

# **A Review of New York State's Foundation Aid Education Funding Formula With Recommendations For Improvement**





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December 2024

In April 2024, New York State’s enacted budget called for the Rockefeller Institute to conduct a comprehensive study of the State’s Foundation Aid education funding formula and deliver a report with findings and recommendations for improvement by December 1, 2024.

With this timeline in mind, the Institute team moved quickly to begin its research, engage the academic community, and open lines of communication with parents and guardians, school district leaders, education finance experts, and New York’s education advocacy organizations. Throughout the course of this project, the voices and expertise offered from all quarters of the education community became an essential part of the research and recommendations laid out in this report.

While the Foundation Aid formula is a vast improvement on the education financing approach previously used by the State, several of its components have grown stale. At the five Foundation Aid Study public hearings conducted by the Institute in July and August, themes emerged about the technical aspects of the formula that needed to be addressed: weightings for English Language Learners (ELLs), outdated poverty data, the accuracy and specificity of regional costs, and that school districts are being asked to do things now that weren’t expected of them and weren’t even part of the funding equation nearly two decades ago.

The hearings also reinforced what advocates and administrators have been saying for years: school district leaders and communities need reliable, predictable funding.

This document represents a menu of options for policymakers to consider now and in the years to come that address issues with the formula’s components while giving school administrators the reliability and predictability they need. Where necessary, we recommend that policymakers phase in changes so no district sees large year-to-year changes in funding. Foundation Aid formula improvements can be made as part of a multi-year plan, one that comes with the necessary funding to implement those updates and reforms.

I want to thank all the folks who provided feedback at our public hearings, through our written comment submission form, and in the many meetings we held over the past seven months. Public education in New York State is well-served by the invested members of our school communities and education-focused advocacy groups. I also want to thank the staff at the New York State Division of the Budget and the New York State Education Department for their insights and invaluable assistance throughout this project. In particular, I want to note the diligent efforts of Rockefeller Institute staff in putting this report together. It was no small effort to run public hearings, meet with interested parties, and write this report in the space of only seven months. Despite the short time allotted, I believe this report provides the basis for real reform that is long overdue.

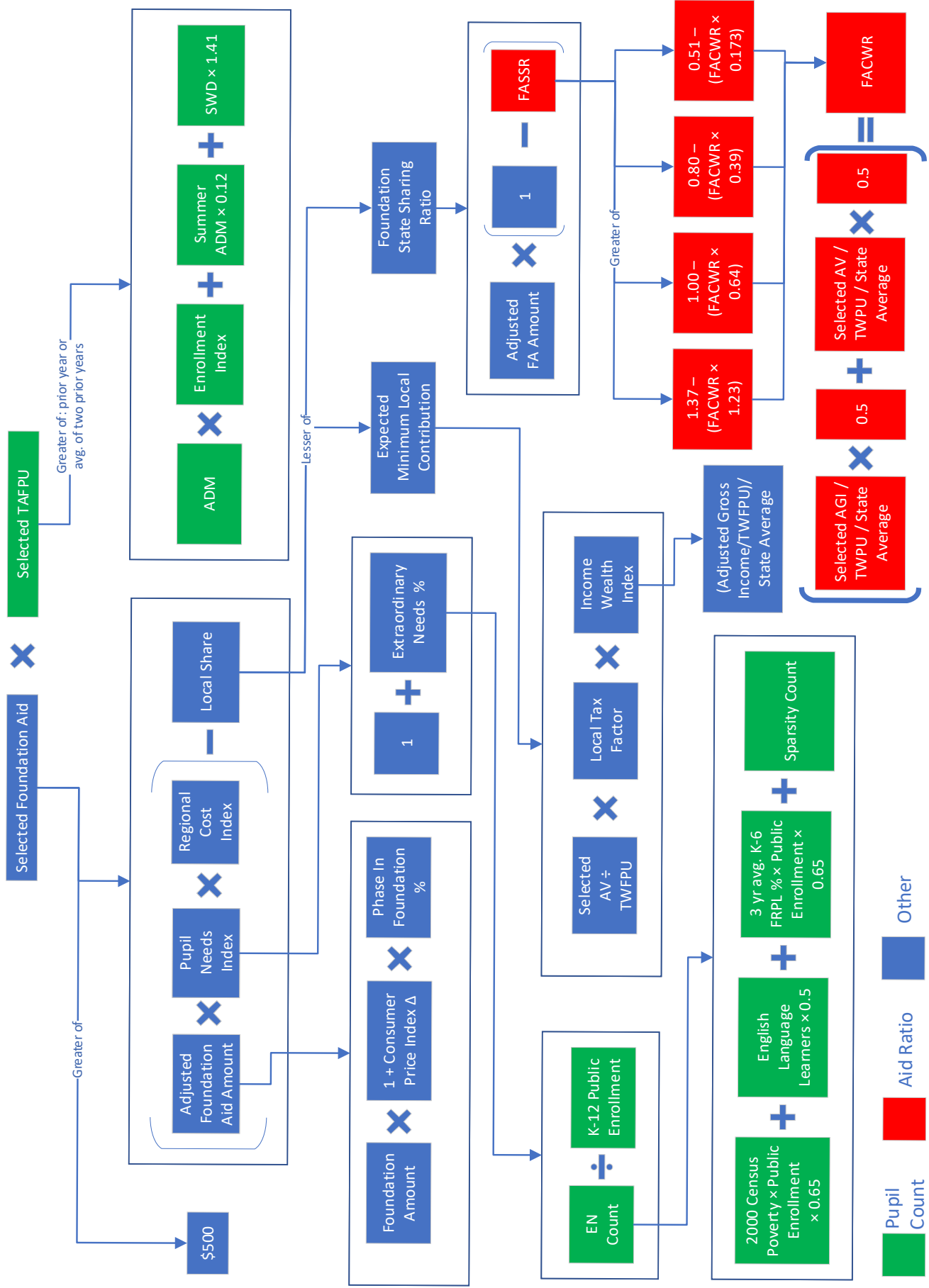
The Institute will continue to make itself available to policymakers in their ongoing efforts to improve the way public education is financed in New York State.

Sincerely,

A handwritten signature in blue ink that reads "Robert Megna". The signature is written in a cursive, flowing style.

Bob Megna  
President  
Rockefeller Institute of Government

# Total Foundation Aid



SOURCE: State Aid to Schools: A Primer, Pursuant to Laws of 2020 (Albany: New York State Education Department, 2020): 37, <https://www.nysed.gov/sites/default/files/programs/fiscal-analysis-research/primer-2020.pdf>.



# FOREWORD

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On April 20, 2024, as part of the approved 2024-25 New York State budget, the Rockefeller Institute of Government was charged with analyzing New York’s complex Foundation Aid education funding formula and developing recommendations for updates and revisions to the formula. This report fulfills that mandate.

The analysis of the Foundation Aid formula in this report certainly could have been broader and deeper than allowed by the seven-month time constraint given to complete this study. More complete analysis may have resulted in reform recommendations that are more precisely tailored to better support public schools in their requirement to provide a “sound, basic education” for every student. As the Rockefeller Institute was undertaking its research, numerous education stakeholder groups, stimulated by this call to reform, also have been in the process of developing their own ideas to improve the Foundation Aid formula. This is a good thing, and will provide welcome additions to the discourse on reforming the way New York funds its public schools. With the expected public release of those stakeholder group plans, New York State policymakers will have a broad base of reform recommendations at their disposal from which to choose. The Center for Educational Equity at Columbia University’s Teachers College, in partnership with the American Institutes for Research, have undertaken a long-term effort to develop an entirely new school funding formula, for example. The Rockefeller Institute’s recommendations for revision of individual components of the Foundation Aid formula offer options for more immediate action.

A few points to emphasize about this report and its recommendations:

First, there is no doubt that the Foundation Aid formula needs to change from its current state. It uses old, outdated information that does not reflect today’s student population. It uses outmoded modeling to measure pupil needs and local school district wealth. And it reflects an antiquated concept of what public school districts are expected to do, how student success is defined, and how that achievement

is measured. Some of the recommendations in this report may appear at first reading to be too big or too bold, but significant change is warranted. Based on the research and findings in this report, improvements to the Foundation Aid formula need to be made, and there are real benefits to New York's public schools and the students they serve in making at least some of those reforms now.

Second, many of the recommendations in this report are developed and priced-out in isolation from each other. In most cases, each component of the Foundation Aid formula is examined for improvement opportunities on its own, and an impact is measured as if only that element is changed. It is recognized, of course, that elements in the Foundation Aid formula, at the very least, interact with each other and sometimes even may be fully dependent on one another. There also is no way to know which recommendations state policymakers might eventually approve and enact, or how districts may behave after having been given revised options, so there is simply no practical and reliable way to predict the final outcome of the reform proposals or to calculate every permutation of their collective impact.

Third, assuming state policymakers enact some of the recommendations quickly, they should not wait another 17 years to examine the Foundation Aid formula for additional needed revision. Many of the suggested revisions to the formula offered in this report use data that is annually updated, and proposals that incorporate the use of three-year or five-year averages are designed to offer "evergreen" elements that get refreshed each year with the latest data (such elements also provide local school districts with less annual volatility and better predictability from year to year). Still, the characteristics of the statewide student population are inevitably bound to change, as are the state's learning standards, pupil needs, and expectations for academic achievement. Given that constant evolution, an essential part of this reform effort should be a commitment to revisit the Foundation Aid formula every three to five years.

Fourth, some of the Foundation Aid formula improvements recommended in this report are sure to have a substantial impact on local school districts and their funding levels, as well as on the state's fiscal plan. New York State policymakers should not hesitate to phase in reforms over three to five years if costs are high or impacts need to be moderated. It is certainly possible to construct a multiyear plan that adopts many of the reforms recommended in this report while continuing to provide adequate financial support to education. The need for a multiple year phase-in should not stall action to update the Foundation Aid formula, however.

Finally, a key takeaway from the many meetings with education stakeholders, including school district officials and the public, is that changes made to the formula should be transparent and done in a manner that allows districts to plan for and adjust to proposed amendments.

The Rockefeller Institute of Government is honored to have been asked to contribute to the important and needed discussions about how New York State's Foundation Aid formula can be modified and improved in a sensible and equitable way.

# EXECUTIVE SUMMARY

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The New York State Board of Regents' 2004-05 State Aid Proposal put forward the idea of instituting Foundation Aid as a response to concerns about the sufficiency of state education funding then being provided to local school districts. In 2007, prompted by legal action, a call for reform by the Regents, and the election of a new governor with a mandate for education reform, New York State implemented its Foundation Aid formula as the primary vehicle for distributing state education aid to school districts.

Much academic research has been done on state-level education financing; important studies that are relevant to New York's funding model and current efforts to reform it are covered extensively in this report. The approach other states are taking on education funding, which could inform discussions about how best to reform New York State's Foundation Aid formula, were examined and summarized as well. A snapshot comparing New York's education spending over time and compared to other states also is included for greater context.

Informed by this research and by the substantial amount of public and stakeholder input received by the Rockefeller Institute over the course of this work, numerous ideas to amend and improve the Foundation Aid formula were developed. The following revisions are recommended:

## Base Foundation Aid

- **As a temporary measure, update the “Successful School Districts” model to use the top-performing 50 percent of districts on the state’s grades 3-8 math and English Language Arts (ELA) exams, based on average results over the most recent three years of data, and eliminate the old “efficiency screen.”** [Discussion: [p. 159](#); Recommendation: [p. 162](#)]
  - ✧ The current definition of “successful schools,” which has not been updated since 2015, cannot be sustained, in large part because of the pull-back from Regents Exam graduation requirements and the resulting limited availability of valid, standardized high school academic outcome measures, and that only a very limited number of school districts meet the old performance thresholds.
  - ✧ Results on statewide standardized exams in math and ELA in grades 3-8, which are federally mandated, provide an alternative, temporary foundation as a performance measure. A more comprehensive approach that includes other outcome measures of success, including standardized high school performance data as it is developed, requires more research and more input from education policy experts, the New York State Education Department, elected officials, and school district leaders, among others.
  - ✧ Using the most recent three years of data will keep calculations up to date, while also allowing for the smoothing of anomalies.
  - ✧ Using the top-performing 50 percent of school districts greatly expands the type and attributes of districts (and their students and local revenue capacity) that are included in the pool used to determine “success.”
  - ✧ Eliminating the “efficiency filter” originally contrived to exclude higher cost-per-pupil districts allows a more accurate representation of average per-pupil spending across the selected districts.

- ✳ This simple approach still would be a significant improvement from the current model, a revision that can be implemented as policymakers await the outcome of longer term, more detailed costing-out research and modeling efforts. It also could be calibrated to match existing per-pupil funding amounts.

### Adjusted Foundation Aid Amount

- **Use a five-year average annual inflation rate for the Northeast Region.** [Discussion: [p. 165](#); Recommendation: [p. 168](#)]
  - ✳ Averaging recent years' annual change in the Consumer Price Index (CPI) instead of a single-year rate increases predictability and reduces the effect of economic bumps and dips.
  - ✳ Using the CPI rate for the Northeast Region, instead of for the US as a whole, better reflects cost increases experienced in the New York area.
  - ✳ This change could be implemented immediately and applied if there is an absence of other reforms that already capture inflationary cost increases and if recalculations are not made to the Base Foundation Aid Amount.

### Pupil Needs Index

- **Poverty Count: Use the average of the three most recent years of Small Area Income and Poverty Estimates (SAIPE). Scale the weighting to provide more supplemental aid to students from communities with a greater concentration of poverty.** [Discussion: [p. 172](#); Recommendation: [p. 184](#)]
  - ✳ The Board of Regents has also made this reform recommendation. Replacing the current outdated poverty measure with the annually updated federal SAIPE allows the calculation of poverty rates and counts by school district, providing a more precise measurement of local conditions.
  - ✳ Using federally-generated annual figures helps keep the counts updated, and using a three-year average (also recommended by the Regents) would decrease annual volatility and help school districts better predict annual aid levels.
  - ✳ SAIPE provides a more expanded definition of poverty that is more reflective of a community's economic status.
  - ✳ Varying the weightings used—from 0.60 to 0.95 as recommended in this report—will account for heavier concentrations of community poverty.
  - ✳ Relatively modest cost implications could allow for immediate implementation; alternatively, this change could be phased-in over three to five years.

- **FRPL: Discontinue Free and Reduced-Price Lunch (FRPL) counts as a stand-alone adjustment, switching instead to Economically Disadvantaged counts as the basis for these supplemental poverty-based Foundation Aid allocations.** [Discussion: [p. 175](#); Recommendation: [p. 185](#)]
  - ✧ The evolution and growth of the Community Eligibility Provision, which provides free meals school-wide automatically rather than requiring eligible families to submit program participation forms, makes reliance on FRPL data problematic, inaccurate, and ineffectual.
  - ✧ Using counts of economically disadvantaged students—for which school districts already collect and report data—would allow students whose families participate in a variety of public support programs (including new student subpopulations, such as those experiencing foster care) to be counted toward each districts’ aid needs.
  - ✧ Relatively modest cost implications could allow for immediate implementation; alternatively, this reform could be phased-in over three to five years.
  
- **ELL: Replace the single 0.5 weighting for English Language Learners (ELLs) with a scaled adjustment based on the instructional service hours needed as determined by the incoming assessment given to ELL students to determine proficiency levels.** [Discussion: [p. 177](#); Recommendation: [p. 186](#)]
  - ✧ The current 0.5 weighting treats all ELL students alike regardless of their differing service needs. Recent surges in students needing high levels of services underscore the urgency to distinguish this subpopulation and provide relatively higher supplemental aid.
  - ✧ The New York State Identification Test for English Language Learners (NYSITELL) given to all incoming ELL students measures English proficiency levels and classifies students into one of four different levels of instructional service.
  - ✧ One approach to consider would have students needing the most assistance (including Students with Interrupted Formal Education) counted with a weight of 0.65; the next lowest tier of services, a weight of 0.50, and the lowest level of needed services and ELL students in their second or beyond year of services could receive a 0.4 weighting.
  - ✧ Because of the additional costs expected to be generated by this reform, policymakers could phase-in these changes over three years if desired.
  
- **Sparsity: Rural districts should have the ultimate say in how any actions to provide improved services are developed. Changes to the Foundation Aid formula’s Sparsity Count component should follow those actions.** [Discussion: [p. 179](#); Recommendation: [p. 187](#)]
  - ✧ Of the 332 school districts that currently qualify for sparsity aid, 233 enroll fewer than 1,000 students. Statewide, 277 districts enroll fewer than 1,000 students total in grades K-12, meaning that 41 percent of school districts serve 6 percent of the state’s K-12 student population.

## Regional Cost Index (RCI)

- **Use the federal Comparable Wage Index for Teachers (CWIFT), which can be generated for school-district and county levels, to calculate a new, and far more locally-specific, Regional Cost Index.** [Discussion: [p. 189](#); Recommendation: [p. 190](#)]
  - ✧ CWIFT is developed by the National Center for Education Statistics' Education Demographic and Geographic Estimates (EDGE) project to "facilitate comparison of educational expenditures."
  - ✧ Each school district would have its own cost index; those fully contained in a county (approximately 94 percent of districts) would have the same index as its host county.
  - ✧ CWIFT cost measurements are recalculated annually with the latest available data, which would allow this measure to remain up to date.
  - ✧ The RCI has not been updated in 17 years, and costs from the wholesale update recommended here comes with significant cost implications. A five-year phase-in schedule is recommended for policymakers' consideration.

## Local Share

- **Expected Local Minimum Contribution:**
  1. **On the Income Wealth Index (IWI), eliminate the current floor (lower from the current 0.65 to zero) and increase the current ceiling from 2.0 to 3.0;**
  2. **For the IWI and the Selected Actual Value calculations, replace public school pupil counts with school-age population counts.** [Discussion: [p. 195](#); Recommendation: [p. 202](#)]
    - ✧ The current IWI floor artificially keeps the lowest-wealth districts from appearing as low-wealth as they are; similarly, the current ceiling prevents counting the wealthiest districts as such.
    - ✧ Population counts offer a more accurately-reflective measure of a school district's capacity to contribute to the local share of education costs. Annually updated federal SAIPE data can be used, with a three-year average offering districts greater stability and predictability in the annual calculations.
- **Foundation Aid State Sharing Ratio:**
  1. **Replace the four-tier structure of the Foundation Aid Combined Wealth Ratio (FACWR) with a single formula (either straight-line or curve);**
  2. **Calculate poverty levels for school districts using a three-year average of federal SAIPE data to realign the definition of a High Needs district, if such a distinction continues to be maintained in the formula;**
  3. **Allow districts the option of different balances between local income wealth and property wealth when calculating their FACWR, either 30 percent income/70 percent property, 50 percent income/50 percent property (current), or 70 percent income/30 percent property;**
  4. **Calculate income wealth per capita based on total school-aged population in each district;**



5. **If the Regional Cost Index is not updated, use county-level averages as a replacement for statewide average in Selected Actual Value calculations.** [Discussion: [p. 203](#); Recommendation: [p. 205](#)]
- ✳ Replacing the four-tier structure of the Foundation Aid Combined Wealth Ratio with a single formula will treat districts more predictably and equitably. The formula can be designed to produce either a straight-line or curve.
  - ✳ Policymakers may opt to retain the current guaranteed State Sharing Ratio of 91 percent for all districts with a FACWR of less than 0.5, if desired, while instituting the single-formula approach.
  - ✳ Updating calculations for counts of students from poverty and recategorizing districts in which they are enrolled in school is needed.
  - ✳ Allowing school districts the option of the more appropriate (and more favorable) blend of income wealth and property wealth as a measurement for FACWR will better reflect the varied economic composition of local districts.
  - ✳ Using the county-level average for Selected Actual Value measurements in aid calculations will allow school districts to appear more like their local communities, rather than the average of the entire state. If local economic conditions are captured by reforms to the Regional Cost Index, application of a statewide average here is reasonable.

#### **Pupil Counts (Total Aidable Foundation Pupil Units—TAFPU)**

- ***Students With Disabilities: Address funding for students with disabilities through categorical aid alone, shifting funding from the one-size-fits-all approach under the current Foundation Aid formula to a categorical aid approach where scaling aid based on service levels required is better accomplished.*** [Discussion: [p. 207](#); Recommendation: [p. 209](#)]
- ✳ When the Foundation Aid formula was originally conceived, the Board of Regents opposed including aid for students with special needs as a weighted allocation component, instead recommending this funding be left as a categorical aid program.
- ✳ Approximately \$1 billion in state education aid is already allocated outside of the Foundation Aid formula through High-Cost Excess Cost Aid, Private Excess Cost Aid, and Supplemental Excess Cost Aid.
- ✳ Categorical aid could be better tailored to a) groups of special needs that share similar ranges of service costs; and, b) grade-level ranges that can relate to differing levels of cost-of-services.

## Save Harmless and \$500 Flat Grant

- Eliminate the \$500 per-pupil flat-grant option. Reallocate the \$41 million currently spent on these flat grants to wealthy districts through the general Foundation Aid formula.
- Establish a per-pupil local income and property wealth threshold above which districts would not be eligible for Save Harmless allocations. Similarly, establish enrollment-loss thresholds at which districts would be allocated reduced Save Harmless payments. Redistribute aid from wealthier districts experiencing enrollment losses to less-wealthy districts experiencing enrollment increases.
- Require districts retaining more than 10 percent as a year-end fund balance to apply the excess as an offset to their Save Harmless allocation.
- Phase out at least 50 percent of Save Harmless over five years as Foundation Aid formula reforms are made; allow districts to retain varying portions of their Save Harmless allocations over the phase-out period based on district wealth calculations. [Discussion: [p. 211](#); Recommendation: [p. 215](#)]
  - ✧ Total K-12 enrollment statewide has dropped by more than 10 percent in the past 10 years, with school districts now serving nearly 300,000 fewer students.
  - ✧ More than 88 percent of all school districts enroll fewer students now than they did 10 years ago.
  - ✧ While the overall and per-pupil costs of providing a sufficient education to students certainly have increased, accommodating changes in aid amounts to account for sizable decreases in student populations seems reasonable.
  - ✧ Nearly one-fifth of all Save Harmless funding goes to low-needs districts.
  - ✧ The “off-formula” option of a \$500-per-pupil flat grant steers more than \$41 million in Foundation Aid to 45 of the wealthiest districts in the state. These funds could instead be reallocated through the Foundation Aid formula.

## Set-Asides

- **Eliminate set-asides, converting desired targeted funding to categorical aid programs.** [Discussion: [p. 217](#); Recommendation: [p. 219](#)]
  - ✧ With few exceptions, districts should be free to dedicate Foundation Aid dollars (and other resources) to general educational costs as needed to fulfill the requirement for the provision of a “sound, basic education.” State mandates for directed spending on such things as magnet schools, teacher support, and attendance improvement programs should be separately funded through categorical aid programs.
  - ✧ Such categorical grant programs could be set up as state-funded direct grant programs, matching grant programs to incentivize desired program spending by school districts, or other approaches that more appropriately target aid to specific programmatic initiatives.

## Reserve Funds

- **Authorize districts to retain an additional 6 percent (for a total of up to 10 percent) of their annual budgets as an unrestricted year-end balance, subject to a developed and approved plan for spending the additional funds within five years. School districts on Save Harmless aid payments would be required to use at least a portion of this year-end balance excess as an offset to their Save Harmless allocation.** [Discussion: [p. 221](#); Recommendation: [p. 225](#)]
  - ✧ Increase the current ceiling on allowable year-end fund balances, providing districts with greater ability to plan for near-term expected and unexpected expenses.
  - ✧ For districts on Save Harmless, require at least a portion of the excess year-end surplus to be used as an offset against the Save Harmless allocation.

Policymakers should consider a multiyear plan that adopts the reforms recommended in this report, one that continues to provide adequate financial support to education and fully funds the suggested changes to the state’s Foundation Aid formula. Changes made to the formula should be transparent and done in a manner that allows districts to plan for and adjust to proposed amendments.

## Other Important Reform Ideas

Numerous fiscal challenges and conditions faced by local school districts are not directly addressed by components of the Foundation Aid formula, but still were raised as concerns by stakeholders at the Rockefeller Institute’s series of public hearings held across New York State. Other important issues were also noted during the course of the Institute’s research and in individual meetings with stakeholder groups. Despite not being components in the current Foundation Aid funding formula, these issues nevertheless have an impact on the resources available to school districts to provide the required “sound, basic education” to each and every student.

Several important ideas for reform outside of the Foundation Aid formula are offered below for policymakers’ consideration.

### Mental Health

In testimonies offered at each of the public hearings held by the Rockefeller Institute, stakeholders repeatedly noted that the need for student mental health services has increased to an unprecedented and unforeseen level. Nowhere in the state’s Foundation Aid formula does there exist an aid adjustment calculation for districts facing the costs incurred by providing these critically important health services.

State policymakers could consider providing funding that would not only support the provision of mental health services, but also help grow access to such services in every school district and sustain a model that will help ensure a comprehensive and coordinated approach to providing improved and expanded student health services overall, including mental health services.

There are currently more than 260 school-based health centers (SBHC) serving more than 250,000 students from low-income families in some of the state’s highest-need communities. These centers are operated by public and private hospitals, regional health centers, and other providers in the community, and these organizations typically provide the staffing, medical equipment, and supplies used every day. As the number of SBHCs has expanded and student need for services has increased,

however, state funding support has dropped. In 2008, the state grant for SBHCs was \$24 million for 212 centers, but by 2021 it had been cut to \$17 million (the level it remains at today) for 266 centers.

While establishing a full health clinic in each school across the state might be impractical, at least in the short term, using the cooperative shared-services, or “Co-Ser,” approach currently in place at every BOCES across the state offers a strong model to emulate. In addition to enhancing state support for existing SBHCs, New York policymakers could use this well-developed framework to ensure the provision of and access to student mental health services across the state.

Clinical social workers, community mental health workers, school psychologists, and other mental health service providers located at BOCES could be shared by neighboring districts within a BOCES region, with the intent to make sure each one of the 37 BOCES regions has a structure that, in partnership with local mental health providers, can ensure that mental health services are accessible to students in all schools in their region.

While bringing such a model to scale would be a multiyear effort, New York could commit resources to setting a plan in motion for the smart growth of SBHCs statewide. A general five-year plan could look like this:

**Year One:** General planning with BOCES, including the selection of the first regions to pilot the initiative; recruiting and on-boarding community partners and providers; ensuring partner-provided staffing and equipment; identifying needed Co-Ser agreements with individual schools; ensuring or creating sufficient treatment space; completing participation agreements with providers and schools; and beginning training.

**Year Two:** Starting the roll-out of services in the pilot BOCES; beginning start-up (Year One) activities with a second group of BOCES.

**Year Three through Year Five:** Start activities in an additional 10 to 15 BOCES regions each year.

State funding would, of course, need to accompany this effort and could reasonably include: shared mental health service staff at each location; capital costs and supplies to ensure appropriate treatment space, with participation from private partners to provide equipment; and, start-up operational costs plus sustained annual operating costs, shared among community partner organizations, local districts, and the state.

Establishing BOCES-based shared mental health services, coordinated with the existing city school district-based SBHCs, would be a reasonable foundation upon which to grow at least one school-based health center in each school district wherever practicable.

## Growth Aid

State policymakers could consider reestablishing a categorical funding program to provide same-year supplemental aid to districts experiencing unusual surges in enrollment or in counts of ELL students and students with disabilities. While such growth will be captured in future years’ Foundation Aid formula calculations, the costs and needs faced by districts experiencing current-year surges is immediate.

## STAR and County-Level Distributions

Current state law allows the School Tax Relief (STAR) credit realized by local homeowners to increase by up to 2 percent annually. This recommendation proposes capping the STAR credit at its current dollar value, eliminating future increases. Going forward, any calculations that would have resulted in increased STAR credit amounts for homeowners would instead be redirected to school districts. Redistribution could occur within each county: the total value of the credit increase within a county would be allocated among all school districts, with the least wealthy districts getting larger proportionate shares.

## Electric Buses

New York State has instituted a mandate that school districts transition entirely to electric school buses by 2035, in addition to requiring that all new school buses sold in 2027 and beyond be zero-emission vehicles. School districts face enormous costs from this policy, including approximately double the expense for each electric bus versus that of a traditional diesel bus, infrastructure overhauls at many district bus garages to guarantee sufficient charging power for electric vehicles, and ensuring adequate numbers of trained maintenance staff in each district. New York should fully underwrite the costs of this state initiative to transition each local school district to an all-electric school bus fleet.





# **PART I: RESEARCH**

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# EDUCATION SPENDING IN NEW YORK: A COMPARATIVE OVERVIEW

New York State spent \$29,873 per pupil on K-12 education in 2022, more than any other state in the nation and almost double the national average of \$15,633 (Table 1).<sup>1</sup>

TABLE 1. Total Expenditure Per Pupil, 2022

State	Total Expenditure Per Pupil	State	Total Expenditure Per Pupil
New York	29,873	Kansas	14,408
New Jersey	25,099	Nebraska	14,285
Vermont	24,608	West Virginia	13,858
Connecticut	24,453	Georgia	13,619
Massachusetts	21,906	Montana	13,582
New Hampshire	21,605	Kentucky	13,549
Alaska	20,191	Colorado	13,422
Rhode Island	19,962	South Carolina	13,387
Delaware	19,357	New Mexico	13,260
Pennsylvania	19,186	Iowa	13,259
Illinois	18,927	Missouri	12,631
Wyoming	18,529	Indiana	12,322
Maine	17,885	North Carolina	12,298
Maryland	17,753	Arkansas	12,159
Hawaii	17,420	Alabama	11,819
Washington	17,119	Texas	11,803
California	17,049	Nevada	11,677
North Dakota	15,843	South Dakota	11,564
Oregon	15,754	Tennessee	11,317
Michigan	15,719	Florida	11,076
United States	15,633	Mississippi	10,984
Ohio	15,583	Oklahoma	10,890
Minnesota	15,441	Arizona	10,315
Virginia	15,059	Idaho	9,670
Louisiana	14,928	Utah	9,552
Wisconsin	14,505		

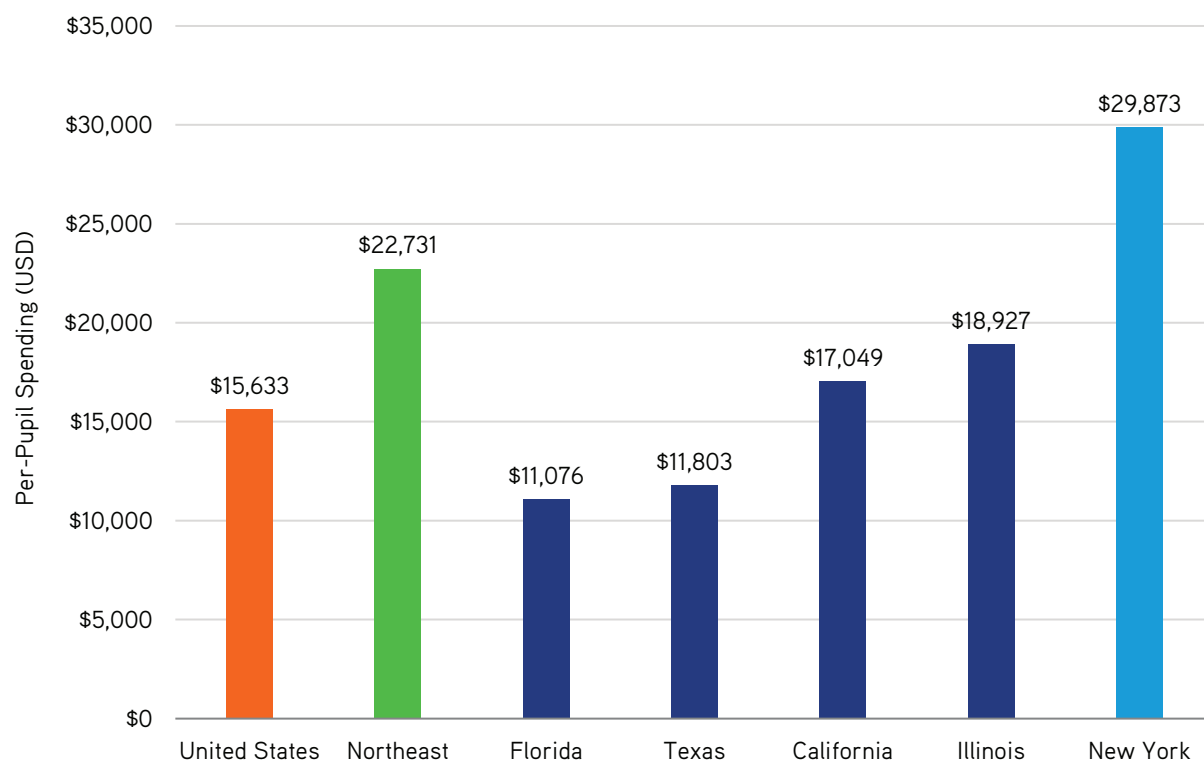
SOURCE: "Per Pupil Amounts for Current Spending of Public Elementary-Secondary School Systems: US and State: 2012-2022 (GS00SS05)," US Census Bureau, <https://data.census.gov/>.

<sup>1</sup> "Per Pupil Amounts for Current Spending of Public Elementary-Secondary School Systems: US and State: 2012-2022 (GS00SS05)," US Census Bureau, <https://data.census.gov/>.

While New York’s per-pupil spending level stands out nationally, comparisons with states in the Northeast region of the nation and with other large states may provide better context.

Figure 1, below, illustrates New York’s per-pupil spending level in comparison to the four other states making up the top five in total public school enrollment—California, Texas, Florida, and Illinois—and the states in the federal government’s definition of the Northeast Region—Connecticut, Maine, Massachusetts, New Hampshire, New Jersey, Pennsylvania, Rhode Island, and Vermont. While other Northeast Region states round out the top five per-pupil spending states—New Jersey at \$25,099; Vermont at \$24,608; Connecticut at \$24,453; and Massachusetts at \$21,906—it is clear that New York stands out as a disproportionately high-spending state.

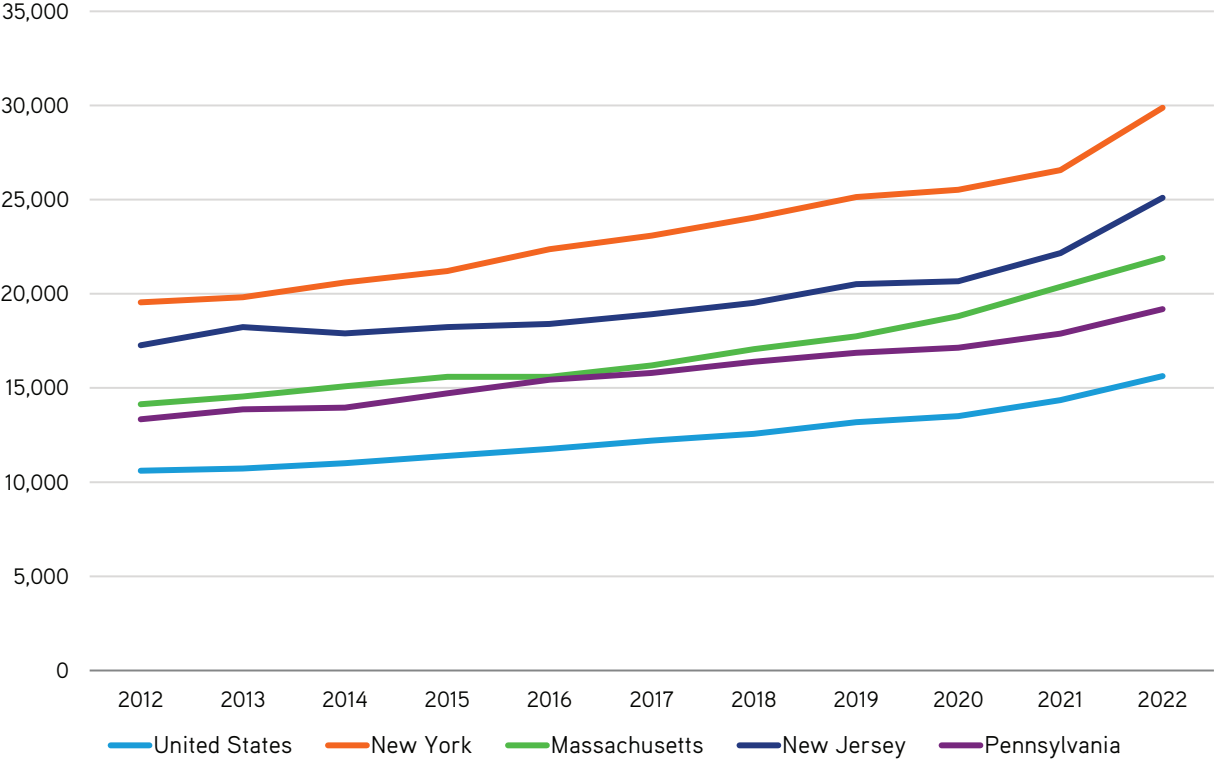
FIGURE 1. Per-Pupil Expenditure in New York, Large States, and Northeast States, 2022



SOURCE: “Per Pupil Amounts for Current Spending of Public Elementary-Secondary School Systems: US and State: 2012-2022 (GS00SS05),” US Census Bureau, <https://data.census.gov/>.

Examining New York’s growth in per-pupil spending with neighboring states reveals a similar outcome: New York spends more than even high-spending New Jersey and Connecticut (See Figure 2).

FIGURE 2. Ten-Year Growth in Average Expenditure Per Pupil: New York, Neighboring States, and US, 2012–22



SOURCE: “Per Pupil Amounts for Current Spending of Public Elementary-Secondary School Systems: US and State: 2012-2022 (GS00SS05),” US Census Bureau, <https://data.census.gov/>.

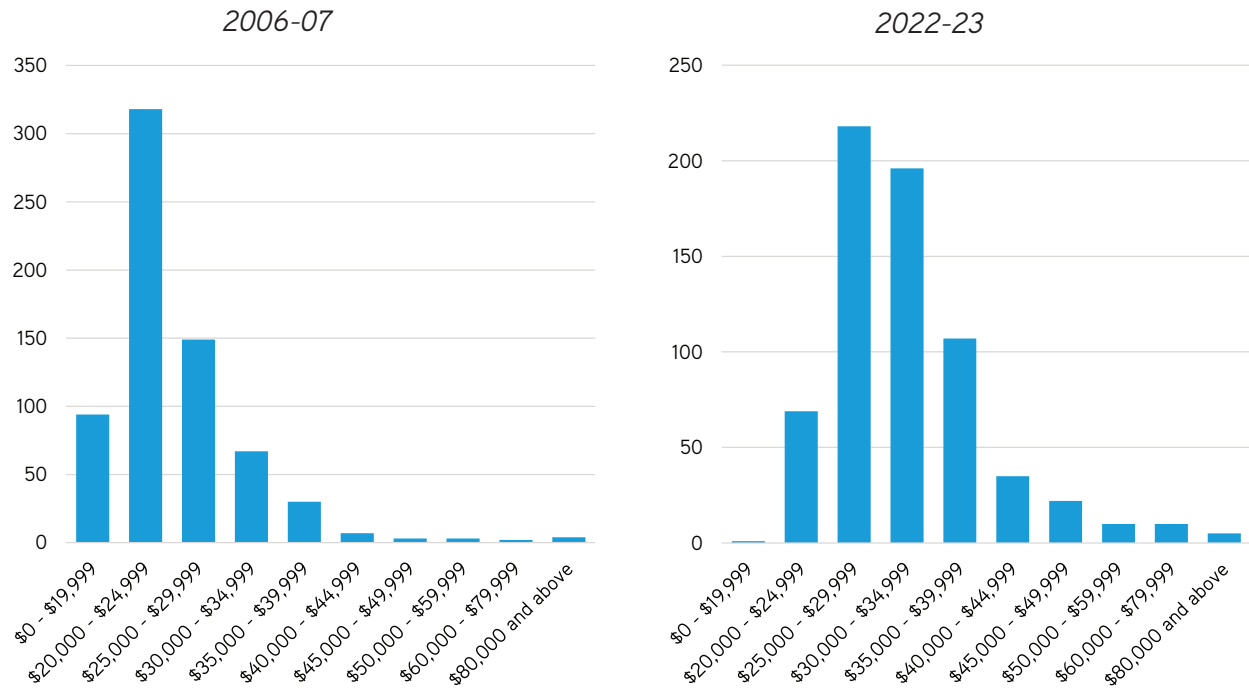
In the 10-year period from 2012 to 2022, New York State’s per-pupil expenditure rose from \$19,552 to \$29,873, an increase of nearly 53 percent. In comparison, the overall inflation rate over that same period (2012 to 2022) increased by less than 30 percent.<sup>2</sup>

In a state with school districts as diverse as New York’s, at least a brief look at the pattern and trends of per-pupil spending *among* districts is warranted. As [Figure 3](#) illustrates, in 2006-07, the year before New York’s Foundation Aid formula was first implemented, the overwhelming majority of school districts were concentrated in lower-spending tiers. By 2022-23, however, the proportion of districts spending more (in constant dollars) had grown substantially. Specifically, adjusting to 2022 dollars, in 2006-07 nearly 83 percent of districts spent less than \$30,000 per pupil; by 2022-23, more than 77 percent of districts were spending between \$25,000 and \$40,000 per pupil. On average, again adjusting to constant 2022 dollars, the average per-pupil expenditure in 2006-07 was \$25,520 and the average in 2022-23 was \$33,175, an increase in spending of 30 percent.<sup>3</sup>

Instead of what was once a concentration of districts in the low-spending range, by 2022-23 a more normal distribution had occurred, with the majority of districts grouped in the mid-spending range.

2 Data on inflation sourced from the Consumer Price Index (CPI) from US Bureau of Labor Statistics (BLS), <https://data.bls.gov/cgi-bin/cpicalc.pl>.  
 3 The standard deviation in 2006-07 was \$5,688, and in 2022-23 was \$10,790, generating a coefficient of variation of 32.4 for 2006-07 and 32.5 in 2022-23. This means that there was a nearly identical dispersion of per-pupil spending among districts in 2022-23 as 2006-07, with a significant shift to a higher average spending.

FIGURE 3. Distribution of New York State School Districts by Expenditure Per Pupil, 2006-07 vs. 2022-23



SOURCE: “School District Profiles,” New York State Education Department, accessed November 22, 2024, <https://www.nysed.gov/fiscal-analysis-research/school-district-fiscal-profiles>.

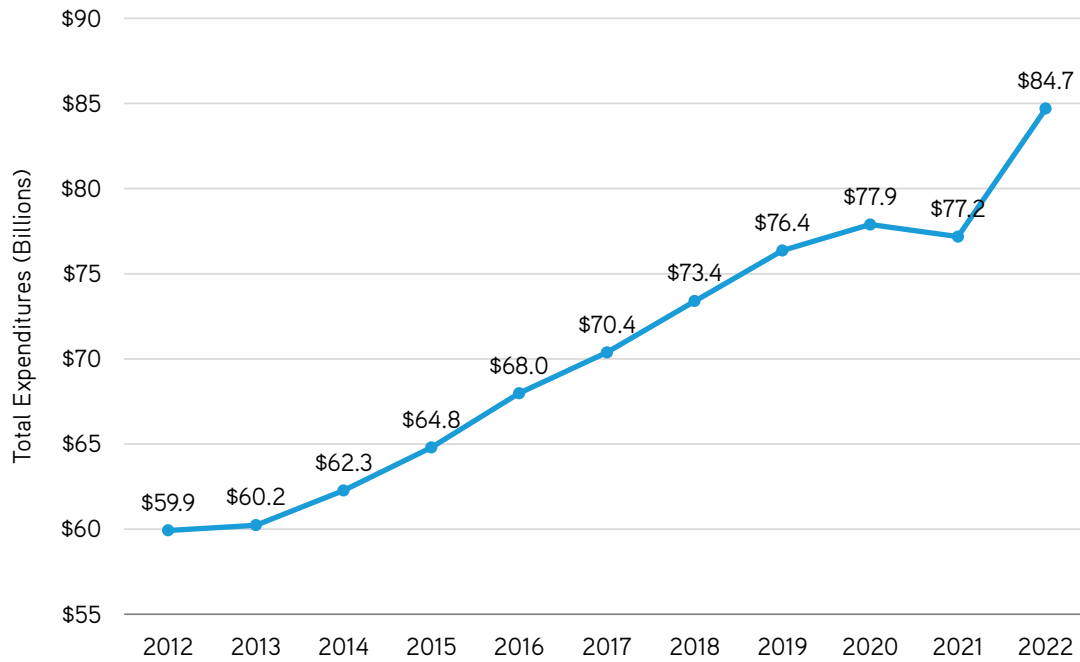
Per-pupil expenditure levels vary greatly within New York as well: 73 school districts spend more than \$40,000 per pupil, while 70 districts spend less than \$25,000 per pupil, ranging from a high of \$149,220 (Fire Island, Suffolk County) to a low of \$18,458 per pupil (Watertown City School District, Jefferson County). [Appendix B](#) provides a list of New York State’s school districts ranked by their 2022-23 per-pupil expenditures.

This sizable growth in per-pupil spending reflects a combination of increasing spending and decreasing student enrollment. Examining data for the same timeframe (from 2012-13 to 2022-23), New York’s total state spending on education rose from \$60 billion to \$84.7 billion,<sup>4</sup> a 41.2 percent increase ([Figure 4](#)), while total student enrollment dropped from nearly 2.7 million to 2.4 million, a decline of 10.3 percent ([Figure 5](#)).<sup>5</sup>

4 “Summary of Public Elementary-Secondary School System Finances: US and State: 2012 - 2022 (GS00SS01),” US Census Bureau, <https://data.census.gov>.

5 Enrollment Data Archive maintained by the New York State Education Department, <https://www.p12.nysed.gov/irs/statistics/enroll-n-staff/ArchiveEnrollmentData.html>.

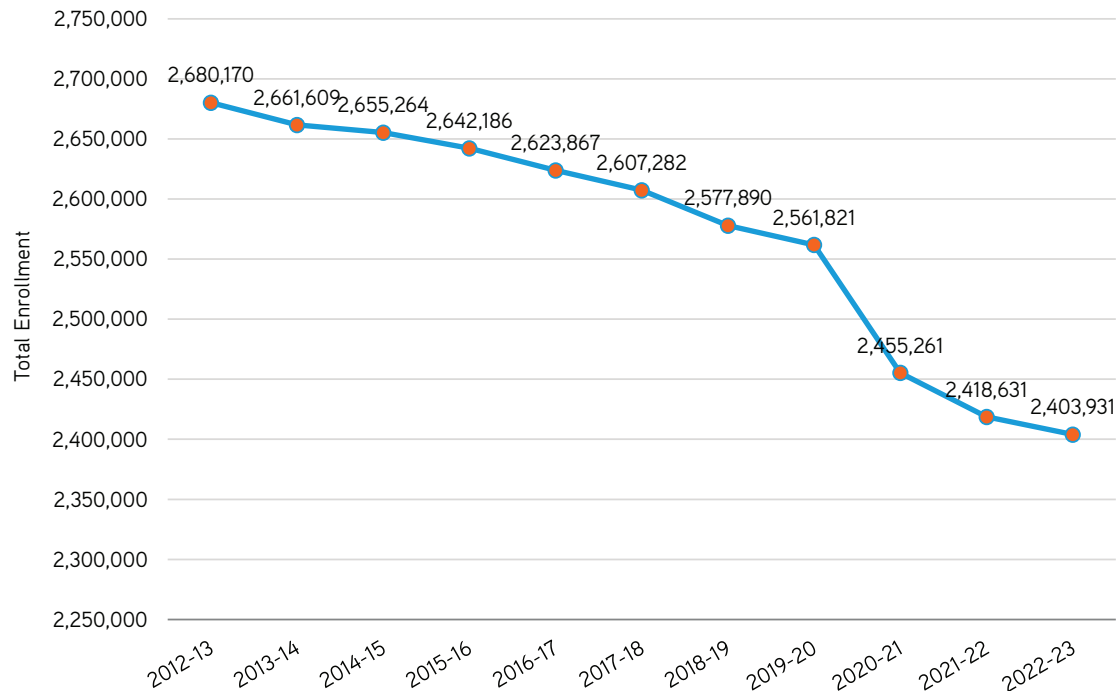
FIGURE 4. Total Expenditures on Education in New York State, All Sources, 2012 to 2022



SOURCE: "Summary of Public Elementary-Secondary School System Finances: US and State: 2012-2022 (GS00SS01)," US Census Bureau, <https://data.census.gov>.

NOTE: The data represents a combination of federal, state, and local funding.

FIGURE 5. Ten-Year Trend in Total Public School Enrollment in New York State, 2012 to 2022



SOURCE: Analysis of data by the Rockefeller Institute from the Enrollment Data Archive maintained by the New York State Education Department, <https://www.p12.nysed.gov/irs/statistics/enroll-n-staff/ArchiveEnrollmentData.html>.

Public school enrollment in New York peaked in 1999-2000 at more than 2,864,000 students and has declined steadily almost every year since.<sup>6</sup> New York currently has one of the highest rates of decline in public school enrollment in the nation, following only Mississippi, West Virginia, and Illinois (Table 2).<sup>7</sup> Projections by the National Center for Education Statistics indicate that New York will see an additional 13 percent reduction in enrollment between 2022 and 2031.<sup>8</sup>

TABLE 2. Ten States With the Greatest Five-Year Percent Drop In Public School Enrollment, 2017-18 to 2022-23

State	Five-Year Percent Decrease
1 Mississippi	-8.0%
2 West Virginia	-7.7%
3 Illinois	-7.6%
4 New York	-7.0%
5 California	-5.9%
6 Hawaii	-5.9%
7 New Hampshire	-5.9%
8 New Mexico	-5.8%
9 Michigan	-5.4%
10 Oregon	-5.0%
<b>US Average:</b>	<b>-2.1%</b>

SOURCE: “Table 203.20. Enrollment in public elementary and secondary schools, by region, state, and jurisdiction: Selected years, fall 1990 through fall 2031,” National Center for Education Statistics, US Department of Education, 2023, [https://nces.ed.gov/programs/digest/d23/tables/dt23\\_203.20.asp](https://nces.ed.gov/programs/digest/d23/tables/dt23_203.20.asp).

Salaries and employee benefits constitute a large share of education budgets in every state nationwide, and New York is no exception. New York spends an average of \$15,395 per pupil on salaries for staff compared to the national average of \$8,685, ranking New York first in the country. The average salary for teachers in New York State is \$92,696, the second-highest nationwide, while the national average is \$69,597 (Table 3).<sup>9</sup> Employee benefits further add to the cost, with New York investing an average of \$7,665 per pupil in benefits for staff to support its educational workforce. New York consistently stands in company with other states regarded as high-spending, such as California and New Jersey.

6 Enrollment Data Archive, New York State Education Department. <https://www.p12.nysed.gov/irs/statistics/enroll-n-staff/ArchiveEnrollmentData.html>.

7 “Table 203.20, Enrollment in public elementary and secondary schools, by region, state, and jurisdiction: Selected years, fall 1990 through fall 2031,” National Center for Education Statistics, US Department of Education, 2023, [https://nces.ed.gov/programs/digest/d23/tables/dt23\\_203.20.asp](https://nces.ed.gov/programs/digest/d23/tables/dt23_203.20.asp).

8 Ibid.

9 Ibid.

TABLE 3. Top Ten States in Average Teacher Salary; Spending for Staff; Employee Benefits, 2022

State	Average Teacher Salary	State	Staff Salaries Per Pupil	State	Employee Benefits Per Pupil
1 California	\$95,160	1 New York	\$15,395	1 New Jersey	\$8,095
2 New York	\$92,696	2 Connecticut	\$13,141	2 New York	\$7,665
3 Massachusetts	\$92,307	3 Massachusetts	\$13,032	3 Vermont	\$7,271
4 Washington	\$86,804	4 Vermont	\$12,802	4 Connecticut	\$7,125
5 District of Columbia	\$84,882	5 New Jersey	\$12,089	5 Pennsylvania	\$6,177
6 Connecticut	\$83,400	6 Rhode Island	\$11,174	6 Illinois	\$5,929
7 New Jersey	\$81,102	7 Maryland	\$10,548	7 Massachusetts	\$5,600
8 Maryland	\$79,420	8 New Hampshire	\$10,522	8 Alaska	\$5,490
9 Rhode Island	\$79,289	9 Maine	\$10,419	9 New Hampshire	\$5,389
10 Alaska	\$76,371	10 Washington	\$10,412	10 Rhode Island	\$5,341
<b>US Average:</b>	<b>\$69,597</b>	<b>US Average:</b>	<b>\$8,685</b>	<b>US Average:</b>	<b>\$3,770</b>

SOURCE: Salaries obtained from “Teacher Pay & Per Student Spending: Rankings & Estimates,” National Education Association, <https://www.nea.org/resource-library/educator-pay-and-student-spending-how-does-your-state-rank>. Staff salaries per pupil and employee benefits per pupil obtained from US Census Bureau. Per-pupil amounts for current spending of public elementary-secondary school systems: US and state, 2012–2022, retrieved from <https://data.census.gov/>.

## Revenue

The National Center for Education Statistics collects data tallying “revenue per pupil” in each state, referring to funds and income received by local school districts to cover costs and expenditures related to education, including salaries, supplies, infrastructure, and other operational expenses. Table 4 shows that in 2022 total revenue per pupil was highest in New York State at \$33,970, followed by New Jersey (\$28,815) and Connecticut (\$25,972). States with the lowest revenue per pupil were Oklahoma (\$12,578), Utah (\$11,602), and Idaho (\$11,537).

New York’s position as number one in per-pupil revenue is driven largely by its reliance on local revenue, which is derived primarily from local property taxes. In terms of the proportion of funding that comes from state sources, New York ranks near the bottom nationwide, at 43rd (Figure 6). In New York, approximately 36 percent of revenue for education comes from state funds, 57 percent from local sources, and 7 percent from federal funds (Figure 6). Nationally, states receive on average 48 percent of their education revenue from state sources, one-third higher than in New York.

TABLE 4. Education Revenue Per Pupil: Local, State, and Federal, 2022

Rank	State	Total Revenue Per Pupil	Local	State	Federal
1	New York	\$33,970	\$19,367	\$12,114	\$2,489
2	New Jersey	\$28,815	\$13,263	\$13,320	\$2,232
3	Connecticut	\$25,972	\$14,479	\$9,360	\$2,133
4	Vermont	\$24,624	\$480	\$21,278	\$2,866
5	Massachusetts	\$23,851	\$12,365	\$9,164	\$2,322
6	Illinois	\$23,126	\$12,658	\$8,014	\$2,453
7	Pennsylvania	\$22,544	\$11,565	\$7,908	\$3,070
8	Rhode Island	\$22,210	\$10,149	\$9,326	\$2,735
9	New Hampshire	\$22,089	\$13,635	\$6,495	\$1,960
10	Wyoming	\$22,066	\$7,728	\$11,476	\$2,862
11	Maryland	\$21,352	\$10,184	\$8,740	\$2,428
12	Alaska	\$21,346	\$4,573	\$12,349	\$4,424
13	Maine	\$20,623	\$10,024	\$8,520	\$2,079
14	California	\$20,596	\$6,518	\$11,219	\$2,859
15	Hawaii	\$20,584	\$161	\$17,436	\$2,987
16	Delaware	\$20,475	\$6,015	\$11,763	\$2,697
17	Washington	\$20,248	\$4,862	\$12,875	\$2,512
18	Oregon	\$19,362	\$7,088	\$10,177	\$2,097
19	North Dakota	\$18,901	\$6,105	\$9,260	\$3,536
20	Minnesota	\$18,612	\$4,950	\$11,408	\$2,254
21	Ohio	\$17,817	\$8,750	\$6,466	\$2,601
22	Michigan	\$17,637	\$5,240	\$9,807	\$2,590
23	South Carolina	\$17,256	\$6,719	\$7,920	\$2,617
24	Wisconsin	\$16,955	\$7,159	\$7,783	\$2,013
25	Louisiana	\$16,948	\$7,431	\$6,219	\$3,298
26	New Mexico	\$16,900	\$3,049	\$10,963	\$2,888
27	Virginia	\$16,815	\$8,216	\$6,561	\$2,038
28	Colorado	\$16,375	\$8,199	\$6,449	\$1,726
29	Nebraska	\$16,354	\$9,425	\$4,903	\$2,026
30	Georgia	\$16,302	\$7,094	\$6,585	\$2,622
31	Iowa	\$16,300	\$5,946	\$8,138	\$2,216
32	West Virginia	\$16,282	\$5,524	\$7,675	\$3,083
33	Kentucky	\$16,026	\$5,295	\$7,524	\$3,208
34	Kansas	\$16,012	\$4,036	\$10,384	\$1,592
35	Missouri	\$15,858	\$9,003	\$4,469	\$2,386
36	Montana	\$15,731	\$6,136	\$6,277	\$3,318
37	Indiana	\$15,150	\$4,427	\$8,760	\$1,963
38	Texas	\$14,656	\$7,001	\$4,968	\$2,688
39	Alabama	\$14,423	\$4,417	\$7,426	\$2,581
<b>US Average:</b>		<b>\$18,103</b>	<b>\$6,953</b>	<b>\$8,593</b>	<b>\$2,557</b>

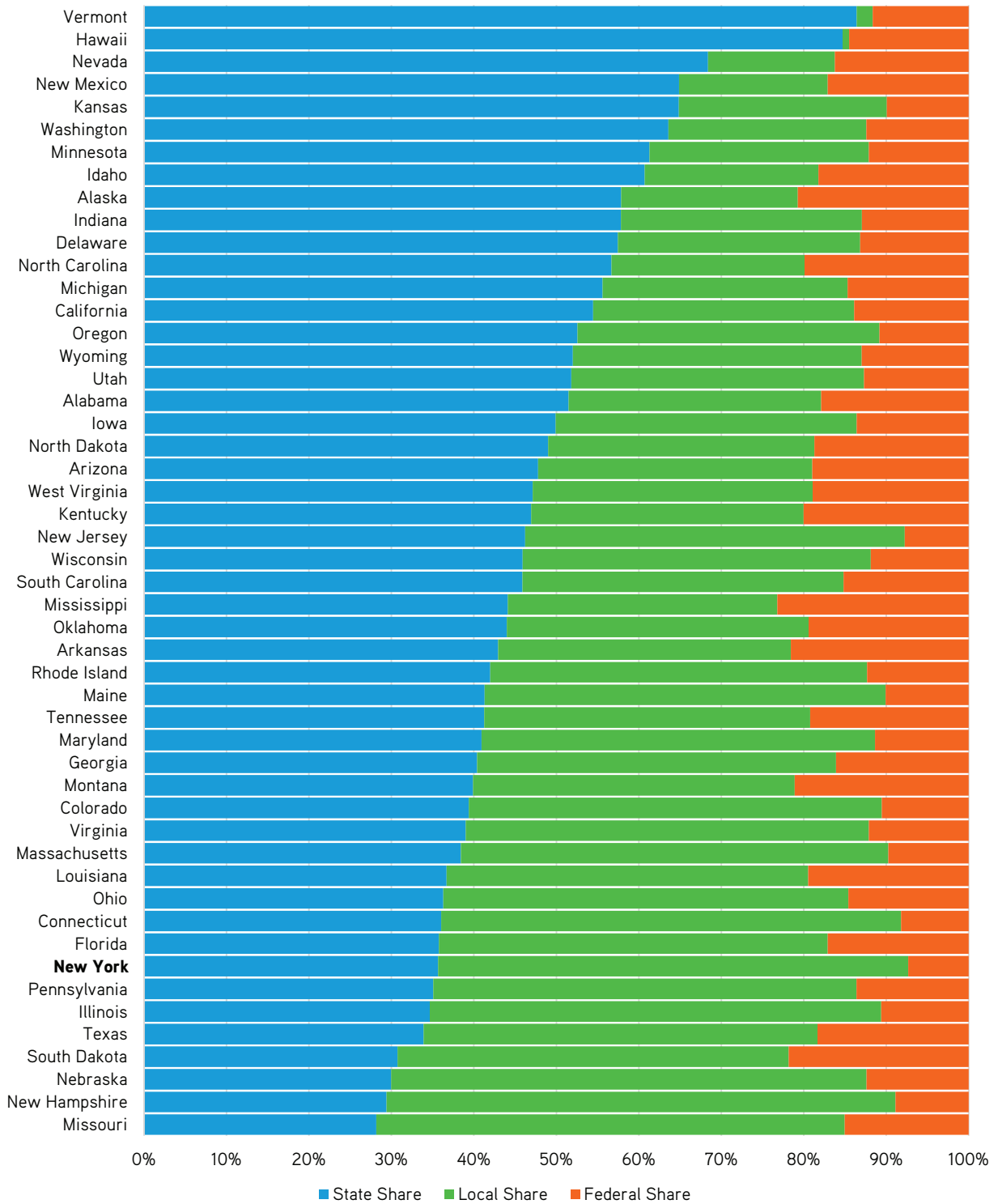


TABLE 5. Education Revenue Per Pupil: Local, State, and Federal, 2022, *continued*

Rank	State	Total Revenue			
		Per Pupil	Local	State	Federal
40	South Dakota	\$14,235	\$6,752	\$4,377	\$3,105
41	Florida	\$13,862	\$6,533	\$4,957	\$2,371
42	Nevada	\$13,842	\$2,130	\$9,467	\$2,245
43	Arkansas	\$13,587	\$4,824	\$5,834	\$2,929
44	Tennessee	\$13,358	\$5,278	\$5,511	\$2,570
45	Arizona	\$13,140	\$4,367	\$6,279	\$2,494
46	Mississippi	\$13,118	\$4,286	\$5,787	\$3,045
47	North Carolina	\$12,971	\$3,037	\$7,352	\$2,582
48	Oklahoma	\$12,758	\$4,668	\$5,613	\$2,477
49	Utah	\$11,602	\$4,118	\$6,010	\$1,473
50	Idaho	\$11,537	\$2,429	\$7,005	\$2,103
<b>US Average:</b>		<b>\$18,103</b>	<b>\$6,953</b>	<b>\$8,593</b>	<b>\$2,557</b>

SOURCE: Stephen Q. Cornman, et al., *Revenues and Expenditures for Public Elementary and Secondary Education: School Year 2021–22 (Fiscal Year 2022): First Look*, NCES 2024–301, (Washington, DC: US Department of Education, National Center for Education Statistics), <https://nces.ed.gov/pubs2024/2024301.pdf>.

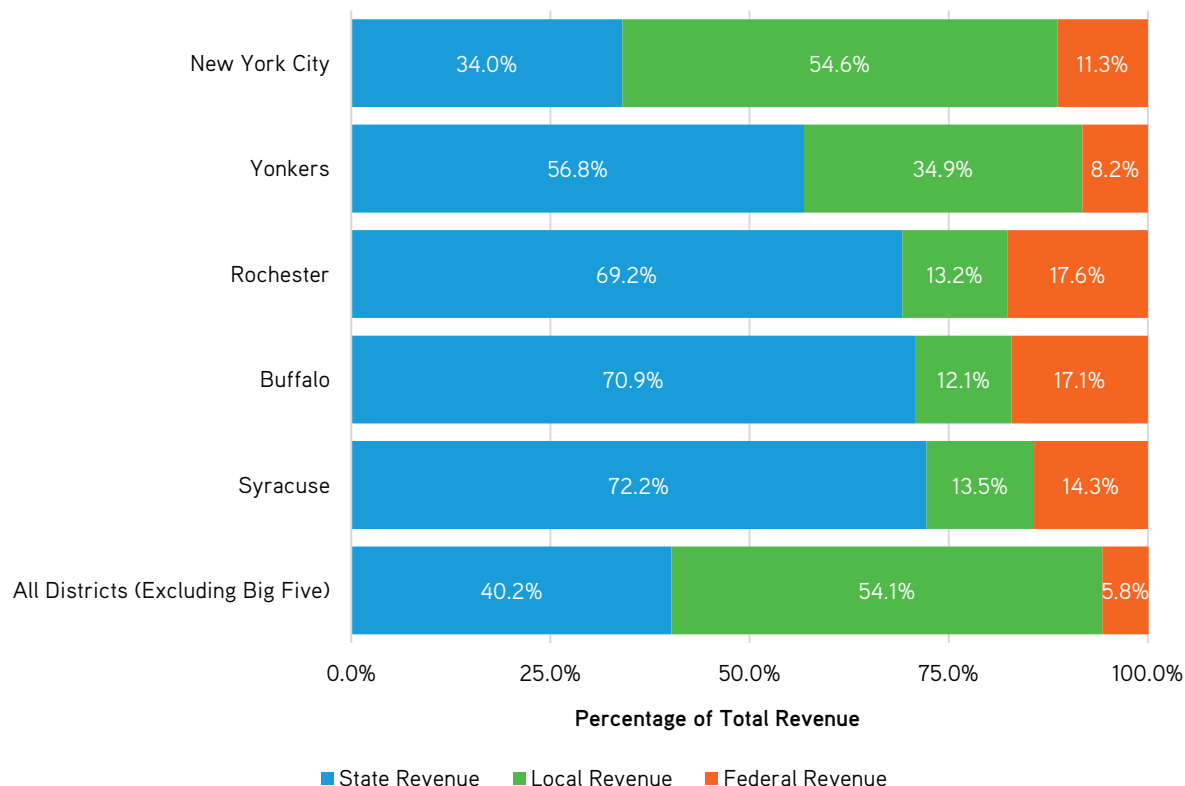
FIGURE 6. Source of Education Revenue: State, Federal, and Local, 2022



SOURCE: Stephen Q. Cornman, et al., *Revenues and Expenditures for Public Elementary and Secondary Education: School Year 2021–22 (Fiscal Year 2022): First Look*, NCES 2024-301, (Washington, DC: US Department of Education, National Center for Education Statistics), <https://nces.ed.gov/pubs2024/2024301.pdf>.

Figure 7 presents a similar breakdown of the state, local, and federal source of education revenues for each of New York’s “Big Five” school districts, and then for all other school districts combined.

FIGURE 7. Education Revenue by Source: State, Local, and Federal—New York State’s “Big Five” School Districts and Rest of State, 2022-23



SOURCE: Rockefeller Institute analysis of data from the School District Fiscal Profiles from the New York State Education Department, <https://www.nysed.gov/fiscal-analysis-research/school-district-fiscal-profiles>.

## Demographics and Student Characteristics

As New York State’s enrollment and spending patterns are changing, the composition of its student body continues to shift as well.<sup>10</sup> Over the past 10 years, the percentage of Hispanic students in New York has increased by 4.8 points, the percentage of multiracial students has increased by 2.2 points, and the percentage of Asian students has increased by 2.0 points. Meanwhile, there has been a 5.6 percentage point decline in the number of White students and a 3.5 percentage point decline in Black students (Table 6).

<sup>10</sup> Enrollment Data Archive maintained by the New York State Education Department, <https://www.p12.nysed.gov/irs/statistics/enroll-n-staff/ArchiveEnrollmentData.html>.

TABLE 6. Race/Ethnicity of Public School Students in New York State, 2012-13 to 2022-23

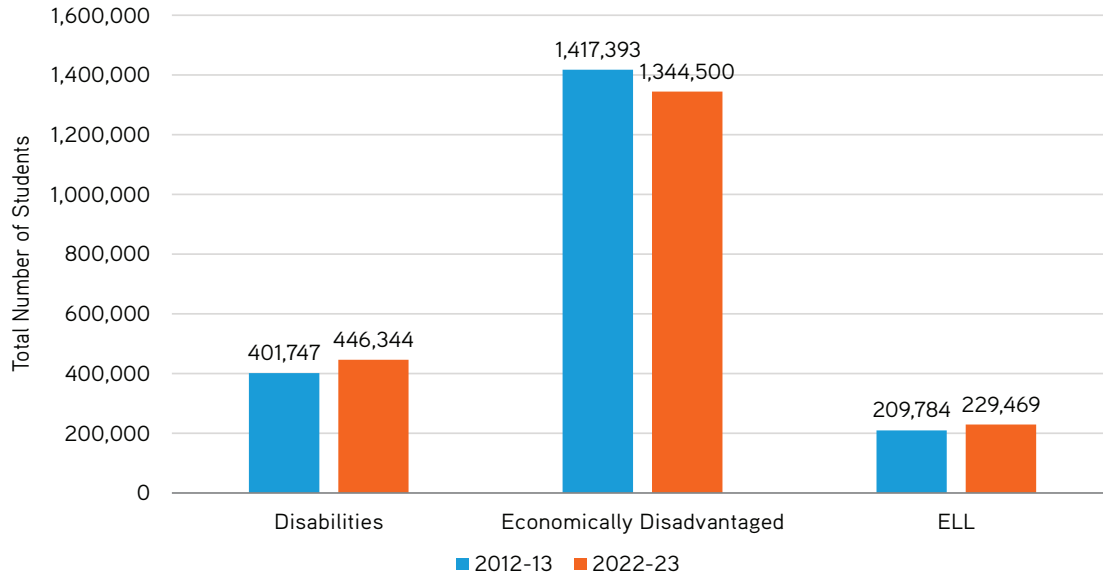
Race/Ethnicity	Total Enrolled 2012	Percent 2012	Total Enrolled 2022	Percent 2022	Percentage Point Change
White	1,294,198	48.3%	1,026,222	42.7%	-5.6
Black	456,007	17.0%	323,997	13.5%	-3.5
American Indian/Alaska Native	15,107	0.6%	17,557	0.7%	0.2
Asian/Pacific Islander	240,257	9.0%	263,911	11.0%	2.0
Multiracial	33,570	1.3%	81,880	3.4%	2.2
Hispanic	641,031	23.9%	690,364	28.7%	4.8
<b>New York State Total</b>	<b>2,680,170</b>		<b>2,403,931</b>		

SOURCE: Enrollment Data Archive maintained by the New York State Education Department, <https://www.p12.nysed.gov/irs/statistics/enroll-n-staff/ArchiveEnrollmentData.html>.

Figures 8 and 9 show changes in the number and percentage of students identified as English Language Learners, students with disabilities, and economically disadvantaged students.

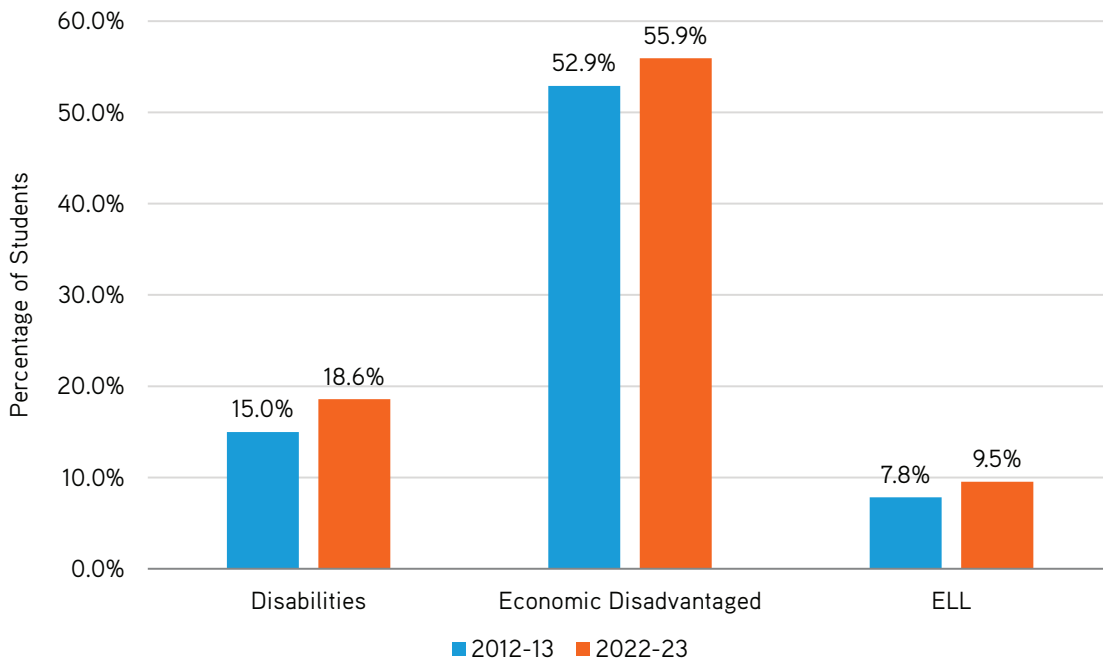
First, the number of students with limited English proficiency has increased from 209,784 students (7.8 percent of total enrollment) in 2012 to 229,469 students (9.6 percent of total enrollment) in 2022. Second, New York experienced an 11.1 percent increase in the total number of students with disabilities over the same ten-year period, with this figure rising by over 44,000 students. Third, in 2012, 52.9 percent of the state's total enrollment was students identified as economically disadvantaged, or approximately 1,417,400 students. By 2022, this number had fallen to 1,344,500, but the share of total enrollment represented by this subpopulation had increased to 55.9 percent because of the state's downward trend in total enrollment. The proportion of students in areas of concentrated poverty increased during this time period as well: in 2012, 54.9 percent of all students attended school in districts where more than half of the students were classified as economically disadvantaged; by 2022, 64.5 percent of all students were enrolled in districts where more than half of all students were economically disadvantaged.

**FIGURE 8. Number of Students With Disabilities; Economically Disadvantaged; English Language Learners, 2012-13 to 2022-23**



SOURCE: Enrollment Data Archive maintained by the New York State Education Department, <https://www.p12.nysed.gov/irs/statistics/enroll-n-staff/ArchiveEnrollmentData.html>.

**FIGURE 9. Percentage of Students With Disabilities; Economically Disadvantaged; English Language Learners, 2012-13 to 2022-23**



SOURCE: Enrollment Data Archive maintained by the New York State Education Department, <https://www.p12.nysed.gov/irs/statistics/enroll-n-staff/ArchiveEnrollmentData.html>.

Federal data also provide insights into how the composition of New York’s student body compares to other states. Relative to the national average, students in New York State are slightly less likely to be English Language Learners (9.7 percent versus 10.6 percent),<sup>11</sup> but more likely to have a disability (20.7 percent versus 15.2 percent) (Table 7 and 8).<sup>12</sup> Further, 18.2 percent of school-age children (5-17 years) in New York State live in poverty, compared to the national average of 15.5 percent (Figure 10).<sup>13</sup>

TABLE 7. Percentage of Students With Disabilities, Top 10 States, 2021-22

Rank	State	Percent
1	Pennsylvania	21.1%
2	<b>New York</b>	<b>20.7%</b>
3	Maine	20.6%
4	Massachusetts	19.7%
5	Delaware	19.4%
<b>Northeast Region</b>		<b>19.1%</b>
6	West Virginia	18.7%
7	Vermont	18.5%
8	New Hampshire	18.3%
9	Indiana	18.2%
10	Rhode Island	17.9%
<b>United States</b>		<b>15.2%</b>

SOURCE: “Students With Disabilities,” Condition of Education, National Center for Education Statistics, Institute of Education Sciences, US Department of Education, 2024, <https://nces.ed.gov/programs/coe/indicator/cgg>.

TABLE 8. Percentage of English Language Learners, Top Ten States, 2021-22

Rank	State	Percent
1	Texas	20.2%
2	California	18.9%
3	New Mexico	18.8%
4	Nevada	13.8%
5	Illinois	12.8%
6	Rhode Island	12.5%
7	Delaware	11.5%
8	Washington	11.4%
9	Maryland	11.2%
10	Alaska	10.8%
<b>United States</b>		<b>10.6%</b>
15	<b>New York</b>	<b>9.7%</b>
<b>Northeast Region</b>		<b>7.0%</b>

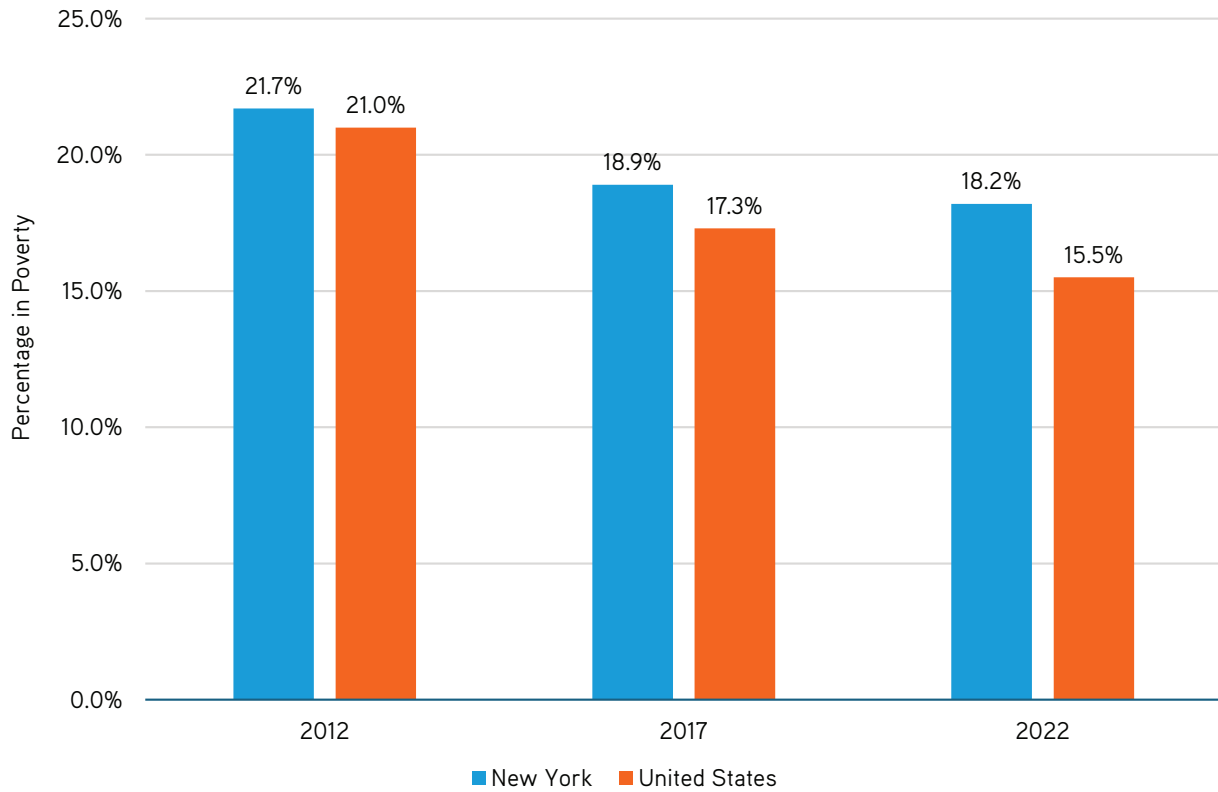
SOURCE: “English Learners in Public Schools,” Condition of Education, National Center for Education Statistics, Institute of Education Sciences, US Department of Education, 2024, <https://nces.ed.gov/programs/coe/indicator/cgf>.

11 “English Learners in Public Schools,” Condition of Education, National Center for Education Statistics, Institute of Education Sciences, US Department of Education, 2024, <https://nces.ed.gov/programs/coe/indicator/cgf>. The 9.7 percent of students identified as English Language Learners in this federal dataset differs slightly from the 9.6 percent reported in records from the New York State Education Department.

12 “Students With Disabilities,” Condition of Education, National Center for Education Statistics, Institute of Education Sciences, US Department of Education, 2024, <https://nces.ed.gov/programs/coe/indicator/cgg>.

13 “Small Area Income and Poverty Estimates (SAIPE),” US Census Bureau, accessed November 23, 2024, <https://www.census.gov/data-tools/demo/saipe/#/>.

FIGURE 10. Children Ages 5-17 Years in Poverty, New York and US, 2012 to 2022



SOURCE: "Small Area Income and Poverty Estimates (SAIPE)," US Census Bureau, accessed November 23, 2024, <https://www.census.gov/data-tools/demo/saipe/#/>.





# NEW YORK'S EVOLUTION TO FOUNDATION AID

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The New York State Constitution requires that the state legislature “provide for the maintenance and support of a system of free common schools, wherein all the children of this state may be educated.”<sup>1</sup> According to legal scholar Stephanie D. Ashley, New York is among those states with the least obligation, as the Education Article of the New York State Constitution provides “no guidance” on the meaning of “free” public education.<sup>2</sup> In 1982, New York’s Court of Appeals interpreted this provision as guaranteeing “a sound, basic education.”<sup>3</sup> In the years since, “sound, basic education” (SBE) has become the North Star terminology guiding both policy and legal action, actions, which often worked to expand the definition to mean an equal or substantially equivalent education for all children everywhere across New York State.

## Legal Action and Campaign for Fiscal Equity (CFE)

Legal challenges to the funding of education in New York State began in the 1970s when, in *Levittown UFSD v. Nyquist*, New York’s highest court upheld a challenge to the then “present amalgam of statutory prescriptions.” The court did not deny that inequalities existed, but determined that resource-challenged (high needs) districts had not demonstrated that they fell below a “State-wide minimum standard of educational quality and quantity fixed by the Board of Regents.” In other words, the court found that the challenge was not about the denial of an SBE, but was, instead, about “educational unevenness above that minimum standard.”<sup>4</sup> Thus, the court did not find a violation of any “fundamental constitutional right” that would override what had been a tradition of deferring to local spending preferences. *Levittown* nonetheless “had a significant impact on state discussions of school aid for more than a decade,” according to education policy researchers Lois Wilson and Joan Gavrilik.<sup>5</sup>

Educational researcher Mike Boone emphasizes that courts are not ideal forums for setting policy due to a lack of expertise, the adversarial nature of the proceedings, that judges tend to over-rely on individual academic studies, and that a judicial endorsement of selectively-chosen studies might then produce unanticipated consequences.<sup>6</sup> “By their very nature the courts are unequipped to deal comprehensively with the broader spectrum of social problems that negatively impact education,” Boone notes.<sup>7</sup> Still, advocates championing adequacy theories<sup>8</sup> saw the courts as an alternative that could avoid the often more complicated and delay-ridden process of trying to build political consensus across the legislative and executive branches of state government. Given insufficient research on

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1 N.Y. Const. Art. XI, § 1, or the “Education Article.”

2 Stephanie D. Ashley, “New York’s Persistent Denial of New York City Educational Rights: Ten Years After *Campaign for Fiscal Equity v. New York*,” *Seton Hall Law Review* 47, 4 (2017): 1048, <https://scholarship.shu.edu/shlr/vol47/iss4/4/>.

3 *Levittown Union Free Sch. Dist. v. Nyquist*, 57 N.Y.2d 27, 47 (1982).

4 *Ibid.*

5 Lois Wilson and Joan Gavrilik, “Education Aid in New York State: Targeting issues and Measures,” *Publius* 19, 2 (Spring 1989): 109, <https://www.jstor.org/stable/3330442>.

6 Mike Boone, “Equity and Adequacy: Philosophical, Technical, and Political Issues,” *Journal of Philosophy & History of Education* 59 (July 2009): 84.

7 *Ibid.*, 85.

8 See “A Review of Academic Literature” section of this report for further discussion of this and other theories.

costing-out models and other approaches to help determine education funding (see the “A Review of Academic Literature” section of this report for more discussion on these models), as well as ongoing problems with data quality, access, and sufficiency, the courts provided what many advocates saw as a more immediately viable path to action. In short, the “rights arguments” that have served as the basis for most legal action driving school financing reforms were often used to truncate policy debate.

The ongoing specter of litigation in New York State after *Levittown*, particularly related to, or centering on, racial disparities in the distribution of state education funding, kept open the possibility of judicial intervention in state education funding under the New York State Constitution and federal civil rights laws. The trilogy of cases by the Campaign for Fiscal Equity (CFE) sought just this type of intervention, and based its actions and hopes for a resolution on judicial interpretation of the Education Article of the New York State Constitution.

### New York State’s CFE Litigation Trilogy<sup>9</sup>

Frustrated by a lack of response within New York State’s political processes, education reformers turned to the courts. The Campaign for Fiscal Equity filed a lawsuit in 1995 that challenged New York State’s underfunding of New York City schools with litigation lasting from October 12, 1999, to July 27, 2000.<sup>10</sup> In a decision commonly referred to as *CFE I*, the Court of Appeals of New York found in favor of the CFE plaintiffs.<sup>11</sup> The state appealed that decision, but in *CFE II*<sup>12</sup> the court of appeals ruled in favor of the CFE litigants again.<sup>13</sup>

According to the courts’ decisions in *CFE I* and *II*, the state’s obligation to provide all students a sound, basic education (SBE) includes “the basic literacy, calculating, and verbal skills necessary to enable children to eventually function productively as civic participants capable of voting and serving on a jury.”<sup>14</sup> As summarized by the New York Advisory Committee to the US Commission on Civil Rights, the *CFE I* court found the essentials of an SBE to include:

1. minimally adequate physical facilities and classrooms which provide enough light, space, heat, and air to permit children to learn;
2. minimally adequate instrumentalities of learning such as desks, chairs, pencils, and reasonably current textbooks; and,

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9 For an overview of New York State’s legal obligation to provide an SBE under the *Levittown* and *CFE I* and *II* rulings, see: Ashley, “New York’s Persistent Denial of New York City Educational Rights: Ten Years After *Campaign for Fiscal Equity v. New York*.” For additional background through *CFE II*, see: Patrick A. McGlashan, “School Finance Litigation: The History and Its Current Status in New York,” *Journal of Race, Gender, and Ethnicity* 1 (2006): 110-30.

10 The CFE litigation raised federal and state claims of equal protection, including NYS Constitution Article I, § 11, which provides that “No person shall be denied the equal protection of the laws of this state or any subdivision thereof. No person shall, because of race, color, creed or religion, be subjected to any discrimination in his or her civil rights by any other person or by any firm, corporation, or institution, or by the state or any agency or subdivision of the state.” Under New York State Executive Law § 291(2), education is recognized as a civil right. In *CFE I*, the court directed the trial court to proceed with an evaluation under the Education Article and Title VI of Federal Law.

11 *Campaign for Fiscal Equity, Inc. v. State of New York*, 655 N.E.2d 661, 663-64 (N.Y. 1995) (“*CFE I*”).

12 *Campaign for Fiscal Equity, Inc. v. State of New York*, 100 N.Y.2d 893 (N.Y. 2003).

13 Cathy Albisa and Amanda Shanor, “United States: Education Rights and the Parameters of the Possible,” in *Social Rights Judgments and the Politics of Compliance: Making It Stick*, ed. Malcolm Langford, César Rodríguez-Garavito, and Julieta Rossi, (United Kingdom: Cambridge University Press, 2015): 268-9.

14 *Campaign for Fiscal Equity, Inc. v. State of New York*, 100 N.Y.2d 893 (N.Y. 2003), 908 (“*CFE II*”).

3. minimally adequate teaching of reasonably up-to-date basic curricula such as reading, writing, mathematics, science, and social studies, by sufficient personnel adequately trained to teach those subject areas.<sup>15</sup>

In *CFE II*, the courts “expanded on these three minimal essentials by specifying seven categories of resources including:

1. sufficient numbers of qualified teachers, principals and other personnel;
2. appropriate class sizes;
3. adequate and accessible school buildings with sufficient space to ensure appropriate class size and implementation of a sound curriculum;
4. sufficient and up-to-date books, supplies, libraries, educational technology and laboratories;
5. suitable curricula, including an expanded platform of programs to help at-risk students;
6. adequate resources for students with extraordinary needs; and,
7. a safe orderly environment essential to a sound basic education.”<sup>16</sup>

The remedy ordered under *CFE II* was a directive to the state legislature to “reform the school funding system to ensure that every New York City school would be able to provide a sound basic education.” New York State was directed to determine the actual cost of an SBE in New York City and enact measures to ensure that level of funding was met. The state was given a deadline of July 30, 2004.

In a decision commonly referred to as *CFE I*, the Court of Appeals of New York found in favor of the CFE plaintiffs.<sup>17</sup> The proposal, however, included funding that was below the level recommended by the CFE litigant’s methodology. In response, the original *CFE I* trial judge appointed Judicial Referees—a panel of education experts—to evaluate the recommendations forwarded to the state legislature by Governor George Pataki.

The Judicial Referees panel accepted the costing-out model recommended by the Zarb Commission, which examined spending levels in districts determined to be “successful” based on student performance on certain state exams. The panel rejected several key components, however, including an “efficiency filter” that was layered onto the list of successful school districts to use only the lowest-spending half of them to calculate the average expenditure for an SBE. The trial judge approved the Judicial Referee panel’s recommendations.

In *CFE III*, brought by the state on behalf of Governor Pataki and defending his recommended approach, the Court of Appeals determined that the state’s proposed methodology was rational and therefore entitled to judicial deference, thus reversing the ruling of the Judicial Referee panel.<sup>18</sup>

In *CFE III*, the Court of Appeals of New York emphasized that the courts should show deference to the political branches in budgetary matters and in operationalizing the concept of an SBE: “The legislative and executive branches of government are in a far better position than the Judiciary to determine

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<sup>15</sup> *Education Equity In New York: A Forgotten Dream* (New York Advisory Committee to the US Commission on Civil Rights, 2020).

<sup>16</sup> *Ibid.*, 47.

<sup>17</sup> Zarb Commission, “Resource Adequacy Study for the New York State Commission on Education Reform,” 2004, New York. Standard and Poor’s School Evaluation Services. See “A Review of Academic Literature” section of this report for further discussion of the role and duties of the Zarb Commission.

<sup>18</sup> *Campaign for Fiscal Equity, Inc. v. State of New York*, 8 N.Y.3d 14, 22-24, 36-37 (N.Y. 2006) (“CFE III”).

funding needs throughout the state and priorities for the allocation of State resources.” As such, “as long as the State’s choices remained within the range of professionally accepted practices in determining the costs of a sound basic education, the Supreme Court should have left the conclusions for legislative and gubernatorial consideration and determination.”<sup>19</sup>

The court further found that the plan put forward by Governor Pataki was not “unreasonable,” upholding key components that would eventually find their way into the 2007 Foundation Aid legislation. Specifically, the court found the model for costing-out an SBE based on the Successful School Districts approach and its efficiency filter (as recommended by the Zarb Committee and supported by an analysis by Standard & Poor’s) to be “rationally defensible.” In *CFE III*, the court similarly found the recommended weightings for students with high needs to be reasonable and that they were sufficiently supported by existing education finance literature. Although the court noted that the Standard & Poor’s analysis had not recommended the assignment of particular values to the weightings, it concluded that the assigned weights were based on a sufficient survey of relevant research and state practices.

In her *CFE III* dissent, Judge Judith Kaye cast doubt as to whether deference should be afforded to Governor Pataki’s non-binding plan, arguing that a proposal was not an official remedy. She pointed out that the Judicial Referee panel, after hearing extensive evidence from education experts, had set the cost of an SBE much higher than Pataki proposed. Although she said she thought the Successful School Districts approach was “legitimate,” she expressed skepticism over filtering out higher spending schools from the model and further noted that the Zarb Commission had not made specific recommendations on formula adjustments, including pupil needs weightings. Although ostensibly informed by the literature, Judge Kaye argued that the Zarb Commission had set weights “with insufficient empirical evidence” that reflect the actual cost of educating higher needs students in New York State. The analysis by Standard & Poor’s, she argued, had not specifically endorsed the pupil needs weights and those they used were not derived from “specific circumstances of...schools”—one of the reasons that the Judicial Referees found their inclusion to be irrational. Writing in dissent, Judge Kaye also found insufficient expert support for the efficiency filter that limited the number and type of districts used in the SBE cost analysis.

A subsequent case, commonly known as *New Yorkers for Students’ Educational Rights (NYSER) v. State of New York*, reiterated the court’s role in deciding only whether a constitutional violation is occurring, and limited constitutional claims to those only of a specific school district.<sup>20</sup> This decision also found that failure of the state to follow through with the Budget and Reform Act of 2007, which established Foundation Aid, is not sufficient on its own to merit claims of a constitutional violation, although it could be cited as a factor in support of a specific district’s particular claims. Although some education advocates disagree, this decision largely ended the legal argument that sought to link Foundation Aid to a constitutionally minimum level of statewide education funding. Specifically, the ruling noted: “The NYSER plaintiffs cannot state a claim for violation of the Education Article by pleading that state funding levels are not as great as they would have been under methods of calculation proposed by the state during the *CFE* litigation, or contemplated by the Budget and Reform Act of 2007, because those allegations do not state a constitutional violation...”

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<sup>19</sup> 29 AD3d at 184.

<sup>20</sup> *Aristy-Farer, et al. v. State of New York*, 29 N.Y.3d 501, Court of Appeals of New York, 2017, <https://law.justia.com/cases/new-york/court-of-appeals/2017/75.html>.

The plaintiffs appealed, but in October 2021, New York Governor Kathy Hochul announced the settlement of the NYSER case based on an agreement with the state legislature to fully fund Foundation Aid in the 2023-24 state budget.

The ultimate result following *CFE III*—and the current law relating to similar constitutional claims—limits a court’s evaluation of such claims to an analysis of the inputs and outputs of a school district and a causal link to deficient levels of funding by the state. This does not allow a court to determine or order a specific level of education funding to satisfy SBE, only to determine whether an amount of state funding is or is not “unreasonable.”

## In the Wake of CFE

The *CFE* litigation was a judicial “jolt” that broke through the political bargaining and incremental change that had long marked education aid politics.<sup>21</sup> The suit spawned a vigorous policy debate over the educational adequacy concepts and measurements in New York State,<sup>22</sup> and the ruling created a constitutional basis for a minimum funding level that obligated state actors to ensure an SBE.

Nevertheless, the determination of the cost of an SBE, along with the funding levels necessary to achieve it, was left in the hands of New York State’s executive and legislative branches. Education finance scholar Bruce Baker and other reform advocates have since argued that “the high court established an apparently rigorous legal definition of educational adequacy, but never operationalized that definition.”<sup>23</sup> In Baker’s view, this left the funding of an SBE open to political bargaining.

Indeed, in *CFE III*, the decision held that as long as the legislative determination was rational, the “courts have neither the authority, nor the ability, nor the will, to micromanage education financing.”<sup>24</sup>

The final authority over the design and funding levels of a reformed education financing system was left to the policy discretion of the state’s legislature and governor. In the wake of the *CFE III* ruling, the parties came together to establish an education funding formula that they believed would provide lasting assurance that the state would provide a level of funding even greater than what was required to achieve a sound, basic education: New York State’s Foundation Aid formula.

## New York State’s Foundation Aid Formula

Foundation Aid and the formula to distribute it was developed “to equalize school spending across districts by increasing State aid to the neediest schools so that all districts would meet the sound basic education requirement of the New York State Constitution,” as the New York Advisory Committee to the US Commission on Civil Rights noted.<sup>25</sup> The purpose of Foundation Aid is to provide sufficient state funding to support the successful education of a general education student, and it represents the state’s largest unrestricted category of education aid. While the share of total state education aid

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21 Robert F. Pecorella and William Duncombe, “State Education Aid in New York in the Wake of the Campaign for Fiscal Equity Decision,” in *Governing New York State*, ed. Robert F. Pecorella and Jeffrey M. Stonecash (New York: SUNY Press, 2012): 237.

