



2016-17 NYS Enacted Budget Analysis

This budget fails to address fundamental educational inequality based on both race and income. The Foundation Aid increase simply does not come close to meeting the needs for the one out of two students living in poverty or to reversing the racial inequities that are entrenched in our educational system. Every year the state has another excuse for why it is not fulfilling its constitutional obligation to finance a 'sound basic education' for every child, and once again our children are the ones paying the price. The final product simply does not get the job done. The one important exception is the community schools program which will provide an innovative reform that will make a massive difference in the lives of students and families. We give Speaker Carl Heastie, Assembly Education Chair Cathy Nolan and the Assembly Majority credit for fighting the good fight. We also wish to recognize Assemblywoman Crystal Peoples-Stokes for leading the way in demanding high quality community schools.

The total aid increase of \$1.35 billion is \$400 million less than the 2008 record increase of \$1.7 billion. The struggle for educational equity is focused on ensuring that high needs schools get enough funding which means Foundation Aid. AQE called for \$1.47 billion in Foundation Aid, the Board of Regents called for \$1.3 billion and the Assembly's budget proposal was for \$1.1 billion. But the enacted budget included only \$627 million in Foundation Aid. To the credit of the Assembly Majority, of the Foundation Aid delivered a higher proportion than usual to high need districts.

Unfortunately the enacted budget included no multi-year phase-in of the full \$4.4 billion in Foundation Aid that is owed to schools. The Assembly budget proposed a four-year phase in of full foundation aid, but both the Senate the Governor rejected such a plan. Now we must demand that the remaining \$3.9 billion is paid over the next three years.

The Gap Elimination Adjustment was fully restored, but this does very little for most high need districts.

Community schools are innovative schools that provide social, emotional and health supports as well as strong academics. The budget includes \$175 million for community schools, this is a key victory for expanding opportunity in poor communities and communities of color. Community schools are schools that combine services for the students and their families and include substantial parent and community engagement.

Education School Aid Highlights:

- \$1.35 Billion Total School Aid Increase
 - \$627 Million for Foundation Aid
 - \$100 Million for Community Schools (\$100 Million is part of Foundation Aid)
 - \$434 Million for Gap Elimination Adjustment
 - \$340 Million Expense Based Aids
- \$75 Million is in a separate funding stream to be administered by the Commissioner of Education
- \$22 Million for Pre-K for 3-year-olds (in districts that already serve 4-year-olds in half or full day) and \$2 million for Pre-K Quality Initiatives
- \$18 Million for My Brother's Keeper targeted to educational opportunities for boys and young men of color and \$2 Million for a NYS Office of Parent & Family Engagement

CFE Funding (Foundation Aid) – The Foundation Aid was established in 2007 in order to comply with the constitutional requirement to provide all students with a “sound basic education” as a result of the landmark Campaign for Fiscal Equity lawsuit (CFE). Statewide schools were owed \$4.4 billion in Foundation Aid before this budget, according to the State Education Department, with 77% of these funds owed to high-need schools. Foundation Aid is intended to improve the quality of schools which requires phasing in the full \$4.4 billion over no more than four years.

The budget includes \$627 million in Foundation Aid, \$100 million of which is set aside for community schools. The \$100 million was not generated by the Foundation Aid formula and should not be applied to the amount due to school districts under foundation aid. \$527 million was generated by the Foundation Aid formula.

At that rate it would take 7 to 9 years to fully fund in the \$4.4 billion in Foundation Aid that has been owed to schools since the 2006 Campaign for Fiscal Equity court order. That is unacceptable and will perpetuate the racial and economic inequality in our schools unless the remaining funds are fully paid over the next three years.

The Assembly budget proposed a four-year phase in of full foundation aid, but both the Senate the Governor rejected such a plan. Schools are now owed \$3.9 billion in Foundation Aid after this budget.

Community Schools— The budget includes \$175 million for community schools. Community schools are schools that combine services for the students and their families and include substantial parent and community engagement. The community schools funding is divided into two pots:

- 1) \$75 million to be administered by the NYS Commissioner of Education through a grant allocation specifically for struggling and persistently struggling schools. The funds are specifically designated for turning struggling and persistently struggling schools into community schools. The Commissioner of Education must ensure that parents, communities and teachers have a meaningful role in designing and implementing these school-based reforms. \$50 million is for operating costs and \$25 million is for capital costs associated with community schools.
- 2) \$100 million which is part of the Foundation Aid. The \$100 million is allocated to high need school districts that have persistently struggling and struggling schools, as well as to those that do not have any struggling schools but are high need districts. The funding is for converting schools into community schools and to providing related services.

