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RSA NEWS

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NEW YEAR CALLS FOR NEW FOCUS

The upcoming legislative session holds great promise for our rural schools. For starters, the steadily improving state economy should allow the state to finally rid us of the Gap Elimination Adjustment. After all, it's tough to justify a deficit reduction mechanism when you have both a state structural surplus and a multi-billion dollar windfall (from banking fines.) Passage of the Smart Schools Bond Act would focus much needed attention on the broadband connections needed for modern instructional programs in our rural schools and in the homes of our students. Add to that the thin majority in the state senate and politics should dictate a need to financially support our schools. One would hope that the state's call to reduce the tax levy of schools by 1% would come with the legal flexibility to do so. Our rural schools have suffered tremendous financial stress, but the expectation is that 2015 should provide the third year of major state aid increases. All good, right? As ESPN's Lee Corso would say, "not so fast, my friend!"

It's true that we have had two consecutive years of sizable aid increases, but historically state aid increases are minimized in the year after a gubernatorial election. The theory goes that governors find it easiest to scale back state aid the further they are from their next election, in the hope that they can provide increases later and erase the memory of insufficient state help in the first year. That obviously would be a problem for rural schools that have a smaller local tax base to carry them through any more years of decreased state aid. This is the first year that our schools have surpassed 2008-09 state aid levels. The Education Conference Board points out that for our high school seniors, this is the most funding they've had since the sixth grade. Whether the state reacts to its improving finances with increased aid to rural schools or whether they attempt to redirect their surplus to other areas will either sustain or crush our schools' attempts to recover from the recession.

New York State has attempted to accomplish a major educational reform during the worst economic conditions in most of our lifetimes. It had the resources to do its part, having received significant resources from the federal Race to the Top program. The state's glaring omission, sadly, was the simple truth that local districts didn't have the resources to help implement their plan. No funding for professional development, no funding for testing, no funding to even maintain their staffing levels. The reforms took on the image of a death march, where the state attempted to go further and further, while districts were financially forced to drop more and more staff by the wayside. Two years of increases have provided triage to the effort, but there is little question that 2015 is a turning point. Will we solidify new approaches and programs, will we retain the staff needed to succeed or will politics and the pressure to decrease the tax levy by 1% thwart our best efforts?

WHAT WE NEED

As you read this, the governor's staff is preparing the 2015 Executive Budget. The Regents are finalizing their state aid proposal to the governor and legislature. Make no mistake, my friends. While state leaders will focus public attention on finally eliminating the GEA, the real issue is what the funding formula will look like once the GEA is gone. Will it return to the outdated and over politicized version that has been manipulated for a generation, or will the final elimination of the GEA provide the opportunity to start anew and set things right? **Here's what our rural schools need:** A foundation aid formula that is accurate-no more, no less. Equity and adequacy, transparency and simplicity would be nice, but let's start with accuracy. Accuracy would eliminate the artificial funding floor that prevents the state from recognizing just how impoverished many of our schools are. Accuracy would adjust for the loss of tax base caused by the Great Recession and accuracy would compensate for the wide gulf between our wealthiest and poorest districts. While former versions of the state aid formula have been overly complicated, the version implemented after the court ordered settlement of the Campaign for Fiscal Equity lawsuit was workable. It's a good starting point. While our leaders are fond of pointing to our state's total spending per student, they omit the fact that two thirds of that amount is provided by local taxpayers, not the state. To make matters worse, while we are at the top of total spending, we're mired at the bottom of distributing that amount equitably. In other words, our wealthy schools get a lot, while our high need schools languish in poverty, largely without state help.

NOW IS OUR TIME TO ACT

Let's get down to brass tacks. Our schools need a state aid increase of \$1.2 billion just to continue providing current programs and services. That amount will pay for the increases in salary, health insurance, retirement contributions and the rest. If we want to provide additional programs and services, we'll need even more. Then, if we want to eliminate the GEA once and for all, we need almost a billion more than that. It sounds insurmountable, but the state has the resources. Our job is to give them the will. FDR once famously said "You've convinced me, now go out and make me." In other words, there's a big difference between being financially able to help and winning the annual competition between equally deserving state obligations. Health care, seniors, road and bridges, returning veterans, high state debt and taxes, as well as the need for economic growth all cry out for the attention of our leaders. Knowing that our state's ultimate success rests on the achievement of our students, our job is to ensure that the needs of our children rise above the rest.

