



CNYSBA NEWS

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97% of NYS School Budgets Passed in May

According to analysis compiled by the New York State School Boards Association, voters approved roughly 97% of school district budgets Tuesday and about two-thirds of districts that sought to override the property tax cap were successful.

New York State Council of School Superintendents Deputy Director Robert Lowry said the 18 total budgets defeated on the first try are slightly more than average but in general the numbers are in line with where they've been since 2012 when the state enacted the cap.

"I think there's a lot that voters have to be concerned about, not necessarily with schools but with life in general, so we're grateful for their vote of confidences indicated by their support for the budgets," Lowry said.

[Read the complete story here from Spectrum News.](#)



Future Challenges For School Districts- Looming in the Very Near Future

By Dr. Rick Timbs SSFC, RGTimbs Inc.

In last Month's newsletter, I mentioned **Future Challenges**

The Governor, as quoted below, is intent on rejoining the effort to diminish financial support to school districts over the next few years.

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Visit the New SSFC Website.

www.SSFCdata.org

Get the latest data and school finance information from Dr. Rick Timbs.

The Statewide School Finance Consortium (SSFC) is an organization of more than 400 New York State public school districts whose mission is to bring equity to the distribution of New York State educational aid. SSFC membership is largely comprised of school districts from average and low-wealth communities that receive a disproportionate share of state funding in comparison to high-wealth regions of New York. The reform of the state aid process will help ensure that all of New York's children receive the same educational opportunities regardless of the wealth or location of their community.

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"We've talked about putting a process in place, so by this time next year, giving everybody the notice and warning that they all asked for, there will be a different formula. ...For years, people knew we had a formula that was outdated, based on populations back in 2008. No one had the guts to say the emperor has no clothes, something is not working here. I came up and said, 'why is it that these districts have lost population ... we're paying for empty seats. ...Many schools have more resources than ever before..."

"At the same time, there's been a 10 percent decline in enrollment over the last decade. So, we have many schools serving fewer students while receiving the same amount of money from the state. And as we speak, some school districts have considerable cash reserves that exceed the amount they're allowed to have by law."

"Other elements of foundation aid need a closer assessment. So, the Legislature and I have agreed on a plan that makes long overdue adjustments to the funding formula in next year's Budget. This includes the hold harmless provision, which ensures up until now that school districts never receive less funding than the year before, regardless of population loss, their need, or the size of their surpluses."

Where do we go from here?

The Governor's remarks are an example of her understanding of Foundation Aid, school finance and the needs of school districts; it illustrates that she has much to learn and think about. We are all about education, so it is time we educate her and legislators about those important topics.

To begin, we must make sure we each have the expertise to discuss Foundation Aid, school finance and the needs of the students within school district communities. There are some questions you need to research to be able to engage in productive discourse:

Foundation Aid

- Do you know why your school district received the Foundation Aid it received this year? What were the determining factors?
- Do you know why your school district's Foundation Aid slated for next year changed or didn't change? What are the determining factors?

School Finance

- Does your school district have a Board of Education approved Reserve plan?
 - Is it reviewed and approved annually?

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- Is it on the school district website?
- Is your school district, based on your external audit for FY 2022-23, in violation of Real Property Tax Law Section 1318 (RPTL §1318), the 4% limit on Unappropriated Unreserved Fund Balance?

Student Needs/Resource Allocation

- Are you familiar with how the demographics of students and families in your school district have changed; just since the COVID years of 2020-21?
- Can you demonstrate using staff allocation and financial data that your school district is actively and aggressively addressing the needs of your most vulnerable and traditionally underserved populations?
- What are the distinct needs of the student population and how are they being specifically addressed by your programs and initiatives?
- To what degree have the programs and initiatives your school district is using met their short- and long-term goals?
- Has your school district implemented a Selective Abandonment protocol as a triage method to eliminate programs or initiatives that have continuously failed to meet goals?
- How can you articulate that the range of programs and initiatives your district has undertaken lack proper on-going resources to ensure greater chance of success in meeting the described mission?
- Has your district, over time, “rightsized and reallocated resources” to account for changes in enrollment as well as emerging student needs?
- Can you demonstrate how that has been done?

