Description of the Formula

Chapter 57 of the New York State Laws of 2007 changed the school funding system by replacing some 30 separate aids with a new foundation formula. The formula has four parts: A foundation amount based on the cost of education in successful school districts multiplied by a pupil need index and a regional cost index, less an expected local contribution. The pupil need index reflects students who typically require extra time and help and is measured by students receiving subsidized meals, English Language Learners and students from geographically sparse areas of the state. The regional cost index measures the relative cost of doing business in various labor force regions of the state as measured by the salaries of professionals other than teachers. The expected local contribution represents each district’s fair share of education funding based on the capacity to raise revenues locally. Districts are given the choice of the better of a state sharing ratio (percent equalizing formula) which most districts choose or a standard tax rate per $1,000 of Full Value adjusted by the income per pupil relative to the State average. For 2010-11 and 2009-10, Foundation Aid is held to the 2008-09 Foundation Aid amount (about $15 billion).

This legislation also continued separate funding for regional shared services (i.e. BOCES and special services aids), school construction, pupil transportation, the education of high cost students with disabilities, instructional materials, high tax, charter school transition and universal prekindergarten.

For 2010-11, a separate $2 billion gap elimination adjustment is calculated for all major school districts based on the lesser of a percentage and formula reduction or a tax effort formula using residential levy as a percent of income. Free and reduced-price lunch, fiscal capacity and enrollment are factored into the reduction formula. The impact of the reduction was tempered by $726 million in remaining federal ARRA funding.

District-Based Components

Density/Sparsity of Small Schools
Sparsity is a factor in calculating the Pupil Need Index. Sparsity is considered a factor in school districts operating grades K-12 with fewer than 25 pupils per square mile. This sparsity factor is not exclusive to “small schools”; enrollment does not specifically affect a district’s eligibility for such aid. Sparsity also potentially affects the Transportation Aid ratio of a school district.
School districts’ enrollment from the year prior to the base year is subtracted from 21 and then that difference is divided by 317.88. The minimum is 0. This sparsity factor is added to the district’s selected sharing ratio to determine the State Sharing Ratio for Transportation Aid for each school district.

**Grade Level Differences**
Secondary pupils are weighted 1.25. This weighting is not a factor in the calculation of one of the Foundation Aid (see first section for description of Foundation Aid) options, and it is used in the calculation of other aid categories.

**Declining Enrollment or Growth**
For Foundation Aid, districts with declining enrollment may select the higher of the base pupil count or a two-year average pupil count.

**Capital Outlay and/or Debt Service**
State Building Aid is based on and paid on an Assumed Amortization Schedule. Depending on whether the work done is reconstruction, additions or new buildings, aid is paid to school districts over 15, 20 or 30 years, respectively. Aid is provided primarily for debt service. The formula is wealth-equalized based on real property wealth of the district with a selection of aid ratios back to 1981-82. Limits for bonded indebtedness are based on the relationship of debt to full value of district property. Limit is 10% of property valuation for non-city school districts and New York City; 5% for city schools under 125,000 population; and 9% for city school districts over 125,000.

**Transportation**
Transportation Aid is wealth equalized with a choice of aid ratios and sparsity adjusted (see section on sparsity). The maximum reimbursement for approved expenses is 90 percent but districts may receive as little as 6.5%. Approved capital transportation expenses are amortized and aided over five years.

**Student-Based Components**

**Special Education**
Foundation Aid is paid for general education and special education students with students with disabilities receiving additional weightings as specified below.

**Pupil Weights for Foundation Aid**

<table>
<thead>
<tr>
<th>Category</th>
<th>Weight</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pupils with handicapped conditions in special class 60% or more or the school day in either public school or BOCES Program.</td>
<td>1.41</td>
</tr>
<tr>
<td>Pupils with handicapping conditions in special class 20% or more of the school week or receiving consultant teacher services a minimum of 2 hours per week.</td>
<td>1.41</td>
</tr>
<tr>
<td>Students moving from a restricted placement into a general education setting.</td>
<td>.50</td>
</tr>
</tbody>
</table>
A High Cost Excess Cost formula provides wealth-equalized aid, in addition to Foundation Aid, for students in very high cost programs in districts or BOCES. A Private Excess Cost formula provides equalized reimbursement for tuition expenses above a basic contribution for public students placed in state-operated or private schools for students with disabilities.

**Compensatory Education**
See pupil need index in Description of Formula.

**English Language Learner/Bilingual Education**
See pupil need index in Description of Formula. In addition, there is a separate Bilingual Education grant of $12.5 million.

**Revenue and Expenditure Information**

**State Mandates Restricting Revenue or Expenditure Increases**
The laws of 1997 imposed a contingent budget cap on school districts whose budget was defeated by the voters (maximum of two votes possible). Upon adoption of a contingent budget, district spending in the subsequent year is limited to the lesser of 120% times the percentage increase in the consumer price index or 4% over the spending from the previous year (some costs are excluded when calculating the contingent budget amount), whichever is less. In addition, there is a limit on the administrative component of a contingent budget.

**Property Assessment Ratios Used/Legal Standards for Property Assessment**
Full value at 100% assessment is used.

**Measure of Local Ability To Support Schools**
For transportation, building and BOCES aids, fiscal capacity is measured by property value per pupil compared to the State average. For Foundation and other equalized aids, a combined wealth ratio equally weights property value per pupil and income per pupil, compared to the respective State averages.

**School District Budget and Tax Rate Procedures/Sources of Local Revenue**
There are 697 school districts in New York State. Five (5) of these districts are fiscally dependent large city school districts. Of the remaining 692 districts, 13 are special act school districts which do not have taxing authority. Therefore, 679 school districts place their budgets before the voters for approval. There is a limit of two (2) votes on a budget and a simple majority is required for approval (see “State Mandates Restricting Revenue of Expenditure Increases” for information regarding contingent budgets). These school districts determine a tax levy amount to be raised from the property owners of the district and work with the counties to establish tax rates. In dependent school districts (the state’s largest cities), local revenue to be applied in the budget is determined by the municipal government.

**State Support for Nonpublic Schools**
Public school districts are reimbursed for costs of purchasing and loaning textbooks to resident non-public school children (up to $58.25 per child). Transportation is provided by the student’s home district and the expenses are Transportation Aid eligible. School districts loan software and
library materials to eligible nonpublic school students. Health services are provided to the students in a non-public school by the district in which the non-public school is situated. The public school district providing the services contracts with any other public school district from which students attending the non-public school are resident. The school district of residence pays for the services.

In addition, non-public schools receive Mandated Services Aid. This aid is paid directly to the non-public schools for expenses associated with meeting state standards, such as testing. The program budget for this aid is approximately $109 million for 2010-11.