

**The State of Our Schools (Part II):
The Combined Effect of the 2001-02
"Bare Bones" Budget and the
Proposed 2002-03 State Aid "Freeze"**

Public Policy and Education Fund

April 17, 2002

The State of Our Schools (Part II): The Combined Effect of the 2001-02 "Bare Bones" Budget and the Proposed 2002-03 State Aid "Freeze" is the second in a series of reports analyzing the impact of state policy decisions on school districts and school children across the State of New York. This report analyzes the combined effect of last year's "bare bones" budget and this year's Executive Budget on the budgets of school districts statewide.

This report represents a revised and updated version of the report, ***The State of Our Schools: The Effect of the "Bare Bones" Budget on New York School Districts***, that the Public Policy and Education Fund issued in January 2002. That earlier report was prepared by the Public Policy and Education Fund based on a series of data analyses and tables prepared by Trudi Renwick of Fiscal Policy Institute. The updated tables and analyses presented in this report were also prepared by Dr. Renwick.

The Public Policy and Education Fund (PPEF) is a member of the Alliance for Quality Education ("AQE"), a two-year old coalition of over 200 hundred organizations dedicated to a quality education for all public school children, that collectively have hundreds of thousands of members throughout the State. AQE seeks to ensure that all students, pre-kindergarten through grade 12, receive a quality education.

To order more copies of this report or for more information, please contact AQE or PPEF as follows:

Alliance for Quality Education
23 Elk Street
Albany, NY 12207
(518) 432-5315
(518) 432-9498 (fax)
info@aqeny.org
www.allianceforqualityeducation.org

Public Policy and Education Fund
94 Central Avenue
Albany, NY 12206
(518) 465-4600 (ext. 104)
(518) 465-2890 (fax)
www.ppefny.org

A copy of this report also appears on the Alliance for Quality Education and PPEF web pages.

INTRODUCTION

Governor Pataki's January 2002 Executive Budget proposed a virtual freeze in state aid to education. If the Governor's budget were adopted as proposed, school aid for the 2002-03 school year would be \$14,192 million - - up only \$6 million, or four one-hundredths of one percent, over the 2001-02 "bare bones" budget level. And, as the business-supported Citizens Budget Commission has pointed out, when one adjusts for inflation, the Governor is actually proposing a \$284 million reduction in state aid to education¹.

As State Legislators complete their work on the 2002-03 state budget, they have the opportunity to provide essential increases to the budget for school aid. Without such increases, school districts will face the second straight year of funding deficiencies. The ability of public schools to provide a sound basic education to our young people will be further jeopardized. Even Governor Pataki has recently acknowledged that New York schools need an aid increase. Despite the school aid "freeze" that he proposed in January, the Associated Press reported that on Wednesday, April 10, the Governor said that state aid to education should be increased beyond the amount proposed in his Executive Budget.

The crisis facing New York State's schools is not merely the result of September 11th or of the slowing state economy. Rather, it is the result of a process that for years treated education as a political football in which the needs of our children took a back seat to political trade-offs. While it is true that prior to last year's "bare bones" budget, state aid to education, adjusted for inflation, rose at an annual rate of approximately 2.6% for the last 9 years,² this has not made up for the years of neglect which crippled schools from New York City to Buffalo to the North Country **and** this in no way justifies this year's proposed "freeze" in state aid to education. In fact, eight months before the adoption of the "bare bones" budget, in the landmark *Campaign for Fiscal Equity (CFE)* decision, State Supreme Court Justice Leland DeGrasse found education underfunding to be so egregious as to constitute a violation of the state constitution.³

¹ The Citizens Budget Commission publication: *Achieving A Better Balance: Recommendations for the New York State Budget for Fiscal Year 2003 No Significant Improvement In Flawed School Aid.*

² Fiscal Policy Institute calculation from New York State Division of the Budget Education Unit "Summary of Aids Financed Through General Support for Public Schools

³ On January 10, 2001, Judge Leland DeGrasse shook up the education world in New York State by ruling that the state's system of financing education was illegal. Judge DeGrasse ordered the State Legislature to restructure the state education financing system by September 15th by, among other things, providing additional funding to needy school districts. The

METHODOLOGY AND FINDINGS

The report compares the amount of formula-based or computerized aid plus growth aid⁴ for school districts proposed for the school year 2002-03 to the 2000-01 for 678 school districts⁵, using data from the State Education Department's "school aid runs" released in March 2002. The school aid amounts for school year 2000-01 are expressed in constant dollars, adjusted for inflation using the 3.4% and 2.8% changes in the Consumer Price Index calculated as specified under state law for the school districts' 2001-02 and 2002-03 School Property Tax Report Cards. Building aid is not included in the analysis for either school year.

