



**Campaign for Fiscal Equity, Inc.**

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2008-2009 Budget Issue Hearing

Thursday, December 13, 2007

10:00 AM

Meeting Room One

Empire State Plaza

Albany, NY

Good morning, my name is Helaine Doran, and I am the Deputy Director of the Campaign for Fiscal Equity (CFE). I want to thank the leadership of the State Division of Budget –Director Paul Francis, Deputy Director Laura Anglin, and Deputy Directors Kim Fine and Ron Greenberg--and the Governor's Deputy Secretary for Education Manny Rivera-- for providing us with this opportunity to present CFE's views on the 2008 state education budget.

In 2007, after 13 years of litigation in the CFE lawsuit, Governor Spitzer led the successful effort to break the Albany gridlock and delay by providing adequate funding for schools and necessary school finance and accountability reform. The four year commitment to constitutionally mandated adequate school funding, formula reform, and accountability with a strong public voice is the signature accomplishment of year one of the Spitzer administration.

Today, we are here to acknowledge the progress in the first year, ensure that the Governor locks in this year's foundation funding as authorized in the law with an increase of \$1.24 billion, and reinforce the necessity of keeping the four year commitment on track.

The State Education Budget and Reform Act of 2007-2008 enacted last April, an unprecedented victory for the State's 2.8 million public school students, parents and education advocates, addressed four main concerns raised in the litigation. First, the law made the historic commitment to \$7 billion increase in school aid over the next four years, \$5.5 billion in foundation aid to provide constitutionally mandated adequate funding to ensure a sound basic education. Second, the law instituted a transparent and reliable formula based on need to ensure that the foundation aid is distributed to serve students and not politicians. The firm commitment on new dollars for the four year period required to achieve adequate funding -- \$1.25 billion in 2008-2009, \$1.51 billion in 2009, and \$1.65 billion in 2010--provides districts the ability to plan for the ramp up necessary to meet the constitutional standard. Third, the law provided for an accountability tool, the Contracts for Excellence (Contract), that required transparent state-approved plans that detail the strategic investments and the program and measurement data for low-performing districts. Finally, the law provided for meaningful public participation in the development, review, approval and enforcement of the Contract.

Now as we enter the administration's second year, we must guarantee that this promise of reform will be fulfilled in its entirety. The Governor's budget is the key to that. Thanks to the transparent and predictable formula that is in the law, we already know how much money to expect in the Governor's budget: \$1.24 billion in foundation aid. Real costs must drive expense based aid. Any delay in the annual allocation is, in effect, a cut that will further penalize the highest needs students in the lowest performing schools and imperil their



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constitutional rights to a sound basic education. In addition, we support \$100 million as the second installment of Governor Spitzer's four-year \$437 million phase-in of Universal Pre-K funding, along with flexibility to allow districts to provide full-day pre-k when the demand for half day is exhausted.

Governors in New York State have inordinate power in the budgeting process. Once Governor Spitzer submits his budget to the legislature, it cannot be removed. CFE looks to Governor Spitzer to continue to provide strong leadership by reconfirming his commitment to his education funding initiative.

Published reports indicate that the State will face a budget deficit of approximately \$4.3 billion. Despite these pressures, CFE believes education must remain one of the Governor's top priorities. The school aid budget must be off limits in this regard. An entire generation of New York's school students already paid the price of a substandard education over the last 14 years. No delays or cuts are tolerable. This should be the bottom-line fact in all budget decisions or negotiation.

CFE strongly urges the Governor, the Legislature and the State Division of Budget to honor the full-funding four-year commitment as imposed by the 2007-2008 law, and also fight any potential effort to allocate school funds outside the new need-based formula, such as the extra \$120 million targeted by the State Senate to wealthy and politically-connected schools districts in the 2007-2008 budget. Any attempt to perpetuate the school funding inadequacies that for generations allowed politics to dictate what monies would reach the classroom, and provide any school district with more than its fair share, is anathema to the principles in the CFE case and the law. Especially in times of anticipated fiscal crisis, it is imperative that all school funding decisions be based on the new formula that strictly relies on student needs. The Governor and the Budget Division must send a strong message that no loophole or political pressures can again turn school finance into political game show in New York.

By proposing a 2008 budget that implements the already authorized \$1.24 billion in new foundation aid, with neither changes to the law nor any additional funds distributed outside the formula, the Governor will secure his legacy as a reformer. CFE, parents and students look forward to year two of Spitzer's term as his budget will prove that New Yorkers can finally count on a state government to make reform stick. Anything less, would be a return to the cycle of delays that preceded the Spitzer administration.

CFE joins the Alliance for Quality Education (AQE) today in providing you with a series of estimated school aid runs for foundation aid in 2008 prepared by the Fiscal Policy Institute. These materials are appended to AQE's testimony. These projections are based upon the data used to calculate the school aid runs for the 2007 enacted budget. Final numbers may vary slightly due to changes in student enrollment and demographics; nonetheless, due to the new foundation aid formula, school districts can now plan on receiving a predictable and reliable budget allocation for school operating aid that allows for advance planning and strategic investment, especially in districts where the Contracts are required.

The Contracts prioritize high needs students in the low performing schools. Contract dollars are high impact money that must be spent on research-proven strategies for increasing student achievement: smaller classes, pre-kindergarten, teacher and principal quality initiatives, extended time for student instruction, and restructuring high schools and middle schools. This year, after inflation and other allowable deductions, \$428 million of the \$1.1 billion in foundation aid was invested through the Contracts in 55 school districts in



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these programs. These scarce dollars are essential to leverage other school funding to assist the most vulnerable students.

The new funds and the use of the Contracts in this first year have marked a new era of transparency and public participation in the planning and approval processes for achieving a sound basic education. The statute provided direction, but we have more ground to plow in order to ensure that the public is provided the necessary budget and program information in a timely fashion to make our input meaningful. It is critical that Contracts be developed simultaneous with school budgets. The guaranteed funding levels facilitate that process. We have and will continue to work closely with State Education Department to refine the regulations to ensure that these issues are addressed.

Governor Spitzer provided these funding increases to raise the quality of education for New York's public school students. They are intended to add to, not supplant local school budgets. CFE is deeply concerned by the action undertaken by Monroe County cutting off a stream of county sales tax revenues that had previously been going to local schools. The state has the power to reverse this policy, and we urge the Governor to do so. This is a non-cost item for the New York State budget.

New York State has come a long way in the 14 years since CFE began the litigation to establish and fund the constitutional right to a sound basic education. The 2007-2008 Education Budget and Reform Act provided a historic solution rolling out over four years that must be preserved and protected to make the right a reality in our schools and for our students. We thank the Governor for his leadership in enacting the law, and look forward to working closely with him and with the legislature to continue advancing toward the ultimate goal of providing the opportunity for a sound basic education for every child as guaranteed by New York State's Constitution.

Thank you.