



THE STATE EDUCATION DEPARTMENT / THE UNIVERSITY OF THE STATE OF NEW YORK

***New York State Board of Regents
Proposal on
State Aid to School Districts
For School Year 2010-11***

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Conceptual Proposal

Executive Summary

This year's Regents State Aid proposal asserts that, despite the economic situation, we can and must move forward in our drive to put in place funding changes that provide all students with the opportunity for an adequate education. Overall it recommends a \$493 million increase in General Support to Public Schools for next year. It is silent as to whether the State may invest additional stimulus funds in schools.

The Regents proposal advances two critical policy directions for school funding. First it puts Foundation Aid back on track with a modest 1.1 percent, \$170 million, increase which grows over time and is fully phased in after ten years. This means that school districts will see changes in their school aid as they experience changes in enrollment and fiscal capacity, and it provides for responsible increases in future years.

Second, it recommends a small \$53 million increase in State support for universal pre-k and that the State commit to a full phase in of this program for four year olds—for half-day programs within four years and for full-day programs within 10 years. These two aid programs will support school districts as they seek to raise student achievement and close performance gaps for their neediest students.

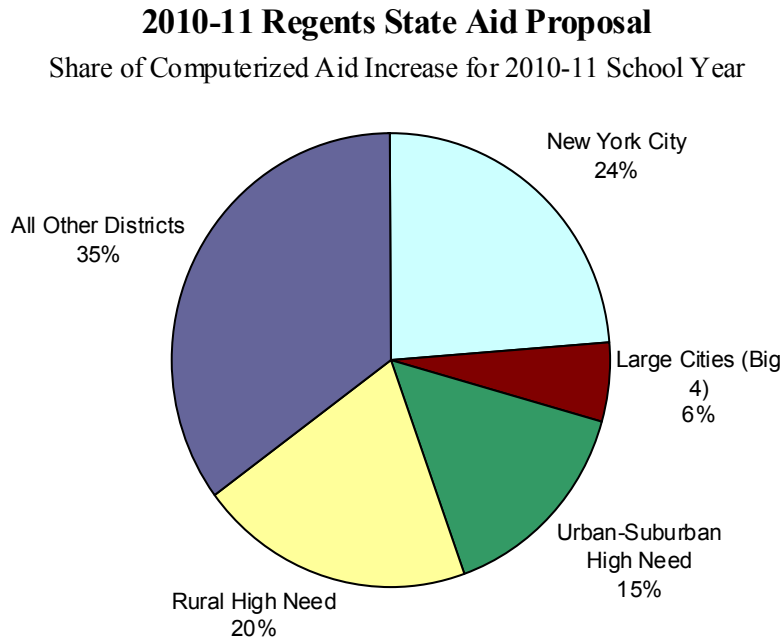
The Regents proposal recommends additional reforms to State Aid including making support for school construction more progressive. This will produce savings in the future and help to balance State support for school construction with State support for school operation.

The Regents proposal makes suggestions for more efficient use of State and local resources including encouraging school districts to construct green design, high performance school buildings and to use regional transportation and shared business office services to a greater extent. It also recommends the State streamline school district planning and reporting and require regional task forces to explore district or functional consolidation and report obstacles to reducing local costs to the State Education Department.

The economic crisis does not mean we can't make progress in education. The Regents recommend the State put the Foundation Formula back on track, commit to making pre-k truly universal, and support strategic reductions in State and local education costs.

The table titled 2010-11 State Aid Proposal provides the details of the Regents request.

The following pie chart shows the distribution of the computerized aids proposed by the Regents: 24 percent to New York City; six percent to the Big Four City School Districts, 15 percent to the high need urban/suburban districts, 20 percent to the high need rural districts and 35 percent to average and low need districts.

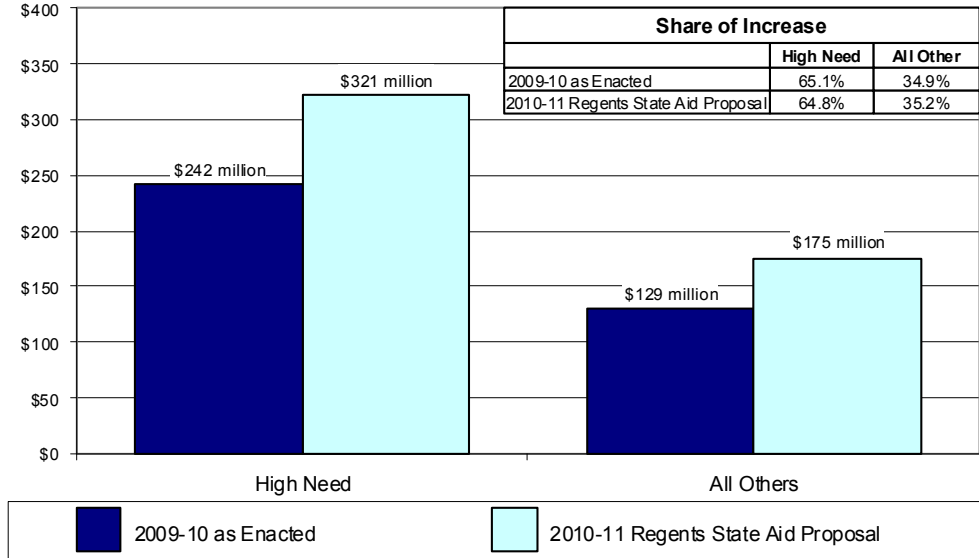


Note: This pie chart depicts the share of computerized aids including Foundation Aid and many other categories as described in the chart titled: 2010-2011 Regents State Aid Proposal.

The following bar graph shows the distribution of the Regents proposal to high need and other districts. In the budget that the State enacted for 2009-10, approximately 65 percent of the increase was directed to high need districts. The Regents recommend that this percentage be maintained for 2010-11 at approximately 65 percent.

Computerized State Aid Increases

How They Are Distributed



2010-2011 Regents State Aid Proposal

NEW YORK STATE

(all figures in millions)

