

State Aid to Schools

A Primer

The University of the State of New York

THE STATE EDUCATION DEPARTMENT

The State Aid Work Group

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School Finance in New York State

In New York State, public education funding comes from three sources: approximately four percent from federal sources, 44 percent from State formula aids and grants, and 52 percent from revenues raised locally. Local property taxes constitute close to 90 percent of local revenues. State aid for the public schools comes primarily from the State General Fund (approximately 90 percent) wherein the major revenue source is state taxes (e.g. income and sales); the balance (approximately ten percent) comes from a Special Revenue Fund account supported by lottery receipts. All net revenues from the state lottery are statutorily earmarked for school aid. In addition, the General Fund guarantees the level of lottery funds appropriated for education, making up any shortfall in lottery revenues.

In 2000-01, approximately 56 percent of State aid to school districts will be unrestricted general aid. An estimated 15 percent will support the education of students with disabilities. Categorical aids that make up the remaining 29 percent include transportation, capital projects, efforts to meet higher learning standards, conversion to full-day Kindergarten and others.

The major source of local revenue for education in all communities is the tax levied by boards of education on residential and commercial properties within the boundaries of each school district. Only the Big 5 cities have constitutional tax limits, and the limits apply to the total municipal budget. Small city school districts (those with a population of less than 125,000 inhabitants) had their constitutional tax limit repealed in 1985. Small city residents were not able to vote on their school budgets until legislation allowing it was passed in 1997.

The State's sales tax laws reserve four percent for the State and permit localities to levy an additional three percent (four percent in the case of New York City and certain other municipalities). Eight counties share a portion of their sales tax with school districts, and are legally permitted to share certain other taxes. The non-property tax revenues derived from distribution of some portion of the local county sales tax are prorated based on the number of public school pupils residing in the county and enrolled in the various school districts partly or wholly located within the county.

Small city school districts can impose a utility tax; about one quarter of the 57 small city districts do so. In addition, recent legislation requires that payments in lieu of taxes (PILOTS) be distributed proportionally among the taxing jurisdictions (including school districts) affected by tax exemptions granted by Industrial Development Agencies (IDAs). In 1998-99, \$196.3 million in non-property tax revenues helped support approximately 173 school districts. Though not direct sources of education revenue due to the school system's fiscal dependence, it should be noted that New York City imposes a modified local income tax on residents, a business and financial tax, and a tax on commercial rent. The City of Yonkers also imposes an income tax on non-resident commuters.

As mentioned above, the Big 5 city school districts are fiscally dependent; that is, the school system does not levy taxes, but is dependent upon citywide taxes for support. State aid for education enters the city treasury, not the school district treasury. The fiscal dependence of these school districts is fraught with problems related to level and stability of funding and the effective use of education dollars.

In past years, the Board of Regents has recommended fiscal independence for the Big 5 city school districts and, alternatively, for city districts in a fiscally dependent status, maintenance of local tax effort in relation to their prior spending. Categorical funding programs with prescriptive funding requirements have been used to ensure funds were spent for specific purposes, although this is a somewhat fragmented approach with a tendency to be administratively burdensome. Additional ways in which the State's school finance system should be structured to address the unique circumstances of large city, fiscally dependent school districts have not been fully explored. These alternatives are well worth exploring, due to the poor performance of many Big 5 students and the fact that the Big 5 school districts educate approximately 42 percent of New York State's public school students.

Disparities in Fiscal Resources

Despite New York's highly equalizing State aid system; there remains tremendous disparity among New York State school districts in the fiscal resources available to support education. In 1997-98, operating expense per pupil ranged from \$5,025 for the district at the 10th percentile to \$9,429 for the district at the 90th percentile, a difference of almost 88 percent.

Since over half of the funds available for school districts to spend come from local property taxes, it follows that disparities in spending are closely associated with disparities in property wealth. In fact, higher expenditures per pupil are associated with higher actual property value per pupil. In 1997-98, the average actual value per pupil among the lowest spending ten percent of districts was \$127,288, while the average actual value per pupil among the highest spending ten percent of districts was \$756,958.

