



The Governor's Budget and New York's Public Schools"

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**Longwood Central School District's
Regional Legislative Breakfast
Co-sponsored by Eastern Suffolk BOCES
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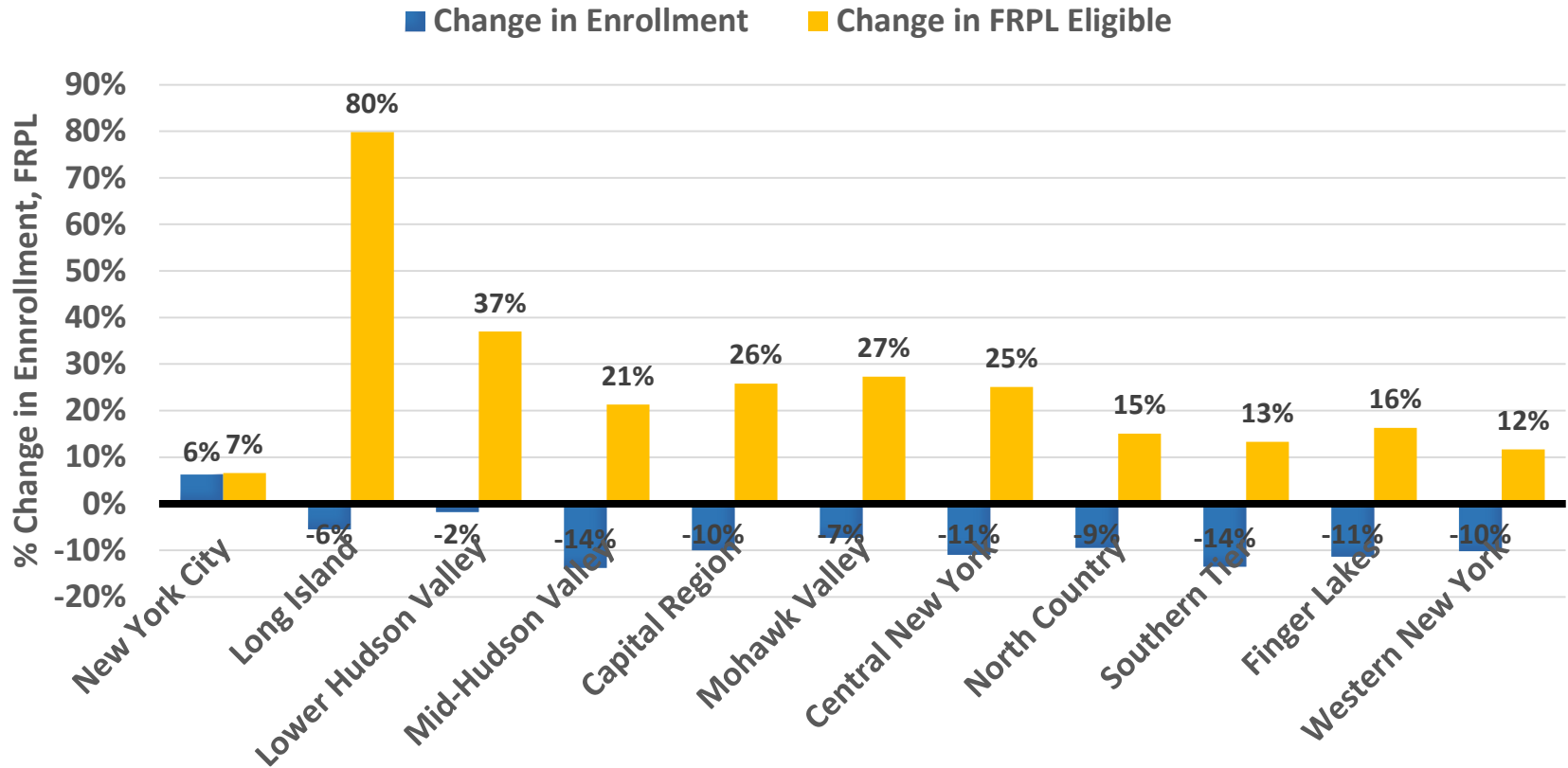
Loss of SALT-D is a major Concern:

State derives 42% of its Personal Income Tax revenue from 1% of its taxpayers; ~ 250 taxpayers leaving could cost the state \$500 million.



Declining enrollments but increasing student needs

Change in Enrollment and Student Poverty, 2007-08 to 2016-17



SOURCE: Council analysis of NYS Kids Well-Being Indicator Clearinghouse data.

