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**Testimony
 of
 UJA-Federation of New York**

**Regarding the
 2015 – 2016
 Executive Budget – Taxes**

Presented by

**Jared Arader
 Manager of Day School Advocacy
 Government & External Relations**

**Hearing Room B
 Legislative Office Building
 Albany, NY**

February 9, 2015

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Introduction: Good morning. Chairman DeFrancisco, Chairman Farrell, and honorable members, my name is Jared Arader, Manager of Jewish Day School Advocacy of UJA-Federation of New York, representing approximately 140,000 Jewish Day School students and thousands of others served by educational programs throughout our network of community based organizations. UJA-Federation is the world's largest local philanthropy, and we raise \$184 million annually to serve 4.5 million in the New York metropolitan area. Education, recognized as the key foundation not only for a strong Jewish life but also for a successful life in general, is a key organizational priority.

In the interest of time, I will summarize my written remarks and highlight our interest in utilizing philanthropy to increase educational opportunity for all, regardless of their choice to attend a public or nonpublic school. We strongly believe that all students should be entitled to the same essential services to further their educational growth and ensure their safety.

For low-income adults in New York, education is the key to securing employment, building a foothold in the job market, helping their children succeed in school, or acquiring the language skills needed to navigate their way through day to day life. Supporting an educated, skilled workforce is critical to creating and sustaining a thriving economy – one that can attract new and diverse employers and generate the revenues needed to support a high quality of life for New York's residents and visitors.

Thank you for giving me the opportunity to testify today so that I can share our support for an important tax credit measure included in Governor Andrew Cuomo's 2015-2016 Executive Budget.

Education Investment Tax Credit

Families are struggling to afford Jewish day school tuition, particularly as the cost of living in the metropolitan area continues to rise. To meet this demand and ensure that Jewish students are able to receive a Jewish education, schools are offering increasing sums of aid – at many schools at least 50 percent of the student population are on some sort of tuition assistance – resulting in a struggle to meet daily operating costs. At more and more schools, administrators must make a choice between admitting a low-income child and covering costs, such as keeping up to date with technology or providing competitive teacher salaries and benefits.

Many Jewish charities, UJA-Federation of New York chief among them, are increasingly engaging donors and leaders to find ways to help our schools across the board – this year we launched a \$50 million effort to help schools grow their endowments. Philanthropy can go a long way toward assisting public and private schools alike, but it is tough to increase current giving levels without increasing the incentive to give.

The **Education Investment Tax Credit**, included in Governor Cuomo's Executive Budget this year, establishes \$100 million in tax credits to encourage private, philanthropic investment, both corporate and individual, in public and nonpublic schools. Education Tax Credit programs have been successfully used in other states for over a decade. They create new pools of funding that give public school districts more

opportunities to fund programs outside of state revenue, and allow more children to receive scholarships to attend the nonpublic schools of their parents' choice.

As we know from our own experiences, the current tax deduction available for donations to educational institutions, whether benefiting private or public schools, does not incentivize the levels of giving that we know could be achieved through a tax credit. By providing a tax credit to encourage direct philanthropic donations, we increase the amount of funding available to both public and private education. A form of the Education Investment Tax Credit legislation has been passed by the Senate (S.1976-Golden) and is now before the Ways and Means Committee in the Assembly (A.2551-Cusick).

You have heard a great deal about the financial challenges faced by public schools in our state. Many public schools have opened up their own foundations in order to encourage charitable donations to support their own programing where money from the state falls short. The EITC requires that 50% of tax credits be given for donations to entities supporting public schools via a local education fund directly supporting the district or to non-profits providing services within the district. The list of public school programs specifically authorized to receive tax-credit supported funding under the statute includes those that serve at-risk and disabled students, services currently provided in public school settings by several UJA-Federation of NY network agencies.

The Governor's proposal would create an aggregate total of \$100 million in tax credits for any person or company that makes donations to scholarship-making organizations, and to any person or company making donations to organizations benefitting public schools. The donor gets a dollar for dollar tax credit of up to 75% of his or her donation or \$1 million, whichever is less. Entities supporting non public schools can use no more than 10% of money raised on administrative costs and must grant scholarships to students attending at least three different schools, ensuring that such scholarship-making endeavors are a community effort, not to be coveted and maximized by one school with a wide donor pool. Additionally, both the Executive and legislative versions of the EITC contain income restrictions, ensuring that the families that need scholarships the most are the ones that directly benefit.

By encouraging private donations to public school entities, the Education Investment Tax Credit would ease the burden on the State and local districts to support the public school system, while at the same time increasing scholarship funds for struggling families to send their children to nonpublic schools. We request that this crucial program be preserved in the final 2015-16 NYS Budget.

Thank you for your time and consideration,

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Appendix

Jewish School Population

Comprising nearly one third of New York State's nonpublic school student population, the Jewish day schools and yeshivas in UJA-Federation's catchment area contain the largest population of children attending full-time Jewish schools outside of Israel. At over 130,000 students, these schools range widely in level of religious observance and tuition, as do the students range in religiosity and socio-economic status.

According to UJA-Federation's recent study, the Jewish Community Study of New York: 2011, this student population is steadily increasing with 19,000 new students entering kindergarten each year. This growth is due to the expanding population of Jewish children ages 0 to 17, from 308,000 in 2002 to 338,000 in 2011, and the propensity for those with large families to also send their children to full-time Jewish school – resulting in 66 percent of all Jewish children attending these schools today, up from 45 percent in 2002. Coupled with our study findings that one in five Jewish households is poor and an additional one in 10 households is near poor, we are finding more and more families unable to afford Jewish education for their children and many more schools struggling to make ends meet. This is why continuation and increases, wherever possible, of constitutionally supported state funding for these schools is so crucial.

State Support for Nonpublic Schools is Dually Beneficial

State support for nonpublic schools benefits both the state and the nonpublic schools. State aid helps to ensure quality and secular academic standards in these schools and is a fraction of the amount the state spends annually on educating each child in a public school. New York State currently spends over \$20 billion annually on education and allocates approximately \$200 million, less than one percent of this figure, to nonpublic schools statewide. These schools are educating over 13 percent of New York State's children. While attending a private school is the personal choice of each particular family, nonpublic schools save the state significant funds. Considering that New York State school districts spend an average of \$18,825 per student according to 2010 figures, nonpublic schools essentially save the state from spending over \$7 billion per year on the approximately 400,000 children enrolled in nonpublic schools. In fact, 15,640 Jewish children in Nassau County alone attend a full-time Jewish school. Considering the impact on the county if all of these children were enrolled in public schools, nonpublic schools provide an essential service to the state at a far reduced rate. We ask that you keep this in mind as you assess funding allocation and distribution of state aid for nonpublic schools.

Organizational Background

UJA-Federation of New York is a Jewish philanthropy that supports a network of more than 100 non-profit agencies in our eight-county catchment area that includes New York City, Long Island, and Westchester. These

non-sectarian health and human service providers range in size from small organizations to large institutions. With nearly 60,000 donors and serving 4.5 million people annually, UJA-Federation is uniquely situated to represent and serve the interests of the Jewish community in all of its diversity. UJA-Federation has recognized full-time Jewish education as one of the key foundations for a strong future for Jewish life and, accordingly, has been involved in supporting the local Jewish schools in a variety of ways for 30 years.