Our analysis found that:

- 86% of students (or 6 of 7 students) attend school in districts that received a reduction in per-pupil aid. (See Summary Table I)
- In addition, between 2000-01 and 2002-03:
 - 478 of the 678 districts, or 71% received a reduction in per-pupil aid. (See Summary Table I")
 - On average, school districts statewide received a \$171 reduction in per-pupil aid. (See Summary Table II)
 - 46 of the 50 largest school districts, or 92% received a reduction in state aid. Major cities that received cuts included New York City (\$179.6 million), Buffalo (\$12.6 million), Yonkers (\$5.2 million) and Utica (\$1.3 million). (See Table Entitled: "Fifty Largest School Districts.")

Judge based his ruling on the "Education Article" of the New York State Constitution, which requires the state to provide all children with the opportunity for a "sound basic education," as well as federal regulations prohibiting racial discrimination in programs funded by the federal government, including schools. Both the decision in *Campaign for Fiscal Equity v. State of New York* and a summary of the decision may be obtained by visiting the Campaign for Fiscal Equity's website at the following address: www.cfequity.org. The ruling in the CFE case has been stayed as the Governor has appealed the decision.

⁴ Formula-based or computerized aids in 2000-01 included the following specific aid programs: operating aid, tax effort aid, tax equalization aid, transition adjustment aid, gifted and talented aid, minor maintenance aid, public excess cost aid, private excess cost aid, educationally related supportive services apportionment (ERSSA) aid, extraordinary needs aid, operating standards aid, limited English proficiency AID, transportation aid, BOCES aid, special services aid, computer hardware aid, textbook aid, computer software aid, library materials aid, full-day kindergarten aid, prekindergarten aid, class size reduction aid, summer school aid, tax limitation aid, reorganization incentive operating aid, shared services for BIG 5 aid. These specific aid programs were replaced with a single grant for "computerized aids" in the 2001-02 school year. Growth aid, while not considered a "computerized aid" is provided to districts with enrollment growth in excess of .4% and is essentially a supplement to the district's operating aid.

⁵ This analysis considers all school districts included in the SED school aid runs except two districts, Monroe Woodbury and Dansville, for which enrollment data was not available

- 45 of 58 counties in the state received a reduction in the average aid per-pupil countywide. (See Summary Table II).^{6 7}
- High needs districts would not be spared from the proposed school aid cuts. 30 of the 50 school districts with the highest percentage of students scoring at level 1 or 2 of the 4th Grade and 8th Grade Math and English Language exams would suffer cuts in per pupil school aid. (See Table Entitled: "Fifty Districts with Highest Percent of Students at Levels 1 & 2.")

IMPLICATIONS FOR OUR SCHOOLS

The central point of this report is that adoption of the Governor's proposed school aid "freeze" would result in most school districts in the state facing significant school aid cuts for the second year in a row. This report analyzes the cumulative effect of last year's "bare bones" budget and this year's proposed "freeze" in school aid by comparing the proposed state aid levels for the 2002-03 school year with the state aid levels for the 2000-01 school year. **This report finds that the school aid levels proposed in the 2002-03 Executive Budget, when adjusted for inflation⁸, would result in a decrease in state aid to education of \$475 million when compared to 2000-01. Furthermore, per-pupil aid would be reduced for 478 or 71% of the 678 state school districts analyzed.⁹ Therefore, 2.4 million students, representing roughly 6 out of every 7 students in the state (86%), attend districts that would receive less aid per-pupil than they did two years ago.**

The cuts to education made by the Governor and the Legislature last year and the state aid "freeze" proposed by the Governor this year are particularly disturbing, given the upcoming full implementation of the new Regents learning standards and the recent enactment of new initiatives such as the state class size reduction program that are designed to assist kids to meet these standards. **These new mandates are of course commendable. However, they obviously impose new costs upon school districts that require year-to-year increases in school expenditures over and above inflation.** In light of the increased need, the central finding of this report – that most school districts actually received cuts when adjusted for inflation – should be disturbing to every friend of children in the state.

