

**JOINT BUDGET HEARING
OF THE
ASSEMBLY WAYS AND MEANS COMMITTEE
AND THE
SENATE FINANCE COMMITTEE
ON THE
EDUCATION BUDGET
FOR FISCAL YEAR 2010-11**

**Held in Hearing Room B
Legislative Office Building
Albany, New York 12248**

10:00 a.m.

February 2, 2010

JOINT BUDGET HEARING-EDUCATION FEBRUARY 2, 2010

APPEARANCES:

ASSEMBLYMAN HERMAN D. FARRELL, JR., Chairman, New
York State Assembly Ways and Means Committee

SENATOR CARL KRUGER, Chairman, New York State Senate
Finance Committee

ASSEMBLYMAN JAMES P. HAYES, Ranking Minority Member,
New York State Assembly Ways and Means Committee

SENATOR LIZ KRUEGER, Vice-Chair, New York State Senate
Finance Committee

SENATOR JOHN DEFRANCISCO, Ranking Minority Member, New
York State Senate Finance Committee

ASSEMBLYWOMAN CATHERINE T. NOLAN, Chair, Assembly
Education Committee

SENATOR SUZI OPPENHEIMER, Chair, Senate Education
Committee

ASSEMBLYWOMAN DEBORAH J. GLICK

ASSEMBLYMAN JOEL MILLER

ASSEMBLYWOMAN JANE L. CORWIN

ASSEMBLYWOMAN BARBARA S. LIFTON

ASSEMBLYMAN ROBERT RILEY

ASSEMBLYMAN MARCUS J. MOLINARO

ASSEMBLYMAN MICHAEL J. SPANO

ASSEMBLYMAN DANIEL O'DONNELL

JOINT BUDGET HEARING-EDUCATION FEBRUARY 2, 2010

ASSEMBLYMAN FRED W. THIELE, JR.

ASSEMBLYMAN WILLIAM COLTON

ASSEMBLYMAN ANDREW P. RAIA

ASSEMBLYMAN JOHN J. MCENENY

ASSEMBLYMAN JEFFRION L. AUBRY

ASSEMBLYMAN CLIFFORD CROUCH

ASSEMBLYMAN PHILIP BOYLE

ASSEMBLYMAN DAVID MCDONOUGH

ASSEMBLYWOMAN EARLENE HOOPER

ASSEMBLYMAN KEITH WRIGHT

SENATOR CARL L. MARCELLINO

SENATOR JOHN FLANAGAN

SENATOR ANDREA STEWART-COUSINS

SENATOR RUBEN DIAZ

SENATOR CRAIG JOHNSON

SENATOR STEPHEN M. SALAND

SENATOR VELMANETTE MONTGOMERY

ALSO APPEARING:

DAVID M. STEINER, Commissioner, New York State Education
Department

REBECCA H. CORT, Deputy Commissioner for VESID, New York
State Education Department

DR. JOHN B. KING, JR., Senior Deputy Commissioner, New York
State Education Department

JOINT BUDGET HEARING-EDUCATION FEBRUARY 2, 2010

TERRY SAVO, Deputy Commissioner of Operations and

Management Services, New York State Education

Department

JEFF CANNELL, Deputy Commissioner for Cultural Education, New

York State Education Department

JOEL KLEIN, Chancellor, New York City Department of Education

PHOTEINE ANAGNOSTOPOULOS, Chief Operating Officer, New

York City Department of Education

LENNY SPEILLER, Executive Director, Office of Public Affairs,

New York City Department of Education

ANDREW PALLOTTA, Executive Vice President, New York State

United Teachers

STEVE ALLINGER, Director of Legislation, New York State United

Teachers

MICHAEL MULGREW, President, United Federation of Teachers

GEORGIA ASCIUTTO, Executive Director, Conference of Big 5

School Districts

JEAN-CLAUDE BRIZARD, Superintendent, Rochester School

District

DANIEL LOWENGARD, Superintendent, Syracuse School District

BERNARD PIERORAZIO, Superintendent, Yonkers Public Schools

ROBERT LOWRY, Deputy Director, New York State Council of

School Superintendents

JOINT BUDGET HEARING-EDUCATION FEBRUARY 2, 2010

MICHAEL BORGES, Executive Director, New York Library

Association

CHRIS DUFFY

BOB ENGELHARDT

PETER MANNELLA, Executive Director, New York Association for

Pupil Transportation

TIMOTHY FLOOD, New York School Bus Contractors Association

MARINA MARCOU-O'MALLEY, Policy Analyst, Alliance for

Quality Education

JAMES CULTRARA, Co-Chair, New York State Coalition for

Independent and Religious Schools

CASEY DINKIN, Manager of Advocacy and Communications,

Nutrition Consortium of New York State

JONATHAN KORNREICH, Trustee, Three Village School District

JOHN BLOWERS, Vice President and Finance Chairman,

Burnt Hills-Ballston Lake Board of Education

JAMES VIOLA, Director of Government Relations, School

Administrators Association of New York

JOINT BUDGET HEARING-EDUCATION FEBRUARY 2, 2010

CHAIRMAN HERMAN D. FARRELL, JR.: Good morning. Today we begin the sixth in a series of hearings conducted by the Joint Fiscal Committees of the Legislature regarding the Governor's proposed budget for Fiscal Year 2010-2011. The hearings are conducted pursuant to Article VII, Section 3 of the New York State Constitution and Article II, Section 31 and 32 (a) of the Legislative Law. Today, the Assembly Ways and Means Committee and Senate Finance Committee will hear testimony concerning elementary and secondary education budget issues.

I will now introduce the members from the Assembly who are with me. We have with us Assemblyman Bob Reilly; Assemblywoman Deborah Glick, Chair of the Higher Education Committee; Assemblywoman Jane Corwin -- I'm going into the wrong one -- Assemblywoman Cathy Nolan, the Chair of the Education Committee; and Mr. Hayes, Ranking Member.

ASSEMBLYMAN JAMES P. HAYES: Thank you, Mr. Chairman. On our side we have Assemblyman Miller, in addition to Assemblywoman Jane Corwin. She's so great that she can be introduced twice.

CHAIRMAN FARRELL: Good morning and welcome.

COMMISSIONER DAVID M. STEINER: Good morning.

CHAIRMAN FARRELL: May I point out that the shorter the production of what you give us, the more time you get to

JOINT BUDGET HEARING-EDUCATION FEBRUARY 2, 2010

answer the questions that we give you.

COMMISSIONER STEINER: So I should make my remarks --

CHAIRMAN FARRELL: So, you're going to get them one way or the other, so the quicker you get to them the quicker we get this thing over with.

COMMISSIONER STEINER: Good morning. Good morning to you all. Good morning, Chairman Kruger.

CHAIRMAN CARL KRUGER: Excuse me.

CHAIRMAN FARRELL: I'm sorry, Senator.

CHAIRMAN KRUGER: Good morning. I'm Senator Carl Kruger, the Chair of the Senate Finance Committee. Joining us is the Vice-Chair, Senator Krueger, followed by our ranker, Senator DeFrancisco, Senator Oppenheimer, Senator Johnson and Senator Marcellino.

Thank you.

CHAIRMAN FARRELL: Thank you.

COMMISSIONER STEINER: Good morning to you all, Chairmen Kruger and Farrell, Chairwomen Nolan and Oppenheimer and members of the Finance and Education Committees.

As you know, The University of the State of New York has a new leadership team. The Regents Chancellor and Vice Chancellor are new. I've been Commissioner now for four months and it's my pleasure to introduce another new member of my senior staff, John King, sitting to my left, the Senior Deputy Commissioner; to my right, Becky

JOINT BUDGET HEARING-EDUCATION FEBRUARY 2, 2010

Cort, Deputy Commissioner for VESID; Jeff Cannell, Deputy Commissioner for Cultural Education; Terry Savo, Deputy Commissioner of Operations and Management Services.

I'd like to briefly lay out our priorities and comment on how the Executive Budget affects P-12, adult education, students and adults with disabilities and cultural education. But first, let me thank you all for your sustained commitment to education. You have provided historic levels of funding for our schools. You've supported libraries with multi-year funding for construction or repair. You've helped us meet challenges faced by children and adults with disabilities through your continued support of special education, vocational rehabilitation, and independent living centers.

These are tough times and tough choices have to be made; however, the overarching goal and my personal and passionate commitment is to ensure that every single child in this State gets a high-quality, a world-quality education from qualified, well-trained teachers in schools run by qualified, well-trained principals. These students need the skills and knowledge to graduate from college and be contributing citizens or to have meaningful employment in the global economy and to be contributing citizens. The reforms you enacted in 2007 were an important step towards that goal; we must continue to make progress.

The Regents are requesting a modest, targeted increase in investment, both for the Department and for State aid to schools. They do so mindful of the competing priorities that you must balance;

JOINT BUDGET HEARING-EDUCATION FEBRUARY 2, 2010

however, they recognize that there is a great deal we must do to improve education in our State and that it is critical to do it now. The human and the economic repercussions have never been more important.

Let me invite you to look at the first slide. We have, when it all boils down, two fundamental challenges: Closing the achievement gap that tragically separates the learning of different groups of our students, and raising the performance of all of our students. New York State taxpayers make a huge investment in education. School districts spend an average of \$15,081 on education per pupil. It is a very honest, important, indeed, vital question to ask what we're getting for our investment. The scores on the NAEP exams, with one exemption -- namely, fourth grade math -- are essentially flat. There's been little or no progress between 2003 and 2007 in reading, and between 2003 and 2009 in eighth grade mathematics. The percentage of students in grades 3 to 8 who are meeting our own proficiency standards is going up, but not nearly fast enough. African-American and Hispanic students in grades 3 to 8 are doing better, but it's still not good enough. Almost 65 percent of Hispanic students meet proficiency in English in 2009. And English language learners are still performing significantly below other student groups in English, with only 36 percent of ELL students reaching proficiency in 2009.

Your second slide, on page 3, speaks of high school graduation. The grade 3 to 8 results, of course, have a direct correlation with high school graduation results. While four-year graduation results are improving each year, 30 percent of our students still don't graduate in

JOINT BUDGET HEARING-EDUCATION FEBRUARY 2, 2010

four years and we have some disturbing gaps for specific groups of students. The four-year graduation rate for black students is 54 percent and for Hispanic students, 52 percent. The results for English language learners are even more troubling. Only 36 percent of those students are graduating from high school in four years. These results are, to put it bluntly and simply, totally unacceptable. The expectation that these students will be successful in higher education should they, in fact, actually enroll, is low. The Regents have created a College and Career Readiness Work Group that will make recommendations concerning high school graduation requirements that will really indicate that high school graduates are prepared for success in college and the workforce.

Let's speak about the entire educational pipeline. The first thing to note, and it's on your next slide, is that more students fall out of the post-secondary enrollment pipeline while in high school than after high school graduation. This is absolutely tragic because we know that more education opens up far more opportunities than it ever has before. To put this, if I may, in dollars and cents terms, in 2007, the median income for full-time wage earners who left high school without a diploma was \$20,246 annually. For wage earners with a bachelor's degree, it was \$48,097. For those with doctorates it was \$80,776. Compounding this wage gap is the reality that high school dropouts are more likely to work part-time or be unemployed, and I invite you to look at this slide and just note the numbers at the far right-hand side. Taking, for example, the English language learners, you can see that of those who started in 2002 in the ninth grade cohort, by the time we're talking about the moment

JOINT BUDGET HEARING-EDUCATION FEBRUARY 2, 2010

they should be in some form of higher education, seven percent are left. Seven percent. There's no hiding from that number. It is absolutely striking and completely unacceptable.

So, what are we going to do about this? That's the next question that might spring to mind. Certainly, it springs to my mind. The Regents' vision for education reform is college and career readiness for all of our students. To accomplish this goal we need a fully integrated P-16 educational system that ensures the following: First, and, perhaps, most important of all, a complete alignment between our curriculum, our student assessments and our teacher preparation. Think of that as the triangle that we can use to build effective results. And we can talk more, perhaps, in the question and answer about what that means. Second, that we place teachers in classrooms with the knowledge and skills to help all students succeed. We must make sure such teachers are effective before we put them in front of students. Next, we must prepare effective school leaders who know how to support teachers and students and actually can bring to bear a school culture focused on student results and outcomes. We must not allow failing schools to continue to fail. And finally, we must have transparent and accurate data to enable all of us to take our accountability role seriously, to be able to hold ourselves accountable for creating better results for our students. On your slide, those crucial items are laid out in a little bit more detail, and again, we would be delighted to speak to them later.

Let me speak briefly about Race to the Top, the recent Federal funding opportunity. Major reform, as you know only too well, is

JOINT BUDGET HEARING-EDUCATION FEBRUARY 2, 2010

not free. Our application, which is available online, commits New York to stronger standards and assessments that fully measure the skills and knowledge students must master to be successful in college and the workplace. In the short term, State tests will assess a fuller spectrum of our curriculum and be less predictable. Long term, we need to link tests to gold standards like the National Assessment for Educational Progress. We have already laid out a plan to shift teacher preparation away from theory, more towards clinically-based practice centered on key teaching skills and content knowledge that make a difference in the classroom. We need to build a P-20 data system that measures student growth and gives teachers and principals and parents the information they need to improve education. Our application proposes a teacher evaluation process that would identify effective or highly effective teachers and those needing targeted intervention. And those evaluations would be used. We propose new incentives to reward teachers and principals for their effectiveness, including their ability to raise student achievement, that would encourage effective teachers and principals to work with our neediest students.

Finally, certain schools have failed too many of our students for too long. So, we have endorsed a turnaround list of least effective schools requiring action intervention plans that could include major restructuring or school closures.

Let's turn to our services for English language learners. As you'll recall, those were, in some ways, the most disturbing results of all. I want to thank the Legislature for supporting the education and

JOINT BUDGET HEARING-EDUCATION FEBRUARY 2, 2010

language development of these students. Important elements of our program include 14 bilingual education technical assistance centers which support high-need districts with large numbers of English language learners; our Intensive Teacher Institute, which provides tuition assistance to teacher certification candidates in bilingual education and English as a Second Language, areas of critical need; the approximately 50 grants a year to districts to support tutoring programs that help approximately 1,000 English language learners to meet State standards and graduation requirements; and our New York State English as a Second Language Assessment Test -- the so-called NYSESLAT test, which is administered in the Spring to students in grades K through 12 identified as English language learners -- is our single Statewide instrument to measure the success and the progress of ELLs in attaining English language proficiency, and it is very important to school districts to help them make the correct placement decisions for our students. Nevertheless, the achievement gap is closing too slowly for our ELL students. The achievement and graduation rates have shown a little bit of progress but it's uneven and it's too low. To put it in a nutshell, the figures show that fewer than four in ten ELL students graduate from high school. Your continued support is crucial as we work to close this appalling achievement gap.

Let's speak now of students with disabilities. It's a mixed record; problems, certainly, remain. First, our ninth grade cohort of students with disabilities continues to grow. These are cohort figures: 2002, 27,400; 2004 ninth grade cohort, 31,000. Even with the increasing

JOINT BUDGET HEARING-EDUCATION FEBRUARY 2, 2010

numbers, the good news is that the performance of these students has shown some improvement over the past three years. ELA, grades 3 through 8 ELA scores have improved by almost eight percent and dropout rates have decreased by almost six percent; however, this performance is still far too low, especially in our large cities. More than \$40 million in IDEA discretionary dollars provided targeted in-depth technical assistance and professional development to districts identified as in need of assistance in the area of literacy, positive behavioral interventions, special education methodologies, and grants to districts with effective practices to enable them to mentor low-performing students. Of the 101 low-performing districts we identified in 2007-2008, 36 of them improved graduation and dropout rates and State assessment results enough to come off our list.

Let's turn to those students who wish to take and succeed in passing our GED. First of all, we are absolutely committed to ensuring access to the GED. Under our open door policy, shared by only one other state, there is no fee. A fee would create an economic hardship for many candidates. We have no pre-test requirement, no requirement that students take a prep course. The problem with this is that many students take the exam before they're ready. Fewer than 60 percent of those who take the exam end up passing it. The Regents and our partners are examining the GED program and we will be making policy changes to ensure that those who take the exam are appropriately prepared and ready to succeed. To do this, we ask for your support for some additional funding which the Regents have proposed to cover the cost of essential

JOINT BUDGET HEARING-EDUCATION FEBRUARY 2, 2010

improvements -- online test registration, high-quality preparation programs and expanded programs to help students with GED transition to college and the workforce.

Moving on now to adult literacy education. Our adult literacy programs funded by the ALE currently serve almost 9,400 of the State's most deeply needy students, including out-of-school youth and adults at the lowest levels of literacy and English language proficiency. Yet, our providers have consistently exceeded performance targets, enabling those students to make significant educational gains. The Executive Budget proposes reducing funding from the Fiscal 2009-10 level of \$6.9 million to \$4.3 million, a reduction of 38 percent. Our estimate is that this would eliminate services for somewhat over 2,000 students. We urge your support for these vital programs.

Let's turn now to curriculum and professional development. This is, in many ways, the heart of our educational enterprise. Thirty percent of our students, as we've said earlier, do not graduate from high school. Twenty-one percent of high school graduates do not go on to college. A high percentage of newly-enrolled college freshman require remediation in math and/or ELA. This is simply not okay. Since the adoption of the 28 Learning Standards in 1996, only the mathematics standards have been revised, and that was in 2005. We have an absolute responsibility to review and revise our learning standards for the benefit of current and future students. Our commitment is to adopt a common set of standards in ELA and math, and we articulated that commitment in our Race to the Top application. The development, the

JOINT BUDGET HEARING-EDUCATION FEBRUARY 2, 2010

roll-out, the implementation of curriculum frameworks and assessments will require dedicated resources to secure world-class experts, technological delivery systems, and collaboration between and among professional education associations, such as the Staff and Curriculum Development Network, the BOCES and the Teacher's Centers. The job of aligning these crucial elements for our education must start, and must start right away.

Let's talk about our investment, all together, in student success. The economic situation, I don't need to tell you, could hardly be more challenging. We must, however, move forward. The Foundation Aid formula is designed to ensure, as far as possible, that all students have the opportunity for a quality education. Each year -- and I want to emphasize this fact -- each year that the formula is frozen, it adds to the eventual cost of restoring it when the economy turns around. Under a freeze, the amount of funding going to each district becomes further and further removed from the realities in that district. Before long -- I'm being very frank here -- it will be infeasible to ever get back to the formula. So, instead, we would suggest that you maintain progress on the formula and achieve savings through other mechanisms, perhaps something similar to this year's deficit reduction assessments, that continues, however, the progress towards a fully-funded formula and targets resources at districts with the highest needs. The Regents' proposal puts Foundation Aid back on track with a 1.1 percent, \$170 million increase. The Regents also recommend a \$53 million increase in State support for Universal Pre-K and asks that the State commit to a full

JOINT BUDGET HEARING-EDUCATION FEBRUARY 2, 2010

phase-in of this program for four-year-olds; for half-day programs within four years and for full-day programs within ten years, and that districts be allowed additional flexibility in the use of funds in order to expand the provision of services from half-day to full-day in a manner that does not reduce the overall number of students participating. These aid programs will support school districts in critical ways as they seek to raise student achievement and close the performance gap for their neediest students.

Turning now to mandate relief, the Chancellor and I are both concerned about over-regulating districts. Mandate relief and shared services are even more important now. We ought to replicate shared services that are operational in a few parts the State since they have resulted in greater efficiencies and cost savings. To put this in very straightforward terms, today, school districts are required to fill out more than 130 plans and reports per year. This time and these resources could, surely, be used more effectively to support improved educational outcomes. A comprehensive system is needed to streamline and collect essential data only, to align Federal and State requirements and to improve monitoring of district compliance and progress. We ask support for legislation proposed by the Executive to promote regional transportation and regional task forces that could help district reorganization efforts and functional consolidations that would benefit their geographic area.

Let's talk now about VR and independent living centers. Vocational rehabilitation remains a critical service for increasing the very low rate of employment for individuals with disabilities. The noted drop

JOINT BUDGET HEARING-EDUCATION FEBRUARY 2, 2010

in vocational rehabilitation outcomes was due, in part, to the impact of the severe economic downturn with respect to job opportunities and the rise of the general unemployment rate. In addition, VESID's capacity has been diminished by the loss of counseling staff, coupled with the limited ability to backfill positions. Independent living centers are well established in their communities. Increasingly, individuals with disabilities, family members and other groups turned to the centers for access to basic services over the last two years. We ask that you support Executive Budget funding for vocational rehabilitation case services, supported employment, and independent living centers.

Turning now to cultural education, the list you see below you that talks of the extraordinary access and use of our cultural institutions across this State represent only a small portion of our cultural education programs and services. To give you some examples, the State Museum is a financial engine for the Capital District's economy and the source of essential basic research, receiving over \$12 million in grants and contracts during the last fiscal year. The State Library's online databases saved local libraries nearly \$87 million each year by providing online database subscriptions for free to libraries. Those databases are heavily used, receiving over 35 million searches each year. The State Archives, through its services to State and local governments, protects essential documentation of government and saves State and local governments millions of dollars by ensuring appropriate disposal and providing low-cost storage of records.

As you know, the fee revenues for cultural education

JOINT BUDGET HEARING-EDUCATION FEBRUARY 2, 2010

come from certain real estate and other county clerk transactions. The downturn in the real estate market has severely reduced fee revenues. The chart you have in front of you shows that revenue decline for the past six years. The annual fee revenue has exceeded expenses in only two years over the entire life of the Fund. Since the inception of the account in 2003, funds have also been used to support the New York State Theater Institute and the Egg. In June, 2007, \$20 million in cash was transferred from the CE account for the new collections facility. In 2008, an additional \$15 million in cash was transferred from the CE account for Museum renewal. We are very concerned about this year's cut in Libraries Aid. This is the fifth reduction in two years, a loss of \$17 million from \$102 million in 2007-2008.

Let me summarize. The Regents are requesting your support for a Foundation Aid increase of \$170 million; a Universal Pre-Kindergarten increase of \$53 million; a GED increase of \$2 million; a fee through the Cultural Education Account that would generate \$12 million annually; and a NYSESLAT fee increase of \$3.5 million.

Let me conclude by thanking you for this opportunity to speak about the educational needs of New York's students and the importance of our cultural institutions to enriching that educational experience and contributing to the quality of life in our communities. New York State is facing difficult times and so are our districts. The Federal Stimulus funding that is helping to sustain us this year is scheduled to run out in 2011. This will affect districts and it will affect the Department as well. At the same time, there's never been a more

JOINT BUDGET HEARING-EDUCATION FEBRUARY 2, 2010

crucial moment for the Department to increase the efficiencies of its operations, and that remains a crucial priority. Likewise, there's never been a more crucial time for your support. Nothing remains more important to the health of our State than the education of our children. I welcome a continued dialogue with you in the weeks and months ahead. Today's conversation is just a start.

Let's get to your questions.

CHAIRMAN FARRELL: Thank you very much. We've been joined by Assemblyman Thiele. First to question, Cathy Nolan, Chair of the Education Committee.

ASSEMBLYWOMAN CATHERINE T. NOLAN:

Thank you, Denny. I want to really congratulate Commissioner Steiner on a really terrific presentation that was very comprehensive because the Committee, certainly, wants to get a full understanding of the many roles of the State Education Department. I also want to thank you for having Regent Chapey, and I see Regent Tisch, Chancellor Tisch, with you as well today. So, we appreciate not only your staff but the support of the Regents here today.

Something that you touched on a little bit and, perhaps, not as specific a question as I might usually ask, but in your goals you talked -- also at our Committee meeting today -- about transforming the State Education Department from a compliance-oriented agency to a more aggressive approach in helping districts. And I think, you know, over my tenure here in the Legislature that's been a concern for us.

"What exactly does SED do," is sometimes a question that's asked in the

halls of the Legislature. And I think I would like to hear you touch on that as a response and then, perhaps, link it. I know that you identified a number of schools as persistently low-achieving and for those -- and we think -- I, certainly, have been a person who has supported SED for many years in their efforts to do that, not just with a Federal impetus. But I think for those of us in the City there's sometimes some confusion between some local assessments that the City itself makes and what you are doing. And I think I'd like to have a better understanding of why and how you identified those schools. A number of them are in my Assembly district. I can't quarrel with the judgment that the schools need improvement. I think I'd like to have a better idea of how you got there and how that ties in with your goals of making SED a more aggressive agency and not just -- you know, many times the answer is, "Well, we sympathize, but we can't do anything about it." We want SED to do something about it and I think your vision articulates that.

COMMISSIONER STEINER: Thank you so much, Assemblywoman. Let me start by saying that the Education Department has a sacred responsibility to protect the most needy of our students to ensure that they are in schools that are safe, that they experience a basic level of education that gives them the opportunity to advance. At the same time, we cannot simply be a compliance and regulatory institution. This Department needs to be user-friendly. When you make a phone call to the Department you ought to be put through to somebody who can answer your question. We need to have a database of those questions. We need to ensure the efficiency of our response. We need to ensure that

JOINT BUDGET HEARING-EDUCATION FEBRUARY 2, 2010

when you go to our website you can navigate it, that you actually can find the answers to your questions. We've made some progress; we need to do a lot more. I would like to make the experience -- and I know this is not a two-minute drill -- but the experience of actually contacting our office one that is productive, efficient and helpful. We need to have best practices available. Let me give you an example. When we talk about teacher preparation, we ought to have in each grade level in the major subjects video examples of teachers effectively conveying content information. We need to enable our Department to be a hub of best practices; that's at home. In terms of our work with the districts and the turnaround schools, it's not good enough to just pile up pieces of paper to get reports that say we will do this, that and the other. We need to actually know what the progress is of students in each school. We need more transparency and that means value-added data that tracks students from one year to the next, and that is a crucial commitment of our data plan.

In terms of holding ourselves accountable for the lowest-performing schools, as you rightly point out, there is a risk, I think, of some confusion between our old list -- the SURR list -- and the new list -- the lowest-performing school list which I've recently released and which, as you know, listed 57 schools in the State that were identified as lowest performing. I want to make it clear that the criteria that were developed for that list came from the Federal government and doesn't just focus on Race to the Top. It is a criteria that enables Title I funding. Its definition is as follows: "It requires states to identify those

schools that are lowest achieving in English Language Arts and mathematics combined, based on the performance of all student groups that have failed to show progress in recent years on those assessments." The definition further specifies: "States are to identify its lowest performing five percent of their Title I schools in improvement, corrective action or restructuring, or five schools, whichever is greater, and a comparable number of Title I-eligible secondary schools." The important second item is that the definition also requires that schools have graduation rates below 60 percent in order to be on that list. So, to summarize that language, it's both about your performance in the subject matters, in ELA and mathematics, and about your absolute graduation rate, and it's a combined index of those two. This is slightly different. If you would like more details, I certainly can ask my staff, but it's slightly different from the matrix that the State used to use. My commitment to you is that we will merge these two lists. We can't have multiple lists; it confuses everybody. We will merge these lists. Any new schools that are identified will be identified on a single list, that will be the lowest-performing school.

ASSEMBLYWOMAN NOLAN: One just quick follow-up. Only one elementary school, I think, was on that list and that was sort of a surprise. I think the majority of the schools identified were high schools --

COMMISSIONER STEINER: Right.

ASSEMBLYWOMAN NOLAN: -- Statewide. Was there a particular reason for that? I know the graduation rate played a

role, but --

COMMISSIONER STEINER: Right. It was about graduation rates. It was also about progress year to year.

ASSEMBLYWOMAN NOLAN: But doesn't that make it harder to identify a failing elementary school then?

COMMISSIONER STEINER: The way I see this is it's not a single identification of a unique list. We know the performance of schools, and there were schools, for example, that were just above that list that are just as urgently in need of intervention. Our commitment is to work with schools throughout the State, not just the lowest performing. What the Federal government has done is make special resources available to that list and that's why it had to be identified. But we expect that the lessons we learn from interventions in those schools will be used for schools across the State that are low performing.

ASSEMBLYWOMAN NOLAN: Thank you.

CHAIRMAN FARRELL: Thank you.

Senator.

CHAIRMAN KRUGER: Thank you, Chairman Farrell. Firstly, we're joined by Senators Diaz, Flanagan and Saland. Before I introduce our Chair of Education, I would like to make a brief statement. The Executive Budget proposal reduces State aid by \$2.13 billion. This reduction is offset with a partial restoration of \$726 million from Stimulus, bringing the actual school aid reduction to \$1.4 billion. What was once the promise for additional dollars associated with Foundation Aid has been dashed by the State's financial situation. In a world in

JOINT BUDGET HEARING-EDUCATION FEBRUARY 2, 2010

which many are asked to make sacrifices, school districts and New York State school children continue to wait for the final infusion of State funds to finalize the Campaign for Fiscal Equity lawsuit. In addition, the Governor proposes to freeze Foundation Aid for one more year and extend the phase-in of the school aid category from seven to ten years. Although the State needs to find resources to fund education and school districts continue to face rising costs, any delay in Foundation Aid will force us to restart an effort that began in 1993 and continued with the 2007-2008 promise of Foundation Aid and the Contracts for Excellence.

In special education, the Governor would limit the growth of preschool costs borne by counties and shift certain costs to school districts. For summer school special education, the Executive would move away from a system which reimburses 70 percent of all school districts to another in which school districts would be reimbursed according to their wealth. Although special education costs continue to rise and increase each year, New York State has one of the best special education systems in the nation and we're very proud of it. Shifting responsibility to school districts will only make school districts more aware of the costs -- will not only make them more aware of the costs, but will deter parents from getting the services required for their children.

In summation, the Executive Budget recommends a "draw a line in the sand" approach in terms of tough choices to make this year. Education, like so many other areas of the State Budget, will be studied and analyzed. Our recommendations will be part of the Senate's commitment to improve education in the face of major economic crises.

JOINT BUDGET HEARING-EDUCATION FEBRUARY 2, 2010

With that, I would like to introduce the Chair of our Education Committee, Senator Oppenheimer.

SENATOR SUZI OPPENHEIMER: Thank you for this wonderful document, Commissioner.

COMMISSIONER STEINER: Thank you so much, Senator.

SENATOR OPPENHEIMER: It's excellent and I'll be referring to it, including all of the increases that you requested, \$170 million, \$53 million, \$2 million. I noted it all. I thank you all for the help you always give me, and welcome to the Regents that are here.

I have two kind of specific questions and then sort of one general question. For years, school districts have been complaining unendingly about unnecessary and duplicative planning and reporting requirements and many of these are instituted by the Commissioner's regulations. Why haven't you done a review of these? I mean, I have put in a bill to reduce this, but I have wondered if you had thought to go through the exercise yourself to see what doesn't have to be there.

COMMISSIONER STEINER: Absolutely, yes.

SENATOR OPPENHEIMER: You have?

COMMISSIONER STEINER: Yes. Do you want me to answer that first?

SENATOR OPPENHEIMER: Yes, please.

COMMISSIONER STEINER: So, we absolutely agree on the issue of regulations and mandates. The Chancellor has said this, I've said this. We are working with the Executive on the list. This

JOINT BUDGET HEARING-EDUCATION FEBRUARY 2, 2010

involves a number of areas. It involves paperwork. We ask for duplicative data in those 130 reports. If you take school vacations into account, I'm thinking it's -- you know, it could be three reports a week that you're doing for the Department of Education. We must ensure simplified, clear, accountable data that is not repetitive. It must be single and it must be efficient and to the point. Secondly, we want to look at where we can encourage districts to work on their transportation, on their services, and we need to be flexible in enabling them to save money in those areas.

So, you have my commitment that we will be reviewing in-house our paper requirements, our delivery requirements, our reporting requirements and we expect to be able to show you when I'm before you next year, what we have done concretely to reduce those mandates and that paperwork.

SENATOR OPPENHEIMER: Excellent. I'm sure the school districts will be very appreciative.

Next, this is something of particular concern to me: I'm troubled by the inability to expand our Universal Pre-K, which we worked so hard --

COMMISSIONER STEINER: Right.

SENATOR OPPENHEIMER: -- to put in place many years ago, and I've drafted a bill that would provide additional flexibility in the use of the Pre-K monies so they could spend their allotments on full-day slots, which would be so beneficial to these half-day --

COMMISSIONER STEINER: Right.

JOINT BUDGET HEARING-EDUCATION FEBRUARY 2, 2010

SENATOR OPPENHEIMER: On transportation, getting the kids to the Pre-K, and I think we need to restructure the formula on Pre-K. Have you been looking at that and will you look at that?

COMMISSIONER STEINER: Absolutely. First of all, we share your commitment. Nothing could be more important than a child's readiness to learn at the beginning of their education. If there are large gaps in vocabulary, in numeracy, often those gaps persist and they're never bridged, they're never collapsed. Secondly, we have, as you know, thanks to your support, made some progress. We now have 450 districts with Universal Pre-K -- 52 of them have full-day Universal Pre-K; the Big 5 districts all have full-day Universal Pre-K; 398 have a combination of half-day only or half-day and full-day; and 102,000 students are currently enrolled in Universal Pre-K out of 230,000 four-year-olds in New York State. So that both tells you the progress and the journey we still have to travel together. We want to work with you on ensuring that every dollar you give us to work on this issue is efficiently spent. I welcome that conversation. We don't want to make it more difficult for districts to implement good programs, we want to make it less so. So, absolutely, we look forward to that conversation and we will work with you.

SENATOR OPPENHEIMER: And transportation. I want to make sure --

COMMISSIONER STEINER: As well.

SENATOR OPPENHEIMER: -- that that's a part of that.

JOINT BUDGET HEARING-EDUCATION FEBRUARY 2, 2010

COMMISSIONER STEINER: Absolutely. If you can't get to the school --

SENATOR OPPENHEIMER: Because if a kid can't get there --

COMMISSIONER STEINER: -- it doesn't help.

SENATOR OPPENHEIMER: And now a more general question. I know a lot of school districts around the State are desperately looking for ways to control their costs. I've introduced a mandate relief bill, and I hope we'll be able to ease some of the State mandates this year. But my question to you is what do you think holds the best potential for cost savings for our schools? They're all begging me for ideas and I thought I'd ask the Dean. What do you think would be the best road for them? They've really, in some cases, reduced almost down to the bone. So, now they're saying, "What do you expect from us" and "Give us some ideas." I'm sort of running out of ideas, so I thought I'd pose it for you.

COMMISSIONER STEINER: Right. Okay. Well, there are a number of issues. First of all, we've spoken about the sheer paperwork, which involves the expense of personnel. We've got to reduce the 130 separate plans. It's duplicative, it's extraneous and it's not easily understood, and gathering dust. It doesn't help. Second, we must ensure that we support a single, comprehensive Statewide data system that aligns multiple data reports into streamlined, simplified and clear and effective reporting. Right now we have plethoras of data and they're non-comparable; right? We need to be able to show you good data Statewide, everyone on the same page. It will reduce the commitment of

JOINT BUDGET HEARING-EDUCATION FEBRUARY 2, 2010

time once we get this in place. Again, let's focus on what matters -- the progress of students -- not on the things that don't. So, we need legislation to reduce the number of required reports and streamline the P-16 data management process. That's the first thing.

Secondly, regional transportation. We support the Executive Budget language that would allow public school districts or private contractors to transport students from another district, thereby increasing the capacity of the use of buses and reducing total transportation costs. Support for a piggy-backing clause onto an existing contract as the need arises is also to be encouraged. We think cost savings could be obtained by enabling districts to share administrative, safety training, staff and maintenance services on a regional basis. Support for extension of the law set to sunset which authorizes safety-related amendments to transportation contracts without bidding would also save money. We also support the authorization of regional transportation pilot projects. Central business office functions provided by BOCES for constituent districts can also save money. They have already and they can do more. The limited models that exist today should be duplicated to -- replicated, I should say, to create additional efficiencies. We support the bill to provide for claims auditor flexibility to allow shared business offices to perform the auditing functions. That's services. I also want to focus, though, on the classroom. We believe that a teacher is always critical to effective learning, but we also believe that in cases where students don't have access to particular content, particular coursework, that rather than try to find a teacher for five students, there

JOINT BUDGET HEARING-EDUCATION FEBRUARY 2, 2010

are effective online courses that could be used very much more in this State and the Regents have recently supported that use. Again, I don't want -- I want to be clear. There are bad online courses, right? There are merchants of bad online courses. Our responsibility is to put quality interactive online material before our students and our teachers to enable them to use it effectively, to train them and prepare them to do so, but we think there can be cost savings there as well. It seems to me, also, that we have a lot of costs built into the duplication of our curriculum materials. What I mean by that is when you have 700 districts, each designing, in many cases, their own curriculum, that's a huge cost. I was recently in one small district in a rural part of the State where the superintendent said to me, "Commissioner, I'm so pleased to let you know that we've finished a three-year process to create a math curriculum." And in one sense I was actually very touched. I mean, they were doing something tremendously important. In another way, I felt this is our failure because surely, we can produce a world-class mathematics curriculum that doesn't have to be reinvented in 700 districts. The cost of that, the cost of each teacher thinking they have to design their own curriculum, this is -- if I could give you an analogy -- like an actor arriving on the stage and saying to themselves, "Oh, I have to write the play." They want to act the play. Teachers want to teach. And, of course, their choice of methods, their way of approaching children will be their expertise and their professionalism, but we owe them a world-class curriculum. And that will cut costs a great deal because the amount of time and expense that goes into 700 districts doing this is huge. So, a few

thoughts.

SENATOR OPPENHEIMER: I do have a bill that -- a couple, actually -- that would expand the authority of BOCES to do a large number of things that you've mentioned, including --

COMMISSIONER STEINER: Good.

SENATOR OPPENHEIMER: -- private transport to a private school, you know, going through several districts to pick up that handful of children. There are some good savings --

COMMISSIONER STEINER: Good.

SENATOR OPPENHEIMER: -- if we expand what BOCES can do.

COMMISSIONER STEINER: Excellent. We look forward to working with you on that. Thank you. Thank you, Senator.

CHAIRMAN FARRELL: Thank you. We've been joined by Assemblyman Thiele -- did I do that one before? I think I did. And to question next, Mr. Hayes, Assemblyman Hayes.

ASSEMBLYMAN JAMES P. HAYES: Thank you, Mr. Chairman. We've also been joined on our side by Assemblyman Cliff Crouch and Assemblyman Phil Boyle.

Commissioner, good morning. Thank for your testimony.

COMMISSIONER STEINER: Good morning.

ASSEMBLYMAN HAYES: I want to pick the ball up right where we left it off on the curricula issue. I commend you for the objective of it, but I'm just wondering if you can share with the joint

JOINT BUDGET HEARING-EDUCATION FEBRUARY 2, 2010

panel, have you looked into what the costs will be for State Ed to perform this service?

COMMISSIONER STEINER: Yes.

ASSEMBLYMAN HAYES: What will it cost State Ed? What will it cost the districts, through some kind of reimbursed mechanism? I can imagine that it's an enormous cost burden in 700 districts to be coming up with 700 different math curricula.

COMMISSIONER STEINER: Right.

ASSEMBLYMAN HAYES: But going forward, what are we facing in terms of costs?

COMMISSIONER STEINER: Let me be straightforward. We have begun that analysis and I think the important point is it's not an all-or-nothing piece of work; let me be specific. Right now we have curriculum frameworks, as you may know. Those curriculum frameworks are uneven at best. Some of them are quite prescriptive, particularly in mathematics. They are almost a curriculum. Others are vague and, frankly, speak of things like, you know, students will be able to master complex arguments. Well, it's a worthy goal, but it doesn't actually help you to design what you're teaching. So, the first approach is to begin to move through those curriculum frameworks and create spiraled, sequenced, skills and content-based frameworks that are a precursor to more detailed work in the curriculum. That has a more modest cost, as you can imagine, than a full-bore treatment of the Statewide curriculum.

The second stage would be to work with our

JOINT BUDGET HEARING-EDUCATION FEBRUARY 2, 2010

stakeholders -- with parents, with teachers, principals, university -- to look at a set of curriculum guidelines that would really give teachers a sense, each year, of the knowledge and skills that we would expect our students to master. If we could do that -- and I understand this is not, again, a two-minute drill, nor is it free, and some of the funding we would get from such possibilities as Race to the Top, frankly, would make this more possible in a shorter time. But what we would like to do is build that core so that our assessments would actually be assessments of a curriculum. Right now, frankly, in too many cases our assessments are the curriculum, right? Our assessments are the thing that is real and concrete, and, naturally, the temptation is to teach to that assessment. If we have real curriculum then the assessment is of the knowledge and skills in the curricula. And secondly -- and this, again, is about in many ways a cost saving -- we spend millions of dollars in this State on professional development of teachers because it's so crucial. But the professional development without a coherent established curriculum is often not well-spent money because it, by definition, it's fragmentary, it's done around some generic teaching skills. It can be extremely good and well done, but if we had a coherent curriculum and assessments built off the curriculum, our professional development of teachers, existing teachers, and our training of new teachers could be lined up with that curriculum.

So, in the four months since I've arrived with Race to the Top on top of us, with the very important task I've had, which I've thoroughly enjoyed, of being out in the State, to begin to meet with our

JOINT BUDGET HEARING-EDUCATION FEBRUARY 2, 2010

school districts, I will say to you that this is work that has just started and we need to come back to you with more detail.

ASSEMBLYMAN HAYES: Well, unfortunately, at this point we don't know if the State will, in fact, get a Race to the Top.

COMMISSIONER STEINER: Right, that's correct.

ASSEMBLYMAN HAYES: That's number one, as a practical concern. Number two, I think the Governor has already included an appropriation in the current budget expecting at least \$700 million, which is the higher end of the scale. So, we may see some disappointment in that area. I guess what I would ask you is for your commitment to make sure that as we proceed on something as noble as what you've described, that we kind of look at what the current costs are to the school districts because the administrative costs of something like that is mind boggling. If you think about what our current revenues are, what our current abilities are to fund something like that.

COMMISSIONER STEINER: You're absolutely right, Assemblyman. I think there's a challenge to try to capture something that, frankly, has not been captured, and that is what our districts are spending on curriculum. This, I assure you, is a very, very substantial amount of money.

ASSEMBLYMAN HAYES: And, in fact, -- if I could just interrupt --

COMMISSIONER STEINER: Yes.

ASSEMBLYMAN HAYES: -- to collect that in such a way that it wouldn't be seen as just yet another permissive mandate --

JOINT BUDGET HEARING-EDUCATION FEBRUARY 2, 2010

COMMISSIONER STEINER: Another mandate, right.

ASSEMBLYMAN HAYES: -- that would be an expense that would not be reimbursable by the State.

COMMISSIONER STEINER: Understood.

ASSEMBLYMAN HAYES: I appreciate your commitment to that.

The last question I have follows along the idea and the concept of mandate relief. I had a back-and-forth with your predecessor about an issue that involves a disability exemption for fourth-year participation for disabled students. As you're continuing to review mandates, and as you're continuing to look at the Commissioner's regulations, I would very much appreciate it if you would allow your staff to work with my office and also Assemblywoman Corwin, who has also got very strong similar concerns about this whole concept of localities, local school superintendents, local school communities, who have a very clear cut-and-dry situation that they need flexibility to be allowed to use, but, yet, are put through an unbelievably burdensome process that, at the end of the line when it comes to the Commissioner, and it is his discretion that can be granted for an exception, the Commissioner says, "I don't have that discretion provided under the law." It seems to be an enormous circle that serves neither the education community, the student, the parent, the community, the other athletes. We've made great strides in this State over the last 20 years to bring disabled students, to include them into the full education program and the full offering of what our schools have to deliver. I would appreciate your commitment to

JOINT BUDGET HEARING-EDUCATION FEBRUARY 2, 2010

looking into that one specifically and working with us.

COMMISSIONER STEINER: Thank you. Maybe I'd ask the Deputy Commissioner to say a word about that.

DEPUTY COMMISSIONER REBECCA H. CORT: You're talking about the sports issue, right, and the continued ability to play past the age of 19 and in four years?

ASSEMBLYMAN HAYES: That's correct, or four years, correct.

DEPUTY COMMISSIONER CORT: I know we just got a ruling in terms of it being a legitimate requirement. I think it is something that we have to look at carefully and what the implications are and how it can be misused and used so that we protect the students who are younger and we give the opportunities to those who deserve them.

ASSEMBLYMAN HAYES: I, certainly, think everybody is concerned about possible misuse, but I think in general, we need to really look at the ability to grant exceptions when the issue is crystal clear and not be burdened or handcuffed by the regulations that simply say, well, in this case it might work, but in other cases it might be abused and so, no one has the opportunity to --

COMMISSIONER STEINER: We will definitely look at this.

ASSEMBLYMAN HAYES: Thank you, Commissioner.

CHAIRMAN FARRELL: Thank you.

Senator.

CHAIRMAN KRUGER: Yes, Senator DeFrancisco.

JOINT BUDGET HEARING-EDUCATION FEBRUARY 2, 2010

SENATOR JOHN A. DEFRANCISCO: Thank you. I know you've only been here four months and you want to continue the debate and the discussion, but as I'm listening to everything you're saying about the status of the schools now and the things that have to be done, I wonder if we've ever had a prior Commissioner in place because it seems kind of amazing to me that you're saying that there's no Statewide curriculum and each school district is determining their own curriculum in the State of New York. Do those curriculum -- the curricula, I guess that's it -- did they get approved by the State Education Department or can a school district decide that the curriculum is going to be whatever they choose it to be?

COMMISSIONER STEINER: Here's what we have in place: We have a set of State assessments, 3 through 8, and, of course, the Regents examination. We have a system of curriculum frameworks that are linked to standards. We have State standards. Those State standards are being revised right now starting with English Language Arts, and the Regents will be looking very soon at the national Core Curriculum Standards and looking at whether New York State will be adopting those Core Curriculum Standards alongside the work that Regent Cohen and his team have done in ELA. So, we have standards, we have assessments and we have curriculum frameworks. The difficulty is that even taking all of those things in place, it still leaves us short of curriculum at the district level. So, for example, each ELA teacher may decide what texts are to be read in her classroom or his classroom. Now, there may be a good argument for never suggesting that we impose any

JOINT BUDGET HEARING-EDUCATION FEBRUARY 2, 2010

particular list. The difficulty is that we want to be sure that the reading material is absolutely appropriate to acquiring the skills and knowledge that the age of that student requires. Let me give you a quick example --

SENATOR DEFRANCISCO: I don't need an example.

COMMISSIONER STEINER: Okay.

SENATOR DEFRANCISCO: Let me just follow this thought.

COMMISSIONER STEINER: Right.

SENATOR DEFRANCISCO: So right now, teachers can choose whatever books they choose and the State Education Department doesn't review that presently?

COMMISSIONER STEINER: There is a long history in this country of leaving such choices to the local districts.

SENATOR DEFRANCISCO: So you've got standards, you've got assessments and then they make the curricula then you review the curricula to make sure it meets the standards?

COMMISSIONER STEINER: My understanding --

SENATOR DEFRANCISCO: Doesn't it make more sense to have a set curricula and, maybe, give some variables as far as textbooks so that there's some type of uniformity if they're supposed to pass uniform tests?

COMMISSIONER STEINER: Senator, I have been -- in the travels that my Senior Deputy and I have made so far, we have talked about this with teachers, with parents, with principals, and they agree with you and they agree with us that if we could move to a greater sense

JOINT BUDGET HEARING-EDUCATION FEBRUARY 2, 2010

of a Statewide curriculum, this would serve us all. I don't want to minimize the issues involved.

SENATOR DEFRANCISCO: Are you intending -- have you started to create a Statewide curriculum?

COMMISSIONER STEINER: Not yet.

SENATOR DEFRANCISCO: And when do you anticipate doing that?

