

Economic and Fiscal Outlook 2020  
*New York's Pathway to Shared Prosperity*

# Education



## Education

There are no two ways about it: The Executive Budget dramatically underfunds public education. At the heart of the story is a gaping \$4.1 billion gap between the state's actual funding of K-12 education and the formula it put in place to ensure that all students get a sound basic education. The years-long starvation diet for CUNY and SUNY has put those institutions under immense strain. CUNY and SUNY are great institutions with a storied history, but they are now also places where buildings leak, professors are underpaid, and students are in overcrowded classes.

Some progress has been made as well. Universal pre-kindergarten is a laudable initiative, even if there is a long way to go before it is truly universal. The New York State Dream Act is a great step forward for the state. It means an enormous amount to immigrants and their families for even undocumented immigrants to have access to state aid for college, and the small cost is more than repaid by the increased economic contribution of these students in the long run.

### Money Matters in Education – K-12 Funding Continues to Be Insufficient

The Executive Budget proposes a school aid budget of \$27.7 billion, an increase of \$956 million in school aid or 3.6 percent increase over last year. The increase to school aid is comprised of: foundation aid at \$338 million; expense-based aids at \$410 million; a fiscal stabilization fund at \$157 million, and competitive grants at \$50 million.

Foundation aid increased by just \$288 million, far short of the need, and just a 1.6 percent increase over last year's budget. In addition, the Executive Budget adds \$50 million to the community schools fund, which the Executive Budget considers part of foundation aid, and thus gives its own total of the foundation aid increase as \$338. The community schools initiative is one that we roundly applaud, and the funding for it is well deserved. But it is not foundation aid, it is an additional program.

The budget also includes \$50 million in new competitive grants, including \$15 million for expanded universal pre-kindergarten programs; \$10 million for the Empire State After-School programs; \$9 million for early college high schools; \$3 million for alternative discipline grants; \$3 million for a We Teach New York grant program to address the teacher shortage; \$1.8 million for AP/IB fees;

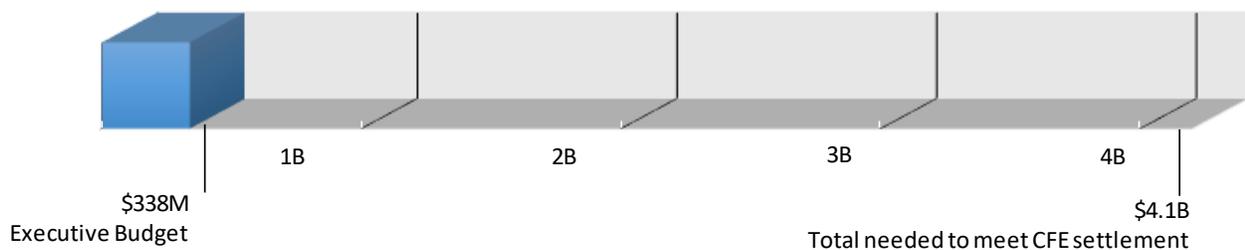
\$1.5 million each for master teachers, a refugee and immigrant student welcome program (see the immigration section), school mental health programs, an expanded mathematics access program; \$1 million each for an advanced courses access program and recovery high schools; and \$200,000 for the New York State Youth Council.<sup>1</sup> All of these initiatives are welcome enhancements to education funding.

### Every Child in New York State Is Entitled to A Sound, Basic Education

The Executive Budget tries to shift responsibility away from the state and suggests that school funding inequity is a local problem. This is simply a skirting of the state’s responsibility to carry its fair share of school funding, and to guarantee a sound basic education for all children. New York’s school districts are highly segregated by income—the average poor student attends school districts with poverty rates that are 40 percent higher than those nonpoor students attend.<sup>2</sup> There may be some opportunities for districts to pay more attention to their schools with the highest need, though given the state-imposed property tax cap that would almost by necessity mean taking funding away from higher performing schools—an unattractive prospect politically, socially, and educationally. There is no way around the state’s responsibility to provide foundation aid that ensures a sound, basic education for all.

