



NEW YORK

NOTE: The following is a high level summary of the NYS school finance system and not an exhaustive or comprehensive description of every school aid formula used in the State.

Description of the Formula

Chapter 57 of the Laws of 2007 changed the school funding system in New York by establishing a new school district foundation aid formula. The formula has four parts. First, a foundation amount is calculated based on the cost of education in successful school districts. The “foundation amount” is then multiplied by a pupil need index factor and a regional cost index factor. The foundation aid per pupil is then calculated by subtracting the anticipated local contribution from the district’s adjusted “foundation amount.” The resulting per-pupil figure is multiplied by the district’s pupil count for Foundation Aid, adjusted for enrollment growth and to provide additional weightings for certain students, including students with disabilities, recently declassified students with disabilities and summer school students.

The pupil need index reflects the added cost for students who typically require extra time and help and uses weighted factors to account for the extra costs. The weighted costs include measures of poverty, English language proficiency and geographic sparsity. The regional cost index is used to make adjustments based on regional variations in the relative cost of doing business in various labor force regions of the state as measured by the salaries of non-school professionals. The expected local contribution represents each district’s fair share of education funding based on the capacity to raise revenues locally compared to the state average. 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. The 2014-15 State budget includes \$15.4 billion for Foundation Aid.

The 2007 legislation also continued separate funding for regional shared services (BOCES Aid), career and technical education, school construction, pupil transportation, the education of high cost students with disabilities, instructional materials, high tax aid, charter school transition and universal prekindergarten.

District-Based Components

Density/Sparsity of Small Schools

There is no specific density or sparsity aid category. Sparsity is a factor in calculating the Pupil Need Index for Foundation Aid. For some districts, the sparsity factor can also potentially enhance the aid ratio for Transportation Aid. 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,” nor does it affect a district’s eligibility for aid.

Grade Level Differences

Secondary pupils are weighted 1.25. This weighting is not a factor in the calculation of Foundation Aid (see first section for description of Foundation Aid); however, it is used in the calculation of pupil counts for some 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 paid on an assumed amortization schedule. For each approved capital project, an assumed amortization schedule is generated based on the total approved project cost (the principal), a statewide average interest rate and a term of 15, 20 or 30 years for reconstruction projects, additions and new buildings, respectively. (The interest rate from actual borrowings is used for projects funded through the Dormitory Authority of the State of New York and for fiscally dependent school districts.) State Building Aid is based on the assumed annual aidable debt service amount for each project (not actual debt service) multiplied by an aid ratio.

Limits for bonded indebtedness are based on the relationship of debt to full value of district property. The 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 paid based on expenses for general operations, the purchase of buses and other equipment, and contracted transportation services. The maximum reimbursement for approved expenses is 90 percent and the minimum is 6.5 percent. Approved capital expenses for transportation are aided based on assumed amortization schedules whether or not the district actually issued debt. For example, for each bus purchased by the school district an assumed amortization schedule is generated for aid purposes based on an approved cost (the principal), a statewide average interest rate and a term of five years.

Charter Schools

Charter schools:

Districts make payments to the charter schools their resident pupils attend based on student counts reported to the resident district by the charter school. The payments are based on a calculated per pupil annual tuition amount determined in statute. Charter schools may also

receive from school districts the aid attributable to certain students with disabilities if the charter school provides the special education services. School districts provide textbooks, instructional hardware and software and library materials to charter school students pursuant to statutory loan programs. Transportation may be provided by school districts in accordance with statute and regulation. Charter schools approved for co-location may co-locate in public school buildings without cost and use the operations and maintenance services without cost. There are additional requirements for the New York City School district with respect to providing charter schools access to school space and facilities services. In 2014-15 \$4.8 million in additional discretionary funding is available to some charter schools to support startup and facilities costs.

Health services are provided to charter school students by the district in which the non-public school is situated. When students attend charter schools outside of their district of residence, the district of residence must contract with the district where the charter school is located for the provision of such services. The school district of residence pays for the services.

Districts:

Charter school pupils are included in all of a school district's pupil counts used to calculate the district's state aid. In addition, districts other than New York City that reach a certain threshold of charter school enrollment as a percentage of total resident enrollment, or a threshold of general fund charter school payments as a percentage of total general fund expenditures, are eligible to receive Charter School Transitional Aid. Approximately 20 public districts will receive an estimated \$29 million in 2014-15. The New York City School District is eligible for Charter School Facilities Aid if the district expends at least \$40 million on the provision of space and facilities services to charter schools.

