

Date: May 3, 2017

To: NY State Senate

From: Syracuse City School District, F. Simmons & K. Schwemmer

Subject: Fair and Equitable Public Education Funding Policy

Introduction: The fair and equitable funding of public schools is an entitlement of students¹. Currently in the state of New York, public pre-k thru 12th grade is funded from local property tax contributions and state aid programs, primarily foundation aid. The federal government does provide some funding but the majority is funded within the state. Currently, a foundation aid formula is used to calculate the amount that is expected in local contributions and how much is to be funded by the state based on a formula that factors such things as wealth/income/poverty, English language learners, and students with disabilities, and a few other factors. The state's foundation aid formula is criticized because it allows all schools to receive aid whether it needs it or not. All schools in NY receive it and are set to receive it for the year to come². It is supposed to address the differing educational costs that each school experiences due to its students and their corresponding needs. It also expects local contributions in a certain amount.

The next issue is the formula itself. Is it objective in its outcome or is inefficient due to its limitations in the way it is implemented? Foundation aid and its formula resulted from law suits and a state constitutional requirement for the state to provide a sound and basic education. Is that judgement being met? Some would argue yes and some would argue no. We are not looking to define what a level of sound and basic education is or how much it costs. We are looking at the aid formula and the gap from local contributions. The challenge to executing fair and equitable funding of public education is complicated because of unique community circumstances.

What is equitable and what is fair depends on the viewpoint of the stakeholder. There are many stakeholders and many individual perspectives to consider when designing a fair and equitable education funding policy; especially if financed predominantly thru local property taxes and an aid formula. Each school district and local assessing jurisdiction has specific challenges and opportunities. Some school districts can provide more funding per student than others in the state. Some school districts are saddled with higher levels of poverty, higher populations of non-native English speakers, and higher population of students with special education requirements compared with averages across the state resulting in higher

¹ (<https://cbcny.org/research/better-foundation-aid-formula>, n.d.),

² (<https://openbudget.ny.gov/schoolAidForm.html>, n.d.)

educational costs that may not be easily solved if the formula is not right or if the local contributions do not meet the expected minimum levels required by the formula.

These unique populations, coupled with differing property tax rates, differing median property values and unequal distributions of wealth, creates a need for changes to the way public funds are allocated and distributed.

Another issue is the how much should be spent on educating the students in the public education programs provided within the communities throughout NY State. What is sufficient? How do we pay for it? The property taxes alone raised in one community may not be sufficient for a few reasons. Are the minimum standards too high to achieve with limited local funding? Are the property tax levies for schools sufficient? The state of NY currently provides foundation aid to school districts. It supplements what local communities raise thru property taxes. However, there are gaps in locally provided funding in some communities due to a combination of low housing prices, lapsed property value assessments, and low property tax rates that will prevent meeting the minimum expected local contribution.

There is currently not a state minimum property tax levy for school districts. There is a calculation in the foundation aid formula for expected local contributions but there is no mechanism to force a local district to raise rates to meet the expected minimum local contribution.

Educational costs are not the same in each school. Some schools require additional resources to educate the population of students in the school and it varies from school to school. We assume that children in poverty require additional resources and programs that may not be provided within their schools currently. Some schools have higher concentrations of students that don't natively speak English and require additional resources. Some schools have higher concentrations of disabled students. Additional funding and programs are required to provide necessary resources that will impact a student's success. Without going into detail, these challenges should be factored into the foundation aid formula to provide required resources and funding to provide resources that are not currently funded or accounted for in traditional costs of education students as currently allocated. The current formula does identify this, but in execution a district that don't have high educational costs still receives foundation aid. The process of formula to payment should reflect the reality of the needs of the districts and be updated and adjusted accordingly.

Problem: Currently, the Syracuse City School District has less funding per student overall than the rest of the state (see table below)³. This shortfall in overall funding (property tax and state aid) negatively impacts students affected by poverty or other special education needs. If the policy is fair and equitable, then Syracuse city school district funding per student should be in

³ <https://data.nysed.gov/fiscal.php?year=2016&instid=800000040902>

line with state levels at a minimum or adjusted higher to account for educational costs. The current mix of funding does not appear to be fair and equitable due to low property values in Syracuse (\$83,400)⁴ compared with the rest of Onondaga county (143,000)⁵ and other counties in NY⁶. There are also lower property tax levies assessed than the rest of the county, \$14.14 per \$1000 FV⁷. The way foundation aid is calculated should reflect a way to cover the differences in funding thru property taxes and state funding. What is more shocking is the funding shortfall for children with disabilities.⁸

TOTAL EXPENDITURES PER PUPIL

Syracuse City School District	\$19,278
NY State Average	\$22,556

“Total Expenditures Per Pupil is the simple arithmetic ratio of Total Expenditures to Pupils. Total Expenditures include district expenditures for classroom instruction, as well as expenditures for transportation, debt service, community service and district-wide administration that are not included in the Instructional Expenditure values for General Education and Special Education. As such, the sum of General Education and Special Education Instructional Expenditures does not equal the Total Expenditures.”⁹

INSTRUCTIONAL EXPENDITURES PER PUPIL

Syracuse City School District:	\$11,379
NY State Average:	\$11,949

SPECIAL EDUCATION INSTRUCTIONAL EXPENDITURES PER PUPIL

Syracuse City School District:	\$19,808	(17.4% students with disabilities)
NY State Average:	\$30,667	(14.7% students with disabilities)

We are not certain whether the foundation aid or local contribution is at fault be we can assume that both need to be increased to provide for a more fair and equitable funding of student education.

Campaign for Fiscal Equity v New York: The campaign for fiscal equity was started in 1993 and the state supreme court ruled in 2006 that it was the state’s responsibility per the state constitution to provide a sound and basic education to students. The state legislature then was forced to remain in compliance with the state constitution and court order and the state legislature should select the method by which this will happen. The Campaign for Fiscal Equity

⁴ (<https://www.zillow.com/syracuse-ny/home-values/>, n.d.)

