



ASSOCIATION  
OF SCHOOL  
BUSINESS OFFICIALS

**Testimony Provided to the Joint Legislative Budget Hearing  
January 29, 2025  
for the  
New York State Senate Committee on Finance  
New York State Assembly Committee on Ways and Means**

**Brian S. Cechnicki, Executive Director**

### **Introduction**

Our association represents over 3,000 individuals who work in and around the operations and finance of school districts. While specific duties vary by district, our members generally manage the finances of the district while also overseeing human resources, transportation, food service, and other non-pedagogical functions of school districts. We greatly appreciate the opportunity to provide this testimony to the Legislature on the Governor's FY26 Executive Budget.

The last year has been a challenging one for school business officials, despite the positive economy the state has experienced. The proposed cuts in last year's budget and the process that culminated in the Rockefeller Institute's Foundation Aid Study created an enormous amount of uncertainty that our members had to navigate as they manage this year's finances and look ahead to next year and beyond.

We also want to thank the Rockefeller Institute of Government for its inclusive process. Our organization was able to provide critical feedback to Institute staff that we believe was helpful in the development of the final report. We also appreciate the thoroughness and thoughtfulness of their analysis and have welcomed the opportunity to view different ways that the Foundation Aid formula can be modernized and improved.

### **Governor's Proposal**

Given the uncertainty of the past year, the Executive Budget proposal is an excellent starting point for the budget process. We appreciate the Governor hearing our concerns about last year's proposed cuts and the reduction and eventual elimination of the save harmless provision and avoiding such measures in this year's proposal.

Looking at the specifics of her proposal for general support for public schools (GSPS):

- **Overall increase of \$1.7 billion:** This level of funding is commensurate with the "current law" estimates as of November 2024. Given the state's financial condition, this is an acceptable starting point for the

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budget process, acknowledging that there may be some formula inadequacies for certain districts to be addressed, as well as whatever data changes will be generated by the February School Aid Database.

- **Updates to Foundation Aid Poverty Counts:** The proposed changes to the Census 2000 poverty and Free and Reduced-Price lunch counts are long overdue for accuracy and recency reasons. While these changes may sometimes mean that a district generates less Foundation Aid, using accurate and up-to-date information is an acceptable trade-off.
- **Changes to Foundation Aid State Sharing Ratio:** While we are still reviewing the data files provided by the State Education Department as this testimony goes to print, it appears the changes to one of the State Sharing Ratio tiers and the increase in the maximum percentage from 91% to 93% are a net positive for school districts.
- **Minimum 2% Increase:** While our 2025 Legislative and Budget Priorities have requested a minimum increase equal to at least the growth in the consumer price index, a minimum 2% increase for all school districts is a welcome improvement from last year's Executive proposal.
- **Fully funded Expense-based Aids:** We appreciate and support the governor's commitment to fully funding expense-based aids at their current law levels.
- **Database Freeze:** We oppose the perennial proposal to freeze the data in the formula calculations at a point in time in Fall 2024, when data estimates are still preliminary. We believe the school aid formulas in the Enacted Budget should reflect the updates from the February School Aid Database.

As for other non-GSPS initiatives in the Executive Budget proposal:

- **Universal Meals:** ASBO New York has been supportive of the expansion of universal school meals in recent years. In light of the overall school aid funding proposal, we support the universal meals proposal as well.
- **Dual Enrollment:** The governor has proposed streamlining and consolidation of programs that partner school districts with institutions of higher education. As we continue to review this proposal, we would note that school districts—especially business officials—already comply with significant and time-consuming reporting requirements. We support any changes that would reduce or streamline those requirements and oppose any additions to them.
- **Distraction-Free Learning:** We leave the merits of the specific policy proposals to our colleagues in other school management organizations but would note that this proposal has the potential to create additional costs for school districts, depending on the implementation. While the provision of \$13.5 million for this purpose is welcomed, for a state with nearly 700 school districts and 2.5 million students, those funds will likely not reach very far.

### **Proposals for the Final Enacted Budget**

As noted above, the Governor's Executive Budget is a good starting point for this year's process. In addition to the funding she has proposed to be provided, we believe the following funding additions and policy changes should be included in the FY26 Enacted Budget.

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**Rockefeller Institute of Government Recommendations**

The Governor’s proposal only included a small number of recommendations put forward by the Rockefeller Institute in their report. While we do not support all the recommendations, we do think some are worthy of additional consideration.

- **Elimination of Setasides:** We agree with the Institute that “[r]equiring school districts to set aside substantial portions of their annual Foundation Aid allocations distracts from the purpose of providing general support for general education, unnecessarily complicating districts’ ability to use and allocate Foundation Aid funds.” We support the recommendation to remove all setaside requirements from Foundation Aid.
- **Separately Fund Students with Disabilities:** The report recommends that the students with disabilities weighting be removed from the formula, and special education funded through a separate mechanism. We agree this idea warrants further research, as known from available data and anecdotes that the cost of special education has increased at a greater rate than the Foundation Aid setaside.
- **Successful Schools Study Methodology:** The Institute recommended a change in the Successful Schools Study approach that would have continued to look at pre-secondary exam scores and only consider the top half of performers. While we do agree that the methodology should be updated in a way that can be done annually, and thus eliminate the need for a CPI adjustment, we think a different approach, such as using graduation rates, would be a more prudent replacement.

