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**Summary of Governor Spitzer’s Education Funding
Reform Legislation as
Adopted by New York State Legislature**

Summary of 2007-2008 Education Budget

Historic Funding Increases

The 2007-08 budget includes an historic increase in school funding, particularly to high need school districts across the state. In 2007-08 New York State increased aid to local school districts by \$1.76 billion, an unprecedented amount. More importantly, this year's budget bill includes a four-year commitment that by the 2010-11 school year, annual state school aid will increase by \$7 billion.

The largest part of this increase was in foundation aid, the single classroom operating aid category that replaces over thirty different categories of school aid. The foundation aid is the type of operating aid that was the focus of the CFE lawsuit and was at the core of the many years of advocacy by the Campaign for Fiscal Equity and the Alliance for Quality Education. The adopted budget includes \$1.1 billion in new foundation aid this year. By law, this amount phases up to an increase of \$5.5 billion annually by 2010-11.

New York City Funding Increases

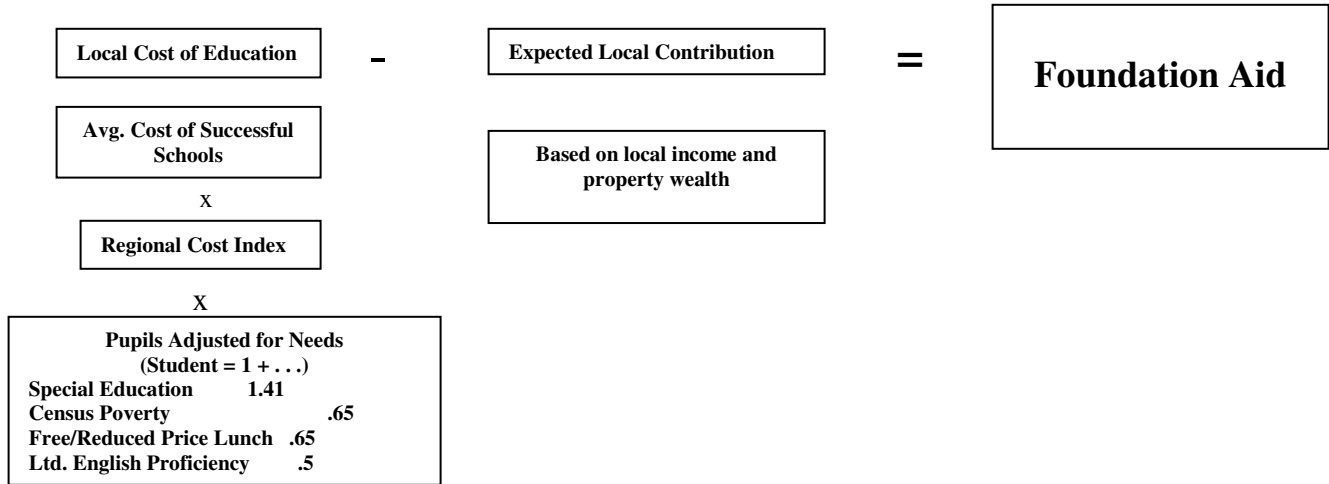
New York City receives a total of \$710 million in new state school aid this year, of which \$469 million is new foundation aid. By 2010-11 New York City will receive a \$3.2 billion in total state aid increases, \$2.35 billion annual increase in foundation aid. Under this state budget, New York City is required to increase its local contribution to school funding by \$2.2 billion annually by 2010-11. The combined total of \$5.4 billion closely approximates the \$4.7 to \$5.6 billion range ordered by the lower courts in the CFE decisions and greatly exceeds the \$1.93 billion ordered by the Court of Appeals in the final CFE decision

