



**TO:** The Honorable Members of the Board of Regents  
**FROM:** Christina Coughlin *Christina E. Coughlin*  
**SUBJECT:** 2024-2025 Regents State Aid Proposal  
**DATE:** December 4, 2023  
**AUTHORIZATION(S):**

## SUMMARY

### **Issue for Decision**

Should the Board of Regents approve the 2024-25 budget proposal reflecting the Regents' budget and legislative priorities?

### **Reason(s) for Consideration**

Review of Policy.

### **Proposed Handling**

This issue will come before the Full Board for action at its December 2023 meeting.

### **Procedural History**

Each year, the Board of Regents, through its State Aid subcommittee, develops a proposal outlining its budget and legislative priorities to support education, higher education, the professions, cultural education, and adult education programs as well as services/supports for individuals with disabilities. The 2024-25 conceptual proposal was discussed by the Board at the October and November State Aid Subcommittee meetings. The 2024-25 Regents State Aid and Budget Proposal (Attachment A) is attached.

### **Background Information**

As the budget development cycle for the 2024-25 State Fiscal Year begins, the Board of Regents, policymakers for our schools, colleges, and universities, libraries and adult programs have identified several critical needs that must be addressed. At their September 2023 meeting, the Board began the budget development process with discussions about the emerging needs of students, schools, libraries, and individuals with disabilities across New York. At that meeting, a high-level conversation occurred about key priorities for education across the state. In the October and November 2023

Regents meetings, the State Aid subcommittee of the Board of Regents, with the Co-Chairs of the other committees, discussed emerging needs and the potential budget and legislative initiatives in more detail. Board members considered various approaches to achieving their goal of creating an educational system that prioritizes diversity, equity, and inclusion for all. The Board has developed a streamlined proposal to expand opportunities to learn and work for all New Yorkers while understanding the state's challenging fiscal situation.

### **Related Regent's Items**

This proposal reflects discussions held by the Board's Subcommittee on State Aid at the September, October, and November 2023 meetings of the Board of Regents. Presentation materials for those discussions are linked below:

September 2023: [2023-2024 Non-State Aid Budget and Legislative Initiatives](https://www.regents.nysed.gov/sites/regents/files/SA%20-%20Process%20for%20the%20Regents%20Budget%20%26%20Legislative%20Priorities%20for%202024-2025.pdf)  
(<https://www.regents.nysed.gov/sites/regents/files/SA%20-%20Process%20for%20the%20Regents%20Budget%20%26%20Legislative%20Priorities%20for%202024-2025.pdf>)

October 2023: [2024-2025 State Aid Budget and Legislative Initiatives](https://www.regents.nysed.gov/sites/regents/files/SA%20-%20Regents%20Budget%20and%20Legislative%20Priorities%20Framework%20Discussion.pdf)  
(<https://www.regents.nysed.gov/sites/regents/files/SA%20-%20Regents%20Budget%20and%20Legislative%20Priorities%20Framework%20Discussion.pdf>)

November 2023: [2024-2025 State Aid Budget and Legislative Initiatives](https://www.regents.nysed.gov/sites/regents/files/State%20Aid%20-%202024-2025%20State%20Education%20Department%20Budget%20and%20Legislative%20Initiatives.pdf)  
(<https://www.regents.nysed.gov/sites/regents/files/State%20Aid%20-%202024-2025%20State%20Education%20Department%20Budget%20and%20Legislative%20Initiatives.pdf>)

### **Recommendation**

It is recommended that the Board of Regents take the following action:

VOTED: That the Board of Regents adopt the attached as their 2024-25 State Aid and Budget Proposal.

### **Timetable for Implementation**

The Regents State Aid Proposal is effective immediately. The Regents State Aid Proposal is a recommendation to the Governor and the Legislature. The Governor will issue budget recommendations in January and ask the Legislature to approve a State budget by April 1.

**State Fiscal Outlook**

Board members will recall that last year’s enacted budget provided an additional \$3.03 billion in aid to public schools on a school year basis. This included the final year of the Foundation Aid phase-in. For the coming year, the Division of Budget expects an increase of \$1.31 billion for school aid.

