State Aid to Schools

A Primer

Pursuant to Laws of 2009

The University of the State of New York
THE STATE EDUCATION DEPARTMENT
Fiscal Analysis and Research Unit
June 2009

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 two 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.

Section I

School Finance in New York State

Overview

In New York State, estimated 2007-08 public education funding comes from three sources: approximately five percent from federal sources, 45 percent from State formula aids and grants, and 50 percent from revenues raised locally.[1] Local property taxes constitute close to 90 percent of local revenues. The State assumed a significant portion of this local tax burden through the implementation of the School Tax Relief (STAR) program in 1998. For the 2007-08 fiscal year, STAR is estimated to account for about 20 percent of State revenues, other State aid for the public schools comes primarily from the State General Fund (approximately 68 percent) wherein the major revenue source is State taxes (e.g., income and sales) and the balance (approximately 12 percent) comes from a Special Revenue Fund account supported by lottery receipts. All net revenues from the State lottery are statutorily earmarked for school aid. In addition, the General Fund guarantees the level of lottery funds appropriated for education, making up any shortfall in lottery revenues.[2]

The major 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) on residential and commercial properties within the boundaries of each school district. Only the Big Five cities have constitutional tax limits, which apply to the total municipal budget. Small city school districts (those with a population of less than 125,000 inhabitants) had their constitutional tax limit repealed in 1985. Small city residents were not permitted to vote on their school budgets until legislation allowing it was passed in 1997.

The State's sales tax laws reserve four percent for the State and permit localities to levy up to an additional four percent (usually three percent, but more in the case of New York City and certain municipalities). Eight counties share a portion of their sales tax with school districts, and are legally permitted to share certain other taxes. The non-property tax revenues derived from distribution of some portion of the local county sales tax are prorated based on the number of public school pupils residing in the county and enrolled in the various school districts partly or wholly located within the county. In 2007-08, $257 million in non-property tax revenues helped support approximately 155 school districts.

[1] Estimated data for 2007-08 from "Analysis of School Finances 2005-06." New York State Education Department. January 2008. p. 7.
[2] "Description of 2008-09 New York State School Aid Programs." New York State Division of the Budget. October 28, 2008. p. 28.

Small city school districts can impose a utility tax; about one quarter of the 57 small city districts do so. In addition, recent legislation 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).[3] 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.[4] The City of Yonkers also imposes an income tax on non-resident commuters.

The Big Five city school districts' fiscal dependency 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 is fraught with problems related to the level and stability of funding and the effective use of resources.

In past years, the Board of Regents has recommended fiscal independence for the Big Five city school districts and, alternatively, maintenance of local tax effort in relation to prior spending for city districts in a fiscally dependent status. 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 applies to New York City.

Disparities in Fiscal Resources

Despite New York's equalizing State aid system, there remain tremendous disparities between New York State school districts in the fiscal resources

[3] "An Industrial Development Agency is an independent public benefit corporation created through state legislation at the request of one or more sponsoring municipalities…IDAs serve as financing conduits for local government to attract businesses to New York State, retain existing firms and enhance the state's competitive position…All property titled to an IDA is exempt from real property, sales and mortgage taxes, however, an IDA often negotiates payments in lieu of taxes (PILOTS) with the private developers participating in IDA projects." (School Law 1994), New York State School Boards Association, Albany, New York, p. 433).

[4] Local Government Handbook, p. 171.

available to support education. In 2006-07, operating expense per pupil[5] ranged from $8,096 for the district at the 10th percentile to $15,558 for the district at the 90th percentile, a difference of 92 percent.[6]

Since about half of school revenues come from local property taxes, it follows that differences in spending are closely associated with disparities in property wealth. Higher expenditures per pupil are associated with higher actual property value per pupil. In 2006-07, the average actual value of property per pupil among the lowest spending ten percent of districts was $227,977, while the average actual value per pupil among the highest spending ten percent of districts was $1,814,292, a difference of 696 percent.[7]

Because the highest spending districts are also those with the highest property values, they exert the least tax effort: the following table shows that the average tax rate per $1,000 of actual value for the highest spending, wealthiest districts was only $9.16, yet the average tax revenue per pupil for those districts was $16,711. The average tax rate in the lowest spending, property-poorest districts was higher at $14.29, but the tax revenue per pupil was only $3,238 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 in order 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.

The table shows that the wealthiest group of districts received an average of only $2,058 per pupil in State revenue other than STAR, while the poorest districts received $5,751. However, the STAR program that was intended to reduce the property tax burden on local taxpayers, particularly the elderly, has provided significantly more revenue per pupil to wealthier districts. The poorest decile received on average $884 per pupil, while those in the tenth decile received tax relief equivalent to $1,350 per pupil. Further, the heavy 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 179 percent, the poorest group of districts does not begin to approach the overall spending level of the wealthiest districts.

[5] Approved operating expenditures per weighted pupil are the operating expenditures for the day-to-day operation of the school as defined in Education Law. 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.

[6] "Analysis of School Finances in New York State School Districts: 2006-07." New York State Education Department, Albany, New York, January 2009, p. 16.

[7] See table on page 6.

The disparities in fiscal resources are due primarily to the varying ability and willingness of school districts to generate local property tax revenue. As in most states, property values 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 he or she lives, raising serious concerns about the equity of student opportunities.

