

2011-12 EXECUTIVE PROPOSAL FOR AID TO EDUCATION

On February 1st, Governor Cuomo presented his proposal for the 2011-12 state budget. The Governor is proposing a total of \$19.39 billion in state support for public schools. This represents a year-to-year decrease of \$1.535 billion (-7.3%), as compared to the approved 2010-11 budget. The total decrease represents a \$1.537 billion reduction in formula aids and a \$1.75 million increase in grant programs.

District specific data is available on the SED State Aid Unit website at www.stateaid.nysed.gov. SED will be mailing school districts detailed descriptions and “backup” data that explains how the proposed State Aid estimates were calculated for your district. Please remember that the aid estimates are based on the 2010-11 school year estimates of expenditures and pupil data submitted with your aid claim this past fall. Therefore, it is important to review for accuracy the backup data provided in this mailing. The information will be sent with a cover memo from SED to your district superintendent.

The following is a brief summary of the major elements of the Governor’s 2011-12 proposal for State Aid to public schools.

Foundation Aid – At \$14.89 billion, Foundation Aid will again be frozen for the 2011-12 and 2012-13 school years. Full phase-in of Foundation Aid will now take place over a ten-year period, completing in 2016-17.

Gap Elimination Adjustment – The Governor proposes a \$2.786 billion Gap Elimination Adjustment (GEA) for the 2011-12 school year. The reduction is again structured so that a low-wealth district will face a smaller percentage cut of 2011-2012 aid than a higher-wealth district. In addition, the GEA can be adjusted for student need, administrative efficiency, and residential tax burden and district wealth. In future years, the GEA would be continued and scaled to limit growth in School Aid.

*NOTE: The GEA is applied against formula-based School Aid, **excluding** Building Aid and Universal Prekindergarten.*

Competitive School Performance Incentive Program - The Executive Budget proposes two competitive grant programs, totaling \$500 million, to reward academic improvement and school district efficiencies. These grants will first be awarded during the 2011-12 school year.

- **School District Performance Improvement Awards** - Grants totaling \$250 million will be awarded to school districts that demonstrate significant improvements in their student performance outcomes. This program would

provide additional State funding to those school districts with the most improved academic achievement and student outcomes.

- **School District Management Efficiency Awards** - Competitive grants totaling \$250 million will be awarded to school districts that find recurring cost savings.

High Tax Aid – \$204.7 million; frozen at current level for the 2011-12 and 2012-13 school years.

Public High Cost Excess Cost Aid – \$482.62 million (increase of \$28.48 million); no formula change recommended.

Private Excess Cost Aid – \$342.73 million (increase of \$12.28 million); no formula change recommended.

Supplemental Public Excess Cost Aid – \$4.31 million; frozen at current level for the 2011-12 and 2012-13 school years; no formula change recommended.

Summer School Special Education - \$234.3 million (increase of \$22.1 million); beginning with Summer 2011 programs, districts will be reimbursed based on the State Sharing for Foundation Aid ratio (maximum = 90%, minimum = 20%), instead of the existing 80% state share. The proposal will also limit the portion of the current year appropriation that is available to pay prior years' claims.

Schools for the Deaf and the Blind – The Executive Budget consolidates the 11 state-supported schools for the deaf and the blind into the broader classification of private special education providers. State funding for the cost of students attending these schools would be provided through Private Excess Cost Aid.

Preschool Special Education – \$868 million; no change recommended.

BOCES Aid and Special Services Aids – \$934 million (increase of \$21 million); beginning with aid payable in the 2012-13 school year, BOCES Aid will be based on the State Sharing for Foundation Aid ratio (maximum = 90%, minimum = 10%). In addition, beginning with costs reimbursed in 2012-13, certain non-instructional services provided by BOCES would no longer be reimbursed. Such services include, but may not be limited to: collective negotiations and labor relations, central business office services, personnel services-recruiting, planning services and management, school food services and management, extracurricular activities and interscholastic sports coordination,

institutional graphics, equipment repair, printing, photocopying, non-print duplication, energy management, and engineering services.