Fair Funding Formula

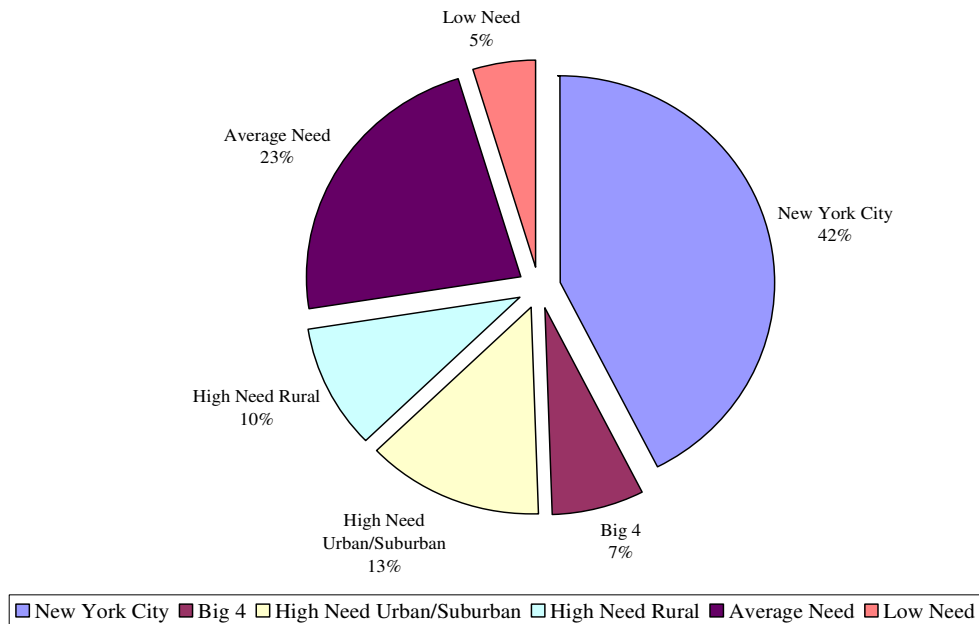
A central demand of CFE and AQE has been the creation of a fair, simple, transparent school funding formula. The Court of Appeals found in the CFE lawsuit that the legislature arrived at a distribution of aid based upon a political agreement commonly referred to as "shares." Under the "shares" system, the legislature agreed that New York City would receive 38.86% of increases in school aid and 12.96% would go to Long Island. By relying on geographic politics, rather than student need, "shares" is central to the unfair distribution of school aid that underlies the historic inequities in the quality of education.

The state's new foundation formula is similar to the foundation formula proposed by CFE and AQE in the *Schools for New York's Future Act*. The foundation formula **simplifies school funding** by collapsing over 30 separate aid formulas into a single formula. The foundation formula provides **transparency** by providing a clear predictable distribution of school aid. The foundation formula is **fair** because it prioritizes funding distribution based upon student need. Seventy-two percent of new foundation funding will go to high-needs districts and 42.6% will go to New York City.

How the Foundation Formula Works



Distribution of Four Year Increase in Foundation Aid



Final Budget Deal Did Not Make Full Use of Foundation Formula

The final budget deal added \$120 million in operating aid outside the foundation formula. AQE and CFE opposed the addition of this funding outside the formula. This funding, primarily for wealthier school districts on Long Island, could be viewed as the political price for securing the foundation formula. If these funding streams are not repeated in future years, it will prove to be a worthwhile trade off. If, however, similar funding outside the foundation formula were to be repeated in future years, it would have the impact of undermining the transparency and fairness of the foundation formula. Such funding on an ongoing basis would be fiscally unaffordable, and would result in taking money away from needy school districts. It is critically important that beginning in 2008 the foundation formula be used as the sole vehicle for distributing classroom operating aid.

Universal Pre-Kindergarten: A Promise Finally Fulfilled

In 1997 New York State's legislature made the promise of phasing-in universal Pre-K, but the promise was never fully funded. In the years since, the State Assembly consistently sought more Pre-K funding, but never succeeded in getting full funding in the budget. This year's budget provides \$146 million in new funding for Pre-K. Governor Spitzer has promised a four-year commitment to phase-in \$437 million in total new aid annually by 2010-11 in order to make half-day Pre-K available to every child in New York State. Pre-k funding is distributed through its own needs-based foundation formula similar to the school aid foundation formula criteria. Expansion of half-day Pre-K to full-day is one of the allowed uses of the funding under the *Contract for Excellence*.

Accountability: How Will School Districts Spend the Funds and What Will Be the Result?

Contracts for Excellence

Contracts for Excellence provide the fundamental accountability mechanism under the Spitzer school reform. These *Contracts* require 55 school districts in 2007-08 (more in future years) to target new foundation aid to a menu of five priorities: smaller class size, teacher and principal quality, full-day pre-kindergarten, time on task (after school, extended day, extended year, etc.) and high school/middle school restructuring. In addition, up to 15% of new foundation funds can be used for research-based experimental programs. The law requires public participation in formulating local contracts, including public hearings and a parent grievance process. Programs must predominately serve students with the greatest educational needs, including students from poor households, English Language Learners (ELL) and special education students. Contracts must provide school-by-school reporting on the use of funds.

In New York City, each of the 32 Community School Districts must also develop *Contracts for Excellence* as part of the citywide *Contract*; these *Contracts* are subject to full public review at the local Community Education Council. Many provisions of the contract directly result from AQE and CFE's community-based advocacy, including the menu of programs, the public participation provisions and the targeting to the neediest students. These provisions provide important tools parents, students and communities can use in organizing for high quality education in local schools and districts.

