

FINANCING EDUCATION

FINANCING EDUCATION K-12

Statement of Position

**As announced by the State Board, June, 1997
And amended in July, 2006**

The State's Obligation

New York State bears a constitutional responsibility for the education of its children. This duty has been defined by litigation of more than a decade's duration, during which the Court of Appeals has held the State must provide all children with a sound basic education, defined as the opportunity for a meaningful high school education, consisting of the basic literacy, calculating, and verbal skills necessary to enable them to eventually function productively as civic participants capable of voting and serving on a jury. Included in the goods and services that constitute a sound basic education are minimally adequate physical facilities and classrooms which provide enough light, space, heat, and air to permit children to learn, minimally adequate instrumentalities of learning such as desks, chairs, pencils, and reasonably current textbooks, and minimally adequate teaching of reasonably up-to-date basic curricula such as reading, writing, mathematics, science, and social studies, by sufficient personnel adequately trained to teach those subject areas.

This duty extends to all the State's children, and to the extent that children with special needs (students with disabilities, with limited English proficiency, and in poverty) require a greater input of funds to obtain their constitutional due, the State must support that input.

While ultimate responsibility for adequate funding of education rests with the State, it may fulfill its obligation by requiring a local contribution to education that is reasonably correlated to a district's ability to pay.

Means of Raising Money

The State's system of financing education should be progressive, with a higher portion of the cost paid by those having greater ability to pay. The means of raising money should incorporate the principles of simplicity and transparency, stability, insofar as progressivity is not sacrificed, and exportability, either in terms of payment by out-of-state residents or by partially offsetting any increase in State taxes with a decrease in federal taxes. In general, the means of raising money should incorporate principles of horizontal equity, with similar groups of taxpayers being treated equally and similar goods and services being taxed equally, provided that such treatment neither violates other League positions nor renders a tax more regressive.

Additional funds necessary to provide the State's children with a sound basic education should be raised through increases in the State personal income tax, implemented in a progressive fashion. Stability of income tax should be increased by creating a substantial reserve dedicated to education, sufficient to maintain uniform stream of State revenues for funding of education in times of economic downturn.

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Distribution and Use of Monies for K-12 Education

The goal for distribution of additional state aid should be to narrow the expenditures gap between wealthy and poor districts.

Although additional aid does not preclude a decrease in local real estate tax, the school district is expected to maintain its local tax effort to sustain or improve its performance in meeting educational standards.

Additional state aid should be used not only for basic operating expenses, but also for funding the construction and rehabilitation of school buildings, the acquisition of technology and the fulfillment of state mandates.

Aid for operating costs should enable school districts to provide all their children with a sound basic education and to fulfill educational standards established by the State Education Department. Aid should incorporate a district's ability to pay, regional cost differences, population sparsity, and transitional adjustments to bridge large reductions in aid caused by sudden changes. Extra costs incurred for students with special [learning] needs (i.e., learning disabilities, limited English proficiency and poverty) should be factored into basic operating costs as well, in order to keep categorical grants to a minimum.

The League supports implementation of educational efficiencies in the provision of a sound basic education, provided that the proposed efficiencies do not affect adequacy of education. State aid policies should promote cost-effective measures such as consolidation of services, shared services, shared resources and other management efficiencies.

Property Tax Relief and its Impact on K-12 Education

Local financial support for the schools will continue to depend, in part, upon real estate taxation but several measures are essential to eliminate the inequities that unfairly burden taxpayers.

The League supports reform of the real property assessment system on which school district taxes are based, alleviation of the tax burden for low-income individuals through such measures as an increase in the circuit breaker tax relief benefit, along with automatic annual cost of living adjustments to the maximum income provision and the maximum property value provision of the circuit breaker tax relief benefit. The League supports an equitable redistribution of non-residential real estate taxes to the schools within a region or county.

Major efficiencies should be recognized by replacement of programs that provide residential real property tax relief irrespective of ability to pay with programs that target local residential real property tax relief to those most in need, with lower income individuals receiving the greatest relief.

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Reform of the present system and administration real property assessment requires that it be:

1. Equitable in its distribution of the tax burden,
2. Based on uniform standards,
3. State assisted, monitored and enforced,
4. Easily understandable and accessible to taxpayers; and
5. Kept current by periodic reassessments.

Use of Public Funds for Non-Public Schools

The League is opposed in principle to the use of public funds to support non-public schools. The League would not deny public funding for existing services to students who attend private schools. However, we believe public funds should be used to support public schools.

Schools as Community Centers

The League supports efforts to utilize schools as community centers to integrate the delivery of social services so long as these services are funded separately from the education budget.

Dependent (Big Five) School Districts

The League believes that the integrity of state education funding applies as well to the Big Five school districts where education and municipal funds are co-mingled in a single budget. State aid should not be used to divert local education dollars to cover other municipal expenses.

History of Current Position, Previous Statewide Studies, and Action Taken

LWVNYS involvement in school finances began with the national League position for equal educational opportunity. (LWVUS Impact on Issues, 2006-2008, pp.58-59) The state League adopted a position in the 1950s for greater state sharing in school funding.

In 1972 the state League's fiscal policies study focused on financing education. A position resulted which favored full state funding of education using a state property tax and a progressive income tax.

In 1983, an LWVNYS re-evaluation of financing education in the state dropped the full state funding and state property tax advocacy and called instead for a slight increase, if necessary, in all state taxes to achieve greater equity in school funding. It also supported increased state funding of the state aid formula and called for reduced funding of dis-equalizing forms of aid.

Delegates to the 1995 state convention adopted a two-year study of public financing of school education through Grade 12 including examination of alternative sources of funding and distribution formulas.

Scope:

Phase I: Examine and evaluate the current distribution formulas for allocating state aid, study alternate methods.

Phase II: Examine and evaluate the current sources of funding at both the local and state levels, study alternate sources.

Delegates felt many changes had occurred since the League's 1983 re-evaluation of financing education, and that it was time to re-evaluate our position in an area that affects all citizens. Much had changed since the last study. State aid to education, once the largest part of the state budget, had decreased and represented only 1/5 of the New York State budget. Transportation aid formulas had been changed. Questions were being raised regarding the expenditure of state education aid by cities. Our goal had been to ensure that aid reflects our commitment to both equity and excellence; however, the disparity between wealthy and poor districts continued. Equity in state aid was being challenged in the Court of appeals and the distribution formula was expected to change. There was new pressure to have aid given to non-public schools. Many areas of the state placed more reliance on property taxes and taxpayer alliances were seeking reductions in taxes. There was renewed interest in finding alternate methods of funding education. At the same time, there were growing challenges to the current assessments.

Under the direction of state committee, local Leagues throughout the state participated in this study of financing education. Leagues conducted interviews of local school and community leaders. The data and opinions gathered produced a survey of 56 school districts, eight percent of the more than 700 school districts in the state. Suburban, small cities, large cities, and rural school districts were represented in the survey. The purpose of the survey was to learn the components of school finance, the problems in achieving more equitable financial support for all school children and explore the changes being advocated by educators and community activists.