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Our Students. Their Moment.

## 2016-17 State Aid Outlook

Board of Regents  
State Aid Subcommittee

September 16, 2015



# Overview of Budget Cycle

- **October and November:** Board of Regents develops State Aid proposal; SED releases data for Executive Budget on November 15
- **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 1<sup>st</sup>:** Expected Enacted Budget, release of aid runs

# Key Concepts in School Aid

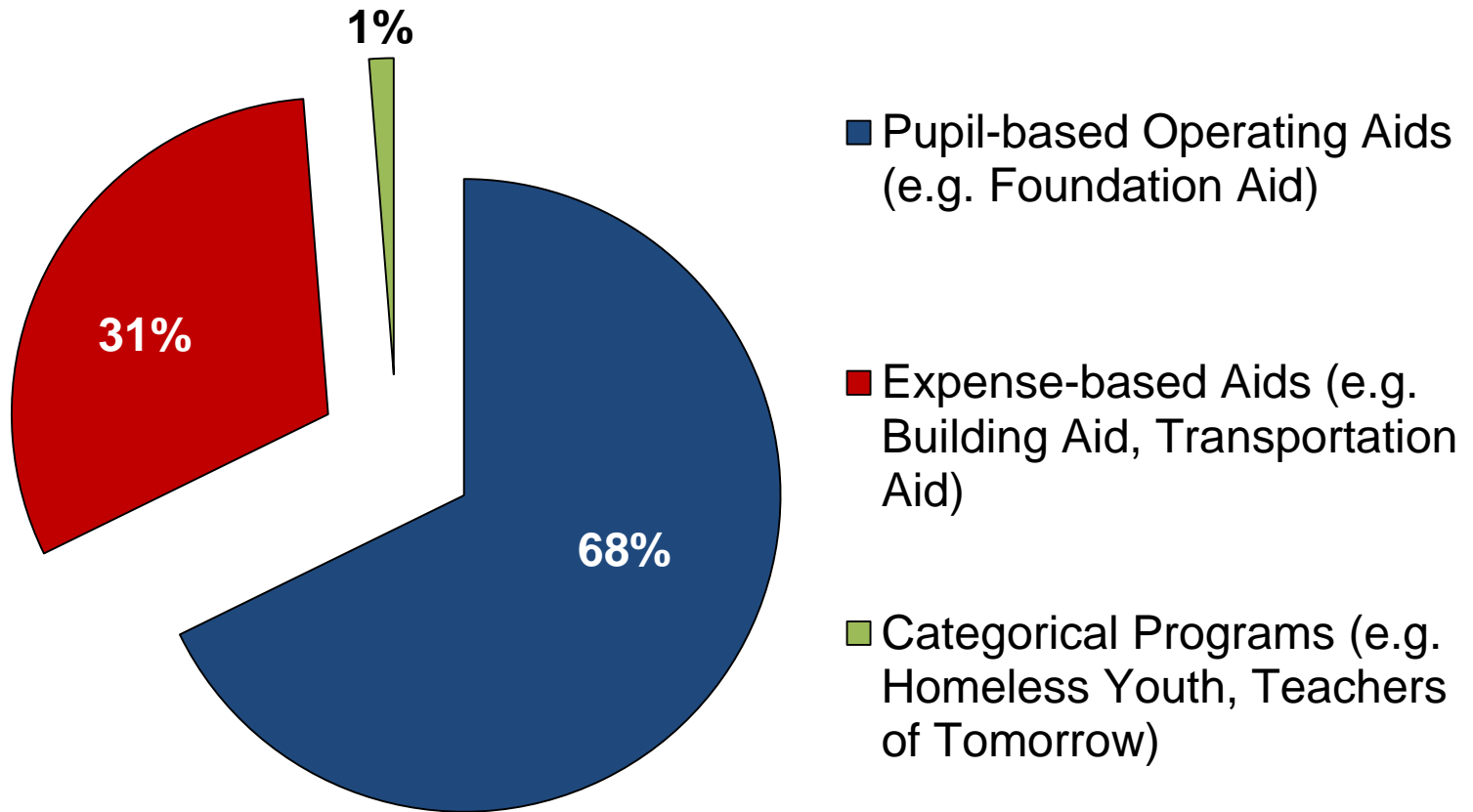
- **State and Local Partnership:** Public education is a state and local partnership. Even the wealthiest districts receive some state aid.
- **Wealth Equalization:** School districts with greater income and property wealth receive less State Aid. In State aid formulas, district wealth is generally measured 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

