



The State of Our Schools in 2005: The Widening Funding Gap

A Report by the Public Policy and Education Fund, Inc.

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This report is the fourth in a series of reports that analyze the impact of state policy decisions on school districts and school children across the State of New York.

This report was written by Bob Cohen of the Public Policy and Education Fund, Inc. (PPEF) based on data, tables, and charts provided by Dr. Trudi Renwick of the Fiscal Policy Institute (FPI). PPEF supports community organizing, research, and public education on issues of concern to low and moderate income New Yorkers. FPI is a nonpartisan research and education organization that focuses on a broad range of tax, budget, economic and related public policy issues that affect the quality of life and economic well-being of New York State residents. Both PPEF and FPI are members of the Alliance for Quality Education.

The Alliance for Quality Education (AQE), formed in 2000, is a coalition of over 230 organizations statewide dedicated to ensuring that the constitutional right to a quality education becomes a reality. Local AQE affiliates presently exist in Western New York, the Finger Lakes, the Capital District, the Southern Tier, Central New York, Westchester, New York City, Long Island, and the Hudson Valley.

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MAJOR FINDINGS

1. Summary

In the 2005-06 Executive Budget, the Governor failed to meaningfully respond to the *Campaign for Fiscal Equity (CFE)* decision by the state Court of Appeals or to reform the current irrational and unfair state school aid system. The Governor failed to propose a reform of the state school aid formula based on student needs.

While the Legislature added Operating Funding to the Governor's proposal, it too failed to meaningfully address *CFE* in the 2005-06 Enacted Budget by moving to a system that was based on the "actual cost" of providing the opportunity for a "sound, basic education," the standard in the state constitution as established in the court decision.

Neither the Governor's Executive Budget nor the Legislature's Enacted Budget came close to providing the total funding increase that a bill modeled on *CFE* would provide in 2005-06 -- the first year for implementation of the *CFE* decision. In other words, in 2005-06, neither the Governor nor the Legislature came close to closing the "constitutional funding gap" for that year.

In addition, neither the Governor nor the State Senate offered a plan in 2005 to phase-in a resolution of *CFE* in 4 years, the period of implementation in the *CFE* court order for full compliance with the state constitution.

The only plan introduced in 2005 that would have achieved compliance with the state constitution is the Schools for New York's Future Act ("SNYFA"), introduced by the Assembly Education Committee Chairman. SNYFA adopts the findings of the *New York Adequacy Study*, the most comprehensive schools costing-out study performed in the United States, and applies the *CFE* court decision on a statewide basis.

If the increases proposed in the Governor's 2005-06 budget or passed in the Legislature's Enacted Budget continue over the next 4 years, neither would come close to providing the aid needed to comply with *CFE* by the end of this period. Each year, schools would fall further and further behind as they face a widening constitutional funding gap. Only the Schools for New York's Future Act would achieve full compliance with the court order in four years.

2. Statewide Overview: The 1st Year Scheduled for CFE Implementation (2005-06)

- ✓ In the Executive Budget, the Governor proposed an increase of \$547 million in State Operating Funding statewide, only one-quarter (26%) of the \$2.1 billion increase that schools needed in 2005-06 to meet the first year requirements of the *CFE* decision. Otherwise put, the Governor proposed to close 26% of the 2005-06 constitutional funding gap. The \$547 million figure (a 4.9% increase)

was \$1.6 billion less of an increase than school districts would have received had a proposal tailored to the court decision been in effect in 2005-06. (Figures 1-3)

- ✓ The Legislature increased Operating Funding statewide \$682 million (6.1%) in 2005-06 in the Enacted Budget. Although providing more State Operating Aid than the Governor's budget, the Legislature still provided \$1.5 billion less than school districts needed, closing only 32% of the \$2.1 billion 2005-06 constitutional funding gap. (Figs. 1-4)
- ✓ The Schools for New York's Future Act (A.100) would fill 100% of the constitutional funding gap -- fully meeting the requirements of *CFE* for the first year of implementation. (Fig. 2)

3. Effect on Different Regions of New York State: 2005-06

Urban vs. Suburban and Rural Districts:

- ✓ In the Enacted Budget, the Legislature provided more funding than the Governor for rural, suburban and urban districts alike. The Enacted Budget significantly added to the Operating Funding proposed by the Governor for rural districts (filling 33% of the gap, vs. 19% for the Governor) and suburbs (47% vs. 29%), while providing a slight increase for urban districts (27% vs. 25%). (Figs. 5, 6)
- ✓ However, after the Enacted Budget, urban districts still faced a \$1.1 billion constitutional funding gap for 2005-06, suburban districts a \$233 million gap, and rural districts a \$110 million gap. (Fig. 6)
- ✓ SNYFA would provide the full amount of funding mandated under the legal principles established in *CFE* for rural, suburban, and urban districts. (Fig. 5)

Counties:

- ✓ All but 2 counties in the state (Hamilton and Putnam) have constitutional funding gaps for 2005-06. (Figs. 3, 4)
- ✓ The Legislature provided more Operating Funding than the Governor's budget for every county in the state (including Hamilton and Putnam). (Figs. 3, 4, 7, 8)
- ✓ Even after providing this increased aid, the Enacted Budget filled less than 25% of the constitutional funding gap for 19 counties in the state. The 19 severely underfunded counties are located in several regions of the state, including the Capital District, Central New York, the Finger Lakes, the Southern Tier, and Western New York. (A breakdown of several of the severely underfunded counties by region appears in the complete findings on page 12; also see Figs 4 and 8.)

4. Effect on Equity: 2005-06

Despite the emphasis in the CFE decision on distribution of school aid based on the relative need levels of school districts, neither the Legislature nor the Governor reversed the current pattern of inequitable funding towards a need-based system.

- ✓ The Legislature provided more funding than the Governor proposed for high-need, average-need and low-need districts alike. (Figs. 9, 10)
- ✓ Under the Enacted Budget, a smaller percentage of the 2005-06 constitutional funding gap was filled for high-need districts than the state average (29% vs. 32%). A slightly higher percentage of the gap was filled for average-need districts than the state average (33%). (Figs. 9, 10)
- ✓ Under the Enacted Budget, low-need districts received over three times the increase necessary to fill the constitutional funding gap for such districts. (Figs. 9, 10)

5. Reaching the Sound, Basic Education Funding Level After 4 Years

Every year that state leaders do not resolve CFE, school districts will fall further behind.

- ✓ If the funding increases provided in the Governor's budget continued over 4 years, schools statewide would be underfunded by \$1.6 billion in the first year (2005-06), \$3.2 billion in the second year, \$4.7 billion in the third year, and \$6.2 billion by the final year. The Governor's budget would provide only one-quarter of the aid increase needed to achieve the sound, basic education funding level after 4 years. (Fig. 13)
- ✓ The Legislature would do better than the Governor, eliminating about one-third of the shortfall after 4 years, but still fall extremely short of what the court decision mandates. (Fig. 13)
- ✓ If the funding increases provided in the Enacted Budget continued over 4 years, schools statewide would be underfunded by \$1.5 billion in the first year (2005-06), by \$2.9 billion in the second year, by \$4.3 billion in the third year, and \$5.6 billion by the final year. (Fig. 13)
- ✓ The Schools for New York's Future Act would reach the funding levels mandated by CFE in 4 years, by filling 25% of the gap in funding each year, reaching 100% of the sound, basic education funding level by the 4th year. (Fig. 13)

I. INTRODUCTION

This report¹ examines what really happened to state school aid during the 2005 session of the Legislature. This session was critical because it followed the Governor's and the Legislature's failure to comply with the July 30, 2004 deadline in the state Court of Appeals' landmark June 2003 *Campaign for Fiscal Equity (CFE)* decision. *CFE* mandated significant additional funding to enable New York City to provide its schoolchildren with the opportunity for a "sound, basic education," as mandated by the state constitution.² In February, during the 2005 legislative session, Justice Leland DeGrasse, applying the principles of the decision, ordered that additional governmental support be provided through a combination of state and city funding to meet this standard: \$5.6 billion after 4 years, beginning with a downpayment of \$1.4 billion in 2005-06. (This decision is referred to below as the "DeGrasse decision.")³

In *CFE v. State*, litigation initiated in 1993 by the Campaign for Fiscal Equity and New York City parents in response to the long-term underfunding of New York City schools, the Court of Appeals, New York's highest court, agreed with the plaintiffs -- following a lengthy trial in the lower court -- that "tens of thousands of students ... [had

¹ This is the fourth of a series of reports by the Public Policy and Education Fund (PPEF) analyzing the impact of state educational policy decisions on school districts and children throughout New York State. The first three are: "The State of Our Schools: The Effect of the 'Bare Bones' Budget on New York School Districts" (January 2002), "The State of Our Schools (Part II): The Combined Effect of the 2001-02 'Bare Bones' Budget and the Proposed 2002-03 State Aid 'Freeze'" (April 17, 2002), and "No Funding, No Fairness: The State of Our Schools in 2004" (October 2004). All three reports are available at www.ppefny.org and www.allianceforqualityeducation.org.

² *Campaign for Fiscal Equity v. State*, 100 N.Y.2d 893 (2003). Elaborating on the requirement in the Education Article of the State Constitution that students are entitled to an opportunity for a "sound, basic education," the court held that students from kindergarten through grade 12 must receive a "meaningful high school education" that will provide them with the necessary skills to be capable citizens and obtain "competitive employment." The *CFE* litigation prevailed on the issue of *adequacy* rather than *equity*, namely the claim that education for New York City schoolchildren fell below the minimum standards mandated by the state constitution. The web page of the plaintiffs, www.cfequity.org, contains extensive materials on the background of the case. The web site of the Alliance for Quality Education, a statewide coalition that CFE, PPEF, and FPI are all members of, www.allianceforqualityeducation.org, contains extensive information about the legislative campaign for a new school aid formula.

³ As the State did not comply with the decision, and as of the publication of this report, the State is well into the 2005-06 fiscal year, it appears that an adjustment will have to be made to the figures contained in the court's remedy.

been] placed in overcrowded classrooms, taught by unqualified teachers, and provided with inadequate facilities and equipment." In response, the Court of Appeals ordered the Governor and the Legislature (effectively through legislation) by July 30, 2004 to: (i) determine the "actual cost" of providing the opportunity for a sound, basic education in New York City, (ii) ensure that every school has the resources necessary for providing this opportunity, and (iii) ensure a system of accountability to measure whether the reforms actually provide this opportunity.

