

Chair Krueger, Chair Pretlow, and other members of the Senate and Assembly:

Thank you for this opportunity to testify today and for all your past work to support our schools, their students, and the people who serve them.

I am Robert Lowry, Deputy Director of the New York State Council of School Superintendents.

Governor Hochul's new proposed state budget makes a dramatic and welcome turnaround from what confronted us a year ago.

This past summer, we conducted the latest in a series of annual surveys of our members. [Our report](#) found that pessimism among superintendents about the financial outlook for their schools had soared, reaching its highest levels since we first asked the question in 2016.

We asked, "Thinking ahead three years or so, how optimistic or pessimistic are you that your district will be able to fund programs and services adequate to the needs of your students?" Eighty-two percent of superintendents answered that they were somewhat or very pessimistic, or that their schools are unable to offer adequate services *now*.

Uncertainty over state aid was the driving force behind the near doubling in pessimism in just two years. It was named by 96% of superintendents as among the factors causing concern over the financial outlook for their schools and by 79% as the one factor causing the greatest concern.

With the release of the new proposed budget, we expect that results would be more hopeful if we asked the same question today.

The state budget enacted last spring spared nearly half the state's school districts from proposed cuts in Foundation Aid, but still froze that funding source for all those districts. In contrast, Governor Hochul's budget this year would guarantee all districts at least a 2% increase in Foundation Aid and provide a statewide increase of 5.9%. Total School Aid would rise by 4.8%.

Foundation Aid

Proposed Changes for 2025-26

Together with our partners in the New York State Educational Conference Board¹, we have long advocated for a careful [review](#) of the Foundation Aid formula. I have said that the formula was an

¹ The Educational Conference Board is a coalition of seven leading statewide public school groups: Association of School Business Officials—New York, Conference of Big 5 School Districts, New York State Council of School Superintendents, New York State Parent Teacher Association, New York State School Boards Association, New York State United Teachers, and School Administrators Association of New York State.

under-appreciated achievement in public policy. But nearly 18 years have passed since its enactment and some aid factors have never been updated, some facts have changed, and we have learned more about how school and life circumstances may affect learning for children.

The report delivered by the Rockefeller Institute of Government last month does an admirable job of illuminating the strengths and defects of the Foundation Aid formula now. We do not endorse all the report's findings and recommendations. But it does manage to offer ideas to consider for updating or improving virtually every aspect of the formula.

Here are our reactions to the changes to Foundation Aid proposed in the Executive Budget:

- **Replacing Poverty Measures:** The Governor's proposal takes a sensible first step toward updating Foundation Aid by replacing the measures of student poverty used in Foundation Aid. There is no way to justify continued use of 25-year-old data from the 2000 Census and problems have emerged with free and reduced price lunch program eligibility due to the growing prevalence of free student meals.
- **Change in State Sharing Ratio:** The Governor proposes changes to the State Sharing Ratio used to calculate how much school districts should be expected to contribute from local revenues, primarily the property tax. Below-average wealth districts would benefit from the changes, including a raise in the maximum state share from 91% to 93% to help the state's poorest districts.
- **2% Minimum Foundation Aid Increase:** The proposed guaranteed 2% minimum Foundation Aid increase would help 56% of the state's school districts, including many which would otherwise face a second straight year with no increase in that key funding source. Eighty percent (80%) of the aid generated by this provision and preservation of save-harmless would go to average or high need school systems. Still, for some districts, this increase will not be enough to cover basic cost increases, such as for health insurance.

Changing any aspect of an aid formula will yield differing impacts for different districts. We will all be in a better position to evaluate the effects of the proposed changes once the entire School Aid database is updated next month, as required by law. This February database is used every year for the budgets passed by the Legislature.

Issues for Further Study

The work of improving Foundation Aid needs to continue. Both Rockefeller and the ECB stress recognizing that multiple changes to an aid formula can interact, either offsetting or compounding their effects, so it is crucial to evaluate possible changes in combination, not isolation. That requires time and care. Among the issues we would prioritize for further study are these:

- The cornerstone of the formula is the **Foundation Amount**, a uniform figure for all districts intended to represent the cost of providing adequate general instruction. It is based on spending by schools deemed successful by their performance on eight state assessments. We and the ECB believe the measure of success should be tied to high school completion. The state's highest court defined a sound basic education as requiring that students receive a "meaningful high school education" — one which prepares them for the obligations of citizenship, voting and jury service, and for competitive employment.

