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TESTIMONY

NEW YORK STATE SENATE

STANDING COMMITTEE ON

EDUCATION

DECEMBER 3, 2019  
STATEWIDE SCHOOL FINANCE CONSORTIUM  
Dr. Rick Timbs

First, thank you for the opportunity to talk with you today. Your willingness to listen to those of us in the field and who have done significant research and analysis into the Foundation Aid dilemma is appreciated.

My name is Dr. Rick Timbs. I am the Executive Director of the Statewide School Finance Consortium, a consortium of over 400 school districts from every region of New York State. Our goal is equitable, adequate, predictable and a sustainable distribution of Foundation Aid. Our parent organization is the Central New York School Boards Association.

I believe that the basic inputs of the Foundation Aid formula as first promulgated in 2007-08 were generally sound. With few exceptions the elements of the formula contained data that was supposed to set New York State on the path for the equitable, adequate, predictable and sustainable distribution of Foundation Aid.

**Some issues from the onset:**

A phase-in plan was envisioned and became operational with the onset of Foundation Aid in the 2007-08 school year. While a phase-in plan was clearly needed, I believe the four-year plan was predictably too short of a timeline to secure the state funds needed to fully phase-in and then maintain the plan. That is, that the state did not have adequate resources to provide a final phase-in in just 4 years.

The notion of phase-in must be reinstated. Over the last four years there has been no attempt to reinstate a phase-in plan as evidenced by the creation of the Foundation Amount (FA), which is the most basic element relative to the amount of state financial support a school district should receive per student.

**1. Adjusted Foundation Amount (AFA)<sup>1</sup>**

**AFA = Foundation Amount × CPI change × Phase-in Foundation Percent × Regional Cost Index (RCI) × Pupil Need Index (PNI)**

For the 2019-20 aid year, the AFA before districts' RCI or PNI is applied =  $\$6,557 \times 1.024 \times 1.0 = \$6,714$  (FA).

**Foundation Amount Issues:**

Note that the as in preceding formula the most recent phase-in amount is 1.0, thus any number multiplied by 1.0 produces the same number. However up until and including 2015-16 there had always been a phase-in amount. For instance, “ For the 2015-16 aid year, the AFA before districts' RCI or PNI is applied =  $\$6,141 \times 1.016 \times 1.0250 = \$6,395$  (FA).”<sup>2</sup> However for the last four years the phase-in amount has been 1.0. Therefore, despite the increasing mandates to school districts and the expansion of

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<sup>1</sup> The University of the State of New York, THE STATE EDUCATION DEPARTMENT. 2019-20 STATE AID HANDBOOK; FORMULA AIDS AND ENTITLEMENTS FOR SCHOOLS IN NEW YORK STATE AS AMENDED BY CHAPTERS OF THE LAWS OF 2019. Office of State Aid Albany, New York 12234. (p.7)

<sup>2</sup> The University of the State of New York, THE STATE EDUCATION DEPARTMENT. 2019-20 STATE AID HANDBOOK; FORMULA AIDS AND ENTITLEMENTS FOR SCHOOLS IN NEW YORK STATE AS AMENDED BY CHAPTERS OF THE LAWS OF 2015. Office of State Aid Albany, New York 12234. (p.8)

their mission, any attempt to phase-in support for school districts in the Foundation Amount for school districts has been eliminated. Additionally, there has been no update of the Foundation Amount relative to a more accurate cost of educating students based on any model including the “Successful School Model” since 2016-17. All these problems are evidenced below.

**Foundation Amount (FA) and Phase-in Foundation Percent<sup>3</sup>**

The Foundation Amount reflects the average per pupil cost of general education instruction in successful school districts, as determined by a statistical analysis of the costs of general education in successful school districts which is periodically updated. In years when it is not updated, it is adjusted annually to