COMMISSIONER STEINER: As soon as possible. We want to start the conversations, as I suggested to Assemblyman Hayes. We want to begin with the frameworks and begin to drill down to the curriculum level. That's our first order of business in this area.

SENATOR DEFRANCISCO: Would it make sense to start getting data from the high-performing districts and, maybe, use those as models?

COMMISSIONER STEINER: Absolutely. Let me make one other point on this. Let me give you an example. In Texas they did an analysis of the books that were being read in last years of high school, 11th and 12th grade, the difficulty of those texts. Then they looked at the college, community college and four-year college texts that were being read in literature classes and other subjects and they saw a serious gap in those two figures, which -- and it seems to me, that when we talk about one pipeline of education, when we talk about preparing our students to succeed in college and in the workforce, we are absolutely going to have to make sure that those breakages, those gaps, don't occur. So when we go from college backwards, we have to backwards design

JOINT BUDGET HEARING-EDUCATION FEBRUARY 2, 2010

our curriculum to make sure that we have one system, that each stage is actually preparing our students to the quality of knowledge and skills they need to end up where we owe them the destination to end up with.

SENATOR DEFRANCISCO: Hasn't that been the role of the State Education Department since the beginning of time? You know, I'm -- you know, maybe I'm very naive here. I just -- we have a huge administration of the education system in the State of New York and it seems like this should not be a new concept or a very new idea that we're finally getting around to. This boggles the mind.

COMMISSIONER STEINER: Well, let me give you an example that would be raised in response to these suggestions. You might well have a group of parents or a group of teachers say to me, "Commissioner, yes, I accept the idea that a common State standard should be backed up by a common State curriculum, but I don't believe that you should be prescribing a list of six books that have to be read in ninth grade."

SENATOR DEFRANCISCO: Well, why don't we say this: At least this is what I thought we did back a few years ago, and that is you have a list of books that have to be read and teachers and parents can have their students read other books. I mean, isn't that reasonable?

COMMISSIONER STEINER: I was partly brought up in a different system, as you can tell, probably, from my accent, forgive it. In that system, teachers were given an option to choose, let's say, five books from a list of 20 and students then wrote essay exams on those books. The advantage of that was when they got to college they'd already

JOINT BUDGET HEARING-EDUCATION FEBRUARY 2, 2010

had practice writing essay-based assessments under pressure and it encouraged them to do deep learning in those books. So, I believe you and I agree about this. I don't want to be insensitive to the issues that come to local control, the issues that come from different communities having different views about material. So, I think getting that balance right is critical, but I think we can move much further in the direction you and I have been discussing.

SENATOR DEFRANCISCO: Well, I would vote against insensitivity and for performance and I think that we'd worry about sensitivity when these kids can't get into college or they drop out of school.

I've got a lot of questions, but in the infinite wisdom, the Finance Committee meeting is scheduled at this same minute and I have to be over there, but a couple other areas I want to just touch on. You mentioned mandate relief and 130 reports that are sort of -- once again, we've had many Commissioners in the past. Has no one ever realized that there's 130 reports that have to be done and that you could save X dollars? Isn't there any study in the past? I imagine that there are some carryover people in the Education Department right now. Has there ever been any study in the past? This is ridiculous that -- or did you just come up with this four months ago and no one else thought of it? And did anyone ever say, "Of these 130 reports, I could make two reports, make everything together and save a lot of money for the State Education system in the State of New York?" Anybody ever thought of that novel, incredible idea?

JOINT BUDGET HEARING-EDUCATION FEBRUARY 2, 2010

COMMISSIONER STEINER: I'm looking forward rather than back. I'm turning to my colleagues who have historical memory to ask if there has been an analysis previously?

DEPUTY COMMISSIONER CORT: Yes, I think we did a study a couple of years ago and we made a proposal for a reduction. I don't believe the bill passed, but it has been something we've been looking at and trying to get through for a couple of years.

SENATOR DEFRANCISCO: Can you give me that bill? I will embarrass anyone who would vote no.

COMMISSIONER STEINER: Okay.

SENATOR DEFRANCISCO: And secondly, with respect to that bill, was there any computation as to money we would save in time where teachers could actually teach? Was there any dollar savings that was associated with that concept?

DEPUTY COMMISSIONER CORT: That's not been completely fleshed out, but we will certainly do that with respect to --

SENATOR DEFRANCISCO: How long have you -- two years ago you've been studying it and it hasn't been completely fleshed out yet?

DEPUTY COMMISSIONER CORT: Agreed that we have not done that completely, but we will, certainly.

SENATOR DEFRANCISCO: How many in the Department, in the Education Department, that deals with this area of the State education work, namely, paperwork and the like? How many people are paid by the State of New York to flesh these things out?

JOINT BUDGET HEARING-EDUCATION FEBRUARY 2, 2010

DEPUTY COMMISSIONER CORT: I think it's a combination. What we have to understand is the combination of State requirements and Federal requirements so we need to put both pieces together to understand the who's doing what.

SENATOR DEFRANCISCO: Okay. Well, give me the couple of pieces of paper and I'll figure it out for you, all right? Because it just seems to me that -- and I'm not -- I am being somewhat sarcastic, but it's so frustrating when we're complaining about the lack of funding for education and that things are costly to do and they're done year after year after year. If it's the Legislature that's not giving you the relief, then the public should know that. I mean, and we should be put to task to make sure that you got the relief that you need.

COMMISSIONER STEINER: You'll have the bill. You'll have our cost estimates. You and I are equally committed to not wasting a dollar.

SENATOR DEFRANCISCO: Okay. Last area, and I've got a million of them, but I've got to go. Did you ever read the article of August, 2009 in the New Yorker called "The Rubber Room"?

COMMISSIONER STEINER: Yes, I have.

SENATOR DEFRANCISCO: Isn't that unbelievable, that article? Now, some of the statements in that article that I read talk, basically, about the process for removing teachers that either are charged with crimes or misconduct or incompetence and the like. And the article talks about, at the time, 600 New York City teachers in the Rubber Room. And the Rubber Room is where they wait, basically do nothing,

JOINT BUDGET HEARING-EDUCATION FEBRUARY 2, 2010

while the process to decide whether they should be removed or not takes place. They estimate in the article that \$100,000 between salaries and benefits -- I probably think it's more including benefits -- are paid to these 600 teachers. That's \$60 million, if I calculated it correctly, every year. Now, whether the teachers are incompetent or not, the fact is there's 600 teachers, all of whom may be innocent, that are out of the classroom and \$60 million is wasted by a process that takes three years, sometimes four years to get it done. I know there's been bills in the Legislature on many occasions to change this. So this is our fault. But, I guess what I'd like to have is as much data as possible district-wide as to this process. In the article it said -- and I have done murder trials, defended people in murder trials, prosecuted murder trials -- the teacher that they were referring to, their hearing process took 50 percent more time than the O. J. trial, and the average time it takes to remove a teacher or to find the teacher innocent and back to the classroom is eight times the average criminal trial. Now, isn't there something wrong with that? And the one thing I noticed that the process, at least in New York City, according to this article, and I know the administrators in New York City and all the districts are just as frustrated as I am on this, that the reason they're so long is sometimes there's a hearing a couple days a month and it goes on and on and on. Is there anything, I'm asking -- this is a question: Is there anything that requires hearings to only be given two days a month rather than getting the damn thing done so this process moves on a little quicker?

COMMISSIONER STEINER: Let me say first that I

JOINT BUDGET HEARING-EDUCATION FEBRUARY 2, 2010

absolutely support the Regents, and recently on this issue, the Regents were very clear that they wanted revision of 3020-a requirement, which is what you're speaking of. The 50 months-plus that we often see in those hearings are, unfortunately, reinforced by a funding structure that doesn't incentivize the closure of those hearings in good time.

SENATOR DEFRANCISCO: Fine. But is there anything -- the question was is there anything that requires these hearings only to be two days a month as opposed to start it and get it done?

COMMISSIONER STEINER: I don't know the answer to that question, Senator. I will get that information.

SENATOR DEFRANCISCO: Is it in the contract? I guess, are they in the contracts --

COMMISSIONER STEINER: I will find out.

SENATOR DEFRANCISCO: -- or whatever, but -- if they're in the contracts, you know, it would seem to me that a teacher, a good, sound teacher that's in the classroom that sees 600 teachers sitting on their duff waiting for a hearing, I think every good teacher in the system has got to say, "This is wrong. This is just wrong." And teachers are getting laid off because there's 600 teachers in one district that is going through a process.

COMMISSIONER STEINER: We agree that there should be efficient due process and I will get you the information on the specific question you asked.

SENATOR DEFRANCISCO: Okay. Race to the Top. I assume you supported the Governor's bill?

JOINT BUDGET HEARING-EDUCATION FEBRUARY 2, 2010

COMMISSIONER STEINER: The bill I would support, frankly, is a bill that would get agreement from you and all of your colleagues.

SENATOR DEFRANCISCO: Well, it only took you four months to learn how to play politics in the State of New York. So, with that excellent answer -- or excellent non-answer -- I will bid you adieu.

Thank you.

COMMISSIONER STEINER: Thank you, Senator.

CHAIRMAN FARRELL: Thank you, Senator. We've been joined by Assemblyman Colton and Assemblyman Spano. To question, Deborah Glick, Chair of the Higher Education Committee.

ASSEMBLYWOMAN DEBORAH GLICK: Good morning, Commissioner.

COMMISSIONER STEINER: Good morning, Assemblywoman.

ASSEMBLYWOMAN GLICK: I just have a few questions, in the interest of time. Perhaps I'm reading Chart 2 incorrectly, but there seems to be a discrepancy between our New York State proficiency standards and the Federal NAEP. Is that accurate and what accounts for that?

COMMISSIONER STEINER: Yes. The NAEP test, which is given to a sample of the nation's students, is the closest, we think, to a gold standard that we have. The crucial issue here is that our State results must be reliable, transparent, trustworthy, and they also can't

JOINT BUDGET HEARING-EDUCATION FEBRUARY 2, 2010

give us counter-positive or counter-negative indication. In other words, if they're getting better, then we have to know that it's because our students are learning more and if they're not getting better, it's because they're not learning more. It's very plain and very simple. This is, for the Chancellor, the Board of Regents, and for me, one of the single most urgent issues in front of us. For this year's test we are insisting that the test test a broader spectrum of the frameworks, not the same small number; that we include an internal audit that will measure questions against external standards; and that we look very hard at the cut score -- because, as you know, a cut score is crucial to placing the standard for proficiency -- so that we're not telling ourselves untruths about the readiness of our students. It doesn't benefit anyone because in the long run, if a student doesn't know the material, it will come back to haunt them. They will not be able to succeed at the next level of their education and they won't graduate or they won't survive in their first year of further education.

So, you have my commitment to work on -- hesitatingly and unceasingly -- on these assessments until I can come back to you and say not only are they okay, but better than okay, they are absolutely reliable in giving us the critical data.

ASSEMBLYWOMAN GLICK: I appreciate that because I chair Higher Ed, as you know. We have had for the City University, City students allegedly doing extremely well and then when they arrive at the City University there is a substantial need for remediation. So there is some disconnect that, obviously, we all have to

address.

COMMISSIONER STEINER: It's a very serious one. You know the figures. It's, I believe, 74 percent of the community college freshman at CUNY require remediation either in English Language Arts or math or both. That is telling us something very, very directly about our pipeline.

ASSEMBLYWOMAN GLICK: And that is where the focus has been, not even on History and so forth --

COMMISSIONER STEINER: Exactly.

ASSEMBLYWOMAN GLICK: -- which everybody, apparently, seems to think started the day they were born as opposed to the sweep of History.

I see that you make reference to performance-based assessments for teachers, which, I think, is a very important area.

COMMISSIONER STEINER: Yes.

ASSEMBLYWOMAN GLICK: Obviously, if the teachers aren't doing -- the most important thing is a well-qualified teacher in front of a classroom.

COMMISSIONER STEINER: Right.

ASSEMBLYWOMAN GLICK: What change do you see and how would you be making those assessments? I have a concern -- because we've seen some unfortunate examples locally of tying it strictly to tests, which now I'm not so sure is so solid --

COMMISSIONER STEINER: Right.

ASSEMBLYWOMAN GLICK: -- that there have been

JOINT BUDGET HEARING-EDUCATION FEBRUARY 2, 2010

unfortunate examples of administrators or teachers feeling the pressure to make adjustments or stand over a kid and say, "Are you sure that's the right answer?" So, when we're looking at performance-based assessment, what does that mean?

COMMISSIONER STEINER: Good. This is very, very important. Right now our teacher preparation programs are skewed, somewhat, to coursework, coursework in the schools of education. Reading texts and then during your coursework you spend a little bit of time in the schools in the first semesters and then one semester at the end, often, in the school. You're observed by, usually, an adjunct faculty member from the ed school and then a mentor teacher from the school who may or may not have training to do that important, important work. We believe that that clinical experience ought to be the core of your preparation, not the end point. And first of all, we would like to see, for example, the use of videotaping of student teachers in their training and not just looking at them haphazardly at those videos, but sitting down with those student teacher candidates, stopping the tape, saying, "What are you seeing in this classroom? What are you noticing? What are the techniques that you were trying to use? What might you use to improve the learning outcomes?" Having rubrics that have research base on the skills that move student performance. That's performance-based assessment. It really looks at the practice of teaching and not so much or solely whether you have read an assignment for a classroom. We believe that after a couple of years of teaching, when we get to the professional certification level -- I've been speaking now the initial, but to move to the

JOINT BUDGET HEARING-EDUCATION FEBRUARY 2, 2010

professional -- that should continue. Absolutely, you should continue to be recording progress on a wide range of critical skills of practice. But, in addition -- after all, you've been a teacher of record at that point -- we believe that just like every other teacher, some portion of your readiness to teach should be captured by your ability to move the performance of students in their academic learning.

Now, I agree with you that we have the urgent work to do on our assessments. But I need to say that even with its assessments that are not perfect -- and I'm fully open about that -- if you are a teacher who is showing, compared to other teachers in similar school environments, that you are moving your students to extraordinary levels of learning year after year after year, even on imperfect tests, you're doing something right. If you are showing year after year after year that you're not able to do so in a very dramatic way, then something is amiss. So, yes, I agree with you that it should never be the only indicator. We should never, ever use a multiple choice test to evaluate anything as a sole indicator, but I do believe that there's a place for it for an existing teacher.

ASSEMBLYWOMAN GLICK: Thank you. I guess I ask the same question about the principals --

COMMISSIONER STEINER: Yes.

ASSEMBLYWOMAN GLICK -- in schools because, in my humble opinion, I think that the principal should be the instructional leader for the school.

COMMISSIONER STEINER: Absolutely.

JOINT BUDGET HEARING-EDUCATION FEBRUARY 2, 2010

ASSEMBLYWOMAN GLICK: And I think we see a little bit of a divergence from instructional to managerial and there needs to be a blend. But I'm not so sure how we measure that and whether we're going down a direction partly because we have such scarce resources, that we are focusing primarily on the managerial skills and not as much the instructional skills.

COMMISSIONER STEINER: Right. I agree with you. We have some funding from the Wallace Foundation to help us to raise the quality of principal preparation. There are enormous responsibilities on the shoulders of principals. For example, in many of our most effective schools, teachers are able to take collective responsibility for analyzing student data around designs of assessments that are formative assessments. We're not talking about, now, the end of the year. We're talking about during the teaching of those students. It is the principal who has to put in place the culture of collective responsibility for the performance of every student. That is something we must get our arms around because if there's one thing that distinguishes a good school, it is the sense that every member of the staff, every member of the professional staff in that school, feels that each student is their student and that we break the silo mentality that otherwise could leave students falling between the cracks. So, you and I agree. We have enormous work to do in principal preparation.

ASSEMBLYWOMAN GLICK: One final question. We spend an enormous amount of money and, yet, we have anywhere from, in some places, 50 percent of the students dropping out, maybe 40

JOINT BUDGET HEARING-EDUCATION FEBRUARY 2, 2010

percent. And so, we have this enormously large number of out-of-school youth that are not getting any connection to education and, yet, they are part of society.

COMMISSIONER STEINER: Yes.

ASSEMBLYWOMAN GLICK: I think, and maybe the figure is wrong, but it seems that there is about \$96 million dedicated in this arena, which seems like an awfully small amount of money to deal with what is, you know, a very significant problem for people being able to earn a sustainable wage and support themselves and a family. Where are we going to go and how are we going to do something different in order to make those who are disconnected youth capable of going into a community college when the people we're graduating are already having a problem doing the job in community college?

COMMISSIONER STEINER: This is a huge issue. I've already begun conversations with Commissioner Carrion and OCFS because it's a joint responsibility. We must make sure, for example, about questions of reentry, that that is effective and efficient. We have to work on GED. I would also like, perhaps, Becky, if you'd comment on that question.

DEPUTY COMMISSIONER CORT: Well, we also have to make sure that we keep students in school and that the programs be more relevant and lead them to understand that there is a purpose for them being at school that's going to have an impact later, especially for students with disabilities, where your entitlement ends at age 21 and you're not guaranteed any service after that. When we see so many

JOINT BUDGET HEARING-EDUCATION FEBRUARY 2, 2010

students dropping out when they still have an entitlement to service it's a real problem. But we have to develop programs that are appropriate, that are relevant and that -- especially in the areas of career and technical education where the students will see that there is a real impact and then involve work experiences while they're in school so they see the wage issues that the Commissioner was identifying before, they see what a difference education will make.

COMMISSIONER STEINER: I'd like to add that when John and I visited some of these programs, not only have we seen more engaged students, they do better in their academic work as well because they see that purpose. One of the prime focuses of the Regents working group on not only college readiness but workplace readiness will be precisely to look at whether our assessment regime really makes the best possible sense for all students. Is it a law of unintended consequences that because we have this one standard we are, in a sense, discouraging groups of students from staying in school? They see a standard, a single standard, they say, "I can't manage it." The balance between a regime that would make sense for those students, keep them in education, give them other opportunities to excel and never, ever taking our eye off the demand to ensure that every student is given every opportunity to move as far as she or he can in their education, that balance, we need to look at that. I don't take it as given that we've got it right. We are hemorrhaging thousands upon thousands of our young people, and once they are outside of the school system, we have another problem. So, you and I agree this is a crucial issue.

JOINT BUDGET HEARING-EDUCATION FEBRUARY 2, 2010

ASSEMBLYWOMAN GLICK: Thank you.

CHAIRMAN FARRELL: Thank you.

Senator.

SENATOR LIZ KRUEGER: Thank you. Senator
Reverend Diaz.

SENATOR RUBEN DIAZ: Thank you, Madam
President. Good morning, Commissioner.

COMMISSIONER STEINER: Good morning, Senator.

SENATOR DIAZ: Commissioner, when I came in this morning, the room was packed with people of color. They left already, but there was more than a hundred people of color sitting in the audience with signs. Then I hear you saying things so nice, that sound so good. And moreover, this is my eighth year here. Every year I come to this meeting and I hear the same thing. I hear that we have to have schools that are safe for our children. We hear that we have to get the proper education for our children. We hear that no children should be left behind. I hear that we should get the best technology for our children and I hear that we should have the best teachers. Every year. Therefore, we need more money. Every year the people that I see around protesting and coming up here are black and Hispanic, people of color. I see many of them every year because education is worse among people of color in those areas, like in the district that I represent -- the 32nd Senatorial District in the Bronx -- District 8, District 9, District 7. So, they always have problems. Schools are pits. Schools are overcrowded. Teachers have to put money to buy, sometimes, material for the children. There

JOINT BUDGET HEARING-EDUCATION FEBRUARY 2, 2010

are no resources, but we always find some money to send.

Let me ask you a question: How many different school districts are in the State of New York?

COMMISSIONER STEINER: About 700.

SENATOR DIAZ: About 700. So, when we assign money -- correct me if I'm wrong -- we assign money to each individual school district?

COMMISSIONER STEINER: Yes.

SENATOR DIAZ: So, each individual school district gets the money that they need?

COMMISSIONER STEINER: Well, they don't necessarily get the money they need. They get --

SENATOR DIAZ: But we assign the money to each individual district?

COMMISSIONER STEINER: That's correct, Senator.

SENATOR DIAZ: Now, correct me if I'm wrong. New York City is one school district for us to assign money. New York, all five boroughs, is one school district. How many school districts are within New York City? Do you know?

COMMISSIONER STEINER: Well, from our purposes, you're right, it's one.

SENATOR DIAZ: Okay. For the purpose of assigning resources, the money, one school district.

COMMISSIONER STEINER: Yes.

SENATOR DIAZ: But how many school districts are

there within New York City?

COMMISSIONER STEINER: Well, it's 32 if you --
depending on what you mean by "district", but 32.

SENATOR DIAZ: Thirty-two?

COMMISSIONER STEINER: Yes.

SENATOR DIAZ: But for us, it's one.

COMMISSIONER STEINER: Right.

SENATOR DIAZ: So when we assign the money, it
goes to one school district, New York City?

COMMISSIONER STEINER: Right.

SENATOR DIAZ: So, therefore, when the money gets
to whatever -- no matter who the Chancellor is, no matter who the mayor
is -- the money is going from here to one school district, five boroughs.
So, the people that get the money there are supposed to distribute the
money to where it's needed?

COMMISSIONER STEINER: Right.

SENATOR DIAZ: How come our communities, our
district never gets what's needed?

COMMISSIONER STEINER: Well, what was put in
place through mayoral control produced the result that you're speaking of.
That is a central mechanism for distributing --

SENATOR DIAZ: It still doesn't work. We still don't
get it. Now, tell me something: Don't you think it would be better -- and
I'm just a black Puerto Rican with kinky hair and broken English. I'm not
a genius like you and these gentlemen and all of you are. But don't you

JOINT BUDGET HEARING-EDUCATION FEBRUARY 2, 2010

think it would be better if we here that are so concerned with educating the black and Hispanic children and don't leave anyone behind, if we don't correct the ill and break the City of New York into each individual district and assign the money from here, not to one school district, but to assign the money to each district, like District 7 to get the money, District 8, and the barrio and all those, Harlem, get their money, don't you think it would be better and we would have better education and the problem that we are facing would be solved just like this?

COMMISSIONER STEINER: Senator, the history of educational policy and reform in the City of New York is one of immense complexity, as, of course, I don't have to tell you. I think most observers looking at the system before mayoral control, while they would not necessarily have agreed on what the best solution was, would have agreed that there were very, very serious challenges with that earlier system. There were -- the entry of politics into education is inevitable. Education is political at some level. It is, after all, about the way in which we want to see our students, our children, develop and the kind of citizens we want them to become. But, the way in which practice was occurring in those days, certainly created its own unique set of problems. So, rather than give you a blanket yes or no, I would say two things: Firstly, despite the State aid formula, which we think is so important and was such a major achievement on the part of all of you and your colleagues, it is absolutely true that we still have a major imbalance in the dollars that go before students in different areas of the State. That is just a fact. The State aid formula helps a great deal. It is progressive, but it cannot make

up the entire difference.

Secondly, the question of the use of funds in the City of New York to ensure that every child has the best opportunity to learn within the resources that the people's representatives make available to the City of New York has been, because of mayoral control, been given to the current structure. And I think it will be important for me to continue to have extensive, productive, concrete relations -- as I intend to and as I have already started to have -- with Chancellor Klein asking tough questions, observing the actions that he is taking in the different districts of New York City. We have exactly the same responsibility for every child in New York City that we have for every child in the rest of the State. Not more, not less. Every child counts equally. So, when it comes to accountability, when it comes to the quality of the teachers, when it comes to the quality of the curriculum, when it comes to the assessments, that the students who you speak of, the students who we are not offering the promise of a world-class education to as yet are absolutely front and center in the work that I do. But the current structure is one that was politically arrived at and it operates, as you have described, namely, the resources go first to a central authority and then are disseminated.

SENATOR DIAZ: So, even though you are not giving me a yes or no answer, you agree that the problem -- the problem in the State is among black and Hispanic communities.

COMMISSIONER STEINER: I absolutely agree. We have a major crisis -- I would describe it as a crisis -- in the academic

JOINT BUDGET HEARING-EDUCATION FEBRUARY 2, 2010

performance of our minority groups of students. We see persistent achievement gaps. They have closed very modestly. They closed far more nationally in the 1980's; this is not just a New York State challenge, this is a national challenge. The gaps -- what became stubbornly persistent in the 1990's -- and on the NAEP scores that we spoke of earlier, we are not seeing the kind of closing of the gaps that we all absolutely need to see. So, yes, we completely agree. My Senior Deputy has been working with students directly, with students of color, the highest-need students, throughout his professional work at Hunter College where I worked as a Dean. We were deeply concerned with teachers who are teaching the students you speak of, and all the work that I did was committed to public school teaching.

SENATOR DIAZ: Thank you. So, what do you think could be done and should be done to be sure that the City of New York gets the money directly and not one single --

COMMISSIONER STEINER: I think it's -- money is --

SENATOR DIAZ: What I'm talking about --

COMMISSIONER STEINER: -- only one part of the answer.

SENATOR DIAZ: Excuse me. What I'm talking about is that each district that is struggling, especially in the black and Hispanic communities, the burden that we are facing in our communities, Commissioner, is a lot different than other communities.

COMMISSIONER STEINER: Right.

SENATOR DIAZ: So, we really, we really need the

JOINT BUDGET HEARING-EDUCATION FEBRUARY 2, 2010

resources because when all my colleagues, every year they -- let me put it this way: I don't even know what it is that we are doing so bad because everybody's defending us. Everybody talks good. "Oh, we've got to protect the children, we have to have good schools, we have to assign money, we have to have safer schools, we cannot leave anyone behind." So, there's so many people defending our communities. I don't know why we're doing so bad. But no matter -- of course publicly, everybody defends our community. But it's simple, it's simple. Just assign the money -- and all the gentlemen here should know that -- just assign the money directly to the districts and the problem will be over. But we keep saying how much we protect our children and we keep failing our children.

COMMISSIONER STEINER: Let me say two things: Firstly, many sources of funding are driven by identified need, by Title I. This has nothing to do with the structure we've been speaking of, this is a needs-based resource. So, they are going to those students. But, I have to say that resources alone don't tell the whole story. Every child in your district that you've been speaking about deserves a well-trained, well-prepared teacher and we know that too often our stronger teachers are not going to those schools. And nothing makes more difference than the quality of a teacher in front of that child. So, one of our responsibilities is to ensure that we break that cycle, that we incentivize teachers to go to the schools that need the quality of teachers most. That, in turn, depends on the quality of our preparation of teachers, our identification of effective teachers, and our ensuring that we support their

JOINT BUDGET HEARING-EDUCATION FEBRUARY 2, 2010

work in those schools; that's one example. It is a resource issue, but it's also breaking historical practice.

So, yes, Title I funding, for example, does go to those 32 districts by need, and that's right. That's the right thing for it to do. But just getting money into a place doesn't solve all the problems. Let me give you one crucial example: When schools of education place teachers in their student training, they want to place them in already-succeeding schools, right? So what happens? The schools that need them most -- the good teachers, the new teachers -- don't get to see them too often and the schools that are already good get to pick and offer positions to the teachers who are identified as effective. We have to ensure that our good, good teachers are placed in front of students who need them the most.

SENATOR DIAZ: Let me end by saying that I am afraid that our children, black and Hispanic and people of color, are only good to bring them to Albany to protest to get more money. I'm afraid that our children are only good to use them for mass demonstrations so money could be assigned, because we keep using our children as -- we've got to take care of them. But the money never gets to us. Even though you're shaking your head and don't agree with me, not until we start getting the money that we deserve, then I would say our children are not being used only just to get the money.

Thank you.

COMMISSIONER STEINER: Thank you.

CHAIRMAN FARRELL: Thank you, Senator.

Assemblyman Joel Miller.

ASSEMBLYMAN JOEL M. MILLER: Thank you.

Three quick, or maybe not so quick, questions. Just going back to the 57 poorly-performing schools where 56 of them are high schools, there used to be an old adage with computers, "junk in, junk out." I can't imagine that any of us would believe that the students' decline occurred in that high school. Do you use those high schools as the peak of the iceberg to trace back through the pipeline so that that 57 really represents all of the feeder schools as well?

COMMISSIONER STEINER: Yes. Ira, what's the exact number of high schools on that list of the 57, do you remember?

We'll get that number for you. But it's not 56 high schools. There are middle schools there as well and some elementary schools. But I agree with you that most of them are high schools. It's absolutely true that if you are a high school that is receiving students who are two years below grade level, then you're held solely responsible for moving them through to graduation, that you're being held responsible, in part, for work that you are not accountable for. It happened before. So, as I said in response to an earlier question, we are not responsible only for those 57 schools. We are responsible for every school and for every low-performing school. We have to identify intervention strategies that will make a difference for all schools, for middle schools and elementary schools as well. That's a curriculum difference, it's a teacher professional development difference, it's a data difference. This is not about taking our eyes off 4,380 schools because we're only looking at 57. I absolutely will not do that. Many, many middle schools are identified as weak

JOINT BUDGET HEARING-EDUCATION FEBRUARY 2, 2010

schools, as schools that we have to intervene in and we will do so.

ASSEMBLYMAN J. MILLER: When we talk about a Statewide curriculum, isn't it possible that in a particular grade where the structure is sort of modules, you could pick module one or module two to start with or that we have the potential in the absence of a Statewide curriculum to have students, as an example, from Buffalo halfway through the year moving to New York to find out the next -- the rest of the year, they have already learned that.

COMMISSIONER STEINER: Exactly.

ASSEMBLYMAN J. MILLER: They just didn't learn what was at the beginning. That's another danger.

The third question that I have has to do with, basically, what we were just discussing, the importance of money, but beyond money and it hasn't been mentioned yet. There were some studies that showed that the kids who were involved in pre-kindergarten three years later performed no better than their siblings who were not in that program. And there's any number of one-on-one reading programs where three years later the kids performed no better. There was an article in the New York Times Magazine which made it very clear, at least to that writer, that there was far more than money, far more than the quality of the teachers; that, in fact, it was peer group, parents and neighborhood that were the greatest influences on that child's performance. I don't represent it, but in the middle of my district is the City of Poughkeepsie, with the City of Poughkeepsie school system. They spend more money per student than any other school district in Dutchess County and, yet,

JOINT BUDGET HEARING-EDUCATION FEBRUARY 2, 2010

their performance is at the very bottom. And it seems to me that we need to go outside the box.

What effort is being made to either design programs for the parents so that that key element of a child's success is brought in as a partner? What effort is being made to do things where there's a certain loyalty to the school as opposed to the negative peer pressure that may exist in some of our poorer neighborhoods? I mean, people at one time talked about uniforms, they talked about this in school and that in school. The other thing is many of the parents of kids who perform poorly don't look at schools as a friendly and warm environment. They didn't find it that way when they were students and so there's a built-in antagonism. So, what are we doing to engage the community and the parents and to create some sense of loyalty to the education system rather than to the gang outside or to the briar patch?

COMMISSIONER STEINER: Let me take those questions in order. First, on the curriculum. You're absolutely right. We have an evermore mobile society. Right now you could be a young student who studies , for example, the ancient Egyptians three times if you move into three different school districts, and that's just a tiny example. In a mobile society, the argument for more coherent Statewide curriculum by year is more and more compelling. So, we agree.

Secondly, on the failures of many of our -- national failures -- of many of our Pre-K and K programs. The most recent research on Head Start is very wary because what it's showing is that while, in the short run, Head Start can narrow gaps, in too many cases of

JOINT BUDGET HEARING-EDUCATION FEBRUARY 2, 2010

too many Head Start programs, if you look at the students five years later, ten years later, the gaps are very opened. We need to learn, in this case, from some of our international colleagues where work has been done with, for example, immigrant groups, focused on core literacies -- that is the language and the numeracy -- and where the programs have succeeded, not only in closing the gap at the time but keeping them closed. So, one of the things we'd have to do is work with the Pre-K and K community to think about the design of those programs so they actually deliver what we need them to deliver, namely, getting every student to the right result.

Thirdly, on the critical point of parental involvement -- because we know that's a crucial, crucial issue -- community involvement, as you know, we have two powerful examples, and there are others, in the Harlem Children's Zone, in the Say Yes program in Syracuse, where by design, community institutions, family, cultural institutions, medical institutions and schools are no longer separated into silos, but are being brought together for the benefit of students. We need to study the results of those programs and where they're successful we need to replicate them. We need to train principals how to invite and make their schools what John Dewey once called "a school without walls." How do we make the school into a more inviting center for community? Work was done some years ago in Harlem where, through funding, parents were invited into not formal courses, but opportunities to learn about helping students with their homeworking skills and inviting them to do so in their own language, in English, helping them with their

JOINT BUDGET HEARING-EDUCATION FEBRUARY 2, 2010

language mastery. There are multiple ways of doing this and we have to learn from best practices. I'm going to ask my Senior Deputy to comment on your question as well because he's been so much in the center of this. I just wanted to let you know that on the turnaround list -- I had asked earlier for the numbers exactly -- there are seven junior/senior high schools, four elementary schools and middle schools. So, you're right, the great preponderance are high schools and the issue of those feeder middle schools cannot be off our radar screen.

John, why don't you add your thoughts.

DR. JOHN B. KING, JR: I would just add a couple of points about the issue of family engagement and just build on the Commissioner's point about principal and teacher training. In many, many teacher and principal training programs there's no discussion at all about family engagement and what that would look like. So, many first-year teachers, the first time they think about "What's that report card conference going to look like" is the night before the report card conferences. So, there are some very practical things, having new teachers just role play with each other, what are those conversations going to look like? How are you going to explain to a parent that his or her child is struggling in math? What suggestions might you offer? Just doing that work with teachers and principals as part of their training, building that into something like the performance-based assessment for teacher and principal candidates that the Commissioner was talking about earlier will help, I think, to change the culture of schools because, ultimately, schools have to feel like they're responsible for going out and

engaging families. In too many schools around the State, I think what folks say is, "Well, the parents didn't come so that's on the parents." And I think the right attitude should be, "No, that's on the school." It's the school's responsibility to come up with strategies to engage those families. In the schools that I worked in -- one quick example -- we found that if we had the children come to an event, more parents came because the kids would nag their parents to come to the event. So, Math Night, where we wanted to explain to parents how our math program worked, was very poorly attended. Math games night with pizza and soda and a chance for kids and parents to play math games together and learn about the math curriculum together was incredibly well attended, 80, 90 percent of families in any given grade level. So, that's about choices that schools and teachers are making and we think there's work we can do at the preparation level to improve that.

COMMISSIONER STEINER: Let me add that Sara Lawrence Lightfoot, who has worked especially in the African-American community but also with many diverse groups, wrote an important book on the parent-teacher conference and on the inability of our teacher force, that is largely from one group of our citizens, to communicate effectively with parents. We simply haven't addressed this. And as a result, many, many parents are intimidated by parent-teacher night, by their one opportunity to communicate with teachers. So, as John says, this is something we have to build into the preparation of teachers and principals.

ASSEMBLYMAN J. MILLER: Okay. Just a funny

JOINT BUDGET HEARING-EDUCATION FEBRUARY 2, 2010

story: My daughter-in-law, teaching in New York, a parent came in, the parent was furious at the grade that the child had received and attacked my daughter-in-law for being insensitive and not caring about the kid. The kid spoke up and said, "No, actually, I don't do any work, but the teacher tried to help me." But the parent didn't know that. And so, any communication with the parent is absolutely essential, but you do have to get the parents involved.

COMMISSIONER STEINER: Absolutely. We agree.

SENATOR OPPENHEIMER: That's an honest kid.

ASSEMBLYMAN HAYES: Senator, if I could interrupt, we've been joined on this side of the aisle by Assemblyman McDonough in the audience and Assemblyman Raia on the dais.

Thank you.

CHAIRMAN KRUGER: Thank you. At this point, Senator Saland.

SENATOR STEPHEN M. SALAND: Thank you, Senator Kruger. I actually had several very limited targeted questions, but I found very intriguing some of your responses and dialogue with members of the panel, so uproot me, if I might, and some, just by institutional memory, I don't recall who queried you on the issue of mandate relief -- I think it was Senator DeFrancisco -- the need for reports. I believe it was the 2002 budget which required your Department and, under your predecessor, to actually compile a list of all mandates, what the source of the mandates were. That was done, completed, I believe, in 2003. I was the Chair of the Senate Education

JOINT BUDGET HEARING-EDUCATION FEBRUARY 2, 2010

Committee at the time, and I encouraged then-Commissioner Mills to have your Department, in effect, take the lead by way of a program bill in a Mandate Relief Paperwork Reduction Act which, after about two years' worth of back and forth, we managed to, what I thought, get right. The bill has passed two or three times in the Senate. I believe, perhaps, Senator Oppenheimer is carrying the bill now. For some reason or other, it has no traction in the Assembly. Other mandate relief measures which were introduced during the term that I served as the Senate Chair found their way into Article VII language under Governor Pataki, Governor Spitzer, and now Governor Paterson, and, again, simply seemed to have no traction in the Assembly. Some, as logical -- this wasn't on your watch, but the Regents, I believe it was, perhaps, three years ago in December, required schools, all schools, to provide calculators, math calculators. It was a total hit Statewide of \$100 million. One of my districts got hit to the tune of \$100,000. Commissioner Mills at that time was testifying and I said, "Can you tell me what the logic is of imposing a mandate, not that we want to embrace any unfunded mandates, in the midst of a school year? Wouldn't it be far wiser, if you're going to do that, although we hope you wouldn't, that you did it in a subsequent or preceding school year?" -- subsequent school year, excuse me. His response was, "Yes, that would be good policy." Well, again, we've passed that. I mean, that is an absolute no-brainer. I can think of not one reason in the world, barring terminal stupidity, that somebody could not embrace that as a very simple, basic preset. It's passed in the Senate two or three times, it's found its way into Governor's budget language, but still

JOINT BUDGET HEARING-EDUCATION FEBRUARY 2, 2010

hasn't happened. So, if you could tell me why you think somebody would oppose that idea, you know, I'd welcome the logic behind it, but there's nothing logical about it.

COMMISSIONER STEINER: All I can commit to, Senator, is good, common sense when it comes to mandates. We will look at each of these issues. We will work with both you and your colleagues. Nobody on my team has any interest in imposing things that do not contribute directly to raising the learning of every child. That's the standard.

SENATOR SALAND: In response to a question by Senator DeFrancisco having to do with Statewide curricula, I believe you cited some example of the State of Texas --

COMMISSIONER STEINER: Yes.

SENATOR SALAND: -- the distinctions between textbooks that were being provided.

COMMISSIONER STEINER: Correct.

SENATOR SALAND: And I would pose this as a question to you. I'm not necessarily keen on a Statewide curricula. I like the idea of local districts really determining, based upon whatever the local circumstances may be, as long as there are standards, assessments and standards, which you have been -- not you individually, but, certainly, your Department -- has been overseeing and has imposed through actions by the Regents. So the question, really, to me, becomes if, in fact, a school district is not measuring up, is it the fault of the assessments and those creating the assessments or is it the fault of the

school district for their failure to be able to deliver what's expected of them?

COMMISSIONER STEINER: Right. That's a very, very important question. First of all, as I, perhaps, should have made even clearer, I don't believe that the issue of curriculum is an either/or. I think that we can make progress towards some of the common-sense answers that would not have our students studying the same thing multiple times if they move across districts, without necessarily getting to the point of saying to a particular district, "You must teach this book, this semester, this year." I don't think it's either/or. Secondly, I think there's enough responsibility to go around. What I mean by that is we have an absolute necessity in ensuring that our assessments honestly test the knowledge and the skills that we have asked our teachers to deliver. And if we have questions about the quality of our tests, we need answers and we need them right away. The Chancellor, Board of Regents and I have been very clear about that and we're taking action right away. On the other hand, if there is persistent failure of students in a district, then it's a collective responsibility of ours and of the districts because even on less-than-perfect tests, the persistent failure rates are telling us something very serious. They're telling us about a chronic failure to teach students well, and that means that the district and we have to intervene with professional development to change the practice of teachers. We have to intervene with principals to help them to change the culture of that school because we see schools that are chronically underperforming. That doesn't mean they have bad results on an imperfect test for a year or two

JOINT BUDGET HEARING-EDUCATION FEBRUARY 2, 2010

years. It means they had bad results for 20 years, and that's unconscionable.

So, I would say that there's enough blame to go around. More importantly, we have work to do together, the State Department of Education and the district, to turn around the performance of that district.

SENATOR SALAND: Well, certainly, to date, it would seem that, by way of example, the efforts to deal with SURR schools would not be held out as a shining accomplishment on anyone's behalf, and, certainly, we'd welcome whatever it is that you might be able to do to accomplish better results where you intervene in those schools.

COMMISSIONER STEINER: Right.

SENATOR SALAND: I know by way of your background, just having read of your background, when you assumed your responsibilities that you were very keenly involved in teacher preparedness.

COMMISSIONER STEINER: That's correct.

SENATOR SALAND: In your earlier comments you said something to the effect of -- you made reference to well-trained teachers, and I would say, i.e., qualified teachers, and in the same breath you also used the word "effective teachers." Is it safe to say that there's a distinction between qualified and effective teachers?

COMMISSIONER STEINER: Yes, there is.

SENATOR SALAND: Or well-qualified, as No Child Left Behind would have you subscribe to, and an effective teacher?

COMMISSIONER STEINER: Yes. We have some

JOINT BUDGET HEARING-EDUCATION FEBRUARY 2, 2010

important safeguards. For example, you must have shown content, knowledge of a certain content in order to be a high school teacher; that's common sense. You needed to have passed a State certification test and you need to have gone through a program of preparation. The problem is that too much of that is process-based. Ninety-three, ninety-four percent of our would-be teachers pass that certification test. So, while it may be removing a very small band of folks who shouldn't be in front of our students, it's not acting as a way of helping us set a standard for performance. Similarly, getting 60 credits, let's say, as an undergraduate in a subject, well, it's telling you something, but the range of quality of those programs is such that we'd see too many teachers simply without the content mastery to teach effectively. So, our responsibility is to put content assessments in place that really do assess the teacher's ability to convey the material to be taught. Again, it's good, common sense, but we have not yet truly done it.

So, when I talk about effective teachers, I mean something very straightforward. I mean that we shouldn't put someone into a classroom, still less give them lifetime opportunity -- namely, a professional certification -- if they haven't shown us that they have the practical skills to be effective teachers. I'll give you a very specific example. You were kind enough to refer to my previous work as Dean at Hunter College at the City University of New York. I would look at transcripts of our student teachers in their coursework at Hunter, and they were strong students, and they were getting A's, right? A's, A-'s, A's. They were coming to their student teaching at the end and I was looking

JOINT BUDGET HEARING-EDUCATION FEBRUARY 2, 2010

at videotapes of their student teaching. In some cases, strong academic students could not teach. They just were not effective at communicating with children, and yet, they were being pushed into schools; not in large numbers, but when we saw this we decided we had to act and we had to begin to say, "How are we ensuring that we don't put those teachers into classrooms?" And that's what I mean by performance and that's what I mean by performance-based assessment.

Very quickly, also, to say that on the SURR issue, look, no one is going to sit here and tell you it was a perfect process; absolutely not. On the other hand, we did close many schools that were chronically underperforming and we did take other schools off the list because they showed us that they were definitely making progress. So, while we have far more work to do, I agree with you, Senator. I don't want to suggest that the work that was done by my predecessor and by the team around me didn't make a difference because in many cases it did. We just have far more to do.

SENATOR SALAND: Let me not take up too much more time, but I would like to just do a couple of more issues, if I might.

COMMISSIONER STEINER: Please.

SENATOR SALAND: You made a reference to Title I. Yesterday's New York Times had a story about the President's education proposal. In it, he said what we should do is be focusing more money on schools that make progress, and that, certainly, is an appropriate goal. But it was also either stated or implied that the amounts of money that were being spent, in effect, under Title I, would be at risk. That is a

JOINT BUDGET HEARING-EDUCATION FEBRUARY 2, 2010

rather frightening prospect. If you look at the purpose of Title I, which really takes us back a couple of decades, that was intended to provide compensatory education for students in need, students at risk. If they're going to play with that as part of their Race to the Top, that jeopardizes many of the schools that Senator Diaz asked about earlier, that Assemblyman Miller referred to. That school is in my district as well. That is a very alarming prospect. So, before you, as the Education Commissioner, and the Regents embrace this Race to the Top, you'd better think long and hard -- and I know you've substantially embraced it already -- of all the criteria that they use to measure. The only one that has quantitatively, quantitatively shown any value in improving education is the component that deals with effective teachers. Everything else has, at best, mixed results.

COMMISSIONER STEINER: Let me respond to that. First of all, the new budgetary proposal that you rightly refer to is --

SENATOR SALAND: Excuse me. I haven't seen the proposal, I just saw the comments in the Times.

COMMISSIONER STEINER: It was condensed. I saw the article. But I want to separate that a little bit from Race to the Top. You're absolutely right that the Federal government right now is trying to use similar language across its funding streams, but Race to the Top's language is, as it were, in the cap. Race to the Top is clearly driven, in part, by Title I in its existing form. That is to say that the 50 percent of Race to the Top's funds that would go directly to the districts is driven by Title I formula on the existing Title I. So, that's, I think, an important

distinction to be made, from the existing work that the Federal government has done from its new proposals that the President announced.

Secondly, in conversations that the Secretary's been having with the chiefs, of which I've been a part, the expression has been "Loose on means, tight on goals." Now, I understand what that means, but the difficulty is that if you only reward the successful, as you point out, if you give them, you know, the lion's share, if you even give them more of your funding, in a sense, you're double-punishing those who didn't make it. And what those who didn't make it need more than anything else is targeted, targeted, effective intervention. And targeted, effective intervention costs money. So, we have to be very, very careful when it comes to how we allocate at the State level, our support, to ensure that we make a difference for underperforming schools. We don't want to reward them for bad practice, but we don't want to punish them by cutting them off from the effective strategies that would change the results for children. I think that's -- you're right, that's crucially important.

SENATOR SALAND: Two more questions, most specifically to New York. You have a State system that was developed to ensure school building safety. That system has not been operable for about three years. So, you have schools -- and I have a number of them in my district -- that are being told they're not in compliance but to disregard it because the program is not working. You have schools that may be told that they're satisfactory that are not satisfactory. So,

JOINT BUDGET HEARING-EDUCATION FEBRUARY 2, 2010

effectively, for the past three years, this school compliance mechanism, due to some technology failure, is not working. And it's been brought to the attention of your Department several months ago, and as of this day it still is not functioning.

COMMISSIONER STEINER: Okay.

SENATOR SALAND: Schools are being told -- I have at least five or six districts in my district that were, according to this program, not in compliance, all of whom were told "disregard it, the system isn't working." But to have three years or three years-plus of a system that's supposed to be monitoring safety not being in compliance is beyond bizarre and is, obviously, unacceptable.

COMMISSIONER STEINER: Right. That's clearly unacceptable, assuming that, you know, it's absolutely accurate. I will make an immediate investigation and I will get back to you.

SENATOR SALAND: Well, my local newspaper started bringing this to my attention and I was as surprised as any other to find out that way.

COMMISSIONER STEINER: Expect to hear from me.

SENATOR SALAND: Thank you.

COMMISSIONER STEINER: Hold me accountable.

SENATOR SALAND: And lastly, the Governor recommends changing State reimbursement to school districts for summer school special education costs from the current flat 70 percent to all districts to a Foundation Aid basis. Can you describe the kinds of districts that are going to get hit the hardest by this?

JOINT BUDGET HEARING-EDUCATION FEBRUARY 2, 2010

COMMISSIONER STEINER: Yes. I'm going to let Becky.

