NEW YORK STATE EDUCATIONAL CONFERENCE BOARD

October 21, 2026

The Honorable Roger P. Catania, Ph.D.
The Honorable Frances G. Wills, Ph.D.
New York State Board of Regents
State Education Building
89 Washington Avenue
Albany, N.Y. 12234

Dear Regents Catania and Wills:

Thank you and Department staff for taking the time to meet with us earlier this summer to begin discussing our collective priorities for the coming 2027 legislative session and 2027-28 school year. While we as the Educational Conference Board are working on our coalition proposals, and do not anticipate having them finalized until later this fall, we wanted to share with you specific ideas we are considering, and ask that you consider them for your Regents State Aid Proposal in December.

We recognize that meaningful work has been done to update the Foundation Aid formula since the release of the Rockefeller Institute report nearly two years ago, but also acknowledge that much work is needed to ensure that the formula accurately reflects the cost and local fiscal capacity realities facing districts, in an equitable and fair way.

The point of equity is an important one. Seventy percent of state aid to districts—representing nearly a third of all education spending in the state—flows through the Foundation Aid formula. It is the single most impactful instrument in ensuring and improving educational equity across the state. For many high need districts, the ability of the formula to accurately reflect their costs can be the difference between their students receiving an equitable education, or not.

Our recommendations below start with that highest order need.

Updating the Foundation Amount to Reflect Actual Costs

Our primary concern is that Foundation Aid has not kept pace with the costs that schools have been called on to absorb, both new costs for expanded services, most notably for student mental health services, as well as increases on basic ongoing expenses which have exceeded the rise in consumer inflation. On the latter point, in the last state budget cycle, it was common for school district leaders to observe that surging health insurance costs alone exceeded the increase in their Foundation Aid proposed in the Governor's budget. These are not optional expenses, and our educators and staff

deserve quality health care. But when health insurance premiums rise dramatically, schools have fewer dollars available to invest in students.

This imbalance between school costs and state aid has imposed painful budgeting choices upon a growing number of districts. Looking ahead, it also imperils the ability of districts to implement the improvements in instruction envisioned by the Department's New York Inspires agenda.

Since 2015, the base Foundation Amount in the formula has only been increased by the Consumer Price Index (CPI), rather than through the periodic update of the Successful Schools study as written in the statute. Since that time, through the most recent years available (2024-25 SY), while the Foundation Amount has increased by 27% , actual per pupil spending has increased by 49%. Despite many districts experiencing declining enrollments, their costs continue to increase with little room for significant savings due to the combination of fixed costs and rising costs in areas that can't be addressed through efficiency measures, such as health insurance. This gap between the reality of costs on the ground and the formula's inability to recognize them is surely an important reason why nearly 80% of districts only received the minimum increase in 2026-27, and why the prospect of so many being on save-harmless for years to come is challenging.

We do not believe a comprehensive, multi-year review that requires current unfunded resources is needed to complete this update and reflect the reality on the ground. Indeed, with the ongoing work of New York Inspires, it will likely be years before a suitable replacement is available for the academic metrics that determine what a "successful school" is for the purposes of the formula. As a simple interim approach, we believe the Department should use the list of successful schools from 2012 and update for 2027 costs, just as the 2015 successful schools study was done within existing Department resources. We anticipate this single change would greatly rectify the challenges with the formula we are pointing out, without need for legislation or additional department funding.

Maintaining Save-Harmless and Minimum Increases

We know enrollment declines impact the amount of Foundation Aid a district receives far more quickly than the district is able to adjust its costs; the formula assumes that fewer students mean the district can spend less, which we know is not the reality districts face. We appreciate the Board's past support for maintaining save-harmless and providing minimum increases to all districts, and hope that support will continue. We believe the number of districts reliant upon save-harmless provision will be reduced as the formula is adjusted to incorporate updated cost figures as we note above.

Reviewing Special Education Expenditures and Aid

When Foundation Aid was created, the vast majority of existing aid for special education (through Public Excess Cost Aid) was consolidated into the new formula. In the 18 years since, most of the funding for special education has been decoupled from actual expenses. The fact that nearly 80% of districts are receiving only a 2% minimum increase in Foundation Aid this year means that those districts also did not receive meaningful state support for their increasing special education costs.

As we develop our coalition priority on this topic, we do think it's important that the Department start its own review of the actual special education costs in the field and how state aid is or is not keeping pace with them. Ultimately, this review may lead to the conclusion that special education should once again be funded through a separate formula. The Department's expertise, data, and leadership will be vital to a greater collective understanding of this dynamic and determining the correct path moving forward. This also includes continuing advocacy to fully fund FAPE through age 22 in response to recent court decisions that require the services even as state reimbursement has not changed commensurately.

Matching the Local Share Methodology to Reality

Within Foundation Aid, the method for determining how much local share is expected from districts was created before the enactment of the Property Tax Cap. As a result, while districts are limited in their capacity to raise additional local revenue, the formula assumes a calculated amount without respect to those restrictions, and reduces aid to the district accordingly. Not only has Foundation Aid failed to keep pace with the costs schools have had to absorb, the formula has commonly presumed local revenue increases in excess of what districts could raise within the tax cap. For example, since 2023-24, 81% of the state's school districts have had their expected contribution from local revenue calculated by the formula grow by more than 2% annually, the commonly assumed understood limit of the school property tax cap.

This component of the formula should match the policy reality on the ground. Again, we continue to develop our specific priorities, but one possible example is to prevent the expected minimum local contribution from increasing any more than the levy limit for that year.