Because the highest spending districts are the property wealthiest districts, they exert the least tax effort: the table on the following page shows that the average tax rate per \$1,000 of actual value for the highest spending, wealthiest districts was only \$14.43, yet the average tax revenue per pupil for those districts was \$10,923. The average tax rate in the lowest spending, property poorest districts was \$15.01, but the tax revenue per pupil was only \$1,900 per pupil. Communities that desire a high level of educational services, but do not have a large tax base, must bear a disproportionately heavy tax burden in order to provide those services.

[The table](#) shows that the wealthiest group of districts received an average of only \$1,188 per pupil in State aid, while the poorest districts received \$4,148 – an apparently equitable distribution. However, the heavy reliance on property taxes to support education has created a situation in which, even with State aid per pupil exceeding that of the wealthiest group of districts by 249 percent, the poorest group of districts cannot begin to approach the spending level of the wealthiest districts.

The disparities in fiscal resources are due primarily to the varying ability and willingness of school districts to generate local property tax revenue. As in most states, property values of residences and businesses vary dramatically from school district to school district, as do local assessment practices, and the level of education services desired by the community. In short, a student's access to educational resources depends in large part on where he or she lives, raising serious concerns about the equity of student opportunities.

State Support to Public School Districts

2000-01

- History - Revenue from State sources as a percent of total expenditures for public schools
 - Low point - 1944-45 - 31.5 percent
 - High point - 1968-69 - 48.1 percent

- 2000-01 – 47.7 percent (estimated, including STAR)
- Revenue Sources
 - 91 percent from the General Fund; including STAR, State income and sales taxes
 - 9 percent from lottery receipts
- Payments
 - The school year is funded from two State fiscal years with 70 percent (plus \$378.2 million) paid by March 31 (the end of first State fiscal year)
- Aid Programs
 - Numerous programs but Operating Aid alone accounts for over 44 percent
 - Most aids are equalized paying poorer districts more per pupil or per dollar, richer districts less
 - Many aids incorporate a minimum aid provision
 - Many aids use a per-pupil cost allowance instead of aiding actual expense. Equalized Operating Aid is

paid on a per-pupil cost allowance (\$3,900) plus a wealth-related 7.5 percent of approved operating expenses between \$3,900 and \$8,000

per pupil (but not less than a minimum of \$400 per pupil).

- Some individual aids and a group of aids* have save-harmless provisions such that a school district will not receive less aid than the year before.
- For 2000-01, the same group of aids* is capped to prevent any school district from receiving more than the greater of:
 - a 4.27 percent increase over the aid received the year before; or
 - 18.1 percent of the increase in formula aids over the aid received the year before.
- For 2000-01, a provision was added to guarantee every district a minimum increase of 2.0 percent over the base year for the same group of aids.*

*Note: For 2000-01 the group of aids includes Operating, Tax Effort and Tax Equalization Aids.

- Legislative History

- 1990 - Legislation amortized over 15 years 1989-90 payments to the New York State Teachers Retirement System and reduced State Aid by \$684 million.

- 1990 - Unprecedented mid-year deficit reduction legislation cut 1990-91 State Aid payments by \$190 million.
- 1991-92 - A State budget was adopted more than two months late with \$925 million in deficit reductions.
- 1992-93 - Deficit reductions continued for \$1,039 million.
- 1993-94 - State Aid reforms were introduced, deficit reductions eliminated, and an estimated increase of \$330 million was provided.
- 1994-95 - A State budget was adopted more than two months late with an estimated increase of \$435 million.
- 1995-96 - A State budget was adopted more than two months late with an estimated increase of \$67 million.
- 1996-97 - Legislation was passed more than three months late with an estimated increase of \$177 million.
- 1997-98 - Legislation was passed more than four months late with an estimated increase of \$661 million.