The *CFE* lawsuit was in part a response to the longstanding deficiencies in New York State's education finance system, sometimes known as the education funding "formula," which has been recognized by 30 years of state commissions, educational advocates, and now, the courts.⁴ Most significantly, the present system is extraordinarily "unfair to pupils and taxpayers in school districts with lower than average revenue-raising capability and/or higher than average needs... fails to provide adequate consideration to students with special needs; and does not recognize regional and/or local cost differences."⁵

After the February 2005 DeGrasse decision, education advocates, including the Campaign for Fiscal Equity, reaffirmed their commitment to advance legislation that would afford all children statewide their constitutional rights, and bring rationality and fairness to the state system of funding schools. Using the New York City-focused decision as a roadmap for calculating the amount of additional aid required for other school districts in the state, advocates also called for a revamped system that would -- once and for all -- base said aid on the relative needs of students in school districts around the state, and on the relative ability of local property taxpayers to support their local schools. The legislation that resulted, the Schools for New York's Future Act ("SNYFA;" Assembly Bill 100), was drafted by the Sound Basic Education Task Force, a

⁴ See Campaign for Fiscal Equity, Inc., "Sound Basic Education Task Force: Ensuring Educational Opportunity for All: Final Report," (May 2004), at 16-20 ("SBE Task Force Report."). The report is available at <http://www.cfequity.org/SBETaskForceFinalReport.pdf>.

⁵ SBE Task Force, at 16-17.

task force of education advocates that included CFE, the Fiscal Policy Institute (FPI), and the Alliance for Quality Education (AQE). SNYFA was introduced by the Assembly Education Chair in June of 2005.

Given the command of the highest court in New York to change this extraordinarily unfair system and the missed July 2004 deadline, it would be reasonable to assume that the highest priority of the Governor and the Legislature in 2005 would be to comply with the court decision. This assumption proved sadly mistaken. Instead of complying with the February 2005 DeGrasse decision, the Governor appealed it, staying its effective date. Legislatively, the Governor and the Legislature failed to address the deficiencies of the school aid "formula" set out in *CFE*, putting off the hard decisions involved in reforming school aid in favor of achieving New York State's first on-time budget in 21 years.⁶ SNYFA obtained over 60 Assembly Majority sponsors in 2005. However, the bill received no sponsors in the Senate Majority.

This report provides documentation of the result. In this study, we compared both the Governor's Executive Budget and the Enacted Budget for the 2005-06 school year with the Schools for New York's Future Act, which applies the funding methodology set out in the DeGrasse decision to all the districts in New York State, in order to ensure that all school districts receive sufficient funding to meet the constitutional standard.

Our calculations established that the Governor's budget did not provide close to enough funding to meet the requirements of the state constitution. **In fact, the Governor's budget fell \$1.6 billion short, proposing an aid increase that was one-quarter of the amount school districts were entitled to.** Further, the Governor took no steps to make the state school aid system base school aid allocations on the relative

⁶ For a summary of the history of the school aid debate in the Legislature in 2004 and 2005, see *Brief of Alliance for Quality Education as Amicus Curiae in Support of Plaintiff-Respondents, Campaign for Fiscal Equity, Inc. vs. State of New York*, Supreme Court, Appellate Division, 1st Dep't., New York County Clerk's Index No. 111070/93, September 7, 2005; available at www.aqeny.org.

needs of students in different school districts and the relative ability of taxpayers in different school districts to fund their schools locally through the property tax. (The complete findings begin on page 9.)

The final budget passed by the Legislature did provide additional funding above and beyond what the Governor proposed. Specifically, the Legislature increased Operating Funding statewide \$682 million in 2005-06 (6.1%), compared to the Governor's proposed increase of \$547 million (4.9%). **However, the Enacted Budget still provided \$1.5 billion less than the \$2.1 billion schools needed under the standards established in the court ruling. In addition, the Legislature did nothing to affect the distribution of school aid to make the system more closely based on need and ability to pay. In fact, if anything, the Enacted Budget made the school aid system even more inequitable.** In particular, wealthy school districts received \$34 million more than they would have received under SNYFA, our model for a rational school aid system, while poorer districts remained vastly underfunded.

This report provides strong evidence that, in 2005, the politics of the Legislature and the Governor, including a desire to give certain fixed "shares" to certain regions of the state, continued to foster the maintenance of the current irrational and unfair school aid system.⁷ As we highlight in the conclusion, the failure of our state leaders to address *CFE* will undoubtedly have long-term detrimental effects on the state's children.

⁷ As the trial court said in the *CFE* case:

The evidence at trial demonstrated that the formulas do not operate neutrally to allocate school funds---at least with respect to annual increases in State aid. *Rather the formulas are manipulated to conform to budget agreements reached by the Governor, the Speaker of the State Assembly, and the Senate Majority Leader.*" *CFE v. State of New York*, 187 Misc.2d 1, 93 (S.Ct, N.Y. Co, 2001) (emphasis added).

II. METHODOLOGY

This report compares the amount of State Operating Funding in the Governor's 2005-06 Executive Budget and the 2005-06 Enacted Budget to the amount of State Operating Funding that would have been provided that year by the Schools for New York's Future Act ("SNYFA") for the 677 major school districts in the state. We use data from the State Education Department's "school aid runs"⁸ to calculate the total State Operating Funding (also referred to as simply "Operating Funding")⁹ that is used as the basis for this study. "State Operating Funding" is the sum of the aid received under all the aid programs that would be consolidated into a single grant under the SNYFA.¹⁰ State Operating Funding does not include amounts received for building aid, transportation, BOCES, special services aid, library, software and textbook aid, high cost excess cost aid, or reorganization incentive aid, because these aid programs would not be replaced by the SNYFA.¹¹

In this study, a school district (or a group of districts) that is entitled to any increase in State Operating Funding in the 2005-06 school year is said to have a

⁸ An example of a school aid runs for one district (Albany City School District), with each of the aids listed, is at: <http://www.nysed.gov/stateaid/dist/a010100.html>. The Governor's proposal can be found at <http://www.nysed.gov/stateaid/dist/gov05/010100.html> while the Enacted Budget can be found at <http://www.nysed.gov/stateaid/dist/legis05/cb/010100.HTML>. The estimates for the Schools for New York Future Act can be found for each district at <http://secure.nysut.org/cfe.asp>.

⁹ The use of the terms "State Operating Funding" and "Operating Funding" in this report are more all-encompassing than the "Operating Aid" category in the present funding formula.

¹⁰ The grants for school districts under SNYFA encompass the following "computerized aids" from the school aid runs: Comprehensive Operating Aid, Educationally Related Support Services Aid, Extraordinary Needs Aid, Limited English Proficiency Aid, Summer School Aid, Minor Maintenance and Repair Aid, Tax Limitation Aid, Universal Pre-Kindergarten Aid, Early Grade Class Size Reduction Grants, Teacher Support Grants, Growth Aid, Full Day Kindergarten Conversion Aid, Small Cities Aid, and Public Excess Cost Aid, as well as FPI estimates of the 2004-2005 awards for the following "non-computerized aid programs": the Teacher-Mentor Intern Program, Magnet School Aid, Categorical Reading Aid, Improving Pupil Performance Aid, Teachers of Tomorrow Aid, and Tuition Adjustment Aid.

¹¹ SNYFA includes changes in the formulas for high cost excess cost aid and building aid, but these changes are not modeled in this analysis.

"constitutional funding gap" for the 2005-06 year in the amount of the additional Operations Funding it would receive under SNYFA in 2005-06. Throughout this report, the term "Percentage of Constitutional Funding Gap Filled" is also used. This term means the percentage that the incremental funding in either the Enacted Budget or Governor's proposed budget for the district (or aggregation of districts) is of the incremental SNYFA funding.

The district-by-district runs for the Schools for New York's Future Act are used in this report as the standard for compliance with the state constitution, because SNYFA was specifically designed to fully address the requirements of the *CFE* decision and the constitution.¹² SNYFA was written by a task force of education advocates, including the Campaign for Fiscal Equity, and the Fiscal Policy Institute. The bill "codifies the [*CFE*] Judicial Referees' [and Justice DeGrasse's] version of the successful school district costing-out methodology, which results in sound basic education funding levels for New York City and for other districts throughout the state that also approximate the funding levels recommended by the *New York Adequacy Study*."¹³

The *New York Adequacy Study* was undertaken to comply with the mandate of the Court of Appeals in *CFE* that the state determine the "actual cost" of providing the opportunity for a sound, basic education. Performed by two highly experienced firms specializing in school finance, the *Study* is the most comprehensive costing-out study ever performed in the United States. The educational model used in the *Adequacy Study* "is the first in New York State to directly confront the critical issue of the precise

¹² The Enacted Budget, Governor's Executive Budget, and SNYFA numbers are directly comparable because they each exclude virtually the same items: building aid, BOCES, transportation, and growth aid.

¹³ Campaign for Fiscal Equity, Inc., "The Schools for New York's Future Act: Summary of Major Provisions," available at www.cfequity.org. The calculations in the bill (and specifically, the foundation amount, the needs index, and the geographic cost of education index in the bill) are derived from the *New York Adequacy Study*. Therefore, the "district-by-district" numbers used in SNYFA are based on the "actual cost" of providing the opportunity for "sound, basic education," one of the main requirements of *CFE*.

level of resources needed to provide *all* students ... the opportunity to meet the Regents Learning Standards...".¹⁴

Given the public debate over whether funding reform would benefit rural and suburban in addition to urban districts, we have also aggregated the data for urban, rural and suburban districts, using a database developed by the State Education Department (SED).¹⁵ This report also aggregates the district-by-district data in regard to Operating Funding increases by county. School districts that cover students in more than one county are, based on SED conventions, assigned to the county in which the district's administrative offices are located.

To determine the degree to which school aid was divided in 2005-06 based on the principles established in the *CFE* decision and agreed to by education funding reformers, we have classified districts based on two standard school district measures used by SED: (i) numbers of students eligible for free and reduced price lunch (a measure of student need); and (ii) the "combined wealth ratio" (CWR), a measure of school district taxpayers' ability to fund their schools through the property tax.

The free-and-reduced-price lunch measure is determined by the number of students in kindergarten through grade 6 participating in the free-and-reduced-price lunch program divided by the enrollment in full-day kindergarten through 6, expressed as a percentage.

The CWR is a measure of a combination of the income and property wealth in any particular school district. Specifically, the CWR for any district is an average of two

¹⁴ CFE SBE Task Force Report, at 7.

