



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

TO: State Aid Subcommittee
FROM: Phyllis Morris *Phyllis D. Morris*
SUBJECT: 2022-2023 Regents State Aid Proposal
DATE: December 2, 2021
AUTHORIZATION(S): *Betty M...*
SUMMARY

Issue for Decision

Should the Board of Regents approve the 2022-2023 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 2021 meeting of the Board of Regents.

Procedural History

As the 2022-2023 state budget development cycle commences, several issues have risen for state policymakers and school districts around the state. First, the 2022-2023 budget cycle presents a unique opportunity for the Board of Regents given the focus of state policymakers on the Foundation Aid formula and the significant influx of state and federal funding for districts. Second, a series of challenges facing school districts caused or revealed by the COVID-19 pandemic has highlighted the need for additional state support, in the form of both additional financial resources and technical assistance.

This approach has been discussed by the State Aid Subcommittee and Board of Regents at the October and November Regents meetings. The approach is designed to provide both fundamental support for district operating needs and targeted support for educational needs identified by the Board of Regents, such as surges in enrollment,

reducing the digital divide, career and technical education, and Diversity, Equity, and Inclusion (DEI) training.

Background Information

Each year the Board of Regents, through its State Aid Subcommittee, develops a proposal on State Aid to support public education.

Related Regents Items

November 2021: 2022-2023 Regents State Aid Proposal

<https://www.regents.nysed.gov/common/regents/files/1121sad1.pdf>

Recommendation

It is recommended that the Board of Regents take the following action:

VOTED that the Board of Regents adopt the attached as their proposal on State Aid to school districts for the school year 2022-2023.

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. The Governor will issue budget recommendations in January and ask the Legislature to approve a State budget by April 1.

Attachments

Attachment 1: 2022-2023 Regents Proposal Summary
(\$ in millions)

| Program | 2021-22 School Year | Regents 2022-2023 Request | Year- to-year Change |
|---|------------------------|---------------------------------|----------------------------|
| General Purpose Aid | \$21,055 | \$22,619 | \$1,564 |
| Foundation Aid | \$19,816 | \$21,345 | \$1,529 |
| Minimum Increase | | \$24 | \$24 |
| High Tax Aid | \$223 | \$223 | \$0 |
| Academic Enhancement Aid | \$28 | \$28 | \$0 |
| Charter School Transitional Aid | \$47 | \$52 | \$5 |
| Reorganization Incentive Operating Aid | \$4 | \$4 | \$0 |
| Supplemental Public Excess Cost Aid | \$4 | \$4 | \$0 |
| Full Day Kindergarten Conversion | \$1 | \$0 | (\$1) |
| Universal Prekindergarten | \$932 | \$939 | \$7 |
| Support for Pupils with Disabilities | \$940 | \$985 | \$45 |
| Public High Cost Excess Cost Aid | \$568 | \$574 | \$6 |
| Private Excess Cost Aid | \$372 | \$411 | \$39 |
| BOCES\Career and Technical Ed. | \$1,300 | \$1,441 | \$141 |
| BOCES Aid | \$1,045 | \$1,122 | \$77 |
| Special Services Aid | \$255 | \$254 | (\$1) |
| Enhancements | | \$65 | \$65 |
| Instructional Materials Aids | \$261 | \$284 | \$23 |
| Hardware & Technology Aid | \$35 | \$36 | \$1 |
| Library Materials Aid | \$17 | \$18 | \$1 |
| Software Aid | \$43 | \$44 | \$1 |
| Textbook Aid | \$166 | \$170 | \$4 |
| Enhancements | | \$16 | \$16 |
| Expense-Based Aids | \$5,106 | \$5,437 | \$331 |
| Building Aids | \$3,158 | \$3,188 | \$30 |
| Transportation Aids | \$1,948 | \$2,249 | \$301 |
| Other GSPS | \$308 | \$300 | (\$7) |
| Total GSPS | \$28,971 | \$31,068 | \$2,097 |

Attachment 2

2022-2023 Regents State Aid Proposal

Introduction

Each year, the State Aid Subcommittee makes a recommendation on the level and nature of state support for public schools that will be necessary for the coming school year. The annual budget development process is traditionally begun with discussions by the Board of Regents about the current needs and pressing issues facing school districts in the coming school year. The 2022-2023 budget cycle presents a new opportunity for the Board of Regents given the focus of state policymakers on the Foundation Aid formula and the significant influx of state and federal funding for districts and inequities in opportunities exposed by the COVID-19 pandemic.

The 2022-2023 Regents State Aid Proposal recommends much-needed resources for school districts to continue expanding educational programming statewide. Overall, the proposal calls for \$2.1 billion in additional state aid for the 2022-2023 school year. The Board of Regents is committed to supporting all school districts through three key proposal components:

- Support year two of the three-year phase-in of Foundation Aid and enhance this aid with a wealth adjusted 2 percent minimum increase and a new mechanism to receive current year funds for enrollment surges;
- Enhance BOCES and Special Services aids to provide additional support for districts providing career and technical education for students, BOCES co-sers around Diversity, Equity, and Inclusion and Culturally Responsive-Sustaining Education Resources, and remote instruction for students unable to attend in person; and
- Update instructional materials aids to reflect current costs and practices to help shrink the digital divide and ensure each student has access to high quality materials.