Transportation Aid – \$1.655 billion (increase of \$71.37 million); school districts must, during the 2012-13 school year, have implemented a cost-effective shared services program with another municipal entity or demonstrated the use of practices identified as efficient by the State Education Department. Noncompliance would result in graduated reductions in the allowable transportation expenses considered for aid. In addition, transportation aid will not be paid on new bus purchases in instances where the bus being replaced is not at least 10 years old *and* have at least 125k miles. The Commissioner of Education does have the authority to waive the requirement.

Building Aid/ Reorganization Incentive Building Aid – \$2.66 billion (increase of \$171.33 million); beginning with projects with voter approval on or after 2/1/2011, projects would be aided at the current year RWADA aid ratio, plus HNSBAR, if applicable. The Governor also proposes a new priority-based system where construction will be funded until an annual fixed dollar amount of \$2 billion in approved project costs is exhausted, with an additional \$30 million ceiling for emergency construction. This new funding structure will use a competitive application process that considers the need for the project, the age of the building to be renovated or replaced and district fiscal capacity.

- There is no proposed change to EXCEL Aid.
- The Governor recommends eliminating the 10% incentive for Energy Performance Contracts *voter approved* on or after 7/1/2011.
- The assumed amortization schedule for aid on buildings that have since been sold would be recomputed. The proceeds from that sale would be deducted from the total approved project cost.

Textbook, Software, Library and Computer Hardware Aid – All aid continued as under current law:

- Textbook - \$58.25 per pupil
- Software - \$14.98 per pupil
- Library - \$6.25 per pupil
- Computer Hardware - \$24.20 per pupil x current year RWADA aid ratio

Universal Prekindergarten Aid – Projects a state total of \$393 million. Universal Pre-K Aid will be frozen at current level for the 2011-12 and 2012-13 school years. Full phase-in will now take place over a ten-year period, completing in 2016-17.

Full Day K Conversion Aid – \$4.67 million (increase of \$3.31 million); no formula change recommended.

Charter School Transitional Aid – \$25.11 million (increase of \$1.89 million) provided for 15 qualifying districts currently impacted by a concentration of children attending charter schools. Formula elements target aid to districts based on the percentage of resident pupils enrolled in charter schools and the percentage of payments made to charter schools compared to a district's total general fund expenditures.

Teachers for Tomorrow – Proposal maintains \$25 million allocation.

STAR – The existing STAR exemption programs (Basic and Enhanced for Seniors) will remain in place; the Executive Budget proposes to limit growth in exemption benefits to 2% annually.

Roosevelt Union Free School District – The Executive Budget will maintain the district's Supplemental Education Grant of \$6 million.

District Charter School Payments – Tuition payments made by school districts to charter schools will be frozen at 2010-11 levels for the 2011-12 and 2012-13 school years.

Employee Benefit Accrued Liability Reserve Fund – The Governor proposed authorizing districts to withdraw an amount from this reserve fund that exceeds liabilities for compensated absences, as documented by the Office of the State Comptroller, but not more than the net amount of the 2011-12 Gap Elimination Adjustment (GEA). Funds withdrawn must be used to maintain educational programming during the 2011-12 school year.

Aid Caps

- For the 2010-11 base year, each district's state aid would be capped at the total listed on the 2010-11 Executive Budget Aid Run (BT 111-2 dated 2/1/11).
- For 2011-12, each district's state aid (also exclusive of Building Aid) would be capped at the total listed on the same aid run.
- In 2012-13 and beyond, state aid, other than Building would also be capped at the total amount listed on the Executive Budget aid run.
- Beginning with claims for the 2011-12 aid year, and thereafter, there will be no prior year adjustments. Any changes to state aid data would have to be submitted

over the course of the year in which the aid is paid and such changes would have to be processed in time for SED to recalculate June aid payments. In addition, any aid adjustments, other than for Building Aid and Full-Day K Conversion Aid, would not be paid if such changes result in total aid exceeding the capped amount from the Executive Budget aid run.

Contract for Excellence – School districts that participated in the Contract for Excellence program in the 2009-10 school year will continue operating approved academic intervention programs consistent with Contract for Excellence requirements. However, the required investment in these programs will be permitted to decline by the same percentage as the district's formula-based aid will be reduced under the Gap Elimination Adjustment.

MTA Commuter Tax – Executive Budget includes \$70 million for a full reimbursement of school district expenses for the tax.

NYSED – The Governor's proposal would reduce the department's operating budget by \$4 million.