⁶For the purposes of this statistic, New York City was treated as one county.

⁷ Breakdowns of the change in per-pupil formula aid plus growth aid from FY 2000-01 to 2002-03 as well as the change in formula plus growth aid for this period for every one of the 678 districts covered in this survey are available by visiting: www.allianceforqualityeducation.org. On our website, the districts are listed in county by county charts.

⁸The amounts are adjusted by change in Consumer Price Index as set by state law for districts' in their 2001-02& 2002-03 School Property Tax report Cards.

⁹ The 678 school districts analyzed include all school districts in the state except two districts for which enrollment data was not submitted and the seven districts with less than eight teachers.

The impact of the cuts resulting from last year's "bare bones" budget were felt throughout the state: layoffs in Buffalo and Rochester, cuts in extracurricular activities and teacher professional development in New York City, a freeze on equipment purchases in Binghamton, delays in new text book purchases in Syracuse, and cuts in academic intervention services in the Finger Lakes region. Perhaps most disturbing, among the first programs that were negatively affected by school district budget shortfalls were programs especially designed to help low performing students meet the new Regents standards. The resources needed to provide students with extra learning time before and after school, have been drastically cut or eliminated in many of the neediest school districts.

As school districts across the state propose budgets for the next year, even more drastic measures are being considered to address the second straight year of state school aid reductions. Some school districts are addressing the cuts in state aid by increasing local property taxes. Other districts are cutting essential programs and services to students to accommodate the revenue losses. Most districts are struggling to find a combination of program cuts and tax increases.

A survey conducted by the New York State School Board Association shows that adoption of the flat state education budget proposed by Gov. George E. Pataki would severely diminish the quality of school programs and impose substantial new burdens on local taxpayers. Almost all of the districts that responded to the survey indicated that they would curtail programs if the governor's proposed budget were enacted as the 2002-03 state budget.

Among the most disturbing findings of the survey were the districts' plans for teacher and support staff layoffs: **70 percent would eliminate instructional positions and 68 percent would eliminate non instructional positions.**

In addition, districts expect to make the following cuts:

- professional development (79 percent of districts),
- enrichment programs (76 percent),
- services for students at risk of not meeting the higher academic standards (58 percent),
- extracurricular activities (54 percent),
- sports (47 percent)
- and early childhood programs (42 percent).

In addition, 72 percent of school districts said they would delay purchases, Other likely impacts would be larger classes (68 percent) and delayed capital projects (37 percent).

Despite these cutbacks, **95 percent of responding districts said they would still have to increase their tax levy, by an average of 12.8 percent.** Thirty-nine districts are projecting increases in excess of 20 percent, and one district projects a 56 percent increase in the levy.

- New York City Schools Chancellor Harold O. Levy told the City Council's Education Committee that the board's budget deficit would "affect every level of the school system more profoundly than any round of budget cuts in recent memory." According to the Chancellor, except for summer school for the neediest students, everything is on the chopping block.. Schools will have to make do with broken desks and fewer guidance counselors and truant officers. Art, sports and after-school programs will be scaled back or slashed, along with training for uncertified teachers.
- The school district covering Washington Heights, facing an \$8.4 million cut, may have to drastically scale back remedial programs for newly arrived immigrant children and their parents and a Saturday program for students who want to earn high school credit.
- In Queens, advanced placement courses are on the chopping block as high schools prepare for a \$21 million cut. The schools may also lose guidance counselors, teacher trainers and attendance teachers, who round up truants. New furniture for the borough's badly overcrowded high school classrooms is out of the question, and most of the after-school classes that survived last fall's budget cuts will now be decimated.
- In Albany, the city school district's proposed 2002-03 budget calls for a nearly 10 percent tax increase, elimination of 19 teaching positions, increases in class sizes and reduction of the district's reserve fund.
- On April 10th, the Buffalo School Board approved a budget request that would raise class sizes, reduce extra help for struggling students and gut plans to improve the system's traditionally weak efforts to recruit and retain teachers. The plan also would reduce maintenance at the city's aging school buildings, eliminate late buses after extracurricular activities, hamper efforts to upgrade the system's troubled computer system, cut teacher training and prevent schools from replacing damaged textbooks or buying updated materials. Average class sizes would increase to 27 from 24 in elementary grades, to 27 from 25 in academic high schools, and to 27 from 20 in vocational high schools Even so, the budget request hinges on \$20 million from the state and \$2 million from the city that has not been committed and is far from certain. If that money is not forthcoming, city schools will consider additional cuts in non-mandated programs such as kindergarten, sports, instrumental music, school security, elementary school guidance counselors, librarians and attendance teachers. This austerity plan comes on the heels of last year's 318 layoffs, including 212 teachers and 60 teachers' aids.
- In Rochester City School District officials have begun to scour the budget for places to cut. Among the items that could end up on the chopping block are leases, programs and jobs. Meanwhile, acting Chief Financial Officer Henry Marini has asked all department heads and principals to lower their budgets by 25 percent.

