

Education and Arts

State Education Department
Council on the Arts

Overview

The Executive Budget reflects a strong commitment to improved student outcomes, sustainable cost growth and an equitable distribution of aid. School Aid increases at a rate tied to the State's underlying fiscal capacity with most of the increase provided to high need school districts. In recognition of extraordinary fixed cost increases, the Executive Budget provides additional one-time financial relief to school districts for the 2013-14 school year. The Executive Budget provides support for several key initiatives recommended by the *New NY Education Reform Commission* in its Preliminary Report to the Governor, and sustains important reforms from prior years, including implementation of the new teacher evaluation process and competitive performance and efficiency grants.

Public education in New York represents a significant commitment of State and local resources. With total spending levels exceeding \$56 billion, New Yorkers have maintained the highest per-pupil spending levels in the nation – even in these difficult financial times. Not only is education the largest area of State spending, it is also the largest component of local property taxes. This substantial investment is a reflection of New York State's long-standing commitment to providing opportunity for all students.

Although New York makes significant financial investments in education (per pupil spending is the highest among states), New York lags behind in graduation rates. Only 74 percent of our students graduate from high school and only 35 percent are college or career ready. Recognizing that a prosperous future for the State is dependent upon the quality of public education, the 2013-14 Executive Budget continues the work of building an education system that ensures every child has an opportunity for a sound, basic education, and that all of our children are educated in schools with excellent teachers and leaders, who are accountable for student success.

Support for Public Education

Statewide increases in school spending, State support for education, and school property taxes have far outpaced the rate of inflation over the last ten years. New York public schools spend more per pupil (\$18,618) than any other state and 76 percent above the national average. However, New York's high education spending has not translated into equally high student performance.

Several initiatives implemented in 2011 have improved the ability to provide educational opportunities for our students at a level of spending that State and local taxpayers can sustain.

First, taxpayer support for education was made predictable and sustainable at both the State and local levels. The 2011-12 Enacted Budget included a two-year appropriation for School Aid and a statutory commitment to provide annual increases beginning in 2012-13. The School Aid proposal recommended for the 2013-14 school year fulfills this commitment to sustainable growth, with the increase tied to the rate of annual growth in New York State personal income. At the local level, a property tax cap was enacted to limit school tax increases to the lesser of 2 percent or the rate of inflation. Local voters retain control, however, and can override the cap with approval of 60 percent of voters. In the first year under the cap, 92.8 percent of school districts presented voters with budgets that were at or below allowable tax levy increases under the cap. Of these, 99.2 percent were approved by the voters on the initial vote.

In addition, Governor Cuomo created a competitive grant program to encourage school districts to implement innovative reforms that improve student achievement and make the long-term structural changes necessary to reduce costs and deliver more dollars directly to the classroom. These grants emphasize rewarding school districts that have made replicable and sustainable reforms. The first round of grants has been awarded, and a new round of applications will be released during the 2013-14 school year.

These changes were an important start, but recognizing the need to do more to build a world-class education system for New York, the Governor established the *New NY Education Reform Commission* in April 2012. The Governor charged the Commission with studying the best practices in public education, both nationally and internationally, in order to make recommendations that would increase educational productivity and student performance in New York State. Adhering to the Governor's charge, the Commission held public hearings in each of the 10 regions of New York, received thousands of pages of testimony, and heard from more than 300 students, parents, educators and stakeholders. The Commission has presented the Governor with a Preliminary Education Action Plan, which addresses every phase of a student's education from the earliest days of pre-kindergarten through college and career.

Summary of Spending

Category	2012-13 (\$ in millions)	2013-14 (\$ in millions)	Change	
			Dollar (in millions)	Percent
School Aid (School Year)	20,196	20,807	611	3.0
Fiscal Stabilization Funding	0	203	203	n/a
New NY Education Reform Initiatives	0	75	75	n/a
Total	20,196	21,085	889	4.4

Proposed 2013-14 Budget Actions to Implement the Governor's State of the State and Other Initiatives

The 2013-14 Executive Budget reflects a continued commitment to supporting improved student outcomes, sustainable cost growth, and equitable distribution of aid. It builds on the foundational work of prior years, and begins the implementation of key recommendations of the *New NY Education Reform Commission*. The total year-to-year increase in aid for education is \$889 million, or 4.4 percent.