¹⁵ The classification of districts as rural, urban and suburban follows SED district-type groupings. The Big 5 districts (New York City, Buffalo, Rochester, Syracuse and Yonkers) and small city school districts are considered urban. Districts in counties that include a metropolitan statistical area (MSA) which are not classified as urban districts are classified as suburban districts. Districts in all other counties (those without a MSA) are considered rural. See Appendix D of "Analysis of School Finances in New York State School Districts 2002-03" at <http://www.oms.nysed.gov/faru/Analysis/2004Analysis.pdf> for a complete list of small city school districts and nonmetropolitan counties.

ratios: the ratio of the district's property wealth per pupil to the statewide average property wealth per pupil, and the ratio of the district's income per pupil to the statewide average income per pupil. The combined wealth ratio used in this analysis is the revised Sound Basic Education CWR ("SBE-CWR") defined in SNYFA. The SBE-CWR differs from the current CWR in that it includes a poverty-weighted pupil count in calculating per pupil income and wealth.

For both the free and reduced price lunch measure, and the CWR measure, we have aggregated the districts into quintiles for the highest 20% of districts and lowest 20% of districts (136 districts each) and for the middle 60% of districts (405 districts).

The findings in this report generally focus on the 2005-06 year. SNYFA proposes to provide in 2005-06 25% of the difference between current funding levels and the total amount needed to provide all students with the opportunity for a "sound, basic education" in its first year of implementation. This approach tracks the DeGrasse decision. Under the court decision and SNYFA, the first-year figure would rise in 25% increments to achieve 100% of the full amount mandated by the constitution in the 4th year.

However, Section III(5) of the report (see page 15) looks at the 4 year period established by the court for *CFE* compliance. That section compares the Governor's 2005-06 budget proposal and the 2005-06 Enacted Budget to the level of funding mandated by SNYFA in its 4th and final year of implementation. We assumed that the percentage increases for years 2, 3, and 4 of the Governor's proposal and the Enacted Budget will equal the percentage increases for 2005-06 -- 4.9% and 6.1% respectively. We made this comparison to determine how close each is to ultimately achieving compliance with the state constitution. In this report, the term "sound, basic education funding level" refers to the total increase needed to provide students with a "sound, basic education," i.e. the increase districts would receive after 4 years.

III. FINDINGS

1. Summary

In the 2005-06 Executive Budget, the Governor failed to meaningfully respond to the *Campaign for Fiscal Equity (CFE)* decision by the state Court of Appeals or to reform the current irrational and unfair state school aid system. The Governor failed to propose a reform of the state school aid formula based on student needs.

While the Legislature added Operating Funding to the Governor's proposal, it, too failed to meaningfully address *CFE* in the 2005-06 Enacted Budget by moving to a system that was based on the "actual cost" of providing the opportunity for a "sound, basic education," the standard in the state constitution as established in the court decision.

Neither the Governor's Executive Budget nor the Legislature's Enacted Budget came close to providing the total funding increase that a bill modeled on *CFE* would provide in 2005-06 -- the first year for implementation of the *CFE* decision. In other words, in 2005-06, neither the Governor nor the Legislature came close to closing the "constitutional funding gap" for that year.

In addition, neither the Governor nor the State Senate offered a plan in 2005 to phase-in a resolution of *CFE* in 4 years, the period of implementation in the *CFE* court order for full compliance with the state constitution.

The only plan introduced in 2005 that would have achieved compliance with the state constitution is the Schools for New York's Future Act ("SNYFA"), introduced by the Assembly Education Committee Chairman. SNYFA adopts the findings of the *New York Adequacy Study*, the most comprehensive schools costing-out study performed in the United States, and applies the *CFE* court decision on a statewide basis.

If the increases proposed in the Governor's 2005-06 budget or passed in the Legislature's Enacted Budget continue over the next 4 years, neither would come close to providing the aid needed to comply with *CFE* by the end of this period. Each year, schools would fall further and further behind as they face a widening constitutional funding gap. Only the Schools for New York's Future Act would achieve full compliance with the court order in four years

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- ✓ The Legislature increased Operating Funding statewide \$682 million (6.1%) in 2005-06 in the Enacted Budget. **Although providing more State Operating Aid than the Governor's budget, the Enacted Budget still provided \$1.5 billion less than school districts needed, closing only 32% of the \$2.1 billion constitutional funding gap for that year.** (Figures 1-4)

- ✓ **The Schools for New York's Future Act (A.100) would fill 100% of the constitutional funding gap for 2005-06 -- fully meeting the requirements of *CFE* for the first year of implementation.** (Figure 2)

3. Effect on Different Regions of New York State: 2005-06

Urban vs. Suburban and Rural Districts:

- ✓ In the Enacted Budget, the Legislature provided more funding than the Governor for rural, suburban and urban districts alike. The Enacted Budget significantly added to the Operating Funding proposed by the Governor for rural districts (filling 33% of the gap, vs. 19% for the Governor) and suburbs (47% vs. 29%), while providing a slight increase for urban districts (27% vs. 25%). (Figures 5, 6)
- ✓ **After the Enacted Budget, urban districts still faced a \$1.1 billion constitutional funding gap for 2005-06, suburban districts a \$233 million gap, and rural districts a \$110 million gap.** (Figure 6)
- ✓ SNYFA would provide the full amount of funding mandated under the legal principles established in *CFE* for urban, rural and suburban districts. (Figure 5)

Counties and Big 5 Cities:

- ✓ All but 2 counties in the state (Hamilton and Putnam) have constitutional funding gaps. (Figures 3, 4)
- ✓ The Governor's Budget did not come close to filling the constitutional funding gap for the 56 counties with a gap. (New York City counts as one county.) (Figure 3)
- ✓ The Governor proposed to fund less than 25% of the constitutional funding gap for 41 of the 56 counties. This indicates that the vast majority of schoolchildren in the state would be shortchanged had the Governor's budget been enacted. (Figure 3)

- ✓ **The Legislature provided more Operating Funding than the Governor's budget for every county in the state (including Hamilton and Putnam).**
(Figures. 3, 4, 7, 8)

- ✓ **Even after the Legislature provided this increased aid, the Enacted Budget filled less than 25% of the constitutional funding gap for 19 counties in the state. The 19 severely underfunded counties are located in several regions of the state, including the Capital District (Albany, 18%; Rensselaer, 21%; Schenectady, 21%), Central New York (Madison, 22%; Oswego, 20%), the Finger Lakes (Livingston, 21%), the Southern Tier (Broome, 24%; Tioga, 24%), and Western New York (Cattaraugus, 24%; Niagara, 24.5%).** (A complete list of how each county in the state did appears at Figure 4; see also the chart at Figure 8)

- ✓ The Governor's budget proposed to fill much less than half of the constitutional funding gap for each of the "Big 5" cities in the state, where among the greatest needs exist. The percentage of the gap filled was 25% for Syracuse, 26% for New York City, 28% for Rochester, 29% for Buffalo, and 38% for Yonkers.
(Figure 3)

- ✓ The Legislature added funding to each of the "Big 5" above and beyond the Governor's Budget. The Enacted Budget filled 32% of the gaps of both Buffalo and Rochester. The Legislature filled 26% of New York City's gap, roughly the same as under the Governor's proposed budget. (For New York City; the gap filled increased from 26.3% to 26.4% as a result of the Enacted Budget.) Of the "Big 5," the Legislature made a substantial step in fulfilling the requirements of the state constitution only in the case of Yonkers: Yonkers now has 80% of its gap for 2005-06 filled (vs. 38%, as in the case of the Governor's proposal). After the Enacted Budget, Syracuse had 34% of its gap filled (vs. 25% under the Governor's budget). (Figures 3, 4)

4. Effect on Equity

Despite the emphasis in the CFE decision on distribution of school aid based on the relative need levels of school districts, neither the Legislature nor the Governor reversed the current pattern of inequitable funding towards a need-based system. In addition, neither the Governor nor the Legislature addressed the concerns of reform advocates that the state share of education funding be based on the ability of taxpayers to pay for the education of their students.

School District Need (Percent of Students Eligible for Free and Reduced Price Lunch):

- ✓ The Legislature provided more funding than the Governor proposed for high-need, average-need and low-need districts alike. (Figures. 9, 10)
- ✓ Under the Governor's budget, the one-fifth (136) of school districts in the state with the highest need, measured by the number of students eligible for free and reduced price lunch, had 25% of their gap filled -- less than the 26% average for all districts. The Governor proposed to fill 22% of the gap for the average need districts (the middle 60% of districts based on need), also less than the state average. By contrast, the Governor proposed to fill more than the entire 2005-06 constitutional funding gap for the richest districts. (Figures 9, 10)
- ✓ **Under the Enacted Budget, a smaller percentage of the 2005-06 constitutional funding gap was filled for high-need districts than the state average (29% vs. 32%). A slightly higher percentage of the gap was filled for average-need districts than the state average (33%).** (Figures 9, 10)
- ✓ Under the Enacted Budget, low need districts -- the wealthiest 20% of school districts based on the income of students attending school -- received over three

times the increase necessary fill the constitutional funding gap for such districts.¹⁶
(Figures 9, 10)

Ability of Taxpayers in School District to Pay for Education (Combination of Property Wealth and Income):

- ✓ The Governor proposed to fund 21% of the gap for the one-fifth (136) of school districts with the least ability to fund the education of their students locally through the property tax (measured by the State Education Department's "combined wealth ratio, or "CWR" calculation), lower than the state average of 26%. The middle 60% of districts, measured by CWR, had 26% of their funding gap closed (the state average). (Figures 11, 12)
- ✓ Under the Enacted Budget, the poorest 20% of districts in terms of property wealth and income had slightly less of their gap filled than the state average (30 vs. 32%), while the middle 60% of districts were funded roughly at the state average (31% vs. 32%). (Figures 11, 12)
- ✓ Under both the Governor's and the Enacted Budgets, there was no constitutional funding gap for the wealthiest 20% of districts, as they collectively received more than what the constitution required (measured by SNYFA). However, the Enacted Budget arguably made things even more inequitable than under the Governor's budget, because the wealthiest districts received \$11 million more under the Enacted Budget than under the Governor's proposed budget, while the poor and average-wealth districts remained vastly underfunded. (Figures 11, 12)

¹⁶ Under the Governor's proposal, the richest districts received \$10 million *more* than SNYFA and the court decision required, and under the Enacted Budget, the richest districts received \$34 million more. (Figure 10) However, given the "hold harmless" provision in the bill, the Enacted Budget funding levels would be maintained for any district that received more than the court decision required.

5. Reaching the Sound, Basic Education Funding Level After 4 Years

Every year that state leaders do not resolve CFE, school districts will fall further behind.