- 1998-99 - Legislation was passed in mid-April. After vetoes, the estimated increase was \$967 million.
- 1999-00 - Legislation was passed more than four months late with an estimated increase of \$922 million.
- 2000-01 - Legislation was passed in mid-May with an estimated increase of \$1.080 billion.

Local Support for Public School Districts

- School District Types
 - 656 K-12 districts and 25 non-K-12 districts employ eight or more teachers and are eligible for regular State Aid funding.
 - All are fiscally independent (have independent taxing and borrowing authority) except the school districts in the State's five largest cities, the Big Five.
 - 38 Boards of Cooperative Educational Services (BOCES) provide a range of programs and services to groups of school districts other than the Big Five.
- Property Tax
 - The principal source of [school district revenues](#).

- Property tax levies are established after voter approval of school district budgets or school board adoption of a limited "contingency" budget after voter defeat.
- The Big Five cities include education in their municipal budget.
- Although STAR does not represent additional funds for education, it provides broader-based State funds for education, reducing the property tax funded portion of educational costs.
- Tax Limits
 - Only the Big Five city school districts are subject to constitutional tax limits, and the limits apply to the total municipal budget.
 - Small city school districts had their constitutional tax limit repealed in 1985 and first voted on budgets in 1997.
- Other Local Revenue Sources
 - The State's sales tax laws reserve 4 percent for the State and permit localities to levy up to an additional 4 percent. A few localities distribute a portion of the local sales tax to school districts.
 - Small city school districts may also impose a utility tax, not to exceed 3 percent.

- Education - A \$33 Billion Enterprise - 2000-01 estimated

Total Revenue from State sources (incl. STAR)
\$15.9 billion

which represents 47.7 % of [Total General and Special Aid Fund Expenditures](#) \$33.4 billion

Components of School Finance

A Comparison of School Districts by Property Wealth Per Student

- State Aid is highly equalizing. Low-wealth districts receive almost five times the aid per pupil as the highest wealth districts (\$4,949 versus \$1,053). [Table](#)
- In spite of this, the lowest wealth districts spend per pupil about half of what the highest wealth districts spend (\$7,012 versus \$13,199).
- This is due, in large part, to the fact that the lowest wealth districts raise almost one-eighth of the local levy per pupil that the highest wealth districts do (\$1,527 versus \$11,191).
- Ironically, the highest wealth districts tax themselves far less heavily to raise these much greater revenues. While the lowest wealth districts tax at a rate of \$16.02 per \$1,000 of full value to generate \$1,527 per

pupil, the highest wealth districts tax at a rate of only \$12.16 per \$1,000 to generate \$11,191 per pupil.

Key Concepts Concerning School Aid

- **Wealth Equalization:** To distribute State Aid in inverse proportion to wealth in order to offset dramatic differences in the ability of school districts to raise local revenues. This is different from the equalization of local property assessments, which is done by the State to make property values comparable from district to district.
- **Determination of Wealth:** District income and actual value per pupil are compared to the State average (known as the Combined Wealth Ratio).
- **School District's State Sharing Ratio or Aid Ratio:** The percent, based on the relative wealth of the district, which is multiplied by an amount of money to determine the district's State Aid.
- **Aid Distribution Systems:** There are different ways of distributing State Aid, including:
 - **Flat Grant Per Pupil.** This distributes the same amount of State aid per pupil to every district (e.g., *Textbook Aid*, *Gifted and Talented Aid* and *Flat Grant Operating Aid*). This aid is not equalized.

- Wealth-equalized Fixed Amount of State Aid Per Pupil. This distributes most aid in current law as an allowance amount per pupil equalized in relation to district wealth by multiplying the amount by the district's Sharing Ratio (e.g., *Operating Aid*).
- Effort or Expense-based Aid. This aid equals the State Share, a wealth equalized percentage, of actual approved spending (e.g., *Transportation, Building and BOCES Aids*, and a portion of *Operating Aid*).
- Pupil Counts Used for State Aid: These are based on pupil attendance (i.e., average daily attendance, ADA), often with additional weightings for certain categories of students such as pupils with special educational needs, secondary school pupils and pupils in summer school.

