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ALBANY ANALYSIS

2015 EXECUTIVE BUDGET PROPOSAL: THE IMPACT ON OUR RURAL SCHOOLS

THE GOOD

The governor's combined State of the State Message and annual Executive Budget release contained a number of beneficial proposals for rural school districts, including:

1. **STATE AID:** A healthy state aid increase of over \$1 billion. This would be a 4.8% increase, much greater than the self-imposed cap of 1.7% under the existing state law tying state education aid to the growth in personal income. Typically, Governor Cuomo proposes an increase under his cap, leaving it to the legislature to negotiate a higher aid increase. \$1.1 billion is a significantly improved starting point for those negotiations, subject to some Machiavellian strings tied to the offering. While an aid increase of over a billion dollars would be one of the larger school aid increases in recent years, it is a far cry from meeting the very real needs of public education. Given the diminished tax base and low tax cap limits on our rural schools, sufficient state aid, provided in a revised and equitable manner is vital to our success. Here are some factors making state aid so important to rural schools this year:
 - A. The state needs to provide \$1.2 billion to allow our schools to simply continue providing existing programs and services. This "roll over" cost from the current year to next year is made all the more critical by the years of cuts



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and loss of programs and services. As our schools have begun rebuilding, the failure to provide at least a “roll over” aid level would once again destabilize our educational program. In rural areas (where recruitment of competitively qualified teachers can be challenging, even in good times) a record of starting and stopping programs not only hurts student performance, but makes the district less attractive to viable teaching candidates. As a result, both the Board of Regents and the Educational Conference Board have called for increases in the \$2 billion range. An increase of that size would allow rural schools to further eliminate the Gap Elimination Adjustment, as well as build new Foundation Aid into their financial plans. The likelihood of the legislature’s success in negotiating an appropriate level of aid is explored below, under “The Oh So Very Ugly” section.

- B. Perhaps even more important than eliminating the GEA once and for all is the prospect of creating a new and legitimate Foundation Aid formula for schools. The existing formula is a bastardization of the once helpful 1999 formula imposed after the Campaign for Fiscal Equity court settlement. That formula drove much of new aid to high need districts; including our rural districts. Sadly, when the Great Recession hit, the state reneged on the court settlement and began freezing and then cutting funds from the formula. Since it was last allowed to run, communities have suffered a loss of property wealth and many districts no longer have the same enrollment levels they had a decade ago. Restarting a working formula is critically important to the future of our rural schools. We need a formula that accurately reflects a community’s ability to contribute to its schools, not one that artificially limits state aid, irrespective of actual poverty.
 - C. Make no mistake. Simply receiving an adequate one year aid increase is a far cry from the relief needed. Papering over the problems of rural schools with just enough money to make it through one more year of diminished curricula does little to afford our students a competitive future. Their success and the success of their communities rests not on a single year of enough aid to keep struggling, but in doing the hard political work of creating a formula that drives a predictable and sustainable aid level to rural school districts. This would create stability in both the school and the community, as well as immediately providing a competitive curriculum for kids.
2. **BROADBAND:** The governor has proposed a half billion dollar broadband initiative to bring adequate internet service not only to our schools, but to our students. Digital learning has the ability to redefine rural education and open the world to even the most remote of our schools. With education demanding so much of our students after normal school hours, home internet access is of paramount importance to their ability to compete for admission to higher education and meaningful employment. When combined with the Smart Schools Bond Act, private partnerships and federal E Rate funding, our state is poised to create a tremendous educational opportunity for rural students.

