

Prioritizing Equity:
Lessons for Budget Negotiators from Senate and
Assembly Education Budget Proposals



PUBLIC POLICY AND
EDUCATION FUND OF NEW YORK

In order to prioritize educational equity, there are key lessons that budget negotiators should draw from examining the Senate and Assembly budget plans.

Key Findings

- By relying mostly on Foundation Aid the Assembly proposal provides 65% of new classroom operating aid to high need school districts. By contrast the Senate proposal only delivers 36% of classroom operating aid to high need school districts.
- Because of the formulas used, the Assembly proposal is much fairer for high need schools in suburbs, small cities, big cities and rural communities than the Senate proposal. On a percentage basis the Assembly plan would provide 1.67 times as much funding to high need rural districts than the Senate plan, 1.77 times as much to large cities, and two times as much to high need small cities and suburbs.
- Using only the Foundation Aid formula for operating aid would do the most for high need schools because 77% of the funding goes to high needs schools, while only 36% of the Gap Elimination Adjustment goes to high need schools. By adding \$1 billion in Foundation Aid and \$456 million in Gap Elimination Adjustment, the Assembly prioritized high need schools while benefiting all schools.
- The formulas matter, but so does the total amount of the funding increase. The Assembly proposed a total school aid increase of \$1.8 billion and provided the appropriations to fully fund it. The Senate said they were increasing school aid by \$1.9 billion, but actually only appropriated \$1.425 billion. This additional \$375 million the Assembly proposed would mean another \$242 million in classroom operating aid for high need schools than in the Senate plan. Classroom operating aid includes Foundation Aid and Gap Elimination Adjustment.

Recommendations

- The enacted budget should prioritize high needs schools by relying on the Foundation Aid formula as the primary way to distribute classroom operating aid. At least \$1 billion should be allocated to Foundation Aid.
- In order to adequately serve high need students the enacted budget should provide at least the \$1.8 billion that was appropriated in the Assembly bill.

Methodology

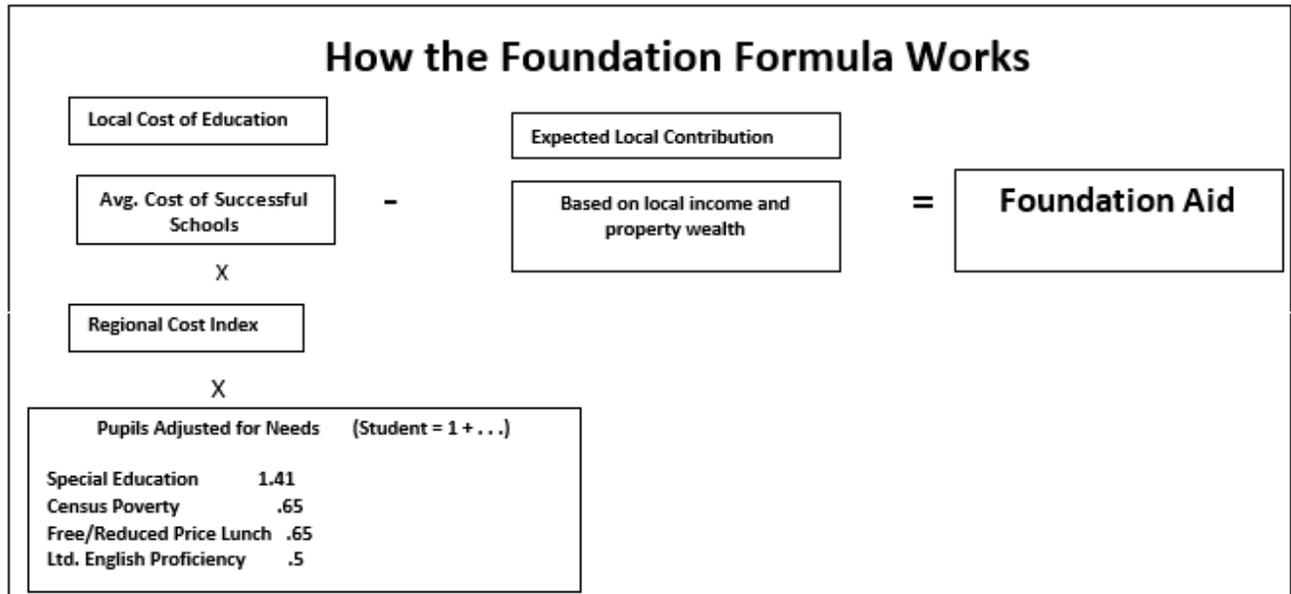
The data on which the calculations of this report were based, are from the electronic files of the Enacted Budget 2014-15 from the New York State Education Department. To calculate the amount that each school district would receive if \$ 1 billion of Foundation Aid was added to the enacted budget, we multiplied the percentage of Foundation Aid owed to them (divided the total Foundation Aid that each district is owed by the total amount of Foundation Aid owed to all districts) by \$1 billion. The amounts of GEA for each school district were published by the State Education Department after the 2014-15 Enacted Budget was passed. To calculate the GEA restoration amount that each school district would receive if \$456 million was added to the enacted budget, we multiplied the percentage of GEA owed to them (divided the total GEA that each district is owed by the total amount of GEA owed to all districts) by \$456 million. The exact distribution of Foundation Aid and GEA funding may vary based upon updated data and other factors in the formulas, but this methodology provides a reasonable estimate. Foundation Aid and GEA provide the two categories of operating aid for schools.

