



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

TO: Regents Subcommittee on State Aid

FROM: John B. King Jr.

SUBJECT: Legislative Action on State Aid to School Districts and
Context for the 2012-13 Regents State Aid Proposal

DATE: April 28, 2011

AUTHORIZATION(S):

SUMMARY

Issue for Discussion

Does the Board of Regents have any questions concerning Legislative Action for 2011-12?

Reason(s) for Consideration

Review of policy.

Proposed Handling

This question will come before the Subcommittee on State Aid at its May 2011 meeting.

Procedural History

The Regents adopted their State Aid Proposal for 2011-12 in December 2010. The Executive Budget was released on February 1, 2011. Legislative action was approved on March 31, 2011.

Background Information

Each year the chair of the Regents Subcommittee on State Aid requests a review of the enacted budget with regard to legislative action on State Aid to school districts. This is done in order to define the context for school districts in order to begin the planning process for the development of the Regents proposal on State Aid to school districts for the next year. This year's school aid was reduced \$675 million or 3.3

percent when compared to the prior year. The federal Education Jobs bill continues to provide school districts with \$607 million in federal funds which may be used over a two year period, 2010-11 and 2011-12. Attachment 1 provides highlights of the Executive Budget.

Timetable for Implementation

This discussion will inform the development of the Regents State Aid proposal to occur from now until the Regents approve their State aid proposal in late 2011. As part of this process, the Subcommittee will meet with New York State educational associations that comprise the Department's Education Finance Advisory Group, which advises the Regents and Department on school aid issues. The purpose of this consultation is to get a broad reaction from educators to school aid and educational issues.

HIGHLIGHTS OF THE 2011-2012 ENACTED BUDGET (2011-12 School Year Compared to the 2010-2011 School Year)

SCHOOL AID PROPOSAL

Overview

The 2011-2012 Enacted Budget proposes \$19.6 billion in funding for General Support for Public Schools (GSPS). This is a year-to-year reduction of \$675 million, or 3.3% as compared to the previous year's GSPS as supplemented with Federal ARRA restorations. The Enacted Budget essentially carries forward the funding formulas that were used in the current year. The Enacted Budget freezes Foundation Aid for an additional year, to 2012-2013, then assumes an extended phase-in formula, with full implementation in 2016-2017. In addition to Foundation Aid, funding is frozen in both 2011-12 and 2012-13 for four other aid formulas including Universal Prekindergarten grants (see Table on following page). Other formula aids are generally continued under the current statutory authorization for the 2011-12 school year. The major exception to this is that legislation is enacted to allow for flexible use of the Instructional Materials Aids, whereby any item eligible for Computer Hardware Aid, Computer Software Aid or Textbook Aid could be funded under any of those programs.

For 2011-12, the Enacted Budget also proposes a \$2.6 billion Gap Elimination Adjustment that is computed through a formula that is similar to the one used in 2010-11. For 2012-13 and thereafter, the Enacted Budget would limit growth in General Support for Public Schools (GSPS) to the rate of growth in personal income in New York State. Formulas other than Foundation Aid and the Gap Elimination Adjustment would be funded within this amount, and Foundation Aid increases and the Gap Elimination Adjustment would be scaled through legislation so as to stay within the capped amount.

The Enacted proposal also reinstates the Contracts for Excellence, requiring each district that was designated in 2007-2008 and does not have all school buildings in good standing to set aside funds to support Contract for Excellence programs, but the funding requirement will be reduced in proportion to the impact that cumulative Gap Elimination Adjustments have had on that district.

In addition, the Enacted Budget adds two new grant programs for school districts. It provides for \$250 million for a **School District Performance Improvement Awards** program, whereby competitive grants are awarded to school districts which demonstrate significant measurable improvements in academic achievement and student outcomes, as well as having implemented strategies that have the most potential for continued improvements in student performance, narrowing student achievement gaps and increasing academic performance in traditionally underserved student groups. It also provides an additional \$250 million for **School District Management Efficiency**

Awards; competitive grants to be awarded for achieving school district management efficiencies.

Key Formula Provisions for the 2011-2012 School Year

Foundation Aid

The Enacted Budget assumes that full implementation of the Foundation Aid formula will occur in the 2016-2017 school year. For 2011-12, Foundation Aid will be frozen at the current year's level. Starting in 2012-13, the Foundation Aid continue to be carried forward at base year levels unless legislation is enacted to designate a portion of the allowable increase under the GSPS Cap to be used for Foundation Aid. The expectation is that the Foundation Aid phase-in will continue, but will be scaled annually to fit within the GSPS Cap.

Support for Early Childhood Education

The Enacted Budget caps Universal Prekindergarten funding at current levels for existing programs.

Support for Pupils with Disabilities

The provisions for apportioning both Public High Cost Excess Cost Aid and Private Excess Cost Aid remain unchanged. Public Excess High Cost Aid increases by \$22 million from \$462 million to \$484 million, a growth rate of 4.6%. Private Excess Cost Aid will increase from \$333 million in 2010-2011 to \$349 million in 2011-2012, an increase of \$16 million or 4.8%.