Purposes of State Aid to Schools

- To assist school districts in the funding of educational programs that offer an effective education to all pupils in grades kindergarten through 12.
- To maintain a State and local partnership in public education. (To this end, a flat grant, or minimum operating aid, is provided to even the wealthiest school districts.)

- To equalize school revenues by providing State Aid in inverse proportion to each school district's ability to raise local revenues for education.
- To encourage the development of model programs to address the needs of the school community such as prekindergarten education, community schools, and the use of technology in the classroom.

Largest Aid Categories

Estimated 2000-01 (in millions)

Operating Aid \$6,066

Extraordinary Needs Aid \$678

Special Education \$1,964

Transportation \$882

Building Including BANs, NDS, Reorg Incentive \$1,175

BOCES \$467

Subtotal \$11,232

Other \$2,430

General Support for Public Schools (GSPS) Total \$13,662

Operating Aid*

Largest amount of aid - at \$6.1 billion accounts for over 44 percent of the total

State Aid to be paid to school districts. All major districts receive this aid.

May be used for all legal expenses of the school district, including:

Instructional Salaries/Fringe Benefits,
Operation/Maintenance, Administration,

Board of Education, Etc.

*Note the description of Transition Aid

Operating Aid

- Calculations

Aid Per Pupil x No. of Pupils

Aid Per Pupil = Equalized State Sharing Ratio x (Ceiling Amount + a wealth-related 7.5 percent of 1998-99 Approved Operating Expenses between \$3,900 and \$8,000 per pupil).

For an average-wealth, average-expense district:

$$.41 \times (\$3,900 + .075 (\$6,600 - \$3,900)) = \$1,682$$

Ceiling Amount of \$3,900 is a proxy for expense

(Minimum = \$400 per pupil)

State Sharing Ratio determination requires comparison of district wealth with average wealth of all districts in the State

Number of Pupils = Average Daily Attendance and Weightings

Operating Aid

- District wealth is measured by:
 - Actual Valuation Taxable Real Property Per Pupil
 - Adjusted Gross Income Per Pupil
- Annual Computations:
 - Actual Value

Actual valuation of all districts divided by resident pupils of New York State to obtain State average AV/pupil.

For 2000-01 Aid: \$244,900

- Adjusted Gross Income

Total adjusted gross personal income of all taxpayers, as reported on New York State income tax returns and including results of the statewide computerized income verification process, divided by

resident pupils of State to obtain State average income/pupil.

For 2000-01 Aid: \$98,300

- For each district determine:
 - Actual Value/Pupil
 - Income/Pupil

Operating Aid

- [State Sharing Ratio](#) Calculation (1):
 - Compare District Wealth Measures to State Average
- Wealth Measures
- Compute:

	<u>District Actual Value/Pupil</u>	
	\$244,900	
	<u>District Income/Pupil</u>	
	\$98,300	

- Weight Income and Actual Value Equally (50:50):

.50		<u>Dist AV/Pupil</u>		+ .50		<u>Dist Inc./Pupil</u>	
		\$244,900				\$98,300	

This is the district's combined wealth ratio (CWR), a measure of district fiscal capacity based on income and actual value.

For Example:

Average Wealth District CWR = 1.00

Below Average Wealth CWR = Less than 1.00

Above Average Wealth CWR = Greater than 1.00

Operating Aid

- State Sharing Ratio Calculation (2):

Basic Principle: The poorer a district is compared to the

State average, the greater the State sharing ratio.

