

State Aid to Schools

A Primer

Pursuant to Laws of 2023

The University of the State of New York
THE STATE EDUCATION DEPARTMENT
Fiscal Analysis and Research Unit
March 2024



Introduction

The Primer is an annual publication highlighting key school aid concepts, including the impact of this year's legislation. With the goal of locating some basic facts in one place, data and tables for this publication have been excerpted from several State Education Department reports or databases. The report is presented in four parts:

- Section I provides an overview of school finance in New York State;
- Section II highlights basic concepts and facts about State Aid to schools;
- Appendix A provides a description of 2023-24 formula aids to school districts; and
- Appendix B provides flow charts for selected formula aids.

Section I

School Finance in New York State

Sources of Revenue

In New York State, estimated 2021-22 public education funding comes from three sources: approximately six percent from federal sources, 36 percent from State formula aids and grants, and 58 percent from revenues raised locally.¹

State aid comes from three sources: the State General Fund, a Special Revenue Fund account supported by lottery receipts, video lottery terminal receipts, and commercial gaming funds, and the School Tax Relief (STAR) program.

- The State General Fund comprises approximately 82 percent of State Aid wherein the major revenue source is State taxes (e.g., income and sales).
- The Special Revenue Fund makes up about 12 percent of State aid with all net revenues from the State lottery statutorily earmarked for school aid. In addition, the General Fund guarantees the level of lottery funds and commercial gaming funds appropriated for education, making up any shortfall in lottery or gaming revenues.
- STAR estimated to account for seven percent of State revenues. Implemented in 1998, STAR assumes a significant amount of the local tax burden. It provides State funds to reduce the property taxes levied by school districts.

The primary source of local revenue for education in all communities is the tax levied by boards of education (or municipal governments for the Big Five city school districts, which include New York City, Buffalo, Syracuse, Rochester, and Yonkers) on residential and commercial properties within the boundaries of each school district. Local property taxes constitute about 82 percent of local revenues. The Big Five cities have constitutional tax limits, which apply to the total municipal budget. For districts other than the Big Five, tax levy growth, with certain exemptions, is limited to the lesser of two percent or the annual increase in the consumer price index (CPI). A district may exceed the cap, with the approval of 60 percent of the voters.²

The State's sales tax laws reserve four percent for the State and permit localities to levy up to an additional 4.75 percent, which many do. Five counties share a portion of their sales tax with school districts.³ In 2021-22, \$380 million in non-property tax revenues helped support approximately 153 school districts.

¹ Estimated data for 2021-22 from *Analysis of School Finances, School Year (SY) 2020-21 (ASF, SY2020-21)*. New York State Education Department. 2022. p.14. Available at www.oms.nysed.gov/faru/PDFDocuments/2020_21_Final%20ASF.pdf.

² *Property Tax Cap; Summary of Legislation*. New York State Office of the State Comptroller. February 2016. pp. 1-2. Available at: www.osc.state.ny.us/files/local-government/property-tax-cap/pdf/legislationsummary.pdf.

³ *Local Government Sales Tax in New York State 2020 Update*. New York State Office of the State Comptroller. October 2020. p. 2 and p.p. 18-21. www.osc.state.ny.us/files/local-government/publications/pdf/understanding-local-government-sales-tax-in-nys-2020-update.pdf.

Small city school districts can impose a utility tax; about half of the 57 small city districts do so.⁴ In addition, State law requires that payments in lieu of taxes (PILOTS) be distributed proportionally among the taxing jurisdictions (including school districts) affected by tax exemptions granted by Industrial Development Agencies (IDAs).⁵ New York City imposes a modified local income tax on residents, a business and financial tax, and a tax on commercial rent, revenues from which are raised to support the City's budget including schools.⁶ The City of Yonkers also imposes an income tax on non-resident commuters.⁷

The Big Five city school districts' fiscal dependency on their municipalities means that the school system does not levy taxes but is dependent upon citywide taxes for support. State aid for education enters the city treasury, not the school district treasury. The fiscal dependence of these school districts, despite its long history, is fraught with problems related to the level and stability of funding and the use of resources.

Categorical funding programs with prescriptive funding requirements have traditionally been used to ensure funds were spent for specific purposes, although this is a somewhat fragmented approach with a tendency to be administratively burdensome and, over time, numerous adjustments can result in a complex and disjointed aid system. Legislation enacted in 2007 extended maintenance of effort provisions to the remaining Big Five (Buffalo, Rochester, Syracuse, and Yonkers); a maintenance of effort statute already applied to New York City.⁸ While Education Law requires these municipalities do not decrease support for their school districts, growth in local support for these districts has been very uneven, and certain districts have received little or no additional local revenue for many years.

Districts with fewer than eight teachers are eligible to receive a limited number of aids, such as transportation aid and operating aids.

Disparities in Expenditures and Fiscal Resources

Despite New York's equalizing State aid system, tremendous disparities between New York State school districts in fiscal resources available to support education remain. As demonstrated in Table 1, in 2020-21, approved operating expenditure per pupil ranged from \$12,857 for the district at the 10th percentile to \$24,312 for the district at the 90th percentile, a difference of 89 percent.⁹

The primary cause of the disparity in fiscal resources comes from local property taxes. Differences in spending are associated with disparities in property wealth and tax levy yields.

⁴ *Local Sales and Use Tax Rates on Residential Energy Effective September 1, 2022*. Available at www.tax.ny.gov/pdf/publications/sales/pub718r.pdf and *NYS Taxes on Telephone Services, For Tax Period March 1, 2021 through February 28, 2022*. Available at www.tax.ny.gov/pdf/2022/st/st101_8_a22.pdf.

⁵ "An Industrial Development Agency (IDA) is an independent public benefit corporation created through state legislation at the request of one or more sponsoring municipalities...All property titled to an IDA, as well as any bonds or notes issued by an IDA, is exempt from taxation, except for transfer and estate taxes...However, an IDA is authorized to negotiate payments in lieu of taxes (PILOTS) with the private developers participating in IDA projects." (School Law 37th Edition), New York State School Boards Association, Latham, New York, p. 243.

⁶ *The City of New York Comprehensive Annual Financial Report of the Comptroller for the FYE June 30, 2022 and 21*. Available at <https://comptroller.nyc.gov/wp-content/uploads/documents/ACFR-2022.pdf>.

⁷ *City of Yonkers Adopted Budget July 1, 2019-June 30, 2021*, Budget Summary, p.B-5. Available at www.yonkersny.gov/home/showpublisheddocument/32726/637910768121970000.

⁸ *Big 4 Cities to Report Maintenance of Effort for Education To New York State Education Department*, March 15, 2010. Available at: www.p12.nysed.gov/mgt/serv/districtbudgetdata/docs/Big-4-moe-certification-form.pdf.

⁹ Approved operating expenditures per weighted pupil are the operating expenditures for the day-to-day operation of the school as defined in Education Law §3602(1)(t). Not included are expenditures for building construction, transportation of pupils and some other expenditures. Money received as Federal aid revenue, proceeds of borrowing and State aid for special programs are first deducted from total annual expenditures when approved operating expenditures are computed.

Higher expenditures per pupil are associated with higher actual property value per pupil. In 2020-21, the average actual value of property per pupil among the lowest spending ten percent of districts was \$383,309, while the average actual value per pupil among the highest spending ten percent of districts was \$2,332,083, a difference of 508 percent.¹⁰ (See Table 1).¹¹

The highest spending districts are also those with the highest property values and their tax effort produces the greatest benefit. Table 1 shows that the average tax rate per \$1,000 of actual value for the highest spending districts was 11.16, yet the average tax revenue per pupil for those districts was \$26,511. The average tax rate in the lowest spending districts was higher at 14.52 but the tax revenue generated per pupil was only \$5,538 per pupil.

Communities that desire a high level of educational services, but do not have a large tax base, must bear a disproportionately heavy tax burden to provide those services. In addition, school districts serving concentrations of children from poverty backgrounds have a greater educational burden to bear, resulting in a greater need to fund programs that provide extra time and help to educate students, thus increasing educational costs. In response, policymakers have developed a state aid system that provides funding in a progressive manner.

As illustrated in Table 2, the wealthiest group of districts received an average of only \$2,706 per pupil in State revenue other than STAR, while the poorest districts received \$15,091 - 458 percent more than the wealthiest group. The STAR program reduces the property tax burden on local taxpayers, particularly senior citizens, and has provided significantly more revenue per pupil to wealthier districts. The poorest decile received an average of \$524 per pupil, while those in the wealthiest decile received tax relief equivalent to \$1,275 per pupil. The reliance on property taxes to support education has created a situation in which, even with State revenue (other than STAR) per pupil exceeding that of the wealthiest group of districts by 458 percent, the poorest group of districts does not begin to approach the overall spending level of the wealthiest districts.

¹⁰ Notes: Other measurements of per pupil expenditures, such as those produced by the United States Census Bureau, can vary significantly by comparison as a function of what elements are included in the calculations. AOE per weighted pupil are the expenditures for the day-to-day operation of the school as defined in Education Law §3602(1)(t). Not included are building construction, transportation of pupils and some other expenditures. Money received as Federal aid revenue, proceeds of borrowing, and State aid for special programs are first deducted from total expenditures.

¹¹ Sources for all tables and figures: The total revenue from State sources displayed in the tables from SY 2002-03 through SY 2021-22 is the State Aid reported in the Annual Financial Report (Form ST-3) submitted by school districts. It should be noted that this data item may include prior year adjustment payments. Total expenditures for SY 2021-22 are also reported in the Annual Financial Report (Form ST-3) submitted by school districts. ST-3 data contained in the Analysis are as of June 2022. The 2020 income data from the New York State Department of Taxation and Finance (Tax) are as of September 2022. School Tax Relief (STAR) Credit revenue data from Tax are as of May 2022. The Analysis also includes calculations from the New York State Education Department (SED).

Table 1. SY 2020-21 Wealth, Expenditure, Revenue, and Aid Data Ranked by Approved Operating Expenditures (AOE) per Total Aidable Pupil Units (TAPU) for Expenditure Deciles for All Major Districts, Excluding New York City

AOE/TAPU Deciles (upper limit shown)	AOE per TAPU	Actual Valuation per Total Wealth Pupil Units (TWPU)	Total Expenditures per TAPU	STAR Revenue per TAPU	Other Revenue from State per TAPU	Tax Revenue per TAPU	Tax Rate per \$1000 Full Value	2020-21 Enrollment	
1	\$12,857	\$11,798	\$383,309	\$17,448	\$973	\$9,834	\$5,538	14.52	162,581
2	\$13,836	\$13,320	\$453,575	\$19,864	\$976	\$10,654	\$6,067	13.43	186,243
3	\$14,469	\$14,215	\$394,151	\$20,191	\$962	\$11,816	\$5,865	14.91	178,632
4	\$15,262	\$14,808	\$533,070	\$20,010	\$1,190	\$9,583	\$8,199	15.41	183,553
5	\$16,036	\$15,677	\$517,240	\$21,483	\$1,226	\$9,772	\$9,141	16.84	107,915
6	\$17,259	\$16,555	\$594,731	\$22,197	\$1,207	\$9,406	\$10,124	17.36	132,934
7	\$19,024	\$18,198	\$744,006	\$23,553	\$1,542	\$7,656	\$12,530	16.92	188,772
8	\$21,080	\$20,016	\$806,249	\$24,920	\$1,810	\$6,727	\$15,098	18.54	177,429
9	\$24,312	\$22,242	\$1,114,051	\$27,261	\$1,670	\$5,089	\$18,317	16.55	168,257
10	\$80,603	\$27,173	\$2,332,083	\$33,843	\$1,462	\$3,358	\$26,511	11.16	81,342
All Major Districts Average (Excluding NYC)	\$16,949	\$719,387	\$22,561	\$1,303	\$8,593	\$11,048	15.42	1,557,658	
NYC	\$16,156	\$899,413	\$24,175	\$130	\$7,694	\$12,362	13.93	1,092,645	
All Major Districts Average (Including NYC)	\$16,610	\$796,600	\$23,258	\$796	\$8,205	\$11,615	14.70	2,660,303	
Decile Rank	8	8	8	7	5	7	5		

Notes: Values shown are the weighted averages for all 67 or 68 districts with an AOE/TAPU for Expenditures less than or equal to the upper limit for the decile. Total Expenditure includes Debt Service and Special Aid Fund. Other State Revenue Tax Revenue, and Tax Rate does not include STAR.

