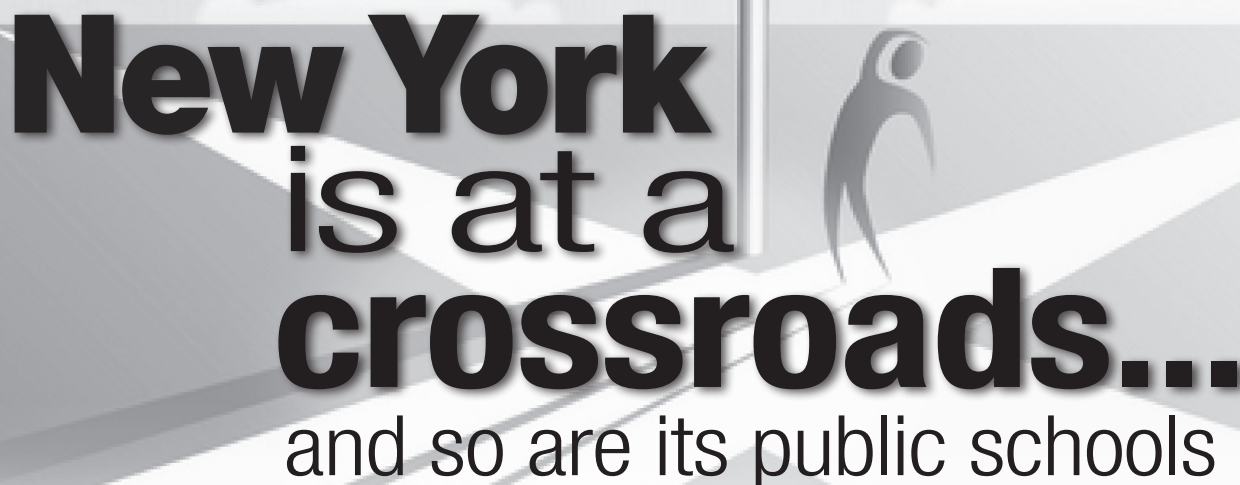


MARCH 2011

A collaboration of 47 school district superintendents representing 115,000 students and their parents in Albany, Schenectady, Schoharie, Saratoga, Rensselaer, Columbia and Greene Counties



New York is at a crossroads... and so are its public schools

Education needs meaningful reform and substantial mandate relief – not “one shot” solutions to multi-year problems

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“This year’s budget is not merely about the numbers. It’s about our values and our future.”

— Gov. Andrew Cuomo

In preparing budgets for the annual May vote, our school districts are engaged in intense conversations with students, staff, parents and other community members to determine what they value most about their public schools – and what they are prepared to do without.

Coming on the heels of two very difficult budget years, our 47 schools are facing a 9.8 percent year-to-year reduction in state aid for 2011-12 and bracing for a possible tax cap in 2012-13. The cost of doing business continues to increase substantially, while state mandates profoundly curtail our ability to rein in the most significant education cost drivers: salaries, health care, pensions and special education costs.

Contrary to the rhetoric coming out of the governor’s office, the proposed aid reductions will force deep cuts in people, programs and opportunities for children.

As our elected leaders look for ways to spur job creation and get the economy moving again, consider this: Education is a people-powered business. **Our 47 school districts cut 891 positions in the current year, and we are conservatively estimating the loss of another 981 jobs in the year to come.**

Our schools are being urged to freeze salaries to save jobs – but we all know this is one directive that would have to come from the state. Many superintendents and administrators are voluntarily giving up raises – some for two years or more – to save money and set an example. School leaders can only ask for, not demand,

contract concessions – unless state leaders tackle the Triborough Amendment as part of mandate relief discussions.

To offset the aid cuts in next year’s school budgets, the governor suggests we simply spend down what is left in our emergency savings (i.e., undesignated fund balance). Here is the reality: **The proposed state aid cuts to our region total \$135 million, while our collective undesignated reserves total \$64 million.** Even if we spent every dime in our savings next year, we’d still come up far short while moving perilously closer to the financial brink.

Relying on “one shot” solutions is also not a responsible fiscal strategy. This is not the first difficult year for our public schools, nor will it be the last. We challenge our state leaders to help New York’s public schools find long-term solutions for a multi-year problem.

When we are told to simply “cut the fat,” let’s remember that for three consecutive years now our school districts have worked to reduce, combine, reconfigure, re-prioritize and eliminate positions, programs and services.

You don’t have to convince school superintendents that the current system needs to change. But our public schools need solutions that are fair, responsible and sustainable. Education is one of this region’s strongest assets. We simply can’t let this become a choice between doing right by today’s school children or doing right by taxpayers. We can – and must – find a way to do both.





