

# NEW YORK'S 50 MOST UNDERFUNDED SCHOOL DISTRICTS

Bruce D. Baker, Rutgers University

*Policy Brief Supplement*

## Policy Brief Supplement

### 50 Districts with the Largest Formula Funding Shortfalls per Pupil 2013-14

*Bruce D. Baker, Rutgers University*

The 2007 New York State Foundation Aid formula was adopted specifically to achieve compliance with the high court's 2006 order in the Campaign for Fiscal Equity case. The State argued that this new formula was built on sound empirical analysis of the spending behavior of efficient districts that achieved adequate outcomes on State assessments. The State argued that the Foundation Aid formula applied this evidence, coupled with additional *evidence-based* adjustments to address student needs and regional cost variation, in order to identify a specific target level of per pupil spending for each district statewide which would provide comparable opportunities to achieve adequate educational outcomes. The State determined the share of that target spending to be raised through local tax revenues and estimated the amount to be paid by the state toward achieving each districts' *sound basic spending target*.

Then, the State simply failed to fund the formula.

When enacted, the State committed to phasing-in the Foundation Aid formula from 2007 to 2010-2011. The data behind the base spending calculation had been drawn from 2003-2005, and included general education instructional spending of school districts that a) achieved 80% proficiency rates on state assessments, and b) were in the lower half spending districts among those who achieved desired outcomes. The formula for transitioning these figures to spending targets involves a combination of inflation adjustment, and phase-in percent to bring the dated estimates up to date and project the annual increases for hitting the adequate spending target in future years – four years out in the case of the original proposed remedy.

The current Foundation Aid formula may be described as follows.

**District Foundation Aid per Pupil = [Foundation Amount X Pupil Need Index X Regional Cost Index] – Expected Minimum Local Contribution**

Under this formula, the State determines the need and cost adjusted target spending for each district by taking the foundation funding level and multiplying it times the pupil need adjustment index (PNI) and then times the regional labor cost adjustment index (RCI). This approach is reasonable only to the extent that the target level of funding generated for each district by the formula represents what the State determines in necessary districts to provide a meaningful high school education, the constitutional standards established in the CFE rulings.

In 2012-13, the inflation adjusted foundation level of funding [for aid calculation purposes] was set to \$6,580<sup>1</sup>, a value which on its face is far lower than existing spending levels in nearly every New York State public school district or charter school. The pupil need index combines measures of poverty (U.S. Census Poverty and Free or Reduced Lunch) shares of children with limited English language proficiency, and district population sparsity. Finally, the Regional Cost Index is intended to recognize “regional variations in purchasing power around the State, based on wages of non-school professionals.”

Once a district’s target level of funding is calculated, the State then determines the share of that target that will be paid for by the local district and the share that will be picked up by the State through Foundation Aid. The State share of aid, or total Foundation Aid is determined as follows:

*Total Foundation Aid = Selected Foundation Aid X Selected Total Aidable Foundation Pupil Units (TAFPU). Selected Foundation Aid is the district’s Foundation Aid per pupil, but no less than \$500.*<sup>2</sup>

It is important to note that, under this formula, the State provides every district a minimum of at least \$500 per pupil in Foundation Aid without regard to whether the district has the ability to raise local revenue to meet or exceed their spending target on their own,

---

<sup>1</sup> See: <http://www.oms.nysed.gov/faru/PDFDocuments/Primer12-13A.pdf>.

“The Foundation Amount is the cost of providing general education services. It is measured by determining instructional costs of districts that are performing well. It is adjusted annually to reflect the percentage increase in the consumer price index. For 2007-08 aid, it is \$5,258. It is further adjusted by the phase-in foundation percent. For 2009-10, the adjusted amount is: \$5,410 x 1.038 (CPI) x 1.025 (phase-in), or \$5,756. For 2010-11, the adjusted amount is: \$5,708 x 0.996 x 1.078, or \$6,122. For 2011-12, the adjusted amount is: \$5,685 x 1.016 x 1.1314, or \$6,535. For 2012-13, the adjusted amount is: \$5,776 x 1.032 x 1.1038, or \$6,580.”

