

## **League of Women Voters Presentation**

Monday, September 26, 2011

7:00 p.m.

Thank you for having Tom Watts and me this evening to speak with all of you.

My job has two parts – on one hand I work for the Commissioner of Education and the State Education Department, so I have monthly (and sometimes daily) exposure to issues related to funding and equity of funding in my nine component schools – Groton, Dryden, Ithaca, Candor, George Jr. Republic, South Seneca, Newfield, and Trumansburg.

The other part of my job is being the Chief Executive Officer of BOCES, a \$31 million operation which provides shared services to our components. Three examples of our services would include: regional summer school, school improvement training and shared teachers.

In my research for tonight, I wanted to find out more about the League of Women Voters. I found an article on your website entitled the Role of Federal Government in Public Education: Historical Perspective and found out the following facts of interest about you.

The League worked for the passage of Title IX of the Educational Amendment of 1972 that prohibits discrimination on the basis of sex. Personally I'm grateful for that past support in terms of the positions I could aspire to in my career. The League has taken local stands on issues related to equality, funding, and to assessments and standards at the State level – all of these have significant relevance today.

The League also supports positions on early intervention for students at risk which I will touch upon and my colleague, Tom Watts, will develop at greater length. These are all issues very important first to the BOCES which serves the most needy of our children and second to our region which struggles for an equitable allotment of both state and Federal Resources.

I will briefly speak to three issues tonight.

1. The first is the current state of federal funding of education, both at the national and local levels.
2. The second story, which as a state leader I feel must be told, is the current level of state support of our local region.

3. And finally, I will touch upon the legal aspects of what is happening to support for public education and what can be done about it in terms of advocating for our children.

### **Federal Role in Education**

A couple of important statistics to get started. While, generally federal funding for public education almost every year has gone up, in 2011 it was \$4.9 billion as opposed to \$8.1 billion in 2010 when federal stimulus funds were provided to prop up the public schools during the recession. Statistics vary, but in general it seems that most would acknowledge that only between 7-10% of revenues to support NYS schools come from federal sources.

This low percentage of monetary support is, in part, understandable when one looks to the federal constitution which leaves the important activity of education to the control of the various states. However, the federal government includes a department for education, its mission: to assure equal access to education. How has the federal government carved out a role for itself in education? – through the power of the purse and the imposition of legal standards.

Historically, during our first century of existence, Congress granted more than \$77 million acres of the public domain as an endowment for the support of schools. It also established through the 14<sup>th</sup> Amendment the rights of citizens to equal protection of law which, over time, came to mean equal access to public educational institutions.

During the 19<sup>th</sup> century federal involvement in education included vocational training, and the establishment in 1867 of the Office of Education. 1954 saw the Supreme Court hand down the Brown vs. Board of Education striking down state laws that established separate public schools based on race. The anti-poverty and civil rights laws in the 1960's and 1970's dramatically increased the role of the federal government in public education through such laws including Title VI of the Civil Rights Acts of 1964, Title IX of 1972 and Section 504 of the Rehabilitation Act of 1973 prohibiting discrimination based on race, sex and disability. More recent federal activity included George W. Bush's reauthorization of ESEA – No Child Left Behind, Obama's educational stimulus grants and the now famous, Race To The Top grants.

In 2007, the federal government allocated \$67.2 billion (or less than 3% of its total budget) to educational funding. These funds come with certain obligations, and they don't fund fully the expenses of complying with accompanying obligations – they must be supplemented with local funds. While these federal grants are adjusted for School Wealth and student need, the fact of the need for local supplements assures that educational equity will not be achieved, because not all districts have these additional funds to qualify.

With that said, the latest grants from the feds allowed our component districts to stave off staff cuts for two additional years. The American Recovery and Reinvestment Act of 2009 helped diminish the impact of \$9 million in cuts over two years for TST BOCES and added \$18 million to the local economy in those who were able to spend money by virtue of remaining employees.

Race To The Top money of \$700 million will allow New York State to gain traction in preparing for the new demands of Common Core Standards and Curriculum and new evaluation and accountability models for teachers and principals.

The federal government has fallen short (in the estimate of most analysts) in the areas of IDEA and NCLB/Title I. The feds committed to funding 40% of the cost of educating students with disabilities and the latest estimate finds them providing only 17% of the level promised when it was enacted almost 40 years ago. Special education numbers are rising and costs now consume a huge percentage of district costs; other programs often have to be sacrificed to meet these financial obligations.

Title I grants to local educational agencies are the largest component of the No Child Left Behind legislation and are designed to help raise student achievement in the most impoverished communities. New York paid about \$1.24 billion in 2009 for a program the feds committed to totally paying for. While schools do not complain about the mandate and necessity to have all students succeed, the monetary shortfalls lead to short staffing and fewer supports and a greater burden falling to the local taxpayer.

In 2008 a group called LFA (Learning First Alliance) composed of top National Education groups called for the new administration to increase federal policies and commitment for our children.

Two of their statements are telling:

“In this time of alarming economic uncertainty, federal investments in education are critical investments in the nation’s long term prosperity” (Brenda Welburn – Chair and Exceptional Executive Director).

“The federal government has micromanaged schools from the top down without providing the support they require to succeed.”

