

A young Black girl with her hair in small braids is looking intently at a whiteboard. The whiteboard has some math problems written on it, including 25 , $49 +$, and $15 - 32$. She is holding a white marker in her right hand. The background is slightly blurred, showing what appears to be a classroom setting with colorful flags.

Getting the Foundation Aid Formula Right

How Proposed Changes to School Funding Could Leave Some High Need Districts Behind

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The Alliance for Quality Education is a coalition mobilizing communities across the state to keep New York true to its promise of ensuring a high-quality public school education to all students regardless of zip code. Combining its legislative and policy expertise with grassroots organizing, AQE advances proven-to-work strategies that lead to student success and echoes a powerful public demand for a high-quality public school education for all of New York's students.

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Introduction

As New Yorkers, we understand that the strength of our communities is directly tied to the investments we make in our children. Advancing equity and lifting families out of poverty are critical to building a thriving society and sustainable economy for all, and public education plays a fundamental role in this endeavor, as a key, consistent vehicle for opportunity and social mobility. However, proposed changes in Governor Hochul's FY26 Executive Budget Proposal, particularly a modification to how poverty is measured in the Foundation Aid formula, pose significant risks to the state's commitment to a quality education for all students.

This analysis examines the Governor's proposed changes to the Foundation Aid formula, highlighting potential consequences of these changes for many of New York's most vulnerable students. It also provides context on public education funding at the federal level, while supporting alternative legislative solutions proposed by the New York State Senate and Assembly that would better ensure continued support for high-need school districts.

The issues at hand present a fundamental issue of equity. The communities these changes stand to impact most are already among the most underserved in the state, and any reduction in their funding would deepen existing gaps in educational opportunity. Though framed as technical fixes, these adjustments effectively represent cuts to the funding that many districts were counting on to maintain essential services for their students.¹

The Foundation Aid Formula and Changes to it Proposed by the Governor

Enacted in 2007 in response to the Campaign for Fiscal Equity lawsuit, the Foundation Aid formula was designed to allocate state funding based on student need rather than local wealth. It has become critical in addressing funding disparities, especially for districts serving economically disadvantaged students, English Language Learners, and students with disabilities. Foundation Aid enables schools to provide resources such as smaller class sizes and specialized programs.

The Governor's proposed changes, particularly to poverty measures in isolation of other changes, threaten to undermine this progress. While the suggested update seeks to standardize poverty measurement across districts statewide, it fails to account for the diverse and complex needs of all students, particularly those in high-need districts like New York City. Although the Governor's budget proposes an overall increase in Foundation Aid, some districts will receive less than anticipated, potentially resulting in program cuts.² These reductions, despite the proposed increase of 2%, create shortfalls for schools. This will force districts to make difficult decisions, such as laying off educators, reducing specialized services, or reducing key programs - decisions that disproportionately impact students with the greatest needs. While the Rockefeller Institute of Government and Board of Regents recommended updates to the formula's poverty measures and to the Regional Cost Index (RCI) to better reflect the actual costs of education in different parts of the state, the Governor's Executive Budget ignored the latter despite the fact that the Rockefeller Institute conducted the study and suggested improvements to the formula at the behest of the governor.

Broader Context: Federal Budget Cuts and Their Impact on New York Schools

In addition to state-level funding challenges, the threat of federal budget cuts would further weaken the resources available to schools. Proposed reductions to key programs such as Title I funding, special education grants under the Individuals with Disabilities Education Act (IDEA), and federal meal assistance would have devastating consequences for students across the state. New York State currently receives the following federal funding for key education-related initiatives:

- Every Student Succeeds Act (ESSA): \$1.6 billion³
- National School Lunch Act (NSLA): \$1.9 billion⁴
- Individuals with Disabilities Education Act (IDEA): \$800 million^{5 6}

Each of these programs provides direct support to New York's students, supporting everything from meals for low-income students to special education services. However, if the

federal government shifts these funding streams into block grants, the impact will be deeply felt, as they may fail to keep up with the growing needs of the state's student population. These cuts would put even more pressure on state and local budgets to fill the gaps, further straining schools and communities.

These threats are not hypothetical. As federal lawmakers push to defund public schools nationwide, New York's public schools will bear the brunt of these shifts, placing significant strain on their ability to serve students and families.

Impact on 24 At-Risk Districts

The Governor's Executive Budget would disproportionately impact 24 school districts that serve some of the most marginalized and vulnerable student populations in New York State. These districts, which include 16 high-needs districts, are home to large numbers of economically disadvantaged students, students of color, English Language Learners, and students with disabilities. A reduction in expected funding would deepen existing disparities, further disadvantaging these students.

The data below highlights the inequities that the Governor's proposed changes would exacerbate, based on the most recent available data from November 2024 on New York State school districts⁷:

- **Students in Poverty:** 77.1% of students in these districts are economically disadvantaged, far higher than the statewide rate of 56.8%.
- **Racial Composition:** 22.7% of students in these districts are Black, compared to 14.2% statewide.
- **English Learners:** 15.9% of students in these districts are ELLs, compared to 10.4% of students statewide. These students often require additional support to succeed academically.
- **Student Homelessness:** 11% of students in these districts experience homelessness, double the statewide rate of 5.54%. In New York City, 1 in 8 students is unhoused at any given time, making potential funding cuts even more devastating.
- **Students with Disabilities:** 22.3% of students in these districts require special education services, compared to 18.4% statewide.