SCHOOL AID - SCHOOL YEAR BASIS (JULY 1 - JUNE 30) <sup>1</sup>									
(millions of dollars)									
	SY 2023	SY 2024	Change	SY 2025	Change	SY 2026	Change	SY 2027	Change
Total	31,373	34,388	3,015	35,704	1,316	37,146	1,442	38,613	1,467
			9.6%		3.8%		4.0%		3.9%

<sup>1</sup> Does not reflect a significant amount of Federal CRRSA and ARP Act funding for school districts to be distributed over multiple years, such as prekindergarten expansion grants supported by ARP Act funding that appear on the School Aid run.

The Division of Budget projects revenues and expenditures, statewide, for upcoming years and publishes a Financial Plan that estimates the state’s fiscal situation over five years. The most recent update to the Financial Plan anticipates a \$4.33 billion gap in the coming fiscal year (NYS Division of the Budget, Mid-year Update to the FY 2024 Financial Plan, 2023, page 10).

Thus, elected officials in the Executive and Legislature may face challenges as they develop the budget for the coming fiscal year. With these fiscal conditions in mind, as the members of the Board of Regents reviewed the scope of their policy responsibilities, they prioritized initiatives to move toward their goal of achieving equity of opportunity.

To ensure that the Department’s responsibilities to serve the public are met, the top priority for the Board of Regents and the State Education Department is the need for investments in core information technology (IT) infrastructure. This will address the Department’s severely impaired capacity to provide effective and efficient customer service across its full set of responsibilities. This will include several program area information technology projects. Additionally, there are several high priority requests for added support and reforms to various educational program areas with urgent needs.

## Budget and Legislative Priorities

Program	
Critical IT Internal Infrastructure Needs	New Funding Request (in millions)
Agency-wide Infrastructure Needs.....	\$4.30
Statewide Longitudinal Data System .....	\$0.53
Special Education Data System .....	\$15.50
Continue Investments in P-20 Systems .....	\$0.00
<b>P-20 Education Priorities</b>	
<b>PreK-12:</b>	
Update Learning Standards.....	\$1.4
Charter School Office Funding .....	\$1.7
Support English Language Learners .....	\$4.5
School Aid Study.....	\$1.0
Juvenile Justice Hybrid Programming .....	\$20
Zero-Emission Bus Initiative .....	\$0.30
Teacher Recruitment Pipeline .....	\$1.2
Streamline Early Learning	
Expand Access to CTE and Early College	
<b>Special Education:</b>	
FAPE to Age 22.....	\$70.5
Residential Programs .....	\$19.0
Extend Rate Setting Methodology Study .....	\$1.4
Tuition Growth Methodology/ Interim Tuition Rates	
<b>Higher Education:</b>	
Opportunity Programs .....	\$11.1
Supports for Post Secondary Students with Disabilities .....	\$2.0
State-owned Buildings.....	\$174.0
<b>Office of Professions</b>	
Continued Systems Investments	
<b>Cultural Education</b>	
Revenue Stabilization.....	\$17.0
New York State Summer School for the Arts.....	\$2.0
NOVELny.....	\$3.0
Talking Books and Braille Library/Preservation Conservation .....	\$0.25
Public Library Construction Assistance. ....	\$45.0
<b>Program Priorities: Across Agency</b>	
Federal Stimulus Funds .....	\$0.865
<i>Note: Funds above are a mix of capital, state operations, and local assistance funds.</i>	

## Critical IT Infrastructure Investments

### **Agency-wide IT Infrastructure Needs**

(Total: \$4.3 million: Combined staff and funding to support the purchase of external technology and services)

To make progress toward our goal of providing world-class customer service to our stakeholders and the public, the Department has identified a need to invest in its core systems infrastructure. This is primarily in information technology (IT), but there is also a need to address capacity in the human resources and fiscal offices.

For IT, the Department has developed a long-term plan which is consistent with a statewide transition that has been supported for other agencies. It addresses long-delayed updates to basic technical infrastructure, the need to support the security of key systems, investments in new and/or replacements for outdated systems and to support licensing, and long-term costs for the information technology tools whose importance grows every day. Some of these needs were covered on a one-time basis by federal stimulus funds, but now an increased base level of support is necessary to set and support this direction. Additional staff and resources will be needed to move toward the technology model used in other state agencies.