Career and Technical Education Aid

The Enacted Budget continues existing provisions for these aid categories. BOCES Aid is estimated to increase by \$17 million or 2.5%, to an overall level of \$719 million. In addition, the Enacted Budget does not include the Executive's proposal to eliminate aid for shared services that are administrative in nature, and replace the existing BOCES Aid Ratios with the State Sharing Ratio.

Special Services Aid (which provides aid to the Big Five and other districts that are not components of BOCES for career education activities, administrative computer services and academic programs) is estimated to be \$214 million, an increase of 1.3% or \$2.8 million over 2010-2011 levels.

Aid for Instructional Materials

The Enacted Budget continues the preexisting allocation formulas for Textbook Aid, Library Materials Aid, Computer Software Aid and Computer Hardware Aid but provides districts with flexibility in how those funds are used. Legislation is enacted to allow districts to claim any item eligible for Computer Hardware Aid, Computer Software Aid or Textbook Aid for reimbursement under any of those programs. Funding increases by less than 1% at \$285 million.

Building Aid

Building Aid and Building Reorganization Incentive Aid provisions are continued with only minor, technical changes. These aids are estimated to total \$2,489 million for 2010-2011 and \$2,665 million for 2011-2012. This increase of \$175 million represents 7.0% growth over the previous year.

Transportation Aid

Transportation Aid for operating expenses will be calculated under the existing formula. Transportation Aid and Summer Transportation Aid are estimated to grow from \$1,578 million in the 2010-2011 school year to \$1,654 million under the Enacted proposal, an increase of \$75 million or 4.8%.

Other Aid Categories

The Enacted Budget continues Charter School Transitional Aid, providing \$25 million in aid to districts that are significantly impacted by a concentration of charter schools, an increase of \$2 million or 8.1% above 2010-2011 levels.

2011-2012 State Aid as Enacted NEW YORK STATE

(all figures in millions)

Program	2010-11 State Aid Estimate	2011-2012 State Aid Estimate	2010-2011 Change from 20090
General Purpose Aid	<u>\$15,538</u>	<u>\$15,543</u>	<u>\$5</u>
Foundation Aid	\$14,894	\$14,894	\$0
Academic Enhancement Aid	\$27	\$27	\$0
Charter School Transition Aid	\$23	\$25	\$2
High Tax Aid	\$205	\$205	\$0
Reorganization Incentive Operating Aid	\$3	\$3	\$0
General Purpose Aid Subtotal	<u>\$15,152</u>	<u>\$15,154</u>	<u>\$2</u>
Aid for Early Childhood Education	\$386	\$389	\$3
Support for Pupils with Disabilities	<u>\$799</u>	<u>\$837</u>	<u>\$38</u>
Private Excess Cost Aid	\$333	\$349	\$16
Public Excess High Cost Aid	\$462	\$484	\$22
Supplemental Public Excess Cost Aid	\$4	\$4	\$0
BOCES\Career and Technical Ed.	<u>\$913</u>	<u>\$933</u>	<u>\$20</u>
BOCES Aid	\$702	\$719	\$17
Special Services - Academic Improvement	\$51	\$51	\$0
Special Services - Career Education Aid	\$124	\$126	\$2
Special Services - Computer Admin. Aid	\$36	\$37	\$1
Instructional Materials Aids	<u>\$283</u>	<u>\$285</u>	<u>\$2</u>
Computer Hardware & Technology Aid	\$38	\$38	\$0
Library Materials Aid	\$19	\$19	\$0
Software Aid	\$45	\$46	\$1
Textbook Aid	\$181	\$182	\$1
Expense-Based Aids	<u>\$4,068</u>	<u>\$4,319</u>	<u>\$251</u>
Building Aids	\$2,490	\$2,665	\$175
Transportation Aids	\$1,578	\$1,654	\$76
Net Adjustments	<u>(\$2,270)</u>	<u>(\$2,557)</u>	<u>(\$287)</u>
Gap Elimination Adjustment	(\$2,138)	(\$2,786)	(\$648)
Gap Elimination Adjustment Restoration	\$0	\$229	\$229
FMAP Reduction	(\$132)	\$0	\$132
Computerized Aids Subtotal	<u>\$19,331</u>	<u>\$19,360</u>	<u>\$29</u>
All Other Aids	<u>\$257</u>	<u>\$281</u>	<u>\$24</u>
Total GSPS	<u>\$19,588</u>	<u>\$19,641</u>	<u>\$53</u>
Federal Apportionments	<u>\$728</u>	<u>\$0</u>	<u>(\$728)</u>
Gap Elimination Adjustment Restoration	\$726	\$0	(\$726)
Teacher-Mentor Intern	\$2	\$0	(\$2)
Grand Total	<u>\$20,316</u>	<u>\$19,641</u>	<u>(\$675)</u>

Note: This analysis does not include the Federal Education Jobs funding that was allocated for use by school districts during the 2010-11 and 2011-12 school years.