

The Council of School Superintendents appreciates this opportunity to present concerns and priorities for the 2008-09 state budget for education.

Every day, our members must do what policymakers should do – balance what schoolchildren need with what taxpayers can afford. Superintendents also play the pivotal role in attempting to translate statewide and national policies into practices that can make sense for the communities they serve.

Testifying before the Legislature on the Governor’s proposed budget last February, we said that it raised “...issues we should all be debating: How can we assure all students the resources for an adequate education? How do we reduce the burdens of property taxes on New Yorkers? How can we be assured greater resources will produce stronger results? Do state standards set the right goals for schools and their students?”

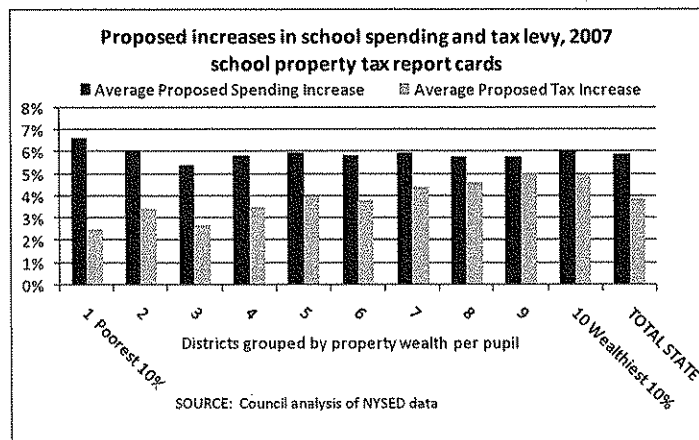
In some cases, we feel answers still need to be sought. But we salute Governor Spitzer for his leadership in education. Again, what we said of the budget he proposed should also be said of the budget he approved: “It marks a hopeful change. We are confronting real issues that will determine whether the future for all New Yorkers will be brighter and fairer.”

Foundation Aid – Keep the Promise

Our first priority now is to call on the state to keep the promise of school finance reform, by continuing to phase-in the Foundation Aid formula and to assure that it delivers resources at the levels projected at the time the budget was enacted.

The first school year under the new formula is not yet halfway complete but there is at least one set of positive outcomes we can point to.

According to the property tax report cards filed by districts last spring, the poorest school districts proposed the largest spending and lowest tax increases. Put another way, the increased aid enabled these districts to begin closing gaps in resources and opportunities while asking their voters for tax increases that averaged well below the rate of inflation.



According to preliminary state aid data, adopted local levy increases outside New York City are down significantly from recent years, averaging 3.8 percent. With the expanded Middle Class STAR rebates, there must be many taxpayers who saw a net reduction in their school tax obligations.

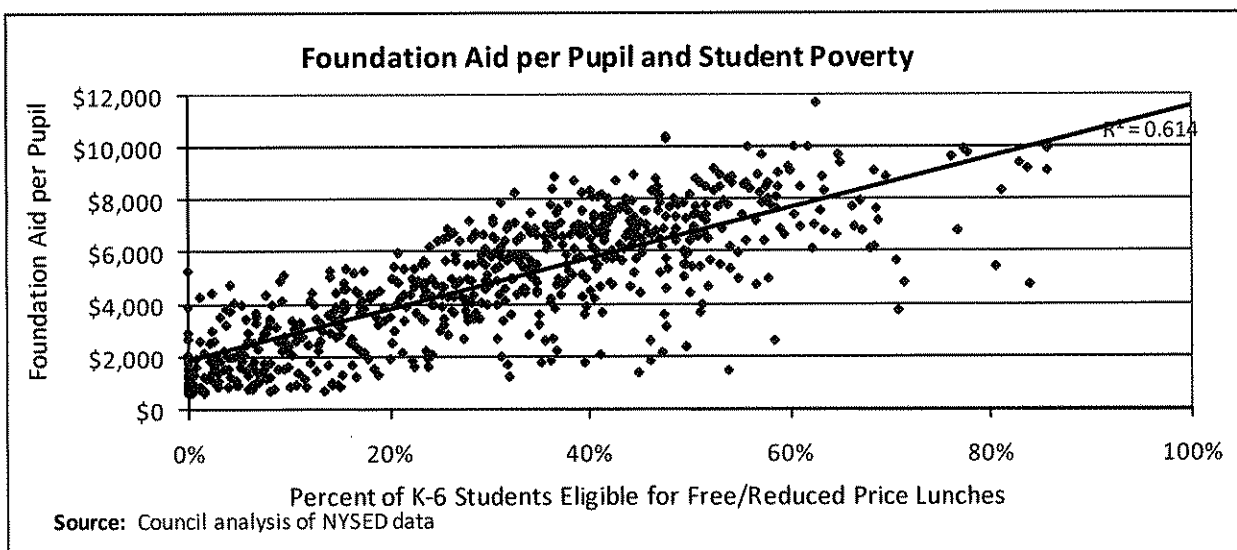
More effort and time will be required to develop data illustrating the educational impact of the new aid. But we know a sustained state commitment will be needed to allow local leaders to plan and roll-out the most effective strategies to raise student achievement.