IT has not received additional funding in support of critical infrastructure and staffing needs in many years. The Department operates on technology which desperately needs updating and requires constant maintenance. Without funding for staff and our aging infrastructure, the department could face critical failures in the coming year.

### ***Program Office IT Systems Needs***

(Approximately \$16 million in new funds and the release of a previous appropriation of \$10.5 million)

**Statewide Longitudinal Data System (Release of previous appropriation of \$10.5 million and \$530,000 in new funding for staffing to develop and support the System):** New York State was recently awarded a \$3.75 million federal grant to support the development of a statewide data system that can follow students throughout their educational careers and into the labor force. Funding to support the costs of a new in-house technical group to oversee this work and the use of a prior year state appropriation for this project are needed to ensure success.

**Special Education Data System (\$15.5 million):** The Office of Special Education has begun work on a new real-time data system that will help the Department, local school districts, counties, and parents identify programs that can support the needs of students with disabilities around the state. Implementation of the long-term plan for the project will result in a comprehensive and fully integrated system to support and evaluate programmatic and administrative goals of the state's special education delivery system. For this work, both a project team and capital construction funds are needed.

**Pre-Kindergarten through College Systems & Ongoing Projects (Continue funding from previous years, no new funding needed):** The Department has several ongoing IT system modernization projects. These include the Professions, TEACH, State Aid and the Office of College and University Evaluation (OCUE). While the funds for these have already been made available, we ask for continued appropriation authority to allow the use of those funds.

### **Prekindergarten through College and Career Program Priorities** **(P-20)**

**Update Learning Standards to Reflect Current Research (\$1.4 million):** In two mandatory areas of instruction, literacy and health, the Department cannot update its standards or literacy supports without subject matter professionals and administrative staff.

- The health standards have not been updated in over twenty years, and thus need to be updated to reflect current research.
- In literacy, we require this support to specialize in best practices for emerging readers at different grade levels.
- Resources are also needed to ensure that our New York State Learning Standards are aligned to the Board of Regents Culturally Responsive and Sustaining Education (CRSE) Framework for all pupils in public schools to affirm cultural identities; foster positive academic outcomes; develop students' abilities to connect across lines of difference; elevate historically marginalized voices; and contribute to individual student engagement, learning, growth, and achievement through the cultivation of critical thinking.

**Charter School Office (\$1.7 million):** The Charter School Office maintains ambitious standards for Regents chartered schools in a cost-effective manner, and it serves the state's broader charter sector (entities chartered by SUNY, New York City, and Buffalo) in important ways consistent with state requirements. The Office has been funded primarily by a federal grant that is ending. Since no more federal funds will be available, we request state funding to replace the federal funds. The federal funds supported eight staff in the Charter School Office. We also request an additional staff member to address increasing legal issues around charters. New state funds to support this office are critical to enabling the department to fulfill its statutory responsibilities related to Regents chartered schools.

**Supporting English Language Learners in our Assessment Program (\$4.5 million) as follows:**

- **Assessment Translations:** In the 2019 budget, NYSED received a \$1 million appropriation to offer translations of all required assessments (three languages for Regents Exams and grades 3-8 Math Tests, and five languages for the Elementary- and Intermediate-level Science Tests). These tests were translated into the eight most common home languages of English language learner (ELL) students. However, test development is an ongoing process. Thus, without new

funding, the Department cannot continue to offer these assessments, parent materials, and public information in the most common home languages of students. Translations of exams allow our ELL students to demonstrate their knowledge of subject area content, while their English language skills are still developing.

- **NYSESLAT:** The NYS English as a Second Language Achievement Test (NYSESLAT) needs computer-based delivery for grades 2-12 and interim assessments for K-12, as well as improved support for students with disabilities who are also English Language Learners. At present, NYSED does not have a peer-reviewed English language proficiency assessment for ELLs with the most significant cognitive disabilities that is consistent with the requirements of the ESEA (Elementary and Secondary Education Act), as amended by ESSA (Every Student Succeeds Act). To comply with the ESSA statute, funding is urgently needed.

