Joint Legislative Budget Hearing on Education

Michael J. Borges
Executive Director
January 31, 2018
### School Business Officials are the Education CFOs

#### Who We Are
- 2300 Members Statewide
- Increase of 40% since 2012
- 100% BOCES are Members
- 95% Districts Are Members
- 51% Members are Female
- Assistant Superintendents for Business or Finance
- School Business Administrators
- Treasurers
- District Clerks

#### What We Do/Oversee
- Budgeting
- Payroll
- Purchasing
- Workers Comp
- Health Insurance
- Tax Cap Implementation
- Transportation
- Food Service
- Facilities and Capital Projects
- Contract Negotiations
Executive Budget Inadequate To Meet Increases in Costs & Growth of High Need Students

• The proposed increase of $338 million in Foundation Aid only represents an 8% reduction in the $4.2 billion Foundation Aid Still Due
  – At this rate, it will take 14 years to reach full phase-in

• Distribution (81% to high need districts) is good but doesn’t go far enough
  – 51% of high-need urban/suburban districts have at least 25% of their overall Foundation Aid amount still due (unchanged from 2017-18)

• The Foundation Aid formula is designed to ensure school districts have sufficient resources to educate their students. If it’s not funded, then schools can’t fulfill this commitment.
High need urban and suburban school districts continue to be farthest from full funding

<table>
<thead>
<tr>
<th></th>
<th>Foundation Aid Increase</th>
<th>Share of Foundation Aid Increase</th>
<th>Foundation Aid Funded 2017-18</th>
<th>Foundation Aid Funded 2018-19</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>NYC</strong></td>
<td>2.5%</td>
<td>55.1%</td>
<td>82.5%</td>
<td>84.5%</td>
<td>2.1%</td>
</tr>
<tr>
<td><strong>Big Four</strong></td>
<td>1.6%</td>
<td>6.6%</td>
<td>81.8%</td>
<td>83.1%</td>
<td>1.3%</td>
</tr>
<tr>
<td><strong>Urban-Suburban High-Need</strong></td>
<td>2.4%</td>
<td>13.1%</td>
<td>66.6%</td>
<td>68.2%</td>
<td>1.6%</td>
</tr>
<tr>
<td><strong>Rural High-Need</strong></td>
<td>1.5%</td>
<td>6.5%</td>
<td>90.2%</td>
<td>91.5%</td>
<td>1.3%</td>
</tr>
<tr>
<td><strong>Average-Need</strong></td>
<td>1.4%</td>
<td>17.4%</td>
<td>85.1%</td>
<td>86.3%</td>
<td>1.2%</td>
</tr>
<tr>
<td><strong>Low-Need</strong></td>
<td>0.5%</td>
<td>1.3%</td>
<td>77.6%</td>
<td>78.0%</td>
<td>0.4%</td>
</tr>
</tbody>
</table>
High-Need Urban/Suburban School Districts and Foundation Aid Still Due

