



**MAKING THE RIGHT TO A SOUND BASIC
EDUCATION A REALITY:**

**REPORT OF CFE'S SOUND BASIC EDUCATION
TASK FORCE**

PART 1.

**AN ADEQUATE FOUNDATION FOR ALL:
A PRELIMINARY PROPOSAL FOR REFORMING THE STATE'S
SYSTEM FOR PROVIDING OPERATING AID TO
LOCAL SCHOOL DISTRICTS**

March 1, 2004

This proposal, which has been prepared jointly with the Fiscal Policy Institute, is a work-in-progress. It uses data from the preliminary report of the *New York Adequacy Study* to illustrate the various reform recommendations. These numbers are subject to revision based on the study's final report and after receiving input from the public engagement meetings scheduled throughout the state over the next two months.

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EXECUTIVE SUMMARY

In June 2003, in an historic decision the Campaign for Fiscal Equity (CFE) won a sweeping victory for the students of New York. The New York Court of Appeals, the state's highest court, ruled that all children have a constitutional right to the opportunity for a sound basic education pursuant to Article XI of the state constitution. To make this right a reality, the court mandated a fundamental reform of the state's education funding system. Specifically, the court ordered the State to accomplish the following by July 30, 2004:

- **One:** Determine the actual cost of providing a sound basic education;
- **Two:** Ensure that every school has the resources necessary for providing the opportunity for a sound basic education; and
- **Three:** Ensure a system of accountability to measure whether the reforms actually provide the opportunity for a sound basic education.*

To make certain that well researched proposals were developed in all areas of the court mandate, CFE convened a Sound Basic Education (SBE) Task Force with a broad membership of educators, advocates, and business and community representatives from around the state. The SBE Task Force is composed of three separate working groups that address, respectively, operating aid, building aid, and accountability issues. Each working group is being assisted by a panel of local and national experts. The SBE Task Force is coordinating its work with the findings of the *New York Adequacy Study*, the independent "costing-out" analysis that CFE, the New York State School Boards Association (NYSSBA), and 30 other statewide organizations (organized as the Council on Costing Out) initiated in January 2003 to address the first of the court's orders.

* Technically, the Court of Appeals' order applies only to New York City. Since the State Education Department has determined that constitutional deficiencies also exist in many other urban, suburban, and rural districts statewide, the task force's proposals address the issues on a statewide basis.

Operating Aid: An Adequate Foundation for All

Currently, state aid for education in New York State is distributed through over 50 separate and unnecessarily complex formulas and grants-in-aid. The approach recommended in this proposal consolidates 38 of these current categories into a single foundation allocation, while increasing the percentage of the state share and providing districts with predictability and transparency in the way their schools are funded. Its main components are:

1. A COMPREHENSIVE FOUNDATION AMOUNT

Virtually all school district educational expenses, except for transportation, facility construction costs, debt service, and high cost public and private special education placements, would be encompassed by a single, comprehensive sound basic education foundation amount (“the SBE foundation amount”). BOCES Aid, textbook, library and computer aid to private schools, teacher centers, and special grants that are not part of local districts’ basic educational operations, would be funded separately through the State Education Department.

2. ADJUSTMENTS FOR STUDENT NEED AND LOCAL COST FACTORS

Each district’s SBE foundation amount would be based on a statewide average foundation amount per pupil adjusted by i) a needs index reflecting poverty, disability levels, numbers of English language learners, ii) a small school size factor; and iii) a geographic cost of education index. All of these indices are derived from the preliminary results of the *New York Adequacy Study*.

3. DIVISION OF RESPONSIBILITY BETWEEN LOCAL SCHOOL DISTRICTS AND THE STATE

The responsibility for financing each district's SBE foundation amount would be divided between the local district (or local municipality in the case of the big five urban

districts) and the state government on the basis of the district's relative "ability to pay" as measured by poverty-weighted property and income wealth ratios. No district would receive less state aid than it received during 2003-2004.

a. MANDATORY LOCAL CONTRIBUTION

Each local school district would be required to make a defined contribution to the financing of its SBE foundation amount based on an "ability to pay" formula. Local districts would be free to make a local contribution greater than this mandatory minimum to provide educational opportunities above the SBE adequacy level.

b. MANDATORY STATE CONTRIBUTION

The state would be required to provide the difference between the amount generated by the local share, available federal aid, and the foundation amount. The overall result would be that under this preliminary proposal, the state share of total statewide educational expenditures would rise from the current 47% to 52%. The state share of total revenues excluding federal aid would increase from 50% to 56%.

4. FOUR-YEAR PHASE-IN

Initially, the new Adequate Foundation for All Plan should be phased-in over a four-year period, with approximately 25% of the incremental allocation for each district added each year. To promote stability and long-term planning by school districts, state aid under this plan should be authorized and appropriated on an advanced basis – preferably in the prior year's budget, but in no event later than December 31. The foundation amount and educational need and cost indices should be reviewed and reconsidered at least every four years, on the basis of a new costing-out study.

In sum:

A DISTRICT'S BASIC OPERATING AID =

- (a) The Statewide Per Pupil SBE Foundation Amount TIMES
- (b) The District's Enrollment TIMES
- (c) The District's Educational Need Index Factor TIMES
- (d) The District's Geographic Cost Index Factor LESS
- (e) The District's Mandatory Operating Aid Contribution
(Based on the District's Relative Poverty-Adjusted Property
Wealth and Income Wealth Per Pupil)

The foundation approach described in this proposal is the most effective means for implementing the Court of Appeals' constitutional mandate. The Court of Appeals' decision requires that the amount of resources that students actually require to have the opportunity for a sound basic education *must* actually be made available to students in every school. Accordingly, now that the *New York Adequacy Study* has identified the amount of funding that is actually needed to provide all students the opportunity for a sound basic education, the best route to constitutional compliance is to ensure that this SBE amount is actually made available to all students in all schools, and that the state's education finance system be reformed, in accordance with the fair funding principles set forth above.

INTRODUCTION

Background: *CFE v. State of New York*

In May 1993 the Campaign for Fiscal Equity filed a lawsuit against the state of New York, claiming that the state unconstitutionally underfunded New York City's public schools. In June 1995 the New York Court of Appeals upheld CFE's right to pursue its constitutional challenge. The court held that every child in the state of New York has a constitutional entitlement, pursuant to Article XI of the state constitution, to the opportunity for a sound basic education. The case was remanded for trial to determine whether students in New York City were in fact being denied their constitutional right. In January 2001, following an extensive seven-month trial, Justice Leland DeGrasse of the New York State Supreme Court upheld CFE's claim.

After a temporary reversal at the Appellate Division, CFE won a sweeping victory in June 2003 from the New York Court of Appeals, the state's highest court. In an historic decision, the court affirmed the trial court's basic decision that the constitutional right to a sound basic education requires that students receive a "meaningful high school education" that will provide them the necessary skills to be capable citizens and obtain competitive employment. To ensure that all children receive their constitutional rights, the court mandated fundamental reform of New York State's education funding system. Specifically, the court ordered the State to accomplish the following by July 30, 2004:

- **One:** Determine the actual cost of providing a sound basic education;
- **Two:** Ensure that every school has the resources necessary for providing the opportunity for a sound basic education; and
- **Three:** Ensure a system of accountability to measure whether the reforms actually provide the opportunity for a sound basic education.

Although technically the Court of Appeals’ order applies only to New York City, where specific evidence at trial established that extensive resource deficiencies had denied the city’s students their constitutional entitlement to the opportunity for a sound basic education, the New York State Education Department has clearly established that similar deficiencies exist in many other urban, suburban, and rural districts statewide. Accordingly, CFE’s proposals—consistent with the stated position of the governor and the leaders of both houses of the legislature—seek to remedy the current constitutional deficiencies that exist both in New York City and throughout the state.