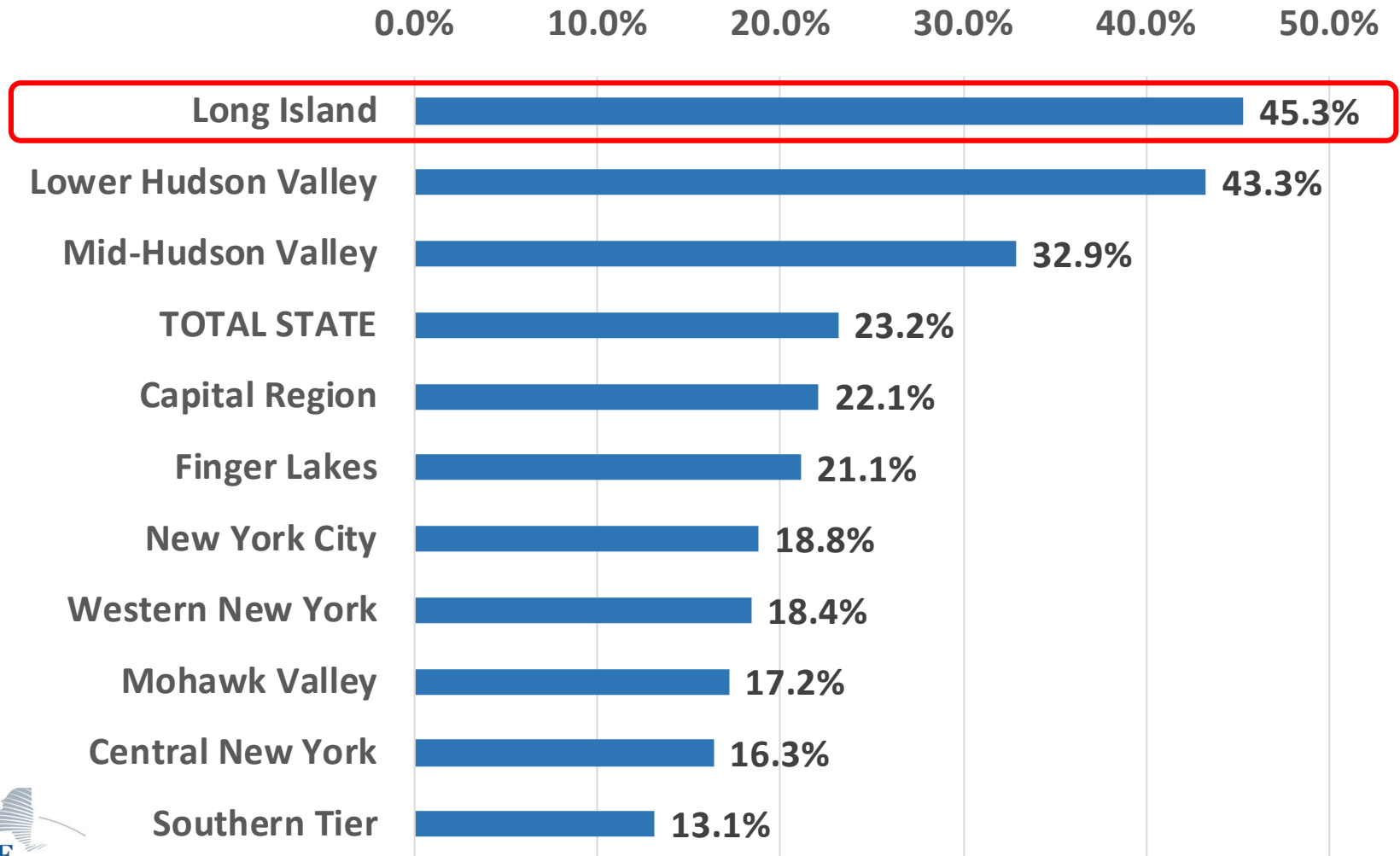
The Big Picture — Funding

- \$956 million increase in “School Aid” – exactly matches projection in Budget Division’s mid-year financial plan update (November 2018)
 - Includes \$749 million (2.8%) increase in formula aids appearing on runs
 - Foundation Aid: \$338 million (1.9%) increase
 - Expense-based and Other Aids: \$410 million (4.8%) increase
 - \$157 million “Fiscal Stabilization Fund” – to be allocated in final budget
 - \$50 million for categorical programs
- New tier of Building Aid for projects locally approved on or after 7/1/2019
- For 2020-21 aid – consolidate 11 formulas into “Services Aid”
- Districts would be required to increase funding for “underfunded high-need schools”
- Changes to STAR program
- Make property tax cap permanent

School Aid

- Only formula change proposed by Governor affecting 2019-20 aid estimates so far is in Foundation Aid
- Figures for Prekindergarten Aid include programs previously counted separately – figures for some districts are higher than in the past as a result
- All other categories match November 2018 estimates
- Foundation Aid (\$338 million, 1.9% increase):
 - Increase is allocated using factors including student poverty, low property wealth per pupil, and geographic sparsity (students per square mile)
 - All districts receive at least a .25% increase over 2018-19 aid
 - In addition, 174 districts receive a total of \$50 million as an additional Community Schools set-aside (minimum increase = \$25,000)
 - State would remain \$3.78 billion behind in phasing-in the formula (including save-harmless)

Increase in Foundation Aid over 2018-19 by region If fully phased-in, with save-harmless



“Services Aid”

- Starting with aid for 2020-21, the 11 categories of aid below would be consolidated and replaced by “Services Aid”
- Districts would receive as Services Aid the sum of what they received in 2019-20 through the 11 formulas *times* the sum of the change in the Consumer Price Index over the prior calendar year plus their change in Resident Weighted Average Daily Attendance between 2017-18 and 2018-19 (sum would not be less than 1.000).