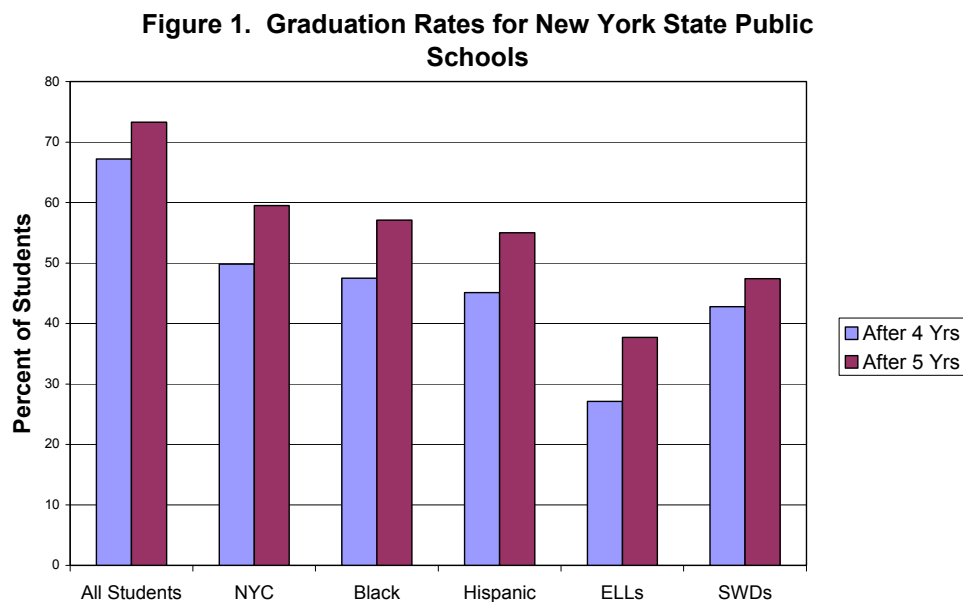
Program	2009-2010 School Year	Regents 2010-2011 Request	Regents - Change from Base
General Purpose Aid	<u>\$15,553</u>	<u>\$15,667</u>	<u>\$114</u>
Foundation Aid	\$14,892	\$15,062	\$170
Academic Enhancement Aid	\$27	\$27	\$0
Charter School Transition Aid	\$19	\$22	\$3
High Tax Aid	\$205	\$101	(\$104)
Reorganization Incentive Operating Aid	\$3	\$3	\$0
General Purpose Aid Subtotal	<u>\$15,146</u>	<u>\$15,215</u>	<u>\$69</u>
Aid for Early Childhood Education	\$407	\$452	\$45
Support for Pupils with Disabilities	<u>\$763</u>	<u>\$783</u>	<u>\$20</u>
Private Excess Cost Aid	\$315	\$329	\$14
Public Excess High Cost Aid	\$444	\$454	\$10
Supplemental Public Excess Cost Aid	\$4	\$0	(\$4)
BOCES/Career and Technical Ed.	<u>\$905</u>	<u>\$932</u>	<u>\$27</u>
BOCES Aid	\$699	\$732	\$33
Special Services - Academic Improvement	\$48	\$49	\$1
Special Services - Career Education Aid	\$121	\$116	(\$5)
Special Services - Computer Admin. Aid	\$37	\$35	(\$2)
Instructional Materials Aids	<u>\$285</u>	<u>\$284</u>	<u>(\$1)</u>
Computer Hardware & Technology Aid	\$38	\$38	\$0
Library Materials Aid	\$19	\$19	\$0
Software Aid	\$45	\$46	\$1
Textbook Aid	\$183	\$181	(\$2)
Expense-Based Aids	<u>\$3,773</u>	<u>\$4,110</u>	<u>\$337</u>
Building Aids	\$2,264	\$2,463	\$199
Transportation Aids	\$1,509	\$1,647	\$138
Computerized Aids Subtotal	<u>\$2,129</u>	<u>\$2,176</u>	<u>\$47</u>
All Other Aids	<u>\$253</u>	<u>\$249</u>	<u>(\$4)</u>
Total GSPS	<u>\$21,532</u>	<u>\$22,025</u>	<u>\$493</u>
Aid Outside of GSPS	<u>\$203</u>	<u>\$203</u>	<u>\$0</u>
EXCEL Debt Service ¹	\$165	\$165	\$0
Fiscal Stabilization Grants and PYA Funds	\$38	\$38	\$0
Aid Adjustments	<u>(\$1,615)</u>	<u>\$0</u>	<u>\$1,615</u>
Deficit Reduction Assessment	(\$1,098)	\$0	\$1,098
Current and Base Year Restoration Reductions	(\$126)	\$0	\$126
Supplemental Deficit Reduction Assessment	(\$391)	\$0	\$391
Federal ARRA Apportionments	<u>\$2,504</u>	<u>\$0</u>	<u>(\$2,504)</u>
DRA Restoration	\$1,225	\$0	(\$1,225)
Supplemental DRA Restoration	\$391	\$0	(\$391)
Est. IDEA (611 and 619)	\$396	\$0	(\$396)
Est. Title IA	\$444	\$0	(\$444)
Other Grants	\$48	\$0	(\$48)
Grand Total	<u>\$22,624</u>	<u>\$22,228</u>	<u>(\$396)</u>

¹ This represents payments on debt used to fund Excel grants paid by the Dormitory Authority of the State of New York to school districts. These did not appear in the listing of computerized aids in the Regents Proposal and are included here for comparability with the 2009-10 Enacted Budget

Introduction

Graduating more students is a moral and economic imperative

A primary policy concern of the Board of Regents is the enactment of reforms necessary to ensure that students across the State have the resources to meet State learning standards. This concern is fueled by the fact that fewer than two-thirds of students graduate from high school, and in our large cities, half or fewer graduate. Even statewide fewer than 50 percent graduate among subgroups of students who are black, Hispanic, English language learners, and students with disabilities. (See Figure 1.) Increasing the number of students graduating from high school and succeeding in higher education and work will strengthen the State's economy and ensure its economic viability.



A poor economy is forcing New York State to change

In an effort to support increased learning around the State and to close the gap in student achievement, the Regents proposed a foundation formula, and the State enacted it in 2007. Progress towards the Regents goal of making dramatic achievement gains was made with the substantial aid increases in 2007 and 2008 and the additional Contracts for Excellence accountability requirements enacted for low-performing school districts around the State that received large aid increases. But before the end of 2008, the State, nation and world economies began to falter. New York suffered declining revenues resulting from a greatly reduced financial market and the lack of income and sales taxes due to job losses and a lack of consumer

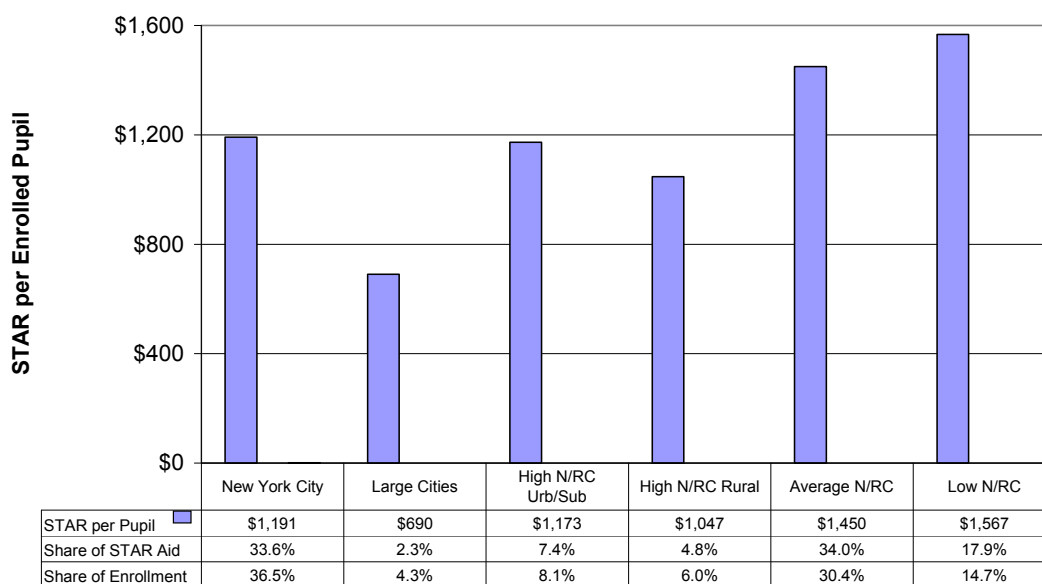
confidence. The State extended its initial phase in of Foundation Aid from four years to seven years.

Federal stimulus funds and STAR provided additional resources

The federal Recovery Act provided substantial funds for state stabilization over a two-year period. This allowed New York State to restore the proposed cut to State Aid and enact a budget that froze Foundation Aid for two years and extended the phase-in of the fully-funded foundation formula until 2013-14. The law required school districts with Contracts for Excellence to maintain their investments in programs to raise the achievement of students with the funding received in 2007 and 2008.

In addition to school aid, New York State provides property tax exemptions to New York State homeowners. The School Tax Relief (STAR) Program provides Basic and Enhanced STAR Property Tax Exemptions to New York State homeowners for their primary residence. Basic STAR is available to anyone who owns and lives in his or her own home. Enhanced STAR is available to senior homeowners whose incomes do not exceed a statewide standard. A middle class STAR exemption enacted in 2007 was discontinued in 2009. The State makes approximately \$3 billion in payments each year to school districts to compensate them for reduced property tax receipts. Since STAR payments are linked to the value of the properties, more tax relief goes to school districts with higher property values. Figure 2 shows that the amount of tax relief payments per pupil is greater for average and low need school districts.