If the district's CWR is:

Then the State sharing ratio

is computed as follows:

.627 or less	1.37 - (1.23* CWR) with a maximum ratio of .90
	Range .599 to .900
.627 - .800	1.00 - (.64* CWR)
	Range .488 to .599
.800 - 1.706	.80 - (.39* CWR)
	Range .135 to .488
Greater than 1.706	.51 - (.22* CWR) with a minimum ratio of zero
	Range 0 to .135

Number of Pupils

Average Daily Attendance Weighting 1.00

(Full Day K-12)

Plus

Average Daily Attendance Weighting .50

of 1/2 Day Kindergarten

Plus

Pupils with Special Education Needs Weighting .25

Plus

Pupils in Secondary School (7-12) Weighting .25

Plus

Pupils in Summer School Weighting .12

Sum = Total Aidable Pupil Units (TAPU)

Note: Additional Operating Aid for pupils with disabilities is paid through the separate Public and Private Excess Cost Aid formulas.

Growth Aid

Purpose: To increase Operating Aid in the current year for districts with a growth index in excess of 1.004.

Amount appropriated: \$32.1 million for 289 districts, based on preliminary estimates. Aid will be paid as a separate apportionment in June 2001 and will be limited to the aid shown on the SA0001 printouts. Any resulting unpaid claim will be included in the final adjustment of aids payable for 2000-01, but will not be paid before September 1, 2001.

Calculation: Aid equals Operating Aid multiplied by the enrollment change index in excess of 1.004. The index equals the quotient of the district's enrollment for the current year divided by the enrollment for the base year.

Extraordinary Needs Aid

Purpose: To target additional funds to school districts to meet needs related to educating concentrations of students living in poverty (measured by the percent of pupils eligible for the free or reduced price lunch program), students with limited English proficiency or students in sparsely populated school districts, represented by an Extraordinary Needs (EN) pupil count. Since 1996-97, aid is not capped by the Transition Adjustment. For 2000-01, no district receives less aid than in 1999-00.

Amount appropriated: \$677.6 million.

Calculation:

Eligible % x Aid Allowance x EN Aid Ratio x EN Count

Where: Eligible % = $.11 \times (1 + \frac{EN\% - 74.5}{38.7})$

38.7

EN% = EN Count (described above)/estimated 1999 enrollment

Minimum Eligible % is 0.11 (i.e., 11%)

Aid Allowance = District's expense-adjusted Operating Aid Ceiling.

EN Aid Ratio = $1 - (.4 \times \frac{\text{district income}}{\text{pupil}})$

\$98,300

This would equal .60 for a district at the State average of income/pupil.

Minimum aid ratio is 0.

Comprehensive Operating Aid

- Comprehensive Operating Aid (COA) is the sum of a district's Operating Aid and Extraordinary Needs Aid.
- Set-asides: Districts with the poorest pupil performance and attendance (based on spring 1998 Pupil Evaluation Program test scores and 1998-99 attendance rates) must set aside a portion of their Comprehensive Operating Aid for improving attendance and performance and file a plan with the Commissioner.
- The Big Five districts are also required to use a portion of their aid to reduce class sizes in kindergarten through grade 3.

Excess Cost Aids for Students with Disabilities

- Additional State Aid for the education of students with disabilities is provided separate from and in addition to Operating Aid for general education according to two formulas: *Public Excess Cost Aid* and *Private Excess Cost Aid*.
 - *Public Excess Cost Aid*

is wealth equalized and uses State Aid weightings which are applied to three pupil categories according to the percentage of time students receive special education. The .13 weighting for declassification support services, provided to assist with costs for services to students and teachers in the first year the student is declassified from special education, was increased to 0.50 in 1997-98.

- *Private Excess Cost Aid*

is a wealth-equalized share of the tuition a district pays for a public school student with needs that can only be met through a contract with an approved private day or residential school. (Local social services districts pay for any maintenance costs for students placed in a residential school.)

Educationally Related Support Services Aid (ERSSA)

Purpose: To help defray costs of providing support services, which will enable pupils to maintain their placement in a regular education program. For 1996-97, eligibility for ERSSA services was expanded to include qualified handicapped persons under the Americans with Disabilities Act and any students with disabilities whose attendance did not generate any Excess Cost Aid, and eligible services were expanded to meet the needs of such students. Since 1996-97, aid is not capped by the Transition Adjustment.

