



New York State's Dual Crises: Low Graduation Rates and Rising School Taxes

A Report by the Public Policy and Education Fund, Inc.

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I. Introduction: The Dual Crises

New York State's school funding system faces dual crises. First is the failure to provide children with a "meaningful high school education," also called a "sound, basic education," as mandated by the state constitution and the Campaign for Fiscal Equity ("CFE II") decision.¹ The clearest consequence of this failure is that over one-third of high school students today do not graduate in four years. In the 2006-07 Enacted Budget, the Legislature increased school aid by \$1.1 billion -- roughly the state aid figure necessary to maintain current school programs at their present levels.² However, as this report highlights, the budget did not provide even close to enough resources to address the graduation crisis.

Second is the trend of local school taxes, the primary mechanism through which we fund our schools, to spiral ever upwards, making them increasingly unaffordable for many homeowners in the state, and for residents of certain regions of the state in particular. (State aid is the second largest source of school funding.) To address either of these twin challenges in isolation will exacerbate the other.

In the 2003 CFE decision, the New York State Court of Appeals, New York's highest court, held that the state constitution requires that enough funding be provided, to afford children a "meaningful high school education." The court mandated that the state act by July 30, 2004. When the Governor and the Legislature failed to act, an appellate court set the additional funding level necessary to meet the constitutional standard at \$4.7 billion to \$5.6 billion for New York City alone (by a combination of city and state funds).³ Significantly more will have to be invested to meet this standard statewide.⁴

The State's political leadership must provide significantly more funding to address the graduation crisis in our schools. It is obvious that students that drop out are simply unprepared

¹ Campaign for Fiscal Equity v. State, 100 N.Y.2d 893 (2003) ("CFE II"). PPEF documented the failure of the Legislature and the Governor to address CFE in the 2005 session of the Legislature in a previous report. Public Policy and Education Fund, Inc., *State of Our Schools in 2005: The Widening Funding Gap*, (December 2005); available at www.ppefny.org.

² Education Conference Board Analysis, cited in Fiscal Policy Institute, *Balancing New York State's 2006-2007 Budget in an Economically Sensible Manner*, January 2006, at 28; available at <http://www.fiscalpolicy.org/2006FPIDBudgetBriefing.pdf>. The Education Conference Board, a coalition of education leadership groups, assumed that local property taxpayers would also contribute roughly \$1 billion.

³ The appellate division decision setting the funding level is now on appeal by both parties to the Court of Appeals. However, the 2003 decision by the high court (CFE II) establishing that the state violated the rights of New York City children, and mandating significant additional funding at some level is not appealable.

⁴ The Schools for New York's Future Act ("SNYFA," S.7112, sponsored by Senator Suzi Oppenheimer), sets the additional state operations funding necessary to comply with CFE II at \$8.7 billion after 4 years. The State Assembly passed a budget proposal in 2006 that would instead provide \$6.8 billion after 6 years to comply with CFE II (A.10256).

for employment in the 21st Century global economy. And failure to provide the additional funding mandated by the CFE litigation means that the State's leaders would be continuing to ignore an order of the state's highest court. At the same time, the state must address the issue of the affordability of property taxes.

This report shows why policymakers in New York State must address the graduation and property tax crises simultaneously. Given that roughly 47% of the funding of New York State schools comes from property taxes,⁵ finding a solution to CFE without addressing the affordability issue has the potential to seriously harm local property taxpayers – if reforms are not properly implemented. Continued failure to invest substantially more funding in our schools, particularly those districts with the greatest need, would ensure the perpetuation of the graduation crisis. As of 2003, New York State provided less than 37% of total school funding --the lowest level in half a century (Figure 1). New York ranks 34th in the nation in the proportion of nonfederal school funding provided by the state.⁶

Further, a new study by the Manhattan Institute concludes that New York State ranks 48th out of 50 states in the percentage of students who graduate on time.⁷ The only solution to address the dual graduation and property tax crises simultaneously is for the State to substantially increase its investment in public education. As this report shows, an increased state share of the total school funding pie will lessen the reliance on local property taxes.

Policy proposals that would pit the interests of school children against those of property taxpayers are inherently flawed. Both of these critical education funding issues can and should be addressed by a comprehensive reform of the state school aid "formula," which allocates state aid to the roughly 680 school districts in the state. State funding should be divided based on the relative needs of students in different school districts. The emphasis for additional funding should overwhelmingly be on state rather than local sources (with the exception of New York City and perhaps a few other localities in the State that most policy makers agree are not currently investing enough local funds). Statewide school aid reform would enable us to meet the needs of schoolchildren, while alleviating the burden on property taxpayers.

This study contributes to that solution by addressing two central concerns about the necessary comprehensive reform. First is the belief by some that money does not matter: that

⁵ U.S. Bureau of the Census data cited in *Fair Taxes: The Key to Better Schools: A Training Curriculum Prepared by the Public Policy and Education Fund of New York and the Fiscal Policy Institute*, Fall 2005.

⁶ Citizens Budget Commission, *Can New York Get an A in School Finance Reform?*, at 10; available at http://www.cbcnny.org/CBC_School_Finance_Reform_01-05.pdf.

⁷ Jay P. Greene and Marcus A. Winters, *Leaving Boys Behind: Public High School Graduation Rates*, Manhattan Institute, April 2006; available at <http://www.manhattan-institute.org>.

the graduation crisis will not be addressed by providing additional funding to schools where graduation rates are lower. Connected to this is the claim by many legislators and the Governor that in 2006, the state provided a “record” increase in school aid, suggesting that schools already have enough money to significantly improve educational quality. Secondly, many have suggested that school districts will not use any of the additional state funding provided for property tax relief. The data in this report contradicts these claims and produces two essential findings that reflect overall trends in New York State:

- ✓ **Districts that spend more per pupil have higher achievement, as measured by graduation rates.**
- ✓ **Higher state aid increases result in lower property tax increases.**

The evidence in this report connecting state aid for schools to both graduation rates and property tax rates compellingly points to the need to fundamentally reform how New York State funds its schools. The State must arrive at a political solution that sends New York on the path to a vast improvement in the state’s education system while providing real relief to homeowners and renters.

II. Graduation Rates and School Funding

Overview

As already stated, the most dramatic example of the inability of New York State schools to provide a quality education to our children is the state's appallingly low graduation rates, measured by those who finish high school in four years. Students who delay graduation are strong candidates for ultimately dropping out. The main reason for students' failure to graduate is not failure of the state Regents exams. Instead, many students are ineligible to take the Regents because they failed their courses before taking the Regents or did not enroll in required courses. Most non-graduates enter high school totally unprepared for high school work.⁸

Statewide, 36% of students (more than one-third) scheduled to graduate in 4 years as of June of 2005 did not graduate.⁹ A recent study by the Manhattan Institute found that New York State's graduation rate is the 3rd lowest of any state in the nation.¹⁰

This is not to suggest that every school district in the state has a graduation "crisis." In fact, 109 school districts with 12% of the state's children have graduation rates over 90%. However, there are 9 school districts with 39% of the state's students that have graduation rates less than 50% (see Figure 2).¹¹ This clearly supports the need for the state to target additional funding to districts where student need is the greatest.

Children of color and the children of immigrants are failed by the system in far greater numbers than the state average: 57% of Black students, 60% of Hispanic students, and an astounding 70% of "English Language Learners" fail to graduate on time. Contrary to popular belief, this is not just a big city problem. While it is true, for example, that 57% of New York City children do not graduate on time (far worse than the statewide average), 30% of kids in poor rural districts also fail to graduate on time.¹²

⁸ NYS Education Department PowerPoint Presentation. *Graduation and Other Results: Students Who Began 9th Grade in 2001 and 2001, February 13, 2006*, slide 30; available at <http://www.emsc.nysed.gov/irts/press-release/20060213/home.htm> ("SED PowerPoint Presentation").

⁹ *Id.*, at slides 21, 24-25.

¹⁰ Jay P. Greene and Marcus A. Winters, *Leaving Boys Behind: Public High School Graduation Rates*, Manhattan Institute, April 2006; available at <http://www.manhattan-institute.org>.

¹¹ The 9 districts are listed in Figure 3, and the 72 districts with graduation rates between 50% and 67% are listed in Figure 4.

¹² *SED PowerPoint Presentation*, slides 21, 24-25.

The 2006-07 state budget, as in past years, did not address the graduation crisis, particularly where the graduation problem is most acute. The Education Conference Board (ECB), a coalition of education leadership organizations, conservatively estimated that school districts must spend about \$2.2 billion more in 2006-07 than in the prior year just to maintain current programs and services. The ECB assumed that the state would contribute one-half of this figure. The Legislature ultimately provided schools with a \$1.1 billion increase, roughly the state share of the maintenance level of funding projected by ECB.¹³

In addition, in a state with the greatest funding gap between high- and low-poverty districts in the nation,¹⁴ the Legislature in 2006 failed to enact a “need-based” formula, in which a higher share of state aid is provided to districts with greater numbers of poor children (urban, suburban and rural). (The State Assembly, to its credit, did pass a bill providing for a needs-based formula. Similar proposed reforms were rejected by the Senate majority.) High-need school districts have a disproportionate share of the state’s non-graduates, and are the most negatively impacted by the failure to establish a need-based formula.

In December of 2005, the State Education Department (SED) identified for analysis 127 schools in the state with graduation rates under 70%. SED found that all of the identified schools were in districts that had high student need in relation to district ability to raise resources locally – exactly the districts where educational quality would be promoted by comprehensive formula reform. SED found that students at the identified schools were “more likely to be eligible for subsidized lunches, to be disabled, to be limited English proficient ... Students in these schools are more likely... to be taught by teachers without appropriate certification; they have fewer books and computers per 100 students.”¹⁵ Failure to establish a fair funding system will perpetuate the continued high levels of student failure in the districts where these students live. **The analysis in this report shows that a major infusion of funding, targeted towards school districts with the highest need, will be effective in addressing the graduation crisis.**

Addressing low graduation rates is not just common sense -- it is mandated by the state constitution. In CFE II, the court stated that: “it may, as a practical matter be presumed that a

¹³ Education Conference Board Analysis, cited in Fiscal Policy Institute, *Balancing New York State's 2006-2007 Budget in an Economically Sensible Manner*, January 2006, at 28; available at <http://www.fiscalpolicy.org/2006FPIBudgetBriefing.pdf>. The Education Conference Board, a coalition of education leadership groups, assumed that local property taxpayers would also contribute roughly \$1 billion.