**Effective and Equitable School District Funding**

**Prior Year Adjustments**

Prior year adjustments, or “PYAs” are an esoteric but important part of school district finances. State aid claims for school districts are a multi-year process, which straddle multiple state fiscal years. Each year the enacted budget establishes an appropriation level based on the best available estimates at that time, but since the level is enacted before the school year has even begun, necessarily it means those amounts will fluctuate by time the school year is completed. Education Law provides for the majority of those changes to be paid out in current year aid payments.

However, there are certain aid claims that are paid under a different methodology, including many of the building and transportation aid forgiveness provisions that have been enacted over the years. In these cases, changes in the aid estimate are handled in two different ways: 1) if the claim is less than the district was initially appropriated, the state will recoup the overpayment from the next payment to be made to the school district, and 2) if the claim is more than the initial estimate, the amount is placed on the “PYA queue” and is paid out on a first come, first serve

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basis subject to appropriation. Importantly, these are claims determined by both the State Education Department and State Comptroller to be due and owed to school districts.

That appropriation has now not been funded since FY20, so while the state continues to take back from districts any overestimates, it has not paid any funds during this time for districts whose aid was underestimated. The current PYA queue is just under \$309 million and continues to grow every year that the state does not fund paying any of these claims.

Most egregiously, the lack of an appropriation for this purpose has meant that any and all recent aid penalty forgiveness provisions that were negotiated between the Executive and Legislature and “paid for” as part of enacted state budgets have not actually been paid to school districts. As an example, the Schenectady City School District was provided a \$5 million forgiveness in Transportation Aid under Chapter 57 of 2012 (Part A, §16-a). To date, those forgiven aid payments sit on the queue unpaid to the school district. Without an appropriation, Schenectady will never receive that \$5 million that was agreed to in the FY13 Budget.

While our preference would be that the entire PYA queue be paid to school districts and the injustice of the process be amended so that districts would receive their funds as quickly as the state is able to take them away from districts, we understand that is a significant ask. Therefore, we request that the appropriation level of \$18,664,000 be restored this year and continued as an annual appropriation in the Executive Budget once again. Even then, under current Education Law, the existing queue would not be fully paid to all districts until the 2043-44 school year. Put another way, a district determined today by state officials to be due aid from the state could not expect to be paid for at least 19 years.

**Restore “Growth Aid”**

Prior to the adoption of the Foundation Aid formula, one of the many aid categories that existed was one that paid current year aid to districts experiencing significant increases in enrollment. While New York is losing population statewide, shifts within the state and the continued influx of asylum seekers have resulted in certain districts having sizable current year increases that are not funded until the following year when the formulas catch up and use the data lagged by one year. ASBO recommends that the current year’s growth aid formula be established.

**Promoting Sound Financial Practices**

School business officials are the primary officials responsible for the financial practices and policies in school districts. They must ensure that the district is a good steward of taxpayer dollars, that they are planning for obligations of the district, and that they are budgeting in a way that gives the students of the district the education they are entitled to, at a price that their community can afford. However, too often, state laws prevent school

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business officials from engaging in sound practices and planning to the extent they would like. The following changes would support sound financial practices.

**Reserve Funds**

Reserve funds are commonly used tools to create responsible budgets and fiscal plans. The State prides itself on using similar tools to plan for balanced budgets during economic fluctuations without undue hardship on taxpayers. To improve the utilization of these tools, ASBO recommends the following:

- Allow school districts to borrow from certain designated reserves to reduce reliance on TANS and RANS and reduce interest payments to banks.

**Tax Cap**

The property tax cap has been in effect for twelve years and, under this law, each school district has its own specific tax cap. The current structure of the tax cap makes it difficult for school districts to increase revenue for unexpected expenses. To ensure that the tax cap does not create undue and unintended hardships for school districts, ASBO recommends the following change and action:

- Make the Maximum Allowable Growth Factor the greater of 2% or calendar year change in CPI-U.
- Direct the Department of Tax and Finance to adopt authorized regulations addressing changes in taxable status and calculation of the tax-based growth factor.

**Strengthening the School Operations Workforce**

The school business office led by the school business official is not just the financial hub of the district but generally is also the operations center. The human resources office generally sits within that portfolio of work as well. As a result, the very real workforce shortage that districts are facing impacts not just the ability to staff the school business office, but the non-teaching staff in other operating function areas. Alleviating these challenges will require changes to both the civil service and certification system, to serve all members.

**Civil Service Reforms**

School districts are staffed by a mix of certified faculty and staff, and non-certified civil service employees. School business officials occupy a unique space, in that there are both certification and civil service pathways to enter this role. The civil service system is currently acting as a barrier to getting qualified candidates into vacant roles. To ensure that the workforce shortage is not exacerbated by unnecessary barriers, ASBO recommends the following:

- Standardize grading metrics across different jurisdictions.
- Make part-time positions non-competitive.

