

## *New State Aid Formula Provides Predictability for Local Union Leaders*

In addition to providing the largest one-year increase in school aid, the 2007-08 state budget also provides every school district with predictable state aid increases for each of the next three years. These promised aid increases will be delivered through the new Foundation Aid formula, which combined nearly 30 separate aid formulas into a single aid formula. Foundation Aid is calculated based on the actual costs associated with providing an adequate education and is adjusted for:

- disadvantaged students and special needs students,
- regional cost, and
- a local contribution based on the wealth of a district.

Although Foundation Aid increases are targeted at High-Need School Districts, all school districts will receive a minimum Foundation Aid increase of 3% in 2007-08, 2008-09, 2009-10 and 2010-11, for a total increase of 12.55%. Districts receiving an increase greater than the 3% minimum will receive progressively larger increases in each of the next three years. This four-year commitment to public education will allow school districts and local unions to plan for the future.

In total, Foundation Aid will increase from a base of \$12.5 billion in 2006-07 to \$18.0 billion in 2010-11, an increase of \$5.5 billion. This calculation can be done for each school district in the state providing the districts and the unions with important state aid information over the next four years.

The large infusion of state aid settles the long-running Campaign for Fiscal Equity (CFE) lawsuit, which successfully argued that for years the state had under-funded public education.

The following page contains some common questions regarding the new Foundation Aid.

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### *What will districts do with the new state aid?*

With the exception of the 56 school districts that are subject to a Contract for Excellence with the state, districts may use their state aid increases to expand educational programs, pay cost-increases associated with existing programs, pay for collective bargaining increases, or reduce increases in the property tax levy. Many districts will likely use their state aid increases for some combination of those options. School districts will make these determinations each year when they formulate their budget proposals that will be presented for voter approval.

Because many districts begin their budget development process in the fall, districts were not fully able to plan for the state aid increase that occurred in 2007-08. Therefore, many districts may have used a significant portion of this year's state aid increase to reduce increases in the property tax levy, which resulted in a record year for passing school budgets because one of the most significant factors in passing a school budget is the size of the property tax increase.

When planning begins for 2008-09, districts and union leaders should have a clear sense of future state aid increases. In Contract for Excellence districts teachers must be involved in the planning process. In all other districts, local union leaders should, to the extent possible, participate in the district's budget development process.

### *Do Contract for Excellence districts have spending requirements?*

These 56 districts must spend their Foundation Aid increases on new programs or an expansion of existing programs to improve student achievement. However, these districts may use the first 3% of their increase in Foundation Aid to pay for cost increases associated with the district's existing program.

### *How can I find out how much of an increase my district will get?*

NYSUT Research and Educational Services provided district-specific information on state aid increases at both the Local Presidents Conference in April 2007 and at the New Local Presidents Conference in July 2007. This information included the four-year increase in Foundation Aid. In addition, local leaders may access this information by contacting NYSUT Research and Educational Services through their LRS.

### *Will the state actually fund this commitment for state aid increases?*

Although the state must annually appropriate funding for school aid, the promised funding increases were enacted into law in 2007. In 2007-08 districts received the first installment of this four-year commitment. Governor Spitzer made it clear during his campaign for Governor that he would settle the CFE case by enacting a statewide solution that would ensure all districts have the necessary resources. Furthermore, the Governor's Division of the Budget recently released a four-year financial plan for the state that reaffirms this four-year aid increase for public education. NYSUT will be calling on the Governor and the Legislature to deliver on the promise of increased funding.