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Senator Frederick Akshar
44 Hawley Street
Binghamton, NY 13901

Dear Senator Akshar:

Thank you for all you have done to support public education in upstate rural school districts. I commend your enthusiasm for maintaining viable educational programs in small, rural communities. As you are aware, the executive budget state aid runs for the 2017–18 school year were recently distributed to school districts across New York State. In this letter I would like to call your attention to three key issues—equitable and adequate state aid allocation and distribution; the Foundation Aid formula; and the property tax cap limitation—that are cause for concern as public school boards of education prepare budgets for the 2017–18 school year.

Equitable and Adequate State Aid Allocation and Distribution

Issue Overview: The governor’s budget proposes an education funding increase of \$961 million over 2016–17, \$768 of which consists of traditional formula-based school aid. In addition to the full funding of expense-driven aid (\$333 million), the proposal includes a \$428 million increase in Foundation Aid. As part of the budgeted Foundation Aid increase, the governor would set aside \$50 million for community schools. Those set-aside funds would be directed to districts with struggling and persistently struggling schools and those with significant growth in English language learner (ELL) enrollment. Within the total proposed funding increase, the budget includes \$150 million in a “Fiscal Stabilization Fund.” This funding has been proposed for school districts, but with no specific purpose and with no defined distribution method.

Advocacy Position: In the years since the Wall Street crash of 2008, the state has withheld promised funding from districts in order to address its own fiscal challenges. The Foundation Aid formula, designed to provide every student with a sound basic education, was frozen for three years, followed by formula-driven increases being artificially capped in more recent state budgets. As a result, the state is billions of dollars behind the full phase-in of the formula. A significant number of school districts in New York State continue to receive less aid this year than they did in 2009–10.

A sufficient school funding increase is needed in 2017–18 and beyond, and a commitment to equitable, adequate, and stable state aid into the future is required to make sure this progress continues and is not undone.

To this end, we advocate for the following actions:

- Provide sufficient state aid to allow schools to continue current programming in 2017–18 and beyond.
- Substantially increase Foundation Aid.
- Commit to sustainable, fair, and equitably distributed Foundation Aid for the long term (please see commentary discussed below).
- Fully fund expense-based reimbursements.

Implications for Hancock CSD: The net increase in Foundation Aid per the executive proposal for Hancock Central School District is \$44,000. This increase is completely insufficient to support the provision of a fair and appropriate public education to our students given the obvious limitations on raising local revenue posed by the property tax cap limitation. We anticipate a significant revenue shortfall that can only be remedied by either overriding the property tax cap limitation (at best an uncertain proposition), cutting personnel and programs (we are currently providing a bare-bones program), or a combination of cutting expenses and raising revenues. Hancock is currently maximizing use of our Employee Retirement Reserve (ERS reserve).

Foundation Aid

Issue Overview: The governor's budget proposes to repeal the Foundation Aid formula language that has been law since 2007. In its place, the budget proposes an aid distribution method for the 2017–18 school year alone and no commitment to increase Foundation Aid beyond that amount in future years. For this year, the budget includes adjustments to some data points used to distribute Foundation Aid in 2017–18. These include shifting to the use of "direct certification" to measure Free and Reduced Priced Lunch (FRPL) counts, updating the 2000 census poverty count by using current Small Area Income and Poverty Estimates (SAIPE) information, and eliminating the arbitrary floor of the Income Wealth Index (IWI), which is one of the ways the state measures district wealth.

Advocacy Position: Under the current formula, aid is calculated by multiplying a per-pupil amount based on the cost of providing general education in successful schools times a measure of pupil needs times a regional cost index minus an expected local contribution which varies based on district ability to raise funds locally. These calculations produce statewide total Foundation Aid now over \$4 billion greater than the current year aid. Most recent foundation aid increases have been distributed by adjusting phase-in factors which determine how far each district progresses each year toward the full formula amount.

In a nutshell, the current formula creates an ultimate funding target and essentially works backwards, distributing annual increases toward the target. The governor's proposal would start from the 2016–17 base and decide each year how much aid to add and how to allocate it, with no permanent allocation formula and no ultimate target. The current formula holds out hope for eventual adequate funding for the poorest school districts and the possibility of more stable and predictable aid calculations for all districts. Therefore, the basic design of the 2007 Foundation Aid formula is an achievement in public policy worth keeping.

Implications for Hancock CSD: HCS strongly agrees with maintaining the predictable, albeit flawed, 2007 Foundation Aid formula with the expectation that state aid revenue will be equitably and adequately distributed.

Property Tax Cap Limitation

Issue Overview: New York State is committed to placing some form of limit on local taxes, but the current property tax law has some significant shortcomings that create uncertainty for school districts and communities. For one, it's not a 2 percent cap as it was advertised. The eight-part tax cap formula allows levies to grow by either 2 percent or the change in the Consumer Price Index—whichever is less—and then adjusts for a variety of other factors. For the coming year, the CPI figure will be less than the 2 percent. As a result, many districts are anticipating the prospect of being unable to raise any local revenue to help meet increased costs. Unless action is taken, this will do serious harm to student programs and services in districts across New York.

Advocacy Position: School superintendents support property tax relief, but not at the expense of New York's students. We need state policies that allow for responsible fiscal planning and the sustainability of programs that are critical to our students and communities. Simple, sensible modifications to the tax cap would help balance the concerns of taxpayers and the needs of school children.

Implications for Hancock CSD: We would like to see swift and pronounced reform to the property tax cap limitation law. Specifically, we advocate elimination of the 60 percent supermajority vote and the implementation of a hard, 2 percent minimum cap that adjusts upwardly with inflation as tied to CPI.

Please feel free to contact me if you would like to discuss these issues in greater depth.

Sincerely,


Terrance P. Dougherty, Ph.D.
Superintendent
Hancock Central School District

Sources:

Berck, G., & Lowry, B. (2017, January 31). *Council advocacy update*. New York State Council of School Superintendents (NYSCOSS) [Email correspondence].

New York State School Boards Association (NYSSBA). (2017, January). *NYSSBA 2017 Executive budget analysis*.