

2026 Budget and Policy Priorities



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ASBO
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ASSOCIATION
OF SCHOOL
BUSINESS OFFICIALS

School business officials are tasked with managing current pressures, preparing for emerging ones, and ensuring that students continue to receive the resources and opportunities they need. As school districts and their business officials focus on the 2025–26 school year, they are simultaneously planning for 2026–27 and beyond. They do so amid significant uncertainty—from federal policymaking and budget negotiations, to shifting economic conditions, which ultimately impact state and local revenues

It is through this lens that our association approaches the 2026 Legislative Session. The fiscal constraints facing the Governor and Legislature are the same realities confronting school districts. Our members understand these challenges, and we offer the following budget and policy recommendations as practical, forward-looking strategies to help the state navigate current circumstances while supporting high-quality educational services.

School business officials are focused on three core priorities:

1. Continuing to modernize New York’s school finance system.
2. Maintaining a skilled and stable district workforce.
3. Investing in sustainable school infrastructure.

These priorities reflect both the realities districts face today and our vision for the future. By advancing these recommendations we can help districts remain resilient, responsive, and focused on what matters most: delivering the highest quality education to New York’s students.

Modernizing the State’s School Finance System

School districts in New York State operate within a partnership between the state and local Board of Education. Within this partnership, state support is critical to ensure all school districts have the ability to deliver the programs and services to which their students are entitled. The critical nature of this support is true from the provision and distribution of Foundation Aid and other aids, to the payment schedules used in providing those aids, to the restrictions on the use of local funds. While enrollment is declining statewide, that does not tell the whole story: this is not the case in every district, moreover, all districts face some degree of fixed costs that are not connected to enrollment trends, and perhaps more importantly, the needs of students are increasing everywhere.

Foundation Aid

School business officials were pleased that last year the State fully funded Foundation Aid and began work on updating the formula to better reflect current circumstances. However, there is still much more work to be done to accurately reflect the needs of all students. While the most significant changes last year dramatically updated the calculation of student and community needs, that work should be ongoing. In the next phase, ASBO recommends that the State consider the following adjustments:

- Establish a “fixed minimum” cost calculation that considers what is needed to keep schools operating, regardless of enrollment loss.
- Reset the calculation of local contribution to reflect the limitations of the property tax cap.
- Increase the weighting for students with disabilities.
- Continue to increase the weighting for English language learners.
- Update the use of the regional cost index (RCI) to instead use the National Center for Education Statistics (NCES) Comparable Wage Index for Teachers (CWIFT).

- Eliminate the Income Wealth Index (IWI) floor of 0.65.
- Convert the Community Schools Setaside into a separate funding formula, and eliminate all other setasides.

The above items address specific needs of individual and collections of school districts. In addition to these, ASBO recommends that the State update the Successful Schools Study, which establishes the underlying base for all Foundation Aid calculations.

Other Aids

Expense-Based Aids

ASBO recommends that the State continue to fully fund all expense-based aids.

Restore “Growth Aid”

Prior to the adoption of the Foundation Aid formula, one of the many aid categories that existed paid current year aid to districts experiencing significant increases in enrollment. While New York is losing population statewide, shifts within the State have resulted in certain districts having sizable enrollment increases that are not funded until the following year. ASBO recommends that the current year growth aid formula be reestablished.

Building Aid—Capital Outlay

Current law allows school districts to undertake one capital project annually, without borrowing or separate voter approval such as a bond resolution. The total value of that project is limited to \$100,000, and the cost is fully aidable in the next year, without amortization. However, with inflation, the purchasing power of \$100,000 has significantly declined over recent years. ASBO recommends increasing that limit to \$250,000.

Update Reorganizational Incentive Operating Aid

Currently, districts that reorganize, through merger, consolidation, or annexation are eligible for a sizable influx of aid, paid over fourteen years, on a phased-out basis. The calculation of this aid was recently dramatically increased, but that has still not persuaded voters to support these changes. Rather than limiting this funding to full reorganization, ASBO recommends that the State establish new tiers within this aid formula, which would allow districts that substantially consolidate and share programs and services to access a commensurate percentage of these funds to support the start-up costs associated with the transition of these programs.

Prekindergarten Funding

In recent years, the State has made significant new investments in prekindergarten. However, despite these allocations, most of these new funds have gone unused, at the expense of other areas of investment. The limitations of the tax cap make it challenging for districts to provide the local share of program funding that the formula assumes. This is exacerbated by the fact that prekindergarten capital and transportation are not aidable, despite the critical foundation they provide for districts to establish and maintain programs. ASBO recommends that the State continue to pause new investments, consider the results of the recently conducted prekindergarten surveys, and use that information to guide the following changes:

- Design and merge all State funding streams into a single, needs-based formula with a per-district, per-pupil allocation, for existing and new programs, with a floor of \$5,400.
- Make future, new, or expanded allocations through formula grants-in-aid rather than competitive grants when districts indicate they are prepared to open or expand programs.

