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And Continuing Education
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To: District Superintendents of Schools
Superintendents of Schools
New York City Department of Education
School Board Members
New York State Educational Associations
Nonpublic School Administrators
Administrators of Charter Schools
Other Interested Persons

Date: November 2006

From: Jean C. Stevens

Subject: Regents Proposal on State Aid to School Districts for 2007-08

The Regents State Aid proposal requests the resources and funding system needed to provide adequate resources through a State and local partnership so all students will have the opportunity to meet State learning standards. This is the fourth year the Regents have refined and advanced a multi-year proposal recommending transition to a foundation aid program based on costs of successful educational programs.

The Regents recommend an increase of \$1.7 billion for school year 2007-08, with 80 percent of the increase targeted to high need school districts. The Regents recommend the New York City School District receive 49 percent of the increase in the first year and 52 percent four years out at full implementation.

Foundation Aid consolidates approximately 30 aid formulas into a simple, transparent formula. It is based on the cost of general education in successful school districts, reflects differences in pupil needs and regional costs and provides predictability to all school districts with a two percent guaranteed minimum increase.

The Regents proposal also includes the following recommendations:

- Strengthen early childhood education by consolidating funding streams for pre-kindergarten education and providing an increase of \$106 million to move to universal access for all four-year olds.
- Improve special education funding by aligning it with *Foundation Aid* and making it more responsive to actual special education costs.
- Strengthen regional services in the Big Five city school districts by giving the Big Four city districts the authority to contract with BOCES and by enriching *Special Services Aid* for New York City.

- Consolidate and make more flexible aids for textbooks and software with a new *Instructional Materials Aid*.
- Increase aid for library materials from \$6 to \$10 per pupil to provide more access to reading materials to students in high need communities.
- Improve transparency and flexibility in aid for school construction by simplifying the calculation of the cost allowance for Building Aid.
- Accelerate progress in student performance accountability by implementing proposals included in the Department's budget request.

The following attachments provide the details. Please join the Regents and Department in advocating for funding reform to ensure all students in New York State have the opportunity to meet State learning standards.

Attachments

**Regents Proposal on State Aid
To School Districts for School Year 2007-08**

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Highlights of the Regents 2007-08 State Aid Proposal

The Regents Proposal

- Requests the resources and funding system needed to provide adequate resources through a State and local partnership so that all students have the opportunity to achieve State learning standards.
- Focuses increases in aid to those districts with the lowest fiscal capacity and the greatest concentration of pupils in need of extra help.

Foundation Aid

- Provides a more transparent approach to apportioning unrestricted State Aid among school districts.
- Consolidates approximately 30 existing formulas and grant programs.
- Is based on the cost of providing general education services in successful school districts throughout New York State.
- Reflects differences in school district pupil needs and regional costs.
- Provides predictability for all districts through a 2 percent due minimum.

District Foundation Aid per Pupil = [Foundation Cost X Pupil Need Index X Regional Cost Index] – Expected Local Contribution.

- *The Foundation Cost* is the cost of providing general education services, measured by determining instructional costs of districts that are performing well. Updated for the 2007-08 proposal.
- *The Pupil Needs Index* recognizes the added costs of providing extra time and extra help for students to succeed.
- *The Regional Cost Index* recognizes regional variations in purchasing power around the State, based on wages of non-school professionals. Updated for the 2007-08 proposal.
- *The Expected Local Contribution* is an amount districts are expected to spend as their fair share of the total cost of general education. Updated for the 2007-08 proposal.

Keep Funding for Specific Purposes Separate from Foundation Aid

- Limited English Proficiency Aid/ Bilingual Education Grants
- Universal Pre-kindergarten
- Special Education
- BOCES/Special Services
- Instructional Materials
- Building and Building Incentive

- Transportation
- Other miscellaneous aids and grants not serving as general purpose aid to all school districts

Strengthen Early Childhood Education

- Consolidate funding for pre-k and phase in universal access to pre-k for all four year olds over four years. Provide an increase of \$108 million in 2007-08.
- Provide planning grants of \$2.8 million in 2007-08 to phase in full-day kindergarten programs in all school districts over three years beginning in 2008-09.

Improve Support for Pupils with Disabilities

- Provide *Public Excess Cost Aid* on based on the foundation cost and costs in successful schools to make it more responsive to actual costs and to articulate it with Foundation Aid.
- Provide *Public Excess Cost Aid* save-harmless on a per pupil basis
- Level up aid for high cost students with disabilities to better correspond with *Private Excess Cost Aid*.

Other Proposals

- Give the Large Four city school districts authority to contract with BOCES for services including career education and technology services and enrich aid to the New York City school district for similar services.
- Consolidate *Textbook Aid* and *Software Aid* into a new Instructional Materials Aid and include as an allowable expense kits and other hands on manipulatives useful in instruction in mathematics and science and kindergarten.
- Increase *Library Materials Aid* from \$6 to \$10 per pupil to enable school libraries in high need communities to provide a comparable level of collections to their students as those in successful school districts.
- Simplify the calculation of the cost allowance for *Building Aid* for school construction.

Impact of the Regents Proposal

The following series of charts and tables illustrate the impact of the Regents proposal.

Exhibit A summarizes the increase the Regents recommend for school year 2007-08 for New York State school districts: \$1.695 billion in seven general aid categories. Of this, the Regents recommend that the Legislature and Governor appropriate a \$977 million increase for a new, simplified Foundation Aid to help school districts raise student achievement and accelerate gap closing.

Exhibit B shows the share of the increase for high need school districts versus all others under the Regents proposal compared with State Aid for the current school year. The Regents proposal would direct 80 percent of the increase to high need school districts compared with approximately 70 percent currently. This change would ensure all school districts have the resources needed to provide all students with an opportunity to meet State learning standards.

Exhibits C and D show the distribution of the Regents proposal in the first year (2007-08) and at full implementation for need-resource categories of school districts. For example, New York City would receive approximately 49 percent of the overall increase in 2007-08 and approximately 52 percent at full implementation.

Exhibit E shows the proposed distribution of computerized aid per pupil for school year 2007-08 compared with 2006-07 for school districts grouped by need-resource capacity category. The four high need school district categories would have the greatest increase under the Regents proposal while average and low need school districts would experience more modest increases.

Exhibit A. Regents State Aid Proposal

NEW YORK STATE

(all figures in millions)

Program	2006-07 School Year	2007-2008 Regents State Aid Proposal	Regents Proposal - Change from Base
General Purpose Aid	<u>\$10,641</u>	<u>\$11,852</u>	<u>\$1,211</u>
FLEX Aid/Foundation Aid	\$8,587 ^(a)	\$11,298	
Sound Basic Education Grant	\$700	\$0	
Supplemental Extraordinary Needs Aid	\$136	\$0	
All Other Programs	\$898	\$0	
Foundation Grant Subtotal	<u>\$10,321</u>	<u>\$11,298</u>	<u>\$977</u>
Limited English Proficiency Aid	\$21 ^(a)	\$149	\$128
Aid for Early Childhood Education	\$299 ^(b)	\$405	\$106
Support for Pupils with Disabilities	<u>\$2,780</u>	<u>\$2,976</u>	<u>\$196</u>
Public Excess Cost Aid	\$2,566	\$2,744	\$178
Private Excess Cost Aid	\$214	\$232	\$18
BOCES\Career and Technical Ed.	<u>\$728</u>	<u>\$854</u>	<u>\$126</u>
BOCES Aid	\$585	\$629	\$44
Special Services - Career Education Aid	\$104	\$179	\$75
Special Services - Computer Admin. Aid	\$39	\$46	\$7
Instructional Materials Aids	<u>\$250</u>	<u>\$261</u>	<u>\$11</u>
Instructional Materials Aid	\$231	\$233	\$2
Library Materials Aid	\$19	\$28	\$9
Expense-Based Aids	<u>\$2,998</u>	<u>\$3,154</u>	<u>\$156</u>
Building Aids	\$1,662	\$1,680	\$18
Transportation Aids	\$1,336	\$1,474	\$138
Computerized Aids Subtotal	<u>\$17,397</u>	<u>\$19,097</u>	<u>\$1,700</u>
All Other Aids	<u>\$345</u>	<u>\$340</u>	<u>(\$5)</u>
Full-Day Kindergarten Planning Grants	\$0	\$3	\$3
Other Programs	\$345	\$337	(\$8)
Grand Total	<u>\$17,742</u>	<u>\$19,437</u>	<u>\$1,695</u>

(a) The base year estimate for Limited English Proficiency reflects the fact that LEP Aid was consolidated into FLEX aid.

(b) The Regents proposal includes funds for targeted prekindergarten grants that were appropriated outside of General Support for Public Schools in 2006-07. They are included in the 2006-07 estimates for comparability.

Exhibit B. Regents State Aid Proposal First Year Impact

Share of Overall Increase for 2007-08

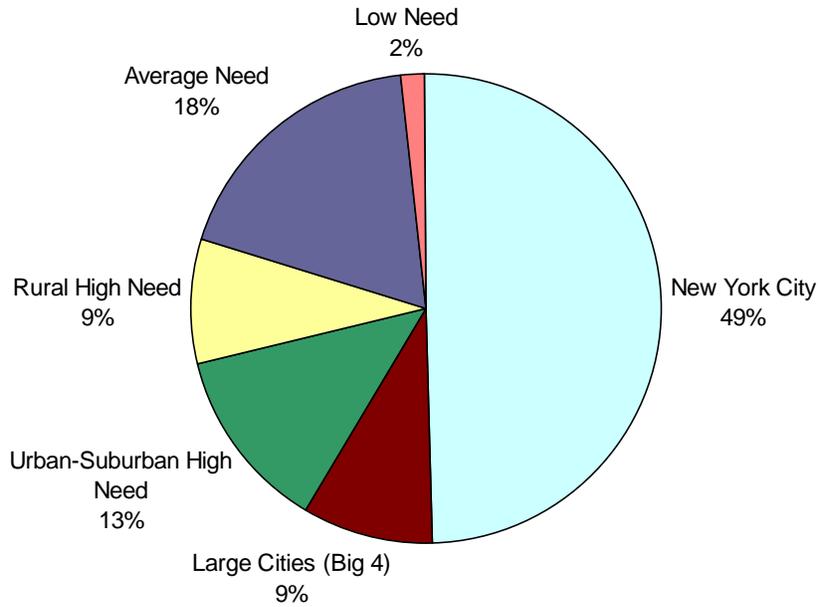


Exhibit C. Regents State Aid Proposal Fully Implemented

Share of Overall Increase for 2010-11

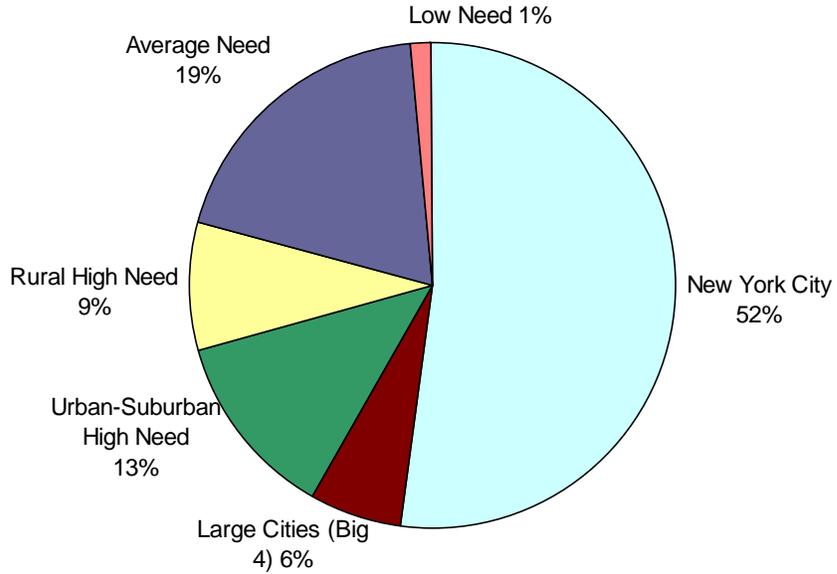


Exhibit D. Distribution of Computerized Aid per Enrolled Pupil

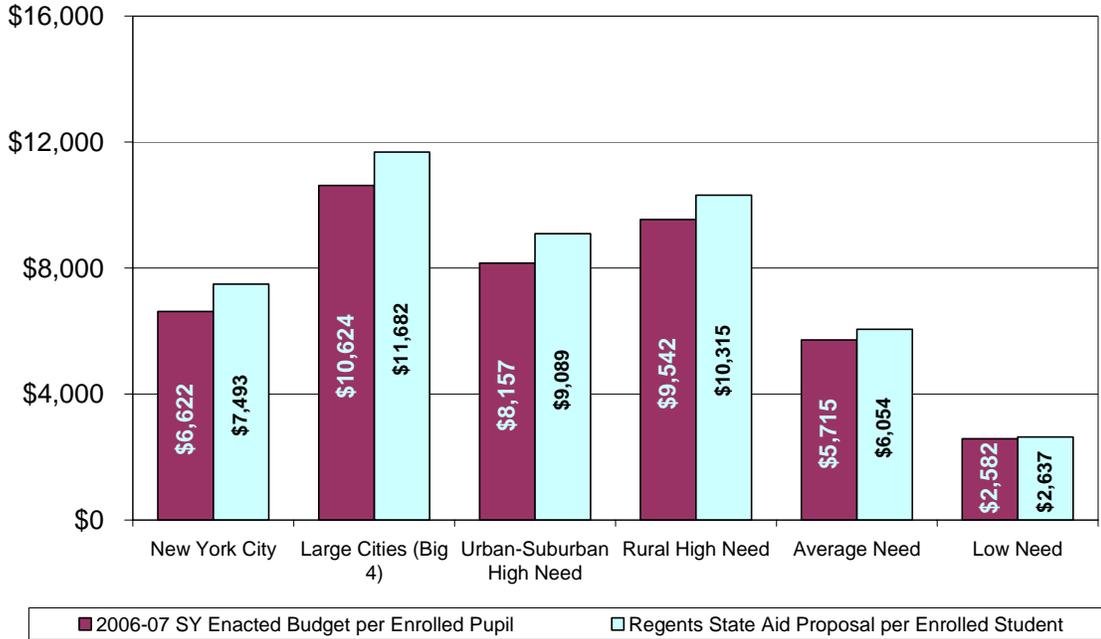
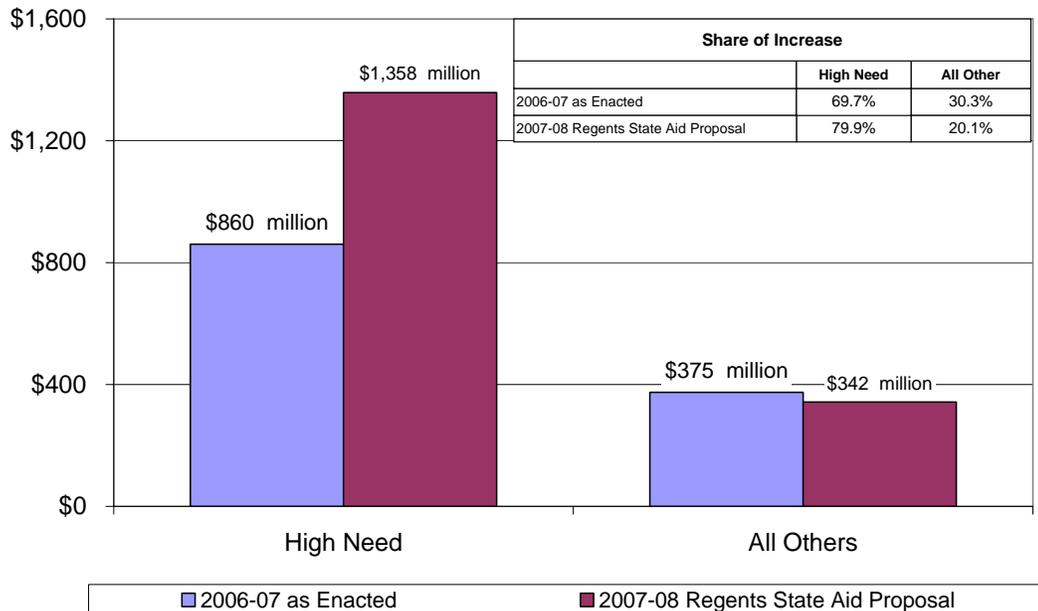