CFE’s Sound Basic Education Task Force

Last September, Governor George Pataki responded to the Court of Appeals’ order by appointing a twenty-member Commission on Education Reform. CFE, as well as many other groups and individuals around the state, was concerned that the commission, which lacked representation from the legislature, the city of New York, the Department of Education of the City of New York, the New York State Education Department, and education advocacy groups, was not representative of the state’s educational community.¹

To ensure that a set of well-researched policy proposals in each of the areas required by the Court of Appeals would be thoroughly considered by representatives of all the major educational constituencies in New York City and throughout the state—and would be presented to the governor, the legislature, and the public at large in a timely manner—CFE convened a sound basic education (SBE) task force. The SBE Task Force is coordinating its work with the findings of the *New York Adequacy Study*, the independent “costing-out” analysis that CFE, the New York State School Boards Association (“NYSSBA”) and 30 other statewide organizations (organized as the Council on Costing Out) initiated in January 2003. The task force is addressing the second and third mandates of the Court of Appeals’ order through three separate working groups that deal, respectively, with operating aid, building aid, and accountability. A list of the members of the Task Force’s Working Group on Operating Aid is attached as **Appendix A**. Each of the working groups is being assisted by a primary

¹ Over the past few months, the chairman of the governor’s commission, Frank Zarb, and Executive Director Daniel Kinley have invited CFE to attend meetings of the commission and have informally exchanged information with CFE.

technical consultant: the Fiscal Policy Institute in regard to operating aid; Patricia Zedalis in regard to building aid; and BearingPoint Management Consultants and the Education Commission of the States in regard to accountability. In addition, CFE has retained an outstanding panel of local and national experts to provide supplementary research, assist each of the working groups in their deliberations, and review each set of proposals. A list of these expert consultants is annexed hereto as **Appendix B**.

Each of the task force's working groups has convened a series of meetings over the past four months in both New York City and Albany. Between these meetings, informal telephone conferences and meetings with experts and task force members have occurred on a regular basis. Throughout this process, major concepts being considered by the working groups have been informally discussed at various public engagement meetings convened by CFE. Following the issuance of this report, a series of 12 public engagement meetings will be convened in every part of the state to inform the interested public of these proposals and to obtain their reactions and input. The proposal, which we consider a work-in-progress, is based on the data from the preliminary report of the *New York Adequacy Study*. The numbers set forth in this preliminary report to illustrate the various reform recommendations are subject to revision after issuance of the final costing-out report and based on further input from the statewide public engagement meetings.

The present preliminary report on operating aid is the first of the reports of the Sound Basic Education Task Force to be released. Reports on building aid and accountability will be released over the next month.

The New York Adequacy Study

In his January 2001 decision, Supreme Court Justice Leland DeGrasse held that the “threshold task” that the state must perform to develop a constitutionally acceptable funding system is to ascertain, to the extent possible, “the actual costs of providing a sound basic education in districts around the State.”² The court's mandate was automatically stayed, however, when the governor filed his notice of appeal shortly after issuance of the trial court decision. Until the Court of Appeals

² *CFE v. State of New York*, 187 Misc. 2d 1, 115 (S.Ct. N.Y. Co, 2001).

affirmed the trial court’s order and reiterated the requirement that a costing-out study be undertaken, the state was under no legal obligation to do so.

Justice DeGrasse’s holding that an objective costing-out study is the critical first step in establishing a fair, needs-based funding system caused education advocates, policy analysts, political leaders, newspaper editorial boards, and other concerned citizens to call for the immediate mounting of a statewide costing-out study. As the *Westchester Journal News* put it, “...such logical analysis has been sorely missing in a state whose school funding is distributed through a Byzantine formula manipulated by political deal-making.”³ Responding to this call, the Atlantic Philanthropies indicated that they would provide substantial funding if a credible, objective study were organized.⁴

In October 2002, CFE, working with NYSSBA and the Business Council of New York State, retained the American Institutes for Research (AIR) and Management Analysis and Planning (MAP), two of the leading national organizations that have conducted costing-out studies in a number of other states throughout the country, to carry out an adequacy study in New York State. AIR and MAP jointly undertook a pilot study to adapt and extend the methodologies that they and others have used in other states to the unique circumstances of New York State. The report that resulted from that pilot study was then shared with representatives of 30 other statewide education advocacy, business, union, civic and parent groups—organized as the Council on Costing Out— who then helped to refine the methodology. The full study, known as the *New York Adequacy Study*, officially commenced in March 2003.

The *New York Adequacy Study* is the most comprehensive costing-out study ever mounted in the United States. It uses each of the four predominant methodologies that have been used in the 27 other states that have undertaken such studies.⁵ The four approaches are: professional judgment, successful schools,⁶ expert judgment, and the econometric analysis. The core of the study, however,

³ “Appreciated Research: Educated Coalition Goes Where Albany Has Not Cared,” *The Journal News*, December, 16, 2002.

⁴ Once the study was organized, the Ford Foundation and the Gates Foundation agreed to provide the additional necessary to complete the study.

⁵ For specific information on the various costing-out methodologies and regarding costing out studies that have been conducted in other states, see <http://www.schoolfunding.info/research/costout.htm>.

⁶ The AIR/MAP team attempted to compare spending patterns and levels in a pool of “successful schools,” with the patterns and levels set forth in the educational model developed through the professional judgment process. However, when they attempted to apply a consistent and rigorous definition of a “successful school” (one which “beats the odds” when considering the socio-economic background of its students and does so consistently over a 4 year period), they concluded

was an extensive professional exercise in which approximately 60 New York educators, organized in 10 separate panels (two from New York City, two “other urban,” two suburban, two rural, and two special education) developed prototypical educational models at the elementary, middle, and high school levels, with variations for differing proportions of students from poverty backgrounds, students with disabilities, and English language learners. This educational model is the first in New York State to directly confront the critical issue of the precise level of resources needed to provide *all* students in the state the opportunity to meet the Regents Learning Standards.⁷

The educational model that was recommended on a virtual consensus basis by the representative group of the outstanding educators on the study’s panels places a heavy emphasis on early childhood education, calling for greatly expanded pre-kindergarten and kindergarten services and very small classes at the K-5 level. The model assumes that over 95% of special education students will attend their neighborhood schools and that the vast majority of these students will spend most of the day in general education classes.⁸ At the middle and high school levels, moderate class sizes are recommended, together with expanded support services and extensive after school and summer school programming.

Once the model was formulated by the educators, it was reviewed and critiqued by a number of leading national experts in special education, educators of English language learners, and those working with students from poverty backgrounds. It was also critiqued by a panel of New York State “stakeholders,” including representatives of the business community, parents, school board members, legislative leaders, and representatives from the governor’s staff and the governor’s commission. The research panel then “costed out” the exact number of dollars required to provide this type of education in each school district in the state. The costing-out process was carried out by determining the precise

that the number of schools in New York State which met the definition was too small to be statistically significant. The “successful schools” they had identified were, however, used as sources for recruiting outstanding educators to participate as panelists in the professional judgment exercises.

⁷ The Regents Learning Standards, which virtually all students in the state must meet in order to obtain a high school diploma, are the current operational definition of a “meaningful high school education.” Although in theory some other standard might also meet constitutional requirements, so long as these standards are in effect, the state is constitutionally obligated to provide the level of resources needed to provide all students the opportunity to meet them.

⁸ The *New York Adequacy Study* is the first in the country to directly calculate the costs of special education inclusion programs. The presence of large numbers of special education (and ELL) students in general education classes was one of the justifications for the recommendations for class sizes of 14-16 at the K-5 level.

number of children from poverty backgrounds, children with disabilities, and English language learners in each school. The researchers also assessed the size of every school in the state and assigned a per-pupil allocation to each school based on the aforementioned factors. The total amount assigned to each school district was then adjusted in accordance with a geographic cost index, based on the costs of hiring comparable teachers and other personnel in different parts of the state.

The preliminary report, issued by the AIR/MAP team on February 4, 2004, found that New York City and 516 other districts around the state are not currently spending at the level necessary to provide all of their students with the opportunity to meet the Regents Learning Standards, while 163 districts are spending at or above that level.⁹ The consultants concluded that an additional \$6.21 billion in 2001-2002 dollars (or \$7.03 billion in 2004-2005 dollars¹⁰) would be necessary to bring these 517 districts up to the requisite constitutional level. The final report of the *New York Adequacy Study*, which will be released later this month, will contain extensive data regarding all of the recommendations of the professional judgment panels, the detailed methodologies utilized to cost out those recommendations, and a range of alternative approaches that might be considered in a final operating aid proposal. In other words, the final report will demystify the school funding process and provide a range of fully transparent data and options that the governor, the legislature, and the public may consider in making final funding decisions.