- ✓ If the funding increases provided in the Governor's budget continued over 4 years, schools statewide would be underfunded by \$1.6 billion in the first year (2005-06), \$3.2 billion in the second year, \$4.7 billion in the third year, and \$6.2 billion by the final year. The Governor's budget would provide only one-quarter of the aid increase needed to achieve the sound, basic education funding level after 4 years. (Figure 13)
- ✓ The Legislature would do better than the Governor, eliminating about one-third of the shortfall after 4 years, but still fall extremely short of what the court decision mandates. (Figure 13)
- ✓ **If the funding increases provided in the Enacted Budget continued over 4 years, schools statewide would be underfunded by \$1.5 billion in the first year (2005-06), by \$2.9 billion in the second year, by \$4.3 billion in the third year, and \$5.6 billion by the final year.** (Figure 13)
- ✓ The Schools for New York's Future Act would reach the funding levels mandated by CFE in 4 years, by filling 25% of the gap in funding each year, reaching 100% of the sound, basic education funding level by the 4th year. (Figure 13)

IV. CONCLUSION

In the 2005-06 legislative session, the Legislature and the Governor once again failed in their central responsibility of adequately funding our schools -- even in the face of an order by the state's highest court. The previous report in this series, *"No Funding, No Fairness: The State of Our Schools in 2004,"* called the 2004 session a "monumental failure," especially given the failure of state leaders to comply with the July 2004 CFE deadline.

This report finds that in 2005, state leaders have shortchanged students statewide -- by \$1.5 billion -- and also continue to particularly shortchange high- and average-need districts while providing additional aid to wealthier districts. Therefore, our verdict on the 2005 session is the same as our verdict on the 2004 session.

This report adds to the evidence, developed by PPEF and many others, of the longstanding pattern of inequitable funding of schools in New York State. For example, a March 2003 PPEF report determined that the 65 school districts in the state with at least one school listed as "in need of improvement" under the federal No Child Left Behind Act -- generally districts with larger than average numbers of poor children and those with greater educational needs -- were spending roughly \$2000 or 18% less per-child than the other school districts in the state.¹⁷

What are the consequences of the failure of state policymakers to address the needs of our schools -- almost 17 months after a court deadline ordered them to do so? Due to underfunding, all too many students throughout New York State enter schools that are not equipped to ensure they succeed, and not just in our biggest cities. A brief

¹⁷ Public Policy and Education Fund, Inc., "Separate and Unequal: Pataki's Budget Cuts Hit Struggling Schools the Hardest," (March 2003).

selection of statistics, compiled by PPEF from governmental and non-governmental sources, tells the story:

- ✓ Many students attend classes in outdated school buildings well over 50 years old, with conditions like poor ventilation and heating, broken and leaky roofs, and inadequate wiring.¹⁸
- ✓ Over 30,000 students in poor school districts outside of New York City attend schools with no school library. One-third of these schools are in rural districts.
- ✓ Almost 1 of every 8 teachers in Rochester, Yonkers, and Syracuse teaches a subject he or she isn't qualified to teach.
- ✓ In New York City, 3 of 4 high school students attend overcrowded schools, and one-half of middle school students are in classes of 30 or more.¹⁹

A prominent national organization, the Education Trust, found in 2004 that New York State had the highest funding gap between high-poverty and low-poverty districts of any state in the nation.²⁰ Given New York State's failure to adequately fund its schools, and to disproportionately underfund "high-poverty" districts, it is no wonder that so many students fail to achieve:

- ✓ One-out-of-seven of all 8th graders statewide scored at the lowest level on the state's math exam in 2004, indicating serious academic difficulties.
- ✓ Almost 1 in 5 students statewide didn't take the English Regents in a recent year, even though passing this test is required for graduation. Many end up dropping out of school.
- ✓ During the 1990s, almost half a million students left school statewide without graduating high school. In a recent year, 35% of Schenectady students, 31% of

¹⁸ New York City, where some of the worst building and overcrowding problems in the state exist, announced this month that it would have to postpone the construction of 23 new schools because state funding anticipated as a result of the CFE case was not forthcoming. See Campaign for Fiscal Equity, Inc., *State Delays in CFE Case Halt Construction of New Schools in NYC*, December 12, 2005, available at www.cfequity.org.

¹⁹ PPEF and FPI: "Fair Taxes: The Key to Better Schools; A Training Curriculum Prepared by the Public Policy and Education Fund of New York and the Fiscal Policy Institute," at 5 (Fall 2005) ("Fair Taxes Curriculum").

²⁰ The Education Trust, Inc., *The Funding Gap 2004: Many States Still Shortchange Low-income and Minority Students*, October 2004.

Binghamton students, and 56% of Hempstead (LI) students failed to receive a local diploma within 4 years. Rural districts face this problem too: 22% of Newfield students in Tompkins County, and 21% of Hannibal students in Oswego County also didn't finish on time.²¹

As these statistics suggest, far too many New York students are being left behind, evidenced by failures on State tests, low graduation rates, and high drop-out rates.

In the 2003 *CFE* Court of Appeals decision, after reviewing the evidence provided by experts on both sides after a lengthy trial, the court found a causal connection between inadequate resources and poor achievement.²² **This report demonstrates that if the funding increases provided in the 2005-06 Enacted Budget continue over 4 years, the level of underfunding of schools would increase every year, creating a widening constitutional funding gap. As schools fall further behind, more and more students will be left behind,** unless state leaders address the court decision.

²¹ "Fair Taxes Curriculum," at 5.

²² *Campaign for Fiscal Equity v. State*, 100 N.Y.2d 893.

Figure 1
Additional State Operating Funding for
Schools: 2005-2006

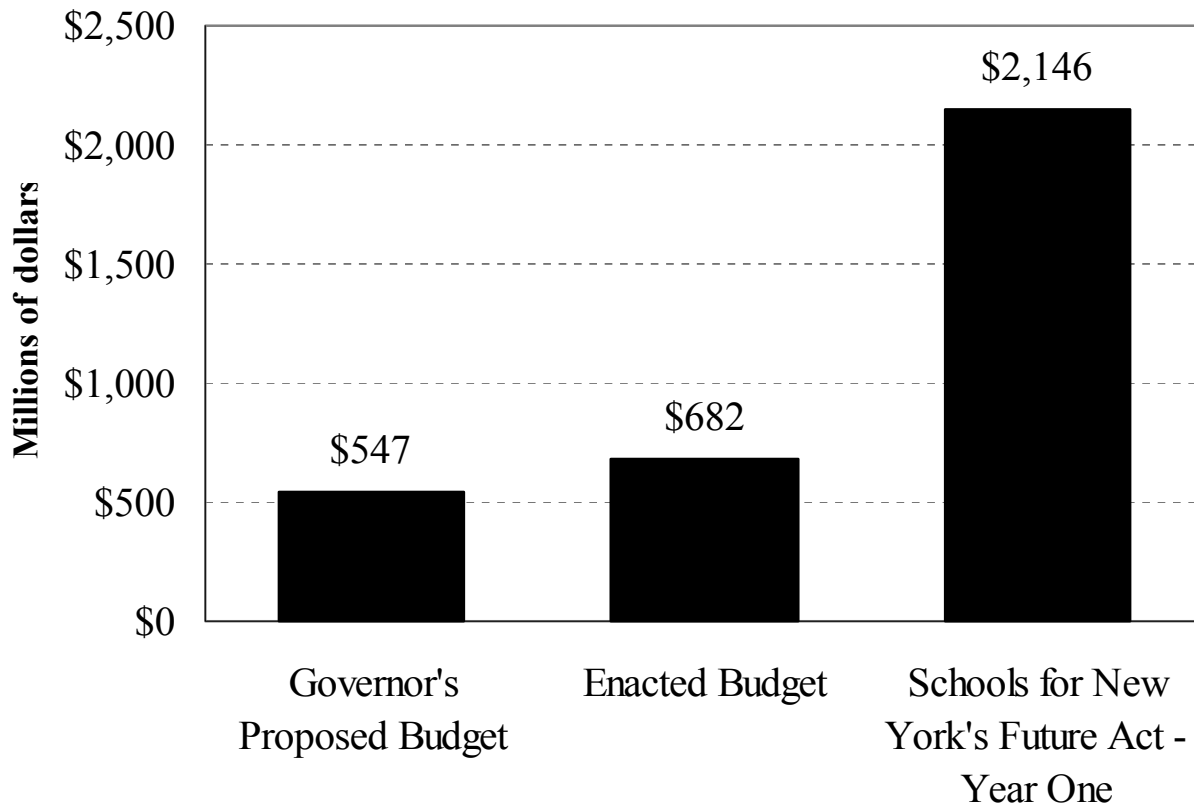


Figure 2
Percentage of Constitutional Funding
Gap Closed by the Governor's Budget,
the Enacted Budget and by the Schools
for NY's Future Act 2005-06:
All Districts

