



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

TO: The Honorable Members of the Board of Regents

FROM: Elizabeth R. Berlin *Elizabeth R. Berlin*

SUBJECT: Regents 2017-2018 Proposal on State Aid to School Districts

DATE: **December 8, 2016**

AUTHORIZATION(S): *Margaret Elin*

SUMMARY

Issue for Decision

Does the attached Regents 2017-2018 State Aid proposal reflect 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 2016 meeting of the Board of Regents.

Procedural History

Each year the Board of Regents, through its State Aid Subcommittee, develops a proposal on State Aid to support public education. In developing the proposal for the 2017-2018 school year, the State Aid Subcommittee has designed an approach to school finance that provides both fundamental

support for district operating needs and targeted support for critical educational needs identified by the Board of Regents. The recommendations made here will allocate significant new operating funding to school districts through Foundation Aid, and the recommendations will support several of the Board's programmatic priorities. These recommendations are made with the intent of advancing the Board of Regents' primary goal: helping all students in the state meet high achievement standards, and thus closing gaps in academic achievement between some groups of students and the state as a whole.

In September, October and November, the State Aid Subcommittee reviewed information regarding the status of state school funding formulas. As a result of those discussions, the Subcommittee recognized the need to provide substantial increases in basic operating support to districts. The Subcommittee also identified critical educational needs for the State.

The attached proposal presents the results of these discussions. The Full Board has focused on closing achievement gaps through:

- Early childhood education,
- Improved attention to the needs of English language learners' and multilingual learners',
- Career and citizenship readiness, and
- Professional development for teachers and principals.

The State Aid Subcommittee has aligned its fiscal recommendations with these needs. The detailed State Aid proposal comes before the Subcommittee at the December meeting, and the Subcommittee will make a recommendation to the full Board to approve.

Recommendation

It is recommended that the Board take the following action: VOTED that the Regents adopt the attached report as their proposal on State Aid to school districts for the school year 2017-2018.

Timetable for Implementation

The Regents State Aid proposal is an immediate recommendation to the Governor and the Legislature. The Governor will issue his budget recommendations in January and ask the Legislature to approve a State budget by April 1.

Attachments

Attachment 1: 2017-2018 Regents Proposal Summary

(\$ in millions)

Program	2016-2017 School Year	Regents 2017- 2018 Request	Increase
General Purpose Aid	\$17,159	\$18,633	\$1,474
Foundation Aid	\$16,474	\$17,945	\$1,471
High Tax Aid	\$223	\$223	\$0
Academic Enhancement Aid	\$28	\$28	\$0
Charter School Transitional Aid	\$33	\$39	\$6
Reorganization Incentive Operating Aid	\$7	\$7	(\$0)
Supplemental Public Excess Cost Aid	\$4	\$4	\$0
Aid for Early Childhood Education	\$390	\$387	(\$3)
Support for Pupils with Disabilities	\$972	\$1,007	\$35
Public High Cost Excess Cost Aid	\$596	\$608	\$12
Private Excess Cost Aid	\$376	\$399	\$23
BOCES\Career and Technical Ed.	\$1,118	\$1,143	\$25
BOCES Aid	\$867	\$881	\$14
Special Services Aid	\$251	\$262	\$11
Instructional Materials Aids	\$278	\$282	\$4
Hardware & Technology Aid	\$37	\$38	\$1
Library Materials Aid	\$19	\$19	\$0
Software Aid	\$45	\$46	\$1
Textbook Aid	\$177	\$179	\$2
Expense-Based Aids	\$4,643	\$4,918	\$275
Building Aids	\$2,910	\$3,088	\$178
Transportation Aids	\$1,733	\$1,830	\$97
Other GSPS	\$295	\$287	(\$8)
Total GSPS	\$24,466	\$26,270	\$1,805

Support for Additional Educational Needs Identified by the Board

Expansion of Prekindergarten Programs	\$100
Support for English Language Learners	\$100
College and Career Pathways	\$60
Professional Development	\$30

Total	\$2,095
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Note: Some amounts may not add due to rounding.

