

2024-25 Budget and Policy Priorities



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ASBO
NEW YORK

ASSOCIATION
OF SCHOOL
BUSINESS OFFICIALS

Introduction

After nearly two decades of advocacy, leaders in New York State fully implemented the Foundation Aid formula in the 2023-24 state budget, realizing the long-awaited promise of full funding. With this significant achievement accomplished, greater attention can now be turned to other important issues related to the finance and operations of schools. ASBO New York, the Association of School Business Officials, has adopted a number of priorities in the following key areas:

- Promoting Sound Financial Practices
- Strengthening the School Operations Workforce
- Investing in School Infrastructure
- Expanding Student Opportunities
- Effective and Equitable School District Funding

The Association encourages the governor and legislators to consider these vital policy recommendations during the 2024 legislative session.

Promoting Sound Financial Practices

School business officials are the primary officials responsible for the financial practices and policies in school districts. They must ensure that the district is a good steward of taxpayer dollars, that they are planning for the future obligations of the district, and that they are budgeting in a way that gives the students of the district the education they are entitled to, at a price that their community can afford. However, too often, state laws prevent school business officials from engaging in the kinds of sound practices and planning to the extent they would like.

Fund Balance and Reserve

Fund balance and 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 fluctuations in the economy, without undue hardship on taxpayers. To improve the utilization of these tools, ASBO recommends the following:

- Allow school districts to borrow from certain designated reserves to reduce reliance on TANS and RANS and reduce interest payments to banks.
- Increase Undesignated Fund Balance
 - Increase the allowable undesignated fund balance to 10% over the next three years. The limit should increase by two percent each of the next three years.

Tax Cap

The property tax cap has been in effect for ten 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 and unintended hardships for school districts, ASBO recommends the following changes:

- Make the Maximum Allowable Growth Factor the greater of 2% or calendar year change in CPI-U.
- Create a Tax Cap exemption for school districts that are experiencing significant growth in spending on English language Learners and students with disabilities.
- Allow school districts to incorporate previously un-levied funds into their district-specific tax caps.

Strengthening the School Operations Workforce

The school business office led by the school business official is not just the financial hub of the district, but generally is also the operations center. The human resources office generally sits within that portfolio of work as well. As a result, the very real workforce shortage districts are facing impacts not just the ability to staff the school business office, but the staff in those offices responsible for operating the entire district.

Civil Service Reforms

School districts are staffed by a mix of certified faculty and staff, and 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. The civil service system is currently acting as a barrier to getting qualified candidates into vacant roles. To ensure that the workforce shortage is not exacerbated by unnecessary barriers, ASBO recommends the following:

- Expand continuous recruitment to additional positions.
- Offer exams at a minimum once every two years
- Standardize grading metrics across different jurisdictions.
- Modernize exam content to reflect current needs in the field.
- Allow employers to make provisional employees permanent without an exam if a test is not offered in the first year of successful provisional employment.
- Grant successful provisional employees “bonus points” on exams.
- Make part-time positions non-competitive.
- Allow for electronic canvassing rather than paper-based canvassing.
- Expand the rule of three to the rule of five to make more candidates reachable for employment off existing lists.

Update SDBL Certification

Under current law, districts can employ a school business official (SBO) who is certified, holding a school district business leader certificate (SDBL), or an SBO who has been hired through the civil service process. This inconsistency can lead to problems in portability and staffing.

Moving forward, ASBO recommends that the State Education Department create multiple certification options to allow additional business office employees to enter the field through the certification and continuing education pathway while phasing out the civil service process. In addition, in light of recent college closures and program reductions, the state should consider alternative certification pathways that do not require programs at an institution of higher education.

School District Chief Financial Officer

School districts are complex multi-million dollar operations. They require the expertise of professionals with both finance and education knowledge. However, despite the high level of education and experience needed to take leadership of a school district business office, there is no definition of a school district chief financial officer (CFO). As a part of a broader series of certification changes, ASBO recommends that this role be defined in state law.

Retain Retirees

Districts are currently filling critical positions by utilizing willing, public-sector retirees. During and since the pandemic, these employees have (in some cases) literally kept the schoolhouse doors open. This has been possible in large part due to a series of executive orders and laws that have allowed public sector retirees to return to public sector employment without pension penalty or seeking a waiver through a cumbersome administrative process. That authorization expires at the end of the 2023-23 school year. ASBO recommends that the State extend this authorization for 5 years.

Investing in School Infrastructure

School district infrastructure is not just a significant expense, but is another of the operational functions that generally lives within the school business office. There are a number of ways in which the operations could be more efficient and clear priorities on the horizon that need to be addressed by the state.

Capital Outlay

Current law allows school districts to engage in one capital project annually without borrowing or voter approval. The total value of that project is limited to \$100,000, and the cost is fully aidable in the next year, without amortization. However, the purchasing power of \$100,000 has dramatically reduced in recent years. ASBO recommends increasing that limit to \$250,000.

