



**Testimony of Billy Easton, Executive Director  
Alliance for Quality Education  
Governor Cuomo's Education Commission  
September 24, 2012  
Utica**

New York State is at an educational crossroads. Will our high need schools sink into 'educational insolvency' or will New York State fulfill its commitments to educational excellence and opportunity?

That is the challenge before this Commission.

Specifically the Commission is charged with "comparing best practices and services that will meet the needs of our high-risk students; and prioritizing spending in high-need school districts."

It is silly to suggest money does not matter. The massive inequity in spending and associated educational opportunities in New York State based on wealth is proof positive that money matters.

In 2009 the state froze Campaign for Fiscal Equity funding and then in 2010 and 2011 it made massive classroom cuts which were much larger in high need schools than in wealthy ones.

Our recommendations are as follows:

1. You should state unambiguously that there is a tremendous inequity in educational opportunities between school districts based on inequitable resources. This is in keeping with your charge.
2. Acknowledge that two of the premises underlying the Governor's new competitive grants program are right:

First, it is appropriate to expect high quality programs for state investment is appropriate

Second, without the state's investment, few schools can be expected to expand these programs.

However, the grants program is unfair to high need schools and students should not be forced to compete for educational opportunity. For these reasons the competitive grants program should be discontinued.

3. Recommend a set of cost savings where we can build consensus, there is too much focus on the ones that divide us and nothing gets done.
4. Recommend that the state uses cost savings and adequate state aid to invest in high quality programs including: full day kindergarten, more time for student learning and growth, high quality curriculum ranging from arts to AP to computer technology. But at least 72% of these funds should go to high need districts as was enacted into the formula when CFE was settled.
5. Recommend that the state removes the cap on state aid or phases it out. If the current inflation-only cap on state aid remains then inequities will be locked in place and will actually widen. The cap itself renders the progressive foundation aid formula meaningless and fundamentally guts the state's CFE resolution. This cap is not the same as the property tax cap—which also produces inequities.
6. Recommend that the state expands pre-kindergarten which has lost funding every year since 2008 due to a state budget loophole. Pre-kindergarten funds should be exempted from the state school aid cap because it is highly unlikely it will ever expand as long as it is under the cap. There should also be a full-day option for state funded pre-k.
7. Recommend that the state expands the Quality Stars New York (QUALITYstarsNY) pilot program. In New Jersey this program increased the number of good or excellent early childhood programs from 14% to 63% which produced gains in language, literacy, and math, closing the readiness gap, and cutting second grade repetition in half.<sup>1</sup>

Graphs and details supporting my testimony are attached.

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<sup>1</sup>Steve Barnett, PhD , Investing in Effective Early Education: Getting New York Back on a Path to Success, National Institute for Early Education Research, Rutgers Graduate School of Education

Thank you for holding these hearings and for soliciting the input of New Yorkers across the state. Many, many New Yorkers have come before you and reported on the damaging educational consequences of the current direction of New York State's school finance policies.

We hope that the Commission includes in its report our recommendations to ensure that all students have access to a sound basic education, the opportunity to learn, and are on a path towards college and career success. The following provides data and details to underscore our recommendations.

### **Invest in programs that work**

New York State has raised the bar for all students by adopting the Common Core standards and by aspiring to have students be college and career ready, since the 21<sup>st</sup> century global economy requires so. Students, regardless of the location of their school should have access to:

- **Extended learning time**, either through a longer day and year, or through a well structured after school program;
- **Advance placement and college prep courses** which allow students to be college ready, be accepted into the college of choice and not require remediation;
- **A challenging curriculum** which would include the Arts, Music and Physical Education, Career and Technical Education, as well as enrichment and extracurricular activities so that students get the experiences they need to be admitted into college.
- **Early childhood education** including expanded pre-kindergarten with a full-day option, guaranteeing full day kindergarten for all five year olds and implementing QualitystarsNY to improve the quality of early childhood programs.

These types of programs are correctly identified as necessary for college and career readiness in the competitive grants program the state has enacted into law.<sup>2</sup> However, every student, regardless of where she or he resides should have access to these programs. Under the competitive grants the state requires that schools spend the dollars awarded on high quality programs including AP courses, career and technical education, middle school improvement, and increasing passage of Advance Regents diplomas. By recognizing that in order to create these high quality programs, the winner school districts must receive state aid, state policy itself recognizes that expanding these programs will require additional state aid. The new

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<sup>2</sup> For greater description and discussion on this issue please look at attached report **New York State Competitive Grants: Creating a system of education winners and losers** published by the Alliance for Quality Education

programs will be created only for students in schools that win the competition. The state should instead ensure all students have access to these programs.