DEPUTY COMMISSIONER CORT: The problem is that going so quickly and starting immediately with a program like that, it's an unpredictable cost. And since it's based on wealth, obviously, those that receive a lower portion of State aid would be paying a much higher percentage of the summer school costs. So, I do think that that is a concern in terms of the speed with which it's being proposed to be implemented, given that budgets are being made right now and it's hard to predict how much it would cost and what programs would be in place.

SENATOR SALAND: So, it would be safe to say when you say "wealthier districts" that it would primarily hit suburban districts?

DEPUTY COMMISSIONER CORT: Absolutely. The wealthier the district, the lower the percentage of the State reimbursement there, the higher they would be paying for the summer school program.

SENATOR SALAND: Thank you very much.

COMMISSIONER STEINER: Thank you.

CHAIRMAN FARRELL: Thank you very much. We've been joined by Earlene Hooper, Deputy Speaker.

Senator.

SENATOR KRUEGER: Thank you. And we've been joined by Senator Velmanette Montgomery and, I guess, rejoined by Senator John Flanagan and Senator Craig Johnson.

JOINT BUDGET HEARING-EDUCATION FEBRUARY 2, 2010

SENATOR CRAIG JOHNSON: Thank you. Thank you very much, Senator. I guess I am the first one, I guess, to say "good afternoon."

COMMISSIONER STEINER: Good afternoon, Senator.

SENATOR JOHNSON: Let me ask you first, I want to stay a little bit on this Race to the Top. What was New York's score with respect to the Race to the Top application?

COMMISSIONER STEINER: We don't know yet. The results will be released, we believe, in early April.

SENATOR JOHNSON: My understanding, according to press reports, is that other states have posted their score online. Am I inaccurate to say that?

COMMISSIONER STEINER: No, that's not accurate, Senator. We and many other states have posted our application online.

SENATOR JOHNSON: Okay. But not a single state has posted their score online?

COMMISSIONER STEINER: They can't because the evaluators have just started their work.

SENATOR JOHNSON: Okay. So, once we find out our score you will post it online?

COMMISSIONER STEINER: Absolutely.

SENATOR JOHNSON: Okay, great. I also want to turn your attention now back, I guess Senator DeFrancisco had brought up the Rubber Room questions. I want to focus on that as well, but I have a little bit of a different angle. How much money has SED allocated with

JOINT BUDGET HEARING-EDUCATION FEBRUARY 2, 2010

respect to your liability to the arbitrators and hearing officers that hear these cases?

COMMISSIONER STEINER: Do you have that figure, Terry?

DEPUTY COMMISSIONER TERRY SAVO: We have approximately \$3.3 million.

SENATOR JOHNSON: And is that for the budget for the 2010-11 budget?

DEPUTY COMMISSIONER SAVO: Yes, that's the amount that we have for the hearing officers and the court reporters for the hearings.

SENATOR JOHNSON: Okay. For budget year 2010-11; correct?

DEPUTY COMMISSIONER SAVO: That's correct, and --

SENATOR JOHNSON: Okay. Go ahead.

DEPUTY COMMISSIONER SAVO: And we had requested an additional \$2 million and the Executive Budget provided us with \$500,000 more.

SENATOR JOHNSON: Okay. So what's the total amount with respect to the hearing officers and court reporters with respect to the arbitrations?

DEPUTY COMMISSIONER SAVO: It would be closer to -- if we were to pay everything on an annual basis, it would be closer to \$5 million.

JOINT BUDGET HEARING-EDUCATION FEBRUARY 2, 2010

SENATOR JOHNSON: And what was it for last year?

DEPUTY COMMISSIONER SAVO: About \$4.7 million. It grows by about \$300,000 a year.

SENATOR JOHNSON: And have you paid it?

DEPUTY COMMISSIONER SAVO: We are paying it as much as we can. Probably by the end of the year we will be unable to pay all the bills that we have in hand until the next budget is enacted.

SENATOR JOHNSON: I want to be very clear. Have you paid these arbitrators yet?

DEPUTY COMMISSIONER SAVO: Excuse me?

SENATOR JOHNSON: Have you paid the arbitrators and hearing officers and the court reporters yet for all of these hearings that they're conducting?

DEPUTY COMMISSIONER SAVO: We have paid most of the bills that we have on hand. We have definitely paid all of the court reporting bills and we are paying the hearing officer bills as they come in, but I expect that by the end of the year we will probably have more bills than we have funds available for during the current fiscal year.

SENATOR JOHNSON: Okay. Because I have gotten numerous phone calls from arbitrators. I represent a district in Long Island, but I have gotten numerous phone calls from arbitrators on Long Island -- I think about a half-a-dozen -- who were owed almost \$800,000; \$800,000 and they haven't been paid yet. And that's just a half-a-dozen in Long Island. I don't know what the number is for Senator Saland's district or Senator DeFrancisco's district or the Assemblymembers across

JOINT BUDGET HEARING-EDUCATION FEBRUARY 2, 2010

the way. I don't think you're being accurate. I don't think you're paying them. And let me tell you the problem I have with that. Notwithstanding the timetables that are coming to light, my concern for you is you're not going to have these arbitrators and hearing officers do this anymore. And so the problem is, how do I explain to my district, to my constituents who are paying enormous property tax bills for their school districts when a schoolteacher is, let's say, removed on any number of grounds, but, yet, they're still being paid? And we can't find an arbitrator because you're not paying them. What are you going to do to start paying these people who are owed money? They have provided a service and you haven't paid them. What are you going to do?

COMMISSIONER STEINER: Well, the first thing, clearly, is to make sure we have exactly the right and accurate numbers. So, we will get back to you with exactly the --

SENATOR JOHNSON: Because I have to tell you, sir, I see 1, 2, 3, 4, 5, 6, 7 and then I look up there and I see more staff. They're getting paid. They're providing a service. But the hearing officers and arbitrators who are trying to protect the teachers, who work very hard, who sometimes get charged and get stuck on charges that are unfounded, but also protecting the students and the parents. They're not being paid.

COMMISSIONER STEINER: First of all, Senator, I would point out that while it's true we are being paid, there are fewer of us than there have been in a long time. So fewer of us are being paid. Secondly, I will get you the exact and accurate information. And thirdly,

JOINT BUDGET HEARING-EDUCATION FEBRUARY 2, 2010

as was stated earlier, I think we have to separate out the second and very important issue that you raised, which is the 3020-a process. As you know, the Regents made a recommendation to streamline that process. We would welcome working with you in regards to that because we agree that right now the time spent on that process and the funding that goes into it are both not where they need to be.

SENATOR JOHNSON: What about letting the City pick up the tab and then reimbursing the City?

COMMISSIONER STEINER: Well, as I said, we have to find a way of working that produces an outcome that you and your colleagues can support.

SENATOR JOHNSON: But clearly, the current system has failed.

COMMISSIONER STEINER: Yes, it isn't working.

SENATOR JOHNSON: It isn't working. What is, by the way, your budget with respect to your administrative staff and deputy superintendents? What's that amount?

COMMISSIONER STEINER: Do you have that figure, Terry?

DEPUTY COMMISSIONER SAVO: Our total operating budget for the State Education Department runs around \$400 million, of which about \$40 million of it in the proposed budget would be from the State General Fund.

SENATOR JOHNSON: Okay. But I want to talk about your administrative staff. How much -- what is the size of your

administrative staff?

DEPUTY COMMISSIONER SAVO: I would have to get that detail and get back to you.

SENATOR JOHNSON: That would be great. Going back to the unfunded mandates, and I think -- and I'm sorry Senator Saland isn't here, but many of the Senators, all of whom who are here have been here longer than I have, I think, can probably connect with the frustration that we're all feeling with respect to the failure, the complete utter failure by your Department to handle the unfunded mandates. I've been here for a couple of years and every year it seems that it's, once again, a promise, "Oh, we'll take care of the paperwork. Oh, we'll take care of this mandate and that mandate." Yet when I go home -- and I'm sure, Senator Flanagan, you have the same problem in your districts on Long Island -- all we hear from our school boards and parents is, "When are you going to stop the crippling unfunded mandates?" The graphing calculator was the best example, something that just got dumped on school districts, you know, without any consideration. So, it's great to hear you professing you're going to do this; I'm not going to hold my breath, quite frankly, until, because --

COMMISSIONER STEINER: Two things Senator, first

--

SENATOR JOHNSON: -- because it's not just about paperwork, quite frankly. There are other unfunded mandates. So, while you want to stop the paperwork I think need you go and look at other ones. I mean, where do you stand on regional collective bargaining, for

JOINT BUDGET HEARING-EDUCATION FEBRUARY 2, 2010

instance? I don't see that in the budget. What's your position on that?

COMMISSIONER STEINER: I'm sorry?

SENATOR JOHNSON: Regional collective bargaining.

What's your position on that?

COMMISSIONER STEINER: First of all, my understanding is that some of the unfunded mandate issues come before you and your colleagues and require bills and that those bills are still under discussion. Secondly, I can only commit to what I can do, rather than in the past. I have committed to looking at each of these items. As I say, I've just started that work. I will do it and we will put forward for your consideration and for your support what, we think, will be a list of the mandates that we would like to remove and the regulations that we would like to alter. So, you have my commitment to do that. I think it's a partnership. It can't be done by one party alone, and we will work together to get to that result.

SENATOR JOHNSON: But why should it take so long? This has been -- someone told me that -- someone commented that it was going to take a year? Why should it take so long? You've been hearing, you know, at least from the Senate side, you know, year after year after year, one-house bills and actions and proposed budgets about mandate relief. It shouldn't take that long.

COMMISSIONER STEINER: I agree.

SENATOR JOHNSON: -- especially with a budget of \$400 million, whereas \$40 million comes from operating. You should be assigning somebody to do this right now. I mean, our school districts are

JOINT BUDGET HEARING-EDUCATION FEBRUARY 2, 2010

under water. They are under water. They need help. The Senate side has been doing everything we can to do that, and I think it's important from SED's point of view to do that.

Finally, let me ask you this: I know that Senator DeFrancisco asked this question and I think you gave an answer that I don't really -- I don't know if this was the answer or not, and I apologize, I wasn't here for it -- but Senator DeFrancisco, maybe, asked -- and Senator DeFrancisco, if I get this wrong, just correct me -- asked you which bill you favored with respect to the charter school cap. Was it the Governor's bill -- a bill that I introduced -- or was it the other version that was, we'll call "the Silver bill"? I think your answer -- and if I'm wrong, correct me -- was whichever bill could pass, you would support. Is that correct?

COMMISSIONER STEINER: I said I wanted a bill that you could all support because if you can't all support it then we won't have a bill. Let me be very clear. The Regents made a set of recommendations, legislative recommendations. We can go through them, but on the particular issue of charter schools -- and I want to stress that it was only one of their recommendations -- but on the issue of charters schools the Regents asked for the following: They asked for a cap lift; they asked for transparency, greater transparency; greater accountability; sensitivity -- I'm quoting -- sensitivity to local communities. They also asked for strengthening equitable funding and access to facilities, fair access to facilities. That's a set of recommendations that I support. I was part of those discussions; I

JOINT BUDGET HEARING-EDUCATION FEBRUARY 2, 2010

support those recommendations. There were different takes on that issue from you and from your colleagues. There was no agreement, and as a result, there was no action. And that's the record.

SENATOR JOHNSON: Do you support -- let me start first, what you did forget to say is they also support -- and I have the utmost respect for the Regents. One of them is a constituent of mine, who I think highly about. But, one of them -- not one of them, but they also recommended an RFP process where we would be the only state, the only state that would require an RFP process for charter schools, something that doesn't really sound like reform, to me, in the process. Do you support an RFP process for charter schools?

COMMISSIONER STEINER: I support quality accreditation or quality overview of applications for charter schools. I am not going to get into which specific way of doing that is going to get the support of you and your colleagues. What I can say is that both my Senior Deputy who would be in charge of this process, any part of this process, and I are deeply committed to ensuring that the charter schools that are brought online are quality schools, that we hold them accountable, that we will close them if they don't perform and that if we are entrusted with that process or part of that process, we will do a good job. That is our commitment. But we must have an agreement about how that works and it's an agreement that must come from all of you.

SENATOR JOHNSON: But Commissioner, you have, for a lack of a better word, you have a soapbox. You have the ability, given your position and given your reputation -- and it's a very high

JOINT BUDGET HEARING-EDUCATION FEBRUARY 2, 2010

reputation, I give you credit for that -- you have the ability to make policy right now and also influence policy. Again, one bill had an RFP process, the other bill didn't. Cut through it. Do you support an RFP process or don't support an RFP process? Don't give me this, you know, I support something amorphous that we're trying to read into. Let's be very clear. Do you support the RFP process or don't support the RFP process?

COMMISSIONER STEINER: I am not going to be -- I'm sorry, we're just not going to get to exactly where you would like us to go because I believe that we should look at this again because where we got to just didn't create support, right? So we know that the choice between an RFP process in the way it was formed and a non-RFP process in the way it was formed by your group and by others did not work in terms of getting support from enough colleagues. So, we need to find a route forward, and I am, certainly, not a retiring wallflower. I will be very pleased to be as useful as I can be in getting us to a different result next time. We need an authorizing process that is effective, that is efficient, that gives us quality charter schools. That is the end that enables us to be a strong contender for Federal funding and that gives us a guarantee -- not a guarantee, but an assurance to our citizens that this process will produce, as close as humanly possible, good schools. Within those parameters, I would be very pleased to be part of discussions to get to a different result. It was clear that the two things that were put in place, neither of them achieved the support among your colleagues that enabled either of them to move forward. And for me, that means that neither of them, at least in their current form, is giving us a way forward.

JOINT BUDGET HEARING-EDUCATION FEBRUARY 2, 2010

SENATOR JOHNSON: How about this one, though? One bill allowed the Mayor of New York City and Chancellor Joel Klein to continue to authorize, and one bill stripped them of that power. Which one do you support: Allowing the Mayor to continue to authorize charter schools but through Joel Klein, or stripping that power entirely away from the Mayor? Or are you just going to say, "See last answer."

COMMISSIONER STEINER: I'm going to say that we need to work to a bill that has good authorizing.

SENATOR JOHNSON: Thank you very much for your time, Commissioner.

COMMISSIONER STEINER: Thank you.

CHAIRMAN FARRELL: Thank you.

Senator.

CHAIRMAN KRUGER: Senator Flanagan.

SENATOR JOHN FLANAGAN: Thank you, Senator Kruger. Commissioner, I appreciate your indulgence. I was gone for a while, so if my question has been asked I apologize to you and my colleagues. But I want to focus on mandate relief. I've sat in various capacities on this dais, on the Education Budget Subcommittees and have often spoken on this subject, so I have a comment and a question. My comment is: I would love for you and us, by the end of this budget process, to be able to go to our local school districts and say, "Here it is. All the things you've been crying about and all the things you've been complaining about, all the horrific things that the State of New York has foist upon you are now gone. Now save money." That's what I hope we

JOINT BUDGET HEARING-EDUCATION FEBRUARY 2, 2010

can get to. Having said that, and following I have to agree on what Senator Johnson said, is there some central repository, if you will, some guarded vault that actually has the list of mandates? I would love for us to be able to see a comparison on Federal and State mandates because -- I will use this as a slight example: I have inquired of my own school districts, "What do you believe are the mandates?" And it is absolutely fascinating to see the different responses. So, can we, individually and collectively, look at some spreadsheet, some chart that says here are all the mandates?

COMMISSIONER STEINER: Yes. You can and you will and we will get it to you.

SENATOR FLANAGAN: Okay. Is that available now or does it have to be crafted?

COMMISSIONER STEINER: No. I'm told by my senior staff that it's available. We will get it to you.

SENATOR FLANAGAN: Okay. Getting it to me, that's cool. Getting it on your website so I can go to my school districts and say, "Are these accurate or not" --

COMMISSIONER STEINER: Good.

SENATOR FLANAGAN: -- is that something that's readily available on the website or no?

MALE VOICE: It's not on the website right now but we, certainly, can get that up on the website.

SENATOR FLANAGAN: I think that would be very --

COMMISSIONER STEINER: Good idea.

JOINT BUDGET HEARING-EDUCATION FEBRUARY 2, 2010

SENATOR FLANAGAN: --valuable to you and to us and I would ask, respectfully, to make sure that we differentiate what are the State mandates and what are the Federal mandates.

COMMISSIONER STEINER: We will do so.

SENATOR FLANAGAN: One last thing in relation to that. Here's the hard part. What do you believe to be the costs associated with each of those mandates? Because I can guarantee you that you will get vastly different answers from our component school districts. So, we'd like to, when we're having this debate, as we negotiate the budget, be able to compare apples to apples and oranges to oranges.

COMMISSIONER STEINER: We will try to provide it. There's no avoiding the question; that's not the issue. We want to provide that answer. I think, genuinely, when you have, for example, a particular person in the district who is doing multiple tasks, some of which are mandate-related, some of which are not, the true dollar cost of figuring that out across 700 districts with different patterns of employment, different levels of compliance, is not a simple task. But we will do our best to give you a reasonable estimate.

SENATOR FLANAGAN: I'm sorry, Commissioner. Since you made that comment, now I feel like I'm getting half an answer. You gave me a straight answer saying that you're going to give us the mandates --

COMMISSIONER STEINER: Yes.

SENATOR FLANAGAN: -- but now it's kind of an unenviable task in terms of putting it together. Is it available now or is it

not?

COMMISSIONER STEINER: The dollars, no, because they're not. But I'm trying to say why.

SENATOR FLANAGAN: Okay.

COMMISSIONER STEINER: If I may pull back on my own education, Aristotle once said, "It's often tempting but impossible to ask of a subject more precision than it offers." And I think in this case getting to that absolute final dollar accuracy would be impossible. I'm just being very frank with you. Getting to a much, much better, good ballpark number, we owe you and we will get it to you.

SENATOR FLANAGAN: Well, my good friend Assemblyman Farrell told me a long time ago that two and two is not necessarily four in Albany. So, give me 90 percent and I'll be very happy with that.

COMMISSIONER STEINER: We can agree on that, Senator.

SENATOR FLANAGAN: Thank you.

COMMISSIONER STEINER: Thank you.

CHAIRMAN FARRELL: I'll deny I said it.

SENATOR FLANAGAN: Thank you very much.

CHAIRMAN FARRELL: Thank you, Senator.

CHAIRMAN KRUGER: That's it. Thank you very much.

COMMISSIONER STEINER: Thank you so much.

ASSEMBLYWOMAN NOLAN: A great debut,

JOINT BUDGET HEARING-EDUCATION FEBRUARY 2, 2010

Commissioner.

COMMISSIONER STEINER: Thank you.

SENATOR VALMANETTE MONTGOMERY: Mr.

Chairman, I just have one quick request of the Commissioner.

CHAIRMAN FARRELL: Yes.

COMMISSIONER STEINER: Please.

CHAIRMAN FARRELL: Senator, yes.

SENATOR MONTGOMERY: Thank you. I'm looking at the graphics that you gave us on the success of various cohorts.

COMMISSIONER STEINER: Yes, the persistence graph.

SENATOR MONTGOMERY: The persistence graph, exactly. I see the black and Hispanic males do worse in terms of the persistence into college and completing college than even the students with disabilities. I would like to find out, because you are now going to focus on looking at statistics and giving that kind of information, I'd like to know if we could compile, you know, a profile of the communities that these young people reside in to try to figure out if there are some relationships that we haven't really considered that keeps them from doing or causes them to do so poorly in terms of graduation rates as well as going into college.

COMMISSIONER STEINER: Yes, we can do a community profile.

SENATOR MONTGOMERY: I would like to see that. Thank you very much.

JOINT BUDGET HEARING-EDUCATION FEBRUARY 2, 2010

COMMISSIONER STEINER: Thank you, Senator.

CHAIRMAN FARRELL: Thank you very much,
Commissioner.

ASSEMBLYWOMAN NOLAN: Denny, I just want to point out the Commissioner did go to PS 41, so he brings a wide wealth of experience to the job.

CHAIRMAN FARRELL: In Queens?

ASSEMBLYWOMAN NOLAN: No, in Manhattan.

CHAIRMAN FARRELL: In Manhattan? There's a 41 in Manhattan too? We'll have Chancellor Klein look up his records.

Next, New York City Department of Education, Joel Klein, Chancellor.

Good afternoon, Chancellor.

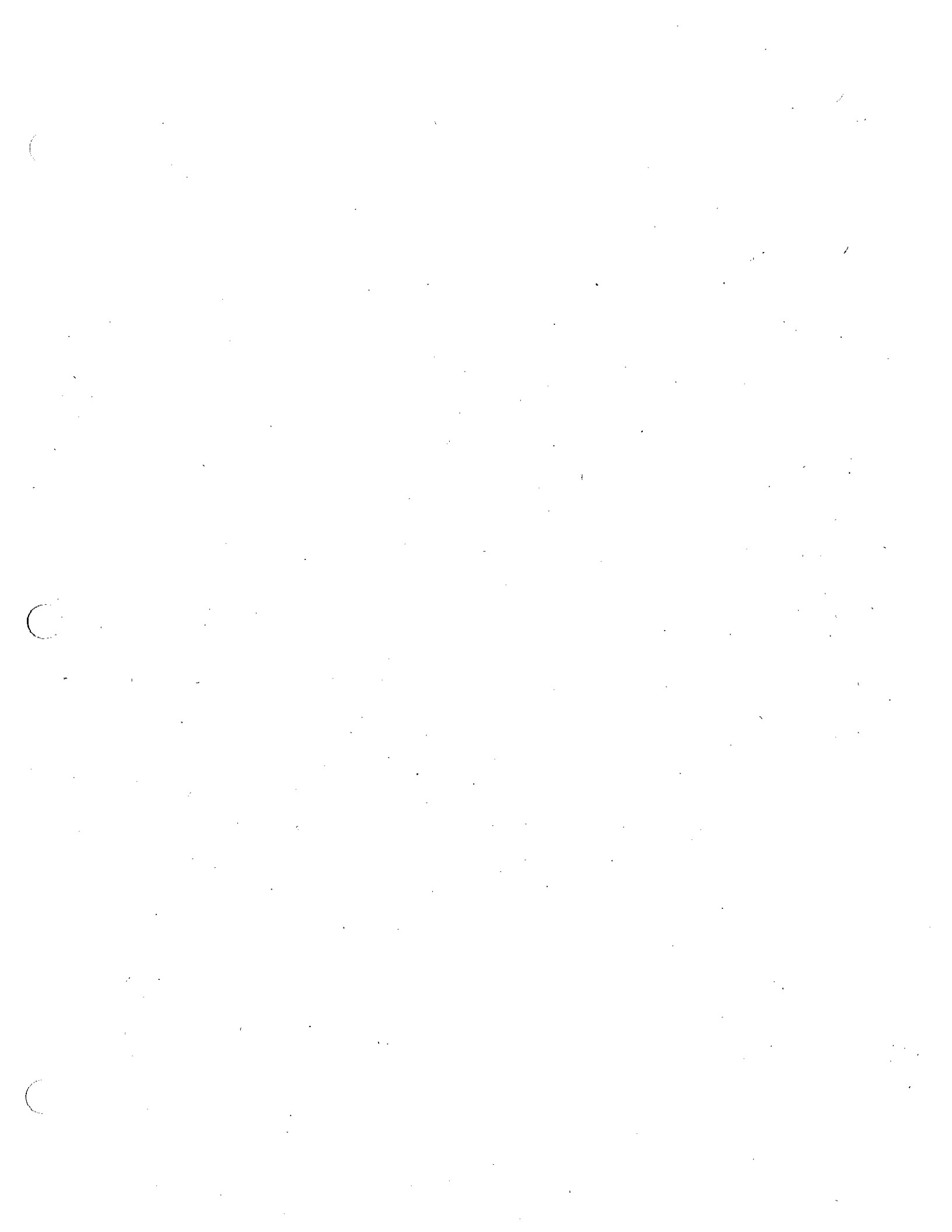
CHANCELLOR JOEL KLEIN: Good afternoon. Shall I begin?

CHAIRMAN FARRELL: Yes, it's yours.

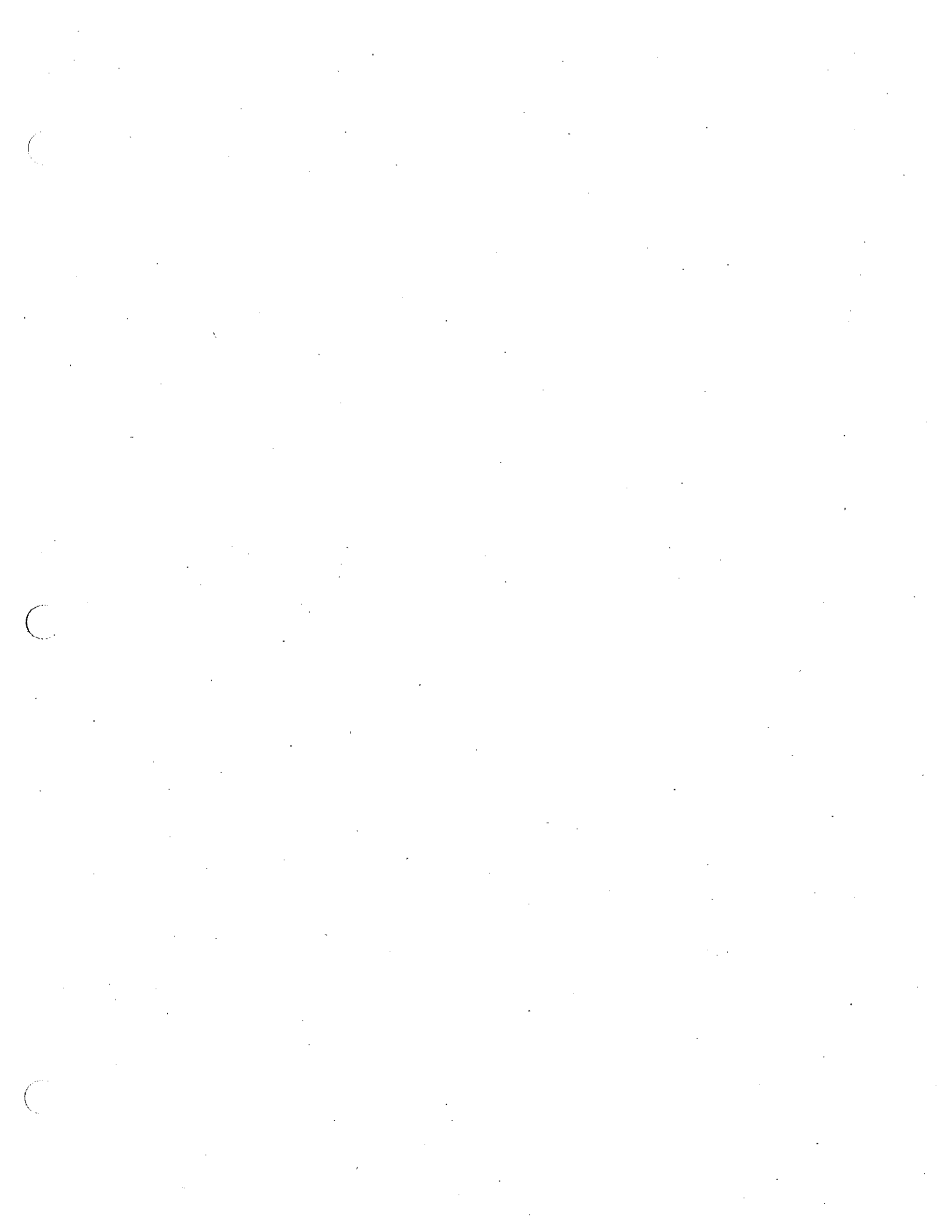
CHANCELLOR KLEIN: Thank you very much. Good morning, Chairman Kruger, Chairman Farrell, Vice-Chair Krueger, greetings to our two Education Committee Chairs Oppenheimer and Nolan, and welcome to the whole committee.

This is the eighth time I'm privileged to come here and testify before you on the Executive Budget, so while we may not be getting old together, we're certainly getting older together. I appreciate the opportunity to comment on the 2010-2011 Executive Budget. I'm joined today on my left by our Chief Operating Officer, Photeine









JOINT BUDGET HEARING-EDUCATION FEBRUARY 2, 2010

Anagnostopoulos and by Lenny Speiller, the Executive Director of the Office of Public Affairs.

I come before you today mindful of the great challenges we face as a nation, as a State and as individual local communities. While our economy has begun to show signs of improvement, our families continue to struggle and our State continues to face tough choices. Although these challenges and struggles are real and full recovery seems far on the horizon, I remain optimistic that we can find positive solutions so that our schoolchildren do not bear the undue burdens in these difficult times. I'm optimistic because after eight years I know our State has faced tough challenges in the past and time and again we've worked together to overcome those challenges and emerge stronger on the other side. In the eight years since the Mayor took control of our schools in New York City, this Legislature has funded education at historic levels in good times, restored hundreds of millions of dollars in rough times, and twice passed Mayoral control. Those measures and many others have made a real difference in the lives of our kids and helped to make New York City a national model for education reform, one that President Obama's administration is now, in many ways, implementing parts of. I thank you for your partnership.

As you know, all City agencies in New York have endured several rounds of belt-tightening over the past several years. In facing those challenges we have implemented budget reductions equitably across our system of more than 1,500 schools while continuing to direct relatively more funding to support our highest-needs students,

JOINT BUDGET HEARING-EDUCATION FEBRUARY 2, 2010

including English language learners, special education students, and students who struggle academically. As you now determine how to achieve the necessary cuts in the education budget across our State, I ask you to, again, exercise similar leadership and fairness. If the budget is implemented as currently proposed, you can be sure the City students will feel the pain of these cuts and the loss of high-quality teachers from their classrooms. In particular, as the Mayor testified last week, the Governor's budget would lead, potentially, to a reduction of 8,500 fewer teachers in our schools come this September. Today I want to elaborate on the Mayor's testimony and provide some additional details specifically about our Department's decision, and then talk to you about several ways that we, together, can help mitigate the impact of these tough budget times on our schools.

Let me start with our budget situation. If you look at the combined effect of the proposed reductions from the Governor, changes in City funding and increases in nondiscretionary spending, we in New York City, come September, will be looking at a budget gap of \$1.2 billion for the coming school year. The Governor's proposal effectively reduces our budget by \$600 million through a combination of direct cuts as well as cost shifts. We urge you to seriously consider that magnitude and we hope that you can reduce or eliminate it because it will have a dire impact on our students. Under the Governor's plan, we would receive \$442 million less in State funding next year compared to this, and that excludes changes in expenditure-based allocations such as transportation and food. You will notice that our analysis shows a cut

JOINT BUDGET HEARING-EDUCATION FEBRUARY 2, 2010

greater than the \$418 million proposed in the Executive Budget. That's because the Governor counts School Construction Aid against the cut in formula-based school aid that the City is receiving. But that type of accounting is, obviously, misleading. Building Aid and Operating Aid are not interchangeable. We can't pay for teachers with Building Aid. So, we need to address that hole as well.

Beyond that, we're also deeply concerned that the Governor's Executive Budget freezes Foundation Aid at its current level, but we know for a fact that we're going to have more students than at our current level. Indeed, we would lose almost \$80 million for the 14,000 additional students who are now attending our public schools this year because they were frozen at last year's numbers. Similarly, as the Mayor explained during his testimony last week, the Governor's budget would also shift payment for mandated summer school -- I know there was some questioning about this -- from the State to the City. Our estimate is, at a minimum, that would cost us \$51 million and could cost us as much as \$78 million.

Of course, we're also disappointed about funding for MetroCards that wasn't restored. This has been a long tradition, impacts a city like ours directly, where people are highly mobile, rely on public transportation, and we would urge that the State contribute its full share to the MetroCard problem.

Like last year, we also experienced significant increases in contractual costs and other mandated expenses. I think something people don't understand is our expenses go up automatically. Currently

JOINT BUDGET HEARING-EDUCATION FEBRUARY 2, 2010

we anticipate, for example, teachers get pay raises based on seniority, based on additional credits that they take. We estimate that's going to increase \$600 million in terms of fixed costs that are going to go up that are not going to be covered in either of the budget allocations we have.

The Governor also adds a \$30 million cut in the middle of this school year for adjusting claims for mandating special education services by moving the due date back to November 2009, which, of course, has already passed. We don't have the extra revenue in our budget right now. If the plan was implemented we would be forced to recoup money from our schools just when we managed to protect them from an anticipated mid-year cut by the City.

In addition, the Governor has also proposed eliminating revenue sharing while other counties would experience only cuts of between one and five percent. That will have a big impact on us as well.

In total, the combination of cuts, cost shifts from the State to the City, and increases in uncontrollable costs results in, as I said, a budget hole of \$1.2 billion for the 2010-2011 school year. So, let me start by asking you to eliminate or, at the very least, reduce the size of our cut and the impact of these expensive cost shifts. I know you face tough budgetary constraints of your own, but I would hope that we can find a way to space this out over several years so we don't bear the brunt this coming year.

As in the past, we will continue to work hard to shield our schools from budget hardship where possible. I don't need to go through all the numbers with you, but over the past several years we've

JOINT BUDGET HEARING-EDUCATION FEBRUARY 2, 2010

cut \$350 million out of our bureaucracy and saved that money for classrooms. We also, in the last two years, during the cuts we faced, we reduced \$116 million at our central office following an earlier effort of \$350 million. Today, and I say this with pride, and you can check around the country, our Department's central and field operating costs are at the lowest. We're at only three percent of our total budget. That is in a budget of over \$20 billion, we have somewhere in the neighborhood of about \$600 million.

Just last week the Mayor and I worked to identify a combination of new savings in our operating budget that allowed us to roll back an anticipated mid-year budget cut for this year, as well as a going-forward budget cut for next year. Recently I notified DOE managers and non-unionized staff that I would fund only one-third of the increase in their compensation that had been previously budgeted by the City. This move limited raises to two percent for each of two years with a cap of about \$2,800; in other words, \$1,400 per year, instead of the four percent/four percent which would have been a much higher number. Thereafter, the Mayor proposed new compensation agreements similar to the managerial change with the United Federation of Teachers and the Council of School Supervisors and Administrators that all total, by eliminating it two and two and capping it at \$70,000, would save \$160 million this year and \$357 million next year. That's how we were able to eliminate the mid-year cuts this year.

We will continue to make further cuts to our central and field budgets, including a five percent head count reduction planned for

JOINT BUDGET HEARING-EDUCATION FEBRUARY 2, 2010

this fiscal year. This follows an eight percent head count reduction that we took over the last two years. But nearly half of our agency's \$22 billion budget cannot be reduced because of fixed costs like pensions, debt service, special ed mandates, energy, and leases. Principals manage approximately \$8 billion of our total budget at the school level, and more than 85 percent of those dollars pay for salaries, mostly for teachers. So when I'm talking about a \$1.2 billion cut, that's going to impact directly on that \$8 billion and, in turn, impact on the 85 percent of that \$8 billion dollars that goes for salaries. What does it mean? It means that we'll have no choice but to cut back on core operations. If the Governor's budget is implemented, as I have said, we're talking about eliminating something like 8,500 teaching positions, which would be 15 percent of our core teachers who teach math, English, science and social studies. We will be forced to do layoffs exclusively based on seniority without regard to the effectiveness of teachers in boosting student achievement. The prospect of layoffs resulting from a huge cut in State funds adds urgency to our proposed reform of the "last in, first out" teacher lay off policy. Clearly, the only thing worse than having to lay off teachers would be to lay off great teachers instead of those who are not doing right by our students. It is important to note that we may have no choice but to lay off additional school-based personnel as well.

So let me discuss some proposed solutions with you where, together, I hope we can reach legislative proposals in these tough times. In addition to seeking more money, we have some old and some new ideas that we think will help. As you approach the budget, we ask

JOINT BUDGET HEARING-EDUCATION FEBRUARY 2, 2010

you to adhere to three core principles to ensure our students continue to get the best education they need and deserve in these tough times: First of all, achieving smart savings; second of all, ensuring access to every dollar; and third, maximizing spending flexibility.

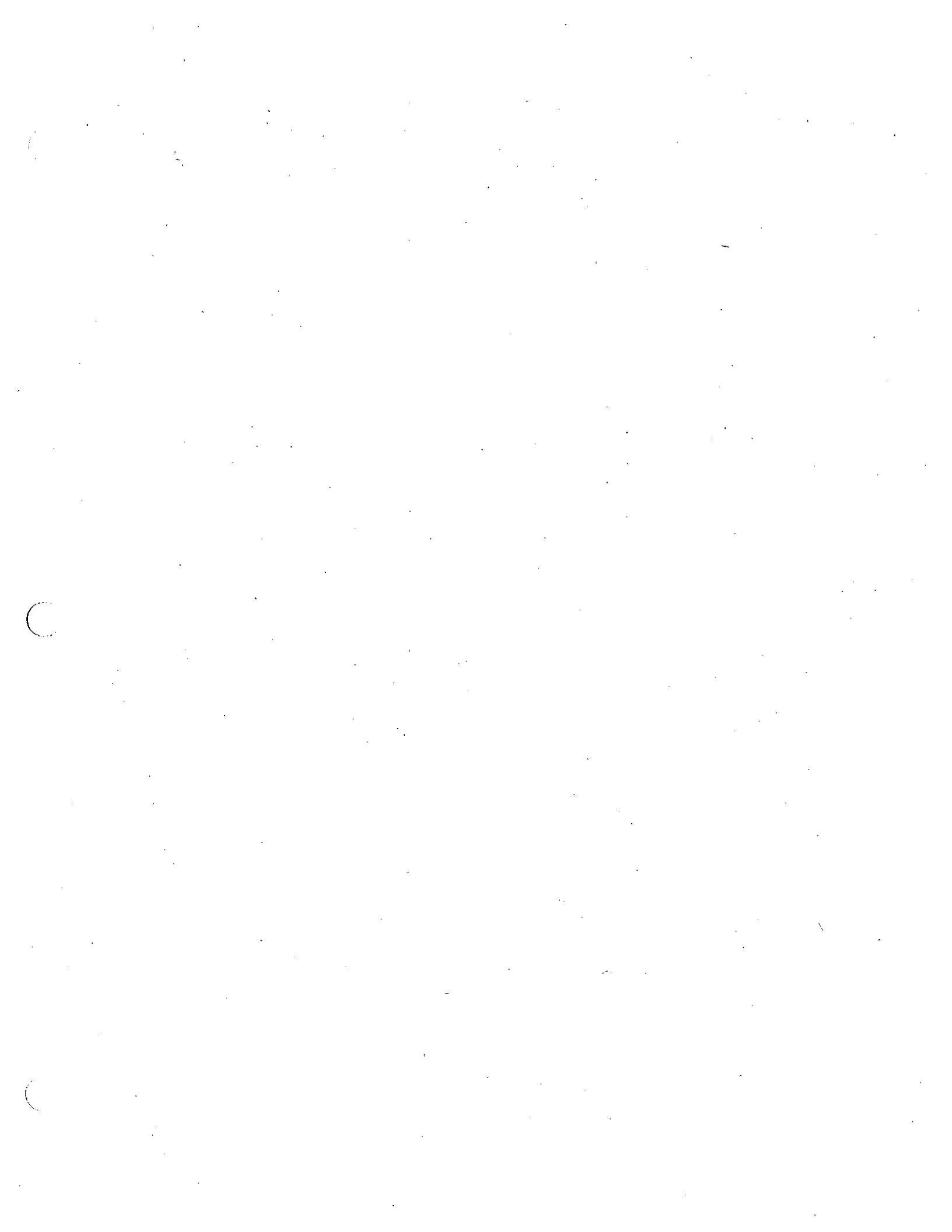
Let me discuss our first principle, smart savings. The need for the layoffs that are going to result underscores the importance of reforming State law to make rational hiring and firing practices in our schools. As we face the possibility of cutting some 8,500 teacher positions, current State law would mandate that they be let go in order of reverse seniority within teaching licenses. This "last in, first out" requirement fails to recognize school needs as well as differences in teacher effectiveness and their real impact on the lives of our students. You were just discussing that with Dr. Steiner. It's important we be able to operationalize these differences. We need you to empower us to evaluate teachers objectively and transparently and then to make decisions based on what matters most -- success in boosting student achievement in the classroom. Additionally, a layoff based on seniority and not merit means more teachers will, ultimately, lose their jobs, resulting in a smaller teaching force and, thus, larger class size. "Last in, first out" also creates a potential for operational chaos. In the event of severe budget cuts, as would be the case with the current budget, resulting layoffs would trigger a chain reaction of seniority-based "bumping" throughout the City schools, something we've worked hard to eliminate. You would have to let go of newer teachers and remaining teachers would be shuffled from school to school. The disarray would be

JOINT BUDGET HEARING-EDUCATION FEBRUARY 2, 2010

most damaging to our highest-needs students and schools, and we've talked about those this morning.

A 2008 study in the Journal of Policy Analysis and Management found that teacher quality gaps in New York City between our lowest- and highest-poverty schools, that those gaps have narrowed significantly during the last decade, largely due to the hiring of more successful and, yes, more effective, newer teachers. Some of those teachers are getting outstanding outcomes for our highest-needs students, but they are the very ones who would be forced out of a job under a "last in, first out" scenario. For example, we may have to pull a math teacher who is getting great results helping overage students get back on track from his classroom and replace him with a teacher who has struggled with that population in a previous school. Not only does that not make sense, it would also have a dangerously negative impact on student learning and may discourage some of the best and brightest from becoming New York City teachers in the first place. We, therefore, urge you to amend Section 2588 of the Education Law to give school districts the authority to establish an orderly process for dealing with employee layoffs and to give principals final authority over which personnel are to be let go based on an assessment of need, skill, quality, and following the recommendations of school leadership teams. Further reform to this section of the law should also remediate the Absent Teacher Reserve Pool. Right now when tenured teachers are excessed for any reason, they are placed in that pool and remain on the DOE payroll indefinitely. Many ATR, Absent Teacher Reserve, teachers quickly find jobs





JOINT BUDGET HEARING-EDUCATION FEBRUARY 2, 2010

elsewhere but some remain in the Pool, literally, for years without ever being hired. There are currently more than 1,100 such teachers at a total annual cost of more than \$110 million dollars to taxpayers. We think it wrong to force them on the schools, but by the same token, we need to make sure that they don't remain on our payroll indefinitely. Right now, about half of them have been there more than six months. Based on this and what we found out with the study that was done by the New Teacher Project, more than half of those ATR teachers didn't even apply for a single vacancy through our online hiring system. Other districts like Chicago, under now-Secretary Duncan, had a one-year time limit for displaced teachers, allowing for the full termination of personnel after a year in excess at full salary. We would like to see you adopt a similar law here in New York.

We also need your help with respect to the "Rubber Rooms" that you've been talking about with Commissioner Steiner. The current law establishes a protracted process, and while it's intended to conclude within 60 days, these cases drag on for years. We're still paying teachers in New York City who have been in a Rubber Room for as long as seven years. Those are taxpayer dollars that could be better used to pay the salaries of some 370 additional teachers, directly benefitting our students. So we're talking about some \$30-plus million right there. Indeed, this past Sunday the New York Post ran a front-page story about a teacher who has been reassigned to the Rubber Room for more than seven years. He's a tenured teacher at the very top of the pay scale who has not stepped into a classroom since 2001 because I believe he poses a

JOINT BUDGET HEARING-EDUCATION FEBRUARY 2, 2010

risk to the safety and well being of our students. In the event of layoffs, I wouldn't be able to get rid of this teacher. He would be able to keep his job and his \$100,000 salary based on seniority alone. Instead, I'd be forced to lay off other teachers so this reassigned teacher can show up each day to a Rubber Room, collecting a paycheck and adding to his pension. So, we urge you to streamline and really massively redo the 3020-a process, enabling faster resolution for teachers who are ultimately reinstated and should be in the classroom. I noticed just last week Randi Weingarten called for similar reforms and was bringing in Ken Feinberg to help her work with proposals in that regard. I would like to work with you in seeking to implement those proposals and save us more than \$30 million annually.

I would also like to echo the Mayor's recommendation for the Governor's plan to let the City create a sinking fund for principal on Federally-subsidized school construction bonds that would result in lowering our borrowing costs and allow us to build and repair more schools, and two similar smart ideas that would save money without any cost to the State: First, is to eliminate the Board of Education Retirement System and merge its members into the New York City Employee Retirement System and the Teachers' Retirement System. That move would save us \$8 million annually. The second is extending the Wicks Law exemption to the Education Construction Fund. The ECF does the same work as the School Construction Authority, but with a mixture of private dollars that are donated for the purpose of school construction. By lowering the costs, again, we free up more money to build more

schools.

Principle two, ensuring access to every dollar. In tough times we simply cannot afford to leave any available funding on the table. As you know, President Obama and United States Education Secretary Arne Duncan recently issued an unprecedented challenge to the education establishment by launching the Race to the Top competition. Race to the Top provides strong financial incentives to bring our schools into the 21st Century by implementing common-sense reforms that will put more students on the path to success; reforms, I might add, that have often been proposed and implemented in New York City.

Last month, New York State submitted an application for as much as \$700 million in Federal Race to the Top aid. Funds which are, obviously, needed now especially in the current economic time. We supported the State's efforts to raise standards, which accounted for 14 percent of the application, but we were disappointed that key actions that would have made our application more competitive were not taken. As a result, our State's three million schoolchildren might miss out on this much-needed \$700 million of funding.

The necessity of lifting this charter cap is, at this point, indisputable. Several recent studies have demonstrated by independent university researchers that New York City's charter school students consistently outperform their peers in district schools. Indeed, as was pointed out yesterday in the L.A. Times, we've become a model for other districts across the nation. Demand for seats in the City's existing charter schools far outpace available supply, with more than 3,500 children --

JOINT BUDGET HEARING-EDUCATION FEBRUARY 2, 2010

almost all of whom are African-American and Latinos -- currently on charter school wait lists. While I would have preferred to resolve this issue in time to include it in the State's first-round Race to the Top application, we must, nonetheless, work together to raise the cap during this Legislative Session without any provisions that would stymie the effective growth of charter schools, provisions that are clearly at odds with the goals and guidelines of Race to the Top.

Another way you ensure that we achieve maximum benefits from available funding is to permit us the use of a portion of Universal Pre-K funds to pay for the part of the costs of current full-day programs and open up additional full-day programs where needed. Last year, as in past years, we left more than \$25 million of unused Pre-K funds on the table. With families struggling to maintain jobs and unemployment above 10 percent in our City, it is important that we provide them with full-day Pre-K options. At the same time, we need to maximize all available funds to cover the costs. Currently, we pay for our full-day programs covering the hours between two-and-a-half hours and a half-day period by cobbling together various funding streams. Facing the cut we're facing, we need the flexibility to use our Pre-K monies for full-day.

We also believe that the City and State can save millions of dollars in special ed costs. I ask you to consider revising Section 4403 to allow parents of preschool special ed students to receive reimbursement for their own transportation instead of having these children ride enormously costly buses. We estimate this would save us

JOINT BUDGET HEARING-EDUCATION FEBRUARY 2, 2010

\$330 million for the City and the State. I would also ask you to freeze the tuition rates paid to special education providers for preschool special ed and contract schools, for another savings of \$28 million and \$21 million for the City and State, respectively.

Lastly, I urge you to finalize the State Plan Amendment for Medicaid for school districts so that we can begin implementing the new requirements and realize all possible available revenue under Medicaid. New York State has been unable to file our claims for school districts since July of 2009. Other states have already modified their Medicaid programs through successful negotiations with the Centers for Medicare and Medicaid Services, and New York needs to establish a timetable for doing the same. We're currently developing a new data system that will greatly improve our ability to document and create accurate, complete, and timely submissions. By working together, the City and State can ensure we have access to tens of millions of dollars, indeed, possibly more than \$100 million, to reimburse the City for a significant portion.

