



Campaign for Fiscal Equity, Inc.



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Students in Two-Thirds of New York State's School Districts Face Education Cuts Exceeding \$10,000 Per Classroom

AQE, CFE, Citizen Action of New York & Education Voters Offer Over \$12 Billion in Cost Savings and Revenues as Alternatives to Budget Cuts: Highlights Include STAR Property Tax Reform, Wall Fair Share Street Taxes, Juvenile and Criminal Justice Reforms, Wine in Grocery Stores

(Albany, NY)--Today the Alliance for Quality Education released an analysis of Governor Paterson's budget proposal showing that 63.5% of school districts in the state face cuts exceeding \$10,000 per classroom. As an alternative to these cuts, AQE was joined by the Campaign for Fiscal Equity, Citizen Action of New York and Education Voters of New York in calling for the legislature to enact sensible cost savings and revenue raisers. The groups released a list of proposals that would generate over \$12 billion in savings and revenues. ***Note: both the cuts per classroom analysis and the cost saving and revenue options are attached.***

Students in Vast Majority of State's Classrooms Face Devastating Cuts

AQE's analysis of the Governor's proposed \$1.4 billion in cuts, based upon the *Gap Elimination Amount* in the Governor's 2010-11 school aid runs provides the cuts per elementary classroom for every school district in the state. The average elementary classroom in the state faces cuts of \$11,677. The smallest cuts per classroom tend to be in wealthier districts like Rye, Scarsdale and Great Neck--with cuts under \$3,000 per class--while the largest cuts--exceeding \$20,000 per classroom--tend to be in small, average need upstate districts like Green Island, Southern Cayuga, and Union Springs. These proposed cuts come at a time when New York State is supposed to be completing the fourth and final year of the phase-in of a statewide settlement of the Campaign for Fiscal Equity lawsuit where the state's highest court found that due to under funding of schools New York State is failing in its constitutional obligation to provide every child a "sound, basic education." In fact, according to Assembly Speaker Sheldon Silver, the

Governor's proposed budget would put the state, "\$4.2 billion below what we originally pledged under our CFE commitment."

Cost Savings: Property Tax Reform, Criminal Justice Reform Among Others

- More than \$1 billion in savings could be obtained through reforming the STAR program, which provides property tax subsidies to homeowners. STAR reforms advocated by the groups would actually increase property tax relief for overburdened lower- and middle-income homeowners while eliminating taxpayer subsidies for high-income owners of expensive homes. *These cost savings should be specifically set aside for school aid restorations because state school aid is important to preventing property tax hikes.*
- Criminal justice reforms such as closing under-utilized juvenile facilities and greater use of work release programs—which are a successful way to help non-violent offenders transition to the job market—would save \$225 million while also countering the phenomena that many researchers refer to as the “school to prison pipeline.”
- Other cost saving proposals include greater energy savings, elimination of Empire Zones--as proposed by the Governor, refinancing state debt to take advantage of lower interest rates, reducing the state's use of costly corporate consultants, bulk purchasing of prescription drugs, self-insurance by the state for prescription drugs for state workers, and shared services such as purchasing and back office administration among school districts and localities.

Revenues: Fair Share for Wall Street, Wine in Grocery Stores

- Wall Street investment banks and securities firms enjoyed a 17% increase in bonuses and that Wall Street firms’ are making record profits over \$55 billion, according to a report released this week by the New York State Comptroller Thomas DiNapoli. Some bonuses are being paid in stock options—a compensation method that could avoid taxation as income. The groups have proposed different options for how Wall Street can help the state’s school children. These include a one-time bankers bonus tax that could raise over \$6 billion or a stock transfer tax that could raise \$3.2 billion, among other options. The state could eliminate education and other budget cuts by simply choosing from the menu of options to get Wall Street to share fairly in solving the state’s problems.
- Allowing grocery stores to sell wine, as proposed by the Governor, would provide \$250 million in revenues--it is estimated that this proposal create 2,000 net new jobs in wine production, sales, and distribution in New York State.
- Adding a \$1.00 a pack excise tax on cigarettes, as proposed by the Governor, could raise \$200 million reduce smoking.

“This budget asks each child in New York State to forego important learning opportunities while asking for nothing from Wall Street which is enjoying record profits and while continuing wasteful taxpayer subsidies of high income owners of million dollar homes,” said Billy Easton, Executive Director of the Alliance for Quality Education. “The Governor's budget would march schoolchildren down a plank to larger class sizes, fewer teachers, cuts in programs, and a less demanding curriculum. If we want to emerge from this recession with a workforce prepared for 21st century challenges, rather than cutting education the legislature must ask Wall Street to pay its fair share and stop shipping subsidizing high-income and luxury homeowners.”

"Governor Paterson's proposed \$1.4 billion dollar cut in school funding asks the 2.5 million students across the Empire State, particularly the neediest, to sacrifice their education and the economic futures of us all on the altar of the bad economy when alternatives exist. The

Campaign for Fiscal Equity urges the Senate and Assembly to adopt revenue generating and cost saving measures such as those we propose today, including a one-time tax on Wall Street bonuses, which would generate up to \$10 billion dollars. This is the best way to ensure progress rather than turn back the clock in achieving the constitutional promise of a sound basic education," said Geri Palast, Executive Director of Campaign for Fiscal Equity.

"Before we take resources from the neediest classrooms that have been underfunded for decades, we most look at the alternatives. Tough times call for innovative ideas and the release of this comprehensive cost savings and revenue raising recommendation plan provides real alternatives to continue the state's investment in public education. Albany must muster up the political will to enact measures that have the potential of saving and raising billions of dollars that can be used to prevent devastating budget cuts," said Glynda C. Carr, Executive Director of Education Voters of New York.

"The Executive Budget makes the wrong choices. New Yorkers want a budget that grows the economy by investing in working families, schools and communities across the state, rather than a budget with cuts in education, health care and human services that will worsen unemployment and further destroy the safety net. We call upon the Legislature to choose the revenue options and cost savings proposals we are releasing today instead of the devastating cuts proposed by the Governor," said Karen Scharff, Executive Director of Citizen Action of New York.

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