	Foundation Amount	1 + CPI change	Foundation Amount X CPI chg.	Phase-in Foundation Percent
2007-08*	\$4,695	1.12	\$5,258	1.0768
2008-09	\$5,258	1.029	\$5,410	1.0526
2009-10	\$5,410	1.038	\$5,616	1.025
2010-11*	\$5,708	0.996	\$5,685	1.0768
2011-12	\$5,685	1.016	\$5,776	1.1314
2012-13	\$5,776	1.032	\$5,961	1.1038
2013-14*	\$5,926	1.021	\$6,050	1.0768
2014-15	\$6,050	1.015	\$6,141	1.0506
2015-16	\$6,141	1.016	\$6,239	1.025
2016-17*	\$6,334	1.001	\$6,340	1.000
2017-18	\$6,340	1.013	\$6,422	1.000
2018-19	\$6,422	1.021	\$6,557	1.000
2019-20	\$6,557	1.024	\$6,714	1.000

reflect the percentage change in the consumer price index. The second to the last column of the table below shows the CPI-adjusted Foundation Amounts for each year, with the last row containing the amounts for the current aid year.

\* The asterisked amounts are those based on updated statistical analysis of the costs of general education instruction in successful school districts.

**The Regional Cost Index Issues:**

A portion of the formula is based on regional costs. While this notion appears to be reasonable, the 2006 constructed index uses only a labor index that does not contain any inputs or variables that have anything to do with the cost and mission of school districts in New York State.

Further, the regions are very large and very diverse. For instance, with New York City and Long Island as a single unit that includes not only the largest school district in New York State it also includes 121 other districts of various sizes, community and student demographics, student needs, tax bases and so on. Similarly, Western New York, Central New York and the Finger Lakes like the other regions, despite their completely heterogenous nature in every way imaginable, for the purpose of the distribution of state aid to school districts. This type of index is unnecessary in wholly inappropriate.

<sup>3</sup> The University of the State of New York, THE STATE EDUCATION DEPARTMENT. 2019-20 STATE AID HANDBOOK; FORMULA AIDS AND ENTITLEMENTS FOR SCHOOLS IN NEW YORK STATE AS AMENDED BY CHAPTERS OF THE LAWS OF 2019. Office of State Aid Albany, New York 12234. (p.7,8)

There is no doubt that an index that is much more recent and more reflective of the costs of education should be used. Additionally, it should be more granular than the current index. Even an index by county would be preferred to one of such sweeping artificial regions as represented by the current index.

It is recommended that state government consider some more appropriate such as suggested in an index as described by Chambers (1997)<sup>4</sup> that reflects the actual cost indicators for public schools and how those cost increase as measured by inflation.

**Regional Cost Index (RCI)<sup>5</sup>**

Labor Force Region	Index
Capital District	1.124
Southern Tier	1.045
Western New York	1.091
Hudson Valley	1.314
Long Island/NYC	1.425
Finger Lakes	1.141
Central New York	1.103
Mohawk Valley	1.000
North Country	1.000

The Regional Cost Index reflects an analysis of labor market costs based on median salaries in professional occupations that require similar credentials to those of positions in the education field, but not including those occupations in the education field. The 2006 Regional Cost Index listed in statute for the nine labor force regions is as indicated on the chart on the left.:

**Pupil Need Index (PNI)<sup>6</sup>**

$$= 1 + \text{Extraordinary Needs (EN) Percent (Min = 1, Max = 2)}$$

$$\text{EN Percent} = \frac{\text{Extraordinary Needs (EN) Count}}{\text{Base Year K-12 Public School Enrollment}} \times 100$$

$$\text{EN Count} = \text{Poverty Count} + (\text{English Language Learner Count} \times 0.5) + \text{Sparsity Count}$$

$$\text{Poverty Count} = (0.65 \times \text{Lunch Count}) + (0.65 \times \text{Census Count})$$

**Lunch Count=**

$$\frac{2015-16 + 2016-17 + 2017-18 \text{ K-6 Free \& Reduced-Price Lunch Applicants}}{2015-16 + 2016-17 + 2017-18 \text{ K-6 Public School Enrollment}} \times \text{Base Year K-12 Public School Enrollment}$$

<sup>4</sup> Chambers, Jay G. Working Paper: Measuring in Inflation Public School Costs. National Center for Education Statistics. 1997 (<https://nces.ed.gov/pubsearch/pubsinfo.asp?pubid=9743>)

