

**Testimony Provided to the Joint Legislative Budget Hearing
January 29, 2026
for the
New York State Senate Committee on Finance
New York State Assembly Committee on Ways and Means**

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Introduction

Our association represents over 3,000 individuals who work in and around the operations and finance of school districts. While specific duties vary by district, our members generally manage the finances of the district while also overseeing human resources, transportation, food service, and other non-pedagogical functions. We greatly appreciate the opportunity to provide this testimony to the Legislature on the Governor's FY27 Executive Budget.

The past year has been filled with uncertainty about the future, and our association is very pleased with the current fiscal outlook for New York State's finances. We are hopeful that this strong standing will allow the Legislature and Governor to make meaningful and sustainable investments in education.

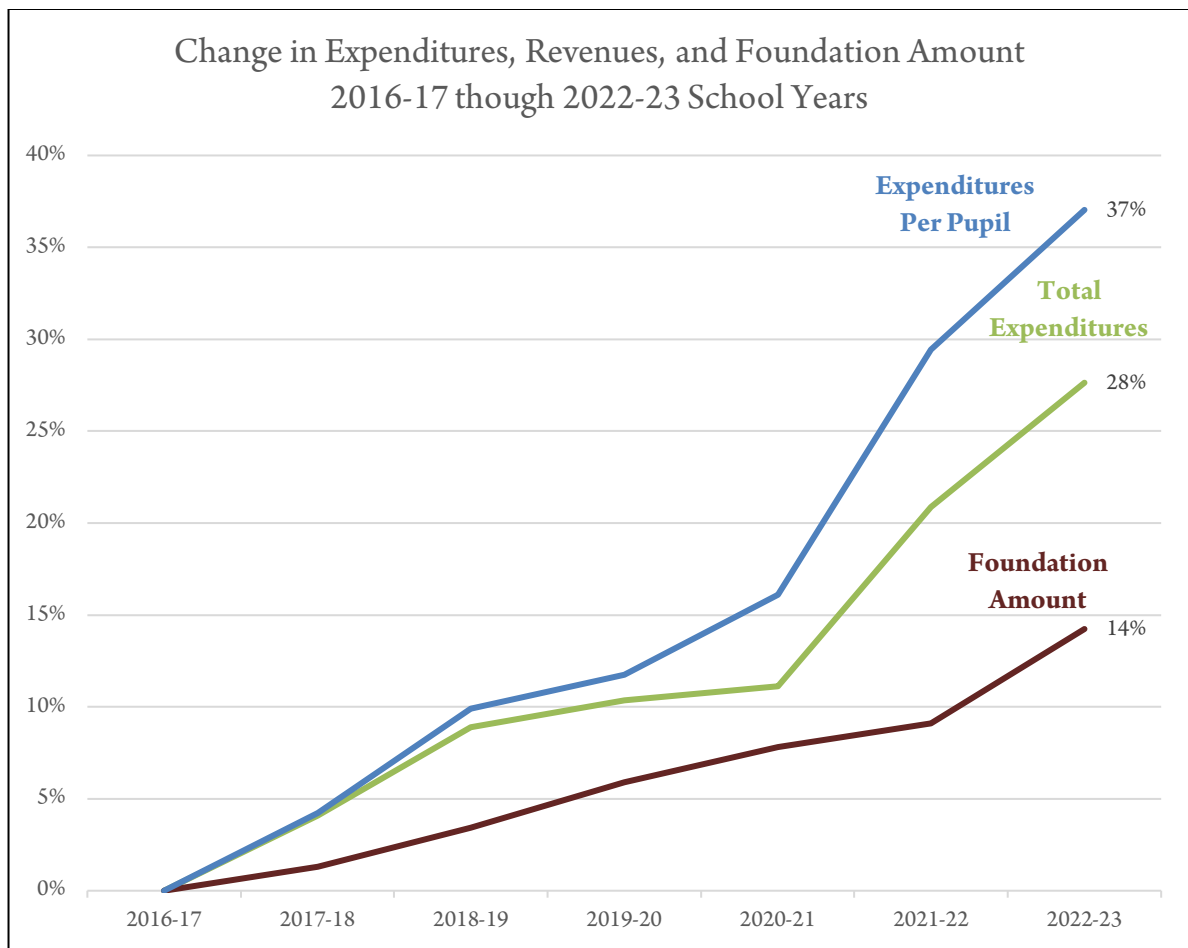
Reaction to the Governor's Proposal and Requests for the Enacted Budget

School Funding

We appreciate the investments the Governor has proposed in overall education funding and prekindergarten, in particular. Overall, the Executive Budget proposes an increase of \$1.3 billion in "traditional" School Aid. This level of funding is commensurate with the "current law" estimates as of data from November 2025. Below are specific reactions and additional proposals for consideration in the final Enacted Budget.