Attachment 2: 2017-2018 Regents State Aid Proposal

Introduction

Each year, the State Aid Subcommittee makes a recommendation on the required level and nature of state support for public schools for the coming school year. This fall, as part of its annual process, the Subcommittee has considered the emerging educational needs of students around the state, as well as some of the technical elements of the formulas used to allocate state support to public schools. These deliberations have been made with a focus on closing the gaps in achievement that exist between students in different districts and between some demographic groups of students. To address these gaps, the Board has identified several priority educational needs that must be addressed.

In its September, October and November meetings, the State Aid Subcommittee reviewed current levels of state support under the 2016-2017 Enacted Budget. The Subcommittee noted the additional State Aid support which the Governor and Legislature provided for school districts compared to 2015-2016, including the fact that the Gap Elimination Adjustment had been abolished.

During the discussions, the State Aid Subcommittee reviewed the data elements that have been used to make school aid allocations. Board members also considered the fiscal circumstances school districts will face in the coming 2017-2018 school year. Further, the members noted that the Property Tax Levy Limit statute will impact growth in local revenues for many school districts as it did in the 2016-2017 school year. As a result, this constraint on growth in local support for school operations will require that State support for school districts grow to maintain stability in school district operations and staffing. To meet this need, in November in its conceptual proposal, the Subcommittee considered a plan to phase-in the remaining \$4.3 billion¹ in Foundation Aid over three years, as well as providing continued support for the reimbursement based aid programs, and targeted investments totaling \$290 million for the 2017-2018 school year.

The State Aid Subcommittee focused on the need to prioritize directing state funds in a manner that provides the resources necessary for school districts to close achievement gaps for their students. The use of factors such as student poverty, English language learner and disability status to direct more state support to districts that educate students with these characteristics were noted as a critical mechanism for closing the gaps. The

¹ At the time of the discussion, the remaining phase-in totaled \$3.8 billion. However, since the creation of the November 2016 School Aid Database Update, that estimate has been revised to \$4.3 billion through a combination of increased inflation and shifting demographics.

Subcommittee noted that ten years after the original enactment, the current statutory formulas that underpin Foundation Aid would provide \$3.8 billion more aid than the 2017-2018 state budget currently appropriates. Although the Subcommittee has technical recommendations regarding changes to some of the elements of the Foundation formula, it has made providing the long-promised support for high needs school districts and children a centerpiece of its recommendations on State Aid. As a consequence, the Board recommends that the State establish a three year timetable for funding Foundation Aid in full.

The 2017-2018 Regents State Aid Proposal addresses the specific needs of our schools by targeting new support for focused programs. The additional Regents Priority Program requests are as follows:

- Continued Expansion of Prekindergarten Services, including the alignment of existing programs into a single program - \$100 million
- Education of English language learners - \$100 million
- College and Career Pathways - \$60 million
- Professional Development for Teachers and Principals - \$30 million

The following describes, in detail, each of the proposed investments and how they will meet the goals of the Board of Regents and the needs of school districts across the state.

\$1.8 Billion Formula-based Aid Increase

Foundation Aid: Additional \$1.47 billion

Over a decade ago, the Board of Regents proposed Foundation Aid as a means to provide equitable State funding to support instruction that meets Regents standards, with proportionally greater funding flowing to low wealth school districts and districts with a concentration of students who need it the most—those with special education needs, English language learners and economically disadvantaged students. These students currently show the largest achievement gaps relative to the state average and may need extra support to meet the Regents’ college- and career-readiness standards. Districts which serve large numbers of these students are, for the most part, the same districts for which the largest amount of Foundation Aid remains outstanding. The Board maintains its commitment to the Foundation Aid approach and at this time recommends that the state renew its commitment to phasing-in Foundation Aid within three years.

