



*Adequate. Constitutional. Equitable.*

## BRIEFING BULLETIN | No. 4

### Response to the Rockefeller Institute of Government's Review New York State's Foundation Aid Education Funding Formula

The [Adequate, Constitutional, Equitable \(ACE\) School Funding Project](#) is a collaboration between the Center for Educational Equity, Teachers College, Columbia University, and American Institutes of Research (AIR). Our goal is to provide reliable independent research to contribute to New York State budget deliberations for the next fiscal year and to advance the development of a new school funding formula that will respond to current student needs and ensure students' right to a sound basic education is honored now and in years to come.

#### [What's the ACE School Funding Project?](#)

AIR's first three reports for the ACE School Funding Project detailed [the inequities of the current Foundation Aid formula](#), and the extent to which these inequities [are denying educational opportunity](#) to hundreds of thousands of students around the state. AIR also explained [how a systematic, data-based cost modeling approach can be used](#) to help build a new school funding system. These reports show that (1) existing funding for New York schools and districts is not equitably distributed and (2) students, particularly in high-need districts, are not provided with equal opportunity to achieve the state's outcome goals. These findings demonstrate the need for a new school funding system.

On December 2, 2024, the Rockefeller Institute of Government issued a 309-page report that reviewed New York State's current Foundation Aid education funding formula, finding that "significant change is warranted" and recommending a slew of changes for its improvement.<sup>1</sup> [AIR's fourth report](#) examines the Rockefeller Institute (RI) report and many of its specific proposals. It emphasizes that "the volume of issues identified by the RI report . . . suggests a need for a comprehensive empirical analysis of the cost of providing an adequate education and how the cost varies across districts according to student needs and school and district context" (p. 5).

#### Background

In 2003, New York's highest court held that all students are entitled under the state constitution to the "opportunity for a sound basic education" (*Campaign for Fiscal Equity (CFE) v. State of New York*, 2003). The court ordered the governor and the legislature to (1) determine "the actual

1. Rockefeller Institute of Government, *A Review of New York State's Foundation Aid Education Funding Formula with Recommendations for Improvement* (Dec. 2, 2024).

cost of providing the opportunity for a sound basic education” to all students and (2) create an equitable formula that will ensure that all schools have the resources necessary for providing their students a sound basic education.

Today, the school funding formula the New York State Education Department (NYSED) created in 2006 to comply with the *CFE* decision is out of date—and unconstitutional. The formula is not providing all schools funding for the actual costs of a sound basic education. However, the state has failed to set up a process for meeting its constitutional school-funding obligations. The ACE School Funding Project provides independent research and analysis designed to advance the development of a constitutional school funding formula for New York State.

### AIR’s Critique of the Rockefeller Institute Report

The Rockefeller Institute report examined in detail all the basic components of the current Foundation Aid formula and found every one of them substantially deficient. Its foreword emphasizes this:

[T]here is no doubt that the Foundation Aid formula needs to change from its current state. It uses old, outdated information that does not reflect today’s student population. It uses outmoded modeling to measure pupil needs and local school district wealth. And it reflects an antiquated concept of what public school districts are expected to do, how student success is defined, and how that achievement is measured. Some of the recommendations in this report may appear at first reading to be too big or too bold, but significant change is warranted. (pp. 9-10)

“Updating one component without recalibrating other components may not achieve a more equitable and adequate funding system, and **could even erode the equity and adequacy of the funding system.**”

In light of these findings, AIR argues that the numerous deficiencies in the current formula identified in the report and the Rockefeller Institute’s many suggestions for dealing with them must be “comprehensively, collectively, and simultaneously evaluated and calibrated” (p. 3). It recommends a thoroughgoing process to determine the current costs of providing the educational programming and services to ensure that all children have an equal opportunity to succeed.

The Rockefeller Institute report included recommended changes to many components of the current formula, and presented these recommendations as a “menu of options” that policymakers can selectively pick and choose from. AIR, however, strongly disputed this notion, explaining, “**The components of funding formulas do not act in isolation. Updating one component without recalibrating other components may not achieve a more equitable and adequate funding system, and could even erode the equity and adequacy of the funding system**” (p. 8).

Accordingly, AIR recommended that the state undertake a holistic process to develop a new school funding formula that includes outcome-oriented methods (cost modeling) and input-oriented methods (input based on the professional judgment of educators). Specifically, they recommended

that such a comprehensive process include:

- Clearly defined state goals and objectives that constitute an adequate education.
- Recognition of the student needs and contextual factors that are related to the cost of achieving those goals and objectives.
- Estimation of the cost targets in achieving those goals and objectives as well as how those costs differ according to student needs and other contextual factors.
- Determination of a base per-pupil amount and funding adjustments that could be implemented as part of the state's ... formula to achieve those cost targets.
- Further investigation of state and local shares of funding that would ensure equitable funding to meet the cost targets, accounting for differences in local capacity (pp. 8-9).

AIR's report comments on a number of the specific Rockefeller Institute proposals, including:

- The drawbacks of New York State's "successful schools" methodologies and the additional problems raised by the Rockefeller Institute's attempts to address them
- Methods for calculating poverty
- Regional cost indices
- Alternative approaches for accounting for inflation
- The calculation of local shares
- Weightings for special education students
- Alternatives to "set-asides" to district foundation aid allocations.

AIR finds both strengths and weaknesses in many of these proposals. Interested readers can find more details [in the report](#).



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This document is a part of a series of regular bulletins sharing news from the [Adequate, Constitutional, Equitable \(ACE\) School Funding Project](#), a collaboration between the Center for Educational Equity, Teachers College, Columbia University, and American Institutes of Research (AIR). If you have feedback or questions, please write to [equity@tc.columbia.edu](mailto:equity@tc.columbia.edu).