

**Background Briefing Materials for  
2007 Legislative Agenda Item:  
REFORMING NEW YORK STATE GOVERNMENT**

With a new Governor in office who supports reform, there is an opportunity to realize priorities the League has supported and worked toward for several years. In the first month of this Governor's administration, two reforms have already been addressed. A budget reform measure was signed into law on Wednesday, January 24, 2007, after a three-way agreement with the legislature. Ethics reform legislation has been proposed by Governor Spitzer and agreed to by legislative leaders. The ethics bill will likely be passed by the legislature the week of January 29, 2007, and signed into law shortly thereafter. Although this new ethics legislation does not contain all the League had advocated for, it does represent a great step forward in many areas governing ethics reform. We will continue to lobby for further improvement in areas not addressed by this legislation. **\*\*NOTE: *The Ethics bullet below has been updated since the printing of the 2007 Legislative Agenda.*\*\***

- ◆ **Ethics:** create an Independent Ethics Commission ◆ implement pay to play restrictions which would curb large sums of money by businesses and unions infused into campaigns coffers of legislators;
- ◆ **Campaign Finance Reform:** support measures to reform New York State's lax campaign finance laws and move toward full public financing of campaigns;
- ◆ **Redistricting:** support a Constitutional Amendment to create an Independent Redistricting Commission;
- ◆ **Lobbying:** broaden the definition of lobbying. Improve disclosure by requiring reporting of Lobbyists' business relationships with lawmakers;
- ◆ **Budget:** support for reforms including: an Independent Budget Office ◆ joint legislative budget conference committees ◆ full disclosure of discretionary funds and a three-year financial plan;
- ◆ **Public Authorities:** Support legislation that would hold public authorities to the same standards as state agencies with regard to transparency, lobbying and contracting;
- ◆ **Legislative Procedure Reform:** Support the strengthening of standing committees so that rank-and-file legislators can move bills to the floor without leadership approval ◆ use of conference committees to resolve differences in similar bills ◆ support of measures to allow legislators greater independence over their staff and resources.

**ETHICS:**

Contained within the new ethics legislation are the following measures that the League has long supported. These measures will help reduce the influence that money and special interests play in the political process and takes an important step toward restoring the public's faith in the integrity of the decisions being made by our elected officials.

Specifically, we supported the following measures which are included this new ethics legislation:

- ◆ Banning all gifts to public officials except those of a nominal amount.
- ◆ Prohibiting lobbyists from paying for travel, lodging and other expenses for any state official.
- ◆ Banning elected officials from appearing in taxpayer-financed public-service announcements.
- ◆ Restricting public officials' ability to receive paid honoraria for speeches given while in office.
- ◆ Prohibiting former legislative employees from lobbying until two years after they leave the public payroll. However, this provision does not go into effect until 2009.
- ◆ Expanding the lobbying law to include grants, loans, or agreement involving the disbursement of public monies.
- ◆ Increasing maximum penalties for lobbying violations available under law.
- ◆ Expanding reporting requirements of ethics commission's activities and investigations.

***Recommendation #1: End "Pay to Play."***

Not addressed in the current new ethics legislation is the pay-to-play issue. We urge you to implement pay-to-play restrictions in any clean-up legislation introduced in the 2007 session. **\*\*NOTE: Several of these items may be addressed in campaign reform legislation yet to be introduced.\*\***

The infusion of large sums of money by businesses and unions with public contracts and lobbyists into the campaign coffers of elected representatives has generated a widespread public belief that contributors are "paying" those officials for the opportunity to "play" with the government. The common Albany practice of holding political fundraisers that are attended by professional lobbyists exacerbates the public perception that lobbyists are "buying" access to elected officials. In a typical session, lawmakers are scheduled to be in Albany for 60 days, including 40 nights. During that time, as many as 200 Albany-based fundraisers can occur.<sup>1</sup> Albany's top lobbying firm, Wilson, Elser, spent

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<sup>1</sup> Arbetman, L. & Horner B., et al., PAC-ING IT IN: POLITICAL ACTION COMMITTEE CONTRIBUTIONS IN NEW YORK STATE 2004 (2005), <http://www.nypirg.org/goodgov/pacing%20it%20in%20final.pdf>.