- **Foundation Aid:** We have concerns that the data supporting the "current law" Foundation Aid formula is not appropriately keeping pace with actual education expenses, as the foundation amount used in the formula has not been updated for actual costs since 2015. While we appreciate and are grateful for the data updates to student poverty measurements adopted last year, that work must continue until all datasets are current. Rather than updating to reflect current costs, the State has instead relied on an annual inflationary adjustment. However, inflation alone cannot account for changes in how districts have educated students since 2015; districts now serve student populations with greater needs, provide additional services, and fulfill additional State mandates. Over time, relying solely on the inflationary adjustment has prevented the Foundation Aid formula from growing at the same rate as expenditures, so while the formula is fully phased-in "on paper," many districts will see less State share of their expenses over time. The chart below shows that expenditures per pupil, between 2016-17 and 2022-23 (the last year for which data is available), have increased by 37% while the inflation factor used in the formula has only increased by 14%.

Association of School Business Officials of New York
Joint Legislative Budget Hearing Testimony
January 29, 2026



- **Foundation Amount (Successful Schools Study):** We, along with our fellow members of the Educational Conference Board, have called for a \$250 increase in the Foundation Amount beyond the inflation factor for 2026-27 as a downpayment toward a recalculation of the underlying Successful Schools Study.
- **Minimum Increase:** In addition, the Governor has proposed a 1% guaranteed minimum increase for all school districts. Based on currently available data, 461 of 673 school districts will receive a 1% increase. While a minimum increase is appreciated, 1% in a property tax-capped environment will not be sufficient for any of those 461 districts to address their expense growth in contractual commitments, health insurance costs, increased student need, and other expenses.
- **Other Formula Adjustments:** School business officials were pleased that last year the State began important work on updating the formula to better reflect current circumstances. Unfortunately, the Executive Budget does not continue that work this year. We would recommend the following updates to the formula be considered:

Association of School Business Officials of New York
Joint Legislative Budget Hearing Testimony
January 29, 2026

- Establish a “fixed minimum” cost calculation that considers what is needed to keep schools operating, regardless of enrollment loss.
 - Reset the calculation of local contribution to reflect the limitations of the property tax cap.
 - Increase the weighting for students with disabilities.
 - Continue to increase the weighting for English language learners.
 - Update the use of the Regional Cost Index (RCI) to instead use the National Center for Education Statistics (NCES) Comparable Wage Index for Teachers (CWIFT).
 - Eliminate the Income Wealth Index (IWI) floor of 0.65.
 - Provide dedicated funding above and beyond Foundation Aid for Community Schools.
 - Eliminate the Community Schools setaside and all other setasides.
- **Fully Funded Expense-based Aids:** We appreciate and support the Governor’s commitment to fully funding expense-based aids at their current law levels.
 - **Building Aid Maximum Cost Allowance for Renewal Energy Projects:** We appreciate the proposed expansion of Building Aid to include renewable energy projects moving forward; however, we call for this to be expanded to address the costs associated with the zero-emission bus mandate.
 - **Database Freeze:** We oppose the perennial proposal to freeze the data in formula calculations in Fall 2025, a point in time when data estimates are still preliminary. We believe the school aid formulas in the Enacted Budget should reflect the updates from the February School Aid Database, and that aid should be calculated and paid on the most recent data.
 - **Universal Prekindergarten (UPK):** We are very appreciative of the significant investment the Governor has proposed to consolidate existing preschool programs. The goal of providing access to all 4-year-old children whose parents wish for them to participate in prekindergarten is laudable, but we are concerned about the proposed provision that would require school districts to make such an offering by 2028. We have noted in the past that expenses for capital construction and transportation are not aidable and, as such, even the most generous of increases in operational funds will still leave gaps in access. A mandate does not remove those barriers. Using 2024 data, the National Institute for Early Education Research (NIEER) at the Rutgers University Graduate School of Education estimated that the total cost of providing high-quality pre-school in New York was \$18,561 per child.¹ Including prekindergarten costs within both Building Aid and Transportation Aid, and exempting prekindergarten expenses from the property tax cap, would significantly relieve operational and financial burdens that the 2028 mandate could create.