¹⁴ Kevin Carey, *The Funding Gap 2004: Many States Still Shortchange Low-income and Minority Students*, The Education Trust, Inc., October 2004.

¹⁵ James A. Kadamus, *Analysis of Graduation Rates for the 2001 Student Cohort*, January 4, 2006 (memo to the New York State Board of Regents); available at <http://www.regents.nysed.gov/2006Meetings/January2006/106brd3.htm>.

dropout has not received a sound basic education.”¹⁶ At least one-third of high school students statewide and a higher percentage of children of color and children in some regions of the state are at serious risk of being denied their constitutional rights.

What was the impact of the 2006-07 state budget on the efforts of school districts to address graduation rates and other student achievement issues? While comprehensive information is not available, PPEF compiled some of the cuts being projected by school district officials (see Figure 5). We found that many school districts proposed minor cuts and others faced more dramatic cuts. Proposed cuts included the closing of schools, class size increases, reductions in special education, reductions in programs targeted at kids with reading difficulties, and cutbacks in foreign languages, the arts, and gifted and talented programs. The staff cuts included teacher’s aides, and school monitors and security guards who help maintain discipline and safety. In district after district, the most elemental component in children’s education was the most common item cut: teachers, often, although not always, by attrition.

At a time when state school funding needs to provide for additional qualified teachers, academic enrichment and remediation programs, and other programming designed to improve graduation rates, districts have been instead forced to cut teachers and services. However, as the segment of this report devoted to property tax increases attests, property taxpayers are stretched to their limits. In these circumstances, school districts generally seemed this year to propose budgets designed to minimize the impact of cuts while trying to limit the size of proposed property tax increases. This is not a recipe for addressing the graduation crisis.

Findings

Although there may be general concern about the state’s low graduation rate, there remains considerable public skepticism about the ability of additional funding to make a difference in the educational outcomes of children at risk of dropping out. Many ask the simple question: will more money matter? To answer this question, we compared the spending per pupil for school districts statewide to see if higher spending districts have higher graduation rates. **We found that the more a school district spends on its children’s education, the higher the graduation rate of that school district.** Specifically:

- ✓ districts with 90% graduation rates spend an average of \$18,551 per pupil; (Figure 6)
- ✓ districts with less than 50% graduation rates spend an average of \$13,593 per pupil, \$4958 less than the top performing districts; (Figure 6)

¹⁶ CFE II, 100 N.Y.2d 893 (2003).

- ✓ districts with graduation rates between 50% and 67% spend an average of \$15,009 per pupil, \$3542 less than school districts with the highest graduation rates. (Figure 6)
- ✓ districts with graduation rates between 67% and 90% spend an average of \$15,916 per pupil, \$2635 less per pupil than districts with the highest graduation rates. (Figure 6)

We also compared the level of per pupil spending in districts with less than 90% graduation rates to districts with greater than 90% graduation rates, after adjusting the figures based on what would be needed to level the playing field for students from low-income households, using the standards set under the federal No Child Left Behind Act (NCLB), and by the New York State Board of Regents. This method of measurement, accounting for the number of students receiving free or reduced price lunches, is commonly referred to as "poverty-weighting." NCLB establishes a federal policy that to create equal opportunity for students from low-income households (as measured by free lunch eligibility), states should invest \$1.40 for every \$1.00 invested in the education of other students. Poverty-weighting reflects the common understanding by education policy experts that we must spend more per child to provide a quality education for low-income children, including to enhance graduation rates. (The New York Adequacy Study, the most comprehensive study ever done of a state's school finance system, set the appropriate poverty weighting at 1.5.)¹⁷ We found that:

- ✓ using the 1.4 poverty weighting under NCLB, in school districts with graduation rates below 50%, New York State invests 57% of what would be needed to level the playing field for low-income students – managed by the spending levels in districts with a greater than 90% graduation rate (after adjusting for poverty levels). (Figure 7)
- ✓ Using the 2.0 poverty weighting recommended by the Regents, we found that in school districts with graduation rates below 50%, New York State invests 44% of what would be needed to level the playing field for these students. (Figure 8)¹⁸

These conclusions are consistent with SED findings that the higher the level of district spending per pupil, the greater the pupil achievement (after adjusting for need and regional cost).¹⁹

¹⁷ See American Institutes for Research & Management Analysis and Planning, Inc., *The New York Adequacy Study*, March, 2004, available at <http://www.cfequity.org>.

¹⁸ It is possible that our report understates the amount of additional spending that would have to occur in school districts with lower graduation rates, because we did not weight the numbers of English Language Learners and disabled students. The New York Adequacy Study found that additional weightings should be provided for these students.

¹⁹ SED analysis, cited in Fiscal Policy Institute, *Balancing New York State's 2005-2006 Budget in an Economically Sensible Manner*, January 2005; available at <http://www.fiscalpolicy.org/FPIBudgetBriefing2005.pdf>.

III. Property Taxes and School Funding

Overview

A recent study by New York State Comptroller Alan G. Hevesi found that the property tax - a combination of taxes levied by school districts to operate schools (sometimes referred to in this report as “school taxes”) and taxes levied by cities, towns, and villages to fund municipal services – is “by far the largest tax imposed by local governments in New York State, representing 79 percent of all local taxes outside of New York City.”²⁰ The Hevesi Property Tax Study found that the greatest growth in local property tax levies has occurred since 2000, when property taxes increased 42 percent, more than three times the inflation rate for that period (13%).²¹ School taxes are the largest portion of property taxes paid by homeowners (61% outside of New York City), and have “generally been increasing more rapidly than municipal property taxes (counties, cities, towns and villages)... As with total property taxes, school taxes vary around the State, with some of the highest full value tax *rates* in high-need districts, where property values tend to be low, but some of the highest total *bills* in wealthier areas, where property values are much higher.”²²

School districts have faced increasing demands in recent years, from increased education standards imposed by the Regents, to increasing mandated costs for pensions, health care and other employee benefits.²³ During the last few years, state aid as a percentage of total public school budgets has declined to a 50-year low, at under 37% (see Figure 1). New York State ranks 34th among all states in the nation in the proportion of school aid provided by the state as opposed to local government. By contrast, New York State ranks number 1 among all states in local taxes as a percentage of personal income.²⁴ School taxes “are the only significant source of revenue for most school districts.”²⁵ The money to operate schools has to come from

²⁰ Office of the State Comptroller, *Property Taxes in New York State* (April 2006), at 6; available at <http://www.osc.state.ny.us/localgov/pubs/research/propertytaxes.pdf> (“Hevesi Property Tax Study”).

²¹ *Id.*, Summary of Findings, at 2.

²² *Id.*, at 12 [emphasis in original]. New York City property taxes are lower on average than outside the City, as the City has other significant sources of local revenue, such as the City income tax.

²³ See New York State Council of School Superintendents, *The Wrong Campaign (2006-07 Executive Budget Proposal Budget Analysis)*, January 2006; available at www.nyscoss.org.

²⁴ Citizens Budget Commission, *Can New York Get an A in School Finance Reform?*, at 11; available at http://www.cbcny.org/CBC_School_Finance_Reform_01-05.pdf.

²⁵ Hevesi Property Tax Study, at 12.

somewhere, and property taxes are the only significant source of revenue under the control of local school districts under the present system of funding education in the state.²⁶ It is no wonder that opposition to payment of school taxes is growing, particularly in downstate suburbs, where school tax bills are the highest in the state.²⁷

Our findings, discussed below, document a significant correlation statewide between state school aid and property taxes. **In general, higher state aid increases result in lower property tax increases.** These findings clearly support that comprehensive funding reform to greatly increase the state share of total school funding would result in significant property tax relief for local school district taxpayers.

A January 2006 study by the State Comptroller's office regarding Medicaid spending supports our findings. That study found that when the State took over a larger share of the total Medicaid pie, county property taxes in 2006 rose by less than half of what they had in the 5 previous years. The study calculated that: "For 2006, property taxes for counties overall increased by an average of 3.3 percent compared to an average annual increase of 7.0 percent from 2001 to 2005." The Comptroller's report attributes a significant portion of these property tax savings to increasing the state share of Medicaid expenses.²⁸

Findings

Our study sought to find out whether school districts pass on increased state aid to local school taxpayers in the form of smaller increases in school taxes. This would be true if property tax increases are lower in years where state aid increased at a higher rate. To test this theory, we obtained data from the State Education Department on year-to-year changes in state aid and "local contributions" made by school district taxpayers to the education of district children for the 12 years from 1992-03 to 2003-04 (the latest available year). We also did a regression analysis of the 12 years of data (see Figure 9). Our analysis found that:

- ✓ In the 6 years when state aid to school districts increased by more than 4%, local contributions (primarily school taxes) increased by an average of 2.1%. However, in the 6

²⁶ As the State Comptroller said in his recent property tax report: "Property taxes are generally used to balance municipal budgets after accounting for all other sources of revenue – this means they tend to increase more quickly if other revenues stagnate or decline." Hevesi Property Tax Report, at 2.

²⁷ In 2005, the greatest percentage of school budgets voted down was on Long Island. As this report was being finalized, the results were not in for the 2006-07 school budget votes scheduled for May 16, 2006. However, many were predicting a greater number of defeats of school budgets than in past years. The most cited reason by observers for "no" votes on school budgets is opposition to the level of school taxes.

²⁸ Office of the State Comptroller, *County Medicaid Update*, January 2006; available at <http://www.osc.state.ny.us/localgov/pubs/research/medicaidupdate.pdf>.

years when state aid increased less than 4%, school taxes increased by 7.2%. (Figures 10-12)

- ✓ For the 1995-96 to 2003-04 period (using a two-year “rolling average”), changes in local revenue in support of education mirrored changes in state aid: when state aid significantly increased, property tax increases were lower. For example, for the 1998-99 to the 2001-02 period, when state aid increased over 10% annually, school districts responded with property tax increases less than 4%. By 2001-02, average school tax increases had declined to roughly 1%. And property taxes began to once again shoot up in 2002-03, when the rate of state aid increases began to decline. (Figure 13)
- ✓ Overall trends show that individual school districts that receive greater levels of state aid turn the state aid over to local property taxpayers in the form of lowered property tax increases. In fact, our regression analysis found that every 1% increase in school aid translates into a half a percent decrease in local school taxes. (Figure 9)
- ✓ In 2006-07, on average, school districts that are projecting school tax increases of less than 4% are receiving an average state aid increase of 7.48%, districts projecting a 4% to 10% school tax increase are receiving an average state aid increase of 6.95%, and districts facing school tax levy increases of greater than 10% had state aid increases averaging 6.6% (Figure 14)

In summary, our analysis establishes a correlation between state school aid and school tax changes. The higher the increases in state aid, the lower the average increases in property taxes. If the state were to substantially increase its share of total spending well above the 37% proportion currently in place, it is safe to predict that the impact would be much lower school taxes than would result if the state maintained its current share.