2006-07 WEALTH, EXPENDITURE, REVENUE AND AID DATA
RANKED BY OPERATING EXPENSE PER PUPIL
DECILES FOR ALL MAJOR DISTRICTS EXCLUDING NEW YORK CITY

Operating Expense Per Pupil Deciles (upper limit shown)	DECILE AVERAGE* Operating Expense per Pupil	Actual Valuation per Pupil	Total Expense** per Pupil	STAR Revenue per Pupil	Other Revenue from State*** per Pupil	Tax Revenue (excl. STAR) per Pupil	Tax Rate (excl. STAR) per $1,000 Full Value	2006-07 Enrollment
1= $8,096	$7,566	$227,977	$10,655	$884	$5,751	$3,238	$14.29	170,711
2= 8,509	8,323	252,261	11,547	982	6,152	3,761	15.01	127,436
3= 8,856	8,680	264,167	11,855	948	5,862	4,106	15.55	198,487
4= 9,215	8,981	298,458	12,464	896	6,291	4,227	14.22	205,112
5= 9,761	9,452	278,190	12,943	929	6,637	4,287	15.44	162,699
6= 10,526	10,196	452,218	13,842	1,116	5,556	6,072	13.19	175,951
7= 11,553	11,033	556,041	13,907	1,105	5,165	6,922	12.59	214,105
8= 13,119	12,445	763,999	15,497	1,473	3,994	9,335	12.25	201,708
9= 15,558	14,008	902,248	18,206	1,691	3,505	11,136	12.46	199,453
10= 89,402	17,259	1,814,292	21,116	1,350	2,058	16,711	9.16	126,245
All Major Districts Avg. (excluding NYC)	10,711	558,298	14,104	1,143	5,136	6,825	12.30	1,781,907
New York City	10,581	484,743	14,410	866	5,528	6,266	13.03	1,034,261
All Major Districts Avg.(including NYC)	$10,650	$531,200	$14,217	$1,040	$5,281	$6,619	$12.54	2,816,168
Decile Rank	7	7	6	5	5	7	4	

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

Source: Analysis of School Finances in New York State School Districts: 2006-07. New York State Education Department, Albany, New York. P.16.

Section II

This section includes selected State Aid concepts and facts including:

- Purposes of State Aid to Schools
- Key Concepts
- State Support for 2009-10
- Local Support
- Components of School Finance
- Foundation Aid
- Selected Expense-Based Aids

Purposes of State Aid to Schools

- Assist school districts in the funding of educational programs which offer an effective education to all pupils in grades kindergarten through 12.

- Maintain a State and local partnership in public education. (To this end, a flat grant, or minimum operating aid, is provided to even the wealthiest school districts.)

- Equalize school revenues by providing State Aid in inverse proportion to each school district's ability to raise local revenues for education.

- Encourage the development of model programs to address the needs of the school community such as prekindergarten education, community schools, and the use of technology in the classroom.

- Provide support to districts to help educate all students to higher standards, including students with disabilities and those that require extra time and help.

Key Concepts Concerning School Aid

- **Wealth Equalization:** To distribute State Aid in inverse proportion to fiscal capacity in order 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 property values comparable from district to district.

- **Determination of Fiscal Capacity:** District income and actual value per pupil are compared to the State average (known as the Combined Wealth Ratio).

- **School District's State Sharing Ratio or Aid Ratio:** The percent, based on the relative fiscal capacity of the district, which is multiplied by an amount of money 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 by multiplying the amount by the district's Sharing Ratio (e.g., *Foundation Aid*).

  - **Effort or Expense-based Aid.** This aid equals the State Share, 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 2009-10

- History - Revenue from State sources as a percent of total expenditures for public schools
  - Low point - 1944-45 - 31.5 percent
  - High point – 2001-02 - 48.2 percent
  - 2008-09 – 46.9 percent (estimated, including STAR)
- Revenue Sources
  - 88 percent from the General Fund; including STAR, State income and sales taxes
  - 12 percent from lottery receipts
- Payments
  - The school year is funded from two State fiscal years with 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 percent.

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
  - 1995-96 - $ 67 million
  - 1996-97 - $177 million
  - 1997-98 - $661 million

- 1998-99 - Legislation was passed in mid-April. After vetoes, the estimated increase was $967 million.

- 1999-00 - Legislation was passed more than four months late 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 - Legislation was passed in mid-May with an estimated increase of $420 million.

- 2003-04 - Legislation was passed in May with an estimated decrease of $207 million.

- 2004-05 - Legislation was passed in August with an estimated increase of $740 million.

- 2005-06 - Legislation was passed in March with an estimated increase of $830 million.

- 2006-07 - Legislation was passed in March with an estimated increase of $1.1 billion.

- 2007-08 - Legislation was passed in March with an estimated increase of $1.7 billion, including major reform of State Aid.

- 2008-09 – Legislation was passed in April with an estimated increase of $1.7 billion, including continued phase-in of foundation aid.

- 2009-10 – Legislation was passed in April with an estimated increase of $405 million and foundation aid held to the base year amount.

Estimated 2009-10 ($ in millions)

Foundation Aid		$14,875
Building including Reorganization Incentive		2,269
Transportation Aid		1,638
BOCES and Special Services Aids		918
Special Education Aids		774
Universal Pre-Kindergarten Grant		375
	Subtotal:	$20,849
Other		-342
General Support for Public Schools (GSPS)*	Total:	$20,507

* Excludes Prior Year Adjustment Aid of $8 million and Expanding our Children's Education and Learning (EXCEL) debt service which are funded outside of GSPS. Excludes $1.2 billion in restorations from the State Fiscal Stabilization Fund (non-GSPS).

Local Support for Public School Districts

- School District Types
  - 653 K-12 districts and 23 non-K-12 districts employ eight or more teachers and are eligible for regular State Aid funding.
  - All are fiscally independent (have independent taxing and borrowing authority) except the school districts in the State's five largest cities, the Big Five.
  - 37 Boards of Cooperative Educational Services (BOCES) provide a range of programs and services to groups of school districts other than the Big Five.

