

Foundation Aid Hearing: Laurens, NY
August 8, 2024

My name is Bryan Ayres, Superintendent, at Franklin Central School. I want to thank you for the opportunity to speak with you today regarding concerns with the current foundation aid formula. I have spent a lot of time planning for today to be able to share with you the impact that the current foundation aid formula and the proposed elimination of “hold harmless” has had on our students, staff, and community. The formula is so complex that most of us in the room today probably lack a functional understanding of how our aid is computed and what factors are driving aid changes year to year. The best approach I could come up with is to try to show the impact on our students, our staff, and our community.

The Foundation Aid formula is designed to allocate state funding to school districts based on various measures of need and capacity to raise local revenue. However, key components of this formula are fundamentally flawed in their application to Franklin Central School, leading to a gross misrepresentation of our district's financial reality.

One of the most problematic aspects of the formula is the use of Adjusted Gross Income (AGI) to determine a district's wealth. The AGI is supposed to reflect the income levels of the residents in our community. However, this measure fails to capture the true economic diversity of Franklin. Our district is home to a few prominent families whose substantial personal wealth skews the AGI upwards. As a result, the formula inaccurately portrays Franklin as a wealthy district.

This perceived wealth is further compounded by the formula's use of the wealth factor, which is intended to gauge the overall economic capacity of the district. Unfortunately, the presence of a few affluent families disproportionately inflates this wealth factor, leading to a reduction in the state aid allocated to our school. The wealth of a few individuals does not trickle down into the school district or benefit the broader community. Instead, it creates a misleading picture that masks the genuine financial struggles faced by the majority of our residents.

Many of our students come from families living in poverty, and this is evidenced by the fact that a significant proportion of our students qualify for and receive free breakfast and lunch. This program is a lifeline for many of our children, ensuring they have access to the nutrition they need to learn and thrive. The high number of students benefiting from this program is a clear indicator of the economic challenges faced by many families in our community.

The artificially high AGI and wealth factor result in decreased state aid, leaving our schools underfunded and our students underserved. This funding gap affects every aspect of our educational system. Our teachers lack the resources they need to provide high-quality instruction, our facilities are in dire need of updates and repairs, and our students miss out on valuable educational opportunities and support services.

One of the primary reasons cited for the reduction in aid to schools is decreased enrollment. While it is true that our student numbers may fluctuate, this should not be a justification for slashing funding. Every student, regardless of the size of their class, deserves access to high-quality education and the resources they need to thrive. Reduced enrollment does not equate to reduced costs; in fact, the opposite is often true. Smaller student populations still require the same foundational services, from heating and maintaining school buildings to providing specialized instruction for those with unique needs.

Another reason often cited for cutting aid is the presence of large reserve accounts within school districts. However, these reserves are not a sign of excess but rather a necessary financial safeguard. They are crucial for managing unexpected expenses, such as urgent facility repairs or unforeseen program needs. Moreover, these reserves help maintain financial stability, ensuring that our schools can continue to operate smoothly without constant financial crises. Reducing aid based on these reserves is shortsighted and jeopardizes the long-term sustainability of our educational system. Our reserve accounts have been looked at by the Comptroller and through audits, simply put, our district isn't sitting on excessive resources. Franklin could have utilized all our reserve accounts, including capital reserves, and we still could not have survived as a PK-12 district without the safety net of SAVE harmless.

Inadequate funding for our schools has created an environment where our students are at a severe disadvantage compared to their peers in other districts. One of the most pressing issues is the lack of access to a diverse range of courses, particularly those that bear college credit. Our students are eager to learn and aspire to achieve great things, yet they are being denied the opportunities that would set them on a path to success. While other schools across New York State offer Advanced Placement (AP) courses and other college-bearing courses, our students are left behind, unable to compete on a level playing field. This lack of transcript equity is a glaring injustice that must be addressed.

Furthermore, the impact on extracurricular offerings cannot be overstated. Extracurricular activities are essential for the holistic development of our students, providing them with opportunities to explore their interests, develop new skills, and build a sense of community and belonging. Yet, due to funding constraints, many of these

programs have been cut or severely limited. Our students are missing out on crucial experiences that enrich their education and prepare them for life beyond the classroom.

