

NEW YORK STATE EDUCATIONAL CONFERENCE BOARD

Recommendations for the 2024 Legislative Session | February 2024



Representing New York's parents, classroom teachers, school-related professionals, school building and program administrators, superintendents and school board members

Executive Budget School Aid Overview

Budget proposes an \$825 million (2.4%) increase in total School Aid:

- **\$507 million (2.1%) increase in Foundation Aid**

- The proposed Foundation Aid increase is \$420 million less than what current law formulas would generate for 2024-25 (current law would result in a 3.9% increase).*
- Half the state's school districts would experience cuts in Foundation Aid from 2023-24 levels totaling \$168 million.

- **\$318 million (3.2%) increase in expense-based and other aids**

- These aids are funded in accordance with current law.

* Based on November 2023 State Education Department estimates of aid under current law.

Explaining Foundation Aid

Foundation Aid = [(Foundation Amount X Pupil Needs Index X Regional Cost Index) – Expected Local Contribution] X Selected TAFPU* (a weighted pupil count)

- **Full Funding Amount** – the result of the above calculation
- **Save-Harmless** – for decades, the state has ensured that, whatever the formula calculations might produce, districts will not receive a reduction from prior year funding in Foundation Aid—or any of the general-purpose operating aid formulas which preceded it
- **Save-Harmless Amount** – For districts on save-harmless, the difference between its full funding amount and what it received the year before

We speak of districts as being “on the formula” or “on save-harmless.”

*TAFPU – Total Aidable Foundation Pupil Units

Two Proposed Cuts to Foundation Aid

1) Apply a lower inflation adjustment:

- Current law calls for the per pupil “**Foundation Amount**” to be increased by 4.1% based on the average monthly change in the Consumer Price Index over the last calendar year.*
- The budget would substitute an adjustment based on the average annual change in the CPI over the last 10 years, excluding the highest and lowest years—lowers adjustment to 2.4%. This lowers the **full funding amount** for all districts.
- For districts **on the formula**, this typically reduces Foundation Aid increases by about 1.4 percentage points from State Education Department November estimates (e.g., from 3.9% to 2.5%). Cuts for districts “on the formula” total over \$250 million from what they would otherwise receive in 2024-25.

* In developing its November current law estimates, the State Education Department lacked full-year inflation data and applied a 3.8% inflation adjustment

Two Proposed Cuts to Foundation Aid, continued

2) Reduce Save-Harmless: The budget would reduce each affected district's **save-harmless amount** through a wealth-adjusted calculation:

- The maximum reduction would be 50% of the save-harmless amount, the minimum would be 9%.
- Half the state's school districts would experience year-over-year cuts in Foundation Aid due to the save-harmless reduction.
- 54% of those districts would face the maximum 50% reduction in save-harmless funding.
- Districts on save-harmless would absorb cuts totaling \$168 million (4.8%).

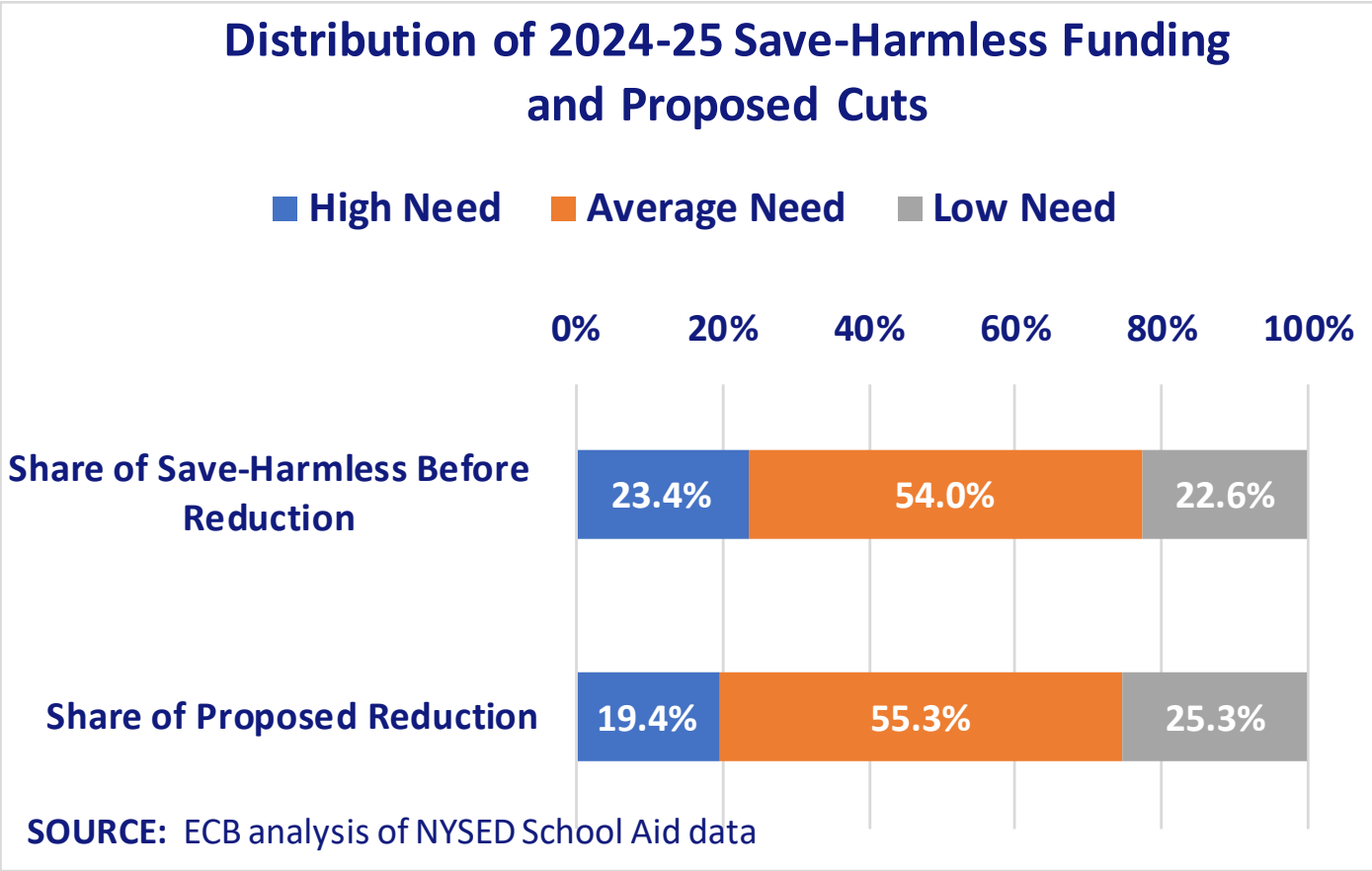
The lower CPI adjustment pushes 49 more districts on to save-harmless. It also increases the size of save-harmless cuts—by lowering the full funding amount for all districts, it increases the save-harmless amount.

