



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

**TO:** State Aid Subcommittee  
**FROM:** Ken Slentz   
**SUBJECT:** 2014-15 Enacted Budget State Aid  
**DATE:** April 28, 2014  
**AUTHORIZATION(S):**   
SUMMARY

**Issues for Discussion**

Does the Board of Regents have any questions concerning Legislative Action for 2014-15? How does this year's budget affect the approach for the development of the 2015-16 Regents State Aid Proposal?

**Reason(s) for Consideration**

Review of policy

**Proposed Handling**

Questions about the State budget as related to School Aid will come before the Subcommittee on State Aid at its April 2014 meeting.

**Procedural History**

The Regents adopted their State Aid Proposal for 2014-15 in December 2013. The Executive Budget was released on January 21, 2014. The legislative budget was approved on March 31, 2014.

**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 and 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 increased by \$1.12 billion, a 5.4 percent increase compared to the prior year.

Attachment 1 provides narrative highlights of the Enacted State Budget, fiscal details of the budget and a comparison with the 2013-14 budget. Attachment 2 provides a brief description of the Performance Management Project that looks at the allocation of school district resources.

### **Recommendation**

For information purposes.

### **Timetable for Implementation**

This discussion will inform the development of the Regents State Aid proposal for the 2015-16. That process begins now, and will continue until the Regents approve their State Aid proposal in late 2014.

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.

## **Attachment 1: HIGHLIGHTS OF THE 2014-2015 ENACTED BUDGET (2014-15 School Year Compared to the 2013-14 School Year)**

### **SCHOOL AID CHANGES**

#### **Overview**

The 2014-2015 Enacted Budget includes \$21.8 billion in funding for General Support for Public Schools (GSPS). This is a year-to-year increase of \$1.12 billion, or 5.4 percent, compared to 2013-2014. The major components of the increase are a Gap Elimination Adjustment Restoration (+\$602 million), Foundation Aid (+\$251 million) and Universal Pre K (+\$340 million). For the second consecutive year, the Enacted Budget school aid increase exceeded the increase that would have been allowed under the School Aid growth cap.

In addition to the increase in school aid, the Enacted Budget authorized the issuance of \$2 billion in State debt that, if approved by voters in a bond referendum to be held in November, would fund enhanced education technology in schools, with eligible projects including infrastructure improvements to bring high-speed broadband access to schools, the purchase of interactive smart boards for classrooms and the purchase of tablet computers for students. Additionally, these funds could be used to support construction of new prekindergarten classroom space, replace transportable classroom units, and for school safety and technology projects.

#### **Key Formula Provisions for the 2014-2015 School Year**

##### **Foundation Aid**

The Enacted Budget includes a \$251 million increase in Foundation Aid for the 2014-2015 school year, which will bring total Foundation Aid to \$15.4 billion. It should be noted that under legislation enacted along with the 2011-2012 budget, Foundation Aid is carried forward at prior year levels, unless specific legislation designating a portion of the allowable growth under the school aid growth cap is enacted. This year's increase of \$251 million was the result of such specific legislation.

##### **Gap Elimination Adjustment**

The Enacted Budget includes a Gap Elimination Adjustment of \$1 billion, a restoration of \$602 million, or 37 percent, over 2013-2014. The restoration formula includes a maximum per district restoration of 70 percent and a minimum per district restoration of \$70,000.

##### **Support for Early Childhood Education**

The Enacted Budget caps Universal Prekindergarten funding at current levels for existing programs. It also adds \$340 million in support for full day prekindergarten programming. Of this funding, \$300 million is allocated to programs in New York City, with the remaining \$40 million to be allocated regionally through a competitive grant process. More detail on early childhood programming is provided below.

### **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 \$9 million from \$539 million to \$548 million, a growth rate of 1.7 percent. Private Excess Cost Aid will increase from \$335 million in 2013-2014 to \$374 million in 2014-2015, an increase of \$39 million or 11.6 percent.

### **Career and Technical Education Aid**

The Enacted Budget continues existing provisions for aid categories that provide the primary support for Career and Technical Education, BOCES Aid and Special Services Aid. BOCES Aid is estimated to increase by \$28 million or 3.8 percent, to an overall level of \$762 million.

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 \$205 million, an increase by \$6 million or 3 percent, over 2013-2014 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. Funding of \$284 million represents an increase of \$4 million or 1.4 percent.

