



Preliminary Analysis of the 2011-2012 Executive Budget
NYSUT Legislative Department

K-12 Education

School Aid

- The Executive Budget recommends a year-to-year decrease of \$1.5 billion or 7.3 percent in school aid compared to 2010-11 levels. This is the largest state aid cut ever proposed in the history of the State of New York.
- It would send New York State into reverse gear by slashing school aid to below the amount allocated in 2007-08.
- On top of cuts already experienced, it will likely result in thousands of painful layoffs and program cuts across the state.
- The proposal would further delay the promised full phase-in of Foundation Aid , so essential to closing the achievement gap and would push it out to the 2016-17 school year.
- The Executive Budget recommends a \$2.8 billion Gap Elimination Adjustment (GEA) for the 2011-12 school year. This approach would reduce school aid by using school district wealth, student need, administrative efficiency and residential property tax burden data. Low-wealth districts would receive proportionately smaller reductions than high-wealth districts. The GEA would be continued in future years and annual growth would be tied to growth in personal income.
- The Executive Budget proposes two competitive grant programs totaling \$500 million, to reward academic improvement and school district efficiencies. It's unclear how these would be funded and distributed or when they would start.
 - **School District Performance Improvement Awards:** Grants totaling \$250 million would be awarded to school districts that demonstrate significant improvements in their student performance outcomes. This program would build upon the objectives of the Race to the Top program and provide additional state funding to those school districts with the most improved academic achievement and student outcomes.

- **School District Management Efficiency Awards:** Competitive grants totaling \$250 million would be awarded to school districts that find recurring cost savings and undertake long-term structural changes that reduce costs and improve efficiency.
- **Building Aid:** The Executive Budget proposes to redesign building aid allocations by modifying reimbursement rates based on the fiscal capacity of school districts, and creating a new funding structure for school construction that would use a competitive application process that considers the need for the project, the age of the building to be renovated or replaced and district fiscal capacity. This would not affect 2011-12 aid.
- **Transportation Aid:** The Executive Budget recommends prospective changes to the Transportation Aid program. School districts would be forced to either demonstrate participation in a cost-effective shared services program with another municipal entity or in the use of practices identified as efficient by the State Education Department. Noncompliance would result in graduated reductions in the percentage of costs the state would reimburse. In addition, constraints would be placed on reimbursement to ensure that the acquisition of school buses reflects cost-effective practices.
- **BOCES Aid:** Beginning with aid payable in 2012-13, the Executive Budget would distribute BOCES Aid based on the same State Aid ratio as Foundation Aid. In addition, beginning with costs reimbursed in 2012-13, certain non-instructional services provided by BOCES would no longer be reimbursed, a proposal that would be a disincentive to creating greater economies of scale through these services.
- **Summer School Special Education:** The 2011-12 Executive Budget proposes to change reimbursement to school districts for summer school special education costs and would use the wealth-based aid ratios used during the regular school year. Additionally, the priority of payment would be for claims from the 2011-12 school year with state reimbursement for prior year costs limited to \$100 million during the coming fiscal year. This amounts to a reduction of \$57 million in the 2011-12 state fiscal year.
- **Private Schools for the Blind and Deaf:** The Executive Budget would consolidate these 11 private schools into the broader classification of private special education providers. State funding for the cost of students attending these schools would be provided through Private Excess Cost Aid, as is the case for students attending all other private special education schools at the direction of school districts. This would amount to a cost shift of \$98 million in the 2011-12 SFY from the state to school districts.
- **Employee Benefit Accrued Liability Reserve Funds:** The Executive Budget would allow a school district's governing board to authorize a withdrawal of excess funds in an employee benefits accrued liability reserve fund. The amount withdrawn could not exceed the Gap Elimination Adjustment for a school district. The State Comptroller would first certify that the amount remaining in the Fund is sufficient to meet employee benefit requirements after the withdrawal.
- **Universal Pre-K** would be maintained at 2010-11 levels.
- **Education Improvement Performance Grants:** The Executive Budget proposes new funding of \$1.7 million for competitive grants for programs with success in improving achievement outcomes.
- **School District Charter School Payments:** The per pupil charter school tuition payments made by school districts to charter schools for the 2011-12 and 2012-13 school years would be maintained at 2010-11 levels.

