



# 2026-27 State Budget and the Public Schools



**March 2026**

# Topics for today

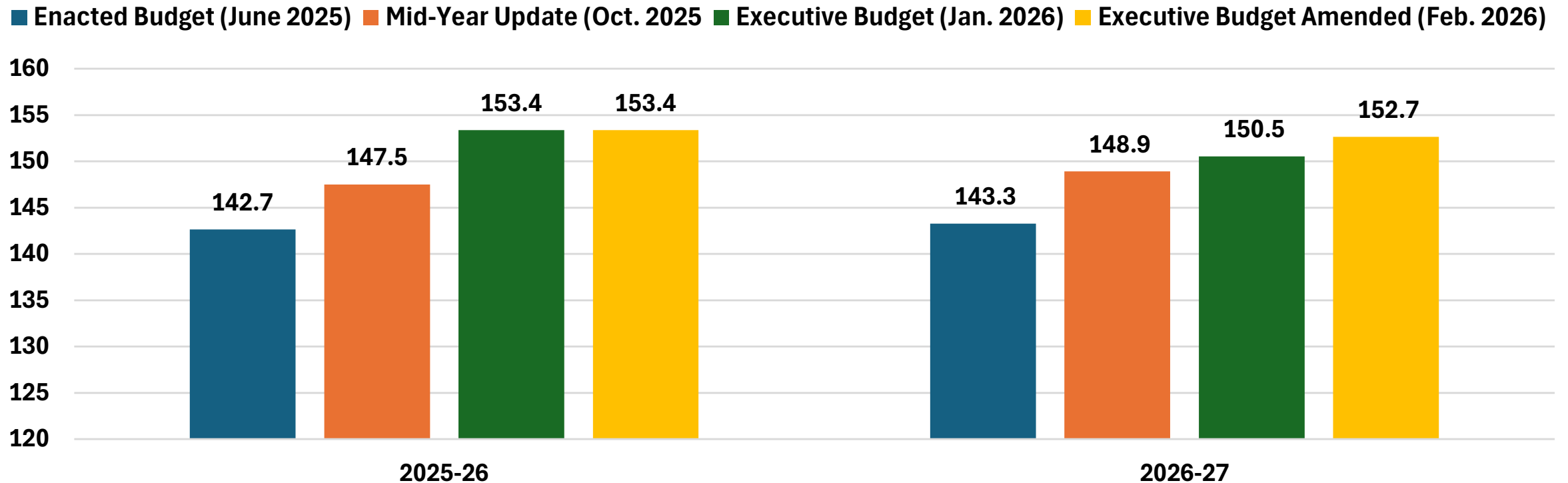
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- Overall state budget outlook
- School Aid and the database update
- Other budget and legislative issues
- Pensions

# ***Overall State Budget Outlook***

# “Remarkable” growth in projected state revenues

Projected State Operating Funds Receipts(\$ in Billions)



**SOURCE:** NYS Division of the Budget: State Financial Plans and Plan Updates

# New York State government is heavily dependent on revenue from the financial sector

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The financial sector accounts for:

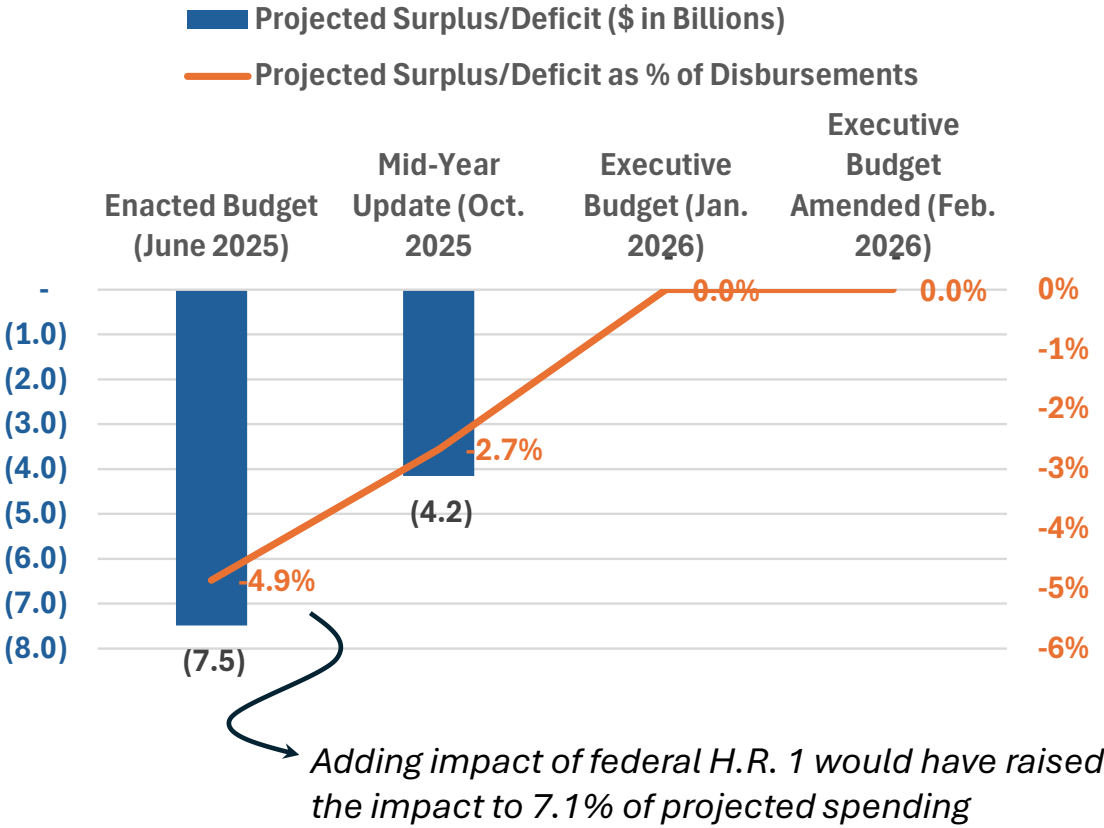
- 8.8% of employment (compared to 6.6% for the U.S.)
- 22.6% of total wages (compared to 10.8% for the U.S.)
- 31% of the state's gross domestic product