IV. Conclusion

This report adds to the overwhelming evidence that increased school spending will improve educational outcomes for New York State's two million school children. And this report also concludes that a significant increase in state-funded education spending would result in property tax relief for overburdened taxpayers.²⁹

The 2006-07 state budget did not provide even close to enough funding to address the graduation crisis. By providing a greater than usual increase in state school aid, the budget did moderate proposed local property tax increases around the state. However, it did nothing to reform the fundamental over-reliance on local property taxes in funding schools. Addressing these problems simultaneously is the number one school funding challenge faced by state policy makers. This can only be accomplished through a dramatic and fundamental reform of the state's school funding formula. Such reform must provide for the state assuming a much larger proportional share of the school funding pie. It must also include a leveling of the playing field by targeting additional resources to significantly increase the graduation rates of lower income, English Language Learners and disabled students around the state. Finally, any reform plan must apply the principles established in CFE II statewide.

A variety of alternatives to school funding reform have been proposed around the state. These include capping local school budgets and providing additional state funded property tax rebates. However, neither a cap on property taxes nor a property tax rebate takes into account the need to increase graduation rates or other desirable educational outcomes. It takes no great leap of faith to conclude that capping school spending will not improve graduation rates when there is overwhelming evidence connecting increased spending per pupil with improved educational outcomes. In fact, capping school district spending is likely to adversely affect student achievement.

Moreover, there is no evidence that property tax rebate checks will actually provide for a long term slowing in the growth of property taxes. Such rebate plans, layered on top of the existing flawed school funding system, are likely to prove inadequate at stopping the growth in property taxes and do nothing at all to address the graduation crisis.

A more hopeful approach lies in retooling the school funding system entirely. The shifting of a larger share of school funding away from local property taxes and into the state budget would produce fundamental changes in the growth of property taxes, as supported by the findings in this

²⁹ Comptroller Hevesi has also tentatively suggested that increases in school aid in 2006 may have slowed the growth of local property taxes this year. Hevesi Property Tax Study, at 5.

report. Such reform, coupled with a commitment by the State to provide a large infusion of additional school funding resources to school districts with the greatest unmet educational needs, will have significant positive impacts in bringing property taxes under control and improving graduation rates and other educational outcomes.

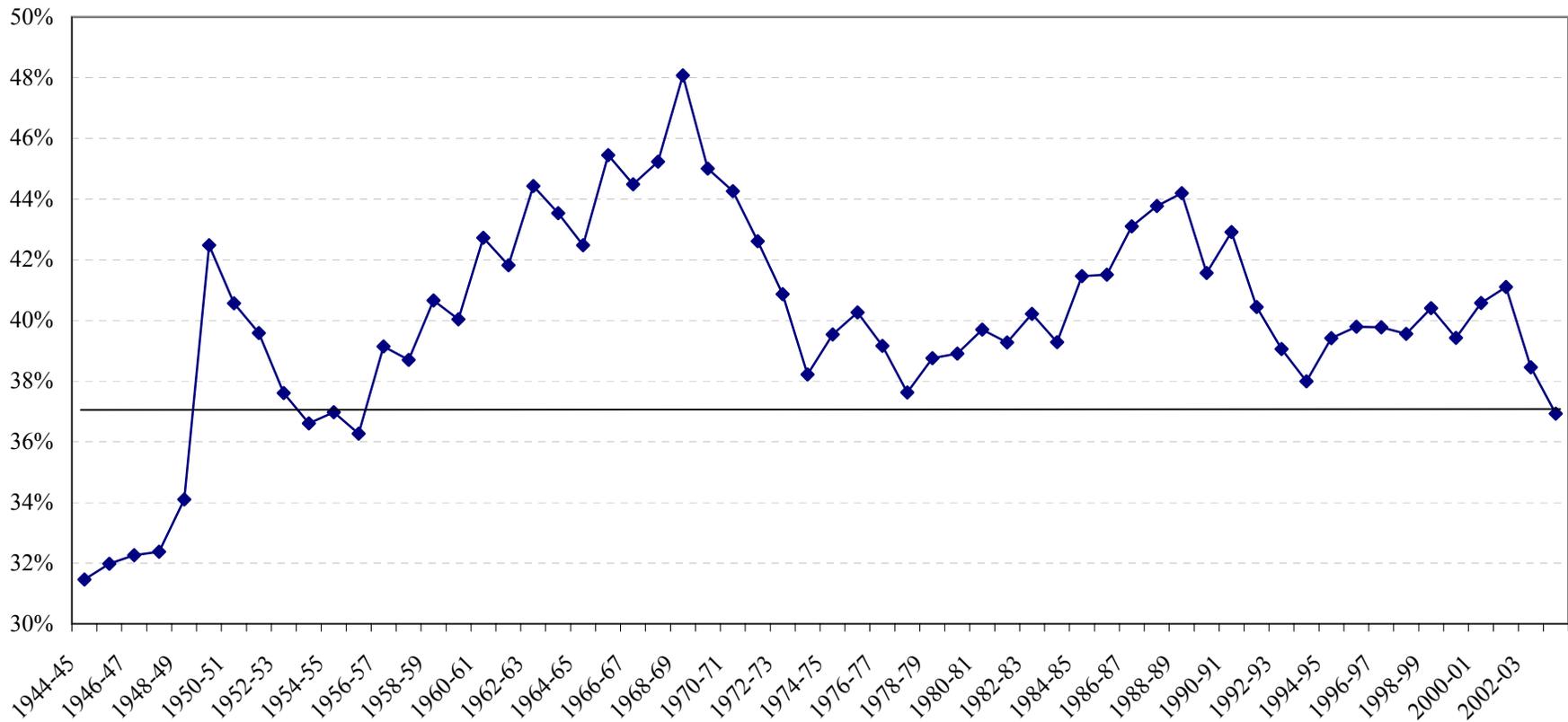
How can the state pay for the additional state funding that is needed? A range of options have been proposed by various entities, including setting aside state budget surpluses for education, income tax surcharges on the highest income earners, creation of more tax brackets for higher income earners, savings through Medicaid fraud enforcement, and creating efficiencies of scale in school districts statewide.³⁰

However, this report is not focused on funding mechanisms. Rather, we have documented that both the graduation and property tax crises stem from the same source: the State's failure to pay a large enough share of the school funding pie and the failure to have a school funding formula designed to meet student need. It is incumbent upon lawmakers to weigh the full range of available options for how to provide the revenues necessary to end both the graduation and property tax crises.

The reforms we support entail a dramatic revamping of the present state school aid formula. Reports by others have examined options as to how to best reform school funding and ways to provide the necessary resources for school funding reform. Reform plans have been successfully implemented in other states. Future reports by PPEF and others should provide more detail on how such reforms could impact both educational outcomes and property taxes, and weigh the relative merits of various proposals for financing the necessary additional school aid.

³⁰ For some of the available options, see Institute for Taxation And Economic Policy, *Achieving Adequacy: Tax Options for New York in the Wake of the CFE Case*, April 2005

Figure 1
During the last several years, State Aid as a percent of public school budgets has been at a 50-year low.
In 2003-2004 it was less than 37%.



Source: State Education Department, Analysis of School Finances in NYS School Districts, January 2006.

Figure 2
School District Graduation Rates

Percent of Students Entering 9th Grade in 2001 Graduating in Four Years	Number of Districts	Number of Students	Share of Students
Less than 50%	9	1,110,989	39%
Between 50 and 67%	72	307,076	11%
Between 67% and 90%	461	1,067,681	38%
Greater than 90%	<u>109</u>	<u>333,880</u>	<u>12%</u>
Total - Districts with High School Graduation Rate Data	651	2,819,626	100%

Source: State Education Department, Graduation Rate Data Base. <http://emsc33.nysed.gov/irts/press-release/20060213/home.htm>

Figure 3
Nine Districts with Graduation Rates Less than 50%

<u>District Name</u>	<u>Four Year Graduation Rate</u>	<u>Number of Students</u>	<u>Percent of Students Eligible for Free Lunch</u>	<u>Expenditures per Pupil</u>
WYANDANCH UFSD	32.5%	2,047	83%	\$23,716
HEMPSTEAD UFSD	39.3%	6,950	82%	\$17,912
ROCHESTER	40.6%	36,294	77%	\$13,487
ROOSEVELT UFSD	42.7%	3,181	88%	\$20,986
LACKAWANNA CITY SD	45.2%	2,188	63%	\$15,784
POUGHKEEPSIE CITY SD	46.6%	4,816	63%	\$14,222
NEW YORK CITY	47.0%	1,034,989	75%	\$13,464
ALBANY CITY SD	47.5%	10,240	63%	\$16,599
MT VERNON CITY SD	47.7%	10,284	51%	\$16,025