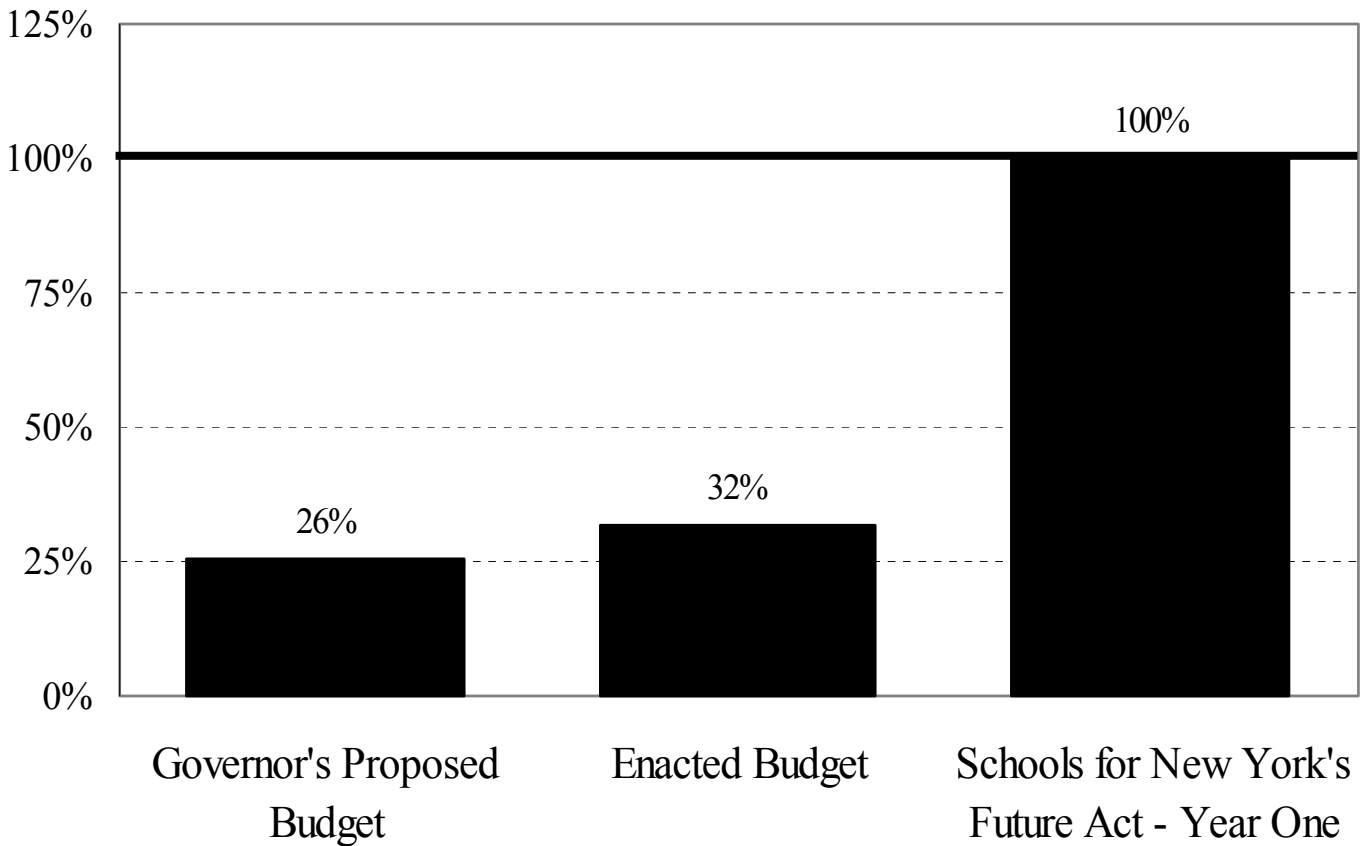


Figure 3, Page 1

2005-2006 Governor's Budget: Increases in Operating Funding, by Big 5 Cities and All Counties

Area	Number of Districts	Number of Pupils	2005-2006 Governor's Budget: Increase from Prior Year in State Operating Funding		Schools for New York's Future Act (SNYFA) Proposed 2005-2006 Increase in State Operating Funding	Difference between SNYFA and Governor's Proposed 2005-2006 Increase in State Operating Funding	Percentage of Constitutional Funding Gap filled by Governor's Budget
			\$ Increase	% Increase			
New York State - Total	677	2,864,037	547,232,865	4.9%	2,145,844,385	1,598,611,520	25.5%
New York City	1	1,044,327	301,667,247	6.7%	1,147,802,434	846,135,187	26.3%
Buffalo	1	43,219	16,965,377	4.9%	57,822,082	40,856,705	29.3%
Rochester	1	37,700	15,240,972	5.7%	54,862,291	39,621,319	27.8%
Syracuse	1	22,449	6,517,424	4.0%	26,568,664	20,051,240	24.5%
Yonkers	1	24,568	5,171,379	4.2%	13,756,143	8,584,764	37.6%
COUNTIES							
Albany	13	41,771	3,703,796	3.4%	21,639,890	17,936,094	17.1%
Allegany	12	7,970	1,178,811	2.4%	7,965,813	6,787,002	14.8%
Broome	12	32,733	5,153,492	3.9%	28,936,422	23,782,930	17.8%
Cattaraugus	12	15,517	2,098,183	2.4%	14,558,461	12,460,278	14.4%
Cayuga	7	11,517	1,648,462	3.0%	8,643,912	6,995,450	19.1%
Clinton	18	23,070	4,075,239	3.4%	22,780,689	18,705,450	17.9%
Chemung	3	12,833	2,648,439	4.2%	10,352,313	7,703,874	25.6%
Chenango	8	9,512	1,981,152	3.6%	11,104,738	9,123,586	17.8%
Clinton	8	13,395	2,115,476	3.0%	9,520,294	7,404,818	22.2%
Columbia	6	9,271	1,593,742	4.7%	4,778,627	3,184,885	33.4%
Cortland	5	7,678	1,122,295	2.9%	6,635,146	5,512,851	16.9%
Delaware	12	7,115	1,229,525	3.4%	4,636,256	3,406,731	26.5%
Dutchess	13	48,405	4,788,661	3.5%	21,777,647	16,988,986	22.0%
Erie	28	141,034	27,687,537	4.4%	108,689,653	81,002,116	25.5%
Essex	11	4,771	1,319,737	6.9%	2,498,222	1,178,485	52.8%
Franklin	7	8,781	1,186,639	2.3%	8,444,294	7,257,655	14.1%
Fulton	7	9,349	923,721	1.9%	7,955,990	7,032,269	11.6%
Genesee	8	10,406	1,177,947	2.3%	7,689,447	6,511,500	15.3%
Greene	6	7,679	1,036,761	4.3%	5,826,864	4,790,103	17.8%
Hamilton	4	529	100,490	8.5%	0	-100,490	
Herkimer	11	11,214	2,405,265	4.2%	10,932,925	8,527,660	22.0%
Jefferson	11	18,424	3,071,581	3.2%	19,988,453	16,916,872	15.4%
Lewis	5	4,680	674,998	2.5%	4,480,087	3,805,089	15.1%
Livingston	8	9,605	807,752	1.7%	6,253,233	5,445,481	12.9%
Madison	10	12,019	1,478,619	2.8%	9,288,865	7,810,246	15.9%
Monroe	18	123,816	21,991,970	4.5%	93,954,796	71,962,826	23.4%

Figure 3, Page 2

2005-2006 Governor's Budget: Increases in Operating Funding, by Big 5 Cities and All Counties

Area	Number of Districts	Number of Pupils	2005-2006 Governor's Budget: Increase from Prior Year in State Operating Funding		Schools for New York's Future Act (SNYFA) Proposed 2005-2006 Increase in State Operating Funding	Difference between SNYFA and Governor's Proposed 2005-2006 Increase in State Operating Funding	Percentage of Constitutional Funding Gap filled by Governor's Budget
			\$ Increase	% Increase			
New York State - Total	677	2,864,037	547,232,865	4.9%	2,145,844,385	1,598,611,520	25.5%
COUNTIES, Continued							
Montgomery	5	7,970	1,456,373	3.6%	8,731,932	7,275,559	16.7%
Nassau	56	214,861	21,752,599	5.1%	34,635,234	12,882,635	62.8%
Niagara	10	34,750	5,073,245	3.2%	29,105,423	24,032,178	17.4%
Oneida	15	37,601	2,253,124	1.3%	34,846,051	32,592,927	6.5%
Onondaga	18	77,530	10,230,782	3.1%	55,912,854	45,682,072	18.3%
Ontario	9	18,200	1,444,079	2.1%	11,419,180	9,975,101	12.6%
Orange	17	67,558	13,372,279	5.2%	52,468,655	39,096,376	25.5%
Orleans	5	7,895	1,568,653	3.9%	8,885,545	7,316,892	17.7%
Oswego	9	24,568	3,627,706	3.2%	25,417,304	21,789,598	14.3%
Otsego	12	9,256	833,419	1.9%	7,779,487	6,946,068	10.7%
Putnam	6	17,534	663,503	1.7%	0	-663,503	
Rensselaer	11	23,396	2,567,826	2.6%	15,918,075	13,350,249	16.1%
Rockland	8	43,152	2,366,206	2.7%	8,977,208	6,611,002	26.4%
St. Lawrence	17	16,878	3,051,800	3.0%	15,832,750	12,780,950	19.3%
Saratoga	12	35,818	1,882,605	1.7%	11,155,703	9,273,098	16.9%
Schenectady	6	23,547	3,527,158	4.6%	19,965,791	16,438,633	17.7%
Schoharie	6	5,416	928,428	3.4%	4,355,994	3,427,566	21.3%
Schuyler	2	2,282	399,848	3.3%	1,729,491	1,329,643	23.1%
Seneca	4	5,094	521,435	2.2%	4,215,015	3,693,580	12.4%
Steuben	13	18,245	3,202,326	3.2%	15,190,617	11,988,291	21.1%
Suffolk	65	268,707	37,261,015	3.9%	65,145,488	27,884,473	57.2%
Sullivan	8	11,613	2,880,188	5.9%	10,156,870	7,276,682	28.4%
Tioga	6	8,715	1,199,043	2.6%	7,361,466	6,162,423	16.3%
Tompkins	6	12,360	1,544,589	3.5%	5,745,999	4,201,410	26.9%
Ulster	9	28,631	6,190,099	6.4%	20,097,646	13,907,547	30.8%
Warren	9	11,360	2,114,571	5.6%	6,288,597	4,174,026	33.6%
Washington	11	10,612	1,541,980	2.9%	9,631,373	8,089,393	16.0%
Wayne	11	17,748	2,532,249	3.0%	15,162,545	12,630,296	16.7%
Westchester	40	146,953	11,158,593	3.5%	26,293,406	15,134,813	42.4%
Wyoming	5	5,423	656,860	2.3%	3,873,954	3,217,094	17.0%
Yates	2	2,943	562,747	4.7%	2,409,259	1,846,512	23.4%

Figure 4, Page 1

2005-2006 Enacted Budget: Increases in Operating Funding, by Big 5 Cities and All Counties