I have always recognized that my requests for folks to engage in state and federal advocacy for our schools asks for you to do so after attending to family, jobs and communities. I get it. It's not easy to focus on the often discouraging and complicated world of Albany and Washington, particularly after a hard day. But the sad truth is that the well-being of your family, your job and your rural community largely hinge on our ability to get our leaders to recognize the importance of rural education. We are the "forgotten demographic" and that has to change. If you've ever received an email from me, you've seen my motto at the bottom: "To bend once more the hearts of our leaders to the minds of our children." Your Rural Schools Association has entrusted that effort to me and refocused its mission to include the education of our leaders regarding the needs of our rural schools. It will be a difficult undertaking, but one that is crucial to the future of our students and ultimately, our state. I will need you to be a part of that effort. I can provide theories to our leaders, but only you can provide them facts. Only you can make them care, because they not responsible for all communities and all schools; they are responsible for your community and your school. I hope that together we can impress on them both the benefits and their obligation of supporting our schools.

WHAT CAN I DO?

It's simple. Call your legislators. Tell them that this is the year to fix the funding problem for your school district. The state has the money and it's short several billion dollars on its legal obligation to fund public education. It's time to fix and fund the formula.

TO CALL YOUR MEMBER OF ASSEMBLY: (518) 455-4100

TO CALL YOUR SENATOR: (518) 455-2800

**JUST ASK FOR THEM BY NAME AND
YOU'LL BE CONNECTED TO THEIR OFFICE.**

Your elected officials can't govern effectively without accurate information on the impact of their decisions. Making sure they have it is our job. Let's hold up our part of the bargain and expect them to do the same!



Tom Marzeski, Nicholas Savin presenting Senator James Seward RSA Appreciation Award

Appreciation Award Presented to Senator James Seward

RSA Interim Executive Director Thomas Marzeski and RSA Board member Nicholas Savin, District Superintendent of ONC BOCES, recently traveled to Oneonta, New York to present Senator James Seward with an Appreciation Award from the Rural Schools Association of New York State. The award plaque referenced Senator Seward’s efforts on behalf of rural school districts over his twenty plus year tenure in the Senate. Each year during the annual RSA Conference three separate awards are presented to individuals selected through a nomination and selection process conducted by the Awards Committee, chaired by RSA Board member Jim Loomis. Senator Seward was unable to attend the conference this past July due to a prior commitment and expressed his appreciation to the Rural Schools Association for recognizing him in this manner.

Other RSA Priorities

Why Local Property Taxes Continue to Go Up While Rural Educational Programs are Being Compromised

The Annual Budget Game

From January through April school districts focus intensely upon Albany’s annual deliberation over the state budget. At times it seems like New York’s budget process amounts to an argument over how a small amount of frosting (this year’s new funding) will be spread over a cake that is lumpy, uneven and lopsided. Too often, within their political caucuses, our state’s leaders put the interests of their region—or the type of districts they represent—ahead of their obligation to assure every child in the state is provided a sound basic education. Ultimately, the outcome of our budget deliberation process is predictable; our state leaders return to their districts proclaiming to have “brought home the bacon.” During the recent campaign cycle we heard each political party blame the other for failing to provide sufficient state aid, with the same result; **No fundamental change to an inequitable formula.**

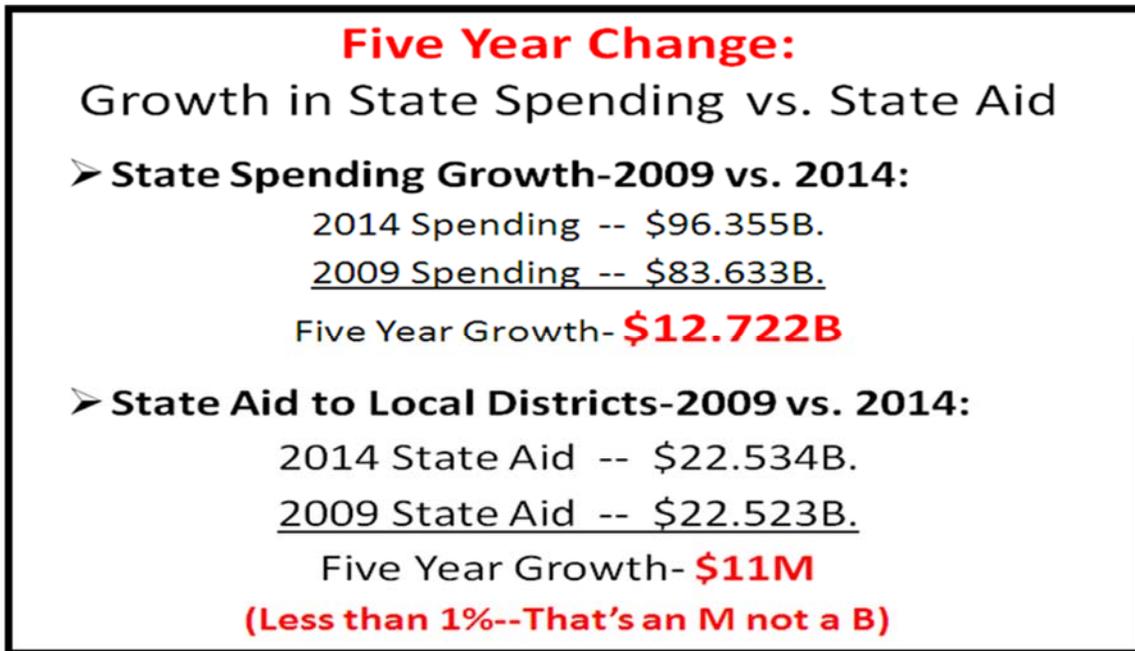
Looking Back—To Arrive at the Ugly Truth