Exhibit E. Computerized State Aid Increases

How They Are Distributed



REGENTS PROPOSAL ON STATE AID FOR SCHOOL YEAR 2007-08

The Regents State Aid proposal for 2007-08 will request the resources and funding system needed to provide adequate resources through a State and local partnership so that all students have the opportunity to achieve State learning standards. This is the fourth year the Regents have refined and advanced a multi-year proposal recommending transition to a foundation program based on the costs of successful educational programs.

Statement of Need

This proposal pursues two Regents goals: to close the gap between actual and desired student achievement; and to ensure that public education resources are adequate and used by school districts effectively and efficiently.

The Regents Annual Report to the Legislature and Governor on the Educational Status of the State's Schools (Chapter 655 Report) cites numerous examples of improvement in student achievement since 1996 when the Regents began to raise standards for all grade levels and imposed graduation requirements aligned with the new standards. For example, the report notesⁱ:

- More eighth-graders are demonstrating that they have achieved the standards in mathematics.
- The percentage of Black and Hispanic fourth-graders demonstrating proficiency increased by about 20 percentage points in both mathematics and English.
- The percentage of graduates earning Regents diplomas increased from 42 to 57 percent.
- Even in large urban districts that serve the largest percentages of poor and minority students, more students are earning Regents diplomas.
- Between 1996–97 and 2003–04, the number of students scoring 55 or higher on the Regents English exam increased from 113,000 to 171,000.

While there have been many positive changes in the last 18 years since the Regents have reported on the educational progress of the State's schools, one disturbing aspect of the report has remained the same. The report continues to document a pattern of high student need, limited resources, and poor performance in many districts. Generally, these districts can be described as having high student needs relative to their capacity to raise revenues. These high need districts include the Big 5, 46 smaller districts with many of the characteristics of the Big 5, and 156 rural districts. Large gaps in performance exist between these high need districts and low-need districts, those which both serve children from more affluent families and have generous local resources to draw on.

The results of the 2004 middle-level mathematics assessment illustrate these performance gaps between high and low-need districts. There were significant improvements in total public school results and in results for each Need/Resource Capacity Category of school districts and for each racial/ethnic group. Nevertheless, the performance gap between low- and high need districts, such as New York City, remains.

- While the percentage of New York City students who are proficient in middle-level mathematics increased to 42 percent, almost twice as many students in low-need districts were proficient.

We can relate this contrast to the resources available to schools in each group:

- Let's look first at the proportion of middle-level mathematics teachers who are not appropriately certified: 18 percent in New York City compared with 3 percent in the high-performing low-need districts.
- In addition to having fewer qualified teachers than students in low-need districts, students in New York City attended school fewer days on average during the year: 161 compared with 172 days.

But the differences between New York City and the low-need districts do not stop there. The average expenditure per pupil in New York City was over \$2,000 less than that in low-need districts.

- \$12,896 per pupil in New York City compared with \$15,076 on average in low-need districts in 2002-03.
- The median teacher salary in New York City was \$54,476 compared with \$66,638 in low-need districts.

Similar relationships among performance, resources, and student need can be seen in comparisons between the performance of White students and that of Black and Hispanic students. White students were about twice as likely as Black or Hispanic students to be proficient in middle-level mathematics.

- 71 percent of White students met the middle-level mathematics standards.
- 33 percent of Black students and 37 percent of Hispanic students met those standards.

The majority of Black and Hispanic students attend high-minority schools; the majority of White students attend low-minority schools. One reason that students in low-minority schools are more successful is that they spend more time in school.

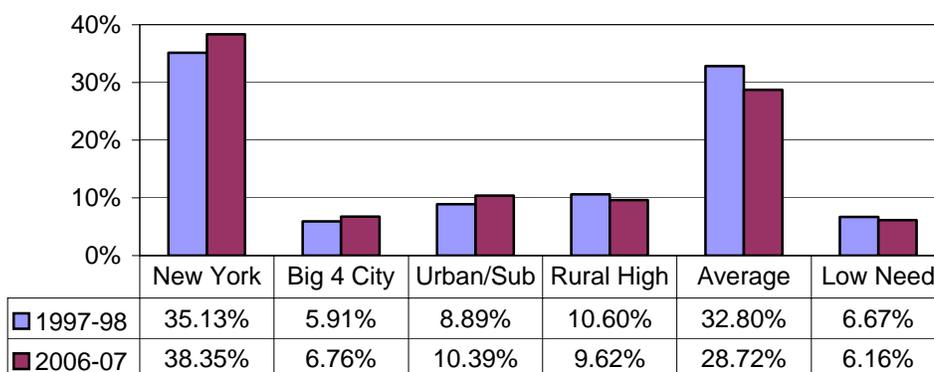
In addition, high-minority schools had a:

- Higher teacher turnover rate (26 vs. 15 percent); and
- Less experienced teachers (10 years vs. 12 years).

The significance of these gaps in performance and resources between high- and low-minority schools is heightened by the fact that, while overall public school enrollment decreased by nearly 3,000 students between Fall 1998 and Fall 2003, enrollment in high-minority schools increased by 47,000 students.

Figure 1 shows that the State Aid increase school districts have experienced has had a relatively small impact on the share of total State Aid that each district category receives. Despite increases to many high need school districts, the relative share of education revenues received by groups of high need city school districts has increased by approximately one to three percentage points over the past nine years. The relative share declined for high need rural school districts (almost one percentage point), average need school districts (approximately four percentage points), and for low-need school districts (about half a percentage point).

Figure 1. Share of Computerized Aids as Enacted



Four principles guide this Regents proposal.

Adequacy—Effective distribution across all districts will ensure adequate resources for acceptable student achievement.

Fairness—The funding system must be fair for students and taxpayers. State resources should be allocated on the basis of fiscal capacity, cost and student needs. The emphasis is placed on providing a set of inputs to educate students.

Accountability—The education system will measure outcomes and use those measures to ensure that financial resources are used effectively. As part of the Regents goal that education resources will be used or maintained in the public interest, the Regents employ a two-prong strategy. The Department will give greater flexibility to districts with acceptable student achievement and will work closely with districts not yet meeting State standards to ensure the most efficient and effective use of resources.

Balance—The State should balance stability in funding and targeting aid to close student achievement gaps. It should drive aid based on current needs, and use hold-harmless provisions that provide stability.

Enact a Foundation Program

The proposed *Foundation Aid* would consolidate approximately 30 existing aid programs and adjust the consolidated aid for regional cost differences and pupil needs. It would identify an expected local contribution for each school district, based on ability to pay. The foundation level is based on the cost of educating students in successful school districts. An expected local contribution is calculated based on each district's actual value per pupil, adjusted by income per pupil. State Aid is calculated as the foundation cost less the expected local contribution. The proposal would hold school districts harmless against loss for the group of aids combined into *Foundation Aid* and would be phased in over five years.

The foundation formula approach has several advantages. It sets aid independent of any decisions by districts on how much to spend. It also provides certainty to districts regarding how much funding they will receive. And, most significantly, it explicitly links school funding to the cost of educating children and drives dollars where they are most needed.

The foundation formula has four components:

- A foundation amount which assesses the cost of an adequate education;
- A regional cost index that measures relative purchasing power of regions around the State;
- A pupil needs index to assess the amount of pupil need in each district; and
- An expected local contribution to represent a fair local share from each district.

Two components of the foundation equation have been updated with more recent data.

The Regional Cost Index

In order to adjust for geographic variations in the cost of educational resources, the Regional Cost Index was generated following a methodology similar to one developed by Rothstein and Smithⁱⁱ for the state of Oregon. This involved the use of a statewide index based on median salaries in professional occupations that require similar credentials to that of positions in the education field. In particular, these titles represented categories for which employment at the entry level typically requires a bachelor's degree. The Regents original Regional Cost Index was based on 63 occupational titles. Fifty-nine titles were used for this edition of the Regional Cost Index. Education-related titles were excluded in order to ensure that this index be entirely a measure of labor market costs, and not be subject to the tastes or control of districts. Therefore, we sought to measure genuine labor market costs, not the results of districts' decisions to hire especially high-quality teachers, or to influence the index value in later years by choosing to pay more for staff. By basing the index on the wages earned in the labor market by non-educational professionals with

similar skills, we have created a measure of costs in the sector of the labor market in which districts compete for teachers and staff, in each region of the State. Since personnel salaries and benefits make up the vast majority of costs faced by school districts, the Regional Cost Index allows for an individual to compare the buying power of the educational dollar in different labor force regions of the State.

The Foundation Amount

The Regents propose a *Foundation Aid* program, with a foundation amount based on the average per pupil cost of general education instruction in successful school districts. Empirical estimates of the cost of an adequate education typically begin by investigating districts that are already achieving a desired state of academic performance; 465 districts were identified in the current update of the successful districts study. These districts had, on average, 80 percent or more of their students passing seven State examinations, two at the elementary level and five at the high school level, for three years in a row.

Special Education Funding

The Regents explored options for improving the funding of special education in a series of meetings around the State with educators and the public. Participants considered how funding can best support program goals of improved student achievement and education of students with disabilities in the least restrictive environment. Three options were discussed that provide special education funding separate from the foundation program and respond to policy concerns voiced at public forums on special education funding.

Current laws provide school districts State Aid to help meet the excess costs of educating students with disabilities--that is, districts receive *Operating Aid* for each student including those with disabilities, and, in addition, *Excess Cost Aid* for those costs that are above and beyond the costs of a non-disabled student. In addition, the laws provide:

- That *Excess Cost Aid* varies with differences in school district wealth and requires a substantial local contribution;
- That *Excess Cost Aid* is based on the average spending on all students in the district but provide more aid for higher levels of service to students with disabilities;
- A substantial minimum aid, regardless of wealth;
- Extra aid for high-cost students and students integrated with their nondisabled peers; and
- Aid for students with disabilities placed in approved nonpublic special education schools.

The proposed approach maintains a separate special education funding stream based on a count of students with disabilities. It aligns that funding with the Regents proposal for foundation aid for general education instruction.

The general direction of the proposal is this: Calculate the foundation amount for general education students (e.g., General Education Foundation Cost x Pupil Needs Index x Regional Cost Index). This would be divided into an expected local contribution and State Aid to provide support for general education instruction, as it was proposed in the 2004-05, 2005-06 and 2006-07 Regents State Aid proposals.

For *Public Excess Cost Aid*, that same foundation amount would be multiplied by a single weighting for all classified students with disabilities to determine an expense upon which to base excess cost aid per pupil. Thus, each student with a disability would generate operating aid based on a portion of the general education foundation amount and, separately, excess cost aid based on a portion of the special education weighted general education foundation amount. The *Excess Cost Aid* would be tied to the cost of education in successful districts by basing it on the foundation amount from our updated successful school district study. *High-Cost Aid* and *Private Excess Cost Aid* would be continued separately. The Regents recommend current-year aid for new high-cost students with disabilities.

The following is an example of this proposal in a hypothetical school district. The amounts used are made up and are intended to illustrate how the formula might work and not its specific details.

Foundation Aid. Calculate the foundation amount for general education students (e.g., \$1,000 x Pupil Needs Index x Regional Cost Index or for example a district with moderate pupil needs and moderate costs, $\$1,000 \times 1.5 \times 1.2 = \$1,800/\text{pupil}$). Divide this into State Aid and an expected local contribution to provide State support for general education instruction. For this hypothetical school district, assume the expected local contribution was \$1,000 per pupil and State Aid was \$800 per pupil.

Excess Cost Aid. Take the same foundation amount (\$1,800/pupil) multiplied by a single weighting for all classified students with disabilities to determine excess cost expense per pupil. (For example, $\$1,800 \times 1.1 = \$1,980$ of excess cost expense per special education pupil.) A State and local share of this expense can then be calculated. Thus, each student with a disability would generate *Foundation Aid* and *Excess Cost Aid*.

Regional Services for the Big Five City School Districts

This proposal recommends that the existing practice of excluding large city school districts from accessing BOCES services be discontinued. It recommends that the Big Four city school districts (Yonkers, Rochester, Syracuse and Buffalo) be given the authority to contract with neighboring BOCES for services in critical service areas that are strong in BOCES and weak in the city district.

A program should be established authorizing the Big Four city school districts to participate in BOCES and purchase services from BOCES. A corresponding increase in aid should

be provided to the New York City school district to allow it to fund similar programs within the city district without BOCES. Such regional services can include:

- Arts and cultural programs for students;
- Career and technical programs for students;
- Alternative education for students, including those who are in secure and non-secure detention centers within the city boundaries;
- Staff development as part of a district required professional development plan and annual professional performance review;
- Technology services provided through BOCES;
- Regional teacher certification; and
- For the 2007-08 school year, planning and development activities necessary to implement these programs in the following school year.