Over the past three years state budget cuts and caps have forced schools to cut back significantly. There are many school districts that have cut or reduced Kindergarten, Advanced Placement courses, electives, sports, arts and music, foreign languages, after school, tutoring and summer school programs, all of which help students stay in school and on a college or career path.

### **Fix Broken State Aid Policies that are Moving Schools towards Educational Insolvency**

As Commissioner King has warned many high need school districts are headed towards “educational insolvency.”<sup>3</sup> A recent valedictorian of one rural upstate district was unable to gain admission to their nearest SUNY School because they lacked the breadth of curriculum needed to successfully compete against other applicants. Which policies have led us towards educational insolvency?

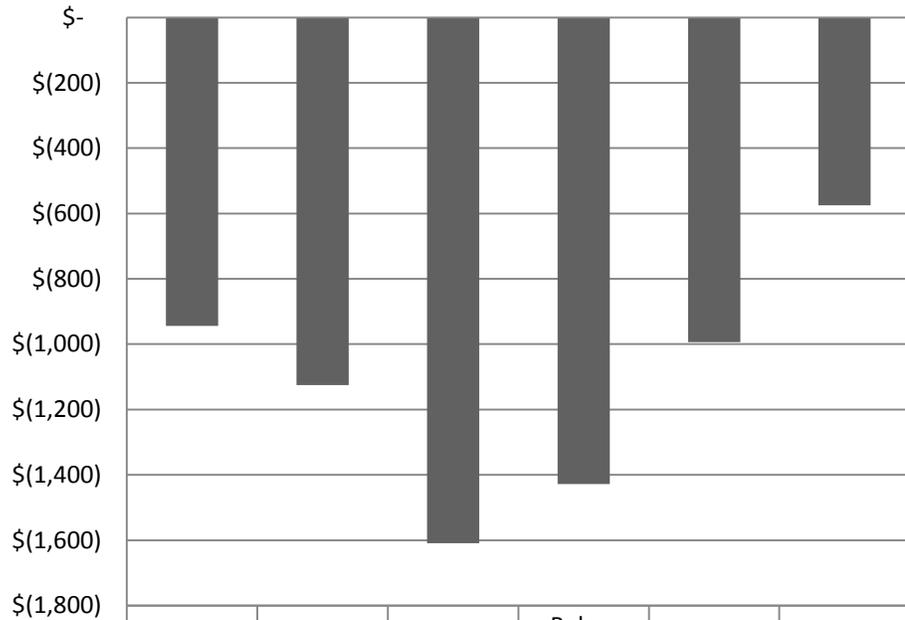
### ***Devastating cuts have hurt the classroom and have increased inequity***

The devastating state budget cuts of 2010 and 2011 have significantly damaged the quality of education. Not only was \$2.7 billion cut from classrooms, these cuts were made in a reverse equity fashion. Poor schools received cuts that were two to three times larger per pupil than wealthy schools.

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<sup>3</sup> <http://www.timesunion.com/local/article/4th-R-Running-out-of-money-2680574.php>

