



Connecting the Dots on School Funding

A Primer and Call to Action

March 2024

Overview

We know understanding school funding can seem like a lot. This year, there are three aspects of school funding which are interconnected and reinforce each other, in a cycle of inequity that denies Black, brown, and low income students their right to a sound basic education.

With the State budget deadline looming, we are in a critical moment. **The legislature must act this year to 1) protect Foundation Aid 2) ensure districts do not have to cut services because of the expiring federal dollars, and 3) set aside the money so we can plan for the future by updating the formula to reflect the current need, so that students do not fall further behind. These are not three separate issues, but parts of one critical issue: equitably funding our public education system.**

“The findings suggest that the United States has averted a dire outcome — stagnating at pandemic lows — but that many students are not on pace to catch up before the expiration of a \$122 billion federal aid package in September...Some children may never catch up and could enter adulthood without the full set of skills they need to succeed in the workforce and life... The result: Students in poor communities are at a greater disadvantage today than they were five years ago.

...As the pandemic generation enters adulthood, they may face a lifetime of lost opportunities.

— [New York Times](#)

First, a few definitions.

Foundation Aid - Foundation Aid is basic operating aid. It is the only unrestricted type of funding that allows school districts to decide where to spend it to operate their schools. For high needs school districts, Foundation Aid represents the largest sum they get from the state.

Foundation Aid Formula - The Foundation Aid formula, created in 2007 through the state budget process, is the only wealth-equalizing formula in current law, which means that low income/high need school districts receive more funding than lower needs/wealthier schools districts in order to attempt to level the playing field across school districts. The formula takes into consideration inflation, the regional cost of living, and a base amount per student. These are used to calculate the amount of money each school district needs, based on a number of factors that reflect the needs of students who are in poverty, who are in special education, and who are English Language Learners.

Foundation Aid increases are calculated every year based on the formula created by the state 17 years ago. The formula uses data from the 2000 census.

ARPA/COVID-Relief/ESSER money - During the pandemic, the federal government gave states funding to ensure that they could continue operating despite the challenges of COVID-19, and pay for additional needs to ensure people stay safe. The “ESSER” money, or Elementary and Secondary School Emergency Fund for New York State totaled almost \$12 billion dollars. This is the final year of funding.

Save Harmless/Hold Harmless - This is a provision which says that districts will not see a decrease in Foundation Aid aid from year to year regardless of enrollment fluctuations.

What you need to know

Last year for the first time in state history, New York’s public schools started the year with full funding. This was in large part due to the New York State legislature’s commitment to fighting for equitable education for ALL of New York’s children, not just those born into privilege.

But even with fully funded Foundation Aid, many schools continue to struggle to meet students’ needs. To understand why, we have to look at the context:

1. Educational Racism through Decades of Underfunding

Although Foundation Aid has been state law since 2007, it was funded for just two years before then Governors Patterson and Cuomo implemented draconian cuts (\$2.7 billion) that essentially negated the promise to fully fund schools. Foundation Aid was not fully funded again in the New York State budget until 2021.

For decades, public schools across the state suffered from the state’s chronic underfunding, especially the high needs districts that serve a majority of Black, brown and poor students. This is part and parcel of the structural racism that exists across all of our public and social systems, including public education. For years schools have been unable to provide enough teachers, counselors, school supplies, school meals, after school programming, music, art, and other essentials for students. Generations of Black, brown and low income students have been deprived of the skills they need to succeed and achieve their full potential. **In the years leading up to the pandemic, had the State been providing 100 percent of the Foundation Aid every year in the state budget, instead of just a fraction of the amount it was supposed to under state law, public schools would have been in a financially healthy situation. Instead, they already had huge gaps in their basic operating costs that had been unaddressed for years.**¹

¹ The Foundation Aid formula was tinkered with every year in the state budget to add provisions that only let small amounts of money go to public schools across the state. The Foundation Aid formula was created with the intention to have large infusions of funds delivered to public schools so high needs schools could catch up from decades of underfunding.

2. The Pandemic

When COVID-19 hit, the lack of funding for basic operating aid in a normal year was immediately compounded by the costs and challenges of dealing with the immediate crisis of education during a global pandemic. The sudden shift to remote learning, updating filter systems at schools, keeping communities safe when the partial return began with masks and other protective equipment all added to schools' costs. High needs districts, which had fewer resources to begin with, including essentials like working Wi-Fi, were in an even worse position to respond to these evolving challenges. **Black and brown communities, where public schools were the most underfunded, also bore the brunt of the suffering caused by the pandemic itself.** Students needed additional academic and mental/emotional support, as they dealt with the trauma of the pandemic. Many lost loved ones, lost the ability to get in-person instruction, and were dealing with fears of sickness and death all around them. Schools had to absorb all of this, and that requires money.

