



**Rockefeller Institute Foundation Aid Study
Comments from Education Law Center**

[Education Law Center](#) (“ELC”) advocates for education justice and equity across the nation and, since 2011, has worked to advance the right of all New York children to a sound basic education as guaranteed by the State York Constitution and as effectuated by the landmark *Campaign for Fiscal Equity* (“CFE”) ruling. In addition, ELC has served as co-counsel for parents and students in New York’s more recent major school funding cases: *Maisto v. State* and *NYSER v. State*. ELC represents the plaintiffs in New Jersey’s landmark school funding case, *Abbott v. Burke*, and continues to advocate for statewide school funding reforms to improve the equity and adequacy of educational opportunities.

In addition, ELC’s Research Director, Dr. Danielle Farrie, has, for the past fifteen years, studied and analyzed school funding formulas in states across the country. Her research focuses both on the national landscape of school funding fairness and also on state-specific work to improve and reform school funding systems that are inadequate or inequitable. In addition to authoring numerous research reports, she has also testified about school funding before the Maryland Legislature, the Pennsylvania Legislature, and the U.S. Commission on Civil Rights, and has participated in school finance litigation in New Jersey, New York, and Florida. She recently co-authored, together with the Alliance for Quality Education, a white paper entitled, [Improving the Foundation Aid Formula in New York State](#).

Money Matters in Education

It is now [well established](#) that there is a causal link between increased school spending and improved academic and life outcomes. The effects are more pronounced for students from low-income families. Recent rigorous national studies show that increased school spending between the 1970s and 2010s led to positive long-term outcomes for students well into adulthood. For low-income children, a 10% increase in per-pupil spending each year for all 12 years of schooling was associated with:

- An additional half a year of completed education;

- 10% higher earnings;
- A six percentage point reduction in the annual incidence of adult poverty.

Thus, adequate school funding is not only a constitutional imperative; it is also effective.

Essentials for a Fair Funding Formula

A fair school funding formula has two vital components: 1) adequacy, or a sufficient level of funding for all students, and 2) equity, where funding levels are differentiated to account for the reality that some students require additional resources to reach a common outcome. These two features of fair funding are interdependent: funding must be both adequate and equitable to be fair. A funding system cannot achieve adequacy without equity, and it cannot achieve equity without adequacy. A progressive distribution of funds is not fair if districts are not provided with the base level of funding needed to deliver the state's curricular standards. And a seemingly well-funded school system is not fair if additional funding is not targeted to those who need it.

A good funding formula will ensure that these factors are met by:

1) *Aligning funding to state standards through adequacy targets:* Adequacy targets should be aligned with the cost of effectively delivering the standards and curriculum so that all students have the opportunity to succeed. Adequacy targets that are directly linked to the cost of teachers, support staff, administration, curriculum, professional development and more are what ensure that districts are able to deliver a constitutionally sound basic education. For example, after many attempts, New Jersey's Supreme Court only [signed off](#) on a school funding formula after the state developed a formula using this principle.

2) *Centering students:* each district should have a unique funding target that is based on both overall enrollment and the characteristics of the student population. Research, and common sense, tell us that students from families near or at poverty, those who are learning English, and those with disabilities need additional resources to be successful. So a good formula will tie funding directly to those characteristics, often with the use of weights, where students in each category receive a percentage increase above the "base cost" for a typical student.

3) *Wealth equalization:* The formula must include a way to equitably share costs between the state and local municipalities so that some groups do not bear a greater financial burden simply because their local property is worth less. Wealth equalization often uses community factors such as property values and personal income to determine how much each district can afford. These formulas should also consider the overall tax burden faced by communities. For example, urban communities may bear a greater burden because of expensive municipal services that rural or suburban areas do not provide. Wealth equalization will achieve equity only if all districts are able to meet their local revenue targets.

4) *Periodic review*: Formulas must be subject to periodic review to ensure that they keep pace with whatever curricular or policy changes are enacted by the state. Including a formal review period in legislation can help ensure that school finance stays current with education policy and practice. The intensity and scope of these reviews varies. For example, New Jersey internally produces an “Educational Adequacy Report” every three years but has only updated salary and benefit data that informs the base costs and other formula elements. The state has never recalibrated the formula to adjust for significant changes in curricular standards over the last two decades. In contrast, Wyoming produces a recalibration report every five years that relies on external researchers to provide in-depth analysis of the resources included in the school funding model.