3. **3020-A REFORM.** Following years of ignoring the serious issue of inappropriate staff remaining in the classroom out of economic necessity, the governor has proposed an expedited process of removing those who should find a new career. His plan to recalibrate teacher evaluations to place the burden of proof on the employee (to show that the decision to dismiss that employee was inappropriate) has been combined with a new plan to require hearings of those accused of inappropriate behavior toward a student to be conducted within 60 days (those days to be unpaid leave.) Hearings would be conducted by state hearing officers, eliminating the dreaded wait for one of the few mutually acceptable arbitrators. The combined result would be a dramatic improvement in assuring that only appropriate personnel are in our classrooms.
4. **PRE-K for THREE YEAR OLDS:** The governor proposes small pilot programs of pre-k for three year olds in high need districts. The research behind such a move is well founded; children in the worst environments will improve academically the sooner they are placed in a structured and supportive educational program. The problem of course, is that the governor has yet to propose a viable broad based pre-k program outside of New York City for four year olds and he has insufficiently funded existing educational programs, putting non mandated kindergarten at risk in many districts. The better course would be to establish pre-k for four year olds throughout the state, with funding by the state up front (rather than forcing districts to pre pay the start-up costs of a pre-k program and pray for state reimbursement.) The Regents have proposed using a portion of the nearly \$5 billion French banking fine windfall to provide this up front pre-k funding.
5. **TENURE:** The Executive Budget proposes a new five year tenure track, rather than the current three year timeline. Tenured teachers would be required to have received “effective” or “highly effective” ratings for at least two years. The move would address the incongruent circumstance faced currently by our schools, where tenure decisions may need to be made prior to the teacher receiving their permanent certification (placing the district in the awkward position of needing a costly 3020-a proceeding to remove a teacher that does not have a valid license to teach.) The extended tenure track would not only eliminate this conundrum, but allow a thorough evaluation of performance and qualifications.

THE BAD

The destabilized Albany political scene has created the opportunity for all of the reforms mentioned above. Our rural schools have waited a long, long time for the chance to make these common sense changes. The (at least temporarily) diminished political clout of education unions resulting from largely backing Democrats in the failed takeover of the Senate Majority and failing to support Governor Cuomo in his re-election bid, have emboldened the governor and Senate leaders to propose and consider reforms long needed, but politically difficult to accomplish. As is often the case, the governor has lashed both

beneficial and damaging proposals together in a “take it or leave it” gambit. Given that New York State governors have more budgeting power than any other state in their relationship to the legislature, the opportunity is present to make policy changes in what is supposed to be a financial document. While we support many of these changes (listed above), we recognize the potential harm of several others proposed in the 2015 Executive Budget. Among these are:

- A. **TUITION TAX CREDITS:** The confluence of closing Catholic schools in urban areas, the cry of parents of Yeshiva students for state support and the need to address the demands of high profile political donors supporting charter schools has “greased the skids” for this ill-conceived plan. Opposition to tuition tax credits for donations to private or parochial schools is a Rural Schools Association legislative priority. So eager was the Senate to declare their support for this program that they passed their legislative version before heading to the Empire State Convention Center to be present for the State of the State Address, where the governor called for his own version. Tuition tax credits remove needed funding from existing public schools. They set up a structure that in the future could be used to divert hundreds of millions away from rural school districts, in favor of private, parochial and charter schools. Supporters claim that public schools would benefit by allowing individuals to donate to our schools too: What they forget to mention is that high need districts can’t afford to pay for schools now and private donors aren’t lining up to help. Charter schools on the other hand, have a network of donors ready and eager to receive the tax benefits of funneling what would otherwise be state revenue to their privately run enterprises. Other states have a far more equitable approach to tuition tax credits, where they are provided to help special education students, impoverished students and the amount of the credit is limited in both amount and to which parents may receive the credit. New York State has done none of those things. Donations are virtually unlimited, tax breaks are generous and there is no benefit whatever to any class of challenged students. Since New York State apparently can’t support one educational system, it certainly shouldn’t be trying to support two. Here too the governor has linked this plan (backed by conservatives) to the Dream Act that would allow the children of undocumented residents to receive state benefits and eligibility for programs (backed by liberals.) Legislative leaders have not surprisingly voiced opposition to the “two for one” deal.
- B. **RAISE THE CHARTER SCHOOL CAP:** Despite having nearly 150 slots still available for charters, New York City is approaching its individual limit. Rather than raise the City’s limit, the governor has proposed raising the overall state limit by 100 schools. This raises the specter of charter schools being proposed in rural areas, where they are not needed from an educational standpoint (as most rural schools already have high graduation rates) and they would drain precious limited financial resources from struggling districts. The governor has also proposed removing the frozen cap on the amount local districts pay per student

for resident children who attend a charter school. Opposition to these proposals is a Rural Schools Association legislative priority.