⁹ A copy of the preliminary report is available at <http://www.cfequity.org>.

¹⁰ The \$6.21 billion figure was adjusted to account for estimated yearly cost increases and inflation rates. Specifically, the figure was adjusted to reflect an estimated average 5% annual increase in salaries and fringe benefits and a 2% annual increase in all other costs for the years 2002-2003 and 2003-2004. For 2004-2005, the estimated increase in salaries and fringe benefits is 6% to account for next year's large increase in teacher pension contributions. For the TRS pension contribution rates see <http://www.nystrs.org/main/admbull/bull10-03.pdf>.

AN ADEQUATE FOUNDATION FOR ALL: A PROPOSAL FOR REFORMING THE STATE’S SYSTEM FOR PROVIDING OPERATING AID TO LOCAL SCHOOL DISTRICTS

New York’s Current Funding Formulas

Currently, state aid for education in New York State is distributed through over 50 separate formulas and grants-in-aid. Unnecessarily complex and administratively burdensome, the current state education finance system has suffered from years of modifications that have added layers of statutory provisions. The approach recommended in this proposal consolidates many of these categories into a single foundation allocation, while increasing the percentage of the state share and providing districts with needed predictability and transparency in the way their schools are funded.

The glaring deficiencies of New York State’s education finance system have been decried repeatedly. In the last 30 years, four special task forces (known as the Fleischmann, Rubin, Salerno, and Moreland Act Commissions) have all issued voluminous reports. The Office of State Comptroller has also issued a series of reports on educational finance, offering many suggestions for reform, while the New York State Board of Regents regularly makes recommendations for major changes to the system. These studies have consistently concluded that the current system:

- involves numerous complex formulas that fail to meet any reasonable test of transparency and which sometimes operate at cross purposes;
- contains too many categorical grant programs and other expenditure restrictions;
- is unfair to pupils and taxpayers in school districts with lower than average revenue-raising capacity and/or higher than average needs;
- includes some formulas that discourage cost efficiencies;
- fails to provide adequate consideration to students with special needs; and
- does not recognize regional and/or local cost differences.

Extensive evidence regarding the actual workings of the state education finance system was presented to the court during the CFE trial. After reviewing this evidence, the trial court held that:

The evidence demonstrates that the state aid distribution system is unnecessarily complex and opaque. It is purportedly based on an array of often conflicting formulas and grant categories that are understood by only a handful of people in State government. Even the State Commissioner of Education testified that he does not understand fully how the formulas interact.

However, more important than the formulas' and grants' needless complexity is their malleability in practice. The evidence at trial demonstrated that the formulas do not operate neutrally to allocate school funds--at least with respect to annual increases in State aid. Rather the formulas are manipulated to conform to budget agreements reached by the Governor, the Speaker of the State Assembly, and the Senate Majority Leader.¹¹

The Court of Appeals agreed “with the trial court’s description of the existing education funding scheme as needlessly complex, malleable and not designed to align funding with need.”¹² Furthermore, it specified that to determine whether state aid bears a “perceptible relation” to student needs, relative costs, local ability to pay, and the impact of the statewide STAR tax relief system must accurately be taken into account.¹³

Several years ago, CFE, together with NYSSBA, the League of Women Voters, the Schuyler Center for Analysis and Advocacy (SCAA), and approximately 200 statewide and local organizations, conducted an extensive multi-year series of public engagement meetings throughout the state.¹⁴ These meetings resulted in a virtual statewide consensus that the present archaic funding system, which the governor himself has called a “dinosaur” that should be placed on the “ash heap of history,”¹⁵ must be replaced with a new education funding system that is:

¹¹ *CFE v. State of New York*, 187 Misc.2d 1, 83 (S.Ct, N.Y. Co, 2001)

¹² *CFE v. State of New York*, 100 N.Y.2d 1, 61 (N.Y., 2003).

¹³ *Id* at 57-63.

¹⁴ See, Campaign for Fiscal Equity, *Blueprint for Better Schools* (Fall, 1999).

- based on an objective analysis of the actual cost of providing all students the opportunity for a sound basic education;
- provides sufficient state resources, coupled with a reasonable local effort, calibrated to local revenue-raising capacity, to assure that every student has the opportunity for a sound basic education;
- considers the extra resources necessary to meet higher educational standards and to educate students with special needs;
- is simple, rational and “transparent”;
- provides sustained and stable funding which will promote long-term planning by schools and school districts;
- allows and encourages school districts to raise and spend funds above the threshold for sound basic education; and
- takes local cost differences into account.

CFE presented these principles for reform to the court. Most of them were adopted by the trial court and included in the specific remedies that have now been ordered by the Court of Appeals.¹⁶ The foundation funding proposal that will be described in the following pages incorporates all of these fair funding principles in a dynamic, comprehensive statewide funding reform. The proposed foundation approach will satisfy both the court’s immediate mandates and the broad statewide political consensus for a state education finance system that will “ensure an effective, efficient and accountable

¹⁵ George Pataki, *State of the State Address* (January 3, 2001).

¹⁶ The trial court’s order explicitly included virtually all of the fair funding principles that had been endorsed by the statewide public engagement meetings. Most of these were specifically affirmed by the Court of Appeals, with the notable exception of the trial court’s references to “transparency” and “sustained and stable funding.” The Court of Appeals, though decrying the complexity of the present system, declined to specifically order “transparency” since it knew of no practical way for a court to assess compliance with such an order. It also declined to include “sustained and stable funding” because, as applied to New York City, such a reference might be read to refer to specific fiscal dependency issues that it was not prepared to address. *CFE v. State of New York, supra*, 100 N.Y. 2d at 59-61.

Although the Court of Appeals’ order does not explicitly mandate “transparency” and “sustained and stable funding,” the order certainly does not preclude these broad principles and, in fact, the judges appear to encourage transparency and stability, even though they question whether these obviously desirable goals are susceptible to specific enforcement by the courts. CFE thinks it indisputable, as a matter of sound public policy, that any reformed state education finance system must be readily comprehensible to the public and that it promote stability and long-term educational planning.

system...that provides all public school students with the opportunity to acquire a sound basic education.”¹⁷

The Advantages of a Foundation Approach

Historically, most states have purported to include a foundation amount that would guarantee sufficient funding for each child to obtain an adequate education as a basic building block of their education finance system. These foundation programs typically required local school districts to levy taxes at a rate aimed at generating enough revenue to fund a basic education, with the state supplementing the amount actually raised by poor districts when their tax base did not yield the predetermined foundation level.¹⁸

Traditionally, however, no real methodology was used to determine what the foundation amount should be. Instead, legislatures tended to establish the foundation amount based on the amount of funding they were willing to allocate for educational services with little regard for actual needs. Moreover, the foundation amounts that were established eroded dramatically over time because of budget pressures, competing political priorities, and inflation. For example, in New York State the current foundation amount is about \$4,000 per pupil, even though the average expenditure is \$11,584 per pupil, with districts comprising the bottom 10% spending approximately \$9,662 per pupil.¹⁹

The emergence of the standards-based reform and education adequacy movements have transformed the possibilities for utilizing the foundation approach as a valid means for ensuring an adequate education for all students. Explicit state standards and sophisticated costing-out methodologies that have been developed in recent years can establish and update a fair and adequate

¹⁷ George Pataki, Executive Order No. 131, § 5 (b) (2003).

¹⁸ The idea of the foundation program originated with a proposal to a New York State Educational Finance Inquiry Commission. George D. Strayer and Robert M. Haig, *Financing of Education in the State of New York 173-74* (1923). See also, James W. Guthrie, Walter I. Garms and Lawrence C. Pierce, *School Finances and Education Policy: Enhancing Educational Efficiency, Equality and Choice* 133-137 (2d ed. 1988).

