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TESTIMONY OF BILLY EASTON
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BEFORE THE NEW YORK STATE DIVISION OF BUDGET
EDUCATION BUDGET HEARING
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Mr. Francis, Ms. Angler, Dr. Rivera, and Ms. Fine, good morning. I would like to thank you for the opportunity to present testimony today. I would like to take this opportunity to offer my congratulations to Mr. Francis and Ms. Angler on your new positions, we have no doubt that you will continue to provide quality leadership and service to the people of New York.

Before discussing the 2008 budget, I wish to take this opportunity, on behalf of the 230 parent, community, teacher and student organizations that comprise the Alliance for Quality Education, to recognize the significance of the school reform accomplishments of 2007. Under Governor Spitzer's leadership the framework to pave a path to educational excellence for every child was put in place. To fully understand the significance of the 2007 school reforms, we must recall the twelve years that preceded this one. Throughout the prior Governor's entire term the delivery of educational excellence was blocked every step of the way by delays and less than fully funded budgets. Sadly, a diminished quality of education for hundreds of thousands of school children was the cost of each delay. When it comes to educating a child today, delaying full funding of our schools permanently denies that child the educational opportunities he or she needs to succeed. Children are only in first grade once and if they do not learn to read due to a shortfall in school funding, they are likely to be behind in every year of their education. In 2007, with Governor Spitzer's leadership, New York State finally stopped the cycle of delays that denied educational opportunity to so many school children for so long. New York State has entered a new era where we are on a predictable and steady path towards educational excellence.

The hallmark accomplishment of 2007 was the creation of a fair foundation formula that increases aid each year based upon the actual costs of educating children. The foundation aid generated by this formula is the basic operating funding that puts teachers in classrooms, provides innovative reading and math programs, underwrites after school programs, educates English language learners and much more. The foundation formula incorporates a predictable four-year commitment to raise funding in schools across the state in accordance with the funding levels needed by successful schools. It is a transparent mathematical formula that factors-in the actual educational needs of students and makes it possible to calculate for each of the next three years how much foundation aid will be contained in the budget. As we approach year two of the formula it is therefore easy to predict the funding levels that will be contained in the Governor's budget. The formula tells us that there will be \$1.24 billion in new foundation aid added in the

2008 budget on top of the increase made in 2007. This is the second payment on the four year \$5.5 billion increase in foundation aid that provided a statewide settlement to the Campaign for Fiscal Equity lawsuit.

Please note in your package we have included this pie chart that shows the four-year phase in of foundation aid statewide. By statute 20% of the four-year aid increase, or \$1.1 billion in new foundation aid, was delivered in 2007. An additional 22.5% is committed for 2008 amounting to the \$1.24 billion increase I already mentioned. In 2009, another 27.5% of the total increase, or \$1.51 billion, is added. And in 2010, an additional 30%, or \$1.65 billion, is added to complete the four-year \$5.5 billion commitment.

Through this formula, the Governor and the Legislature committed, in law, to provide the resources every school would need to put our children on the road to educational excellence. Anything less, or any delay, would reduce children's educational opportunities.

Attached to our testimony we have included projected district-by-district school aid runs for 2008 foundation aid increases. These school-aid runs were prepared for us by the economists at the Fiscal Policy Institute. These projections are based upon the data used to calculate the school aid runs for the 2007 enacted budget, as such there may be variations from these runs based upon changes in student enrollment and demographics. Prior to the enactment of the 2007 foundation formula it would have been impossible to so closely predict the amount of classroom operating aid that is scheduled for delivery in the coming year.

In low performing schools the foundation funding is tied to Contracts for Excellence, a new system of accountability that prioritizes students with the greatest educational needs and requires that funding be invested in best practices including smaller classes, pre-kindergarten, teacher and principal quality initiatives, extended time for student instruction, and restructuring high schools and middle schools around students' needs.