Table 2. SY 2020-21 Wealth, Expenditure, Revenue, and Aid Data Ranked by Income per TWPU for All Major Districts, Excluding New York City (NYC)

Income/TWPU Deciles (upper limit shown (decile 1 = high need))	Decile Average									
	Income per TWPU	AOE per TAPU	Total Expenditures per TAPU	STAR Revenue per TAPU	Other Revenue from State per TAPU	Actual Valuation per TWPU	Income per Return	Tax Revenue per TAPU	Tax Rate per \$1,000 Full Value	2020-21 Enrollment
1 \$112,461	\$97,938	\$14,139	\$21,206	\$524	\$15,091	\$259,099	\$41,263	\$3,015	11.60	235,777
2 \$131,093	\$123,040	\$14,725	\$21,555	\$1,022	\$13,570	\$372,483	\$46,177	\$5,508	14.87	87,056
3 \$147,656	\$141,081	\$15,731	\$22,126	\$1,066	\$12,490	\$433,677	\$48,514	\$7,116	16.47	100,525
4 \$162,789	\$156,700	\$14,867	\$21,280	\$1,279	\$11,183	\$456,967	\$51,115	\$7,188	15.84	88,706
5 \$180,788	\$171,547	\$15,486	\$20,689	\$1,342	\$8,856	\$507,528	\$56,572	\$9,318	18.49	140,463
6 \$205,838	\$193,509	\$15,588	\$20,588	\$1,476	\$8,712	\$592,786	\$60,380	\$9,222	15.63	195,039
7 \$239,789	\$222,162	\$17,195	\$22,176	\$1,580	\$7,197	\$684,016	\$69,549	\$12,114	17.71	197,463
8 \$295,866	\$265,592	\$17,412	\$22,031	\$1,659	\$5,431	\$774,902	\$85,181	\$13,653	17.74	191,560
9 \$410,764	\$346,396	\$19,146	\$24,387	\$1,628	\$4,357	\$1,023,008	\$110,618	\$16,644	16.35	193,264
10 \$2,696,829	\$693,513	\$24,216	\$29,768	\$1,275	\$2,706	\$1,990,057	\$247,071	\$23,703	12.12	137,805
All Major Districts Average (excluding NYC)	\$244,650	\$16,949	\$22,561	\$1,303	\$8,593	\$719,387	\$82,745	\$11,048	15.42	1,567,658
NYC	\$276,179	\$16,156	\$24,175	\$130	\$7,694	\$899,413	\$91,090	\$12,362	13.93	1,092,645
All Major Districts Average (including NYC)	\$258,200	\$16,610	\$23,258	\$796	\$8,205	\$796,600	\$86,400	\$11,615	14.70	2,660,303
Decile Rank	8	6	6	2	5	8	8	7	5	

Notes: Decile Average values shown are the weighted averages for all 67 or 68 districts with Income/TWPU less than or equal to the upper limit for the decile. Other State Revenue, Tax Revenue, and Tax Rate does not include STAR.

The disparities in fiscal resources are due primarily to the varying ability and willingness of school district voters to generate local property tax revenue. As in most states, the amount and value of residences and businesses vary dramatically from school district to school district, as do local assessment practices and the level of education services desired by the community. In short, a student's access to educational resources depends in large part on where the student lives, raising serious concerns about the equity of student opportunities.

As mentioned above, districts vary dramatically in their per pupil wealth. Table 3 demonstrates that the average property value per pupil in the lowest wealth districts is \$239,001, which is about seven percent of the actual valuation per pupil in the highest wealth districts (\$3,199,004). State Aid (State revenue other than STAR) is wealth equalizing. Low-wealth districts receive approximately five times more aid per pupil than the highest wealth districts (\$15,071 versus \$2,728).¹² Despite wealth equalized state aid, the spending per pupil in lowest wealth districts is almost two-thirds of the spending per pupil in the highest wealth districts (\$21,216 versus \$32,323). The lowest wealth districts tax themselves at almost one and a half times the rate of the highest wealth districts (11.58 per \$1,000 of full value versus 8.29 per \$1,000). Due to significantly smaller per pupil tax bases, the lowest wealth districts raise about one-tenth of the local revenue per pupil that the highest wealth districts do (\$2,779 versus \$26,224).

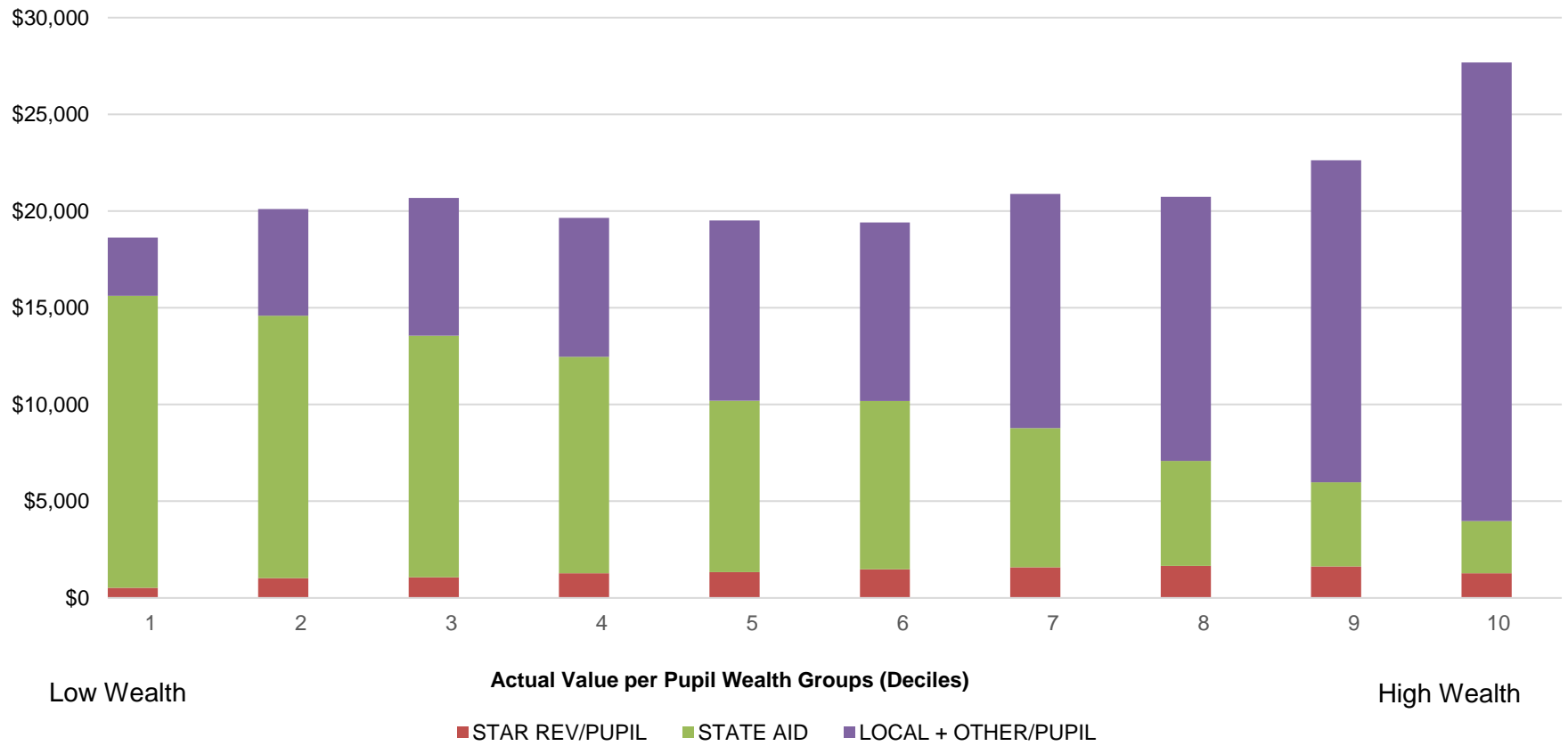
¹² Note: This does not include STAR, which provides more value to districts with higher property wealth.

Table 3. SY 2020-21 Wealth, Expenditure, Revenue, and Aid Data Ranked by Actual Valuation per TWPU for All Major Districts, Excluding New York City

Actual Valuation/TWPU Deciles, upper limit shown (decile 1 = low wealth)	Decile Average										
	Actual Valuation per TWPU	AOE Per TAPU	Total Expenditure per TAPU	STAR Revenue per TAPU	Other State Revenue	Income per TWPU	Income per Return	Tax Revenue per TAPU	Tax Rate per \$1,000 Full Value	2020-21 Enrollment	
1	\$318,529	\$239,001	\$13,680	\$21,216	\$605	\$15,071	\$103,538	\$41,675	\$2,779	11.58	234,630
2	\$369,885	\$345,790	\$14,064	\$20,122	\$1,085	\$12,269	\$135,543	\$48,060	\$5,520	16.05	119,201
3	\$415,468	\$390,923	\$15,766	\$21,273	\$1,342	\$11,249	\$155,170	\$53,852	\$7,692	19.76	147,500
4	\$496,599	\$448,150	\$14,884	\$20,585	\$1,404	\$10,032	\$181,024	\$57,397	\$7,808	18.14	117,687
5	\$575,620	\$535,907	\$15,414	\$20,381	\$1,406	\$7,611	\$209,723	\$68,890	\$10,293	18.87	153,654
6	\$662,722	\$616,349	\$16,465	\$21,198	\$1,414	\$7,647	\$210,637	\$68,580	\$10,784	17.42	210,841
7	\$792,189	\$726,712	\$17,326	\$22,049	\$1,564	\$6,522	\$249,949	\$80,405	\$12,576	17.54	203,421
8	\$1,077,040	\$914,870	\$20,386	\$25,407	\$1,727	\$5,434	\$327,258	\$109,810	\$16,726	18.30	165,834
9	\$1,680,804	\$1,252,220	\$20,932	\$26,543	\$1,433	\$3,886	\$425,424	\$139,483	\$19,169	15.45	149,106
10	\$51,730,805	\$3,199,004	\$25,267	\$32,323	\$966	\$2,728	\$768,009	\$234,509	\$26,224	8.28	65,784
All Major Districts Average (excluding NYC)	\$719,387	\$16,949	\$22,561	\$1,303	\$8,593	\$244,645	\$82,745	\$11,048	15.42	1,567,658	
NYC	\$899,413	\$16,156	\$24,175	\$130	\$7,694	\$276,179	\$91,090	\$12,362	\$14	\$1,092,645	
All Major Districts Average (including NYC)	\$796,600	\$16,610	\$23,258	\$796	\$8,205	\$258,200	\$86,400	\$11,615	14.70	2,660,303	
Decile Rank	8	6	6	2	5	8	8	7	5		

Notes: Decile Average values shown are the weighted averages for all 67 or 68 districts with AV/TWPU less than or equal to the upper limit for the decile. Other State Revenue does not include STAR.

Figure 1. Components of Total Expenditure Per Pupil by Wealth Groups (Deciles), SY 2020-21



Note: Based on Table 2. SY 2020-21 Wealth, Expenditure, Revenue, and Aid Data Ranked by Income per TWPU for All Major Districts, Excluding NYC.

Section II

This section includes selected State Aid concepts and facts including:

- Key Concepts Concerning School Aid;
- State Support to Public School Districts;
- Legislative History;
- State Support for SY 2023-24;
- Sources of Support for Public School Districts;
- Components of School Finance;
- Foundation Aid; and
- Selected Expenditure-Based Aids.

Key Concepts Concerning School Aid

- **Wealth Equalization:** To distribute State Aid in inverse proportion to fiscal capacity to offset dramatic differences in the ability of school districts to raise local revenues. This is different from the equalization of local property assessments, which is done by the State to make assessed property values comparable from district to district.
- **Determination of Fiscal Capacity:** District income and actual property value per pupil are compared to their respective State averages (known as the Combined Wealth Ratio).
- **School District's State Sharing Ratio or Aid Ratio:** The percent is based on the relative fiscal capacity of the district and multiplied by a district-reported expenditure or per pupil amount, depending on the aid category, to determine the district's State Aid.
- **Aid Distribution Systems:** There are different ways of distributing State Aid, including:
 - ▶ **Flat Grant Per Pupil.** This distributes the same amount of State aid per pupil to every district (e.g., Textbook Aid and Flat Grant Foundation Aid). This aid is not equalized.
 - ▶ **Wealth-equalized State Aid Per Pupil.** This distributes aid based on an amount per pupil equalized in relation to district fiscal capacity, such as multiplying an amount by the district's Sharing Ratio (e.g., Foundation Aid).
 - ▶ **Expenditure-based Aid.** This aid is calculated as a wealth equalized percentage of actual approved spending (e.g., Transportation, Building, and BOCES Aids).
- **Pupil Counts Used for State Aid:** These are based on pupil attendance, membership, or enrollment, often with additional weightings for certain categories of students such as pupils with special educational needs, secondary school pupils, and pupils in summer school.

State Support to Public School Districts

- History - Revenue from State sources as a percent of total expenditures for public schools:
 - ▶ Low point: 1944-45 at 31.5 percent
 - ▶ High point: 2001-02 at 48.2 percent
 - ▶ 2022-23: 38.3 percent (estimated, including STAR)
- Revenue Sources:
 - ▶ 88 percent from the General Fund; including STAR, State income and sales taxes
 - ▶ 12 percent from Lottery receipts, VLT revenue, Commercial Gaming, and Mobile Sports Wagering funds
- Payments:
 - ▶ The school year is funded from two State fiscal years with approximately 70 percent (plus \$378.2 million) paid by March 31 (the end of the first State fiscal year).
- Aid Programs
 - ▶ Numerous programs, but Foundation Aid alone accounts for about 70.6 percent as of 2023-24 aid projections.
 - ▶ Expense-based aids reimburse school districts for certain costs and generally are based on multiplying expenses by an aid ratio. This category includes Transportation, Building, BOCES, Public Excess Cost, High Cost, and Private Excess Cost aids and accounts for about 25.1 percent of aid as of 2023-24 aid projections.

