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Our Students. Their Moment.

# Framing the Conceptual State Aid Proposal

Board of Regents  
State Aid Subcommittee

October 26, 2015



# Review of Budget Cycle

- **October and November: Board of Regents develops State Aid proposal**
- **December: Regents adopt State Aid Proposal**
- **January: Governor introduces Executive Budget**
- **February: SED releases updated aid data typically used in Enacted Budget**
- **March: Legislature introduces One-House Bills; budget negotiations between Legislature and Executive**
- **April 1st: Expected Enacted Budget, release of aid runs**

# Key Concepts in School Aid

- **State and Local Partnership:** Public education is a state and local partnership. Even the wealthiest districts receive some state aid.
- **Wealth Equalization:** School districts with greater income and property wealth receive less State Aid. In State aid formulas, district wealth is generally measured using property and income wealth per pupil, compared to the statewide average.
- **Pupil Need:** State aid formulas also recognize that some students may require additional services and therefore cost more to educate. Many state aid formulas, including Foundation Aid, consider students living in poverty, students with disabilities, English language learners, and geographic sparsity.

# Key Concepts in School Aid

- **Legislatively-Based:** All formulas are established in law by the Legislature; SED does not have discretion in their operation or distribution of funds.
- **Self-reported Data:** School districts self-report nearly all relevant enrollment, wealth, demographic, and expense data that is used in the formulas.

