



Campaign for Fiscal Equity, Inc.

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

Executive Budget – Education, 2007-2008
Elementary and Secondary Education

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Good morning. I am Geri Palast, Executive 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 members of both Committees as well as other members of the Senate and the Assembly who are here today.

As Executive Director of CFE, I am here today to offer our strong support for the elementary and secondary education section of the Executive Budget for 2007-2008. CFE believes that Governor Spitzer has addressed all of the key elements of the CFE lawsuit by making a historic commitment to fully fund New York's schools and to replace the highly politicized school funding system with a foundation aid formula based on need. CFE further supports the Governor's call for financial, programmatic and performance accountability that mirrors the litigation and is essential for success. We are also gratified that the Governor has agreed with CFE that parents and the public must be active participants in the process. I urge you to support this legislation.

Campaign for Fiscal Equity Litigation

In 1993, CFE filed a constitutional challenge to the state school funding system. The lawsuit, *Campaign for Fiscal Equity, Inc. v. State of New York* alleged that the state's school finance system under-funds New York City public schools and denies its students their constitutional right to a sound basic education. CFE argued that this right applied statewide, but while the courts acknowledged a state constitutional right, they ultimately limited the court remedy to New York City. In November 2006, more than 13 years after the CFE litigation first commenced, the New York State Court of Appeals, agreed, and reaffirmed the constitutional right to a sound basic education for the children of New York. While the Court set a constitutional minimum at an additional \$1.93 billion dollars over 4 years as the cost of providing such an education in New

York City, the Court deferred to the executive and legislative branches of government to determine exactly how much more it would cost to provide a sound basic education to the students of New York City.

We are here at an historic moment where we can bring needed reform to fruition. The roadmap to educational excellence that was laid out in the course of the CFE lawsuit was used as the basis for developing model state legislation with policy makers, advocates and parents addressing the needs of under-funded schools throughout New York State. The principles, policies and programs that are a product of this broad expert and public engagement are now incorporated in Governor Spitzer's Executive Budget and accompanying legislation. Now is the time to fulfill the promise of CFE to ensure that every public school child in the state of New York is guaranteed a sound basic education, defined by the courts as a meaningful high school education.

Today we will address both the continuing need for resources and reform, and the Governor's specific proposals.

The Need for Resources and Reform Persists

Since the CFE litigation began in 1993, New York State has seen an entire cohort of students pass from kindergarten through 12th grade – if they were fortunate enough to graduate. It is instructive to take a brief look at the state of education in New York today from urban districts like New York City and Rochester to suburban districts on Long Island like Islip and Brentwood to upstate and rural districts like Mayfield and Warsaw. By every measure, we are still failing to provide all children in this great state with an adequate – or to use the Governor's vision, excellent -- education:

- At the school level this school year, 450,000 students in New York City - more than the total population of the school enrollment in Chicago - attend 422 failing schools. Statewide, more than 725,000 students – nearly the size of the entire Los Angeles school district – day after day go to failing schools.

- On student test performance, in the four large city school districts (Rochester, Syracuse, Buffalo and Yonkers) in the 2005-06 school year, almost 80% of all eighth-graders failed to achieve proficiency on the state mathematics exam; in New York City, 61% of the eighth-graders failed to achieve proficiency as compared to the statewide average of 46% for all public school eighth graders.
- On performance on Regents exams, in 2004-05, in New York State’s urban (not including the “Big Five:” NYC, Rochester, Buffalo, Syracuse and Yonkers) and suburban school districts with scarce resources, 8% of the students received a score of 85 or greater on the Regents Math A exam compared to the public school statewide average of 26%. A score of 85% or above indicates distinction in the subject area.
- On graduation rates, in New York City in 2004-05, one in three public high school graduates earned a Regents Diploma as compared to two out of three public high school graduates statewide.
- On college-going rates, in the 2004-05 school year, 35% of high school graduates in rural school districts went to 4-year colleges compared to the statewide average of 52% for all public high school graduates.
- On access to quality teachers, on a statewide basis in the fall of 2004, 22% of teachers in high-minority schools left their schools as compared 14% in low–minority schools. Additionally, teachers in high-minority schools had less experience than their counterparts – a median of 9 years compared to 12 years.

