



Campaign for Fiscal Equity, Inc.

Alliance for Quality Education Campaign for Fiscal Equity

Testimony to the Joint Senate Finance Committees and Assembly Ways and Means

Nikki Jones, AQE Communications Director

Good day. My name is Nikki Jones. I am the Communications Director of the Alliance for Quality Education. I am here with Zakiyah Ansari, parent and activist. Zakiyah and I are presenting testimony on behalf of the Alliance for Quality Education (AQE) and the Campaign for Fiscal Equity (CFE). We would like to thank Chairmen DeFrancisco and Farrell for the opportunity to speak. The Alliance for Quality Education is a statewide organization that represents parents, students, teachers, and interested community members. The Campaign for Fiscal Equity led the legal fight that brought equity and adequacy to all schools across the state through the education reforms of 2007 and works to ensure that New York's public school students receive their constitutional right to a sound basic education as determined by the court and the legislature and governor in the state's historic agreement. **We are here with one clear message from the parents, students, community members and teachers we represent: Our schoolchildren are the future of our state and they should be our highest priority. Our ask is simple. . Before we cut a penny from our student's classrooms I will insist that we renew the Personal Income Tax surcharge on the wealthiest 3% of New Yorkers and close corporate loopholes. Our students need college and careers, NOT more cuts.**

Just four years ago in 2007, the State settled the Campaign for Fiscal Equity for all our schoolchildren. For the first time, students in high needs districts were prioritized. With the CFE reforms and funding, students in high need schools began to make progress. The equity and achievement gap slowly began to close. The graph (Figure 1) below shows that the resources and reforms enacted in 2007 helped those students who were traditionally behind to catch up.

