



Testimony

**to the
Senate Finance Committee
and
Assembly Ways and Means Committee
on the
Proposed 2016-17 Executive Budget
for
Elementary and Secondary Education
January 27, 2016**

*Prepared by:
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**REPRESENTING MORE THAN 600,000 PROFESSIONALS IN EDUCATION AND HEALTH CARE
AFFILIATED WITH THE AFT - NEA - AFL-CIO**

*Testimony of
Andrew Pallotta
Executive Vice President
New York State United Teachers
to the
Senate Finance Committee
Catharine Young, Chair
and
Assembly Ways and Means Committee
Herman D. Farrell, Jr., Chair
on the
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Senator Young, Assemblyman Farrell, honorable members of the Legislature and distinguished staff, I am Andrew Pallotta, Executive Vice President of New York State United Teachers (NYSUT). NYSUT represents more than 600,000 teachers, school-related professionals, academic and professional faculty in higher education, professionals in education, in health care and retirees statewide.

Thank you for the opportunity to testify today on the proposed 2016-17 Executive Budget for Elementary and Secondary Education. I am joined by Michael Mulgrew, President of the United Federation of Teachers.

The state of public education in New York finally seems to be moving in the right direction, however, we have much more to do.

We must continue to work together to ensure each and every student receives a high quality education that prepares them for college and career.

We must continue to work towards reducing unnecessary testing in our schools.

We must restore the joy of learning and teaching in our classrooms.

While the Executive's proposed 2016-17 year-to-year increase of \$961 million, or 4.1 percent in traditional formula school aid is one of the largest school aid starting points we have seen in recent years, significantly more funding is needed to maintain current levels of academic services and programs and to provide many needed enhancements in school districts across New York state.

This year in particular, state support of schools is critical. The tax cap is near zero; set at a mere 0.12 percent – NOT two percent. This devastatingly low tax cap will cripple local school districts' ability to raise revenue. Under a true two percent tax cap, \$700 million would have been generated, which could have been used to offset the state share of school funding. This places an even greater importance on school aid for 2016-17 as it will be the sole source of additional revenue for many school districts.

A significant increase in school aid can be supported by the state. The state is no longer running a budget deficit and instead has a surplus. A recent NYS Comptroller report showed an approximate current year state surplus in the General Fund of \$5.4 billion. While a portion of this surplus is the result of a one-time financial settlement, over half is generated due to better than expected figures in recurring state revenue streams.

New York public school students are still owed \$4.4 billion in foundation aid and \$434 million in Gap Elimination Adjustment (GEA) funding. The state should have a specific plan to address this underfunding to ensure that children are not denied the opportunity to a sound basic education that our State Constitution requires.

Our schools need to not only provide support for education and instruction but also address the social and emotional needs of our students. Social and emotional development and learning plays an important role in making schools safe, maintaining a caring school climate and enhancing student motivation. We need to ensure that trained professionals such as: certified school psychologists, school social workers and school counselors, are available in our schools to support students and provide appropriate clinical services when necessary.

SCHOOL AID

The \$961 million is allocated for 2016-17 as follows:

- \$406 million in expense based aid;
- \$266 million in foundation aid;
- \$189 million in GEA restoration; and
- \$100 million for the creation of community schools.

While a 4.1 percent increase is the highest starting point in recent years, when you factor in a near zero tax cap, the increase in school aid only translates to an overall increase in school spending of 1.5 percent. This is far below the estimated \$1.7 billion increase needed for districts just to maintain current services and programs for students. State aid on average only makes up 35 percent of school district revenues and this year it will be the only revenue source to pay for the natural growth in expenses.

The Board of Regents has called for at least a \$2.4 billion increase in school aid, a \$2.1 billion increase alone in formula based aid for the 2016-17 school year and another \$345 million for targeted programs. The Regents have also called for funding of the \$318 million for prior year aid claims that are still outstanding.

NYSUT is calling for an increase of \$2.6 billion in general purpose school aid.