<sup>5</sup> The University of the State of New York, THE STATE EDUCATION DEPARTMENT. 2019-20 STATE AID HANDBOOK; FORMULA AIDS AND ENTITLEMENTS FOR SCHOOLS IN NEW YORK STATE AS AMENDED BY CHAPTERS OF THE LAWS OF 2019. Office of State Aid Albany, New York 12234. (p.8)

<sup>6</sup> The University of the State of New York, THE STATE EDUCATION DEPARTMENT. 2019-20 STATE AID HANDBOOK; FORMULA AIDS AND ENTITLEMENTS FOR SCHOOLS IN NEW YORK STATE AS AMENDED BY CHAPTERS OF THE LAWS OF 2019. Office of State Aid Albany, New York 12234. (p.8,9)

**Census Count** = Based on the 2000 Census as tabulated by the National Center on Education Statistics, the number of persons age 5-17 enrolled in the public school district and whose families had income below the poverty level divided by the number of persons age 5-17 in the school district × Base Year K-12 Public School Enrollment

**English Language Learner (ELL) Count** = Base year enrollment of pupils who speak a language other than English at home and demonstrate English language proficiency below the “Commanding (Proficient)” level.

**Sparsity Count** = For school districts operating grades K through 12, base year public school enrollment multiplied by a sparsity factor calculated as follows:

25.0 – Base Year Enrollment per Square Mile

50.9

**Issues and Suggestions for the PNI:**

The Pupil Needs Index calculation contained the Foundation Aid formula is a rational attempt to determine a level student need and differentiate that need between school districts. At a basic level it appears to be a reasonable and fair way to identify which school districts have a greater or lesser need than all others. However, while the basics seem reasonable the specifics are anything but.

- For instance, the Poverty Count is problematic. Census data in the calculation uses the 2000 Census. That is 19-year-old data.
- The continued use of a Free and Reduced-Price Lunch (FRPL) data rarely identifies all student poverty. First the data is gleaned from only those who apply for the program, second it captures only K-6 grade data and lastly, it is averaged over three years.
- Further, FRPL data is not the only data school districts could use to determine levels of poverty.
  - Direct Certification is a mechanism that allows districts to identify families that are recipients of the Supplemental Nutrition Assistance Program (SNAP) and Medicaid benefits. This is another way to measure poverty. However, Direct Certification does not include the Home Energy Assistance Program (HEAP), another way to measure a level of poverty.
  - Further, the use of averaging FRPL data creates its own problems for school districts that undertake the Community Eligibility Program (CEP), that provides free breakfast and lunch to all students in the district. Applications for this program eliminate the need for families to apply for FRPL benefits, therefore the school districts that partake in this CEP initiative will over time simply lose their FRPL data and lose a real measure of poverty. In the calculation if you don't have FRPL data, you are automatically considered wealthy.
- There are issues of weighting within the formula that deserve further study. The multipliers in the calculation such as 0.5 for English Language Learners (ELL), the .65 for the Lunch Count, the .65 for the Census Count were arbitrary in 2007-08 and remain unchanged, unstudied and likely inappropriate since inception. This is because teaching

students living in institutional poverty in urban, suburban and rural areas and the psycho-social and language intricacies of teaching larger numbers of students from more remote parts of the world has become much more complex and much more expensive.

- It is also problematic that such an important portion of the Foundation Aid formula has a low maximum amount (MAX) that would limit the true calculation of poverty in any case. Should a better measure(s) of poverty be reasonably included in an updated and more modern and realistic EN Count and weightings adjusted upward, the aid would be denied by the current maximum of “2” as a mathematical truncation would occur and the value of this significant portion of the formula would lose its intended meaning as a method to determine need and further the distribution of funds based on equity.
- The sparsity count is likewise arbitrary and provides a sharp cut off to school districts that fall just below the needed calculation for application.

**Expected Minimum Local Contribution per Pupil<sup>7</sup>**

The lesser of a per pupil amount based on a computed tax rate (A) or a per pupil amount based on a calculated state sharing ratio (B).

**Expected Minimum Local Contribution per Pupil (A) =**

<u>(Selected Actual Value)</u> TWFPU	× Local Tax Factor (LTF) × Income Wealth Index (IWI)
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Selected AV

The lesser of 2016 Actual Value or the average of 2015 and 2016 Actual Value.

