



NASSAU-SUFFOLK SCHOOL BOARDS ASSOCIATION, INC.

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November 17, 2008

TO: Long Island New York State Senate and Assembly Delegations

FROM: Jim Kaden, President
Fran Greenspan, Legislation Committee Chair

RE: Governor Paterson's Mid-Year State Aid Cuts

We could quibble over the semantics of whether schools are faced with mid-year "cuts" or reduced increases in state aid. It is irrelevant.

What Governor Paterson is proposing is a default on the scheduled payments of the state's share of education costs to public schools that will unequivocally result in the shifting of those costs on to the backs of the local property taxpayers. How ironic that he is adamantly opposed to raising state income taxes that he projects will drive wealthy citizens from the state, but takes action to impose higher property taxes that will impact low to middle income communities the hardest.

The cuts to the educational community state-wide are disproportional. While school aid comprises less than a quarter of state spending, Governor Paterson has targeted school funds to close more than half the deficit.

The statement by the Governor's Budget Director that they would apply the Cuomo-era model of the early 1990's to school aid reductions should strike fear into the heart of every Long Islander. Long Island bore the brunt of the state aid cuts during that period and it was Long Island's reductions that subsequently eased property tax increases across the rest of the state. Nassau and Suffolk County Schools have never fully recovered from the cutbacks of the 1990's, but we are once again being targeted to subsidize the state's shortfalls.

Under the Governor Paterson's plan, Long Island schools would lose 60% of their scheduled increases in state aid. Statewide, the decrease is 45%. The Governor's proposal further erodes this region's share of state aid.

The Governor is breaking a promise to voters who approved school budgets in May. Taxpayers voted on school budgets based on the spending plans proposed by their school boards *and* a projected tax rate that reflected the state's commitment to their local district.

The so called 'mandate relief' provided in this package is miniscule and very far from implementation. The plan offers no reductions in the mandates that actually drive up local school budgets. The "efficiencies" the Governor expects to be implemented in order to absorb the cuts, can not begin to offset the millions of dollars in lost revenues. Perhaps it is his misconception that administrative costs comprise 71% of school budgets that leads him to believe millions of dollars can be absorbed without impacting the classroom. In actuality, central administrative costs make up roughly 2% of school budgets.

While we would support the loosening of the restrictions on districts' reserve funds, we would urge caution in using reserves to close a state-imposed budget gap. Not all districts have had the ability to build adequate reserve funds and even for those districts that have, it is not fiscally prudent to totally drain these accounts, leaving their districts financially vulnerable and faced with potentially lower bond ratings...a significant cost for any municipality. Just as Governor Paterson has balked at tapping the State's reserves, so too should districts be prudent in their use of these funds during what is projected to be a multi-year crisis.

We are calling upon you to ensure that the history of the early 1990's does not repeat itself. Long Island communities can neither accept nor endure this injustice again.

cc: The Honorable David Paterson, Governor of the State of New York
The Honorable Dean Skelos, Senate Majority Leader
The Honorable Sheldon Silver, Speaker of the Assembly
The Honorable Malcolm Smith, Senate Minority Leader
The Honorable James Tedisco, Assembly Minority Leader