



## **Campaign for Fiscal Equity, Inc.**

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**Testimony of  
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Deputy Director  
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**before  
New York State Senate Finance Committee  
and  
New York State Assembly Ways and Means Committee**

**Executive Budget – Education, 2008-2009  
Elementary and Secondary Education**

**February 4, 2008  
Albany, New York**

TESTIMONY BY HELAINE K. DORAN, DEPUTY DIRECTOR  
OF THE CAMPAIGN FOR FISCAL EQUITY (CFE)

2008-2009 Budget Testimony  
February 4, 2008

Good morning, my name is Helaine Doran. I am the Deputy Director of the Campaign for Fiscal Equity (CFE). Thank you for the opportunity to testify today on making the promise of our state constitution – the right to a sound basic education - a reality for all children in the state of New York.

I would especially like to thank Senator Owen Johnson, Chair of the Senate Finance Committee, and Assembly Member Herman Farrell, Jr., Chair of the Assembly Ways and Means Committee, for holding these joint hearings on the Governor's Executive Budget. Thank you also to the members of both Committees as well as other members of the Senate and the Assembly who are here today.

In April 2007 after 13 years of the Campaign for Fiscal Equity litigation, the governor and the legislature enacted the State Education Budget and Reform Act of 2007-2008, an unprecedented victory for the State's 2.8 million public school students, parents and education advocates. The law addressed three main concerns raised in the litigation.

First, the law made the historic commitment of a \$7 billion increase in school aid over the next four years, \$5.5 billion in foundation aid, classroom operating aid, to provide constitutionally mandated adequate funding to ensure a sound basic education.

Second, the law instituted the use of a transparent and reliable formula based on need to ensure that the foundation aid is distributed to serve students and not politicians. The law firmly committed to a four year phase-in to achieve adequate funding - \$1.1 billion in 2007-2008, \$1.25 billion in 2008-2009, \$1.51 billion in 2009-2010, and \$1.65 billion in 2010-2011. This commitment provided the districts with the promise of predictable and reliable funding which would allow them to plan the improvements necessary to provide the constitutional standard of a sound basic education.

Third, the law provided an accountability tool, the Contract for Excellence (Contract). The Contract requires low performing districts receiving substantial increases to propose transparent plans for the Commissioner to approve. The plan must detail how the district will distribute money to the schools, which specific strategies they will invest in, what programmatic supports will be utilized and project the achievements they will achieve with the new investments.

The law also provided for meaningful public participation in the development, review, approval and enforcement of the Contract.

The 2008-2009 budget that will be enacted this April 2008 must make good on this commitment. The State reports that it will face a budget deficit of approximately \$4.4 billion. Despite these pressures, CFE believes education must remain one of the state's top priorities. The school aid budget must be off limits in this regard. An entire generation of New York's students has already paid the price of a substandard education over the last 14 years. No delays or cuts are tolerable. This should be the bottom-line fact in all budget decisions.

CFE will address the following concerns and call on the Governor and the legislature to:

- **Fully Fund the \$1.25 Billion Legislated Commitment in Foundation Aid on the Legislated Timetable: Restore the \$350 Million in Foundation Aid**
- **Fine-tune the Foundation Aid Formula to Ensure the Principles of Predictability in Funding for the Neediest Students**
- **Do Not Lower the Cap on Maximum Increases from 25% to 15%**
- **Tie New Funding to the Accountability of the Contract for Excellence; Support the Expansions**
- **Allow No Supplantation: Monroe County**

**Fully Fund the \$1.25 Billion Legislated Commitment in Foundation Aid on the Legislated Timetable: Restore the \$350 Million in Foundation Aid**

All of New York State's governing entities committed to a specific schedule of annual funding increases. In 2007, the legislature and the governor increased foundation aid by \$1.1 billion, 20% of the four-year \$5.5 billion commitment. For 2008, the commitment was to add \$1.25

billion -- a 22.5% increase for a two-year total increase of 42.5%. The executive budget proposal would reduce the statewide foundation aid increase in 2008 from \$1.25 billion to \$900 million, reducing the commitment by \$350 million. This proposal significantly reduces the phase-in amount to only 17.5% (a two year total of 37.5%). In New York City, foundation aid would be reduced from \$528 million to \$335 million. This translates into fewer teachers, larger class sizes, less investment in strategies from middle school reform to after school programs that make the difference in academic achievement for our students, particularly those with the highest needs. This proposal jeopardizes the likelihood of meeting the four year commitment. In order for the legislature to fulfill its commitment to New York's children, the full 22.5% increase must be provided which depends upon restoring \$350 million to the proposed executive budget for 2008-09.