Figure 2. School Tax Relief (2008-09) by School District Need Categories

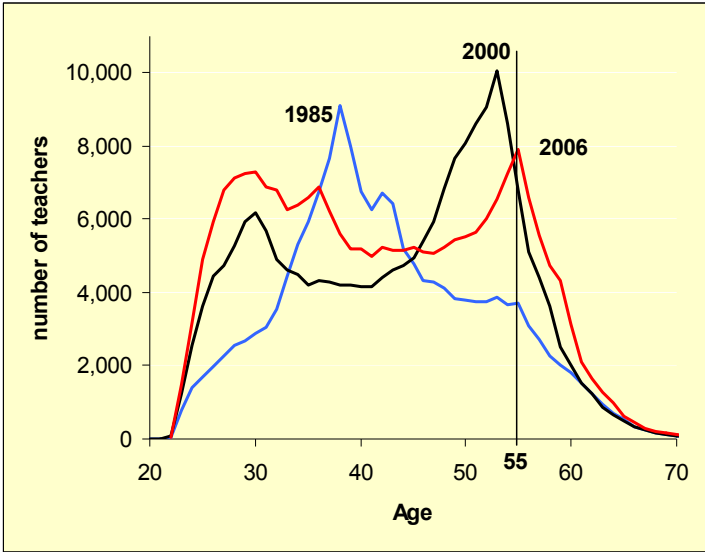


School districts are faced with a number of cost pressures

While federal stimulus funds provided much needed relief in the current school year, a number of factors affect the pursuit of educational adequacy. Each year that Foundation Aid is frozen, school districts that are highly dependent on State Aid get further behind than those that receive more of their funding from local revenues. These districts have to use a greater portion of their State funding to cover cost increases for energy and employee and retiree health care, rather than providing more educational opportunities to students. Federal stimulus funding will be discontinued after two years producing an approximately \$1 billion budget gap for education that the State must fill in order to fund schools.

Retirement costs for school districts are growing. When financial markets are strong, school district contributions to employee retirement systems are low. School districts enjoyed a period of low contributions in the late 1990's. With the turn of the millennium this dynamic started to reverse as markets declined or grew more slowly and school district contributions rose precipitously. Figure 3 looks at the age distribution of New York State teachers and suggests that savings that districts previously enjoyed when higher paid veteran teachers retired and were replaced with lower cost teachers with fewer years of experience, are no longer available. Added to this, districts must pay the cost of retirement for a large group of retirees who are living longer.

Figure 3. Age Distribution of New York State Teachers, 1985-2006



Source: James Wyckoff Presentation to the Board of Regents, 2007

The policy dilemma—how to raise student achievement in an economic crisis

The challenge before the Board of Regents for the coming school year is how to continue progress the State has made in providing the opportunity for all students to meet State learning standards, and that school districts have made in educating more students to these standards, despite the economic crisis. Are there efficiencies in the educational system that will free up more funds to support student learning? Can the State improve the distribution of State Aid in a way that is fair to all school districts while better accomplishing the State's mission of providing an adequate education to all students? Are there key investments that if made will produce greater results for students and reduce costs in the future?

Recommendations

Continue moving toward adequacy by maintaining commitment to the Foundation Aid funding formula and refining distribution of funds to support high need districts

In order to provide all students with the opportunity to meet State learning standards, the Regents must ensure that all districts have the financial resources needed. The funding structure must be fair to both students and taxpayers. The emphasis must be first on the provision of inputs, e.g., highly qualified teachers, appropriate facilities and other educational resources, which are required to adequately¹ educate students regardless of where they attend school.

State resources should be allocated on the basis of a district's fiscal capacity, including regional costs and student needs. This is what the Foundation Aid formula was designed to accomplish and what was initiated with the statutory funding phase-in begun in 2007. However, the phase-in was extended from four to seven years and funding was frozen in 2009-10 and in 2010-11. While very serious fiscal challenges exist, the State must maintain its responsibility and commitment to seek adequate funding for all of our school districts by resetting the Foundation Aid base and beginning a new phase-in in 2010-11.

Experience has shown that when State Aid is frozen, there are inequitable consequences that have a disproportionate negative effect on high need school districts. These districts' resources are farthest from adequate and have a larger portion of their budget dependent on State Aid. The freeze affects a greater share of their budgets than districts that are less dependent on State Aid and which may be providing more than an adequate education at a reasonable tax rate.

¹ *Educational adequacy* is defined in the school finance literature as the resources needed to provide all students with the opportunity to meet a given level of achievement which, in New York State, is the Regents learning standards for elementary and secondary education.

Restoring the phase-in on a longer schedule will demonstrate the State's good faith effort toward the structural realignment of resources intended in 2007. Adjustments to the formula that recognizes changes in student enrollment and district wealth will help to better target funds to the neediest students and to the districts that have the farthest to go to provide an adequate education. The current economic crisis has increased the number of students in poverty and the increased the associated educational needs. We must continue to make progress toward educational adequacy even while coping with the budget crisis.

Maintain existing Contracts for Excellence

The Contracts for Excellence (C4E) initiative is a comprehensive approach to targeting fiscal resources to raise the achievement of students with the greatest educational need. The State created C4E in 2007 which required that districts receiving a significant amount of new State Aid spend it on research-based programs with a track record of improving student achievement. C4E represented an historic commitment by the Legislature and Executive to provide accountability concerning the investment of significant new resources to give all students the opportunity to achieve greater success.

Districts were required to document student achievement growth associated with these expenditures. The law specified the amount of funding that could be spent to expand learning opportunities for students and the amount which could be used to continue existing district programs.

Recommendation

The Regents recommend that the State continue to require that current Contract for Excellence school districts meet Contract for Excellence accountability requirements unless all of the district's schools are in good standing.

Restructure State funding for Universal Prekindergarten

State funding for Universal Prekindergarten (UPK), together with well planned and adequately funded early grade programs, gives all students a solid learning foundation. Research has documented the lasting impact of quality early childhood programs as an effective approach to supporting a more level playing field as children begin formal schooling. It is more cost effective to prevent the development of an achievement gap than it is to try and remediate the gap afterward.² If the achievement gap is lessened from the start, the inevitable consequences of the gap are also impacted, such as a decline in the need for special education and academic intervention services, an

² Lynch, Robert (2004) Exceptional Returns: Economic, fiscal and social benefits of investment in early childhood development. Washington D.C. Economic Policy Development Institute

increase in graduation rates, and increase in workforce earnings and a decrease in crime.³ Quality early childhood education makes good education and economic sense.⁴

UPK was launched in 1998 with a statutory funding phase-in designed to reach statewide implementation within three years. Implementation efforts have stretched to a decade but only 67 percent of school districts, or 450 out of 677, currently offer the program and only 40 percent of the State's four year olds participate. A primary goal for the program is to give all districts the option to participate and to improve access to UPK for all of the State's four year olds, including children with disabilities. Restricted access to UPK limits the positive gains that a universal P-12 system could ensure.

The UPK funding formula is complex and funding has been unpredictable in the past. Consistent with other State initiatives, funding for UPK was frozen in 2009-10 to 2008-09 levels. In light of the research and tangible evidence regarding the many advantages of quality early childhood education for all students, the State should renew its commitment to a full phase-in of UPK. Better alignment of the UPK formula phase in with K-12 funding to provide more predictability to school districts is necessary to achieve statewide implementation. Additional flexibility in the use of funds would enable some districts to expand the provision of services from half-day to full-day. This flexibility would require legislative and regulatory changes and would need to be implemented in a manner that did not reduce the overall number of students participating.

Recommendation

It is recommended that the Regents support a restructuring of the UPK funding formula to provide more stability and greater predictability and that the State commit to a phase-in of UPK to be aligned with the phase-in schedule for the Foundation Aid formula.

Additional reforms to State Aid

Building Aid and building cost allowance

The current cost allowance formula determines the maximum cost to be aided when a district undertakes a building project. The formula is considered complex and has multiple moving parts, making it difficult to determine the appropriate maximum cost allowance for an adequate facility in today's environment. It can impede long range planning and force districts to design spaces at odds with their educational program goals in order to secure the greatest amount of State funding.

³ W. Steven Barnett, "Long-Term Effects of Early Childhood Programs on Cognitive and School Outcomes," in Richard E. Behrman, ed., *The Future of Children: Long-Term Outcomes of Early Childhood Programs*, Vol. 5, No. 3 (1995) 25-50; and Doris R. Entwisle, "The Role of Schools in Sustaining Early Childhood Program Benefits," in the same volume, 133-160.

⁴ Belfield, Clive R. (2004) *Early Education: How Important Are the Cost Savings to the School System* Research Briefing. New York, NY: Teachers College, Columbia University

In addition, modifying some existing facilities funding provisions would facilitate more targeted disbursement of State funding for capital construction.