**Juvenile Justice Hybrid Programming (\$20 million):** To build on our experience with virtual instruction and provide support to these students as they seek high school diplomas to help build productive lives, the Board proposes the creation of statewide hybrid high school in collaboration with the Office of Children and Family Services for students in juvenile justice settings. Since these students are not able to attend traditional school programs, this program would employ certified teachers to provide instructional programs for these students. Funding would combine support for onsite staff and the costs of providing other coursework online. Operating costs would be covered in a manner that parallels current funding mechanisms for school districts. The program would be provided with start-up funding for design and implementation. For the first year, a high need district's pupil distribution would be used to establish a start-up weighting, then in subsequent years, funding would revert to the actual weightings for the students served. For students with disabilities who need in-person services, the district of residence would provide services and generate state aid for the services.

**Support for Zero-Emission Bus Initiative (\$300,000):** Governor Hochul's zero-emission bus initiative and the 2023 requirement that school buildings move toward increased electrification have put substantial strain on existing resources. These are monumental shifts with systemic implications requiring significant changes in contract processes for vendors and new investments by school districts in school site-based electrical infrastructure. As the entity charged by the legislature with approving both new contracts and school construction projects, NYSED faces a tremendous increase of time critical new work to make these initiatives successful. We request additional staff to support districts as they implement this transition.

**Agency Leadership Level Working Group:** The zero-emission bus initiative and the requirement that school buildings move towards increased electrification will require the State to overcome significant obstacles to reach full implementation. Many of these issues are outside the purview of the Education Department. These include power generation capacity limitations, shortages of appropriately trained mechanics, and local tax/cost concerns, among others. To ensure successful implementation, we request that

the Governor call together a high-level working group that can identify implementation issues and develop and recommend solutions.

**Teacher Recruitment Pipeline (\$1.2 million in new funding for year 1; \$3.7 million total over 3 years):** Many districts struggle to find qualified teachers in key areas.

Funding to facilitate a statewide approach and campaign with a record of success in other states could help ameliorate teacher recruitment and retention issues and address lack of diversity in the profession and teacher shortage areas. As an interim measure until root causes of the shortage can be addressed, partnering with TEACH.org would include: a statewide marketing campaign to inspire New Yorkers to consider teaching and generate leads; programming, experiences, and inspirational content to cultivate leads; and one-on-one advising, guides to educator preparation programs and licensure, financial assistance, certification exam preparation, and other resources to support leads in overcoming common barriers to becoming a teacher.

**Streamline Early Learning (no additional fiscal impact)**

State funded prekindergarten is made up of three types of funding streams: preschool for students with disabilities (4410), Universal Prekindergarten (UPK), and Statewide Universal Full-day Prekindergarten (SUFDPK). Merging any two of the three types would require additional funds and a new funding mechanism. The rate setting methodology for preschool for students with disabilities is under review for the next few years. Thus, it might be preferable to wait to develop a merger plan for those programs until the study is complete. This year, the state has four statewide universal full-day prekindergarten grants, each administered separately, which should be merged in the 2024-2025 school year.

In addition, all but one of the prekindergarten grants include limitations on supplanting other state grants. With the slow expansion of pre-k funding through the proliferation of grants, districts have struggled to manage these programs. Limitations created by this sequence of expenditures have dampened interest in new grants. For example, a district with an UPK allocation provided earlier in the program which was later awarded a SUFDPK grant would be unable to utilize the newer SUFDPK award without first utilizing the UPK funds. The earlier grant amounts have not been adjusted for inflation, so they may no longer cover the costs of the program, thus creating an obstacle to the district's full implementation of programs to meet its community's needs. Removal of the "supplanting" language from all state funded prekindergarten programs could be done this year.

Both actions would start to streamline administration of these programs for the state and school districts. This would represent a modest yet positive step toward achieving the Board's goal of ensuring that prekindergarten is universal for all 3- and 4-year-olds.