Library Aid

- The Executive Budget proposes a reduction of \$8.4 million (10 percent) to Library Aid which would lower it to \$76 million.

Higher Education

SUNY State Operated Campuses Funding

- The 2011-12 Executive Budget reduces year-to-year overall General Fund support (state operating aid) by \$100 million (state fiscal year). This equates to a 10 percent reduction from 2010-11 state funding levels for the state operated campuses and university-wide programs.
- Tuition. The Executive Budget does not authorize any increase in tuition levels.

SUNY Hospitals

- State Subsidy. The state subsidy for SUNY's hospitals is eliminated. This results in a cut in state aid to these facilities of \$154 million.
- Medicaid. The Executive Budget reduces Medicaid spending by a total of \$2.85 billion. The total impact of Medicaid cuts on SUNY hospitals is unknown at this point pending specific recommendations due by March 1 from the governor's Medicaid Redesign Team.

SUNY/CUNY Flexibility Proposals

- The Executive Budget provides enhanced management flexibility which is similar to last year's Public Higher Education Empowerment and Innovation Act. Major provisions include:
 - Authorizes SUNY to lease real property without legislative oversight.
 - Authorizes SUNY to participate in public-private partnerships subject to approval of a newly created State University Asset Maximization Review Board.
 - Eliminates pre-approval by the Comptroller for SUNY and CUNY contracts for goods and services.
 - Authorizes the Dormitory Authority to finance and construct projects for SUNY's state operated campuses, community college dormitories and SUNY associated not-for-profits.
 - Authorizes the State University Construction Fund (SUCF) to implement capital projects through alternative construction delivery methods and streamlined procurement guidelines.

CUNY Senior Colleges State Funding

- The 2011-12 Executive Budget reduces year-to-year overall General Fund appropriations by \$70.1 million for the senior colleges and university-wide programs. This equates to a 10 percent reduction from 2010-11 state funding levels.

- Tuition. Increased appropriation authority is provided to CUNY's 2010-11 (current-year) budget to reflect the trustees' passage of a 5 percent mid-year tuition increase. No tuition increase is authorized for 2011-12.

SUNY/CUNY Community College Base Aid

- The Executive Budget proposes a cut in the state's appropriation to SUNY and CUNY community colleges of \$226 per full-time (FTE) student totaling \$46 million on a state fiscal year basis. This equates to a 10 percent reduction over last year's state funding levels. If enacted, this would bring the level of base aid funding from \$2,260 per student to \$2,034 per FTE student.

Educational Opportunity Programs

- Funding for these programs are maintained at last year's level.

Health Care

The Executive Budget is short on fiscal details regarding specific cuts to Medicaid, pending recommendations from the Medicaid Redesign Team (MRT). The MRT must submit to the governor by March 1 its recommendations and reductions (i.e. modifying program requirements and limiting spending growth) to arrive at a \$2.85 billion cut for SFY 2011-12. The MRT has been soliciting recommendations from Medicaid-affiliated organizations since its inception last month and will continue to do so until the targeted cut for 2011-12 is met and throughout the coming months. NYSUT will provide specific details as they become available.

State Workforce Issues

The governor's Executive Budget proposal requests that all state agencies evaluate all reduction options to achieve a 10 percent reduction in general fund spending. The governor also proposes to reduce state workforce payroll and fringe benefits through negotiations to achieve a savings of \$550 million. The governor has threatened that a lack of concessions at the negotiating table will result in state workforce layoffs of up to 9,800. Labor contracts for both CSEA and PEF, whose members would be affected by this threat, expire April 1.