Our dedicated teachers are another group that suffers due to insufficient funding. These educators are the backbone of our schools, working tirelessly to inspire and educate the next generation. However, without the necessary supplies and resources, their ability to maximize their effectiveness is severely hindered. Classrooms lack essential materials, outdated technology impedes learning, and teachers often have to dig into their own pockets to provide for their students. This situation is not only unfair but also unsustainable.

Moreover, our district struggles to recruit and retain certified staff. Other schools can offer significantly higher salaries and better benefit packages, including health insurance at retirement. As a result, we are losing talented educators to better-funded districts, further exacerbating the challenges we face. The inability to attract and keep qualified teachers directly impacts the quality of education our students receive and diminished educational outcomes.

The ripple effects of these challenges extend beyond the walls of our schools and into the wider community. When our schools suffer, the entire community feels the impact. Property values decline, community engagement wanes, and businesses struggle to attract employees who prioritize strong educational opportunities for their children. Our community's future prosperity is directly tied to the health of our schools, and without adequate funding, we are jeopardizing that future.

Instead of reducing aid, we should be advocating for an increase in funding. The costs associated with running our schools are at an all-time high. Salaries and benefits for our hardworking teachers and staff have risen, reflecting the need to offer competitive compensation to attract and retain the best educators. Supplies and materials are more expensive than ever, and yet they are fundamental to providing a high-quality education. Our schools are expected to implement numerous initiatives, including response to intervention, diversity, equity, and inclusion programming, as well as social-emotional learning and mental health support. These programs are essential for creating a supportive, inclusive, and effective learning environment, but they come with significant costs.

The demands on our schools continue to grow. We are asked to do more and more, often without the necessary resources to meet these expectations. Response to intervention programs require additional staff, training, and resources to support students who are struggling academically. Diversity, equity, and inclusion initiatives are vital for creating a school environment where all students feel valued and understood, but they also necessitate investment in professional development, curriculum

development, and community engagement. Social-emotional learning and mental health support are critical for addressing the complex needs of our students, particularly in these challenging times, but providing these services requires funding for specialized staff, training, and materials.

Cutting aid to our schools undermines these critical efforts and sends a message that our students' futures are not a priority. It places an undue burden on our educators, who are already stretched thin, and limits the opportunities available to our students. We must recognize that investing in our schools is an investment in our community's future. When our schools thrive, our entire community benefits. Property values remain strong, local businesses attract talented employees, and we foster a sense of pride and engagement among residents.

It is imperative that we advocate for a more accurate and equitable funding formula that reflects the true economic conditions of our district. We must push for changes that account for the disparities within our community and ensure that state aid is distributed based on the actual needs of our students. This includes revisiting the use of AGI and wealth factors to develop a more nuanced approach that considers the economic diversity and the prevalence of poverty within our district.

Our students deserve better. They deserve a funding system that recognizes their needs and provides the resources necessary for a quality education. Our teachers deserve the tools and support to be effective in their roles. Our community deserves a school system that can truly serve as a pillar of strength and opportunity.

One essential factor that could be considered in the state aid formula is the extent to which a district utilizes BOCES, the Board of Cooperative Educational Services. Franklin Central School maximizes the resources offered by BOCES to provide high-quality educational programs and services. Through BOCES, we can offer our students access to vocational training, specialized instruction, and advanced coursework that would otherwise be financially unattainable. By leveraging these shared services, we not only enhance the educational experiences of our students but also ensure cost-effectiveness and fiscal responsibility. The state aid formula should recognize and reward districts that efficiently utilize BOCES to maximize educational opportunities for their students.

In addition to our use of BOCES, Franklin has cultivated positive relationships with surrounding districts to share staff and resources. This collaborative approach allows us to pool our resources, share expertise, and provide a broader range of educational opportunities for our students. By sharing staff, we can offer specialized courses and programs that might be impossible for a single district to support on its own. This cooperation also helps to mitigate the financial strain on any one district, promoting a

more sustainable and efficient use of resources. The state aid formula should take into account the benefits of such inter-district collaborations and provide support for districts that actively engage in these partnerships. The school district's within DCMO BOCES have committed to looking at increased opportunities for students through regional sharing.

Moreover, our district has seen significant benefits from merged sports programs with neighboring schools. These joint programs allow us to offer a wider range of athletic opportunities to our students, fostering physical fitness, teamwork, and school spirit. Merged sports programs also help to build stronger connections between our communities, promoting unity and mutual support. By sharing the costs and resources required for sports programs, we can provide more comprehensive and diverse athletic experiences for our students. The state aid formula should recognize the value of these collaborative efforts and provide additional support to districts that successfully implement merged sports programs.