# Pupil-based operating aid formulas represent the vast majority of state aid provided to districts



# Overview of Aid Types

- **Operating Aids:** General support provided to districts, mostly on a per pupil basis, which may be used for any purpose.
- **Examples:**
  - Foundation Aid
  - High Tax Aid
  - Academic Enhancement Aid
  - Charter Transition Aid

# Overview of Aid Types

- **Expense-based Aids:** Reimbursement for specific district-claimed expenses. Aid is based on progressive aid ratio calculations.
- **Examples:**
  - Building Aid
  - Transportation Aid
  - BOCES Aid
  - High Cost Excess Cost Aid
  - Private Excess Cost Aid

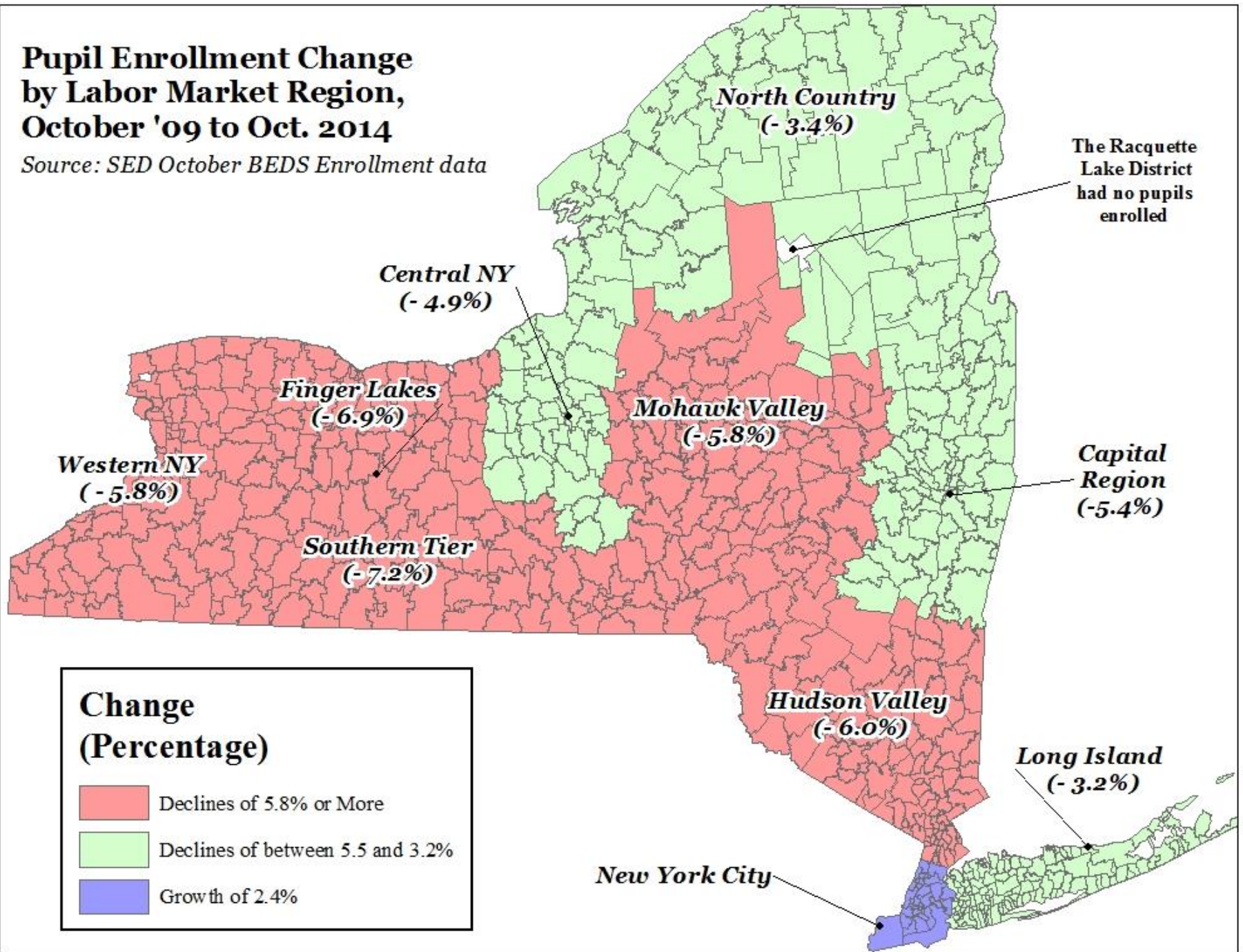
# Overview of Aid Types

- **Categorical Programs:** Other aid categories that have traditionally been considered GSPS, but are not exactly like operating or expense-based aid formulas.
- **Examples:**
  - Education of Incarcerated Youth
  - Bilingual Education
  - Teachers of Tomorrow
  - Native American Education Aid
  - Urban-Suburban Transfer Program