¹⁹ The State Education Department, *New York: The State of Learning, A Report to The Governor and the Legislature on the Educational Status of the State's Schools* (2003). (Figures are for 2000-2001, the latest audited figures published by the State Education Department as of 2003). New York State currently uses a percentage equalizing approach, which incorporates a foundation amount as a component of its operating aid formula. Since operating aid is only one of approximately 50 formulas and grants in aid in the overall system, the impact of the foundation base is substantially diluted.

foundation level. Once the level of funding needed to provide all students an adequate education is identified, that amount can (and should) become the foundation upon which the entire state education finance system is built.

The foundation approach is clearly the most effective means for implementing the Court of Appeals' constitutional mandate in *CFE v. State of New York*, as the New York State Board of Regents has recognized by calling for a dramatic, new foundation approach in their *2004-2005 State Aid Proposal*. The Court of Appeals' decision requires that the amount of resources that students actually require for an opportunity for a sound basic education, as determined by an objective costing-out study, *must* actually be made available for students in every school. Accordingly, now that the *New York Adequacy Study* has identified the amount of funding that is actually needed to provide all students the opportunity for a sound basic education, the best route to constitutional compliance is to ensure that this SBE amount is actually made available for all students in all schools. To accomplish this, the state's education finance system should be reformed in accordance with the fair funding principles set forth above.

An Adequate Foundation for All: A Specific Foundation Approach for New York State

We believe, therefore, that the most logical and appropriate way to construct a proper funding system for New York State is to accept the results of the *New York Adequacy Study* as the basic foundation for statewide funding and guarantee that the amount identified by the study for each district is actually made available for students in that district.²⁰ Although the entitlement amount is based on the prototypical educational models in the study, districts would not be required to spend their allotted funds precisely in accordance with the model. They should, however, be required to develop a comprehensive sound basic education plan which will explain how they intend to spend the funds in

²⁰ The concepts and specific numbers set forth in this proposal are based on the preliminary report of the *New York Adequacy Study*, and the underlying data upon which it was based, with technical adjustments through February 20, 2004. If any substantive concepts or numbers substantially change in the final report which is scheduled to be released in March, this proposal will be modified accordingly.

order to ensure that all of their students will have the opportunity for a sound basic education. They should also be held accountable for adhering to that plan.²¹

CFE's Sound Basic Education Task Force, working with the Fiscal Policy Institute, has developed an Adequate Foundation for All Plan, which will implement the findings of the *New York Adequacy Study* as follows:

1. A COMPREHENSIVE FOUNDATION AMOUNT

Virtually all school district educational expenses, except for transportation, facility construction costs, debt service, and high cost public and private special education placements,²² would be encompassed by a single, comprehensive sound basic education foundation amount ("the SBE foundation amount"). BOCES AID, textbook, library and computer aid to private schools, teacher centers, and other special grants that are not part of local districts' basic educational operations, would be funded separately through the State Education Department.

2. ADJUSTMENTS FOR STUDENT NEED AND LOCAL COST FACTORS

Each district's SBE foundation amount would be based on the statewide average foundation amount per pupil adjusted by i) a needs index reflecting poverty, disability levels, numbers of English language learners; ii) a small school size factor; and iii) a geographic cost of education index. All of these indices are derived from the preliminary results of the *New York Adequacy Study*.

3. DIVISION OF RESPONSIBILITY BETWEEN LOCAL SCHOOL DISTRICTS AND THE STATE

The responsibility for financing each district's SBE foundation amount would be divided between the local district (or local municipality in the case of the big five urban

²¹ Specific recommendations for such an accountability approach will be set forth in the Sound Basic Education Task Force proposal on accountability, which will be released this month.

²² This category includes both public and private special education placements and replaces the current high cost public and private excess cost aid.

districts) and the state government on the basis of the district's relative "ability to pay" as measured by a poverty-adjusted property and income wealth ratio. No district would receive less state aid than it received during 2003-2004.

a. MANDATORY LOCAL CONTRIBUTION

Each local school district would be required to make a defined contribution to the financing of its SBE foundation amount based on an "ability to pay" formula. Local districts would be free to make a local contribution greater than this mandatory minimum to provide educational opportunities above the SBE adequacy level.

b. MANDATORY STATE CONTRIBUTION

The state would be required to provide the difference between the amount generated by the local share, available federal aid, and the foundation amount. The overall result would be that under this preliminary proposal, the state share of total statewide educational expenditures would rise from the current 50% (including STAR payments) to 56%.

4. FOUR-YEAR PHASE-IN

Initially, the new Adequate Foundation for All Plan should be phased-in over a four-year period, with approximately 25% of the incremental allocation for each district added each year. To promote stability and long-term planning by school districts, state aid under this plan should be authorized and appropriated on an advanced basis -- preferably in the prior year's budget, but in no event later than December 31 each year. The foundation amount, geographic cost of education index and educational needs index should be reviewed and reconsidered at least every four years, on the basis of a new costing-out study.

In sum, under the Adequate Foundation for All Plan, each district's state education operating aid for all purposes except transportation, facilities, and high cost public and private special education placements would be determined by one single formula which would work as follows:

A DISTRICT'S BASIC OPERATING AID =

- (a) The Statewide Per Pupil SBE Foundation Amount TIMES
- (b) The District's Enrollment TIMES
- (c) The District's Educational Need Index Factor TIMES
- (d) The District's Cost Index Factor LESS
- (e) The District's Mandatory Operating Aid Contribution
(Based on the District's Relative Poverty-Adjusted Property Wealth and Income Wealth Per Pupil)

The proposed Adequate Foundation for All Plan is consistent with the innovative foundation approach recommended by the Regents in their *2004-2005 State Aid Proposal*. The present proposal, although philosophically similar to that of the Regents' is more comprehensive, in that it incorporates 38 funding streams in the basic foundation (compared to the Regents' 29) and uses the specific findings of the *New York Adequacy Study* in its methodology for determining each district's SBE foundation amount. Furthermore, the local share is mandated, not merely "expected" in this proposal; no district's state aid would be reduced; and the increase in funding and increased state share would be phased-in evenly over a four-year period, in contrast to the seven-year period proposed by the Regents.

The Comprehensive Foundation Amount

A comprehensive foundation funding approach that enables school districts to plan effectively to provide a sound basic education for all their students should include virtually all basic operating funds in a single, basic foundation allocation. The few funding streams that must be maintained outside the basic foundation must be clearly identified and strongly justified. Since all of the educational resources needed to provide students the opportunity for a sound basic education were included in the prototypical models recommended by the *New York Adequacy Study*, with the stated exceptions of

transportation, facility construction costs, debt service, and high cost public and private special education placements, the amount proposed for each district here would be similarly comprehensive.

This base per-pupil foundation amount would cover 38 existing computerized aids and grant programs under this plan. These would include all basic educational expenditures of each local district except for building aid,²³ transportation, high cost public and private special education placements, and prior year adjustments. High cost public and private special education placement aid is defined as extraordinary special education expenditures for in-district or out of district placements that exceed \$30,000. All other public and private special education expenditures would be covered by the basic needs index which includes a weighting for the percentage of students in special education.

Prior year adjustment aid, which, in effect, is delayed reimbursement for state aid that was obligated, but not paid, for past years, would also continue to be a state obligation to certain local school districts. A full list of the current formula aids and grants to be covered by the foundation amount is attached as **Appendix C**.

BOCES aid, which is a special program for encouraging cooperation in the delivery of regional services, should be continued, but it should be classified as a state incentive program, administered through the state education department, and operating outside the basic district foundation allocation. Special services aid to cover services equivalent to those provided by BOCES should be provided to New York City and the big four urban districts. BOCES, and the big five urban districts should also administer textbook, library, and computer aid to parents of private school students.²⁴ Textbook aid and computer aid for public schools would be encompassed by the basic operating aid foundation formula. Teacher centers, which are regional facilities that promote professional development, should continue to be funded through the state education department. In addition, grants for special purposes, such as Roosevelt aid, Office of Mental Health and Office of Mental Retardation and Developmental Disabilities students, and incarcerated youth, which serve specific statewide purposes, should also be

²³ A small category of additional building aid, known as “building reorganization incentive aid,” promised in the past to school districts agreeing to consolidate, would also be continued, as would minor maintenance aid.

