



## LOWER HUDSON EDUCATION COALITION

450 Mamaroneck Ave, Harrison, NY 10528 • (914) 345-8737 • www.lhec.org • lhec@lhec.org

### **Joint Legislative State Budget Hearing: Elementary and Secondary Education February 11, 2020**

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On behalf of the Lower Hudson Education Coalition, which is a joint project of the Westchester Putnam School Boards Association, the Rockland County School Boards Association, the Dutchess County School Boards Association and the Lower Hudson Council of School Superintendents, we greatly appreciate New York State's steadfast support of public education. Our schools play a critical role in the academic, arts, athletic, social-emotional and civics learning of young people throughout the state.

The LHEC would like to bring your attention to some key public education issues related to the 2020-21 State Budget.

#### **Education Funding**

The Executive Budget proposes adding \$504 million to Foundation Aid for the coming year – which we believe is a little misleading, as a \$50 million increase in the Community Schools set-aside is included in that number. While the total school aid increase proposed in the Executive budget is \$826 million, this is in stark contrast to the \$2 - \$2.1 billion recommended by the Board of Regents and the Educational Conference Board, which are based on the calculated, actual needs of NYS public schools.

The Executive Budget provides a public school aid increase of a mere 3%, compared to an increase in nonpublic school funding of 3% plus grant monies, and a charter school per pupil funding increase of 5.3%.

In an era where tax cap increases are limited, especially with the CPI base rate for calculating the formula at only 1.81% for the coming school year, it is difficult for school districts to add funds from the tax levy. The combination of low State aid and a tighter tax levy cap will put school districts in a difficult bind.

#### **Foundation Aid**

The Executive Budget proposes dissolving 10 expense-based aids into Foundation Aid. We oppose this measure which will significantly reduce the transparency and predictability of school aid.

Foundation Aid was conceived as a replacement for several needs-based aid streams that existed prior to 2007. Adding usage-based aid categories into Foundation Aid will eliminate the basis on which those aids are determined, and changes the incentive structure for school districts as a result. Specifically, BOCES aid is determined on the basis of usage – a transparent incentive for school districts to send students to career and technical education programs regionally, and to collaborate through the shared services structure of the Boards of Cooperative Educational Services.



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Shifting the \$1.85 billion in expense-based aids into the Foundation Aid category creates the appearance of an increase in Foundation Aid. This will have the ongoing impact of inaccurately placing school districts into the “hold harmless” category, even if these districts have not yet received full funding according to the original Foundation Aid formula.

Further adding to the confusion, the Executive Budget school aid runs include the expense-based aids as part of the the Foundation Aid calculation. Once again, our region is targeted with limited increases, with 55% of LHEC districts receiving the minimum increase of 0.25%. After removing the expense-based aids from the Foundation Aid projections for next year, our region continues to lag the state in the full funding of Foundation Aid. Over half of LHEC districts are expected to receive less than 80% of full funding, whereas only 27% of NYS districts will be in that category. Only 9% of districts in NYS will be funded at less than 60% of the original formula, whereas 30% of LHEC districts will receive less than 60% of what the formula requires.

LHEC strongly urges that the data used in the Foundation Aid formula must be amended, including the outdated cost factors and inadequate poverty measure. In addition, the formula should properly reflect the changing student demographics and actual expense of operating in a high cost region adjacent to New York City, similar to how the regional cost factor for Long Island is calculated.

### **Building and Transportation Aid**

The Executive Budget is aiming again this year to limit building and transportation aid owed to school districts. Transportation aid, beginning next year, is expected to be reduced through capping aid-able expenses and eliminating an aid ratio option that is currently used by approximately a third of school districts statewide. With the tax levy cap in place and little Foundation Aid in the budget, requiring districts to cover more transportation costs will ultimately affect classroom funding.

Among other reductions in building aid, the minimum aid ratios are to be reduced from 10% to 5%, which will especially hurt school districts in the Lower Hudson Valley, as most of our districts are considered by the State to be low to average needs. The Governor has focused attention on the infrastructure needs of New York State, while the infrastructure needs of our school buildings are no less pressing. A continuation of building aid is necessary to assist taxpayers in funding school infrastructure projects that meet the needs of students for physical safety, updated technology and security advances.

### **Special Education Costs**

LHEC strongly opposes the Governor’s proposal to discontinue funding of the State’s 18.42% portion of special education costs for residential placements. Shifting the burden of the costs of placements for severely impacted special needs students to the local school districts will significantly affect the home school districts, the residential placement facilities (which are often associated with Special Act school districts), and the students.



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### **Tax Levy Cap**

As almost all of our districts are largely funded by property taxes, the specifics of the tax levy cap are critically important, and often unpredictable from year to year for school districts. The Comptroller announced a 1.81% CPI base number to start the eight-step process of calculating a tax levy limit for each school district. As more than 70% of a school district's costs are in salaries that are negotiated in multi-year contracts, cost reductions when the CPI base factor goes below 2% are exceptionally difficult.

There are no exemptions for uncontrollable costs, which are unlikely to see increases as low as CPI. In a budget survey last spring, 37 LHEC districts reported that health care cost increases ate up an average of one-third of the levy increase allowable under the cap, leaving very little to accommodate increases in any of the other costs of running a school district. We believe that the formula needs to be adjusted to ensure exemptions for enrollment increases, appropriate treatment of PILOTs, and ensuring no negative tax levy limits.

### **STAR & SALT**

The repeal of the SALT deduction, and ensuring no further changes to the STAR program, are critical for our taxpayers. The \$10,000 limit on the federal SALT deduction continues to reduce disposable income, and make residents less able and willing to support their local school districts.

Additional changes to the STAR tax relief program as proposed in the Executive Budget will create more confusion and direct costs to taxpayers when they are paying the school tax bills. If the proposed income limits for the STAR Exemption program are reduced again from the current \$250,000 to \$200,000, more taxpayers will have to apply for the program and pay upfront for an apparently larger school tax bill, before receiving their STAR check in the mail. The paperwork and financial timing obstacles are significant, especially for seniors living on a fixed income.

### **Mental Health and Student Safety**

In the current climate, student safety and mental health are critical issues in K-12 schools. Ongoing, flexible funding focused on mental health and security will allow our schools to help our students and protect them as well. In the annual NYSCOSS Superintendent survey, two-thirds of Superintendents identified "improving mental health services" as their top priority for additional funding.

Going forward, small and inflexible grant programs that districts must compete for are insufficient to deal with the ever-increasing student mental health crisis. These programs reach a small number of students and only for a limited period of time. The overall State budget cuts in Mental Hygiene, or mental health services, over the past several years have exacerbated the problem for our schools and our students. Community mental health resources are frequently not available or are oversubscribed, leading school administrators with few outside options to help students who truly need it. We strongly urge the legislature to reimagine the way that these grant programs operate to ensure there is an ongoing and sustainable stream of funds that makes student mental health a priority. Additionally, we support the proposal of the non-profit human services sector for a 3% funding increase per year over the next 5 years, to ensure that mental health providers are able to expand and enhance their services to the young people of New York State.



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### **Equity**

The Governor focused the education portion of the State of the State and Budget addresses on promoting equity in education. Equity requires providing assistance to address student mental health. Equity requires helping to pay for placements for our most impacted special needs students. Equity requires supporting taxpayers with school tax relief. Especially, equity requires full funding of an updated, needs-based Foundation Aid formula.