

## Cuomo budget proposal includes controversial change to aid formula

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ALBANY — Gov. Andrew Cuomo’s 2017-18 executive budget proposal includes several changes to the state’s decade-old school aid formula, updating it as well as releasing him from a phase-in put in place under former governor Eliot Spitzer.

While state education groups applauded some of the changes, especially the elimination of a cap that will allow more aid to go to the state’s neediest districts, they expressed concern over dropping the phase-in, accusing the governor of repealing the formula.

“He’s not leveling the playing field, he’s not moving the goal post,” Statewide School Finance Consortium executive director Rick Timbs told POLITICO New York. “He’s building a brand new field with different dimensions. It’s a brand new game.”

Striking the phase-in portion of the formula from the budget wipes away the formula’s attempts to create a “more equitable, adequate, predictable and sustainable distribution of aid,” Timbs said, questioning what the change would mean for aid in future budgets. Districts would be owed \$4.3 billion if the formula were fully run, according to state Education Department numbers.

Morris Peters, a budget division spokesman, said the proposed changes are a positive step, adding that education aid under Cuomo has increased \$6.1 billion over the last six years.

“The proposed changes to the Foundation Aid formula will lower the levels of poverty and update census data, both progressive measures that will direct more funding to high-needs districts,” he said in an emailed statement to POLITICO New York. “Any suggestion that the Foundation Aid formula has or will be eliminated is a direct attempt to mislead the public and factually untrue.”

Cuomo’s proposed budget, released late Tuesday night, calls for an approximately \$1 billion increase in school aid — \$428 million of which is in Foundation Aid. The Foundation Aid formula was put in place after the state’s highest court ruled in 2006 in the Campaign for Fiscal Equity case that New York was under-funding schools and not meeting its constitutional burden to provide children with a “sound basic education.” That case focused on New York City schools, but the state later put the formula in place for all districts to provide more equitable funding.

The formula, however, was never fully phased as the state grappled with the recession. The last of recession-era cuts, which were put in place fill the revenue shortfall, were restored in the 2016-17 budget.

State education leaders, groups and advocates [called for](#) the state to focus on updating and fully implementing Foundation Aid.

The roughly 70-page formula aimed to create not only equity but also stability, giving districts a better idea of the state aid they would get year to year. It takes into consideration a number of factors but is based on four main points — the cost of a successful education, student need, regional cost differences and local district fiscal capacity.

Cuomo’s proposal includes changes to update the formula, several of which the state Education Department, Board of Regents and education groups had called for in their [budget recommendations](#).

The executive budget would eliminate a minimum on the income wealth index, which would allow the state’s poorest school districts to receive additional funding not currently allotted under the formula. The proposal would replace 2000 Census data with annual Small Area Income and Poverty Estimates data, which are created from federal tax returns and the American Community Survey, and are more reflective of current conditions.

The governor's office also is looking to have the Education Department collect "direct certification" data, as it aims to phase out the free and reduced-price lunch calculation (FRPL), which is another factor used in determining poverty and need in a district that is no longer a reliable method due to changes in reporting, according to a Cuomo administration official. Direct Certification automatically includes students eligible for free lunch based on participation in other programs, such as SNAP and Medicaid.

The change that education groups have criticized removes the phase-in, and in its stead, districts would receive the Foundation Aid they received the year before as well as an amount to be allocated by a new formula every year. Under the proposal schools would not get less than they did the year prior.

"It's less predictable and less transparent and those are some of the things that we saw as the real pluses of the original Foundation Aid formula," said Bob Lowry, New York State Council of School Superintendents deputy director.

The proposal is basically starting from scratch, eliminating the need to phase-in the \$4.3 billion, said New York State Association of School Business Officials executive director Michael Borges.

"It's a Jekyll and Hyde approach to funding public education if he's making improvements to how Foundation Aid is calculated, but at the same time undermining the basis of Foundation Aid," Borges said of Cuomo's proposal.

The administration has disputed the total aid owed, pointing to how much aid Cuomo continues to put in education. The 2016-17 state budget allocated approximately \$24.6 billion for education.

New York State is one of the [highest spenders](#) on public education in the country, although it also has one of the highest spending disparities. Cuomo [has said](#) he's proud of the state's school spending, while advocates [have stressed](#) the importance of equitable distribution.

An administration official told POLITICO New York that Spitzer's phase-in was an aspirational number, adding that budgets are done in one-year increments.

Timbs argued that schools that are currently under-funded will remain that way without the more equitable base formula. "What they're doing is they eliminated that whole calculation and created a new calculation. Any attempt to go back to find out how to compare to the old formula is being eliminated in the data set," he said.

The proposal leaves many questions, Lowry said, adding that education groups will be waiting for answers such as how the money would be distributed, and whether that process will be transparent.

"We'll have to see as more information becomes available," he said. "I think the governor's showing commitment to try to help poorer districts ...[but] it's disappointing in part... It wasn't perfect in the 2007 formula, but it was promising for a variety of reasons... We want schools to have more financially sustainable future."

The Senate and Assembly still have to propose their own budgets, due out next month. A final agreement is due March 31.