



Testimony of the New York State School Boards Association

Presented to the New York State Senate Committee on Finance and the New York State Assembly Committee on Ways and Means

January 26, 2022

My name is Brian Fessler and I am the Director of Governmental Relations for the New York State School Boards Association (NYSSBA). I appreciate the opportunity to offer our response and reactions to the Executive Budget proposal before the Senate Committee on Finance, the Assembly Ways and Means Committee, Chair Krueger and Chair Weinstein, on behalf of the 671 member school boards we serve.

Executive Proposals

State Aid

The executive budget proposal would increase traditional formula-based school aid by \$2.07 billion, or 7.1%, over current 2021-22 levels. The aid increase would be provided through a \$1.6 billion increase in Foundation Aid and a \$471 million increase in expense-based and other categorical aids.

The proposal continues with year two of the Foundation Aid phase-in plan, originally included in the 2021-22 state budget. That plan provides districts who are below full-funding with an increase equal to 50% of their remaining phase-in. All districts, including the 250+ districts currently on hold-harmless, would be guaranteed a minimum 3% increase.

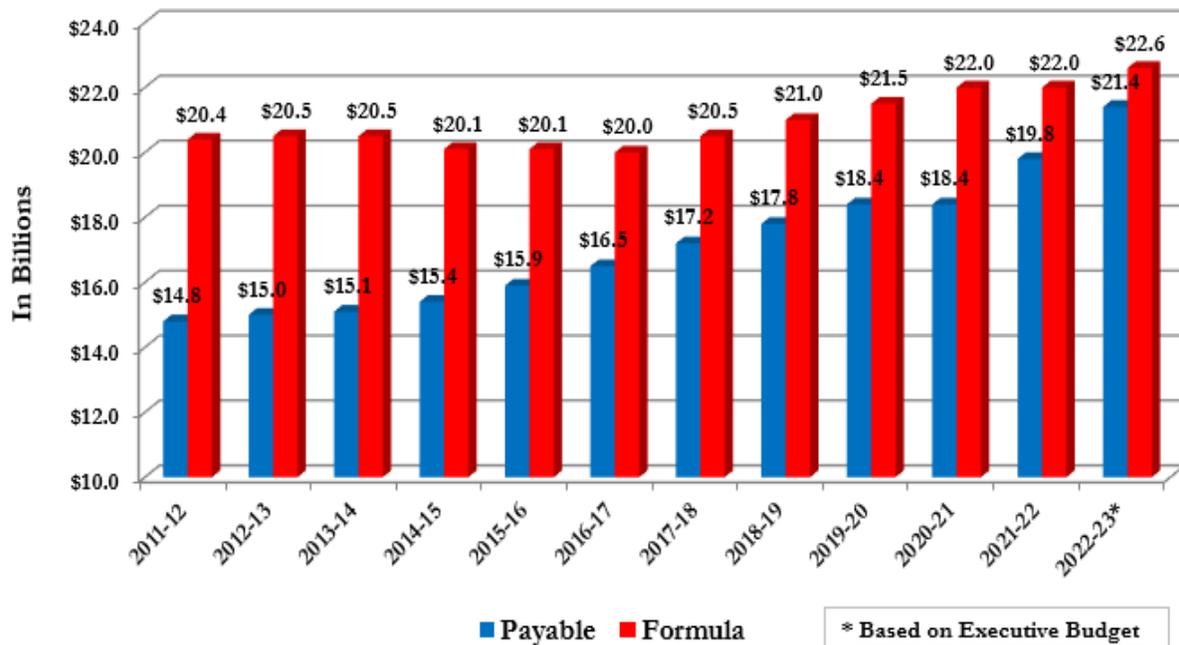
NYSSBA is thoroughly pleased to see the executive's commitment to the Foundation Aid phase-in plan that was included in last year's state budget. Continuation of that three year plan is NYSSBA's top school funding priority. The minimum 3% increase for all districts is also consistent with NYSSBA's goal of ensuring all districts receive a Foundation Aid increase to help standard cost increases, particularly in today's inflationary environment. In addition to the short and long term opportunities that are created for our students through these funds, continuing the Foundation Aid phase-in plan also provides school districts with the confidence to spend their federal stimulus allocation in response to the challenges associated with the pandemic, as they were designed to do.