Other

n/a

Gap Elimination Adjustment (GEA)

Due to revenue constraints caused by ongoing economic difficulties, the State provided reductions in State aid in the 2009-2010 school year through a Deficit Reduction Assessment and in the 2010-2011 and 2011-2012 school years through a Gap Elimination Adjustment to close the gap between budgeted State expenditures and the revenue available to support those expenditures. As a result of the GEA, the amount of State aid districts receive is reduced by a formula called the GEA.

Beginning in the 2012-2013 school year, the State implemented Gap Elimination Adjustment restorations and other significant school aid increases.

Student-Based Components

Special Education

Foundation Aid is used for general education and special education students, with an additional weighting for students with disabilities.

A Public Excess High Cost formula provides wealth-equalized aid, in addition to Foundation Aid, for the costs of educating students with disabilities who must be served in very high cost programs in districts or BOCES. A Private Excess Cost formula provides wealth-equalized

reimbursement for tuition expenses above a basic contribution for students placed in state-operated or approved private schools for students with disabilities. A separate program supports preschool special education services.

Low Income / Comp Ed / At-Risk

See pupil need index in Description of Foundation Aid Formula above.

English Language Learner/Bilingual Education

See pupil need index in Description of Foundation Aid Formula above. In addition, there is a separate Bilingual Education grant of \$12.5 million.

Gifted and Talented

There is no specific funding formula for gifted and talented.

Career and Technical Education

Districts that are members of regional Boards of Cooperative Educational Services (BOCES) can participate in BOCES career and technical education programs. Aidable expenses for approved BOCES programs are partially reimbursed through BOCES Aid. Special Services Aid for Career Education is also available to the five largest city schools districts and four other non-component districts that are not served by one of the 37 BOCES to partially reimburse their expenses for career and technical education. Both formulas are wealth-equalized.

Preschool Education

Following are the major programs and approximate funding levels supporting preschool education:

- Universal Prekindergarten Grant (\$385 million, with two-thirds of the school districts participating);
- Priority Pre-K Grant Program (\$25 million);
- Targeted Pre-K Grant (\$1 million);
- Full-day Universal Prekindergarten Grant (\$340 million starting in 2014-15);
- Preschool Special Education (\$1 billion to fund the state's share of costs for 3- and 4-year old children with disabilities).

Other

School districts that are components of a Board of Cooperative Educational Services (BOCES) are eligible for BOCES Aid. BOCES may provide services on a cooperative basis upon the request of two or more component school districts with the approval of the Commissioner of Education. The aid is provided to the school districts as partial reimbursement for payments previously made to BOCES for eligible services.

Revenue and Expenditure Information

State Mandates Restricting Revenue or Expenditure Increases

Chapter 97 of the Laws of 2011 imposed a property tax cap on fiscally independent school districts starting in 2012. School district property tax levy increases are capped at the lesser of 2

percent or the rate of inflation with certain limited exceptions. Eligible residents vote on the designated day in May to accept or reject the budget proposed by the local school board. The budget may exceed the tax cap if at least 60 percent of the voters pass it. Districts have two chances to pass a budget; after that a contingency budget takes effect, limiting spending to the same as the prior year.

Property Assessment Ratios Used/Legal Standards for Property Assessment

Full value at 100% assessment is used wherever property value is used in the calculation of school aid formulas.

Measure of Local Ability To Support Schools

For Building Aid, fiscal capacity is measured by property value per pupil compared to the State average. For Foundation and some other equalized aids, a combined wealth ratio equally weights property value per pupil and income per pupil, compared to the respective State averages. For Transportation Aid and BOCES Aid the formula includes a selection of the most beneficial aid ratio from among more than one option; for these aids the fiscal capacity measure can vary depending on the selected aid ratio.

School District Budget and Tax Rate Procedures/Sources of Local Revenue

Approximately 674 school districts place their budgets before the voters for approval. There is a limit of two (2) votes on a budget and until 2012 a simple majority was required for approval (see “State Mandates Restricting Revenue of Expenditure Increases” for more detail). 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. The five (5) largest city school districts are fiscally dependent and voters do not approve the school district budget. In dependent school districts, local revenue to be applied in the budget is determined by the municipal government.

State Support for Nonpublic Schools

Public school districts are partially reimbursed for the costs of purchasing and loaning textbooks to resident non-public school children. Districts are also partially reimbursed for the purchase and loan of instructional computer hardware, software and library materials to resident and non-resident students attending non-public schools located within the district. Transportation is provided by the student’s resident district and approved expenses are Transportation Aid eligible.

Health services are provided to the students in a non-public school by the district in which the non-public school is situated. When students attend private school outside of their district of residence, the district of residence must contract with the district where the private school is located for the provision of such services. 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. In addition, the state provides aid for school safety equipment and academic intervention services for non-public schools.