Historically, 1% of the state's taxpayers have contributed over 40% of its personal income tax receipts.

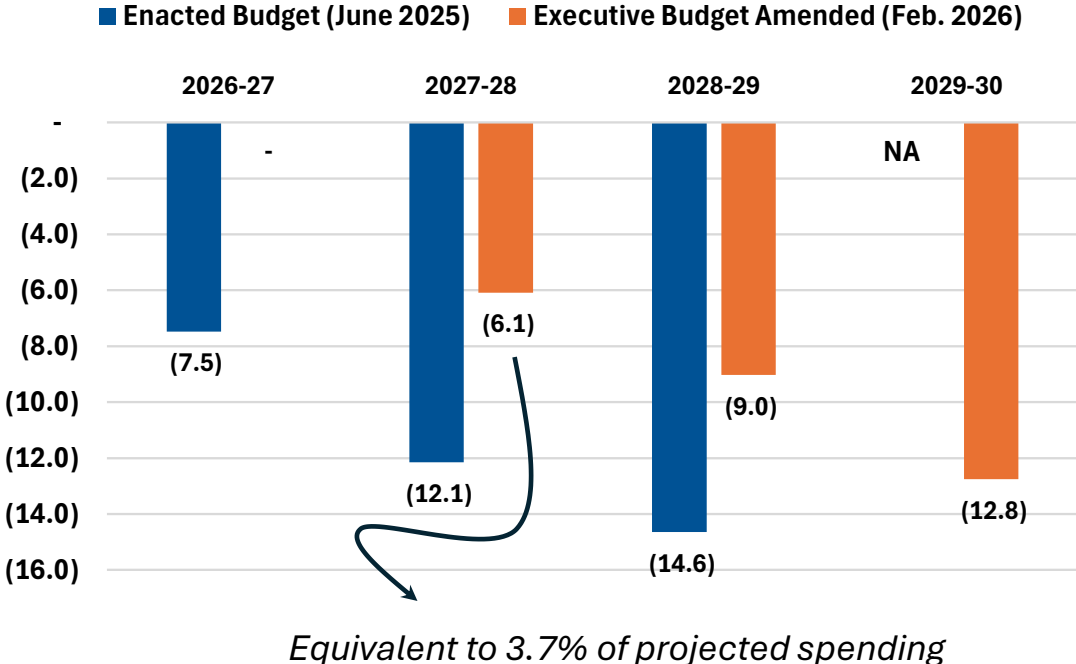
Incomes in the financial sector tend to be volatile, subject to significant year-to-year swings.

# Projected deficits have shrunk

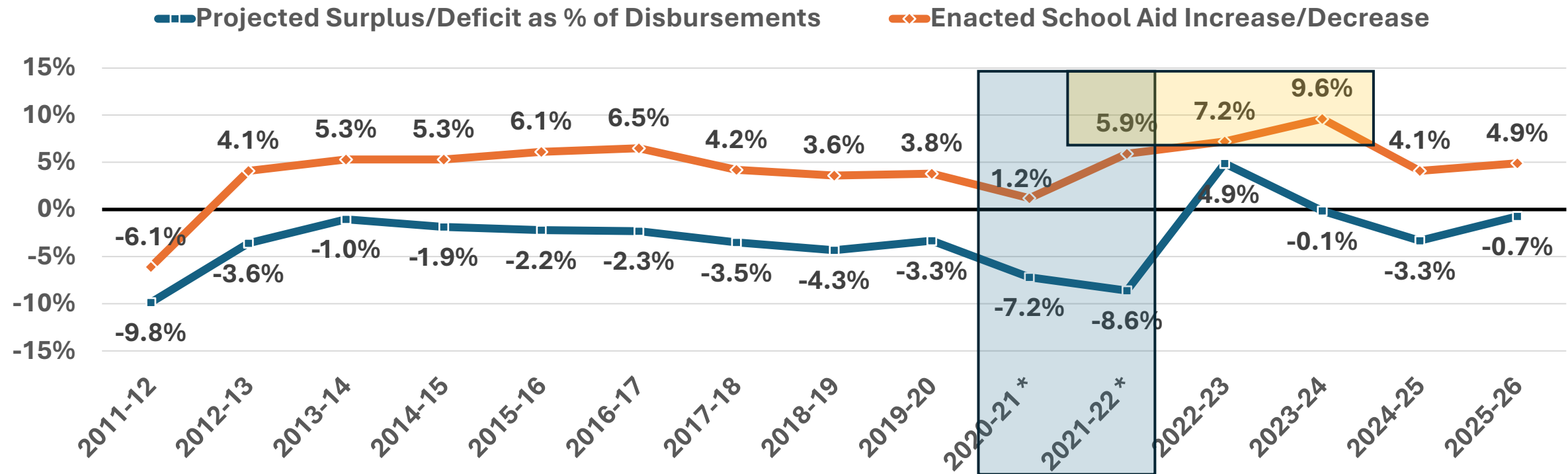
## Projected 2026-27 Surplus/Deficit



## Out-Year Deficits Remain, But Are Reduced (\$ in Billions)



# Projected Budget Surpluses/Deficits and Change in School Aid



\*School Aid percent change figures for 2020-21 and 2021-22 reflect inclusion of \$1.35 billion in federal CARES Act funding in 2020-21 aid. State funding of School Aid declined by 3.7% in 2020-21 and increased by 11.3% in 2021-22.

