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**2025 JOINT LEGISLATIVE BUDGET HEARING  
ELEMENTARY EDUCATION/SECONDARY EDUCATION**

**Wednesday, January 29, 2025**

At the Center for Educational Equity, we work to guarantee every child a meaningful educational opportunity to graduate from high school prepared for college, careers, and engaged civic participation. We use legal strategies, academic research, and collective advocacy to achieve foundational change. We promote strong state and local education policies, improved investment in schooling, informed stakeholders, and effective court orders to strengthen educational rights and to ensure all schools are well equipped to meet the needs of all their students, especially in underserved communities.

Governor Hochul’s executive budget proposal for 2025-2026 recommends a significant increase of \$1.7 billion for education, including a \$1.5 billion boost in Foundation Aid, but it does not begin to meet the challenges of addressing our students’ current educational needs and rectifying the glaring inadequacies and inequities of the outdated Foundation Aid formula she proposes to maintain for next year, and it appears, for years to come.

The Rockefeller Institute for Government report’s extensive review of the 19-year-old Foundation Aid formula examined in detail all of its basic components and found every one of them to be substantially deficient. As its foreword bluntly stated:

[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 It uses old, outdated information that does not reflect today’s student population.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.<sup>1</sup>

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<sup>1</sup> The Rockefeller Institute report correctly points out that the base Foundation Aid amount in the current formula—the starting point for determining the “actual cost” of providing the opportunity for a sound basic education—is fundamentally flawed. The basis for this foundational amount as calculated in 2006 was the average expenditures of a set of “successful” school districts identified in years past using scores on certain standardized tests that are no longer administered.

The “successful schools” methodology has been rejected as invalid by most fiscal policy experts, and the legislature should repeal the current requirement in Ed. Law § 360.4 that the state utilize this methodology. The “successful schools” methodology is defective because, among other things, “success” is based on limited standardized test score data, no analysis is undertaken of why certain districts are “successful”; and “the “successful districts” usually

Governor Hochul’s approach provides basic maintenance funding for next year, but it ignores the need to confront the inadequacies and inequities of the grossly outdated Foundation Aid formula. Rather than facing the challenges now, during a time when the state has surplus revenues, she is neglecting the real educational needs of the state’s most vulnerable children—and kicking the can down the road.

The Governor adopted only two of the Rockefeller Institute’s 32 recommendations, namely updating the 2000-census-based poverty count factor with the most recent census small area income and poverty estimates methodology and eliminating the reliance on free and reduced-price lunch data. Significantly, however, she totally ignored the 30 other issues the Rockefeller Institute report identified for revision.

Let me be clear: the Governor’s continuing refusal to develop a new school funding formula is unconscionable: currently, the needs of hundreds of thousands of children are not being addressed. The Governor’s stance is also **unconstitutional**. The Court of Appeals held in its 2003 decision in *CFE v. State of New York* (the major school funding case for which I was the attorney for the plaintiffs) that the state has a **continuing obligation** to determine the actual number of dollars needed to provide all students the opportunity for a sound basic education guaranteed to them by Article XI of the New York State Constitution. Tweaking a grossly outdated funding formula each year does not constitute compliance with this constitutional obligation, and the legislature should not endorse this shortsighted approach.

Legislative action is urgently need at this time to develop a new school funding formula. For the past several years, the State Education Department (SED) has requested a \$1 million appropriation to hire national education finance experts to help them develop a new Foundation Aid formula. I applaud both houses of the legislature for approving this \$1 million appropriation in 2024, but, as you know, Governor Hochul then refused to approve SED’s request. If the state had provided the appropriation SED requested two years ago, you would now be considering the merits of a proposed new formula rather than being asked to ignore the inadequacies and inequities of the outdated, outmoded, unconstitutional formula the governor has again put before you.

To move this urgent task ahead, with support from the Robin Hood Foundation, the Center for Educational Equity at Teachers College, Columbia University, which I head, and the American Institutes for Research (AIR), a renowned national research firm, have undertaken an independent effort to do statistical and analytic work necessary to develop a new school funding formula.

[The Adequate, Constitutional, Equitable \(ACE\) School Funding Project](#) established by the Center for Educational Equity and AIR has now issued five major reports that have examined in detail the equity, outcome, revenue, and other technical issues relevant to developing a new formula and have reviewed many of the Rockefeller Institute’s proposals. Thus far, AIR’s research has determined, among other things, that:

- The Foundation Aid formula directs more funding to districts serving students with greater educational needs, but the additional funds that higher-wealth, lower-need

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are more affluent districts that have relatively few students in poverty, English learners, and students with disabilities, and the statistical adjustments that are made to their base amounts are not evidence-based. Other methodologies, such as the state-of-the-art cost function and professional judgment methodologies AIR utilizes, consider the full range of quantitative and qualitative data necessary to create a valid, comprehensive estimate of educational costs.

school districts raise through local property taxes and other local sources totally offset this differential;

- Average student performance in New York has consistently lagged both the NAEP and state-equated Student Outcomes and New York benchmarks of proficiency and the performance of neighboring states.
- The volume of issues identified by the Rockefeller Institute report indicates 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. Without such an analysis, policymakers will be relegated to making ad hoc modifications to the current system with no real evidence as to whether the state is achieving more adequate and equitable funding. Altering any individual components in isolation may move the formula further from these objectives.

