

# Responding To The 2010-11 Executive Budget

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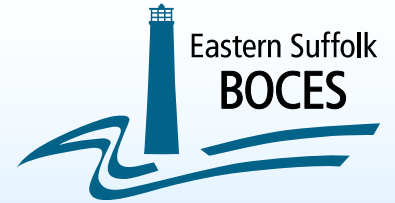
***“Framework for the Future”***

Presented by:  
Gary D. Bixhorn  
SCSSA Legislative Committee Chairperson

Longwood Legislative Breakfast  
February 6, 2010



# Executive Budget Impact on Long Island

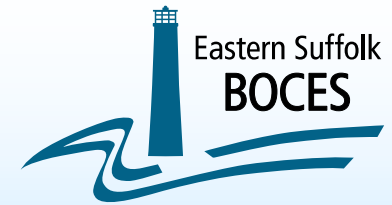


## REGIONAL IMPACT

- Long Island educates 17% of the state's students, receives only 12.5% of the state aid, but will absorb 13.6% of the statewide aid loss proposed by the Governor's Executive Budget for school aid.
- Long Island's proposed aid cut is 7.2% (\$172,680,929). The statewide cut is 6.7% (\$1,267,274,873).
- The proposed loss of state aid (\$172,680,929) will cause an increase of nearly 6.0% in Long Island's property tax levy assuming that budgets rise by 2.5% next year.
- Long Island's 2010-11 aid reduction (7.2%) is 7% higher than the statewide aid reduction (6.7%).



# Executive Budget Impact on Long Island

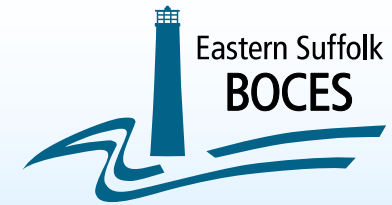


## FOUNDATION AID

- The Foundation Formula, which will drive 84% of all school aid (\$14,892,215,595), continues to be a key reason that Long Island schools are under-funded by the state. Long Island's share of state funding has been maintained with High Tax Aid (\$139,303,943) since the Foundation Formula was introduced.
- Foundation Aid provides \$3,300 per pupil to Long Island schools; this is 38% lower than the statewide average of \$4,600. The statewide average excluding Long Island is \$4,862.