Recommendations

The Regents recommend simplifying the maximum cost allowance calculation to facilitate better long-range planning and more efficient use of State funds. The law sets a reasonable cost ceiling for all capital projects. However, the current system, 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:

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

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 enacted for *Foundation Aid*, which is fundamentally a professional wage index, the New York State Labor Department cost index used for Building Aid is based solely on the wages of three major occupational titles critical to the building industry. A simplified cost allowance formula would offer greater educational flexibility, support more intelligent long-range planning of school capital needs, and promote ease of understanding and transparency.

The Regents recommend that the State take the following measures to eliminate or modify existing facilities funding provisions that increase costs to the State and do not result in improved facilities for educating students:

- For future projects, eliminate the selected building aid ratio option that allows districts to use their most favorable aid ratio going back to 1981-82. In cases where district wealth has increased over the years, the State is compensating a district based on historic data not their current needs. In conjunction with eliminating the selected building aid ratio, eliminate the 10 percent building aid incentive. This incentive funding is no longer needed and its elimination could provide future savings each year.
- Base the incidental cost allowance on actual construction expenses, not the theoretical maximum construction expenses submitted when the project was proposed. The current statutory method allows districts to undertake projects more limited in scope than what they originally proposed but bases the allowance for incidental expenses, such as site work including artificial turf fields, on the maximum cost allowance. As a result the State may pay aid for incidental costs that greatly exceed the cost of the project. This makes poor economic sense for the use of scarce education dollars.
- Limit Reorganization Incentive Building Aid after five years. 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. Limiting this aid after five years could save the State money each year.

Limit High Tax Aid

High Tax Aid, which tends to benefit high wealth districts, was originally a one-year program but has been included in the frozen aid amounts for 2009-10 and 2010-11. Limiting the amount of High Tax Aid acknowledges the need to shift funding to meet educational adequacy while still recognizing the high tax burden that some districts face.

BOCES Aid

The Regents proposal seeks to maximize the potential of BOCES while improving the assessment of fiscal capacity for the distribution of BOCES Aid. The Regents are proposing that the millage aid ratio formula be updated to reflect current tax effort. Because districts have already made commitments based on current law, this change would not take effect in 2010-11, but would be phased in over several years thereafter.

Provide flexibility in funding 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.

Recommendation

The Regents recommend that the Governor and Legislature consider options for providing school districts with greater flexibility in using state support for instructional materials such as by consolidating 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.

Suggestions for more efficient use of State and local resources

The State Aid Subcommittee has explored State Aid implications of several proposals for the efficient use of resources and recommends that the full Board consider them.

High Performance Buildings

There is ample support in the building industry for high performance “green” facilities which can be developed at comparable, or minimally higher costs, than traditional building expenditures but which more than pay for themselves with building longevity and reduced annual energy costs. While districts may need to secure more funding initially, the significant financial and operating benefits over the lifetime of high performance buildings merit consideration. It is anticipated that green design buildings will reduce energy consumption by about 25 percent. Buildings using green design and long lasting materials also offer an environment that is more conducive to learning. Studies on air quality, temperature control and natural lighting have substantiated the benefits of green buildings in the educational arena.

Mandate relief by streamlining school district planning and reporting

Over the past several years the Regents have supported legislative efforts to provide comprehensive mandate relief to school districts through the elimination of duplicative reporting while also authorizing the Commissioner to further streamline school district and BOCES planning and reporting. The Legislature and Governor responded by eliminating some requirements this year. Additional streamlining of planning and reporting is proposed to help the Department, BOCES and district staff to use information more strategically and comprehensively and focus Departmental staff resources on its core operational mission and responsibilities. Mandate relief legislation would require the Department to conduct a review of Commissioner’s regulations within

a year and eliminate duplicative or unnecessary reporting requirements for school districts. Additional work is needed to achieve comprehensive reform.

Regional task forces to explore district or functional consolidation

There are many existing mechanisms for sharing of services and functional consolidations that could result in substantial cost reductions. They have been implemented in some parts of the State but are not widely used. There is a need to generate local sharing and consolidation initiatives that utilize the best practices of BOCES and school districts, using regional approaches to effectuate cost savings. Education Law should be amended to require BOCES to create regional task forces, with representation from BOCES and component school districts, including superintendents, school board members, parents and representatives from the business community, to study and make recommendations on opportunities for greater consolidation in each BOCES supervisory district. School district reorganization and functional consolidation should be considered for the purpose of reducing costs and increasing educational opportunity and achievement. The BOCES should be charged with reporting annually on consolidation efforts pursued, savings achieved or expected, and identifying obstacles to consolidation.

Promote regional transportation strategies

School districts currently spend approximately \$2.8 billion for pupil transportation, for which they receive \$1.5 billion in state aid or approximately 54 percent of the expense. Any transition to a regional model of pupil transportation will take a number of years. By starting with regionalization of nonpublic and special education transportation, along with some shared maintenance services, savings would accrue. A greater level of savings would accrue to those districts having the most out-of-district special education and nonpublic transportation services. Smaller districts, which might not want to consolidate, could share administrative and training staff. Additional savings will accrue as larger school districts take on the task of providing all the transportation services of smaller districts within their region. School districts could also move to a regional or cooperative model of bus purchasing producing a savings of 5 to 15 percent, depending upon the method school districts are currently using to purchase school vehicles. Regionalization of school bus maintenance would result in less duplication in the purchase of repair and maintenance equipment and construction of garage and bus storage facilities. Finally, over time there are potential cost savings to the State and local districts by adopting a true regional model of pupil transportation. Legislative changes would be required to pursue several of the suggestions noted.

Promote shared business offices run by BOCES

The Boards of Cooperative Educational Services (BOCES) Central Business Office shared service can have a direct financial impact on participating districts by decreasing school district costs for financial management. Central Business Office shared services

may also create greater efficiencies in other district costs, such as the impact of long range budget planning on district commitments for employee salaries and benefits over time. Other benefits associated with participation in a BOCES Central Business Office include a greater focus by administrators on educational issues; greater expertise at the Central Business Office in areas such as budgeting and multi-year forecasting; and improved efficiencies and internal controls in the management of the district's finances. The limited number of districts participating in the Central Business Office model could be expanded, within limits established by law, regulation and professional auditing standards.

Tax collection and related fees in Suffolk County

School districts around the State issue tax warrants in August and collect tax levy in September to coincide with the start of school. Only Suffolk County sends its tax bills in December. This results in the need for extensive short-term borrowing by school districts in the form of tax anticipation notes. Although tax anticipation notes are usually short-term notes, the interest can be substantial if the amount borrowed is large. The practice of issuing these notes occurs throughout the State, but is particularly noteworthy in Suffolk County. In 2006-07, districts in Suffolk issued \$870 million in tax anticipation notes, approaching 60 percent of the statewide total of about \$1.4 billion. The interest paid by Suffolk districts on tax anticipation notes exceeded \$32 million in 2006-07, representing 66 percent of the interest paid statewide on these notes. Even districts in serious financial difficulty issue tax anticipation notes in Suffolk County; only the very wealthiest districts seem to avoid this practice. The State Education Department will explore options for addressing this problem.

Conclusion

A primary policy concern of the Board of Regents is the enactment of reforms necessary to ensure that students across the State have the opportunity to meet State learning standards. Currently far too few students in high need districts graduate from high school which is a key indicator of the need for academic improvement. This 2010-11 Conceptual Proposal on State Aid recommends beginning a new phase-in of Foundation Aid to support and extend the investment made in providing all students with an adequate education and seeks to further refine the foundation formula by better targeting funds to the neediest districts. Maintaining Contracts for Excellence continues to direct funds to students who require additional help in those districts where there are schools in need of improvement. It is also recommended that the UPK funding formula be reformed to provide a more stable and predictable phase-in of the program. Additional proposed reforms to State Aid include modifying the cost allowance for Building Aid, limiting High Tax Aid, providing flexibility with the use of state aid for instructional materials and equalizing the BOCES Aid and Building Aid formulas. Suggestions are also made for more efficiently using State and local resources.

Technical Supplement

Definitions of Need/Resource-Capacity Categories of New York State School Districts—January 2010

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 percentage⁵ (expressed in standard score form) to the Combined Wealth Ratio⁶ (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	All districts between the 20th (0.7706) and 70th (1.188) percentile on

⁵ **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.

⁶ **Combined Wealth Ratio:** The ratio of district wealth per pupil to State average wealth per pupil, used for 2000-01 aid.

