



## *Comparison of the Executive, Assembly, and Senate*

### *Education Proposals FY 2015-2016*

March 24, 2015

The governor's **Executive Budget** proposal would increase school aid by \$1.07 billion. The increase in school aid is contingent on passage of a package of changes to teacher evaluation, tenure, and other procedures called the Education Opportunity Agenda. The budget also includes an Education Tax Credit which would provide a large credit for donations to schools and the Dream Act which would provide tuition assistance to undocumented immigrants who came to the country as children. The Assembly's proposed budget would increase school aid by \$1.8 billion without contingencies and includes the Dream Act but not the Education Tax credit. The Senate's proposed budget would increase school aid by \$1.9 billion and includes a modified Education Tax Credit but not the Dream Act.

The Executive Budget would also establish a grant program for pre-Kindergarten for 3 year olds and raises the charter school cap and a small increase in funding. Neither the Assembly nor the Senate included the grants for pre-Kindergarten for 3 year olds. Only the Senate would raise the charter cap and increase their funding.

Details on the Executive, Assembly, and Senate education proposals follow.

### **School Aid**

The **Executive Budget** would increase school aid by \$1.07 billion. If the proposed Education Opportunity Agenda (described below) is not adopted school aid would increase by only \$377 million or would remain the same.

- The amount of the increased funding to be distributed through the Foundation Aid formula versus a reduction in the Gap Elimination Adjustment was not specified.

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- Funding for Universal Pre-Kindergarten for 4 year olds would continue at the FY2014-15 level of \$340 million (\$300 million for New York City and \$40 million for the rest of the state.)
- A \$25 million grant program for pre-Kindergarten for 3 year olds would be established.
- The budget proposes major changes to teacher evaluation and tenure procedures and establishes new school takeover provisions in a package called the Education Opportunity Agenda.

**Assembly:** The Assembly would increase School Aid funding by \$1.80 billion. Foundation Aid would increase by \$1.07 billion and the Gap Elimination Adjustment would be reduced by \$456 million. The funding is not contingent on passage of the Education Opportunity Agenda package of teacher evaluation and school takeover provisions which are not included in the Assembly's proposed budget. The Assembly would increase Universal Pre-Kindergarten funding for 4 year olds by \$40 million for New York City and an additional \$40 million for the rest of the state. The \$25 million grant program for Pre-Kindergarten for 3 year olds is not included. The Assembly would not change the Charter School cap or increase funding.

**Senate:** The Senate would increase School Aid funding by \$1.89 billion. The remaining Gap Elimination Adjustment of \$1.04 billion would be eliminated. Further information on the distribution of school aid is not specified. The funding is not contingent on passage of the Education Opportunity Agenda package of teacher evaluation and school takeover provisions. These are however included in the Senate's proposed budget with potential modifications. The Senate would increase Universal Pre-Kindergarten funding for 4 year olds by \$40 million for non-New York City schools. The \$25 million grant program for Pre-Kindergarten for 3 year olds is not included. The Senate would raise the Charter School cap and increase funding for charter schools by more than the Executive Budget.

**FPI assessment:** The Assembly and Senate budgets come closer to making a serious down payment on fulfilling the commitments of the Campaign for Fiscal Equity settlement. Distributing additional aid through the Foundation Aid formula targets funds to high-needs school districts with high child poverty rates. Additional funding for Universal Pre-Kindergarten would increase access for students in and outside of New York City. The Education Opportunity Agenda's focus on teacher evaluations fails to address the real barriers to education faced by the state's poorest students.

## **Education Tax Credit**

The **Executive Budget** would establish an Education Tax Credit that would provide individuals and businesses with a substantial credit against income taxes owed for donations to private and public schools.

- The Executive Budget proposes a 75 percent credit rate, with individual credit amounts capped at \$1 million. Any unused credit could be carried over to a subsequent year but would not be refundable. Both businesses and individuals would be eligible to receive the credit on personal or corporate income tax returns.
- Total credits would be capped at \$100 million per year.
- Half of the credits must go to public schools (excluding charters), school improvement districts, and local education funds. Half could go to education scholarship organizations that award 50 percent of scholarships to students with income below 150 percent of the income cap for the free and reduced price lunch program. Scholarships are restricted to students in households with adjusted gross income below \$250,000 (plus \$10,000 per additional child, to a maximum of \$300,000).
- Establishment of the Education Tax Credit is contingent on passage of the Dream Act.

