

New York State Gap Elimination Adjustment



What is it?

The Gap Elimination Adjustment (GEA) was first introduced for the 2010-11 fiscal year by former Gov. David Paterson as a way to help close New York's then \$10 billion budget deficit. Under the legislation, a portion of the state's funding shortfall is divided among all school districts in New York based on a formula, and each district's state aid is then reduced accordingly. The GEA has remained in place through the 2013-14 state budget in order to help the state address its own budget challenges and priorities other than education. In the four state budgets from 2010-11 through 2013-14, New York's schools collectively lost nearly \$8.5 billion in promised aid to the GEA. In Governor Andrew Cuomo's Executive Budget Proposal for 2014-15, the state's schools would see another \$1.32 billion reduction due to the GEA — this time in an era of a state budget surplus.

Why does it matter?

While some believe that a fragile economic recovery is underway, the state's school districts — their students, staff, and taxpayers — are contending 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 these programs and services, or rethink the delivery of them. (*One of those options — raising taxes — is now restricted by the state's tax levy limit or "tax cap" law.*)

School districts have employed a combination of all three options throughout the past few years — delivering programs and services in new ways, reducing program offerings and services, and increasing taxes based on budget votes in their communities. Yet there is only so much that schools can do to be creative when, year after year, they receive less state aid than they are entitled to. And there is only so much districts can ask of taxpayers, who are also feeling the pinch of a stagnant economy. Several years into the educational funding crisis, many school districts are finding that they have few options left to preserve programs and services that students and families count on.

At the rate that the Governor has proposed to restore the GEA cut in his 2014-15 budget, it would take five more years for it to be eliminated entirely. Meanwhile, with diminished reserves, reduced program offerings, and limited options to reduce spending, an increasing number of districts are wondering how they can assure their communities that they can continue to meet increased educational expectations, mounting state requirements, and their mission to prepare students for the future.

Thanks to the GEA, New York's schools are receiving less state aid in the current year than they did four years ago — in 2009-10.