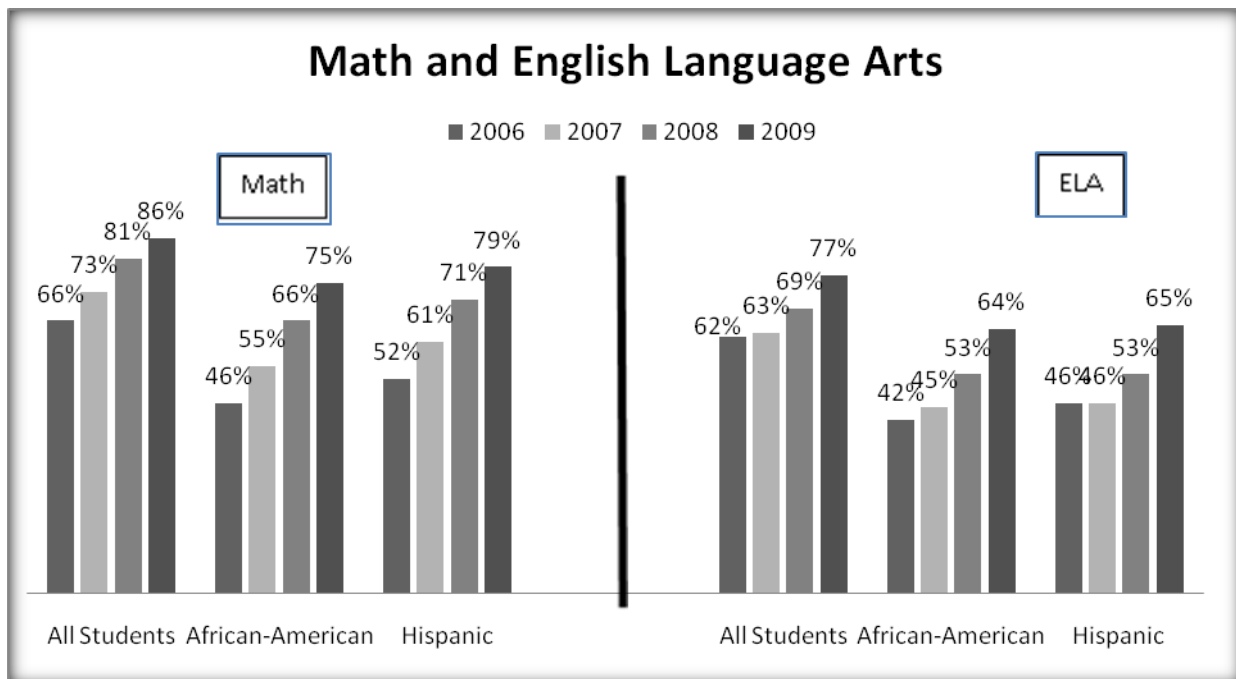


Figure 1 Source NYSED Math and ELA results 2009

Last year, \$1.4 billion was cut from school aid in the attempt to close the budget deficit. The \$1.4 billion cut to school aid had enormous consequences. For example, art and music programs were cut in the Albany City School District, after school programs were cut at Brentwood High School on Long Island, sports were cut in Central Islip on Long Island, and New York City increased class sizes and overcrowding. Worse still, over 10,000 educator positions lost. Ultimately, students were deprived of personnel, programs and services that are necessary for academic achievement.

Perhaps the most important consequence of these cuts is the inequity they perpetuate. AQE and CFE have repeatedly documented the inequality in resources between the lowest performing schools of the state and the most affluent schools. Most recently, AQE released a report less than a month ago titled *Unequal Opportunity = Unequal Results*. You have a copy attached to this testimony.

Here are some of the highlights:

Almost half a million students are in the 532 schools that are on the state's *Schools in Need of Improvement (SINI)* list. These schools spend \$37,000 less per classroom than do their more affluent counterparts. These schools also have higher needs students, with 68% of the students in poverty and where 69% are African American and Hispanic. By contrast, low need schools have only 6% of students in poverty and less than 10% are African American or Hispanic.

CFE was a promise to our schoolchildren that no matter where they go to school, their right to a sound basic education will be ensured. The foundation aid formula that was created in response to the court order was based on need. This year's executive budget proposes the highest dollar cut to schools in New York history at \$1.5 billion. This comes on top of last year's of \$1.4 billion. The proposed cuts gut CFE, break the promise and move the state away from the path of equity, adequacy and excellence. Last year, the cut wiped out the first

year of the CFE investment. The proposed budget cuts would take back the second and last installment of the delayed CFE phased-in increase received back in 2008-09.