This is, in fact, not only the right thing to do, it is a legal responsibility, however much the governor would like to claim otherwise. The Campaign for Fiscal Equity (CFE) lawsuit was a 2003 landmark court case which upheld that the state must 1) “ascertain the actual cost of providing a sound basic education;” and 2) “[ensure] that every school... would have the resources necessary for a sound, basic education;” and 3) “ensure system of accountability to measure whether the reforms actually provide the opportunity for a sound, basic education.”<sup>3</sup> Then the New York State Court of Appeals ordered the governor and the legislature to determine an actual cost level. The legislative action in response became known as the foundation aid formula.

Figure 1. School Aid Funding Falls Far Short of Promise of Campaign for Fiscal Equity Settlement



Source: Board of Regents, December 2016; FPI Calculation, NYS Financial Plan, January 2019.

The foundation aid formula determines how much the state is required to spend in each school district to provide students with a sound, basic education, and offers a total amount of Foundation Aid that the state must provide for each district. The formula uses a series of factors and weightings

based upon local income levels, property values, number of English Language Learners, student poverty, and other criteria. The Board of Regents has calculated that without any further inflationary adjustments, **\$4.1 billion more** is owed to school districts statewide since the implementation of the formula.<sup>4</sup> Assuming a three-year phase-in schedule, and adjusting for inflation, the phase-in amount is \$4.9 billion. The Board of Regents has requested a three-year phase-in amount of \$1.58 billion every year to fully fund foundation aid obligations.<sup>5</sup>

The governor and legislature should fully fund foundation aid with a three-year phase-in plan. New York's students have been shortchanged for decades. Children *born* in 1993, when the lawsuit was first filed, would have been 18 years old and if they graduated on track would have finished high school in 2011. Ensuring a sound basic education is not a choice for the state government, it is a moral responsibility and, as the courts have said, also a constitutional requirement. Localities and the state government must both be reliable partners in those efforts.

### State Support for Schools Continues to Decline Under the Property Tax Cap

Inadequate state aid not only hampers the ability of disadvantaged students to catch up, but it also places pressure on local property taxes as school districts attempt to compensate for the unmet commitment of state funds.<sup>6</sup> Housing values, which are the base for the property tax, are almost by definition lower in low-income districts. This goes a long way toward explaining why the 10 percent of school districts with the highest need relative to resources raises less than one-sixth the amount of taxes per student than the top 10 percent.<sup>7</sup>

Even if localities want to prioritize school funding over an intense property tax burden, as many do, the state-imposed property tax cap makes it very difficult for school districts to use their own resources to make up for the shortfalls in state aid. Current projections are that the property tax cap will allow growth of just two percent for 2019, resulting in the aggregated loss of hundreds of millions of dollars in funding for New York's schools.<sup>8</sup> Under this year's tax cap, only \$400 million can be generated locally by school districts across the state. On average, only 38 percent of a school district's funding comes from state aid. This puts an even greater importance on state school aid, as it is an integral source of revenue for many school districts.<sup>9</sup> In order to compensate for the property tax cap, the state must put more funding into education.

Lastly, there is an issue related to the expense-based aids in the Executive Budget, which merges eleven expense-based aids (BOCES, transportation, special services, high tax, textbook, school library materials, computer software, computer hardware and technology, supplemental public excess cost, transitional aid and academic enhancement) into one category called services aid. The growth in this aid category would be tied to inflation and student enrollment growth rather than actual expenditures in these critical areas. The Executive Budget would also create a new tier in building aid for new projects that would reduce state funding for capital programs across the state. This proposed cap on expense-based aids would damage BOCES programs and services and reduce building and transportation aid reimbursement to districts. These proposed provisions are serious changes that force school districts to make tough decisions that could affect the quality of education that students receive. For example, this could cause a school district to choose between providing school buses for children or shuttering programs and enrichment for students.<sup>10</sup>

## Examining Early Learning in New York – Universal Pre-Kindergarten and Child Care

High-quality early childhood education is crucial to reach goals of educational equity and excellence—this is widely understood and has been proven time and again by empirical research.<sup>11</sup> Early childhood programs often result in better educational outcomes for children by promoting cognitive, social, emotional and physical development in all settings. The universal pre-kindergarten program (UPK) for four-year-old children was first enacted in FY 2016 and expanded in FY 2017 to include three-year-old children. This year, funding for UPK continues with a modest increase of \$15 million on top of the \$834 million annual funding level.