Senators and Assembly Members, you have before you a piece of landmark legislation, that will not only right this wrong but will take the children of this State into the 21st Century prepared as young adults empowered, skilled, and fully prepared to thrive in the global economy.

The Elementary and Secondary Education Components of the 2007-2008 Executive Budget - Education

The Governor’s Executive Budget plan for statewide school reform gives substance to the constitutional right to a sound basic education. Throughout the litigation CFE articulated the principles for achieving a sound basic education: 1) Adequate Investment; 2) Transparent,

Reliable, Foundation Formula based on Need; and 3) Input and Output Accountability: Investment in Research Supported Strategies that Work; Public Participation; Support, Intervention and Consequences; Data-driven, Accessible Tracking and Reporting. We believe the Governor's plan conforms to these principles.

1. **Adequate Investment:** The sum of the investment provided by the state in conjunction with the districts must be sufficient to cover the costs of a sound basic education for every public school child. This cost per pupil must take into account the necessary investments that ensure the staff, programs, services and instrumentalities of learning to accomplish the goal.

Governor Spitzer's historic proposed increase of \$7 billion, \$3.2 billion to New York City and \$3.8 billion for the balance of the state will provide an additional 40% in state education aid over the next four years. Supplemented by the increased commitment by Mayor Bloomberg of an additional \$2.2 billion new investment in New York City, \$9.2 billion will provide the sufficient funds when spent in an accountable manner to address the needs of New York's public school children.

With this investment of new dollars – all districts in New York State will get additional *new* funding. While the greatest beneficiaries will be those districts with the greatest need, there is a hold harmless provision plus a 3% increase for *every* district this year, rising to 12.5% over four years.

CFE also supports the Executive Budget budget proposal to provide full funding for pre-kindergarten so that within the next four years pre-K will be available to all four-year-olds in New York State. The funding amount for the 2007-2008 school year is \$99 million and \$645 million for full-funding of universal access by 2010-2011.

2. **Transparent, Reliable, Foundation Formula based on Need:** The Executive Budget's proposal eliminates the obtuse, politically-driven school funding formula that has distributed state school aid in New York State for decades. In its place, this legislation

calls for a foundation funding formula that is aligned with the needs of the students in the district. Instead of 30-plus separate funding streams that no one could ever understand or follow, the foundation funding formula provides a basic foundation amount of money based on the needs of students who have special needs, the number of students in poverty and the number of students who are learning English as a second language. This foundation formula is transparent, reliable, equitable and simple to understand. CFE, through its litigation and its legislative advocacy, has been advocating for this form of funding since the inception of the lawsuit.

The foundation funding formula is the cornerstone of this legislative proposal and worthy of your support. This will effectively end the two-tier system of school funding that has existed in New York State for far too long, and will assure that the funds go where the need is the greatest. It will provide the necessary resources to students across the state for the opportunity for a sound basic education.

3. **Input and Output Accountability:** This historic investment in education must be accompanied by an equally historic accountability system. We all know that “money matters”, but only when that money is spent wisely. And, the taxpayers of New York get good value on their investment because of the accountability protections. This proposal incorporates several accountability structures to ensure educational success strongly supported by CFE.

➤ **Inputs: The Contract for Excellence**

At the centerpiece of the accountability structure is the Contract for Excellence. Any district that receives an increase in state school aid of \$15 million or 10% from the previous year must enter into an agreement or reform plan with the state called a Contract for Excellence. These reform plans would be put in place to ensure that in return for the considerable investment of state funds, the district will be held accountable to improve student performance in that district. This will be accomplished in a number of ways.