So we will be urging state policymakers to preserve the core elements of the existing formula, including the use of both methods for computing the local contribution and the guaranteed minimum aid increase for all districts, and to phase it in as planned.

There is another aspect of the new Foundation Aid formula that we value. By using factors that can be evaluated and debated, and by prescribing in law a phase-in structure, it makes state policymakers more accountable for their school funding choices.

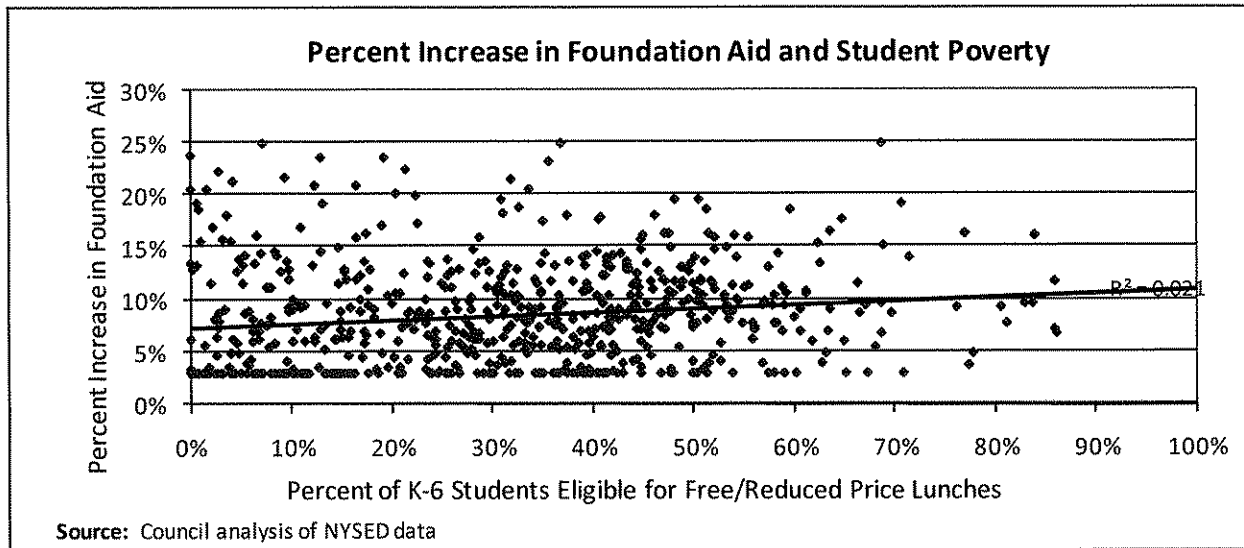
Of course no formula is perfect. One reason New York's school finance system became staggeringly complex is that New York is a complex state. We are frequently asked by local leaders to explain seemingly puzzling aid results. The two charts below help illustrate some of the concerns.

The first chart ties together Foundation Aid per pupil and student poverty. Each dot represents one school district. The chart shows that higher poverty districts do tend to receive more aid per pupil. In that sense the formula appears to be driving aid to help needy children.