Finally, let me talk about flexibility. Giving school systems and school leaders more flexibility in how they can use their budgets is now more crucial than ever. Indeed, it goes to some of the discussion about mandates and mandate reform that we heard earlier this morning. In a universe of increasingly limited resources we must empower our principals with maximum flexibility over available funding so they can make the best possible tough choices for the needs of their schools and their individual students. I would like to thank the Governor

JOINT BUDGET HEARING-EDUCATION FEBRUARY 2, 2010

for proposing a moratorium on unfunded special education mandates and a repeal of special education reporting requirements that are duplicative of Federal law. These steps go a long way in reducing the administrative burden associated with State programs, leading to more cost-effective and efficient procurement. Following the Governor, you could help improve flexibility in our schools and our entire district by providing relief from State mandates that are not required by the Federal IDEA. The Legislature and the Board of Regents should work to modify Section 4403 of the Education Law that establishes an arbitrary minimum level of special ed services such as speech therapy, and sets the maximum student caseloads for special education service providers. Let me be clear. I'm not talking about diminishing services for our students in need; rather, I'm calling for enhanced local flexibility to make decisions that will impact our classroom, and allowing more flexibility will not cost the State anything, but put more money into our schools where it's most beneficial. In addition, other districts throughout the State have the ability to add between one and three students to their special ed classes that have poor attendance. New York City, for some reason, is not allowed to do that. We should be permitted to do it.

Finally, I ask for greater flexibility in using Instructional Aid Materials money. It should be up to local school districts to determine the best way to spend funding from the three Instructional Aid Materials programs: Textbook Aid, Computer Hardware, and Computer Software Aid. This consolidation would cost nothing for the State or school districts, but would allow them to have greater flexibility and use

JOINT BUDGET HEARING-EDUCATION FEBRUARY 2, 2010

their money more wisely.

In conclusion, at a time when funds are scarce, it's critical that we work together to protect our schools and students against the worst effects of the ongoing economic uncertainty. As a Department we've made every effort to reduce administrative expenses before cutting funding to schools, and those cuts that were necessary were equitably applied. We ask that the cuts to our schools -- both direct and indirect -- be reduced to the lowest level possible. We also brought you a variety of reform proposals that would help our bottom line without incurring costs to the State.

Since the Mayor took office, our students have made historic academic gains in math and reading, and our graduation rate, which had long been stagnant, has now increased by more than 15 points in the past six years. Thousands more students are graduating each year with the skills they need to compete in the 21st Century, but we, admittedly, have a long, long way to go.

Despite enduring several rounds of budget cuts since 2007, our progress has continued unabated, demonstrating our careful stewardship of every dollar, along with the exemplary management skills of our principals and the hard work of our dedicated teachers and students. All of us want to keep this progress going and do everything possible to shield our students from potential harm. Please join me in making our difficult budget situation as tolerable as possible for our kids.

Thank you for your time and attention and I welcome your questions.

JOINT BUDGET HEARING-EDUCATION FEBRUARY 2, 2010

CHAIRMAN FARRELL: Thank you very much. First to question, Cathy Nolan, Chair of the Education Committee.

ASSEMBLYWOMAN NOLAN: Thank you, Mr. Farrell, and thank you, Chancellor Klein. Just to respond a little bit to some of your initial comments. The Legislature, certainly, has put a great deal of money into education, and one of the perennial issues -- especially when we go to our colleagues from other regions when we talk about driving certain dollars to high-needs students, for example, in the City -- is the level of support the City itself gives its schools. Sometimes words that appear, maintenance of effort. I'm sure you've heard all the phrases. What level of support are you getting from the City, and what do you anticipate getting, so that regardless of how much money we put in, if you take money out, the children are going to be affected. And specifically, we didn't do mid-year cuts, this Legislature, and took a lot of heat from many quarters for that. But we worked very hard, our Speaker and our Chairman, to make sure that we did not do mid-year cuts to education, but the City did do some mid-year cuts which everyone agrees are the most devastating. So, I guess, I think we'd like to hear, the Committee, a little bit more from you about what you intend to do to make sure that the City's commitment to the children is there.

CHANCELLOR KLEIN: Sure. Actually, the City initially did put in place mid-year cuts, as you said, Chairwoman Nolan, and that got reversed last week. So, in fact, we had approximately \$80 million that we had cut from schools, which meant about \$50,000, \$60,000. That got reversed and another \$350 million cut for next year

JOINT BUDGET HEARING-EDUCATION FEBRUARY 2, 2010

got reversed. So, the City is basically not --

ASSEMBLYWOMAN NOLAN: With City money?

CHANCELLOR KLEIN: With City money.

ASSEMBLYWOMAN NOLAN: Or with the State money that we didn't cut?

CHANCELLOR KLEIN: No, no. This was City money that we -- what happened was -- and you may have read about it, and if not, I'd be happy to brief you in detail -- the City had reserved a raise of four and four for all union personnel. I had decided earlier to cut the raise to two and two and cap it at \$70,000 salaries, so you could not get more than \$1,400. The City then took that principle and applied it to its reserves for raises, saying that the union workforce would get two and two. That freed up somewhere like \$140 million this year and \$350 million next year. So, as a result of that, we didn't have a mid-year cut and \$350 million was restored to our budget for the next year.

ASSEMBLYWOMAN NOLAN: And you have planned for a maintenance of effort going forward in this recession?

CHANCELLOR KLEIN: I hope so. Let me be clear. In whatever forum I appear -- City, State or Federal -- I'm seeking more money for my kids . And, you know, all of them have their own challenges, but you can be assured -- I like to say whatever brought us the economic hard times, our kids had nothing to do with it and we should do everything in our collective power to spare them.

ASSEMBLYWOMAN NOLAN: One of the things you talked about, you mentioned something about mandates and you said it's

JOINT BUDGET HEARING-EDUCATION FEBRUARY 2, 2010

duplicative of Federal law. When you became Chancellor -- and I think this is the start of your ninth year now, leading our New York City school system -- it's true, I would agree, that there were not many assessments in place to see what was actually happening, but as you heard -- because I know you were here for most of Commissioner Steiner's testimony -- the State, in conjunction with the Federal government, has now a much more extensive system of testing schools, rating schools, assessing schools. Do you feel, especially -- I know you're changing your assessment system again, which I think is going to be the fourth time in the nine years -- do you feel that your system is now duplicative and not necessary? Because the savings there would, obviously, be enormous. I know it's a tremendous commitment financially on the part of the DOE to that rating system. But since, for example, we have the 57 schools that just came out and other venues that the State is now aggressively in concert with the Federal government assessing schools, do you feel that what you've established is duplicative, and could that be a source of savings going forward?

CHANCELLOR KLEIN: It may well be. And we've worked very closely with the Commissioner and supported the work he's doing on this. First of all, the platform that we created which was a source of some criticism in different forms, the ARIS platform, that is a platform that they're now going to take Statewide. In terms of the assessments we've been using, they're going to use similar assessments and we'll support all of that. In terms of accountability, they're still developing it. But I noticed -- if you saw in President's Obama's budget

JOINT BUDGET HEARING-EDUCATION FEBRUARY 2, 2010

announcement yesterday he was going to change No Child Left Behind to move it much closer to the kind of system the City is using, and I hope the State uses a similar one so we won't have to --

ASSEMBLYWOMAN NOLAN: But that wasn't my question. My question was, though, since that's laudable, but is it then duplicative and do we need to be spending so much City and State money for you to give a grade to a school that the Commissioner's already assessed needs improvement or the Feds have already assessed? So is that a potential source of savings? Since they've copied you so beautifully, would that be a source of savings for us as we look at these difficult times? How much do you spend on those assessments, \$200 million, \$400 million?

CHANCELLOR KLEIN: The assessments will continue to have to -- I don't think the Commissioner is going to pay for the assessments, but it's been about \$20 million a year.

ASSEMBLYWOMAN NOLAN: But how much does the City spend on those things, \$100 million, \$50 million?

CHANCELLOR KLEIN: We spend about \$20 million. No, for the assessments we spend about \$22 million a year, I think, for what we call "acuity". What I understand from the Commissioner is he's going to require those assessments across the State. But unless I misheard him -- and if I did, I'm glad to save the money -- I didn't hear he was going to pay for this.

ASSEMBLYWOMAN NOLAN: So you don't believe that what you do is duplicative? You want to continue to make that a

JOINT BUDGET HEARING-EDUCATION FEBRUARY 2, 2010

priority and spend money on those assessments?

CHANCELLOR KLEIN: I think that that's going to be required, and to say what I think might be duplicative -- and I'm waiting for the Commissioner, who is working on this -- is the actual accountability. We had a different system from the State; I would like to have the same system from the State, but he has not finished his work in that regard. We're working closely, and that might be --

ASSEMBLYWOMAN NOLAN: It seems to me, nine years in now, though, it might be time to move to accepting the State's proper function would be to, for example, come up with that list of 57 schools, some of which differ from your own results, but accept it and move on and, you know, use money more creatively and more effectively at the local level.

CHANCELLOR KLEIN: I think we can.

ASSEMBLYWOMAN NOLAN: We look forward to hearing a little bit more about that.

Another question I have from your actual testimony is the Educational Construction Fund. We've talked a bit, you know, about trying to do that bill. You have a great team and you have some new people on the team. But, I do -- one of the concerns we've had about that in the past is that was the site, one of those ECF projects was where the crane fell and there was a loss of life. It's still, in my mind, an issue under a lot of active investigation as to what actually happened there, what was the role of the private developer. I mean, there's been a great deal of tabloid talk about it, so it's always been a little bit of a sensitivity

JOINT BUDGET HEARING-EDUCATION FEBRUARY 2, 2010

for me to move forward on the bill. Would you like to respond to that in some way?

CHANCELLOR KLEIN: I'd be happy to sit down and have you briefed in detail. I think you want what we want: Well-constructed schools that are safe.

ASSEMBLYWOMAN NOLAN: But the issue is if giving the ECF that additional authority, the ECF was responsible for a crash that had a loss of life and that's still being investigated. So, it's often difficult for the Legislature to expand the powers of an authority if the only thing we know about the authority is that it seems to have bungled an important project on, I think it was, 51st Street, 57th Street, in Manhattan. So, is that investigation finally concluded and why would you want the ECF to have any additional authority if they bungled that so badly that there was a loss of life?

CHANCELLOR KLEIN: I think they have the authority, the only question is whether they have to live by the Wicks Law. This State and this Legislature, in its wisdom, exempted the SCA from living by the Wicks Law and we'd like the same exemption.

ASSEMBLYWOMAN NOLAN: I was actually very much a part of that, but I've been reluctant to recommend to our Conference extending that. I was very involved in that at that time, going back a ways when we created the School Construction Authority. But given the track record of ECF, there's been a certain concern about that, and I think we do need to see if the investigations have finally wrapped up. I mean, there was a loss of life there, for God's sake. So it's a very

JOINT BUDGET HEARING-EDUCATION FEBRUARY 2, 2010

serious issue and we'd like to know a little bit more. I know you mentioned it in your testimony, but I wanted to respond to you.

CHANCELLOR KLEIN: We welcome the opportunity.

ASSEMBLYWOMAN NOLAN: And then just quickly, there are about 400 trailers? So does that mean there are 12,000 children in those trailers or 24,000 children in those trailers? You know, this has been, I think you know, a source of continuing concern for me each time you've come before the Committee. Before you became the Chancellor there were about 400 of these trailers or TCU -- I love the bureaucracy comes up with that TCU name, you know -- but they're trailers. You know, they're just trailers. And, you know, there were about 400 of them. Nine years later, untold billions later that we've directed in EXCEL and Building Aid to the City of New York, there are 400 trailers. So, what are you doing? You know, when I go back to my constituents and they have children going to school in a trailer and I say, "But we've helped give all this money to the City of New York for Building Aid over these many years," how do I answer them when they say, "Why are there still trailers?"

CHANCELLOR KLEIN: First of all, I agree with you. I wish there were no trailers. But there's no question, we've opened up, literally, thousands, tens and tens of thousands of seats. Come the fall of 2010 we're going to open up another 25,000. The reason there are trailers in some communities is because people have a real partiality to certain schools.

ASSEMBLYWOMAN NOLAN: I have to -- we just

JOINT BUDGET HEARING-EDUCATION FEBRUARY 2, 2010

can't agree with it. You have 72,000 less students now than you had when you became the Chancellor. There are almost 75,000 less students in the City of New York now because, in my opinion, the middle-class families are struggling with how they feel about the system. But let's not characterize the whys and the wherefores. There could be many reasons. You have 72,000 less children, we've given you all this money, you've built all these seats, but you seem to have no plan to get rid of the trailers, and it's not enough. Don't tell me that there's a partiality to go to PS 81 where they handcuffed a five-year-old a year or two ago. Don't tell me that that's a partiality because it's not. What is the plan to get rid of the trailers? Nine years into your tenure, what is the plan to get rid of the trailers? You know, honestly, that's the core mission. That is a substandard way for a small child to go to school. I understand that there's leased space. I understand you've built new seats. We've helped -- our taxpayers have directed that money to you. How can there still be 400 trailers? How could that be?

CHANCELLOR KLEIN: Well, first of all, I'll be happy to go over this, but I don't think there are fewer children in the public schools than when we started, and second of all, I think I can show you where we have reduced trailers. What we need to do is build more space. It's not magic. It's just a question of creating new seats for kids.

ASSEMBLYWOMAN NOLAN: But these aren't new trailers, Joel. These are the same trailers. I mean, there may have been some trailers closed here or there and a few put into some areas. I understand that. But the bulk of them are the same ones that have been

JOINT BUDGET HEARING-EDUCATION FEBRUARY 2, 2010

there for the 10 years that you've been -- 8, 9 years you guys have been there. What's the plan? You've had task forces for almost everything. Where is the initiative, where is the urgency, where is the task force to say we are going to make sure that these children are not in trailers?

CHANCELLOR KLEIN: There's a task force in every borough. We have been meeting with all borough presidents on this. We're looking for space. A lot of times it's not so easy -- even though people think it's easy -- to locate schools. We have NIMBY challenges. We're continuing to build. This year, in the fall we're opening up 25,000 seats. That will reduce pressure on it. It's a point of urgency. I'm not disputing the wisdom of the point you're making. I am saying that I think we have made progress and I would like to make more progress.

ASSEMBLYWOMAN NOLAN: I could just tell you that we're not feeling that. And I, certainly, have faced crowds of people, even in my own district, that were anxious about school construction and supported the Department in the construction of schools, supported the Department in leasing schools. But that, to me, has been -- I just don't understand how anybody eight years into it can say, "We still have 400 trailers." How many students are we talking about? About 20,000 kids in trailers, 24,000, 12,000? That's a number we want to know --

CHANCELLOR KLEIN: All right, I'll get you the number.

ASSEMBLYWOMAN NOLAN: -- because I always thought it was -- I was told it was 10,000 kids in trailers, but now I find out that TCUs actually are two classrooms per trailer, which is even more

JOINT BUDGET HEARING-EDUCATION FEBRUARY 2, 2010

of an atrocity. So that means you're really talking about 24,000 kids if there are 400. So, I mean, we really need to know. We really need to know.

CHANCELLOR KLEIN: Before you close the record on this hearing, I'd like to submit numbers on enrollment, numbers on the children in trailers when we started and today, and what the projection is going to be so we have a complete record.

ASSEMBLYWOMAN NOLAN: Yes. And right now our complete record shows that there are 300 -- I think close to 400 of them, not counting the high schools. I don't know why not the high schools -- I can't seem to get that. And the SED record shows that you have 72,000 less children than you had when you started. So, I just don't understand. All those new seats, fewer children, still 400 trailers, or maybe 393, someone said. So, I guess, maybe six of them have gone in eight years. It's not acceptable to us in the Legislature. I know there's going to be a lot of other questions.

My last thing, GEDs. When I had the privilege of speaking to you the first time I became Chair of this Committee I had quoted from an SED report that the City had had a million hours less adult ed and had closed a number of these centers. At that time you were joined by, I think it was, Michelle Cahill, and I very vividly remember that you said, "She's here to get that under control," and, I swear, she was gone within six weeks. So, I've worried about that ever since. What are we doing on -- and you heard Commissioner Steiner talk about it -- what is the City doing? You wanted a chance to reconfigure that, and I agreed

JOINT BUDGET HEARING-EDUCATION FEBRUARY 2, 2010

with that. I agreed with that. But what are you doing now to address that issue? Because I know that many of those places closed and people don't always associate you guys with that kind of level of education, but, indeed, you're responsible for much of that.

CHANCELLOR KLEIN: Two things: What we've done is centralize authority. Many of the schools had their own programs that were weak and ineffective. We've centralized authority under Cami Anderson and as a result of that our graduation rates and GED programs are much better.

ASSEMBLYWOMAN NOLAN: But are you a million hours less instructional time? Are you actually giving out -- are you taking in fewer students? So the rates could be better, but if the numbers have declined that precipitously --

CHANCELLOR KLEIN: We are taking fewer students for the following reasons: We're not letting schools push out kids into GED programs. That's what happened in the past. We're saying to them in the absence of real compelling evidence, we want our children to get a Regents diploma, not a GED diploma. So that's --

ASSEMBLYWOMAN NOLAN: We totally buy into that, but four years later, I'd like to know the actual number of GED tests that you've administered because it seems to be, from what State Ed has said, precipitously less. And though I understand what you're saying -- you want to feel that everyone gets that Regents diploma -- we also want to see the numbers of discharges. All right? We keep hearing about all those ninth graders, that's how we resolved the overcrowding in the

JOINT BUDGET HEARING-EDUCATION FEBRUARY 2, 2010

classrooms. We discharged those ninth graders. So those are numbers we want to see. We're working with State Ed on them. When people come to the Legislature nine years into it to say that they need that money -- and we want to give that money, and we have given that money -- I think these are serious questions that we want to see answered.

CHANCELLOR KLEIN: I would be happy to get you all the information.

CHAIRMAN KRUGER: Thank you, Assemblywoman Nolan. Before I put forward our Chairperson Oppenheimer, our Education Chairperson, I sort of want to slide into this for a moment, Chancellor. There's been a lot of acrimony concerning school closings in the City. And although we went through a very torturous process to try to, I should say, retool the issue of school governance -- and as you know, I've been a strong proponent of infusing parental involvement into the process, a lot more than you and your administration, perhaps, would choose to like to address -- we seem to find whenever we talk about the Department of Education, a disconnect between the communities and (inaudible). It doesn't get any better, it just keeps on getting worse and worse. And each time we tried to sort of give the devil his due and try to say that, you know, the job is getting done and, perhaps, everybody could weigh in and do it a little bit better or a little bit smarter, nevertheless, you're the Chancellor and the Mayor is the Mayor, and in its infinite wisdom, like it or not, the issue of school governance is -- once again the baton has been passed to you. But we built in certain safeguards into that new legislation: The question of bringing closures into the communities

JOINT BUDGET HEARING-EDUCATION FEBRUARY 2, 2010

that are affected; impact reports; the opportunity to hold individualized public hearings at those schools that are slated for closure; bringing the entire package, along with a legitimate impact report to the Council for Education Equality, which in its last vote, I mean, the five borough presidents voted against, and then the other members weigh in, as we knew they would be, and, ultimately, it passes.

I guess my question to you is: What is going to be the wake-up call when we can partner on making the parents part of the process in developing the educational policies for our schools? When are we going to be able to say that we've accomplished our goal and that the parents are not sort of put on the back burner and treated as an annoyance rather than a partner? When are we going to be able to say that the Legislature and the elected officials are real partners in the effort? You know, you come to us for money, but you don't come to us for direction. You come to us for money, but you don't come to us for involvement. You come to us for money, but at the same time, you know, we sort of -- we're like the orphaned children that are never really around the table on the day of the family dinner. So, I'm not asking a question, I'm making a statement. I brought a lawsuit, and I was one of the first legislators to challenge the idea of what was going to happen to the districts and what was going to happen under school governance. And, you know, although I believe I won that suit, that was sort of a half a win because, ultimately, all it did was create a court monitor -- which is still in place, by the way -- but which has been treated in the breach.

Today we find ourselves, once again, by you, being

JOINT BUDGET HEARING-EDUCATION FEBRUARY 2, 2010

asked to undo the Executive Budget to be able to funnel more money into the New York City school system. At the same time, you haven't come to us today or ever and said, "How can we become a partner with you in how we're going to use that money and how we're going to educate our children," except in some kind of a mock, distorted fashion that the Department of Education knows best and we know least.

So, please, it doesn't require an answer. It doesn't require an answer because we don't have enough time in the day, but it does require some real thought and concentration. Before we go ahead and we cut health care or we cut something else out of the budget in order to try to bring the gap between what the Executive proposed and what we're prepared to offer up, then you should be able to offer up to us some kind of a public statement and some kind of real meaningful input in the way the New York City school systems are run. Not that you're annoyed because the NAACP has to join a lawsuit with the UFT on the issue of closure, because I think at the end of the day, they may very well win that suit. I know at 5 o'clock tonight I have a meeting in my office with members of the Senate, that we are going to have our first meeting under the new school governance law that allows us oversight to weigh in on a lot of these issues and we're going to do it. We'll do it either nicely or we'll do it by subpoena. But at the end of the day we want to find out, we want to find out where, after nine years of torture, nine years of acrimony, nine years of nail biting and hand twisting, to this day, whether it's trailers in the school yards or whether it's parents standing in the door or whether it's teachers that are trying to do battle or whether it's just plain folks that

JOINT BUDGET HEARING-EDUCATION FEBRUARY 2, 2010

live in the community wanting to know where their tax dollars are and we can't answer them. We can't answer them because you've disconnected us from the process.

Thank you.

Senator Oppenheimer.

CHANCELLOR KLEIN: Would you mind if I responded briefly?

CHAIRMAN KRUGER: It would be my pleasure.

CHANCELLOR KLEIN: I feel constrained to say a couple things, but first of all, I would be happy to engage you. I can't fix what happened yesterday, but I can always try to do better tomorrow. Second of all, I surely hope that there's no one here who's going to defend schools that are consistently getting a graduation rate of 15 or 18 or 20 percent on the Regents, 40 percent overall. All of those big schools were identified by Commissioner Steiner as persistently lowest-performing schools. President Obama and Secretary Duncan have made it clear that those are schools that have to be transformed. We have done that time and time again in schools that you're familiar with in Brooklyn, whether it's Canarsie, whether it's South Shore, and parents are voting with their feet.

We talk about parents. At Jamaica High School, which is one of the schools that's involved, virtually nobody in that community attends that school anymore. I have had calls from parents who want new and different and better opportunities. So, I understand that there are a lot of things that we need to work on, to do better, and I'm happy to

JOINT BUDGET HEARING-EDUCATION FEBRUARY 2, 2010

engage you on that. I know where your heart is, I know where you're coming from. By the same token, it seems to me hard to imagine that a school that has an 18 or -- some of these schools have a 12 percent Regents graduation rate, that we're going to just sit there and continue to allow generation after generation of kids fall behind, particularly, in virtually all of these schools, these are children of African-American and Latino background or national origin. And we know from whether it's Evander Childs, Erasmus, Tilden, Bushwick, and hundreds of other things that we have done, that we can do better by those kids. Now, it's always hard to close a school. I tried, when I was a kid, to get into Jamaica High School. I couldn't get admitted. So, I know something about that world. But, in the end, I think we always have to remember that our kids are going to compete in a very different economy and in a very different world, and a graduation rate of 42 percent or 40 percent and a Regents graduation rate of 12 or 18 percent is something that's going to require a drastic change. And I hope I can count on you, Senator, and everybody else to work with us to do right by our kids, even as I work with you to make sure you're a full partner in the work we're doing.

CHAIRMAN KRUGER: Thank you, Chancellor, but again, let's not use the kids or the failing school as a shield. Let's talk about the fact that every time there is a regulation put into place by this Legislature, it's treated as an annoyance. Every time there's a court order, there's a willingness and a desire to see how it can be unraveled and undone. So, while we want to close failing schools and while we want to

JOINT BUDGET HEARING-EDUCATION FEBRUARY 2, 2010

recognize our obligation, we still also want to recognize that if the Department of Education deems the parents to be as unfit as the school, the Department of Education treats the elected officials as an annoyance. And by the way, it's not my sentiment. Go around. You want to do a study? Ask the elected officials. Take a poll. Ask the parents in the community. You were directed to do impact studies, not to do boilerplate, everybody gets the same. You say that the parents don't want to send their kids to those schools? Well, you know, for nine years you've been looking at those schools and for nine years you've attempted in one fashion or another to do something and, obviously, you've failed. So, the idea now is to put a lock on the door and to start all over again. You know what? Maybe that is an answer; maybe it's not an answer. But once again, the obligation to follow protocol and procedure and to partner every single parent, virtually -- and I don't want to paint with a broad brush -- but every single parent that I talk to feels that there's a complete disconnect at the Department of Education. Every elected official may be notified, but they're never consulted. And that's a sad comment because when you come to this Legislature and you ask for money, and a lot of money, and, you know, we do the best we can with limited resources and the kids are, obviously, the first priority, and I believe that you and your administration feel that way as well, but there's one thing that they certainly do feel, that we are an annoyance in the process.

Thank you.

Senator Oppenheimer.

SENATOR OPPENHEIMER: Well, Chancellor, you'll

be happy to hear from me now.

CHANCELLOR KLEIN: I'm always happy to hear from you.

CHAIRMAN KRUGER: I have no doubt.

SENATOR OPPENHEIMER: My questions are, essentially, around the reduction in class size and around charter schools. Let me start with the charter schools. We had thought that they would show us the innovation that could then be translated into usage in our general classrooms and that -- particularly in areas where they have co-located -- and that we could have learned from them. I want to know what your take is on that, and, also, why there haven't been more schools converted to charter schools if we felt that this was a valuable innovation?

CHANCELLOR KLEIN: Well, first of all, I think it is a valuable innovation, I think, both in terms of serving the students which, as I say -- we should be clear on the record: A charter school is a public school, no cost to the students, admission by lottery. Today in New York City, 62 percent of the children in charter schools are African-American, over 30 percent more are Latino. Parents selected it. Every parent who has a kid in one of those schools selected it. So, I think it's very important to understand that another 35,000 are on wait lists. This is one of the reasons why I have urged us to lift the cap and let us expand.

There are times when charter schools and public schools working together have learned from each other. It's not a one-way street. There's things going on in our public schools. But, for example, on

JOINT BUDGET HEARING-EDUCATION FEBRUARY 2, 2010

assessments, which Chairwoman Nolan asked me about, the assessment process is something that I actually learned from a couple of charter people, including John King who was here earlier this morning, who ran an organization -- or helped to run an organization -- called Uncommon Schools. If you use the assessments in a timely way you see what skills a child has -- these are not high stakes -- what skills she has and how you can intervene. Teaching the kid long division who knows long division is a waste of time, but teaching a kid long division who doesn't know fractions is an even worse waste of time.

So, those are things we have learned from each other. Unfortunately, this issue has become a political issue in the sense that there's a lot of feelings that are around it, and you heard the Commissioner talk about that before. I think what we really need to do is find a way to move forward, both in terms of creating opportunities for our children, learning from each other. But again, I will tell you, yesterday the leading national expert who does research at Stanford Education School, her name is Margaret Raymond, at Stanford, said that the strong results in New York City have important implications. She said that the New York City Department of Education stands as a learning lab for cities when it comes to the development of these charters, because study after study is now showing, based on kids who applied and some got in and some didn't. So, I think we need to deal with this issue. I think, Senator Kruger, this is another example of where there's a lot of feeling attached to it, and I respect that. But I also think we've got to listen to our parents who are on wait lists so that we can develop them.

JOINT BUDGET HEARING-EDUCATION FEBRUARY 2, 2010

SENATOR OPPENHEIMER: Well, that brings me back to the question, why are there not more schools that are being converted to charter schools?

CHANCELLOR KLEIN: The answer is we're moving as fast as we can to make sure there's quality. It's easy to open up a charter; it's hard to open up a high-quality charter. So, from when the Mayor took over until now -- we started with about 16; next year when we open up we'll have about 127 charters in the City. That will reduce the wait list. But we need to work with you to lift the cap because we're now brushing up against the cap on charters. But I am convinced that we could expand these and decrease that waiting list and give our parents choices, which is something that I think all of us want to do for our parents.

SENATOR OPPENHEIMER: It just seems that if the school is there and the parents want better quality, that you could have, perhaps, done more with converting.

CHANCELLOR KLEIN: We're prepared to convert. The schools themselves oftentimes don't have the votes to convert. There were real issues for conversion in terms of how you fund things going forward, like the pensions. So, there are a lot of economic issues. But we have worked and supported any conversion. I've met with lots of people and urged them to do that. But I've also supported people like Geoffrey Canada, people like John King, frankly, in Uncommon Schools and the work that they've done; Dacia Toll and Achievement First; Deborah Kenny. And we'll continue. We've really become a place where

JOINT BUDGET HEARING-EDUCATION FEBRUARY 2, 2010

great education entrepreneurs want to come and defy the odds and set very high standards and show that kids in high-poverty, high-needs, challenged communities can perform at very different levels. And I think that's one of the exciting things that's going on in our City and look forward, again, for your help and your leadership so that we can move this agenda forward and also create a rising tide so that people can learn from each other, best practices, sensible ways to do right by our kids.

SENATOR OPPENHEIMER: The other question is concerning the smaller class size. I believe that at least a quarter of the monies that were coming in for Contract for Excellence was to be directed towards smaller class size. And so, my question is, I have been reading in the recent reports that class sizes are not getting smaller; indeed, they are getting larger. So, could you explain?

CHANCELLOR KLEIN: Yes. First of all, again, I thank you for the money for smaller class sizes that was part of the Contract for Excellence. Here's what's happening -- and I wish it were otherwise because I would like to see all of our class sizes going down -- the cost of basic, overall cuts at a time when salaries and other things are going up, we have had to hire fewer teachers in the last several years across the system just because the money, overall, has gone down. And as a result of that, even though we've used the 25 percent of Contract for Excellence money -- and we can show this and have showed it to the Department -- we have used it for class size, but instead of losing, let's say, three teachers, a school might have only lost two as a result. But that still means their class size is going up. The other point to make in this

JOINT BUDGET HEARING-EDUCATION FEBRUARY 2, 2010

regard is over the course of the eight years, our class size in every grade has gone down. The last two years, because of budget cuts, it's gone up slightly and we continue to focus, particularly in high-poverty communities where there are high class sizes, to try to use the money to drive that down. I hope we can turn the economy around, then we can lower class size across the system.

SENATOR OPPENHEIMER: I hope so, too.

CHANCELLOR KLEIN: Thank you.

SENATOR OPPENHEIMER: Thank you.

CHAIRMAN KRUGER: Thank you.

CHAIRMAN FARRELL: Thank you very much.

CHAIRMAN KRUGER: We're joined by Senator
Andrea Stewart-Cousins.

CHAIRMAN FARRELL: We've been joined by
Assemblyman Keith Wright.

Next to question, Deborah Glick, Chair of the Higher
Education Committee.

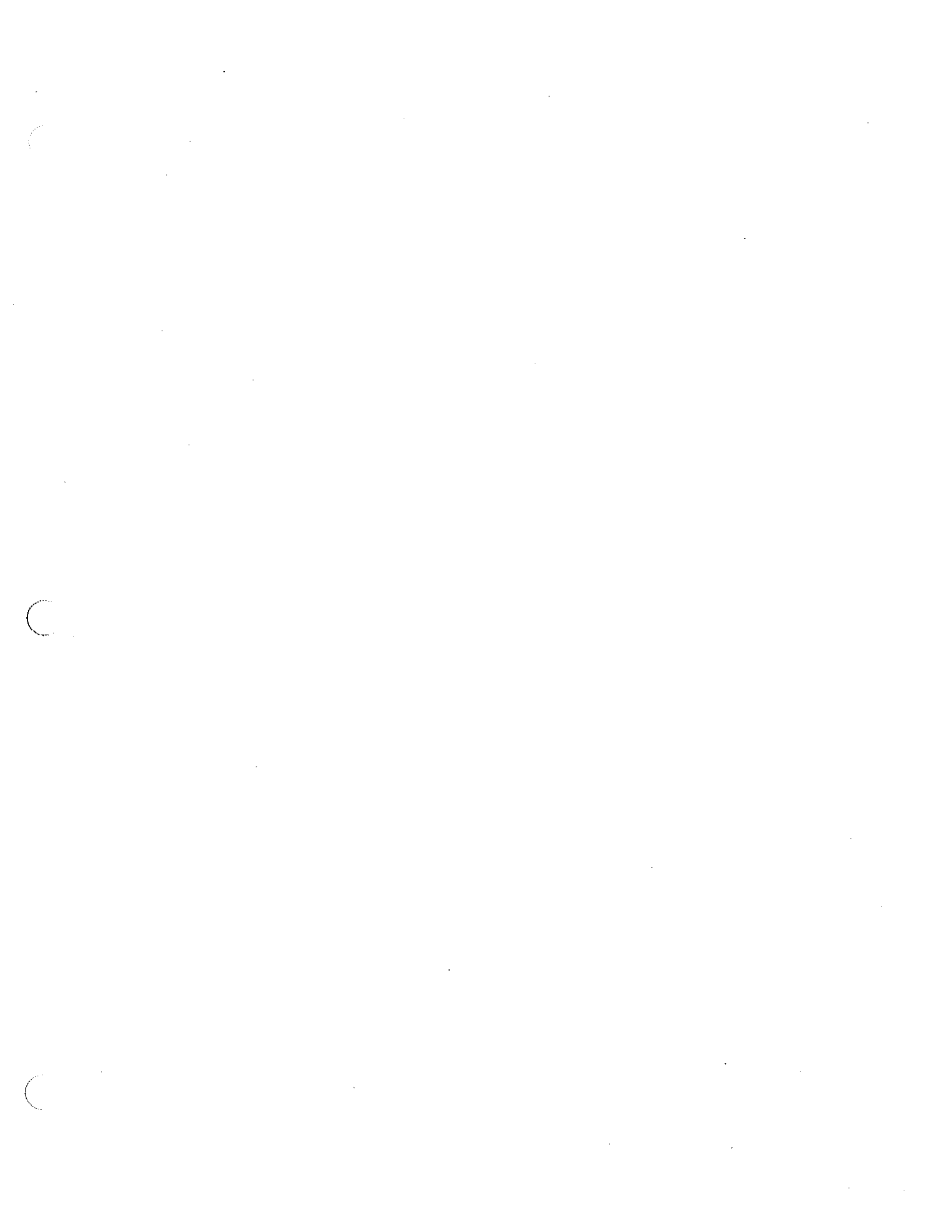
ASSEMBLYWOMAN GLICK: Thank you, Chairman
Farrell. Just a few questions. I saw in your testimony you detailed the
cut in administrative personnel, with the associated dollar amounts. I'm
wondering what the current cost of consultant contracts are and the value
of those contracts, say, ten years ago to this year? I don't expect you to
have that off the top of your head, but those are some information -- I see
that you're taking notes; I appreciate that -- and I'd like to see the
comparison of how many contracts there are, what the dollar figure is and

how many consultants you're using relative to the cut in the administrative personnel.

Secondly, just prior to your testimony we had the Commissioner of Education for the State, and in that discussion we talked about the disparity between State test scores and national NAEP scores. At the end of your testimony you talk about the historic academic gains in math and reading, and the graduation rate -- which had long been stagnant -- has increased by more than 15 points and thousands more students are graduating each year with the skills they need to compete in a 21st Century economy. Contrasting that with the recent reports that 70 -- something like 70 percent of the students graduating in New York City are not college-ready in relation to their entry into community colleges in New York. How do you square that information with your testimony?

CHANCELLOR KLEIN: I would be happy to go into detail with you, but I really appreciate the question because I think there's a lot of confusion. Here are some basic facts: There's no question that the graduation rate was stagnant for the decade before the Mayor. It's gone up two-and-a-half points. As a result of that -- and I was on a panel with Chancellor Tisch and Chancellor Goldstein just last week, and Chancellor Goldstein said exactly what I'm about to say: As a result of that, from 2002 to 2008, the number of students graduating from public schools in New York going to CUNY, two- and four-year colleges, has gone up by 8,000. It went from 16,000 to 24,000. I think by anybody's lights that's a big news headline item. Second of all, approximately half of those went to the four-year and half to the two-year. Even despite that,





JOINT BUDGET HEARING-EDUCATION FEBRUARY 2, 2010

the number of students being remediated in the community colleges has gone down, and Chancellor Goldstein said that last week. So, we've grown the number who go, but the actual percentage of remediation has gone down.

The third thing I would say, I would agree with him, with you, Chancellor Tisch and everybody else, there should be zero rate of remediation. But the fact that we have been able to grow the number of students and decrease remediation, of those 8,000 additional students, 5,700 of them are African-American and Latino.

Now let's come to the State tests. The Commissioner said, and I agreed with him -- these were the States tests, I didn't design them -- he said that State tests need to be improved and I agreed with that. But he also said they could tell you something, people who were doing better versus worse. We've had independent analyses. We'd happily share them with you. In 2002, the five counties in New York -- all five of them -- were fundamentally, in math and reading, in the bottom five and Staten Island was sixth from the bottom. Today on the State exams, what you see is, for example, Queens right near the top; all the others making substantial progress. If you compare our districts, wherever they started, even high-performing districts like District 26 in Queens, now outperforming districts that had outperformed it, like Massapequa, which is a much wealthier, suburban district. All of the numbers are good.

A final point on NAEP where there is some confusion: The State of New York, from 2003 to 2009 in math NAEP, which just

JOINT BUDGET HEARING-EDUCATION FEBRUARY 2, 2010

came out, it's fourth and eighth grade -- the State of New York was literally flat. They went up one point from '03 to '09. The City of New York went up 11 points. I'm talking about the rest of the State, without us. We went up 11, the State went up one point in fourth grade. One point is one month in NAEP. That means from '03 to '09 we went up over a year in our fourth grade and we beat the national average by almost twice; that is, the rest of the country. In the eighth grade math from '03 to '09, we went up seven points, the City of New York, the rest of the State went up one. So, we have a strong record to stand on. But when the NAEP came out it talked about the entire State and didn't disaggregate New York City from the rest of the State. I take great pride in the fact that my City, in a State which has lots of suburbs and lots of other places, my City went up 11 and 7 points over the six years under the Mayor and the rest of the State was flat line.

So, I think we have a clear record. I want to be honest, as blunt as I could. There is so much more we need to do . The 72 percent remediation rate in college, community college, which is not unique to New York City, is something that has to change. We need higher standards. We need longer days. We need a longer year. But I also think there was a reason New York City was selected in 2007 as the Best Urban School District by the Broad Prize, which is the only prize given in this field, and that is because New York City is making progress by, virtually, every measure. We need to do a lot more. You can always criticize us for not doing enough, but I think honest comparisons, apples to apples, we have a real record to stand on.

ASSEMBLYWOMAN GLICK: In relation to the overcrowding concern, and it is substantial in pockets, we always hear that, on average, everything is okay. But when it comes to the pockets of overcrowding, some of them have been quite severe and you referenced the fact that there have been task forces in each of the boroughs -- and I've spent some time participating in the Manhattan meetings -- where, for some reason, it was clear to most of the people who were on the ground, some of them were parents, a couple of them from CECs, and many of them were elected officials around the table. And what we were saying was we're facing a crisis coming up in kindergarten -- and this was about two or three years ago -- but it's going to continue because the kind of development that's been done, the size of the apartments that are being built, the nature of the fact the people are choosing not to move out to the suburbs, but raising their kids in the City, which is vastly different from when I went to school. People spent their younger years, their working years, in Manhattan, maybe Downtown Brooklyn or Queens, and then they had kids and they moved to more suburban areas. That just is not occurring. We also said that we thought that there were the beginnings of some economic indicators that we were, maybe, not going to be doing as well. And people who might have sent their kids to private school might not be doing that, most of which was, I have to say, we were hearing not the most -- how to characterize it politely -- we were hearing happy talk about, you know, we have X number and the coefficient with this is -- we're on track and everything's going to be fine, you know, and the next year there were 90 kids on a wait list for kindergarten. That's not, like,

JOINT BUDGET HEARING-EDUCATION FEBRUARY 2, 2010

ten kids over where you could scatter them around, that's several classes. So, now we're faced with rezoning everywhere and it is creating incredibly difficult local anger and emergencies. Even though you have schools planned, there's just not the same sense of urgency that we're feeling. Maybe you're feeling it, but you're not expressing it.

CHANCELLOR KLEIN: Let me express it. First of all, let me, in all candor, be thankful to you because you have, surely, expressed great urgency on this issue on several occasions to me and I've heard you. Indeed, I think working together we solved a real problem last year on 3 and 41 and I want to give you a lot of credit for that because you came with a sense of urgency, you and several other elected officials.

Second, I agree with your assessment of the situation in several communities where we've had people with young kids moving into those communities during what was, really, a time of economic development and progress in our City. The challenge, which is a challenge, and let me say perhaps we didn't express enough urgency and perhaps we didn't always act with enough urgency. So, let me own that. The challenge is probably what comes as oftentimes -- just look what's happening now down in TriBeCa, which is you have School 234 and the school is overcrowded. There are two great schools that we're opening. In fact, I've got the kindergartens of them in the first floor. We've got Spruce Street and we've got Battery Park. And I see those kids in the kindergartens and they're great. But parents wanted to go to 234 because it was a flagship. Just like they want to go, you know, it's Yogi Berra's -- one of his famous lines is, "Nobody goes to that restaurant anymore, it's

JOINT BUDGET HEARING-EDUCATION FEBRUARY 2, 2010

too crowded." And that's the challenge we face here. Parents want to go to 87 or they want go to PS 6 or they want to go to 234. So, what we need to do to work -- you can't overcrowd those schools even though they're all overcrowded. What we really need to do is work together to convince people that at least some of the new alternatives will be terrific. The other thing we need to do is to continue, particularly in some of those communities that have really grown in the last several years. In the end, last year while we had -- and I remember meetings with you -- 230 kids on a wait list, virtually every one cleared the wait list. It was not a great process. There was a lot of angst thrown into the process.

And so, I'll leave where I started. Your urgency won't abate -- I'm finding it somewhat infectious, so keep it up.

ASSEMBLYWOMAN GLICK: Well, I appreciate that, but as far as the TriBeCa situation goes, I, despite all of the e-mails and letters that came in that said support this zoning over that zoning, my response to everybody was everyone wants to go to School A. It's just not possible at a certain point. So, my job is to ensure that all of the other schools have the same ingredients that everybody finds so appealing in School A. I believe over time, it is the commitment of the parents, you know, a terrific instructional -- and I emphasize-- an instructional leader as a principal, not simply a manager, and great teachers, acting as a team. But it also includes the parents. And if the only reason you want parents involved is so that they can raise some extra resources and be more pliable around rezoning, that's, you know, a problem. Parents want to and need to be involved. And I would just suggest that they -- there have

JOINT BUDGET HEARING-EDUCATION FEBRUARY 2, 2010

been comments that have been made either about parent or teachers.

With teachers we hear at a hearing like this how important great teachers are, but then there is this general, sort of vague hostility that seems to come across sometimes when we're talking about teachers as an aggregate, which, I don't think, in the long run, is helpful. So, I think that if we really understand that the teachers are crucial then they can't be the bad guys and the whipping boys and girls in these discussions.

But when I went to school -- which I will admit, is longer ago than I care to admit -- we had a terrific high school. I lived very close to it. That school was a center of the community and it was open triple session because it was the Baby Boom, and it was open from 7:30 in the morning until 5:30 at night with students. You know, we went on a staggered schedule. And then after hours it was open for a wide range of activities that included having the gym open for some organized recreational activity; there was adult education going on, some were parents who were learning English; and some were other kinds of enrichment courses. My sister was out of school, but she went with our neighbor for some oil painting thing and there were all sorts of things that happened. That school was as competitive with Bronx High School of Science for the kinds of -- at the time it was Westinghouse; now, I think, it's Intel or maybe somebody else -- science. That school had huge energy and huge involvement but was basically a working- to lower-middle-class school student body.

So, I would just suggest that we need to find ways of creating that kind of school community in many other places, and that

JOINT BUDGET HEARING-EDUCATION FEBRUARY 2, 2010

needs to be revived. I don't think that's happening, or it's happening very occasionally. But the bottom line is smaller class size can't be just what is attracting parents to charter schools. They have to be available. The Mayor said class size isn't that important, but it is important for -- in some places; it has to be important everywhere.

CHANCELLOR KLEIN: I agree. First of all, I'm curious what school you went to?

ASSEMBLYWOMAN GLICK: Van Buren.

CHANCELLOR KLEIN: You went to Martin Van Buren. Okay. One statistic and two quick comments: The statistic is this year, U.S. News -- I don't control the organization -- they list the 100 Best High Schools in the country. Twelve of the top 100, including places and boroughs where there isn't Bronx Science, but in 12 of the top 100 -- we have about three-and-a-half percent of the high schools in the country and 12 of the top 100 were New York City high schools, including, I'm very proud to say, Newcomers High School in Queens which was number six. So it's just an amazing thing. We run a school for immigrants that's number six. So, I think we are creating that.

Second of all, there's no question -- and I've tried to explain this and probably have not done it well -- when you and I went to school, certainly when I went to Bryant High School -- I'm a little older than you -- my average class size in those days was over 30 consistently, and yet, I got an amazing education. I went from public housing to that school. And the quality of the teachers was off the charts. It's not a knock. It's a question that, you know, because many, many women who

JOINT BUDGET HEARING-EDUCATION FEBRUARY 2, 2010

had different career opportunities, great teachers. One of the things the Mayor and I have been a big bet on -- and we've raised salaries of teachers in the City -- if you look at New York at any other line, any other department, no one's raised salaries like we did in education and we're attracting really high-quality people to the City. That's what this report that I referenced in my testimony showed. You want to simultaneously lower class size, but raise quality. That's part of the strategy. If you simply look at numbers -- I've said this publicly and nobody's ever disagreed with me -- there's no one I know who wouldn't rather have their child in a class of 30 with a great teacher than a class of 25 with a poor teacher. Now what everybody says to me is, "I'd rather have my kid in a class of 20 with a great teacher." I get that. But the ocean is big and the rowboat is small. We need money and more resources, keeping them open longer. When I went to Bryant High School we played basketball there every night until 6 o'clock. That was an era in which things were different and the economics are now different. How do we get there without sacrificing teacher quality, because teacher quality is inequitably distributed? Every single study, and Commissioner Steiner referenced this, kids in high-poverty communities are consistently underserved when it comes to high-quality teaching and that's something, collectively, we need to solve.

ASSEMBLYWOMAN GLICK: The discussion will continue.

CHAIRMAN FARRELL: Thank you, Joel.
Senator.

JOINT BUDGET HEARING-EDUCATION FEBRUARY 2, 2010

CHAIRMAN KRUGER: Senator Krueger.

SENATOR KRUEGER: Thank you. I'm not sure how many hours late we are, but you were, I believe, here, or your people were here when Commissioner Steiner went through, in great detail, the numbers analysis of how we're not doing that well either Statewide or in New York City when you look at graduation rates and college preparatory rates, particularly for special ed children and black and Latino children in New York City. And yet, when I go to my home in New York City and I read some local newspaper stories, the data always seems to be somewhat different coming out of DOE. So, I know there was at least one question before about the test measurements. I guess my question is why do we have multiple sets of tests and why can't we use one test system Statewide so that we can evaluate, not only throughout the State, but from year to year on some standard model for evaluating how our students are doing? And, I suppose, to follow up on a related question, my understanding is the State has one fairly expensive computer system for tracking students and the City has some fairly expensive computer system for tracking students. Is there a way for us to create one merged and, perhaps, less costly system? So, it's both on the test side and also on the tracking side.