**Expand Access to CTE and Early College Learning Opportunities**

The state's economic future and the economic success of its residents depends on the availability of appropriately trained and educated individuals. While once a leader in providing career and technical education and college and career exploration



opportunities, the state currently needs significant investments in the expansion of these programs as follows:

- **Career and Technical Education:** Demand for career and technical education programs is growing. Limitations on the availability of these opportunities include restricted and outdated levels of state support for the costs of CTE (Career and Technical Education) and current programs being mostly limited to high school juniors and seniors. The BOCES instructional salary level aid reimbursement has been capped at \$30,000 for decades. This flat reimbursement amount has not kept pace with inflation. The Regents recommend increasing the salary limit for BOCES aid to \$60,000 over the next three years to encourage program expansion. Taking a similar approach to increasing the Special Services aids would expand support for students in career, technical, occupational, and business education programs in districts that are not components of a BOCES, such as the Big Five City school districts.
- **Early College:** Early college programs provide a head start on higher education, and reduce the overall cost and time needed to obtain a degree. These programs enable students to demonstrate college readiness and help students make the transition to college. The development of a new, comprehensive early college program and funding formula will build on the success of existing efforts and respond to local and regional educational and career development priorities. This would support the Governor's economic and career development priorities by increasing partnerships between school districts, institutions of higher education and businesses to provide greater access to college-level coursework in high school and career progression.

## Special Education

There are several financial and programmatic challenges to the availability of free and appropriate education (FAPE) for New York's students with disabilities, requiring restructuring of rate setting and aid amounts, and program reforms. These include:

- **Providing a Free and Appropriate Education (FAPE) to Students with Disabilities until Age 22 (\$70.5 million):** The Second Circuit Court of Appeals' decision in *A.R. v. Connecticut Board of Education* requires that public schools in New York provide special education and related services to resident students with disabilities until twenty-two, or the day before the student's 22nd birthday, unless they have obtained a high school diploma. New York State Law provides state funding to students only through the school year in which the student turns twenty-one. Aligning state law to this court decision's requirements is critical to supporting districts as they serve students with disabilities until age 22. The fiscal estimate includes increased reimbursement for public excess cost aid, private excess cost aid, and foundation aid.

- **Support Educational Providers with Residential Programs (\$19 million):** Residential facilities for students receiving special education services have retained students beyond age 21 (and now 22) where it is difficult to find adult placements that meet their needs. Since these young adults take the place of students who would participate in the school program, the school loses tuition revenue for that student. Some school programs have multiple cases of this happening at the same time. This, unfortunately, affects the provider's ability to appropriately fund its operations and limits the availability of residential placements for school-aged students that need them. The Regents recommend amending the statute to make the provider whole when tuition cannot be billed due to an adult occupying a student placement. Also, it is recommended that the Governor direct the state agencies overseeing such placements to come together to ensure sufficient residential capacity for all placements in residential settings (adult and school age).
- **Extend Rate Setting Methodology Study (\$1.4 million):** In the 2023-24 Enacted Budget, NYSED received funding to engage in a study of the methodology by which rates to support the costs of special education services are established. NYSED moved immediately to finalize and issued an RFP (Request for Proposals) but was not able to identify a route to success. More time and funding for the project is needed to attract the right partner prepared to undertake this important work.
- **Tuition Growth Methodology (The net impact of this inflation-adjusted cost factor is unknown at this time.):** Last year's enacted budget provided funding to review the rate setting methodology for private special education providers and special act school districts. However, as noted, this work will take some time to complete. Until then, these schools must have a tuition rate growth factor that reflects the year to year increases in costs (staff salaries and benefits, etc.) to be able to maintain current levels of services.
- **Interim Plus (Cost neutral, will allow providers to plan for the year with a known rate growth percentage):** To minimize the delay in approved special education providers receiving access to a tuition rate that includes growth, NYSED must continue to apply a growth factor in the calculation of interim rates. As any approved growth factor will be applied to prospective rates too, this proposal is cost neutral and eliminates the need for programs to incur additional interest charges to fund expenses while waiting for the prospective rate.