⁵ (<https://www.tax.ny.gov/research/property/assess/sales/resmedian.htm>, n.d.)

⁶ Average of median values of each county;
(<https://www.tax.ny.gov/research/property/assess/sales/resmedian.htm>, n.d.)

⁷ http://orps1.orpts.ny.gov/cfapps/MuniPro/osc/oscSchooltaxlevy.cfm?c=31&fiscalyr_ending=2015

⁸ (<https://data.nysed.gov/fiscal.php?year=2016&instid=800000040902>, n.d.)

⁹ (<https://data.nysed.gov/fiscal.php?year=2016&instid=800000040902>, n.d.)

vs New York lawsuit was one step in providing a funding system needed for each school district in the state to provide a basic education for all students. The state was directed by the courts to better understand the costs of providing all students the right to a sound and basic education through a costing out study. The costing out methods developed the Foundation Aid program, a base formula linked to student needs and ability of local jurisdictions to raise money from local property taxes.¹⁰ The state funding formula is a method to compensate for different costs of educating students and is weighted. It is considered the beginning point to provide a sound basic education. It is argued and debated what a sound basic education means and what level of funding is required to get there. The requirement of a sound basic education and its funding level started with students meeting some level of minimum requirements. The Foundation Aid formula was designed to make a more wealth neutral educational outcome for all students. It should enable economically challenged districts with higher student costs to receive additional funding beyond the provision of local resources and cover the gaps in funding shortfalls. That was the intention.

The legislation began implementation of foundation aid in 2007 with a proposed 4-year phase is to raise state funding by \$5.7 billion.¹¹ After the financial crises from 2009-2012 the increased funding from this program was effectively reversed and the program has not been appropriately funded since 2009, as of now New York schools are owed \$3.9 billion from the program.¹² Even if it is funded, the foundation aid formula is not solving the funding needs it was intended to address. It contains an income wealth index floor that levels 45% of the lowest income school districts up to the same funding of .65 as compared to the ceiling of 2.0 and denying the neediest the needed funding of a basic education.¹³ The foundation aid formula subtracts out expected local contributions¹⁴ and having this floor creates a gap in funding if the expected local contribution does not meet the minimum floor imposed by the formula. The reality is that some of the poorest districts do not meet the minimum expected funding thru property tax assessments. Therefore, there is a funding gap not covered to meet the minimum required funding for basic educational requirements.

Property Tax Assessment: Another issue with basing funding on property taxes is the equity and fairness of property taxes in the state of New York. The foundation aid program bases a percentage of what they expect local jurisdictions to provide based on a computed tax rate of local share formula.¹⁵ Because of a disparage of adequate assessing and differing levy rates for school districts, many within the state are not paying their fair share of property taxes. Instead

¹⁰ <http://www.aqeny.org/campaigns/campaign-for-fiscal-equity/>

¹¹ <http://www.democratandchronicle.com/story/news/politics/politics-on-the-hudson/2017/01/19/school-aid-formula-changes-worry-education-leaders/96792360/>

¹² <http://www.aqeny.org/campaigns/campaign-for-fiscal-equity/>

¹³ <http://statewideonline.org/conf/ProblemsRecommendationsFoundationAidFormula092012.pdf>

¹⁴ http://www.aqeny.org/wp-content/uploads/2017/02/AQE_whitepaper.pdf

⁹ <https://stateaid.nysed.gov/publications/handbooks/handbook09.pdf>

of properly updating assessments to capitalize property valuations jurisdictions raise tax rates leading New York to an overall effective tax rate of 1.9 percent, the highest of 18 states reviewed in a recent study.¹⁶ So instead of fairly assessing property and levying taxes, to raise revenue, they raise rates. However, not all districts have the same levy rates. Wealthier communities typically have higher rates. They should be doing assessments to address those that are under paying their fair share of property taxes and setting rates that raise sufficient revenues to fund the expected local contribution as indicated by the foundation aid formula. Maintaining assessments and setting minimum rates would allow for the foundation aid formula to better address low-income areas without having to estimate expected shortfalls for each district. It would create a fairer tax levy while still addressing renters and low income/low wealth households that are not equally distributed. It would allow a more wealth neutral outcome for students that provides a sound basic education.

Most of New York does have varying rates for school districts. Wealthier and generally better performing schools also have lower educational costs per student. As an example of this observation is the Skaneateles school district in Onondaga county. It does have the second lowest tax levy rates (\$14.59 per \$1000 FV) in the county compared to other school districts in the county¹⁷. Syracuse is the lowest at \$14.14 per \$1000 FV, the highest is \$32.56 per \$1000 FV, and the average is \$23.38 per \$1000 FV¹⁸. Why is that school district successful when dollars per student are about the same as Syracuse's school district? The demographics are very different from Syracuse school district. Property values are higher (\$283,900)¹⁹, # of renters are lower²⁰, poverty rate is lower²¹, # of students that are English language learners is lower²². It appears to have lower educational costs compared with Syracuse. Skaneateles has significantly higher graduation rates and better tests scores²³. The Syracuse school district is saddled with higher educational costs per student as evidenced by high poverty rates, higher than average number of students with disabilities, a higher number of students that are English language learners²⁴. Low property values²⁵, and other socioeconomic factors contribute to the funding issues and educational costs of Syracuse²⁶.

¹⁶ <http://www.democratandchronicle.com/story/news/local/blogs/watchdog/2017/02/24/rethink-state-school-funding-drive-down-ny-property-taxes/98353298/>

¹⁷ (http://orps1.orpts.ny.gov/cfapps/MuniPro/osc/oscSchooltaxlevy.cfm?c=31&fiscalyr_ending=2015, n.d.)

¹⁸ (http://orps1.orpts.ny.gov/cfapps/MuniPro/osc/oscSchooltaxlevy.cfm?c=31&fiscalyr_ending=2015, n.d.)

¹⁹ (<https://www.zillow.com/town-of-skaneateles-ny/home-values/>, n.d.)

²⁰ (<https://www.zillow.com/town-of-skaneateles-ny/home-values/>, n.d.)

