

**NASSAU-SUFFOLK
SCHOOL BOARDS ASSOCIATION**

**INVITED TESTIMONY
PRESENTED BY**

**JIM KADEN, PRESIDENT
NASSAU-SUFFOLK SCHOOL BOARDS ASSOCIATION**

**NEW YORK STATE ASSEMBLY
WAYS AND MEANS COMMITTEE
PUBLIC HEARING
2008-09 EXECUTIVE BUDGET PROPOSALS**

MARCH 7, 2008

**Nassau County Legislative Chamber
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Members of the Assembly Ways and Means Committee and State Assembly:

On behalf of the Nassau-Suffolk School Boards Association, which represents 112 Long Island boards of education, I thank you for the invitation to address some concerns with regard to Governor Spitzer's proposed 2008-09 State Budget.

In my appearance before this Committee last March, I conveyed our Association's assertion that Governor Spitzer's change to school aid, known as the Foundation Formula, failed to adequately provide for the vast majority of Long Island districts, most of which are average and high need.

It was readily apparent that there were serious flaws with any formula change that started out by flat-lining 113 out of 124 Nassau and Suffolk districts, leaving them to receive only a 3 percent minimum increase in Foundation Aid. In each of the out-years of the Governor's four-year Foundation Formula, the save-harmless status of these districts would have prevented them from accessing the aid increases for which they would have otherwise qualified.

In addition, aid for high-cost special education students was capped when this highly volatile expense-driven cost, over which districts have little control, was incorporated into the base Foundation Aid.

We also pointed out that the regional cost and wealth factors used to calculate core Foundation Aid as well as an expected local contribution failed to sufficiently recognize the cost of delivering education services on Long Island and our taxpayers' ability to pay. It is significant to note that even utilizing the current regional cost factor, the cost of education on Long Island is below the state median. The local share of school district funding, which is raised primarily through property taxes, is 65.5% higher on Long Island. This is approximately 44% higher than the 45.4% average local share in the rest of the state. The result is that Long Islanders use 20% more of their gross household income to pay property taxes than New Yorkers in general.

Thanks to the perseverance of Long Island's Senate Majority Delegation, the final 2007-08 budget adopted by the Legislature addressed many of the Formula's shortcomings and provided substantial increases in school aid to Long Island. Undeniably, 2007's school budget approval rate was the result of the high tax effort aid that they fought for, an affirmation that when state funding eases the local share, school budgets pass.

Unfortunately, the corrections the Legislature enacted last year were not carried through to the Foundation Formula's Year 2, and 2008 finds Long Island in a worse position than last year.

Analysis of the 08-09 Executive budget conducted by the Suffolk County School Superintendents Association finds that:

- > Long Island schools enroll 16.78% of the State's students (TAFPU); but Long Island schools received only 8.23% of the \$1.439 billion State Aid increase;**

- > 60% of the school districts in the state with a projected aid loss are on Long Island (46 of 77);
- > The average aid increase on Long Island is one-third lower than the state average;
- > Long Island schools will receive \$18.5 million less in BOCES aid;
- > Long Island schools will receive \$8.7 million less in Supplemental Excess Cost Aid (high cost special education aid);
- > Long Island schools will receive \$9.1 million less in High Tax Aid;
- > Three low-wealth districts (CWR<1.0) lost their entire appropriation of High Tax Aid amounting to \$3.4 million;
- > At the same time that the Foundation Aid minimum increase fell from 3% to 2%, the number of Long Island districts receiving only the minimum will increase from 63 to 81.
- > Two-thirds of school districts on Long Island will receive only the 2% minimum increase (81 of 121).
- > Among the districts receiving the minimum are 10 low-wealth (CWR<1.0) enrolling 73,000 students.
- > The budget projects a two-year average increase of 4.6% in Foundation Aid for Suffolk County. This is 42.5% less than the statewide average (8.0%).

The Governor's budget took several steps to assure a major increase in property taxes on Long Island while at the same time feigning concern for property taxpayers by directing that the Suozzi Commission devise a school property tax cap.

With due respect, there is a cap on school budget increases and it rightfully rests with those on whom the immediate and long-term consequences of the support or rejection of a proposed school budget would fall.....the local property taxpayers. Our Association has long held that no caps be imposed limiting the right of a community to determine the expenditure necessary to maintain the educational and fiscal integrity of its school district.

A cap on property tax will disproportionately affect schools on Long Island. Expert testimony at this week's Suozzi Commission hearing pointed out that limitations on school budget increases do not necessarily result in lower increases in property taxes, a fact driven home to Long Island taxpayers in the early 90's when mid-year state aid cutbacks and subsequent annual reductions in aid to Nassau and Suffolk schools resulted in crushing property tax increases accompanying no-growth school budgets. The greatest losses were experienced in Long Island's middle-income and low-to-middle property wealth communities. The willingness of voters in these communities to increase their taxes during those hard times provided the safety valve that enabled their

schools to survive the years of diminished state funding. To deny voters the right to protect their community's investment in its public schools would most certainly punish those middle-income communities with little more than residential property as their tax base. Were the State to remove this right, the gap between them and their wealthier counterparts would surely widen.

It is disingenuous to call upon schools to implement economies that may have a minor impact on constraining local taxes while ignoring the real impediments to reducing school costs. Real relief to local property taxpayers can be achieved by:

- **Removing schools from the unconscionable waste imposed by New York's archaic Wicks Law;**
- **Repealing the section of the Taylor Law's Triborough Amendment which requires Districts to pay automatic salary increments between the cessation of a contract and the signing of a new contract;**
- **Enacting and adhering to a moratorium on unfunded and under-funded state mandates;**
- **Capping of local obligations for uncontrollable costs (retirement system contributions, health care contributions, fuel costs and special education costs);**
- **Halting the shift of financial responsibility for special education pre-school services from the counties onto the local school budget;**
- **Providing an income tax circuit breaker with an adequate threshold to address the heavy property tax burden on low income seniors and young families.**

If enacted, these recommendations alone would do more than any tax cap to lower property taxes.

Long Island's reputation for top public schools derives from efforts of educators serving a supportive and demanding public; business leaders recognizing this region's economic vitality depends on excellent schools; and state legislators acting in their constituents' interests. Last year's Executive Budget was addressed head-on by the synergy of Long Island's school and business leaders working with our Long Island Senate Majority Delegation. The Long Island Senate Majority members have already taken a leadership position in this year's fight for fairer aid to Long Island. Nassau-Suffolk School Boards Association is calling upon the Long Island Assembly Delegation to join them and us in what may be our greatest challenge....addressing the school funding inequities that force Long Island taxpayers to bear an unfair local tax burden in order to protect their commitment to sustaining high performing public schools.