¹ NIEER produced the Cost of Preschool Quality and Revenue (CPQ&R) tool to estimate the cost of providing high-quality preschool in each state (Rickus et al. 2020). These estimates are meant to capture all costs necessary to “support minimum [NIEER] quality standards and provide K–12 pay parity for preschool teachers within their current operating structures (half-day and/or full-day)” (Friedman-Krauss et al. 2025, 14).

Association of School Business Officials of New York
Joint Legislative Budget Hearing Testimony
January 29, 2026

- **Restore “Growth Aid”:** Prior to the adoption of the Foundation Aid formula, one of the many aid categories that existed paid current year aid to districts experiencing significant increases in enrollment. While New York is losing population statewide, shifts within the State have resulted in certain districts having sizable enrollment increases that are not funded until the following year. ASBO recommends that the current year growth aid formula be reestablished.
- **Building Aid—Capital Outlay:** Current law allows school districts to undertake one capital project annually, without borrowing or separate voter approval, such as a bond resolution. The total value of that project is limited to \$100,000, and the cost is fully aidable in the next year, without amortization. However, with inflation, the purchasing power of \$100,000 has significantly declined over recent years. ASBO recommends increasing that limit to \$250,000.
- **Update Reorganizational Incentive Operating Aid:** Currently, districts that reorganize, through merger, consolidation, or annexation, are eligible for a sizable influx of aid, paid over fourteen years, on a phased-out basis. The calculation of this aid was recently dramatically increased, but that has still not persuaded voters to support these changes. Rather than limiting this funding to full reorganization, ASBO recommends that the State establish new tiers within this aid formula, allowing districts that substantially consolidate and share programs and services to access a commensurate percentage of these funds to support the start-up costs associated with the transition of these programs.
- **Prior Year Adjustments:** If a school district fails to receive aid on the standard claiming schedule, due to corrections or other administrative issues, there is a mechanism to allow the district to submit for and restore the funding. However, those payments are not made to districts unless dedicated funding is appropriated in the annual budget. In contrast, if there is an error in payment and a district is overpaid, the overpayment is recaptured immediately by reducing the next aid payment. The amount historically provided to pay for these obligations has been woefully inadequate and suspended entirely in recent years. The queue of unpaid claims has ballooned to over \$326 million, and no funding has been provided since 2021. This queue includes millions of dollars in transportation and building aid forgiveness that the Legislature negotiated with the Executive in good faith. However, absent an appropriation to support these payments, that forgiveness will never reach districts that have already paid penalties. ASBO recommends that the State adjust both the payment and recapture schedules so that, regardless of whether payment is owed to the State or a district, the funding would be reconciled as part of the first aid payment of the school year following the school year in which the adjustment is identified. ASBO further recommends that the State appropriate funds annually to pay down the queue until such time that it is eliminated, after which all adjustments should be made under the new payment schedule. S.8845 (Martinez)/A.8708 (McDonald) achieves this goal and should be included in the Enacted Budget.

Association of School Business Officials of New York
Joint Legislative Budget Hearing Testimony
January 29, 2026

