

How can we afford to educate our children?

Prepared by
The Public Policy and Education Fund of
New York

PPEF is the research affiliate of
Citizen Action of New York

Revised September 2006

NYS Constitution says every child is entitled to a “meaningful high school education.”

- Campaign for Fiscal Equity (CFE) sued in state court in 1993, on behalf of parents, saying that NYC schools didn't meet state constitution
- In 2003, Court of Appeals, New York's highest court agreed, saying that NYC kids were denied their right to a “meaningful high school education”: a 12th grade level education

Why did NYC parents and their supporters sue the state?

- NYC children faced, for years:
 - Large classes
 - Unqualified teachers
 - Crumbling buildings
 - Out-of-date books, computers and other learning resources
-

Why did NYC parents and their supporters sue the state?

- Due to lack of adequate resources, NYC students had:
 - Poor test scores
 - Low graduation rates and high drop-out rates
 - Low rates of going to college
-

These problems still exist today and not just in New York City.

- 1 in 2 8th graders statewide failed the state English Language Arts test in 2004.
- 1 in 3 high school students don't graduate in 4 years.
- New York State has the biggest funding gap between high and low income school districts in the nation.

What were (and are) the underlying problems?

- **Inadequate state funding**, especially for “high-need” districts: urban, rural and suburban.
- **An unfair and chaotic schools funding “formula”** that doesn’t divide up state aid based on student need
- **State aid is too small a share.** Almost half of school budgets comes from property taxes

Legislature and Governor Don't Act in CFE

- Legislature and Governor missed July 2004 deadline.
- Courts then stepped in and ordered billions of dollars to New York City schools.
- In 2006, the Governor appealed AGAIN, continuing his multi-year stalling campaign
- Court likely to again order Governor and Legislature to act in 2006 or 2007. We're hoping for severe penalties this time.
- New Governor means more hope for change.

Alliance for Quality Education

- Citizen Action helped start broad coalition to build grassroots support for a quality public education
 - AQE's program:
 - Statewide CFE solution
 - Smaller classes
 - Qualified teachers
 - Safe, up-to-date schools
 - Early childhood education and after-school programs
 - Accountability
-

Schools for NY's Future Act

- More funds to **all** school districts
 - Money given out fairly, based on need:
 - Equal amount for all children
 - But adjust based on regional costs and number of low-income and disabled children and district's ability to pay (property tax base)
-

What concerns do we have to address?

- How will it affect my property taxes?
 - How can we afford the increased schools funding that's needed?
 - How can we make sure the money matters (accountability)?
-

Concerns to address: How will it affect my property taxes?

- **The problem:** School taxes have been going up three times the inflation rate since 2000.
- **The consequences:**
 - Homeowners have trouble paying.
 - School budgets voted down. Voters don't support a solution to CFE, because it requires increases in schools spending.
- **The solution: Increase the state share of education funding, to take pressure off local property taxpayers.**
 - State share increased through Schools for New York's Future Act

Concerns to address: How will it affect my property taxes?

- Higher state aid increases result in lower property tax increases.
 - Study: for every 1% increase in state aid to schools, rate of school tax increases goes down a half percent.
-