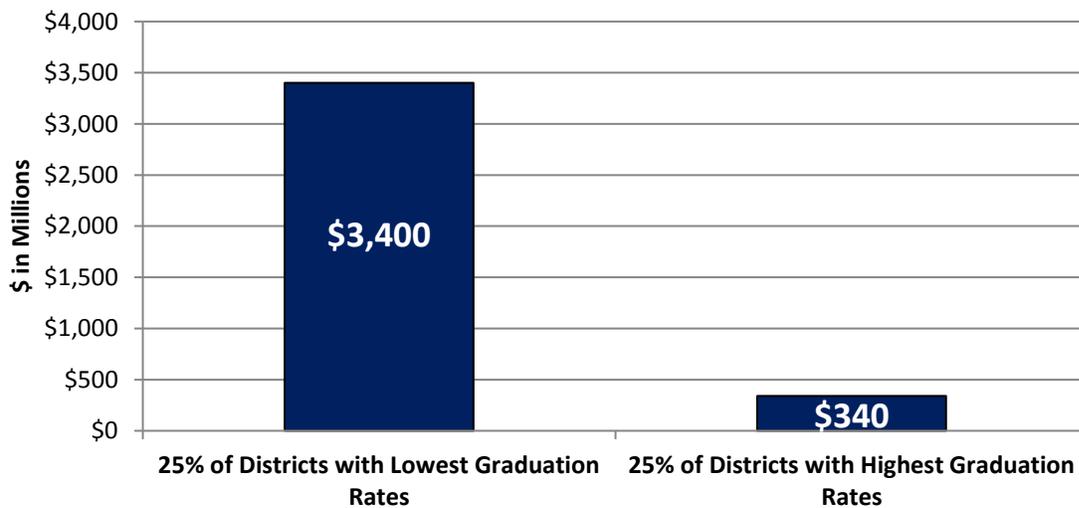
The Board supports the improvement of the formula through the updating of certain components that are frozen or out of date. These improvements include:

- Replacing three-year-average Free and Reduced Price Lunch student counts with counts of students with direct certification in other anti-poverty programs, consistent with the Commissioner’s Chapter 54 Report to the Legislature;
- Replacing the Census 2000 poverty rate data with more up-to-date Small Area Income and Poverty Estimate data from the Census Bureau, consistent with the Commissioner’s Chapter 54 Report to the Legislature;
- Eliminating the 0.65 minimum Income Wealth Index, providing additional funds to low wealth school districts by taking into account their actual wealth; and
- Ensuring that all school districts are phased-in at least at a two-thirds level.

These enhancements ensure that the vast majority of Foundation Aid funding will be allocated to districts with the greatest levels of achievement gaps, as detailed in the chart below.

Chart 1: Remaining Foundation Aid Compared to School District Graduation Rates

The vast majority of remaining Foundation Aid phase-in under the Regents Proposal will go to the districts with the lowest graduation rates in the state.



Reimbursement-based Aids: \$335 million (increase based on current formulas)

The Regents propose funding all reimbursement-based aids at their statutory levels for the 2017-2018 school year. This includes Building Aid (\$178 million), Transportation Aid (\$97 million), Public and Private Excess Cost Aid for special education services (\$35 million), BOCES Aid (\$14 million), and other minor increases (\$11 million).