Unfortunately, the executive budget proposal includes no updates or other changes to the statutory Foundation Aid formula. With a plan to fund the existing formula now in place, NYSSBA believes strongly that now is the time for the state to look to the future of the formula by formally reviewing the impacts over the past two decades and the changes to the educational environment since the formula was first constructed. Starting that process now, rather than when the formula is fully funded in 2023-24, would allow for better understanding, as well as appropriate and responsible transitions.

Such adjustments and improvements should include:

- Conduct a new costing out study
- Review and adjust the weighting for high-need students
- Improve data collection for measuring student poverty
- Review and update the Regional Cost Index
- Review impact of student-based district wealth factors
- Account for the property tax cap in a district’s expected local contribution
- Eliminate the use of “set-asides,” or restrictions, on the use of operational funding

Foundation Aid



Aid Forgiveness

The executive budget would allow for aid forgiveness for building and transportation costs that were otherwise properly expended, which would be subject to penalty for late filing of forms due to inadvertent administrative or ministerial oversight. Further, in an attempt to prevent future transportation contract filing complications, the submission of contracts through electronic form would be permitted.

NYSSBA is strongly supportive and appreciative of these proposals. Changes to the building aid process made in 2011 have effectively prevented such penalties for subsequent capital projects. However, multiple building aid projects were approved prior to the change, but completed after. A comprehensive solution, like this proposal offers, is the most effective way to address the problem.

Further, many transportation contract submission errors have been at least partially attributable to the requirement for hard copy submission. Allowing electronic submission should assist many districts who face aid penalties due to technical errors related to the hard copy process.

Recover from COVID School Program (RECOVS)

The executive proposal appropriates \$100 million for the 2022-23 and 2023-24 school years for the Recover from COVID School Program, or RECOVS. The program would support school district efforts

to address student wellbeing and learning loss in response to the trauma brought about by the COVID-19 pandemic. Awards would prioritize the highest need students and schools, as well as services being delivered within school buildings. State awards would seek to match federal pandemic relief funds dedicated for these purposes.

NYSSBA is aware of the myriad investments school districts across the state have made to address learning gaps and social/emotional wellbeing, and is appreciative of the executive proposal to allow some districts to expand these programs further and/or hire more mental health professionals.

We do note that all districts across the state are experiencing these challenges, so the need is great. The term “highest need” does not seem to be defined in this proposal, so we would therefore encourage a broad application of the definition, in order for the funds to be available to the greatest number of worthy districts.

Responding to Staff Shortages

The executive budget includes multiples proposals that have the goal of assisting school districts in their attempt to respond to the significant staff shortages across a wide range of positions, including teachers, support staff and bus drivers. The first would allow for temporary professional teaching permits. Such permits could be valid for one year. The budget proposal would also temporarily waive the \$35,000 earnings limit for public retirees.

Recognizing that there is no single solution to this challenge, and that shortages are affecting a number of industries, NYSSBA supports these proposals as ways to add to the tools school districts currently have to respond to shortages. The bus driver shortage, for example, was a growing problem well before COVID-19. The earnings waiver, in particular, can support districts as they look for short term fixes with bus drivers and substitute teachers while continuing to navigate the complications associated with the pandemic. School districts can use these changes, along with the financial flexibility afforded by federal stimulus funds and state aid increases, to respond to these unique challenges.

ConnectALL

The executive budget proposes several changes to the state’s approach to building broadband infrastructure in order to streamline the process. In addition to programmatic changes, the executive budget proposes to allocate a significant investment, resulting in more than \$1 billion when combined with private funds and other revenue sources.

NYSSBA is fully supportive of this proposal. Addressing the digital divide is an issue of equity that our members have recognized for years, which has only become more profound in this era of remote learning. With some areas of the state having no high speed internet, students in those areas are automatically behind others that have the ease of access elsewhere. This gap is most pronounced in rural communities, low-income families, and households with Black, Latinx, and Native American students. While past efforts to address this divide provided short-term supports, enabling this comprehensive statewide infrastructure will help ensure equal access for future generations.

NYSSBA encourages state leaders add to the ConnectALL initiative by moving minimum internet speed requirements in line with the needs of a 21st century world. The state should define high speed broadband to mean at least 100 Mbps download / 100 Mbps upload speeds (the current state definition is 100 Mbps download / 10 Mbps upload). Current FCC standards for broadband speeds are 25 Mbps for downloads / 3 Mbps for uploads. These speeds fall short of what is needed to support multiple members of a household who are learning and working remotely.

