Consolidation of Expense-Based Aids

The Council strongly opposes the Executive Budget proposal to consolidate 10 expense-based aid formulas into Foundation Aid.

The Executive Budget proposes a $504 million increase in Foundation Aid and would consolidate 10 “expense-based” aids into Foundation Aid including, for example, BOCES Aid, Special Services Aid, High Tax Aid, and Charter School Transition Aid. For 2020-21, districts would receive, as part of their Foundation Aid, amounts for all the aids calculated using current law formulas. After 2020-21, those formulas would be discontinued.

The proposal would erode predictability in school district financial planning, diminish direct support for career and technical education, and threaten the viability of BOCES. It would also have the effect of creating artificial progress toward full funding of Foundation Aid, as over $1.8 billion in expense-based aids would now be counted as Foundation Aid.

Currently, if a district purchases more BOCES services one year, it can expect to receive more BOCES Aid the next. Likewise, if it enrolls more students, it can expect to receive more Textbook Aid the next year. Similar points can be made about most of the other categories targeted for consolidation. But district leaders have no basis for predicting Foundation Aid increases from one year to the next. Each year a new collection of formula “tiers” is constructed to allocate that year’s increase in Foundation Aid.

BOCES Aid and Special Services Aid (for the Big 5 cities and other non-BOCES member districts) are the principal sources of state funding for career and technical education. Elimination of that direct and assured support can be expected to lead to diminished CTE opportunities for students.

BOCES provide specialized shared academic programs beyond CTE, as well as student support services, enabling many districts to give their students opportunities and assistance that they could not afford to offer on their own. BOCES also provide shared administrative services, helping districts to reduce overhead costs that taxpayers would otherwise be asked to pay. Without a secure funding stream, the financial viability of BOCES would be at-risk.

Under current law, the state is $3.8 billion behind in fully funding the basic Foundation Aid formula, assuming continuation of save-harmless funding. The Executive Budget would increase Foundation Aid by $504 million. But over $1.8 billion in expense-based aids would now be counted as “Foundation Aid,” reducing the full funding gap correspondingly, and creating false progress toward the goal of full funding.

Because each year’s Foundation Aid increase is determined by new formulas, there is no guarantee that the consolidation would lead to greater funding equity, as the Executive Budget contends. Damage to BOCES would be especially harmful to poor and small districts.

The Council strongly urges rejection of the proposal to consolidate expense-based aids into Foundation Aid.