I would like to highlight examples of programs created under this year's Contract for Excellence:

- Binghamton is reducing class sizes from 23 to 19 in elementary schools;
- Rochester is offering extended day and summer school programs to over 7,000 students who are performing below grade level
- Watervliet has created a "Summer Academy" for special education students and has added speech therapists, social workers and a school psychologist to help address these students' needs.
- Haverstraw-Stony Point has created a specialized writing program geared towards the needs of English language learners.

These programs are proof that we are getting what we are paying for with this investment. Had any less resources been delivered last year I would hate to be in the position to say which of these innovative educational opportunities should have been denied our school children.

Thanks to the predictable formula school districts can now begin planning for next year. They will want to maintain these programs, expand and improve upon them and add new programs that fill unmet educational needs.

The Contracts for Excellence were part of last year's education budget bill. The Contracts are a good program, but they do need improvements to make them even better. After the first year of implementation we now have identified specific ways to improve upon the Contract design and oversight. In the coming weeks we will be publishing our findings and recommendations based upon our reading of all of the Contracts in the state. Three areas where we need particular improvement are in the enforcement of public participation requirements, the transparency of the process and the creation of programs specifically designed around the needs of English language learners. I want to take this moment to commend the staff at the State Education Department for putting in many long hours in reviewing these Contracts. To provide the oversight needed for these Contracts to be fully effective, the State Education Department needs to have enough staff to devote to the tremendous task given them.

The foundation formula replaces a convoluted web of more than 30 formulas. It sought to end a long practice of infamous political manipulation of our school aid system. Prior to the foundation formula, the annual school aid debate in Albany was like a rigged game show with predetermined outcomes based upon a regional system of shares. Unfortunately, the final budget deal did include two formulas--High Tax Aid and Supplemental Excess Cost Aid--that are devised to maintain old-school Albany political favoritism. Through these two formulas \$121 million was targeted overwhelmingly to wealthy suburban districts with high performing schools. Already members of the Senate Majority have come out strongly demanding a repeat performance. What is particularly hard to fathom is how upstate Senators could choose to divert these additional dollars away from school children they represent in order to send them primarily to districts that already have an abundance of advantages and opportunities.

The 2007 budget provided \$146 million in new funding for pre-k as the first installment of Governor Spitzer's four-year \$437 million phase-in of Universal Pre-K funding. We support \$100 million as the second installment in this year's budget. We would support carefully crafted flexibility to allow districts that have maxed out the demand for half-day pre-k to use a portion of these funds to provide full-day pre-k.

The Governor deserves commendation for the creation of a charter school impact aid program. This program is the first of its kind in New York State, but it does not go far enough. It needs to be expanded so that districts paying high charter costs will not have to sacrifice the needs of the students in the traditional public school system. These students deserve the same resources being provided to students in the rest of the state. We are calling for an additional \$20 million in ongoing charter school impact aid targeted to districts that have in excess of 5% of their students attending charter schools. In 2007 the Albany schools had over \$5.6 million in increased charter school expenditures. As a result Albany was exempted from the Contract for Excellence. Increasing the charter impact aid is critically important, but it is not enough. Charter school impact or transition aid should be subject to the Contract for Excellence. Since school districts are allowed to subtract new charter school expenditures from the money that is subject to the Contract for Excellence, it would only be fair that they also should add new charter school impact or transition aid to the Contract for Excellence. Had this been done this year, Albany would have had to complete a Contract for Excellence.

There are a number of low performing districts that received large dollar increases in foundation aid, but were not required to complete a Contract for Excellence. For instance, Central Islip, Hempstead, and Poughkeepsie all received much larger per pupil foundation aid increases than New York City and Wyandanch received only \$30 less per pupil. All of these districts are classified by the state as *Districts Not in Good Standing*, but none of them had to complete a Contract for Excellence. In addition, to the current standards for who has to complete a Contract, we would recommend that any *District Not in Good Standing* complete one.

Finally, the new school aid was designed to raise educational quality not to inspire localities to cut their own contributions to education. Monroe County has recently adopted an unfair plan that cuts 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 must take action to do so. This is a non-cost item for the New York State budget.

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