Funding Early Childhood Education

The Benefits of Quality Early Childhood Education

The use of pre-kindergarten as a cornerstone program to building strong statewide early childhood programs is a high priority for the Board of Regents and school districts. It is a well-researched and effective educational strategy for closing the achievement gap. Research has shown that children who participate in quality pre-kindergarten programs have less need for special education and remediation throughout schooling and earn more and are incarcerated less in adulthood. The investment in pre-kindergarten is a cost-effective strategy that pays dividends to society and to the children who participate. The New York State Governor and Legislature made the decision to move toward the provision of universal pre-kindergarten education in 1997.

While much of the focus on strengthening early childhood has concerned the education of three and four-year olds, the provision of full-day programs to kindergarten pupils is also a statewide policy concern. Estimates are that approximately 20,000 students are in half-day programs and 14,000 pupils are not enrolled in full-day kindergarten. If quality early childhood education is to be successful, its provision must continue beyond pre-kindergarten, into full-day kindergarten and successfully transition students into quality elementary school programs.

The Regents Goal

The Regents recommend that all young children have access to quality early childhood programs from age three on and that the Governor and Legislature continue to phase in State support for such programs.

Regents Policy

In January 2006, the Regents adopted a policy on early childhood education. It recommends:

- Statutory authorization for voluntary, statewide universal pre-kindergarten for three- and four-year olds.
- Local education agencies continued collaboration with community-based programs as required by current law.
- Combined funding streams for universal pre-kindergarten, targeted pre-kindergarten and supplemental pre-kindergarten programs.
- A consistent funding stream for universal pre-kindergarten through a foundation State Aid approach similar to the Regents proposal for funding kindergarten through grade 12.

Funding Issues

The Governor and Legislature must ensure that the program is available to all districts and three and four-year-olds. For pre-kindergarten to become an integral part of a pre-kindergarten through grade 12 public school system, action regarding the funding mechanism is as important as the level of funding. The Regents have grappled with two important issues.

First, there is a need to streamline and focus funding to make the most of public resources. The Targeted Pre-K program has been implemented as an experimental grant program for decades. In 1997, the Governor and Legislature added a second grant program known as Universal Pre-kindergarten. In 2006, the Governor and Legislature added a third grant program in addition to the first two. Now with three separate grant programs, each with their own funding components and distribution, the Regents recognize that the grant process, although it has been a successful way to phase in the program, may not be the most effective way to sustain the program for the future.

Second, how should the Governor and Legislature phase in quality early childhood education from age three on? Specifically, the Regents considered whether to phase in this program as a program targeted to at-risk children or to all children. Programs designed to serve all children ensure access. Research shows that targeted programs do not close the achievement gap as at-risk children cross many socio-economic groups (Garcia, 2005). Programs targeted for at-risk students are also more likely to be frozen, cut or eliminated. Another disadvantage is that programs targeted for at-risk children often lack the participation of other children that may be crucial to the educational process.

The advantage of phasing in quality early childhood education for all students regardless of risk status is that the program will have the support and participation of all. The disadvantage is that programs for all are more costly. Further Regents discussion of these and other policy issues is planned to occur in the near future.

Regents Recommendations for 2007-08

The Regents goal is to make funding available to allow school districts to adopt programs to make pre-kindergarten programs universally available. The Regents recommend that funding for early childhood education be streamlined into one funding stream and that the distribution of funding be equalized on the basis of school district fiscal capacity and the level of student need. Funding for early childhood education should be separate from but aligned with funding for kindergarten through grade 12. Funding for pre-kindergarten through grade 12 should provide school districts with the resources needed to give all students the opportunity to meet State learning standards.

Pending further discussion of outstanding policy issues by the Regents, funding should be phased in over time to provide *Early Childhood Foundation Aid* for all three- and four-year olds. In addition, the Regents recommend that aid for instructional materials be revised to allow aid for those that promote early learning, as provided for in the following section.

To address the need for full-day kindergarten programs, the Regents recommend planning grants for the additional classrooms needed. Beginning in 2008-09, the Regents will advance recommendations to phase in the funding for all kindergarteners to participate in full-day programs over a three-year period.

Provide Flexibility in Aid for Instructional Materials

Although the Governor and Legislature have provided support for instructional materials in the form of *Textbook Aid* and *Software Aid*, changes in education suggest the need for commensurate changes in State Aid.

First, instructional materials are increasingly available electronically so *Textbook Aid* was recently amended to allow textbooks in electronic format to be eligible for aid. This change blurs the distinction between *Textbook Aid* and *Software Aid*.

Second, schools throughout the State are designing science and mathematics curricula to provide an inquiry-centered instructional approach that involves the use of relevant equipment, professional materials, supplies and science kits or mathematics manipulatives, rather than textbooks. Such experiential learning has helped students master State standards and has supported State and national efforts to strengthen student preparation in mathematics and science.

Textbooks may not be the most appropriate instructional materials for kindergarteners. Instead of textbooks, early childhood educators use developmentally appropriate educational games and hands-on manipulatives that promote early literacy, numeracy, scientific inquiry, and social learning.

The Regents recommend that the Governor and Legislature consolidate *Textbook Aid* and *Software Aid* into a new *Instructional Materials Aid*. The definition of eligible instructional materials should include equipment, materials, supplies, kits and other manipulatives used

in the instruction of K-12 mathematics and science, and for kindergarten only, educationally-based materials such as developmentally appropriate games and hands-on manipulatives that promote early learning.

Increase Library Materials Aid to Close the Gap in Student Achievement

The Benefits of Strong School Library Collections

The impact of school libraries with strong print collections on raising student performance levels is well researched. Studies of more than 3,300 schools across the country demonstrate that, while there are many characteristics that define a strong school library, the number of books per student is one very significant factor. ⁱⁱⁱ

Additional research has found that access to educational resources outside of school varies considerably by socio-economic background and contributes to lasting achievement differences of children.^{iv} Some of these studies focused on the access of children to library books and found “dramatic disparities in three communities, ranging from high to low income.”^v The high income community had significantly more library books for children to interact with.

High-performing schools have school libraries with significantly more resources per student than low-performing schools. The investment in school library materials is a cost-effective strategy for addressing the persistent pattern of high student need, limited resources, and poor performance in many districts.

New York State School Library Funding Issues

The State funds school library collections in part with *Library Materials Aid* which has been \$6.00 per pupil since 1998, despite a 30 percent increase in the cost of the average library book since 1999 to \$21.60. Currently, school districts in New York State spend^{vi} on average approximately \$13 per pupil on school library materials. However individual district expenditures vary greatly, with high need districts spending the least. Successful school districts, identified for the development of the Regents State Aid Foundation Proposal, which have an average of 80 percent of their students passing seven State tests over three years, spend on average \$17 per pupil for school library materials. Large gaps in performance between high need and low-need districts are well documented^{vii}. The result is that students who would most benefit from a strong school library with adequate collections are the least likely to have access to such resources.

The recent Court of Appeals decision in the Campaign for Fiscal Equity case regarding State funding of public schools determined adequate school libraries to be part of a “sound, basic education.” The Court urged the Governor and Legislature to provide funding for up-to-date school libraries as one important means of achieving equitable access to a basic education for students in low-income communities.

The Regents have made closing the gap in achievement a priority. The Governor and Legislature must ensure that youngsters in high need districts, which are most dependent upon *Library Materials Aid*, have access to school libraries with adequate collections.

Funding Recommendation

The Regents recommend that *Library Materials Aid* be increased to enable school libraries in high need communities to provide a comparable level of collections to their students as those in successful school districts.

Enact a Simplified Cost Allowance for State *Building Aid*

The Regents recommend that the Governor and Legislature simplify the maximum cost allowance formula for *State Building Aid*. The law sets a reasonable cost ceiling for all capital projects. However, the current system is an overly complex and inefficient process that, in some cases, forces a district to compromise the desired educational goal in order to achieve maximum reimbursement. The Regents propose that the State calculate a cost allowance based on a certain allotment of space and cost per enrolled pupil, according to the following formula:

Cost Allowance = Projected Pupil Enrollment x Allowed Square Feet

Per Pupil x Allowed Cost per Square Foot x Regional Cost Factor

The current New York State Labor Department Cost Index would be used to update allowable costs on a monthly basis. Unlike the Regents Regional Cost Index proposed for *Foundation Aid*, which is fundamentally a professional wage index, the New York State Labor Department cost index is based solely on the wages of three major occupational titles critical to the building industry. A simplified formula would offer greater educational flexibility, ease of understanding and transparency.

Strengthen Accountability for the Use of Funds

Since 1996 when State learning standards were implemented, the number of high school graduates has increased by more than 16,000 students. During that time, school expenditures have increased by more than 60 percent. How do we know if resources are well spent? How can we accelerate the progress that is occurring?

The New York State Education Department has developed a school accountability system which is a nationally recognized model for student performance accountability. Approximately 70 percent of New York State schools are making adequate yearly progress. The other 30 percent of schools need varying levels of support and assistance to close the gaps. These low-performing schools are the focus of intensive State efforts.

As schools have improved or closed, the system has resulted in fewer schools identified for improvement. The progress that has occurred can be accelerated and improved with more

State oversight, support for school-by-school reform and tools that process student achievement data and school district claims for aid and help school districts monitor their financial condition. The Technical Supplement describes the current accountability system and the details for making a good system an excellent one. The Regents have requested the funds to implement the proposals that follow as part of the Department's budget request.

**Regents Proposal on State Aid
To School Districts for 2007-08
TECHNICAL SUPPLEMENT**

1. Accountability for Student Success
2. Need/Resource Capacity Definitions
3. High Need School Districts 2006-07 School Year
4. Aids and Grants to be Consolidated Under the Regents Proposal
5. Formula Components
6. Update to Successful School District Study
7. Assessing an Adequate Education
8. Update to the Regents Regional Cost Index
9. Summary of Aids and Grants as Requested in the 2007-08 Regents State Aid Proposal
10. Analysis of Aid Changes Under the 2007-08 Regents State Aid Proposal

Accountability for Student Success

The Current System

New York State's public reporting and accountability system establishes a framework that recognizes the dual responsibility of local districts and the State to ensure that public dollars are spent effectively to provide all students the opportunity for a sound basic education. New York's public reporting and accountability system is comprehensive, rigorous and successful. The system has resulted, for example, in improvements in English language arts and mathematics achievement since 1999 and in a decline of the number of extremely low-performing schools in the State. In 2005-06, 84 percent of New York State schools were in good standing under the accountability system. The system responsible for this progress identifies low-performing schools and districts and imposes a series of graduated actions at the local level and interventions at the State level to improve student achievement. Where results do not improve, consequences follow.

The Commissioner determines annually whether every public school and district is making Adequate Yearly Progress (AYP) in English language arts, mathematics, elementary-middle level science and graduation rates. When a school fails to make AYP for two consecutive years on the same accountability measure, the school is identified as a School Requiring Academic Progress (SRAP) and, if the school receives Title I, Part A funds, as a School in Need of Improvement (SINI). Among other things, these schools must develop a two-year school improvement plan that is annually updated. In addition, all schools in improvement status under Title 1 are required to offer parents the option to transfer their children to other public schools within the district. If a school is not identified as requiring academic progress or as in need of improvement but fails to achieve the State standards in English language arts or mathematics, the district must develop a Local Assistance Plan for the school.

Once the Commissioner identifies schools as needing improvement, a series of increasingly rigorous sanctions is triggered. In each subsequent year that the school does not make AYP on the accountability measure for which it was identified, it advances to the next accountability level. Schools in need of improvement that subsequently fail to make AYP in their area(s) of identification must offer eligible students supplemental educational services. School districts are required to initiate one of several corrective actions for schools that fail for two years subsequent to identification to make AYP in their area(s) of identification. The Commissioner requires the district to restructure or close schools that have failed to make AYP for four years following identification.

The Commissioner also identifies for registration review schools that are farthest from State standards and most in need of improvement. Once identified for registration review, the Commissioner assigns the school performance targets that it is expected to achieve within a specified time or risk having its registration revoked. After being placed under registration review, the school is visited by an external team that audits planning, resources and

programs. The school uses the report of the external team to develop a comprehensive education plan, and the district uses this report to develop a corrective action plan.

Local school districts, regional school support centers, distinguished educators, and SED staff provide schools that are identified for improvement with additional assistance and support. In general, the State Education Department itself focuses its efforts on Schools Under Registration Review (“SURR schools”). Regional school support centers and distinguished educators provide critical support to schools designated as SURR and SINI.

In addition to individual school accountability, the State Education Department is also responsible for determining whether each school district achieves AYP. As in the case of schools, school districts that fail to make AYP for two consecutive years are designated as Districts In Need of Improvement (DINI) and must develop district-wide improvement plans. Pursuant to the NCLB, the Commissioner must take corrective action against a district that receives Title I funds if it fails to make AYP for two years after being designated as needing improvement.

As part of the Department’s process of determining the performance status of schools and school districts, the Commissioner began, after the 2003-04 school year, to designate schools and districts that meet specific criteria as high-performing. Starting with the 2004-05 school year, certain schools and districts were designated as rapidly improving.

Strengthening Accountability

The Regents have advanced a budget request to strengthen accountability. Its goals are to accelerate progress in increasing high school completions, eliminate the student achievement gap and ensure that resources are well spent. The State should:

- Engage schools in efforts to increase graduation rates;
- Hold schools accountable through monitoring, oversight and audits
- Improve tools for school oversight; and
- Prevent fraud, waste and abuse of school resources;

Increase Graduation Rates

- **Increase student performance growth with academic intervention teams and distinguished educators (\$13 million, first year; \$39 million full implementation).**

The Commissioner will assign an academic intervention team to each school and district in the State that is identified for corrective action. The purpose of the intervention teams is to build capacity of local educational agencies to successfully undertake corrective actions that result in improved student achievement consistent

with State standards. Teams made up of administrators and content experts will provide targeted technical assistance in at-risk schools.

Hold Schools Accountable

- **Provide program staff to meet monitoring requirements for federal and State funding and to drive improvement (\$3.1 million).**

In May 2006, U.S. Education Secretary Spellings issued a policy letter expressing concern that state education agencies are not sufficiently monitoring schools to ensure compliance with Supplemental Education Services (SES) and School Choice requirements of the No Child Left Behind Act. This policy letter followed federal audit exceptions concerning Title I funds. The federal government expects states to significantly increase their monitoring of schools to ensure both fiscal and program compliance. In order to meet new federal program monitoring expectations and ensure the flow of federal education funds, the SED will need to increase staff to conduct on-site program and fiscal monitoring of schools each year. This in turn will leverage State funding in support of school improvement.