\$253,525 on contributions to candidates in the 2004 election.<sup>2</sup> Unlike many states, moreover, New York does not limit state or local contractors from making campaign large contributions to the very officials who must determine to whom a contract should be awarded. The tales of “pay to play” abuses have become commonplace.

Without rules prohibiting “pay to play” arrangements, the risk of actual or apparent corruption in the process of choosing contractors are obvious. Similarly, lobbyists in Albany curry favor with public officials with large campaign contributions to their campaign committees and to the legislative leadership committees known as “housekeeping” accounts. Through such contributions, lobbyists create an uneven playing field that allows them or their clients to have greater access to officials than members of the public.

New York should join a growing number of states and localities with “pay to play” restrictions on lobbyists and public contractors, including Connecticut, South Carolina, New Jersey, Ohio, Kentucky, and West Virginia. Reform in this area should:

- ◆ Set reasonable limits on contributions to candidates and party house-keeping accounts from lobbyists and public contractors, owners and senior managers of such lobbyists and contractors and their immediate family members, and political committees controlled by any of these entities or persons;<sup>3</sup>
- ◆ Require lobbyists and public contractors, owners and senior managers of such lobbyists and contractors and their immediate family members, and political committees controlled by any of these entities or persons, to report contributions to candidates and party housekeeping accounts made close to an election no later than 48 hours after the contribution is made;
- ◆ Prohibit lobbyists and public contractors, and owners and senior managers of such lobbyists and contractors and their immediate family members, from serving as officers of political committees that work with candidates; and
- ◆ Prohibit the government from entering into contracts with entities that have made political contributions that exceed the limits discussed above.

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<sup>2</sup> *Id.*

<sup>3</sup> Such limits on contributions should apply during the two years prior to a contractor’s bid or proposal to the relevant agency or contracting authority and either two years after completion of the applicable contract, or upon completion of the applicable candidate’s term in office, whichever is longer.

***Recommendation #2: Require ethics training for lobbyists and for the governor, legislators, legislative employees, state agency officers, and state agency employees.***

Once good laws are on the books, the good way to prevent ethics violations is through education. As of January 2006, nine states had continuing education requirements for ethics and conflict of interest laws for various categories of state officials.<sup>4</sup> A reform package should expressly require ethics training for all state officials, including the governor, and legislators, as well as continuing education in these areas provided by the state ethics commission.

While it is essential for lobbyists to understand the ethics laws that regulate their practice, and especially the new “pay-to-play” restrictions that this bill would enact, currently New York does not require any training of lobbyists. Instead, New York provides training for lobbyists only upon request. Instead, the New York Temporary State Commission on Lobbying should be responsible for online ethics training of lobbyists at least semiannually, and all registered lobbyists should be required to complete such training.

**CAMPAIGN FINANCE**

Independent researchers and the public at large have long criticized New York State’s disgraceful system. Indefensibly high contribution “limits,” coupled with disgracefully inadequate disclosure requirements and nonexistent enforcement, create a system that cries out for change.

The State Assembly has regularly passed legislation that the League supports. This legislation would address the numerous shortcomings of New York’s campaign finance system as well as creating a voluntary system of public financing that would reduce the influences of the rich and powerful, while strengthening the possibility that challengers have resources to take on incumbents. It is the model that we support.

Governor Spitzer may shortly propose legislation which addresses many of the issues below. He also has proposed in his first State of the State speech, the ultimate goal of full public financing of campaigns.

