



**PUBLIC POLICY AND
EDUCATION FUND** OF NEW YORK

2016

No Appetite to Educate: Stacking the Deck Against Children In Poverty



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2016

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Key Findings:

New York State has a massive funding gap between rich and poor schools and it has grown rapidly since Governor Cuomo took office in 2011.

- The funding gap between the 100 poorest school districts and the 100 wealthiest is \$9,796 per pupil. In a school of 300 students this amounts to \$2.9 million annually.
- The funding gap grew by \$1,772 per pupil since Governor Cuomo ended the state's commitment to the Foundation Aid formula that was enacted in 2007. The Foundation Aid formula was enacted as a result of the Campaign for Fiscal Equity and was designed to narrow the gap.
- If the Foundation Aid Formula were to be fully funded it would close the gap by \$2,824 per pupil.
- The funding gap closely correlates with graduation gap of 26%. The difference in graduation rates is as staggering as the difference in funding. The high spending, wealthy school districts have a 92% graduation rate, whereas underfunded, poor communities graduate 66% of their students.
- The funding gap is also tied to advanced educational opportunities. Half of the graduating cohort in well-funded, wealthy school districts leaves with the highly coveted Advanced Regents diploma, whereas only 1 in 5 students leave school with an Advanced Regents diploma in underfunded poor districts.

Education Inequality and Income Inequality

According to the Organization of Economic Cooperation and Development out of 34 advanced member nations, “the vast majority of O.E.C.D. countries either invest equally into every student or disproportionately more into disadvantaged students. The U.S. is one of the few countries doing the opposite.” Only in the United States, Israel and Turkey do students in poorer communities have lower teacher/student ratios than in those serving more privileged students.¹

Within the United States, New York State is a leader in educational inequality. According to the highly-regarded national education policy group The Education Trust, New York State ranks Number 2 in the nation in educational inequality.²

While being a leader in educational inequality, New York State also has the second greatest income inequality in the nation.³ In recent years, all of the income growth in New York State has gone to the top 1% according to the Economic Policy Institute.⁴

¹ http://www.nytimes.com/2013/11/06/business/a-rich-childs-edge-in-public-education.html?_r=0