Because the fiscal year utilized by NY State does not align with the fiscal year local school districts operate under it can be tricky evaluating the impact that adoption of a new state budget will have upon your community. Every year, NY’s Comptroller prepares a document titled, *State of New York Financial Condition Report*. The report looks back at the state’s finances for the fiscal year completed as of the previous March 31st. We remind readers, budgets are projected spending plans, estimating state revenues and expenditures for an upcoming year—while the Comptroller’s report details actual revenues and expenditures made over the most recently completed fiscal year. In essence, the Comptroller’s *Financial Condition Report* should be considered analogous to your local school district’s Annual Financial Audit.

Based upon data provided in the Comptroller’s *Financial Condition Report* we developed **Chart 1** to compare Five Year Growth in State Spending versus State Aid distributed by New York to local school districts. **Chart 1** notes NY State, which relies on a mix of the income tax, sales tax, business taxes and fees saw revenue grow by a healthy \$12.72B. even during the difficult time period when we climbed out of our nation’s recession. Despite a healthy rebound in state revenues over the past five years **Chart 1** also points out that less than 1% (or only \$11M) of that \$12.7B in additional state revenue has been distributed to school districts as State Aid. For Comparative purposes we note that the spending of **Executive Agencies** grew by \$67M. over the same five year period, or, by six times the amount of increased State support provided NY’s 674 school districts!

Chart 1—Five Year Changes In State Spending Growth Vs Growth in State Aid to Local Districts

Source: State of New York Financial Condition Reports for 2009 and 2014



The Impact of Level State Aid

The last five budget cycles have required most School Boards to make agonizing decisions over what program, or instructional position to cut next. Two thirds of RSA member districts will be provided less State Aid in 2014-2015 than they received in 2008-09. When regressive Gap Elimination Adjustments hit school districts at the start of a national recession most school district leaders accepted them as appropriate given the state's financial challenges. While GEA's were originally imposed assist New York in addressing it's structural budget gap they have been continued even as we are told by state leaders that a "surplus" has been created through their prudent spending. Nothing could be further from the truth! While the state has pulled back \$9.5B in GEA's—school districts have been required to absorb questionable new mandates imposed from Albany. The costs of converting to a newly mandated Common Core Curriculum; administering, scoring, and reporting data for a large number of new tests; the costs of negotiating new APPR regimes for teachers and administrators (and retraining administrators to implement those schemes) have all been pushed onto local tax payers. In addition, school districts have absorbed increased contributions to retirement funds that are mandated by the state and for which the state sets annual rates.

While NY State has raised standards to the point all students are now expected to graduate "college and career ready" (thus driving costs higher), for local districts we have seen almost \$13B in new state revenues generated from taxes and fees. Over the same time period local school districts have been forced to raise local taxes and still cut programs because the state's leaders chose to direct less than one percent of that additional \$13B to support the state's constitutional responsibility to provide New York's children a "Sound Basic Education."

New York is not broke! Over a five year span it has generated almost \$13B in new revenue!. Our state leaders have simply had other priorities. Those other priorities are the reason local property taxes pose such a threat to our rural school districts.

Let's make education a true priority again. That day will come when local community members make clear to their state representatives that we will not accept the burden of the State's Constitutional obligation being shifted back onto local tax payers! We need to be equally clear with state leaders that communities expect funding to restore programs over the next budget cycle!