Figure 4
72 Districts with Graduation Rates Between 50% and 67%

District Name	Four Year Graduation Rate	Number of Students	Percent of Students Eligible for Free Lunch	Expenditures per Pupil
BUFFALO	50.4%	41,710	71.9%	\$13,351
MEXICO CSD	51.7%	2,494	21.4%	\$14,794
SYRACUSE	51.9%	22,601	67.4%	\$11,940
CENTRAL ISLIP UFSD	51.9%	6,300	46.3%	\$22,143
FREEPORT UFSD	52.5%	6,775	34.3%	\$18,968
TROY CITY SD	52.6%	4,249	51.8%	\$19,440
YONKERS	53.4%	24,368	57.0%	\$15,510
MONTICELLO CSD	53.7%	3,550	41.4%	\$18,068
WATERTOWN CITY SD	54.3%	4,564	43.6%	\$10,642
MIDDLETOWN CITY SD	54.5%	7,100	49.2%	\$15,409
SCHENECTADY CITY SD	55.3%	9,555	57.9%	\$12,647
ALTMAR-PARISH-WILLIAMSTOWN CSD	55.6%	1,603	38.0%	\$15,305
BINGHAMTON CITY SD	56.0%	6,635	56.4%	\$11,854
HUDSON CITY SD	56.6%	2,121	42.1%	\$15,496
WORCESTER CSD	57.1%	456	24.8%	\$14,865
LA FARGEVILLE CSD	57.1%	583	32.8%	\$13,752
AMSTERDAM CITY SD	57.4%	3,756	37.3%	\$12,024
HORNELL CITY SD	58.1%	1,886	44.2%	\$13,268
PEEKSKILL CITY SD	58.2%	3,150	55.6%	\$19,883
UTICA CITY SD	58.2%	9,350	66.1%	\$11,263
ELLENVILLE CSD	58.9%	1,770	36.2%	\$21,301
LIBERTY CSD	59.1%	1,796	35.6%	\$18,821
SALAMANCA CITY SD	59.2%	1,482	39.3%	\$14,771
PORT BYRON CSD	59.4%	1,128	30.4%	\$14,228
PORT JERVIS CITY SD	59.5%	3,144	35.6%	\$15,919
CAIRO-DURHAM CSD	59.7%	1,760	27.8%	\$12,670
PINE PLAINS CSD	60.5%	1,385	14.9%	\$16,786
AUBURN CITY SD	60.5%	4,930	31.6%	\$12,000
HANNIBAL CSD	60.6%	1,656	34.4%	\$13,458
NEWBURGH CITY SD	60.7%	12,800	49.0%	\$14,306
ELMIRA CITY SD	61.0%	7,252	43.5%	\$13,767
PORT CHESTER-RYE UFSD	61.2%	3,785	46.6%	\$15,646
CHERRY VALLEY-SPRINGFIELD CSD	61.9%	610	21.0%	\$17,046
LANSINGBURGH CSD	62.0%	2,610	40.8%	\$11,740
HADLEY-LUZERNE CSD	62.0%	972	28.5%	\$18,434
FULTON CITY SD	62.2%	4,088	39.5%	\$12,347

Figure 4
72 Districts with Graduation Rates Between 50% and 67%

District Name	Four Year Graduation Rate	Number of Students	Percent of Students Eligible for Free Lunch	Expenditures per Pupil
SODUS CSD	62.5%	1,397	36.3%	\$16,356
CLIFTON-FINE CSD	62.5%	350	38.6%	\$24,058
KINGSTON CITY SD	63.2%	8,160	33.1%	\$15,473
GROTON CSD	63.2%	1,058	22.7%	\$13,845
BRASHER FALLS CSD	63.8%	1,087	34.3%	\$14,361
FRIENDSHIP CSD	64.0%	378	51.4%	\$19,212
LYONS CSD	64.1%	1,035	36.2%	\$14,926
INDIAN RIVER CSD	64.2%	3,663	28.5%	\$13,513
NORTH ROSE-WOLCOTT CSD	64.4%	1,581	27.4%	\$14,974
FRANKFORT-SCHUYLER CSD	64.5%	1,171	19.2%	\$12,992
OSSINING UFSD	64.6%	4,204	22.8%	\$21,509
NIAGARA FALLS CITY SD	64.7%	8,160	52.6%	\$13,654
FRANKLINVILLE CSD	65.1%	862	38.4%	\$17,173
DUNKIRK CITY SD	65.1%	2,169	46.5%	\$15,165
SOUTH SENECA CSD	65.1%	970	41.7%	\$16,652
WILLIAM FLOYD UFSD	65.2%	10,054	37.1%	\$17,336
FALLSBURG CSD	65.5%	1,438	59.8%	\$20,759
OPPENHEIM-EPHRATAH CSD	65.6%	432	25.0%	\$17,532
EVANS-BRANT CSD (LAKE SHORE)	65.7%	3,001	21.0%	\$16,236
AUSABLE VALLEY CSD	65.8%	1,305	21.4%	\$17,381
WHITNEY POINT CSD	65.8%	1,670	26.8%	\$14,167
NORWOOD-NORFOLK CSD	65.9%	1,155	30.1%	\$14,562
HANCOCK CSD	66.0%	450	36.7%	\$20,364
BALLSTON SPA CSD	66.0%	4,426	14.1%	\$14,063
UNIONDALE UFSD	66.1%	6,357	28.7%	\$21,910
CINCINNATUS CSD	66.1%	692	38.2%	\$15,099
GOWANDA CSD	66.1%	1,608	44.8%	\$13,596
CORTLAND CITY SD	66.2%	2,840	32.3%	\$12,724
NEW ROCHELLE CITY SD	66.4%	11,022	41.1%	\$17,787
COPIAGUE UFSD	66.6%	4,809	35.1%	\$17,641
CHARLOTTE VALLEY CSD	66.7%	426	44.6%	\$15,805
CATSKILL CSD	66.7%	1,800	27.3%	\$16,739
WATERFORD-HALFMOON UFSD	66.7%	951	19.6%	\$16,962
BRIDGEHAMPTON UFSD	66.7%	165	34.7%	\$59,530
LA FAYETTE CSD	66.7%	968	27.9%	\$15,831
NEWARK VALLEY CSD	66.9%	1,288	25.1%	\$15,880

Figure 5
**Consequences of 2006-07
 State Budget for Selected School Districts**

County	School District	Projected Budget Consequences
Albany	Albany	40 positions eliminated. Budget for supplies, materials and equipment reduced 10% (Albany Times Union, 4/05/06, 5/04/06)
	Ravena-Coeymans-Selkirk	5 of 8 vacant teaching positions open through retirements will not be filled. Administrative position eliminated (Times Union, 4/6/06)
Broome	Susquehanna Valley	Elementary School to be closed (Press and Sun-Bulletin, 4/21/06)
	Whitney Point	7.5 teaching positions, 1 aide and 1 administrative position cut. Social worker at intermediate school cut from full to half-time. Teaching positions cut include a "pre-first" teacher, a math academic intervention teacher, a reading intervention teacher, a special education teacher, a high school science teacher, and a high school math teacher (Press & Sun Bulletin, 4/25/06)
Clinton	Northeastern Clinton	2 primary school teacher positions eliminated by attrition. Part-time counselor and teacher's aide eliminated (teacher's aide may be switched to special education position). Reduction in hours for 3 secretaries, and custodian. Driver's education eliminated. Some elementary school kids may have to change buildings (Press Republican, 5/01/06)
	Saranac	Eliminate 19 positions, including two nurses, teacher, maintenance staffer, part-time custodial, clerical, and food service positions, and monitor (Press-Republican, 5/9/06)
Dutchess	Arlington	Increase fee for "non-essential" programs, such as driver's education and adult education (Poughkeepsie Journal, 5/5/06)
	Poughkeepsie	23 jobs would be eliminated, including assistant to superintendent, 3 administrative coordinators, 2 social workers, and a building administrator (Poughkeepsie Journal, 4/12/06, 4/21/06)
Erie	Lackawanna	Several jobs eliminated and others consolidated. 7 teachers are expected to take a new retirement incentive. 6 teaching positions and a librarian's position were eliminated. District will not replace personnel, curriculum and staff development position (Buffalo News, 4/28/06)
	Lake Shore	20 teaching positions cut. Spending for materials and supplies cut by 20% (Buffalo News, 4/3/06)
	Lancaster	Cut half-time psychologist. \$200,000 cuts in equipment, \$158,000 in materials and supplies (Buffalo News, 4/4/06)
	Tonawanda	5 full time teaching positions eliminated, 4 through retirements. District projected to eliminate additional positions in future years. District had previously increased number of teachers in past years, even though enrollment declined to improve academic performance through lower class sizes (Buffalo News, 4/22/06)
Fulton	Gloversville	District will leave 2 teaching positions vacant and eliminate 9 non-teaching positions. Cuts also include 5 teacher retirements and 8 teacher's aides (Daily Gazette, 4/1/06, 4/5/06)
Montgomery	Amsterdam	37 positions eliminated (11 retirements, 27 current positions); elementary school to be closed down (Daily Gazette, 4/11/06)
	Fort Plain	Eliminate high school business teacher (by attrition). District will no longer contract with the county for social work and psychological services for children (Daily Gazette, 5/12/06)
Niagara	Lockport	Gifted and Talented program in elementary schools would lose 2 teachers. Additional cuts anticipated, including to athletic program (Buffalo News, 4/5/06, 4/20/06).

Figure 5
**Consequences of 2006-07
 State Budget for Selected School Districts**

County	School District	Projected Budget Consequences
Oneida	Utica	2 teachers and 4 support staff may be laid off, and as many as 14 vacant staff positions might not be filled (Observer-Dispatch, 5/05/06)
Onondaga	Tully	District to lose 3 teaching and/or teaching assistant positions. Some staff "restructuring" may occur (Post-Standard, 4/20/06; district budget summary: "Partners in Progress: 2006-2007")
Putnam	Carmel	40 faculty and staff cuts; could lose 10.5 teachers and 13 non-instructional staff positions; larger elementary class sizes (Journal News, 4/5/06)
Rensselaer	Berlin	4.6 positions cut (2 through attrition) (Times Union, 5/12/06)
	East Greenbush	2 % reduction in general spending on items like supplies and materials, renegotiation of employee benefits (Albany Times Union, 4/25/06)
	Rensselaer	1 position cut (might be by attrition) (Times Union, 5/12/06)
	Troy	8 retirements, fewer bus runs and 3 less elementary school teachers. Reduced funding for special education (Times Union, 4/12/06)
Rockland	East Ramapo	Several high school and middle school teachers, elementary school teachers' assistants, and instructional facilitators eliminated. To partially fill the gap, reading teachers will be partially reassigned to regular classroom duties, potentially hurting the Reading Recovery program, targeted at kids with reading difficulties (Journal News, 4/26/06)
	South Orangetown	Budget cuts some staff and increases class sizes. Kindergarten average class size expected to increase from 19 to 22. 2 more kids per fourth grade class. Fifth grade expected to have around 28 kids per class. 25 student class cap expected to exceed in 4th and 5th grades (Journal News, 4/1/06, 4/4/06)
Saratoga	Burnt Hills-Ballston Lake	2 elementary teachers and a special education staff position eliminated (Daily Gazette, 4/20/06)
	Galway	2.5 positions to be cut. Superintendent anticipates further staff cuts beyond these ones. (Daily Gazette, 4/4/06, 4/21/06)
Schenectady	Schenectady	Eliminate 3 teaching positions, a secretary, a nurse, and two instructional paraprofessionals. Alternative middle school closed (Daily Gazette, 4/6/06, 4/11/06)
Schoharie	Schoharie	Leave positions of 3 retiring teachers vacant. Cancellation of summer school programs, driver education, field trips (Daily Gazette, 5/04/06)
Schoharie; Montgomery; Otsego	Cobleskill-Richmondville	16 staff cuts expected (10 through attrition); summer school "scaled back" (Daily Gazette, 4/15/06, 4/19/06; 5/10/06)
Steuben	Addison	Cut 10.5 positions, including 7.5 teachers or teachers assistants, 1 maintenance position, and 2 central office personnel (The Leader)
Tioga	Owego-Apalachin	Eliminate more than 6 positions, mostly through attrition. Cut elementary school foreign language classes (Press and Sun Bulletin, 4/7/06).

