

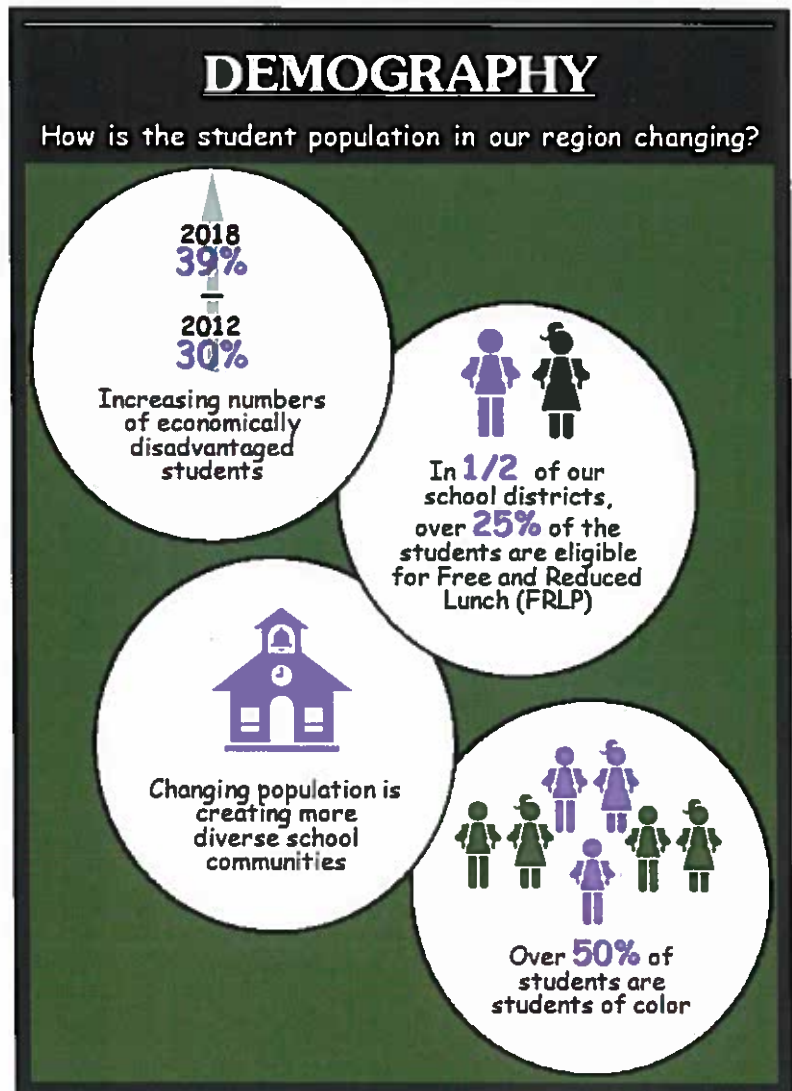
Senate Foundation Aid Hearing

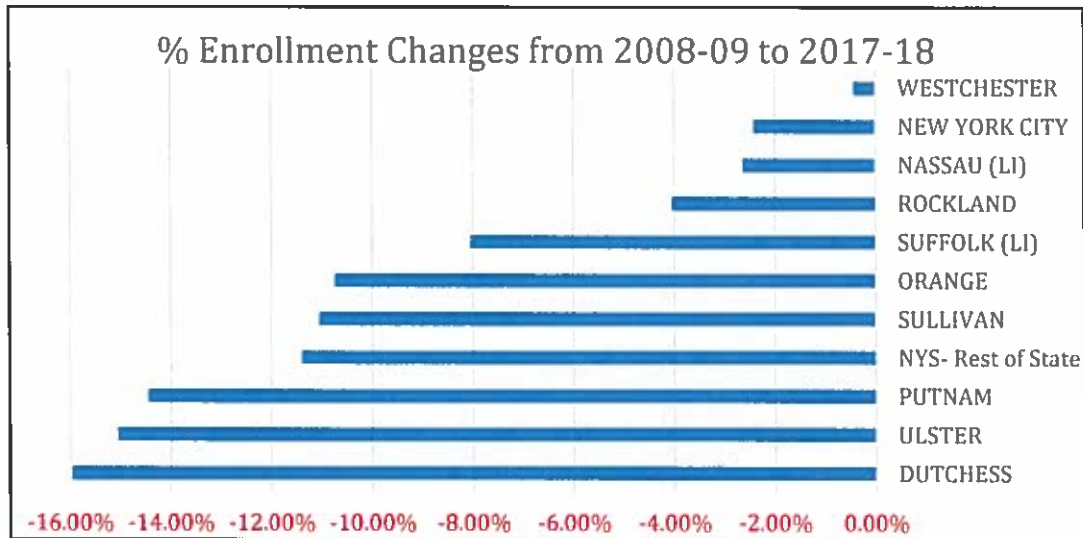
Comments from Westchester Putnam School Boards Association