Continuing to Improve the Regional Cost Index

The Rockefeller Institute acknowledged that the statutory freezing of the Regional Cost Index to 2006 levels required updating, and also offered suggestions on how its measurement should be improved. While a change was made for districts in a single county in 2025-26, no meaningful progress has been made.

We believe at the very least the data used in calculating the RCI should be updated for current salaries and put on a permanent rolling average so that it is always updating with current data but in a way that limits potential year-over-year volatility. We also believe that, similar to the Rockefeller report, the composition of the regions should be reexamined in order to improve the inequities created between neighboring districts simply because a Labor Force Region boundary lies between them.

Pause Continuing Work on Weightings

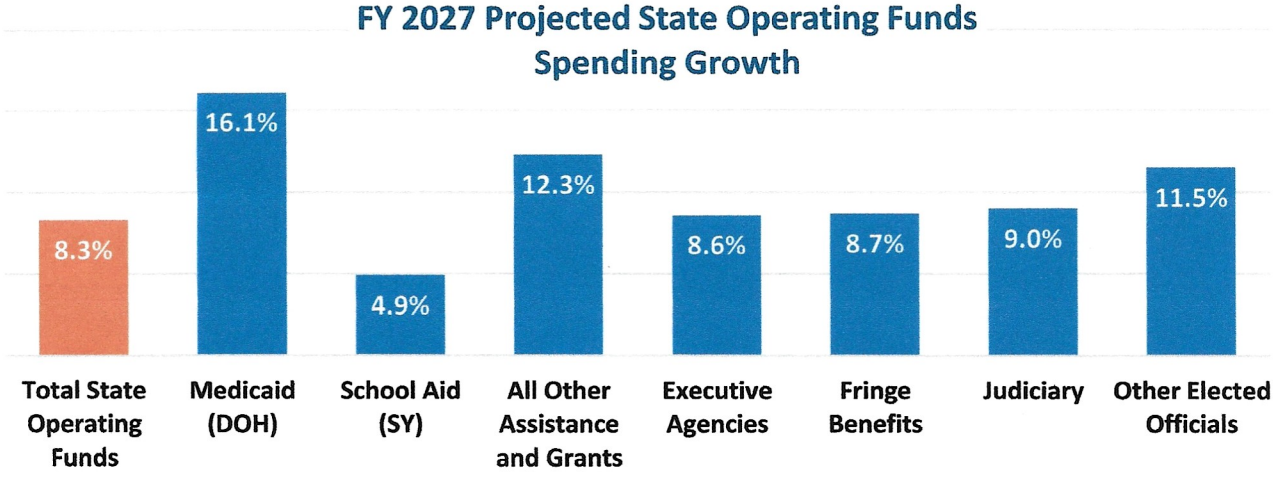
The proposals we lay out above will have a significant impact on the overall allocation of Foundation Aid, and how many districts will be put back "on formula." Over the last two years, important work has been done by the governor and legislature, with great assistance from the Department, to improve and increase the weightings used in the Pupil Needs Index. Further modifications are important, but

we believe they will have the lowest impact of the proposals above, and should not be the primary focus of this coming year.

Conclusion

Once again, our primary theme is that Foundation Aid has not kept pace with the actual costs schools have been called upon to bear. It is also the case that total state aid to schools has not kept up with increases in state support for other major spending priorities.

As shown by the chart below adapted from the Division of the Budget's FY 2027 Enacted Budget Financial Plan, the latest year-over-year increase in School Aid (4.9%) was well below that for all other listed categories, and less than half given to Medicaid (16.1%), "All Other Assistance and Grants" (12.3%), and other categories).



SOURCE: Adapted from NYS Division of the Budget, FY 2027 NYS Enacted Budget Financial Plan, p. 12

The Regents State Aid Proposal has served multiple purposes over the years. It has offered ideas to address discrete emerging priorities, as it did successfully for this year's enacted budget with proposals to increase the weighting on behalf of English Language Learners in the Pupil Needs Index (a recommendation which we also advanced), and to introduce new PNI weightings for children who are homeless or in foster care.

Another function of the Regents' proposal has been to lift our collective sight, from arcane disputes over regional funding shares, for example, to the emerging real needs of schools and the children they serve. One consequence of slowing increases in state aid to education is that increasingly painful budgeting choices have been thrust upon school district leaders and their voters or city governments. Another is that the capacity of many districts to implement the ambitious and worthy goals of New York Inspires may never match what is needed for the success of students.

The aid increases recommended in Regents' proposals will never be seen as dispositive by our elected state officials. Nor will those from the Educational Conference Board. However, the Regents' proposal has historically been predicated on adequacy and equity, and set the stage for annual education

budget negotiations. We welcome the opportunity to continue to work collectively with the shared goal of protecting the services and opportunities schools now provide and meeting the unique needs of all students. Achieving adequate general support is crucial if schools are to have a fair chance of successfully implementing New York Inspires.

Again, we are thankful for your time this summer and for your continuing consideration as we all work for a state budget that will advance the achievement and well-being of all New York's schoolchildren.

Sincerely,

Cosimo Tangorra, Jr., Ed.D.
Chair

cc: Commissioner Betty Rosa
Chief Financial Officer Christina Coughlin
Associate Commissioner for State Aid Sean Giambattista
Governmental Relations Director Jennifer Trowbridge
Secretary to the Regents Chris Halpin