

# ECB Talks: The 2026-27 Executive Budget and New York's Public Schools

## NEW YORK STATE EDUCATIONAL CONFERENCE BOARD



February 26, 2026

# ECB School Funding Principles

**Adequacy:** The State must assure that all school districts have the resources needed to provide their schoolchildren with the opportunity for a sound basic education.

**Equity:** The State's school finance system must offset variations in communities' ability to pay for education from local sources, so that all districts can give their schoolchildren the opportunity for a sound basic education without overburdening local taxpayers.

**Clarity:** Making school finance as simple and easy to understand as possible will make funding decisions more transparent and hold decision-makers more accountable.

# ECB School Funding Principles

**Predictability:** Schools need stability and predictability in funding in order to plan effectively on behalf of students and taxpayers. State aid should be distributed through consistent, uniformly applied formulas.

**Flexibility:** The State should ensure districts have sufficient general purpose aid to help fund the resources needed to deliver the opportunity for a sound basic education.

**Accountability:** Any new accountability requirements should complement or adapt those already in place, not simply layer new mandates on top of old.

# Executive Budget Proposal

- Overall state fiscal outlook much improved since the summer
- \$260B in proposed spending (0.7% increase)
  - Increase of \$1.33B (3.5%) in “traditional” School Aid
  - Increase of \$1.65B (4.3%) when including unallocated assumptions in UPK and Building Aid
    - UPK: consolidates existing preschool programs and, by 2028, proposes providing access to all 4-year-olds whose parents request it.
    - Building Aid expansion: include renewable energy projects moving forward

# Executive Budget Proposal

- Foundation Aid
  - Increase of \$775M (2.96%), which reflects the “current law” calculation of the formula plus a 1% minimum guaranteed increase for all districts
  - 461 districts on Save Harmless would receive that minimum increase
- All expense-based aids funded in full at their current law levels
  - Including the BOCES Aid increase on salary limits from \$30,000 to \$40,000



# *UPK in the Executive Budget*

# ***NY's Path to Statewide Prekindergarten***



1966 Experimental Prekindergarten – the experiment that lasted 41 years.

- NYS was the only state to have a New York Prekindergarten Association, which was important in NY taking a national lead on the prekindergarten initiative.



Historically there were up to seven distinct funding streams.



Consolidations

2007-08 Experimental PreK merged into UPK

2024-25 Budget consolidated 2021-22, 2022-23, and 2023-24 into single funding source



Currently, four active funding sources- UPK, SUFDPK.SUFDP/Consolidated Grant Awards, and TPK. Approximately 75% of 4-year-old children have access to Prek

# ***What is Proposed***

- ✓ Consolidates funding streams –ends SUFDPK after 2025-26 and establishes a broader UPK aid in 2026-27
- ✓ Districts must provide full day UPK for all four-year-olds by 2028-29 School year.
- ✓ Funding increases to \$1.6 billion - 53% increase over 2025-26
- ✓ Increase per pupil amount to greater of per pupil Foundation Aid amount or \$10,000
- ✓ Includes \$130 million for expansion grant to school districts to expand to serve more 4-year-olds—not allocated on aid runs
- ✓ Support for NYC 3-K-\$205 million for universal access for 3-year-olds and 2-Care Pilot in NYC

# What it Does

- ✓ Funding Boost-some districts are as low as \$5,400
- ✓ May not need to dip into Foundation Aid
- ✓ May increase ability to collaborate with CBOs
- ✓ Streamlines administration-uniform reporting
- ✓ Seed money for infrastructure- can use expansion grant for renovation and age-appropriate resources
- ✓ Could stabilize enrollment numbers – less likely to lose students - links to foundation aid which will increase when there are increases to K-12 foundation aid
- ✓ Unlike most aid formulas, UPK would use current year pupil counts—e.g., 2026-27  
UPK Aid based on 2026-27 students served

# Challenges and Considerations

## Current Challenges

Limited collaborative partners

Insufficient funding rates

Transportation costs

Licensing, Zoning and other regulatory processes

Programmatic inconsistencies between grant programs

Rigid funding structures <sup>10</sup>

Administrative complexity-misalignment of timelines

Staffing Shortages

## Additional Considerations

Challenges with Kindergarten

Compulsory Age

Low Prekindergarten Attendance Rates

Reliance on CBOs



# *Foundation Aid in the Executive Budget*

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# Foundation Aid Explained

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 in Executive Budget); grew out of court requirement for state to determine cost of providing a sound basic education		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; RCIs range between 1.000 and 1.425		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%.		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>