School Aid Claim Freeze

Similar to past executive budgets, this budget includes a proposal to freeze payments on a permanent basis to a maximum payment of those included in the school aid runs supporting the executive budget proposal based on the November database.

NYSSBA is strongly opposed to this proposal and hopes to see it omitted in the final budget, as has been the case in past years. As with any budgeting process, cost projections can be volatile. Such volatility does not reflect poor budgeting practices, and should not be treated as such. It is important for school districts to be reimbursed for legitimate actual costs.

Special Education Cost Shift

The executive budget would permanently eliminate the state share of costs related to Committee on Special Education (CSE) placements for districts outside of New York City, and transfer the state's responsibility for maintenance costs of state-operated schools for the blind and deaf onto school districts. The state shifted such costs onto school districts on a one year basis in both the 2020-21 and current 2021-22 state budgets. Prior to the shift, the state covered 18.424% of maintenance costs for CSE placements, with school districts covering 38.424% and the locality assuming the remainder. Elimination of the state share moved the school district cost to 56.848%. Under current law, the state would resume their cost share in 2022.

NYSSBA is opposed to the continuation of these cost shifts. The state estimates that the shift will result in nearly \$30 million in additional costs on districts. Particularly at a time when the state is in such a strong budget position, school districts should not be forced to absorb an unnecessary cost shift such as this.

Zero Emission School Buses and Clean Energy Infrastructure in Schools

The executive budget proposes that all newly purchased school buses be zero-emission by 2027, and all school buses on the road be zero-emission by 2035. Importantly, the proposal allows for state transportation aid for the lease or purchase of zero-emission buses, charging stations, and related equipment. The proposal would also authorize school districts to lease zero-emission buses for up to 10 years (schools are currently authorized to lease traditional school buses for up to 5 years).

Further, the budget proposes to expand the definition of "municipality" to include school districts for the purpose of accessing the Clean Water State Revolving Loan Fund, which provides access to interest-free or low-interest rate financing for wastewater and sewer infrastructure projects. The executive budget proposes to ask voters to approve the issuance of \$4 billion dollars in bonds at the November election for the purpose of realizing the state's climate change resiliency goals. Along with other entities, school districts would be able to access this funding for a wide range of projects.

At NYSSBA's 2020 annual Business Meeting, voting delegates approved a resolution directing NYSSBA to support state funding to assist school districts in implementing decisions in the best interest of the global environment, particularly in areas of facilities improvements and transportation. These proposals would seem to be generally consistent with that position. NYSSBA will stress the importance of appropriate funding and logistical feasibility for districts under these laudable proposals.

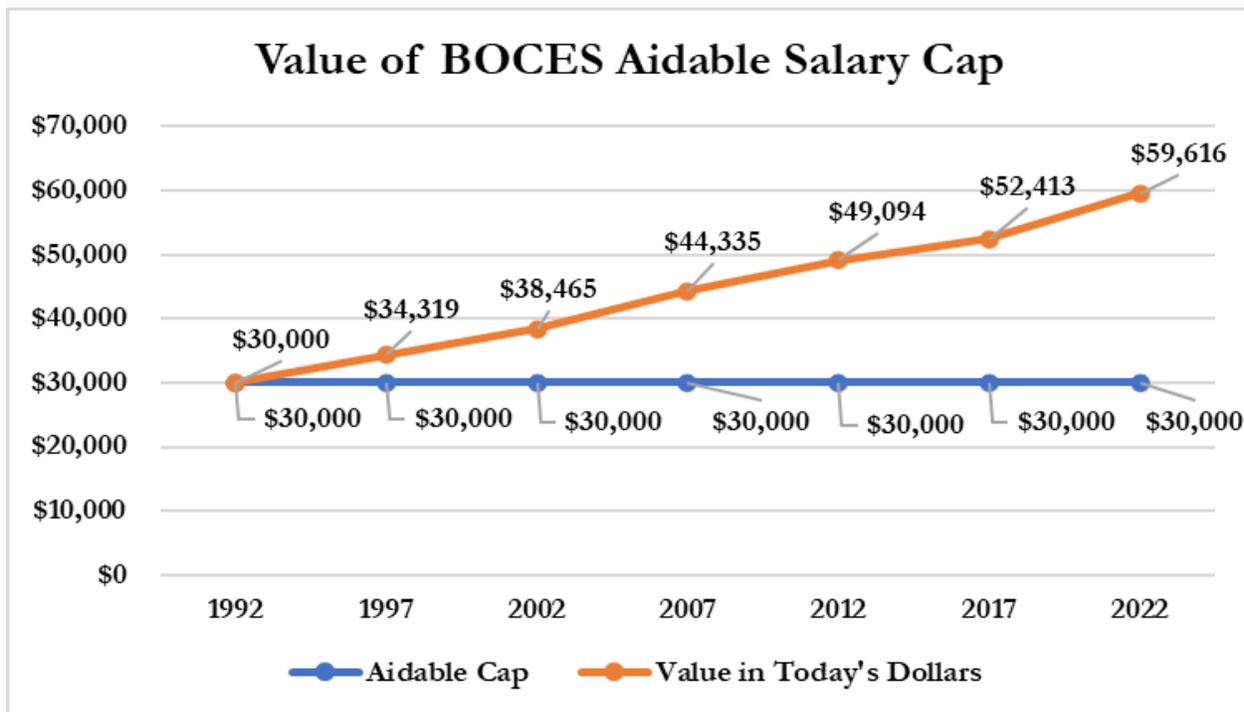
NYSSBA Requests for Additional Budget Action

