

# Overall State Budget Outlook for 2016-17

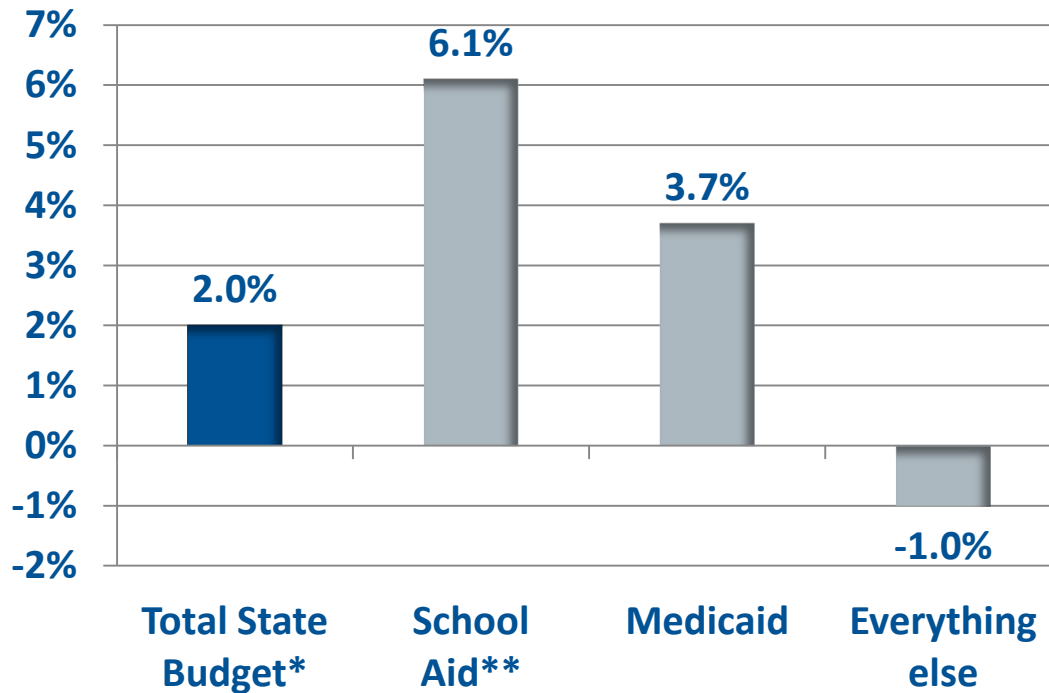
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## Governor's Budget Division Mid-Year Update:

- A surplus of \$252 billion is projected for 2016-17.
- School Aid is projected to increase by \$937 million (4.0%) – tied to estimated growth in personal income.
- But the forecast assumes total spending will be held to 2% growth – spending reductions totaling roughly \$2 billion (2.9%) would be needed to achieve that target. (2016-17 structural deficit is actually \$1.78 billion).
- Total receipts for 2015-16 plus 2016-17 are up by are over \$1 billion since the budget was approved. This helps reduce the size of the 2016-17 structural deficit by \$636 million.

# 2015-16 State Budget

## Increase for School Aid vs. everything else...



*Excluding School Aid and Medicaid, the remainder of the state budget decreased by 1.0%.*

*Stein's Law: "If something can't go on forever, it won't."*

\* "State Funds" – General Fund plus Special Revenue Funds

\*\* School year increase

**SOURCE:** New York State Division of the Budget. *FY 2016 Financial Plan First Quarterly Update*

# ECB School Aid Proposal -- \$2.2 billion increase

## **\$1.7 billion state aid increase needed to maintain current services**

### **Assumptions:**

- 2.7% increase in salaries
- 6.6% increase for health insurance
- Reduction in TRS costs
- 2.3% increase for non-personnel costs
- No offset to total cost increase from local revenue due to prospect of 0% tax cap

## **\$1.7 billion general School Aid increase:**

- End the GEA
- Fund expense-based aids per current law
- Increase Foundation Aid

