

**Testimony Before the
Joint Legislative Budget Hearing
Elementary and Secondary Education
February 3, 2015
Hearing Room B
Legislative Office Building
Albany, New York**

**2015 EXECUTIVE BUDGET PROPOSAL
THE IMPACT ON OUR RURAL SCHOOLS**

Honored Chairs and Members of the Joint Committee: The economic vitality of our rural communities is essential to New York State's future. Our rural schools form the foundation of community life in rural areas and their success determines whether our rural communities will prosper or decline. Simply put, our rural schools are critically important to New York State and 2015 is critically important to our rural schools. Here's what they need to thrive:

1. **Eliminate the GEA:** Structural state surplus? One time multi-billion dollar financial windfall? There is no further justification for an unconstitutional and destructive deficit reduction mechanism.
2. **No diversion of essential funding to private, parochial or charter schools.** If the state can't fund its educational system, it certainly can't afford to fund others.
3. **Allow new charters only where educational performance demands them.** In rural areas where academic performance is high but siphoning off state funds would be disastrous, we know that new charters must be authorized only in chronically low performing school districts.
4. **Raise the cap on BOCES teacher reimbursement.** You haven't raised it since the 90s and districts need the shared services of BOCES more than ever.
5. **Authorize a TRS reserve fund.** The state has one, local governments have one, non-instructional school employees have one. Failure to have a reserve fund to offset spikes in TRS contributions makes staying under the tax cap difficult and threatens vital programs and services. We can protect taxpayers from the next recession with this financial tool.
6. **Make school employee health insurance realistic.** Local taxpayers are paying school health insurance costs that they can't afford to provide their own families. Schools are

cutting educational programs and staff to afford it. Other states have capped school district health care costs. New York State needs to do it as well.

BENEFICIAL EXECUTIVE BUDGET PROPOSALS

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

1. **STATE AID:** Typically, Governor Cuomo proposes an increase under his Personal Income Growth 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 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, saving programs.
 - 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. Ultimately, tenure should be a five year renewable contract between educator and school district.

HARMFUL

EXECUTIVE BUDGET PROPOSALS

Our rural schools have waited a long, long time for the chance to make common sense changes. 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:** Opposition to tuition tax credits for donations to private or parochial schools is a Rural Schools Association legislative priority. 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 be benefitted by allowing individuals to donate to public 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.) These are important issues that must be examined individually and not linked together for the sake of political expediency.
- 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 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 at least temporarily 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 false 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:** 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 use the expedited 3020-a process the governor promises. We applaud the governor for tackling issues that have frightened his predecessors into ignoring them, despite the harm caused to public education. There are education experts 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.

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 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 to reduce the tax levy even further.
2. **A plan to provide 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 didn't (and don't) have the resources to undertake a new bonding effort. 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. **Plans to permanently eliminate the GEA or a new Foundation Aid formula.** Both are long overdue and fundamental to the ultimate success of rural educational efforts. A new Foundation Aid formula cannot be 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. School districts not only don't know the amount he will approve, they don't know how he'd allocate it. This jeopardizes negotiations regarding aid distribution and makes the real work of creating an equitable formula next to impossible. Our rural schools implore you to focus on what is important and not what has been presented as immediate.
5. **State relief of high cost mandates.** Remember when the tax cap was supposed to come with mandate relief? Schools benefitted from Tier VI, which will someday be helpful, but that's where it stopped. 3020-A and tenure reform would certainly be helpful and we strongly encourage your acceptance of these measures. However, more helpful would be 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. 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. With the utmost respect, after years of ignoring its promise to link the tax cap to mandate relief, our rural schools encourage major cost shifts from local taxpayers to the much broader state tax base.

Respectfully submitted,

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The Rural Schools Association of New York State is a statewide organization representing the interests of, initiating research for and providing services and information to the small and rural school districts of New York State.

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