

Evaluation of New York School Funding

Report Brief 6: Review of the 2025–26 Executive Budget Projections

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Introduction

In January 2025, New York released its Executive Budget for the 2025–26 fiscal year. Included in the Executive Budget are the proposed changes and projections to state aid. Among those changes to the Foundation Aid Formula are:

- Updating the formula’s two measures of the percentage of low-income students in a school district.
 - The outdated 2000 Census Poverty rate is replaced with an average of the most recent three years of Census Small Area Income and Poverty Estimates (SAIPE) data.
 - Free or reduced-price lunch data is replaced with economically disadvantaged data to better reflect the current population of low-income students.
- Modifying one of the four tiered calculations of how the State Sharing Ratio (SSR) is calculated based on the Foundation Aid Combined Wealth Ratio (FACWR) and increasing the maximum SSR from 0.91 to 0.93.
- Ensuring that each district receives at least a 2% year-to-year increase in Foundation Aid.

In this brief, we evaluate the changes in projected state aid stemming from the Executive Budget, and how changes to state aid are distributed across New York’s districts.

In our series of reports on school funding in New York, we have examined issues of equity and adequacy. As we have explained in our prior briefs, the two objectives of well-designed state school funding formulas are to account for differences in:

1. *The costs of providing equal educational opportunity to achieve the outcome goals of the state.* New York’s funding formula primarily attempts to accomplish this through the setting of an adjusted foundation amount – the funding target for each district, which differs based on the Pupil Need Index (PNI) and a Regional Cost Index (RCI).¹
2. *The capacity of districts to raise revenue locally to cover the costs.* New York’s funding formula attempts to accomplish this through setting the portions of the adjusted foundation amount that will be supported by local revenue versus through state Foundation Aid. The main mechanism by which New York does this is through the FACWR, which is a

¹ For a more thorough presentation of how the adjusted foundation amount is calculated see Brief 1 in this series examining student equity (Atchison et al, 2024a).

measure of the gross income and property wealth of districts on a per pupil basis, relative to the state average of income and property wealth. A series of formulas is applied using the FACWR, so that the state share of adjusted foundation amount known as the State Sharing Ratio (SSR) decreases as the FACWR increases, such that wealthier districts are expected to pay for a larger portion of the adjusted foundation amount from local revenue sources.²

Unfortunately, New York’s current funding formula does not accomplish either of these objectives particularly well. Despite a formula that sets higher adjusted foundation amounts for districts with greater need as measured by the PNI, higher PNI districts and districts with more economically disadvantaged students actually spend less per pupil after accounting for other student need factors, district size, and locale (see Brief 1; Atchison et al., 2024a). Students in New York are also not provided an equal opportunity to succeed, as demonstrated by a systematic negative relationship between the level of student needs in schools and student outcomes. As economic disadvantage across schools increases, student outcomes (as measured by test scores, chronic absenteeism, graduation rates, and success on New York’s Regents Exams) decrease substantially. Schools with higher percentages of students with disabilities and English language learners also have lower student outcomes, on average (see Brief 2; Atchison et al., 2024b).

We showed that the formula provides less in state aid to higher wealth districts. However, the ability of high wealth districts to far exceed the amount of local revenue they are expected to raise under the formula allows those districts to have more revenue overall and outspend less wealthy districts (see Brief 5; Atchison et al., 2025).

These key findings from our prior analyses suggest that districts with higher student needs and lower wealth (capacity to raise revenue locally) require additional resources relative to lower need and higher wealth districts. With these findings in mind, we evaluate the projected state aid amounts based on the 2025–26 Executive Budget projections to determine whether, under those projections, higher need and lower wealth districts have larger funding increases relative to lower need and higher wealth districts. Specifically, we calculate the percent change in state aid for each district between the Executive Budget projections for the 2025–26 school year and 2024–25 state aid for the following funding variables:

² For a more thorough presentation of how New York’s Foundation Aid formula attempts to account for local capacity in the raising of revenue, see Brief 5 in this series on equity issues in raising revenue (Atchison et al, 2025).

- Adjusted foundation amount per total aidable foundation pupil units (TAFPU) – the foundation aid target for each district per TAFPU.³
- Foundation Aid – the amount of Foundation Aid (the state portion of funding) provided to the district.⁴

We then look at how the percentage change in these variables differs across districts in relation to PNI, Census Poverty (as measured by SAIPE), and the FACWR. We also examine the longitudinal trends in these variables, breaking out New York City and the other Conference of Big 5 School Districts from the rest of the state.⁵

To investigate the factors that contributed to changes in Foundation Aid funding, we also examine the changes over time in the key formula elements that are used in the calculation of Foundation Aid: the Foundation Aid base per-pupil amount, PNI, TAFPU, and FACWR.

Comparisons of the 2025–26 Executive Budget State Aid Projections to 2024–25 State Aid

Here we show the change in key state aid variables for the 2025–26 Executive Budget projections relative to 2024–25 state aid.

³ TAFPU is the enrollment measure on which Foundation Aid is distributed to districts. It is measured as the sum of each district’s average daily membership (ADM), summer school ADM multiplied by 0.12, and a weighted count of students with disabilities (SWDs). For the weighted count of SWDs, each qualifying full-time equivalent SWD is multiplied by 1.41, in which qualification is determined by receiving a minimum threshold of special education services. Because TAFPU includes additional weights for summer school and SWDs, TAFPU is larger than a district’s average daily membership.

⁴ Foundation Aid is not measured on a per TAFPU basis for this analysis. We also examine total aid (excluding building aid) and show the changes to Foundation Aid and total aid measured on a per TAFPU basis in the appendix exhibits.

⁵ The Conference of Big 5 School Districts includes New York City, Rochester, Syracuse, Buffalo, Yonkers, Albany, Utica, and Mount Vernon (see <https://big5schools.org/about-us>). For these analyses we create four mutually exclusive groups of districts: (1) New York City, (2) Rochester, Syracuse, Buffalo, and Yonkers (which we label *Big 5*, given that these districts along with New York City made up the original Big 5 school districts), (3) Albany, Utica, and Mount Vernon (labeled *Big 5+*), and (4) all other districts in the state (labeled *Other*). Districts that are not part of the Conference of Big 5 School Districts also vary in terms of wealth and poverty, although as a group they have lower poverty and higher wealth, on average, than the members of the Conference of Big 5 School Districts. In Exhibit A6 in the Appendix, we show percent changes in key Foundation Aid measures for the 2025–26 Executive Budget relative to 2024–25 for districts not part of the Conference of Big 5 School Districts, separating out the high-poverty and low-wealth districts from other districts. In general, we find that the changes for high-poverty and low-wealth districts that are not part of the Conference of Big 5 School Districts follow a similar pattern of changes as the Conference of Big 5 School Districts.

Adjusted Foundation Amount per TAFPU

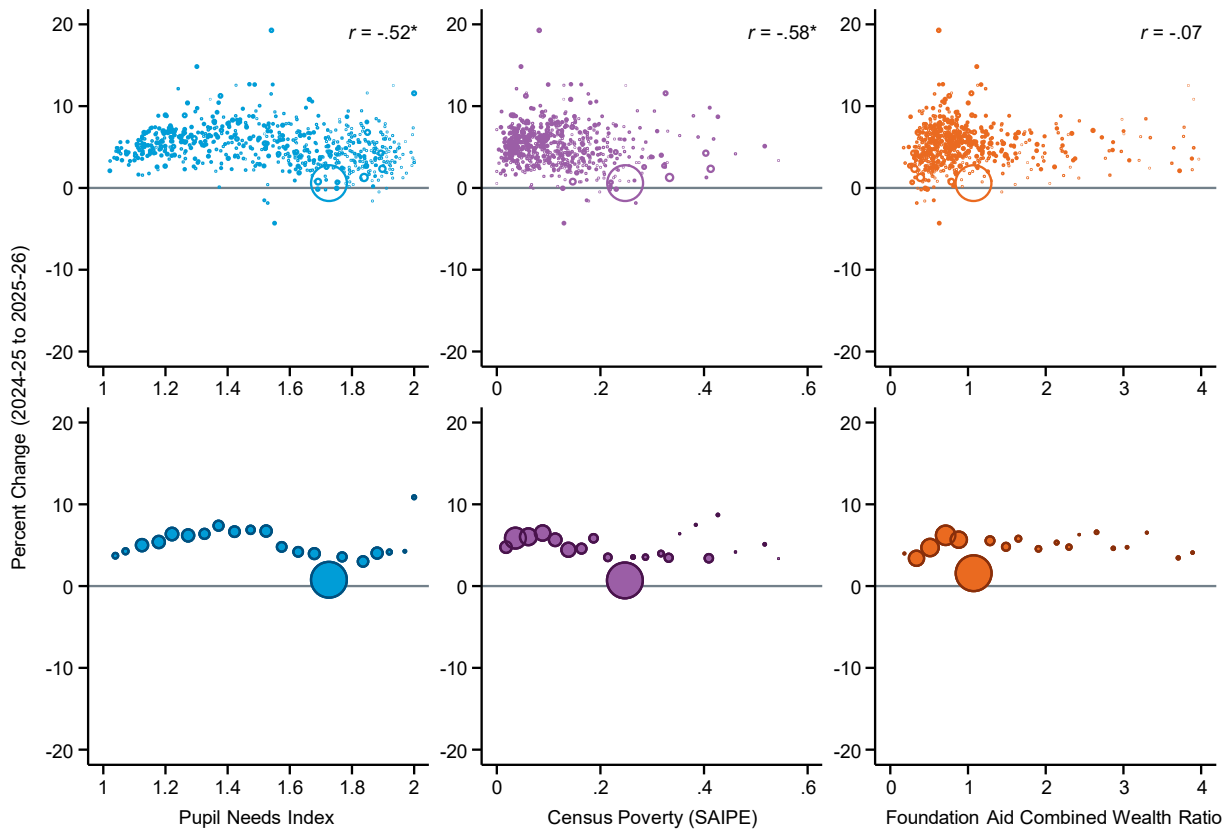
The adjusted foundation amount per TAFPU represents the state’s per-pupil adequacy target for each district.⁶ The adjusted foundation amount is the starting point for the state’s Foundation Aid allocations prior to establishing the split between the state and local shares. On average, the adjusted foundation amount per TAFPU increased by 3.5% in the 2025–26 Executive Budget projections relative to the 2024–25 state aid allocations. The amount of the increase varied by district characteristics (Exhibit 1) with higher need districts, as measured by the PNI and Census Poverty having smaller increases to the adjusted foundation amount per TAFPU. In particular, districts in the middle ranges of need factors (with a PNI around 1.4 and a Census Poverty rate around 0.1) appear to have increases in adjusted foundation amount per TAFPU around 7%, on average, but at higher levels of need those increases decline. New York City in particular has among the smallest increases in the adjusted foundation amount per TAFPU, which amounted to less than a 1% increase. In contrast to the PNI and poverty, the relationship between the foundation amount per TAFPU and the FACWR was weak and not statistically significantly different from 0.

