



THE STATE EDUCATION DEPARTMENT / THE UNIVERSITY OF THE STATE OF NEW YORK / ALBANY, NY 12234

**TO:** State Aid Subcommittee  
**FROM:** Elizabeth R. Berlin  
**SUBJECT:** 2018-2019 Regents State Aid Proposal  
**DATE:** December 5, 2017  
**AUTHORIZATION(S):**

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## SUMMARY

### Issue for Decision

Should the Board of Regents approve the 2018-2019 State Aid proposal reflecting the Regents' priorities for State Aid to school districts?

### Reason(s) for Consideration

Implementation of policy.

### Proposed Handling

This detailed State Aid Proposal will be presented to the Full Board for approval at the December 2017 meeting of the Board of Regents.

### Procedural History

Each year the Board of Regents, through its State Aid Subcommittee, develops a proposal on State Aid to support public education. In developing the proposal for the 2018-2019 school year, the State Aid Subcommittee has considered an approach that focuses on the most

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important investments that need to be made in primary and secondary education while acknowledging the fiscal challenges the State of New York is facing in the coming budget year.

In September and October, members of the State Aid Subcommittee discussed their priority areas as well as the State's fiscal condition. Subcommittee members reviewed the recommended investment areas from proposals in previous years; discussed feedback and input gathered from stakeholders, educators, parents and business representatives; and considered how such past proposals aligned with the recognized priorities for the coming year.

Specifically, committee members highlighted the importance of:

- Continuing the phase-in of the Foundation Aid formula;
- Continuing the expansion of prekindergarten programs, aligned with the recommendations of the Early Childhood Blue Ribbon Committee;
- Enhancing support for English language learners; and,
- Expanding college and career pathways, focused through career and technical education.

The State Aid Subcommittee has constructed a proposal that meets these needs. The detailed State Aid proposal comes before the Committee at its December meeting, and the Committee will make a recommendation to the full Board to approve.

### **Background Information**

Almost a decade after the end of the Great Recession, State Aid for school districts in recent years has rebounded to its highest statewide levels ever. At the same time, school districts continue to face fiscal challenges in the form of growing populations of students with unique needs. The Foundation Aid formula, despite a nearly \$5 billion increase since its inception, still requires additional phasing-in to achieve its ultimate goal. While districts are facing challenges, the State itself is facing its own fiscal challenges, with the uncertain future of Federal funds across multiple program areas and, according to the State Comptroller, State tax revenues that are below expectations.

These challenges require a prioritized and thoughtful approach to determining the funding needs for school districts in the 2018-2019 school year. In reviewing the challenges and needs, the State Aid Subcommittee considered the proposals of education stakeholders, including the Education Conference Board (ECB). The ECB proposed \$1.5 billion in operating support to help districts meet a "current service" level of need, with an additional \$500 million in investments in targeted areas.

The Regents State Aid Proposal similarly provides much-needed resources for school districts to maintain their base operations and educational programs while allowing for expansions in specified priority areas. The table below provides a summary level overview of these investments:

<b>Aid Category</b>	<b>Amount</b>
Foundation Aid, including \$85M ELL Setaside	\$1.25 billion
Statutory Reimbursement-based Aid Increases	\$314 million
<b>Operating Aid Subtotal</b>	<b>\$1.56 billion</b>
Career and Technical Education	\$25 million
Universal Prekindergarten Expansion	\$20 million
<b>Grand Total</b>	<b>\$1.6 billion</b>

### **Foundation Aid (\$1.25 billion)**

Foundation Aid, enacted by the Legislature and Governor in 2007 at the recommendation of the Board of Regents, provides general operating support for school districts. Proportionally greater funding flows to low wealth school districts and districts with a concentration of students who need it most—those with special education needs, English language learners and economically disadvantaged students. As of the November 2017 School Aid Database, Foundation Aid provides \$17.1 billion in funding to districts statewide, with \$4.2 billion in remaining phase-in increases.

The Regents State Aid Proposal continues its commitment to advocate for the full phase-in of the formula by providing a \$1.25 billion increase, achieved through a combination of three targeted increases:

1. A uniform percentage phase-in increase for all districts that have remaining phase-in;
2. A minimum increase for all districts, which supports additional local spending, progressively distributed and ranges up to three percent, ensuring that all districts—even those whose formula phase-in is complete—are able to respond to rising fixed costs; and,
3. A new \$85 million English language learner setaside within Foundation Aid, to accelerate additional Foundation Aid to districts through an ELL-driven formula, and will ensure that such funds are spent consistent with meeting Part 154 of the Commissioner’s regulations (similar to the existing Community Schools setaside). If enacted, the Department would publish guidance for how school districts would be required to spend these additional funds.

### **Statutory Reimbursement-based Aids (\$314 million)**

Consistent with existing law and the most recent claims submitted by school districts to the Department, the Regents State Aid Proposal also includes \$314 million in increases for reimbursement-based aid formulas for the 2018-2019 school year, such as Building Aid (\$175 million), Transportation Aid (\$98 million), BOCES Aid (\$17 million), Public and Private Excess Cost Aid for special education services (\$11 million), and other minor increases (\$13 million).

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

Recent years have shown reduced participation in career and technical education (CTE) programming, even as the Board was working to incorporate success in the most rigorous programs into the State's graduation pathways. In just six years, New York State will face a deficit of 350,000 workers for mid-level skill jobs which require more than a high school diploma but less than a four-year degree. High quality CTE programs are a boon to the state's economy – as they prepare the workforce of the future with the skills employees need on the first day of work.