The second chart shows that there appears to be no connection between percentage increase in aid and student poverty. Some high poverty districts receive only the 3 percent minimum increase. How is it possible that high need districts that received

large amounts of aid per pupil get small aid increases? The answer often is that they fared well under the old aid formulas.

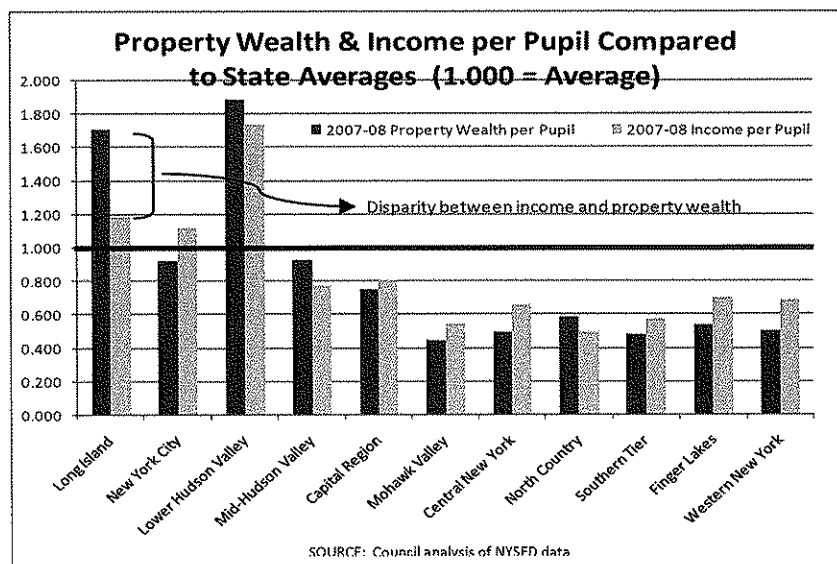


This begs the question, were these districts benefiting unfairly from the prior formulas? Or, were there legitimate considerations that were addressed in the old aid system that are neglected in the new one? At least in some cases, we feel the answer is the latter.

High Tax Aid

For more than a quarter century, this state’s school aid formulas have driven some aid to help offset extraordinary local tax effort. That funding became folded into Foundation Aid. The \$100 million High Tax Aid formula enacted in last year’s budget was a flawed vehicle, but the state should continue to target some aid to communities that make an extraordinary effort to support their schools.

The accompanying chart helps explain some of the intensity attached to this concern on Long Island. No other region has so wide a disparity between the two measures of local ability to pay for education – property wealth and resident income. Also, if regional variations in the cost of living were taken into account, Long Island’s income per pupil would drop below the state average.



Fairness seems an elusive concept, varying in the eye of each beholder. But one clear test of fairness in school aid is to ask: do districts with similar attributes receive similar treatment? By basing aid on *countywide* school tax effort, this year's High Tax Aid formula fails that test. High effort districts in low effort counties are shortchanged.

Another point that the chart makes clear is how desperately poor some upstate regions are. So we also support removing the cap that limits downward adjustment of expected local contributions for low income districts.

Universal Prekindergarten

We want to address one other state aid issue – funding of Universal Prekindergarten.

We have commended state leaders in each of the last two years for resuming the expansion of UPK. We support the goal of universal access. If we were designing an education system today, formal schooling would begin before age 5.

But we must say that the current funding mechanism will never achieve that goal. It does not provide sufficient aid to make starting a program viable in all communities. The lack of support for transportation will leave out some of the families whose children most need early help. Also, some families will simply never make use of a half day program.

We hope that increased and sustained funding will lead more districts to offer the program. But eventually the state will need to make changes in the funding system if it is serious about pursuing true universal access.

There are changes that could be made now that would not increase costs and that would enable more districts to use funding to improve early learning experiences. Districts could be allowed to use their allocations to serve fewer children for longer periods or to target some 3 year-olds without serving all 4 year-olds. Also, allow funds to support summer transition programs or curriculum and professional development for community-based preschool providers, whether or not the district operates a traditional UPK program.