- Property Tax
  - The principal source of school district revenues.
  - Property tax levies are established after voter approval of school district budgets or school board adoption of a limited "contingency" budget after voter defeat.
  - The Big Five cities include education in their municipal budget.
  - Although STAR does not represent additional funds for education, it provides broader-based State funds for education, reducing the property tax funded portion of educational costs.

- Tax Limits

  - Only the Big Five city school districts are subject to constitutional tax limits, and the limits apply to the total municipal budget.

  - Small city school districts had their constitutional tax limit repealed in 1985 and first voted on budgets in 1997.

- Other Local Revenue Sources

  - The State's sales tax laws reserve four percent for the State and permit localities to levy up to an additional four percent. A few localities distribute a portion of the local sales tax to school districts.

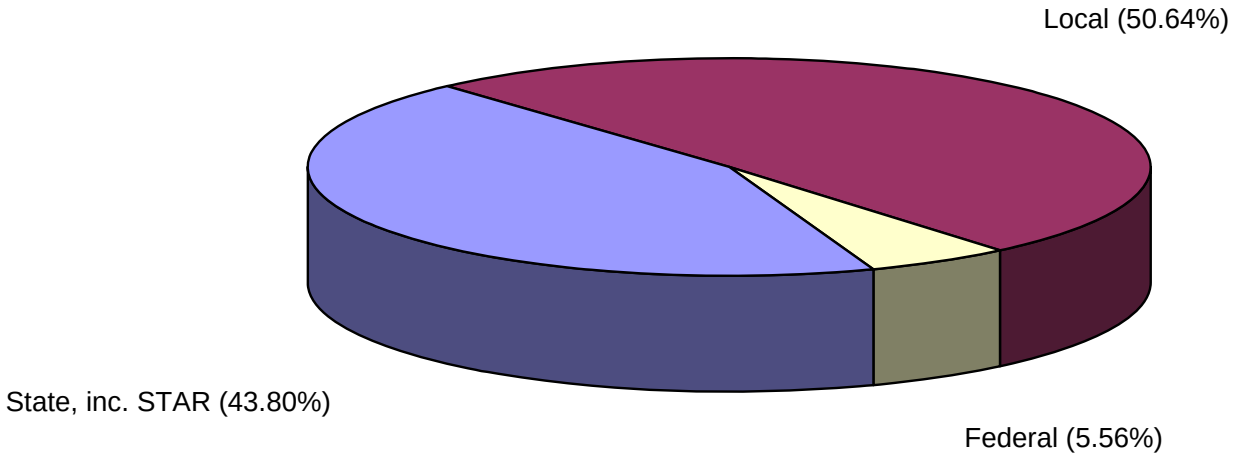
  - Small city school districts may also impose a utility tax, not to exceed 3 percent.

- Education - A $53.7 Billion Enterprise - 2008-09 estimated

Total Revenue from State sources (incl. STAR)	$25.2 billion
which represents	46.9 % of
Total General and Special Aid Fund Expenditures	$53.7 billion

