

# Opportunity for All: Helping School Districts Meet Students Needs

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Policy Report



New York State  
Association of School  
Business Officials

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*Advancing the Business of Education*

December 2017

# POLICY REPORT PRIORITIES

This policy report builds on the work of New York State Association of School Business Officials' (NYSASBO) 2016 Foundation Aid Task Force. This 17-member group of school business officials representing school districts of various types, wealth, regions, and sizes, studied, analyzed, and made detailed recommendations concerning the state's support for its public schools for school year 2017-18. This proposal makes recommendations to the Governor and Legislature for school year 2018-19. The Task Force noted the pervasive challenge of economic disadvantage for schools to achieve student success. Additional challenges facing school districts were meeting the needs of a growing number of students with disabilities and English language learners (ELLs), many of whom are also economically disadvantaged.

In an October 2017 research brief, NYSASBO staff examined these trends and the way the state shares in costs to help all students achieve a meaningful education. The report's findings include:

- Student enrollment overall has declined steadily at the rate of approximately three-quarters of a percent each year in New York's school districts. This small decline has posed a challenge for school officials who face many fixed costs that are not easily reduced.
- Added to this, student need has grown. Over the past five years:
  - The number of economically disadvantaged students grew statewide by three percentage points to 53 percent of the school population; in half the school districts the number of economically disadvantaged students increased more than 11 percent.
  - Students with disabilities increased from 13 to 15 percent of the school population; and
  - English language learners increased from 7 to 9 percent of the school population. For 121 school districts this meant an increase in English language learners of more than 50 percent. In 54 school districts, the ELL rate more than doubled.
  - 62 districts saw a 20 percent increase in both poverty (SAIPE) and English language learners, while 13 districts saw 20 percent increases in all three student need areas (SAIPE, ELLs, and SWDs).

These data illustrate that districts with extraordinary student needs are growing rapidly and that student need categories do not exist in isolation from one another. They emphasize the need for state aid that is adequate and appropriately targeted to help meet these needs.

- English language learners are concentrated in a small number of school districts, with 15 school districts having 20 percent or more of their student body as English language learners. School districts with concentrations of English language learners tend to have high levels of student poverty and economic hardship.
- There are clear links between student need and achievement. Student achievement, as measured by proficiency in mathematics and English language arts and graduation rates, is low for each of the groups studied, and while progress is occurring, gaps persist, and growth is slow.
- The foundation formula is closely linked to student need, but since \$4.2 billion still remains to be funded, there is an inverse relationship between student need and performance, on the one hand, and Foundation Aid Still Due, on the other.

## How are student needs changing?

There are clear student demographic changes in New York State that will affect state support of schools. Overall, enrollment is declining, while poverty, economic hardship, and the incidence of students with disabilities and English language learners have all been increasing. Students with disabilities and, to a lesser extent, poverty and economic hardship are distributed across the state, while ELLs are highly concentrated in a small number of districts. Figure 1 summarizes statewide rates and change over time for the demographic categories that have been the focus of NYSASBO research.

**Figure 1. Summary of Demographic Trends in New York State Schools**

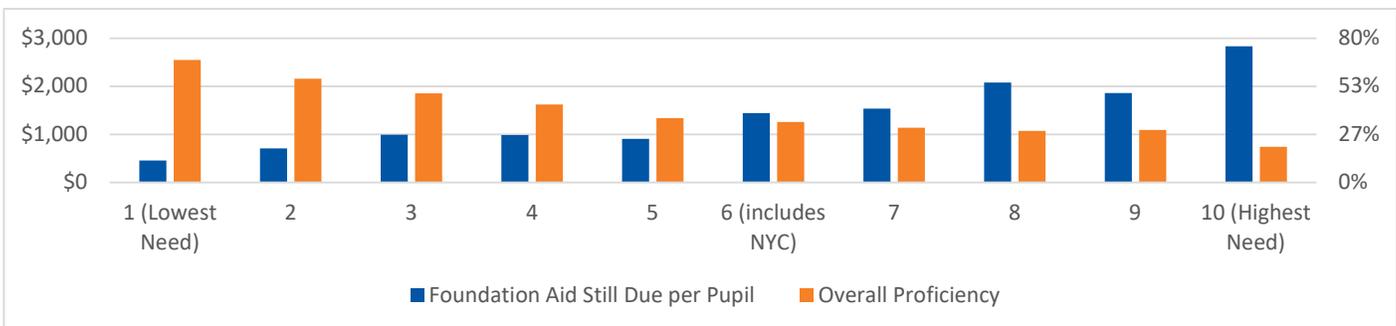
Demographic Category	Statewide Rate	Five-Year Statewide Change	Number of Districts with Five-Year Growth of at Least 20%
Poverty (SAIPE)	21%	15%	188
Economic Hardship (FRPL)	53%	43%	246*
Students with Disabilities	15%	13%	74
English Language Learners	9%	0.7%	204