A major driver of this loss is the shift to Small Area Income and Poverty Estimates (SAIPE) to measure student poverty. The U.S. Census Bureau updates SAIPE annually using data from the American Community Survey (ACS), a monthly survey that estimates the number of children ages 5 to 17 in households below the federal poverty level. While SAIPE is already used to allocate federal Title I education funding, applying it to Foundation Aid without additional adjustments fails to account for the true cost of living in New York City, where the federal poverty threshold drastically underestimates need.⁸ The Rockefeller Institute

found in its yearlong study of the Foundation Aid study that relying solely on SAIPE - without considering regional cost differences - would cut \$399 million from New York City schools.⁹

Table: Expected Foundation Aid Increases, 2025-26¹⁰

SCHOOL DISTRICT	EXPECTED UNDER CURRENT LAW	EXPECTED UNDER EXECUTIVE BUDGET PROPOSAL	DIFFERENCE, (CURRENT LAW VS. EXECUTIVE PROPOSAL)
New York City Public Schools	\$10,865,504,106	\$10,518,148,456	- \$347,355,650
Central Islip Union Free School District	\$171,118,404	\$167,778,520	-\$3,339,884
Albany City Schools	\$143,625,920	\$142,382,772	-\$1,243,148
Cortland City School District	\$24,354,172	\$23,794,636	-\$559,536
Geneva City School District	\$33,848,070	\$33,352,712	-\$495,358
Highland Falls Central School District	\$13,499,107	\$13,025,585	-\$473,522
Hornell City School District	\$22,412,157	\$21,998,323	-\$413,834
Wellsville Central School District	\$21,194,299	\$20,951,896	-\$242,403
Crown Point Central School District	\$5,732,910	\$5,542,454	-\$190,456
Lisbon Central School District	\$8,537,763	\$8,350,108	-\$187,655
Potsdam Central School District	\$14,365,256	\$14,203,141	-\$162,115
Glen Cove City School District	\$22,895,300	\$22,767,159	-\$128,141
Chateaugay Central School District	\$9,524,115	\$9,412,368	-\$111,747
Belfast Central School District	\$6,615,442	\$6,525,228	-\$90,214
Medina Central School District	\$23,014,050	\$22,932,092	-\$81,958
Dobbs Ferry Union Free School District	\$5,682,245	\$5,628,270	-\$53,975
Hamilton Central School District	\$3,894,289	\$3,847,329	-\$46,960
Franklinville Central School District	\$11,330,196	\$11,288,054	-\$42,142
Beaver River Central School District	\$10,874,811	\$10,838,890	-\$35,921
Pulaski Central School District	\$14,132,698	\$14,099,112	-\$33,586
Plattsburgh City School District	\$19,696,764	\$19,670,176	-\$26,588
Cato-Meridian Central School District	\$10,990,799	\$10,972,728	-\$18,071
Island Park Union Free School District	\$2,789,434	\$2,777,358	-\$12,076
Glens Falls Common School District	\$2,143,122	\$2,135,488	-\$7,634

These districts rely heavily on Foundation Aid to provide essential programs such as special education services, small group instruction, bilingual education programs, and enrichment activities. Reductions in funding would force districts to consider difficult measures, such as staff reductions, leading to larger class sizes and fewer student support services. Additionally, schools may be forced to eliminate critical programs for English Language Learners and students with disabilities, cutting essential enrichment and after-school programs that provide valuable learning opportunities and support for students' overall development.

New York City as a Case Study

New York City, as the largest school district in the state, educates 1.1 million students, many of whom rely on public schools for far more than academics. Any funding reductions would have immediate and severe consequences for the city's most vulnerable students.

High Student Need in NYC Schools

- 1 in 9 students in New York City schools experiences homelessness, meaning nearly 100,000 students face housing insecurity at any given time.¹¹
- 78.0% of students are economically disadvantaged, relying on school-provided resources such as meal programs, counseling, and social services.¹²
- 16.1% of students are English Language Learners, requiring bilingual education and additional instructional support.¹³
- 22.6% of students are classified as having disabilities, relying on special education services for individualized support.¹⁴

How the Governor's Budget Hurts NYC Schools

Governor Hochul's proposed budget reduces the expected Foundation Aid increase that New York City schools were expecting by \$350 million, largely due to changes in poverty counts used in her suggested update to the formula. While the shift from outdated census data to SAIPE and the use of the Economically Disadvantaged measures are positive updates recommended by both the State Board of Regents and the Rockefeller Institute - and ones that we at AQE have supported - they should not be implemented in a vacuum. These changes, as currently structured, result in a smaller Foundation Aid increase than expected for 16 high-need districts, including NYC and Albany. Additionally, the Governor's proposal also relies on federal poverty guidelines that only count a child as experiencing poverty if their household income is below \$32,150 for a family of four - an outdated threshold that ignores NYC's high cost of living, drastically undercounting students that should be categorized as in-need.¹⁵

At the same time, the Executive Budget ignores the recommendation to update the RCI - an essential factor in ensuring that funding reflects actual local costs. New York City and Yonkers, among the most expensive districts in the country, remain unfairly grouped with lower-cost regions, inadvertently contributing to a change that leads to underfunding. Without an RCI update, the Governor's transition to SAIPE-based poverty measurements would further disadvantage high-cost, high-need districts. A solution to mitigate these impacts, such as adjusting the poverty threshold to account for regional cost differences, must be included in the final enacted budget.