The Executive Budget recommends \$20.8 billion in School Aid for the 2013-14 school year, a year-to-year increase of \$611 million, or 3 percent. School Aid will continue to represent the largest State-supported program, accounting for about 28 percent of General Fund spending.

The Executive Budget also continues the State's commitment to increase School Aid at a sustainable level in future years by including an appropriation for the 2014-15 State fiscal year. Under this appropriation, School Aid growth will be aligned with the State's underlying fiscal capacity, as represented by the growth in New York State personal income. The Executive Budget links additional State Aid to compliance with the teacher evaluation process that will lead to increased accountability. School districts will not be eligible for aid increases unless they have fully implemented the teacher evaluation process for the 2013-14 school year by September 1, 2013.

Additionally, in recognition of extraordinary increases in school district fixed costs, including pension growth, the Executive Budget includes \$203 million in Fiscal Stabilization Funds for the 2013-14 school year.

The new Annual Professional Performance Review (APPR) system has made student performance a major component of teachers' evaluations – and thus an element of employment decisions. While 99 percent of school districts have successfully worked with their employees to negotiate agreements on teacher evaluation, six school districts including New York City have not been able to reach agreement. Those school districts are ineligible to receive State Aid increases for 2012-13, and remaining payments for the 2012-13 school year will be adjusted accordingly. Because many of the approved APPR plans expire after one year, the 2013-14 Executive Budget will continue to link increases in State Aid to compliance with the evaluation system to ensure implementation and accountability for improving student performance. School districts will not be eligible for aid increases unless they have fully implemented the teacher evaluation process for the 2013-14 school year by September 1, 2013. To be eligible for future year aid increases, school districts will continue to be required to maintain implementation of the teacher evaluation process.

The Executive Budget supports several initiatives based on the recommendations of the Governor's *New NY Education Reform Commission*. These initiatives will build on a strong research base to guide investment to programs which have been shown to improve both academic and health outcomes for students. These competitive programs, which will be funded outside of School Aid, include:

- **Full-Day Pre-kindergarten Program (\$25 million).** The Executive Budget will provide support for a full-day pre-kindergarten program targeted toward higher need students in lower wealth school districts via a competitive process.
- **Extended Learning Time (\$20 million).** In order to provide increased learning opportunities, funding will be prioritized to support high-quality extended school day or extended school year programs, with academically enriched programming. Schools that apply to participate in the program must agree to expand learning time by 25 percent. The grant will cover the full cost of expanding learning time for students.
- **Community Schools (\$15 million).** The Executive Budget will support an innovative program designed to transform schools into community hubs. The community schools will integrate social, health and other services, as well as after-school programming to support students and their families.
- **Reward High Performing Teachers (\$11 million).** Annual stipends of \$15,000 will be provided for four years to the most effective teachers in the State. This program will begin with math and science teachers. By providing performance incentives for high performing teachers, enhancing professional development and utilizing these teachers to train other teachers, this innovative program will drive improvements in mathematics and science education.
- **Early College High School Programs (\$4 million).** The Executive Budget will provide a total of \$4 million in new State funding, bringing the State's total investment in Early College High School programs to \$6 million to improve college access and success.

The Executive Budget will require the State Education Department to implement recommendations of the *New NY Education Reform Commission* necessary to transform and modernize public education. Standards for teacher certification will be increased by requiring passage of a "bar exam." Additionally, longer, more intensive and high-quality student-teaching experience in a school setting will be required. Finally, the Department will be required to create a school performance management system that will streamline school district reporting and increase the fiscal and programmatic transparency and accountability of school districts.

