

## Reject Proposed Cuts to Foundation Aid

**The Council strongly urges Legislators to reject proposed cuts and changes to Foundation Aid.**

Enactment of the Foundation Aid formula in 2007 and achievement of full funding last year were great achievements in public policy. But changes to the formula recommended in the Executive Budget for 2024-25 would undermine those successes.

If proposed changes are approved, half the state's school districts would absorb **cuts** from 2023-24 funding levels and **all** districts would face reductions from what they would otherwise receive for 2024-25, if formulas now in law were continued. The statewide increase would be just over half of what the current law formula would deliver—2.1% instead of 3.9%.

The proposals mark an abrupt shift in state policy, leaving many school leaders and communities stunned by the depth of aid losses many would face.

### Explaining the Proposed Changes

The budget proposes two Foundation Aid changes:

- (1) Reduce the formula's inflation adjustment from 4.1% to 2.4%.<sup>1</sup>** Rather than using the average monthly change in Consumer Price Index over 2023 as required by current law, the budget would substitute the average annual change over the past 10 years, excluding the highest and lowest years.
- (2) Apply a wealth-adjusted reduction to save-harmless.** New York has long ensured that districts will not receive year-over-year reductions in Foundation Aid and the general-purpose operating aid formulas which preceded it. Under the proposed changes, reductions would range from a minimum of 9% of the amount of save-harmless funding for the poorest districts to a maximum of 50%. Half the state's districts would face cuts and 54% of those districts would experience the maximum 50% reduction.

### Impact of the Changes

The 337 districts affected by the save-harmless cuts would lose a total of \$168 million from their 2023-24 Foundation Aid levels, reductions totaling 4.8%. One-third of the districts facing cuts would lose more than 10%.

The 336 districts on the formula—not on save-harmless—would receive a total of \$252 million less in Foundation Aid for 2024-25 than the formulas now in law would provide.

The proposed change to the Foundation Aid inflation adjustment is especially problematic now, because districts are straining to offer compensation necessary to recruit and retain teachers and to compete with employers in other sectors for workers not requiring professional certification, including bus drivers, and clerical, custodial, and food service workers, and school security personnel.

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## Recommendations

The Council urges the Senate and Assembly to reject the cuts and changes the Executive Budget proposes to Foundation Aid and to ensure increases in Foundation Aid for all school districts.

Together with our partners in the Educational Conference Board, the Council also recommends funding be allocated to enable the State Education Department to lead research necessary to update the Foundation Aid formula.

Rationale Offered for Proposed Changes	Rebuttals
Recent increases were not sustainable	<ul style="list-style-type: none"> <li>• This was not raised as a concern a year ago when Foundation Aid increased 12.3%</li> <li>• Increases moderated on their own with full-funding complete and lower inflation (3.9% under current law)</li> </ul>
Schools have been benefiting from large increases	<ul style="list-style-type: none"> <li>• True for many, but not all—for 40% of districts, Foundation Aid increases did not keep up with inflation over the last 3 years</li> </ul>
Districts have lost enrollment causing them to fall on to save-harmless	<ul style="list-style-type: none"> <li>• This was not raised as an issue the last 2 years—save-harmless was preserved and a 3% minimum increase was provided</li> <li>• Schools may be serving fewer students, but they are doing more for students and families than ever before</li> <li>• Cutting aid does nothing to improve opportunities for students in districts with significant enrollment declines</li> </ul>
Schools have built up reserves	<ul style="list-style-type: none"> <li>• Schools seek to build reserves for the same reason the state does—to manage uncertainty over costs and revenues</li> <li>• Schools face one certain and large funding loss—the expiration of federal COVID-relief aid</li> <li>• Municipalities have no percentage limit on unrestricted fund balance and a far less restrictive property tax cap</li> </ul>

<sup>i</sup> In developing its November current law estimates, the State Education Department lacked full-year inflation data and applied a 3.8% inflation adjustment. Using the average monthly change in the Consumer Price Index between January and December 2023, as required by law, results in an inflation adjustment of 4.1%.