

SUPREME COURT OF THE STATE OF NEW YORK
COUNTY OF NEW YORK: IAS PART 25

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CAMPAIGN FOR FISCAL EQUITY, INC., <i>et al.</i> ,	:	Hon. Leland DeGrasse
	:	
Plaintiffs,	:	Index No.: 111070/93
	:	
v.	:	<u>Special Referees:</u>
	:	Hon. William C. Thompson
THE STATE OF NEW YORK, <i>et al.</i> ,	:	Hon. E. Leo Milonas
	:	John D. Feerick, Esq.
Defendants.	:	
	:	

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SUPPLEMENTAL AFFIDAVIT OF FRANK J. MAURO

STATE OF NEW YORK)
 : ss
COUNTY OF NEW YORK)

FRANK J. MAURO, being duly sworn, testifies and states as follows:

1. I am the Executive Director of the Fiscal Policy Institute, a nonprofit research and education organization that studies matters related to state and local finances. My qualifications and experience are set forth my affidavit dated October 26, 2004 that was submitted to the Panel in connection with this matter.

2. Plaintiffs have requested that I submit this supplemental affidavit in order to respond to two of the three questions raised by the Panel of Special Referees in the e-mail from Kenneth W.

Taber to the parties dated November 15, 2004:

(1) Whether the Referees should use the GCEI index used by Standard & Poor's or the revised GCEI index used in the SBE Task Force Final Report in May 2004 and referenced in my October 26, 2004 affidavit; and

(2) What is the amount of the annual spending gap for operations (measured in 2004-2005 dollars) for each of the alternate geographic cost indexes in the successful school districts method, assuming in each instance for purposes of that analysis that (a) the Regents Criteria are used as the student success standard, (b) the 50% cost reduction factor is not used, and pupils with special needs are weighted 1.5 for low income students, 1.2 for ELL students, and 2.1 for special education students?

Appropriate GCEI Index

3. The revised GCEI index is the more appropriate geographic cost index for the Panel to use. The revised GCEI is more up-to-date and reflects more current cost data than the GCEI index used in the S&P Study. The revised index, which was developed in conjunction with the AIR/MAP Study, was not available at the time the S&P Study was being completed. The GCEI used in the S&P Study was compiled more than six years ago and was extrapolated from a national geographic cost study using data that is now more than a decade old. While the same researcher, Jay Chambers, produced both the old GCEI used in the S&P Study and the revised GCEI used in the SBE Task Force Final Report, the latter updated GCEI is based on much more recent data and it was prepared specifically for the purposes of the New York Adequacy Study.

Revised Spending Gap Analysis

4. Applying the criteria set forth in Mr. Taber's e-mail in conjunction with the S&P successful school districts methodology yields the following spending gaps for operations for the alternate geographic cost indexes:

<u>Geographic Index</u>	<u>New York City Gap</u>	<u>New York State Gap</u>
NYRCI	\$7.40 billion	\$9.76 billion
GCEI (old)	\$5.26 billion	\$7.88 billion
GCEI (revised)	\$5.43 billion	\$8.40 billion

The figures in the first two rows of the chart above were obtained by applying the criteria set forth in Mr. Taber's e-mail to the EdResource Calculator that is available on the Standard & Poor's website at <http://www.sp-ses.com/>. In addition, we obtained the same results using the cost analysis model that we constructed in order to respond to the Panel's questions concerning alternative cost-effectiveness filters that I addressed in my October 26, 2004 affidavit. Using our model, we obtained the figures in the third row of the chart above using the revised GCEI developed by Jay Chambers in conjunction with the completion of the New York Adequacy Study.¹

¹ These gap estimates represent the difference between (A) the S&P Study's estimate of total operating budget needs under the different scenarios and (B) the Study's estimate of current

5. The results presented in paragraph 4 are based on the S&P Study's use of 2002-03 spending estimates "adjusted for seven months of inflation in order to express dollar amounts in terms of January 2004 purchasing power." As the S&P Study explains in footnote 17, "Adjustments for inflation are based upon the Consumer Price Index ("CPI") for the New York Region. Inflation increased 1.015% from July 2003 to January 2004." The most recent month for which the United States Bureau of Labor Statistics ("BLS") has published the actual New York Region CPI is October 2004. From January 2004 to October 2004 the New York Region CPI increased by 3.7% -- from 199.1 to 207.3. Using this inflation adjustment, the following table expresses the estimates of the gaps from the table in paragraph 4 in October 2004 dollars. Since it is reasonable to assume that the CPI will continue to increase throughout the remainder of the 2004-2005 school year, this represents a conservative estimate of the gaps in 2004-2005 dollars.

<u>Geographic Index</u>	<u>New York City Gap</u>	<u>New York State Gap</u>
NYRCI	\$7.67 billion	\$10.12 billion
GCEI (old)	\$5.45 billion	\$8.17 billion
GCEI (revised)	\$5.63 billion	\$8.71 billion

spending. The Study's estimates of total operating budget needs under the different scenarios are as follows:

<u>Geographic Index</u>	<u>New York City Total Operating Budget Revenue Requirement</u>	<u>New York State Total Operating Budget Revenue Requirement</u>
NYRCI	\$20.02 billion	\$43.28 billion
GCEI (old)	\$17.88 billion	\$41.40 billion
GCEI (revised)	\$18.05 billion	\$41.92 billion

Frank J. Mauro
Frank J. Mauro

Sworn to before me this
17th day of November, 2004.

Gleny M. Ramirez
Notary Public

GLENY M. RAMIREZ
NOTARY PUBLIC, State of New York
No. 01RA6096718
Qualified in Bronx County
Commission Expires August 4, 2007