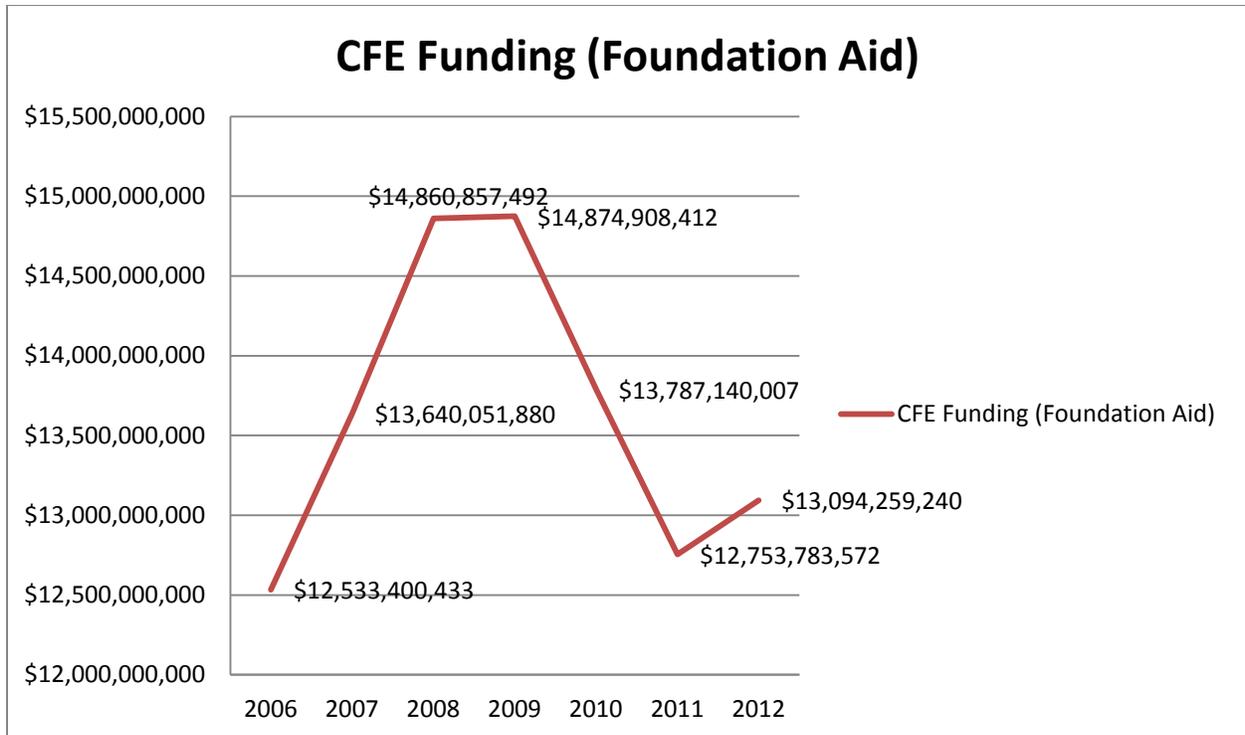
## Per Pupil Cut for 2010- & 2011 combined



|                                       | NYC   | Poorest | Poor    | Below Average Wealth | Average Wealth | High Wealth |
|---------------------------------------|-------|---------|---------|----------------------|----------------|-------------|
| ■ Combined Per Pupil Cut 2010- & 2011 | \$944 | \$1,125 | \$1,609 | \$1,428              | \$994          | \$575       |

### ***The CFE Promise has Been Broken: It Should be Restarted***

In 2007, after 13 years of appeals and delays the state finally settled the Campaign for Fiscal Equity lawsuit. The state committed to increase foundation aid—basic classroom operating aid—by \$5.5 billion over four years. The first two years of the promise were kept, but then the fiscal crisis came. First the state froze funding, then the state cut funding over two years by \$2.7 billion. In 2011 this was done while simultaneously cutting taxes on millionaires and billionaires. The graph below illustrates the complete reversal of CFE, while showing that the \$110 million that was put through the Foundation Aid formula- also known as basic classroom operating aid- neither come close to covering any inflation increase nor does it make up for the cuts.