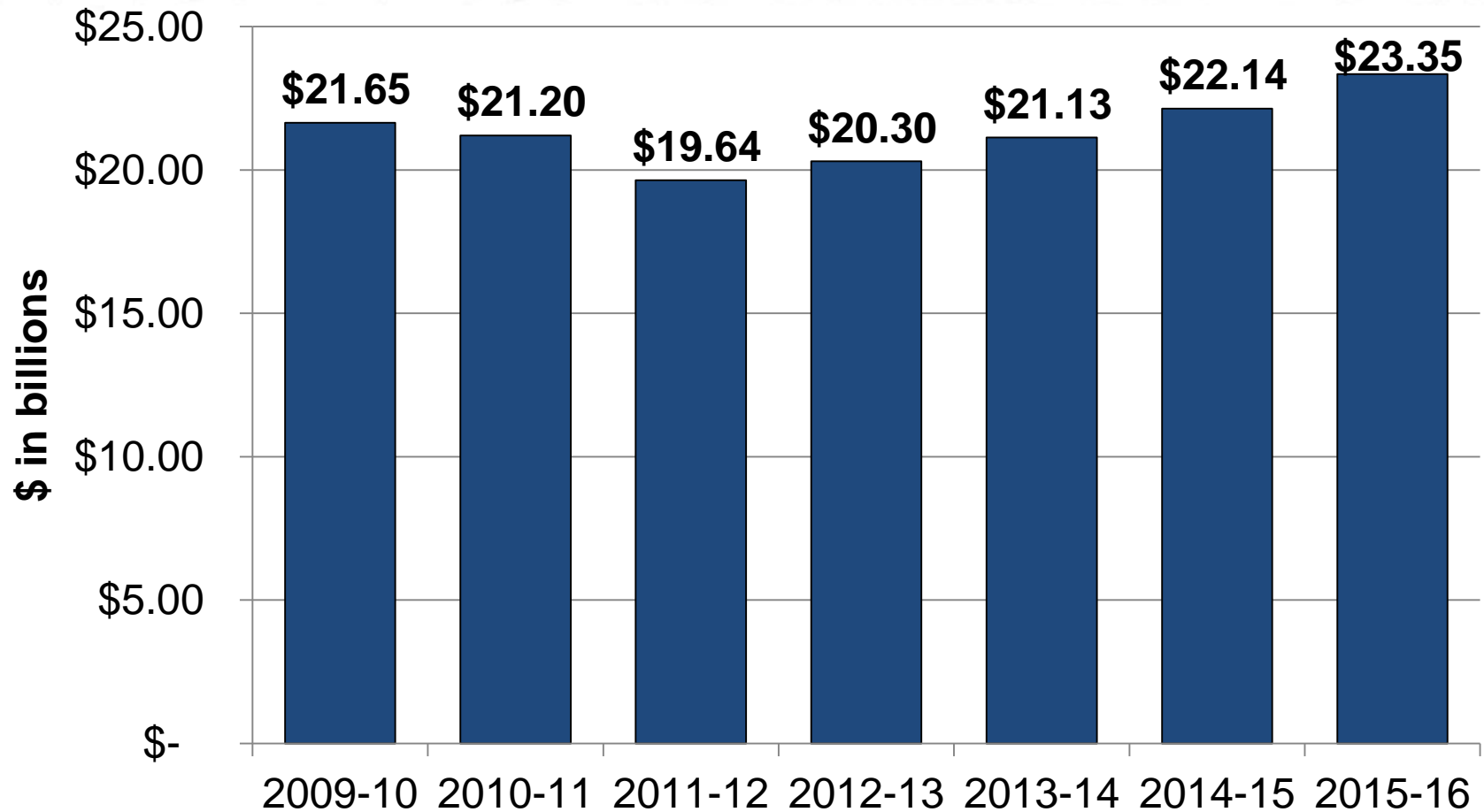


# Pupil Enrollment Change by Labor Market Region, October '09 to Oct. 2014

Source: SED