The agreement requires districts throughout the state, and the city school district as well as affected community school districts and schools in New York City to develop plans that document how the new money will be used to ensure that the new investment of state school aid will be used wisely, predominately to benefit students with the greatest educational need, and will lead to improved student performance. Beyond that, schools will be required to show that funds are being spent to actually produce measurable results in student outcomes.

The Contract for Excellence contains specific accountability components which are drawn from the CFE principles.

➤ **Investment in Research Supported Strategies that Work**

A district's Contract for Excellence must identify how the district will use its additional funding to employ a limited list of research supported strategies for improved performance provided in this legislation: 1) full-day pre-kindergarten; 2) quality teachers; 3) class size reduction; 4) more time on task; and 5) middle and high school restructuring. The plan allows a 15% exemption for experimentation. This plan must be approved by the State Education Commissioner.

CFE strongly supports this provision. In order for the new investment to have its greatest impact, the investments must be both directed at those most in need and concentrated on strategies that will yield results in improved student performance.

This menu is designed for that purpose.

- **Full-Day Pre-Kindergarten.** Research shows that quality Pre-K provides an invaluable foundation for future learning and is a cost-effective way to put all children on track to graduate from high school and lead successful lives. Furthermore, Pre-K investments are cost effective and save money. It is estimated that extending Pre-K to all students could yield \$2 to \$4 in savings for the government for every dollar invested.

- **Quality Teaching.** There is overwhelming empirical support that the single most important factor in determining student performance is the quality of the teaching. Students in high-poverty or high-minority schools are almost twice as likely as others to have novice teachers and half of all teachers are likely to quit within the first five years because of poor working conditions and low salaries.
- **Class Size Reduction.** Small class size creates an environment where teachers can provide individualized attention and assistance to students and spend less time on discipline and behavior problems. Specifically, small class size in grades K-3 has been shown to increase student improvement. Such gains are long-lasting, lowering dropout rates, increasing high school graduation rates and increasing scores on college entrance exams.
- **More Time on Task.** More time on task – e.g., more time in the classroom, in after school activities, in a longer school year -- can make an enormous difference in student performance and other important developmental qualities. For example, participation in after-school activities is associated with improved attendance, the development of new skills and interests, decreased time watching television and increased time spent on homework, and the development of higher aspirations, including plans to complete high school and go on to college. Younger children (ages 5 to 9) and those in low-income neighborhoods gain the most from after-school programs, showing improved behavior, work habits and academic performance.
- **Middle and High School Restructuring.** Statewide – while 4th grade test scores in Reading and Math have steadily increased over the last several years – 8th grade results have stubbornly remained flat. The 2006 Reading scores show a steady decline from 3rd to 8th grade with 69% of 3rd graders meeting standards versus only 49% of the 8th graders. Similarly, the 2006 Math scores show 80.5% of the 3rd graders meeting standards versus only 53.9% of the 8th graders. Many middle and high schools may need to be redesigned to provide all students with higher-

knowledge and skills, educational options and supports they must have to succeed. This can mean creating smaller learning communities and personalized learning environments.

➤ **Public Participation**

The voice of the parents, community, education professionals and advocates are critical to shaping a system that reflects the real needs on the ground. CFE feels that the Governor has seen the wisdom of including this voice at both the front end in the development of the plans, and at the back end in ensuring that the plans are enforced. Given the time pressure in the first year of 2007-2008, the front end process will be an abbreviated solicitation of public comment. Thereafter, a district must conduct public hearings to develop its Contract for Excellence and must include a transcript that demonstrates to the State Education Commissioner that the public's views were taken into consideration as part of the approval process. Aggrieved parents and persons in parental relation have the right to file a complaint for non-compliance with their district's Contract for Excellence with an appeal process that moves from principals to the Commissioner.

➤ **Outputs: An Enhanced Statewide Accountability System – Holding All Adults in the System Accountable**

New State Assessments

The Regents and State Education Commissioner will develop new state assessments, pending federal approval, based on a growth-model approach -- an assessment of a cohort of students or individual students over time that measures the academic progress made by those students. By July 1, 2008 the Regents and the Commissioner will set new targets, moving away from a testing-only model, for schools and districts based upon performance on state assessments, graduation rates as well as other indicators of progress such as college-going rates.