In this case, the matching 2012-13 figure is arrived at by taking P(OP0002) 02 ADJUSTED FOUNDATION AMT/PUPIL for each district and dividing by PNI [O(PC0409) 05 PNI = 1 + EN%, MIN 1; MAX 2] then RCI [N(MI0123) 03 REGIONAL COST INDEX (RCI)], from: File DBSAD1, 3-29-12. Prior years also match.

Interestingly, however the 2013-14 aid worksheets yield a foundation level of only \$6,515, or a cut to the foundation level of \$65.

<sup>2</sup> <http://www.cfequity.org/pdfs/resources/11.20.06CourtRuling-NYSLRB.pdf>

without State aid. In this calculation, total Aidable Foundation Pupil Units (TAFPU) include additional weighted adjustments for children with disabilities (not addressed in the PNI), pupils in summer school and half versus full day kindergarten.

The following table lists those districts with the largest per pupil gaps in State Foundation Aid in 2013-14.. In other words, these are the districts with the largest differences between the Foundation Aid the districts should have received had the State actually funded the Foundation Aid formula compared to the actual Foundation Aid the districts receive after the State’s Aid freeze and cuts are applied. Detailed documentation of the calculations in the table is presented in the appendix.

### 2013-14 Foundation Aid Shortfalls

Name	GAP per DCAADM [1]	% Shortfall (Gap/Target) [2]	GAP = Foundation Target - Foundation after GEA	DCAADM [3]	Foundation Target (Full Phase In) = State Share per TAFPU x Selected TAFPU [4]	Foundation After GEA [5]	RCI	PNI	Selected TAFPU [6]	Adj. Foundation per Pupil (Base x PNI x RCI) [7]	Adj. Tax Rate	Sharing ratio	Selected Local	Adj. Foundation - Local = State Share per TAFPU
WESTBURY	-\$9,646	69%	\$43,388,103	4,498	62,763,206	19,375,103	1.425	1.822	5,456	\$16,915	0.009	0.515	\$5,412	\$11,504
HEMPSTEAD	-\$8,458	50%	\$63,463,802	7,503	127,724,327	64,260,525	1.425	1.808	8,587	\$16,785	0.005	0.857	\$1,911	\$14,874
BARKER	-\$7,627	68%	\$7,207,775	945	10,666,353	3,458,578	1.091	1.810	959	\$12,865	0.006	0.811	\$1,743	\$11,122
BRENTWOOD	-\$7,164	43%	\$121,981,375	17,027	282,669,292	160,687,917	1.425	1.721	19,811	\$15,978	0.005	0.884	\$1,709	\$14,268
ROOSEVELT	-\$6,938	43%	\$20,751,896	2,991	48,655,522	27,903,626	1.425	1.736	3,621	\$16,117	0.006	0.668	\$2,680	\$13,437