22 Bruce D. Baker, *School Funding Fairness in New York State: An Evaluation of the Conceptual and Empirical Basis and Implementation of the New York State Foundation Aid Program*, Report Prepared on Behalf of the New York State Association of Small School Districts (New Brunswick, NJ: Rutgers University, October 1, 2011): 7.

23 *Ibid.*

24 8. N.Y.3d at 28.

25 New York Advisory Committee to the US Commission on Civil Rights, “Education Equity In New York: A Forgotten Dream,” 2020: 56-7.

made up by Foundation Aid varies from year to year, it typically approximates 70 percent: in 2024-25 the total \$24.9 billion appropriated for Foundation Aid represents approximately 70.6 percent of all state education aid distributed to school districts.<sup>26</sup> Other education funding streams exist to cover such things as student transportation, capital construction, extraordinary special education services, and more.

The Foundation Aid formula first enacted in 2007 consolidated approximately 30 separate funding streams of categorical aid into one funding formula,<sup>27</sup> and then structured the formula to allocate state education aid while accounting for school districts' fiscal capacity, various pupil needs, relative local labor costs, enrollment, and more. New York's Foundation Aid formula is complicated because New York is a complicated state: it is host to the nation's largest school district, New York City, serving nearly 800,000 students in district public schools, as well as 277 school districts that enroll fewer than 1,000 K-12 students each. There is tremendous variability among districts in the local revenue able to be contributed to education, whether this capacity is measured in terms of property values or income of district residents. The educational and support needs of students are as different as the students themselves, and districts have vastly differing concentrations of students with specialized needs.

The Foundation Aid formula—displayed in flowchart form on the title-facing page of this report—consists of five main components:

1. The **Base Foundation Aid Amount** (officially “Foundation Aid Amount”), which is calculated based on the “Successful School Districts” model originally proposed by the Zarb Commission in response to the *CFE* litigation. The application of an annual inflation rate to the Base amount is then used to generate an **Adjusted Foundation Aid Amount**.
2. A **Pupil Needs Index (PNI)**, which provides supplemental aid to districts for students from poverty, students qualifying for the Free and Reduced-Price Lunch (FRPL) program, English Language Learners (ELL), and students from districts meeting a sparsity threshold.
3. A **Regional Cost Index (RCI)**, which provides supplemental aid to districts in regions where labor costs are determined to be relatively higher than other regions of the state.
4. The **Local Share**, which includes several optional calculations from which districts can choose to determine the expected local contribution of revenue toward educational costs.
5. **Pupil Count** (officially Total Aidable Foundation Pupil Unit, or TAFPU), which is an equation consisting of a prescribed manner of counting students and weighted adjustments for students with disabilities and students attending summer school.

While each of these fundamental components—and policy concerns surrounding them—are discussed more thoroughly in Part II of this report, a brief description of each component, as well as a few other key elements impacting and interacting with Foundation Aid, are offered below.

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26 *2024-25 State Aid Handbook: Formula Aids and Entitlements for Schools in New York State* (Albany: New York State Education Department, Office of State Aid), <https://stateaid.nysed.gov/generalinfo/>.

27 New York State Education Department, “Reviewing the Foundation Aid Formula,” engageNY, State Aid Subcommittee, October 17, 2016, <https://www.regents.nysed.gov/sites/regents/files/Reviewing%20the%20Foundation%20Aid%20Formula.pdf>.

## **Base Foundation Aid Amount**

The initial Base Foundation Aid Amount was based on a “Successful School Districts” model. In this model, school districts were selected where, on average, students achieved an 80 percent pass rate on six of the state’s high school Regents exams and the fourth-grade and eighth-grade math and English Language Arts (ELA) exam for three years in a row. The districts were then ranked by the amount each spent per pupil on selected educational expenditures. An “efficiency filter” was then applied to exclude the 50 percent of districts with the highest spending, and then an average per-pupil expenditure of the remaining districts was calculated to provide the Base Foundation Aid Amount. For 2006-07, the Base Foundation Aid Amount was \$4,695 per pupil. Negotiated adjustments were made to account for the phase-in schedule and, in 2007-08, the first year of the Foundation Aid Formula, the Base Foundation Aid Amount was \$5,258 per pupil. The “Successful School Districts” calculation was updated for 2010-11, then again for 2013-14, but has not been updated since.

## **Adjusted Foundation Aid Amount**

A calculation of the annual change in the inflation rate, based on official federal Consumer Price Index (CPI) data, is made and applied to the Base Foundation Aid Amount from the prior year to arrive at an Adjusted Foundation Aid Amount.

## **Pupil Needs Index**

The Adjusted Foundation Aid Amount is multiplied by the Pupil Needs Index (PNI), which provides for increased per-pupil Foundation Aid for students determined to come with additional costs to educate successfully. Included in the Pupil Needs Index is:

- A weighting for students coming from families in poverty. Each of these students is given an additional weighting of 0.65. The count of students in poverty was originally derived from the 2000 US Census, and it has never been updated.
- A weighting for students eligible for the federal Free and Reduced-Price Lunch program, which captures students from families at or below 185 percent of the federal poverty level (FPL). Each of these students is given an additional weighting of 0.65 (which is in addition to the 0.65 additional weight for students below 100 percent of the FPL).
- A weighting for English Language Learners of 0.5.
- A measurement of sparsity, which provides districts with fewer than 25 students per square mile supplemental Foundation Aid.

## **Regional Cost Index**

Data collected by the New York State Department of Labor is used to calculate median annual wages for professional occupations deemed similar to education-related jobs in designated regions of the state. A weighted index is then made for each region and applied to the Foundation Aid allocation for each school district within that region to adjust for the prevalence of higher labor costs. The Regional Cost Index (RCI) has not been updated in methodology, nor in the data used, since the Foundation Aid Formula was first enacted in 2007.

## **Local Share**

The Local Share is an amount expected to be generated by local tax collections that is subtracted from the Foundation Aid allocation. It is designed to generate greater local contributions from wealthier

school districts. Districts can choose the lesser of two calculations: (1) the Expected Minimum Local Contribution (EMLC), which is a calculation based on assessed property values, local tax factors, and an Income Wealth Index (IWI); or, (2) a “State Sharing Ratio” (SSR) based on a prescribed calculation known as the “Combined Wealth Ratio” (CWR).

### **Pupil Count**

The base measure for counting the number of students in a school district in the Foundation Aid formula is called Total Aidable Foundation Pupil Units (TAFPU). It has three basic parts: (1) a base year (on a two-year lag) count of Average Daily Membership (ADM)—which is a multicomponent sum of students in grades K-12, ungraded programs, high school equivalency programs, enrolled in public charter schools, and more—adjusted by the most recent annual change in total public school enrollment in the district; (2) an adjustment to account for students who attend summer school programs (weighted at 0.2); and, (3) an adjustment for enrolled students with disabilities meeting certain basic levels of service needs (weighted at 1.41), plus a supplemental adjustment for students in their first year of general education after having been in a special education program the prior year. As a buffer against enrollment loss, a district may choose the greater of the TAFPU calculation for the single prior year or the average of the most-recent two prior years.

### **Guaranteed Minimum Aid Increase and “Save Harmless”**

Currently, school districts are guaranteed that they will receive a minimum annual increase of \$500 per pupil in Foundation Aid, and may choose this level of funding if all options under the formula will produce a lesser amount. Additionally, the state historically has provided a “Save Harmless” guarantee, that in no instance will a school district receive less Foundation Aid than it did the year before. This has served to continue consistent aid levels in districts experiencing enrollment loss. Noting steady and substantial decreases in student enrollment over the past decade, the 2024-25 New York State Executive Budget proposed eliminating the full Save Harmless guarantee and, instead, created a “transition assistance” program that decreased Save Harmless payments by up to 50 percent, based on a district’s local wealth. Under the proposal, 337 school districts would have seen a decrease in Foundation Aid funding. The state legislature opposed the proposed change, and it was not included in the final adopted state budget.

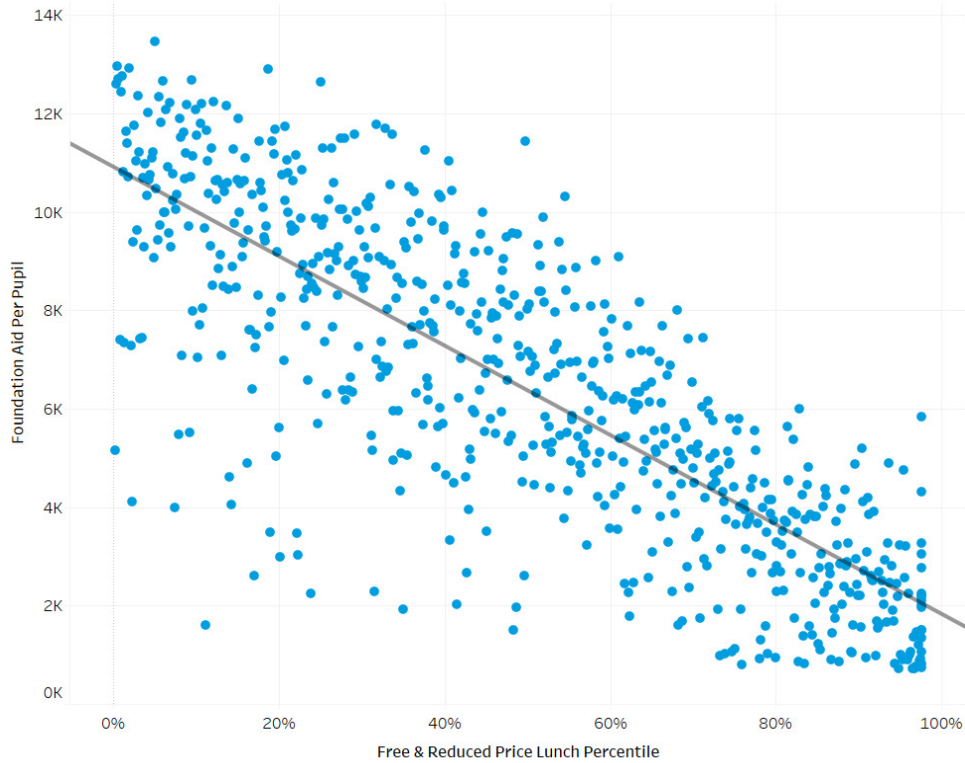
### **Set-Asides**

To effectuate various policy priorities, New York State policymakers have added mandates over the years that require school districts to “set aside” a portion of their Foundation Aid allocation to fund specific programs. For example, in 2024-25, 21 districts are required to set aside a total of \$170.3 million for the development, maintenance, or expansion of magnet schools (ranging from \$200,000 in Peekskill to \$48.2 million in New York City and \$49.5 million in Yonkers). Other set-aside mandates include: 13 districts must allocate funds for “Contracts for Excellence” (a program of accountability for academic results tied to state education aid spending); the “Big 5” city school districts—Buffalo, New York City, Rochester, Syracuse, and Yonkers—must allocate minimum prescribed amounts for teacher support; New York City must allocate \$50.5 million for attendance improvement and dropout prevention programs; and districts participating in the state’s community schools development initiative must set aside aid they receive for that purpose (\$250 million total statewide). Districts also must meet federal and state requirements regarding the education of students with disabilities, and so the amount of Foundation Aid received through the formula for this purpose (see [“Pupil Count”](#) above), combined with state categorical aid programs for such services, also is required to be set aside and accounted for separately.

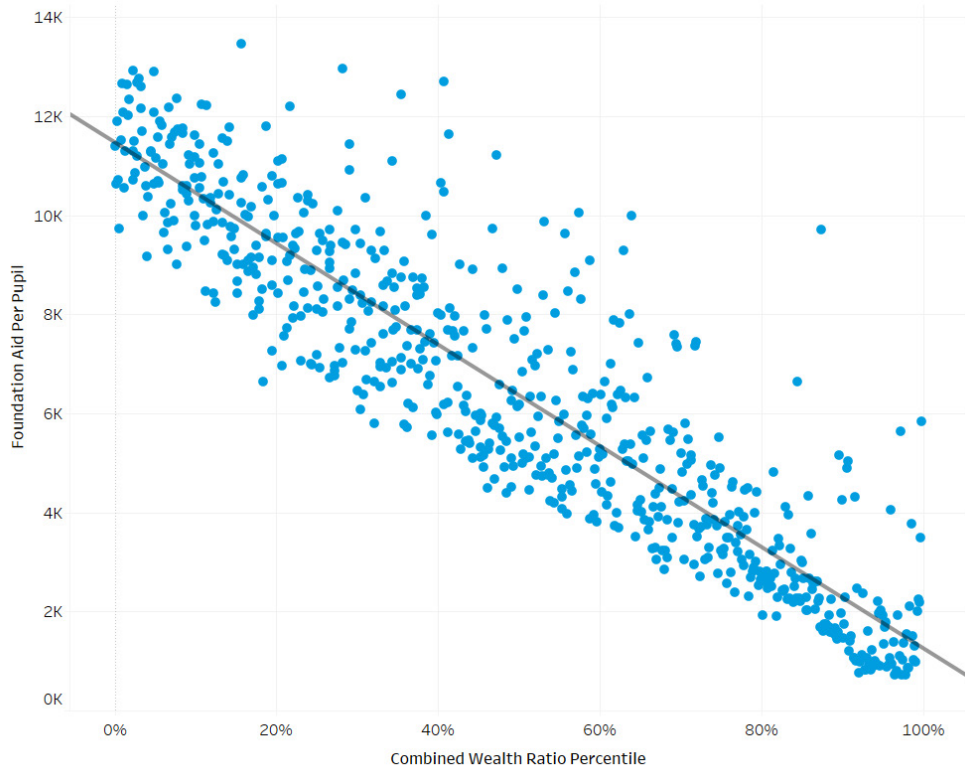


FIGURE 11. Foundation Aid Formula's Progressive Design

2007-08 Total Foundation Aid Per Pupil Districts, Sorted by % of Free and Reduced-Price Lunch Eligible Students



2007-08 Total Foundation Aid Per Pupil Districts, Sorted by Combined Wealth Ratio



SOURCE: Robert Lowry, New York State Council of School Superintendents, "Lack of Equity in School Funding in New York State," Testimony to the New York Advisory Committee of the US Commission on Civil Rights, June 12, 2019.

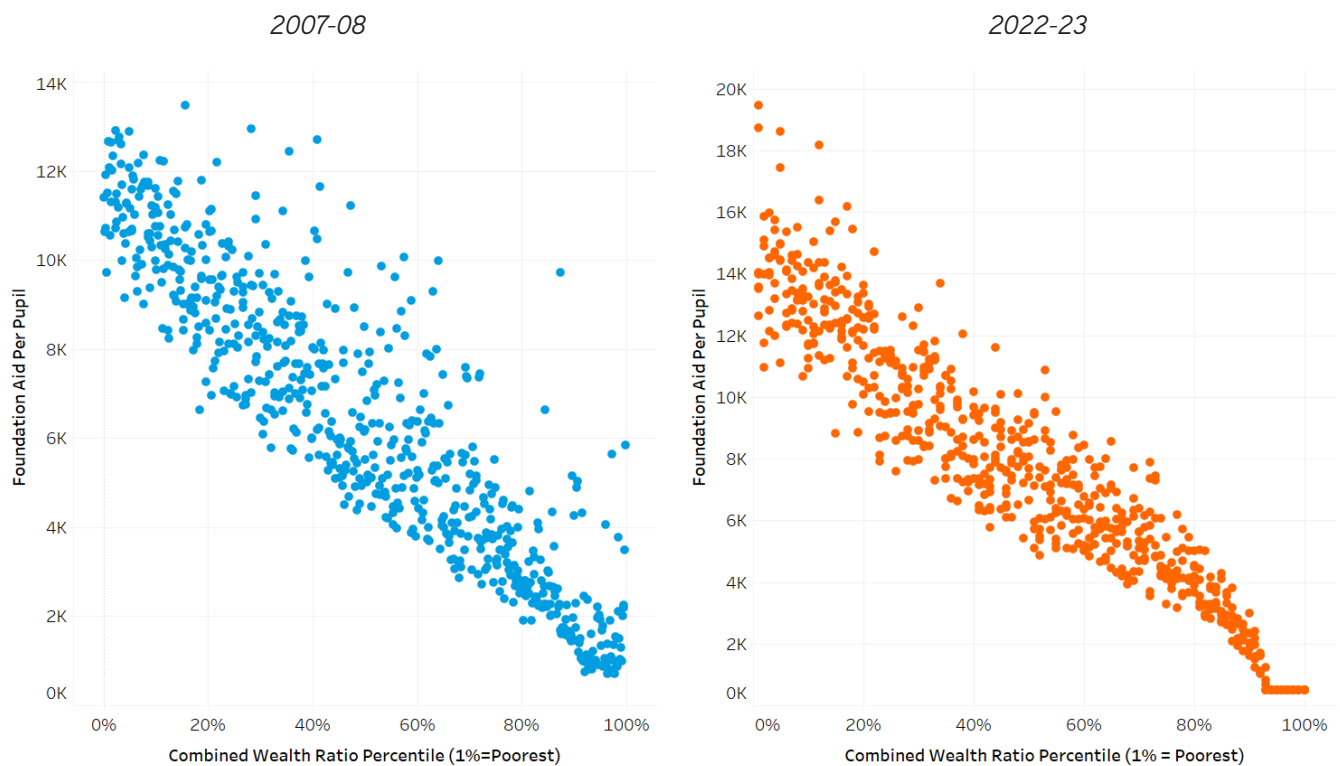
This approach of mandated set-asides is more aligned with purpose-specific categorical aid funding, and therein distorts the intent and design of the formula-based distribution of Foundation Aid for general education purposes.

## Implementation

The Foundation Aid formula was initially designed to be phased in over four years, and every school district was guaranteed a minimum annual increase of 3 percent during the planned phase-in period.<sup>28</sup> However, numerous delays occurred for economic, fiscal, and political reasons, and it took 17 years—until the 2023-24 New York State budget—for Foundation Aid to first become fully funded.

As designed, the Foundation Aid formula was a significant progressive reform. In testimony to the New York Advisory Committee of the US Commission on Civil Rights, Robert Lowry, Deputy Director for Advocacy, Research, and Communications for the New York State Council of School Superintendents, noted: “[H]ad the 2007 Foundation Aid formula been fully and immediately phased-in, resulting aid per pupil amounts would have been strongly progressive, favoring districts higher in student poverty and lower in capacity to fund education from local sources.” Whether measured against the student poverty proxy of Free and Reduced-Price Lunch eligibility or districts’ Combined Wealth Ratio measure

**FIGURE 12. District Foundation Aid Per Pupil by Combined Wealth Ratio, 2007-08 (as designed and if fully implemented) and 2022-23**



SOURCE: 2007-08: New York State Council of School Superintendents; 2024-25: Rockefeller Institute analysis of data provided by the New York State Division of the Budget.

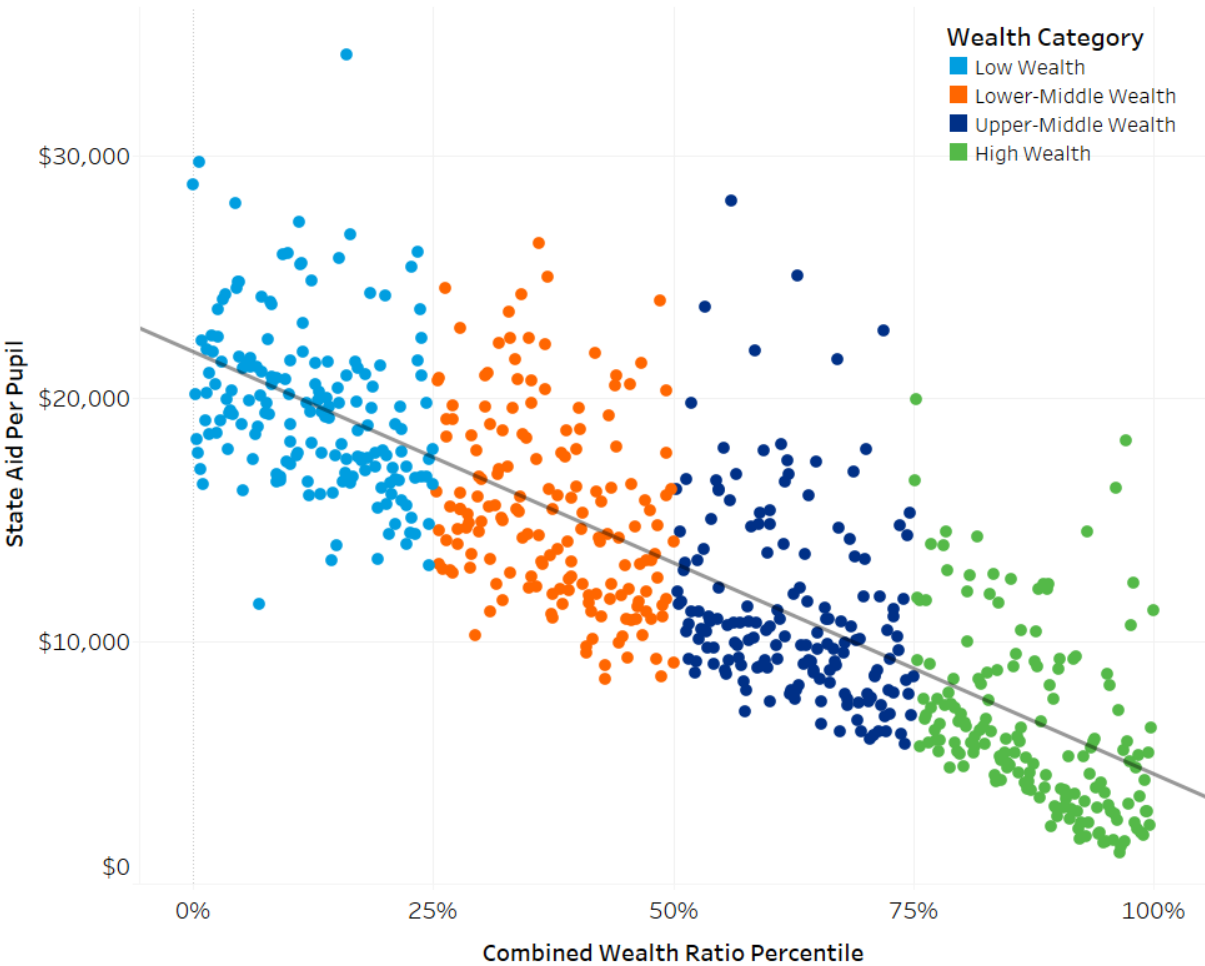
<sup>28</sup> See the “Adjusted Foundation Aid Amount” section of this report for further detail on the initial Foundation Aid phase-in plan.

of fiscal capacity (two particular equity elements included in the formula), the Foundation Aid formula was designed to steer more state education aid to school districts with greater concentrations of lower-income students and to districts with less local wealth (see [Figure 11](#)).

Despite its delayed implementation and flaws resulting from the continued use of outdated data and unrevised components, the Foundation Aid formula has helped New York State continue its progressive allocation of education aid. [Figure 12](#) goes on to compares the progressive construct of the formula in 2007-08 as displayed above with the current distribution of districts after 17 years of implementation of the Foundation Aid formula.

[Figure 13](#) continues the illustration of New York’s progressive approach to education funding by plotting each district’s amount of total state aid per pupil in 2022-23 against its Combined Wealth Ratio (a measure used in the Foundation Aid formula’s calculation of the Local Share).

FIGURE 13. Total New York State Aid Per Pupil vs. Combined Wealth Ratio, 2022-23



SOURCE: Rockefeller Institute analysis of data from District Fiscal Data Profiles by New York State Education Department, <https://www.nysed.gov/fiscal-analysis-research/school-district-fiscal-profiles>.

## Call to Reform

After Foundation Aid was finally fully funded in the 2023-24 New York State budget, all attention could then focus on the need to update and improve the formula—and it did. In her 2024-25 Executive Budget proposal, Governor Kathy Hochul proposed two primary changes to the Foundation Aid formula. First, in an effort to reduce some of the volatility experienced in the application of an annual inflation rate used to calculate the Adjusted Foundation Aid Amount, the governor proposed using an average Consumer Price Index (CPI) of the past 10 years, after tossing out the highest and lowest annual rate to avoid outside influence of outlier years. Second, noting sizable decreases in public school enrollment throughout the state, the Governor Hochul proposed reducing Save Harmless payments to school districts based on their local wealth, capping the reduction at 50 percent for the wealthiest districts. The Association of School Business Officials of New York noted that the proposed change “has the impact of reducing Foundation Aid by over \$160 million for 45% of school districts in the state.”<sup>29</sup>

The State Legislature rejected the Governor’s proposed changes to the formula. But these budget negotiations on state education aid gave stakeholders and advocates of all types from across New York the opportunity to refocus and amplify their calls for reform of the Foundation Aid formula. The need to use updated data for student poverty and regional cost measures, to rethink the Successful School District model, to streamline and simplify the Local Share calculations and make them more reflective of actual district capacity to pay, to revisit the decision to include funding for services for students with disabilities in the formula, and to address the unique concerns of rural districts all came to the forefront of policy discussions on Foundation Aid.

In April 2024, as the Governor and State Legislature came together on a deal to increase Foundation Aid by \$934.5 million over 2023-24 levels to a total of more than \$24.9 billion, a review of the Foundation Aid formula was ordered. Language included in the budget legislation said, in part:

The Nelson A. Rockefeller Institute of Government shall conduct a comprehensive study of the foundation aid formula. The Institute shall...examine, evaluate, and recommend potential modifications to the calculation of foundation aid...” (See [Appendix A](#) for the full enabling legislation language.)

This report is the result of that charge.

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<sup>29</sup> “Governor Hochul Proposes 2024-25 Executive Budget,” State Budget FAQ, Association of School Business Officials of New York, accessed November 23, 2024, <https://www.asbonewyork.org/page/budgetFAQ>.

# A REVIEW OF ACADEMIC LITERATURE RELEVANT TO NYS'S EDUCATION FINANCING SYSTEM & FOUNDATION AID FORMULA

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This review examines New York State's Foundation Aid formula within the broader context of the public education finance literature, with a primary emphasis on the existing academic and policy advocacy studies that are New York State-specific or are most directly relevant to the creation, implementation, and assessment of the Foundation Aid formula that was established by the state's 2007 Education Budget and Reform Act.<sup>1</sup> While there is extensive literature on school aid funding and equity issues, much of this literature aggregates findings from multiple states or is based on non-New York-specific data, somewhat limiting the ability to generalize these findings and this research to the costs and context of providing education in the Empire State.

In terms of state-specific research on public education finance and student-learning outcomes, John Yinger, Trustee Professor of Public Administration and Economics and Director of the Education Finance and Accountability Program at the Maxwell School of Citizenship and Public Affairs at Syracuse University, describes New York as "far behind the nation in education policy research," in part due to the lack of access to longitudinal student-level data outside of New York City.<sup>2</sup> Yinger also notes the New York State Education Department (NYSED) "conducts analysis at the school district level, not at the level of individual students," and NYSED's student-level datasets are not readily available to academic researchers.<sup>3, 4</sup> NYSED reportedly is in the process of building a comprehensive statewide longitudinal data system to support this type of education research, but this system is likely many years away from its initial phases of construction and use.

Another challenge in surveying the academic literature on education finance and New York's Foundation Aid formula is distinguishing between academic research and policy advocacy. Some academicians in education law and finance who publish in peer-reviewed outlets frequently consult on school finance reform litigation or maintain affiliations with education advocacy organizations. Moreover, a significant amount of quality New York State-specific research is produced by advocacy organizations and interest groups in the form of analytical commentary, white papers, and policy and legal briefs, resulting in the cross-pollination between research and advocacy. As such, this review uses a generous definition of academic literature that goes beyond traditional, peer-reviewed publications and includes unpublished commentary and expert testimony from legal and legislative hearings or study commissions. This review further includes work addressing both the technical aspects of education finance and the Foundation Aid formula (such as updating or recalibrating

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1 Chapter 57, Laws of 2007.

2 John Yinger, *New York's Missing Data*, Policy Brief 8-2016 (Syracuse, NY: Center for Policy Research, Syracuse University Maxwell School of Citizenship and Public Affairs, 2016).

3 For example, Yinger, an academic scholar and reform advocate, argues that, while most education cost formulas utilize a metric for free or reduced-price lunch as an indication of poverty, without student-level data, researchers cannot measure how many students face "persistent poverty"—a metric that arguably better captures the depth of poverty in some districts (Yinger, *Longitudinal Student Data and State Education Formulas*: 3).

4 John Yinger, *Longitudinal Student Data and State Education Formulas*, Policy Brief 8-2016 (Syracuse, NY: Center for Policy Research, Syracuse University Maxwell School of Citizenship and Public Affairs, 2016).

formula components) and policy reviews that critique the core principles and normative choices embedded in the Foundation Aid formula, reflecting the bridge between theory and practice in the fields of education law, finance, and reform.<sup>5</sup>

The context of the creation of Foundation Aid is important to performing a meaningful review and revision of the existing formula. To that end, this literature review begins with a general overview of school finance reform, including the changing considerations of equity that have driven state litigation and finance equalization efforts. Research on the design of school funding formulas then follows, including discussion of models for “costing-out” basic levels of education. This review then dives into the specific academic and advocacy commentary on New York State’s Foundation Aid formula, and briefly highlights some of the important research and commentary on relevant non-formula issues, such as those surrounding the state’s property tax cap. Finally, this section concludes with some highlights of research that exists on the impact of New York’s Foundation Aid formula.

## I. School Finance Reform and Changing Considerations of Equity

Funding of education as a public good and the proper distribution of state resources in support of it has long been debated. By the 1960s and 1970s, education advocates and reformers had identified that the widespread practice of funding education primarily through local property taxes had created systematic inequalities in revenue and expenditures across school districts and categories of students. Indeed, educational researchers Matthew G. Springer, Eric A. Houck, and James W. Guthrie described how, by the mid-1900s, education and finance researchers had developed an understanding that inequitable funding created a “systematic disadvantage to specific classes of students and citizens and sought to develop legal arguments to address this disparity.”<sup>6</sup> Building off the school reform efforts sparked by desegregation and the US Supreme Court’s landmark 1954 decision *Brown v. Board of Education*, legal scholars John Coons, William Clue, and Stephan Sugarman and educational researcher Arthur Wise placed the inequality within the constitutional rights-based framework of the Civil Rights Movement.<sup>7, 8</sup>

The resulting wave of school financing reform (SFR) litigation was predicated on state constitutional provisions promising a free, quality K-12 public education as a public right. State litigation accelerated following the California Supreme Court’s 1971 ruling that a property tax-based education funding system violated that state’s constitution.<sup>9</sup> The United States Supreme Court’s ruling in *San Antonio v. Rodriguez* in 1972, however, refused to find federal constitutional grounds to invalidate such systems.<sup>10</sup> Thus, the push for a rights-based rationale for SFR became driven by state courts and was based on state constitutional grounds. Educational equity, in other words, has been recognized

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5 For a framework for the different types of review of state funding formulas, see Jim Pinkard, et al., *The Funding Formula Review Process Guidance and Best Practices* (Washington, DC: State Higher Education Executive Officers Association (SHEEO), 2022), [https://sheeo.org/wp-content/uploads/2022/08/SHEEO\\_FundingFormula.pdf](https://sheeo.org/wp-content/uploads/2022/08/SHEEO_FundingFormula.pdf).

6 Matthew G. Springer, Eric A. Houck, and James W. Guthrie, “History and Scholarship Regarding U.S. Education Policy Research,” in *Handbook of Research in Education Finance and Policy*, 2nd ed., eds. Helen F. Ladd and Margaret E. Goertz (New York, NY: Routledge, 2015): 10.

7 John Coons, William Clue, and Stephan Sugarman, *Private Wealth and Public Education* (Cambridge MA: Harvard University Press, 1970).

8 Arthur Wise, *Rich Schools, Poor Schools: The Promise of Educational Equality* (Chicago, IL: University of Chicago Press, 1970).

9 *Serrano v. Priest* 1971, 5 Cal.3d 584.

10 *San Antonio Independent School District v. Rodriguez*, 411 U.S. 1 (1973) <https://supreme.justia.com/cases/federal/us/411/1/>.

as a fundamental right at the state level, but has not been recognized as a federal *constitutional* right. Despite this, litigants continue to challenge education funding inadequacies and inequities under civil rights statutes granting federal protection to protected classes.

The quest for equity has been the guiding principle of modern education finance reform. The aspect of equity to which reform is targeted is complex and has evolved from a focus on equalized spending to ensuring educational adequacy and efficiency.

## Equity-Based Reform

According to educational researchers Robert Pecorella and William Duncombe, “increased educational equity through state intervention had been the model in New York for decades.”<sup>11</sup> Additionally, New York’s own researchers Philip Gigliotti and Lucy C. Sorenson provided an overview of the periods of school financing Reform (SFR) efforts as commonly divided into a First Wave, focused on “equalizing educational expenditures between districts,” and a Second Wave (or series of reforms) that “attempted to deliver supplemental resources to low-performing districts to account for high need students populations.”<sup>12, 13</sup>

The first wave of SFR was focused on the concept of **Horizontal Equity** (or the equal treatment of equals) and focused on achieving funding parity between districts as measured by per-pupil funding and expenditures. Originated by Coons, Clue, and Sugarman in 1969 and defined by Berne and Stiefel in 1984, the concept of **Fiscal Neutrality** maintained that “variations in district funding should not be a function of the wealth of the community in which the child lives.” Researchers Lois Wilson and Joan Gavrilik describe horizontal equity then as that all children of the state receive equal available resources by “assuming they have equal need.”<sup>14</sup> Researchers have noted that the concept of horizontal equity, particularly in financial input, is more readily understood and empirically verifiable, but argue that it is illusory, as students have different levels of need to get to the minimum outcome standards.

The seminal 1984 work by Berne and Stiefel opened research on how to measure equity beyond mere dollar amounts.<sup>15</sup> In measuring equity, research has focused on 1) inputs to school, 2) resources purchased with those inputs, 3) educational processes, and 4) outcomes. Early equity studies focused on the first of these (per-pupil spending at district level). These studies were largely descriptive or correlational, with very little cross-state research and lacking comparisons between public to private systems of education.

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11 Robert F. Pecorella and William Duncombe, “State Education Aid in New York in the Wake of the Campaign for Fiscal Equity Decision,” in *Governing New York State*, eds. Robert F. Pecorella and Jeffrey M. Stonecash, (New York: SUNY Press, 2012): 236.

12 Philip Gigliotti and Lucy C. Sorenson, “Educational resources and student achievement: Evidence from the Save Harmless provision in New York State,” *Economics of Education Review* 66 (2018): 167.

13 Koski and Hahnel divide SFR litigation into three waves, the last two of which align with Gigliotti and Sorenson’s equity wave (which Koski and Hahnel bound as 1973-1989) and the adequacy wave (1989–present). Their first wave represents efforts to challenge state education systems under the equal protection doctrine of the federal constitution 1970-1973 that was effectively quashed by the US Supreme Court’s ruling in *San Antonio Independent School District v. Rodriguez* (William S. Koski and Jesse Hahnel, “The Past, Present, and Possible Futures of Educational Finance Reform Litigation,” in *Handbook of Research in Education Finance and Policy, 2nd ed.*, eds. Helen F. Ladd and Margaret E. Goertz (New York, Routledge, 2015): 45-8).

14 Lois Wilson and Joan Gavrilik, “Education Aid in New York State: Targeting Issues and Measures,” *Publius* 19, no. 2 (1989): 102.

15 Robert Berne and Leanna Stiefel, *The Measurement of Equity in School Finance: Conceptual, Methodological, and Empirical Dimensions* (Baltimore, MD: The Johns Hopkins University Press, 1984).

The concept of **Vertical Equity**—unequal treatment of unequals—popularized during the Second Wave of SFR, captures the idea that different categories of student needs based on such factors as their economic and family backgrounds, English language proficiency, poverty level, etc., require different resource levels to achieve the same standards.<sup>16</sup> Vertical equity is recognized in the academic literature as a more contestable concept, one that is a matter of preference and discernment rather than precise scientific measurement (see [“Pupil Needs Index”](#) discussion later in this report).

Educational researchers Bruce Baker and Preston Green III recognize that competing concepts of equity are drawn from two distinct disciplines: legal theory and tax theory. Legal theory establishes educational equity as a constitutional or statutory right, imposing an affirmative obligation on the government to provide the right on an equal basis. Tax policy suggests two possible answers as to who should “pay” for the achievement of education equity: those who receive the reward (benefit theory) or those who have the capacity (ability). How progressive an education funding system is in terms of directing funding to those with less capacity or higher need similarly depends on subjective policy choices.<sup>17</sup>

New York State’s adoption of Foundation Aid in 2007 was influenced by academic research that advocated for a performance-based formula that would channel greater resources to students and school districts with higher needs and lower resource capacity. As the New York State Board of Regents explained it, the “shift from equity to adequacy in school finance” was “driven by an emerging consensus around high minimum outcomes as the orienting goal of both policy and finance.”<sup>18</sup> This shift was targeted toward the “greater equalization of academic outcomes (not resource inputs) so that all children are provided the opportunity to receive an education, which will subsequently allow them to lead meaningful and productive adult lives.”<sup>19</sup> Or, as more broadly defined by education and public administration researchers William D. Duncombe and John Yinger, adequacy refers to the funding necessary to provide a minimum level of education,<sup>20</sup> and therefore it “must be measured against a standard.”<sup>21</sup> Although states have not embraced uniform educational standards, school financing reform has overwhelmingly trended toward ensuring educational adequacy.

## Adequacy-Based Reform

Educational researchers Guy Baniki and Gregg Murphy and other scholars argue that vertical equity provided an “intermediate step” in moving from SFR that was focused on equity to reforms based on the concept of **Adequacy**—an approach that “seek[s] to find the link between inputs and outputs, that is,

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16 See, for example: Wilson and Gravrilik, “Education Aid in New York State: Targeting Issues and Measures”; Berne and Stiefel, *The Measurement of Equity in School Finance: Conceptual, Methodological, and Empirical Dimensions*; Robert K. Toutkoushian and Robert S. Michael, “An Alternative Approach to Measuring Horizontal and Vertical Equity in School Funding,” *Journal of Education Finance* 32, no. 4 (Spring 2007): 395-421, <https://www.jstor.org/stable/40704304>; Helen F. Ladd and Edward B. Fiske, eds., *Handbook of Research in Education Finance and Policy* (Routledge, November 2007).

17 Bruce D. Baker and Preston C. Green, “Conceptions of Equity and Adequacy in School Finance,” in *Handbook of Research in Education Finance and Policy*, 2nd ed., eds. Helen F. Ladd and Margaret E. Goertz, (New York, NY: Routledge, 2015): 233.

18 *New York State Board of Regents Proposal on State Aid to School Districts For School Year 2010-11* (Albany, NY: New York State Education Department, 2010): 37. n.7.

19 *Ibid.*, 37.

20 William D. Duncombe and John Yinger, “School Finance Reform: Aid Formula and Equity Objectives,” *National Tax Journal* 51, no. 2 (June 1998): 239-63, <https://eric.ed.gov/?id=EJ566034>.

21 Mike Boone, “Equity and Adequacy: Philosophical, Technical, and Political Issues,” *Journal of Philosophy & History of Education* 59 (July 2009): 82.



a link between funding level and student performance.”<sup>22, 23, 24, 25</sup> Adequacy-based reform thus shifted focus from ensuring equal per-pupil inputs and expenditures across districts to ensuring adequate funding to achieve equal student outcomes while assuming different student needs. In conjunction with this shift, the academic research underlying SFR began to suggest state formula revision that would address “the achievement of outcome equity objectives.”<sup>26</sup>

While there is still a lingering academic debate between equity and adequacy approaches, researchers Thomas Downes and Leanna Stiefel explain that adequacy models are clearly prominent.<sup>27</sup> Moreover, some scholars argue that the pursuit of vertical adequacy will result in horizontal equity among similarly situated peers. Yet, the two goals of horizontal and vertical adequacy may conflict, particularly “if the state does not restrict spending by wealthy districts from their own funds, then some standards of equity would be violated.”<sup>28</sup>

With this shift from funding based on input (per-pupil assistance as adjusted by formula) to outcomes (funding adequate to meet performance) came a shift in the academic literature. Baker and Green, for example, focused on which outcome standards should be used and which model should be used for costing out sufficient funding for all students to achieve a sound, basic (or adequate) education.<sup>29</sup> Whereas equity-based reforms were focused on reducing funding disparities, typically measured on district comparisons of per pupil assistance or expenditures, adequacy-based reform is focused on making sure districts are spending enough to provide an adequate baseline education—it is less concerned with gaps or differences among districts spending above the “sound, basic education” (SBE) established minimum, and more concerned with targeting state aid to fill the gaps to meet the adequacy threshold. Adequacy-based reform is progressive in that it targets low-performing school districts—those less able to meet state adequacy standards through local funding—with enhanced state aid to bring students in those districts to a determined level of adequacy.

## Efficiency-Based Reform

Outcomes-based adequacy reform has further extended to academic inquiry on the effectiveness of state education funding programs regarding the efficient use of public funding. According to *Springer et al.*, “**Efficiency** as a concept focuses on the relationship between spending and educational processes and outcomes.”<sup>30</sup> This body of research addresses the question of whether money matters, and the degree to which district or school-level decisions make the most effective use of education dollars received. As discussed in more detail below, the current consensus from this body of research is that increased spending does improve short- and long-term educational outcomes, particularly for low-income students, and that SFR efforts were effective in reducing performance gaps between low- and high-income students. Other scholars, including Julien Lafortune, Jesse Rothstein, and D.W.

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22 Guy Banicki and Gregg Murphy, “Adequacy Model for School Funding,” *Research in Higher Education Journal* 23 (2020): 10.

23 William Clune, “The Shift from Equity to Adequacy in School Finance,” *Educational Policy* 8, no. 4 (1994): 376-94.

24 Julie K. Underwood, “School Finance Adequacy as Vertical Equity,” *University of Michigan Journal of Law Reform* 28 (1995): 493-519.

25 David Conley and Lawrence Picus, “Oregon’s Quality Education Model: Linking Adequacy and Outcomes,” *Educational Policy* 17, no. 1 (2003): 586-612.

26 Duncombe and Yinger, “School Finance Reform: Aid Formula and Equity Objectives.”

27 Thomas A. Downes and Leanna Stiefel, “Measuring Equity and Adequacy in School Finance,” in *Handbook of Research in Education Finance and Policy*, eds. Helen F. Ladd and Margaret E. Goertz (New York, NY: Routledge, 2015): 244-59.

28 *Ibid.*, 256.

29 Baker and Green, “Conceptions of Equity and Adequacy in School Finance.”

30 Springer, Houck, and Guthrie, “History and Scholarship Regarding U.S. Education Policy Research”: 13.

Schanzenbach (2016), and C. Kirabo Jackson, Rucker Johnson, and Claudia Persico (2016), and C. Kirabo Jackson and Claire Mackevičius (2024) further investigate the differential effects of the timing of education investments.<sup>31, 32, 33</sup>

The efficiency focus is also tied to federal and state accountability efforts—that is, the desire to hold recipients of education funding aid accountable for wise spending decisions. Similarly, federal and state programs with efficiency oriented goals have linked accountability programs with incentives, intended to encourage district and school consolidation or to adopt best practices. One such incentive structure is matching grant funding, which incentivizes local funding contributions with state grants. As Deborah Cunningham, an expert on New York State school finance and policy explains it, New York’s Foundation Aid “linked State Aid to a level of achievement, which was defined as the Regents learning standards,” establishing “an expectation that using state and local funds to provide this education foundation, if properly managed, would result in a given level of student results.”<sup>34</sup>

Downes and Stiefel point out that “schools, like districts, are not necessarily cost-minimizing organizations. As such, they may not operate efficiently.”<sup>35</sup> Accounting for the relative efficiency of districts has been notoriously hard for researchers to capture. Indeed, “no widely accepted method exists.”<sup>36</sup> These researchers review several of the methods used, including Downes’s and Pogue’s (1994) fixed-effects estimation methodology as a potential indirect measure, and Duncombe’s (2002) use of data development analysis, concluding that “no consensus on the best approach has yet emerged and far more work...is needed.”<sup>37</sup>

## Rights-Focused Reform and Research

Education researcher Drew Atchinson explained the shift that occurred in the 1980s from an equity-based approach to an adequacy-based approach in the study and advocacy around public education funding,<sup>38</sup> and noted that much of the education reform literature in the 1990s-to-2007 period established a legal rationale on which to reform state funding systems through litigation. The legal arguments were bolstered by empirical research demonstrating: 1) inequities in per-pupil funding and expenditures across districts; and 2) a related achievement gap between low- and high-needs

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31 Julien Lafortune, Jesse Rothstein, and D.W. Schanzenbach, “Can school finance reforms Improve student achievement?” Washington Center for Equitable Growth, March 16, 2016, <https://equitablegrowth.org/can-school-finance-reforms-improve-student-achievement/>.

32 C. Kirabo Jackson, Rucker C. Johnson, and Claudia Persico, “The Effects of School Spending on Educational and Economic Outcomes: Evidence from School Finance Reforms,” *Quarterly Journal of Economics* 131, no. 1 (2016): 157-218.

33 C. Kirabo Jackson and Claire L. Mackevičius, “What Impacts Can We Expect from School Spending Policy? Evidence from Evaluations in the United States,” *American Economic Journal: Applied Economics* 16 no. 1 (2024): 412-46.

34 Deborah H. Cunningham, *State Aid to School Districts in New York State: An Overview Based on the Laws of 2014* (Albany: New York State State Association of School Business Officials, August 2014): 9, [https://cdn.ymaws.com/www.asbonewyork.org/resource/resmgr/reports/1424461996\\_primer\\_\(1\).pdf](https://cdn.ymaws.com/www.asbonewyork.org/resource/resmgr/reports/1424461996_primer_(1).pdf).

35 Downes and Stiefel, “Measuring Equity and Adequacy in School Finance.”

36 Ibid., 253.

37 Imazeki and Reschovsky (2004) note that “the measurement of school district efficiency using these statistical methods is, how-ever, highly sensitive to the way that school district output is measured.” Jennifer Imazeki and Andrew Reschovsky, “Is No Child Left Beyond an Un (or under) funded Federal Mandate? Evidence from Texas,” *National Tax Journal* 57 no. 3 (2004): 577. See also, William Duncombe, Phuong Nguyen-Hoang, and John Yinger, “Measurement of Cost Differentials,” in *Handbook of Research in Education Finance and Policy*, eds. Helen F. Ladd and Margaret E. Goertz (New York: Routledge, 2015): 73.

38 Drew Atchinson, “Forgotten Equity: The Promise and Subsequent Dismantling of Education Finance Reform in New York State,” *Education Policy Analysis* 27, no. 143 (2019).

districts, particularly urban districts with high concentrations of poor and minority students. As noted, the pathway for education finance reform evolved to go through state constitutional provisions and state-level promises of free and universal education.

As in nearly 30 other states, a legal, normative argument predicated on a state constitutional right to a sound, basic education provided the impetus for reforming New York State’s educational funding system.

As in nearly 30 other states, a legal, normative argument predicated on a state constitutional right to a sound, basic education provided the impetus for reforming New York State’s educational funding system.

In New York, a large and diverse state with regional economic differences, the traditional reliance on local revenue for funding education has historically resulted in significant funding and spending variation among its hundreds of school districts. These variations stand in tension with the state-level obligation to provide equal educational opportunities to all residents. Consider, for example, a 1925 New York State legislative report that captured dueling philosophies of New York State’s responsibility in providing equity to students versus providing equity to the taxpayers alongside the protection of local spending prerogative:

It may be accepted as a principle of democracy that the education of its youth is the duty and responsibility of the State; that *the State should make available for every child a satisfactory educational opportunity*; and that the cost of this satisfactory minimum *should fall equitably upon the taxpayers of the State*. [But it is also] understood that the application of this principle should in no case bar any *community from providing an educational program more extensive than the accepted state-wide minimum program*.<sup>39</sup>

This report noted that, even then, the existing state formulas for the distribution of funds were regularly recognized as and criticized for being excessively complicated, politically dictated, and entirely ineffective in achieving the primary goal of “equalizing support of education across the state.”<sup>40</sup> Thus, as long as one hundred years ago, the state legislature was being called upon to “sweep away the present conflicting standards of distribution and establish a subvention policy”—that is, to create a state foundation aid system—that would ameliorate the stark and growing inequalities between school districts in terms of their funding and expenditures.<sup>41</sup>

Philosophically, scholars Robert Pecorella and William Duncombe argue that “increased educational equity through state intervention had been the model in New York for decades.”<sup>42</sup> Harold Levine, another education expert, described how “Public education has been studied, analyzed, and scrutinized by

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*As in nearly 30 other states, a legal, normative argument predicated on a state constitutional right to a sound, basic education provided the impetus for reforming New York State’s educational funding system.*

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39 *State Aid for the Public Schools in the State of New York: Special Joint Committee on Taxation and Retrenchment of the Legislature of the State of New York, January 15, 1925* (Albany, NY: New York State Legislature, 1925): 21, <https://babel.hathitrust.org/cgi/pt?id=coo.31924013107549&seq=3>. 21, emphasis added.

40 *State Aid for the Public Schools in the State of New York: Special Joint Committee on Taxation and Retrenchment of the Legislature of the State of New York, January 15, 1925*.

41 *Ibid.*, 10.

42 Pecorella and Duncombe, “State Education Aid in New York in the Wake of the Campaign for Fiscal Equity Decision.”

practically every state administration in the 20th century.”<sup>43</sup> ([Appendix C](#) includes information on a selection of the study commissions referenced in this literature review.)

In the practical task of distributing state funding in support of education, “school aid formulas in New York State have tended to evolve through a process of incremental change characterized by slow growth, punctuated by occasional reforms,” according to James Kadamus a former Deputy

Commissioner at the New York State Education Department (NYSED).<sup>44</sup> This evolution has been challenged by the difficulty in operationalizing abstract concepts and balancing conflicting policy goals and intergovernmental tension in such a large, diverse state. Ultimately, “school aid decisions reflect political judgments. They also reflect assessments about equity.”<sup>45</sup>

New York State has a long history of equalization efforts in the state education aid formulas that predates the creation of Foundation Aid in 2007.

It is important to note here that New York State has a long history of equalization efforts in the state education aid formulas that predates the creation of Foundation Aid in 2007. In a 2002 policy brief, five years prior to the adoption of Foundation Aid, Kadamus provided an overview of the quest for educational equity in New York State.<sup>46</sup> He traces the quest for equity back to the creation of the Common School Law of 1812 and Free School Law of 1849. Indeed, New York was among the “first states in the nation to establish a free and universal public school system.”<sup>47</sup> To fund it, a statewide school tax was introduced in 1851 (although it was eventually repealed in 1901). The first attempt to equalize state aid was the 1925 Cole Rice Law that “redistribute[d] school funds from wealthy districts to those areas of the State that were experiencing financial difficulties...”<sup>48</sup>

New York’s state aid formulas were revised in 1945 and 1948 to address inequalities among central school districts. Under the 1947 Master Plan for School District Reorganization and the Reorganization Incentive Aid,<sup>49</sup> the number of school districts underwent “a massive reduction from the 5,050 districts in existence at the end of World War II.”<sup>50</sup> Revisions in 1962 and 1972 were targeted toward cities that were “suffering from decreasing populations and shrinking tax bases” and required more special programming.<sup>51</sup> The school consolidation movement was another effort to try to equalize both educational opportunities and standards.

State education aid funding grew in the 1980s, accompanied by enhanced accountability and state-required conditions in the receipt of categorical aid. Between 1978 and 1989, New York State began to enforce a wealth-equalization policy direction by targeting greater operational aid to low-wealth

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*New York State has a long history of equalization efforts in the state education aid formulas that predates the creation of Foundation Aid in 2007.*

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43 Harold Levine, “The Harm of ‘Save Harmless,’” *New York Times*, May 23, 1976.

44 James A. Kadamus, *Formula Allocation for Schools: Historical Perspective and Lessons from New York State*, prepared for the National Academy for Sciences panel on Formula Allocation (Albany, NY: New York State Education Department, March 2002) :1.

45 Wilson and Gravrilik, “Education Aid in New York State: Targeting Issues and Measures”: 102.

46 Kadamus, *Formula Allocation for Schools: Historical Perspective and Lessons from New York State*: 5.

47 Pecorella and Duncombe, “State Education Aid in New York in the Wake of the Campaign for Fiscal Equity Decision.”

48 Kadamus, *Formula Allocation for Schools: Historical Perspective and Lessons from New York State*: 5.

49 Chapter 745, Laws of 1965.

50 Kadamus, *Formula Allocation for Schools: Historical Perspective and Lessons from New York State*: 6.

51 *Ibid.*, 5.

districts, first using a Combined Wealth Ratio (CWR) as a proxy for fiscal capacity, although the CWR was not to capture actual spending or actual tax effort at the local level. The blend of categorical grants, state-funded capital financing for building aid, and operational aid, all “serve[d] competing policy goals. Thus, wealth-equalizing formulas coexist with other aid formulas that drive aid to all districts regardless of wealth.”<sup>52, 53</sup>

Provisions known as “Save Harmless” (or “Hold Harmless”) were introduced in the 1970s to ensure fiscal stability for school districts. According to Kadamus: “In New York State, save-harmless provisions have been varied and generous. By 1976-77, all but seven school districts in the State received state aid through ‘save-harmless’ provisions, thus reducing the equalizing effects of various state aid formulas.”<sup>54</sup> Moreover, legislative intervention, the imposition of caps, and save-harmless provisions all were used by state policymakers to buffer abrupt losses in state aid for districts.

The legislatively-created Blue Ribbon Salerno Commission of the 1980s called for the consolidation and simplification of aid formulas and success-based aid.<sup>55</sup> By the 1990s, the trend of growing education spending stalled due to economic downturns and the introduction of deficit reduction measures that decreased funding for schools. As state aid was reduced, districts sought greater mandate relief.

In 1993, there was “a significant change in New York State education aid formulas with respect to need” as the state began adjusting aid levels for school district demographic factors such as poverty rates and the number of English Language Learners (ELL), costly challenges to education that were deemed outside of a district’s control.<sup>56</sup> By emphasizing the “importance of measuring school districts’ educational burden as well as each district’s ability to pay in allocating state aid,”<sup>57</sup> the state thus targeted increased aid to high-need and low-fiscal capacity districts. The exception to this pattern was in funding for New York City, “which ha[d] very high student poverty and average fiscal capacity.”<sup>58</sup>

Kadamus noted that state financial concerns resulted in the 1993 reforms being slowly phased in—a recurring theme that was to impact Foundation Aid significantly. “The 1993-94 enactment of transition adjustment is a case study of how politics have impacted school finance” and a “strong tendency to spread the wealth,” he said.<sup>59</sup> By the late 1990s, state education funding had accelerated even as operational aid decreased in favor of incentivizing local districts to increase their own contributions through “spend-to-get” formulas in the form of categorical aids, such as Building Aid, Transportation Aid, and Excess Cost Aid for special education. These equalization efforts, however, were disrupted by the economic downturn following the terrorist attacks of September 11, 2001.<sup>60</sup>

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52 Ibid.

53 Equalized Aid represented formula-based funding that was based on relative wealth or the resource needs and capacity of school districts. Unequalized Aid describes funding dollars that are distributed equally to districts regardless of relative wealth or capacity, typically via categorical grants or non-formula-based aid programs.

54 Kadamus, *Formula Allocation for Schools: Historical Perspective and Lessons from New York State*, 7.

55 Ibid., 12.

56 The concept of student need that guided Regents’ policy and legislative recommendations in this period included 1) English Language Learner (ELL) counts as a “significant, albeit small, factor in the assessment of school district pupil need.” 2) recognition of Free and Reduced-Price Lunch Plans (FRPL) as positively correlated with need/economic stress; and 3) the impact of concentrated poverty on student performance and the cost of providing extra assistance (Kadamus, *Formula Allocation for Schools: Historical Perspective and Lessons from New York State*: 14).

57 Kadamus, *Formula Allocation for Schools: Historical Perspective and Lessons from New York State*: 12.

58 Ibid., 13.

59 Ibid., 14.

60 Ibid., 18.

The Campaign for Fiscal Equity’s (CFE) litigation at the turn of the millennium ushered in a new era of education funding strategy for New York State (see the chapter “New York State’s Evolution to Foundation Aid” in this report for a full discussion of the legal and political action surrounding these lawsuits), creating the impetus for the enactment of the state’s Foundation Aid formula.

A 2004 Symposium on Education Finance and Organizational Structure in New York State Public Schools convened state policy experts to address equity concerns considering the first *CFE* ruling in 2003.<sup>61</sup> The presenters, including scholars David Monk and Jim Wyckoff, documented the concentration of low-performing students in relatively few school districts, 75 percent of which were in New York City, and 14 percent in other “Big 4” cities. “Even though almost half of the low performing schools are in urban districts, fewer than half of all urban schools are in this lowest performing group,” and noting what they felt was a lack of targeting to these disadvantaged districts.<sup>62</sup> A synthesis of the 2004 Symposium on Education Finance and Organizational Structure in New York by Monk and Wyckoff, who were the symposium’s co-chairs, made recommendations on how to target low-performing students through the state finance system.<sup>63</sup>

Researcher Stephanie Ashley noted what she characterized as the state’s failure to carry out its education obligation because of the freezing of Foundation Aid funding, the imposition of the “Gap Elimination Act,” and the delay of the full phase-in of the formula’s aid package, with political leaders using what she termed a “recession excuse.”<sup>64</sup> Ashley addresses the need for both state-level and district-level reforms, including state supervision of individual New York City districts and the school-level allocation of resources to ensure the equity envisioned by the Foundation Aid formula.<sup>65</sup> “The city must address discrepancies in school-level allocation and how students are selected to attend particular public schools to ensure the implementation of CFE funding improves educational adequacy in the city’s low-performing schools.”<sup>66</sup> Ashley concludes that until the state and city overhaul funding to address underfunded, mismanaged, and failing schools, New York City students will not acquire the skills identified by the CFE court as reflective of a sound, basic education (i.e., to become productive, self-supporting citizens).<sup>67</sup>

In testimony to New York State Senate education and budget subcommittees, a senior researcher at the Learning Policy Institute argued that “we have, in effect, not one but two public school systems in New York; one for students living in stable communities with sufficient resources to provide a sound, basic education and another located in communities of concentrated poverty, which are quite often also communities of color.”<sup>68, 69</sup>

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61 Thomas Downes, “What is Adequate? Operationalizing the Concept of Adequacy for New York,” Tufts University, February 2004; Jon Sonstelie, “Financing Adequate Resources for New York Public Schools,” UC Santa Barbara; Ross Rubenstein, Amy Ellen Schwartz, and Leanna Stiefel, *From Districts to Schools: The Distribution of Resources Across Schools in Big City Districts* (Albany, NY: New York State Education Department, 2004).

62 David Monk and Jim Wyckoff, “Symposium on Education Finance and Organizational Structure in New York State Public Schools a Synthesis,” 2004: 2.

63 Ibid.

64 Stephen D. Ashley, “New York’s Persistent Denial of New York City Educational Rights: Ten Years After Campaign for Fiscal Equity v. New York,” *Seton Hall Law Review* 47 (2017): 1058-64.

65 Ibid., 1064-5.

66 Ibid., 1074.

67 Ibid., 1075.

68 Peter W. Cookson, Learning Policy Institute, Testimony to New York State Senate Standing Committees and Education and Budget and Revenues, December 3, 2019, [https://www.nysenate.gov/sites/default/files/panel\\_9-peter\\_cookson\\_jr.-learning\\_policy\\_institute\\_0.pdf](https://www.nysenate.gov/sites/default/files/panel_9-peter_cookson_jr.-learning_policy_institute_0.pdf).

69 The remark echoed a similar statement made by then gubernatorial candidate Andrew Cuomo in the 2009 New York State gubernatorial debate.

In 2020, the New York Advisory Committee on Civil Rights determined that “while Foundation Aid generally is perceived by educators, government officials, and advocates as grounded in good intentions, it is also universally viewed as riddled with flaws, plagued by political compromise, underfunded and unrealized in its original vision, leaving New York with an inequitable school funding system that discriminates against the poor and, in particular, Black and Latinx children.”<sup>70</sup> Their bottom-line conclusion is that “New York has an inequitable school funding system that discriminates against the poor and particularly Black and Latinx children.”<sup>71, 72</sup> Yinger concurs: The disparities in student performance “violate widely held principles of equal opportunity and fair treatment for children in different racial and ethnic groups.”<sup>73</sup>

Michael Rebell, a Professor of Law and Educational Practice at Columbia University Teachers College and the chief strategist behind the *CFE* litigation, maintains that New York State has failed to implement the constitutional promise recognized in the *CFE* ruling. He argues that fiscal constraints and economic downturns do not release states from their constitutional obligations, and states his claim that federal and state constitutional doctrine impose an affirmative obligation on states to provide a sound, basic education to all public-school children. “...All of the courts that have considered cases involving reductions in education funding in the past have endorsed the well-established constitutional doctrine that constitutional rights must be upheld despite the states’ fiscal circumstances,” he notes.<sup>74</sup>

In 2016, the Campaign for Fiscal Equity organization issued a series of policy briefs arguing for enhanced policies to ensure and document compliance that they argue is research-based, recommending state policy actions and regulatory revisions they deem necessary to achieve the constitutional promise of an SBE.<sup>75</sup> Researchers Anthony Creswell’s and Sharon Dawes’s 2004 research is similarly focused on the type of data and information systems needed to ensure accountability.<sup>76</sup>

In 2022, Rebell, now with research partner Jessica Wolff, called for a standing committee on education funding that would evaluate a “new comprehensive cost methodology that is grounded in evidence of best practices in New York State, the judgment of distinguished New York State Educators, and New York State’s Constitutional requirements.”<sup>77</sup> While they acknowledge the achievement of full

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70 *Education Equity In New York: A Forgotten Dream* (Chicago, IL: New York Advisory Committee to the US Commission on Civil Rights, February 10, 2020): vi, <https://www.usccr.gov/files/pubs/2020/02-10-Education-Equity-in-New-York.pdf>.

71 The report notes that “Because of the time needed for such a case to work its way through the legal system, the more viable approach to righting the existing inequities would be either for the State to legislate or the Office of Civil Rights of the US Department of Education to enforce Title VI of the Civil Rights Act of 1964. State legislation could include, at minimum, fully funding Foundation Aid, a significant funding increase to the neediest schools, a revision to the Foundation Aid formula and a right of private litigants to sue based on disparate impact in the provision of educational resources. At the same time, the Office of Civil Rights should investigate the inequitable funding in New York State.” (*Education Equity In New York: A Forgotten Dream*: 145).

72 *Education Equity In New York: A Forgotten Dream*: 142.

73 John Yinger, *How Equitable is the Educational Finance System in New York State?* Policy Brief No. 54/2019 (Syracuse, NY: Center for Policy Research, Maxwell School of Citizenship and Public Affairs, Syracuse University, 2019): 4.

74 Michael A. Rebell, “Safeguarding the Right to a Sound Basic Education in Times of Fiscal Constraint,” *Albany Law Review* 75, no. 4 (2012): 1875.

75 *Students’ Constitutional Right to a Sound Basic Education: New York’s Unfinished Agenda* (New York, NY: Center for Education Equity, Teachers College, Columbia University, November 2016). See “Part 4: Ensuring Resource Accountability” that touches on a body of literature to ensure standardized education accountability.

76 Anthony M. Creswell and Sharon Dawes, “The Information Dimension of Education Financing Decisions: Data Needs, Systems and Strategies,” in *Symposium on Education Finance and Organizational Structure in New York State*, March 2004.

77 Michael A. Rebell and Jessica R. Wolff, “Ensuring the Future of Fair School Funding: A Proposal to Establish a Permanent Commission to Guarantee a Sound Basic Education for All New York Students,” Center for Educational Equity, 2022.

funding of Foundation Aid, they believe the necessary question is “what’s next?” In their view, the current formula is not adequate to fulfill the constitutional promise. “Over the years, it has been manipulated and distorted,” they say about the Foundation Aid formula.<sup>78</sup> Rebell and Wolff argue for the creation of a permanent SBE commission, continuous monitoring and reporting of progress, and a replacement of the “outdated” Successful Schools model (see further discussion below) of costing-out an SBE. “Although ultimately the governor and the legislature have the legal authority to determine appropriations and enact and modify a funding formula, their decisions should be guided by the commission’s deliberations, recommendations, and oversight. Such a commission would also bolster public confidence in and support for the maintenance of an equitable and adequate state education finance system,” they say.<sup>79</sup> Rebell and Wolff also note that there have been more than 100 studies by economists and fiscal policy experts undertaken in a dozen states, studies that use four models of estimating costs: the Professional Judgment method; the Evidence-Based approach; the Cost-Function method; and, the Successful Schools model.<sup>80</sup> They implore New York State to follow the lead of these states.

Other scholars argue that New York State is already spending too much on education relative to other states, and claim that this high level of education spending leads to inefficiencies in district use of funds and an over-burdening of taxpayers.<sup>81, 82, 83, 84</sup> In their view, the success of reform should not be measured by increased funding, but in translating expenditures to higher performance, bringing New York more in line with higher-efficiency, lower-spending states. Additional discussion of this topic is found in the “money matters” sections further below.

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78 Ibid., 4.

79 Ibid., 6.

80 Ibid., 11.

81 Matt Barnim and Reema Amin, “New York schools see a big disconnect between spending and test scores. Why?” *Chalkbeat*, August 26, 2022, <https://www.chalkbeat.org/newyork/2022/8/26/23319844/new-york-school-spending-test-scores-disconnect/>.

82 Chris Edwards, “New York’s Skyscraping School Spending,” Cato Institute, May 24, 2024, <https://www.cato.org/blog/new-yorks-skyscraping-school-spending>.

83 Ken Girardin, “More Is Never Enough. NY’s School Spending,” *Empire Center Report*, March 18, 2024, <https://www.empirecenter.org/publications/more-is-never-enough/>.

84 E. J. McMahon, “NY School Spending Led All US by Record Margin in 2021-22,” *Empire Center Report*, April 26, 2024, <https://www.empirecenter.org/publications/ny-per-pupil-school-spending-led-all-us-by-record-margin-in-2021-22/#:~:text=Public%20elementary%20and%20secondary%20school,pandemic%20decline%20in%20pupil%20performance>.



## II. Formula Design Literature

There is a substantial body of literature on state foundation aid programs, encompassing formula design, technical considerations, equity issues, and more.<sup>85</sup> Experts Thomas A. Louis, Thomas B. Jabine, and Marisa A. Gerstein, focusing on statistical issues, provide an overview of major design considerations. The researchers address the challenges faced when attempting to translate policy objectives into an operational aid formula.<sup>86</sup> They note that “when funds are allocated according to a formula, there is no guarantee that objectives will be fully met. In particular, properties of data sources and statistical procedures used to produce formula inputs can interact in complex ways with formula features to produce consequences that may not have been anticipated or intended.”<sup>87</sup>

New York-based education finance scholar John Yinger notes that choices and changes in the formula can lead to changes in school district behavior, thereby creating incentive problems that thwart the designers’ intent.<sup>88</sup> He breaks the design of a foundation aid formula into four major questions. The first major question is determining “how much spending is adequate?” As addressed above, the answer to this question typically is determined by the state’s definition of an SBE, using defined standards against which adequacy is measured. Academic literature focused on formula design largely identifies four major models for the costing-out of an SBE (discussed further below), and the selection of which costing-out model to use substantially affects the baseline amount per pupil that results. Much of the research here tends to focus exclusively on the theoretical and empirical question from the perspective of educational considerations or legal expectations. That is, fiscal constraints or political considerations are not factored into the design of the model, although it is recognized that the implementation and funding of the formula will eventually be impacted by political and fiscal considerations. And, as Yinger and others note, it is these impacts during the implementation of a foundation aid formula by politicians, school districts, and others that often mutate the original intent.

The second major question is determining if, and how, the base minimum SBE spending level should be adjusted for varying educational costs.<sup>89</sup> Among the drivers of differential costs are the regional economic and labor markets and pupil needs (such as the number of students in poverty, those requiring English language learning services, students with special needs, etc.). Most formulas recognize that some “...cost adjustment is needed to combine a performance definition of education with an

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85 For early research on funding formulas and practical advice on initial formula design, see: Bruce D. Spencer, “Technical Issues in Allocation Formula Design,” *Public Administration Review* 42 (1982): 524-9; Thomas B. Jabine, Thomas A. Louis, and Allen L. Schirm (eds), *Choosing the Right Formula: Initial Report* (Washington, DC: The National Academies Press, National Academies of Sciences, Engineering, and Medicine, 2001), <https://nap.nationalacademies.org/catalog/10178/choosing-the-right-formula-initial-report>; Thomas A. Louis, Thomas B. Jabine, and Marisa Gerstein (eds), *Statistical Issues in Allocating Funds by Formula* \*National Research Council, 2003), <https://nap.nationalacademies.org/catalog/10580/statistical-issues-in-allocating-funds-by-formula>; Martinez-Vazquez and Bob Searle, “Challenges in the Design of Fiscal Equalization and Intergovernmental Transfers,” 2007: 3-10, [https://link.springer.com/chapter/10.1007/978-0-387-48988-9\\_1](https://link.springer.com/chapter/10.1007/978-0-387-48988-9_1). For early research on the gap between expenditure need and local capacity, see: Katherine Bradbury, et al., “State Aid to Offset Fiscal Disparities Across Communities,” *National Tax Journal* 37 (June 1984); William T. Bogart and Jon Erikson, “On the Design of Equalizing Grants,” *Publius* 19, no. 2; *Targeting by the States: The Basic Issues* (Spring, 1989): 33-46; Helen F. Ladd, Andrew Reschovsky and John Yinger, “City Fiscal Condition and State Equalizing Aid: The Case of Minnesota,” *National Tax Association-Tax Institute of America* 84 (1991): 42-9; Thomas A. Downes, and Thomas F. Pogue, “Accounting for fiscal capacity and need in the design of school aid formulas,” *Fiscal Equalization for State and Local Government Finance* (New York: Praeger), 1994: 55-83.

86 Marisa A. Gerstein, Thomas A. Jabine, and Thomas A. Louis, eds., *Statistical Issues in Allocating Funds by Formula* (Washington, DC: The National Academies Press, 2003), <https://doi.org/10.17226/10580>.

87 *Ibid.*, 7.

88 John Yinger, “State Aid and the Pursuit of Educational Equity: Lessons for New York.”

89 *Ibid.*

adequacy standard. To put it another way, high-cost school districts will not achieve adequate student performance even if they are brought up to a spending level that results in adequate performance for districts with average costs.”<sup>90</sup> The relative weight of the adjustments, whether single or tiered to capture variations within a category of need, also is determined using various methodologies. Some state formulas use evidence-based research or data, while others rely on professional judgment or draw from the practice and experience of other states. Yinger notes many cost adjustments end up being ad hoc or subject to political compromise, tending to understate the variation in educational costs or the additional assistance needed to achieve state-specified adequacy.<sup>91</sup>

The third question addresses the potential imposition of a minimum tax rate. For Yinger, a minimum tax rate is logical to ensure that a maximum local contribution is made, as “many disadvantaged districts will not levy this tax rate unless it is required.”<sup>92</sup> Differences in tax effort can reflect local willingness to spend for educational needs. In New York State, districts of the “Big Five” cities (Buffalo, Rochester, New York City, Syracuse, and Yonkers) are dependent districts, so school funding competes in the municipal budget alongside all other spending priorities. Across the state, the differences in school district communities are significantly varied and encompass very different levels of willingness to approve increased taxes for schools. But these differences can also result from the relative revenue-generating capacity of the district as well, alongside the relative regional tax burden and cost of living. Power-equalizing aid, popularized in the 1970s—where districts with the same tax rate (but not necessarily tax revenue) receive state aid in measures that result in identical per-pupil funding because the districts choose to invest the same percent of local wealth in education—linked spending to tax effort by considering actual local spending levels to calculate an anticipated local matching rate.<sup>93, 94</sup>

The fourth design or policy consideration identified by Yinger is deciding how to distribute the burden of financing the state’s spending formula.<sup>95</sup> He identifies two other tools the state may use in addition to the formula’s design: the imposition of a dedicated state sales or income tax; and, the capture of local revenue from wealthier districts for redistribution to higher-need ones.

Duncombe and Yinger also discuss what kind of school funding may be more appropriate to deliver outside of the formula, in other words as categorical aid.<sup>96</sup> They suggest several circumstances in which categorical aid may be warranted, including: 1) the funding of new programs; 2) as an incentive for local effort in existing programs (i.e., spend-to-get); 3) when state oversight is needed; and, 4) when legal considerations require separate reporting.<sup>97</sup> While incorporating expenditures tied to student needs as categorical aid made it less likely that such programs would be politically marginalized—at the time of their writing, for example, half of the states funded services for English language learners through categorical grants—funding streams outside of the formula, including set-asides,

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90 Ibid.

91 Ibid., 5.

92 Ibid.

93 Coons, Clue, and Sugarman, *Private Wealth and Public Education*.

94 Duncombe and Yinger, “School Finance Reform: Aid Formula and Equity Objectives.”

95 Yinger, “State Aid and the Pursuit of Educational Equity: Lessons for New York.”

96 William D. Duncombe, and John Yinger, *Comparison of School Aid Reform Proposals for New York State* (Syracuse, NY: Center for Policy Research, 2004).

97 The common categorical aid categories in use (as of their writing), see Duncombe and Yinger, *Comparison of School Aid Reform Proposals for New York State*: 10-14) Building Aid; 2) Transportation; 3) Special Education; 4) Disadvantaged Students; 5) Instructional Material (Textbook); 6) Teacher Training and Recruitment; 7) Incentive Aid (for consolidation and reorganization; and, 8) new or extra programming (like Pre-K).

arguably dilute the formula by reducing the amount of total state funding that is distributed through the formula's equity-based components and design.<sup>98</sup>

Researchers Tammy Kolbe, Drew Atchison, Caitlin Kearns, and Jesse Levin, from the University of Vermont and the American Institute of Research, provide a national review of state funding formulas. They find that while state foundation aid formulas differ, all include some kind of adjustments to offset the differential cost of educating students, whether due to regional cost variation or the individual or collective population characteristics of students with differential needs.<sup>99</sup> Thus, all state education funding formulas seem to seek to allocate funds to meet different student needs, using a weighting of assorted student and district factors, and to reduce gaps between their districts' current funding levels and that which is required to achieve state-specified adequate education goals.<sup>100</sup> The authors find that state mechanisms for providing supplemental funding vary widely, but all states provide additional funding for students with disabilities, nearly all consider differences for student disadvantage (using different measures of poverty), all except two account for the need for English language instruction (again, using various tiers and weighting), and all but 15 states (New York among them) account for gifted students. The report provides a breakdown of the most-used cost adjustment factors. In addition to student needs and regional costs, many states use collective population characteristics to assign additional adjustments based on the concentration of needs. Many also include differentials based on scale and sparsity (enrollment and geographic dispersion) and differentials for educational grades (recognizing different academic and nonacademic programming, and price of related inputs) for students in different grades.<sup>101</sup>

Academic literature on formula design reflects that a "broad consensus exists that state aid should not compensate local jurisdictions for factors that can be influenced by the behavior of the local governments receiving aid," according to education finance scholars Thomas Downes and Leanna Stiefel.<sup>102</sup> For example, schools might engage in the overidentification of pupils in need if there is a financial incentive to do so. Scholars therefore tend to advise that state funding should be "independent of the choices that districts make." One suggestion to avoid the problem of perverse incentives that may encourage gaming the formula is to make cost adjustments dependent on regional or statewide averages, rather than district-reported data. Downes and Stiefel further recommend that designers identify how responsive districts may be to the aid formula to "compensate for cost variation without providing perverse incentives."<sup>103</sup>

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98 Rebell and Wolff, "Ensuring the Future of Fair School Funding: A Proposal to Establish a Permanent Commission to Guarantee a Sound Basic Education for All New York Students:" 19.

99 Tammy Kolbe, et al., *State Funding Formulas: A National Review*, prepared for the New Hampshire Commission to Study School Funding (Washington, DC: American Institute for Research, June 2020).

100 The report's Table 6 provides a summary of the single weights assigned to categories for sample states (CT, ME, MA, RI, VT). Single weight values are given (multi-weight detail is not provided) (Kolbe, et al., "State Funding Formulas: A National Review. American Institute for Research").

101 Kolbe, et al., "State Funding Formulas: A National Review."

102 Downes and Stiefel, "Measuring Equity and Adequacy in School Finance."

103 *Ibid.*, 254.

## Foundation Aid Amount: Costing-Out a Sound, Basic Education

A key component in state foundation aid formulas is determining the funding level necessary to deliver an SBE, wherein success is broadly defined as “meeting a minimum threshold of proficiency on the state’s standardized assessments,” according to Danielle Farrie, the research director at Education Law Center, and Marina O’Malley from the Alliance for Quality Education.<sup>104</sup> David Hoff, an educational researcher, reviews the major competing approaches for costing-out an SBE, noting that differing methodologies can produce widely divergent figures. “How much does it cost to provide students with a sound basic education? It depends on who you ask,” he succinctly notes.<sup>105</sup> Other scholars, including Guy Banicki and Gregg Murphy (2014), William Duncombe, Phuong Nguyen-Hoang, and John Yinger (2015), Tae Ho Eom and Sock Hwan Lee (2014), and Yinger (2019) provide a more recent literature review on the costing models. These surveys of the academic literature make it clear that each of the four major models for costing-out an SBE has strengths and weaknesses.<sup>106, 107, 108, 109</sup> All share common challenges in the need for quality, accurate data and a clear specification of adequacy standards and student performance metrics.

### Typical Models for Costing-Out a “Sound Basic Education”

Successful School Districts Model	Evidence Based Model	Cost Function Model	Professional Judgment Model
“experts examine the expenditures in a state’s most effective schools or districts, typically as defined by test scores. The assumption is that other places could achieve similar results for the same costs. Although the approach adjusts for differences in student needs, even its biggest advocates suggest those adjustments aren’t as reliable as they could be.”	“consultants identify practices verified as effective by research—such as small class sizes in the early grades—and tally the cost of using those strategies in all schools.”	“economists use complicated statistical analyses to examine the relationship between current spending and student achievement. They then determine what it would cost to bring all students to a particular level of performance, after accounting for differences in student and district characteristics, such as poverty.”	“relies on experienced educators to determine what’s needed to provide a sound basic education, and the results are easy for legislators and others to understand.”(a)

(a) But “because the focus groups of educators are encouraged to disregard costs, they are prone to design a generous package of services for schools.”

SOURCE: Adapted from David Hoff, “The Bottom Line: A Special Report,” *Education Week*, December 29, 2004, <https://www.edweek.org/leadership/the-bottom-line/2004/12>.

The academic literature makes clear that each of the four major models for costing-out an SBE has strengths and weaknesses. All share common challenges in the need for quality, accurate data, and a clear specification of adequacy standards and student performance metrics.

104 Danielle Farrie and Marina Marcou-O’Malley, *Improving the Foundation Aid Formula in New York State* (Education Law Center, The Alliance for Quality Education, and The Public Policy Education Fund, May 2023): 5, <https://www.aqeny.org/wp-content/uploads/2023/05/AQE-Foundation-Aid-May-2023.pdf>.

105 David Hoff, “The Bottom Line: A Special Report,” *Education Week*, December 29, 2004, <https://www.edweek-org.lib-proxy01.skidmore.edu/leadership/the-bottom-line/2004/12>.

106 Banicki and Murphy, “Adequacy Model for School Funding.”

107 Duncombe, Nguyen-Hoang, and Yinger, “Measurement of Cost Differentials.”

108 Tae Ho Eom and Sock-Hwan Lee, “A Longitudinal Analysis of Impacts of Court-Mandated Education Finance Reform on School District Efficiency,” *Journal of Public Budgeting and Accounting* 26, no. 1 (2014): 1-49.

109 Yinger, *How Equitable is the Educational Finance System in New York State?* Policy Brief No. 54/2019.

## New York’s “Successful School Districts” Model

As summarized by New York’s State Aid Handbook, the “Foundation Amount reflects the average per pupil cost of general education instruction in successful school districts, as determined by a statistical analysis of the costs of general education in successful school districts which is periodically updated.”<sup>110</sup> The SBE base amount was established in 2007-2008 and updated in 2010-11, 2013-14, and 2016-17.

The Foundation Aid Formula enacted in 2007 adopted the Successful Schools Model used by NYSED and recommended by the Zarb Commission Report.<sup>111</sup> Zarb Commission reviewed the cost-estimating models proposed by the *CFE* litigants but preferred the Successful Schools model, as that relied on research commissioned from Standard & Poor’s.<sup>112, 113</sup>

In this model, the underlying assumption is that schools that are currently meeting state-defined performance targets must be spending sufficient funds to provide an adequate education (Downes & Stiefel, 2008). In this model efficiency is the goal and the state begins by identifying districts that meet certain performance targets. Next, efficiency factors that consider property value as well as teacher to student ratio are added to the calculation of efficient schools. There is also the ability to measure success by including components such as attendance rate, graduation rate and dropout rate in addition to performance on standardized tests (Taylor, Baker & Vedlitz, 2005). Once the model is used to identify schools that meet academic performance targets as well as other efficiency measures, this subset of schools is analyzed to determine the mean spending per student. The adequate level of funding is then established by determining an average spending of these efficient schools (EFAB, 2011; Taylor, Baker & Vedlitz, 2005).<sup>114</sup>

The Successful School Districts model of the Foundation Aid formula uses an “efficiency filter” that takes the average per-pupil expenditure of the lowest-spending 50 percent of school districts, a recommendation that came from Standard & Poor’s proposed method. As the court explained in *CFE III*, an efficiency filter had also been recommended in the Board of Regents’ 2004-05 proposal “because districts that perform at high levels often enjoy a very substantial wealth base, and therefore also spend at very high per pupil levels.”<sup>115</sup>

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110 *2023-2024 State Aid Handbook: Formula Aids and Entitlements for Schools in New York State* (Albany: New York State Education Department, 2023): 8.

111 *Ensuring Children an Opportunity for a Sound Basic Education: Final Report*, New York Commission on Education Reform [Zarb Commission], 2004, [https://openlibrary.org/authors/OL9011645A/New\\_York\\_\(State\)](https://openlibrary.org/authors/OL9011645A/New_York_(State)).

112 Morse (2006) suggests that Campaign for Fiscal Equity originally wanted the Yinger and Duncombe Cost-Function model. She argues that the Duncombe and Yinger model (despite scholarly credibility) opted for the high end of standards and costing-out. Yinger (2003-2004) argues the Successful Schools model errs on the low end of estimating costs, possibly driven by the outdated findings of the Coleman report indicating no relationship between resources and learning. Yinger (2003-2004) further argues that the SBE standards as articulated by the court were “pitifully low standard.”

113 Jane Fowler Morse, “Education as a Civil Right: The Ongoing Struggle in New York,” *Education Studies* 40, no. 1 (2006): 44.

114 Banicki and Murphy, “Adequacy Model for School Funding”: 12.

115 *Regents Proposal on State Aid to School Districts, 2004-2005*.

The Judicial Referee panel appointed by the original *CFE I* trial judge accepted the successful school district definition but rejected the efficiency filter.<sup>116</sup> When the court in *CFE III* held that the trial court had erred in commissioning a *de novo* review, it clarified that the job of a court is not to create an SBE cost model but to say whether the state-created one is “rational.” The *CFE III* court held that the efficiency filter was within the legislature’s prerogative. The “essential premise of the cost-effectiveness filter is that the higher-spending half of the successful districts is spending more than the constitutional minimum—either because those districts spend less efficiently than some others or because they have chosen to do more for their students than the Constitution requires.”<sup>117</sup> By adopting this approach, it was noted that New York State “implicitly concluded that New York City could attain minimal constitutional standards while spending less than this higher-spending group of successful districts.”<sup>118</sup> While the *CFE III* court found that the “premise, and the conclusion, are no doubt debatable,” the court could not conclude them “irrational,” and “they are therefore entitled to deference.”<sup>119</sup>

Proponents of the Successful School Districts model argue that the benefit of the approach is “that it is based on actual spending in schools that are already meeting the desired goals. According to research scholar David Hoff, however, “the method doesn’t decipher exactly how much it costs to educate disadvantaged, special education, and language-minority students.”<sup>120</sup>

The Successful School Districts model is criticized in academic and advocacy literature for many reasons. Skeptics note that there is no guarantee that successful schools are spending their dollars as efficiently as possible, and a lack of reliable analysis on that score could drive up price estimates or, at the very least, make them unreliable. Also according to Hoff, some analyses try to address such concerns by focusing on schools that meet the desired outcomes for the least cost, or by identifying and excluding “outlier” schools and districts because they could skew results.<sup>121</sup> According to researcher Mike Boone, one of the drawbacks of New York State’s Successful Schools model is that, because of the efficiency filter, it removes large city and rural schools from the analysis, leaving mid-size heterogeneous low-spending districts.<sup>122</sup> Baker also challenges the efficiency filter as restricting the pool of successful districts to “low poverty districts that lie largely in the geographic space between Ithaca and Buffalo.”<sup>123</sup>

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116 “The Judicial Referees rejected Standard and Poor’s 50 percent cost reduction filter, arguing that it does not represent efficiency and fails to take into account demographic differences, among others (John D. Feerick, Leo E. Milonas, and William C. Thompson, “Report of the Judicial Referees,” November 30, 2004: 16–9, [https://www2.nycourts.gov/sites/default/files/document/files/2018-05/CFEvNYSReportJudicialReferees\\_0.PDF](https://www2.nycourts.gov/sites/default/files/document/files/2018-05/CFEvNYSReportJudicialReferees_0.PDF)). They rejected the state’s proposed weighting of 1.35 for pupils living in poverty, adopting a 1.5 weighting as a compromise between highs of 2.0 and lows of 1.35 from other authorities. They also updated the geographical cost index used by the state in arriving at the 1.9 billion figure. In agreement with the governor, the Special Referees adopted the Regents’ Criteria for the performance measure: 80 percent of students at or above the proficiency level on state math and English Language Arts (ELA) tests at fourth grade and 80 percent of students passing five Regents’ examinations, averaged over a period of at least three years. In addition, the panel recommended a capital improvement plan based on the Campaign for Fiscal Equity organization’s proposal in light of the state’s failure to provide an alternate plan. On this basis, the panel recommended phasing in capital improvements of \$9.179 billion over five years” (Morse, “Education as a Civil Right: The Ongoing Struggle in New York”: 47), but they saw making changes as beyond their mandate.

117 *CFE III*.

118 *Ibid.*

119 *Ibid.*

120 Hoff, “The Bottom Line: A Special Report.”

121 *Ibid.*

122 Boone, “Equity and Adequacy: Philosophical, Technical, and Political Issues.”

123 *Ibid.*, 45.

Baker provides some of the harshest criticisms of the Successful Schools model for its failure to operationalize the concept of well-performing schools and for setting low standards.<sup>124, 125</sup> The “assumption embedded in current policies is that a ‘meaningful high school education’ in New York State is similar to the national average quality of education (as measured by tested outcomes).”<sup>126</sup> Baker maintains that it simply assumes that average spending schools are performing well regardless of understanding “how or why.”<sup>127</sup> Moreover, he notes that the adequacy standards are low, and “[t]hus, the assumption embedded in current policies is that a ‘meaningful high school education’ in New York State is similar to the national average quality of education (as measured by tested outcomes).”<sup>128</sup> Between the SBE derived under the original model, changing outcome standards, and cost increases such as inflation, Baker concludes that “it is quite likely that the cost of achieving the constitutional standard is much higher than previously estimated.”<sup>129</sup>

Rebell and Wolff point to similar “flaws” in the Successful Schools approach. They argue that it defines success in terms of “a limited number of outcome measures and is agnostic to how schools or districts identified as being ‘successful’ achieved their results and whether or how places with different demographics or different educational challenges could replicate these outcomes.”<sup>130</sup>

## The Cost-Function Model

The Cost-Function Model, as developed by Walter Garms and Mark Smith in 1970,<sup>131</sup> offers a statistical approach to estimating adequacy costs “where student performance is treated as an independent variable and spending the dependent variable.”<sup>132</sup> Using regression analysis, “the funding level is varied to produce a change in student achievement. The incremental change in student achievement per dollar increase is used to predict an adequacy level. Once the performance target is established, the analysis will yield the predicted spending level necessary to meet the target.”<sup>133</sup>

Dr. Lori Taylor, along with Jason Willis, Alex Berg-Jacobson, Karina Jaquet, and Ruthie Caparas provide a succinct overview of research on the Cost-Function model, including its application in New York State:

In the cost function method, cost and performance data are used to estimate the relationship between expenditures and other dependent and independent variables,

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124 Bruce D. Baker, *School Funding Fairness in New York State: An Evaluation of the Conceptual and Empirical Basis and Implementation of the New York State Foundation Aid Program*, Report Prepared on Behalf of the New York State Association of Small School Districts (New Brunswick, NJ: Rutgers University, October 1, 2011), [https://schoolfinance101.com/wp-content/uploads/2010/01/ny-aid-policy-brief\\_fall2011\\_draft6.pdf](https://schoolfinance101.com/wp-content/uploads/2010/01/ny-aid-policy-brief_fall2011_draft6.pdf).

125 Ibid.

126 Baker, *School Funding Fairness in New York State: An Evaluation of the Conceptual and Empirical Basis and Implementation of the New York State Foundation Aid Program*: 9.

127 Baker, *School Funding Fairness in New York State: An Update for 2013-2014*: 37.

128 Ibid., 37.

129 Ibid., 40. See also, Baker, “Built on a Foundation of Sand: Fixing New York State’s Foundation Formula to Provide Adequate Education to All”: 2.

130 Rebell and Wolff, “Ensuring the Future of Fair School Funding: A Proposal to Establish a Permanent Commission to Guarantee a Sound Basic Education for All New York Students.” 11; citing also Bruce Baker and Jesse Levin, “Educational Equity, Adequacy, and Equal Opportunity in the Commonwealth: An Evaluation of Pennsylvania’s School Finance System,” 2014.

131 Walter Garms and Mark C. Smith, “Educational Need and Its Application to State School Finance,” *Journal of Human Resources* 5 no. 3 (1970): 304-17, <https://ideas.repec.org/a/uwp/jhriss/v5y1970i3p304-317.html>.

132 Banicki and Murphy, “Adequacy Model for School Funding.” 12; citing Conley and Picus, “Oregon’s Quality Education Model: Linking Adequacy and Outcomes.”

133 Banicki and Murphy, “Adequacy Model for School Funding”: 10.

including: school outcomes, resource prices, student needs, district size, and other relevant characteristics of districts. Once cost estimates for these relationships have been calculated, analysts can use these calculations to predict the cost of achieving a designated set of outcomes, taking into account the aforementioned factors. Duncombe & Yinger (2005) used this approach for the costing out study conducted in 2005 and subsequently published with complementary material from the Kansas Legislative Post Audit...division in 2006. The cost has been refined over several decades of empirical application, and cost function studies have been undertaken for New York (Duncombe and Yinger, 1996, 1998, 2000, 2005; Duncombe, Lukemeyer, and Yinger, 2003), Arizona (Downes and Pogue, 1994), Illinois (Imazeki, 2001), Texas (Imazeki and Reschovsky, 2004a, 2004b; Gronberg, et al., 2004), and Wisconsin (Reschovsky and Imazeki, 1998). Since that time, additional education cost function analyses have been conducted in California (Duncombe & Yinger, 2011b; Imazeki, 2008), Indiana (Zimmer, DeBoer, & Hirth 2009), Kansas (Chakraborty & Poggio, 2008; Duncombe, Lukemeyer, and Yinger, 2008), Kentucky and Maine (Lee, 2010), Massachusetts (Nguyen-Hoan & Yinger, 2014), Missouri (Baker, 2011; Duncombe et al., 2008; Duncombe & Yinger, 2011a), New York (Duncombe & Yinger, 2005); and Texas (Gronberg, Jansen, Karakaplan and Taylor, 2015; Gronberg, Jansen, & Taylor, 2011, 2017; Imazeki & Reschovsky, 2006).<sup>134</sup>

Scholars William Duncombe, Anna Lukemeyer, and John Yinger advocated for the cost-function model, noting that the quality of analysis is contingent on the quality of data and the methodological assumptions of the modeler.<sup>135</sup> Their article walks through the variables and measures that they believe are most critical in formulating a cost-function model for the costing out of an SBE. For example, “because the primary resources used by school districts are teachers and other professional staff, adjusting for differences in the costs of hiring teachers is particularly important.”<sup>136</sup> Adjusting variables outside of the school districts’ control is also critical to creating a model that reduces inequities. In their view, “the only way to ensure that all districts have the resources they need to meet [the state’s specified adequacy standards] is to implement a foundation aid formula that includes adjustments both for resource cost differences across districts and for the higher level of resources required in some districts because of a concentration of at-risk students and other factors outside their control. The necessary adjustments can be determined by estimating an education cost function and using the results to calculate an overall education cost index.”<sup>137</sup> This team of researchers also note that in New York State, large-city districts have the highest costs and the lowest fiscal capacity.<sup>138</sup> They identify the key questions in designing a school finance system: “What is the adequacy standard? How should costs be accounted for? What should be the state share of educational spending?”<sup>139</sup> and also note that for New York, “[a] simple modification of a traditional foundation aid formula to incorporate the estimated cost of adequacy provides a simple, but powerful aid system for reaching an adequacy standard.”<sup>140</sup>

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134 Lori Taylor, et al., *Estimating the Costs Associated with Researching Student Achievement Expectations for Kansas Public Education. Students: A Cost Function Approach* (San Francisco, CA: WestEd, 2018). <http://www.robbilaw.com/PDFs/Taylor%20Kansas%20Adequacy%20Study%202018-03-18%20ND%20VERSION.pdf>.

135 William D. Duncombe, Anna Lukemeyer, and John Yinger, “Financing an Adequate Education: A Case Study of New York,” US Department of Education, 2003: 133, [https://digitalscholarship.unlv.edu/sea\\_fac\\_articles/253/](https://digitalscholarship.unlv.edu/sea_fac_articles/253/).

136 *Ibid.*, 133.

137 *Ibid.*, 137.

138 *Ibid.*, 149.

139 *Ibid.*, 149.

140 *Ibid.*, 149.