Our Center and AIR are prepared to continue working as an independent, university-based effort to develop an objective analysis of how the school funding system can be reshaped to fairly and efficiently meet current student needs. We expect to develop an appropriate new foundation aid formula that can be considered for adoption by the legislature and the governor next year. We anticipate we will receive substantial support and input from SED, school boards, superintendents, educators, advocates, and other stakeholders for the prompt completion of this research project.

Although we hope to continue to receive philanthropic support for this project, to complete this more extensive final phase of the formula development process on a timely basis will require additional resources; therefore, we will respectfully request a legislative grant to Teachers College to support this work.

As AIR has noted, making piecemeal interim adjustments to the current Foundation Aid formula is not an optimal approach to respond to urgent current needs; however, in the time remaining, I would like to bring to the legislature's attention a number of pressing issues the governor has not addressed and that should be included in the education budget that will be adopted this spring.

- First, although it is necessary to replace the use of 2000 census data with a more up-to-date poverty count methodologies the governor has proposed, making this single change in isolation from other necessary reforms means certain districts will benefit from the new poverty count approach while others will be negatively affected. This precisely illustrates why a comprehensive approach to constructing a new formula is necessary. Pending such a comprehensive review, for the 2025-2026 budget the legislature should consider updating the other glaringly outdated methodology in the current formula, that is, the calculation of regional cost of living differences that was constructed in 2006.
- Second, school districts around the state are dealing with an unparalleled student mental health crisis. To begin to address these critical student needs, the Rockefeller Institute proposed two immediate solutions: (1) increasing state grant funding for school-based health centers (SBHCs) that currently provide vital mental health services to more than 250,000 students from low-

income families in some of the state's highest-need communities and (2) using the cooperative shared services approach currently in place at every BOCES to ensure the provision of student mental health services across the state.

A full analysis of the current mental health needs in New York State's schools must be undertaken as part of a thorough new formula development process, but the urgent need to provide greatly expanded post-pandemic mental health services for hundreds of thousands of students cannot be put on hold for another year. Accordingly, the practical actions suggested by the Rockefeller Institute should be put into effect as part of the 2025-2026 budget process. Specifically, state aid grants to SBHCs, which have been reduced from \$24 million to \$17 million in recent years, should be increased to at least \$50 million in 2025-2026, and the 5-year plan proposed by the Rockefeller Institute for bringing a mental health "Co-Ser" (cooperative service) plan to scale should be commenced at the beginning of the 2025-2026 school year.

- Finally, in recent years, the state has enacted legislation or regulations that require substantial expenditures by school districts without providing any increase in Foundation Aid or other state operating aid to pay for these additional requirements. Prime cases in point are (a) the mandate that requires New York City Department of Education to reduce class sizes substantially over a five-year period (for the 2025-2026 school year, the cost to the city of this mandate is likely to be up to \$500 million); and (b) the mandate that prohibits school districts from purchasing buses with gas combustion engines after 2027 and requires all bus fleets to be fully electric by 2035. Electric buses cost approximately \$350,000-\$400,000 each, more than twice the cost of conventional buses, and school districts must incur additional costs for creating and maintaining charging stations.

The current schedule for complying with the electric bus mandate should be delayed for a year while this recommendation or possible alternative ways of financing this major expense are considered. Similarly, in regard to the NYC class size mandate, the state should either delay the implementation of the mandate for a year pending a full consideration of its financial and programmatic impacts or, if the mandate is to proceed as scheduled, the state should reimburse the New York City Department of Education for its costs.

## **CONCLUSION**

The governor's executive budget asks the legislature to continue to neglect the real educational needs of its most vulnerable children. The governor's recommendations for updating the poverty count methodology should be supplemented with an updating of the regional cost index; two new programs should be implemented to begin to deal with the schools' current mental health crisis; and necessary additional funding should be provided to school districts to deal with major unfunded state mandates or these mandates should be delayed. The most critical need, however, is for the prompt development of a new school funding formula to replace the grossly outdated and unconstitutional Foundation Aid formula. We hope the legislature will support our efforts to develop such a new formula so we can present a comprehensive new formula, fully responsive to current student needs, to the governor and the legislature for consideration during next year's budget deliberations. Thank you for the opportunity to submit testimony on this important matter.