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## **Testimony on New School Aid Spending and Performance**

*Submitted to the New York State Senate Committees on Education, New York City Education, and Budget and Revenue*

*October 4, 2021*

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Thank you for inviting the Citizens Budget Commission (CBC) to submit testimony at these important hearings. I am Patrick Orecki, CBC's Director of State Studies. CBC is a nonprofit, nonpartisan think tank and watchdog dedicated to constructive change in the services and finances of New York City and New York State governments.

New York's schools open this year slated to receive more aid than ever from the State plus \$11.4 billion in one-time federal pandemic aid that will be spent over four years. I am here today to emphasize that New York State should ensure that this massive school funding increase drives results. Furthermore, the State's use of non-recurring federal aid for recurring programs creates significant future budget problems. Performance and fiscal stability can be addressed by directing school aid to those districts most in need, and by restraining increases to wealthy districts.

These recommendations are supported by four main points:

**First, the massive school aid increase includes a \$2.9 billion increase in State aid this year and \$11.4 billion in federal aid available this and over the next three years.**

State Funds school aid increases \$2.9 billion, or nearly 10 percent, from school year 2020-21 to 2021-22. On top of this, schools will draw down \$11.4 billion of one-time federal aid from American Rescue Plan (ARP) and Coronavirus Response and Relief Supplemental Appropriations (CRRSA) Education Stabilization Funds over the next four years. Even without the extraordinary federal aid, total per pupil spending will rise to \$32,352 this school year, roughly double the

national average. (See "[Making the Grade: New York State Should Ensure that Massive School Funding Increase Drives Results.](#)")

**Second, this new spending increases the imperative to ensure transparency, results, and accountability through stronger, permanent performance measurement and management.**

This year's aid influx comes at a time of extraordinary need. The pandemic has disrupted learning; perhaps increased disparities; created emotional and logistical issues for teachers, building staff, students, and families; and continues to present public health risks.

The aid provides a great opportunity to reverse learning loss, accelerate achievement, and narrow disparities. But these successes will only happen if aid and education services are well managed. CBC has argued repeatedly that performance measurement and management is needed throughout State government. Given the great importance of education, the pandemic impacts and education spending as a portion of the State's budget, education should be a priority for implementing performance measurement and management.

The planning and reporting requirements included in the Fiscal Year 2022 Enacted Budget offer a foundation on which to build. But the best laid plans and massive new spending will not drive good performance as of right. To increase the likelihood that students benefit from this funding increase, the State should set goals, track performance, evaluate initiatives, and adjust programs and spending as necessary going forward.

While districts should have flexibility to address specific needs, critical performance and accountability standards and processes should be universal. This process requires measurable, informed, and consistent indicators for programming. CBC's framework for implementing [performance measurement and management](#) provides a practical guide. Authorizing new spending—"fiscal ribbon cutting"—alone will not drive results. Students, families, and taxpayers deserve a State performance measurement and management system because it will help increase achievement, reverse learning loss, and reduce disparities.

**Third, the State in the future will experience fiscal stress and spending should be targeted to districts with the highest needs.**

School aid (including School Tax Relief program) is projected to grow from approximately \$32 billion in fiscal year 2022 to nearly \$40 billion in fiscal year 2025. This \$8 billion increase over the next three years roughly equals the \$8 billion increase of the prior eight years. Simultaneously, extraordinary federal aid will be depleted, leaving the State with a \$3.5 billion fiscal cliff. (See CBC's "[Overview of the Fiscal Year 2022 Enacted Budget](#)".)

To address the greatest educational needs and stabilize the State's finances over the long term, the State should focus funding on districts with the greatest need, and reduce aid and aid increases to wealthy districts. CBC's recent analysis found that 168 districts receive sufficient aid (from local and recurring federal sources) to finance a sound basic education before receiving any State aid, but still they will receive approximately \$2.5 billion from the State this school year.

**Fourth, the Legislature, Governor, and Comptroller should work together to make sure that all recurring and one-time aid is tracked and reported in detail.**

Districts are projected to receive roughly \$78 billion in recurring revenues this year, an amount that will grow in future years. Districts also will use \$11.4 billion of one-time federal aid over the next four years.

These dollars—both recurring aids and one-time aids—should be carefully accounted for and publicly reported. The Legislature, Division of the Budget, State Education Department, and the Comptroller's office should work together to ensure that the spending supported by these funding sources is recorded in sufficient detail to evaluate their uses and the effectiveness of this massive spending increase.

Thank you again for the opportunity to submit testimony on this important topic.

If you have any questions or follow-up on CBC's research and recommendations, please contact Patrick Orecki, Director of State Studies, at [porecki@cbcny.org](mailto:porecki@cbcny.org).

Thank you.