Figure 5
**Consequences of 2006-07
 State Budget for Selected School Districts**

County	School District	Projected Budget Consequences
Tompkins	Dryden	14 proposed staff cuts, including teachers (Ithaca Journal, 4/4/06)
	Ithaca	Eliminate at least 6 secondary teaching positions. No money for extended day programs at three elementary schools. Funds cut for diversity management and staff development (Ithaca Journal, 4/5/06, 4/12/06)
Ulster	Kingston	13 teaching positions (11 elementary and 2 secondary) to be cut through attrition (Daily Freeman, 4/7/06)
Westchester	Briarcliff Manor	10 positions to be eliminated (5 teachers and 5 teaching aides), affecting all 3 schools; 5 clubs eliminated; athletic program cut (Journal News, 4/12/06)
	Chappaqua	3 teaching positions and elementary health educator eliminated. Two of the teaching positions are on the elementary school level (Journal News, 5/2/06)
	Dobbs Ferry	Eliminate one top-level administrator. Minor reductions in sports and arts programs (Journal News, 4/22/06)
	Edgemont	2 less sections in district's elementary schools and cutbacks on the secondary level in english, foreign language and social studies (Journal News, 4/9/05)
	Greenburgh	District estimated to lose 11.8 positions to limit tax increase to 5.5%: 7.8 teaching positions, a high school guidance counselor, a social worker and a elementary librarian and an administrator. (Teaching positions include art teachers, third-grade teacher, physical education teacher, and English, math, technology, social studies teachers, and part of French and Japanese teaching positions.) Class sizes projected to increase (Journal News, 4/5/06, 5/1/06)
	Hendrick Hudson	Proposed budget includes 11 fewer positions: 6 elementary teacher aides, a high school english teacher, a middle school art teacher and technology teacher, two part time elementary teachers and security guard (Journal News, 4/5/06, 4/18/06)
	Lakeland	13 teaching positions expected to be cut. Also, 14 full time monitor positions, 5 part time monitor positions, special education teacher, district wide athletic director position and 2 assistant principals. (Journal News, 4/6/06).
	New Rochelle	District will hire 8 full and part time teachers, but 11 teachers expected to retire in June, for a net staff cut, even though enrollment has increased 3% in last 4 years (Journal News, 4/22/06)
	Tarrytown	1 kindergarten teaching position and 2 central office staff positions eliminated (Journal News, 4/19/06)

Figure 6
Relationship between Spending Per-Pupil
and Graduation Rates

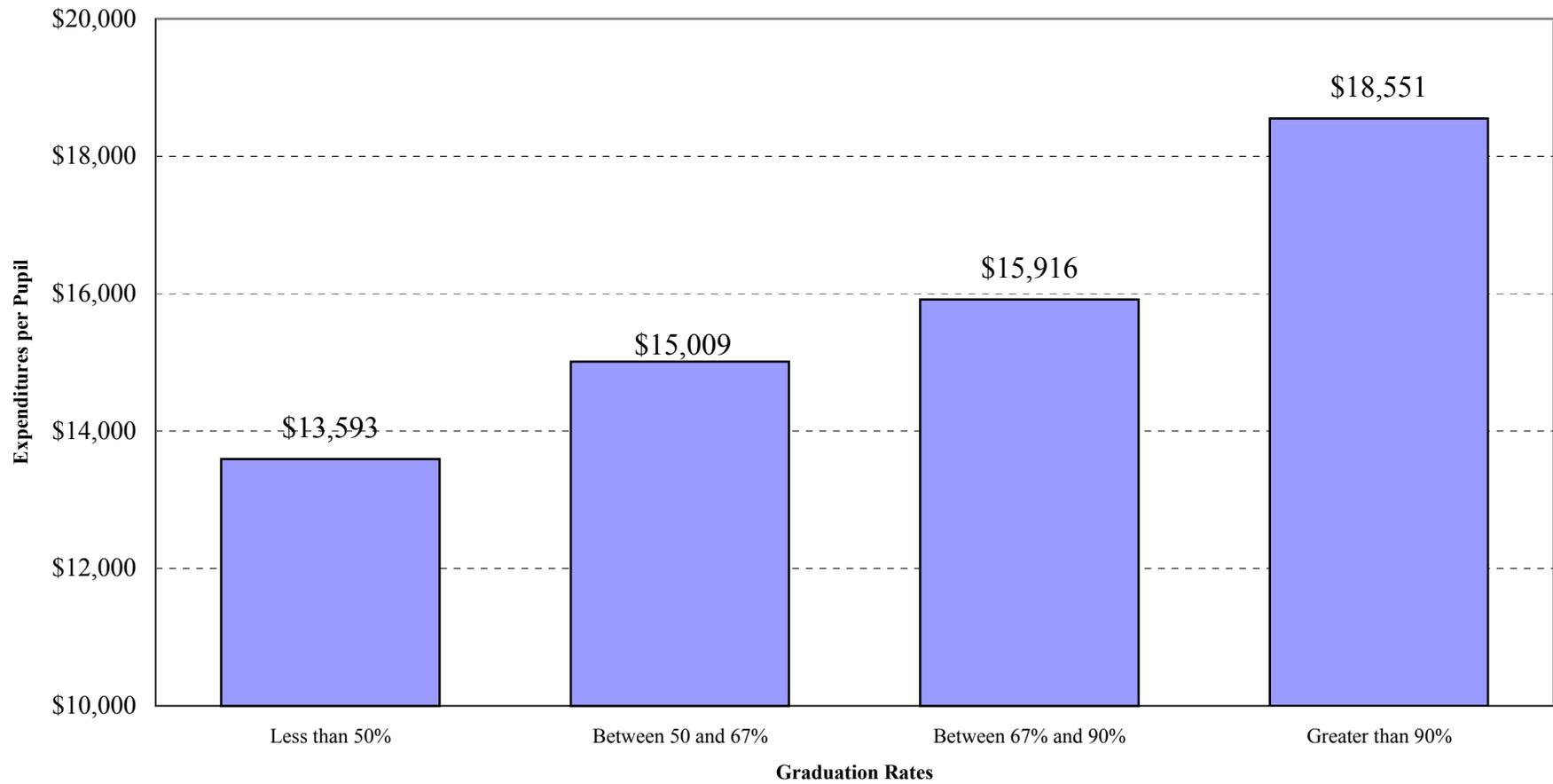


Figure 7
Relationship between Spending Per-Pupil and Graduation Rates
(Applying Federal Standards for Spending on Lower Income Students)

Free lunch students weighted at 1.4. Expenses per pupil for districts with graduation rates greater or equal to 90% set at 100%.

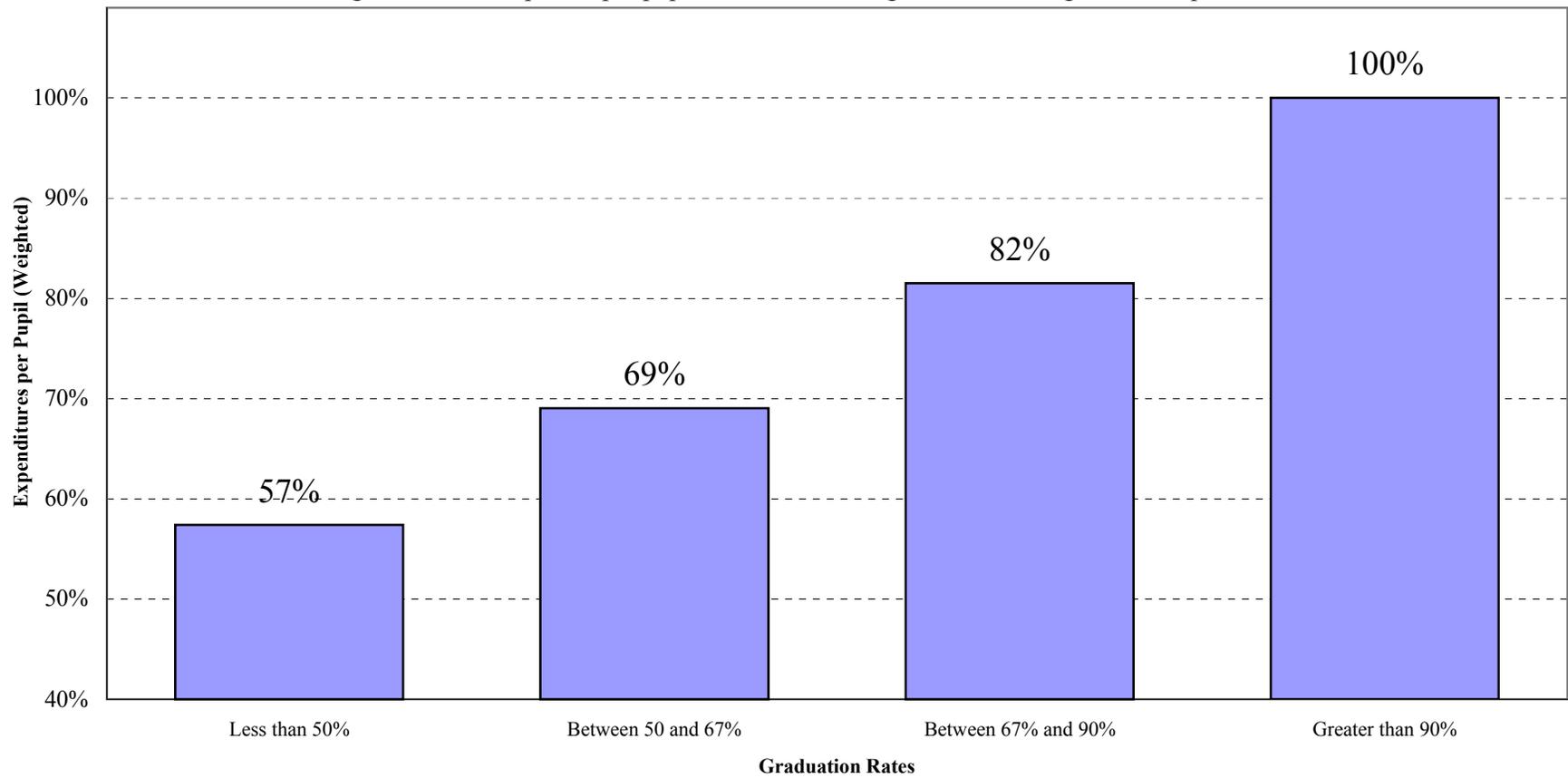


Figure 8
Relationship between Spending Per Pupil and Graduation Rates
(Applying NYS Standards for Spending on Lower Income Students)

Free lunch students weighted at 2.0. Expenses per pupil for districts with graduation rates greater or equal to 90% set at 100%.

