

# 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 the state's \$10 billion budget deficit at that time. 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 2014-15 in order for the state to continue to address budget challenges while funding other priorities. In the previous five state budgets, New York's schools have lost more than \$9.52 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. While districts have seen a partial restoration each year since, the total amount schools are losing to the GEA in the current year, 2014-15, stands at about \$1.04 billion.

## 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 these programs and services; or restructure the way they are delivered. (*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 in recent years — delivering programs and services in new ways, reducing offerings, and increasing taxes through voter-approved budgets. Yet there is only so much that schools can do to be creative when, year after year, they receive less state aid than they have been promised. 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 five years since the GEA was introduced, school districts have been asked to implement the most significant increase in educational expectations in generations, adapt to the pressures of the tax cap, and meet mounting state requirements. Schools are committed to providing the very best education they can to all students. Yet, the loss of academic programs and support services resulting from years of the GEA has made it difficult for them to make the investments in education that are critical to the success of today's students and future generations.

***Of all the school districts in New York, 343, or 51 percent, are receiving less state funding today than they did six years ago, in 2008-09.***

Source: New York State Educational Conference Board