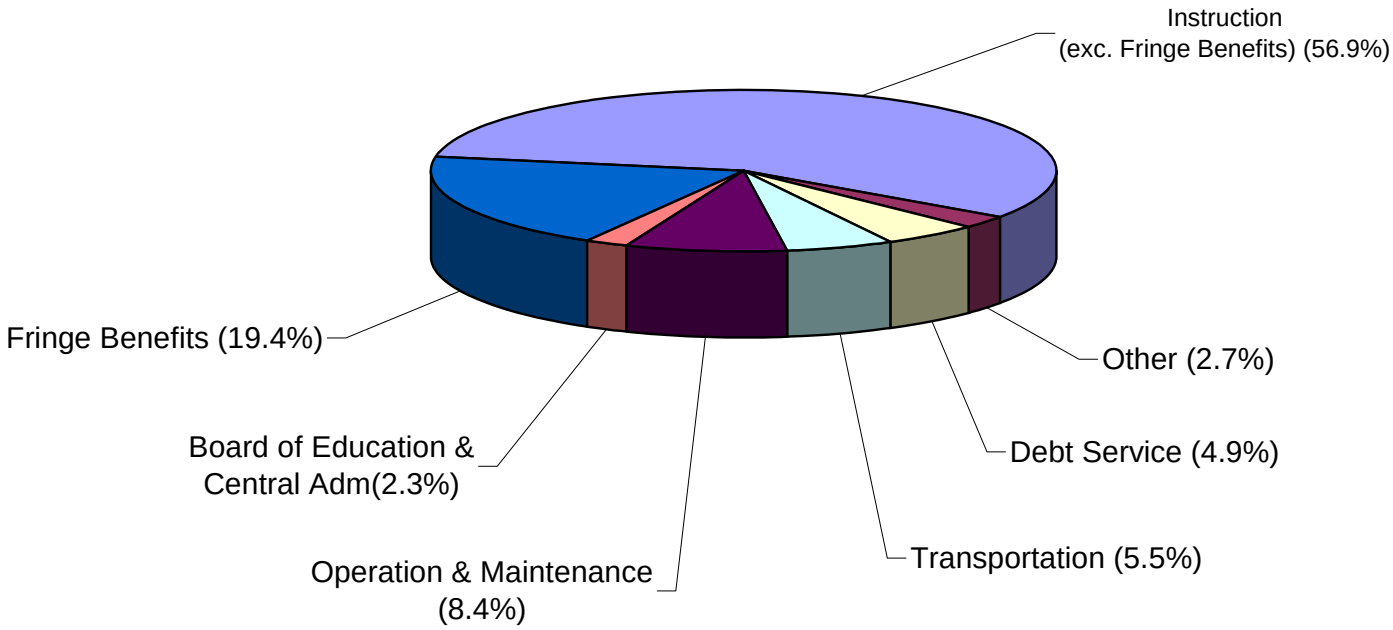
SOURCES OF REVENUE FOR EDUCATION

New York State, Major School Districts, 2006-07



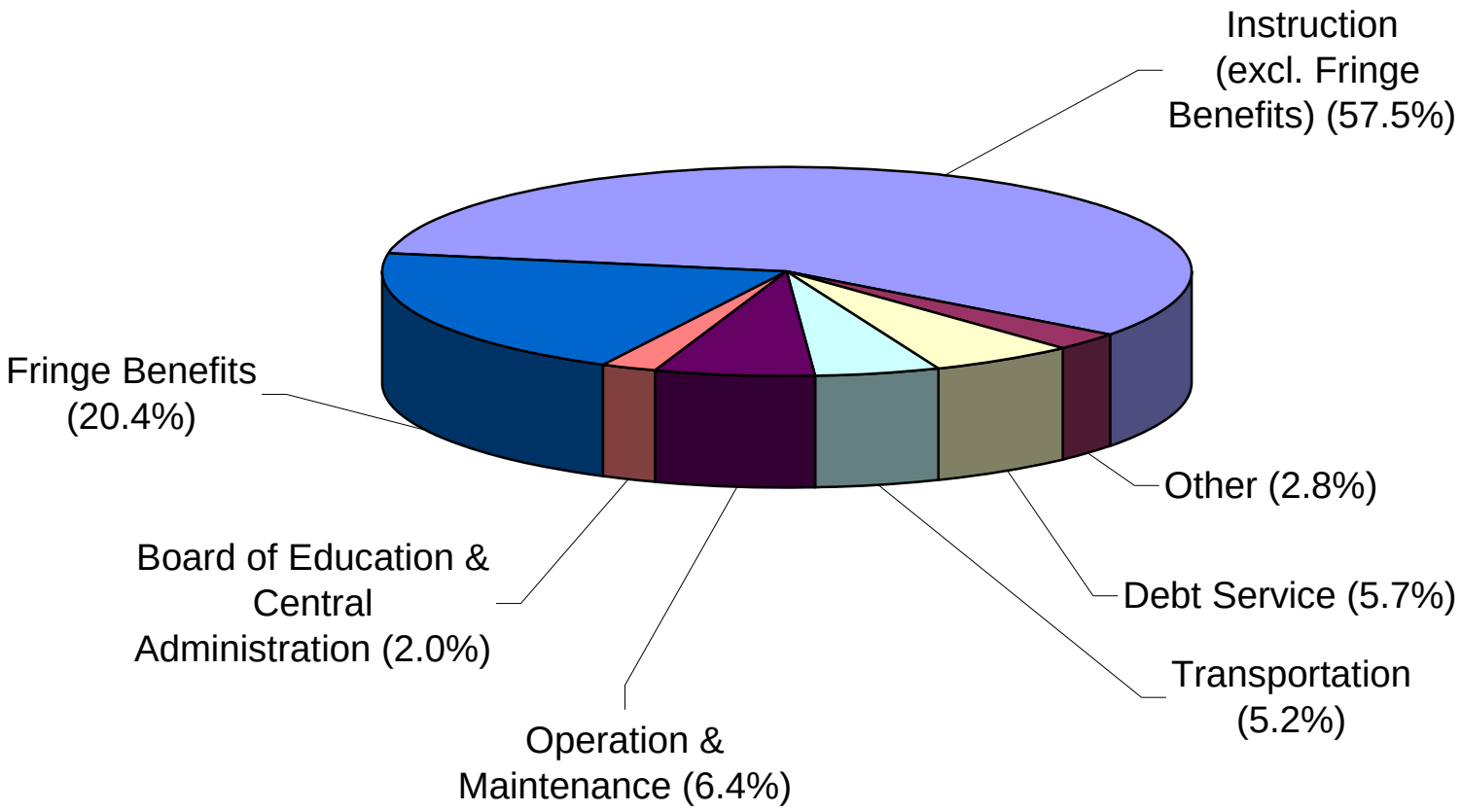
WHERE THE EDUCATION DOLLAR IS GOING

New York State, Major School Districts, 1984-85



WHERE THE EDUCATION DOLLAR IS GOING

New York State, Major School Districts, 2006-07



Components of School Finance
A Comparison of School Districts by Property Wealth Per Student[8]

- Districts vary dramatically in their wealth per pupil. The average property wealth per pupil in the lowest wealth districts is $133,861, less than one-tenth of the actual valuation per pupil in the highest wealth districts ($2,270,726).

- For this reason, State Aid (State revenue other than STAR) is wealth equalizing. Low-wealth districts receive more than five times more aid per pupil than the highest wealth districts ($8,647 versus $1,521).[9]

- In spite of this, the spending per pupil in lowest wealth districts is about two-thirds of the spending per pupil in the highest wealth districts ($12,836 versus $20,778).

- This is due, in large part, to the fact that the lowest wealth districts raise less than one-ninth of the local revenue per pupil that the highest wealth districts do ($1,897 versus $17,099).

- As a result of these major differences in local wealth, the highest wealth districts tax themselves far less heavily to raise these much greater revenues. While the lowest wealth districts tax at a rate of $14.17 per $1,000 of full value to generate $1,897 per pupil, the highest wealth districts tax at a rate of only $7.56 per $1,000 to generate $17,099 per pupil.

[8] Conclusions relate to Table 10 of the *Analysis of School Finances in New York State School Districts 2006-07* (January 2009), The University of the State of New York, The State Education Department, Albany, New York, page 17, which is reproduced on the following page.