Examining the adjusted foundation amount per TAFPU over a longer period of time, we see that the increase for New York City in 2025–26 (of just over \$100 per TAFPU) was the smallest increase in the foundation aid target since 2016–17, when it declined slightly from 2015–16 (Exhibit 2). The rate of change in the adjusted foundation aid amount for the *Big 5* (Rochester, Syracuse, Buffalo, and Yonkers) and *Big 5+* (Albany, Utica, and Mount Vernon) districts also slowed under the 2025–26 Executive Budget relative to the prior 8 years. By contrast, the increase in the adjusted foundation amount per TAFPU in the *other* districts in the state (which generally have much lower student needs than New York City and the Conference of Big 5 School Districts) exceeded the average change over the prior 8 years.⁷

⁶ Findings from our prior briefs suggest that the adjusted foundation amounts per TAFPU are too low, given that, on average, actual state and local revenue raised by districts exceed these targets by over 75% and current spending exceeds these targets by almost 60%. See Report Brief 5 (Atchison et al., 2025). In addition, our analyses suggest that overall student outcomes in the state do not meet the state’s educational goals. See Report Brief 2 (Atchison et al., 2024b).

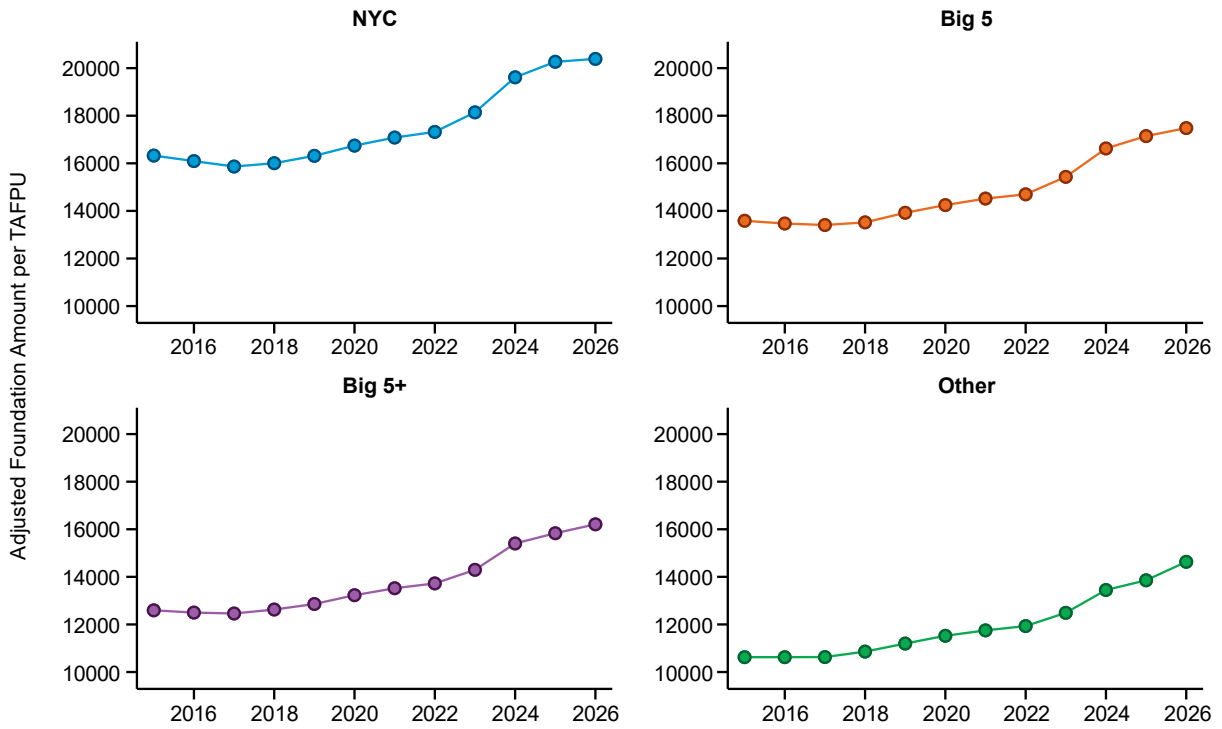
⁷ High-poverty and low-wealth districts that are in the *other* category also had lower increases to the adjusted foundation amount per TAFPU than districts with lower-poverty and higher wealth (Exhibit A6 in Appendix A).

Exhibit 1. Percent Change in the Adjusted Foundation Amount per TAFPU in the 2025–26 Executive Budget Projections Relative to 2024–25 State Aid



Note. The top panels show district-level scatter plots with each circle representing a single district. The bottom panel shows binned scatter plots where each circle represents the average of districts within a given bin (range) of the x-axis variable. The bin widths are 0.05, 0.025, and 0.2 for the Pupil Need Index, Census Poverty, and Foundation Aid Combined Wealth Ratio, respectively. The size of the dots is proportional to enrollment (each district’s enrollment in the top panel and the sum of enrollment by bin in the bottom panel). The enrollment-weighted correlation coefficient is denoted by r in the district-level scatter plot. * denotes statistically significant correlations ($p < .05$).

Exhibit 2. Average Adjusted Foundation Amount per TAFPU by District Group (2014–15 to 2025–26)



Note. Big 5 includes Rochester, Syracuse, Buffalo and Yonkers (New York City reported separately). Big 5+ includes the three additional members of the Conference of Big 5 School Districts: Albany, Utica and Mount Vernon. Averages within groups of districts are weighted by district enrollment.

Foundation Aid

Here we examine how the total amount of Foundation Aid that districts are projected to receive under the 2025–26 Executive Budget projections differ relative to the 2024–25 school year. Foundation Aid represents the state portion of the adjusted foundation amount after it is multiplied by the district’s TAFPU. The state portion is determined through a calculation of local versus state share, which is a function of each district’s local capacity (as primarily defined by the FACWR). In addition, the state in prior years has implemented a “save harmless” policy, where each district receives at least as much Foundation Aid as in the prior year. This is particularly relevant for districts with declining enrollment. The Executive Budget included a 2% minimum increase which is reflected in Exhibit 3 by the horizontal line of districts receiving that minimum increase.

Despite moderately strong negative relationships between the adjusted foundation amount per TAFPU and student needs as measured by the PNI and poverty (shown in Exhibit 1), the findings in Exhibit 3 show slight positive relationships between Foundation Aid provided to districts and these measures of need. There is also a weak negative relationship between the FACWR and Foundation Aid, indicating that, on average, districts with higher wealth had a smaller increase in Foundation Aid. In particular, New York City received an almost 6% increase in Foundation Aid despite only a slight increase in the adjusted foundation amount per TAFPU.⁸

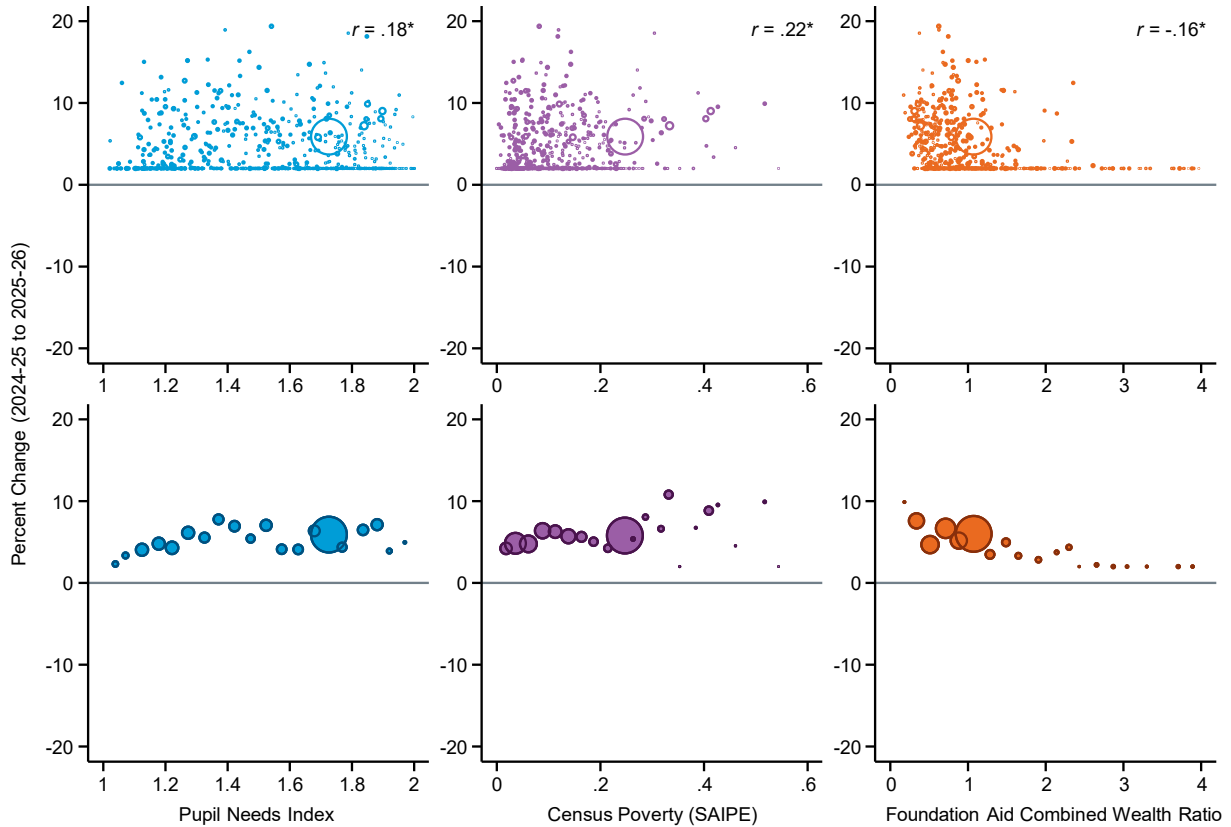
In Exhibit 4, we examine the change in Foundation Aid over a longer period of time for New York City and Conference of Big 5 School Districts, in comparison to the rest of the districts in the state. For New York City, the changes in 2025–26 generally seem in line with prior trends. The relative increase in New York City for 2025–26 is also comparable to *other* (non-Big 5) districts. In contrast, the increases for the *Big 5* and *Big 5+* districts are greater than for New York City and other districts.