Legislative History

- 1990: Payments to the Teachers Retirement System for 1989-90 amortized over 15 years, reducing State Aid by \$684 million.
- 1990: Unprecedented mid-year deficit reduction legislation cut 1990-91 State Aid payments by \$190 million.
- 1991-92: A State budget was adopted more than two months late with \$925 million in deficit reductions.
- 1992-93: Deficit reductions continued for \$1,039 million.
- 1993-94: State Aid reforms were introduced, deficit reductions eliminated and an estimated increase of \$330 million provided.
- 1994-95 through 1997-98: A State budget was adopted several months late each year, with estimated increases of:
 - ▶ 1994-95: \$435 million (June)
 - ▶ 1995-96: \$ 67 million (June)
 - ▶ 1996-97: \$177 million (July)
 - ▶ 1997-98: \$661 million (August)
- 1998-99: Legislation was passed in mid-April. After vetoes, the estimated increase was \$967 million.
- 1999-00: Legislation was passed in August with an estimated increase of \$922 million.
- 2000-01: Legislation was passed in mid-May with an estimated increase of \$1.094 billion.
- 2001-02: Legislation was passed in August to institute a baseline budget and supplemented in October with additional funds, for an estimated total increase of \$680 million.
- 2002-03 through 2006-07: State's budgets were adopted with estimated increases (or decrease in 2003-04) as noted:
 - ▶ 2002-03: \$420 million (May)
 - ▶ 2003-04: \$207 million decrease (May)
 - ▶ 2004-05: \$740 million (August)
 - ▶ 2005-06: \$830 million (March)
 - ▶ 2006-07: \$ 1.1 billion (March)

- 2007-08 and 2008-09: Legislation was passed in April with an estimated increase of \$1.7 billion each year, including major reform of State Aid and the phase-in of Foundation Aid.
- 2009-10: Legislation was passed in April with an estimated increase of \$405 million, Foundation Aid held to the base year amount and a \$1 billion Deficit Reduction Assessment (DRA) which was restored with Federal Fiscal Stabilization funds. In December, a \$391 million supplemental DRA was enacted and restored with similar federal funding.
- 2010-11: Legislation was passed in June, vetoed in July, and revisited in August with an estimated decrease of \$522 million, Foundation Aid held to 2008-09, a negative \$2.1 billion Gap Elimination Adjustment (which was partially restored with \$726 million in remaining federal ARRA funds), and \$607 million in federal Education Jobs Program funding. Chapter 313 later provided for an additional \$131.5 million reduction in aid (Federal Medicaid Assistance Percentage or FMAP).
- 2011-12: Legislation was passed in April with an estimated decrease of \$675 million, including a negative \$2.6 billion Gap Elimination Adjustment (GEA) and a cap on future year-to-year increases in General Support for Public Schools. In June, a property tax cap was enacted.
- 2012-13 through 2016-17: Legislation was passed in March each year with significant increases and partial restorations to the GEA.
 - ▶ 2012-13: \$805 million increase including a \$400 million GEA restoration.
 - ▶ 2013-14: \$944 million increase including a \$517 million GEA restoration.
 - ▶ 2014-15: \$1.12 billion increase including a \$602 million GEA restoration. A multi-year \$1.5 billion appropriation was made for Statewide Universal Full-Day Pre-Kindergarten, with \$340 million available for reimbursement for the 2014-15 school year.
 - ▶ 2015-16: \$1.3 billion increase including a \$603 million GEA restoration.
 - ▶ 2016-17: \$1.4 billion increase, fully restoring the GEA.
- 2017-18 through 2019-20: Legislation was passed in March and April with large increases of \$1.0 billion in 2017-18, \$912 million in 2018-19, and \$961 million in 2019-20. The Universal Prekindergarten program was modified in 2017-18 to provide continuing support to various prekindergarten grant programs.
- 2020-21: Legislation was passed in April with no Foundation Aid increase, and a current law increase to other aids of \$95.5 million. A \$1.13 billion reduction in state support was fully offset with Federal Coronavirus Aid, Relief, and Economic Security (CARES) Act funding.

- 2021-22: Legislation provided a \$1.8 billion increase in Foundation Aid and committed to a 3-year period to fully fund Foundation Aid. Coronavirus Response and Relief Supplemental Appropriations (CRRSA) and American Rescue Plan Act (ARP) were funded with \$13.1 billion in federal funds.
- 2022-23: Legislation provided a \$1.53 billion increase in Foundation Aid and allocated a phase-in of 50 percent for all districts and a minimum increase of at least three percent.
- 2023-24: Legislation provided a \$2.63 billion increase in Foundation Aid and allocated a phase-in of 100 percent for all districts and a minimum increase of at least three percent.

Table 4. Estimated General Support for Public Schools (GSPS) for SY 2023-24, in Millions	
Foundation Aid	\$23,965
Building Aid, including Reorganization Incentive	\$3,346
Transportation Aid, including Summer Transportation Aid	\$2,504
BOCES and Special Services Aids	\$1,427
Special Education Aids	\$993
Universal Pre-Kindergarten Grants	\$805
Other	\$873
GSPS Total:	\$33,914
Notes: GSPS excludes Expanding our Children’s Education and Learning (EXCEL) debt service, Smart Schools Bond Act funds, SUFPK, and competitive grants funded outside of GSPS. UPK does not include federal funding.	

Figure 2. Sources of Revenue for Education, Major Districts, SY 2021-22

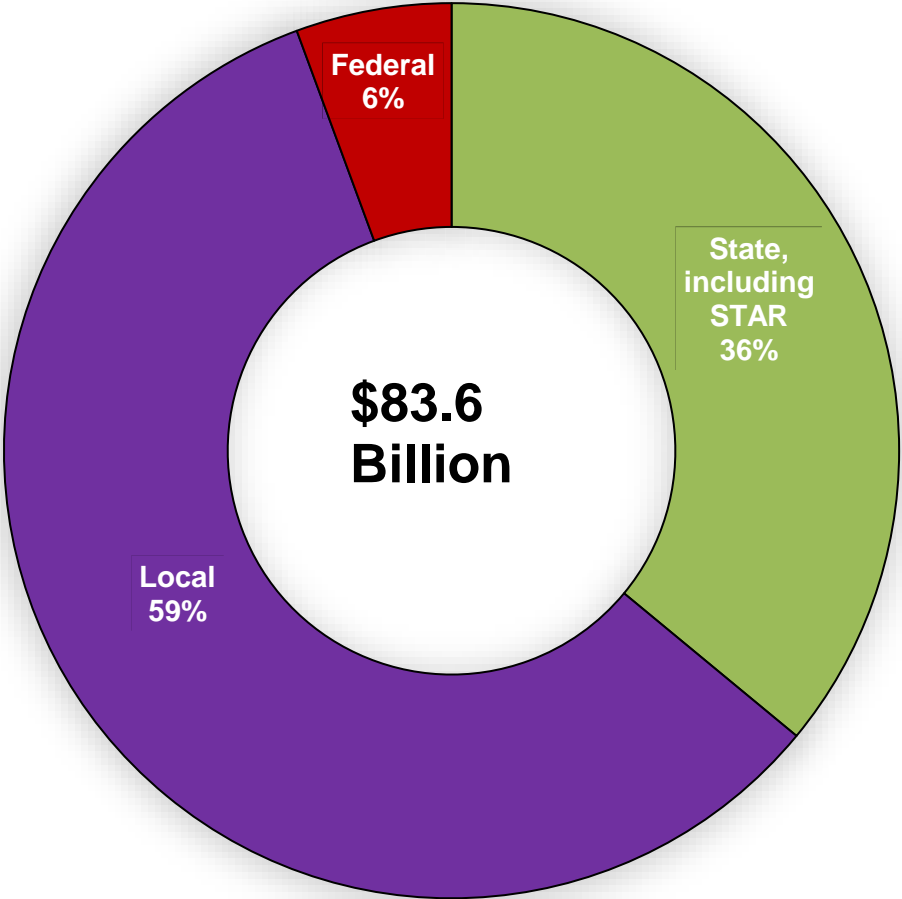
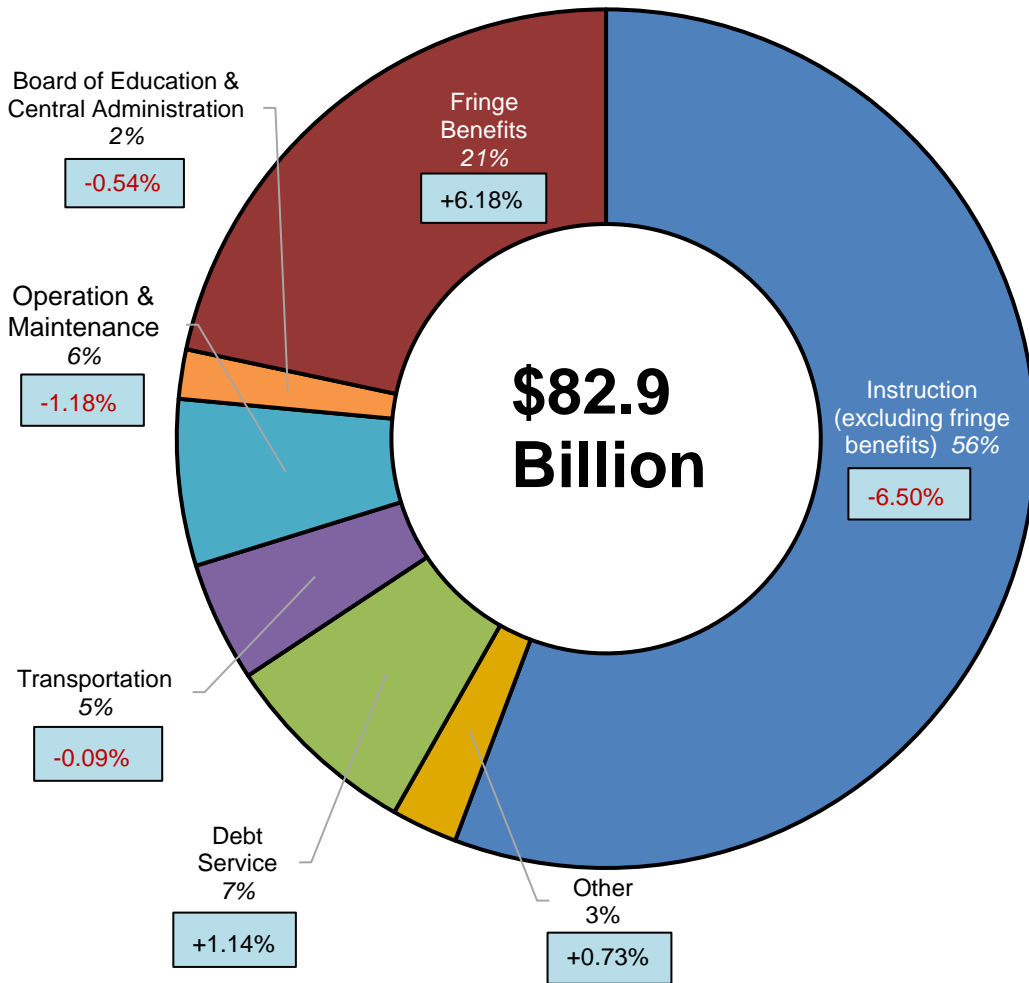


Figure 3. Where the Education Dollar is Going, New York State Major School Districts, SY 2021-22



Note. "Other" includes Community Service, Other Undistributed, and Other (including interfund Transfers). The values in blue boxes represent the change in percentage points for expenditures between SY 2000-01 and SY 2021-22.

Foundation Aid

The Laws of 2007 reformed the State’s method of allocating resources to school districts by consolidating some thirty existing aid programs into a Foundation Aid formula that distributes funds to school districts based on the cost of providing an adequate education, adjusted to reflect regional costs and concentrations of pupils who need extra time and help in each district. The 2007-08 Enacted Budget also included a four-year phase-in of Foundation Aid. For a history of changes in the Enacted Budget, see Legislative History on page 13.

District Foundation Aid per Pupil =

[Foundation Amount times Pupil Need Index times Regional Cost Index]

minus Expected Minimum Local Contribution

- The Foundation Amount is the cost of providing general education services. It is measured by determining instructional costs of districts that are performing well. It is adjusted annually to reflect the percentage increase in the Consumer Price Index (CPI) and adjusted by the Phase-in Foundation Percent (PIFP) as specified by statute. For 2007-08 aid, the Foundation Amount was \$5,258, and was adjusted by the PIFP of 1.0768. For 2023-24, the adjusted amount is: \$7,242 times 1.080 (CPI) times 1.0000 (PIFP), or \$7,821.
- The Pupil Needs Index (PNI) recognizes the added costs of providing extra time and help for students to succeed. It is 1 + the Extraordinary Needs (EN) percent and ranges from 1 to 2. The EN% is based on:

Lunch count times 0.65	Uses a 3-year average Free and Reduced-Price Lunch percent
Census count times 0.65	Uses 2000 Census percent of persons ages 5-17 in poverty
English Language Learners count times 0.50	Uses base year pupils
Sparsity count	Provides a factor $((25 \text{ minus enrollment/square mile})/50.9)$ for districts with fewer than 25 pupils per square mile

- The Regional Cost Index (RCI) recognizes regional variations in purchasing power around the State, based on wages of non-school professionals. As currently provided in statute, the 2006 regional cost index by labor force region is:

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 Expected Minimum Local Contribution is an amount districts are expected to spend towards the total cost of general education. It is the lesser of two calculations:

Selected Actual Value/pupil times Tax Factor¹³ of 0.0161 times Income/Pupil relative to the State average (which is capped between 0.65 and 2.0),

OR

(Foundation Amount times PNI x RCI) times (1 minus Foundation Aid State Sharing Ratio).

Total Foundation Aid = Selected Foundation Aid times Selected Total Aidable Foundation Pupil Units (TAFPU). Selected Foundation Aid is the district's Foundation Aid per pupil, but no less than \$500. TAFPU is described on page 23.

The 2023-24 Foundation Aid is equal to the 2022-23 Foundation Aid Base plus the greater of a 100 percent phase-in of foundation aid remaining or a 3 percent due minimum.

- District wealth is measured by:
 - ▶ Selected Actual Valuation (AV) of Taxable Real Property Per Pupil = Lesser of 2020 AV or the average of 2020 AV and 2019 AV.
 - ▶ Selected Adjusted Gross Income Per Pupil = Lesser of 2020 Income or the average of 2020 and 2019 Income.

¹³ The tax factor is based on 90% of the three-year average tax rate in the state.

- Annual Computations:

- ▶ Actual Value Per Pupil

Selected actual valuation of all districts divided by resident pupils of New York State to obtain State average selected AV/pupil. For 2023-24 aid: \$826,600.