October BEDS Enrollment data



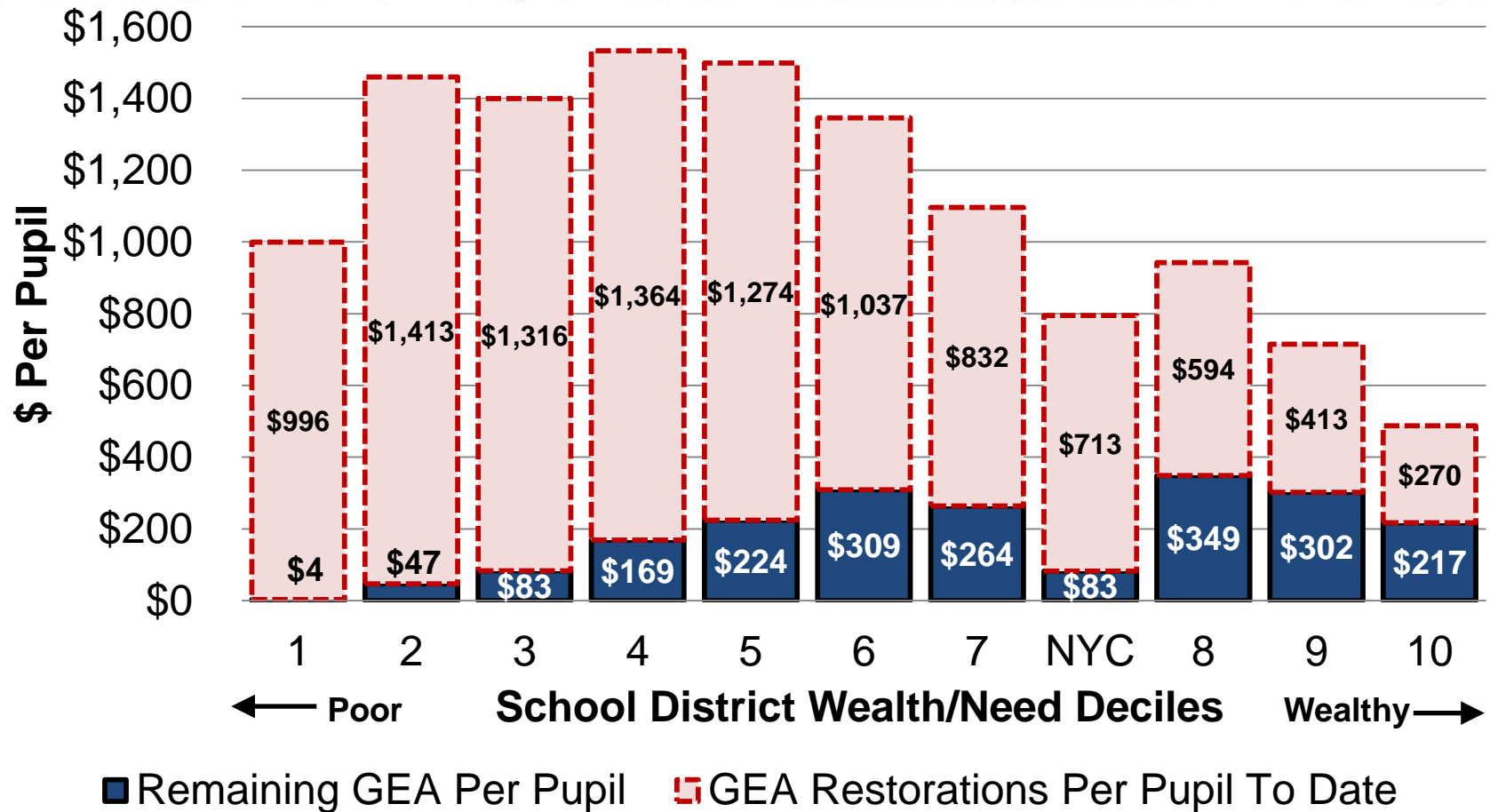
# Total School Aid to school districts is at a historic high