In short, the findings with respect to changes in Foundation Aid, where higher need districts tend to have larger increases than lower need districts, seem at odds with the finding for the adjusted foundation amounts per TAFPU, where higher need districts have smaller increases

⁸ In Exhibit A2 in Appendix A, we show the percent change in Foundation Aid per TAFPU (i.e., the Foundation Aid amount divided by each district’s TAFPU). When we make this calculation, the negative relationship between student needs (PNI and poverty) and Foundation Aid reappears. This indicates that some portion of the positive relationship between Foundation Aid and student needs demonstrated in Exhibit 3 is the result of larger TAFPU increases in higher-need districts, on average. We further explore the drivers of Foundation Aid changes in the subsequent section.

relative to lower need districts, on average. We dig into why this is the case in the following section.⁹

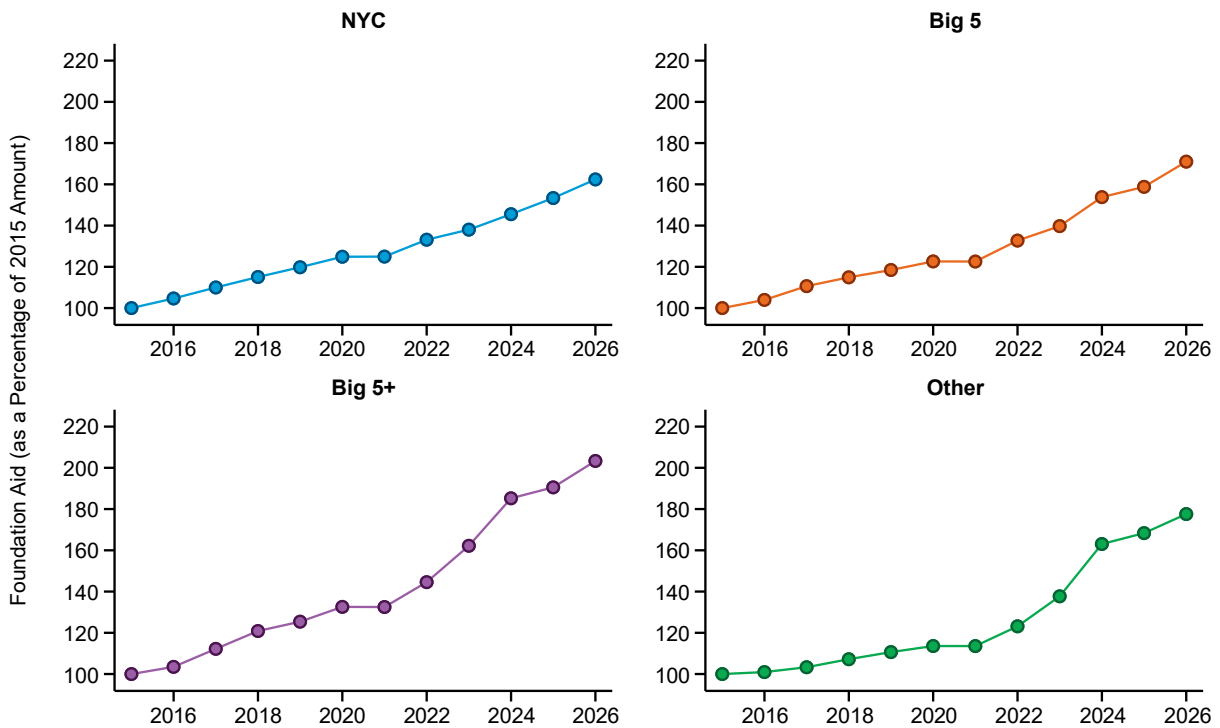
Exhibit 3. Percent Change in Foundation Aid in the 2025–26 Executive Budget Projections Relative to 2024–25 State Aid



Note. The top panels show district-level scatter plots with each circle representing a single district. The bottom panel shows binned scatter plots where each circle represents the average of districts within a given bin (range) of the x-axis variable. The bin widths are 0.05, 0.025, and 0.2 for the Pupil Need Index, Census Poverty, and Foundation Aid Combined Wealth Ratio, respectively. The size of the dots is proportional to enrollment (each district’s enrollment in the top panel and the sum of enrollment by bin in the bottom panel). The enrollment-weighted correlation coefficient is denoted by r in the district-level scatter plot. * denotes statistically significant correlations ($p < .05$).

⁹ In Exhibits A3 through A5, we show the changes in total aid and total aid per TAFPU, excluding building aid. The patterns of findings mirror those for Foundation Aid.

Exhibit 4. Foundation Aid (as a Percentage of 2015 Amount) by District Group (2014–15 to 2025–26)



Note. Big 5 includes Rochester, Syracuse, Buffalo and Yonkers (New York City reported separately). Big 5+ includes the three additional members of the Conference of Big 5 School Districts, Albany, Utica and Mount Vernon. The percentages depicted by the Y axis are relative to the amount of Foundation Aid in 2015. A value of 140, for example, represents a 40% increase relative to the amount of Foundation Aid provided in 2015.

Unpacking the Drivers of Aid Changes

Here, we evaluate year over year changes in the underlying factors used in the Foundation Aid calculations that determine district allocations to examine which factors are contributing to the patterns in Foundation Aid funding described above.

Drivers of the Adjusted Foundation Amount per TAFPU

A district's adjusted foundation amount per TAFPU is the product of the Foundation Aid base per-pupil amount, the PNI, and the RCI. Given that no changes were made to the RCI in the 2025–26 Executive Budget, here we examine changes to the Foundation Aid base amount and the PNI.

Foundation Aid Base per Pupil Amount

One contributor to the changes in Foundation Aid that affects almost all districts in the state is the magnitude of the increase to the Foundation Aid base per-pupil amount. Exhibit 5 shows the changes to the underlying base amount for the past 12 years. The Foundation Aid base per-pupil amount from the 2025–26 Executive Budget is \$8,289, which represents an increase of 3.1% over the 2024–25 base per-pupil amount and is typical of the rate of change in the base from 2017–18 onwards (the average percentage change in the base over that time was just over 3% and ranged from 1.2% in 2021–22 to almost 8% in 2023–24).

Pupil Need Index (PNI)

Whereas the base amount affects the year-to-year change in the adjusted foundation amount per TAFPU for all districts, the PNI is one of two elements that contribute to the differences across districts in the adjusted foundation amount per TAFPU. Recall that two adjustments were made to the calculation of the PNI in the Executive Budget: (a) replacing the poverty data from the 2000 Census with an updated poverty estimate based on a 3-year average using SAIPE data and (b) replacing the K–6 free or reduced-price lunch rate with the state's K–12 economically disadvantaged rate. In Exhibit 6, we see that the patterns in percentage changes in the PNI with respect to student needs and wealth are the same as observed for the adjusted foundation amount per TAFPU in Exhibit 1.¹⁰ In other words, the changes in the PNI are the sole contributor to the differences in magnitude of the changes in the adjusted foundation amount per TAFPU across districts. The changes to the PNI calculation generally resulted in smaller increases to the PNI in higher PNI and higher poverty districts. The percentage changes to the

¹⁰ High-poverty and low-wealth districts that are in the *other* category also had smaller increases to the PNI than districts with lower-poverty and higher wealth (Exhibit A6 in Appendix A).

PNI were not statistically significantly correlated with district wealth, as measured by the FACWR.

Exhibit 5. Foundation Aid Base Amount per Pupil (2014–15 to 2025–26)