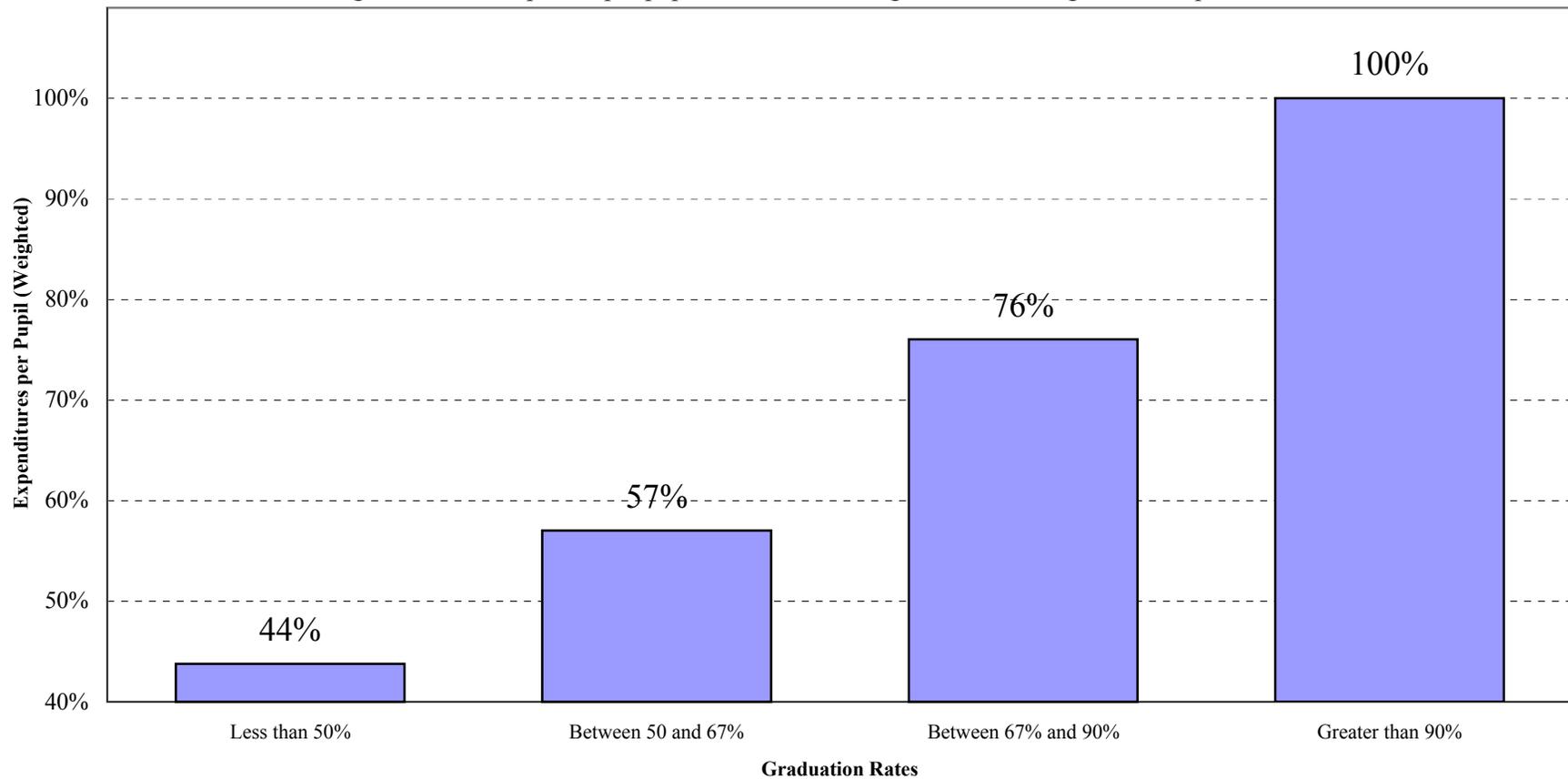


Figure 9
Relationship between School Taxes and School Aid

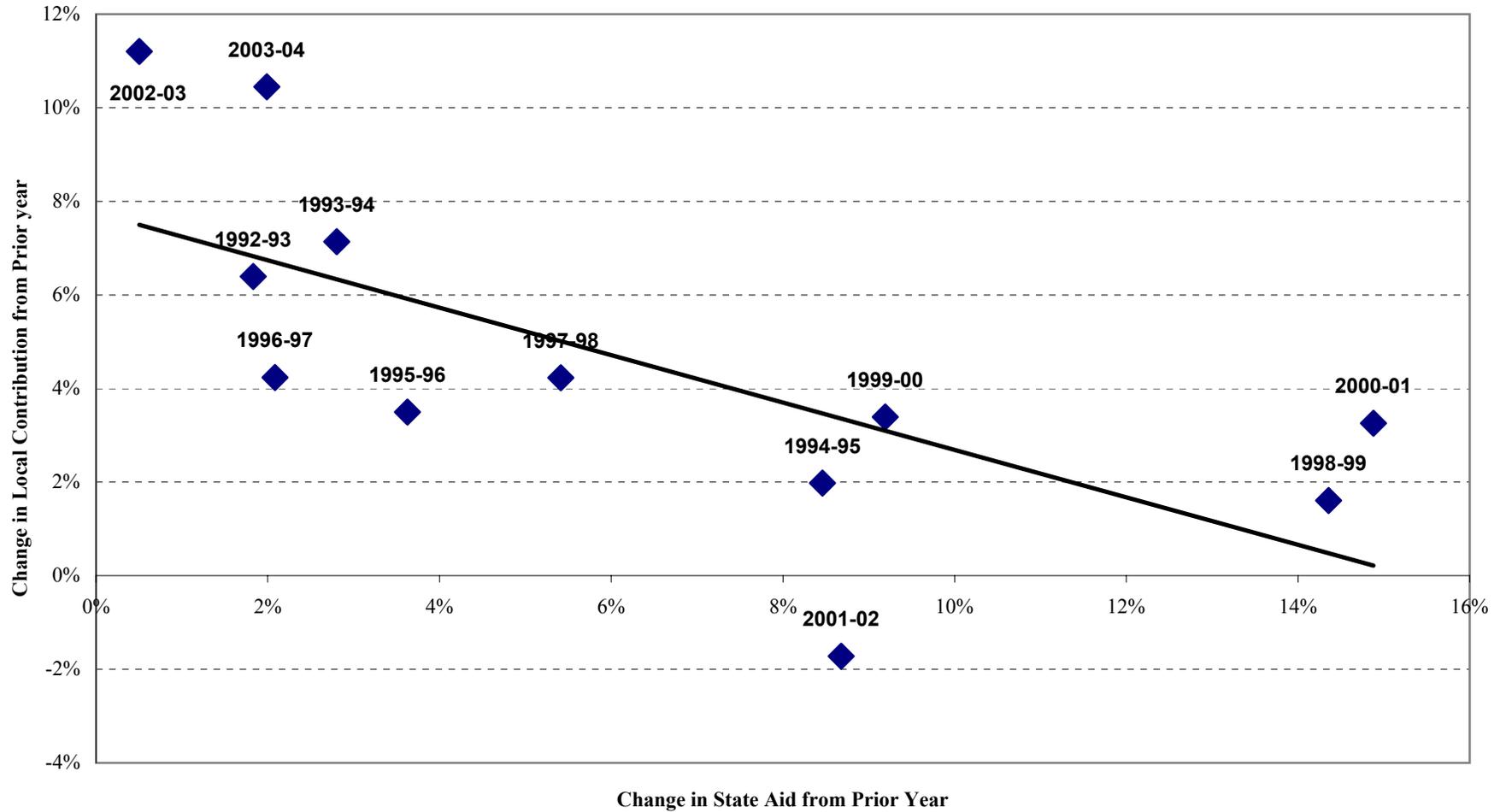


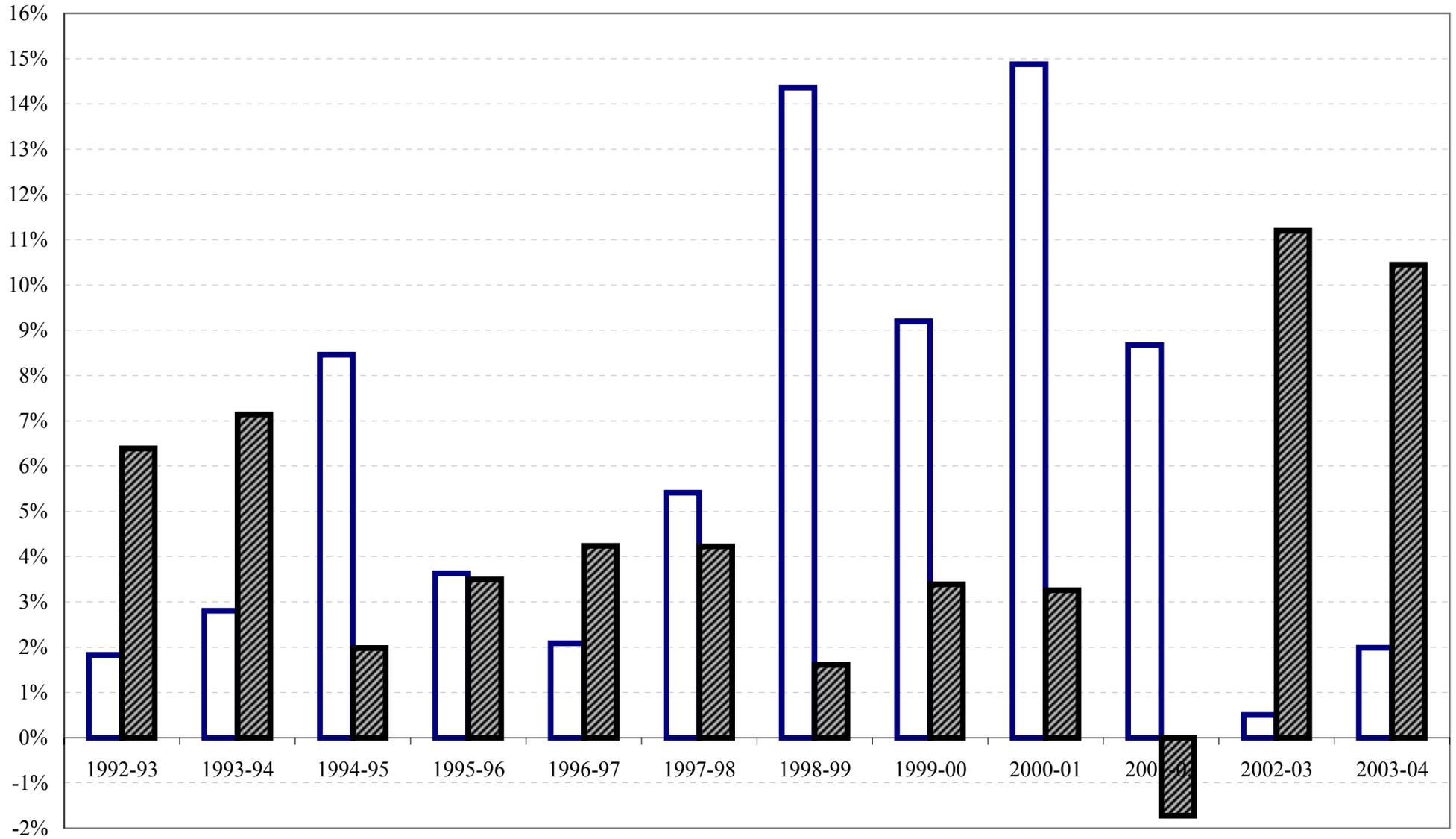
Figure 10

**Trends in School District Budgets,
1992-1993 through 2003-04**

School Year	Percent Change in State Aid from Prior Year	Percent Change in Local Contribution (School Taxes) from Prior Year
1992-93	1.8%	6.4%
1993-94	2.8%	7.1%
1994-95	8.5%	2.0%
1995-96	3.6%	3.5%
1996-97	2.1%	4.2%
1997-98	5.4%	4.2%
1998-99	14.4%	1.6%
1999-00	9.2%	3.4%
2000-01	14.9%	3.3%
2001-02	8.7%	-1.7%
