



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

TO: State Aid Subcommittee
FROM: Elizabeth R. Berlin
SUBJECT: 2019-2020 Regents State Aid Proposal
DATE: November 29, 2018
AUTHORIZATION(S):

Issue for Decision

Should the Board of Regents approve the 2019-2020 State Aid proposal reflecting the Regents' priorities for State Aid to school districts?

Reason(s) for Consideration

Policy Implementation.

Proposed Handling

This detailed State Aid Proposal will be presented to the Full Board for approval at the December 2018 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 2019-2020 school year, the State Aid Subcommittee has considered an approach that focuses on the most important investments that need to be made in primary and secondary education, consistent with the "5 E's" of Regents priorities:

1. Equity
2. Every Student Succeeds Act Implementation
3. Early Childhood Learning
4. English Language Learners
5. Efficiency

In September, October, and November, members of the State Aid Subcommittee discussed their priority areas as well as concerns that have been raised by stakeholder groups, specifically including recommendations to continue the phase-in of the Foundation Aid formula and updating necessary components. 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:

- The continued phase-in of the Foundation Aid formula.
- The continued expansion of prekindergarten programs, aligned with the recommendations of the Early Childhood Blue Ribbon Committee.
- Enhancing support for English Language Learners.
- 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 Subcommittee at its December meeting, and the Subcommittee will make a recommendation to the Full Board to approve.

Background Information

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 needs. Despite over \$5 billion in increases since its inception in 2007, the Foundation Aid formula has not yet been fully phased in.

The Regents State Aid Proposal 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:

| Aid Category | Amount |
|--|-----------------------|
| Foundation Aid, including \$85M ELL Setaside | \$1.66 billion |
| Statutory Reimbursement-based Aid Increases | \$410 million |
| Operating Aid Subtotal | \$2.06 billion |
| | |
| Career and Technical Education | \$25 million |
| Universal Prekindergarten Expansion | \$26 million |
| Grand Total | \$2.1 billion |

Foundation Aid (\$1.66 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 the most—those with special education needs, English Language Learners and economically disadvantaged students. As of the November 2018 School Aid Database, Foundation Aid provides \$17.1 billion in funding to districts statewide, with \$4.1 billion in remaining phase-in increases, not counting inflationary adjustments.

In order to provide stability and predictability to the Foundation Aid formula, the Regents State Aid Proposal calls for the restoration of an inflationary adjustment (called the “phase-in foundation percent”) over a three-year period, and the full phase-in the formula by the 2021-22 school year. This additional adjustment would increase the full phase-in amount to \$4.9 billion, but it would eliminate the dramatic fluctuations in the phase-in calculation since the expiration of the inflationary adjustment. This change, coupled with a fixed three-year phase-in schedule, would provide over \$1.6 billion in additional annual Foundation Aid statewide over the next three years, achieved through a combination of three targeted increases:

- A uniform percentage phase-in increase for all districts that have a remaining phase-in.
- A minimum increase for all districts.
- 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 (\$410 million)

Consistent with existing law and the most recent claims submitted by school districts to the Department, the Regents State Aid Proposal also includes \$410 million in increases for reimbursement-based aid formulas for the 2019-2020 school year, such as Building Aid (\$272 million), Transportation Aid (\$77 million), BOCES Aid (\$22 million), Public and Private Excess

Cost Aid for special education services (\$13 million), and the consolidation of prekindergarten programs (\$25 million).

Based on the recommendation of the Board of Regents, in 2017 the Governor and Legislature put the state on a path toward the consolidation of the multiple separate prekindergarten programs that existed. As a part of that consolidation, in the 2019-2020 school year there will be \$25 million in a federal prekindergarten grant that will become state-funded in order to allow those programs to continue to operate after the federal grants have expired. This \$25 million, though not additional funds for those school districts, is new state funding and thus is included within the \$410 million increase in reimbursement-based aids.

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:

- **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 2018-2019, 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.

- **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 Career and Technical Education 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 career and technical education 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 2019-2020 school year, while they wait for reimbursement in the 2020-2021 school year.

Universal Prekindergarten (\$26 million)

The Board has convened an Early Childhood Blue Ribbon Committee that has developed a robust series of recommendations to improve the quality and expand the opportunity of all early learning programs. In addition to the \$25 million in sustainable state funding to continue federal grant prekindergarten seats, the Regents State Aid Proposal would include a total of \$26 million for further expansion of programs for four-year-olds. First, \$20 million would allow for the addition of 2,000 more children to be served, which would bring the overall percentage of students served in New York State to just under 70%. Second, \$6 million would be provided for pilot programs which will target half- and full-day 10-month and summer inclusion prekindergarten programs for three- and four-year olds.

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 2019-2020.

Timetable for Implementation

The Regents State Aid Proposal is effective immediately. The Regents State Aid Proposal is a recommendation to the Governor and the Legislature.

Attachment: 2019-2020 Regents Proposal Summary
(\$ in millions)

| Program | 2018-2019 School Year | Regents 2019- 2020 Request | Increase |
|---|--------------------------|-------------------------------|----------------|
| General Purpose Aid | \$18,903 | \$20,614 | \$1,711 |
| Foundation Aid | \$17,791 | \$19,451 | \$1,660 |
| High Tax Aid | \$223 | \$223 | \$0 |
| Academic Enhancement Aid | \$28 | \$28 | \$0 |
| Charter School Transitional Aid | \$39 | \$40 | \$1 |
| Reorganization Incentive Operating Aid | \$6 | \$6 | (\$1) |
| Supplemental Public Excess Cost Aid | \$4 | \$4 | \$0 |
| Full Day Kindergarten Conversion Aid | \$3 | \$3 | \$0 |
| Universal Prekindergarten (incl. consolidation) | \$809 | \$834 | \$25 |
| Blue Ribbon Committee Expansion | \$0 | \$26 | \$26 |
| Support for Pupils with Disabilities | \$1,011 | \$1,024 | \$13 |
| Public High Cost Excess Cost Aid | \$639 | \$620 | (\$19) |
| Private Excess Cost Aid | \$372 | \$404 | \$32 |
| BOCES\Career and Technical Ed. | \$1,207 | \$1,250 | \$44 |
| BOCES Aid | \$949 | \$971 | \$22 |
| Special Services Aid | \$257 | \$254 | (\$3) |
| Career and Technical Education Expansion | \$0 | \$25 | \$25 |
| Instructional Materials Aids | \$275 | \$279 | \$3 |
| Hardware & Technology Aid | \$37 | \$38 | \$1 |
| Library Materials Aid | \$19 | \$19 | \$1 |
| Software Aid | \$45 | \$46 | \$1 |
| Textbook Aid | \$175 | \$177 | \$1 |
| Reimbursement-Based Aids | \$4,871 | \$5,219 | \$349 |
| Building Aids | \$2,957 | \$3,229 | \$272 |
| Transportation Aids | \$1,914 | \$1,991 | \$77 |
| Other GSPS | \$283 | \$285 | \$2 |
| Total GSPS | \$26,550 | \$28,671 | \$2,121 |

Note: Some amounts may not add due to rounding.