**Total Wealth Foundation Pupil Units (TWFPU)**

The sum of the (i) average daily membership for the year prior to the base year, plus (ii) the full-time equivalent enrollment of resident pupils attending public school elsewhere, less the full-time equivalent enrollment of nonresident pupils, plus (iii) the full-time equivalent enrollment of resident pupils with disabilities attending a Board of Cooperative Educational Services full time.

**Local Tax Factor (LTF):** For the 2019-20 aid year, the LTF is 0.0166.

**Income Wealth Index (IWI)**

IWI (min = 0.65, max = 2.00) =	<u>2016 Adjusted Gross Income AGI / 2017-18 TWFPU</u> \$268,300
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The IWI divisor is the statewide average AGI per TWFPU, defined as the 2016 State Total AGI divided by 2017-18 State Total TWFPU.

**Expected Minimum Local Contribution per Pupil (B) =**

Adjusted Foundation Amount × (1.00 – Foundation Aid State Sharing Ratio)

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<sup>7</sup> The University of the State of New York, THE STATE EDUCATION DEPARTMENT. 2019-20 STATE AID HANDBOOK; FORMULA AIDS AND ENTITLEMENTS FOR SCHOOLS IN NEW YORK STATE AS AMENDED BY CHAPTERS OF THE LAWS OF 2019. Office of State Aid Albany, New York 12234. (p.9, 10)

**Foundation Aid State Sharing Ratio (FASSR)** = the greatest of the four following ratios (max = 0.900):

$$1.37 - (1.23 \times \text{FACWR})$$

$$1.00 - (0.64 \times \text{FACWR})$$

$$0.80 - (0.39 \times \text{FACWR})$$

$$0.51 - (0.173 \times \text{FACWR})$$

For high need/resource-capacity districts, the Foundation Aid State Sharing Ratio is multiplied by 1.05.

**Foundation Aid Combined Wealth Ratio (FACWR) =**

<b>FACWR = 0.5 ×</b>	<u>District Selected AV/2017-18 TWPU</u> \$615,200	+ 0.5 ×	<u>District Selected AGI / 2017-18 TWPU</u> \$206,400
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**Issues with the Expected Minimum Local Contribution per Pupil:**

- The IWI is particularly inequitable from the start. The lower limit (.65) imposed on the calculation simply places the school districts with lowest wealth as measured by their Adjust Gross Income (AGI) right along side min many cases much wealthier counter parts and denies these poorer districts their due state aid support. This phenomenon has occurred since the original formula in 2007-08 Those of us who have spent the last 14 watching this occur constantly bring this inappropriate and unseemly portion of the Foundation Aid formula deny school district much needed funds year after year.
- The proper solution to the IWI is to bring the calculation floor to 0. Additionally, the ceiling of 2.0 (twice the state average), smacks as and attempt to provide aid to those less in need. And when coupled with the current .65 floor as it denies the poorest income wealth school districts. This is just plain wrong.
- Further, the Local Tax Factor (LTF) is simply a “made-up” number. It is artificially contrived. This should be studied to determine a meaningful and proper number.
- Moreover, the ranges for the Foundation Aid State Sharing Ratios (FASSR) are “made-up’ to force distribution of funds in some fashion, although not particularly in order to assist the neediest.
- The additional calculation of a 1.05 multiplier to the FASSR would be more reasonable if the determination of “high need” were not decided by a 2003 Needs Resource Capacity (N/RC) calculation when a 2008 calculation exits; both N/RC calculations are dubious statistics at best. Until there is further research into their validity and reliability as a metric some other measure should be used to boost the needs of ‘high needs” districts. Perhaps other parts of the formula if corrected and updated would suffice.
- The Foundation Aid Combined Wealth Ratio (FACWR) appears to be a reasonable attempt to determine local fiscal capacity. In a sense it is to help determine what the local the school district community should contribute toward the cost of education its own students. It consists of the averaging of the Actual (property) Values (AV) on a single per student weighted basis with the averaging of AGI (Income) values on a single per student weighted basis by simply averaging these averages together. A district of average income values would have a calculation of 1.0, half the stat average at .5, twice the state average 2.0 and so on. The same would be true for the property value calculation.