Local Financial Flexibility

- **Reserve Funds:** Reserve funds are commonly used tools to create responsible budgets and fiscal plans. The governor's Executive Budget has again touted the appropriate expansion of the State's reserve funds, stating, "*Reserves are the most practical and effective defense against such unpredictable risks. Outside experts view robust reserves as an essential tool for mitigating service reductions and public employee layoffs during periods of slow or declining growth.*" This is true for all entities, including school districts, in planning for balanced budgets during economic fluctuations, without undue hardships for taxpayers. To improve the utilization of these tools, ASBO recommends that school districts be allowed to borrow from certain designated reserves to reduce reliance on TANS and RANS and lower fees and interest payments made to banks.
- **Reform the Tax Cap:** The property tax cap has been in effect for thirteen years, and under this law, each school district has its own specific tax cap. The current structure of the tax cap makes it difficult for school districts to raise revenue for unexpected expenses. To ensure that the tax cap does not create undue hardships for school districts and their students, ASBO recommends the following changes:
 - Make the Maximum Allowable Growth Factor the greater of 2% or calendar year changes in CPI-U.
 - Direct the Department of Taxation and Finance to adopt regulations addressing changes in taxable status and calculation of the tax-based growth factor.
 - Expand the capital exclusion to include expenses related to transportation contracts that increase in cost due to the zero-emission bus transition (including associated infrastructure) to create parity between districts that contract for their transportation and those that own their own fleets.
 - As noted above, also exclude costs for prekindergarten program expansion from the cap calculation.

Maintaining a Skilled District Workforce

The school business office, led by the school business official, is not just the financial hub of the district but is also frequently the operations center. The human resources office may sit within that portfolio and, as a result, the very real workforce shortages that districts face impact not just on the ability to staff the school business office but the many vacancies district-wide. Rigid and sometimes out-of-date limitations on hiring must be updated to reflect the current needs of districts and the workforce. School districts are staffed by a mix of certified faculty and staff, as well as non-certified civil service employees. School business officials occupy a unique space in that there are both certification and civil service pathways to enter this role.

- **Modernize the Civil Service System:** The intent of the civil service system at its inception was to ensure equity and access to roles in public service. Instead, the system is currently acting as a barrier to hiring qualified candidates into vacant roles. Infrequent tests, inconsistency in exam content and job titles across counties, and overly complex processes are all contributing to these problems. In addition, unlike most

Association of School Business Officials of New York
Joint Legislative Budget Hearing Testimony
January 29, 2026

other municipal occupations, the job market for school district positions is fluid across regions, and the entire state; hiring rules for school districts that are rigidly county-based infringe on that flexibility and robustness.

- **Exams and Canvassing:** Exams and canvass lists are two of the most frequent barriers to effective hiring. Infrequent exams and out-of-date exam content, out-of-date canvass lists and slow responses are all contributing to workforce shortages. Inconsistencies across counties also make portability between districts a problem. This impacts multiple roles in the school business office, including (in some instances) the school business official, as civil service is one pathway to enter the profession. This also impacts district-wide hiring, which the business office may handle. To ensure that the workforce shortage is not exacerbated by unnecessary barriers, ASBO recommends the following changes to the current civil service hiring rules:
 - Make part-time positions non-competitive.
 - Allow for electronic canvassing rather than paper-based canvassing.
 - Expand the rule of three to a rule of five to make more candidates eligible for employment from existing lists.
 - Allow employers to make provisional employees permanent if a test is not offered in the first 9 months of successful provisional employment.
 - Standardize grading metrics, titles, and exams for school business office positions across counties.
 - Allow districts to utilize existing canvass lists from other counties.
- **NY Hiring for Emergency Limited Placement Statewide (NY HELPS) Program:** Some school districts have had increased success in hiring through the NY HELPS Program. Job titles within this program generally require job candidates to compete in a competitive examination to be considered for employment. For the duration of the NY HELPS program, these titles can be filled through non-competitive appointments (without examinations). Applicants for eligible titles in participating jurisdictions are required to demonstrate minimum qualifications and submit resumes. Hiring can result in a permanent appointment without exams. However, of the 95 local civil service agencies, only approximately half have opted in, and not all titles have been included. To maximize the value of this program, ASBO recommends the following:
 - Include all school district titles in the program.
 - Allow districts working with non-participatory civil service agencies to hire through another agency.
- **Update SDBL Certification:** Under current law, districts can employ a school business official (SBO) who is certified, through a school district building leader certificate or civil service. Certified SBOs must hold a master's degree in finance or an education-related field and also complete a post-master's certification program at a college or university registered in the State of New York, which includes an internship. The level of education required, and time commitment of an internship can deter individuals from entering the profession, unless they do so directly from their undergraduate experience. According

