

Governor's Services Aid Proposal Radically Cuts Aid to School Districts, Shifts Burden to Local Taxpayers

An ASBO New York analysis of the Governor's proposal to shift 11 categories of school aid into a single block grant found that it would result in substantial cuts to state aid for many school districts.¹ Small and rural school districts would be the most effected. An examination of recent trends in the 11 aid categories found that after a few years, cuts in aid to high-need rural schools would amount to more than \$211 per student per year.

"The Governor's proposal uses a sledgehammer to reign in growth in these 11 aid categories, when a scalpel will do," stated Michael J. Borges, ASBO New York Executive Director. "A majority of the growth in these 11 aid categories occur in two categories: transportation and BOCES. Transportation costs consistently outpace inflation and ASBO has offered a number of proposals for sharing and bidding reforms that will reduce costs," continued Mr. Borges.

"School districts rely on BOCES for essential services and educational opportunities for students that would be difficult for districts to replicate individually. The special education and career and technical education programs are key aspects of BOCES services that would be curtailed by these proposed cuts in aid. The impact would be especially felt by small and rural school districts with neither the financial or human resources to replace these BOCES services," said Mr. Borges.

The 2019-20 Executive Budget proposes to change 11 reimbursable aids to school districts to a block grant that would grow based on changes in inflation and district-level enrollment. The net result of this change would be a sharp decrease in the growth of state aid to school districts without doing anything to reduce their expenses.

While the proposal includes 11 different forms of formula aids, ASBO analysis shows that for more than 96 percent of school districts, only two categories have grown at all in the past five years: transportation aid and BOCES aid.² Figure 1 compares annual growth in these categories with the growth rate that would have been used if the Governor's proposal were in effect for that year.

Figure 1. Comparing Actual State Aid Increases with Projected Growth Rate Using Governor's Proposal

¹ The 11 categories that would be combined into the single block grant are aid for textbooks, school library materials, computer software, instructional hardware and technology, BOCES, supplemental public excess cost, transportation, special services, academic enhancement, high tax, and charter transitional.

² Fewer than 30 districts receive any aid in the other two categories that have also grown in recent years – charter school transitional aid and non-component support aid to districts that are not part of a BOCES.

	2016-17	2017-18	2018-19	2019-20 Executive
BOCES Aid	7%	3%	4%	4%
Transportation Aid	1%	3%	4%	4%
	Growth Rate for Each Year Using the Block Grant Formula the Governor Proposes Applying Beginning in 2020-21			
Projected Growth Rate	0.1%	1%	2%	2%

Growth in both aid categories far outpaces the proposed growth factor, which is a district's enrollment change added to the rate of inflation, with a minimum of zero. That means if inflation is low in a given year, school districts may be held to no growth for aid in the coming year, even if inflation increases.

The Governor's proposal if enacted would take place in school year 2020-21. Applying the proposal to previous years shows that the cumulative impact of these cuts is dramatic over a short period of time. For example, Figure 2 shows that using 2015-16 as the base year for the block grant would cut 2019-20 aid for most school districts. High-need rural school districts are the most reliant on this aid and would have experienced the largest reductions of \$211 per student. Except for New York City, all other need/resource capacity categories would experience large net reductions.

Figure 2. Impact of Proposed Services Aid Block Grant by Need/Resource Capacity Category

Need/Resource Capacity Category	2019-20 Executive Budget per pupil Aid in the 11 "Services Aid" Categories	Actual Growth in per pupil Services Aid Categories Since 2015-16	Growth in per Pupil Services Aid if Executive Proposal Enacted with 2015-16 as Base Year	Difference Between 2019-20 Executive Budget and Projected Services Aid with 2015-16 as Base Year
NYC	\$797	6%	6%	\$0
Big Four	\$2,296	12%	6%	\$122
High-Need Urban/Suburban	\$2,060	15%	9%	\$120
High-Need Rural	\$2,747	21%	11%	\$211
Average-Need	\$1,728	19%	9%	\$138
Low-Need	\$973	16%	9%	\$62

Finally, Figure 3 shows that these cuts would hit all areas of the state outside of New York City, with the greatest impacts in poorer, more rural areas.

Figure 3. Regional Impact of Proposed Services Aid Block Grant

State Region	2019-20 Executive Budget per pupil Aid in the 11 "Services Aid" Categories	Actual Growth in per pupil Services Aid Categories Since 2015-16	Growth in per Pupil Services Aid if Executive Proposal Enacted with 2015-16 as Base Year	Difference Between 2019-20 Executive Budget and Projected Services Aid with 2015-16 as Base Year
Capital District	\$1,489	21%	9%	\$149
Central New York	\$2,098	22%	9%	\$232
Finger Lakes	\$2,125	18%	9%	\$160
Hudson Valley	\$1,546	13%	9%	\$54
Long Island	\$1,339	19%	10%	\$101
Mohawk Valley	\$2,375	20%	9%	\$225
New York City	\$797	6%	6%	\$(0)
North Country	\$2,315	19%	11%	\$172
Southern Tier	\$2,444	18%	11%	\$157
Western Region	\$1,802	17%	9%	\$111

"ASBO urges the Legislature to reject this cap on state aid to school districts that would further shift the cost to local taxpayers for funding state mandated services," concluded Mr. Borges.