2002-03	0.5%	11.2%
2003-04	2.0%	10.4%

Note: The overwhelming majority of district local contributions are from school taxes.

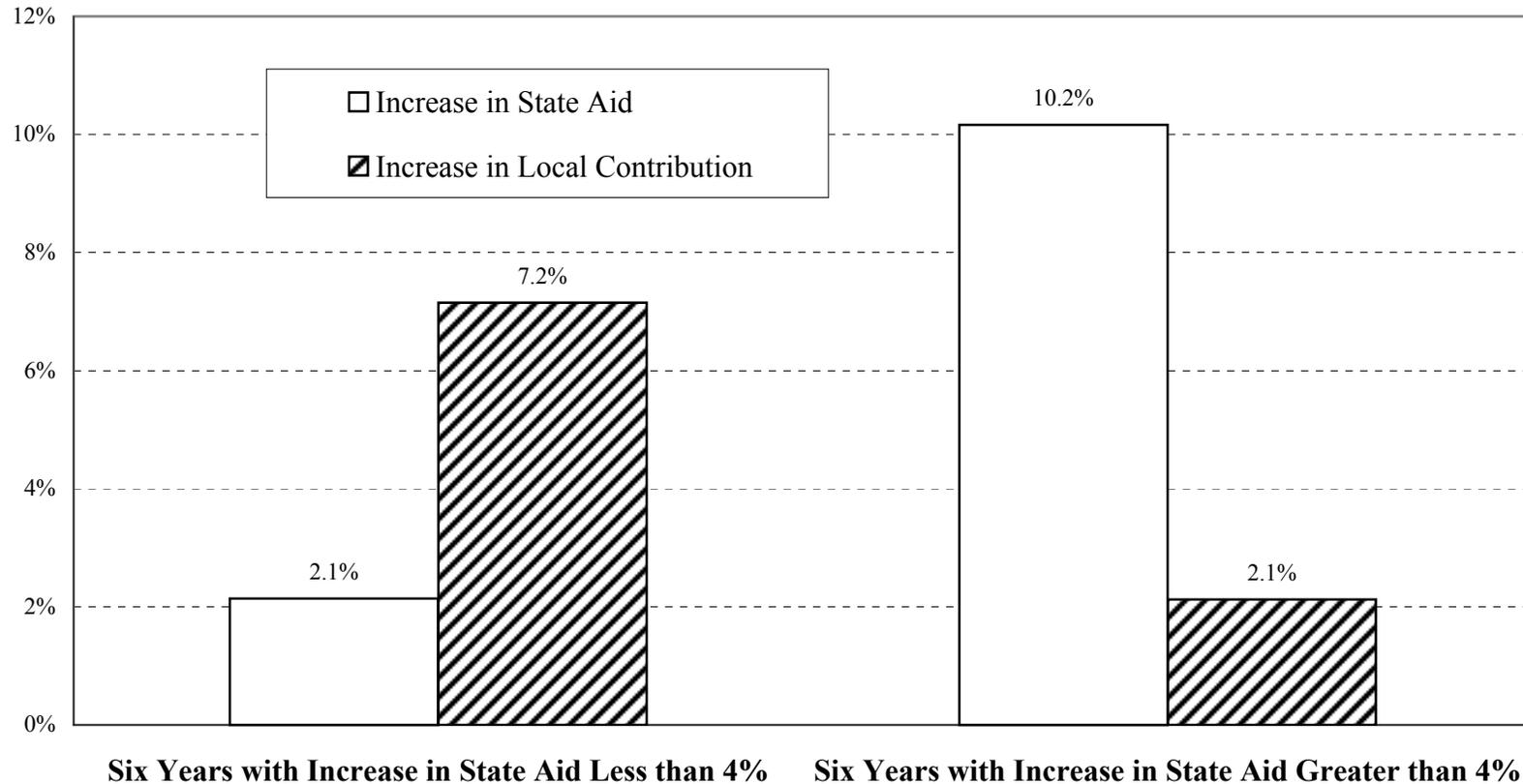
Figure 11
Year-to-Year Changes in State and Local Contributions to School District Budgets



■ Percent Change in State Aid from Prior Year ■ Percent Change in Local Contribution from Prior Year

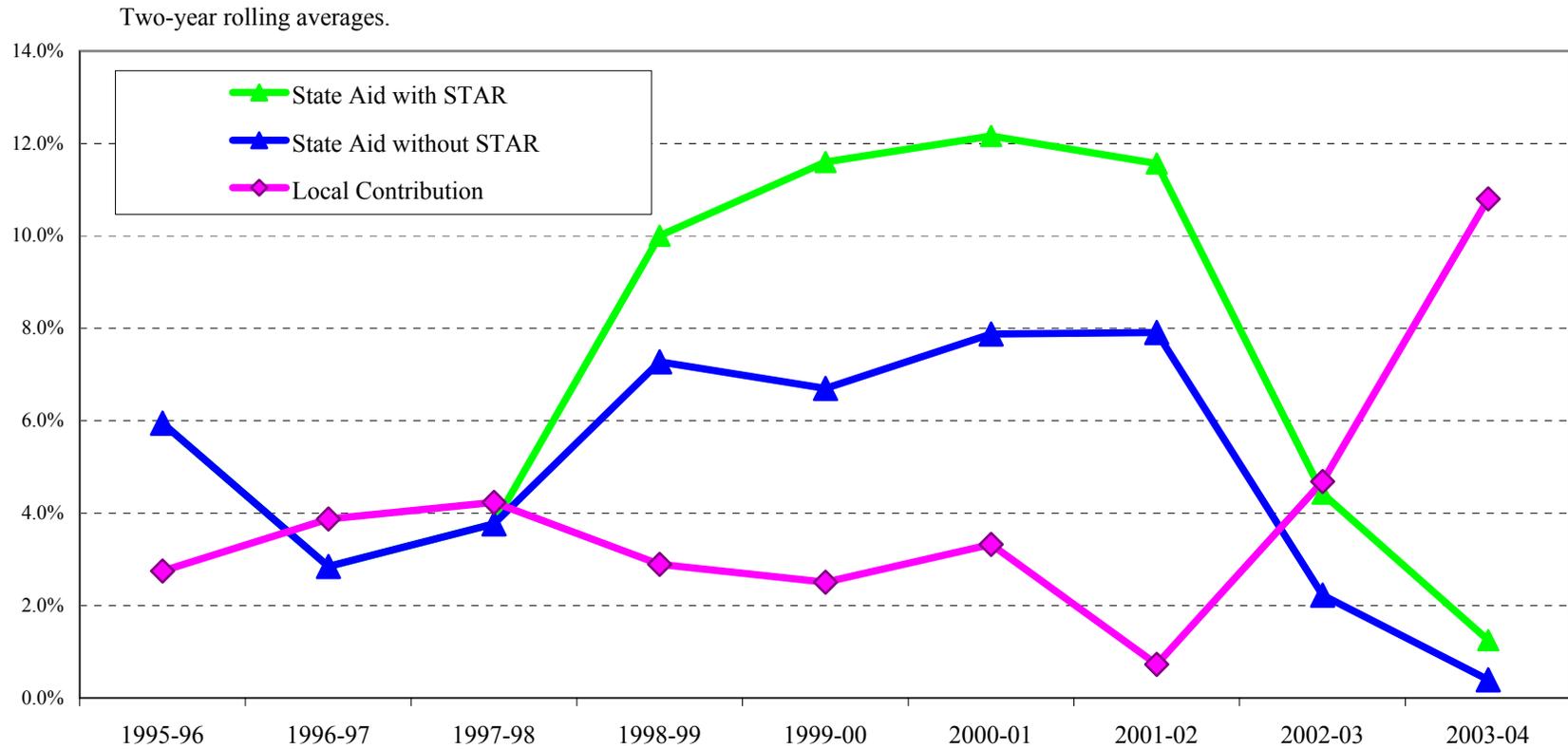
Figure 12

The Growth in School Property Taxes Is Low in Years When State Aid Increases Are Higher. Property Tax Increases Accelerate when State Aid Increases are Lower.