- ▶ Adjusted Gross Income Per Pupil

Selected adjusted gross personal income of all taxpayers, as reported on New York State income tax returns, and including results of the statewide computerized income verification process, divided by resident pupils of New York State to obtain State average selected income/pupil. For 2023-24 aid: \$263,900

Foundation Aid Combined Wealth Ratio

- Combined Wealth Ratio Calculation:

- ▶ Compare District Wealth Measures to State Average

Wealth Measures

- ▶ Compute:

$$\text{Foundation Aid Pupil Wealth Ratio (FAPWR)} = \frac{\text{District Actual Value per Pupil}}{\$826,600}$$

$$\text{Foundation Aid Alternate Pupil Wealth Ratio (FAAPWR)} = \frac{\text{District Income per Pupil}}{\$263,900}$$

- ▶ Weight Income and Actual Value Equally (50:50):

$$0.50 \times \text{FAPWR} + 0.50 \times \text{FAAPWR}$$

This is the district's Foundation Aid Combined Wealth Ratio (FACWR), a measure of district fiscal capacity based on income and actual value.

- Average Wealth District: FACWR = 1.00
- Below Average Wealth: FACWR = Less than 1.00
- Above Average Wealth: FACWR = Greater than 1.00

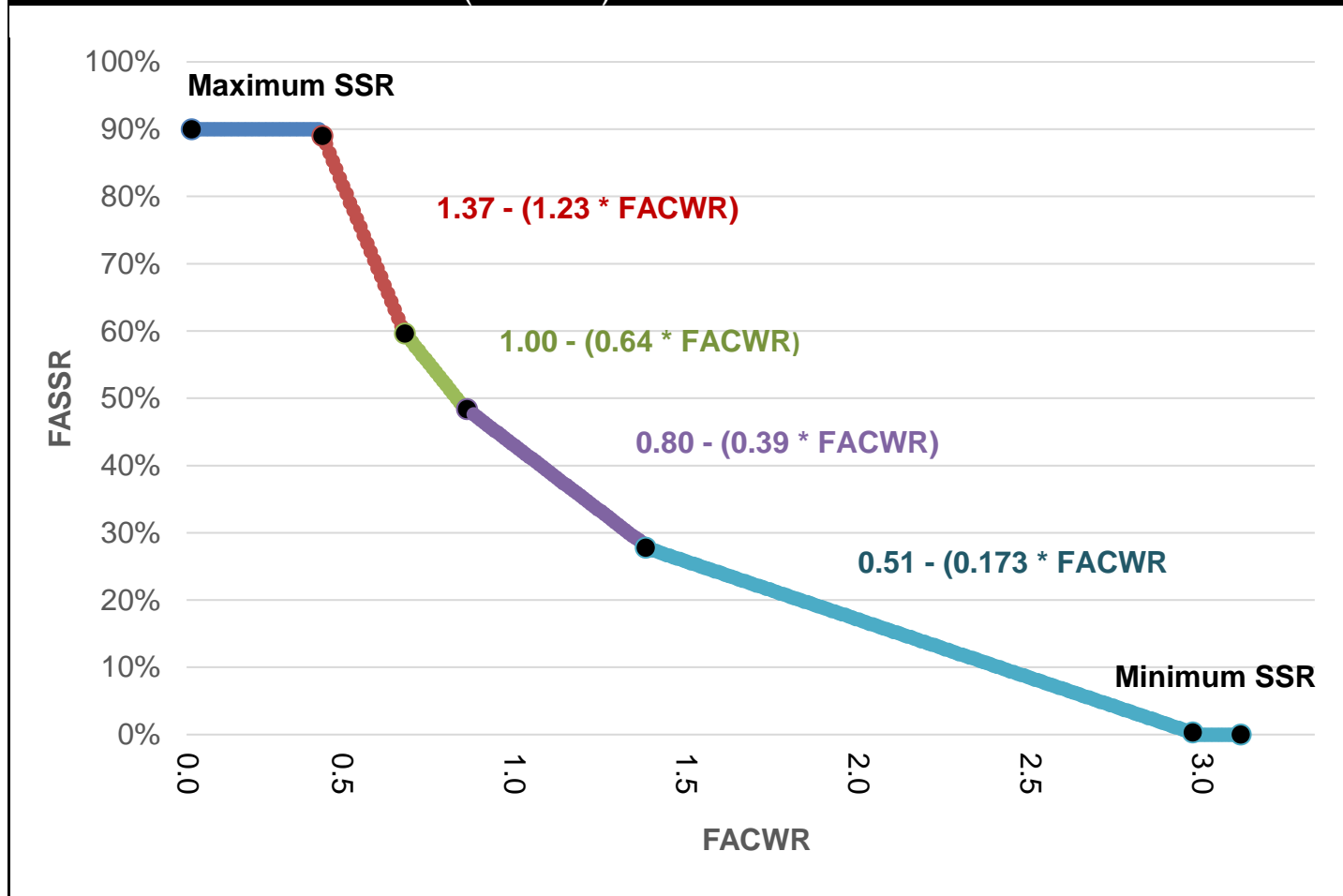
Foundation Aid State Sharing Ratio

- State Sharing Ratio Calculation:

Basic Principle: The poorer a district is compared to the State average, the greater the State Sharing Ratio. For high need/resource-capacity districts, the State Sharing Ratio is multiplied by 1.05.

<u>If the district's FACWR is:</u>	<u>Then the Foundation Aid State Sharing Ratio is computed as follows:</u>
0.627 or less	1.37 minus (1.23 times FACWR) with a Maximum ratio of .90 Range 0.599 to 0.900
0.627 - 0.800	1.00 minus (0.64 times FACWR) Range 0.488 to 0.599
0.800 - 1.336	0.80 minus (0.39 times FACWR) Range 0.279 to 0.488
Greater than 1.336	0.51 minus (0.173 times FACWR) with a Minimum ratio of zero Range 0 to 0.279

Figure 4. Foundation Aid State Sharing Ratio (FASSR) as a Function of Foundation Aid Combined Wealth Ratio (FACWR)



Foundation Aid Pupil Count

Basic Principle: Foundation Aid = Aid Per Pupil times Number of Pupils

Average Daily Membership (Full Day K-12)		Weighting 1.00
	Plus	
Average Daily Membership of 1/2 Day Kindergarten		Weighting 0.50
	Plus	
Pupils with Disabilities		Weighting 1.41
	Plus	
Pupils Declassified from Special Education		Weighting 0.50
	Plus	
Pupils in Summer School		Weighting 0.12
	Plus	
Dual Enrollment Pupils		

Sum = Total Aidable Foundation Pupil Units (TAFPU)

SELECTED EXPENDITURE-BASED AIDS

2023-24 Estimated Aid (funding and counts for major districts)	Formula/Calculation ¹⁴
<p>Building Aid</p> <ul style="list-style-type: none"> • \$3,330.9 million • 667 districts aided • 673 districts eligible 	<p>Building Aid = Approved Expenditures x Building Aid Ratio.</p> <p>Approved Expenditures = assumed amortization of approved project costs or current year lease expenditures.</p> <p>Aid Ratio =</p> <p>a) for projects with voter approval dates (VAD) before July 1, 2000, the highest of the Actual Value/RWADA aid ratios from 1981-82 through 2022-23 AV/RWADA Aid Ratio = 1 minus (0.51 times RWADA wealth ratio), min 0.</p> <p>b) for projects with VAD on or after July 1, 2000, generally the higher of the current AV/RWADA aid ratio or the aid ratio selected for 1999-00 building aid.</p> <p>c) Other adjustments: up to 10 percent of additional aid is provided for projects with VAD on or after July 1, 1998; additional aid ratio option for certain low income wealth districts and up to 5 percent additional aid for high need/resource-capacity districts; aid provided for security devices, capital outlays that merit exception, water testing, and building condition survey.</p> <p>Maximum aid ratio is 95 percent (98 percent in certain cases).</p>
<p>Building Reorganization Incentive Aid</p> <ul style="list-style-type: none"> • \$14.6 million • 75 districts aided • 89 districts potentially eligible 	<p>Aid = Additional apportionment (incentive factor) of building aid for eligible building projects.</p> <p>Incentive Factor = 0.25 for districts that reorganized prior to July 1, 1983; 0.30 for districts reorganized since then.</p> <p>Maximum aid = the sum of building aid and reorganization building aid cannot exceed 95 percent of the approved building expenditures (98 percent in certain cases).</p>

¹⁴ For more information on formulas or calculations in this table, see *2023-24 State Aid Handbook, Formula Aids and Entitlements for Schools*. New York State Education Department. Available at https://stateaid.nysed.gov/publications/handbooks/handbook_2324.pdf.

2023-24 Estimated Aid (funding and counts for major districts)	Formula/Calculation ¹⁴
<p>Transportation Aid \$2,496.7 million</p> <ul style="list-style-type: none"> • 673 districts aided • 673 districts eligible 	<p>Aid = Approved Capital and Non-capital Expenditures times Selected Aid Ratio.</p> <p>Non-capital expenditures = approved transportation operating expenditures and account for about 95 percent of approved expenditures.</p> <p>Capital expenditures = assumed amortization of purchase, lease, and equipment costs over five years, at a statewide average interest rate.</p> <p>Aid Ratio = highest of 3 aid ratios plus a sparsity adjustment; 0.065 minimum; 0.90 maximum. 3 aid ratio choices =</p> <ul style="list-style-type: none"> a) 1.263 times State Sharing Ratio; b) 1.01 minus (0.46 x RWADA wealth ratio); and c) 1.01 minus (0.46 x enrollment wealth ratio).
<p>Summer Transportation Aid</p> <ul style="list-style-type: none"> • \$5.0 million maximum • 246 districts aided • 673 districts eligible 	<p>Aid = Approved non-capital expenditures times Selected Aid Ratio.</p> <p>Non-capital expenditures = for transporting pupils to and from district-operated approved summer school programs.</p> <p>Capital expenditures are included with the above Transportation Aid formula. Aid Ratio is same as for Transportation Aid.</p> <p>If State total of districts' aid exceeds \$5.0 million, each district's aid is prorated to remain within a \$5.0 million statewide appropriation.</p>

2023-24 Estimated Aid (funding and counts for major districts)	Formula/Calculation ¹⁴
<p>BOCES Aid</p> <ul style="list-style-type: none"> • \$1,188.4 million • 664 districts aided • 664 eligible districts <p>(4 districts have elected not to join a BOCES and the Big 5 city school districts are not eligible to join a BOCES; these 9 districts are eligible to receive the separate Special Services Aid)</p> <p>Note: aid is calculated for districts but is paid to the BOCES.</p>	<p>Operating Aid = Approved Expenditures times Selected Aid Ratio. Expenditures = an allocation of the BOCES base year administrative and shared services expenditures to the school districts that are components of the respective BOCES, about 94 percent of aidable expenditures.</p> <p>Selected Aid Ratio = higher of:</p> <ul style="list-style-type: none"> a) 1 minus (0.51 times AV/RWADA wealth ratio); or b) 1 minus (.008 / district tax rate) (0.003 for central high schools); <p>minimum = 0.36; maximum = 0.90.</p> <p>Rent and Capital Aid = Approved Expenditures times Aid Ratio. Expenditures = an allocation of the BOCES current year rent and capital expenditures to the school districts that are components of the BOCES.</p> <p>Aid Ratio = 1 minus (0.51 times AV/RWADA wealth ratio), minimum = 0.00; maximum = 0.90.</p>

2023-24 Estimated Aid (funding and counts for major districts)	Formula/Calculation ¹⁴
<p>Public Excess Cost High Cost Aid</p> <ul style="list-style-type: none"> • \$570.3 million • 639 districts aided • 673 districts eligible <p>Note: estimated expenditures are based on district averages, but actual expenditure is computed on a per pupil basis.</p>	<p>Aid = (Approved Program Cost minus Deduction) times Aid Ratio.</p> <p>Eligibility: To be eligible for this aid, the cost per student must exceed the lesser of \$10,000 or (4 times 2020-21 AOE/Pupil).</p> <p>If eligible, approved program costs are equal to the sum of the annualized tuition above the deduction for students with disabilities educated in district or BOCES programs.</p> <p style="padding-left: 40px;">Deduction = 3 times 2021-22 AOE/pupil. Aid Ratio = 1 minus (0.51 times Combined Wealth Ratio); minimum = 0.25.</p> <p>Aid is in addition to Foundation Aid.</p>
<p>Private Excess Cost Aid</p> <ul style="list-style-type: none"> • \$418.7million • 539 districts aided • 673 districts eligible <p>Note: estimated expenditures are based on district averages, but actual expenditure is computed on a per pupil basis.</p>	<p>Aid = (Approved Program Cost minus Deduction) times Aid Ratio.</p> <p>Approved Program Cost is the base year private school tuition per pupil for district pupils placed in private school programs for the disabled. Expenditures at the State-operated schools (New York State (NYS) for the Blind and NYS School for the Deaf) are included.</p> <p style="padding-left: 40px;">Deduction = base year tax levy per public school enrollment of resident pupils (including charter school enrollment).</p> <p style="padding-left: 40px;">Aid Ratio = 1 minus (0.15 times Combined Wealth Ratio); minimum = 0.50.</p>

APPENDIX A

Description of 2023-24 Formula Aids to School Districts

Aid Type	Description of Aid
Foundation	Unrestricted aid to school districts for school operation and maintenance. It replaces 30 aids and grants from 2006-07. Based on an adjusted foundation amount less an expected minimum local contribution. Formula recognizes regional cost, district need factors, and fiscal capacity, and is phased-in over time.
Full-Day K Conversion	One-year unrestricted aid on a current year basis for approved programs in districts that agree to convert to full-day kindergarten programs. Equal to selected foundation aid per pupil. Legislation enacted in 2013 limits eligibility of this funding to only one such conversion.
Universal Pre-Kindergarten	Targeted per-pupil grant for approved programs. The 2017-18 Enacted Budget provided for a multi-year consolidation of Pre-K programs (except for the \$340 million Statewide Universal Full Day Pre-K program).
Charter School Transitional	Targets aid to the 35 districts most impacted by a concentration of charter schools in the past three years, either in comparison to the district's enrollment or budget. Aid is based on a partial reimbursement of the per-pupil basic tuition paid by the district to the charter school.
High Tax	Eligible districts receive a flat grant per enrolled pupil. Eligibility determined by residential levy exceeding a specified percent of adjusted gross income. Aid is frozen to the 2013-14 amount.
Textbook	Non-wealth equalized reimbursement of expenditures up to a flat grant per pupil maximum.
Computer Software	Non-wealth equalized reimbursement of expenditures up to a flat grant per pupil maximum.
Library Materials	Non-wealth equalized reimbursement of expenditures up to a flat grant per pupil maximum.
Hardware and Technology	Expenditure-based reimbursement up to an equalized ceiling amount per pupil for instructional computer hardware and educational technology equipment. Uses the district's current year building aid ratio which reflects its relative property wealth. Local share not required.
BOCES	Expenditure-based aid for districts that are components of BOCES to obtain services. Equalized by either the district's tax rate or relative property wealth per pupil.