COPIAGUE	-\$6,614	56%	\$33,419,108	5,053	59,881,306	26,462,198	1.425	1.533	6,069	\$14,232	0.008	0.596	\$4,365	\$9,867
UTICA	-\$6,588	48%	\$64,381,488	9,773	133,950,664	69,569,176	1.000	1.849	11,832	\$12,046	0.005	0.900	\$725	\$11,321
ELLENVILLE	-\$6,464	51%	\$11,428,484	1,768	22,443,103	11,014,619	1.314	1.766	2,060	\$15,118	0.006	0.559	\$4,224	\$10,895
CENTRAL ISLIP	-\$6,425	44%	\$42,552,572	6,623	97,043,603	54,491,031	1.425	1.738	7,508	\$16,135	0.007	0.638	\$3,210	\$12,925
MIDDLETOWN	-\$6,408	50%	\$46,884,727	7,317	93,704,333	46,819,606	1.314	1.703	8,320	\$14,579	0.007	0.662	\$3,316	\$11,263
SCHENECTADY	-\$6,320	49%	\$66,241,068	10,481	135,462,735	69,221,667	1.124	1.686	12,191	\$12,346	0.006	0.900	\$1,235	\$11,112
FALLSBURGH	-\$6,006	45%	\$8,156,167	1,358	18,279,539	10,123,372	1.314	1.749	1,660	\$14,973	0.006	0.578	\$3,961	\$11,012
WYANDANCH	-\$5,858	35%	\$13,227,623	2,258	37,546,692	24,319,069	1.425	1.705	2,728	\$15,829	0.005	0.863	\$2,066	\$13,763
LIBERTY	-\$5,688	41%	\$8,964,368	1,576	21,614,144	12,649,776	1.314	1.740	1,869	\$14,896	0.006	0.634	\$3,331	\$11,565
FREEPORT	-\$5,595	50%	\$37,305,546	6,668	74,399,572	37,094,026	1.425	1.533	7,671	\$14,232	0.008	0.576	\$4,533	\$9,699
FRIENDSHIP	-\$5,551	39%	\$2,353,436	424	6,105,035	3,751,599	1.091	1.962	463	\$13,946	0.004	0.900	\$760	\$13,186
MOUNT MORRIS	-\$5,420	40%	\$2,894,197	534	7,323,150	4,428,953	1.141	1.808	641	\$13,440	0.007	0.820	\$2,015	\$11,425
FILLMORE	-\$5,326	39%	\$3,877,614	728	10,015,248	6,137,634	1.091	1.853	834	\$13,171	0.005	0.900	\$1,162	\$12,009
INDIAN RIVER	-\$5,326	41%	\$21,366,044	4,012	51,600,069	30,234,025	1.000	1.704	4,819	\$11,102	0.003	0.900	\$394	\$10,708
ROCHESTER	-\$5,253	34%	\$180,961,810	34,449	529,083,251	348,121,441	1.141	1.898	39,877	\$14,109	0.005	0.900	\$841	\$13,268
BRASHER FALLS	-\$5,122	40%	\$5,577,790	1,089	13,854,050	8,276,260	1.000	1.871	1,233	\$12,190	0.005	0.900	\$954	\$11,236
HANNIBAL	-\$5,111	38%	\$7,917,044	1,549	20,732,591	12,815,547	1.103	1.780	1,748	\$12,791	0.005	0.900	\$930	\$11,861
PORT JERVIS	-\$5,107	41%	\$15,508,907	3,037	38,138,329	22,629,422	1.314	1.491	3,738	\$12,764	0.006	0.786	\$2,561	\$10,203
NEWBURGH	-\$4,810	39%	\$56,076,211	11,659	142,035,380	85,959,169	1.314	1.653	12,933	\$14,151	0.008	0.680	\$3,168	\$10,982