Bruce Baker explains the Cost-Function model of Duncombe as using “historical data on New York State school districts to estimate the ‘cost’ of achieving a specific level of educational outcomes, given the varied student characteristics, varied conditions of local public-school districts, and varied competitive prices for key schooling inputs such as teachers.”<sup>141</sup> The approach “also tries to account for those circumstances where districts spend more than they would otherwise need to achieve specific outcome levels (inefficiency). This approach, unlike simply taking the average spending of districts ‘performing well,’ accounts more thoroughly for the various attributes of school districts that influence the costs of ‘performing well.’ And this approach, unlike the successful schools analysis, appears in numerous rigorous peer reviewed journals in economics, education and public policy.”<sup>142</sup> Downes testified that the Cost-Function model was the “strongest from a conceptual and methodological perspective.”<sup>143</sup> As David Hoff summarizes, the advantage of the cost-function approach is “that such studies can then look at how the costs of achieving those outcomes differ in districts with different characteristics, such as large concentrations of poor and minority students. If policymakers don’t like the price tag, they can adjust their achievement targets.”<sup>144</sup>

Benjamin Scaffidi of the Kansas Policy Institute, critiquing a study that used the cost-function approach, cautioned against using Cost-Function model in education for three primary reasons.<sup>145</sup> First, he argues that “researchers do not have access to data on all external factors that impact the cost of educating students.”<sup>146</sup> Similarly, they “do not have access to all input prices; or even accurate measures of the input prices they include in their modeling.”<sup>147</sup> Third, they are not able to account for inefficiency, which is “the key step in converting a spending function to a ‘cost’ function.”<sup>148</sup>

Downes and Stiefel identify four problems with the Cost-Function model: First, the methodology requires high-quality and consistent data that is often lacking or unavailable. Second, they note that the model in no way accounts for the relative efficiency of school districts in putting funding to use, finding that “no widely accepted method exists.”<sup>149</sup> Third, they argue that cost-function approaches typically do not specify the functional form of the regression model used, and point out that different functional forms will impact the results. The statistical theories behind various techniques are technically distinctive and model different organizational theory, they note, meaning that, while meaningfully different, one is not “more correct than the other.”<sup>150</sup> Finally, Downes and Stiefel argue that there is a “black box” quality to the method that limits transparency and usefulness: “Although the cost-function methodology allows researchers to determine an overall level of spending needed

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141 Baker, *School Funding Fairness in New York State: An Evaluation of the Conceptual and Empirical Basis and Implementation of the New York State Foundation Aid Program*.

142 Ibid., 17 (citing Thomas A. Downes and T.F. Pogue, “Accounting for Fiscal Capacity and Need in the Design of School Aid Formulas,” in *Fiscal Equalization for State and Local Government Finance*, ed. John E. Anderson (New York: Praeger, 1994): 55-83; Duncombe and Yinger, “School Finance Reform: Aid Formula and Equity Objectives,” Fall 2007; and, Imazeki and Reschovsky, “Is No Child Left Beyond an Un (or under) funded Federal Mandate? Evidence from Texas”: 571-88.

143 Monk and Wycoff, “Symposium on Education Finance and Organizational Structure in New York State Public Schools a Synthesis”: 3.

144 Hoff, “The Bottom Line: A Special Report.”

145 Benjamin Scaffidi, *‘Cost’ Functions Should Not Be Used to Make Education Spending Decisions: A Review of the WestEd Legislative Cost Study* (Overland Park: Kansas Policy Institute, May 2018), <https://kansaspolicy.org/cost-functions-should-not-be-used-to-make-education-spending-decisions/>.

146 Ibid., 8.

147 Ibid., 8.

148 Ibid., 8.

149 Downes and Stiefel, “Measuring Equity and Adequacy in School Finance.”

150 Ibid., 253.

for adequacy, the methodology does not specify how resources should be allocated to produce the standard result.”<sup>151</sup>

Banicki and Murphy further note that one significant limitation of the Cost-Function model is that it predicts average student success at an average school, not unique needs of high-need students and districts, and requires consistently high-quality data. Moreover, they acknowledge that the model does not suggest the type of expenditures that are likely to increase performance.<sup>152</sup>

Cost-Function models also can, according to Boone, produce different estimates, depending on the assumptions made by the entity doing the modeling.<sup>153</sup> “The wide gap in the estimates of costs required to reach adequacy led Guthrie and Springer to conclude that “in their current state cost function analyses are simply inadequate for guiding changes in state education finance policy.”<sup>154</sup>

Fundamentally, the Cost-Function model assumes at its core that schools are attempting to achieve maximum outcomes at minimal cost. But as Downes and Steifel note, neither districts nor schools are necessarily designed to operate efficiently.<sup>155</sup> As proponents of the method, experts Timothy Gronberg, Dennis W. Jansen, Lori L. Taylor, and Kevin Booker admit that the “approach has been criticized because its technical complexity makes it difficult to communicate to the policy-making community. A number of judgments and assumptions must be made by a researcher attempting to estimate an education cost model. The basis for and importance of these choices may, indeed, be less than transparent to the policy audience.”<sup>156</sup>

## Professional Judgment Model

The Professional Judgment model is an approach that convenes panels of experienced education researchers to assess the costs of reaching a given outcome standard with a focus on specific interventions and best practices for improving student performance. According to educational scholars Craig Wood and R. Anthony Rolle: “The greatest strength of the approach is that expert educators are assumed to be intimately familiar with the needs of schools providing valuable insight as to the required fiscal inputs for an adequate education.”<sup>157</sup> For this reason, the Professional Judgment model appears to be preferred by advocates seeking to maximize student achievement beyond baseline adequacy, or those who are focused on vertical equity for the most vulnerable student categories. The model was championed by the *CFE* litigants and has been successfully used in legal-based educational adequacy claims and is of broad application in standard-setting. According to Rebell and Wolff, the professional judgment method “relies on representative panels of experienced educators, administrators, and business managers to determine through analysis and discussion the resources, services, and supports required for schools with different populations of students, the costs of which

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151 Ibid., 253.

152 Banicki and Murphy, “Adequacy Model for School Funding.”

153 Boone, “Equity and Adequacy: Philosophical, Technical, and Political Issues”: 83

154 Ibid., 83; citing Guthrie and Springer in *School Money Trials: The Legal Pursuit of Educational Adequacy*, eds. Martin R. West and Paul E. Petersen (Brookings Institution Press, 2007), <https://eric.ed.gov/?id=ED495043>.

155 Downes and Stiefel, “Measuring Equity and Adequacy in School Finance.”

156 Timothy J. Gronberg, et al., “School Outcomes and School Costs: The Cost Function Approach,” unpublished paper, 2020: 4, <https://bush.tamu.edu/wp-content/uploads/2020/08/SchoolOutcomesAndSchoolCosts.pdf>.

157 R. Craig Wood and R. Anthony Rolle, “Improving ‘Adequacy’ Concepts in Education Finance: A Heuristic Examination of the Professional Judgment Research Protocol Examination of the Professional Judgment Research Protocol,” *Educational Considerations* 35, no. 1 (2007): 2.

are then calculated by economists.”<sup>158</sup> In 2004, CFE commissioned a study by American Institutes for Research and Management Analysis and Planning, Inc. (AIR/MAP) to detail and advocate for a model fundamentally capturing the professional judgment approach.<sup>159</sup>

The Professional Judgment model, like the others, has received critique by scholars and researchers. As with the other models, it is dependent on the methodology of its design and instructions provided to the people chosen to render judgment. Banicki and Murphy note that “The outcomes of the analysis have much to do with the makeup of the panel of professionals that are assembled.”<sup>160</sup> Despite the idea of consulting experts, the panel’s conclusion may not be grounded in research.<sup>161</sup> Wood and Rolle point to a common design flaw in relying on small panels, too, rather than surveys of a broad range of education professionals.<sup>162</sup>

Eric Hanushek, an education economist and senior fellow at the Hoover Institution of Stanford University, offers criticisms of the approach advocated by CFE.<sup>163</sup> First, he notes that the professional review panels outlined in the AIR/MAP study were not envisioned to be asked how to *allocate* a budget, but instead were asked to *create* a budget—something that Hanushek argues is a critical distinction in restraining potential costs. Second, the Professional Judgment model assumed that the existing delivery system was fixed, rather than thinking about efficiency gains or in terms of an overall cost limitation. Third, he argues that the AIR/MAP approach ignored the data from New York State, questioning any clear connection between specific expenditures and student outcomes. Finally, Hanushek argues that “AIR/MAP defined a sound basic education quite differently. It determined that a successful school district was one in which all students meet the full Regents Learning Standards, a much higher bar that moved the 80 percent pass rate to 100 percent. That measure was explicitly rejected in the New York Court of Appeals decision, which the referees were being asked to implement.”<sup>164</sup> He further argues that the CFE AIR/MAP proponents introduce additional haziness around the operationalization of a sound, basic education by framing it as the “opportunity” to achieve an equal outcome. “Asking the courts or, more precisely, outside consultants to provide a scientific answer to the question of how much should be spent on schools is irresponsible,” Hanushek concludes. “Decisions on how much to spend on education are not scientific questions, and they cannot be answered with methods that effectively rule out all discussion of reforms that might make the school system more efficient.”<sup>165</sup>

Downes and Steifel agree that the Professional Judgment model may escalate costs, arguing that such panels are vulnerable to “two forms of human bias: self-serving behavior and habit.”<sup>166</sup> Experts may have preferences for low levels of education spending or high levels, or may be biased by their degree of familiarity with certain outcome standards.<sup>167</sup> Because the panels are convened to make recommendations for a specific state (or even an individual district or school) under a specific set of standards and with varying constraints and directives, their recommendations may not be generalizable.

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158 Rebell and Wolff, “Ensuring the Future of Fair School Funding: A Proposal to Establish a Permanent Commission to Guarantee a Sound Basic Education for All New York Students”: 11.

159 Luis A. Huerta, “Next Steps for Results: Campaign for Fiscal Equity v. State of New York,” *Journal of Education Finance* 31, no. 4 (Spring 2006): 379-94.

160 Banicki and Murphy, “Adequacy Model for School Funding.”

161 Ibid.

162 Wood and Rolle, “Improving ‘Adequacy’ Concepts in Education Finance: A Heuristic Examination of the Professional Judgment Research Protocol Examination of the Professional Judgment Research Protocol”: 51-5.

163 Eric A. Hanushek, “Pseudo-Science and A Sound Basic Education: Voodoo Statistics In New York,” *Education Next* 5, no. 1 (2005).

164 Ibid.

165 Ibid.

166 Downes and Stiefel, “Measuring Equity and Adequacy in School Finance.”

167 Ibid., 249.

The CFE organization continues to advocate for a new model for costing-out an SBE for New York State, proposing a methodology that they argue combines into the Professional Judgment model the “best features” of the other approaches. Drawing from the *CFE* rulings, they adopt citizenship and employment skills as the SBE standards to, according to Rebell and Wolff, ensure proficiency in reading, math, history, civics, science, arts, technology, critical thinking communication, self-management, and interpersonal skills.<sup>168</sup> They argue that it meets the basic principles of an SBE, including such things as appropriate class sizes, sufficient staff, accessible buildings, and safe environments.<sup>169</sup> And to adjust for costs, CFE calls for extra evidence-based weighting for special needs students—including those in poverty or temporary housing, English Language Learners (ELLs), and those with disabilities—plus a measure of cost-effectiveness or efficiency.<sup>170</sup>

## Evidence-Based Model

Evidence-Based models take a similar approach to the Professional Judgment model, but replace the informed opinions of professional educators with evidence-based research as to the effectiveness of specific school interventions or programs on enhancing student performance outcomes. According to Rebell and Wolff, the evidence-based approach “uses educational research to develop models from which specific aggregate and per pupil costs can be calculated.”<sup>171</sup> Downes and Stiefel describe that the “key difference with this funding model is that it focuses first on school reform research and secondly on funding by recommending particular interventions and determining the funding needed to support the intervention.”<sup>172</sup> The effect arguably is a model grounded in research that supports and sustains effective educational practices leading to improved student achievement.<sup>173</sup> “After identifying key practices, the resources needed for a prototypical school are determined.”<sup>174</sup>

Banicki and Murphy evaluate the Evidenced-Based model as a potential switch from the Successful Schools model in Illinois (the focus of their study), noting that it would constitute more than just a major change in revenues received, it would open the opportunity for new reform initiatives based on actual performance evidence.<sup>175</sup> They recommend that policymakers contemplating such a change identify “concrete, local examples” where educational interventions have produced positive change as the basis for recommended spending. Thus, in this approach, research on effective educational practices—that is specific interventions or data on the impact of class size, teacher qualification, and so on—within the context of the specific state must precede any costing-out of an SBE.

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168 Rebell and Wolff, “Ensuring the Future of Fair School Funding: A Proposal to Establish a Permanent Commission to Guarantee a Sound Basic Education for All New York Students”: 10.

169 *Ibid.*, 14.

170 *Ibid.*, 15.

171 *Ibid.*, 11.

172 Downes and Stiefel, “Measuring Equity and Adequacy in School Finance.”

173 Allan R. Odden, Michael E. Goetz, and Lawrence O. Picus, *Paying for School Finance Adequacy With the National Average Expenditure Per Pupil*, Working Paper 2 (Seattle, WA: School Finance Redesign Project, Center on Reinventing Public Education, Daniel J. Evan School of Public Affairs, March 14, 2007), <https://digitalarchives.wa.gov/do/D4864FC2DFD6EF007D07ADF38E58F942.pdf>.

174 Banicki and Murphy, “Adequacy Model for School Funding”: 13.

175 *Ibid.*, 19.

## Comparing the Approaches

Research shows that the cost of an SBE can vary substantially depending on the model used. The four models vary in the degree to which they target aid to the highest-need districts and differ in how they target resources. Monk and Wycoff describe some of these differences: “Duncombe and Yinger target at least 50 percent of aid to New York City, while Chambers geographic cost index and the AIR/MAP professional judgment analysis would allocate about 40 percent to New York City.”<sup>176</sup>

Duncombe and Yinger (2004) provide a comparative summary of the methodologies and recommendations of the Syracuse model<sup>177</sup> to the Zarb Commission Report that were based on Standard & Poor’s recommendations,<sup>178</sup> the CFE Proposal (guided by AIR/MAP),<sup>179</sup> the Board of Regents’ Proposal,<sup>180</sup> and one from the Midstate Consortium.<sup>181</sup> Not surprisingly, the five competing approaches, each including differing spending categories and adequacy standards in their calculations, produce different per-pupil spending levels determined to be needed to fund an SBE, ranging from a low of \$9,057 under the Regents’ plan to a high of \$14,107 under the Syracuse model. Similarly, the models recommended varying weights for adjusting for districts of different resource needs and enrollment size, and varying weights for the additional costs of high-needs students.

Prior to the adoption of the Foundation Aid legislation, there were competing preferences over performance standards and the costing model best suited to ensuring an SBE. Ultimately, the courts deferred to the state legislature in both the model and funding necessary to fulfill New York State’s constitutional obligation. That is, the legal principles established by the court were left to be implemented by the political branches.

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*The courts deferred to the state legislature in both the model and funding necessary to fulfill New York State’s constitutional obligation. That is, the legal principles established by the court were left to be implemented by the political branches.*

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176 Monk and Wycoff, “Symposium on Education Finance and Organizational Structure in New York State Public Schools a Synthesis:” 3.

177 Duncombe, Lukemeyer, and Yinger, “Financing an Adequate Education: A Case Study of New York.” William J. Fowler, *Developments in School Finance 2001-02: Fiscal Proceedings from the Annual State Data Conferences of July 2001 and July 2002*, NCES 2003-403 (Washington, DC: National Center for Education Statistics, June 2003): 127-54, <https://nces.ed.gov/pubs2003/2003403.pdf>.

178 Commission on Education Reform, Final Report, Albany, March 29, 2004, which used analysis in Standard & Poor’s, 2004, “Resource Adequacy Study for the New York State Commission on Education Reform.” New York City: S&P, March. Zarb Commission, created by Governor Pataki: The Commission, chaired by Frank G. Zarb published its final report on March 29, 2004. “The Zarb Commission retained Standard and Poor’s (S&P) School Evaluation Services to calculate the additional spending required to provide a sound basic education, directing S&P to use a “Successful Schools” model that studies the expenditures of school districts with a proven track record of high student performance. The method had been used by the New York State Board of Regents in its Proposal on State Aid to School Districts for 2004-05” (CFE III 2006).

179 *The New York Adequacy Study: ‘Determining the Cost of Providing All Children in New York an Adequate Education,’ Volumes I and II* (American Institutes for Research/Management Analysis and Planning, Inc., March 2004); “Making the Right to a Sound Basic Education a Reality,” Campaign for Fiscal Equity.

180 James A. Kadamus, memorandum to District Superintendents, et al., “Regents Proposal on State Aid to School Districts for 2004-05,” January 2004.

181 *The MSFC Proposal to Fund New York State Public Schools* (East Syracuse: The Midstate School Finance Consortium, 2004).

A Glance at Differing Sound, Basic Education Costing-Out Approaches in New York

	<p>“Estimating the Cost of an Adequate Education in New York”</p> <p>February 2002</p>	<p>“Resource Adequacy Study for the New York State Commission on Education Reform”</p> <p>March 2004</p>	<p>“The New York Adequacy Study: Determining the Cost of Providing All Children in New York an Adequate Education”</p> <p>March 2004</p>
<p><b>Method and author:</b></p>	<p>Cost-Function analysis by William Duncombe (Syracuse University model)</p>	<p>Successful Schools model (district-level analysis) by Standard &amp; Poor’s</p>	<p>Professional Judgment method by American Institutes for Research and Management Analysis and Planning Inc.</p>
<p><b>Outcome standard:</b></p>	<p>The standard used in this study was a weighted average of performance in math and English from 4th and 8th grade tests, and Regents exams. The study used three benchmarks: 140, 150, and 160 (out of 200).</p>	<p>The authors of the study did not attempt to define an adequate education, and instead estimated the costs associated with meeting four different academic scenarios.</p>	<p>This study used the Regents’ Learning Standards as its outcome criteria. Panels were asked to design programs to provide all students with a full opportunity to meet the standards, not to ensure all students actually earned a Regents’ Diploma.</p>
<p><b>Additional costs included for:</b></p>	<p>Regional cost-of-living differences, cost-effectiveness, English-language learners, students in poverty, and district size.</p>	<p>Regional cost-of-living differences, special education students, English-language learners, students in poverty, and cost-effectiveness.</p>	<p>Regional cost-of-living differences, English-language learners, students in poverty, and special education students.</p>
<p><b>Cost estimates:</b></p>	<p>The total per-pupil estimate for a district below the performance standard was \$14,083 for a performance level of 140, \$14,716 for a performance level of 150, and \$15,139 for a performance level of 160.</p>	<p>Cost estimates were calculated for multiple academic scenarios, with or without a cost-effectiveness adjustment, using two different cost indices, and separating out New York City schools. The estimates ranged from \$12,659 to \$15,413 per pupil.</p>	<p>The study determined cost estimates for several different types of districts. The basic cost estimate was \$12,975 for the state overall. For different types of districts, estimates ranged from a low of \$11,665 to a high of \$14,282.</p>

SOURCE: “Table: New York Adequacy Studies,” *Education Week*, January 4, 2005, <https://www-edweek-org.lib-proxy01.skidmore.edu/education/table-new-york-adequacy-studies/2005/01?view=signup>.

As David Hoff summarizes, in “New York state’s ongoing school finance case, studies cited by the state and the plaintiffs diverged dramatically. Researchers hired by the plaintiffs estimated that the state should spend an additional \$8.4 billion a year to comply with a 2003 decision by the state’s highest court. The state’s study, by contrast, suggested New York could meet the court’s demands for providing adequate resources to New York City schools with an increase between \$2.5 billion and \$5.6 billion.”<sup>182, 183</sup>

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*Among academics, there appears to be a preference for the Cost-Function Model or a hybrid of approaches.*

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New York ultimately adopted the Successful Schools model for its Foundation Aid formula, combining elements of the Regents recommendations and the Zarb Commission’s proposal.<sup>184</sup> The degree to which policymakers relied on existing studies, analyses, or relevant academic literature for constructing the formula’s metrics, indices, and weightings largely remains opaque.

Among academics, there appears to be a preference for the Cost-Function Model or a hybrid of approaches<sup>185, 186</sup> Baker surveys recent state efforts to contract research institutes to create sophisticated cost-function modeling as an opportunity for policy learning, and advocates for New York State to fund such a study.<sup>187</sup> “That guidance may, in fact, go to the extent of simulating a new formula or revised foundation aid formula...” as had been done elsewhere, he notes. “It is critically important that those cost estimates [then] are validly translated to and implemented in policy.”<sup>188</sup>

Preference in approaches appears to reflect, to some degree, competing goals in school finance reform efforts. Education-oriented research tends to focus on student-centered equity and on maximizing student performance outcomes. This orientation is dependent on increasing financing inputs. In short, researchers in this vein advocate for spending to the level of educational need, regardless of the overall cost and without regard to a state’s claim of finite resources. Those adopting an education finance perspective tend to focus on fiscal sustainability and equity to the taxpayers, and academics with this orientation tend to focus on predictability, efficiency, and containment of overall costs.

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182 Hoff, “The Bottom Line: A Special Report.”

183 See also, (Monk and Wycoff, “Symposium on Education Finance and Organizational Structure in New York State Public Schools a Synthesis”: 6-9) whose report on the “2004 Symposium on Education Finance and Organizational Structure in New York State Public Schools” includes a summary of Regents’ Proposal and Principles 2003. (Monk and Wycoff, “Symposium on Education Finance and Organizational Structure in New York State Public Schools a Synthesis”: 6-9) and NYSED (2004), which similarly provided a summary table of the various proposals under consideration in 2003 and 2004; and, James Kadamus, memorandum to District Superintendents, et al., “Regents Proposal on State Aid to School Districts for 2004-05,” which similarly provided a summary table of the various proposals under consideration in 2003 and 2004, <https://regentsdev-acquia.nysed.gov/sites/regents/files/documents/meetings/2004Meetings/April2004/0404brd1.htm>.

184 L. 2007, Ch. 57.

185 See specifically: Taylor, et al., *Estimating the Costs Associated with Researching Student Achievement Expectations for Kansas Public Education. Students: A Cost Function Approach*.

186 Bruce D. Baker, *Built on a Foundation of Sand: Fixing New York State’s Foundation Formula to Provide Adequate Education to All* (Albany: New York State Education Department, January 2023).

187 Ibid.

188 Ibid., 10. Along with Baker, experts Mark Weber and Ajay Shrikanth have proposed a National Education Cost Model: Bruce D. Baker, Mark Weber, and Ajay Shrikanth, “Informing Federal School Finance Policy with Empirical Evidence,” *Journal of Education Finance* 47 no. 1 (2021): 1-25.

Hanushek characterizes any costing-out model as an “inexact science,” writing that the choice of methodology is “profoundly subjective, a matter of judgment by and for self-interested parties.”<sup>189</sup> He concludes that “[t]here simply is not any reliable, objective, and scientific method to answer the question of how much it would cost to obtain an achievement that is noticeably better than that currently seen.”<sup>190</sup> here is disagreement as to whether any cost model can be deemed truly “scientific”—Hanushek’s doubts as an example<sup>191</sup>—or whether researchers can work to reduce methodological flaws.

Downes and Stiefel note that all costing-out methods are time-consuming, expensive, and need to be updated regularly.<sup>192</sup> “Because in most states numerous districts are far from meeting existing standards,” they argue, “all costing-out methodologies must project ‘outside’ the information currently available for at least some districts.”<sup>193</sup> Call it an unavoidable problem—but one that should be acknowledged. They note there is a tendency to set a formula and then make incremental, modest change, and that formulas that do not fix key metrics run the risk of being routinely manipulated. Conversely, formulas that cement key elements in statute run the risk of becoming ossified and outdated, unable to account for shifts in demographics, costs, or refreshed data. The authors argue that foundation aid formulas do not need to be overhauled annually, but should be designed so that they can be regularly updated. A common theme in school funding literature recognizes that funding formulas may grow inequitable from their original design over time. Brian Fessler, Director of Governmental Relations for the New York State School Boards Association, stated, “In addition, school districts and the state continue to adjust to changing educational standards, additional new programs and changing technology as well as growing student need.”<sup>194</sup> Given this, Fessler argues that “all of these factors should be reconsidered in a new costing out study,” one that is conducted “over the course of a full year, allowing for the investment of proper time and resources.”<sup>195</sup>

The calculation of a new costing-out model and methodology is beyond the practical scope of this study within the time allotted for it, but there are some recent examples of new models developed for a few other states.<sup>196</sup> The desire for transparency and stability, clearly expressed by an array of stakeholders during the Rockefeller Institute’s public hearings, seems to counsel against radical changes. However, the recently adopted phase-out of the Regents exam graduation requirements and exploration of

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189 Hanushek, “Pseudo-Science and A Sound Basic Education: Voodoo Statistics In New York.”

190 Boone, “Equity and Adequacy: Philosophical, Technical, and Political Issues”: 84; citing Hanushek, “Pseudo-Science and A Sound Basic Education: Voodoo Statistics In New York”: 97.

191 Hanushek, “Pseudo-Science and A Sound Basic Education: Voodoo Statistics In New York.”

192 Downes and Stiefel, “Measuring Equity and Adequacy in School Finance.”

193 Ibid., 253.

194 Senate Standing Committees on Education and Budget and Revenue Public Hearing, to examine the distribution of the Foundation Aid formula as it relates to pupil and district needs (December 3, 2019) (statement from Brian Fessler, New York State School Boards Association).

195 Ibid.

196 For examples of recent cost-function costing out studies, see Tammy Kolbe, et al., *Study of Pupil Weights in Vermont’s Education Funding Formula* (Montpelier: University of Vermont, December 2019). <https://education.vermont.gov/sites/aoe/files/documents/Executive-Summary-508.pdf> (Vermont); Jesse Levin, et al., *Research and Analysis on Behalf of the New Hampshire Commission to Study School Funding* (Washington, DC: American Institute for Research, 2020), [https://carsey.unh.edu/sites/default/files/media/2020/09/20-12685\\_nh\\_final\\_report\\_version\\_v5\\_draft\\_1.pdf](https://carsey.unh.edu/sites/default/files/media/2020/09/20-12685_nh_final_report_version_v5_draft_1.pdf) (New Hampshire); Tammy Kolbe, et al., “The Additional Cost of Operating Rural Schools: Evidence from Vermont,” *AERA Open* 7 (2021), <https://doi.org/10.1177/2332858420988868> (Vermont); Jesse Levin, et al., *An Examination of the Costs of Texas Community Colleges* (Washington, DC: US Department of Education, Institute of Education Science, Regional Educational Laboratory Southwest, 2022), <https://files.eric.ed.gov/fulltext/ED623285.pdf> (Texas); Bo Zhao, *Estimating the cost function of connecticut public K-12 education: Implications for inequity and inadequacy in school spending*, Working Papers, No. 20-6 (Federal Reserve Bank of Boston, Boston, MA, 2020), <https://doi.org/10.29412/res.wp.2020.06> (Connecticut).



changes to student performance assessment may drive a need for a new costing-out model, including a hybrid approach. According to Baker, “When standards are changed, raised, or lowered, broadened or narrowed, updated cost analyses are required to determine the per pupil costs in each setting for different student populations to achieve desired outcomes.”<sup>197</sup> Yinger goes further: “The current plan to eliminate required Regents exams will make it impossible to design a fair state aid program in New York.”<sup>198</sup> Hoff recognized that while costing-out an SBE is an active academic debate, “it will eventually be state legislatures and the courts that decide how any such research influences policy.”<sup>199</sup>

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*Foundation aid formulas do not need to be overhauled annually, but should be designed so that they can be regularly updated.*

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The consideration of the various costing-out models and the informed recommendations of various study commissions certainly can inform the debate on revisions to New York’s Foundation Aid formula, but the final answer—a position reinforced by the courts in the *CFE* litigation—is one for executive and legislative determination.

### III. Academic and Advocacy Commentary on New York’s Foundation Aid Formula

There is widespread academic and advocacy consensus on the need to study and revise New York’s existing Foundation Aid formula, with broad agreement that the data sources in the sub-formularies should be updated or improved. The Foundation Aid formula is progressive: state aid is targeted based on relative need, and those districts that can meet the state-specified sound, basic education minimal spending level will receive less state funding. New York’s Foundation Aid program statutorily requires a minimum of no less than \$500 per pupil in the final, adjusted aid amount. Yinger provides a simple description of the Foundation Aid principle: “The state decides on the level of spending required to meet the adequacy standard and then makes up the difference between the revenue raised for this spending level and the amount of money a district can raise at a tax rate the state thinks is fair.”<sup>200</sup> The state, in this way, is making up the difference between the cost of an SBE and the anticipated amount raised by the school district, using a formula intended to drive the most aid to the highest-need districts.

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*There is widespread academic and advocacy consensus on the need to study and revise New York’s existing Foundation Aid formula, with broad agreement that the data sources in the sub-formularies should be updated or improved.*

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197 Baker, “Built on a Foundation of Sand: Fixing New York State’s Foundation Formula to Provide Adequate Education to All”: 3.

198 John Yinger, “New York State’s Foundation Aid Study: A Scholarly Perspective,” testimony to the Rockefeller Institute of Government, July 25, 2024, p.4.

199 Hoff, “The Bottom Line: A Special Report.”

200 Yinger, “State Aid and the Pursuit of Educational Equity: Lessons for New York”: 3.

There is widespread academic and advocacy consensus on the need to study and revise New York’s existing Foundation Aid formula, with broad agreement that the data sources in the sub-formularies should be updated or improved.

The Foundation Aid formula consists of four major parts. Stated simply, they are:

1. An amount determined to be the cost of providing a student a sound, basic education.
2. Supplemental state aid based on differing levels and types of student needs.
3. Adjustments to state aid to account for different regional labor costs.
4. Expected local contribution to these costs.

## Base Foundation Aid

As noted previously, New York State adopted the Successful Schools model of costing-out a sound, basic education as recommended by the Zarb Commission.<sup>201</sup> In years when the model is not updated, the funding is adjusted annually to reflect the percentage change in the Consumer Price Index (CPI). The Foundation Aid Amount calculated when the formula was adopted was \$4,695 per pupil, and then adjusted for inflation and the phase-in schedule to \$5,258 in the formula’s first year, 2007-08. The last statistical recalculation of the SBE amount was done in 2016-20, to \$6,334 (\$6,340 when CPI-adjusted). Since then, the Base Foundation Aid Amount has been increased by the change in CPI, rising to its current level of \$8,040 for 2024-25.<sup>202</sup>

## Local Contribution

The Local Contribution estimates each school district’s share of funding based on the capacity to raise revenues locally compared to the state average. New York State does not require school districts to adopt a minimum, mandatory tax rate. Duncombe and Yinger argue that without a minimum tax rate, there is no guarantee that some districts will not use aid for tax relief, or others will not maintain tax effort. They suggested a “maintenance of effort” provision that would require that local spending not decrease from the previous year—a mechanism they acknowledged would not encourage those already low to increase their tax effort.<sup>203</sup>

In calculating local contribution, the Foundation Aid formula allows school districts to select the more advantageous of two metrics: 1) a state sharing ratio (a percent equalizing formula); or, 2) a standard tax rate per \$1,000 of full property value, adjusted by the income per pupil relative to the state average. Most districts choose the first option.

Within the first option, the formula includes a Selected Actual Value divided by Total Wealth Pupil Units (TWPU) multiplied by a Local Tax Factor (LTF) and the Income Wealth Index (IWI). That IWI has minimum and maximum caps (min = 0.65, max = 2.00). The second option is based on an average wealth ratio called the Foundation Aid Combined Wealth Ratio (FACWR, or CWR). Districts above the state average wealth ratio have a CWR greater than one and districts less wealthy than the state average have a ratio less than one. Both the IWI and CWR have been subject to criticism as measures

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201 Pataki’s 2004 Resource Adequacy Study for the New York State Commission on Education Reform.

202 *2024-2025 State Aid Handbook: Formula Aids and Entitlements for Schools in New York State* (Albany: New York State Education Department, 2024), [https://stateaid.nysed.gov/publications/handbooks/handbook\\_2425.pdf](https://stateaid.nysed.gov/publications/handbooks/handbook_2425.pdf).

203 Duncombe, and Yinger, Comparison of School Aid Reform Proposals for New York State.

of district wealth and contribution capacity. According to a 2020 report by the Office of the State Comptroller, using CRW measures, “the least wealthy [school] district has a CWR of 0.18, which is less than one-fifth the State’s average per pupil wealth measure, whereas the wealthiest district has a CWR just over 47 times higher than the average.”<sup>204</sup> This indicates that districts under the minimum may be being presumed wealthier than they are, while those over the max are being presumed to be less wealthy. The Comptroller also noted anomalies created under the prescribed calculation, such as that “some rural districts in the Adirondacks and elsewhere with high proportions of vacation homes and low student populations have very high CWRs.”<sup>205</sup>

Among the organizations calling for the removal of the IWI minimum and maximum caps were the Citizens Budget Committee, noting that the floor and ceiling means “a very poor district with 0.25 IWI is treated the same as a district with 0.65 IWI, suggesting that without the caps the IWI would be “logical and fair.”<sup>206</sup> Others criticizing this measure include the Public Policy Education Fund,<sup>207</sup> the New York State School Board Association,<sup>208</sup> the New York Advisory Committee on Civil Rights, and the Education Law Center.<sup>209</sup>

The report of the New York Advisory Committee on Civil Rights summarizes expert testimony before the commission, noting that “they contend that the 0.65 minimum overstates the ability of some districts to raise local revenue....The Income Wealth Index statutory floor means that poorer districts with an Income Wealth Index value of less than 0.65 are assumed able to contribute more than what they can realistically contribute to education funding, while richer districts with an Income Wealth Index value greater than 2.0 are deemed to be able to contribute less than what they are actually able to contribute.”<sup>210</sup> The report highlights the work of Yinger who “has suggested that a more effective means of evaluating a high-need district’s ability to deliver a quality education given its tax base is to use a more comprehensive fiscal health analysis that not only recognizes the increased costs of educating economically challenged and limited English-proficiency students but also takes into account factors such as the higher wages needed to attract teachers and the economies of enrollment scale, while still assuming the then-average New York State property tax of 1.5%; this more comprehensive fiscal health analysis attempts to measure a district’s ability to deliver the educational services based on factors outside its control.”<sup>211</sup>

Testifying to the New York State Senate on behalf of the Statewide School Finance Consortium, Executive Director Rick Timbs addressed the local contribution component options in depth. He argued that the IWI is “Particularly inequitable, placing school districts with the lowest wealth as measured by their Adjusted Gross Income (AGI) right alongside in many cases much wealthier counterparts.” He suggested that the calculation floor be set to zero and the ceiling to 2.0 (at twice the state average),

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204 *Special Report Update: Education Revenues and Expenditures with a Highlight on Special Education for Regions Outside New York City* (Albany, New York: Office of the New York State Comptroller, March 2020): 8.

205 *Ibid.*, 8.

206 David Friedfel, *A Better Foundation Aid Formula: Funding Sound Basic Education with Only Modest Added Cost*, Policy Brief (New York, NY: Citizens Budget Commission, December 2016).

207 Marina Marcou-O’Malley, *Foundation Aid in Name Only: New York State Denying the Full Worth of Black and Brown Students* (Albany, NY: Public Policy and Education Fund of New York, Alliance of Quality Education, 2019), [http://www.aqeny.org/wp-content/uploads/2019/10/FoundationAidNameOnly\\_final.pdf](http://www.aqeny.org/wp-content/uploads/2019/10/FoundationAidNameOnly_final.pdf).

208 *Senate Standing Committees on Education and Budget and Revenue Public Hearing, to examine the distribution of the Foundation Aid formula as it relates to pupil and district needs* (December 3, 2019) (statement Brian Fessler, New York State School Boards Association).

209 Farrie and Marcou-O’Malley, *Improving the Foundation Aid Formula in New York State*.

210 *Education Equity In New York: A Forgotten Dream*: 132-33.

211 *Ibid.*, 133.

which as currently set appears to be an “attempt to provide aid to those less in need. And when coupled with the current .65 floor as it denies the poorest income wealth school districts.” Additionally, Timbs suggested that state sharing ratios were “‘made-up’ to force distribution of funds in some fashion, although not particularly in order to assist the neediest.” He notes that “in a surprisingly large number of school districts the average property value and average income values are very different,” and that “although the property is taxed locally, the incomes of the people living there do not reflect their ability to pay.” He suggests that a remedy would be to “determine perhaps three different proportional fiscal capacity weightings and the lowest would be chosen to be entered into this portion of the overall formula for Foundation Aid.”<sup>212</sup>

Fessler, testifying on behalf of the New York State School Boards Association, noted that “when enrollment declines, the district will seem ‘wealthier,’ even when actual wealth measures such as property value and gross income remain flat. These processes are understandable when viewed on their own, but when combined, the loss of enrollment can result in a ‘double hit’ on a district’s Foundation Aid formula amount.”<sup>213</sup>

The Foundation Aid formula relies on an expected local contribution that is based on an assumed statewide average. For low-wealth districts, however, this means that the formula assumes a contribution that does not necessarily materialize. The Advisory Committee report noted: “Experts contend that the Foundation Aid formula fails to accurately measure the ability of any given district to contribute to annual school expenditures [, and there] is wide variation in the amount of local revenue actually raised per pupil.”<sup>214</sup> At the same time, there are intra-district disparities in property wealth. For example, “Yonkers is a community with income levels that are fairly high in one part and extremely low in another; when combined, the district ends up with a greater local capability for Foundation Aid purposes than its student base reflects.”<sup>215</sup> Other communities may be described as “property rich and income poor.” Moreover, some advocates argue that “in practice...local tax effort test is circumvented by allowing wealthier school districts to select from four tiers for the lowest possible local contribution, thus potentially denying their students the actual number of [local or total] dollars the formula has determined to be necessary to receive...” an SBE.<sup>216</sup> Additionally, the enactment of a statewide property tax cap that limits the percentage increase a school district may enact without a 60 percent majority vote (discussed more fully below), they argue, effectively bars some districts from raising the expected local contribution.

Experts Bruce Baker and Sean Corcoran note that “New York districts vary widely in property wealth and, as a result, tax rates and expenditures do, as well.”<sup>217</sup> Their data shows that “in the state’s highest-spending districts (the top 10 percent, or top decile), [spending was] more than seven times that observed in its lowest-spending districts (the bottom 10 percent, or bottom decile). Yet, despite lower average tax rates, levies per pupil are five times higher in the wealthiest districts.”<sup>218</sup>

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212 Rick Timbs, Testimony New York State Standing Committee on Education, December 3, 2019: 6-7, [https://www.nysenate.gov/sites/default/files/panel\\_9-rick\\_timbs-statewide\\_school\\_finance\\_consortium\\_0.pdf](https://www.nysenate.gov/sites/default/files/panel_9-rick_timbs-statewide_school_finance_consortium_0.pdf).

213 *Senate Standing Committees on Education and Budget and Revenue Public Hearing, to examine the distribution of the Foundation Aid formula as it relates to pupil and district needs* (December 3, 2019) (statement Brian Fessler, New York State School Boards Association).

214 *Education Equity In New York: A Forgotten Dream*: 130.

215 *Ibid.*, 131.

216 Rebell and Wolff, “Ensuring the Future of Fair School Funding: A Proposal to Establish a Permanent Commission to Guarantee a Sound Basic Education for All New York Students”: 18.

217 Bruce D. Baker and Sean P. Corcoran, *The Stealth Inequities of School Funding: How State and Local School Finance Systems Perpetuate Inequitable Student Spending* (Washington DC: Center for American Progress, 2012): 77.

218 *Ibid.*, 77.

Studies, such as Lois Wilson’s and Joan Gavrilik’s 1989 paper, showed that relying on state school aid data for 1981-82 and 1987-88 caused “the income data to make high property wealth districts appear poorer and low property wealth districts appear richer.”<sup>219</sup> Duncombe and Yinger agree that, particularly in New York, “wealth is an imperfect measure of a school district’s revenue-raising capacity,” in part because of differences in income and “their ability to export some of their tax burden to nonresidents.”<sup>220</sup> Additionally, they found that efficiency varies among districts, meaning some achieved successful outcomes more cost-effectively than others. They argued that “without controlling for inefficiency, cost adjustments in aid formulas may inappropriately reward inefficient as well as higher-cost districts.”<sup>221</sup> They therefore construct an alternative efficiency index for each New York State school district.<sup>222</sup> Using their own calculation for district fiscal health, Yinger finds that actual aid “is correlated with districts fiscal health,” and that “districts in poor fiscal health tend to receive more state aid per pupil than other districts.”<sup>223</sup> He concludes that “state aid does not fully compensate low-health districts for their disadvantages”; moreover, “many large and/or high-needs districts receive far less aid than warranted by their fiscal health.” Finally, Yinger finds that the “districts that receive more aid than warranted by their fiscal health alone are, on average, remarkably similar to the average district overall.”<sup>224, 225</sup>

Yinger explains further that “school districts are not expected to set their actual contribution equal to their expected contribution, and many districts, especially the poorer ones, set their actual tax rate below the tax rate in the foundation aid formula.”<sup>226</sup> “Without this minimum-effort provision,” he notes, “school districts can set their tax rates so low that they do not reach the adequate performance level, even with generous state aid.”<sup>227</sup> As a result, “total funding for education in many districts falls short of the foundation amount, that is, of the amount that is thought to be needed to reach the State’s student-performance target.”<sup>228</sup> He argues that the only way to ensure actual funding reaches the cost-adjusted spending target is to “require school districts to levy a tax rate that equals or exceeds the implicit tax rate in the foundation aid formula.”<sup>229</sup>

## Weighting for Special Student Conditions: the Pupil Needs Index

The Foundation Aid formula accounts for extra spending deemed to be required to ensure that certain at-risk students can achieve SBE outcomes. As Cunningham explains, funding is adjusted to provide districts with the extra resources required to provide students the same opportunity for an SBE. The formula’s “Pupil Needs Index” helps drive funding to districts with high needs: “the higher the

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219 Wilson and Gavrilik, “Education Aid in New York State: Targeting Issues and Measures:” 100.

220 Duncombe and Yinger, “School Finance Reform: Aid Formula and Equity Objectives”: 240-41.

221 Ibid., 246.

222 Ibid., 247-8.

223 Yinger, *How Equitable is the Educational Finance System in New York State?* Policy Brief No. 54/2019: 16.

224 Ibid., 16-7.

225 While he suggests that a fiscal health index is an appealing metric for an education aid system, Yinger (2019) argues that the inclusion of any NEW factors into the existing formula have “widespread support and a clear justification” (Yinger, *How Equitable is the Educational Finance System in New York State?* Policy Brief No. 54/2019: 17).

226 Ibid.

227 John Yinger, *Fixing New York’s State Education Aid Dinosaur: A Proposal*, Policy Brief (Syracuse, NY: Metropolitan Studies Program Plan, Center for Policy Research, Syracuse University, May 2001): 12.

228 Yinger, *How Equitable is the Educational Finance System in New York State?* Policy Brief No. 54/2019: 20.

229 Ibid., 21.

level of pupil needs, the more aid the district will receive.”<sup>230, 231</sup> Education reform literature notes the dangers of creating perverse incentives wherein districts overestimate qualifying students to increase aid. There is also a need to balance nuanced weighting against complexity in the formula and ossification of measures in statutory language.

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*There is academic and policy advocacy consensus that the Pupil Needs Index urgently needs reevaluation and should be determined based on up-to-date data.*

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The Pupil Needs Index (PNI) includes single-weighted adjustments to account for the increased costs of three categories of extraordinary need: 1) students in poverty, which includes both a poverty rate count and an expanded count of students eligible for the federal Free and Reduced-Price Lunch (FRPL) program; 2) students requiring English language instructional support; and, 3) students living in sparsely populated districts. The formula includes a minimum (1.0) and maximum (2.0) Extraordinary Need percent index. There is academic and policy advocacy consensus that the Pupil Needs Index urgently needs reevaluation. Moreover, the caps on the PNI (minimums and ceilings) have been identified as arbitrary and deleterious for high-need dependent districts.<sup>232</sup> The vast majority of testimony heard by the Rockefeller Institute during its public hearings were from education and advocacy organizations calling for an adjustment—or overhaul—of the PNI components to reflect current district and student needs, account for significantly increased costs of services, and incorporate up to date data.

Academics and education advocates argue that a reformulated PNI is needed to more realistically account for differential needs of those categories currently included in the index (poverty, disability, English proficiency, and district sparsity), as well as to potentially include new categories of pupil need (such as students in foster care or who are unhoused). As discussed more fully below, a frequent critique of the current Foundation Aid formula is that the measures and data embedded in the formula are outdated, ossified by statute, and include arbitrary caps. An impediment to evaluating the need for a more nuanced weighting in New York State is the lack of available student-level data to researchers outside of New York State.

As the Regents have noted, there are two questions pertinent to pupil weighting in the Foundation Aid formula:

1. What measures (pupil counts) are available to best reflect student needs?
2. What are the appropriate additional weightings to give students to quantify the additional educational services such students require if they are to succeed?<sup>233</sup>

Similar to and embedded within the major costing models there are various approaches for constructing some type of weighted student funding or pupil need index, recognizing that various weightings have an impact on the distribution of funds and can produce significant funding differences. Most researchers

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230 “Reviewing the Foundation Aid Formula: Agenda for Discussion,” State Aid Subcommittee, Board of Regents, New York State Education Department, October 17, 2016.

231 It was the shift toward adequacy (and vertical equity), along with the *CFE* ruling, that reinforced recognition that the differential cost of educating certain categories of students should also be accounted for in the distribution of aid.

232 *Education Equity In New York: A Forgotten Dream*: 125.

233 New York State Board of Regents’ Proposal on State Aid to School Districts for School Year 2010-11: 38.

and public education advocates argue that the PNI weightings in the state’s current Foundation Aid formula, although ostensibly informed by research (and similar to the proposal approved in *CFE III* as sufficiently rational to pass judicial muster), were arbitrarily chosen, and that the rationale and process for the final weightings was opaque and politically negotiated.<sup>234</sup>

Yinger has suggested that the proposed weightings in the Zarb Commission report overstate the degree to which they were informed by meaningful research: “The ‘research’ in this quotation refers to professional articles that present descriptive information on state aid formulas, not to professional articles that actually estimate the appropriate cost weights for various student categories.”<sup>235</sup> Instead, he suggests the commission surveyed other state practices and adopted the median of the range. Using the Successful Schools model, NYSED’s pre-Foundation Aid proposals did a similar survey, but opted for higher weights. The CFE (AIR/MAP) proposal used the Professional Judgment methodology, which Yinger argues appears informed by expert opinion, but is equally “vague.” Duncombe, Lukemeyer, and Yinger used the Cost-Function methodology to generate estimates of increased costs from which they constructed an index that approximated weighting in use by other states.<sup>236</sup>

Duncombe and Yinger compare the different approaches that used competing models to calculate additional costs for educating high-needs students. They note that the only weights that were estimated using “data collected in New York” are the Syracuse Model (their model) and the CFE (AIR/MAP) model. They further note that their model (a cost-function approach) produced weights higher than the CFE Professional Judgment model.<sup>237</sup>

#### Summary of Costing-Out Studies of Early 2000s

Model (Costing Out Study)	Approach
Syracuse Model	Cost-Function Approach—part of the overall cost of education index and estimated Pupil Needs Index where PNI weights are based on results from cost function for student need variables.
CFE (AIR/MAP)	Professional Judgment panels asked to develop required resources for three student need ranges. These were used to estimate per-pupil spending by need level. Used regression analysis to estimate for all districts.
Regents Proposal	Did not specify where weights originated. Weights are higher for concentrated poverty.
Zarb Commission (Standard and Poor’s)	Drawn from a review of literature on coefficients education agencies use in practice. Did not recommend specific weights but used weights in costing of SBE.
Midstate Consortium	Did not adjust for needs in the operating formula, addressed through categorical grants. Extraordinary needs used to distribute (subsidized lunch and LEP counts).

*SOURCE:* William D. Duncombe and John Yinger, *Comparison of School Aid Reform Proposals for New York State* (Syracuse, NY: Center for Policy Research, 2004).

234 Judge Kaye’s dissent in *CFE III* found reliance on weighting utilized by other states to be unpersuasive as they were not reflective of the actual cost of educating extraordinary needs in *New York State*.

235 Standard & Poor’s analysis (on which the Zarb Commission report was based) did literature review to come up with 3 weightings (2.1 for disabilities, 1.35 for economically disadvantaged students, 1.2 for English Language Learners-ELL), but did not recommend any definitive weights be adopted (See *CFE III* for a discussion).

236 Yinger, unpublished class notes.

237 William Duncombe and John Yinger, “How Much More Does a Disadvantaged Student Cost?” *Economic Education Review* 24, no. 5 (2004): 513-32.

The Foundation Aid formula's weightings consolidated adjustments for student need from 30 separate aid categories that were used prior to 2007, and undoubtedly were at least partially informed by the competing proposals and studies related to the *CFE* litigation. The precise methodology and considerations that guided the adoption of the final weightings used in the formula, however, remain unclear and are the subject of academic criticism.<sup>238, 239</sup> Baker argues that the Foundation Aid formula was "built on weak analysis—a foundation of sand—that failed to accurately measure the costs of providing all children, especially those in higher poverty communities, with equal opportunity to obtain a meaningful high school education."<sup>240</sup> He argued that the formula was "never appropriately calibrated over time to account accurately for increased costs, including the costs associated with increased outcome goals and standards," but that it was approved as rather "*good enough* in the moment" to satisfy the courts.<sup>241</sup>

Increasing the weightings, particularly for poverty, has been a consistent proposal of the Regents.<sup>242</sup> Yinger notes: "The pupil weights in the current formula were informed by scholarly estimates of these weights available when the formula was designed. However, these weights have not been updated since then."<sup>243</sup> Yinger also points out that New York State has not maintained the necessary data to track or update the elements of the Pupil Needs Index,<sup>244</sup> and with researcher Emily Gutierrez, Yinger describes how the current PNI understates the cost difference relative to their revised and updated estimates.<sup>245, 246</sup>

A report by the Equity Center, a Texas-based consulting organization, surveyed the academic literature on student weighting used in state funding formulas. It noted that "it would be useful if research were available about what categories of need ought to be and what the necessary weight for each category ought to be to ensure equitable funding. The bad news is that there is no such research."<sup>247</sup> Instead, existing research focuses on the methodology used to make recommendations to lawmakers. These include:

1. Professional Judgment Panels to prescribe the cost of the goods and services necessary to ensure the category meets state adequacy standards.

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238 Rebell and Wolff, "Ensuring the Future of Fair School Funding: A Proposal to Establish a Permanent Commission to Guarantee a Sound Basic Education for All New York Students."

239 Baker, *School Funding Fairness in New York State: An Evaluation of the Conceptual and Empirical Basis and Implementation of the New York State Foundation Aid Program, Report Prepared on Behalf of the New York State Association of Small School Districts*, October 1, 2011.

240 Baker, "Built on a Foundation of Sand: Fixing New York State's Foundation Formula to Provide Adequate Education to All": 1.

241 *Ibid.*, 1.

242 Cunningham, *State Aid to School Districts in New York State: An Overview Based on the Laws of 2014*.

243 Yinger, *How Equitable is the Educational Finance System in New York State?* Policy Brief No. 54/2019: 7.

244 John Yinger, *Accounting for Disadvantaged Students in Foundation Aid Formulas*, Policy Brief 10-2016 (Syracuse, NY: Center for Policy Research, Syracuse University Maxwell School of Citizenship and Public Affairs, 2016).

245 Baker and Yinger have elsewhere argued that the original weights, which are statutorily prescribed as part of the formula, were developed arbitrarily. "Professor Yinger says the manner in which the weights originally were derived was never transparent and New York State does not have an office that is capable of estimating the weights nor is there the analytical capacity to do the statistical procedures that are required" (*Education Equity In New York: A Forgotten Dream*: 128). Baker (2023) argues that the weighting New York State used for additional costs of students with different needs "were simply made up" (2).

246 John Yinger and Emily Gutierrez, *Updated Pupil Weights for New York's Foundation Aid Formula* (Syracuse, NY: Maxwell School of Citizenship and Public Affairs, Syracuse University, November 2017), <https://surface.syr.edu/cgi/viewcontent.cgi?article=1360&context=cpr>.

247 *Weighing Costs & Benefits: Research on Student Weights and School Finance* (Austin, Texas: Equity Center, 2017): 5.



2. Resource studies derived from “existing evidence of need” in specific areas such as special populations, teacher development, etc.
3. Statistical modeling of the need to achieve a desired set of outcomes.<sup>248</sup>

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*Reliance on methodologies designed by other states and using other states’ educational adequacy standards may not be applicable to the New York State context.*

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Similarly, the report states that there is “no actual research” that promotes understanding “about categories of special needs that would benefit from extra funding” and no research on “exactly what the weight ought to be for a specific category of special need.”<sup>249</sup> What is available is

information on the weights that specific studies or states have decided to assign and the factors that affected their weighting decisions, particularly when assigning multiple weights within categories.<sup>250</sup>

A survey of other state practices may be used to identify a range of potential weightings, and such a review is offered in the “What Other States Are Doing” chapter of this report. One resource in that review, Deborah Verstegen, an expert on educational policy and finance, provides a summary table of the Foundation Aid amounts and state weightings for special education students, students from low-income families, and English Language Learner (ELL) students, illustrating a wide range of methodologies and weightings, such as per pupil flat weights, single weights, multi-weights, block or categorical funding, and cost-reimbursement approaches.<sup>251</sup>

As with New York’s formula, however, many of the weights used in other states have been assigned without adequate study or have not been regularly updated. Even assuming a referent weighting was not ad hoc, reliance on methodologies designed by other states and using other states’ educational adequacy standards may not be applicable to the New York State context or reflect actual costs in this state. Similarly, finding that a particular weighting used by another state was sufficient or insufficient to improve outcomes for that category of student is not necessarily generalizable to New York, which likely has dramatically different student populations and local economic and social conditions.

Reliance on methodologies designed by other states and using other states’ educational adequacy standards may not be applicable to the New York State context.

There is a small body of research on Weighted Student Funding (WSF) used by some school districts, including New York City, in the distribution of funds to schools within a district. New York City regularly recommends that the state adopt its internal formula, known as Fair Student Funding, and incorporate it as part of the state’s Foundation Aid formula. In testimony before the New York Advisory Committee

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248 Ibid., 6.

249 Ibid., 6.

250 For examples of recent cost-function costing-out studies that include cost-function approaches to pupil weighting, see Kolbe, et al., *Study of Pupil Weights in Vermont’s Education Funding* (Vermont); Levin, et al., *Research and Analysis on Behalf of the New Hampshire Commission to Study School Funding* (New Hampshire); Kolbe, et al., “The Additional Cost of Operating Rural Schools: Evidence from Vermont” (Vermont); Levin, et al., *An Examination of the Costs of Texas Community Colleges* (Texas); Zhao, *Estimating the cost function of connecticut public K-12 education: Implications for inequity and inadequacy in school spending*, Working Papers, No. 20-6 (Connecticut).

251 Deborah Verstegen, “Public Education Finance Systems in the United States and Funding Policies for Populations with Special Educational Needs,” *Education Policy Analysis Archives* 19, no. 21 (2011).

Hearings, Sarita Subramanian of the NYC Independent Budget Office explained that New York City's Fair Student Funding formula employs 33 weights across five categories. The formula:

(i) weighs middle and high school students as needing more assistance; (ii) takes into account the incoming academic achievement of students, with weights determined by grade level and degree of academic deficiency; (iii) factors in the type of language education that English Language Learners are enrolled in, as well as the declassification of those students upon gaining proficiency; (iv) considers the types and frequency of services received by students with disabilities; and (v) provides additional support (by type) for specialized instruction offered to students in portfolio high schools by including multipliers for transferred students depending on the perceived difficulty in graduating.<sup>252</sup>

Marguerite Roza, an education finance and policy expert and the Director of Georgetown University's Edunomics Lab, provides an overview of Weighted Student Funding. She finds that some districts have moved to WSF to target school-level funding toward the students that are currently enrolled.<sup>253</sup> A review of the practice, however, reveals that there is no single standard in use; rather, districts have developed their own weighting schemes with substantial differences in the categories of weighting or the weights utilized. Roza notes that:

...most commonly, districts use grade level as a student weight category, but they do not agree on which level of schooling warranted the highest weight. Seven districts give their highest grade-level weight to elementary grades, four give it to middle school grades, and four give the highest weight to high schoolers. Two thirds of districts use weights for students identified as English Language Learners (ELL) and as having disabilities, while half use weights for poverty. Even the size of the weights differs, with ELL weights ranging from 10% to 70%. Several districts use tiered weights.<sup>254</sup>

Roza also finds that modification of weighting can account for local context and can be an incremental step toward change:

At each point in our study, we find districts building "homegrown" approaches to WSF that reflect their own spending history and local context. We could see this as a practical transition of sorts between old and new allocation strategies, where district leaders straddle both the desires to change allocations and the pressures to keep allocations the way they are.<sup>255</sup>

A policy brief from Georgetown University's Edunomics Lab confirms that there is no recognized best practice for WSF: "There's no such thing as the 'typical' WSF model."<sup>256</sup> Funded by the US Department of Education, the report surveyed school districts using pupil weighting systems (including the New York

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252 *Education Equity In New York: A Forgotten Dream*: 130.

253 Marguerite Roza, "Weighted Student Funding is on the Rise. Here's What We Are Learning," Inside IES Research, Institute of Education Sciences, May 9, 2019, <https://ies.ed.gov/blogs/research/post/weighted-student-funding-is-on-the-rise-here-s-what-we-are-learning>.

254 Roza also found "a range of unique weights designed within the districts for categories of locally identified need (for example, Boston uses a weight for students with interrupted formal learning, and Houston uses a weight for students who are refugees" (Ibid.).

255 Roza, "Weighted Student Funding is on the Rise. Here's What We Are Learning."

256 *Lessons Learned: Weighted Student Funding*, Policy Brief (Washington, D.C.: Edunomics, McCourt School of Public Policy at Georgetown University, 2020): 2, <https://edunomicslab.org/wp-content/uploads/2020/11/WSF-Lessons-Learned.pdf>.

City Department of Education) and finds substantial variance in the amount of funding determined by student weights and the weighting rubrics employed. “Homegrown formulas, non-formula allocations, and exemptions reflect local context and lead to substantial differences in how WSF is implemented across districts,” the report finds.<sup>257</sup> The systems differ in the pupil characteristics measured and the assigned weights given to the distinct groups as well: “Grade level is the most commonly used student weight category across districts, but which level of schooling warrants the highest weight is not consistent.”<sup>258</sup>

Still, the analysis did find evidence that the use of WSF helps to drive funding to higher-poverty schools: “Nearly all WSF districts do spend more on average on schools attended by low-income students than on schools attended by non-low-income students...[and] the lowest-performing schools receive more dollars per pupil in 16 of 18 (89%) WSF districts and higher counts of teachers.”<sup>259</sup> The relationship of WSF to improved student outcomes was found to be “tentatively positive.” The study finds:

...WSF implementation is related to positive test scores for the overall student population in those districts in both ELA and math compared to non-WSF districts in the same state, even when controlling for student characteristics as well as anticipatory and phase-in effects. But when drilling down to look at outcomes for a group of at-risk students, we do not find evidence of improved achievement for Black or Hispanic students. As such, we find no narrowing of the Black/white or Hispanic/white achievement gaps that can be attributed to use of WSF. In fact, we found some evidence of widening achievement gaps in districts that implemented WSF before 2011. The gap widened because student outcomes overall were improving but those of Black and Hispanic students were not.<sup>260, 261</sup>

Researchers Margurite Roza, Katherine Hagan, and Laura Anderson collected “more than 70 measures of each of 19 districts using WSF in 2018 for a landscape analysis of formula features and implementation practices.”<sup>262, 263</sup> The study found that, “While districts report common reasons for adopting WSF (equity, flexibility, and transparency),” there was “no standard WSF model.” Instead, “Homegrown formulas and nonformula features and exemptions reflecting local context are the norms, resulting in substantial differences. Nearly all districts continue to budget with average salaries (likely limiting equity) but grant principals flexibility on staffing, stipends, and contracts.”<sup>264</sup>

Although Roza and her coauthors found “some minimal consistency in what districts choose to weight, how much weight each characteristic is given varies widely across study districts,”<sup>265</sup> they find the weights, whether singular or multi-level to capture gradations in costs, vary widely and the use of tiers within categories contributes to the variation. As they concisely explain:

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257 Ibid., 2.

258 Ibid., 2.

259 Ibid., 4.

260 Ibid., 8.

261 They note, however, that these gaps existed prior to the adoption of weighted student funding.

262 Marguerite Roza, Katherine Hagan, and Laura Anderson, “Variation is the Norm: A Landscape Analysis of Weighted Student Funding Implementation,” *Public Budgeting and Finance* 41, no. 1 (2020): 3-25.

263 A peer reviewed extension of Roza, “Weighted Student Funding is on the Rise. Here’s What We Are Learning.”

264 Roza, Hagan, and Anderson, “Variation is the Norm: A Landscape Analysis of Weighted Student Funding Implementation:” 3.

265 Ibid., 11.

More than half of the 19 study districts include weights for grade level (89 percent), ELL and special education students (63 percent), and students in families living in poverty (57 percent). Six of the 19 districts (32 percent) weight students with low academic performance; only two (11 percent) weight for high academic performance. Additionally, five of the 19 districts (26 percent) weight students identified as gifted. Together with the high-performance weight, this suggests that seven of the 19 districts (37 percent) allocated additional increments to highly capable students. Weights used less frequently include those for vocational students (weighted by four of the 19 districts, or 21 percent), students with interrupted formal education (weighted by three of the 19 districts, or 16 percent), and students who are homeless (weighted by one of the 19 districts, or 5 percent).<sup>266</sup>

With respect to special education and disability weighting, the researchers concluded that:

Of the 12 of 19 districts (63 percent) that weight special education, nine use a multilevel weight of two or more ‘tiers’ to allocate larger increments for students considered to have more significant needs. Districts base their tiers on a variety of factors. Some, like San Francisco, weight students on the severity of their disability, regardless of what disability they have. Others, such as Newark and Boston, attach weights to specific disability types (such as autism) in addition to disability severity. Both the Newark and Boston districts grant their highest weight to students with severe developmental delays. Because of this tiered approach, as with the ELL tiers cited above, the range of special education weights is very large. As shown in Table 4, the lowest weight is in San Francisco, where every special education student is given a minimum weight of 0.01, or \$36.63. The highest weight is in Newark, where students with severe developmental delays are given a weight of 9.64, or \$44,353.64. This top-range weight represents 964 times the lowest weight.<sup>267</sup>

The authors found more consistency for the weighing of poverty, varying from 0.02 to 0.54.<sup>268</sup> They note that “districts generally qualify students for the poverty weight as those participating in the federal Free or Reduced-Price Lunch (FRPL) program, though this method of identification is becoming less standardized as direct certification expands.”<sup>269</sup>

In an important conclusion, the authors cast doubt on the degree to which weighted student funding is built on reliable, research-backed data, explaining:

Our interviews with study districts suggest that these formulas are largely homegrown, rooted in and shaped by local context, observed in the district-by-district variability in everything from the language used to express formula features to the way the formulas themselves work. Formula details reflect local leaders’ choices and tradeoffs, replete with caveats and adjustments attuned to a locale’s policy framework, politics, and historical allocation practices. This homegrown approach seems to include variable decisions around which student types are weighted, among other formula implementation details, and what offsets are needed to protect prior allocations in some schools. We can hypothesize that weights may differ due to the prevalence (or

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266 Ibid., 12.

267 Ibid., 15.

268 Ibid., 15.

269 Ibid., 16; citing Matthew M. Chingos, “No More Free Lunch for Education Policymakers and Researchers,” *Evidence Speaks* 1, no. 20 (2016): 1–3, <https://www.brookings.edu/wp-content/uploads/2016/06/free-and-reduced-lunch3.pdf>.

lack of prevalence) of certain student types in one study district versus another. For example, a district with proportionally few ELL students may choose to weigh those students more or less than a district with high levels of ELL student enrollment. Often, it appears formulas are more a reflection of historic allocations than any deliberate strategy for student learning, student performance, or other student-related priorities. Take, for instance, weights for grade bands, including elementary, middle, and high school. We might expect to see some consistency across locales in judgments about which grade band requires more funding or has higher student need. Yet, interestingly, study districts are roughly evenly divided among allocating their highest grade-level weight to elementary, middle, and high school grades. In other words, the homegrown nature of districts' WSF formulas is reflected even in something as basic as prioritizing grade levels for extra funding.<sup>270</sup>

Another national report prepared by the American Institutes for Research (AIR) for the US Department of Education examined 27 school districts' use of WSF in the 2018-19 school year. The report found that "The most common student subgroups weighted in WSF formulas were students from low-income families, English learners, and students with disabilities."<sup>271</sup> The study found that "The size and structure of the weights to address student needs varied considerably among the nine case study districts".<sup>272</sup>

For example, weights for individual students from low-income families ranged from 0.05 to 0.15, and three of the districts provided additional funding for schools with high concentrations of these pupils (Baltimore, Boston, and Denver), bringing the combined weights for low-income students up to a high of 0.275 in Denver. For EL students, some districts varied the weights by English proficiency level while others used a single weight for all ELs. Similarly, weights for students with disabilities often varied by type and severity of disability. Weights for ELs and SWDs were often larger than those for low-income students; EL weights ranged as high as 0.94, and SWD weights were over 1.0 in three districts, with a high of 7.25 in one district.<sup>273</sup>

The report also found mixed evidence as to whether weighted student funding improved equity of resource distribution to schools within the districts: "Analyses of expenditure data in the nine case study districts found that while some WSF districts showed progressive equity patterns and appeared to make equity gains after WSF implementation, others did not. This is perhaps unsurprising given the variation in the size and structure of the weights that these districts used, and the fact that most used average, rather than actual, salaries for budgeting school personnel expenditures. Although WSF is a tool that may be used to direct higher levels of funding to schools with greater needs, its effectiveness in improving the equitable distribution of funds is influenced by the types and sizes of weights used, the share of total funding distributed through the formula, and whether schools use actual or average salaries for budgeting the funds that are allocated to them."<sup>274</sup>

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270 Ibid., 21.

271 *Districts' Use of Weighted Student Funding Systems to Increase School Autonomy and Equity: Findings from a National Study* (Washington, DC: US Department of Education, Office of Planning, Evaluation and Policy Development, Policy and Program Studies Service, 2019): ix.

272 Ibid., ix.

273 Ibid., xi-xii.

274 Ibid., 67-70.

## Poverty Measures

New York's Foundation Aid formula includes two measures of poverty that drive increased aid: a count of students from families in poverty, which is based on data from the 2000 US Census, and a supplemental allocation based on a count of students participating in the federal Free and Reduced-Price Lunch (FRPL) program (a three-year average of the number of K-6 students applying for FRPL). Each component is assigned a weight of 0.65.

A 2020 report on Education Aid Revenues and Expenditures by the New York Office of State Comptroller explains that "in recent years, Foundation Aid increases to high-poverty school districts have been tied to the development and expansion of community schools, which provide services such as family health care and social services."<sup>275</sup>

The selection of poverty indicators in the Foundation Aid formula was apparently driven by a survey of state practice: "A common measure used to identify student need among the 50 states is the percentage of students eligible for a free and reduced-price lunch," noted the Board of Regents.<sup>276</sup> The Regents acknowledge the variation of eligibility within districts and the potential of unique factors, thus driving the incorporation of a three-year average of student counts. Yinger finds that the "share of students eligible for free lunch is the poverty measure with the strongest link to [education] spending... Many studies show that a district with a high concentration of at-risk students must spend more than other districts to achieve a given performance target."<sup>277</sup>

The basis for arriving at the assigned weightings in New York's formula, however, was not clearly specified. The Regents' 2010-11 funding recommendations explain:

Although a wide range exists in the research literature in terms of the appropriate additional weighting for student need, most of the literature suggests an additional weighting of at least 1.0. While other weightings and pupil counts were considered, both separately and in combination, the use of an additional 1.0 weighting for the free and reduced-price lunch proportion of the student population was continued.<sup>278</sup>

AIR's review of state funding formulas found that "nearly all state school finance formulas" account for poverty in adjusting educational costs but use different indicators for measuring poverty.<sup>279</sup> Eligibility to receive nutrition benefits via state and federal programs (i.e., FRPL) remains the most used indicator, although other state needs-based eligibility programs are also used. "The extent of need in a school district is typically tied to either a count of students who meet specified criteria or the percentage of a district's or school's population who are identified as economically disadvantaged."<sup>280</sup> A few states "use average levels of student achievement in a school district to identify districts that

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275 *Special Report Update: Education Revenues and Expenditures with a Highlight on Special Education for Regions Outside New York City*: 11.

276 New York State Board of Regents' Proposal on State Aid to School Districts for School Year 2010-11: 38

277 Yinger, *How Equitable is the Educational Finance System in New York State?* Policy Brief No. 54/2019: 6, 8; John Yinger, *How Equitable is the Educational Finance System in New York State?* Policy Brief No. 54/2019 (New York: Center for Policy Research, 2019): 6, 8: [https://surface.syr.edu/cgi/viewcontent.cgi?article=1274&context=cpr&\\_gl=1\\*10ixply\\*\\_ga\\*MjA5NjQwNzUwNC4xNjYyNDc3MTkz\\*\\_ga\\_QT13NN6N9S\\*MTY2NjI4MDczNC4zMi4wLjE2NjYyODA3MzQuNjAuMC4w](https://surface.syr.edu/cgi/viewcontent.cgi?article=1274&context=cpr&_gl=1*10ixply*_ga*MjA5NjQwNzUwNC4xNjYyNDc3MTkz*_ga_QT13NN6N9S*MTY2NjI4MDczNC4zMi4wLjE2NjYyODA3MzQuNjAuMC4w).

278 New York State Board of Regents' Proposal on State Aid to School Districts for School Year 2010-11: 39.

279 Kolbe, et al., "State Funding Formulas: A National Review. American Institute for Research."

280 *Ibid.*, 5-6.

require additional resources.”<sup>281</sup> They further note that some states distinguish between districts based on the “concentration, or density, of economically disadvantaged or at-risk students.”<sup>282, 283</sup>

In their review of state estimates, Taylor and her coauthors found that “as a general rule, the highest estimates of the differential costs associated with student poverty came from analyses of New York and the lowest cost estimates came from analyses of more rural states such as Arkansas, Arizona, Kansas and Texas.”<sup>284</sup> Appearing before the New York Advisory Committee on Civil Rights in 2019, Yinger suggested that “.... holding student performance and other factors constant, it costs 125% more, by this measure, to bring a poor student to the level of a non-poor student.”<sup>285, 286</sup>

## Poverty Concentration

There is a growing research consensus that it is important to factor in the concentration of poverty in certain districts. Yinger’s research shows that New York’s current PNI measures understate the different costs of students in a district with *a high concentration of at-risk students*.<sup>287, 288</sup> This conclusion was echoed by representatives of the New York State School Boards Association, which offered testimony that there is a “cumulative effect of a concentration and overlap of at-risk students” not currently captured in the PNI. New York City’s Independent Budget Office highlighted data showing an increase in poverty rates across the state, and recommended New Jersey’s methodology as an example for consideration: “incorporating students with disabilities into the Pupil Need Index calculation rather than in the total student enrollment multiplier to Adjusted Foundation Aid could help correct the disproportionately lower funding to districts that serve high shares of students of color.”<sup>289</sup>

The Equity Center’s survey of literature concludes that “the higher concentration (anything over about 15 percent) of poverty in a school, the more money is needed to make a difference in student learning. The more economically disadvantaged students are in a school, the more likely curriculum delivery slows down for everyone, “increasing teacher turnover rates.”<sup>290</sup> Moreover, multiple advocates have noted that FRPL applications have fallen since the creation of comprehensive eligibility free lunch programs—negatively affecting their measure, suggesting that other poverty indicators such as direct certification for federal Supplemental Nutrition Assistance Program (SNAP) or Medicaid benefits would provide a more accurate snapshot of district poverty.

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281 *Ibid.*, 5-6.

282 *Ibid.*, 5-6.

283 “For example, California’s formula includes a ‘concentration grant’ that allocates an additional 50% of the base grant amount to districts with more than 55% of students meeting the state’s definition of ‘at-risk’ student. Alternatively, other states use a sliding scale to allocate state aid, in which districts with greater concentrations of students living in poverty receive more aid per student than those with lower concentrations (e.g., Nebraska, New Jersey)” (Kolbe, et al., “State Funding Formulas: A National Review. American Institute for Research”: 5-6).

284 Taylor, et al., *Estimating the Costs Associated with Researching Student Achievement Expectations for Kansas Public Education. Students: A Cost Function Approach*.

285 *Education Equity In New York: A Forgotten Dream*: 142.

286 Using a 1.25 weight for that measure and increasing the weight for the English Language Learners variable from 0.5 (in the current formula) to 0.61 and adding a 0.39 weight for students with a severe disability, Professor Yinger’s study found that, “in order for at-risk students to attain any given performance standard selected by New York State, statewide school spending outside New York City had to increase by 37.1% to account for economically disadvantaged students, 2.5% for students with limited English proficiency and 6.7% for students with severe disabilities” (*Education Equity In New York: A Forgotten Dream*: 126).

287 Yinger, *Accounting for Disadvantaged Students in Foundation Aid Formulas*, Policy Brief 10-2016.

288 New York State Advisory Commission (2020) (statement of John Yinger): 125.

289 *Education Equity In New York: A Forgotten Dream*: 127.

290 *Weighing Costs & Benefits: Research on Student Weights and School Finance*: 2.

But recent research by Phil Tegler, an expert on civil rights policy, provides caution regarding potential unintended consequences of weighting for poverty concentration:

[T]here may be unintended consequences of state funding systems that give enhanced funding based on high poverty concentration in specific schools. Of course, compensatory funding should increase as school-based poverty increases, but potentially “rewarding” districts for maintaining concentrated poverty in specific schools (rather than deconcentrating poverty across a district) raises education policy concerns. Funding systems that have a specific funding cut-off “cliff” for supplemental funding may inadvertently create disincentives to intradistrict integration and poverty deconcentration for both district and individual school leaders.<sup>291</sup>

## English Language Learners

The Foundation Aid formula for weighting the needs of English Language Learners (ELL) has been critiqued by education reform advocates for both underestimating the associated cost, and for not accounting for distinctions between those needing ELL support, recent arrivals, disrupted educations, and those with a related lack of formal education.<sup>292</sup> The AIR report notes this complexity: “ELL students have different language, academic, and social-emotional needs that require specialized instruction and support services for them to meet common academic standards.”<sup>293</sup> The report goes on to note that “Duncombe and Yinger (2005) estimated that the cost of serving an ELL student in Kansas was statistically significant, but tiny, 0.14 percent higher than the cost of serving a student who was not ELL. At the other end of the spectrum, Duncombe and Yinger estimated nearly 30 years ago that the cost of serving an ELL student in New York was four times the cost of serving a student who was not ELL.”<sup>294</sup>

AIR’s survey of state practice found that “all but two states provide additional funding to educate students who are unable to communicate fluently or learn effectively in English” and most provide “supplemental funding for either the number or share of ELL students served by a school district.”<sup>295</sup> Several states additionally account for concentrations of ELL learners by applying a sliding scale (as in Maine) or higher weights based on the number of lower proficiency students (as in Hawaii) or by grade level (Massachusetts).<sup>296</sup>

Equity Center reports that there are only a small number of studies on the costs of ELL education, including a judicial determination that Texas’s 0.1 multiplier was insufficient to cover the costs.<sup>297</sup> Additionally, it notes that the Texas-based Intercultural Development Research Association conducted

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291 Phil Tegler, “Unintended Consequences of School Finance Reform? An Initial Exploration,” *Poverty and Race Journal* 32, no. 2 (2023): 15-7.

292 The English Language Learners (ELL) Count is equal to the “base year enrollment of pupils who speak a language other than English at home and demonstrate English language proficiency below the ‘Commanding (Proficient)’ level.” New York State Education Department, *State Aid Primer 2023*, <https://www.nysed.gov/sites/default/files/programs/fiscal-analysis-research/primer-2023.pdf>.

293 Kolbe, et al., “State Funding Formulas: A National Review. American Institute for Research.”

294 *Ibid.*, 8.

295 *Ibid.*, 5-6.

296 *Ibid.*, 5-6.

297 *Weighing Costs & Benefits: Research on Student Weights and School Finance: 12*; see *Texas Taxpayer & Student Fairness Coalition, et. al. v. Texas Commissioner of Education*, 2013.



a study in 1976 (replicated a few years later for Colorado) that “indicated that the bilingual/ESL weight ought to be, at minimum 0.25 to 0.41.”<sup>298</sup>

## Sparsity Measures

Sparsity is an additional factor, albeit a relatively minor one in the overall cost picture, in calculating the Pupil Needs Index under New York State’s Foundation Aid formula, and it is omitted as a factor in some of the other proposed costing-out models.<sup>299</sup> However, “approximately half of the states in the country adjust for size and/or sparsity in the basic operating aid formula.”<sup>300</sup> Education finance scholar Bruce Baker says: “Research shows that districts with fewer than 100 students operate at almost double the per-pupil cost as districts with 2,000 pupils, and districts with 100 to 300 students are about 50% more costly.”<sup>301</sup> Such cost differences are largely attributable to differences in underlying staffing ratios.<sup>302</sup>

Duncombe and Yinger note that “there is significant empirical evidence that districts with low student enrollments (below 1500 students) require higher per pupil spending to reach academic standards.”<sup>303</sup> They maintain that “the key factor affecting ‘economies of size’ is district enrollment not sparsity,” though sparsity may be a factor in consolidation feasibility and transportation costs.

Education researchers John Sipple and Brian Brent explain the impact of sparsity on increased transportation costs and the unique challenges associated with small enrollments, noting that small, or rural districts, also confront challenges related to increases in ELL students and students with disabilities.<sup>304</sup> While there are multiple approaches to mitigating transportation costs and challenges, there is no singular solution to “accommodating the unique costs of a geographically sparse district,” notes researcher Deborah Versteegen.<sup>305</sup> Sipple and Brent note that the typical blend of categorical and formula-based funding makes it difficult to “generalize defensibly” as to which state-funding strategies are most effective in assisting sparsely populated, rural districts.<sup>306</sup>

The AIR report summarizes state practices:

Twenty-six states recognized that small districts and schools are less able to take advantage of economies of scale in operations. Of states that incorporate an

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298 *Weighing Costs & Benefits: Research on Student Weights and School Finance*: 12.

299 Yinger, *How Equitable is the Educational Finance System in New York State?* Policy Brief No. 54/2019.

300 Duncombe and John Yinger, “How Much More Does a Disadvantaged Student Cost?": 8 (citing Duncombe and Yinger, “How Much More Does a Disadvantaged Student Cost?”).

301 Bruce D. Baker, “The emerging shape of educational adequacy: From theoretical assumptions to empirical evidence,” *Journal of Education Finance* 30 no. 3 ((2005): 259–87, <https://eric.ed.gov/?id=EJ720564>.

302 “For example, California’s formula includes a ‘concentration grant’ that allocates an additional 50% of the base grant amount to districts with more than 55% of students meeting the state’s definition of ‘at-risk’ student. Alternatively, other states use a sliding scale to allocate state aid, in which districts with greater concentrations of students living in poverty receive more aid per student than those with lower concentrations (e.g., Nebraska, New Jersey).” (Kolbe, et al., “State Funding Formulas: A National Review. American Institute for Research”: 2.)

303 Duncombe, and Yinger, *Comparison of School Aid Reform Proposals for New York State* (citing citing Matthew Andrews, William Duncombe, and John Yinger, “Revisiting Economies of Size in Education. Are We Any Closer to Consensus?” *Economics of Education Review* 21 (2002): 245-62).

304 John Sipple and Brian O. Brent, “Challenges and Strategies Associated with Rural School Settings,” in *Handbook of Research in Education Finance and Policy*, eds. Helen F. Ladd and Margaret E. Goertz (New York, NY: Routledge, 2015): 607-622.

305 Versteegen, “Public Education Finance Systems in the United States and Funding Policies for Populations with Special Educational Needs.”

306 Sipple and Brent, “Challenges and Strategies Associated with Rural School Settings”: 615.

adjustment for district or school size in their funding policies, 13 further conditioned funding on whether the district or school was located in a geographically isolated area. States apply different thresholds to determine at what point a district or school becomes sufficiently small to qualify for additional assistance. Most states use student enrollment as an indicator for size but apply different cut-points for receiving aid, and a small number of states set enrollment thresholds according to the number of students in a grade or average class size in a school.

Forty-three states provided supplemental funding for student transportation. Transportation aid usually operates as a categorical grant program, separate from adjustments for school size or population density included in the state aid calculation. The criterion for receiving aid differs considerably across states. Some states reimburse districts for a share of allowable costs, while others condition funding on miles driven, the average distance between students' homes and schools, or provide a flat grant amount for each student for which a district provides transportation.<sup>307</sup>

Approximately half the states make sparsity adjustments, but the rationale for weighting is not always clear and may reflect the average of actual spending in different sized districts.<sup>308</sup>

The costing-out of sparsity impacts also can follow different models. Cost-Function models used by Duncombe and Yinger suggest that “costs per pupil increase exponentially as the enrollment decreases below 1500 students. Most cost savings from getting larger are exhausted by the time a district reaches 1500 students. In our research on New York, we have not found that sparsity (pupil density) affects operating costs (excluding building and transportation).”<sup>309</sup>

Using the Professional Judgment approach is often more difficult “since panels often focus on districts in a certain size range, any estimates of size effects on costs is across different panels, which significantly increases the possibility of measurement error.”<sup>310</sup> While these models also use actual spending, they typically do not “control for differences in student performance, resource prices, or student needs across districts.”<sup>311</sup> Around half the states make sparsity adjustments, though rationale for weighting is not clear, but may reflect the average of actual spending in different sized districts.<sup>312</sup> This approach is classified by the authors as the “Ad Hoc” model—the equivalent of an unscientific survey of, or reference to, the practice of other jurisdictions.

## Students with Disabilities Measures

New York State’s Foundation Aid formula provides increased funding for the education of Students with Disabilities (SWD) through a weighting in the Total Aidable Foundation Pupil Units (TAFPU). The full-time equivalent enrollment of SWD pupils, identified by the school district’s committee on special education (based on receipt of qualified services in the year prior), is multiplied by 1.41.

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307 “For example, California’s formula includes a ‘concentration grant’ that allocates an additional 50% of the base grant amount to districts with more than 55% of students meeting the state’s definition of ‘at-risk’ student. Alternatively, other states use a sliding scale to allocate state aid, in which districts with greater concentrations of students living in poverty receive more aid per student than those with lower concentrations (e.g., Nebraska, New Jersey)” (Kolbe, et al., “State Funding Formulas: A National Review. American Institute for Research”: 2).

308 Duncombe and Yinger, “How Much More Does a Disadvantaged Student Cost?": 9.

309 Ibid., 8.

310 Ibid., 8.

311 Ibid., 8-9.

312 Ibid., 9.

The Office of the State Comptroller’s 2020 Special Report on Education Revenues and Expenditures provides an overview of the funding of students with disabilities in New York State, along with snapshots of the variation by economic region. This report found that the amount of the difference spent on educating SWDs “varied widely by region, from around \$14,000 per student in several upstate regions to a high of over \$26,000 per student on Long Island.” The report determined that “some of the difference is doubtless explained by regional cost variances, but some may also depend on the extent and type of services provided to students in different areas of the State.”<sup>313</sup>

New York State provides education funding to students with disabilities only through the school year in which the student turns 21, an issue that the Board of Regents’ 2024-25 Regents Budget and Legislative Priorities<sup>314</sup> argues is at odds with *A.R. v. Connecticut* (2021),<sup>315</sup> a federal ruling stating that support should extend until the student turns 22.

AIR’s review of state funding practices found that “all states provide local school districts with some form of supplemental funding to help pay for special education and related services for SWDs.”<sup>316</sup> That funding is “typically tied to either the overall share of SWDs in a district or the count of students who have been identified for special education using one of 13 federally defined disability categories (e.g., specific learning disability, autism spectrum disorder, visual impairment).”<sup>317</sup> The majority of states pay the full costs associated with severe disabilities.<sup>318, 319, 320</sup>

While education advocates have expressed concern about using a single weighting for students with all sorts of disabilities, the assignment of multiple or tiered weights is not without controversy, again largely because there is insufficient generalizable research to guide policymakers. Equity Center’s 2018 report notes that within special education allotments, there is disagreement over the appropriate compensatory weighting of the varying severity of learning disorders such as dyslexia and autism, the impact of artificial caps, levels of therapy required, or double-weighting for ELL students with

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313 *Special Report Update: Education Revenues and Expenditures with a Highlight on Special Education for Regions Outside New York City*: 15.

314 New York State Department of Education, “Board of Regents Advances Budget and Legislative Priorities for the 2024-25 School Year,” news release, December 11, 2023, <https://www.nysed.gov/news/2023/board-regents-advances-budget-and-legislative-priorities-2024-25-school-year>.

315 “*A.R. v. Connecticut State Board of Education*, No. 20-2255 (2d Cir. 2021), Justia, <https://law.justia.com/cases/federal/appellate-courts/ca2/20-2255/20-2255-2021-07-08.html>.

316 “For example, California’s formula includes a ‘concentration grant’ that allocates an additional 50% of the base grant amount to districts with more than 55% of students meeting the state’s definition of ‘at-risk’ student. Alternatively, other states use a sliding scale to allocate state aid, in which districts with greater concentrations of students living in poverty receive more aid per student than those with lower concentrations (e.g., Nebraska, New Jersey)” (Kolbe, et al., “State Funding Formulas: A National Review. American Institute for Research”: 5-6, Table 2).

317 Ibid.

318 Michael Griffith, “State Funding Programs for High-Cost Special Education Students,” Education Commission of the States, May 2008, <https://www.ecs.org/clearinghouse/78/10/7810.pdf>.

319 “For the most expensive students with disabilities (i.e., the top 5%), spending has been documented to be as much as 5.5 to 8.7 times greater than the average spending for a general education student and 8.8 to 13.6 times larger for students in the top 1% of per-pupil special education student expenditures. Qualifying for reimbursement or a supplemental grant from a state’s high-risk pool is typically tied to a specific spending threshold, over which the state pays most of the special education costs for a particular student. Some states also establish different thresholds for placing an SWD outside a school district, which also is typically quite expensive.” (“For example, California’s formula includes a ‘concentration grant’ that allocates an additional 50% of the base grant amount to districts with more than 55% of students meeting the state’s definition of ‘at-risk’ student. Alternatively, other states use a sliding scale to allocate state aid, in which districts with greater concentrations of students living in poverty receive more aid per student than those with lower concentrations (e.g., Nebraska, New Jersey)” (Kolbe, et al., “State Funding Formulas: A National Review. American Institute for Research.” 5-6, citing Chambers, Shkolnik, and Perez, 2003).

320 Kolbe, et al., “State Funding Formulas: A National Review. American Institute for Research.”

disabilities.<sup>321</sup> The report notes: “As in other areas of student need, there is not a body of research that informs states on the levels that should be included for special education nor the recommended weights for the various levels of funding.”<sup>322</sup>

An unpublished summary by Professor Gray of the University of Australia affirms that there are “relatively few estimates of the additional costs of making the necessary adjustments for students with disability.”<sup>323</sup> To illustrate the range of weightings, he provides a summary of selected estimates of the disability cost weight. He notes that “for the studies reviewed, the professional judgment cost weights tend to be higher than those estimated using the cost function approach” and that there “is also a great deal of variation in the estimated cost weights between studies.”<sup>324</sup>

## Potential Additional Categories of Pupil Needs Weighting

As noted previously, there is disagreement among education scholars and reformers as to which categories of pupil needs are best addressed as part of an education operational aid formula. There is also disagreement as to which categories of need are best maintained through a separate, categorical funding stream or program. Whereas inclusion in the formula may prevent categories from becoming politically marginalized, categories that are new, temporary, or volatile might be better accommodated through categorical funding to allow testing and refinement and to avoid incorporating metrics into the formula that become quickly outdated or ossified.

New York State includes three student-specific categories—poverty, English fluency, disability, though in different equations within the formula—and a geographic sparsity factor. Kolbe et. al.’s survey of state practices, along with the research and testimony of multiple education reform and advocacy organizations and school officials, suggest that there are other potential categories of weighting that could be considered for incorporation into the Foundation Aid formula that would better target funding based on contemporary educational needs. These categories include:<sup>325</sup>

- students experiencing foster care
- unhoused or housing-insecure students
- students recently arriving to the country
- ELL students with no disrupted formal education
- career and technical training
- programming for gifted and talented students

In testimony to the New York State Senate in 2019, the New York State School Board Association’s Director of Legislative Affairs, Brian Fessler, testified that “districts are facing many more and different pressures than when the Foundation Aid formula was first enacted. These include the implementation of another set of new learning standards, thousands of new high-cost special education students, increased requirements for English language learners (ELLs), growing threats to student safety, implementation of the state’s federal Every Student Succeeds Act (ESSA) plan and increased demands

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321 *Weighing Costs & Benefits: Research on Student Weights and School*: 14-5.

322 *Ibid.*, 15.

323 Jennifer Imazeki, *Assessing the Costs of K-12 Education in California Public Schools* (San Diego, CA: Mimeo, San Diego State University, 2006).

324 “*A.R. v. Connecticut State Board of Education*.”

325 Kolbe, et al., “State Funding Formulas: A National Review. American Institute for Research.”

for school-based health and mental health services. While navigating this, there has also been little meaningful relief from existing major cost drivers.”<sup>326</sup>

## Regional Cost Index

The Foundation Aid formula uses a regional cost index (RCI), created from the median salary wages of 61 professional, non-education professions that require similar credentials to those of positions in education, to determine local labor costs.<sup>327</sup> The RCI was implemented to account for the relative costs in different labor markets, and was intended to adjust for the “relative ability of the district to attract qualified teaching candidates” by providing an “equalizer for school district purchasing power.”<sup>328</sup> The RCI has not been updated from its original 2006 calculation for use at the inception of Foundation Aid, however.

In addition to relying on outdated data, the state’s use of nine very large regional groupings also is frequently criticized as insufficiently reflective of actual local labor markets, such as attaching Long Island to the New York City region and including the northern New York City suburban counties in with more rural Hudson Valley counties. Multiple stakeholders offered testimony at the public hearings held by the Rockefeller Institute calling for the need to recalibrate the RCI, adding to numerous previous calls for reform.

The New York State Board of Regents Proposal on State Aid to School Districts for School Year 2010-11 has a lengthy discussion of the RCI and proposed updates.<sup>329</sup> Multiple reformers and district representatives have suggested that cost of living differences would be better calculated by something other than noneducational labor costs.<sup>330</sup>

The regional and political diversity of New York State, including the variations in costs, resources, and capacity, have shaped the debate over the need for formula revision. As Pecorella and Duncombe argue, “...there are distinctly different degrees of saliency and visibility of education funding issues in New York that depend on the nature of the school districts in the state.”<sup>331</sup> Designing one formula that works for all regions, districts, and schools, is a nearly impossible task. Unfortunately, as Yinger points out, “The design of a school aid formula in New York is often seen as a zero-sum game, with each district fighting for its share.”<sup>332</sup> Reformers argue that to view it as such is “short-sighted,” given that all “New Yorkers would gain from more school spending in the state’s neediest districts, especially its big cities.”<sup>333</sup>

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326 *Senate Standing Committees on Education and Budget and Revenue Public Hearing, to examine the distribution of the Foundation Aid formula as it relates to pupil and district needs* (December 3, 2019) (statement Brian Fessler, New York State School Boards Association).

327 The RCI was modeled after Oregon’s methodology (methodology is described in Richard Rothstein and James R. Smith, *Adjusting Oregon Education Expenditures for Regional Cost Differences: A Feasibility Study* (Sacramento, CA: Management Analysis & Planning Associates, L.L.C, 1997).

328 Cunningham, *State Aid to School Districts in New York State: An Overview Based on the Laws of 2014*.

329 *New York State Board of Regents Proposal on State Aid to School Districts for School 2010-11* (Albany, NY: New York State Department of Education, 2010), <https://www.p12.nysed.gov/stateaidworkgroup/2010-11RSAP/RSAP1011final.pdf>.

330 Rebell and Wolff, “Ensuring the Future of Fair School Funding: A Proposal to Establish a Permanent Commission to Guarantee a Sound Basic Education for All New York Students”: 18.

331 Pecorella and Duncombe, “State Education Aid in New York in the Wake of the Campaign for Fiscal Equity Decision.”

332 Yinger, *How Equitable is the Educational Finance System in New York State?* Policy Brief No. 54/2019: 25.

333 *Ibid.*, 25.

## Adjusted Foundation Aid

Each year, New York increases its Base Foundation Aid amount by the annual change in the Consumer Price Index over the previous year. During each of the first 10 years of the formula, policymakers multiplied the applied inflation rate several times over in an attempt to moderate the impact of delayed funding during the phase-in period (see the [“Adjusted Foundation Aid Amount”](#) chapter of this report for a fuller discussion of this adjustment). For the next six years, however, only a single year’s CPI was used to adjust the Base Foundation Aid Amount, without additional adjustment to compensate for the fact that the formula was not yet fully phased in. There is widespread consensus by researchers and education advocates that underfunding of Foundation Aid throughout its implementation contributed to widening achievement gaps, with the greatest deleterious effects on minority and high-risk students.

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## Set-Asides

Not all Foundation Aid funds disbursed to school districts are unrestricted. The inclusion of set-aside requirements and accountability mechanisms direct districts to dedicate certain spending for state-identified targeted goals. Among these are:

- **Community Schools Aid:** Requires that schools that receive Community Schools Aid to spend the funds “to support the transformation of school buildings into community hubs to deliver co-located or school-linked academic, health, mental health, nutrition, counseling, legal, and/or other services to students and their families, including but not limited to providing a community school site coordinator, or to support other costs incurred to maximize students’ academic achievement.”<sup>337</sup>
- **Public Excess Cost Aid:** Set-aside “to ensure that school districts meet federal maintenance of effort requirements regarding spending for students with disabilities.”<sup>338</sup>
- **Contracts for Excellence:** Requires 13 districts to “create a vehicle for district accountability for the expenditure of certain State Aid funds, and for academic results associated with the expenditures.”<sup>339</sup>
- **Magnet Schools:** Requires 21 districts to “...set aside fixed amounts of Foundation Aid for the development, maintenance, or expansion of magnet schools.”<sup>340</sup>
- **New York City Attendance Improvement/Dropout Prevention:** Set-aside requires the New York City district to fund “programs and services related to attendance improvement and dropout prevention.”<sup>341</sup>

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334 Rajashri Chakrabarti, Max Livingston, and Joydeep Roy, “Did Cuts in State Aid during the Great Recession Lead to Changes in Local Property Taxes?” *Federal Reserve Bank of New York Staff Reports* No. 643 (2013).

335 Kenneth Shores and Mathew P. Steinberg, “Schooling During The Great Recession: Patterns of School Spending and Student Achievement Using Population Data,” *AERA Open* 5, no. 3 (2019): 1-29.

336 C. Kirabo Jackson and Claire Mackevicius, *The Distribution of School Spending Impacts*, Working Paper 28517 (Washington, D.C.: National Bureau of Economic Research, 2021).

337 *2024-25 State Aid Handbook*, 16.

338 *Ibid.*, 16-7.