Area	Number of Districts	Number of Pupils	2005-2006 Enacted Budget: Increase from Prior Year in State Operating Funding		Schools for New York's Future Act (SNYFA) Proposed 2005-2006 Increase in State Operating Funding	Difference between SNYFA and Enacted Budget 2005-2006 Increase in State Operating Funding	Percentage of Constitutional Funding Gap filled by Enacted Budget
			\$ Increase	% Increase			
New York State - Total	677	2,864,037	682,314,158	6.1%	2,145,844,385	1,463,530,227	31.8%
New York City	1	1,044,327	303,487,239	6.7%	1,147,802,434	844,315,195	26.4%
Buffalo	1	43,219	18,256,826	5.3%	57,822,082	39,565,256	31.6%
Rochester	1	37,700	17,365,670	6.5%	54,862,291	37,496,621	31.7%
Syracuse	1	22,449	9,138,950	5.6%	26,568,664	17,429,714	34.4%
Yonkers	1	24,568	10,967,249	8.9%	13,756,143	2,788,894	79.7%
COUNTIES							
Albany	13	41,771	3,902,427	3.5%	21,639,890	17,737,463	18.0%
Allegany	12	7,970	2,310,935	4.7%	7,965,813	5,654,878	29.0%
Broome	12	32,733	6,861,553	5.2%	28,936,422	22,074,869	23.7%
Cattaraugus	12	15,517	3,521,139	3.9%	14,558,461	11,037,322	24.2%
Cayuga	7	11,517	2,232,274	4.0%	8,643,912	6,411,638	25.8%
Clinton	18	23,070	6,398,352	5.3%	22,780,689	16,382,337	28.1%
Chemung	3	12,833	3,357,036	5.3%	10,352,313	6,995,277	32.4%
Chenango	8	9,512	3,873,168	7.0%	11,104,738	7,231,570	34.9%
Clinton	8	13,395	3,550,924	5.1%	9,520,294	5,969,370	37.3%
Columbia	6	9,271	2,157,707	6.4%	4,778,627	2,620,920	45.2%
Cortland	5	7,678	1,847,510	4.7%	6,635,146	4,787,636	27.8%
Delaware	12	7,115	2,090,995	5.8%	4,636,256	2,545,261	45.1%
Dutchess	13	48,405	6,139,974	4.5%	21,777,647	15,637,673	28.2%
Erie	28	141,034	29,886,191	4.8%	108,689,653	78,803,462	27.5%
Essex	11	4,771	1,764,784	9.2%	2,498,222	733,438	70.6%
Franklin	7	8,781	3,979,528	7.8%	8,444,294	4,464,766	47.1%
Fulton	7	9,349	1,644,197	3.3%	7,955,990	6,311,793	20.7%
Genesee	8	10,406	1,961,905	3.9%	7,689,447	5,727,542	25.5%
Greene	6	7,679	1,435,296	6.0%	5,826,864	4,391,568	24.6%
Hamilton	4	529	200,506	16.9%	0	-200,506	
Herkimer	11	11,214	3,490,357	6.1%	10,932,925	7,442,568	31.9%
Jefferson	11	18,424	4,698,820	4.9%	19,988,453	15,289,633	23.5%
Lewis	5	4,680	1,449,006	5.3%	4,480,087	3,031,081	32.3%
Livingston	8	9,605	1,280,209	2.7%	6,253,233	4,973,024	20.5%
Madison	10	12,019	2,012,190	3.8%	9,288,865	7,276,675	21.7%
Monroe	18	123,816	27,286,079	5.6%	93,954,796	66,668,717	29.0%

Figure 4, Page 2

2005-2006 Enacted Budget: Increases in Operating Funding, by Big 5 Cities and All Counties

Area	Number of Districts	Number of Pupils	2005-2006 Enacted Budget: Increase from Prior Year in State Operating Funding		Schools for New York's Future Act (SNYFA) Proposed 2005-2006 Increase in State Operating Funding	Difference between SNYFA and Enacted Budget 2005-2006 Increase in State Operating Funding	Percentage of Constitutional Funding Gap filled by Enacted Budget
			\$ Increase	% Increase			
New York State Total	677	2,864,037	682,314,158	6.1%	2,145,844,385	1,463,530,227	31.8%
COUNTIES, Continued							
Montgomery	5	7,970	2,449,346	6.1%	8,731,932	6,282,586	28.1%
Nassau	56	214,861	43,236,207	10.1%	34,635,234	-8,600,973	124.8%
Niagara	10	34,750	7,131,032	4.5%	29,105,423	21,974,391	24.5%
Oneida	15	37,601	7,802,532	4.4%	34,846,051	27,043,519	22.4%
Onondaga	18	77,530	13,835,466	4.1%	55,912,854	42,077,388	24.7%
Ontario	9	18,200	2,480,273	3.7%	11,419,180	8,938,907	21.7%
Orange	17	67,558	18,799,396	7.3%	52,468,655	33,669,259	35.8%
Orleans	5	7,895	2,592,505	6.4%	8,885,545	6,293,040	29.2%
Oswego	9	24,568	5,171,720	4.6%	25,417,304	20,245,584	20.3%
Otsego	12	9,256	1,833,097	4.1%	7,779,487	5,946,390	23.6%
Putnam	6	17,534	2,207,809	5.8%	0	-2,207,809	
Rensselaer	11	23,396	3,313,833	3.3%	15,918,075	12,604,242	20.8%
Rockland	8	43,152	6,203,033	7.2%	8,977,208	2,774,175	69.1%
St. Lawrence	17	16,878	5,025,074	4.9%	15,832,750	10,807,676	31.7%
Saratoga	12	35,818	2,916,982	2.7%	11,155,703	8,238,721	26.1%
Schenectady	6	23,547	4,156,537	5.4%	19,965,791	15,809,254	20.8%
Schoharie	6	5,416	1,281,878	4.7%	4,355,994	3,074,116	29.4%
Schuyler	2	2,282	552,674	4.5%	1,729,491	1,176,817	32.0%
Seneca	4	5,094	967,222	4.1%	4,215,015	3,247,793	22.9%
Steuben	13	18,245	4,671,357	4.7%	15,190,617	10,519,260	30.8%
Suffolk	65	268,707	62,210,087	6.5%	65,145,488	2,935,401	95.5%
Sullivan	8	11,613	5,350,571	11.0%	10,156,870	4,806,299	52.7%
Tioga	6	8,715	1,734,427	3.8%	7,361,466	5,627,039	23.6%
Tompkins	6	12,360	1,930,416	4.4%	5,745,999	3,815,583	33.6%
Ulster	9	28,631	8,397,764	8.7%	20,097,646	11,699,882	41.8%
Warren	9	11,360	3,104,693	8.2%	6,288,597	3,183,904	49.4%
Washington	11	10,612	2,775,009	5.2%	9,631,373	6,856,364	28.8%
Wayne	11	17,748	3,712,940	4.4%	15,162,545	11,449,605	24.5%
Westchester	40	146,953	21,840,593	6.9%	26,293,406	4,452,813	83.1%
Wyoming	5	5,423	981,991	3.4%	3,873,954	2,891,963	25.3%
Yates	2	2,943	827,393	6.9%	2,409,259	1,581,866	34.3%

Figure 5
Percentage of Constitutional Funding Gap
Filled by Governor's Budget, Enacted Budget
and Schools for New York's Future Act:
Rural, Suburban and Urban Districts

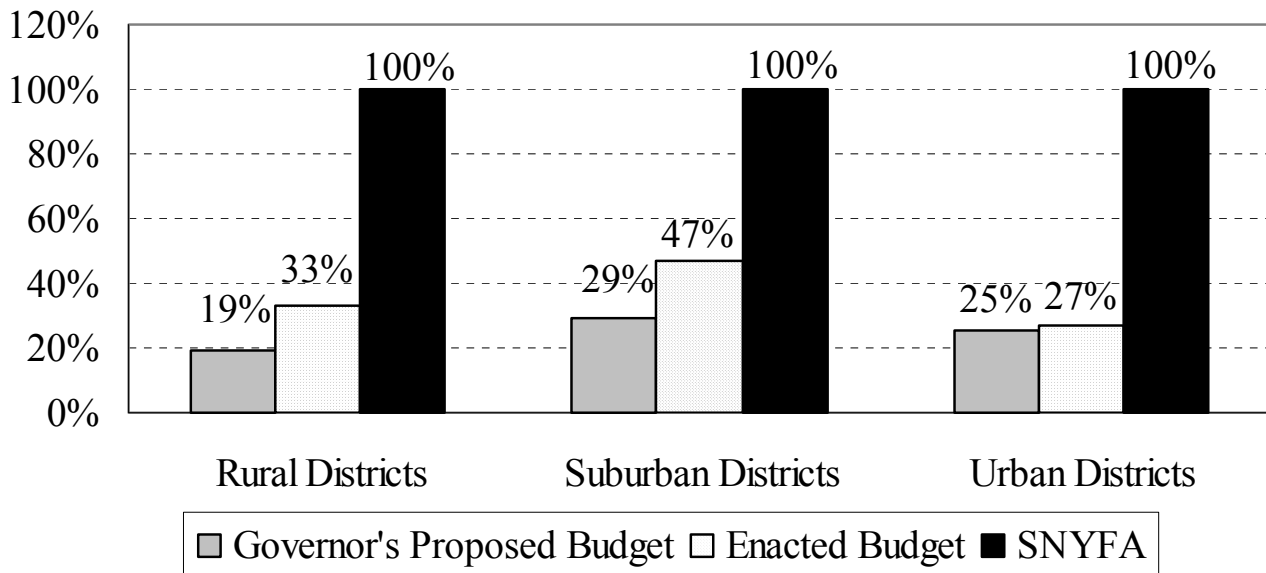


Figure 6

Increases in State Operating Funding, by Rural, Suburban and Urban Districts

2005-2006 Enacted Budget

Type of School District	Number of Districts	Number of Pupils	2005-2006 Enacted Budget: Increase from Prior Year in State Operating Funding		Schools for New York's Future Act (SNYFA) Proposed 2005-2006 Increase in State Operating Funding	Difference between SNYFA and Enacted Budget 2005-2006 Increase in State Operating Funding	Percentage of Constitutional Funding Gap filled by Enacted Budget
			\$ increase	% Increase			
New York State - Total	677	2,864,037	682,314,158	6.12%	2,145,844,385	1,463,530,227	31.80%
Rural	197	195,904	55,137,095	5.47%	165,429,627	110,292,532	33.33%
Suburban	418	1,241,258	207,534,091	5.75%	440,852,718	233,318,627	47.08%
Urban	62	1,426,875	419,642,972	6.42%	1,539,562,040	1,119,919,068	27.26%

2005-2006 Governor's Budget

Type of School District	Number of Districts	Number of Pupils	2005-2006 Governor's Budget: Increase from Prior Year in State Operating Funding		Schools for New York's Future Act (SNYFA) Proposed 2005-2006 Increase in State Operating Funding	Difference between SNYFA and Governor's Budget Proposed 2005-2006 Increase in State Operating Funding	Percentage of Constitutional Funding Gap filled by Governor's Budget
			\$ increase	% Increase			
New York State - Total	677	2,864,037	547,232,865	4.91%	2,145,844,385	1,598,611,520	25.50%
Rural	197	195,904	31,801,876	3.15%	165,429,627	133,627,751	19.22%
Suburban	418	1,241,258	128,951,410	3.57%	440,852,718	311,901,308	29.25%
Urban	62	1,426,875	386,479,579	5.91%	1,539,562,040	1,153,082,461	25.10%

Figure 7
Percentage of Constitutional Funding Gap
Filled by Governor's Budget, by County