Name	GAP per DCAADM [1]	% Shortfall (Gap/Target) [2]	GAP = Foundation Target - Foundation after GEA	DCAADM [3]	Foundation Target (Full Phase In) = State Share per TAFPU x Selected TAFPU [4]	Foundation After GEA [5]	RCI	PNI	Selected TAFPU [6]	Adj. Foundation per Pupil (Base x PNI x RCI) [7]	Adj. Tax Rate	Sharing ratio	Selected Local	Adj. Foundation - Local = State Share per TAFPU
WHITEHALL	-\$4,773	38%	\$3,713,316	778	9,892,304	6,178,988	1.124	1.979	946	\$14,492	0.006	0.535	\$4,035	\$10,457
WARSAW	-\$4,766	46%	\$4,832,288	1,014	10,604,963	5,772,675	1.141	1.575	1,124	\$11,708	0.007	0.733	\$2,273	\$9,435
ALFRED ALMOND	-\$4,765	46%	\$3,087,990	648	6,706,971	3,618,981	1.091	1.639	751	\$11,650	0.008	0.679	\$2,719	\$8,931
WELLSVILLE	-\$4,702	41%	\$6,309,453	1,342	15,409,729	9,100,276	1.091	1.735	1,497	\$12,332	0.008	0.807	\$2,038	\$10,294
UNIONDALE	-\$4,636	60%	\$31,785,444	6,856	52,881,611	21,096,167	1.425	1.479	7,434	\$13,731	0.008	0.439	\$6,617	\$7,113
JAMESTOWN	-\$4,579	37%	\$23,350,438	5,100	62,553,155	39,202,717	1.091	1.654	5,688	\$11,756	0.005	0.900	\$759	\$10,997
N. ROSE-WOLCOT	-\$4,561	39%	\$6,559,363	1,438	16,959,821	10,400,458	1.141	1.808	1,572	\$13,440	0.006	0.723	\$2,651	\$10,789
LANSINGBURGH	-\$4,552	44%	\$11,850,039	2,603	27,194,025	15,343,986	1.124	1.542	3,035	\$11,292	0.007	0.773	\$2,332	\$8,960
LYNDONVILLE	-\$4,519	38%	\$3,022,965	669	7,987,452	4,964,487	1.141	1.784	739	\$13,262	0.007	0.735	\$2,453	\$10,808
CARTHAGE	-\$4,499	41%	\$15,698,420	3,489	37,873,923	22,175,503	1.000	1.572	4,035	\$10,242	0.004	0.900	\$855	\$9,386
BAY SHORE	-\$4,497	56%	\$27,634,147	6,145	49,151,185	21,517,038	1.425	1.454	7,389	\$13,499	0.010	0.467	\$6,847	\$6,652
FALCONER	-\$4,461	43%	\$5,562,889	1,247	12,796,035	7,233,146	1.091	1.524	1,411	\$10,832	0.006	0.802	\$1,764	\$9,069
SYRACUSE	-\$4,455	32%	\$99,185,034	22,266	312,645,447	213,460,413	1.103	1.805	26,305	\$12,971	0.005	0.900	\$1,085	\$11,885
SOLVAY	-\$4,401	48%	\$6,688,972	1,520	13,868,993	7,180,021	1.103	1.458	1,878	\$10,477	0.008	0.626	\$3,092	\$7,385
LYONS	-\$4,386	34%	\$4,166,969	950	12,198,044	8,031,075	1.141	1.653	1,103	\$12,288	0.007	0.900	\$1,229	\$11,059
PERRY	-\$4,371	41%	\$4,034,515	923	9,829,009	5,794,494	1.141	1.712	1,002	\$12,726	0.008	0.661	\$2,917	\$9,809
ARKPORT	-\$4,319	42%	\$2,531,053	586	6,082,750	3,551,697	1.045	1.620	672	\$11,029	0.007	0.812	\$1,978	\$9,052
CLYDE-SAVANNAH	-\$4,287	31%	\$3,738,281	872	12,050,875	8,312,594	1.141	1.727	1,043	\$12,838	0.006	0.900	\$1,284	\$11,554
HOOSICK FALLS	-\$4,259	42%	\$5,178,337	1,216	12,216,273	7,037,936	1.124	1.674	1,365	\$12,258	0.008	0.621	\$3,309	\$8,950
MOUNT VERNON	-\$4,234	42%	\$37,696,714	8,904	90,590,743	52,894,029	1.314	1.629	11,041	\$13,945	0.010	0.513	\$5,740	\$8,205
PINE VALLEY	-\$4,222	31%	\$2,828,492	670	9,075,714	6,247,222	1.091	1.965	722	\$13,967	0.005	0.900	\$1,397	\$12,570
MORIAH	-\$4,220	32%	\$3,244,943	769	10,001,039	6,756,096	1.000	1.836	929	\$11,962	0.006	0.900	\$1,196	\$10,765
POUGHKEEPSIE	-\$4,204	30%	\$19,352,514	4,603	64,552,342	45,199,828	1.314	1.827	5,248	\$15,640	0.007	0.680	\$3,340	\$12,300
ALBANY	-\$4,191	48%	\$45,282,666	10,805	95,133,809	49,851,143	1.124	1.664	12,780	\$12,185	0.010	0.567	\$4,741	\$7,444
RANDOLPH	-\$4,190	37%	\$4,185,925	999	11,464,012	7,278,087	1.091	1.841	1,058	\$13,086	0.005	0.763	\$2,250	\$10,836
JOHNSON CITY	-\$4,186	47%	\$11,912,449	2,846	25,474,600	13,562,151	1.045	1.535	3,263	\$10,451	0.007	0.678	\$2,643	\$7,807