**Biggest problems with New York’s campaign finance law**

- ◆ **Soft money.** Unlike at the national level, New York State allows donations of unlimited size to “housekeeping” accounts.
- ◆ **Sky-high campaign contribution limits.** Political parties are allowed to receive annual contributions of \$84,400; statewide candidates can receive

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<sup>4</sup>THE STATE OF STATE LEGISLATIVE ETHICS at 27. These states are California, Florida, Hawaii, Kentucky, Massachusetts, Minnesota, New Hampshire, North Carolina, and North Dakota.

contributions of nearly \$50,000 (including up to \$14,700 for a primary) for an election cycle; state senate candidates can receive \$8,500 for the general election (an additional \$5,400 for a primary); and assembly candidates can receive \$3,400 for the general (an additional \$3,400 for a primary).

- ◆ **Transfers from one political committee to another.** On top of the sky-high contribution “limits,” political parties (state parties, county parties, senate republicans and democrats, and assembly democrats and republicans create these committees) are allowed to transfer donations of unlimited size from their accounts to the candidates of their choice.
- ◆ **Campaign fundraising during the legislative session.** Unlike 27 states, New York imposes no additional limits on campaign fundraising during the legislative session, nor does it impose any unique limitations on lobbyists’ involvement in campaign activities.
- ◆ **Limited disclosure.** Unlike federal law, contributors do not have to disclose the names of their employers or even the names of those who actually delivered the contributions (a.k.a. “bundlers”). Moreover, New York State does not computerize campaign finance data at the local government level and thus cannot enforce corporate contribution limits properly.
- ◆ **Poor enforcement.** New York State’s Board of Elections is under funded and limited by law in its ability to punish election law scofflaws.
- ◆ **Use campaign contributions for “personal” uses.** Incumbents often use these donations for junkets, country club memberships, flowers, leased cars, and other purchases.
- ◆ **Heavy reliance on special interests for elections funds and the extreme difficulties for challengers to raise money.** New York’s combination of huge contribution limits and the commonplace practice of incumbents holding fundraisers near the Capitol during session, promotes a heavy reliance on those with the financial resources to fund elections – typically special interests with business before government.

**Recommendation:**

**Enact comprehensive campaign finance reform**

***Solution #1: Create a voluntary system of public financing modeled on New York City.***

***Solution #2: Overhaul existing campaign finance law.***

There appears to be a consensus that New York’s campaign finance law needs to be reformed. Assembly Speaker, Sheldon Silver, has proposed legislation that overhauls campaign finance law.

***Solutions #3: Limit the use of campaign contributions to those activities directly involved in campaigning.***

New York State law not only allows the use of campaign contributions for purposes relating to a candidacy, but also to spending relating to an official's role as a public or party official.

### **REDISTRICTING**

Support the creation of an independent redistricting commission based on the state of Iowa's successful model.

At the heart of the public's discontent is a feeling that state lawmakers rig the system for their own political gain. Nowhere is this more apparent than in the way legislative district lines are drawn.

Currently, the State Senate Republicans and the State Assembly Democrats are allowed to draw the lines for their respective houses. The only check on this system is whether the Governor chooses to allow this practice to continue or use his veto powers to force changes.

We believe that creation of an independent redistricting commission must be a top priority for those interested in reform. Lawmakers should support a Constitutional Amendment to create a nonpartisan Redistricting Commission.

### **New York State Lacks Competitive Elections**

New York State elections are incredibly one-sided. Incumbent state legislative candidates are re-elected at a staggering rate. Over the past 22 years, only 30 incumbents have been beaten in the general elections.

- ◆ ***Redistricting Decisions Limit Competitiveness.***  
How district lines are drawn has a dramatic effect on the lack of competitive elections. Only 25 of the 212 legislative districts (11 percent) have close enough enrollments that could allow frequent competitive elections.
- ◆ ***Redistricting decisions play a critical role in having maintained Albany's legislative status quo for decades.***  
In the last 20 years, America has changed. Twenty years ago, the Internet and "hip-hop" music were nowhere to be found. Yet, when it comes to majority party dominance, not much has changed. Since the Democrats took control of the Assembly in the 1970s – and redrew the maps in 1980 – the majority party margins have been incredibly consistent over time.