Furthermore, the Regents and the Commissioner will develop informational materials to assist parents and teachers in understanding the various changes being implemented.

➤ **Support, Intervention and Consequences: State Intervention for Consistent Lack of Performance in Improvement**

Support/Intervention: There is a two-step support process for schools consistently failing to show improvement:

1. Appointment of a school review team to assist any school designated as needing improvement, in corrective action, restructuring, SRAP, or SURR;
2. Appointment of a joint school intervention team for schools in restructuring or SURR that have failed to demonstrate progress.

In addition, “Distinguished Educators” – educational leaders under whose leadership schools have demonstrated consistent academic growth - may be assigned to low-performing schools to assist in improving low-performing schools.

Consequences: Deficient Districts

The Commissioner will develop a definition of “deficient” performance under this model. Districts identified as deficient will be required to submit an action plan to the Commissioner. This plan must consider redirecting some of the district resources to the programs and activities required under the Contract for Excellence or explain why not as well as engage in the same public participation process requiring hearings and transcripts to be approved by the State Commissioner.

Additionally, school superintendents, school boards and the Chancellor of the New York City schools will be subject to removal for deficient performance over a period of four years. There must be a high performance bar set for these adults in the system, and the proposed “rebuttable presumption” putting the burden on the

superintendent to show why inadequate performance should not lead to dismissal is a positive step in that direction.

Increasing the Number of Schools for Reorganization and Restructuring

In addition to the current state and federal laws to intervene, the Executive Budget authorizes the Commissioner to expand the number of SURR schools with the number of such schools increasing significantly. This proposal raises the bar on improvement targets so that over the course of the next four years, up to 5% of New York State schools and districts will be required to restructure and organize.

➤ **Data-driven, Accessible Tracking and Reporting**

Information Collection and Dissemination

There can be no accountability without accurate, accessible, meaningful and transparent information available to all the participants inside and outside the system. To that end, this proposal calls for collecting and reporting performance data on student progress, school progress and school leadership for all schools and districts in New York State. Parents will receive new report cards on their principal and school.

Tracking the Dollars

The Commissioner, in consultation with the director of budget and the state comptroller will develop a methodology for reporting of school-based expenditures by all school districts. The district must show for all funding sources, whether federal, state, local or new state school aid, the instructional expenditures per pupil, the special education expenditures per pupil and the total expenditure per pupil projected for the current year and actually incurred in the base year. The district must show how the new funding will be used to support either new or expanded strategies proven to improve student achievement.

Student Progress Reports

By July 2008, student progress reports reflecting multiple years of testing will be required. These student progress reports will be prepared by the state for all students. These reports will be distributed to parents and other persons in parental relation.

School Leadership Report Cards and School Progress Report Cards

The Commissioner shall develop school leadership report cards to assist the public, the state and boards of education in assessing the performance of school leaders, including superintendents and principals and the schools they lead. School progress report cards will include assessments of the school's progress in achieving standards of excellence for parental involvement, curriculum, teacher quality and student performance accountability measures. These cards will be made public.

Conclusion

CFE has long held that all of our children should be held to high standards provided they were equipped with the resources, programs and services necessary to achieve those high standards. CFE strongly endorses this legislation because it incorporates the elements necessary to ensure that all students in New York State are provided with the opportunity for a sound basic education—Adequate Investment, Foundation Distribution Formula Based on Need, and Input and Output Accountability employing strategies that work, supports interventions and consequences, and comprehensive tracking and reporting of data available that is accessible, meaningful and transparent. We believe the Governor has accomplished this in his proposal. We strongly support this landmark education plan, and urge you to join to make it a reality in an on time budget which will facilitate effective implementation in the next school year. With your support, we will create the opportunity for a brighter future for the students and families of New York State.

Thank you.