# Executive Budget Impact on Long Island



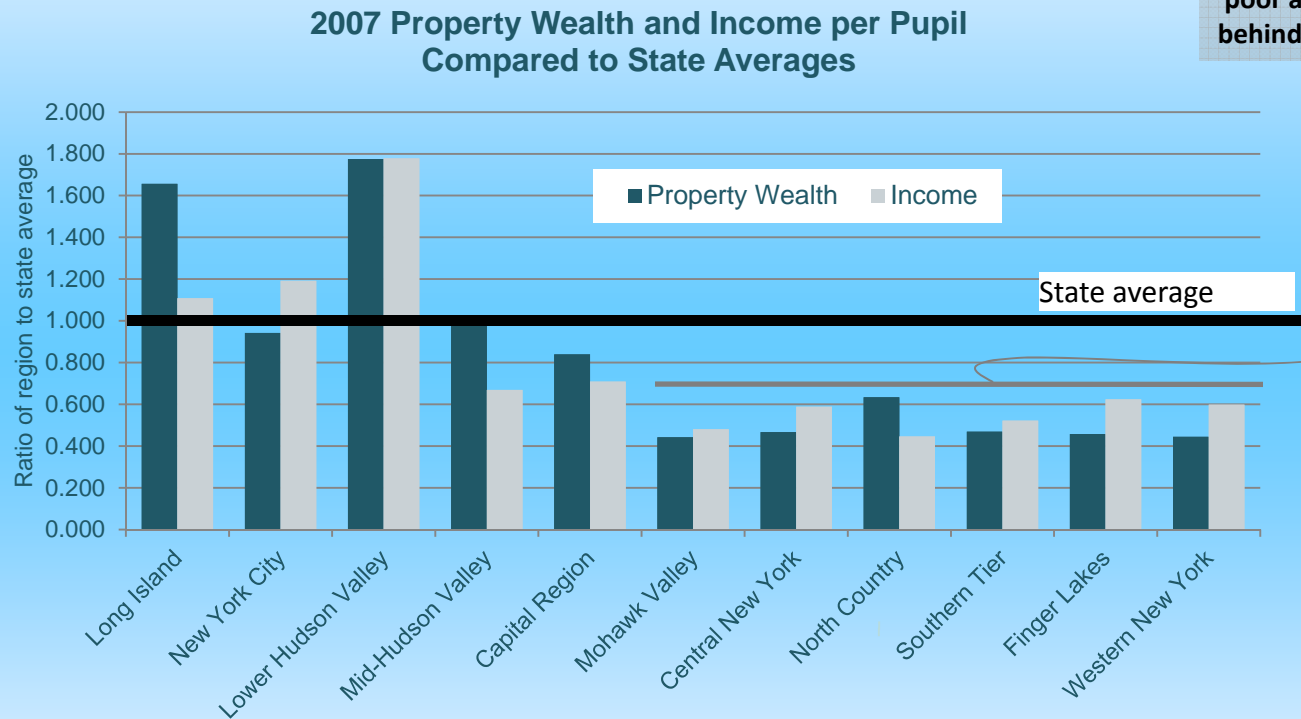
## LOW-WEALTH SCHOOL DISTRICTS

- Nearly 38% of students on Long Island are enrolled in twenty-nine school districts with wealth levels below the state average (CWR<1.0).
- Twenty-nine Long Island low-wealth (CWR<1.0) school districts will suffer an average per pupil aid loss of \$493.
- Twenty-one Suffolk County low-wealth (CWR<1.0) school districts, enrolling 133,000 would have aid reduced by \$68.8 million.
- Eight Nassau County low-wealth (CWR<1.0) school districts, enrolling 41,000 would have aid reduced by \$16.9 million.
- The proposed loss of state aid (\$85.7 million) to Long Island's 29 low-wealth (CWR<1.0) school districts will cause an increase of nearly 9.0% in their combined tax levy assuming that their budgets rise by 2.5% next year.

# Executive Budget Review

## Variations in Ability to Pay

- Long Island and Mid-Hudson Valley have widest disparities between property and income
- Long Island incomes now only slightly above average



“Upper upstate” – poor and falling further behind (next slide)

Source: Council analysis of NYSED school aid data

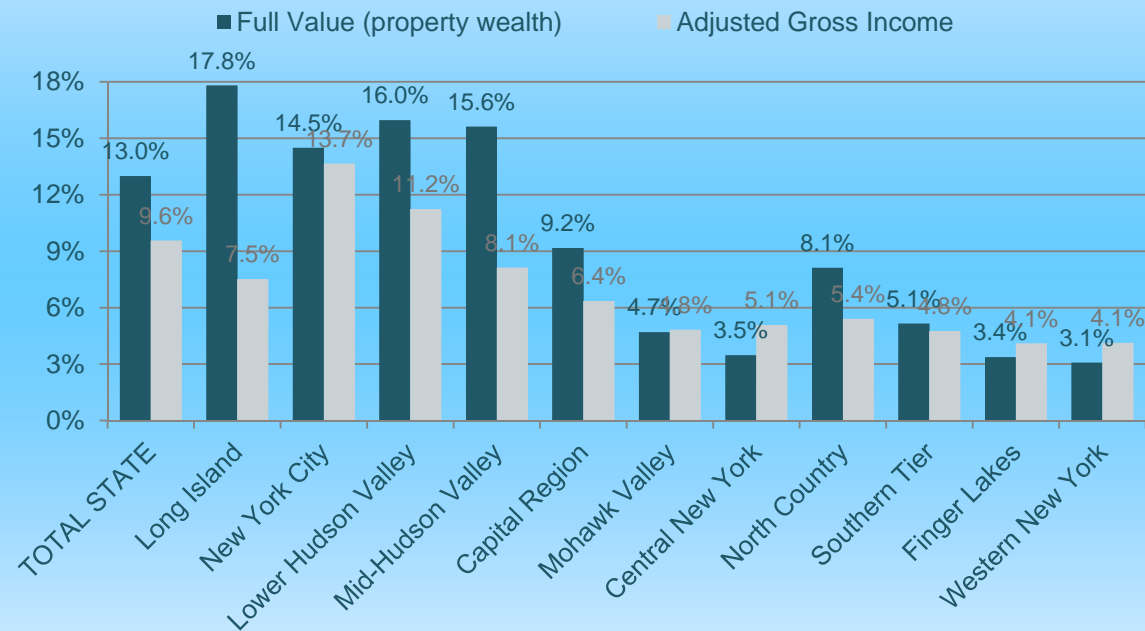
# Executive Budget Review

## Trends in Ability to Pay

• **Long Island, and Mid-Hudson Valley:** Huge disparities between property and income changes.

