

VIEW
The View

Fairness For All

With the final decision in Campaign for Fiscal Equity (CFE) v. State having been rendered by the Court of Appeals, the State now must determine what changes will be made in school funding for New York City. Although, by its terms, the CFE decision applied only to New York City's schools, fundamental fairness requires that the State ensure that all schools throughout New York have the resources to provide a sound basic education, as defined in that case.

The Long Island Association and the Long Island Education Coalition issued a statement last month urging the State to deal with the CFE decision fairly and then increase education funding statewide in a manner that would equalize the locally-paid share of education costs.

The Court of Appeals concluded in CFE that the constitutionally required funding for the New York City School District must include additional operating funds in the amount of \$1.93 billion, adjusted according to an obscure education cost index and for inflation since 2004. By our calculation, the actual amount of additional operating funds for the New York City School District mandated by the Court of Appeals is approximately \$2.644 billion.

Since the Court of Appeals decision in CFE was handed down in 2004, the State has increased direct State Aid to the New York City School District by approximately \$1.4 billion. Those funds should be applied against the CFE requirement. In order to comply with the final CFE decision, then, the State must authorize approximately an additional \$1.244 billion for the City's schools.

The State should look first to New York City itself to provide that funding.

The LIA has done an analysis of the estimated per capita tax burden on taxpayers in New York City as compared with those in Nassau and Suffolk Counties, which shows that the tax burden on Long Island residents as of 2004 was significantly higher than it was for City residents: 9.96 percent on Long Island compared to 7.54 percent in the City. In short, Long Island taxpayers pay 50 percent more in local taxes than taxpayers in New York City. And, despite the common misconception that all Long Islanders are wealthy, the per capita income difference between Long Island and New York

City residents is only 14 percent.

The State should require New York City to generate the additional \$1.244 billion necessary to comply with CFE through its own existing tax revenue sources, in whatever combination the City chooses. Our analysis shows that, even after New York City does that, New York City taxpayers will still bear a significantly lower per capita tax burden than Long Island taxpayers currently bear: 9.96 percent on Long Island compared to 7.92 percent in the City.

In other words, even after New York City taxpayers bear the additional burden of \$1.244 billion to comply with the CFE decision, their tax burden will be more than 20 percent lower than the tax burden on Long Islanders.

Then the State should increase education funding in a fair way. During the gubernatorial campaign, Gov. Spitzer estimated that as much as \$11 billion could be realized over three years by the State from a variety of sources. Assuming that's correct but that other fiscal pressures will require a substantial portion of those savings to be spent elsewhere, the LIA and the LIEC proposed that over the next three years \$5 billion be applied to increase educational funding and eliminate inequities statewide.

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local property taxes; whereas New York City taxpayers bear only 48 percent of the cost of education locally, and taxpayers throughout the rest of the state pay only about 45 percent locally. Additionally, Long Island receives only 12.7 percent of State Aid to school districts, despite having about 17 percent of the student enrollment statewide. The State has an obligation to rectify those inequities.

Of the additional \$5 billion that we propose be spent on education statewide, Long Island should receive at least \$1.5 billion of that amount; New York City \$2 billion; and the rest of the state \$1.5 billion. A portion of those new and additional funds -- we suggest 35 percent -- should be spent on improving education, especially in poorer districts on the Island that currently need significant help. The remaining 65 percent should be applied to real property tax relief.

If that were to happen, spending on education on Long Island, especially in needy districts, would increase by over \$500 million; Long Island taxpayers would realize a reduction of school-related property taxes of about \$1 billion, or about 20 percent; Long Island would be receiving 17.1 percent of available State Aid, matching its 17 percent of statewide enrollment; and local effort to support education would be substantially equalized around the state: Long Island's local effort would be 48.6 percent, New York City's 42.3 percent, and the rest of the State's effort would be 41.3 percent.

Now, that would be real reform of education funding.

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