

# 2025-26 Budget and Policy Priorities



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ASBO  
NEW YORK

ASSOCIATION  
OF SCHOOL  
BUSINESS OFFICIALS

## **Effective and Equitable School District Funding**

State aid is critical to ensure our highest-need districts have the ability to deliver the programs and services to which their students are entitled. The completion of the Foundation Aid phase-in was a significant accomplishment in 2023, but that work was partially undone by proposals to reduce hold-harmless payments and artificially cap the calculation of inflation in last year's budget proposal. While some of the proposed cuts were ultimately restored, there remains great uncertainty about the future of Foundation Aid and, therefore, school district finances. Student needs are not diminishing, and state aid must continue to grow and evolve to match the needs of students today and in the future.

### ***State Aid***

For the 2025-26 school year, the State should continue to allow all expense-based aids to run to at least current law levels. Any changes to the Foundation Aid formula should be consistent with the increasing needs of students and increasing costs to address them. In addition, Foundation Aid allocations should include a due minimum increase for all districts equivalent to at least the CPI.

### ***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 dedicated funding is 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 these obligations has been woefully inadequate and suspended entirely in recent years. The queue of unpaid claims has ballooned to over \$300 million. 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 the districts that already paid penalties.

ASBO recommends that the state include funding to pay off this queue and then fund new claims on an annual basis.

### ***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 New York is losing population statewide, shifts within the state and the continued influx of asylum seekers have resulted in certain districts having sizable current year increases that are not funded until the following year when the formulas catch-up and use the data that is lagged by one year. ASBO recommends that the current year's growth aid formula be established.

## **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 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. The following changes would support sound financial practices.

## ***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 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.

## ***Tax Cap***

The property tax cap has been in effect for twelve 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 change and action:

- Make the Maximum Allowable Growth Factor the greater of 2% or calendar year change in CPI-U.
- Direct the Department of Tax and Finance to adopt authorized regulations addressing changes in taxable status and calculation of the tax based growth factor.

## **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 that 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. This will require changes to both the civil service and certification system, to serve all members.

## ***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:

- Standardize grading metrics across different jurisdictions.
- 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.
- Allow employers to make provisional employees permanent if a test is not offered in the first 9 months of successful provisional employment.

## ***Update SDBL Certification***

Under current law, districts can employ a school business official (SBO) who is certified, holding a school district building leader certificate, 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 certification and continuing education. 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.

## ***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 kept the schoolhouse doors open. This has been possible in large part due to a series of Executive Orders and temporary 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 2024-25 school year. ASBO recommends that the State extend this authorization for an additional 5 years.

## **Investing in School Infrastructure**

School district infrastructure is not just a significant expense, but another operational function generally housed within the school business office. The state could improve the efficiency of operations and clarify priorities in a number of ways.

## ***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:

- Establish statewide policy and procedures to direct districts on how to proceed in the event of a failed bond vote.
- Make updates to building aid allowances to allow for needed garages, bus depots, 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.
- Allow districts to move to low-emission rather than zero-emission buses where zero-emission options are not available for timely purchase, cannot complete route distances or districts do not have access to adequate power sources.

## **Expanding Student Opportunities**

Providing robust 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 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 the new needs based formula, provided as non-competitive grants, when districts indicate they are prepared to open or expand programs.
- Make Prekindergarten transportation aidable.
- Make Prekindergarten-specific capital projects aidable.

### ***Charter Schools***

The continued growth of charter schools around the State is having a detrimental effect on school district budgets and operations. Tuition payments are compromising district budgets, while enrollment shifts between charter schools and the district create enrollment unpredictability and administrative burdens. To stabilize this situation and ensure that district students have the resources they need, ASBO recommends that the State adopt the following changes:

- Eliminate SUNY's authority to authorize charter school applications and make the State Education Department the sole authorizer in the State.
- Establish a new funding stream to reimburse districts for charter school tuition payments.
- Hold charter schools to the same accountability and transparency requirements as school districts.



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