\* Four-year change

We are concerned about the growth of economically disadvantaged students, students with disabilities, and English language learners because of a history of underachievement. Students in these groups tend to need more time and help to meet state learning standards, and thus cost school districts more to educate. Foundation Aid is a plan for the state to share in these additional costs, but Foundation Aid is not fully phased in. In fact, \$4.2 billion is Foundation Aid Still Due for full implementation of the formula enacted in 2007.

Figure 2 illustrates the potential of the Foundation Aid formula to address the underachievement that exists in New York State. It shows overall proficiency rates (combined ELA and math results) and Foundation Aid Still Due per pupil by school districts ranked in ten groups of student need and resource capacity. The data show that districts with the most Foundation Aid Still Due have the poorest performance and those with the least amount of Foundation Aid Still Due have the highest overall proficiency in math and English language arts.

**Figure 2. Overall Proficiency Rate and Foundation Aid Still Due per Pupil by Need/Resource-Capacity Index Decile**



NYSASBO's 2018-19 school aid proposal includes recommendations to strengthen state support for school districts to provide opportunity for all students.

## RECOMMENDATIONS

NYSASBO supports the ECB proposal but calculates funding priorities differently. Our proposal includes \$1.4 billion to begin the first year of a three-year phase in of the Foundation Aid formula, \$150 million to provide Community Schools Aid separate from, and in addition to, Foundation Aid, \$100 million for an ELL categorical aid to meet needs until Foundation Aid is fully phased in, full funding of expense-based aids, \$242 million to hold districts harmless against loss, \$10 million in incentives for shared pupil transportation and the purchase of electric buses, \$70 million for prior year Adjustments, and targeted investments in career and technical education, child nutrition, and strategic resource use grants to help school districts make the most of every dollar spent. See Figure 3 for a breakdown of our 2018-19 aid priorities.

**Figure 3. NYSASBO 2018-19 Aid Priorities**

Enacted Budget 2017-18 (including save-harmless*)	\$ 25,246,157,186
Foundation Aid Phase In**	\$ 1,401,771,667
ELL categorical	\$ 100,000,000
Community Schools Categorical	\$ 150,000,000
Estimated expense based aids	\$ 302,318,587
<b>Subtotal</b>	<b>\$ 1,954,090,254</b>
<b>Additional Requests</b>	
CTE**	\$ 25,391,946
Increase in child nutrition reimbursement**	\$ 25,000,000
Strategic resource use grants	\$ 500,000
Prior Year Adjustments	\$ 70,000,000
Transportation aid incentives	\$ 10,000,000
Regents early learning initiatives	\$ 20,000,000
<b>Subtotal</b>	<b>\$ 150,891,946</b>
<b>Total Increase Requested</b>	<b>\$ 2,104,982,200</b>
<b>Total Proposed Aid for 2018-19</b>	<b>\$ 27,351,139,386</b>

SOURCES: 2018-19 Current Law Estimates and 2015-16 ST-3

\* \$242,106,555

\*\* To be funded at this level for three years in a row

NYSASBO recognizes the [uncertain budget outlook](#)<sup>1</sup> for New York State. The New York State [Comptroller](#)<sup>2</sup> and [Budget Division](#)<sup>3</sup> project budget deficits of many billions of dollars and the forecast for funding from the federal government is uncertain at best. The proposed increase of \$2.1 billion represents the needs of New York State school districts to educate their students. Gov. Cuomo himself noted on [November 28, 2017](#)<sup>1</sup> the scope of the challenge stating: "The budget is not going to be an easy budget, and we're going to have to find additional savings." The state can meet the needs of school districts with both dollars as well as mandate relief or other flexibility that reduces school district costs. See the section titled *Provide Flexibility to Overburdened Districts*, beginning on page 7, for specific ideas.