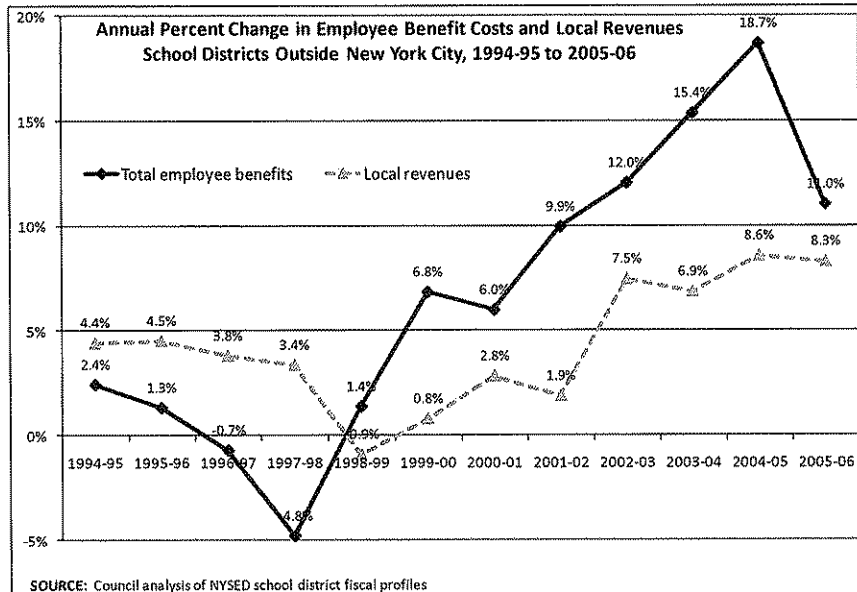
A neglected aspect of school finance: costs

We want to offer a few words about what seems to be the neglected side of school finance – costs.

To the extent policymakers address school spending at all, it is usually to call for caps. In 2006, when Governor Pataki proposed one variation, we faulted him for "...seeking to force on schools choices that he [seemed] unwilling to take on directly."

Schools struggle with the same costs as every other enterprise in America – pensions, health insurance, and energy. Below is a chart that shows how local school taxes and employee fringe benefits have followed similar trajectories in rising and falling over the past decade. Energy costs are harder to isolate.

Conservative groups call for converting to 401-k style pension plans. But, in fact, pension costs have stabilized for now and employee health insurance is a much bigger cost driver. By themselves, rising health insurance costs have absorbed nearly one-third of the local school tax increases outside New York City since the current decade began.



Amending the Insurance Law to permit easier creation of health insurance consortia could help some districts bring down costs without reducing care.

We do not have the expertise to offer other specific proposals now, but the state should consider convening a joint management-labor commission to develop options.

Special education is another target area for study. Frankly, we doubt that state policymakers are ready to take action now. There seems to be no recognition of how far out of line our special education practices are compared to other states. For example, we rank third among the states in the ratio of special education personnel to students. The accompanying table provides some other examples. The State Education Department compiled a list of the ways in which New York's policies diverge from federal requirements. It is 31 pages long.

Special Education Practices: Where New York ranks among the states	Rank
Special education salaries as % of all instructional salaries:	2nd
Percentage of special education students in regular classrooms less than 40% of week:	4th
Percentage of special education students served in separate schools:	4th
Ratio of special education personnel to students with disabilities:	3rd

Source: Council analysis of data available from www.ideadata.org and www.nces.ed.gov/ccd

If our results were far better than other states, these disparities would be worth the cost. But they are not. Our high school completion rates for students in special education are below the national average.

We will support specific initiatives to bring New York practices into line with those in other states, to shift to a more performance-based system, and to reduce the imposition of expensive programmatic remedies when districts make minor procedural errors in administration. But it is probably necessary for the state to employ a commission to build understanding of the need for change and consensus on what should change in special education policy.

After a decade of neglect – or worse – the state should turn to BOCES to improve efficiency and effectiveness in school operations.