²⁴ Historically, textbook, library and computer aids were distributed through local school districts in order to avoid possible constitutional separation of powers concerns. The U.S. Supreme Court’s recent decision in *Zelman v. Simmons-Harris*, 536 U.S. 639 (2002) has obviated these concerns and will permit the more logical direct funding of private school services by the state recommended in the plan.

funded and administered through the state education department, outside of the foundation funding allocations.

Adjustments for Student Need and Local Cost Factors

The base per pupil foundation amount for 2001-2002, as determined by the preliminary results of the *New York Adequacy Study*, was \$6,273 for Early Childhood Development programs, \$7,751 for Pre-K programs, \$10,072 for K-5 elementary programs, \$ 9,889 for 6-8 middle school programs and \$10,443 for high school programs. These statewide per-pupil amounts are the statewide SBE foundation amounts used as the starting point for the determination of each district's actual SBE foundation amount in this proposal. As in the *New York Adequacy Study*, and the *Regents 2004-2005 State Aid Proposal*, the district allocations here are based on student enrollment, and not daily attendance.²⁵

Consistent with the Court of Appeals' mandate that "funding should align with need," the *New York Adequacy Study* provided substantial extra resources for schools with large numbers of students from poverty backgrounds (defined as students eligible for free and reduced price lunch under applicable federal regulations).

The professional judgment process organized by the AIR/MAP team developed prototypical educational service models for schools of different sizes at different levels (K-5, 6-8, and 9-12) with different mixes of poor and disabled students and English language learners.

After determining what it would cost to operate such schools (with their different mixes of size as measured by enrollment, poverty, disability, and English language learners) in an average cost district in New York State, the AIR/MAP team used econometric methods to develop an equation for each educational level (K-5, 6-8, and 9-12). These equations related the costs involved in operating such schools in a manner that would provide all of their pupils with the opportunity to receive a sound basic education to the variations that exist among them in terms of size and the incidence of poverty,

²⁵ The enrollment approach is also consistent with the Court of Appeals' indications that state funding should be based on enrollment rather than attendance. See *CFE v. State*, 100 N.Y. 2d at 927.

disability and English language learners. The AIR/MAP team then applied these equations to every school in New York State to determine the Sound Basic Education resources requirement for each school. All of the study’s calculations were done in terms of the situation that existed in 2001-02, the most recent year for which detailed financial, demographic, staffing and other data is available for all of the state’s public schools. Thus, the study’s results are in terms of the resources that would have been necessary in that year, in then current (2001-2002) dollars.

The econometric equations developed by the AIR/MAP team used four variables: ENR representing the school’s size in terms of enrollment; %POV representing the percent of a school’s pupils eligible for free or reduced price lunch; %SPED representing the percent of a school’s pupils with Individual Education Plans (IEPs); and, %ELL representing the percent of pupils evaluated as being limited English proficient.

For elementary schools, for example, each school’s per pupil Sound Basic Education revenue requirement was estimated to equal \$10,072 TIMES the following equation divided by 100:

$$110.38 - (0.0954 * ENR) + (0.00004 * ENR^2) + (58.184 * \%POV) + (6.9231 * \%POV^2) + (97.239 * \%SPED) + (17.855 * \%ELL)$$

Under this equation, the average or normative amount per pupil (\$10,072) would be necessary for an elementary school with the following characteristics:

Enrollment (ENR)	558
Poverty Incidence (%POV) as determined by eligibility for free or reduced price lunch	34.2%
Special Education Incidence (%SPED) as determined by the percent of pupils with IEPs	9.8%
English Language Learner incidence (%ELL) as determined by the percent of pupils evaluated as being limited English proficient	0.9%

For a school with these characteristics, the total SBE revenue requirement would be \$5,620,200 and, as indicated above, the SBE Revenue requirement per pupil would be \$10,072. The following tables shows the sensitivity of the funding requirement to changes in two of the need variables, % POV and %SPED, if the size of the school and the percent of limited English proficient students remained constant.

TABLE 1: ESTIMATED REVENUE REQUIREMENT FOR ELEMENTARY SCHOOLS WITH 558 PUPILS AND 0.9% ENGLISH LANGUAGE LEARNERS WITH THE FOLLOWING MIXES OF POVERTY AND SPECIAL EDUCATION

<u>%POV ></u>	<u>0%</u>	<u>17.1%</u>	<u>34.2%</u>	<u>51.3%</u>	<u>68.2%</u>	<u>85.3%</u>
<u>%SPED</u>						
<u>0% ></u>	\$3,920,765	\$4,491,320	\$5,084,629	\$5,700,694	\$6,331,910	\$6,993,218
<u>4.9% ></u>	\$4,188,550	\$4,759,105	\$5,352,415	\$5,968,479	\$6,599,695	\$7,261,003
<u>9.8% ></u>	\$4,456,335	\$5,026,890	\$5,620,200	\$6,236,264	\$6,867,480	\$7,528,788
<u>14.7% ></u>	\$4,724,121	\$5,294,675	\$5,887,985	\$6,504,049	\$7,135,265	\$7,796,573

TABLE 2: ESTIMATED PER PUPIL REVENUE REQUIREMENT FOR ELEMENTARY SCHOOLS WITH 558 PUPILS AND 0.9% ENGLISH LANGUAGE LEARNERS WITH THE FOLLOWING MIXES OF POVERTY AND SPECIAL EDUCATION

<u>%POV ></u>	<u>0.0%</u>	<u>17.1%</u>	<u>34.2%</u>	<u>51.3%</u>	<u>68.2%</u>	<u>85.3%</u>
<u>%SPED</u>						
<u>0.0% ></u>	\$7,026	\$8,049	\$9,112	\$10,216	\$11,348	\$12,533
<u>4.9% ></u>	\$7,506	\$8,529	\$9,592	\$10,696	\$11,827	\$13,013
<u>9.8% ></u>	\$7,986	\$9,009	\$10,072	\$11,176	\$12,307	\$13,492
<u>14.7% ></u>	\$8,466	\$9,489	\$10,552	\$11,656	\$12,787	\$13,972

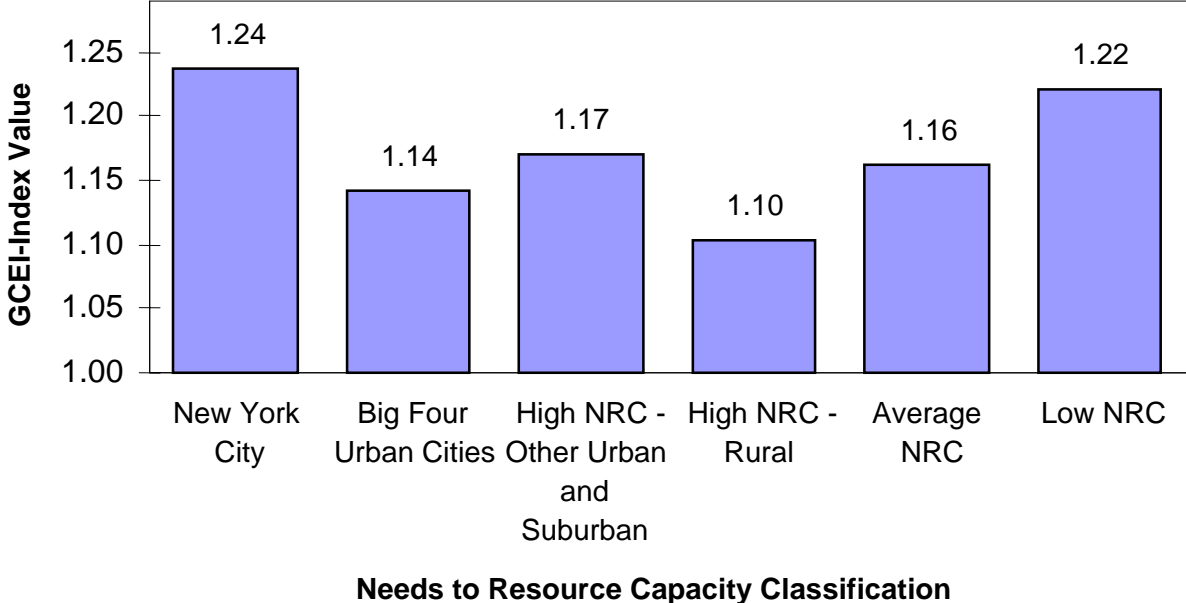
After calculating the resource requirements for every school, the AIR/MAP team then combined these estimates for all of the schools in each of the state’s 680 major school districts, and added in factors for district level administrative costs, district level special education costs, and the cost of providing expanded Pre-K and Early Childhood Development programs for children eligible to receive free or reduced price lunches under the federal guidelines for this purpose. The result was the *New York Adequacy Study’s* estimate of the resources necessary at the district level to meet the court’s adequacy standard throughout the state.

