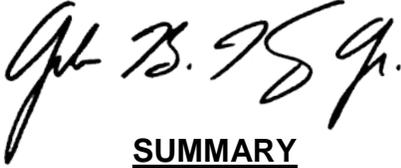




TO: Subcommittee on State Aid
FROM: Ken Slentz 
SUBJECT: Development of 2013-14 Regents State Aid Proposal
DATE: October 2, 2012
AUTHORIZATION(S): 

SUMMARY

Issue for Discussion

Does the Board of Regents support program and policy directions for the Regents State Aid proposal as outlined in the Recommendations section and described more fully in Attachment A? Are these the right directions to pursue and what level of support is appropriate for each of the issues identified?

Reason(s) for Consideration

Development of policy.

Proposed Handling

These questions will come before the Subcommittee on State Aid at its October 2012 meeting.

Procedural History

The Regents reviewed legislative action on State Aid to school districts at their April meeting. The Regents and Department sponsored a School Finance Symposium with statewide representation of educators, researchers, and education and school finance policymakers on September 11, 2012. The purpose of the Symposium was to present options for improving educational outcomes as school revenues become increasingly limited. Department staff presented information on fiscal constraints affecting school districts and the keynote presenter, Dr. Allan Odden from the University

of Wisconsin, shared his formula-based model for school resource (re)allocation to best support student learning in *Improving Student Learning When Budgets are Tight*. School superintendents from Binghamton, Freeport, Ilion, Queensbury and Rochester provided examples of their efforts to address fiscal constraints and reallocate resources within their districts.

Background Information

Each year the Regents Subcommittee on State Aid develops the Regents State Aid proposal through a series of papers including a review of legislative action for the upcoming year, the needs of school districts and resources to support them and various program directions and State Aid solutions. Over the past nine months the Regents have reviewed information on the following issues:

- Executive Proposal on State Aid including early childhood;
- Regional Secondary Schools
- Legislative Action on State Aid including early childhood
- Impact of the Local Property Tax Levy on School Districts
- Proposed development of Educational Opportunity Indicators
- School Finance Symposium: *Improving Student Learning in Fiscally Challenging Times*

Further, despite fiscal constraints, performance data show that while student achievement has improved there is still significant need for continued growth. New York State’s four-year high school graduation rate is about 74 percent (based on the June 2011 graduation data) for all students, but the college and career readiness rate just below 35 percent and the gaps among sub groups are disturbing, as evidenced in the chart below.

June 2011 Graduation Rate (2007 Cohort)

Graduation under Current Requirements	Calculated College and Career Ready
% Graduating	% Graduating
All Students 74.0	All Students 34.7
American Indian 59.6	American Indian 16.8
Asian/Pacific Islander 82.4	Asian/Pacific Islander 55.9
Black 58.4	Black 11.5
Hispanic 58.0	Hispanic 14.5
White 85.1	White 48.1
English Language Learners 38.2	English Language Learners 6.5
Students with Disabilities 44.6	Students with Disabilities 4.4

*Students graduating with at least a score of 75 on Regents English and 80 on a Math Regents, which correlates with success in first-year college courses.

Source: NYSED Office of Information and Reporting Services

Recommendation

It is recommended that the Board of Regents consider the following questions to help inform the development of the conceptual proposal for the 2013-14 Regents State Aid Proposal:

- How can we most equitably distribute new resources to ensure that school districts can maintain programs and improve performance?
 - Should the Board consider options to address the potential volatility of the Personal Income Growth Index?
 - Should the Gap Elimination Adjustment be repealed?
 - Given constrained resources, should the Board consider making changes to expense based aid formulas to improve equity or allow greater allocations through the Foundation Aid formula?
 - How should the State fund an expansion of early childhood education and what resources are available?
 - What role should district competitive grants play?
- What flexibility should be considered for school districts under the current revenue constraints?

Attachment A provides an overview of these topics and issues.

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 2012.

**Issues and Topics for Consideration
Regents Proposal on State Aid to School Districts
for School Year 2013-14**

Should the Board consider options to address the potential volatility of the Personal Income Growth Index?

- Large fluctuations may make it difficult for districts to plan and maintain staff and programs.

How can we most equitably distribute new State resources to ensure that high-need districts receive critical resources? Should the Gap Elimination Adjustment (GEA) be repealed?

- High-need districts were more adversely impacted by the GEA than other districts (despite modest adjustments to the GEA formula made in the 2012 budget).
- It will take a number of years to restore the funds impacted by the GEA

What flexibility do school districts require to operate under the current revenue constraints?

- The Board of Regents has adopted a number of mandate relief measures.
- Additional mandate relief should be considered which allows school districts to continue to operate under the existing revenue caps.

What is the proper balance between expense-based aids and Foundation Aid?

- Expense-based aids have continued to grow even during times when Foundation Aid was reduced.
- The State Building Aid incentives have served the purpose of allowing the majority of school districts to renovate their facilities.

Should early childhood education funding be increased, outside the State Aid cap?

- Research has shown consistently that quality early childhood programs have a very high return on investment and help to avoid the phenomenon of children beginning school behind and falling further behind.

How can resources from multiple agencies be coordinated to support early learners?

- There are programs that have demonstrated that providing comprehensive early childhood education and services is a more effective use of resources and provides better long-term results

What is the appropriate balance between formula funding based on need and competitive grants?

- \$50 million dollars was allocated in 2012-13 for the purpose of supporting grants to school districts for School Performance and Management Efficiency grants.