Career and Technical Education

School district and BOCES based Career and Technical Education (CTE) programs have proven highly effective in helping to provide students with the essential skills they require to successfully transition to

college and career. And the growth in popularity of such programs reflects their success. However, the state reimbursement formula for their BOCES programs has not been changed in nearly 30 years. This effectively increases the costs absorbed by districts every single year.

It is well past time for the state to agree to increase the aidable cap on BOCES salaries for career and technical education instructors. Such programs grow student interest and provide a worthy path to successful employment for thousands of students. At the same time, a proportionate increase in special services aid should be made for similar CTE programs in the Big 5 and other non-component districts.



Prior Year Aid Claims

While the 2021-22 state budget preserved the list of more than \$300 million in outstanding approved school districts aid claims, the nearly \$20 million annual appropriation to pay down those claims was unfortunately stripped from the enacted budget. The majority of these funds are owed to high and average need districts. The executive budget proposal understandably places significant focus on one-time and other short term investments. Funding the prior year aid claims list would match that goal, while providing valuable funds to school districts.

NYSSBA calls on the state to restore the annual funding provided to pay against this list, representing millions of dollars that are owed to school districts. In addition, the state could and should use state aid overpayment claw-backs as a funding source to further pay down claims. This would speed up the payment process without leading to an additional net cost to the state.

School Nutrition

Throughout the pandemic, school districts have continued to ensure students across the state have access to nutritious breakfasts, lunches, and sometimes even dinners. Meals have been served in classrooms, central pick-up locations, and even delivered to students' front doors. School leaders recognized that first and foremost, students need proper nourishment to be productive learners. The U.S. Department of Agriculture (USDA) provided districts much flexibility in this arena to allow them to flexibly feed all

students, in a wide range of settings. As a result of this flexibility and guaranteed federal funding, school districts have noted great success in feeding their students. However, these allowances are slated to expire after June 30, 2022.

NYSSBA calls on New York State to fund a statewide universal school meals program that would ensure all public school students are offered breakfast and lunch, free of charge. Universal school meals programs reduce the stigma for students unable to afford meals, increase the number of students fed during the school day, reduce paperwork for school staff and assist districts in streamlining their meal service operations. NYSSBA, in partnership with our Educational Conference Board (ECB) colleagues, released a position paper on school meals and school nutrition, which can be viewed here:

https://www.nyssba.org/clientuploads/nyssba_pdf/Press-Release/ecb-meals-program-rev2-01112022.pdf

