



## **ALBANY ALERT EXECUTIVE BUDGET ANALYSIS THE SKINNY ON THE GOVERNOR'S THIN EDUCATION BUDGET**

The State Budget Season is officially off and running and in the immortal words of Jerry Reed “We’ve got a long way to go and a short time to get there.” Suddenly, the state’s April 1<sup>st</sup> state budget constitutional deadline, appears right around the corner!

Today Governor Cuomo proposed an \$826 million increase in education aid; far short of what is needed to simply continue existing programs and services. Perhaps recognizing that he is midway through his term and has two years to go before facing voters, perhaps also recognizing that the local tax levy cap will be higher than normal this year and finally, that the mass exodus of veteran Republican senators may not require high school aid to ensure a Democratic majority in that house next November, the governor not only proposed a 3% (rather than the customary 4%) aid increase, but he proposes cannibalizing Expense Based (reimbursable) Aids to provide the meager Foundation Aid increase.

The Executive Budget suggests that 85% of the new funds go to high need school districts to create greater equity among districts. “Throw out our existing funding formula. We must use the State’s 40% to achieve educational equity and fund poorer schools.” The governor claims that expense based aids are anathema to funding equity, as wealthier districts have the funds to participate in transportation, special education, building and BOCES aid at higher rates than high need districts and that the state’s obligation to repay those costs drains its ability to equitably distribute Foundation Aid. As a result, he suggests that only \$72 million of the hundreds of millions owed to school districts be paid out in this budget and that all reimbursable aids be folded into Foundation Aid within two years. He also proposes capping growth in transportation aid to the rate of inflation, plus enrollment growth. This is certainly no help to districts attempting to expand after school or pre k programs by offering transportation to students.

For Building Aid, Cuomo proposes creating a new (and obviously less generous) tier for capital projects approved from 2020-2021 on.

### **The Executive Budget suggests the following aid levels:**

1. The state’s 18.4% of share of the cost of Committees on Special Education (CSEs) would be eliminated, for a \$25 million cut.

2. Community School funding (the Community School “set aside”) would be increased by \$50 to a total of \$300 million.
3. Pre K funding would see an increase of a mere \$15 million, prioritized to districts that don’t yet have a program and targeted to districts with high rates of child homelessness and gang activity (and as such, would surely go only to urban areas.) This would raise the total for pre K to \$850 million.
4. After school programs would see an increase of \$10 million.
5. Early College High Schools would see an increase of \$6 million to create 10 new programs.
6. The planned Comprehensive Education and Workforce Training Center in Syracuse would receive \$71.4 million from the state.
7. The Master Teachers Program would be increased by \$1.5 million.
8. Charter schools would also receive a 3% aid increase, with charters in New York City receiving a 5.3% increase.
9. Private and parochial school funding would also increase by 3% to a total of \$199 million and an additional \$5 million for STEM instruction (for a total of \$35 million.)
10. \$1 million would be invested in a new statewide school Diversity and Tolerance Curriculum.
11. Half a million dollars would be given to a new STEM Entrepreneur in Residence Program.

**NEW REPORTING REQUIREMENT:** The Executive Budget would expand the requirement that school districts disclose funding within their overall budget to be allocated to each individual school building within the district to all school districts in the state (up from 76 the first year and 300 last year.) The requirement is both duplicative of federal requirements and absurd, given the fact that the vast majority of the additional districts needing to report have only one building at each grade level.

## ANALYSIS

One can almost hear the collective plea of the new Senate Majority...”Can’t this wait ‘til next year when we don’t have to run and our majority will be carved in stone?” While the governor is free to be bold in lowering his traditional 4% aid increase, as well as his plan to cannibalize the reimbursable aids into Foundation Aid that would then be redirected to high need districts, the legislature **does** have to run this year and the resulting redistribution of state aid would have a profound impact on school districts in politically sensitive swing legislative districts (where local taxes would have to offset the loss of already spent funding for special education, transportation, building aid and BOCES programs.) While one certainly cheers the executive wanting to provide additional resources to fiscally challenged districts, the plan ignores the headaches caused by suddenly pulling the funding plug on state and federally funded programs like special education, or on approved capital projects where bond holders must be paid. Those costs certainly don’t disappear and many of the districts that would be hardest hit would be the very high need districts the governor purports to help.

There’s no question that obtaining the needed funding to adequately support fiscally challenged districts is difficult when you already spend nearly twice the national average per child and your distribution system relies for nearly two thirds of the funding on local, rather than state

funds. Simply put, there has to be another way rather than dropping promised funding for mandated and costly programs. It was clear from the governor's verbal remarks that his motivation includes not only increasing equity, but in eliminating the state's "blank check" for these categories. He proposed a similar change last year, but it was ultimately rejected by the legislature.

The governor holds all the cards in our state's budget negotiations, requiring the legislature to "buy back" any increases they seek from the Executive Budget proposal. Making matters worse, the governor proposed no new revenue increases; meaning that the legislature would be on the political hook for new taxes to pay for any increases they seek in school funding. On the one hand, given that the governor is mid-term, an \$826 million increase is not a bad starting point, but when the last couple of years have made the initial proposal and the final figure very close to each other, it becomes problematic for struggling schools (and particularly schools that cannot raise sufficient local revenue under the tax levy cap.)

Eliminating categorical aid funding for seminal programs in order to pay increased Foundation Aid to needy districts begs the question of how the new funds would be distributed. If there are no changes under the formula, the vast majority of the "new" funding would simply go to New York City, which is in fact a "high need" district. If the state doesn't make the effort to adjust the formula to accurately reflect existing levels of poverty, or the increased costs of English Language Learners or the mental health needs of students, it will have disrupted and damaged the lives of children for nothing.

The easiest scenario to envision would be for the legislature to reject the elimination of Expense Based Aid funding and thus increase total aid by roughly \$1.2 billion (an amount schools have learned to cope with in recent years.) Whether the all Democratic legislative majorities have the wherewithal to successfully negotiate this increase with their party's leader would suggest a break from last year's initial attempt. The legislature needs local school budget votes to be their usual nonevent, with their usual nearly unanimous passage rate. This would make for easier re-election for the new Senate Majority, who would then be free to have the legislative redistricting plan be created following this year's U.S. census by only the Democratic Party (helping to ensure the continuation of their majority status for the next decade.)

The pending retirements of several veteran Republican senators has made securing the new majority a virtual surety, with or without sufficient education aid. The enactment of the Executive Budget as proposed would cause unnecessary harm that might be worthwhile in the long run, but devastating in the short term. Both the legislature and the education community have their work cut out for them.

RSA has already met with the governor's staff to discuss our concern for the impact of these proposals on stressed rural districts. **School aid runs will be available within 12 to 24 hours, according to the governor's office.** We will forward them as soon as they're available. In the meantime, a phone call to your legislators explaining the local impact of both the insufficient aid total and the elimination of reimbursable aids (after districts have already spent the money for the often mandated expenses and would now be forced to cut elsewhere to pay for them) would be helpful.

Your RSA will of course work with you to relay the impact of the Executive Budget to legislators, as well as meeting repeatedly with the governor's education staff. As Sherlock Holmes would say, "the game's afoot" and this year the stakes are very high, indeed.

The [Budget Briefing Book is available here](#)