



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

**TO:** State Aid Subcommittee  
**FROM:** Elizabeth R. Berlin  
**SUBJECT:** 2020-2021 Regents State Aid Proposal  
**DATE:** November 1, 2019  
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### **SUMMARY**

#### **Issue for Discussion**

The purpose of this presentation is to further refine the conceptual framework for the 2020-2021 State Aid Proposal.

#### **Reason(s) for Consideration**

Review of Policy.

#### **Background Information**

The annual budget development process traditionally begins with discussions by the Board of Regents about the instructional needs and pressing issues that will face school districts in the coming school year. Given the focus of state policymakers on the Foundation Aid formula and the increasing financial and management challenges faced by school districts across the state, the 2020-2021 budget cycle presents a unique opportunity for the Board of Regents. The Conceptual State Aid Proposal contemplates the following broad categories for the Board's consideration that should set the stage for these ongoing conversations and policy decisions.

#### **Sustained Financial Support for School Districts**

The New York State Senate is currently undertaking a process for reviewing the Foundation Aid formula and considering changes for the future. The Board's Conceptual Proposal can help support that work, while at the same time creating a plan for sustained funding

for school districts to ensure continuing fiscal solvency across the state to the greatest extent possible. To achieve this sustained funding in light of potential changes to the aid formulas in the future, the Conceptual Proposal suggests an overall level of funding that is based on enrollment, need, and wealth growth trends in school district spending and the traditional level of state support of that growth, including a commitment to fully phasing-in the Foundation Aid formula over a three-year period. Rather than focusing on individual formula changes, the Proposal seeks to ensure that policymakers and advocates remain focused on continuing state support for local schools as potential broader reforms are considered.

### **Supporting the State’s Review of the Foundation Aid Formula**

As the State Senate continues its public process of reviewing the Foundation Aid formula, the State Education Department stands in a unique position to support that work. In the early 2000s, before the adoption of the Foundation Aid formula, the Board and SED played a similar role in researching elements that ultimately became the framework for the eventual formula. The Board and Department are in a position to once again provide that support.

Some of this work would be possible utilizing existing resources, but additional work could be undertaken if resources were to be provided to enable SED to hire additional staff and consulting services.

Research could be targeted to issues that are foundational/fundamental to the question of how education funding is generated and distributed. Among the issues that could be considered are:

- The Successful Schools methodology currently used in the Foundation Aid formula, and whether revisions are warranted in light of changes in testing practices in recent years and the ongoing discussions about diploma requirements.
- The Regional Cost Index, which has been frozen at the same levels in statute since 2006.
- Measurements of student need, district fiscal capacity, and the relationship between those elements and student achievement.

### **Providing Financial Technical Assistance to School Districts**

The Conceptual Proposal also contemplates increasing the Department’s capacity to provide technical support on financial and management matters to school districts. This would occur simultaneously with the work described above. School districts across the state experience a diverse array of financial and managerial challenges, and improving the Department’s ability to provide technical support for effective management and governance will help districts use their resources well. It will also guide them through fiscal challenges when they do arise – thus minimizing the disruption to students and staff. Thus, the Conceptual Proposal considers a resource request that would expand the Department’s ability to assist districts in the effective management of their financial operations before challenges negatively impact the

instructional program or require a legislative solution, such as financial bail outs or other state level intervention.

**Timetable for Implementation**

The Subcommittee will finalize the components to be included in its State Aid Proposal and bring a formal 2020-2021 Regents Proposal to the Board of Regents for its consideration and adoption at the December meeting.