The expansion of UPK throughout the state over the last few years is a step in the right direction toward ensuring that the youngest New Yorkers develop learning skills and have better overall educational outcomes. However, the governor’s proposal to add just \$15 million for UPK for three- and four-year-old children cannot add even 3,000 new seats, falling dismally short of the rising need and unmet demand. At the current pace of investment in UPK, it would take 57 years to make UPK truly universal for four-year-old children, even though the governor pledged to meet that goal in 2019.<sup>12</sup>

There are more than 80,000 four-year-old children across the state—mostly outside New York City—that still do not have full-day UPK. Rising poverty, changing state demographics, and an increasing number of English Language Learners throughout the state are all signs that New York must invest in the success of its children.<sup>13</sup> Many school districts already have waiting lists or are forced to use lotteries to award seats to eligible children. Maintaining all current funding levels for UPK and investing an additional \$150 million would help expand access to both three- and four-year old children outside of New York City and ensure programs have enough resources and technical assistance to meet the quality standards.<sup>14</sup>

New York has completely missed the mark on child care. High quality child care promotes school readiness and economic advancement by keeping children learning and parents earning. For many years, the state’s investments in child care have been shamefully inadequate, and this year’s paltry \$26 million increase is not enough even to maintain current child care services, much less to step up to the enormous unmet need. This drastic shortfall is bad news for children and for parents, and it is also bad news for the early childhood workforce, which is disproportionately made up of women, especially women of color.<sup>15</sup>

To make a significant impact on working families and help stabilize the workforce and infrastructure, the state should invest at least \$100 million to expand access to child care.<sup>16</sup> Breaking down the \$100 million for expanding child care includes: 1) \$15 million to restore the state’s child care assistance program to 2016 levels, adjusted for four years of inflation; 2) \$20 million to improve quality and increase slots for babies and toddlers; 3) \$26 million to revise the copayment formula to make fees more affordable and equitable across counties and to allow copayments to be capped at 20 percent of all income over the poverty level. In addition to that \$100 million, the state must restore the state reimbursement rate for child care services to the 75<sup>th</sup> percentile to stabilize child care capacity. The \$26 million included in the Executive Budget only maintains the current reimbursement rate at the 69<sup>th</sup> percentile, and only outside of New York City.<sup>17</sup>