The Governor’s plan for a review of the Foundation Aid formula

The Governor finally agreed, and we have suggested it for years, to study the Foundation Aid formula. Here is how the Governor framed the next steps:

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"So, while schools and working-class communities are limited to no reserves, others are doing just fine. So, now's the right time, to take this on, and to begin to fix the way we fund schools – to make sure they're equitable, fair and are doing the right thing. So, I'm really glad that in conversations with our leaders, we've agreed to take a significant step this year to improve the school aid formula, and to adjust the unsustainable built in rate of growth with our Foundation Aid formula."

"To accomplish this, the Rockefeller Institute of Government, in collaboration with the State Education Department, will conduct a comprehensive study on school funding with a focus on Foundation Aid. They'll track down where the money is going to waste and how we can get every student the resources they need to learn, to thrive, to succeed."

Even though it took years to create a Foundation Aid formula the Governor wants the study done in time for next year's Executive Budget Proposal; about 5 months away. Academically, this study will have to move quickly and thus, some portions of this large and complicated formula will be understudied or even left unstudied. We are of the hope that this study will, in the end, be a good beginning for a review of the Foundation Aid formula. We have often noted that any changes in the Foundation Aid formula must be reviewed to ensure that the purpose of the changes met their intended target to create improved equity and adequacy standards.

Whether or not the Governor approves the recommendations of the study remains a concern. The study must genuinely be based on the enhanced mission of school districts to meet the needs of their diverse student population within reasonable local community financial means. The Governor's implied determination to curtail support to school districts is problematic. There appears in the Governors comment above that there is already an assumption of "waste."

We are in fact, dealing with a state constitutional obligation to fund a system that provides for a "sound basic education." I would hope ... for all. And All means All. Further, I hope that the Rockefeller Institute of Government, under their skilled and astute President and former long-time State Budget Director, will take into consideration the expanded mission and demands of services provided by modern school districts in New York compared to the limited resources available to school districts.

The presence of reserves and fund balances have never been included in any funding formula nor should they. The Governor's assertion that these items are simply "surplus" funds is far from the truth and reveals a lack of understanding of educational finance. It is no secret that costs to run a school district with their

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expanded primary educational mission have escalated. Many school boards of education are stuck between intensified scrutiny of the distribution of funding for services, programs, and initiatives that deserve and require long-range financial analysis and planning.

School districts in the most immediate jeopardy

In particular, the future of Save-Harmless school district is precarious. Foundation Aid underfunding and missteps are expensive academically and financially. Even if a school district has adequate reserves now, the inability to replenish them and the extraordinary inflationary costs school districts face now and into the near future are daunting. Communities will find that the decimation of their finances through any strategy to end Save-Harmless, will quickly lead to some level of education insolvency.

An Interesting Addition to the 2024-25 Budget Package: A Major Merger Incentive

Included in the budget for 2024-25 is a new method of computing Reorganization Operating Aid for school districts that merge. The difference between the previous Reorganization (merger) financial incentive and the new one is significant. Originally New York State Senate Bill S. 8306C and Assembly Bill A. 8806C, in the final version was signed into law by the Governor on April 20, 2024:

d-1. For purposes of paragraph d of this subdivision, "selected operating aid per pupil" shall mean the apportionment computed for the 2006-07 school year, based on data on file with the commissioner as of the date upon which an electronic data file was created for the purposes of compliance with paragraph b of subdivision twenty-one of section three hundred five of this chapter on February fifteenth, ~~as: the product of (i) the state sharing ratio calculated pursuant to paragraph g of subdivision three of this section and (ii) the sum of \$3,900 and the product of (a) the lesser of \$8,000 or the expense per pupil as defined in subdivision one of this section minus \$3,900 and (b) the greater of the quotient, computed to four decimals without rounding, of .075 divided by the school district combined wealth ratio calculated pursuant to paragraph c of subdivision three of this section or 7.5 percent, but not less than \$400, and the selected apportionment shall mean the product of the district's total aidable pupil units calculated pursuant to subdivision two of this section and the selected operating aid per pupil as calculated pursuant to the provisions contained herein~~,