CHANCELLOR KLEIN: The answer is yes. On the test side, there are only two sets of tests. There are the State tests which everybody takes, and when I was giving you numbers before on how we did compared to others, those were on the exact same tests. Those were only State tests, 3 to 8, and then a Regents test for high school graduation.

JOINT BUDGET HEARING-EDUCATION FEBRUARY 2, 2010

So that is the way it exists now. The Federal tests are given to a sampled group of people throughout the State every other year, not every year. And it's only for, like, in New York City, 2,000 out of potentially 80,000 fourth graders. So it's very different. But the tests are the same. What the Commissioner said, and I agree with him, he wants to make them more comprehensive and more rigorous and more demanding and that will have an impact on all of us, but I salute that.

On the data systems, what they're doing now is, really, taking the data system we have, building with the data system they have. But our current data system, I think he would acknowledge this, is more sophisticated. But we're not going to limit it to K-12. We're going to do from Pre-K to 20 and we've been working with CUNY and SUNY on that. Final number -- because I know people -- I mean, everybody says there's lies, lies, and then there's statistics, right? So I understand that. But I would urge you to have Chancellor Goldstein come here and talk to you about this because the real fact of the matter is from 2002 to 2008, the number of students leaving New York City public high schools going to CUNY, all of their colleges, has gone from 16,000 to 24,000. That's a huge increase. And while you and everybody else is right, too many of those kids were remediated, even as we grew that, the percentage of remediated has gone down. The overall percentage of kids having higher SATs in the four-year colleges from the City has gone up. So, there's a lot of progress. The problem, really, is we want to see it as half full and a lot of other people want to argue it's half empty. But I will tell you, it was totally empty in the past. And so, there's much more work we need

JOINT BUDGET HEARING-EDUCATION FEBRUARY 2, 2010

to do, there's much more we need to do to improve the tests, there's much more -- we have to set the higher graduation standard. I don't set the standards. Five Regents said 65. It's a standard that the State set. I urged them to go and eliminate the local diploma. That will hurt my graduation rate because no more local diplomas means fewer kids will graduate. But I thought a local diploma wasn't worth the paper it was printed on and that we should get serious to get our kids prepared. So, I'm a big believer in this. How we transition is not easy.

SENATOR KRUEGER: Just to clarify on that. So, there is no separate City standardized tests that you were giving?

CHANCELLOR KLEIN: None whatsoever.

SENATOR KRUEGER: Only the State.

CHANCELLOR KLEIN: The only time is sometimes in summer school, but that's the only time. We never report that.

SENATOR KRUEGER: In your testimony, on Page 4 you had the following, it's the second paragraph, "Nearly half our agency's \$22 billion budget cannot be reduced because of fixed costs like pensions, debt service", et cetera. "Principals manage \$8 billion of our budget at the school level, with more than 85 percent of those dollars paying for salaries, mostly for teachers." So, the teachers' salary at the school level comes out of the \$8 billion that the principals are overseeing? What's the rest of the \$22 billion being spent on?

CHANCELLOR KLEIN: Okay. Probably a really big chunk of that are things likes pensions, right, things like debt service, multi-billion dollar debt service that we pay. The other things, we have

JOINT BUDGET HEARING-EDUCATION FEBRUARY 2, 2010

leases -- this goes back to some of the discussion with Assemblywoman Glick -- because we couldn't build enough schools in the City, we've leased a lot of space and we're locked into those lease payments that we have. Let me see what the other -- there was one other, I thought. Pensions -- oh, special ed. That's probably the biggest and growing -- and I spoke to that -- special ed, unlike general ed, you have to deliver what's in the IEP. So, for example, we've had -- and I think you and I have talked about this -- the thing called Carter cases in New York. If we get sued, which we get sued increasingly by families who want to go to a private special ed school because their children need those services, that number goes up and we have no control over it. Same thing. And what you're seeing here is a projection of fixed special ed costs on things that we really -- if it's in the IEP, we have to pay for it, and that's a big chunk of the \$12 billion. She's saying outside the classrooms themselves it's over \$2 billion right there. So, if you add those things together, it comes to about \$12 billion. Then \$8 billion is really our schools' operating budgets for their teachers, for their per-session, for supplies and things like that. About another \$3 billion, the remainder of all of this is -- or \$2.5 billion -- most of that is busing, things like food, things that we have some discretion, but you can imagine, not a lot of discretion over. And approximately \$600 million is with the consultants, everybody you want to look at is what goes to pay for running the school system. So, when I said \$600 million out of \$22 billion, that's, again, compared to any other major city, it's a very low administrative number. And the other thing is the fringe is \$3 billion. Health care and all of that just gets rolled up. We

have no discretion over it.

SENATOR KRUEGER: Also in your testimony a little farther back, you went into your plea for us to allow the money for Pre-K to be used for full-day Pre-K and you point out that you had to leave \$25 million unused. What do we need to do in Albany to ensure that you can use the Pre-K dollars for full-day? Because I agree. It's rule one in government: Get as much money as you can from whoever's bigger, and rule two, never give it back. So, I'm very disturbed to see that you can't use this, and I know for a fact that we're desperate for full-day Pre-K. So, what does the Legislature need to do?

CHANCELLOR KLEIN: Just language and a statute that would authorize us. Right now we have -- that last \$25 billion, basically, that's all for half-day. It may be different Upstate. I'm not trying to get into other people's issues. In New York City, for virtually all of our families that the parents who are working, they need Pre-K that goes -- so if you would de-restrict in the legislative language, saying that this money could be used either -- only for Pre-K -- either for half-day or full-day Pre-K within the City's discretion, report back to us how much goes to each one, we'll get the right mix because we pretty well know most of our families want to move toward full-day.

SENATOR KRUEGER: And then you also talked about, in your testimony, a problem with some kind of delay with the Centers for Medicare and Medicaid Services getting some kind of approval. Can you just help me understand that and whether it's the State stopping something or the Feds stopping something?

JOINT BUDGET HEARING-EDUCATION FEBRUARY 2, 2010

CHANCELLOR KLEIN: It's a combination. I'll let Photeine, who's much more -- now you're getting into where you've really got to be smart, and so I'm going to let her handle this.

SENATOR KRUEGER: Then I'll let someone else ask the question, too.

CHANCELLOR KLEIN: Basically, we went through a whole series of audits and everything on Medicaid and so forth and there were lots of issues that came out of that. As a result of that, I think we have an opportunity now, working with the State, to move this forward so we can get more rapid and higher reimbursement. Why don't you detail that.

MS. PHOTEINE ANAGNOSTOPOULOS: What we actually need the State Department of Health to do here is to put together a plan so that they can answer the Feds in terms of what was laid out in the lawsuit that needed to be fixed. If they could put that plan together -- they've been working on it, but it seems to have been stalled. We need the plan, we also need to know how we can claim and also that we can do targeted case management. That totals over \$100 million annually that could go to actually help our school budgets. It's not just for New York City; also, this would go across all of the other districts, particularly the other Big 5. So, this is something that costs the State no money. And it's a matter of actually just putting the plan in and putting it in place in a way that the school districts can actually comply.

SENATOR KRUEGER: And what's the name of the lawsuit?

JOINT BUDGET HEARING-EDUCATION FEBRUARY 2, 2010

MS. ANAGNOSTOPOULOS: I'd have to go look for it directly.

SENATOR KRUEGER: If you would follow up with me on the information at a later date. I just want to, on record, I share the concerns of Assemblywomen Nolan and Glick about school overcrowding and, obviously, you, Chancellor, know that my district just to the north of Assemblymember Glick's district is suffering also from an enormous complication of overcrowding. But I won't go into questions there because I think, for the record, we know that there's a huge problem. But I'm also concerned -- so, this year we found out that only one student in New York City got a Westinghouse or, now, Intel Award. Historically, New York City schools have done wonderfully on this, and I'm wondering, is something happening with our science program, which we all know has to be a priority in the 21st Century for our students?

CHANCELLOR KLEIN: I don't think so because I've looked at the numbers consistently over the last several years and, of course, New York City, until this year, in every other year had more Intels than any state by itself, and almost three-quarters of those were from Bronx Science and Stuyvesant. So, nothing is going on at those schools, I think, that would explain it other than occasionally, you know, you may not be in the top 40 is all that's about. But if you look at the five-, seven-year trends, it's clear to me that, as I said, there's no schools in the country that get more Intel finalists than -- Stuyvesant is number one and Science is number two. So, if I saw that trend again then that would seriously bother me, but having seen it rapidly grow in an

JOINT BUDGET HEARING-EDUCATION FEBRUARY 2, 2010

unprecedented fashion -- I mean, to have five or six at Stuyvesant out of 40 is just extraordinary. And then this year, as you say, one out of 40 in the City. So, I will follow that. I will talk to the principals. But I don't think you can conclude from one year that something apparent is going on there.

SENATOR KRUEGER: Thank you. I know I have many more questions, but the hours tick on. So, I will follow up with you. Thank you very much.

CHAIRMAN KRUGER: Thank you.

CHAIRMAN FARRELL: Thank you, Senator.

ASSEMBLYWOMAN NOLAN: Just a quick follow-up, then, because we want to make sure we have the data. The SED data I have says that you have 72,000 less kids than you had eight years ago, so I want to just point that out, that the City's enrollment has gone down. And on the GEDs, actually much to my -- so I'm a little bit off and so are you -- it used to be about 30,000. After you guys came in the number dropped to 22,000 but now it's back up to almost 30,000 again. So, actually, neither of us was correct. The City is still administering about the same number of GED exams that it was, say, 12 years ago. And when you reorganized the number dropped, but now the numbers crept back up again. So, you know, whether that's a good thing or a bad thing, you know, you're correct. You could argue it either way. You could say, well, gee, it's great that we have more people taking it or you could argue it's terrible because they're not getting Regents diplomas. But either way, I think the Committee would like to ask the DOE --

JOINT BUDGET HEARING-EDUCATION FEBRUARY 2, 2010

maybe we'll need to have a briefing, we may have an additional hearing just on this issue of adult ed because the numbers are just not great and apparently the waiting list in the City since the reorganization is lengthy. So, I wanted -- since you wanted to get back to us, I asked our staff to do a little -- a quick look at SED's online statistics. So, if you differ, Photeine, let us know. But that's what we have right now.

MS. ANAGNOSTOPOULOS: The difference is this year we did see an increase, as the Chancellor said, of 14,000 students and the decline in the enrollment has -- actually, the rate has declined. So, I think that's a point.

ASSEMBLYWOMAN NOLAN: I think that's something that we really need to clarify, because some of the data -- some of the funding is driven by that and I think we need to get a good look at that.

And then my last thing -- because I know it's late and everybody's been very patient -- is about the 57 schools. Maybe you can talk a little bit about what your plan is going to be to turn those schools around in partnership with SED because it's going to be a different relationship than closing the 19 you just closed. This is something State Ed, with the Feds, has determined, and that's a new relationship for you. So, in the past, a SURR or a SINI school was a handful of them. This is a very large number, very large comprehensive high schools are involved. Maybe you could comment for us a little bit about what you anticipate going forward for those schools.

CHANCELLOR KLEIN: We will be working closely

JOINT BUDGET HEARING-EDUCATION FEBRUARY 2, 2010

with SED. About eight of the schools in the 19 were on that list. You have four choices under Federal law. Three of those choices are essentially the closing or phasing down of a school before --

ASSEMBLYWOMAN NOLAN: Right. Turn around, restart, transform, and foreclose.

CHANCELLOR KLEIN: Right. So the transform, which you can only use that for half the schools, so, we will select that half of the schools and seek to use a transformation model. Others of those schools we'll have to either close them down or phase them out. Those are the choices we have and we'll work closely with SED on what our options are. But you can only use the transformation model for half of them.

ASSEMBLYWOMAN NOLAN: Right. Because the City had so many, the other districts like Syracuse and Buffalo actually have fewer, so they can use transformation for all of them. But, unfortunately, the City had so many of them that we're limited, or you're limited in the choices that you make. Each of these schools, though, is going to get about a half million dollars in Federal funds in an effort to make some progress in this. So, we'd be interested -- and the Committee may have its own independent hearing -- but, again, if you can share with us now, how do you envision that going forward? I mean, a half a million for a school as large as, you know, Long Island City High School is really not that much. A half a million for some of the smaller model schools, I guess, like Bread & Roses Integrated Arts High School, can't be very big and yet, the amount of dollars is the same. So, what

JOINT BUDGET HEARING-EDUCATION FEBRUARY 2, 2010

contribution -- to go back to my original question, maintenance of effort -- what do you envision doing for these schools in terms of your resources, not just the Federal/State resources?

CHANCELLOR KLEIN: Again, it's going to depend on where our budget is. If I have discretionary monies then, obviously, we'd like to put in more. I've also talked to SED about whether the size of the school -- I kind of agree with you that the size of the school should influence the overall amount of monies. What I would like to see, and I know Commissioner Steiner and Chancellor Tisch have talked about this, use the money to extend time for a lot of these students. More time would help. Use the money to attract high-quality math and science teachers, which they've talked about, to try to incentivize those things. Use the money to lower class size. The kind of things that, I think, would be helpful. But, you've got to follow, in order to get that money, very rigorous Federal law requirements.

ASSEMBLYWOMAN NOLAN: The Committee would like to be kept informed --

CHANCELLOR KLEIN: Sure.

ASSEMBLYWOMAN NOLAN: -- of whatever documents that you submit. I know so much is available at these web sites, but I think it would be helpful to us to have a better working knowledge. We intend to tour a number of the schools with Commissioner Steiner and we would welcome you, Chancellor Klein, to join us when we do. We're trying to get some dates that are amenable for everybody. I would also like to, perhaps, if it's possible, tour a GED site

JOINT BUDGET HEARING-EDUCATION FEBRUARY 2, 2010

with you because we continue to be very concerned about both those areas. And again, P 9, the most violent school in the State still -- or the second-most violent school in the State -- still, you know, continues to be a source of great concern for us. I know Commissioner Mills had visited, and we never able, you and I, to work out a date, but I'd like, again -- Dennis Wolcott came -- I'd like, again, to have an opportunity to take a look at not just P 9, but its equivalent in each of the boroughs because we keep seeing these special District 75 schools dealing with a very difficult population, not really making progress, and the same problem year in and year out.

CHANCELLOR KLEIN: It would be a privilege to show you those schools and to meet with you and discuss these data.

ASSEMBLYWOMAN NOLAN: Thank you.

CHAIRMAN FARRELL: Thank you.

CHAIRMAN KRUGER: Senator DeFrancisco.

SENATOR DEFRANCISCO: Chancellor, first of all, I want to compliment you and the City in how well you've done over the last several years in improving results because, to me, that is all that matters is the results, and those numbers are truly outstanding. We have a new Mayor just elected, her name is Stephanie Miner. She's exploring the idea of mayoral control and we do have a few charter schools in the City of Syracuse. My question is this: What role and what fact do you think mayoral control and charter schools, the two of them, had in helping you become successful, if it helped you to become successful?

CHANCELLOR KLEIN: This is the kind of question

JOINT BUDGET HEARING-EDUCATION FEBRUARY 2, 2010

that can only get you in trouble, but let me try to answer it candidly.

SENATOR DEFRANCISCO: Well, you've been in trouble before.

CHANCELLOR KLEIN: People sort of say it follows me around --

SENATOR DEFRANCISCO: That's correct.

CHANCELLOR KLEIN: -- but I think I bring it with me. Let me answer it this way: I believe this for high-needs urban school districts, and I'm not unique in this. Arne Duncan, the Secretary of Education, has been traveling around the country saying this, meeting with mayors, meeting with state legislators, and meeting with governors. Changing school districts is tough stuff, and there's going to be a lot of opposition. Sometimes we don't do things as well as we should, and I'd be the first to admit that. Sometimes we don't explain things. Sometimes, probably, we don't bring people in as well. But it takes a willingness to take on some tough and challenging issues like closing schools. I was quoted in The New Yorker Magazine this week about Arne Duncan saying, "Closing schools is worse than a root canal." And trust me, I now know that I underestimated the dimensions of it. So, I think you need the top official. You don't get caught up in divided authority because everybody holds the mayor accountable. And the City then knows, good, bad, or indifferent -- and trust me, we've made mistakes -- good, bad, or indifferent, who is responsible. Second of all, it aligns the budget. We've had a lot of questions about the budget. I can show you from 2002 to 2009 two numbers; one, what the City's increase

JOINT BUDGET HEARING-EDUCATION FEBRUARY 2, 2010

in budget for schools are compared to the State's, and the City has outstripped the State; and second of all -- and I'll show you our agency versus every other City agency -- if the Mayor is on the hook, the Mayor is more likely to put the resources behind his exposure. The third thing that really matters is the Mayor has a bully pulpit. And, again, I don't want to be Pollyannaish. We've done some controversial things, we've made some errors. I heard what Senator Kruger said. But there's a couple of things that are important to note. This Legislature reauthorized, in essence, mayoral control after the eight years, and second of all, New York City has been selected time and again -- and here's this article that I quoted to you -- for being a game changer.

The second question you asked me was about charter schools. There are two things that, I think, are very important about charter schools, one is to stimulate innovation. There's a weird thing that lets people think that a Chancellor or a superintendent can operate, in Syracuse, 70 schools and figure it out. It doesn't work that way. People say, "Why don't you fix this school," but people and bureaucracies really need to create an environment where talented, creative, dynamic, innovative people come in and, essentially, they fix the schools. If I was smart enough to fix 1,500 schools it would be quite something. And each school has its own culture, its own needs. This goes to the same issue about instructional leadership. Both halves are important. Instruction matters, but management matters, too. If you don't know how to recruit people, you don't know how to inspire them, you don't set high expectations, you don't know how to train them, you don't know how to advance them, you

won't succeed. You could be the most knowledgeable instructor in the world, but a school is an organization. And so, one of the things that we have done is to bring in groups that have been enormously helpful. So everybody here knows Bob Hughes and New Visions, and they're intimately involved in 80 of our schools. They're all traditional public schools. He's getting good results. I've gone around the country saying to people, "Whether it's public or charter, that's up to you. But what's not up to you is that you've got to perform well." So you're bringing talent, innovation, doing things differently. And then the second piece that you're doing is you're giving parents a choice. You know, I will say this unapologetically: Of all the things a parent wants for her child, she wants a good education. That's number one. She may want a different curriculum, but she wants to know that when a kid exits the public school system in New York City that that child is ready for college. And I will tell you, when I started, and even today, far too many kids weren't remotely in that position. And what every parent -- and I've seen this now -- what every parent wants is opportunities. And in the charter thing, the most instructive piece, to me -- and as I said, it's almost 100 percent African-American and Latino in New York, and you've got a lot of the same challenges in Syracuse -- almost 100 percent African-American and Latino, 35,000 people on the waiting lists. Parents voting with their feet for their children. And so, that's created competition, it's created innovation, it's created dynamism. Has it been noiseless? No.

SENATOR DEFRANCISCO: And is that competition

or dynamism and the way you described it, has that translated into increased scores in the public schools as well?

CHANCELLOR KLEIN: Yes. And there's been independent studies on that as well. Because if you come next month -- it's really something to behold, I invite the entire Committee -- in Harlem, there will be a fair, a school fair, and all of the schools, the public schools, the private schools and the charter schools, there will be 10,000 parents looking at this array of schools. I promise you, there's no place else in America where you will see 10,000 minority families looking around for choices and people saying to them, "Our school has uniforms, one of my schools starts kids in kindergarten in science," they tell them what their results are. You know what that does? It empowers parents to make a choice. All of us want that for our kids. And I really invite you to come see it. It's breathtaking in its dimensions.

SENATOR DEFRANCISCO: I just want you to know that there were many legislators that were ready, willing, and able to vote on the Race to the Top legislation that the Governor called us all back to Special Session on, and we, unfortunately, were not given that opportunity. I think it's almost criminal that we weren't passing some legislation to improve our chances of getting that funding.

In addition, you heard me talk about the Rubber Room and that article that I had seen, and the Commissioner didn't know the answer to this. Part of the problem seems to be that there's two days of a hearing one month, two days of a hearing. That process, is that by negotiations in a contract or is it by choice?

JOINT BUDGET HEARING-EDUCATION FEBRUARY 2, 2010

CHANCELLOR KLEIN: It's by negotiation in a contract. The whole system is misdesigned. The issues that were raised before, I think, by Senator Johnson about paying arbitrators, it is a totally misdesigned system.

SENATOR DEFRANCISCO: But if the Legislature changes the rules of 3020-a to try to make it more expeditious, are you still bound by these provisions and contracts --

CHANCELLOR KLEIN: No.

SENATOR DEFRANCISCO: -- which, virtually, require you to delay these cases beyond a reasonable period?

CHANCELLOR KLEIN: No. And, again, without trying to negotiate a deal here, look, this ought to be a system in which there are ought to be two-day hearings. This doesn't take six years, but the incentive is if you're a teacher in trouble and I have to pay you until this process is over, you have every incentive to drag it on. There should be, within three months, a two-day hearing, 30 days later the arbitrator ought to make a ruling and we ought to move on. Life is too short for this.

SENATOR DEFRANCISCO: Now, did you say -- I heard you mention Randi Weingarten -- did you say that she was on board with making changes to this system?

CHANCELLOR KLEIN: She made a very important speech about two weeks ago. And there was an article written in The New Yorker magazine by a man named Steve Brill called "The Rubber Room." If you haven't read it --

JOINT BUDGET HEARING-EDUCATION FEBRUARY 2, 2010

SENATOR DEFRANCISCO: I've got that in front of me.

CHANCELLOR KLEIN: -- I recommend it to you. In that, Randi made a speech in which she talked about tying teacher performance to student data as part of a comprehensive evaluation system and, second of all, restructuring this 3020-a-type process. She hired a guy named Ken Feinberg, my old -- a friend of mine. He's the guy who is doing all the talk work for President Obama, and they're going to try to come up with, I hope, the kind of thing I've been talking to you about, 90 days, a two-day hearing and then either forward or backward.

SENATOR DEFRANCISCO: Well, it just seems to me it's got to be embarrassing to teachers for there to be a process like this when other teachers are being fired because of the fact that money's being wasted on this process. And secondly, if teachers really claim they're innocent of whatever the charges may be, and they very well might, you'd want a quick determination of that rather than sitting in a room talking to yourself for seven years. The logic behind that is totally inescapable. And if we don't do something this Session then something is basically wrong -- well, we know there's something basically wrong with the process, but something has to be done because it's an indefensible situation.

You mentioned the Absent Teacher Reserve Pool. Is that by way of negotiation as well?

CHANCELLOR KLEIN: Yes, it is.

SENATOR DEFRANCISCO: Why would anybody

negotiate something like that?

CHANCELLOR KLEIN: Because under the prior contract, what happened was if you were -- let's just say your school lost 100 kids so they had to excess two teachers. Those two teachers -- or let's just say they did away with a science teacher. That teacher then would go to Chairwoman Oppenheimer's school and knock somebody out there. It was all this involuntary moving and bouncing. And we said, and the union agreed with us, we said that you can't force-place people in a school. It's got to be a willing deal. We proposed that people have a year, and the fact finder in our arbitration with the union agreed with us on no-forced placement but said you can't get rid of the people. So, now we've created this thing, we have 1,100 or so people who are ATRs, many of them for multiple years, some of them who don't look for a job. We have to fix it.

SENATOR DEFRANCISCO: And I would assume they get out of there once they get another job somewhere in the system or in another system and the ones likely to remain at the end are those that really don't want to get a job or are not as competent as the ones who got jobs; is that a fair assessment?

CHANCELLOR KLEIN: Correct.

SENATOR DEFRANCISCO: All right. And legislation can be done to undo that?

CHANCELLOR KLEIN: Yes, sir, and that's what they did in Illinois.

SENATOR DEFRANCISCO: Okay. Last point. I'm

JOINT BUDGET HEARING-EDUCATION FEBRUARY 2, 2010

not sure I understand it, that's why I'm going to ask you. The point about -- you mentioned, "Lastly, I urge you to finalize the State plan amendment for Medicaid for school districts." What is there left to do to finalize it? What's the process problem that's going on that we can't finalize something in order to get more reimbursement?

MS. ANAGNOSTOPOULOS: It's actually with the Department of Health here in the State. What they have to do is actually develop the plan which will allow the districts to know what process they have to follow to submit claims and also how to do the targeted case management work. So, we're waiting on the Department of Health.

SENATOR DEFRANCISCO: Is it fair to say that there'd be more reimbursement once this plan is in place?

MS. ANAGNOSTOPOULOS: We could get over \$100 million annually.

SENATOR DEFRANCISCO: And how long has this process been pending with the Health Department as far as coming up with what they're supposed to come up with to get \$100 million?

MS. ANAGNOSTOPOULOS: Our understanding was that -- or our expectation was that we would have had a plan in place early this fall.

SENATOR DEFRANCISCO: How long have they been working on it?

MS. ANAGNOSTOPOULOS: The suit has been settled about a year-and-a-half now, so they've had close to a year-and-a-half. That's my understanding.

JOINT BUDGET HEARING-EDUCATION FEBRUARY 2, 2010

SENATOR DEFRANCISCO: And by not doing this for a year-and-a-half, if it's \$100 million more, you're talking about \$150 million we have not been able to realize?

MS. ANAGNOSTOPOULOS: They wouldn't have been able to do anything before this September given the timing with the Federal government. So, for us to get the \$100 million by the end of this year, we needed that plan at the beginning of this year. We're hoping that they can do something very soon so that you can claim going backwards and we'll be able to actually accumulate those dollars.

SENATOR DEFRANCISCO: All right. So, it's still not too late from January --

MS. ANAGNOSTOPOULOS: It's not too late at this point, but we need to start moving so that we don't move past that.

SENATOR DEFRANCISCO: When will it become too late?

MS. ANAGNOSTOPOULOS: I'd have to get back to you with those details.

SENATOR DEFRANCISCO: I'd appreciate that because I would think that every member of this Legislature would want to urge someone to get something done where we can realize money, especially at this time. But I appreciate it. Thank you for your testimony.

CHANCELLOR KLEIN: Thank you very much.

CHAIRMAN KRUGER: Thank you, Senator.

CHAIRMAN FARRELL: Thank you, Senator. We've been joined by Danny O'Donnell, Assemblyman.

JOINT BUDGET HEARING-EDUCATION FEBRUARY 2, 2010

Any other questions?

CHAIRMAN KRUGER: Not on this side.

CHAIRMAN FARRELL: Mr. Hayes.

ASSEMBLYMAN HAYES: Mr. Chairman, we've also been joined by Assemblyman Molinaro.

CHAIRMAN FARRELL: Thank you very much.

CHAIRMAN KRUGER: Thank you.

CHAIRMAN FARRELL: Andrew Pallotta, Executive Vice President of New York State United Teachers.

MR. ANDREW PALLOTTA: Good afternoon, Chairman Kruger, Chairman Farrell, and honorable members of the Senate Finance Committee and Assembly Ways and Means Committee. I am Andrew Pallotta, Executive Vice President of New York State United Teachers. NYSUT is a Statewide union representing more than 600,000 members. Our members are Pre-K to 12 school-related professionals, higher education faculty, and other professionals in education and health.

I thank you for this opportunity to address you today regarding the Executive Budget for 2010-2011. My testimony will broadly outline NYSUT's comments on the Executive Budget proposal for public education. As always, in the days ahead our members and staff will be meeting with you and your staff to expand on these comments and seek your help in addressing them.

I would also like to introduce, to my left, Mr. Steve Allinger, the Director of Legislation from NYSUT.

NYSUT believes that, particularly in these troubling

JOINT BUDGET HEARING-EDUCATION FEBRUARY 2, 2010

economic times, investing in education makes both good sense and good public policy. Funding targeted to quality public schools will see the greatest return on taxpayer money and will strengthen the entire economy. Thanks to our congressional delegation, the American Recovery and Reinvestment Act provided the funding to restore a substantial amount of last year's proposed cuts. Initial reporting from states is that at least 250,000 education jobs have been created or saved across the nation thanks to the Economic Recovery Plan; 18,600 of these jobs are in New York State. This Plan is supporting our students and fueling our economy. Despite the economic situation, we can and must move forward in our drive to put in place funding that provides all students with the opportunity for their constitutionally-guaranteed right to a sound, basic education.

The Governor's budget includes an overall reduction in school aid of \$1.1 billion year to year. Operating aids are reduced by \$1.4 billion in the Gap Elimination Adjustment. This amounts to a 7.5 percent cut in operating aids for schools. This funding level is \$4.2 billion below the levels promised under the CFE. The massive cuts proposed for education would force schools to cut additional teachers and programs. Last year we lost over 5,000 teaching positions and other school staff Statewide. These cuts would erode most of the good that was accomplished by the Federal aid devoted to education last year. Thousands of additional school staff would be laid off that have been saved by the ARRA. In fact, the magnitude of the Executive's proposed budget cut is roughly equal to the entire \$1.2 billion from the ARRA

JOINT BUDGET HEARING-EDUCATION FEBRUARY 2, 2010

appropriation for school aid adopted by the Legislature last spring for the current school year.

In 2007, the Legislature enacted school funding reforms to satisfy the requirements of the CFE case and made an historic commitment to fund education fully over a four-year period. Adding resources fairly to public schools across the State with an extra commitment in areas of high need was and continues to be the right priority for both taxpayers and children. The proposed cuts are on top of an already-broken promise to our schoolchildren. While we understand the tough fiscal times our State and the nation are experiencing, keeping the promise to our schoolchildren is the right choice for our State.

The four-year phase in of increased school aid was intended to allow for local district planning and to create a predictable funding stream which schools could depend upon. We know that this financial commitment was made in good faith, but last year the phase-in was delayed from four to seven years and now the Governor is proposing a further extension to ten. And this year, with the Governor's proposed cuts, we'd be \$4.2 billion behind in keeping that commitment. Each year that Foundation Aid is frozen, school districts that are highly dependent on State aid get further behind.

The Executive Budget leaves school districts in the unenviable position of either proposing double-digit property tax increases or eliminating the programs and teachers that New York's children deserve. President Obama has said that our nation must "educate our way" to a better economy and we couldn't agree more.

JOINT BUDGET HEARING-EDUCATION FEBRUARY 2, 2010

Unless our children graduate from high school ready to take on the challenges of the future, we may never get out of this economic crisis. The next generation of New York's workers must come from New York public schools and universities. Employers are going to demand it and State policymakers must ensure that New York's education system can meet that demand. Promising a knowledge economy without an investment in knowledge is a hollow message.

While we face difficult options in the current crisis, most economists agree the worst thing a state can do in a severe recession is cut spending because that decreases aggregate demand and weakens the overall economy. We ask that you restore the Governor's cuts, restart the Foundation formula, and minimally provide the level of resources for our schools adopted in the 2010-2011 Regents proposal, a \$469 million year-to-year increase.

In the Wyandanch School District on Long Island -- which would lose almost \$1 million under the Governor's proposal -- teacher layoffs, as well as the elimination of AP courses, summer school, sports teams, bus rides, are all possibilities. Such cuts would be especially devastating given that due to budget constraints last spring, Wyandanch, a low-wealth district, was forced to lay off reading teachers and support staff and eliminate high school elective courses and nearly half its sports teams.

In New York City, Mayor Bloomberg said last week that the Governor's budget would mean 8,500 fewer teachers next year. This would cause an explosion in class sizes already overcrowded, and after-

JOINT BUDGET HEARING-EDUCATION FEBRUARY 2, 2010

school programs would also be curtailed and academic intervention services would be reduced.

Officials in the Albany School District say that the Governor's Executive Budget, if approved, would result in the elimination of more than 100 positions and likely mean program cuts and another possible school building closure.

The Superintendent of the Eastchester District in the Lower Hudson Valley said the Governor's proposal would result in larger class size and layoffs, adding that personnel cuts through attrition would not be enough. And this Superintendent is not alone. In a recent survey this past fall of 150 superintendents Statewide, 89 percent said they would likely have to eliminate jobs in their school district even before the threat of further severe cuts had materialized.

Now is not the time to take a step backward. Our kids can't afford that. Please continue investing in our students, our teachers and our schools. Don't erase the progress we've made. With a committed investment in our public education system by the State Legislature via Foundation Aid reforms enacted in 2007, the significant progress and proven results being made by our students Statewide can continue.

Test scores and graduation rates are up. Eighty-six percent of students in math in grades 6 through 8 achieved the standards in 2009 compared with 80 percent a year earlier. New York leads the nation in Advanced Placement test results, and we are the largest and most diverse population taking the exam. Recently, 197 schools and 26 districts have been removed from the list of Schools Needing

JOINT BUDGET HEARING-EDUCATION FEBRUARY 2, 2010

Improvement under the No Child Left Behind Act, and last year the State's public education system was ranked among the top three in the nation by the independent national publication, Education Week.

In fact, I've seen firsthand the miracles that can be accomplished in our schools. Before I came to NYSUT, I was an educator in the New York City schools for 24 years. I also attended public schools: PS 215, where I learned to play the cello; Middle School 228, where I learned to play soccer; and, of course, Abraham Lincoln High School on Ocean Parkway in Brooklyn, where I learned how to play the trumpet and was involved in the orchestra and all kinds of stage bands, playing fantastic music.

Ten years ago, the school where I taught, PS 32 in the Fordham section of the Bronx, was at risk of closure. But thanks to a strategic plan based on teamwork and a desire to do the right thing for our students and community, we were able to turn PS 32 around. We implemented a series of professional development programs for both staff and new teachers. We placed a greater emphasis on science curriculum and hired two new science teachers. And we held outreach workshops on subjects such as math and technology, which were attended by many parents. Now PS 32 ranks in the top ten percent of all New York City elementary schools and is a textbook for educators who want to create a productive learning environment and improve student achievement. Seventy-five percent of the students are now proficient in English language arts. Two years ago the percentage was 59 percent. And in math, 93 percent of students are proficient, up from 80 percent in 2006.

JOINT BUDGET HEARING-EDUCATION FEBRUARY 2, 2010

Poughkeepsie Middle School is another success story. Test scores there a decade ago were so low only 17 percent of the kids met State standards on eighth grade math tests and the school was placed under State corrective action. But again, thanks to hard work, a series of teacher-led changes and a new collaborative approach with a principal who came up through the ranks, investments were made in the school. Four English language arts teachers and two math teachers were hired. Teachers were relieved of non-instructional duties so they could work on model lesson plans, compare notes on students, and intensively review student data. As a result, test scores in math and ELA jumped dramatically, and today this school is on track to become a school in good standing with the State Education Department.

Simply put, we cannot afford to erase the progress our students and schools have made. But unless the deep education cuts proposed by the Governor in his Executive Budget are rejected by the State Legislature, this is exactly what will happen and our students will be the ones who lose.

In 2009, the Executive signed legislation into law modifying the State's public pension system, adding a new tier, Tier V, for all public employees hired after January 1st, 2010. Included in this reform was a commitment by both the Governor and the State Legislature to enact legislation this Legislative Session offering an early retirement option for NYSUT members who have reached 55 years of age and have at least 25 years of service. It is imperative that State leaders keep this commitment and enact necessary legislation as soon as possible. This

JOINT BUDGET HEARING-EDUCATION FEBRUARY 2, 2010

option will place no financial hardship on either the New York State and Local Employees' Retirement System or the New York State Teachers' Retirement System, and if enacted quickly, will provide needed budgetary flexibility to school districts, SUNY and community colleges, helping to avert layoffs and program cuts. Allowing seasoned teachers and staff who are at the top end of the pay scale the option of retiring a few years early without a significant pension penalty could, in some instances, save a significant number of recently hired educators and educational support staff from being laid off in the coming months.

The Federal ARRA provided substantial funds for State stabilization over a two-year period. In fact, Federal recovery assistance is closing roughly 31 percent of New York's budget hole in the current year. This past December, the House of Representatives passed the Jobs for Main Street Act, which includes a \$23 billion "Education Jobs Fund." This would provide an estimated \$1.4 billion in funding for New York. We urge you to reach out to Senators Schumer and Gillibrand, asking them to push for a similar bill in the Senate. This funding could go a long way towards closing our budget gap this year and saving education jobs in the State.

Another potential source of revenue is the Stock Transfer Tax. It is, basically, a sales tax on Wall Street paid on each transaction. The tax is technically already in effect but, unfortunately, the money is currently tallied, assessed, collected, and then handed right back to the brokers who paid it. This could bring in an additional \$3.2 billion annually if we rebate only 80 percent.

Finally, we would like to provide, in a separate submission, additional revenue-generating ideas including the cost savings benefits of economies of scale and initiatives such as green schools.

On teacher centers, as we continue the discussion on how we can provide our kids with everything they need to excel, it is also important to provide those who will teach these students with the necessary support to ensure their success. There are currently over 130 teacher centers across New York State. These centers are operated by teachers and over 200,000 teachers were served by their teacher center last year. Teacher centers provide an invaluable resource to all teachers and contribute to the growth and maturity of less-experienced teachers. In fact, the Governor's own Race to the Top application includes a reliance on teacher centers as a means to sustain and improve professional development programs Statewide. Given this backdrop, it is surprising to us that the Governor chose to eliminate funding for teacher centers in his Executive Budget. In addition to the loss of high-quality professional development opportunities, the loss of funding for these centers will also mean adding hundreds of teacher center employees to the list of New York's unemployed. We ask for a full restoration to last year's enacted level of \$40 million.

In the area of summer school special education, the Governor's budget proposes to modify State reimbursement to school districts for summer school special education costs from what is now a flat rate of 70 percent for all districts to a share of somewhere between 10

JOINT BUDGET HEARING-EDUCATION FEBRUARY 2, 2010

and 80 percent using the Foundation Aid State Sharing Ratio. The proposal would also limit the proportion of the current year appropriation that is available to pay prior years' claims. Statewide this would create winners and losers but, overall, districts' aid for this program would be cut by \$86 million in 2010-2011.

The Governor's budget also proposes to limit the growth in the county share of costs for preschool special education to two percent per year beginning with the 2010 school year and to assign any growth above two percent to the school district of residence. This cost shift would have an immediate impact on school districts and is estimated to increase costs by \$11.7 million outside of New York City. The cost shift will have the same impact as a cut and it will force the elimination of personnel or programs. Local taxpayers may be asked to foot the bill, placing significant pressure on local property taxpayers at a time when State leaders are attempting to lessen the burden.

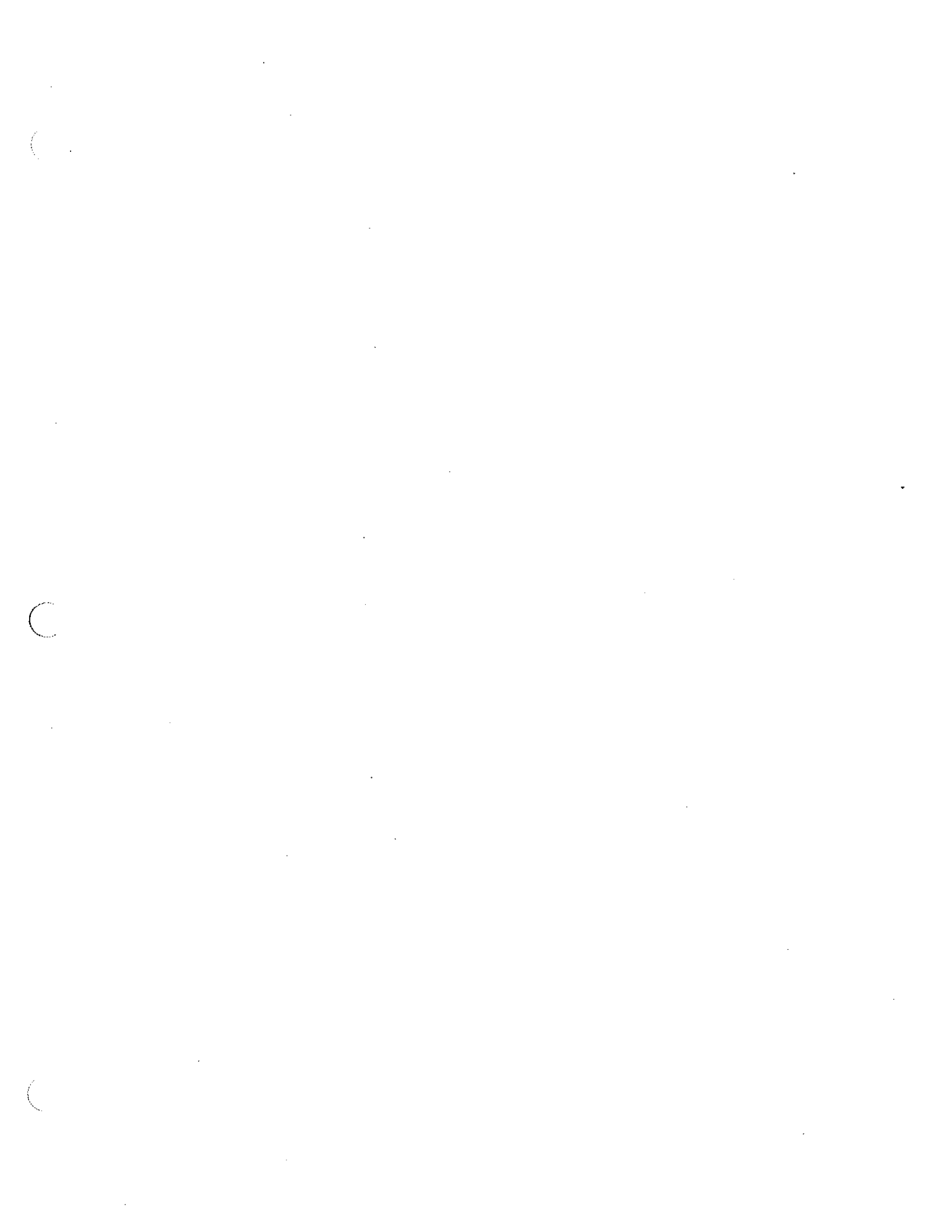
Public libraries are playing an essential role in helping people deal with the current financial crisis. There was a great story in the Wall Street Journal a couple of weeks ago which highlights this. According to the article, American libraries are reporting up to a 65 percent rise in attendance over the past 12 months as droves of people visit their local library to make use of the free services they offer. It seems that the bulk of these new visitors are turning to the library after losing their jobs, with many needing urgent help and advice on how to search for jobs, update their resumes, and even looking for free entertainment, given their loss of disposable income. In addition to ever-

JOINT BUDGET HEARING-EDUCATION FEBRUARY 2, 2010

popular lending services, free broadband internet access, counseling services and career workshops are also being provided. Despite their obvious value, publicly-funded libraries have been under siege. The Governor's proposal would be the fifth cut in library aid in two years. If this cut is enacted it will bring funding below 1998 levels. The cumulative impact of these five cuts would total an 18 percent cut in less than two years, which amounts to \$18 million. The local impact reported Statewide is extensive, resulting in reduced hours, layoffs, program elimination and service cuts. We ask you to reject the proposed cut to libraries and recognize the essential role that libraries are playing in helping people deal with the worst economic conditions since the Great Depression.

In conclusion, the Executive Budget would reverse much of the painstaking progress that has been made in closing the achievement gap in recent years. It would delay for far too long the State's commitment to provide the resources every student needs to meet rigorous learning and graduation standards; however, we know that the Governor's proposal is the first word in the annual budget battle. I am confident that legislators from both parties will understand the impact this proposal would have on the ability of schools to meet the needs of their students. As always, we will be working with the Legislature -- and we thank you for the work that you have done -- and the Governor to improve their spending plan to ensure that the final budget, the last word, meets the needs of our students. I can tell from my own personal experience in high school in the 1970's that my chair in my English class





JOINT BUDGET HEARING-EDUCATION FEBRUARY 2, 2010

was on top of the radiator because there were 41 students in the class. It was a difficult time and I know that the Legislature can work with us, with the communities, with elected officials throughout the country to work on this to eliminate these disastrous cuts and provide the students with the great public education that they deserve.

Thank you.

CHAIRMAN KRUGER: Thank you. Any questions?

Senator DeFrancisco.

SENATOR DEFRANCISCO: You learned how to play the cello, the trumpet, you got an education which led to a college education to become a teacher and now a leader in a union and your chair was on the radiator. How do you account for that with 41 kids in the classroom?

MR. PALLOTTA: It was summer, the radiator was not on.

SENATOR DEFRANCISCO: Okay.

(Laughter)

Obviously, something's different now than it was before. But in any event, let me just ask you what I asked the Chancellor: Is there any reason why teachers who are charged with offenses, that claim that they're innocent should -- and may very well be -- should not be interested in an expeditious hearing if it weren't for a failed process?

MR. PALLOTTA: I will also have Steve Allinger answer this. I would think that most people that are charged with a crime would like a fair and expedited process in order to be proven innocent.

JOINT BUDGET HEARING-EDUCATION FEBRUARY 2, 2010

SENATOR DEFRANCISCO: Since we're talking about possibly 8,500 teachers in the City of New York, and 600 of them are sitting in this limbo for years, either they're going to be -- if there's an expeditious process, say half of them are exonerated, they're back in the classrooms, half of them are not, they're out of the classrooms, so you can hire other people. Isn't NYSUT also interested in reforming that process so this abomination doesn't continue anymore?

MR. STEVE ALLINGER: Senator, in 1994 there were major reforms adopted to streamline the process. There were hard and fast clocks put in place and I think a lot of the news around this has gotten distorted. The fact is, a majority of teachers who are having difficulty in the profession never get to a final decision through a 3020-a process. They're either counseled out, they, you know, they get help and they get turned around or there's a settlement well before a final conclusion. When you take into account all of the individuals who don't get to a final decision and you look at the statistics, the average length is more like 190 days. The statutory complete clock, I think, is about 180 days. But also there are problems with -- as was raised earlier in the hearing -- trying to get successive days scheduled by our arbitrators. That is not the fault of teachers. There are issues where, you know, it "takes two to tango," where you have to schedule the attorneys for the school districts. So, I think that while all we ask is that the same fair hearing that is enjoyed in many professions in other private and public employment -- and that's what it is, just a fair, objective hearing so that you don't have just arbitrary dismissals of teachers -- is observed. And

JOINT BUDGET HEARING-EDUCATION FEBRUARY 2, 2010

we'd, of course, work with all parties in trying to improve the process.

SENATOR DEFRANCISCO: But are you in disagreement that there's 600 teachers in so-called Rubber Rooms that are awaiting hearings or having hearings? In the process of the 3020-a hearing, is there --

MR. ALLINGER: Senator, I think, in all fairness, that the next witness will be fully prepared to answer your questions about the New York City process. Michael Mulgrew, who is President of the UFT, is scheduled next to speak.

SENATOR DEFRANCISCO: Okay. Are you familiar with where this hearing situation stands in other jurisdictions other than the City of New York?

MR. ALLINGER: Well, as I said, NYSUT, two years ago, took a look at the pattern of how the disciplinary process unfolds and again, we found that in a majority of the cases, that this process didn't reach a verdict, if you will, but that many teachers either left voluntarily or there was a settlement way prior to getting into the data, if you will, about final determinations. And if you take into account all those circumstances and that the average length is about a half-a-year and also -- and I shouldn't -- you know, we will defer to UFT, but UFT has negotiated special processes, by the way, on time and attendance, to expedite, and I know they've worked with the Department of Education. I think that it's very easy to distort this through anecdotes, but we'd be more than happy to share the research that we conducted a couple of years ago.

JOINT BUDGET HEARING-EDUCATION FEBRUARY 2, 2010

SENATOR DEFRANCISCO: All right. So, your research says it takes a half-a-year to get a final determination?

MR. ALLINGER: About 190 days.

SENATOR DEFRANCISCO: 190 days. Could I get that research? I would appreciate it.

MR. ALLINGER: Yes, you can.