<table>
<thead>
<tr>
<th>District</th>
<th>Foundation Aid Still Due as Percent of Overall Foundation Aid Before Phase-in</th>
<th>Foundation Aid Still Due Per Pupil</th>
</tr>
</thead>
<tbody>
<tr>
<td>Uniondale</td>
<td>57%</td>
<td>$6,444</td>
</tr>
<tr>
<td>Port Chester</td>
<td>55%</td>
<td>$5,043</td>
</tr>
<tr>
<td>Westbury</td>
<td>53%</td>
<td>$7,192</td>
</tr>
<tr>
<td>Freeport</td>
<td>47%</td>
<td>$6,686</td>
</tr>
<tr>
<td>Central Islip</td>
<td>46%</td>
<td>$8,594</td>
</tr>
<tr>
<td>Copiague</td>
<td>44%</td>
<td>$5,604</td>
</tr>
<tr>
<td>East Ramapo</td>
<td>42%</td>
<td>$2,941</td>
</tr>
<tr>
<td>Wyandanch</td>
<td>40%</td>
<td>$7,707</td>
</tr>
<tr>
<td>Brentwood</td>
<td>40%</td>
<td>$6,917</td>
</tr>
<tr>
<td>Amityville</td>
<td>39%</td>
<td>$3,507</td>
</tr>
<tr>
<td>Hempstead</td>
<td>39%</td>
<td>$5,891</td>
</tr>
<tr>
<td>Middletown</td>
<td>38%</td>
<td>$5,302</td>
</tr>
<tr>
<td>Roosevelt</td>
<td>37%</td>
<td>$5,836</td>
</tr>
<tr>
<td>Lackawanna</td>
<td>31%</td>
<td>$4,474</td>
</tr>
<tr>
<td>Schenectady</td>
<td>31%</td>
<td>$4,373</td>
</tr>
<tr>
<td>Utica</td>
<td>31%</td>
<td>$3,969</td>
</tr>
<tr>
<td>Peekskill</td>
<td>31%</td>
<td>$3,845</td>
</tr>
<tr>
<td>Albany</td>
<td>30%</td>
<td>$2,852</td>
</tr>
<tr>
<td>Lansingburgh</td>
<td>29%</td>
<td>$3,400</td>
</tr>
<tr>
<td>Rensselaer</td>
<td>29%</td>
<td>$3,184</td>
</tr>
<tr>
<td>Johnson City</td>
<td>28%</td>
<td>$2,644</td>
</tr>
<tr>
<td>Newburgh</td>
<td>28%</td>
<td>$3,900</td>
</tr>
<tr>
<td>Solvay</td>
<td>26%</td>
<td>$2,292</td>
</tr>
</tbody>
</table>

- These 23 districts have a combined $766 million in Foundation Aid Still Due, which is 35% of overall Foundation Aid still due for non-Big 5 Districts.
Increasing Student Need

Five-Year Change in the Rate of:

- Students Eligible for Free and Reduced-Price Lunches: 2.3
- Students With Disabilities: 2.1
- English Language Learners: 1.3
## Increasing Student Need

<table>
<thead>
<tr>
<th></th>
<th>Five Years Ago</th>
<th>Current</th>
</tr>
</thead>
<tbody>
<tr>
<td>Economic Hardship (FRPL)</td>
<td>50.4%</td>
<td>52.7%</td>
</tr>
<tr>
<td>Students with Disabilities</td>
<td>12.8%</td>
<td>14.9%</td>
</tr>
<tr>
<td>English Language Learners</td>
<td>7.5%</td>
<td>8.8%</td>
</tr>
</tbody>
</table>
Costs Continue to Rise

Five-Year Increase

- Teacher Retirement: 47%
- Health: 21%
- Other Fringe Benefits: 9%
- Total Fringe Benefits: 25%
- State Aid: 23%
TRRS Increase

- Estimated increase for 2018-19 is 10.63%
- This will cost school districts an additional $170 million
- Which amounts to 50% of proposed Foundation Aid increase

<table>
<thead>
<tr>
<th>Year</th>
<th>Estimate of Employer Dollars Contributed</th>
<th>ECR</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fall 2015</td>
<td>$2.6 billion</td>
<td>17.53%</td>
</tr>
<tr>
<td>Fall 2016</td>
<td>$2.0 billion</td>
<td>13.26%</td>
</tr>
<tr>
<td>Fall 2017</td>
<td>$1.9 billion</td>
<td>11.72%</td>
</tr>
<tr>
<td>Fall 2018</td>
<td>$1.6 billion*</td>
<td>9.80%</td>
</tr>
<tr>
<td>Fall 2019</td>
<td>$1.7-1.8 billion*</td>
<td>10.5%-11.0%</td>
</tr>
</tbody>
</table>

*Estimate
Changing Revenue Sources

Ten Years Ago
- State: 51%
- Local: 43%
- Federal: 6%

Now
- State: 55%
- Local: 42%
- Federal: 4%
Executive Proposal Shifts Costs to School Districts

<table>
<thead>
<tr>
<th>Aid</th>
<th>Type of Cap</th>
<th>Cap/Change</th>
<th>Cost Impact</th>
</tr>
</thead>
<tbody>
<tr>
<td>Building</td>
<td>statewide</td>
<td>2%</td>
<td>$62,047,320</td>
</tr>
<tr>
<td>Transportation</td>
<td>district specific</td>
<td>2%</td>
<td>$52,210,445</td>
</tr>
<tr>
<td>BOCES</td>
<td>district specific</td>
<td>2%</td>
<td>$</td>
</tr>
<tr>
<td>Summer Special</td>
<td>Expense equalized</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Education</td>
<td>district specific</td>
<td>with district wealth</td>
<td>$70,000,000</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td></td>
<td><strong>$184,257,765</strong></td>
</tr>
</tbody>
</table>