## Investing in the Empire State After-School Program Helps to Address Child Poverty

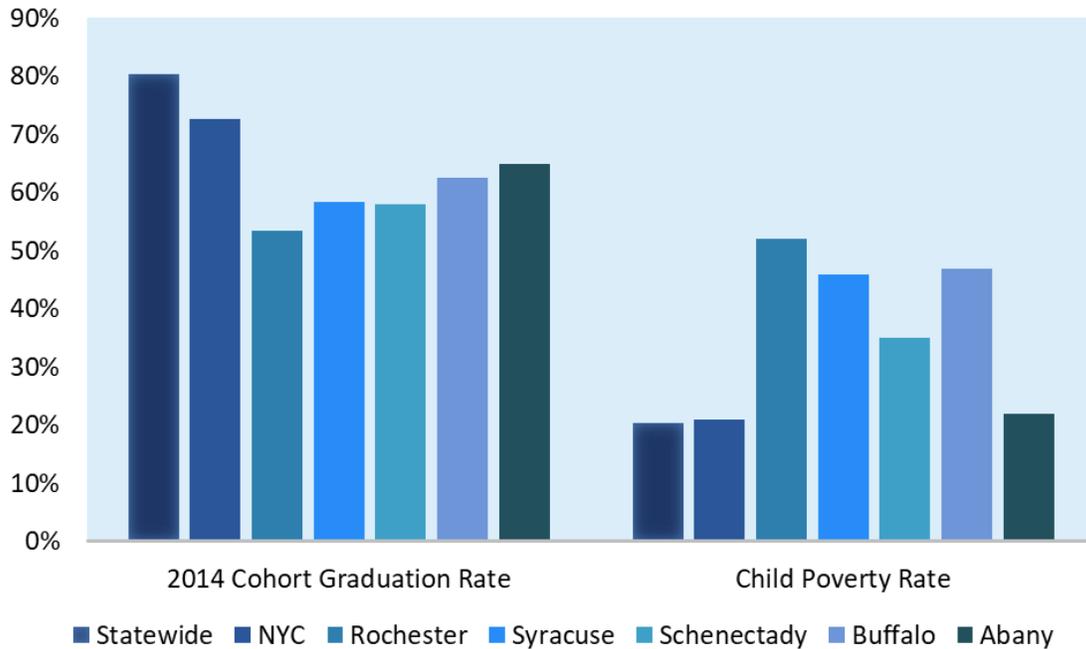
After-school and summer programs provide safe, educational spaces for children to go to after the school day ends and during the summer in all communities throughout the state. Successful high-quality after-school programs increase student engagement and attendance, as well as improve test scores and reduce negative behaviors among other benefits. This year, the Executive Budget proposes \$45 million in public after-school programs in the state's 16 ESPRI communities, or in school districts with high rates of student homelessness or located in a school district in at-risk areas of Nassau or Suffolk county, an increase of \$10 million from last year's \$35 million commitment. Investing in after-school and summer programs prepares children for success in school and life, and it also supports New York's workforce, decreases child abuse and neglect, increases health and educational outcomes, and builds the economy. Forty-five million dollars is a sound investment, and more would be well justified.

## Poverty, School Performance, and Why We Need to Do Better For New York's Students of Color

In New York State, as in the rest of the nation, structural racism has left schools with majority black and Latino students inadequately funded, and students of color with more troubled schools in general. Structural racism refers to a system in which public policies, institutional practices, cultural representations, and other norms work in various, often reinforcing ways to perpetuate racial group inequity. It identifies dimensions of our history and culture that have allowed privileges associated with "whiteness" and disadvantages associated with "color" to endure and adapt over time.<sup>18</sup>

Educational inequity is often the result of housing, income, and labor inequities, among other reinforced barriers that prevent families of color from reaching economic parity. The perpetuation of educational inequity is directly connected to high levels of child poverty. In large school districts in upstate New York, we can see that high school graduation rates are lower than the state average and the proportion of students living in poverty is higher.

### Figure 2. Graduation Rates Are Lower Where Child Poverty Is Higher



Sources: U.S Census, 2016 American Community Survey 1-Year Estimates; New York State Education Department, Graduation Rates: Students Who Started 9th Grade In 2014, Jan 2019.

New York has long ignored the ill effects of poverty on student learning, and despite some new reforms and policies, it continues to drag its feet in addressing the barriers that disadvantaged children face. These barriers can and need to be broken down. For example, poor health and nutrition can be corrected by further investment in high-quality early childhood and UPK programs. High quality after-school and summer programs mitigate this issue and give students a safe place to learn and succeed.

### Higher Education

Educating students, contributing to groundbreaking academic research, enriching the state’s cultural environment, and robustly contributing to the state’s economy are all reasons for New York to take immense pride in the State University of New York (SUNY) and the City University of New York (CUNY). SUNY is composed of 64 campuses with over 424,000 enrolled students<sup>19</sup> and CUNY is composed of 24 campuses with 274,000 full-time and part-time students.<sup>20</sup> Unfortunately for these institutions, the state has starved them of resources, forcing them to make do with less and pass along burdens to the students, faculty, and staff.