Districts the index.

Low N/RC
Districts All districts below the 20th percentile (0.7706) on the index.

High Need School Districts for 2009-10 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

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

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 COMMON
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

2010-11 Regents Proposal **Formula Components**

General Purpose Aid

Foundation: The 2010-11 Foundation Aid is the sum of the 2009-10 Foundation Aid plus a Phase-in Foundation Increase. Districts are guaranteed no less than the 2009-10 Foundation Aid and aid cannot exceed a 15 percent increase over the 2009-10 Foundation Aid. The Phase-in Foundation Increase is 2.0 percent of the positive result of the product of: Selected Total Aidable Foundation Pupil Units (TAFPU) multiplied by Selected Foundation Aid, minus the 2009-10 Foundation Aid. Selected Foundation Aid is the greater of \$500 or Formula Foundation Aid or Alternate Foundation Aid. Formula Foundation Aid is the positive result of (a) a district-adjusted foundation amount which is the basic foundation amount for 2009-10 (\$5,708) multiplied by the consumer price index (0.997) multiplied by a phase-in foundation percent (1.2305) multiplied by a Regional Cost Index (RCI) multiplied by a Pupil Need Index (PNI) less (b) an expected minimum local contribution. Alternate Foundation Aid is the result of the State Sharing Ratio (SSR) for Foundation Aid multiplied by the district-adjusted foundation amount. The Selected TAFPU is based on Average Daily Membership (ADM) including dual enrollment plus additional weightings for: students with disabilities (including dual enrolled SWD) at 1.41, summer school at 0.12 and declassification pupils at 0.50. The PNI is 1 plus the Extraordinary Needs percent (based on economic disadvantage (weighted at .65), Limited English Proficiency (weighted at .65) and sparsity) and ranges between 1 and 2. The expected minimum local contribution is the product of Selected Actual Value per 2008-09 Total Wealth Foundation Pupil Units (TWFPU) and 0.0138 multiplied by an Income Wealth Index (which is based on 2007 Income and ranges from .65 to 2.0). TWFPU is based on ADM and eliminates additional weightings. For Foundation Aid, Selected Actual Value (AV) is the lesser of 2007 AV or the average of 2007 AV and 2006 AV. For Foundation Aid, Selected Adjusted Gross Income (AGI) is the lesser of 2007 AGI or the average of 2007 AGI and 2006 AGI. The SSR for Foundation Aid is the highest of the following formulas. For high need/resource-capacity districts, the SSR for Foundation Aid is multiplied by 1.05. It is not less than zero nor more than 0.90:

- (1) Ratio = $1.37 - (1.23 * CWR)$;
- (2) Ratio = $1.00 - (0.64 * CWR)$;
- (3) Ratio = $0.80 - (0.39 * CWR)$;
- (4) Ratio = $0.51 - (0.22 * CWR)$.

Academic Enhancement: For the 2010-11 school year Academic Enhancement Aid is the same as the 2008-09 amount set forth in the computer run for the 2009-10 enacted budget. This includes \$17.5 million for supplemental educational improvement plan programs in the Yonkers City School District and up to

\$1,200,000 for the New York City School District for academic achievement programs.

Charter School Transitional: Transitional aid is provided for districts whose charter school enrollment exceeds 2 percent of resident public school enrollment or whose charter school payments exceed 2 percent of total general fund expense.

High Tax: If 2008-09 Approved Operating Expense per TAPU for Expense is greater than the State Average (\$12,000) and the Income Wealth Ratio is less than 2.5 and the Tax Effort Ratio (i.e., 2007 residential levy as a percent of 2007 Income) is greater than 3.35 percent (i.e., 1.35 times the State average), then aid is the greater of \$25,000 or the product of \$500 multiplied by the State Sharing Ratio multiplied by 2009-10 Enrollment.

Operating Reorganization Incentive: Operating Reorganization Incentive Aid is up to 40 percent of 2006-07 Formula Operating Aid for districts that reorganize after July 1, 2007. The sum of 2006-07 Formula Operating Aid and Incentive Operating Aid is limited to 95 percent of 2008-09 Approved Operating Expense.

Early Childhood Education

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

Universal Pre-Kindergarten: The 2010-11 maximum grant is the sum of the 2009-10 Universal Pre-K grant payable (which can't exceed the 2009-10 maximum allocation) plus an increase calculated as the grant per pupil multiplied by the 2010-11 additional aidable pre-K pupils. The grant per pupil for the increase is 0.50 multiplied by the Selected Foundation Aid per pupil. The 2010-11 additional aidable pre-K pupils equal the phase-in factor multiplied by the result of the 2010-11 unserved count minus the 2009-10 base aidable pre-K pupils (BAPP). The 2009-10 BAPP is the lesser of the number of pupils the district applied to serve in 2009-10 or the 2009-10 maximum aidable pre-K pupils. The 2010-11 unserved count is the product of 0.85 multiplied by the remainder of the 2008-09 total public and non-public kindergarten count minus the 2009-10 resident four-year old pupils served in section 4410 programs for more than four hours per day. The phase-in factor for 2010-11 is 0.25. The 2010-11 maximum pupils are the sum of the 2009-10 BAPP and the 2010-11 additional aidable pre-k pupils.

Support for Pupils with Disabilities

Excess Cost - Private: Aid is for public school students attending private schools for students with disabilities. Net tuition expense is multiplied by the 2007 AV/2008-09 TWPU Aid Ratio $(1 - (0.15 * \text{Combined Wealth Ratio}))$, minimum 0.50, maximum 1.0).

Excess Cost – Public High Cost: Aidable high cost expense per pupil must exceed 3.0 times the district's 2008-09 Approved Operating Expense/TAPU for Expense. The net aidable expense is then multiplied by the 2007 AV/2008-09 TWPU Aid Ratio $(1 - (0.51 * \text{Combined Wealth Ratio}))$, minimum 0.25, maximum 1.0).

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 2009-10 administrative and service expenses and the 2007 AV/2008-09 RWADA Aid Ratio: $(1 - (.51 * \text{RWADA Wealth Ratio}))$ with a .36 minimum and .90 maximum. The millage ratio option is continued. Rent and Capital Aids are based on 2010-11 expenses multiplied by the 2007 AV/2008-09 RWADA Aid Ratio with a .00 minimum and a .90 maximum. Payable aid is the sum of these aids.

Special Services Academic Improvement: Academic Improvement Aid equals the 2007 AV/2008-09 TWPU Aid Ratio $(1 - (.59 * \text{Combined Wealth Ratio}))$ with a .36 minimum multiplied by an amount, multiplied by the 2009-10 Career Education pupils including the pupils in business and marketing sequences weighted at 0.16. The amount is \$100 plus the result of \$1,000 divided by the Combined Wealth Ratio (with a maximum of 1.0).

Special Services Career Education: Career Education Aid equals the 2007 AV/2008-09 TWPU Aid Ratio $(1 - (.59 * \text{Combined Wealth Ratio}))$ with a .36 minimum multiplied by \$3,900, multiplied by the 2009-10 Career Education pupils including the pupils in business and marketing sequences weighted at 0.16.

Special Services Computer Administration: Computer Administration Aid equals the 2007 AV/2008-09 TWPU Aid Ratio $(1 - (.51 * \text{Combined Wealth Ratio}))$ with a .30 minimum multiplied by approved expenses not to exceed the maximum of \$62.30 multiplied by the Fall 2009 public school enrollment with half-day kindergarten weighted at 1.0.

Instructional Materials Aids

Hardware and Technology: Aid is based on 2009-10 approved instructional computer hardware expenses (acquisition and limited repair and staff development expenses) up to the product of \$24.20 multiplied by the 2009-10 public and nonpublic enrollment multiplied by the 2007 AV/2008-09 RWADA Aid Ratio (1 – (.51 * RWADA Wealth Ratio)).

Library Materials: Aid is based on 2009-10 approved library materials expenses up to the product of \$6.25 multiplied by the 2009-10 public and nonpublic enrollment.

Software: Aid is based on 2009-10 approved computer software expenses up to the product of \$14.98 multiplied by the 2009-10 public and nonpublic enrollment.

