

New York State Gap Elimination Adjustment



What is it?

The Gap Elimination Adjustment (GEA) was implemented by New York lawmakers for the 2010-11 fiscal year to help close a then \$10 billion state budget deficit.

Under the legislation, a portion of the state's funding shortfall was divided among all school districts in New York based on a formula, and each district's state aid was reduced accordingly.

The GEA has remained in place through 2015-16 in order for the state to fund other priorities. In the previous six state budgets, New York's schools have lost more than \$9.24 billion cumulatively to the GEA. At the GEA's single-year peak in 2011-12, more than \$2.56 billion in state school funding was withheld (see chart). While districts have seen a partial restoration each year since, the total amount schools are losing to the GEA in the current year, 2015-16, stands at about \$434 million.

Why does it matter?

The state's finances have rebounded, with budget surpluses projected through 2017-18. Yet, schools are continuing to deal with the cumulative effect of years of lost state aid. When revenues decline and costs continue to rise, government agencies, including schools, have essentially three options: increase taxes to pay for programs and services; reduce or eliminate programs, services and staff; or restructure the way programs and services are delivered. *(The first option, raising taxes, is restricted by the state's tax levy limit or "tax cap" law.)*

School districts have employed a combination of all three options in recent years: delivering programs and services in more efficient and innovative ways; reducing offerings and staff; and increasing taxes through voter-approved budgets. Yet there is only so much schools can do when, year after year, they receive less state aid than promised and necessary to deliver a meaningful, quality education. And there is only so much districts can ask of taxpayers, who face economic challenges of their own. As this prolonged period of fiscal challenges for school districts continues, many are finding that they have few options left to preserve programs and services that students and families count on.

In the six years since the GEA was introduced, school districts have been asked to implement the most significant increase in educational expectations in generations, to adapt to the pressures of the tax cap and to meet mounting state requirements. New York schools are committed to providing all students with a meaningful, quality education, but enduring years of the GEA has made it difficult for schools to make investments in education that are critical to ensuring the success of today's students and future generations.

While the state's finances have improved enough to create budget surpluses, 31 percent of school districts in New York are receiving less state funding today than they did in 2009-10.

Source: New York State Educational Conference Board

GEA by the numbers Statewide Losses of Promised Aid



*Amount based on a \$2.14 billion GEA minus \$0.73 billion in federal funds to offset the GEA



Produced by the Capital Region BOCES Communications Service
(<http://www.capitalregionboces.org/Communications>), in consultation with the Questar III
BOCES State Aid and Financial Planning Service. Published January 2016.