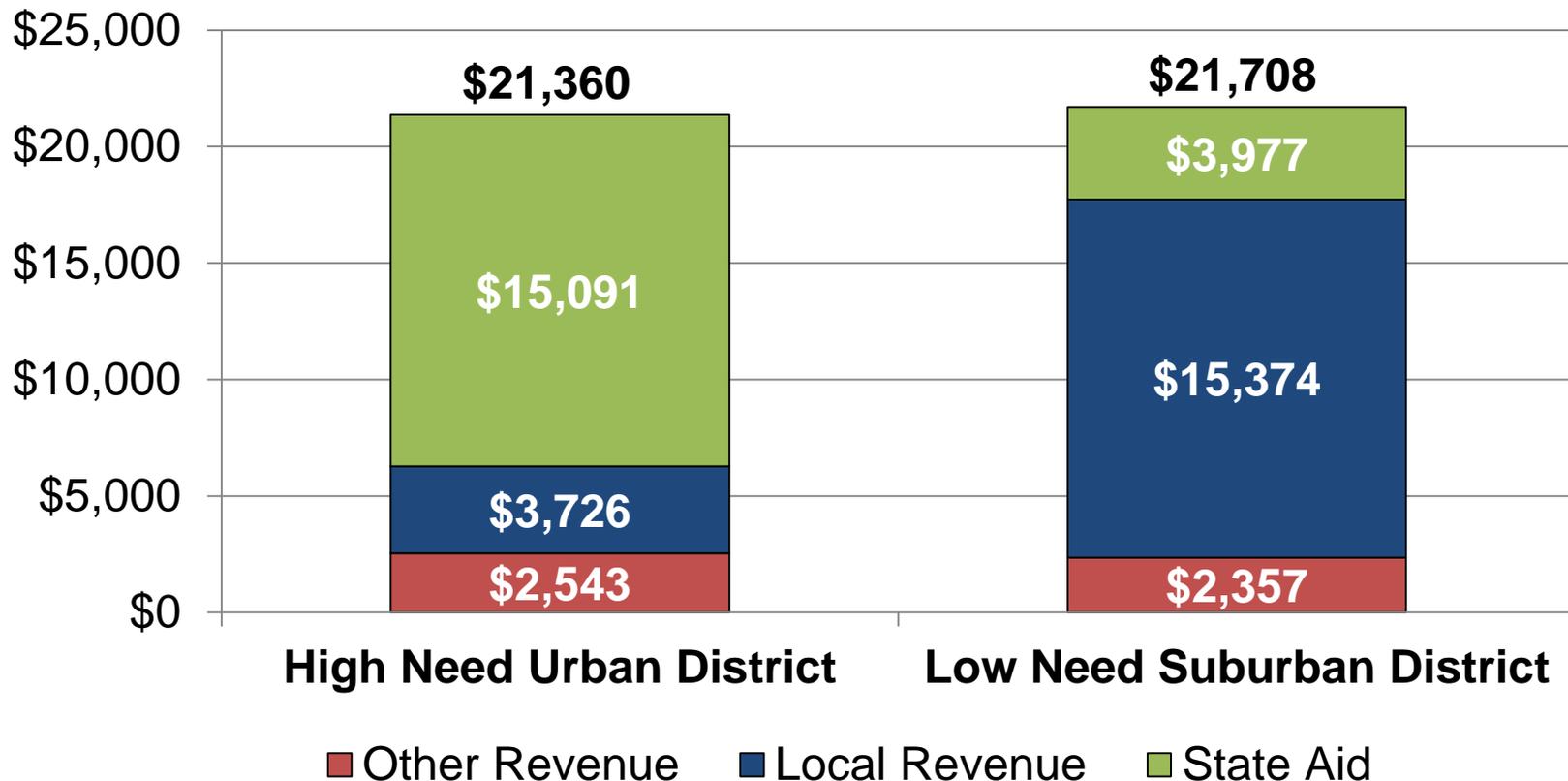
# Key Questions

- **Should the State Aid Proposal be focused on Formula Aids or targeted investments?**
- **Should academic intervention service proposals be universal, or provide districts with flexibility to meet local needs?**

**Should the State Aid Proposal be  
focused on Formula Aids or  
targeted investments?**

# Generally, increasing formula-based State Aid directs greater additional funding to districts that are high need and more reliant on State support

## Revenues Per Pupil, By Source



Source: 2013-14 Fiscal Profiles

# School District Revenue Outlook

- **Sources of Support : School districts have three major sources of funds to support their operations (salaries, health and other benefits for staff, utilities, supplies and materials, building maintenance etc.):**
  - State operating funds,
  - local tax revenues and
  - federal program support (primarily for Title programs and IDEA).
- **Flat Local Tax Levy for 2016-17: Because the consumer inflation rate (CPI) is low, the tax levy limit law will likely not permit districts to increase the local levy, except to support approved capital projects.**
- **Federal funds: These funds are not likely to increase for the coming year.**
- **State operating funds are essentially the ONLY source of increased support for our districts for 2016-17.**

# Support for School Operations

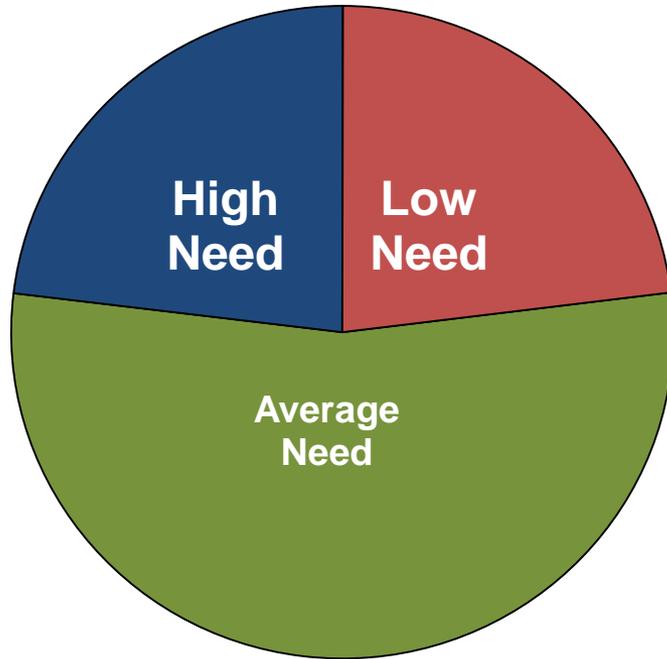
- **Costs Tend to Increase:** School district operating expenses – salaries, health and other benefits for staff, utilities, supplies and materials, building maintenance tend to increase.
- **Health Expenses:** Health insurance represents a major expense for many districts (an average of about 10% of total school district expenditures statewide). Health expenses are predicted to increase by 6 % annually for the next decade.
- **Local Revenues:** Tax cap will likely allow districts no local revenue increases, except to support capital projects.
- **State Operating Aid:** As district costs increase the role state aid plays must be assessed.