School Aid

- **Target School Aid Increases to High-Need School Districts.** The Executive Budget provides a \$611 million increase in School Aid for the 2013-14 school year, consistent with the School Aid Growth Cap. Most of the allocated increase is provided to high-need school districts. Of the total increase, \$272 million is provided for general support, reflecting the net impact of a \$322 million Gap Elimination Adjustment (GEA) restoration, which is partially supported by a redirection of High Tax Aid. By redirecting High Tax Aid and increasing the GEA restoration, the Executive Budget promotes a more equitable distribution of aid to school districts. Another \$289 million supports increased reimbursement in expense-based aid programs (e.g., school construction, pupil transportation, and BOCES) and other miscellaneous aid categories under current law. High-need school districts will receive 75 percent of the 2013-14 allocated increase and 69 percent of total School Aid. Importantly, \$50 million will be used for a new round of competitive grants.
- **Provide Fiscal Stabilization Funding for School Districts in the 2013-14 School Year.** In recognition of extraordinary increases in fixed costs, including pension contributions, the Executive Budget provides \$203 million in one-time financial relief to school districts for the 2013-14 school year.
- **Award Funding Based on Performance.** The 2011-12 Enacted Budget authorized two competitive multi-year grant programs totaling \$500 million to encourage school districts to implement innovative approaches to achieve academic gains and management efficiency. The first round of these grants has been awarded to school districts that exhibited either dramatically improved performance or innovative management. The 2013-14 Executive Budget will continue this paradigm-changing reform with another round of grants, which will provide another \$50 million in annual funding through a competitive grant process to school districts.
- **Provide Sustainable School Aid Growth.** The Executive Budget reaffirms the State's commitment to future funding increases for school districts by also including an appropriation that covers School Aid payable in the 2014-15 State fiscal year. This appropriation provides a 3.3 percent increase in School Aid for the 2014-15 school year based on projected growth in New York State personal income.

Preschool Special Education

New York State offers extensive services to its students with disabilities, including services to children before they reach school age. The State's spending on Preschool Special Education has doubled over the past ten years to a projected State cost of \$1.1 billion for the upcoming school year. In order to address the unsustainable rate of program growth, as well as concerns resulting from recent provider audits which have uncovered high levels of inappropriate billing by several Preschool Special Education providers, the Executive Budget proposes several changes that will slow expense growth by improving fiscal oversight in the program. The proposals will ensure that scarce resources are focused on serving the needs of young children with disabilities, not dissipated through fraud.

- **Conduct a Large-Scale Audit of Preschool Special Education Providers.** The State will select a vendor through a competitive process to audit providers and collect extensive provider data to develop a comprehensive database in order to improve oversight.
- **Build Counties' Capacity to Monitor Providers.** The Executive Budget will build county capacity to oversee Preschool Special Education providers through the provision of \$1 million in targeted grants to counties and through the development of a fiscal integrity tool to better detect

fraud and abuse. In addition, to incentivize county oversight of providers, the Executive Budget will allow counties to retain 75 percent of audit recoveries.

- **Empower New York City.** Costs in the Preschool Special Education program are growing at a significantly faster rate in New York City than in the rest of the State. Uniquely situated as both the county and the school district, New York City would be authorized to implement a process to select providers for Preschool Special Education services, and to set provider rates within certain State parameters. This will allow New York City to better control costs and improve programmatic and fiscal oversight of providers.

Other Budget Actions

- **Maintain the Contracts for Excellence Program.** In recognition of both the fiscal circumstances facing the State and the continued need to encourage improvements in academic outcomes, all school districts currently in the Contracts for Excellence program would remain in the program unless all of the school buildings in the school district are reported as “In Good Standing” for purposes of the State accountability system. This approach will ensure participation of at least 15 school districts, including the Big Five city school districts (New York City, Buffalo, Rochester, Syracuse and Yonkers). School districts that remain would be required to maintain funding for Contract for Excellence programs at the same level required for the 2012-13 school year.
- **Funding for Arts Grants.** The New York State Council on the Arts awards approximately 2,500 competitive grants to arts and cultural organizations annually. This reflects the State’s commitment to provide access to high-quality artistic programs, while also making investments in local initiatives with longstanding economic impacts, such as theatres, dance companies, museums and orchestras. The Executive Budget continues \$36 million in funding for arts grants, the same level provided last year.