339 *Ibid.*, 17.

340 *Ibid.*, 17.

341 *Ibid.*, 18.

- **Teacher Support:** Requires the “Big 5 City School districts...to set aside additional funds for the purpose of teacher support.”<sup>342</sup>

As part of federal and state accountability efforts, school districts have required reporting to demonstrate effective use of aid received. New York education researchers and scholars Philip Gigliotti and Lucy Sorensen find that accountability mechanisms like the Contract for Excellence may trigger “undesirable organizational responses... such as crowding out of local revenue collection and inflation of performance metrics.”<sup>343</sup>

## Save Harmless

Statutes, regulatory provisions, and state policy practices known “Save Harmless” (or “Hold Harmless”) have been a feature of New York State education finance since 1976. Save Harmless is a “due minimum”—a statutory guarantee of the same or similar dollar amount of aid as received in the previous year, even when the funding formula calculates an amount less than the previous year. A Save Harmless policy effectively results in two categories of districts: those “on” and those “off” formula. In New York State, continued student enrollment decreases have been the largest driver of school districts opting to go off-formula and on Save Harmless.

An alternative approach is to include a minimum aid provision. New York’s Foundation Aid does both: there is a minimum guarantee of \$500 per student, and statutory provisions have been interpreted to hold districts harmless from reduced funding levels from one year to the next, regardless of enrollment decreases or other lower-funding drivers.

There is a divide among education researchers and advocates on the issue of Save Harmless, with some arguing that it undermines the progressive intent and construction of the Foundation Aid formula and others maintaining that these provisions provide funding stability and predictability, especially for high-needs rural districts with annual budgets that are more reliant on state aid. A variety of reformers argue that Save Harmless compounds the local contribution problem by moving districts “off formula” regardless of shifts in enrollment and local contribution capacity. Among the organizations calling

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<sup>342</sup> Ibid., 18.

<sup>343</sup> Philip Gigliotti and Lucy C. Sorensen, “Illusory effects of performance management: the case of contracts for excellence in New York school districts,” *Public Management Review* 24, no. 3 (2022), 327-49.

for the phase out of Save Harmless are the Citizens Budget Commission<sup>344, 345, 346</sup> and the Education Law Center.<sup>347</sup> The Citizens Budget Commission (CBC) has argued that “because each element of the formula affects the others, eliminating any one distorting element will not necessarily significantly improve the distribution of school aid. As one distortive aspect is removed, another will prevent some districts from experiencing the full impact of the change. This is especially true of the hold harmless provisions; almost 40 percent of districts (252) receive more Foundation Aid than the formula would provide because of the hold harmless provision.”<sup>348</sup> Recognizing, however, the “dramatic short-term impact,” the CBC recommended a multi-year, or incremental approach to phasing-out the practice of Save Harmless.<sup>349</sup> During the public hearing held by the Rockefeller institute in New York City, a representative from CBC testified that, in effect, Save Harmless often serves to allocate limited education dollars to districts that don’t earn the aid under the formula at the expense of other districts that merit more aid.

Organizations recommending the retention of Save Harmless typically cite the need for school districts to be able to maintain a level of fiscal stability. These stakeholders include the Association of School Business Officials of New York (2016; 2023; 2024), which notes the percentage of schools currently on Save Harmless are highest for average- and high-need rural communities: “While [ASBO New York] supports Foundation Aid as a step toward equity and adequacy for schools, we also recognize that districts depend on the aid they expect to receive in order to budget their money wisely.”<sup>350</sup> The organization was particularly critical regarding the New York State 2024-25 Executive Budget proposal to end Save Harmless provisions.<sup>351</sup>

For some critics, Save Harmless is a vestige of a “shares agreement” invalidated by the court—the process wherein the formula was “worked backward,” driven by state elected representatives, to achieve the desired distribution or level of funding expected each year by certain districts (from 2012 to 2020, for example, New York City received 38.86 percent of Foundation Aid each year, and Long Island received 12.96 percent).<sup>352</sup>

Save Harmless supporters argue that it provides stability for school districts, protecting them against budgetary shock, while critics argued this practice “resulted in the state paying millions of dollars for students that didn’t exist, rather than directing those dollars to districts that were underfunded for actual students according to the foundation formula.”<sup>353</sup> New York’s population decline has made the continuation of Save Harmless particularly salient in the conversation over continuing reform and

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344 Friedfel, *A Better Foundation Aid Formula: Funding Sound Basic Education with Only Modest Added Cost*, Policy Brief.

345 Patrick Orecki Patrick and Steven Marcus, *Target and Tighten: The Sustainable Path for School Aid Growth in New York*, Policy Brief (Albany, NY: Citizens Budget Commission, March 2024), [https://cbcny.org/sites/default/files/media/files/CBCREPORT\\_NYS-School-Aid\\_03132024.pdf](https://cbcny.org/sites/default/files/media/files/CBCREPORT_NYS-School-Aid_03132024.pdf).

346 Steven Marcus, *Sustainably Supporting a Sound Basic Education: Proposals to Reform NYS School Aid*, Policy Brief (Albany, NY: Citizens Budget Commission, July 2024), [https://cbcny.org/sites/default/files/media/files/CBCBRIEF\\_NYS-School-Aid\\_07162024\\_2.pdf](https://cbcny.org/sites/default/files/media/files/CBCBRIEF_NYS-School-Aid_07162024_2.pdf).

347 Ferrari and Marcou-O’Malley, *Improving the Foundation Aid Formula in New York State*: 10.

348 Friedfel, *A Better Foundation Aid Formula: Funding Sound Basic Education with Only Modest Added Cost*, Policy Brief: 5.

349 Ibid., 9.

350 ASBO New York 2016, 6.

351 *2024-2025 State Aid Proposal* (Latham, NY: Association of School Business Officials of New York, December 20, 2023).

352 Rebell and Wolff, “Ensuring the Future of Fair School Funding: A Proposal to Establish a Permanent Commission to Guarantee a Sound Basic Education for All New York Students”: 19-22.

353 Cunningham, *State Aid to School Districts in New York State: An Overview Based on the Laws of 2014*.



redesign of the Foundation Aid formula. “As enrollment declines, district PPE [per pupil expenditures] increases markedly.”<sup>354</sup>

Other scholars evince mixed support for Save Harmless. For example, Cunningham recognized the provisions as “a necessary and important part of a basic school funding formula to protect school districts against loss. However, care should be taken to limit this aid so as to not divert too much aid toward loss rather than student need.”<sup>355</sup>

Gigliotti and Sorenson’s research focuses specifically on the Save Harmless provisions incorporated into New York’s Foundation Aid program.<sup>356</sup> Using data from the state’s Fiscal Profile Reporting System and performance scores available from School Report Card Data collected by the NYSED, and accounting for variable district demographics, the authors estimate the direct effects of enrollment declines on per-pupil expenditures and the impact of Save Harmless on resource allocation. They further estimate the impact of per-pupil expenditures on student performance, accounting for Save Harmless as an instrument in expenditures. Acknowledging the critiques of Save Harmless, Gigliotti and Sorenson still find that “while these policies may contribute to equity losses in theory, in practice they can have broad and equally distributed impacts on student achievement.”<sup>357</sup> Their research shows that the additional money from Save Harmless helped student learning, although it did not conclude that it was necessarily the most equitable method of providing that additional funding. That is, had the extra money been distributed according to student poverty count instead of according to enrollment decline, they say, the gains in learning may have been even larger.<sup>358</sup>

Some scholars maintain that Save Harmless distorts the equalizing effect of Foundation Aid. Under this view, Save Harmless means that “districts with declining enrollments tend to have systematically higher per-pupil expenditures over time.”<sup>359</sup> “Scarce dollars get sent to some districts at the expense of others. In many cases those benefiting are wealthier, whiter districts and not the districts with the highest needs. Today, when state revenues are collapsing, an extra state dollar sent to a district via a hold-harmless clause means a deeper cut to another district—likely in the very districts that arguably need the most state aid.”<sup>360</sup>

A 2021 National School Boards Association (NSBA) research brief on state implementation of due minimum provisions finds that Save Harmless can take many forms and often blunt the impact of enrollment loss, including pandemic-related enrollment decline, thereby lessening the financial blow to school districts. They argue that “hold-harmless provisions became an option for policymakers to meet the financial challenges created by the pandemic”—a view that such provisions can be revisited on an annual basis or as a temporary measure. New York’s decision to hold “every district harmless in the enacted [2020-21] budget,” they argued, was good for all New York children and families.”<sup>361</sup>

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354 Gigliotti and Sorenson, “Educational resources and student achievement: Evidence from the Save Harmless provision in New York State”: 170.

355 Cunningham, *State Aid to School Districts in New York State: An Overview Based on the Laws of 2014*.

356 Gigliotti and Sorenson, “Educational resources and student achievement: Evidence from the Save Harmless provision in New York State”: 167-82

357 *Ibid.*, 177.

358 *Ibid.*, 177.

359 C. Kirabo Jackson, *Does School Spending Matter? The New Literature on an Old Question*, NBER Working Paper 25368 (Cambridge, MA: National Bureau of Economic Research, 2018): 10.

360 Marguerite Roza and Hannah Jarmolowski, “When it Comes to School Funds, Hold-Harmless Provisions Aren’t ‘Harmless,’” *Education Next*, September 3, 2020, <https://www.educationnext.org/when-it-comes-to-school-funds-hold-harmless-provisions-arent-harmless/>.

361 *Research Brief: How States Implement Hold-Harmless Provisions in 2020 and 2021* (Alexandria, VA: National School Board Association (NSBA), Center for Public Education, 2021): 5.

State practice regarding due minimum policies differ. “Some states provide save harmless funds for one year only to allow the district to adjust. Another option is to provide a softer landing by ensuring at least 95 percent of the prior year’s aid each year, thus limiting the amount of loss. Balancing aid for stability and aid for districts with increased student need is a key part of a state’s basic aid formula.”<sup>362</sup>

Researchers stress the need for policymakers to balance programmatic goals with programmatic continuity and stability when making revisions to state education funding formulae.<sup>363, 364</sup> Testimony offered at the Rockefeller Institute’s public hearings implored that phasing out Save Harmless too quickly would financially devastate many school districts. Districts with declining enrollment argue in part that, because enrollment declines are not concentrated in one grade, lower enrollment levels do not always translate into reduced costs because of the need to maintain minimum instructional and student support staffing levels.

Duncombe and Yinger note that any major changes in state aid can be disruptive, and that prescribed periods of transition can help districts adjust, while too long of a period allowed for reform can result in a loss of momentum toward needed change; “If the purpose of the transition adjustment is really to smooth the path to a new formula and not to undermine the new aid system, then the transition period should be no more than five years and save harmless provisions and/or minimum aid provisions should not be included.”<sup>365</sup>

Education experts Bo Zhao and Katharine Bradbury address the challenges of how to address existing aid and Save Harmless provisions in the transition to a new aid formula, particularly when equalization goals may have changed.<sup>366</sup> They note that, while the end or phasing out of Save Harmless can maximize equalization, it also translates to abrupt shifts in funding that can disrupt local budgets. They argue that treating existing aid as the same as new aid, despite formula changes, can produce a higher degree of equalization by making more of the new aid available to districts with greater gaps or lower existing aid.<sup>367</sup> This is because “new aid moves most communities with large gaps up from wherever their existing aid had put them to a consistent fraction of their gaps.”<sup>368</sup> Relying on a multi-year simulation using Massachusetts school funding data, they argue that for non-school aid the option of treating it as interchangeable with new aid “is the fairest, because the first two give different weights to existing versus new aid dollars and as a result are overly favorable to communities with more existing aid.”<sup>369</sup>

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362 Cunningham, *State Aid to School Districts in New York State: An Overview Based on the Laws of 2014*.

363 Gerstein, Jabine, and Louis, eds., *Statistical Issues in Allocating Funds by Formula*: 22.

364 Bo Zhao and Katherine Bradbury, “Designing State Aid Formulas,” *Journal of Policy Analysis and Management* 28, no. 2 (2009): 289.

365 Duncombe and Yinger, *Comparison of School Aid Reform Proposals for New York State*.

366 Zhao and Bradbury, “Designing State Aid Formulas”: 278-95.

367 *Ibid.*, 286.

368 *Ibid.*, 288.

369 *Ibid.*, 288.

## IV. Non-Formula Issues Related to Foundation Aid

### Property Tax Cap

Although not a feature of the Foundation Aid formula, several education reformers and scholars address New York State's property tax cap as a post-Foundation Aid development that impacts school districts' control over their local contribution. The property tax cap enacted in 2011 and made permanent in 2019 limits the annual increase in local government levies to two percent or the rate of inflation, whichever is less (and with some exceptions allowed in calculation of the localities' tax cap). The cap may be overridden by two-thirds of the governing body. In the case of school districts, voters must approve planned overrides of the cap by a vote of 60 percent or greater.<sup>370</sup> Scholars like Baker and Corcoran argue that low-income and rural districts are likely to find it harder to "circumvent the tax limitation to the same extent as their wealthier counterparts."<sup>371</sup>

Groups such as the Fiscal Policy Institute have produced research critical of the underfunding of Foundation Aid and the limitations on local revenue raising capacity imposed by the property tax cap: "Inadequate state aid not only hampers the ability of disadvantaged students to catch up, but also places pressure on local property taxes as school districts attempt to compensate for the unmet commitment of state funds."<sup>372</sup> Among the organizations calling for changes to the property tax cap are the New York State Educational Conference Board (2016),<sup>373</sup> New York State United Teachers (2019, in testimony to the State Senate); Association of School Business Officials New York (2016; 2023); and the New York State School Boards Association.<sup>374</sup>

Michael Rebell, a key stakeholder in the *CFE* litigation, calls the property tax cap effect on equity "insidious."<sup>375</sup> Rebell further considers the property tax cap an arbitrary and "serious threat" to the constitutional right to an SBE that, again, disproportionately burdens minority and low-income students and districts. Rather than monitoring compliance with the cap, he suggests state monitoring of a school district's ability to meet adequacy standards under the cap.<sup>376</sup>

There is some research indicating that "school aid formulas that limit school district spending combined with property tax limits that constrain property tax increases tend to reduce per pupil spending; but the

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370 If the proposed override does not secure passage, the school district can resubmit for a re-vote: a) on the original budget without changes (still requiring 60 percent voter approval); b) on a revised budget that is still above the cap, but lower than the original (also requiring 60 percent approval); or a revised budget within the cap (requiring only 50 percent support). If the budget fails in a revote, the district reverts to a contingency budget equal to the prior year's tax levy and with certain expenditures limitations. The tax cap applies to all districts, regardless of their local fiscal capacity or the relative costs of education.

371 Baker and Corcoran, *The Stealth Inequities of School Funding: How State and Local School Finance Systems Perpetuate Inequitable Student Spending*: 79-80.

372 *New York State Economic and Fiscal Outlook FY 2019* (Albany, NY: Fiscal Policy Institute. 2018): 24, <https://fiscalpolicy.org/new-york-state-economic-and-fiscal-outlook-fy-2019>.

373 For tax cap recommendations, see *New York's Students Need a Foundation for Success and Opportunity* (New York State Educational Conference Board, 2016), <https://nyspta.org/wp-content/uploads/2017/06/News-ECB-School-Finance-Paper-2016.pdf>.

374 *Senate Standing Committees on Education and Budget and Revenue Public Hearing, to examine the distribution of the Foundation Aid formula as it relates to pupil and district needs* (December 3, 2019) (statement Brian Fessler, New York State School Boards Association).

375 *Education Equity In New York: A Forgotten Dream*: 135.

376 Rebell, "Safeguarding the Right to a Sound Basic Education in Times of Fiscal Constraint."

absence of such constraints can lead to an increase in per pupil spending.”<sup>377, 378, 379, 380</sup> The Downes and Figlio summary of research on tax and expenditure limits (TEs) points to a “relatively consistent conclusion: the imposition of TEs results in long-run reductions in the performance of public-school children” with little evidence that they improve efficiency.<sup>381</sup>

## STAR

Education reformers and experts have pointed out that New York State’s School Tax Relief (STAR) program may conflict with the progressive goals of the Foundation Aid formula.<sup>382, 383</sup> The STAR program was created to make homeownership more affordable by reducing property taxes for certain homeowners,<sup>384, 385</sup> but, since property taxes are a main source of funding for school districts, lessening those payments would have meant less revenue for school districts. So, the state reimburses school districts for the revenue they lose due to STAR—in effect, STAR shifts part of the local tax burden to the state. For the 2022-23 school year, school districts collectively received \$1.8 billion in revenues from the state through STAR payments, amounting to 2.1 percent of districts’ total revenue on average.<sup>386</sup> Unlike the Foundation Aid formula, which distributes funds based on the needs of students, STAR is not need-based. Rather, the size of reimbursements under STAR depends on property values and property type. Since higher property values lead to larger tax bills, the amount reimbursed by the state through STAR is typically bigger for wealthy districts. According to an analysis by the Citizens Budget Commission, districts in the top decile for wealth receive about 40 percent more money per pupil under STAR compared to districts in the lowest decile for wealth.<sup>387</sup>

Experts Tae Ho Eom and Ross Rubenstein in 2006 and Tae Ho Eom and Kieran Killeen in 2007 address the impact of STAR on educational equity as favoring districts with high homeownership rates and

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- 377 John Yinger and Emily Gutierrez, *How Fair is the New York State Education Aid System?* Policy Brief 2-2018 (Syracuse, NY: Center for Policy Research, Maxwell School of Citizenship and Public Affairs, Syracuse University, 2018).
- 378 Lucy Sorenson, Youngsung Kim, and Moontae Hwang, “The Distributional Effects of Property Tax Constraints on School Districts,” *National Tax Journal* 74, no. 4 (2021): 621-54.
- 379 Daphne Kenyon and Semida Munteanu, *Effects of Reducing the Role of the Local Property Tax in Funding K-12 Education* (Cambridge, MA: Lincoln Institute of Land Policy, 2022). Michah W. Rothbart, “Cutting Back State Aid to School Districts in the COVID Era: Consequences for Racial Funding Equity in New York State,” in *Recent Advancements in Education and Finance Policy*, eds. Thomas Downes and Kieran M. Killeen, (Charlotte, NC: Information Age Publishing, 2022): 133-72.
- 380 Phuong Nguyen-Hoang and Pengju Zhang, “Cap and Gap: The Fiscal Effects of Property Tax Levy Limits in New York.” *Education Finance and Policy* 17, no. 1 (2022): 1-26.
- 381 Thomas A. Downes and David N. Figlio, “Tax Expenditures and Limits: School Finance and School Quality,” in *Handbook of Research in Education Finance and Policy*, eds. Helen F. Ladd and Margaret E. Goertz (New York, NY: Routledge, 2015): 403.
- 382 Baker, *School Funding Fairness in New York State: An Update for 2013-2014*.
- 383 Karl Widerquist, *The Regressive Effect of STAR* (New York, NY: Educational Priorities Panel, 2001), <https://eric.ed.gov/?id=ED457542>.
- 384 Real Property Tax Law, Section 425. There are two types of STAR exemptions: basic and enhanced, the latter of which is available for senior citizens (65+) with qualifying incomes.
- 385 The STAR exemption program is being phased out and replaced with STAR credit for all new homeowners after 2016.
- 386 Rockefeller Institute analysis of data in the 36th edition of the Fiscal Profiles data file produced by the New York State Education Department concerning data on school district expenditures and revenues. “School District Fiscal Profiles,” New York State Education Department, accessed November 25, 2024, <https://www.nysed.gov/fiscal-analysis-research/school-district-fiscal-profiles>.
- 387 Orecki and Marcus, *Target and Tighten: The Sustainable Path for School Aid Growth in New York*, Policy Brief. Note: The CBC used wealth deciles that were calculated by averaging a school district’s free and reduced-price lunch (FRPL) share and census poverty rate, dividing that by its Combined Wealth Ratio (CWR), and indexing the result to the state average to develop a needs index.

higher home values, effectively directing greater funding to wealthier districts.<sup>388, 389</sup> Baker argues that a successful foundation aid program should be fully funded and should eliminate and redistribute minimum aid and STAR.<sup>390</sup>

Eom and Rubenstein found districts with the largest exemptions have reduced efficiency.<sup>391</sup> Jonah Rockoff, an economist, concluded that STAR reductions resulted in an increase in local school expenditures, essentially negating the tax relief and shifting it to other property owners.<sup>392</sup> Eom and Killeen found that STAR exacerbated inequality across district types (rural, urban, suburban), mitigating the wealth equalization goals of Foundation Aid.<sup>393</sup> Additional research has found negative effects of tax relief programs on education quality.<sup>394, 395, 396, 397</sup>

The Citizens Budget Commission has called for the elimination of STAR, arguing that “the State should consider changes to expense-based aid categories—some of which do not incorporate district need in their allocation—and the elimination of STAR. The STAR program allocates nearly 40 percent more funding per student to high-wealth districts (\$1,885) than to low-wealth districts (\$1,355).”<sup>398</sup>

## Decentralization of Funding Decisions

State finance reforms “typically focus on funding to the school districts, not to schools or to students, and so if you allocate more money to low-income school districts, it may reach some but not all of the disadvantaged students.”<sup>399</sup> While redesigning a foundation aid formula that targets individual schools instead of districts is outside the scope of this report, there is a debate in the academic literature and policy advocacy research and commentary over the issue of district-based versus school-based funding allocation systems. Some claim that education reformers focused on district-level financing miss part of the problem: *intradistrict* inequities that sometimes occur in the districts’ allocation of state funding to individual schools.

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388 Tae Ho Eom and Ross Rubenstein, “Do State Funded Property Tax Exemptions Increase Local Government Inefficiency? An Analysis of New York State’s STAR Program,” *Public Budgeting and Finance* 26, no. 1 (2006): 66-87.

389 Tae Ho Eom and Kieran Killeen, “Reconciling State Aid and Property Tax Relief for Urban Schools: Birthing a new STAR in New York State,” *Education and Urban Society* 40, no. 1 (2007): 36-61.

390 Baker, *School Funding Fairness in New York State: An Update for 2013-2014*: 51-2; see also Yinger, *Testimony before New York Advisory Committee*: 138.

391 Eom and Rubenstein, “Do State Funded Property Tax Exemptions Increase Local Government Inefficiency? An Analysis of New York State’s STAR Program”: 66-87.

392 Jonah Rockoff, *Local Response to Fiscal Incentives in Heterogeneous Communities*, Working Paper, (National Bureau of Economic Research and Columbia University, 2010): 27, <https://www.sciencedirect.com/science/article/abs/pii/S0094119010000215>.

393 Eom and Killeen, “Reconciling State Aid and Property Tax Relief for Urban Schools: Birthing a new STAR in New York State”: 36-61.

394 David N. Figlio, “Short-Term Effects of a 1990s-Era Property Tax Limit: Panel Evidence on Oregon’s Measure,” *National Tax Journal* 51 (1998): 55-70.

395 David N. Figlio and Kim S. Reuben, “Tax Limits and the Qualifications of New Teachers,” *Journal of Public Economics* 80 no. 1 (2001): 49-71.

396 Thomas A. Downes and David N. Figlio, “School Finance Reforms, Tax Limits, and Student Performance: Do Reforms Level Up or Dumb Down?” Discussion Paper 1142-97, Institute for Research on Poverty, University of Wisconsin-Madison, undated.

397 Eom and Lee, “A Longitudinal Analysis of Impacts of Court-Mandated Education Finance Reform on School District Efficiency.”

398 Orecki and Marcus, *Target and Tighten: The Sustainable Path for School Aid Growth in New York*, Policy Brief.

399 *Education Equity In New York: A Forgotten Dream*: 104.

A 2022 report by Edunomics identified five theories about how decentralization of funding could lead to improved student outcomes:

- Increased spending leading to more equity across schools within districts.
- More customized spending by schools.
- Greater participation in budgetary management.
- Improved principal management skills.
- Greater ownership, autonomy, and accountability for dollars spent.

The summary provides an evaluation of the strength of research establishing a causal link between decentralized funding and improved student outcomes, and, while implying hope about the existence of such a causal link, concludes with an overall recommendation that more research and study is necessary.<sup>400, 401</sup>

Scholars Marguerite Roza and Paul Hill of the Brookings Institute find significant disparities in funding between schools within districts, noting that schools that serve high-poverty students often receive less funding from their districts.<sup>402</sup> Monk and Wycoff have similar findings: “Substantial disparities exist in the allocation of resources within schools in many large urban [districts], and particularly in New York City.”<sup>403</sup> Some researchers have therefore suggested that making the schools, rather than districts, the unit of financial accounting in the receipt of state aid would better allow “resources to be targeted to the places most in need.”<sup>404</sup> Experts testifying at the “2004 Symposium on Education Finance and Organizational Structure in New York State Public Schools” addressed, among other

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400 *Lessons Learned: Weighted Student Funding*, Policy Brief.

401 They provide citations for each of the theories: “Jay Chambers, Larisa Shambaugh, Jesse Levin, Mari Muraki, and Lindsay Poland, *A Tale of Two Districts: A Comparative Study of Student-Based Funding and School-Based Decision Making in San Francisco and Oakland Unified School Districts* (Washington, DC: American Institutes for Research, 2008); Jesse Levin, Jay Chambers, Diana Epstein, Nick Mills, Mahala Archer, Antonia Wang, and Kevin Lane, *Evaluation of Hawaii’s Weighted Student Formula* (Washington, DC: American Institutes for Research, 2013); Karen Hawley Miles and Marguerite Roza, “Understanding Student-Weighted Allocation as a Means to Greater School Resource Equity,” *Peabody Journal of Education* 81, no. 3 (2006): 39-62. Chambers et al., 2008; Ashley Jochim, Title TBD, from the multi-year study, *How Do School and District Spending Patterns Change with Weighted Student Funding (WSF) and What Is Happening to Equity and Achievement, Particularly for Low-Income and At-Risk Students* (Seattle, WA: Edunomics Lab at Georgetown University, forthcoming); Marguerite Roza, Tricia Davis, and Kacey Guin, “Spending Choices and School Autonomy: Lessons from Ohio Elementary Schools,” *School Finance Redesign Project, Working Paper 21* (Seattle, WA: Center on Reinventing Public Education, University of Washington, 2007). Bruce S. Cooper, Timothy R. DeRoche, William G. Ouchi, Lydia G. Segal, and Carolyn Brown, “Weighted Student Formula: Putting Funds Where They Count in Education Reform,” *Education Working Paper Archive* (Department of Education Reform, University of Arkansas, 2006); Chambers et al., 2008; Matthew Steinberg, “Does Greater Autonomy Improve School Performance? Evidence from a Regression Discontinuity Analysis in Chicago,” *Education Finance and Policy* 9, no. 1 (2014): 1-35; Jesse Levin, Karen Manship, Steve Hurlburt, Drew Atchison, Ryoko Yamaguchi, Adam Hall, and Stephanie Stullich, *Districts’ Use of Weighted Student Funding Systems to Increase School Autonomy and Equity: Findings from a National Study* (Office of Planning, Evaluation and Policy Development, US Department of Education, 2019). IV. Nicholas Bloom, Renata Lemos, Raffaella Sadun, and John Van Reenen, “Does Management Matter in Schools?” NBER Working Paper No. 20667 (Cambridge, MA: National Bureau of Economic Research, 2014); Richard Rossmiller, “Achieving Equity and Effectiveness in Schooling,” *Journal of Education Finance* 12, no. 4 (Spring 1987): 561-577. V. Bloom et al., 2014; Levin et al., 2013; Steinberg, 2014. VI. Edunomics Lab, “The Link Between Financial Decentralization and Improved Student Outcomes: What We Know and What We Need Future Research to Explore” (Seattle, WA: Edunomics Lab at Georgetown University, 2020).”

402 Marguerite Roza and Paul T. Hill, “How Within District Spending Inequities Help Some Schools to Fail,” in *Brookings Papers on Education Policy* (Washington, DC: Brookings Institute, 2004).

403 Monk and Wycoff, “Symposium on Education Finance and Organizational Structure in New York State Public Schools a Synthesis”: 3.

404 *Ibid.*, 3.

things, how needs in the teacher workforce and data management might be better accommodated at the school level. Several witnesses pointed to differences among schools in large districts, the opportunity for enhanced school accountability, and the advantages of localized decision making.<sup>405</sup>

A 2018 study by the Rockefeller Institute of Government found that school districts are not allocating their state and local education aid in the most equitable fashion, noting that “each of the Big Five school districts gave much less per pupil to their highest-poverty schools than they did to their most affluent schools: in Buffalo, the highest-poverty schools received 26% less per pupil than the most affluent schools; New York City gave 12% less per pupil; Rochester gave 2% less per pupil; Syracuse gave 12% less per pupil; and Yonkers gave 14% less per pupil.”<sup>406</sup> Other experts agree that allocating “more money to low-income school districts may reach some but not all of the disadvantaged students.”<sup>407</sup>

Yet, Billy Easton of the Alliance for Quality Education testified in 2020 that “intra-district inequity is a red herring” that deflects “from the real issue, which is underfunding; without full funding, it is hard to argue that intra-district inequity is the source of the problem. The truth, they say, is that the State’s highest-need school districts have few schools that do not have high poverty rates.”<sup>408</sup>

## V. The Impact of Foundation Aid

The national wave of state school funding reforms beginning in the 1970s had the effect of significantly reducing spending inequality between districts (Murray, Evans, and Schwab 1998; Corcoran and Evans 2015),<sup>409</sup> and research began reflecting a growing recognition that while expenditure-based foundation formulas guaranteed a minimum level of spending, they did not guarantee equal educational outcomes.<sup>410</sup>

Much of the literature on equalization of spending found that both court-ordered and legislatively-initiated school funding reforms had closed the gap between low-poverty and high-poverty district spending, progressively targeting state funding to high-needs districts and students. Such was the intent of New York’s Foundation Aid formula.

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*The Foundation Aid formula was hailed as a progressive achievement in targeting funding toward the highest-need districts.*

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<sup>405</sup> Ibid., 4.

<sup>406</sup> Jim Malatras, Young Joo Park, and Urska Klancnik, “Does Education Aid Flow to the Schools that Need it the Most?” Rockefeller Institute of Government, February 15, 2018, <https://rockinst.org/issue-area/education-aid-flow-schools-need/>.

<sup>407</sup> Summarized in *Education Equity In New York: A Forgotten Dream*: 104-5.

<sup>408</sup> Ibid., 104-5.

<sup>409</sup> Sheila E. Murray, Williams N. Evans, and Robert M. Schwab, “Education-Finance Reform and the Distribution of Education Resources,” *American Economics Review* 88 no. 4 (1998): 789-812.

<sup>410</sup> See for example: Steven Gold, et al., *Public School Finance Programs in the United States and Canada* (Albany, NY: Rockefeller Institute of Government, 1992); Steven Gold, et al., *Public School Finance Programs in the United States and Canada, 1993-94, Volume 1* (Albany, NY: Rockefeller Institute of Government, 1995); Duncombe and Yinger, “School Finance Reform: Aid Formula and Equity Objectives”; and, Yinger, *Fixing New York’s State Education Aid Dinosaur: A Proposal*, Policy Brief.

## Impact on Funding Equity

New York State's Foundation Aid formula was hailed as a progressive achievement in targeting funding toward the state's highest-need school districts, with the Alliance for Quality Education going so far as to say: "The Foundation Aid formula is the only wealth equalizing formula in New York State law."<sup>411</sup> Education finance experts Robert Pecorella and William Duncombe found that state educational aid in the aftermath of the implementation of the Foundation Aid formula helped to equalize expenditures "in the large-city upstate school districts, the lower-income small cities and suburban places, and the rural areas of the state," concluding "[t]hey came in closer to the state average because of how state aid is distributed."<sup>412</sup>

At the same time, Duncombe and Pecorella found that due to the higher local capacity of low-needs districts, the spending gap between low- and high-spending districts had increased by 2009 relative to spending levels of 2000. Thus, "from a statewide perspective, there does not appear to be any reduction in inequality in spending."<sup>413</sup> Multiple scholars point to the underfunding and delay in full-funding of Foundation Aid as having created a widening gap for the highest-need districts while the other streams of related state education funding, including Save Harmless and STAR, have had a mitigating effect on Foundation Aid's progressive intent.

Duncombe and Yinger presented school aid simulations for New York that yielded the following conclusions:

1. "First, systems that allow for negative aid permit more redistribution than those that do not."<sup>414</sup>
2. "Second, for foundation plans, increasing the value of [the state-selected minimum per pupil spending or state-selected or indexed minimum outcome] raises the extent of redistribution, but the impact of such an increase is greater if there is negative aid."<sup>415</sup>
3. "Third, in both foundation and power-equalizing plans, switching from an expenditure-based to an outcome-based formula tends to increase redistribution."<sup>416</sup>

These scholars conclude that "expenditure-based foundation grants, which are used by over 80 percent of states, do not perform well by either absolute or vertical equity standards...." And thus "do not provide sufficient aid to high-cost districts, and therefore leave many students below any reasonable standard for educational outcome."<sup>417</sup> Their bottom-line conclusion is that expenditure-based formulas "do not and indeed cannot assure that educational adequacy is achieved."<sup>418</sup> At the same time, they recognize that transitioning to outcome-based aid formulas "requires the introduction of new and potentially controversial measures of outcomes, costs, and efficiency—all of which are "formidable political hurdles."<sup>419</sup> These scholars recognize, too, that effective reform likely is politically infeasible: "A required high minimum [local] tax rate, negative aid, or a significant increase in the state budget all imply a greater state role in education finance and the political fallout from this reduction in

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411 *Foundation Aid In Name Only: New York State Denying the Full Worth of Black and Brown Students* (New York, NY: Public Policy and Education Fund of New York, October 2019): 11, [https://www.aqeny.org/wp-content/uploads/2019/10/FoundationAidNameOnly\\_final.pdf](https://www.aqeny.org/wp-content/uploads/2019/10/FoundationAidNameOnly_final.pdf).

412 Pecorella and Duncombe, "State Education Aid in New York in the Wake of the Campaign for Fiscal Equity Decision."

413 Duncombe and Yinger, "School Finance Reform: Aid Formula and Equity Objectives."

414 *Ibid.*, 251.

415 *Ibid.*, 251.

416 *Ibid.*, 251.

417 *Ibid.*, 258.

418 *Ibid.*, 258.

419 *Ibid.*, 259.



local control is likely to be compounded by the inevitable conflict between winners and losers under any new aid system.”<sup>420</sup>

Yinger and Gutierrez examined whether all of New York State’s education aid programs (including Foundation Aid) adequately fund the spending requirements for high-needs districts by comparing actual spending to a measure of district fiscal health.<sup>421, 422, 423</sup> They found that while school districts with poorer fiscal health received more state assistance, the funding was insufficient to compensate for their relative disadvantage, and many large, high-needs districts were not receiving their fair share. And those districts that received more than their fiscal health would warrant were similar to the state average. “The advantageous aid received by these districts, in other words, cannot be explained by factors related to their fiscal health.”<sup>424</sup>

Depending on the methodology employed by researchers, New York’s progressivity looks different. Consider, for example, political scientist Eunju Kang’s finding that, “due to the state government’s progressive initiatives toward public education, New York is the most equitable state by the standard of public education funding, meaning that the disparity between the top and bottom on the range of spending per pupil is minimal compared to other states.”<sup>425, 426</sup> Kang rates New York as “one of the most equitable states in terms of education funding across school districts: in fact, all school districts receive education funding much higher than the national average.”<sup>427</sup> But New York State’s high per-pupil spending averages mask inequalities between and within districts.<sup>428</sup>

Meanwhile, educational researcher Drew Atchinson found that the Foundation Aid program stemming from the *CFE* ruling “did not result in more equitable funding across districts as measured by progressiveness and dispersion of funding.”<sup>429</sup> He determined that there was no difference in New York State from comparable states that did not enact education finance reform, “leading to the conclusion that *CFE v. New York* and the subsequently legislated funding reform had no substantive impact on the degree of equity within New York.”<sup>430</sup>

Some education scholars contend that the average per-pupil statistics on state education aid do not consider, among other things, that New York is a high-cost state and exerts greater effort than many other states to fund its teacher pension system obligation.<sup>431</sup> Or that wealthier communities continue

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420 Ibid., 259.

421 Yinger and Gutierrez, *Updated Pupil Weights for New York’s Foundation Aid Formula*. “Fiscal health” is defined as: “the amount a district must spend to meet the state’s student performance target (expenditure need) minus the amount of money the district can raise at a given level of sacrifice by its residents (revenue-raising capacity).”

422 Yinger and Gutierrez, *How Fair is the New York State Education Aid System?* Policy Brief 2-2018.

423 John Yinger, *How School Aid in New York State Penalizes Black and Hispanic Students*, Policy Brief 8-2019 (Syracuse, NY: Center for Policy Research, Maxwell School of Citizenship and Public Affairs, Syracuse University, 2019).

424 Yinger and Gutierrez, *How Fair is the New York State Education Aid System?* Policy Brief 2-2018: 3.

425 Eunju Kang, “Whose Money Matters In Public Education: A ‘Public’ Good That Parents Purchase,” *Policy Futures in Education* 20, no. 8 (2022): 960-85.

426 Kang bases this assertion on (according to footnote 5) the “spending per pupil by district map created and posted by National Public Radio (NPR).” Cory Turner, et al., “Why America’s Schools Have A Money Problem,” *NPR*, April 18, 2016, <http://www.npr.org/2016/04/18/474256366/whyamericasschoolshaveamoneyproblem>.

427 Ibid., 969.

428 For explanations as to why New York State’s high spending levels do not translate to equitable outcomes, see *Education Equity In New York: A Forgotten Dream*.

429 Atchinson, “Forgotten Equity: The Promise and Subsequent Dismantling of Education Finance Reform in New York State.”

430 Ibid., 24.

431 *Education Equity In New York: A Forgotten Dream*: 93.

to invest considerably more in their local school districts than do lower-wealth communities.<sup>432</sup> Or that the combination of residential segregation and unequal local contributions creates “systemic” inequalities.<sup>433</sup> Experts testified to the 2020 New York Advisory Committee on Civil Rights that “the combination of underfunding and the difference in availability of resources and tax base between wealthy and poor local districts,” means that New York State’s “distribution of revenue to schools is regressive.”<sup>434</sup> State aid, in other words, cannot fully compensate for the “highly regressive nature of local funding.”<sup>435, 436</sup> Moreover, experts told the Committee that the issue “isn’t how much money that’s shown being spent but how those dollars are being allocated and is it equitable and efficiently being allocated across the state.”<sup>437</sup> The Committee pointed to a 2018 study by the Education Trust ranking New York near the bottom of all states in equity: “48th among all states by measure of the funding gap between the districts enrolling the most students in poverty and the districts enrolling the fewest, and...44th by measure of the funding gap between the districts enrolling the most students of color and those enrolling the fewest.”<sup>438</sup>

Matthew Chingos and Kristin Blagg of the Urban Institute explain that New York has highly progressive state funding that is offset by highly regressive local funding.<sup>439</sup> As a high-spending state with diverse and economically-segregated districts, New York is classified under the authors’ preferred metric as “one of the least progressive states,” but note that “it is one of the most progressive states when looking at the richest versus poorest districts.”<sup>440</sup> New York “again appears to be regressive if we look at raw spending instead of cost-adjusted spending.” Thus, the researchers “caution readers against reading too much into any of the results for New York given their unusually high sensitivity to methodology.”<sup>441</sup>

Among the efforts to rank states on the progressivity of their education funding, the Education Law Center’s National Report Card from 2010, placed New York State as one of the most regressive states—based on 2008-09 data, however, when the implementation of the state’s Foundation Aid formula was in its very first years. “New York does well on spending level because New York has a large number of very wealthy and very high spending local public-school districts, primarily in the New York City Metropolitan Area-Westchester and Long Island, but also counties further west in Rockland County and up the Hudson Valley. These are among the highest spending school districts in the nation, and they substantially influence New York’s overall, average spending. In short, the rich are doing fine in New York State.”<sup>442</sup>

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432 Ibid., 94.

433 Ibid., 95-6.

434 Ibid., 91.

435 Ibid., 96.

436 “While the State spends a disproportionate six times the amount on the neediest schools, overall (State and local) average spending per pupil in the highest-need districts in the State is still approximately only two-thirds the overall average spending per pupil in the wealthiest districts (\$17,758 versus \$27,845), in large part as a result of the disparity in revenue-raising abilities of low-wealth versus high-wealth districts.” *Education Equity In New York: A Forgotten Dream*: 58.

437 Ibid., 93.

438 Ibid., 96.

439 Matthew Chingos and Kristen Blagg, “School Funding: Do Poor Kids Get Their Fair Share?” Urban Institute, May 2017, 2017, <https://apps.urban.org/features/school-funding-do-poor-kids-get-fair-share/>.

440 The authors explain that in “New York, the average poor student attends school districts with poverty rates that are 40 percent higher than those non poor students attend” (Chingos and Blagg, “School Funding: Do Poor Kids Get Their Fair Share?”: 11).

441 Ibid., 19, n18.

442 Bruce D. Baker, David G. Sciarra, and Danielle Farrie, *Is School Funding Fair? A National Report Card* (Newark, NJ: Education Law Center, 2010).

Scholar Bruce Baker, writing in 2011, noted that New York State ranked 44th in the nation in funding equity, blaming this on a flawed foundational aid funding program and subsequent political choices.<sup>443</sup> The Report Card system of Baker, Sciarra, and Farrie in 2018 grades states on a grading curve and by rank, providing comparative measures across states rather than a benchmarked assessment of adequacy or sufficiency in overall spending, using four main criteria: 1) the funding level (average state and local revenue per pupil); 2) funding distribution (with states graded as regressive, progressive, or flat and assigned a letter grade; 3) effort (measuring state spending relative to fiscal capacity with states ranked according to ratio of education spending to gross state product and personal income); and, 4) coverage (the proportion of school age children attending public school and the income ratio of public to nonpublic school families).<sup>444</sup> They note that each of the measures are “interrelated and complex” and that their system does not account for the unique political and contextual factors for the states’ adoption of school finance reform measures.<sup>445, 446</sup> Overall, they found wide variation across states, with only two—New Jersey and Wyoming—“positioned relatively well on all four indicators.”<sup>447</sup> The authors further look at the consequences of funding fairness on key outcome indicators, including early childhood education enrollment, competitive teacher salaries, and pupil-to-teacher ratios, concluding that “school funding remains stubbornly unfair in most states.”<sup>448</sup>

On the authors’ Fairness Indicator of 2015, measuring whether the state’s funding system targets additional resources to students in concentrated poverty areas, New York ranked 31st among 48 states, receiving a grade of C.<sup>449</sup> New York’s “fairness profile” registered as regressive, with per-pupil state and local revenue dropping slightly when plotted against Census poverty rates.<sup>450</sup> New York exhibited a relatively high level of fiscal effort where spending was measured as a percentage of the gross state product economic indicator, ranking New York 5th, and personal income, ranking the state 3rd. On the authors’ “coverage indicator,” New York ranked 36th with 85 percent of students in public school.<sup>451</sup>

Ten years later, Baker, now with colleagues Matthew Di Carlo, Ajay Srikanth, and Mark Weber, used 2020-21 data to rank states on fiscal effort, statewide adequacy, and equal opportunity, New York ranked 5th out of the 48 states on a weighted composite index of many factors, categorizing it as a high effort, high adequacy, but low—next to last—equal opportunity state.<sup>452</sup>

A 2017 Urban Institute Report by Matthew Chingos and Kristen Blagg measured progressivity as the difference in per-pupil state funding for districts serving neighborhoods with high shares of poor students versus those with low shares.<sup>453</sup> With federal funding factored in, the authors rank New York as the fifth most regressive state, explaining that the state fell behind in its funding obligations in the years following the Great Recession, compounded by individually-adjusted Foundation Aid formulas

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443 Included in Baker’s assessment was the state’s introduction of the Gap Elimination Act, the delays in implementation of the Foundation Aid formula, and other factors.

444 Ibid., iii.

445 Ibid., 8.

446 Their research fits within the body of literature that maintains that money matters to outcomes and is a state responsibility. They make the central point that, to provide equitable funding, state programs *must* account for local revenue raising capacity and target state resources appropriately to eliminate disparities.

447 Ibid., iv.

448 Ibid., v.

449 Ibid., 11.

450 Ibid., 13.

451 Ibid., 19.

452 See “State School Finance Profile: 2020-21 School Year,” Notes on Data and Measures, 2024, [https://www.schoolfinancedata.org/wp-content/uploads/2024/01/profiles24\\_NY.pdf](https://www.schoolfinancedata.org/wp-content/uploads/2024/01/profiles24_NY.pdf).

453 Chingos and Blagg, “School Funding: Do Poor Kids Get Their Fair Share?”

each year after, and state formula components. They point to the “frozen” Pupil Needs Index weightings relative to the higher and tiered multiple-weighting used by neighboring states, and conclude: “The nuances in New York City’s Fair Student Funding formula and the formulas used in other states such as New Jersey and Connecticut may suggest ways to improve upon New York State’s own Foundation formula to more equitably distribute state funding based on the needs of the students in each district.”

The 2020 New York Advisory Committee on Civil Rights concluded that “according to experts, political compromises and a reluctance to decrease aid to wealthy districts coupled with a lack of political will to invest heavily in high-need schools have resulted not only in flaws in the design of the Foundation Aid formula but also in the failure of the State to provide a sound basic education mandated by the New York State Constitution to all of its students despite its overall significant aid to schools.”<sup>454, 455</sup>

Micah Rothbart, scholar at Syracuse University’s Maxwell School of Citizenship and Public Affairs, examines racial issues tied to education funding and argues that higher racial minority districts face greater fiscal constraint as racial composition is “correlated with educational costs and local revenue raising capacity.”<sup>456</sup> He explains that racial composition is a proxy for variables that drive up costs. First, these districts may have unequal access to higher property value. Second, teachers may demand higher salaries. At the same time, the public’s demand for public education spending is lower—particularly in the Big Five dependent school districts where education must compete with other priorities in city budgets. In addition to being more costly and more fiscally constrained, high racial composition districts tend to get less aid. Rothbart argues that in New York State, underfunding and Save Harmless “leave aid unequally distributed” and state aid “when assigned or cut in ad hoc manners, may exacerbate, rather than ameliorate, racial inequality in local funding.”<sup>457</sup>

Some analyses show that in New York State cuts and delays to Foundation Aid in the aftermath of the Great Recession undermined equity efforts, equity gaps that became permanent even after the fiscal crisis abated.<sup>458, 459, 460, 461</sup> While some state reductions were replaced by federal dollars, these funds were less progressively allocated.<sup>462</sup>

Atchinson examined the impact of the COVID-19 pandemic on state education funding and equity. He found that New York State’s budgetary response—reducing local government assistance—disproportionately affected the highest-poverty school districts.<sup>463</sup> He argues this would have made sense if the lowest-poverty districts had been disproportionately hurt on the local revenue side, but

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454 *Education Equity In New York: A Forgotten Dream*: 60.

455 The New York Advisory Committee Report (2020) highlighted the negative impact of the underfunding of Foundation Aid (83-92).

456 Rothbart, “Cutting Back State Aid to School Districts in the COVID Era: Consequences for Racial Funding Equity in New York State”: 73.

457 *Ibid.*, 74.

458 Rajashri Chakrabarti, Max Livingston, and Elizabeth Stetron, “The Great Recession’s Impact on School District Finances in New York State,” *FRBNY Economic Policy Review* (October 2015): 45-66.

459 Ravi Bhalla, Rajashri Chakrabarti, and Max Livingston, “A Tale of Two States: The Recession’s Impact on N.Y. and N.J. School Finances,” *Economic Policy Review* 23, no. 1 (2017): 30-42.

460 Rajashri Chakrabarti and Max Livingston, “The Long Road to Recovery: New York Schools in the Aftermath of the Great Recession,” *Economic Policy Review* 25, no. 1 (2023): 1-34.

461 The Gap Elimination Act (GEA), for example, was enacted as a temporary measure in 2011 and remained in effect until 2017. GEA cuts were offset from 2009 to 2011 by federal relief made available through the American Recovery and Reinvestment Act.

462 Rothbart, “Cutting Back State Aid to School Districts in the COVID Era: Consequences for Racial Funding Equity in New York State”: 77.

463 Drew Atchinson, “COVID-19 and the Squeeze on State Education Budgets: Equity Implications for New York State,” American Institutes for Research, May 2020: 9.

that did not seem to be the case. His analysis indicated that the highest-poverty districts suffered the worst effects of the crisis. “Even with funding from the CARES Act, the differences between the two budgets [the executive proposed budget and the final enacted budget] were largest for high-poverty districts.”<sup>464</sup>

Funding slowdowns created division among education reform advocates between those who wanted to achieve full funding before addressing specific formula issues and those who wanted to revise the formula before full funding was achieved, essentially creating a “fund it” or “fix it” debate among education scholars and reformers.

Relatedly, research has confirmed that money matters, but only “if spent well.” While there are studies on the positive benefits of specific interventions at the school level, there is little agreement in the academic literature on how to account for efficiency levels—or inefficiencies—between districts. Equity Center’s review of literature concludes that “additional funding rarely makes a difference in student achievement for students from middle- and high-income families, but it makes substantial and important differences for children who come from low-income homes.”<sup>465</sup> And “while there are policymakers and academics that contend that spending more does not necessarily correlate to better outcomes, the overwhelming consensus among experts is that money spent well matters, and increased funding is associated with higher student achievement, higher wages, lower poverty rates, and lower long-term expenditures on social safety-net programs and the criminal justice system.”<sup>466</sup>

## The “Money Matters” Debate

Researchers, scholars, reformers, and advocates recognize that equity in expenditures does not necessarily achieve adequacy or equity in outcomes, at least in large part because of differing district characteristics, student needs and characteristics, and varying costs of providing services. A shift to adequacy-centered reforms acknowledges that factors other than providing equal dollars influence educational outcomes.

There is a substantial body of academic literature on the question of how money matters.<sup>467</sup> Several scholars surveying the vast body of research on this area have divided the studies into two periods or categories. Earlier studies generally used correlation and descriptive-based techniques, and tended to produce mixed results on the effect of increased funding and educational interventions. In contrast, more recent studies have focused on statistical inference, causal design, and high-quality data. These studies attempt to measure the causal relationship between specific interventions, including teacher training and teacher-pupil ratios with student outcomes.

The early research was largely descriptive, rather than causal in design. In 1996, the federal Coleman Report identified disparities in academic achievement across racial and ethnic groups, documenting a racial achievement gap: “The average white student’s achievement seems to be less affected by the strength or weakness of his school’s facilities, curriculums, and teachers than is the average minority pupil’s. To put it another way, the achievement of minority pupils depends more on the schools they

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464 Ibid., 15.

465 *Weighing Costs & Benefits: Research on Student Weights and School: 2.*

466 *Education Equity In New York: A Forgotten Dream: viii-ix*

467 Baker provides one overview of the literature: Baker and Corcoran, *The Stealth Inequities of School Funding: How State and Local School Finance Systems Perpetuate Inequitable Student Spending.*

attend than does the achievement of majority pupils.”<sup>468</sup> The report offered limited support for the assumption that funding was driving the inequity, and the conclusion that home and social environment have a greater impact than school spending created skepticism that school expenditures matter.<sup>469</sup>

Research produced mixed conclusions throughout the 1970s to 2000s,<sup>470</sup> but a meta-study by economist Eric Hanushek of 163 pre-1994, largely correlational, studies did not find a strong, positive correlation between spending and positive student outcomes.<sup>471</sup>

Focus then shifted to the efficient use of existing resources and teacher effectiveness with a greater federal emphasis on demanding school accountability.<sup>472</sup> The education reform that resulted from the wave of judicial directives to address inequities in state education financing systems sharpened the focus of academic research on the impact of spending changes on outcomes. Between 1971 and 2003, state supreme courts “overturned the finance system in 28 states.”<sup>473</sup> State-level research in California,<sup>474</sup> Massachusetts,<sup>475</sup> Kansas,<sup>476</sup> Kentucky,<sup>477</sup> and Michigan,<sup>478</sup> produced mixed results of a positive association.<sup>479</sup> Similar ambiguity existed in research seeking a connection between per-pupil spending, class size, and student achievement measures.<sup>480</sup> National studies showed improvement on graduation rates<sup>481, 482</sup> and test scores,<sup>483, 484, 485</sup> and Jay Ryu, a public policy researcher, conducted a study of Ohio in 2019 and concluded that outcome-based power-equalizing aid improved both fiscal and outcome equity.<sup>486</sup>

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468 James Coleman, et al., *Equality of Educational Opportunity* [The Coleman Report] (Washington, DC: US Department of Health, Education, and Welfare, 1966): 22.

469 Springer, Houck, and Guthrie, “History and Scholarship Regarding U.S. Education Policy Research.”

470 Eric A. Hanushek, “Assessing the Effects of School Resources on Student Performance: An Update.” *Education Evaluation and Policy Analysis* 19, no. 2 (1997): 141-64.

471 Eric A. Hanushek, “The Failure of Input-based Schooling Policies,” *The Economic Journal* 113, no. 485 (2003): 64-98.

472 Julien Lafortune and Joseph Herrera, “Understanding the Effects of School Funding,” Public Policy Institute of California, May. 6, 2022.

473 Jackson, *Does School Spending Matter? The New Literature on an Old Question*, NBER Working Paper 25368.

474 Thomas A. Downes, “Evaluating the Impact of School Finance Reform on the Provision of Public Education: The California Case,” *National Tax Journal* 4 (1992): 405-19.

475 Jonathan Guryan, *Does Money Matter? Regression-Discontinuity Estimates from Education Finance Reform in Massachusetts*, NBER. Working Paper 82669 (Cambridge, MA: National Bureau of Economic Research, 2001), <https://doi.org/10.3386/w8269>.

476 John Deke, “A Study of the Impact of Public School Spending on Postsecondary Educational Attainment Using Statewide School District Refinancing in Kansas,” *Economics of Education Review* 2 (2003): 275-84.

477 Melissa Clark, *Education Reform, Redistribution, and Student Achievement. Evidence from the Kentucky Education Reform Act* (Princeton, NJ: Mathematica Policy Research, 2003).

478 Joydeep Roy, “Impact of School Finance Reform on Resource Equalization and Academic Performance: Evidence from Michigan,” *Education Finance and Policy* 6, no. 2 (2011): 137-67.

479 See Gigliotti and Sorenson, “Educational resources and student achievement: Evidence from the Save Harmless provision in New York State”: 168-69 for an overview.

480 Ibid., 168 provides a summary of this literature.

481 Jackson, Johnson, and Persico, “The Effects of School Spending on Educational and Economic Outcomes: Evidence from School Finance Reforms.”

482 Christopher A. Candelaria and Kenneth A. Shores, “Court-Ordered Finance Reforms in the Adequacy Era: Heterogeneous Causal Effects and Sensitivity,” *Education Finance and Policy* 14, no. 1 (2019): 31-60. [Court Ordered SFR 1989-2010]

483 David Card and Abigail A. Payne, “School Finance Reform, the Distribution of School Spending, and the Distribution of Student Test Scores,” *Journal of Public Economics* 83, no. 1 (2002): 49-82.

484 Julien Lafortune, Jesse Rothstein, and Diane Whitmore Schanzenbach, “School Finance Reform and the Distribution of Student Achievement,” *American Economic Journal: Applied Economics* 10, no. 2 (2018): 1-26. [Post 1990 SFR]

485 Lafortune and Herrera, “Understanding the Effects of School Funding.”

486 Jay E. Ryu, “Impacts of Outcomes in School Aid on Equity in School Spending and Performance Scores,” *Journal of Education Finance* 45, no. 1 (2019): 57-79.

In his 2016 and 2018 papers, C. Kirabo Jackson provides an overview of the literature dividing it into the early “old” studies that provided only correlational observations and the “new” research that allows for more credible causal analysis.<sup>487, 488</sup> Many of the newer quasi-experimental studies made use of funding changes that resulted from broader school finance reform efforts and court decisions, and these “overwhelmingly support a causal relationship between increased school spending and student outcomes.”<sup>489</sup> The 2016 study by Jackson and colleagues finds a statistically significant effect of increased per-pupil expenditures on reducing adult poverty rates.<sup>490</sup> In a 2018 paper, Jackson provides an assessment of newer (post-1995) national studies, noting that the vast majority (92 percent) show “a positive and statistically significant relationship between school spending and student outcomes.”<sup>491, 492</sup> Jackson’s review of single-state studies finds that 65 percent of such studies make similar findings. He notes that among those single-state studies that found no significant relationship between spending and outcome, most (86 percent) examined specific expenditure types, leading him to speculate that the association with improved student outcomes is stronger with general spending than specific categorical spending (three of these studies with non-significant findings were focused on the impact of Title I spending on student test scores in New York City).<sup>493</sup> Julien Lafortune, a research fellow at the Public Policy Institute of California, along with coauthors Jesse Rothstein and D.W. Schanzenbach, in 2016 also found that school finance reform efforts generating increased spending had a significant impact on educational achievement.<sup>494</sup> Joshua Hyman, an economist, found a ten percent increase in expenditures meant that graduates were 7 percent more likely to enroll in college and 11 percent more likely to earn a postsecondary degree.<sup>495</sup>

In a more recent study, Lafortune and colleague Joseph Herrera argue that the earlier ambiguity in findings was attributable in part to the inability of research designs to account for the multiple, confounding factors that impact performance, and that more recent research has produced a consensus finding that “increased school spending improves student outcomes.”<sup>496</sup> As such, “a more recent and “robust body of research shows that across a variety of outcomes, such as test scores,

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487 Jackson, *Does School Spending Matter? The New Literature on an Old Question*, NBER Working Paper 25368.

488 Jackson, Johnson, and Persico, “The Effects of School Spending on Educational and Economic Outcomes: Evidence from School Finance Reforms.”

489 *Ibid.*, 213.

490 *Ibid.*, 203.

491 Jackson, *Does School Spending Matter? The New Literature on an Old Question*, NBER Working Paper 25368.

492 Jackson (2018) provides a list of all the existing studies on funding and student outcomes, divided into national (multi-state) and single-state studies. There are 5 focused on New York State or New York City: Gigliotti and Sorenson, “Educational resources and student achievement: Evidence from the Save Harmless provision in New York State”; Kyung-Gon Lee and Solomon W. Polachek, “Do School Budgets Matter? The Effect of Budget Referenda on Student Dropout Rates,” *Education Economics* 26, no. 2 (2018): 129-44 (both showing positive, significant association); and Wilbert van der Klaauw, “Breaking The Link Between Poverty and Low Student Achievement: An Evaluation of Title I,” *Journal of Econometrics* 142 no. 2 (2008): 731-56.; Meryle G. Weinstein, et al., *Does Title I Increase Spending and Improve Performance? Evidence from New York City*, Working Paper #09-09 (New York, NY: Institute for Education and Social Policy, New York University, 2009); and Jordan D. Matsudaira, Adrienne Hosek, and Elias Walsh, “An Integrated Assessment of the Effects of Title I on School Behavior, Resources, and Student Achievement,” *Economics of Education Review* 31, no. 3 (2012): 1-14. (finding non- or negative significant association) (Jackson, *Does School Spending Matter? The New Literature on an Old Question*, NBER Working Paper 25368: 18).

493 See van der Klaauw, “Breaking The Link Between Poverty and Low Student Achievement: An Evaluation of Title I”; Weinstein, et al., *Does Title I Increase Spending and Improve Performance? Evidence from New York City*, Working Paper #09-09; and Matsudaira, Hosek, and Walsh, “An Integrated Assessment of the Effects of Title I on School Behavior, Resources, and Student Achievement.”

494 Lafortune, Rothstein, and Schanzenbach, “Can school finance reforms Improve student achievement?”

495 Joshua Hyman, “Does Money Matter in the Long Run? Effects of School Spending on Educational Attainment,” *American Economic Journal: Economic Policy* 9, no. 4 (2017): 256-80

496 Lafortune and Herrera, “Understanding the Effects of School Funding”: 4.

graduation rates, and college attendance, student performance improves with greater spending. Over the long term, students gain important benefits from economic outcomes such as wages. Benefits tend to be greater for lower-income students and districts.”<sup>497</sup>

A meta-study by economist C. Kirabo Jackson and educational researcher Claire Mackevicius confirmed this more recent consensus finding a positive correlation between increased, unrestricted spending and improved outcomes, particularly for low-income students and districts, with no evidence of diminishing returns.<sup>498, 499</sup> But “importantly, the research does not say that spending will always translate into improved outcomes, nor that how money is spent does not matter. The effects identified in the existing research are averages.”<sup>500</sup>

Philip Gigliotti’s and Lucy Sorenson’s New York State-focused research confirms that the sustained investment of state resources in education positively impacts education outcomes.<sup>501</sup> The authors conclude that there is “clear and compelling evidence that educational resources improve student learning.”<sup>502</sup> These results, coupled with the body of research finding a positive impact between expenditures and student performance, “suggest that allowing districts to maintain high levels of funding even during periods of enrollment loss benefits student achievement.”<sup>503</sup>

As Jackson and colleague Claudia Perisco summarize:

There is a growing literature on how various school inputs, such as class size, teacher quality, and high-quality professional development, improve educational outcomes. All of these cost money. There is also evidence that incentives and good governance matter. As such, there are reasons why some areas are more efficient with their additional funds than others. However, the fact that certain kinds of spending may be more effective at improving outcomes than others is largely irrelevant to the question of whether increasing school spending is worthwhile. Whatever the budget may be, it should be spent as effectively as possible. The debate around school spending often seems to be framed as one of providing more resources versus spending resources more effectively. This dichotomy is largely rhetorical and has little economic or policy content. So long as the additional funds pass a cost-benefit test (which research suggests it typically does), one should do both. While the evidence shows that providing largely unrestricted additional money to schools does improve outcomes in general, this does not mean that increasing school spending (without regard for what it may be spent on) is the best way to improve outcomes. However, the results clearly indicate that increasing school spending in ways that have been done in the past at current spending levels will likely add social value. As such, it should be part of the policymaker’s toolkit.<sup>504</sup>

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497 Ibid., 3.

498 Jackson and Mackevicius, *The Distribution of School Spending Impacts*, Working Paper 28517.

499 Their study found more mixed evidence for capital spending increases.

500 Lafortune and Herrera, “Understanding the Effects of School Funding”: 4.

501 Bruce Baker, David G. Sciarra, and Danielle Farrie. *Is School Funding Fair? A National Report Card, 7th Edition* (New Brunswick, NJ: Education Law Center, Rutgers University Graduate School of Education, 2018).

502 Gigliotti and Sorenson, “Educational resources and student achievement: Evidence from the Save Harmless provision in New York State”: 167-82.

503 Ibid., 177.

504 C. Kirabo Jackson and Claudia Persico, “Point Column on School Spending: Money Matters,” *Journal of Policy Analysis and Management* 42, no. 4 (2023): 1118-24.



Researchers Bruce Baker, Matthew Di Carlo, and Zachary Oberfield find that “state revenue is the great equalizer in school finance and should be a large share of total funding.”<sup>505</sup> Using a panel dataset spanning 1998-2020, they estimate adequacy and equity outcomes for 2009-2020 using “three separate measures that capture different forms and patterns of spending stability/volatility between 1998-2020.”<sup>506</sup> They report three major findings:

1. Increases in the share of state revenue over time (within states) are associated with increases in statewide adequacy. That is, as reliance on state revenue goes up over time, the percentage of students in districts with adequate funding also tends to go up.
2. Larger state shares are associated with more equitable spending (i.e., more equal educational opportunity). States that rely more heavily on state over local revenue exhibit smaller gaps in adequacy between their highest and lowest-poverty districts.
3. Larger state shares, however, are also associated with more volatile funding. When states get more of their K12 revenue from state versus local sources, their spending tends to dip and jump more over time.<sup>507</sup>

The question of whether “money matters” seems to have been largely settled in education research literature, with a consensus emerging that increasing school spending improves student outcomes along a variety of outcomes, including test scores, graduation, college attendance, adult earnings, and intergenerational mobility.<sup>508</sup>

Research questions now have shifted to “the more substantive conversation of how much it matters and in which contexts its impact is more pronounced.”<sup>509</sup>

In a 2021 paper, economist C. Kirabo Jackson and educational researcher Claire Mackevicius again team up and quantify the benefits of spending \$1,000 more per pupil in each of four years.<sup>510</sup> They find improved test scores and college-going rates, albeit smaller for economically advantaged populations, though similar positive effects across baseline spending levels and geography. The authors provide a succinct overview of their research:

The studies in this literature vary in policies examined, contexts studied, and estimation approaches used. However, they consistently demonstrate a positive, credibly causal relationship between school spending and students’ educational outcomes. Several studies use national data to show that increased spending due to the passage of school finance reforms is associated with improved test scores, educational attainment, and income (e.g., Jackson et al., 2016; Murray et al., 1998; Rothstein and Schanzenbach, 2022). However, many studies do not rely on the introduction of reform. Many studies use increases in spending due to discontinuities and deterministic functions embedded in state school funding formulas to reveal improved test scores or educational attainment in states such as Massachusetts, Michigan, and New York (Gigliotti & Sorensen, 2018; Guryan, 2001; Hyman, 2017; Papke, 2005; Roy, 2011). Using the near passage of school

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505 Bruce D. Baker, Matthew Di Carlo, and Zachary W. Oberfield, *The Source Code: Revenue Composition and the Adequacy, Equity, and Stability of K-12 School Spending* (Washington, DC: The Albert Shanker Institute, 2023).

506 Ibid.

507 Ibid.

508 See Jackson and Mackevicius, *The Distribution of School Spending Impacts*, Working Paper 28517, for a comprehensive review.

509 C. Kirabo Jackson and Claudia Persico, “Counterpoint—Don’t Let the Perfect Be the Enemy of the Good,” *Journal of Policy Analysis and Management* 42, no. 4 (2023): 1133-35.

510 Jackson and Mackevicius, *The Distribution of School Spending Impacts*, Working Paper 28517.

spending referenda, research like Baron (2022) found that spending increases improve test scores and educational attainment, while Miller (2018) associated spending increases from house price appreciation with improved outcomes. When examining spending declines, Jackson et al. (2021) linked recessionary cuts in per-pupil spending to lower test scores and reduced college attendance, and Downes and Figlio (1998) associated lower spending due to spending limits with increased dropout rates and reduced test performance. Although one can always critique any individual study, collectively, they consistently support a robust positive causal relationship between increased school spending and student outcomes on average.<sup>511</sup>

## New York Foundation Aid Formula-Focused “Money Matters” Research

There is a small body of research that examines New York State’s Foundation Aid formula’s impact on educational outcomes.

Duncombe and Yinger’s New York-centered research<sup>512, 513, 514</sup> determined that outcome-based Foundation Aid was more effective in improving student outcomes than expenditure-based programs, with outcome-based power-equalizing aid having a greater impact than foundation funding. Following the implementation of Foundation Aid, researchers Pecorella and Duncombe found a “clear relationship between spending and student performance on both the New York State Assessment and the Regents test,” though the data revealed disparities in the performance of urban-district and minority students “on nearly every measure.”<sup>515</sup> On the study, the Fiscal Policy Institute concludes: “The perpetuation of educational inequality ties directly to high levels of child poverty.”<sup>516, 517</sup>

Baker and Cocoran in 2012 and Baker in 2014 found that the \$500 per pupil minimum, provided through the Foundation Aid formula regardless of wealth, along with the adjustments for local contribution, results in the redirection of billions of dollars in state aid under fully-funded implementation.<sup>518, 519</sup> This built on Baker’s 2011 findings that Combined Wealth Index (CWI), Combined Wealth Ratio (CWR), and School Tax Assistance and Relief (STAR) “drives more state aid for foundation funding to wealthier districts at the expense of aid to poorer districts.”<sup>520</sup> Baker’s policy recommendations are to: 1) eliminate the property tax cap; 2) drastically increase aid and target it more progressively by removing minimum foundation aid; and 3) eliminate or restructure state aid programs that do not progressively

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511 Ibid.

512 William D. Duncombe and John Yinger, “Why is it So Hard to Help Central City Schools? Impacts of Outcome Targeting School Aid on Equity in School Spending and Performance Scores,” *Journal of Policy Analysis and Management* 16, no. 1 (1997): 85-113.

513 Duncombe and Yinger, “School Finance Reform: Aid Formula and Equity Objectives.”

514 William Duncombe and John Yinger, “Performance Standards and Educational Cost Indexes: You Can’t Have One Without the Other,” in *Equity and Adequacy in Education Finance: Issues and Perspectives*, eds. Helen F. Ladd, Rosemary Chalk, and Janet S. Hansen (Washington, DC: National Academy Press, 1999): 260-97.

515 Pecorella and Duncombe, “State Education Aid in New York in the Wake of the Campaign for Fiscal Equity Decision.”

516 *New York State Economic and Fiscal Outlook FY 2019*.

517 See also Greg J. Duncan and Richard J. Murnane, *Restoring Opportunity: The Crisis of Inequality and the Challenge for American Education* (Cambridge, MA: Harvard Education Press, 2014).

518 Baker, *School Funding Fairness in New York State: An Update for 2013-2014*: 28.

519 Baker and Corcoran, *The Stealth Inequities of School Funding: How State and Local School Finance Systems Perpetuate Inequitable Student Spending*.

520 Baker, *School Funding Fairness in New York State: An Evaluation of the Conceptual and Empirical Basis and Implementation of the New York State Foundation Aid Program*: 21.

distribute funds (such as STAR) and channel it back into the progressively designed Foundation Aid funding formula.<sup>521</sup>

Gigliotti and Sorenson in their 2018 publication used the budgetary freezes to Foundation Aid in 2007-08 to explore the relationship between budgetary policy and performance, looking for evidence of whether money matters.<sup>522</sup> Specifically, they examined the effect of Save Harmless provisions that were in place, noting that because total education dollars were flat while enrollment declined for many districts, these districts with enrollment loss received higher per-pupil funding. They also found that, despite targeting of high-need students and districts under the Foundation Aid formula, disparities persist.<sup>523</sup> This New York-focused research found “clear and compelling evidence that educational resources improve student learning,” contributing to the body of scholarship finding linkages between increased spending and student outcomes.<sup>524</sup>

In a 2019 study, Marina Marcou-O’Malley points to the positive impact of New York State’s Foundation Aid in improving equitable outcomes: “With this increased accountability and with the overall increase in Foundation Aid, school districts began closing the achievement gap and narrowing the opportunity gap. For instance, Buffalo was able to implement Saturday Academies for English Language Learners and their families. White Plains was able to expand its pre-K program to a full day for its highest-need students. Rochester was able to offer an extended day and summer program to 7,000 students. Binghamton was able to reduce class sizes from 23 to 19 in elementary schools.”<sup>525</sup> Marcou-O’Malley provides specific examples of improvement in Dunkirk, Elmira, and Syracuse, and in the hiring of reading teachers. Her praise is largely for the intent of the original formula as “wealth equalizing” and progressive in its first and only year of full funding (as of her writing). She notes, however, that “since 2012, the Governor and the Legislature have used exactly the opposite process for determining how much funding schools will receive. Rather than starting with student needs and calculating spending accordingly, they start with an arbitrary school aid number and invent multiple new formulas reverse engineering how to divide it up. This method is destined to be inadequate.”<sup>526</sup>

Atchinson in 2019 similarly determined that New York State reductions to the original funding of Foundation Aid resulted in an underfunding of high-poverty districts and funding disparities.<sup>527</sup> The implementation of Foundation Aid did not meet its vision, thus the *CFE* ruling and legislative action “had no substantive impact on the degree of equity within New York.”<sup>528</sup>

Yinger<sup>529</sup> and Yinger and Gutierrez<sup>530, 531</sup> reach 3 key conclusions: “First, the current aid formula in New York State makes a significant contribution to educational equity by accounting for the added costs of educating students in poverty and students who are English language learners. Second, despite

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521 Ibid.

522 Gigliotti and Sorenson, “Educational resources and student achievement: Evidence from the Save Harmless provision in New York State”:167-82.

523 Ibid., 167.

524 Ibid., 167.

525 Marcou-O’Malley, *Foundation Aid in Name Only: New York State Denying the Full Worth of Black and Brown Students*: 10.

526 Ibid., 12.

527 Atchinson, “Forgotten Equity: The Promise and Subsequent Dismantling of Education Finance Reform in New York State.”

528 Ibid.

529 Yinger, *How Equitable is the Educational Finance System in New York State?* Policy Brief No. 54/2019.

530 John Yinger and Emily Gutierrez, *Updated Pupil Weights for New York’s Foundation Aid Formula*, Policy Brief 11-2017 (Syracuse, NY: Center for Policy Research, Maxwell School of Citizenship and Public Affairs, Syracuse University, 2017).

531 Yinger and Gutierrez, *How Fair is the New York State Education Aid System?* Policy Brief 2-2018.

this valuable contribution, the current formula does not provide many high-needs districts with the funding necessary to fully offset their cost disadvantage. Third, thanks to the growing poverty in many New York school districts, the cap in the formula may soon begin to magnify the gap between actual and needed state aid in some high-needs districts. *These findings imply that the pupil weights in the current formula should be updated, and the cap should be removed.*<sup>532, 533</sup>

Rochester Institute of Technology political scientist Eunju Kang, concludes in a 2022 paper that “despite munificent state aid across school districts, urban school districts are not on par with suburban school districts when it comes to academic achievement.”<sup>534</sup> Thus, “despite this relatively equitable funding policy, New York school districts show a great variance in academic achievement.”<sup>535</sup> While Kang’s research finding “confirms a conventional wisdom that more funding in education advances academic performance,”<sup>536</sup> she finds that “only local money matters.”<sup>537</sup> Kang writes: “among three sources of education funding, only local funding positively

affects academic achievement. When only local money matters, additional funds from federal and state governments might not generate an expected outcome in the form of academic achievement.”<sup>538</sup>

There is broad scholarly consensus that the Foundation Aid formula implemented in New York in 2007 was one of the most progressive systems of state education funding in the country. Researchers also note, however, that continuing inequities in per-pupil district spending and student outcomes result from delayed phase-in to full funding, variations in local funding contributions, and concentration of poverty in high-needs districts.

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532 Yinger argues that more data is needed and suggests creation of a New York State Education Department (NYSED) office to monitor and adjust to changes in pupil characteristics over time.

533 Yinger, *How Equitable is the Educational Finance System in New York State?* Policy Brief No. 54/2019.

534 Kang, “Whose Money Matters In Public Education: A ‘Public’ Good That Parents Purchase”: 969.

535 *Ibid.*, 969.

536 *Ibid.* 976.

537 *Ibid.*, 978.

538 *Ibid.*, 979.

# WHAT OTHER STATES ARE DOING

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As New York State policymakers consider whether and how to modify the Foundation Aid formula, it may be informative and helpful to look at the approach taken by other states to inform the analysis of the key drivers of New York’s formula: poverty and economic disadvantage weightings; students for whom English is a new language; weightings for students with special needs; small and rural school districts; and, local revenue contributions.

## Poverty and Economic Disadvantage

### Individual Poverty and Concentrated Poverty

As detailed extensively in a previous chapter of this report, significant research exists linking poverty and low socioeconomic status to poor educational outcomes.<sup>1</sup> States take different approaches to directing poverty-linked education spending, with some using individual student-based poverty measures (such as New York’s poverty count and Free and Reduced-Price Lunch count), others using concentration of poverty measures, and several using a combination of both.

The student-based measure more directly supports each individual student with higher needs, while the concentration measure prioritizes relatively more funding to be targeted to high-need districts. Meeting the needs of a single student living in poverty requires targeted, individualized interventions; meeting the needs of schools with a high percentage of children in poverty requires higher-intensity schoolwide resources and community-facing supports.<sup>2</sup>

Schools with high populations of economically disadvantaged students may need lower student-to-teacher ratios, additional supplemental services, and more intensive early childhood education programs to meet the same academic achievement outcomes as schools with low populations of economically disadvantaged students.<sup>3</sup> Researchers focusing on educational equity have noted that:

The more economically disadvantaged students in a school, the more likely curriculum delivery slows down for everyone, the more likely that teacher turnover will be high, the more likely that the best teachers will be reluctant to teach in these settings, the more likely there will be behavior and discipline problems, the less likely that there will be sufficient choices of Advanced Placement, International Baccalaureate, and accelerated/gifted courses, the less likely that there will be challenging extracurricular offerings, the less likely that there will be school volunteers, the more likely that absenteeism will be high due to children’s inability to access healthcare, the more likely there will be high mobility, and on and on.<sup>4</sup>

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1 Also see, for example: Richard Rothstein, “Equalizing Opportunity: Dramatic Differences in Children’s Home Life and Health Means Schools Can’t Do It Alone,” *American Educator* (Summer 2009). Also: William Duncombe and John Yinger, “How Much More Does a Disadvantaged Student Cost?” *Economics of Education Review* 24, no. 5 (October 2005). Also: “School Finance 101”, Connecticut School Finance Project 2020. Also: “Annotated Bibliography on School Poverty Concentration” Poverty & Race Research Action Council, 2011.

2 “How Do School Finance Systems Support Economically Disadvantaged Students?” Splitting the Bill Series, Bellwether, October 2023, [https://bellwether.org/wp-content/uploads/2024/04/SplittingtheBill\\_11\\_Bellwether\\_October2023-1.pdf](https://bellwether.org/wp-content/uploads/2024/04/SplittingtheBill_11_Bellwether_October2023-1.pdf).

3 Tammy Kolbe, et al., *State Funding Formulas: A National Review*, prepared for New Hampshire Commission to Study School Funding (Washington, DC: American Institutes for Research, June 2020), [https://carsey.unh.edu/sites/default/files/media/2020/06/20-11882\\_7\\_primer\\_policyscan\\_v3.pdf](https://carsey.unh.edu/sites/default/files/media/2020/06/20-11882_7_primer_policyscan_v3.pdf).

4 *Weighing Costs and Benefits: Research on Student Weights and School Finance* (Austin, TX: The Equity Center, 2018), [https://www.equitycenter.org/sites/default/files/2018-10/Weighing\\_Costs\\_Benefits\\_10118\\_final\\_web\\_002.pdf](https://www.equitycenter.org/sites/default/files/2018-10/Weighing_Costs_Benefits_10118_final_web_002.pdf).

Examples below offer details about the funding approaches in states that attempt to address both individual student poverty and high community poverty rates by including measures for each in their school funding formulas.

## Free and Reduced-Price Lunch Program

For decades, school districts have collected application forms from each student’s family for the Free and Reduced-Price Lunch (FRPL) program. FRPL is available to every school district nationwide for students whose family income is below 185 percent of the federal poverty level (FPL).<sup>5</sup> This became a standard proxy to measure a district’s economic disadvantage and has been incorporated in many states’ school funding formulas.<sup>6</sup>

In 2010, the enactment of the Community Eligible Provision (CEP) by the US Department of Agriculture created a new option for schools with high proportions of children eligible for nutrition support. Districts could serve breakfast and lunch to all enrolled students without collecting payment or applications, or even determining eligibility. Schools that adopt CEP are reimbursed based on the percentage of their students categorically eligible for free meals based on their participation in specific means-tested programs (primarily Supplemental Nutrition Assistance program [SNAP] and Temporary Assistance to Needy Families [TANF]). Notably, to emphasize that CEP participation means automatic eligibility for students schoolwide with no need for reporting on individual participation, schools opting in to the CEP lose federal administrative funds for data collection such as that allocated under FRPL. The evolution to CEP, along with the absence of data that results, make using FRPL data as a funding measure unreliable and ineffective. (For additional discussion regarding CEP in New York State, [see recommendations for revision to the Foundation Aid formula’s Pupil Needs Index later in this report.](#))

Despite the growing unreliability of FRPL data to measure student poverty experienced in school districts, most states still use FRPL in their school finance formula, either as a standalone component or in conjunction with another measure, such as academic performance. If not adjusted to compensate for CEP or other nuances, this can result in inefficient and inaccurate targeting of resources. For example, in CEP schools in the District of Columbia, where 100 percent of students are officially FRPL-eligible, the percentage of students identified as at-risk ranges across schools from 23 percent to 95 percent.<sup>7</sup> In New York State, as of the 2023-24 school year, 85 percent of all schools that participate in the National School Lunch Program are operating CEP, and 99 percent of schools eligible to participate in CEP are doing so, representing more than 4,300 schools enrolling approximately 2.3 million students.<sup>8</sup>

Noting the evolution of FRPL data away from relevance as a supplemental poverty weighting measure, many researchers, academics, school officials, and legislators have endeavored to identify an adequate replacement. The Urban Institute has long studied poverty, and its focus on the measurement of student

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5 US Department of Agriculture, “Child Nutrition Programs: Income Eligibility Guidelines,” *Federal Register* 2024-03355 (89 FR 12812), February 20, 2024, <https://www.federalregister.gov/documents/2024/02/20/2024-03355/child-nutrition-programs-income-eligibility-guidelines#p-15>.

6 Some states (including Kentucky, Virginia, Nebraska) use only the “Free” qualifier to define eligible students, so only students at or below 130 percent of the federal poverty level are considered low-income. “Reduced-price” eligibility is for students from families between 131 percent and 185 percent of the federal poverty level.

7 Jeremy Singer, “Beyond Binary Indicators: Measuring Socioeconomic Status and Capturing Socioeconomic Heterogeneity in High-Poverty Contexts” in *What Comes After Lunch: Alternative Measures of Economic and Social Disadvantage and their Implications for Education Research*, eds. Thomas Downes and Kieran Killeen (Charlotte, NC: Information Publishing Age, 2024).

8 Email communication between Hunger Solutions New York and the Rockefeller Institute, June 20, 2024.

economic poverty<sup>9</sup> is both as an element of financing formulas, but also as a tool to help researchers conceptualize socioeconomic need.<sup>10</sup> In a study for the state of Colorado, the Urban Institute identified several options policymakers there could consider to more accurately measure student poverty levels ([see box below](#)).

## Urban Institute's Optional Alternative Measures of Socioeconomic Status

1. Identified student percentage. Share of students directly certified or categorically eligible for free meals.
2. Identified student percentage with Medicaid expansion. Identified student percentage (above) supplemented by an expansion of the direct certification link to Medicaid and Child Health Plus (CHP+) program participation.
3. Share of students below a given poverty level, as determined by tax records.
4. Neighborhood Socioeconomic Status (SES) Index. Student needs weighted based on five SES neighborhood factors associated with each student's census block group.
5. Small Area Income and Poverty Estimates (SAIPE). Share of students from a household below the federal poverty level, based on the students' residential location within a geographic school district.
6. School Neighborhood Poverty Estimate. School-level measure of the average income-to-poverty ratio of 25 households with children living closest to each school, based on five-year American Community Survey estimates.
7. Alternative family information forms. Information families submit directly on household size, household income, and potentially other need factors.

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*SOURCE:* Kristin Blagg, et al., "Alternative 'At-Risk' Measures for Colorado," Urban Institute, January 5, 2022, <https://www.urban.org/research/publication/alternative-risk-measures-colorado>.

The National Forum on Education Statistics, an entity created by the US Department of Education's National Center for Education Statistics (NCES), published a compendium of eight measures for both individual and community poverty measurements. This list broadens the focus to include other aspects of the socio- part of socioeconomic status by capturing parent/guardian occupation and education level ([see box below](#)).

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9 "Measuring Student Poverty" Project, Urban Institute, accessed November 23, 2024, <https://www.urban.org/policy-centers/center-education-data-and-policy/projects/measuring-student-poverty>.

10 Emily Gutierrez, Kristin Blagg, Mathew Chingos, *Model Estimates of Poverty in Schools: A New School-Level Measure of Economic Need* (Washington, DC: Urban Institute, 2022), <https://www.urban.org/research/publication/model-estimates-poverty-schools>.

## National Forum on Education Statistics' Alternative Measures of Socioeconomic Status

- Eligibility for other means-tested program (direct certification)
- Household-provided information
- Student/family categorical status (homeless, migrant, foster care, runaway)
- Total family income
- Highest level of education completed by a parent/guardian
- Occupation of parent/guardian
- Neighborhood Socioeconomic Status
- School district poverty estimate through Small Area Income and Poverty Estimates

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*SOURCE: Forum Guide to Alternative Measures of Socioeconomic Status in Education Data Systems (NFES 2015-158) (Washington, DC: National Center for Education Statistics, National Forum on Education Statistics, US Department of Education, 2015).*

These available alternatives to capturing an *individual student's* socioeconomic disadvantage are broadly characterized as either what the government knows, such as through direct certification reports, or what the family tells the school, such as through family questionnaires. Available alternatives to measuring the concentration of poverty in a school or district can include aggregating individual student data in the direct certification process, aggregating family questionnaire data, using US Census data based on students' residential addresses, and using US Census data based on school districts' boundaries.

### Data Matching: Direct Certification, Income Tax Data, and Family Questionnaires

The United States Department of Agriculture (USDA) accepts multiple different documents and enrollments in public assistance programs as proof of eligibility for the CEP.<sup>11</sup> Any student whose family receives SNAP or TANF is automatically eligible for FRPL, and thus CEP; any student who is homeless, migrant, in foster care, or in Head Start is also automatically eligible.

A drawback of direct certification is low participation rates in programs that have more rigorous application procedures. For example, the participation rate in SNAP is so much lower than the participation in FRPL despite identical income eligibility that the USDA recommends multiplying the number of SNAP-eligible students by 1.6 to estimate the size of the population eligible for FRPL.<sup>12</sup>

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11 Checklist available at the USDA Food and Nutrition Service memo SP 11-2024, <https://www.fns.usda.gov/cn/cep-procedures-ensure-isp-accuracy>.

12 Peter W. Cookson, Jr., *Measuring Student Socioeconomic Status: Toward a Comprehensive Approach* (Palo Alto, CA: Learning Policy Institute, 2020), <https://learningpolicyinstitute.org/product/measuring-student-socioeconomic-status>.



(Low program participation rates as a consequential factor in decisions to use direct certification measures appear in the section of this report on the Pupil Needs Index.)

**Massachusetts** found a significant drop in the count of low-income students when it went from FRPL (“low-income”) to direct certification (“economically disadvantaged”), despite a robust effort to broadly include multiple means to capture the greatest number of eligible students.<sup>13</sup>

The greater the degree of automation (computerized matching of records, for example), the more successful a direct certification program will likely be, as communication about eligibility qualifications and program participation can be shared and compared between programs and with other state agencies with matchable data, such as tax and labor agencies. **Delaware, Massachusetts, New Mexico,** and **Tennessee** were early adopters of information technology solutions for record-matching.<sup>14</sup>

Several recent studies have matched individual students to both FRPL eligibility and their family tax information. Researchers are finding that FRPL eligibility data can be matched with student outcomes data better than with income data, but income data matches with student poverty better than FRPL data does. These results have been replicated in **California, Oregon,** and **Missouri**.<sup>15</sup>

**New Mexico** enacted a Family Income Index in 2021<sup>16</sup> to match every student with a household income value. The state’s Department of Education works with income tax return data from the Department of Taxation and Revenue and with income support and Medicaid data from the Department of Human Services. Each school’s percentage of lowest-income students will be calculated and used to drive additional funds. New Mexico appropriated \$15 million in supplementary education aid for both 2022-23 and 2023-24.<sup>17</sup>

One drawback of using tax data is that its availability often significantly lags behind current school-level data, creating a mismatch between eligibility counts and current student needs.

**California** Department of Education provides several template information forms for school districts to use. The most basic version simply asks the parent or guardian the household size and whether their annual household income is within the range presented on the page. The range is updated annually and matches the USDA’s income ranges for FRPL eligibility. Information from this form is used in California’s calculation of each district’s Supplemental and Concentration Grant Funding.<sup>18</sup>

These forms can be made linguistically and culturally appropriate to try to maximize potential uptake, but self-reported data such as these still are inherently less reliable than that available through direct certification counts, despite challenges with the latter.

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13 “A Changing Metric: Low-Income vs. Economically Disadvantaged,” Massachusetts Department of Elementary and Secondary Education, July 2015, <https://www.doe.mass.edu/infoservices/data/ChangingMetric.pptx>.

14 Matthew Chingos, “A Promising Alternative to Subsidized Lunch Receipt as a Measure of Student Poverty,” Brookings Institute, August 16, 2018, <https://www.brookings.edu/articles/a-promising-alternative-to-subsidized-lunch-receipt-as-a-measure-of-student-poverty/>.

15 Steven Garasky, et al., *Examining the Potential to Expand Data Matching In the National School Lunch and Breakfast Programs’ Eligibility and Verification Processes*, White paper (Washington, DC: Food and Nutrition Service, Office of Policy Support, United States Department of Agriculture, 2016), <https://www.fns.usda.gov/sites/default/files/ops/DataMatching.pdf>. Also: Domina et al 2018, Fazlul et al 2023, Spiegel et al 2024.

16 New Mexico Senate Bill 17 of 2021. <https://www.nmlegis.gov/Sessions/21%20Regular/bills/senate/SB0017.html>.

17 New Mexico Governor Michelle Lujan Grisham, “Governor Enacts Family Income Index,” news release, April 5, 2021, <https://www.governor.state.nm.us/2021/04/05/governor-enacts-family-income-index/>.

18 “Alternative Income Forms,” California Department of Education, updated October 9, 2024, <https://www.cde.ca.gov/fg/aa/pa/altincomeforms.asp>.

## Census Data

The US Census Bureau's Small Area Income and Poverty Estimates (SAIPE) program annually updates school district poverty estimates, defined as the number of children ages 5-17 in families below the federal poverty level. These updates are based on the American Community Survey, a continuous household survey conducted monthly by the Census Bureau. The ACS is the only large-scale household survey that systematically measures poverty for small geographic areas throughout the US.<sup>19</sup> SAIPE poverty estimates for school districts are used to help determine federal poverty-based education funding, known commonly as Title I.

Determining the concentration of poverty in school districts can be challenging. The use of averages or samples can mask extremes. For example, one study of persistently disadvantaged students in **Michigan** found that CEP schools have between 18 percent and 86 percent persistently economically disadvantaged students.<sup>20</sup> Researchers also found that "geographic measures of poverty are most likely to be inaccurate in the communities with the most low-income students, as measured by FRPL status."<sup>21</sup> SAIPE counts are among the most comprehensive sample-based metrics, as they are based on data from the annual American Community Survey data. SAIPE is being used by several states as a metric of community concentration of poverty.

**Pennsylvania's**<sup>22</sup> school funding formula uses three-year average US Census poverty rates in two ways to weight students differently: a SAIPE rate of children ages 5-17 in families below the federal poverty level in the school district gets an additional 0.6 weight applied to their count, and the percent above the federal poverty level but below 185 percent of the poverty level gets an additional 0.3 weight. The second use of SAIPE data is to give an additional weight of 0.3 for those students in districts with SAIPE-measured concentrated poverty greater than 30 percent of children aged 5-17.<sup>23</sup> Using a three-year average helps moderate any annual volatility in the figures associated with sample-based data.

**Oregon** has a 0.25 weight for students in Average Daily Membership who "are also in poverty families" as determined by regulation. In 2014, the state adopted a rule directing the Department of Education to use the most recent annual SAIPE estimates.<sup>24</sup> Annual SAIPE is still used in the funding formula, despite a new definition of "economically disadvantaged students" for the purpose of public data reporting on outcomes such as graduation rates and assessment results. This definition excludes FRPL and relies on SNAP, TANF, and categorical eligibilities such as foster students, migratory students, or students without housing.<sup>25</sup>

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19 Doug Gevert and Laura Nixon, *Sidestepping the Box: Designing a Supplemental Poverty Indicator for School Neighborhoods* (Washington, DC: Education Demographic and Geographic Estimates Program, NCES Institute of Education Science, November 2018), <https://nces.ed.gov/programs/edge/docs/2017039.pdf>.

20 Katherine Micheltore and Susan Dynarski, "The Gap within the Gap: Using Longitudinal Data to Understand Income Differences in Educational Outcomes," *AERA Open* 3, no. 1 (2017): 1-18, <https://doi.org/10.1177/2332858417692958>.

21 Erica Greenberg, *Toward an Accurate Count of Low-Income Students: Statement of Erica Greenberg Before the Committee and Appropriations Committee, Connecticut General Assembly* (Washington, DC: Urban Institute, March 2019), [https://www.urban.org/sites/default/files/publication/99856/2019\\_03\\_01\\_toward\\_an\\_accurate\\_count\\_of\\_low-income\\_students.pdf](https://www.urban.org/sites/default/files/publication/99856/2019_03_01_toward_an_accurate_count_of_low-income_students.pdf).

22 The 2023 Pennsylvania Commonwealth Court ruling: the state did not provide adequate resources to economically disadvantaged students. The plan developed in January 2024 by the Basic Education Funding Commission was not enacted, but is the basis for much of the 2024-25 state appropriation. The fight between the Democratic House and the Republican Senate may have been in part over the source of poverty data.

23 "Education Budget" (2024-25 Enacted Budget), Pennsylvania Department of Education, <https://www.education.pa.gov/Teachers%20-%20Administrators/School%20Finances/Education%20Budget/Pages/default.aspx>.

24 Oregon HB 2098 of 2014, "Changes in how poverty is determined for purposes of State School Fund."

25 Email exchange with Oregon Department of Education, September 9, 2024.

Another use of US Census data is to assign weights to students based on the characteristics of their census block of residence, the smallest unit of geography within the Census Bureau’s American Community Survey, comprising an average of 1,500 people. This provides information about community socioeconomic qualities including marital status, educational attainment, and mobility.

**Texas** creates an index for economically disadvantaged Census Block Groups, categorizing each Block Group as either not economically disadvantaged or in one of five tiers of economically disadvantaged. The Commissioner of Education is directed to use at least four indicators in determining the severity of economic disadvantage: median household income; average educational attainment of the population; percentage of single-parent households; and, the rate of home ownership. The commissioner may include any other economic criteria “likely to disadvantage a student’s preparedness and ability to learn.”<sup>26</sup> Weights assigned to students living within each of the five tiers of economically disadvantaged Census Block Groups range from 0.225 to 0.275.<sup>27</sup>

**Colorado’s** new At-Risk definition was to take effect for the 2024-25 school year, but has been delayed. The definition includes two parts. First is FRPL eligibility, broadly defined to include direct certification in TANF, SNAP, and Medicaid, as well as categorical eligibility such as homelessness or runaway status.<sup>28</sup> Second is a new Neighborhood Socioeconomic Status Index based on “student needs that are weighted according to at least five socioeconomic-status neighborhood factors, linked to each student’s census block group.”<sup>29</sup>

Researchers at NCES are using complex GIS mapping programs in conjunction with ACS data to develop poverty rates for school neighborhoods.<sup>30</sup> The use of school district boundaries as a proxy for neighborhoods can sometimes work (such as a one-school district in a small town) but not always (for example, New York City is a single school district in state law, but in no practical sense can it be viewed as a single neighborhood).

## Poverty Weights

Most states incorporate the increased costs associated with an economically disadvantaged student into their school funding formula. States vary in their assessment of the magnitude of those costs and in their definition of economically disadvantaged. States also differ in whether the formula accounts for only individual students, for concentrations of students in poverty, or for both.