Priority Investments

1. Expand and Align the State's Prekindergarten Programs: \$100 million

Research has shown that early childhood programs that incorporate certain key elements are an effective way to enable students to begin school ready to learn and to close the early preparedness gaps that cause some children to struggle throughout their school careers. To address this need, the Board recommends expanding New York's investment in early childhood programs by \$100 million in 2017-2018. This expansion would be based on at least \$10,000 per child level that has been used to support expansions of early childhood programs in recent years. The Board recommends that the State align the existing prekindergarten programs to create a single program that:

- Continues funding for Priority Prekindergarten (PPK) programs that are set to expire on June 30, 2018, as well as for the other Prekindergarten grants that expire annually thereafter;
- Provides funding at \$10,000/per pupil for full day programs or two times a district's Universal Prekindergarten allocation, whichever is higher;
- Allocates aid according to a need-weighted formula, not through a competitive procurement;
- Aligns all existing programs with one allocation methodology that ensures high-quality programming and stable long term funding; and
- Provides consistent, rigorous quality standards, streamlined data reporting methodologies, and amended regulations that reflect the current research on quality early education regarding staffing, curriculum, facilities, and other areas. The Department recommends that all of the State's prekindergarten programs be brought into alignment with the quality requirements of the PPK program.

The Board's recommendation for a \$100 million expansion in 2017-2018 for early childhood programs will allow a significant increase in the number of seats available to four year-old children. The Board also recommends a similar increase for the following year to dramatically reduce the number of four year olds around New York State who lack access to high-quality prekindergarten programs.

Under the proposed model, the state would align the elements of the current programs with the high standards set under the PPK program and, as a result support for some existing prekindergarten programs must be increased. Providing at least a per pupil amount of \$10,000 would result in fewer new seats being available for the first year, but would provide

improved quality of existing programs. Once existing prekindergarten seats are funded to provide a high quality experience, available funds would be used to expand quality programs to all children. The current programs have been focused on the districts that serve high-need children, the children that research has shown gain the most from participation in strong early learning programs, so additional support for quality in districts with existing programs will have direct benefits to closing school readiness gaps for our youngest learners. As the program expands over time, the State should ensure that every child has access to early childhood classrooms with the following research-supported characteristics:

- Teachers who are certified in early childhood education and well-prepared to teach our youngest learners, dedicated to their work in early childhood settings, and strong in the areas of cultural responsiveness and family engagement;
- Developmentally-appropriate activities;
- Alignment to developmentally appropriate early childhood standards through New York’s Pre-K Foundation of Learning Standards;
- Linkages to the school-age curriculum that provide good transitions to kindergarten; and
- Effective evaluation practices that keep programs moving toward excellence.

2. Support English Language Learners’/Multilingual Learners’ Success: \$100 million

In 2014-2015, New York served a total of 241,068 English language learners (ELLs) and Multilingual Learners (MLLs). This represented 8.8 percent of the public school students in New York State (NYS). These students spoke over 200 languages. To ensure that these students meet rigorous academic standards that make them ready for college and career, critical stakeholders have been engaged in direct work that promotes and expands academic opportunities for ELLs/MLLs. These stakeholders have recognized that in order to ensure that academically and linguistically relevant instruction is provided to our students, districts must be provided with the appropriate tools, such as assessments in the home language, professional development and instructional resources.

Currently, funding for services for ELLs is provided through Foundation Aid by including the count of ELL students in the pupil need weighting. However, since the full implementation of Foundation Aid has been delayed, districts with large numbers of ELLs/MLLs need additional funding because the amount of aid generated through Foundation aid has not kept pace with the

demand for services caused by the influx of new immigrant students and the need to provide the full range of services required under statute and regulations to students in a variety of languages. Those changes reflected the most current research-based findings in the best practices for the provision of services to ELLs/MLLs and enhanced the level of programming and delivery of instruction to meet their needs. This requires a significant investment to support these services. The Board of Regents recommends an additional \$100 million in focused aid for districts serving ELLs/MLLs.