Aid Type	Description of Aid
Special Services— Computer Administration	Expenditure-based aid up to a maximum per pupil for computer expenditures. Equalized for district fiscal capacity. Only Big 5 Cities and other non-component districts of a BOCES are eligible.
Special Services— Career Education; Academic Improvement	Expenditure-based aid up to a maximum per pupil for career education expenditures. Equalized for district fiscal capacity. Only Big 5 Cities and other non-component districts of a BOCES are eligible.
Reorganization Incentive - Operating	Additional unrestricted operating aid for districts that reorganize after July 1, 2007. Depending on the year of reorganization, up to an additional 40 percent of 2006-07 formula operating aid is provided (the percent is scaled down after 5 years by 4 percent per year).
Excess Cost Public High Cost	Additional wealth-equalized, per-pupil aid for students with disabilities in public school (or BOCES-run) very high cost programs. Costs exceeding a threshold are reimbursed using an aid ratio based on district property and income wealth.
Supplemental Public Excess Cost Amount	Aid for eligible districts to accommodate changes in the way aid is provided for public excess cost pupils. Aid is frozen to the 2008-09 amount.
Excess Cost - Private	Wealth-equalized, per-pupil aid for students with disabilities that the public school places in private school settings or State-operated schools for the deaf or blind.
Transportation	Expenditure-based aid for approved operating expenditures for transportation of pupils. Property wealth equalized with a choice of aid ratios and sparsity adjusted. Starting in 2005-06, debt service expenditures are aided on an assumed amortization schedule.
Summer Transportation	Transportation aid was expanded to cover summer school programs to help students meet higher learning standards. Districts with approved programs are eligible for aid up to a maximum State total of \$5 million.
Building	Expenditure-based aid for construction and financing of approved building projects. Choice of property wealth equalized aid ratios back to 1981-82, depending on date of voter approval. Up to an additional 10 percent incentive was provided for projects approved on or after July 1, 1998. Allowable construction cost adjusted for regional cost differences starting in 1998. Starting in 2002-03, debt service expenditures are aided on an assumed amortization schedule.

Aid Type	Description of Aid
Reorganization Incentive - Building	An additional amount of building aid (25 or 30 percent, depending on year of reorganization) is provided for eligible building projects. A maximum of 95 percent of approved building expenditures can be aided in total by Building and Reorganization Building aid (98 percent for high needs districts for projects approved after 7/1/05). The district's selected building aid ratio applies.
Expanding our Children's Education and Learning (EXCEL)	Starting with 2006-07, a total of \$2.6 billion is available over multiple years for capital construction. The maximum allocations are: \$1.8 billion for the New York City School District; \$400 million for non-NYC high Need/Resource-Capacity districts, based on a flat grant per pupil; and \$400 million for average and low Need/Resource-Capacity districts, based on a smaller flat grant per pupil.
Smart Schools Bond Act	In the November 2014 general election, voters approved the sale of State bonds up to \$2 billion. Proceeds will be allocated to school districts statewide to provide access to classroom technology and high-speed internet connectivity to equalize opportunities for children to learn, to add classroom space to expand high-quality pre-kindergarten programs, to replace classroom trailers with permanent instructional space, and to install high-tech smart security features in schools.

APPENDIX B

Flow Charts of Selected Formula Aids

(Below are Acronyms Used in the Flow Charts that Follow)

List of Flow Chart Acronyms:

Adjusted FA Amount – Adjusted Foundation Aid Amount

ADM – Average Daily Membership

ADA – Average Daily Attendance

AGI – Adjusted Gross Income

AR – Aid Ratio

AV – Actual Value

BY – Base Year

CHS – Central High Schools

CWR – Combined Wealth Ratio

CY – Current Year

EN Count – Extraordinary Needs Count

FACWR – Foundation Aid Combined Wealth Ratio

FASSR – Foundation Aid State Sharing Ratio

FRPL – Free and Reduced Price Lunch

FTE – Full Time Equivalent

HN Districts – High Need Districts

PEP – Pupil Evaluation Program exams

RPNE – Resident Public & Nonpublic Enrollment

RWADA – Resident Weighted Average Daily Attendance Aid Ratio

Selected AV/TWFPU – Selected Actual Valuation per Total Wealth Foundation Pupil Units

Selected AV/TWPU – Selected Actual Valuation per Total Wealth Pupil Units

SWD – Students with Disabilities

SY – School Year

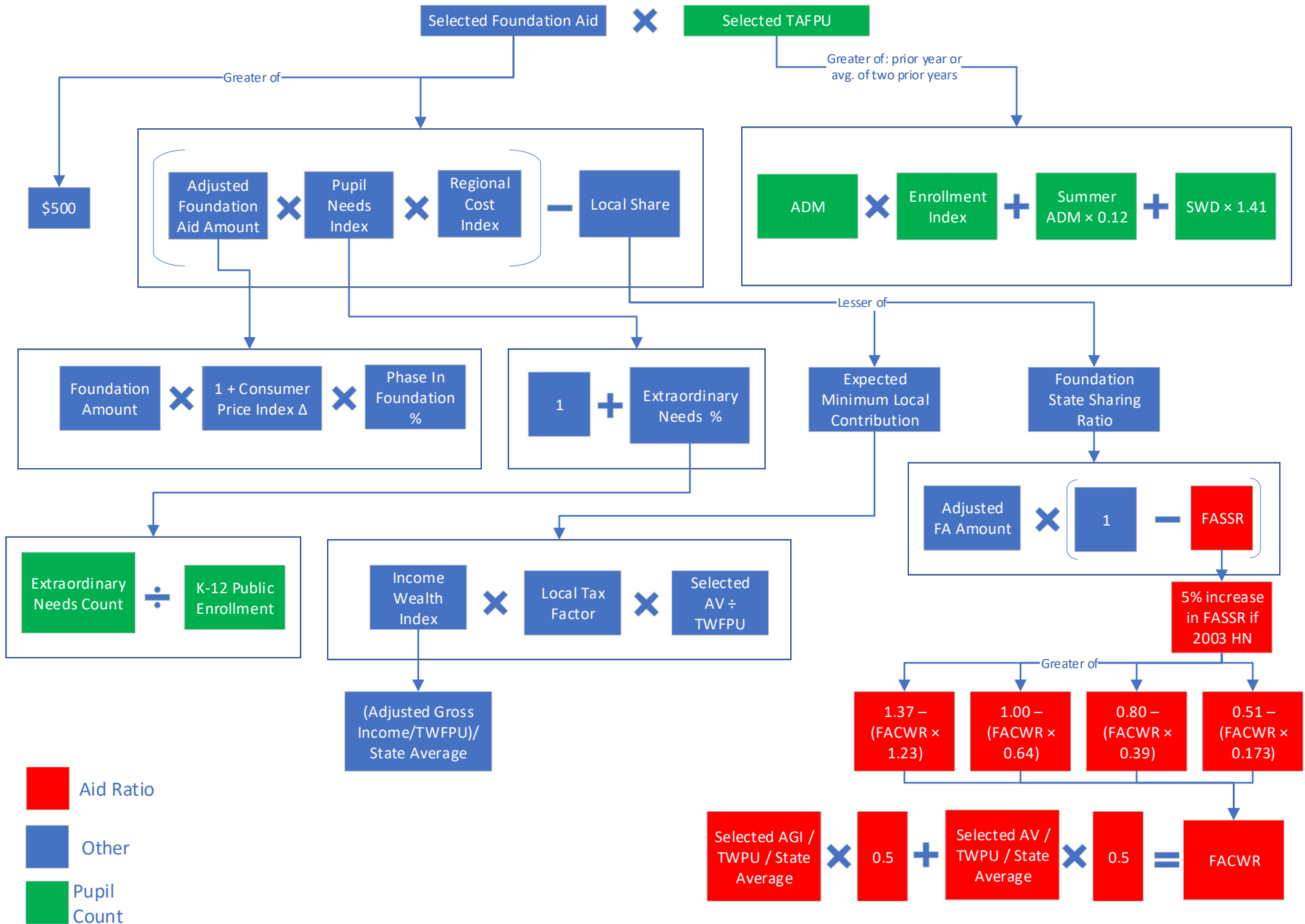
TAFPU – Total Aidable Foundation Pupil Units