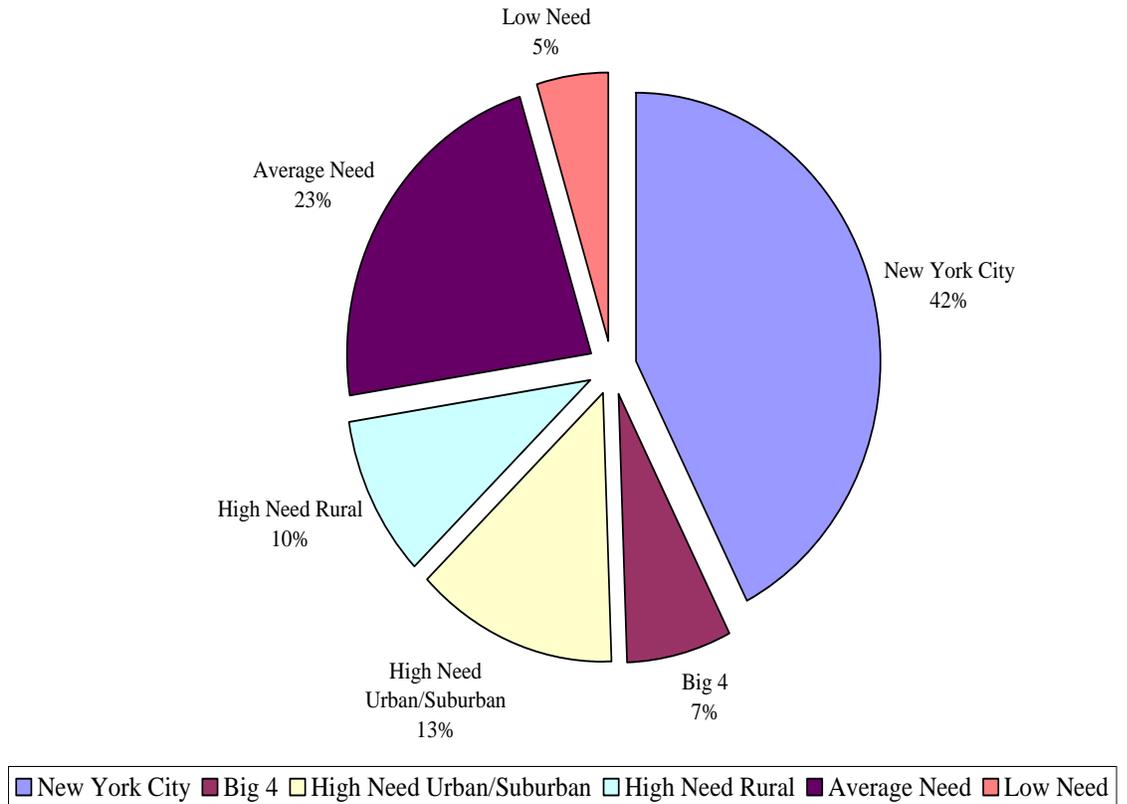


***The Foundation Formula is not perfect, but overall it is fair and equitable; but the state has stopped using it***

When the foundation aid formula was enacted into law back in 2007, it directed 72% of funds to high needs districts as the graph below shows. <sup>4</sup>

<sup>4</sup> Alliance for Quality Education. (2007). *Summary of Governor Spitzer's Reform Legislation as Adopted by the Legislature*. [http://www.ageny.org/cms\\_files/File/Microsoft%20Word%20-%20Summaryoffinal2007budgetdealFINALnj--be.pdf](http://www.ageny.org/cms_files/File/Microsoft%20Word%20-%20Summaryoffinal2007budgetdealFINALnj--be.pdf)

## Distribution of Four Year Increase in Foundation Aid



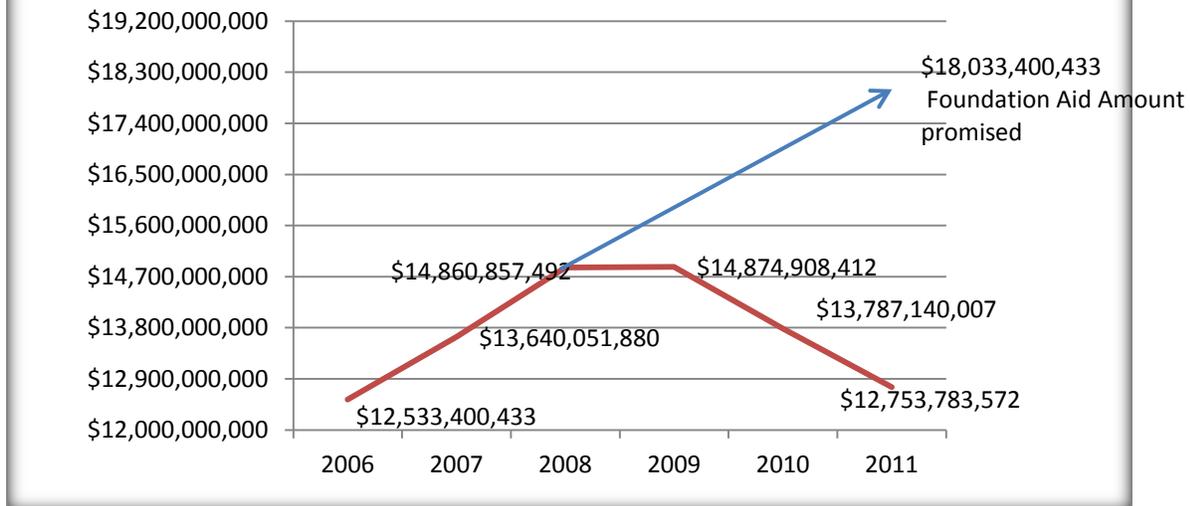
The foundation formula is imperfect, but its biggest imperfections are:

- i. The state stopped using it and created a cutting formula (the GEA). No funding formula works without money.
- ii. The state continues to do what the Court of Appeals found to be political manipulation to meet regional shares by adding formulas outside the formula.

But the formula should be updated to give even greater priority to high need districts. One specific recommendation affects high need rural and some high need suburban schools. If you are an extremely poor as a community you are penalized because even though you may be at 35% of average school district income wealth, your rate of aid is calculated as if you are at 65% of average. This is known as the Income Wealth Index and it should be adjusted.

If the state had maintained its obligations under CFE the following graph shows where school funding levels would be. Instead the state has taken back all the funds provided under CFE.

## Campaign for Fiscal Equity Funding: Reversing the Priority



Aid to schools should go through the foundation formula and towards Gap Elimination Adjustment (GEA) restorations—which are the state’s now two classroom support formulas. However, this Commission should recommend that in no case should less than 72% of these aids go to high need districts.

### ***The State Aid Cap Locks in Inequities and Will Continue to Result in More Classroom Cuts: It should be Eliminated or Phased Out***

On top of the multiyear cuts, the state has made it harder for school districts to get more money. A new statewide cap on how high local revenues can be raised is further exacerbating educational inequities. The cap limits property tax hikes to 2 percent, which may sound fair but actually contributes to school inequality: the permitted tax increase raises a lot more revenue from million-dollar homes for wealthy schools than it raises on \$100,000 homes for poorer schools. And a newly implemented cap on increases in state education aid means that even with a slight restoration of state aid this past year; schools were still forced to make cuts. The state aid cap is tied to an inflation factor which does not keep pace with the actual costs of education. The combination of the two caps guarantees that schools will be forced to continue to make annual classroom cuts in a slow, or not so slow, march to educational insolvency. The Commission should recommend the elimination or phase out of the state aid cap.

## **Greater access to quality prekindergarten programs and implementation QUALITYstarsNY.**

The importance of quality prekindergarten has been extensively documented over the years. Quality pre-k can prevent students from falling behind, which in turn close the achievement gap, ensure that students graduate high school and successfully complete college, and be on a career path that is better compensated.<sup>5</sup>

### **Prekindergarten is perhaps the surest way of closing the achievement gap**

Years of research shows that when children attend quality early childhood programs, including quality early care and prekindergarten, have:

- Greater chance of succeeding academically.
- Greater chance of successfully graduating high school and going to college.
- Greater chance getting a higher paying job on the career path of their choice

Students who attend high quality prekindergarten also are less likely to become incarcerated, become teen parents, and drop out of school.

Even though the effectiveness of prekindergarten as a means towards closing the achievement gap has been extensively substantiated by years of research, our state has been steadily decreasing its investment<sup>6</sup> as the chart below shows.

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<sup>5</sup> Highscope Perry Preschool Study <http://www.highscope.org/Content.asp?ContentId=282> ; Groginsky, S, Christian, S. and McConnell, "Early Childhood Initiatives in the States: Translating Research into Policy," State Legislative Report – Vol. 23, No-14, June 1998. Available at [www.ncsl.org/issues-research/...report-early-childhood-initiati.aspx](http://www.ncsl.org/issues-research/...report-early-childhood-initiati.aspx) Hull, Jim, "Starting out Right: Pre-K and Kindergarten." Center for Public Education, November 2011. Available at [www.centerforpubliceducation.org](http://www.centerforpubliceducation.org).