Improving Tools for School Oversight

- **Develop an Early Warning System to prevent fiscal stress (\$300,000 first year; \$2.7 million full implementation).**

An *Early Warning System* will help the public to know their school's financial status, will help school boards engage in long-range financial planning and will allow State Education Department staff to anticipate and help prevent school district fiscal stress.

- **Develop a State Aid Management System to streamline school funding (\$5 million, first year; \$15 million full implementation).**

The development of a unified State Aid Management System will address shortcomings of the current system by providing: a single point of access to State Aid data; the means for enabling the Department to collect information from school districts across the State more effectively; the capability to analyze districts' fiscal needs; a streamlined method for distributing funds to school districts; and modeling capability during the annual State budget process to inform and assist the Executive and the State Legislature as they address State education funding.

Prevent Fraud, Waste and Abuse

- **Assist school district officials with implementing internal controls to prevent fraud, waste and abuse of district resources (\$1.0 million).**

Additional staff are requested to provide expert support and monitoring for fiscally stressed school districts. They will help the State ensure that fiscally stressed

school districts implement a plan to restore themselves to sound financial condition, that districts maximize revenues they are entitled to, and that they use resources in a manner to maximize student achievement gains. Staff will also ensure that school districts have in place procedures that comply with laws concerning the fiscal oversight of school districts.

■ **Provide audit staff to help ensure resources are used effectively and that data are accurate and reliable (\$2.6 million).**

The Department will use a risk-based system to focus additional audits on districts with indicators of poor student performance and fiscal stress, or those where concerns have been expressed. Such audits will complement audits conducted by the Office of the State Comptroller of school districts, BOCES and charter schools. In addition, some of the audit resources will be devoted to conducting random audits of school districts that have no known problems or issues. Audits will assess the adequacy of the school district's management and focus on seven key areas: governance and planning, accounting and reporting, revenue and cash management, purchasing and expenditures, facilities and equipment, student services, and student-related data.

Resources requested to strengthen school accountability will be presented in the State Education Department's budget request, rather than in the Regents State Aid proposal. Requested resources are \$25 million in 2007-08, \$25.6 million in 2008-09, \$26.2 million in 2009-10. Over these three years, the total of \$76.8 million will provide the tools and oversight to substantially strengthen school accountability in New York State.

Need/Resource Capacity Category Definitions

The need/resource capacity index, a measure of a district's ability to meet the needs of its students with local resources, is the ratio of the estimated poverty percentage¹ (expressed in standard score form) to the Combined Wealth Ratio² (expressed in standard score form). A district with both estimated poverty and Combined Wealth Ratio equal to the State average would have a need/resource capacity index of 1.0. Need/Resource Capacity (N/RC) categories are determined from this index using the definitions in the table below.

Need/Resource Capacity Category	Definition
High N/RC Districts	
New York City	New York City
Large City Districts	Buffalo, Rochester, Syracuse, Yonkers
Urban-Suburban	All districts at or above the 70th percentile (1.188) which meet one of the following conditions: 1) at least 100 students per square mile; or 2) have an enrollment greater than 2,500 and more than 50 students per square mile.
Rural	All districts at or above the 70th percentile (1.188) which meet one of two conditions: 1) fewer than 50 students per square mile; or 2) fewer than 100 students per square mile and an enrollment of less than 2,500.
Average N/RC Districts	All districts between the 20th (0.7706) and 70th (1.188) percentile on the index.
Low N/RC Districts	All districts below the 20th percentile (0.7706) on the index.

¹ **Estimated Poverty Percentage:** A weighted average of the 2000-01 and 2001-02 kindergarten through grade 6 free-and-reduced-price-lunch percentage and the 2000 Census poverty percentage. (An average was used to mitigate errors in each measure.) The result is a measure that approximates the percentage of children eligible for free- or reduced-price lunches.

² **Combined Wealth Ratio:** The ratio of district wealth per pupil to State average wealth per pupil, used for 2000-01 aid.

**High Need School Districts
2006-07 School Year**

Albany County

010100	ALBANY
010500	COHOES
011200	WATERVLIET

Allegany County

020601	ANDOVER
020702	GENESEE VALLEY
020801	BELFAST
021102	CANASERAGA
021601	FRIENDSHIP
022001	FILLMORE
022101	WHITESVILLE
022302	CUBA-RUSHFORD
022401	SCIO
022601	WELLSVILLE
022902	BOLIVAR-RICHBG

Broome County

030200	BINGHAMTON
030501	HARPURSVILLE
031301	DEPOSIT
031401	WHITNEY POINT
031502	JOHNSON CITY

Cattaraugus County

041101	FRANKLINVILLE
041401	HINSDALE
042302	CATTARAUGUS-LI
042400	OLEAN
042801	GOWANDA
043001	RANDOLPH
043200	SALAMANCA
043501	YORKSHIRE-PIONE

Chautauqua County

060401	CASSADAGA VALL
060601	PINE VALLEY

060701	CLYMER
060800	DUNKIRK
061501	SILVER CREEK
061503	FORESTVILLE
061700	JAMESTOWN
062301	BROCTON
062401	RIPLEY
062601	SHERMAN
062901	WESTFIELD

Chemung County

070600	ELMIRA
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Chenango County

080101	AFTON
080601	GREENE
081003	UNADILLA
081200	NORWICH
081401	GRGETWN-SO-OTS
081501	OXFORD
082001	SHERBURNE-EARL

Clinton County

090201	AUSABLE VALLEY
090301	BEEKMANTOWN
090901	NORTHRN ADIRON
091200	PLATTSBURGH

Columbia County

101300	HUDSON
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Cortland County

110101	CINCINNATUS
110200	CORTLAND
110304	MCGRAW
110901	MARATHON

Delaware County

120401	CHARLOTTE VALL
120701	FRANKLIN
120906	HANCOCK

121401	MARGARETVILLE
121601	SIDNEY
121701	STAMFORD
121702	S. KORTRIGHT
121901	WALTON
Dutchess County	
130200	BEACON
131500	POUGHKEEPSIE
Erie County	
140600	BUFFALO
141800	LACKAWANNA
Essex County	
150203	CROWN POINT
150901	MORIAH
151501	TICONDEROGA
Franklin County	
160801	CHATEAUGAY
161201	SALMON RIVER
161501	MALONE
161601	BRUSHTON MOIRA
161801	ST REGIS FALLS
Fulton County	
170500	GLOVERSVILLE
170600	JOHNSTOWN
171001	OPPENHEIM EPHR
Genesee County	
180300	BATAVIA
Greene County	
190401	CATSKILL
Herkimer County	
210302	WEST CANADA VA
210501	ILION
210502	MOHAWK
210601	HERKIMER
210800	LITTLE FALLS
211003	DOLGEVILLE
211103	POLAND
211701	VAN HORNSVILLE
212001	BRIDGEWATER-W
Jefferson County	
220301	INDIAN RIVER
220909	BELLEVILLE-HEN
221301	LYME
221401	LA FARGEVILLE
222000	WATERTOWN
222201	CARTHAGE

Lewis County	
230201	COPENHAGEN
230901	LOWVILLE
231101	SOUTH LEWIS
Livingston County	
240901	MOUNT MORRIS
241101	DALTON-NUNDA
Madison County	
250109	BROOKFIELD
250301	DE RUYTER
250401	MORRISVILLE EA
251501	STOCKBRIDGE VA
Monroe County	
261600	ROCHESTER
Montgomery County	
270100	AMSTERDAM
270301	CANAJOHARIE
270701	FORT PLAIN
271102	ST JOHNSVILLE
Nassau County	
280201	HEMPSTEAD
280208	ROOSEVELT
280209	FREEPORT
280401	WESTBURY
New York City	
300000	NEW YORK CITY
Niagara County	
400800	NIAGARA FALLS
Oneida County	
410401	ADIRONDACK
410601	CAMDEN
411800	ROME
412300	UTICA
Onondaga County	
421800	SYRACUSE
Ontario County	
430700	GENEVA
Orange County	
441000	MIDDLETOWN
441202	KIRYAS JOEL
441600	NEWBURGH
441800	PORT JERVIS

Orleans County

450101 ALBION
450801 MEDINA

Oswego County

460102 ALTMAR PARISH
460500 FULTON
460701 HANNIBAL
461801 PULASKI
461901 SANDY CREEK

Otsego County

470202 GLBTSVILLE-MT U
470501 EDMESTON
470801 LAURENS
470901 SCHENEVUS
471101 MILFORD
471201 MORRIS
471601 OTEGO-UNADILLA
472001 RICHFIELD SPRI
472202 CHERRY VLY-SPR
472506 WORCESTER

Rensselaer County

490601 LANSINGBURGH
491200 RENSSELAER
491700 TROY

Rockland County

500402 EAST RAMAPO

St. Lawrence County

510101 BRASHER FALLS
510401 CLIFTON FINE
511101 GOUVERNEUR
511201 HAMMOND
511301 HERMON DEKALB
511602 LISBON
511901 MADRID WADDING
512001 MASSENA
512101 MORRISTOWN
512201 NORWOOD NORFOL
512300 OGDENSBURG
512404 HEUVELTON
512501 PARISHVILLE
513102 EDWARDS-KNOX

Schenectady County

530600 SCHENECTADY

Schoharie County

540901 JEFFERSON
541001 MIDDLEBURGH

541401	SHARON SPRINGS
Schuyler County	
550101	ODESSA MONTOUR
Seneca County	
560501	SOUTH SENECA
561006	WATERLOO CENT
Steuben County	
570101	ADDISON
570201	AVOCA
570302	BATH
570401	BRADFORD
570603	CAMPBELL-SAVON
571502	CANISTEO-GREEN
571800	HORNELL
572301	PRATTSBURG
572702	JASPER-TRPSBRG
Suffolk County	
580105	COPIAGUE
580106	AMITYVILLE
580109	WYANDANCH
580232	WILLIAM FLOYD
580512	BRENTWOOD
580513	CENTRAL ISLIP
Sullivan County	
590501	FALLSBURGH
590901	LIBERTY
591302	LIVINGSTON MAN
591401	MONTICELLO
Tioga County	
600101	WAVERLY
600903	TIOGA
Tompkins County	
610901	NEWFIELD
Ulster County	
620600	KINGSTON
622002	ELLENVILLE
Warren County	
630918	GLENS FALLS CO
631201	WARRENSBURG
Washington County	
640601	FORT EDWARD
640701	GRANVILLE
641301	HUDSON FALLS

Wayne County

650101	NEWARK
650301	CLYDE-SAVANNAH
650501	LYONS
651201	SODUS
651501	N. ROSE-WOLCOT
651503	RED CREEK

Westchester County

660900	MOUNT VERNON
661500	PEEKSKILL
661904	PORT CHESTER
662300	YONKERS

Yates County

680801	DUNDEE
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Aids and Grants to be Consolidated and Other Aids
Under the Regents Proposal
on State Aid to School Districts
for School Year 2007-08

**Aids and Grants Replaced by the
Proposed Regents Foundation Formula**

2006-07 Aids and Grants

Computerized Aids

Comprehensive Operating Aid
Computer Hardware Aid
Early Grade Class Size Reduction
Educationally Related Support Services Aid
Enrollment Adjustment Aid
Extraordinary Needs Aid
Flex Aid
Gifted and Talented Aid
High Tax Aid
Minor Maintenance and Repair Aid
Operating Aid
Operating Growth Aid
Operating Standards Aid
Operating Reorganization Incentive Aid
Small City Aid
Sound Basic Education Aid
Summer School Aid
Supplemental Extraordinary Needs Aid
Tax Effort Aid
Tax Equalization Aid
Tax Limitation Aid
Teacher Support Aid
Transition Adjustment/Adj. Factor

Other Aids and Grants

Categorical Reading Programs
CVEEB
Fort Drum Aid
Improving Pupil Performance Grants
Magnet Schools Aid
Shared Services Savings Incentive
Tuition Adjustment Aid
Urban-Suburban Transfer Aid

Regents Proposal for 2007-08



Foundation
Aid

Other Aids Separate from Foundation Aid

Other Aids and Grants

Bilingual Education Grants
BOCES Aid
BOCES Spec Act, <8, Contract Aid
Building Aid
Building Reorganization Incentive Aid
Computer Software Aid/Textbook Aid
Bus Driver Safety Training Grants
Chargebacks
Division for Youth Transportation
Education of OMH/OMR
Education of Homeless Youth
Employment Preparation Education Aid
Engineers of the Future
Fiscal Stabilization Grants
Full Day Kindergarten Conversion Aid
Full Day Kindergarten Planning Grants
Incarcerated Youth
Institutes of Mathematics and Science
Learning Technology Grants
Library Materials Aid
Limited English Proficiency Aid
Native American Education
Native American Building Aid
Prior Year Adjustments
Private Excess Cost Aid
Public Excess Cost Aid
Roosevelt
Special Act Districts Aid
Special Services – Career Education
Special Services – Computer Administration
Student Health Services
Teacher Centers
Teacher-Mentor Intern
Teachers of Tomorrow Grants
Transportation Aid
Universal Pre-Kindergarten Aid

2007-08 Regents Proposal

Formula Components

Foundation Aid

Foundation: Foundation Operating Aid is the greater of \$500 or Formula Foundation Aid multiplied by Selected Total Aidable Pupil Units (TAPU). The Foundation Aid is the product of \$5,258, the Regional Cost Index (see explanation following) and a Pupil Need Index, less the Expected Local Contribution. The Pupil Needs Index, which ranges from 1.0 to 2.0, is the sum of 1.0 plus the product of the Extraordinary Needs percent (changed to exclude a Limited English Proficiency count) multiplied by the concentration factor. The concentration factor (maximum of 85.5 percent) is $42.75 \text{ percent} + (42.75 \text{ percent} \times [(\text{EN percent} - 10 \text{ percent})/70 \text{ percent}])$. The Expected Local Contribution is the product of 0.013 multiplied by the Alternate Pupil Wealth Ratio multiplied by the Selected Actual Value (AV) per 2005-06 TWPU. Selected AV is the lesser of the 2004 AV or the average of 2003 AV and 2004 AV. Selected TAPU, Total Wealth Pupil Units (TWPU), and TAPU for Expense have been changed to be based on average daily membership (instead of average daily attendance), eliminate the 0.25 additional weightings for Pupils with Special Educational Needs and secondary pupils and continue the 0.12 weighting for summer school pupils (in TAPU). TWPU excludes weightings for students with disabilities. TAPU for Expense applies a single 1.41 weighting for students with disabilities. Aid for New York City is on a citywide basis. Resident Weighted Average Daily Attendance (RWADA) is used only for Building Aid.