Gap Elimination Adjustment—The Gap Elimination Adjustment was fully funded at a cost of \$434 million, but this does very little for most high need districts. For instance out of \$434 million statewide Albany and Syracuse only receive about \$50,000, Rochester less than \$100,000, and small city Dunkirk in Western New York \$5,352.

My Brother’s Keeper The enacted budget sets aside \$18 million to invest in strategies and programs that increase educational opportunities for boys and young men of color and \$2 million for the office of parent and family engagement. There is a total of \$20 million available for My Brother’s keeper initiative. The exact priorities and uses of these funds will be determined by the Commissioner of Education and the Board of Regents.

Receivership— For now, the Assembly beat back a proposal by the Governor to reclassify 70 schools as “failing” or “struggling”. However, this issue will continue to be on the table for the rest of the legislative session. These are schools which showed substantial improvements under the metrics defined in the

receivership law and were therefore removed from this punitive program. The metrics are based upon Common Core test scores—which are highly suspect for use to grade schools. It would be terribly unfair to the students to move the bar on expectations after they already achieved the expectations defined in the receivership law.

Pre-K—A plan proposed by the Assembly to provide \$22 million to expand full day pre-K for four year olds was rejected despite the fact that in 2014 the Governor promised full-day pre-K to all four year olds statewide, but there remains more than 89,000 four-year olds still waiting for this promise to be fulfilled. Instead, the Governor’s plan to use the same \$22 million for pre-K for three year olds was adopted. This budget would allow expansion of Pre-K for 3 year olds before ensuring that all eligible 4-year-olds have access to Pre-K. In addition, the enacted budget also included \$2 million in for Quality Stars New York, a quality rating and improvement system.

Child Care

No new state funding for childcare. This will mean cuts to this vital program, preventing even more eligible families from accessing this opportunity.

Fair Taxation for Millionaires and Hedge Fund Managers— A proposal by the Speaker of the State Assembly for a modest tax increase on millionaires that would have generated \$1.3 billion in additional revenue was rejected by the Governor and the Senate. These funds are needed for schools and communities. The issue was made more complicated by a tax cut that was enacted. It is described as a middle class tax cut, but benefits people earning \$250,000, much more than those earning \$50,000 or less. When fully implemented it will cost the state \$1.7 billion in annual revenues. A bill was introduced in both houses of the legislature to require billionaire Hedge Fund Managers to pay the same tax rate as the rest of us by closing the “carried interest loophole.”

Education Investment Tax Credit- The enacted budget rejected the Governor and Senator’s proposal to create an education tax credit that would have allowed a 90% credit of up to \$1 million for donations to private, parochial or public schools. This would have siphoned away much needed public tax dollars to allow the wealthy and large corporations to divert their own tax dollars to the private and parochial school scholarship programs of their choice.

Charter Schools— There is a \$54 million increase in state funding for privately-run charter schools which translates into an additional \$430 in per-pupil funding for charter students. Although charters did not win one of their central priorities, like an unfreezing of the formula used to dole out funding to schools. With the deal struck, charters get double that amount, bringing total per pupil funding for charter students to \$14,457 for next academic year. The formula is set to automatically unfreeze in 2017

In Albany parlance this was “paid for” by the Senate Majority and the Governor—the Executive and leader of each house have some discretion within the budget to direct a portion of funds to their priorities and this is how the Governor and the Senate Majority chose to use some of theirs. The budget also makes permanent the requirement that New York City pays rent for private space for charter schools. Charter school issues were major priorities for the Governor and the Senate Majority. The Assembly stopped a series of very damaging charter school proposals.

The following charter proposals were stopped by the Assembly in the enacted budget:

- Attempt to exempt NYC charter schools from standard requirements for entering into pre-K contracts.

- Removal of limits on number of uncertified teachers for some charter schools, which would allow entire schools to be staffed with uncertified teachers.
- Decrease accountability by allowing charter schools to decide which authorizer oversees them.
- Requirements for NYC to provide more space in the same building to expanding charter schools, regardless of effect on other co-located schools
- Any increase in the amount of rent NYC would have to pay for charter schools.

Proposals advocated by the Assembly included requiring privately-run charter schools to comply with the same laws regarding school discipline as it apply in public schools and to be fully transparent in reporting suspensions and expulsions were denied by the Governor and the Senate despite a series of media reports documenting extensive student mistreatment in some charter schools.

Conclusion:

Now, our schools are owed \$3.9 billion dollars in Foundation Aid from the Campaign for Fiscal Equity. We need a 3 year phase-in to fully fund Foundation Aid. We will continue to fight for the public school children of NYS and demand that all students regardless of race, income or zip code have access to a quality education.