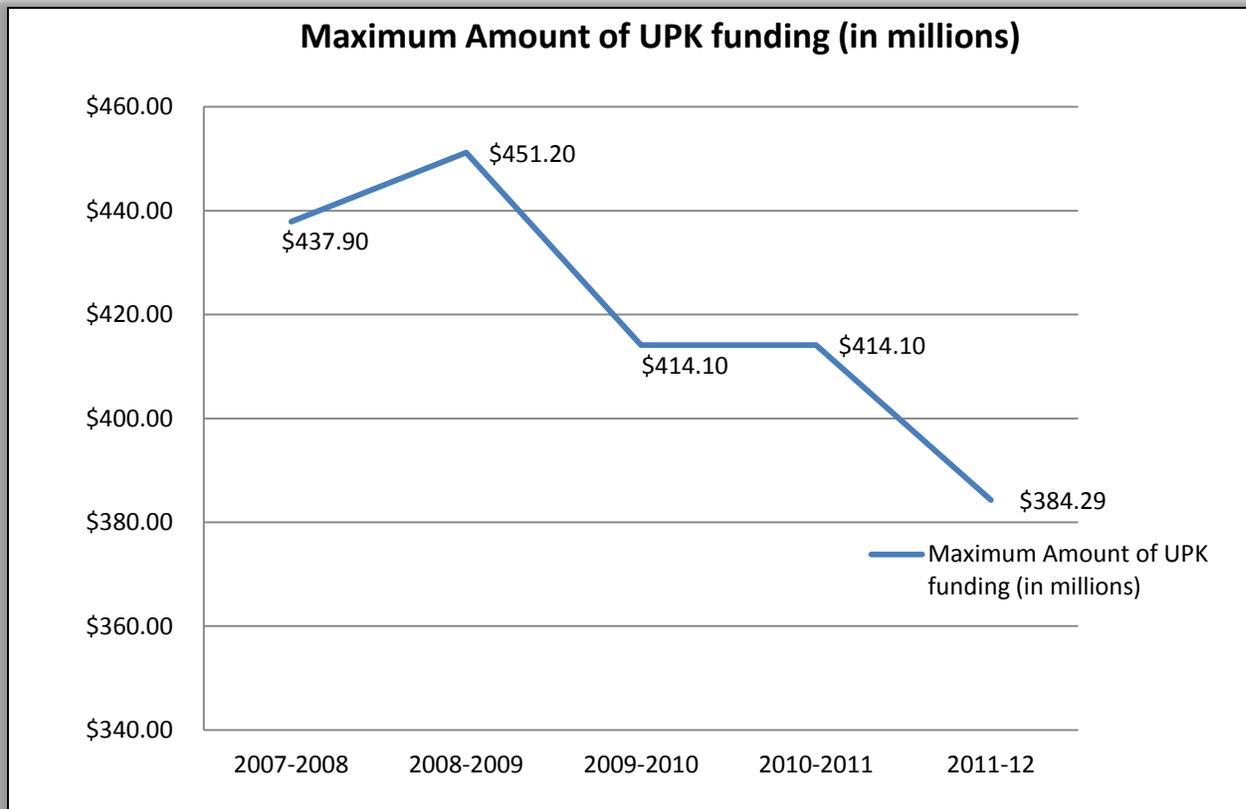
Karoly, L.A. and Bigelow, J.H., have published several studies on the costs and benefits of public preschool programs, which document the long-term gains for children who have access to high-quality programs. See, for example "Early Childhood Interventions, Proven Results, Future Promise" and "The Costs and Benefits of Universal Preschool in California," both published in 2005. Available at [www.rand.org](http://www.rand.org)

The National Institute for Early Education Research has also published a range of multi-state studies on the short-term and long-term benefits of public Prekindergarten, as well as analysis of the costs and benefits of state Pre-K programs which can be found at [www.nieer.org](http://www.nieer.org).

Belfield, Clive R. (2004) "Early Childhood Education: How Important are the Cost Savings to the School System?" Winning Beginning NY and Teachers College, Columbia University. Available at [www.winningbeginningny.org](http://www.winningbeginningny.org)

Heckman, James J., <http://www.heckmanequation.org/content/heckman-101> provides multiple studies, see especially: [http://www.heckmanequation.org/content/resource/presenting-heckman-equation#.T\\_dhoGFrRuE.email](http://www.heckmanequation.org/content/resource/presenting-heckman-equation#.T_dhoGFrRuE.email) 4 Yonkers Public Schools (2009). "Prekindergarten Participation Advantage" available at <http://www.yonkerspublicschools.org/docs/candi/data-and-reporting/ThePreKAdvantage.pdf> 5 Regents Policy Statement on Early Education for Student Achievement in a Global Community, adopted January 2006