²¹ (<https://data.nysed.gov/fiscal.php?year=2016&instid=800000040902>, n.d.)

²² (<https://data.nysed.gov/fiscal.php?year=2016&instid=800000040902>, n.d.)

²³ (<https://data.nysed.gov/fiscal.php?year=2016&instid=800000040902>, n.d.)

²⁴ (<https://data.nysed.gov/fiscal.php?year=2016&instid=800000040902>, n.d.)

²⁵ (<https://www.zillow.com/syracuse-ny/home-values/>, n.d.)

²⁶ (<https://data.nysed.gov/fiscal.php?year=2016&instid=800000040902>, n.d.)

Skaneateles also receives foundation aid²⁷. Does Skaneateles need foundation aid at all? If the Skaneateles school district is performing well and has lower educational costs, it is argued that they should see a reduction in foundation aid. This is not the case and is a criticism of the way foundation aid is calculated and distributed by the state²⁸. Skaneateles has the second lowest school tax levy in Onondaga county²⁹. It is a much wealthier community and school district than Syracuse³⁰. They could raise the school tax levy rate to offset the loss of foundation aid if funding was required to maintain the performance standards and overall student's success.

Residential and non-residential properties generally are treated the same except for the Homestead Tax Option, but it's intention is not educational funding, rather the easing of tax burden on homeowners during a full reassessment that could overburden low-income families. We did not look at the property tax rates that are charged to businesses or homestead tax options. We assume that the homestead tax option could be eliminated if the county and school districts within the county would benefit from the revenue while still enabling the poor to benefit from the STAR program.

Policy Recommendation: The solution requires a few things. We assume that wealthy schools can supplement programs thru private donations, can afford and would support higher tax levies for schools, and that the school districts have access to municipal bonds to finance capital projects. They should be able to get by without much if any state foundation aid. However, one of the challenges to make state aid fair and equitable needs to address the regressive nature of a flat property tax rate without punishing the poor communities and schools. If we propose to raise the minimum property tax rate levy for schools, we should consider this.

1. Statewide minimum property tax rates for school levies should be implemented. Ideally this will eliminate the foundation aid formula funding shortfalls due to expected local contributions that don't meet the expected minimum contribution that is required to provide a sound basic education. Theoretically, standardized minimum rates at the state level should eliminate the disconnect if the rates are high enough. At what point do we consider rates to be too high or high enough? The state effective school rate outside of NYC is \$18.90 per \$1000 FV with NYC being even less at \$16.40 per \$1000 FV³¹.
2. The other piece is the income/wealth index in the foundation aid formula. It may set a hurdle that is not realistic and too high to achieve without punishing the poor with higher rates. The expected local contribution and aid formula should reflect this and make a compromise that is not overly burdensome due to the regressive nature of a flat

²⁷ (<https://openbudget.ny.gov/schoolAidForm.html>, n.d.)

²⁸ (<https://cbcny.org/research/better-foundation-aid-formula>, n.d.)

²⁹ (http://orps1.orpts.ny.gov/cfapps/MuniPro/osc/oscSchooltaxlevy.cfm?c=31&fiscalyr_ending=2015, n.d.)

³⁰ (<https://www.zillow.com/town-of-skaneateles-ny/home-values/>, n.d.)

³¹ (http://orps1.orpts.ny.gov/cfapps/MuniPro/osc/oscSchooltaxlevy.cfm?c=31&fiscalyr_ending=2015, n.d.)

tax as it hits the poor more than the wealthy. It should be adjusted so that the floor can go lower than .65³² and the ceiling higher than 2.0³³.

3. Districts can select higher rates than the state minimum and districts with higher rates will not be required to lower rates to meet the minimum. This will force non-compliant districts to meet the expected local contribution as specified in the foundation aid formula and close the gap (assuming points 1 and 2 above are implemented) in expected and actual local contributions. Local governments can set higher school district rates but it can reduce foundation aid if the total local contribution revenue exceeds what the foundation aid formula estimates for a school district. Local property tax contributions from wealthy districts will remain in the local districts regardless of what is raised. Wealthy districts will not be punished for providing more than 100% of their weighted educational costs per pupil. They just will not receive any foundation aid.
4. Property tax assessments should be standardized and frequent enough so that property tax burdens are fairly distributed between current and future property owners across the state. Where and when possible, municipalities and counties should consolidate the assessment efforts so that small districts are not unduly burdened with assessments and properties are not assessed multiple times by different agencies/organizations.
5. An accountability system should be implemented so that schools are held accountable for the funds they are receiving. Foundation aid received should be applied to proven programs and used to attract the best talent. Foundation aid contributions should be applied in a formula that addresses differing educational costs and weighted by pupil and kept current and relevant to students attending school. Schools that have higher educational costs receive more funding and wealthier schools receive as little as no funding thru the foundational aid program. School districts will transparently report how foundation aid was spent. More studies should be done to see what are effective uses of funds.
6. Cost saving efforts and school district consolidations or splits to reduce costs of running school districts should be studied and implemented. As an example, consolidated procurements to reduce costs should also be examined and implemented. Sustainability studies and programs should be looked at as well.
7. To offset some of the burden of higher minimum school property tax levies, the STAR program should remain in effect for low income households. Furthermore, the limits should be reduced so that wealthy households do not benefit and it is more progressive than regressive in nature. Income levels for qualification are should be reduced from \$500,000 to \$100,000 or less. Also, the SPDF “program that gives tax breaks to the wealthy” should be phased out and eliminated so that more tax revenue is available to address the current \$3.9 billion deficit in funding of foundation aid.

³² (<https://cbcny.org/research/better-foundation-aid-formula>, n.d.)

³³ (<https://cbcny.org/research/better-foundation-aid-formula>, n.d.)

8. The STAR program should include renters. Low income renters will be hit with higher property tax rates as some of the tax is passed to renters. While an elasticity of demand should produce a general estimation of a tax increase on the cost of rents, a simple method would be to give renters a state income tax rebate based on a 1.6% of actual rent paid up to the same income and property valuation used for property owners under STAR. Renters would receive a benefit thru income tax rebates to offset rental costs equivalent to what a STAR rebate would be for a property owner.