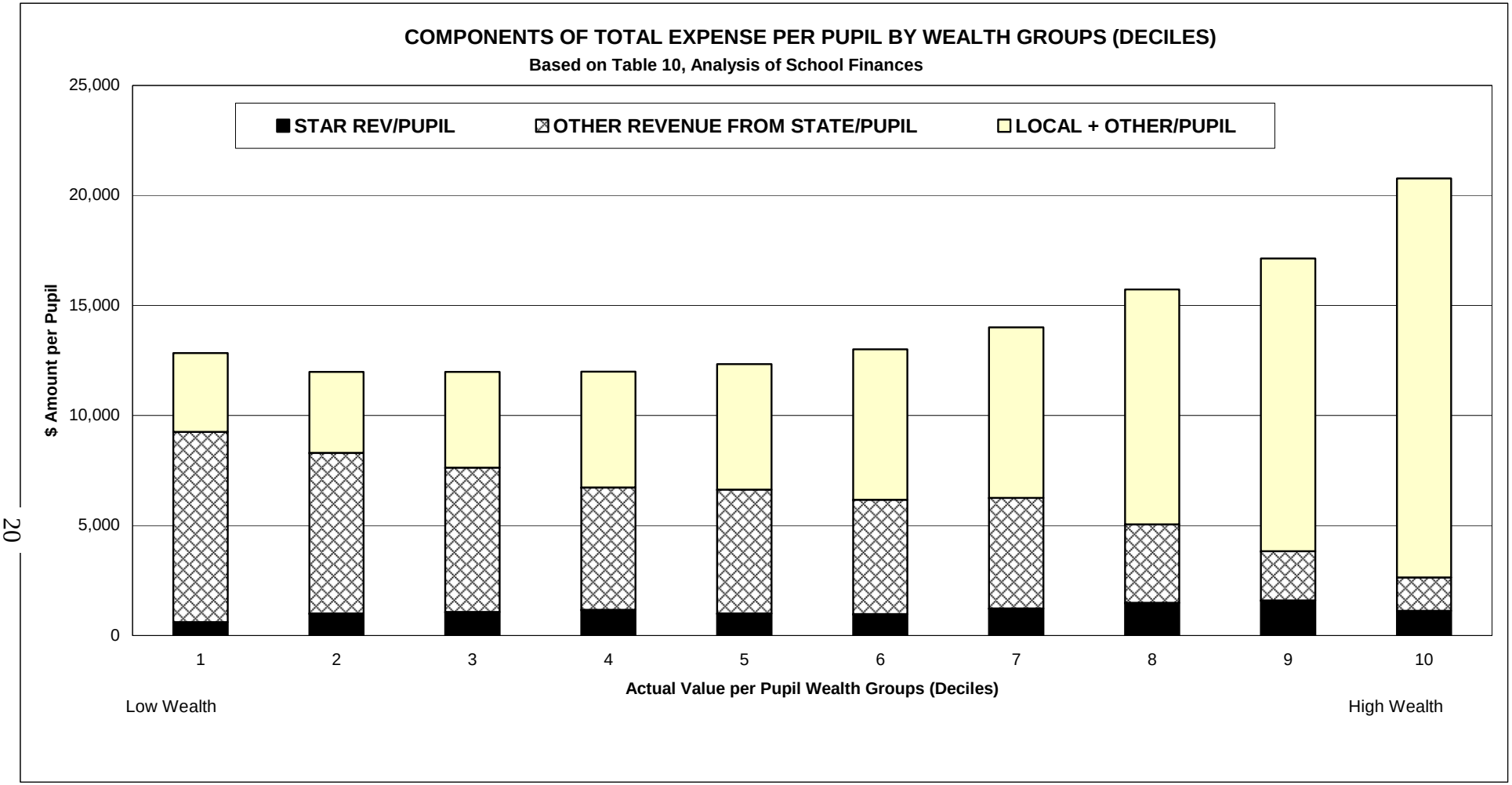
[9] This does not include STAR, which tends to be dis-equalizing as it favors higher property wealth districts.

2006-07 WEALTH, EXPENDITURE, REVENUE AND AID DATA
RANKED BY ACTUAL VALUATION PER TWPU
DECILES FOR ALL MAJOR DISTRICTS EXCLUDING NEW YORK CITY

Actual Valuation/TWPU Deciles (upper limit shown)	DECILE AVERAGE* Actual Valuation per TWPU	AOE per TAPU for Exp.	Total Exp.** per TAPU for Exp.	STAR Revenue per TAPU for Exp.	Other Revenue from State*** per TAPU for Exp.	Income per TWPU	Income per Return	Tax Rev. (excl. STAR) per TAPU for Exp.	Tax Rate (excl. STAR) per $1,000 Full Value	2006-07 Enrollment
1= $170,544	$133,861	$8,691	$12,836	$610	$8,647	$62,984	$31,963	$1,897	$14.17	225,722
2= 199,870	186,222	8,502	11,980	1,010	7,295	80,019	37,247	2,893	15.61	102,425
3= 230,810	213,877	8,654	11,976	1,069	6,558	85,491	38,085	3,541	16.60	107,184
4= 279,804	257,599	8,794	11,989	1,161	5,572	104,567	42,576	4,403	17.11	162,640
5= 346,863	314,575	9,425	12,339	1,001	5,633	107,935	46,332	4,954	15.85	174,539
6= 464,328	391,891	9,892	13,005	977	5,195	121,549	51,799	5,972	15.33	195,423
7= 631,555	550,288	10,849	14,005	1,230	5,025	133,496	56,957	7,035	12.85	280,825
8= 834,699	719,260	12,102	15,721	1,482	3,569	161,494	70,071	9,424	13.30	229,819
9= 1,330,180	1,040,340	13,909	17,134	1,597	2,237	253,395	101,593	12,276	11.87	209,135
10= 37,928,581	2,270,726	16,841	20,778	1,126	1,521	510,337	191,801	17,099	7.56	94,195
All Major Districts Avg. (excluding NYC)	558,298	10,711	14,104	1,143	5,136	149,538	64,518	6,825	12.30	1,781,907
New York City	484,743	10,581	14,410	866	5,528	190,933	69,722	6,266	13.03	1,034,261
All Major Districts Avg.(including NYC)	$531,200	$10,650	$14,217	$1,040	$5,281	$164,800	$66,600	$6,619	$12.54	2,816,168
Decile Rank	7	7	6	5	5	8	8	7	4	

* 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.
** Total Expenditure includes Debt Service and Special Aid Fund.
*** Other State Revenue does not include STAR.