• **Upstate:** Slow growth in property wealth means more of any additional local revenue must come from tax increases, rather than tax base growth

Average annual percent change in property wealth and adjusted gross income by region, 1996 to 2007



**Source:** Council analysis of NYSED school aid data; 8 small districts omitted due to incomplete data



# Executive Budget Review

## Measures of Tax Effort

- Lower Hudson Valley has the highest effort measured by local tax revenue per pupil.
- Long Island and Mid-Hudson Valley have highest effort measured by residential property taxes paid as percent of income.
- Upstate regions have highest effort measured as a tax rate against full value property wealth.
- *Some poor districts could double or triple their tax effort and still not raise as much revenue per pupil as affluent communities.*

	Long Island	New York City	Lower Hudson Valley	Mid-Hudson Valley	Capital Region	Mohawk Valley	Central New York	North Country	Southern Tier	Finger Lakes	Western New York
<b>2007-08 Local Taxes per Pupil*</b>	<b>\$12,940</b>	\$7,752	<b>\$14,546</b>	\$8,731	\$7,429	\$4,098	\$5,238	\$4,595	\$4,639	\$5,977	\$4,710
<b>Est. Tax Rate (per \$1000 of Full Value)*</b>	\$12.04	\$13.91	\$13.71	\$15.25	\$16.71	\$15.69	<b>\$18.57</b>	\$13.33	\$16.93	<b>\$20.48</b>	\$16.75
<b>Residential Property Taxes as % of Adjusted Gross Income</b>	<b>4.5%</b>	NA**	3.3%	<b>4.6%</b>	3.7%	3.3%	3.6%	3.5%	3.5%	3.8%	3.0%

**Source:** Council analysis of NYSED data. \* Tax levy includes both property and non-property taxes (STAR not included); \*\* data for New York City is omitted (measure understates NYC effort by omitting revenue from the City income tax and property taxes levied on apartment buildings).



# Executive Budget Review

## Major Elements of Proposed Budget

- \$1.1 billion (5%) cut in School Aid compared to 2009-10. (\$1.45 billion cut from current law formulas).
  - Includes \$1.41 billion one-time “Gap Elimination Adjustment
- Apply wealth adjustment to state reimbursement for Summer School Age Special Education (\$86 million cut).
- Use federal funds for Preschool Special Education (\$61 million savings for state).
  - Prospectively, shift from counties to schools responsibility for growth in costs over 2%.
- Continue freeze of Foundation Aid one more year (to 2011-12); extend phase-in to 2016-17.
- Some STAR cuts – no exemptions on homes over \$1.5 million; raise maximum exemption decrease from 11% to 18%
- Cut State Education Department General Fund operating budget by 16% (53 positions). Only 7% of operating budget would be supported by state taxes.





# The LIEC – Working Together on the “FRAMEWORK FOR THE FUTURE”

- Council of Administrators and Supervisors
  - Eastern Suffolk BOCES
  - L.I. Association of School Personnel Administrators
  - L.I. School Public Relations Association
  - Nassau County BOCES
  - Nassau County Council of School Superintendents
  - Nassau County Elementary School Principals Association
  - Nassau County Secondary School Administrators Association
  - Nassau Region PTA
  - Nassau-Suffolk School Boards Association
  - Nassau Association of School Business Officials
  - New York State United Teachers (Nassau-Suffolk)
  - Reform Educational Financing Inequities Today (R.E.F.I.T.)
  - School Administrators Association of New York State (Nassau-Suffolk)
  - SCOPE Education Services
  - Suffolk Association of School Business Officials
  - Suffolk County High School Principals Association
  - Suffolk County School Superintendents Association
  - Suffolk Region PTA
  - Western Suffolk BOCES
- LIEC Co-Chairpersons:  
Judith Chen & Vincent Lyons



## Issues Driving the “Framework for the Future”

- Foundation Formula Inequities
- Stimulus Funding Ends
- Rising State Deficit
- Introduction of Inequitable State Aid Reductions (GEA/ High Tax Aid)
- Rising Property Tax Dependence
- Rising Costs