Concerns to address: Affording the increased schools funding that's needed

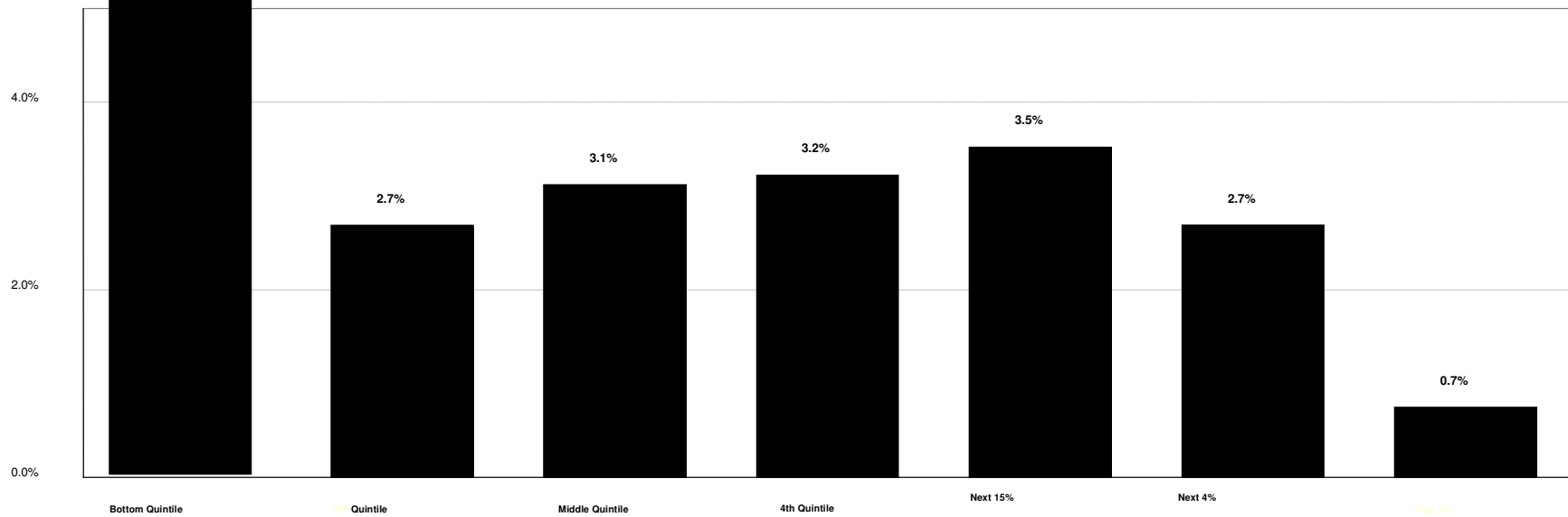
- Estimated increase in state funds after 4 years to fund CFE settlement statewide: **\$8.7 billion**
 - This amount is reasonable:
 - Amount of revenue lost to state in FY 2006-07 alone due to state tax cuts since 1994 targeted at wealthy and corporations: **at least \$8 billion**
-