Impact of School Aid database updates

- The Executive Budget School Aid proposal is calculated using a November 15 database compiled by the State Education Department.
- By law, SED issues an updated database on February 15—this has been used for enacted budgets.
- This year, the February 15 update yielded greater than typical adjustments:
 - 2023-24 Total Aid: up \$102.4 million from November/Executive Budget.
 - 2024-25 Total Aid: up \$394.0 million from November/Executive Budget.
- Most of the 2024-25 increase is due to New York City Foundation Aid, rising by \$237.6 million.
 - New York City’s weighted pupil count for Foundation Aid increased by 28,206 (2.2%) from November estimates.
- Most of the 2023-24 growth is due to scattered increases in Building Aid totaling \$82.8 million.

A look at save-harmless

- 337 districts would be on save-harmless under Governor’s proposal—50.1% of all districts, up from 35.5% in 2023-24.
 - *Reduced inflation factor pushes more districts on to save-harmless.*
- Save-harmless would total \$375 million without proposed cuts—accounting for 1.1% of total School Aid.
- *75% of proposed save-harmless cuts would hit average and high need school systems.*



Impacts of the Foundation Aid Cuts

50% of the total Foundation Aid cut is in High Need School Districts:

Need/Resource Capacity	Underfunding Amount	Share of Underfunding
High Need	-\$211,902,359	50%
Average Need	-\$156,175,542	37%
Low Need	-\$51,653,247	12%
State Total	-\$419,731,148	100%

Impacts of the Foundation Aid Cuts

- Among districts facing year-over-year Foundation Aid cuts, average reduction would be more than 10%.
- These cuts will have a direct impact on educational programs as districts are unable to make up for this loss of funds given the restrictions of the tax cap.

Rationale for the cuts... and rebuttal

Recent increases were not sustainable

- Increases moderated on their own with full-funding complete and lower inflation (3.9% under current law).
- This was not raised as a concern a year ago when Foundation Aid increased 12.3%.
- Save-Harmless does not “increase” state aid, aid remains flat year-to-year in affected districts.

Schools have been benefiting from large increases

- True for many, and we are grateful.
- But not all—for 40% of districts, Foundation Aid increases did not keep up with inflation over the last 3 years.

Schools have built up reserves

- Schools seek to build reserves for the same reason the state does.
- Districts wish to sustain improvements funded by expiring federal COVID-relief aid
- Municipalities have no percentage limit on unrestricted fund balance.

Districts have lost enrollment causing them to fall on to save-harmless

- This was not raised as an issue the last 2 years—save-harmless was preserved and a 3% minimum increase was provided.
- Schools may be serving fewer students, but they are doing more for students and families than ever before.
- Cutting aid does nothing to improve opportunities for students in districts with enrollment declines.

ECB's 2024-25 Recommendations for Supporting Our Schools

NEW YORK STATE EDUCATIONAL CONFERENCE BOARD



THE FUTURE OF School Aid

Recommendations for Supporting Schools

In fulfilling the state's commitment to phasing in Foundation Aid, Governor Kathy Hochul and the State Legislature have provided school districts with a stronger base from which to address complex educational priorities. A continuation of full funding of Foundation Aid in the 2024-25 state budget is essential to allow schools to sustain and strengthen services to English Language Learners, mental health resources, and other programs.

