

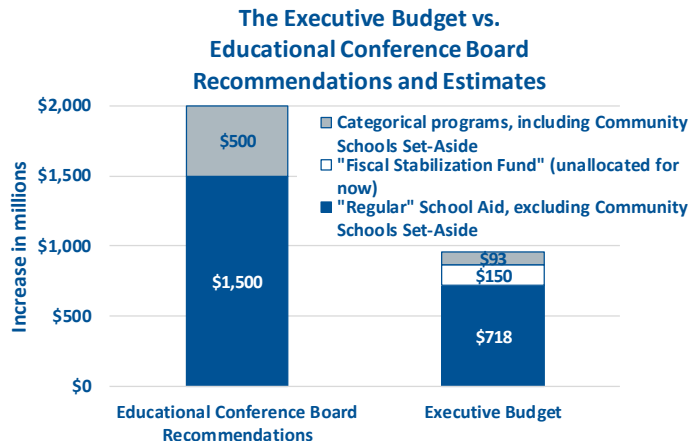
An Adequate Increase in State Aid and Preserving Foundation Aid

THE COUNCIL strongly SUPPORTS an adequate increase in state aid to schools and a commitment to phase-in full funding of Foundation Aid. The Council also calls on Legislators to reject the Executive’s proposal to repeal the Foundation Aid formula.

Deliver an adequate increase in total state aid to schools

The School Aid increase recommended in the Executive Budget falls short of what schools need to maintain current opportunities for students.

The New York State Educational Conference Board estimated that schools need a \$1.5 billion increase in state aid, given a set of moderate assumptions about ongoing costs and the reality of a 1.26 percent property tax cap. The proposed state budget would increase School Aid by a total of \$961 million, but nearly \$100 million of that sum would be dedicated to categorical programs. No more than \$868 million would be available to support basic ongoing costs.



ECB Assumptions:

- 2.75% increase in salaries
- 6.7% increase in health insurance costs
- Reduction in pension costs per TRS rates
- 2.2% increase in non-personnel costs
- 1.26% increase in local revenues per tax cap

SOURCE: Compiled by the Council from ECB and Division of the Budget publications

Preserve Foundation Aid

Within its School Aid proposal, the Executive Budget recommends increasing Foundation Aid by \$428 million while repealing seven pages of law setting out the formula enacted in 2007 following the final court ruling in the Campaign for Fiscal Equity litigation.

The *current* Foundation Aid formula starts with an estimate of the per pupil cost of delivering general education in successful schools, adjusts that amount by measures of pupil needs and regional cost differences, and then calculates how much communities should be expected to contribute from local resources, given variations in property wealth and resident incomes.

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The *proposed budget* would allocate its recommended Foundation Aid increase for 2017-18 through a set of one-time, one-year formulas. Increases for the “Big 5” cities serving 44 percent of the state’s schoolchildren would not be done by formula at all, but would be assigned as specific percentages (2.93 percent for New York City, 2.165 percent for the other cities). Going forward, Article VII bill language would establish that in 2018-19 and thereafter districts receive the Foundation Aid they received in 2017-18 – districts would have **no** basis for anticipating future aid levels.

The proposed repeal of the Foundation Aid formula is a doubly disappointing retreat:

- First, that formula was a significant accomplishment in public policy. It generally distributed the greatest aid per pupil to the neediest districts – and still does. It promised all districts greater predictability in aid going forward. It used formula elements with a basis in facts, making state funding decisions more transparent and decision-makers more accountable.
- Second, even leaving aside arguments over what the state “owes” as a result of the CFE litigation, a formula resembling Foundation Aid is desirable in its own right – an essential cornerstone in a finance system that enables schools to carry out more effective multi-year planning on behalf of their students and taxpayers. Schools in other states have this now and ours once did.

The Council supports the Educational Conference Board’s recommendations on Foundation Aid:

- The state should adopt a commitment to fully phase-in the Foundation Aid formula over three years; and
- The state should launch studies to update elements of the formula, including the weightings used to account for pupil needs and the per pupil amount needed to prepare students for success.

The current formula is promising but not perfect. Too many school districts are now on save-harmless, including 43 percent of average need districts and 40 percent of high need rural districts. Ten years have passed since the formula was enacted and much has changed: More schoolchildren live in poverty and more are English Language Learners. The property tax cap has also been imposed. Some updating of the formula is justified.

The state is now over \$4.3 billion behind in phasing in the enacted Foundation Aid formula. Thus, the \$428 million increase recommended in the Executive Budget would fund only about one-tenth of that gap. Consistent with the goal of a three-year phase-in, Foundation Aid should be increased by at least \$1 billion in the 2017-18 state budget.

Additional School Aid should also be provided to support districts in accommodating rising enrollments and necessary costs for educating English Language Learners, and to expand career and technical education.

The Council strongly supports increases in aid which match the needs of school districts and their students and a School Aid formula that provides schools a path towards a sustainable future.