So what can state leaders do to help our public schools minimize job losses and debilitating cuts to programs and services?



We offer six suggestions for your consideration:

1.) Enact a temporary statewide freeze on public-employee salaries

Contractual increases in salaries for the coming year will add millions more to the cost of doing business in our 47 school districts. If it were within our legal authority as school leaders to enact a temporary freeze on all salary increases in the coming year – as the governor suggests – we would do it to stave off many of the looming cuts in jobs and programs.

Dismantling New York’s educational programs is the wrong answer – for our kids, our communities and our economy. Likewise, the last thing New York needs right now is more job losses.

So, given the choices ahead, we support the governor’s call to freeze wages and ask the state to enact a statutory wage freeze for all public sector employees.

Extraordinary fiscal pressures call for extraordinary solutions. We all recognize that any solution to the current funding crisis will hurt, but some solutions will hurt less than others. A temporary wage freeze would go a long way toward helping New York address its own budget problems while helping preserve jobs and protect the integrity of core educational programs.

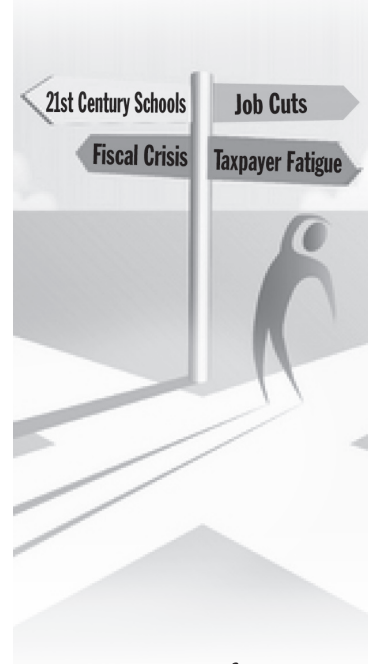
This seems to us to be the “least bad” option and a fairer approach that mitigates the impact on programs and jobs. **For the second year in a row, our superintendents have made this our top legislative priority – but it requires action from the state to set aside legally-binding contracts and provisions of the Triborough Amendment.**

2.) Oppose cuts in incentive aid paid to school districts using shared services from BOCES

The governor is traveling the state urging school districts to find efficiencies and economies of scale. Yet the Executive Budget would end aid for a proven vehicle that schools have used successfully for years to save money on overhead management functions: BOCES.

This makes no sense. Greater efficiency in management operations yields more resources for instructional programs – *when the need has never been greater.*

BOCES Aid is paid to school districts, not BOCES. Our 47 school districts would see a loss of more than \$6.1 million in BOCES Aid in 2012-13 under the proposal to change the BOCES funding formula and eliminate aid on critical management services.





New York's public schools have a long history of shared services – made possible through BOCES and leveraged with incentive aid from the state. For six decades BOCES has helped districts achieve greater efficiencies and economies of scale through shared services. Collaboration among districts big and small also results in higher quality services, which in turn serves the needs of students and taxpayers alike. While BOCES engages in many public-private partnerships, many of the customized services it provides to our public schools don't exist in the private sector or would simply cost more than schools now pay.

There is no other working model of cooperation in New York State that even comes close to the scale or success of BOCES. The state's investment in BOCES has proven to be a good one: the model works.

History shows that cooperation and regionalization almost never take place without fiscal incentives. Just contrast how *little* sharing goes on at the local government level compared to our public schools! Why? Because there is significant local pressure in all public sector organizations to maintain and protect the status quo – which is why fiscal incentives are needed, and why they work.

There is a serious disconnect when the Executive Budget would pull support from proven regional cooperatives, only to turn around and create a new (albeit yet unfunded) pot of money to reward districts for efficiencies. **It would be far better to support and strengthen the BOCES model, which we know works!**

Small, rural and poor schools will be disproportionately hurt by the proposed cut in their BOCES Aid. They are already more aid dependent, so the cut will hit their budgets much harder. They will also be least able to replicate the quality or cost efficiencies of these services if aid changes lead wealthier districts to withdraw from BOCES services. This is an equity issue that will further disadvantage children in poor districts.

From non-public textbook distribution and substitute calling services to cooperative bidding and public information programs – the work needs to get done, but the cost will be shifted to the local tax base. Make no mistake about it, if the state eliminates BOCES Aid on these and other shared services, local costs will rise. And with a tax cap expected to hit the same year the governor proposes eliminating BOCES Aid, schools will be forced to cut more deeply into programs and services.