December 3, 2019

The demographics and cost factors associated with educating public school students in the Hudson Valley area have changed notably in the past decade, and the dated Foundation Aid formula has not kept pace with changes in our school communities. The application of the Foundation Aid formula suffers from the use of outdated data and the existence of circuit breakers and add-on agreements that do not permit anyone to determine what the actual cost and ability to pay for an appropriate public education is in different regions of New York State. Additionally, the lack of full funding of the original formula has shortchanged many of our school districts for the past decade and more.

The **student demographics** of the Hudson Valley region are distinctly different than in 2007, when the original Foundation Aid formula was created. With a more diverse population of students and increased numbers of students coming from economically disadvantaged homes, our school districts are faced with rising poverty and broadening student needs.





Unlike other regions of New York State, **public school enrollment** has been stable in the lower Hudson Valley. In fact, many of our districts are facing increasing enrollment. Over 40% of WPSBA school districts have seen student enrollment increase since 2007-08. Total enrollment in those 20 districts is up 7.4% or 6,400 students. Districts with declining enrollment have the advantage of the hold harmless provision in State aid distribution, and no change to the tax levy cap limit. Enrollment increases are not factored into the tax levy cap limit, therefore, school districts cannot make up for shortfalls in funding from state aid through property tax funding.

The current Foundation Aid formula applies **outdated cost factors**: the Regional Cost Index is based on 2006 data; the cost of educating English Language Learners and Students with Disabilities is from a 2003 study; and the 2000 census data is still incorporated in the aid formula. Other funding factors included in the formula are simply skewed. For instance, the regional cost indices include large swaths of the state that have dissimilar labor markets. The Hudson Valley Regional Cost Index increased to nearly the level of NYC/Long Island in the updated cost study done in 2012. In the annually updated county-based building aid cost indices, Westchester County is currently rated as more costly than Nassau and Suffolk counties.

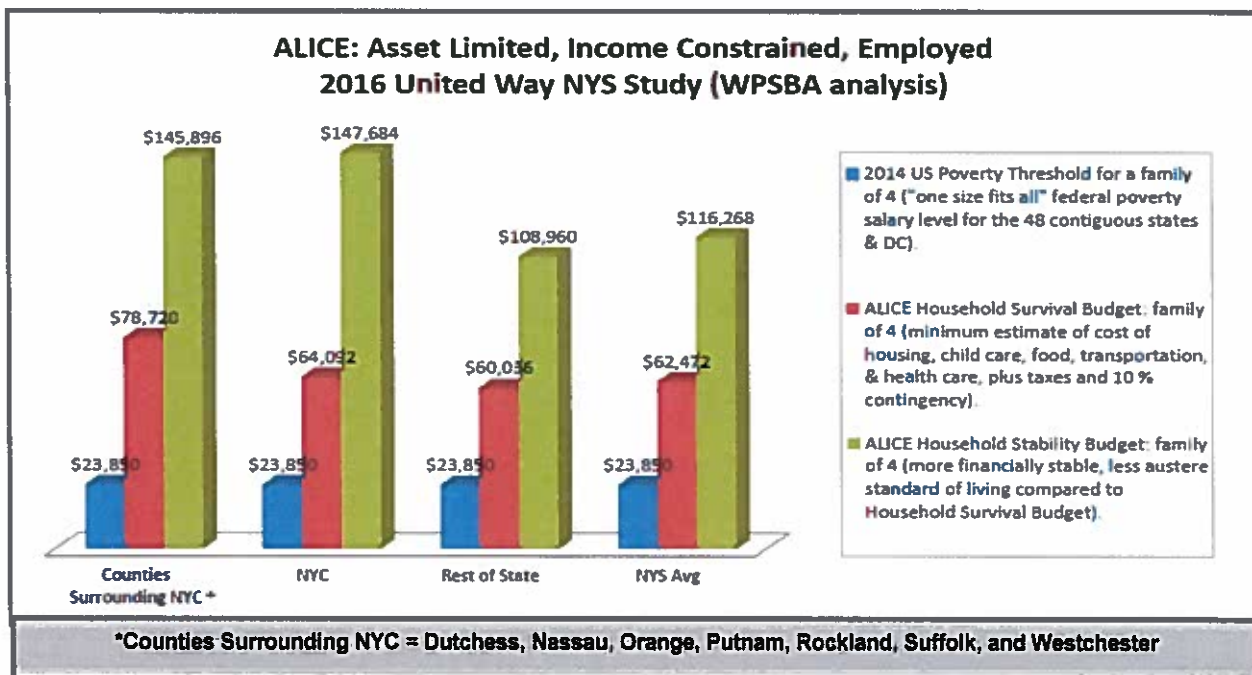
REGION	County	Building Aid: Regional Cost Factor (2018-19)	2012 Regents RCI	2006 Regents RCI (current)
Hudson Valley	Sullivan	1.3026	1.407	1.314
Hudson Valley	Orange	1.3026	1.407	1.314
Hudson Valley	Ulster	1.3074	1.407	1.314
Hudson Valley	Dutchess	1.3074	1.407	1.314
Hudson Valley	Rockland	1.3721	1.407	1.314
Hudson Valley	Putnam	1.4026	1.407	1.314
NYC/LI	Nassau	1.5243	1.488	1.425
NYC/LI	Suffolk	1.5243	1.488	1.425
Hudson Valley	Westchester	1.5583	1.407	1.314
NYC/LI	NYC	1.8279	1.488	1.425