SENATOR DEFRANCISCO: Okay. And do you believe now that there needs to be further reform -- since the '90's -- further reform of the 3020-a hearing process?

MR. ALLINGER: Well, I don't think we're prepared right at this table to discuss something this complex with certainty. I think that we're more than happy to engage you, the staffs, around what constitutes a fair hearing through 3020-a and what steps could be taken to ensure that you have arbitrators scheduling things on successive days and that you don't have dilatory actions by parties. But, in 1994 we did something equivalent to pretrial discovery to expedite these hearings and clocks were put in place and an allowance for a single hearing officer in certain kinds of cases so you didn't have to schedule three arbitrators. We'd be more than happy to discuss this.

SENATOR DEFRANCISCO: All right. And the arbitrators are selected by both sides of the issue?

MR. ALLINGER: And then they pick a neutral.

SENATOR DEFRANCISCO: Then they pick a neutral. Well, I'll ask the questions of the next witness.

What about the Absent Teacher Reserve Pool? The

JOINT BUDGET HEARING-EDUCATION FEBRUARY 2, 2010

reason I'm raising this, we're talking about -- I think the comment made in the presentation was that we're in the worst economic situation since the Great Depression, so everybody believes this. It just seems to me that if everybody believes this we should all be willing to try to get teachers back on the payroll who are not teaching or get them out of the system if they're not capable of teaching. I think everybody's got to agree with that. Are you familiar with this Absent Teacher Reserve Pool?

MR. ALLINGER: Yes.

SENATOR DEFRANCISCO: Can you give me your viewpoints on that?

MR. PALLOTTA: I think what happens is people are placed in this Pool and they do go on interviews and they submit their resumes and they try to get a job from openings throughout the districts where they have worked.

SENATOR DEFRANCISCO: And there's no time limit for a teacher to get out of the Pool? It's just indefinite? So, if someone attempts to get a job, once they're in this Pool they're forever in the Pool until they get a job or decide to leave?

MR. ALLINGER: Again, Senator, this is a two-way street, and I think Michael Mulgrew can illuminate this far better than we can. But there has been progress made in reducing the number in the ATR Pool through very hard work by the United Federation of Teachers, and I would ask that you further explore this with UFT. But, again, a lot of this is based on an effort to hire teachers and many of them have not been afforded the opportunity they need to get off that Pool.

JOINT BUDGET HEARING-EDUCATION FEBRUARY 2, 2010

SENATOR DEFRANCISCO: Okay. I guess the point is that if the choice is between laying off teachers and improving these processes, it seems to me that it would be a no-brainer that improving the processes would be the most logical of the two, rather than spending a lot of money for non-productive activities.

MR. ALLINGER: That won't negate the need for restorations and additional money. As you know, the Mayor has said that their cuts would lead to 8,500 teacher position losses and thousands of other support staff, which greatly dwarfs the ATR Pool.

SENATOR DEFRANCISCO: Listen, I heard you loud and clear, I heard the Mayor, I understand the issue and I understand you're looking for restorations.

I guess my only other question, and my last question is, what areas of potential savings does NYSUT feel are out there that we should be exploring rather than teacher layoffs that are, ultimately, going to be what happens?

MR. PALLOTTA: There is volume purchasing power of districts getting together and using their higher purchasing power.

MR. ALLINGER: And we've been pushing for green schools, energy conservation, having the Power Authority, say, take over a provision of Power for Schools. They've done that in New York City and provided it at a much lower cost, but also, in return for a drastic reduction in energy waste because all that money just gets shipped overseas. And frankly, by investing in green schools you actually increase employment while you cut waste in budgets and you keep the

JOINT BUDGET HEARING-EDUCATION FEBRUARY 2, 2010

money domestically. And it improves learning conditions, by the way. You get much lower absenteeism. There are a number of areas that we could talk about.

SENATOR DEFRANCISCO: Do you have a list of those items?

MR. ALLINGER: Yes, we do.

SENATOR DEFRANCISCO: Could you get that to me?

MR. ALLINGER: Absolutely.

SENATOR DEFRANCISCO: With respect to that, you heard this discussion of paperwork reduction and reduction of mandates. I don't think there's a teacher I've ever spoken with who doesn't believe that that's a good thing. Have you developed a list or come up with something that would be sufficient with respect to consolidating the forms, consolidating the bureaucratic stuff that's costing a lot of time and money from teaching?

MR. PALLOTTA: I would say NYSUT has supported the legislation to reduce paperwork and it is being worked on throughout districts throughout the State. I believe -- and spending 24 years in the classroom -- that redundancy in paperwork and any type of paperwork done by a district is a waste of time and resources.

SENATOR DEFRANCISCO: But do you have examples? For example, if I'm a teacher, it would seem to me that I'd be complaining to my principal, who would be complaining to this person, to that person. Are there specific examples? Because every time we talk to educators we talk about paperwork reduction but nobody here at this

JOINT BUDGET HEARING-EDUCATION FEBRUARY 2, 2010

panel has any clue of some examples that -- if you give us concrete examples maybe we could try to help get them done.

MR. PALLOTTA: I can definitely get you some good examples of redundant, wasteful paperwork.

SENATOR DEFRANCISCO: Okay. Thank you.

SENATOR OPPENHEIMER: If I may, just for a second, say that yes, we do have a bill on paperwork reduction. It was a broader bill that encompassed more items, but we have been negotiating with the Assembly and there is a bill and we would welcome your co-sponsorship.

SENATOR DEFRANCISCO: I'll look at the bill. I just hope it's specific that we're talking about, rather than just a general mandate, another mandate, to reduce paperwork.

SENATOR OPPENHEIMER: A mandate to reduce?

SENATOR DEFRANCISCO: Right. Thank you.

CHAIRMAN KRUGER: Thank you. I guess as a homework assignment, we're going to have to eliminate a lot of paperwork to find \$1 billion. So, since we are able to articulate very carefully, as you did, some of the issues and the problems, what wasn't articulated is how we find the money to solve those problems, and that's, ultimately, going to be the byproduct of these hearings. So, I guess, not in this Session, but in conversations to come, find us some money.

MR. PALLOTTA: Thank you.

SENATOR KRUEGER: Thank you very much.

CHAIRMAN KRUGER: Thank you.

JOINT BUDGET HEARING-EDUCATION FEBRUARY 2, 2010

ASSEMBLYWOMAN NOLAN: That's your debut, right?

MR. PALLOTTA: Yes.

CHAIRMAN KRUGER: The Conference of Big 5 School Districts -- oh, UFT. I crossed out the UFT before we even got started. I'm sorry.

MR. MICHAEL MULGREW: Good afternoon. First, I would like to thank Senator Kruger and Assemblyman Farrell -- even though he's not here; I know he was not feeling well -- for holding these hearings. I would also like to thank the Senate Finance Committee members who are here, as well as the Assembly Ways and Means Committee, and, of course, the Education Committee Chairs from both the Senate, which would be Ms. Suzi Oppenheimer, and from the Assembly, Assemblywoman Cathy Nolan.

My name is Michael Mulgrew. I am the President of the United Federation of Teachers. Because of the time and because Senator Kruger was so apt to cross it out, I agree. I'm not going to read my testimony.

CHAIRMAN KRUGER: Oh, yeah. I guess it was a Freudian slip.

MR. MULGREW: I will consolidate this quickly into just remarks and then I'll be more than happy to take questions, which I hear that I've been asked to answer already.

CHAIRMAN KRUGER: Thank you.

MR. MULGREW: One year ago we were, at this same

JOINT BUDGET HEARING-EDUCATION FEBRUARY 2, 2010

point in time, facing a \$1.5 billion deficit. Myself, at the time, as the Vice President of the UFT was inside of all of the schools, wondering what we were going to do. Well, I know what we did do. We worked together throughout, both here at the State and then back in New York City. When it was all said and done we were able to take that \$1.5 billion cut that New York City was looking at for its school systems and turn it into a \$400 million cut. That took a lot of work and collaboration on all of our behalves and is something we were very, very proud of. It's not easy. Everyone's looking at all of us. There are people who are trying to use this as an opportunity to pit people against each other or to run political agendas or ideas when, at this point in time, it is more important than ever that we continue to show the State -- and especially the children of the City and the children throughout the State -- that when things are tough, you work with each other. You do not fight with each other or play games. And that's hard, but I know that we can do it by what we did last year.

So, now we're looking in New York City at \$600 million in State cuts. But we're at the beginning of this process, and I am sure when we're at the end of this process we will not be looking at this. It's a tough budget. We feel that the Governor's proposal at this point is absolutely unfair to the City and, specifically, towards education, and we are hoping to rectify this by working with people. We need to protect the classroom at all times. These are tough times. You're going to hear this over and over. All day you've heard this. And for me and the members of the United Federation of Teachers, we always same the same thing:

JOINT BUDGET HEARING-EDUCATION FEBRUARY 2, 2010

Fine, we understand that we like to do a lot of different things in schools, but in this time and in this environment it is the classroom and the school, the direct services to the classroom, that must be the priority of the spending. That is where children learn. Everything else can be cut. And that's very hard for me to say, but these are the times we are facing.

So, we're asking for different things. The retirement incentive -- we have a couple of retirement incentive plans right now that could save the City of New York at least \$300 million. That's a large chunk of money and that would go a long way to alleviating a lot of the pain that we're now facing. We have over 25,000 people inside of the school system right now who could be eligible and that could raise that money into a very, very big number if we really do this in a well-constructed, collaborative way.

We can raise revenue through cost savings. We're looking at the Empire Zone. We know this is an issue. We know a lot of people are looking at it and I think there should be some debate and discussion about the Empire Zone. It is a \$600 million ticket item. There are various loopholes that we could close for -- corporate loopholes that we could close that could raise money, as well as -- as we're facing in New York City, but also here at the State -- a number of high-priced consultants being hired to do work for the City and the State. These things are not acceptable to us at this point in time. Right now, as the City of New York is looking at the possibility of layoffs, we're watching \$250 million and no big contracts, at the same time, being signed, which are not for the classroom. So there is a disconnect in terms of priority.

JOINT BUDGET HEARING-EDUCATION FEBRUARY 2, 2010

We definitely think the State should use its negotiating power in terms of prescription drug prices for Civil Service employees. That could be at least a \$100 million savings for the State.

As I said before, the classroom is the priority; there's no way around it, and we need to focus the Department of Education's spending inside of the classroom. The idea that there should be greater flexibility is something that we disagree with at this moment with the Department of Education. We recently had to sue the Department of Education because we cannot find the \$760 million that you sent to the City of New York to reduce class size. That is not being accountable. That money was earmarked by your work for the children inside of the classrooms and it did not get there. We now are at the all-time high under this Mayor in terms of class size numbers in the City of New York.

In the 1970's we saw a disinvestment in education, but we also saw at the time where the unions worked with the City and worked with the State to save the City from bankruptcy. In the 1990's we saw the unions, once again, step up and save the schools at that point, to make sure that the disinvestment of the '70's that we were now recovering from could continue. And that is the example and that is what we are prepared to do now. We want to reach out to people. We understand that the issues that we are dealing with at this moment are very complicated. And we're all under terrific -- horrific, if you would -- public scrutiny. People try to pit us against each other, but I assure you that you have our support that we will work with anyone in a collaborative way and a respectful way to help this State through this budget process. So we are

asking for that.

The Contract for Excellence proposal that the Governor proposed is not acceptable to us. We understand that the money is tough right now, but to say ten years will mitigate the impact of that money to the point where it becomes the broken promise that so many people are now saying. But we are willing to sit down and work with the people. Remember, all of the years that were brought for that lawsuit, all of the work that went into that, many of you were part of it. We will work with all of the people involved to try to come up with something that works for everyone. We understand that when -- hopefully, when -- funding is back and more stable that is something that we should revisit. But to put the plan in now, to stretch it out over ten years, really, just mitigates all of the impact of the funding that it was intended for.

And the teacher centers are the most cost-effective way to deliver professional development and support for schools. We now have various ways for schools to get PD inside of New York City and they are very, very expensive. For-profit people do it, as well as not-for-profit. But all of the principals tell us that the most cost-effective way, the full-service, holistic model is the teacher center. And I beg you on this. This is a very important piece. We now need that more than ever because the communities which we serve, the children which we serve, are much more greatly impacted by this financial climate and they feel what is going on. And the members of this union do not want the harm to come to them. And we all want that. So, the teacher center really does much of this work. They keep us moving forward, they keep integrating

JOINT BUDGET HEARING-EDUCATION FEBRUARY 2, 2010

technology, they make sure we care for all of the children, and I think it's imperative that we figure out a way to put the funding back in the budget for the teacher centers.

I'd like to thank you all for having me here and letting me testify, and I would be more than happy to take your questions.

Thank you very much.

CHAIRMAN KRUGER: Thank you very much.

Senator Krueger.

SENATOR KRUEGER: Thank you very much. When Chancellor Klein was here he pointed out that his costs go up every year and the State's costs go up every year, and, unfortunately, our revenue doesn't go up every year. So, I appreciate your pointing out that the Union does want to work with us, and I believe we all need to be partners in exploring this challenge. So, I don't know if you were here when I asked Chancellor Klein a question about the fact that in his own testimony he talked about \$22 billion in the New York City school budget, but only \$8 billion in the schools. He proceeded to try to explain to me that, you know, then there's \$2 billion for special ed, not in the schools, and \$3 billion, maybe, I think, he said for transportation and food, although I don't think that can possibly be right. But, like you, I am very disturbed -- or I'm assuming you might be disturbed -- that only \$8 billion of \$22 billion, apparently, goes to these schools themselves for spending. Again, in schools we have teachers, principals, and classrooms. Has the Union done any kind of analysis of the City Department of Education's budget that would help me better understand

JOINT BUDGET HEARING-EDUCATION FEBRUARY 2, 2010

how we might refocus, perhaps, more than \$8 billion out of \$22 billion into the classrooms?

MR. MULGREW: We have a very difficult time understanding the numbers that the Department of Education gives us. We are hoping that the changes you put forth in the governance law that you renewed last year will help the new City Comptroller to understand them in a much better way.

CHAIRMAN KRUGER: Oh, you know better than that.

MR. MULGREW: Hmm?

CHAIRMAN KRUGER: You know better than that.

MR. MULGREW: Why?

CHAIRMAN KRUGER: Okay.

SENATOR KRUEGER: Well, actually, I was going to say that in the law that the Legislature passed, we actually gave funding to the Independent Budget Office, IBO --

MR. MULGREW: Yes.

SENATOR KRUEGER: -- and we gave them, I think, access to the numbers and the authority to do those kinds of audits. So, Senator Kruger, I am more optimistic that we might be able to find out that kind of information.

MR. MULGREW: I'm a "half-full" type of guy. I'm sorry.

CHAIRMAN KRUGER: Hope springs eternal.

SENATOR KRUEGER: So, I am very hopeful that we all can get that information and do a more fair evaluation of where we all

JOINT BUDGET HEARING-EDUCATION FEBRUARY 2, 2010

should be going in tough economic times when prioritizing what we should be investing.

MR. MULGREW: It's very hard to have the conversation about what we're doing with the funding when we don't understand the very numbers themselves. So, I think we all share in that frustration. That does not help the conversation, especially now, when it is clearly our priority that we need to focus as much of the funding as we possibly can into the classroom and the schools. And that's where we're going to push at. Hopefully, with the changes in the law, we can figure out some of this. But, yes, we have the same frustration in terms of numbers that are given to us. That's the nicest way to say it.

SENATOR KRUEGER: And just because the time is short. I suspect I know what question my colleague to the right is going to ask you. I will let him, but --

MR. MULGREW: Okay.

SENATOR KRUEGER: Excuse me. Assemblywoman Cathy Nolan first.

ASSEMBLYWOMAN NOLAN: Just quickly, how many contracts has the United Federation of Teachers signed with Chancellor Klein in the eight years that he's been at the helm? How many contracts have been successfully signed by the bargaining agent and the City?

MR. MULGREW: It's three.

ASSEMBLYWOMAN NOLAN: And so, you're currently negotiating your fourth contract with, essentially, the same

JOINT BUDGET HEARING-EDUCATION FEBRUARY 2, 2010

DOE team?

MR. MULGREW: You could say that.

ASSEMBLYWOMAN NOLAN: And the issue of 3020-a and these other things that Chancellor Klein spoke about, would be the subject of those collective bargaining agreements?

MR. MULGREW: They have been before, and we've made changes. We're willing to have a discussion on any subject.

ASSEMBLYWOMAN NOLAN: And where is the status of the contract right now?

MR. MULGREW: It's at impasse.

ASSEMBLYWOMAN NOLAN: And what does that mean? For the panel, maybe you could just walk us through that.

MR. MULGREW: That means that we have decided, both sides have decided that we cannot have a fruitful conversation at this time and we are asking for the State to supply a mediator.

ASSEMBLYWOMAN NOLAN: And if the contract goes to arbitration, what's the timeframe, then, for the arbiter to rule?

MR. MULGREW: It would go to fact-finding, not arbitration. It could, probably -- it's not a specific timeframe. Six months?

ASSEMBLYWOMAN NOLAN: The contract is currently expired?

MR. MULGREW: Halloween.

ASSEMBLYWOMAN NOLAN: It expired?

MR. MULGREW: We didn't do that on purpose.

JOINT BUDGET HEARING-EDUCATION FEBRUARY 2, 2010

ASSEMBLYWOMAN NOLAN: It expired on Halloween and right now you're in just the same status because --

MR. MULGREW: Yes, we are.

ASSEMBLYWOMAN NOLAN: -- the contract continues. And fact-finding could be --

MR. MULGREW: Months.

ASSEMBLYWOMAN NOLAN: -- six months, a year, months?

MR. MULGREW: It could be three months. It depends on what we decide to bring to the fact-finding table. That's both on the City's side and our side.

ASSEMBLYWOMAN NOLAN: I know that a lot of those negotiations are internal between the Union and the City, but it's conceivable to think that the Chancellor has had the opportunity to bring up the Absent Teacher Reserve Pool, the disciplinary actions and all of the things that he talked about today. It's conceivable that he could bring them up in a negotiation and has had that opportunity three other times; is it not?

MR. MULGREW: It is conceivable, and I just will inform you that I have signed a confidentiality agreement about the internal negotiations.

ASSEMBLYWOMAN NOLAN: Okay. Thank you.

MR. MULGREW: Thank you.

SENATOR KRUEGER: Assemblymember
DeFrancisco.

JOINT BUDGET HEARING-EDUCATION FEBRUARY 2, 2010

SENATOR DEFRANCISCO: Senator.

SENATOR KRUEGER: Senator. I'm spending too much time in this room, I apologize.

SENATOR DEFRANCISCO: That's all right.

Whatever the negotiations may be, I assume you agree that if people are actually in the Rubber Room for that period of time, it's better to get them out, back teaching, as soon as possible or out of the district so somebody could be hired. Is that a fair statement? You would agree with that, I hope.

MR. MULGREW: I will start it this way: The current laws, as they are in place, actually allow us to take care of this process, but I will tell you this: I am completely frustrated and will do something shortly to fix this process, not inside of a negotiation. It is ridiculous to me that there are 560 people sitting in rooms. It is ridiculous to the members sitting there. There are people in there four or five years who have never been charged. So there is no such thing as, "Well, what about the hearing dates?" There can't be a hearing date because no one has been charged. And it is time that this stops. There should be a screening process beforehand to look at the validity of the charges. There should then be a process of a timeline on the issue of how long you get to do the investigation and then hold to the limits of the time and terms of the hearing. This is not working for anyone. It doesn't work for the kids who want their teachers back, it doesn't work for their teachers, who become very frustrated and basically become very -- it's a tough thing to sit inside of a room for a long period of time. That's the nicest way for me to say it.

JOINT BUDGET HEARING-EDUCATION FEBRUARY 2, 2010

So, I share the frustration. But we've made many attempts to try to fix this, including supplying extra arbitrators and different things of that nature, and all of those attempts have fallen on deaf ears. So, I find it very interesting at this point in time that the Chancellor testified to that today, knowing full well that I, myself, have handed him different things to fix this and fix it quickly. It's a little disingenuous.

SENATOR DEFRANCISCO: So, it looks like both sides would welcome legislation to fix this for both sides.

MR. MULGREW: There's no reason to change the legislation, whatsoever, to fix it. None.

SENATOR DEFRANCISCO: Well, if it's not working

--

MR. MULGREW: It's not working because one of the parties has shown a lack of willingness to do what needs to be done.

SENATOR DEFRANCISCO: If that's the case, would you be willing to provide us with your suggestions so that, maybe, we could put it in a piece of legislation that would be binding on both parties?

MR. MULGREW: I will be willing to supply you with our plan when we bring it out in a couple of weeks, and I will tell you that it does not require legislation. I think that you have done your job --

SENATOR DEFRANCISCO: Excuse me -- but if it's a good plan and the other side won't agree to it being a good plan and it helps your teachers that are sitting in the room, I would assume that you would be more than happy to have it imposed on the other side in order to

JOINT BUDGET HEARING-EDUCATION FEBRUARY 2, 2010

get it done.

MR. MULGREW: I'd be more than happy to supply it to you. I appreciate that.

SENATOR DEFRANCISCO: Great. Okay, thank you.

SENATOR KRUEGER: Thank you very much. Any other questions?

MR. MULGREW: Thank you.

SENATOR KRUEGER: Thank you.

ASSEMBLYMAN JOHN J. MCENENY: Thank you.

The Conference of Big 5 School Districts. Please introduce yourself for the record before you start.

MS. GEORGIA ASCIUTTO: Good afternoon. My name is Georgia Ascitutto. I am the Executive Director of the Conference of Big 5 School Districts. I want to thank you for the opportunity for us to present as a panel today. I want to thank the Legislature for their support for public education and, particularly, public education in high-need districts serving large concentrations of poor kids in the cities which we represent. I have written remarks that I will not read. They have been submitted to you. My colleagues have written remarks that are submitted; they are going to summarize their remarks. And let me apologize for Dr. Williams, who, through flight and schedule changes, could not be here today. But you have his testimony as well.

To my right, Jean-Claude, Superintendent of the Rochester City Schools.

MR. JEAN-CLAUDE BRIZARD: Good afternoon, and

JOINT BUDGET HEARING-EDUCATION FEBRUARY 2, 2010

thank you for the opportunity. Let me just quickly summarize my testimony. Hopefully you received a copy of our five-year strategic plan. If you could get a chance to read that, that would be awesome.

Rochester has the 11th-highest child poverty rate in the country. Thirty-seven percent -- more than one in three -- of children under the age of 18 live in poverty, and that number is even higher for children under the age of five. We have the highest rate of poverty among New York's Big 5 districts; 50 percent of our schools are at 90 percent poverty or higher. In 2007-2008, over 15 percent of incoming pre-K students had a parent who was incarcerated. In the 2000's, 14 to 15 percent of incoming pre-K and kindergarten students were hospitalized in the NICU. That figure increased to 19.7 percent in 2007-2008. That represents a change from every one in seven to every one in five children. So, we are a high-need district.

In terms of the work that we've been doing around budget and operations, we've done a lot to reduce the back-office operations in the district. We, for the first time, last year negotiated our transportation contract -- the first time in 25 years -- saving about \$5 million and getting a lot of other things in the process, things like cameras, matrons, etc. This past year, thanks to our four bargaining units, we negotiated one health care provider, in the process saving \$40 million over three years. By the time I'm done this current school year, by July 1st, I will have reduced my central office costs by 40 percent. So, we're doing our work in terms of providing more money for the classrooms.

JOINT BUDGET HEARING-EDUCATION FEBRUARY 2, 2010

We, with the help of Assemblyman David Gantt and Senator Robach, introduced legislation last week -- or two weeks ago, I believe -- to help us recoup some of the savings in transportation to transport U-Pre-K students. We ask for your help in making that happen.

We applaud the Governor's push for mandate relief, but I believe we can do more to empower local school districts. I encourage you and urge you to work with the Conference of Big 5 School Districts to identify and remove barriers that are in the way of making the work happen for our students.

So, as you know, fixing urban schools is not an altruistic goal. Our State's future depends on the success of our children, and I can tell you, the Big 5, we are the future of New York State.

Thank you for your time and attention.

MR. DANIEL LOWENGARD: I'm Dan Lowengard, Superintendent in Syracuse. You have my remarks in front of you. I have two charts that I'd ask you to take a look at. One says "State Funding." It shows, consistently, for Syracuse, even though the revenues have gone up, ours falls short every single time that that happens. And again, it's the fault in the funding formula.

The second chart that you have in front of you, I think, bears out across the State, where the attempt of the Governor to cut low-wealth districts less, what really happened is, if you look across the top of the chart, all of the medium-wealth districts were cut 12 to 14 percent. Syracuse was cut 4 percent. But the net impact is exactly the same to every single school district and it is, basically, a cut of 3 percent.

JOINT BUDGET HEARING-EDUCATION FEBRUARY 2, 2010

In some cases, in really wealthy districts the cut was even less than that. But to me, it was an attempt in the right direction; however, our urban districts, because we're so dependent on State aid, that that formula won't work.

So, I just have a couple of other things in listening to your comments. The mandate relief: It's not about the paperwork. For us, it's about the audits. We have had 91 audits since I've been back, four years. Ninety-one audits. That takes an incredible amount of people and time and effort. So, it's not just the reports, it's the audits.

The other thing in the Governor's budget is he's not recognizing enrollment increases. Now, that's never been cut out before. We had an enrollment increase. We are turning things around in Syracuse with the Say Yes to Education Program, we're bringing people back in, we're getting more kids. But now we have 400 or so more kids and no more aid. So that has to be an adjustment when it gets to the Governor.

I've heard conversation about fund balance. We have worked very hard to increase our fund balance, but in one year we will use half of it and that means that the year after that, we're done. So, even the use of fund balance is all different. You know, wealthier districts will use a small portion of their fund balance, and that makes sense. Our districts, when we use our fund balance we are really dooming ourselves for the year out, and we pride ourselves on trying to plan for five years out.

The charters. I have an interesting idea for you on the

JOINT BUDGET HEARING-EDUCATION FEBRUARY 2, 2010

charters. Until the funding gets to where the CFE says it should be -- and again, even listening to Joel Klein, when he ramps up he's only going to get to 10 percent of his schools that are going to be charters. Some of our districts, Buffalo and Albany, have far more than 10 percent of their schools in charters. So to me, what I would try to do is set up a separate pot of money -- whether it's Race to the Top money or not -- for charters and say, "Until we get to the funding that the CFE promised, we will not take that money away from you." So in the case of Buffalo that would be \$60- or \$70 million that they need. In our case it would be \$10 million. But again, don't penalize us until we get to the CFE number that was promised. Once we get to the CFE number then, of course, take it out per pupil and we can argue that. So, it isn't that we're against charters, it's we're against underfunded systems giving money away to the charters.

School-based health clinics. We've talked about that. We understand there's a bill out there. We want to thank Assembly Chair Nolan and Senator Montgomery and I'm sure others will do it. It's a small amount of money to put school-based health centers in any one of our districts that are being renovated.

EL testing, it's another opportunity. I don't know, maybe I'm the only one with the two elementary schools. We have two elementary schools on the list. They're both on the list, essentially, because 40 percent in one of the schools has EL students and we're not taking into account the fact that it's not the same EL students, it's a different group. But as long as we keep putting EL students in this one particular school, they're always going to show up on a list. And so, if

JOINT BUDGET HEARING-EDUCATION FEBRUARY 2, 2010

our strategy is we'll just split them up across the district, that may sound good to get off a list. It doesn't help programmatically because you don't have the programmatic staff to spread out all over the district.

And finally, what the Governor's budget will -- when I listen to Joel Klein I always divide it by 50; we are 50 times smaller. Our numbers the last couple of years come in exactly the same place. Exactly the same place. So he's looking at 8,500 cuts, we're looking at about 170 or 175. If nothing's restored that number will go up to 400. In our community, 3- or 400 people, young people that are going to stay in our community, hopefully, educate their kids in our school system with the Say Yes Program, that's what's going to reinvigorate our City. If we lost those people -- the other districts won't hire, so these are young people that will have to leave our area for other places. So, as important as they are to the school system, they're also important to our economy.

And, of course, you've talked about pre-K. Flexible spending, full-day is really what's needed. The same as in New York City and in Syracuse. We've hit the limit of half-time pre-K. Our parents don't want that. They want full-day pre-K.

Thank you.

MR. BERNARD P. PIERORAZIO: Thank you. I just want to commend the Committee. I know it's been a long day, I'll abbreviate my comments. I also want to commend the staff behind you. I know they've been there for many, many hours.

I guess pre-K is a good segue. When we look at pre-K that's a significant part of all of our districts. In the City of Yonkers we

JOINT BUDGET HEARING-EDUCATION FEBRUARY 2, 2010

have over 1,600 -- 1,650 full-day prekindergarten students. This is a program that has been in place for over 12 years. I know there was a comment made earlier about statistically looking at the gains they've made in early childhood and they've lost. We have longitudinal studies that show that the gains were significant, not only through middle school but through high school and even graduation rates. I'd be happy to share them with the Committee members because we do have that data in the City of Yonkers.

Again, speaking specifically, we are all dependent school districts, so the impact -- although the percentage is low -- the impact is high in terms of dollars. In the City of Yonkers, we had the largest percent impact of over 6 percent -- 6.5 percent. In addition, we had some dollars that were made available through the Committee through video lottery terminal money; that would be cut by 10 percent. We have the summer tuition that was spoken to by Chancellor Klein -- in our City alone, that's an impact of almost \$1 million that we would lose. All in all, we would be hit with a \$22 million reduction on the revenue side in the City of Yonkers. And then we look at the fixed rates. Last year was the perfect storm. When we went year to year we were about a one percent increase in our budget year to year. We included about \$8.2 million of a previous fund balance. When we look at this year we see increases in ERS, we see increases in TRS, we see increases in health care, significant, to the tune, in our City, of about \$13 million. Add that to the fixed costs in terms of our labor negotiations, we're looking at an additional \$28 million. We're looking at a deficit in our City alone of

JOINT BUDGET HEARING-EDUCATION FEBRUARY 2, 2010

close to \$50 million. And this is a district that has seen the highest increase in graduation rates of all the Big 5. We are, I believe, at this point in time the only district in good standing, which means that all of our schools have made the appropriate gains over the years.

ASSEMBLYWOMAN NOLAN: Congratulations on that.

MR. PIERORAZIO: Thank you, Chairwoman Nolan.

But again, and I think the -- and all my colleagues are working toward that end and they're making significant progress. The issue is that with the cuts that are forthcoming, that we will slide backwards. That's been the theme you've heard from many of the speakers today. The progress that we've made over the years, we are now afraid that we will lose that. And as Dan has said, when we look at the cuts -- and there was article that was illustrated in the New York Times on January 23rd -- a 24 percent cut in an affluent school district in -- I won't mention the locality -- amounted to about \$170,000, a 24 percent cut. A six percent cut is over \$15 million for us. For Jean-Claude, it's almost \$19 million in Rochester; and in Buffalo almost \$19 million; and Dan, close to \$10 million, I believe, right? So those numbers are significant for all of us. And as we know you have been our allies over the years and we will continue to look for you. It's not that we haven't. We haven't done our own due diligence within our own budgets. We've cut overtime, we've cut costs, we've renegotiated contracts. We've done everything we can humanly possible and will continue to work to alleviate that. And I know -- Senator DeFrancisco, I shared this with you

JOINT BUDGET HEARING-EDUCATION FEBRUARY 2, 2010

last year and it's been updated -- but the costs of unfunded mandates in our City can be quite sizable. When we look at BOCES tuition, over \$10 million; special education, over \$33 million; student transportation, over \$11 million; charter schools, over \$3 million, these just continually add up. So, we do support -- and I think all of us support -- the language in the Governor's proposed budget to reduce or to freeze the mandates in the future.

Thank you.

MS. ASCIUTTO: Could I just add a couple of points and then we'll make sure that we share those items with the Committees? There are a few additional items in the Governor's budget, while, obviously, I think you know where we are on the Gap Elimination Adjustment and the freeze, how problematic it would be, and Foundation Aid for our school districts to go to a third year and then stretch out Foundation Aid for those additional years. There are a couple of items that we would ask you to support. One is a provision to allow us to amortize the increases in the Employees' Retirement System over a period of years, which will help us somewhat, but most of our professional staff is on the Teachers' Retirement System. So, we would ask for your help in working with us and the Teachers' Retirement System Board to help, also, in getting us that flexibility or an option to manage those increasing costs on an annual basis.

There's also money in the Governor's budget that I would ask you to support for the Smart Scholars Initiative, which are funds for early college high schools, of which the five city school districts have

JOINT BUDGET HEARING-EDUCATION FEBRUARY 2, 2010

applied for, which matches Gates Foundation funding to allow our high school students to take those college programs.

So I just wanted to mention those two. Certainly, we're happy to entertain any questions.

ASSEMBLYMAN MCENENY: Mr. Spano.

ASSEMBLYMAN MICHAEL SPANO: Thank you. Quick comments. Syracuse and Yonkers sitting together: Priceless. Bernie, I just want to say thank you for coming up and being with us for the past two days. You've always been very accommodating and always upfront with us and you do a fantastic job.

Before, they were talking about the schools in U.S. News and World Report and Yonkers High School ranked 46th in the nation.

MR. PIERORAZIO: Forty-seventh. The top in Westchester County. In U.S. News and World Report, our International Baccalaureate High School.

ASSEMBLYMAN SPANO: Yes. So, congratulations on doing such wonderful things back at home.

What I want to do is just go back to some of the stuff we talked about before, because that number, the \$50 million number, is a scary number because, as you know, it's a dependent school district and we still haven't looked at the municipal side yet. What's that mean in terms of layoffs? What are you looking at in terms of bodies, roughly?

MR. PIERORAZIO: Assemblyman Spano, with the original forecast of \$15.8 million we were looking at about approximately 200 to 225. You know, now you're trebling that, that's

JOINT BUDGET HEARING-EDUCATION FEBRUARY 2, 2010

tripling it. So, you know, we can look at -- we would have to close down shop to accommodate those type of numbers. You know, we'd probably be over 600 staff members. We are very lean in terms of our -- we have probably the highest teacher-student ratio -- I mean, the lowest. We have the highest number of students per teacher, I'm sorry -- almost 14 teachers (sic) per. And again, that sounds low but it's because of the support staff and everything else. But we've cut over the last number of years. Last year we cut 116 FTEs and positions and bodies. We revamped our special ed program -- our inclusion program moved to an integrated co-teaching, which means that we dropped half of our special ed teachers that were in that area, not because we wanted to, because it was economically the right thing to do and educationally the right thing to do as we move forward. So, it would be a considerable impact. We have a fund balance that we will throw towards that, but at this point in time we have about \$14 million in fund balance. We will go to the City and ask if they have any dollars, and depending on what we can do in terms of the Chapter 1 appropriations and possible accrual in the future. We'll look at that also.

ASSEMBLYMAN SPANO: So would the possibility of aid being frozen at last year's levels -- two years' ago level --

MR. PIERORAZIO: Two years ago.

ASSEMBLYMAN SPANO: Your district is growing. Yonkers is growing. Can you just give me -- last year you grew by 1,000 students?

MR PIERORAZIO: Thank you. Our June-to-June

JOINT BUDGET HEARING-EDUCATION FEBRUARY 2, 2010

numbers were 1,000 students that we gained for the district, and again, with the freeze on the foundation formula. My colleague, Superintendent Lowengard, brought that up also, and I think you have growth also at Rochester. We have seen no -- there's no increase, it has been flat. So it's an additional cost. And what has happened in Yonkers, we've actually seen our class sizes increase significantly, especially in our elementary grades. That's where our largest new population is, pre-K through 3.

ASSEMBLYMAN SPANO: Are you expected to grow again this coming year?

MR. PIERORAZIO: Again, I don't want to overuse a phrase, but, we said "perfect storm." The economy plus, obviously, the district doing well has attracted a lot more students back into the district. And that's a good thing. Not having the funds to make sure that we can provide an appropriate education for each one of those children is not a good thing.

ASSEMBLYMAN SPANO: My worry is this: You have a \$50 million hole. You'll have less teachers, less staff, clearly, when you have to balance the budget, and you're going to have a lot more students to deal with. So what does that really mean? Well, it really means that while we're capping you level, you're really not level. Your aid per student is actually going down.

MR. PIERORAZIO: It's going backwards, yes. If you look at the State share of about \$9,400 per student it would drive another \$9.4 million into the district, which is significant.

ASSEMBLYMAN SPANO: Right. And the people of

JOINT BUDGET HEARING-EDUCATION FEBRUARY 2, 2010

Yonkers, or at least the residents, people like me who live there, pay taxes there, will be the ones -- because, certainly, we're going to have to educate the children. So, we're going to have 1,000 or more students that we will have to, in turn, educate with no additional aid from the State, which could cost us in the \$10 million range, in that range? The local property tax --

MR. PIERORAZIO: Significantly.

ASSEMBLYMAN SPANO: -- is at about five percent on the tax rate. Okay, thank you, Bernie. I appreciate you answering my questions. Not that I don't care about you guys, but I appreciate you being here.

ASSEMBLYMAN MCENENY: Senator Krueger.

SENATOR KRUEGER: Thank you very much. I guess this is a broad -- well, there are two broad questions: One, following up on Assemblymember Spano's question to Yonkers that your numbers are going up, I believe that you, when testifying for the Big 5, said that the Governor's budget this year changes the way they calculate how many students there are in the school districts? No? You didn't say that? I misunderstood that. So, there's not a difference this year in how we're counting students in your school districts as far as State budget formulas?

MS. ASCIUTTO: No, Senator. The freeze in Foundation Aid, what I meant to say -- I don't know if I said it clearly -- was it does not adjust for pupil changes or wealth changes. So, when you freeze the formula, it's even more punitive on districts that can't raise revenue or adjust for pupil growth.

JOINT BUDGET HEARING-EDUCATION FEBRUARY 2, 2010

SENATOR KRUEGER: We've heard from the New York City schools that the Governor's proposal to change the formula for preschool special ed programs would have a significant negative impact on their system. I'm just curious how it affects the districts in the cities that you're representing.

MS. ASCIUTTO: The preschool special education proposal affects all school districts. The summer school handicapped special education program change has a disproportionate impact, depending upon the wealth of the school district. So that, primarily, would affect Yonkers and New York City of the districts I represent. They'd have to pick up a greater share of their summer school component for special education pupils. But preschool would be Statewide, but the New York City School District is coterminous, so it's not really an issue on the City of New York.

SENATOR KRUEGER: And following up on the summer school question, I mean, the Big 5 are disproportionately poorer districts.

MS. ASCIUTTO: Correct.

SENATOR KRUEGER: So, in fact, the problems that I'm hearing in my own city that would impact the summer school formula, I assume you also would see this as a significant issue? I don't want to --

MS. ASCIUTTO: Not the Upstate districts.

MR. LOWENGARD: We would be affected by the special ed -- again, it's one-fiftieth of what Joel spoke to because we have

JOINT BUDGET HEARING-EDUCATION FEBRUARY 2, 2010

to absorb the costs.

MS. ASCIUTTO: On preschool, not summer.

SENATOR KRUEGER: And why not summer?

MS. ASCIUTTO: The way the formula is proposed is the 70 percent State share would now be wealth-equalized. So, if you are poorer, you're going to get, possibly, up to 80 percent of the total cost of the program, not 70 percent, and the county share would still remain at 10 percent. So, conceivably, you would have some poorer districts under the Foundation Aid formula that may actually get a benefit or a slight benefit. And the other part is that most of the Downstate districts where you have wealth adjustments would lose money. So it's skewed because it's wealth-based.

SENATOR KRUEGER: I'm just curious. So, Rochester, Yonkers, you agree this wasn't a bad thing for you?

MR. LOWENGARD: I'll follow up. No, I don't agree. So we'll follow up with you if --

SENATOR KRUEGER: I only asked because he was shaking his head when you were answering. I didn't want to make trouble.

MR. LOWENGARD: No, no. That's all right. We all get along good. I'll send you -- I'll follow up with you.

SENATOR KRUEGER: Okay. We would be very interested in understanding what the actual impacts would be in your districts from these specific changes.

MS. ASCIUTTO: I believe their Upstate ratios are at 90

percent, so they would get a bigger bump up.

SENATOR KRUEGER: Thank you very much.

ASSEMBLYMAN MCENENY: In the interest of time, I shan't go on and ask you lots of questions on charter schools, but here in Albany we'd be happy with 10 percent. We have 23 percent of our students now in charter schools, and since there are schools under construction now we, if it's allowed to continue, we will have 35 percent of our public school students in the charter school system. In this taxpayer savings, we used to have 18 schools, public schools, now we've got 30. That's 30 principals, et cetera, et cetera. I was surprised to hear, because we often hear, in terms of the census, especially this year, that Western New York is losing population and I believe I heard that Rochester's public school population is growing?

MR. BRIZARD: We had a small bump because of the closures of parochial schools in the City.

ASSEMBLYMAN MCENENY: That was exactly what I was wondering. Now, under New York State Education Law, suburban areas, suburban school districts, must bus their children if they want to go to private schools. They must bus them within 15 miles, whether it crosses the city line or not. That's a mandate. On the other hand, the cities are allowed to opt out, and our cities, of course, are hard-strapped for funds. Do any of you bus your city residents to non-public schools that are outside the district or have you all opted out?

MR. PIERORAZIO: We only bus our students within city limits, not outside of the city limits.

JOINT BUDGET HEARING-EDUCATION FEBRUARY 2, 2010

ASSEMBLYMAN MCENENY: You have to do that.

MR. PIERORAZIO: Right.

MR. LOWENGARD: And we have within the 15-mile limit and it's outside the school district. But I think your point about the percentage of charters is really different. Even in New York City, even if it gets to 10 percent, and in Buffalo or in Albany they can't compete. And so, if the CFE dollar limit isn't met, then they should not have to give (inaudible).

ASSEMBLYMAN MCENENY: Superintendent, you could be Albany tomorrow. There's no limits. The sky's the limit as far as individual communities are concerned.

And do you find in Yonkers that some people would stay in Yonkers if they could bus their children over to Iona Prep or whatever school's outside the limit or do you find that a number of middle-class people with the tradition of private or parochial school just bail out on Yonkers?

MR. PIERORAZIO: We've seen, over the years, actually, a decrease in our private and parochial. But, again, I believe it's because of the economy. Seven hundred-fifty students of the 1,000 students actually came from private and parochials last year. We, again, only provide to those parochials within the city as per State statute, and I think there's a longstanding tradition to attend Iona, Fordham, or Stepinac, they're going to continue to do that.

MR. LOWENGARD: And I think it can be said for all of us in this charter thing, the reviews are mixed. About half of them are

JOINT BUDGET HEARING-EDUCATION FEBRUARY 2, 2010

doing all right and half aren't and all that. We want all of the kids educated. So that, really, for us, isn't -- if they were all doing great we wouldn't even be discussing this. It's mixed, but the funding is unfair.

MR. BRIZARD: And I support, of course, good charter schools.

ASSEMBLYMAN MCENENY: One final question, just a quick one. In Syracuse, you mentioned 91 audits over the course of four years. Who's auditing? Is it the State Comptroller or the State Education Department? Are we talking about fiscal audits or programmatic audits?

MR. LOWENGARD: Everything. Everything, Federal and State. We will put them in order and get them to Georgia and get them to you. And again, we've done all right in the audits, but that's the time-consuming thing and the people-consuming thing. And I fear, on the mandate relief, everybody's doing more jobs than they have, so even if they have mandate relief you won't cut money, but you'll focus people, particularly in central office, on the instructional practice, which is what we want. We don't want them focused on all of the minutia.

MR. BRIZARD: We're also not sure who was reading all of these reports. But there's been a concerted effort, I should say, on the part of the Commissioner and this Administration to actually reduce the number of programmatic audits. But in the past, I've seen as many as 17 people show up for an audit in, say, two weeks in a district and shutting down two entire divisions of our central office so we could actually accommodate these folks. But there's been an effort to actually

JOINT BUDGET HEARING-EDUCATION FEBRUARY 2, 2010

reduce those. And you wonder, actually, who's reading these voluminous reports that we're producing every single week.

ASSEMBLYMAN MCENENY: Thank you.

MS. ASCIUTTO: We're also, the five large city school districts are subject to the Medicaid Inspector General audits, which will be starting this year.

ASSEMBLYMAN MCENENY: Do we have additional questions from the legislators?

Thank you very much.

ASSEMBLYWOMAN NOLAN: We're only two hours behind schedule, so we could --

ASSEMBLYMAN MCENENY: I believe next on the schedule is the New York State Council of School Superintendents.

ASSEMBLYWOMAN NOLAN: Jack, while he's coming in, I just want to thank the superintendents who attended our early morning meeting at 9:00. I really appreciated you being there with the Committee and we thank you very much for your participation.

MR. ROBERT LOWRY: Good afternoon, members of the Assembly and Senate. I'm Robert Lowry, the Deputy Director of the New York State Council of School Superintendents. I will summarize my testimony. Thank you for sitting here for all this time.

The superintendents respect the choices, the work that you're confronting now, because they confront similar issues back in their districts, balancing needs against resources, trying to match what schoolchildren need with what taxpayers can afford. A year ago we were

JOINT BUDGET HEARING-EDUCATION FEBRUARY 2, 2010

all wrestling with similar problems and then Washington came to the rescue with the Federal Stimulus Package. That enabled you to avert steep cuts in State aid and we're grateful for their help and for yours. At the local level, then, school district leaders had to deal with some competing pressures. On the one hand, from local taxpayers, there was the imperative to hold down property taxes, while from Washington we had the imperative to save jobs and improve education. And we also had our own enduring imperative to continue to do our best to give every child an education that would prepare them to thrive in life beyond school. School leaders did their best to try and balance these pressures. Statewide, we had the lowest average tax increase in seven years, despite the smallest State aid increase in six years. At the same time, official statistics say that the Federal Stimulus money enabled us to save 18,000 jobs. Those figures ring true with me, given what I was hearing from school superintendents last year and you've heard some of the same sorts of comments this year -- 8,500 jobs in New York City, perhaps 400 in Syracuse, if the cuts were not restored. Last year, 85 percent of the districts proposed budgets with spending increases below what they could have done under the contingency budget cap. Still, with the Federal Stimulus money it did save thousands of jobs, but we know that many jobs were still lost. Seventy-five percent of the superintendents from New York State responding to a national survey said they had to eliminate jobs. A universal theme looking ahead among superintendents is the choices -- even going back last spring they said, "We know the choices for the coming year will be harder." Part of that is for reasons

JOINT BUDGET HEARING-EDUCATION FEBRUARY 2, 2010

that you deal with as well. You can't eliminate the same job a second time, and our pension costs are surging. Also, at the local level, superintendents tend to say, "If it was an easy thing to cut, we did it last year." For poor districts their choices now are truly horrendous. They're talking about dismantling the programs that they were able to put together with the Foundation Aid increases that you enacted in 2007 and 2008.

Last year's spending in school budgets rose by an average of 2.3 percent. But for the coming year, if we just apply the assumptions that the State uses for its workforce costs -- you know, pensions, salaries, health insurance -- our costs in schools would rise by four percent. Under similar circumstances back in 2003, the last time school aid was cut, school districts proposed budgets with tax increases averaging 10 percent. That's not going to happen this time. One of my key points is schools are democratic institutions. Superintendents and boards are preoccupied by this annual ritual of presenting budgets that have a chance of getting approved by their voters. Superintendents haven't had much time to talk with their boards, with their communities, to weigh the types of choices that they might make. But what we're hearing back from superintendents so far is they're looking, again, to try and hold the tax increases down in the range that they were last year. Usually, no more than four percent. Close to half are saying they'll try again to hold it under two percent. That may not be possible given the kinds of choices that they'll have to make. It will be hard for districts holding down tax increases and if State aid cuts do materialize, it will be

JOINT BUDGET HEARING-EDUCATION FEBRUARY 2, 2010

hard to avoid cuts that affect personnel and instruction because that's where the money is. Seventy percent in personnel, close to three-quarters of the spending on instruction. When we asked superintendents a year ago what steps they've been taking to cut costs, they mentioned conserving energy, reducing health insurance costs, finding ways to share administrative and overhead costs with neighbors, all well before looking at how to reduce personnel costs. But as the need for cuts accumulates, again, it becomes harder and harder to avoid cutting personnel and instruction.

