



STATE OF NEW YORK  
**EXECUTIVE CHAMBER**  
ALBANY 12224

**DAVID A. PATERSON**  
GOVERNOR

November 25, 2008

Dear School Board Presidents and District Superintendents,

New York is facing a historic fiscal crisis. Over the next four years, we must close a record \$47 billion deficit. Given the magnitude of this problem, every area of State spending, including education, will have to experience reductions.

I have been voicing my concerns about the impact of the current economic downturn on our State finances since the day I took office. In August, I convened the Legislature for a special session, during which we worked together to enact \$1 billion of reductions over two years. At the time, schools were held harmless to recognize the impending beginning of the school year.

By October, the economic downturn had become so severe that no area of the budget could be exempt from reductions. As such, on November 12, I proposed an \$836 million mid-year reduction in aid to school districts for 2008-09. This proposal would have provided most, though not all, districts with increased funding from last year, and would have still allowed overall School Aid to increase by 16 percent over the last two years. However, at last week's special session, the Legislature did not act. While school aid reductions remain on the table, it is unlikely the Legislature will consider them any time soon. Therefore, we would be well into the final quarter of our fiscal year and even further into the school year before any action would likely occur. Unfortunately, this timing renders the proposal impractical for this fiscal year and I am withdrawing it. However, I will put forward further school aid reductions in the early budget that I will deliver in three weeks.

As I have said repeatedly, delaying action only makes our budget problems more difficult and painful to solve and we cannot solve our budget problems fairly without reductions in every area of spending. Fiscal management is all about making hard, painful decisions, and the rejection of a mid-year School Aid reduction by the Legislature means that deeper declines in funding for school districts will now be necessary in 2009-10 to ensure a balanced budget.

This decision to propose any reductions in education spending was a difficult one for me personally. In my time as a State senator, I had been one of the most vocal supporters in the Legislature of increased funding for school districts. But the unfortunate reality of our current, unprecedented fiscal crisis is that we will have to make numerous tough choices.

Next year, total School Aid is projected to increase by 8.8 percent or \$1.9 billion. During one of the greatest fiscal crisis in our State's history, that is a level of funding we simply cannot afford given that School Aid represents more than one-third of the State's General Fund spending.

On December 16, my Executive Budget proposal to the Legislature will detail the level of support we can afford to provide for School Aid. But I wanted to write to you today to make my intentions regarding School Aid clear. This will allow you to begin planning for your fiscal futures more than seven months in advance of the 2009-10 school year which begins on July 1, 2009.

I acknowledge that your costs are rising, but I believe all levels of government must reduce spending. This year, I have reduced State agency spending by more than 10 percent. In this unprecedented fiscal crisis, school districts, like all levels of government, will have to take a similar approach and find ways to reduce costs and improve the efficiency of their operations on behalf of taxpayers.

Additionally, it is important that these necessary reductions are analyzed in their proper context. No single fiscal year's budget should be viewed in isolation. Over the last five years, School Aid has increased by 48 percent. Over the last two years alone, it has increased by over 20 percent. A substantial commitment to education funding will remain even after next year's reductions

I invite you to join me as partners serving our taxpayers. Perhaps this crisis presents an invaluable opportunity for us to improve the structure of our educational system and how it is financed. I welcome any suggestions you may have.

I know that the months and years ahead will be difficult. But I look forward to your help and cooperation in addressing our State's fiscal crisis. I know that together we can weather this storm and help get New York's fiscal house in order.

Sincerely,

A handwritten signature in black ink that reads "David A. Paterson". The signature is written in a cursive, flowing style.

David A. Paterson