The twin needs of SUNY and CUNY are quality and affordability. Investment in New York’s higher education system make it possible for colleges and universities to maintain and expand on a high level of quality. Funding must make it possible to hire and retain great professors, keep student-faculty ratios at a reasonable level, and provide for the buildings and equipment that make for good learning environments. At the same time, higher education must be affordable to students, irrespective of their family income or life circumstances.

## An Update on the Excelsior Scholarship and the New York Dream Act

In 2017, the Excelsior Scholarship caused a stir because it was a “conceptual breakthrough,” elevating the idea of free college tuition and suggesting that free public college is a realistic goal. The program helps make college more affordable for some working- and middle-class students whose families earn up to a certain income threshold. The Excelsior Scholarship program awarded 20,086 scholarships in 2017-18, 3.2 percent of the 633,543 undergraduate students in New York.<sup>21</sup> This year, the Excelsior Scholarship moves its income threshold from \$110,000 per year to \$125,000 per year, and it’s likely that student enrollment will rise as a result.<sup>22</sup>

Undocumented students should have been included in the Excelsior legislation, but it is a breakthrough that legislation passed in early 2019, the Jose Peralta New York Dream Act, will finally make these longtime New Yorkers eligible for this and other tuition assistance. The Executive Budget proposal includes \$27 million to fund the Dream Act.<sup>23</sup> For more information, see the Immigration section of this report.

## Adequate Funding for SUNY and CUNY Would Enhance the Quality of Public Higher Education

Affordability is one half of the balanced equation of higher education in New York. The other half is quality. A genuine commitment to a public college education must include investing in the universities that provide it. The Executive Budget does not provide a corresponding investment in expanding capacity to ensure a quality education at the state’s chronically underfunded universities. Inflation-adjusted operational funding for SUNY and CUNY has declined for some time (measured on a per student, full-time equivalent basis). Both university systems need a restoration of public funding to address the systematic disinvestment in academic quality, and a pledge to maintain that funding in the future.

For both SUNY and CUNY, the most immediate step in restoring public funding is covering the “TAP gap” caused by the legal requirement that SUNY and CUNY provide eligible students with a “TAP waiver eligible credit,” covering the difference between the rate of tuition and the maximum TAP award.<sup>24</sup> CUNY requests \$86 million<sup>25</sup> and SUNY requests an additional \$25 million<sup>26</sup> to cover the “TAP gap.” Closing the “TAP gap” would go a long way in relieving some of the financial stresses on SUNY and CUNY campuses.

## Adjunct Faculty Need Better Wages

For both institutions, there is the persistent problem of fair pay for adjunct faculty. Both CUNY and SUNY, like many other academic institutions across the country, have tried to cope with the decrease in per-student funding and growth in enrollment by relying on adjunct faculty. Adjunct faculty are typically paid less than half the rate of full-time faculty, despite many adjuncts having the exact same qualifications as their full-time, tenure-track colleagues. Today more than 12,000 adjuncts teach at CUNY; in fact they teach most of CUNY’s courses.<sup>27</sup> This staggering increase in adjunct faculty signifies the lack of state support and difficult decisions forced by adherence to the two percent state spending cap and subsequent budget cuts.

It is deeply inequitable and shameful to expect part-time, underpaid, and contingent faculty to be able to provide the same level of opportunities for mentorship, individual attention, and access to resources as people who are paid as full-time permanent employees. Many adjuncts rely on their adjunct teaching for their entire income. Teaching as a full-time lecturer at CUNY, for example, nets about \$28,000 in annual income.<sup>28</sup> To put that into perspective, the ALICE report, mentioned in the Human Services section of this report, says that the average annual household *survival budget* for a *single adult* in Brooklyn, Queens and the Bronx is \$30,400.<sup>29</sup>

Underfunding CUNY and SUNY for the last decade has taken a physical and mental toll on its faculty, staff and students. The shortage of academic advisors, understaffed mental health and wellness resources, reduced course offerings and elimination of whole programs or majors, overcrowded classes and underpaid adjunct faculty, inadequate and broken technology, and limited access to libraries and tutoring or writing centers all severely impede CUNY and SUNY's abilities to provide high quality education. Institutions like SUNY and CUNY should be able to continue to provide the quality education that they are known for without having to compromise on faculty, students, and their infrastructure because of the lack of funding.

