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## **Testimony On Foundation Aid Before the Senate Standing Committees On Education And Budget And Revenues**

Dec. 3, 2019

Thank you, Chairs Benjamin and Mayer; and members of the Senate Standing Committees on Education and Budget and Revenues.

My name is Leonie Haimson and I am the Executive Director of Class Size Matters, an organization dedicated to providing information on the benefits of smaller classes to parents, elected leaders and concerned citizens nationwide.

Despite the Campaign for Fiscal Equity court decision and all the effort since put into creating a more fair and just Foundation aid formula, it appears that the education funding is still not equitably distributed in this state. Before CFE decision and the Contracts for Excellence law was passed in 2007, NYC's share of the funding was 38.86% and yet since every year since 2012, NYC's share of the increases have again been 38.86% - though the city enrolls more than 40% of the public school students in the state and most of the high needs student.<sup>1</sup>

The inequities have fallen hardest on large cities outside NYC, according the analysis of John Yinger, noted education finance expert and professor at Syracuse University, who writes, "*Many large districts receive far less aid than warranted by their fiscal health. Actual aid falls short of fiscal-health based aid by \$3,495 per pupil in Rochester, \$4,930 per pupil in Syracuse, \$6,612 per pupil in Binghamton, \$7,924 per pupil in Schenectady, and an astonishing \$13,214 per pupil in Yonkers.*"<sup>2</sup> (Fiscal health is defined by Yinger by as a district's ability to deliver a given level of educational quality, given the need level of its students and its revenue-raising capacity.)

In NYC, we are spending more than \$2.1 billion per year on charter schools that comes straight out of the Department of Education's budget, and yet we are the only district in the state that receives no "transitional aid" from the state, meant to make up part of that loss.<sup>3</sup> We are also the only district in the state obligated to help pay the rent for all new and expanding charter schools if they are not given space in our public school

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<sup>1</sup> Michael Rebell, *History Of New York State's Failure To Meet Constitutional Requirements for Providing All Students the Opportunity For a Sound Basic Education*, June 12, 2019. At: <https://files.constantcontact.com/53e8cb19401/e5a0ecd0-6e81-4b38-af67-a467ed837f5a.pdf> See also Robert Lowry, *Testimony Presented to the New York Advisory Committee, United States Commission on Civil Rights*, June 12, 2019

<sup>2</sup> John Yinger, *It's Elementary; How School Aid in New York State Penalizes Black and Hispanic Students*, August 2019; At: <https://www.maxwell.syr.edu/uploadedFiles/cpr/efap/August%2014%202019.pdf>

<sup>3</sup> See Section 3602(41) of the Education Law which specifically precludes New York City from receiving this aid. See also [https://stateaid.nysed.gov/publications/handbooks/handbook\\_2016.pdf](https://stateaid.nysed.gov/publications/handbooks/handbook_2016.pdf) , pp. 32-34.

buildings, a fast increasing expense costing more than \$100 million last year, including millions spent to help charter schools rent space in buildings owned by their management company or affiliated LLC or foundation.<sup>4</sup>

As a result of inadequate foundation aid, billions of dollars increasingly diverted to charter schools, and an insufficient prioritization on the part of the city has been excessive class sizes, with at **least 275,780 NYC students crammed into classes of 30 or more this fall.**<sup>5</sup>

In the Campaign for Fiscal Equity lawsuit, class size was a key component of the case, and in the court's decision. In fact, the Court of Appeals concluded that classes were too large to provide NYC students with their constitutional right to a sound basic education, and that "Plaintiffs' evidence of the advantages of smaller class sizes supports the inference sufficiently to show a meaningful correlation between the large classes in City schools and the outputs...of poor academic achievement and high dropout rates....[T]ens of thousands of students are placed in overcrowded classrooms, ... The number of children in these straits is large enough to represent a systemic failure."<sup>6</sup>

And yet here in NYC, this systemic failure has gotten worse rather than better. Class sizes have risen in all grades, but particularly in grades K-3, which are now on average larger by 16% than they were in 2007. The number of 1st-3rd graders in classes of 30 or more has ballooned **by a shocking 2893%** since that year, ironically the same year that the Contracts for Excellence law was originally passed.

The C4E law appropriately required NYC to put in place a plan reduce class size in all grades. NYC submitted such a class size plan in 2007, which was approved by the state and called for class sizes of no more than 20 students per class on average in grades K-3; 23 students in grades 4-8, and 25 in high school to be achieved over five years— and yet class sizes increased rather than decreased.(see Appendix A for more detail).