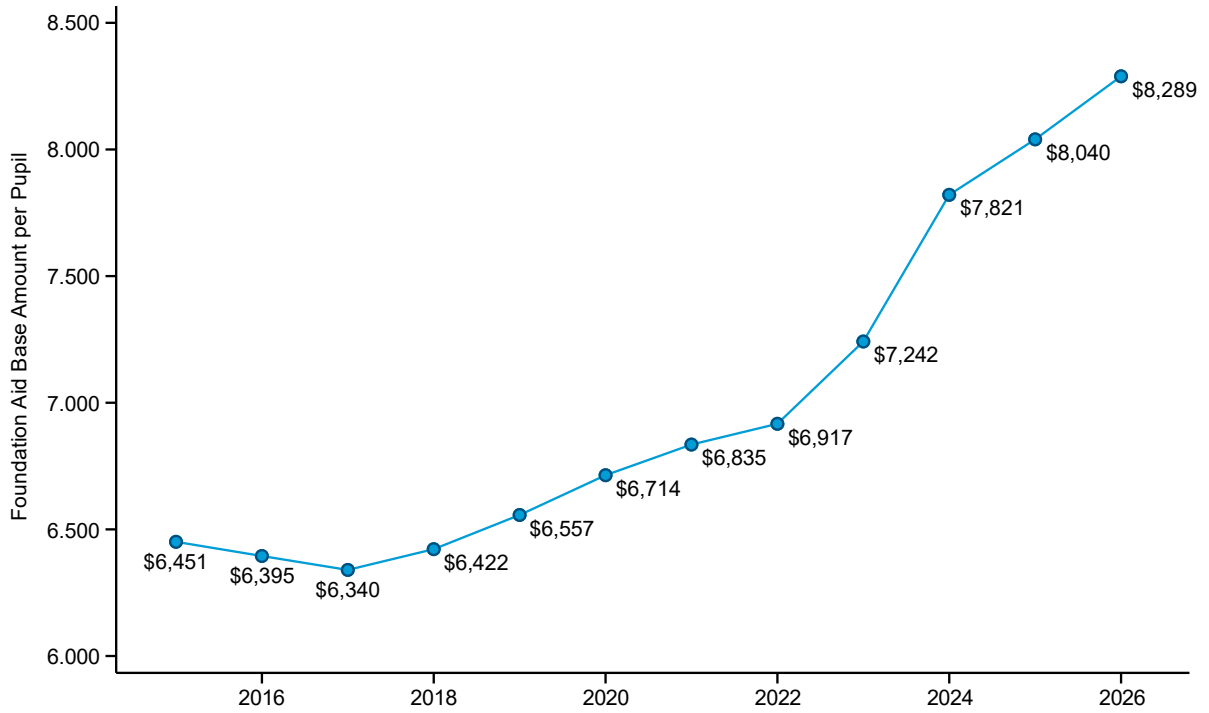
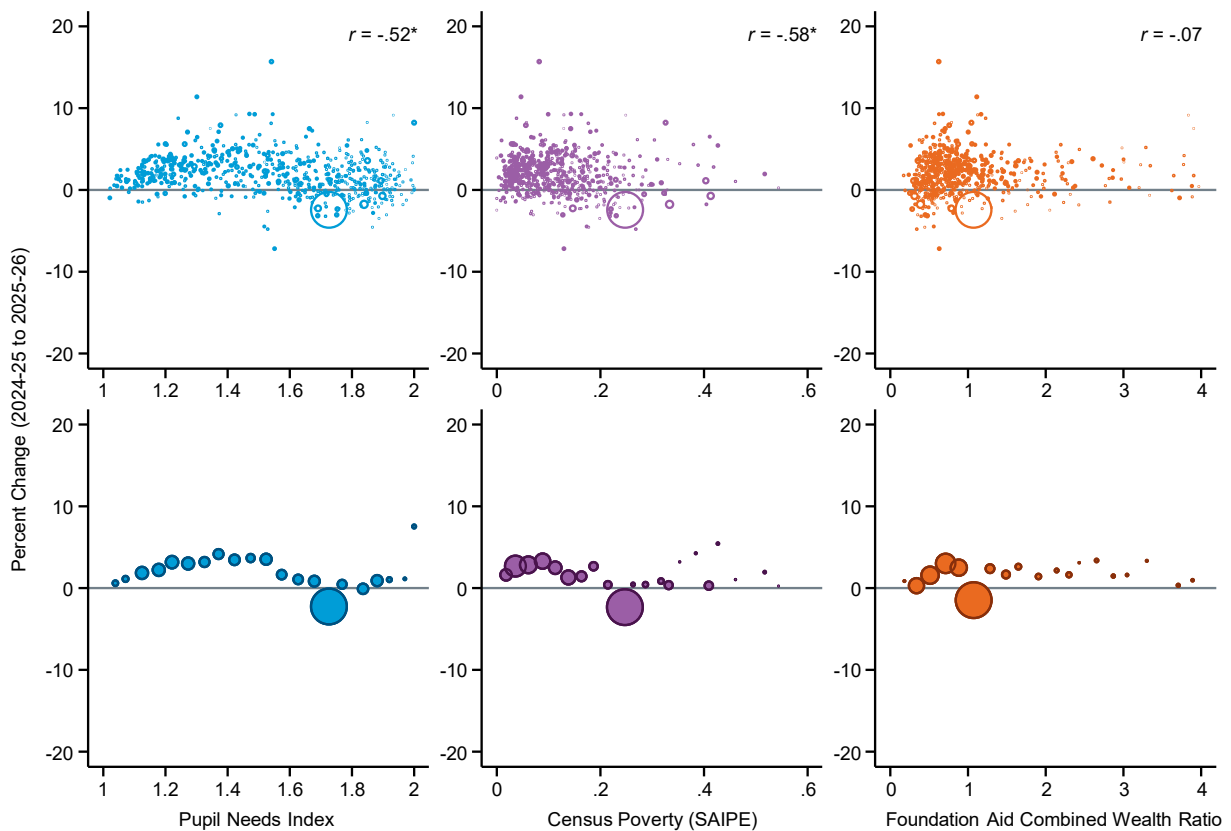


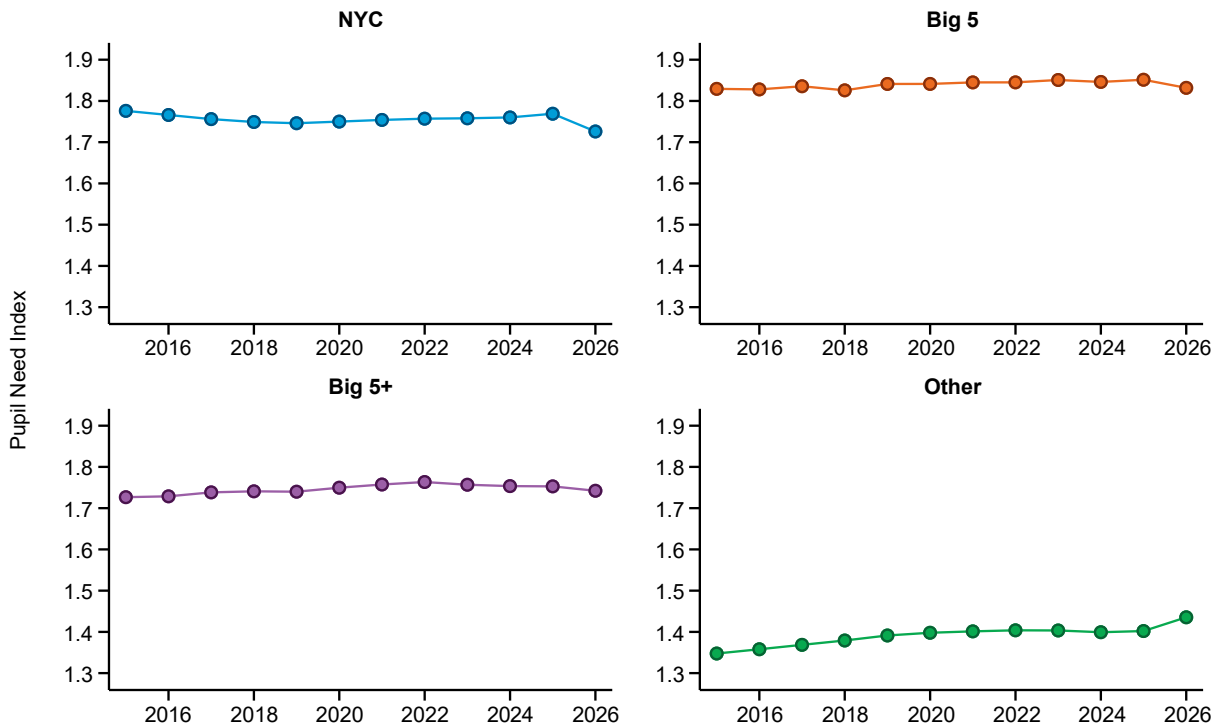
Exhibit 6. Percent Change in PNI in the 2025–26 Executive Budget Projections Relative to 2024–25 State Aid



Note. The top panels show district-level scatter plots with each circle representing a single district. The bottom panel shows binned scatter plots where each circle represents the average of districts within a given bin (range) of the x-axis variable. The bin widths are 0.05, 0.025, and 0.2 for the Pupil Need Index, Census Poverty, and Foundation Aid Combined Wealth Ratio, respectively. The size of the dots is proportional to enrollment (each district’s enrollment in the top panel and the sum of enrollment by bin in the bottom panel). The enrollment-weighted correlation coefficient is denoted by r in the district-level scatter plot. * denotes statistically significant correlations ($p < .05$).

Exhibit 7 shows the PNI values over time for New York City and other Big 5 districts and all other districts not part of the Conference of Big 5 School Districts. New York City experienced a reduction in its PNI in 2025–26, which is also clearly evident in Exhibit 6 (the large circle represents New York City). Collectively, Rochester, Syracuse, Buffalo, and Yonkers (represented in the top right panel labeled *Big 5*) and their peers, Utica, Albany, and Mount Vernon (represented in the bottom left panel labeled *Big 5+*) also experience declines to their PNI in 2025–26. By contrast, the remaining districts in the state, not part of the Big 5 districts, which typically have much lower student needs, experienced an increase in their PNI.

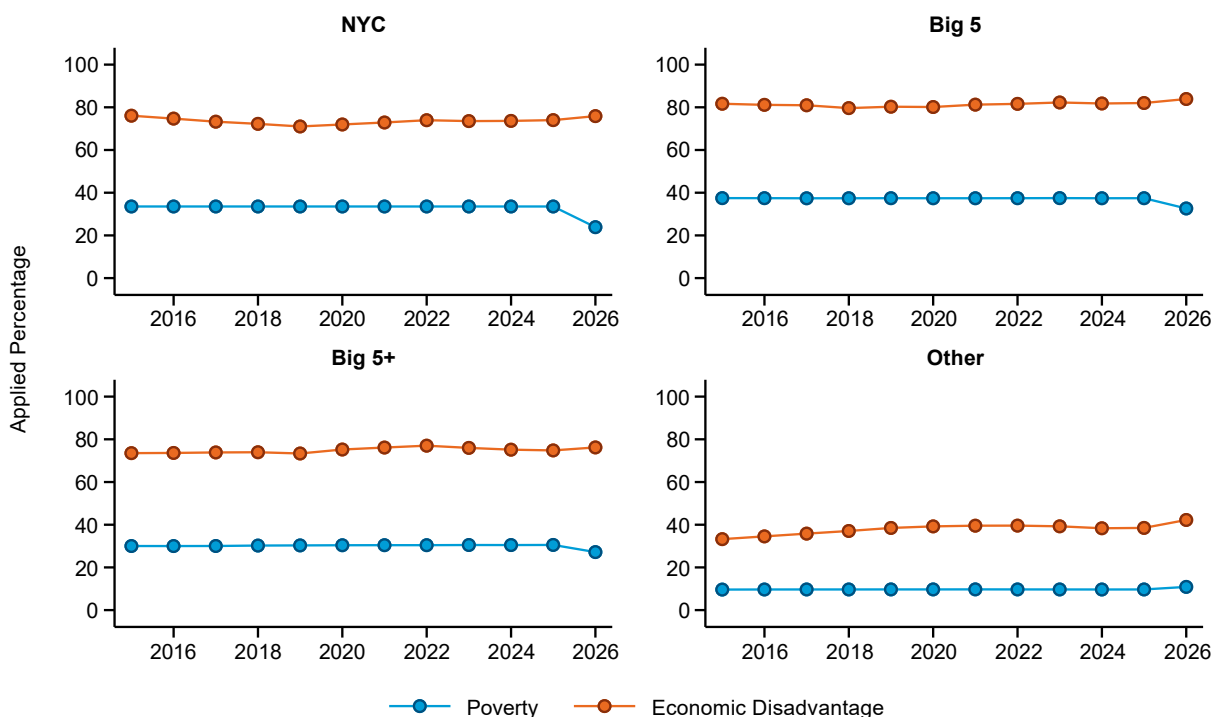
Exhibit 7. Average Pupil Need Index by District Group (2014–15 to 2025–26)



Note. Big 5 includes Rochester, Syracuse, Buffalo and Yonkers (New York City reported separately). Big 5+ includes the three additional members of the Conference of Big 5 School Districts, Albany, Utica and Mount Vernon. Averages within groups of districts are weighted by district enrollment.

