected in diverse (and often perverse) ways until we have a rational Foundation Aid distribution formula, but taken in total, there appears to be little threat of additional harm done by this state budget and there is much that will set the stage for a new era of educational funding. RSA's advocacy on your behalf paid off with victories on a number of issues and a total state aid amount that is one of the largest in state history. Final answer? State budgets may well be simultaneously generous and insufficient for years until the state does the hard work of creating an equitable, rather than political funding formula for our students.



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