



NEW YORK STATE LEGISLATURE WESTCHESTER DELEGATION

September 4, 2024

SUNY Rockefeller Institute of Government
411 State Street
Albany, NY 12203

Re: Foundation Aid Study

Dear Foundation Aid Study Group,

We are writing as members of the State Assembly Westchester Delegation to identify issues you should consider as the Rockefeller Institute develops recommendations for changes to the Foundation Aid formula. We represent districts serving students with a wide range of needs and districts carrying the full range of classifications from high-needs to low-needs districts.

We want to take this opportunity to point out some of the financial barriers preventing school districts from providing the highest quality education to all students. We write to detail some of the funding challenges faced by the districts we represent.

As the institute continues to review the current formula, we urge you to consider the following:

1. The existing formula places high value on the use of assessed property value as a factor in determining aid. **Currently, and for decades, school aid formulas used by New York State, including the Foundation Aid formula, have penalized districts in higher assessed value counties and shortchanged high-needs districts in those counties.** In Westchester, high-needs districts have been penalized compared with districts with similar student profiles, economic metrics, and funding needs in other parts of the state. All our districts have been impacted negatively.
2. For decades, the Save Harmless protection has guaranteed school districts continue to receive as much operating aid as they received in the prior year. **Save Harmless must be kept in place.** State aid and locally raised revenues rarely keep pace with increased costs. In last year's executive budget proposal, approximately half the districts in the state would have suffered a reduction in state funding.

Many school districts, including some districts in our region, receive very little state

aid, as little as 3 percent but still have tremendous State obligations. Elimination of Save Harmless protection results in reductions in services, often to districts already funding practically all their education budget through local property tax dollars. Elimination of Save Harmless will require more districts to seek tax cap overrides. To compound the problem, higher needs districts are far less likely to be able to succeed in winning voter approval of a tax cap override than other districts.

In the last budget, the proposal to eliminate Save Harmless would have damaged school districts for all the above reasons. Additionally, proposing to take away crucial monies from schools so abruptly and at a time they are trying to prepare their budgets for the following year, puts our schools, and our students, in an unfair and precarious financial position.

3. Foundation Aid is intended to drive unrestricted aid to districts according to *need* and *ability* to pay. However, the current formulas are based on average income and assessments, which can never adequately reflect all the nuances in each district. **Any updated formula should be based on the median, not the mean**, which is a more accurate measure of a district's property wealth and ensures a few extremely wealthy outliers, a common occurrence in many school districts, are not skewing the data.
4. Since the implementation of the Foundation Aid formula, state aid has reduced reliance on expense-based or categorical aid categories. This shift has reduced the ratio of state support based upon actual experience of school districts. In most years, state aid does not adequately consider increases in the number of students with disabilities (SWDs), transportation aid, or other categorical aid lines. Within Foundation Aid, state aid does not adequately account for increases in student population or for funding of English Language Learners (ELLs).

Expenditure-driven aids are especially important for districts receiving a small percentage of their total budget in Foundation Aid. Categorical aid lines have allowed schools to continue to provide critically important services, like educating SWDs and transportation aid. **The State should increase the number of expenditure-driven aid categories and increase funding to those budget lines.**

Importantly, the number of SWDs, ELLs, and transportation needs vary from year to year, requiring districts to use more of their Foundation Aid to pay for these costs, meaning there is less funding available for services and programs for other students. **In categories where these numbers fluctuate from year-to-year, expense-driven aid is the only fair way to ensure our schools have the resources they need for specific populations, while not adversely impacting the distribution of school funding to other students.**

5. Regarding Building Aid, **keep the Select Aid Ratio and do not opt for Current Aid Ratio** as has been proposed in prior Executive Budgets.

Eliminating the Select Aid Ratio option in favor of a Current Aid Ratio would force many school districts to forego much needed building projects, as the cost to the taxpayer would be prohibitive.

6. The Regional Cost Index (RCI) needs to be updated to accurately reflect the cost of doing business within a region. The current RCI groups Westchester and Rockland County with rural counties, as far north as Sullivan, that have a significantly lower cost of doing business. As a result, Mount Vernon City School District has lost \$2.3M annually since the inception of Foundation Aid or about \$36M in state aid over the last 17 years. Each year, other school districts in our region have been adversely impacted by the inaccurate RCI like Mount Vernon has since 2007. **A new formula should align Westchester school districts with the NYC and Long Island regional factor index.**
7. When the Foundation Aid formula was established in 2007, a “High Tax Aid” category was included. Prior to the creation of a High Tax Aid category, Nassau and Suffolk counties had received a certain “share” or percentage of the overall State Aid budget each year and the new category allowed for these counties to maintain those “shares.” Since 2014, High Tax Aid funding has been frozen at \$223.3M. Of that amount, Suffolk and Nassau Counties receive \$88M and \$58M, respectively, or about 65% of the total aid category. In contrast, Westchester County receives approximately \$11M, or 5 percent.