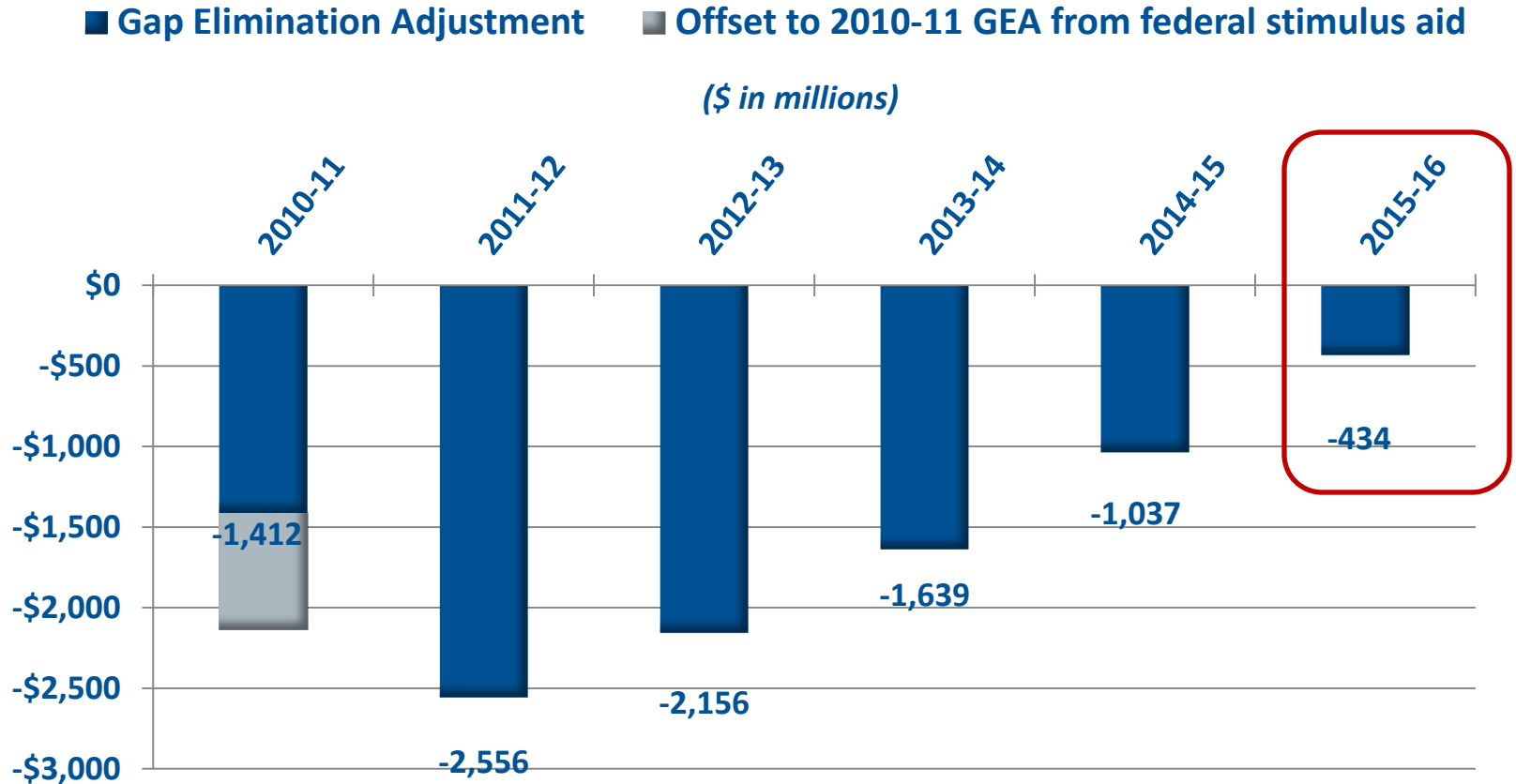
## **\$500 million for priority initiatives:**

