**THE LEAGUE
OF WOMEN VOTERS**
of New York State

JOINT LEGISLATIVE PUBLIC HEARING
ON 2018-19 EXECUTIVE BUDGET PROPOSAL
ELEMENTARY AND SECONDARY EDUCATION
JANUARY 31, 2018

Good afternoon. I am Marian Bott, Education Finance Specialist for the New York State League of Women Voters. We thank you for the opportunity to testify at these hearings.

Our testimony comprises a general description, remarks about the proposal's adequacy and distribution, a five-district illustration of the proposed Foundation Aid formula, and some summary remarks about improvements we believe should be made to the formula and the process of establishing the annual budget.

GENERAL DESCRIPTION

The 2018-19 Executive Budget increases school aid, including grants, by approximately $769 million, bringing total spending to $26.5 billion. Whereas last year's proposed budget increase was $961 million or 3.9 %, this year's proposed increase is 3%, up from a proposed $25.6 billion last year. While last year formula aids including building aid were proposed to increase $768 million, this year's formula aids including building aid are proposed to increase by $651 million. The formula aid increases comprise 1) a Foundation aid increase of $338 million and 2) an expense-based aid increase of $314 million. Last year's proposed Foundation Aid increase was $428 million. Therefore, in general terms, the proposed increase is about $200 million less than last year's. The 2% increase proposed in Foundation Aid compares to last year's 2.6% proposed increase.

The Foundation Aid increase includes a $50 million required set-aside for community schools. Away from Foundation Aid and expense-based aids, the budget provides a "Fiscal Stabilization

Fund" of $64 million (compared to last year's $150 million). This is a general unallocated pot to be apportioned by the legislature.

The budget increases the allocation to "supplemental basic" charter school tuition payments by $75 million, going from $64 million to $139 million. It increases grants for After School programs from $35 million to $45 million. It does not include a provision for a private school tuition tax credit.

STAR

The aggregate benefits afforded New York State taxpayers under the School Tax Relief (STAR) program are estimated to be reduced by $200 million, from $2.6 billion to $2.4 billion. This proposal comes at a time when federal law will limit property tax deductions to $10,000. For many years, the League has advocated for a true property tax circuit breaker instead of a STAR rebate because the League believes that STAR, as designed, remains a somewhat regressive tax relief measure. The legislature should re-examine prior proposals for a circuit-breaker, taking into consideration the need to maintain a progressive taxation system overall.

ADEQUACY

It is not necessary to dwell on the obvious fact that, compared with recommended amounts from the New York State Regents and other groups such as the Education Conference Board, the aggregate amounts offered in the Executive Budget Proposal are only half. For this reason, it is particularly important to look carefully at the means of distributing aid.

DISTRIBUTION

For political expediency, state aid has historically been allocated by geographic shares rather than by adhering to rules of fairness at the student level. In this budget, the formula aid increases of $651 million are allocated 38% to New York City, and 11.7% to Nassau and Suffolk County. This year, it is incumbent on legislators to see whether the building blocks of aid distribution are working properly and, in light of overall budget constraints, to be very careful about the use of save harmless provisions. To aid in this inquiry, the League has prepared four tables illustrating the workings of the formulas.

HIGH NEEDS DISTRICTS

The League's position statements on the distribution of state aid to schools emphasize that when new resources are allocated, they ought to go as a first priority to high needs districts. As we did last year, we have selected five districts, four of which are known to be extremely impoverished, and one of which is considered average "wealth" but still high need (New York City). The other four districts are Hempstead, Poughkeepsie, Utica, and Schenectady.

As **Table 1** shows, in the column entitled "% increase in Total Aid," there is a range of percentages from 2.43% (New York City) to 6.24% (Schenectady). So, the 3% increase is just the average. In the column entitled "% increase in Foundation Aid," there is a range of percentages from 1.32% (Poughkeepsie) to 2.51% (Utica). All of these districts have waited for much more substantial increases in Foundation Aid during prior years when the legislature

insisted, instead, on fully funding the Gap Elimination Adjustment, which benefited all districts. The fact that the Executive Budget is still phasing in tiny increments of Foundation Aid is directly related to prior decisions which shifted total aid, proportionally, away from the highest-need districts at the end of the legislature's negotiations.