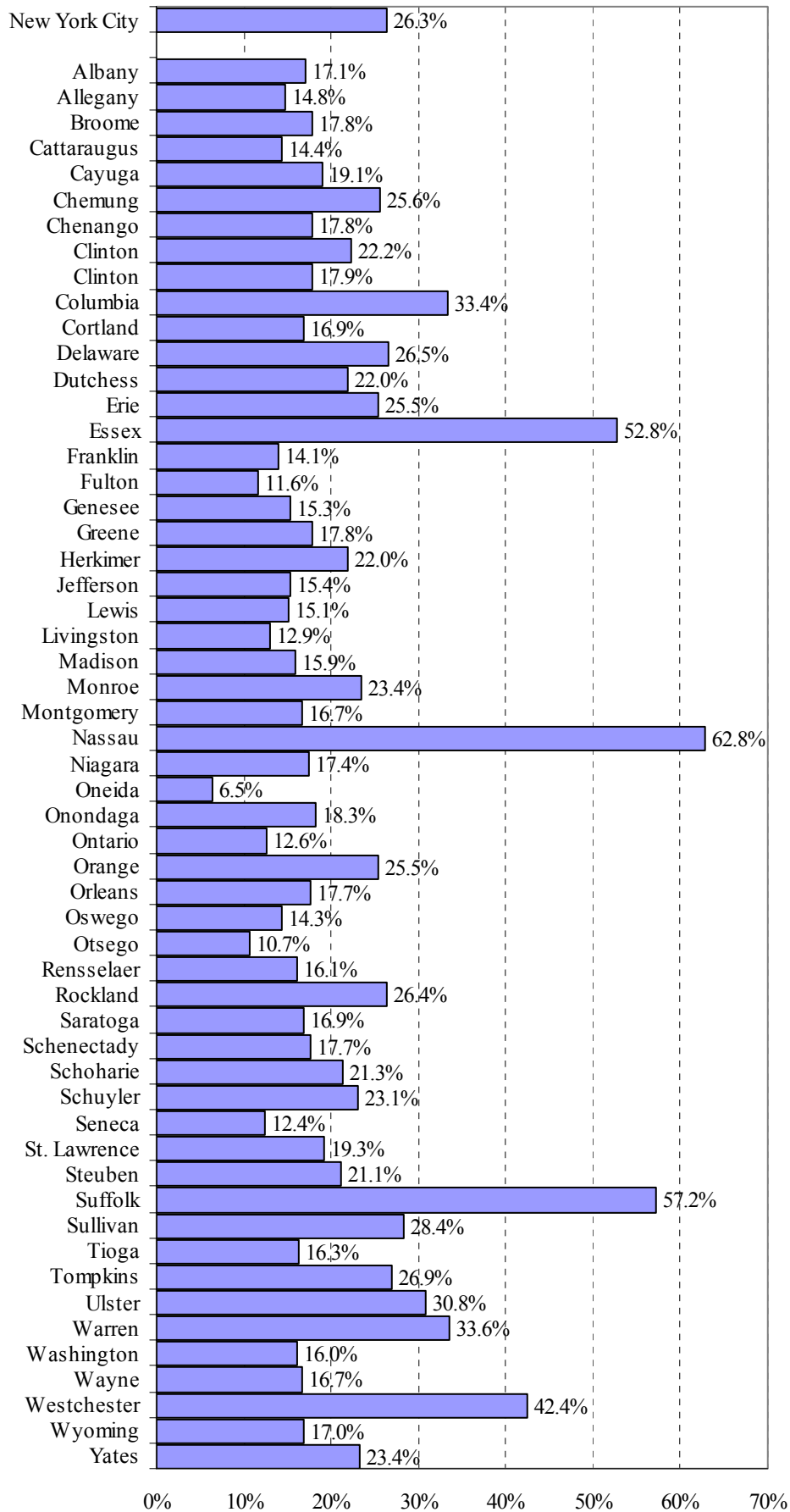


Figure 8
Percentage of Constitutional Funding Gap
Filled by Enacted Budget, by County

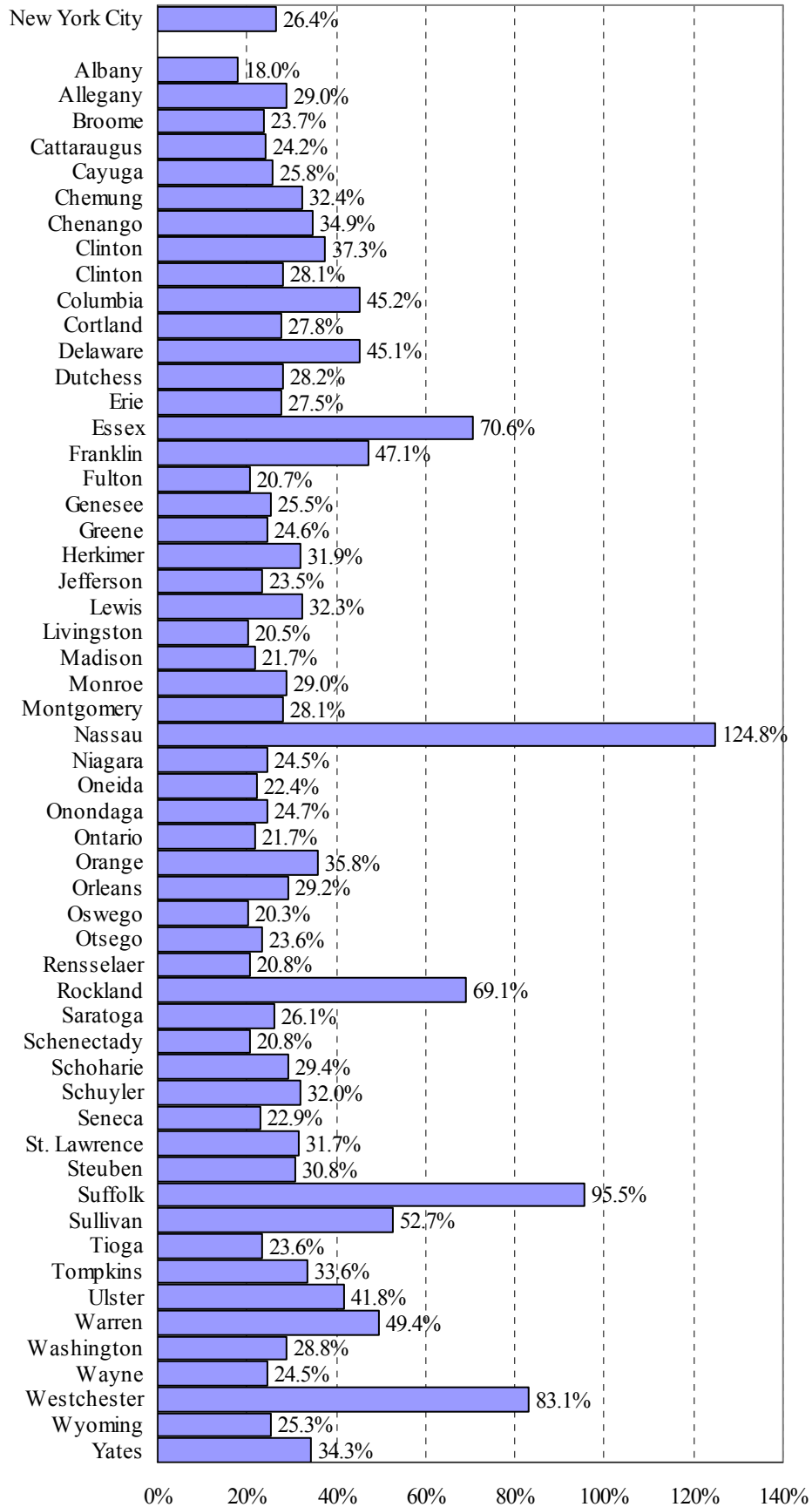
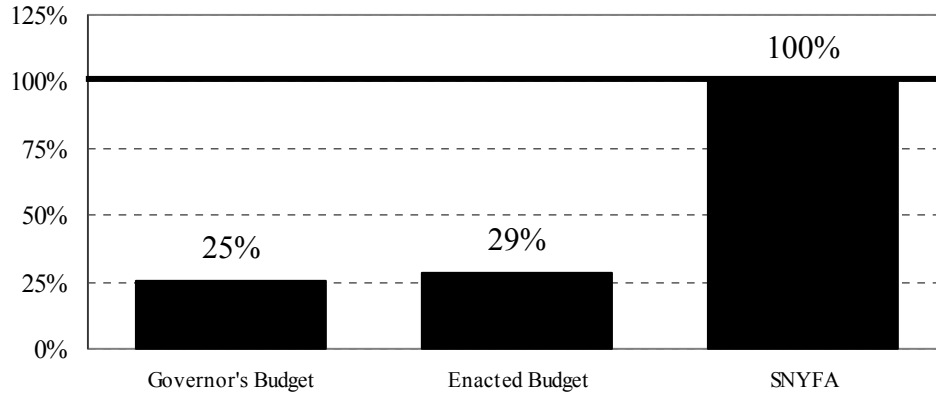
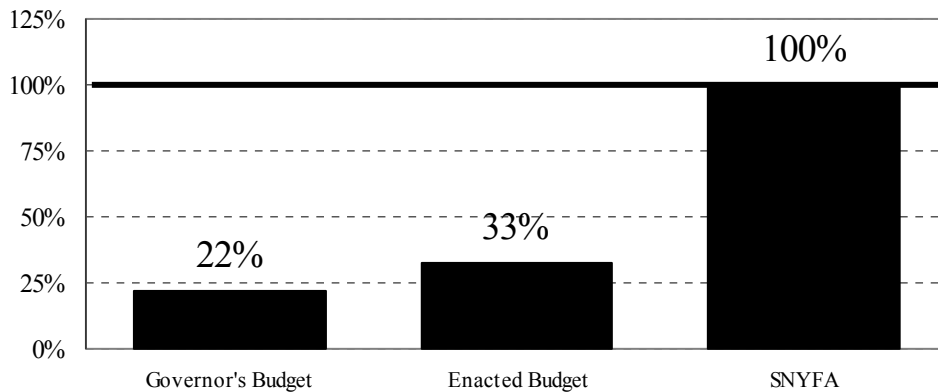


Figure 9
Percentage of Constitutional Funding Gap
Closed by the Governor's Budget, the
Enacted Budget and by the Schools for
NY's Future Act : High Need Districts



High need districts are the highest 20% of the state's school districts based on need as measured by the percentage of students eligible for free and reduced price lunch.

Percentage of Constitutional Funding Gap
Closed by the Governor's Budget, the
Enacted Budget and by the Schools for
NY's Future Act : Average Need Districts



Average need districts are the middle 60% of the state's school districts based on need as measured by the percentage of students eligible for free and reduced price lunch.

