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Testimony to the Joint Assembly Ways and Means and Senate Finance Committees

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Good morning, my name is Marina Marcou-O'Malley and I am a Policy Analyst with the Alliance for Quality Education. I wish to thank Chairman Farrell and Chairman Kruger for the opportunity to testify today on the proposed education cuts.

AQE is comprised of 230 community organizations representing parents, students, and community members – on behalf of AQE I urge you to reject the \$1.4 billion cuts proposed to education in the executive budget. In the current economic context, schoolchildren are being asked to make the largest contribution to closing the budget deficit than anyone else in the state. And, this contribution they are asked to make, is on top of the contribution they made last year when they endured the breaking of the state's

promise to them with the delivery of no Campaign for Fiscal Equity money. I urge you, don't make more cuts on top of this broken promise; every student deserves the opportunity to learn. These cuts will negate the progress students have made so far.

As speaker Silver has said, "[the governor's] budget proposal cuts school aid by \$1.4 billion and leaves the state \$4.2 billion below what we originally pledged under our CFE commitment...Four years after the Court of Appeals found that New York was shortchanging the education of our highest-needs children, the Governor's proposed cuts go too far."

It feels like we are back to the early '90s, when the Campaign for Fiscal Equity was first filed. Back then, we were talking about how under resourced our schools were. After fifteen years of court battles, the states highest court ruled that indeed our schools were so under resourced that they were failing to provide a sound basic education, every student's constitutional right. The state did the right thing, the legislature took action through the 2007 education reform and promised schoolchildren that it would implement accountability measures and add \$5.5 billion in foundation aid – basic classroom operating aid-over four years to ensure that they had the opportunity to learn by enacting the 2007 education reform. We all thank you for that.

The 2007 education reform was a good step forward. We had two years of increased accountability and funding. Students had increased access to programs and smaller classrooms that helped them do better in school and achieve more. In all big 5 school

districts, students scored higher in math and English language arts. And then, the promise was broken. In last year's budget, we went from two years of increased funding to flat funding which essentially translated into cuts.

Even with the flat level funding, school districts resorted to some layoffs and program cuts. One can only imagine what will be on the chopping block this year. Mayor Bloomberg already announced that he will have to lay off 8,500 teachers. Albany city school district stated that they will have to cut 100 positions. And, I am sure, many more will follow.

It is not just jobs that will be lost. Programs for the neediest students will be slashed as well. Buffalo has 2600 English Language Learners. Through the Contract for Excellence funding Buffalo was able to invest \$1 million district wide for innovative programs such as hiring support personnel that speaks the native language, native language instructional materials, native language social emotional support personnel, in order to extend learning opportunities for students and parents. Buffalo is facing more than \$18 million cut which is roughly about \$460 per student. These programs could be lost if the legislature doesn't reject the governor's proposed \$1.4 billion education cuts.

Syracuse has implemented a teacher and principal quality initiative that will provide the ongoing, consistent professional development and coaching in research based practices across all classrooms, grade levels, and schools. Instructional Support Teachers for English Language Arts and math will provide ongoing support that will ensure a clear

direction for each school. The district of Syracuse will lose more than \$11 million, approximately \$500 per student. The aforementioned program could be on the chopping block if the legislature doesn't reject the governor's proposed \$1.4 billion education cut.

For every school district, particularly high-needs districts, there are examples of programs that are working today that are being threatened with elimination tomorrow. Without the resources, teachers and programs we are dooming our school children with wider gaps in educational and learning opportunities. Our schoolchildren began to make some progress and now there is a proposal to reverse that progress. Make no mistake; we are nowhere near where we need to be. The Board of Regents, recognizing this fact and the fact that the fiscal economic climate is difficult, proposed a modest increase of \$523 million for education. We fully support the Board of Regents proposal and we urge you to do the same, reject the cuts, provide some funding to help New York keep the pace towards meeting its obligation to its schoolchildren. The governor of our neighboring state of Massachusetts, a state that is also facing fiscal problems, recognized the significance of education and proposed a budget that included no cuts to schools. Massachusetts students far outperform New York's students. Yet, they are not cutting education funding. If we make these cuts, we will fall further behind and shortchange our kids' future. And the kids that will suffer the most are those with the highest need. They will continue in the perpetual cycle of inequity and lack of access to quality education which will only lead away from college to a life with low paying job and poverty. In the words of our President said in his State of the Union *"In the 21st century, one of the best anti-poverty programs is a world-class education. In this country, the success of our*

children cannot depend more on where they live than their potential." New York cannot afford anything less than a 21st century, educated workforce.

