

NEW YORK STATE EDUCATIONAL CONFERENCE BOARD



ASSOCIATION
OF SCHOOL
BUSINESS OFFICIALS



June 6, 2023

Hon. Kathy Hochul
Governor
Executive Chamber
State Capitol
Albany, NY 12224

Hon. Andrea Stewart-Cousins
President Pro Tempore and
Majority Leader
New York State Senate
State Capitol
Albany, NY 12247

Hon. Carl Heastie
Speaker
New York State Assembly
State Capitol
Albany, NY 12248

RE: Foundation Aid – Next Steps

Dear Governor Hochul, Leader Stewart-Cousins, and Speaker Heastie:

The New York State Educational Conference Board, made up of the seven leading educational organizations representing parents, classroom teachers, school-related professionals, school boards, building administrators, superintendents, and school business officials commends each of you and members of the Legislature for maintaining the commitment to completing the Foundation Aid phase-in as part of the recently enacted 2023-24 State Budget.

The significance of this achievement cannot be overstated, and school districts around the state will benefit greatly from the sound investments made in educating our children. The high level of school budget vote passage last month is a further testament to the positive impact these investments will make.

Even as we celebrate this historic accomplishment, it is important that we look ahead to the future. The phase-in of Foundation Aid is a critical step towards ensuring the state's investment in schools matches the level of student and community need.

Following the conclusion of the Campaign for Fiscal Equity lawsuit, which found that the state was not meeting its obligation to provide a "sound, basic education," the current Foundation Aid formula was adopted in 2007. It was designed to drive funding to districts based on their relative level of need among students and to close the gap between what districts can raise through their local levy and the cost of successfully educating a student. The formula is structured to take into account the cost of delivering a sound basic education, the level of student and community need, the regional cost of living and an expected level of local contribution relative to the district's wealth.

Fully funding Foundation Aid was originally planned to occur within four years – by the 2010-11 school year. But it has instead been a sixteen-year-long process, and in that time, significant changes

have occurred to the demographics of school districts and the scope of programs and services students depend on.

The formula, however, has many components that have remained static or become outdated. While recent Foundation Aid increases have enabled schools to improve opportunities and services for children, the current formula is no longer able to accurately match the level of need it is intended to fill in the way that it once was.

A formal review of the Foundation Aid formula is now an essential next step. In recent years, lawmakers began reviewing the formula, including through a series of joint hearings held by the State Senate Committees on Education and Budget and Revenue in 2019. While specific funding was not included in the budget for a Foundation Aid review, our organizations support the State Education Department taking a leadership role as the key hub in working with lawmakers, experts, school officials, and other advocates to make updates to the Foundation Aid formula.

We know much work lies ahead and stand ready to assist the Department in any way that we can. Specifically, we believe it is important to focus efforts on a few of the main components of the formula, rather than revisiting its entire structure. These elements include:

- **Foundation Amount:** The Foundation Amount is the base level of funding required to successfully educate a student. This basic level of funding has not been updated since 2012, and the methodology used in the formula has not been reviewed since the formula was codified in 2007. If use of the “successful schools” methodology is to be maintained, new measures of performance will need to be considered.
- **Pupil Needs Index:** In order to target additional funding to districts that are highest in need, the formula takes into account the poverty rate of students and the community, the number of English language learners, and the district’s population density. As a result of statutory language, one poverty count used to calculate the Pupil Needs Index (PNI) is from the 2000 U.S. Census and do not reflect the demographic and income shifts over the last 22 years. Problems have also emerged with the use of Free and Reduced-Price Lunch eligibility as a poverty measure. The formula weightings assigned as relative measures of student need must also be reassessed.
- **Regional Cost Index:** The Regional Cost Index is the third element of the formula and accounts for the cost of living differences across the state. The RCI, too, is frozen in statute and based on data from 2006, despite the underlying analysis being updated regularly by the State Education Department.
- **Expected Local Contribution:** The formula calculates an amount each district should be counted on to raise through local sources taking into account variations in property wealth and resident incomes. When the formula was enacted, there was no property tax cap which may now limit how much a district can raise locally without seeking a voter override of the cap. Also, the “Big 5” school districts do not possess independent taxing authority and must rely on their city governments to raise any expected local contribution.

To continue to drive equity in school funding, the Foundation Aid formula must accurately measure a district's local fiscal capacity, level of student need, and the true cost to provide a quality education. The State Education Department has a crucial role to play in maintaining the fidelity of the formula to ensure the state provides adequate Foundation Aid funding in the decades to come. SED officials should be tasked by lawmakers to serve as a hub for reviewing the formula components top to bottom, and to be a key source for recommending improvements beyond the 2023-24 school year.

In addition, these updates and modifications need to ensure that all school districts, even those who are deemed save-harmless, are ensured continued state aid increases to ensure the greatest educational resources and opportunities for students. Over 80 percent of save-harmless school districts are high or average need. If any new formula were to reduce funding to these districts, educational opportunities would be lost for students – this is particularly true given the constraints of the tax cap. The state has had a save-harmless provision on various operating aid formulas for many decades, and the original Foundation Aid formula ensured a 3 percent minimum increase annually for all school districts.

Without updates to the formula, state aid will lag behind the actual cost of providing students with a high-quality education. Over time, the great progress made in recent years will be lost.

Our organizations are committed to working with SED and other state policymakers to ensure this does not happen. Our membership encompasses the people responsible for managing district finances and school operations, delivering instruction and other student support, and raising children. Our organizations employ staff members with over 85 years of experience working on School Aid for the Assembly Ways and Means Committee, Senate Finance Committee, Division of the Budget, State Education Department, Executive Chamber, and in other capacities. We pledge to assist all policymakers in the work ahead in any way we can.

Sincerely,
John Yagielski
Chair

C: Members of the Senate and Assembly
The Board of Regents
Commissioner of Education Betty A. Rosa