TAPU – Total Aidable Pupil Units

TWFPU – Total Wealth Foundation Pupil Units

TWPU – Total Wealth Pupil Units

Total Foundation Aid

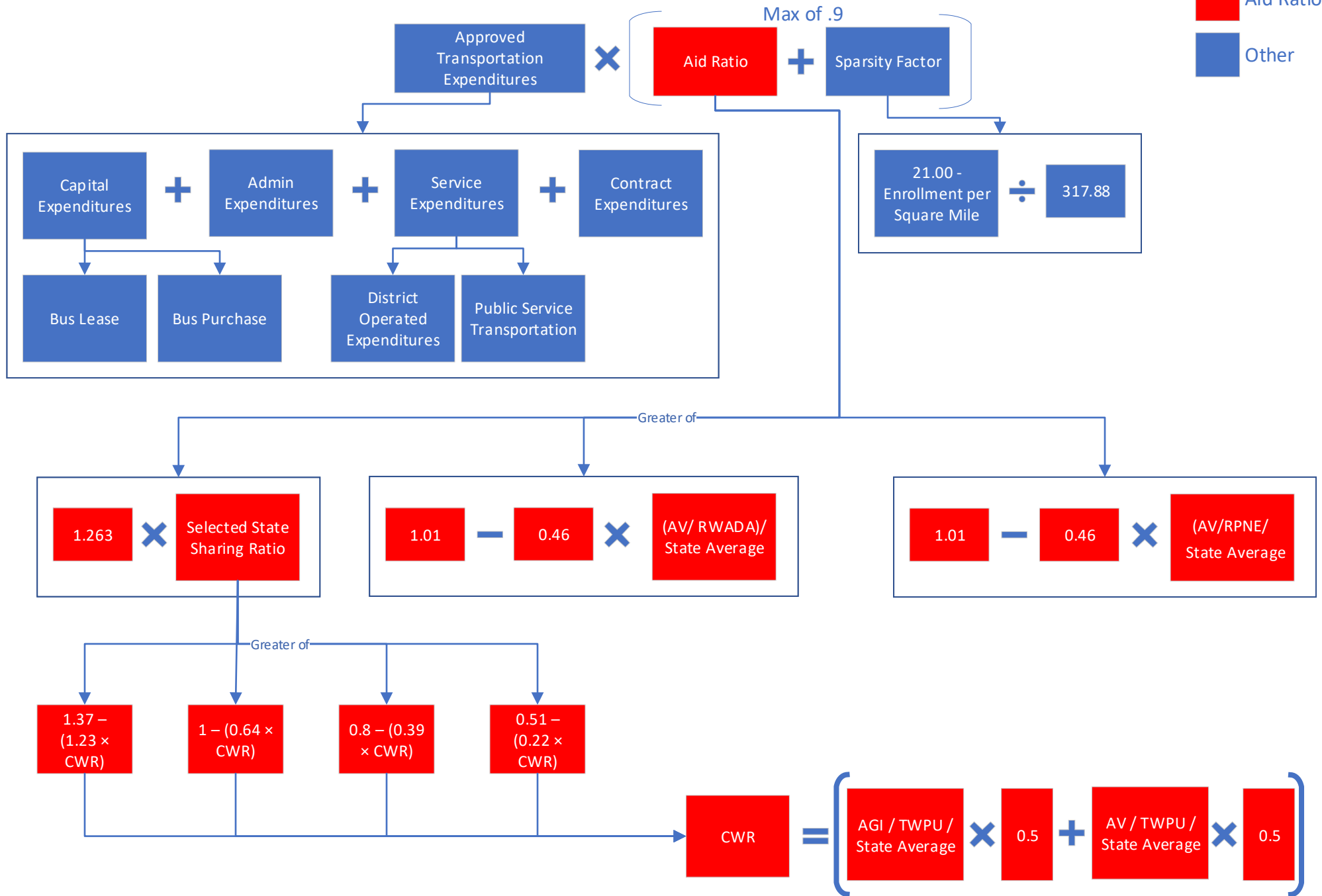


■ Aid Ratio

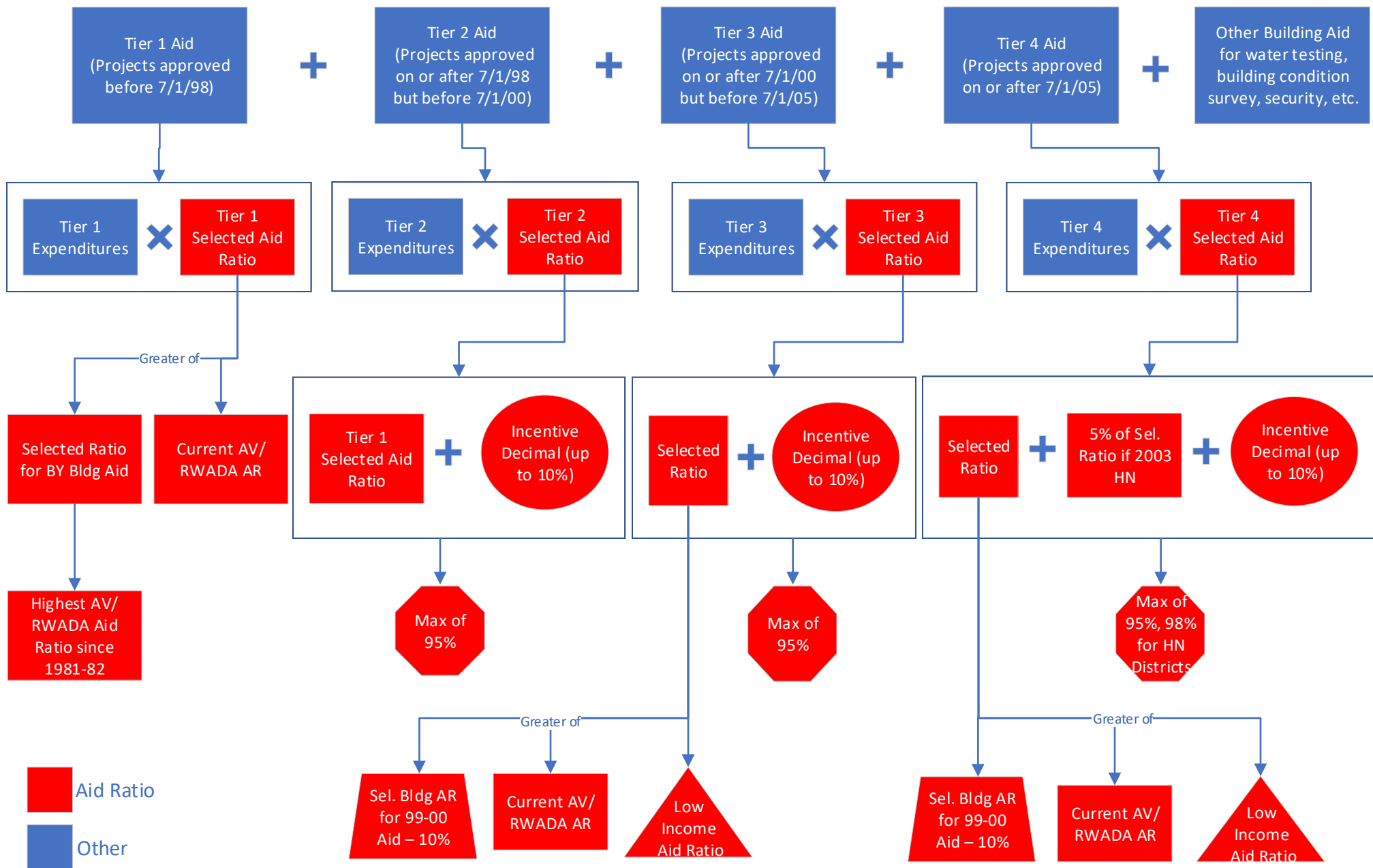
■ Other

■ Pupil Count

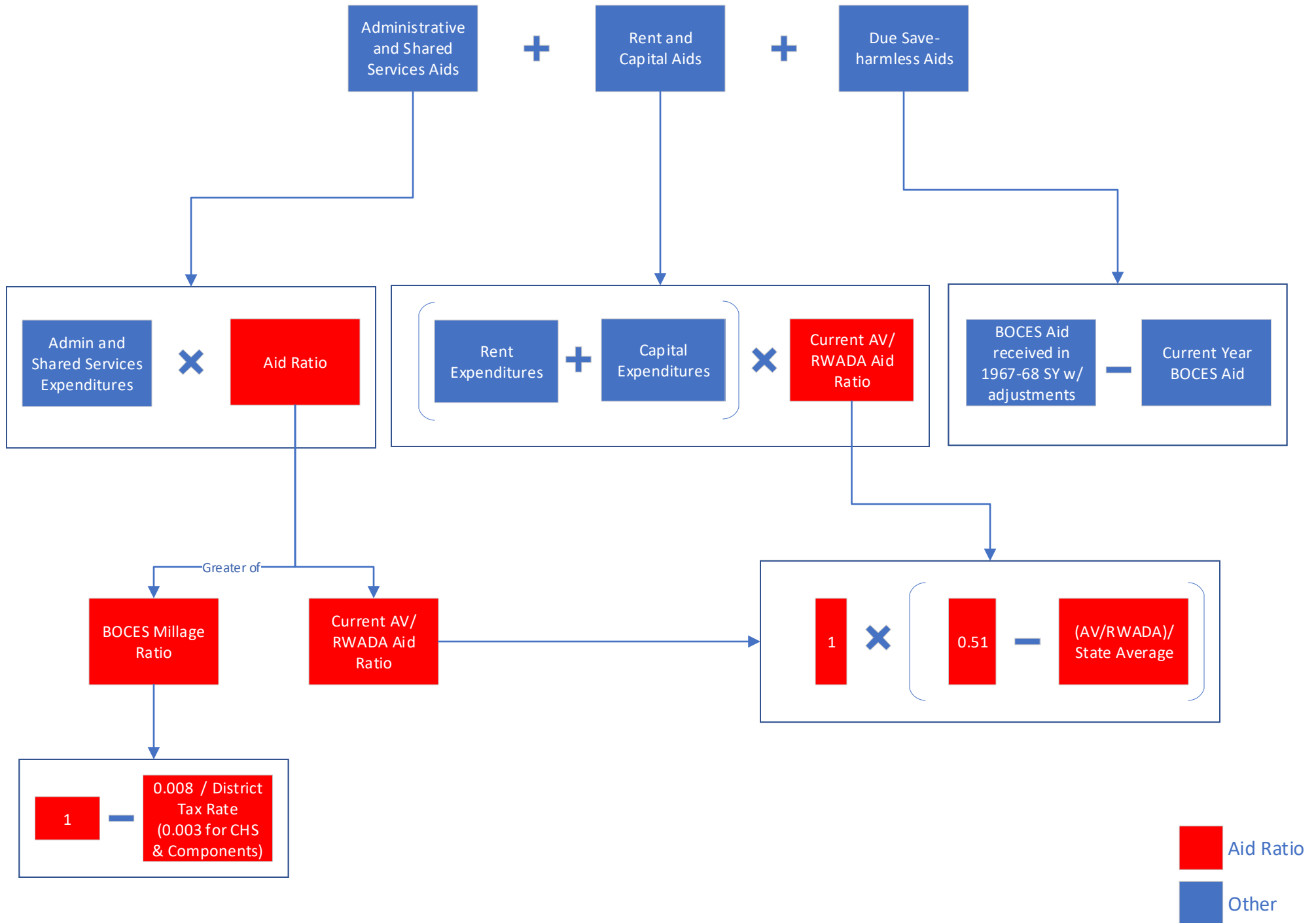
Transportation Aid



Building Aid

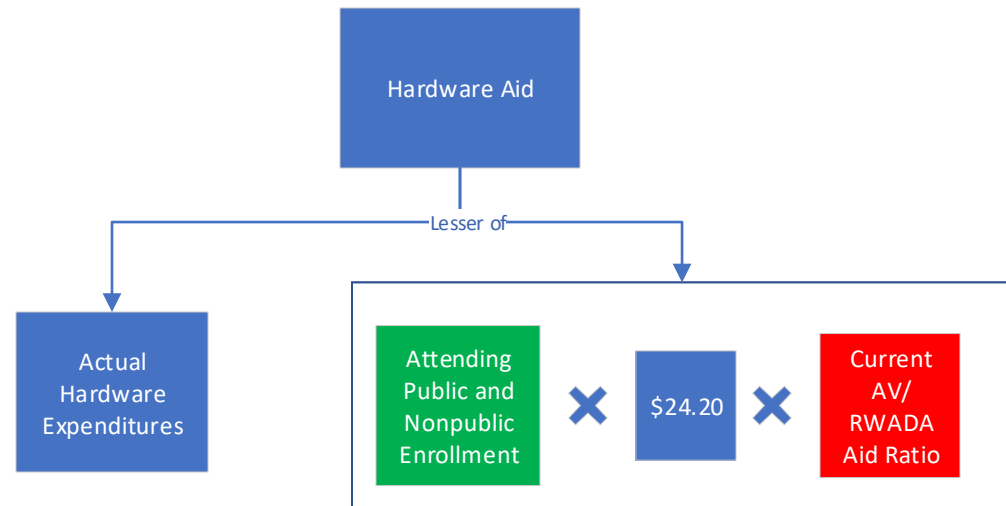
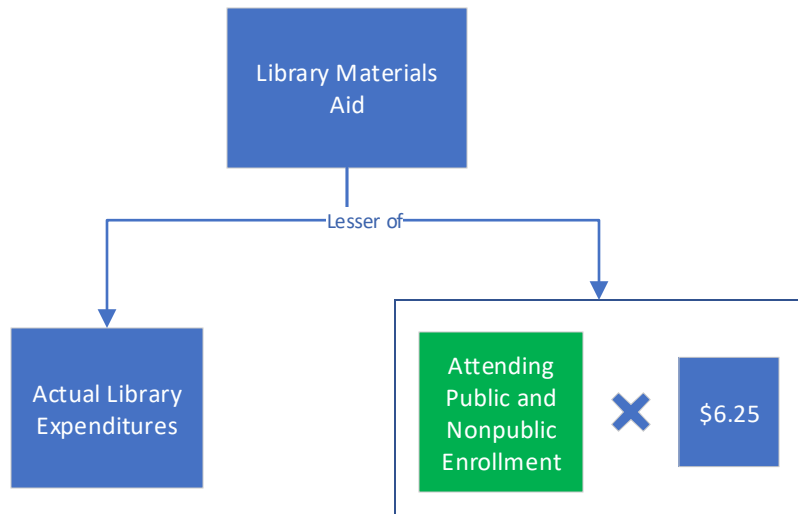
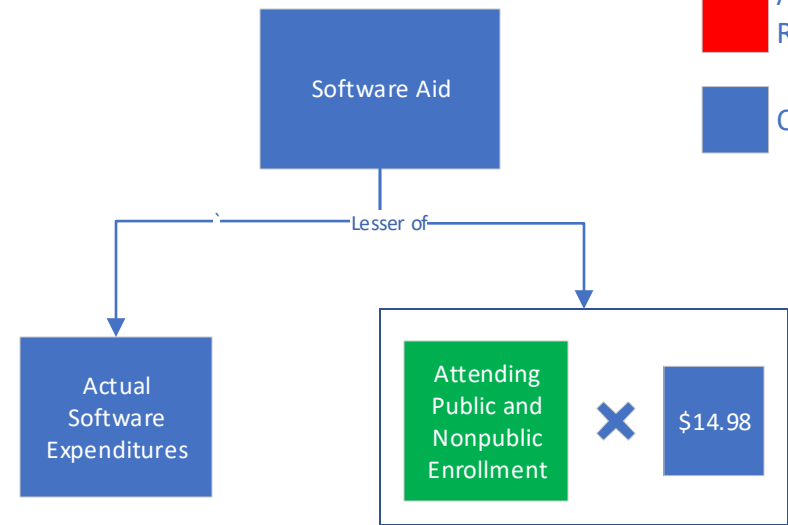
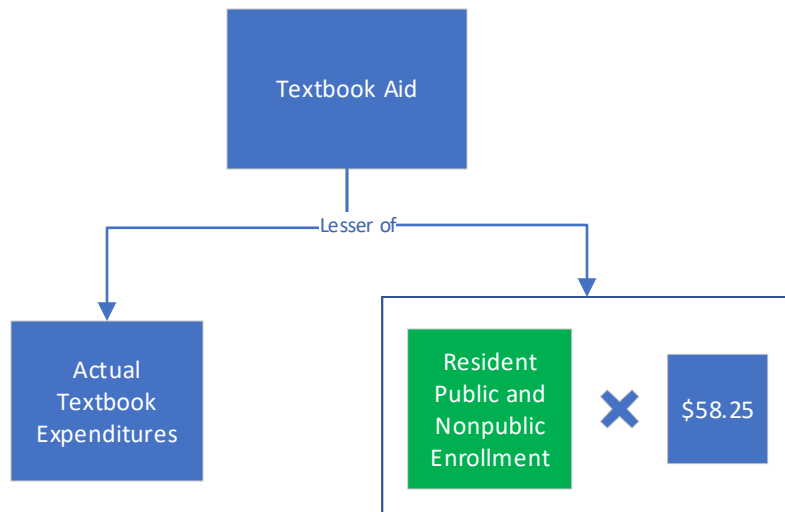