The equations used to estimate each district’s resource requirements are detailed and school-specific, but they result in the specification of district-level per pupil revenue requirements. The variations in those district-level per pupil revenue requirements serve, in turn, as the basis for an Educational Needs Index (ENI) and school size factor for each of the state’s 680 school districts.

The district foundation amount was also adjusted in accordance with the geographical cost index developed for the *New York Adequacy Study*. That analysis determined how much more or less it costs to recruit and employ comparable school personnel in different geographic locations throughout the state of New York. Using 1.00 as the cost to recruit teachers in the lowest cost district, the range of comparative costs among different school districts throughout the state was as follows:²⁶

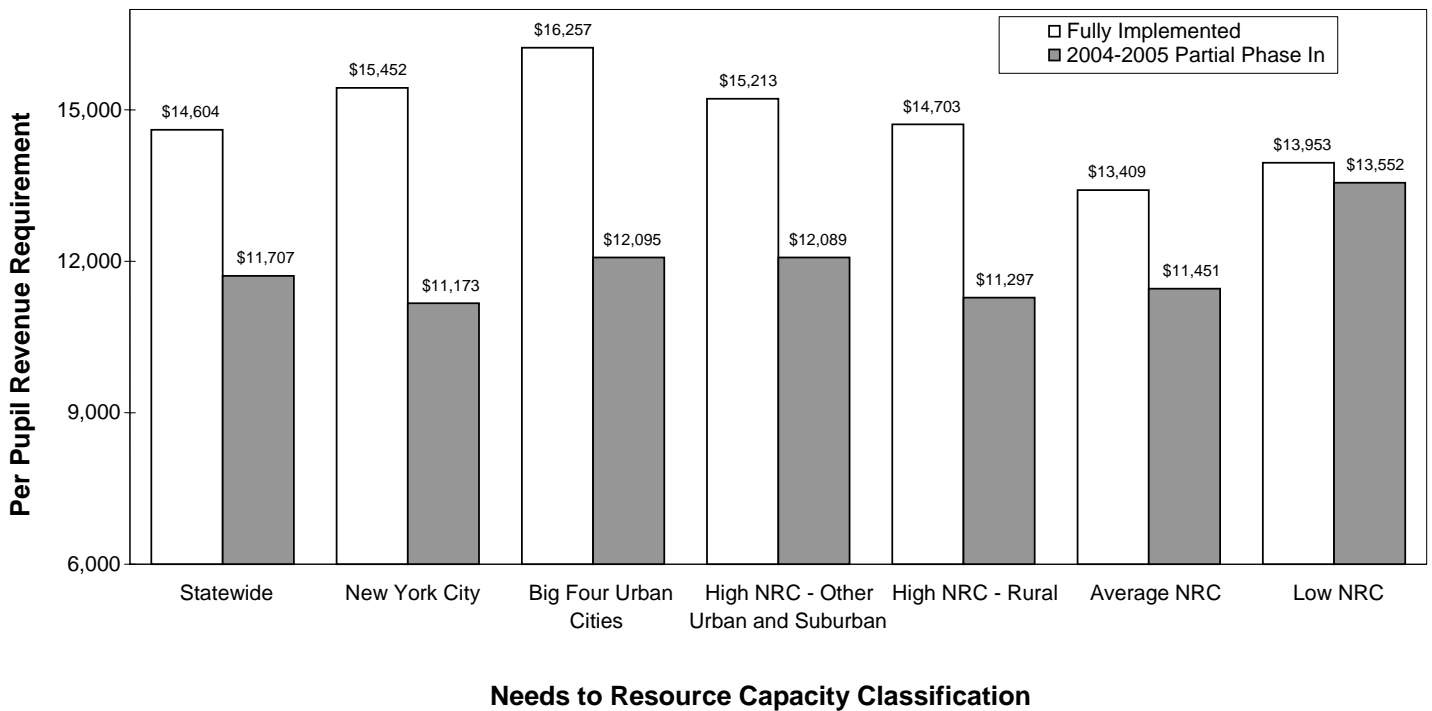
FIGURE 1:

Geographic Cost of Education Index, Weighted Averages by Needs to Resource Capacity of the Districts



Applying the preliminary needs, small school, and geographic cost indices to the foundation amounts determined by the *New York Adequacy Study* results in the following per pupil need requirements by needs to resource categories for the first year (2004-2005) and the final year of an assumed four-year implementation period:

**FIGURE 2: Preliminary Per Pupil SBE Revenue Requirement *
by Needs to Resource Category**



* Not including transportation, capital facilities, construction costs, debt service, high cost public and private special education placements, and BOCES aid

²⁶ In the *New York Adequacy Study*, the index was described in terms that used 1.0 as the statewide figure. Although precisely the same index is being used here, it has been converted into a scale that uses 1.0 as the minimum range figure to conform to the approach used in the *Regents 2004-2005 State Aid Proposal*.

Mandatory Local Share

This proposal requires each local school district to contribute a percentage of its sound basic education (SBE) funding requirement, determined on the basis of the district's relative "ability to pay" as measured by its poverty-adjusted property and income wealth ratios. For a district with a property and income wealth ratio equal to 1, the state would cover 50% of the portion of the SBE funding requirement that is not covered by federal aid. For a district with the median poverty-weighted property and income wealth ratio (.81), the state share would be 61%. No district would receive less state aid than it received during 2003-2004.²⁷

In contrast with the Regents' proposal, which identifies "an expected" local share, and statutory schemes used in some other states, which withhold varying amounts of state aid if the identified local share is not contributed, the local contribution identified here is a mandate that the locality *must* meet. Without a mandatory local match, the constitutional requirement to provide children in every district and every school with the full amount of resources they need for the opportunity for a sound basic education would not be met.

²⁷ The State Education Department (SED) currently uses the Combined Wealth Ratio, an average of two ratios: (a) the ratio of the district's property wealth per pupil to the statewide average property wealth per pupil and (b) the ratio of the district's income per pupil to the statewide average income per pupil. The poverty-adjusted ratio adjusts each of the per pupil amounts used in these ratios to reflect the incidence of poverty in each district. In this proposal we use the percentage of K-6 students eligible for free or reduced price school lunch as a measure of poverty and increase the pupil count by 60% for each poor student. The pupil count is based on student enrollment. The following is a comparison of the poverty-weighted combined wealth ratios used in this proposal, with that used in the current formulas:

	<i>SED Average CWR</i>	<i>CFE Average Poverty Weighted CWR (60%)</i>
Statewide	1.163	1.378
Median	.708	0.814
New York City	1.004	0.846
Big Four Urban Cities	0.547	0.468
High NRC – Other Urban and Suburban	0.608	0.585
High NRC – Rural	0.498	0.518
Average NRC	0.867	1.002
Low NRC	2.855	3.621

The required local contribution could be met by property taxes alone or by a combination of revenue sources.²⁸ This mandatory local share obviates the need for complex maintenance of effort provisions for New York City or other districts.

The required local contribution has two basic variables:

REQUIRED LOCAL CONTRIBUTION =
50% of the district's SBE Revenue Requirement prorated up or down based on the district's relative property and income wealth.

