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Rockefeller Institute Foundation Aid Study Comments from Westchester Putnam School Boards Association

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The purpose of New York’s Foundation Aid is to ensure that every school district has sufficient funding to provide students with a “sound, basic education”. At the Westchester Putnam School Boards Association, we believe that is best accomplished with an aid formula that guarantees:

- The needs of students to be ready to learn are taken care of, including food, transportation, building operations, physical security and mental health.
- A robust academic program can be provided to each student, including not only classroom teachers, but teachers in subjects such as the arts and physical education, plus library media specialists. In addition, curriculum and professional development are needed to ensure that the academic program continues to be appropriate for the needs of students in our ever-changing world.
- Assistance is available to ensure that all students will be civically prepared and are college or career ready. This requires supports for special education students, English Language Learners and transition planning/guidance for all to make their way successfully beyond high school to the next step in their lives – be it work or post-secondary education.
- All of these educational and student supports will be available to children through the entirety of their K-12 education. This requires a funding formula that provides predictability and transparency, assures that the local costs of educating students can be met and that community or non-academic supports are consistently available (e.g., community schools, school-based mental health clinics, after-school activities).

The Foundation Aid formula, and the pre-2007 data still used in the calculations, requires updating, at a minimum. A substantive rewrite of the formula will safeguard a sound, basic education for all students in New York.

Updating the Base Foundation Amount

The base foundation amount is essentially an inflation-adjusted amount from the 2003 “successful schools model” study. Since 2003, schools have had to provide much more for

students to successfully graduate from high school and be prepared to be civically engaged, college or career ready, including:

- Providing breakfast and lunch beyond the minimum covered under the federal School Meals Program.
- Transportation costs have not only risen, but are expected to rise substantially as upcoming new mandates for zero-emission buses must be paid for.
- Few school buildings have been built in the lower Hudson Valley since the institution of the Foundation Aid formula – so we are maintaining buildings that are twenty years older, and suffering from the effects of climate change – including flooding, ventilation and heat amelioration costs.
- In a post-Newtown era, the costs of physical building security have increased substantially. In addition, cybersecurity was not an issue twenty years ago, but is a noticeable threat to school districts in 2024.
- Student mental health needs were on the rise prior to the COVID-19 pandemic and have increased substantially since 2020.
- Curriculum and professional development requirements continue to mount for school districts as we look to the future of success of our students in managing technology and learning productive civic engagement. In addition, continuous research and new mandates have provided districts with many new programs that require strong professional development, including, most recently, the culturally responsive-sustaining education framework and the science of reading initiative.
- Increased emphasis on career and technical education (CTE) to provide additional options for students to prepare for the future outside the walls of their school building, and the guidance support to assist them into the next phase of their lives either in post-secondary education and/or the workforce.

Clearly, work needs to be done to determine an appropriate base Foundation Amount. In the longer term, the potential for a more in-depth consideration of the behavior of costs in public education should look at district and building level costs independently of annual enrollment and provide funding for those costs that are not affected by the number of pupils in the building.

Funding Additional Education Needs of Students

The Pupil Needs multipliers in the current formula are intended to account for the additional educational needs of students with certain demographic characteristics. Currently, these multipliers are applied to three demographic categories – Economically Disadvantaged, English Language Learners and Students with Disabilities.

1. Economically Disadvantaged

The measurement of this demographic characteristic is inappropriate for New York State in 2024. Free and Reduced Price Lunch (FRPL) is based on a nation-wide family income level that bears little resemblance to the cost of living in NYS – especially in the high-cost suburbs of the lower Hudson Valley. We recommend the use of the United Way’s ALICE (Asset-Limited, Income-Constrained, Employed) measure for poverty. The latest data available shows that:

INCOME CUTOFFS FOR POVERTY MEASURES

Poverty Measure	Westchester & Putnam	New York State
Free & Reduced Lunch (USDA 2024-25) household of 4	\$57,720	\$57,720
ALICE (YMCA 2022) family of 2 adults, 2 children	\$92,292	\$74,544
ALICE (YMCA 2022) family of 2 adults, 2 preschool children	\$114,432	\$94,716

From: <https://unitedforalice.org/Household-Budgets/New-York>

Of course, since the institution of the Foundation Aid formula, many districts have only “counted” enough students periodically to maintain their Community Eligibility for the federal school meals program, thereby undercounting how many students in a given district are actually eligible for FRPL.

2. English Language Learners (ELLs)

The current index for ELLs is based on a mid-2000 study and results in one numerical multiplier that does not reflect either current costs of educating students who are learning a new language or the breadth of student needs in the ELL population. Updating the ELL index to better reflect the actual costs and needs of students in this population is desperately needed. The needs of a newly arrived refugee student coming into high school with no knowledge of English, little formal education in their first language and a traumatic background must be reflected in the Pupil Needs Index, as well as the student entering kindergarten whose parents speak a language other than English at home.