Source: Analysis of School Finances in New York State School Districts: 2006-07. New York State Education Department, Albany, New York. P.17.


COMPONENTS OF TOTAL EXPENSE PER PUPIL BY WEALTH GROUPS (DECILES)
Based on Table 10, Analysis of School Finances
STAR REV/PUPIL
OTHER REVENUE FROM STATE/PUPIL
LOCAL + OTHER/PUPIL
$ Amount per Pupil
25,000
20,000
15,000
10,000
5,000
0
1
2
3
4
5
6
7
8
9
10
Actual Value per Pupil Wealth Groups (Deciles)
Low Wealth
High Wealth

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 new Foundation Aid formula that will distribute 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 The 2009-10 Enacted Budget extends the phase-in to 2013-14 and freezes 2009-10 and 2010-11 Foundation Aid to 2008-09 Foundation Aid.

District Foundation Aid per Pupil = [Foundation Amount X Pupil Need Index X Regional Cost Index] – 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. For 2007-08 aid, it is $5,258. It is further adjusted by the phase-in foundation percent. For 2009-10, the adjusted amount is: $5,410 x 1.038 (CPI) x 1.025 (phase-in), or $5,756.

- 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 X .65	Uses a 3-year average Free and Reduced-Price Lunch percent
Census count X .65	Uses 2000 census percent of persons age 5-17 in poverty
Limited English Proficiency count X .50	Uses base year pupils
Sparsity count	Provides a factor ((25 – 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. The regional cost indices for the nine labor force regions are:

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 as their fair share of the total cost of general education. It is the lesser of two calculations:

Selected Actual Value/pupil X Tax Factor of .0147 X Income/pupil relative to the State average (which for 2009-10 aid is capped between .65 and 2.0),

OR

(Foundation Amount X PNI X RCI) X (1 – Foundation Aid State Sharing Ratio).

Total Foundation Aid = Selected Foundation Aid X 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 below.

Total Foundation Aid is phased-in over seven years.

In 2009-10, Foundation Aid is held to 2008-09 Foundation Aid.

- District wealth is measured by:

  - Selected Actual Valuation of Taxable Real Property Per Pupil = Lesser of 2006 AV or the average of 2006 AV and 2005 AV.
  - Selected Adjusted Gross Income Per Pupil = Lesser of 2006 Income or the average of 2006 and 2005 Income.

- Annual Computations:

  - <u>Actual Value</u>

    Selected actual valuation of all districts divided by resident pupils of New York State to obtain State average selected AV/pupil.

    For 2009-10 Aid: $505,100

  - <u>Adjusted Gross Income</u>

    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 State to obtain State average selected income/pupil.

    For 2009-10 Aid: $157,000

Foundation Aid State Sharing Ratio

- State Sharing Ratio Calculation (1):
  - Compare District Wealth Measures to State Average Wealth Measures
  - Compute:

$$\left[\frac{\text{District Actual Value/Pupil}}{\$505{,}100}\right]$$

$$\left[\frac{\text{District Income/Pupil}}{\$157{,}000}\right]$$

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

$$.50\left[\frac{\text{Dist AV/Pupil}}{\$505{,}100}\right] + .50\left[\frac{\text{Dist Inc./Pupil}}{\$157{,}000}\right]$$

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

For Example:

Average Wealth District	CWR = 1.00	1.00
Below Average Wealth	CWR = Less than 1.00	.20
Above Average Wealth	CWR = Greater than 1.00	1.60