### **Fine-tune the Foundation Aid Formula to Ensure the Principles of Predictability in Funding for the Neediest Students**

The foundation aid formula was designed to take decades of politics out of how New York funds its schools and instead drive money in a predictable way to the neediest students. The new streamlined formula that replaced over 30 different program formulas took a major step forward in more effectively meeting these goals. Not surprisingly, when moving from the drawing board into implementation, some anomalies have arisen in the formula that require fine-tuning. The formula proved to be overly sensitive to various year-to-year fluctuations in property values and student enrollment. As a result, some districts from every part of the state will see disproportionately large reductions in their foundation aid this year unless the formula is fine tuned. These districts include Jamestown, Syracuse, New York City, Middletown, Newburgh, Brentwood, Ilion, Auburn, William Floyd, among others. Adjustments should be made to correct these anomalies in the formula to ensure that erratic economic changes do not derail the basic purpose of the reform to use a simplified non-politicized means to drive predictable, reliable education dollars to our highest need low performing schools and students.

### **Do Not Lower the Cap on Maximum School District Increases from 25% to 15%**

Under the foundation aid formula adopted in 2007, school district's foundation aid increases are capped at 25%. The executive budget proposal would reduce this cap to 15%. Like the other commitments discussed, the economy has not changed the level of need in the districts, nor the

districts' ability to absorb the funds and invest in our children. This lower cap will have a devastating impact on dozens of districts around the state. Among the biggest losers are Binghamton, Utica, Lansingburgh, Schenectady, Hudson Falls, Westbury, Freeport, Greece and Uniondale.

### **Tie New Operating Aid Funding to the Accountability of the Contract for Excellence; Support the Expansions**

The Contract for Excellence (also CFE) is the “reform” agreement between the state and low performing school districts. It is the transparent accountability tool tied to foundation aid that prioritizes strategic investments for high needs students in the low performing schools, and that requires input and active participation by parents and the public. Contract dollars are high impact money that must be spent on research-proven strategies for increasing student achievement: smaller classes, pre-kindergarten, teacher and principal quality initiatives, extended time for student instruction, and restructuring high schools and middle schools, and innovative local research-based reforms. These scarce dollars are essential to leverage other school funding to assist the most vulnerable students.

In 2007-08, after inflation and other allowable deductions, only \$428 million of the \$1.1 billion in foundation aid was invested through the Contracts in 55 school districts in these programs. The guaranteed funding increases discussed above are essential to making this process work. The Contract is currently applicable to foundation formula funds in districts with low performing schools receiving substantial increases. As discussed above, we believe the best way to make restoration is through a finetuned formula. We want to ensure that all operating aid restorations be treated as foundation aid to ensure maximum coverage under the Contract.

CFE supports the Governor's proposal to add a new investment strategy of expanding and replicating programs proven effective for English Language Learners. CFE also supports the Governor's proposal to treat each annual Contract proposal as an update that must incorporate the preceding year's investments so that we are looking at the full impact of the multi-year investment. We also support the Governor's proposal to conduct annual assessments of the performance outcomes resulting from the Contract investments

## **Allow No Supplantation: Monroe County**

The Education Reform Act provided these funding increases to raise the quality of education for New York's public school students. They are intended to add to - not supplant - local school budgets. CFE is deeply concerned by the action undertaken by Monroe County cutting off a stream of county sales tax revenues that had previously been going to local schools. The state has the power to reverse this policy, and we urge the governor and the legislature to do so. This is a non-cost item for the New York State budget.

## **Conclusion**

New York State has come a long way in the 14 years since CFE began the litigation to establish and fund the constitutional right to a sound basic education. The Education Budget and Reform Act of 2007-2008 provided a historic solution rolling out over four years that must be preserved and protected to make the right a reality in our schools and for our students. We thank the Governor and the legislature for their leadership in enacting the law. By enacting a 2008-09 budget that implements the already authorized \$1.25 billion in new foundation aid on the previously legislated timetable, fine tunes the formula, preserves the current caps on maximum increases, and fully utilizes the Contract for Excellence, the governor and legislature will demonstrate their commitment to school children and academic achievement. CFE looks forward to working closely with you to continue advancing toward the ultimate goal of providing the opportunity for a sound basic education for every child as guaranteed by the New York State Constitution.

Thank you.