**SOURCE:** Compiled by NYSCOSS from NYSDOB State Financial Plan Updates

# Assembly, Senate & Executive project even greater revenues

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## Projected Additional All Funds Revenue Above Executive Budget Forecast

|                                                  | 2025-26                   | 2026-27         |
|--------------------------------------------------|---------------------------|-----------------|
| Assembly Ways and Means Committee Majority Staff | +\$99 million             | +\$1.89 billion |
| Senate Finance Committee Majority Staff          | +\$185 million            | +\$1.5 billion  |
| <b>Consensus Forecast</b>                        | <b>+\$700-800 million</b> |                 |

**SOURCES:** Assembly Ways and Means Committee and Senate Finance Committee Economic and Revenue Reports; Division of the Budget [Consensus Economic and Revenue Forecast Report](#)

# Risks remain

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- Federal government actions—spending freezes/withholding, enacted budget reductions, government shutdowns, consequences of federal “One Big Beautiful Bill Act.”
- A faltering or stagnating economy:
  - GDP growth is expected to slow
  - Low hiring/low firing labor market, with growth concentrated in health care
  - AI-related investment is fueling business spending and equity market gains
  - Consumption growth is concentrated among higher income households
  - Inflation is expected to rise above Federal Reserve target
- Financial sector downturn—what goes up can come down
- Natural disasters
- International events
- A positive: the state has built reserves—Division of the Budget acknowledges \$14.6 billion in “principal reserves,” up from \$3.3 billion in 2020; equivalent to 9.8% of spending

# ***School Aid and the Database Update***

# The Governor's Proposed 2026-27 Budget for Education

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- \$1.627 billion (4.3%) increase in total School Aid.
- Includes a \$779 million (3.0%) increase in Foundation Aid and a \$561 million (52.5%) increase for Universal Prekindergarten
- For Foundation Aid, the Governor's proposal would assure all districts receive at least a 1% increase in that aid, but makes no other formula enhancements—*68% of districts projected to receive 1% minimum.*
- UPK proposals aim to make the program “truly universal;” would raise the formula's per child funding for 4-year-olds to greater of \$10,000 or the district's Foundation Aid per pupil.
- Other formulas funded according to current law for 2026-27, including BOCES Aid.
- Budget includes unallocated sums of \$130 million for anticipated additional UPK Aid and \$170.15 million for potential additional Building Aid costs.

# The Governor's Proposed 2026-27 Budget, continued

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- \$55 million (16.2%) increase to maintain universal free student meals
- \$9 million for high-impact tutoring in math in high need districts
- \$2 million for regional hub pilots to provide training and support for educators in districts with low performance in math
- \$2 million for the NYSUT Education and Learning Trust for professional development of educators in best practices in numeracy and evidence-based math instruction
- \$1.9 million to create an accelerated teacher preparation program for career changers and others
- \$2 million for programs to allow high school students interested in teaching as a career to earn college credit relevant subjects
- Other than school meals funding, each sum is to be allocated “pursuant to a plan developed by the commissioner of education and approved by the director of the budget.”

# The Governor's Proposed 2026-27 Budget, continued

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- Allow Inclusion in Building Aid cost allowances cost of certain renewable energy technologies, including ground-mounted solar panels.
- Direct Commissioner of Education to promulgate instructional best practices in numeracy and the teaching of mathematics for grades K-5; require districts to certify that they are using best practice by September 1, 2027.
- Sunset EXCEL school facilities program effective 12/31/2028--\$18.8 million remains unspent out of original \$2.6 billion authorized.
- Sensitive Locations Protection Act: Restrict civil immigration enforcement in designated “sensitive” locations—schools, daycares, summer camps, healthcare facilities, and places of worship.
- No proposed changes to zero-emission bus mandate.

# Universal Prekindergarten

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- *Aid amounts on runs are estimates*—aid on behalf of 4-year-olds would be calculated using “current year” pupil counts—e.g., 2026-27 children served for 2026-27 UPK Aid
- Aid per 4-year-old would be greater of (a) \$10,000, (b) district’s *current year* selected Foundation Aid per pupil, or (c) its 2025-26 4-year-old UPK grant per pupil. Children in half-day programs would be weighted at 0.5.
- For 2026-27 aid, for districts other than New York City, aid on behalf on 3-year-olds would be the lesser of district’s 2025-26 maximum apportionment for 3-year-olds multiplied by a maintenance of effort percentage or total actual expenditures approved by the State Education Department.
- *“By no later that the 2028-29 school year, all districts shall serve in a full-day prekindergarten program all eligible four-year-old children whose parent of guardian applies to enroll such child in the district’s universal prekindergarten program...”*
  - Programs could be operated by districts or BOCES or in collaboration with other eligible agencies