<sup>1</sup> [http://www.lockportjournal.com/news/local\\_news/federal-tax-code-changes-could-force-new-york-to-adopt/article\\_28533315-9185-5a68-91fc-a7b6d08e0a22.html](http://www.lockportjournal.com/news/local_news/federal-tax-code-changes-could-force-new-york-to-adopt/article_28533315-9185-5a68-91fc-a7b6d08e0a22.html)

<sup>2</sup> <http://osc.state.ny.us/finance/finreports/fcr/2017/fcrindex.htm>

<sup>3</sup> <https://www.budget.ny.gov/pubs/archive/fy18archive/enactedfy18/FY2018MidYearUpdate.pdf>

A large part of this year's state aid proposal involves Foundation Aid, which NYSASBO re-examined and proposes making changes to, to ensure that it is fair, adequate, and stable. NYSASBO applauds the Legislature and Governor for maintaining the state's commitment to the Foundation Aid formula in 2017 and asks that they strengthen this commitment in 2018.

The Foundation Aid formula enacted in 2007 provided much needed simplification to school aid and made a firm commitment to the goal of educational adequacy by enacting a formula based on actual data on student success in New York State school districts. This provided hope to students and their families in struggling school districts around the state that the resources to provide opportunity for all would soon be in place. While this commitment was disrupted by a prolonged economic recession, that recession is now over, and schools are ready to return to the task of educating all of their students.

While New York State has shown its commitment to elementary and secondary education with healthy increases in recent years targeting school districts with high student need and low fiscal capacity, school officials seek the predictability and research basis of the 2007 formula. A fully phased in formula based on actual school district spending and achievement results will provide the resources needed for all students to have the opportunity for a meaningful education.

In 2018-19, therefore, the state should commit to a short-term phase-in of the formula, implement other long overdue changes that would make the tax cap more sensible, strengthen BOCES aid for students pursuing job-related career and technical education, encourage smart school spending, and provide flexibility to overburdened districts. This will foster trust, support, and productivity in the state's partnership with schools.

NYSASBO proposes the state phase-in the remaining Foundation Aid owed in 2018-19 and the subsequent two years at a cost of \$1.4 billion each year. In addition, NYSASBO proposes Foundation Aid formula improvements, recommended by our Foundation Aid Task Force, to improve the measurement of poverty and assess the cost of success with English language learners. These enhancements include using updated small area income and poverty data and removing artificial caps on measuring community wealth and student poverty. NYSASBO also recommends two categorical aids: a temporary aid of \$100 million to provide funds to school districts with influxes of English language learners and unaccompanied minors until the Foundation Aid formula is fully phased in and a \$150 million program for Community Schools, so that this aid can be independent of Foundation Aid, which is unrestricted. Additionally, we support the continuation of \$242 million in hold-harmless provisions that provide stability to many school districts of varying need. These and other changes can be found in a separate [NYSASBO Foundation Aid report](#).<sup>4</sup>

NYSASBO also recommends full funding of expense-based aids to continue state support for Building, Transportation, and BOCES aids, and other school expenses. In addition, NYSASBO makes three important proposals:

1. \$76 million to increase the aidable salary ceiling to the state average of \$66,000 for BOCES CTE instructional staff and comparable increases for similar purposes in the Big 5 city school districts;
2. An incentive aid of no more than \$1 million to encourage school districts to share pupil transportation to out of district locations; and
3. A new aid to help districts with the cost of electric buses to reduce reliance on fuel and contribute to clean air quality.

NYSASBO recommends \$20 million to supports recommendations of the Board of Regents to strengthen early learning. The Regents have engaged the education community in a comprehensive review of funding, program and policy needs to maximize the potential of early learning to strengthen student outcomes. NYSASBO supports a farm-to-school initiative to enrich the connection communities have with fresh, healthy food and local food producers by increasing reimbursements for school meals when local food is used in their preparation.