We call for:

- A \$2.1 billion increase in formula aid; with significant investment in the foundation aid formula, elimination of the GEA and full payment of expense based aid.
- An additional \$500 million in targeted funds, as detailed in the recent Educational Conference Board school aid request. We ask these funds be targeted towards:
 1. continued support for struggling schools;
 2. support for English language learners;
 3. continued expansion of pre-kindergarten;
 4. a significant investment in high-quality professional development; and
 5. expanded access and support for college and career pathways.
- An additional allocation of the \$318 million in prior year aid claims that are owed to school districts.

Despite recent school aid increases, currently one-third of school districts are still at, or below, 2009-10 state aid levels. Furthermore, some services and programs for students, as well as educator jobs, have still not been fully restored.

New York's public schools and are still reeling from the multiple years of school aid cuts imposed upon them. These cuts have caused class sizes to balloon, decimated course offerings and after-school programs, particularly music, art and physical education. These cuts have also curtailed academic support for at-risk children, eliminated counseling services, and rolled back early childhood programs including full-day kindergarten and pre-kindergarten.

The \$2.6 billion request would constitute a meaningful down payment towards restoring the nearly \$5 billion still owed to New York's students.

COMMUNITY SCHOOLS

A Community School is a model for organizing the resources of the community around student success. It is both, a place and a set of partnerships, between the school and other community resources. Its integrated focus on academics, services, supports and opportunities leads to improved student learning, stronger families and healthier communities. Schools become centers of the community and are open to everyone —all day, evenings and weekends, year round.

The Executive Budget includes \$100 million to “transform” all of the state's struggling schools into community schools. From the \$100 million, \$75 million will support both struggling and persistently struggling schools, and \$25 million will support high-needs schools' efforts to create community schools. These funds are allocated via a formula to all eligible school districts.

There are over 200 high-need districts which get funding under the Executive Budget's \$100 million formula. However, many of those districts are only getting \$40,000, or less, which is far from the amount required to create a community school. For example, a school in the Finger Lakes region, a high-needs rural district, could only receive \$22,000, which is not enough funding to transform it into a community school. We urge you to ensure that all eligible schools receive adequate funding under this formula.

Over half of the state's students qualify for free or reduced-priced lunch and approximately one million children are living in poverty, which includes over 100,000 homeless students. New York should make a greater financial commitment to support existing community schools and to the creation of new schools to ensure we can continue to increase student achievement and remove impediments to students' learning.

RECEIVERSHIP

The enacted law on receivership attempts to centralize power, privatize public education and strip away local control from parents and their local, democratically elected school boards.

NYSUT calls for a repeal of the receivership law.

The current law mislabels schools, students and educators based on the failed implementation of the Common Core and flawed state standardized test scores, without taking into account, the progress made in existing local turnaround programs. This law blames educators, rather than addressing the real fundamental problems that are symptomatic of these schools: chronic underfunding and high concentrations of students living in poverty.

School districts facing receivership are owed, in total, more than \$2.6 billion in Foundation Aid and \$94 million in GEA funding – more than a combined \$2.7 billion. Astoundingly, this amount totals more than half of the nearly \$5 billion owed to public schools statewide in Foundation Aid and GEA funding. It is important to note, this amount reflects what is currently owed and does not take into account the several years these school districts were inadequately funded.

Collective bargaining contracts and rights should not be unilaterally changed or usurped. The ability of a receiver to unilaterally change a collectively bargained contract is highly objectionable.

There is no evidence that suggests firing educators has anything to do with raising student achievement and there is no rational argument for it. This harmful provision in the law will strongly discourage educators from working in struggling schools, since these schools serve large high-needs populations. We should be supporting our teachers in these schools, rather than penalizing them.

We urge the state to enact policies that provide a realistic research-based time to turnaround these schools properly and research-based solutions and tools that have been proven to close the achievement gap and accelerate student learning.