- In Troy, faced with an \$11 million deficit, the Board of Education voted to lay off 87 employees -- including 32 teachers -- effective June 30. Even with those cuts, district officials say they will need further cuts and a 35 percent tax increase to balance the budget..
- In Brockport, officials are hoping to avoid teacher lay-offs. They plan to close their budget gap through attrition. This year the district expects 30 or more teachers to retire and less than a third of these slots will filled.
- In Ballston Spa, the district's proposed reductions would come mostly in instructional staffing, totaling approximately \$500,000 in savings to keep the tax rate increase proposal under 6 percent. The proposed reductions include a clerical position, a transportation office position, a hall monitor, a special education position, a librarian and half of a social worker position, among others. The School Superintendent blamed the proposed rate hike and staffing cuts on a decrease of \$456,326 in state aid due to the state's "bare bones" budget and financial implications of Sept. 11.
- In Greenville, a rural district in Greene County, a 15 percent tax increase is being proposed, even after cutting teaching positions, support staff and vocational education. The neighboring Coxsackie-Athens district is also anticipating a double-digit property tax increase after making cuts.
- The Mechanicville School District in Saratoga County is anticipating a property tax increase of 17 percent, and staffing cuts.

PPEF and it allies throughout the State are greatly concerned that the funding decreases that occurred with the enactment of the "bare-bones" budget in August of 2001, just before the start of the school year, may portend a new and alarming trend of reducing the State's commitment to its schools. This cannot be allowed to happen, because an educated work force is critical to the recovery of the state's economy, and to the continued vitality of the State, as well as to our children's future. We therefore urge the Governor and Legislature to accord priority funding to education during the 2002 legislative session.

CONCLUSION

This short analysis indicates that, contrary to the claims of some, 2001 was a year of cuts in the State's commitment to education and the Governor's proposed "freeze" on aid in this year's budget will exacerbate the fiscal crisis facing the state's school districts. This is particularly disheartening, given that 2001 began with a powerful judicial declaration that the state was mandated to remedy an inadequate education funding system. Further, the school aid cuts over these two years would affect most schoolchildren and most school districts around the state: 6 of 7 children attend school in districts

which would receive a reduction in per-pupil aid, and almost 3 out of 4 districts would received a reduction in per-pupil aid. Moreover, the school aid "losers" were distributed throughout the state. (See Chart Entitled: "Fifty Districts with Largest Declines in Total Aid.") Our children will pay the price for the State's shortsightedness: most school districts have already made program cuts to reduce their budget gaps arising from the "bare-bones" budget. The Governor's proposed "freeze" on school aid for 2002-03 will force districts to further cut districts. Pupil performance will suffer in the long-term if the State continues to shortchange its public school children.

The Public Policy and Education Fund believes that the state must change its course immediately if New York is going to continue to make progress towards meeting two critical educational mandates: ensuring that all children in the State receive a "sound basic education" in accordance with the state constitution, and closing the "achievement gap."

We therefore call upon the Legislature and the Governor to commit themselves to significantly increase school aid this legislative session, and to reform the inequitable school aid formula. The current economic difficulties of the State may require the Legislature to phase-in increases in school aid over a period of years. However, given the unconscionable cuts schoolchildren were subject to last year, there must be a significant down payment made on our obligations to our children this year.