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<sup>4</sup> <https://www.nysasbo.org/page/supporting-our-schools-a-study-of-new-york-state-foundation-aid-625.html>

NYSASBO recommends that the state invest \$70 million to pay school districts for approved prior-year adjustments (PYA) to their aid claims. Currently there is \$334 million owed but not yet paid to school districts going back several years. The state's practice is to allocate about \$18 million each year to meet these commitments. At this rate, it would take the state 19 years to pay off a prior year adjustment approved for payment this year. NYSASBO recommends increasing the rate at which these payments are made by increasing the annual appropriation to \$70 million a year. This level of appropriation would allow the state to pay off these debts to school districts over five years.

Altogether, these recommended increases would bring general support for education up from \$25.3 billion to \$27.3 billion for 2018-19. The following section provides more detail on these proposals.

## Foundation Aid

### Phase-In and Re-Examination

NYSASBO recommends the state phase in the Foundation formula over three years. For 2018-19, it will cost \$1.4 billion to fund Foundation Aid at the promised level and \$242 million to fund save-harmless aid. In addition, \$150 million is required to make the Community Schools program a categorical program to keep Foundation Aid unrestricted.

In order for schools to provide the critical educational services and strengthen the state's economy for the future, the state must get the Foundation formula back on track and fully implemented within the next three years. The state should take care to preserve the full phase in of the formula including elements that support school district efforts to provide a sound basic education and a meaningful high school education, as the State Constitution requires. Full implementation of the formula over the next three years is achievable, at \$1.4 billion in 2018-19 and the subsequent two years.

The formula currently in law is a decade old. Given changes in standards, assessments, and student needs over this period, NYSASBO conducted a full review of Foundation Aid, to allow the state to re-examine the formula to ensure that it truly provides adequacy, equity, and stability for all schools. Last year, NYSASBO gathered together a diverse group of school business officials from all over the state to look at the formula. These recommendations can be seen in greater detail in the report "[Supporting Our Schools: A Study of New York State Foundation Aid.](https://www.nysasbo.org/page/supporting-our-schools-a-study-of-new-york-state-foundation-aid-625.html)"<sup>5</sup> We propose the following changes to achieve an equitable, adequate, and stable school funding formula that promotes student success.

#### 1. Improve the measurement of student poverty

- a. Use direct certification data instead of free and reduced-price lunch data, and small area income and poverty data in place of census poverty data to measure poverty in Foundation Aid, and update this information annually. Direct certification data should be adjusted to represent levels of economic disadvantage previously represented by free and reduced price meal eligibility.
- b. Adjust the measurement of poverty used for Foundation Aid to reflect costs around the state.
- c. Provide greater aid for districts with higher concentrations of poverty.
- d. Don't limit aid for student poverty with maximums or caps. For example, the maximum of 2.0 in the calculation of the Pupil Need Index prevents the formula from recognizing the highest levels of poverty.
- e. Use the most recent data available, including spending and performance data used in the Successful School District cost study, data on classification of students with disabilities, data on the fiscal capacity of school districts and the needs of students, and data necessary to assess school districts' need-resource capacity status.
- f. Continue use of a three-year rolling average of students eligible for free and reduced-priced meals (phasing in the use of direct certification data) to provide stability in the measurement of student poverty.

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<sup>5</sup> <https://www.nysasbo.org/page/supporting-our-schools-a-study-of-new-york-state-foundation-aid-625.html>

## **2. Equalize aid fully for ability to pay**

- a. Remove the .65 income wealth index floor which reduces aid to the neediest districts.
- b. Eliminate the 2.0 income wealth index maximum which increases aid to the wealthiest school districts.

## **3. Equalize aid fully for ability to pay**

- a. Fund Community Schools Aid as either unrestricted aid or a categorical aid rather than as a Foundation Aid set-aside.

## **4. Provide categorical aid for the education of English language learners until Foundation Aid is fully phased in**

- a. Incorporate an updated study of the costs of educating English language learners, to be reflected in an appropriate weighting in the Pupil Needs Index. Until the formula is fully phased in, however, the needs are immediate and a categorical aid to assist school districts with the additional costs of educating English language learners and unaccompanied minors should be funded at \$100 million to meet these urgent needs. This is similar to the level of LEP Aid funded by the State before Foundation Aid was created. LEP Aid was consolidated into Foundation Aid but since the formula is not fully phased in and the needs are great, a similar aid should be restored until Foundation Aid is fully phased in.