Funds under Title III Part A: Language Instruction for English Language Learners and Immigrant Students of the No Child Left Behind (NCLB) Act of 2001 were made available in 2016-2017 to eligible Local Educational Agencies (LEAs), including Charter Schools, based on the number of English language learners (ELLs) and immigrant students enrolled in the LEA. These funds are to be used by districts to provide supplemental services for ELLs and Immigrant students, and may not supplant programs required under Commissioner's Regulations Part 154 or a school's charter. Those districts with ELLs and with a significant increase in the number of immigrant students may be eligible to receive both Title III Part A ELL and Title III Part A Immigrant funds. NYSED allocated \$49,769,491 of these funds to districts for Title III Part A ELL, which is a per pupil allocation of \$159 for each ELL to be used for supplemental services. NYSED allocated \$9,331,780 of these funds to districts for Title III Part A Immigrant that experienced a large increase of immigrant students last year as compared to the previous two years.

The Bilingual Categorical Funds support initiatives that address the diverse educational needs of ELLs consistent with NYSED's Regents Policy on Bilingual Education; EL 3204, Commissioner's Regulation Part 154; the Department's Strategic Plan for Raising Standards, Race to the Top Initiatives and the Regents Reform Agenda for the Education of ELLs, and the Commissioner Goals.

The program's general focus is on districts with high-need ELLs and their overall needs. The activities specifically addressed are in the areas of higher standards, new assessments, the preparation and certification of bilingual and ESL staff, parent empowerment to increase their knowledge, understanding and involvement of new requirements, capacity building at the school and district levels, and most especially, the provision of equitable educational and social services for ELLs. For the 2016-2017, Office of Bilingual Education and World Languages received \$15.5 million to use for these programs.

The additional funding would support the following areas:

- **Co-teaching:** Co-teaching approaches will ensure that Integrated English as a New Language (ENL) instruction is age and grade appropriate, academically and linguistically relevant, and that ELLs/MLLs have complete access to the rigorous New York Learning Standards. This approach would match teachers with training and certification in English to Speakers of Other Languages (ESOL) and Bilingual Education (BE) with content area teachers;
- **Family Engagement:** The creation of materials and resources that will enable parents and guardians of ELLs/MLLs to make informed decisions about their children's education. In addition, aid could be used for increasing opportunities for parental engagement, and the translation of resources and materials for parents and guardians of ELLs/MLLs making statewide information accessible in a language that is best understood;
- **Services to Students with Interrupted/Inconsistent Formal Education:** In New York, students with interrupted/inconsistent formal education (SIFE) make up 8.7 percent of the total ELL/MLL population (based on 2014-2015 data). In order to meet the uniquely diverse needs of this sub-population of students in secondary (middle and high) school, support is needed to provide rigorous instruction, appropriate interventions and professional development that accelerate learning for these students;
- **Programs and Services for Newcomers:** Our Newcomer population (those students who have been receiving ELL services for between zero and three years) make up our largest subpopulation of ELLs/MLLs. Newcomers may differ greatly in motivation, quantitative skills, and academic achievement, including amount and degree of formal schooling, level of literacy, and age of arrival. Newcomers benefit from targeted support, including flexible grouping and program placement, ongoing high-quality assessment in all modalities, extended instructional time, and a content based approach to language and literacy, among other interventions.
- **Programs and Services for the Subpopulations of ELLs:** These funds would support programs and intervention for the subpopulations of ELLs, including Long Term ELLs, ELLs who have been identified as Students with Disabilities, Developing ELLs, and Former ELLs. The unique needs of each subpopulation presents challenges for districts, and additional funding would assist districts to provide the necessary

differentiated instruction for each student to become college and career ready;

- **Materials Creation:** This would support the use of materials and instructional resources that are age and grade appropriate, academically and linguistically relevant, and aligned to the New York's Higher Learning Standards; or
- **Professional Development:** Funds would support substantial and sustained opportunities for all teachers and administrators serving ELLs/MLLs, to participate in meaningful and high-quality professional development that builds capacity for the recognition and understanding of the vision and expectations for meeting the diverse needs of ELLs/MLLs.