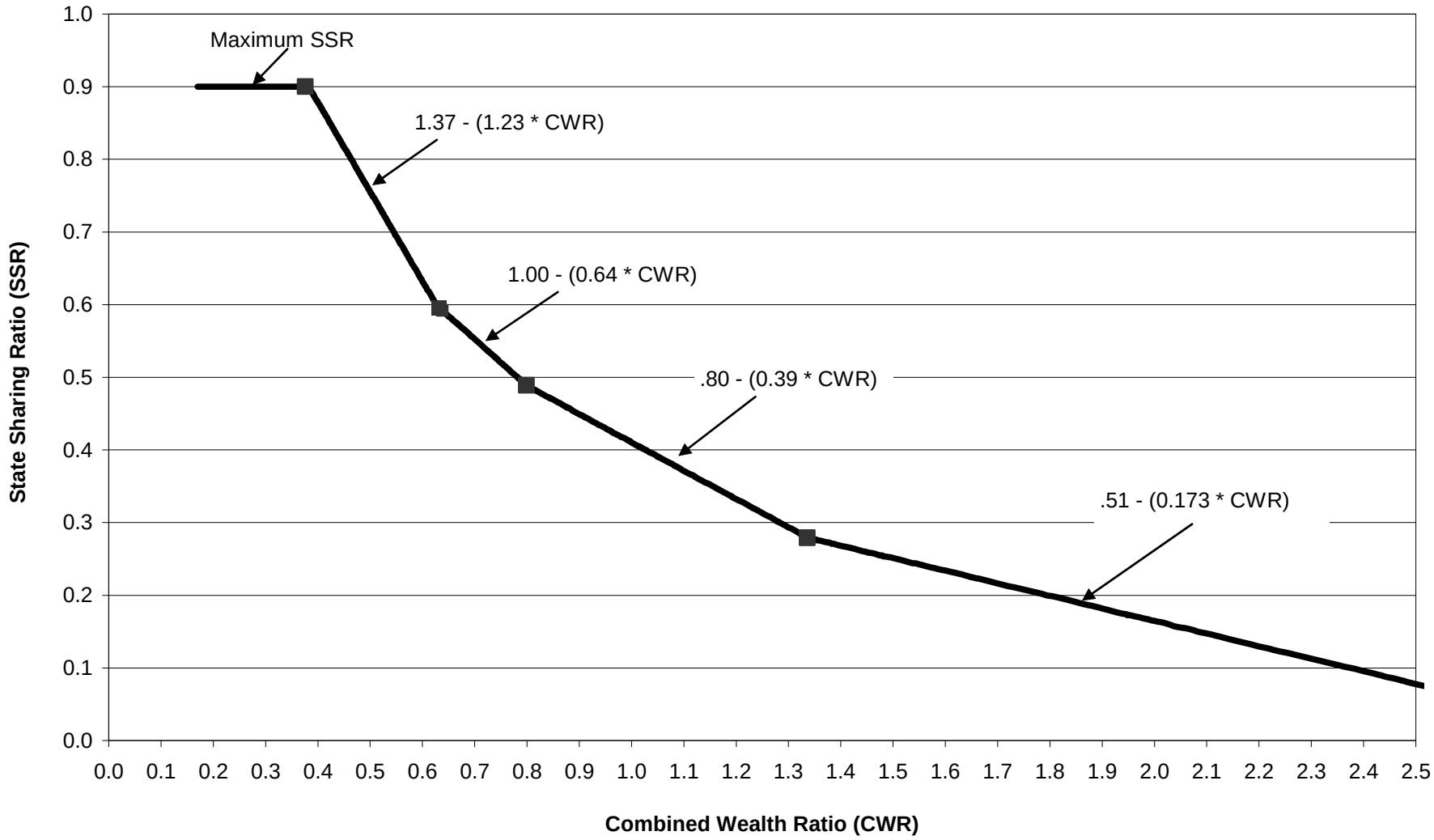
Foundation Aid State Sharing Ratio

- State Sharing Ratio Calculation (2):

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.

If the district's CWR is:	Then the State sharing ratio is computed as follows:
.627 or less	1.37 - (1.23 * CWR) with a maximum ratio of .90 Range .599 to .900
.627 - .800	1.00 - (.64 * CWR) Range .488 to .599
.800 - 1.336	.80 - (.39 * CWR) Range .279 to .488
Greater than 1.336	.51 - (.173 * CWR) with a minimum ratio of zero Range 0 to .279

State Sharing Ratio for Foundation Aid as a Function of a District's Combined Wealth Ratio (CWR)



Foundation Aid Pupil Count

Basic Principle: Foundation Aid = Aid Per Pupil (Ability) x No. of Pupils (Need)

Average Daily Membership (Full Day K-12)		Weighting 1.00
	Plus	
Average Daily Membership of 1/2 Day Kindergarten		Weighting .50
	Plus	
Pupils with Disabilities		Weighting 1.41
	Plus	
Pupils Declassified from Special Education		Weighting .50
	Plus	
Pupils in Summer School		Weighting .12

Sum = Total Aidable Foundation Pupil Units (TAFPU)

Foundation Aid Base

For phasing-in Foundation Aid, the 2006-07 Foundation Aid Base (FAB) is the sum of these aids and grants:

Flex Aid
Public Excess Cost Aid (excluding High Cost Aid)
Limited English Proficiency Aid
Sound Basic Education Aid
Enrollment Adjustment Aid
Supplemental Extraordinary Needs Aid
Growth Aid
Operating Reorganization Incentive Aid
High Tax Aid
Tax Limitation Aid
Early Grade Class Size Reduction Grants
Small Cities Aid
Teacher Support Aid
Improving Pupil Performance Grants
Categorical Reading and Math Grants
Magnet School Grants (including additional amounts)
Fort Drum Grants
Tuition Adjustment Aid

These Aids and Grants are also eliminated:

Comprehensive Operating Aid
Formula Operating Aid
Educationally Related Support Services Aid
Extraordinary Needs Aid
Gifted and Talented Aid
Minor Maintenance and Repair Aid
Operating Standards Aid
Summer School Aid
Tax Effort Aid
Tax Equalization Aid
Transition Adjustment Factor
Shared Services Savings Incentive

SELECTED EXPENSE-BASED AIDS

Aid ($ and # for major districts)	Formula/Calculation[10]
Building Aid $2,249.3 million 668 districts aided 676 districts eligible	Aid = Approved Expenses x Aid Ratio. Approved Expenses = assumed amortization of approved project costs or current year lease expenses. Aid Ratio = 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 2009-10. AV/RWADA Aid Ratio = 1 – (.51 x RWADA wealth ratio), min 0. 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. 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 and, periodically, for building condition surveys. Maximum aid ratio is 95 percent (98 percent in certain cases).

[10] "2008-09 State Aid Handbook, State Formula Aids and Entitlements for Schools in New York State as Amended by Chapters of the Laws of 2008." New York State Education Department. October 2008.