# LIEC

## “Framework for the Future”

- **Raise** the state share of educational funding to 50%
- **Allocate** new funding through “expense driven” formulas aiding:
  - Special Education
  - Employee Health Insurance Coverage
  - Pension Costs
- **Create** opportunities to reduce costs
- **Fix** the Foundation Formula
- **Provide** greater transparency

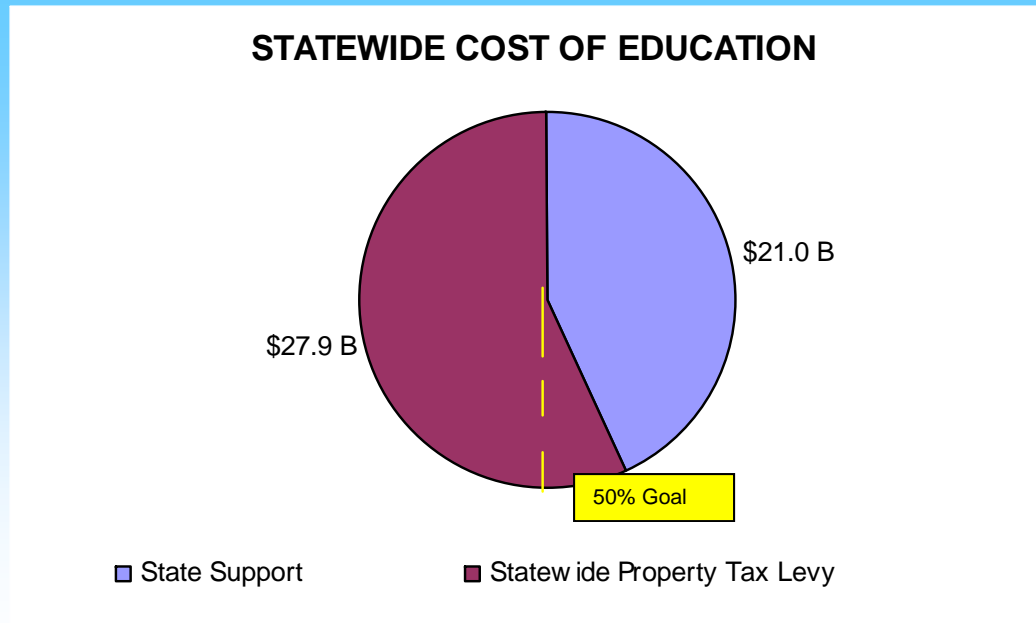


**2008-09**

# Basic Data – New York State

<b>Statewide Cost of Education</b>	<b>\$50.5B</b>
State Support for Education (State Aid)	\$21.0B
State Share	41.6%
Statewide Property Tax Levy	\$27.9B