**** In addition, see charts in Appendix A for further information on the Regional Cost Index.**

Circuit breakers in the formula, such as a floor and ceiling for the Combined Wealth Index, also limit the range of funding available. The Hudson Valley school districts have to deal with great volatility in total Foundation Aid, unlike NYC and Long Island that can expect a certain proportion of State Aid each year (see Appendix B).

Insufficient measures of pupil needs are used in the formula, such as measuring poverty through the easy, but inaccurate Free and Reduced Price Lunch (FRPL) metric. The common poverty income dollar figure that FRPL is based on is an inadequate measurement of poverty both within New York State, and in providing a comparison between New York and the rest of the country. Poverty measures that vary depending on where families reside can provide a more accurate measure of the basic needs of a household. FRPL rates of 185% of the federal poverty rate provided an income cutoff of \$44,863 in 2016 – anywhere in the United States.

We urge you to consider United Way's ALICE measure (Asset Limited, Income Constrained, Employed), which provides a more realistic mechanism for considering financial hardship. The ALICE Household survival budget is described as a bare minimum budget for household necessities needed to live and work in a modern economy. In 2016, the ALICE Household Survival Budget for the counties surrounding New York City was calculated to be \$78,720 compared to the equivalent poverty guidelines issues by the Department of Health and Human Services for 48 states of \$23,850. The ALICE data for New York state suggests there are 3.2 million households in poverty vs. the 1.1 million households as determined by the federal poverty level. Poverty in our state, and specifically in the Hudson Valley, is vastly understated by the official federal guidelines. Families with children who are barely scraping by in expensive suburbs of New York City need the additional assistance provided to those in poverty.