Concerns to address: Affording the increased schools funding that's needed

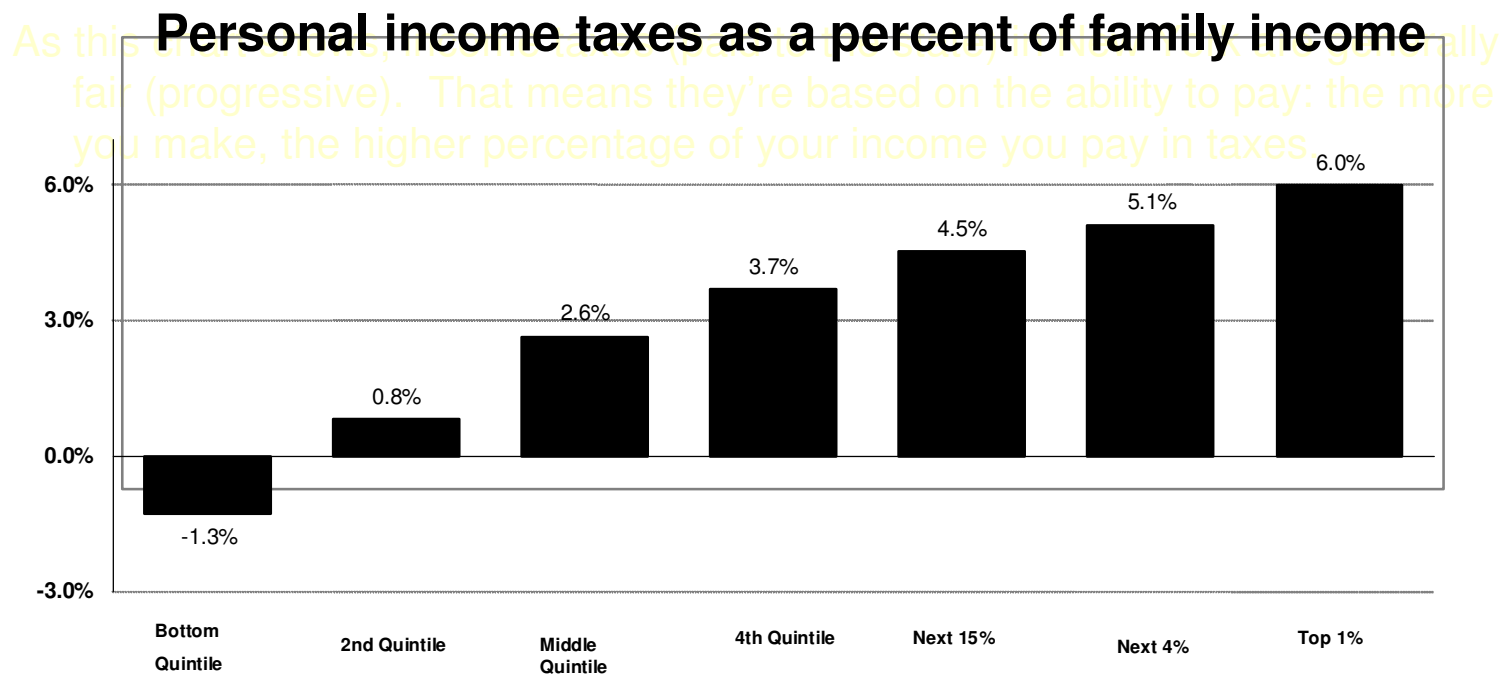
- It's our choice: Funding CFE by relying more on **fair taxes** -- taxes are based on your ability to pay for them -- rather than unfair taxes.
 - Example of unfair taxes: local school taxes.
 - **Examples of fair taxes**: many state taxes, like income taxes and corporate taxes.
-

Concerns to address: Affording the increased schools funding that's needed

Property taxes as a percent of family income in New York.

