



**SUBMISSION OF THE UNITED FEDERATION OF TEACHERS  
FOR THE  
ROCKEFELLER INSTITUTE OF GOVERNMENT  
FOUNDATION AID PUBLIC HEARING  
August 14, 2024**

My name is Michael Mulgrew, and I am the president of the United Federation of Teachers. On behalf of the union's over 190,000 members, I would like to thank the Rockefeller Institute of Government for holding today's hearing on the Foundation Aid Formula.

The Foundation Aid Formula is the cornerstone of how we fund New York's public schools. Our public schools depend on this stream of funding to provide their students with strong academics, robust intervention services, small class sizes and social-emotional learning. A formula with this level of importance cannot fall by the wayside. However, this is exactly what has happened since it was created in 2007. In the years since 2007, so much has changed, but the formula itself has remained the same and it is failing to provide our students with the education they deserve.

At the July 16 Foundation Aid hearing in New York City, the Rockefeller Institute heard from our members — the teachers who experience the consequences of our inadequate school funding formula daily. You heard them say that there is not enough funding to support students in temporary housing and newcomer students with limited to no English proficiency. You heard them say there is not enough funding to implement the class size law, a law parents and teachers fought long and hard for. You heard them say there is not enough funding to hire the staff necessary to care for students with special needs and to provide mental health services to students who are still recovering from the pandemic. These teachers know what our schools and students need, and when they tell us that the Foundation Aid Formula isn't adequate, we must listen.

To rectify the inadequacy of the current Foundation Aid Formula, we recommend the seven following updates and improvements:

1. Amend the methodology used to determine the base cost of education per pupil by eliminating the Successful School Districts model.
2. Allocate funding based on specific student needs by adding new weights for students in temporary housing and foster care.
3. Further differentiate students with disabilities.
4. Ensure that the funding that comes from additional weights cannot be used for any other purpose and is accompanied by a lockbox.
5. Bake sufficient funding for the implementation of New York City's class size law into the Foundation Aid Formula — and place this funding in a lockbox as well.

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6. Update the methods used to identify students' economic needs.

7. Update the Regional Cost Index.

Prior to delving deeper into our recommended revisions to the Foundation Aid Formula, it is necessary to note the language used in the FY 25 budget to describe what a new funding formula should accomplish. The very first achievement listed is that a new formula should be “fiscally sustainable for the state, local taxpayers, and school districts.” This blatantly — and inappropriately — indicates that this study will focus on the state’s fiscal concerns, rather than the constitutional right to a quality education that our students are owed. I stand here today to discuss the latter issue, and I hope that this study will follow suit.

Now, turning to our recommendations, we must amend the methodology used to determine the base cost of education per pupil. The current Foundation Aid Formula uses the Successful School Districts (SSD) model. The SSD model calculates the base cost of education by averaging per-pupil spending from a smattering of districts that were deemed “successful” years ago due to arbitrary proficiency rates. This model is objectionable for many reasons, the first of which is that it has not been properly updated throughout the years, violating New York State law. The law states that the set of “successful” schools used in the SSD model should be reviewed every three years. However, in the past seven years, there have been no updates to the base per-pupil amount, except for a consumer price index adjustment. The SSD model also fails to capture an accurate base cost of education. The definition of a “successful” school has not changed since 2007, even though New York has implemented new standards aligned with the Common Core curriculum and has begun administering assessments aligned with these new standards. This means that the way we determine so-called “success” is entirely disconnected from how we assess schools today. Lastly, the SSD model doesn’t account for a wide range of social safety net services that contribute to academic success. It focuses entirely on test scores and ignores the other support services and external factors that enable students to perform at a high academic level in “successful” districts.

In place of the SSD model, this study should consider alternative methodologies for determining the base amount of funding needed to meet academic standards. New Jersey has successfully implemented the use of a panel of education experts and economists who use their experience to determine what schools need. They also account for certain fixed costs integral to a sound basic education that remain, even when student enrollment may ebb and flow. New York ought to implement a similar process and introduce an integrating factor for each school operated by a district. This would ensure that the school could always hire a principal, assistant principal (or multiple based on enrollment), school secretaries, school nurses, librarians, counselors/psychologists/social workers (one per 250 students) and other social emotional learning staff.

Per our second recommendation, the Foundation Aid Formula must allocate funding based on specific student needs. New York City has a high number of students who live in foster care and temporary housing. Since the spring of 2022, we have seen a dramatic increase in the number of asylum-seekers in our schools. These students live in crowded shelters, and, after just 60 days,

they are forced to relocate, which creates great instability in their lives. Also, most of these students are English language learners (ELLs) who enter our schools with little to no English proficiency. The trauma that comes from a tumultuous living situation and immigrating to a new country with a new language impacts students greatly, and they often need additional resources from their schools. The Foundation Aid Formula must make it possible to provide these essential resources.

Additionally, many of the newcomer students enroll in our schools in the middle of the school year. To address midyear changes in enrollment, we need a growth aid formula, which existed prior to Foundation Aid's enactment. This growth aid formula should account for the significant modifications to Part 154 of the Commissioner's Regulations adopted by the Board of Regents in 2014. These regulations set a timeline for ELL students to be identified and for school districts to provide appropriate services. We must provide enough funding to comply with this timeline and the comprehensive programmatic requirements to properly serve our ELLs and newcomer students.