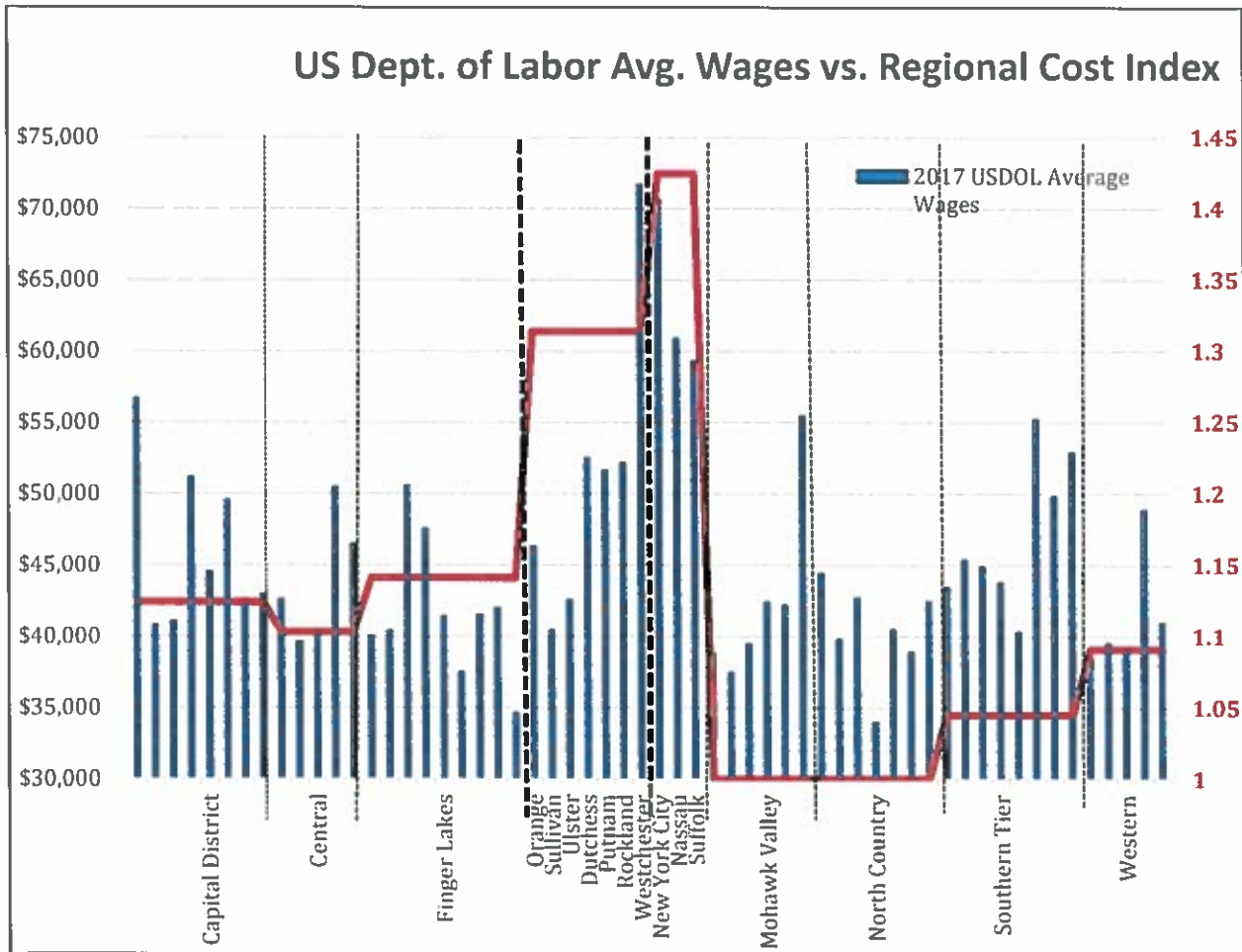
The incorporation of **additional relevant costs** into the Foundation Aid formula is also lacking. A good example of this is the impact of non-public school costs on public school districts. Additionally, the formula does not account for funding needs that have come to the forefront recently – such as school security and student mental health.

The significance of Foundation Aid has sharpened as **school districts' ability to raise funding** outside of state aid has been severely curtailed over the past decade. The ability to tax to raise funds has been limited by the tax levy cap. The lack of the SALT deduction has had a disproportionate impact on high property tax areas such as Westchester County, reducing net income for taxpayers. The Combined Wealth Index in the Foundation Aid formula is based on property wealth and income. Incomes, with which people actually pay their taxes, have grown more slowly than property values. These factors all have a direct effect on the voters who approve school district budgets.

Districts need more tools to allow them to fund public education. Examples to consider might include reducing the effects of large tax certioraris or mandate relief in the form of having the state smooth out the outsize budgetary impacts of changes in pension or healthcare costs. Most importantly however, an updated Foundation Aid formula that is fully funded by the state and some flexibility in the tax levy cap are both needed to maintain and improve our school districts so they can continue to provide the quality public education our students need to succeed.