- C. **MAYORAL CONTROL:** While not immediately applicable to rural school districts, the idea of political officials controlling our schools is troubling. The New York City experiment with mayoral control has resulted in minimal educational gain and a dramatic decrease in public access. Rochester attempted mayoral control, but abandoned the effort when its chief proponent, Mayor Duffy, left office to become Lt. Governor. Our schools must be stable. They can ill afford to be subjected to local political change, where successive mayors might be supportive or not, competent educational administrators or not and programmatic visionaries or not. Mayoral control of public schools is a distraction from the vital work of developing a sound financial structure for all public schools.
- D. **RECEIVERSHIP OF FAILING SCHOOLS:** No one questions the need to address our chronically underperforming schools. Many of them are a disgrace and not worthy of a state with a proud history of educational excellence. We have utterly failed a quarter of a million children from these schools in the last decade. Yet, the governor has taken a simplistic and easy approach to this serious problem. Treat schools like a financially bankrupt business, shuttle the superintendent and locally elected school officials to the corner and allow a receiver to make staffing and curriculum changes at will. The public loses the role of democratically elected representatives for their school. The state skates away without providing needed financial resources or addressing any of the underlying causes of the chronic failure. It gets credit for taking drastic action and ultimately, children attempting to get their education during this turbulent time of takeover, forever lose whatever chance they had at academic success in life. This is a classic case of trying to tackle complex, fundamental societal issues with a sound byte and a superficial nod. After generations of neglect, our failing schools deserve better.
- E. **APPR REFORM:** This plan goes under the “Bad” category because of the state’s abysmal approach to this issue from the outset. Did we really hear our governor just call the law he demanded, the law he threatened to withhold state aid over, “baloney”? Did he expect a different result from a time constrained law that required districts to get a union agreement “or else”? With nonstop turmoil since its inception, did the governor expect any other result than the “everyone is highly effective” process he ordered? With union political power on the wane at present, the governor has suggested we scrap the local scoring segments of APPR in favor of state imposed scoring bands. So much for even the illusion of local control. Sure the numbers tell us that 38% of our kids are college and career ready, while 99% of our teachers are at least effective. Sure the current system is unsupportable, but the governor’s plan to have outside, independent evaluators is unworkable and he proposes no funding to make it a reality. Until we have a legitimate, effective teacher evaluation system, we cannot have the expedited 3020-a process the governor promises. The governor’s leadership in public education is welcome, but there is an old saying that fits here: “You can

change the world, but if you don't know what you're doing, please don't." We applaud the governor for tackling issues that have frightened his predecessors into ignoring them, despite the harm. There are experts in Albany who are ready and eager to help craft a workable, effective system of teacher evaluation. They were left out of the original APPR law, to everyone's detriment. We continue to ignore them at our collective peril.

THE OH SO VERY UGLY

You'd think that a large state aid increase and the promise of reforms formerly thought politically untouchable would be reason for celebration, and it is; but it comes within the context of tremendous concern for both our current circumstances and the potential for harm raised by poor public policy proposals and an unstable relationship between state leaders. Here's what's in play and at stake:

- A. **NEW PLAYERS/SAME OBJECTIVE:** With traditional labor powers backing the losing side in the governor's and state senate races, public education will be subject to increased legislative and gubernatorial involvement. While traditional public education's usual political funding stream (the unions) directed its support to those ultimately unable to make policy, the electoral winners have new donors and new constituencies to address. Charter school backers spent millions on the fall state elections. Private and parochial school supporters were also politically helpful. This has made historically intractable issues ripe for reform, like tenure and teacher discipline. However, it's also made public education susceptible to unwelcomed structural reforms, like private school tax credits and charter school expansion. State leaders will want to position themselves as helpful to those who helped ensure their success. They have also been alerted to the fact that there's more than one way to get elected and more than one constituency that can get them there. The governor was largely unsuccessful upstate. Does that mean he will be more attentive to upstate needs in order to improve his standing or will he believe that he was able to win election without winning upstate and he should thus focus his attention on the downstate electorate? The Republicans in the Senate won back an outright majority; at least for the next two years, when New York State will likely have a favorite daughter running for the presidency, engaging the youth and female voter in a way that was absent from this past election. Those Republicans are anxious to address the needs of their supporters and prove themselves indispensable to an invigorated state economy. They will be eager to support sufficient state aid for schools, but they will also be willing to siphon off funds to those in private, parochial and chartered education.
- B. With the governor and senate in apparent accord, the Assembly is left as the last bastion of defense for labor issues in public education. They too will support increased aid, but they would also normally be expected to oppose the governor's structural reforms; both good and bad. With their time honored negotiator distracted by federal corruption charges, concern is assured and lack