## **5. Examine the cost of success with at risk students to determine the appropriate weighting for pupil need**

- a. The state should support and ensure a process for the careful estimation of pupil weights for various categories of disadvantaged students as a critical part of designing the state education aid formula. This should include a new cost study to calculate the true cost of educating English language learners.
- b. Simply looking at weights other states use is not sufficient; many of these weights reflect political compromises instead of careful estimation of costs and results, and other states' estimated weights may not be appropriate for New York's performance objectives and student characteristics.
- c. New York should add the capacity it needs to estimate and update pupil weights, e.g. by increasing research staff capacity in the New York State Education Department.

## **6. Update and improve the cost study to estimate the cost of providing a sound basic education**

- a. The Successful School District cost study should be updated at least every three years to reflect current circumstances.
- b. The threshold for "success" should use meaningful measures, including graduation rate and assessment goals related to college and career readiness. Graduation rate should take into account those who graduate in four or more years. Measures of growth and improvement in schools that have a long way to go to reach college and career readiness should also be incorporated.

## **7. Dollars for education should result in increased numbers of students that are college and career ready**

- a. Continue the School Receivership program with changes suggested by the Education Conference Board to provide more time and additional resources to support improvement in low performing schools.
- b. Provide seed money to assist high need school districts to engage in strategic resource planning and use to help them create and implement long term plans to reallocate resources for improved student achievement.
- c. Eliminate the Contracts for Excellence program, which has become a tedious accounting exercise rather than a plan for student success.

## 8. Provide stability in funding

- a. Phase in the formula within three years and commit to this in law so that school districts can plan for and count on these resources
- b. Continue to hold school districts harmless against loss.

## Provide Flexibility to Overburdened Districts

Planned and potential reductions in Medicaid funding to school districts threaten to create a substantial budget shortfall for New York State which may in turn diminish its ability to support its school districts. Revenue challenges coupled with increasing demands to achieve success with historically underachieving student groups combine to create a need to use resources in the most effective manner. The state should examine opportunities to eliminate duplicative requirements and search for ways to streamline requirements placed on school districts so that more time and focus can be placed on instruction, and less time on administration. This can include incentives to share and use resources strategically, statewide initiatives that reduce costs, and providing flexibility in meeting requirements. Specific recommendations include:

- a. In order to balance the need for adequate investments in our children's education with tax relief, further adjustments to the tax cap are needed. The state needs to implement the changes that were enacted in 2015 to allow school districts to exclude BOCES capital expenses and count payments in lieu of taxes (PILOTs) in the quantity change factor used to calculate the allowable levy limit. The state should consider further flexibility to make up for historically low tax caps that hamper schools' efforts to meet state mandated requirements. [These are detailed here.](#)<sup>6</sup>
- b. Encourage school districts to reduce costs and state transportation aid by providing an incentive for school districts to share transportation to out-of-district locations such as BOCES and private special education schools (S.2404 Marcellino / A.7079 Thiele).
- c. Allow school districts to establish an Extraordinary Need Reserve Fund. This proposed legislation would allow school districts to establish reserve funds for the unanticipated costs associated with high-need students moving into a district unexpectedly.

School districts face a financial burden when it comes to educating high-need students. What makes this more difficult is when such students move into a district mid-year. This could include the unanticipated cost of educating a high cost student with a disability or students that transfer from another state or territory as a result of a natural disaster (such as has occurred recently in Texas, Florida and Puerto Rico) who are poor, limited English proficient or have a disability. The unanticipated costs associated with serving these students throw school budgets off. This reserve would provide a cushion for these unforeseen expenditures to ensure adequate resources are available for educating students.

- d. Allow school districts and other municipalities to opt into a stand-alone statewide prescription drug plan using the Empire Plan Prescription Drug Plan. This would allow counties, cities, school districts and towns to take advantage of the dependability and cost savings of the Empire Plan's drug benefit without having to participate in the full medical plan of the New York State Health Insurance Plan (NYSHIP) (S1714 / Carlucci).

