

Report Cards On School Funding Plans: 2004

Prepared by the Public Policy and Education Fund

June 6, 2004

Report Card: Governor's School Aid Proposal

AQE/CFE Criteria	Grade	Reason for Grade
<p>1. Adequate Funding for Every School in the State:</p> <ul style="list-style-type: none"> ● Total aid enough? ● Based on need? ● Funding of priorities like quality teaching, universal pre-K, and class size? 	C	<ul style="list-style-type: none"> ● The \$4.50 billion in operating aid provided after 5 years is completely inadequate, when measured against the \$8.5 billion in operating aid that the New York Adequacy Study determined is necessary to meet the court requirements. ● The Governor's plan would provide a smaller share both to New York City and to high-needs districts as a whole than the CFE proposal (48.9% vs. 52.7% in the case of New York City; 73.3% vs. 81.6% in the case of all high-needs districts, including New York City). ● While the Governor claims to be using a study by Standard and Poor's as a basis for his state aid recommendations, including his proposed allocation to New York City, in fact, his proposal allocates state aid in a manner that is totally inconsistent with the study. ● The plan does not indicate the treatment of AQE/CFE criteria priorities, including smaller classes, universal pre-Kindergarten, Academic Intervention Services (AIS), after school and summer programs, and parental involvement and training. The Executive Budget proposed "level funding" for several AQE priorities, including universal pre-Kindergarten (UPK), and class size reduction: a cut when inflation is considered.
<p>2. Accountability System</p> <ul style="list-style-type: none"> ● Clear accountability system? 	I	<ul style="list-style-type: none"> ● The Governor has endorsed the numerous accountability recommendations of the Zarb Commission report. The Public Policy and Education Fund is unable to evaluate the Governor's accountability recommendations, given that the Governor has not submitted detailed proposals on the subjects covered.
<p>3. Sustained, Stable, and Predictable Funding & Simple and Transparent System</p> <ul style="list-style-type: none"> ● Foundation formula? ● Simple and transparent? ● Increased funding on a multi-year basis? 	D	<ul style="list-style-type: none"> ● The Governor does not propose a "foundation formula" that would comprehensively address the present chaotic, irrational and complex school aid system. The Governor's "Flex-Aid" proposal, contained in his Executive Budget, might make the system less complex, but it doesn't advance predictability of funding. ● No information is provided on the amount of funding provided in the 2nd, 3rd, and 4th years of the Governor's 5-year plan, or as to funding provided after 5 years. Further, the only information provided about the Governor's priorities for this year is the Executive Budget, which proposes only a \$472 million increase in state aid for education, less than schools need to maintain present programs and services. ● The Governor proposes to utilize Video Lottery Terminals (VLTs) as the primary mechanism for meeting the sound basic education requirements of the state constitution. PPEF is concerned about the reliance on VLTs as a source of revenue for education, both because it is not a predictable and reliable source of funding, and because it is a regressive way of funding education.
<p>4. Increased State Share of Education Spending</p> <ul style="list-style-type: none"> ● Increased state share? ● Hold harmless system? ● Fair local share and promotes equity among local property taxpayers in different districts? ● Funded by a progressive tax system? 	I	<ul style="list-style-type: none"> ● While the plan does not specifically address the issue, given the past positions of the Governor, we assume that the Governor will include a "hold harmless" provision in its final plan. ● Nothing in the plan addresses the issue of ensuring that local taxpayers are not unfairly burdened, or of ensuring equity among local property taxpayers in different school districts. ● The Governor proposes to utilize Video Lottery Terminals (VLTs) as the primary mechanism for meeting the sound basic education requirements of the state constitution. PPEF is concerned about the reliance on VLTs as a source of revenue for education, both because it is not a predictable and reliable source of funding, and because it is a regressive way of funding education.
<p>Grade Point Average</p>	C-	