**“Save-harmless”** – for decades, with Foundation Aid and the formulas that preceded it, the state has ensured that whatever the formula would generate, no district receives less aid than in the year before; in many years the state has also ensured all districts at least a minimum increase in Foundation Aid



\* There are alternative calculations, but they apply to very few districts

# Foundation Aid – Last Year and This Year

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- **December 2024 report by Rockefeller Institute of Government:** Recommended updates and improvements for all 5 core elements of the Foundation Aid formula.
- **2025-26 Executive Budget:** Recommended replacing 2 poverty measures in the Pupil Needs Index and ensuring all districts at least a 2% minimum Foundation Aid increase. Also proposed enhancements to State Sharing Ratio, including raising maximum from .91 to .93.

## 2007 Law

- 2000 Census Poverty
- Free and Reduced-Price Lunch Eligibility

## New Law

- Census Small Area Income and Poverty Estimates (updated annually)
- “Economically Disadvantaged” status

- **2025-26 Enacted Budget:** Accepted poverty measure changes; raised weighting in Pupil Needs Index for English Language Learners from .50 to .53, made further enhancements in the State Sharing Ratio, and created a new Regional Cost Index for one county.
- **2026-27 Executive Budget:** Would ensure all districts at least a 1% increase in Foundation Aid but make no other changes to formula in current law.

# ECB 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 minim increases

# Foundation Aid – Summing Up

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- Our recommendations would result in a Foundation Aid increase of \$1.65 billion, 6.3%.
- Updating the Foundation Amount—the standard per pupil amount for all districts—is overdue. The supporting study has not been updated since 2012. Academic requirements are undergoing change and schools have had to take on additional costs to help students and families.
- Under the Governor’s proposal, 68% of districts would receive the 1% minimum increase.
  - 80% of these districts are considered average or high need.
  - For many, increases in health insurance costs alone would absorb the entire value of a 1% Foundation Aid increase, and then some.
  - The regular February 15 update to the School Aid database lowers the cost of Foundation Aid by \$87 million from the Executive Budget estimate; 30 more districts would receive only the 1% increase.
- Increasing the Foundation Amount and ELL weighting would reduce the number of districts dependent on the 1% minimum.

# ECB School Aid Proposal Overview

- The 2026-27 Executive Budget proposal allocates a \$1.3 billion (3.6%) increase in formula state aid.
- The ECB proposal provides for a \$2.1 billion (5.6%) state aid formula increase primarily through a series of enhancements to Foundation Aid.

# ECB School Aid Proposal Overview

The proposed 5.6% increase in state aid in the ECB proposal combined with the 2% allowable increase in local revenue under the tax cap will provide for a 3.3% average increase in total revenues for school districts.

This figure is consistent with the inflation forecast in the Division of Budget's State Financial Plan for 2026.

# Special Services Aid - CTE

Special Services-CTE Aid is the analog to BOCES Aid for the nine districts not part of BOCES, including the “Big 5” cities.

In the 2025-26 State Budget the Legislature increased the per student aid ceiling for Special Services–CTE from \$3,900 to \$4,100 and added 9<sup>th</sup> graders as aidable pupils.

The last prior aid ceiling increase was in 2006-07 (\$3,720 to \$3,900 per pupil).

# Special Services Aid – CTE Proposal

ECB recommends increasing the aid ceiling for Special Services-CTE Aid over a two-year period until it reaches \$4,880 per pupil.

This would raise Career Education Aid by approximately \$39 million over two years, including \$20 million in 2026-27.

# Special Education Funding – Age 22

In 2021, a federal court in Connecticut held that school districts must provide a free appropriate public education (FAPE) for students with disabilities until they receive a diploma or turn twenty-two.

In 2025, after other legal challenges, a New York appellate court supported the interpretation that FAPE services must be provided until a student turns twenty-two.

# Special Education Funding – Age 22 Proposal

However, New York State law only provides aid for special education services until the school year in which a student turns twenty-one.

ECB supports the Regents proposal to provide state aid for these students through their 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.

# Special Education Funding – Age 22 Cost

Last year, 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.

# Addressing Capital Needs - Recommendations

- ***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***
  - 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.
- ***Increase the limit on capital outlay projects from \$100,000 to \$250,000***
  - 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.
- ***Extend allowable lease terms between BOCES and public sector entities to 20 years***
  - 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.