# Foundation Aid in brief

Foundation Aid\* =

| Foundation Amount                                                                                                                | X | Pupil Needs Index                                                                                                                                                          | X | Regional Cost Index                                                                                                                                                                          | X | State Sharing Ratio                                                                                                                                                                                 | X | Weighted Pupil Count                                                                                                                                                                                                                        |
|----------------------------------------------------------------------------------------------------------------------------------|---|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Standard per pupil amount for all districts, adjusted annually for inflation (\$8,505 for 2026-27, up 2.8% in Governor’s budget) |   | Measure of student needs, applies 4 factors—2 measures of poverty, % of students who are ELLs, and “sparsity” (students per square mile). Ranges between 1 and 2 (poorest) |   | State is divided into 10 regions, each is assigned an RCI originally based on salaries of workers with credentials similar to teachers; there has been a change for only 1 county since 2007 |   | A wealth-adjusted percentage. Wealth is measured using property wealth and resident income per pupil, each weighted 50% (“Combined Wealth Ratio”). Maximum state share for poorest districts is 93% |   | Number of students, based on enrollment, with extra weight given to some student categories (e.g., students with disabilities are counted as 1.41 <i>additional</i> students)– <i>Selected Total Aidable Foundation Pupil Units (TAFPU)</i> |

*Plus save-harmless/guaranteed minimum increase*

*Changes in multiple factors can either offset or compound their impacts*

*\* There are alternative calculations but they affect very few districts*

# Foundation Aid—more detail, if you are curious

| Foundation Aid                                                                                                                                                                                                                                                                                                                                                                                                           | = | Foundation Amount                                                                                                                                                                                                                                                                                                                                       | X | Pupil Needs Index                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   | X | Regional Cost Index                                                                                                                                                                                                                                                                                                                                                                                                                                                                  | X | State Sharing Ratio                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | X | Selected Total Aidable Foundation Pupil Units (TAFPU)                                                                                                                                                                                                                                                                                                                                                                                                              |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p><b>For 2026-27 aid, districts Governor proposes districts receive the greater of above equation or a guaranteed minimum 1% increase over 2025-26 Foundation Aid.</b></p> <p><i>The formula also provides for minimum aid of \$500 X Selected TAFPU, but all districts that would be covered by this “flat grant” calculation instead receive aid through save-harmless and the guaranteed minimum % increase.</i></p> |   | <p>\$8,273 for all district in 2025-26s; adjusted annually for inflation. Figure for 2026-27 is projected to be \$8,505 (up 2.8%)</p> <p>Intended to represent cost of providing an adequate general education.</p> <p>Measure grew out of court mandate for the state to determine the cost of a sound basic education for New York City students.</p> |   | <p>PNI values can range from 1.000 to 2.000</p> <p>Based on 4 measures:</p> <ul style="list-style-type: none"> <li>•% of Economically Disadvantaged students; replaced Free and Reduced Price Lunch data.</li> <li>•% of 5-17 year olds in community in poverty (Census Small Area Income and Poverty Estimates); replaced 2000 Census poverty data.</li> <li>•% of students who are English Language Learners; 2025-26 budget raised weight for ELLs from .50 to .53.</li> <li>•Sparsity Factor – districts must have fewer than 25 students per square mile to qualify—one factor where enrollment declines may positively affect aid.</li> </ul> |   | <p>State is divided into 10 regions; a cost index is calculated for each region based on median salaries of workers in region with credentials similar to those required for teachers. RCI values range from 1.000 (Mohawk Valley and North Country) to 1.425 (New York City/Long Island).</p> <p>RCI values had not been updated since 2007. 2025-26 aid creates a new RCI of 1.351 for Westchester County, separating it from the Hudson Valley Region. No other RCIs changed.</p> |   | <p>One method for calculating how much district is assumed able to contribute from local revenues.</p> <p>Percentage varies based on local wealth measured by property wealth per pupil and adjusted gross income per pupil compared to state averages, each weighted 50% (Comined Wealth Ratio).</p> <p>2025-26 budget raised maximum state share from .910 to .930 (i.e., 93%) and increases SSR for some other below average wealth school districts</p> <p>Note: State law provides for a second methodology for calculating the local contribution, but it applies to very few districts.</p> |   | <p>Based on Average Daily Membership with weightings:</p> <ul style="list-style-type: none"> <li>• 1.41 for students with disabilities</li> <li>• .5 for students in 1st year declassified from special education</li> <li>• .12 for summer students</li> </ul> <p>“Selected” refers to fact that districts are allowed the more favorable of TAFPU for the most recent year or the average of the 2 most recent years (cushioning against enrollment losses).</p> |

# Losing enrollment can be a “double whammy” in Foundation Aid

- Enrollment declines are a primary cause of districts falling on to save-harmless.
- First, aid is paid on behalf of fewer students.
- Second, all else held constant, with fewer students, a district would have more *wealth per student* and would receive less aid on behalf of each student.
- Impact can be offset by:
  - increases in student needs;
  - actual change in property wealth or resident income—a district can become poorer for aid purposes, if it either grows more slowly than the state average or declines; or
  - the Foundation Amount inflation adjustment or any other increase in that factor.