Report Card: Senate School Aid Proposal

AQE/CFE Criteria	Grade	Reason for Grade
<p>1. Adequate Funding for Every School in the State:</p> <ul style="list-style-type: none"> ● Total aid enough? ● Based on Need? ● Funding of priorities like quality teachers, universal pre-K, and class size? 	D+	<ul style="list-style-type: none"> ● The \$4.74 billion in operating aid provided after 5 years is completely inadequate, when measured by the \$8.5 billion in operating aid that the New York Adequacy Study determined is necessary to meet the court requirements. ● The Senate plan does not indicate the allocation of funding between "high-needs" districts on the one hand, and average and low-needs districts on the other. However, the plan is totally unacceptable on the basis that it provides New York City with 37.2% of all new aid, even though the court in <i>Campaign for Fiscal Equity vs. State</i> found that the existing state funding system was inadequate in that it provided New York City with only 39% of new state aid. ● Based on information provided, distribution of aid among districts does not appear to be based on a cost study. ● The plan does not indicate the treatment of most AQE/CFE criteria priorities, including smaller classes; universal pre-Kindergarten; academic intervention services (AIS); after school and summer programs; parental involvement and training; and social support services. It does indicate, however, that various existing teaching programs such as Teacher Centers, Teacher Support Aid, Mentor-Intern and Teachers of Tomorrow will be fully funded. While the plan indicates that the Senate will "consider" an additional "multi-billion dollar capital construction plan for schools," no commitment is provided.
<p>2. Accountability System</p> <ul style="list-style-type: none"> ● Clear accountability system? 	I	<ul style="list-style-type: none"> ● An "incomplete" is given for this category, because the Senate does not explain, among other things, how the proposed system of SED oversight of "failing schools" substantially differs from the existing system.
<p>3. Sustained, Stable, and Predictable Funding & Simple and Transparent System</p> <ul style="list-style-type: none"> ● Foundation formula? ● Simple and transparent? ● Increased funding on a multi-year basis? 	F	<ul style="list-style-type: none"> ● Does not enact a "foundation formula" or any other mechanism to address the present chaotic, irrational and complex school aid system. Does not address the unpredictability of funding, complexity, or lack of transparency of the present system. ● No information is provided on the amount of funding provided in the first 4 years of the 5-year plan, or as to the long-term funding provided after 5 years. ● The Senate endorses the Governor's proposal for utilizing Video Lottery Terminals (VLTs) as the primary mechanism for funding meeting the sound basic education requirements of the state constitution. The Public Policy and Education Fund is concerned about the reliance on VLTs as a source of revenue for education, both because it is not a predictable and reliable source of funding, and because it is a regressive way of funding education.
<p>4. Increased State Share of Education Spending</p> <ul style="list-style-type: none"> ● Increased state share? ● Hold harmless system? ● Fair local share and promotes equity among local property taxpayers in different districts? ● Funded by a progressive tax system? 	I	<ul style="list-style-type: none"> ● While the plan does not specifically address the issue, given the past position of the Senate, we assume that the Senate will include a "hold harmless" provision in its final plan. ● Although the plan promised a "multi-billion dollar property tax relief program," it does not indicate whether the Senate would take any measures to ensure equity among local property taxpayers in different districts. ● The Senate endorses the Governor's proposal for utilizing video lottery terminals (VLTs) as the primary mechanism for funding meeting the sound basic education requirements of the state constitution. PPEF is concerned about the reliance on VLTs as a source of revenue for education, both because it is not a predictable and reliable source of funding, and because it is a regressive way of funding education.
<p>Grade Point Average</p>	D	

