

Opinion Editorial on Education

Make Wall Street fund schools

[Eliot Spitzer](#) [1] [2] [2] [2] [2]

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160 dpi 39p x 47p Doug Griswold color illustration of Wall Street bull in pose of Rodin's The Thinker. San Jose Mercury News 1997 CATEGORY: ILLUSTRATION SUBJECT: Thinker bull illus ARTIST: Doug Griswold ORIGIN: San Jose Mercury News TYPE: EPS JPEG SIZE: As needed ENTERED: 11/17/97 STORY SLUG: Stand-alone illustration, business, stock, market, stocks, dow, industrial, jones, average, bull, thinker, rodin, finances, finance, personal, investment, saving, savings, income, tax, taxes, sj, griswold, 1997

New York has dropped the ball on funding our schools. There is a solution, but it requires creativity.

New York should push for the enactment of a financial-transfer tax at the federal level. Washington should keep two-thirds of the revenue to anchor necessary investments at the federal level, but send one-third back to the states in a literal revenue-sharing formula. In turn, New York should use whatever funding comes from this financial transfer tax to fund education aid.

A brief review of the facts would clarify the problem. In the landmark decision in the case brought by the Campaign for Fiscal Equity, the [Court of Appeals](#) ^[4] found that state aid formula violated

the New York constitution, which requires the state to provide a "sound basic education."

While the CFE case was brought on behalf of New York City's students, the same inadequacies plagued a broad range of school districts throughout the state. While the problems of our educational system go far beyond a mere matter of additional resources, the court properly noted that adequate investment was a necessary step toward providing the constitutionally mandated educational opportunity for our kids.

When I became governor, we initiated a new funding system with a [foundation aid](#) ^[5] formula at its core, creating a nexus for state aid, between the needs of students and a district's ability to raise revenue. I worked with the Legislature and we made a long-term commitment to fund Foundation Aid. In the first two years, our state kept that commitment, increasing aid by billions of dollars.

Then the Great Recession intervened, and Albany put caps in place on school aid, all but ending that commitment. The current framework in Albany prevents full funding until 2028 — a 16-year delay. That is simply unacceptable.

The consequence of not fully funding foundation aid is that the number of New York City students sitting in classes of 30 or more students tripled in the last three years. The School Board Association reports that statewide, one-quarter of school districts have been forced to cut more than 20 teaching positions, some as many as 100 positions. Those numbers may seem small by New York City standards, but they constitute brutal cuts in smaller upstate districts.

Making good on our state's commitment to fund Foundation Aid is not only a court ordered constitutional mandate, but it is stone cold common sense. Only a well-educated New York can be a prosperous New York.

I say all this not to excoriate the governor or the Legislature. They cut budgets because they had to in the wake of the Great Recession. Yet now is also the time for creative solutions that will permit them to do the right thing.

I have proposed a financial transfer tax at the national level. A tax of less than half a percent on every \$100 of stock sales or sales of other financial instruments including bonds, derivatives and options could easily generate \$250 billion to \$300 billion in annual revenue. This is many multiples of what was raised by the recent so-called bargain in Washington. Extend that revenue over 10 years, and we would have a huge down payment on the capital to invest as needed to insure our nation's competitive stature.

It would also carry the added benefit of taxing the trading in equity and debt markets — so much of which is now mere high-speed trading with no utility from a market perspective.

Finally, individual states cannot not leap to enact a financial transfer tax, because financial transactions could too easily migrate to other venues. But if such a tax were enacted at the national level, and a revenue sharing component for states were included, states would have a de facto endowment, which they now so desperately need.

I would urge the state — and all its representatives in Washington — to push hard for just such a tax and to use all New York gains from the tax to fund an increase in school aid. Our children's future demands that we not only follow our state constitution, but we do so creatively.

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