When the US government provided a total of \$12 billion in one-time pandemic aid to New York State public schools in 2020 and 2021, schools were still not receiving their full Foundation Aid funding from the state. The majority of school districts used federal COVID relief for one-time, pandemic-related costs. But many districts also used the funds to fill those long-standing gaps in operating budgets, adding essential programs and supports that their students had lacked for years.

Districts should not now be penalized for spending federal funding on programs their students had long needed but lacked, due to the state's chronic neglect of public education funding. When the federal aid runs out at the end of this school year, the State must step in to ensure there are no budget gaps and no cuts to programs and staff.

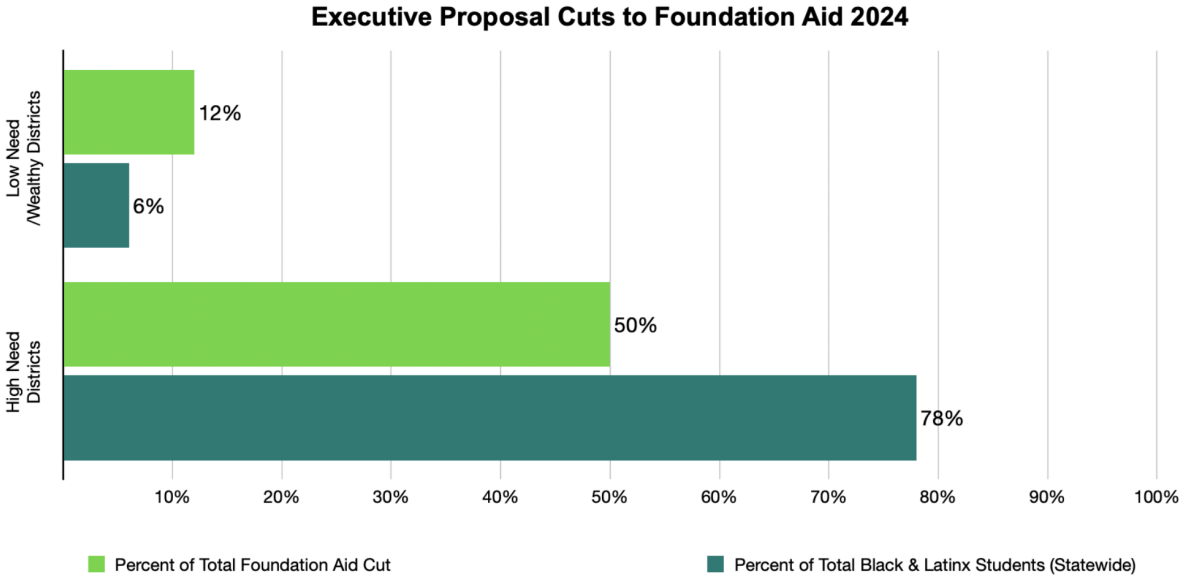
What needs to happen now

To carry forward the promise of Foundation Aid, the State Legislature must take three actions in their one house budget proposals in 2024-2025. Fully funded Foundation Aid is essential, but it is only one leg of the stool. New York State also must ensure schools are able to continue to fund the critical programs currently funded with expiring federal funds. And to ensure we continue our path toward equity, we must begin the process of updating the formula this year to better reflect students' needs going forward.

If the budget only includes a restoration of Foundation Aid, and no compensation for the loss of federal funds or the update of the formula itself, we are undermining the progress New York has made so far in addressing racial inequality in our public education system.

#1 Reject Governor Hochul's Foundation Aid Cut

As a result of cuts to the Foundation Aid increase, [many high needs districts will lose money](#). Fifty percent of the districts facing a cut are high needs districts. **These 206 school districts educate 78% of all Black and Latinx students in New York State, and 80% of all English Language Learners.** Different school districts have varying ability to raise the money they need through property taxes and fundraising by PTAs, but low income districts will simply not be able to make up for the loss.



This year, the Governor has cut the scheduled FA increase by almost half (from \$927 million to \$508 million dollars). They came to this number by doing the following:

1. Detaching the formula from inflation, which reflects the current cost of goods and services. Instead, the Executive calculated costs by taking a ten year average of the Consumer Price Index, minus the high and low end, essentially making an average of the years where CPI fell somewhere in the middle of the two extremes.
2. A ten year average of CPI, even with the more extreme years, would still inevitably be less than inflation this year, given how high it is. That means schools are not getting the amount they need to pay for what things actually cost in real time. It balances the state budget, but leaves schools unable to deliver what students need.