# 2016-17 Challenges

- **The outlook for the State Aid Proposal faces many of the same challenges as in recent years:**
  - The GEA has been mostly restored for high need districts, so additional restorations will be targeted to average and low need districts
  - Additional phase-ins of the Foundation Aid formula will help drive funding to high need districts
  - Short-term changes in district wealth since the recession are leading to slightly lower levels of expense-based aids for high need districts, and slightly higher levels for low need districts

# GEA Restorations have been targeted to lower-wealth districts; Remaining restorations are mostly among wealthier districts.



2016-17 State Aid Outlook

# 2015-16 ENACTED STATE BUDGET

# Enacted Aid Formula Overview

- The enacted budget provides a \$1.4 billion, or 5.9%, increase in state aid to school districts for a total of \$23.35 billion. This includes a \$1.3 billion increase in additional general support for public schools (GSPS) as follows:
  - \$603.1 million Gap Elimination Adjustment (GEA) Restoration
  - \$428.2 million Foundation Aid increase
  - \$268.6 million increase in statutorily-based Expense-based aids

# Comparison to Regents Proposal

The enacted budget's \$1.3 billion increase in GSPS tracks closely with the Regents' proposed \$1.39 billion increase in operating aids:

Aid Category	2015-16 Regents State Aid Proposal	2015-16 Enacted Budget
Foundation Aid	\$526 million	\$428 million
GEA Restoration	\$597 million	\$603 million
Expense-based Aids	\$267 million	\$269 million

However, the enacted budget did not include the Regents targeted investments, including CTE funding, Strengthening Teacher and Leader Effectiveness (STLE) grants, unaccompanied minors, enrollment growth, and a consolidated prekindergarten program.

# Other 2015-16 Initiatives Overview

- In addition to the \$1.3 billion increase for GSPS, the enacted budget provides \$122 million for the following initiatives
  - \$75 million for Persistently Failing Schools Transformation Grants
  - \$30 million in grants to expand prekindergarten for 3- and 4-year olds in high-needs districts
  - \$5 million for an additional round of Master Teacher Program
  - \$3 million for a Teacher Residency Program
  - \$3 million for a Masters-in-Education Incentive Scholarship Program
  - \$3 million for QUALITYstarsNY, the state's early learning quality rating and improvement system
  - \$3 million for a third round of P-TECH grants
- No settlement funds were allocated for education initiatives, including Prior Year Adjustments, which have grown from \$260 million last year to \$330 million