**Assembly:** The Assembly budget did not include the Education Tax Credit.

**Senate:** The Senate includes a more generous version of the Education Tax Credit that would allow a 90 percent credit rate and higher total credits per year totaling \$675 million over the next three years. In addition, donations to charter schools are eligible and the income limit for a student's household is higher – \$500,000 (plus \$10,000 per additional child, up to a maximum of \$550,000).

**FPI Assessment:** The governor's and the Senate's proposals to divert hundreds of millions of dollars to privately determined educational uses raise serious questions. With this tax credit the state is essentially delegating its spending authority to private individuals. Because of the size of the tax reduction, it also has the potential to reduce charitable contributions for a wide range of worthy purposes. The allocation method and high donation limit would allow wealthy individuals and corporations to potentially exhaust the pool of funds, freezing out smaller contributors.

## **Dream Act**

The **Executive Budget** provides \$27 million for scholarships for undocumented immigrants who came to the United States as children. These funds are contingent on passage of the Education Tax Credit.

**Assembly:** The Assembly budget includes the Dream Act with no contingencies.

**Senate:** The Senate budget does not include the Dream Act.

**FPI Assessment:** Allowing “Dreamers”—undocumented immigrants who came to the country as children—to apply for the state’s Tuition Assistance Program would ensure that New York is a state in which talent does not go to waste, and signal that New York is a state that welcomes immigrants. The Dream Act would not only help these students, it would also be good for the state’s overall economic growth. Its passage should not be linked to the misconceived Education Tax Credit.

## **Other Higher Education Provisions**

The **Executive Budget** would tie appropriations for the Tuition Assistance Program to passage of the Dream Act and the Education Tax Credit. The budget would also establish a new (“Get on Your Feet”) program to temporarily assist low-income students with repayment of student loans. SUNY and CUNY personal service funding is not increased over the prior year. Community college base aid per FTE student remains the same as the prior year. Tuition increases which were intended to improve conditions for students have instead gone to offset declining real-dollar support from the state. The Executive Budget does not increase funding for the Educational Opportunity Program. The budget makes 10 percent of total campus funding contingent on meeting performance measures.

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**Assembly:** The Assembly budget would increase the maximum award in the Tuition Assistance Program by \$150 per FTE to \$5,315, provide greater access for disabled students, and does not tie the Tuition Assistance Program to other budget provisions. The Assembly includes the “Get on Your Feet” program. The Assembly budget would increase SUNY and CUNY personal service funding and increases community college base aid by \$50 per FTE student. The Assembly does not make campus funding contingent on meeting performance measures. Funding for the Educational Opportunity Program would increase.

**Senate:** The Senate budget would increase the income ceiling in the Tuition Assistance Program to \$100,000 from \$80,000 and does not tie the Tuition Assistance Program to other budget provisions. The Senate includes the “Get on Your Feet” program but reduces awards to 50 percent of the loan payments rather than 100 percent. The budget would prohibit community colleges from raising tuition if base aid is increased by at least 3 percent. The Senate budget increases SUNY and CUNY personal service funding and increases community college base aid by \$100 per FTE student. The budget makes campus funding contingent on meeting performance measures with some modifications. Funding for the Educational Opportunity Program would increase.

**FPI Assessment:** Increased funding would build on the tremendous resources of SUNY and CUNY campuses around the state. There are numerous benefits to providing a good public education including giving New York students the means to move up the income ladder and gains to the local economy. Expanding and modernizing the Tuition Assistance Program (TAP) by increasing the maximum award, raising income thresholds, and easing eligibility for part-time TAP would increase aid to the students who need it the most.

**Summary of 2015-16 Executive Budget Education Proposals (in millions)**

	<b>FY 2014-15</b>	<b>FY 2015-16</b>	<b>FY 2016-17</b>	<b>FY 2017-18</b>	<b>FY 2018-19</b>
<b>Spending (State Operating Funds)</b>					
School Aid (School Year)	\$22,079	\$23,142	\$24,065	\$25,168	\$24,498
Universal Pre-Kindergarten (\$1.5 billion over 5 years)	\$340	\$340	\$340	na	na
Tuition Assistance Program	\$966	\$1,008	\$1,029	\$1,032	\$1,032
Dream Act		\$19	\$27	\$27	\$27
City University (Local Assistance Grants & State Operations)*	\$1,492	\$1,501	\$1,507	\$1,540	\$1,583
State University (Local Assistance Grants & State Operations)*	\$6,271	\$6,220	\$6,379	\$6,515	\$6,656
<b>Taxes</b>					
Education Tax Credit				\$100	\$100

Source: Financial Plan. Projections are subject to change based on future budgets.

na – not available

\*Includes funds from all sources.