- Expand prekindergarten
- Support Receivership Schools
- Aid for ELL services
- Expand college and career pathways (e.g., CTE)
- Support professional development

## **\$330 million for prior year adjustments, paid for from financial settlements**

*– one-time cost paid from a one-time resource*

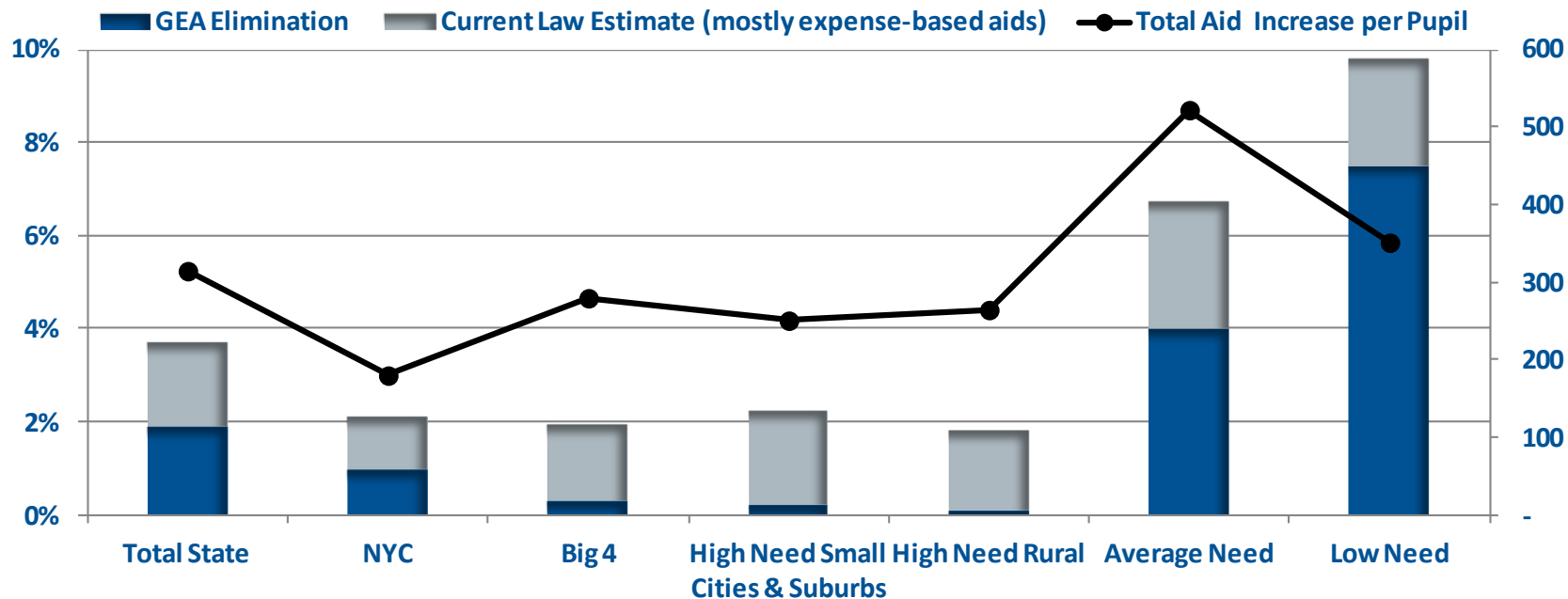
# The GEA should be gone in the next state budget – \$434 million remaining