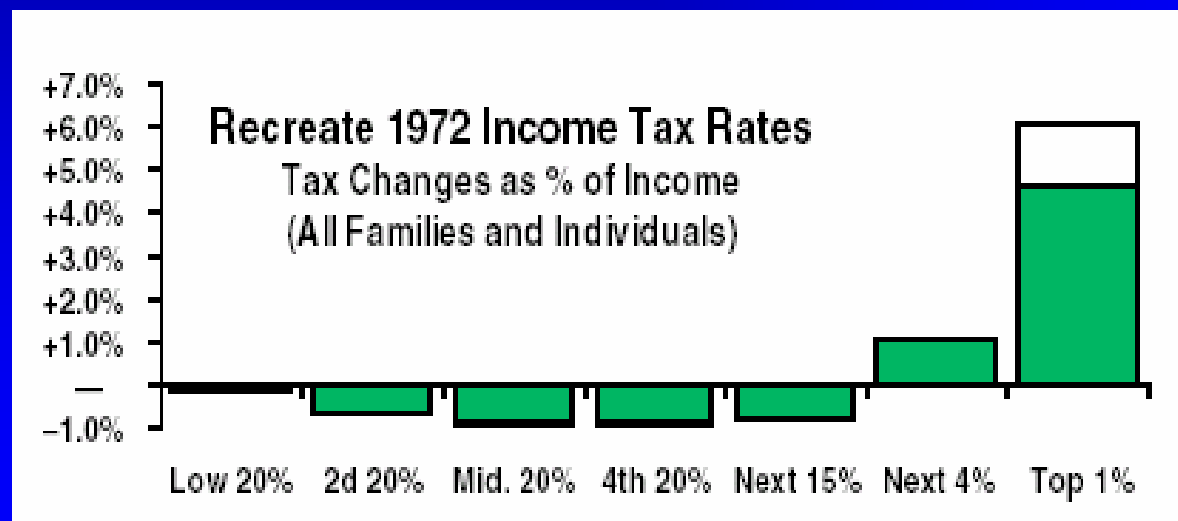


Concerns to address: Affording the increased schools funding that's needed



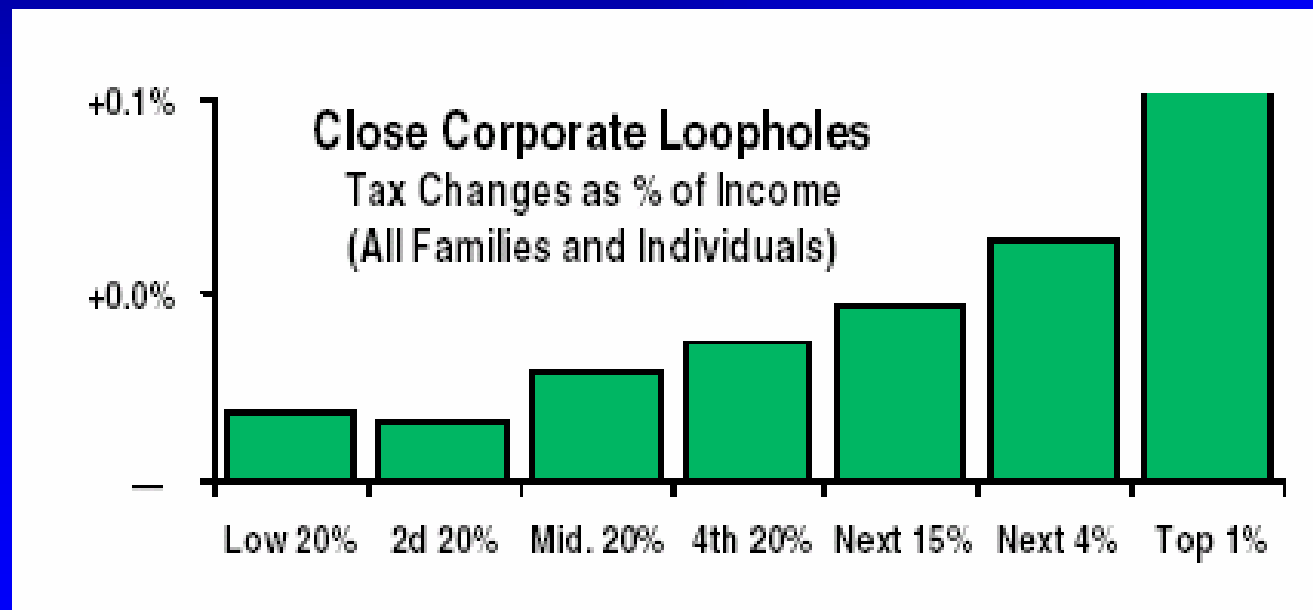
Funding Solution 1: Income Tax Increase on Wealthy

Raising taxes on New Yorkers with annual incomes greater than \$240,000 would raise \$7.8 billion for schools. This would allow the state to *lower* taxes for the rest of us.



Funding Solution 2: Plugging Corporate Loopholes

Plugging some of the loopholes in New York's corporate income taxes would raise about \$1 billion a year for schools: and it wouldn't affect any **individual's** taxes.



Concerns to address: Making the money matter (accountability)

- People concerned that increased spending on schools will be wasted.
 - **But investing in schools improves achievement, if spent on programs that work**, like class size reduction, teacher quality, universal pre-kindergarten, after-school.
 - Schools for NY's Future Act: districts **must** prioritize spending on these programs
-