

**Report of the Ways And Means Committee  
on the  
New York State Assembly  
School Aid Reform Proposal**

**Assembly approach creates a formula to address the cost of providing a sound basic education.**

- Establishes a foundation formula approach, similar to the Regents, that provides transparent, predictable school aid, thereby allowing school districts to plan their budgets. A foundation formula, coupled with two-year school aid budgeting, will provide the stability and predictability for which school districts have been asking. This reform initiative provides for a functioning, comprehensive Operating Aid formula.
- The foundation formula estimates the cost of providing a sound basic education, adjusts for regional cost, student enrollment, student need, and reflects school district fiscal capacity.
- More than half of the other states in the nation use some form of foundation formula in their allocation of state aid to schools.

**Provides an increase of \$6.1 billion in State funding in order to provide all children with the opportunity for a sound basic education to be phased in over a five-year period.**

- Formula targets 86.47 percent of the funding increase, or \$5.245 billion, to high need school districts. New York City will receive 63.86 percent of the new funding, or \$3.873 billion in additional funds.
- All school districts will receive at least a minimum year-to-year Operating Aid increase through the new foundation formula.
- This approach delivers funding to address the Court of Appeals decision by supporting smaller classes, attracting and retaining quality teachers with competitive teacher compensation and training opportunities, and providing enriched learning opportunities in order for students to meet the Regents Learning Standards.

Below is a description of how the foundation formula operates:

**Foundation Amount (\$4,504)**

This represents the cost of providing general education services based on NYS schools that are performing well (Regent's Successful Schools Study). TIMES

**Regional Cost Factor** (9 regions based on the wages of non-school professionals in NYS).

This ranges from an index of 1 in the North Country to 1.496 in NYC/Long Island. TIMES

**Pupil Need Index** (based on geographical sparsity and poverty measure) TIMES

**Measurement of Fiscal Capacity** A particular district's sharing ratio will determine the State share of the total calculated foundation amount. Local fiscal capacity is based on both income and property wealth measures. =

**State Aid Per Pupil** (\$500 minimum). TIMES

**Number of Pupils** (weighted and based on enrollment as opposed to attendance). =

**Total Foundation Aid**

(100% Save harmless to a base of several consolidated aid categories. Minimum increase of 1 percent each year.)

There is a consolidation of several existing formulas into the new proposed Foundation

Operating Aid. These include:

- Comprehensive Operating Aid
- Extraordinary Needs Aid
- Reorganization Operating Aid
- Growth Aid
- Tax Limitation Aid
- Educationally Related Support Services Aid
- Summer School Aid

### **Capital Funding**

- Funding for a statewide capital grant program is dedicated from revenues derived from currently authorized Video Lottery Terminals (VLTs). The dedication of \$240 million in VLT revenues will leverage a \$2.2 billion capital program beginning in 2004-05 to meet school infrastructure needs statewide.
- Capital funding is targeted to needy school districts based on two poverty indicators, eligibility for the federal Free and Reduced Price Lunch program and 2000 Census poverty data.
- New York City will receive \$1.3 billion in capital to fund the state share of the first year of its new capital plan.

### **Continues over a five-year period other educational programs within General Support for Public Schools (GSPS).**

- Funds reimbursement of school districts' expenditures for expense-based aids including BOCES, Transportation, and Building Aids.
- Funds state support of programs for disabled children by providing reimbursement for Public and Private Excess Cost Aid.
- Provides aid for students with limited English proficiency.
- Funds Universal Pre-kindergarten programs and provides support for after-school Extended Day - School Violence Prevention programs.
- Provides state aid for instructional materials, including library materials, textbooks, and instructional technology.
- Continues support for professional development programs.

### **New York City will be expected to provide an enhanced local contribution.**

- We will also be asking New York City to make a commitment to an enhanced maintenance of effort. The City should contribute an additional \$1.2 billion to be phased in over the next five years to be targeted in ways that will support innovative programs that directly impact student achievement. Such programs may include teacher recruitment and retention initiatives, professional development activities, and creative approaches, such as school enterprise zones, to attract teachers to teach in high need schools.

### **Accountability measures are enhanced to ensure increased achievement by all students.**

- The Assembly proposal seeks to strengthen and support the accountability measures that have been instituted by the Board of Regents and the State Education Department. They have adopted provisions that require specific measures for meeting

standards, yearly progress, and a thorough planning and reporting process.

- In addition, the Regents will be directed to review those processes to develop a transparent and streamlined comprehensive planning process for all school districts which must include the meaningful input of parents, teachers, administrators and interested stakeholders. The comprehensive plan should demonstrate how resources will be effectively utilized, be accompanied by comprehensive planning at the school level and build on the existing measures for reliable and valid outcome assessments.
- What is also missing is the financial support to ensure that the information collected will be translated into implementation of best practices by school districts that have been identified as needing assistance in meeting standards. We will provide that support in the form of resources for training, technical assistance, and increased staffing necessary for school districts to make the changes that they need to succeed.

### **Increases School Aid for School Year 2004-05 by \$1.223 billion.**

- Utilizes a foundation formula approach beginning in the 2004-05 school year. Establishes a new Operating Aid formula that generates an additional \$784 million in 2004-05. The state fiscal year 2004-05 impact is \$875 million above the Executive Budget proposal.
- In addition, Governor's proposed cuts to BOCES Aid of \$45.23 million, Transportation Aid of \$63.16 million, Public and Private Excess Cost Aid of \$104.57 million, and Building Aid of \$51.81 million are restored. Aid for students with limited English proficiency is increased by \$94.25 million.
- Restores the Governor's cut of \$1.51 million to the Extended School Day/School Violence Prevention Program.
- Also restores the Governor's cuts of \$44.99 million for Teacher Support Aid, \$20 million for Teacher Resource and Computer Training Centers, and \$2.67 million for the Teacher-Mentor Intern program.
- Restores the Governor's cut of \$62 million for Fiscal Stabilization Grants/Prior Year Claims and restores \$6 million in Employment Preparation Education (EPE) Aid, which partially restores it to the 2002-03 level of funding.
- In addition, there are other traditional aid categories within General Support for Public Schools which are either continued or increased in the 2004-05 school aid run. These include:
  - Universal Pre-Kindergarten Aid
  - Class Size Reduction Aid
  - Minor Maintenance Aid
  - Full-Day Kindergarten
  - Special Services Aid
  - Hardware Aid
  - Software Aid
  - Textbook Aid
  - Library Materials Aid

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