

2010-11 EXECUTIVE PROPOSAL FOR AID TO EDUCATION

On January 19th, Governor Paterson presented his proposal for the 2010-11 state budget. The Governor is proposing a total of \$20.527 billion in state support for public schools. This represents a year-to-year decrease of \$1.086 billion (-5.0%), as compared to the approved 2009-10 budget. The total decrease represents \$1.045 billion reduction in formula aids and an additional \$41 million reduction 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 2009-10 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 2010-11 proposal for State Aid to public schools.

Foundation Aid – At \$14.892 billion, Foundation Aid will be frozen for an additional year, through 2011-12. 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 one-year \$2.1 billion Gap Elimination Adjustment (GEA) for the 2010-11 school year. That total will be partially offset by the use of the remaining \$726 million of the ARRA Stabilization Fund, resulting in a net \$1.4 billion reduction. The reduction is structured so that a low-wealth district will face a smaller percentage cut of 2010-2011 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.

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

High Tax Aid – \$204.77 million; frozen at 08-09 level.

Recognizing the fact that the phrase ‘*excess cost aid*’ no longer reflects the categories’ original intent, the Governor’s proposal also recommends replacing the phrase with ‘*special education aid*’ in the following three aid categories. The

Governor hopes these name changes will improve the transparency of school aid and the budget process.

- **Public High Cost Special Education Aid** – \$454.12 million (increase of \$10.2 million); no formula change recommended.
- **Private Special Education Aid** – \$328.97 million (increase of \$14.06 million); no formula change recommended.
- **Supplemental Public Special Education Aid** – \$4.31 million; frozen at 08-09 level and no formula change recommended.

Summer School Special Education - \$212.2 million. Beginning with the 2010 summer session, school districts would be reimbursed based on the State Sharing for Foundation Aid ratio (maximum = 80%, minimum = 10%), instead of the existing 80% state share.

BOCES Aid and Special Services Aids – \$931.61 million (increase of \$26.33 million); no formula change recommended.

Transportation Aid – \$1.646 billion (increase of \$99.72 million); no formula change recommended.

Building Aid/ Reorganization Incentive Building Aid – \$2.485 billion (increase of \$221 million); no formula change recommended.

- There is no proposed change to EXCEL Aid.
- The Governor recommends eliminating the 10% incentive for Energy Performance Contracts *voter approved* on or after 7/1/2010.
- 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 \$399.72 million. Universal Pre-K Aid will be frozen for an additional year at 2008-09 level. Freeze would be continued through 2011-12.

Full Day K Conversion Aid – \$0; no new districts have, thus far, proposed to convert to full day kindergarten in 2010-11; no formula change recommended.

Charter School Transitional Aid– \$21.84 million (increase of \$3.17 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 – \$25 million; frozen at 2009-10 level.

STAR – The existing STAR exemption programs (Basic and Enhanced for Seniors) will remain in place, but the Governor is proposing a series of other changes.

- The STAR ‘floor’ which limits reduction in STAR benefits as a result of changes in property value would be lowered from 89% to 82%.
- The Governor also proposed to eliminate the STAR exemption for homes with a full value of \$1.5 million and above.

Roosevelt Union Free School District – The Executive Budget reduces the district’s Supplemental Education Grant from \$12 million to \$6 million.

Teacher Centers – Funding for the program will be eliminated.

District Charter School Payments – Tuition payments made by school districts to charter schools will, again, be frozen at 2008-09 per pupil amounts.

Contingency Budget Calculation – The Governor’s proposal would prevent a negative contingency budget cap adjustment, even if the average change in the Consumer Price Index (CPI) is a negative number. When the CPI change is negative the allowable adjustment to the contingent budget cap would be zero.

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 2010-11 Gap Elimination Adjustment (GAE). Funds withdrawn must be used to maintain educational programming during the 2010-11 school year.

Aid Caps

- For the 2009-10 base year, each district's state aid would be capped at the total listed on the 2010-11 Executive Budget Aid Run (BT 101-1 dated 1/19/10).
- For 2010-11, each district's state aid (other than Building Aid) would be capped at the total listed on the same aid run.
- In 2011-12 and beyond, state aid (other than Building Aid) would also be capped at the total amount listed on the Executive Budget aid run.
- Beginning with claims for the 2009-10 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, would not be paid if such changes result in total aid exceeding the capped amount from the Executive Budget aid run.

Wicks Law – Executive Budget proposal repeals multiple bidder requirements for districts.

Transportation Contracts – School districts would be able to contract with other entities, including school districts, counties and municipalities for student transportation and school bus maintenance.

Preschool Special Education –Beginning in 2010-11, any increase to the county's share of costs exceeding 2009-10 base year cost, multiplied by an inflation rate of 2%, would be shifted to school districts and recovered as a deduct against general state aid. ARRA funds would again be used in 2010-11 to cover a reduction in the state's share of program costs.

Contract for Excellence – The provisions of the Contract for Excellence program would be maintained for the 2010-11 school year consistent with the 2009-10 requirements. All districts currently participating in the program would be required to continue with a

reduced financial liability unless all school buildings in a school district are reported as “In Good Standing” for purposes of the State accountability system.

NYSED – The Governor’s proposal would reduce the department’s operating budget by \$4.7 million.