Source: NYSED State Aid Office





# 2008-09

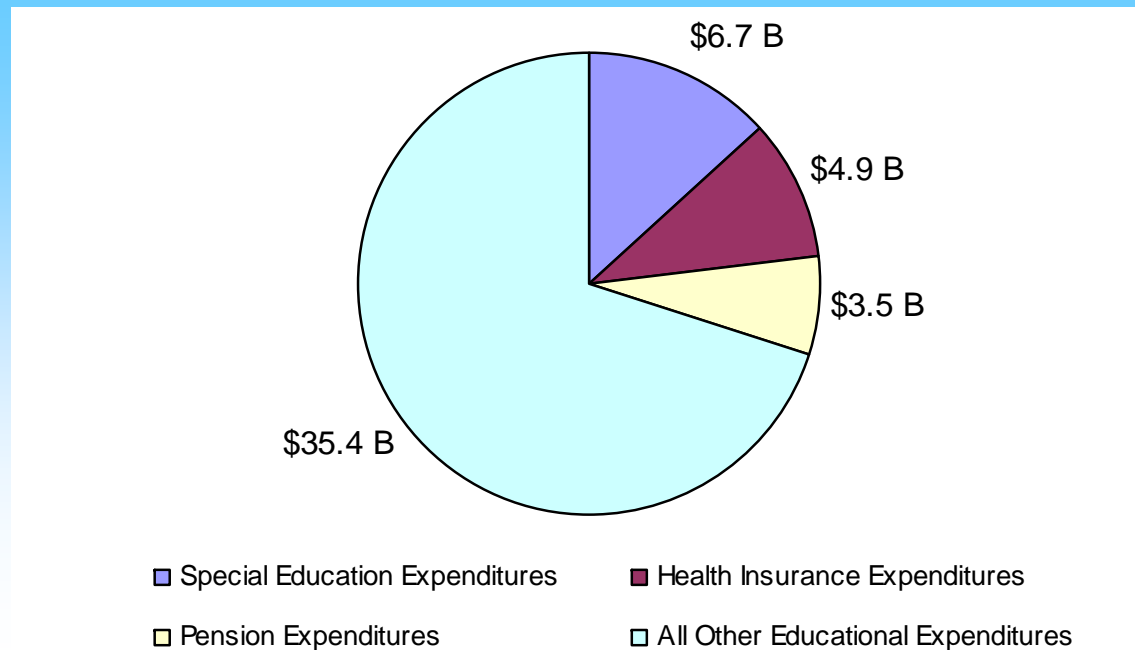
## Basic Data – Costs

### Statewide Cost of Education

**\$50.5B**

- Special Education Costs **\$6.7B**
- Health Insurance Costs **\$4.9B**
- Pension Costs **\$3.5B**

Source: NYSED State Aid Office





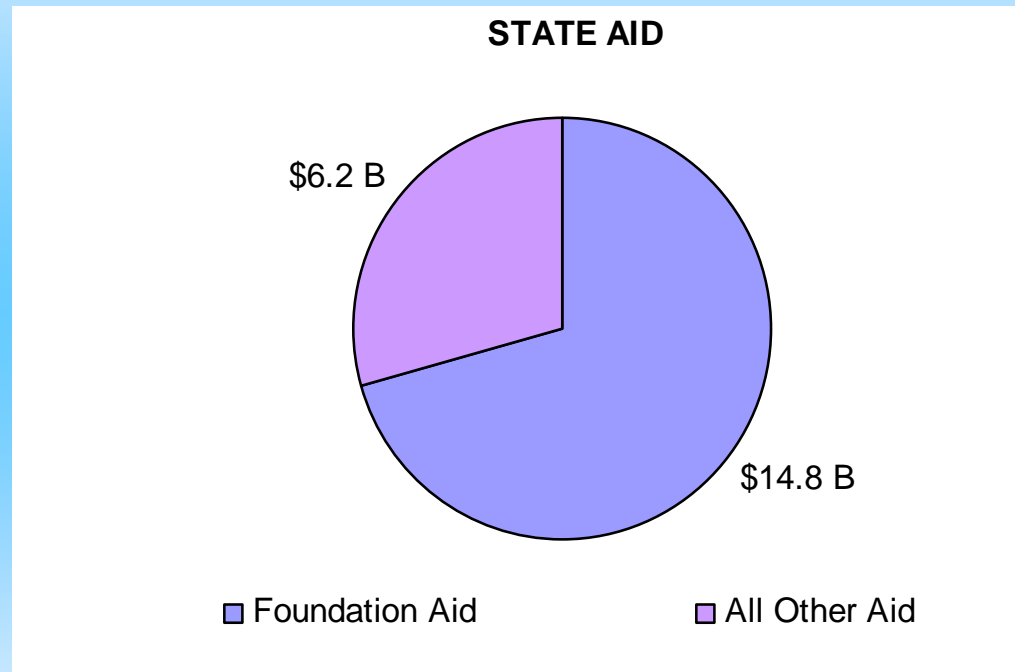
# 2008-09

## Basic Data – State Support

<b>Total State Aid</b>	<b>\$21.0B</b> (100%)
– Foundation Aid	\$14.8B (70.6%)
– All Other Aid	\$ 6.2B (29.4%)

