



To: NYS Legislative Correspondents, News writers and Editors
From: Michael Davoli, Alliance for Quality Education
RE: AQE End of Session Legislative Rap Up Memo
Date: June 29, 2006

The Problem

The 2006 New York state legislative session has once again come to a close without addressing the graduation crisis, adopting a statewide resolution to the Campaign for Fiscal Equity (CFE) lawsuit and making a commitment to fully fund our schools. As a result, New York State continues to have a broken school aid system that denies millions of children their constitutional right to a “meaningful high school education.” The clearest consequence of this failure is that over one-third of high school students today do not graduate on time and New York State ranks forty-eighth in the nation in graduation rates. The graduation rate crisis is even more acute in the state’s largest cities. For example, New York City, Buffalo, Syracuse, and Yonkers also fail to graduate half their students; in Rochester, non-graduates number closer to 60%.

To ensure that New York state meets the goals of increasing graduation rates and raising academic standards, state leaders must establish a fair funding formula consistent with the CFE litigation and the 2003 order of the state Court of Appeals in *CFE v. State* in particular.

Simultaneously, the trend is for local school taxes, the primary mechanism through which we fund our schools outside of New York City, to spiral ever upwards, making them increasingly unaffordable for many homeowners in the state. (Inadequate state aid also puts pressure on New York City residential and commercial taxpayers, given the City’s significant reliance on local funding sources in addition to property taxes to fund its local schools contribution.)

As of 2003, New York state provided less than 37% of total school funding—the lowest level in a half a century. The consequence this year, as in past years, is that local school districts are forced to make education cutbacks in order to limit property tax increases. The students are the ones who suffer.

State Leaders Fail to Complete the Job on Education Funding Reform

Recognizing the need to fully fund our schools and fix the broken school aid formula, voters stated their desire to see education funding reform as the top priority of state leaders in 2006, according to a January 2006 Siena Research poll.

But despite the dual crises of low graduation rates and skyrocketing property taxes, state leaders failed to fix the school aid formula nearly two years after the state's highest court ordered New York state to do so.

Although the \$1.1 billion in new operating aid that state leaders approved is significant in monetary terms, it barely keeps pace with inflation and does not reflect the actual needs of our schools. State leaders adopted a budget that only scratches the surface of the challenges facing our schools.

2006 Legislative Session in Review

State Leaders:

- Failed to address the graduation crisis.
- Failed to address the funding gap between school districts with the highest and lowest income levels.
- Failed to adopt a multi-year plan to phase in the funding increases needed for all of our kids to succeed.
- Failed to comply with the Campaign for Fiscal Equity court order and provide a statewide solution to the school-funding crisis.
- Failed to reform the school aid formula in a way that fairly allocates state aid based on the needs of our schools.
- Failed to ease the burden on local tax payers by significantly increasing the state's share of public education costs.

The Governor: In addition to his continued appeal of the Campaign for Fiscal Equity court case, Governor Pataki continued to put his national ambitions ahead of the current needs of New York's school children. In his Executive Budget, the Governor proposed a small fraction of the school aid increase that our kids actually needed to succeed while proposing \$3.5 billion in tax cuts that disproportionately benefit wealthy New Yorkers. Instead of spending the more than \$2 billion budget surplus on a down payment on educational equity, Governor Pataki advocated spending the money on tax cuts that will bolster his national conservative credentials. In 2006, Governor Pataki cemented his education legacy as the Governor who ran out of excuses for not fixing our broken school funding system.

The Assembly: The state aid increases and school aid reforms adopted by the Assembly would have dramatically helped to address the graduation crisis in New York state as well as ease the burden on local taxpayers.

The Assembly passed legislation that would provide for the needs of New York's school children by: substantially increasing state aid, and creating a new statewide funding formula designed to ensure that every child has the opportunity for a sound, basic education. The proposed new formula would ensure that the funding of districts is based on need, and factors in regional cost differences in determining the amounts of state aid districts would receive.

However, the Assembly ultimately gave in to the Senate by passing a budget that didn't fix the broken funding formula and subsequent legislation to provide a one-time property tax rebate that didn't address the need for long-term property tax relief.

The Senate: The State Senate Majority continues to be a major barrier to fundamental reform. Instead of supporting a substantial increase in state and school aid funding reform, which would have addressed the graduation crisis in New York state as well as eased the burden on local taxpayers, the Senate Majority insisted on property tax rebate checks that would arrive in voters' mailboxes only weeks before Election Day.

The Senate Majority refused to create a new school aid formula that targeted aid to high need districts or to establish a multi-year funding plan. The Senate Majority proposal also would have frozen class size reduction and universal pre-kindergarten programs at their current levels.

Further, on March 31st, the Senate Majority defeated a budget amendment that would have dramatically reformed New York's school aid system and instead chose to support the broken school aid formula that is leading to struggling schools and skyrocketing property taxes. Not one Republican senator supported the comprehensive reform amendment sponsored by Senator Suzi Oppenheimer.

Conclusion: The Class of 2019 enters kindergarten this year under the watch of our state leaders. The final question that must be asked when determining grades for state leaders is: what have they done for the class of 2019 and all the other children in school this year?

The inflationary increases in this year's state budget fail to address both the growing property tax crisis and the graduation crisis. AQE's and PPEF's "Dual Crisis" report clearly supports the conclusion that if the state takes on a much larger share of total school funding, we can simultaneously increase graduation rates and stop over burdening local property taxpayers.

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.

While the court case pertains only to New York City, the solution will be a statewide approach. We have the capacity to provide a briefing on how such a solution would impact individual districts across New York state upon request.

For more information call 518-432-5315 or visit www.ageny.org.