3. Support for College and Career Pathways through Technical Education Programs: \$60 million

Recent years have shown reduced participation in career and technical education programming, even as the Board was working to incorporate success in the most rigorous programs into the State's graduation pathways. High quality CTE programs are a boon to the state's economy – as they prepare the workforce of the future with the skills employees need on the first day of work. They also ease the transition from school to workforce for students who do not choose to attend college, eliminating years of under-employment that non-CTE prepared graduates can face.

Components of a comprehensive CTE aid package include:

- **Enhanced BOCES Aid for CTE Pathways Programs.** The instructional salary eligible for BOCES Aid has remained fixed at \$30,000 per year since 1992. Since this flat reimbursement amount has not kept pace with the actual costs to employ well-prepared teachers to run strong programs, the state has effectively reduced its direct support for these programs over time. This may have reduced the ability of school districts to send their students to high quality Career and Technical Education programs offered by the BOCES, especially in an era of capped local revenues that make support for the costs of student participation extremely challenging.

To address this issue and reap the benefits of high quality CTE programming both for students and the state's economy, the Regents recommend that the aidable salary for high-quality BOCES CTE

programs be doubled over the next five years, with 20 percent of the gap funded for services provided in 2016-2017, and 20 percent annually for four years thereafter, with any further adjustment necessary to bring the reimbursement salary into alignment with the effects of inflation occurring in the following year. After that, the reimbursement salary level should be indexed to the rates of growth in professionals' salaries (available in federal data) to avoid the re-emergence of similar distortions in the future.

The Board also notes that increasing the BOCES salary cap for all instructional salaries and not just those for teachers in career and technical education programs would be an effective way to encourage the regionalization of services. This would make specialized coursework such as, but not limited to, advanced placement, a larger variety of foreign languages and the arts more available to students, especially as additional Pathways to Graduation are recognized by the Board. This would counteract the reduction in curricular opportunities that has occurred in recent years, especially in districts experiencing rapidly declining enrollments combined with fiscal stress.

- **Enhanced and Expanded Aid for High Quality CTE programs Operated by the Big Five Cities and Non-component School Districts.** The Board recommends that the state change its method of reimbursing the expenses for Career and Technical Education programming for the large cities and other non- BOCES component districts. The current program pays a flat, per-pupil amount, which has not been adjusted for inflation in some time. This has made it difficult for the non-BOCES component districts to maintain quality programs. To reflect the changes in the cost of operating career and technical education programs that provide the rigorous preparation necessary for success in the world of work, the Subcommittee recommends that the reimbursement model for these districts be made more similar to that used for BOCES-operated programs.

In addition, the Big Five Cities currently provide CTE programming for many 9th graders, even though the current funding stream does not consider them to be eligible for aid. Currently, there are over 3,000 such students in Buffalo, Syracuse, Rochester and Yonkers.

Since the existing program is funded on a current year basis, there would need to be a transition to the reimbursement model. The Board recommends that for 2017-2018, these districts would receive funding under the existing model, with additional reimbursement for 2016-2017 services paid at the same levels available for BOCES. Prospectively, the

non-BOCES component districts would then be funded at a level aligned with the BOCES model. Since the formula would support a larger percentage of the costs, these districts could gradually increase the quality of their programming and the number of student places available. These programs, like those in the BOCES, will be expected to move toward the provision of higher quality services, the development of stronger linkages to employment and higher education, and thus result in successful transitions to the world of college or work for their students.

4. Professional Development for Teachers and Principals: \$30 million

As New York State transitions to new standards, the Board of Regents recognizes that teachers, principals and other school leaders need significant preparation for the new work. The Board sees that the state lacks a unified system of delivery for professional development that is necessary to prepare teachers and leaders for the changes to their work, and ultimately close achievement gaps.