Amount appropriated: \$70.8 million.

Calculation:

- Tier 1 aid equals \$365.00 multiplied by the Operating Aid ratio with a .25 minimum, multiplied by 9 percent of selected TAPU.
- Tier 2 aid equals the product of: \$635.00; the Public Excess Cost Aid ratio; 15 percent of selected TAPU; and, the percentage of extraordinary needs pupils in excess of 60 percent.

Tax Equalization Aid*

Purpose: To direct additional State funds to school districts in which the sum of the per pupil local revenue from a tax rate of \$19.50 per \$1,000 of actual value of real property plus the district's operating aid per pupil is insufficient to cover the district's 1998-99 Approved Operating Expense (AOE) per pupil, up to \$8,000 per pupil. (The State average tax rate for all school purposes is \$18.39 per \$1,000 of Actual Value.)

Amount appropriated: \$730.0 million to 274 districts.

Calculation: The positive remainder of the lesser of \$8,000 or the district's AOE/pupil minus the district's Operating Aid/pupil minus the product of .01950 and the district's

Actual Value/pupil is multiplied by the district's number of pupils.

*Note the description of Transition Aid

Tax Effort Aid*

Purpose: To provide additional State Aid to school districts in which the 1997 residential real property tax levy including taxes levied on condominium properties, as determined by the State's Office of Real Property Services, exceeds 3 percent of the district's 1997 adjusted gross income. In addition, the district must have an actual value wealth ratio less than 2.0. (The State average residential levy as a percent of income is 2.2 percent.)

Amount appropriated: \$172.5 million to 280 districts.

Calculation: For eligible districts, the aid ceiling of \$912.48/pupil is multiplied by a factor equal to the quotient of the positive remainder of the district's residential levy as a percent of income, but not more than 7.0 percent, minus 3.0, divided by 4.0. The result is multiplied by the district's number of pupils.

*Note the description of Transition Aid

SUMMARY OF 2000-01 STATE APPORTIONMENTS FOR SUPPORT OF

PUBLIC ELEMENTARY AND SECONDARY SCHOOLS

The 2000-01 appropriation of \$13.1 billion for general support of public schools includes increases in major computerized State Aid categories of \$1.08 billion, with the following changes to the 1999-00 aid formulas and payment schedules:

Transition Adjustment (The subtotal of Aids w/Transition increases by \$294 million to \$6.6 billion):

The adjustment provides for a 2% increase over the sum of aids payable in 1999-00 for Operating, Tax Effort, Tax Equalization and Transition Adjustment aids. However, the district's total aids under these formulas for 2000-01 may not exceed the greater of two aid maximums: a) 1.0427 multiplied by the district's 1999-00 Subtotal with Transition (i.e., formula aids are capped at 4.27% over the base); or, b) the 1999-00 Subtotal with Transition plus .1810 multiplied by the positive result of the 2000-01 aids subject to the transition minus the 1999-00 Subtotal with Transition (i.e., the district's increase in formula aids over the base is capped at 18.1%). The formulas for generating the aids subject to the transition adjustment are unchanged from 1999-00.

Operating Standards Aid (\$36 million increase to \$138 million): The pupil count is based on Selected TAPU, which is multiplied by: 1.26 if the district's Extraordinary Needs (EN) percent exceeds 60%; or 1.97 if the district's

EN% exceeds 85%. In addition, Selected TAPU is multiplied by 0.20 if the percentage of graduates with Regents diplomas increased by more than 5% from 1996-97 to 1997-98). The total pupil count is multiplied by the sum of \$7.50 and the product of \$61.50 and an aid ratio (with a minimum ratio of .078). The aid ratio equals $1 - (.66 * ((.5 * \text{Income Wealth Ratio}) + (.5 * \text{Spending Ratio})))$. The spending ratio is the quotient of 1998-99 Approved Operating Expense/TAPU for Expense divided by \$6,058. This aid may be used by school districts, in accordance with a district plan, to fund services and expenses incurred in helping students improve achievement in order to meet the new high learning standards and assessments established by the Board of Regents.