Education Commission of the States, a nonprofit organization that provides policy partnerships with state officials, provides comprehensive detail on the mechanism each state uses to weight students

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26 Texas Education Code §48.104: Compensatory Education Allotment, <https://sboe.texas.gov/state-board-of-education/sboe-meetings/statutory-citations/tec-48.104.pdf>.

27 It is not clear, however, that this categorization is currently in effect: the most recent Economically Disadvantaged Status report, for school year 2022-23, has three categories of Economically Disadvantaged: eligible for Free Lunch (45 percent of students statewide), eligibility for Reduced-Price Lunch (5 percent), and otherwise eligible (from a family below the federal poverty level, eligible for food stamps or TANF or other public assistance, receipt of a Pell Grant, eligibility under Title II of JTPA) (12 percent).

28 Note that Colorado allows districts to substitute the FRPL *percent* of Grades 1-8 if that results in a higher number than the actual count of FRPL for Grades 1-12 (in acknowledgement of participation drop-off in high school).

29 *New At-Risk Measure Update, Pursuant to SB23-287* (Colorado Department of Education, March 2024), <https://www.cde.state.co.us/cdefinance/newatriskmeasuresb23287>.

30 “Education Demographics and Geographic Estimates,” National Center for Education Statistics and the Institute of Education Sciences, accessed November 23, 2024, <https://nces.ed.gov/programs/edge/>.

from low-income backgrounds.<sup>31</sup> EdBuild, an organization founded to provide research and insight on equity in education funding,<sup>32</sup> distinguishes programs accounting for an individual student's poverty level from those for district characteristics of concentrated poverty. By that count, 33 states<sup>33</sup> have some measure of individual students' poverty and 28 states have some measure of concentrated poverty.

Seven states provide no additional funding based on students' family income levels: **Alaska, Florida, Georgia, Idaho, South Dakota, West Virginia, and Wisconsin.**

Twenty-one states still rely on FRPL as the sole economic measure in their funding formulas.<sup>34</sup> At least three of them (**Kentucky, Mississippi, and Virginia**) count only students whose families meet the stricter income-eligibility criteria for free meals, not the higher level of eligibility (185 percent of the federal poverty level) for reduced-price meals.<sup>35</sup>

**Hawaii** uses FRPL eligibility to qualify a student for an additional 0.1 weight.

**Iowa** applies the FRPL rate of grades 1-6 to total enrollment in the school district to qualify for a relatively small additional 0.0048 weight.<sup>36</sup>

Eight states use an expanded FRPL eligibility plus direct certification of various other programs.

**Indiana** assigns a complexity index to each school district, based on data from the relevant state agencies, to calculate the percentage of students in a district who participate in SNAP, TANF, or foster care. This percentage is applied to an amount (\$3,775 in 2022) and multiplied by the number of eligible pupils.<sup>37</sup>

**New Hampshire** provides an additional \$2,346 (2024) per student eligible for any of FRPL, TANF, or SNAP benefits.<sup>38</sup>

A number of states provide a single additional weight for a broad range of students who qualify in one of several ways. In most cases, students only get one additional weight, regardless of how many categories may make them eligible.

**Louisiana** allocates a 0.22 additional weight to school districts for each student who is FRPL-eligible or eligible for any state food or health care assistance programs, homeless, involved with the juvenile justice system, or in state custody.

**Wyoming** provides an "at risk" block grant to school districts based on the number of students who are FRPL-eligible or English Language Learners or who frequently relocate among districts.

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31 "50-State Comparison: K-12 Funding," Education Commission of the States, March 2024, <https://www.ecs.org/50-state-comparison-k-12-funding-2024/>.

32 Designed as a limited-term organization, EdBuild ceased operations in 2020.

33 This count excludes Wisconsin because, while Wisconsin does have a categorical High Poverty Aid fund in statute (based on FRPL), it is not currently funded for the 2023-25 biennium.

34 Data from the Education Commission of the States. Two of those states, Alabama and Virginia, use FRPL plus poor academic performance.

35 Nearly 90 percent of FRPL-eligible pupils are eligible for Free Lunch. *Forum Guide to Alternative Measures of Socioeconomic Status in Education Data Systems* (Washington, DC: National Forum on Education Statistics, 2015): 40, <https://nces.ed.gov/pubs2015/2015158.pdf>.

36 Iowa Financing School Programs, §257.11, <https://www.legis.iowa.gov/docs/code/257.11.pdf>.

37 "Indiana K-12 State Tuition Support Annual Report," Indiana Department of Education, March 2023, <https://www.in.gov/doe/files/2022-Tuition-Support-Report-FY-2022-FINAL-with-Appendices.pdf>.

38 "Municipal Summary of Adequacy Aid, September 1, 2024," New Hampshire Department of Education, <https://www.education.nh.gov/sites/g/files/ehbemt326/files/inline-documents/sonh/adequacy-fy-25-muni-summary-9.1.24.pdf>.

The use of both single-student weights and concentrated-poverty district weights mitigates the weakness of each measure when used individually. An economically disadvantaged student living in a high-wealth district may still need additional interventions, and not all students in a school district with a high poverty concentration are economically disadvantaged. A study of **Michigan** schoolchildren found that while 50 percent of students statewide are economically disadvantaged, only around 20 percent attend schools that have a concentration of economically disadvantaged students that measures 75 percent or greater.<sup>39</sup> Most states acknowledge this interplay by incorporating both measures in their school funding formulas, either as two separate funding streams or by increasing per-pupil multipliers based on district poverty concentration.

**Arkansas** gives a sliding scale, per-student allocation for each FRPL student: \$1,613 per FRPL student in schools with at least 90 percent FRPL, \$1,076 in schools between 70 percent and 90 percent FRPL, and \$538 in schools under 70 percent. For CEP districts, the count used is the most recent actual FRPL count from the year prior to implementing CEP.<sup>40</sup>

**Massachusetts:** Eligible pupils are those participating in SNAP, TANF, foster care, or Medicaid. Allocations per low-income student rise with the percent of the school district's population that is eligible.

**Michigan** adopted a new tiered system in 2023-24, moving away from a simple 1.115 weight for low-income students. The new system has six weights, which rise as the district's overall poverty rate rises: in the first year of implementation, the weights range from 1.1153 for districts with less than 20 percent economically disadvantaged pupils up to 1.1533 for districts with at least 85 percent economically disadvantaged pupils. When fully implemented, the weights will range from 1.35 to 1.47.<sup>41</sup> Designation as economically disadvantaged is for pupils who are FRPL- or TANF-eligible, homeless, migrant, or in foster care. The reform is tied to two outcome measures: reading proficiency by the third grade and college- or career-ready by graduation. These additional funds may be used only for instruction, not for administrative costs or overhead.

**Ohio:** Economically Disadvantaged funding provides \$422 per eligible student (FRPL or directly certified in other programs) multiplied by an index that reflects the school district's share of economically disadvantaged students compared to the statewide average.

**Tennessee** applies a weight of either 1.25 or 1.3 per economically disadvantaged student, depending on whether the school is designated as Title I.

Some states consider only concentration of economic disadvantage:

**Nebraska** applies a weight to all students in the school district, increasing from 3.75 percent per student in districts with between 5 percent and 10 percent poverty to 22.5 percent per student in districts with over 30 percent of students living in poverty.

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39 Jeremy Singer, "Adequately Funding Low-Income Students: Options for Michigan Policymakers," Urban Institute, March 2023, <https://www.urban.org/sites/default/files/2023-03/Adequately%20Funding%20Low%20Income%20Students-Options%20for%20Michigan%20Policymakers.pdf>.

40 *Arkansas School Funding Guide 2024-25* (Arkansas Department of Education, FY 2024-25), [https://dese.ade.arkansas.gov/Files/2024-2025\\_Arkansas\\_School\\_Funding\\_Guide\\_FAS.pdf](https://dese.ade.arkansas.gov/Files/2024-2025_Arkansas_School_Funding_Guide_FAS.pdf).

41 Jen Mrozowski, "Michigan Makes History with New School Funding Formula to Account for Needs of Students Living in Areas of Concentrated Poverty," *EdTrust Midwest*, June 28, 2023, <https://midwest.edtrust.org/2023/06/28/michigan-makes-history-with-new-school-funding-formula-to-account-for-needs-of-students-living-in-areas-of-concentrated-poverty/>.

**Minnesota** has a Compensatory Revenue fund that allocates aid to schools per eligible student, adjusted by the proportion of eligible students in that school. The formula uses broad eligibility criteria (FRPL, direct certification, etc.) to count students as either 1.0 (100 percent federal poverty level or lower) or 0.5 (between 100 percent and 185 percent of the federal poverty level), and to adjust the weighting upward as the share of the school’s population increases.

**Missouri** has a 1.25 weight for each additional low-income (FRPL) student above a certain set threshold, a line which is recalculated every two years. The threshold is the average FRPL-eligible enrollment percentage in school districts identified by the state as meeting certain performance standards. In 2023-24, the threshold cutoff was 30.95 percent.

Choosing between or combining the allocation of education resources by individual student-based poverty measures and by measures of the concentration of poverty within districts can be challenging and complex.

**Maryland** is reducing the weight it provides to low-income students in all school districts over 11 years while it increases the amount of supplemental funding going to high-poverty districts. High-poverty districts are defined as having at least 80 percent of FRPL-eligible students, but this threshold is dropping to 55 percent by 2027. The per-pupil weight available to high-poverty districts is rising from 1.16 to 2.0 by 2033. The weight available to all districts for each low-income student is adjusted for local wealth to determine the amount to be paid with state aid, but there is a floor of 80 percent that must come from the state. “Low-income” eligibility remains as it is currently, which is FRPL-eligible or receipt of TANF or SNAP benefits.

Some states attach strings to the use of these resources, too:

**Kansas:** A multiplier of 1.484 is applied to a base pupil amount for each student who qualifies for FRPL. This multiplier is increased in school districts with more than 35 percent of its students eligible, up to an additional 0.105 for districts with more than 50 percent of students eligible for FRPL. Funds may be used only on best practices in support of at-risk students, as defined by the State Board of Education. There is a local match required, as well: school districts must adopt budgets exceeding their state aid by at least 15 percent, and they must spend the same portion of that 15 percent in support of students from low-income families.<sup>42</sup>

**Virginia:** A multiplier between 1.01 and 1.26 is added to the pupil count for each student eligible for FRPL; the multiplier rises with the percentage of such pupils in the district. These funds are restricted to certain uses, but they include English Language Learner services (ELL pupils are not counted in this weight) and require a local match.<sup>43</sup>

**Wisconsin** provides a flat grant per FRPL pupil in K-3 (\$2,621.05 in FY2021) intended to reduce achievement gaps. The state also provides additional assistance to school districts with more than 50 percent FRPL, but this money goes to tax relief, under the assumption that local tax revenue is being applied to these expenses, rather than directly to district spending.

Among the many different state programs, some creative approaches stand out:

**Arizona** created a competitive grant for Local Educational Agencies (LEAs) whose assessment scores are high: \$225 per student in low-FRPL districts, and \$400 per student in high-FRPL

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42 Data from EdBuild and “Kansas School Finance System,” Kansas Legislative Research Department, January 4, 2024, <https://www.kslegresearch.org/KLRD-web/Publications/Education/2024-School-Finance-System-Overview.pdf>.

43 “Two State Direct Aid Funding Issues Highlighted – EL Staffing Ratios & At-Risk Add-on,” Virginia Department of Education memo 2024-23-207, <https://content.govdelivery.com/accounts/VADOE/bulletins/3a0d1ca#FundIssue>.

districts. The state also has a competitive grant for high-FRPL districts ranked in the lowest decile for performance on statewide assessments to finance a literacy coach for pre-K to grade 3.

**Illinois** (a resource model state, meaning it allocates teachers, support staff, administrators, etc., to school districts rather than having a foundation aid model) lowers the teacher-pupil ratio for districts with higher percentages of pupils who qualify for public assistance programs.

**Minnesota:** In 2023, Minnesota enacted a law requiring all public school districts to provide free breakfast and lunch to all students, regardless of eligibility, and the state reimburses all expenses not covered by available federal financing. Its Compensatory Revenue aid provides schools (not districts) with additional per-pupil aid for each FRPL-eligible student, adjusted upward as the percent of the school population eligible for FRPL rises. Schools are able to substitute student family participation in several direct certification programs as a proxy for FRPL eligibility.

**Montana** appropriates an amount of state funding each year to allocate to school districts in the same proportion as they receive Title I aid.

**Rhode Island** is replacing the use of FRPL entirely to measure a school district's poverty rate with participation in SNAP. To account for the lower participation rate in SNAP, the SNAP rate is multiplied by 1.6.<sup>44</sup>

**Utah** uses a multiplier of 1.05 (FY 2022) for students eligible for FRPL, and outside of its foundation aid formula has a categorial aid program for high-concentration school districts to fund the hiring of additional paraeducators in low-performing Title I districts. Utah previously had a categorial aid program that provided salary bonuses for highly effective teachers in high-poverty districts, which were defined as either at least 70 percent FRPL or had at least 20 percent of its students "classified by the state as children affected by intergenerational poverty."<sup>45</sup>

## English Language Learner (ELL) Students

Two streams of federal funds are the primary resources for services to students who need additional help to learn English. Title I, Part C of the Every Student Succeeds Act (ESSA) provides grants to states for summer and school-year services to migrant students, and Title III, Part A provides grants to states and school districts to help English Language Learners, including immigrant children and youth, to attain English proficiency and meet academic achievement milestones.<sup>46</sup>

NCES reports that 10.6 percent of public school students in the US in Fall 2021 were English Language Learners, with the number ranging by state from 0.8 percent in West Virginia to 20.2 percent in Texas.<sup>47</sup>

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44 R.I. Gen. Laws § 16-7.2-3, Chapter 7.2 The Education Equity and Property Tax Relief Act, Title 16 Education, <http://webserver.rilin.state.ri.us/Statutes/TITLE16/16-7.2/16-7.2-3.HTM>.

45 Intergenerational poverty is defined in Utah statute as "poverty in which two or more successive generations of a family continue in the cycle of poverty and government dependance." Utah 35A-9-102.

46 Leslie Villegas, "English Learner Funding Equity and Adequacy in K-12 Education." *New America*, March 9, 2023. <https://www.newamerica.org/education-policy/briefs/english-learner-funding-equity-and-adequacy-in-k12-education/>.

47 "English Learners in Public Schools," Condition of Education, Institute of Education Sciences, National Center for Education Statistics, US Department of Education, 2024, <https://nces.ed.gov/programs/coe/indicator/cgf>.

Federal law allows states to reserve up to 15 percent of their annual Title III, Part A allocation for the purpose of assisting LEAs experiencing a significant increase in the number of immigrant students.

Given the variation across states in the immigrant, migrant, and newcomer populations, there is little standardization in programming. Many school districts are themselves at the vanguard of developing new solutions for ELL students, including students with limited or interrupted formal education (SLIFE). Indeed, the characteristics of individual ELL students are extremely variable, including proficiency levels in their native language, level of formal education, age, and more.

Some states include unique approaches to funding and programming for ELL students:

**Indiana** uses some of its Title III appropriation to help schools and districts that are experiencing a significant influx of migrant students.<sup>48</sup>

**Massachusetts**<sup>49</sup> and **Virginia** both developed substantial programming to assist school districts with SLIFEs.

**Rhode Island**'s Department of Education has a definition and set of resources for SLIFE. The state developed an "ambassador" program hiring new staff to connect with school districts to help assess needs, create toolkits, and raise awareness.

**Maryland** has prioritized data collection, tracking students over age seven who have missed six or more months of formal schooling prior to enrollment in a US school. In 2020-21, 5 percent of Maryland's secondary-level ELLs were SLIFE.

Sioux Falls, **South Dakota** offers an intensive English immersion program for newcomer students.<sup>50</sup>

Much of the advocacy on behalf of ELL students across the states is focused on federal reform. The amount of aid allocated at the federal level for ELL services has declined both in real dollars and in relation to need. In addition, the constraints often placed on federal funding dollars presents operational challenges to schools when funds can be used to help only school districts experiencing significant increases from the prior year, not districts with high, but stable numbers of students.<sup>51</sup>

## Competency Levels

Most states use an assessment instrument to qualify a student for ELL services or to determine the level of aid to be allocated based on proficiency levels. The World-Class Instructional Design (WIDA) ACCESS test is an assessment managed by a consortium of 41 states, territories, and federal agencies, including the US Department of Defense.<sup>52</sup> Several states limit the number of years a student can remain in a given competency level and qualify for this supplemental aid.

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48 "Title III – Language Instruction for English Learner and Immigrant Students," Indiana Department of Education, accessed November 23, 2024, <https://www.in.gov/doe/grants/title-iii/>.

49 "Students with Limited or Interrupted Formal Education (SLIFE)," Massachusetts Department of Elementary and Secondary Education, updated September 26, 2024, <https://www.doe.mass.edu/ele/sliffe/default.html>.

50 "English Learners," Sioux Falls (South Dakota) School District, accessed November 23, 2024, <https://www.sf.k12.sd.us/page/english-learners>.

51 Alejandra Vasquez Bauer, "How to Ensure Title III Funds Reach Every Newcomer Student," Century Foundation, September 14, 2022, <https://thenext100.org/how-to-ensure-title-iii-funds-reach-every-newcomer-student/>.

52 "Mission and History," WIDA, University of Wisconsin-Madison, accessed November 23, 2024, <https://wida.wisc.edu/about/mission-history>.



**Alabama** provides ELL services to students who score under 4.8 on the WIDA ACCESS test.<sup>53</sup>

**Arkansas** uses a set of English Language Proficiency standards developed by WestEd, a nonprofit education research and consulting firm, and provides a flat allocation of \$366 per ELL student (2023-24).

**Florida** uses an assessment to qualify an ELL student for a 1.208 multiplier (2023-24); students must be re-assessed after receiving three years of ELL services to continue eligibility.

**Hawaii** stratifies its funding based on student proficiency: in 2023-24, “fully proficient” received a 1.065 multiplier, “limited proficient” was a 1.19 multiplier, and “non-English proficient” was 1.39.

**Indiana** uses the WIDA ACCESS test to award \$384 per ELL student scoring 3 or 4, and \$550 per student scoring 1 or 2.<sup>54</sup>

**Iowa** provides a 1.26 multiplier for “intensive/emerging” ELL students and a 1.21 multiplier for “intermediate/progressing” ELL students.

**Michigan** uses a statewide English proficiency assessment that determines the level of aid districts receive for each ELL student: \$1,476 per pupil who score between 1.0 and 1.9; \$1,019 for each student scoring between 2.0 and 2.9; and, \$167 per pupil who scores between 3.0 and 3.9. The grant is limited by state appropriation.

**North Dakota** uses proficiency standards to set multipliers in three tiers: 1.4 for least proficient, 1.28 for next least proficient, then 1.07 for the most proficient. While the state has six categories of proficiency, only the bottom three levels are funded. Students remain eligible for funding in the most proficient category for a maximum of three years.

**South Dakota** uses a state assessment to qualify pupils and offers a 1.25 multiplier for funding for those students.<sup>55</sup>

**Tennessee** uses a combination of the WIDA ACCESS proficiency score and the number of years a student has received ELL services to deliver additional funding through multipliers which range from 20 percent to 70 percent.

**Utah** uses an English language proficiency assessment each year to determine eligibility for its 1.025 multiplier (FY 2022).

## Concentration or Grade Level

Several US states target ELL aid to districts based on either the number of ELL pupils or the percentage of all students who need ELL support.

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53 The WIDA ACCESS test is managed by a consortium of 41 states, territories, and federal agencies including the US Department of Defense, <https://wida.wisc.edu/about/mission-history>.

54 Indiana modified its ELL program (“Non-English Speaking Program”) in 2023, converting it from an application program to a direct payment program. In 2024, per-pupil amounts were increased and became as-of-right, or without the need for discretionary approval (prior allocations were subject to appropriation and were subject to proration). Adam Pitt and Melissa Ambre, Indiana Department of Education, “Legislative Impacting the Non-English Speaking Program (NESP),” memorandum sent to Superintendents, Principals, and School Finance Officers, June 2, 2023, <https://media.doe.in.gov/news/hb1001-nesp-funding.pdf>.

55 “Issue Brief: State Aid to K-12 General Education Funding Formula,” South Dakota Department of Education, March 2024, <https://doe.sd.gov/ofm/documents/GSA-IssueBrief-FY25.pdf>.

**Alabama** distributes an appropriation based on the concentration of ELL students: districts with an ELL population under 10 percent of the total school population receive a weight of 1.0 per ELL student; districts with ELL students comprising at least 10 percent of the population will get a weight of 1.5 per ELL student; and, districts with ELL students comprising at least 15 percent of the population (or current plus former ELL students comprising at least 20 percent of the population) receive a weight of 2.0 per ELL student.<sup>56</sup>

**Maine** gives each ELL student in school districts with fewer than 16 ELL students a multiplier of 1.7; ELL students in districts with 16 to 250 ELL students will get a multiplier of 1.5; and, ELL students in districts with over 250 ELL students will receive a multiplier of 1.525.

**Maryland** weights ELL students with 2.0 in 2024-25. The funding this generates is added to similar calculations for low-income students and special education students. Maryland state law requires that the state provide at least 50 percent of this aggregate amount of additional aid and that at least 75 percent of the amount be spent on ELL services. Maryland uses WIDA ACCESS to determine proficiency levels. (Maryland is on an 11-year path of reducing its ELL weight from 2.0 to 1.85.)

**Massachusetts** provides \$2822.28 for ELL students up to 5th grade, \$3003.71 for students in grades 6-8, and \$3,221.08 for grades 9-12.<sup>57</sup>

**Missouri** provides a 1.6 multiplier for ELL students, but this is applicable only in districts that have a concentration of students above a state-determined threshold of percent of total enrollment.

**Washington** uses a resource-allocation method, providing funding for specific hours-per-week of ELL services, and varies the amount based on grade level in minimum groups of 15 ELL students: funding is provided for 4.778 hours of service per week for each group of 15 K-6 students, and 6.778 hours per week for every group of 15 students in grade 7-12.

## Doubling-Up: Two Aid Supplements

Several states provide English Language Learner support twice: once by a weighted component in the foundation funding formula, and again as a categorical aid or competitive grant program.

**Colorado** uses a state assessment to qualify a student for ELL funding, which is a multiplier of 1.08 for up to five years. Colorado also has a categorical aid program administered separately, and districts may apply for supplemental aid.

**Delaware** provides \$500 per ELL student. It also has a supplemental fund for schools with high concentrations of ELL students and low-income students. This supplemental fund provides one “unit” of funding per 250 students, including ELLs, for academic excellence. Grants also are available to finance additional reading assistance and school-based health centers in schools with high concentrations of ELL students and low-income students.

**Idaho** allocates a separate state appropriation—\$ 4.37 million total in FY 2022—in proportion to each district’s number of ELL students. It also has an additional \$450,000 available as competitive grants to help low-performing ELL students achieve benchmark outcomes.

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56 Alabama Senate Bill 88 of 2023, <https://legiscan.com/AL/text/SB88/id/2818721>.

57 “FY 2025 Final Chapter 70 Aid and Net School Spending Requirements,” Massachusetts Department of Elementary and Secondary Education, July 29, 2024, <https://www.doe.mass.edu/finance/chapter70/fy2025/chapter-2025.html>.

**Illinois** assigns staff positions in different ratios for ELL students: 100 ELL students to 1 teacher, 120:1 for extended-day teachers, 125:1 for intervention teachers, 125:1 for pupil support teachers, and 120:1 for summer school teachers. School districts are sorted into resource-availability tiers, and the lowest tier districts get higher increases in aid. There also is program aid available, providing amounts at least equal to prior-year funding for technical assistance, professional development, and other support services.

**North Carolina** (a resource-allocation state) provides every school district with one ELL teacher assistant position. A separate appropriation is available for schools with at least 20 ELL students or at least 2.5 percent of all students. This funding is allocated in two ways: half via a three-year weighted average of ELL students in the district, and the other half based on the concentration of ELL students in each district. School districts received no additional aid above 10.6 percent of total enrollment.

Many states assign only one, and sometimes two, extra weighting to each pupil regardless of how many qualifications the pupil might meet. Consider these examples:

**California** uses a 1.2 multiplier to increase funding for ELL students. This is the same weighting used for students from low-income households or those experiencing foster care, but districts get aid based on only one, even if students qualify for both. An additional 1.65 is applied in schools if the unique count of these students is at or exceeds 55 percent of total enrollment.

**Louisiana** is similar: its 1.22 multiplier applies to ELL students and to low-income students, but only once per student.

**Nevada** provides a weight of 1.23, though a student can be weighted only once for ELL, poverty, special education, or gifted.

**Wyoming** provides grants to school districts to fund additional staff serving at-risk students, defined as ELL, FRPL-eligible, or mobile secondary students. A student counts only once, even if eligible under multiple categories.

## Multiplier Structures

State English Language Learner programs and their funding structures are variable, and very few have the same approach. At the most basic level, some states offer per-pupil flat grant allocations: for example, \$352 per ELL pupil in **Arkansas** (2021) and \$741 per ELL pupil in **New Hampshire** (2022). In **West Virginia**, districts share a state-funded pool of \$96,000 (2022) divided by the statewide total number of ELL students. Other states, similarly to **New York**, offer single multipliers: 1.096 in **Kentucky**, 1.25 in **Connecticut**, 1.6 in **Pennsylvania**, and 2.588 in **Georgia**.

Some states are more complex:

**Kansas** provides school districts with the higher of two weights: the total number of ELL students times 1.185, or the full-time equivalent number of ELL students times 1.395. Districts can access these funds only if their ELL budgets exceed their foundation formula amounts by at least 15 percent, and the same percentage of total state aid associated with ELL programs must also be set aside from the district's formula-driven local spending component.

**Nebraska** provides an allowance to each district for each ELL student equal to 25 percent of the statewide average general operating fund's per-student expenditure. In 2022, this allowance

was \$2,841 per student; no district with at least one ELL student will receive funding less than an amount equal to 12 students.

**New Mexico** creates an At-Risk Index for each school district, comprising three-year averages of ELL students, low-income students, and mobile students. This index is multiplied by a factor (0.3 in 2021) to determine the number of “additional” students to be added to the district’s student population count for state funding.

**New Jersey** uses a multiplier of 1.15 in school districts also receiving a poverty weight, and a multiplier of 1.5 in districts not receiving a poverty weight.

**Ohio** has three multipliers, varying by the student’s educational history. For pupils who have been in US schools for less than one year, the multiplier is 1.2104. For pupils who have been in the US longer, but who have not yet scored “proficient” or higher on the state’s assessment, the multiplier is 1.1577. For pupils who have reached a score of “proficient,” the multiplier is 1.1053 for two years after that score is achieved.

**Oklahoma** uses a count of multilingual students in addition to its proficiency-qualifying ELL count. This allows targeted aid to support children with a home language other than English, regardless of their score on the state’s English proficiency exam, and maintains supplemental aid for students who were former ELLs, but who exited out due to time limits or proficiency status.<sup>58</sup>

**South Carolina** uses a multiplier of 1.2, but limits aid to only ELL students whose families require specialized intervention.

**Texas** provides one multiplier of 1.15 for ELL students enrolled in a bilingual education program using a dual-language immersion model, and a multiplier of 1.1 for ELL students not in dual-language programs. The state requires at least 55 percent of this funding to go toward supporting language learning programs.

**Virginia** uses a simple resource-allocation ratio: 1 teacher for every 20 ELL students.

**Wisconsin** may be the only state supporting ELL students through a reimbursement model. Any district with at least 10 ELL students in grades K-3, 20 in grades 4-8, or 20 in grades 9-12 is eligible for reimbursement from the state for the cost of services. In 2023, the total appropriation made for these reimbursements was \$8.59 million, including a set-aside of \$250,000 specifically for districts with the highest concentration of ELL students.

## Services for Students with Special Needs

Federal law creates a legal mandate for school districts to provide a “free, appropriate public education” to everyone regardless of disability or cost.<sup>59</sup> This burden is placed on local districts, not their states, although the US Department of Education assesses each state’s performance in implementing the federal Individuals with Disabilities Education Act (IDEA)<sup>60</sup> via annual “determination letters.”<sup>61</sup> As

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58 Julie Sugarman, “Funding English Learner Education: Making the Most of Policy And Budget Levers.” Migration Policy Institute, March 2021, [https://www.migrationpolicy.org/sites/default/files/publications/EL-insight-5\\_funding\\_final.pdf](https://www.migrationpolicy.org/sites/default/files/publications/EL-insight-5_funding_final.pdf).

59 Individuals with Disabilities Education Act, 1975, <https://sites.ed.gov/idea/statuteregulations/>.

60 Including IDEA Part B, services for children aged 3 to 21, and Part C, services for children aged zero to two.

61 Six states regularly score *Meets Requirements* in both IDEA Part B and Part C: Kansas, Massachusetts, Minnesota, Missouri, Pennsylvania, and Wisconsin. New York scores *Needs Assistance* in IDEA Part B and *Meets Requirements* in Part C.

such, states take responsibility for ensuring sufficient and appropriate services are provided for students with special needs.

When originally enacted, IDEA was expected to fund 40 percent of the additional cost of educating special education students; in practice, however, federal aid has only ever been funded as much as 18 percent.<sup>62</sup> When initially passed, IDEA Part B had nine disability categories; as of 2024 there are 13 categories,<sup>63</sup> and the percentage of the population served under IDEA has grown significantly in the past ten-plus years: in 2012, 8.5 percent of the national population aged 6 to 21 was served by IDEA; in 2021, that share had increased to 9.7 percent.<sup>64</sup> In that same time period, New York State went from 9.7 percent of the population receiving services funded by IDEA to 12.1 percent. Similarly, the percentage of public school enrollees served under IDEA has also grown: in 1976-77, 8.3 percent of enrollees in public schools nationwide were served in federally-supported programs for students with disabilities;<sup>65</sup> by 2006-07, that number was 13.6 percent,<sup>66</sup> and in the most recent year of data available, 2022-23, that number has grown to 15.2 percent.<sup>67</sup> This growth may be partly associated with better identification of students with disabilities, though there also is noted growth in the number of types of disabilities being served.<sup>68</sup>

While there is agreement that students with disabilities show persistent gaps in academic performance and graduation rates compared to their nondisabled peers, there are no formal national standards, definitions, or cost structures for states to use as models to help determine funding levels consistently across states. While IDEA does list qualifying disabilities, it leaves to the states the tasks of defining, identifying, and certifying such disabilities, leading in turn to the calculation of costs being a very state-specific determination. A national study from more than 20 years ago found that the average cost per student with special needs was roughly 1.9 times the cost of a student without special education service needs.<sup>69</sup> A more recent **Ohio**-specific cost study showed a range of annual costs from just under \$10,000 for speech or language impairment services to nearly \$60,000 for services to support students with traumatic brain injury and other major health impairments.<sup>70</sup>

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62 "Equity and Student Success Are At the Heart of the Blueprint," Special Education, Maryland State Education Association, accessed November 23, 2024, <https://marylandeducators.org/special-education/>.

63 *45th Annual Report to Congress on the Implementation of the Individuals with Disabilities Education Act, 2023* (Washington, DC: US Department of Education, March 2024), <https://sites.ed.gov/idea/files/45th-arc-for-idea.pdf>.

64 *Ibid*, 134.

65 "Table 47. Children 3 to 21 years old served in federally supported programs for the disabled, by type of disability: Selected years, 1976-77 through 2005-06," Digest of Education Statistics National Center for Education Statistics, 2007, [https://nces.ed.gov/programs/digest/d07/tables/dt07\\_047.asp](https://nces.ed.gov/programs/digest/d07/tables/dt07_047.asp).

66 "Table 45. Children 3 to 21 years old served under Individuals with Disabilities Education Act, Part B, by type of disability: Selected years, 1976-77 through 2008-09," Digest of Education Statistics National Center for Education Statistics, 2010, [https://nces.ed.gov/programs/digest/d10/tables/dt10\\_045.asp](https://nces.ed.gov/programs/digest/d10/tables/dt10_045.asp).

67 "Table 204.30. Children 3 to 21 years old served under Individuals with Disabilities Education Act (IDEA), Part B, by type of disability: Selected school years, 1976-77 through 2022-23," Digest of Education Statistics, National Center for Education Statistics, 2023, [https://nces.ed.gov/programs/digest/d23/tables/dt23\\_204.30.asp](https://nces.ed.gov/programs/digest/d23/tables/dt23_204.30.asp).

68 See for example: Benjamin Zablotsky, et al., "Prevalence and Trends of Developmental Disabilities among Children in the United States, 2009-2017," *Pediatrics* 144, no. 4 (October 2019), <https://publications.aap.org/pediatrics/article/144/4/e20190811/76974/Prevalence-and-Trends-of-Developmental?autologincheck=redirected>. See also: CDC National Center for Health Statistics, July 2023: Diagnosed Developmental Disabilities in Children Aged 3-17 Years, United States, 2019-2021.

69 Jay Chambers, et al., "How does spending on Special Education students vary across districts?" Center for Special Education Finance at the American Institutes of Research, November 2002, <https://www.air.org/sites/default/files/SEEP2-How-Does-Spending-Vary-Districts.pdf>.

70 Amanda Danks, et al., *Special Education in Ohio: Best Practices, Costs, and Policy Implications* (Arlington, VA: American Institutes for Research, November 2022), <https://cms.oasbo-ohio.org/OASBO/media/Forms-and-PDFs/Special-Education-Best-Practices.pdf>.

Special education costs can have higher impacts on small school districts due to the inability to achieve economies of scale, the scarcity of providers of specialized services often seen in more rural areas, and in the potential outsized budgetary impact of a single student with extremely high-cost service needs.<sup>71</sup>

While governance models for systems of special education services are outside the scope of this review, WestEd published a 2021 detailed assessment of **California's** unique system that lays out issues of accountability and control that may be of interest to policymakers examining this issue in depth.<sup>72</sup>

## Special Education Funding Structures

Special education aid is generally delivered either as part of base aid or as categorical aid, and many states do both. Most states also differentiate by need, though to varying degrees, and most typically provide funds for highest-need students through categorical aid or direct reimbursement rather than formula-driven base funding.

Nearly half of US states apply an additional weight or multiple weights for pupils with special needs.<sup>73</sup> Some states apply an equal weight to all students in all districts (**Alaska**, for example, simply applies a Special Needs factor of 1.2 to each school district's pupil count for students with lower-intensity needs), and some states use the statewide average number of students with disabilities and apply it to each district (**New Jersey**, for example, assumes that 15.8 percent of each district's student count is eligible for additional special education funding).

Four states—**Connecticut, Rhode Island, Alabama, and Arkansas**—have no separate funding stream for standard special education costs within their basic state aid formula. Each of these states provides a separate categorical funding stream for at least some of its highest-need students.

Two states, **California** and **Michigan**, organize the provision of special education services differently, directing funding to entities other than the local school districts.<sup>74</sup>

A handful of states use a direct-reimbursement model:

**Michigan** reimburses school districts 28.6 percent of local spending on mandated special education services, and 70.4 percent of special education-related transportation costs.<sup>75</sup>

**Kansas** reimburses school districts 92 percent of their nonfederal costs, adjusted for the availability of state funds for this purpose (in 2021, the actual reimbursement rate was 73 percent).<sup>76</sup>

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71 Margaret McLaughlin, "California Special Education," in *What Does It Cost to Education California's Students? A Professional Judgment Approach*, Jesse Levin, et al. (Arlington, VA: American Institutes for Research, October 2018), [https://gettingdowntofacts.com/sites/default/files/GDTFII\\_Report\\_Levin\\_appendix.pdf](https://gettingdowntofacts.com/sites/default/files/GDTFII_Report_Levin_appendix.pdf).

72 Sara Menlove Doutre, et al., "California Special Education Governance and Accountability Study," West Ed, 2021, <https://www.wested.org/resources/ca-sega-study/>.

73 Amanda Danks, et al. "Special Education in Ohio: Best Practices, Costs, and Policy Implications," American Institutes of Research, 2022, <https://cms.oasbo-ohio.org/OASBO/media/Forms-and-PDFs/Special-Education-Best-Practices.pdf>.

74 Jason Willis, et al., *California Special Education Funding System Study: A Descriptive Analysis of Special Education Funding in California* (Woburn, MA: West Ed, 2020), <https://files.eric.ed.gov/fulltext/ED616102.pdf>.

75 However, Michigan subtracts the foundation amount from total costs before paying 28.6 percent on the net additional special education costs. This changed in 2023-24.

76 "Special Education Funding: Policies In Each State," EdBuild, <http://funded.edbuild.org/reports/issue/special-ed/in-depth>.

**Wisconsin** reimbursed 27.791 percent of school district expenses in 2022, an amount limited by the state’s appropriation.

**Wyoming** provides 100 percent reimbursement for school districts’ cost of special education services.<sup>77</sup>

**Nebraska** reimburses up to 80 percent of actual costs for a special needs student above the cost of a general education student, also limited by what funding the state makes available for this purpose by appropriation.

Reimbursement in every state with this approach is not varied by the relative wealth of a district: wealthy districts are reimbursed at the same rate as poor districts. The only likely exception is **Virginia**, which sets its state reimbursement rate only after taking into account a district’s revenue-raising ability.

Resource-based states—that is, those without a base foundation amount—typically calculate a school district’s cost of educating special education students using a ratio of pupils per service provider as a guide. **Delaware**, for example, uses a 20:1 ratio for general education, 8.4:1 for basic special education, 6:1 for intensive special education, and 2.6:1 for complex special education. These counts are then multiplied by statewide average salaries to arrive at a total aid amount due to districts. Similarly, **Illinois** funds one special education teacher and one assistant for every 141 total students enrolled, and one school psychologist for every 1,000 special education students enrolled. **Delaware** sets staff-to-pupil ratios for special education classrooms tiered by grade level and degree of disability.<sup>78</sup>

Several states provide block grants for special education services, but each also provides an additional weight in its funding formula for the count of students receiving such services. **Hawaii** provided \$66,000 to each school (2021), and an added multiplier for each student according to a schedule of disabilities.<sup>79</sup> **Florida** provides a block grant to schools, which varies by district, to serve students classified as mild to moderately disabled<sup>80</sup> in the three lowest of five support levels; for students in the highest two support levels, it provides funding through multipliers of 3.697 and 5.992.<sup>81</sup>

**Indiana** provides a dollar amount per pupil based on categorized severity of disability. In 2024, the grant was \$11,104 for “severe level 1” and “severe level 2,” \$2,790 for “mild” and “moderate” level 1 and level 2, \$525 for homebound students and for those with communication disorders, and \$3,638 for preschool special education.<sup>82</sup> **New Hampshire** also provides a flat grant per pupil, but does not distinguish among levels of need: districts get an additional \$2,037 for each pupil with an Individual Education Plan.<sup>83</sup>

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77 Wyoming lowered its reimbursement in 2021 and 2022, but has resumed full reimbursement.

78 “Verification Procedures for Special Education Funding Units and Local Assurances,” Delaware Department of Education, 2022, <https://www.doe.k12.de.us/cms/lib/DE01922744/Centricity/Domain/78/2022-2023%20Needs%20Based%20Funding%20Webinar%20Presentation%207.1.22.pdf>.

79 EdBuild.

80 The block grant is called the Exceptional Student Education Guaranteed Allocation; it also covers services to children classified as gifted.

81 “Florida Education Finance Program Calculations. 2024-25,” Florida Department of Education, accessed November 23, 2024, <https://www.fldoe.org/finance/fl-edu-finance-program-fefp/fl-edu-finance-program-fefp-calculatio.stml>.

82 *Digest of Public School Finance: 2023-2025 Biennium* (Indianapolis: Indiana Department of Education), <https://www.in.gov/doe/files/Public-School-Digest-2023-2025.pdf>.

83 Carly Prescott, “School Funding and Special Education Update,” NH School Funding Fairness Project, March 2024, <https://fairfundingnh.org/special-education-funding-2024/>.

## Needs-Based Variations in Weightings

As mentioned above, most states apply weights to a school district's count of the number of students with disabilities. In the absence of any national standards, this takes as many different forms as there are states, using weights with variations most frequently seen by grade level and degree of disability. The end goal—an “appropriate education”—also varies by state, so the resources needed for any given child to achieve that goal will be unique to that state.

Several states provide a flat weight to cover all students with special needs:<sup>84</sup>

**Louisiana** uses a 1.5 multiplier.

**Missouri** uses a 1.75 multiplier (2020), but directs money only to high-performing districts and then only for the count of students with special needs above the average number among those districts.

**Oregon** uses a weight of 2.0 for the first 11 percent of all pupils who are counted as needing special services. If spending and severity of needs outweigh the average of other school districts, additional weighting comes into play.<sup>85</sup>

It is deceptive, however, for policymakers to simply compare the nominal weights each state uses. Weightings are applied to different bases and different classifications of students, and are often intended to meet a different standard of appropriate education. What may be more helpful and properly informative is to examine states that have made calculations for a range of weightings based on costs associated with various disability classes:<sup>86</sup>

**Arizona** has 11 weights based on disability type, ranging from 1.024 to 8.947.

**Georgia** uses five categories for its weights, ranging from 2.411 to 5.8684. These vary based on severity of disability and the percentage of the school day the student is receiving services.

**Iowa** uses three weighting levels based on severity of disability, ranging from 1.72 to 3.74. The state's School Budget Review Committee meets annually to adjust these weights as appropriate.

**Ohio** has six weights ranging from 1.2535 for speech and language disability (Category 1) to 4.9554 for students with autism, traumatic brain injury, or both visual and hearing impairments (Category 6). All except Category 1 also receive reimbursement through the Catastrophic Cost Aid program, a categorical aid, once expenses reach a certain threshold.

## Extraordinary Costs

Roughly half of all states in the US provide supplemental assistance to school districts for the costs of educating the highest-need students. Notably, several large states provide no such assistance: **Texas, Illinois, Michigan, Ohio, and Florida** included.

Even a small number of such students needing the most intense level of support can drive extraordinary costs, often exceeding \$100,000 a year. Educational costs for a single high-needs pupil can have a

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84 “Special Education Funding: Policies In Each State.”

85 “Aligning Special Education Funding with Special Education Data to Help Serve Oregon Students,” Oregon Legislature, <https://olis.oregonlegislature.gov/liz/202311/Downloads/CommitteeMeetingDocument/277625>.

86 “Special Education Funding: Policies In Each State.”



significant impact on a small school district's budget, as federal law requires the district to provide appropriate education regardless of cost.

The funding for these students needing the highest level of support, like all elements of school finance, varies greatly across the states. Some states define eligibility using the student's diagnosis, some link eligibility to outside placement (such as in a residential facility), while others define eligibility using actual costs, either reaching a set dollar threshold or a multiple of the statewide average cost of educating a student with special needs.

In **New York**, in addition to its Foundation Aid weighting, there are three categorical aid programs: High Public Excess Cost Aid, for students with extraordinary service costs; Private Excess Cost Aid, for students placed under the care of private service providers; and Supplemental Excess Cost Aid. Together, these categorical aid programs provide around \$1 billion in education funding for special education services.

There is wide variation among states in the degree to which high-cost services are funded. A WestEd study,<sup>87</sup> for example, found that the **New York** high-cost pool is funded at \$2,278 per student, while **California's** is funded at \$9 per student; California special education directors have reported that the paperwork is not worth the amount of state funding. Consider the following examples:

**Arkansas:** The state reimburses school districts 100 percent of their special education costs between \$15,000 and \$65,000, and then 80 percent of all special education costs above \$65,000.<sup>88</sup> The total amount reimbursed is capped by whatever amount is appropriated in the state budget.

**California:** High-cost funding is available for students in nonpublic placements, in sparsely populated districts, or who have a low-incidence disability.

**Connecticut:** The Excess Cost grant program reimburses districts for the expense of educating students whose support costs exceeds 4.5 times the average per-pupil education costs in a school district.<sup>89</sup>

**New Jersey:** The Extraordinary Special Education Aid program provides 90 percent of costs above \$40,000 for in-district placement, 75 percent of costs above \$40,000 for placement in a public school for students with disabilities, and 75 percent for costs above \$55,000 for placements in private schools for students with special needs.

**Rhode Island:** This state has a categorical program for students with special needs whose services cost at least four times the district's per-pupil general instructional cost. Funds are prorated among all districts based on the available appropriation.<sup>90</sup>

**Pennsylvania:** Special Education Contingency Funds are available to school districts for a student whose costs exceed \$75,000. If the cost is between \$75,000 and \$100,000, the state

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87 Jason Willis et al., *California Special Education Funding Study: A Descriptive Analysis of Special Education Funding in California* (California Special Education Funding System Study, WestEd, 2020). <https://files.eric.ed.gov/fulltext/ED616102.pdf>.

88 "High-Cost Occurrence Funding: 2023-24," Arkansas Division of Elementary and Secondary Education, November 6, 2023, <https://arksped.ade.arkansas.gov/documents/fundingFinance/FY2324-High-Cost-Occurences-Funding-Guide.pdf>.

89 Tammy Kolbe, et al., *State Funding Formulas: A National Review* (Washington, DC: American Institutes for Research, June 2020), [https://carsey.unh.edu/sites/default/files/media/2020/06/20-11882\\_7\\_primer\\_policyscan\\_v3.pdf](https://carsey.unh.edu/sites/default/files/media/2020/06/20-11882_7_primer_policyscan_v3.pdf).

90 Statutes of Rhode Island, Title 16 (Education.) §16-7.2-6, Categorical programs, state funded expenses, <http://webserver.rilin.state.ri.us/Statutes/TITLE16/16-7.2/16-7.2-6.HTM>.

will pay the excess over the regular state subsidy, adjusted for the district's wealth; for costs over \$100,000, the state pays the excess in its entirety.<sup>91</sup>

**Virginia.** The Students with Intensive Support Needs Assistance program is a reimbursement model, whereby districts submit invoices of actual costs incurred to the state and request reimbursement. Eligibility is based on student need rather than cost, and at least 85 percent of the school day must be spent receiving services to be eligible for reimbursement. Students must be diagnosed with a disability on a specified list.<sup>92</sup>

## Sparsity

Most states in the US adjust school finance formulas for sparsely populated school districts, small-enrollment districts, or districts that are both. These adjustments come in several forms, but all are designed to recognize some districts' inability to achieve economies of scale. Studies evidencing the economic benefits of school consolidation and district consolidation<sup>93</sup> and isolating the cost factors facing rural schools<sup>94</sup> have found that isolated, small, rural schools bear fiscal burdens that more middle-sized districts do not.<sup>95</sup>

Translating this additional cost into a numeric pupil weight to be applied statewide, however, is an elusive goal. Few states have attempted to cost-out the differential expenses faced by sparsely populated school districts in a meaningful way. **Vermont's** 2021 analysis used administrative data to estimate the school-based cost of achieving a specific standard of student performance given the school's particular set of characteristics, including its location and size.<sup>96</sup> The authors estimated that educating a child in a school of fewer than 100 pupils will cost \$1,059 more per pupil each year than in a school with over 250 pupils. While the results of the study are not directly applicable outside of the Vermont context, the model developed by the authors could be used in any state with similar data availability.

The National Center for Education Statistics uses US Census Bureau information to classify school districts into one of four locale types: city; suburban; town; and rural. The "rural" category is divided into three subtypes: rural-fringe; rural-distant; and, rural-remote.<sup>97</sup> While these definitions allow interstate research and statistical comparisons, they don't always line up with states' own classifications that

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91 Willis et al., *California Special Education Funding Study: A Descriptive Analysis of Special Education Funding in California*.

92 These disabilities include: autism, emotional disability, deaf-blindness, hearing impairment, multiple disabilities, and traumatic brain injury. "Students with Intensive Support Needs/Regional Programs," Virginia Education Department, 2022, <https://www.doe.virginia.gov/programs-services/special-education/grants-funding/students-with-intensive-support-needs-regional-programs>.

93 Bruce Baker and William Duncombe, "Balancing District Needs and Student Needs: The Role of Economies of Scale Adjustments and Pupil Need Weights in School Finance Formulas," *Journal of Education Finance* 29, no. 3 (2004). Also Baker (2021): that a K-12 district reaches scale at about 2,000 pupils; costs per pupil rise gradually as pupil count goes down, such that a 300-pupil district may cost 50 percent while a 100-pupil district will cost twice as much.

94 William J. Mathis, "Financial Challenges, Adequacy, and Equity in Rural Schools and Communities," *Journal of Education Finance* 29, no. 3 (2004).

95 William Duncombe and John Yinger, "Does School District Consolidation Cut Costs?" *Education Finance and Policy* 2, no 4.

96 Tammy Kolbe, "State Funding for Special Education: Aligning Policies with Priorities," *Journal of Special Education Leadership* 34, no. 1 (2021).

97 Definition of "local classifications," Institute of Education Sciences/National Center for Education Statistics, <https://nces.ed.gov/programs/edge/Geographic/LocaleBoundaries>.

are used to drive additional funding.<sup>98</sup> As an outlier, **Colorado** has adopted the NCES categories to determine eligibility for sparsity funding.

Weightings for sparsity found in state funding formulas are, as can be expected, specific to each state. Definitions of “sparse,” “small,” and “rural” vary greatly across states as well. While direct comparisons among funding formula weightings are thus of limited use for interstate comparisons, they can still inform policy discussions surrounding funding formula reform. Similarly, actual weight values are not directly comparable across foundation states, because all states have different standards of adequacy and different foundation base amounts.

### Eligibility for Assistance: Enrollment; Sparsity; Taxing Capacity

Several states in the US provide funding to small school districts based solely on enrollment (or attendance). The range defining “small,” however, is not small: on the low end, **New Mexico**’s threshold is 400 pupils total enrolled in a district, **Arizona**’s is 600, and **North Dakota**’s is 900; while on the other end, **Colorado**’s threshold is 6,500 and **Florida**’s is 20,000.

Some states also provide supplemental funding for individual small schools within a district, but in nearly all of these cases, eligibility includes some proxy measure for sparsity: the school must be at least a minimum distance from the next nearest school serving the same grades measured either in miles or in the duration of a bus ride, for example. Provisions such as this ensure that schools with low enrollment by design are not eligible for the additional funding.

A recent study found that 13 states provide sparsity aid to school districts, largely based on students per square mile. Examples include: **Michigan**, for districts with fewer than 4.5 students per square mile; **Wisconsin**, for districts with fewer than 10 students per square mile; and, **Tennessee**, for districts in counties with fewer than 25 students per square mile.<sup>99</sup>

Sparsity aid for individual schools often is based on grade level, too:

**Nebraska** provides sparsity aid only to elementary schools.

**Minnesota** calculates sparsity aid differently for elementary schools than for secondary schools. Eligible elementary schools have an average of fewer than 20 students per grade and are at least 19 miles from the nearest neighboring schools; eligible secondary schools have no more than 400 students and have a high “isolation index,” a calculation of the school’s geographic area and its distance from the nearest neighboring school.

**North Dakota**’s sparsity aid goes to school districts with fewer than 100 students and areas larger than 275 square miles.

Sparsity aid for districts can be based solely on student density (e.g., **Tennessee**’s “sparse weight” applies to districts in a county with fewer than 25 students per square mile), on enrollment plus distance (e.g., **Arizona**’s “small and isolated” aid is for districts with fewer than 600 students and whose schools are at least 30 miles away for the nearest neighboring districts), or in relation to a statewide average (**Pennsylvania**’s “sparsity/size” adjustment combines the district’s relationships to the state average of total enrollment and the statewide average of students per square mile).

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98 Emily Gutierrez and Fanny Terrones, *Small and Sparse: Defining Rural School Districts* (Washington, DC: Urban Institute, March 2023), <https://www.urban.org/sites/default/files/2023-03/Small%20and%20Sparse-Defining%20Rural%20School%20Districts%20for%20K%E2%80%9312%20Funding.pdf>.

99 Kolbe, et al., *State Funding Formulas: A National Review*.

At least two states provide small or sparse aid only to eligible districts which also tax at or above a particular level. **Florida's** "small, isolated school supplement" is available to districts levying the "maximum discretionary operating millage"; **Missouri** reserves \$5 million of its \$15 million "small schools" appropriation for eligible districts taxing at or above its formula-recommended level.

## Funding Structures for Unique Conditions

A few states acknowledge that road conditions and travel distance can increase sparsely populated districts' costs, and provide supplemental aid as a result:

**Arizona** defines small districts as those enrolling less than 600 students, and "small and isolated" districts as those with fewer than 600 students and containing no school that is fewer than 30 miles from the nearest neighboring school—or 15 miles if road conditions and terrain cause driving to be slow or hazardous.<sup>100</sup>

**Arkansas** defines a school district as "isolated" if it meets at least four of five criteria: (1) At least 12 miles between the district's high school and the nearest adjacent high school by hard-surface highway; (2) The density of transported students is less than three students per square mile; (3) The district size is at least 95 square miles; (4) Less than 50 percent of bus route miles are on hard-surfaced roads; and, (5) Geographic barriers (lakes, mountains, rivers) impede consolidation and shared services.<sup>101</sup>

A handful of states have extraordinary geographies that drive special aid.

**Alaska** has the nation's largest-area school district: the North Slope Borough School District covers more area than all but 13 states, and its 2023-24 enrollment was 1,796 pupils. The state's funding formula offers a weighted adjustment for small school size and an adjustment for district costs in sparse areas, both of which increase the pupil count used for funding to 4,486, a 150 percent increase over the actual student count.<sup>102</sup>

**Michigan** has geographically isolated districts in its Upper Peninsula whose roads and ferries are cut off from the mainland in the winter. The state's Isolated District Fund, a categorical aid funding stream, provides additional aid to the five school districts in the Upper Peninsula (and on islands) that together enroll only approximately 300 pupils. The aid from this fund represents nearly a quarter of the entire budget of Burt Township School District, one of the five Upper Peninsula districts, for example.<sup>103</sup> The Arvon Township School District, another one of the five, spends 21.4 percent of its total budget on transportation,<sup>104</sup> offering an example of how transportation can be an outsized cost factor for sparsely populated districts.

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100 *Arizona School Finance Summary Manual* (Phoenix: Arizona Association of School Business Officials, December 2014), <https://www.sedona.k12.az.us/Downloads/aasbomanual.pdf>.

101 EdBuild.

102 *2024 Foundation Report* (Alaska Department Education & Early Development), <https://education.alaska.gov/schoolfinance/foundationfunding>. Adding the special needs and Career and Technical Education (CTE) factors, the total adjusted count for North Slope Borough School District in 2023-24 was 5,725.

103 Details on the three types of supplemental aid to rural districts: The State of Schools Act of 1979 (Excerpt), Act 94 of 1979, Michigan State Legislature, <https://www.legislature.mi.gov/documents/mcl/pdf/mcl-388-1622d-amended.pdf>.

104 David Arsen, et al. *Educational Opportunities and Community Development in Rural Michigan: A Roadmap for State Policy* (College of Education, University of Michigan, September 2022), <https://education.msu.edu/k12/educational-opportunities-and-community-development-in-rural-michigan-a-roadmap-for-state-policy/>.

## Form of Assistance

Foundation-based formula components, such as the Sparsity Count used in New York, address the provision of aid to rural and remote school districts through any combination of supplemental weights, student count adjustments, outside-the-formula categorical aid, or adjusting the base foundation aid for the size of the school district. Some examples follow:

- *Supplemental weights:* **Louisiana** has an Economy of Scale weight, providing an additional weight per pupil of up to 20 percent in school districts with fewer than 7,500 students.<sup>105</sup> The weight is calculated by subtracting the Student Membership Count from 7,500 and then dividing that difference by 37,000.<sup>106</sup>
- *Student count adjustments:* **Utah** gives additional weighted pupil units to schools qualifying as Necessarily Existent Small Schools which have both distance and Average Daily Membership (ADM) criteria unique to the grade level of the school. For example, an elementary school with no greater than 160 ADM and which is at least 45 minutes from the nearest neighboring elementary school could receive up to 54.8 additional weighted pupil units.<sup>107</sup>
- *Categorical aid:* **Missouri** has a \$10 million fund for small districts that is divided proportionately among eligible districts, which are those with an average daily attendance less than 350. As an incentive for ensuring sufficient local contribution, an additional \$5 million is divided among those eligible districts who are taxing at or above a set rate.<sup>108</sup>
- *Flat grant per pupil:* **Wisconsin** provides \$400 per pupil to districts with fewer than 10 students per square mile and fewer than 746 students total, and \$100 per pupil to school districts with fewer than 10 students per square mile and between 746 and 1000 students enrolled.<sup>109</sup>
- *Flat grant to the district:* **California's** Necessary Small School program gives a flat amount to each qualifying elementary school, which are defined as those that have an average daily attendance under 97 and meet a distance requirement (a varying minimum number of students that have to travel over a threshold number of miles to the next nearest elementary school). The amounts of these grants are set in statute: current law provides \$232,700 to the smallest Necessary Small Schools and \$916,300 to the largest.<sup>110</sup>
- *Transportation aid formulas.* **Ohio** provides additional transportation aid to school districts with fewer than 28 students per square mile. This "Density Supplement" is calculated by subtracting the district's rider density (not pupil density) from the statewide threshold of 28, dividing the difference by 100, and applying that percentage to the district's mileage times 0.55.<sup>111</sup>

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105 "Overview of the Minimum Foundation Formula," Louisiana Department of Education, [https://louisianabelieves.com/docs/default-source/minimum-foundation-program/fy2022-2023-mentor-teacher-allocation-faqs59d7065c8c9b66d6b292ff0000215f92.pptx?sfvrsn=2a4c6018\\_8](https://louisianabelieves.com/docs/default-source/minimum-foundation-program/fy2022-2023-mentor-teacher-allocation-faqs59d7065c8c9b66d6b292ff0000215f92.pptx?sfvrsn=2a4c6018_8).

106 "Proposed FY 2024-25 Minimum Foundation Program Formula," Louisiana Department of Education, [https://www.louisianabelieves.com/docs/default-source/minimum-foundation-program/mfp-resolution-proposed-fy2024-25.pdf?sfvrsn=ae976e18\\_5](https://www.louisianabelieves.com/docs/default-source/minimum-foundation-program/mfp-resolution-proposed-fy2024-25.pdf?sfvrsn=ae976e18_5).

107 "Necessarily Existent Small Schools," Utah State Legislature, accessed November 23, 2024, <https://cobi.utah.gov/2022/1598/background>.

108 "Small Schools Grant," Missouri Department of Elementary and Secondary Education, accessed November 23, 2024, <https://dese.mo.gov/school-finance-memo-topics/small-schools-grant>.

109 "Sparsity Aid Program," Wisconsin Department of Public Instruction, accessed November 23, 2024, <https://dpi.wi.gov/sfs/aid/categorical/sparsity-aid-program>.

110 Ohio General Assembly, "Members Brief: Pupil Transportation Formula," Cal. Ed. Code § 42282 and 42283.

111 Patrick Campbell, "Pupil Transportation Formula," *Members Brief* 135, Ohio Legislative Service Commission, November 12, 2024, <https://www.lsc.ohio.gov/assets/organizations/legislative-service-commission/files/pupil-transportation-formula.pdf>. 2023 formula.

Finally, states with a resource-based formula address sparsity differently. **Washington** and **Wyoming**, for example, guarantee funding for a minimum number of staff, such that every district gets one teacher per grade, even if there are only a handful of students in any given grade.

## Local Revenue Funding

On average, 36 percent of all revenue raised for public K-12 education nationally comes from local property taxes.<sup>112</sup> In only four states does local property tax revenue comprise 50 percent or more of all education revenue: **Connecticut** (57 percent), **Massachusetts** (52 percent), **New Hampshire** (61 percent), and **New York** (50 percent). Property taxes play two primary roles in public education funding: to provide a stable source of funding that is more resilient to economic downturns than income and sales taxes, and to reinforce the value of local control of school systems. Reliance on local property taxes to help fund public education at the local level can create large inequities between wealthier and poorer communities, absent sufficient compensating revenue from state and federal sources.

## Local Share

Several states set a required local effort constructed as a simple property tax rate:

**Kansas** school districts must levy \$20 for every \$1,000; this is deposited into a statewide fund that is redistributed statewide. Districts must also adopt a budget exceeding the formula-generated amounts by at least 15 percent, but not by more than 27.5 percent; if a budget exceeding the formula amounts by more than 33 percent is desired, additional voter notification and information is required.

**Maryland's** required local contribution must be at least the five-year average of the state's share of education funding. If a school district fails to meet this level of funding, it must then increase spending by the lesser of the district's increase in local wealth per pupil, the statewide average increase in local wealth per pupil, or 2.5 percent.<sup>113</sup>

**Mississippi's** required local effort is the lesser of \$28 for every \$1,000 of taxable property wealth or 27 percent of the total amount of funding the state calculates as necessary.

**Maine's** school districts are typically funded by multiple towns, all of which must impose the lower of a state-determined property tax rate or a tax rate sufficient to pay the proportionate share of total funding that equals that town's proportion of students. The state-determined rate is based on the town's property value and the statutory target of a 45 percent state share of the total cost of education.<sup>114</sup>

**Nebraska** calculates the required local share to be \$10 per \$1,000 of assessed local property value, plus 2.23 percent of total state income tax revenue generated from residents within that district. The state provides the rest of the total funding necessary.<sup>115</sup>

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112 "Public School Revenue Sources," National Center for Education Statistics, Institute for Education Sciences, US Department of Education, updated May 2024, <https://nces.ed.gov/programs/coe/indicator/cma/public-school-revenue>. SY 2020-21.

113 EdBuild.

114 EdBuild.

115 EdBuild.

**New Hampshire** provides its state education aid from a statewide property tax assessment of \$1.22 per \$1,000 of assessed value, which finances a share of the cost of “base adequacy” for each pupil, determined to be \$4,182 for 2025.

**North Dakota** requires a local contribution of a 60 mills property tax plus 75 percent of other local property tax revenues (one mill is a levy of \$1 per \$1,000 of assessed property value.)<sup>116</sup>

**South Dakota** sets education-funding tax rates by property type. For 2025, the maximum rates will be: \$1.197 per \$1,000 of agricultural property, \$2.679 per \$1,000 of residential, and \$5.5445 per \$1,000 for all other property classifications.<sup>117</sup>

Many states have a more complicated approach. Several set a state-local ratio tied to a statewide average, while many others have a formula that incorporates an equalizing calculation based on a school district’s wealth (primarily property, but in some states income also), and still others use a benchmark from past years to determine current spending levels that in turn drive required local contribution amounts.

**Arkansas’s** state aid calculation is the total funding necessary, minus 98 percent of what the locality’s expected revenues would be with a 25 mill property tax rate. (An interesting protection: if the locality’s actual collections are lower than 98 percent due to nonpayment by property owners, the state makes up the difference.)

**Connecticut** uses an index combining a school district’s total value of taxable property, weighted at 70 percent, and its median household income relative to the state average, weighted at 30 percent.<sup>118</sup>

**Florida** annually legislates the total amount of local revenue that must be generated for education spending. This amount is divided among the statewide total value of taxable property to arrive at the statewide property tax rate. This tax rate is adjusted for districts’ levels of property wealth and assessment practices, then the state makes up the difference between what it calculated as total necessary funding in the district and what the statewide property tax rate will generate. The state also makes up the difference for districts that adopt discretionary operations levies, but where the tax rate raises less revenue than the state average.<sup>119</sup>

**Iowa** requires school districts to levy the higher of \$5.40 for every \$100 or the rate sufficient to cover 11.6 percent of the total cost of education.<sup>120</sup>

**Kansas** sets and fully funds the formula amount, but requires localities to adopt budgets 15 percent greater than the formula amount. This additional amount is funded jointly by state and local funds in a ratio determined by a per-pupil property valuation calculation for each district, but the wealthiest districts are required to fund the full 15 percent overage entirely with local revenue.<sup>121</sup>

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116 “School District Finance,” North Dakota Department of Public Instruction, accessed November 23, 2024, <https://www.nd.gov/dpi/districtschools/finance-operations/finance/school-district-finance>.

117 South Dakota Legislature, Senate Bill 51 of 2024-25, <https://sdlegislature.gov/Statutes/10-12-42>.

118 “Education Cost Sharing (ECS) Formula,” School + State Finance Project, accessed November 23, 2024, <https://schoolstatefinance.org/issues/ecs-formula>.

119 EdBuild.

120 EdBuild.

121 EdBuild.

**Michigan** school districts are expected to adopt a property tax rate equal to the lower of \$18 for every \$1,000 of assessed value (excluding primary residences and agricultural land) or the property tax rate levied in 1993-94.<sup>122</sup>

**Missouri** requires local effort equal to the local tax revenue collected in 2004-05.<sup>123</sup>

**New Jersey's** expected local contribution is "Local Fair Share," an amount equal to half of the sum of roughly 5.1 percent of the school district's income plus roughly 1.3 percent of the equalized valuation.<sup>124</sup> The state provides equalization aid beyond the Local Fair Share to reach each district's "adequacy budget."

**New Mexico** requires school districts to levy a \$0.50 tax per \$1,000 of assessed property value for the construction and upkeep of public school facilities.<sup>125</sup>

**Ohio** uses a more complicated measure that combines both income levels and property value. Both components are measured as the lesser of the previous year or the average of the three previous years, and then the calculation is related back to a statewide metric and placed along a sliding scale to arrive at a per-pupil amount of expected local contribution.<sup>126</sup>

**Pennsylvania** calculates a school district's tax effort and its tax capacity and then compares each to the statewide median.

**Rhode Island** calculates the state share of core funding based on local property values adjusted for median family income and the percentage of K-6 students whose income is below 185 percent of the federal poverty level.<sup>127</sup> Localities are expected to raise the remainder.

**South Carolina's** local share is set to a school district's index of "taxpaying ability," calculated based on its share of all taxable property in the state.

**Virginia** sets an average state share of 55 percent, with the specific share allocated to each school district varying with the district's local property value and local income levels.

**West Virginia** sets the required local share as equal to 85 percent of the school district's property valuation times the statewide levy rates (\$0.194 for Class 1 property, \$0.388 for Class 2 property, and \$0.776 for other) minus 4 percent to allow for delinquencies and other similar non-collection events.<sup>128</sup>

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122 EdBuild.

123 School districts with Average Daily Attendance (ADA) under 350 are guaranteed the higher of 2004-05 state aid or 2005-06 state aid; districts with ADA over 350 are guaranteed the same state aid as in 2005-06. "Missouri School Funding Formula," Missouri Department of Elementary and Secondary Education, accessed November 23, 2024, <https://dese.mo.gov/media/pdf/missouri-school-funding-formula>.

124 "School Finance," New Jersey Department of Education, accessed November 23, 2024, <https://www.nj.gov/education/finance/>.

125 EdBuild. The state provides full operating funding primarily from state income and sales taxes.

126 A detailed description is available in FY 2023 School Finance Payment Report: Line by Line Explanation (Office of Budget and School Funding, Ohio Department of Education, 2023), <https://education.ohio.gov/getattachment/Topics/Finance-and-Funding/School-Payment-Reports/State-Funding-For-Schools/Traditional-School-Districts/FY23-SFPR-Funding-Line-by-Line-Explanation-2-23-2023.pdf.aspx?lang=en-US>.

127 These factors are combined into a single state share percentage using a "quadratic" mean rather than a typical mean—this has the effect of giving greater weight to the factor (wealth or poverty) further from the statewide average. For a thorough explanation, see: *Funding Formula Reference Guide* (Rhode Island Department of Education, Spring 2018), <https://www.ri-asc.org/wp-content/uploads/Funding-Formula-Reference-Guide-RIDE.pdf>.

128 "Executive Summary of the Public School Support Program Based on the Final Computations for the 2020-21 Year," West Virginia Department of Education, <https://wvde.us/wp-content/uploads/2020/03/PSSP-21-Executive-Summary-Final-Comps.pdf>.



A few states require no local contribution:

**Idaho** allows school districts to raise additional revenue for maintenance and operations, but the state provides 100 percent of the calculated amount of education operating aid needed.<sup>129</sup> (This local option, along with greater state aid to school districts with higher personnel costs, has been cited as drivers of inequity among districts.<sup>130</sup>)

**Indiana** covers the cost of education with state aid without requiring any local contribution. School districts may impose taxes for specific purposes, including operating costs, with voter approval.

**Minnesota** provides all operating aid, but school districts are expected to raise property tax revenue to finance facilities and equipment.<sup>131</sup>

**New Mexico** and **North Carolina** each provide 100 percent of the instructional and operational funds needed to meet a set target amount of per-pupil education spending. Property taxes in both states are used solely for facilities, maintenance, and other capital projects.

**Washington** state requires no local contribution, but allows school districts to impose taxes for functions such as transportation.

Finally, **Maine** is among the few states that have a sort of “negative contribution” requirement: state aid will be reduced in equal proportion to the amount any school district is under-taxing relative to its required minimum effort.

## Limitations<sup>132</sup>

A majority of states in the US impose a property tax rate floor, a rate ceiling, or both. It is very common to have multiple forms of caps, both for the type of property and for the level of authority.

**Florida** allows school districts to raise additional taxes for operations: up to an annual statutorily set rate without voter approval (\$0.748 in 2023-24),<sup>133</sup> and up to another constitutionally set rate (\$1.00)<sup>134</sup> with voter approval.

**Nebraska** requires school boards to hold a referendum if the proposed tax exceeds \$10.50 per \$1,000. The state excludes certain expenditures from being capped by this limitation, including bond principal and interest and voluntary termination incentives for certified teachers.<sup>135</sup>

**New Mexico** requires school districts to set a rate of \$0.50 for every \$1,000 of assessed local property valuation for K-12 operations. Localities may impose additional taxes for debt service, buildings, and capital improvements, but the total cannot exceed \$20 per \$1,000.

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129 EdBuild.

130 Aaron Garth Smith, Christian Barnard, and Satya Marar, *Modernizing School Finance in Idaho* (Los Angeles, CA: Reason Foundation, January 2021), <https://reason.org/wp-content/uploads/modernizing-school-finance-in-idaho.pdf>.

131 EdBuild.

132 For a 50-state chart, see: Jared Walczak, “What Can Connecticut Learn from its Neighbors About Property Tax Limitations?” Tax Foundation, July 15, 2020, <https://taxfoundation.org/research/all/state/connecticut-property-tax-limitations/>.

133 “Bill Analysis and Fiscal Impact Statement, CS/SB 1322,” Florida Senate, February 12, 2024, <https://www.flsenate.gov/Session/Bill/2024/1322/Analyses/2024s01322.ft.PDF>.

134 Florida State Constitution, <http://www.leg.state.fl.us/statutes/index.cfm?submenu=3#A7S09>.

135 EdBuild.

**South Dakota** caps school districts' property tax rates to \$1.197 per \$1,000 of agricultural property, \$2.679 per \$1,000 of owner-occupied property, and \$5.544 per \$1,000 on all other property.<sup>136</sup>

## Purpose-Based Levies

Several states in the US authorize localities to levy a specific property tax rate for a range of particular purposes: special education costs in **South Dakota**, summer school and special education in **Illinois**, cash reserves in **Iowa**, kindergarten in **Colorado**, school safety in **Indiana**, and career and technical education in **Oklahoma**, for example. States also impose different restrictions or authorizations based on use:

**Arizona** requires no voter approval for levies to address segregation.

**Idaho** requires no voter approval for levies to meet judgments.

**Illinois's** allowed levy for special education costs can be up to \$0.40 per \$1,000 of assessed local property value without voter approval, and up to \$8.00 with voter approval.<sup>137</sup>

**Iowa** school districts can levy an assessment of 13.5 cents per \$1000 valuation for playground and recreational spaces, but only with voter approval.<sup>138</sup>

## Municipal Variations

Some states treat different municipalities differently. Consider the following examples:<sup>139</sup>

**Delaware** limits the countywide levy for vocational high schools at a different rate for each of its three counties: \$2.65 per \$1,000 in Sussex County, \$1.40 in Kent County, and \$2.00 in New Castle County.

**Oregon** has two rate restrictions on school district property taxes: \$5 for every \$1,000, which is set in the state's constitution, and a district-specific formula based on its tax rate and assessment history.

## Voter Authority

There is great variation among states in what voters and school boards are authorized to do. Some states set boundaries on local tax levies for what school districts can decide for themselves, what voters must affirmatively approve, what voters can reject, and what is impermissible regardless of school district preference or voter preference.

Examples of different constructs on voter authority include the following:

**Idaho** finances two-thirds of K-12 costs with state appropriations. School districts are allowed to enact certain property tax levies: the supplemental Maintenance & Operations levy requires

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136 *Opt Outs for School Districts Only* (South Dakota Department of Revenue, March 2024), [https://dor.sd.gov/media/xpsiucci/optouts\\_school-districts-only\\_pay2025-1.pdf](https://dor.sd.gov/media/xpsiucci/optouts_school-districts-only_pay2025-1.pdf).

137 This is for K-12 districts; for K-8 districts, the permitted rates are \$0.20 up to \$4.00. *Illinois Property Tax Rate and Levy Manual* (Illinois Department of Revenue, Marcy 2023), <https://tax.illinois.gov/content/dam/soi/en/web/tax/research/publications/documents/localgovernment/ptax-60.pdf>.

138 "Levies and Funds," Iowa Department of Education, accessed November 23, 2024, <https://educate.iowa.gov/pk-12/operation-support/business-finance/levies-funds>.

139 Chicago and New York City have independent municipal laws governing the collection and distribution of local revenues for education.

a simple voter majority. The School Plan Facilities Reserve Fund requires 55 percent approval for a levy of up to \$2 for every \$1,000 of assessed property value, 60 percent approval between \$2 and \$3, and two-thirds approval for proposed levies over \$4.<sup>140</sup>

**Georgia's** Taxpayer Bill of Rights, enacted in 1999, requires that millage rate levies proposed in excess of what is needed to raise the prior year's amount meet several voter notification requirements, including holding three public hearings.<sup>141</sup>

**Kansas** requires school districts that propose budgets more than 27.5 percent above the state aid formula to publicize the proposal and hold a public referendum if 10 percent or more of district voters sign a petition.

If a **Kentucky** school district proposes raising the property tax rate by more than 4 percent above the previous year's level, taxpayers may petition to prevent the tax increase. If 10 percent of voters in the past presidential election sign a petition, a public referendum is held to adopt or reject the tax hike.

**Missouri** requires a tax rate of at least \$27.50 for each \$1,000 of taxable property wealth. A referendum to increase the property tax rate above that may be requested by a school board or by petition from at least 10 percent of the number of voters who voted for the school board member receiving the greatest number of votes.

## State Recapture Provisions

Some states have created "recapture provisions" as a tool to redistribute property tax revenue from wealthier school districts or districts taxing in excess of expected local contribution levels. Examples include the following:

**Arizona** requires counties to impose an additional tax on certain high-property-value school districts. The revenue collected is then deposited into the state's general fund.<sup>142</sup>

**Texas** instituted its "Robin Hood" recapture policies in 1994, taking local property tax revenue dollars from school districts with the highest level of wealth per student and depositing the funds into the state's general fund.<sup>143</sup> Revenue from recapture in the state's 2024-2025 fiscal biennium is estimated to total \$5 billion.<sup>144</sup>

**Utah's** property tax recapture provisions essentially double the cost to taxpayers of increases above the state-set local tax levy cap by requiring that revenue raised above the cap be split between the school district and the state. For example, in August 2024, the school board of Park City School District, with a median home value of \$1.1 million, voted unanimously to raise property taxes approximately 5.5 percent to finance a 16 percent increase in school employee

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140 Idaho statutes, 33-804. School plant facilities reserve fund levy.

141 "Property Taxpayer's Bill of Rights," Georgia Department of Revenue, accessed November 23, 2024, <https://dor.georgia.gov/property-taxpayers-bill-rights>.

142 *2022 Tax Handbook* (Arizona Joint Legislative Budget Committee, 2022), <https://www.azjlbcc.gov/revenues/22taxbk.pdf>.

143 Texas Education Code (TEC) 48.257, <https://tea.texas.gov/finance-and-grants/state-funding/foundation-school-program/fsp-manuals/texas-public-school-finance-overview-presentation-2022-23.pdf>.

144 *Fiscal Size-Up 2024-25 Biennium* (Texas Legislative Budget Board, July 2024), [https://www.lbb.texas.gov/Documents/Publications/Fiscal\\_SizeUp/Fiscal\\_SizeUp.pdf](https://www.lbb.texas.gov/Documents/Publications/Fiscal_SizeUp/Fiscal_SizeUp.pdf).

salaries.<sup>145</sup> Approximately 2.8 percent of the revenue will be used to fund the local salary increases, and 2.7 percent will be sent to the state.<sup>146</sup>

## Minimum State Aid Payments

Several states include “hold harmless” provisions as part of their approaches to state education funding, ensuring school districts will receive no less state aid than the previous year. Others prescribe a minimum level of state funding per pupil or a minimum annual increase that will be provided.

Some research has found that, if not made subject to the same equalizing distribution parameters as a state’s formula for basic school aid, hold harmless and minimum-payment provisions can, however, exacerbate inequities among school districts.<sup>147</sup> Additionally, hold harmless provisions in states with significant public charter school populations, **Oklahoma** for example, or that allow school choice, such as **Michigan**, can mitigate competition-based impacts by directing funds disproportionately toward schools that are losing students to competing public school options.

Examples of hold harmless and minimum-payment provisions in other states include the following:

**California** pays \$200 per student, regardless of local ability to pay, and the state also must pay each district at least the amount the district received in 2012-13.

**Connecticut** must provide at least 10 percent of certain priority districts’ necessary funding, and must provide at least 1 percent of every other district’s necessary funding.<sup>148</sup>

**Florida** provides each school district with at least 10 percent of the total amount needed.

**Illinois** provides at least \$218 per pupil, regardless of local ability to pay.<sup>149</sup>

**Louisiana**’s formula sets localities’ expected sales tax rate and property tax rate to generate a locally-funded statewide average of 35 percent of the total cost of education. The state then provides a minimum of 25 percent of the cost for each district, regardless of the district’s wealth capacity.

**Maryland** pays at least 15 percent of the total cost of education in each school district.

**Massachusetts** pays at least 17.5 percent of the total cost of education in each school district.

**Montana** is a resource-based state, not a foundation-aid state, so minimum funding levels are constructed differently and appear different from most states.<sup>150</sup> Minimum funding includes

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145 “Truth In Taxation Information: Park City School District Business Services,” Park City School District, August 2024, [https://go.boarddocs.com/ut/pcsd/Board.nsf/files/D8BRD76D71EF/\\$file/TNT%20Presentation%208.20.2024.pdf](https://go.boarddocs.com/ut/pcsd/Board.nsf/files/D8BRD76D71EF/$file/TNT%20Presentation%208.20.2024.pdf).

146 Kristine Weller, “Park City property taxes to increase over 5% after Park City School District Board vote,” KPCW.org, August 21, 2024, <https://www.kpcw.org/park-city-school-district/2024-08-21/park-city-property-taxes-to-increase-over-5-after-park-city-school-district-board-vote>.

147 Alex Spurrier, Bonnie O’Keefe, and Biko McMillan, “Leveling the Landscape,” Bellwether, May 16, 2024, <https://bellwether.org/publications/leveling-the-landscape/>.

148 “Education Cost Sharing Formula.”

149 Ted Dabrowski and John Klingner, *Education Finance Solutions: Making Illinois’ system fairer through pension reform, consolidation, and accountability to parents and students* (Illinois Policy Institute, Spring 2017), <https://files.illinoispolicy.org/wp-content/uploads/2017/02/Ed-Finance-Debunk-rev.pdf>.

150 *Understanding Montana School Finance and School District Budgets* (Montana Office of Public Instruction, December 2023), <https://opi.mt.gov/Portals/182/Page%20Files/School%20Finance/Webpage/School%20Finance%20Information/Understanding%20Montana%20School%20Finance.pdf?ver=2024-03-07-083807-313>.

a Basic Entitlement amount and a Per-Student Entitlement amount, which is tiered by grade level:

- K-6: \$57,246, plus \$2,863 for each student over the first 250
- 7-8: \$114,493, plus \$5,724 for each additional 45 students over the first 450
- 9-12: \$343,483 plus \$17,175 for each additional 80 students over the first 800

**New Hampshire** offers school districts predictability by estimating and committing to future years' state aid levels. For example, the state has said it will provide 104 percent of its November 2022 estimate for 2024, and 95 percent of its November 2023 estimate for 2025.<sup>151</sup>

**Ohio** provides at least 5 percent of each school district's necessary funding, regardless of district wealth. The state requires that school districts impose a property tax of at least 2 percent.

States continue to be "laboratories of democracy"<sup>152</sup> when it comes to education funding. Examples abound of different approaches that can be used by New York State policymakers when deliberating how best to revise and reform the state's Foundation Aid formula.

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151 "FY 2025 Adequate Education Aid," New Hampshire Department of Education, Division of Education Analytics and Resources, September 1, 2024, <https://www.education.nh.gov/sites/g/files/ehbemt326/files/inline-documents/sonh/adequacy-fy-25-muni-summary-9.1.24.pdf> and also "FY 2025 Adequate Education Aid: How the Cost of an Opportunity for an Adequate Education is Determined," New Hampshire Department of Education, 2024, <https://www.education.nh.gov/sites/g/files/ehbemt326/files/inline-documents/sonh/fy2025-adequacy-grants-explained-september-2024.pdf>.

152 US Supreme Court Justice Louis Brandeis first referred to states as "laboratories" for democratic experimentation in his dissent in the 1932 case *New State Ice Co. v. Liebmann*, <https://www.law.cornell.edu/supremecourt/text/285/262>.





## PART II: RECOMMENDATIONS

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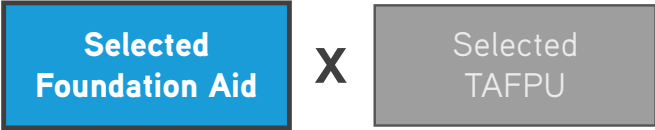




# BASE FOUNDATION AID AMOUNT

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## Total Foundation Aid



**Base Foundation Aid Amount** (or “Foundation Aid Amount”) is the “starting point” and fundamental building block in the Foundation Aid formula. It is the amount of expenditure per pupil determined necessary for districts to provide a “sound, basic education.” After being adjusted for inflation, a district’s Pupil Needs Index, the Regional Cost Index, and the Local Share, the Base Foundation Aid Amount becomes “Selected Foundation Aid,” the final per-pupil amount that gets multiplied by a district’s pupil count to arrive at each district’s final Foundation Aid allocation.

### The “Successful School Districts” Model

As discussed earlier in this report (see the “New York’s Evolution to Foundation Aid” section of this report), the inaugural Base Foundation Aid Amount used in the Foundation Aid formula was derived from a “Successful School Districts” (SSD) model. In this model, school districts that achieved a 3-year average pass rate (students scoring Level 3 + students scoring Level 4) of 80 percent on the state-required fourth- and eighth-grade English language arts and mathematics exams and a 3-year average score of 65 or more on six different high school Regents exams were deemed “successful,” demonstrating the ability to provide students with the required “sound, basic education.”

These districts were then ranked by the amount spent per pupil and an “efficiency filter” was applied to exclude the highest-spending 50 percent of districts. The average per-pupil expenditure of the remaining districts became the initial Base Foundation Aid Amount.

The initial Base Foundation Aid Amount was calculated at \$4,695 per pupil using the above method for 2006-07. Adjustments to the Base Amount were then negotiated to account for inflation and to set a phase-in schedule. In 2007-08, the first year the Foundation Aid formula was implemented, the calculated Base Foundation Aid Amount was \$5,258 per pupil. The “Successful School Districts” calculation was updated for 2010-11, then again for 2013-14 and 2016-17, but it was not updated after that point. Since 2017, the Base Foundation Aid Amount has been adjusted only for inflation based on the annual change in the Consumer Price Index (also see “Adjusted Foundation Aid Amount” section of this report), and is calculated to be \$8,040 per pupil for 2024-25.

## Today's Realities

At each public hearing held for this project by the Rockefeller Institute, stakeholders emphasized—passionately and accurately—that public schools today are expected to provide significantly more student services and supports than they were 17 years ago when the state's Foundation Aid formula was developed. Changing educational standards, the demand for mental health and other student support services, increasing needs for instruction in English as a new language, a growing reliance on schools as a community hub serving students' families, and many other increases in service demands have changed what it means for schools to be “successful” for their students.

The President of New York City's Union of Federated Teachers, Michael Mulgrew, summarized it well: “The definition of a ‘successful’ school has not changed since 2007, even though New York [State] 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.”<sup>1</sup>

Until a standardized, consistent, and sufficiently comprehensive statewide measure is devised that provides a universal definition of what “success” is and captures and evaluates the myriad factors impacting successful student outcomes, academic test score results remain one of the few and fundamental measurement tools of academic success at the state's disposal.

## Limited Usable Standardized Outcome Measures

The continuing move in New York away from collecting and analyzing standardized academic assessment data hinders the ability to accurately, completely, and comparatively measure student success and to devise a funding formula that achieves that success.

In June 2024, the Board of Regents advanced a proposal that would eliminate the need for students to pass standardized Regents exams to graduate high school.<sup>2</sup> The option for students to abandon the exams is part of an effort by the Board of Regents to broaden the definition of the skill set and knowledge base that students need to attain by graduation.<sup>3</sup> To evaluate students' progress toward acquiring these skills, districts will need to use a variety of measurement tools. Creating a standardized statewide evaluation tool that is appropriate for the multiple and varied pathways to graduation is challenging, if not impossible, however. State guidelines, templates, matrices, or rubrics for consistent statewide evaluation of the envisioned new graduation standards have not yet been issued by NYSED. The Board of Regents formally adopted the new graduation measures and the accompanying elimination of the Regents' exam requirements on November 4, 2024, three weeks before the publication of this report.<sup>4</sup>

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1 Mulgrew, Michael, “Testimony of Michael Mulgrew, President of the United Federation of Teachers, submitted before the Rockefeller Institute of Government Foundation Aid Public Hearing,” August 14, 2024. At: <https://www.uft.org/your-union/uft-testimony/testimony-michael-mulgrew-on-states-foundation-aid-formula>

2 See: Kathleen Moore, “New York Making Regents Exams Voluntary,” Albany Times Union, June 10, 2024. <https://www.timesunion.com/education/article/new-york-phasing-regents-exams-19503642.php>.

3 New York State Education Department, Graduation Measures Blue Ribbon Commission Presentation. At: <https://www.regents.nysed.gov/meetings/2024/2024-06/meeting-board-regents>.

4 See: Alex Zimmerman, “New York to ditch Regents exam graduation requirement by fall 2027,” Chalkbeat, November 4, 2024. At: <https://www.chalkbeat.org/newyork/2024/11/04/new-york-plans-to-end-regents-exam-requirement-by-2027-2028-school-year/>.

Foundation Aid expert and scholar John Yinger of Syracuse University noted: “the current plan to eliminate required Regents exams will make it impossible to design a fair state aid program in New York.”<sup>5</sup>

Encouragingly, NYSED reportedly is laying the groundwork for the development of a comprehensive statewide longitudinal data system to support the analysis of student performance along their entire academic journeys. The ability to measure student progress longitudinally—from grade to grade and on through college and career—offers a future opportunity to measure growth in proficiency rather than just absolute measures of achievement. All indications are that the development of such a system, if efforts are successful, is still many years away.

The federal government is expected to continue its mandate that all states formally evaluate students’ academic performance annually in grades three through eight through the use of standardized assessments.

## Options for Recalculating Base Foundation Aid

As discussed extensively in the “A Review of Academic Literature” section of this report, many states and education finance researchers typically take one of four approaches to costing-out the requirements for a sound, basic education: the Successful School Districts model, an Evidence-Based model, a Cost-Function model, or a Professional Judgement Panel model. Academic research on and critique of these models is analyzed at length there.

Testimony offered at the Rockefeller Institute’s public hearings in July and August 2024 included support for a new effort to cost-out a sound, basic education that would end New York’s reliance on the outdated model discussed above. Michael Rebell of the Center for Educational Equity at Teachers College at Columbia University, for example, not only stated that this new analysis was necessary, but noted that the current Foundation Aid formula was sufficiently flawed that his “Center for Educational Equity at Teachers College will be engaging the American Institutes for Research (AIR) to undertake an independent study to begin the process of developing a new [Foundation Aid] formula.”<sup>6</sup> Others urged researchers to examine New Jersey’s professional judgement panel approach for components of that model which might be appropriate and replicable in New York State.

These efforts are multiyear projects, and thus beyond the timeline afforded the Rockefeller Institute. While such evaluations are undertaken by others, however, improvements can be made to the approach currently taken in New York’s Foundation Aid formula.

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5 Yinger, John, “New York’s Foundation Aid Study: A Scholarly Perspective,” Testimony to the Rockefeller Institute of Government, July 25, 2024. P.4.

6 Rebell, Michael, Executive Director, Center for Educational Equity, Teachers College, Columbia University, “Remarks by Michael A. Rebell,” July 16, 2024. At: [https://docs.google.com/document/d/1T6yEj2vz5N7sn93vqmUcrcbfCJd\\_IVRdujs\\_lkSMnys/edit?tab=t.0](https://docs.google.com/document/d/1T6yEj2vz5N7sn93vqmUcrcbfCJd_IVRdujs_lkSMnys/edit?tab=t.0).

## POLICY CONSIDERATIONS:

### Update and Revise New York’s Successful School Districts (SSD) Model

The option to revisit New York’s Successful School Districts (SSD) model, updating the data it uses, and improving its methodological approach is an appealing avenue of reform, and one that can be implemented while awaiting the outcome of more in-depth research on other methodological approaches and the social, fiscal, equity, and policy-priority analysis that is sure to follow those efforts.

First, an alternative to the academic outcome data used in the current model must be found. With the elimination of the requirement that all high schools offer Regents exams and with the institution of multiple pathways to high school graduation, a statewide standardized measure of academic achievement—or “success”—is lacking. The most comprehensive, consistent statewide standardized outcome measures of academic progress remaining available appear to be results from the state exams administered in grades three through eight.

Second, a revised definition of “success” for data calculations is warranted. The previous SSD approach fixed the performance threshold as an 80 percent student pass rate on both elementary- and high school-level assessments. Such a standard today would unnecessarily restrict the number of school districts able to be included in an SSD model and would present challenges and complications for the model any time the state’s learning standards are revised. Instead, New York could reasonably use the top-performing 50 percent of all school districts statewide as its definition of “successful” school districts. No matter how learning standards change or how aggregate student performance evolves, using the top-performing half of all districts as the count for the model will ensure that the best-performing districts represent “success” in New York State’s funding formula each year.

Third, the “efficiency screen,” contrived to count only the lowest-spending districts, should be eliminated. It is reasonable to include both well-resourced districts and lower-resourced districts in the mix when calculating the average per-pupil expenditure that is being made to achieve levels of student success that will rank a district in the top half of performers.

Rather than using just a single grade level’s data as did the old SSD model—especially with the fading of standardized high school-level academic performance data—student performance on the English Language Arts and the mathematics exams in *each* grade three through eight could be included in the model. This data, of course, is already collected by every school district and reported to the New York State Education Department. Annual average rates of students scoring a Level 3 or a Level 4 would be calculated for each district, an average of the most recent three years of student pass rates would be calculated (to ensure the formula uses updated data each year and to help reduce anomalies), and districts would be ranked according to these three-year student performance scores.

The basis for calculating school district expenditures under the current model is appropriate and could be replicated in the updated SSD model. Under this method, all instructional and most administrative expenses are counted. If the Base Foundation Aid Amount is annually updated and based on current expenditures, policymakers should revisit whether an annual inflation-based adjustment is needed or is already captured in this calculation.

Finally, initial calculations show that the proposed model would result in a per-pupil Base Foundation Aid Amount that should be adjusted by a factor of 1.06 to increase it to approximate the current Base

Amount of \$8,040. Such an adjustment, however, is calculated in complete isolation from all other actions recommended in this report. Projected increases in elements such as a new Regional Cost Index measure, new poverty-related measures, modified local wealth measures, and more all are expected to increase the end result of Base Foundation Aid Amount calculations. Thus, it would be most prudent for policymakers to adopt other reforms first and then determine if any adjustment is needed in the Base Amount under the new model.

While more comprehensive costing-out analyses will provide policymakers with additional options for revising the Foundation Aid formula's Base Foundation Aid Amount, updating the parts of the SSD most in need of reform need not wait.

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## RECOMMENDATION

### Base Foundation Aid Amount

*Calculations resulting in the Base Foundation Aid Amount have not been updated since 2016-17, with the amount only being adjusted for annual changes in the Consumer Price Index since then.*

#### Revise the "Successful School Districts" Calculation

With the fading of appropriate and usable high school student academic performance data, an unnecessarily restrictive methodology for selecting districts to be counted as "successful," and an arguably inappropriate limit on which districts' expenditures will be counted in the model, the current Successful School Districts calculation can be updated and revised. These changes can be implemented while policymakers await more in-depth research and modeling through various other costing-out methodologies.

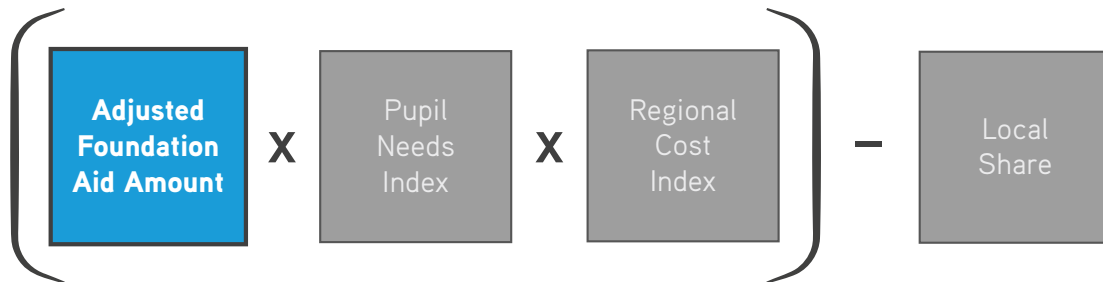
To revise and update the SSD calculation:

- ✱ Replace the current student performance measurement with a 3-year average district-wide pass rate (Level 3 + Level 4) on the state's ELA and math exams in each grade 3-8.
- ✱ Select the top 50 percent of all school districts based on the above measurement as the pool of "successful districts."
- ✱ Use the existing, appropriate method to calculate per-pupil expenditures for each of these districts.
- ✱ Eliminate the current "efficiency filter" and instead use all districts in the top 50 percent to calculate an average per-pupil expenditure for "successful" districts.
- ✱ Consider applying a multiplier of 1.06 if none of the other reforms recommended in this report are adopted. If any other reforms are instituted, however, first determine the effect of those changes on the Base Amount under this new model to determine if any adjustment is needed.

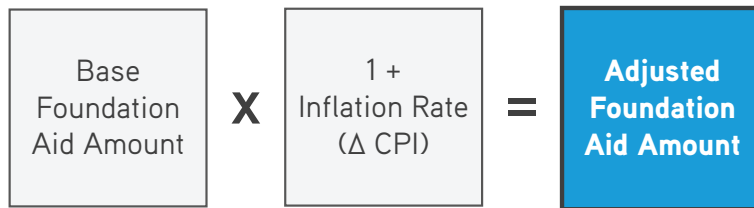
This approach could be updated annually to regularly use the most recent student performance and district expenditure data (or, as under the original approach, every three years) and would use an appropriately expanded scope of districts for the calculation.