Report Card: Assembly School Aid Proposal

AQE/CFE Criteria	Grade	Reason for Grade
<p>1. Adequate Funding for Every School in the State:</p> <ul style="list-style-type: none"> ● Total aid enough? ● Based on need? ● Funding of priorities like quality teaching, universal pre-K, and class size? 	B+	<ul style="list-style-type: none"> ● The \$6.1 billion Assembly operating aid package provided is an improvement over the Bruno and Pataki plans, but it falls short of the \$8.5 billion in operating aid that the New York Adequacy Study determined is necessary to meet the court requirements. The \$6.1 billion figure does not include increases in categorical and grant-based programs, making it not totally comparable with Senate, Executive, and CFE operating aid numbers. ● Not clear from proposal whether amounts allocated are based on a cost study. ● On the positive side, 86% of the \$6.1 billion figure goes to high-needs districts: an extremely high number. Plan utilizes a "foundation formula" based on need (regional costs; "student need," presumably poverty; enrollment; local community's fiscal capacity). New York City receives higher than the 52.7% share recommended by CFE, but high needs districts other than New York City receive lower than CFE: 22.1% vs. 28.9%. ● Plan indicates it "continues support" for universal pre-Kindergarten, after-school programming, and professional development for teachers, but doesn't specify the funding levels over a multi-year period.
<p>2. Accountability System</p> <ul style="list-style-type: none"> ● Clear accountability system? 	I	<ul style="list-style-type: none"> ● While the proposal speaks in general terms about seeking to "strengthen and support the accountability measures that have been instituted by the Board of Education and the State Education Department," the only specifics offered as to how to achieve that is to provide training and technical assistance and "increased staffing" to implement "best practices."
<p>3. Sustained, Stable, and Predictable Funding & Simple and Transparent System</p> <ul style="list-style-type: none"> ● Foundation formula? ● Simple and transparent? ● Increased funding on a multi-year basis? 	B	<ul style="list-style-type: none"> ● On the positive side, institutes a "foundation formula" based on need (see above). On the negative side, only consolidates 7 of the current aid categories. As a consequence, there will still be problems with predictability and sustainability of funding, as well as transparency. ● The plan does not specify either: (1) the annual increases in aid over the first 5 years; or (2) how much of an increase districts will receive after 5 years. (It does say that all school districts will receive at least a "minimum" year-to-year operating aid increase.)
<p>4. Increased State Share of Education Spending</p> <ul style="list-style-type: none"> ● Increased state share? ● Hold harmless system? ● Fair local share and promotes equity among local property taxpayers in different districts? ● Funded by a progressive tax system? 	I	<ul style="list-style-type: none"> ● Plan does not specify the state share of state and local education funding when the plan is fully implemented. ● Districts are held harmless, and will receive annual increases. ● Not enough information provided to evaluate the impact of the tax burden imposed on local school districts or to consider the degree that taxpayer equity is promoted. ● Plan relies for capital portion only on currently authorized VLTs, a regressive funding source, and its assumption that progressive taxes like income taxes would not have to be raised is questionable.
<p>Grade Point Average</p>	B	

Alliance for Quality Education

Report Card on School Aid Proposals by Senate, Assembly and Governor

Note: This is the grading scheme for the report cards developed by the Public Policy and Education Fund (PPEF) and released by the Alliance for Quality Education (AQE) on June 9, 2004 on plans advanced by the Senate, Assembly, and the Governor to achieve compliance with the Court of Appeal's Campaign for Fiscal Equity decision, handed down on June 26, 2003. The grading scheme measured each of the plans against the "Criteria for a New Funding System" adopted in 2003 by AQE, a coalition of over 230 organizations, and the Campaign for Fiscal Equity, which brought the landmark schools case.

I. Grading Scheme for Each Prong of AQE/CFE Criteria:

Note: plus and minus grades can be awarded.

A = Completely consistent with AQE/CFE criteria for a new school aid formula.

B = Is a basis for a school aid agreement, but needs to be improved to be fully consistent with AQE/CFE criteria.

C = Needs major improvements to achieve full compliance with AQE/CFE criteria and/or does not address major features of AQE/CFE criteria.

D = Does not meet the AQE/CFE criteria in significant ways.

F = Totally contrary to AQE/CFE criteria or inadequate in light of the criteria, and therefore should not be considered by Legislature as part of a school aid deal.

I = Not enough details are provided to evaluate the plan for the item in question.

II. Summary of Basis for Each Grade; AQE/CFE Criteria for a New School Aid Formula:

1. Adequate Funding for Every School in the State

- a. Is the total amount of State aid sufficient to meet the requirements of the state constitution that all students have the opportunity for a "meaningful high school education" based on the "actual cost" of meeting this standard?
- b. To what degree does the allocation of funds consider relative district need, taking into account such factors as regional cost, poverty, disability levels, and English Language Learners? To what degree is the determination of

district need based on a study of the "actual cost" of providing a "meaningful high school education," as mandated by the court?

- c. Does the plan adequately fund AQE/CFE priority concerns (and the concerns of the court decision), including: (1) quality teaching; (2) smaller classes; (3) adequate, up-to-date facilities and learning materials; (4) universal pre-kindergarten; (5) Academic Intervention Services, after-school, summer school, parental involvement and training; and (6) support services (particularly for special education and English Language Learners)?

2. Accountability System

- a. Does the proposed funding system include clear accountability measures, consisting of reasonable benchmarks and expected outcomes, to ensure that the funding system actually provides every student with the opportunity for a "meaningful high school education"?