### **Building Aid**

For 2014-15 Building Aid and Building Reorganization Incentive Aid are estimated to total \$2.8 billion, an increase of \$107 million, or 3.9 percent, over 2013-2014.

### **Transportation Aid**

Transportation Aid for operating expenses will be calculated under the existing formula. Transportation Aid and Summer Transportation Aid are estimated to total \$1.7 billion, an increase of \$88 million, or 5.4 percent, over 2013-2014.

### **Charter Schools**

The Enacted Budget includes a new formula for charter school tuition rates. The new formula will increase rates. Charter schools are also granted some support for facilities.

### **Grants**

- **Teacher Excellence Fund:** The Enacted Budget contains \$20 million in support for a Teacher Excellence Fund.
- **P-TECH:** The Enacted Budget contains an additional \$5.0 million in funds to support the expansion of the P-TECH program.

### **Funding for Early Childhood Programs in New York State**

Under the provisions of the 2014-15 State Budget, New York State will provide funding for four distinct early childhood programs intended to serve broad segments of the

State's four year olds. These are the Universal PreKindergarten program (first enacted in 1998), the Priority Full Day K grant program (2013-14) and the New Full Day PreK program enacted this year.<sup>1</sup> These programs generally address similar goals, but integrating three programs with substantially different funding streams and program requirements creates challenges for school districts and the Department.

**Universal PreKindergarten (UPK):** First enacted in 1998 and aligned with Foundation Aid in 2007-08, Universal PreKindergarten uses Foundation Aid's wealth-equalized formula to provide a steady funding stream to 444 participating school districts. This was true even in the midst of the recession. While it is no longer expanding to include additional districts, the \$385 million UPK funding supports a half-day program that serves approximately 100,000 students annually.

**Priority PreKindergarten:** This program, enacted in 2013, is funded under a three year grant of \$25 million annually. It continues for winning districts for the full three years. The first cohort of students is currently in the program. It added 1435 new full day places, and 4069 places converted from half day, as well as 349 new half day places. Districts that scored well on a grant application were awarded these grants under a scoring process that considered district need. Per pupil funding amounts were linked to the existing UPK per pupil allocations. In order for funding to be continued, districts need to meet and uphold the Program Quality Standards outlined in the RFP.

**Statewide Universal Full Day PreKindergarten Program:** The most recently enacted grant program will serve its first cohort of students during the 2014-15 school year. This \$340 million program allocates \$300 million to New York City and \$40 million to programs elsewhere in the state which are successful in a grant application process. School districts, community based organizations, non-profit organizations, charter schools, libraries and museums may be eligible to apply. Instead of using a need-weighted per pupil allocation like the other programs, funding is based on the certification status of the teacher assigned to students

**Targeted PreKindergarten:** Targeted PreKindergarten is a \$1.3 million program that serves high need three and four year old children in three BOCES.

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<sup>1</sup> In addition, the Pre-School Special Education program serves children with special needs who are aged 3-5.

## 2014-2015 Enacted Budget NEW YORK STATE

(all figures in millions)

| Program                                     | 2013-14 School<br>Year | 2014-15 Enacted        | Increase              |
|---|------------------------|------------------------|-----------------------|
| <b>General Purpose Aid</b>                  | <b><u>\$14,235</u></b> | <b><u>\$15,074</u></b> | <b><u>\$839</u></b>   |
| Foundation Aid                              | \$15,181               | \$15,432               | \$251                 |
| High Tax Aid                                | \$223                  | \$223                  | \$0                   |
| Academic Enhancement Aid                    | \$27                   | \$28                   | \$1                   |
| Supplemental Public Excess Cost Aid         | \$4                    | \$4                    | \$0                   |
| Gap Elimination Adjustment                  | (\$1,639)              | (\$1,037)              | \$602                 |
| Charter School Transitional Aid             | \$33                   | \$29                   | (\$4)                 |
| Reorganization Incentive Operating Aid      | \$8                    | \$8                    | \$0                   |
| Aid for Early Childhood Education           | \$398                  | \$387                  | (\$11)                |
| <b>Support for Pupils with Disabilities</b> | <b><u>\$874</u></b>    | <b><u>\$922</u></b>    | <b><u>\$48</u></b>    |
| Private Excess Cost Aid                     | \$335                  | \$374                  | \$39                  |
| Public High Cost Excess Cost Aid            | \$539                  | \$548                  | \$9                   |
| <b>BOCES\Career and Technical Ed.</b>       | <b><u>\$934</u></b>    | <b><u>\$967</u></b>    | <b><u>\$33</u></b>    |
| BOCES Aid                                   | \$735                  | \$762                  | \$27                  |
| Special Services Aid                        | \$199                  | \$205                  | \$6                   |
| <b>Instructional Materials Aids</b>         | <b><u>\$281</u></b>    | <b><u>\$285</u></b>    | <b><u>\$4</u></b>     |
| Hardware & Technology Aid                   | \$38                   | \$39                   | \$1                   |
| Library Materials Aid                       | \$19                   | \$19                   | \$0                   |
| Software Aid                                | \$46                   | \$47                   | \$1                   |
| Textbook Aid                                | \$178                  | \$180                  | \$2                   |
| <b>Expense-Based Aids</b>                   | <b><u>\$4,388</u></b>  | <b><u>\$4,584</u></b>  | <b><u>\$196</u></b>   |
| Building Aids                               | \$2,746                | \$2,854                | \$108                 |
| Transportation Aids                         | \$1,642                | \$1,730                | \$88                  |
| <b>Other GSPS</b>                           | <b><u>\$297</u></b>    | <b><u>\$303</u></b>    | <b><u>\$6</u></b>     |
| <b>Total GSPS</b>                           | <b><u>\$21,009</u></b> | <b><u>\$22,135</u></b> | <b><u>\$1,126</u></b> |