Aids to be consolidated into Services Aid:

Transportation Aid	Charter School Transition Aid
BOCES Aid	Hardware and Technology Aid
Special Services Aid	Academic Enhancement Aid
High Tax Aid	Library Materials Aid
Textbook Aid	Supplemental Public Excess Cost Aid
Computer Software Aid	

Services Aid — Impact

- Hypothetically, if the Services Aid proposal were to go in place for 2019-20 aid, the CPI factor would be 1.024 (2.4%)
- Impact:

Statewide	Number	Amount
Lose	479	(112,657,515)
Gain	195	83,671,226

Long Island	Number	Amount
Lose	101	(23,279,479)
Gain	20	10,407,998

- With a lower CPI factor, more districts would lose more:
 - In 2016-17 (when the CPI increase was only 0.12%), 538 districts statewide would have lost \$127 million, 136 districts would have gained \$57 million
 - *Only 68 districts would have done better in both years*

Building Aid

For projects receiving local approval on or after July 1, 2019:

- The minimum aid ratio would be reduced from 10% to 5%
- Calculation of the incidental cost allowance would be changed
- The 10% Building Aid incentive would be replaced with a wealth-adjusted calculation
- The use of the selected aid ratio would be ended

Building Aid for 2019-20 is projected to increase by 9.3%,

but

The cost of Building Aid for **2018-19** is down \$165 million (5.3%) from last January's estimate.

The Governor's School-Level Allocation Plan

Eventually, most school districts could be required to use a portion of their increase in Foundation Aid to increase funding for “**underfunded high-need schools**”

- **High-need schools** would be schools which have a “student need index” greater than 5% above the district average for that school type (elementary, middle, high). The index would give extra weight for students participating in the free or reduced price lunch, special education or English language learner programs
- **Underfunded schools** would be those whose per pupil spending is not at least 5% above the district average for that school type; prekindergarten, preschool special education, and central district costs would be excluded
- The State Budget Director would issue a list of **underfunded high-need** schools by May 1 each year
- Specialized schools could be excluded from the list – schools with grade configurations not matching those of any other school in the district, schools which serve only prekindergarten, or “...any other schools with irregular or outlying activities”

School-Level Allocation Plan, continued...

- Districts would first be required to comply in the year following the year in which they are first required to submit school funding allocation reports under the law enacted with the 2018-19 state budget
 - 76 districts potentially affected in 2019-20
 - 306 more in 2020-21
 - All districts by 2021-22
- If your district has two or more schools at any level, it could be affected*
- Districts would be required to use an amount equal to 10% of their Foundation Aid increase multiplied by the number of identified schools, up to a maximum of 50% if the district received at least 50% of its total revenues from state sources in 2015-16 or up to a maximum of 75% for all other districts.
 - Districts would be required to submit plans to the State Education Department by July 1; if it does not have an approved plan by September 1, SED would develop the plan.

The Property Tax Cap and STAR

- The Governor proposes to make the property tax cap permanent, without any changes
 - The Senate passed a bill last Wednesday to make the cap permanent, but appears open to changes; the Assembly majority would prefer that changes be included
- On STAR:
 - The Governor proposes to cap STAR property tax exemptions at zero percent while allowing the value of STAR income tax credits to grow by up to 2 percent per year
 - Current STAR beneficiaries would be permitted to switch from the exemption to the credit
 - The Governor would also reduce the income eligibility limit for the Basic STAR exemption program from \$500,000 to \$250,000 while maintaining the higher limit for the credit program

Additional Policy/Budget Issues

- Teacher Retirement Reserve Fund-Trouble on the Horizon
- Increase Capital Outlays Limit-\$100K to \$250K
- APPR-Governor has indicated more to come
 - Policy issue driven by politics
- District Superintendent Salary Cap

A Financial Sustainability Agenda

***“Change your rules
or
fund your rules.”***

- 1) Update and phase-in a Foundation Aid formula
- 2) Amend the tax cap
 - 2%, plus or minus exclusions, not lesser of 2% or CPI
 - BOCES capital and PILOT exclusions
- 3) Help with maximizing resources (“mandate relief”)
 - Small immediate steps
 - Steps that might set the stage for bigger action down the road
- 4) Access to reserves similar to local governments
 - a TRS reserve, possibly a special education reserve



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