Current Political Environment: Both the federal and state governments are re-looking education thru a different lens and the funding that goes with it. We must be cognizant of the times and what impacts the political climate has on school funding. The federal government under the Trump administration has very different views than the previous administration. That aside and looking just at taxes, it has been suggested that tax payers will not get a break on federal income taxes with regards to state taxes. Meaning that residents in ALL states will pay an equal amount of federal income taxes as a percentage of income regardless of whether a state currently has state or local or other taxes that reduces federal income taxes owed. You lose the deduction under the proposed plan vs. the current tax plan³⁴. If this tax change happens, then residents in states may pay more in federal taxes, making the burden of state taxes harsher on residents of states with state income taxes vs. those that don't. Fair? On the surface no, but you would get a bigger standard deduction³⁵. This will have a potentially progressive outcome as lower income workers could get EITC or a larger federal deduction that may completely offset paying some state income taxes. It is estimated that high income (\$100k or more) would still be hit with both federal and state income taxes, meaning that they pay more³⁶. Would NY be willing to increase property tax rates under these proposed tax rules? Maybe not.

The second big issue is Gov. Cuomo's proposal regarding foundation aid, the foundation aid formula, and deficit of foundation aid that was cut due to the recession³⁷. Part of the proposal would be wipe the past "debt" away. Part of the proposal would scrap the formula and just continue to provide funding with increases each year. Both are bad ideas depending who you ask. We thought that the purpose for foundation aid was to address higher educational costs and offset the lack of local funds due to poverty, lack of wealth, and low home values so that all children could receive a sound basic education. We thought that looking at districts and their specific needs would be a way to create a more wealth neutral outcome and using the foundation aid formula was the desired method by the state legislature to achieve the constitutional mandate of providing for a sound basic education. Wiping out the foundation aid

³⁴ (https://www.washingtonpost.com/opinions/this-tax-plan-would-throw-democrats-into-chaos/2017/05/03/d80cad00-301d-11e7-8674-437ddb6e813e_story.html?utm_term=.eb91df1a5cb0, n.d.)

³⁵ (https://www.washingtonpost.com/opinions/this-tax-plan-would-throw-democrats-into-chaos/2017/05/03/d80cad00-301d-11e7-8674-437ddb6e813e_story.html?utm_term=.eb91df1a5cb0, n.d.)

³⁶ (<http://www.taxpolicycenter.org/publications/analysis-donald-trumps-tax-plan/full>, n.d.)

³⁷ (<http://www.aqeny.org/2017/01/fact-sheet-cuomos-proposal-to-repeal-the-foundation-aid-commitment/>, n.d.)

program and formula would more than likely not accomplish this goal. If all districts receive funding (as proposed) then the wealthier districts once again have a huge advantage. If funds are limited, which they are, there would continue to be an underfunding of poor districts and a subsidy to the wealthy districts. This defeats the goal of trying to provide additional funds to offset limited or low local contributions vs the higher educational costs that are typically found in poverty ridden districts.

Conclusion: Set the minimum property tax rate levy for schools to 1.6% (\$16 per \$1000 FV). We estimated that we can increase local contributions to close the gap in expected vs. actual local contributions. **Fix the Foundation Aid formula.** Fix the income wealth index scale. Lower the floor and raise the ceiling. This should close the gap in expected vs. local contributions by reducing what is expected from the local contribution in a more realistic manner that reflects communities. Shift the foundation aid away from wealthy districts. This is proposed by The Citizens Budget Commission³⁸ (see Table 2 below). The table reflects their recommendations to fixing the aid formula. Without a minimum rate, they still have a \$500 million deficit.

Table 2: Proposed Changes in Foundation Aid By Wealth Decile

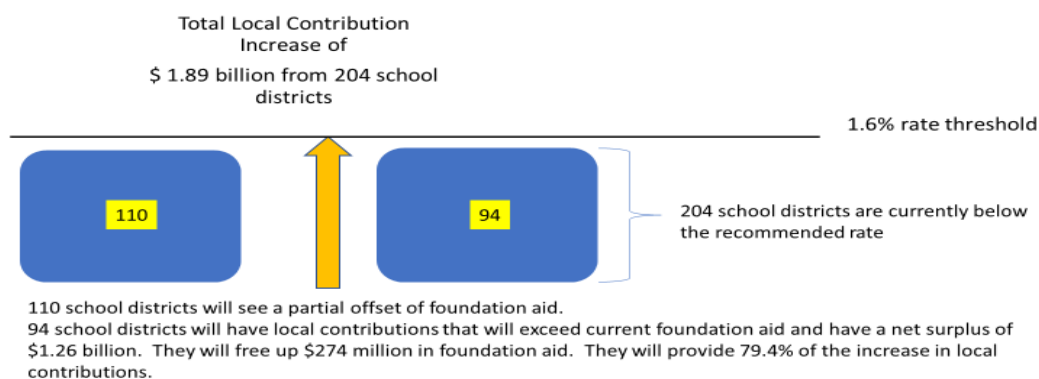
Wealth Decile (10 = wealthiest)	No. of Districts Receiving More Aid	Sum of Increases	Average Increase Per Pupil	No. of Districts Receiving Less Aid	Sum of Decreases	Average Decrease Per Pupil
1	65	\$1,185,960,035	\$3,264	3	(\$2,451,906)	(\$3,779)
2	56	\$303,762,407	\$2,228	12	(\$3,865,196)	(\$725)
3	55	\$228,093,865	\$2,085	13	(\$15,117,916)	(\$1,626)
4	41	\$797,967,379	\$1,603	27	(\$43,677,531)	(\$1,701)
5	33	\$130,186,957	\$1,365	35	(\$101,541,617)	(\$2,290)
6	14	\$13,509,101	\$605	54	(\$215,751,240)	(\$2,789)
7	8	\$23,033,905	\$708	60	(\$311,553,242)	(\$3,448)
8	1	\$111,451	\$35	67	(\$695,859,989)	(\$3,289)
9	-	-	-	68	(\$470,066,078)	(\$2,701)
10	-	-	-	62	(\$253,718,868)	(\$1,760)
Grand Total	273	\$2,682,625,101	\$2,112	401	(\$2,113,603,584)	(\$2,588)

Source: CBC staff analysis; New York State Education Department, Fiscal Analysis & Research Unit, "2016-2017 Enacted School Aid Files" (April 4, 2016).