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<sup>6</sup> [https://www.nysasbo.org/uploads/files/1424813093\\_NEW\\_ECB-taxcap-Feb2015%20\(1\).pdf](https://www.nysasbo.org/uploads/files/1424813093_NEW_ECB-taxcap-Feb2015%20(1).pdf)

- e. Provide authority for school districts around the state to participate in regional high schools operated by a school district or BOCES to increase course offerings for students at reduced cost.
- f. Allow school districts to conduct a risk assessment of district operations every other year, instead of annually, while maintaining in-depth reviews of specific areas annually (S.3962 Seward / A.6566 Brindisi; Passed Senate, In Education Committee).
- g. Allocate and reallocate available resources that increase student learning via grants for strategic resource use (\$500,000). Legislative leaders and the Governor have implemented an ambitious agenda to slow the growth in education spending into the future. Given that resources will be relatively modest, it is essential that the state and school districts get the most for every tax dollar they spend. The State can encourage school district strategic resource use by providing funding for a Strategic School District Resource Use Center staffed by organizations such as NYSASBO and Education Resource Strategies to develop and implement more cost effective spending practices.

## Other Recommendations

### Support for Expense-Based Aids (\$302 million)

NYSASBO recommends continued support for approved expenses school districts have already incurred. These aids help pay for such costs as school construction, pupil transportation, shared services provided by BOCES, special education, and instructional materials. The state should honor these commitments and pay what is due for these expenses that school districts have already incurred.

**Figure 4. Current Law Aid Increases for Expense-Based Aids for School Year 2018-19**

Aids	2017-18	2018-19	Increase	Percent Increase
Summer Transportation Aid	\$4,998,339	\$4,999,822	\$1,483	0.03%
Transportation Aid W/O Summer	\$1,817,885,362	\$1,904,090,735	\$86,205,373	4.74%
Building Aid	\$2,926,760,363	\$3,103,470,465	\$176,710,102	6.04%
Building Reorganization Incentive Aid	\$23,898,557	\$22,530,358	-\$1,368,199	-5.73%
Non-Component Career Education Aid	\$155,888,533	\$154,163,172	-\$1,725,361	-1.11%
BOCES Aid	\$904,970,892	\$922,410,051	\$17,439,159	1.93%
High Cost Public Excess Cost Aid	\$638,481,379	\$626,065,239	-\$12,416,140	-1.94%
Private Excess Cost Aid	\$393,330,632	\$415,747,736	\$22,417,104	5.70%
<b>Total Aid</b>	<b>\$25,127,655,008</b>	<b>\$25,429,973,595</b>	<b>\$302,318,587</b>	<b>1.20%</b>

### **Career and Technical Education (\$25 million)**

Career and Technical Education, when based on high academic standards, offers opportunities for students who relate well to hands-on learning experiences and a closer connection between education and job opportunities. Research has demonstrated a reduction in dropouts and an increase in earnings as a result of quality CTE programs. Aid is paid to school districts for student participation in BOCES CTE programs, but is limited to a share of the first \$30,000 in teacher salaries, a limit which has been in place for more than two decades. Similar aid limitations have been placed on CTE programs in the Big 5 city school districts funded with Special Services Aid.

Increasing the salary threshold to reflect inflationary increases over that period would help school districts with the cost of sending students to Career and Technical Education programs. NYSASBO recommends \$76 million, phased in over three years, in BOCES Aid and Special Services Aid to provide aid up to state average salary for BOCES CTE teachers or approximately \$66,000. The state should provide half of this increase for component school districts of BOCES, and a comparable level of aid increases for the Big 5 city school districts.

### **Promote Sharing and Clean-Air Buses to Transport Students (\$10 million)**

When school districts share pupil transportation, such as to private schools or BOCES, they reduce their spending, saving districts and the state money. This proposal would provide an incentive for all school districts that share pupil transportation with other districts, calculated as 10 percent of the revenue received from the other district for the shared transportation. It is expected that savings will accrue to the State of more than ten times the amount of the incentive.

In addition, NYSASBO recommends a new aid modeled after EXCEL aid for school construction called Children's Learning and Education Access Now (CLEAN) to help districts with the cost of electric buses to reduce reliance on fuel and contribute to clean air quality. This aid will provide an incentive for school districts to save money and improve the environment.