|  |                   |                       |                       |
|--|-------------------|-----------------------|-----------------------|
| <b>New Investments*</b>                | <b><u>\$0</u></b> | <b><u>\$365.0</u></b> | <b><u>\$365.0</u></b> |
| New P-Tech Funding                     | \$0               | \$5.0                 | \$5.0                 |
| Teacher Excellence Grant               | \$0               | \$20                  | \$20                  |
| First Year New Prekindergarten Funding | \$0               | \$340                 | \$340                 |

Totals may not add due to rounding

\* Includes reprogramming of 2013-14 Competitive Grant amounts

## **Attachment 2: Performance Management System**

The Board has encouraged the Department to provide increased support to school districts as they make decisions about the allocation of resources – people, time and money in an environment of fiscal constraint. When the 2013-14 Enacted Budget authorized the State Education Department (SED) to create a performance management system, it was seen as an opportunity to address the Board’s concerns.

**Existing Information Gaps:** The Department has begun the early work of developing the Performance Management System, which, as a long-term project, is envisioned as a data system that helps districts identify areas where resource choices can be further optimized. The first step of this project is to develop an understanding of what information the Department should collect in order to be able to identify these areas. Although SED collects a substantial amount of fiscal data from districts, much of the current collection process is driven by State Comptroller and Federal Census requirements and is focused on either Federal oversight priorities or simple enumeration of certain data elements. This data collection is not intended to inform or improve school district management decisions, and thus it provides limited insight into the nature or effectiveness of school level resource allocation.

**Identifying Gaps:** In order to identify the gaps in our knowledge, SED will use approximately \$3.6 million in Race to the Top (RTTT) funding to engage Educational Resource Strategies (ERS), a nonprofit consulting group, to conduct in depth resource allocation studies in 8 districts in New York State. The reviews will identify the fiscal and other data that are necessary to build a robust system that can inform school districts’ strategic decision-making.

**Benefits to Participating Districts:** The list of participating districts has not yet been finalized, but districts will opt in to participate, based on an invitation from SED that will seek to create an informative pool of districts selected by regional and need criteria. In order to minimize the costs of participation, some RTTT funds will be provided to districts to support their work with ERS. As ERS develops findings within the districts, these results will be shared with the district, providing an opportunity for districts to benefit from a no-cost management consulting engagement.

**Timing:** The in depth studies should begin in participating districts within the next few months. RTTT funding will expire June 2015.

**Statewide Benefits:** ERS will share its findings about key indicators linking choices about people, time and money to student performance goals with the Department in a series of sessions focused on particular topics of interest. This will improve the Department’s ability to provide assistance to school districts in the short-term. Longer-term, it will inform improved, performance-focused, data-collection efforts that will lay the foundation for a data system that can help districts as they navigate their choices.

**Regents State Aid Symposium:** At the Regents State Aid Symposium this past year, an official from Fulton County, Georgia described that district’s progress in using the

findings from a similar study that ERS conducted, also using RTTT funds. Those findings made it possible for the district to recognize the actual costs of certain programs and then re-assign spending from those programs to projects that focused teacher time on the neediest students in the district.