Data Sources: 2018-19 executive budget database, NYS Assembly estimates and NYSASBO calculations

NYSASBO opposes any cost shifts that will increase local tax burden.
Executive Budget Proposal

Overreach

- Withholding aid increases for large districts until plans for school level allocations are approved by SED and DOB
- Using $200 million in general purpose, unrestricted Foundation Aid for a restricted Community Schools setaside

Lack of Flexibility

- Offers little flexibility, mandate relief, or incentives for sharing or cost reduction
NYSASBO Approach

- More funding for schools, distributed using the best data and in a manner that yields a return on our investment of public dollars

- More flexibility for school districts to make the task of deploying resources to educate students a more effective one
Realizing the Promise of Foundation Aid

- A full phase-in
  - Beginning with $1.4 billion in 2018-19, commit to full funding over the next three years

- Strengthen the formula
  - Better address poverty:
    - Annual small area income and poverty estimates (SAIPE) are more current and accurate than the 2000 Census
    - Provide full funding to districts with high levels of poverty
    - Use direct certification data instead of applications for Free and Reduced-Price Lunches
Foundation Aid

- Strengthening Foundation Aid (cont.)
  - Make the formula more effective
    - Remove the 0.65 income wealth index floor
    - Eliminate the 2.0 cap on the income wealth index
  - Convert Community Schools Aid to categorical aid
  - Until there’s a full phase-in, provide categorical aid for school districts with large numbers of ELLs
  - Conduct research to update pupil weightings for students in poverty, students with disabilities, and English language learners
More Flexibility to Invest in Learning

- Tax cap flexibility
- Incentive for shared pupil transportation
- Help in purchasing electric buses
- Stagger Building Condition Survey deadline to reduce costs & backlog
- Allow school districts to establish a Extraordinary Need Reserve Fund to help meet the cost of unanticipated high-need students that move into the district mid-year
- Allow school districts and other municipalities to access a statewide prescription drug plan
- Allow all school districts to participate in regional high schools
- Streamline the internal audit function
- Allow school districts to establish a TRS Reserve Fund
Final Cost Report Amnesty

- Providing Building Aid forgiveness to districts that would lose aid due to unintentional/minor errors
- NYSASBO working with 12 impacted districts
- $76.5 million in aid penalties
- Previous precedent for aid forgiveness (2012-13)
Prior Year Aid Adjustments

NYSASBO opposes Executive proposal to eliminate Prior Year Adjustments

- Currently $334 million owed to school districts
- Money school districts owe to the state is paid in a timely manner
- Money the state owes to school districts should likewise be paid over a reasonable time frame
- NYSASBO recommends paying prior-year adjustments over 5 years
- The state appropriates roughly $18 million/year to pay prior year aid claims
  - Adjustments approved today would take approximately 19 years to be paid
  - Increase annual appropriation from $18 million to $75 million
Farm to School

Executive budget proposes: 25 cent lunch reimbursement for 30% of total food purchased

NYSASBO Recommends:

- 25 cent reimbursement for 25% of total lunch purchased.
- Include dairy in the 25% threshold.
- The 25% threshold should be measured annually.
Other Issues Needing Attention

CTE Teacher Salary Cap
- Increase from $30,000 to $66,000 (for BOCES and noncomponents)

Small group employer definition
- Need Permanent Fix to Prevent Rate Hikes for School Districts in Health Insurance Consortiums

Districts Losing Out on Millions in Medicaid Funding
- Contract with Central NY RIC expired in June 2017 with no replacement for service that matches students eligible for Medicaid
More Information

- See [www.nysasbo.org](http://www.nysasbo.org) for
  - State Aid and legislative proposals
  - Reports on the condition of education released throughout the year
  - Professional development opportunities to help each school business professional advance their career
  - Daily news on education and media coverage