³⁸ (<https://cbcny.org/research/better-foundation-aid-formula>, n.d.)

Fair and equitable funding of schools is a problem. It is not fair or equitable for students if they happen to live in an impoverished neighborhood and tax rates are low and median property values are low. Those districts will underfund the expected local contribution. The foundation aid formula and program needs to be able to address these funding shortcomings and provide sufficient funding to level the funding across the state to cover the shortfalls in funding where school districts are at a disadvantage due to low property tax revenues and higher educational costs. The burden of the gap needs to be met by raising a minimum property tax levy for schools and having a reasonable expectation in local contribution that reflects the actual community's wealth and income. The state will be able to raise additional funds with a state minimum property tax levy for schools at a level high than today without overly burdening the poor. Removing the SPDF from STAR and lowering the generous 500k income threshold will help as well. Having the state minimum required property tax rate for school levies is fair and equitable and will close the gap. The poor and economically challenged households will still take advantage of STAR and STAR will be expanded to help low income renters. The wealthy will lose some deductions and pay more. While it may not be a popular political change, it will be more fair and equitable to students. It will achieve state congressional requirements and will create a more "wealth neutral" education system which is fairer and more equitable for students. Educational outcomes should improve for students in low income neighborhoods and sufficient resources for disabled students and children with special education requirements will increase to improve their outcomes as well. If the property tax assessments are kept current, current and future residents will share the burden as well. If the current effective average tax levy is 1.819% (excluding NYC's 1.64%)³⁹ and it is too low, the state minimum rate should be increased to 1.6%. The effective average tax rate becomes 3.1%. It would raise local contributions by \$1.89 billion⁴⁰⁴¹.

Effects of setting a minimum school tax levy rate of 1.6% on 705 public school districts in NY State



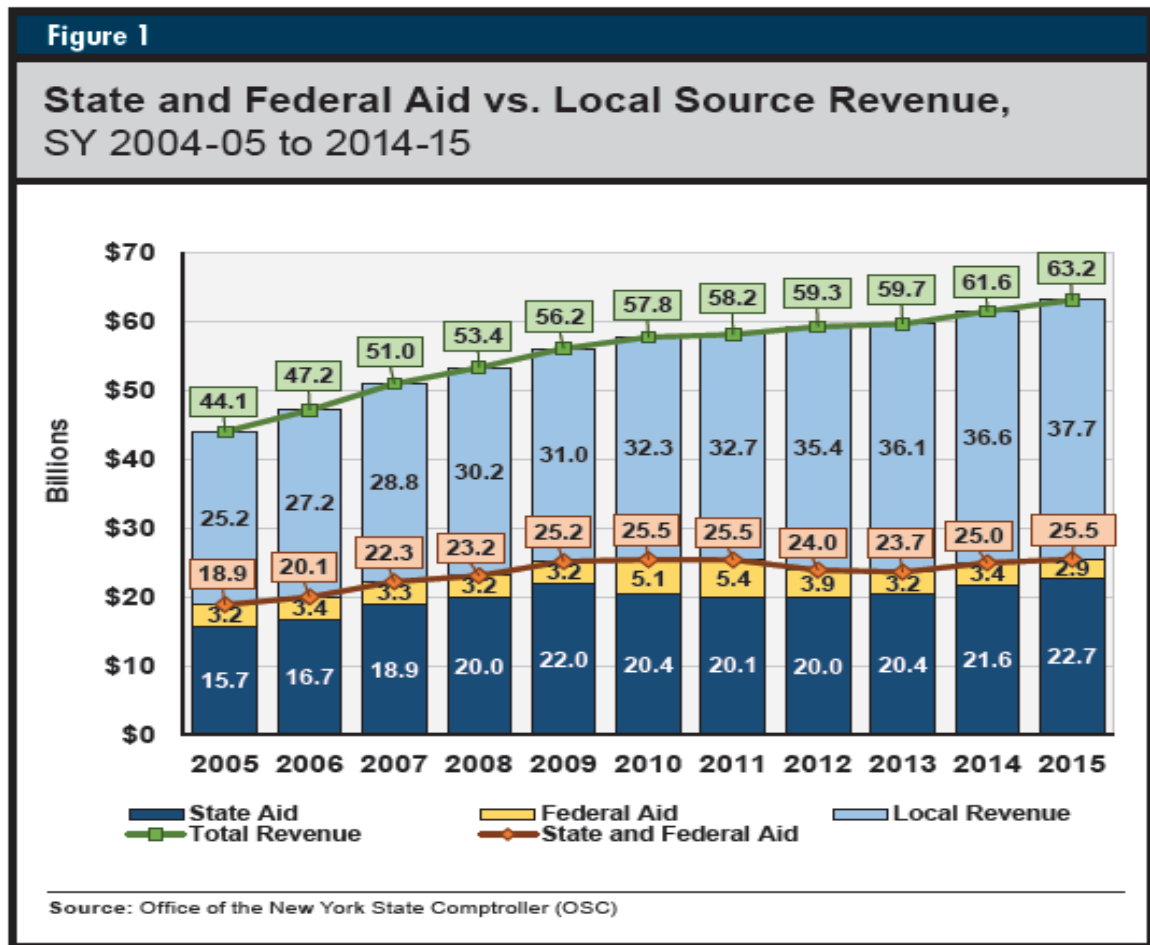
³⁹ (https://www.tax.ny.gov/research/property/reports/fvtaxrates/statewide_13.htm, n.d.)

⁴⁰ (https://www.tax.ny.gov/research/property/reports/fvtaxrates/statewide_13.htm, n.d.), .

