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NYSASBO Releases Update on New York State School District Spending
The Education Dollar: Where Does the Money Go?

NYSASBO has released its annual report on school district spending. The report examines school district spending and funding from school years 2005-06 to 2014-15. The study identifies a shift in the state and local shares of funding our public schools, the continued disparity in resources between high and low need districts, and the disproportionate long-term growth of school spending in non-general education categories. Findings included:

School districts spent \$62.7 billion, an increase of 4 percent

In school year 2014-15, a total of \$62.7 billion in federal, state and local resources was spent to support our 674 public school districts, an average of \$22,593 per pupil for approximately 2.8 million students. Of this support, \$9,330 per pupil came from the state. Compared with the previous year, school district spending increased 4.1 percent. Over the past nine years the local share (mostly property taxes) of school district revenue has grown five percent, while state shares have declined two percent and federal shares have declined three percent.

The spending disparity between high need and low need districts has continued to increase

In 2011-12, low need districts spent \$5,020 more per pupil than high need districts. In 2013-14 that disparity between low and high need spending increased to \$5,828 more per pupil. These disparities continue to exist despite both recent school aid increases and higher tax rates in high need districts (\$15.69 in high need and \$13.97 in low need per thousand dollars of property value).

Teacher pension costs grew the most; special education students have reached 15 percent

Of all the spending categories studied, teacher pension costs grew the most at 155 percent over nine years, followed by spending on tuition at 113 percent, and health care at 59 percent. Spending on special education grew 43 percent over the eight years for which information was available, while general education spending grew 22 percent. School districts spent about two and a half times more per pupil on special education than they did on general education and the classification rate of students with disabilities was 15 percent.

Funding matters; spending matters

“These facts show that both the level of funding and how that funding is spent are equally important to providing a sound basic education to all students in the state. The state not only needs to meet its constitutional and legal commitments to fund public schools, but to do so in a manner that both insures the equitable and adequate allocation of resources as well as the efficient use of those resources,” said executive director Michael Borges. “Now that the Gap



Elimination Adjustment is finally gone, the state can focus on restoring the Foundation Aid formula back to its promised amount,” he added. NYSASBO recommends re-examining the formula to ensure that adequacy and equity are met to their fullest extent. NYSASBO has recently released two reports to inform the state’s school budget conversation for 2017-18:

- “Supporting our Schools: A Study of New York State Foundation Aid” for a comprehensive review of Foundation Aid and specific recommendations, October 2016.
- Realizing the Vision of School Aid: Opportunity for All. State Aid Recommendations for School Year 2017-18, November 2016.

Spending is driven in large part by state mandates

“Tax caps, local government efficiency plans and rebates do little to address the underlying cost drivers of school spending,” Mr. Borges explained. The study reports that the largest share of school spending (77 percent) is instructional (i.e., teacher salary) costs and fringe benefits. The largest increases in school spending over a nine-year period were teacher pensions, employee health care and special education. “Most, if not all, of these costs drivers are mandated by the state,” Mr. Borges noted.

School business officials can help guide effective resource allocation

The report recommends the state examine funding for non-instructional areas, such as pupil transportation and school construction, and develop more efficient methods of providing support, thus freeing up resources to fund instruction through general-purpose aids such as Foundation Aid. School districts should review all school resources and ensure that every resource decision is made in a manner that helps accomplish their mission relating to student achievement. School business officials, the state’s Education CFO’s, can help guide this process.