**Additional Aid  
Required to Reach 50%**    **\$ 4.2B**

**Additional Foundation Aid  
Promised\***                    **\$ 3.8B**



Source: NYSED State Aid Office  
\*By 2012-13



**2008-09**

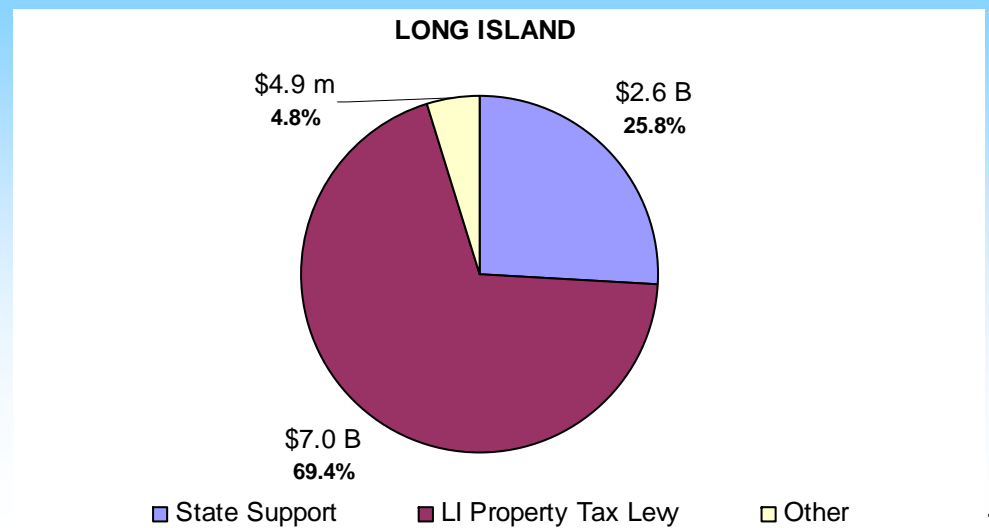
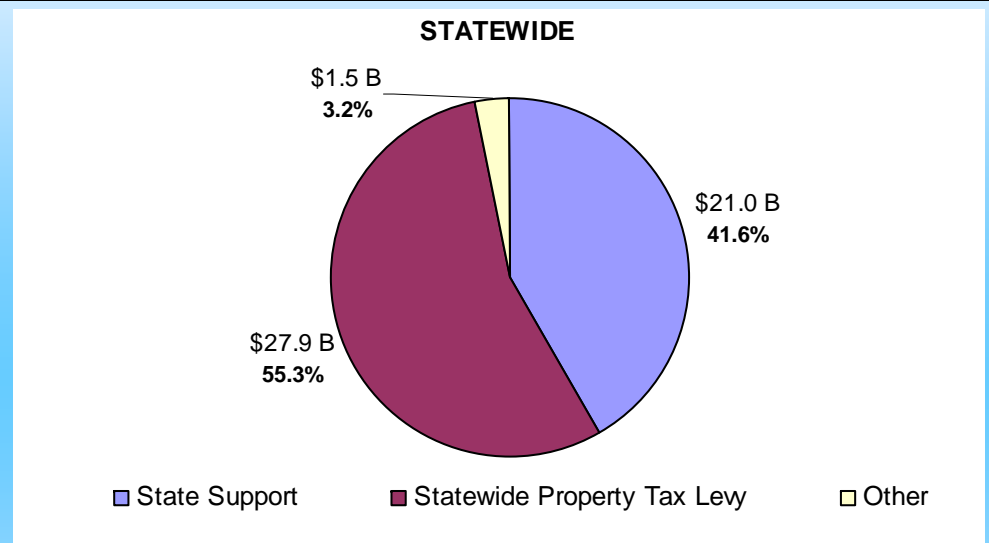
# Basic Data – Local Support

**Statewide Property Tax Levy**  
**\$27.9B**

**Reduction Due to  
Proposed Aid Increase**

**15.1%**  
(50% State Share)

Source: NYSED State Aid Office  
\*Fully phased in \$4.2 billion





## Why the “Framework” is Necessary

Region	TAFPU*	% of Total State	2009-09 Foundation Aid	2008-09 Foundation Aid Per Pupil	Foundation Aid as % of Statewide Total FA
Nassau County	240,903	7.45%	\$598,503,736	\$2,484	4.03%
Suffolk County	301,372	9.32%	\$1,196,258,077	\$3,969	8.05%
Long Island	542,275	16.77%	\$1,794,761,813	\$3,310	12.08%
New York City	1,178,971	36.46%	\$6,162,871,722	\$5,227	41.47%
Rest of State <i>(excluding NYC &amp; LI)</i>	1,512,356	46.77%	\$6,902,739,230	\$4,564	46.45%
New York State <i>(excluding LI)</i>	2,691,327	83.23%	\$13,065,610,952	\$4,855	87.92%
New York State	3,233,602	100.00%	\$14,860,372,765	\$4,596	100.00%

\*NYSED computer runs December 2008





# Why the “Framework” is Necessary

## Basic Data – Regional Wealth

CWR < 1.000

Region	Number of Students (2008-09)	Percentage of Students
Suffolk County	134,641	52.1
Eastern Suffolk BOCES	107,155	63.9
Western Suffolk BOCES	27,486	30.4
Nassau County (Nassau BOCES)	40,469	19.4
<b>Long Island</b>	<b>175,110</b>	<b>37.6</b>