BOCES Aid



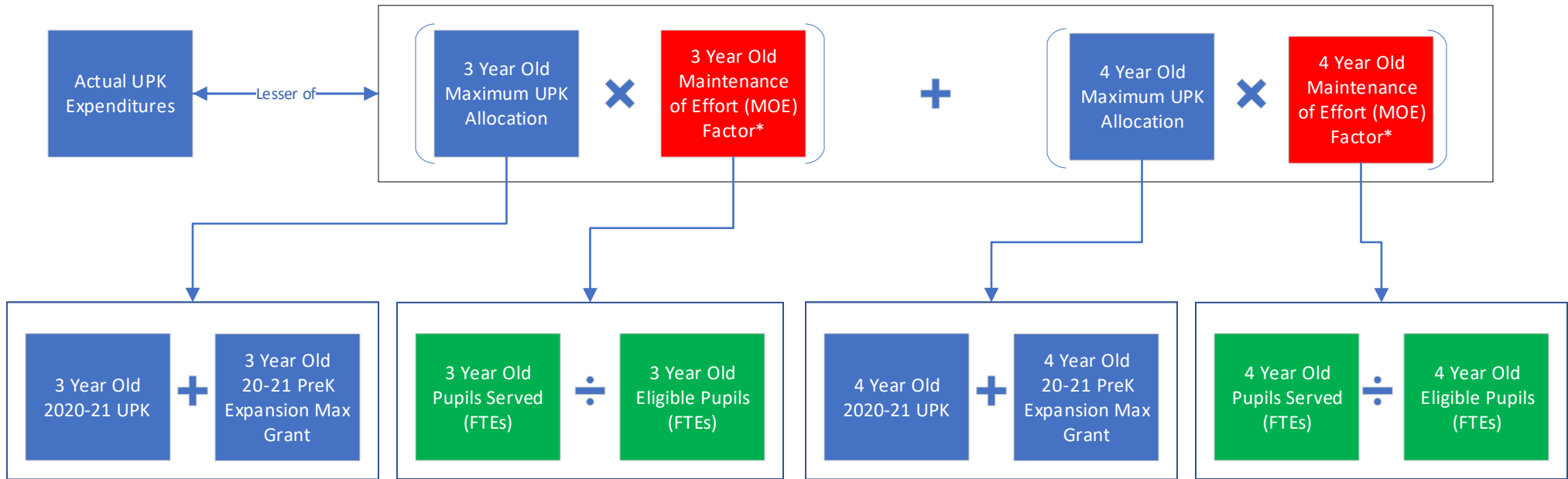
Instructional Materials Aids*

- Pupil Counts
- Aid Ratios
- Other



*If a school district spends more than its maximum allocation in any one of these aid areas, the excess expenditures over the maximum allocation can be designated as expenditures for aid in one or more of the other categories (with the exception of Library Materials expenditures), if the district spent less than the maximum allocation in the other category.

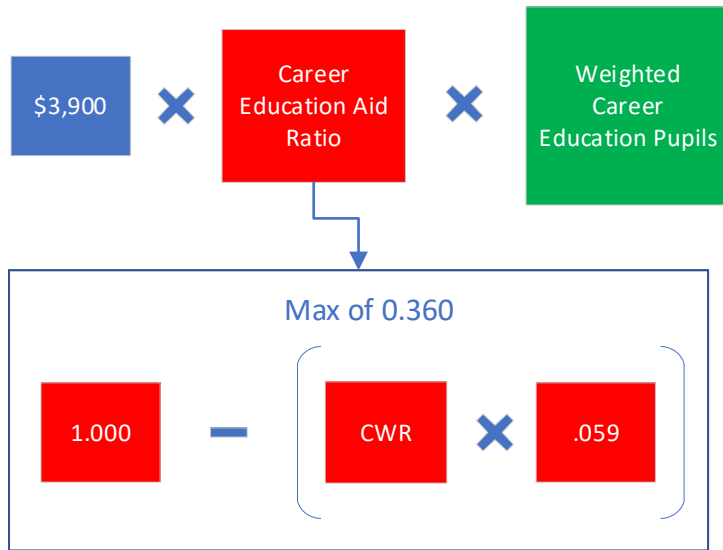
2021-22 Universal Prekindergarten Aid



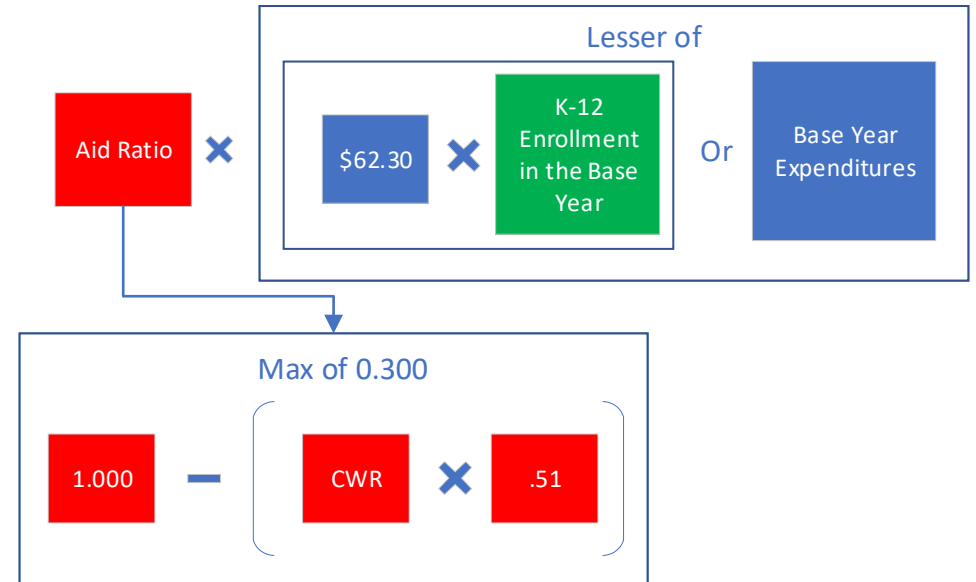
*Districts which serve 70% or fewer full-day prekindergarten pupils during the current year than the number of total eligible full-day prekindergarten pupils due to the conversion of full-day to half-day slots will receive a reduction in served pupil counts. For these districts, the reduction is based on the difference of 70% of the total eligible full-day prekindergarten pupils less the number of full-day prekindergarten pupils actually served.