SOURCE: Council analysis of NYSED School Aid data

# Impact of ending the GEA and funding current law increases (Would generate \$844 million statewide increase)

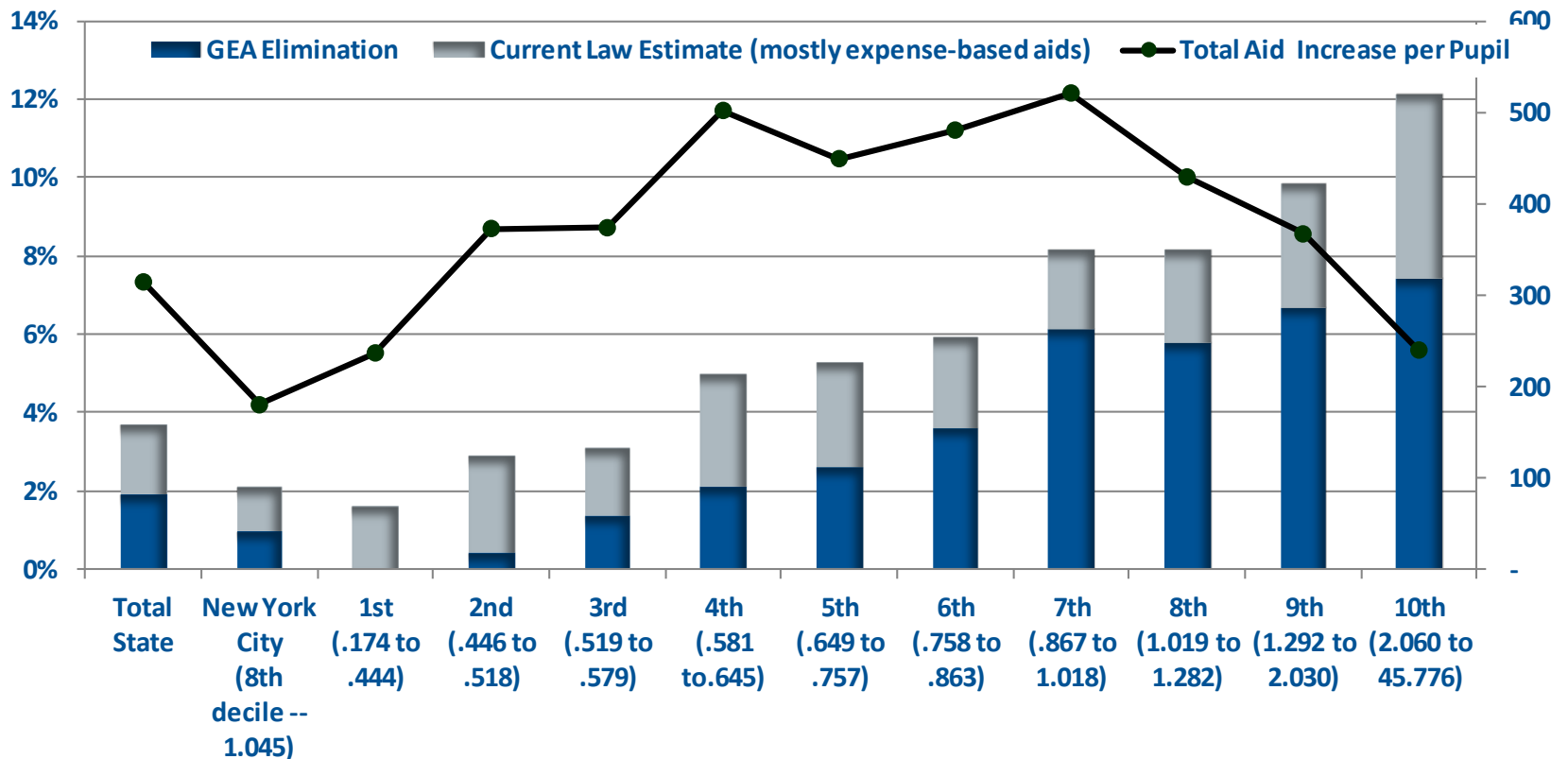
Districts grouped by Need/Resource Capacity category



SOURCE: Council analysis of NYSED School Aid data

# Impact of ending the GEA and funding current law increases (Would generate \$844 million statewide increase)

Districts grouped by Combined Wealth Ratio deciles



SOURCE: Council analysis of NYSED School Aid data