[1] Shortfall per DCAADM = (Foundation Aid before Phase In – Foundation After GEA) / DCAADM

[2] Shortfall Percent = (Foundation Aid before Phase In – Foundation After GEA) / Foundation Aid before Phase In

[3] NYSED FARU District Fiscal Profiles ([http://www.oms.nysed.gov/faru/Profiles/profiles\\_cover.html](http://www.oms.nysed.gov/faru/Profiles/profiles_cover.html)) 2010-11

[4] File DBSAD1 W(FA0001) 00 FOUNDATION AID BEFORE PHASE-IN 03/26/13

[5] (Foundation Aid [DBSAA1, 03/26/13, E(FA0197) 00 2013-14 FOUNDATION AID] + GEA [AA(FA0186) 00 2012-13 GAP ELIMINATION ADJUSTMENT (SA1213)] + GEA Partial Restoration [AB(FA0187) 00 2013-14 GEA RESTORATION])

[6] File DBSAD1 M(OP0088) 00 SELECTED TAFPU 03/26/13

[7] File DBSAD1 P(OP0002) 02 ADJUSTED FOUNDATION AMT/PUPIL 03/26/13

## Appendix

The current “adequacy” target (according to the foundation aid formula) is the fully phased in adequacy target per (selected) aidable pupil unit, or, as laid out above:

$$\text{PNI} \times \text{RCI} \times \text{Base} = \text{State Prescribed Adequacy Target}^3$$

This formula adequacy target represents what the state itself adopted as the quantification of its own constitutional obligation to provide for a sound basic education. Later in this brief, I challenge the validity of this target, but for purposes of this section, it is appropriate to consider this figure as the state’s own definition of its constitutional obligation.

The state aid per pupil (TAFPU) to reach that state prescribed adequacy target is then:

$$\text{Adj. Foundation per Pupil} - \text{Local Contribution per Pupil} = \text{State Share per Pupil}$$

And the total state aid to be received, if the formula was both fully phased in and fully funded is:

$$\text{State Share per Pupil} \times \text{TAFPU} = \text{Foundation Aid [before phase in]}$$

Where “phase in” refers to the fact that the foundation formula is intended to scale toward full adequacy funding over three year periods (originally, four years reaching the target in 2011). Phase in, as referred to in this case, is a reduction to the target funding, representing the progress toward fully phased in funding to be made in the coming year. In the following analyses, and as represented above, I compare current funding against foundation aid before this reduction (phase in) is applied.