Foundation Aid (\$1.55 billion)

The 2022-2023 school year is year two of the three-year phase-in schedule. Current projections for this school year are for a \$1.53 billion increase under the 50 percent phase-in under current law. This is a significant accomplishment and will provide funds for districts with many of the neediest students. In addition, Foundation Aid represents a stable source of funding that districts will need as federal revenues are used to provide transitional support. The 2021-2022 enacted budget provided a minimum increase for all districts. The Regents proposal includes a wealth adjusted minimum increase to ensure all low wealth and high need districts receive additional funds to meet rising costs. This minimum increase would represent an increase in Foundation Aid of \$24 million, less than 2 percent of the increase under current law.

In addition, over the last several years, a limited number of districts have experienced surges in enrollment, particularly among English language learners. These

surges have not been evenly distributed and have caused disruptions in service for a handful of districts. To ensure these districts have the resources required to serve these students, a new component of Foundation Aid would be added. This component would provide current year funding for each new student in excess of 5 percent of the district's total enrollment, net of any decreases in enrollment, provided this increase exceeds 40 students. Districts would apply for the funds on a form established by the Commissioner in the fall of each school year. The application would include, at a minimum, an explanation of the current need, steps taken to address this need, and how additional resources will be utilized. Once approved, the funding would be paid as part of Foundation Aid in the current year based on district enrollment estimates. At the end of each school year, these enrollment estimates will be updated with actual enrollment, and any over- or under-payments would be reconciled.

Expense Based Aids (\$463.9 million)

For 2022-2023, the Regents recommend that an increase of \$463.9 million be allocated to reimburse expenditures made in 2021-2022 under the State's reimbursement, or expense, based school aid programs. The Regents recommend that reimbursement be consistent with the existing statutory formulas, which yield an estimated \$3.12 billion in support for Building Aid, \$2.25 billion for Transportation and \$1.12 billion for BOCES Aid.

BOCES and Special Services Aids Enhancements (\$66.8 million)

Special services aid supports students in occupational and business education coursework in districts that are not components of a BOCES, such as the big 5 city school districts. These districts may choose to use this funding to support these students in a variety of settings and pursue new proven approaches. Enhancing this per pupil funding would parallel the increase on BOCES salary aid to allow for additional career and technical education (CTE) programming among the big 5 city school districts. Providing sufficient CTE services to allow students to engage in the CTE pathway to graduation can be a challenge for districts. The aid proposal recommends providing additional BOCES and Special Services funding to address this challenge.

Under the Regents proposal, the recommended base amount used to calculate the reimbursement for CTE programs provided by districts that are not components of BOCES would increase by 33 percent for 2022-2023 services annually for 3 years afterward, until the 2024-2025 school year. This aid program is paid on a current year basis, per pupil, so \$66.8 million in additional funds would be available in 2022-2023 to support new student enrollment in CTE programs in the large cities and other districts that do not belong to BOCES.

Instructional salaries eligible for BOCES Aid have remained at \$30,000 for decades. Adjusted for inflation, the equivalent salary in 2021 dollars would be approximately \$60,000. Since the flat reimbursement amount has not kept pace with inflation, it may have reduced the ability of school districts to send their students to high quality programs offered by the BOCES. Enhancing the proportion of aidable salaries would provide additional support not only for CTE services, but also for BOCES co-sers around Diversity, Equity, and Inclusion and Culturally Responsive-Sustaining Education

Resources, and remote instruction for students unable to attend in-person due to health-related issues.

Parallel to the recommendation for the Special Services program, the Regents recommend that the aidable salary for BOCES CTE programs be doubled, with one third of the gap funded for services provided each year until reaching \$60,000 for salaries in the 2024-2025 school year.

Instructional Materials Aids Enhancements (\$16.2 million)

Instructional materials aids include library materials, textbook, software, and hardware aid. These aids are critical for reducing inequitable access to educational technology. These aids are not reimbursement based, but allocational based on a certain amount per pupil. The per pupil figures were increased modestly in 2007 ranging from an additional \$0.25 for library materials aid to an additional \$0.95 for textbooks, but have not significantly increased since 1997-1998. District costs for hardware, software, textbooks, and library materials have increased substantially over this time. The aid proposal recommends updating these allocations.

Updating the per pupil allocation for each of the instructional materials aids for inflation would bring these levels up to the present. In addition, adding a consistent wealth adjustment factor, as currently used for hardware aid, ensures additional state funds are sent to districts in need. Ensuring a per pupil minimum equal to the per pupil allocation under current law provides districts the stability necessary to budget appropriately.

Textbook aid is a per pupil aid based on resident enrollment. Software, hardware, and library aids are per pupil aids based on attending enrollment. Utilizing a consistent resident enrollment count would provide one-stop for nonpublic loans and make this process easier for both districts and nonpublic schools.