Figure 10

Increases in State Operating Funding, by Student Need

2005-2006 Enacted Budget

Student Need Levels	Percentage of Pupils Eligible for Free or Reduced Price Lunch		Number of Districts	Number of Students	2005-2006 Enacted Budget: Increase from Prior Year in State Operating Funding		Schools for New York's Future Act (SNYFA) Proposed 2005-2006 Increase in State Operating Funding	Difference between SNYFA and Enacted Budget 2005-2006 Increase in State Operating Funding	Percentage of Constitutional Funding Gap filled by Enacted Budget
	From	To			\$ Increase	% Increase			
New York State-Total	0.00%	87.66%	677	2,864,037	682,314,158	6.12%	2,145,844,385	1,463,530,227	31.80%
Highest 20%	46.80%	87.66%	136	1,483,565	473,196,106	6.76%	1,642,735,848	1,169,539,742	28.81%
Middle 60%	10.85%	46.80%	405	883,984	159,142,501	4.93%	487,118,195	327,975,694	32.67%
Lowest 20%	0.04%	10.85%	136	496,488	49,975,551	5.41%	15,990,341	-33,985,210	312.54%

2005-2006 Governor's Budget

Student Need Levels	Percentage of Pupils Eligible for Free or Reduced Price Lunch		Number of Districts	Number of Students	2005-2006 Governor's Budget: Increase from Prior Year in State Operating Funding		Schools for New York's Future Act (SNYFA) Proposed 2005-2006 Increase in State Operating Funding	Difference between SNYFA and Governor's Budget Proposed 2005-2006 Increase in State Operating Funding	Percentage of Constitutional Funding Gap filled by Governor's Budget
	From	To			\$ Increase	% Increase			
New York State-Total	0.00%	87.66%	677	2,864,037	547,232,865	4.91%	2,145,844,385	1,598,611,520	25.50%
Highest 20%	46.80%	87.66%	136	1,483,565	412,408,571	5.89%	1,642,735,848	1,230,327,277	25.10%
Middle 60%	10.85%	46.80%	405	883,984	108,417,762	3.36%	487,118,195	378,700,433	22.26%
Lowest 20%	0.04%	10.85%	136	496,488	26,406,532	2.86%	15,990,341	-10,416,191	165.14%

Figure 11
Percentage of Constitutional Funding Gap filled by
Governor's Budget, Enacted Budget and Schools
for New York's Future Act

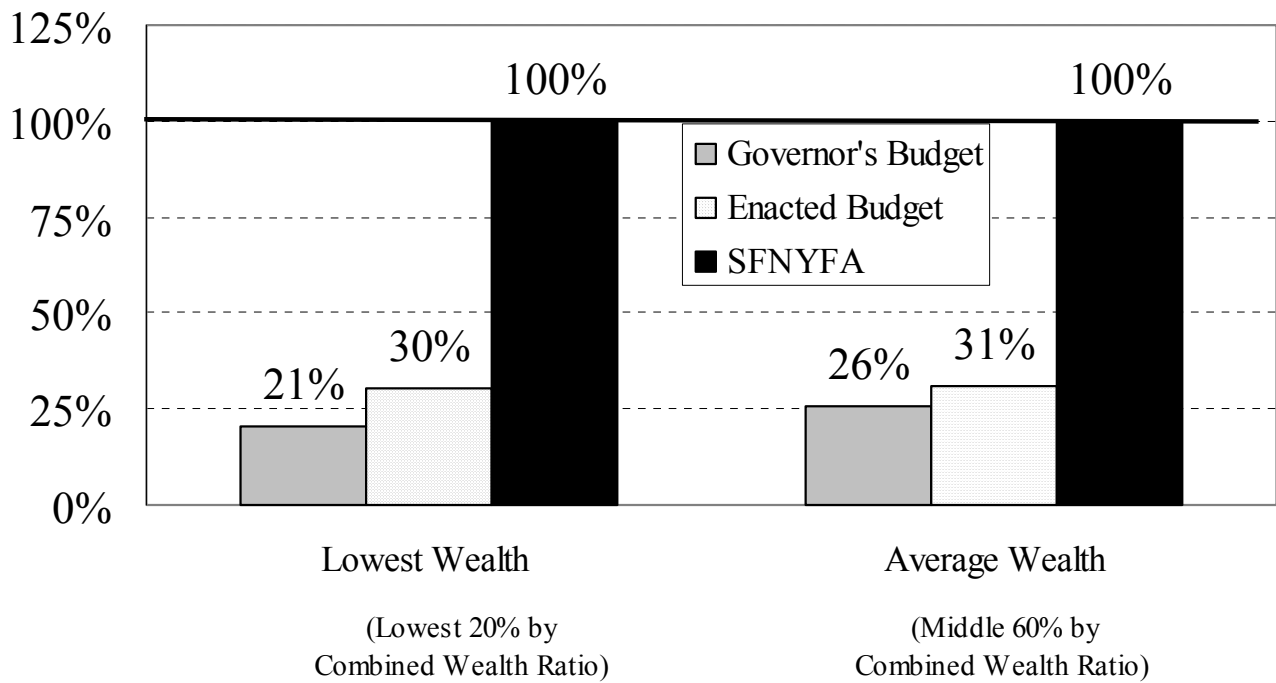


Figure 12

Increases in State Operating Funding, by Ability of Taxpayers to Pay for Education, Measured by the "Combined Wealth Ratio" (CWR)

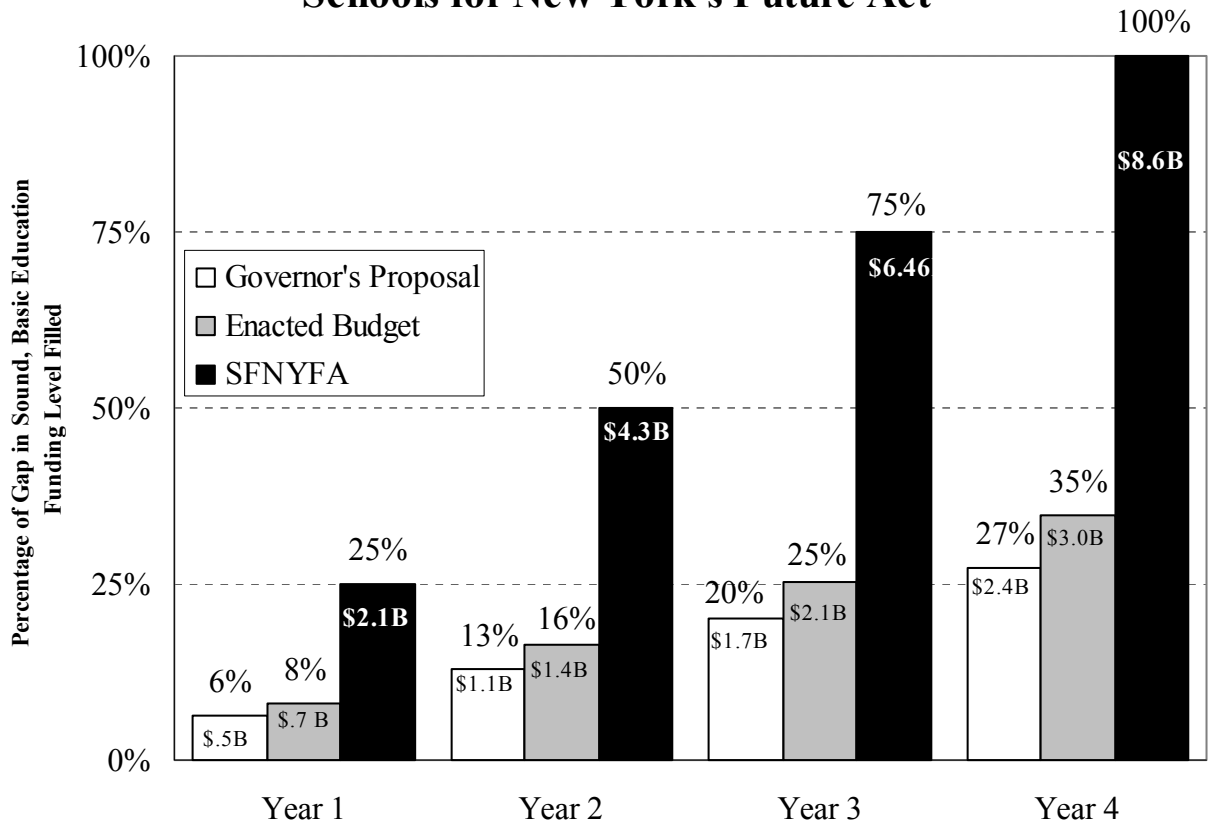
2005-2006 Enacted Budget

Combined Wealth Ratio (CWR) Quintile	Combined Wealth Ratio		Number of Districts	Number of Pupils	2005-2006 Enacted Budget Increase from Prior Year in State Operating Funding		Schools for New York's Future Act (SNYFA) Proposed 2005-2006 Increase in State Operating Funding	Difference between SNYFA and Enacted Budget 2005-2006 Increase in State Operating Funding	Percentage of Constitutional Funding Gap filled by Enacted Budget
	From	To			\$ increase	% Increase			
	New York State - Total	0.15			31.497	677			
Poorest 20%	0.15	0.5204	136	342,931	129,987,662	5.97%	427,905,892	297,918,230	30.38%
Middle 60%	0.5204	1.7084	405	2,166,249	527,667,217	6.18%	1,717,938,493	1,190,271,276	30.72%
Wealthiest 20%	1.7084	31.497	136	354,857	24,659,279	5.58%	0	-24,659,279	

2005-2006 Governor's Budget

Combined Wealth Ratio (CWR) Quintile	Combined Wealth Ratio		Number of Districts	Number of Pupils	2005-2006 Governor's Budget Increase from Prior Year in State Operations Funding		Schools for New York's Future Act (SNYFA) Proposed 2005-2006 Increase in State Operating Funding	Difference between SNYFA and Governor's Budget Proposed 2005-2006 Increase in State Operating Funding	Percentage of Constitutional Funding Gap filled by Governor's Budget
	From	To			\$ increase	% Increase			
	New York State - Total	0.15			31.497	677			
Poorest 20%	0.15	0.5204	136	342,931	88,070,325	6.68%	427,905,892	339,835,567	20.58%
Middle 60%	0.5204	1.7084	405	2,166,249	445,827,874	4.89%	1,717,938,493	1,272,110,619	25.95%
Wealthiest 20%	1.7084	31.497	136	354857	13,334,666	4.47%	0	-13,334,666	

Figure 13
Percentage of Sound, Basic Education Funding Level
Achieved by Governor's Budget, Enacted Budget and
Schools for New York's Future Act



Note: Assumes that percentage increases for Years 2, 3 and 4 of the Governor's proposal and the Enacted Budget will equal the percentage increases for 2005-2006 -- 4.9% and 6.1% respectively.