#2 Provide \$2 billion in funding to continue critical educational programs that are funded with expiring federal COVID relief funds — just one sixth of the total money New York received

The Governor has indicated that there will be no money for districts to make up for lost federal dollars, despite conclusive evidence that learning loss persists, and students have not made up the ground they lost during the height of the pandemic in math or reading. This is especially true for Black, brown and low income students who lack the resources of their wealthier white peers, and whose schools have historically been underfunded.

"We were so far behind the eight ball that the federal stimulus, if anything, was our salvation. Those 239 positions were not a wish list. They were positions that should have been filled for the last 20 years in the Yonkers Public Schools.

—Former Yonkers Superintendent, Dr. Edwin Quezada

This is not just a New York City problem. Districts around the state are facing huge budget shortfalls as a result of the loss of federal funds. Yonkers is facing a \$39 million dollar shortfall. Buffalo is facing a \$90 million dollar deficit. Both are high needs districts whose students will suffer as a result of the state's refusal to step in.

"The end of federal funding belies the reality that Buffalo schools remain in the thick of pandemic recovery. Social-emotional needs jockey with academic shortfalls for highest priority.

— Buffalo News

#3 Provide \$1 million to the State Education Department to update the Formula

Because the state has not significantly updated the formula since it was created sixteen years ago, the current Foundation Aid formula no longer fully accounts for student needs, especially in high-need, majority Black and Latinx school districts. It relies on outdated information like 2000 Census poverty data, and limited weights that fail to accurately reflect students' evolving needs.

A more equitable version of the funding formula needs to accurately capture the needs of students in the 21st century, taking into consideration the challenges the pandemic brought as well as reflect advancements in school finance, current curriculum standards, and the values and needs of communities across New York State.

The New York State Education Department has requested \$1 million in state aid to cover the cost to fully update and revise the Foundation Aid formula. To ensure New York continues to move toward educational equity in the long term, the State Legislature must include this \$1 million in this year's budget.

Important Context

This comes at a time when:

- The [racial wealth gap](#) in New York State is higher than the national average. The median household net worth of white families in New York is 15X greater than for Black households in New York. Cutting schools in high needs districts serving Black and brown students guarantees this gap will only grow bigger.
- A [national study](#) shows persistent learning loss as a result of the pandemic. Students have made up some lost ground, but are still far behind.
- [One in four children](#) in New York City is living in poverty. Education is the surest path out of poverty, and yet we continue to slash funding, guaranteeing these cycles will continue.
- 68% percent of the Yonkers student population is [economically disadvantaged](#), and [Yonkers schools are facing a \\$39 million budget deficit](#).
- 46% percent of students in Buffalo are [not at grade level in English](#).
- Working class families are leaving New York at three times the rate that the wealthiest one percent of New Yorkers, [according to the most recent data available](#). When the ultra rich did move out during the pandemic, the data shows that three quarters of them

moved to states where the cost of living and taxes are even higher - because those costs don't impact them.

- [Only 46% of New York state students achieved "proficiency" on standardized English language arts tests administered this past spring to students in grades 3 to 8, according to recently released results.](#)
- [There is no state budget deficit](#), despite all the forecasts, and in fact we are starting out the year with a budget surplus.
- There are \$30 billion dollars in reserves at the State level. ²
- The Governor refuses to tax the ultra wealthy and corporations at even the most minimal levels, [despite 67% percent of New Yorkers polled expressing support](#) for wealth taxes to invest in services.

Read stories from around the state describing the crisis

- [Mount Vernon school district one of three in NY in 'significant' fiscal stress, state says](#)
- [Catastrophic funding cliff threatens programs for high school students at risk of dropping out](#)
- [Will the Yonkers schools be able to maintain key staffers hired with stimulus grants?](#)
- [North Syracuse Central School District's CRSSA funding set to expire in September](#)
- [Most Westchester Districts Face Steep Decline in Foundation Aid in Hochul's Budget | The Examiner News](#)
- [Buffalo Public Schools Confront \\$90 Million Loss Amid Federal Funding Expiration](#)
- [Money running out to help Buffalo students catch up](#)
- [Looming concern: What happens to Buffalo school programs, teachers funded with Covid relief money?](#)
- [Education groups sound the alarm on expiring federal funding](#)
- [Independent Budget Office - Programs At Risk: Assessing the Impact of the Mayor's PEG and Expiring Federal Covid-Era Funds On the Education Budget](#)
- [Nearly half of North Country school districts face cuts under proposed NY budget](#)
- [Programs for high school students at risk of dropping out face 'catastrophic' funding cliff](#)

² There is \$20 billion in an unrestricted reserve fund and another \$10 billion that is unspent but earmarked for certain expenditures.