District capacity to share in the cost of its program is determined by district wealth, defined as a 50-50 split between property wealth and income wealth of the district as a whole, As **Table 2** shows, it matters what "share" of state aid a district is entitled to, and these districts illustrate just one of the ways in which the very poorest districts are not treated equitably. State Sharing Ratios are, in fact, designed to curtail free movement of the aid formula. Districts like Hempstead, Utica, and Schenectady are limited to a sharing ratio of .900 (plus a 5% override) even though the formula calculates that the State should share between 97% (Schenectady) and 100% of their costs (Utica). Last year, advocates succeeded in lowering the "floor" associated with the Income Wealth Index from .65. It is time to consider raising the "ceiling" to provide a fairer distribution to the poorest districts.

The data made available to the State Education Department with respect to the demographics of students is key to accurate school runs and aid distribution. **Table 3** illustrates both a problem when a district's counts are wrong, and an overall problem when the fundamental concept is flawed. The State Education Department counts, for the determination of when a district has Extraordinary Needs, an English Language Learner, no matter at what level, as a .5 weighting. The State, overall, has 9% or 236,765 English Language Learners. Utica's population comprises 17% or nearly twice the state average. New York City has 13% English Language Learners. Hempstead, in this year's computer runs, seems to report only 2 ELLs—we assume this is a data error that will be corrected as it had 2,300 last year. There is no adjustment for a concentration of ELLs, nor is there a metric for distinguishing sub-components of the ELL population either by their degree of proficiency AS ELLs or by the obscurity of the language(s) spoken. The legislature should consider whether there is a more appropriate way to weight ELLs.

Finally, **Table 4** illustrates our most important set of recommendations on aid distribution. ELLs are but one component of the so-called Pupil Needs Index—the other two components are Sparsity (no district in this group has a weight for Sparsity) and student-level poverty. The closer to 1.0 the Extraordinary Needs Index is, the closer to 2.0 the Pupil Needs Index is (since it simply adds 1.0 to the EN %). The problem is that both sides of the Poverty Count are not only weighted the same at .65, which they should not be, but they are subject to under-counting if 1) families do not submit required lunch forms in districts which require them or 2) numbers of students in census poverty in 2018 are, percentage-wise much greater than in 2000. The Executive Budget recommendations tried, last year, to substitute a trailing three years of Small Area Income Poverty Estimate (SAIPE) data for 2012-13, 2013-14, and 2015-16. This was used as the "census poverty" portion of the formula. This year, without any explanation, the Executive Budget has reverted to the use of 2000 Census data.

I stated that the two components of the poverty count should not be equally weighted. The reason for this is that "Free and Reduced Price Lunch" measures student poverty as two different percentages ABOVE census poverty (135% and 185%). "Census poverty" measures poverty

(with no regional cost adjustment) AT census poverty, around $24,000 for a family of four. Therefore, students AT poverty should receive a heavier weighting than students ABOVE census poverty (incomes up to $45,000). In high cost regions such as New York City, Westchester and Long Island, students in poverty are underweighted as compared with those in lower cost regions. While the regional cost adjustment is intended to address differences in costs of wages, it doesn't substitute for a better measure of poverty at the student level.

SUMMARY OF RECOMMENDATIONS

1) **Revisit the Property Tax Circuit Breaker in lieu of STAR**
2) **Try to increase the fairness of distribution of aid by:**
   a) **Resisting "share" geographic distribution**
   b) **Improving the treatment of the poorest districts in the State Sharing Ratio**
   c) **Revising the way English Language Learners are weighted**
   d) **Re-calculating Student Poverty to re-weight Lunch vs. Census Poverty**

Thank you for your time in considering this testimony. Our positions can be viewed in full at www.lwvny.org, under Issues and Advocacy.

Table 1: Aggregate Increases ($000s)									
1/14/18	E(FA0198) 00 2017-18 FOUNDATION AID	E(FA0197 00 2018-19 FOUNDATION AID	% increase in Foundation Aid	AA(FA0190)00 2017-18 TOTAL AID	AA (FA0189)00 2018-19 TOTAL AID	% Increase in Total Aid	J(FA0074) 002017-18 BUILDING AID	J(FA0073)0020 18-19 BUILDING AID	% increase without BUILDING AND BUILDING REORGANIZATION AID
Poughkeepsie	$54,295	$55,026	1.32	$65,969	$67,952	3.01	$3,514	$3,511	3.18
Hempstead	83,008	85,672	3.21	121,915	126,941	4.12	4,794	4,772	4.31
New York City	7,451,928	7,637,966	2.50	10,206,755	10,454,322	2.43	1,194,63 3	1,271,713	1.89
Utica	94,917	97,298	2.51	139,675	143,559	2.78	20,861	18,783	5.02
Schenectady	94,352	95,932	1.67	121,457	129,034	6.24	7,598	12,840	2.05