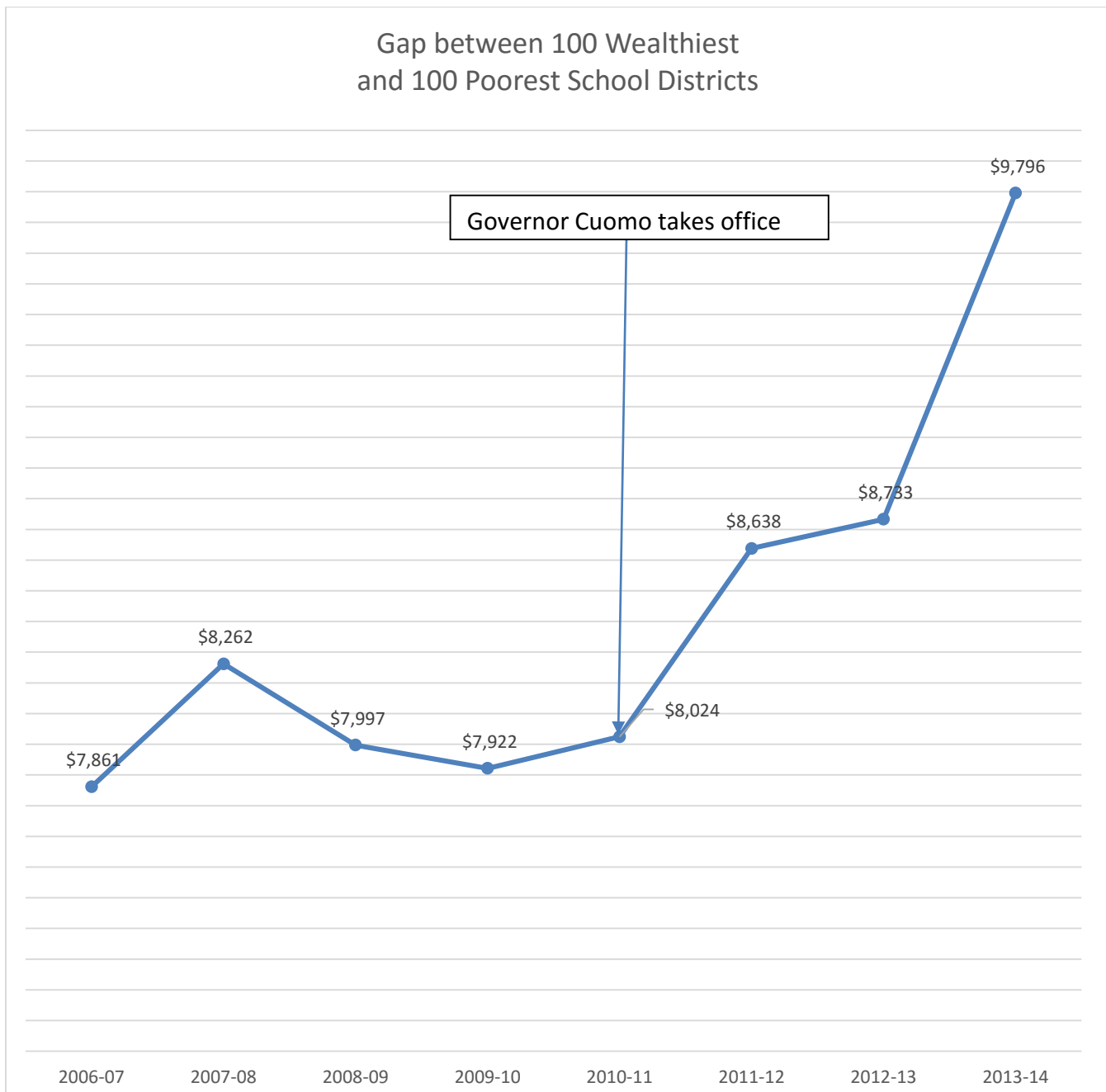
² http://edtrust.org/wp-content/uploads/2014/09/FundingGaps2015_TheEducationTrust1.pdf

³ <http://www.epi.org/publication/income-inequality-by-state-1917-to-2012/>

⁴ <http://www.epi.org/publication/income-inequality-by-state-1917-to-2012/>

New York State has growing educational inequality and growing income inequality and the state is not addressing these issues.

The following graph shows the average spending gap between the 100 wealthiest school districts in the state and the 100 poorest districts. This gap is now at its highest level ever at \$9,796 per pupil. When Governor Cuomo took office the gap was \$8,024. It grew by \$1,772 in his first three years in office and almost certainly has continued to grow since then.



