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WHAT THE ONE-HOUSE BILLS DID-AND DID NOT- ACCOMPLISH

Last Tuesday, the New York State Senate and Assembly released their “one-house” bills in reaction to the Executive Budget that Governor Kathy Hochul proposed in January. The legislature and the governor now need to reconcile their differences and enact a budget for the next school year by April 1.

The executive budget proposed three changes to Foundation Aid, the state’s main school funding formula: 1) updating the method the formula uses to count economically disadvantaged students; 2) guaranteeing a minimum 2% increase to all districts, and 3) making a slight adjustment in the calculation of the “state sharing ratio” that each district must contribute to Foundation Aid, depending on their relative wealth.

Both houses accepted these changes and proposed further reforms. The most substantial change was to propose increases in some aspects of the formula’s Regional Cost Index (RCI) which provides cost of living adjustments for school districts that varies depending on the region of the state in which they are located. The Senate’s proposal would benefit New York City and its northern suburbs while the Assembly’s would deliver more modest increases to New York City and the Hudson Valley, but would also raise the cost-of-living factor for Long Island and some— but not all—other regions. The Assembly would increase funding for English learners and rectify an unreasonable floor to the calculation of the relative wealth of low-income school districts. Both houses would also raise the governor’s guaranteed minimum increase for school year 2025-2026 –the Senate to 3% and the Assembly to 2.9%, and both houses would also increase funding for prekindergarten services.

Each of these proposed changes would provide important benefits to students in many school districts. There is, however, a critical flaw in the proposals by both the governor and the legislature. Each of their proposed changes deals with certain discrete problems in the grossly out-of-date Foundation Aid formula, but neither the governor nor the legislature has grappled with the need for complete overhaul of the 18-year-old formula. To ensure the formula complies with the state constitution, it is necessary to review students’ current educational needs comprehensively and to rectify all the many inadequacies and inequities in the overmanipulated and outdated old formula.

In December, the Rockefeller Institute released a major study that identified 32 major aspects of the Foundation Aid formula that need to be reconsidered and rectified; the executive budget dealt with only three of these issues. In doing so, the changes the governor proposed [detrimentally affected New York City, the other major urban school districts in the Big 5+](#), and a number of other small city and rural districts. The legislative proposals to increase the Regional Cost Index

partially compensate New York City and some districts in the Hudson Valley for the detrimental impact of the governor's changes in the methodology for counting students in poverty, but do not benefit districts in other parts of the state that were also detrimentally affected. It is important to point out that these changes were apparently not based on an analysis of comparative labor costs in the different parts of the state, but rather on calculations of how to drive dollars to certain of the districts that were most detrimentally affected by the lopsided impact of a major change proposed in the executive budget.

The limited, piecemeal approach that both the governor and the legislature have taken to deal with the glaring deficiencies in the grossly outdated Foundation Aid formula defies the Court of Appeals' holding in *CFE v. State*, 100 N.Y. 2d 893 930 (2003) that students' rights under the state constitution require the state to determine systematically the actual cost of providing all students the opportunity for a sound basic education. The state has defied that constitutional mandate for well over a decade, including in the proposals that have now been advanced for the 2025-2026 school year. The governor and the legislature need to take immediate action to develop a comprehensive new school funding formula that reconsiders the dozens of items in the current formula that are no longer working for students and ensures that state aid for education equitably and adequately meets students' current educational needs.