Textbook: Aid is based on 2009-10 approved textbook expenses up to the product of \$58.25 multiplied by the 2009-10 resident 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 2009-10 AV/RWADA Aid Ratios or the Current 2007 AV/2008-09 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 2007 AV/2008-09 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 high need supplemental building aid ratio option is continued but the low income aid ratio option is discontinued. Aid is not estimated for those prospective and deferred projects that had not fully met all eligibility requirements as of the November 2009 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:

Maximum Cost Allowance = Projected Enrollment X Allowed Square Feet per Student X Allowed Cost per Square Foot x Regional Cost Factor

1. The projected enrollment would continue to be the enrollment projected five years out for grades Pre-K - 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 Pre-K – 6 = 135 square feet per pupil
 - Grades 7 - 9 = 165 square feet per pupil
 - Grades 7 - 12 = 185 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 Pre-K – 6 = \$174 per square foot
 - Grades 7 - 9 = \$183 per square foot
 - Grades 7 - 12 = \$183 per square foot

The allowed cost per square foot would be adjusted monthly by the change in the construction cost index.

4. The current regional cost factor methodology would remain unchanged.

Building Reorganization Incentive: Building Reorganization Incentive Aid on capital outlay, lease and debt service is subject 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 $1.01 - (.46 * RWADA \text{ Wealth Ratio})$ or $1.01 - (.46 * Enrollment \text{ Wealth Ratio})$, plus a sparsity adjustment. The sparsity adjustment is the positive result of 21 minus the district’s 2008-09 enrollment per square mile, divided by 317.88. The State Sharing Ratio is the greater of: $1.37 - (1.23 * Combined \text{ Wealth Ratio})$ or $1.0 - (0.64 * Combined \text{ Wealth Ratio})$ or $0.80 - (0.39 * Combined \text{ Wealth Ratio})$ or $0.51 - (0.22 * Combined \text{ Wealth Ratio})$, with a maximum of .90.

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

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 education⁷. 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.

⁷ 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
- 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 six tests. The tests were:

- Mathematics A;
- Global History;
- U.S. History;
- English;
- Living Environment 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 2005-06, 2006-07 and 2007-08 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 six 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 eight examinations (Fourth Grade English Language Arts, Fourth Grade Mathematics, high school Mathematics A, Global History, U.S. History, English, Living Environment and Earth Science) in 2005-06, 2006-07 and 2007-08. 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.

518 school districts met this standard, including: 6 High Need Urban/Suburban districts, 90 High Need Rural districts, 290 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. 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 2005-06, 2006-07 and 2007-08 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.

To properly reflect these differing educational costs, it was decided to incorporate regional cost into the cost estimates. The cost indices used in calculating the estimate are the Regional Cost Indices (RCI) calculated for the 2010-11 State Aid Proposal of the Board of Regents. The RCIs were calculated based upon labor force regions as these have been defined by the New York State Department of Labor. The RCIs calculated for these labor force regions have been normed to a “North Country standard” and are described in Table 1 below:

Table 1: Cost Indices for Labor Force Regions in New York State:

North Country	1.000
Mohawk Valley	1.036
Southern Tier	1.061
Western NY	1.103
Central NY	1.130
Finger Lakes	1.133
Capital District	1.149
Hudson Valley	1.392
Long Island/New York City	1.544

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 expenditures⁸ (including an estimated amount for fringe benefits) as adjusted by the Regents Regional Cost Index calculated in 2009. 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.⁹ 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 eight previously identified examinations had a score that was at Level 3 or above. Districts in which on average less than 80 percent of the students tested 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 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.

⁸ Instructional expenditures include teacher salaries, other instructional salaries, BOCES, tuition, equipment and other expenditures.

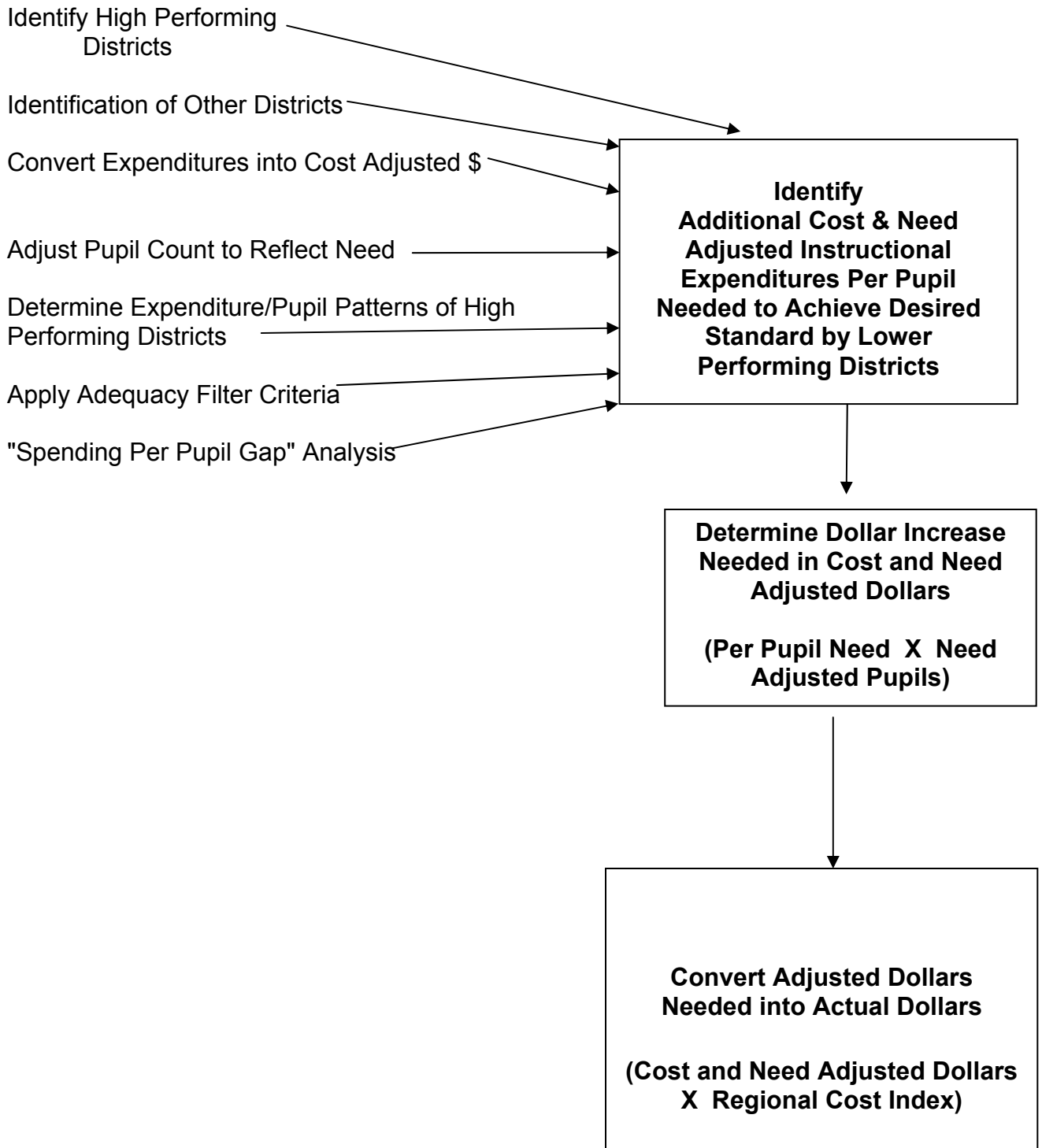
⁹ Instructional expenditures include teacher salaries, other instructional salaries, BOCES, tuition, equipment and other expenditures.

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



Update to 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 56 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 (2009)		
Labor Force Region	Index Value	Purchasing Power of \$1,000 by Region
Capital Distict	1.149	\$870
Southern Tier	1.061	\$943
Western New York	1.103	\$907
Hudson Valley	1.392	\$718
Long Island/NYC	1.544	\$648
Finger Lakes	1.133	\$883
Central New York	1.130	\$885
Mohawk Valley	1.036	\$965
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 Smith¹⁰ for the state of Oregon. This involved the use of a statewide index based on median salaries in professional

¹⁰This 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

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 59 of the 94 occupational titles used in the Oregon study.¹¹ However, due to gaps in employment data within many of New York State's ten Labor Force Regions, 56 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 (roughly 75% in New York State), 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, 38 titles had both employment and wage data, 14 were plugged with wage data, and an additional four employment titles were plugged where data was available statewide and for nine of the ten labor force regions. In all, 56 occupational titles were used for this analysis.