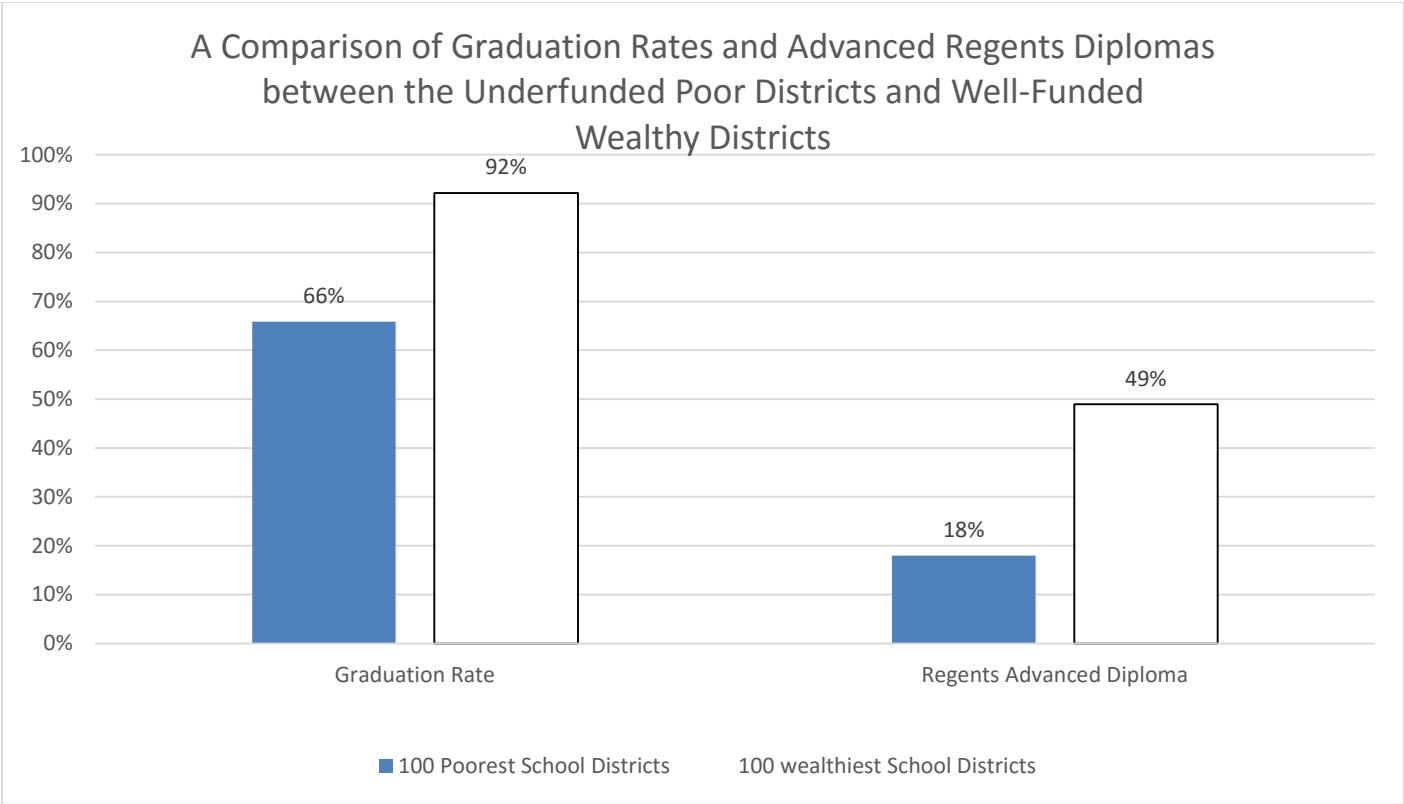
What is the Educational Impact of Inequality?

Having an extra \$2.9 million annually for a school of 300 students allows wealthier schools to provide smaller class sizes, better equipment and books, more arts and music, and more access to higher level electives and Advanced Placement courses. This funding correlates to substantially better academic outcomes.

Governor Cuomo frequently cites the fact that New York State spends more per student than other states. But this is a statewide average. The statewide average is meaningless for students in poor communities. The fact that wealthy schools spending almost \$10,000 more per pupil does nothing to help students in poor communities, but it does drive up the statewide average.