Exhibit 8 unpacks the cause of these changes to PNI, which is largely driven by the two measures that collectively contribute to the *poverty count* in the PNI (for a detailed discussion of how the PNI is calculated see Brief 1 in this series; Atchison et al., 2024a). It appears that the reductions to PNI in New York City and the Big 5 are largely a result of updating the Census 2000 poverty figure to the more recent 3-year average SAIPE child poverty figure. This is evident in the trends over time represented by *Poverty* in Exhibit 8, which were steady over time from 2014–15 through 2024–25 and then declined in 2025–26 in New York City, the Big 5, and Big 5+ districts, but increased slightly in rest of the districts in the state. The shift from K–6 free or reduced-price lunch rates to K–12 economic disadvantage shares (represented by *Economic Disadvantage* in Exhibit 8) does not seem to have shifted overall rates substantially in New York City or the Big 5 and Big 5+ districts. However, there is a noticeable uptick in the economic disadvantage rate in the *other* (non-Big 5) districts, indicating that the changes to both measures included in the poverty count helped increase the PNI in relatively low-need districts.

Exhibit 8. Average Poverty and Economic Disadvantage Percentages Applied in the Calculation of the Pupil Need Index by District Group (2014–15 to 2025–26)



Note. Big 5 includes Rochester, Syracuse, Buffalo and Yonkers (New York City reported separately). Big 5+ includes the three additional members of the Conference of Big 5 School Districts, Albany, Utica and Mount Vernon. The applied percentage represented on the y-axis is the percentage of students in poverty (the Census 2000 poverty rate prior to 2025–26 and the 3-year average SAIPE poverty rate in 2025–26) and the percentage of economically disadvantaged students (the K–6 free or reduced-price lunch rate prior to 2025–26 and the state measure of economic disadvantage in the 2025–26 school year) that were applied to the calculation of the PNI. Averages within groups of districts are weighted by district enrollment.

The net effect of these shifts in the drivers of the adjusted foundation amount per TAFPU is seen in Exhibits 1 and 2. To reiterate a point made at the top of this brief, the adjusted foundation amount per TAFPU is intended to represent the adequate level of funding per student for each district, given its needs and costs, to achieve desired outcome goals. Although perhaps made with good intent, the changes made to the calculation of the poverty count within the PNI actually resulted in smaller increases in the adequacy target for the state’s higher need districts and larger increases to the adequacy target in lower need districts.

Drivers of Total Foundation Aid

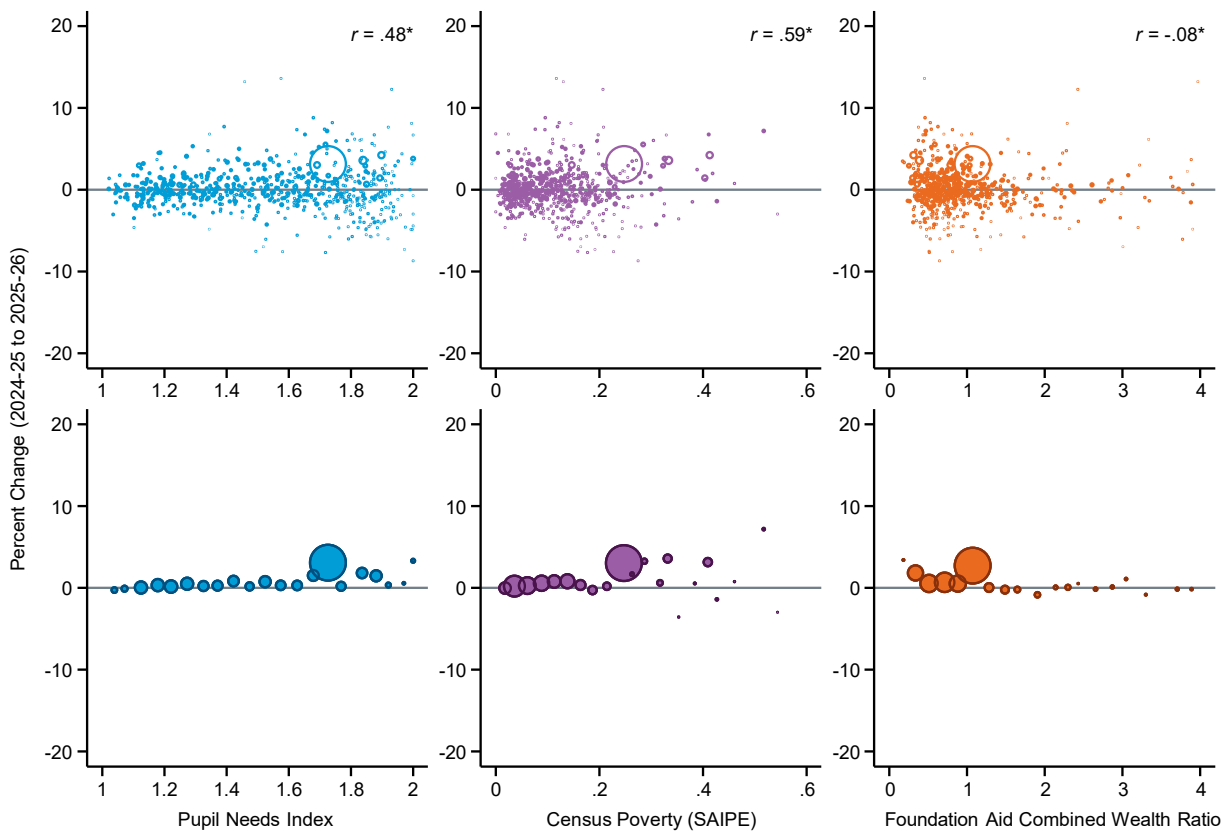
The adjusted foundation amount per TAFPU represents the calculation of the target funding amount. However, the amount districts actually receive in Foundation Aid is also driven by

enrollment changes (as measured by TAFPU) and changes to the calculation of the state versus local share, which is dependent on the FACWR.

Fundable Enrollment (TAFPU)

The total amount of Foundation Aid provided to a district is the product of the adjusted foundation amount per TAFPU and a district’s TAFPU. As such, districts with increasing enrollments will have larger increases in Foundation Aid. Exhibit 9 shows the percent change in the fundable enrollment (TAFPU) represented in the 2025–26 Executive Budget relative to 2024–25.

Exhibit 9. Percent Change in TAFPU in the 2025–26 Executive Budget Projections Relative to 2024–25 State Aid

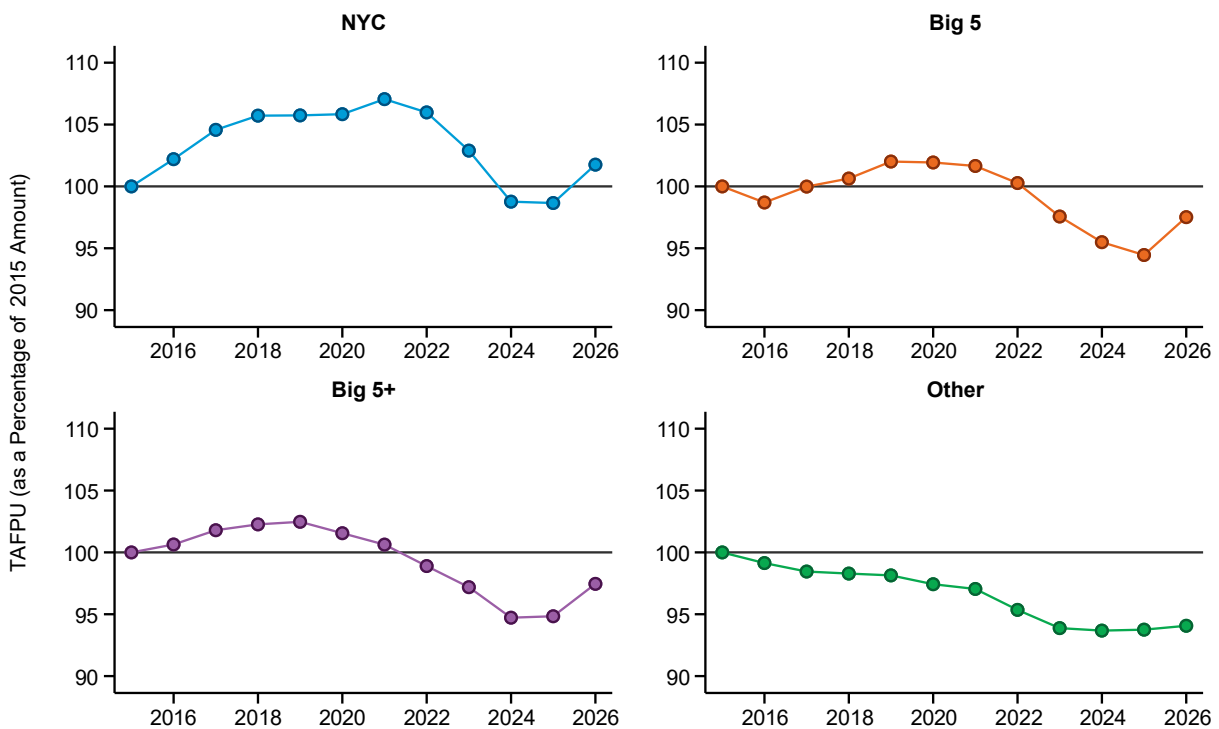


Note. The top panels show district-level scatter plots with each circle representing a single district. The bottom panel shows binned scatter plots where each circle represents the average of districts within a given bin (range) of the x-axis variable. The bin widths are 0.05, 0.025, and 0.2 for the Pupil Need Index, Census Poverty, and Foundation Aid Combined Wealth Ratio, respectively. The size of the dots is proportional to enrollment (each district’s enrollment in the top panel and the sum of enrollment by bin in the bottom panel). The enrollment-weighted correlation coefficient is denoted by r in the district-level scatter plot. * denotes statistically significant correlations ($p < .05$).

In general, higher need districts (as measured by the PNI and poverty) and lower wealth districts have larger increases to TAFPU relative to lower need and higher wealth districts. These patterns are driven by a sizable increase in fundable enrollment in New York City. This is one of the reasons why New York City had a significant increase in Foundation Aid (almost 6%) even though the adjusted foundation amount per TAFPU hardly changed. Other districts are relatively randomly scattered in positive and negative ranges with respect to needs or wealth. On average, lower wealth districts were more likely to show increases in TAFPU (see binned scatter plot at bottom right of Exhibit 9).