3. Students with Disabilities (SWDs)

The cost of special education and the number of students being identified have risen tremendously over the past two decades. Similar to ELLs, the use of a standard multiplier suggests that school district costs for a student needing an aide, entry into a co-taught classroom, additional services outside the classroom time or a residential out-of-district placement are similar. Again, gradations of assistance with the cost of providing an education to students with varying disabilities is critical to ensuring that

the cost of one out-of-district placement from a small school district is not devastating to the general education budget.

Local Costs Vary Tremendously in New York State

The lower Hudson Valley has been affected by a Regional Cost Index that stretches across seven counties far beyond the New York metropolitan area. School districts within easy commuting distance of New York City, such as Westchester and Putnam, are effectively competing with salaries offered in the city and surrounding suburbs. Commuter communities near to NYC tend to have similar high costs whether they are located close to Queens (Long Island, which is part of the LI/NYC regional cost index) or the Bronx (Westchester, which is part of the Hudson Valley regional cost index that stretches up to Sullivan county). A more nuanced approach that divides the state up into more than seven regions would better reflect the true costs of local districts.

Property Tax Levy Cap Changes Local Contribution

The current local contribution expectation is based on two factors that determine the community's "ability to pay" relative to other communities in New York State. The Combined Wealth Ratio (CWR) is an equal weighting of property wealth and income wealth in the local community. In communities where property wealth has grown significantly faster than income wealth, such as in the suburbs of New York City, the "paper wealth" of houses with higher values due to scarcity is of little use in paying high levels of property taxes, which must be paid annually from actual income.

In addition, the advent of the property tax levy cap AFTER the development of the Foundation Aid formula has clearly impacted the ability of school districts to raise property taxes. While school budgets within the property tax cap are typically successful in the May community vote – in May 2024, 98.7% of tax-cap compliant school budgets passed on the first try. Less than 5% of districts even attempted an override in 2024. Since the tax cap was instituted in 2012, only approximately two-thirds of override budget votes have been successful on the first try (*NYSSBA Press Release, 05/22/2024*).

Clearly, the community's ability and willingness to pay is much more predicated on the amount allowed under the tax levy cap, rather than the CWR. Adjusting the expected local contribution in the formula will simply confirm what is clearly already true – the tax levy cap has become the marker of whether a community will or will not pay towards the cost of public education.

Longer Term Suggestions for Evaluating the School Aid Formula

New York State has an incredibly diverse range of communities – and a wide range of school districts that serve them. Although the current Foundation Aid formula attempts to account for this diversity by incorporating elements related to enrollment, pupil needs, regional costs and community wealth – a true look at cost behavior in a school setting is needed to determine what is necessary to ensure a sound, basic education for every student in New York State in 2024 and into the future. The key assumption underlying the current formula is that costs are tied to enrollment. While there are costs that are certainly step functions related to enrollment levels (e.g., number of classroom teachers), there are substantial fixed costs involved in school finance (or at least fixed within a wide range of enrollment). Many of these largely fixed costs (or perhaps building-based costs) have been growing at a substantial rate since 2007 – including programs for student mental health, costs for physical security (including SROs or security staff), cost of cybersecurity, and costs of expanding curricular offerings and providing professional development (e.g., media literacy, civics, science of reading, etc.). The costs of many of these items are independent (or largely independent) of enrollment levels. A true revision of the Foundation Aid formula in the long term should carefully assess the behavior of many of the critical costs of ensuring that all NYS students learn and thrive.

Predictability and Transparency

Having seen several of the statewide hearings on the Foundation Aid formula, the Rockefeller Institute has been starting the conversation with a slide filled with boxes designating the current formula. It is largely unreadable and incomprehensible. A clear definition of the levers in the formula and how they come together will also provide needed transparency, allowing school business officials to advise superintendents and boards of education regarding the impact of potential changes in the student population (for example) on the expectation of Foundation Aid in coming years. School districts must be able to plan for the future, and a critical piece of planning is estimating revenues on a multi-year basis. Ensuring that a revised Foundation Aid formula is adhered to will improve the predictability of the formula. Currently, districts are given a general idea in January of what they can expect to receive in aid in the coming year, but this number changes after the state budget is determined. Truly this is not helpful, as school boards must approve budget proposals in April to send to their communities for the May vote. This does not permit districts to successfully undertake long-term planning for upcoming school years.

Thank you for your consideration of the recommendations of school board members who are always balancing the needs of students and local communities.