⁴¹ (<https://data.nysed.gov/fiscal.php?year=2016&instid=800000040902>, n.d.)

94 school districts would be able to completely offset their foundation aid that they are receiving and that savings of \$276 million could be redistributed to poorer school districts. Those same 94 school districts would also have an excess of \$1.26 billion. That excess could then either be re-captured or school districts could merge and share the local contributions.

What was the total funding? How much was local contribution? How much was federal contribution? Figure 1 below shows the relationship⁴². For FY 2015, \$63.2 billion was spent in total in NY for education. \$37.7 billion was local contributions or 59.7% of the total. Federal was \$2.9 billion or about 4.6%. State aid was \$22.7 billion or 35.9% of the total. Looking at the graph you can see that local contributions seems to be growing and state and federal appears to have leveled off.



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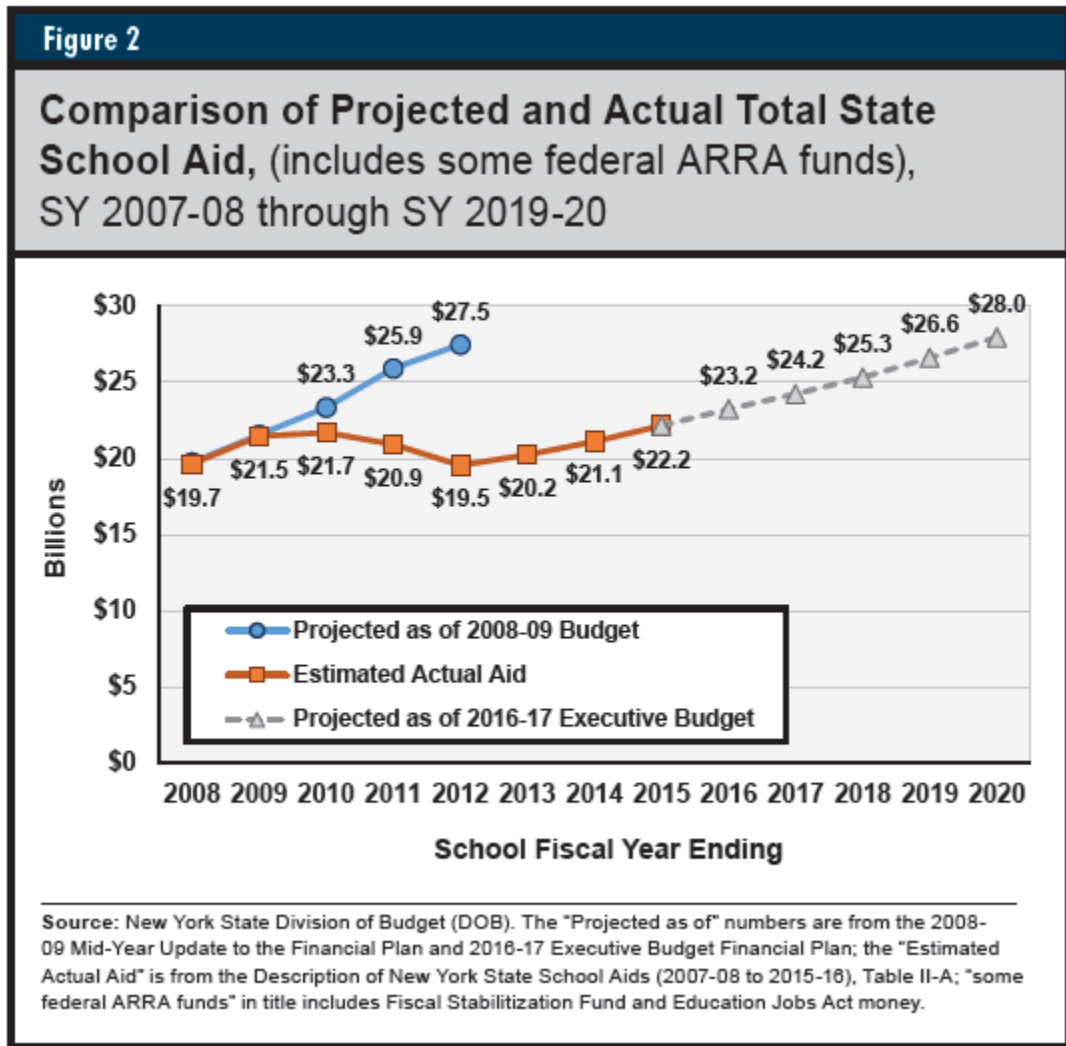
Note that \$24,259,157,357 is for total education expenditures for the state contribution for 2016-17. It is a 6.13% increase from 2015-2016⁴⁴.

⁴² (<https://osc.state.ny.us/localgov/pubs/research/schoolaid2016.pdf>, n.d.)

⁴³ (<https://osc.state.ny.us/localgov/pubs/research/schoolaid2016.pdf>, n.d.)

⁴⁴ (<https://openbudget.ny.gov/schoolAidForm.html>, n.d.)

Another interesting thing we saw was that the table below⁴⁵. In figure 2, you can see what was projected and what the actual foundation aid was. When you hear the term debt, deficit, or Gap Elimination Adjustment, they are talking about what is depicted in the graph.



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You can see the projected vs. actual in the table above to understand the magnitude of the shortfall.

The next chart shows the four biggest state budget categories overall. Education is the second largest category of state spending at a whopping 24.8% of the total state budget for NY⁴⁷.

Figure 6 is projecting that education will tie with state operating costs and will seem to offset "other local assistance". We are not sure if this is a tradeoff between the categories.