New York Students' Rights Get a Day in Court An Update from the NYSER Coalition Leaders

Over the past few years, the Campaign for Educational Equity's independent research findings and policy proposals have been reviewed and utilized by parent and youth activists, educators, advocacy groups, lawyers, legislators, and others throughout New York State and far beyond. These groups have used our information to advance the cause of educational equity for all children in a variety of ways, including in the courts.

One of the organizations that has made extensive use of our work is New Yorkers for Students' Educational Rights, which this past February sued the State of New York on behalf of students who have been denied an adequate education by the state.

On Wednesday, October 22, 2014, Justice Manuel J. Mendez of the New York State Supreme Court heard oral arguments regarding the state's motion to dismiss in *New Yorkers for Students' Educational Rights (NYSER) v. the State of New York*. This case is a follow-up to the landmark decision, *Campaign for Fiscal Equity (CFE) v. the State of New York*, in which the state's highest court, the Court of Appeals, ruled that students in New York City were being denied their constitutional right to the opportunity for a "sound basic education." That constitutional right applies, of course, to all students in the State of New York.

In order to comply with the court's order, the state legislature in 2007 reformed the system for funding public education and committed the state to increasing funding by \$5 billion for New York City's schools and \$4 billion for the rest of the state, to be phased in over a four-year period. Although the state met its obligations for the first two years, once the recession took effect in 2009, the state first froze further increases and then drastically cut state aid for education. Despite incremental increases in school funding over the past few years, the state is still over \$5 billion short of providing the amounts that the legislature itself determined to be necessary to provide all students at least a sound basic education.

Last spring, after a coalition of statewide and citywide organizations and about a dozen individual parents filed the *NYSER* complaint, the state filed a "motion to dismiss." In it they argued, among other things, that *NYSER* and the individual plaintiffs lack standing to bring this statewide suit, and that because New York State spends more money on education than any other state, it is meeting its constitutional obligations. The plaintiffs filed a reply brief that argued that their standing is clear, since *NYSER* and the individual parents, have the same status as did *CFE* and individual plaintiffs in that landmark case, that amounts spent in other states are irrelevant to constitutional issues in New York State, and that, since the state is not funding its own formula and has not undertaken a new cost study in the past 10 years, it clearly is not complying with the courts' orders in *CFE*. Moreover, they claim, the state is not even in a position to assert that it is in constitutional compliance, since it has undertaken no surveys or school visits to assess the educational impact of the deep cuts they made during the recession and what services students in New York City and other parts of the state are currently receiving. (Copies of all of the papers filed in the *NYSER* litigation are available at www.nyser.org. The plaintiff attorneys are Michael A. Rebell and a four-person team from Bingham McCutchen LLP.) All of these issues were argued in detail at the recent court hearing.

Your Rural Schools Association is a supporting plaintiff in this landmark lawsuit. Please stay tuned for more updates about the *NYSER* case, related cases ongoing in New York, as well the other individuals and organizations working with RSA to fight for students, parents and communities.

The Rural Schools Association of New York State represents nearly half of all school districts in the state. Each of the students in those districts has the constitutional right to a sound basic education. RSA is committed to the equitable funding necessary to uphold that sacred obligation.



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Voters in Both Canton and Potsdam Reject Proposed Consolidation



Canton CSD High School

forward with the plan with 680 voters registering support for consolidation, and 1,404 voters rejecting moving forward to a final public vote. Similarly, voter in Potsdam voted 1,279 to 558 against continued deliberation and advancing to a final, binding vote on the proposed merger. Based upon unofficial records kept by the Rural Schools Association of New York State the rejection of the proposed Canton/Potsdam consolidation represents the twenty-fourth failure of the last twenty-six proposed consolidations.

North Country voters in two RSA member school districts rejected a proposed merger plan by almost two to one margins. Voters in both Canton and Potsdam turned out in numbers much higher than those voting in a typical May budget vote to express their views on consolidation. In Canton, voters rejected moving



Potsdam CSD

Voters in these two communities rejected the proposed merger despite a recent history of program and staff cuts and amid projections of continued financial hardships for the districts. Newspaper and other media reports indicated voters seemed to reject the merger based upon several issues, including increased transportation time; more limited opportunity for students to be involved in extra-curricular activities and a sense that each school district is a vital component of their community. Late in the merger study process some concern was expressed that the districts might not gain all of the merger incentive aid promised under current NY State Law.

Both of these districts face continued financial challenges as they look to develop their 2014-15 Annual Budgets. The consultants report on the proposed merger noted Canton faced the prospect of depletion of the districts' fund balance during the upcoming school year. Both districts blame the state's continuing to impose Gap Elimination Adjustments, along with inequity in New York's allocation of school aid to local school districts, as significant contributors to their financial challenges.