# Impact of the February School Aid database update

- Cost of total School Aid for 2025-26 and 2026-27 rises by \$360 million over amounts in the Governor's proposal. This is partially offset by \$170 million proposed by the Governor for anticipated additional Building Aid.

|         | Districts Gaining | Districts Losing | Net Change     |
|---------|-------------------|------------------|----------------|
| 2025-26 | 420               | 226              | +\$152 million |
| 2026-27 | 389               | 284              | +\$208 million |

- Cost of Foundation Aid statewide for 2026-27 would decline by \$36.5 million.
- Districts receiving aid through the 1% minimum increase under the Governor's budget *do not* lose Foundation Aid as a result of the update; one would receive a 1.2% increase.
- 171 districts would lose Foundation Aid with the update, including 30 that would drop to the 1% minimum, bringing to 73% the share of districts depending on the minimum increase.
- 43 districts would gain Foundation Aid under the update.

*All calculations exclude Universal Prekindergarten Aid*



# School Aid Database Update

Change from Executive Budget (1/16/2026) to February Update (2/13/2026)

District: [REDACTED]

We will share this in our next listserv message this week.

## REPORT 1

| Aid Categories                                                                                                                                                                                  | 2025-26 Aid                                                           |                    |                  | 2026-27 Aid        |                    |                    |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------|--------------------|------------------|--------------------|--------------------|--------------------|
|                                                                                                                                                                                                 | 1/16/2026                                                             | 2/13/2026          | Difference       | 1/16/2026          | 2/13/2026          | Difference         |
| Foundation Aid                                                                                                                                                                                  | 122,390,574                                                           | 122,390,574        | -                | 127,696,530        | 124,176,880        | (3,519,650)        |
| <i>*Foundation Aid with 1% Increase</i>                                                                                                                                                         |                                                                       |                    |                  |                    | 124,176,880        | (3,519,650)        |
| Charter School Transition Aid                                                                                                                                                                   | 165,538                                                               | 165,538            | -                | 136,378            | 125,013            | (11,365)           |
| High Tax Aid                                                                                                                                                                                    | -                                                                     | -                  | -                | -                  | -                  | -                  |
| Summer Transportation Aid                                                                                                                                                                       | 35,565                                                                | 35,260             | (305)            | 32,941             | 32,926             | (15)               |
| Transportation Aid w/o Summer                                                                                                                                                                   | 9,644,615                                                             | 9,644,615          | -                | 10,031,395         | 10,031,395         | -                  |
| Building Aid                                                                                                                                                                                    | 13,800,139                                                            | 16,089,494         | 2,289,355        | 13,100,284         | 15,389,638         | 2,289,354          |
| Building Reorganization Aid                                                                                                                                                                     | -                                                                     | -                  | -                | -                  | -                  | -                  |
| Operating Reorganization Incentive Aid                                                                                                                                                          | -                                                                     | -                  | -                | -                  | -                  | -                  |
| Non-BOCES Computer Administration Aid                                                                                                                                                           | -                                                                     | -                  | -                | -                  | -                  | -                  |
| Non-BOCES Career Education Aid                                                                                                                                                                  | -                                                                     | -                  | -                | -                  | -                  | -                  |
| Non-BOCES Academic Improvement Aid                                                                                                                                                              | -                                                                     | -                  | -                | -                  | -                  | -                  |
| BOCES AID                                                                                                                                                                                       | 4,772,709                                                             | 4,772,707          | (2)              | 5,583,107          | 5,583,107          | -                  |
| Public Excess Cost High Cost Aid                                                                                                                                                                | 1,438,522                                                             | 1,438,522          | -                | 681,321            | 681,133            | (188)              |
| Private Excess Cost Aid                                                                                                                                                                         | 7,801,246                                                             | 7,804,344          | 3,098            | 7,767,359          | 7,749,772          | (17,587)           |
| Software Aid                                                                                                                                                                                    | 98,988                                                                | 98,988             | -                | 99,557             | 96,651             | (2,906)            |
| Library Materials Aid                                                                                                                                                                           | 41,300                                                                | 41,300             | -                | 41,538             | 40,325             | (1,213)            |
| Textbook Aid                                                                                                                                                                                    | 416,371                                                               | 416,371            | -                | 418,119            | 405,304            | (12,815)           |
| Hardware and Technology Aid                                                                                                                                                                     | 136,247                                                               | 136,247            | -                | 135,582            | 131,624            | (3,958)            |
| Full-Day Kindergarten Conversion Aid                                                                                                                                                            | -                                                                     | -                  | -                | -                  | -                  | -                  |
| Universal Prekindergarten Aid**                                                                                                                                                                 | Omitted, Governors proposal would base aid on 2026-27 children served |                    |                  |                    |                    |                    |
| Supplemental Public Excess Cost Aid                                                                                                                                                             | -                                                                     | -                  | -                | -                  | -                  | -                  |
| Academic Enhancement Aid                                                                                                                                                                        | -                                                                     | -                  | -                | -                  | -                  | -                  |
| <b>Total Aid—UPK excluded</b>                                                                                                                                                                   | <b>160,741,814</b>                                                    | <b>163,033,960</b> | <b>2,292,146</b> | <b>165,724,111</b> | <b>164,443,768</b> | <b>(1,280,343)</b> |
| <b>* Total Aid with 1% Minimum Foundation Aid Increase &amp; UPK excluded</b>                                                                                                                   |                                                                       |                    |                  |                    | <b>164,443,768</b> | <b>(1,280,343)</b> |
| * Council estimate of 2026-27 Foundation Aid with 1% guaranteed minimum increase in Foundation Aid.                                                                                             |                                                                       |                    |                  |                    |                    |                    |
| ** The February 13 SED database did not update calculations for the Governor's UPK proposal and, in any event, the proposal would base UPK Aid for 2026-27 on four-year-olds served in 2026-27. |                                                                       |                    |                  |                    |                    |                    |