- In a surprisingly large number of school districts the average property value and average income values are very different. For instance, it could be that the property value is 2.5 (two and a half times the state average) and the income value .5 (half of the state average) yet the FACWR would then calculate to 1.5 (above average wealth district). Such a calculation may be convenient but is not appropriate. Although the property is taxed locally, the incomes of the people living there do not reflect their ability to pay. A lake area filled with small vacation homes near a village of low-income families would in this case appear to be above average wealth and thus by this portion of the calculation, more able to support the financial burdens of the school district. That would not be correct.
- As a remedy the calculation of the FACWR should be on a “selected “ basis. That is, that multiple weighting could be used to determine perhaps three different proportional fiscal capacity weightings and the lowest would be chosen to be entered this portion of the overall formula for Foundation Aid.

**Foundation Aid Payable<sup>8</sup>**

**Foundation Aid Base (FAB) = 2018-19 Foundation Aid Payable.**

**Total Foundation Aid = Selected TAFPU × Selected Foundation Aid**

**Selected Foundation Aid (a per pupil amount) = Greater of \$500 or Adjusted Foundation Amount - Expected Minimum Local Contribution**

**Foundation Aid Remaining = the positive difference of Total Foundation Aid less the FAB**

**Issues with the Foundation Aid Payable:**

- The Foundation Aid Base (FAB) is the amount of Foundation Aid received by the school district the year before.
- The Foundation Aid Remaining is the amount due to the district should the Foundation Aid formula as it exists fully fund a school district.
- If a district has a significant amount of Foundation Aid remaining it is usually an indication that the FAB is low compared to full funding in the previous year.
- The notion of Foundation Aid Remaining has existed since 2007-08 when the formula was instituted yet not fully funded, pending an advertised phase-in over four years. Thus, the details of the formula calculate the amount due to a school district if it were to be fully funded. Save harmless school districts appear in the state aid runs to have a Foundation Aid Remaining at 0 even though the calculation can be completed and the dollar value of save harmless identified.
- The problem after years of neglect, -old data, inaccurate data, inappropriate weighting and values, misguided calculations and metrics is that in 2019-20 there are 276 school districts in Save Harmless status and 398 with various amounts of Foundation Aid

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<sup>8</sup> The University of the State of New York, THE STATE EDUCATION DEPARTMENT. 2019-20 STATE AID HANDBOOK; FORMULA AIDS AND ENTITLEMENTS FOR SCHOOLS IN NEW YORK STATE AS AMENDED BY CHAPTERS OF THE LAWS OF 2019. Office of State Aid Albany, New York 12234. (p.13)

Remaining. Further, as in past, mechanisms and “tiers” were created to alter the distribution of funds that made some Save Harmless school districts move to Foundation Aid Remaining and some with Foundation Aid Remaining move into the Save Harmless category and still others to remain woefully deep into Foundation Aid Remaining for years.

- The distribution by the most recent (2019-20) “tier” system in both the Executive and Legislative contributions to the Foundation Aid allocation system demonstrates the sheer manipulation exercised by state government.

***The charts below illustrate the distribution of Foundation Based on the tier system in 2019-20.***

Executive					
Tier	# of Districts	% of Districts	\$ in Tier	% of Total	Total Aid*
A	64	9%	\$176,215,231	61%	\$288,006,473
B	329	49%	\$72,508,161	25%	\$288,006,473
C	90	13%	\$35,017,493	12%	\$288,006,473
D	191	28%	\$4,265,588	1%	\$288,006,473
Total	674	100%	\$288,006,473	100%	\$288,006,473

\*The asterisked column does not include ~\$50 million in Community School Set-Aside funds.

One can draw their own conclusions but here how it appears to many.

- Of acute interest is Tier A. In Tier A \$173,138,698 of the \$176,215,231 (99percent) , roughly 61percent of the entire Executive proposal, was for New York City. The remaining 63 districts share \$3,076,533 or on average less than \$49,000 each.
- Tier B demonstrates that 25percent of the Executive Foundation Proposal was shared by 329 or almost half of the school districts.
- Tier C finds 90 or 13percent of the school districts sharing 12percent of the funds.
- Tier D is simply a Due Minimum for 191 school districts- an increase for all school districts for whom Tiers A through C yield little to nothing. It results in a .25percent increase over the FAB. They share \$4,265,588 or a little over \$22,000 on average.