New York possesses a depth of professional development expertise, with bright spots in the existing work of groups such as the Staff and Curriculum Development Network (SCDN), which serves the instructional leadership arm of the BOCES, and within professional development initiatives in the Big Five Cities and other districts that do not belong to BOCES. However, these bright spots are not accessible to all teachers and school leaders. All too often, our current professional development structures exclude teachers from the districts with the least fiscal capacity, which tend to serve the students with the greatest academic needs. Additionally, we often fail to provide the type of high-quality, targeted and job-embedded supports that teachers need the most. Like a race car that is not kept in tune, failure to provide quality professional development that is aligned with teachers' and principals' needs limits our capacity to maximize the performance of our entire educational system.

To address this need, the Board recommends the creation of an Instructional Development Fund. This Fund would build upon the existing work of groups such as SCDN and ongoing work in the Big Five Cities, and it will leverage lessons learned from the implementation of previous teacher/leader initiatives undertaken by the Department.

This Fund will support and sustain a stakeholder-guided Statewide Professional Learning Team, which will identify key gaps in both the content of and access to existing opportunities to obtain high-quality, standards-aligned professional

development. The Team will recommend a rigorous statewide approach that:

- Assesses teachers and school leaders' needs for professional development;
- Identifies measures that demonstrate that an approach is high-quality and results in improved professional practice;
- Provides supporting materials for all districts based on their needs and statewide expectations;
- Improves integration of statewide professional learning partners to achieve a more aligned system of support; and
- Provides time, space and support for BOCES and districts, including the Big Five, to identify needs and differentiate professional learning for all teachers and school leaders with stakeholder input.

Once needs have been identified by the Statewide Professional Learning Team, the Instructional Development Fund would allocate funds to support the costs of the:

- Creation of mechanisms to identify and share high quality curricula and curricular resources;
- Development of the high-quality local curricula necessary to ensure that the New York standards are translated into appropriate, vertically aligned learning plans for students across grade levels;
- Strengthening regional networks of instructional professionals who can support the work of their colleagues in school buildings and share promising practices across the state; and
- Coaching and other research-proven support for teachers in communities where these opportunities have been scarce.

These funds would be allocated in a manner that reflects local academic needs and existing academic gaps. We recommend that they be allocated to districts in proportion to the number of students they serve who fail to graduate within four years, using the data released in the prior year. This information can be updated annually and will continue to adjust for the progress districts make over time. This allocation model will direct the funds to the areas of greatest academic need – but due to the strong correlation between poverty of students, low fiscal capacity of the district and poor academic performance – these funds will be distributed in a manner that very closely resembles the distribution of other school aid funds.

In order to receive the funds, districts will be required to demonstrate that they have used them in a manner identified as high quality and consistent with district needs. These programs will be most effective if they complement programming offered within the state's existing professional development

networks and funding sources – but by targeting funds to districts whose students have demonstrated the greatest academic needs – the Instructional Development Fund will provide the financial support necessary to districts that have not been able to participate fully in current models. Preparing our teachers, principals and other school leaders to help their students achieve the standards through an integrated system that ensures that teachers in the districts with the greatest academic needs have access to high quality professional development programming is the best way to maximize our students’ performance, and our return on investment in public education.

Conclusion

The Regents 2017-2018 State Aid Proposal seeks to meet basic school operating needs in a year when local revenues are likely to be limited due to the impact of the Property Tax Levy Limit statutes. It does so by recommending a \$1.47 billion increase in Foundation Aid and that the state continue to fund the reimbursement-based aid programs at their statutory levels.

The proposal also addresses specific educational needs identified by the Board. In particular it recommends increased investment in high quality prekindergarten and career and technical education programs, while also improving the connection and alignment between different streams of those programs. It also recommends new support for the education of English language learners. It proposes the creation of a statewide professional development network, which builds upon and extends existing structures for the enhancement of the capacity of teachers and principals. These initiatives provide the targeted support necessary to overcome particular obstacles to educational success for younger children and college and career readiness for older students. While the amount of funding recommended for these programs is not large relative to the total magnitude of state and local support for public education in New York, their tight focus on the needs to be addressed and the research that defines the best solutions would yield an outsized benefit to our state’s schools and students.