The Regent's State Aid Proposal provides for additional CTE funding in two ways:

- 1. Enhanced BOCES Aid for CTE Pathways Programs.** The instructional salary eligible for BOCES Aid has remained fixed at \$30,000 per year since 1992. Since this flat reimbursement amount has not kept pace with the actual costs to employ well-prepared teachers to run strong programs, the state has effectively reduced its direct support for these programs over time. This may have reduced the ability of school districts to send students to high quality CTE programs offered by the BOCES, especially in an era of capped local revenues that make support for the costs of student participation extremely challenging. To address this issue and reap the benefits of high quality CTE programming for both students and the State's economy, the Regents recommend doubling the instructional salary ceiling to \$60,000 over the next five years, with 20 percent of the gap funded for services provided in 2017-2018, and 20 percent annually for four years thereafter, with any further adjustment necessary to bring the reimbursement salary into alignment with the effects of inflation occurring in the following year. After that, the reimbursement salary level should be indexed to the rates of growth in professionals' salaries (available in federal data) to avoid the reemergence of similar distortions in the future.
- 2. Enhanced and Expanded Aid for High Quality CTE Programs Operated by the Big Five Cities and Non-component School Districts.** The Board recommends that the state change its method of reimbursing the expenses for CTE programming for the large cities and other non-BOCES component districts. The current program pays a flat per-pupil amount which has not been adjusted for inflation in some time. This has made it difficult for the non-BOCES component districts to maintain quality programs. To reflect the changes in the cost of operating CTE programs that provide the rigorous preparation necessary for success in the world of work, the Regents State Aid Proposal recommends that the reimbursement model for these districts be made more similar to that used for BOCES-operated programs.

As a transition, however, the Proposal would recommend a \$25 million increase in Special Services Aid as "seed money" so that non-BOCES component districts can

begin to expand their programs in the 2018-2019 school year, while they wait for reimbursement in the 2019-2020 school year.

### **Universal Prekindergarten (\$20 million)**

In the 2017-2018 Enacted Budget, the Legislature and Governor included the Regents' proposal to implement a plan to consolidate the existing multiple prekindergarten programs, coupled with an additional investment of \$5 million. The Board has convened an Early Childhood Blue Ribbon Committee that is developing a robust series of recommendations to improve the quality and expand the opportunity of all early learning programs. As a first step toward those recommendations and with the vision of ensuring all children learn in a developmentally appropriate manner so they flourish in preschool, enter the school age program on a success trajectory, and are academically proficient in third grade, this State Aid Proposal recommends investing an additional \$20 million in UPK programs. Currently, a total of \$817 million is provided statewide to serve over 120,000 prekindergarten pupils. The addition of \$20 million will help to grow the number of our youngest minds receiving this vital programming.

In addition to investing additional funds for the UPK program, the Board also proposes that a study be conducted regarding the ability of and cost to districts to provide transportation services for district prekindergarten programs. This study should include, but not be limited to, the additional health and safety measures and procedures required to provide such transportation, the impact on existing bus routes and equipment, and how much State Aid would be provided to districts for these services.

### **Recommendation**

It is recommended that the Board take the following action:

VOTED that the Regents adopt the attached as their proposal on State Aid to school districts for the school year 2018-2019.

### **Timetable for Implementation**

Immediate. The Regents State Aid Proposal is a recommendation to the Governor and the Legislature. The Governor will issue his budget recommendations in January and ask the Legislature to approve a State budget by April 1.

**Attachment: 2018-2019 Regents Proposal Summary**  
(\$ in millions)

Program	2017-2018 School Year	Regents 2018- 2019 Request	Increase
<b>General Purpose Aid</b>	<b>\$17,892</b>	<b>\$19,169</b>	<b>\$1,277</b>
Foundation Aid	\$17,173	\$18,423	\$1,250
High Tax Aid	\$223	\$223	\$0
Academic Enhancement Aid	\$28	\$28	\$0
Charter School Transitional Aid	\$39	\$48	\$9
Reorganization Incentive Operating Aid	\$7	\$6	(\$1)
Supplemental Public Excess Cost Aid	\$4	\$4	\$0
Full Day Kindergarten Conversion Aid	\$2	\$1	(\$1)
Universal Prekindergarten	\$416	\$416	\$0
UPK Expansion	\$0	\$20	\$20
<b>Support for Pupils with Disabilities</b>	<b>\$1,031</b>	<b>\$1,042</b>	<b>\$11</b>
Public High Cost Excess Cost Aid	\$393	\$416	\$23
Private Excess Cost Aid	\$638	\$626	(\$12)
<b>BOCES\Career and Technical Ed.</b>	<b>\$1,156</b>	<b>\$1,196</b>	<b>\$40</b>
BOCES Aid	\$905	\$922	\$17
Special Services Aid	\$251	\$249	(\$2)
Career and Technical Education Expansion	\$0	\$25	\$25
<b>Instructional Materials Aids</b>	<b>\$277</b>	<b>\$281</b>	<b>\$4</b>
Hardware & Technology Aid	\$37	\$38	\$1
Library Materials Aid	\$19	\$19	\$0
Software Aid	\$45	\$46	\$1
Textbook Aid	\$176	\$178	\$2
<b>Reimbursement-Based Aids</b>	<b>\$4,762</b>	<b>\$5,035</b>	<b>\$273</b>
Building Aids	\$2,951	\$3,126	\$175
Transportation Aids	\$1,811	\$1,909	\$98
<b>Other GSPS</b>	<b>\$276</b>	<b>\$280</b>	<b>\$4</b>
<b>Total GSPS</b>	<b>\$25,394</b>	<b>\$27,003</b>	<b>\$1,609</b>

Notes:

- 1) Some amounts may not add due to rounding.
- 2) Decreases in Full Day Kindergarten Conversion Aid and Reorganization Operating Incentive Aid are due to changes in actual claims submitted by school districts.