### **Recommendation:**

**Support a Constitutional Amendment to create a nonpartisan redistricting commission to draft the state legislative and Congressional political boundaries for the 2012 elections.**

Such a Constitutional Amendment takes passage by two separately elected legislatures before it goes to the voters on the ballot. Our advocacy must start now to accomplish a Constitutional Amendment in time for the 2010 census.

Some states have a non-partisan redistricting system. The state of Iowa, for example, has a non-partisan system of redistricting that could be followed in New York in time for the 2012 changes. Civil service like technicians make the first draft of the district lines. They are not allowed to consider incumbents' home addresses or to use the party affiliation of voters in considering district lines. The proposed district lines are sent to state lawmakers for approval or disapproval – the legislature is not permitted to amend the proposal. The courts are empowered to step in if there is no agreement.

### **LOBBYING**

Lobbying is a lucrative business. Lobbyists get contracts worth hundreds of thousands of dollars to represent powerful special interests. Their goals are simple: influence governmental decisions. New York State lobbyists and their clients reported spending well over \$149 million in 2005 persuading and cajoling state officials to grant favors or block policies that may affect them.

The quality of services offered to New Yorkers is often determined by which business or not-for-profit receives a government contract and whether that entity has the capacity to deliver the contracted service. When those decisions are impacted by the campaign contributions of those vying for government contracts, taxpayers can end up paying more for poorer quality services. The infusion of large sums of money from businesses and unions with public contracts and lobbyists into the campaign coffers of elected representatives has generated a widespread public belief that contributions are “paying” those officials for the opportunity to “ply” with the government. The common Albany practice of holding political fundraisers that are attended by professional lobbyists exacerbates the public perception that lobbyists are “buying” access to elected official. In a typical session, lawmakers are schedule to be in Albany for 60 days, including 40 nights. During that time, as many as 200 Albany-based fundraisers can occur. To restore the public's confidence in the integrity of their elected representative the following two legislative initiatives should be passed in the 2007 session:

- ◆ **A complete ban on gifts from lobbyists to lawmakers and other top policymakers.** Allowing lobbyists to offer gifts to lawmakers is inappropriate. Some states have a “zero tolerance” standard for gift giving. Massachusetts, South Carolina, and Wisconsin are such states. New York State should adopt a similar standard.
- ◆ **End Albany's “pay to play” culture.** Lobbyists in Albany curry favor with public officials with large campaign contributions to their campaign committees and to the legislative leadership committees known as “housekeeping” accounts. Through such contribution

lobbyists create an uneven playing field that allows them or their clients to have greater access to officials than members of the public.

The reform legislation should:

- ◆ **Set reasonable limits** on contributions to candidate and party housekeeping accounts from lobbyists and public contractors, owners and senior managers of such lobbyists and contractors and their immediate family members, and political committees controlled by any of these entities or persons.
- ◆ **Restrict** the extent of personal business activities lobbyists and public contractors, owners and senior managers of such lobbyists, and contractors and their immediate family members can undertake with public officials.
- ◆ **Prohibit** lobbyists and public contractors, and owners and senior managers of such lobbyists, and contractors and their immediate family members from serving as officers of political committees that work with candidates.
- ◆ **Prohibit** the state, its counties, and municipalities from entering into contracts with entities that have made political contributions that exceed the limits discussed above.

The expiration of lobbying law in 2007 gives Governor Spitzer and the legislature a real opportunity to achieve significant reform.