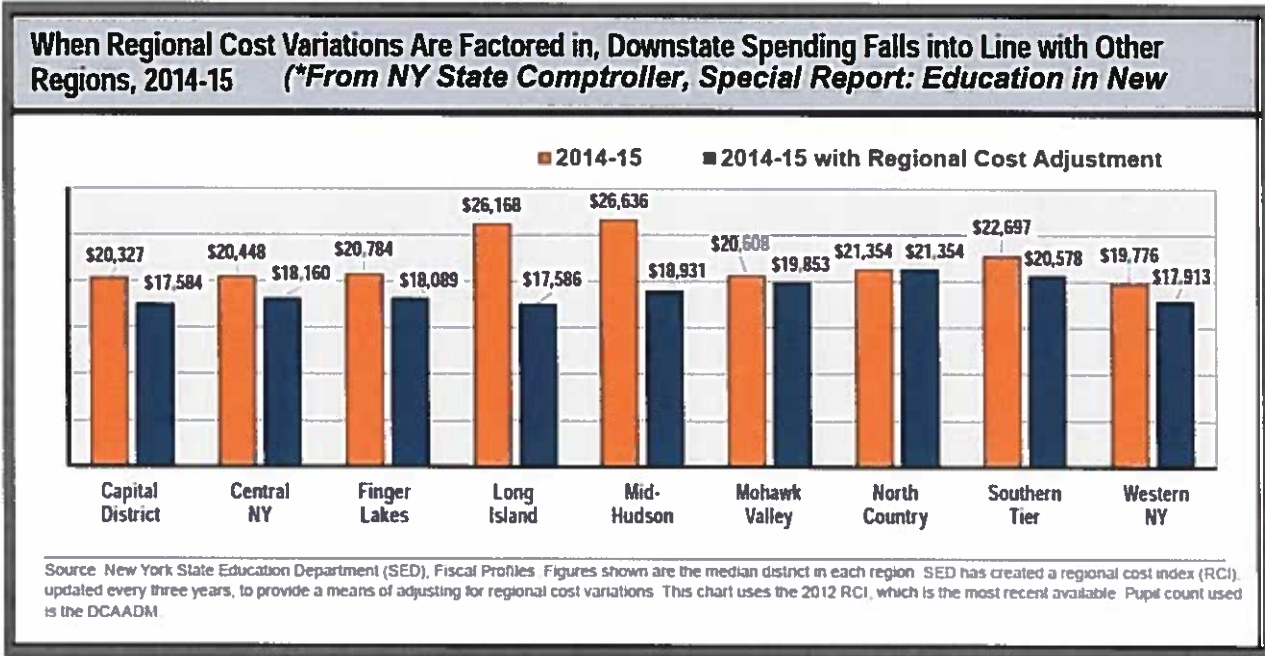
Appendix A. Regional Cost Index

The Lower Hudson Valley regional cost index does not appropriately account for the counties closest to NYC whose wages and costs are more similar to NYC and Long Island.

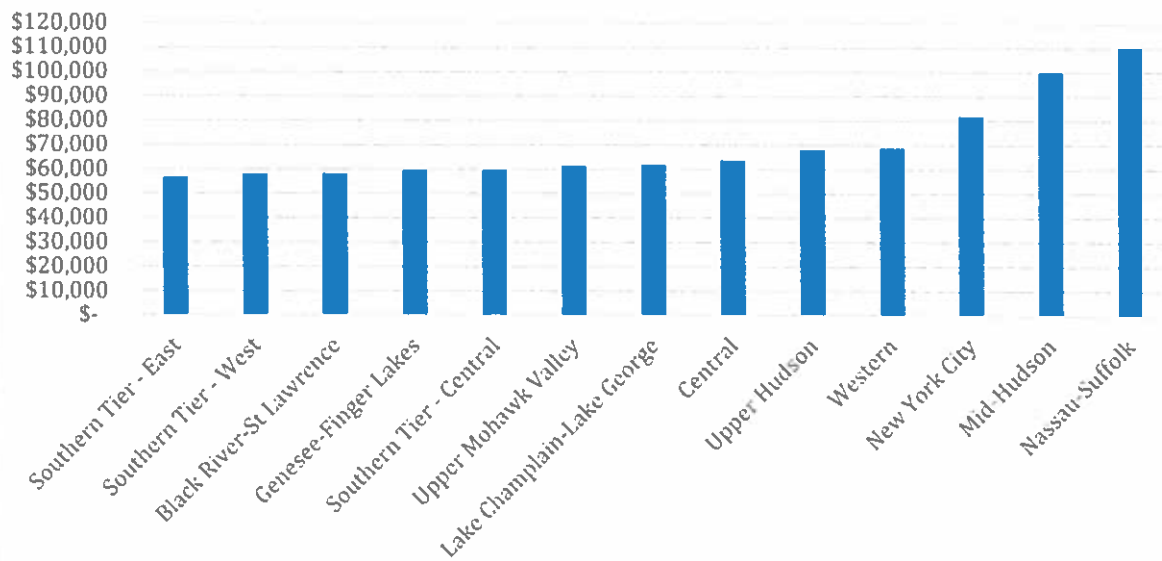


The percent of state aid allocated from year to year is stable for NYC and Long Island, but unpredictable for the LHEC counties and the rest of NYS. On a per pupil basis, the disparity for Westchester County is particularly notable.

Appendix A. Regional Cost Index



2017 NYS Median School District Professional Salary by Region



Appendix B. Shares Volatility