of organization is likely. Today, Speaker Silver announced a power sharing agreement that will allow others to handle typical budget and legislative duties, for now. Whether the speaker ultimately resigns or abdicates his position remains to be seen. Top Assembly staff responsible for budgeting are as loyal as possible to the speaker, but rank and file members are likely to juggle loyalty with a need to at least temporarily fill a practical leadership vacuum. Eventually, they'll be jockeying for position either personally or in relation to an heir apparent. It's doubtful the Assembly will be at full strength when faced with the governor's 'take it or leave it' approach. In the past, at critical times, the two houses of the legislature have banded together in the name of legislative purview. Whether they are motivated to do so, or even capable of doing so this year will decide whether our rural school districts are subjected to unwanted or long awaited change.

WHAT'S MISSING

1. **Guidance on last year's proposal to pay the local taxpayer's cost increases for school districts that create a regional plan to reduce spending by 1%.** If this unworkable plan has actually been jettisoned as the election year palaver it was, fine. If there is an expectation that school districts will fail to follow through because they have been given no idea of how to succeed as a practical matter, then shame on those leaders who will no doubt claim that failure of taxpayers to receive the benefit is the result of an inability on the part of already tax capped schools.
2. **A plan to provide the required electronic voting machines to school districts.** After years of lobbying for extensions, last year the state was required to produce a plan to get the new machines into our schools. They are late in doing so and no funding is included in the Executive Budget proposal. If they require schools to fund this purchase, any benefit of a large school aid increase will be blunted by the need to spend upwards of \$100 million on largely unneeded technology.
3. **A permanent moratorium on the recalibration of Building Aid.** Back a couple of years, the state was supposed to lower the interest rate it pays on Building Aid claims, due to lower market rates paid by schools. Districts were supposed to refinance their debt in response, but many districts don't have the resources to undertake a new bonding approach. Advocates have been successful in obtaining a temporary moratorium. Neither a permanent nor a temporary solution were included in the Executive Budget and failure to act will result in unanticipated local costs.
4. **Neither a plan to permanently eliminate the GEA nor a new Foundation Aid formula.** Both are long overdue and fundamental to the ultimate success or rural educational efforts. A new Foundation Aid formula is likely to get lost in the argument over the amount of this year's aid package and its tethering to reforms demanded by the governor. Governor Cuomo wouldn't even provide the legislature with state aid runs. They not only don't know the amount he will

approve, they don't know how he'd allocate it. This jeopardizes their traditional "shares" agreement in aid distribution and makes the real work of creating an equitable formula next to impossible.

5. **State relief of high cost mandates.** Remember when the tax cap was supposed to come with mandate relief? We got Tier VI, which will someday be helpful, but that's where it stopped. 3020-a and tenure reform would certainly be helpful, but not as helpful as the state taking over the cost of employee pensions. There is no illusion of local control with this issue. Public education is a state constitutional responsibility and all school employees are in one state pension system or the other. There is no flexibility in the amount of the local district contribution to the employee retirement systems. It's past time for the state to help local taxpayers by picking up the tab for things they have no control over. They're state retirement systems and the state, not local communities should be paying for them. It's not unheard of. Remember when the state made counties pay the full shot for Medicaid? Now that's been capped and the state has been picking up all increases for the past several years. In most states, local taxpayers pay one third of the cost of public education, with the state picking up the other two thirds. In New York State it's just the opposite. The state only pays one third, but as the minority shareholder, it still wants to make the decisions. With the utmost respect, after years of ignoring its promise, the phrase "put up or shut up" comes to mind.

Look for your Rural Schools Association testimony to the Joint Legislative Budget Committee, scheduled for February 3rd. This hearing is usually aired on public cable television stations. If you miss it or can't receive it, we will also send out electronic copies of the testimony submitted by RSA.

Remember: We're here when you need us! Give us a call in Albany at 518-250-5710 or at Cornell at 607-255-8709. Our moves into new office space at both locations are complete and we are on to website redesign to better serve you!

When you've had the chance to evaluate the impact of the Executive Budget on your district, call you legislators to help your association put facts behind the theories.

Call your Senator at 518-455-2800

Call your Member of Assembly at 518-455-4100.

BE AT THE TABLE OR ON THE MENU!