More funding, fairly distributed

The Assembly proposed budget appropriates a total of \$1.8 billion in new school aid including \$1 billion in Foundation Aid and \$456 million for the Gap Elimination Adjustment Restoration. The Senate Majority budget resolution claimed to provide a \$1.9 billion school aid increase, but this included \$340 million which was not actually new funding, but a renewal of last year's pre-K funding. In reality, the Senate appropriated only \$1.425 in new school aid including \$1.036 billion in GEA and no new foundation aid.

Foundation Aid vs. Gap Elimination Adjustment.

Foundation Aid is the formula created as a result of a fifteen year lawsuit against the state by a group of New York City parents, called Campaign for Fiscal Equity. Seventy seven percent of foundation aid is due to high need districts. The parents who sued, successfully argued that the state was underfunding their local schools for years. The state's courts agreed and compelled the state to provide adequate funding. As a result, the state created a funding formula that would distribute funding fairly, taking into consideration the cost of living in each region, the number of students receiving Free and Reduced Price Lunch, the number of students under the federal poverty level (through the Census), the number of English Language Learners, and number of special education students. The Foundation Aid formula is the only formula in current law that prioritizes high need school districts. Below is the illustration of how the Foundation Aid formula works. The formula "weighs" students in poverty, with disabilities, English Language Learners more than students from more affluent backgrounds and communities to calculate the total amount that their school districts receives.



The Gap Elimination Adjustment (GEA) was created in 2010 when then Governor Paterson cut \$1.4 billion from public schools funding. The following year, Governor Cuomo proposed \$1.5 billion in cuts to public schools. The legislature was able to restore approximately \$200 million, which brought the total GEA amount over two years to \$2.7 billion in cuts to public schools. Since then, the legislature has been slowly restoring those cuts. The GEA restoration formula gets recreated every year through the budget negotiations between the State Senate, the Assembly and the Executive. Only 36% of GEA is due to high need districts. In the 2014-15 budget, the GEA restoration formula had over fifteen different categories within it. The year before there were over ten different categories. The variability of the formula makes it highly susceptible to political manipulations, often at the expense of high need school districts.

Assembly Plan is much more Beneficial than Senate Plan for High Needs Schools

The Assembly budget proposal includes \$1.8 billion in proposed new classroom operating aid, \$1.456 billion of which is formula based- \$1 billion through the Foundation Aid and \$456 million through the GEA. The Senate budget proposal appropriated only \$1.425 billion and would eliminate the GEA by restoring \$1.036 billion while adding no foundation aid. The fact that the Assembly plan adds and an additional \$375 million in appropriations and prioritizes foundation aid means it is much more beneficial for high need schools.

Districts	Senate Proposal		Assembly Proposal	
New York City	\$ 249,354,648	24%	\$ 577,295,195	40%
Big Four	\$ 23,323,019	2%	\$ 88,990,126	6%
High Need Small Cities	\$ 68,249,293	7%	\$ 196,722,262	14%
High Need Rural	\$ 34,920,713	3%	\$ 76,653,193	5%
Average	\$ 502,982,404	49%	\$ 386,006,753	27%
Wealthy	\$ 157,307,748	15%	\$ 130,332,471	9%
Total	\$ 1,036,137,825		\$ 1,456,000,000	

Under the Assembly's proposal:

- All the Big Five (New York City, Buffalo, Rochester, Syracuse and Yonkers)
- Thirty eight (38) out of 45 high need small cities and suburban districts
- Ninety eight out of 154 high need rural districts would receive more funding than they would under the Senate's proposal.

How Much Better is Foundation Aid for High Needs Schools than GEA?

When we isolate a comparison of the Assembly's \$1 billion in Foundation Aid with the Senate's \$1.036 billion in GEA restoration in order to understand just how much more beneficial Foundation Aid is for high need school districts.

District	Assembly Foundation Aid Proposal		Senate Gap Elimination Adjustment Proposal	
New York City	\$ 467,555,239	47%	\$ 249,354,648	24%
Big Four	\$ 78,725,761	8%	\$ 23,323,019	2%
High Need Small Cities	\$ 166,686,029	17%	\$ 68,249,293	7%
High Need Rural	\$ 61,284,731	6%	\$ 34,920,713	3%
Average	\$ 164,646,263	16%	\$ 502,982,404	49%
Wealthy	\$ 61,101,978	6%	\$ 157,307,748	15%
Total share of High Need Districts	\$ 1,000,000,000	77%	\$ 1,036,137,825	36%