



Information and Feedback on the Foundation Aid Formula

Joint - Senate Standing Committee on Education

Chair: Senator Shelley Mayer

and Senate Standing Committee on Budget and Revenues

Chair: Senator Brian Benjamin

Public Hearing: To examine the distribution of the Foundation Aid formula as it relates to pupil and district needs

Place: Senate Hearing Room, 250 Broadway, 19th Floor, New York, NY 10007

The Foundation Aid formula is a thoughtful and well-developed construct that attempts to equitably and fairly provide resources directly to children based on who they are and where they live.

In theory, a formula such as this is exactly what we should be using when as a state we are committed to allocating funds based on the very specific needs of each very distinct district. It makes all the sense in the world to consider the learning needs of the children in the district, the economic status of children in the district, and the ability for a community to also provide support for their schools.

In a state where property and income wealth varies greatly and where the needs of children can be significantly different despite the close proximity of one district to another, it seems that the most fair, transparent and equitable way to provide support is to directly align resources with these factors. Some may argue that the factors in the formula should be given different weighting or that other factors should also be considered. It is also fair to say that some of the indices and measures may be outdated. However, generally speaking, the formula in a theoretical sense, is on the right track and there is more to like than not. In theory.

The problems:

- 1. The formula alone is not being used to allocate resources.** It is used as a reference point to some degree, but its manipulation has resulted in such varying degrees of fidelity to the phase-in or actual increase in aid based on actual data-based need, that it seems like each district has its own formula that it is stuck with and there's no way to accommodate for the inequity that some districts have encountered in some years. It was intended to be a new allocation for each year based on new data. It is nothing like that at this point.

2. **The formula itself does not drive money with any allowance for political realities.** The state's division of resources based on region is not considered in the formula. In other words, fidelity to the formula would drive money in ways not aligned to the traditional shares received by regions throughout the state.
3. **Manipulation of the formula by placing caps on growth in some areas in order to align with shares and/or to slow growth for some districts and not others, while practical in achieving a desired result, is arbitrary and does not allow the formula to do its job; drive resources based on student need and district ability to support those needs.**
4. **The formula was created at a time where the contribution of local taxpayers was only limited by their ability to pay an increase in tax and desire to do so as evidenced by their vote for or against. The tax cap has created barriers to this revenue source especially when one considers the onerous and inequitable penalties associated with a vote to override. The idea, however unsightly it might be, that a community with a greater ability to pay could perhaps overcome the lack of formula driven money, has been diminished through the cap.**
5. **Costs are increasing at a much faster pace than aid. The cap doesn't consider this. The formula doesn't consider this. TRS, ERS, health insurance and salary increases (our most significant costs) are impossible or at least significantly challenging to slow in terms of growth. TRS and ERS are mandated costs outside of our control and although the other costs are negotiable, the current climate in labor relations play a significant role in driving expenses. It should be noted that in many areas, public school employees make up a large share of the local workforce and their income drives economic activity in their community. (Monroe County: approximately 80% of dollars paid are spent locally.) Furthermore, it is important to appropriately compensate and incentivize our workforce based on their expertise, shortages in the field and the value they provide to their districts.**
6. **Regulation changes and improvement of practices for students specifically identified for additional weighting in the formula may not be accurately accounted for in a formula created over a decade ago and completely changed year over year to accomplish a practical result. (ie. Part 154)**
7. **It is nearly impossible to know if the areas included in the formula are appropriately weighted or valued, because the formula itself is not being used alone. A version that includes random and unpredictable caps or limits is the version being implemented and then adjusted on an annual basis.**

Examples and Analysis of Inequity:

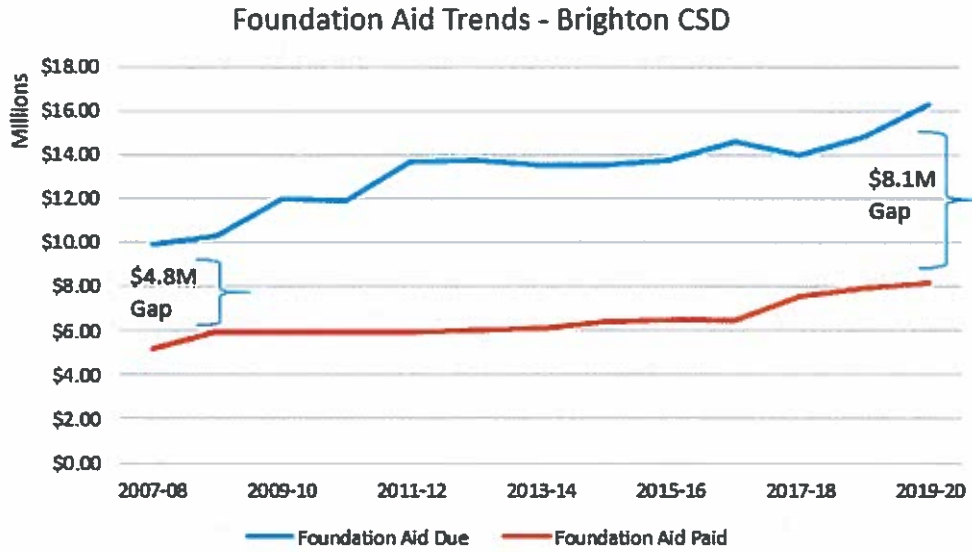
A significant concern for our district in particular results from a comparison of the growth in need recognized and validated by the formula, compared to the funding actually provided over a ten year period.