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- Allow for electronic canvassing rather than paper-based canvassing.
- Expand the rule of three to the rule of five to make more candidates reachable for employment off existing lists.
- Allow employers to make provisional employees permanent if a test is not offered in the first 9 months of successful provisional employment.

**Retain Retirees**

Districts are currently filling critical positions by utilizing willing public-sector retirees. During and since the pandemic, these employees have in some cases kept the schoolhouse doors open. This has been largely possible due to a series of Executive Orders and temporary laws that have allowed public sector retirees to return to public sector employment without pension penalty or seeking a waiver through a cumbersome administrative process. That authorization expires at the end of the 2024-25 school year. ASBO recommends that the State extend this authorization for an additional 5 years.

**Investing in School Infrastructure**

School district infrastructure is not just a significant expense, but another operational function generally housed within the school business office. The state could improve the efficiency of operations and clarify priorities in a number of ways.

**Maximum Temperatures in Classrooms**

We support the amendment to Chapter 596 of the Laws of 2024 that is currently under consideration by the Legislature as a negotiated chapter amendment.

**Capital Outlay**

Current law allows school districts to engage in one capital project annually without borrowing or voter approval. The total value of that project is limited to \$100,000, and the cost is fully aidable in the next year without amortization. However, the purchasing power of \$100,000 has dramatically reduced in recent years. ASBO recommends increasing that limit to \$250,000.

**Electric Bus Transition**

Districts around the state are hard at work preparing for the transition to electric school buses. However, districts have identified several considerations that were not contemplated in the adoption of the initial law that must be addressed to allow this work to continue. To that end, ASBO recommends that the following adjustments be made:

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- Establish statewide policy and procedures to direct districts on how to proceed in the event of a failed bond vote.
- Make updates to building aid allowances to allow for needed garages, bus depots, parking lots, and other school infrastructure needs.
- Ensure state oversight of infrastructure needs outside district control, such as municipal infrastructure and needed improvements to the grid.
- Allow districts to move to low-emission rather than zero-emission buses where zero-emission options are not available for timely purchase, cannot complete route distances or districts do not have access to adequate power sources.
- Better align Advanced Clean Truck (ACT) regulations with the timeline for the school bus transition.

### **Expanding Student Opportunities**

Providing robust programming for students is at the center of what districts do. As the economy, New York's population, and society change, our programs must also change to respond to those needs.

### **Modernize Career and Technical Education Formulas and Reimbursement Rates**

BOCES career and technical education (CTE) programs are in high demand by students, parents, districts, and employers. This is true for all students, not just those planning to enter the workforce. Approximately 50% of BOCES CTE students go on to college, while many others secure good-paying jobs in the field in which they were trained. However, it has been three decades since the reimbursement to districts was adjusted. Currently, only the first \$30,000 in salary is eligible for aid. The report of the New York State Blue Ribbon Commission on Graduation Measures includes a recommendation to expand access to these important programs. To allow these programs to grow and expand, ASBO recommends that the State make the following adjustments:

- Increase the portion of CTE instructors' salary eligible for districts to receive BOCES aid against to \$60,000 over the next three school years
- Enact a comparable increase in the reimbursement rate for special services aid and make 9th-grade programs eligible for aid.

### **Reimagine Prekindergarten**

As the State grapples with a less robust economic forecast than in past years, the time may be right to pause new investments in prekindergarten. The mid-year financial plan identified two areas of savings in education, the most significant being unexpended prekindergarten funds. Rather than continuing to allocate funds that will go unused at the expense of other areas of investment, ASBO recommends that the state use this pause to review and consider the results of the recently conducted prekindergarten survey and use that information to inform the following:

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- Design and merge all state funding streams into a single, needs-based formula with a per district, per pupil allocation.
- Make future, new, or expanded allocations available upon request through the new needs-based formula, provided as non-competitive grants, when districts indicate they are prepared to open or expand programs.
- Make Prekindergarten transportation aidable.
- Make Prekindergarten-specific capital projects aidable.

**Charter Schools**

The continued growth of charter schools around the State is having a detrimental effect on school district budgets and operations. Tuition payments are compromising district budgets, while enrollment shifts between charter schools and the district create enrollment unpredictability and administrative burdens. To stabilize this situation and ensure that district students have the resources they need, ASBO recommends that the State adopt the following changes:

- Eliminate SUNY's authority to authorize charter school applications and make the State Education Department the sole authorizer in the State.
- Establish a new funding stream to reimburse districts for charter school tuition payments.
- Hold charter schools to the same accountability and transparency requirements as school districts.

**Conclusion**

We again appreciate the opportunity to share our views about this year's Executive Budget Proposal. There is much to like from a school finance perspective, and we thank the Governor for hearing and heeding our concerns from last year, the Legislature for its leadership in protecting funding last year, and for all the work you collectively do to support educating children in New York State.