Statewide Median Wage

The first step in generating a regional cost adjustment from the list of 56 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 56 titles for the state as a whole (for example, the total number of people

¹¹ See <http://www.oms.nysed.gov/faru> for a discussion of alternate methods.

working in the title “pharmacist” across the state), and multiplying that amount by the median annual wage for that title (14,200 pharmacists * \$97,054). This result was then summed for all titles, and then divided by the total number of employees in all 56 occupational titles (1,015,670). This produced a weighted annual median wage of \$77,489 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 56 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 56 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 56 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 56 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 56 titles of the index. For example, the number of pharmacists statewide was 14,200, which was then divided by 1,015,670 (the total number of workers in the state in these 56 titles.) This yielded a title weight of 0.014. (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 56 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 = 38). 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.

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 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..."¹²

The data from the 2007 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 724 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."¹³

The New York State OES survey samples approximately 9,500 establishments on a semiannual basis. Sampling occurs during the second and fourth quarters of the year, yielding a combined sample of approximately 57,000 establishments over six semiannual panels. Each semiannual panel represents a one-sixth sample of the full 3-year sample plan. The full 3-year sample allows the production of estimates at fine levels of geography, industry, and occupational detail. Each year the oldest two panels of data are dropped and replaced by two new panels of sampled data before the estimates are recalculated. Employment numbers are from New York State's Long-Term Occupational Projections base employment numbers and are updated every two years.

¹² See U.S. Department of Labor, "Interarea Comparison of Compensation and Prices", Report on the American Workforce, 1997, pp.69-97.

¹³ 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)

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. General and Operations Managers
2. Advertising and Promotions Managers
3. Marketing Managers
4. Sales Managers
5. Public Relations Managers
6. Administrative Services Managers
7. Computer and Information Systems Managers
8. Financial Managers
9. Compensation and Benefits Managers
10. Industrial Production Managers
11. Purchasing Managers
12. Transportation, Storage, and Distribution Managers
13. Construction Managers
14. Engineering Managers
15. Medical and Health Services Managers
16. Property, Real Estate, and Community Association Managers
17. Social and Community Service Managers
18. Purchasing Agents, Except Wholesale, Retail, and Farm Products
19. Cost Estimators
20. Employment, Recruitment, and Placement Specialists
21. Training and Development Specialists
22. Management Analysts
23. Accountants and Auditors
24. Budget Analysts
25. Financial Analysts
26. Loan Officers
27. Computer Programmers
28. Computer Software Engineers
29. Computer Systems Analysts
30. Network and Computer Systems Administrators
31. Civil Engineers
32. Electrical Engineers
33. Industrial Engineers
34. Mechanical Engineers

35. Industrial Engineering Technicians
36. Electrical and Electronic Engineering Technicians
37. Clinical, Counseling, and School Psychologists
38. Substance Abuse and Behavioral Disorder Counselors
39. Child, Family, and School Social Workers
40. Medical and Public Health Social Workers
41. Mental Health and Substance Abuse Social Workers
42. Librarians
43. Graphic Designers
44. Public Relations Specialists
45. Writers and Authors
46. Dietitians and Nutritionists
47. Pharmacists
48. Physician Assistants
49. Physical Therapists
50. Recreational Therapists
51. Speech-Language Pathologists
52. Medical and Clinical Laboratory Technologists
53. Medical and Clinical Laboratory Technicians
54. Recreation Workers
55. Residential Advisors
56. Interviewers, Except Eligibility and Loan

2009 Regional Cost Index
Revised Department of Labor Regions

Capital District

Albany
Columbia
Greene
Rensselaer
Saratoga
Schenectady
Warren
Washington

Central New York

Cayuga
Cortland
Madison
Onondaga
Oswego

Finger Lakes

Genesee
Livingston
Monroe
Ontario
Orleans
Seneca
Wayne
Wyoming
Yates

Hudson Valley

Dutchess
Orange
Putnam
Rockland
Sullivan
Ulster
Westchester

Long Island/New York City

Nassau
New York City
Suffolk

Mohawk Valley

Fulton
Herkimer
Montgomery
Oneida
Otsego
Schoharie

North Country

Clinton
Essex
Franklin
Hamilton
Jefferson
Lewis
St. Lawrence

Southern Tier

Broome
Chemung
Chenango
Delaware
Schuyler
Steuben
Tioga
Tompkins

Western New York

Allegany
Cattaraugus
Chautauqua
Erie
Niagara

**SUMMARY OF AIDS AND GRANTS AS REQUESTED IN
THE 2010-11 REGENTS PROPOSAL ON SCHOOL AID**

Aid Category	2009-10	2010-11	Change	
	School Year	School Year	Amount	Percent
	(-----Amounts in Millions-----)			
I. General Purpose Aid				
Formula Foundation Aid	\$14,892.22	\$15,061.57	\$169.35	1.14
Plus: Cap on Losses/Minimum Increase	0.00	0.00	0.00	NA
Less: Cap on Increases	0.00	0.00	0.00	NA
Foundation Grant Subtotal	14,892.22	15,061.57	169.35	1.14
Academic Enhancement Aid	27.02	27.02	0.00	0.00
Charter School Transition Aid	18.67	21.84	3.17	16.98
High Tax Aid	204.77	100.80	-103.97	-50.78
Operating Reorganization Incentive Aid	2.86	2.86	0.00	0.00
General Purpose Aid Subtotal	15,145.54	15,214.09	68.55	0.45
Full Day Kindergarten Conversion Aid	7.35	0.00	-7.35	-100.00
Universal Prekindergarten Aid	399.72	453.20	53.48	13.38
Sum of General Purpose Aids	\$15,552.61	\$15,667.29	\$114.68	0.74
II. Support for Pupils with Disabilities				
Private Excess Cost Aid	314.91	328.97	14.06	4.46
Public Excess Cost Aid	443.92	454.12	10.20	2.30
Supplemental Public Excess Cost Aid	4.31	0.00	-4.31	-100.00
Sum	\$763.14	\$783.09	\$19.95	2.61
III. BOCES/Career and Technical Education Aid				
BOCES Aid	698.87	731.91	33.04	4.73
Special Services Academic Improvement Aid	48.59	48.50	-0.09	-0.19
Special Services Career Education Aid	121.05	116.02	-5.04	-4.16
Special Services Computer Administration Aid	36.76	35.18	-1.58	-4.30
Sum	\$905.28	\$931.61	\$26.33	2.91
IV. Instructional Materials Aids				
Computer Hardware Aid	37.85	37.43	-0.42	-1.10
Library Materials Aid	19.32	19.26	-0.06	-0.30
Software Aid	45.46	45.79	0.33	0.72
Textbook Aid	182.50	181.38	-1.12	-0.61
Sum	\$285.12	\$283.85	-\$1.27	-0.44
V. Expense-Based Aids				
Building Aid	2,244.70	2,462.81	218.10	9.72
Building Reorganization Incentive Aid	19.19	0.11	-19.08	-99.43
Transportation Aid	1,504.14	1,641.66	137.52	9.14
Summer Transportation Aid	4.98	5.00	0.02	0.46
Sum	\$3,773.01	\$4,109.58	\$336.56	8.92
Computerized Aids Subtotal	\$21,279.16	\$21,775.43	\$496.26	2.33
VI. All Other Aids				
Bilingual Education	12.50	12.50	0.00	0.00
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
Education of OMH/OMR Pupils	69.00	69.00	0.00	0.00
Employment Preparation Edn. (EPE)	96.00	96.00	0.00	0.00
Homeless Pupils	9.23	9.23	0.00	0.00
Incarcerated Youth	17.50	17.50	0.00	0.00
Learning Technology Grants	3.29	3.29	0.00	0.00
Less: Local Contribution due for certain students	-47.00	-47.00	0.00	0.00
Native American Building Aid	2.50	2.50	0.00	0.00
Native American Education Aid	35.00	35.00	0.00	0.00
Rochester Community Schools	0.00	0.00	0.00	NA
Roosevelt	6.00	6.00	0.00	0.00
School Health Services	13.84	13.84	0.00	0.00
Special Act School Districts	2.70	2.70	0.00	0.00
Supplemental Valuation Impact Grants	3.80	0.00	-3.80	-100.00
Teacher - Mentor Intern	0.00	0.00	0.00	NA
Teacher Centers	0.00	0.00	0.00	NA
Teachers of Tomorrow	25.00	25.00	0.00	0.00
Urban-Suburban Transfer Aid	2.73	2.73	0.00	0.00
Sum	\$253.16	\$249.36	-\$3.80	-1.50
Total General Support for Public Schools	\$21,532.32	\$22,024.78	\$492.46	2.29
VII. Aid Outside of GSPS				
EXCEL Debt Service *	165.00	165.00	0.00	0.00
Fiscal Stabilization Grants and PYA Funds	38.08	38.08	0.00	0.00
Sum	\$203.08	\$203.08	\$0.00	0.00
VIII. Aid Adjustments				
Deficit Reduction Assessment	-1,097.93	0.00	1,097.93	-100.00
Current and Base Year Restoration Reductions	-126.26	0.00	126.26	-100.00
Supplemental Deficit Reduction Assessment	-391.08	0.00	391.08	-100.00
Sum	-\$1,615.27	\$0.00	\$1,615.27	-100.00
IX. Federal ARRA Apportionments				
DRA Restoration	1,224.81	0.00	-1,224.81	-100.00
Supplemental DRA Restoration	391.08	0.00	-391.08	-100.00
Est. IDEA (611 and 619)	395.67	0.00	-395.67	-100.00
Est. Title IA	444.07	0.00	-444.07	-100.00
Roosevelt	6.00	0.00	-6.00	-100.00
Teacher - Mentor Intern	2.00	0.00	-2.00	-100.00
Teacher Centers	40.00	0.00	-40.00	-100.00
Sum	\$2,503.63	\$0.00	-\$2,503.63	-100.00
Grand Total	\$22,623.76	\$22,227.86	-\$395.90	-1.75