Thus, the extent of underfunding is:

$$\text{State Aid to Reach Adequacy Target} - \text{Actual Foundation Formula Funding (after all adjustments)} = \text{Underfunding}$$

The underfunding of the foundation formula results from two specific calculations. First, instead of actually basing foundation aid on the above calculations – that is, the actual formula – aid is simply frozen<sup>4</sup> (or proportionately marginally increased) relative to prior

---

<sup>3</sup> DBSAD1, 3-29-12, P(OP0002) 02 ADJUSTED FOUNDATION AMT/PUPIL

year total (not per pupil) aid. Then, in a two-step calculation, aid is reduced using the Gap Elimination Adjustment and then partially restored for most districts.<sup>5</sup>

For example, for the city of Utica:

$$\mathbf{\$12,046}_{\text{Foundation aid per TAFPU}} \times \mathbf{11,832}_{\text{TAFPU}} = \mathbf{\$133,950,644}_{\text{Foundation Aid (before phase in)}}$$

But, as shown in the following table, estimated actual (frozen) foundation aid is:

**Estimate for 2013-14 = \$72,413,005**

So the preliminary foundation aid funding gap for Utica is:

$$\mathbf{\$133,950,644}_{\text{Foundation Aid (before phase in)}} - \mathbf{\$72,413,005}_{\text{Aid Based on Prior Year}} = \mathbf{\$61,537,659}_{\text{Preliminary Aid Gap}}$$

But this is the gap before applying the Gap Elimination Adjustment. The deceptively named Gap Elimination Adjustment (or GEA) is really just a cut to state aid, which on average, falls more heavily on districts more dependent on state aid, or higher need districts.

The real gap for Utica is, therefore, as follows:

$$\mathbf{\$72,413,005}_{\text{Aid Based on Prior Year}} - \mathbf{\$2,843,829}_{\text{GEA}} = \mathbf{\$69,569,176}_{\text{Actual Aid}}$$

So:

$$\mathbf{\$133,950,644}_{\text{Foundation Aid (before phase in)}} - \mathbf{\$69,569,176}_{\text{Actual Aid}} = \mathbf{\$64,381,488}_{\text{Actual GAP}}$$

---

<sup>4</sup> DBSAA1, 3-29-12, E(FA0197) 00 2012-13 FOUNDATION AID

<sup>5</sup> DBSAA1, 3-29-12, GEA [AA(FL0026) 00 2012-13 GAP ELIM ADJUST ON BT1213] + GEA Partial Restoration [AB(FL0027) 00 2012-13 GAP ELIMINATION ADJMT RESTORATION])

In the table, we see that Utica actually receives only about half of the total state aid it should receive if the formula was funded. Other small city districts face similar shortfalls, with Utica also receiving about half of the state aid estimated as needed under the state foundation aid formula.

The table also provides a per pupil calculation of the degree of state aid underfunding across Small City districts and New York City. I calculate the foundation aid gap per Duplicated Combined Adjusted Average Daily Membership, or DCAADM<sup>6</sup> which is the district enrollment figure commonly used in the state fiscal profiles files for calculating per pupil amounts.

---

<sup>6</sup> Duplicated CAADM. This item (Duplicated Combined Adjusted Average Daily Membership or DCAADM) is the pupil count used to calculate per pupil amounts for the revenue items and expenditure categories. The pupil count is based on data from State aid worksheets and Basic Educational Data System forms. This pupil count is the best count of the number of students receiving their educational program at district expense. DCAADM includes the average daily membership (ADM) of students enrolled in district programs (including half-day kindergarten pupils weighted at 0.5); plus equivalent secondary attendance of students under 21 years of age who are not on a regular day school register plus pupils with disabilities attending Boards of Cooperative Educational Services (BOCES) full time plus pupils with disabilities in approved private school programs including State schools at Rome and Batavia plus resident students for whom the district pays tuition to another school district plus incarcerated youth. Beginning with the 1999-2000 school year, pupils resident to the district but attending a charter school are included. Beginning with the 2007-08 school year, students attending full-day Pre-K are weighted at 1.0, 1/2 day Pre-K weighted at 0.5. Since residents attending other districts were also included in the CAADM count of the receiving district, this pupil count is a duplicated count. The State total consists of the sum of the rounded pupil counts of each school district. Data Source: State Aid Suspense File. See: <http://www.oms.nysed.gov/faru/Profiles/18th/revisedAppendix.html>