### **Strengthen Early Learning (\$20 million)**

The Board of Regents has conducted a series of forums to shine a spotlight on the potential of quality early learning to substantially close the student achievement gap before formal school begins and thereby increase students' lifetime education outcomes and earnings. NYSASBO supports Regents recommendations to strengthen early learning in a variety of complementary initiatives. These include expanding pre-k to unserved high need four year olds, strengthening support through technical assistance centers around the state, conducting a cost study on the cost of successfully providing universal pre-k, expanding New York's quality rating system, funding to support collaboration between universal pre-k and special education preschool programs, developing an early learning data system, and supporting parent and community engagement.

### **Support for Farm-to-School Initiative (\$25 million)**

State reimbursement rates for school lunches have been stagnant at .0599 cents for 40 years. This restrictive rate makes it very difficult for schools to purchase the best food for students. The state should encourage the purchase of healthy food from local vendors that improves nutrition for students while stimulating local economies. In the last 20 years farm-to-school programs have emerged in virtually every state and the number of local programs has grown steadily. Research has shown positive impacts on gross output, employment, and labor income.<sup>7</sup>

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<sup>7</sup> <http://www.farmtoschool.org/Resources/EconomicImpactReport.pdf>

NYSASBO supports the New York State School Nutrition Association's "Drive for 25" initiative, which would reimburse school nutrition programs that get 25 percent of their purchases from in-state vendors at a rate of 25 cents per meal. If every school nutrition program met this goal, it would cost the state an additional \$75 million. NYSASBO recommends phasing this amount in over three years.

### **Prior-Year Aid Adjustments (\$70 million)**

Money school districts owe to the state is paid in a timely manner. Money the state owes to school districts should likewise be paid over a reasonable time frame. NYSASBO recommends funding prior-year aid adjustments that have been approved by NYSED and paying for them over a reasonable time frame such as five years. This currently amounts to \$334 million. We recommend the state increase its appropriation for prior year adjustments from approximately \$18 million to \$70 million, reducing the time that school districts must wait for these funds.

Prior-year aid adjustments are made when aid claims are approved or adjusted after the close of the current claim year, often as a result of correcting or updating data. These approved aid payments are put on a list and paid as funds are available. The state typically appropriates about \$18 million a year to pay prior year aid claims. At this rate, this means that a prior-year adjustment approved today would take approximately 19 years to be paid. Claims have grown substantially over the past few years and the number of school districts with approved claims is large.

### **Tax Cap Flexibility**

Fifty-five percent of school revenues comes from local sources, primarily the real property tax. Historically, overrides to the tax cap have been rare, occurring in less than five percent of school districts. In order to ensure school districts have the resources to do the job we demand, additional flexibility in the tax cap is required. At a minimum, this should include changes enacted in 2015 but never implemented to count school district costs for BOCES instructional spaces in the capital exclusion and to count assessments that result in Payments in Lieu of Taxes in the formula before the allowable increase is applied. Other prudent recommendations are detailed in a paper led by NYSASBO for the Education Conference Board and available [here](#).<sup>8</sup>

## **CONCLUSION**

This proposal lays out a plan for New York to embrace a serious commitment to phase-in a Foundation formula that provides for the education required by our State Constitution. The state should adjust the tax cap to give school districts additional flexibility to support the programs the state has mandated. The proposal recommends the state provide more aid for career and technical education teacher salaries to incentivize school districts to implement these programs that are widely regarded for their impact on increased learning and job opportunities.

NYSASBO proposes incentives to encourage sharing of pupil transportation and the purchase of electrically-powered school buses. We support the "Drive for 25" initiative to encourage farm-to-school practices to strengthen the consumption of healthy food by New York's school children. NYSASBO recommends that the state fund prior-year adjustments approved and due to school districts over five years.

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<sup>8</sup> [https://www.nysasbo.org/uploads/files/1424813093\\_NEW\\_ECB-taxcap-Feb2015%20\(1\).pdf](https://www.nysasbo.org/uploads/files/1424813093_NEW_ECB-taxcap-Feb2015%20(1).pdf)

Finally, NYSASBO recommends that state policymakers recommit themselves to supporting measures that provide flexibility to overburdened school districts and encourage resource allocation strategies that allow school districts to more efficiently and effectively deliver their educational programs.

## Data Sources

All data are from the 2018-19 Current Law estimates (11-15-17 database), the 2015-16 Fiscal Profiles, from the NYSED State Aid Office on Prior Year Adjustments (November 2017) or NYSASBO staff calculations of these data.

## Acknowledgements

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