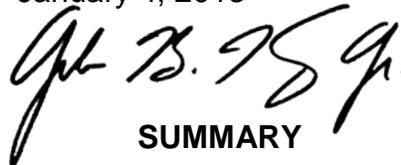




TO: Subcommittee on State Aid
FROM: Ken Slentz 
SUBJECT: Implementation Strategies - Regents 2013-14 Proposal
on State Aid to School Districts

DATE: January 4, 2013

AUTHORIZATION(S):


SUMMARY

Issue for Decision

Does the Subcommittee support convening two preliminary meetings of stakeholder groups: one to discuss school district building issues and the second to discuss transportation issues as they relate to state aid? Feedback from these preliminary workgroup meetings would inform the development of the Regents 2014-15 Proposal on State Aid to School Districts?

Reason(s) for Consideration

Begin the process of implementing recommendations presented in the Regents 2013-14 Proposal on State Aid to School Districts, as approved at the December 2012 meeting.

Procedural History

Each year the Regents Subcommittee on State Aid develops the Regents State Aid proposal through a series of papers including a review of legislative action for the coming year, a review of the needs of school districts and an examination of various program directions and State Aid solutions. At its December meeting, the Board approved the Subcommittee's proposal for consideration in the context of the 2013-14 state budget. One of the strategies in this year's proposal includes a recommendation to review and analyze the issues and costs associated Building and Transportation Aid and the need for fiscal balance between the expense-based aids and general operating aid.

Background Information

New York State's continued investment in education is fundamental to the college and career readiness of all students and vital to the State's long term economic recovery efforts. The Regents 2013-14 Proposal on State Aid acknowledges the challenging revenue constraints placed on school districts by state and local revenue caps. Further, it identifies modifications to the current funding structure in support of a productive and efficient system, focused on the critical issue of equity. It is guided by the principle of directing new resources in ways that protect educational opportunities for students in the highest need districts. One issue of concern is the rate of growth in Building and Transportation Aid, which has exceeded the rate of growth in general operating aid, and has changed the balance between the expense-based aids and general operating aid.

As part of its Regents 2013-14 Proposal, the Subcommittee recommended looking at strategies to rebalance expense-based aids as a subset of GSPS. The Subcommittee did not propose changes to expense-based aids for the 2013-14 school-year because districts had already incurred expenses and were anticipating reimbursement. Going forward, however, it is critical that expense based aids be critically evaluated to address long term growth trends.

The Subcommittee has long supported and made proposals to reform expense based aids, including recommending the creation of a blue ribbon panel to assess and evaluate directions for State support of school construction. The Regents 2012-13 Proposal on State Aid to School Districts included options for controlling Building Aid costs while continuing to provide students with sound and sustainable school buildings, primarily by modifying existing provisions within the aid formula to facilitate a more targeted disbursement of state funding for capital construction.

In addition, previous Regents Proposals on State Aid have included proposals to eliminate the multiple aid ratio choice and to distribute aid in a manner more progressive and responsive to school districts' current fiscal capacity by, for example, more strategically targeting aid to the highest need districts and by supporting greater flexibility for shared pupil transportation services.

Recommendation

It is recommended that the Department proceed to hold preliminary meetings with stakeholders to discuss and debate the merits of key ideas for greater efficiency and cost savings. Staff will report on the findings of the preliminary meetings to the Board of Regents in the spring.

In light of prior Regents recommendations, the issues to be considered by the work groups should include, but need not be limited to:

Building Aid

- Eliminate the 10 percent Building Aid incentive or limiting the incentive to critical projects for school districts that have been unable to take advantage of the incentive;
- Eliminate the Selected Aid Ratio which gives school districts the choice of the most favorable Building Aid Ratio (State share) going back to 1981-82;
- Tie the incidental cost allowance to the actual cost of construction instead of a 20 percent (elementary) or 25 percent (secondary) of the construction maximum cost allowance.
- Limit Building Aid to no more than one project on the same building in a five-year period;
- Eliminate Building Aid for projects with a useful life of less than 15 years;
- Eliminate Building Aid for Energy Performance Contracts which by law are required to pay for themselves out of savings obtained through the installation of energy savings measures;
- Eliminate Building Aid for school districts with viable reorganization partners who do not reorganize; and

Pupil Transportation

- Evaluate best practices learned through regional transportation pilots, including:
 - Establishing BOCES-wide common schedules to support consolidated bus runs;
 - Analyzing regional bus routes for shared runs;
 - Coordinating out-of-district runs to function more like a region-wide public transportation system;
 - Considering transportation arrangements in determining student placements;
 - Managing inventory of buses and fuel with other districts or municipal entities; and
 - Maximizing maintenance facility use and auditing maintenance service levels.
- Review the State share of transportation costs to strategically target Transportation Aid and determine the optimal level for supporting districts and encouraging the sharing of services;
- Provide flexibility with contract requirements; and

- Provide flexibility to piggyback on pupil transportation contracts in certain circumstances if the joint contract results in a cost savings to the school district.

Timetable for Implementation

Department staff will organize Building Aid and Transportation Aid meetings to review and analyze issues focused on comprehensive reform. Workgroups will initially meet in February and should involve school district representatives, including school superintendents, school district business officials, buildings and grounds officials, and transportation directors; school construction professionals; union representatives; representatives from the private transportation industry; state level membership organization leadership; Department and other State agency staff with direct involvement in proposed workgroup activities, i.e., Department of Transportation and New York State Energy Research Development Authority; and Executive and Legislative staff. The groups will respond to questions framed in advance in order to expedite the work of the representative bodies. When inviting representatives from the various sectors, the Department must consult with association and trade representatives of each sector to ensure regional balance and representation from urban, suburban and rural school districts.