The *Big 5* and *Big 5+* districts also have projected increases to their funded enrollment counts, representing a marked change in their declining enrollment trends over the previous 5 to 7 years (Exhibit 10). In contrast to New York City and the Conference of Big 5 School Districts, the funded enrollment count in the rest of the state (*other* districts) for 2025–26 is comparable to the funded enrollment count in 2024–25.

Exhibit 10. TAFPU (as a Percentage of 2015 Amount) by District Group (2014–15 to 2025–26)



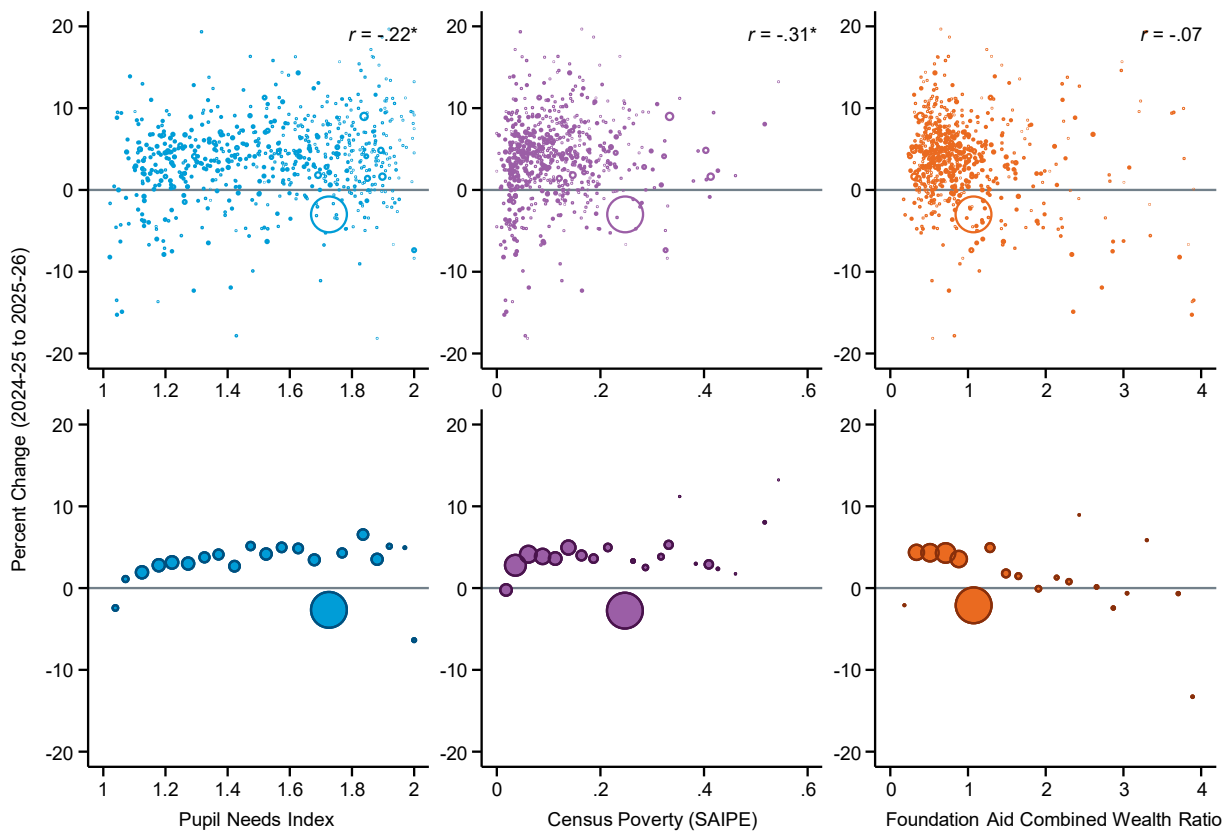
Note. *Big 5* includes Rochester, Syracuse, Buffalo and Yonkers (New York City reported separately). *Big 5+* includes the three additional members of the Conference of Big 5 School Districts, Albany, Utica and Mount Vernon. The percentages depicted on the y-axis are relative to TAFPU in 2015. A value of 140, for example, represents a 40% increase relative to TAFPU in 2015.

Foundation Aid Combined Wealth Ratio (FACWR)

Lastly, we turn our attention to the FACWR, which plays a role in determining the state versus local share of Foundation Aid through the calculation of the SSR. Districts with lower wealth are expected to pay for a smaller share of Foundation Aid from local revenue, which in turn increases the share of Foundation Aid that is paid for with state aid. Whereas for most districts, the FACWR increased, New York City is among a small share of districts for which the FACWR decreased (Exhibit 11). The FACWR is a relative measure of wealth that is centered on a value of 1, which represents the statewide average. As the FACWR of some districts decreases the FACWR of others must increase, and vice versa. For districts with a reduced FACWR, the state share of Foundation Aid (the SSR) will go up. As such, the reduction in FACWR is another contributor to the moderate increase to Foundation Aid for New York City despite the relatively unchanged adjusted foundation amount per TAFPU.

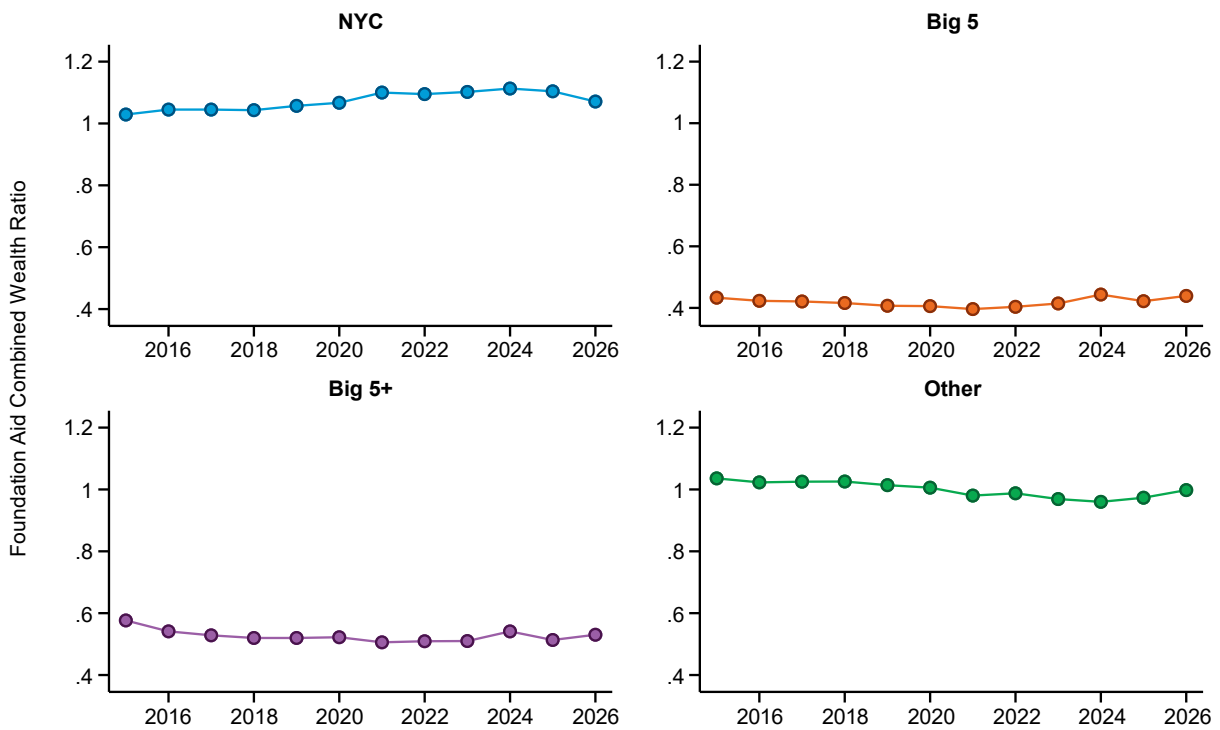
In Exhibit 12, we again see that the FACWR of New York City decreased in the 2025–26 Executive Budget projections relative to the prior years. In contrast, the FACWR of the *Big 5*, *Big 5+*, and *other* districts in the state increased, on average. Increases to the FACWR generally result in decreases to the SSR, meaning less in Foundation Aid. However, as noted in the introduction, one of the changes made to the Foundation Aid formula was to increase the maximum SSR from 0.91 to 0.93. For 55 districts this represented an increase in the SSR above the prior cap of 0.91. Among these districts were Buffalo, Rochester, Syracuse, and Utica, which are members of the *Big 5* or *Big 5+* districts. As such, for these districts, the SSR increased in the 2025–26 Executive Budget as a result of the raised cap despite increases to the FACWR.

Exhibit 11. Percent Change in FACWR in the 2025–26 Executive Budget Projections Relative to 2024–25 State Aid



Note. The top panels show district-level scatter plots with each circle representing a single district. The bottom panel shows binned scatter plots where each circle represents the average of districts within a given bin (range) of the x-axis variable. The bin widths are 0.05, 0.025, and 0.2 for the Pupil Need Index, Census Poverty, and Foundation Aid Combined Wealth Ratio, respectively. The size of the dots is proportional to enrollment (each district’s enrollment in the top panel and the sum of enrollment by bin in the bottom panel). The enrollment-weighted correlation coefficient is denoted by r in the district-level scatter plot. * denotes statistically significant correlations ($p < .05$).

Exhibit 12. Average Foundation Aid Combined Wealth Ratio by District Group (2014–15 to 2025–26)



Note. Big 5 includes Rochester, Syracuse, Buffalo and Yonkers (New York City reported separately). Big 5+ includes the three additional members of the Conference of Big 5 School Districts, Albany, Utica and Mount Vernon. Averages within groups of districts are weighted by district enrollment.

Conclusion

On the surface, changes made to the calculation of Foundation Aid in the 2025–26 Executive Budget are logical:

- Switching to 3-year SAIPE measure for poverty versus the 2000 Census Poverty figure seems logical, as it will allow the formula to adjust over time as populations change.
- Switching to a more precise and comprehensive measure of economic disadvantage also seems appropriate given potential declines in the quality of free or reduced-price lunch data.
- Lifting caps on state sharing ratio, or at least raising them marginally (from 91% to 93%), also seems to be a step in the right direction.

The proposed Executive Budget provides a larger increase in state funding for New York’s schools and the children they serve than many past budgets. Further, higher need districts, on average, tend to receive marginally larger Foundation Aid increases.