TEACHER CENTERS AND OTHER PROFESSIONAL PROGRAMS

Teacher Centers were established by the state Legislature in 1984 to provide comprehensive, ongoing professional development and support services to our teachers. They are the only state-funded vehicle guaranteed to support teacher professional development in all school districts, including high-need schools and districts, Boards of Cooperative Educational Services (BOCES), non-public and charter schools.

At a time when we are asking educators to comply with higher learning standards to ensure all students are on track for college and career, we must first provide educators with the resources and tools they need to meet this demand.

The Executive Budget fails to fund Teacher Centers for the 2016-17 school year. Funding for these critical centers has not met the demand for continued and increased professional development for the over quarter million professional staff members who work in our schools. For example, the 2015-16 school year funding level for Teacher Centers (\$14.26 million) is less than it was nearly twenty years ago.

Teacher Centers are also economic engines for the state. They maximize resources and leverage existing purchasing agreements to provide significant savings to property taxpayers. These centers work with many colleges, universities, museums, youth bureaus, early childhood agencies and workforce investment boards. They also collaborate and partner with corporations like Microsoft, Apple, Adobe, Verizon, Google, and Dell.

We respectfully request that funding for Teacher Centers be restored to at least its 2008-09 levels of \$40 million. This funding is needed to help ensure that educators are exposed to emerging techniques, practices, technologies and to be increasingly effective in the classroom. These centers provide the professional development teachers need to help close the achievement gap while also offering courses and programs that enable new educators to satisfy certain professional development requirements.

We also fully support the Mentor/Intern Program that helps ensure new teachers receive the guidance and mentoring they need to increase student achievement and retain quality educators. We respectfully ask that the funding to this program be increased to \$10 million to provide more opportunities and support services for new teachers.

Finally, we ask that funding to the National Board Certification Program be increased to \$1 million. The impact of National Board Certification on student learning, school climate and teacher effectiveness continues to be confirmed by numerous research studies and leading measures of teaching effectiveness. National Board Certification is a highly respected professional voluntary credential and provides numerous benefits to teachers, students and schools. It was designed to develop, retain and recognize accomplished teachers and to generate ongoing improvement in schools by supporting improvements in teaching and learning and enhancing teacher effectiveness.

TAX CAP

The near zero tax levy limit for 2016-17 will have serious negative effects on our students and their schools. Eliminating or amending the undemocratic tax cap continues to be a priority for NYSUT.

Living under a tax cap has hindered most districts' ability to restore cuts to classroom services. Without significant additional aid, and a reasonable adjustment to the tax cap for costs beyond their control, many school districts will lack sufficient resources to fund current programs. The tax cap hurts our poorest districts the most, placing severe limits on their ability to raise funds.

NYSUT urges the Legislature to enact the following changes to the current tax cap:

1. change the allowable tax levy limit to two percent or CPI, whichever is greater;
2. eliminate the supermajority requirement;
3. eliminate the possibility of negative levy limits; and
4. allow for exemptions to include items such as increased enrollment, spending on school security measures, BOCES capital expenses, and including PILOTs (payments in lieu of taxes) in tax base growth factor determinations.

CHARTER SCHOOLS

The Executive Budget proposal on charter schools provides that in New York City (NYC), the charter school tuition formula is unfrozen and the calculation of rental aid for charter schools is made permanent. Outside NYC, the charter school tuition formula remains frozen and no building aid is provided to charter schools. In addition, the Executive Budget provides a separate funding increase for all charter schools by \$27 million.

NYSUT opposes the proposal that unfreezes the NYC charter school tuition formula. We also oppose the \$27 million state increase and the permanency of the calculation of rental aid for charter schools in NYC.

Contrary to media reports, there is nothing in the proposal that strengthens accountability for charter schools to enroll and educate English language learners. Further, no language was included to examine charter schools' enrollment and retention issues including: current law, regulations, and practices.