Our analysis looked at 480 districts across that State who received between \$2.0 million and \$20.0 million foundation aid.

Findings:

1. 308 districts are owed **less money** as a result of the formula running, using the Foundation Aid metrics – prior to any manipulation of the formulas to calculate the actual aid paid in any given year. We agree these districts should be held harmless and be given a predictable inflationary adjustment.
2. 172 district that are owed **more money** today than the Foundation Aid formula calculated ten years ago. These 172 districts, on average, are receiving 81% of the Foundation Aid due to them per the formula. **Brighton is receiving 50.4%.**
3. Further disaggregation shows that of the 172 districts 93 received adequate “new” funding to cover their growth in need as calculated by the formula, even if they were still not fully funded. For example, the formula says they should get \$15. They were receiving \$8 and their need by formula calculation went up to \$10. 93 are getting at least the \$10, even though they haven’t gotten to \$15. Put simply, they started lower than they should have and remain lower, but at least their increases have kept up with the growth in need based on the formula.
4. That leaves **79 districts of the 480** that have not received enough funding to cover the growth in need as calculated by the formula. **As consequence, the percentage these districts are receiving of Foundation aid due is 66.5% compared to the statewide median of approximately 96%.**
5. Specific to Brighton, the growth in financial need validated by the formula shows Brighton is due \$4.3 million more than is was due 10 years ago. That is a 36% increase in need. Yet, the distribution of Foundation aid has only paid 53% of that growth. We have only received \$2.8 million over a 10 year period when our validated and calculated need increased \$4.3 million.
6. Brighton is only paid **50.44%** of what is due under the formula – the state-wide median again is 96%. Brighton is only being paid **68%** of what was due to Brighton **at the beginning of the foundation aid formula in 2007-08.**

7. **Brighton receives a smaller % of the amount due today than we did in 2007-08.**
 We have achieved no meaningful phase-in and shifted an even larger burden onto our local taxpayers.



Brighton	2008	2020
Foundation Aid Due	\$9,971,236	\$16,279,034
Foundation Aid Paid	\$5,164,815	\$8,210,679
% Phase-in	52%	50.4%

8. The formula clearly shows our change in TAFPU increased 5.8% and our pupil wealth decreased 3.5%. Yet because of the manipulation of the formula each year, we are prevented from being aided for these valid metrics.

9. When compared to similar districts from across the state (CWR), Brighton is significantly behind most districts in the % of foundation aid allocated relative to the formula that should be providing some equity.

<u>District Code</u>	<u>District Name</u>	<u>FOUNDATION AID BEFORE PHASE-IN</u>	<u>2019-20 FOUNDATION AID</u>	<u>COMBINED WEALTH RATIO (CWR) FOR 19- 20 AID</u>	<u>% Foundation Approved</u>
520302	SHENENDEHOWA	39,242,275	28,531,160	0.968	72.7%
500101	CLARKSTOWN	29,973,443	21,502,851	1.235	71.7%
280211	OCEANSIDE	21,163,228	14,393,982	1.263	68.0%
480101	MAHOPAC	20,179,887	19,813,401	1.000	98.2%
442101	WARWICK VALLEY	17,307,189	15,963,941	1.025	92.2%
142301	ORCHARD PARK	17,097,688	15,988,880	1.070	93.5%
010306	BETHLEHEM	17,070,181	12,836,257	1.017	75.2%
260101	BRIGHTON	16,279,034	8,210,679	0.953	50.4%
421001	FAYETTEVILLE	15,241,112	9,726,208	1.053	63.8%
580504	SAYVILLE	14,015,061	18,637,842	1.020	133.0%
280518	PLAINEDGE	13,320,414	12,325,274	1.065	92.5%
280220	LYNBROOK	11,919,180	6,563,319	1.162	55.1%
580406	HARBORFIELDS	11,623,803	9,411,808	1.315	81.0%
580506	HAUPPAUGE	11,101,350	9,345,767	1.468	84.2%
500308	PEARL RIVER	8,479,248	5,411,036	1.260	63.8%
140301	EAST AURORA	6,567,479	4,715,891	1.064	71.8%

Solutions:

1. Fully fund the formula as originally intended without reducing current allocations for those beyond 100%. Provide an annual "cost of living increase" for those districts that keeps pace with their changes in student needs and increased costs over time but uses their current allocation as a base.
2. If the formula cannot be fully funded, consider:
 - a. Creating a floor for the minimum percentage to be paid across the board without caps or limits to growth. Allow the formula to recognize the needs of our students and characteristics of our districts in a more equitable manner.
3. Consider funding all districts at least at 100% of their full phase-in amount from the origination of the formula with additional funding for an equitable percentage of their growth in full phase-in amount since that time. This would create a base amount based on the needs identified at that time and a fair representation of the changes over time in student needs and ability for the district to support their schools.
4. Consider funding other areas of need or accounting for newly recognized student needs such as mental health support or alternative programming.
5. Consider changes in the property tax cap that remove some of the penalties that a community would self-inflict for their willingness to close the gap without eliminating programming.

I would be happy to discuss further or provide additional clarification. Thank you for the opportunity to provide feedback.

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