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PROVIDED FURTHER THAT FOR SCHOOL DISTRICTS WHICH REORGANIZE ON OR AFTER JULY FIRST, TWO THOUSAND TWENTY-FOUR, FOR PURPOSES OF PARAGRAPH D OF THIS SUBDIVISION, "SELECTED OPERATING AID PER PUPIL" SHALL MEAN THE TOTAL FOUNDATION AID BASE, AS DEFINED PURSUANT TO PARAGRAPH J OF SUBDIVISION ONE OF THIS SECTION, CALCULATED AS OF THE EFFECTIVE DATE OF THE REORGANIZATION.

The use of the "Total Foundation Aid Base vs. using "selected operating aid per pupil" shall mean the apportionment computed for the 2006-07" is important!

The Good Part (if School Districts wish to merge)

With a few exceptions the Total Foundation Aid Base (the amount of Foundation Aid paid to a district in the prior year), as of this writing, is a larger amount than the calculated 2006-07 Operating Aid amount. In most cases it is significantly more. Thus, Reorganization Operating Aid (merger operating aid) provided to school districts that merge would be significantly greater than the previous method.

The Not So Good Part (if School Districts wish to merge)

The ending phrase: "*CALCULATED AS OF THE EFFECTIVE DATE OF THE REORGANIZATION.*" is very problematic.

First, the Foundation Aid Base amount changes every year except when school districts have their Foundation Aid "frozen" as was the case with Save-Harmless school districts this year for 2024-25.

Second, the merger process requires a formal "Merger Study," overseen by the State Education Department. That study is usually completed about a year or so ahead of the date of a proposed merger. Based on the date when the Reorganization Operating Aid is to be calculated how would any consultant to a "Merger Study" provide accurate data as to the amount and schedule of payments of Reorganization Operating Aid over the first 15 years of the merger?

Third, as a practical matter, how would a school district Board of Education, whose vote is required to put a merger proposal before the voters of the affected school districts, know the amount of Reorganization Operating Aid that would be received during the first 15 years of the merger, before a merger vote, if the amount won't be calculated until the date of the merger?

Fourth, how could voters who will determine the fate of a merger proposal be unaware of what amount of Reorganization Operating Aid they could anticipate if they agree to the merger proposal?

Fifth, Foundation Aid itself is under review by the Rockefeller Institute for Government for proposed changes. It is unknown what if any changes will be embraced by the legislature and Governor due to the Rockefeller report and recommendations or any other ideas that appear. Any change to the Foundation Aid formula will change the future of the Foundation Aid Based going forward.

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Sixth, this state of flux is further complicated by remarks by the Governor that suggest that the continuation of Foundation Aid Save-Harmless is undesirable. If, even if over time, the Save-Harmless status is eradicated, the resultant Foundation Aid base would be eroded for Save-Harmless School Districts, with various decrees of diminishment, some of which are in the millions of dollars. Then, in many cases, a significantly lower benchmark Foundation Aid Base will be created and used in the computation of the Reorganization Operating Aid.

Lastly, that phrase, **“CALCULATED AS OF THE EFFECTIVE DATE OF THE REORGANIZATION”** appears to be a bit of a poison pill. Without a “date certain” for the computation of the Reorganization Operating Aid, in verbiage and law such as “the Foundation Aid base as of July 1, 2024”, the amount of Reorganization Operating Aid for an eligible merged school district would be difficult to impossible to calculate accurately. For this new law to work, more refinement is necessary.



Next month, I will provide some examples of how all of this might play out so that readers can see the financial differences in the potential ways Reorganization Operating Aid could be calculated.

Again, I won't even address in this writing the financially unachievable Zero-Emissions Bus mandate. (This is going to cost our school districts and the state a fortune.)

Be well,

Rick

Dr. Rick Timbs is the Executive Director of the Statewide School Finance Consortium and President of RG Timbs Inc.



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that you would like to share?
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