## Higher Education

The state's investments in supporting access to higher education and aid for disabled students in higher education settings have demonstrated positive returns. The Board of Regents supports additional investments in these programs as follows:

- **Higher Education Opportunity Programs (\$11.1 million):** Opportunity programs, such as the Science and Technology Entry program (STEP), at the high school level, and the Collegiate Science and Technology Entry Program (CSTEP) opportunity programs are designed to increase the number of historically underrepresented and economically disadvantaged students who are prepared to enter college and to improve their participation rate in mathematics, science, technology, health-related fields and other licensed professions. Liberty Partnerships Program (LPP) offers comprehensive pre-collegiate and dropout prevention programs and services to youth in Urban, Rural and Suburban communities across NYS. The Higher Education Opportunity Program (HEOP) supports students who would otherwise be unable to attend a postsecondary educational institution due to their educational and economic circumstances. These students are provided with sufficient academic support services, tuition assistance, supplemental financial assistance, and full need packaging to enable them to successfully complete the institutional components required for graduation. Additional funding means reaching more of these students.
- **Support for Post-Secondary Students with Disabilities (\$2 million):** Students with disabilities enrolled in degree-granting colleges and universities may need support similar to what they received in high school to be successful. Additional funds would allow postsecondary schools to enhance the supports and services they provide to their enrolled students with disabilities including: (1) supplement and expand existing supports and accommodations of SWDs (Students with Disabilities); (2) create college prep programs to assist incoming SWDs in transitioning to college and prepare them to navigate the campus facilities and systems; (3) provide full and part-time faculty and staff at SUNY, CUNY and other Private and Independent degree granting institutions of higher education (IHE) with disability training; and/or (4) improve the identification process of SWDs and enhance data collection capabilities at SUNY, CUNY and other Private and Independent degree granting institutions of Higher Education. This is an investment in creating employment opportunities for these individuals.
- **Teacher and School Leader Development:** The Department has centralized all aspects of teacher and school leader development into one office led by an assistant commissioner charged with creating a continuum of teacher and school leader development opportunities. This includes reform of teacher preparation program requirements, restructuring of certification requirements, and reform of in-service professional development. To support these efforts, current law must be amended to shift to an evaluation system that places student learning and teacher development at its core. Last year, NYSED and the Educational

Conference Board (ECB) stakeholders worked together and came close to agreement on a compromise proposal for Annual Professional Performance Reviews. The reformed system would provide districts and BOCES, working collaboratively with their educators, the ability to design local plans with significant flexibility under a new 3012-e, providing 8 years for the parties to agree upon a plan. The goal for these plans is to lead to meaningful teacher and principal professional development and support without current punitive elements, improving classroom experiences and outcomes and benefiting our students across New York State.

**State-owned Buildings and Schools (\$174 million):** In addition to capital support for maintenance and upgrades to buildings where Department staff work, like the State Education Building, the Board requests funds for the maintenance of and/or construction of the five state-owned school campuses. These are the NYS School for the Blind, the NYS School for the Deaf, the Onondaga Nation School, the Tuscarora Nation School, and the St. Regis Mohawk Nation School. The 2023-24 Enacted Budget included enhanced capital funding for a group of projects in these buildings. To continue to address years of deferred maintenance due to underinvestment during the previous administration, an additional round is requested for 2024-25. The overall sum includes a \$90 million request for support for a new building at the St Regis Mohawk School. We note that funding was provided last year by Governor Hochul for extensive maintenance work needed at the current St Regis Mohawk School Building. If the building is replaced, much of this work will not be necessary and the net request for the new building may be lower than the full \$90 million.