Extraordinary Needs Aid (\$12 million increase): A save-harmless provision guarantees districts no less aid than in the base year.

Summer School Aid (\$35 million): For those summer school pupils attending eligible programs that are designed to improve student performance in required academic subjects, prepare students to retake parts of the Regents tests, or prepare students for Regents high school exams, this new aid is based on \$200.00 multiplied by an Index (which is the product of a factor multiplied by the Selected Operating Aid Ratio, but not less than .40). The factor is 1 plus: the positive result of the EN% minus 58, divided by 40.

Limited English Proficiency Aid (\$3 million increase):

Aid is based on 2000-01 Operating Aid per pupil multiplied by 19.9% (was 18.9%).

Educationally Related Support Services Aid (ERSSA)

(\$5 million increase): The first tier of ERSSA is equal to the product of: \$365 (an increase from \$335); the Operating Aid Ratio with a .25 minimum; and, 9% of the Selected Total Aidable Pupil Units. The second tier of ERSSA is equal to the product of: \$635.00; the Public Excess Cost aid ratio; 15% of the Selected Total Aidable Pupil Units; and the Extraordinary Needs percent in excess of 60%.

Public Excess Cost Aid (\$86 million increase) and

Private Excess Cost Aid (\$13 million increase): The State average 1998-99 approved operating expense per pupil is established as \$6,600. The additional weighting for pupils receiving special services for at least 60 percent of the school day is continued at 1.7 and no additional aid is provided for students receiving integrated services. The save-harmless provision is continued for 2000-01.

Additional provisions also affect apportionments for 2001-02 and 2002-03. For 2001-02, the additional weighting for pupils receiving special services for at least 60 percent of the school day is reduced from 1.7 to 1.68 and the save-harmless provision is reduced to 99.1 percent of the base year apportionment. For 2002-03, the pupil weighting is reduced to 1.65 and the save-harmless provision is reduced to 99.13 percent of the base year apportionment. No change in the calculation of Private Excess Cost Aid.

Computer Software Aid (\$10 million increase) and Computer Hardware Aid (\$8 million increase): The maximum aid amount per pupil used to calculate Software Aid increases from \$7.55 to \$14.98. The maximum aid amount per pupil used to calculate Hardware Aid increases from \$12.70 to \$19.25.

Textbook Aid (\$23 million increase): The general fund portion of the maximum Textbook Aid ceiling increases from \$31.87 to \$42.30 (the \$15 lottery grant remains the same).

BOCES Aid (\$30 million increase) and Big 5 Special Services Aids (\$27 million increase): No change in the calculation of these aids for 2000-01.

Building Aid (\$228 million increase): The date certain reporting requirements are continued. On projects approved on or after July 1, 2000, the building aid ratio choice is limited to the current year aid ratio or the most favorable aid ratio over the period 1981-82 through 1999-00, less 10 percent. Aid on 2000-01 new debt service is deferred. School districts will be penalized if they fail to structure new debt service agreements so that the debt service payments start in the school year following the year in which the debt was first incurred.

Universal Prekindergarten Program (\$225 million): An appropriation of \$225 million is provided for grants to eligible school districts for the 2000-01 school year, a \$125 million increase over the previously authorized funding level. The minimum grant award for 2000-01 is increased

from \$2,000 to \$2,700 and the aid per prekindergarten pupil is increased from \$260 to \$600. The pupil count is prorated to remain within the \$225 million appropriation. The Commissioner is required to determine those districts eligible for grants in future years and notify each district so identified by November 15 of the base year to allow districts time to consider their participation in the program and to complete all planning requirements on a timely basis.

Transportation Aid (\$75 million increase): Date certain reporting requirements which provide that any bus purchase budgeted or reported to the Commissioner after November 15 of the prior school year can not be aided until the second year after the year of purchase are continued.