### **BUDGET:**

This is the first legislative reform enacted during the new 2007 session. Governor Spitzer signed the legislation on January 24, 2006. This was a three-way agreement with legislative leaders to reform the way New York's budget process works. This package encompasses many of the reforms that the League has been pushing for. With the passage of this legislative package, the budget process will be more open, transparent, and accountable. These reforms include:

- ◆ "Quick start" budget discussions will be required each November and quarterly meetings will be held thereafter between executive and legislature;
- ◆ The consensus revenue process will be expedited;
- ◆ The State Comptroller will be authorized to resolve disputes over revenue;
- ◆ Plain language impact statements will be prepared on a range of program areas, including local governments;
- ◆ The legislature will resolve budget bill disagreements by prompt referral to joint conference committee.
- ◆ The legislature will be statutorily required to enact a balanced budget;

- ◆ The legislature will be required to explain fiscal impacts of changes it makes to the governor's budget bills;
- ◆ There will be a new "rainy day" fund, setting aside three percent of the General Fund in reserve, which will be added on top of the current two percent "rainy day" fund for a total of five percent. The new fund can be used in the event of economic downturn or disaster;
- ◆ Discretionary funds often called "member items," will be itemized and must be specific. There must be an individual vote taken on every item.
- ◆ Messages of Necessity: According to the Governor the word necessity will mirror Webster's Dictionary definition of necessity. In other words, a budget bill will sit on the desk of a legislator for the three-day aging process unless there is a "real" necessity, such as a state emergency that such a bill must be passed.

This legislation passed unanimously in the legislature. Please be sure to thank your legislator for their vote and don't forget to CELEBRATE OUR FIRST REFORM VICTORY.

#### **LEGISLATIVE RULES REFORM:**

Rules for how the houses function is done every two years, at the beginning of a new legislative session. Rules differ between the Senate and Assembly and are voted on independently by each house. For the session beginning January 3, 2007, both the Senate and the Assembly have already voted on the rules governing the operation of their house. The Senate Minority Democrats initiated a lengthy 2½-hour debate over rules reforms they have long advocated be adopted. The Republican dominated Senate defeated the proposed reforms by straight party vote of 32-23.

- ◆ When you lobby your **STATE SENATE**, please let them know that the League supports the following reforms:
  - ◆ **Equal appropriation of resources for all Senators:** Each lawmaker will be provided with the same number of staff and resources. Senate committee membership—and the staff and resources that come along with it – will be allocated proportionally according to Majority/Minority representation.
  - ◆ **Elimination of the "canvass of agreement" provision:** Negative votes on future motions to petition a bill or resolution out of committee, as well as hostile amendments, will be recorded.
  - ◆ **Limits on discharge motions should be removed.**
  - ◆ **Conference Committee:** Creation of a new standing conference committee and a process to conference similar—but not "same as"—bills.

- ◆ **Rules Changes:** Eliminates the requirement that such changes be referred to the Rules Committee for consideration and creates a new Rules and Administration Committee, complete with administrative oversight.
  - ◆ **Committee Reforms:** Allows Ranking Minority Members or 1/3 of committee members to place a bill on the committee agenda or hold public hearings unless a majority of committee members object.
  - ◆ **Do away with proxy voting in committee:** Committee members will be required to attend all future meetings. Detailed committee reports will be made available to the public on the Internet.
  - ◆ **Off the Floor Changes:** Prohibit off the floor Committee meetings, unless agreed upon by a Ranking Member or 2/3 of all members.
- ◆ When you lobby your **STATE ASSEMBLY MEMBERS**, please let them know that the League supports the following reforms:
- ◆ **Equal appropriation of resources for all Assembly Members:** Each lawmaker will be provided with the same number of staff and resources. Assembly committee membership—and the staff and resources that come along with it – will be allocated proportionally according to Majority/Minority representation.
  - ◆ **Off the Floor Changes:** Prohibit off the floor Committee meetings, unless agreed upon by a Ranking Member or 2/3 of all members.
  - ◆ **Conference Committee:** Creation of a new standing conference committee and a process to conference similar—but not "same as"—bills.

Because both houses have now adopted the Rules, we do not anticipate that they will change for the next two years. Please remind your legislators that the League continues to advocate for Rules Reform to make the legislature more responsive and representative of all New York State constituents.