Consideration should also be given to including additional costs in calculating the Foundation Amount, as schools have taken on increasing responsibilities for student well-being, most notably, expanded mental health services. When we ask superintendents what is most important for policymakers and the public to understand about schools today, the number one theme in their replies is that schools are doing more than ever before to help students and families with needs beyond academics.

- Recognizing that it costs more in some parts of the state than others to offer the same services, the formula divides the state into nine regions and applies a **Regional Cost Index** to the Foundation Amount. The index values have never been updated since the formula's inception in 2007. But more should be done than just making the existing RCI model current. With nine large regions, real cost differences within regions are discounted, while neighboring districts can have implausibly steep differences in their RCI values, if they happen to be assigned to different regions. The factor should add more regions, or calculate the RCI by county or school district, as recommended by the Rockefeller Institute.
- The measures of student poverty go into calculating a **Pupil Needs Index**, along with the percentage of students who are English Language Learners and a sparsity factor to help rural districts. In addition to updating the poverty measures, we should re-evaluate the weights given the various student needs and whether new factors should be considered, such as concentration of poverty.
- The formula enacted in 2007 was based on a proposal from the Board of Regents which, in turn, largely reflected a consensus among stakeholders. One area in which the enacted formula departed from that consensus was in consolidating into Foundation Aid what had been the state's largest special education funding stream.

The Rockefeller report recommended re-establishing a **separate special education aid formula** and varying the weighting for students based on the services they receive. So do we. After uncertainty over state aid, rising special education costs is the second-leading cause for concern over financial prospects, named by 90% of superintendents in our survey.

In our [testimony](#) for the Rockefeller Institute, we recommended a series of principles to guide updating and revising Foundation Aid. We will emphasize two now:

- It is easy to think that fairness is in the eye of the beholder, a totally subjective matter. But here is a simple and practical test of fairness: Are aid results similar for districts with similar characteristics? The defect in the Regional Cost Index noted above is one way that the current formula fails that test.
- Our state is uniquely dependent on volatile revenues and that means that School Aid—the largest single item in the General Fund budget—is dependent on those revenues. But as much as possible, aid calculations should promote predictability in funding, a theme the Rockefeller Institute also addressed. This can be done by phasing in changes and by using rolling multi-year averages for some aid factors.

Other Governor's Funding Proposals

Expense-based and Categorical School Aid Programs: Predictability in state funding enables better financial planning and so we appreciate that the Governor has not recommended any reductions in expense-based and categorical formulas which comprise School Aid.

Universal Free Student Meals: We commend the Governor's proposal for state funding to extend free school meals to all students. It will reduce hunger among schoolchildren and save both money and time for families. It will also spare students from stigma and simplify administration of the program for school officials.

College in High School Opportunity Fund: The Governor has also proposed a College in High School Opportunity Fund which would include \$12.2 million in new support for per-credit funding for participation in dual enrollment programs. These enable students to earn college credits while working toward their high school diploma. Our Board of Regents is working to revise graduation requirements. A crucial thrust of that effort should be to ensure all students have access to opportunities in school that will prepare them for whatever they pursue upon leaving school, whether college, a career, or both. We will continue reviewing this proposal and expect to recommend additional steps to promote access to college in high school classes.

Additional Council Priorities

Career and Technical Education: Along with expanding college in high school opportunities, improving access to career and technical education must be part of the effort to give students experiences in school that prepare them for success beyond school. We are grateful to both chambers for your past support for increasing funding for CTE by raising the aidable salary limit in BOCES Aid and providing corresponding help for the Big 5 cities and other non-BOCES districts. We hope this is the year that goal is finally achieved.