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<sup>1</sup> NYS Assembly, "FY 2019-2020 White Book," January 2019.

<sup>2</sup> The Urban Institute, "Do Poor Kids Get Their Fair Share of School Funding," May 2017.

<sup>3</sup> Alliance for Quality Education, "Equity," <https://www.aqeny.org/equity/>.

<sup>4</sup> New York Department of Education, State Aid Subcommittee, "State Aid Overview,"

<https://www.regents.nysed.gov/common/regents/files/SA%20-%202019-2020%20Budget%20and%20Legislative%20Priorities.pdf>, December 2018.

<sup>5</sup> NYS Board of Regents, "FY2020 State Budget and Legislative Priorities," December 2018.

<sup>6</sup> Rajashri Chakrabarti, Max Livingston, Joydeep Roy, "Did Cuts in State Aid During the Great Recession Lead to Changes in Local Property Taxes?," Staff Report No. 643, Federal Reserve Bank of New York, October 2013. See also section of this briefing book on Local Government.

<sup>7</sup> Analysis of School Finances, New York State Education Department, January 2015. The need to resource index is designed to measure each district's student need in relation to its capacity to raise local revenues, indexed to state averages. See page 14 of the Analysis of School Finances report for a more detailed explanation.

<sup>8</sup> NYS Comptroller, Thomas DiNapoli, <https://www.osc.state.ny.us/press/releases/july18/071218.htm>, July 2018.

<sup>9</sup> NYSUT and UFT, "FY2019-2020 State Budget Testimony," January 2019.

<sup>10</sup> Ibid.

<sup>11</sup> Helen Ladd, "Education and Poverty: Confronting the Evidence," *Journal of Policy Analysis and Management*, 2012.

<sup>12</sup> Schuyler Center for Analysis and Advocacy, "The State of Early Learning in New York," January 2019.

<sup>13</sup> Ibid.

<sup>14</sup> Ibid.

<sup>15</sup> See the Human Services and Housing section for more information.

<sup>16</sup> Schuyler Center for Analysis and Advocacy, "The State of Early Learning in New York," January 2019.

<sup>17</sup> Schuyler Center for Analysis and Advocacy, "The State of Early learning in New York," January 2019.

<sup>18</sup> The Aspen Institute, "Glossary for Understanding the Dismantling Structural Racism/Promoting Racial Equity Analysis," July 2016.

<sup>19</sup> SUNY, "Fast Facts," January 2019.

<sup>20</sup> CUNY, "Total Enrollment by Undergraduate and Graduate Level, Full-time/Part-time Attendance, College Fall 2017," [https://www.cuny.edu/irdatabook/rpts2\\_AY\\_current/ENRL\\_0001\\_UGGR\\_FTPT.rpt.pdf](https://www.cuny.edu/irdatabook/rpts2_AY_current/ENRL_0001_UGGR_FTPT.rpt.pdf)

<sup>21</sup> Center for Urban Future, "Excelsior Scholarship Serving Very Few New York Students," August 2018.

<sup>22</sup> Fred Floss, "Excelsior Scholarship," Fiscal Policy Institute, January 2018.

<sup>23</sup> NYS Assembly, "FY2019 Yellow Book," January 2019.

<sup>24</sup> Professional Staff Congress, "2019-2020 State Budget Testimony," January 2019.

<sup>25</sup> Ibid.

<sup>26</sup> United University Professionals, "FY2020 State Budget Testimony," January 2019.

<sup>27</sup> Ibid.

<sup>28</sup> Ibid.

<sup>29</sup> United Way of New York, ALICE Report, 2016.