That said, the changes made to the Foundation Aid formula actually slow the growth of adequacy targets (represented by the adjusted foundation amount per TAFPU) for many of the highest-need districts while increasing the growth of adequacy targets in lower-need districts. In particular, the changes to the poverty measures included in the PNI resulted in lower PNI values for many high-need districts including New York City and members of Conference of Big 5 School Districts, on average. The moderate increases to Foundation Aid among high-need districts are largely the result of funded enrollment increases rather than the changes to the formula.

Importantly, the calculations of Foundation Aid, including the base funding amount, the PNI, and the resulting funding targets are not built on sound empirical analyses and evidence of the cost of providing an adequate education. More thorough and rigorous cost analyses are needed to inform a more substantive overhaul of the state Foundation Aid formula to ensure that all children are provided equal opportunity to achieve the state’s educational goals.¹¹

¹¹ For further discussion on the need for rigorous cost analyses and appropriate methods for conducting such analyses, see our response to the Rockefeller report (Brief 4; Baker et al., 2024b), overview of cost modeling (Brief 3; Baker et al., 2024a), and review of different approaches to estimating the cost of educational adequacy (Brief 6; Baker et al., 2025).

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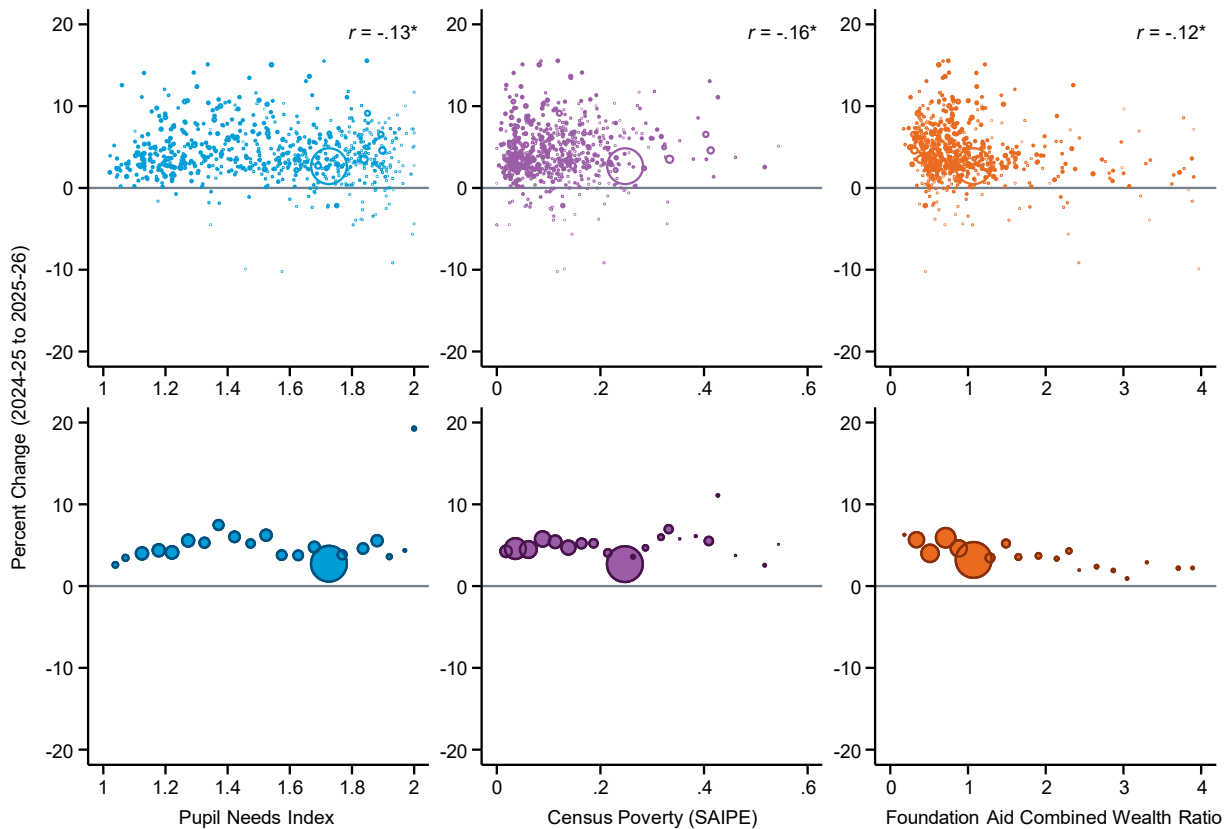
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Appendix A. Additional Exhibits

Exhibit A1. Mean Percent Changes of Key State Aid Variables by Year (2019–20 through 2025–26)

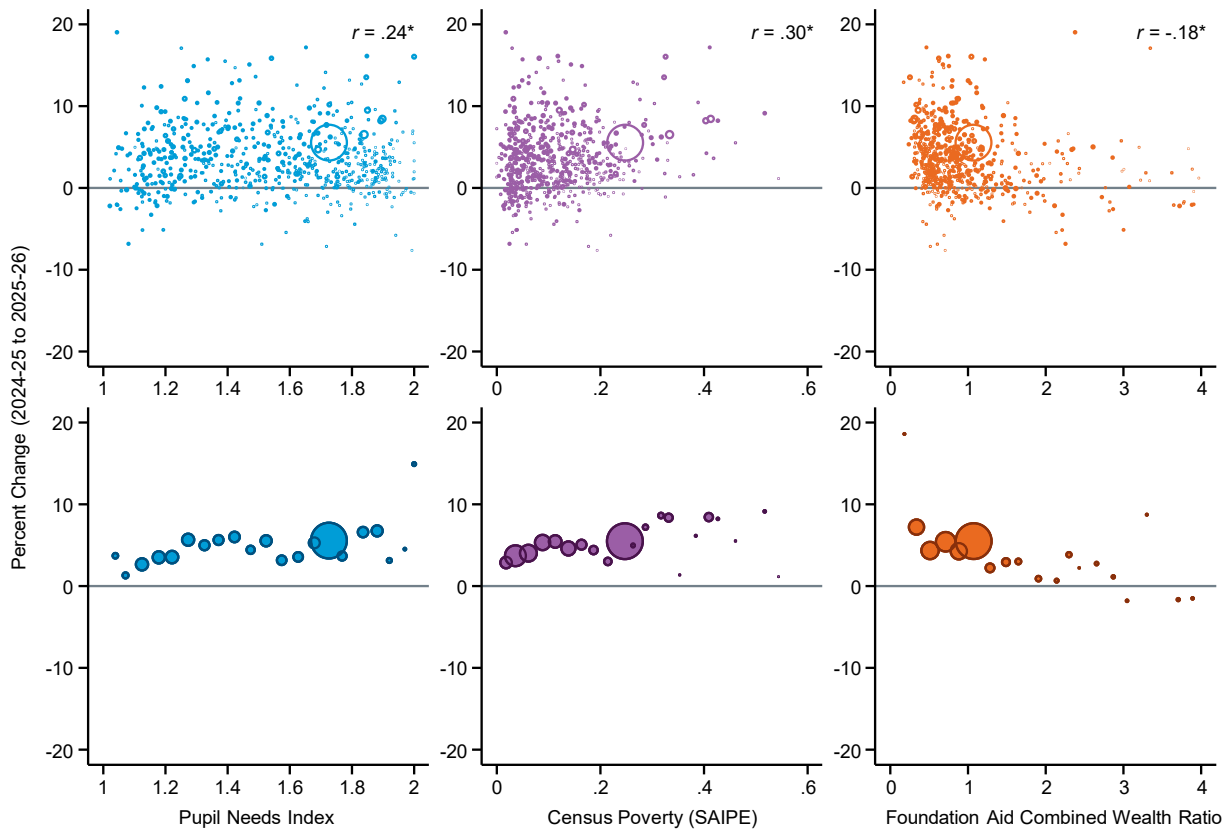
State Aid Variable	2019-20		2020-21		2021-22		2022-23		2023-34		2024-25		2025-26	
	Mean	SD	Mean	SD	Mean	SD	Mean	SD	Mean	SD	Mean	SD	Mean	SD
Adjusted Foundation Amount per TAFPU	2.8	0.7	2.0	0.8	1.4	0.7	4.7	0.7	7.9	0.9	3.2	0.9	3.5	3.1
Foundation Aid	3.3	2.1	0.0	0.1	8.8	7.2	9.7	9.4	14.5	12.6	4.0	2.9	5.7	3.3
Foundation Aid per TAFPU	3.6	2.3	-0.2	1.7	10.4	7.3	12.0	8.9	16.4	10.8	4.0	2.4	4.1	3.0
Total State Aid	5.0	4.1	0.2	2.6	6.9	5.4	7.6	6.7	11.2	8.8	4.1	3.3	4.4	3.6
Total State Aid per TAFPU	5.4	4.1	0.0	3.0	8.4	5.6	9.9	6.3	13.1	7.2	4.1	2.8	2.7	3.2
Total State Aid (Excluding Building Aid)	5.1	3.0	0.9	1.5	7.5	5.4	8.0	7.2	12.1	9.3	4.2	2.9	5.0	3.4
Total State Aid (Excluding Building Aid) per TAFPU	5.5	3.0	0.7	2.3	9.1	5.6	10.3	6.8	14.0	7.6	4.3	2.4	3.4	3.1
TAFPU Selected	-0.4	1.4	0.2	1.7	-1.4	1.7	-2.1	1.7	-1.7	2.5	0.0	1.6	1.6	2.0
Pupil Need Index	0.4	0.7	0.2	0.8	0.2	0.7	0.0	0.6	-0.1	0.8	0.3	0.9	0.4	3.0
Foundation Aid Combined Wealth Ratio	0.2	3.2	-0.7	4.1	0.1	2.8	0.3	3.6	0.2	4.3	-0.8	4.1	1.0	5.4
Number of Districts	674		672		673		673		671		671		673	

Exhibit A2. Percent Change in Foundation Aid per TAFPU in the 2025–26 Executive Budget Projections Relative to 2024–25 State Aid