## REPORT 2

### Change in Aid, 2025-26 to 2026-27 under February database

| Aid Categories                                                                   | 2025-26                        | 2026-27            | Change           | % Change    |
|----------------------------------------------------------------------------------|--------------------------------|--------------------|------------------|-------------|
| Foundation Aid                                                                   | 122,390,574                    | 124,176,880        | 1,786,306        | 1.5%        |
| <i>* Foundation Aid with 1% minimum increase</i>                                 |                                | <i>124,176,880</i> | <i>1,786,306</i> | <i>1.5%</i> |
| Charter School Transition Aid                                                    | 165,538                        | 125,013            | (40,525)         | -24.5%      |
| High Tax Aid                                                                     | -                              | -                  | -                | NA          |
| Summer Transportation Aid                                                        | 35,260                         | 32,926             | (2,334)          | -6.6%       |
| Transportation Aid w/o Summer                                                    | 9,644,615                      | 10,031,395         | 386,780          | 4.0%        |
| Building Aid                                                                     | 16,089,494                     | 15,389,638         | (699,856)        | -4.3%       |
| Building Reorganization Aid                                                      | -                              | -                  | -                | NA          |
| Operating Reorganization Incentive Aid                                           | -                              | -                  | -                | NA          |
| Non-BOCES Computer Administration Aid                                            | -                              | -                  | -                | NA          |
| Non-BOCES Career Education Aid                                                   | -                              | -                  | -                | NA          |
| Non-BOCES Academic Improvement Aid                                               | -                              | -                  | -                | NA          |
| BOCES AID                                                                        | 4,772,707                      | 5,583,107          | 810,400          | 17.0%       |
| Public Excess Cost High Cost Aid                                                 | 1,438,522                      | 681,133            | (757,389)        | -52.7%      |
| Private Excess Cost Aid                                                          | 7,804,344                      | 7,749,772          | (54,572)         | -0.7%       |
| Software Aid                                                                     | 98,988                         | 96,651             | (2,337)          | -2.4%       |
| Library Materials Aid                                                            | 41,300                         | 40,325             | (975)            | -2.4%       |
| Textbook Aid                                                                     | 416,371                        | 405,304            | (11,067)         | -2.7%       |
| Hardware and Technology Aid                                                      | 136,247                        | 131,624            | (4,623)          | -3.4%       |
| Full-Day Kindergarten Conversion Aid                                             | -                              | -                  | -                | NA          |
| <i>Universal Prekindergarten Aid**</i>                                           | <i>Omitted; see note below</i> |                    |                  |             |
| Supplemental Public Excess Cost Aid                                              | -                              | -                  | -                | NA          |
| Academic Enhancement Aid                                                         | -                              | -                  | -                | NA          |
| <b>Total Aid—UPK excluded</b>                                                    | <b>163,033,960</b>             | <b>164,443,768</b> | <b>1,409,808</b> | <b>0.9%</b> |
| <b>Total Aid with 1% Minimum Foundation Aid Increase &amp; with UPK excluded</b> |                                | <b>164,443,768</b> | <b>1,409,808</b> | <b>0.9%</b> |

\* Council estimate of 2026-27 Foundation Aid with 1% guaranteed minimum increase in Foundation Aid.

\*\* The February 13 SED database did not update calculations for the Governor's UPK proposal and, in any event, the proposal would base UPK Aid for 2026-27 on four-year-olds served in 2026-27.

# Other parts of our new report

Factors affecting  
Foundation Aid

| Key Foundation Aid Factors            | 2025-26 | 2026-27   | 2026-27   |
|---------------------------------------|---------|-----------|-----------|
|                                       |         | 1/16/2026 | 2/13/2026 |
| Selected TAFPU (weighted pupil count) | 8,430   | 8,529     | 8,346     |
| State Sharing Ratio                   | 0.930   | 0.930     | 0.930     |
| Pupil Needs Index                     | 1.731   | 1.735     | 1.726     |

District dependence  
on save-harmless &  
1% minimum

| Impact of Save-Harmless & 1% Minimum Increase<br>Under 2/13/2026 Database |             |
|---------------------------------------------------------------------------|-------------|
| 2026-27 Proposed Foundation Aid                                           | 124,176,880 |
| Formula Aid, w/o Save-Harmless & 1 Minimum                                | 124,176,880 |
| Aid Due From Save-Harmless & 1% Minimum                                   | -           |
| % Due From Save-Harmless & 1% Minimum                                     | 0.0%        |