Legislative					
Tier	# of Districts	% of Districts	\$ in Tier	% of Total	Total Aid
A	163	24%	\$6,617,240	2%	\$280,217,609
B	109	16%	\$162,819,180	58%	\$280,217,609
C	13	2%	\$8,466,098	3%	\$280,217,609
D	4	1%	\$6,442,429	2%	\$280,217,609
E	13	2%	\$2,510,155	1%	\$280,217,609
F	7	1%	\$1,681,527	1%	\$280,217,609
G	15	2%	\$5,215,496	2%	\$280,217,609
H	34	5%	\$53,991,461	19%	\$280,217,609
I	30	4%	\$11,446,479	4%	\$280,217,609
J	286	42%	\$21,027,544	8%	\$280,217,609
Total	674	100%	\$280,217,609	100%	\$280,217,609

The legislative distribution looks much more contrived. Of the 10 Tiers in the Legislative tier system, 6 of them account for roughly 12percent (82) of all the school districts in the state. (Note Tiers C,D,E,F,G, and I.)

- Tier A in this system, is the Due Minimum tier where 24percent of the school districts share 2percent of the distribution or \$40,597 on average.
- Tier B covers 109 districts with 58percent of the funds distributed. This tier clearly focuses on New York City and the Big Four cities of Yonkers, Buffalo, Syracuse and Rochester and generally other larger districts. Other than the Big Four and New York City the remaining beneficiary districts secure funding through this tier simply because they do not qualify in any of the other clearly contrived eligibility requirements.
- Tiers C through F are suggestive of targeting certain districts with specific criteria to secure the funds while simultaneously denying others that don't meet the rigid yet particularly methodical choices for eligibility for funding in these tiers.
- For instance, to be eligible for funds from Tier C a school district must meet this specific set of criteria:
  - Their FAB divided by Total Foundation Aid is less than 50percent AND their Foundation Aid Pupil Wealth Ratio is less than 1.1 OR their CWR declined by more than .025 from 2018-19 to 2019-20. Note the seemingly arbitrary, or perhaps specifically purposeful metrics in the formula. A percent, a property wealth ratio and a decline in CWR for a specific set of two years. These specifics set of eligibility metrics exist nowhere else in any current or past formula for the distribution of Foundation Aid. Only 13 school districts or about 2percent of all school districts distribute the almost \$8.5 million earmarked for this tier.
- Tier D is similarly constructed but with different eligibility criteria. In this case the criteria are:
  - Public enrollment increased by more than 10 percent from 2008-09 to 2018-19 AND ELL increased by more than 10 percent from 2012-13 to 2018-19 AND CWR decreased by more than 10 percent from 2014-15 to 2019-20 AND Foundation Aid PWR is less than 1.4. In other words the increase in public enrollment must increase by more than 10 percent with just the last 10 years (2008-9 to 2018-19) and simultaneously ELL student population must have increased by more than 10 percent as well but for just the last seven years (2012-13 to 2018-19) as their CWR decrease by more than 10 percent within just the last five years (2014-15 to 2018-19) and the district must have a current (2019-20) PWR (property wealth) Index of less than 1.4. In all, four districts met these criteria. They are, however, some of the most needy and underfunded districts in the state. They shared less than \$6.5 million.
- Tier E is similarly constructed but with different eligibility criteria. In this case the criteria are:
  - Public enrollment DECREASED from 2013-14 to 2018-19 AND the 3-year average direct certification percentage is greater than 36 percent AND the ELL increased by more than 34 percent from 2013-14 to 2018-19 OR the ELL pupil

number increased by more than 100 from 2017-18 to 2018-19. This set of eligibility requires takes into account those school districts that have lost enrollment over the last six years and whose direct certification percentage is simultaneously over 36 percent and the ELL increased by more than 34 percent from 2013-14 to 2018-19 (a six year period) or the ELL student population must have increased by more than exactly 100 over a two year period (2017-18 to 2018-19).