We are cognizant of the fact that the legislature needs to find ways to save money and raise some revenue in order to close the budget deficit the State is facing. Here are a few:

1. **Make permanent the Personal Income Tax restructuring. The PIT is set to sunset in 2011.** This option will not raise any additional revenue. It will however ensure that the state has this revenue every year.

2. **Create two higher brackets of personal income tax for people with annual income exceeding \$1 million and \$5 million respectively.**

3. **Elimination of Empire Zone Program- \$600 million in savings**

Elimination of the Empire Zone (EZ) program: it provides tax breaks to businesses in the name of job creation but has been ineffective and fraught with abuse. In practice, the EZ program has given benefits to many firms that have not created the number of jobs promised and some of which have not created any jobs. Eliminating the Empire Zone program would save the state approximately \$600 million (Fiscal Policy Institute, Citizens Budget Commission, and others).

4. **Taking Advantage of Lower Interest Rates to Refinance State Debt –savings \$500 million**

Refinancing outstanding state debt. Senate Majority estimates that refinancing the state's outstanding tobacco settlement securitization bonds alone could save as much as \$500 million. New York City has saved over \$200 million recently.

5. **Bulk Purchasing of Prescription Drugs- \$100 million in savings**

Bulk purchasing of prescription drugs by conservative estimates would save between \$100 million and a few hundred million dollars.

6. Prescription Drugs Self-Insurance

New York State should consider self-insurance for prescriptions drugs. A 2007 study of states by Bucks Consultants found that by replacing traditional health insurance programs for state employees with state self-insurance states typically realized savings of 3% to 7%.

7. Collection of Sales Tax on Tobacco Products Sold to Non-Native American Purchasers

Collection of hundreds of millions of dollars in taxes that are due from non-Native Americans on tobacco products sold at Native American retail outlets. Native Americans should be provided coupons to ensure their unfettered right to purchase these tobacco products tax free, but the state should be collecting taxes due from other purchasers (Fiscal Policy Institute, American Cancer Society, and others).

8. Energy Savings in Schools and State Agencies

NYSERDA estimates that the Energy Smart Schools Program energy bills can be reduced up to 30%. New York taxpayers spend \$1 billion on energy for schools. Energy Smart Schools Program could save \$200 million.

a. **Energy Smart Schools Program examples of cost savings to date:**

Rochester City School District (49 schools) - During the 2003-2004 the District saved \$750,000. Since 2007, Rochester's energy program has expanded and now saves the school district more than \$1,000,000 per year in utility and maintenance costs.

i. **Indian River Central School District** (8 schools) – From 2006-2007, saved well over \$100,000.

ii. **Cohoes City School District** (6 schools) - Between 2004 and 2006 saved \$130,000.

b. Increase participation in statewide energy efficiency programs through collaborative efforts of state entities such as:

i. Purchase “green” products and services directly through the state

ii. Use the low interest loans available to purchase green products and implement green policies.

9. Reduce Use of Costly For- Profit Consultants-\$730 million over three years

Contracting Out: In SFY 2007-08, the state spent \$2.78 billion on consultants and paid them an average annual rate of \$126,503. Consultants charge 54% more than state employees who do the same work including the cost of state employee benefits. Consultant spending for the first half of this year is at the same rate as last year. The state should reduce the use of these high priced consultants before any state employee loses their job or pay. Replacing half of these consultants with state employees will save the state over \$730 million over the next three years (Fiscal Policy Institute).

10. Close underused correctional and juvenile detention facilities- \$75 million in savings

Closing four underused prisons would save tax payers over \$30 million annually in operating costs, plus nearly \$30 million by avoiding prison capital expenditures. Closing additional underused juvenile detention facilities is estimated to save \$16 million annually. All together over **\$75 million** could be saved through this action.

These are just a few options. We are still in the process of identifying further savings and revenue generating options. Our schoolchildren have been giving for many years. The state listened to the courts and provided two years of the court ordered funding. But then, the state broke its promise and wants to treat schoolchildren as special interests. Our kids are special (or a public interest), not special interest. They have endured enough. Don't make these cuts on top of a broken promise. Say no to the proposed \$1.4 billion cuts to education.