## School Aid Recommendations

School Aid Program	2023-2024 School Year (in millions)	Regents 2024- 2025 Request (in millions)	Year-to-year Change (in millions)
<b>General Purpose Aid</b>	<b>25,434.18</b>	<b>26,808.09</b>	<b>1,373.91</b>
Foundation Aid	23,998.88	25,269.09	1,270.22
Academic Enhancement Aid	28.27	28.27	0.00
Charter School Transitional Aid	53.12	58.13	5.00
High Tax Aid	223.30	223.30	0.00
Reorg. Incentive Operating Aid	3.02	2.37	-0.66
Prekindergarten Grants	1,127.59	1,226.94	99.35
<b>Support for Students with Disabilities</b>	<b>1,017.17</b>	<b>1,151.05</b>	<b>133.88</b>
Private Excess Cost Aid	438.11	479.74	41.63
Public Excess Cost Aid	574.75	667.00	92.25
Supplemental Excess Cost Aid	4.31	4.31	0.00
<b>BOCES and Special Services</b>	<b>1,479.09</b>	<b>1,499.26</b>	<b>20.16</b>
BOCES Aid	1,257.34	1,275.26	17.93
Special Services Aid	221.76	223.99	2.23
<b>Instructional Materials Aids</b>	<b>254.26</b>	<b>255.10</b>	<b>0.84</b>
Hardware & Technology Aid	33.80	34.26	0.46
Library Materials Aid	17.11	17.46	0.34
Software Aid	41.73	41.84	0.11
Textbook Aid	161.61	161.55	-0.07
<b>Expense-Based Aids</b>	<b>5,792.03</b>	<b>5,892.47</b>	<b>100.44</b>
Building Aid	3,397.02	3,349.01	-48.01
Transportation Aid	2,395.01	2,543.46	148.45
<b>Other GSPS</b>	<b>308.94</b>	<b>309.28</b>	<b>0.34</b>
Current Other Grants and Programs	308.94	309.28	0.34
<b>Total GSPS</b>	<b>34,285.68</b>	<b>35,915.25</b>	<b>1,629.57</b>

**Foundation Aid Updates - Long Term (\$1 million for a study):** When the Foundation Aid formula was implemented in the 2007-08 budget, it was a major policy accomplishment for the Board of Regents and New York State. The formula replaced approximately thirty existing aid programs and created a single flexible operating aid formula based on actual district expenditures and student needs. However, over time, some weaknesses and technical issues have been identified. As we look ahead to the years after full phase in, we recognize a need to update the formula to address these imperfections and technical issues.

**Foundation Aid Updates - Short Term (\$253.4 million):** The Board of Regents state aid proposal for the 2023-2024 school year recommended addressing some of the issues that had arisen over the Foundation aid phase-in period in the 2024-2025 school year. In preparation for the 2024-2025 budget cycle, Department staff consulted with a

diverse group of stakeholders to identify their insights about and priorities for initial foundation aid reform. These conversations are the basis for the proposals presented below for the Board's consideration. The projected statewide fiscal impact of these changes is \$253.4 million over current law projections. The sum of current law increases (\$926.8 million), expanding aid to include students with disabilities over the age of 22 (\$30.5 million), and the following five changes result in a year-over-year increase of \$1.27 billion.

1. Replace 2000 Census Poverty Counts with a three-year average of Small Area Income Poverty Estimates (SAIPE). At present, the most recent data are from 2021, 2020, and 2019 and would be updated annually.
2. Replace the three-year average of kindergarten through sixth grade free- and reduced-price lunch rate with counts of economically disadvantaged students collected by the Department.
3. Eliminate the income wealth index minimum of 0.65.
4. Update the high need designation triennially and extend the benefit to certain average need districts.
5. Add a 3 percent minimum increase, needs adjusted by the state sharing ratio.

This is a set of short-term changes that could be implemented for the 2024-2025 school year. We would recommend that the formula then be run and fully funded to reflect these updates. Implementing these changes would move towards more equitable funding based on current district need, rather than based on a district's circumstances two decades ago. Each change is substantive and will impact districts differently. None of these changes eliminate the need for deeper analysis and improvement. Instead, they are a preparatory step that will help focus future efforts. Deeper study and broader engagement are necessary to review formula elements such as measures and weights of student need.

**Midyear Growth Aid:** School districts across the state, but particularly in New York City, have seen enrollment influxes driven, in part, by asylum seekers. These newcomers often arrive unexpectedly or midyear, after district budgets are established. Districts are expected to educate all the school age children within their boundaries without delay, but our current funding formulas do not support the cost of implementing this expectation, especially in districts that do not have the staff and resources already in place to serve the particular needs of these students. Foundation Aid, the major form of operating support for many districts, is calculated on a per pupil basis, using the pupil count from the prior year. For districts undergoing rapid enrollment growth, or rapid growth in the number of students with a particular set of needs, such as English Language Learners, aid based on enrollment from the prior year is insufficient to meet the needs of the students who have arrived. One response is to provide current year aid for these students with a standalone "Growth Aid" formula at the Foundation Aid per pupil level. Aid in the 2024-2025 school year will be based on enrollment growth in the 2024-2025 school year and would be paid in the next state fiscal year.

