

NEW YORK STATE EDUCATIONAL CONFERENCE BOARD



ASSOCIATION
OF SCHOOL
BUSINESS OFFICIALS



Aligning State Policies and School Realities Education Funding Recommendations for 2026-27

Introduction

In 2023-24, New York State fully funded its Foundation Aid formula for schools, at last fulfilling a promise made in 2007. That reform and its funding are valuable achievements in public policy. But 18 years have passed, and some formula elements have never been updated, and problems have emerged with others. Also, we have learned more in the intervening years about how students' school and life circumstances may affect their progress in learning. Building off the study completed by the Rockefeller Institute, the state began the work of updating Foundation Aid by replacing two measures of student poverty. More must be done and that work must continue.

Foundation Aid is the cornerstone in the state system of aid to its public schools, distributing \$26.4 billion in funding and accounting for 71% of all state aid allocated by formulas. Other aid categories help school districts fund construction, student transportation, special education, prekindergarten, career and technical education, shared services, and instructional materials.

This paper offers recommendations on state funding and financial policies by the New York State Educational Conference Board—seven education leadership groups, representing parents, teachers, other school professionals, building administrators, superintendents, and boards of education throughout our state. Our goals are to ensure all our school districts can meet the needs of their students, without overburdening their local taxpayers, to fulfill the promise of our State's Constitution: "...a system of free common schools wherein all the children of this state may be educated."

Altogether, our recommendations would result in a 2026-27 increase in total School Aid of \$2.1 billion, or 5.6%. We note that if school districts sought and obtained increases in local revenues averaging 2%—consistent with the common understanding of the state's property tax cap—the resulting increase in *total revenues* for schools would be approximately 3.3%. That figure would match the Division of the Budget's forecast for the rise in the Consumer Price Index for the year ahead.

Foundation Aid

Foundation Aid is the state's primary general purpose operating aid formula for public schools. The formula consists of five core elements:

- A **Foundation Amount**, a standard per-pupil figure intended to represent the cost of providing a sound basic general education based upon spending by districts deemed successful at doing so.
- A **Pupil Needs Index** to acknowledge the additional costs of helping students and schools with particular challenges to achieving success.
- A **Regional Cost Index** recognizing that the cost of providing equivalent services varies across the state.
- An **Expected Local Contribution** which varies based upon the property wealth of school districts and the incomes of their taxpayers.

The New York State Educational Conference Board is a coalition of seven leading public school organizations representing parents, teachers, paraprofessionals, building administrators, business officials, superintendents, and boards of education across the state.

- A pupil count—**Total Aidable Foundation Pupil Units (TAFPU)**—based on district enrollment with additional weight given for students with disabilities receiving special education services, students who have been declassified from special education, and students attending summer school.

Recommendations

The study of successful schools used to determine the Foundation Amount has not been updated since the early 2010s—2015 for the financial data, and 2012 for the cohort of successful schools. Annual inflation adjustments since 2015 have raised the Foundation Amount by 27%. But actual per pupil spending has increased beyond that amount, driven in part by additional costs schools absorbed by providing services for children beyond traditional academics and not reflected in the Foundation Amount as currently computed—expanded mental health services, for example. Public schools are doing more than they did 20 years ago, because of responsibilities assigned by Albany or Washington, or now expected by their communities.

The Educational Conference Board recommends a new successful schools study be commenced to update the Foundation Amount, to incorporate some of the added costs that schools have been called to take on, and to recognize and embrace emerging expectations arising from changes to high school graduation requirements.

For 2026-27, ECB recommends increasing the Foundation Amount to \$8,730, an increase of 5.5%.

The most recent state budget created a new Regional Cost Index for a single county. Index values for the nine previously existing regions have never been updated. ECB calls for updating and restructuring the RCI. The current configuration of regions results in implausibly large differences in index values for neighboring districts. One option would be to adopt the Comparable Wage Index for Teachers (CWIFT) recommended in the Rockefeller Institute report, using index values for counties. To minimize disruptive changes in state funding for individual districts, this change and future updates should be phased in over a three year period.

ECB also recommends studies to determine whether existing weightings in the Pupil Needs Index (PNI) need to be revised and whether additional student needs should be built into the PNI—a weighting for homeless students, for example. For 2026-27, ECB recommends raising the PNI weighting for English Language Learners from .53 to .60.

The interplay between the two major changes in school finance of this century also needs to be assessed—the Foundation Aid formula and the school district property tax cap. In practice, the Foundation Aid formula effectively presumes that an increase in local wealth per pupil compared to the state as a whole enables a district to raise more support from local sources, lowering the aid sum the formula produces for that district. But the property tax cap may preclude a district from realizing any additional local revenue, at least not without seeking a tax cap override.

Finally, four out of the last five state budgets have provided a guaranteed minimum increase in Foundation Aid for all districts, recognizing that all districts face increasing costs, arising from inflationary pressures on salaries and prices for goods and services, surging health insurance premiums, and other expenses. ECB recommends again ensuring all districts at least a 2% increase in Foundation Aid for all districts.

Other Aid Categories

BOCES and Special Services Aid

The 2025-26 state budget delivered on a long-sought goal—raising the limit on aidable costs for BOCES shared services. Over a three-year span the cap on aidable salaries will increase from \$30,000 to \$60,000, beginning with aid paid next year. Among other benefits, this ceiling increase will provide a boost for career and technical education,

enabling more students the opportunity to benefit from those programs. The ceiling had not been raised in over 30 years.