Association of School Business Officials of New York
Joint Legislative Budget Hearing Testimony
January 29, 2026

to a 2024 representative survey of SBOs in New York State, this is a highly uncommon path to the profession. Recently, the State Education Department began the work of modernizing the certification process for school district and building leaders, merging the SDL and SBL certifications into one certification pathway, with varied levels and endorsements. ASBO recommends that NYSED engage in a similar process for the SDBL, creating a tiered certification pathway that would allow additional business office employees to enter and progress in the field. A certification pathway with multiple levels and endorsements would allow for a better transition for those who may enter the industry through civil service. This would allow them to transition to a certification pathway that does not immediately require a master's degree and a college or university-run certification program. Industry-based professional development and continuing education could support initial levels of certification seekers. Demonstration of competency with skills needed for advancing roles could be achieved through work experience, and college and university-level certification programs could be reserved for the highest level of certification and endorsement.

- **Preserve Local Staffing Authority:** School district hiring and staffing is a complex process. District leaders have to consider existing mandates (staffing and otherwise), collective bargaining agreements, available resources, and community priorities. In recent years, there have been increased efforts seeking to set State-level mandates to add certain staff positions in every district or building. While the intent behind many of these proposals is commendable, districts have differing needs and priorities. To ensure that local school districts and BOCES can make the best decisions for their communities, ASBO recommends that the authority over staffing decisions remain with local districts, without “one-size-fits-all” State-level staffing mandates.
- **Support Local Efficiencies:** School district business officials pride themselves on being responsible stewards of public funds. The goal is always to provide the best resources at the best value in a transparent way. As we all negotiate an uncertain financial future, ASBO recommends that the State preserve all existing cost saving procedures and policies and explore other options to support our students and communities in a high quality, high value way.

Investing in Sustainable School Infrastructure

- **Zero Emission Bus Transition:** Districts around the State are hard at work preparing for the transition to electric school buses. However, districts have identified a number of considerations that were not contemplated in the adoption of the initial law and have not been addressed in the years since. These must be addressed to allow this work to continue. Adjustments have to be made, as it is clear that neither supply, voter support, nor infrastructure will be in place to allow all new purchases to be zero emission by 2027. ASBO recommends the following:
 - Authorize NYSED, in partnership with NYSERDA, to issue ongoing waivers, both district-wide and in part for specific routes within districts, regarding the new bus purchase and fleet conversion requirements (2027 and 2035), where the district has made a good faith effort to comply.

Association of School Business Officials of New York
Joint Legislative Budget Hearing Testimony
January 29, 2026

- Immediately issue statewide policy, procedures, and guidance to direct districts on how to proceed in the event of a failed bond vote.
- Update building aid allowances to allow for needed garages, bus depots, parking lots, and other “make ready” school infrastructure needs.
- **“Piggyback” Contracts:** Public entities are under great scrutiny and regulation when they expend public funds for capital improvements. This is appropriate as these are costly projects that are paid for with taxpayer dollars. However, as stewards of the public purse, the State should not take actions to reduce existing efficiencies or add increased costs. In June of 2026, the authorization for public entities to “piggyback” expires. Piggybacking is when one public entity uses an existing contract to acquire the same commodities or services at the same or lower price from another public entity’s contract. This allows for savings in both costs and efficiency as the existing contract must have been put out to bid and in compliance with all New York State public bidding and procurement law, but each entity does not have to devote resources to recreating the same contract. It is important that this authority be extended. However, additional changes are needed. Efforts are underway that, if successful, would dramatically restrict the utilization of piggybacking, limiting its application entirely to public works projects in one instance, and prohibiting its application to contracts for the purchase of apparatus, materials, equipment, or supplies from including maintenance, installation, or repair. ASBO recommends the following actions to preserve this important financial management tool:
 - Extend the current piggyback authorization for five years until 2031.
 - Add clarifying language to eliminate misinterpretation and ensure that piggybacking can be used for public works projects.
 - Maintain all existing piggybacking authority.

Conclusion

We again appreciate the opportunity to share our views about this year’s Executive Budget Proposal. We appreciate the continued support from the Governor and Legislature for education and the opportunity to present these matters and concerns to you.

References:

Friedman-Krauss, A., Barnett, W.S., Hodges, K., Garver, K., Duer, J., Weisenfeld, G., Siegel, J. (2025). The State of Preschool 2024: State Preschool Yearbook. National Institute of Early Education Research.

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