

“Services Aid”—Consolidating and Cutting 11 Aids

The Executive Budget proposes to consolidate 11 currently separate aid categories into “Services Aid” and reduce total funding by \$693 million from what school districts anticipate under current law.

The Proposal

Among the 11 aids to be consolidated would be Transportation Aid, BOCES Aid, and Special Services Aid for the Big Five cities and other districts. For 2021-22, aid would be calculated under each of the current formulas, then added together, and then a reduction factor would be applied to cut the combined sum by 17%.

The reduction factor would be the lesser of a per pupil amount or what remains of a district’s allocation from the December federal stimulus legislation after a cut against its reimbursement for STAR property tax reimbursements.

After next year, the existing formulas would no longer operate and a new reduction or growth factor would be applied against the new base.

Our Objections

The cuts in funding would be generally regressive, taking the most from New York City and other high need school districts. New York City alone would absorb \$620 million out of the \$693 million statewide reduction.

The proposal would obliterate one remaining strand of predictability in school revenues. Districts cannot forecast Foundation Aid from one year to the next. The vagaries of the tax cap have complicated planning for property tax revenues as well. Districts have been able to forecast what they could reasonably expect as reimbursement for student transportation expenses, for purchases of shared services from BOCES, and as help in meeting rising charter school tuition payments, to name three of the funding streams to be consolidated. But after 2021-22, current formulas would no longer be used. Instead, districts would receive as Services Aid what they received the year before, plus or minus whatever adjustment the state elects to apply for that year.

It is also problematic to permanently tie future aid to one year’s experience—expenditures in any one year may be exceptional, and these past two years have the most exceptional in memory.

We are especially concerned about the damage the proposal could inflict upon BOCES, which many poor districts rely upon to give their schoolchildren opportunities they could not offer on their own. For typical high need rural districts, a 2 percent property tax increase raises only about \$100,000 in revenue, making them excruciatingly vulnerable to changes in state aid.

The Council urges rejection of the Services Aid proposal to consolidate and cut 11 aid formulas that currently give districts some predictability in revenues.