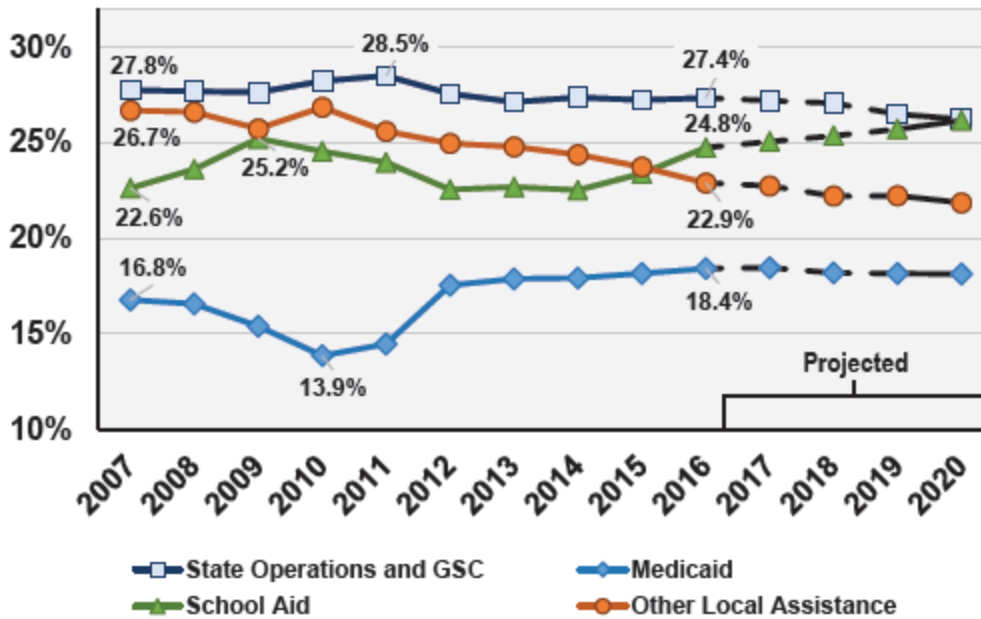
⁴⁵ (<https://osc.state.ny.us/localgov/pubs/research/schoolaid2016.pdf>, n.d.)

⁴⁶ (<https://osc.state.ny.us/localgov/pubs/research/schoolaid2016.pdf>, n.d.)

⁴⁷ (<https://osc.state.ny.us/localgov/pubs/research/schoolaid2016.pdf>, n.d.)

Figure 6

Composition of Spending in State Operating Funds, State Fiscal Years 2005-06 through 2019-20



Source: DOB, OSC.

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Municipality	LevyYear	Equalization Rate	Sch.TaxLevy	Sch.TaxRate	TotalPropertyValue?	Proposed State Minimum Property Tax Rate	Change in Property Tax
Skaneateles	2014	100	\$ 241,461	14.59	\$ 16,549,760	\$ 264,796	\$ 23,335
Skaneateles	2014	91	\$ 537,402	14.59	\$ 36,833,585	\$ 589,337	\$ 51,935
Skaneateles	2014	100	\$ 914,245	14.59	\$ 62,662,440	\$ 1,002,599	\$ 88,354
RaquetteLake	2014	100	\$ 193,378	0.62	\$ 311,900,000	\$ 4,990,400	\$ 4,797,022
Syracuse	2014	81.5	\$ 64,307,232	14.14	\$ 4,547,894,767	\$ 72,766,316	\$ 8,459,084
Skaneateles	2014	100	\$ 106,586	14.59	\$ 7,305,415	\$ 116,887	\$ 10,301
Skaneateles	2014	100	\$ 17,680,783	14.59	\$ 1,211,842,563	\$ 19,389,481	\$ 1,708,698
Skaneateles	2014	100	\$ 3,667,589	14.59	\$ 251,376,902	\$ 4,022,030	\$ 354,441
Sagaponack	2014	100	\$ 2,286,381	0.53	\$ 4,313,926,415	\$ 69,022,823	\$ 66,736,442
Southampton	2014	100	\$ 54,616,537	2.6	\$ 21,006,360,385	\$ 336,101,766	\$ 281,485,229
Wainscott	2014	100	\$ 174,686	1.13	\$ 154,589,381	\$ 2,473,430	\$ 2,298,744
GlensFallsCommon	2014	80	\$ 2,782,767	14.14	\$ 196,801,061	\$ 3,148,817	\$ 366,050

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⁴⁸ (<https://osc.state.ny.us/localgov/pubs/research/schoolaid2016.pdf>, n.d.)

⁴⁹ (https://www.tax.ny.gov/research/property/reports/fvtaxrates/statewide_13.htm, n.d.)

Current Total New York State Tax Levy	Current Effective Property Tax Rate	Total State Property Value		
\$ 35,325,076,361	2.89%	\$ 1,221,147,403,124		
Total State Property Tax with imposed minimum	Proposed Minimum Tax Rate	Net Change of Proposed Tax increase	% of increase to current Tax	Average Effective Property Rate
\$ 37,119,028,885	1.6%	\$ 1,793,952,524	5.08%	3.04%

We merged the tax table and education table to extrapolate the data. Ref attached spreadsheet.

	Syracuse	NY State Average	Skaneateles	South Hampton
State Base Rate	\$10,589.67	\$10,589.67	\$10,589.67	\$10,589.67
Economically Disadvantaged	79%	54%	12%	41%
English language learners	16%	8%	0%	13%
Students with disabilities	20%	17%	7%	17%
ECl adjusted	\$27,003.66	\$22,556.00	\$14,084.26	\$21,708.83

The other piece would be to adjust the foundation aid formula. We would create a State base rate of \$10,589.67. The changes to aid then shifts along these categories. Syracuse school district would gain an average of \$7,725.66 per student. Also, reducing the floor for the Income Wealth Index of the foundation aid formula would allow Syracuse to have to come up with a slightly smaller local contribution but the 1.6% minimum rate would net over \$8 million alone without any consideration of STAR and the SPDF and any re-adjustment of fixes to the foundation aid formula. Our adjustment to the aid formula would net \$86 million for Syracuse school district^{50, 51, 52}.

⁵⁰ (https://www.tax.ny.gov/research/property/reports/fvtaxrates/statewide_13.htm, n.d.)

⁵¹ (<https://data.nysed.gov/fiscal.php?year=2016&instid=800000040902>, n.d.)