* This represents payments on debt used to fund EXCEL grants paid by the Dormitory Authority of the State of New York to school districts and are included here for comparability with the 2009-10 Enacted Budget.

ANALYSIS OF AID CHANGES UNDER THE 2010-11 REGENTS PROPOSAL
TOTAL COMPUTERIZED AIDS

A. BY NEED/RESOURCE INDEX DECILES WITHOUT BIG 5											
Decile	Need/Resource Index		2009-10		2010-11		2009-10		Percent Change	% of Total Increase	Change per pupil
	Decile Range		Enrollment	AID	BASE	Change					
1	0.002	0.075	182,355	468,937,014	463,988,114	4,948,900	1.07	1.00	27		
2	0.076	0.204	225,231	957,336,510	939,644,322	17,692,188	1.88	3.57	79		
3	0.207	0.415	258,459	1,409,442,896	1,387,575,066	21,867,830	1.58	4.41	85		
4	0.420	0.746	231,384	1,489,607,583	1,466,281,279	23,326,304	1.59	4.70	101		
5	0.747	1.156	164,814	1,266,638,666	1,226,177,874	40,460,792	3.30	8.15	245		
6	1.158	1.621	129,927	1,208,632,431	1,167,410,714	41,221,717	3.53	8.31	317		
7	1.623	2.197	110,571	1,112,348,225	1,077,463,632	34,884,593	3.24	7.03	315		
8	2.200	2.898	118,722	1,391,948,246	1,333,170,912	58,777,334	4.41	11.84	495		
9	2.908	3.767	97,976	1,242,392,898	1,184,235,845	58,157,053	4.91	11.72	594		
10	3.782	12.040	84,316	1,144,445,171	1,096,037,297	48,407,874	4.42	9.75	574		
STATE (Excl. BIG 5)			1,603,755	11,691,729,640	11,341,985,055	349,744,585	3.08	70.48	218		
New York City			1,442	995,962	8,473,302,736	8,354,460,290	118,842,446	1.42	23.95	119	
Big 4 Cities			1.357	6,307	118,300	1,610,392,742	1,582,719,392	1.75	5.58	234	
STATE			2,718,017	21,775,425,118	21,279,164,737	496,260,381	2.33	100.00	183		
B. BY NEED/RESOURCE CAPACITY CATEGORY											
Need/Resource Capacity	2009-10		2010-11		2009-10		Percent Change	% of Total Increase	Change per pupil		
	Enrollment	AID	BASE	Change							
NYC	995,962	8,473,302,736	8,354,460,290	118,842,446	1.42	23.95	119				
Big 4	118,300	1,610,392,742	1,582,719,392	27,673,350	1.75	5.58	234				
Urban/Suburban High Need	223,373	2,377,837,200	2,303,313,891	74,523,309	3.24	15.02	334				
Rural High Need	161,237	2,068,147,265	1,967,831,536	100,315,729	5.10	20.21	622				
Average Need	819,657	5,913,238,670	5,759,591,539	153,647,131	2.67	30.96	187				
Low Need	399,488	1,332,506,505	1,311,248,089	21,258,416	1.62	4.28	53				
STATE			2,718,017	21,775,425,118	21,279,164,737	496,260,381	2.33	100.00	183		

ANALYSIS OF AID CHANGES UNDER THE 2010-11 REGENTS PROPOSAL
TOTAL COMPUTERIZED AIDS WITHOUT TRANSPORTATION, BUILDING AND BUILDING INCENTIVE

A. BY NEED/RESOURCE INDEX DECILES WITHOUT BIG 5											
Decile	Need/Resource Index		2009-10		2010-11		2009-10		Percent Change	% of Total Increase	Change per pupil
	Decile Range		Enrollment	AID	BASE	Change					
1	0.002	0.075	182,355	362,821,519	373,216,930	(10,395,411)	-2.79	-6.51	(57)		
2	0.076	0.204	225,231	713,031,278	723,921,702	(10,890,424)	-1.50	-6.82	(48)		
3	0.207	0.415	258,459	1,076,831,187	1,080,720,344	(3,889,157)	-0.36	-2.44	(15)		
4	0.420	0.746	231,384	1,168,937,384	1,171,283,879	(2,346,495)	-0.20	-1.47	(10)		
5	0.747	1.156	164,814	981,185,504	963,595,318	17,590,186	1.83	11.01	107		
6	1.158	1.621	129,927	960,298,451	942,898,056	17,400,395	1.85	10.90	134		
7	1.623	2.197	110,571	890,291,999	876,143,402	14,148,597	1.61	8.86	128		
8	2.200	2.898	118,722	1,117,556,491	1,101,766,312	15,790,179	1.43	9.89	133		
9	2.908	3.767	97,976	1,005,181,061	981,169,009	24,012,052	2.45	15.04	245		
10	3.782	12.040	84,316	921,150,704	902,240,074	18,910,630	2.10	11.84	224		
STATE (Excl. BIG 5)			1,603,755	9,197,285,578	9,116,955,026	80,330,552	0.88	50.30	50		
New York City			1,442	995,962	7,103,169,943	7,040,661,496	62,508,447	0.89	39.14	63	
Big 4 Cities			1.357	6,307	1,365,391,914	1,348,534,461	16,857,453	1.25	10.56	142	
STATE			2,718,017	17,665,847,435	17,506,150,983	159,696,452	0.91	100.00	59		
B. BY NEED/RESOURCE CAPACITY CATEGORY											
Need/Resource Capacity	2009-10		2010-11		2009-10		Percent Change	% of Total Increase	Change per pupil		
	Enrollment	AID	BASE	Change							
NYC	995,962	7,103,169,943	7,040,661,496	62,508,447	0.89	39.14	63				
Big 4	118,300	1,365,391,914	1,348,534,461	16,857,453	1.25	10.56	142				
Urban/Suburban High Need	223,373	2,010,062,874	1,983,365,550	26,697,324	1.35	16.72	120				
Rural High Need	161,237	1,613,206,666	1,581,365,641	31,841,025	2.01	19.94	197				
Average Need	819,657	4,560,514,050	4,520,989,336	39,524,714	0.87	24.75	48				
Low Need	399,488	1,013,501,988	1,031,234,499	(17,732,511)	-1.72	-11.10	(44)				
STATE			2,718,017	17,665,847,435	17,506,150,983	159,696,452	0.91	100.00	59		