Early Grade Class Size Reduction Aid (\$140 million): Grants for early grade class size reduction will be available to eligible districts with approved plans for reducing class size in grades kindergarten, one, two and three to not more than 20 students per class. For 2000-01, continuing classes will also receive the \$10,000 start-up amount. If necessary, grants are prorated to equal a State appropriation of \$140 million. The 1999-00 appropriation was \$75 million.

Minor Maintenance and Repair Aid (\$50 million): For the third year, there is an additional apportionment for repair of instructional school facilities based on the age and square footage of district buildings. The funds must not supplant expenditures the district has already budgeted for repairs, but no local match is otherwise required.

Instructional Computer Technology Aid (\$3.5 million increase): Formula aid is equal to approved 1999-00 expenditures for capital outlays and/or 2000-01 expenses for debt service and/or leases multiplied by the greatest of: (a) the selected building aid ratio for 1999-00 aid less 10%; (b) the millage ratio; or (c) 0.36. The statewide appropriation is raised to \$57 million for 2000-01 from \$25 million for 1999-00. Expenses aided under this aid are not eligible for BOCES Aid.

Shared Services Aid for noncomponent districts of BOCES, including the Big 5 City School Districts (\$5 million increase): Formula Aid is equal to 1999-00 expenditures for instructional support services multiplied by the higher of the millage ratio or the Current Actual Valuation/1998-99 RWADA aid ratio, with a .36 minimum and .90 maximum. Each district's aid is prorated to remain within a \$15 million statewide appropriation (up from \$10 million in 1999-00).

Full Day Kindergarten Conversion Aid (\$1 million decrease): Districts with any half-day kindergarten or no kindergarten programs in 1996-97 and in the base year (1999-00) are eligible for aid equal to the estimated 2000-01 Operating Aid per Selected TAPU multiplied by any increase in full day kindergarten enrollment in 2000-01 over 1999-00.

Tax Limitation Aid (\$5 million increase): An appropriation of \$30.2 million is provided for 2000-01. Districts with a pupil wealth ratio below 2.0 and a tax effort ratio above 3.9 percent are eligible for aid which is

calculated as the Residential Levy per Pupils for Tax Aid multiplied by .0410 (up from .0305), multiplied by the Tax Limitation Aid Ratio ($1 - (.5 * CWR)$), multiplied by the Pupils for Tax Aid.

Additional or Prospective Provisions Not Included with Computerized Aids:

Small Cities Aid: The 2000-01 Small Cities Aid is the same as 1999-00 Small Cities Aid.

RESCUE - Rebuilding Schools to Uphold Education (\$50 million over three years): Aid continues to be available in addition to Building Aid and Minor Maintenance and Repair Aid to fund school facility costs related to construction and maintenance. The maximum additional apportionment available for RESCUE for the school years 2000-01 through 2002-03 is the district's sharing ratio multiplied by \$50,000,000. The sharing ratio is the district's resident public and nonpublic school enrollment divided by the State total resident public and nonpublic school enrollment (to 6 decimals without rounding). The result is prorated to remain within the \$50 million total commitment, with no district receiving less than \$20,000.

Payment Schedules: The payment schedules for General Aids, Excess Cost Aids, BOCES Aid and Small Cities Aid remain the same for 2000-01.

School Tax Relief (STAR) Aid Payment Schedule: A separate payment schedule is created for the payment of

School Tax Relief Aid representing tax savings provided by school districts to their taxpayers under the STAR Program. For the 1998-99 and 1999-00 school years, school districts were guaranteed payment of 35% of STAR Aid by October 15, 70% by November 15, 80% by December 15, and the balance by the first business day in January. That same schedule is extended to apply to the 2000-01 school year. For the 2001-02 school year and thereafter, STAR Aid will be paid pursuant to a schedule based on the recommendations of the School District Cash Flow Study Commission's report which was submitted to the Governor and the Legislature in March of 1998.