# ADJUSTED FOUNDATION AID AMOUNT



**Adjusted Foundation Aid Amount** increases aid to districts by multiplying the Base Foundation Aid Amount by an inflation factor.



In recent years, the inflation adjustment has been calculated as the average of the monthly annual increase in the federal Consumer Price Index (CPI) for the prior calendar year.<sup>1</sup>

For 2024-25, the state used a negotiated inflation rate of 2.8 percent, increasing the Base Foundation Aid amount from \$7,821 per pupil to \$8,040 per pupil, and increasing total Foundation Aid by approximately \$541.6 million in the enacted budget.

## Some Historical Perspective on Inflation Adjustments

For the first ten years of the implementation of the Foundation Aid formula (2007-08 to 2016-17), as Foundation Aid was being phased in, an annual increase was included in the formula to account for assumed (not measured) inflation. The assumptions used for the construction of this adjustment purposefully exceeded actual increases in the Consumer Price Index during that time period.

At the time of its adoption, the governor and state legislature agreed on an initial four-year phase-in schedule for the formula. The phase-in included an adjustment in the way inflation was accounted for to help speed the pathway to a fully-funded Base Foundation Aid Amount. The adjustment was to assume a 2.5 percent annual inflationary increase for each year remaining until full funding of the formula was achieved, and then apply that rate cumulatively for the years remaining in the phase-in schedule. Thus, in 2007-08, the Base Foundation Aid was multiplied three times (1.025 x 1.025 x 1.025) to account for the three years remaining in the phase-in period; in 2008-09, the Base Foundation Aid was multiplied two times (1.025 x 1.025), and so on.

<sup>1</sup> That is: (% Δ JanuaryY2 to JanuaryY1)+( % Δ FebruaryY2 to FebruaryY1)+( % Δ MarchY2-MarchY1)+etc.)/12.

The national recession in 2008 and 2009 delayed the full phase-in and full funding of New York’s Foundation Aid formula. However, in 2010-11, a new four-year phase-in schedule was agreed upon, along with a renewal of the assumed 2.5 percent accumulating annual inflationary factor. As a result, similar to the state’s approach in 2007-08, the 2010-11 Base Foundation Aid Amount was multiplied three times (1.025 x 1.025 x 1.025) to account for the three years created as a new phase-in period.

In 2012, a new six-year implementation plan for Foundation Aid was negotiated and agreed upon by the governor and state legislature. Once again, an assumed 2.5 percent accumulating annual inflationary factor also was adopted, meaning that the 2011-12 Base Foundation Aid Amount was now multiplied five times (1.025 x 1.025 x 1.025 x 1.025 x 1.025) to account for the five years of phase-in remaining.

**Table 8** illustrates how these past assumptions about inflation and the construct chosen to incorporate these increases into the Foundation Aid formula resulted in a significant deviation from actual inflation-driven cost increases.

TABLE 8. Foundation Aid Inflation and Phase-In Adjustments vs. Annual CPI, 2007-08 to 2016-17

Year	# of Years Until Full Phase-In	Phase-In Period Inflation Adjustment	Official Consumer Price Index <sup>a</sup>	FA Inflation Adjustment vs. Actual Inflation	Enacted Adjusted Foundation Aid Amount
					4,695
2007-08*	3	1.0253 = 1.0768	1.0120	+ .0648	5,258
2008-09	2	1.0252 = 1.0526	1.0285	+ .0488	5,410
2009-10	1	1.0251 = 1.0250	1.0385	+ .0141	5,616
2010-11*	3	1.0253 = 1.0768	0.9962	+ .0802	5,685
2011-12	5	1.0255 = 1.1314	1.0164	+ .0508	5,776
2012-13	4	1.0254 = 1.1038	1.0316	+ .0994	5,961
2013-14*	3	1.0253 = 1.0768	1.0207	+ .0828	6,050
2014-15	2	1.0252 = 1.0506	1.0147	+ .0618	6,141
2015-16	1	1.0251 = 1.0250	1.0162	+ .0346	6,239
2016-17*	0	1.0250 = 1.0000	1.0011	+ .0240	6,340

\* Successful School Districts value recalculated.

<sup>a</sup> Data from US Bureau of Labor Statistics, <https://www.bls.gov/cpi/>.

SOURCE: Per Pupil Amounts for Current Spending of Public Elementary-Secondary School Systems: US and State: 2012-2022 (GS00SS05), US Census Bureau, <https://data.census.gov/>.



Foundation Aid spending during the first ten years of the implementation of the formula was affected by much more than inflation, of course, including decisions to freeze Foundation Aid and the institution of cuts through the imposition of a “Gap Elimination Adjustment” calculation.<sup>2</sup> Additionally, recalculations of the “Successful Schools” driver of the Base Foundation Aid Amount were made and incorporated into the formula in 2007-08, increasing the base aid from the prior year’s \$4,695 to \$4,883; for 2010-11 increasing the base from \$5,616 to \$5,708; in 2013-14 decreasing the base from \$5,961 to \$5,926; and, in 2016-17 increasing the base from \$6,239 to \$6,334 (years noted with an asterisk in the [Table 8](#)).

From 2017-18 on, the Base Foundation Aid amount was not adjusted by a recalculation of the “Successful Schools” driver and no additional phase-in adjustments were incorporated into the formula to calculate the Adjusted Foundation Aid Amount. The annual change in CPI was simply calculated each year and applied.

TABLE 9. Foundation Aid Inflation Adjustments = Annual CPI, 2007-08 to 2023-24

Year	Official Consumer Price Index = Foundation Aid Adjustment*	Adjusted Foundation Aid Amount
2017-18	1.262%	6,422
2018-19	2.132%	6,557
2019-20	2.443%	6,971
2020-21	1.812%	6,835
2021-22	1.237%	6,917
2022-23	4.693%	7,242
2023-24	8.008%	7,821

\* The state rounds to one decimal place for its application of a CPI adjustment (i.e., in 2022-23, the rate used in the formula was 4.7 percent).

SOURCE: US Bureau of Labor Statistics, <https://www.bls.gov/cpi/>.

## 2024-25

For 2024-25, the official Consumer Price Index (CPI) rate as calculated for Foundation Aid was 4.1 percent. The 2024-25 executive budget, however, proposed a change in how the inflation adjustment was to be calculated. Instead of the traditional average annual monthly CPI change based on the previous calendar year, the governor proposed using an average of the most recent 10 years of this calculation of CPI after throwing out the highest year and lowest year to eliminate the influence of economic anomalies. This would have reduced the inflation adjustment from 4.1 percent to 2.4 percent.

Both houses of the state legislature rejected the proposed change in the methodology. Instead, the governor and state legislators negotiated and approved the use of an inflation adjustment of 2.8 percent. Increasing the 2023-24 Adjusted Foundation Aid Amount by 2.8 percent provided a 2024-25 Adjusted Foundation Aid Amount of \$8,040 per pupil.

<sup>2</sup> A good, concise summary of these actions is available in “Lack of Equity in School Funding in New York State,” Robert Lowry, New York State Council of School Superintendents, Testimony to the New York Advisory Committee to the US Commission on Civil Rights, June 12, 2019.

TABLE 10. Foundation Aid Inflation Adjustment, 2024-25

Year	Official Consumer Price Index	Enacted Foundation Aid Inflation Adjustment	Adjusted Foundation Aid Amount
2024-25	4.138%	2.8%	8,040

SOURCE: US Bureau of Labor Statistics, <https://www.bls.gov/cpi/>.

From its base amount of \$4,695 when Foundation Aid was initiated in 2007, phase-in schedule adjustments and CPI-based calculations have increased the Adjusted Foundation Aid amount an average of **3.42 percent annually** to its current level.

## POLICY CONSIDERATIONS:

### Adjusted Foundation Aid Amount

An increased level of refinement when adjusting the Base Foundation Aid Amount by inflation to arrive at an Adjusted Foundation Aid amount is readily available to policymakers. The US Bureau of Labor Statistics regularly publishes CPI figures for the Northeast Region,<sup>3</sup> which includes Connecticut, Maine, Massachusetts, New Hampshire, New Jersey, New York, Pennsylvania, Rhode Island, and Vermont, and would provide a more accurate picture of economic pressures and influences in New York State and the immediately surrounding area. [Table 11](#), below, shows the differences in the US CPI and the Northeast Region CPI (calculated as is done for the state’s Foundation Aid formula) for the past five years.

TABLE 11. Consumer Price Index: US and Northeast Region, 2019-20 to 2023-24

Year	CPI: US	CPI: Northeast Region
2019-20	1.812%	1.604%
2020-21	1.237%	1.308%
2021-22	4.693%	3.900%
2022-23	8.008%	6.970%
2023-24	4.138%	3.472%

Additionally, averaging these figures over five years would decrease the effects of aberrant inflation years and increase predictability for school districts. An average of the most-recent previous five years results in the following rates:

TABLE 12. Consumer Price Index: US and Northeast Region, Five-Year Average: 2019-20 to 2023-24

CPI: US	CPI: Northeast Region
3.85%	3.45%

<sup>3</sup> “Mid-Atlantic Information Office,” US Bureau of Labor Statistics, updated November 13, 2024, [https://www.bls.gov/regions/mid-atlantic/news-release/consumerpriceindex\\_northeast.htm](https://www.bls.gov/regions/mid-atlantic/news-release/consumerpriceindex_northeast.htm).

Both the US five-year average CPI and the five-year average Northeast Region CPI are higher than the 2.8 percent rate adopted and used for the 2024-25 Adjusted Foundation Aid Amount; both are lower than the 4.1 percent generated by the traditional single-year calculation. If the Northeast Region five-year average had been used for 2024-25, total foundation aid would have been approximately \$125.9 million higher than it was in the enacted budget; using the US five-year average would have increased aid by approximately \$203.3 million.

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## RECOMMENDATION

### **Adjusted Foundation Aid Amount**

*For 2024-25, the negotiated inflation rate of 2.8 percent increased Foundation Aid to school districts by a total of approximately \$541.6 million.*

#### **Use Five-Year Average CPI—Northeast Region**

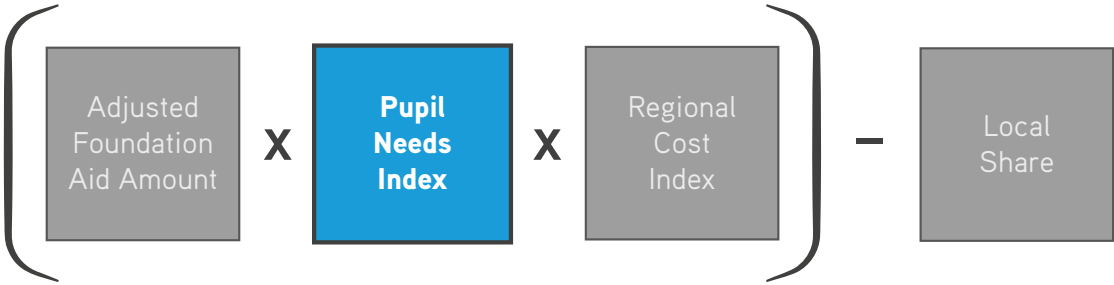
Change the current methodology of calculating the CPI rate applied to the Base Foundation Aid from a single-year US rate to a five-year average of the Northeast Region's rate. Using a multiyear average rate will increase predictability and decrease volatility, and using inflation rates for the Northeast Region will more precisely reflect the cost increases being faced by New York State school districts.

Adopting the 5-Year Average CPI—Northeast Region would have resulted in a \$667.5 million total inflation cost adjustment in Foundation Aid for 2024-25, \$125.9 million higher than the enacted budget.

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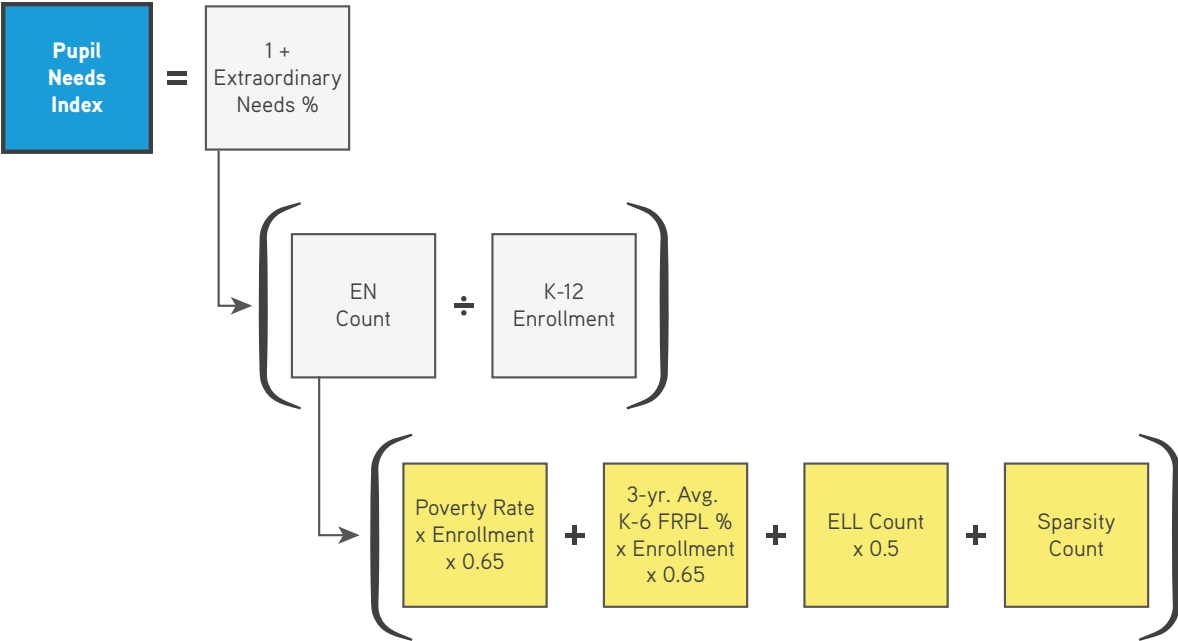
# PUPIL NEEDS INDEX



**Pupil Needs Index (PNI)** increases aid to school districts by multiplying the Adjusted Foundation Aid Amount (and Regional Cost Index) by an “extraordinary needs” percentage, which is determined by adding together a proportion of the number of students having certain characteristics:

- \* Students from families in poverty (x 0.65).<sup>1</sup>
- \* Students needing services as English Language Learners<sup>2</sup> (x 0.50).
- \* A three-year average percent of K-6 students receiving Free and Reduced-Price Lunch (x 0.65).
- \* A sparsity count calculation (when a district has fewer than 25 students per square mile).

**Pupil Needs Index Construct in the Current Foundation Aid Formula:**



1 The weighting factors serve to increase the “count” of a student with the noted characteristic. For example, a student from poverty generates an additional 65 percent more in aid than does a student not from poverty. Stated differently, the PNI serves to adjust the count of a student from poverty from 1.0 to 1.65, and ELL from 1.0 to 1.5, etc.  
 2 In some instances, NYSED uses the terminology English as a New Language (ENL) as an alternative to English Language Learners (ELL). With ELL still used in the Foundation Aid formula, it is the terminology used in this report.

In the adopted 2024-25 Foundation Aid package, approximately \$839.8 million was added to Foundation Aid as a poverty factor, \$928.7 million was added as an adjustment for FRPL, \$640.3 million was added as an adjustment for services for ELL students, and \$66.2 million was added to account for the sparsity of a district.<sup>3</sup>

An examination of these components and discussion of alternative measures that could be considered appears below.

## Poverty Rate

The current Foundation Aid adjustment that is made for students living in poverty relies on information that is more than 20 years out of date. The Poverty Count uses data collected by the US Census Bureau as part of the now-defunct decennial census “long form,” last administered in 2000 to a random sample of one-sixth of American households to collect detailed socioeconomic information, including on citizenship, educational attainment, income, and other personal and household characteristics. Data collected from this long form was at the time widely used to plan and distribute federal and state resources, including as a basis for determining poverty counts by state and school district that were then used as a driver of public education funding. The Census Bureau ceased administering the long-form questionnaire after 2000, however, and by 2005 replaced all calculations and determinations previously based on that survey with ones generated by the more frequent American Community Surveys (ACS). New York State has never adjusted its Foundation Aid formula to reflect this more recent and robust poverty data.

To calculate the poverty adjustment currently used in the Foundation Aid formula, the 2000 census-based poverty rate is multiplied by a district’s total K-12 enrollment and then multiplied by 0.65. This implies that a student from poverty is determined to be 65 percent more costly to educate successfully than a student who is not living in poverty.

## SAIPE

A stronger measure of poverty available is the US Census Bureau’s **Small Area Income and Poverty Estimates (SAIPE)** calculation. SAIPE produces single-year estimates of median household income and populations living in poverty for all US states and counties, as well as estimates of school-age children living in poverty for every school district in the country. SAIPE generates income and poverty estimates for counties and school districts based on a combination of survey and administrative data sources, including federal tax return information and multiyear survey responses on the American Community Surveys. Those county-level poverty estimates are used to model the school district-level poverty estimates.<sup>4</sup> SAIPE calculations are specifically designed for, and are used as, the basis for the distribution of federal Title I funds to target aid to schools and school districts with a high percentage of students from low-income families. The use of administrative data in addition to survey data is intended to create single-year estimates of median income and poverty that are more accurate for small geographies (small counties and school districts) than could be generated from survey data alone.

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3 To provide a sense of the contribution of each of these components to the Pupil Needs Index, calculations of the cost figures were derived by zeroing-out the Extraordinary Need count for each component separately, and cost calculations were made for each component in isolation. In the formula, however, these components work together and likely generate a total that is different than simply summing the cost figures presented.

4 The SAIPE methodology and estimation strategy is explained in more detail here: <https://www.census.gov/programs-surveys/saipe/guidance/model-input-data.html>, and here: <https://www.census.gov/programs-surveys/saipe/guidance/strategy.html>.

According to the US Census Bureau: “SAIPE provides the most current school-age poverty estimates available for all school districts and counties in the U.S. regardless of population size.”<sup>5</sup>

SAIPE is not a perfect metric. Rather than direct counts or estimates from sampled survey responses, SAIPE is an economic model, and only aggregate, not individualized, data sets used by the US Census Bureau for its calculations are publicly available. SAIPE also does not adjust for nonpublic school students in a community to exclude them from the modeling estimates. Nonetheless, both the breadth of SAIPE’s view of community poverty and its ability to be updated annually make the use of SAIPE as a poverty-rate driver of supplemental Foundation Aid attractive and practical.

The use of SAIPE as an alternative to the now 24-year-old decennial census long-form data currently being used in the Foundation Aid formula has received broad support for several years, notably in the New York State Board of Regents’ 2024-25 Budget Priorities statement which proposed replacing the 2000 Census Poverty Counts with an annually-updated three-year average of SAIPE.<sup>6</sup> Indeed, in one year (2017-18), SAIPE actually was used in the Foundation Aid funding formula as a replacement for the dated 2000 Census Poverty Count.<sup>7</sup>

Stakeholder groups that comprise the Education Conference Board—the Association of School Business Officials of New York, the Conference of Big 5 School Districts, the Council of School Superintendents, the New York State PTA, the New York State School Boards Association, New York State United Teachers, and the School Administrators Association of New York State—are among the many groups that have called for SAIPE to be explored as an alternative poverty measure.<sup>8</sup>

Other states use SAIPE to measure school district-level poverty rates, including Pennsylvania and Kansas, which note that SAIPE “produces the most current school-age poverty estimates available for all school districts ... regardless of population size.”<sup>9</sup>

### **Alternative: Supplemental Poverty Measure**

The US Census Bureau also produces a measure of poverty known as the Supplemental Poverty Measure (SPM). The SPM, developed in 2009 and first reported by the Census Bureau in 2011, was designed as an overhaul and update to the Official Poverty Measure (OPM), which was developed in the 1960s and created a poverty line by using a “basket of goods”-style estimate of need based on a 1960s’ food plan multiplied by three, adjusted for family size, and updated over the years by applying the annual Consumer Price Index.<sup>10</sup> The SPM improved the measurement of the poverty line by accounting for cash income plus in-kind government support benefits, such as the Supplemental Nutrition Assistance Program (SNAP), cash benefits programs, housing subsidies, and nondiscretionary expenses, such as medical expenses and taxes. The SPM also uses a broader measure of family resource units and of

5 More information about SAIPE is available from the US Census Bureau at <https://www.census.gov/programs-surveys/saipe/about/faq.html>.

6 Christina Coughlin to The Honorable Members of the Board of Regents, December 4, 2023, “2024-2025 Regents State Aid Proposal,” p. 14, <https://www.regents.nysed.gov/sites/regents/files/1223bra4revised12.11.pdf>.

7 *The Future of Foundation Aid*, (New York State School Boards Association, 2022), p. 1, [https://www.nyssba.org/clientuploads/nyssba\\_pdf/gr/future-foundation-aid-recs-12092022.pdf](https://www.nyssba.org/clientuploads/nyssba_pdf/gr/future-foundation-aid-recs-12092022.pdf).

8 See, for example, [https://www.nyscoss.org/nyscossdocs/Advocacy2324/2310\\_ECB\\_Foundation\\_Aid\\_Principles\\_and\\_Process.pdf](https://www.nyscoss.org/nyscossdocs/Advocacy2324/2310_ECB_Foundation_Aid_Principles_and_Process.pdf).

9 Kansas State Legislature, “Frequently Asked Questions about SAIPE,” 2018, [https://www.kslegislature.gov/li\\_2018/b2017\\_18/committees/ctte\\_s\\_ed\\_1/documents/testimony/20170215\\_06.pdf](https://www.kslegislature.gov/li_2018/b2017_18/committees/ctte_s_ed_1/documents/testimony/20170215_06.pdf).

10 Among the criticisms of the OPM are that it fails to account for noncash government benefits, taxes, medical out-of-pocket expenses, work expenses, and more, and that a “very narrow measure of necessary expenditures—that is, food” is used, and old data is used (see: “The Supplemental Poverty Measure (SPM) and Children: How and Why the SPM and Official Poverty Estimates Differ,” Benjamin Bridges and Robert V. Gusemeria, *Social Security Bulletin*, Vol. 75, No. 3, 2015, at <https://www.ssa.gov/policy/docs/ssb/v75n3/v75n3p55.html>).

necessary expenditures, including clothing, shelter, and utilities in addition to the previous food-only measure. SPM is based on annually updated expenditure data as well.

A May 2024 report by the New York State comptroller on child poverty rates in New York State used OPM and SPM, providing county-level estimates.<sup>11</sup>

A 2023 report by the National Academy of Sciences<sup>12</sup> noted, however, that both researchers and policymakers often default to using the old-model OPM because the SPM is only calculated for whole states and the large geographic areas known as Public Use Microdata Areas (PUMAS), which are targeted to contain no fewer than 100,000 residents.<sup>13</sup> These areas are “not generally meaningful to researchers, policy makers, or the media.”<sup>14</sup> A January 2024 report by the United Way notes that “[i]n 2021, for the third time, the national SPM rate was lower than the [federal poverty level], 7.8% versus 11.6%,” and noted that the SPM is lower than the federal poverty level (FPL) in 38 states, does not differ greatly in nine states, and is higher in only three states.<sup>15</sup> Using a measure of poverty that returns rates lower than the FPL raises additional concerns.

### **Alternative: Direct Certification**

The federal Every Student Succeeds Act (ESSA) requires yearly counts at the school, district, and state level of total student population and demographic breakdowns for at-risk groups, including those in poverty. In several states,<sup>16</sup> students coming from households who are enrolled in various means-tested socioeconomic support programs—including Supplemental Nutrition Assistance Program (SNAP), Temporary Assistance for Needy Families (TANF), and Medicaid—are counted for supplemental education funding. This method produces counts of students from households already determined to be eligible for income-based support programs, rather than estimates such as those used for Census Bureau-derived poverty indices. This method also allows differentiation between students enrolled in public and nonpublic schools; public schools report students’ participation in these support programs only for students enrolled with them.

These programs have varied income eligibility levels, each one is subject to voluntary participation, and participation rates seem to indicate barriers to access, which may include challenges for non-native English-speaking populations and those in technology deserts, to name a few. A February 2024 report to Congress by the US Department of Health and Human Services noted that the share of families eligible for TANF who were participating in the program dropped to its lowest level, 21 percent, in 2019 (the most recent year for which model estimates are available).<sup>17</sup> The US Department of Agriculture reports that only 53 percent of families eligible for support under the Women, Infants, and Children (WIC) program participate, and that 87 percent of families eligible to participate in the

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11 New York State Comptroller Thomas P. DiNapoli, “The Urgency of Lifting Children Out of Poverty,” May 2024, <https://www.osc.ny.gov/files/reports/pdf/nys-children-in-need.pdf>.

12 National Academies of Sciences, Engineering, and Medicine, “An Updated Measure of Poverty: (Re)Drawing the Line,” 2023, <https://nap.nationalacademies.org/catalog/26825/an-updated-measure-of-poverty-redrawing-the-line>.

13 PUMAS are re-drawn every decennial census and, while intended to contain no fewer than 100,000 residents, range in size from 80,000 to 300,000 due to intercensal population changes.

14 “Exploring a Method to Produce County-Level Supplemental Poverty Measure Estimates in the American Community Survey,” Brian Glassman, Poverty Statistics Branch Social, Economic, and Housing Statistics Division, US Census Bureau, 2023, <https://www.census.gov/content/dam/Census/newsroom/press-kits/2024/paa/paa2024-paper-county-level-spm.pdf>.

15 “Methodology Overview for 2024-25,” United for ALICE, <https://www.unitedforalice.org/methodology>.

16 Including Indiana, Massachusetts, and New Hampshire, for example. See “[What Other States Are Doing](#)” chapter of this report for additional discussion.

17 “Temporary Assistance for Needy Families, 13<sup>th</sup> Report to Congress, Fiscal Years 2016 through 2021,” p. 19, [https://www.acf.hhs.gov/sites/default/files/documents/ofa/13th\\_tanf\\_report\\_to\\_congress\\_final.pdf](https://www.acf.hhs.gov/sites/default/files/documents/ofa/13th_tanf_report_to_congress_final.pdf).



SNAP program do so.<sup>18</sup> In addition, the IRS reports that participation in the Earned Income Tax Credit program in New York State in 2021 is 81 percent.

These low participation rates among eligible families may be cause for concern for reforms that could produce an overreliance on direct certification methodologies. Indeed, while a direct certification measure may be helpful as part of a component that adjusts Foundation Aid for poverty, its shortcomings may be significant enough to avoid its use as the sole poverty-weighting factor.

## Intensity/Concentration of Poverty

As noted previously, 28 states incorporate into their education funding formulas a weighting that accounts for the concentration of poverty in school districts. New York's current Foundation Aid formula does not include any such adjustment.

An October 2023 policy brief by Bellwether, part of its series on education funding equity, noted: "Schools serving high concentrations of economically disadvantaged students may need to provide higher-intensity schoolwide and community-facing supports ... for students to be successful. Research suggests that schools with high concentrations of poverty, especially above 50%, see lower overall student achievement unless mitigated by greater access to comprehensive resources and retention of high-quality staff, which both require additional funding."<sup>19</sup> Multiple stakeholders offering testimony at the public hearings held by the Rockefeller Institute in summer 2024 also called for reforms to the Foundation Aid formula to account for the intensity of poverty in neighborhoods where children attend school.

When updating the poverty weighting measure, incorporating a variable weight that provides more aid per pupil to school districts with greater concentrations of poverty also could be considered.

## Free and Reduced-Price Lunch

New York State's Foundation Aid formula provides additional aid for students who qualify for Free and Reduced-Price Lunch (FRPL) in addition to the general weighting for students in poverty discussed above. Incorporating FRPL's more generous income eligibility standard of 185 percent of the federal poverty level, students from families with incomes between 100 percent and 185 percent of the federal poverty level count for an added weight of 0.65 (thus, students from families with incomes below 100 percent of the poverty level count for the FRPL weighting of 0.65 *plus* the poverty weighting of 0.65).

With the growth and evolution of the Community Eligibility Provision (CEP), however, an aid adjustment based on FRPL eligibility has largely become moot.

Created as part of the Healthy, Hunger-Free Kids Act of 2010,<sup>20</sup> Community Eligibility Provision (CEP) is a federal regulatory change to the School Breakfast and National School Lunch programs

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18 WIC (2021): <https://www.fns.usda.gov/research/wic/eligibility-and-program-reach-estimates-2021>; TANF (2018): <https://www.fns.usda.gov/usamap#>.

19 "How Do School Finance Systems Support Economically Disadvantaged Students?," Bellwether, October 2023, [https://bellwether.org/wp-content/uploads/2024/04/SplittingtheBill\\_11\\_Bellwether\\_October2023-1.pdf](https://bellwether.org/wp-content/uploads/2024/04/SplittingtheBill_11_Bellwether_October2023-1.pdf). Also see: "Annotated Bibliography: The Impact of School-Based Poverty Concentration on Academic Achievement & Student Outcomes," Poverty & Race Research Action Council, 2011, [http://www.prrac.org/pdf/annotated\\_bibliography\\_on\\_school\\_poverty\\_concentration.pdf](http://www.prrac.org/pdf/annotated_bibliography_on_school_poverty_concentration.pdf).

20 Public Law No: 111-296, <https://www.congress.gov/bill/111th-congress/senate-bill/3307>. CEP was phased in, authorizing Illinois, Kentucky, Michigan, and the District of Columbia to participate beginning in the 2011-12 school year. CEP was made available to all states starting in the 2014-15 school year. See: <https://www.cbpp.org/sites/default/files/atoms/files/10-1-13fa.pdf>. The threshold of students in direct certification programs needed to qualify for CEP participation was lowered from 40 percent to 25 percent in 2023.

that allows high-poverty schools to provide breakfast and lunch at no cost to all enrolled students without the administrative burden of having each eligible family that wishes to participate fill out an application form. CEP is available to any school, group of schools, or district that has 25 percent or more students directly certified for free school meals by means other than the traditional school meal application, such as eligibility for federally funded SNAP benefits. The New York State Education Department notes: “By eliminating the household application process and streamlining meal counting and claiming procedures, CEP may substantially reduce administrative burden related to operating the National School Lunch Program and School Breakfast Program. Additionally, CEP may increase student participation, creating more opportunities for students to receive nutrition necessary to optimize academic performance.”<sup>21</sup>

In New York State, CEP participation has clearly supplanted FRPL. According to Hunger Solutions New York, as of the 2023-24 school year, 85 percent of all New York schools that participate in the National School Lunch Program are operating CEP and 99 percent of schools eligible to participate in CEP are doing so, representing more than 4,300 schools enrolling approximately 2.3 million students. The one-year growth in participation is significant: more than 400 school districts added 1,400 new schools participating in CEP, enrolling over 347,000 students more than in 2022-23.<sup>22</sup>

Past use of FRPL also has seen issues related to the accuracy of data reporting by districts, lagging participation of eligible students, and other more administrative factors that add to the concerns of continued use of FRPL as a supplemental poverty weighting for Foundation Aid.

Policymakers could opt to have a single poverty count in the Foundation Aid formula instead of the current poverty count and FRPL count. If the SAIPE measure, discussed above, were to play this role, the weighting assigned to it would need to be substantially increased to generate total poverty-related aid allocations of approximately \$1.8 billion as is allocated to school districts by the current factors. Such an approach also would count only students from the lowest-income families for this additional aid; the current use of FRPL allows the state to also allocate supplemental aid for students near but not below the federal poverty level.

### **Economically Disadvantaged**

An option to replace the critically flawed FRPL measure while still maintaining Foundation Aid allocations for students from an expanded definition of low-income would be to use a count of “economically disadvantaged” students, as currently defined by the New York State Education Department. NYSED defines “Economically Disadvantaged” (ED) students as “those who participate in, or whose family participates in, economic assistance programs, such as the free or reduced-price lunch programs, Social Security Insurance (SSI), Food Stamps (SNAP), Foster Care, Refugee Assistance (cash or medical assistance), Earned Income Tax Credit (EITC), Home Energy Assistance Program (HEAP), Safety Net Assistance (SNA), Bureau of Indian Affairs (BIA), or Family Assistance: Temporary Assistance for Needy Families (TANF). If one student in a family is identified as low income, all students from that household (economic unit) may be identified as low income.”<sup>23</sup>

While the Economically Disadvantaged definition does still include FRPL, the many other eligibility criteria that are incorporated mean a lessened reliance on this increasingly unreliable measure. The numerous income-support programs qualifying students and families for an ED designation and the

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21 “Community Eligibility Provision (CEP),” New York State Education Department, <https://www.cn.nysed.gov/content/CEP>.

22 Email communication with Rockefeller institute, June 20, 2024.

23 “Glossary of Terms,” New York State Education Department, <https://data.nysed.gov/glossary.php?report=enrollment>.

varied income eligibility levels associated with them offer a broad reach for a supplemental low-income allocation component. While concerns associated with direct certification elements (see above) still exist, the blend of programs incorporated into the Economically Disadvantaged definition and the fact that school districts already report on students qualifying for the ED designation increases the appeal of using ED as a replacement for FRPL.

Testimony offered by multiple stakeholders at the Rockefeller Institute’s public hearings in summer 2024 urged revisions to the Foundation Aid formula that would account for students experiencing foster care. Switching from the flawed FRPL measure to Economically Disadvantaged would accomplish this, including students in foster care in the ED count.

As with SAIFE, using a three-year average ED rate would help mitigate year-to-year volatility and would increase predictability for school districts’ financial planning.

If incorporated as part of the Foundation Aid formula for 2024-25, changing from FRPL to ED would have increased aid to districts by an estimated \$238 million over the enacted budget.

### **Alternative: ALICE**

During the public hearings held by the Rockefeller Institute as part of its outreach and research for this study, multiple stakeholders advocated for the use of a poverty measure known as ALICE. “Asset Limited, Income Constrained, Employed” is a term and measurement developed by the private social support organization United Way to provide data and estimates for households with incomes above the federal poverty level but still low enough to present challenges to “afford the basics of housing, child care, food, transportation, health care, and technology.”<sup>24</sup> ALICE focuses only on families falling above the poverty line, however, striving to provide county-level measures of these families’ struggles to live, work, and thrive in their communities. To date, ALICE remains a measure created by an advocacy organization rather than an official government-produced poverty index. It is not a measure universally available for all counties in New York State.

## **English Language Learners**

There is a lack of high-quality academic research quantifying the additional cost to school districts of educating English Language Learners (ELL). Calculating these costs is complicated, in part because these services are temporary as students gain English competency, and they do so at different rates. Factors such as the age of students at the time of initial intervention, existing level of English proficiency, academic competency in students’ native language, and other characteristics contribute to the length and intensity of the services required, and thus to the costs incurred by school districts to provide these services.

As noted in a previous chapter of this report, states often don’t agree on the necessary extent, cost, or approach to services for ELL students. Several states scale their ELL supplemental aid by the proficiency level of tested students: Iowa and Indiana have two tiers of aid, for example, while Hawaii, Michigan, North Dakota, and Ohio have three tiers. Other states alter their flat-rate supplements or weightings for students in elementary, middle, and high school grade levels (the District of Columbia, Massachusetts, Washington, and Wisconsin among them). Some states limit the duration of ELL aid, yet differ meaningfully in how they implement those limits: Tennessee limits funding for the most intensive level of services to three years, while North Dakota limits funding for the least intensive level of services to three years, as an example.

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<sup>24</sup> “About Us • Meet ALICE,” United for ALICE, <https://www.unitedforalice.org/meet-alice>.

Fortunately, New York State’s existing process and procedures for identifying and screening students in need of English language instruction, and its annual evaluation of such students, provide an adequate foundation for making common sense reforms to this element of the Pupil Needs Index component of the Foundation Aid formula.

The Rockefeller Institute heard testimony from stakeholders during its public hearings on Foundation Aid reform about the need to adjust supplemental aid for ELL students by proficiency level. A tool to help do so is already in place. The New York State Identification Test for English Language Learners (NYSITELL)<sup>25</sup> is given to all incoming public school students who speak a language other than English at home based on their responses to a formal Home Language Questionnaire (HLQ). Results of the NYSITELL categorize students based on their current English proficiency level:<sup>26</sup>

- ✧ “Entering” students (sometimes referred to as “Beginning”) are those most dependent on supports and services to develop English language skills.
- ✧ “Emerging” students (also called “Low Intermediate”) are those still heavily dependent on supports and services to develop English language skills.

Both “Entering” and “Emerging” students are to be provided with two full units (360 minutes) of English language instruction each week. Recognizing a greater need of services for older students, children entering in grades 9-12 evaluated to be at the “Entering” level are provided with three units (540 minutes) of instruction in English.<sup>27</sup>

- ✧ “Transitioning” students (“Intermediate”) show some independence in the use of English in academic contexts, but still need services.
- ✧ “Expanding” students (“Advanced”) show significant independence in advancing their English language skills.

Both “Transitioning” and “Expanding” students are to be provided with one unit (180 minutes) of English language instruction each week.<sup>28</sup>

- ✧ Students scoring at the highest “Commanding” level on the NYSITELL have “met the linguistic demands necessary to demonstrate English language proficiency in a variety of academic contexts within his or her grade level” and are not to be classified as English Language Learners.

This categorization of English Language Learners, currently undertaken by New York school districts, and the level of instruction in the English language associated with each category supports a tiered weighting structure for the allocation of ELL-based Foundation Aid supplements.

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25 “New York State Identification Test for English Language Learners (NYSITELL),” New York State Education Department, <https://www.nysed.gov/state-assessment/new-york-state-identification-test-english-language-learners-nysitell>.

26 “Commissioner’s Regulation Part 154: English Language Learners (ELLs) Screening, Identification, Placement, Review, and Exit Criteria,” New York State Education Department, published July 1, 2015, <https://www.nysed.gov/sites/default/files/programs/bilingual-ed/ellidchartguidance7.1.15-a.pdf>.

27 “CR Part 154-2 (K-8) English as New Language (ENL) Units of Study and Staffing Requirements,” New York State Education Department, updated May 6, 2015, <https://www.nysed.gov/sites/default/files/programs/bilingual-ed/enl-k-8-units-of-study-table-5-6-15.pdf> and “CR Part 154-2 (9-12) English as New Language (ENL) Units of Study and Staffing Requirements,” New York State Education Department, updated May 6, 2015, <https://www.nysed.gov/sites/default/files/programs/bilingual-ed/enl-9-12-units-of-study-table-5-6-15.pdf>.

28 Ibid.

This same process also identifies “Students with Inconsistent/Interrupted Formal Education” (SIFE). These are English Language Learners who have attended school in the US for less than 12 months, experienced disrupted education in their home country, and are two or more years below grade-level in literacy in their native language or two or more years below grade level in math as a result.<sup>29</sup> Multiple speakers at the Rockefeller Institute’s public hearings offered testimony on the added costs to schools of this particular subpopulation of English Language Learners.

Schools are required to annually assess ELL students to measure their learned proficiency and the state does so through the administration of its New York State English as a Second Language Achievement Test (NYSESLAT).<sup>30</sup> Students demonstrating sufficient proficiency on the NYSESLAT are no longer designated as ELLs. Additionally, to encourage schools to target ELL funding immediately and fully to the provision of appropriate services, regulations limit the time students can be identified as ELLs to three years (unless requests for extensions, which can be for no more than three years, are approved by the New York State Commissioner of Education).<sup>31</sup>

Another option that could help ensure ELL students achieve English proficiency is to reward districts when students achieve that goal quickly. For example, students who test proficient less than one year after beginning ELL services could be counted for additional aid. (Ohio does something conceptually similar to this; see “[What Other States Are Doing](#)” chapter of this report).

Appropriate revisions and updates to the ELL component of the state’s Foundation Aid formula, importantly including matching differentiated levels of aid to different tiers of service needs, can be made largely using processes and procedures already in place at the district and state level.

## Sparsity

The state’s current Foundation Aid formula sets its threshold for calculating supplemental aid based on geographic sparsity at 25 students per square mile. The lower the student density, the higher the sparsity factor and, therefore, the larger the share of sparsity aid the district receives.

More than half of all school districts in New York State—347, or about 52 percent—have fewer than 25 students per square mile. Of these school districts, 332 (49 percent) receive supplement aid under the “Sparsity Count” component of the Foundation Aid formula. Fifteen districts, while disperse, do not offer all grades K-12, which is a requirement to receive this supplemental funding. Taken together, the 332 districts that receive Sparsity Aid serve just under 275,000 students, or 11.2 percent of the total public school enrollment in New York State.

**Figure 13** plots the sparsity factor versus enrollment for these school districts, with each dot representing one of the 332 districts.

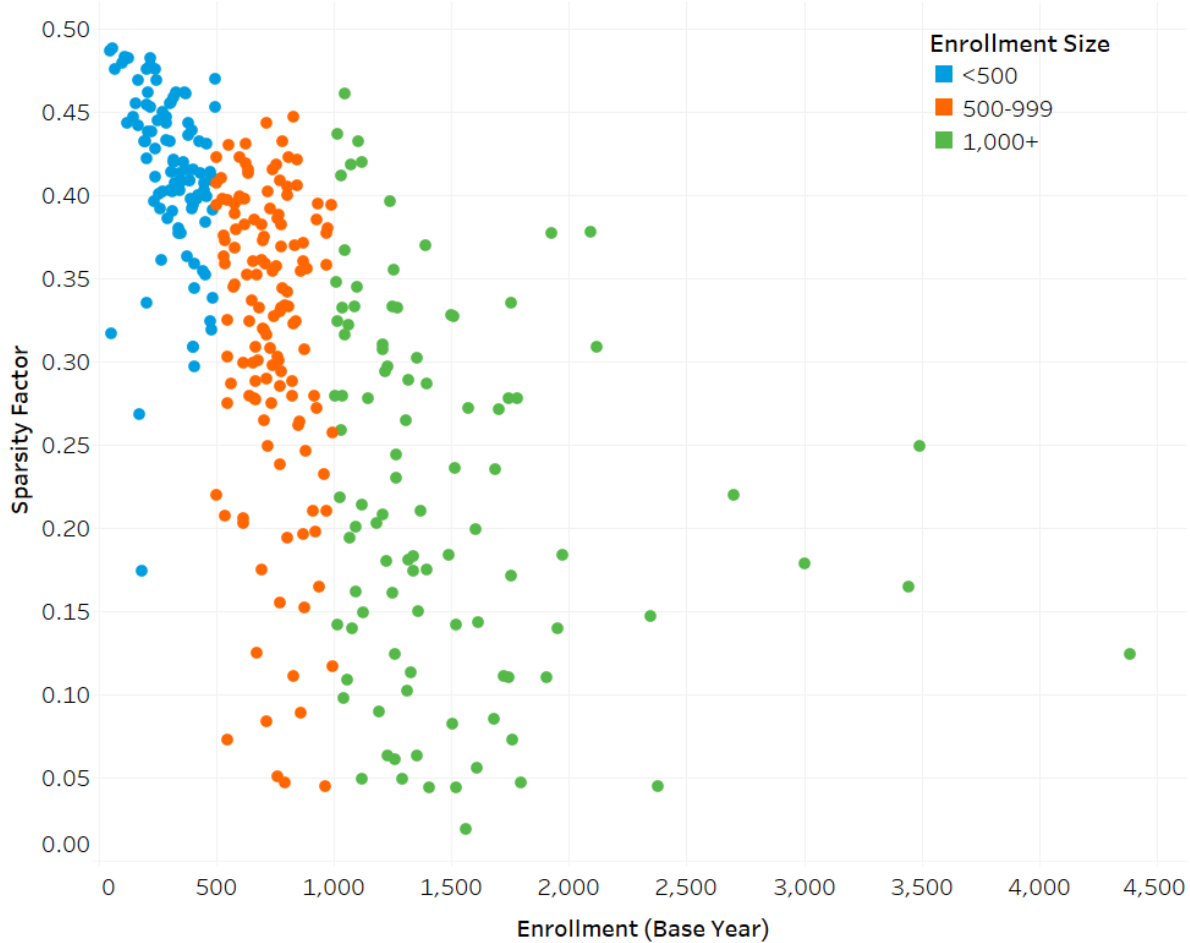
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29 “Commissioner’s Regulation Part 154: English Language Learners (ELLs) Screening, Identification, Placement, Review, and Exit Criteria,” New York State Education Department, published July 1, 2015, <https://www.nysed.gov/sites/default/files/programs/bilingual-ed/ellidchartguidance7.1.15-a.pdf>.

30 “NYSTP: English Language Proficiency Assessments (NYSESLAT/NYSITELL),” New York State Education Department, <https://www.nysed.gov/state-assessment/nystp-english-language-proficiency-assessments-nyseslatnysitell>.

31 Regulations of the Commissioner of Education, §154-2.2 (f).

FIGURE 13. Sparsity Count Factor vs. Enrollment | NYS School Districts Receiving Sparsity Aid



SOURCE: Analysis of data by the Rockefeller Institute from the Enrollment Data Archive maintained by the New York State Education Department), <https://www.p12.nysed.gov/irs/statistics/enroll-n-staff/ArchiveEnrollmentData.html>.

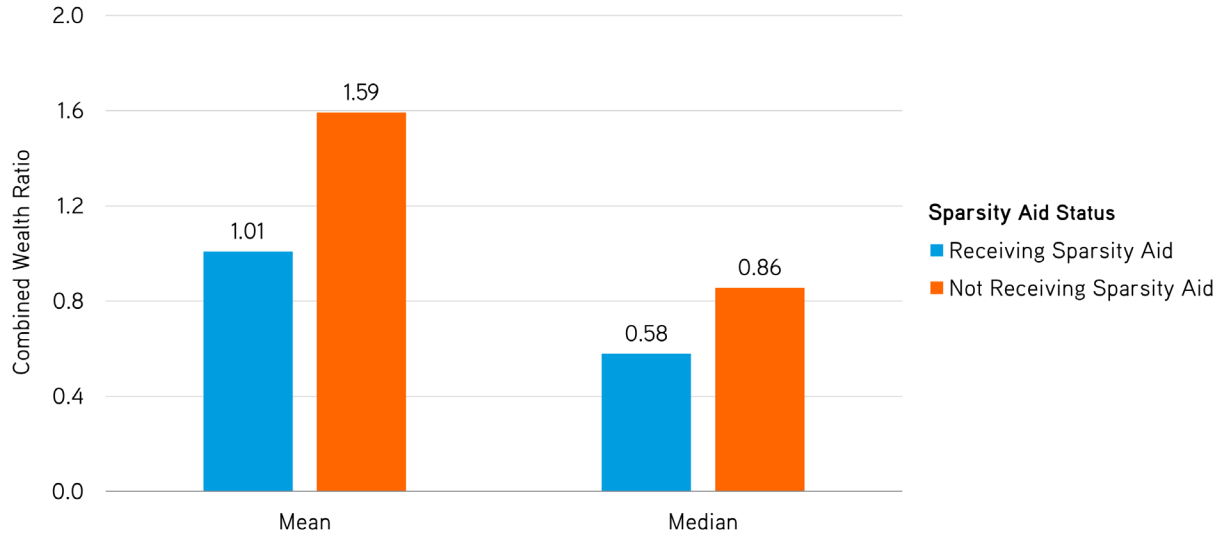
Out of the 332 districts that qualify for sparsity aid, 98 enroll fewer than 500 students, 135 enroll 500-999 students, and 99 enroll 1,000 or more students. The range of enrollment for these districts spans from 49 to 4,385, with an average enrollment of 828.

A substantial portion of New York’s school districts are small, too: 277 districts enroll fewer than 1,000 students total in grades K-12. Stated another way, 41 percent of the state’s school districts serve 6 percent of its K-12 student population. Of these 277 very small districts, 233 (84.1 percent) have fewer than 25 students per square mile and meet the requirement to serve grades K-12, qualifying them to receive a supplemental Foundation Aid allocation through the Sparsity Count component of the formula. The other 99 districts receiving Sparsity Aid range in total K-12 enrollment from 1,001 to 4,385.

These sparse districts also are less wealthy than their more densely concentrated peers. As illustrated in [Figure 14](#), both the average CWR (1.01 versus 1.59) and the median CWR (0.58 versus 0.86) are significantly lower for districts receiving Sparsity Aid than for non-sparse districts.

Student density in the 19-district Otsego-Northern Catskill BOCES region, where the Rockefeller Institute held its public hearing at the Laurens Central School, is a mere four students per square mile.

FIGURE 14. Sparsity Aid Status and Combined Wealth Ratio (CWR) Mean and Median



SOURCE: Rockefeller Institute analysis of data provided by the NYS Division of the Budget.

Testimony offered at the hearing appropriately noted: “students in [rural areas] are no less deserving of a robust educational experience just because of their geographic location.”<sup>32</sup> In addition, schools in rural communities often serve as more than just the place where local students go to get educated. David Little, executive director of the New York State Rural School Association, also testified to the Rockefeller Institute: “Rural schools are the lifeblood of their communities, serving as the economic, cultural, recreational, emergency, and social center.”<sup>33</sup>

The challenges faced by rural and sparsely populated school districts are significant, not the least of which is the need to maintain sufficient numbers of core staff—teachers, counselors, support staff, critical administrators, technology and maintenance staff, etc.—despite often dwindling student enrollment. While the distance between students by itself may seem to have little impact as a cost-driver of providing a quality education—the fundamental purpose of Foundation Aid—the combination of sparsity and low total student population levels certainly does. Low enrollment limits a district’s ability to provide specialized classes such as Advanced Placement courses and a broad spectrum of programming in the arts, business, and other “non-core” academic areas, for example, and large areas with disperse student counts impede arrangements for effective sharing of critical supports such as school psychologists and more.

The most recent state budget increases incentive aid for mergers. Providing the “robust educational experience” for students in rural districts as called for at the Rockefeller Institute’s public hearing must remain the goal and the outcome of any efforts in this area. How to best do this remains challenging.

As noted in an earlier chapter of this report, states have taken many different approaches to offering supplemental funding to rural schools, often involving multiple measures that include: the distance between schools; the distance or time required for students to travel to their school; the population density of the area surrounding the school; the total geographic area of the school district; and,

32 “Considerations on the Foundation Aid Formula from a Rural Perspective,” Otsego Northern Catskills BOCES, August 2024.

33 “Testimony Before the Nelson A. Rockefeller Institute of Government, Hearing on Foundation Aid,” David Little, Rural Schools Association of New York State, August 8, 2024.

whether geographic barriers are present.<sup>34</sup> Thresholds of student density for state aid are diverse: Tennessee's limit is 25 pupils per square mile; Wisconsin sets it at 10 pupils per square mile; and, Michigan's standard is 4.5 pupils per square mile, to name a few. Massachusetts limits its sparsity aid to low-income districts and offers differing amounts for three categories of density: under 11, 11 to 22, and 22 to 35 students per square mile. In Oklahoma, to be eligible for sparsity aid, districts must meet three criteria: be above the state average in square mileage, be in the bottom quartile of districts ranked by students per square mile, and have a total enrollment fewer than 529 students.

New York's funding approach should ensure that students in rural and sparsely populated areas have access to a broad and deep educational experience. Rural districts should have the ultimate say in how any actions to provide improved services are developed. Changes to the Foundation Aid formula's Sparsity Count component should follow those actions.

Importantly, New York State policymakers should consider converting Sparsity Count aid itself entirely into a categorical aid program. Other formula-based aid provided outside of Foundation Aid, such as Transportation Aid, have possibly a more direct link between increased costs and a geographically dispersed population, and appropriately incorporate sparsity measures to account for this.

As noted above, 248 of the 347 school districts that qualify for Sparsity Aid enroll fewer than 1,000 students, and the average enrollment of all these districts is 799. Because of their low levels of enrollment, geographic dispersity, challenging local economic resource conditions, and other factors, many of these districts struggle to provide as robust an educational experience as afforded to students in larger districts, particularly at the high school level. Also as noted above, supplemental Foundation Aid provided through a Sparsity Count should not act as a disincentive to pursue efficiencies while allowing for increased state aid to help alleviate challenges faced by small rural districts to provide students with better educational opportunities.

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<sup>34</sup> "How States Allocate Funding for Rural Schools," Education Commission of the States, January 28, 2020, <https://www.ecs.org/how-states-allocate-funding-for-rural-schools/>.



## POLICY CONSIDERATIONS:

### Pupil Needs Index (PNI)

Several changes to the Pupil Needs Index warrant consideration.

**POVERTY.** A current and better measure of poverty conditions is needed. This can be accomplished by replacing the 2000 Census count with the **Small Area Income and Poverty Estimates (SAIPE)** generated by the US Bureau of the Census. Using an average SAIPE rate over the most recent three years would reduce the volatility of this measure while still ensuring that annual changes occurring in the poverty-based elements used to make this calculation are accounted for. The New York State Board of Regents recommends this change.<sup>35</sup>

Switching from using the 2000 Census Bureau poverty count to a three-year average SAIPE poverty index would decrease Foundation Aid allocated under the poverty weighting by an estimated \$371 million total statewide if the weight was maintained at 0.65. Under this scenario, outside of New York City, 258 districts would see increases totaling approximately \$100 million, 282 districts would see little change, and 132 districts would see decreases totaling \$79 million. New York City would be the most impacted, seeing a projected decrease totaling approximately \$392 million.

However, increasing the poverty weighting factor to 0.78 when switching to SAIPE would result in a similar poverty adjustment in Foundation Aid to that which was generated by the current formula for 2024-25.

Better yet, switching to SAIPE also presents the opportunity to vary supplemental Foundation Aid by the *concentration* of poverty in the neighborhoods where students attend school, a recommendation heard repeatedly by stakeholders offering testimony at the Rockefeller Institute's public hearings. Districts with a SAIPE school-aged poverty rate of 30 percent or greater, for example, could receive a 0.95 weighting, districts with 20 percent to less than 30 percent could receive a 0.80 weighting, districts with 10 percent to less than 20 percent school-aged poverty could receive a 0.70 weighting, and districts with SAIPE less than 10 percent could receive a 0.60 weighting. This structure—now using recent and annually updatable data and capturing and providing greater aid to districts with local concentrations of poverty—would generate a total statewide poverty adjustment to Foundation Aid approximately equal to the adjustment made under the current formula for 2024-25.

While distinguishing among districts with different concentrations of poverty is preferential, creating tiers such as those noted above admittedly can create dramatic cliffs between aid levels, particularly for those districts near a tier dividing line. As an alternative, a linear gradation of weighting can be applied, say from zero to 1.0, with districts eligible for an assigned weighting that varies by one-tenth of a point along this line according to their individual poverty rate.

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<sup>35</sup> Christina Coughlin to The Honorable Members of the Board of Regents, December 4, 2023, "2024-2025 Regents State Aid Proposal," <https://www.regents.nysed.gov/sites/regents/files/1223bra4revised12.11.pdf>, p. 14.

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## RECOMMENDATION

### Students from Poverty

*For 2024-25, under the current formula, the poverty factor increased Foundation Aid by approximately \$2.16 billion (calculated in isolation).*

#### **Switch to SAIPE**

Replacing the current outdated poverty measure with the Small Area Income and Poverty Estimate (SAIPE) rate, which counts children ages five to 17 in poverty, offers an annually updatable, more comprehensive measure of community poverty. The most-recent three-year average of the SAIPE rate should be used to help minimize year-to-year volatility, as recommended by the Board of Regents.

Recalculating Foundation Aid using the current weighting—(3-Year Average SAIPE) x (0.65)—would result in a \$1.79 billion total adjustment in Foundation Aid for 2024-25, calculated in isolation, approximately \$367 million less than that generated by the current poverty factor. Alternatively, recalculating Foundation Aid using a more heavily weighted poverty adjustment—(Three-Year Average SAIPE) x (0.78)—would result in a \$2.15 billion total adjustment in Foundation Aid for 2024-25, approximating that generated by the current poverty factor.

#### **Recommended Reform: Use a Variable SAIPE Weight**

SAIPE-based weighting could be varied to allocate more aid to school districts with greater concentrations of student poverty. Districts experiencing a three-year average SAIPE count of 30% or greater could receive (SAIPE x 0.95), districts with 20% to <30% could receive (SAIPE x 0.80), districts with 10% to <20% could receive (SAIPE x 0.70), and districts with a 3-year average SAIPE less than 10% could receive (SAIPE x 0.60).

#### **(Three-Year Average SAIPE) x (0.95; 0.80; 0.70; 0.60)**

Recalculating Foundation Aid under this structure for 2024-25 would result in a similar \$2.16 billion total poverty adjustment statewide as was generated under the current formula.

To avoid having districts that are near one of the tier thresholds face large aid changes if the calculation has them changing tiers, a graduated linear weighting structure could be adopted instead if desired.

**FRPL (Supplemental Poverty Weighting).** Particularly with districts' growing use of the Community Eligibility Provision (CEP), continued supplements of Foundation Aid based on FRPL are no longer appropriate. An improved, updated and updatable, and more comprehensive poverty measure could be used. The New York State Education Department's current designation of Economically Disadvantaged (ED) students would provide a substantially improved supplemental measure of poverty that could be incorporated by using data already reported by school districts.

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## RECOMMENDATION

### Free and Reduced-Price Lunch (FRPL)

*For 2024-25, the FRPL factor increased Foundation Aid to school districts by approximately \$928 million (calculated in isolation).*

#### Switch to Economically Disadvantaged

Replacing the current flawed FRPL measure with a count of Economically Disadvantaged students would allow this supplemental poverty aid to capture students in foster care, students receiving refugee assistance, students receiving aid from support programs such as SSI, SNAP, the EITC, HEAP, SNA, TANF, and more.

Discontinuing the use of a FRPL count and, instead, using a same-weighted supplemental poverty adjustment of:

$$\text{(Three-Year Average Economically Disadvantaged)} \times (0.65)$$

would, if implemented as part of the Foundation Aid formula for 2024-25, increase aid by an estimated \$210 million more than did the FRPL adjustment under the current formula.

If policymakers wanted to moderate the cost impact of this reform, a three-year phase-in schedule for implementation could be considered.

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**ENGLISH LANGUAGE LEARNERS (ELL).** To account for the differing instructional needs of students learning the English language, this component could match differentiated weightings to students' proficiency levels. The New York State Identification Test for English Language Learners (NYSITELL) given to all incoming ELL students measures English proficiency levels and classifies students into one of four different levels of instructional service. Weighting more heavily for more instructional service seems appropriate, and allocating extra aid to Students with Interrupted Formal Education can also be accommodated in a variable-weighting structure. For current ELL students, the current Foundation Aid formula weighting could be used.

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## RECOMMENDATION

### English Language Learners (ELL)

*For 2024-25, the English Language Learners factor increased Foundation Aid to school districts by approximately \$640 million (calculated in isolation).*

#### **Vary Weight by ELL Instructional Service Tier**

New York State currently uses a Home Language Questionnaire (HLQ) intake screen and the New York State Identification Test for English Language Learners (NYSITELL) to initially identify ELL students and evaluate the level of services to which they are entitled depending on their level of proficiency. Replacing the current single weight of 0.5 that treats all students the same with a three-tiered weight to match the three levels of service is more appropriate.

For newly classified ELLs:

- (ELL Count) x (0.65 for “Entering” (Grades 9-12) or SIFE);**
- (ELL Count) x (0.50 for “Entering” (Grades K-8) or “Emerging”);**
- (ELL Count) x (0.40 for “Transitioning” or “Expanding”)**

For ELLs in their second or third year of services:

$$\text{(ELL Count) x (0.4)}$$

Such a weighting structure skews a proportionately higher amount of supplemental aid to first-year ELLs with the greatest service needs.

In accordance with New York State Education Commissioner's regulations, to help ensure that aid is targeted and effectively used by districts, ELL supplemental Foundation Aid is available for a maximum of up to three years per student, or until scores on the NYSESLAT show sufficient proficiency to participate in English-only classes, or to the twelfth grade, whichever occurs first.

To date, cumulative counts of students in the noted categories have not been tabulated for use in the Foundation Aid formula, and so cost impacts have not been able to be calculated.

Once cost impacts are calculated, policymakers could consider a three-year phase-in schedule for implementing this change if needed.

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## RECOMMENDATION

### Sparsity Count

*For 2024-25, the Sparsity Count factor (calculated in isolation) increased Foundation Aid to affected school districts by approximately \$66 million.*

#### **No change currently recommended.**

Districts with very low pupils-per-square-mile rates certainly face unique financial and educational challenges, including providing specialized academic coursework, hiring specialized staff, and more. Actions to address these challenges should be the result of local plans developed by local districts, and should be supported by state investment. Changes in the Foundation Aid formula's Sparsity Count adjustment should not be made without that accompanying state investment.

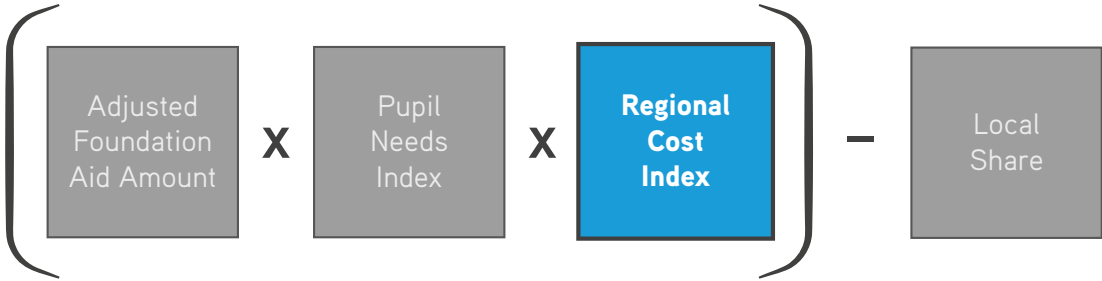
Sparsity Count aid also could be moved outside of the Foundation Aid formula and added to a new categorical aid program designed to more adequately address the needs and realities of rural schools.

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# REGIONAL COST INDEX

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**Regional Cost Index (RCI)** increases aid to districts by multiplying the Adjusted Foundation Aid Amount and Pupil Needs Index by a factor that is designed to acknowledge the differences in labor costs faced by school districts in various regions of the state.<sup>1</sup> In the 2024-25 New York State budget, the RCI adjustment increased Foundation Aid by approximately \$5.3 billion, when calculated in isolation of other formula elements (and without the influence of Save Harmless adjustments).

## History & Construct

The RCI is based on the median annual wages of professional occupations that, by their required entry-level credentials (typically a bachelor’s or master’s degree), are deemed similar to education-related professions in nine designated regions of the state. Data collected by the New York State Department of Labor (NYSDOL) from the Occupational Employment Statistics Survey is used to calculate the median wages, and weighted adjustments are made for the prevalence of higher- or lower-wage occupations in each region.

NYSDOL has defined 10 regions in the state: Capital District; Central NY; Finger Lakes; Hudson Valley; Long Island; Mohawk Valley; New York City; North Country; Southern Tier; and Western NY. When the Foundation Aid formula was negotiated and implemented in 2007, however, an agreement between the governor and state legislative leaders was reached to combine Long Island and New York City into one region and calculate a single RCI for that new two-part region.

Because there is a lag in the availability of the wage data, the RCI calculated in 2006 for use in the first Foundation Aid formula reflected wages from 2004-05. Although wage and occupation data have changed significantly over the past 18 years, neither the RCI data used in the state’s Foundation Aid formula, nor the regional breakdown have been updated since their first use in 2006 ([Table 13](#)).

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<sup>1</sup> New York Education law, §3602(4)(a)(2): “The regional cost index shall reflect an analysis of labor market costs based on median salaries in professional occupations that require similar credentials to those of positions in the education field, but not including those occupations in the education field...”

TABLE 13. Foundation Aid—Regional Cost Index, 2007-Present

Region	Current RCI
Capital District	1.124
Central New York	1.103
Finger Lakes	1.141
Hudson Valley	1.314
Mohawk Valley	1.000
New York City/Long Island	1.425
North Country	1.000
Southern Tier	1.045
Western New York	1.091

## POLICY CONSIDERATIONS: Regional Cost Index (RCI)

The Regional Cost Index was originally designed and incorporated into the Foundation Aid formula to address a perceived need for higher state aid in areas of New York with greater costs, particularly higher wages in the local labor market. This approach, however, overlooks the correlation between wages and property values. Areas with higher labor costs likely also have greater local capacity to contribute to education spending due to their higher tax base. Thus, there is a real possibility that the application of a Regional Cost Index adjustment to Foundation Aid may serve to widen the education funding gap between higher-wealth districts and lower-wealth districts than it does to shrink it. Consideration should be given to whether an RCI adjustment is warranted.

Alternatively, if the RCI is to be retained, options exist for updating and improving the Foundation Aid formula’s current approach to the Regional Cost Index adjustment.

### CWIFT

The Comparable Wage Index for Teachers (CWIFT) is a tool developed by the National Center for Education Statistics (NCES) Education Demographic and Geographic Estimates project specifically to “facilitate comparison of educational expenditures.”<sup>2</sup> CWIFT measures wage and salary differences for college graduates, and is based on a comprehensive methodology developed to generate NCES’s original 2006 Comparable Wage Index.<sup>3</sup> Specifically, CWIFT is designed to adjust for geographic differences in labor costs based on regional variations in the earnings of college educated workers after controlling for differences in job-related and demographic characteristics.<sup>4</sup> As with the current RCI, CWIFT accounts only for geographic differences in labor costs and amenities, not for differences in student population characteristics; the Pupil Needs Index component of the Foundation Aid formula is designed to capture at least some of those cost influences.

The current nine-region construct of the RCI does not adequately reflect the cost differences faced by individual school districts, lumping together Hudson Valley districts such as Saugerties in Columbia County with Scarsdale in Westchester County, or Port Jefferson in Suffolk County with New York City, for example. In contrast, CWIFT values are available at a more granular level, offering both county-

2 “Comparable Wage Index for Teachers (CWIFT),” Institute of Education Sciences National Center for Education Statistics, <https://nces.ed.gov/programs/edge/economic/teacherwage>.

3 Ibid.

4 Similar to the current RCI, CWIFT measures earnings of college educated workers who are not educators.



level and school district-specific cost indices,<sup>5</sup> making this an appealing option to improve precision in estimating the impact of geographic cost differences. For school districts wholly contained in a county, the county-level CWIFT is applied; for those districts that straddle county boundaries, a population-weighted adjustment is made.

CWIFT values also are updated annually and are based on a 3-year average of data from the US Census Bureau's Annual Community Survey.<sup>6</sup> This keeps the index up to date and helps increase year-to-year predictability while decreasing volatility compared to, for example, using only a single year's data. Among others, testimony by an education finance specialist from the League of Women Voters at the Rockefeller Institute's public hearing in New York City advocated for use of just such a 3-year rolling average in any new or revised RCI.<sup>7</sup>

While offering a substantial improvement over the current Regional Cost Index, CWIFT is not perfect. For example, CWIFT values are indexed against national averages, and school districts in New York State do not always compete nationally or even with other states for teachers, particularly when licensing issues may present challenges. In addition, at publication time for this report, the 2021 CWIFT index is the most recent offered, though the newest update should be available by the time policymakers begin negotiations on the education funding package in New York's 2025-26 state budget. Despite any imperfections, the design of CWIFT, its continuous use of updated data, and its availability on a local level make it a far more appropriate index to use to reflect regional labor market cost differences. Also, CWIFT values can be scaled similarly to the RCI, where the lowest values are set at 1.0 and others are adjusted proportionately.

Had a scaled CWIFT replaced the current RCI in the 2024-25 Foundation Aid calculation, it would have generated an increase in aid of \$1.1 billion more than under the current RCI adjustment (calculated in isolation). Nearly three-fourths of all school districts (71.3 percent) would have a higher regional cost adjustment, including the "Big 5" city school districts, many lower Hudson Valley districts, several districts in the Adirondacks, Southern Tier, and Finger Lakes regions, and several Long Island districts. [Appendix D](#) provides a comparison of current RCI values and proposed scaled CWIFT values.

Given the magnitude of this cost increase, phasing in this reform over a five-year period would moderate the annual impact of this improvement and provide school districts with a well-defined financial "on-ramp" for planning purposes. To ensure the use of updated CWIFT calculations each year, a reasonable five-year phase-in schedule could be:

2025-26:  $\text{RCI} + 0.20 \text{ (2022 CWIFT - RCI)}$

2026-27:  $(2025-26 \text{ applied CWIFT value}) + 0.25 \text{ ((2023 CWIFT) - (2025-26 applied value))}$

2027-28:  $(2026-27 \text{ applied CWIFT value}) + 0.33 \text{ ((2024 CWIFT) - (2026-27 applied value))}$

2028-29:  $(2027-28 \text{ applied CWIFT value}) + 0.50 \text{ ((2025 CWIFT) - (2027-28 applied value))}$

2029-30: 2026 CWIFT

As a rough estimate, this phase-in schedule would increase Foundation Aid above current formula-driven levels by approximately \$220 million each year.

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5 School district (or Local Educational Agency [LEA]) data is county-level with a population-weighted adjustment for each district that "straddles county lines." Additionally, counties with fewer than 100 data points are combined with the next-smallest neighboring district. Standard error ranges are provided by NCES for individual CWIFT values as well.

6 Because of the impact of the COVID-19 pandemic, 2020 values are skipped in the CWIFT calculations.

7 "Testimony for Rockefeller Institute Hearings on Foundation Aid," Dr. Marian A. Bott, League of Women Voters of New York, July 16, 2024.

### Alternative: NYSED Updates

The New York State Education Department (NYSED) internally recalculates the RCI every three years, using updated available data and adjustments to the methodology.<sup>8</sup> While never incorporated into any of the annual Foundation Aid calculations, NYSED’s triennially updated RCI for 2015 through 2024 appear below ([Table 14](#)):

TABLE 14. New York State Education Department’s RCI Triennial Updates: Nine Regions, 2015-24

Region	2015 RCI	2018 RCI	2021 RCI	2024 RCI	Current RCI	NYSED 2024 vs. Current RCI
Capital District	1.125	1.196	1.123	1.168	1.124	0.044
Central New York	1.094	1.143	1.082	1.132	1.103	0.029
Finger Lakes	1.103	1.201	1.085	1.181	1.141	0.040
Hudson Valley	1.359	1.423	1.330	1.359	1.314	0.045
Long Island/New York City	1.536	1.620	1.532	1.496	1.425	0.041
Mohawk Valley	1.000	1.090	1.055	1.016	1.000	0.016
North Country	1.009	1.000	1.000	1.000	1.000	—
Southern Tier	1.060	1.149	1.121	1.061	1.045	0.016
Western New York	1.069	1.142	1.064	1.080	1.091	-0.011

Among other configurations, NYSED also calculates updated RCI figures for a 10-region construct, separating New York City and Long Island regions. These RCI figures, and a comparison to the current RCI used, appears in [Table 15](#).

TABLE 15. New York State Education Department’s RCI Triennial Updates: 10 Regions, 2015-24

10-Region Option	2015 RCI	2018 RCI	2021 RCI	2024 RCI	Current RCI	NYSED 2024 vs. Current RCI
Capital District	1.125	1.196	1.123	1.168	1.124	0.044
Central New York	1.094	1.143	1.082	1.132	1.103	0.029
Finger Lakes	1.103	1.201	1.085	1.181	1.141	0.040
Hudson Valley	1.359	1.423	1.330	1.359	1.314	0.045
Long Island	1.316	1.423	1.309	1.392	1.425	-0.033
Mohawk Valley	1.000	1.090	1.055	1.016	1.000	0.016
New York City	1.579	1.659	1.570	1.550	---	0.054
North Country	1.009	1.000	1.000	1.000	1.000	---
Southern Tier	1.060	1.149	1.121	1.061	1.045	0.016
Western New York	1.069	1.142	1.064	1.080	1.091	-0.011

<sup>8</sup> Among the methodological changes made, NYSED moved to examine only private sector salaries in comparable wage calculations.

Replacing the current Regional Cost Index in the Foundation Aid formula with an RCI that uses updated data and revised methodology as is currently available from NYSED's efforts, would be a marked improvement in reflecting the current labor market cost-difference realities faced by New York's school districts. Nevertheless, the most significant criticism of the current RCI—that the regional construct too broadly groups school districts together that have vastly different labor costs—would remain.

Had NYSED's 2024 RCI updated calculation been used as part of the 2024-25 Foundation Aid calculation, it would have generated an estimated total increase in aid of \$344 million in the current nine-region mapping or, splitting New York City and Long Island, an increase of \$267 million in the 10-region option (each calculated in isolation of other formula elements).

While NYSED's updated calculations are a significant improvement over the use of cost indices that are nearly 20 years old, the too-large size of the regions, even after appropriately splitting New York City and Long Island, continues the problems of grouping counties (and school districts) together that—at least from a labor-cost perspective—are extremely dissimilar.

## RECOMMENDATION

### Regional Cost Index (RCI)

*For 2024-25, the current Regional Cost Index—which is the same index calculated in 2006—increased Foundation Aid to school districts by a total of approximately \$5.3 billion (calculated in isolation).*

#### Replace RCI with CWIFT

Replace the 2006 nine-region Regional Cost Index with the National Center for Education Statistics' (NCES) Comparable Wage Index for Teachers (CWIFT). Updated data is released annually and is available on an LEA level, allowing the adjustment to be a more accurate reflection of local labor market cost conditions and to be easily updated each year. CWIFT indices are based on the average of the three most-recent years' data, increasing predictability and decreasing volatility.

CWIFT index calculations provided by NCES could be scaled similar to the current formula's RCI, adjusting the lowest-CWIFT district to a value of 1.0, with other districts' indices reflecting proportionately higher indices.

#### Scaled CWIFT

Adopting Scaled CWIFT would have resulted in a regional cost adjustment in Foundation Aid for 2024-25 an estimated \$1.1 billion higher than in the adopted budget. Given the cost to New York State of this formula modification, phasing in this update over five years would be a reasonable accommodation.

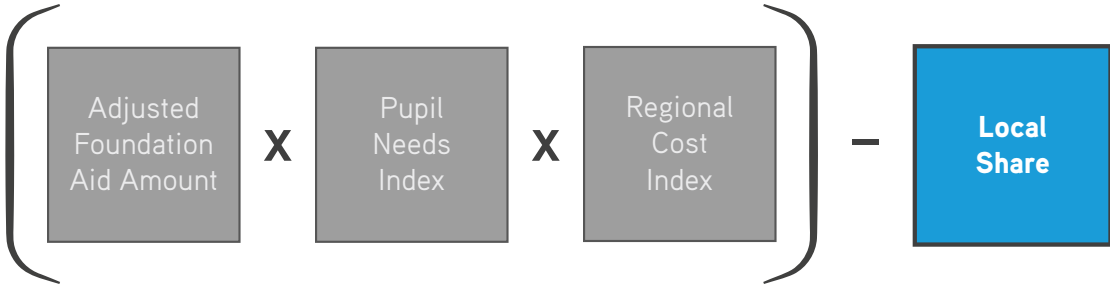
If policymakers wish to use the updated and school district-level data available through CWIFT, but seek to minimize cost impacts, alternatively adopting:

#### **(Scaled CWIFT) x (0.83)**

would generate an estimated \$5.3 billion total regional cost adjustment for 2024-25, similar to the RCI adjustment contained in the current budget.

District-by-district comparisons of the change from RCI to the Scaled CWIFT option appear in [Appendix D](#).

# LOCAL SHARE



More than \$48 billion was collected in local revenue from New York’s taxpayers to fund education in school year 2022-23, representing 59 percent of total education funding. Nationwide, New York ranks first of all 50 states in total local revenue contribution, first in local revenue collection per pupil, and first in local revenue collected as a percentage of total education revenue.<sup>1</sup> The top 25 local revenue-collecting districts in the state (excluding the outlier New York City)<sup>2</sup> contributed between \$145 million and \$269 million each toward the cost of education in school year 2022-23, while the lowest 25 districts collected between \$1.2 million and \$2.9 million each in local revenue.<sup>3</sup>

New York’s Foundation Aid formula provides school districts with two options to calculate their expected local contribution to the cost of education. The difference between this estimated local capacity and the calculated need—Adjusted Foundation Aid times Pupil Needs Index times Regional Cost Index—is made up by state Foundation Aid. School districts may choose the option for calculating their Local Share that results in the smallest local contribution and generates the greatest Foundation Aid payment.

Option one, the Expected Minimum Local Contribution (EMLC), is currently used by only 12 school districts. It uses a measure of weighted pupil count, a local tax factor, and a calculation of income wealth to estimate a district’s local revenue capacity. The calculated EMLC is nonbinding, meaning that districts can contribute less local revenue that year if they wish, but the state’s contribution is determined by the calculation and will not change regardless of the local tax levy imposed.<sup>4</sup>

Option two, the Foundation Aid State Sharing Ratio (FASSR), is currently used by 611 school districts. Within FASSR are four different formulas to determine the ratio between the estimated local capacity of districts and the value of state contributions they may receive. This method results in four different tiers of state-aid contribution, and districts receive the greatest of the four outcomes.

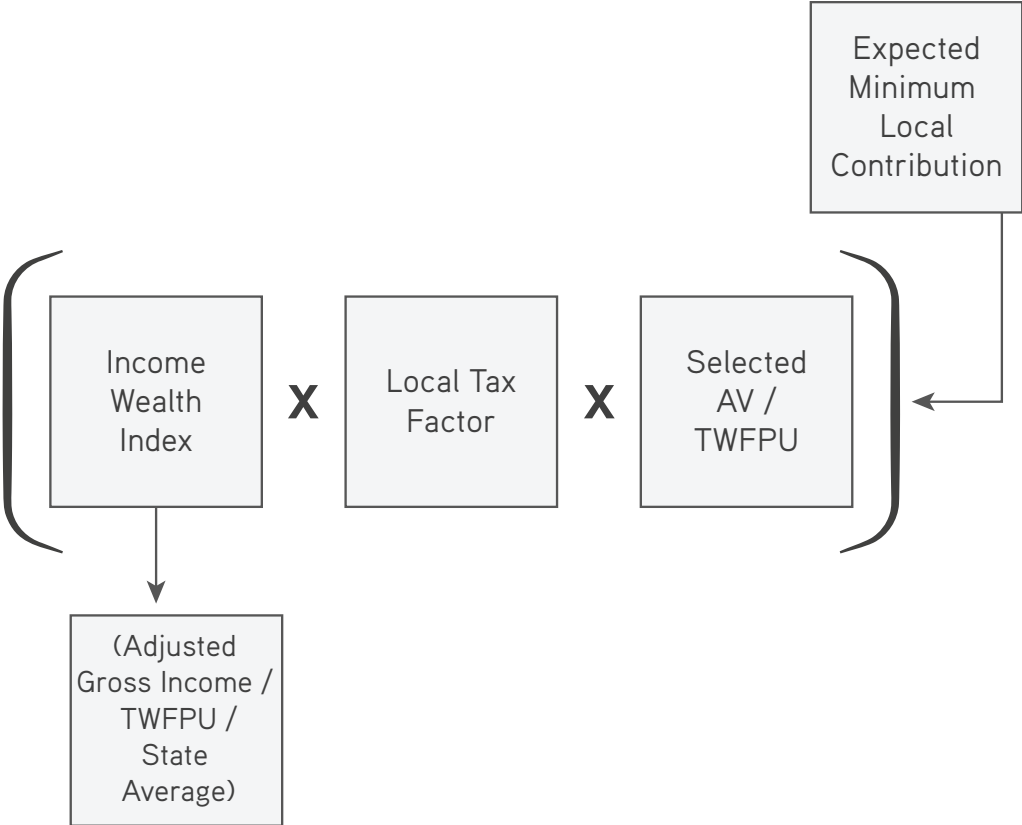
For 45 school districts, both the EMLC and the FASSR calculations currently result in a Local Share that, when incorporated into the Foundation Aid formula, would return less than \$500 per pupil. The

1 “Annual Survey of School System Finances Tables,” US Census Bureau, <https://www.census.gov/programs-surveys/school-finances/data/tables.html>. New York ranks second in state revenue contributions, and fourth in federal revenue contributions.  
 2 New York City, which enrolls nearly 800,000 K-12 students in district public schools, or about one-third of New York State’s total public school district enrollment, and approximately 150,000 more in public charter schools, raised approximately \$19.6 billion in total local revenue for education in 2022-23, <https://www.census.gov/programs-surveys/school-finances/data/tables.html>.  
 3 “School District Fiscal Profiles,” New York State Education Department, <https://www.nysed.gov/fiscal-analysis-research/school-district-fiscal-profiles>.  
 4 *State Aid to Schools: A Primer, Pursuant to Laws of 2023*, New York State Education Department, <https://www.nysed.gov/sites/default/files/programs/fiscal-analysis-research/primer-2023.pdf>.

state guarantees that no district will receive less than \$500 per pupil in Foundation Aid, however, so rather than stay “on formula” and accept the outcome of prescribed calculations, those school districts choose a flat payment of \$500 per student. Each of these districts then contributes local revenue to education costs at a level of their choice.

**Expected Minimum Local Contribution (EMLC)**

The EMLC uses measures of property value and resident income per pupil to calculate how much a district could be expected to raise to contribute toward education funding in their district. The EMLC formula applies a statewide average property tax rate to that district’s total property wealth, adjusted by an Income Wealth Index (IWI) calculated for that district, and a local tax factor.



The IWI uses a measure of district-level adjusted gross income per pupil, divided by the statewide average adjusted gross income per pupil. The Local Tax Factor approximates how much property tax revenue per pupil could be raised in a district if that district taxed residents at 90 percent of a 3-year statewide average tax rate. This construct is designed to impact the calculation by increasing the final EMLC for districts with higher-than-average income per pupil and decreasing the final EMLC amount for districts with lower-than-average income per pupil. For example, an IWI of 1.0 would represent an exact match to the statewide average income per pupil, while an IWI of 0.5 would represent half the statewide average income per pupil, and an IWI of 2.0 would represent double the statewide average income per pupil.

The current construct of the Income Wealth Index includes a minimum of 0.65 and a maximum of 2.0, meaning that school districts whose IWI calculations are below 0.65 are not able to appear as low-wealth as they actually are, and that districts whose IWI calculations are above 2.0 are not counted as high-wealth as they really are. As a result, reaching their calculated EMLC is made more challenging for lower-wealth districts, while higher-wealth districts are not being asked to contribute as much as their financial capacity allows. Approximately 350 school districts have a real IWI that falls below the 0.65 minimum, while 51 school districts have an IWI that falls above the maximum, with a range of 2.01 to 14.01.

The local tax factor element of the EMLC calculation is dependent on average statewide property value, district-level public school enrollment levels, local property values, and local tax levies. While drastic shifts in statewide property value are uncommon and local tax levies have been relatively stable for more than a decade, fluctuations in district enrollment levels and local property values are more unpredictable, adding substantial volatility to this calculation. This volatility is compounded because these elements appear multiple times in the calculation methodology.

Using the statewide property value average also makes this part of the calculation essentially tell school districts that they should “look more like the state.” Replacing this element with a measure representing individual district tax rates may be a more accurate reflection of local wealth capacity and need. This could be accomplished by using a 3-year average of the district’s local tax levy. However, in some cases, poorer districts with relatively lower property values have high tax rates to generate similar dollars that high property-value districts can generate from low tax rates, so this approach may end up lowering the calculation of Foundation Aid allocated to less-wealthy districts.

In its current form, both the local tax factor’s use of statewide property values and the district-level measure of property wealth per pupil make the EMLC doubly sensitive to property value fluctuations. Using the same local tax factor for all districts, even when adjusted for relative income, may not be an accurate reflection of the economic realities in each unique district. A somewhat radical option to address this that policymakers may wish to consider in the future would be to remove property values from the calculation entirely and replace it with a measure of individual district local levy, per weighted pupil, multiplied by the income wealth index ( $EMLC = \text{District Levy}/\text{TWFPUP} \times \text{IWI}$ ). With the tax cap in place, the local tax levy is often more stable than property values year to year. Formula revisions should not, however, prompt districts to lower their tax levies below affordable levels in an effort to get a greater share of state aid. On this point, education finance scholar John Yinger, professor emeritus at Syracuse University’s Maxwell School, notes: “The only way to ensure that all districts receive the revenue they need to meet their expenditure need...is to require all districts to levy at least the tax rate built into the Foundation Aid formula.”<sup>5</sup>

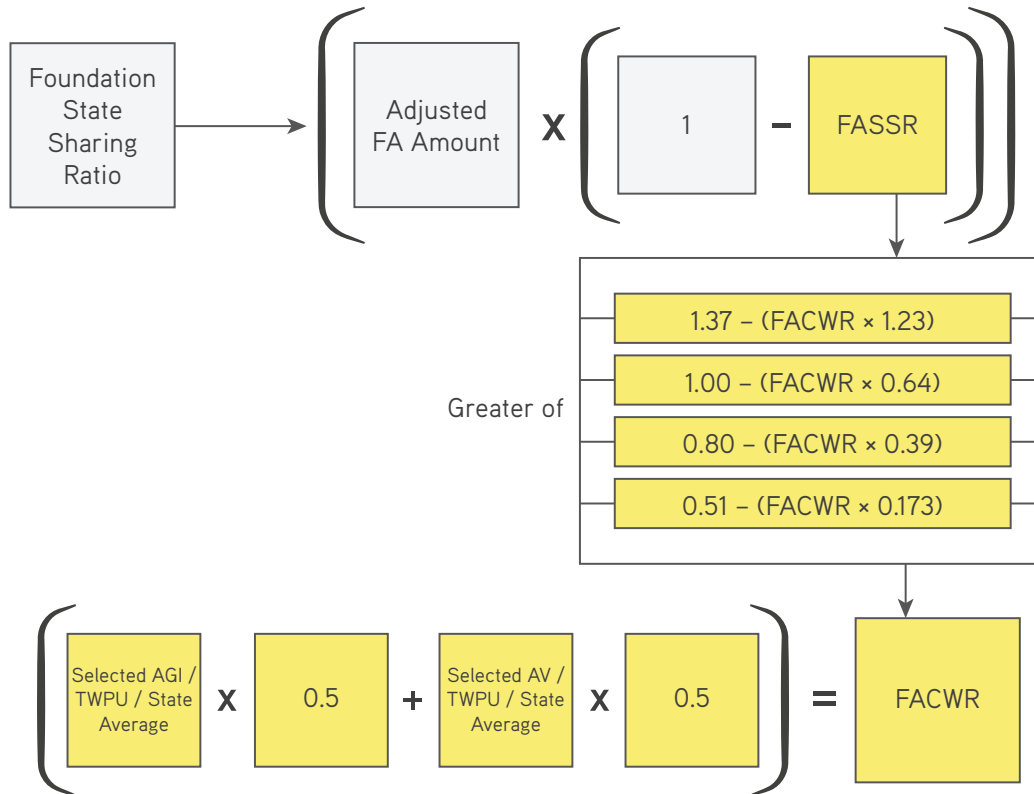
Finally, the EMLC formula also uses public school pupil counts as a population divisor. In districts with relatively higher rates of nonpublic school enrollment, as well as districts with relatively fewer students per capita, local wealth capacity may be overestimated as a result. Shifting to the use of total school-aged population may present a measurement that treats districts more consistently and presents a more accurate representation of local wealth. Using public pupil counts as a divisor surely is appropriate for some calculations; as all property owners pay the school property tax levy, a population-based measure may be more appropriate here.

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5 John Yinger, “New York State’s Foundation Aid Study: A Scholarly Perspective,” Testimony to the Rockefeller Institute of Government, July 25, 2024.

## Foundation Aid State Sharing Ratio (FASSR)

FASSR also uses local property value and income per pupil measures to calculate a school district's Local Share contribution.



Within FASSR are four different calculations of local wealth capacity, each applicable to a different wealth-based group of districts. Within each of these four calculations is the Foundation Aid Combined Wealth Ratio (FACWR), which prescribes how school districts measure and combine calculations of district property values and income per pupil, weighting each at 50 percent. The FACWR reflects a district's income and property values per pupil relative to a statewide average: a district with a combined wealth ratio of 2.0 has twice the statewide average income and property wealth per pupil, while a district with a combined wealth ratio of 0.5 has half the statewide average. The basic principle of the overall State Sharing Ratio calculations is to ensure that the poorer a district is relative to the statewide average, the greater its FASSR will be.<sup>6</sup>

The Foundation Aid formula creates four tiers for districts' Foundation Aid Combined Wealth Ratio calculation and groups districts into these four tiers based on their FACWR, and then applies that tier's calculation to arrive at the final FASSR for the district (see [Table 16](#)).

<sup>6</sup> *State Aid to Schools: A Primer, Pursuant to Laws of 2023*, New York State Education Department, <https://www.nysed.gov/sites/default/files/programs/fiscal-analysis-research/primer-2023.pdf>.



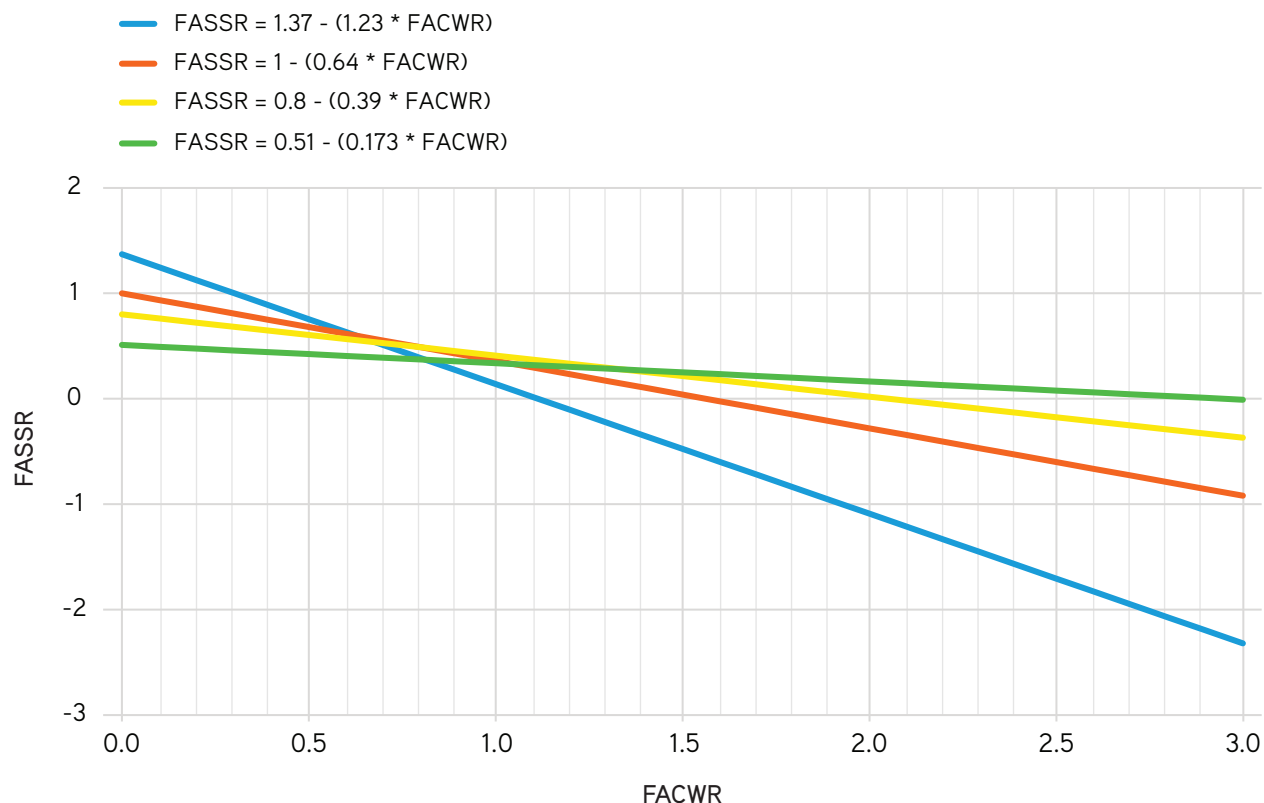
TABLE 16. Foundation Aid State Sharing Ratio Calculation by District FACWR Tier

	District FACWR	SSR Calculation	FASSR Result
Tier 1 Lowest-Wealth Districts	≤0.627	1.37 - (FACWR x 1.23)	0.599 to 0.910 (capped)
Tier 2	0.627-8.000	1.00 - (FACWR x 0.64)	0.488 to 0.599
Tier 3	8.000-1.336	0.80 - (FACWR x 0.39)	0.279 to 0.488
Tier 4 Highest-Wealth Districts	≥1.336	0.51 - (FACWR x 0.173)	0 to 0.279

Prior to the creation of FASSR and its incorporation into the Foundation Aid formula, all school districts using the State Sharing Ratio option had the ratio calculated with a single formula, one equivalent to the current Tier 2 SSR calculation noted in the table above. This approach avoided the steep decreases or increases in aid levels that districts currently face if their FACWR calculations fall just above or below a tier boundary. A single formula would provide both equity and greater predictability for districts—the same multiplier factors will always apply, no matter how the data changes in local economic calculations. Under the current construct, a district at the low-wealth end of one of the tiers is treated the same as one at the very upper boundary; a single formula allows gradation all along the wealth spectrum.

Figure 15, below, illustrates what a linear, single-formula construction would look like if enacted at each of the four current tier formulas levels.

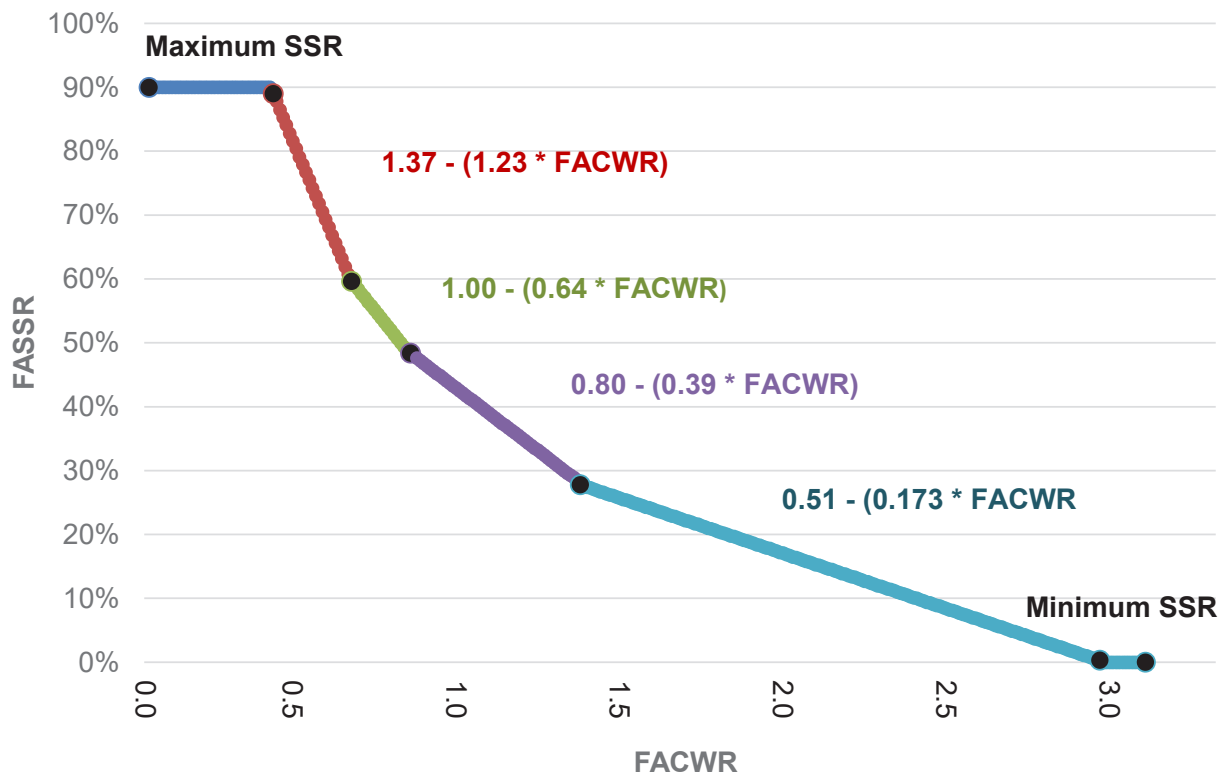
FIGURE 15. Illustration of Linear Construction of State Sharing Ratio (SSR) at Each of the Current Funding Tiers



SOURCE: Rockefeller Institute calculation of current FASSR formulas.