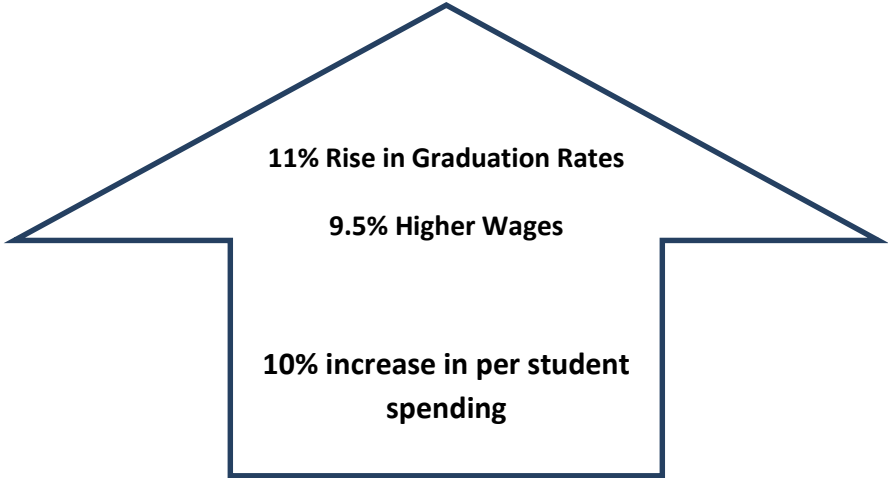
As the graph below shows, the funding gap closely correlates with graduation gap of 26%. The difference in graduation rates is as staggering as the difference in funding. Well-funded wealthy school districts have a 92% graduation rate, whereas underfunded poor communities graduate 66% of their students.

The funding gap is also tied to advanced educational opportunities. Half of the graduating cohort in the high spending, wealthy school districts leaves with the highly coveted Advanced Regents diploma, whereas only 1 in 5 students leave school with an Advanced Regents diploma in the underfunded poor districts.



No one would say that school funding is the only factor in why children in wealthy communities outperform those in poor communities. However, it would be absurd to contend that the tremendous extra educational opportunities that money buys in high spending communities do not make a substantial difference in students' education.

Nationally, research shows that increasing spending by 10% in all the years that students are in school, result in increases in graduation rates, in going to college and having higher wages.⁵



Why is Educational Inequality Growing?

⁵ Jackson, K., Johnson, R. & Persico, C. (2015). The Effects of School Spending on Educational and Economic Outcomes: Evidence from School Finance Reforms. *The National Bureau of Economic Research*.

According to the New York State Education Department, the state of New York owes schools across the state \$4.8 billion. This includes \$434 million in Gap Elimination Adjustment and \$4.4 billion in Foundation Aid. The Foundation Aid is owed due to the Campaign for Fiscal Equity lawsuit. In CFE, after 13 years of going through the courts, the Court of Appeals, the state’s highest court, agreed with the parents who sued the state and found that the state was violating students’ constitutional right to “a sound basic education” and ordered the state to provide adequate funding.

In 2007, the governor and the legislature committed to settle CFE by increasing school aid statewide by \$7 billion annually, phased in over a four year period with basic classroom operating funds, known as Foundation Aid, increasing by \$5.5 billion. This classroom funding was to be distributed through a

New York State is #2 in the U.S. in Educational Inequality

“Inequities in funding are foundational to all sorts of other inequities in our school system. Yet many states continue to spend less on educating our low-income students and students of color — the very students who could benefit most from additional support in their schools.”

--The Education Trust

formula called Foundation Aid which was based on student need. The Foundation Aid takes into consideration the level of poverty in a district, the number of students that are not proficient in English, the number of students with disabilities, the regional costs, and the income and property wealth in a district. The relatively short four-year phase-in was essential to providing enough resources to outpace inflationary costs and fund improvements. Foundation Aid is designed to be funded at least \$1.1 billion to have the impact necessary.

For two years, 2007 and 2008, the state increased school aid by \$3.48 billion. Out of this \$2.3 billion was Foundation Aid and high-need school districts throughout New York State received 72% of this new Foundation Aid. During those two years, many proven-to-work programs were implemented across the state. Schools reduced class sizes, implemented pre-kindergarten, extended the school day, implemented programs for English language learners, and added other programs that began to improve the educational experience of many students across the state. During the two years that Foundation Aid was fully funded, the funding gap between the wealthiest and poorest school districts decreased.