The distribution of High Tax Aid monies is inherently inequitable given the formula is significantly based on the RCI, which, for reasons outlined above, is unfair. While the \$11M in High Tax Aid our communities receive is nominal, schools have grown reliant on this funding, so it must not be eliminated. **Rather, the formula should be updated to ensure a fairer distribution of funds and one that reflects the high property taxes a community pays.**

8. While the Tax Cap is not a part of the formula directly, it has an impact on how school districts address rising costs. We suggest the Institute make a recommendation on the Tax Cap and consider:
 - a. Now that inflation is significantly higher than 2%, absent state support, districts won't be able to even maintain programming at current levels as inflation on existing costs consumes more and more of the levy. **Therefore, the 2% limit should be converted to the greater of 2% or inflation, so that districts are more able to address rising costs.**
 - b. The Office of the State Comptroller (OSC) calculation of “available tax levy carryover” limits a school district's ability to return tax savings to taxpayers. As a result, districts will tax to the maximum allowable under the Tax Levy Calculation. If the carryover calculation were simply the

difference between the maximum allowable and what was actually levied, districts would know if they needed to raise more dollars in a subsequent year. **The difference should be allowed to carry over to a subsequent year when the funds are needed and the capital tax levy amount from bonding should not count when determining the formula for “available carryover.”**

- c. By not counting the value of properties assessed under a Payment In Lieu of Taxes (PILOT) agreement in the Tax Base Growth factor, the current tax cap law ignores increases to a community’s tax base. The intent of the Tax Base Growth Factor is to ensure that, as a community grows, so too should its revenues to recognize that the community is providing services to more residences. **The quantity change factor, used to determine the Tax Base Growth factor, should include the value of new assessment exempted under a PILOT agreement.**
9. Currently, 89% of NYS school districts are participating in the Community Eligibility Provision (CEP). The CEP is an alternative to the household eligibility applications for free and reduced-priced lunch (FRPL). As a result of more districts participating in CEP, fewer families are completing FRPL applications and as the FRPL 3-year average declines, districts see a reduction in their Foundation Aid amount. **A multiplier of the average FRPL should be considered.**
10. School districts outside of New York City, which enroll more than half of the students in the state, would like to participate in the Statewide Universal Full-Day Prekindergarten (SUFDPK) program but are unable to do so due to inadequate state funding. **Fully fund the SUFDPK program for the rest of the state to ensure all New York children can benefit.** In addition, a standardized per pupil rate cannot work for all school districts because it does not consider the accurate cost of living in some counties outside of NYC, including Westchester County. **The institute must update the Universal Prekindergarten per pupil rate to accurately reflect the true cost of educating in this area so that schools in Westchester can compete for high-quality educators.**

More than 30 years ago, the Campaign for Fiscal Equity (CFE) filed a landmark case against the State of New York, asserting the State’s school funding system violated the constitutional right of students to a “sound, basic education.” The New York State Court of Appeals ultimately ruled in favor of CFE. Subsequently, in 2007, the State enacted legislation that would increase school aid over four years by \$7 billion annually and consolidated thirty aid programs into a “Foundation Aid formula.”

Our statement has outlined some of the challenges in updating the Foundation Aid formula to address gaps in the formula when it was originally crafted and new problems that have evolved over time. This letter is not an exhaustive list. Among other emerging issues are the increased need for school mental health services, ever increasing demands for school

security infrastructure and staffing, and emerging public health challenges as we learned with COVID-19.


The legislature and the Governor will ultimately determine the level of state funding to education next year. It is clear from the issues we have outlined here, and from others under discussion, that a no-growth or marginal growth budget for state aid to education will not be acceptable. While this judgment may not be the central mission of the Institute in the work of this study, we hope that your report will acknowledge that increased state aid continues to be a necessity.

We appreciate the opportunity to share our thoughts on current school funding formulas. If the required timeframe does not allow the Institute to complete this study thoughtfully and thoroughly, we urge you to come back to the legislature and ask for the time that is needed. Our districts, our communities, and our kids deserve funding that provides for a quality education.

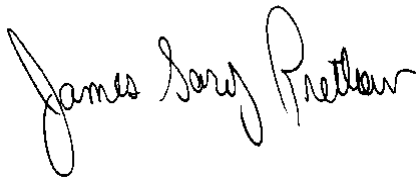
Thank you,



Amy Paulin
Assembly District 88



MaryJane Shimsky
Assembly District 92



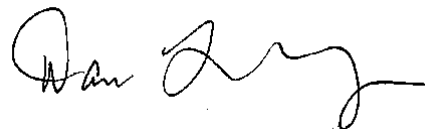
J. Gary Pretlow
Assembly District 89



Chris Burdick
Assembly District 93



Nader J. Sayegh
Assembly District 90



Dana Levenberg
Assembly District 95



Steven Otis
Assembly District 91