

Number 08-25

December 2008

2009-10 Executive Budget — Pre-K–12 Education

Overall School Aid Cut of \$2.5 Billion from Expected Levels –

- ▶ \$2.5 billion below expected level of funding, which includes both:
 - The elimination of \$1.8 billion in expected school aid increases; and
 - A decrease of \$698 million from the 2008-09 funding level.

Deficit Reduction Assessment (DRA)—

- ▶ Applies a \$1.1 billion reduction to total state aid, excluding Building Aid and Universal Pre-K (UPK).
- ▶ Individual school district reductions will range between 3% and 13% depending upon district wealth.

Pre-School Special Education—

- ▶ Shifts approximately \$188.3 million (15% of the cost of preschool special education programs) to school districts and therefore, reduces the state's share from 59.5% to 47 % and reduces the counties' share from 40.5% to 38%.

Foundation Aid—

- ▶ Freezes Foundation Aid at 2008-09 level of \$14.87 billion;
- ▶ \$1.27 billion below expected levels; and
- ▶ Extends the full phase-in of Foundation Aid from 2010-11 to 2014-15.

BOCES Aid—

- ▶ Maintains BOCES Aid formula resulting in an increase of \$33 million to \$706 million.

Universal Pre-K (UPK) —

- ▶ Freezes funding for UPK at 2008-09 level of \$401 million;
- ▶ Extends the full phase-in of UPK to 2014-15; and
- ▶ UPK Aid is exempt from the overall Deficit Reduction Assessment (DRA).

Teacher Centers—

- ▶ Eliminates funding for Teacher Centers, a reduction of \$40 million.

Teacher Mentor-Intern—

- ▶ Eliminates funding for Teacher Mentor-Intern, a reduction of \$10 million.

National Board for Professional Teaching Standards—

- ▶ Continues \$490,000 in funding for National Board for Professional Teaching Standards.

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High Tax Aid—

- ▶ Continues last year's funding level of \$205 million.

Pension Changes—

- ▶ Proposes a new tier (Tier 5) of pension benefits be enacted for newly hired state and local government employees, including school districts that:
 - requires future members of ERS and TRS to: reach age 62 before becoming eligible to draw a pension;
 - makes three percent employee contributions for the duration of their employment;
 - requires 10 years of credited service before qualifying for a vested pension benefit; and
 - excludes overtime payments from the final average salary (FAS) calculation used to determine pension allowances.

STAR—

- ▶ Eliminates the Middle Class STAR Rebate Program, which reduces state spending by \$1.43 billion.
- ▶ Continues the Enhanced and Basic STAR exemptions.

Contracts for Excellence (C4E)—

- ▶ Requires the current 39 C4E districts to maintain current expenditures on C4E programs during the 2009-10 school year, minus the percentage amount of the Deficit Reduction Assessment. C4E districts would be exempt from this requirement if all schools in the district are reported as "in good standing"

Special Education Aid—

- ▶ Continues High Cost Aid at current law level of \$464.5 million, an increase of \$52 million.
- ▶ Continues Private Excess Cost Aid at current law level of \$299.9 million, an increase of \$37.8 million.
- ▶ Continues Supplemental Excess Cost Aid at last year's funding level of \$4.3 million.

Charter School Transition Aid—

- ▶ Aid for school districts impacted by charter schools is funded at \$18.4 million, a reduction of \$1.9 million.

Transportation Aid—

- ▶ Funds Transportation Aid at current law level of \$1.62 billion, an increase of \$93 million.

Building Aid—

- ▶ Funds Building Aid at \$2.2 billion, an increase of \$211.8 million.
- ▶ Building Aid is exempt from the overall Deficit Reduction Assessment (DRA).

Reserve Accounts—

- ▶ Allows school districts to withdraw funds in the employee benefits accrued liability reserve to maintain education programs in the 2009-10 school year.

Tax Cap—

- ▶ The Governor did *not* include in his budget a proposal to enact a property tax cap.

Roosevelt Academic Achievement Grant—

- ▶ Reduces the Roosevelt Academic Achievement Grant from \$12 million to \$6 million.