The following aids and grants are eliminated, as well as four aids and grants that do not appear on the computerized aid estimates, Tuition Adjustment Aid, Urban-Suburban Transfer Aid, County Vocational Education Extension Board (CVEEB) and Shared Services Savings Incentive:

- Categorical Reading Programs
- Comprehensive Operating Aid
- Computer Hardware Aid
- Early Grade Class Size Reduction
- Educationally Related Support Services Aid
- Enrollment Adjustment Aid
- Extraordinary Needs Aid
- Flex Aid
- Fort Drum Aid
- Gifted and Talented Aid
- High Tax Aid
- Improving Pupil Performance Grants
- Magnet Schools Aid
- Minor Maintenance and Repair Aid
- Operating Aid
- Operating Growth Aid

Operating Reorganization Incentive Aid
Operating Standards Aid
Small City Aid
Sound Basic Education Aid
Summer School Aid
Supplemental Extraordinary Needs Aid
Tax Effort Aid
Tax Equalization Aid
Tax Limitation Aid
Teacher Support Aid
Transition Adjustment/Adj. Factor

Transition Adjustment: The base includes the 2006-07 aids listed above which appear in the computerized aid estimates. All districts are guaranteed a 2 percent increase over their 2006-07 consolidated base aids. A district's Foundation Aid is capped at a need-adjusted 10.50 percent over 2006-07 aids. The cap is: $0.1050 \times (\text{Need/Resource Index, but not less than } 1.0)$ with a minimum of 0.1050 and a maximum of 0.1125. The Need/Resource Index is the district's Extraordinary Needs Ratio (i.e., district Extraordinary Needs percent divided by the State average of 51.8 percent) divided by its Combined Wealth Ratio (CWR).

Support for Extra Time and Help

Limited English Proficiency: Aid is based on the 2006-07 LEP pupils multiplied by Foundation Operating Aid per pupil multiplied by 0.152.

Full Day Kindergarten Conversion: For eligible districts, aid is based on Foundation Operating Aid per pupil multiplied by the increase in full day kindergarten enrollment from the base year to the current year.

Universal Pre-Kindergarten: The grant per pupil for unserved four-year olds is based on 0.50 multiplied by the 2007-08 Foundation Operating Aid per pupil. The unserved count is phased-in at the product of the unserved four-year olds multiplied by a variable phase-in percent. The variable phase-in percent ranges from 35 percent for districts with a Free and Reduced-Price Lunch percent (FRPL) of 35 percent or less, to 85 percent for a district with a FRPL percent of 80 percent or more. The phase-in percent (minimum of 35 percent) is $35 \text{ percent} + (111.1 \text{ percent} \times [\text{FRPL percent} - 35 \text{ percent}])$. If the resulting count is at least 1.0, the district is eligible to receive aid. No district receives less than the sum of its 2006-07 Universal Pre-kindergarten and Supplemental Universal Pre-kindergarten grants and the 2006-07 allocations for Targeted Pre-Kindergarten (including summer).

Support for Students with Disabilities

Excess Cost - Public: Basic Public Excess Cost Aid equals the foundation operating aid per pupil multiplied by weighted students with disabilities. A single 1.41 weighting is provided for pupils who require special services or programs, consistent with an Individualized Education Program (IEP), for: 60 percent or more of the school day; at least 20 percent of the school week but less than 60 percent of the school day; and, direct or indirect consultant services at least 2 hours per week. Pupils are aided by district of attendance. Declassification Aid is included based on 50 percent of the basic Public Excess Cost Aid per pupil. All districts are guaranteed a 2 percent increase over their 2006-07 aid per pupil, excluding high cost aid. A district's basic and declassification aids are capped at a need-adjusted 10.50 percent over 2006-07 aid per pupil, excluding high cost aid. Aidable high cost expense per pupil must exceed 2.41 times the greater of district 2005-06 Approved Operating Expense/TAPU for Expense or the foundation expense per pupil. Tier 1 high cost aid per pupil is the product of: (a) tier 1 ratio (i.e., district foundation aid per pupil divided by district foundation expense per pupil) and (b) tier 1 expense (i.e., the lesser of district aidable high cost expense per pupil or the State average aidable high cost expense per pupil). Tier 2 high cost aid per pupil is the product of: (a) aidable high cost expense per pupil in excess of tier 1 expense per pupil and (b) tier 2 ratio, with a minimum of .25 and maximum of .90 (i.e., $[1 + (\text{aidable high cost expense per pupil} / \text{State average aidable high cost expense per pupil})] \times \text{tier 1 ratio}$). High Cost Aid is the sum of tier 1 and tier 2 high cost aids per pupil. No additional aid is provided for students in integrated settings (i.e., pupils who receive special education services or programs by qualified personnel, consistent with an IEP, for 60 percent or more of the school day in a general education classroom with non-disabled students).

The calculation of the additional 1.41 weighting for students with disabilities used in the Excess Cost Aid formula is based on the set of 465 districts meeting the Regents criteria for successful school districts identified in the Regents state aid proposal for 2007-08. That proposal established a foundation amount based on the average cost per pupil for general education among those 465 districts. For the 2007-08 proposal, the ratio of special education expenditure per pupil to general education expenditure per pupil for these 465 districts was calculated, yielding an additional 1.41 weighting per student receiving special education services. That is, a pupil with a disability will be counted as 1.0 for Foundation Aid and 1.41 for Excess Cost Aid, resulting in a total pupil count for aid purposes equal to 2.41.

Excess Cost - Private: Aid is for public school students attending private schools for students with disabilities. Net tuition expense is multiplied by the Aid Ratio ($1 - (.15 * \text{CWR})$, with a .5 minimum).

BOCES/Career and Technical Education

BOCES: BOCES Aid is included for administrative, shared services, rental and capital expenses. Save-harmless is continued. Approved expense for BOCES Administrative and Shared Services Aids is based on a salary limit of \$30,000. Aid is based on approved 2006-07 administrative and service expenses and the higher of the millage ratio or the AV/2005-06 TWPU Aid Ratio: $(1 - (.51 * \text{Pupil Wealth Ratio}))$ with a .36 minimum and .90 maximum. The millage ratio factor remains 8 mills. Rent and Capital Aids are based on 2007-08 expenses multiplied by the AV/2005-06 TWPU Aid Ratio with a .00 minimum and a .90 maximum. Payable aid is the sum of these aids.

Special Services Computer Administration: Computer Administration Aid equals the higher of the millage ratio or the AV/2005-06 TWPU Aid Ratio $(1 - (.51 * \text{Pupil Wealth Ratio}))$ with a .36 minimum multiplied by approved expenses not to exceed the maximum of \$67.30 multiplied by the Fall 2006 public school enrollment with half-day kindergarten weighted at 1.0.

Special Services Career Education: Career Education Aid equals the higher of the millage ratio or the Aid Ratio $(1 - (.51 * \text{PWR}))$ with a .36 minimum multiplied by \$5,258, multiplied by the 2006-07 Career Education pupils including the pupils in business and marketing sequences weighted at 0.16.

Instructional Materials Aids

Instructional Materials: Aid is based on 2006-07 approved textbook and computer software expenses up to the product of \$72.28 multiplied by the 2006-07 public and nonpublic enrollment.

Library Materials: Aid is based on 2006-07 approved library materials expenses up to the product of \$10.00 multiplied by the 2006-07 public and nonpublic enrollment.

Expensed-Based Aids

Building: Aid is equal to the product of the estimated approved building expenses multiplied by the highest of the 1981-82 through the 2006-07 AV/RWADA Aid Ratios or the Current AV/RWADA Aid Ratio. For projects approved by voters on or after July 1, 2000, expenses are multiplied by the higher of the Building Aid Ratio used for 1999-00 aid less .10 or the Current AV/RWADA Aid Ratio. Up to 10 percent of additional building aid is provided for projects approved by voters on or after July 1, 1998. Building expenses include certain capital outlay expenses, lease expenses, and an assumed debt service payment based on the useful life of the project and a statewide average interest rate. The low income aid ratio

option is discontinued, however the high need supplemental building aid ratio option is continued. Aid is not estimated for those prospective and deferred projects that had not fully met all eligibility requirements as of the fall 2006 database.

Simplified Building Aid Calculations: The Regents propose to simplify the calculation of the maximum cost allowance that is used to determine Building Aid. The changes described below will allow school administrators to accurately predict Building Aid prior to building design. The new formula would be:

$$\text{Maximum Cost Allowance} = \text{Projected Enrollment} \times \text{Allowed Square Feet per Student} \times \text{Allowed Cost per Square Foot} \times \text{Regional Cost Factor}$$

1. The projected enrollment would continue to be the enrollment projected five years out for grades PreK-6, seven years for grades 7-9 and ten years for high school.
2. The “allowed per square feet per pupil” is based on the median values of New York State school buildings constructed in the last five years. The values are:
 - Grades PreK – 6 = 130 square feet per pupil
 - Grades 7-9 = 160 square feet per pupil
 - Grades 7-12 = 180 square feet per pupil
3. The “allowed cost per square foot” is set at a level to ensure reasonable construction costs for instructional facilities will be fully covered – the average maximum cost allowance for new buildings will not change under the new simplified formula. The values are:
 - Grades PreK – 6 = \$138 per square foot
 - Grades 7-9 = \$145 per square foot
 - Grades 7-12 = \$151 per square foot

The allowed cost per square foot would be adjusted monthly by the change in the construction cost index. The construction cost index can be found at: <http://www.nysed.gov/fmis/facplan/projects/costind.htm>.

4. The current regional cost factor methodology would remain unchanged. The construction cost regional cost factors can be found at: <http://www.emsc.nysed.gov/facplan/articles/rci03-04.html>.

Recognition of Extraordinary Construction Costs: the formula would include adjustments to recognize the increased costs of building in extremely dense urban areas. Extraordinary costs related to multi-story construction, site security, increased costs due to constricted traffic flows and limited staging areas, and the site acquisition and environmental

remediation of sites in high-density urban areas will be eligible for aid even when such costs are in excess of the maximum cost allowance.

Building Reorganization Incentive: Building Reorganization Incentive Aid on capital outlay, lease and debt service is subjected to the same requirements as regular Building Aid. Aid is provided for reorganization projects that have been approved by voters within five years of district consolidation and where the project is contained in the five-year capital reorganization plan.

Transportation: Non-capital aid is based upon estimated approved transportation operating expense plus capital expenses multiplied by the selected Transportation Aid Ratio with a .9 maximum and a .065 minimum. Aid for capital expenses (regular and summer) is computed as above but based on the assumed amortization of purchase, lease and equipment costs over five years, at a statewide average interest rate. The selected Aid Ratio is the highest of 1.263 multiplied by the State Sharing Ratio or $1.01 - (.46 * \text{Pupil Wealth Ratio})$ or $1.01 - (.46 * \text{Enrollment Wealth Ratio})$, plus a sparsity adjustment. The sparsity adjustment is the positive result of 21 minus the district's 2005-06 enrollment per square mile, divided by 317.88. The State Sharing Ratio is the greater of: $1.33 - (1.085 * \text{Combined Wealth Ratio})$ or $.915 - (0.56 * \text{Combined Wealth Ratio})$ or $0.53 - (0.238 * \text{Combined Wealth Ratio})$, with a maximum of 1.00.

Summer School Transportation: Transportation Aid for summer school programs is based on estimated approved transportation operating expense multiplied by the selected Transportation Aid Ratio with a .9 maximum and a .065 minimum. Aid is no longer prorated to remain within a \$5.0 million appropriation. This proposal combines summer school and regular transportation aid. Aid is shown separately in a subsequent table for the purpose of comparison to the base year.

Estimating the Additional Cost of Providing an Adequate Education

One of the traditional principles in school finance which has guided Regents Proposal development in past years has been a wealth and need equalization principle. This principle was designed to drive greater amounts of aid per pupil to school districts with limited fiscal capacity and high concentrations of pupils in need. The focus of school finance, particularly in New York State, has shifted from equity to the provision of an adequate education³. By the term adequate education is meant the greater equalization of academic outcomes (not resource inputs) so that all children are provided the opportunity to receive an education, which will subsequently allow them to lead meaningful and productive adult lives.

Purpose

The purpose of this report is to describe the methodology that was used to estimate the likely additional expenditures needed by districts with lower academic performance to achieve educational outcomes that demonstrate that an adequate education is being provided.

Methodology

The Empirical Approach: Empirical estimates of the cost of an adequate education typically begin by identifying districts that are already achieving a desired state of academic performance. The most straightforward application of the empirical method starts with an examination of the spending patterns among all such districts to determine the average expenditure per pupil of the successfully performing districts. Since districts that perform at high levels often enjoy a very substantial wealth base, and therefore can choose to spend at very high per pupil levels, concerns about spending levels well beyond what is strictly necessary are characteristic of this method.

A traditional response to this concern is to constrain the selection of districts to be analyzed. For example, the districts for which the average expenditure per pupil of successful school districts that would be established could be restricted to the lowest spending 50 percent of such adequately performing districts.

³ The shift from equity to adequacy in school finance is a shift that has been driven by an emerging consensus around high minimum outcomes as the orienting goal of both policy and finance. This has been well described by William H. Clune. *The Shift From Equity to Adequacy in School Finance*. June 1993. See also the Report on Funding Equity and Adequacy, The State Aid Work Group (July, 1999), SA (D) 1.1. and Attachment

Three Critical Methodological Questions

As the methodology was developed, researchers answered three questions involving very specific operational definitions of major concepts. The questions were:

1. How should academic performance be measured?
2. How should pupil need be addressed? and,
3. Should there be a regional cost adjustment?

Measurement of Academic Performance

A critical methodological issue addressed by the study concerned the measurement of academic performance. New York State is presently utilizing a series of tests designed to measure academic performance at various grade levels. Examples of such examinations include:

- English Language Arts and Mathematics (fourth grade)
- English Language Arts and Mathematics (eighth grade)
- High School Regents examinations (e.g., English, mathematics Social Studies), students are likely to take in order to graduate.

Use of Fourth Grade Tests. Fourth grade test results can be grouped into four categories or performance levels. These performance categories are:

- Level 1---Does not meet the standards
- Level 2---Meets some of the standards but not all.
- Level 3---Meets all standards and
- Level 4---demonstrates proficiency.

