



Our Students. Their Moment.

2013-14 Regents State Aid Proposal Primer

January 14, 2013



Assumptions

- Fiscal realities make balancing the competing priorities of restoring the Gap Elimination Adjustment, the Foundation Aid formula phase-in, and equity difficult.
- State Law limits State Aid for P-12 education increases to the annual growth in personal income
- The annual changes in personal income can be volatile
- Tax levy cap makes it more difficult to raise local revenues

Districts Are Under Fiscal Stress

- A \$2.2 billion Gap Elimination adjustment remains
- More than 90% of school revenues are now subject to a cap. Health care, pension costs, insurance and energy costs are typically exceeding the caps requiring reductions in personnel
- Fund balances are declining
- Not all districts are experiencing the same degree of stress
- The problem requires a multi-year discussion

Regents 2013-14 State Aid Proposal

- Regents Proposal increase based on projected 3.5 percent growth in the personal income contained in the state's financial plan.
- General Support for public schools increase of \$709 million:
 - \$425 million provided for general purpose aid. The vast majority of this was for Foundation Aid.
 - \$284 million for growth in other aid categories based on school district claims
- An additional \$75 million provided for Full Day Universal PreKindergarten. This funding is outside the 3.5 percent cap using existing grant funding.
- No changes to expense-based aid recommended for the 2013-14 school year

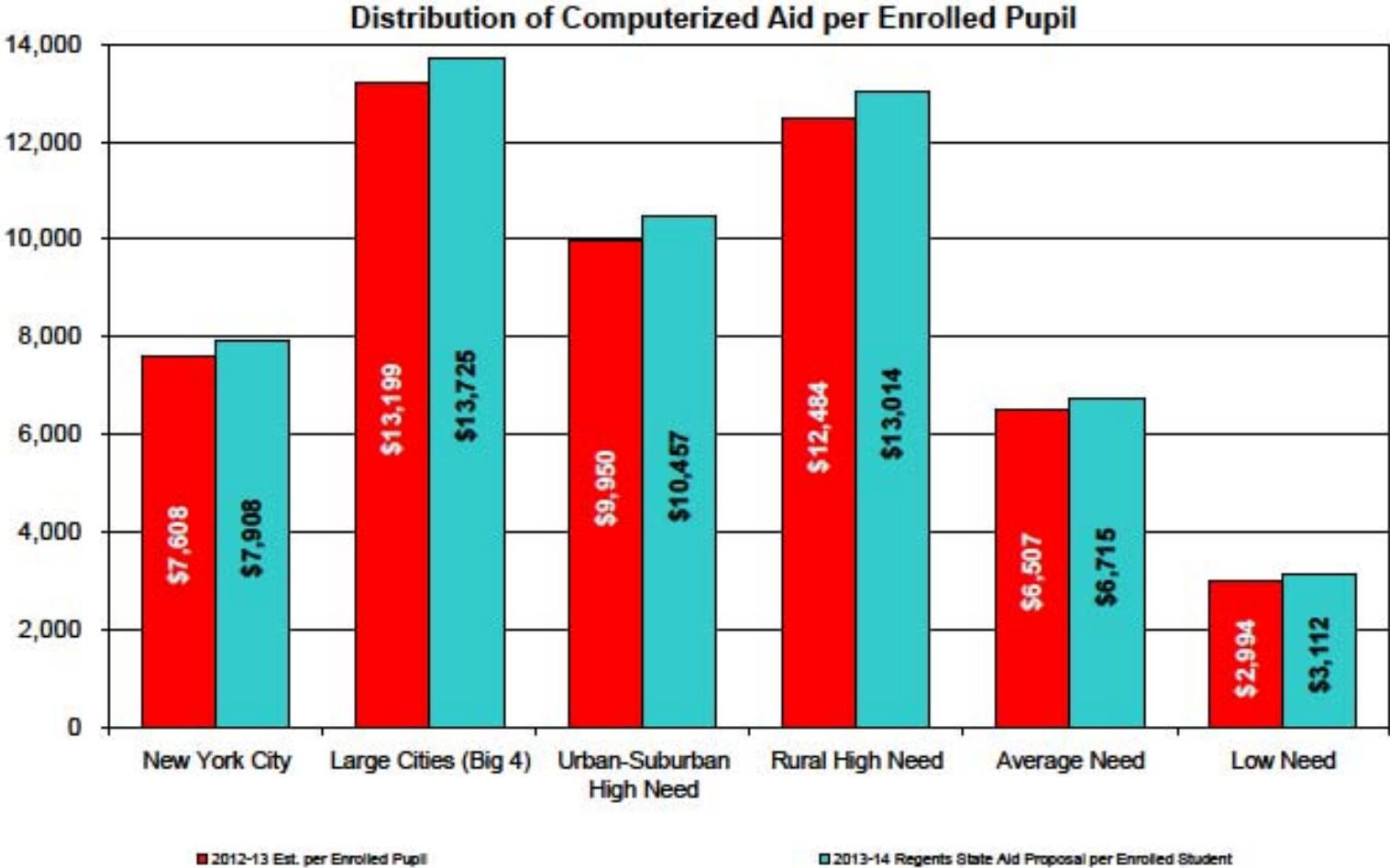
Regents 2013-14 State Aid Proposal

- Addresses the need for equity and transparency in school financing in light of the cap placed on General Support to Public Schools (GSPS) and recommends continued support for the Foundation Aid approach to school funding.
- Proposes the option of providing operating aid increases in a manner consistent with the principles of the original Foundation Aid formula while recognizing the impact of prior year reductions.
- Proposes the option of rebasing State Aid based on last year's levels, eliminating the GEA and using the Foundation Aid formula to distribute additional State Aid.
- Seeks costs savings and longer term solutions to Expense Based Aids which increasingly consume a larger share of GSPS.
- Offers a renewed look at UPK.
- Reiterates the need for districts to engage in multi-year financial planning
- Reviews proposed efficiencies through shared services and regional educational approaches.

Expansion of Universal Prekindergarten

- Quality early learning opportunities are a critical investment
- Proposes \$75 million to expand full-day programming outside of the state aid cap
- Provides opportunities for students who are at educational risk due to: poverty; English language learner status; disabilities and/or other criteria placing children at-risk
- Department allocated \$4 million of Race to the Top funds to support the implementation of QUALITYstarsNY in communities that have one or more schools designated as Priority Schools.

All Types of Districts Would See a Per Pupil Increase in State Aid



Next Steps

- **Multi-Year Projections**

- o The current economic climate underscores the need for tracking multi-year projections for school district financial plans.
- o At the state level, collecting these projections in a uniform manner will be important to monitor school district fiscal health.
- o At the school district level this can help inform annual budget decisions which will need to balance long and short term savings measures.

- **Greater Predictability in State Aid**

- o Advocate for a smoothing of the Personal Income Growth Index to provide greater predictability and improve planning.

- **Rebalance Expense Based Aids**

- o Building Aid
- o Transportation Aid

- **Greater Efficiency and Cost-Effectiveness**

- o Reorganization through merging of contiguous school districts;
- o Regional Secondary Schools; and
- o BOCES as Regional Leaders