# Educational Conference Board Foundation Aid Recommendations

| Formula Element                    | Recommended 2026-27 Actions                                                                                 | ECB Study Priorities                                                                                                                                                                         |
|------------------------------------|-------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Foundation Amount</b>           | Pending further study, provide an interim increase to \$8,730, or 5.5%.                                     | Update Successful Schools Model and Foundation Amount using outcome-based measures to identify “successful” districts. Consider inclusion of additional costs.                               |
| <b>Pupil Needs Index (PNI)</b>     | Raise weighting for English Language Learners from .53 to .60                                               | Explore factors that might be incorporated into the PNI (e.g., effects of concentrated poverty, homelessness) and the weight given to any current or potential new factors within the PNI.   |
| <b>Regional Cost Index (RCI)</b>   | Consider alternatives suggested by Rockefeller Institute (e.g., County RCIs); phase-in changes over 3 years | Consider alternatives suggested by Rockefeller Institute (e.g., County RCIs); phase-in changes over 3 years                                                                                  |
| <b>Expected Local Contribution</b> | None                                                                                                        | Study interplay between Foundation Aid formula and school property tax cap. Assess how fiscal dependency and competing municipal needs affect raising the ELC in the state’s “Big 5” cities. |
| <b>Weighted Pupil Count</b>        | None                                                                                                        | Review and revise weightings within various pupil counts, including the 1.41 weighting on behalf of students with disabilities.                                                              |
| <b>Minimum Increase</b>            | Ensure all districts <i>at least</i> a 2% increase in Foundation Aid                                        | Other recommended actions, for both 2026-27 and longer-term, would reduce the number of districts dependent on save-harmless and guaranteed minimum increases                                |

## Improving the minimum increase

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- 81% of districts receiving the 1% minimum increase are average or high need.
- 76% of high need rural districts would receive only the minimum.
- For 38% of the districts receiving only the minimum Foundation Aid increase, a 1% local tax increase would not raise \$100,000.
- Raising the minimum to 2% would cost \$97 million, with 90% going to average and high need districts.
- A scaled minimum, ranging from 2% up to 4% for the poorest districts, would cost \$190 million, with 63% of the increase going to high need districts and 32% to average need districts.

# ***Other Budget and Legislative Issues***

## ***Pensions***

# NYSCOSS Lobby Day Memos

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- Improving State Support for Public Schools
- Universal Prekindergarten Expansion
- Reject Federal School Voucher Scheme
- Zero-Emission Bus Mandate Reforms
- Charter School Reforms
- Help Schools with Hiring Challenges
- Fund Court Mandate for Free and Appropriate Public Education for Students with Disabilities to Age 22
- Property Tax Cap Adjustments
- Raise Capital Outlays Limit (S.8867 (Ryan)/A.6747 (Griffin))
- Elimination of State Reimbursement for Residential Placements for Students with Disabilities