- This tier recognizes that despite the loss of overall enrollment, some districts struggle with increased numbers of ELL students. This is the first use of direct certification in a formula. Although the metrics and set of years that frame this eligibility criteria are manufactured, they are there with purpose.
  - In all, 13 school districts benefit from Tier E, but they only share a little over \$2.5 million.
- Tier F is similarly constructed but with different eligibility criteria. In this case the criteria are:
    - The FAB divided by Total Foundation Aid is less than 75 percent AND 3-year Average Direct Certification Percentage is greater than 44percent AND K-6, 3-year average FRPL percentage is greater than 55 percent. While only a few (seven) school benefit from this tier it is an attempt to target higher poverty districts. One district in particularly benefits with almost half of the funds in this tier.
  - Tier G is similarly constructed but with different eligibility criteria. In this case the criteria are:
    - The Foundation Aid PWR is less than .7 AND Public Enrollment increased by one or more percent from 2015-16 to 2018-19. This tier appears to be aimed at lower property wealth districts with some amount of increased enrollment if within just the four-year window of 2015-16 to 2018-19. Only fifteen districts benefit from this tier, yet four of them accept almost \$4 million of the total of \$5.2 million for this tier. The amounts for the remaining districts are much smaller bare only a marginal similarity to the most funded and peter out and quickly.
  - Tier H tries to incorporate small city school districts. The criterion include only that the District Boundary includes all or a portion of a small city.
    - This tier supplies a significant sum to 34 small cities. Often this demographic is severely underfunded. The formula in this tier uses the Foundation Aid Remaining as a key metric. In all, they share 19 percent of the total legislative package.
  - Tier I picks-up those left behind in Tier H. Again, the criterion is that the District Boundary includes all or a portion of a small city, but the dominant metric used in the formula is the FAB.
    - The tier valued at almost \$11.5 million is divided between 30 school districts, with 22 percent of the funds going to just 2 school districts. Interestingly, a very small number of districts thought to be more rural or suburban in nature benefit from this tier as they may own a few blocks within a city boundary.

- Tier J is an attempt to include school districts more rural in nature. Its criteria are the Scarcity Factor is greater than zero and the Foundation Aid CWR is less than or equal to 1.5.
  - In this tier 286 school districts share a little over \$21 million.

**Summary:**

Eligibility for some tiers is highly suspect but there has been a genuine attempt by the legislature to distribute, to some degree of equity, the limited funds they have agree to work with. They mix and match various Foundation Aid inputs with new artificial minimums and maximums, with differing sets of date ranges for various metrics; they use portions of the Foundation Aid formula in some places and ignore them altogether in others. The overall methodology would appear to target certain districts and others go along for the ride simply because they happen to hit the same eligibility measures. Perhaps sometimes, lucky for them.

These types of tier systems are not predictable, transparent to a fault and wrongheaded. A permanent solution is needed. We believe it can be accomplished within the basic Foundation Aid formula with the right updates, metric fixes and funding phase-in.

**The Shares Agreement:**

There is a major stumbling block that inhibits the work toward an equitable distribution of state funds to school districts- the Shares Agreement. It remains alive for over 30 years and has no basis in any reliable or valid statistical method for the equitable distribution of state funds to school districts. It is a purely political construct that in the end creates a severe manipulation that basically destroys the essence of the promise of the Foundation Aid formula. The Foundation Aid formula cannot work with a Shares Agreement in place. If it does, the distribution of state funds to school districts will simply be a political power exercise rather than an attempt to provide state support to every child regardless of zip code.

**Side note the cost of Charter Schools:**

The tuition provided from school districts to Charter schools throughout the state that have some portion of their enrollment in a Charter school creates an economic disaster for the sending school district. The Charter gleans off more students than it keeps yet they intercept full tuition payment for each student as if they remained in the Charter all year long. Those returning to the home school district tend to be special needs student, student with learning difficulties for one reason or another or those with discipline issues and the like. Yet the tuition for these students is not returned to the home school district. No reconciliation is conducted. Educationally, not only is the practice disruptive, it curtails the economy of scale and efficiency of the home school district.