Our third recommendation is that the Foundation Aid Formula further differentiate students with disabilities (SWDs). Since 2007, we have expanded our understanding of the specific needs of various intellectual and physical disabilities. Why then does our funding formula only have one single weight for all students with disabilities? This must change to reflect the pedagogy we now use for SWDs. Also, the Foundation Aid Formula should include tiered weights for students who require distinct levels of service as dictated by their Individualized Education Program (IEP) as well as post-IEP transitional weights.

Fourth, a lockbox must accompany any additional funding that comes from new weights in the Foundation Aid Formula. We have advocated for this over the years because we know increased funding for students in temporary housing, students in foster care, ELLs and SWDs, and for social-emotional learning, is most effective when it goes directly to the students it is intended to benefit.

Fifth, the Foundation Aid Formula must allocate sufficient funding for the implementation of New York City's class size law, and this funding should be accompanied by a lockbox as well. The class size law was a victory for parents and educators who fought for smaller classes for decades. However, as a few of the teachers who testified on July 16 mentioned, their schools do not have the funding to hire the additional staff needed to reduce class size. Their schools also need more classroom space, but the Foundation Aid Formula does not currently provide funding for capital expenditures, despite them forming part of the sound basic education standard. This must change as New York City will need a consistent stream of funding each year — one that can be used to acquire more teachers and classroom space — to implement the class size law.

Sixth, we must update the way we measure students' economic needs. The Foundation Aid Formula currently accounts for economic need by creating a Pupil Need Index (PNI). The PNI is constructed using poverty data from the 2000 census and a rolling three-year average of the percentage of K-6 students who are eligible for free or reduced-price lunch (FRPL). This methodology does not accurately capture the economic need of students in our schools for a few reasons. First, the census data in use is almost 25 years old. Even if census poverty levels were

updated to 2020, this would still be out of date as the census doesn't keep up with real time. Second, free lunch rates have become an unreliable measure of poverty as more school districts convert to the Community Eligibility Provision for the national school lunch program, and thus do not collect free lunch data annually.

Rather than relying on measures that are divorced from the actual poverty levels in our schools, this study should look to two measures that already exist in the state. New York City's system for determining the Economic Need Value of students considers the circumstances of each student, such as whether they live in temporary housing, receive services from the Department of Social Services (DSS/HRA), have a home language other than English, their longevity in the public school system, and the percentage of families (with school-age children) in the student's census tract whose income is below the poverty level, as calculated by the American Community Survey 5-Year Estimate. Additionally, the New York State Education Department (NYSED) collects data on how many students in each district are economically disadvantaged by considering similar circumstances to New York City, such as whether families participate in various economic assistance programs. Either of these methods would capture the economic needs of our students far more accurately than the antiquated data we currently use.

Lastly, the Regional Cost Index (RCI) used in the Foundation Aid Formula must be updated. Theoretically, the RCI accounts for the difference in labor costs across nine regions in New York State. However, it has not been updated since 2006. The RCI has not kept up with rising labor costs, nor has it kept up with the increasingly high cost of living in New York City — a city that is unlike any other. When providing aid to districts, NYSED has acknowledged NYC's uniqueness on several occasions. We have the highest regional cost factor in the state to offset the city's high school construction costs and we were the only district eligible to receive over \$5 million for post-COVID learning loss and mental health recovery grants. New York City is often the exception to the rule and the RCI must account for that.

Prior to wrapping up, I must acknowledge one more aspect of the budgetary language that directed this study. The FY 25 budget stated that this study should consider "New York's overall state and local system of funding public education compared to those of other states." This is entirely irrelevant. This study should be about the conditions and needs of New York's diverse student population, and New York's only. Comparing New York and New York City to other states overlooks the realities of what makes us who we are and the state constitutional mandate. For instance, a recent report from the Empire Center for Public Policy criticizes New York State for spending more than Massachusetts on education and for lagging Massachusetts in terms of student scores on the National Assessment of Educational Progress (NAEP). But the report fails to account for — and in some cases fails even to mention — important differences in student poverty and class sizes between the states.

New York's percentage of children in poverty is roughly one-third higher than that of Massachusetts (18.8% in New York vs. 12.8% in Massachusetts). As we know, the link between child poverty and lower test scores has been well established by the National Institutes of Health and other sources. Class size is also a key to student success. Study after study has shown that smaller classes boost student achievement. Yet from 2013 to 2018, among the years covered by the report, class sizes in New York State averaged 20% higher than those in Massachusetts.

These examples underscore the fact that comparing New York's spending and test scores to other states doesn't tell the whole story. It overlooks the factors that lead to each state's individual circumstances and outcomes.

In conclusion, the Foundation Aid Formula must focus on the students, including those over 17, who are in our schools today — not the students who were in our schools 20 years ago. To do so, this study should not only consider our recommendations but also look to NYC's Fair Student Funding (FSF) formula. This formula integrates 37 student-need weights across seven broad categories, which include grade level, academic intervention needs, English language learner needs, special education needs, students attending portfolio high schools, students in temporary housing and a weighted measure for schools with the highest relative concentration of particular needs. Until Foundation Aid adopts similar granular and current analyses that consider the full range of student needs, we cannot say that New York has determined the "actual cost of providing a sound basic education" or has established a fair, need-based funding system that would ensure that "every school... would have the resources necessary for providing the opportunity for [such an] education."

I thank you again for your time and attention to the issue. We look forward to our ongoing collaboration.