High School Regents Examinations. Several important issues had to be addressed in using the results of high school examinations as components in the operational definition of an adequate education. First, results on Regents exams are given as a numerical score only. Scores are not automatically translated into levels of performance. However, it is clear that a score of 65 on a Regents exam meets the standard. Therefore, tests scores of 65 and above were treated as the equivalent of Level 3 or above.

Data on Regents High School examinations were collected for five tests. The tests were:

- Mathematics A;
- Global History;
- U.S. History;
- English; and
- Earth Science.

A potential problem with using single-year test results, of course, is that academic outcomes in any one year may be atypical and more reflective of a one-time phenomena rather than representative of academic outcomes over a multi-year period. This traditional critique was addressed for this study by using a three-year average of test results. Test results used in the study were from the 2002-03, 2003-04 and 2004-05 school years.

Upon reaching this decision, the study still had to address three questions. The questions were:

1. What level of achievement should be reached?
2. What percent of students should attain the specified outcome? And,
3. What tests should be used?

If a district is providing the opportunity for an adequate education, it would seem that the vast majority of its students should be capable of achieving the Regents standards. This means, on whatever tests one uses for defining academic outcomes, the vast preponderance of students should be scoring at the equivalent of level 3 or level 4. So for this study, it was determined that if a district had on average 80 percent of its students scoring at level 3 or higher on the specified tests, the district would be providing an adequate education.

Finally, the study had to determine which specific examinations would be used in developing the cost estimate. It was decided:

- To use both fourth grade tests in the definition of an adequate education. This decision was made primarily because only the central high districts do not have a fourth grade. Only one district was lacking fourth grade data. Thus almost every district would have fourth grade data, which would be a strong indicator of whether students had or had not acquired a sufficiently strong educational foundation to insure that high school graduation requirements were likely to be met; and,
- To use the test results of the five high school examinations previously listed, since passing of these or similar tests is required for high school graduation.

Missing Data. An important issue from a methodological perspective was how to treat a district if it were missing data. Missing data could occur because of several factors. These factors include:

1. Grade configuration of a district. A K-6 district would not have eighth grade or high school results. Conversely, a central high school district would not have any fourth grade results. In a sense, the district wasn't missing data as much as the data were non-existent for the district. Grade configuration was a major factor in missing data. For example, of the five districts without any data for either of the fourth grade tests, four were central high schools.
2. Data were truly missing. No test data exists for one district. Other data may be missing due to administrative error or a particular test was not given in a district for one or more years.

Based on these circumstances, the following decisions were made:

- If absolutely no test data existed for a district on any of the tests used, it would not be included in the study. Kiryas Joel was the only district not included in the study for this reason.
- If a district had some test data, the determination concerning provision of an adequate education would be based on existing data.

Operational Definition of an Adequate Education

Based on all of the considerations described above, an adequate education was operationally defined as a district:

With a simple, unweighted average of 80 percent of its test takers scoring at Level 3 or above on seven examinations (Fourth Grade English Language Arts, Fourth Grade Mathematics, high school Mathematics A, Global History, U.S. History, English and Earth Science) in 2002-03, 2003-04 and 2004-05. Note that, given this operational definition, a district could have less than 80 percent of its test takers with a score at Level 3 on one or more of the tests and still be providing an adequate education.

465 school districts met this standard, including: 7 High Need Urban/Suburban districts, 67 High Need Rural districts, 259 Average Need districts and 132 Low Need districts.

Student Need

If student need is believed to be an important issue in understanding academic performance two methodological questions concerning the quantification of need must be addressed. The questions are:

- What measure (pupil count) is available to best reflect student need?
- What is the appropriate additional weighting(s) to give students so as to quantify the additional educational services such students require if they are to succeed?

What Pupil Count Should be Used to Measure Need? An assortment of measures could be used to estimate student need. Each of the possible counts possesses strengths and weaknesses. A common measure used to identify student need among the 50 states is the percent of students eligible for a free and reduced price lunch. Indeed, in New York State, the K-6 percent of students eligible for a free or reduced price lunch is one of the pupil counts used to allocate a supplement to Flex Aid to help districts meet the needs of at risk students, known as Sound Basic Education Aid. For these reasons, the study concluded student need could best be measured by the percent of K-6 pupils eligible for a free and reduced price lunch.

The count of K-6 students eligible for a free or reduced price lunch, however, is subject to wide variation in some districts. For this reason, average counts reflecting three school years were used. Such an average would minimize the possibility of grossly misidentifying a district's poverty rate due to a unique circumstance. K-12 districts that did not provide a school lunch program in 2002-03, 2003-04 and 2004-05 were given a K-6 free and reduced percent of zero. Central high school districts were given the average count of their components.

What Should Be the Additional Weighting for Need? To incorporate "need" into a student count requires the development of an additional weighting. In school finance, the term additional weighting is usually associated with the quantification of the extra costs associated with providing a specified service. These extra costs are then translated into an additional weighting. The additional weighting selected is extremely critical in determining the cost of an adequate education.

Although a wide range exists in the research literature in terms of the appropriate additional weighting for student need, most of the literature suggests an additional weighting of at least 1.0. While other weightings and pupil counts were considered, both separately and in combination, the use of an additional 1.0 weighting for the free and reduced price lunch proportion of the student population was continued.

Cost Adjustment

For a number of years, the Board of Regents in its State Aid proposal has also endorsed the concept of adjusting State Aid to reflect the variation in regional cost found to exist in New York State. It has done so due to the dramatically different costs associated with educating students in various geographic regions of the State. This supplement describes the method for incorporating regional costs into cost estimates for an adequate education in the section titled Update of the Regents Regional Cost Index on page 55.

Expenditures Per Need-Adjusted Pupil

The final approach was to develop an "expenditure per need-adjusted pupil" model, which compared the expenditure pattern of districts with acceptable academic performance to districts with educational performance below the stated standard. Expenditures were defined as general education instructional expenditures⁴ (including an estimated amount for fringe benefits) as adjusted by the Regents Regional Cost Index calculated in 2006. The pupil count used was the same count used for general education instruction as defined in statute for the Fiscal Supplement to the School Report Card.³ This count was then adjusted to reflect student need by weighting the K-6 free and reduced price lunch count at an additional 1.0.

A graph of this prototype is shown in Figure 1. Under this approach, the first step was to identify districts providing an adequate education. As noted earlier, such districts were defined as districts in which an average of 80 percent of the students taking the seven previously identified examinations had a score that was at Level 3 or above. Districts in which on average 80 percent of the students tested did not score at levels 3 or 4 were identified as districts which may need to increase instructional expenditures in order to improve academic performance.

The next step in the methodology was to calculate the mean need and cost adjusted instructional expenditure per pupil for all districts classified as providing an adequate education. These districts were then ranked from high to low on need and cost-adjusted instructional expenditures per pupil. The mean expenditure per pupil was calculated for the lower half of these districts.

The selection of the lower-spending 50 percent of performing districts is designed to serve as an "adequacy filter." The filter is meant to distinguish between those districts offering an adequate education and those districts offering an enriched educational program. There is

⁴ Instructional expenditures include teacher salaries, other instructional salaries, BOCES, tuition, equipment and other expenditures.

³ Average daily membership plus resident students attending other districts plus resident students attending charter schools plus incarcerated youth, as applicable.

no intention to discourage districts from offering enriched programs. However, it is necessary, for the purpose of determining a foundation amount, to distinguish somehow between what is necessary and what goes beyond.

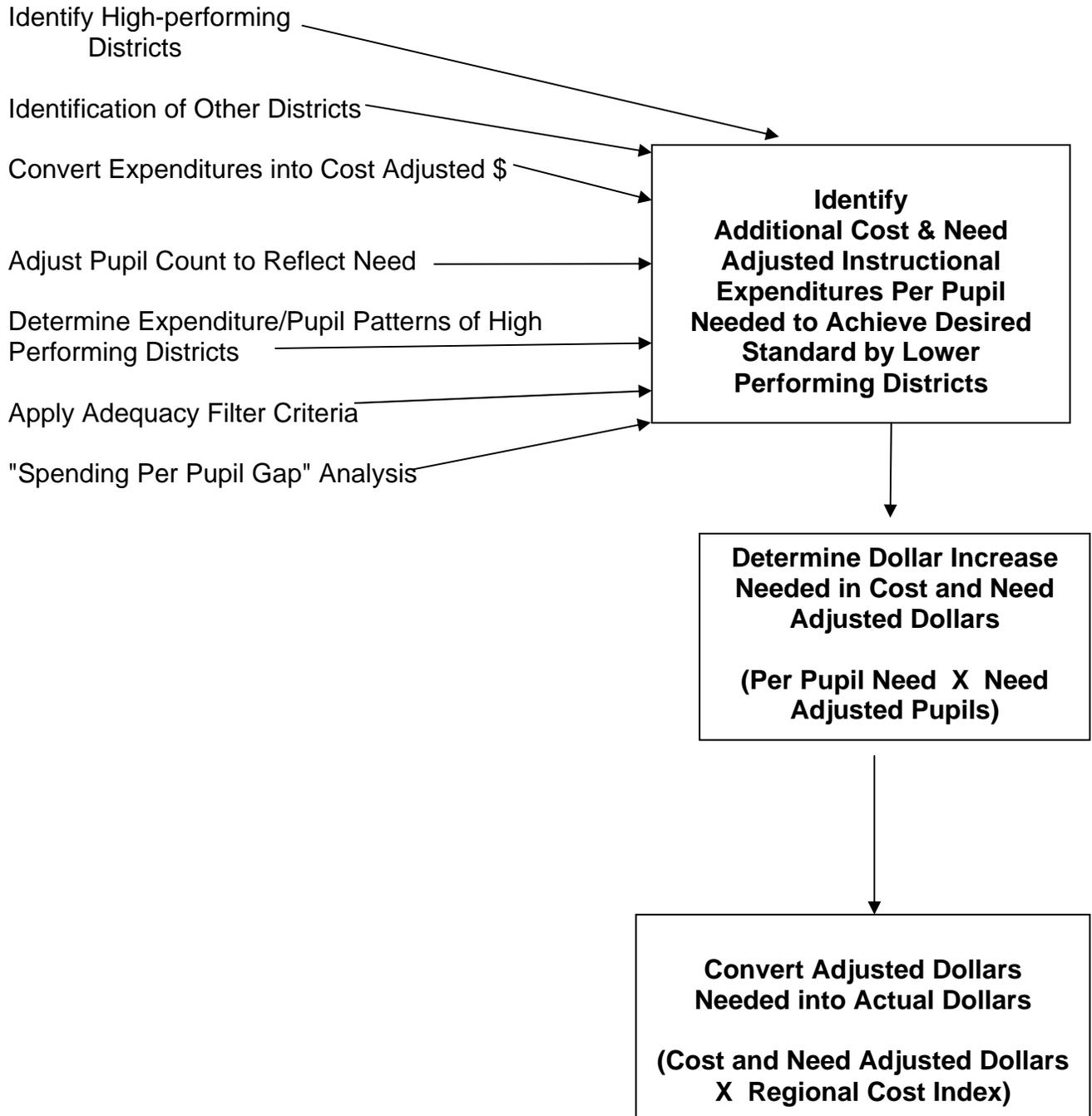
For each district with less than 80 percent of its students scoring at Level 3 or Level 4, a spending-per-pupil analysis was conducted. The need and cost-adjusted instructional expenditure per pupil of a district was compared to the mean expenditure per pupil of districts classified as providing an adequate education described above.

If a district had a need and cost-adjusted instructional expenditure per pupil that was greater than the per pupil expenditure of lower spending, performing districts, it was assumed that the district was spending sufficient funds to achieve the standard. No estimate of needed *additional* expenditure increases would be calculated. However, if a district had a need and cost-adjusted instructional expenditure per pupil that was less than the per-pupil expenditure of the lower spending, performing districts, the additional expenditures needed by a district would then be estimated. This difference in per-pupil expenditures was viewed as a “spending gap.” The calculation of the additional adequacy cost estimate required three steps. The steps for each of the districts with academic outcomes below the desired standard were the following:

1. First, the “spending-per-pupil gap” (i.e., the difference required to achieve adequacy) was multiplied by the number of estimated need-weighted pupils in the district; and,
2. The above result was then multiplied by the Regional Cost Index so that the result could be expressed in actual, purchasing-equivalent dollar terms; and,
3. The actual purchasing-equivalent dollars needed by districts with academic outcomes below the desired level were then summed in order to calculate the statewide additional cost total.

Thus, the procedures followed by the study to estimate the amount of additional instructional expenditures required to achieve adequacy can be figuratively expressed as shown in Figure 1.

Figure 1: Estimating the Increase in Instructional Expenditures Needed So That the Opportunity for an adequate Education is Provided by All Districts



The Adequacy Filter

The notion of an adequate education implies one that provides all students with the opportunity for a sound basic education, not one that goes beyond this particular standard. As Justice DeGrasse explains in his decision, “the Education Article requires a sound basic education, not one that is state of the art.” He further explains that “the Court repeatedly used the terms “adequate,” “basic,” and “minimally adequate” to describe the education to be provided to the State’s public school students (State Supreme Court Decision, 719 N.Y.S.2d 475, January 9, 2001, p.15).”

In reality, successful school districts may provide a sound basic education or they may provide more. Many people agree that some successful school districts, that is districts that have the vast majority of students meeting State learning standards, provide more than an adequate education. This is the result of a funding system that allows communities to spend beyond a required minimum.

There is some direction in the research literature about how to target adequate spending to districts. Staff have used this knowledge in formulating the Regents cost study. John Augenblick conducted a study⁵ for the State of Ohio in which they attempted to establish instructionally adequate spending levels. “Once having identified a pool of districts which did not exhibit extremes of wealth or spending and in which students had met state measure performance criteria, a weighted per pupil revenue amount was constructed from among these eligible districts.” One hundred two of 607 Ohio school districts were used for this adequacy standard. In the Regents study a larger sample was used: 232 of 677 school districts.

A 1996 cost study⁶ conducted for Illinois Governor James Edwards and his Commission of Education Funding by Professor Bruce Cooper calculated a foundation level for Illinois school districts. He performed a series of *filters*: for poverty groups of school districts, for student performance, and for districts whose per-pupil expenditures were below the State average. In the Regents cost study, the filters used were performance and per-pupil expenditures in relation to the average for successful school districts.