The formula proposed here does not impose an upper limit on spending. The *New York Adequacy Study* found that 163 school districts already had revenues in excess of their SBE revenue requirement level, while 517 were below and would need to spend more to reach the adequacy level. Districts now spending at or near the SBE level may receive additional state aid, which they can choose to spend at a higher level, rather than reduce property taxes. The model assumes that districts that are currently spending above the SBE required level would continue services at those or enhanced levels.

²⁸ Local school districts would be free to use current revenues from property taxes, sales taxes (to the extent that schools receive a share of local sales taxes), consumer utility taxes and other revenues such as interest earnings as well as the contributions from fund balances to fund their share of educational expenses.

The amount that local school districts would need to contribute to the state foundation amount under this proposal is summarized in the following table:

TABLE 3:

<i>REQUIRED LOCAL CONTRIBUTION PER PUPIL BY NEEDS TO RESOURCE CATEGORIES</i>			
	Local Contribution per Pupil 2001-2002	Local Contribution per Pupil 2004-2005, Including Tuition from other Districts	Local Contribution per Pupil, Fully Implemented
Statewide	\$5,333	\$5,508	\$6,033
New York City	\$4,362	\$4,741	\$5,878
Big Four Urban Cities	\$2,808	\$2,742	\$2,542
High NRC - Other Urban and Suburban	\$4,151	\$3,983	\$3,479
High NRC – Rural	\$2,918	\$2,878	\$2,757
Average NRC	\$5,633	\$5,752	\$6,111
Low NRC	\$9,967	\$10,088	\$10,453

The Mandatory State Share

The Court of Appeals has made clear that “the state remains responsible...[for securing] its citizens their constitutionally-mandated rights.”²⁹ Once the local districts have contributed their appropriate local share of the district’s foundation requirement, and applicable federal funding has been taken into account,³⁰ the State must contribute the remainder of the requisite foundation funding in order to ensure that all students are receiving the resources necessary to provide them the

²⁹ *CFE v. State*, 100 N.Y. 2d at 922.

³⁰ The present proposal assumes that all federal funds received by local school districts in New York State will be applied to the foundation amount, except funds received from the Medicaid, WIA, JTPA, School Lunch and Adult Education programs. Federal IMPACT aid and Federal Payments in Lieu of Taxes will be credited to the local mandatory contribution. Pursuant to 20 U.S.C. Section 6321(d), eligible federal Title I programs for which states provide additional funding are no longer subject to “supplement and not supplant” requirements.

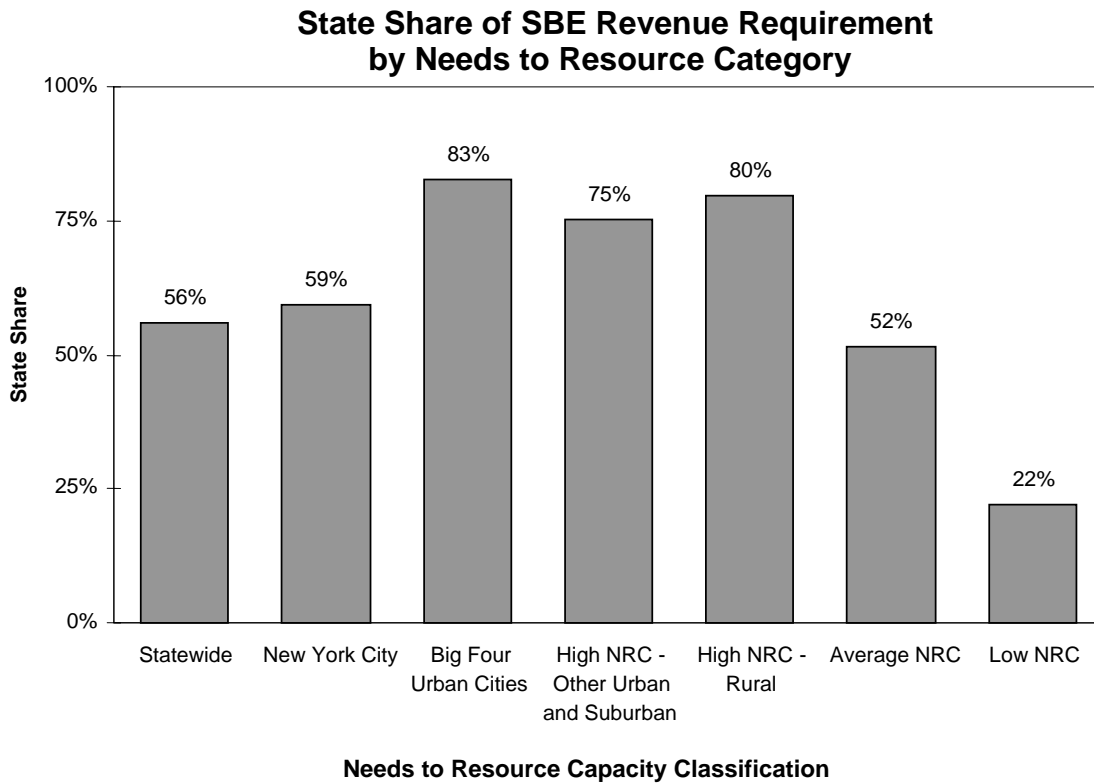
opportunity for a sound basic education.

Currently, the state government provides 47.3% of all K-12 educational expenditures in the state (including STAR)³¹, the federal government 5.6%, and local districts provide 46.9%. This extensive reliance on local resources—which primarily means reliance on local property taxes—is generally considered undesirable. Local property taxes, as currently administered, are highly regressive and inequitable, due to the great differences that exist among school districts in terms of their per pupil property tax bases and the many arbitrary and irrational practices involved in local assessment practices. For this reason, in most other states the state government bears a higher proportion of overall state funding than currently is the case in New York.³²

Accordingly, we propose to increase New York's state share of educational funding by assigning the state the responsibility of funding more than 90% of the increase in education spending called for by the *New York Adequacy Study*. Combining this increase with the simple, fair system for local contributions described above will also result in a small measure of local tax relief to taxpayers in a number of heavily taxed local districts and small increases in a limited number of other districts, consistent with their fair share responsibilities under the formula.

³¹ New York State Education Department Analysis of School Finances in NYS School Districts, December 2003. Table 3.

FIGURE 3:



Three out of four districts in New York would receive more state aid under this proposal than they received in 2003-2004. The proposal includes a hold harmless provision that will prevent any district from receiving less in state operating aid and STAR payments than it now receives. The amount of additional state aid needed to provide hold harmless protection is relatively small. The total cost of providing hold harmless aid is about \$670 million, which represents approximately a 4% increase in the amount of basic operating aid under this proposal. About 25% of all school districts, 170 out of 681 school districts, would be eligible for hold harmless aid.

³² Statistics available from the National Center for Education Statistics at <http://www.nces.ed.gov>.

Four-Year Phase In

The increased funding proposed in the Adequate Foundation for All Plan should be phased in through equal installments over a four-year period, assuming that an additional 25% of the total increase will be provided to each district each year for the next four years.³³ See **Appendix D** for a summary of the state and local contributions by need resource category over the four-year implementation period. The total amount of funding needed to implement the levels of service recommended by the AIR/MAP team totals approximately \$9.56 billion over the four year period. A \$2.4 billion increase is needed in the first year (2004-2005). These numbers are higher than the numbers stated in the preliminary report of the *New York Adequacy Study* because they include estimated salary, fringe benefit and inflationary increases in other costs over the intervening three year period, both for the actual base program expenditures in 2001-2002 and for the increased costs proposed by the AIR/MAP team in 2001-2002 dollars.³⁴

Four years is an appropriate phase-in period. It fairly balances the need to promptly ensure all children their constitutional right to the opportunity for a sound basic education with the time needed for planning and implementation to ensure that the additional funds are spent efficiently and effectively. A new costing-out study should be undertaken during the 2006-2007 school year so that new foundation amounts, needs index factors and cost index factors can be put into place during the 2007-2008 school year for use in setting state and local budgets for the ensuing four years. Similar studies should be undertaken during the third year of every four-year budget cycle. These periodic studies would review the implementation of the new system and reconsider funding needs in light of future educational needs and conditions.