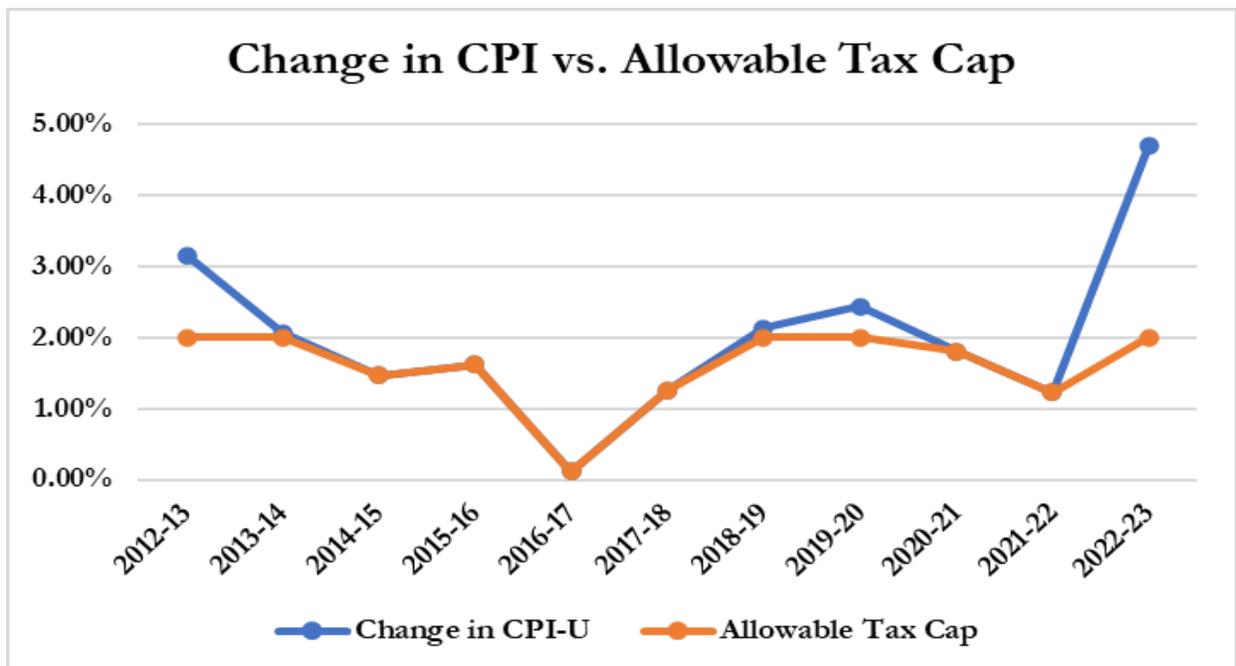
Property Tax Cap

While the property tax cap's sunset clause was repealed in 2019, there was unfortunately little action taken to address the inequities and unintended consequences the cap created when it was established a decade ago. These difficulties still exist and have only compounded over time.

School districts were recently informed that their tax cap allowable growth factor would be 2% for the upcoming 2022-23 school year. The 2% cap is due to inflationary growth – based on the Consumer Price Index – of 4.7% during the 2021 calendar year. While the CPI-U, which measures consumer costs, is a relatively poor reflection of the costs school districts face, the figure is 235% of the tax cap growth factor allowed by school districts. That represents a significant disconnect, that is only mitigated by the historic levels of federal stimulus and state aid districts are currently receiving.

In order to make the property tax cap work for all stakeholders, NYSSBA continues to seek action on the following reforms:

- Make the allowable growth factor a minimum of 2%
- Prohibit negative tax caps
- Include properties under PILOT agreements in the tax base growth factor
- Reform the tax cap override process
- Account for enrollment growth in the calculation



Fund Balance Limit

Currently, school districts may retain a fund balance – the excess of net revenues and expenses – of up to 4% per year. Any amount in excess of the 4% limit must be used to offset property taxes or be placed in an authorized “reserve fund,” to be restricted for specific future expenses.

The current fund balance limit heavily restricts budget flexibility. Slight changes to budgeted revenue or expenses can push districts into the red or above the 4% limit with relative ease. In contrast, local governments have no specific percentage limitation on fund balances. However, the Government Finance Officers Association (GFOA) recommends that local governments – including school districts – maintain no less than two months’ worth of operating expenses on hand. In fact, during her budget address, the Governor noted that experts recommend reserves of at least 15% of operating spending, and she committed the state reaching that level. In a world where districts are also operating under the property tax cap, these burdensome restrictions further reduce districts’ ability to meet their fiscal needs, including the needs of students.

COVID-19 has led to an unprecedented financial situation across the country and the state. Both revenue and costs have become much more unpredictable. Revenue shortfalls could significantly impact districts’ ability to fund basic services. On the other side of the ledger, districts are facing new and different costs associated with remote learning, transportation, facilities and general health and safety. If savings occur, it is critical that districts be able to fully realize those savings, to the benefit of both students and taxpayers in the following year.

NYSSBA stands ready to work with you on these, and other, important issues - for the betterment of our school districts and the millions of students they educate every day. For additional information, please contact NYSSBA Governmental Relations at 518-783-0200.