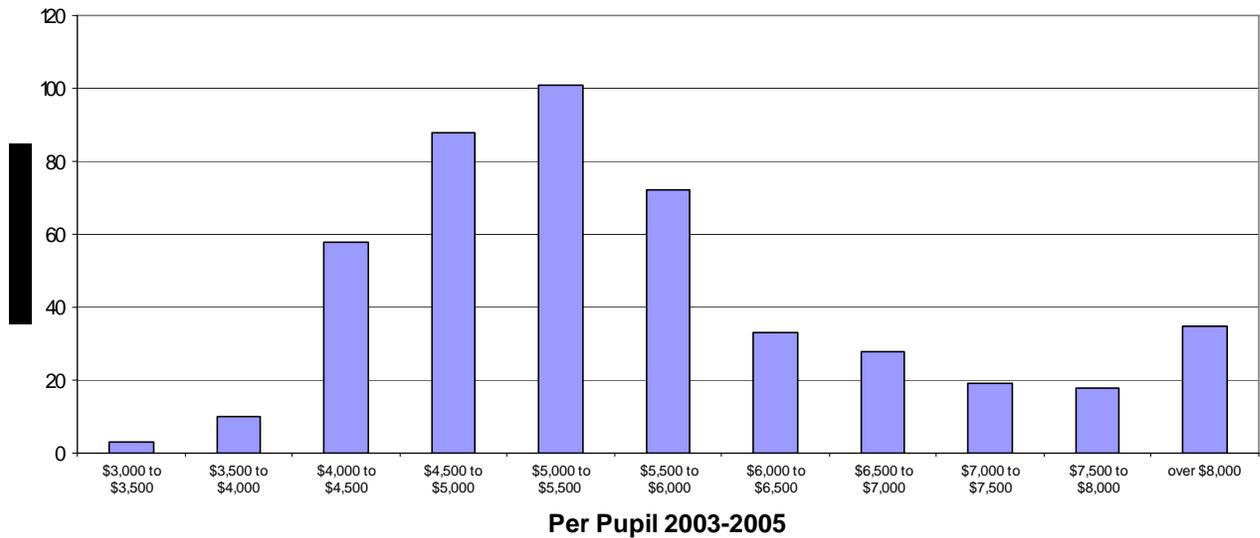
The Regents incorporated a measure in their cost study to identify those districts that are providing a sound basic education with few enrichments. The Regents 2004-05 school aid proposal assessed spending in the 50 percent lowest spending successful districts, after applying regional cost and pupil need adjustments, rather than in all successful school districts. This is continued in the Regents 2007-08 proposal.

In order to better assess whether the higher spending group of school districts was providing more than a sound basic education, we compared resource allocation and programs between the two groups of successful school districts.

⁵ See a description of Augenblick’s study in J. Guthrie and R. Rothstein, Enabling ‘Adequacy’ to Achieve Reality.

⁶ See a description of Cooper’s study in J. Guthrie and R. Rothstein, Enabling ‘Adequacy’ to Achieve Reality.

Expenditures of Successful School Districts



The first factor we examined was spending levels. Successful school districts in the top half of the spending distribution spent an average of 50 percent more per pupil on general education instruction than successful school districts in the lower half. This is a substantial difference. Examining the range of spending shows further that spending of the full group of successful districts varied substantially: from a low of \$3,100 per pupil to a high of \$21,000 per pupil. In addition, as Figure X shows, the distribution of spending of the 465 successful districts is not a normal distribution but one that is skewed to the high end. This led us to hypothesize that many of these districts were providing programs and services that went beyond the provision of a sound basic education, and to examine other programmatic and teacher characteristics to sort this out. In this review, we found that the two groups of districts were similar on some characteristics and different on others.

The two groups of school districts were similar with respect to the following teacher quality characteristics:

- Years of experience
- Percent that failed the first certification exam
- Percent teaching outside of certification area
- Permanent certification in all subjects
- Percent with BA or less
- Barron's ranking of colleges attended

The two groups of districts were different with respect to the following characteristics:

Factor	Amount of Difference
Teacher salaries	Regionally cost-adjusted salaries in the higher spending group were 16 percent more
Pupil-Teacher Ratio	Lower spending group had 10 percent more pupils to teachers
Percent of teachers with a Master's Degree and 30 credits or more	Proportion of teachers with this level of education was twice as high in the higher spending group
Enriched course offerings, including Advanced Placement	Higher spending districts had more than 50 percent of enriched course offerings per pupil

After a careful examination of characteristics of these two groups of successful school districts, we conclude that there is a meaningful difference between the two groups. The higher spending group has chosen to spend more by having lower pupil-teacher ratios, paying higher teacher salaries for coursework taken, and offering more Advanced Placement courses. We conclude that these districts have likewise chosen to offer more than a sound basic education and should be excluded from the sample of school districts whose spending is used to estimate the cost of an adequate education. Our sample remains the 232 school districts that meet the Regents performance criteria while spending below the median of spending for all successful school districts.

Update of the Regents Regional Cost Index

The Regional Cost Index was developed in recognition of the geographic cost variations in different areas of New York State. The index, which is based on the work of researchers for the state of Oregon, uses median salaries in professional occupations that require similar credentials to that of positions in the education field. These occupational titles typically require a bachelor's degree for employment at the entry level. The cost index was created from the wages of 59 professional, non-education occupations. Education-related titles were excluded to ensure that the index measured labor market costs and not the tastes or control of school districts.

Professional Cost Index for New York State by Labor Force Region (2006)		
Labor Force Region	Index Value	Purchasing Power of \$1,000 by Region
Capital Distict	1.124	\$889
Southern Tier	1.045	\$956
Western New York	1.091	\$917
Hudson Valley	1.314	\$761
Long Island/NYC	1.425	\$702
Finger Lakes	1.141	\$876
Central New York	1.103	\$906
Mohawk Valley	1.000	\$1,000
North Country	1.000	\$1,000

Methodology

Construction of the Index

In order to adjust for geographic variations in the cost of educational resources, the regional cost index (RCI) was generated following a methodology similar to one developed by

Rothstein and Smith⁷ for the state of Oregon. This involved the use of a statewide index based on median salaries in professional occupations that require similar credentials to that of positions in the education field. In particular, these titles represented categories for which employment at the entry level typically requires a bachelor's degree. The professional occupations selected for use in this index are based on a list of 94 occupational titles developed for use in the state of Oregon.

The previous RCI was based on 63 of the 94 occupational titles used in the Oregon study.⁸ However, due to a lack of employment data within many of New York State's ten Labor Force Regions, 59 titles were used for this edition of the RCI. The titles used appear in Appendix A. In addition to those titles with missing data, the final list excluded teachers, other educational positions and categories that tended to be restricted to federal and state government, since the markets for teachers and for many government positions tend not to be fully competitive. Education-related titles were also excluded in order to ensure that this index be entirely a measure of labor market costs, and not be subject to the tastes or control of districts. Therefore, we sought to measure genuine labor market costs, not the results of districts' decisions to hire especially high quality teachers, or to influence the index value in later years by choosing to pay more for staff. By basing the index on the wages earned in the labor market by professionals with similar skills, we have created a measure of costs in the sector of the labor market in which districts compete for teachers and staff, in each region of the State. Since personnel salaries and benefits make up the vast majority of the costs faced by school districts, the RCI allows for an individual to compare the buying power of the educational dollar in the different labor force regions of the State

Selection of Occupational Titles

The data on which the RCI is based was made available through the New York State Department of Labor. Since the original edition of the RCI, the structure of the occupational title system has been revised. This has resulted in the expansion of a number of titles. However, due to a lack of employment data, a fair amount of the titles were eliminated. In the end, 50 titles had both employment and wage data, seven were plugged with wage data, and an additional two employment titles were plugged where data was available statewide and for nine of the ten labor force regions. In all, 59 occupational titles were used for this analysis.

Statewide Median Wage

The first step in generating a regional cost adjustment from the list of 59 titles was to establish a statewide median wage figure for which median wages in each labor force region could be compared for indexing purposes. The statewide median wage was calculated by taking the total number of employees in each of the 59 titles for the state as a whole (for

⁷ This methodology is described in Rothstein, R., & Smith (1997). *Adjusting Oregon Education Expenditures for Regional Cost Differences: A Feasibility Study*. Sacramento, CA: Management Analysis & Planning Associates, L.L.C

⁸ See <http://www.oms.nysed.gov/faru> for a discussion of alternate methods.

example, the total number of people working in the title “pharmacist” across the state), and multiplying that amount by the median annual wage for that title (13,410 pharmacists * \$86,841). This result was then summed for all titles, and then divided by the total number of employees in all 59 occupational titles (1,026,769). This produced a weighted annual median wage of \$69,975 for the professional titles making up the index.

Title Weightings

It was important to avoid the possibility that the index could be skewed due to compositional differences in the percentage distribution or mix of the individuals occupying the 59 selected titles. Therefore, if professional wages in the titles selected were found to be identical in two labor force regions, but 60 percent of the employees in region A occupied the 10 lowest salaries titles (vs. a 10 percent employee representation in these lower salary titles in region B), a simple summation of wages could lead to the erroneous conclusion that professional service costs were far higher in region A than in region B. In short, “apparent” cost differences would be due totally to differences in the title composition of the workforce, not to true wage differences in those titles.

This problem was avoided by weighting the wage for each title based on the relative importance of that title in the group of 59 titles statewide. Thus, in determining the regional differences in median wage, we assume that the “mix” of jobs in each region is the same as the “mix” in the state as a whole. These title weights were then applied to each region, therefore making the distribution or service “mix” of titles a constant across the state. For example, if sales managers made up 10% of the total number of employees statewide in the 59 titles, then a 0.10 compositional weighting was assigned to sales managers in every region. This title weighting procedure thus imputes to every labor force region precisely the same mix of employees across the 59 titles in every region.

Title weights were generated by dividing the statewide number of employees in a given title by the total number of employees in the 59 titles of the index. For example, the number of pharmacists statewide was 13,410, which was then divided by 1,026,769 (the total number of workers in the state in these 59 titles.) This yielded a title weight of 0.0130. (Since this was performed for all the titles in the list, the sum of all title weightings equals one.)

Final Calculation of the Regional Index

Once the title weights were determined, they were incorporated into the data set for each of the ten labor force regions. The median annual wage for each title was multiplied by the title weight. This result was summed for all 59 titles, yielding a regional median wage. This regional median was divided by the statewide weighted median professional service wage to yield the final professional service wage index for each region. These results were then normed on the North Country.

When median wage data were missing for a title in a given region, the solution was based on the creation of a similar regional cost index, using a smaller set of occupational titles (those

titles, in which data was not missing in any region of the State, n=50). The smaller index, in conjunction with the statewide median salary information for any occupational title that was lacking salary information in a specific region, was used to estimate the missing regional salary item.

Data

While the list of professional occupations used to create the RCI was based on the work of Rothstein and Smith in Oregon, the Bureau of Labor Statistics provided the wage data used in the index. The wage data was obtained from the 2004 Occupational Employment Statistics (OES) Survey, which allows employers to report the number of employees and wages for each title they employ. The United States Department of Labor has noted, “Establishment surveys have little information on the demographics of their employees, but...wages and earnings tend to be more accurately reported in establishment surveys as they are based upon administrative records rather than recall by respondents...These factors make establishment data the natural choice...”⁹

The data from the 2004 Occupational Employment Survey for New York State was made available to the staff of the New York State Education Department through the New York State Department of Labor. Therefore, data was provided for all of the 671 occupational titles in each of the ten labor force regions in New York State, as well as a statewide total for all titles. The wage data obtained from the OES is based on “straight-time, gross pay, exclusive of premium pay. Base rate, cost-of-living allowances, guaranteed pay, hazardous-duty pay, incentive pay including commissions and production bonuses, tips, and on-call pay are included. Excluded are back pay, jury duty pay, overtime pay, severance pay, shift differentials, nonproduction bonuses, employer cost of supplementary benefits, and tuition reimbursements.”¹⁰

The Bureau of Labor Statistics develops its estimates through the use of an annual mail survey of about one-third of the establishments state- (and nation-) wide in occupational groups such as: business and financial operations; transportation and material moving; personal care and service; architecture and engineering; office and administrative support; and management.¹¹ The survey is repeated in a three-year cycle, whereas the cycle continues, data from the third of establishments surveyed in current years builds on previous years’ data, in a process called wage updating. This results in detailed and precise estimates of wage levels even in small job categories or geographic regions. In the fourth year, the survey cycle starts over.

⁹ See U.S. Department of Labor, “Interarea Comparison of Compensation and Prices”, Report on the American Workforce, 1997, pp.69-97.

¹⁰ United States Department of Labor’s Bureau of Labor Statistics Website. Technical Notes for 2001 OES Estimates. (http://www.stats.bls.gov/oes/2001/oes_tec.htm)

¹¹ Ibid

Since wage data is built-up over a three-year period, the approximations of wages become increasingly accurate and most precise in the third year. This year's index calculations are based on the most accurate data-year in the cycle, and thus inspire confidence that the results are a good representation of the variation in professional service costs around the state. The triennial nature of the data suggests that the RCI need only be updated in those years for which the most accurate data in the cycle are available.

It should be noted that the index results for New York City and Long Island were combined. A single median wage was calculated for this labor force area, because there is evidence that these two areas actually function as a single labor market region. With professionals, especially those in the education professions, moving to jobs across the lines between New York City and Long Island, it is necessary to consider this entire region as a single area, with similar wage costs.