More needs to be done – Accountability and Mandates need to be supported with dollars. It is also possible for the Supreme Court to declare education a fundamental interest, but as of yet it has shown no tendency to do so.

### **New York State funding of Education**

On average, the total state revenues received by school districts in New York for 2004-05 fiscal year (the last year for which audited data is currently available) were \$18.7 billion or 43.5% of the total revenues received. 2001-02 saw that percentage reach 48.2%. Local revenues that year comprised 50% of the total on average statewide. However, that picture looks much different locally. State aid comprises much larger percentages here in New York State. For instance, Groton depends for 61% of its revenues from the State, while Candor gets 65%. In some of the districts since they have lost vast amounts of state revenue through Gap Elimination Adjustments and Deficit Reductions they have been forced into a game plan which involves three factors:

1. Raising local taxes - Problematic when district residents can vote budgets down or senior citizens could lose their homes. In Groton raising the levy 1% only raises \$55,000. While they were cut \$1.9 million. Candor's 1% equals \$60,000 while they lost almost \$2 million of state revenues. High needs districts may have to raise taxes 12% as opposed to 1.4% in wealthy districts.
2. Cut staff – Districts have probably been working at this for the last four to five years during these trying economic times. While districts vary in how much they have cut into program and personnel, it can safely be said that none of our districts have the same resources relative to five years ago. Some of them may soon have shortages in core academic programs that are mandated by the State Education Department.
3. Tap into fund balances – Districts are limited to saving 4% of their budgets in unallocated fund balance. This is the proverbial rainy day fund for emergencies such as when boilers blow or when a special education student moves into the district whose needs are so great as to cost the district hundreds of thousands of dollars. Districts have been depleting these balances at unprecedented rates, leaving little to plug holes that may exist in the schools in the future.

The cycle of educational funding includes good times when districts build their reserves for later depletion when times are tough. The problem with the current fiscal crisis is that it shows no clear sign of an end, it has been prolonged, and it may clearly bankrupt some districts before it dissipates. With our Governor's new tax cap, not only will revenue sources dry up, but districts' ability to borrow their way out of revenue gaps may be strictly limited, not that borrowing is a healthy approach for any of us.

Our current scenario in the analysis of the Statewide School Finance Consortium ([www.statewideonline.org](http://www.statewideonline.org)) is that 151 districts will run out of sufficient operating funds in 2011-12, 220, by the following year, and 276 in three years.

### **Legal Aspects of Educational Funding**

It took 12 long years of combined preparation, lawsuits and appeals, but the Campaign for Fiscal Equity, Inc. (CFE) won a landmark decision in New York State to reform the school funding system to make it predictable, transparent and aligned to student need. It further won a victory against a lower court which held that New York State students were entitled only to an 8<sup>th</sup> grade level education and preparation for low level jobs. Instead, the Court of Appeals ordered the State to reform funding to **ensure** schools have the resources for a "sound basic education" defined as a "meaningful high school education." This was ordered to take place by July 30, 2004 and seven years later, in the midst of economic crisis, implementation has been delayed and delayed again.

Michael Rebell, lead attorney on the case, spoke recently to a group of District Superintendents to explain the work that still needed to be done to gain this defined level of funding. Since the court did not keep jurisdiction of the case the plaintiffs must start over. Judges may not be anxious to fight with Governors and legislatures so they may block changes in funding by ruling on technical niceties as they did in a cited case (Abbott) in New Jersey.

Instead, future work for further court remedies will include:

- Describing the impact in various districts of cuts on the right to a Sound Basic Education (SBE).
- Analyze what SBE means in an operation sense to include a broader definition than just core subjects.
- Demonstrate cost efficiencies in our schools without SBE.
- Calculate how many dollars are needed to provide SBE.

Let's take one small example of how this is playing out in a small rural district in Herkimer-Brasher Falls is the 11<sup>th</sup> poorest district in New York State with a third of the wealth of an average district. They rank 93 of 101 districts in expenditures on instruction per pupil of those with between 1,001-1,500 students. In 2010-11 their gap elimination cut was \$607,457 or \$571 per student. They eliminated 5.5 positions. In 2011-12 their gap elimination cut was \$1.2 million or \$1,118 per student. This is on top of the Foundation formula being stagnant for four years. So they eliminated 18.2 positions, cut one of three principals, eliminated all junior varsity sports and changed half of the modified sports games to scrimmages. One percent on their tax levy only raises \$35.48 per student. They used over \$1 million in reserves and anticipate not being able to open for 2013-14 school year.

I hope in some small way this evening I have helped expand your understanding of funding in education or at least helped tie together some different pieces of knowledge and funding you may already have had to help understand why we have yet to achieve that elusive quality of basic equity in funding public education for all.

### **To Sum Up**

- The more schools are reliant on state aid the more they will suffer fiscally until Wall Street and Main Street recover.
- The tax cap will limit those districts most on the edge raising funds. Not only with increased costs not be covered, funding is being removed on a massive scale.
- Schools are using up fund balances at a record rate.
- The hope for relief of CFE is years away.

Now, I'd like to introduce my colleague, Tom Watts, Director of Exceptional Education at TST BOCES, who will speak about the federal role on Early Childhood and children who have special needs.