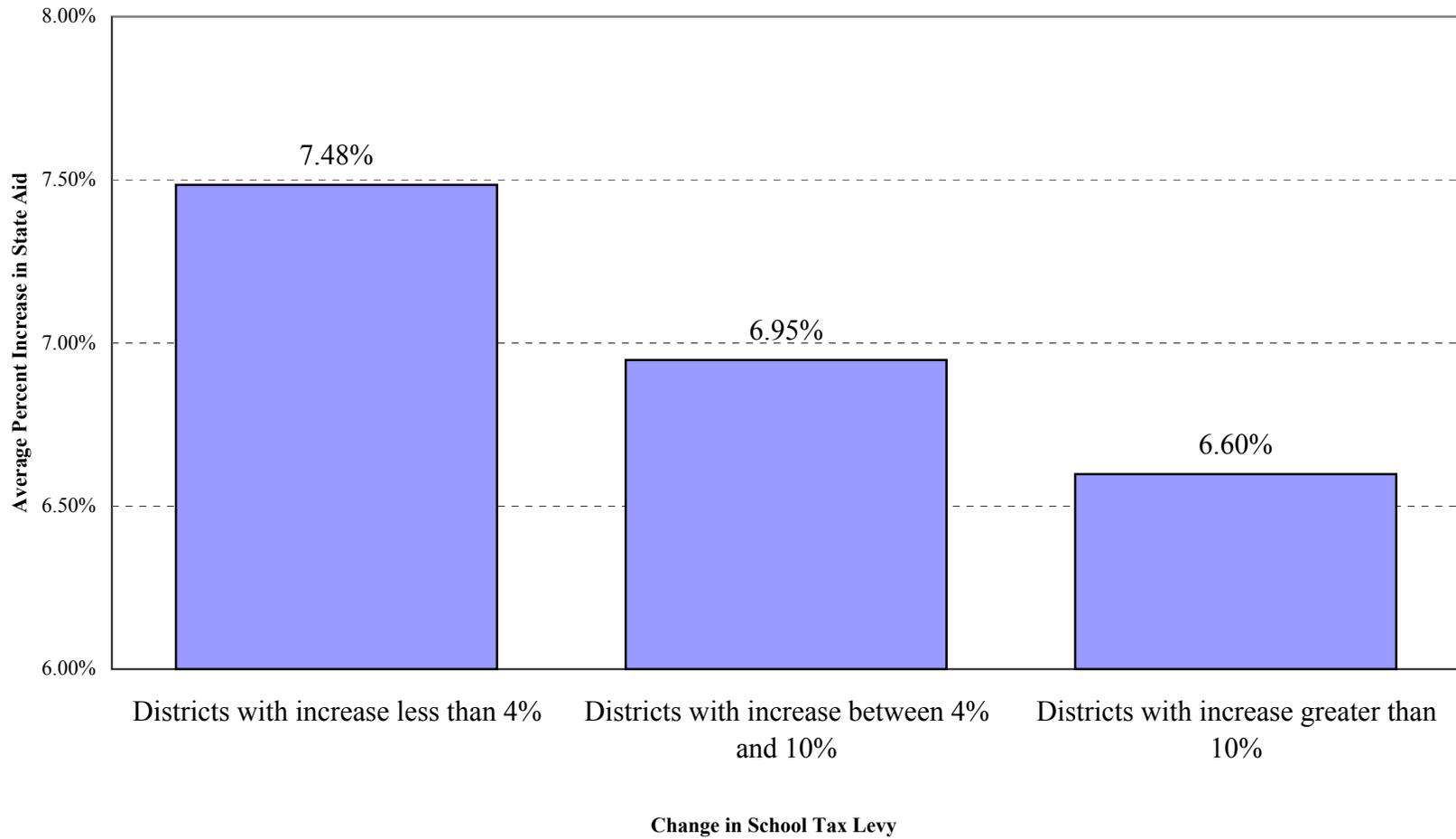
Data on state aid and local revenues for 1991-1992 to 2003-2004 used to calculate changes from prior year from State Education Department, Analysis of School Finances in NYS School Districts, January 2006.

Figure 13
Historically, Changes in Local Revenues in Support of Education
Mirror Changes in State Aid: When State Aid Increases
Significantly, Increases in Local Burdens are Moderated



Source: Analysis of School Finances in NYS School Districts, New York State Education Department, January 2006.

Figure 14
Relationship between School Aid Increase and Increase in
School Tax Levy: 2006-07



Data Sources and Methodology

Data Sources

Data Sources: All data used in this analysis (other than for Figure 5) came from the New York State Education Department (NYSED). Graduation rates are taken from the database provided by NYSED (<http://emsc33.nysed.gov/irts/press-release/20060213/home.htm>). Expenditure data and enrollment data for 2006-2007 used to calculate expenditures per pupil came from the May 2006 Real Property Tax Reports Cards (RPTRC) submitted by each district. (http://www.emsc.nysed.gov/mgtserv/property-tax-report-card_secondpage.shtml) Expenditure and enrollment estimates for districts not submitting RPTRC (the Big Five plus approximately 50 districts which had not yet filed their RPTRC) were taken from the April 3, 2006 Enacted Budget Runs. Enacted Budget Runs were also used to estimate changes in State Aid between 2005-2006 and 2006-2007 for all districts. Estimates of the percent of students eligible for free lunch were provided by NYSED. Historical estimates of changes in state aid and changes in local contribution were taken from the January 2006 NYSED publication, "Analysis of School Finances in New York State School Districts." (<http://www.oms.nysed.gov/faru/Analysis/cover.html>)

Methodology

Figure 1 – Estimate of State Aid (not including STAR payments) as a percent of Total General Fund and Special Revenue Fund expenditures. This data is from Table 1, Revenues from State Sources Compared to Total General and Special Aid Fund Expenditures New York State Public School Districts, 1985-86 to 2004-2005 but uses only data through 2003-2004. (Estimates for 2004-2005 are only approximate and not considered reliable and therefore not used in this analysis.)

Figure 2 – Graduation rates are the number of students entering 9th grade in 2001 who graduated before June 30, 2005. For elementary school districts that are components of central high school districts, graduation rates of the central high school district were assigned to the elementary school districts.

Figures 3, 4, 6 - Expenditures per pupil are for 2006-2007 using data from the RPTRC or Enacted Budget Runs. Total expenditures for 2006-2007 from the RPTRC are divided by 2006-2007 enrollment. For school districts missing RPTRC data, general fund expenditures for 2005-2006 from the Enacted Budget Runs were multiplied by 5.94%, the average increase in expenditures between 2005-2006 and 2006-2007 from the RPTRC. For these districts, enrollment estimates were also taken from the Enacted Budget Runs. Estimates of the percent of students eligible for free lunch are calculated by dividing the total number of K-6 pupils by the number of K-6 pupils eligible for free lunch. Central high school districts are assigned the average free lunch percentage for their component elementary schools. Students are eligible for free lunch if their family's income is below 130% of the federal income poverty guidelines. Students with family incomes between 130% and 185% of the federal income poverty guidelines are eligible for reduced price lunches.

Figure 5 – Compiled from media accounts, school district budget publications, and conversations with schools officials. These media accounts often pre-dated the final decisions of school boards as to the level of school district spending to be sent to the voters for approval on May 16, 2006, and as to the status of programs and staff.

Figure 7 – Total expenditures for 2006-2007 were divided by a weighted pupil count. For this figure, the weighted pupil count is the sum of the 2006-2007 enrollment estimates plus the product of the Free Lunch Percentage, the 2006-2007 enrollment estimate and .4, the “poverty weighting” recommended by the No Child Left Behind Act.

Figure 8 – Total expenditures for 2006-2007 were divided by a weighted pupil count. The weighted pupil count is the sum of the 2006-2007 enrollment estimates plus the product of the Free Lunch Percentage, the 2006-2007 enrollment estimate and 1.0, the “poverty weighting” used by the State Aid Work Group of the New York State Education Department in preparing state aid proposals for consideration of the New York State Board of Regents. See Glasheen, R. "Towards an Understanding of the Relationships Among Student Need, Expenditures and Academic Performance." New York State Education Department Report to the Board of Regents, September 2002.

Figure 9, 10, 11, 12, 13 – Data from “Table 3, Total Revenues, Elementary and Secondary Education, New York State Public School Districts, 1985-86 to 2004-05,” Analysis of School Finances in New York State School Districts was used to calculate percent change in State Revenues and Local Contribution from the previous year. State revenues include STAR payments. The “trend line” in Figure 9 represents the result of a linear regression with results that can be summarized in the following equation: $\text{PERCENT CHANGE IN LOCAL CONTRIBUTION} = .0775 - 0.5066 * \text{PERCENT CHANGE IN STATE AID}$. Figure 13 uses a “rolling average” of changes in state aid and local contribution.

Figure 14 - Data on changes in school property tax levies is from the May 2006 Real Property Tax Report cards. Reported tax levies were NOT adjusted for STAR revenues and therefore include STAR revenues. Change in school aid from the April 3, 2006 Enacted Budget School Aid Runs, represents percent change in total computerized school aid excluding building aid. Average change in school aid is the simple average of the percent change in school aid for each district in the category.