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New York Civil Liberties Union
Reform Jewish Voice of New York State
New York State AFL-CIO
NYS United Teachers
NYS Association of School Business Officials
School Administrators Association of NYS
Rural Schools Association of New York State
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New York State School Boards Association
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PRESS RELEASE

For immediate release:

Wednesday, February 4, 2015

CIVIC GROUPS AND PUBLIC EDUCATION ADVOCATES CALL ON LEGISLATURE TO REJECT DIVERSION OF PUBLIC EDUCATION DOLLARS

(Albany, NY) Civic groups, public education advocates and labor organizations gathered at the Capitol today to oppose creating a new tax credit that would divert limited public resources to private and religious schools and further widen income inequality by reducing the taxes of wealthy individuals and corporations.

Budget legislation proposed by the Governor would authorize up to \$300 million in tax credits over three years that would be awarded to applicants with sufficient sophistication and resources to undertake the application process on a timely basis.

While the Governor's proposal and the Assembly bill cap the tax credit at 75% of a contributor's tax liability or up to \$1 million per calendar year, whichever is less, the process of applying for the credit is restricted to only those donors with the ability to advance resources and navigate the lengthy contribution process.

Current law already allows for tax deductible contributions to charitable educational organizations, like religious and charter schools that are accessible to taxpayers. A tax deduction reduces one's taxable income, akin to the standard deduction or mortgage deduction, whereas a tax credit erases tax liability, and can be rolled over to erase tax liability in the following year if the credit exceeds taxes owed for the donation year.

Well-funded lobbyists are aggressively seeking this tax subsidy at a time when more than half of public schools are still receiving less state aid in 2014 than they did in 2008; when there is a shortfall of more than \$1 billion in Gap Elimination Adjustments (GEA) related to public school funding; and when the state still owes \$4 billion in foundation aid to school districts, as promised after the resolution of the Campaign for Fiscal Equality (CFE) lawsuit.

At a time when school leaders are struggling to provide a sound basic education to their students, it is unfair to reward well-resourced educational entrepreneurs who can already take a tax deduction for their contributions with another windfall.

Given the state's limited resources and billions in funds still owed to public schools, it is bad public policy to divert hundreds of millions of dollars of public funds to private and charter schools that have virtually no public scrutiny or public input on how that money is spent.

"At a time when the state has continuously failed to fund public schools at levels ordered by the Court of Appeals in litigation initiated by the Campaign for Fiscal Equity more than a decade ago, New York simply cannot afford to drain millions of dollars from the state's general revenue fund to benefit privately operated schools," said **Barbara Bartoletti, Legislative Director for the League of Women Voters of New York State.**

"The Reform Jewish Movement has historically expressed its deep commitment to public education as a cornerstone of the American democratic process and opposed using public funds for non-public elementary and secondary schools, believing that such aid would infringe the separation of church and state and have damaging impact on public schools. Consistent with this history of opposition, Reform Jewish Voice of New York State (RJV) the Reform Movement's social justice advocate in New York urges the removal of this Education Incentive Tax Credit from the proposed budget or any other consideration" said **Barbara Zaron, co-chair of Reform Jewish Voice of New York State.**

"Education is the foundation for future success for both New York's children and our state's financial well-being. Transferring tax dollars to private schools undermines both. It also violates the foundational principle that bars the government from endorsing religion," said **New York Civil Liberties Union Executive Director Donna Lieberman.**

New York State AFL-CIO President Mario Cilento said, "Our state is already failing to send school districts the resources they need, and the result is a huge disparity in educational opportunity between the richest and poorest districts. This has only been exacerbated by the property tax cap and charter school proliferation. New York's children and their parents simply cannot afford a program that misdirects hundreds of millions of tax dollars that could be used to support public education and other services. We should be investing in public schools, and all of their students, parents and teachers, not creating a tax break giveaway for the wealthy."

"For decades, chronic under-funding of public education and devastating inequality in how state aid is distributed have shortchanged New York's students," said **NYSUT Executive Vice President Andrew Pallotta.** "As students, parents and educators are fighting for what all kids need in the public schools, Albany should reject schemes like the Education Tax Credit, which would divert hundreds of millions of dollars to a tax giveaway for the wealthy. This is nothing more than a backdoor voucher scheme that would erode support for our already starved public education system."

"Education tax credits are a tax avoidance gimmick for the fiscally savvy and do little to help underperforming schools or their struggling students. The public funds diverted to this constitutionally questionable scheme, would be better spent helping those underperforming schools and all the struggling students in them instead of a select few," stated **Michael J. Borges, Executive Director of the NYS Association of School Business Officials.**

"The Education Investment Tax Credit is simply a vehicle for the wealthy to fund charter and private schools while getting a tax break for doing so. It will deprive the state of revenues in favor of the fortunate few, and at the expense of the many," said **Kevin Casey, Executive Director of School Administrators Association of NYS.**

Rural Schools Association of New York State Executive Director David Little said, "New York State claims an inability to adequately fund its public schools, leading to its damning of children who are unlucky enough to live where the state chooses not to fund the schools, to a life of poverty. If you can't afford to fund your school system, you certainly can't afford to fund others."

According to **Ron Deutsch, Executive Director of the Fiscal Policy Institute,** "The governor's proposal to divert \$100 million to privately-determined educational uses raises serious questions about whether it is smart tax policy for the State to delegate its spending authority to private individuals. Because it provides an unprecedented proportion (75 or 90 percent in the case of the Senate bill) of tax reduction relative to a contribution, it also has the potential to lessen charitable contributions for a wide range of worthy causes. The Education Tax Credit proposal flies in the

face of sound, long-standing New York personal income tax policies. The proposal effectively hands \$100 million to wealthy individuals or business interests and allows them to determine how to spend it."

"The state is nearly \$5 billion below full-funding of the Foundation Aid formula and more than \$1 billion in Gap Elimination Adjustment reductions are still being applied to school aid. Therefore, the state should be using its general fund dollars to fulfill its commitment to public education," said **Timothy G. Kremer, Executive Director, New York State School Boards Association**.

Rick Longhurst, Executive Administrator of NYS PTA said, "PTA has two primary concerns: 1. We fear that tax credit costs would divert money from State support of public schools when the state has yet to honor nearly \$6 billion in past commitments to schools. 2. We want our elected and appointed representatives, not individuals and corporations who make large donations, to make decisions about who gets education funding, how much, and what funding is used for."

"New York's schools are in fiscal distress due to the lack of adequate state funding," said **Jasmine Gripper, Statewide Education Advocate for the Alliance for Quality Education**. "Instead of using public dollars for a tax credit to wealthy donors, legislators need to prioritize funding for public schools through a fair and equitable formula to ensure that all students have access to a sound basic education."

Robert Reidy, Executive Director of the New York State Council of School Superintendents said, "With free public schools – which serve all children – struggling to maintain basic programs for students, it is impossible to justify giving away precious state revenues to private and parochial schools, which serve a private constituency. Worse yet, there is no evidence this scheme will even expand aid to the children in those private schools; it will simply provide a tax break for the individuals who already donate to them."

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