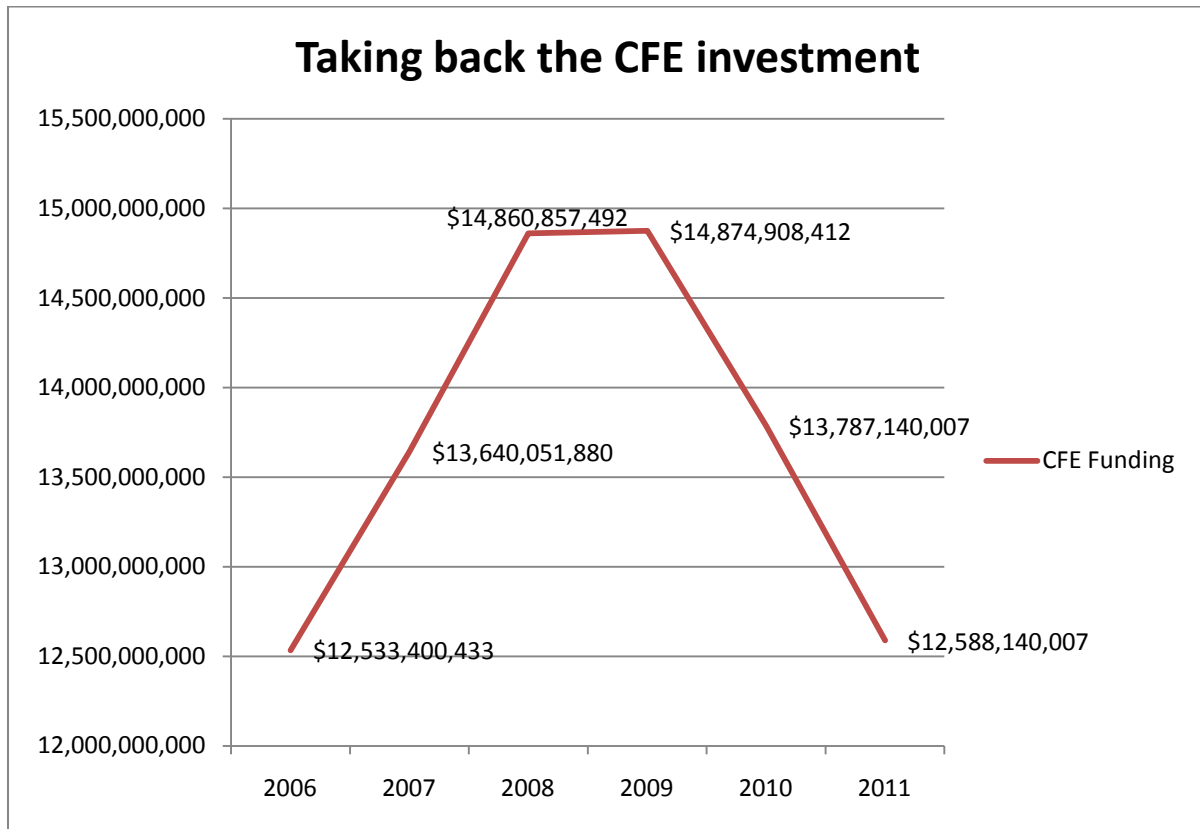


Figure 2 Source of Data: NYSED Calculations by AQE

The Governor’s Budget presentation states that there is unsustainable spending growth in education funding which is based on “out of control formulas.” The presentation states that there is a 13.1% increase. It also states that this growth is based on the “special interest protection programs.” We need to take a careful look at what he means by “out of control formulas” and the “special interest protection programs.” The foundation aid formula, which is in permanent law, is the formula based on need that was created as a result of the statewide settlement of CFE that drives approximately 70% of school aid to the neediest schools and students. If permanent law were allowed to proceed, 2010-11 school aid would have been \$20.67 billion. The "Permanent law" growth slated for 2011-12 includes \$1.2 billion to restart the phase in of the CFE commitment after two years that included a freeze and the \$1.4 billion cut. It also includes restoration of this \$1.4 billion cut to the 2008-09 freeze level, since Governor’s Paterson’s cut was set in law to expire after one year.

This cut totals to about \$2.6 billion or 12.6% of the \$20.67 billion of school aid. Thus, far from the out of control formulas and special interests, these “increases” amount to the CFE promise and a restoration the 2008-09 freeze level. Consequently, the proposed new cut is made up of breaking the CFE promise for this year and compounding the deep cut below the CFE freeze from last year. It is unclear how this is a “sham” of built-in increases. The Budget Briefing Book does not clarify this; instead, it makes some confusing claims. On

the one hand the budget claims to maintain foundation aid funding while, on the other hand, the Gap Elimination Adjustment (GEA) which controls the bottom line, cuts foundation aid by over \$1.2 billion.

The Budget Briefing Book explains the method for making the cut. The GEA is applied to all formula aids except for Universal Pre-K and Building Aid. Looking at the school aid runs, we find that total foundation aid for 2010-11 was \$14.9 billion out of \$20.67 billion in total school aid. However, if we exclude Building Aid (\$2.49 billion) and UPK (\$393 million) then remaining total school aid was \$18.721 billion. Foundation aid was therefore 79% of the funding to which the GEA is applied. For 2011-12, you use the same approach in applying the GEA. Therefore, in the proposed budget, 79% or \$1.185 billion of the \$1.5 billion year to year cut is actually a cut to foundation aid, the school aid that prioritizes the neediest districts and is specifically targeted to serve the neediest students who are disproportionately poor, English Language Learners and/or have special needs. This cut comes at a time when school standards are being raised and the pressure to achieve falls the hardest on these students and their schools. As the Governor has eloquently put it, "... the inequity in education is the civil rights issues of our time. There are two education systems in this state. Not public private. One for the rich and one for the poor and they are both public."

