On January 15th, Governor Cuomo presented his proposal for the 2019-20 State Budget. The Governor is proposing a total of $27.7 billion in state support for public schools. This represents a year-to-year increase of $956 million (3.58%), as compared to the approved 2018-19 budget. The total increase represents a $749 million increase in formula aids, $157 million for Fiscal Stabilization Fund, $15 million for Expanded Prekindergarten for Three-and Four-Year-Old children, $10 million in Empire State After School Program, $9 million for Early College High Schools, $3 million for Expanded Advanced Placement Access, $3 million each for We Teach NY and Alternative Discipline Training and $7 million for other education initiatives.

District specific data is available on the SED State Aid Unit website at www.stateaid.nysed.gov. SED will be mailing school districts detailed descriptions and “backup” data that explains how the proposed State Aid estimates were calculated for your district.

Please remember that the aid estimates are based on the 2018-19 school year estimates of expenditures and pupil data submitted with your aid claim this past fall. Therefore, it is important to review for accuracy the backup data provided in this mailing. The information will be sent with a cover memo from SED to your district superintendent.

The following is a summary of the major elements of the Governor’s 2019-20 proposal for State Aid to public schools.

**Foundation Aid** – $18.129 billion (increase of $338 million).

2019-20 Foundation Aid =

\[(2018-19 \text{ Foundation Aid} + \text{Foundation Base Increase} + \text{Community Schools Set-Aside Increase})\]

A detailed description of the proposed Foundation Aid formula can be found at the end of this summary.

**Community Schools Set-Aside** - $250 million (increase of $50 million) is provided to continue the Community Schools initiative and support the transformation of schools within certain high need districts into community hubs.

2019-20 Community Schools Set-Aside =

\[(2016-17 \text{ Community Schools Set-Aside} + 2017-18 \text{ Community Schools Increase} + 2018-19 \text{ Community Schools Increase} + 2019-20 \text{ Community Schools Increase})\]

A detailed description of the proposed Community Schools Set-Aside formula can be found at the end of this summary.

**High Tax Aid** – $223.30 million; frozen at 2013-14 amounts for the 2019-20 school year.

**Public High Cost Excess Cost Aid** – $619.71 million (decrease of $19.15 million); no formula changes proposed.

**Private Excess Cost Aid** – $404.33 million (increase of $31.97 million); no formula changes proposed.

**Supplemental Public Excess Cost Aid** – $4.31 million; frozen at 2010-11 amounts for the 2019-20 school year; no formula changes proposed.
Summer School Special Education (4408) - $364.5 million. No formula changes proposed.

Preschool Special Education (4410) – No formula changes proposed.

BOCES Aid - $971.06 million (increase of $21.68 million); no formula changes proposed.

Special Services Aid - $253.83 million (decrease of $3.38 million); no formula changes proposed.

Transportation Aid – $1.990 billion (increase of $76.56 million); no formula changes proposed.

Reorganization Incentive Operating Aid - $5.59 million (decrease of $0.88 million); no formula aid changes proposed.

Building Aid/ Reorganization Incentive Building Aid – $3.229 billion (increase of $272.33 million); no formula changes proposed.

Textbook, Software, Library and Computer Hardware Aid – $278.74 million (increase of $3.41 million); all aid continued as under current law.

- Textbook - $58.25 per pupil
- Software - $14.98 per pupil
- Library - $6.25 per pupil
- Computer Hardware - $24.20 per pupil × current year RWADA aid ratio

Universal Prekindergarten Aid – Projects a state total of $833.71 million; (increase of $25.9 million) (This is reflective of the State’s multi-year UPK consolidation schedule). Additional aid in the amount of $15 million is included towards the Expanded Prekindergarten program for Three-and Four-Year-Old children to provide high quality half-day and full-day prekindergarten instruction for 3,000 pupils within high-need school districts.

Full Day K Conversion Aid – $2.82 million (increase of $.06 million). Districts implementing full-day kindergarten in 2019-20 school year would be eligible for Full Day K Conversion Aid in 2019-20 and an additional 65% of the 2019-20 allocation in 2020-21 as well as an additional 35% of the 2019-20 allocation in 2021-22.

Charter School Transitional Aid – $39.88 million (increase of $1.19 million). Formula elements target aid to districts based on the percentage of resident pupils enrolled in charter schools and the percentage of payments made to charter schools compared to a district's total general fund expenditures.