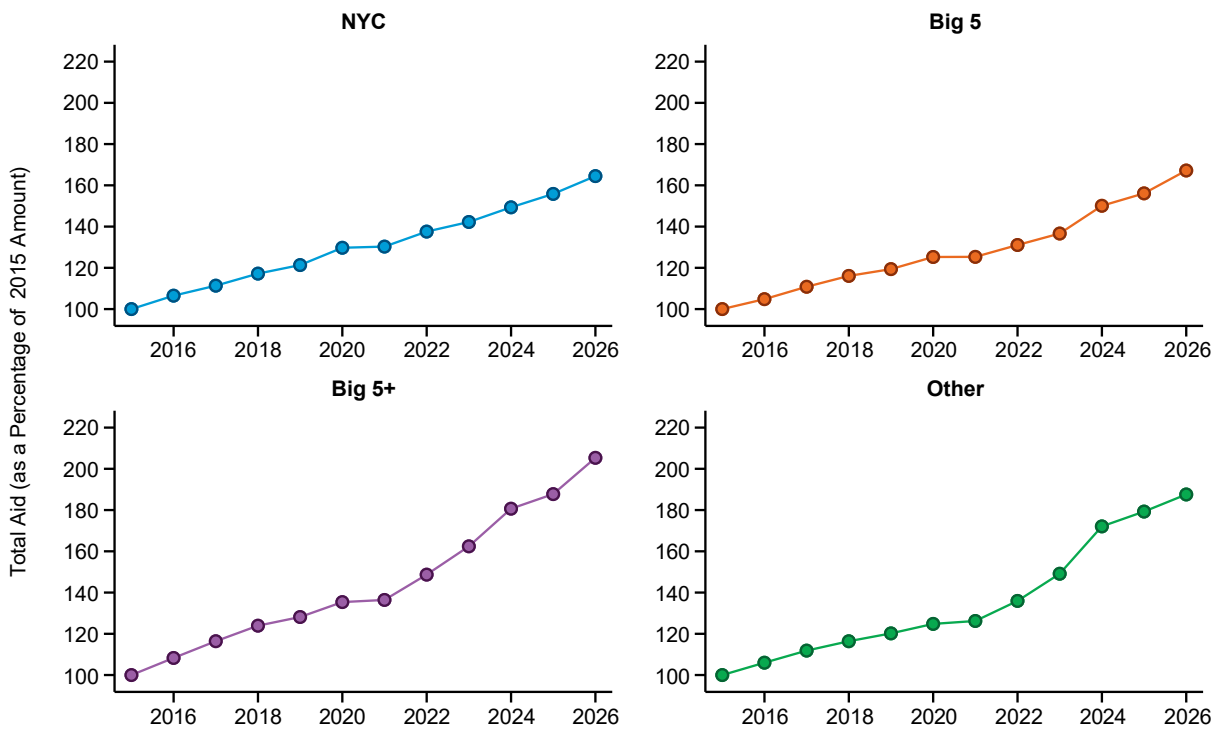
Note. The top panels show district-level scatter plots with each circle representing a single district. The bottom panel shows binned scatter plots where each circle represents the average of districts within a given bin (range) of the x-axis variable. The bin widths are 0.05, 0.025, and 0.2 for the Pupil Need Index, Census Poverty, and Foundation Aid Combined Wealth Ratio, respectively. The size of the dots is proportional to enrollment (each district’s enrollment in the top panel and the sum of enrollment by bin in the bottom panel). The enrollment-weighted correlation coefficient is denoted by r in the district-level scatter plot. * denotes statistically significant correlations ($p < .05$).

Exhibit A3. Percent Change in Total Aid (excluding Building Aid) in the 2025–26 Executive Budget Projections Relative to 2024–25 State Aid



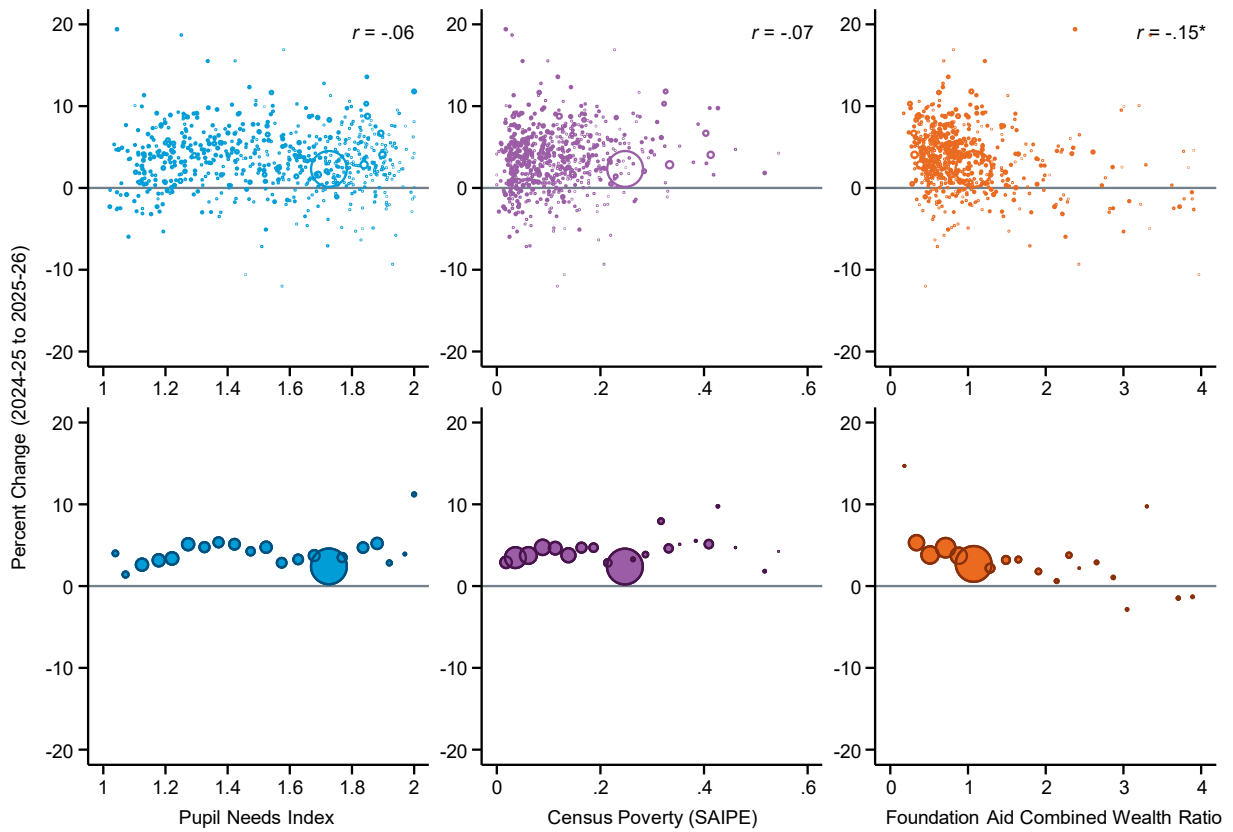
Note. The top panels show district-level scatter plots with each circle representing a single district. The bottom panel shows binned scatter plots where each circle represents the average of districts within a given bin (range) of the x-axis variable. The bin widths are 0.05, 0.025, and 0.2 for the Pupil Need Index, Census Poverty, and Foundation Aid Combined Wealth Ratio, respectively. The size of the dots is proportional to enrollment (each district’s enrollment in the top panel and the sum of enrollment by bin in the bottom panel). The enrollment-weighted correlation coefficient is denoted by r in the district-level scatter plot. * denotes statistically significant correlations ($p < .05$).

Exhibit A4. Total Aid (as a Percentage of 2015 Amount) by District Group (2014–15 to 2025–26)



Note. Big 5 includes Rochester, Syracuse, Buffalo and Yonkers (New York City reported separately). Big 5+ includes the three additional members of the Conference of Big 5 School Districts, Albany, Utica and Mount Vernon. The percentages depicted by the Y axis are relative to the amount of total aid in 2015. A value of 140, for example, represents a 40% increase relative to the amount of total aid provided in 2015.

Exhibit A5. Percent Change in Total Aid (excluding Building Aid) per TAFPU in the 2025–26 Executive Budget Projections Relative to 2024–25 State Aid



Note. The top panels show district-level scatter plots with each circle representing a single district. The bottom panel shows binned scatter plots where each circle represents the average of districts within a given bin (range) of the x-axis variable. The bin widths are 0.05, 0.025, and 0.2 for the Pupil Need Index, Census Poverty, and Foundation Aid Combined Wealth Ratio, respectively. The size of the dots is proportional to enrollment (each district’s enrollment in the top panel and the sum of enrollment by bin in the bottom panel). The enrollment-weighted correlation coefficient is denoted by r in the district-level scatter plot. * denotes statistically significant correlations ($p < .05$).

Exhibit A6. Mean Percent Changes of Key State Aid Variables in High-Poverty and Low-Wealth Districts and All Other Districts Not Part of the Conference of Big 5 School Districts (2025–26)

Variable	High-Poverty and Low-Wealth		All Other	
	Mean % Change	SD	Mean % Change	SD
Adjusted Foundation Amount per TAFPU	4.3	2.3	5.8	2.6
Foundation Aid	5.8	3.4	5.4	4.5
Foundation Aid per TAFPU	5.1	2.6	5.0	3.8
Total State Aid	3.8	3.3	3.6	4.8
Total State Aid per TAFPU	3.2	3.0	3.3	4.3
Total State Aid (Excluding Building Aid)	5.2	3.3	4.4	4.5
Total State Aid (Excluding Building Aid) per TAFPU	4.6	2.9	4.0	4.0
TAFPU Selected	0.6	2.3	0.3	1.8
Pupil Needs Index	1.2	2.2	2.7	2.5
Foundation Aid Combined Wealth Ratio	3.7	4.0	3.4	5.9
N	93		572	

Note. Districts that are part of the Conference of Big 5 School Districts are not included. High-poverty and low-wealth districts are defined as being in the top quartile of district poverty (based on Census SAIPE data) and the bottom quartile of wealth (based on the Foundation Aid Combined Wealth Ratio).

Percent Changes of Key State Aid Variables for Big-5 Districts

	ALBANY	BUFFALO	ROCHESTER	NEW YORK CITY	UTICA	SYRACUSE	MOUNT VERNON	YONKERS	High-Poverty/Low-Wealth Non-Big 5	All Other Non-Big 5
Adjusted Foundation Amount per TAFPU	2.6	1.3	2.3	0.6	2.7	4.3	1.8	0.8	4.3	5.8
Foundation Aid	8.1	7.2	9.0	5.9	8.0	8.1	2.0	5.8	5.8	5.4
Foundation Aid per TAFPU	2.4	3.5	4.6	2.7	5.0	6.5	3.4	2.7	5.1	5.0
TAFPU (Funded Enrollment)	5.5	3.6	4.2	3.1	2.9	1.4	-1.3	3.0	0.6	0.3
Pupil Needs Index	-0.5	-1.8	-0.7	-2.4	-0.4	1.1	-1.2	-2.3	1.2	2.7
Foundation Aid Combined Wealth Ratio	2.8	9.0	1.6	-3.0	4.1	4.8	4.1	1.8	3.7	3.4

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