3. Sustained, Stable and Predictable Funding & Simple and Transparent System

- a. Does the new school funding system allocate funding based on a "foundation formula," which would permit school districts to plan correctly for education improvement? Does it provide for ongoing funding increases to meet necessary cost increases?
- b. Is the new school funding system simple and transparent, and does it produce meaningful results?
- c. Does the funding system sufficiently increase funding on a multi-year basis, so that the state achieves compliance with the state constitution in a reasonable period of time, and that school districts can meet current educational needs?

4. Increased State Share of Education Spending

- a. Does the proposal provide for a significant increase in the state share of education, in particular for high-needs districts?
- b. Are school districts and essential programs protected from a loss of funding, compared to their current state aid levels ("hold harmless")?
- c. Does the proposed school finance system provide the difference between actual cost and a fair local share, so that localities are not forced to raise property and other local taxes to make up the difference? Does the proposed system promote taxpayer equity among school districts, based on local taxpayers' ability to pay?
- d. Is the funding based on progressive taxes (taxes that are based on a taxpayer's ability to pay)?

Campaign for Fiscal Equity School Aid Proposal

(Comparison to "Criteria for a New School Funding System," developed by Alliance for Quality Education and Campaign for Fiscal Equity)

AQE/CFE Criteria	CFE School Aid Proposal
<p>1. Adequate Funding for Every School in the State:</p> <ul style="list-style-type: none"> ● Total aid enough? ● Based on need? ● Funding of priorities like quality teaching, universal pre-K, and class size? 	<ul style="list-style-type: none"> ● CFE proposes an operating aid increase of \$8.5 billion after 4 years. This figure implements the findings of the New York Adequacy Study, an independent costing-out study that is the most comprehensive ever done in the United States. ● CFE's proposed allocation of state and local funding is predicated on the relative needs of students in different school districts. Virtually all school expenses would be encompassed by a single "foundation" amount, which is then adjusted for each district based on poverty, disability levels, English language learners, school size, and regional costs. Based on this analysis, which is in turn based on the New York Adequacy Study, CFE would provide 81.6% of operating aid after 4 years to the 207 "high-needs" districts in the State, as defined by the New York State Regents. The amount of state aid provided to each school district is also based on a district's ability to pay. ● The New York Adequacy Study included the costs of providing quality teaching, universal pre-Kindergarten, smaller classes, Academic Intervention Services and other AQE/CFE priorities in the "foundation amount" that will determine school district spending under the CFE plan, ensuring that these priorities are funded.
<p>2. Accountability System</p> <ul style="list-style-type: none"> ● Clear accountability system? (25% of total grade) 	<ul style="list-style-type: none"> ● CFE would ensure accountability by a series of proposals, including: (1) a requirement that all school districts develop a comprehensive "sound basic education" plan; (2) a requirement that all schools develop 4-year plans consistent with the district plan; and (3) appropriate consequences for poor performance, including the creation of highly qualified state assistance teams to work with all persistently low performing schools for one to two years. CFE requests adequate funding so that the State Education Department may effectively carry out its accountability functions.
<p>3. Sustained, Stable, and Predictable Funding & Simple and Transparent System</p> <ul style="list-style-type: none"> ● Foundation formula? ● Simple and transparent? ● Increased funding on a multi-year basis? 	<ul style="list-style-type: none"> ● Under the CFE proposal, predictability, transparency and simplicity are advanced by the use of a "foundation formula" as outlined above. For example, under a foundation formula, superintendents would be able to predict with some accuracy how much they will receive from the state in the coming year, as many of the factors used to determine state funding (for example, poverty levels, and number of English language learners) are known by the district. Simplicity is advanced by the consolidation of 39 of the 50 current formulas and grants in aid into the proposed foundation amount. ● CFE's funding plan is phased-in over a 4-year period with about 25% of the incremental allocation for each district added each year. To promote stability and long-term planning, CFE proposes a funding plan that set forth in advance the amount each school district will receive for each of the following 4 years, subject only to annual inflationary increases or adjustments for extraordinary events. The foundation amounts and geographic cost indices will be reviewed during the final 2 years of the 4-year phase-in period, on the basis of a new costing-out study, ensuring that future expenses will be taken into account in determining district funding.
<p>4. Increased State Share of Education Spending</p> <ul style="list-style-type: none"> ● Increased state share? ● Hold harmless system? ● Fair local share and promotes equity among local property taxpayers in different districts? ● Funded by a progressive tax system? 	<ul style="list-style-type: none"> ● Under the CFE proposal, the state share of total statewide educational expenditures (excluding federal aid) would rise from the current 49% to 55% at the end of the 4-year implementation period. ● Districts are held harmless under the CFE plan: no district would receive less than it received in 2003-2004. ● Taxpayer equity and a fair local share are ensured under the CFE plan by the use of a local share contribution, determined on the basis of the district's relative "ability to pay" (through a measure of poverty-adjusted property and income wealth in the district). The state would be required to provide the difference between the foundation amount for the district, and the amount generated by the local share and federal aid. ● While CFE does not propose a funding scheme for its school aid plan, the Public Policy and Education Fund advocates that revenues raised statewide to pay for the new school finance system should be based on progressive taxes (taxes that are based on a taxpayer's ability to pay).