### **PUBLIC AUTHORITIES:**

- ◆ **Action on Public Authorities Reform in 2006**  
The former comptroller, joined by then Attorney General Eliot Spitzer and Assemblymembers Brodsky and Silver proposed a broad package of reforms that would have overhauled the ways Authorities operate. The plan called for the creation of a commission to examine each of the state's Authorities to determine whether they should be reorganized or shut down altogether. Former Governor Pataki used his executive powers to create an internal panel to review authorities' corporate practices. This internal panel called the Millstein Commission was charged with examining authorities' practices and proposing legislative remedies. The Senate and the Assembly then took the first step toward improving oversight and

governance of New York's public authorities by passing the Public Authorities Reform Legislation. This legislation essentially codified recommendations made by the Millstein commission and created an Authorities Budget Office and inspector general, appointed by the governor.

- ◆ **ACTION NEEDED IN 2007**  
Continue the Millstein Commission reforms including:
  - ◆ Creation of a truly independent Authority Budget Office.
  - ◆ Measures to enhance Authority disclosure.
  - ◆ Measures to strengthen the governance of Authority boards.
  - ◆ Reorganization of Authorities.
  - ◆ Debt Reform—most debt issued by Public Authorities is done without legislative or voter approval, therefore there needs to be greater accountability and transparency before adding new authority debt.

The legislature is in the process of interviewing and selecting, and voting on a new comptroller to replace Alan Hevasi who resigned early in December 2006. The above Authorities' reforms may come from the new Governor's office. We will be contacting our legislators this session to let them know that the above reforms need to be enacted to make Public Authorities more open, transparent, and accountable.

**2007 LWNYS LOBBY REPORT FORM**  
**REFORMING NEW YORK STATE GOVERNMENT**

Please complete and return to the LWNYS office in Albany by **APRIL 20, 2007**. If possible, please submit electronically by downloading this form from the state web site ([www.lwnvy.org](http://www.lwnvy.org)) or calling Stephanie at the state office (518-465-4162) to have a form e-mailed to you. A copy should also be kept in your League files.

Name of Legislator: \_\_\_\_\_

(Please circle one) Senator                      Assemblyperson

District # \_\_\_\_\_ Date of visit \_\_\_\_\_

Name of person reporting: \_\_\_\_\_

Representing the LWV of \_\_\_\_\_

If you met with staff, please list name(s) \_\_\_\_\_

*Please record information that will provide an accurate picture of the legislator's position on any of the following discussed during your visit. Please indicate the legislator's general agreement or disagreement with League position. Also, please indicate if the legislator felt strongly about any other issue covering League positions.*

**REDISTRICTING REFORM:**

**Would you support a constitutional amendment creating non-partisan commission to draw legislative and congressional districts?**

**CAMPAIGN FINANCE REFORM:**

**Would you support a ban on the use of soft money going into party accounts called “housekeeping accounts”?**

**Would you support full public financing of campaigns as the new Governor has outlined in his State of the State address?**

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**PUBLIC AUTHORITIES REFORM:**

**Would you support measures to enhance transparency in Authority decision-making?**

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**Would you support measures to ensure a truly independent Public Authorities budget office?**

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**ETHICS:**

**Would you support “pay-to-play” legislation which would curb large sums of money by business and unions infused into campaign coffers of legislators?**

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**LOBBYING:**

**Do you support a ban on gifts from lobbyists to legislators?**

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**Do you support ending Albany's "pay to play" culture?**

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**Background Briefing Materials for**  
***2007 Legislative Agenda Item:***  
**EQUITY IN SCHOOL FINANCING AND CHARTER SCHOOLS**

Equity in School Financing and providing all New York's children with a sound basic education continue as top Legislative Agenda items for 2007. We anticipate that this will be the year that the legislature attempts to implement the Campaign for Fiscal Equity (CFE) order on a statewide basis and that there will be an attempt to increase the cap on charter schools.