Special Services Aids

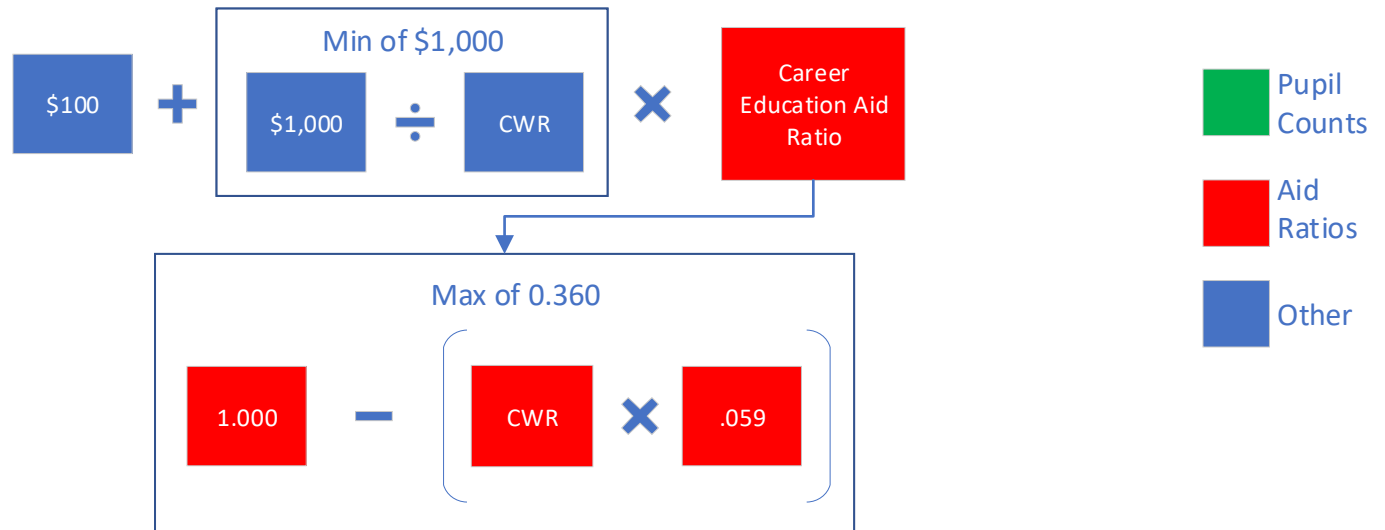
Career Education Aid



Computer Administration Aid

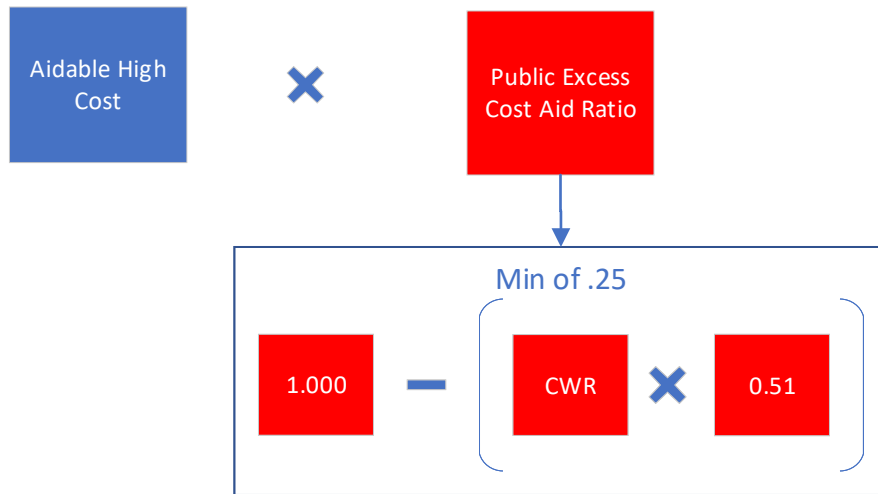


Academic Improvement Aid

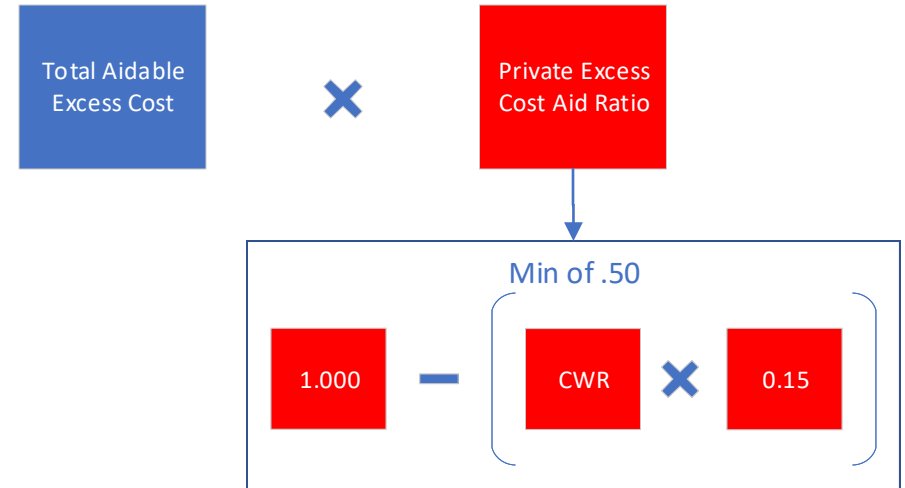


- Pupil Counts
- Aid Ratios
- Other

Public Excess Cost



Private Excess Cost

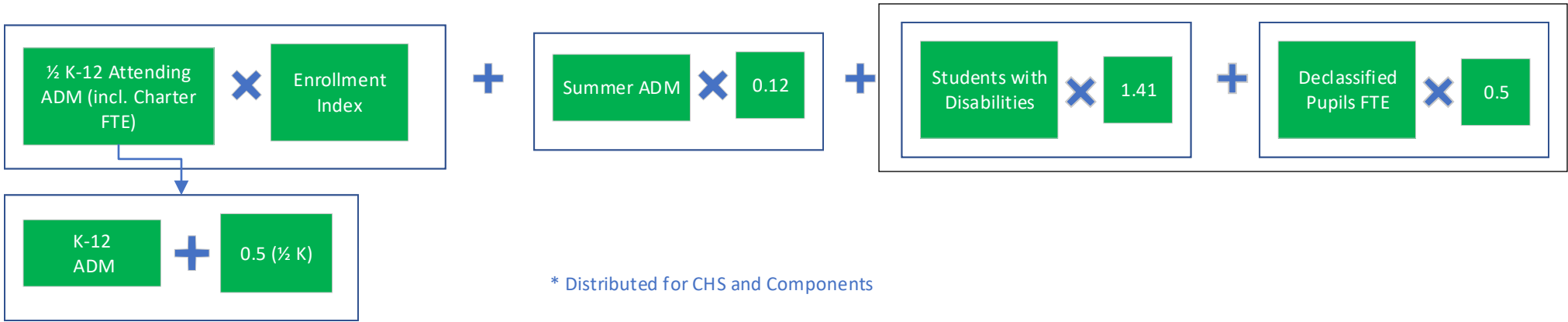


■ Pupil Counts

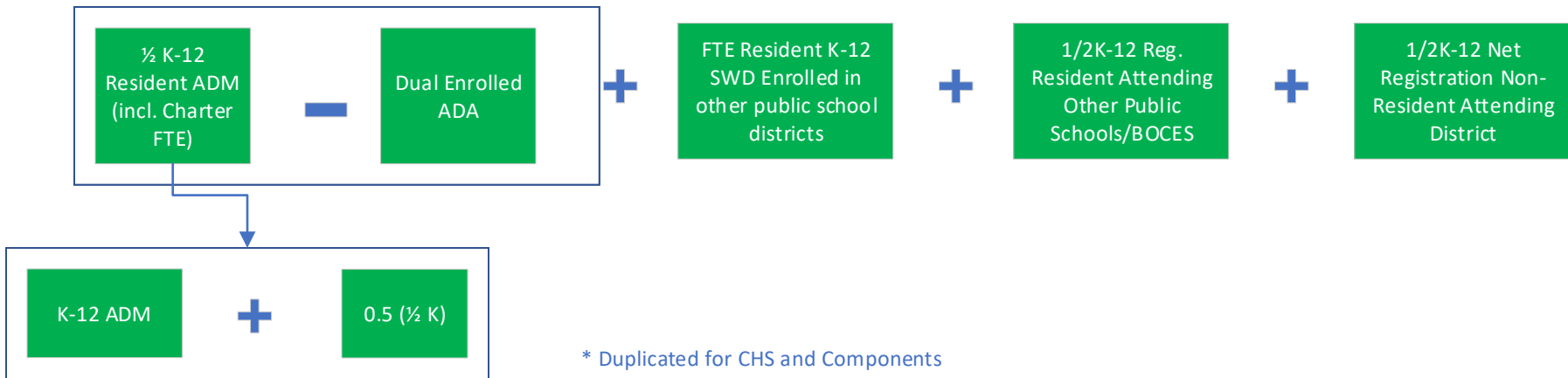
■ Aid Ratios

■ Other

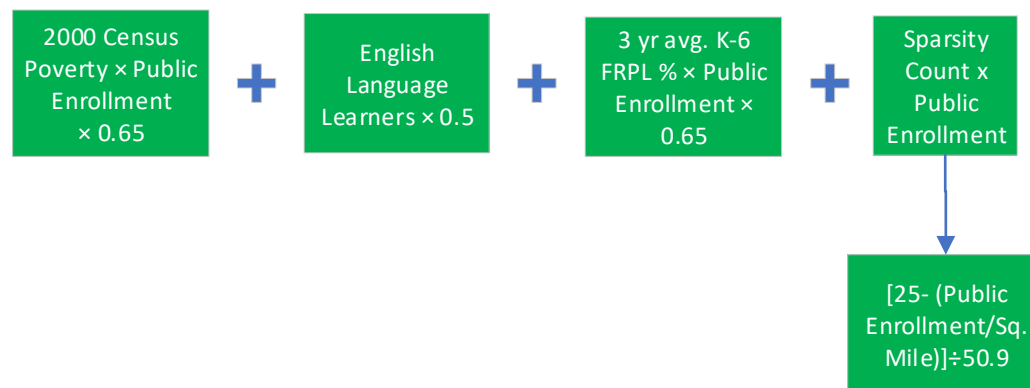
TAFPU



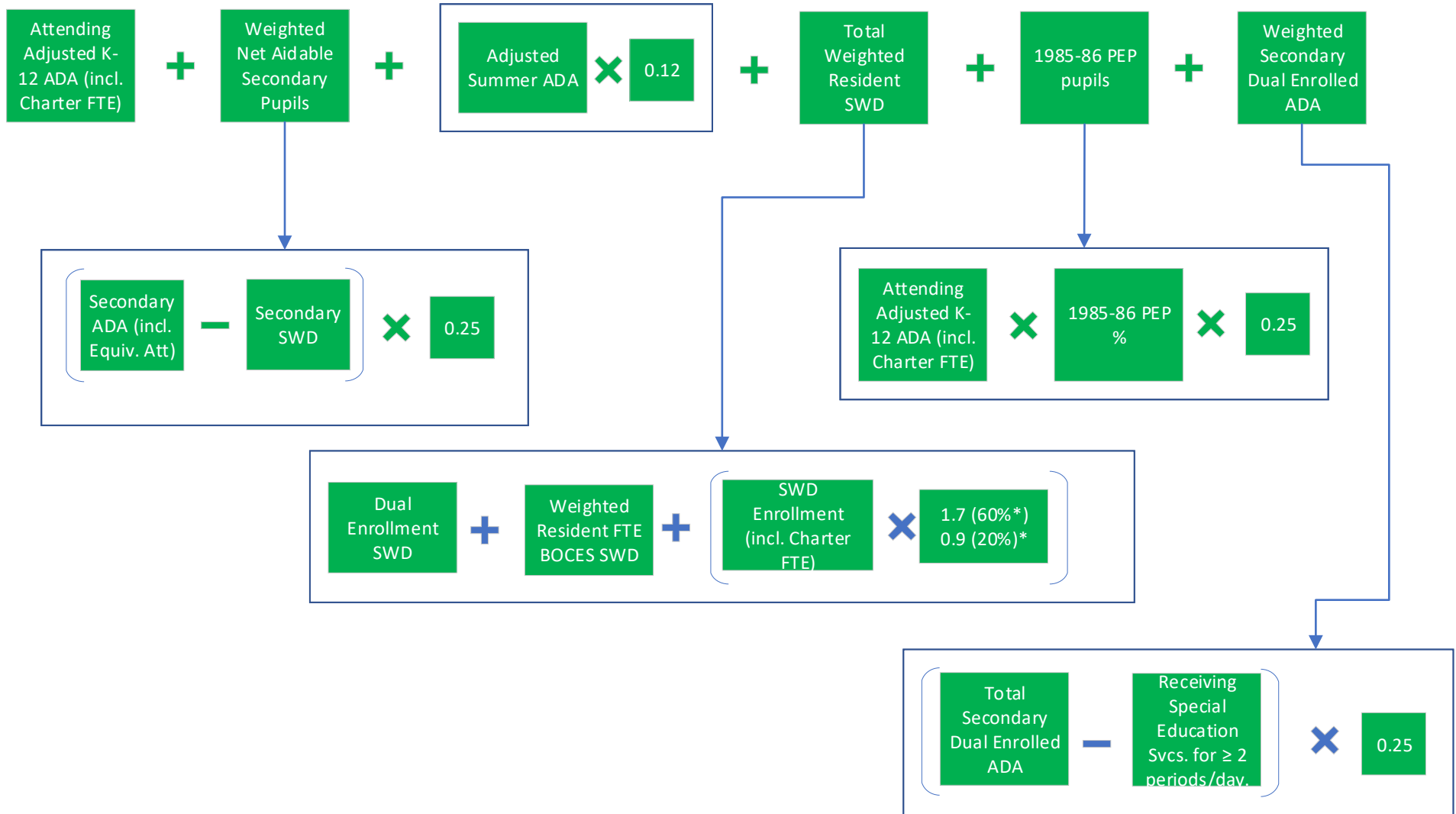
TWFPU



Extraordinary Needs Count



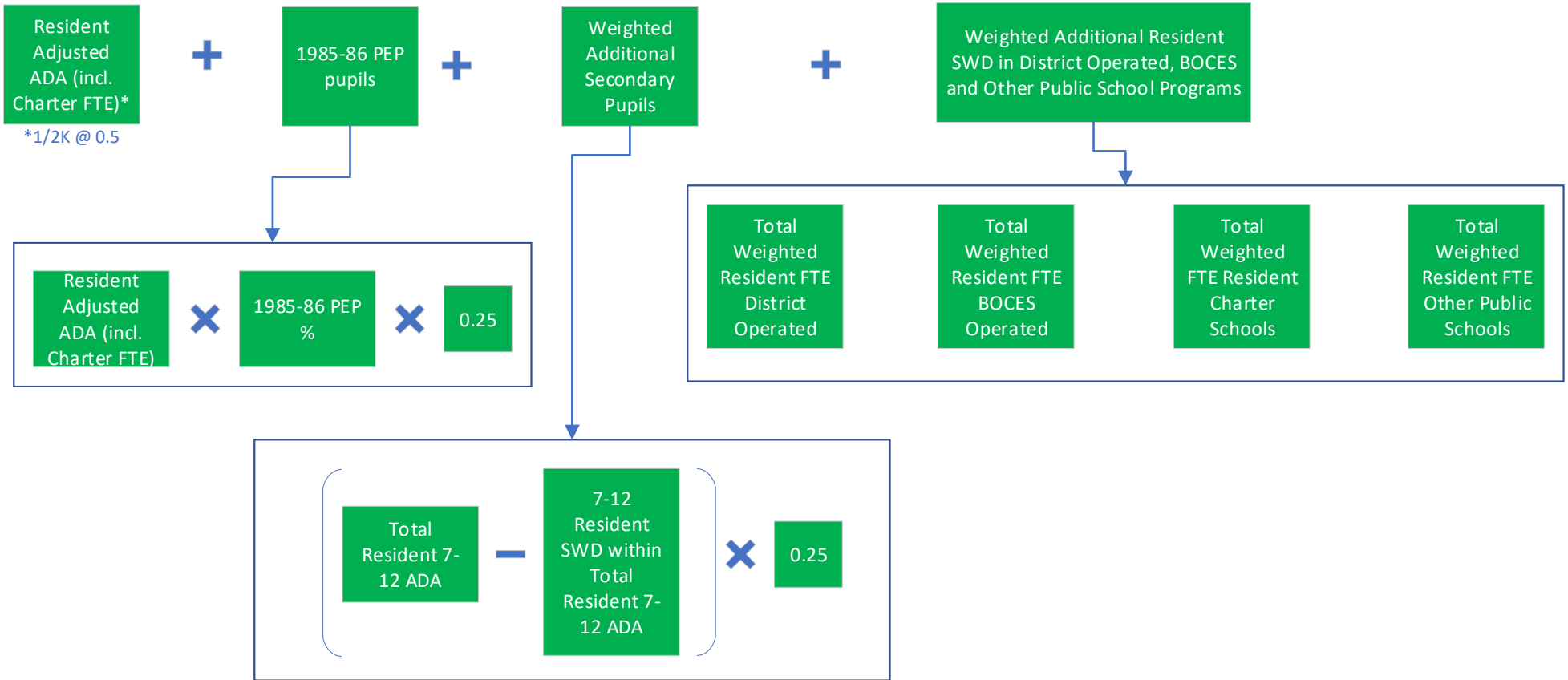
TAPU



* 20% = In a 5 day week, they attend 1 or more days; 60% = In a 5 period day, they attend 3 or more periods.

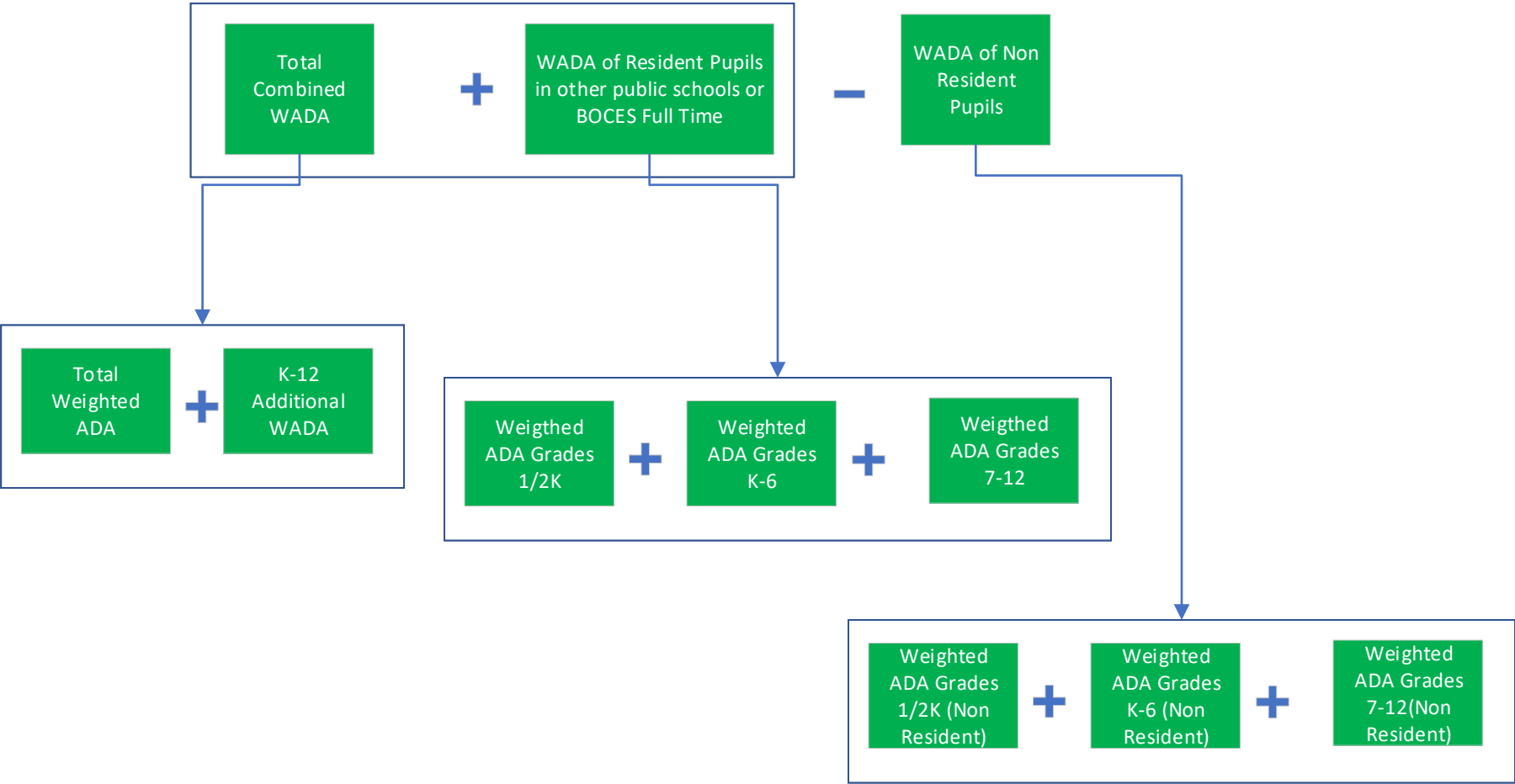
** Distributed for CHS and Components

TWPU



** Duplicated for CHS and Components

RWADA



** Duplicated for CHS and Components

Textbook Pupils



*1/2K @ 0.5

**Distributed for CHS and Components

Software, Library, and Hardware Pupils



*1/2K @ 0.5

**Distributed for CHS and Components