<sup>6</sup> Marcou-O'Malley, Marina, "Early Childhood Education: Frozen Funding Leads to Cracks in the Foundation." Public Policy and Education Fund, February 2012. Available at <http://www.ageny.org/ny/wp-content/uploads/2012/02/Frozen-Funding-Leads-to-Cracks-in-the-Foundation-2.8.12.pdf>



Data Source: NYSED

This disinvestment in prekindergarten leads to increased costs in students’ later academic life. With less than 50% of NYS’ students having access to state funded prekindergarten, students that may need interventions early on go unnoticed, which in turn leads to higher special education and remediation costs. School districts can realize up to \$28 million in cost savings when students have access to prekindergarten.<sup>7</sup>

We ask the Commission to include the following recommendations in regards to expanding access to quality prekindergarten:

1. Expand pre-kindergarten and include a full-day option for state funding
2. The reason that the state funding for pre-k has been cut by 15% since 2008 is because when the state makes pre-k funds available not every district takes advantage of the program. However, instead of reinvesting those funds in pre-k for other four years in New York, they are lost to a budget loophole that allows the state Division of the Budget to divert those funds into the general fund. Then those pre-k funds are lost forever. The Commission should recommend closing the pre-k funds loophole. Any funding that is

<sup>7</sup> Belfield, Clive R. (2004) “Early Childhood Education: How Important are the Cost Savings to the School System?” Winning Beginning NY and Teachers College, Columbia University. Available at [www.winningbeginningny.org](http://www.winningbeginningny.org)

not used by school districts should be reapportioned to school districts that would like to implement it.

### **Take Prekindergarten out of the State Aid Cap**

Provide Prekindergarten funding a way that does not compete with K-12 funding. Currently, Pre-k funding is included in the state aid cap and will be unlikely to expand under that construct.

### **Expand QUALITYstarsNY**

The best way to ensure that pre-k and other early childhood programs are of high quality is by fully implementing QUALITYstarsNY, the state's quality rating and improvement system for early childhood programs. QUALITYstarsNY provides an assessment for programs and a path and supports towards improvement, something that ensures that students will have access to the programming the need to be ready for kindergarten and ready for college. In New Jersey this program increased the number of good or excellent early childhood programs from 14% to 63% which produced gains in language, literacy, and math, closing the readiness gap, and cutting second grade repetition in half.<sup>8</sup>

### ***Cost Savings for College and Careers***

There is a variety of options throughout the education system on which all stakeholders can agree and which will produce important cost savings without diminishing educational quality. The savings from these options should be used to prioritize high needs districts

- 1. Revise Building Aid** to Eliminate Incentive Aid (was put in place to boost capital projects) and Selected Building Aid ratio (school districts can choose their most favorable ratio), discontinue state support for excessive incidental costs (incidental loophole allows school districts to get an allowance of 20-25% for incidental costs on capital projects: eliminating the incidental cost loophole will save approximately \$100 million or more annually.)
- 2. Increase school energy conservation**
  - Pro-active program of conducting energy audits through the New York Power Authority (NYPA) and NYSERDA to identify energy conservation initiatives.
  - NYPA currently provides discounted electricity rates or cash rebates to 475 business and non-profits statewide. The State should allocate lower cost New

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York Power Authority energy to schools that commit to energy reduction targets and should require the NY Power Authority to accept all school district applications for power.

- Finance school district energy conservation projects through New York Power Authority.
  - Provide seamless, one stop technical assistance from audits to installation and financing through NYPA and NYSERDA.
  - Exempt school districts from payment of the systems benefit charge (SBC) on energy bills. This cost is passed through on to local real property tax payers in the form of higher school taxes.
  - Explore energy purchasing consortia; this could be done via the existing BOCES system.
3. Greater use of regional health consortiums between school districts and local government
  4. Allow reverse bid auctions for contracts and purchases in order to provide school districts with competitive leverage
  5. Review and revise laws governing transportation to private schools especially out of state
  6. Allow school districts to make greater use of BOCES administrative and support services such as for telecommunications and other equipment and services and claims auditing.
  7. Enable the state to employ “pension smoothing” through amortization of pension benefits in order to avoid the consequences of sudden spikes in pension obligations.
  8. Eliminate the competitive grants program and invest those funds in effective programs prioritizing high need schools. (\$100 million)