

A Brief History of *CFE v. State*

In 1978, a group of property-poor Long Island school districts, joined by New York City and the other four large urban New York districts, filed *Levittown v. Nyquist*, a lawsuit challenging the state's education finance system. In its 1982 decision, the Court of Appeals ruled that while substantial inequities in funding did exist, the New York State constitution does not require equal funding for education. The court did note, however, that the state constitution entitles students to a "sound basic education," even though no one in the *Levittown* case had alleged that students were being denied this right.

This right to a sound basic education is at the center of [CFE v. State of New York](#). While this lawsuit again seeks to reform the state funding system, it is based on different legal arguments than those used in *Levittown*. In this case, CFE asserts that New York State is failing in its constitutional obligation to provide a sound basic education to thousands of its schoolchildren.

In a landmark [June 1995 decision](#), the Court of Appeals -- New York State's highest court -- distinguished its *Levittown* ruling and upheld CFE's right to pursue a constitutional challenge to the state's education finance system. Writing for a four-person majority, Judge Carmen B. Ciparick concluded that CFE had grounds for a legal claim under Article XI, the Education Article of the New York State Constitution. Judge Howard Levine concurred with the majority but wrote a separate opinion, arguing for a narrow definition of a sound basic education. Judge Richard Simons dissented, and Chief Judge Judith Kaye took no part in the decision.

The Court indicated that if CFE were able to prove that a substantial number of New York City students are being denied the opportunity to obtain a sound basic education, it would act to remedy the situation. Together with Simpson Thacher & Bartlett, the law firm serving as co-counsel in the case on a pro-bono basis, CFE engaged in the extensive research, analysis, and other legal "discovery" necessary to prepare this case for the trial.

The trial of *CFE v. State of New York* began on October 12, 1999 in New York Supreme Court, and concluded on July 27, 2000. On January 10, 2001, Judge Leland DeGrasse, the presiding judge, rendered a ruling favoring CFE on both of its [Adequacy](#) and [Title VI](#) claims. [[Full text of decision](#)] The judge also gave a [remedial order](#), setting guiding parameters to help the state reform the current school funding system by September 15, 2001. The State of New York appealed the decision. The case reached the Court of Appeals on May 8, 2003, where the [court ruled in favor of CFE](#).

The Court of Appeals gave the State of New York until July 30, 2004 to comply with its order. Because the State failed to meet this deadline, three court-appointed referees were given until November 30, 2004 to submit a compliance plan to Justice Leland DeGrasse of the State Supreme Court. Justice DeGrasse agreed with the referee's recommendations and on February 14, 2005, ruled that New York City schools need an additional \$5.6 billion in operating aid and \$9.2 billion in capital funding to provide students with their constitutional right to the opportunity to receive a sound basic education. Unfortunately for the children of New York, the State immediately appealed this decision and still, nearly two years after the ruling, has yet to with the court's decision.

The State appealed the 2005 DeGrasse decision to the Appellate Division, 1st Department. On March 23, 2006, CFE scored another major court victory: In its ruling, the Appellate Division denied the governor's appeal and directed the State to provide the city's schools with \$4.7 billion to \$5.63 billion in operating aid and \$9.2 billion in capital funding by the budget deadline of April 1, 2006. Though this court has historically ruled in the governor's favor in past decisions in the CFE, all five judges made clear in the the March 23 ruling that the State has failed to appropriate the amount of funding needed to meet the CFE mandate.

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