



NEW YORK STATE LEGISLATURE

September 6, 2024

Rockefeller Institute
411 State Street
Albany, New York 12203

Dear Rockefeller Institute Research Team:

Collectively we represent over twenty school districts located in the counties of Broome, Cortland and Tompkins located within the Southern Tier. Our districts are small city, suburban and small, rural central school districts that have struggled to maintain services over the last several years. Many of these districts have been on “hold harmless” in the Foundation Aid formula based on an outdated methodology used within the formula. Our area was very involved in advocacy efforts with the campaign for fiscal equity.

We have heard about the tremendous difficulties administrators and school boards face annually when developing their budgets. Almost all of the districts we represent have reported a sharp rise in student need, with the need to provide staffing to address the mental health struggles of students as a priority. They also report increases in students living in poverty with both housing instability and food insecurity. All of these issues exacerbated by the Covid-19 pandemic.

Additionally, meeting the educational and social needs of English Language Learners (ELLs) and Special Education Students is challenging as costs continue to rise and the reimbursement rates from the state are far below the cost of meeting these educational needs. Districts are also wrestling with increased labor costs, much of these increases driven by the increases to minimum wage, not to mention skyrocketing costs of negotiated benefits as well as the need to meet the high cost of transitioning to electric school buses. These unfunded mandates are added costs that force most districts to rely on local property tax dollars to cover. This is far from what was contemplated within the Foundation Aid formula when it was created in 2008.

First and foremost, the underlying data that informs the needs of a school district must be updated. The use of 2000 census data does not reflect the growth in poverty among the districts that we represent. The reliance on Free and Reduced Priced Lunch (FERPL) is a faulty measure that is an unreliable data point due to many reasons including the districts not receiving the required documentation from parents. Additionally, the availability of universal free breakfasts and lunches further exacerbates the difficulties with data collection. As such, poverty measures must be a current reflection of the student body and their needs as well as an accurate reflection of the community where school districts serve.

Another component of the Foundation Aid formula that has not changed since its inception is the Regional Cost Index (RCI) which was adopted based on the nine labor force regions across the state as set by the Department of Labor in 2006. These large regions do not reflect the variances in workforce costs and should be more localized to reflect changing labor costs.

The reliance on the Combined Wealth Ratio (CWR) that includes property value in the determination of a district's wealth is an unreliable measure of the ability of the tax base to supplement the cost of a sound basic education. Many communities in the Southern Tier are struggling with a lack of affordable housing. In some municipalities, the growth of the short-term rental market has driven property values sky high that is in no way reflective of the income of the community served by the school district.

The Foundation Aid formula when it was created did not reflect the challenges that districts face with the Tax Cap implemented in 2011. For many of the school districts we represent, this limited their ability to raise revenue. It is not uncommon in many rural districts that a 1% tax levy increase would only raise approximately \$35,000- \$60,000. Any changes to the Foundation Aid formula must reflect accurate poverty, wealth and labor cost data as well as their actual expected local contribution given the confines of the tax cap.

In this same vein, the school aid formula continues to fund "High Tax Aid," a throwback that has remained in place since prior to the creation of the Foundation Aid as well as the Real Property Tax Cap, a measure that restricts growth of locally raised tax revenue to support school operations.

As you contemplate the changes to the Foundation Aid formula, consideration must also be given to school districts with large catchment areas and fewer enrolled students. The needs of small, rural districts must be accurately reflected through a workable sparsity factor. As enrollments shrink, the cost of doing business continues to increase and, for many rural districts, these increased costs are not currently reflected.

Without appropriate changes to the Foundation Aid formula, school districts that have a limited tax base have no option but to cut valuable programs and non-mandated essential services such as mental health counselors, college preparatory and Advanced Placement courses. Such cuts further exacerbate the divide between communities that can easily afford to offer such programming and those that cannot.

We thank you for your attention and expertise in providing recommendations that will address the needs of all of New York's school districts.

Sincerely,



Lea Webb
Member of the Senate
District 52



Donna A. Lupardo
Member of the Assembly
District 123



Dr. Anna R. Kelles
Member of the Assembly
District 125