- Make Prekindergarten transportation aidable.
- Make Prekindergarten-specific capital projects aidable.

Other Funding Considerations

Prior Year Adjustments

If a school district fails to receive aid on the standard claiming schedule, due to corrections or other administrative issues, there is a mechanism to allow the district to submit for and restore the funding. However, those payments are not made to districts unless there is dedicated funding appropriated for that purpose in the annual budget. In contrast, if there is an error in payment and a district is overpaid, the overpayment is recaptured immediately by reducing the next aid payment.

The amount historically provided to pay for these obligations has been woefully inadequate and suspended entirely in recent years. The queue of unpaid claims has ballooned to over \$326 million, and no funding has been provided since 2021. This queue includes millions of dollars in transportation and building aid forgiveness that the Legislature negotiated with the Executive in good faith. However, absent an appropriation to support these payments, that forgiveness will never reach districts that have already paid penalties.

ASBO recommends that the State adjust both the payment and recapture schedules so that, regardless of whether payment is owed to the State or a district, the funding would be reconciled as a part of the first aid payment of the school year following the school year in which the adjustment is identified. ASBO further recommends that the State appropriate funds annually to pay down the queue until such time that it is eliminated, after which all adjustments will be resolved under the new payment schedule.

Local Financial Flexibility

Reserve Funds

Reserve funds are commonly used tools to create responsible budgets and fiscal plans. The State prides itself on using similar tools to plan for balanced budgets during economic fluctuations, without undue hardships for taxpayers. To improve the utilization of these tools, ASBO recommends that school districts be allowed to borrow from certain designated reserves to reduce reliance on TANS and RANS and lower fees and interest payments made to banks.

Reform the Tax Cap

The property tax cap has been in effect for thirteen years, and under this law, each school district has its own specific tax cap. The current structure of the tax cap makes it difficult for school districts to increase revenue for unexpected expenses. To ensure that the tax cap does not create undue hardships for school districts and their students, ASBO recommends the following changes:

- Make the Maximum Allowable Growth Factor the greater of 2% or calendar year changes in CPI-U.
- Direct the Department of Taxation and Finance to adopt regulations addressing changes in taxable status and calculation of the tax-based growth factor.
- Expand the capital exclusion to include expenses related to transportation contracts that increase in cost due to the zero emission bus transition (including associated infrastructure) to create parity between districts that contract for their transportation and those that own their own fleets.

Maintaining a Skilled District Workforce

The school business office, led by the school business official, is not just the financial hub of the district but is also frequently the operations center. The human resources office may sit within that portfolio and, as a result, the very real workforce shortages that districts face impact not just the ability to staff the school business office but the many vacancies district-wide. Rigid and sometimes out-of-date limitations on hiring must be updated to reflect current district needs and the needs of the current workforce. School districts are staffed by a mix of certified faculty and staff, as well as non-certified civil service employees. School business officials occupy a unique space, in that there are both certification and civil service pathways to enter this role.

Modernize the Civil Service System

The intent of the civil service system at its inception was to ensure equity and access to roles in public service. Instead, the system is currently acting as a barrier to hiring qualified candidates into vacant roles. Infrequent tests, inconsistency in exam content and job titles across counties, and overly complex processes are all contributing to these problems. In addition, unlike most other municipal occupations, the job market for school district positions is fluid across regions and the entire state; hiring rules for school districts that are rigidly county-based infringe on that flexibility and robustness.

Exams and Canvassing

Exams and canvass lists are two of the most frequent barriers to effective hiring. Infrequent exams and out-of-date exam content, out-of-date canvass lists and slow responses are all contributing to workforce shortages. Inconsistencies across counties also make portability between districts a problem. This impacts multiple roles in the school business office, including (in some instances) the school business official, as civil service is one pathway to enter the profession. This also impacts district-wide hiring, which the business office may handle. To ensure that the workforce shortage is not exacerbated by unnecessary barriers, ASBO recommends the following changes to the current civil service hiring rules:

- Make part-time positions non-competitive.
- Allow for electronic canvassing rather than paper-based canvassing.
- Expand the rule of three to a rule of five to make more candidates eligible for employment from existing lists.
- Allow employers to make provisional employees permanent if a test is not offered in the first 9 months of successful provisional employment.
- Standardize grading metrics, titles, and exams for school business office positions across counties.
- Allow districts to utilize existing canvass lists from other counties.