**The Campaign for Fiscal Equity's school aid proposal is detailed in "Sound Basic Education Task Force: Ensuring Educational Opportunity for All: Final Report," which is available on CFE's web page: www.cfequity.org.*

Quantitative Analysis of Adequacy Funding Grade

	Governor				Senate				Assembly			
	Increase or Share	%	Grade	Points	Increase or Share	%	Grade	Points	Increase or Share	%	Grade	Points
Is the proposed increase in state aid sufficient? (Increase proposed as a % of the \$8.5 billion increase called for by CFE)	4.500	53%	D+	1.500	4.740	56%	D+	1.500	6.100	72%	B+	3.500
Is the proposed increase in state aid for New York City sufficient? (Increase proposed as a % of the \$8.5 billion increase called for by CFE)	2.200	49%	F	0.000	1.765	39%	F	0.000	3.898	87%	B+	3.500
Is the proposed increase in state aid for other high needs districts sufficient? (Increase proposed as a % of the \$8.5 billion increase called for by CFE)	1.100	45%	F	0.000	???	???	I	N/A	1.348	55%	D+	1.500
Does New York City receive a fair share of the proposed increase in state aid? (Share of increase proposed as a % of CFE proposed share of increase)	49%	93%	A	4.000	37%	71%	C-	1.800	64%	121%	A+	4.500
Do other "high needs" districts receive a fair share of the proposed increase in state aid? (Share of increase proposed as a % of CFE proposed share of increase)	24%	85%	B+	3.500	???	???	I	N/A	22%	76%	C	2.000
	Comments		Grade	Points	Comments		Grade	Points	Comments		Grade	Points
Does the plan propose the use of a "foundation formula" based that takes geographic cost differences, student needs, and local taxpayers' ability to pay into consideration?	No. But it does include a "Flex Aid" proposal		+		No		N/A		Yes. Supposedly based on Regents' proposal. More details necessary		+	
Does the plan adequately fund priority concerns like quality teaching, etc?	Does NOT Restore Governor's Proposed Cuts		N/A		Restores Governor's Proposed Cuts		+		Restores Governor's Proposed Cuts		+	
GRADE POINT AVERAGE			C	2.000			D	1.100			B+	3.500

Comparison of Executive, Senate, Assembly and CFE School Aid Proposals

(amounts in billions)

	<u>Executive</u>	<u>Senate</u>	<u>Assembly</u>	<u>CFE</u>
Time Period for Full Implementation	5 Years	5 Years	5 Years	4 Years
Proposed Increase in Annual Operating Aid When Fully Implemented (note 1)				
Total	4.500	4.740	6.100	8.527
New York City	2.200	1.765	3.898	4.494
Other High Needs Districts (Note 2)	1.100	???	1.348	2.464
All High Needs Districts Including New York City	3.300	???	5.246	6.958
Average and Low Need Districts	1.200	???	0.854	1.569
All Districts Other Than New York City	2.300	2.975	2.202	4.033
Percentage of Proposed Increase in Operating Aid When Fully Implemented				
New York City	48.9%	37.2%	63.9%	52.7%
Other High Needs Districts (Note 2)	24.4%	???	22.1%	28.9%
All High Needs Districts Including New York City	73.3%	???	86.0%	81.6%
Average and Low Need Districts	26.7%	???	14.0%	18.4%