We know through research that these years are critical for keeping class sizes as small as possible, and that children who have the benefit of smaller classes in the early years do better in every way that can be measured: they have better test scores, better grades, are more likely to graduate from high school in four years and go onto to college and graduate with a STEM degree.<sup>7</sup> Students randomly assigned to smaller classes in the early grades have been shown to be more likely to own their homes and a 401K3, more than twenty years later.<sup>8</sup>

Moreover, the gains from smaller classes are the largest for disadvantaged children and students of color, which is why class size reduction is only a handful of reforms that have been found to effectively and significantly shrink the achievement gap between economic and racial groups.<sup>9</sup> Alan Krueger, former head of the Council for Economic Advisers, estimated that the economic benefits of lowering class size are so

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<sup>4</sup> Class Size Matters, Spending by NYC on Charter School Facilities: Diverted Resources, Inequities and Anomalies, October 2019. <https://www.classsizematters.org/wp-content/uploads/2019/10/Charter-School-Facility-Costs-10.21.19.pdf>

<sup>5</sup> This figure is a minimum since we only counted high school students in social studies classes of thirty or more, since we didn't want to double count high school students who were in more than one class that size.

<sup>6</sup> *Campaign for Fiscal Equity, Inc., et al. v. State of New York, et al.*, 100 N.Y.2d 893, 911-12 (2003) ("CFE II").

<sup>7</sup> Susan Dynarski, J. Hyman, & D.W. Schanzenbach, "Experimental Evidence on the Effect of Childhood Investment on Postsecondary Attainment and Degree Completion." *Journal of Policy Analysis and Management*, 2013; Jeremy D. Finn, et. al. (2005). Small Classes in the Early Grades, Academic Achievement, and Graduating From High School. *Journal of Educational Psychology*.

<sup>8</sup> Raj Chetty, et. al. How Does your Kindergarten classroom affect your earnings? Evidence from Project Star. *The Quarterly Journal of Economics*, 2011.

<sup>9</sup> David Zyngier, Class size and academic results, with a focus on children from culturally, linguistically and economically disenfranchised communities. *Evidence Base*, 2014.

substantial that they equal twice the cost.<sup>10</sup> Perhaps the best thing about class size reduction is that it is not remediation, but a far more effective preventive reform. Smaller classes have been shown to ensure that students are on the right track to begin with, rather than needing intervention services to catch up.

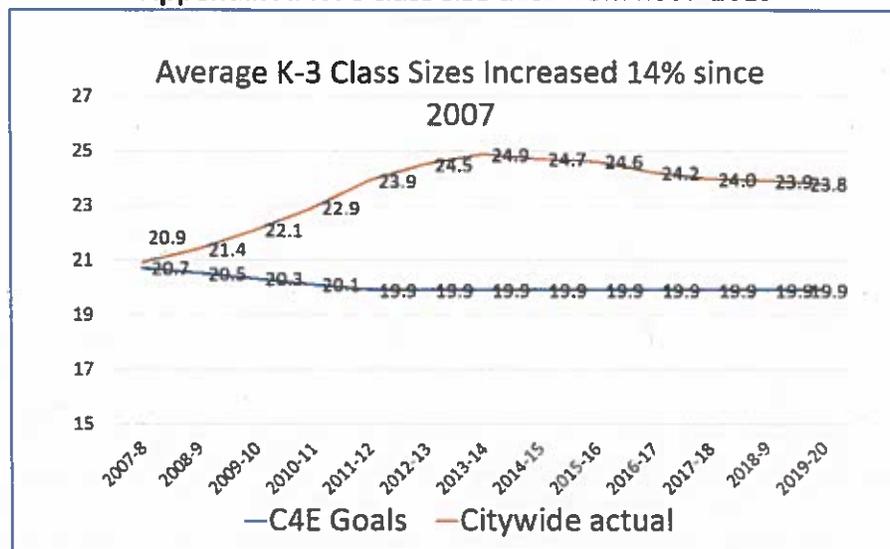
I cannot provide specific recommendations on how to revamp school funding, but I have strong views on two particular issues.

- As you contemplate providing NYC and other high needs districts with more funding, please ensure that these funds are spent in a way that actually afford students with a better opportunity to learn by requiring that class size reduction be achieved in every low-performing district where classes are larger than the state average of 20-22 students per class. So we urge you to retain the Contracts for Excellence program, and especially its class size component, but with stronger accountability and enforcement mechanisms, and we can suggest specific language along these lines.
- Finally, please ensure that vigorous maintenance of effort provisions are linked to the funding as well. Even when the Department of Education received nearly one billion dollars in extra foundation aid from the state during the first two years of the program, in 2007 and 2008, class sizes sharply increased anyway. Why? Because the city cut back sharply on its funding for staffing at the same time.

While the C4E law says that expenditures made using these funds “must supplement, not supplant, local funding”, DOE now claims that “SED has provided guidance explaining that certain expenditures may be paid for with C4E funds even though these programs or expenditures were originally or have been typically paid for by the district or by other grants.”<sup>11</sup> When I have asked DOE and the State for this “guidance,” it has not been provided.

Thank you for allowing me to speak to you today.

Appendix A: NYC class size data from 2007-2019



<sup>10</sup> Alan B. Krueger, Economic Considerations and Class Size. *The Economic Journal*, 2003.

<sup>11</sup> NYC Dept of Education, “Contracts for Excellence presentation, FY 2020 Proposed Plan,” September 2019.

<https://infohub.nyced.org/docs/default-source/default-document-library/fy20-c4e-cec-citywide-september-2019.pptx>

