

Address Gaps in State Aid to Schools

Governor Kathy Hochul’s proposed state budget for 2022-23 follows through on the state’s commitment to fully fund the Foundation Aid formula while also avoiding cuts to expense-based and other aids by funding those formulas according to current law. The proposed total increase in School Aid of \$2.07 billion, or 8.2%, is stronger than any we have seen in many years.

There are some gaps that we urge the Legislature to address, however.

The budget does not provide increased aid to support career and technical education. **We support the Board of Regents recommendation to increase funding for CTE opportunities for students** by phasing-in increases in the \$30,000 aidable salary limit to \$60,000 by 2024-25 and providing a commensurate increase in Special Services Aid for districts which are not BOCES members. The BOCES aidable limit has not been increased since 1990.

We are grateful for the Governor’s proposal to provide forgiveness of district errors in district filing of Building and Transportation Aid claims. This will spare districts from penalties vastly out of proportion to the magnitude of their mistakes. We regret, however, that the budget omits any funding for payment of prior year adjustments of aid owed to school districts. **We urge restoration of a \$20 million appropriation for prior year adjustments.**

The proposed 7.1% increase in Foundation Aid is impressive. But it will not be as impactful would have been the case in prior years due to inflationary pressures.

- The Division of the Budget forecasts that the Consumer Price Index will rise by 4.1% in 2022; 48% of districts are projected to receive Foundation Aid increases below that threshold and 46% would receive the proposed minimum aid increase of 3.0%.
- Meanwhile, the school property tax cap will be 2.0%, before application of exemptions and exclusions which may raise or lower the cap for each district. This makes all districts—affluent, poor, and in between—more dependent on state aid.
- These dynamics are especially challenging for “high need” school districts—on average, a 2% local tax increase will support only a 0.7% increase in total spending.
- **We recommend raising the guaranteed minimum Foundation Aid increase from 3.0% to a higher figure, scaled according to district capacity to raise local revenue.**

Finally, the state is on the cusp of fulfilling the promise of Foundation Aid and we commend legislators for resolve in pursuit of that goal. With the state’s finances currently in strong condition, this a time to consider the future of Foundation Aid. **We recommend the state begin a process to develop a consensus on how to correct widely acknowledged defects in the Foundation Aid formula**, including revising how student needs are accounted for and how the regional cost index is constructed.