Foundation Aid accounts for more than 70 percent of state school aid and is the state's most powerful tool for ensuring all schoolchildren a quality education. However, key components of the formula have not been updated since it was created 17 years ago. The formula, designed to ensure equitable opportunities, must be capable of responding dynamically to the needs of diverse student populations to be effective. The cost of delivering quality instruction, the levels of student and community need, regional cost-of-living variations, and the anticipated local contributions relative to a district's wealth have all evolved since the formula's enactment in 2007.

Foundation Aid should not be regarded as the solution to every problem. Foundation Aid was established to ensure that the costs of educating a student were based on factors that contribute to successful educational outcomes. As we begin to reexamine the formula to more accurately reflect today's successful schools, we need to be mindful that the Foundation Aid formula alone can not address every component of district needs. Additional funding streams will likely need to be examined as well to deal with specific emerging issues, especially those impacting large subsets of school districts.

Educational Conference Board School Finance Recommendations

Recommendation #1: Continue fully funding Foundation Aid and empower and support SED to review and update the formula

- Continue full Foundation Aid funding in the 2024-25 state budget.
- Allocate funding to enable the State Education Department (SED) to lead a thorough review of the Foundation Aid formula to update and restructure the formula based on current costs and levels of student need.
- Provide a minimum guaranteed increase for all school districts.

Recommendation #2: Re-establish a "Growth Aid" formula to support mid-year student enrollment increases.

- The Foundation Aid formula requires significant updates to reflect the current cost of educating students, changing community demographics, and levels of student need.

Recommendation #3: Invest in priority areas of student need

- Address chronic absenteeism: Provide critical funding to districts to implement successful strategies to improve attendance.
- Allocate funding to provide a Free and Appropriate Education to students with disabilities until age 22.
- Make prekindergarten funding sustainable: Establish a recurring, consolidated, and formula-based method for funding prekindergarten to ensure the sustainability of this critical investment.
- Expand Career and Technical Education: Increase student access to Career and Technical Education by raising caps on aid for the salaries of BOCES teachers and the special services aid.
- Invest in school-based mental health services: The scope of the mental health crisis far exceeds the resources schools currently have to address it.

NEW YORK STATE EDUCATIONAL CONFERENCE BOARD
John Yagielski, Chair – chair@nysecb.org

Recommendation #1: Continue fully funding Foundation Aid and empower and support SED to review and update the formula

- ***Reject proposed inflation factor reduction and save-harmless cuts.***
- Continue full Foundation Aid funding in the 2024-25 state budget.
- Provide a minimum guaranteed increase for all school districts.
- Allocate funding to enable the State Education Department (SED) to lead a thorough review of the Foundation Aid formula to update and restructure the formula based on current costs and levels of student need.

Reviewing the Foundation Aid formula

2007 formula was an exceptional achievement in public policy, but...

- Study behind basic per pupil amount (Foundation Amount) has not been updated in years
- Regional Cost Index values have never been updated; current design produces steep differences among neighboring districts
- Still using 2000 Census poverty data and problems have emerged with Free and Reduced-Price Lunch data
- Formula includes an “Expected Local Contribution”—there was no property tax cap when the formula began
- We have learned more about how children’s school and life circumstances affect learning
- *43% of districts would not be “on the formula” under current law for 2024-25 – on save-harmless*

ECB supports funding to enable State Education Department to lead the necessary research to update the Foundation Aid formula.

Recommendation #2: Re-establish a “Growth Aid” formula to support mid-year student enrollment increases.

- State aid formulas generally use pupil counts and other data from earlier school years, creating a lag between when needs emerge and when funding arrives.
- ***ECB calls for recreating a Growth Aid formula which would provide current year help for districts experiencing enrollment growth above a threshold.***
- Additional Growth Aid should be provided on behalf of students who are English Language Learners.


Recommendation #3: Invest in priority areas of student need

- **Address chronic absenteeism:** Provide critical funding to districts to implement successful strategies to improve attendance.
- **Fund a court mandate:** Allocate funding to provide a Free and Appropriate Education to students with disabilities until age 22 as required by Court decision.
- **Make prekindergarten funding sustainable:** Establish a recurring, consolidated, and formula-based method for funding prekindergarten to ensure the sustainability of this critical investment.
- **Expand Career and Technical Education:** Increase student access to Career and Technical Education by raising caps on aid for the salaries of BOCES teachers and the special services aid.
- **Invest in school-based mental health services:** The scope of the mental health crisis far exceeds the resources schools currently have to address it.

Learn more—ECB References

- [The Future of School Aid: Recommendations for Supporting Schools \(January 2024\)](#)
- [Foundation Aid—What’s Next?: Recommendations for Principles and Process \(October 2023\)](#)
- [Principles for School Finance Reform \(October 2023\)](#)

(These are links to the ECB documents)



On behalf of the children and
communities we all serve, thank
you for being with us today!