Mitigating the Impact of Federal Cuts on NYC Schools

Compounding the crisis, potential federal cuts to Title I, meal programs, and special education would further destabilize schools. The consequences will be severe: more children going hungry, more families without the support they need, and even wider educational disparities - especially for Black, brown, immigrant, and lower-income students.

New York's public schools rely on both state and federal resources, and any reduction in federal funding would require immediate state-level action. To ensure critical resources from Title I schools, meal programs, and special education services remain fully funded, New York must prioritize raising revenue within the state. This can be achieved through a variety of methods. The Invest in Our NY Campaign offers a suite of legislative proposals to secure the essential resources New York's public schools need.¹⁶

New York City's public schools, as schools statewide, are more than classrooms. They are a lifeline for the largest city and district's most vulnerable children. Any reduction in funding isn't just a cut to their education - it's a direct attack on the stability and future of hundreds of thousands of students. To protect them, New York must take bold, proactive steps now to ensure these programs are preserved and adequately funded, even in the face of potential federal cuts.

On top of all this, looming federal funding threats could strip additional resources from Title I schools, meal programs, and special education services. If such cuts move forward, the consequences will be severe: more children going hungry, more families without the support they need, and even wider educational disparities - especially for Black, brown, immigrant, and lower-income students.

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Legislative Alternatives: Senate and Assembly Budget Proposals

To address the potential funding cuts proposed by the Governor's budget, both the State Senate and Assembly have introduced stronger, more supportive solutions in their budget proposals. These solutions would include additional Foundation Aid funding and measures to ensure more equitable support for all districts, with an increased emphasis on meeting the needs of high-need areas such as New York City. The Senate and Assembly proposals aim to:

- *Protect high-need districts* from funding losses due to updates in poverty measurement calculations.
- *Adjust the Regional Cost Index fairly*, so high-cost districts like New York City and Yonkers are not unfairly grouped with lower-cost areas.¹⁷
 - The Senate's proposal raises NYC's RCI from 1.425 to 1.464, restoring \$288 million in New York City.¹⁸
 - The Assembly's proposal raises NYC's RCI from 1.425 to 1.452, restoring nearly \$200 million in New York City.¹⁹
- *Set a minimum 3% increase in School Aid* for all districts, rather than the Governor's proposed 2% minimum.
- *Increase the weight for ELLs*, as proposed by the Assembly, from 0.5 to 0.65, directing an additional \$152 million to New York City schools.²⁰

Why These Changes Matter for NYC and other High-Need Districts

The Senate and Assembly's proposals aim to address the needs of high-need districts like New York City, where the cost of living and number of students who need extra support necessitates additional funding. By adjusting the Regional Cost Index to more fairly reflect the higher costs of living in metropolitan areas and ensuring a minimum funding increase of 3%, these budget proposals would help maintain essential services and programs serving the diverse student bodies in New York City and other high-need districts across the state, ultimately bringing greater benefits to the state's most disadvantaged students.

State lawmakers must negotiate a final state budget that incorporates both the Senate's proposed RCI update and the Assembly's proposed increase to the weight for English Language Learners. Together, these adjustments would ensure all districts at risk of losses under the Governor's proposed budget would receive adequate support in the coming school year.

Protecting New York's 24 At-Risk Districts Means Protecting Every Student

New York's public schools serve as a vital safety net, offering not just education but also many services for the whole child, such as healthcare, meals, mental health support, and a sense of stability for students. Any reduction in funding threatens to unravel this support system. New York State must move forward with a budget that provides full funding to New York City and the 23 other high-need districts, as lawmakers must ensure that the Foundation Aid formula is updated without creating new funding shortfalls.

New York has the resources to prevent any loss of funding because of the executive budget, and to ensure that the Foundation Aid formula undergoes some long-needed updates so that it's able to fulfill its original purpose: driving equity for the students who need it most. These updates cannot be the end of the conversation. To ensure long term success for our students and public schools, the state must go further - raising the base per-student allocation to address need with the new state standards and post-covid, adding targeted weights for homelessness, concentrated poverty, and other barriers that disproportionately affect marginalized and vulnerable students.²¹ We need a comprehensive, long-term commitment to ensuring Foundation Aid funding reflects student needs and is regularly assessed and adjusted so that no community gets left behind.

Endnotes

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- 8 United States Census Bureau. FAQ Answer: "[Why are SAIPE program poverty estimates recommended for use in Title I allocations?](#)"
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