Special Services Aid is the analog to BOCES Aid for nine districts not part of BOCES, including the state’s “Big 5” cities. In the 2025-26 State Budget the Legislature increased the per student aid ceiling for Special Services–Career Education Aid from \$3,900 to \$4,100 and authorized aid on behalf of students in ninth grade. But while the aid ceiling increase is helpful, it is one-time only and will not provide for a multi-year adjustment as the BOCES change does. The last prior aid ceiling increase was in 2006-07, going from \$3,720 to \$3,900 per pupil.

- **Recommendations:** Increase the aid ceiling for Special Services Career Education Aid over a two-year period until it reaches \$4,880. This would raise Career Education Aid by approximately \$39 million over two years, including \$20 million in 2026-27. The result would be an increase in CTE funding for the Big 5 and other affected districts commensurate with that now planned for BOCES-member school systems. The state should also continue to implement the scheduled increases in BOCES Aid enacted in the most recent state budget.

Expand State Aid to Help Fund Special Education Services for Students to Age Twenty-Two

In 2021, a federal court held that Connecticut must provide a free appropriate public education (FAPE) for students with disabilities until they receive a diploma or turn twenty-two. In 2025, after legal challenges, a New York appellate court supported the interpretation that these FAPE services must be provided until a student turns twenty-two. However, State law only provides aid until the school year in which a student turns twenty-one. A year ago, the State Education Department estimated that this change would cost \$65.4 million; now the Department states that there would be at least a partial offset in residential placement costs previously borne by the State Office for People with Developmental Disabilities.

- **Recommendation:** Provide state aid on behalf of students through twenty-second birthday. This change will help offset costs incurred by districts due to the court decisions extending the age of attendance until the end of the school year during which a student turns 22.

Addressing Capital Needs

The Building Aid formula and its guidelines have not been meaningfully updated in over 20 years, while construction costs, needs, and policy goals have continued to grow, outpacing the ability of the funding formula to help districts meaningfully address their capital needs.

- **Recommendation:** Review and revise the Building Aid capacity guidelines to allow districts to meaningfully address the challenges of increased capacity and equipment needs, as well as the state’s climate goals.

Current law allows BOCES to lease buildings and property from private sector entities for up to 20 years, with an option to extend by 10 years with the approval from the Commissioner of Education. However, leases with public entities, including school districts, are limited to 10 years.

- **Recommendation:** Extend allowable lease terms between BOCES and public sector entities to 20 years, aligning them with private sector lease terms. This is a no cost item.

Most Building Aid reimburses school districts for construction debt service incurred in the prior year and is financed over extended periods. But districts are permitted to receive same-year aid annually for one project with a cost of up to \$100,000. This “capital outlays” limit has never been increased since it was first enacted in 2001, severely eroding its value. The construction supported capital outlays represents a “pay now or pay” later cost for school districts and

for the state. Providing expedited state funding through capital outlays can help ensure small building defects get fixed before they become big, expensive problems.

➤ **Recommendation:** Increase the limit on capital outlay projects from \$100,000 to \$250,000.

Funding for Prekindergarten

It is essential to ensure that every four-year-old in New York State has access to a universal prekindergarten program operated by their local school district. New York was a national leader in early childhood education with the enactment of universal prekindergarten in 1997; however, that promise has yet to be fully realized. During the 2024–25 school year, approximately 118,000 four-year-olds were enrolled in prekindergarten programs, while 168,833 five-year-olds were enrolled in kindergarten. Using kindergarten enrollment as a reasonable proxy for the total population of four-year-olds, it is clear that a substantial number of children remain unserved by prekindergarten programs. As statewide policy discussions increasingly focus on universal child care, it is critical that New York fully fulfill its commitment to universal prekindergarten. Failure to do so risks further fragmenting the state’s early childhood education and care system, undermining both access and educational continuity for young learners.

Defend Public Schools—Reject Federal H.R. 1 Voucher Program

The federal “One Big Beautiful Bill Act” (H.R. 1) created a new tax credit incentivizing donations to support scholarship granting organizations (SGOs) that would overwhelmingly subsidize private schools and predominantly benefit families already sending their children to private schools. The law does not ensure either participation by children from disadvantaged families or accountability or quality among the schools it would subsidize.

If states opt-in to this initiative, the law would provide dollar-for-dollar tax credits of up to \$1,700 per taxpayer for donations to SGOs, commencing with the 2027 tax year. Assistance could go to students from families with incomes up to 300% of their area’s median gross income—in excess of half a million dollars in some regions of our state.

Our public schools have been a cornerstone in building one nation, indivisible. Founders believed an informed and engaged citizenry was essential for the survival of self-government. The "common school" movement aimed to provide a universal, free, and non-sectarian education to all children, regardless of their socioeconomic status, as a "great equalizer" to bridge social and economic divides.

Where public schools struggle now, the program would do nothing to alter underlying challenges and instead likely weaken those schools further, depriving them of both students and resources. The core concern is that these credits would effectively redirect federal tax dollars that would otherwise support public schools and additional services which families depend on.

To ensure that our public schools and their students are protected from educational funding inequities, and so that public schools can respond to the needs of *all* children, providing both help now and opportunities for future success, New York must not “opt-in” to the tax credit/voucher program.