Table 2: State Sharing Ratios						
01/14/18	G(WM0180)05 Pupil Wealth Ratio	H(WM0181)05 Alternate Pupil Wealth Ratio	I(WM0182)05Combined Wealth Ratio for 18-19 Aid	J(WM0184)05State Sharing Ratio	Choice of SSR Calculation	W(WM0283)03Tax Effort Ratio
Poughkeepsie	0.471	0.443	0.456	0.810	$1.37 - 1.23(.456)=.810$	2.986
Hempstead	0.275	0.340	0.307	0.900	$1.37 - 1.23(.307)=.9924$	4.862
New York City	1.016	1.099	1.057	0.388	$.8-.39(1.057) = .388$	1.549
Utica	0.209	0.281	0.244	0.900	$1.37 - 1.23(.244)=1.070$	2.761
Schenectady	0.270	0.378	0.324	0.900	$1.37 - 1.23(.324)=.9715$	3.996

Table 3. English Language Learners – Counts for State Aid and Percentages of Public Enrollment				
1/14/18	S(K10130)002017-18 Estimated Unweighted ELL Pupils	T(PC0273)00ELL Count for Extraordinary Needs %	J(PC0257) 00 2017-18 Public Enrollment Estimate	Unweighted ELL Pupils 2017-18 as Percentage of 2017-18 Public Enrollment Estimate
Poughkeepsie	390	195	4,313	9%
Hempstead	2 (vs. 2,300 in 2016-17) SUSPECT DATA ERROR	1	9,287	SUSPECT DATA ERROR
New York City	142,000	71,000	1,070,221	13%
Utica	1,894	947	10,854	17%
Schenectady	410	205	9,788	4%
STATE TOTALS	236,765	118,487	2,675,621	9%

Table 4. Pupil Need Index

01/14/18	O(PC0409)0005PMI = 1 + EN%, MIN1; MAX2	EN%=Column D EN Count/Base Year K-12 Pub School Enrollment x 100	J(PC0257)0002017-18 Public Enrollment Est.	Y(PC0294)0002 Extraordinary Needs Count	Free and Reduced Price Lunch Count Calculation *	.N(PC0263)00.65 Lunch Count	Calculation based on age 5-17 in Poverty as % of School District Count #	.65 Census Count	Poverty Count	ELL Count ##	.5 ELL Count
Poughkeepsie [1,2]	1.717	0.717	4,313	3,095	.4686	2,021	.2036	878	2,899	390	195
Hempstead[3,4]	1.664	0.664	9,287	6,174 SUSPECT COUNT	.5062	4,701	.1584	1,471	6,172	2 SUSPECT COUNT	1 SUSPECT COUNT
New York City[5,6]	1.746	0.746	1,070,221	798,505	.4617	494,116	.2181	233,388	727,504	142,000	71,000
Utica[7,8]	1.875	0.875	10,854	9,502	.5389	5,849	.2492	2,705	8,554	1,894	947
Schenectady [9,10]	1.755	0.755	9,788	7,394	.5307	5,193	.2038	1,995	7,188	410	205

*Lunch Count for Students K-6 only, trailing 3-year average of applicants for Free and Reduced Price Lunch divided by trailing 3-year average of Public School Enrollment, producing a percentage which is then multiplied by .65. This factor is multiplied by 17-18 Public Enrollment Estimate to produce the .65 Lunch Count.

[1] 5,329/3=1,776; 7,392/3=2,464. AVE % = .7209 X .65 = .4686

[2] 1,440/4,595=.3133; .65 X .3133=.2036

[3] 9,861/3=3,287; 12,662/3=7,554. AVE % = .7787 X .65 = .5062

[4] 1,770/7,265=.2436; .65 X .2436=.1584

[5] 1,100,310/3=366,770;1,548,977/3=516,326 AVE % = .7103 X .65 = .4617

[6] 358,945/1069,640=.3355; .65 X .3355 = .2181

[7] 14,300/3=4,767; 17,248/3=5,749 AVE % = .8290 X .65 = .5389

[8] 3,250/8,475 = .3834; .65 X .3834 = .2492

[9] 13,013/3=4,338; 15,940/3=5,313 AVE % = .8163 X .65 = .5307

[10] 2,795/8,910 = .3136; .65 X .3136 = .2038