To promote stability and long-term planning by school districts, state aid under this plan should be authorized and appropriated on a two-year advance basis, with the amount authorized in a prior year

³³ The numbers in the tables reflect a four-year phase in of the SBE funding, based on providing each district with 25% of the difference between 2003-2004 computerized SBE aid and what the fully implemented state share would be in 2004-2005 dollars. The phased in local contribution is calculated as 25% of the difference between the 2001-2002 local contribution and the fully implemented required local share in 2004-2005 dollars. The approach reflected in these tables would require an increase in state aid for 2004-2005 relative to 2003-2004 of approximately \$2.4 billion.

adjusted for enrollment counts and other specific technical changes prior to January 1 of the school year in question. This amount should be included in the local real property tax report cards that school districts are required to publish in conjunction with their annual budget processes.

CONCLUSION

Adoption of the Adequate Foundation for All Plan recommended in this proposal would fully satisfy the Court of Appeals' mandate that New York State's education funding system be reformed to ensure that "funding be aligned with need," and that students in all schools actually receive the resources necessary to provide them the opportunity for a sound basic education. In addition to guaranteeing the actual availability of requisite resources, these reforms would provide the equity, transparency, and predictability that four state commissions, and virtually all constituencies in the statewide educational community, have called for over the past thirty years. It is indeed time to throw New York State's anachronistic funding "formula" on the ash heap of history and to replace it with a fair, forward-looking state education finance system of which all New Yorkers can be proud.

³⁴This total figure also accounts for 68,000 students enrolled in charter schools who are not included in the AIR/MAP pupil count.

Appendix A

MEMBERS OF THE SBE TASK FORCE ON OPERATING AID

Stephen Allinger	Executive Director, Office of Intergovernmental Affairs, New York City Department of Education
John Beam	Executive Director, National Center for Schools and Communities
Marian Adams Bott	Education Chair, League of Women Voters of the City of New York
David Caplan	Board Member, Public Education Needs Civic Involvement in Learning (PENCIL)
Joshua Chang	Director, New York City Partnership & Chamber of Commerce, Inc.
Bob Cohen	Research and Policy Director, Alliance for Quality Education/ Director, Education Project, Citizen Action of New York
Joan L. Colvin	Assistant Superintendent, Jericho School District
Drew Cullen	Research Specialist, National Education Association of New York
Deborah Cunningham	Associate-in-Charge, New York State Education Department
Charles Dawson	Deputy Director of Governmental Relations, New York State School Boards Association
Regina Eaton	Executive Director, Alliance for Quality Education
Bruce Feig	Chief Financial Officer, New York City Department of Education
Barry Ford	Vice President for External Relations, After-School Corporation
Carol Gerstl	Associate Director, United Federation of Teachers
Brandon Gordon	Director, Midstate School Finance Consortium
Bob Hanna	District Superintendent and Executive Officer, Orange-Ulster BOCES
Howard Koenig	Executive Director, Reform Educational Financing Equities Today (R.E.F.I.T.)
Mark Lewis	Albany Representative, New York Immigration Coalition
David Little	Director of Governmental Relations, New York State School Boards Association
Richard Longhurst	Chair of Education Finance Committee, New York State Association of School Business Officials
Robert Lowry	Associate Executive Director, New York State Council of School Superintendents
Daniel Porter	Deputy Executive Director, Rural Schools Association
Thomas Rogers	Executive Director, New York State Council of School Superintendents
Joan Scheuer	Consultant, Educational Priorities Panel (EPP)
Russell Sykes	Vice-President, Schuyler Center for Analysis and Advocacy (SCAA)
John Yagielski	Manager of School Finance and Policy Development, New York State United Teachers

Appendix B

SBE TASK FORCE EXPERT CONSULTANTS

Robert Berne is the Senior Vice President for Health and Professor of Public Policy and Financial Management at New York University's Wagner School and a nationally recognized expert in educational policy research.

Charles Coble is vice president for policy studies and projects at the Education Commission of the States. For 13 years, Coble was professor of science education and dean of the nationally award-winning school of education at East Carolina University, Greenville, North Carolina.

Margaret Goertz is a professor of education policy in the Graduate School of Education at the University of Pennsylvania and co-director of the Consortium for Policy Research in Education, where she specializes in the study of state and federal education finance and governance policy.

Janet S. Hansen is vice president and director of Education Studies at the Committee for Economic Development (CED) and a senior fellow at the Education Commission of the States.

Luis Huerta is an assistant professor of education at Teachers College-Columbia University and former research associate and coordinator for K-12 education policy research for Policy Analysis for California Education (PACE).

Frank Mauro is the executive director of the Fiscal Policy Institute and former deputy director of the State University of New York's Nelson A. Rockefeller Institute of Government and secretary of the New York State Assembly's Ways and Means Committee.

Trudi Renwick is a senior economist at the Fiscal Policy Institute.

Richard Rothstein is a research associate of the Economic Policy Institute and visiting lecturer at Teachers College-Columbia University. From 1999 to 2002 he was the national education columnist of *The New York Times*. He is currently working on a book defining the cost of an adequate education.

Ted Sanders is president of the Education Commission of the States. He was previously the chief state school officer in Illinois, Ohio, and Nevada and the Undersecretary and Acting Secretary for the United States Department of Education during the first Bush administration.

Nona Ullman is a managing director with BearingPoint who specializes in strategic, operational, and information technology consulting projects for educational institutions. Ms. Ullman has assessed K-12 accountability systems for numerous states.

Dennie Palmer Wolf is director of the Opportunity and Accountability Program at the Annenberg Institute for School Reform at Brown University and directs the institute's Rethinking Accountability initiative.

Patricia Zedalis is an educational facilities consultant and the former chief executive of the Division of School Facilities at the New York City Board of Education.

Appendix D

STATE AID AND LOCAL CONTRIBUTION BY NEEDS TO RESOURCE CATEGORY - 2004-2005 PHASE IN* (In Millions)

	Total SBE State Aid: 2003-2004	Total Proposed SBE State Aid: 2004- 2005	\$\$ Change	% Change	Share of Change	Total Required Local SBE Contribution: 2004-2005	State Share of State/Local
Statewide	\$13,490	\$15,870	\$2,380	18%	100%	\$16,600	49%
New York City	\$4,900	\$6,070	\$1,170	24%	49%	\$5,330	53%
Big Four Urban Cities	\$930	\$1,140	\$210	23%	9%	\$390	75%
High NRC - Other Urban and Suburban	\$1,350	\$1,640	\$290	21%	12%	\$950	63%
High NRC - Rural	\$1,120	\$1,340	\$220	20%	9%	\$540	71%
Average NRC	\$4,000	\$4,490	\$490	12%	21%	\$5,230	46%
Low NRC	\$1,190	\$1,190	\$0	0%	0%	\$4,160	22%

STATE AID AND LOCAL CONTRIBUTION BY NEEDS TO RESOURCE CATEGORY - FULLY IMPLEMENTED (IN 2004-2005 TERMS AND DOLLARS)* (In Millions)

	Total SBE State Aid: 2003-2004	Total Proposed SBE State Aid: Fully Implemented	\$\$ Change	% Change	Share of Change	Total Required Local SBE Contribution: Fully Implemented	State Share of State/Local
Statewide	\$13,490	\$23,020	\$9,530	71%	100%	\$18,180	56%
New York City	\$4,900	\$9,600	\$4,700	96%	49%	\$6,600	59%
Big Four Urban Cities	\$930	\$1,760	\$830	89%	9%	\$360	83%
High NRC - Other Urban and Suburban	\$1,350	\$2,510	\$1,160	86%	12%	\$830	75%
High NRC - Rural	\$1,120	\$2,000	\$830	79%	9%	\$520	79%
Average NRC	\$4,000	\$5,940	\$1,940	49%	20%	\$5,550	52%
Low NRC	\$1,190	\$1,210	\$20	2%	0%	\$4,320	22%

* The funding levels for the first year (2004-2005) are stated in current dollars. An appropriate adjustment should be made each year thereafter to incorporate average salary, fringe benefits, and inflationary costs in other areas to ensure that the full level of services recommended by the *New York Adequacy Study* is fully maintained.