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<b>Education Funding Proposals – New York State FY 2016 Budget: A comparison</b>			
	<b>Executive</b>	<b>Assembly</b>	<b>Senate</b>
<b>School Aid Increase</b>	\$1.07 billion increase, contingent on adoption of Education Opportunity Agenda;  \$377 million otherwise	\$1.80 billion increase, not contingent on Education Opportunity Agenda	\$1.89 billion increase, not contingent on Education Opportunity Agenda
Foundation Aid and Expense-based Aid increase	Not specified	Foundation: \$1.07 billion  Expense-based: \$268 million	Breakdown is not specified
Gap Elimination Adjustment	Not specified	\$456 million	\$1.04 billion (eliminates GEA)
<b>Other PreK-12 Education</b>			
Universal Pre-Kindergarten	No increase in pre-K for 4 year olds from FY15  (\$300 million NYC, \$40 million rest of state)  \$25 million for pre-K for 3 year olds	\$40 million increase for non-NYC; additional \$40 million for NYC     No funds for pre-K for 3 year olds	\$40 million increase in pre-K for 4 year olds for non-NYC schools     No funds for pre-K for 3 year olds
Education Opportunity Agenda	Proposes changes to teacher evaluation and tenure provisions and would establish new school takeover procedures	Not included	Included in separate bill. Possible modifications that are not yet specified

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Charter Schools	Raise cap by 100 to 560 and increase aid by \$150 per pupil over two years	No Increase in cap or per pupil aid	Raise cap by 100 to 560, increase aid by \$225 per pupil over one year, (or more for certain school districts), allows for building aid
<b>Education Tax Credit (ETC)</b>	75% credit for donations up to \$1 million	ETC not included	90% credit for donations up to \$1 million in a separate bill
ETC Amount	Total cost of \$300 million over 3 years:  2016: \$100 million 2017: \$100 million 2018 and on: \$100 million	ETC not included	Total cost of \$675 million over 3 years:  2016: \$150 million 2017: \$225 million 2018 and on: \$300 million
ETC: Use of funds	50% for public schools excluding charters, school improvement districts and local education funds.  50% for education scholarship organizations who award 50% of scholarships to students in households with income below 150% of free and reduced price lunch program; eligible pupils in households with AGI less than \$250,000 plus \$10,000 per additional child up to \$300,000	ETC not included	50% for public schools, school improvement districts and local education funds.  50% for education scholarship organizations; eligible pupils in households with AGI less than \$500,000 plus \$10,000 per additional child up to \$550,000



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ETC: Other provisions	Contingent on Dream Act passage. Tuition Assistance Program appropriation tied to passage of ETC.	ETC not included	
<b>Dream Act</b>	\$27 million for scholarships for undocumented immigrants who came to the US as children, Contingent on Education Tax Credit	Included without contingencies	Not included
<b>Other Higher Education</b>			
Tuition Assistance Program (TAP)	No appropriation if Dream Act and Education Tax Credit are not passed	Increase maximum award by \$150 per FTE to \$5,315  Greater access for disabled students	Raises income ceiling to \$100,000 from \$80,000
“Get on Your Feet” loan payment program	Establishes grant program for New York residents who attend New York schools that would cover the cost of repayment of student loans for two years	Yes	Yes, but reduces awards to 50% of loan vs 100%
SUNY State-operated campuses personal service funding	No increase	Increases personal service by \$11.1 million and adds \$3.1 million in overall funding	Increases personal service by \$18 million and adds \$4.6 million in overall funding

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CUNY Senior college personal service funding	No increase	Increases personal service by \$8.9 million and adds \$2.4 million in overall funding	Increases personal service by \$12 million and adds \$2.5 million in overall funding
Community college base aid	\$2,497 per FTE student, no increase from prior year	\$2,547 per FTE student, \$6.9 million or \$50 per FTE student increase from prior year	\$2,597 per FTE student, \$13.8 million or \$100 per FTE student .increase from prior year
Community college tuition restrictions	Not included	Not included	Prohibits community colleges from raising tuition if base aid is increased by at least 3 percent from previous year
Performance-based funding	10 percent of total campus funding contingent on meeting performance measures	Not included	Modified version in ELFA bill, not included in appropriations bill
Educational Opportunity Program	No increase	Increase of \$5.75 million to \$26.8 million	Increase of \$1.3 million to \$22.3 million

*The Fiscal Policy Institute ([www.fiscalpolicy.org](http://www.fiscalpolicy.org)) is an independent, nonpartisan, nonprofit research and education organization committed to improving public policies and private practices to better the economic and social conditions of all New Yorkers. Founded in 1991, FPI works to create a strong economy in which prosperity is broadly shared.*