SELECTED EXPENSE-BASED AIDS

Building Reorganization Incentive Aid $19.4 million 76 districts aided 91 districts potentially eligible	Aid = Additional apportionment (incentive factor) of building aid for building projects related to the reorganization. Incentive Factor = .25 for districts that reorganized prior to June 30, 1983; .30 for districts reorganized since then. Maximum aid = the sum of building aid and reorganization building aid cannot exceed 95 percent of the approved building reorganization expense (98 percent in certain cases).
Transportation Aid $1,633.5 million 676 districts aided 676 districts eligible	Aid = Approved Capital and Non-capital Expenses x Selected Aid Ratio. Non-capital expenses = approved transportation operating expenses and account for about 96 percent of approved expenses. Capital expenses = assumed amortization of purchase, lease and equipment costs over five years, at a statewide average interest rate. Aid Ratio = highest of 3 aid ratios plus a sparsity adjustment; .065 minimum; .90 maximum. 3 aid ratio choices = a) 1.263 x State Sharing Ratio; b) 1.01 – (.46 x RWADA wealth ratio); c) 1.01 – (.46 x enrollment wealth ratio).
Summer Transportation Aid $5.0 million maximum 252 districts aided	Aid = Approved non-capital expenses x Selected Aid Ratio. Non-capital expenses = for transporting pupils to and from district-

SELECTED EXPENSE-BASED AIDS

676 districts eligible	operated approved summer school programs. Capital expenses are included with the above Transportation Aid formula. Aid Ratio = same as for Transportation Aid. If State total of districts' aid exceed $5.0 million, each district's aid is prorated to remain within a $5.0 million statewide appropriation.
BOCES Aid $715.2 million 667 districts aided 667 eligible districts (4 districts have elected not to join a BOCES and the Big 5 city school districts are not eligible to join a BOCES) Note: aid is calculated by district but is paid to the BOCES.	Operating Aid = Approved Expenses x Selected Aid Ratio. Expenses = an allocation of the BOCES base year administrative and shared services expenses to the school districts that are components of the respective BOCES. About 93 percent of aidable expenses. Selected Aid Ratio = higher of: a) 1 – (.51 x AV/RWADA wealth ratio); or, b) 1 – (.008 / district tax rate); minimum = .36; maximum = .90. Rent and Capital Aid = Approved Expenses x Aid Ratio. Expenses = an allocation of the BOCES current year rent and capital expenses to the school districts that are components of the BOCES. Aid Ratio = 1 – (.51 x AV/RWADA wealth ratio), minimum = .00; maximum = .90.

SELECTED EXPENSE-BASED AIDS

Public Excess Cost High Cost Aid $469.2 million 646 districts aided 676 districts eligible Note: estimated expenses are based on district averages but actual expense is computed by pupil.	Aid = (Approved Program Cost – Deduct) x Aid Ratio. Approved Program Cost = To be aidable, cost per student must exceed the lesser of: $10,000 or (4 x base year Approved Operating Expense/Pupil). Deduct = 3 x base year AOE/pupil. Aid Ratio = 1 – (.51 x Combined Wealth Ratio); minimum = .25. Aid is in addition to Foundation Aid. Costs are for students with disabilities educated in district or BOCES programs.
Private Excess Cost Aid $300.2 million 549 districts aided 676 districts eligible Note: estimated expenses are based on district averages but actual expense is computed by pupil.	Aid = (Approved Program Cost – Deduct) x Aid Ratio. Approved Program Cost = Base year private school tuition per pupil for district pupils placed in private school programs for the disabled. Included are expenses at the State-operated schools: Batavia school for the blind and Rome school for the deaf. Deduct = base year tax levy per public school enrollment of resident pupils (including charter school enrollment). Aid Ratio = 1 – (.15 x Combined Wealth Ratio); minimum = .50.

APPENDIX A

Description of 2009-010 Formula Aids to School Districts

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 seven years (2007-08 – 2013-14) with payable aid in 2009-10 and 2010-11 frozen to the 2008-09 amount.
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. Planning grants also available (by 2010-11 all high need and low performing districts must offer full day kindergarten programs).
Universal Pre-Kindergarten	Targeted per pupil grant for approved programs. All districts are eligible but the amounts are phased-in over several years. Equalized by use of selected foundation aid per pupil. Aid is frozen to the 2008-09 amount, except for new or expansion programs.
Charter School Transitional	Targets aid to the 13 districts most impacted by a concentration of charter schools, either on the district's enrollment or budget. Aid is based on a partial reimbursement of the per-pupil operating expense 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 2008-09 amount.
Textbook	Unequalized reimbursement of expenses up to a flat grant per pupil maximum.
Computer Software	Unequalized reimbursement of expenses up to a flat grant per pupil maximum.
Library Materials	Unequalized reimbursement of expenses up to a flat grant per pupil maximum.
Hardware and Technology	Expense-based reimbursement up to an equalized ceiling amount per pupil for 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	Expense-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.
Special Services— Computer Administration	Expense-based aid up to a maximum per pupil for computer expenses. Equalized for district fiscal capacity. Big 5 Cities and other non-component districts of a BOCES are eligible.
Special Services— Career Education; Academic Improvement	Expense-based aid up to a maximum per pupil for career education expenses. Equalized for district fiscal capacity. 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 reorganization year, up to an additional 40 percent of 2006-07 formula operating aid is provided (the percent is scaled down after 5 years by 4% 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	Expense-based aid for approved operating expenses for transportation of pupils. Property wealth equalized with a choice of aid ratios and sparsity adjusted. Starting in 2005-06, debt service expenses 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	Expense-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 expenses are aided on an assumed amortization schedule.
Reorganization Incentive- Building	Similar to Reorganization Incentive-Operating aid, an additional amount of aid (25 or 30 percent depending on year of reorganization) is provided for building projects related to reorganization. A maximum of 95 percent of approved building expenses 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
Supplemental Education Improvement Plan	A $17.5 million grant for the Yonkers school district.
Academic Achievement	A $1.2 million grant for the New York City school district.
Academic Enhancement	If continuously identified as a district in need of improvement for at least 5 years, the increase in 2008-09 Foundation Aid is enhanced to the lesser of $15 million or 10 percent of the base year. Aid is frozen to the 2008-09 amount.