

Written Testimony for the Rockefeller Institute Study of New York State's Foundation Aid Formula

My name is David Banks, and I am Chancellor of New York City Public Schools, the largest district in the nation. As New York State reviews its Foundation Aid formula for the first time in nearly two decades, I welcome the opportunity to recommend ways we can make this formula more effective and equitable. Below is some background on the current status of Foundation Aid's contributions to the NYCPS budget and how this has changed over time, as well as a series of recommendations to best support our schools and communities. My team would be happy to provide more specific language and analysis on any of these recommendations, and any others under consideration by the Rockefeller Institute.

At the inception of Mayoral Accountability in 2002, the state and city contributed equally to New York City Public Schools. Later that decade, and after years of hard work by those who launched the Campaign for Fiscal Equity, such as State Senator Robert Jackson, the New York State Court of Appeals found that our students were not getting what they were due. It took over 15 years, but in Fiscal Year 2024, the state finally made good on its promise by fully funding what was owed to our students.

That's great news, but in the meantime, our needs have evolved—in part because our costs have increased, and in part because of the additional, critical services we now provide students and families. We've added two new grades, Pre-K and 3-K, for all families who want them. We've established community schools, rigorous and relevant career pathways, integrated services for students with disabilities, free full-day summer programming for over 100,000 students, extra support for our tens of thousands of newcomers, and much more.

So even with “full funding,” the Foundation Aid we are receiving has not kept pace with rising costs; it is not nearly enough to support our students and the educational experience they deserve. This year the state also changed the formula's inflation metric, which cost New York City about \$120 million. All the while, the city's contribution to our schools has increased far faster than the state's, meaning the city is shouldering more than its fair share. This year

approximately 57% of our funding will come from New York City and only 37% from the state—a dramatic shift from the even split in 2002.

As a result, in recent years, city dollars have had to go further and fund even more programming that children, parents, teachers, and school communities rely on. For example, this fiscal year the city allocated over \$600 million to support vital programming that had been temporarily propped up by waning federal stimulus dollars.

Foundation Aid represents our largest source of state funding, yet the \$9.9B we will receive in Fiscal Year 2025 is wholly insufficient to meet our needs.

To fund our schools in a way that truly supports a robust public education in 2024, the state should revisit the successful school district model. The successful school district model is now long out of date and does not reflect the expectations or costs of providing a high-quality, equitable education today. An updated approach must incorporate the costs of providing a modern education, including the social emotional supports students need; the technology equipment and supports students and educators need and are expected to utilize and master to be well-prepared graduates; the supports needed to create relevant career pathways and technical education; and rigorous academic experiences, all inclusive of socioeconomic, IEP, ELL, and other needs. Critically, the successful school district model must also look at the costs required for students to thrive in large urban districts and not just suburban and rural ones.

In addition, we recommend these four specific new changes to the formula:

First, the formula should provide support for students in temporary housing and students in the foster care system to reflect the substantial needs of these populations, including the 40,000-plus newest New Yorkers who have arrived in our city since April 2022. We have and will continue to provide intensive wraparound support for this population, including enrollment counselors, bilingual staff, translation services, students in temporary housing coordinators, and more. This comprehensive approach to meeting students' needs is costly—and while we have updated our local funding formula to better support students in temporary housing, this need is not currently covered by Foundation Aid. We recommend the state address this by adding these students to the pupil needs

index in the formula, reflecting the additional needs of these students and the costs of meeting them.

Second, to further support our most vulnerable populations, the state should increase special education and ELL supports to more fully and fairly serve all learners. Currently, special education students all receive the same weight from the formula, regardless of need. We have over 200,000 students with disabilities, and with adequate funding, we could expand our best-in-class specialized programming, such as our renowned autism programs, to support every student based upon their individual needs. Support for English Language Learners was not increased after the 2014-15 revisions to Commissioner's Regulations Part 154, and additional resources could allow us to expand essential services to these students even further. We recommend the State address this by increasing the Special Education weights for student counts as well as the ELL multiplier under the pupil need index.

Third, the State should review and update the regional cost indices. The regional cost index has been fixed since the formula's inception over 15 years ago, while the cost of doing business in New York City has continued to grow. The city recently settled labor contracts supporting over 70,000 teachers and tens of thousands more staff. We need a formula that allows us to adequately invest in our workforce and purchase goods and services at what they cost in New York City. The state has already acknowledged this in other state formulas which themselves include higher regional adjustments; Building Aid, which is regularly updated, has a much higher regional cost adjustment (1.726, compared to 1.425 under the Foundation Aid formula). New York State's 2021-22 school year Learning Loss grants associated with COVID recovery also used a higher multiple associated with a 2018 calculation of the regional cost index (1.659, compared to 1.425 under the Foundation Aid formula). The Foundation Aid formula should be updated to one of these adjustments or something similar immediately, consistent with other state programs, and then should be regularly updated going forward to reflect an accurate picture of costs in New York City, as opposed to being statutorily frozen in time.

Finally, the state should designate dollars specifically to support class size reduction. We are the only district in the state required to meet a new class size

mandate, yet we've received no additional funds to account for it. Reduced class size is a worthy goal, but we currently do not have the funding to get to 100% compliance by 2028. The task before us is immense—we anticipate needing to hire 10-12,000 new teachers, not to mention the capital cost of purchasing land for and building scores of schools and converting hundreds of classroom spaces. Both the Independent Budget Office and the NYC Comptroller's Office estimated that full compliance will cost over \$1.5 billion in new staff expenses alone. We believe the state should provide funding for this work consistent with the mandate, whether within or outside Foundation Aid.

In addition to these new updates, we strongly recommend that the state roll back the inflation change added to the formula last year. This change minimized the impact of inflation on the formula—despite the fact that inflation drives or impacts many of our largest cost drivers. The effect of this change is nothing short of a simple reduction in state support for our schools.

Ultimately, the data shows that we are on the right track at NYC Public Schools. Our graduation rates have surpassed 80%. We experienced our first enrollment increase in eight years, and our math and ELA test scores now exceed the state's overall. To extend and accelerate this progress, we need a strategic investment of increased Foundation Aid.

Thank you for your consideration on this vital issue. As noted above, my team is prepared to provide more specific language and analysis on any of these recommendations and on any others under consideration by the Rockefeller Institute.

David C. Banks

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