NY Hiring for Emergency Limited Placement Statewide (NY HELPS) Program

Some school districts have had increased success in hiring through the NY HELPS Program. Job titles within this program generally require job candidates to compete in a competitive examination to be considered for employment. For the duration of the NY HELPS program, these titles can be filled through non-competitive appointments (without examinations). Instead, applicants for eligible titles in participating jurisdictions are required to demonstrate minimum qualifications and submit resumes. Hiring can result in a permanent appointment without exams.

However, of the 95 local civil service agencies, only approximately half have opted in, and not all titles have been included. To maximize the value of this program, ASBO recommends the following:

- Include all school district titles in the program.
- Allow districts working with non-participatory civil service agencies to hire through another agency.

Update SDBL Certification

Under current law, districts can employ a school business official (SBO) who is certified, through a school district building leader certificate or civil service. Certified SBOs must hold a master's degree in finance or education-related field and also complete a post-master's certification program at a college or university registered in the State of New York, which includes an internship.

The level of education required and time commitment of an internship can deter individuals from entering the profession, unless they do so directly from their undergraduate experience. According to a 2024 representative survey of SBOs in New York state, this is a highly uncommon path to the profession.

Recently, the State Education Department began the work of modernizing the certification process for school district and building leaders, merging the SDL and SBL certifications into one certification pathway, with varied levels and endorsements. ASBO recommends that NYSED engage in a similar process for the SDBL, creating a tiered certification pathway that would allow additional business office employees to enter and progress in the field. A certification pathway with multiple levels and endorsements would allow for a better transition for those who may enter the industry through civil service. This would allow them to transition to a certification pathway that does not immediately require a master's degree and a college or university-run certification program. Industry-based professional development and continuing education could support initial levels of certification seekers. Demonstration of competency with skills needed for advancing roles could be achieved through work experience, and college and university-level certification programs could be reserved for the highest level of certification and endorsement.

Preserve Local Staffing Authority

School district hiring and staffing is a complex process. District leaders have to consider existing mandates (staffing and otherwise), collective bargaining agreements, available resources and community priorities. In recent years, there have been increased efforts seeking to set State-level mandates to add certain staff positions in every district or building. While the intent behind many of these proposals is commendable, districts have differing needs and priorities. To ensure that local school districts and BOCES can make the best decisions for their communities, ASBO recommends that the authority over staffing decisions remain with local districts, without "one-size-fits-all" State-level staffing mandates.

Support Local Efficiencies

School district business officials pride themselves on being responsible stewards of public funds. The goal is always to provide the best resources at the best value in a transparent way. As we all negotiate an uncertain financial future, ASBO recommends that the state preserve all existing cost saving procedures and policies, and explore other options to support our students and communities in a high quality, high value way.

Investing in Sustainable School Infrastructure

Zero Emission Bus Transition

Districts around the State are hard at work preparing for the transition to electric school buses. However, districts have identified a number of considerations that were not contemplated in the adoption of the initial law and have not been addressed in the years since, which must be addressed to allow this work to continue. Adjustments have to be made, as it is clear that neither supply, voter support, nor infrastructure will be in place to allow all new purchases to be zero emission by 2027. ASBO recommends the following:

- Authorize NYSED, in partnership with NYSERDA, to issue ongoing waivers, both district-wide and partially for districts, regarding the new bus purchase and fleet conversion requirements (2027 and 2035), where the district has made a good faith effort to comply. Immediately issue statewide policy, procedures, and guidance to direct districts on how to proceed in the event of a failed bond vote.
- Update building aid allowances to allow for needed garages, bus depots, parking lots, and other “make ready” school infrastructure needs.
- Formally define the “purchase” of a diesel bus as a bus for which a district has an executed contract in place ahead of the statutorily-set deadlines.

“Piggyback” Contracts

Public entities are under great scrutiny and regulation when they expend public funds for capital improvements. This is appropriate as these are costly projects that are paid for with taxpayer dollars. However, as stewards of the public purse, the State should not take actions to reduce existing efficiencies or add increased costs. In June of 2026, the authorization for public entities to “piggyback” expires. Piggybacking is when one public entity uses an existing contract to acquire the same commodities or services at the same or lower price from another public entity’s contract. This allows for savings in both costs and efficiency as the existing contract must have been put out to bid and in compliance with all New York State public bidding and procurement law, but each entity does not have to devote resources to recreating the same contract.

It is important that this authority be extended. However, additional changes are needed. Efforts are underway that, if successful, would dramatically restrict the utilization of piggybacking, limiting its application entirely to public works projects in one instance, and prohibiting its application to contracts for the purchase of apparatus, materials, equipment, or supplies from including maintenance, installation, or repair. ASBO recommends the following actions to preserve this important financial management tool:

- Extend the current piggyback authorization for five years until 2031.
- Add clarifying language to eliminate misinterpretation and ensure that piggybacking can be used for public works projects.
- Maintain all existing piggybacking authority.

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