All Districts Other Than New York City	51.1%	62.8%	36.1%	47.3%
Increased Annual Contribution by New York City when Fully Implemented (Note 3)	1.500	0.554	1.200	1.583
Increased Annual Contribution by Other Districts When Fully Implemented (Note 3)	???	???	???	0.150
State Share of State and Local Contributions When Fully Implemented	???	???	???	54.7%
Proposed Increase in State Operating Aid in 2004-2005	0.425	???	0.784	2.132
Proposed Increase in All State Aids in 2004- 2005	0.472	???	1.223	???

Notes

1 The Senate numbers include increases in categorical programs as well as increases in basic operating aid; the Executive numbers may also include increases in such programs. The Assembly and CFE numbers do not include such increases but under the CFE plan virtually all programs are folded into the basic foundation formula for the distribution of operating aid.

2 The CFE and Assembly plans explicitly indicate that they use the Regents' categorization of High Needs districts. It is likely that the Governor's plan does the same. The Senate does not indicate how much of the aid under its plan would go to High Needs districts. Under the Regents' scheme there are 207 High Needs districts.

3 For the CFE plan, the amounts shown are the differences between the required contributions in Year 4 of the plan vs. the required contribution in Year 1 of the plan. For the districts other than New York City, the number shown is the net total of the increases by districts with increases and the decreases by districts with decreases.



CRITERIA FOR A NEW SCHOOL FUNDING SYSTEM

The Court of Appeals ruling in the Campaign for Fiscal Equity case holds that every student is entitled to the opportunity for a “meaningful high school education,” and that the state school funding system is unconstitutional. We believe that the new system the State must create to implement this decision should meet the following criteria:

1. ADEQUATE FUNDING FOR EVERY SCHOOL IN THE STATE

The State should ensure that every school has sufficient funds to provide all students the opportunity for a meaningful high school education. The court technically required the State to establish a plan to ensure adequate resources for every school in New York City. To be fair and viable, any new funding system must address the constitutional needs of all students statewide.

- The court required the State to determine the actual cost of providing students with a meaningful high school education. Any funding plan must be based on that determination of cost, taking into account regional cost variations and must provide every school with adequate funds to meet that cost.
- The actual cost must include adequate resources for every school to provide
 - quality teaching in every classroom, sufficient qualified personnel, and ongoing professional development;
 - small classes;
 - adequate, up-to-date facilities and learning materials;
 - Universal Pre-Kindergarten (UPK) and early childhood education for all children;
 - additional time and necessary services to ensure all children the opportunity to secure a meaningful high school education including Academic Intervention Services (AIS) for those in need, after school and summer school programs for both enrichment and extra help, opportunities for parent involvement and training, and sufficient personnel to provide various social support services to students—with particular consideration for special education and English language learning students.
- Localities must be free to fund schools above the level of adequacy.

2. **ACCOUNTABILITY**

The State must establish a clear accountability system, including reasonable benchmarks and expected outcomes, which ensures that the reformed funding system and all applicable laws and regulations actually provide every student with the opportunity for a meaningful high school education. If fully taken advantage of, this would lead to the attainment of a high school diploma based on New York's requirements for graduation.

3. **SUSTAINED, STABLE, AND PREDICTABLE FUNDING**

The new school funding system must permit schools and school districts to plan properly for educational improvement and must provide for ongoing funding increases to meet necessary cost increases.

4. **SIMPLE AND TRANSPARENT SYSTEM**

The new school funding system must be simple, transparent, and produce understandable results.

5. **INCREASED STATE SHARE OF EDUCATION SPENDING**

New York State currently provides less than half of all funds spent statewide for public education. The federal government supplies less than 10 percent, and local school districts provide the rest. The state's share should be significantly increased, especially for high-need districts.

- Necessary increases in current levels of education funding should not come from reductions in the current state aid levels of any school districts, or from other essential programs.
- Localities should be expected to contribute a basic fair share of educational expenditures and to maintain an adequate level of funding from year to year. A fair local share should be established based upon district wealth. The state school finance system should provide the difference between actual cost and the fair local share.
- Revenues raised statewide to pay for the school finance system should be based on progressive taxes (taxes that are based upon a taxpayer's ability to pay).