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Thank you for the opportunity to address the Governor's Commission today. I would like to speak to you briefly about the concept of Educational Insolvency.

Over the past few months we have heard this phrase being used more and more in presentations to legislative committees - by individuals and organizations - to describe the decline of public education; most recently in a report published by the New York State Association of School Business Officials.

More often than not, the words are used without a definition, or any explanation of the significance of the phrase.

At a December, 2011 meeting of BOCES Superintendents, the conversation turned to the threat of districts becoming Fiscally Insolvent. It was discussed that a public school district cannot declare bankruptcy, and in the event of fiscal insolvency, the State of New York is obligated to intervene and address the problem.

While this mechanism is in place to resolve a fiscal calamity, and while many districts do not yet feel the true pressure of fiscal insolvency, an even more insidious phenomenon is occurring in many districts in the state.

In order to mitigate the effects of unfunded mandates, restricted state aid, the Gap Elimination Adjustment and the "tax cap," school districts have cut their budgets so deeply that programming that prepares students for a successful future in college or the workplace is being severely damaged.

Over the past decade many school districts have become Educationally Insolvent, unable to meet the sound educational benchmark defined by the New York State Constitution.

Districts have been forced to lay off teachers and staff, eliminate classes and cut back on academic services that help students who fall behind. The effort to just "stay in the game" has made it more and more difficult to reach state standards and expectations.

Nearly four years ago, districts jettisoned the "extras," - that list of extracurriculars and programs with limited reach - that could be sacrificed with minimal impact on the greater population of students.

Each year, the list of sacrificed programs has included more items that touch more students in more educationally damaging ways. We have reached a point where the necessary cuts now reach what many would consider indispensable programs, including some that are mandated by the state.

We have students now graduating at the top of their class from once rigorous high school programs who are unable to compete for the college of their choice. Our best high school graduates should be able to look with confidence to a state university for their post-secondary education, yet many find these doors shut to them because their high school transcript lacks programmatic depth.

Board Members

James Beirlein - Northville
Louis Capece - Fort Plain
David Edwards - Mayfield
Joanne Freeman - Johnstown
Jean LaPorta - Gloversville
Allan Turnbull - Fonda-Fultonville
Robert Townsend - Broadalbin-Perth

The problem for many school districts has been exacerbated by structural issues within their bargaining agreements and policies set by their Boards of Education. Educational Insolvency has become a serious fiscal issue.

I have provided the Committee with a Continuum of Educational Insolvency and the definition I developed on behalf of the BOCES Superintendents.

In many regions of the state, we have now reached the Tipping Point on this Continuum - **“Systemic erosion of capacity due to fiscal constraints without structural redesign, resulting in the elimination of both mandated and non-mandated programs.”**

I want to share with you three examples from component school districts in my own BOCES region; examples of school districts that will face Educational Insolvency next year.

Last week, two of my component school districts failed in an effort to merge. The Boards of Education of Northville and Mayfield Central School Districts face very large structural deficits and chose to attempt a merger to avoid Educational Insolvency. Both of these districts have cut more than 25% of their staff over the last four years. Sports, music and Advanced Placement courses have been eliminated. In Northville, sports are now done on a voluntary basis. Support programs for students in academic need have been severely cut. Northville, with a long history of academic achievement, has just been designated a Focus School District.

For the 2013-14 school year, Northville will have to cut \$1 million from a \$9 million budget. Mayfield will have to cut \$800,000 from a budget of \$17 million. At this point, both districts will have to eliminate Kindergarten and choose which mandated courses they will be unable to provide. Unfortunately, both districts can project ever-increasing structural deficits for the next five years. Mayfield and Northville have reached the Tipping Point, have run out of options, and will continue down the Continuum unless the environment changes.

Fonda-Fultonville Central School District is an average-wealth school district on the verge of Educational Insolvency. The Board of Education at Fonda has cut nearly one third of their staff over the last four years. They were one of many school districts in the state that received substantially less than the reported 4% increase in state aid for 2012-13. If the environment does not change, the Board of Education of Fonda-Fultonville will have to cut \$1.4 million from their budget next year.

Five-year budget projections show increasing multimillion dollar structural deficits for Fonda-Fultonville. They have reached the Tipping Point and will quickly move down the continuum over the next 3 years. Ironically under the present state aid structure, average wealth districts will be the first districts forced into Educational Insolvency by the present fiscal environment.

The recent report by the New York School Business Officials characterizes the vast majority of school districts as on a “conga line” heading towards an educational and fiscal cliff. Unless the combination of unfunded mandates and public policy that protects the status quo changes significantly, Educational Insolvency will become the norm in New York State Education.

The state needs to fiscally support districts that reach Educational Insolvency or, better still, the environment in which we do the business of educating our children must change. We need to either change the Property Tax Cap, or Gap Elimination Adjustment to help these school districts. We need mandate flexibility so that each region can address these fiscal issues regionally. To not address this condemns whole generations of New York State students in public education to a sub-standard education and future.