NYSED’s State Aid Primer<sup>7</sup> displays the current approach for SSR funding shown in [Figure 16](#) below.

FIGURE 16. NYSED: State Sharing Ratio to Combined Wealth Ratio



SOURCE: *State Aid to Schools: A Primer, Pursuant to Laws of 2023*, New York State Education Department, p. 23, <https://www.nysed.gov/sites/default/files/programs/fiscal-analysis-research/primer-2023.pdf>.

A single-formula approach that treats all districts similarly could take any slope desired by policymakers. Such a line could begin at 91 percent for a FACWR of zero, the current maximum SSR, and extend to the point where the SSR is zero, at a FACWR of 3.0, for example. If the state wishes to maintain its current policy of offering the maximum SSR to more low-wealth districts, all districts with a FACWR of 0.5 or lower could receive the maximum SSR before falling to the SSR calculated by the single-line formula. While this would essentially create a “tier” for the lowest-wealth districts, and districts barely above the 0.5 FACWR cutoff would face a steep discontinuity, such an approach would preserve the current progressive approach for the lowest-wealth districts.

Instead of a straight-line formula, policymakers could construct a formula that produces a curve, more closely aligning with the general slopes of the four-tier model as reflected in [Figure 16](#), above, but without the sharp turning points created by the jumps in tiers. Such an approach could incorporate a greater degree of progressivity than a straight-line formula if desired.

<sup>7</sup> *State Aid to Schools: A Primer, Pursuant to Laws of 2023*, New York State Education Department, p. 23, <https://www.nysed.gov/sites/default/files/programs/fiscal-analysis-research/primer-2023.pdf>.

Other problems exist in the FACWR calculations as well. The measure of pupil count used, Total Wealth Pupil Unit (TWPU), relies on nearly forty-year-old test results data, an outdated student weighting methodology, and the less-favorable attendance measure instead of enrollment counts.<sup>8</sup> In addition, a categorical designation of districts as “High-Need/Resource” (HN/R), which grants districts who qualify a bump in the State Sharing Ratio anywhere from 5 percent to 91 percent, relies on poverty statistics from 2003.<sup>9</sup> Updating the poverty data used (annually-updated federal Small Area Income and Poverty Estimates [SAIPE] data is recommended for other elements of the Foundation Aid formula) and switching from attendance to enrollment data seem to be reasonable reforms policymakers could consider.

The FASSR calculation in its current form seems unnecessarily complex—many components rely on outdated data elements and pose challenges to predictability and equitable treatment among school districts. Elements within the FACWR calculation could be updated to reflect more recent data, could be adjusted to more accurately reflect individual district wealth capacity, and could be made more flexible by offering choices for districts on how their wealth capacity is measured.

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8 TWPU uses resident attendance counts, weights applied for secondary students and low-scoring students on exams in 1985 and 1986. See *State Aid to Schools: A Primer, Pursuant to Laws of 2023*.

9 Ibid.

# POLICY CONSIDERATIONS:

## Local Share

There are several elements within the Foundation Aid formula’s calculation of Local Share that need updating and reform. The current significant preference of districts to use the Foundation Aid State Sharing Ratio (FASSR) option instead of the Expected Minimum Local Contribution (EMLC) may support the elimination of the latter to simplify the overall Foundation Aid formula. A better first-step option, however, may be to meaningfully revise both options and evaluate district choices after a few years.

### Reform EMLC Calculation

- 1. IWI Floor/Ceiling.** The current construct of the Income Wealth Index includes a floor of 0.65 and a ceiling of 2.0, meaning that districts whose IWI calculations are below 0.65 do not appear as low-wealth as they really are and that districts whose IWI calculations are above 2.0 appear less wealthy than they truly are in the funding formula.
- 2. Pupil counts.** The EMLC calculation uses a count of public school pupils as a divisor both in the IWI and in the per-pupil calculation of property wealth (Selected Actual Value). The use of public school pupil counts can overstate local wealth capacity in school districts with relatively high rates of nonpublic school enrollment or relatively fewer students per capita. School-aged population counts may be a more accurate representation of local fiscal capacity and needs. For consistency with data sources recommended to be used for reforms to the Pupil Needs Index, annually-updated federal SAIPE estimates of school district total population ages five to 17 could be used.<sup>10</sup> Using three-year averages would also add predictability and stability for districts.

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### RECOMMENDATION

## Local Share—EMLC

#### For the Income Wealth Index (IWI):

- ✱ Eliminate the IWI floor of 0.65, setting the minimum at 0.
- ✱ Raise the IWI ceiling from 2.0 to 3.0.

These changes will allow the IWI to more accurately reflect both higher- and lower-wealth school districts.

#### For the IWI and the Selected Actual Value calculations:

- ✱ Replace public school pupil counts with a 3-year average school-age population count for each school district available from federal Small Area Income and Property Estimates (SAIPE) data.

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<sup>10</sup> Data available from the US Census Bureau at <https://www2.census.gov/programs-surveys/saipe/datasets/2021/2021-school-districts/sd21-ny.txt>.

## Reform FASSR Calculation

1. **SSR formulas.** The current use of four different formulas applied to four broad groupings of school districts creates unpredictable, steep changes in Foundation Aid for districts facing the prospect of being assigned into a different tier level. The State Sharing Ratio was previously determined by a singular formula, providing equal treatment of school districts, a smoothing-out of calculated local contribution along the continuous range of per-pupil local wealth measures, and better stability and predictability in revenue planning for school districts. Even under this more equitable, simplified approach, policymakers may still opt to maintain a minimum State Sharing Ratio (currently 91 percent) for the least-wealthy districts before all other districts fall to the singular formula line. The single formula could be constructed as a straight line or as a curve with added progressivity.
2. **High-Need/Resource category designation.** The FASSR currently relies on data from 2003 to determine which school districts are considered “high need” and, therefore, receive an additional 5 percent bump in the calculated state share up to a maximum of 91 percent (raised from 90 percent in the 2024-25 enacted New York State budget). Updating the poverty statistics underlying the high-need designation is critical to more accurately reflect the actual wealth condition of school districts. As with other poverty-related elements of the Foundation Aid formula recommended for reform, here federal annually-updated SAIPE data could be used. Using three-year averages could add more predictability and stability for districts.

Another option for policymakers to consider is removing the special High-Need/Resource (HN/R) distinction entirely, as such categorical designations contribute to building “edge cases,” where two similar school districts falling on opposite sides of the artificial line will be treated dissimilarly. Many options exist to capture a measure of poverty by district.

3. **FACWR elements.**<sup>11</sup>
  - a. **Weighting property and income wealth.** Currently, the FACWR weighs property wealth and income wealth at 50 percent each when calculating the wealth capacity of a school district. Unique conditions—vacation homes driving up property values while the income of local residents stays flat, for example—can inappropriately skew the calculations of the Combined Wealth Ratio (CWR). Individual districts’ property-versus-income wealth conditions could be accommodated by allowing districts to be given a choice of altered weightings that better reflects their unique situation. For example, districts could be given the flexibility of a 30% income to 70% property mix, the current 50%-50% combination, or 70% income to 30% property wealth, whichever is more advantageous and representative of a district’s unique characteristics.<sup>12</sup>
  - b. **Calculating per capita income wealth.** Measuring per capita income wealth using total school-age population as the basis may be a more accurate representation of local fiscal capacity and need, as using only public school pupil counts could overestimate wealth in districts with a lower proportion of school-aged children and in those with

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<sup>11</sup> Changes to the Combined Wealth Ratio (CWR) will impact two categorical aid calculations—High Cost Excess Cost Aid and Private Excess Cost Aid—along with three special services aid formulas—Career Education Aid, Computer Administration Aid, and Academic Improvement Aid—as well as Transportation Aid.

<sup>12</sup> Currently, NYSED runs the various aid calculation options for school districts and automatically defaults to choosing the option for each district that generates the most state aid.

higher rates of enrollment in private schools. Many options exist to capture the school-age population count to replace the public school pupil count currently used in FACWR calculations. Because it is recommended for use elsewhere in reforms envisioned for the Foundation Aid formula, using federal SAPE school-age population counts here, too, seems reasonable. Using three-year averages could add more predictability and stability for school districts and the data is updated annually so these calculations will remain reflective of actual district conditions.

- c. **Indexing to average.** The FASSR calculation includes a component, the Foundation Aid Pupil Wealth Ratio, which is the statewide average Selected Actual Value per Total Wealth Pupil Unit (TWPU). Instead of using a statewide average, using a regional—such as county—average would be more reflective of actual economic conditions and fiscal capacity of local school districts. Using a state average makes each district look more like the rest of the state when it comes to property and income wealth per pupil, while using county-level data would make them look more like the local districts they are.

Another Foundation Aid reform recommendation in this report is for an overhaul of the Regional Cost Index (RCI), transforming it into a county- and school district-level measure of relative economic conditions. If the RCI is modified as recommended, a reasonable argument can be made that the necessary change to reflect local conditions has already been captured in the Foundation Aid formula and thus the application of a statewide average Selected Actual Value here is appropriate. If the RCI is not modified, changing to a county-average Selected Actual Value measure is an option to better capture local economic conditions.

- d. **Replacing TWPU.** The Total Wealth Pupil Unit (TWPU) calculation relies on outdated test score data, uses resident student attendance counts instead of enrollment, and includes the only weighting by grade level anywhere in the formula. These issues could be addressed by replacing this measure of pupil count with the Total Wealth Foundation Pupil Unit (TWFPU), which is already used in the Local Share formulas.

## RECOMMENDATION

# Local Share—FASSR

For the Foundation Aid State Share Ratio (FASSR) calculation:

- ✳ **Replace the tier groupings and use of four different formulas with a single straight-line or curve formula.** Policymakers should determine the desired weights of the formula that drive the slope of the line, recommended to fall somewhere between the current  $(0.51 - (\text{FACWR} \times 0.173))$  calculation used for the highest-wealth districts and the  $(1.37 - (\text{FACWR} \times 1.23))$  used for the lowest-wealth districts. Sloping the line from the current maximum 91 percent SSR at a FACWR value of zero to the minimum SSR of zero at a FACWR of 3.0 is one option, with an additional consideration to maintain the minimum SSR of 91 percent for all districts at or below 0.5 FACWR. Another option is to construct a single formula that creates a curve to provide a more progressive structure. In either instance, a single formula should be used to better ensure predictability and equitable treatment for districts.

For the “high-needs” category designation:

- ✳ **Recalculate poverty levels for all school districts using updated federal Small Area Income and Property Estimates (SAIPE) school district-level data.**

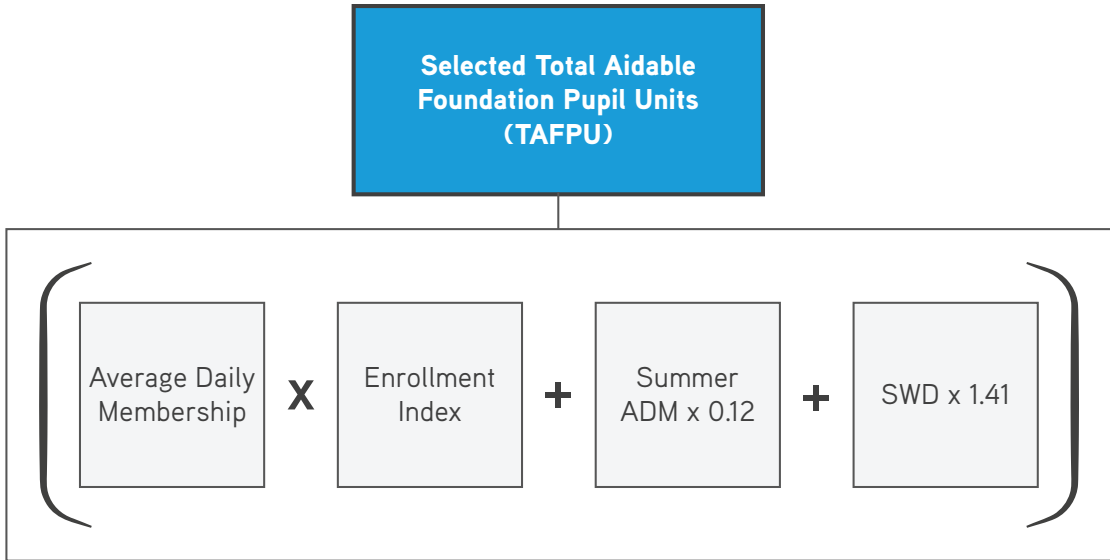
For Combined Wealth Ratio (CWR) elements:

- ✳ **Allow school districts the choice of a varied weighting of property and income wealth for their FACWR calculation: either the current 50%-50% mix; 30% property wealth to 70% income wealth; or, 70% property to 30% income wealth.** This flexibility allows school districts to be given the mix of wealth elements that better reflects their individual characteristics.
- ✳ **Calculate income wealth per capita based on the total school-aged population in the district.** Replace public school pupil counts with total school-age population counts for each school district to provide a truer picture of a district’s wealth capacity. Using a 3-year average will help increase stability and predictability. Federal SAIPE data, recommended to be used elsewhere in the Foundation Aid formula, provides access to annually-updated school district-level school-age population counts.
- ✳ **Use county-level average Selected Actual Value instead of statewide average (if the Regional Cost Index is not updated as recommended).** Using county-level data for property value will be more reflective of local conditions. If the RCI is overhauled as proposed, that change should sufficiently capture local economic conditions, and use of a statewide average Selected Average Value would be reasonable.





# PUPIL COUNT: SELECTED TAFPU



The pupil count used to determine the amount of Foundation Aid school districts receive is known as Selected **TAFPU**, or Total Aidable Foundation Pupil Units. TAFPU is comprised of four basic elements:

1. Average Daily Membership (ADM)—The main component of ADM is the total number of students enrolled in the district that could have attended school on all days of the school session divided by the number of days of school session. The ADM final sum also includes additional attendance and enrollment measures generally, adjusting for things such as students attending BOCES, charter schools, GED programs, etc.<sup>1</sup>;
2. Enrollment Index—a calculation that measures the change in public school enrollment from the prior year;
3. Summer ADM—the number of students attending summer school sessions in July and August, weighted at a factor of 0.12; and
4. Students With Disabilities (SWD)—a count of disabled students, weighted at a factor of 1.41.

To moderate the impact on one-year enrollment losses, districts may choose to use the average of the most-recent two prior years’ calculation of total pupil count. To capture an annual increase in enrollment, districts may choose a calculation that uses data for only the prior year.

## Average Daily Membership

Average Daily Membership (ADM) represents the average number of students enrolled over the total number of school days within a school year. A strength of ADM is that it is based on how many students are enrolled and the total days of school they are supposed to attend, not an attendance-based figure of how many students are actually present on average on a given day. The use of ADM means that districts with high rates of absenteeism, which often have greater concentrations of vulnerable

<sup>1</sup> New York State Education Department, *2024-25 State Aid Handbook*, p.14.

student populations,<sup>2</sup> do not receive less aid than districts with low rates of absenteeism. ADM is a reasonable measurement choice for this element of the pupil count formula.

## Enrollment Index

The Enrollment Index is a simple calculation of the year-over-year change in total pupil enrollment. ADM is then multiplied by this change in enrollment: if enrollment has increased, the index is greater than one and ADM is adjusted upward accordingly; if enrollment has decreased, the index is less than one and ADM is reduced. This scaling helps align funding with enrollment level and make the formula more responsive to demographic changes.

## Summer ADM

The pupil count formula also accounts for students who attend summer school, typically adding costs for instruction, supervision, supplies, and related costs to districts' regular school calendar-based budgets. Summer ADM is the total hours of attendance by students in district-run programs in July and August divided by 90 hours (students in 12-month programs of disability services are excluded, as aid for these costs is provided elsewhere). A reasonable weighting of 0.12 is provided to the pupil count in recognition of the extra resources required for districts to offer educational programs in the summer months.

## Students With Disabilities

Prior to 2007, funding for special education in New York State was provided through a dedicated categorical aid program called Public Excess Cost Aid. This was the primary funding stream designated to cover the costs associated with educating students with disabilities (SWD). With the implementation of the Foundation Aid formula in 2007, however, Public Excess Cost Aid was rolled into the formula and constructed as an adjustment to the pupil count, prescribing that students receiving special education services be weighted at 1.41 in the TAFPU count.

At the time of initial implementation, the New York State Board of Regents opposed incorporating Public Excess Cost Aid into the Foundation Aid formula, as did a consensus of education stakeholder groups.<sup>3</sup> Capturing the breadth of conditions and service needs of SWD into one flat adjustment of 1.41 per pupil was largely viewed as restrictive and inflexible. To comply with federal reporting requirements on the use of Title I allocations for services for students with disabilities, school districts were, and continue to be, required to maintain a portion of their total Foundation Aid award as a "Public Excess Cost Set-Aside." This amount is calculated as the amount of Public Excess Cost Aid allocated in 2006-07 (the base year for the Foundation Aid formula) adjusted by an annual inflation factor.<sup>4</sup> To calculate the

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2 ChangeLab Solutions. *Not Making the Grade: How Financial Penalties for School Absences Hurt Districts Serving Low-Income, Chronically Ill Kids*. Oakland, CA: ChangeLab Solutions, 2014. [https://changelabsolutions.org/sites/default/files/School-Financing\\_StatePolicymakers\\_FINAL\\_09302014.pdf](https://changelabsolutions.org/sites/default/files/School-Financing_StatePolicymakers_FINAL_09302014.pdf).

3 Regents' Proposal on State Aid to School Districts for 2006-07. January 2006. Special Education Funding. New York State Education Department, [https://www.p12.nysed.gov/stateaidworkgroup/2006-07RSAP/2006-07\\_rsap.htm#SpecEd](https://www.p12.nysed.gov/stateaidworkgroup/2006-07RSAP/2006-07_rsap.htm#SpecEd) and <https://www.regents.nysed.gov/sites/regents/files/documents/meetings/2006Meetings/September2006/0906brd2.htm>. Also see: "Testimony from the New York Council of School Superintendents to the Rockefeller Institute," August 14, 2024, [https://www.nyscoss.org/nyscossdocs/Advocacy2425/2408\\_NYSCOSS\\_Foundation\\_Aid\\_FINAL.pdf](https://www.nyscoss.org/nyscossdocs/Advocacy2425/2408_NYSCOSS_Foundation_Aid_FINAL.pdf).

4 New York State Education Department, *2024-25 State Aid Handbook*, p.49, [https://stateaid.nysed.gov/publications/handbooks/handbook\\_2425.pdf](https://stateaid.nysed.gov/publications/handbooks/handbook_2425.pdf).

required set-aside for the 2024-25 school year, a 1.541 adjustment factor is applied to the 2006-07 aid amounts, resulting in district set-asides totaling approximately \$3.4 billion statewide.<sup>5</sup> An additional \$404 million is provided as 80 percent state reimbursement to districts providing services for SWD whose service needs include year-round support.

While the base Public Excess Cost Aid is provided as part of the Foundation Aid formula, nearly an additional \$1.2 billion for services for SWD continues to be provided through three separate categorical aid programs: Public High Cost Excess Cost Aid (generally for students requiring approved services that cost in excess of the lesser of \$10,000 or four times the Approved Operating Expenditure per pupil), which in 2024-25 is estimated to provide \$675.7 million in aid; Private Excess Cost Aid (for students receiving services in approved private-provider schools or dedicated state-run schools), at \$472.3 million in aid; and, Supplemental Public Excess Cost Aid, adding an additional \$4.3 million for certain students in district schools and BOCES placements.<sup>6</sup>

The 1.41 weighting is an oversimplification, as this one-size-fits-all approach inappropriately assumes that the service needs of all students with disabilities average out in a way that the costs can be met with a common level of funding, regardless of how service needs vary and any disproportionate presence of students with higher-cost needs. Further, despite the integration of Public Excess Cost Aid into the Foundation Aid formula, NYSED still must conduct “backward calculations” to align with federal requirements related to funding for students with disabilities. This process requires every district to set aside a portion of their special needs funding each year, as noted above, and account for it differently.<sup>7</sup>

## **POLICY CONSIDERATIONS:**

### **Pupil Count—Students With Disabilities**

The varying service needs and costs associated with educating students with disabilities make the current one-size-fits-all funding approach insufficient. New York State policymakers should consider removing from the Foundation Aid formula all calculations used to determine funding for services for SWD and transforming it back into a categorical program of Public Excess Cost Aid. Moving Public Excess Cost Aid out of the formula and into a categorical aid program is in line with the Board of Regents’ original position on this funding stream. Additionally, such a change would serve to reunite Public Excess Cost Aid with the other \$1.2 billion in categorical aid funding for SWD, creating the opportunity for a more wholistic approach to funding for SWD. The state would no longer need to perform complex “backward calculations” and set-asides out of Foundation Aid at the district level would no longer be needed. These changes would enable the state to more precisely and transparently direct funds to districts for SWD.

Importantly, structuring Public Excess Cost Aid as a categorical aid offers the opportunity to provide funding on a more nuanced weighting structure instead of relying on an oversimplified one-size-fits-all factor within the Foundation Aid formula. New York City’s process for classifying SWD based on service needs and its existing Fair Student Funding (FSF) formula offers an example of a

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5 2024-25 State Aid Handbook, p.49.

6 2024-25 State Aid Handbook, p.47-49.

7 These “backward calculations” allow retrospective adjustment to funding to ensure that districts are receiving aid in line with federal maintenance of effort (MOE) obligations. The MOE obligations mandate that districts spend a consistent amount on special education annually.

weighting structure that can inform state policymakers’ deliberations of what framework to use for the categorical Public Excess Cost Aid. The FSF formula appropriately uses weights based on the intensity of services required by students, which is determined by the proportion of the school day that they receive services: students receiving low-intensity services ( $\leq 20\%$  of the school day), for example, receive a weight of 0.56, while students in more inclusive settings ( $\geq 60\%$  of the school day), particularly in early grades, receive weights as high as 2.09 (see [Table 17](#)).

TABLE 17. New York City “Fair Student Funding” Weighting for Students Needing Special Education Services

Level of Special Education Services	Funding Weight
Low Intensity ( $\leq 20\%$ )	0.56
Moderate Intensity (21% to 59%)	1.25
Less Inclusive, K-8 ( $\geq 60\%$ )	1.18
Less Inclusive, 9-12 ( $\geq 60\%$ )	0.58
More Inclusive, K ( $\geq 60\%$ )	2.09
More Inclusive, 1-12 ( $\geq 60\%$ )	1.74
Post Individualized Education Program (IEP) Transitional Support	0.12

SOURCE: Adapted from “Table S1: SY 2022-2023 Fair Student Funding Weights,” in the Spotlight: School Budget Allocations—A Primer, Office of the New York City Comptroller, May 9, 2023.

More accurately targeting the right levels of aid to cover the matched levels of service needs for students with disabilities can be better accomplished through a categorical aid stream and a more nuanced weighting structure such as that used by New York City.

## RECOMMENDATION

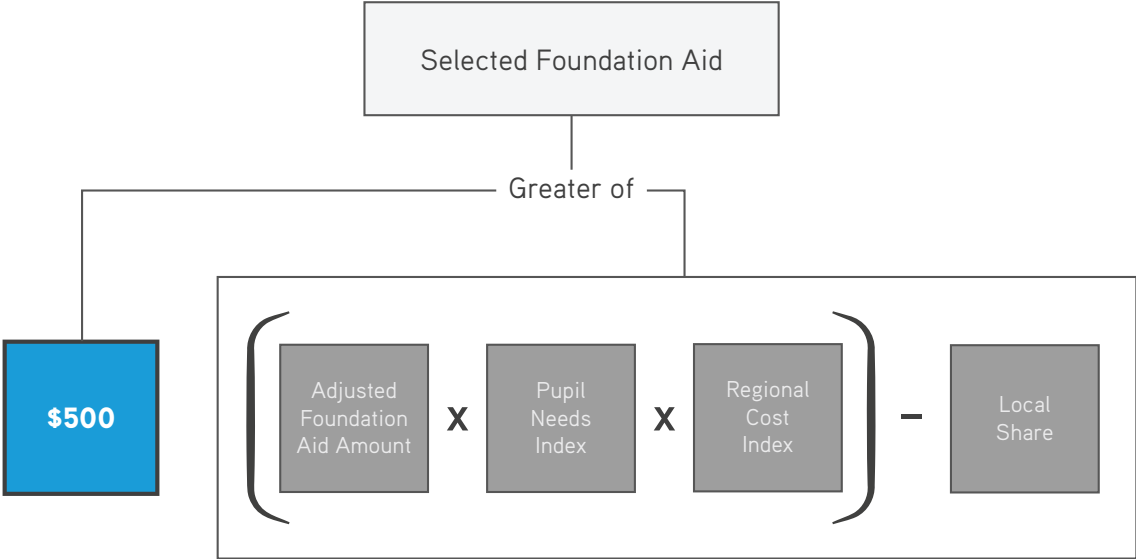
### Pupil Count: Selected TAFPU

#### For Students With Disabilities (SWD):

- ✳ **Remove the calculation for SWD from the Foundation Aid formula entirely, restoring it as a categorical aid program of Public Excess Cost Aid, and use New York City’s more nuanced Fair School Funding matrix to inform a more precise and targeted allocation of these funds.**

New York State could structure weights for service categories in the adopted allocation matrix to ensure that no less than the projected \$3.414 billion for 2024-25, adjusted for increased costs in 2025-26, is generated.

# GUARANTEED MINIMUM AND SAVE HARMLESS



## Guaranteed Minimum

New York State’s Foundation Aid formula guarantees that no school district will receive less than \$500 per pupil in Foundation Aid. Currently for 45 districts, both the Expected Minimum Local Contribution and the Foundation Aid State Sharing Ratio calculations (see “[Local Share](#)” section of this report) result in a Local Share that, when incorporated into the overall formula, would return the district an allocation of less than \$500 per pupil in Foundation Aid. Therefore, those districts choose to receive a \$500 flat per-pupil grant. These flat-grant payments totaled more than \$41 million in Foundation Aid in the 2024-25 enacted state budget.

The high local wealth of these districts is why the current formula calculates that they are not entitled to Foundation Aid allocations. Indeed, all 45 of the districts receiving the \$500 flat per-pupil grant rank in the top 70 wealthiest districts in the state, including 28 of the top 30 wealthiest districts. Thirty-five of these districts have a Pupil Wealth Ratio (PWR) score of over 3.0.

The intent of the modifications to the Foundation Aid formula proposed in this report include changes that help assure similar districts are treated similarly, that guarantee the use of the highest-quality and most-recent data practically available, and to ensure equitable funding for student needs. Policymakers may wish to consider whether keeping this \$500 flat-grant option—what is essentially an “opt-out” clause in the formula—goes against the spirit and intent of keeping all districts “on formula” for Foundation Aid. If this option is eliminated, the \$41 million currently given to wealthy school districts as flat per-pupil grants could instead be allocated through the more equitable Foundation Aid formula.

## Save Harmless

As part of the education aid package in her proposed 2024-25 executive budget, Governor Kathy Hochul proposed a partial reduction in “Save Harmless” (also known as “Hold Harmless”) payments to school districts. Save Harmless is the practice of guaranteeing that no school district will receive

less total Foundation Aid than it received in the previous year. In support of the proposal, Governor Hochul noted that approximately 75 percent of districts that would be affected by the discontinuation of Save Harmless payments had lost 20 percent or more of their student population, yet had not had to bear any reduction at all in Foundation Aid because of the Save Harmless practice. The governor also noted that the Save Harmless practice caused aid to flow to districts that may not need it as much as others: “Some districts that might not have been higher need before, now have higher need. I want to make sure I have the flexibility to take care of the high-need school districts.”<sup>1</sup>

In its reports on school aid reform and in testimony to the Rockefeller Institute at public hearings on the Foundation Aid formula, the Citizens Budget Commission (CBC), a “nonpartisan, nonprofit civic think tank,”<sup>2</sup> echoed Governor Hochul’s sentiments: “The hold harmless provision provides funds even when the need goes down with enrollment declines.... Since the implementation of Foundation Aid, statewide enrollment has declined by more than 9 percent, with enrollment declining in 91 percent of districts. The hold harmless provision has led to some jarring outcomes. Most striking perhaps, in 17 districts whose enrollment has declined at least 40 percent since 2008, per-student Foundation Aid increased an average of 162 percent over that period, compared to an average of 115 percent in all other districts.”<sup>3</sup> CBC recommends: “Quickly phase-out the hold harmless provision to align Foundation Aid with district enrollment.”<sup>4</sup>

In testimony before the New York State Legislature’s Senate Finance and Assembly Ways and Means Committees during deliberations on the state budget, Robert Lowry, Deputy Director at the New York State Council of School Superintendents, noted that “35% percent of the state’s school districts are on save-harmless and 82% of save-harmless funding is received by average and high need school districts.”<sup>5</sup> Looking at it another way, 18 percent of Save Harmless funding—approximately \$67.5 million—is currently allocated to low-need districts.

Public school enrollment has indeed decreased over the past decade. From school year 2012-13 to 2022-23, total enrollment decreased by 10.3 percent, dropping from approximately 2.7 million to approximately 2.4 million students ([Figure 17](#)).

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1 Tom Eschen, CBS News, “School districts concerned over loss of funding, teachers if “hold harmless” is removed,” January 22, 2024, <https://cbs6albany.com/news/local/school-districts-concerned-over-loss-of-funding-teachers-if-hold-harmless-is-removed>.

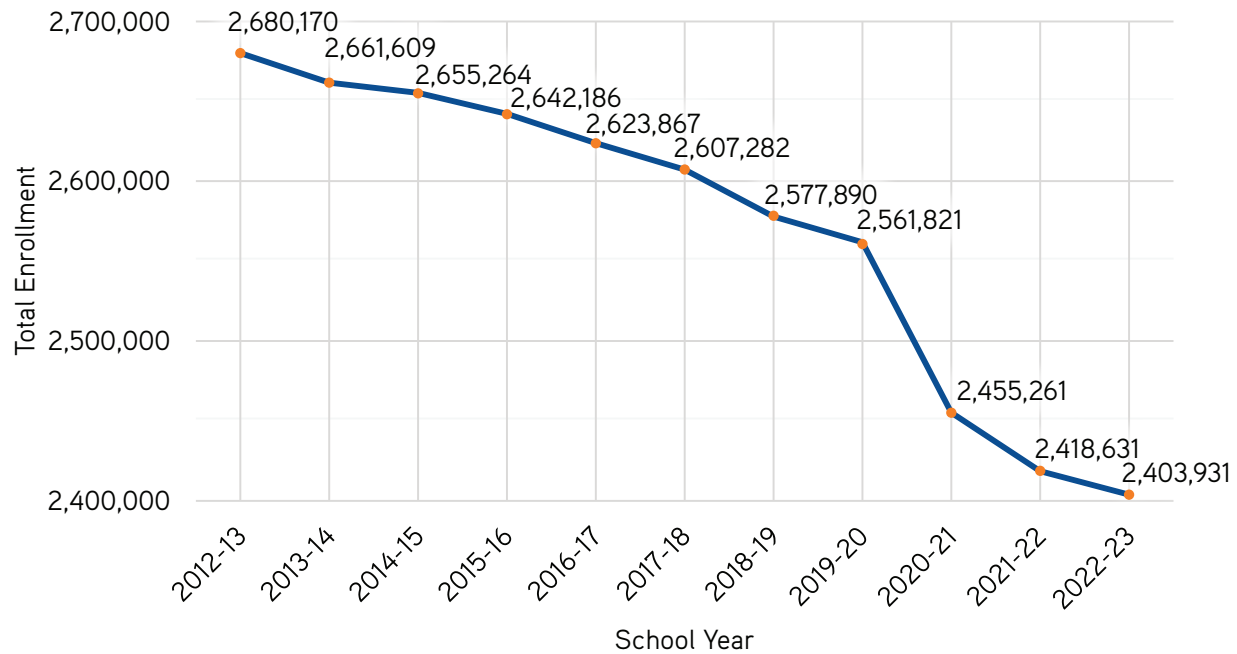
2 <https://cbcny.org/>.

3 Citizens Budget Commission, “Sustainably Supporting a Sound Basic Education: Proposals to Reform NYS School Aid,” July 16, 2024, <https://cbcny.org/research/sustainably-supporting-sound-basic-education>.

4 Citizens Budget Commission, “Sustainably Supporting a Sound Basic Education: Proposals to Reform NYS School Aid,” July 16, 2024, <https://cbcny.org/research/sustainably-supporting-sound-basic-education>.

5 Robert Lowry, New York Council of School Superintendents, Testimony on the 2024-25 Executive Budget and the Public Schools before the Senate Finance and Assembly Ways and Means Committees, February 1, 2024, <https://www.nycoss.org/Site/content/Advocacy/State-Budget-Resources.aspx>.

FIGURE 17. 10-Year Change in Public School Enrollment, SY 2012-13 to SY 2022-23



SOURCE: Rockefeller Institute analysis of data from the Enrollment Data Archive, New York State Education Department, <https://www.p12.nysed.gov/irs/statistics/enroll-n-staff/ArchiveEnrollmentData.html>.

Decreases in student enrollment are widespread across New York State: 89 percent of school districts enrolled fewer pupils in 2022-23 than they did 10 years prior. More than 55 percent of all school districts lost at least 10 percent of their student enrollment, and more than 15 percent lost over 20 percent. Only 6 percent of all districts statewide grew student enrollment by at least 5 percent over the past 10 years. **Appendix E** lists each school district and its 10-year change in enrollment.

Declining enrollment levels are not the only concern when considering the issues surrounding the state’s Save Harmless practice. As noted in the “Reserve Funds” section of this report, more than 200 school districts have unrestricted year-end fund balances that exceed the allowable 4 percent of the coming year’s budget. An examination of districts that received Save Harmless funding and yet maintain excess fund balances is warranted. Concerning findings include:

- \* Approximately \$136 million in Save Harmless payments go to districts that have unrestricted year-end fund balances greater than the 4 percent allowed.<sup>6</sup>
- \* Approximately \$59 million of that total was paid to districts that have year-end fund balances greater than 10 percent.
- \* 73 districts that currently receive a total of \$89 million in Save Harmless aid have year-end reserve funds greater than 4 percent *and* a 10-year drop in enrollment of 15 percent or greater. About half of that Save Harmless aid, \$43 million, was paid to districts with reserve funds greater than 10 percent and a 10-year drop in enrollment of 15 percent or more.

6 Rockefeller Institute analysis of NYSED financial and enrollment data (2022-23).

Because basic costs to successfully educate students have increased over the years, and because the scope of what schools have been asked to do for students has changed and increased (see the “[Base Foundation Aid Amount](#)” section of this report for further discussion of these issues), enrollment levels alone cannot be the sole determinant of funding levels. On the other hand, it also is reasonable to expect that Foundation Aid would be adjusted for districts that experience substantial decreases in student populations, whether measured in total number or percentage. Save Harmless payments prevent these adjustments from being made. For neighboring school districts that are each experiencing significant decreases in student enrollment, Save Harmless payments also may be acting as a disincentive to merge or regionalize, denying students the enhancements in educational experiences that could result from such consolidations.

### Transition Adjustment Proposal

Proposed reductions to Save Harmless payments in the executive budget were capped at 50 percent and the remaining scheduled reductions were prorated based on districts’ wealth. While the elimination of Save Harmless would have reduced Foundation Aid payments to 337 districts by a total of approximately \$375 million, a “Transition Adjustment” would have allowed districts to retain \$207 million, for a net reduction of \$167 million. The Transition Adjustment calculation was based on the local wealth measure used to determine districts’ State Sharing Ratio (see the “[Local Share](#)” section of this report for further discussion of the SSR calculations): districts with lower income and property wealth per pupil would retain the greatest proportion of their scheduled Save Harmless payments and higher-wealth districts would retain less, but still no less than 50 percent.<sup>7</sup>

In final negotiations on the state budget’s education funding package, the governor and state legislature agreed to continue Save Harmless payments without any reduction.

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<sup>7</sup> “FY 2025 Executive Budget Aid to Localities and School Districts,” New York State Division of the Budget, <https://www.budget.ny.gov/pubs/archive/fy25/ex/local/index.html#school-aid>.



## POLICY CONSIDERATIONS:

### Save Harmless and \$500 Flat Grant

The approach for reforming Save Harmless proposed in the 2024-25 executive budget was thoughtful and progressive and can serve as a strong foundation for consideration by policymakers on how this aspect of Foundation Aid allocation can better serve students in high-needs, low-wealth school districts. These considerations could include:

- ✦ A local-wealth threshold could be established for school districts to be eligible for Save Harmless funding. The fact that approximately 18 percent of Save Harmless funding currently is allocated to low-need districts is concerning. A 5-year phase-out of current Save Harmless payments for these districts could be established.
- ✦ Markers could be established for sizable multiyear enrollment losses that would require school districts to accept reductions in scheduled Save Harmless payments, particularly if these districts maintain large reserves. For example, districts with a 10-year reduction in total student enrollment of 15 percent or more and year-end fund balances of greater than 4 percent could be required to apply the excess above 4 percent as an offset against Save Harmless payments.
- ✦ Save Harmless payments that would have otherwise been scheduled to be allocated to wealthier districts that have lost enrollment could be redistributed to lower-wealth school districts that have seen enrollment increases.
- ✦ Districts with greater than a 10 percent unrestricted year-end fund (4 percent is allowed by state statute) could be required to apply the overage as an offset against Save Harmless payments.
- ✦ The considerations above could accompany a revisitation of the executive budget proposal. Capping the reduction faced by any district at 50 percent of its scheduled Save Harmless payment for all but the wealthiest districts and prorating how large a portion of the scheduled payment it can retain, based on a measure of its per-pupil income and property wealth, seems quite reasonable. Policymakers could adjust the allowable amount retained, if desired, or schedule a three- or five-year phase-in for the modifications.

Policymakers should consider eliminating the \$500 flat-grant guarantee, instead redistributing the aid currently allocated in that manner through the formula as an increase in Foundation Aid.

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## RECOMMENDATION

### **\$500 Minimum and Save Harmless**

*Currently, 45 school districts opt for a \$500 flat grant per pupil rather than the outcome of the Foundation Aid formula, and 337 districts rely on the guarantee of Save Harmless aid payments rather than the calculations of the formula.*

**Eliminate the \$500 flat-grant option and phase in wealth-based reductions to Save Harmless.**

Foundation Aid formula reforms being proposed throughout this report will help ensure that similar districts are treated similarly, that updated data is used continuously, and that an equitable approach to funding student needs is taken. As such, districts should remain “on formula” rather than be provided options to remove themselves from the formula’s provisions.

Once revisions and updates have been made to the Foundation Aid formula:

- ✦ **Eliminate the \$500 per pupil flat-grant option, which steers more than \$41 million in Foundation Aid to 45 of the state’s wealthiest school districts. Redistribute this aid through the more equitable process prescribed by the Foundation Aid formula, as reformed.**
- ✦ **Establish a per-pupil local income and property wealth threshold above which districts would not be eligible for full Save Harmless aid payments. Similarly, establish an enrollment-loss threshold at which school districts would face reductions in Save Harmless allocations. Reinvest these funds in lower-wealth districts experiencing enrollment growth.**
- ✦ **Require districts retaining more than 10 percent of their budget as a year-end balance to apply the excess as an offset to Save Harmless allocations.**
- ✦ **Require districts with a 10-year reduction in total student enrollment of 15 percent or more and year-end fund balances of greater than 4 percent to apply the excess balance as an offset against Save Harmless payments.**
- ✦ **Enact elements of the Save Harmless modifications proposed in the 2024-25 executive budget, such as a cap on the size of Save Harmless aid reduction any district would face and a progressive local wealth-based schedule that varies the size of such reductions.**

Policymakers could establish a three- or five-year “phase-out schedule” for any planned reductions in Save Harmless allocations.

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# SET-ASIDES

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Many local school districts are required to “set aside” some of their Foundation Aid allocations for specific programs and policy initiatives. Mandating that districts segregate funds for these initiatives and programs goes beyond the fundamental purpose of Foundation Aid, however, which at its most basic is to provide general aid for general education at an amount that supports a “sound, basic education.”

Currently, there are six Set-Aside programs in Foundation Aid:

1. Contracts for Excellence, which is a program of increased school district accountability for academic results associated with the expenditure of state education aid.
2. Public Excess Cost Aid, which is funding for students with disabilities.
3. Magnet Schools, for the development, maintenance, and expansion of magnet schools.
4. Teacher Support, which applies only to the “Big Five” school districts (Buffalo, New York City, Rochester, Syracuse, and Yonkers).
5. Attendance Improvement and Dropout Prevention, which applies only to New York City.
6. Community Schools Aid, which is a grant program “to support the transformation of school buildings into community hubs to deliver co-located or school-linked academic, health, mental health, nutrition, counseling, legal, and/or other services to students and their families.”<sup>1</sup>

Only the first of these programs, Contracts for Excellence, has a solid tie to the intent of Foundation Aid. If policymakers deem the other programs to be effective and worthwhile for continuation, including them as part of Foundation Aid is ill-suited to the formula and adds unnecessary complexity (that they require “set-asides” means they already function as categorical aid programs). It seems more appropriate that particular program and policy initiatives be maintained as separate categorical aid programs, not as mandates that tie the hands of local districts in how they are able to spend their Foundation Aid allocations.

This report previously recommended that Public Excess Cost Aid be removed from the Foundation Aid formula and reinstated as the categorical aid program it was previously, joining the other special education-related categorical aid programs that provide nearly \$1.2 billion in state aid (see the “[Pupil Count](#)” section of this report for a full discussion of this recommendation).

The other programs that could be reclassified as categorical aid programs, the districts they affect, and their 2024-25 set-aside amounts are noted below in [Table 18](#).

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<sup>1</sup> 2024-25 State Aid Handbook (Albany, NY: New York State Education Department, 2024): p.16, [https://stateaid.nysed.gov/publications/handbooks/handbook\\_2425.pdf](https://stateaid.nysed.gov/publications/handbooks/handbook_2425.pdf).

TABLE 18. 2024-25 Foundation Aid Set-Aside Programs to Convert to Categorical Aid

Magnet Schools		Teacher Support		Attendance Improvement and Dropout Prevention	
District	2024-25 Required Set-Aside	District	2024-25 Required Set-Aside	District	2024-25 Required Set-Aside
Albany	\$3,550,000	Buffalo	\$2,742,000	New York City	\$50,500,000
Amsterdam	\$800,000	New York City	\$62,707,000	<b>TOTAL</b>	<b>\$50,500,000</b>
Beacon	\$566,000	Rochester	\$1,076,000		
Buffalo	\$21,025,000	Syracuse	\$809,000		
Freeport	\$400,000	Yonkers	\$1,147,000		
Greenburgh	\$300,000	<b>TOTAL</b>	<b>\$68,481,000</b>		
Hudson	\$400,000				
Middletown	\$400,000				
Mount Vernon	\$2,000,000				
Newburgh	\$4,645,000				
New Rochelle	\$1,410,000				
New York City	\$48,175,000				
Niagara Falls	\$600,000				
Peekskill	\$200,000				
Port Chester	\$1,150,000				
Poughkeepsie	\$2,475,000				
Rochester	\$15,000,000				
Schenectady	\$1,800,000				
Syracuse	\$13,000,000				
Utica	\$2,000,000				
White Plains	\$900,000				
Yonkers	\$49,500,000				
<b>TOTAL</b>	<b>\$170,296,000</b>				

Additionally, 240 districts share an annual allocation of \$250 million in Community Schools Aid that is structured as grants, but which is then required to be “set aside” from districts’ Foundation Aid allocations. These “grants” range from \$100,000 for smaller districts to \$117.7 million for New York City.<sup>2</sup> This program also could be converted to a categorical aid funding stream, operating as a traditional grant program, and disentangled from Foundation Aid.

<sup>2</sup> “Community Schools Set-Aside Allocations,” New York State Education Department, <https://www.nysed.gov/sites/default/files/foundation-aid-community-schools-setaside.pdf>.

# POLICY CONSIDERATIONS:

## Set-Asides

Requiring school districts to set aside substantial portions of their annual Foundation Aid allocations distracts from the purpose of providing general support for general education, unnecessarily complicating districts' ability to use and allocate Foundation Aid funds.

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### RECOMMENDATION

## Set-Asides

*For 2024-25, certain school districts were required to set aside from their Foundation Aid allocations: \$250.0 million for Community Schools; \$170.3 million for Magnet Schools; \$68.5 million for Teacher Support; and \$50.5 million for Attendance Improvement and Dropout Prevention.*

### Convert to Categorical Aid

School districts should not be required to carve out portions of their annual Foundation Aid allocations for specific policy initiatives, as Foundation Aid is designed to be general support for general educational purposes.

The noted Set-Aside programs in Foundation Aid should be converted to categorical aid programs, freeing districts to spend their Foundation Aid allocations as originally intended.

The created categorial aid programs may be structured as direct grant programs, matching grant programs, or an alternative framework as policymakers determine best meets their goals for these specific policy initiatives.

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# RESERVE FUNDS

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New York State law, along with regulations of the Commissioner of the New York State Education Department, direct how local school districts may use funds they collect beyond what is needed to meet annual budget appropriations.<sup>1</sup> There are more than a dozen purpose-specific reserve funds available to districts in which they can set aside money for planned future expenses and to cover unforeseen costs of a variety of types. There also is an allowance for districts to retain unreserved fund balances from year to year when revenue collections equal more than is needed to cover all appropriations.

In addition to analyzing the Foundation Aid formula, the Rockefeller Institute was asked to examine the status of school district reserve funds.

## Reserve Funds

School districts use reserve funds as a financial tool to set aside savings for future needs and unforeseen costs.<sup>2</sup> There are 16 reserve funds available to school districts, including reserves to support capital projects, to provide for workers' compensation, and to cover debt service payments (see [Appendix F](#) for a full list of reserve funds currently available to school districts). These reserves help districts to manage financial risks, and they are legally established under state law. Their usage is subject to guidelines, with certain reserves requiring voter approval for use, while districts can use other types of reserves flexibly, based on their needs. For example, a majority of school district voters must approve the creation of a Capital Reserve fund. All school districts are required by law to report their year-end balance for these reserve funds.<sup>3</sup> [Figure 18](#) shows the reserve types and their proportion of total expenditures for SY 2022-23. Capital Reserve funds, on average, were equivalent to 8.9 percent of districts' total expenditures, followed by the Retirement Reserve (4.0 percent) and the Employee Benefits Accrued Liability Reserve (2.7 percent).

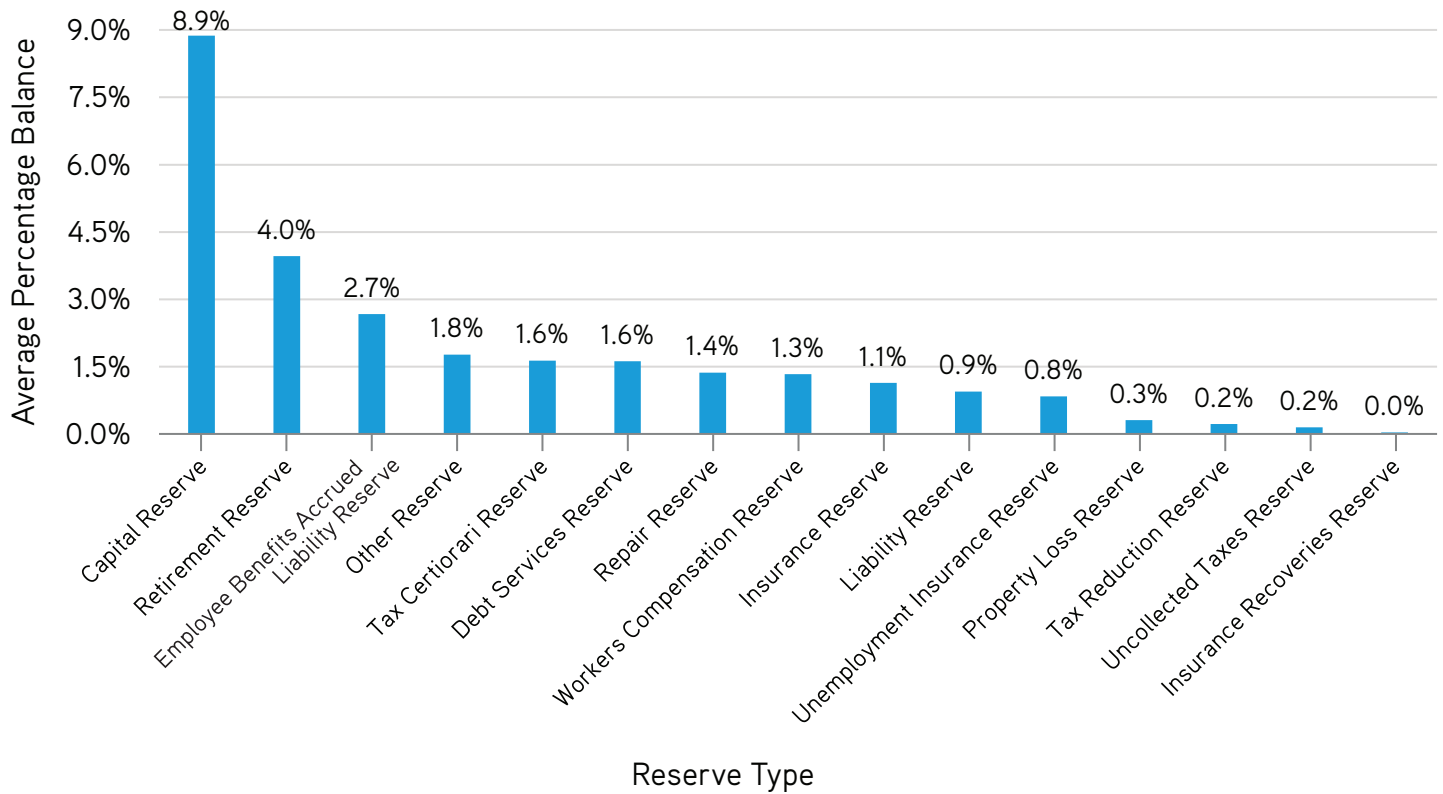
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1 §1318 NY Real Property Tax Law. Also see: "New York State Property Tax Report Card," New York State Education Department, <https://www.p12.nysed.gov/mgtserv/propertytax/#Data>.

2 "Fund Balance - Reservations and Designations," New York State Education Department, [https://www.p12.nysed.gov/mgtserv/accounting/docs/reserve\\_funds.pdf](https://www.p12.nysed.gov/mgtserv/accounting/docs/reserve_funds.pdf).

3 "New York State Property Tax Report Card," New York State Education Department, <https://www.p12.nysed.gov/mgtserv/propertytax/#Data>.

FIGURE 18. NYS School Districts' Reserve Fund Types and Average Balances as a Percent of Districts' Total Spending, 2022-23

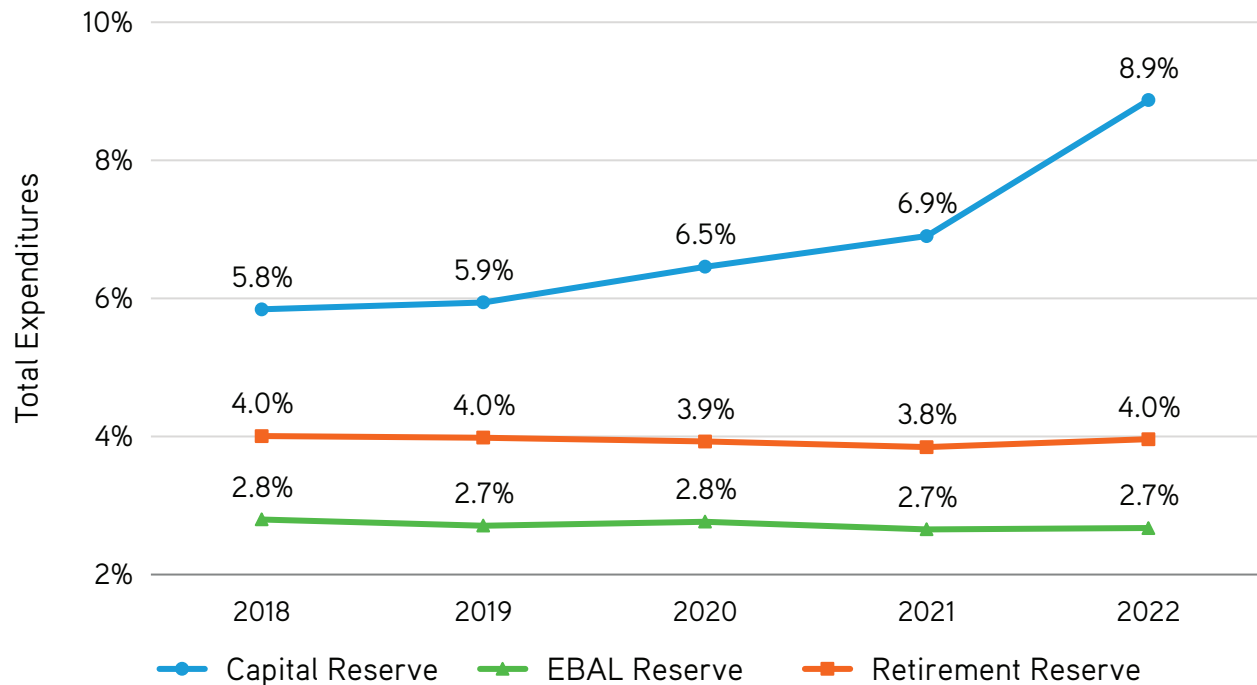


SOURCE: Data on reserve fund balances obtained from the 2022-23 Schedule of Reserve Data from NYSED, <https://www.p12.nysed.gov/mgtserv/propertytax/#Data>. Data on total expenditures sourced from School District Fiscal Profiles, <https://www.nysed.gov/fiscal-analysis-research/school-district-fiscal-profiles>. Notes: 1) Chapter 514 of the Laws of 2016 requires districts to report each reserve fund's name, purpose, balance as of March 31, and planned use for the next fiscal year. 2) An additional reserve—the Reserve for Excess Tax Levy—is not reported in the dataset and is not shown in the figure.

Trends in the size of three main reserve funds—Capital, Retirement, and Employee Benefits Liability—are shown in [Figure 19](#). The average size of school districts' Capital Reserve funds increased from 5.9 percent of total expenditures in SY 2018-19 to a peak of 8.9 percent in SY 2022-23. Meanwhile, the Retirement and Employee Benefits Liability reserves remained largely stable over this period.



FIGURE 19. NYS School Districts' Reserve Fund Types and Average Balances and a Percentage of Total Expenditures, 2022-23



SOURCE: Data on reserve fund balances obtained from the 2022-23 Schedule of Reserve Data from NYSED, <https://www.p12.nysed.gov/mgtserv/propertytax/#Data>. Data on total expenditures sourced from NYSED School District Fiscal Profiles, <https://www.nysed.gov/fiscal-analysis-research/school-district-fiscal-profiles>. Chapter 514 of the Laws of 2016 requires districts to report each reserve fund's name, purpose, balance as of March 31, and planned use for the next fiscal year. An additional reserve, the Reserve for Excess Tax Levy, is not reported in the dataset and is not shown in the figure.

Current law and regulations control the purpose and use of school district reserve funds fairly rigidly, ensuring that allocated funds for planned expenses are spent specifically for such purposes. There have been legislative proposals that would allow districts to borrow from sufficiently-funded reserve funds, particularly as a less costly option to issuing tax anticipation bonds and incurring associated interest costs.<sup>4</sup> The fiscal flexibility to cover additional and unexpected operational costs by tapping unrestricted year-end balances already afforded school districts seems more appropriate than shifting funds out of dedicated reserves, however, particularly as it pertains to reserve funds that local voters have approved to be deposited there. Reforms to increase fiscal flexibility should focus first on unrestricted fund balances.

<sup>4</sup> See, for example, Senate Bill S.7636 of the 2023-2024 Legislative Session, <https://www.nysenate.gov/legislation/bills/2023/S7636>.

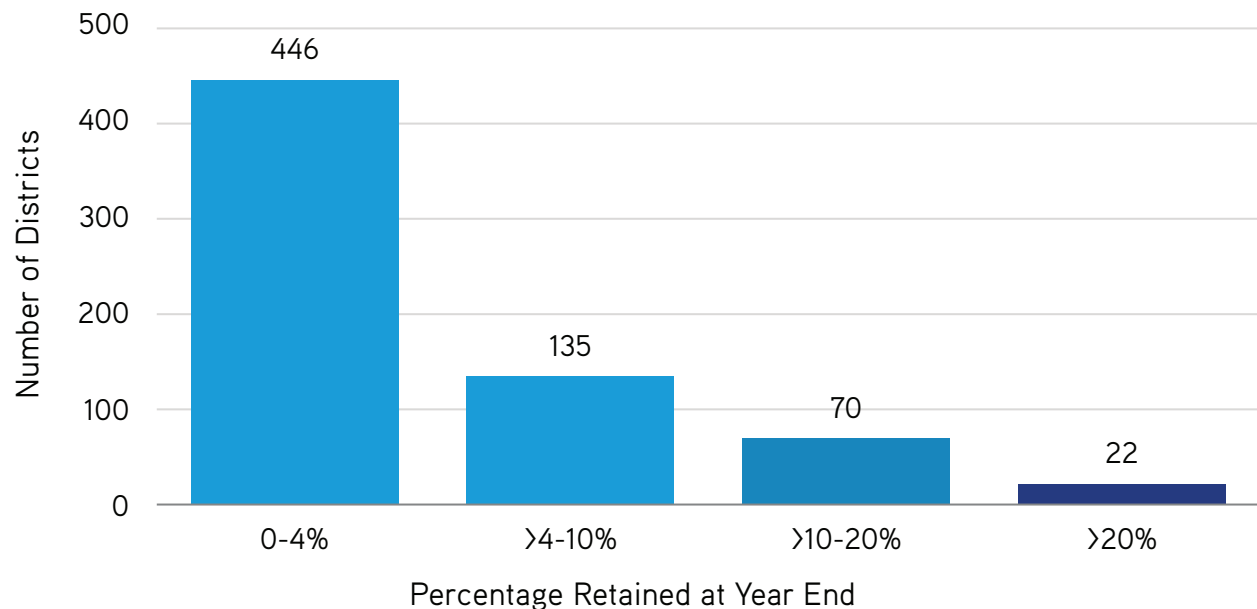
## Unappropriated Year-End Fund Balance

School districts are allowed to retain up to 4 percent of the total amount of their upcoming year’s budget from uncommitted current year-end funds. This retained portion of unappropriated funds can be used without voter approval to meet “ordinary contingent expenses,” which in general includes all expenditures “to provide the minimum services legally required to (1) operate and maintain the schools and the educational program of the school district and (2) preserve the property of the district in order to assure the health and safety of the students and staff.”<sup>5</sup> Most operating expenses are included, while expenses such as non-emergency capital expenditures are not. The uncommitted year-end fund balance also may be used with voter approval for unanticipated non-contingent expenditures and transfers into various reserve funds. The unreserved portion of the year-end fund balance also is available for property tax relief, and districts may choose to provide such relief instead of or, for portions above the threshold, in addition to retaining the allowable 4 percent.

Despite this restriction, many local school districts exceed the 4 percent limit on year-end fund balance amounts retained. For school year 2022-23, data from the New York State Education Department show that the average year-end percentage retained was 6.5 percent. While two-thirds of all school districts complied with the cap, 227 districts retained more than the allowable 4 percent.

**Figure 20**, below, groups school districts by the percentage of their budget retained at year’s end: within the allowable limit (0-4 percent), moderately above the cap (>4 to 10 percent), significantly above the cap (>10 to 20 percent), and far above the cap (>20 percent). In total, 33.7 percent of districts were over the allowable limit, including twenty-two districts that retained more than 20 percent.

*FIGURE 20.* Year-End Fund Balance Retained by NYS School Districts (expressed as a percent of total budget), 2022-23



*SOURCE:* Rockefeller Institute’s analysis of data from Property Tax Report Cards maintained by NYSED. The figure is the Adjusted Unrestricted Fund Balance as a percent of total budget 2022-23. This is the fund balance that is limited by law to no more than 4 percent, at: <https://www.p12.nysed.gov/mgtserv/propertytax/#Data>.

5 “Budgeting Handbook: Appendix C,” New York State Education Department, <https://www.p12.nysed.gov/mgtserv/budgeting/handbook/appendixc.html#:~:text=In%20general%2C%20the%20term%20%22ordinary,to%20assure%20the%20health%20and>.

The number of school districts retaining greater-than-allowable portions of their unrestricted year-end fund balances is growing, too: in 2018-19, 24.1 percent of districts retained a percentage greater than 4 percent of their budgets; by 2022-23, this proportion increased to 33.7 percent of districts statewide.

## **POLICY CONSIDERATIONS:**

### **Reserve Funds**

In testimony at the Rockefeller Institute’s public hearings, stakeholders called on the state to relax the current 4 percent limit on the amount of unrestricted year-end fund balances districts may retain. Noting that municipalities typically are given greater allowance and that the state faces no restrictions on the size of budget surpluses it maintains, school districts advocated for raising the current limit to allow for better long-term planning and to allow for easier coverage of unexpected costs. Discussions surrounding the 2024-25 executive budget proposal to modify the state’s approach to Save Harmless Foundation Aid allocations included questions about the amount of unrestricted funds being retained by school districts.

Several reform options pertaining to the retention of unrestricted year-end fund balances are proposed. Recommendations entwined with Save Harmless policies are envisioned to apply after Save Harmless reforms as recommended earlier in this report have been made. Reserve Fund reforms for consideration include:

- ✦ Allow school districts to temporarily retain an additional 6 percent (for a total of 10 percent) of their budgets as an unrestricted year-end fund balance if they have a plan for spending these funds that is: (1) approved by local voters; (2) has a spend-down plan no longer than five years; and, (3) is approved by NYSED;
- ✦ Once recommended reforms to the state’s Save Harmless practice have been made, require school districts to use any excess above 4 percent as an offset to Foundation Aid allocations made in accordance with the state’s Save Harmless funding practice, ensuring that surplus revenue is first used to fill Foundation Aid gaps from one year to the next; and/or,
- ✦ Require school districts to use any excess above 4 percent as property tax relief in the current or next school year.

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## RECOMMENDATION

### Reserve Funds

*In 2022-23, one-third of all school districts retained a portion of their year-end fund balances greater than the 4 percent allowed under current law. Districts would be well-served by policies that allow flexibility on this cap, providing a greater ability to address unanticipated costs and to enact longer-term financial plans.*

*School districts retaining excess unrestricted funds also should be asked to apply some of that surplus to Save Harmless allocations (if eligible). Such requirements are envisioned here to apply once Save Harmless reforms proposed earlier in this report have been implemented.*

For school districts not on Save Harmless:

- ✳ Allow districts to temporarily retain an additional 6 percent (for a total of 10 percent) of their budgets as an unrestricted year-end fund balance if they have a plan for spending these funds that is: approved by local voters; has a spend-down plan no longer than five years; and, is approved by NYSED.

For school districts on Save Harmless:

- ✳ Require any excess year-end fund balance retained above 4 percent to be applied as an offset against Save Harmless allocations.

# PUBLIC OUTREACH

The New York State 2024-25 enacted budget called for the Rockefeller Institute to “hold at least three public hearings across the state to gather input” from stakeholders as part of its study of the Foundation Aid education funding formula.

## Public Hearings

The Rockefeller Institute opted to hold more than the minimum number of required public hearings, using a deliberative process to identify five centrally located school districts in different regions of the state in which to host the forums. The hearings were scheduled across five weeks from mid-July to mid-August, and designed to span mid-afternoons and early evenings in an attempt to maximize the opportunity for feedback and allow sufficient time to incorporate stakeholder input into the Institute’s research.

The hearings, held in Manhattan, Buffalo, Farmingdale, Laurens, and Guilderland, were open to the public, livestreamed, recorded, and continue to be publicly available through the weblinks offered in [Table 19](#). American Sign Language interpretation was available on-site as well as over the livestream broadcast.

*TABLE 19. Rockefeller Institute’s Public Hearings on Foundation Aid Formula Reform*

Date	Location	Weblink	Address
July 16, 2024	Manhattan	<a href="https://rockinst.org/foundation-aid-study/public-hearing-new-york-city/">https://rockinst.org/foundation-aid-study/public-hearing-new-york-city/</a>	High School of Fashion Industries 225 West 24th Street New York, NY 10011
July 25, 2024	Buffalo	<a href="https://rockinst.org/foundation-aid-study/public-hearing-western-new-york/">https://rockinst.org/foundation-aid-study/public-hearing-western-new-york/</a>	North Park Community School 780 Parkside Avenue Buffalo, NY 14216
July 30, 2024	Farmingdale	<a href="https://rockinst.org/foundation-aid-study/public-hearing-long-island/">https://rockinst.org/foundation-aid-study/public-hearing-long-island/</a>	Weldon E. Howitt Middle School 50 Vancott Avenue Farmingdale, NY 11735
August 8, 2024	Laurens	<a href="https://rockinst.org/foundation-aid-study/public-hearing-central-new-york/">https://rockinst.org/foundation-aid-study/public-hearing-central-new-york/</a>	Laurens Central School 55 Main Street Laurens, NY 13796
August 14, 2024	Guilderland	<a href="https://rockinst.org/foundation-aid-study/public-hearing-capital-region/">https://rockinst.org/foundation-aid-study/public-hearing-capital-region/</a>	Guilderland High School 8 School Road Guilderland Center, NY 12085

The public hearings were comprised of two segments: (1) testimony from invited speakers representing key stakeholder groups, identified and selected by the Rockefeller Institute in collaboration with members of the education community; and, (2) testimony from members of the general public. The invited speaker segment was allotted two and a half hours and the public comment period was two hours long, as follows:

- 2:00 p.m. to 4:30 p.m. | Invited Speaker Segment
- 5:30 p.m. to 7:30 p.m. | Public Comment Segment

### Invited Speaker Segment

Because of the technical construction of the Foundation Aid formula, the Rockefeller Institute sought feedback from school leaders, administrators, board members, researchers, teachers, and advocates, many of whom have extensive, first-hand experience reviewing the formula’s components and the impact the formula’s design has on Foundation Aid allocations to school districts. At each public hearing, these invited speakers were allotted time to offer testimony on the function of the formula, identify areas where updates or improvements might be made, and offer ideas for consideration on revising the formula in ways that would better support students and schools.

### Public Comment Segment

The Rockefeller Institute created a public comment pre-registration form to ensure that, in case of an overwhelming interest from the public to speak at the hearings, a broad, diverse, and representative set of speakers would be given the opportunity to make a presentation to the Institute. Members of the public who filled out the form were sent a registration confirmation and, upon arrival at the hearing venue, were guided on the process that would be used to call on them to speak.

It is important to note that every member of the public who signed up to speak was given an opportunity to make a presentation at one of the hearings. Additionally, after all registered speakers were heard at each venue, the Rockefeller Institute left the floor open for anyone else in attendance who wished to speak.

### Listening Panel

A panel of education finance and policy experts attended to the public comment period at each hearing. A facilitator introduced speakers, kept time, and took notes on the proceedings. After each forum, the panel would gather to discuss the presentations that were made, note where follow-up and requests for additional information would be made, and confer about how the information gathered would inform the Rockefeller Institute’s research.

TABLE 20. Listening Panel Members

Name	Title
Robert Megna	President, Rockefeller Institute of Government
Anita Murphy (Panel Facilitator)	District Superintendent (retired), Capital Region BOCES
Brian Backstrom	Director of Education Policy Studies, Rockefeller Institute of Government
Lisa Parshall	Distinguished Professor of Political Science, Daemen University, and Fellow, Rockefeller Institute of Government
Lucy Sorensen	Associate Professor of Public Administration and Policy, University at Albany

## Livestream

The public hearings were livestreamed in high definition on the video sharing platform YouTube. The livestream allowed interested members of the public who were unable to attend the hearings in person to follow the hearing in realtime. The livestreamed videos were recorded, edited for conciseness, and posted on the Rockefeller Institute of Government’s YouTube channel. These videos will remain available there for the foreseeable future. In addition to the on-site American Sign Language interpretation, the videos were transcribed and translated into Spanish, Chinese, and Russian, the three most common non-English languages spoken in New York State.

TABLE 21. Links to Recordings of the Rockefeller Institute’s Public Hearings

Hearing	YouTube Link/URL
Manhattan	<a href="https://youtube.com/live/3JEtOjmlwVk?feature=share">https://youtube.com/live/3JEtOjmlwVk?feature=share</a>
Buffalo (Part 1)	<a href="https://youtube.com/live/jB_gGbSDiok?feature=share">https://youtube.com/live/jB_gGbSDiok?feature=share</a>
Buffalo (Part 2)*	<a href="https://youtube.com/live/TGBqzZf_hbg?feature=share">https://youtube.com/live/TGBqzZf_hbg?feature=share</a>
Farmingdale	<a href="https://youtube.com/live/AoYDNjUR044?feature=share">https://youtube.com/live/AoYDNjUR044?feature=share</a>
Laurens	<a href="https://youtube.com/live/zvLnqlyezhl?feature=share">https://youtube.com/live/zvLnqlyezhl?feature=share</a>
Guilderland	<a href="https://youtube.com/live/UINXK6YEXvY?feature=share">https://youtube.com/live/UINXK6YEXvY?feature=share</a>

NOTE: The livestream broadcast for the Buffalo public hearing is split into two recordings due to a technical issue.

## Written Comments

To broaden opportunities for feedback from education stakeholders and members of the public, the Rockefeller Institute solicited written comments via an online platform. Using SurveyMonkey, a popular electronic survey tool, the Rockefeller Institute created the “Written Comment Submission Form for Foundation Aid Study” (see Figure 21). Users could enter written testimony directly into a comment input box or upload up to three document or data files for consideration by the Listening Panel and the Rockefeller Institute’s research team. The form was open for 12 weeks (June 13, 2024, to September 6, 2024).

FIGURE 21. Online Comment Form for Rockefeller Institute’s Foundation Aid Study

### Written Comment Submission Form for Foundation Aid Study

#### Share Your Written Comments or Supplementary Materials

Please fill out the form below to submit written comment about the [Foundation Aid formula](#). You may use the space provided below and/or attach your written statement and any supporting documents as separate file(s).

Written feedback will be accepted through Friday, September 6, 2024, at 11:59 pm (EST). All submissions before that date will be reviewed and considered as part of the Foundation Aid Study.

\* 1. Name

\* First name

\* Last name

\* 2. Email

Email address

\* 3. (Choose as many as apply). I am a...

- Parent, Caregiver, or Family Member of a Student
- Teacher or School Staff Member
- Student
- School or District Administrator
- School Board Member
- Other Elected Official
- Researcher
- Education Advocate
- Other (please specify)



FIGURE 21. Online Comment Form for Rockefeller Institute’s Foundation Aid Study (cont.)

\* 4. School District Affiliation or Organizational Affiliation

5. Enter your public comment about the Foundation Aid formula. *(If you exceed the 20,000 character limit, please consider submitting your comments using the file upload buttons below.)*

6. Upload written comment or supplementary materials (e.g., reports) on the Foundation Aid formula.

Please upload only PDF, DOC, or DOCX files. The file size limit is 16 MB.


 No file chosen

7. Additional file upload if necessary.

 No file chosen

8. Additional file upload if necessary.

 No file chosen

Powered by  
 SurveyMonkey  
See how easy it is to [create surveys and forms](#).

The online comment solicitation produced 1,979 total submissions, of which 1,823 contained comments or file uploads. The input received was from a wide range of interested parties, and served to meaningfully inform the Rockefeller Institute in its research.

TABLE 22. Online Survey Participants’ Relationship to Education

Contributor	Count
Parent, Caregiver, or Family Member of a Student	1,223
Teacher or School Staff Member	469
Student	36
School/District Administrator	151
School Board Member	53
Other Elected Official	22
Researcher	35
Education Advocate	192
Other	260

NOTE: Users could select multiple categories to describe themselves, so the total count in this table differs from the total number of testimonies received. A compilation of all written comment submissions is available on the Rockefeller Institute of Government website at <https://rockinst.org/upload/fa-written-testimony/index.html>.


## Outreach

The Rockefeller Institute conducted a broad outreach campaign to inform members of the public and education stakeholders about opportunities to offer input to the Institute during its research. These efforts included:

- A webpage with clear and concise information about the Foundation Aid Study was published in early June, 2024. The website contained information about the public hearings, the speaker registration form, the online comment submission process, and frequently asked questions (FAQs) about the study and the hearings (the webpage can be accessed at <https://rockinst.org/foundation-aid-study/>).
- Contacts were identified at each of New York’s more than 670 school districts to inform them of the study, detail opportunities for comment, and encourage school leaders to disseminate this information within their networks. Boilerplate language that school districts could use in their communications was provided, along with a flyer to facilitate sharing the information with members of the school community (see Figure 22).

FIGURE 22. Example of Outreach Notice Provided to School Districts

Enrollment Careers Live Stream Events

 Whitesville Central School  
WCS, Empowering Learners to Lead, Innovate and Communicate

MENU TRANSLATE

WHITESVILLE CENTRAL SCHOOL // NEWS

// ROCKEFELLER INSTITUTE OF GOVERNMENT FOUNDATION AID FORMULA STUDY



## ROCKEFELLER INSTITUTE OF GOVERNMENT FOUNDATION AID FORMULA STUDY

District Notices  
June 26, 2024

**Share your input on the Foundation Aid formula for state education funding!**

A study is being done by the Rockefeller Institute of Government to assess the State’s Foundation Aid education funding formula and discuss potential changes to how the formula works.

As part of the Foundation Aid Study, the Rockefeller Institute wants to hear from education stakeholders across New York State, including students, their parents and families, teachers, school staff, and administrators.

You can provide feedback and input on the Foundation Aid formula in two ways:

1. You can submit written comments on the Rockefeller Institute website.
2. You can register to speak at one of five public hearings happening this July and August in New York City, Buffalo, Farmingdale, Laurens, and Guilderland.

For more information on the Foundation Aid formula, the Study, how you can provide written feedback, and the upcoming public hearings, please visit <https://www.rockinst.org/foundation-aid-study/> !

- Each member of the New York State Assembly and Senate was contacted directly in a letter from Rockefeller Institute President Bob Megna. Legislators were encouraged to share information about the Foundation Aid study with their constituents, invited to attend the public hearings, and encouraged to contact the Institute’s research team with any questions or comments they had. Similar notices were sent to members of the New York State Board of Regents.
- The Rockefeller Institute sought and received the help of public and private institutions known to have considerable reach throughout the state’s education community. For example, the

New York State Education Department distributed multiple notices to members of its network, highlighting the Foundation Aid study and opportunities for comment. Similarly, the New York State School Boards Association, one of the leading education advocacy groups in the state, worked with the Rockefeller Institute to drive awareness of the research that was underway. Representatives from organizations constituting other members of the New York State Educational Conference Board also promoted the Rockefeller Institute’s Foundation Aid study.

- Local and statewide media contacts were identified and information about the public hearings and the Foundation Aid study was distributed to them. Information about the Rockefeller Institute’s ongoing work on the study appeared in more than 100 articles over the course of the Institute’s research.
- The Institute’s outreach also included social media campaigns on platforms X (Twitter), LinkedIn, and Facebook.

## In-House Meetings

Throughout the time the Rockefeller Institute was conducting its research on the Foundation Aid formula, education stakeholders were encouraged to set up meetings with Institute leadership to discuss specific issues about the formula and proposed ideas for reform. Nearly 100 such meetings took place. A sample of the organizations that conferred with the Institute are listed below:

- Alliance for Quality Education
- Association of School Business Officials of New York
- Brown’s Promise
- Center for Education Equity, Teachers College, Columbia
- City of Albany
- Conference of Big 5 School Districts
- Cornell University
- Dormitory Authority of the State of New York
- EdTrust-New York
- Maxwell School of Citizenship & Public Affairs, Syracuse University
- New York City Department of Education
- New York City Independent Budget Office
- New York State Assembly Members
- New York State Council of School Superintendents
- New York State Division of the Budget
- New York State Education Department
- New York State PTA
- New York State School Boards Association
- New York State Senators
- New York State United Teachers (NYSUT)
- Rural Schools Association of New York State
- School Administrators Association of New York State
- Small City School District Association
- Statewide School Finance Consortium
- Superintendents of numerous school districts
- United Federation of Teachers

# ACKNOWLEDGMENTS

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This report is the product of many hours of research, thought, consultation, collaboration, writing, editing, formatting, and effort by many people. All deserve a level of appreciation much more than can be conveyed in a simple statement here. Nonetheless, among those particularly owed recognition is the team at the Rockefeller Institute of Government and our consulting research and production collaborators:

Brian Backstrom; Michele Charbonneau; Emily D’Vertola; Rachel Frascella; Jen McCormick; Bob Megna; Anita Murphy; Lisa Parshall; Laura Rabinow; Frankie Reynolds, Nadine Rubinstein and the team at Guidehouse; Patrick Schumacher; Mathilda Scott; Lucy Sorensen; Heather Stone; Zan Strumfeld; Joel Tirado; Heather Trela; and Leigh Wedenoja.

This report and its recommendations benefitted greatly from input and assistance from experts at the New York State Education Department, the New York State Division of the Budget, and key stakeholder groups. Only a handful of people can legitimately claim to be experts in Foundation Aid, and the professionals in these organizations certainly are among those select few. Their informed advice and willing assistance throughout the project were invaluable.

Several education organizations invited leadership of the Rockefeller Institute to make presentations to their members, collaborate in workshops and brainstorming sessions with them, and receive questions and ideas from the field. Included among these groups are the New York State Council of School Superintendents, the New York State School Boards Association, The Conference of Big Five School Districts, and the Alliance for Quality Education. The time spent hearing the broad range of concerns about state education funding and discussing the vision of the Rockefeller Institute’s research was worth every minute. These sessions were greatly appreciated and made this report better in the end.

The public hearings held by the Rockefeller Institute across the state allowed important connections to be made with the public and education stakeholders of every type. The feedback, ideas, and descriptions of the realities faced every day by school district leaders, teachers and administrators, students, and parents could not have been more influential in adding context to the recommendations in this report. The success of these hearings is due in no small part to the gracious cooperation and generosity of our local hosts:

**New York City**—High School of Fashion Industries:

- Gary Beidleman, Superintendent; Randy Abdallah

**Buffalo**—PS 050 North Park Community School:

- Dr. Tonja M. Williams Knight, Superintendent, Buffalo Public Schools; Carla Graves, Principal; Katie Hurtubise, Assistant Principal; Molly Towey, Instructional Technology Coach; Sean Blake, Chief Engineer.

**Farmingdale**—Weldon E. Howitt Middle School:

- Paul Defendini, Superintendent, Farmingdale Union Free School District; Michael Motisi, Assistant to the Superintendent for Business; Jeff Pritzker, A/V Technician.

**Laurens**—Laurens Central School:

- Bill Dorritie, Superintendent, Laurens City School District; Steve West, Director of Facilities; Chip Walker, District Information Technology Coordinator; Jenna Avery, Deputy Superintendent, Otsego Northern Catskills BOCES.

**Guilderland**—Guilderland High School:

- Dr. Marie Wiles, Superintendent, Guilderland Central School District; Andrew Van Alstyne, Assistant Superintendent for Business; Dave Howell, Director of Technology.

The submission of nearly 2,000 written testimonies, speaking appearances by more than 160 people, plus nearly 100 individual meetings between key stakeholder groups and Rockefeller Institute leadership (see the “[Public Outreach](#)” section for more detail) helped make this report all that it is.



# APPENDIX A





# APPENDIX A: ENABLING LEGISLATION

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## A.8806-C/S.8306-C

Education, Labor, Housing and Family Assistance Budget  
for the 2024-2025 State Fiscal Year.

PART A § 9. Foundation aid study.

1. The Nelson A. Rockefeller institute of government of the state university of New York (“the institute”) shall conduct a comprehensive study of the foundation aid formula (“the study”). The institute, in consultation with the state education department, the division of the budget, and any other state agencies the institute deems necessary, shall examine, evaluate, and recommend potential modifications to the calculation of foundation aid pursuant to subdivision 4 of section 3602 of the education law. The institute shall contract with third parties as necessary to complete the study. The institute shall gather and consider feedback provided by a broad and diverse range of stakeholders, including but not limited to education organizations, teachers, parents, school administrators, and school boards. The institute shall hold at least three public hearings across the state to gather input from such stakeholders.
2. The results, findings, and recommendations of the study shall be for study purposes only, shall not be considered binding upon the executive or the legislature in any manner, and shall not establish the constitutional minimum cost to provide an opportunity for a sound basic education.
3. The foundation aid formula, as modified by the recommendations of the study, shall achieve the following:
  - a. be fiscally sustainable for the state, local taxpayers, and school districts; and
  - b. calculate foundation aid payable for all school districts consistently using only the most recent year or years of available data on pupil counts, student needs, district income and property wealth, and other formula components.
4. The study shall evaluate each current component of the foundation aid formula and recommend whether to retain, modify, or eliminate the component, and may evaluate and recommend new components to add to the formula. Such evaluation shall consider relevant data and research. The components to be so evaluated shall include but not be limited to the following:
  - a. the foundation amount of instructional spending per pupil;
  - b. the additional weightings for pupil needs, such as for free and reduced-price lunch, census poverty, English language learners, sparsity, and pupils with disabilities;
  - c. the adjustment for regional cost differences;
  - d. the calculation of school districts’ relative wealth;

- e. the expected minimum local contribution toward the adjusted foundation amount; and
  - f. the pupil counts, such as public enrollment and average daily membership.
5. In support of its recommendations, the study shall at a minimum examine the following:
- a. New York's overall state and local system of funding public education compared to those of other states, including but not limited to the methodologies and levels of funding;
  - b. the extent to which the current calculation of the foundation amount is inconsistent with current adjustments for pupil needs and regional cost differences and includes costs supported by other non-local revenues;
  - c. the additional instructional costs associated with addressing the needs of certain groups of students, including whether and how to properly weight students belonging to multiple such groups;
  - d. the extent to which teacher salaries, other professional salaries, the cost of living, and school district spending per pupil vary by region;
  - e. the formula's adjusted foundation amount compared to school districts' actual spending on the costs intended to be supported by such amount;
  - f. the formula's expected minimum local contribution compared to school districts' actual local contribution and fiscal capacity, including but not limited to property tax levy, unexpended surplus in excess of the limit established by section 1318 of the real property tax law, and other potential offsets;
  - g. the extent to which school districts' property tax rates vary by districts' relative income; and
  - h. school districts' overall financial condition, including annual operating deficits or surpluses and accumulated fund balances and reserves.
6. The institute shall submit a report of its findings and recommendations to the governor, the temporary president of the senate, and the speaker of the assembly on or before December 1, 2024.



# APPENDIX B



# APPENDIX B: PUPIL EXPENDITURES, NEW YORK STATE SCHOOL DISTRICTS, 2022-23

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School District	Per Pupil Expenditure 2022-23	School District	Per Pupil Expenditure 2022-23
Fire Island	\$149,220	Montauk	\$47,478
Kiryas Joel	\$131,794	Minerva	\$47,477
Bridgehampton	\$118,337	Clifton Fine	\$47,320
Newcomb	\$90,679	Colton-Pierrepont	\$47,279
Pocantico Hill	\$89,190	Chatham	\$46,818
Shelter Island	\$79,258	Harpursville	\$46,756
Long Lake	\$76,225	Eldred	\$46,741
Andes	\$76,034	Windham-Ashland-Jewett	\$46,680
Tuxedo	\$75,258	Cold Spring Harbor	\$45,827
Quogue	\$68,167	Long Beach	\$45,601
Fishers Island	\$66,462	North Shore	\$45,263
Downsville	\$64,888	Hunter-Tannersville	\$45,076
Amagansett	\$62,661	Tri-Valley	\$44,821
Wells	\$61,671	Hancock	\$44,807
Southampton	\$61,336	Lake Placid	\$44,738
Livingston Manor	\$59,719	Greenburgh	\$44,686
Tuckahoe	\$57,045	Oyster Bay	\$44,539
Jefferson	\$56,182	Bedford	\$44,030
Indian Lake	\$55,687	Island Park	\$43,700
Lake Pleasant	\$54,021	Franklin	\$43,661
Stamford	\$51,747	Canaseraga	\$43,650
Port Jefferson	\$51,711	Eastport-South Manor	\$43,506
Roscoe	\$51,097	Carle Place	\$43,367
Roxbury	\$50,739	Pine Plains	\$43,306
Whitesville	\$50,539	Byram Hills	\$42,808
Southold	\$49,521	Bayport-Blue Point	\$42,723
Bolton	\$48,948	Johnsburg	\$42,683
Onteora	\$48,872	East Hampton	\$42,602
Hewlett-Woodmere	\$48,839	St. Regis Falls	\$42,468
Lawrence	\$48,820	Briarcliff Manor	\$41,942
Rensenburg	\$48,605	Oysterponds	\$41,768
North Salem	\$48,270	Hammond	\$41,648
Mattituck-Cutchogue	\$48,219	Town of Webb	\$41,633
Sag Harbor	\$47,616	Keene	\$41,313
Locust Valley	\$47,513	Ellenville	\$41,179

School District	Per Pupil Expenditure 2022-23
Katonah-Lewisboro	\$41,151
Georgetown-South Otselic	\$41,101
Somers	\$40,858
East Rockaway	\$40,798
White Plains	\$40,764
Three Village	\$40,762
Cattaraugus-Little Valley	\$40,701
Brewster	\$40,592
Rondout Valley	\$40,577
West Hempstead	\$40,509
Blind Brook-Rye	\$40,132
Harrisville	\$40,116
Valhalla	\$39,979
South Seneca	\$39,874
Amityville	\$39,863
East Williston	\$39,636
Schenevus	\$39,517
Jericho	\$39,328
Westbury	\$39,310
Romulus	\$39,247
Andover	\$39,185
New Paltz	\$38,953
Margaretville	\$38,844
Rhinebeck	\$38,814
Greenwood Lake	\$38,812
Irvington	\$38,769
Millbrook	\$38,624
Middleburgh	\$38,566
Salmon River	\$38,475
Salamanca	\$38,434
Schroon Lake	\$38,378
Lake George	\$38,362
Rockville Center	\$38,224
Friendship	\$38,163
Hendrick Hudson	\$38,080
Northport	\$38,062
Pine Valley	\$38,043
Hauppauge	\$37,982
Great Neck	\$37,911
Charlotte Valley	\$37,910
Sullivan West	\$37,860
De Ruyter	\$37,772
Afton	\$37,705

School District	Per Pupil Expenditure 2022-23
Berne Knox	\$37,638
Highland Falls	\$37,614
La Fayette	\$37,592
Pawling	\$37,567
Kings Park	\$37,543
Sayville	\$37,532
Port Jervis	\$37,468
North Warren	\$37,377
Connetquot	\$37,369
Suffern	\$37,340
Scarsdale	\$37,297
Copake-Taconic	\$37,268
Chappaqua	\$37,201
Mineola	\$37,184
Levittown	\$37,174
Mount Pleasant	\$37,173
Babylon	\$37,163
Chautauqua	\$37,084
Mount Vernon	\$37,078
Parishville	\$37,063
Willsboro	\$37,060
Putnam Valley	\$37,055
Northeast	\$37,049
Catskill	\$37,004
Harrison	\$36,950
Germantown	\$36,930
New York City	\$36,917
Garrison	\$36,884
Boquet Valley	\$36,877
Deposit	\$36,869
Shorham-Wading River	\$36,852
Sodus	\$36,801
Hudson	\$36,780
Carmel	\$36,685
Ripley	\$36,678
Red Hook	\$36,611
Penn Yan	\$36,481
Berlin	\$36,421
Ogdensburg	\$36,398
Hammondsport	\$36,340
Roslyn	\$36,338
Lakeland	\$36,207
Hartford	\$36,173

School District	Per Pupil Expenditure 2022-23
Fallsburg	\$36,164
Gilbertsville-Mount Upton	\$36,153
Edwards-Knox	\$36,143
Syosset	\$36,124
Belfast	\$36,107
Seaford	\$36,037
South Orangetown	\$36,013
Naples	\$36,009
Half Hollow Hills	\$35,960
Barker	\$35,955
Monticello	\$35,905
West Islip	\$35,807
Nanuet	\$35,792
Genesee Valley	\$35,759
Hadley-Luzerne	\$35,725
Uniondale	\$35,661
Malverne	\$35,531
Roosevelt	\$35,528
Huntington	\$35,514
West Valley	\$35,446
Commack	\$35,436
Altmar Parish	\$35,410
Farmingdale	\$35,297
Elmsford	\$35,281
Van Hornsville	\$35,280
Nyack	\$35,256
Edgemont	\$35,220
Marion	\$35,170
Pearl River	\$35,139
Gorham-Middlesex	\$35,126
East Quogue	\$35,120
Florida	\$35,070
Fort Plain	\$35,044
Pleasantville	\$34,983
Lynbrook	\$34,949
Manhasset	\$34,871
South Country	\$34,822
Rye	\$34,709
Scio	\$34,706
South Kortright	\$34,645
Plainedge	\$34,644
Hastings on Hudson	\$34,630
South Huntington	\$34,568

School District	Per Pupil Expenditure 2022-23
East Islip	\$34,433
Brookfield	\$34,426
Worcester	\$34,420
Fillmore	\$34,390
Jasper-Troupsburg	\$34,365
Brocton	\$34,360
Bradford	\$34,356
Ardsley	\$34,354
Hermon-Dekalb	\$34,344
Kingston	\$34,319
Sandy Creek	\$34,305
Greene	\$34,303
Gilboa-Conesville	\$34,264
Massapequa	\$34,255
Elwood	\$34,242
Smithtown	\$34,191
Islip	\$34,187
Sharon Springs	\$34,163
Ticonderoga	\$34,162
Glen Cove	\$34,106
Mahopac	\$34,069
Addison	\$34,065
Cornwall	\$34,025
Moravia	\$34,007
Dobbs Ferry	\$33,969
Dalton-Nunda	\$33,954
West Babylon	\$33,914
Westhampton Beach	\$33,897
New Hyde Park	\$33,884
Warrensburg	\$33,874
Higland	\$33,862
Waterloo	\$33,825
Franklinville	\$33,813
Avoca	\$33,790
Baldwin	\$33,776
Mount Morris	\$33,714
Greenville	\$33,713
Laurens	\$33,665
Haverstraw-Stony Point	\$33,631
Harborfields	\$33,569
Merrick	\$33,537
Northern Adirondack	\$33,533
North Collins	\$33,508

School District	Per Pupil Expenditure 2022-23
Bay Shore	\$33,441
Alexandria	\$33,375
Dryden	\$33,329
Plainview	\$33,323
Southern Cayuga	\$33,318
Marlboro	\$33,298
Oakfield-Alabama	\$33,288
Warsaw	\$33,239
Mexico	\$33,209
Susquehanna Valley	\$33,173
Frankfort-Schuyler	\$33,160
Garden City	\$33,098
Chester	\$33,061
Copiague	\$33,046
East Irondequoit	\$33,045
Morris	\$33,009
Hyde Park	\$32,968
Bronxville	\$32,952
Lyons	\$32,923
Tuckahoe	\$32,920
Croton-Harmon	\$32,917
Clyde-Savannah	\$32,877
Holley	\$32,870
Saranac Lake	\$32,865
Trumansburg	\$32,850
Gates-Chili	\$32,825
Cairo-Durham	\$32,822
Haldane	\$32,796
Port Washington	\$32,771
Walkkill	\$32,735
East Bloomfield	\$32,727
Thousand Islands	\$32,711
Remsen	\$32,697
Bellmore	\$32,691
Deer Park	\$32,657
Red Creek	\$32,616
Lisbon	\$32,608
Middletown	\$32,602
Ossining	\$32,531
Wheatland-Chili	\$32,461
Cincinnatus	\$32,408
Rocky Point	\$32,385
Cuba-Rushford	\$32,347

School District	Per Pupil Expenditure 2022-23
Ausable Valley	\$32,344
Watkins Glen	\$32,333
Heuvelton	\$32,324
Greenport	\$32,316
Hannibal	\$32,306
Bethpage	\$32,299
Fort Edward	\$32,287
Cato Meridian	\$32,192
Eastchester	\$32,167
New Lebanon	\$32,122
Valley (Montgomery)	\$32,116
Morrisville-Eaton	\$32,084
Bellmore-Merrick	\$32,075
York	\$32,055
Tarrytown	\$32,034
Valley Stream 24	\$32,025
Onondaga	\$32,018
Yorktown	\$32,009
Ravena-Coeymans-Selkirk	\$31,968
Miller Place	\$31,965
Port Byron	\$31,952
Central Islip	\$31,931
Prattsburg	\$31,926
Honeoye	\$31,868
Hinsdale	\$31,866
Newfield	\$31,783
Island Trees	\$31,686
Beacon	\$31,637
Hornell	\$31,628
Fabius-Pompey	\$31,588
Green Island	\$31,576
Johnson City	\$31,527
Lindenhurst	\$31,511
Wheelerville	\$31,510
Milford	\$31,486
Monroe-Woodbury	\$31,422
Otego-Unadilla	\$31,422
Spackenkill	\$31,328
Edmeston	\$31,241
Honeoye Falls	\$31,223
East Moriches	\$31,213
Pulaski	\$31,211
Binghamton	\$31,170



School District	Per Pupil Expenditure 2022-23
Center Moriches	\$31,144
Perry	\$31,095
Clymer	\$31,054
Springs	\$31,053
New Rochelle	\$31,049
Coxsackie-Athens	\$31,021
Cobleskill-Richmondville	\$31,017
Gowanda	\$31,014
Walton	\$31,003
Wantagh	\$30,994
Phoenix	\$30,990
Poughkeepsie	\$30,983
Windsor	\$30,976
Sachem	\$30,917
Arlington	\$30,910
Lansing	\$30,893
Oppen-Ephrata-St. Johns	\$30,875
Panama	\$30,870
Union Springs	\$30,868
West Canada Valley	\$30,860
Hempstead	\$30,783
Jordan Elbridge	\$30,759
Liberty	\$30,727
Rochester	\$30,715
Ithaca	\$30,699
Newburgh	\$30,696
Manchester-Shortsville	\$30,685
Cassadaga Valley	\$30,653
Peekskill	\$30,645
Troy	\$30,539
Stockbridge Valley	\$30,531
Oxford	\$30,464
Weedsport	\$30,449
Spencer-Van Etten	\$30,407
Canton	\$30,387
Westmoreland	\$30,372
Newark	\$30,366
Yorkshire-Pioneer	\$30,353
Groton	\$30,291
Oceanside	\$30,289
East Ramapo	\$30,282
Cherry Valley-Springfield	\$30,262
Valley Stream Central	\$30,260

School District	Per Pupil Expenditure 2022-23
Northville	\$30,243
William Floyd	\$30,234
Holland	\$30,220
Patchogue-Medford	\$30,218
Rye Neck	\$30,217
Niagara-Wheatfield	\$30,165
Tully	\$30,143
Alfred-Almond	\$30,082
Mount Sinai	\$30,067
Richfield Springs	\$30,065
Bainbridge-Guilford	\$30,048
North Rose-Wolcott	\$30,043
Fort Ann	\$30,007
Gananda	\$30,006
Schodack	\$29,990
Madison	\$29,959
Schoharie	\$29,956
Arkport	\$29,955
Longwood	\$29,909
Camden	\$29,904
Sherburne-Earlville	\$29,898
Newark Valley	\$29,891
Salem	\$29,877
East Meadow	\$29,865
Rush-Henrietta	\$29,835
Campbell-Savon	\$29,827
Dundee	\$29,821
Brushton-Moira	\$29,794
Pittsford	\$29,794
Saugerties	\$29,786
Hampton Bays	\$29,782
Whitney Point	\$29,760
Freeport	\$29,715
Evans-Brant	\$29,675
Wyandanch	\$29,658
Forestville	\$29,638
Madrid-Waddington	\$29,613
South Lewis	\$29,612
Elmont	\$29,605
Valley Stream 13	\$29,567
Malone	\$29,532
Chateaugay	\$29,520
Middle Country	\$29,513

School District	Per Pupil Expenditure 2022-23
Oneida City	\$29,504
East Rochester	\$29,501
Newfane	\$29,499
Galway	\$29,489
Pelham	\$29,482
Northeastern	\$29,481
Sewanhaka	\$29,456
Hicksville	\$29,437
Medina	\$29,424
Cambridge	\$29,408
Valley Stream Union Free	\$29,402
Waterford	\$29,390
Holland Patent	\$29,386
Frewsburg	\$29,380
Skaneateles	\$29,345
Candor	\$29,315
East Syracuse-Mineola	\$29,310
North Merrick	\$29,187
Clarkstown	\$29,184
Morristown	\$29,171
Canajoharie	\$29,130
Solvay	\$29,113
Corning	\$29,109
Putnam	\$29,109
Canastota	\$29,096
North Bellmore	\$29,071
Port Chester	\$29,056
Williamson	\$29,054
Brasher Falls	\$29,024
Pembroke	\$29,020
Owego-Apalachin	\$29,018
Norwood-Norfolk	\$29,008
Delhi	\$29,007
Comsewogue	\$29,006
McGraw	\$29,001
Moriah	\$28,973
Poland	\$28,948
Central Valley	\$28,932
Gloversville	\$28,919
Buffalo	\$28,891
Pavilion	\$28,881
Whitehall	\$28,881
Plattsburgh	\$28,865

School District	Per Pupil Expenditure 2022-23
Yonkers	\$28,847
Herricks	\$28,814
Tupper Valley	\$28,805
Goshen	\$28,798
Minisink Valley	\$28,786
Riverhead	\$28,770
Sidney	\$28,756
North Babylon	\$28,748
Oswego	\$28,699
Springville-Griffith	\$28,684
Washintonville	\$28,675
Geneva	\$28,648
Westfield	\$28,648
Marcellus	\$28,636
Alexander	\$28,602
Gouverneur	\$28,593
Silver Creek	\$28,592
Kenmore	\$28,509
Dover	\$28,508
Kendall	\$28,483
Sherman	\$28,471
Potsdam	\$28,461
Mount Markham	\$28,450
Wellsville	\$28,448
Duanesburg	\$28,446
Unadilla	\$28,378
Peru	\$28,326
Bethlehem	\$28,320
Kinderhook	\$28,231
Marathon	\$28,193
Adirondack	\$28,192
Hoosic Valley	\$28,176
Oriskany	\$28,172
Schuylerville	\$28,167
Lockport	\$28,134
Lansingburg	\$28,111
Albany	\$28,088
Argyle	\$28,080
Little Falls	\$28,042
Byron Bergen	\$28,005
Elba	\$27,889
Stillwater	\$27,884
Rensselaer	\$27,806

School District	Per Pupil Expenditure 2022-23
Randolph	\$27,789
Schenectady	\$27,774
Pine Bush	\$27,767
Bemus Point	\$27,758
Iroquois	\$27,750
Lewiston Porte	\$27,697
Copenhagen	\$27,670
Attica	\$27,661
Wyoming	\$27,659
Mamaroneck	\$27,652
Wayland-Cohocton	\$27,629
Vestal	\$27,628
Norwich	\$27,627
Dansville	\$27,622
Hamilton	\$27,616
Dunkirk	\$27,580
Indian River	\$27,543
Lyndonville	\$27,533
Brockport	\$27,529
Granville	\$27,448
Bolivar-Richburg	\$27,447
Brentwood	\$27,309
Fulton	\$27,299
Edinburg	\$27,283
Clinton	\$27,272
Akron	\$27,245
Oneonta	\$27,204
Avon	\$27,174
Greenwich	\$27,078
Sloan	\$27,056
Waterville	\$26,982
Wappingers	\$26,957
Scotia-Glenville	\$26,932
Bath	\$26,919
Phelps-Clifton Springs	\$26,867
Palmyra-Macedon	\$26,858
Warwick Valley	\$26,855
Massena	\$26,820
Syracuse	\$26,807
Sweet Home	\$26,806
Greece	\$26,780
Liverpool	\$26,777
Cortland	\$26,766

School District	Per Pupil Expenditure 2022-23
Cazenovia	\$26,722
Saranac	\$26,707
Chenango Falls	\$26,703
Wilson	\$26,699
Coopertown	\$26,663
Brighton	\$26,659
Ellicottville	\$26,637
Central Square	\$26,632
Falconer	\$26,547
Union-Endicott	\$26,542
Chazy	\$26,536
New York Mills	\$26,464
Ballston Spa	\$26,410
Batavia	\$26,363
Jamesville-Dewitt	\$26,317
Elmira	\$26,179
Menands	\$26,159
Fairport	\$26,130
Johnstown	\$26,127
Depew	\$26,067
Lowville	\$26,044
Chenango Valley	\$26,035
Canisteo-Greenwood	\$26,014
Beekmantown	\$26,000
Niagara Falls	\$25,993
Olean	\$25,923
Seneca Falls	\$25,919
Letchworth	\$25,875
Schalmont	\$25,875
Glens Falls	\$25,832
Livonia	\$25,828
Canandaigua	\$25,787
Sherrill	\$25,769
Rome	\$25,729
Amsterdam	\$25,726
Hoosick Falls	\$25,679
East Aurora	\$25,640
La Fargeville	\$25,627
Brunswick Center	\$25,612
Whitesboro	\$25,535
Broadalbin-Perth	\$25,507
Webster	\$25,477
Spencerport	\$25,456

School District	Per Pupil Expenditure 2022-23
Eden	\$25,430
Sauquoit Valley	\$25,429
Lyme	\$25,398
Odessa-Montour	\$25,306
Franklin Square	\$25,303
Le Roy	\$25,237
Homer	\$25,197
Geneseo	\$25,163
Caledonia-Mumford	\$25,142
Westhill	\$25,136
Belleville-Henderson	\$25,134
Corinth	\$25,132
Maine-Endwell	\$25,124
Herkimer	\$25,106
Burnt Hills	\$25,079
Hudson Falls	\$25,023
Maryvale	\$25,015
North Syracuse	\$24,987
Amherst	\$24,951
Lackawanna	\$24,905
Tioga	\$24,867
East Greenbush	\$24,852
Dolgeville	\$24,816
Glens Falls City	\$24,792
Churchville-Chili	\$24,761
Averill Park	\$24,760
Wynantskill	\$24,692
Watervliet	\$24,554
Cleveland Hills	\$24,511
Wayne	\$24,488
Horseheads	\$24,456
South Colonie	\$24,335
Mayfield	\$24,286
Crown Point	\$24,276
Cohoes	\$24,252
Cheektowaga	\$24,202
Hamburg	\$24,196
Lyncourt	\$24,016

School District	Per Pupil Expenditure 2022-23
Orchard Park	\$24,011
South Glens Falls	\$24,002
Queensbury	\$23,972
Hilton	\$23,956
Penfield	\$23,930
Fayetteville	\$23,838
Allegany-Limestone	\$23,816
Fredonia	\$23,814
Waverly	\$23,785
West Irondequoit	\$23,784
Fonda-Fultonville	\$23,674
West Seneca	\$23,610
Grand Island	\$23,599
Southwestern	\$23,590
Auburn	\$23,548
Baldwinsville	\$23,494
Chittenango	\$23,450
Royalton-Hartland	\$23,313
Sackets Harbor	\$23,259
Utica	\$23,205
Portville	\$23,120
North Tonawanda	\$23,002
New Hartford	\$22,960
Floral Park	\$22,931
Guilderland	\$22,857
Beaver River	\$22,823
Jamestown	\$22,773
Tonawanda	\$22,633
Voorheesville	\$22,619
Mechanicville	\$22,447
Elmira Heights	\$22,377
Carthage	\$22,366
Alden	\$22,358
Mohonasen	\$22,219
South Jefferson	\$22,182
Saratoga Springs	\$22,044
Williamsville	\$22,026
Clarence	\$21,965

School District	Per Pupil Expenditure 2022-23
Niskayuna	\$21,960
West Genesee	\$21,838
Victor	\$21,796
North Colonie	\$21,593
Shenendehowa	\$21,212
Albion	\$21,187
Frontier	\$21,062
Starpoint	\$20,767
Lancaster	\$20,570
General Brown	\$20,179
Watertown	\$18,458

*SOURCE:* Rockefeller Institute analysis of data from the School District Fiscal Profiles from the New York State Education Department. Available at: "School District Fiscal Profiles," New York State Education Department, accessed November 24, 2024, <https://www.nysed.gov/fiscal-analysis-research/school-district-fiscal-profiles>.