Our students, teachers, and community deserve a funding system that acknowledges and rewards our proactive and collaborative efforts. We have shown that, despite financial challenges, we can create a rich and supportive educational environment through innovation and cooperation. It is time for the state aid formula to reflect these realities and provide the support necessary for us to continue these vital initiatives.

Conduct a second tier financial review for school districts, particularly those experiencing significant reductions in foundation aid, for the most vulnerable schools. These reductions often disproportionately impact districts already struggling with limited resources, leading to detrimental effects on students' educational opportunities. To address these challenges, it is crucial for the New York State Education Department (NYSED) to deploy staff to visit the hardest-hit districts. These visits would allow NYSED to assess the real-time impact of the financial reductions and identify critical areas where support is most needed. Without such proactive measures, substantial state aid reductions could lead to larger class sizes, cuts in essential programs, and further inequalities in education, exacerbating the already significant challenges faced by underfunded schools.

Here are some concrete examples of issues Franklin has faced as a result of funding shortfalls.

1. The initial state aid run in January 2024 had Franklin losing nearly one million dollars in foundation aid or 32%. The 13% change was the highest in New York State. If "hold harmless" wasn't restored the district was forced with two options: (1) Ask local taxpayers for a 40% increase in taxes as a 1% increase nets around \$25,000. (2) The district would need to reduce the budget. In order to balance a

budget with this reduction we would need to eliminate all of our middle school and high school teachers. Our 7-12 students would have to attend a neighboring district for their education.

2. In 2022-2023, the district could not find certified teachers for credit bearing high school classes needed for graduation. Juniors and seniors were forced to attend Unatego for the school year to receive the appropriate classes needed for graduation.
3. The proposed elimination of “hold harmless” has had a lasting impact on Franklin even though it was reinstated. We are still searching for certified teachers at the high school level and the surrounding region is under the impression that Franklin is closing its school. When we do our budget presentation for community groups we have to start by saying “Franklin Central School is not closing”
4. I received emails from students in the spring when they were home over the weekend asking if they had to choose a new school for next year
5. A staff member’s child attends a neighboring school that is 9 miles away from us. Her daughter will graduate with an associates degree. The students at Franklin have no access to college courses unless they consider distance learning. When comparing Franklin’s course catalogs with other schools in DCMO BOCES it is evident that there are huge inequities.
6. Franklin’s AGI jumped from \$49.3M all the way to \$146.1M. As you can imagine, a near-tripling of that figure will have a very significant impact on your district’s overall wealth picture. This simply isn’t an accurate reflection on our community’s ability to support the school.
7. Our district doesn’t have extensive money in reserve accounts. We are trying to save money to be able to complete an essential capital project to improve safety and upgrade instructional spaces.
8. Foundation Aid and some other formulas measure district wealth or ability to raise local revenue using the Combined Wealth Ratio (CWR). The CWR considers district actual value property wealth per pupil and adjusted gross income per pupil, each compared to state averages and each weighted 50% (i.e., effectively the average of the two). 1.000 would indicate a perfectly average wealth district, lower is poorer. Franklin’s income ratio of 2.252 would be interpreted to indicate that your district has more than twice the income per pupil than the state average. Franklin had an unusually large single year increase in its property wealth ratio—from .831 to 1.101. That is especially surprising because the formula includes a mechanism to cushion against rapid increases in property values (i.e., using the lesser of 2021 actual value or the average of 2020 and 2021 actual value). As a result, Franklin’s CWR more than doubled, rising from .771 to 1.676. This change in measured wealth has a huge impact on the amount

of aid the formula would generate for your district without save-harmless. For 2023-24 (before the wealth increases), your formula Foundation Aid was \$2,135,026; for 2024-25 it would be \$1,125.921.

Franklin's community embodies kindness, generosity, and unwavering support for our school. The majority of our residents are proud, compassionate, and hardworking individuals who are deeply invested in the success of our students. However, they are not wealthy, a reality that the current foundation aid formula does not fully recognize. Despite financial challenges, our community continues to rally around our schools, demonstrating a commitment to education that transcends economic constraints.

Bryan Ayres, Superintendent

Franklin Central School District