

# Facts About the New York State Funding

## How does New York State funding work?

- State aid comes in three separate categories:
  - **Building Aid** – used to offset capital construction projects approved by district voters, such as the turf project
  - **Categorical aid** – issued based on student population and used for things like textbooks, transportation, special education, BOCES services, etc.
  - **Foundation Aid** – issued based on a per pupil formula and used for daily operating expenses such as payroll, supplies, utilities, etc.

Unfortunately, aid from the three different categories is not interchangeable. We cannot use building aid to pay teachers or buy textbooks, and we cannot use foundation aid to help with capital projects. Roughly 53% of the district's annual revenue comes from state aid or grants. The remaining 47% comes from school tax levied against property owners.

## How are capital projects funded?

- Capital projects need to be approved by district voters and are funded by Building Aid
- New York State will pay approximately 85% of the total cost of a project, and the district's share will be approximately 15%
- The State limits the amount of debt districts can have on their buildings, which is why we sometimes have to wait to start a project, even after voter approval

## New York State Foundation Aid issues:

The current budget issue facing the Auburn Enlarged City School District stems from the New York State legislature and governor's refusal to properly fund the Foundation Aid formula they established in 2008 as a means of providing aid to New York State school districts.

- The Foundation Aid issue is flawed in many areas and has created a snowball effect for districts like ours where our Foundation Aid shortfall has grown each year.
  - Flaw #1: **Foundation Aid is underfunded** – in the funding announced by the governor for the 2017-18 school year, our district is receiving approximately \$5.5 million dollars **LESS** than we should receive if the state funded their formula to the level they mandated when they created the formula
  - Flaw #2: **Foundation Aid is not distributed equitably to school districts based on need** (the poor districts are getting poorer, the rich districts are getting richer)

- **Flaw #3: The Foundation Aid formula uses data from 2003 to determine what level of state aid each school district needs to operate**
  - Using the data from 2003, our district is identified as an "average needs" district, meaning we don't need as much financial assistance from New York State to operate because we can generate sufficient revenue from the taxpayers to offset the shortfall
  - New York State views Auburn the same as Jamesville-DeWitt, West Genesee, and Cazenovia districts in terms of "need"
  - The Auburn district has actually been a "high needs" district since 2008, but the state has not utilized the updated data, so we remain an "average needs" district for aid purposes
  - This use of old, incorrect data, applied to a flawed formula that was never funded to the promised level, has caused our district to suffer massive cuts to our Foundation Aid for years
- In the context of a \$73,400,000 annual budget, the \$5.5 million shortfall in this year's Foundation Aid represents 7.49% of our annual expenditure – this shortfall must be closed by either spending reserves, cutting programming and staff, or raising taxes.
- To generate \$5.5 million in additional revenue through a tax increase, we would need to pass a 19% tax increase, which is something we obviously cannot even consider.

The Auburn Enlarged City School District's Board of Education has been aware of this problem for years and has spent countless hours meeting with our state legislators both in Albany and locally, seeking relief.

- We have attended Legislative Forums focused on this issue throughout the Finger Lakes area in an attempt to obtain a legislative fix
- We have partnered with the Central New York School Board Association twice in the past two years to bring school finance experts to Auburn to present to the community on this issue
- We have attempted to inform the community through newspaper articles, appearances on local radio and television stations, through publically advertised open Board Budget Workshops and Forums specifically focused on the budget, not to mention countless discussions at regular Board of Education meetings.

This is a well-known problem with little disagreement as to its cause and impact. The problem is, no one wants to fix the problem because it will cost the state more money.

The Board of Education and district staff appreciate and share the community's concerns and frustration. This issue can often be confusing for individuals not well versed in the intricacies of New York State education financing. We fully understand the problem and realize the impact the Foundation Aid shortfall has on current and future programming. We will continue to work diligently on a remedy.