⁵² (consolidated spreadsheet, n.d.)

Annotated Bibliography

<http://statewideonline.org/conf/ProblemsRecommendationsFoundationAidFormula092012.pdf>

This reference talks about the problems with the current foundation aid formula. The group has an opinion about the formula's equity. It provides an insightful critique and exposes some potential weaknesses with the current formula that can be supported with other evidence. We used it as an additional reference due to the specific criticisms or arguments that the organization provides. Is it factual? Is it misleading? It is most likely factual and not misleading and is current and valid for the case. How should the foundation aid formula be fixed and weighted is subject to opinion. We assume that if the foundation aid formula and equitable distribution of foundation aid is a lofty goal that may not be achieved but do believe that it should be modified and foundation aid distribution become more equitable for students. It is clear and usable but provides no additional references.

<http://www.ageny.org/campaigns/campaign-for-fiscal-equity/>

This reference provides some general information that appears to be factual and gives a general timeline and some limited information about the Campaign for Fiscal Equity. It is not a source document with original data but does provide a clean summary of information that is readable. Not highly academic but provides a point of view of generally undisputed facts. Does not provide additional references.

http://www.ageny.org/wp-content/uploads/2017/02/AQE_whitepaper.pdf

This reference provides some pretty detailed information that appears to be factual and gives a detailed timeline and some lots of information about the Campaign for Fiscal Equity. It is not a source document with original data but does provide a clean summary of information that is readable. Provides an objective point of view of generally undisputed facts. Does provide additional references. It was written in response to Gov. Cuomo and basically fact checked a bunch of things that he said about foundation aid.

<http://www.democratandchronicle.com/story/news/local/blogs/watchdog/2017/02/24/rethink-state-school-funding-drive-down-ny-property-taxes/98353298/>

This is an OP-ED piece. Very subjective with some facts thrown in. There are references so that you can fact check everything and it was an interesting read. The writer felt that property taxes were too high and that there should be a decrease in property taxes. They criticized the foundation aid spending and equity of distribution.

<http://www.democratandchronicle.com/story/news/politics/politics-on-the-hudson/2017/01/19/school-aid-formula-changes-worry-education-leaders/96792360/>

This reference is an op-ed piece and talks about Gov. Cuomo's intended changes to educational aid and the foundation aid. Many people are concerned about the proposed changes and whether a sound basic education will be funded. The article talks a bit about the proposal. The numbers are probably factual but the article is subjective with some references.

<https://data.nysed.gov/fiscal.php?year=2016&instid=800000040902>

This site has data that can be downloaded or run as a web query. We take the data as factual and objective and completely unbiased. We acknowledge that human error may have input data incorrectly but that with 99.99% certainty that it can be used as a reliable source of school information that is current and real. We can see schools, districts, county and state data on students. How many in a school have disabilities, are English language learners, and how many are economically disadvantaged. We can see school graduation rates, drop outs, and race and gender information about students. Less easy to get but available is spending on students. This site enables a user to compare a school to the district, county, and state. It enables a user to customize queries as well. What is not available are educational costs or tax rates... Overall, a staple when analyzing the differences in schools and spending on students. We used it in a few tables to include the beginning of the paper for data on Syracuse.

<https://stateaid.nysed.gov/publications/handbooks/handbook09.pdf>

This handbook is published with many references and goes into the details of aid calculations. It has references within it and should be considered factual and objective. It is dated for use for 2009-10 but generally useful in understanding the details of the aid available and how it is calculated. There are probably more current sources that may be more useful.

<https://openbudget.ny.gov/schoolAidForm.html>

This is a lookup tool to view and download School Aid information. Data can be filtered by county and district and results can be exported to Microsoft Excel. Information is updated in conjunction with the Enacted Budget. The most current data reflects the 2016-17 School Year. It is compiled by the Division of the Budget from New York State Education Department School Aid data. Data for each year represents aid estimates on a School Year basis as of the given year's Enacted Budget. It was used to show that every school district received foundation aid and how much they received.

<https://cbcny.org/research/better-foundation-aid-formula>

This is an easy read with a lot of content. They talk about foundation aid. They talk about why it was created and how it is supposed to work. They have a criticism of the foundation aid formula and what is wrong with it. They have recommendation on how to fix the foundation aid formula. It is recently written, and well written without a pure academic

focus. The casual reader should be able to comprehend it. There are lots of references. The information is presented in a clear manner and appears to be factual when compared with its sources. It should be reliable as a source noting that the fix is a recommendation that may or may not be sufficient in achieving our lofty goals of fair and equitable distribution of aid.

<https://www.zillow.com/syracuse-ny/home-values/> & <https://www.zillow.com/skaneateles-ny/home-values/>

This was used to show the difference between the median price of a home in Syracuse vs. the rest of the county. It is objective. It is current. It is somewhat accurate. It should be considered reliable enough to use to demonstrate that property values are lower in the city than the rest of the county and brings down the county median home prices.

https://www.washingtonpost.com/opinions/this-tax-plan-would-throw-democrats-into-chaos/2017/05/03/d80cad00-301d-11e7-8674-437ddb6e813e_story.html?utm_term=.eb91df1a5cb0

This is an op-ed piece that talks the average reader thru the potential impacts of Trump's new tax plan. It is current. It may not best represent what we can see as taxpayers. It was a quick and easy read.

<http://www.taxpolicycenter.org/publications/analysis-donald-trumps-tax-plan/full>

This is the full printed version of President Trump's tax plan. It is current and objective. It leaves room for interpretation as to what the ramifications will be and what it will achieve.

<http://www.osc.state.ny.gov/localgov.index.htm>

This is the website of the Office of the NY State Comptroller. It is objective and current with many references. We used this for total spending and state budget data that did not show local contributions. Interesting facts and figures with some historical data and trends.

Kyle Schwemmer's consolidated spreadsheet.

We consolidated tax data and school data using data downloaded from:

<https://openbudget.ny.gov/schoolAidForm.html>

<https://data.nysed.gov/fiscal.php?year=2016&instid=800000040902>