The national survey that I mentioned showed that New York superintendents who responded were four times as likely to say that the Federal Stimulus money enabled them to save classroom jobs as opposed to administrative jobs. There are practical limits, though, to how far districts can go in saving money on administrative jobs. In a lot of small Upstate districts there's not a lot of administrative staff. In fact, schools, generally, are relatively lean administrative operations. Just think about an elementary school with dozens of teachers, classroom aides, librarian, nurse, secretaries, custodians, food service workers, and one administrator -- their principal.

In terms of how the State aid cuts are allocated, you've heard a bit about that. In contrast to some past governors, Governor Pataki proposed cuts to special ed aid, BOCES aid, operating aid and so forth. Governor Paterson has really proposed one big cut: The Gap Elimination Adjustment, which would reduce school aid by \$1.4 billion total aid. It is somewhat progressive in how it's allocated, with cuts

JOINT BUDGET HEARING-EDUCATION FEBRUARY 2, 2010

ranging between 4 and 14 percent typically. But still, as you've heard, it's likely to be harder for poor districts to make that up. They start with fewer resources to begin with. The cuts tend to be larger as a share of their budget and larger in terms of the tax increases that they'd need to offset the cuts. It's 16 percent for the poorest 20 percent of districts, versus a four percent tax increase for the wealthiest group of districts.

There are other cuts we oppose. You've heard about them. Shifting preschool special ed costs, shifting summer school aid special ed costs. These would shift costs from bigger tax bases to smaller ones, and to the one entity that has to get voters to approve their budgets each year.

The Governor has proposed a number of mandate relief initiatives. We support, essentially, all of them. You've heard about streamlining paperwork requirements. That's not something that's necessarily going to save a lot of money, but it will save leaders time, allow them to invest their time in things that have a chance of making a real difference for students and taxpayers.

In addition to the things that the Governor has proposed, we do support more aggressive use of BOCES and efforts to try and share administrative and overhead costs across districts. We think we need to be taking a serious look at special education. That's something we hear about from our members over and over again. Other states produce better results and spend a lot less. We should be studying what they do and trying to apply those lessons here.

Finally, I'd say that some of our members say that the

JOINT BUDGET HEARING-EDUCATION FEBRUARY 2, 2010

55/25 retirement incentive could make a huge difference for their districts. But districts need some solid assurance of who's going to take advantage of it. The bill in print right now would set a window that would begin in June. That's after districts have to propose their budgets for voter approval. So, maybe there's an administrative way to give districts the assurances they need of who will take advantage of that, but without it the incentive won't have the effect that we hope for in averting the need for layoffs.

I'll conclude by saying, again, we're grateful for your past support. It's helped us to develop some of the finest public schools in the nation, to provide better opportunities for students, and to produce better outcomes. We still have a long way to go to deliver on our constitutional promise of an adequate education for all children. Cutting school aid would put us further behind, especially in poor communities whose districts struggle to offer the opportunities that we'd all insist upon for our own children. We face difficult choices in the months ahead, and the choices that you make in the State budget can enable school district leaders now to give their voters better choices for the schoolchildren and taxpayers they serve.

I'd be happy to try and answer questions.

ASSEMBLYMAN MCENENY: Thank you. Are there any questions?

Thank you, Mr. Lowry.

Michael Borges, Executive Director of the New York Library Association.

JOINT BUDGET HEARING-EDUCATION FEBRUARY 2, 2010

ASSEMBLYWOMAN NOLAN: Thank you, Bob, for your usual excellent presentation. Always very well organized. Thank you very much.

MR. MICHAEL BORGES: I have two guests joining me today. Chris Duffy and Bob Engelhardt are two New Yorkers who are unemployed, have been unemployed for the last eight months, and are using libraries right now to look for jobs. But first, I just want to get to my testimony and then I'll let them speak very briefly. I know time is short.

Good afternoon and thank you for letting me speak to you today about the latest round of budget cuts proposed for libraries. I am here today speaking on behalf of the 4,000-plus members of the New York Library Association and the millions of library users they serve throughout the State.

Sadly, this is the fifth time that I have had to speak to you about cuts in library funding. The Governor is proposing a 2.76 percent cut, or \$2.4 million cut in funding for libraries that would drop Library Aid to \$84.45 million, which is below 1998 levels. The cumulative total of these five cuts would be 18 percent, or \$18 million less in library funding since April of 2008.

I am hard-pressed to name another part of the Education budget that has been cut as many times in such a short period or is asked to function at 1998 levels or less if you factor in inflation.

In addition, these State cuts will result in a corresponding loss of almost \$2.8 million in Federal aid that is used to

JOINT BUDGET HEARING-EDUCATION FEBRUARY 2, 2010

fund innovative and cost-sharing programs at libraries and to fund the NOVEL databases that are used by all types of libraries and which saves them approximately \$87 million a year through Statewide licensing of these valuable online information resources that are used by students, researchers, and businesses.

I also want to make the case that libraries are essential to lifelong learning, jobs and opportunity, to our quality of life and to community empowerment. Libraries are the quintessential “universities of the streets,” a place where people of all ages can go for lifelong learning, to further educate themselves and improve their prospects in life. Librarians are educators. Our students range from four-year-olds in early literacy classes, to 18-year-old high school or college students researching their term papers, to 20-something-year-old Jamaican or Bosnian immigrants learning English, and to senior citizens wanting to know how to use the computer and internet.

Libraries are the place for the unemployed or underemployed to go and use the free resources available, whether it's the computers or internet access to look for or apply for a job, or printing or writing their resumes or getting assistance in interview techniques and resume writing.

According to a study funded by the Gates Foundation, 73 percent of libraries serve as a community's only option for free internet access, and that number rises to 82 percent in rural areas. So, if you don't have a computer or internet access at home -- and according to the U.S. Census Bureau, still, 38 percent of Americans still do not have internet

JOINT BUDGET HEARING-EDUCATION FEBRUARY 2, 2010

access at home -- you rely on the library for your free internet access.

So put yourselves in the shoes of the unemployed -- or in the case of Chris and Bob here -- who do not have a computer or sufficient internet access at home, and ask yourself where would you go to look for or apply for a job, especially on the weekends and the evenings? I called around last week to several of the New York State Department of Labor's One-Stop Centers across the State, and found that of the ones I called, none of them are open on the weekends or in the evenings, and there are about 71 of them throughout the State. I called Albany, Rensselaer, Harlem, Syracuse, White Plains and Buffalo. All the same. So if you're working part-time at Walmart or you're taking care of your kids while your husband is at work, or your spouse is at work, and the only time you have available to go and look for a job or get on the internet and apply for a job and these places are closed? It's the local library. There are libraries in every single community in this State, operating at least seven days a week -- at least for now, until these cuts occur. So they're really important. And they're supported by your constituents.

Over the last three years, according to a survey done by the New York State Library, 97 percent of local library budgets have been approved by the local voters, your constituents, 97 percent of the time. It's only when library budgets are determined by the mayors or the supervisors or by the State Legislature or the Governor, does library funding get cut. When libraries go directly to the voters, voters will support their local library funding.

JOINT BUDGET HEARING-EDUCATION FEBRUARY 2, 2010

So why does New York State continue to cut funding for library services at a time when libraries, now more than ever, are needed by so many in our communities to survive and recover from this economic downturn? In a 2009 survey we conducted, 80 percent of libraries had helped a patron look or apply for a job, and that number has probably increased by now. Cutting library funding now makes as much sense as cutting financial assistance to the unemployed or funding food banks.

The last time our country faced this type of economic downturn, F.D.R. created the WPA, which built or expanded 1,000 libraries across the country. New York provides \$14 million in public library construction grants for 755 public libraries, when there is a \$1.4 billion-plus list of shovel-ready projects waiting to be funded. Providing additional construction funding, which is bonded through the Dormitory Authority, would provide a boost to our economy and your local libraries.

In addition, there are plenty of other existing State funding streams that libraries should be allowed to tap into, like Employment Preparation Education funds, or EPE funds. There is \$96 million in funding for schools to provide GED and other job skills -- services that libraries are also providing. There is also \$375 million for Universal Pre-K. Again, many libraries are providing the same kinds of services. And why not allow school district public libraries -- whose buildings are owned by the school district and whose budgets and trustees, like myself, are elected on the same ballot as school districts -- to tap into the \$2 billion-plus School Construction funds?

JOINT BUDGET HEARING-EDUCATION FEBRUARY 2, 2010

In conclusion, during tough economic times, when the neediest among us are looking for help, now is not the time to cut funding for the very services and the assistance they need the most. Whether it's food banks, job training programs, unemployment assistance or libraries, it would be penny wise and pound foolish to cut the very services that are in the greatest demand and can do the most good to those in need.

I will briefly just turn it over to Chris here to give a few words about her experience dealing with libraries and looking for a job.

MS. CHRIS DUFFY: Hello. Thank you. If you lost your job tomorrow, would the local library be the first place you'd look? It wasn't for me, but I'm glad I did. I'm using the local library for advanced internet searches. Because most of the job applicants are going to standard sites, I rely on the library by accessing their specialty newspapers, their reference books, and some of their unique business directories and then I do an internet search and I contact the people at key companies that will be a future opening for me. In my last eight months of unemployment, every job interview I have been on is the result of using a library search, as opposed to the well-known internet sites that most people are using at home. I have a computer. I have internet access. It's not as robust as it needs to be to access some of the job sites that are out there. When I go to the public library, I often have to wait a significant amount of time to get to use a computer. In some of my local libraries in my county there are only one or two stations available, and you wait.

So, I'm asking that if funding needs to be done -- and I

JOINT BUDGET HEARING-EDUCATION FEBRUARY 2, 2010

understand that as I'm having to do it in my own household -- that we take a moment and pause and look at what the public libraries offer to people like myself who are unemployed and need this for due diligent job searches.

Thank you.

MR. BOB ENGELHARDT: First of all, I would like to thank Mike for inviting me to speak today, and second, I'd like to thank you for listening to me.

Basically, I'll give you the truth on this. I've been unemployed for quite a while. I've been looking for a job for a very long time now. There are a large amount of people right now that are unemployed and I see the numbers growing every day, not just on the media, not just on the news. I see them this way: I go to the library and I see new people using the computers all the time. A lot of the people cannot afford to buy a computer. They can't afford the technology. It's a simple thing. Libraries provide a resource that, basically, cannot be replaced. There are a large number of people using job sites on there every day. There's a large amount of people, including myself, going to the library and using the Times Union newspaper that we don't have to buy, simply because all those newspapers are provided to search for jobs.

I hear the word "essential" a lot. Well, the public library system is essential. There is no price that you can put on education, as I used to say. The library helps me to look for jobs every single day and to contact people for interviews. Without it, and for a large number of other people out there, without this service, free access, what would we do in

JOINT BUDGET HEARING-EDUCATION FEBRUARY 2, 2010

times like this? The numbers of people who are unemployed are growing. This is a good resource that should be provided. This is something that not only is, quote, unquote, "essential," but improves the quality of life for children and for adults. They have computer courses. They have tutoring. There are very few places like this that provide services, and they're across New York State and they need to be supported.

Thank you.

ASSEMBLYMAN MCENENY: Any questions?

Let's start with Barbara Lifton.

ASSEMBLYWOMAN BARBARA LIFTON: Thank you, Michael, and both of you, for coming to testify today. We've heard a lot about this, libraries as community centers and how important they are for people doing job searches. So, your testimony is very much appreciated. And, you know, you have a lot of supporters here in the Legislature. We know the critical role that libraries play. We're just trying to figure out where the money would come from to properly fund them as we are for schools and so on.

Michael, you said that the State cuts will result in a loss of \$2.8 million in Federal cuts. Does that mean all the State cuts over the last two years?

MR. BORGES: Yes.

ASSEMBLYWOMAN LIFTON: Okay.

MR. BORGES: It's a cumulative impact. There's a requirement for Federal funding that we have a maintenance of effort,

JOINT BUDGET HEARING-EDUCATION FEBRUARY 2, 2010

and we've fallen below that maintenance of effort and, therefore, we're going to lose Federal funding.

ASSEMBLYWOMAN LIFTON: Have you already seen some of that loss of Federal money or does that start this year?

MR. BORGES: I believe so, yes. I think there's a lag of one year, between when the State cuts and when the Federal cuts happen. So since we were cut in 2008, we've probably already seen a decrease in the Federal funding that we'd get.

ASSEMBLYWOMAN LIFTON: Could you get me a little more information on what that formula looks like?

MR. BORGES: Sure.

ASSEMBLYWOMAN LIFTON: Okay. Do you have figures -- you quote the Gates Foundation on national figures on internet access and all of that. Do we have any State figures on the number of people without internet access at home?

MR. BORGES: Well, actually, the Governor appointed me to the Universal Broadband Deployment and Development Committee and so, we've been trying -- working with -- in my role as Chair of the Digital Literacy Committee we've been trying to get access from the providers as to what percentage of New Yorkers have internet access and what parts of the State are covered. According to Telecom, communication companies, the whole State is covered. But the problem is that, yes, Bedford-Stuyvesant might be entirely wired, Harlem may be entirely wired, Albany may be entirely wired. But, if you go to Arbor Hill, you go to Harlem, what's the penetration rate? How many people

JOINT BUDGET HEARING-EDUCATION FEBRUARY 2, 2010

there can actually afford internet access or computers? And that number's a whole lot different than the number you'd get in terms of which parts of the State are covered by cable service or by internet service. So, believe me, we've been trying to get that number and haven't gotten it. They are the only ones who can provide it.

ASSEMBLYWOMAN LIFTON: Do you see any opportunities for savings? You know, we've talked about procurement reform and so on. Are there any immediate opportunities --

MR. BORGES: Well, actually, Senator Oppenheimer has a bill that she introduced on our behalf that would allow libraries to do cooperative bidding. Every other type of municipal government, whether it's villages, towns, cities, school districts, BOCES, are allowed to cooperatively bid to go out to purchase for various products and services. Unfortunately, libraries got left off of the list for no apparent reason. Actually, the bill got reported to the Senate Finance Committee just last week -- and thank you, Senator Oppenheimer, for that -- and we're hoping to get some movement in the Assembly as well. In the Governor's budget, the Governor has proposed not having school districts comply with the Wicks Law. I mean, why can't libraries be allowed to be exempt from the Wicks Law? Again, we also have construction projects; that would help us save some money. We also have legislation that would allow libraries and BOCES to work together for internet connections. School districts and BOCES tend to have better and more robust and higher speed internet connections than libraries do. Yet, the law prohibits libraries from working collaboratively with BOCES.

JOINT BUDGET HEARING-EDUCATION FEBRUARY 2, 2010

Again, why can't that happen? We have a bill to do that. So there are other ways that libraries can be helped for cost savings and provide better services more efficiently, and those are three examples of that.

ASSEMBLYWOMAN LIFTON: Thank you.

ASSEMBLYMAN MCENENY: Senator Krueger.

SENATOR KRUEGER: Thank you very much. Thank you both for coming to testify with Michael about the importance of libraries in your lives. As you, of course, know, unfortunately, a huge percentage of New Yorkers are unemployed, underemployed, and are doing exactly what you're trying to do to get back in the labor market. And I agree that libraries are a critical resource, both for the technological access, but also for new Americans. I represent New York City, where we have a huge number of new Americans who also, not only for technical assistance go to libraries, but also for access to improve their English language skills. Because our theme of today was education and schools, which, obviously, libraries play a key role in, in my district -- and I heard also from the Assembly Education Chair earlier, Cathy Nolan -- our schools are sometimes so overcrowded in the City of New York that we actually don't have libraries in our schools anymore. They've been turned into classrooms. So, could you talk a little bit about the added complications and impact on libraries from the fact that they are becoming school libraries but aren't actually funded as school libraries?

MR. BORGES: According to some figures I had gotten from the State Education Department, there's about, I think, half a million

JOINT BUDGET HEARING-EDUCATION FEBRUARY 2, 2010

students in New York State that don't have access to a school library, and 90 percent of them are located in New York City. That's because of the space problems. And what happens is the library gets eliminated, the school library gets eliminated, usually they're the first to go, and what happens is those students are then trucked down or walked down to a local public library, hopefully, to use those services at the local public library. We have studies that Scholastic compiled, and Syracuse University did a study last year that showed that where you have a school library staffed by a school librarian with well-equipped, up-to-date reading materials in a school library, that student academic achievement is higher in those schools than in schools without a school library and a school librarian. Unfortunately, in New York, school libraries or school librarians are not required in grades K through 6, which is sort of illogical in the sense that you want to start kids learning to read and instill a love of reading as early as possible, because once you have that love of reading it lasts a lifetime and it impacts everything you do. So, it doesn't make any sense not to have school librarians and school libraries required in K through 6, when it really can make the most difference. So, that's one way, I think, that could be addressed. Especially in high-needs school districts. I mean, if you're trying to solve academic problems in high-needs school districts, having a school library and a school librarian is one way to do it. The studies show it. The documentation shows it. We have the proof. It's something that works and it's worth investing in.

SENATOR KRUEGER: One more question. Yes, we are spending three weeks now, hearing from people about the impact of

JOINT BUDGET HEARING-EDUCATION FEBRUARY 2, 2010

the State budget cuts and we all know that there's no money and there's horrendous decisions that have to be made. But we spend a relatively small amount on libraries. Do you know how New York State compares to the other 50 states, per capita, on what our investment in libraries is?

MR. BORGES: We're in the top 10, I believe, because of the population.

SENATOR KRUEGER: No, per capita, not total investment.

MR. BORGES: Oh, per capita. Off the top of my head, I don't know. But I'll get you that number.

SENATOR KRUEGER: I would appreciate that, because we learn, often, that we're behind many other states in our commitment to certain key issues, and I think libraries should be a key investment.

MR. BORGES: Well, Ohio is actually the best well-funded. I wish we were, in a lot of ways -- despite Ohio's economic problems, Ohio libraries are funded based on a formula where they get, like, one to two percent of the State's revenue. So whatever revenue the State takes in, they get one to two percent of that.

SENATOR KRUEGER: Wow.

MR. BORGES: Now, granted, Ohio's revenue has dropped dramatically, so library funding dropped. But they get, like, somewhere between \$200- and \$300 million in library funding. So they have the best well-funded libraries in the whole country. Of course I know we're not going in that direction. I'd be happy with just no more

JOINT BUDGET HEARING-EDUCATION FEBRUARY 2, 2010

cuts to our existing formulas.

SENATOR KRUEGER: Thank you very much.

ASSEMBLYMAN MCENENY: Thank you. I was pleased to see in your testimony the quote of my predecessor, Dick Conners, who served as Albany's Assemblymember for 16 years. Conners, who was on the Board of the Albany Public Library for decades, always liked to refer to the public library the way you have been in your testimony, as "The University of the Street." For those who go down to Lower Manhattan and see the Tenement Museum and look at the squalid, overcrowded conditions and then listen to a docent describe the number of doctors and lawyers and professionals and people that came out of that very same tenement building and you look around and wonder how could they concentrate? How could they study? And right around the corner is a magnificent turn-of-the-century library that was open day and night and weekends and served those people. Today the public library still serves as "The University of the Street" and is more relevant than ever. We appreciate you coming in here, particularly, with two of the consumers of the library that can say directly what a difference it makes to their lives.

MR. BORGES: They're your constituents, actually.

ASSEMBLYMAN MCENENY: Very good. Thank you.

MR. BORGES: Thank you. And just remember: The next time you cut funding for libraries, you're hurting these people, the people you're trying to help.

Thanks very much.

JOINT BUDGET HEARING-EDUCATION FEBRUARY 2, 2010

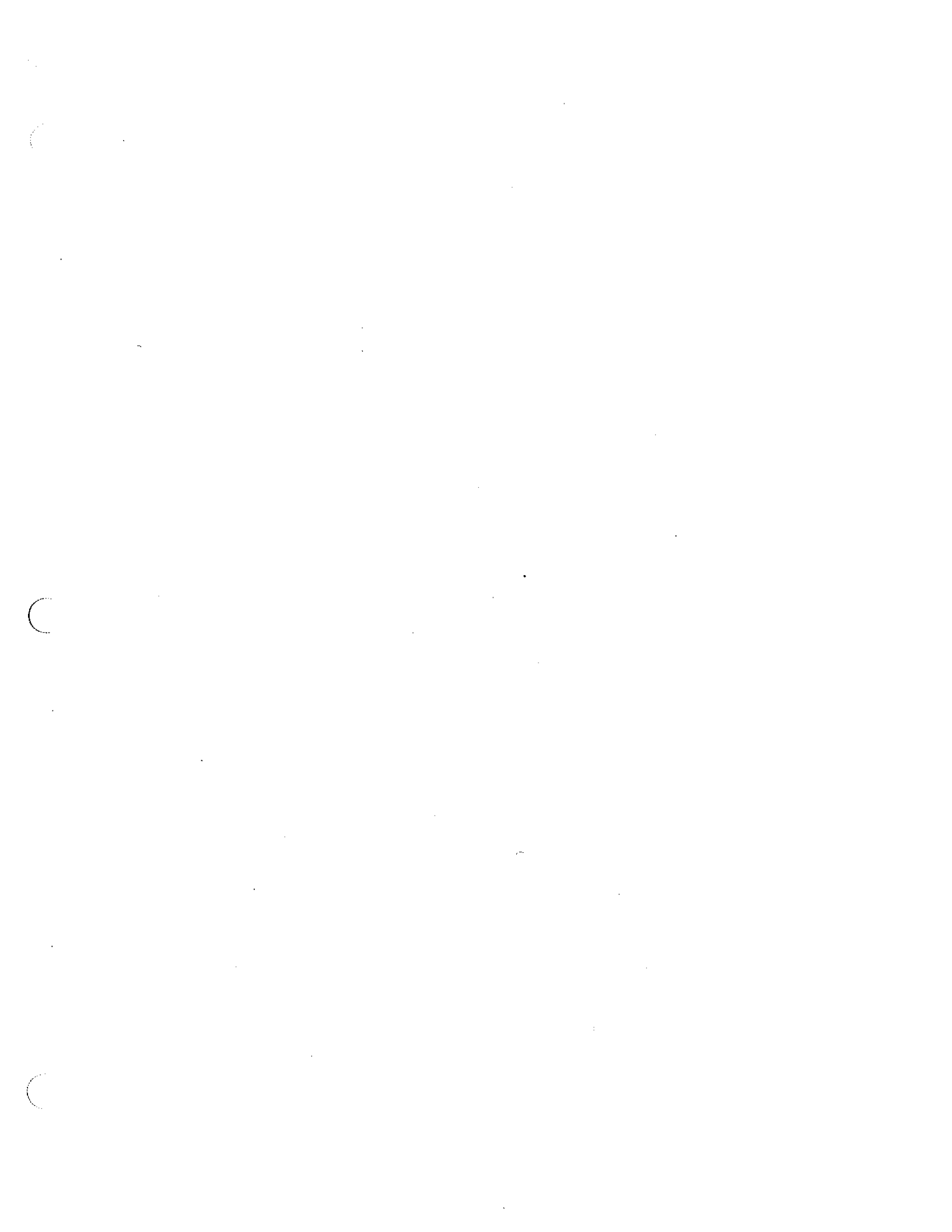
ASSEMBLYMAN MCENENY: Thank you.

Peter Mannella, Executive Director of the New York Association for Pupil Transportation.

MR. PETER MANNELLA: I'm kind of liking the two percent of State revenues for school transportation, too, following Michael's -- thank you for allowing us to be here to share our thoughts on the budget. I was going to share with you that the members that I represent in pupil transportation are responsible for the safety of 2.3 million children every day. I'd rather share with you, anecdotally, that they're the people who, at 4:00 in the morning during the winter months, go out to make sure that the roads are safe and call one of those three superintendents and say we're either closing or opening. Their daily lives are involved and wrapped around the safety of those 2.5 million children who ride our yellow school buses. I, for one, who doesn't drive a bus -- you should be thankful for that -- am grateful for the opportunity to work for them and come here to speak for them today.

Two years ago, an Education Commissioner and two gubernatorial commissions suggested that school transportation was too expensive because it was duplicative and inefficient in how school transportation routes were run and training and operations were handled. We challenged that premise at the time and we're pleased that, two years later, we may have helped to spur a larger discussion about school transportation, the way we carry our children to school every day, the kind of expenses that are involved in that, and how we might make it more efficient in these difficult times.





JOINT BUDGET HEARING-EDUCATION FEBRUARY 2, 2010

Before reacting to four or so elements of the Governor's Executive Budget proposal, I wanted to share with you -- I guess in court it would be "stipulations." I'm going to stipulate some things. I want to stipulate that transporting 2.3 million children on 50,000 school buses driven by 50,000 school bus drivers to over 4,000 schools, from their homes on time every day, every 180 school days of the year, can be expensive. It gets more expensive to transport those children who have medical needs; children who, tragically, are homeless and live in another school district, perhaps, 25 or 30 miles away; children who attend a private school 10, 12, 15 miles from their home. It's expensive when the price of crude oil rises, thereby affecting the cost of not only diesel but gasoline, lubricants, solvents, tires, belts, and so many products that are used in the transportation industry. It is expensive for a reason. It's not just that school transportation professionals are in our schools looking for ways to spend money; in fact, they look for ways all of the time to save money, and in our testimony we offer four or five examples of districts that have taken this seriously and are looking to bring down the costs of special ed transportation, homeless transportation, delivering children to BOCES programs and other opportunities, looking, again, for ways to save dollars. We don't want to be standing between a child and textbooks if that becomes a choice in the school district.

We see our jobs as transportation professionals to get children from home to school and back home again in the safest way possible. I would like to equate us, in a medical paradigm, to emergency room doctors who have to treat anyone who presents to them in the

JOINT BUDGET HEARING-EDUCATION FEBRUARY 2, 2010

emergency room. We transport any child that a superintendent and the school board tells us we're going to transport. Whatever their needs are, whatever their distances are, wherever they have to go after school or before school.

With that said, I'd like to share a couple of reactions specifically to proposals in the Governor's budget. I'd like to start -- I wish Senator DeFrancisco, who spent a lot of time on mandates today, were here, but we spent some time with Senator Oppenheimer on these issues and she's been very kind to hear our concerns. You've seen me too many times this past fall at your hearings. I'd like to start with mandates, an area that we might be able to cut costs, and move to some other points.

The first -- and it's one of those "pie in the sky" kind of things, but we'd like to suggest to you that uniformity of the annual school calendar across the State, or at least even within BOCES regions, is something that we should be looking at. The fact that we have school buses on the road -- talk about expensive -- on days that public schools are shut down -- and I can name school districts in this area, on any given day that might have 20 or 25 school buses on the road for BOCES programs, private schools that are open, charter schools that are open, and other activities -- it gets expensive to bring the drivers in, start the buses up and send them out when you're otherwise closed for the day. So, a school calendar that made sense and was a little more coherent through the year would save you money on the transportation end. I can't speak for other places, but I'm sure in other areas a unified school calendar would make sense.

JOINT BUDGET HEARING-EDUCATION FEBRUARY 2, 2010

Administratively, school transportation activities continue to be done on paper. School transportation contract and bidding procedures where copies of bids and RFPs are sent to the Education Department, contracts for purchasing buses, are all done on paper. We believe that if we were to take that transaction into the 21st Century and do them electronically the way -- I mean, I can buy a car electronically, but I can't send a transportation aid form in electronically. That would save not only money, but you all pass bills every year to help school districts whose transportation aid got screwed up because a form was done wrong, where doing it electronically might save the problem, bring the aid to the district that they're entitled to, and do it on a timely basis.

We have a small, little report -- and it's a pet peeve of ours -- a couple of years ago you all passed legislation to prevent idling in school buses. It's a wonderful piece of legislation. All of our drivers are out there complying. But every six months school districts are required to go out and prepare a recordkeeping report determining the extent to which school bus drivers are not idling. Basically, saying our school bus drivers aren't breaking the law. No one in the Education Department has ever asked for those reports, no one has ever read them. We know that it's not in your law that was passed that says we should report on that, it was just no idle. We believe there's a small, tiny report that could be taken from the list and save us a little bit of time, if not money, because we're not sending the reports to anyone. But at least save the time in terms of compilation.

And the fourth I would mention under mandates or

JOINT BUDGET HEARING-EDUCATION FEBRUARY 2, 2010

requirements, our school bus drivers are currently required to be fingerprinted and backgrounded by the Department of Motor Vehicles under Section 509-cc of the Vehicle and Traffic Law. If one of those drivers -- and there are thousands of them because many of them do dual duty in the districts -- if one of those drivers were to do double duty as a school bus attendant or mechanic they would have to be fingerprinted a second time, with an expense of about \$125 per transaction for that school bus driver. We'd like to suggest that once a driver is in the mix and fingerprinted through DMV and DCJS that that process should be over for that person. It's a more detailed screening, in fact, than the Education Department screening. We think it would suffice to leave it there and let them continue to work as school employees.

So, four examples of areas that we might find that we could cut costs in.

Three proposals in the Governor's budget to touch on briefly and give your our reaction: The Governor has joined those who are looking at regional transportation service delivery as an option. We have been fairly clear over the years that we're not sure that's the answer. There's lots of ways, including the ones I've listed here, and reducing special ed transportation costs and related costs that would save more money than anyone's envisioning in saving through regionalization. Be that as it may, the Governor's proposal does not mandate regional transportation. Others have called for regionalizing and consolidating transportation. His proposal says the school district should be allowed to explore this and enter into arrangements that suit their needs. We think

JOINT BUDGET HEARING-EDUCATION FEBRUARY 2, 2010

that's an interesting, positive approach. We're going to look at it closely and work with school superintendents and others to see where it makes sense and help our members move in those directions, again, where it's appropriate to their needs and would make sense financially.

The idea of having the Commissioner be able to do one or more demonstration projects leaves us a little bit concerned. If there are no assessment criteria attached to those, what are we looking for in those demonstrations? What does the Legislature want to hear back in terms of cost effectiveness, real-time effect for parents? If we're consolidating transportation and Mom and Dad have to start dropping the kids off to school as opposed to getting to work on time, I don't know that our parent community is going to be all that happy. So, I think we have to be careful with some of the balances in there when we talk regionalizing or consolidating or curtailing transportation.

The Governor also proposed for school districts to be able to enter into what are called "shared service contracts." Out here, in the school buses we refer to his proposal as "piggybacking," where one school district would be able to join onto a contract that another school district has already entered into, pursuant to a competitive bid. They would not have to go through a bidding procedure. We've actually supported that concept in the past and continue to. As we read through the proposal further -- and I know Senator Oppenheimer has a bill with similar provisions -- we've looked at it, talked to some people in the contract community particularly, and we'd like to suggest that some conditions on that would make some sense. You don't want to get into a

JOINT BUDGET HEARING-EDUCATION FEBRUARY 2, 2010

situation where a school district can jump onto a contract, make that be a long-term relationship, and potentially keep other contractors from viable competitive bids. So, our thought is that most of the times those come up is in situations where a new special ed student shows up in a district or a child finds their family suddenly homeless and needs transportation out, that we look at it for episodic relief, that we need it for that particular case, that the piggybacking or the shared services would be allowed to complete the school year, then the district would have to go back and look at bidding and make it a competitive process for the future school year so that we're not, really, kind of jury-rigging the process for one contractor or another. We want to make sure that private contractors are treated fairly in those kind of transactions. So it allows a kind of emergency relief and then allow it to go back to the procedure that would go from General Municipal Law.

Lastly, the Governor included funds for the School Bus Driver Training Program, for which we're very grateful. That program was first started in 1997 and we're grateful that for the past 13 years that's been continued. It's not a lot of money, but it does a lot of good out in the community for our school bus driver training activities and for school bus attendants. We would suggest that the Education Department has not had an easy time from year to year spending the \$400,000 that really is needed to go out there for driver training. It's a lot of need for the drivers and it's not always being met the way we'd like to see it. Money is left on the table. There are things that can be done in terms of buying training media, books, special education manuals for school bus drivers that the

JOINT BUDGET HEARING-EDUCATION FEBRUARY 2, 2010

Department can't currently do. In our statement, we've offered some suggested language that would give them a little bit more flexibility in terms of spending that money on behalf of the drivers who need it. The other piece of that is that in that same 1997 legislation you created Section 3650 of the Education Law, which included an advisory council to help shape those training programs and make sure that drivers and attendants are getting the kind of training they need to do the job for our kids. That council met once in 1999. That sounds like an arcane little thing to bring to your attention, but we really believe that the training that needs -- and you know, we passed a law, Assemblyman Rivera's law, a couple of years ago related to special needs training. Those kind of bills might not have been necessary and the problems that those kids went through that led to the bill might not have happened had we had a council in place that devised the training that would be funded from year to year using that \$400,000. So, we would urge you to work with the Governor to fully appoint that council and to work with the Education Department to make sure that it's enabled to do its job in the interests of safety for the kids.

In closing, I need to say that school transportation -- we see ourselves as the access point for children to school. We're seeing some initial studies coming from different places in the country that where you cut back on transportation, kids who are in inner-city or some distance from their schools, truancy rates and absence rates go up. We don't want to see that happen here. So we appreciate the fact that this State has continued its support for transportation and transportation aid

JOINT BUDGET HEARING-EDUCATION FEBRUARY 2, 2010

and don't want to do anything that would jeopardize getting those services to kids.

School transportation is an essential part of the education enterprise. School transportation employees -- bus drivers, attendants, monitors, dispatchers, mechanics, trainers and safety specialists and managers and supervisors -- are integral parts of the school family. My members, school transportation managers, are creative and committed professionals and are dedicated to the proposition that every child is entitled to a safe ride to school and we thank you for hearing us today.

ASSEMBLYMAN MCENENY: Thank you.

Other questions?

SENATOR OPPENHEIMER: No. Thank you, Peter.

We'll be working on that.

ASSEMBLYWOMAN NOLAN: I know we need to get back up to speed, we're running late. Just quickly, why do training at SED? Why not at DMV? This \$400,000?

MR. MANNELLA: I'm trying to think if there's a politic approach to answer that. The \$400,000 was put in the Education Department because the driver training requirements actually emanate from the Education Department. There's the School Bus Driver Instructor System that's in place there and they determine --

ASSEMBLYWOMAN NOLAN: And how is that money distributed, through an RFP or does your association get it?

MR. MANNELLA: It's put out by RFP annually to develop curricula for the school bus drivers. They've had some difficulty

JOINT BUDGET HEARING-EDUCATION FEBRUARY 2, 2010

finding people to deliver the training. The Comptroller has sent back some of the bids because there weren't enough proposals. All of the things that hampered, kind of got in the way for us.

ASSEMBLYWOMAN NOLAN: So, is it still a worthwhile thing or should it be -- because the Governor proposed eliminating it, so, I mean, is it worthwhile to do if it's not being implemented successfully?

MR. MANNELLA: Absolutely. The Department has not taken some step --

ASSEMBLYWOMAN NOLAN: And who administers it, like, nonprofits or the school districts?

MR. MANNELLA: Nonprofits, BOCES, community colleges, schools can put in proposals for the money. I think it's been a matter of getting the administrative up to do it effectively or efficiently and it's not happened over the years. We've worked with them over the past two years and got more of the money spent last year than the year before, but it's not been an easy process. But there's great need out there, there's no reason to cut back on the money. There's need for training on bullying and how drivers deal with bullying on the buses, and special ed transportation. A lot of issues that (inaudible) --

ASSEMBLYWOMAN NOLAN: Isn't that up to the private company, the companies that -- I mean, like in the City that's all private companies. Wouldn't that be up to them? We just had another bus driver get arrested for taping a child's mouth, so, you know, all the training in the world didn't help that guy.

JOINT BUDGET HEARING-EDUCATION FEBRUARY 2, 2010

MR. MANNELLA: And that's a discipline issue. But what we need is -- in other states, in fact, they're doing more than the \$400,000. Other states are looking at full curricula that drivers go through to train them on the children's needs, Assemblywoman.

ASSEMBLYWOMAN NOLAN: I think we'd like to hear a little bit more about this.

MR. MANNELLA: Absolutely.

ASSEMBLYWOMAN NOLAN: I don't want to hold up the Committee.

Thank you.

MR. MANNELLA: I would love to see you on that.

CHAIRMAN KRUGER: Any questions?

Okay, thank you very much.

MR. MANNELLA: Thank you.

CHAIRMAN KRUGER: New York School Bus Contractors.

MR. TIMOTHY FLOOD: Thank you. Good afternoon.

SENATOR OPPENHEIMER: Good afternoon.

MR. FLOOD: My name is Timothy Flood and I am here today representing the New York School Bus Contractors Association. I am a member of the Association's Board of Directors and I am also the Executive Vice President of a company called The Trans Group, a company providing school transportation services to school districts in New York State. Thank you for allowing the New York School Bus Contractors Association the opportunity to provide testimony on the

JOINT BUDGET HEARING-EDUCATION FEBRUARY 2, 2010

Governor's 2010-11 Executive Budget proposal.

Before I delve into the Governor's specific budget proposals, I would like to give you a brief overview of the Association and the private transportation companies we represent. The New York School Bus Contractors Association is an organization comprising over 200 school bus transportation companies, also known as school bus contractors. Our primary mission is the promoting of safe, reliable and cost-effective student transportation services. The private school transportation companies not only represent an extremely efficient and cost-effective alternative to district-provided transportation services, we actually represent a majority of those services in the State of New York.

Of the 2.3 million children transported, as Peter had mentioned, private school bus companies are responsible for safely transporting over 1.3 million of those students, again, representing nearly 60 percent of the children transported daily in our State. The private school bus industry plays a vital role in our State's economy, employing over 35,000 people and we save school districts and taxpayers millions of dollars annually.

Now that you have a better understanding of our Association and our member companies, I would like to address three particular proposals which can be found in Senate Bill No. 6607 and Assembly Bill No. 9707. First, we applaud and fully support Governor Paterson's proposal to continue funding the State's School Bus Driver Safety Training Grant Program. This program allows the State to provide grants to school districts, BOCES and not-for-profit educational

JOINT BUDGET HEARING-EDUCATION FEBRUARY 2, 2010

organizations to maintain safety programs that help keep New York State's student transportation services among the best in the nation.

The second item we would like to bring to your attention is the Governor's proposal to allow school districts to operate regional transportation services. This proposal essentially allows school districts to enter into agreements with each other for the purpose of providing more efficient student transportation. This practice of regionalized transportation is, actually, already fairly common in some school districts, in several school districts, that utilize private contractors. We feel it is a good way to maximize resources and save tax dollars; however, we are concerned with the language of the budget proposal that states that the school districts will determine the contract costs for regionalization based on regulations adopted by the Commissioner of the State Education Department. While we are not opposed to regionalization, we strongly recommend that the budget outline that SED promulgate regulations that require school districts which are seeking to regionalize their student transportation services to determine the "true-costs" of their transportation services. The reason we are asking for a true-cost analysis to be included in the current budget proposal is that many school districts are not aware of the true costs of their transportation services. Given the complexity of school finances, it is often difficult to determine which capital and personnel costs are actually attributed to transportation. This lack of understanding leads many districts to underreport their costs and could create a situation where a neighboring district might put forth a regionalization plan that does not

JOINT BUDGET HEARING-EDUCATION FEBRUARY 2, 2010

reflect the true cost of providing transportation services and, thereby, create an unnecessary burden on the taxpayers. It is vital that all costs are represented, so that the decision to regionalize, whether it be through school district-provided or private contractor-provided transportation services, can be based on valid data. Our Association has developed a valid way to calculate the true costs of district transportation operations and offer it here today. We ask that the Governor's budget be amended to include a cost analysis mechanism, like the one we are submitting today, to ensure school districts are able to determine those true costs for their transportation services. Further, requiring the process for procuring regionalization services to be open and subject to public bidding is critical to ensure that districts and taxpayers are able to ultimately choose their safest and most cost-effective solution.

Finally, the Governor is proposing a pilot program charging SED to study barriers to school districts providing this regional transportation. We believe and have demonstrated that, in some cases, regionalizing student transportation services works. In many cases, a contractor is best suited for this task, but in many rural areas a school district is better positioned.

Although we do not believe there is a need to incur additional costs to study regionalization, should the State move in that direction we only ask that private school bus operators have a seat at the table, as we have a great deal of experience and insight that we can lend to the evaluation process.

As I finish my remarks today, it is important to note that

JOINT BUDGET HEARING-EDUCATION FEBRUARY 2, 2010

the public-private partnership between New York State schools and school bus contractors is one of the most successful examples of government and the private sector working together. With contractors providing nearly 60 percent of New York's school bus transportation services, schools are allowed to focus on their mission -- educating children -- and leaving the contractors to focus on safely transporting those children.

On behalf of the entire Association, thank you for your time today. We hope you have a better understanding of our positions on these particular budget proposals and ask that we be part of any discussions or negotiations involving these items. Thank you again. If there are any questions, I'd be glad to address them now.

CHAIRMAN KRUGER: Any questions?

No questions.

Thank you very much.

MR. FLOOD: Thank you very much.

CHAIRMAN KRUGER: The Alliance for Quality Education.

MS. MARINA MARCOU-O'MALLEY: Hello. Good afternoon. My name is Marina Marcou-O'Malley. I'm here with the Alliance for Quality Education. Thank you for giving me the opportunity to testify here today.

CHAIRMAN KRUGER: Could you move the microphone a little closer?

MS. MARCOU-O'MALLEY: Again, thank you for

JOINT BUDGET HEARING-EDUCATION FEBRUARY 2, 2010

giving me the opportunity to testify here today. I will summarize our testimony. We urge you to reject the \$1.4 billion in education cuts proposed by Governor Paterson. We believe that school children are being asked to make the largest contribution to closing the budget deficit than anyone else in the State. This contribution they're asked to make is on top of the contribution they made last year when they endured the breaking of the State's promise to them with the delivery of no dollars through the Campaign on Fiscal Equity Statewide settlement. So, we urge you, don't make cuts on top of this broken promise. Every student deserves the opportunity to learn. These cuts will negate the progress that students have made so far, and you've heard from many people today that students have made some progress through the increase of funding through the Foundation Aid formula. As Speaker Silver has said, the Governor's proposed cuts take us too far. They will put us behind years under the CFE commitment.

We are very cognizant that the State is in a fiscal crisis, so we have started to study some cost savings and revenue-raising options. There are a few included in our testimony here today and we are anticipating putting out some more. So, we do recognize that money needs to come from someplace and we do need to save up; however, I would just like to repeat that our school children have already given and they've been giving for years through being in underfunded schools for many, many years. So, we cannot have a world-class education, a knowledge-based economy without investing in knowledge.

I don't want to -- it's late. I don't want to hold up

JOINT BUDGET HEARING-EDUCATION FEBRUARY 2, 2010

anyone's time. I don't want to repeat everything that everybody else has said. Unless you have questions, I would just leave you with that message.

CHAIRMAN KRUGER: Senator DeFrancisco.

SENATOR DEFRANCISCO: What's your position with The Alliance for Quality Education?

MS. MARCOU-O'MALLEY: I'm a policy analyst. I'm sorry.

SENATOR DEFRANCISCO: Is this a Statewide organization?

MS. MARCOU-O'MALLEY: Yes.

SENATOR DEFRANCISCO: How are you funded? Do you receive any State funds for your organization?

MS. MARCOU-O'MALLEY: How our organization is funded?

SENATOR DEFRANCISCO: Yes.

MS. MARCOU-O'MALLEY: Through grants through various foundations. Just like every --

SENATOR DEFRANCISCO: You have what foundations?

MS. MARCOU-O'MALLEY: Through grants from various foundations.

SENATOR DEFRANCISCO: Are there grants from the State of New York?

MS. MARCOU-O'MALLEY: No.

JOINT BUDGET HEARING-EDUCATION FEBRUARY 2, 2010

SENATOR DEFRANCISCO: Just different foundations?

MS. MARCOU-O'MALLEY: Yes. As far as I know, anyway.

SENATOR DEFRANCISCO: Okay. And do you have a website?

MS. MARCOU-O'MALLEY: Yes.

SENATOR DEFRANCISCO: What's the website?

MS. MARCOU-O'MALLEY: It is AQENY.org.

SENATOR DEFRANCISCO: Does that list your sources of funding anywhere?

MS. MARCOU-O'MALLEY: I don't believe it's on our website, no.

SENATOR DEFRANCISCO: Are there any filings that you have to do as a lobby group to disclose your source of funds for your organization?

MS. MARCOU-O'MALLEY: Not my area. Not something that I do, but --

SENATOR DEFRANCISCO: Could you get that information back to me?

MS. MARCOU-O'MALLEY: Absolutely.

SENATOR DEFRANCISCO: It's DeFrancisco, with a capital D.

MS. MARCOU-O'MALLEY: Yes, Senator.

SENATOR DEFRANCISCO: All right. Thank you.

JOINT BUDGET HEARING-EDUCATION FEBRUARY 2, 2010

CHAIRMAN KRUGER: Thank you. Any other questions?

Okay, thank you very much.

ASSEMBLYWOMAN NOLAN: We appreciate the great work that you do.

SENATOR OPPENHEIMER: Yes. And we've fought battles with you, so -- with you, not against you.

CHAIRMAN KRUGER: New York State Coalition for Independent and Religious Schools.

MR. JAMES CULTRARA: Good afternoon. My name is Jim Cultrara. I want to thank the members and staff for giving us this opportunity and listening to all of our collective concerns. I'm going to dispense with the reading of my testimony and, essentially, focus on three points. We're in tough shape. Independent religious schools are owed \$243 million. My first point is to thank you for not making it worse. You've taken two specific steps for which we want to thank you: Last year the Governor proposed eliminating the CAP program, which would have been about \$55 million. You restored \$30 million of that, and I want to thank you. That would have made the problem far worse. And then this past December the Governor had proposed mid-year cuts in education which you flatly rejected, which would have made the problem another \$11 million worse. So we thank you for stopping those cuts. But the point is we're still owed \$243 million; \$6 million of that is from the MTA. The MTA tax is costing independent religious schools in the 12 counties \$6 million. That was a \$6 million hole that was created mid-

JOINT BUDGET HEARING-EDUCATION FEBRUARY 2, 2010

year because the tax was retroactive. It's discriminatory and unfair that only public schools are being reimbursed and it's being taken out on our parents, our teachers and our students. The Governor has put in \$60 million to reimburse public schools for the MTA and we're simply urging you to include \$64- or \$66 million, just a small bump, to reimburse independent and religious schools along with public schools.

The balance of that \$243 million is from the CAP and Mandated Services Reimbursement Programs. That debt, of which is \$237 million, consists of the fact that for two years we received absolutely no reimbursement for CAP, 2003-04 and 2004-05. In addition to that, the State Education Department made an accounting error. The formula for reimbursement accommodates that error and has never been corrected. Also, CAP is on a two-year reimbursement lag. We have to wait two years to get that money, as opposed to the standard one year. And then in the 2008-09 fiscal year, the Governor initiated and you adopted an 8 percent cut which has been reoccurring, but you also cut for the first time in the history of the program the liability under that program. For 35 years, the law has said our schools are reimbursed 100 percent of those costs and then the Governor initiated, again, for the first time in the history of the program said -- and this is retroactive -- "We don't owe you 100 percent. We're only going to give you 92 percent." I'd like any of you to try that with your credit card company to see if you can renounce some of the debt you owe them.