Seventeen years after New York passed its first laws on charter schools, they continue to underserve the neediest students and enroll a disproportionately low number of English Language Learners (ELLs) and students with disabilities throughout the state. From New York City to Buffalo, these schools do not educate a comparable number of English language learners or students with disabilities as their neighboring traditional public schools and the state should take action to correct this.

New York schools are struggling with a near zero property tax cap, and are owed billions of dollars, while charter schools are awash in a sea of cash.

As of last year, charters had hundreds of millions of dollars on hand. In 2014, unrestricted net assets held by charters grew to \$392.1 million, from \$298.5 million in 2012.

Further, 82 percent of the state's charters held, on a percentage basis, cash well in excess of the four percent that traditional school districts are permitted to keep in reserves. In 2014, 184 charter schools studied had, on average, 25 percent of their annual budgets in cash reserves – six times what traditional public school districts are permitted to hold.

Clearly, the charter industry's push for additional per-pupil and facilities money is undermined by their own financial accounting which shows the current funding formula is more than adequate to meet their needs.

A recent report by the Center for Popular Democracy (CPD), estimates that charter school fraud has cost New York taxpayers \$54 million this school year alone. The report notes, "Despite the tremendous investment of public dollars, New York has failed to implement a system that adequately monitors charters for fraud, waste, and mismanagement."

NYSUT calls on the state to enact a series of reforms to ensure charter accountability and transparency. These reforms include: ensuring charter schools appropriately educate English Language Learners and students with disabilities, ensure students are treated fairly, provide for more transparency and accountability in the use of state funds, restricting charters to hold the same percentage of reserves as public schools and the ability to audit monies being sent to education management organizations and other outside charter entities. These reforms will help to ensure money is being spent on the students and public money is being spent appropriately.

PRE-KINDERGARTEN EXPANSION FOR THREE-YEAR OLD CHILDREN

The Executive Budget proposes an increase of \$22 million in pre-K funding for three-year olds in high-needs districts and also includes \$2 million to support QUALITYstarsNY, to create a quality rating system for early childhood programs.

We fully support continued investment in full-day universal pre-kindergarten and support full investment for full-day kindergarten for every child.

As a former classroom teacher in a high-needs elementary school, I know, from personal experience that one can readily determine which students come from a high-quality pre-K program. Quality full-day pre-K opportunities lead to better outcomes in the academic and social development of children. Studies show that these programs increase graduation rates, reduce retention in grades, increase reading and math proficiency and increase college participation and completion. The social and economic benefits are also striking. Quality pre-K experiences for children significantly reduce juvenile arrests, lower criminal activity, reduce teen pregnancies and result in healthier lifestyles.

It is far more cost-effective and educationally sound to invest in school readiness at the front end rather than playing catch-up on the backend after a student experiences hardships and frustration.

CAREER AND TECHNICAL EDUCATION AND EARLY CAREER HIGH SCHOOL EXPANSION

The state should also continue to support and expand access to critical Career and Technical Education (CTE) programs. For many students, CTE offers the most promising pathway to career success and we are pleased that students now have a 4 and 1 pathway to graduation.

Funding and reimbursement structures, particularly BOCES and Special Services Aid, however, need to be improved to expand programs and student access.

The current aid formula for BOCES CTE programs has not changed since 1990; the state only provides aid for the first \$30,000 of a BOCES instructor's salary. This has the effect of reducing state support for CTE programs and shifting the costs to local schools, resulting in the underinvestment of high-quality programs that provide students with the skills employers demand. According to SED, more than 90 percent of CTE students graduate with a Regents diploma, some with Advanced Designation.

NYSUT fully supports increasing the aidable salary for all CTE programs, BOCES CTE programs and increasing Special Services Aid, which will significantly improve CTE services and programs to all students.

We fully support the Early College High School program expansion and increased funding of \$4 million, as proposed in the Executive Budget. These programs target skills students will need for advanced STEM careers. Students entering these programs receive both a high school diploma and an Associate Degree, at no cost to the student or their family.