Achieving greater efficiencies, effectiveness and equity in our public schools is a goal we can all support. Toward that end we urge the governor and our state legislators to maintain BOCES Aid to school districts at this critical time.

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Where governmental efficiencies have proven difficult to implement in the past, BOCES Aid can provide an incentive to leverage greater cooperation, quality and cost effectiveness.

3.) Take it a step further: unleash the full potential of BOCES

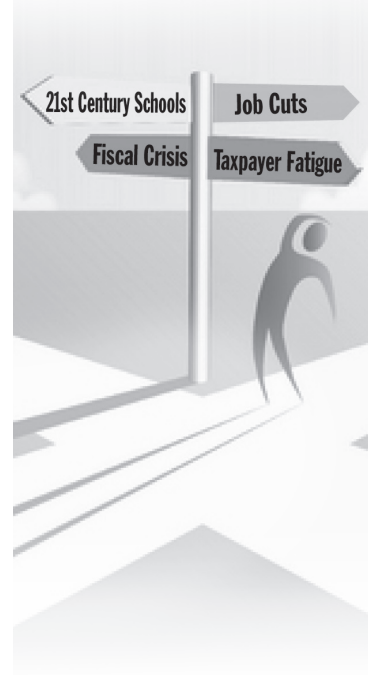
BOCES is uniquely positioned to deliver greater cooperation and efficiencies *throughout* New York State. This fact has been underscored by both the New York State Commission on Property Tax Relief and the Commission on Local Government Efficiency and Competitiveness. Each commission points to BOCES as a proven vehicle for achieving greater economy and governmental efficiencies statewide.

The time is right to *strengthen* the role of BOCES by enacting at least some of the recommendations of the commissions, such as allowing municipalities to take advantage of BOCES programs.

BOCES Aid gives New York State a policy vehicle to drive funding to activities undertaken on a cooperative basis. Where governmental efficiencies have proven difficult to implement in the past, BOCES Aid can provide an incentive to leverage greater cooperation, quality and cost effectiveness.

That said, BOCES Aid currently constitutes a mere 3 to 4 percent of total aid paid by the state to school districts. If the state is to be taken seriously in its efforts to promote local economy and efficiency – and to reduce the impact of local property taxes – it must use the aid it provides to leverage greater inter-district cooperation and functional consolidation.

Our BOCES district superintendents recognize that more can be accomplished in this era of fiscal distress if the state were to remove policy, statutory and regulatory impediments that stand in the way of BOCES achieving its full potential in delivering services on a cooperative and cost-effective basis to both school districts and local governments.





4.) Support meaningful mandate relief – the missing piece of the puzzle

We applaud the governor's call for mandate relief as a critical component of reform. Our schools need significant relief from burdensome mandates and regulations that limit our ability to innovate and rein in costs in the most significant areas of our budgets: salaries, health care, pension and special education services.

As our schools grapple with devastating state aid cuts, rising costs and the specter of a tax cap in 2012, mandate relief is our last best hope for preserving the promise of New York's public school system. We need to ensure that we emerge from this crisis with real improvement in our long-term legal abilities to hold down costs.

We respectfully ask our state leaders to look at mandate relief in the broadest possible sense, starting with the following:

- **Reform the Triborough Amendment**, which keeps all aspects of expired union contracts in place – including scheduled pay increases – during collective bargaining. When school leaders are asked for ideas the state could take to help them cut or control costs, this consistently tops the list.
- **Enable regional collective bargaining through BOCES, currently prohibited under the Taylor Law.** This would give school leaders more leverage with unions while saving considerable time and money.
- **Create regional health insurance pools** to leverage district buying-power and standardize benefits and contribution rates for all public school employees.
- **Streamline New York's tangle of special education requirements**, many of which far exceed federal requirements and significantly drive up education costs without demonstrating a corresponding improvement in education outcomes.
- **Exempt schools from the state's Wicks Law**, which would provide long-term capital and debt service savings to school districts and the state.
- **Streamline education reporting requirements** that require each school district to submit roughly 150 plans and reports annually – an average of three per district, per week.
- **Provide pension reform** that requires all public employees to contribute more toward their pensions and provides for more predictability (e.g., smoothing) of employer contribution rates.
- **Oppose shifting millions in summer school-age special education costs from the state to school districts.** It is unfair and unwise to create new unfunded mandates at a time when schools are already facing significant state aid cuts, rising costs and intense pressure to hold down property taxes.

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We urge our state leaders to start by addressing the underlying reasons for rising property taxes before they rush to cap them.