So, we're really asking you several things: As you restore -- attempt to restore -- aid to public schools, that you also

JOINT BUDGET HEARING-EDUCATION FEBRUARY 2, 2010

recognize the debt that's owed in this program and provide a commensurate restoration of our funds. We realize that this debt cannot be repaid in this particular fiscal year and it will take a number of years to get out of this hole, but we're asking you to start. A very simple way to do that is to take the CAP appropriation, the Governor puts in \$28.5 million. If you did nothing that money would go for the '08-09 school year. We're simply saying take that appropriation, hopefully it will be higher, but apply it to the oldest debt, the '03-04 school year, and then any other old debt, because that debt will get farther and farther into history and our Coalition is not about to allow that debt be swept under the rug.

We're also asking you to restore the liability that was cut in the 2008-09 fiscal year. That's worth \$11 million to us. By restoring the liability you're not putting cash up front, you're simply saying we eventually owe it to the religious and independent schools and when the economy permits to you do so, then you can restore those funds.

The last couple of points I want to focus on, largely what Assemblyman McEneny had said about the transportation issues, what Senator DeFrancisco was talking about in mandate relief. You know, the largest mandate, the most costly education mandate, is the Compulsory Education Law. The Law says children must go to school. Obviously, you're not going to repeal that mandate, but that's the most expensive mandate. Bob Lowry acknowledged that 70 percent of that mandate is in personnel. Senator Kruger, you had asked the union leaders, "Find us some money." I've got a way to find you a lot of money. You probably

JOINT BUDGET HEARING-EDUCATION FEBRUARY 2, 2010

know what's coming. Independent and religious schools are saving \$8 billion every year. So, institute a class size reduction program.

Ordinarily, you'd think class size reduction is expensive. Well, there are two ways to do it: You hire more teachers -- that's the expensive way -- or you allow kids to leave the classroom. That's the way you save money.

The 500,000 kids and the struggle that their parents are making to educate them in private schools are saving taxpayers \$8 billion. The 500,000 kids in our schools is half of what it was in the 1970's. So, the more you allow children and those parents who want to be educated in the independent and religious schools -- and even not in charter schools that are costing almost just as much money as a regular public school -- the more money you will save.

So, I ask you to think about that with an open heart, open mind, and look at the fiscal prudence of -- as the previous speaker was talking about -- a partnership between the private sector and government in educating New Yorkers.

Thanks very much.

CHAIRMAN KRUGER: Questions?

SENATOR OPPENHEIMER: I have a question. I have a bill in on the first thing, I think, that was mentioned, which is to repay a portion of the debt that we owe the parochial and the private schools, dealing with the oldest piece of the debt first because at a certain point -- what is it, ten years -- the debt is expunged?

MR. CULTRARA: Well, schools can apply for prior reimbursement up to three years. It used to be seven years. But there

JOINT BUDGET HEARING-EDUCATION FEBRUARY 2, 2010

was never an application put out for our schools for the '03-04 and '04-05 school years. Frankly, Commissioner Steiner's predecessor defied the law. We told him he was doing that and we had asked previous Governors for that money; unfortunately, it never came to pass. But it was a clear defiance of the State statute and so schools were never allowed to apply for it.

SENATOR OPPENHEIMER: So, what I'm saying is if you're interested, I'd be happy to send the bill over to you.

Then the second thing -- just something humorous, Jim -- I've been saying what you said to me in the past, which is that if the private system collapsed, then it would cost the State \$6 billion, but now you've suddenly had a huge escalation to \$8 billion. I just thought that was interesting.

MR. CULTRARA: Well, it's based on not my numbers, but numbers from the State Education Department. But I find it interesting, we talk about the "if", if we collapse, if we close. We're closing. The Superintendent from Yonkers sat right here and told you that he had an increase in students of 1,000 students last year, 750 of those, three quarters, came from our schools . We're closing. So, it's not a matter of "if." We're transferring, essentially, cheap seats family by family to public schools and it's happening every year.

SENATOR OPPENHEIMER: Yes, I'm painfully aware because many of those schools that have closed are in my district.

MR. CULTRARA: That's right.

SENATOR OPPENHEIMER: What is the size, the total

JOINT BUDGET HEARING-EDUCATION FEBRUARY 2, 2010

size, of the payroll, would you say, of all the schools in your jurisdiction?

MR. CULTRARA: This is a guess, but about \$3 billion. So, our parents are paying approximately -- this is my guess, we haven't done a survey -- they're paying approximately \$3 billion in tuition. That's in addition to the taxes that they're paying for public schools.

SENATOR OPPENHEIMER: Very interesting. If you would check that out and it back to me?

MR. CULTRARA: I will.

SENATOR OPPENHEIMER: Thank you, Jim.

CHAIRMAN KRUGER: Thank you, Senator Oppenheimer.

ASSEMBLYMAN MCENENY: If I may observe, the difference in numbers is that you're representing religious-affiliated schools and there are also private schools in there. Sometimes people merge them together and sometimes they break them apart.

MR. CULTRARA: That's right.

ASSEMBLYMAN MCENENY: That's why you'll find different numbers that, in many cases, both numbers are accurate if you understand all alternative education that's private versus just those that are also religiously-related.

MR. CULTRARA: That's correct.

SENATOR OPPENHEIMER: That's true.

CHAIRMAN KRUGER: Thank you, Assemblyman. Senator DeFrancisco.

SENATOR DEFRANCISCO: What would you charge

JOINT BUDGET HEARING-EDUCATION FEBRUARY 2, 2010

per student?

MR. CULTRARA: Well, the average--

SENATOR DEFRANCISCO: No, no, no, I'm talking about charging the State of New York. You're talking about cost-savings measures. If you're making an offer, I'm trying to find out the specifics of your offer.

MR. CULTRARA: In order for you to save that money, yes, you have to pay for those students. So you have to provide some cash, whether it's a tax credit, whether it's a voucher, whether it's a scholarship. It's going to vary, but it's got to be generous enough to allow them to exercise the choice. So, it's going to be roughly, maybe, \$4,500 a student. But right now, what is the State paying per student?

SENATOR DEFRANCISCO: Close to \$10-, if I recall.

MR. CULTRARA: So, you'd be saving that much money by paying for them to be in an independent religious school as opposed to the public school.

SENATOR DEFRANCISCO: So, you will charge us \$5,000 a student as opposed to the \$15,000 we're paying right now and you'll give them a quality education?

MR. CULTRARA: Absolutely.

SENATOR DEFRANCISCO: Sounds like a pretty good deal, doesn't it?

MR. CULTRARA: I'll take you up on it.

SENATOR DEFRANCISCO: Well, I don't have the authority to give it to you, but it sounds like a good deal to me.

JOINT BUDGET HEARING-EDUCATION FEBRUARY 2, 2010

Let me ask you one other question. I've always wondered this, and now that I've got you here: Are religious and private institutions precluded from starting a charter school?

MR. CULTRARA: Yes. Well, religious corporations cannot sponsor a charter school. That's an explicit prohibition under New York's charter school statute.

SENATOR DEFRANCISCO: But private institutions can apply? Say there's an existing private high school or --

MR. CULTRARA: Senator, I don't know the answer to that, but I know that there's an explicit prohibition against religious corporations, I don't know about non-sectarian.

SENATOR DEFRANCISCO: Okay. Thank you.

SENATOR OPPENHEIMER: But it would have to turn itself into a public institution to be accepted by something.

MR. CULTRARA: That's right.

ASSEMBLYMAN MCENENY: I believe, if I remember, when we first set up charter schools that existing private schools could not turn themselves into charter schools. They would have to be closed for two years --

MR. CULTRARA: You're correct.

ASSEMBLYMAN MCENENY: -- and then they could apply under a new name to be a charter school. So, you couldn't take, for example, the Albany Academies, which are secular schools, and say, "All right, let's open it up to all the kids in the area and we'll bill the appropriate school district." They would have to be shut down for two

JOINT BUDGET HEARING-EDUCATION FEBRUARY 2, 2010

years and then would have to come back.

MR. CULTRARA: That's right. And you know these numbers better than I. You had indicated that 23 percent of Albany students are in charter schools. You used to have 23 percent in the Catholic schools just in Albany.

ASSEMBLYMAN MCENENY: When I graduated from high school -- and I went from kindergarten to graduate school in Catholic schools -- when I graduated from high school, we had 13 high schools in Albany in 1961; two were traditional public schools, one was a teacher lab for the State University, one was an Episcopalian, two were secular, and the rest were a myriad of both parochial Catholic schools, which means sponsored, by the way, by a parish, Diocesan, or private-run by religious orders. That choice is lost. I also have to say, and I know the hour is late, but when people talk about elite private schools, the tuition at Vincentian Grade School was \$10 a year per family. The tuition in Christian Brothers Academy, a military day school for boys, was \$200 per year with the understanding that if it went up while you were there, you weren't affected. Siena College was \$1,000 a year. Unfortunately, this is a world that has been closed because of cost to so many people.

MR. CULTRARA: That's right.

ASSEMBLYMAN MCENENY: But having said that, in defense, let me also make a comment on the cost per pupil. You'll often see numbers, say, for Albany High, and somebody would say, "Good grief, I could send my kid to Albany Academy for that."

JOINT BUDGET HEARING-EDUCATION FEBRUARY 2, 2010

Tell me about special ed. I have had a bill for years that I don't seem to be able to get people interested in. I think special ed should be taken out of the school costs. Whatever the basic educational pedagogical costs are should be the same so that we can check apples with apples and oranges with oranges, and that additional costs, because a youngster has physical or mental or emotional problems which requires additional costs, should be counted completely separately so that when somebody does ask the question for two equal kids, "What is the cost," they're comparing education with education and not, as is the case in Albany with the charter schools, 20 percent of our regular public school kids are special ed, five percent of the charter schools. And, yet, somebody will take the gross number and compare the two and come to a very false conclusion.

MR. CULTRARA: It does skew the numbers, you're right.

ASSEMBLYMAN MCENENY: We need to treat special ed like a Medicaid supplement and treat basic education as the education that it is. Thank you.

MR. CULTRARA: Let me just make a comment about the tuition costs. We do have private and elite schools like Horace Mann, but also in the Association of Independent Schools we have the Children's Storefront School on 127th Street in Harlem. Their tuition is zero. They raise money to educate those largely African-American and Hispanic children, zero tuition. They're doing God's work there.

CHAIRMAN KRUGER: Thank you.

JOINT BUDGET HEARING-EDUCATION FEBRUARY 2, 2010

ASSEMBLYMAN MCENENY: Thank you.

MR. CULTRARA: Thanks very much for your time.

SENATOR DEFRANCISCO: I just have a question of the Assemblyman: When you went to school did they have indoor plumbing?

ASSEMBLYMAN MCENENY: They did have indoor plumbing, they had very nice uniforms, but on the grade school level, we had 55 kids to a class. One year we went in, there was 48, we thought we were in prep school.

SENATOR DEFRANCISCO: And nobody on a radiator.

MR. CULTRARA: Thank you.

CHAIRMAN KRUGER: Thank you very much.

The Nutrition Consortium of New York State.

MS. CASEY DINKIN: Thank you to Senate Finance and Assembly Ways and Means, the Senate and Assembly Education Committees and their Chairs for the opportunity to testify. I know it's been a long day so I'll try to keep my comments brief. My name is Casey Dinkin and I'm here from the Nutrition Consortium of New York State. The Nutrition Consortium is a Statewide nonprofit anti-hunger organization. We're dedicated to alleviating hunger for residents of New York State and we do this primarily through expanding access to the Federally-funded nutrition assistance programs. Twenty-three percent of households in New York State with children struggle with hunger, according to recent data released by the Food Research and Action

JOINT BUDGET HEARING-EDUCATION FEBRUARY 2, 2010

Center. As we all know, hungry children cannot learn and we believe that ending childhood hunger is essential to the educational success of New York's children. Child nutrition programs are critical to the goal of ending childhood hunger by 2015, which we, along with other members of New York State's Food Policy Council, have recommended that New York State adopt as a priority.

The three programs that I'm going to talk briefly about today are the School Breakfast Program, the School Lunch Program and the Summer Food Service Program, which are Federally-funded child nutrition programs that are administered through the State Education Department and receive funding in the Education budget. We would like to commend New York State for continuing to supplement funding for reimbursements for breakfasts and lunches served through these Federally-funded programs. These programs serve 900,000 low-income students at school every day. For many of them these are the only meals these children receive. Since Federal reimbursements are only \$2.68 per lunch, the additional 6-cent State supplement that is received for free lunches is very important to ensure that healthy foods can be included in the meals. As we all know, healthy foods are more expensive. These per-meal reimbursements need to cover the costs of running the school cafeteria, including labor, equipment and all non-food supplies, including the cost of the meal. New York's additional reimbursement also allows schools to serve reduced-price breakfasts and lunches for 25 cents per meal, whereas in other states it's 40 cents. This is important because, often, the reduced price is too much for these low-income families to

JOINT BUDGET HEARING-EDUCATION FEBRUARY 2, 2010

afford. We hear countless examples of that just being too much for families to pay and school districts often wind up footing the bill or children go without eating.

We commend New York State for supplementing reimbursements for the Summer Food Service Program. The Summer Food Service Program provides Federally-funded meals at no charge to almost 280,000 children across the State at nearly 2,500 parks, camps, churches and other locations where our children congregate over the summer. If it was not for this important program, these children would go hungry. But because Federal reimbursement rates -- as is the case in the school meals programs -- are very low, the State supplement is critical to keeping these programs afloat.

The last thing that I wanted to talk about is the issue of direct certification. The Nutrition Consortium recommends that New York State improve its direct certification by implementing a Statewide direct data matching system that connects children who receive food stamps or temporary assistance to needy families with free school meals. There is Federal money available from the United States Department of Agriculture for the development and implementation of this simplified, streamlined approach which has proven successful in other states. New York State currently uses the letter method of direct certification. This is the method that often results in households unnecessarily completing a complicated application and sometimes results in eligible children not receiving free school meals at all. Although New York State ranks well in national data on direct certification, this is due, in large part, to New

JOINT BUDGET HEARING-EDUCATION FEBRUARY 2, 2010

York City and other large cities that do do direct data matching, whereas the majority of Upstate New York is not using this streamlined and simplified approach. Using a Statewide data matching system would simplify and streamline direct certification, enroll more children in free school meals, thus bringing more Federal dollars into our State and reducing administrative costs on districts. Ultimately, this would save money for both the State and for local districts.

Thank you, again, for this opportunity to testify.

CHAIRMAN KRUGER: Thank you. Questions?

SENATOR KRUEGER: Just one.

CHAIRMAN KRUGER: Senator Krueger.

SENATOR KRUEGER: Thank you. I'm sorry, I came in late. What would New York State need to do to go to the direct certification model that you propose? Do we need legislation or can the Department do it through regulation?

MS. DINKIN: The Department can do it through regulations.

SENATOR KRUEGER: And their reason for not having doing so up until now?

MS. DINKIN: We've been told that they're looking into it, but we wanted to keep the Education Committees apprised of this opportunity in the event that the Legislature is interested as well.

SENATOR OPPENHEIMER: Humorously enough, I just gave it to the Director of the Education Committee and said, "Write a bill." It's an outrage. Kids may be denied food just because they don't

have this direct connection, which is so simple.

MS. DINKIN: It would really be a great improvement for the State to streamline the approach. Thank you.

SENATOR OPPENHEIMER: We'll speak to you shortly.

CHAIRMAN KRUGER: Thank you.

Three Village School District.

ASSEMBLYWOMAN NOLAN: We really appreciate the people who have stayed late to give their testimony, and we want to thank the Nutrition Consortium and now someone from an actual school district, which is always refreshing. We appreciate you waiting so patiently all these hours and the remaining witnesses, I'm sure my colleagues would agree, deserve a great shout out for continuing to persevere and we appreciate you staying and welcome your testimony.

MR. JONATHAN KORNREICH: Good afternoon, and thank you for convening this hearing. I appreciate you allowing me to testify today. My name is Jonathan Kornreich and I live in Stony Brook, which is located in the Three Village Central School District. I'm a member of the Three Village Board of Education and I chair the Board's Legislative Committee. Today I'm here to talk about an issue which affects not just Three Village but a number of school districts all around the State.

One of the central goals of the State aid formula is to provide school funding in inverse proportion to a school district's ability to provide local revenues. In other words, the intention is to evaluate a

JOINT BUDGET HEARING-EDUCATION FEBRUARY 2, 2010

district's wealth, and then for wealthier districts to receive less State funding, and poorer districts more. This aim is simple and equitable. My concern lies in the question of how a district's wealth is measured. One of the most commonly-used standards is the Combined Wealth Ratio. This tool was designed to measure a district's income and property wealth and then compare them to the Statewide average. My comments today are regarding the income portion of the Combined Wealth Ratio and a serious oversight which was included in the architecture of the original formula.

Last year, Three Village's income ratio was about 1.6, which indicates that our district's income is 60 percent higher per pupil than the State average. By this measure we seem to be high earners and are doing pretty well; however, if you were to take a look around our community, it wouldn't necessarily look that way. Despite what that 1.6 figure says, a ride through our neighborhoods would confirm the fact that we are actually just an average, middle-class suburb. Unable to reconcile the discrepancy between the fact and the figure, a member of our district's Legislative Committee named Patty McGuigan started digging into the State aid formula to try to understand how our funding was calculated. I should mention that she's not just a typical concerned citizen. She's a former bond analyst and worked for the New York State Comptroller's Office.

Using data from the Department of Taxation and Finance obtained for us by Assemblyman Steve Englebright, our Committee began researching the State aid formulas and discovered this

flaw in the income calculations methodology that was causing a huge distortion in our income ratio. The simple flaw, it turned out, was the inclusion of outliers in the calculation of average income. An outlier is a data point that stands significantly apart from the rest of a data set. So, for example, if we were to chart the distribution of the heights of American males, almost all the data points would appear between five and seven feet, with the greatest concentration appearing around the average of 5' 10". There are people a little shorter or a little taller than that. But even the world's tallest man, according to Guinness, at almost 9 feet tall, wouldn't quite be considered an outlier.

To get an example of what a real outlier looks like, let's return to Three Village. Our district is home to the one of the largest and most profitable hedge funds in the world. The people who work there are well-educated, active and successful and are exactly the type of people who can make a community thrive. We have no desire to malign them, but the amount of money a few of them are earning was not even contemplated when these formulas were first developed. A New York Times article published last March reported that one partner at the hedge fund earned \$125 million the previous year. This is about 800 times the State average. To make an analogy back to the height distribution, an outlier of that magnitude would be a person standing approximately 4,800 feet tall, and that's what a real outlier looks like.

The inclusion of outliers in calculating averages can lead to some incredibly distorted and misleading results. To illustrate -- and I beg your indulgence here -- if that 4,800-foot-tall person were elected to

JOINT BUDGET HEARING-EDUCATION FEBRUARY 2, 2010

the New York State Senate, the average height of a Senator would be about 83 feet tall. If another outlier named Bill Gates was elected, each Senator's average net worth would instantly rise by about \$1 billion. So, by including just two outliers in that group, we have just turned the Senate into giant billionaires, on average. This sounds crazy, but this is exactly the methodology that's used to determine a school district's wealth and ability to pay property taxes.

So, to return, once again, to the Three Village, you'll recall that our income ratio is 1.6, meaning our income, again, was calculated as 60 percent higher than the State average. However, if you were to remove income outliers from the calculation, which is, literally, just a few tax returns out of more than 18,000 filed in the district, our income ratio would drop to a 1.02. That happens to be almost exactly the State average and is, by the way, what our district actually looks like: average. It may shock to you learn that in Three Village, that tiny handful of outliers earns about one-third of the total income earned by the entire district combined. More than 99 percent of us have an income distribution that matches New York State as a whole. Yet, because our average is swamped by a few outliers we are obliged to pay taxes as if we were all wealthy. For those school districts affected by outliers, average income has little relation to a typical resident's actual income.

It has been suggested that the negative effect of these outliers on State aid is balanced by the increased property taxes they pay. This may sound logical but it, actually, is not factual. One of the most expensive homes in our district is worth about \$6.4 million and the

property taxes are \$55,000. Meanwhile, the inclusion of outliers in our income calculation costs our district more than \$750,000 just in High Tax Aid alone. So, what that means is that if you were to rerun our High Tax Aid without the outliers, we would get \$750,000 more. That's just High Tax Aid.

Average income and the Combined Wealth Ratio are used in numerous aid calculations and also when establishing cuts like the Gap Elimination Adjustment. Every time these ratios are used, districts with outliers get burned. Once we realized this flaw existed we observed that there were other affected districts scattered randomly around New York State. They can be found Upstate and Downstate, rural and more densely-populated, poor, and middle-class. A district can become affected almost overnight when an outlier is introduced into their average. In one low-wealth rural district in the Catskills, for example, a single, extremely wealthy individual moved in and had a huge impact on their average income. In a middle-class suburban district on Long Island, one resident sold his business, which happened to have been a large bank. The result of this was a sudden massive spike in his district's income, a reduction in State aid, and property tax increases for all of his neighbors. This is, clearly, irrational and not the way State aid was intended to work. Even the winner of a large lottery jackpot could massively impact a school district's funding and cause property taxes to rise for everyone in the district. Removing outliers from average income calculations would provide an insurance policy for every school district to protect them from arbitrary and unpredictable fluctuations in aid levels and ensure that

JOINT BUDGET HEARING-EDUCATION FEBRUARY 2, 2010

funds will be delivered in line with a typical resident's ability to pay taxes.

The most destructive and egregious aspect of this outlier issue is that it disproportionately affects low-wealth and middle-class districts. The reason for this, obviously, is that high-wealth school districts depend very little on State aid to begin with.

My proposal, therefore, is to trim outliers from calculations of a district's average income. This can be done in a number of ways: by removing the top and bottom half-a-percent of returns from each district; removing the top ten returns; or by the use of median household income. This straightforward and common-sense correction will go a long way towards making sure that school district wealth is accurately assessed and that State aid is more equitably distributed in line with its intent.

Thank you very much, and if you have any questions, I'd be happy to try to answer them.

CHAIRMAN KRUGER: Assemblyman.

ASSEMBLYMAN MCENENY: Not a question, but it's a confirmation of what you said. In my district, which is in the foothills, part of it's in the foothills of the Catskills, I had a rural district like that. After 9/11, a number of people decided to make their legal address up there and they would probably be in the category you described, and that district couldn't understand why, all of a sudden, their State aid was cut. So, I think your suggestion is, certainly, accurate and something we should look at very seriously. Thank you.

JOINT BUDGET HEARING-EDUCATION FEBRUARY 2, 2010

MR. KORNREICH: Thank you.

ASSEMBLYWOMAN NOLAN: I do think that would be difficult to do, though. I want to be candid. What you're suggesting is, I think, extremely difficult to achieve and, I mean, these wealthy individuals have to pay taxes too. And so, I just want to be candid. I understand what you're saying, but I think it would be extremely difficult to achieve it.

ASSEMBLYMAN HAYES: Just to clarify a point.

MR. KORNREICH: Sure.

ASSEMBLYMAN HAYES: Your comment is not that they wouldn't pay taxes, your comment is that their contribution to the wealth ratio would be removed from the State aid formula or trimmed or given a haircut back --

MR. KORNREICH: Right.

ASSEMBLYMAN HAYES: -- on the top and the bottom. It's an interesting concept and, I think, something that many of us are becoming more and more aware of. I'm sure you may have already read it; if you haven't, I recommend Malcolm Gladwell's best-selling business book by the same title, "Outliers", which is really talking about this phenomenon in many aspects of society. It's an interesting comment. And with all the call for reforming of the School aid formula and all that goes into that every year and the changes that happen, it's a strong point to consider. Thank you for sharing that with us.

MR. KORNREICH: Yes, absolutely. They would have to continue paying taxes, it's just simply that those returns, which are

JOINT BUDGET HEARING-EDUCATION FEBRUARY 2, 2010

substantially outside the normal distribution curve, would simply just be trimmed because the point of State aid, as I mentioned, is to try to get a sense of what the typical resident in that district can afford to pay.

ASSEMBLYWOMAN NOLAN: Assemblyman Englebright has worked very hard and aggressively to present this to our Conference. I'm just being candid. I think it would be very difficult to achieve it on a Statewide basis.

MR. KORNREICH: I understand.

ASSEMBLYWOMAN NOLAN: And I understand that the people involved would still pay taxes, but their wealth ratio, you could argue, has some validity to be counted into the districts.

ASSEMBLYMAN MCENENY: Actually, in rural, resort-type areas that some people consider a resort and other people consider a home, our experience is that they're very rarely there, especially at this time of year. So, it's not like they're spending huge amounts of disposable wealth to help that area. They're more likely to have residences more permanently elsewhere, but they opt on their tax return to take one of the residences and make that their legal residence. When they pick the rural one, maybe because they're between something or other, it skews the figures and results in cuts.

CHAIRMAN KRUGER: Senator DeFrancisco.

SENATOR DEFRANCISCO: I clearly understood what you said and what you said makes absolute sense. Secondly, it was an excellent presentation. Usually when we get to this time of the night I'm about ready to fall asleep -- my eyes may be open -- but it was an

JOINT BUDGET HEARING-EDUCATION FEBRUARY 2, 2010

excellent presentation and at least you got a few people's attention here and it's something that should be corrected.

MR. KORNREICH: I wasn't sure if the 83-foot-tall billionaire was --

SENATOR DEFRANCISCO: That was it. Are you one of the outliers?

MR. KORNREICH: I wish, but no.

SENATOR DEFRANCISCO: All right. Thank you.

SENATOR KRUEGER: But Assemblymember Aubertine is --

SENATOR OPPENHEIMER: You did it again.

SENATOR KRUEGER: I did it again. I'm sorry.

SENATOR OPPENHEIMER: That's Senator Aubertine now.

SENATOR KRUEGER: I was pointing out you were very tall. We'll just stop now.

CHAIRMAN KRUGER: It is getting late. You can tell. It is getting late.

ASSEMBLYMAN AUBRY: If Mr. Colton down there would stand up. Mr. Colton, would you stand? Stand, Mr. Colton.

CHAIRMAN KRUGER: Right. Two opposite ends.

ASSEMBLYMAN AUBRY: Now I'm the outlier.

SENATOR OPPENHEIMER: Well, I'm definitely the outlier at five-foot flat. But, you know, Jonathan has been to our office and I think the -- I think what you're saying is very valuable.

MR. KORNREICH: Thank you.

SENATOR OPPENHEIMER: There are several things that come to mind. I was thinking that this could be easily overcome if we simply took medians instead of averages, so the median would take care of this problem of the ones that are very high and ones that are very low. But, I'm not sure if it would actually bring in the money you think it's going to bring in. I can say that in several of my communities -- for all of the talk about Westchester being so rich -- for instance, my village. We have some of the wealthiest people in America living on the water and we also have -- one of our schools is all Title I, so they're poor. I don't know if doing a median would that much alter it. It depends on how many of the Title I people you have. But in White Plains, in New Rochelle, in my village, in Ossining and Port Chester, they all have huge Title I tracts, but it is reflected in their State aid.

MR. KORNREICH: Right. There are districts that are -- there are wealthy districts with a Combined Wealth Ratio of 2.6 or 3 or something, and they might have outliers too. But even if you trimmed them, if it's still a wealthy enough district it's not going to change their State aid. It's not really focused on them.

SENATOR OPPENHEIMER: But we could look at the issue of median versus average.

MR. KORNREICH: Pardon?

SENATOR OPPENHEIMER: It would be worthwhile to look at the issue of a median as opposed to an average.

MR. KORNREICH: That's certainly a possible solution.

JOINT BUDGET HEARING-EDUCATION FEBRUARY 2, 2010

SENATOR OPPENHEIMER: I always prefer looking at medians anyway. Thank you.

MR. KORNREICH: Thank you.

CHAIRMAN KRUGER: Thank you so very, very much.

Burnt Hills-Ballston Lake Board of Education.

ASSEMBLYWOMAN NOLAN: Thank you very much, the gentleman who came from the school district on Long Island. Thank you very much.

MR. JOHN BLOWERS: Thanks for hanging out a little bit extra today. We're happy to hang out extra as well just to be with you. My name is John Blowers and I'm the Vice President and Finance Chair for the Burnt Hills-Ballston Lake Board of Education. I would like to thank you for this opportunity. The district motto at Burnt Hills is "Culture, Team, Data." Let me share with you some details about each.

Culture. I'm a lifelong resident of the district, a graduate of the school and I currently have three children attending one of the District's elementary schools. To say that I am vested in the continued success of this district is a fair statement, but to say that I'm unique would be inaccurate. Burnt Hills is full of people just like me, people who have chosen to live within the district because of the proud heritage of the community, its people and its schools. Burnt Hills has become a destination district for families and educators alike.

Our team. Burnt Hills is a high-performing district, consistently ranked among the top 10 school districts in the Greater

JOINT BUDGET HEARING-EDUCATION FEBRUARY 2, 2010

Capital Region by the Business Review newspaper and one of four schools in this area last year to be listed by Newsweek as top five percent in the nation. We're proud of what we've been able to accomplish as a team of staff, students, parents and school board. We're proud that more than 90 percent of our students graduate and go on to college, while less than one percent fail to complete high school. And we're proud of our many academic and extra-curricular achievements that are too numerous to mention here.

Yet, these accomplishments are achieved with fiscal prudence and strong oversight. According to the Office of the State Comptroller, Burnt Hills was ranked 56th out of 76 schools in New York's Capital Region when comparing instructional costs per pupil. In administrative costs, Burnt Hills spent less per pupil than 74 out of 76 districts in our region. Our district has undergone numerous financial audits during the past 18 months and our business office has been ranked in the top five percent in the State. Our sports program was ranked number one in the State for districts of all sizes by the New York Sportswriters Association, yet, we have the lowest athletics budget of the Suburban Council school districts we compete against. Members of the Committee, I am here to inform you that the sustainability of this high level of achievement is acutely at risk.

Let me share with you some data. Over the past few decades the burden of funding education has shifted from government to the taxpayer in unprecedented proportions. In 1970, 68 percent of our budget was supported by State aid. By 2009, this had dropped to 36

JOINT BUDGET HEARING-EDUCATION FEBRUARY 2, 2010

percent, and the outlook for next year is lower still. Unfunded mandates continue to strain already depleted resources and outdated legislation continues to hinder our efforts at the district level to respond to more contemporary challenges.

Any businessperson can tell you that when one of your revenue streams declines, you are faced with two options: Decrease spending or increase another revenue stream. Let's explore these for a moment. Decreased spending means reducing programs and/or staff. We have steadily been doing this at the district level. For more than two years the budget codes for books, supplies, equipment and services have been frozen at Burnt Hills. Additionally, last year we reduced our staff of less than 600 by more than three percent, or 17 full-time equivalents, resulting in reduced student safety by having more crowded buses and fewer security monitors; reduced educational offerings by eliminating speech remediation, cutting library services by 20 percent and reducing our art classes; and reducing extra-curricular activities by eliminating the fourth level of sports programming.

Despite these cuts we still had to increase our tax levy by \$800,000, or 2.4 percent. This is the school's other revenue stream. The voters in Burnt Hills are among the most supportive of constituents when it comes to funding education, but they have sent a clear message to our Board of Education: We cannot shoulder any more of this burden. Our budget passed with the slimmest of margins last year and two of our three bond referendums were defeated in December.

In some ways, our challenges are not unlike other

JOINT BUDGET HEARING-EDUCATION FEBRUARY 2, 2010

districts across the State. Our residents are not immune to the current financial crisis. Many have lost their jobs, seen their hours reduced or had expected pay raises and bonuses frozen. A significant portion of the community is on fixed incomes and our residents simply cannot shoulder a larger portion of the cost of education than they currently are.

Burnt Hills also has some unique challenges.

Eighty-five percent of our tax base is residential. We don't have a mall or a General Electric to help shoulder the tax burden. In fact, the largest employer located within the District is the District itself. Cuts to staff have a compounding effect because many of these individuals are our homeowners and taxpayers. Therefore, it is the same population that has had to cope with difficult budget challenges at home that is being asked to make up a portion of the school budget when the State reduces funding.

The Governor's budget proposal would reduce funding to the Burnt Hills School District by \$1.6 million. The State has asked districts to access their general fund balance to help cover this difference. This so-called "rainy day fund" is intended to cover district emergencies. Ladies and gentlemen, it's been raining in our district. Sometimes literally. Our district headquarters was flooded 14 months ago, causing over \$1 million in damages. We are still exploring fiscally-responsible options for housing our administration team. In 2009, DEC regulations forced the District to spend over half-a-million unbudgeted dollars to install a new wash bay for our buses. We also had to unexpectedly replace three gym floors in our secondary schools so our students could

JOINT BUDGET HEARING-EDUCATION FEBRUARY 2, 2010

exercise safely. The rainy day fund in Burnt Hills was intended for when it rains in the Burnt Hills School District, not for cloudbursts in Albany.

Okay, let's cut to the chase. What can you do, specifically, to make a difference for school districts? I have five items for you to act on and since the State is, theoretically, broke, I'm pleased to tell you that none of these will cost a penny. First, repeal the Wicks Law immediately. I congratulate the Governor for including something in his proposal for this year's budget that our Board of Education has been lobbying for for many years. This outdated legislation has increased construction project costs at school districts by 15 percent or more with no discernable value to the districts. The voters of many districts, Burnt Hills included, have recently passed bond referendums to make much-needed overdue repairs to our schools. In Burnt Hills we have \$13 million worth of projects authorized by our voters. We would like to start bidding in April so construction could begin this summer while children are on break. Immediately implementing the Wicks exemption would allow us to complete nearly \$2 million of additional work at no cost to the government or our taxpayers.

Second, pass an on-time budget. The impact to school districts is tremendous when the budget is delayed. Uncertainty about aid payment amount and timing causes districts to initiate additional borrowing, increasing the cost to operate the district. It causes school boards and administrations to present budgets to communities without all of the necessary information. The ambiguity introduces tremendous opportunity for miscalculations. I recognize you have difficult decisions

JOINT BUDGET HEARING-EDUCATION FEBRUARY 2, 2010

to make. We all do. But the rest of the world has deadlines. As a taxpayer, I have to pay my taxes by April 15th. As school board members, we have to present a budget to our voters by May 18th. Is it really that hard to do the job you were elected to and provide an on-time budget to the people of New York so we can fulfill our responsibilities?

Third, mandate relief. The Governor's proposed budget promises mandate relief and no new unfunded mandates. Yet, it also features new mandates with unclear funding. Here is what is very clear to those of us involved in school governance: Once again, funding for more mandates won't come from Albany and school districts will be forced to absorb these costs within their budgets. Then the options are either pass higher taxes on to the taxpayer or eliminate a program or service within the district. This is not pessimism. This perspective is steeped in reality. It's happened more than 100 times during the past two decades. True mandate relief means two things: First, saying no to any and all unfunded new mandates. If a mandate is presented without a clear and irrevocable funding mechanism, then the answer is no. A mandate should be vital and important, and if it is, then we should have little difficulty finding the money to support it. Second, challenging all current unfunded mandates. Let's make sure each of these is truly important and if so, let's link it to the proper funding mechanism.

Fourth, member items. This is a little wish-listy. We are in unprecedented times and it's time to vote with our wallets. There is, arguably, nothing more vital to the recovery of a state than investing in its future. Funding education has to be a priority. I encourage each of you

JOINT BUDGET HEARING-EDUCATION FEBRUARY 2, 2010

to take the time and review your already-budgeted member items and consider redirecting these funds to the critical funding gap that districts are experiencing. We need your help desperately.

And finally, eradicate Triborough. Next year our contract with the teachers' union will expire and we'll be negotiating a new contract. The Triborough Amendment reduces the incentive for one of the bargaining parties to actively negotiate, since a key aspect of the negotiations -- pay increases -- is already largely guaranteed regardless of the outcome. New York is the only state to have such a provision. This creates a playing field that's not level. Education is a people business, and as a result -- and as we've heard here earlier today -- our biggest expense is compensation and benefits, and the largest portion of this expense is, not surprisingly, teachers. Let contract negotiations with teachers' unions have the same parity that other labor negotiations enjoy. Return fairness to the bargaining process by eliminating the Triborough Agreement of the Taylor Law.

I'll close with this quick formula: The cost to the Burnt Hills School District of the Governor's proposed budget, \$1.6 million; the cost to you to implement the suggestions I just shared, zero; the value of a great education for the students of Burnt Hills and other districts, priceless.

I appreciate your attention and I would be happy to field any questions you may have.

CHAIRMAN KRUGER: Thank you. I have one quick question. How many students are in your district?

JOINT BUDGET HEARING-EDUCATION FEBRUARY 2, 2010

MR. BLOWERS: How many students in our district?

Thirty-five hundred.

CHAIRMAN KRUGER: How much of an administrative staff do you have?

MR. BLOWERS: We have 16, I believe. I could double-check that for you.

CHAIRMAN KRUGER: And your administrative costs?

MR. BLOWERS: We were ranked 75th out of 76. I don't know the exact number, though. Out of the 76 school districts in the Capital District we're the 75th lowest.

CHAIRMAN KRUGER: Seventy-six districts in the Capital District you're ranked one of the lowest.

MR. BLOWERS: Right, and we're the 75th lowest.

CHAIRMAN KRUGER: Do you know how many school districts there are in this State?

MR. BLOWERS: I don't.

CHAIRMAN KRUGER: Seven hundred.

MR. BLOWERS: Okay.

CHAIRMAN KRUGER: Do you think that your students and the Town would be better served if some of these districts were consolidated?

MR. BLOWERS: I do. We explored a merger with a neighboring district to our west a few years ago and I think there are some definite redundancies that could be eliminated with districts

looking at doing that.

CHAIRMAN KRUGER: So, some years ago. So what's happening?

MR. BLOWERS: The two parties couldn't reach any kind of agreements. I think one of the things that's interesting with some of the work that's being done in the State in the last couple of years with some incentives, I think that's the right way to invest some money to get those districts to make those moves. There's definitely an opportunity for more coverage administratively and some other shared services opportunities.

CHAIRMAN KRUGER: Do you think if you would merge you might be able to save a million dollars?

MR. BLOWERS: How much?

CHAIRMAN KRUGER: Do you think if you would merge with neighboring districts you might be able to save a million dollars?

MR. BLOWERS: That's certainly possible.

CHAIRMAN KRUGER: I see. That might be the answer to the problem.

MR. BLOWERS: I think one of the challenges that, you know, as the State is always good at trying to mandate behavior in the school districts, I think having some sort of a way to incentivize that because there tends to be some -- I guess I would classify it as a pride of ownership in each district and a sense of identity. I think helping people to get around that corner or over that hump and incentivize districts to do

that, that would be helpful.

CHAIRMAN KRUGER: Well, part of the problem always is a political one. Under the consolidated districts you might not be the Vice President anymore.

MR. BLOWERS: I'm okay with that. I don't get paid, so if it benefits the overall scheme, that's fine.

CHAIRMAN KRUGER: I understand. There's a lot of -- okay.

ASSEMBLYWOMAN NOLAN: Terrific testimony. Thank you.

CHAIRMAN KRUGER: Any questions from the Assembly side?

ASSEMBLYWOMAN NOLAN: I just think it's great that some school board members like that came down, and we appreciate that, you and the other gentleman.

MR. BLOWERS: Thank you.

SENATOR OPPENHEIMER: And I just wanted to say, similarly, that this is very thoughtful, your presentation, and I, also, applaud you for that. I will tell you that in the Senate Education Committee, we do not do any unfunded mandates. They have to be funded by the State. We are now looking at past mandates that we think are not really serving their purpose, so we're trying to get rid of going backwards as well as going forwards. And I forget the other thing I was going to say.

MR. BLOWERS: Well, I'll respond and maybe it will

JOINT BUDGET HEARING-EDUCATION FEBRUARY 2, 2010

come back to you. The part on the unfunded mandates -- we've got a list of about 100 of those that, you know, if that's helpful for you to start taking a look at some of the past errors in judgment, or whatever you want to call it, in terms of passing on costs to the districts. I'd be happy to share that with you because they really do hamper our abilities to navigate through these kinds of times.

SENATOR OPPENHEIMER: That would be excellent. We may have a different list than you have, so that would be very helpful if you would send it to me.

MR. BLOWERS: I'll do that.

SENATOR OPPENHEIMER: The other thing I want to mention is that we do have a Wicks bill in and it's coming through Committee, I think, next week.

MR. BLOWERS: That's great. And the timing of that is really --

SENATOR OPPENHEIMER: That doesn't mean it's going to pass, but I do have a bill.

MR. BLOWERS: I understand that. The timing on that is really critical, but that's -- I recognize you're making progress on that and I applaud that, I'm very thankful for that. But it will be diminished value if it doesn't get through until the second half of the year.

SENATOR OPPENHEIMER: I understand.

CHAIRMAN KRUGER: Thank you, Senator Oppenheimer.

Senator DeFrancisco.

JOINT BUDGET HEARING-EDUCATION FEBRUARY 2, 2010

SENATOR DEFRANCISCO: Does the Burnt Hills Gastroenterology Group group pay their fair share of taxes there in Burnt Hills?

MR. BLOWERS: I would assume they probably do.

SENATOR DEFRANCISCO: My son's a partner in that firm, so I just want to make sure they're paying their fair share.

MR. BLOWERS: I'll check the delinquent rolls and make sure.

SENATOR DEFRANCISCO: Thank you. Good presentation.

MR. BLOWERS: I appreciate that.

ASSEMBLYWOMAN NOLAN: It's nice to get in a little plug there for your son's business.

MR. BLOWERS: Exactly. It's nice to get a little plug in.

CHAIRMAN KRUGER: Thank you very much.

MR. BLOWERS: I appreciate your time.

CHAIRMAN KRUGER: New York State School Administrator Consortium.

ASSEMBLYWOMAN NOLAN: I think we're on our final two witnesses, aren't we?

CHAIRMAN KRUGER: Yes, as shocking as it may seem.

ASSEMBLYWOMAN NOLAN: Maybe we could call the other one on the on-deck circle.

JOINT BUDGET HEARING-EDUCATION FEBRUARY 2, 2010

CHAIRMAN KRUGER: School Administrators
Association of New York.

MR. JAMES VIOLA: Good afternoon, honorable members of the State Legislature. Unfortunately, Alithia Rodriquez-Rolon was called away. She was my colleague and she was going to be co-presenting with me here today. Therefore, I have the opportunity to present testimony on behalf of the 23,000 members of the New York State School Administrators Consortium, or NYSSAC, as it's many times referred to.

I'm not going to reiterate portions of our written testimony that have to do with the State allocation, the Foundation Aid formula, mandate relief, the Wicks Law, all these things that you've heard already. We feel the same way. What I'd rather do, in a more constructive way, is present to you about seven recommendations for your consideration.

The first has to do with contingency budgeting. What we recommend is that New York State put in place a five-year rolling average methodology. This would be somewhat similar to what's called "the smoothing effect" that the Teachers' Retirement System uses in order to calculate the local contribution rate. This, therefore, would adjust and address radical spikes upward or downward on a year-to-year basis. And it would also, if implemented for 2010-2011, result in a fair contingency rate amount for the upcoming school year as well.

Next, although it's not expressly included in the Governor's State budget, we are informed that State resource officers are

JOINT BUDGET HEARING-EDUCATION FEBRUARY 2, 2010

in the process of being redeployed from school districts to other high-priority duties. We'd urge reconsideration of this type of reassignment. These SRO personnel have demonstrated a real facility for being able to engage students, to proactively work with them and to avert dangerous behaviors.

Next, in terms of the reduction of plans, reports and applications that we've heard discussed here today, I'm not going to go into that in great detail, but I would like to recommend that that review be done in a transparent manner that involves not only the State Education Department, but educational associations and representatives of the State Legislature as well. In doing so, what you will do is ensure that there is a comprehensive list of all the reports, applications, et cetera, that have to be done on a yearly basis. And what you'll also do is instill in them a mutual ownership of the recommendations that accrue from those discussions.

Next, we feel that there are many special education laws and regulations in New York State that far exceed Federal requirements. In many cases we feel that those requirements can be streamlined or eliminated without detrimental impact upon students or programs. We actually developed a position paper just about a year ago that details ten types of mandates that could be eliminated or streamlined. And again, in some cases, we feel that students with disabilities are being over-served in special education and it is our feeling that when you over-serve students in special ed, you are, in fact, disserving students in special education.

JOINT BUDGET HEARING-EDUCATION FEBRUARY 2, 2010

Going on from there, just about a year ago there was a legislative hearing in regard to scheduling flexibility and there were two schedules that were raised for discussion: One was a weekly schedule and the other one was done on a biweekly basis. There was a great turnout here, and there was a lot of interest expressed in it. We recognize that an abbreviated school schedule is not going to be to all school districts' liking or is not going to be doable in all school districts. But, wouldn't it be appropriate to put in place a pilot program based upon application to the State Education Department to see whether this type of abbreviated schedule -- either the two schedules that were proposed and discussed last year or, maybe, a different type of abbreviated schedule -- would work in a particular type of school district? It is our feeling that times of fiscal challenge can sometimes serve as a catalyst for innovation.

Next, I've had the pleasure of appearing twice already before Senator Oppenheimer in regard to the utilization of BOCES to achieve taxpayer savings. I want to take this opportunity to reiterate that we do feel that that is a viable strategy and it should be extended to the large city school districts, municipalities, libraries, charter schools, institutions of higher education and more. BOCES have demonstrated themselves to be a leader in that regard. If a particular BOCES exhibits resistance or a disinclination to provide those types of services, that's why we use the term "the BOCES model" because we don't feel it would be a stretch to put another mechanism in place to achieve the same ends.

Finally, in December the Legislature took action and Chapter 504 of the Laws of 2009 was enacted. In Part B of that statute,

JOINT BUDGET HEARING-EDUCATION FEBRUARY 2, 2010

there is an expression of intent to put in place an early retirement program. We strongly endorse such a program; however, we are concerned that that type of program is targeted only for NYSUT members who are members of TRS and/or ERS. We know of no compelling rationale to keep it targeted in such a manner, based upon a particular bargaining unit. On the contrary, we feel that the same good rationale for going forth with such a program for NYSUT or others is equally applicable to school administrators and other school employees that are part of ERS and TRS.

And with that, I thank you for the opportunity to address you here today and I stand ready if you have any questions.

CHAIRMAN KRUGER: Any questions?

Senator DeFrancisco.

SENATOR DEFRANCISCO: Could I get a copy -- and maybe others want it as well -- of that report, you said, on special education, what we do beyond Federal requirements?

MR. VIOLA: Absolutely. Actually, I have 40 copies. I could give them today if you'd like.

SENATOR OPPENHEIMER: Excellent.

SENATOR DEFRANCISCO: Excellent. Thank you.

MR. VIOLA: Should I drop it off in the back of the room?

SENATOR DEFRANCISCO: I'll pick it up as you leave. How's that?

MR. VIOLA: That's perfect. Thank you.

JOINT BUDGET HEARING-EDUCATION FEBRUARY 2, 2010

CHAIRMAN KRUGER: Any other questions?

SENATOR OPPENHEIMER: No, thanks.

CHAIRMAN KRUGER: Thank you very much.

MR. VIOLA: Thank you.

SENATOR DEFRANCISCO: Could I get one now, as you're leaving?

CHAIRMAN KRUGER: Oh, my goodness. We are done and it is ten to 6.

SENATOR OPPENHEIMER: Not bad.

CHAIRMAN KRUGER: Thank you, everybody.

ASSEMBLYWOMAN NOLAN: Thank you, my colleagues.

(Whereupon at 5:50 p.m., the Joint Budget Hearing was concluded.)