BOCES should be used to promote greater functional consolidation in back office operations, purchasing, maintenance and transportation in order to free resources for student services. Functional consolidation could encompass municipalities as well as school districts. As regional service agencies, BOCES should also be assigned the lead role in delivering school improvement services, with SED exercising its regulatory oversight role. BOCES should also be charged as regional brokers to expand ties between schools and other agencies providing children and family services.

Last, to ensure that BOCES can obtain and keep effective leaders, the artificial cap BOCES superintendent salaries should be abolished.

Accountability

The remainder of our testimony focuses on issues of accountability.

First, we repeat what we have said over and over again: no other enterprise is as accountable to the public as the public schools.

No other enterprise puts out as much data about its successes and shortcomings. We have school and property tax report cards, budget notices mailed to every household, and regular reporting of state test results.

No other enterprise provides the public with so many opportunities for input – through budget votes, board elections, shared decision making and less formal mechanisms such as PTAs and advisory committees.

Our accountability intensified with the enactment of the “five-point plan” fiscal accountability legislation and the requirement that the State Comptroller audit every school district and BOCES by 2010. These measures were adopted in response to the Roslyn school district scandal and we supported both as actions necessary to sustain public trust in the work we do.

Having said all this, the Governor is right to seek increased accountability to ensure that better resources for schools do produce better results for children.

We strongly supported the Governor’s proposals directing the Regents to review state learning standards, to begin developing a value added accountability system, and to explore creation of a “P-16” data system.

On the other hand, we sought changes to the Contract for Excellence initiative to add a performance factor to the designation criteria and to give the targeted districts more flexibility in the use of aid. We think other changes are still needed.

Fifty-five districts are subject to Contracts for Excellence this year. Are they the districts that most require state oversight and intervention? No. The adopted performance criterion is flawed – districts with a school on one of the state’s accountability lists.

According to the State Education Department, about half the schools designated as in need of improvement or requiring academic progress make adequate gains on their own in the year following designation. Sixteen of the Contract districts are targeted because of schools in year 1 status. Also, some of the schools are targeted because of participation rate issues – fewer than 95 percent of students sat for a required state test.

At one point, SED staff recommended that districts be targeted if they have had a school on an accountability list for *more than just one year*. That would be an improvement.

In general, we would say that whatever criteria is applied should, first, use factors that districts are already attentive to, avoid piling another measure on top of those required by the state or NCLB, and, second, be relatively stable, so that districts are not bouncing in and out of Contract status from one year to the next.

The Education Commissioner should also be authorized to exempt schools from Contract status. The criteria should include an assessment of whether a district is on target to reach adequate performance without state intervention.

The other major concern we hear from Contract superintendents is that continued flexibility is needed to allow districts to maintain existing programs. Some districts strove to do right for their schoolchildren *before* state aid became available. The effort made by their taxpayers ought to be credited.

We accept the premise of “front-end” accountability reflected in Contracts for Excellence – trying to ensure that resources are used effectively. But the fact is there is no track record yet to prove that the Contract approach will work. So we urge against extending its spending restrictions to cover either more districts or more aid this year.

On the other hand, the state could improve how *all* districts report spending so that its programmatic impact can be evaluated. The Comptroller and Education Department could be directed to consult with education groups to develop a better financial reporting system.

On a related point, the state should streamline planning and reporting requirements imposed on school districts. SED calculates that districts are required to submit roughly 150 plans and reports each year – an average of three per district per week. Spread across all districts, this totals over 100,000 plans that SED is supposed to use in some way. Put simply, this is asinine. It is a tremendous waste, especially for superintendents in small districts who are already spread thin as CEO, CFO, instructional leader, personnel director, disciplinarian, and, sometimes, even back-up bus driver.

One last point. We will work with advocacy groups to ensure that requirements for stakeholder input into Contract plans are honored and that plans and reports are publicly accessible. But to ensure real accountability, ultimate authority for decisions must be exercised by the leaders chosen by the public. Requirements for input cannot become requirements for sign-off.

Conclusion

Despite the concerns we raise and the fiscal worries we all share, this should be a hopeful time for public education in New York State.

The Governor has made a great commitment to school funding. He will be judged on whether that investment pays off in better outcomes for schoolchildren – and so will we. So let's work together to be sure we all deliver on the promise.