The proposed cuts translate to big losses in each school district. A first look at the executive school aid runs indicates that NYC will lose more than half a billion dollars, the Big 4 will lose more than \$50 million, and that high needs districts will lose more than \$138 million. We are raising standards while we take resources away. This hardly seems like the way to restore New York's pride and bring our economy back to the top where it belongs. Our ask is simple, protect our schoolchildren, don't balance the budget on their backpacks. New Yorkers want their children's education protected as the Siena poll released yesterday illustrates¹.

Furthermore, we ask that you provide \$3 million to build on the success of the first year field test of QualitystarsNY (QSNY). QSNY creates a star rating system similar to those for hotels and restaurants that indicates the relative quality of services offered, from one to five stars. Programs in all settings—child care centers, private homes, nursery schools, Head Start and Pre-K—are eligible to participate. The state has wisely invested ARRA funding and leveraged private funding to field test the program at 200 locations in 13 communities across the state.

This year's funding request protects and leverages the investment already made in the field tests and helps the state take the next steps in implementing QSNY. New York State is long overdue in targeting its early childhood investments to ensure the optimal outcomes for children. Thirty other states already have such a system underway. QSNY New York State's quality rating and improvement system, aimed at supporting the most effective and efficient use of public dollars to improve outcomes for children. It also provides families with the information they need to make the best possible choices for their children.

A modest investment of \$3 million in FY2011-2012 will allow QSNY to more than double participation—reaching close to 500 programs and providers and building on the success in the 13 community field test sites.

¹ <http://www.capitaltonight.com/2011/02/siena-cuomo-hits-all-time-high-even-as-nyers-digest-painful-budget/>

Federal benchmarks for states' QRIS are forthcoming. An investment from New York State will ensure that the state will be eligible for federal funding and will leverage private philanthropy to support QSNY.

Meanwhile, the Executive Budget does not include an extension of the Personal Income Tax (PIT). The message we are giving our schoolchildren is that protecting millionaires is more important than protecting their education. If the PIT sunsets on December 31, 2011, the wealthiest 3% of New Yorkers will receive a \$1 billion tax cut, and the state will lose over \$5 billion in annual revenue. Without the revenue the PIT has generated, the state will face a bigger deficit. The Siena poll² found that New Yorkers support extending the PIT by 2 to 1 margin. New Yorkers know that it is good for our state to extend the PIT and expect you to listen to them.

In addition, we also propose a set of cost saving options that can generate approximately \$6 billion. Our menu of recommendations includes administrative consolidation and bulk purchasing in school districts and local governments, aggressive energy conservation, self-insurance of prescription drugs for public employees, systematic review of state tax credits and elimination of wasteful subsidies which would generate \$1.5 billion. It is unfathomable that NYS gives a \$185 million tax break to sellers of precious metal bullion and coins, while considering cutting \$1.5 billion from our schools. Moreover, closing empty or near empty prisons and making smart use of work-release programs for non-violent offenders could generate over \$250 million. Lastly, closing corporate tax loopholes would generate over \$1 billion.

The aforementioned recommendations will bring much needed revenue to the state and ensure that the State prioritizes schoolchildren who represent our future. It cannot be said too often--before we take a penny out of classrooms, we must ensure that millionaires pay their fair share and that other sources of revenue are found.

² <http://www.capitaltonight.com/2011/02/siena-cuomo-hits-all-time-high-even-as-nyers-digest-painful-budget/>