## Office of Professions

**Systems Modernization:** The Office of Professions modernization project is a multi-year effort to improve and streamline NYSED's online licensure application process, licensing review system and process, and enhance customer service of professional applicants. Ongoing support is needed to maintain this project.

## Office of Cultural Education Program

**Revenue Stabilization (Increase fee by \$10/ per transaction or provide equivalent GF appropriation of \$17 million):** While the Office of Cultural Education also receives federal funding, which is intended to provide for the support of public libraries around the state, operational funding for the State Museum, State Library and the State Archives comes primarily through the Cultural Education (CE) Revenue Account and Local Government Records Management Improvement Fund (LGRMIF). These program funds receive their revenues from a fee charged for the recording of deeds. These accounts supply most of the operational funding for the State Museum, a substantial portion of funding for the State Archives and the State Library, all funding for the Office of Public Broadcasting and Educational Television, and, until recently, all funding for the New York State Summer School for the Arts. The dollar amount of the fee has not changed in over twenty years, despite inflation of approximately sixty percent during that time. The total revenues also depend on the number of eligible real estate transactions. That makes funding for these programs intended to protect the state's heritage for future generations vary widely from year to year, since the number of real estate transactions is highly dependent on macroeconomic conditions. Since inflation continues to eat away at the value of the fee, this situation is not sustainable. Either a reliable base State general fund appropriation of \$17 million or a \$10 fee increase is essential to ensure the Museum, Library and Archives' ability to safeguard our state's heritage.

**New York State Summer School for the Arts (\$2.0 million):** The New York State Summer School for the Arts (NYSSSA) will provide residential programming and scholarships during the summers of 2024 and 2025, to New York State students interested in the arts.

**NOVELny (\$3,000,000):** NOVELny is a full-text research database free to all residents of the State of New York. It provides reliable research-based information for its users. User data shows that NOVELny is used extensively across the State, in academic research libraries, public school libraries, public libraries and remotely by the public. User data shows that it serves a range of cultural entities from our well-known research universities to small rural public libraries. In the smaller institutions, it is an essential research resource that cannot be easily replaced. The Office of Cultural Education used federal funds to support this resource in the past. However due to inflationary pressure on both the Cultural Education account and the State Library's federal funds, NOVELny cannot be funded beyond the middle of 2024. We request a state appropriation to continue this small program that has a significant statewide benefit.

**Talking Books and Braille Library/Preservation – Conservation (\$250,000):** The New York State Library needs more funding to adequately serve visually impaired persons who use talking books and braille. Additional funding is also needed for the conservation and preservation of objects and materials that represent New York's rich history.

**Public Library Construction Assistance (\$45 million):** The State Aid for Library Construction program stretches local investment, ensuring that even libraries serving economically disadvantaged communities can access capital funding for critical library improvements. Although \$45 million just scratches the surface of our libraries' significant construction needs, this request would be a step forward and consistent with last year's request.

**ACCES (No new funding requested. Changes to appropriations to allow access to existing funds.)**

The amount of revenue that the Vocational Rehabilitation program can generate is limited by the appropriation authority. Increasing the Social Security Account State Operations appropriation authority from \$5,884,000 to \$8,000,000 would remove artificial limits on the value of the claims the Department can submit for reimbursement from the Social Security Administration for the eligible work we do. Increasing the amount appropriated for personal service and related costs in the State Operations budget will allow ACCES to better utilize this funding and increase income from the Vocational Rehabilitation program.

Appropriated funds for adult basic education and literacy programs cannot be fully expended on services for these individuals due to specific year references in reappropriation language. Removing these references would allow NYSED to use unspent funds to support adult basic education and literacy programs as originally intended.

**Federal Stimulus Funds (\$865,000)**

The state's responsibilities for the American Rescue Plan Act do not disappear with the funds but persist through the extended liquidation period. NYSED must be allowed to sustain needed staffing that has supported the federal stimulus funded work during this period. This request would support the cost of staff through the end of the 2024-2025 state fiscal year.