Zero-Emission School Bus Transition: The state mandate for school districts to transition to zero-emission school buses starting by 2017 and to be completed by 2035 is a laudable aspiration. But it cannot be achieved. The added costs of the buses are substantial as are the infrastructure improvements required. Many districts have some routes which electric buses just cannot serve due to distance, geography, and seasonal weather patterns. A state study found that for 15% of school districts, charging capacity is not available to support even a single zero-emission bus. Also, voters have rejected propositions to begin the necessary bus purchases.

Together with our partners in the [Educational Conference Board](#), we recommend a series of steps to promote a realistic transition. These include:

- Provide for state-funded feasibility studies to identify those routes for which zero-emission buses are practical and require transition only for those routes for now.
- Require independent verification of bus ranges. Prohibit manufacturers from selling zero-emission buses unless the range of these buses has been independently verified under different weather conditions and terrain.

- Authorize the Office of General Services to establish price caps on base-level pricing for different size buses and different battery sizes. The state mandate on zero-emission buses has empowered manufacturers to sell these vehicles at absurd prices since schools have no choice but to purchase them.
- The Department of Public Service should mandate that utility companies provide the necessary power generating capacity to support school bus lots and garages for the purpose of charging zero emission buses without cost to the school district.

Hiring Challenges: Many schools are struggling to fill teaching, student support, school security, and administrative positions throughout the state. Labor shortages are affecting all employers and are unlikely to recede in the near-term. These are some of our recommendations to help our districts:

- **Continue Retiree Earnings Limit Exemption:** The Legislature should extend the ability of retirees working in schools to earn more than \$35,000 without a reduction in their pensions. If necessary to secure this extension, we would support requiring districts to make employer contributions to the pension systems to continue for working retirees, providing some additional revenue to the retirement systems.
- **Lower Age Without Earnings Limit:** As an additional option to return more retirees to the workforce to address critical labor shortages, the Legislature could lower the age at which retirees may work without an earnings limit from 65 to 63.
- **Civil Service Reforms:** We are grateful that Governor Hochul plans to extend the New York Hiring for Emergency Limited Placement Statewide (NY HELPS) initiative that enables public employers to fill some positions without examinations. We advocate further actions, including authorizing school districts to make employees hired on a provisional basis permanent if they have rendered competent performance for nine months or more and no test for their position has been offered.

Prior Year Adjustments: Prior Year Adjustments are an arcane but important facet of state aid to schools. School fiscal years run from July 1 to June 30, with the consequence that appropriations to fund state aid for any one school year are made over two state fiscal years (which run from April 1 to March 31). The factors which go into calculating state aid can change, causing aid results to fluctuate. If final calculations determine that a district has been overpaid, the state can recoup the sum from the district's next aid payments. But if an adjustment results in additional aid due to a district beyond the estimates used to determine appropriations, that claim goes into a queue with claims from other districts, to be paid in order of receipt. The state has not appropriated any funds for payment of these prior year adjustments since 2019-20 and the backlog now totals over \$300 million.

Together with other [school management groups](#), we advocate an appropriation for prior year adjustments of at least the prior annual level of \$18, 664,000. Even at that level, a district with a claim newly determined by the State Education Department and State Comptroller to be due could expect to wait at least 19 years before receiving what it is owed by the state.

“Distraction-Free Schools”

Governor Hochul has proposed requiring all districts to adopt policies restricting student use of smartphones and other internet-enabled devices on school grounds throughout the school day. Schools would be required to provide one or more methods for onsite storage of those devices. Limited exceptions would be provided, for example, for students for whom phones are needed for health management or translation services, or if authorized as part of a special education plan.

Governor Hochul is right to have drawn attention to the harmful effects of excessive online activity upon learning and well-being in general. But many districts have already engaged parents, staff, and in some cases, their students, to develop and adopt smartphone policies which are well-accepted and are working. We believe any state mandate should allow discretion to local leaders and communities in designing policies for their schools.

Some of our members have also noted that addictive smartphone use is not just a school problem, it is a life problem, and that schools have a role to play in teaching responsible use.

Conclusion

Thank you once again for this opportunity to provide testimony and for all your past support for our schools. We and our members will do our best to assist you, your colleagues and staff, and your counterparts in the executive branch to produce a budget for the coming year that will help to give all our students the opportunities and assistance they need and deserve.