# Foundation Aid

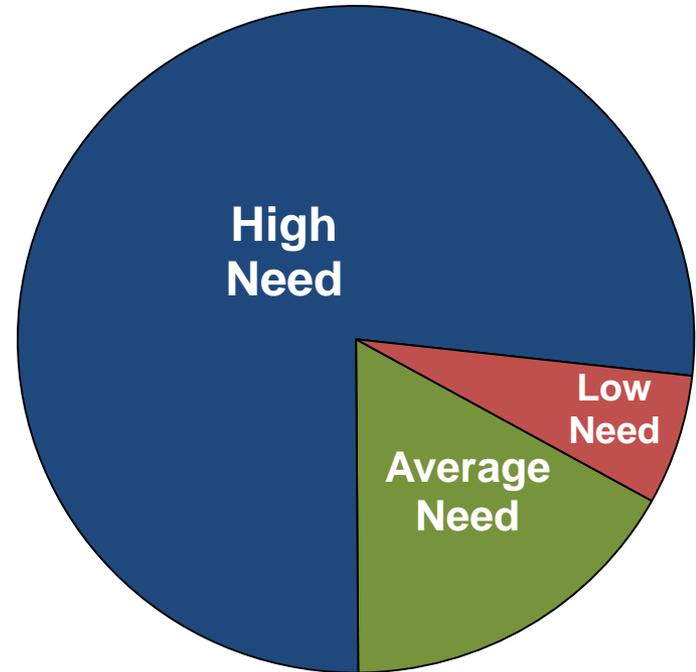
- **Aid is provided to districts for their operating costs; particularly for high need districts it represents a large proportion of their total budget.**
- **In addition to accounting for relative district wealth, Foundation Aid specifically provides additional funding for the following student groups:**
  - **Students in Poverty (FRPL and Census Poverty)**
  - **English Language Learners**
  - **Students with Special Education needs**
  - **Students in Rural Areas**

Fully restoring the GEA will target funding mostly to average need districts; Foundation Aid will drive it to high need districts.

The Transition Operating Aid approach will blend the two.



**GEA Remaining  
(\$434 million)**



**Foundation Aid Phase-in  
Remaining  
(\$4.2 billion)**

# Targeted Investments: Proposals in the past have been met with limited success in both their dollar amount and scope.

	RSAP Request		Enacted Budget	
	Formula Aid	Investments	Formula Aid	Investments
<b>2012-13</b>	<b>\$755 million</b>	<b>\$0</b>	<b>\$755 million</b>	<b>\$50 million</b>
Grant Specifics	None		Student Achievement & Management Efficiency	
<b>2013-14</b>	<b>\$709 million</b>	<b>\$125 million</b>	<b>\$842 million</b>	<b>\$125 million</b>
Grant Specifics	Pre-k		Governor's Commission Grants (Community Schools, Extended Day, etc.)	
<b>2014-15</b>	<b>\$1.0 billion</b>	<b>\$300 million</b>	<b>\$1.08 billion</b>	<b>\$390 million</b>
Grant Specifics	Pre-k, Core Instruction, Instructional Materials		Pre-k, P-TECH, Teacher Excellence Fund	
<b>2015-16</b>	<b>\$1.47 billion</b>	<b>\$542 million</b>	<b>\$1.31 billion</b>	<b>\$122 million</b>
Grant Specifics	CTE, Enrollment Surges, ELL Support, Pre-k, STLE		Struggling Schools, Pre-k, Master Teachers, P-TECH	

**Should academic intervention service proposals be universal, or provide districts with flexibility to meet local needs?**

**Thank you.**