Aid Caps

- For 2019-20, each district’s state aid, exclusive of Native American Building Aid, Aid for Employment Preparation Education Programs for School Districts and BOCES, Incarcerated Youth Aid, and Inter-District Urban-Suburban Transfer Program Aid, would be capped at the total listed on the 2019-20 Executive Budget Aid Run (BT 192-0 dated 1/15/2019).
- For 2018-19, each district’s state aid (also exclusive of Native American Building Aid, Aid for Employment Preparation Education Programs for School Districts and BOCES, Incarcerated Youth Aid, and Inter-District Urban-Suburban Transfer Program Aid) would be capped at the total listed on the same aid run.
• In 2019-20 and beyond, state aid, (other than Native American Building Aid, Aid for Employment Preparation Education Programs for School Districts and BOCES, Incarcerated Youth Aid, and Inter-District Urban-Suburban Transfer Program Aid) would also be capped at the total amount listed on the Executive Budget aid run for that year.
• Beginning with claims for the 2018-19 aid year, and thereafter, there will be no prior year adjustments. Any changes to state aid data would have to be submitted by November 1st of the year in which the aid is paid.

Proposed Changes to STAR – The Executive budget maintains FY 2020 STAR exemption benefits at no more than their FY 2019 levels, for the exemption program only, rather than allowing them to grow by up to 2% (the STAR Credit would not be subject to this cap).

Other Proposals with Fiscal Implications

Building Aid - The Governor proposes prospective changes to Building Aid including projects with voter approval on or after July 1, 2019 that may impact ratios, incentive decimals, and incidental cost allowances.

Consolidating Expense-Based Aids – The Executive Budget advances legislation to merge 11 expense-based aid categories into one new aid category labeled “Services Aid” starting in the 2020-21 school year. These 11 aid categories include textbooks, school library material, computer software, computer hardware, BOCES, supplemental public excess cost aid, transportation, special service aid for large city schools (non-BOCES components), academic enhancement, high tax, and charter school transitional aid. Any increase to this funding would be calculated annually based on inflation and district enrollment.

Permanent Property Tax Cap – The Executive Budget Proposal intends to make the Property Tax Cap permanent by writing it into law.

Equalization Rate Apportionment – The Executive Budget provides districts with the option to apportion large tax increases across a period of three or five years. Assessor’s will be required to notify officials when the tentative equalization rate has a variance of 5% or more compared to the Level of Assessment. The Department of Taxation and Finance is given the authority to certify assessor equalization rates as final. The goal of this proposal is to spread out the cost of any tax increase over multiple years to decrease the impact on individual tax payers.

Proposed Financial Reporting Changes

School Level Funding Plan- Year 2 District reporting (306 Districts): Plans required in the 2019-20 school year, will be due on or before the Friday prior to Labor Day (August 30, 2019).

School Equity Plan - For the 2019-20 school year and thereafter, school districts designated as requiring an equity plan (Districts that submitted school level reports for the 2018-19 school year and have an underfunded high need school), must submit a plan for review and approval by July 1, 2019. On or before May 1st, the DOB director will provide a list of underfunded high-need schools. If the plan addressing the funding equity of the high need schools is not submitted and approved to the Commissioner by September 1, 2019, the Commissioner will develop and impose a plan for districts to implement.
2019-20 Foundation Aid

2019-20 Foundation Aid =

Foundation Aid Base + 19-20 Base Increase + 19-20 Community Schools Set-Aside Increase

Foundation Aid Base = 2018-19 Foundation Aid

2019-20 Base Increase = Greatest of Tiers A, B, C or D

A. Tier A =

[Phase-in Factor] × [(Selected TAFPU × Selected Foundation Aid) – Foundation Aid Base]

Phase-in Factor:

NYC = 11.934%
All Others = .5% (.005)

B. Tier B =

(EN increase + Sparsity Increase) × 2018-19 Estimated Public Enrollment

1) EN Base Increase (for districts with FACWR <1.0 AND EN% >31.5%) =

(EN Index × $97.03)

2) Sparsity Increase (for districts eligible for the EN Base increase & Sparsity Factor >0)

= (EN index × $30.00)

EN Index = EN%
.563

C. Tier C = Scaled per pupil amount × 2018-19 Estimated Public Enrollment

Scaled Per Pupil amount = $173.025 × (1.370 - (1.720 × Pupil Wealth Ratio for Foundation Aid))
[Min = 0.00, Max = 0.90]

D. Tier D = (.0025 × 2018-19 Foundation Aid Base)

*EN = Extraordinary Needs
*FACWR = Foundation Aid Combined Wealth Ratio
2019-20 Community Schools Set-Aside

2019-20 Community Schools Set-Aside =  
2018-19 Community Schools Base + 2019-20 Community Schools Set-Aside Increase

2019-20 Community Schools Set-Aside Increase =

Greater of: Community Schools Formula Increase or Community Schools Level-Up Increase

Community Schools Formula Increase =

\[ [1 - (0.64 \times \text{FACWR})] \times 82.63 \times \text{2018-19 Est. Public Enrollment} \times \text{Min = 0.00, Max = 0.90} \]

School Districts Eligible for Community Schools Formula Increase:

a) District with at Least One School Designated as Failing or Persistently Failing

or

b) District with growth in ELL population between 2013-14 and 2018-19 is greater than both 10% and 100 pupils and the districts FACWR is less than .9

Community Schools Level-Up Increase =

($100,000 – 2018-19 Community Schools Aid Set-Aside)