Occupational Titles Used for the Regional Cost Index

1. Chief Executives
2. General and Operations Managers
3. Advertising and Promotions Managers
4. Marketing Managers
5. Sales Managers
6. Public Relations Managers
7. Administrative Services Managers
8. Computer and Information Systems Managers
9. Financial Managers
10. Human Resources Managers
11. Industrial Production Managers
12. Purchasing Managers
13. Transportation, Storage, and Distribution Managers
14. Construction Managers
15. Engineering Managers
16. Medical and Health Services Managers
17. Property, Real Estate, and Community Association Managers
18. Social and Community Service Managers
19. Purchasing Agents, Except Wholesale, Retail, and Farm Products
20. Cost Estimators
21. Employment, Recruitment, and Placement Specialists
22. Training and Development Specialists
23. Management Analysts
24. Accountants and Auditors
25. Budget Analysts
26. Financial Analysts

27. Loan Officers
28. Computer Programmers
29. Computer Systems Analysts
30. Network and Computer Systems Administrators
31. Civil Engineers
32. Electrical Engineers
33. Industrial Engineers
34. Mechanical Engineers
35. Civil Engineering Technicians
36. Electrical and Electronic Engineering Technicians
37. Environmental Scientists and Specialists, Including Health
38. Market Research Analysts
39. Clinical, Counseling, and School Psychologists
40. Substance Abuse and Behavioral Disorder Counselors
41. Child, Family, and School Social Workers
42. Medical and Public Health Social Workers
43. Mental Health and Substance Abuse Social Workers
44. Librarians
45. Graphic Designers
46. Public Relations Specialists
47. Writers and Authors
48. Dietitians and Nutritionists
49. Pharmacists
50. Physician Assistants
51. Physical Therapists
52. Recreational Therapists
53. Speech-Language Pathologists
54. Medical and Clinical Laboratory Technologists
55. Medical and Clinical Laboratory Technicians
56. Police and Sheriff's Patrol Officers
57. Recreation Workers
58. Residential Advisors
59. Interviewers, Except Eligibility and Loan

**SUMMARY OF AIDS AND GRANTS AS REQUESTED IN
THE 2007-08 REGENTS PROPOSAL ON SCHOOL AID**

Aid Category	2006-07	2007-08	Change	
	School Year	School Year	Amount	Percent
	(-----Amounts in Millions-----)			
I. General Purpose Aid				
Flex Aid/Foundation Aid *	\$8,587.42	\$12,627.40	\$4,039.98	47.05
Supplemental Extraordinary Needs Aid	136.34	0.00	-136.34	-100.00
Sound Basic Education Aid	699.85	0.00	-699.85	-100.00
Categorical Reading & Math Grant	63.95	0.00	-63.95	-100.00
Computer Hardware Aid	28.80	0.00	-28.80	-100.00
Early Grade Class Size Reduction Aid	139.51	0.00	-139.51	-100.00
Enrollment Adjustment Aid	27.12	0.00	-27.12	-100.00
Fort Drum Grant	3.49	0.00	-3.49	-100.00
High Tax Aid	19.97	0.00	-19.97	-100.00
Improving Pupil Performance (IPP) Grant	66.35	0.00	-66.35	-100.00
Magnet Schools Grant	158.20	0.00	-158.20	-100.00
Operating Growth Aid	13.30	0.00	-13.30	-100.00
Operating Reorganization Incentive Aid	12.85	0.00	-12.85	-100.00
Small Cities Aid	81.88	0.00	-81.88	-100.00
Tax Limitation Aid	211.39	0.00	-211.39	-100.00
Teacher Support Aid	67.48	0.00	-67.48	-100.00
Plus: Cap on Losses/Minimum Increase	0.00	867.96	867.96	NA
Less: Cap on Increases	0.00	-2,197.84	-2,197.84	NA
Foundation Grant Subtotal	10,317.88	11,297.52	979.64	9.49
Limited English Proficiency Aid *	20.96	149.45	128.49	612.86
Full Day Kindergarten Conversion Aid	2.73	1.69	-1.04	-38.04
Universal Prekindergarten Aid **	295.62	402.90	107.28	36.29
Sum	10,637.20	11,851.56	1,214.36	11.42
II. Support for Students with Disabilities				
Public Excess Cost Aid	2,565.88	2,744.20	178.32	6.95
Private Excess Cost Aid	214.19	232.25	18.06	8.43
Sum	2,780.07	2,976.45	196.38	7.06
III. BOCES/Career and Technical Education Aid				
BOCES Aid	585.08	629.06	43.99	7.52
Special Services Computer Administration Aid	39.10	46.35	7.25	18.54
Special Services Career Education Aid	103.47	178.89	75.41	72.88
Sum	727.65	854.30	126.65	17.40
IV. Instructional Materials Aids				
Library Materials Aid	19.15	27.52	8.37	43.72
Instructional Materials Aid	231.40	232.80	1.40	0.60
Sum	250.55	260.32	9.77	3.90

V. Expense-Based Aids

Building Aid	1,646.25	1,679.90	33.65	2.04
Building Reorganization Incentive Aid	15.36	0.42	-14.94	-97.28
Transportation Aid	1,331.37	1,464.28	132.91	9.98
Summer Transportation Aid	5.00	9.37	4.37	87.47
Sum	2,997.97	3,153.97	155.99	5.20
Computerized Aids Subtotal	17,393.45	19,096.60	1,703.15	9.79

VI. All Other Aids**Replaced by Foundation Formula:**

County Vocational Ed. Extension Boards (CVEEB)	0.92	0.00	-0.92	-100.00
Shared Services Savings Incentive	0.20	0.00	-0.20	-100.00
Tuition Adjustment Aid	1.18	0.00	-1.18	-100.00
Urban-Suburban Transfer Aid	1.13	0.00	-1.13	-100.00
Additional Early Grade Class Size Aid	0.46	0.00	-0.46	NA

Remaining Aids and Grants:

Bilingual Education	11.20	11.20	0.00	0.00
Additional Universal Prekindergarten Aid	1.74	0.00	-1.74	NA
Additional Supplemental Universal Prek Aid	4.43	0.00	-4.43	NA
BOCES Spec Act, <8, contract	0.68	0.68	0.00	0.00
Bus Driver Safety Training Grants	0.40	0.40	0.00	0.00
DFY Transportation	0.23	0.23	0.00	0.00
Education of OMH/OMR Pupils	52.00	54.60	2.60	5.00
Employment Preparation Edn. (EPE)	96.00	96.00	0.00	0.00
Engineers of the Future	5.00	5.00	0.00	NA
Fiscal Stabilization Grants	44.14	44.14	0.00	NA
Full Day Kindergarten Planning Grants	0.00	2.80	2.80	NA
Homeless	6.25	6.25	0.00	0.00
Incarcerated Youth	16.50	16.50	0.00	0.00
Institutes for Math & Science	5.00	5.00	0.00	NA
Learning Technology Grants	3.29	3.29	0.00	0.00
Less: Local Contribution due for certain students	-33.05	-33.31	-0.26	0.79
Native American Building Aid	10.00	2.50	-7.50	-75.00
Native American Education Aid	30.30	34.20	3.90	NA
Roosevelt	6.00	6.00	0.00	0.00
Student Health Services	13.84	13.84	0.00	NA
Special Act Districts	2.20	2.20	0.00	0.00
Teacher - Mentor Intern	6.00	6.00	0.00	0.00
Teacher Centers	37.00	37.00	0.00	0.00
Teachers of Tomorrow	25.00	25.00	0.00	0.00
Sum	348.02	339.50	-8.52	-2.45
Total General Support for Public Schools	17,741.47	19,436.10	1,694.63	9.55

Grand Total	\$17,741.47	\$19,436.10	\$1,694.63	9.55
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* The base year estimate for Limited English Proficiency reflects the fact that LEP Aid was consolidated into Flex Aid.

** The Regents proposal includes funding for targeted prekindergarten grants that were appropriated outside of General Support for Public Schools in 2006-07. They are included in the 2006-07 estimates for comparability.

ANALYSIS OF AID CHANGES UNDER THE 2007-08 REGENTS PROPOSAL

TOTAL COMPUTERIZED AIDS

A. BY NEED/RESOURCE INDEX DECILES WITHOUT BIG 5

Decile	Need/Resource Index		2006-07	2007-08	2006-07	Change	Percent	% of Total	Change
	Decile Range		Enrollment	AID	BASE		Change	Increase	per pupil
1	0.000	0.045	189,388	441,437,104	430,454,074	10,983,030	2.55	0.64	58
2	0.046	0.171	241,986	777,708,078	758,448,438	19,259,640	2.54	1.13	80
3	0.172	0.403	252,311	1,159,147,285	1,119,601,661	39,545,624	3.53	2.32	157
4	0.404	0.770	233,813	1,305,093,901	1,236,857,797	68,236,104	5.52	4.01	292
5	0.771	1.202	184,271	1,170,863,726	1,080,251,681	90,612,045	8.39	5.32	492
6	1.203	1.663	129,895	1,002,219,847	927,662,176	74,557,671	8.04	4.38	574
7	1.664	2.209	136,024	1,170,738,153	1,058,475,180	112,262,973	10.61	6.59	825
8	2.210	2.835	105,061	992,403,583	902,037,554	90,366,029	10.02	5.31	860
9	2.836	3.645	104,996	1,127,186,799	1,012,129,633	115,057,166	11.37	6.76	1,096
10	3.646	12.100	85,311	956,313,710	869,584,154	86,729,556	9.97	5.09	1,017
STATE (Excl. BIG 5)			1,663,056	10,103,112,186	9,395,502,348	707,609,838	7.53	41.55	425
New York City			1,008,132	7,554,102,493	6,710,966,056	843,136,437	12.56	49.50	836
Big 4 Cities			123,213	1,439,386,382	1,286,980,202	152,406,180	11.84	8.95	1,237
STATE			2,794,401	19,096,601,061	17,393,448,606	1,703,152,455	9.79	100.00	609

B. BY NEED/RESOURCE CAPACITY CATEGORY

Need/Resource Capacity	2006-07	2007-08	2006-07	Change	Percent	% of Total	Change		
	Enrollment	AID	BASE		Change	Increase	per pupil		
NYC	1,008,132	7,554,102,493	6,710,966,056	843,136,437	12.56	49.50	836		
Big 4	123,213	1,439,386,382	1,286,980,202	152,406,180	11.84	8.95	1,237		
Urban/Suburban High Need	228,129	2,073,566,028	1,858,103,283	215,462,745	11.60	12.65	944		
Rural High Need	171,628	1,770,330,017	1,622,969,269	147,360,748	9.08	8.65	859		
Average Need	856,855	5,187,405,068	4,869,256,457	318,148,611	6.53	18.68	371		
Low Need	406,444	1,071,811,073	1,045,173,339	26,637,734	2.55	1.56	66		
STATE			2,794,401	19,096,601,061	17,393,448,606	1,703,152,455	9.79	100.00	609

ANALYSIS OF AID CHANGES UNDER THE 2007-08 REGENTS PROPOSAL

TOTAL COMPUTERIZED AIDS WITHOUT TRANSPORTATION, BUILDING AND BUILDING INCENTIVE

A. BY NEED/RESOURCE INDEX DECILES WITHOUT BIG 5

Decile	Need/Resource Index		2006-07	2007-08	2006-07	Change	Percent Change	% of Total Increase	Change per pupil
	Decile Range		Enrollment	AID	BASE				
1	0.000	0.045	189,388	354,010,267	346,822,825	7,187,442	2.07	0.46	38
2	0.046	0.171	241,986	601,874,848	589,294,086	12,580,762	2.13	0.81	52
3	0.172	0.403	252,311	902,155,569	875,177,713	26,977,856	3.08	1.74	107
4	0.404	0.770	233,813	1,032,142,333	968,449,733	63,692,600	6.58	4.12	272
5	0.771	1.202	184,271	922,966,047	852,563,057	70,402,990	8.26	4.55	382
6	1.203	1.663	129,895	805,032,849	737,751,922	67,280,927	9.12	4.35	518
7	1.664	2.209	136,024	966,588,688	864,463,520	102,125,168	11.81	6.60	751
8	2.210	2.835	105,061	834,927,487	748,583,836	86,343,651	11.53	5.58	822
9	2.836	3.645	104,996	954,621,779	846,856,107	107,765,672	12.73	6.97	1,026
10	3.646	12.100	85,311	790,662,377	710,261,865	80,400,512	11.32	5.20	942
STATE (Excl. BIG 5)			1,663,056	8,164,982,244	7,540,224,664	624,757,580	8.29	40.38	376
New York City			1,008,132	6,523,866,560	5,736,610,692	787,255,868	13.72	50.88	781
Big 4 Cities			123,213	1,253,784,636	1,118,639,032	135,145,604	12.08	8.74	1,097
STATE			2,794,401	15,942,633,440	14,395,474,388	1,547,159,052	10.75	100.00	554

B. BY NEED/RESOURCE CAPACITY CATEGORY

Need/Resource Capacity	2006-07	2007-08	2006-07	Change	Percent Change	% of Total Increase	Change per pupil		
	Enrollment	AID	BASE						
NYC	1,008,132	6,523,866,560	5,736,610,692	787,255,868	13.72	50.88	781		
Big 4	123,213	1,253,784,636	1,118,639,032	135,145,604	12.08	8.74	1,097		
Urban/Suburban High Need	228,129	1,793,864,659	1,598,577,805	195,286,854	12.22	12.62	856		
Rural High Need	171,628	1,450,036,437	1,313,875,743	136,160,694	10.36	8.80	793		
Average Need	856,855	4,084,376,155	3,805,563,722	278,812,433	7.33	18.02	325		
Low Need	406,444	836,704,993	822,207,394	14,497,599	1.76	0.94	36		
STATE			2,794,401	15,942,633,440	14,395,474,388	1,547,159,052	10.75	100.00	554

End Notes

i The Chapter 655 Report. A Report to the Governor and the Legislature on the Educational Status of the State's Schools, New York State Education Department, Albany, NY, July 2005.

ii This methodology is described in Rothstein, R., & Smith (1997). *Adjusting Oregon Education Expenditures for Regional Cost Differences: A Feasibility Study*. Sacramento, CA: Management Analysis & Planning Associates, L.L.C.

iii Lance, Keith Curry; Marcia J Rodney; and Christine Hamilton-Pennell. *Powerful Libraries Make Powerful Learners: The Illinois Study*. Canton, Illinois: Illinois School Library Media Association, 2005. online at: <http://www.islma.org/pdf/ILStudy2.pdf>

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iv Entwistle, D., Alexander, K., & Olson, L.S. (1997). *Children, schools, and inequality*. Boulder, CO: Westview.

Neuman, S.B. (1999a). Books make a difference: A study of access to literacy. *Reading Research Quarterly*, 34, 286-311.

Mcquillan, J. (1998). *The literacy crisis*. Portsmouth, NH: Heinemann.

v Krashen, S. (1998). Bridging inequity with books. *Educational Leadership*, 54,18-22.

Smith, C., Constantino, B., & Krashen, S. (1996). Differences in print environment for children in Beverly Hills, Compton, and Watts. *Emergency Librarian*, 24(4), 8-10.

vi Data are from ST-3 file codes A2610.46 (school library A/V loan program) and A2610.45 (supplies and materials). Currently, only A2610.46 expenses are eligible for reimbursement through Library Materials Aid. The intent of this conceptual direction is for the State to aid the .45 expenses.

vii The Chapter 655 Report. A Report to the Governor and the Legislature on the Educational Status of the State's Schools, New York State Education Department, Albany, NY, July 2005.