Electric 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 that must be addressed to allow this work to continue. ASBO recommends that the following adjustments be made to allow this work to successfully continue:

- Make state aid (transportation aid, BOCES aid) available for planning and studies.
- Establish statewide policy and procedures to direct districts on how to proceed in the event of a failed bond vote.
- Better align state-approved amortization and lease terms with the expected useful life of new vehicles.
- Make updates to building aid allowances to allow for needed garage space, parking lots, and other school infrastructure needs.
- Ensure state oversight of infrastructure needs outside district control, such as municipal infrastructure and needed improvements to the grid.
- Require NYSERDA to update guidance annually.

Expanding Student Opportunities

Providing rich programming for students is at the center of what districts do. As the economy, New York's population, and society change, our programs must change as well, to respond to those needs.

Modernize Career and Technical Education Formulas and Reimbursement Rates

BOCES career and technical education (CTE) programs are in high demand, by students, parents, districts, and employers. This is true for all students, not just those planning to enter the workforce. Approximately 50% of BOCES CTE students go on to college, while many others secure good-paying jobs in the field they were trained in. However, it has been three decades since the reimbursement to districts was adjusted. Currently, only the first

\$30,000 in salary of BOCES CTE instructors is eligible for aid. The report of the New York State Blue Ribbon Commission on Graduation Measures includes a recommendation to expand access to these important programs. To allow these programs to grow and expand, ASBO recommends that the State make the following adjustments:

- Increase the portion of CTE instructors' salary eligible for districts to receive BOCES aid against to \$60,000 over the next three school years
- Enact a comparable increase in the reimbursement rate for special services aid and make 9th-grade programs eligible for aid.

Reimagine Prekindergarten

As the State grapples with a less robust economic forecast than in past years, the time may be right to pause new investments in prekindergarten. The mid-year financial plan identified two areas of savings in education, the most significant being unexpended prekindergarten funds. Rather than continuing to allocate funds that will go unused, at the expense of other areas of investment, ASBO recommends that the state use this pause to review and consider the results of the recently conducted prekindergarten survey and use that information to inform the following:

- Design and merge all state funding streams into a single, needs-based formula with a per district, per pupil allocation.
- Make future, new, or expanded allocations available upon request through that formula (non-competitive) grants when districts indicate they are prepared to open or expand programs.
- Make Prekindergarten transportation aidable.
- Make Prekindergarten-specific capital projects aidable.
- Create a property tax cap exemption for funds needed to start or expand prekindergarten programs.

Update State Aid Eligibility for Special Education Students Until Age 22

A recent decision of the Second Circuit Court of Appeals and subsequent opinion of the NYSED Office of Counsel deemed that the entitlement to free appropriate public education (FAPE) under the Individuals with Disabilities Education Act (IDEA) and supporting state laws require that districts continue to educate students until they graduate or until they reach the age of 21 years and 364 days (i.e. until their 22nd birthday). This is a change from prior interpretations that allowed New York's students to stay in school and districts to be aided for those students through the end of the school year in which they turn 21. ASBO recommends that state law be amended to ensure that state aid and programs are available to students entitled to these programs and services.

Effective and Equitable School District Funding¹

State aid is critical to ensuring the ability of our highest-need districts to deliver the programs and services their students are entitled to. The completion of the Foundation Aid phase-in was a significant accomplishment that students will benefit from for years to come. However, the work does not stop there. State aid must continue to grow and evolve to match the needs of students today, not decades ago.

State Aid

For the 2024-25 school year, the State should continue to allow the Foundation Aid and all expense-based aids to run to at least current law levels. In addition, Foundation Aid awards should include a due minimum increase for all districts equivalent to at least the CPI.

¹Additional details on ASBO's state aid proposal can be found in the Association's full state aid paper located at <https://www.asbonewyork.org/statebudget>

Foundation Aid Study

To ensure that Foundation Aid continues to grow and evolve with our students and districts, it is long past time that the state revisits some of the underlying foundations, assumptions, and inputs to ensure that student need and district wealth are properly reflected and measured. ASBO recommends that the State fund a comprehensive study to examine:

- Updating the calculation of the current cost to educate a successful student.
- Reviewing for accuracy of need and poverty measures and regional costs.
- Updating the calculation of the expected local contributions to recognize the tax cap.
- Considering the impact of increased numbers of English language learners and overall enrollment increases.

Restore “Growth Aid”

Prior to the adoption of the Foundation Aid formula, one of the many aid categories that existed was one that paid current year aid to districts experiencing significant increases in enrollment. While on a statewide basis New York is losing population, shifts within the state and the continued influx of asylum seekers have resulted in certain districts having sizable increases that are not funded until the following year. ASBO recommends that the current year’s growth aid formula be established.

Prior Year Adjustments

If a school district fails to receive aid on the standard claiming schedule, due to filing errors 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 for that purpose in the annual budget. Inversely, 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 these obligations has been woefully inadequate, and in recent years suspended entirely. The queue of unpaid claims has ballooned to over \$300 million. ASBO recommends that the state include funding to pay off this queue and then fund new claims on an annual basis.

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