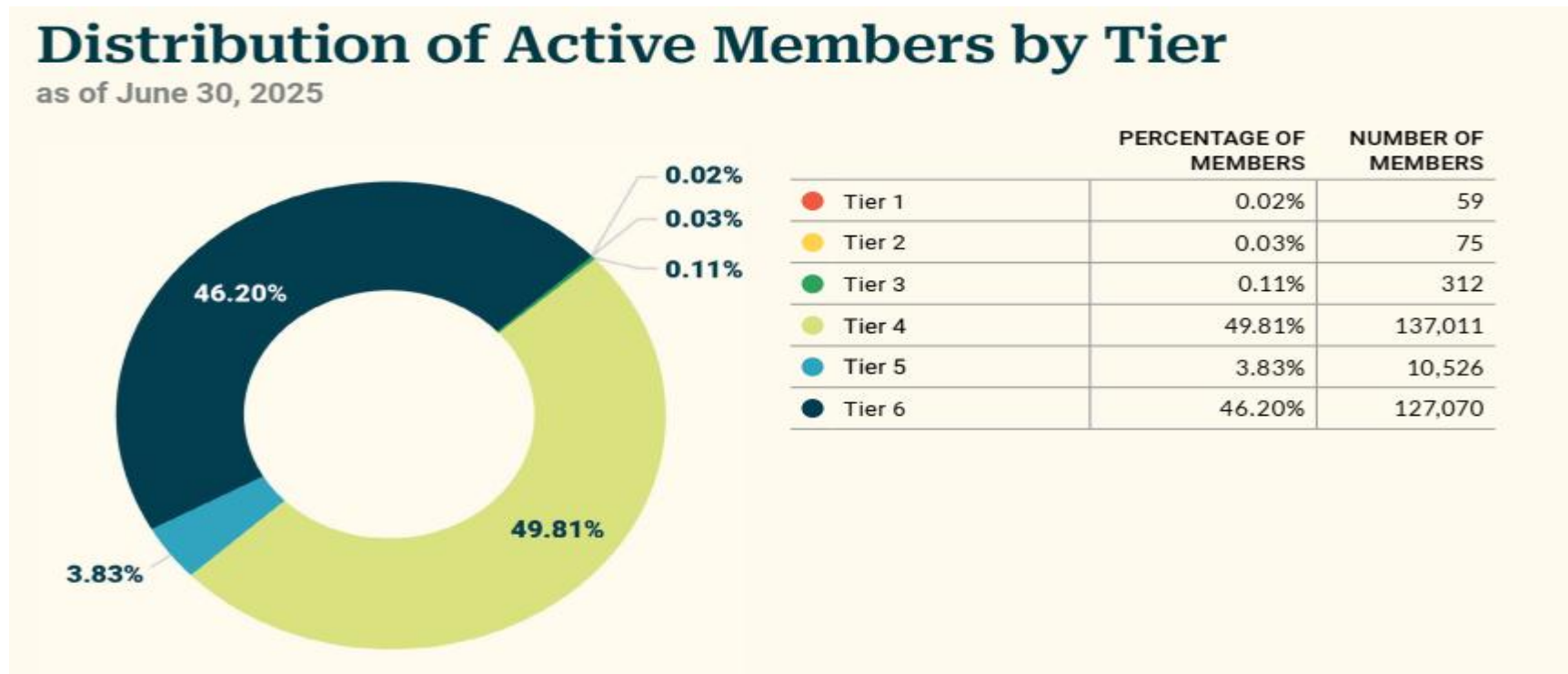
# New Federal Education Voucher Program

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- “One Big Beautiful Bill Act” includes a new tax credit intended to support private schools
- Credit is up to \$1,700 per individual or \$3,400 for couples filing jointly for contributions to “scholarship granting organizations” (SGOs)
- SGOs must 501c3 tax exempt non-profits, provide scholarships to 10 or more students in at least two schools, spend at least 90% of donations on expenses in connection with students attending, elementary or secondary public, private, or religious schools
- The SGO scholarships may fund: Tuition and fees; academic tutoring; special needs services for a student with a disability; books, supplies, or other equipment; expenses for room and board; uniforms; transportation; supplementary items and services; including afterschool and extended day programs; expenses for the purchase of any computer technology or equipment or internet access.
- Scholarships must go to students from families with incomes not in excess of 300% of area’s median household income
- States opt-in, the Governor decides
- Credit will be applied when taxpayers file their 2027 federal returns

# Pensions

- Pension reform most consequential issue this legislative session
- It is all the unions talk about, and all they should!



# Pensions

- Employer Contribution Rate: Significant drop
- Tier 6 New Entrant Rate: 5.52%. Assumed rate of return currently 6.95%

## Employer Contribution in Dollars

| Collection Date | Employer Contribution     | ECR    |
|-----------------|---------------------------|--------|
| Fall 2022       | \$1.7 billion             | 9.80%  |
| Fall 2023       | \$1.9 billion             | 10.29% |
| Fall 2024       | \$1.9 billion             | 9.76%  |
| Fall 2025       | \$2.0 billion             | 10.11% |
| Fall 2026       | \$1.9 billion (estimated) | 9.59%  |
| Fall 2027       | \$1.7 billion (estimated) | 8.24%  |

# Pensions

- Employer Contribution Rate: Significant risk incoming
- Even with a 20% market return for 7/1/25-6/30/26...5-year average decreases to 8.78%

## Historic Rates of Return – Last Five Years

| Fiscal Year     | Rate of Return (net of fees) |
|-----------------|------------------------------|
| 2020 – 2021     | 29.0%                        |
| 2021 – 2022     | -7.1%                        |
| 2022 – 2023     | 9.0%                         |
| 2023 – 2024     | 11.4%                        |
| 2024 – 2025     | 10.6%                        |
| 5-year average: | 10.0%                        |

# Pensions

## ECR Actuarial Gain/Loss '24-'25

| Experience Source                                                                                                                                                         | Change in the ECR |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------|
| Salary increases higher than expected                                                                                                                                     | 0.27%             |
| Mortality, Retirement and Withdrawal different than expected                                                                                                              | 0.08%             |
| COLA Payments: Actual COLA of 1.2% is very close to assumption of 1.3%.                                                                                                   | 0.00%             |
| Miscellaneous: Net increase due to miscellaneous sources (e.g. data updates, tier reinstatements, return to active service, net transfers in/out, finalized contribution) | 0.11%             |
| Assumption Change                                                                                                                                                         | 0.97%             |
| Net Investment Gain higher than the expected 6.95%                                                                                                                        | -2.69%            |
| New Entrants Tier 6 rate lower than current normal rate                                                                                                                   | <u>-0.09%</u>     |
| Total Change                                                                                                                                                              | -1.35%            |
| Employer Contribution Rate at Prior Year-End                                                                                                                              | 9.59%             |
| Employer Contribution Rate at Current Year-End                                                                                                                            | 8.24%             |

# Pension Reforms and School Budgets

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- Retirement eligibility without a penalty currently 63.
  - Annual cost to schools to change to 55/30 is \$371 million/1.79% of payroll
- Tier 6 members pay 3% of salary to TRS increasing to 6% if salary over \$100K.
  - Annual cost to schools to change this to flat 3% is \$245 million/1.18% of payroll
- Tier 6 members earn 35% of FAS at 20 years and 55% at 30 years.
  - Annual cost to align with Tier 4 is \$90 million/.76% of payroll.
- Senator Robert Jackson (2024):
  - “The pension system is almost at 100%, so it’s not a question whether the funds are not there. We’re not talking about immediate funds, we’re talking about funds down the road.”

# Some Deadlines and Events

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- ~~January 20, 2026~~ – ~~deadline for Governor Hochul to propose her 2026-27 state budget~~
- ~~February 15~~ – ~~School Aid database due to be updated~~
- ~~February 27~~ – ~~NYSCOSS In-District Lobby Day~~
- **March 1-3** – NYSCOSS Winter Institute
- ~~March 2~~ – ~~deadline for Assembly, Senate and Governor to agree on a consensus revenue forecast~~
- **Week of March 9-13** – planned release and passage of Assembly and Senate “one-house” budgets
- **April 1, 2026** – start of 2026-27 state fiscal year
- **April 24, 2026** – deadline for districts other than small city districts to mail military ballots for May 19 budget votes and board elections (deadline for small cities is May 5)
- **April 27, 2026** – deadline for all districts to submit property tax report card data to State Education Department

# Questions, Ideas?

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