# Long Island Demographics and Resources

2006-07	Least Wealthy Districts (9 districts)	Wealthiest Districts (9 districts)
<b>Total Enrollment</b> (approximate)	62,000	26,000
<b>Average Enrollment</b> (approximate)	7,000	3,000
<b>Demographics of Students</b>		
% White	36.7	69.9
% Black	23.0	5.2
% Hispanic	37.9	13.9
% Asian	2.1	10.3
% Other	0.3	0.7
% Free/Reduced Lunch	48.0	10.8
% Limited English Proficient (LEP)	17.1	6.0
% Drop Out	4.3	0.9
<b>State Aid Share</b> <i>(State Aid as % of Total Aid)</i>	52.4%	5.9%
<b>State Share with STAR</b> <i>(State Aid &amp; STAR as % of Total Aid)</i>	58.2%	9.7%
<b>Per Pupil Expenditure</b>	\$18,428	\$25,423



# Long Island Performance Gap

Assessment / Regents 2006-07	Least Wealthy LI Districts (9 districts) % of all students tested	Wealthiest LI Districts (9 districts) % of all students tested	Long Island	Rest of State (excluding NYC and LI)	New York State (excluding NYC; but including LI)
<b>ASSESSMENT RESULTS – Elementary and Middle Level Students Scoring at Levels 3 and 4</b>					
Grade 4 ELA	63.6	88.1	81.4	72.1	74.6
Mathematics	78.8	92.0	89.3	80.9	83.2
Science	89.3	97.5	95.2	90.9	92.1
Grade 5 Social Studies	83.2	95.8	92.7	85.5	87.5
Grade 8 ELA	54.7	81.6	73.6	62.2	65.2
Mathematics	51.9	80.4	75.3	62.6	65.9
Science	66.3	82.1	81.1	77.3	78.1
Social Studies	58.2	85.4	80.2	67.0	70.4
<b>REGENTS EXAM RESULTS – Students Scoring 65+</b>					
English	75.1	90.7	89.5	85.2	86.3
Mathematics Course A	74.7	91.0	87.9	85.6	86.2
Global History & Geography	60.3	84.6	79.4	70.7	73.0
US History & Government	78.7	93.2	90.6	86.2	87.4
Living Environment	70.4	93.6	86.5	84.8	85.2



## What the “Framework” Does

Region	2008-09 Current Aid \$	% Share	Fully Funded Foundation Aid			Fully Funded Property Tax Tax Reduction Proposal		
			Projected Aid with Foundation Aid \$	% Increase	% Share with Foundation Aid Promised	Projected Aid with LIEC Plan \$	% Increase	% Share with LIEC Plan
Long Island	2,624,805,951	12.47	2,914,457,376	11.04	11.71	3,188,356,730	21.47	12.61
New York City	8,241,464,116	39.15	10,074,003,121	22.24	40.47	10,074,003,121	22.24	39.84
Hudson Valley	1,986,952,475	9.44	2,274,913,180	14.49	9.14	2,426,660,257	22.13	9.60
Rest of State <i>(excl. LI, NYC, &amp; Hudson Valley)</i>	8,195,295,411	38.94	9,631,242,142	17.52	38.69	9,594,696,326	17.08	37.95
<b>Total State</b>	<b>21,048,517,953</b>	<b>100.0</b>	<b>24,894,615,819</b>	<b>18.27</b>	<b>100.00</b>	<b>25,283,716,434</b>	<b>20.12</b>	<b>100.00</b>



## Why the “Framework” Works

- Structural change to promote fairness
- Offsets Foundation Formula inequities
- Phase in as “new” money becomes available
- Cost reduction initiatives implemented
- Transparency enhanced
- Offers time to “fix” the Foundation Formula



## ***Timeline for Action***

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**The Need is Real.**

**The Time is Now -**

**ONE ISLAND – ONE VOICE**



**For additional information contact:**

Gary Bixhorn

SCSSA Legislative Committee Chairperson

[gbixhorn@esboces.org](mailto:gbixhorn@esboces.org)

**Letter Writing Campaign Contact:**

David Gamberg

[dgamberg@southoldufsd.com](mailto:dgamberg@southoldufsd.com)