5.) Choose wisely when it comes to tax caps

We continue to support property tax relief while maintaining there are better options than a tax cap, which does nothing to address the real problem – rising costs and declining state revenues. While a tax cap is viewed as a potential benefit for taxpayers, it comes at a steep cost to our school children. Without meaningful mandate relief on the scale outlined previously, a tax cap **will** erode the quality of our public schools, force still more job cuts and widen the achievement gap that we've all worked so hard to close.

The governor's tax cap bill is particularly troubling to us since it would be among the most restrictive in the nation. Under this bill, school districts that experience budget defeats would not be able to raise their tax levies *at all*. This is effectively setting a tax cap of zero, which would cripple most districts. It also fails to exempt mandated increases in health and pension costs outside district control.

We urge our lawmakers to look at the impact of tax caps in California and Massachusetts to inform decisions going forward. Massachusetts enacted a tax cap, but the state took on a greater responsibility for funding its public schools and implemented sensible reforms. Massachusetts' public schools are today ranked third in the nation – right behind New York's public schools. California, on the other hand, established a cap at the same time it was dramatically cutting state aid for education, causing a now-legendary downward spiral that it has yet to recover from.

We urge our state leaders to start by addressing the underlying reasons for rising property taxes before they rush to cap them. Otherwise, the real world consequences of a tax cap may well end up costing us more dearly than any of us can imagine or afford.

6.) Temporarily extend the tax surcharge on the state's wealthiest citizens

The Legislature approved this tax surcharge two years ago, after the Wall Street meltdown brought our state and national economy to its knees. While big banks, corporations and Wall Street investors are recovering with record profits, the rest of the state is still struggling with unemployment, depressed property values, skyrocketing health insurance costs and stagnant wages.

Is taxing our way out the state's economic crisis the *only* solution? No.

But temporarily extending the tax surcharge on the top 5 percent of wage earners is one piece of the puzzle that deserves more consideration.

According to the Fiscal Policy Institute, the top one percent of New Yorkers have seen their share of state income grow from 10 percent in 1980 to 35 percent in 2007 while income shares have declined for the poor and stagnated for the middle class.

Is it fair to demand sacrifices from everyone *except* the wealthiest New Yorkers?

We don't think so, and neither does the public. A Siena Poll conducted in February 2011 finds 65 percent of respondents support continuing the income-tax surcharge on individuals earning more than \$200,000.



***Education Week* ranks New York's public schools second in the nation**

The governor's claim that New York ranks first in spending but 34th in performance has been reported far and wide since his State of the State address.

It turns out the reference comes from a somewhat obscure 2007 U.S. Census report measuring the percentage of all adults – including people in their 70s, 80s and 90s – who possess a high school degree. This is hardly a fair or accurate measure of the performance of *today's* public schools.

In fact, within days of the governor's remarks, Education Week released its annual "Quality Counts" report showing New York's schools rank number two in the nation on a comprehensive analysis of policy and performance. Our schools earned an overall grade of B, second only to Maryland with a grade of B+.

New Yorkers should celebrate the fact that our public schools consistently rank near or at the top in the annual Education Week report – a study that is widely respected for its holistic analysis of educational achievement throughout the nation.

Granted, our public schools must do better. But New Yorkers have much to be proud of when it comes to their public schools.

- New York schools rank first in the nation when it comes to closing the achievement gap in fourth-grade reading and eighth-grade math.
- New York students ranks third in the nation for their Advanced Placement test scores.
- We rank fourth in the nation for improving high school graduation rates. Our high school graduation rate is 70.6 percent compared to 68.8 percent nationally.
- New York ranks fourth in the nation for the percentage of adults enrolled in college or with post-secondary degrees.
- New York consistently ranks at or near the top in the prestigious Intel Science Talent Search. In fact, more than one-third of this year's semi-finalists are from New York.

As for spending, there's no question New York has invested heavily in its public schools. "Quality Counts" gave New York a grade of A- for spending and a B on funding equity. That investment has paid clear dividends: New York's public schools are among the best in the nation.





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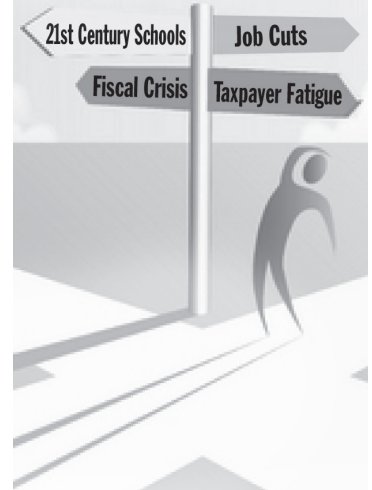
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