New York City Class Size Reduction

The *Contract for Excellence* requires New York City to reduce average class sizes within five years to levels determined by the Commissioner. New York City must develop a class size reduction plan for three grade ranges: 1) Pre-K to third; 2) fourth to eighth; and 3) high school. This plan must prioritize low performing and overcrowded schools.

Other Accountability Provisions

The legislation includes other important accountability reforms that have not been as publicized as the *Contracts for Excellence*. Including:

- a provision that may require low performing districts to redirect existing funds to the same menu of programs targeted by the *Contracts for Excellence*;
- provisions for stronger intervention by the State Education Department in low performing districts and schools;
- districts being required to develop plans on how funding will serve ELL students, and the Commissioner must report to the Governor and the Legislature on how schools served these students;
- the Board of Regents is required to design new measures for school success that look at year-to-year growth of individual students and broadens key measures to include factors such as high school graduation and college enrollment and graduation as well as test scores
- districts are required to provide clearer information to parents through school leadership report cards, plain language student progress reports that track year-to-year progress on state tests and a straightforward written explanation about these tests.

Putting Teeth into Accountability: Advocacy with Board of Regents, the Commissioner of Education and NYSED

The long-range impacts of the accountability provisions will largely depend on how assertive the Board of Regents, the state Commissioner of Education and the New York State Education Department (NYSED) are in their oversight roles. The Regents, the Commissioner and NYSED are in the process of writing regulations and implementation documents that will govern the implementation of the accountability reforms.

It is critical the regulations and other governing documents provide clear and enforceable means to ensure:

- 1) that funding is targeted to the neediest students and schools within districts;
- 2) that the five educational strategies laid out in the law are in fact where the foundation funding needs to be spent;
- 3) that the *Contracts for Excellence* include clear, publicly available information on how much funds are going to which schools for what programs;
- 4) that participation of parents and the public is meaningful and the rights of parents and the public to affect district educational policies are clearly spelled out;
- 5) for New York City that the regulations regarding the class size reduction plan are clear in how they will mandate the reduction of class sizes;

AQE and CFE will continue organizing to push for the state to play an assertive role in the oversight of districts, including the review of the proposed *Contracts for Excellence*. Statewide advocacy with NYSED, the Commissioner and the Regents will be critical to our local efforts to impact the *Contracts for Excellence*, and other decisions by local school districts regarding how to invest education funds. Every local *Contract for Excellence* must be approved by the Commissioner based upon whether the *Contract* meets the legislative requirements. CFE and AQE will utilize our statewide presence combined with local organizing to influence the actions of the Commissioner regarding local *Contracts for Excellence*.

In addition, the Regents, the Commissioner and NYSED will be establishing regulations and other governing documents regarding those accountability provisions of the law that extend beyond the *Contracts for Excellence*.

Local Organizing for Accountability

A local school district's *Contract for Excellence*, including the thirty-two Community School Districts in New York City, must spell out how funds will be devoted to specific programs designed to fulfill the purposes of the menu of allowable programs—class size reduction, teacher and principal quality, full-day Pre-K, time on task and high school/middle school restructuring. Contracts must certify that programs predominately serve the highest need students, including students from poor households, students with limited English proficiency and students with disabilities. School districts have to show the expenditure by program per student and on a school-by-school basis.

In preparing *Contracts* for 2007-08, school districts must solicit written comments from the public which the Commissioner must review before approving the local *Contract*. For future years, the public participation role greatly increases. Districts are required to work with the public in developing their *Contracts*. Districts must hold a public hearing for each *Contract*—the New York City Department of Education must hold a hearing in each borough and each Community School District *Contract* must be fully discussed at a meeting of the Community Education Council for review and public comment. Public comments must be submitted to the Commissioner of Education and he must review them in determining whether or not to approve a *Contract for Excellence*. These public participation tools, combined with local organizing by AQE, CFE and other parent and community organizations, provide effective means to make the *Contracts* a viable tool to hold school districts accountable. In addition, CFE and AQE won grievance rights for parents regarding the implementation of the *Contracts*. Parents can file grievances with their local school principal that can be appealed to the local superintendent of schools and the school board. In New York City, appeals are directed to the community superintendent and the New York City chancellor. In all districts, parents can appeal the decision of the school board or the chancellor to the state Commissioner of Education.

AQE and CFE will be working with parents and organizations in communities throughout the state to articulate parent and community-based demands on local education reform and to organize to get school district to include these community-supported educational strategies in their *Contracts for Excellence*. This organizing will include working with school districts as they put together their plans and making the case for the strategies we are advocating. It will include using all our advocacy tools to get districts to incorporate the educational strategies we advocate. It will include turning people out en masse to public hearings and generating formal public comments. And it will include following through with the state Commissioner of Education and NYSED staff to ensure that the parent community voice is respected in the review and approval of proposed *Contracts for Excellence*.