THE PARENTAL CHOICE IN EDUCATION ACT

The Executive Budget contains the Parental Choice in Education Act, which allocates \$150 million, and includes three tax credit proposals: (1) the Education Scholarship and Program Tax Credit (ESPTC), (2) the Family Choice Education Tax Credit, and (3) the Instructional Materials and Supplies Credit.

NYSUT opposes the Parental Choice in Education Act. This is nothing more than a back-door voucher scheme that will divert money from public schools into the pockets of the wealthy, looking to decrease their tax liability to the state.

NYSUT urges the Legislature to reject this proposal and fully fund our public schools.

Oppose Education Scholarship and Program Tax Credit (ESPTC) – Back Door Voucher

Under the ESPTC, a back-door voucher program, corporations and individual taxpayers could contribute to an approved Educational Scholarship Organization (ESO). These scholarships would be awarded to eligible students that attend non-public schools or public schools outside of their districts of residence. In total, \$70 million would be reserved for corporations and individual taxpayers that would receive a tax credit equal to 75 percent of their authorized contributions, up to a maximum annual credit of \$1 million.

Oppose Family Choice Education Tax Credit

The Family Choice Education Credit would set aside another \$70 million to provide a \$500 per student refundable personal income tax credit for families for tuition at non-public schools in the state.

4201, 4410, 853 AND SPECIAL ACT SCHOOLS

NYSUT will continue to support the mission of 4201, 4410, 853 and Special Act schools and work towards achieving parity with surrounding school districts. We urge the Legislature to provide regular, predictable increases in their tuition rates. While last year's increase of \$2.3 million for 4201 schools is maintained in the Executive Budget, more funding should be used in each of these special schools for both personal services and services for students.

Specialized schools do not receive typical school aid increases that public school districts and their students benefit from and these institutions have no taxing authority. Students attending these schools have specialized educational needs that could not be served in another setting. We urge the Legislature to ensure that they receive adequate support so they may better plan and prepare for the future without the worry of financial insolvency. As you move into budget negotiations, we urge you to provide all these schools with a funding increase on par with that of our traditional public schools.

SPECIAL EDUCATION MANAGEMENT FLEXIBILITY

The Executive Budget would allow school districts, BOCES and approved special education providers the ability to petition the State Education Department for flexibility in complying with certain special education requirements.

The Legislature has already made strides in providing mandate relief for students with special needs. Not that long ago, the Legislature authorized school districts the option for a teacher to have access to a student's individual education program (IEP) electronically and, in NYC, by automatically eliminating a parent member on the Committee on Special Education (CSE).

NYSUT opposes this proposal which would erode the quality of education to these students and diminish the protection these necessary mandates provide.

We urge you to reject it.

LABOR AND PENSION

NYSUT fully supports the Executive Budget proposal to increase the state's minimum wage to \$15 dollars an hour. We hope that the proposal will be amended to include all state and municipal employees. Excluding these important members of our workforce from this wage adjustment would create a two-tiered minimum wage system in our state and would send the wrong message to workers.

We also fully support the proposal to create twelve weeks of paid family leave. Allowing workers an opportunity to take leave to care for a sick family member or bond with a new child, without the fear of losing their job or suffering economic hardship, is something that is long overdue and we applaud the efforts to make this statutory change a reality.

We look forward to a final resolution to the issue of purchasable public pension credits for public employees who bravely served in our nation's military. While we were disappointed that the legislation addressing this long unsettled issue was once again vetoed this past year, we were heartened to hear that the governor and Legislature plan to address this iniquity as part of the 2016-17 state budget process. We again call for the inclusion of all public employee veterans, regardless of when they served, to be allowed to purchase credits toward their retirement. It is the very least we can do to serve the women and men who chose to serve us, our state and nation.

CONCLUSION

NYSUT looks forward to partnering with the Legislature to ensure our students receive the necessary resources and programs for a 21st century high-quality education, in order to prepare them for college and career.

There is nothing more important than investments in our students and their futures.