In 2008, parents of students filed another lawsuit against the state of New York, contending that the state was not complying with the New York state constitution. The case, Maisto, et al. v. New York, commonly referred to as the Small Cities Case, challenges the State’s failure to provide essential educational resources in eight small cities school districts which are Poughkeepsie, Jamestown, Port Jervis, Utica, Niagara Falls, Mount Vernon, Kingston and Newburgh. The lawsuit claims that by not fully funding the Foundation Aid, the State is violating the right of students to a “sound basic education” under the New York constitution. These districts are all high need, with poverty rates ranging between 50% and 94%. This case awaits a decision by the court.

In the five years since Governor Cuomo took office he has only proposed \$266 million in Foundation Aid. It is no wonder that educational inequity has dramatically grown under Governor Cuomo, he disabled the formula that was designed to close the gap.

In 2011, under Governor Cuomo's lead, New York State disabled the Foundation Aid formula. In fact, in the five years since Governor Cuomo took office he has only proposed \$266 million in Foundation Aid. It is no wonder that educational inequity has dramatically grown under Governor Cuomo, he disabled the formula that was designed to close the gap. If Governor Cuomo and the legislature fully funded Foundation Aid, the funding gap would close by \$2,824 per pupil.

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What is the solution?

The Alliance for Quality Education has called for a \$2.9 billion increase in school aid in the 2016 state budget including a three year phase in of the Foundation Aid. The New York Board of Regents has called for \$2.4 billion, including \$1.3 billion in Foundation Aid. The state has a surplus in excess of \$5 billion, including a recurring surplus of \$2.7 billion.

In response to the NYS Assembly's Proposed Millionaires' Tax

"I don't believe there's any reason or appetite to take up taxes this year."

-- Gov. Andrew Cuomo

The NYS Assembly has proposed legislation that would cut income taxes for the middle class, while simultaneously raising taxes on millionaires. This proposal is estimated to raise revenue by over \$1 billion annually.⁶ The Fiscal Policy Institute has proposed a 1% *from the 1%* plan that would raise taxes slightly on New Yorkers earning over \$665,000 annually (the top 1%) while extending middle class tax cuts. This plan would generate \$2.3 billion annually in net revenues. Both of these plans would address educational inequality by addressing income inequality. But Governor Cuomo insists there is "no

⁶ <http://assembly.state.ny.us/Press/20160202/>

reason or appetite” to raise revenues on millionaires.⁷ What appears to be lacking on behalf of the Governor is the appetite to educate every child, including those living in poverty.

Methodology

To calculate the per pupil expenditure of the 100 wealthiest and 100 poorest school districts, we summed the total expenditures of each group and then divided by the total enrollment of each group. Then, we calculated the difference between the two amounts. To calculate the graduation rate (percentage) for each group, we summed the number of students graduating in four years in June and then divided by the sum of the total cohort enrollment for the same group. We then calculated the difference. To calculate the percentage of students earning an Advanced Regents diploma, we summed the total number of students earning an Advanced Regents diploma for each group, then divided by the sum of the total cohort enrollment for the same group. The data is from the NYS Education Department http://www.oms.nysed.gov/faru/Profiles/profiles_cover.html

<http://data.nysed.gov/gradrate.php?year=2015&state=yes>



The Alliance for Quality Education was founded in 2000 as a coalition mobilizing communities across the state to keep New York true to its promise of ensuring a high quality public education to all students regardless of zip code, income or race. Combining its legislative and policy expertise with grassroots organizing, AQE advances proven-to-work strategies that lead to student success and echo a powerful public demand for a high quality education.

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PPEF was founded in 1986 to address critical social, economic, racial and environmental issues facing low and moderate income New York State residents. Our areas of work have included health care, education, after-school programs, voter participation, economic development and consumer issues. PPEF uses many tools in its work, including grassroots organizing, research and policy development, public education on a wide range of policy issues, and community outreach.

⁷ February 9, 2016 <http://www.lohud.com/story/news/politics/politics-on-the-hudson/2016/02/08/cuomo-no-reason-appetite-income-tax-change/80021918/>