**SPECIFIC RECOMMENDATIONS:**

**For Foundation Aid to work several elements must be in place:**

1. There must be an increase in the Foundation Aid Amount (FA) to reflect more realistic cost of educating a single child (Adequacy) (\$6,557 in 2018-19 to \$6,714 in Final Budget 2019-20)
  - a. Cannot use old Successful Schools Model to determine primary aid amount at this time
  - b. Mission of school districts has increased beyond simply inflation (Phase-in factor)
2. Update foundation aid elements:
  - a. Better and more accurate Measures of Poverty and Regional costs

- i. Census, Direct Certification and FRPL (Add SNAP, HEAP, Medicaid)
    - i. Problems due to inaccuracies and Community Eligibility Provision (CEP)
  - ii. Regional Cost Index (2006) update- and hopefully changed to something more rational
    - i. The regions are too large and disparate.
    - ii. It is just a labor index and impractical as a valid metric
- 3. Increased weighting of the following Foundation Aid formula factors: CWR, FRPL, CENSUS, ELL, SWD and expand the Sparsity formula elements into different degree levels
- 4. CWR (arbitrary calculation) should be used as a “*selected*” CWR with two other options besides a 50/50 split between PWR (Property Values) and APWR (Income Values). Perhaps weighting each in a different ratio (for instance 70/30 to 30/70; 60/40 to 40/60)
- 5. Corral the increased loss of funds to charter schools and related aid
- 6. Maintain all new initiatives as unrestricted aid (Community Schools Set-Aside)
- 7. Rationally determine the level of support for save harmless districts based on wealth and demographics of students (Equity)
- 8. Caps within the formula be altered as a part of a legitimate phase-in plan (IWI and PNI)
- 9. The Shares Agreement must be abandoned as a guiding construct used to manipulate the distribution of funds irrespective of the useful metrics contained in the Foundation Aid Formula.
- 10. Begin a legitimate Phase-in of an updated and repaired Foundation Aid Formula immediately
- 11. Other: Protection of Expense driven aid must be secured:
  - a. Building
  - b. BOCES
  - c. Transportation
- 12. Due to the natural politics of a representative government, State Government seems unable or unwilling to improve or update the Foundation Aid Formula; how about a “Blue Ribbon Commission” for such a purpose? (Ala Burger Commission)

**General Legislative asks:**

- 1) The further development of more equitable distribution of funds among school districts based on accurate representations of fiscal capacity and poverty as well as the demographics of the student population relative to our educational mission.
- 2) The adequacy of funds within the formula based on the actual costs of education for each school district that allows it to achieve their educational mission, under the obligations contained in state law and regulation.
- 3) The development of a distinct phase-in plan over the next few years for an improved Foundation Aid formula to accomplish equity and adequacy so that state aid is significantly more predictable for each school district.
- 4) The development of a sound financial plan to sustain state aid to school districts by the state.

It is appreciated that the Senate has held these roundtable meetings. It has reinforced the understanding and belief that the Foundation Aid formula is still alive, although in need of repair and funding.

**In short, School Districts consider the 2007-08 Foundation Aid formula, its general concepts, construct and promulgation sacrosanct.** And to be clear, no amount of suggestion or declaring by anyone that the formula and the promise made by that Foundation Aid formula no longer exists will be believed or accepted by the educational community in New York State. To school districts across the state a deliberate practice was put into place to create equity of distribution, adequate funding, was transparent and predictable and was to be in good faith funded by the state as it was phased-in and over time. It was a truly meritorious achievement. That plan began in 2007-08, continued in 2008-09, frozen by a recession in 2009-10 and hit with reductions continuing from 2009-10 until 2015-16 and that nothing should hold up the plan to fully phase in the Foundation Aid formula, albeit updated and improved.

**It is also understood in the field that there can be no equity without adequacy. State government cannot have a distribution system that is indeed equitable unless it is fully funded. A look at the state's balance sheet tells us all that such a notion, to be realized will take time. Therefore, to get started, there must be a plan.**

Thank you for your attention to this matter. This topic is important to every school district , taxpayer parent and child in New York State. Your willingness to listen must be matched by your willingness to act. We are counting on you.