The revision of our Financing Education Position K-12 and adoption of a Charter School Position assure our ability to take an active role in the legislative debate. Both positions are attached at the end of these briefing materials.

**EQUITY IN SCHOOL FINANCING:**

On November 20, 2006, the New York State Court of Appeals reaffirmed the state's responsibility to increase funding for New York City schools. Although its decision established as reasonable an additional funding figure of \$1.9 billion in operating expenses, or \$2.5 billion statewide, adjusted for inflation from 2004, the court noted that the governor and legislature were best able to arrive at the appropriate figure to provide all New York City students with the opportunity for a meaningful high school education. To that end the Campaign for Fiscal Equity, which the League supported in this litigation, has called for additional annual funding of between \$4 and \$6 billion for NYC, a figure previously supported by both Governor Spitzer and former Governor Pataki.

The League's position supports the higher level of funding in two respects. First, it provides that money must be sufficient to enable children to meet all Regents standards in addition to enabling districts to provide a sound basic education, the constitutional minimum. The first Court of Appeals decision in CFE noted that funding need not be at a level sufficient to enable children to meet all Regents standards. While this distinction was relatively unimportant in light of the Appellate Division decision supporting CFE funding in the \$4 to \$6 billion range, it becomes paramount in light of the intervening Court of Appeals decision in support of the lower minimum remedy. Secondly, the LWVUS has a position in support of early childhood education, including preschool, as part of its social policy position advocating early intervention for children at-risk. Studies have shown that at-risk children enter school without the requisite readiness skills, and they are unable to overcome the initial gap. Quality pre-school education can help to alleviate this gap. In keeping with these positions, the League has joined a number of advocacy groups in calling for implementation of the CFE order statewide at a level higher than the minimum amount.

We attach a lobbying piece *Legislate for the Future: Fund Education Now*, and the companion, *Justification of Position*, at the end of these materials. This piece should be

used both to educate yourself about the issues surrounding education finance and as a handout for the legislators you lobby.

We suggest the following talking points in visits to legislators:

### **1. WHY IS EDUCATION FINANCE REFORM NECESSARY?**

- ◆ Over the past 20 years, with decreases in the rate of its personal income tax, NYS has decreased the proportion of education funds provided by the state. School districts must raise an ever-greater portion of funds locally, leading to increased real property taxes. Because property tax, unlike income tax, is unrelated to ability to pay, the increased reliance on property taxes as a means of funding education has created a substantial and ever-increasing hardship for many NY citizens. The STAR program, designed to ameliorate this hardship, has in fact increased it by accelerating increases in local taxes and providing relief to all regardless of need. The imbalance between state and local funding is seen in the respective national ranking of the state in terms of state and local taxes, where it is slightly below average nationally in terms of its state taxes and the among the highest in the nation in terms of local taxes (primarily real property taxes).
- ◆ New York is under a court order to provide additional funds to NYC schools in order to provide children with the opportunity to receive a sound basic education. The means of calculating educational need employed by the court requires that the formula for distribution of education funds be revised on a statewide basis.

### **2. HOW SHOULD THE STATE FINANCE EDUCATION?**

- ◆ Take education out of the political arena by adoption of a foundation approach to education finance. Reduce current local property taxes so all school districts tax at the same rate, with any shortfall in education expenses provided by the State. Enact a meaningful circuit breaker tax relief program, replacing the current non-income based program with one tied to need, adjusted by means of an annual COLA. After providing real property tax relief, raise additional funds required for education by means of the personal income tax, which is a better measure of ability to pay than the real property tax. Adjust the foundation amount annually by means of a COLA.
- ◆ Assure stability of education finance by creation of a dedicated education reserve to make up shortfalls in times of economic downturn.

### **3. WHAT ARE THE BENEFITS OF A STABLE FOUNDATION APPROACH TO FUNDING EDUCATION?**