In order for all of these components to work, the funding formula must be based on the actual cost of education. Thus, a necessary prerequisite to an adequate and equitable school funding formula is an accurate assessment of the cost of education in a given state.

New York’s Foundation Aid Formula

New York’s Foundation Formula was enacted in response to *CFE v. State*, and its goal was to ensure that all districts have adequate resources to provide every student with a constitutional “sound basic education.” The formula was designed to meet the requirements of a fair school funding formula: it provides for a base per-pupil cost, includes weights for specific student populations, and accounts for a school district’s ability to raise revenue. The 2007 Foundation Aid Formula was finally fully funding in 2023-24. However, the Formula has not kept pace with the cost of education or the needs of New York State students. Since 2007, there have been many developments in how best to deliver an adequate education, particularly to students with specific needs. Student need and the cost of education has increased in New York State. Academic standards have also evolved since 2007. Furthermore, the field of school finance has developed better and more accurate methods for calculating the base cost of education, as well as weights for student need.

A comprehensive re-assessment of the Foundation Aid Formula is urgently needed, one that involves substantial input from school finance experts and communities statewide. ELC, together with AQE, [set forth](#) various recommendations for some of the areas that need to be explored in such a cost study. Among them are:

1. *Exploring new methodologies for calculating the base cost*: Base cost for the formula was calculated using the Successful School District model, a methodology that has since been disfavored as not being reflective of the true needs of school districts across New York State. School finance experts should be consulted to explore the possibility of developing base costs through one or more of the accepted costing-out methodologies, such as professional judgment panels, the evidence-based approach, and cost function models.
2. *Student poverty*: New York uses two measures for counting students living in poverty – eligibility for Free and Reduced-Price Lunch (a measure known to be inaccurate) and a

measure of community poverty by counting the number of school-aged children in families below the poverty threshold using U.S. Census data from the year 2000. Many districts have undergone drastic demographic changes since 2000, thus the poverty count in the state most likely undercounts student need in this category. This inaccuracy is compounded by the fact that the poverty weight does not take into account many of the academic and social supports proven to improve academic outcomes among students from low-income families. Moreover, the current weight does not account for the needs of specific populations within this category, such as students living in temporary housing and students living in foster care. New York State should explore more accurate methods of measuring poverty, and should commission a study on the cost of serving the diverse needs of students from low-income families.

3. *Multilingual Learners*: New York currently has one weight for Multilingual Learners, which fails to take into account the diverse needs of that population. For example, some students in this category, such as unaccompanied minors, have interrupted education and heightened trauma. Moreover, the field of bilingual education has progressed considerably since 2007, and the weight for Multilingual Learners should be differentiated to reflect the resources necessary to enable this diverse population to succeed.
4. *Students with Disabilities*: Like many states around the country, New York uses a hybrid system to fund special education. The Foundation Aid Formula provides a single weight (1.41) for special education students – no matter what the specific level disability may be – with additional funding available to cover expenditures for high-cost students. Funding special education services is a complex task involving case-specific identification and calibration of services. Because of this, funding mechanisms can put pressure on districts to over-identify or under-identify students. Moreover, inadequate special education funding often requires districts to divert funding from general education – often from the very supports and interventions that help prevent classification as a student with disabilities. Given the significant amount of funding that is devoted to special education in New York, an analysis of how the current system is working and an exploration of how special education funding could be better targeted to districts is certainly warranted.
5. *Additional formula elements*: Numerous studies have found that mismeasurement of formula elements, such as the regional cost adjustment and the wealth equalization formula, contribute to an inequitable distribution of state funds. Further, state policy decisions around state aid floors, mandated annual increases, and hold harmless provisions drive significant amounts of state aid to wealthier communities, where it is not warranted. New York should conduct or commission a study to improve measurement of school district wealth and identify policy solutions for phasing out hold harmless and other aids that violate equity goals.

Conclusion

New York's Foundation Aid Formula was designed to be a progressive, student-centered method for distributing sufficient state aid so that all districts could provide each student with

the opportunity for a “sound basic education” as is their right. However, the Formula has not kept pace with the cost of education. Tinkering at the edges of reform does an injustice to students across New York and fails to fulfill the State’s constitutional duty. New York children and the state’s future deserve no less than a full review of the Foundation Aid Formula, employing reputable school finance experts who seek input from communities across the state.