# APPENDIX C





# APPENDIX C: SELECT FOUNDATION AID LITIGATION AND STUDY COMMISSIONS

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## Litigation:

- Levittown Union Free Sch. Dist. v. Nyquist, 57 N.Y.2d 27, 47 (1982)
- Reform Educational Financing Inequities Today (REFIT) v. Cuomo, 86 N.Y.2d 279, 655 N.E.2d 647 (1995).
- Campaign for Fiscal Equity, Inc. v. State of New York, 655 N.E.2d 661, 663-64 (N.Y. 1995) (“CFE I”).
- Campaign for Fiscal Equity, Inc. v. State of New York, 100 N.Y.2d 893 (N.Y. 2003). (“CFE II”)
- Campaign for Fiscal Equity, Inc. v. State of New York, 8 N.Y.3d 14, 22-24, 36-37 (N.Y. 2006) (“CFE III”)
- New Yorkers for Students’ Education. Rights (“NYSER”) v. New York, 29 N.Y.3d 501, 513 (2017).
- Maisto v. New York, 64 N.Y.S.3d 139 (2017) (“Small District Suit”)
- Maisto v. New York, Case Number: 528550, Filed, July 22, 2020.

## New York State Education Finance Commissions and Task Forces:

- 1960-1962: Joint Legislative Committee on School Financing, chaired by Charles H. Diefendorf (Diefendorf Committee). A fourteen-member legislative committee, resulted in the 1962 adoption of the “Diefendorf” formula for school operating aid focusing on transportation and building aid.
- 1969-1972: New York State Commission on the Quality, Cost, and Financing of Elementary and Secondary Education (Fleischman Committee). An eighteen-member committee appointed by the NYS Board of Regents and Governor Nelson A. Rockefeller focused on inequities in the school financing system but with no major policy enactments.
- 1973-1974: Task Force on State Aid to Elementary and Secondary Schools (composed of appointees by the state executive, legislature, Budget Division, and New York State Board of Regents), resulting in the enactment of L. 1974 Ch. 241, revising targeted and general aid programs.
- 1978-1982: Rubin Commission (State Task Force on Equity and Excellence in Education) chaired by Max J. Rubin, focused on issues of equalization, resulting in extensive study but no enacted policy.
- 1988: Salerno Commission. An executive-appointed, 11-member committee to study the distribution and simplification of state aid to local school districts.

- 1984: Regents Plan to Improve Elementary and Secondary Education, instituting an action plan to improve performance standards, led to revision in targeted aid.
- 2016: New York State Association of School Board Officials (NYSASBO) Foundation Aid Task Force (17 members, school district officials) Report: “Supporting Our Schools: A Study of New York State Foundation Aid” recommended continuation of Foundation Aid with certain revisions.<sup>1</sup>
- 2019: New York Advisory Committee to the United States Commission on Civil Rights. A bipartisan voluntary committee. The Committee held two days of public briefings in New York City on June 12 and June 13, 2019. Testimony was provided to the Committee by 20 people on seven panels. The presenters were academics, school administrators, government officials, and advocates with expertise on the matters covered by this report. The Committee invited several individuals to testify, some of whom declined to participate because of ongoing litigation, among them members of the Board of Regents and the Chancellor of the New York City Department of Education. The Committee will examine the extent to which New York’s education financing impermissibly discriminates against students of color.
- 2019: Senate Standing Committee on Education and the Senate Standing Committee on Budget and Revenues on Examining the Distribution of the Foundation Aid Formula as it Relates to Pupil and District Needs. Hearings December 2019.
- 2022-2024: Graduation Measures Blue Ribbon Commission Members Announced. A 64-member commission co-chaired by Vice Chancellor Josephine V. Finn and Regent Judith Chin, reviewing “what a state diploma should signify to ensure educational excellence and equity for every student in New York State.”
- 2024: New York State Senate Committees on Education and Budget and Revenues conducted hearings on the Distribution of Foundation Formula Aid.
- 2024: In July and August, the Rockefeller Institute of Government held five public hearings across the state on the need for and ideas for reform to the Foundation Aid formula.
- 2024: Rockefeller Institute of Government, *A Review of New York State’s Foundation Aid Education Funding Formula with Recommendations for Improvement*.

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<sup>1</sup> The proposed revisions for achieving greater equity included: 1) Revision of poverty mechanism from FRLP and adoption of Direct Certification data and POOR (Census Poverty data) with small area income and poverty data, both to be updated annually; 2) Adopt poverty level measure that has regional cost component; 3) Adjust aid increase to concentration of poverty data; 4) Remove aid cap; 5) Use current and accurate data; 6) Keep FRLP as three-year rolling average (to keep stability) with old formula; 7) Remove 0.65 Income Wealth Index; 8) Eliminate the 2.0 income wealth index maximum which increases aid to wealthiest districts; 9) Fund Community Schools Aid as unrestricted or categorical aid instead of set-aside; 10) Adjust formula to include ELL funding; 11) Continue School Receivership Program; 12) Grant fund high-need district strategic resource planning; and, 13) Eliminate Contracts for Excellence as burdensome. Proposed revisions to ensure adequacy included: 1) Conducting a new Successful School Districts cost study; 2) incorporate graduation rates in success measures; and, 3) Study true cost of educating ELL students. Proposals aimed at ensuring stability included: Phase into full funding (Van Alstyne Testimony on Foundation Aid, New York State Senate [day/Panel 9] 2019).



# APPENDIX D



# APPENDIX D: COMPARABLE WAGE INDEX FOR TEACHERS (CWIFT) TO UPDATE AND REPLACE REGIONAL COST INDEX

CWIFT is a federal county-level/school-district level calculation, updated annually, and based on a three-year average of labor cost data from the US Census Bureau’s Annual Community Survey. The table below contains these CWIFT values, scaled to set the lowest value at 1.0 and adjusting the others proportionately for each school district in New York. The CWIFT index then is compared to the 2006 Regional Cost Index currently used in the Foundation Aid formula.

Under CWIFT, nearly three-fourths of all school districts would see an upward adjustment in Foundation Aid for regional costs compared to the RCI, with the total statewide adjustment for regional costs under CWIFT adding an estimated \$1.1 billion to Foundation Aid.

A new CWIFT calculation may be available by the time policymakers begin negotiations on New York’s 2025-26 education funding package.

School District	2006 RCI	Scaled 2021 CWIFT	Difference	School District	2006 RCI	Scaled 2021 CWIFT	Difference
Addison	1.045	1.226	0.181	Ausable Valley	1.000	1.141	0.141
Adirondack	1.000	1.129	0.129	Averill Park	1.124	1.226	0.102
Afton	1.045	1.158	0.113	Avoca	1.045	1.226	0.181
Akron	1.091	1.137	0.046	Avon	1.141	1.187	0.046
Albany	1.124	1.235	0.111	Babylon	1.425	1.377	-0.048
Albion	1.141	1.085	-0.056	Bainbridge-Guilford	1.045	1.162	0.117
Alden	1.091	1.145	0.054	Baldwin	1.425	1.467	0.042
Alexander	1.141	1.085	-0.056	Baldwinsville	1.103	1.168	0.065
Alexandria	1.000	1.072	0.072	Ballston Spa	1.124	1.221	0.097
Alfred-Almond	1.091	1.041	-0.050	Barker	1.091	1.114	0.023
Allegany - Limestone	1.091	1.110	0.019	Batavia	1.141	1.085	-0.056
Altmar-Parish-Williamstown	1.103	1.224	0.121	Bath	1.045	1.226	0.181
Amagansett	1.425	1.377	-0.048	Bay Shore	1.425	1.377	-0.048
Amherst	1.091	1.147	0.056	Bayport-Blue Point	1.425	1.377	-0.048
Amityville	1.425	1.399	-0.026	Beacon	1.314	1.314	0.000
Amsterdam	1.000	1.099	0.099	Beaver River	1.000	1.064	0.064
Andes	1.045	1.346	0.301	Bedford	1.314	1.554	0.240
Andover	1.091	1.019	-0.072	Beekmantown	1.000	1.077	0.077
Ardsville	1.314	1.554	0.240	Belfast	1.091	1.015	-0.076
Argyle	1.124	1.214	0.090	Belleville Henderson	1.000	1.072	0.072
Arkport	1.045	1.203	0.158	Bellmore	1.425	1.467	0.042
Arlington	1.314	1.314	0.000	Bellmore-Merrick	1.425	1.467	0.042
Attica	1.141	1.126	-0.015	Bemus Point	1.091	1.000	-0.091
Auburn	1.103	1.085	-0.018	Berlin	1.124	1.226	0.102

School District	2006 RCI	Scaled 2021 CWIFT	Difference
Berne-Knox-Westerlo	1.124	1.233	0.109
Bethlehem	1.124	1.235	0.111
Bethpage	1.425	1.467	0.042
Binghamton	1.045	1.113	0.068
Blind Brook-Rye	1.314	1.554	0.240
Bolivar-Richburg	1.091	1.015	-0.076
Bolton	1.124	1.197	0.073
Boquet Valley	1.000	1.200	0.200
Bradford	1.045	1.096	0.051
Brasher Falls	1.000	1.168	0.168
Brentwood	1.425	1.377	-0.048
Brewster	1.314	1.299	-0.015
Briarcliff Manor	1.314	1.554	0.240
Bridgehampton	1.425	1.377	-0.048
Bridgewater-West Winfield (Mt. Markham)	1.000	1.099	0.099
Brighton	1.141	1.160	0.019
Broadalbin-Perth	1.000	1.112	0.112
Brockport	1.141	1.159	0.018
Brocton	1.091	1.000	-0.091
Bronxville	1.314	1.554	0.240
Brookfield	1.000	1.146	0.146
Brookhaven-Comsewogue	1.425	1.377	-0.048
Brunswick (Brittonkill)	1.124	1.226	0.102
Brushton-Moira	1.000	1.238	0.238
Buffalo	1.091	1.147	0.056
Burnt Hills-Ballston Lake	1.124	1.214	0.090
Byram Hills	1.314	1.554	0.240
Byron-Bergen	1.141	1.088	-0.053
Cairo-Durham	1.124	1.191	0.067
Caledonia-Mumford	1.141	1.177	0.036
Cambridge	1.124	1.214	0.090
Camden	1.000	1.141	0.141
Campbell-Savona	1.045	1.226	0.181
Canajoharie	1.000	1.099	0.099
Canandaigua	1.141	1.162	0.021
Canaseraga	1.091	1.027	-0.064
Canastota	1.000	1.147	0.147
Candor	1.045	1.176	0.131
Canisteo-Greenwood	1.045	1.226	0.181
Canton	1.000	1.168	0.168
Carle Place	1.425	1.467	0.042
Carmel	1.314	1.300	-0.014
Carthage	1.000	1.071	0.071
Cassadaga Valley	1.091	1.000	-0.091

School District	2006 RCI	Scaled 2021 CWIFT	Difference
Cato-Meridian	1.103	1.087	-0.016
Catskill	1.124	1.191	0.067
Cattaraugus-Little Valley	1.091	1.110	0.019
Cazenovia	1.000	1.147	0.147
Center Moriches	1.425	1.377	-0.048
Central Islip	1.425	1.377	-0.048
Central Square	1.103	1.209	0.106
Central Valley	1.000	1.064	0.064
Chappaqua	1.314	1.554	0.240
Charlotte Valley	1.045	1.328	0.283
Chateaugay	1.000	1.221	0.221
Chatham	1.124	1.185	0.061
Chautauqua Lake	1.091	1.000	-0.091
Chazy	1.000	1.077	0.077
Cheektowaga	1.091	1.147	0.056
Cheektowaga-Maryvale	1.091	1.147	0.056
Cheektowaga-Sloan	1.091	1.147	0.056
Chenango Forks	1.045	1.113	0.068
Chenango Valley	1.045	1.113	0.068
Cherry Valley-Springfield	1.045	1.110	0.065
Chester	1.314	1.283	-0.031
Chittenango	1.000	1.146	0.146
Churchville-Chili	1.141	1.160	0.019
Cincinnatus	1.103	1.099	-0.004
Clarence	1.091	1.147	0.056
Clarkstown	1.314	1.327	0.013
Cleveland Hill	1.091	1.147	0.056
Clifton-Fine	1.000	1.168	0.168
Clinton	1.000	1.142	0.142
Clyde-Savannah	1.141	1.127	-0.014
Clymer	1.091	1.000	-0.091
Cobleskill-Richmondville	1.000	1.190	0.190
Cohoes	1.124	1.235	0.111
Cold Spring Harbor	1.425	1.396	-0.029
Colton-Pierrepont	1.000	1.168	0.168
Commack	1.425	1.377	-0.048
Connetquot	1.425	1.377	-0.048
Cooperstown	1.045	1.113	0.068
Copenhagen	1.000	1.067	0.067
Copiague	1.425	1.377	-0.048
Corinth	1.124	1.219	0.095
Corning	1.045	1.215	0.170
Cornwall	1.314	1.283	-0.031
Cortland	1.103	1.078	-0.025
Coxsackie-Athens	1.124	1.191	0.067

School District	2006 RCI	Scaled 2021 CWIFT	Difference
Croton-Harmon	1.314	1.554	0.240
Crown Point	1.000	1.200	0.200
Cuba-Rushford	1.091	1.029	-0.062
Dalton-Nunda (Keshequa)	1.141	1.169	0.028
Dansville	1.141	1.191	0.050
De Ruyter	1.000	1.124	0.124
Deer Park	1.425	1.377	-0.048
Delhi	1.045	1.346	0.301
Depew	1.091	1.147	0.056
Deposit	1.045	1.208	0.163
Dobbs Ferry	1.314	1.554	0.240
Dolgeville	1.000	1.069	0.069
Dover	1.314	1.314	0.000
Downsville	1.045	1.346	0.301
Dryden	1.045	1.210	0.165
Duanesburg	1.124	1.203	0.079
Dundee	1.141	1.006	-0.135
Dunkirk	1.091	1.000	-0.091
East Aurora	1.091	1.147	0.056
East Bloomfield	1.141	1.162	0.021
East Greenbush	1.124	1.226	0.102
East Hampton	1.425	1.377	-0.048
East Irondequoit	1.141	1.160	0.019
East Islip	1.425	1.377	-0.048
East Meadow	1.425	1.467	0.042
East Moriches	1.425	1.377	-0.048
East Quogue	1.425	1.377	-0.048
East Ramapo (Spring Valley)	1.314	1.327	0.013
East Rochester	1.141	1.160	0.019
East Rockaway	1.425	1.467	0.042
East Syracuse-Minoa	1.103	1.167	0.064
East Williston	1.425	1.467	0.042
Eastchester	1.314	1.554	0.240
Eastport-South Manor	1.425	1.377	-0.048
Eden	1.091	1.147	0.056
Edgemont	1.314	1.554	0.240
Edinburg Comn	1.124	1.219	0.095
Edmeston	1.045	1.113	0.068
Edwards-Knox	1.000	1.168	0.168
Elba	1.141	1.085	-0.056
Eldred	1.314	1.305	-0.009
Ellenville	1.314	1.233	-0.081
Ellicottville	1.091	1.110	0.019
Elmira	1.045	1.047	0.002
Elmira Hts	1.045	1.047	0.002

School District	2006 RCI	Scaled 2021 CWIFT	Difference
Elmont	1.425	1.467	0.042
Elmsford	1.314	1.554	0.240
Elwood	1.425	1.377	-0.048
Evans-Brant (Lake Shore)	1.091	1.147	0.056
Fabius-Pompey	1.103	1.164	0.061
Fairport	1.141	1.160	0.019
Falconer	1.091	1.000	-0.091
Fallsburg	1.314	1.305	-0.009
Farmingdale	1.425	1.453	0.028
Fayetteville-Manlius	1.103	1.168	0.065
Fillmore	1.091	1.015	-0.076
Fire Island	1.425	1.377	-0.048
Fishers Island	1.425	1.377	-0.048
Floral Park-Bellerose	1.425	1.467	0.042
Florida	1.314	1.283	-0.031
Fonda-Fultonville	1.000	1.099	0.099
Forestville	1.091	1.004	-0.087
Fort Ann	1.124	1.214	0.090
Fort Edward	1.124	1.214	0.090
Fort Plain	1.000	1.097	0.097
Frankfort-Schuyler	1.000	1.064	0.064
Franklin	1.045	1.345	0.300
Franklin Square	1.425	1.467	0.042
Franklinville	1.091	1.110	0.019
Fredonia	1.091	1.000	-0.091
Freeport	1.425	1.467	0.042
Frewsburg	1.091	1.001	-0.090
Friendship	1.091	1.015	-0.076
Frontier	1.091	1.147	0.056
Fulton	1.103	1.224	0.121
Galway	1.124	1.213	0.089
Gananda	1.141	1.127	-0.014
Garden City	1.425	1.467	0.042
Garrison	1.314	1.299	-0.015
Gates-Chili	1.141	1.160	0.019
General Brown	1.000	1.072	0.072
Genesee Valley	1.091	1.015	-0.076
Geneseo	1.141	1.188	0.047
Geneva	1.141	1.162	0.021
Georgetown-South Otselic	1.045	1.156	0.111
Germantown	1.124	1.185	0.061
Gilbertsville-Mount Upton	1.045	1.132	0.087
Gilboa-Conesville	1.000	1.195	0.195
Glen Cove	1.425	1.467	0.042
Glens Falls City	1.124	1.197	0.073

School District	2006 RCI	Scaled 2021 CWIFT	Difference
Glens Falls Common	1.124	1.197	0.073
Gloversville	1.000	1.108	0.108
Gorham-Middlesex (Marcus Whitman)	1.141	1.100	-0.041
Goshen	1.314	1.283	-0.031
Gouverneur	1.000	1.168	0.168
Gowanda	1.091	1.129	0.038
Grand Island	1.091	1.147	0.056
Granville	1.124	1.214	0.090
Great Neck	1.425	1.467	0.042
Greece	1.141	1.160	0.019
Green Island	1.124	1.235	0.111
Greenburgh	1.314	1.554	0.240
Greene	1.045	1.162	0.117
Greenport	1.425	1.377	-0.048
Greenville	1.124	1.208	0.084
Greenwich	1.124	1.214	0.090
Greenwood Lake	1.314	1.283	-0.031
Groton	1.045	1.203	0.158
Guilderland	1.124	1.235	0.111
Hadley-Luzerne	1.124	1.205	0.081
Haldane	1.314	1.299	-0.015
Half Hollow Hills	1.425	1.377	-0.048
Hamburg	1.091	1.147	0.056
Hamilton	1.000	1.147	0.147
Hammond	1.000	1.164	0.164
Hammondsport	1.045	1.203	0.158
Hampton Bays	1.425	1.377	-0.048
Hancock	1.045	1.346	0.301
Hannibal	1.103	1.209	0.106
Harborfields	1.425	1.377	-0.048
Harpursville	1.045	1.118	0.073
Harrison	1.314	1.554	0.240
Harrisville	1.000	1.101	0.101
Hartford	1.124	1.214	0.090
Hastings-On-Hudson	1.314	1.554	0.240
Hauppauge	1.425	1.377	-0.048
Haverstraw-Stony Point	1.314	1.327	0.013
Hempstead	1.425	1.467	0.042
Hendrick Hudson	1.314	1.554	0.240
Herkimer	1.000	1.064	0.064
Hermon-Dekalb	1.000	1.168	0.168
Herricks	1.425	1.467	0.042
Heuvelton	1.000	1.168	0.168
Hewlett-Woodmere	1.425	1.467	0.042

School District	2006 RCI	Scaled 2021 CWIFT	Difference
Hicksville	1.425	1.467	0.042
Highland	1.314	1.227	-0.087
Highland Falls	1.314	1.283	-0.031
Hilton	1.141	1.160	0.019
Hinsdale	1.091	1.110	0.019
Holland	1.091	1.146	0.055
Holland Patent	1.000	1.142	0.142
Holley	1.141	1.085	-0.056
Homer	1.103	1.081	-0.022
Honeoye	1.141	1.162	0.021
Honeoye Falls-Lima	1.141	1.167	0.026
Hoosic Valley	1.124	1.226	0.102
Hoosick Falls	1.124	1.224	0.100
Hornell	1.045	1.226	0.181
Horseheads	1.045	1.047	0.002
Hudson	1.124	1.185	0.061
Hudson Falls	1.124	1.214	0.090
Hunter-Tannersville	1.124	1.191	0.067
Huntington	1.425	1.377	-0.048
Hyde Park	1.314	1.314	0.000
Indian Lake	1.000	1.108	0.108
Indian River	1.000	1.072	0.072
Iroquois	1.091	1.147	0.056
Irvington	1.314	1.554	0.240
Island Park	1.425	1.467	0.042
Island Trees	1.425	1.467	0.042
Islip	1.425	1.377	-0.048
Ithaca	1.045	1.223	0.178
Jamestown	1.091	1.000	-0.091
Jamesville-Dewitt	1.103	1.168	0.065
Jasper-Troupsburg	1.045	1.226	0.181
Jefferson	1.000	1.208	0.208
Jericho	1.425	1.467	0.042
Johnsburg	1.124	1.197	0.073
Johnson	1.045	1.113	0.068
Johnstown	1.000	1.108	0.108
Jordan-Elbridge	1.103	1.154	0.051
Katonah-Lewisboro	1.314	1.554	0.240
Keene	1.000	1.200	0.200
Kendall	1.141	1.105	-0.036
Kenmore-Tonawanda	1.091	1.147	0.056
Kinderhook	1.124	1.185	0.061
Kings Park	1.425	1.377	-0.048
Kingston	1.314	1.227	-0.087
Kiryas Joel	1.314	1.283	-0.031



School District	2006 RCI	Scaled 2021 CWIFT	Difference
La Fargeville	1.000	1.072	0.072
La Fayette	1.103	1.168	0.065
Lackawanna	1.091	1.147	0.056
Lake George	1.124	1.197	0.073
Lake Placid	1.000	1.200	0.200
Lake Pleasant	1.000	1.108	0.108
Lakeland	1.314	1.524	0.210
Lancaster	1.091	1.147	0.056
Lansing	1.045	1.223	0.178
Lansingburgh	1.124	1.226	0.102
Laurens	1.045	1.113	0.068
Lawrence	1.425	1.467	0.042
Le Roy	1.141	1.085	-0.056
Letchworth	1.141	1.126	-0.015
Levittown	1.425	1.467	0.042
Lewiston-Porter	1.091	1.115	0.024
Liberty	1.314	1.306	-0.008
Lindenhurst	1.425	1.377	-0.048
Lisbon	1.000	1.168	0.168
Little Falls	1.000	1.064	0.064
Liverpool	1.103	1.168	0.065
Livingston Manor	1.314	1.305	-0.009
Livonia	1.141	1.188	0.047
Lockport	1.091	1.115	0.024
Locust Valley	1.425	1.467	0.042
Long Beach	1.425	1.467	0.042
Long Lake	1.000	1.108	0.108
Longwood	1.425	1.377	-0.048
Lowville	1.000	1.064	0.064
Lyme	1.000	1.072	0.072
Lynbrook	1.425	1.467	0.042
Lyncourt	1.103	1.168	0.065
Lyndonville	1.141	1.085	-0.056
Lyons	1.141	1.128	-0.013
Madison	1.000	1.145	0.145
Madrid-Waddington	1.000	1.168	0.168
Mahopac	1.314	1.299	-0.015
Maine-Endwell	1.045	1.114	0.069
Malone	1.000	1.238	0.238
Malverne	1.425	1.467	0.042
Mamaroneck	1.314	1.554	0.240
Manchester-Shortsville (Red Jack)	1.141	1.162	0.021
Manhasset	1.425	1.467	0.042
Marathon	1.103	1.082	-0.021
Marcellus	1.103	1.168	0.065

School District	2006 RCI	Scaled 2021 CWIFT	Difference
Margaretville	1.045	1.327	0.282
Marion	1.141	1.127	-0.014
Marlboro	1.314	1.244	-0.070
Massapequa	1.425	1.467	0.042
Massena	1.000	1.168	0.168
Mattituck-Cutchogue	1.425	1.377	-0.048
Mayfield	1.000	1.108	0.108
McGraw	1.103	1.077	-0.026
Mechanicville	1.124	1.221	0.097
Medina	1.141	1.085	-0.056
Menands	1.124	1.235	0.111
Merrick	1.425	1.467	0.042
Mexico	1.103	1.224	0.121
Middle Country	1.425	1.377	-0.048
Middleburgh	1.000	1.196	0.196
Middletown	1.314	1.283	-0.031
Milford	1.045	1.113	0.068
Millbrook	1.314	1.314	0.000
Miller Place	1.425	1.377	-0.048
Mineola	1.425	1.467	0.042
Minerva	1.000	1.199	0.199
Minisink Valley	1.314	1.283	-0.031
Monroe-Woodbury	1.314	1.283	-0.031
Montauk	1.425	1.377	-0.048
Monticello	1.314	1.306	-0.008
Moravia	1.103	1.085	-0.018
Moriah	1.000	1.200	0.200
Morris	1.045	1.113	0.068
Morristown	1.000	1.168	0.168
Morrisville-Eaton	1.000	1.147	0.147
Mount Morris	1.141	1.188	0.047
Mount Pleasant	1.314	1.554	0.240
Mount Sinai	1.425	1.377	-0.048
Mount Vernon	1.314	1.554	0.240
Nanuet	1.314	1.327	0.013
Naples	1.141	1.145	0.004
New Hartford	1.000	1.141	0.141
New Hyde Park-Garden City Park	1.425	1.467	0.042
New Lebanon	1.124	1.194	0.070
New Paltz	1.314	1.227	-0.087
New Rochelle	1.314	1.554	0.240
New York City	1.425	1.469	0.044
New York Mills	1.000	1.142	0.142
Newark	1.141	1.128	-0.013
Newark Valley	1.045	1.174	0.129

School District	2006 RCI	Scaled 2021 CWIFT	Difference
Newburgh	1.314	1.283	-0.031
Newcomb	1.000	1.200	0.200
Newfane	1.091	1.115	0.024
Newfield	1.045	1.223	0.178
Niagara Falls	1.091	1.115	0.024
Niagara-Wheatfield	1.091	1.115	0.024
Niskayuna	1.124	1.208	0.084
North Babylon	1.425	1.377	-0.048
North Bellmore	1.425	1.467	0.042
North Collins	1.091	1.147	0.056
North Colonie	1.124	1.235	0.111
North Merrick	1.425	1.467	0.042
North Rose-Wolcott	1.141	1.127	-0.014
North Salem	1.314	1.487	0.173
North Shore	1.425	1.467	0.042
North Syracuse	1.103	1.168	0.065
North Tonawanda	1.091	1.115	0.024
North Warren	1.124	1.197	0.073
Northeast	1.314	1.312	-0.002
Northeastern Clinton	1.000	1.077	0.077
Northern Adirondack	1.000	1.077	0.077
Northport-East Northport	1.425	1.377	-0.048
Northville	1.000	1.108	0.108
Norwich	1.045	1.163	0.118
Norwood-Norfolk	1.000	1.168	0.168
Nyack	1.314	1.327	0.013
Oakfield-Alabama	1.141	1.085	-0.056
Oceanside	1.425	1.467	0.042
Odessa-Montour	1.045	1.013	-0.032
Ogdensburg	1.000	1.168	0.168
Olean	1.091	1.110	0.019
Oneida	1.000	1.146	0.146
Oneonta	1.045	1.123	0.078
Onondaga	1.103	1.168	0.065
Onteora	1.314	1.227	-0.087
Oppenheim-Ephratah-St. Johnsville	1.000	1.100	0.100
Orchard Park	1.091	1.147	0.056
Oriskany	1.000	1.142	0.142
Ossining	1.314	1.554	0.240
Oswego	1.103	1.224	0.121
Otego-Unadilla	1.045	1.131	0.086
Owego-Apalachin	1.045	1.174	0.129
Oxford Academy and CSD	1.045	1.163	0.118
Oyster Bay-East Norwich	1.425	1.467	0.042

School District	2006 RCI	Scaled 2021 CWIFT	Difference
Oysterponds	1.425	1.377	-0.048
Palmyra-Macedon	1.141	1.128	-0.013
Panama	1.091	1.000	-0.091
Parishville-Hopkinton	1.000	1.168	0.168
Patchogue-Medford	1.425	1.377	-0.048
Pavilion	1.141	1.099	-0.042
Pawling	1.314	1.314	0.000
Pearl River	1.314	1.327	0.013
Peekskill	1.314	1.554	0.240
Pelham	1.314	1.554	0.240
Pembroke	1.141	1.085	-0.056
Penfield	1.141	1.158	0.017
Penn Yan	1.141	1.006	-0.135
Perry	1.141	1.128	-0.013
Peru	1.000	1.077	0.077
Phelps-Clifton Springs	1.141	1.162	0.021
Phoenix	1.103	1.218	0.115
Pine Bush	1.314	1.279	-0.035
Pine Plains	1.314	1.279	-0.035
Pine Valley (South Dayton)	1.091	1.062	-0.029
Pittsford	1.141	1.160	0.019
Plainedge	1.425	1.467	0.042
Plainview-Old Bethpage	1.425	1.467	0.042
Plattsburgh	1.000	1.077	0.077
Pleasantville	1.314	1.554	0.240
Pocantico Hills	1.314	1.554	0.240
Poland	1.000	1.072	0.072
Port Byron	1.103	1.085	-0.018
Port Chester-Rye	1.314	1.554	0.240
Port Jefferson	1.425	1.377	-0.048
Port Jervis	1.314	1.283	-0.031
Port Washington	1.425	1.467	0.042
Portville	1.091	1.086	-0.005
Potsdam	1.000	1.168	0.168
Poughkeepsie	1.314	1.314	0.000
Prattsburgh	1.045	1.195	0.150
Pulaski	1.103	1.224	0.121
Putnam	1.124	1.212	0.088
Putnam Valley	1.314	1.329	0.015
Queensbury	1.124	1.197	0.073
Quogue	1.425	1.377	-0.048
Ramapo (Suffern)	1.314	1.327	0.013
Randolph	1.091	1.108	0.017
Ravena-Coeymans-Selkirk	1.124	1.232	0.108
Red Creek	1.141	1.100	-0.041

School District	2006 RCI	Scaled 2021 CWIFT	Difference
Red Hook	1.314	1.296	-0.018
Remsen	1.000	1.136	0.136
Remsenburg-Speonk	1.425	1.377	-0.048
Rensselaer	1.124	1.226	0.102
Rhinebeck	1.314	1.314	0.000
Richfield Springs	1.045	1.099	0.054
Ripley	1.091	1.000	-0.091
Riverhead	1.425	1.377	-0.048
Rochester	1.141	1.160	0.019
Rockville Centre	1.425	1.467	0.042
Rocky Point	1.425	1.377	-0.048
Rome	1.000	1.142	0.142
Romulus	1.141	1.156	0.015
Rondout Valley	1.314	1.227	-0.087
Roosevelt	1.425	1.467	0.042
Roscoe	1.314	1.318	0.004
Roslyn	1.425	1.467	0.042
Rotterdam-Mohonasen	1.124	1.206	0.082
Roxbury	1.045	1.346	0.301
Royalton-Hartland	1.091	1.115	0.024
Rush-Henrietta	1.141	1.160	0.019
Rye	1.314	1.554	0.240
Rye Neck	1.314	1.554	0.240
Sachem	1.425	1.377	-0.048
Sackets Harbor	1.000	1.072	0.072
Sag Harbor	1.425	1.377	-0.048
Salamanca	1.091	1.110	0.019
Salem	1.124	1.214	0.090
Salmon River	1.000	1.236	0.236
Sandy Creek	1.103	1.222	0.119
Saranac	1.000	1.077	0.077
Saranac Lake	1.000	1.227	0.227
Saratoga Springs	1.124	1.221	0.097
Saugerties	1.314	1.227	-0.087
Sauquoit Valley	1.000	1.135	0.135
Sayville	1.425	1.377	-0.048
Scarsdale	1.314	1.554	0.240
Schalmont	1.124	1.204	0.080
Schenectady	1.124	1.205	0.081
Schenevus	1.045	1.113	0.068
Schodack	1.124	1.226	0.102
Schoharie	1.000	1.188	0.188
Schroon Lake	1.000	1.200	0.200
Schuylerville	1.124	1.219	0.095
Scio	1.091	1.015	-0.076

School District	2006 RCI	Scaled 2021 CWIFT	Difference
Scotia-Glenville	1.124	1.205	0.081
Seaford	1.425	1.467	0.042
Seneca Falls	1.141	1.156	0.015
Sewanhaka	1.425	1.467	0.042
Sharon Springs	1.000	1.181	0.181
Shelter Island	1.425	1.377	-0.048
Shenendehowa	1.124	1.221	0.097
Sherburne-Earville	1.045	1.159	0.114
Sherman	1.091	1.000	-0.091
Sherrill	1.000	1.142	0.142
Shoreham-Wading River	1.425	1.377	-0.048
Sidney	1.045	1.310	0.265
Silver Creek	1.091	1.000	-0.091
Skaneateles	1.103	1.154	0.051
Smithtown	1.425	1.377	-0.048
Sodus	1.141	1.127	-0.014
Solvay	1.103	1.168	0.065
Somers	1.314	1.554	0.240
South Colonie	1.124	1.231	0.107
South Country	1.425	1.377	-0.048
South Glens Falls	1.124	1.221	0.097
South Huntington	1.425	1.377	-0.048
South Jefferson	1.000	1.072	0.072
South Kortright	1.045	1.346	0.301
South Lewis	1.000	1.064	0.064
South Orangetown	1.314	1.327	0.013
South Seneca	1.141	1.155	0.014
Southampton	1.425	1.377	-0.048
Southern Cayuga	1.103	1.088	-0.015
Southold	1.425	1.377	-0.048
Southwestern At James-town	1.091	1.000	-0.091
Spackenkill	1.314	1.314	0.000
Spencerport	1.141	1.160	0.019
Spencer-Van Etten	1.045	1.127	0.082
Springs	1.425	1.377	-0.048
Springville-Griffith Inst	1.091	1.146	0.055
St Regis Falls	1.000	1.221	0.221
Stamford	1.045	1.322	0.277
Starpoint	1.091	1.115	0.024
Stillwater	1.124	1.219	0.095
Stockbridge Valley	1.000	1.146	0.146
Sullivan West	1.314	1.306	-0.008
Susquehanna Valley	1.045	1.113	0.068
Sweet Home	1.091	1.147	0.056
Syosset	1.425	1.467	0.042

School District	2006 RCI	Scaled 2021 CWIFT	Difference
Syracuse	1.103	1.168	0.065
Taconic Hills	1.124	1.185	0.061
Tarrytown	1.314	1.554	0.240
Thousand Islands	1.000	1.072	0.072
Three Village	1.425	1.377	-0.048
Ticonderoga	1.000	1.199	0.199
Tioga	1.045	1.174	0.129
Tonawanda	1.091	1.147	0.056
Town Of Webb	1.000	1.076	0.076
Tri-Valley	1.314	1.299	-0.015
Troy	1.124	1.226	0.102
Trumansburg	1.045	1.158	0.113
Tuckahoe	1.314	1.554	0.240
Tuckahoe Conn	1.425	1.377	-0.048
Tully	1.103	1.156	0.053
Tupper Lake	1.000	1.236	0.236
Tuxedo	1.314	1.283	-0.031
Unadilla Valley	1.045	1.147	0.102
Union Springs	1.103	1.085	-0.018
Uniondale	1.425	1.467	0.042
Union-Endicott	1.045	1.117	0.072
Utica	1.000	1.142	0.142
Valhalla	1.314	1.554	0.240
Valley (Montgomery)	1.314	1.282	-0.032
Valley Stream 13	1.425	1.467	0.042
Valley Stream 24	1.425	1.467	0.042
Valley Stream 30	1.425	1.467	0.042
Valley Stream Central	1.425	1.467	0.042
Van Hornesville-Owen D. Young	1.000	1.071	0.071
Vestal	1.045	1.122	0.077
Victor	1.141	1.162	0.021
Voorheesville	1.124	1.235	0.111
Wallkill	1.314	1.242	-0.072
Walton	1.045	1.346	0.301
Wantagh	1.425	1.467	0.042
Wappingers	1.314	1.314	0.000
Warrensburg	1.124	1.197	0.073
Warsaw	1.141	1.127	-0.014
Warwick Valley	1.314	1.283	-0.031
Washingtonville	1.314	1.283	-0.031
Waterford-Halfmoon	1.124	1.221	0.097
Waterloo	1.141	1.156	0.015
Watertown	1.000	1.072	0.072
Waterville	1.000	1.142	0.142

School District	2006 RCI	Scaled 2021 CWIFT	Difference
Watervliet	1.124	1.235	0.111
Watkins Glen	1.045	1.006	-0.039
Waverly	1.045	1.144	0.099
Wayland-Cohocton	1.045	1.214	0.169
Wayne	1.141	1.127	-0.014
Webster	1.141	1.159	0.018
Weedsport	1.103	1.085	-0.018
Wells	1.000	1.108	0.108
Wellsville	1.091	1.015	-0.076
West Babylon	1.425	1.377	-0.048
West Canada Valley	1.000	1.064	0.064
West Genesee	1.103	1.168	0.065
West Hempstead	1.425	1.467	0.042
West Irondequoit	1.141	1.160	0.019
West Islip	1.425	1.377	-0.048
West Seneca	1.091	1.147	0.056
West Valley	1.091	1.110	0.019
Westbury	1.425	1.467	0.042
Westfield	1.091	1.000	-0.091
Westhampton Beach	1.425	1.377	-0.048
Westhill	1.103	1.168	0.065
Westmoreland	1.000	1.142	0.142
Wheatland-Chili	1.141	1.160	0.019
Wheelerville	1.000	1.108	0.108
White Plains	1.314	1.554	0.240
Whitehall	1.124	1.214	0.090
Whitesboro	1.000	1.137	0.137
Whitesville	1.091	1.040	-0.051
Whitney Point	1.045	1.113	0.068
William Floyd	1.425	1.377	-0.048
Williamson	1.141	1.127	-0.014
Williamsville	1.091	1.147	0.056
Willsboro	1.000	1.200	0.200
Wilson	1.091	1.115	0.024
Windham-Ashland-Jewett	1.124	1.191	0.067
Windsor	1.045	1.113	0.068
Worcester	1.045	1.113	0.068
Wyandanch	1.425	1.377	-0.048
Wynantskill	1.124	1.226	0.102
Wyoming	1.141	1.124	-0.017
Yonkers	1.314	1.554	0.240
York	1.141	1.187	0.046
Yorkshire-Pioneer	1.091	1.119	0.028
Yorktown	1.314	1.554	0.240



# APPENDIX E



# APPENDIX E: ENROLLMENT CHANGES IN NEW YORK STATE SCHOOL DISTRICTS

Ten-Year Change In Enrollment, New York State School Districts, SY 2012-13 to SY 2022-23

School District	Enrollment 2012-13	Enrollment 2022-23	# Change	% Change
Tuxedo	552	208	-344	-62.3
Hawthorne Knolls	384	167	-217	-56.5
Sagaponack	11	5	-6	-54.5
Ripley	308	150	-158	-51.3
Jefferson	294	148	-146	-49.7
Newcomb	105	55	-50	-47.6
Whitesville	269	145	-124	-46.1
Andes	124	69	-55	-44.4
Lake Pleasant	122	73	-49	-40.2
Greenburgh 11	164	101	-63	-38.4
Roxbury	354	228	-126	-35.6
West Valley	329	213	-116	-35.3
Tuckahoe Common	383	250	-133	-34.7
George Jr Republic	175	116	-59	-33.7
Jasper-Troupsburg	584	390	-194	-33.2
Fort Edward	564	384	-180	-31.9
Franklin	282	193	-89	-31.6
Eldred	685	472	-213	-31.1
Lake George	908	630	-278	-30.6
Cortland	2,801	1,953	-848	-30.3
Harpursville	851	597	-254	-29.8
Taconic Hills	1,511	1,064	-447	-29.6
Scio	375	265	-110	-29.3
Kings Park	3,769	2,665	-1,104	-29.3
Schenevus	355	252	-103	-29.0
Stamford	352	252	-100	-28.4
Dalton-Nunda (Keshequa)	757	544	-213	-28.1
Chatham	1,204	870	-334	-27.7
Barker	889	643	-246	-27.7
Quogue	117	85	-32	-27.4
Mattituck-Cutchogue	1,415	1,029	-386	-27.3
Newfane	1,767	1,286	-481	-27.2
Friendship	374	275	-99	-26.5

Ten-Year Change In Enrollment, New York State School Districts, SY 2012-13 to SY 2022-23,  
*continued*

School District	Enrollment 2012-13	Enrollment 2022-23	# Change	% Change
Hammondsport	512	377	-135	-26.4
Alexandria	623	461	-162	-26.0
Port Jefferson	1,229	910	-319	-26.0
Remsenburg-Speonk	185	137	-48	-25.9
Downsville	290	215	-75	-25.9
Berne-Knox-Westerlo	925	691	-234	-25.3
Hammond	330	247	-83	-25.2
Eastport-South Manor	3,803	2,849	-954	-25.1
Parishville-Hopkinton	460	345	-115	-25.0
Shelter Island	232	174	-58	-25.0
Wilson	1,324	998	-326	-24.6
Rochester	31,121	23,478	-7,643	-24.6
Marion	856	648	-208	-24.3
Hornell	1,863	1,411	-452	-24.3
Cassadaga Valley	1,055	803	-252	-23.9
Marcellus	1,848	1,407	-441	-23.9
Dryden	1,691	1,288	-403	-23.8
Port Byron	1,004	765	-239	-23.8
Morris	418	319	-99	-23.7
Millbrook	1,091	834	-257	-23.6
Oneida	2,312	1,768	-544	-23.5
Schuylerville	1,784	1,369	-415	-23.3
Hadley-Luzerne	839	644	-195	-23.2
West Hempstead	2,110	1,622	-488	-23.1
Northport-East Northport	6,080	4,679	-1,401	-23.0
Middleburgh	845	651	-194	-23.0
Clymer	467	360	-107	-22.9
Tully	961	743	-218	-22.7
Half Hollow Hills	9,644	7,463	-2,181	-22.6
Watkins Glen	1,177	913	-264	-22.4
Naples	776	602	-174	-22.4
Tri-Valley	1,155	897	-258	-22.3
Clifton-Fine	324	252	-72	-22.2
Panama	564	439	-125	-22.2
Smithtown	10,314	8,041	-2,273	-22.0
St. Regis Falls	291	227	-64	-22.0
Bayport-Blue Point	2,438	1,904	-534	-21.9
Johnstown	1,876	1,468	-408	-21.7
Poland	627	491	-136	-21.7
Andover	317	249	-68	-21.5
Somers	3,360	2,643	-717	-21.3



Ten-Year Change In Enrollment, New York State School Districts, SY 2012-13 to SY 2022-23,  
*continued*

School District	Enrollment 2012-13	Enrollment 2022-23	# Change	% Change
Coxsackie-Athens	1,481	1,165	-316	-21.3
Holley	1,230	968	-262	-21.3
Commack	7,322	5,765	-1,557	-21.3
West Islip	5,001	3,938	-1,063	-21.3
Harrisville	419	330	-89	-21.2
Cairo-Durham	1,357	1,069	-288	-21.2
Edinburg Comn	66	52	-14	-21.2
Catskill	1,620	1,277	-343	-21.2
Elmira	6,882	5,428	-1,454	-21.1
Morrisville-Eaton	758	598	-160	-21.1
Beacon	3,265	2,578	-687	-21.0
Windham-Ashland-Jewett	373	295	-78	-20.9
Frankfort-Schuyler	1,071	848	-223	-20.8
Altmar-Parish-Williamstown	1,346	1,066	-280	-20.8
Three Village	7,187	5,692	-1,495	-20.8
Saranac Lake	1,378	1,094	-284	-20.6
Gilbertsville-Mount Upton	424	337	-87	-20.5
Royalton-Hartland	1,481	1,178	-303	-20.5
Newark Valley	1,288	1,025	-263	-20.4
Onteora	1,419	1,130	-289	-20.4
Milford	437	348	-89	-20.4
Medina	1,752	1,396	-356	-20.3
Forestville	548	437	-111	-20.3
East Bloomfield	989	789	-200	-20.2
Red Hook	1,988	1,586	-402	-20.2
Deposit	590	471	-119	-20.2
Bemus Point	754	602	-152	-20.2
Binghamton	5,958	4,758	-1,200	-20.1
Attica	1,430	1,142	-288	-20.1
Lake Placid	709	567	-142	-20.0
Spencer-Van Etten	1,009	808	-201	-19.9
Edmeston	453	363	-90	-19.9
New Paltz	2,213	1,776	-437	-19.7
Manchester-Shortsville (Red Jack)	883	709	-174	-19.7
Richfield Springs	543	436	-107	-19.7
Canaseraga	249	200	-49	-19.7
Hannibal	1,489	1,199	-290	-19.5
North Salem	1,223	985	-238	-19.5
Highland	1,897	1,528	-369	-19.5
East Islip	4,380	3,529	-851	-19.4
Rondout Valley	2,147	1,730	-417	-19.4

Ten-Year Change In Enrollment, New York State School Districts, SY 2012-13 to SY 2022-23,  
*continued*

School District	Enrollment 2012-13	Enrollment 2022-23	# Change	% Change
Byron-Bergen	1,047	844	-203	-19.4
Mount Vernon	8,637	6,967	-1,670	-19.3
Livonia	1,780	1,436	-344	-19.3
Bedford	4,471	3,609	-862	-19.3
Mahopac	4,717	3,809	-908	-19.2
Avoca	490	396	-94	-19.2
Katonah-Lewisboro	3,484	2,816	-668	-19.2
Cold Spring Harbor	1,939	1,568	-371	-19.1
Cato-Meridian	1,072	867	-205	-19.1
Penn Yan	1,617	1,308	-309	-19.1
Duanesburg	806	652	-154	-19.1
Holland	954	772	-182	-19.1
De Ruyter	399	323	-76	-19.0
Ellenville	1,736	1,406	-330	-19.0
Boquet Valley	492	399	-93	-18.9
Franklinville	741	601	-140	-18.9
South Seneca	784	636	-148	-18.9
Holland Patent	1,535	1,246	-289	-18.8
Evans-Brant (Lake Shore)	2,637	2,141	-496	-18.8
Saugerties	2,855	2,319	-536	-18.8
Miller Place	2,914	2,367	-547	-18.8
Gananda	1,083	880	-203	-18.7
Berlin	822	668	-154	-18.7
Pine Plains	1,016	826	-190	-18.7
Harborfields	3,482	2,831	-651	-18.7
Elwood	2,479	2,016	-463	-18.7
Waterloo	1,761	1,433	-328	-18.6
Lawrence	2,972	2,419	-553	-18.6
Gloversville	3,018	2,457	-561	-18.6
Otego-Unadilla	964	785	-179	-18.6
Greenwood Lake	529	431	-98	-18.5
Gilboa-Conesville	363	296	-67	-18.5
Newfield	844	689	-155	-18.4
Rocky Point	3,390	2,768	-622	-18.3
Hartford	475	388	-87	-18.3
Afton	583	477	-106	-18.2
Warsaw	984	806	-178	-18.1
Shoreham-Wading River	2,524	2,069	-455	-18.0
Hancock	378	310	-68	-18.0
Oakfield-Alabama	896	735	-161	-18.0
Canastota	1,529	1,255	-274	-17.9

Ten-Year Change In Enrollment, New York State School Districts, SY 2012-13 to SY 2022-23,  
*continued*

School District	Enrollment 2012-13	Enrollment 2022-23	# Change	% Change
Eden	1,581	1,300	-281	-17.8
Alfred-Almond	670	551	-119	-17.8
Hudson	1,904	1,566	-338	-17.8
Walton	1,020	839	-181	-17.7
Dundee	795	654	-141	-17.7
Hauppauge	3,975	3,275	-700	-17.6
Brockport	3,782	3,116	-666	-17.6
Massena	2,946	2,428	-518	-17.6
Gowanda	1,296	1,069	-227	-17.5
Port Jervis	2,874	2,373	-501	-17.4
Pulaski	1,141	943	-198	-17.4
Margaretville	387	320	-67	-17.3
Weedsport	850	703	-147	-17.3
Cobleskill-Richmondville	1,910	1,582	-328	-17.2
Averill Park	3,144	2,605	-539	-17.1
Pine Valley (South Dayton)	631	523	-108	-17.1
Northeast	774	642	-132	-17.1
Brookfield	248	206	-42	-16.9
Southampton	1,601	1,331	-270	-16.9
South Kortright	381	317	-64	-16.8
Sachem	14,482	12,052	-2,430	-16.8
Stockbridge Valley	496	413	-83	-16.7
North Rose-Wolcott	1,353	1,127	-226	-16.7
Springville-Griffith Inst	1,954	1,628	-326	-16.7
North Warren	558	465	-93	-16.7
Granville	1,210	1,010	-200	-16.5
Dansville	1,600	1,336	-264	-16.5
Bethlehem	4,874	4,070	-804	-16.5
West Canada Valley	752	628	-124	-16.5
Skaneateles	1,500	1,254	-246	-16.4
Fort Plain	849	710	-139	-16.4
Wells	159	133	-26	-16.4
Rhinebeck	1,120	937	-183	-16.3
Pine Bush	5,697	4,769	-928	-16.3
Livingston Manor	485	406	-79	-16.3
Alexander	879	736	-143	-16.3
Akron	1,532	1,283	-249	-16.3
Oyster Bay-East Norwich	1,660	1,391	-269	-16.2
Otselic Valley	358	300	-58	-16.2
Bolivar-Richburg	840	704	-136	-16.2

Ten-Year Change In Enrollment, New York State School Districts, SY 2012-13 to SY 2022-23,  
*continued*

School District	Enrollment 2012-13	Enrollment 2022-23	# Change	% Change
Hoosic Valley	1,058	887	-171	-16.2
Central Square	4,270	3,581	-689	-16.1
Wallkill	3,269	2,743	-526	-16.1
Olean	2,270	1,905	-365	-16.1
Lockport	5,091	4,274	-817	-16.0
Connetquot	6,521	5,475	-1,046	-16.0
Oriskany	651	547	-104	-16.0
Stillwater	1,216	1,022	-194	-16.0
Greenburgh-Graham	295	248	-47	-15.9
Greene	1,080	908	-172	-15.9
Honeoye	661	556	-105	-15.9
Germantown	580	488	-92	-15.9
Red Creek	955	804	-151	-15.8
La Fargeville	589	496	-93	-15.8
Iroquois	2,439	2,055	-384	-15.7
Sayville	3,179	2,680	-499	-15.7
Pawling	1,289	1,087	-202	-15.7
Phoenix	1,985	1,674	-311	-15.7
Niagara-Wheatfield	3,858	3,258	-600	-15.6
Prattsburgh	431	364	-67	-15.5
Jordan-Elbridge	1,418	1,198	-220	-15.5
Central Valley	2,467	2,086	-381	-15.4
Carmel	4,423	3,740	-683	-15.4
South Orangetown	3,420	2,892	-528	-15.4
Warrensburg	783	663	-120	-15.3
Massapequa	7,647	6,477	-1,170	-15.3
Albion	2,060	1,745	-315	-15.3
Canton	1,316	1,115	-201	-15.3
Indian River	4,218	3,575	-643	-15.2
Kiryas Joel	644	546	-98	-15.2
Scotia-Glenville	2,599	2,207	-392	-15.1
Pavilion	743	631	-112	-15.1
Westfield	750	637	-113	-15.1
Carthage	3,566	3,030	-536	-15.0
Greenwich	1,053	895	-158	-15.0
Ramapo (Suffern)	4,623	3,930	-693	-15.0
Thousand Islands	1,028	874	-154	-15.0
Mount Sinai	2,468	2,100	-368	-14.9
Solvay	1,577	1,342	-235	-14.9
Chenango Forks	1,578	1,343	-235	-14.9
Putnam Valley	1,814	1,544	-270	-14.9

Ten-Year Change In Enrollment, New York State School Districts, SY 2012-13 to SY 2022-23,  
*continued*

School District	Enrollment 2012-13	Enrollment 2022-23	# Change	% Change
Elmont	3,944	3,359	-585	-14.8
Florida	832	709	-123	-14.8
Tioga	1,042	888	-154	-14.8
Canajoharie	1,003	855	-148	-14.8
Fairport	6,293	5,373	-920	-14.6
Honeoye Falls-Lima	2,412	2,060	-352	-14.6
Union Springs	873	746	-127	-14.5
Camden	2,302	1,969	-333	-14.5
Minisink Valley	4,204	3,596	-608	-14.5
Pearl River	2,653	2,270	-383	-14.4
Arlington	9,179	7,855	-1,324	-14.4
Clarence	4,930	4,219	-711	-14.4
North Tonawanda	3,755	3,215	-540	-14.4
Norwich	1,975	1,692	-283	-14.3
Cazenovia	1,549	1,328	-221	-14.3
Gorham-Middlesex (Marcus Whitman)	1,284	1,101	-183	-14.3
Cheektowaga-Sloan	1,470	1,261	-209	-14.2
Farmingdale	6,187	5,308	-879	-14.2
Johnsburg	324	278	-46	-14.2
Queensbury	3,495	3,007	-488	-14.0
Whitehall	782	673	-109	-13.9
North Syracuse	9,446	8,134	-1,312	-13.9
Fabius-Pompey	731	630	-101	-13.8
Kenmore-Tonawanda	7,647	6,592	-1,055	-13.8
Onondaga	900	776	-124	-13.8
Cuba-Rushford	857	739	-118	-13.8
Cincinnatus	613	529	-84	-13.7
Morristown	381	329	-52	-13.6
Islip	3,154	2,725	-429	-13.6
Cherry Valley-Springfield	532	460	-72	-13.5
Hunter-Tannersville	392	339	-53	-13.5
Argyle	570	493	-77	-13.5
Allegany-Limestone	1,229	1,063	-166	-13.5
Wantagh	3,317	2,869	-448	-13.5
Corning	5,066	4,382	-684	-13.5
Dolgeville	920	796	-124	-13.5
Cooperstown	909	787	-122	-13.4
Waterville	851	737	-114	-13.4
Yorkshire-Pioneer	2,536	2,200	-336	-13.2
Briarcliff Manor	1,551	1,346	-205	-13.2

Ten-Year Change In Enrollment, New York State School Districts, SY 2012-13 to SY 2022-23,  
*continued*

School District	Enrollment 2012-13	Enrollment 2022-23	# Change	% Change
Trumansburg	1,120	972	-148	-13.2
Batavia	2,494	2,165	-329	-13.2
Cattaraugus-Little Valley	967	840	-127	-13.1
Westmoreland	1,004	873	-131	-13.0
Byram Hills	2,643	2,299	-344	-13.0
Johnson	2,634	2,292	-342	-13.0
Wayne	2,447	2,131	-316	-12.9
Ogdensburg	1,673	1,457	-216	-12.9
General Brown	1,591	1,386	-205	-12.9
East Rochester	1,116	973	-143	-12.8
Hinsdale	431	376	-55	-12.8
Caledonia-Mumford	917	800	-117	-12.8
Arkport	541	472	-69	-12.8
Alden	1,793	1,565	-228	-12.7
Kendall	784	685	-99	-12.6
Hoosick Falls	1,206	1,054	-152	-12.6
West Seneca	7,050	6,162	-888	-12.6
Greenville	1,255	1,097	-158	-12.6
Locust Valley	2,171	1,898	-273	-12.6
Belfast	366	320	-46	-12.6
Gouverneur	1,666	1,457	-209	-12.5
Hempstead	6,521	5,710	-811	-12.4
Williamson	1,136	995	-141	-12.4
Lansingburgh	2,408	2,110	-298	-12.4
Wellsville	1,288	1,129	-159	-12.3
Worcester	374	328	-46	-12.3
Wappingers	11,872	10,421	-1,451	-12.2
Greece	11,672	10,248	-1,424	-12.2
Blind Brook-Rye	1,468	1,289	-179	-12.2
Washingtonville	4,462	3,919	-543	-12.2
Monticello	3,168	2,783	-385	-12.2
Canandaigua	3,770	3,312	-458	-12.1
New York City	1,018,335	895,097	-123,238	-12.1
Fulton	3,713	3,264	-449	-12.1
Union-Endicott	4,076	3,586	-490	-12.0
Hamburg	3,788	3,333	-455	-12.0
South Country	4,547	4,002	-545	-12.0
Poughkeepsie	4,421	3,892	-529	-12.0
Long Lake	67	59	-8	-11.9
Willsboro	285	251	-34	-11.9
Perry	872	768	-104	-11.9

Ten-Year Change In Enrollment, New York State School Districts, SY 2012-13 to SY 2022-23,  
*continued*

School District	Enrollment 2012-13	Enrollment 2022-23	# Change	% Change
Montauk	344	303	-41	-11.9
Galway	924	814	-110	-11.9
Clyde-Savannah	877	773	-104	-11.9
Owego-Apalachin	2,181	1,923	-258	-11.8
Edwards-Knox	584	515	-69	-11.8
Jamesville-Dewitt	2,870	2,533	-337	-11.7
Lakeland	6,083	5,370	-713	-11.7
Sullivan West	1,186	1,047	-139	-11.7
Elba	453	400	-53	-11.7
Frewsburg	849	750	-99	-11.7
Valhalla	1,536	1,357	-179	-11.7
Northeastern Clinton	1,379	1,219	-160	-11.6
Ticonderoga	813	719	-94	-11.6
Fonda-Fultonville	1,443	1,277	-166	-11.5
Jamestown	5,217	4,617	-600	-11.5
South Glens Falls	3,287	2,909	-378	-11.5
East Irondequoit	3,088	2,733	-355	-11.5
Roscoe	253	224	-29	-11.5
Bellmore-Merrick	5,870	5,200	-670	-11.4
Gates-Chili	4,183	3,707	-476	-11.4
Charlotte Valley	391	347	-44	-11.3
Madrid-Waddington	738	655	-83	-11.2
Groton	881	782	-99	-11.2
Sherrill	2,034	1,806	-228	-11.2
West Babylon	4,188	3,720	-468	-11.2
Silver Creek	1,111	987	-124	-11.2
Falconer	1,273	1,131	-142	-11.2
Rye	3,209	2,852	-357	-11.1
Susquehanna Valley	1,601	1,423	-178	-11.1
Mount Pleasant-Blythedale	135	120	-15	-11.1
Brewster	3,291	2,927	-364	-11.1
Seaford	2,452	2,181	-271	-11.1
Sherburne-Earlville	1,422	1,265	-157	-11.0
Newark	2,178	1,938	-240	-11.0
Lewiston-Porter	2,162	1,925	-237	-11.0
Glens Falls Common	174	155	-19	-10.9
Hyde Park	3,878	3,457	-421	-10.9
Buffalo	33,400	29,795	-3,605	-10.8
Brunswick Central	1,224	1,092	-132	-10.8
Dover	1,507	1,345	-162	-10.7
Long Beach	3,969	3,543	-426	-10.7

Ten-Year Change In Enrollment, New York State School Districts, SY 2012-13 to SY 2022-23,  
*continued*

School District	Enrollment 2012-13	Enrollment 2022-23	# Change	% Change
Ravena-Coeymans-Selkirk	2,017	1,801	-216	-10.7
Lindenhurst	6,430	5,742	-688	-10.7
Palmyra-Macedon	1,983	1,771	-212	-10.7
Center Moriches	1,732	1,547	-185	-10.7
East Quogue	424	379	-45	-10.6
Plainedge	3,222	2,881	-341	-10.6
Northville	482	431	-51	-10.6
Chappaqua	3,962	3,545	-417	-10.5
Randolph	953	853	-100	-10.5
Mayfield	925	829	-96	-10.4
Brasher Falls	1,095	982	-113	-10.3
Cornwall	3,368	3,024	-344	-10.2
Baldwin	4,968	4,461	-507	-10.2
Homer	2,069	1,859	-210	-10.1
Clarkstown	8,861	7,967	-894	-10.1
Saratoga Springs	6,704	6,028	-676	-10.1
Pembroke	1,012	910	-102	-10.1
Wayland-Cohocton	1,482	1,333	-149	-10.1
Moravia	959	863	-96	-10.0
Horseheads	4,226	3,804	-422	-10.0
Salmon River	1,534	1,382	-152	-9.9
Sag Harbor	1,060	955	-105	-9.9
South Jefferson	2,027	1,827	-200	-9.9
Candor	783	706	-77	-9.8
Ballston Spa	4,386	3,955	-431	-9.8
Adirondack	1,306	1,178	-128	-9.8
Campbell-Savona	898	810	-88	-9.8
Lowville	1,421	1,282	-139	-9.8
Kinderhook	1,903	1,717	-186	-9.8
Frontier	5,122	4,622	-500	-9.8
Hendrick Hudson	2,485	2,243	-242	-9.7
Whitesboro	3,301	2,980	-321	-9.7
Syracuse	21,069	19,022	-2,047	-9.7
Green Island	300	271	-29	-9.7
Middle Country	10,428	9,424	-1,004	-9.6
Southwestern at Jamestown	1,480	1,338	-142	-9.6
Plattsburgh	1,897	1,715	-182	-9.6
Mexico	2,228	2,016	-212	-9.5
Brocton	558	505	-53	-9.5
Southern Cayuga	727	658	-69	-9.5
Rensselaer	1,133	1,026	-107	-9.4



Ten-Year Change In Enrollment, New York State School Districts, SY 2012-13 to SY 2022-23,  
continued

School District	Enrollment 2012-13	Enrollment 2022-23	# Change	% Change
Bridgewater-West Winfield	1,178	1,067	-111	-9.4
La Fayette	864	783	-81	-9.4
Schenectady	10,009	9,075	-934	-9.3
Wheelerville	129	117	-12	-9.3
Deer Park	4,404	3,995	-409	-9.3
Hudson Falls	2,397	2,175	-222	-9.3
Oneonta	1,895	1,720	-175	-9.2
Oswego	3,967	3,601	-366	-9.2
Windsor	1,792	1,627	-165	-9.2
Phelps-Clifton Springs	1,709	1,553	-156	-9.1
Tupper Lake	835	759	-76	-9.1
Kingston	6,757	6,143	-614	-9.1
Sodus	1,147	1,043	-104	-9.1
Haldane	883	803	-80	-9.1
Waterford-Halfmoon	807	734	-73	-9.0
Le Roy	1,262	1,149	-113	-9.0
Bath	1,628	1,483	-145	-8.9
Town Of Webb	298	246	-24	-8.9
Carle Place	1,400	1,276	-124	-8.9
Moriah	768	700	-68	-8.9
Valley (Montgomery)	4,652	4,246	-406	-8.7
New Rochelle	11,066	10,106	-960	-8.7
Avon	1,028	939	-89	-8.7
Remsen	445	407	-38	-8.5
East Aurora	1,859	1,701	-158	-8.5
Greenburgh	1,808	1,655	-153	-8.5
Van Hornesville-Owen D. Young	190	174	-16	-8.4
Sackets Harbor	467	428	-39	-8.4
York	744	682	-62	-8.3
Fillmore	709	650	-59	-8.3
Sharon Springs	290	266	-24	-8.3
East Williston	1,736	1,594	-142	-8.2
East Moriches	758	696	-62	-8.2
Corinth	1,181	1,085	-96	-8.1
Manhasset	3,260	2,996	-264	-8.1
Lancaster	6,012	5,526	-486	-8.1
Genesee Valley	595	547	-48	-8.1
New York Mills	595	547	-48	-8.1
Fishers Island	62	57	-5	-8.1
Sauquoit Valley	1,036	955	-81	-7.8
Chittenango	2,071	1,910	-161	-7.8

Ten-Year Change In Enrollment, New York State School Districts, SY 2012-13 to SY 2022-23,  
*continued*

School District	Enrollment 2012-13	Enrollment 2022-23	# Change	% Change
Pleasantville	1,766	1,629	-137	-7.8
Troy	4,075	3,759	-316	-7.8
Fredonia	1,573	1,452	-121	-7.7
Oxford	780	720	-60	-7.7
Laurens	339	313	-26	-7.7
Chenango Valley	1,800	1,662	-138	-7.7
Bolton	196	181	-15	-7.7
Lyndonville	642	593	-49	-7.6
Addison	1,164	1,076	-88	-7.6
Hermon-Dekalb	412	381	-31	-7.5
Fort Ann	495	458	-37	-7.5
North Shore	2,757	2,551	-206	-7.5
Sandy Creek	855	792	-63	-7.4
Ellicottville	598	554	-44	-7.4
Utica	10,264	9,517	-747	-7.3
Chautauqua Lake	775	719	-56	-7.2
Depew	1,978	1,837	-141	-7.1
Marlboro	2,007	1,864	-143	-7.1
Monroe-Woodbury	7,034	6,534	-500	-7.1
Pittsford	5,924	5,503	-421	-7.1
Madison	480	446	-34	-7.1
Amityville	3,087	2,869	-218	-7.1
Croton-Harmon	1,693	1,575	-118	-7.0
Herkimer	1,177	1,095	-82	-7.0
Auburn	4,520	4,208	-312	-6.9
Webster	8,645	8,051	-594	-6.9
Mount Pleasant-Cottage	235	219	-16	-6.8
Randolph Academy	163	152	-11	-6.7
Island Trees	2,411	2,251	-160	-6.6
Brookhaven-Comsewogue	3,893	3,635	-258	-6.6
Babylon	1,692	1,581	-111	-6.6
North Collins	595	556	-39	-6.6
Orchard Park	5,167	4,832	-335	-6.5
Clinton	1,298	1,214	-84	-6.5
Bradford	279	261	-18	-6.5
Glens Falls City	2,085	1,951	-134	-6.4
Mohonasen	2,924	2,737	-187	-6.4
Schodack	954	894	-60	-6.3
Geneva	2,251	2,112	-139	-6.2
Huntington	4,493	4,217	-276	-6.1
New Lebanon	440	413	-27	-6.1

Ten-Year Change In Enrollment, New York State School Districts, SY 2012-13 to SY 2022-23,  
*continued*

School District	Enrollment 2012-13	Enrollment 2022-23	# Change	% Change
Waverly	1,630	1,531	-99	-6.1
Sewanhaka	8,271	7,770	-501	-6.1
Patchogue-Medford	8,114	7,623	-491	-6.1
Hewlett-Woodmere	3,081	2,896	-185	-6.0
Bainbridge-Guilford	834	784	-50	-6.0
Island Park	729	686	-43	-5.9
Hilton	4,478	4,214	-264	-5.9
West Genesee	4,782	4,501	-281	-5.9
Williamsville	10,445	9,848	-597	-5.7
Grand Island	3,084	2,912	-172	-5.6
Minerva	126	119	-7	-5.6
Little Falls	1,152	1,088	-64	-5.6
McGraw	544	514	-30	-5.5
Northern Adirondack	848	802	-46	-5.4
White Plains	7,352	6,955	-397	-5.4
Cambridge	894	846	-48	-5.4
Yonkers	25,591	24,242	-1,349	-5.3
Liverpool	7,271	6,889	-382	-5.3
Ithaca	5,301	5,023	-278	-5.2
Yorktown	3,615	3,426	-189	-5.2
East Rockaway	1,251	1,186	-65	-5.2
Peru	1,971	1,869	-102	-5.2
Elmira Heights	1,099	1,043	-56	-5.1
Malone	2,313	2,196	-117	-5.1
Valley Stream 13	2,111	2,005	-106	-5.0
East Hampton	1,924	1,828	-96	-5.0
Tonawanda	1,806	1,718	-88	-4.9
Tarrytown	2,841	2,703	-138	-4.9
Uniondale	6,394	6,084	-310	-4.8
Newburgh	11,610	11,052	-558	-4.8
Westhampton Beach	1,866	1,778	-88	-4.7
Broadalbin-Perth	1,775	1,693	-82	-4.6
Oceanside	5,732	5,479	-253	-4.4
Bay Shore	6,162	5,892	-270	-4.4
South Huntington	6,141	5,872	-269	-4.4
Niagara Falls	7,147	6,835	-312	-4.4
Schalmont	1,892	1,810	-82	-4.3
Valley Stream 24	1,117	1,069	-48	-4.3
Nyack	2,936	2,811	-125	-4.3
South Colonie	5,103	4,888	-215	-4.2
Copiague	5,008	4,801	-207	-4.1

Ten-Year Change In Enrollment, New York State School Districts, SY 2012-13 to SY 2022-23,  
*continued*

School District	Enrollment 2012-13	Enrollment 2022-23	# Change	% Change
Spencerport	3,727	3,573	-154	-4.1
Lisbon	584	560	-24	-4.1
Churchville-Chili	3,931	3,779	-152	-3.9
North Babylon	4,766	4,583	-183	-3.8
Indian Lake	131	126	-5	-3.8
Nanuet	2,315	2,227	-88	-3.8
Bronxville	1,625	1,566	-59	-3.6
Chester	993	957	-36	-3.6
Victor	4,466	4,305	-161	-3.6
Eastchester	3,140	3,033	-107	-3.4
East Syracuse-Minoa	3,542	3,422	-120	-3.4
Letchworth	946	914	-32	-3.4
Baldwinsville	5,644	5,456	-188	-3.3
Cleveland Hill	1,378	1,333	-45	-3.3
Vestal	3,547	3,435	-112	-3.2
Westhill	1,811	1,754	-57	-3.1
Copenhagen	487	472	-15	-3.1
Rockville Centre	3,553	3,445	-108	-3.0
Whitney Point	1,500	1,456	-44	-2.9
Fire Island	35	34	-1	-2.9
Fayetteville-Manlius	4,344	4,221	-123	-2.8
Wyoming	146	142	-4	-2.7
Brighton	3,519	3,423	-96	-2.7
Westbury	4,761	4,632	-129	-2.7
Burnt Hills-Ballston Lake	3,184	3,100	-84	-2.6
Pelham	2,830	2,756	-74	-2.6
Rome	5,477	5,336	-141	-2.6
Highland Falls	974	949	-25	-2.6
Shenendehowa	9,766	9,521	-245	-2.5
Salamanca	1,343	1,310	-33	-2.5
New Hartford	2,613	2,549	-64	-2.4
Dunkirk	2,073	2,023	-50	-2.4
Longwood	9,222	9,001	-221	-2.4
Irvington	1,796	1,753	-43	-2.4
Potsdam	1,318	1,287	-31	-2.4
Lyme	345	337	-8	-2.3
Portville	992	969	-23	-2.3
Glen Cove	3,202	3,134	-68	-2.1
Brushton-Moira	803	786	-17	-2.1
Sidney	1,096	1,073	-23	-2.1
Marathon	736	721	-15	-2.0

Ten-Year Change In Enrollment, New York State School Districts, SY 2012-13 to SY 2022-23,  
*continued*

School District	Enrollment 2012-13	Enrollment 2022-23	# Change	% Change
Sherman	445	436	-9	-2.0
Wheatland-Chili	693	679	-14	-2.0
North Bellmore	2,238	2,193	-45	-2.0
Levittown	7,485	7,336	-149	-2.0
Freeport	6,730	6,606	-124	-1.8
Canisteo-Greenwood	987	969	-18	-1.8
Mechanicville	1,371	1,346	-25	-1.8
Mount Pleasant	1,953	1,918	-35	-1.8
Amherst	3,011	2,960	-51	-1.7
East Greenbush	4,180	4,113	-67	-1.6
Chateaugay	543	535	-8	-1.5
Scarsdale	4,739	4,676	-63	-1.3
Valley Stream 30	1,474	1,455	-19	-1.3
Haverstraw-Stony Point	8,145	8,042	-103	-1.3
Unadilla Valley	807	797	-10	-1.2
Beaver River	882	872	-10	-1.1
Norwood-Norfolk	984	973	-11	-1.1
Warwick Valley	3,860	3,820	-40	-1.0
Valley Stream Central	4,632	4,588	-44	-0.9
New Hyde Park-Garden City Park	1,662	1,648	-14	-0.8
Seneca Falls	1,247	1,237	-10	-0.8
Garden City	3,989	3,958	-31	-0.8
West Irondequoit	3,621	3,596	-25	-0.7
Hamilton	562	559	-3	-0.5
Chazy	464	462	-2	-0.4
Geneseo	860	857	-3	-0.3
Rye Neck	1,537	1,532	-5	-0.3
Oppenheim-Ephratah-St. Johnsville	753	751	-2	-0.3
William Floyd	9,361	9,342	-19	-0.2
Southold	866	727	-139	-0.2
Lansing	1,153	1,153	0	0.0
Maine-Endwell	2,545	2,547	2	0.1
Goshen	2,853	2,856	3	0.1
Greenport	623	694	71	0.1
Watertown	4,251	4,261	10	0.2
Hampton Bays	2,079	2,084	5	0.2
Lyons	872	875	3	0.3
Saranac	1,494	1,502	8	0.5
Bellmore	1,082	1,088	6	0.6
Albany	8,591	8,640	49	0.6
Cheektowaga-Maryvale	2,180	2,193	13	0.6

Ten-Year Change In Enrollment, New York State School Districts, SY 2012-13 to SY 2022-23,  
*continued*

School District	Enrollment 2012-13	Enrollment 2022-23	# Change	% Change
Guilderland	4,923	4,958	35	0.7
Garrison	223	225	2	0.9
Amsterdam	3,753	3,789	36	1.0
South Lewis	1,033	1,043	10	1.0
Edgemont	1,911	1,930	19	1.0
Belleville Henderson	497	502	5	1.0
Spackenkill	1,551	1,569	18	1.2
Keene	167	169	2	1.2
Oysterponds	82	83	1	1.2
Cohoes	1,956	1,981	25	1.3
North Merrick	1,268	1,285	17	1.3
Cheektowaga	2,218	2,249	31	1.4
Rush-Henrietta	5,581	5,660	79	1.4
Franklin Square	1,901	1,931	30	1.6
Lynbrook	2,791	2,836	45	1.6
Bethpage	2,958	3,007	49	1.7
Tuckahoe	1,111	1,130	19	1.7
Watervliet	1,397	1,422	25	1.8
Delhi	724	738	14	1.9
Odessa-Montour	765	780	15	2.0
Salem	546	557	11	2.0
Port Washington	5,237	5,350	113	2.2
Hastings-On-Hudson	1,575	1,611	36	2.3
Elmsford	1,016	1,040	24	2.4
Mount Morris	525	539	14	2.7
Roslyn	3,205	3,295	90	2.8
Harrison	3,519	3,624	105	3.0
Beekmantown	1,965	2,025	60	3.1
Dobbs Ferry	1,466	1,514	48	3.3
Springs	671	693	22	3.3
Ausable Valley	1,147	1,187	40	3.5
Great Neck	6,579	6,818	239	3.6
Brentwood	17,882	18,557	675	3.8
Middletown	7,260	7,560	300	4.1
Sweet Home	3,437	3,588	151	4.4
Niskayuna	4,126	4,314	188	4.6
Hicksville	5,231	5,485	254	4.9
Pocantico Hills	304	320	16	5.3
Roosevelt	2,937	3,092	155	5.3
Penfield	4,488	4,732	244	5.4
Heuvelton	522	552	30	5.7

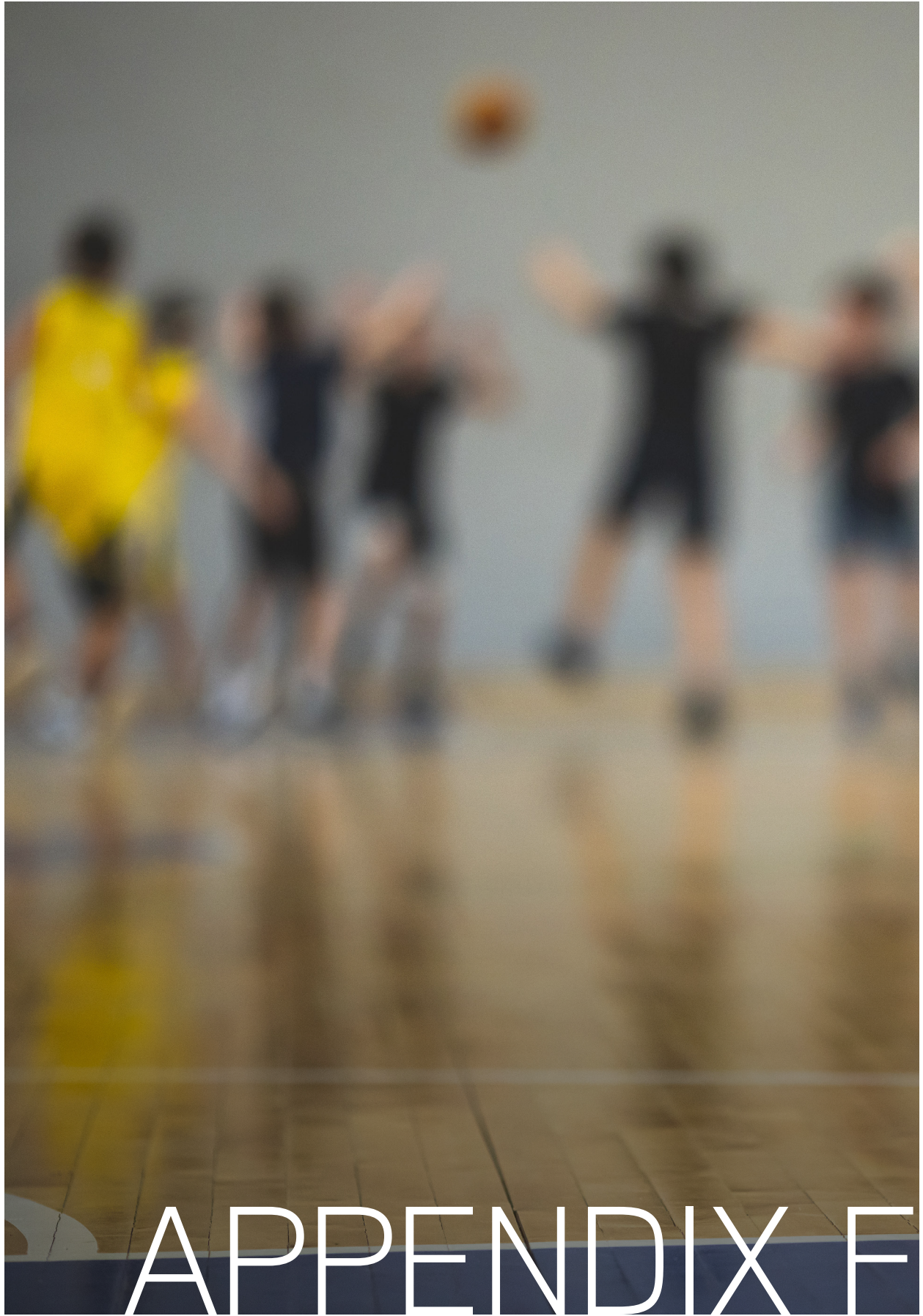
Ten-Year Change In Enrollment, New York State School Districts, SY 2012-13 to SY 2022-23,  
*continued*

School District	Enrollment 2012-13	Enrollment 2022-23	# Change	% Change
Romulus	420	445	25	6.0
Ossining	4,670	4,952	282	6.0
Mineola	2,767	2,936	169	6.1
Menands	278	295	17	6.1
Voorheesville	1,173	1,247	74	6.3
Mamaroneck	5,193	5,538	345	6.6
Fallsburg	1,405	1,499	94	6.7
Jericho	3,051	3,279	228	7.5
Merrick	1,551	1,670	119	7.7
Malverne	1,663	1,797	134	8.1
Port Chester-Rye	4,372	4,726	354	8.1
Floral Park-Bellerose	1,488	1,616	128	8.6
Schoharie	795	865	70	8.8
Syosset	6,493	7,083	590	9.1
Starpoint	2,691	2,937	246	9.1
Lackawanna	1,793	1,965	172	9.6
Amagansett	114	125	11	9.6
East Meadow	7,166	7,862	696	9.7
Wynantskill	303	333	30	9.9
Plainview-Old Bethpage	4,879	5,363	484	9.9
Riverhead	5,220	5,738	518	9.9
Schroon Lake	215	238	23	10.7
Colton-Pierrepont	336	373	37	11.0
North Colonie	5,429	6,072	643	11.8
Herricks	3,887	4,386	499	12.8
Liberty	1,604	1,816	212	13.2
Little Flower	89	101	12	13.5
Ardsley	2,018	2,300	282	14.0
Peekskill	3,091	3,599	508	16.4
Central Islip	6,664	7,809	1,145	17.2
Crown Point	272	321	49	18.0
East Ramapo (Spring Valley)	9,755	11,880	2,125	21.8
Lyncourt	333	406	73	21.9
Wyandanch	2,138	2,671	533	24.9
Bridgehampton	151	198	47	31.1
Greenburgh-North Castle	305	430	125	41.0
Putnam	33	47	14	42.4
Wainscott	15	27	12	80.0
North Greenbush	17	31	14	82.4

SOURCE: Enrollment Data Archive, New York State Education Department, <https://www.p12.nysed.gov/irs/statistics/enroll-n-staff/ArchiveEnrollmentData.html>.







# APPENDIX F



# APPENDIX F: SCHOOL DISTRICT RESERVE FUNDS

The table below lists 16 reserve funds available to New York State school districts, along with each fund’s defined purpose and any applicable special requirements.

Reserve Fund Name	Definition and Requirements
Capital Reserve (ED § 3651)	Used for capital projects (e.g., construction, equipment). Requires voter approval to create and spend. Term and funding caps specified by voters.
Repair Reserve (GML § 6-d)	Covers nonrecurring repairs to capital assets. Requires voter approval to fund; expenditures require a public hearing unless an emergency.
Workers’ Compensation Reserve (GML § 6-j)	Pays for workers’ compensation claims and related costs. Funded through budget appropriations; excess funds can be transferred to other reserves or next year’s budget.
Unemployment Insurance Reserve (GML § 6-m)	Covers unemployment claims for districts using the reimbursement method. May be terminated if switching to a contribution basis. Transfers are allowed to other reserves.
Reserve for Tax Reduction (ED § 1604 [36], ED § 1709 [37])	Allows gradual use of proceeds from property sales to reduce taxes over time, up to 10 years. Funds must come from property sale proceeds.
Mandatory Reserve for Debt Service (GML § 6-l)	Covers debt service from the sale of district capital assets. Funds must be used for debt service only; excess funds can be used for any lawful purpose.
Insurance Reserve (GML § 6-n)	Covers liability and casualty losses. Annual contributions are limited to the greater of \$33,000 or 5 percent of the budget.
Property Loss and Liability Reserve (ED § 1709 [8-c], ED § 1950 [4][cc])	Covers property loss and liability claims. Limited to 3 percent of the budget or \$15,000 annually. Separate accounts for property and liability are required.
Tax Certiorari Reserve (ED § 3651 [1-a])	Pays for claims arising from property tax challenges. Funds must be used within four years unless claims are still pending.
Reserve for Insurance Recoveries (ED § 1718 (2))	Holds unspent insurance proceeds at year-end for future allocation. Must be used within the fiscal year or carried over with board approval.
Reserve for Encumbrances (A 821)	Represents outstanding encumbrances at year-end. No specific funding limits; used to ensure availability for committed expenses.
Reserve for Inventory (A 845)	Limits maximum investment in inventory; restricts portion of fund balance not available for appropriation.
Reserve for Employee Benefit Accrued Liability (GML § 6-p)	Covers accrued employee benefits payable upon termination (e.g., sick leave). May not fund health or post-retirement benefits. Transfers allowed.
Reserve for Career Education Instructional Equipment (ED § 1950[4][ee])	Used by BOCES for instructional equipment. Requires approval from a majority of participating districts. Funded through equipment sales and depreciation allowances.
Retirement Contribution Reserve Fund (GML § 6-r)	Funds employer contributions to New York State Employees’ Retirement System. Created by board resolution. Transfers require a public hearing.
Reserve for Excess Tax Levy (Chapter 97 of the Laws of 2011)	Holds funds if a district exceeds the tax cap, to be used to offset the following year’s tax levy. Temporary reserve, to be used in the next fiscal year.

SOURCE: Adapted from the State Education Department. Fund balance—Reservations and designations, [https://www.p12.nysed.gov/mgtserv/accounting/docs/reserve\\_funds.pdf](https://www.p12.nysed.gov/mgtserv/accounting/docs/reserve_funds.pdf).





# APPENDIX G



# APPENDIX G: SOURCES

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A selection of the sources that were consulted and the resources that were used in the research for this report are noted below:

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