



# New York Report

## A Detailed Look at New York's Funding Policies

## New York



### Funding Basics

#### Formula Type

New York has a primarily student-based formula. It assigns a cost to the education of a student with no special needs or services, called a base amount, and provides increased funding to educate specific categories of students. The categories of students considered in New York's funding policy are students in certain grade levels, English-language learners, students in high-poverty districts, students with disabilities, certain students enrolled in career and technical education (CTE) programs, and students in sparsely populated districts.

New York expects school districts to contribute to the funding of their public schools, with the amount of the local share based on districts' property values and the incomes of district residents. Most districts in New York are permitted to raise and keep additional local revenues for regular district operations. The school districts serving the state's five largest cities are wholly dependent on their local municipalities for local funding.

Supplemental funding for English-language learners, students in high-poverty districts, and students enrolled in sparse districts is generated through the application of a compound multiplier to the base amount. Supplemental funding for students in certain grade levels and students with disabilities is generated by applying individual multipliers to the formula. Students enrolled in career and technical education receive funding through program-specific allocations.

#### Base Amount

New York has a fixed base funding amount. For FY2021, the per-student base amount was \$6,835.

This means that an average student with no special needs or disadvantages would, in theory, be funded at that level. However, in practice, the base amount is multiplied by a regional cost adjustment, and only students in the lowest cost region would be funded at this level. Over and above the base amount, each student generates a share of a number of additional allocations.

### Local Revenue

## Expected Local Share

New York expects school districts to contribute revenue to their public schools. The amount each district is expected to raise is based on a combination of its property values and its residents' income.

Each district is expected to contribute the lesser of two per-pupil amounts, produced through two different formulas that consider both local property values and levels of local income. The first formula uses property wealth per student count, weighted for student need, and adjusts for local property wealth and local income levels in that district. The second formula uses state sharing ratios, which are adjusted slightly for high-need districts, and likewise accounts for local property wealth and local income levels. Once the state calculates the total amount of funding necessary to educate students within a district, it subtracts the expected local contribution and provides the difference in the form of state education aid.

## Property Tax Floors and Ceilings

New York does not set a floor or a ceiling for local property tax rates in most school districts, or a level above which voter approval is required.

However, school districts in New York are subject to limits on year-over-year tax increases that are the lesser of 2% or the increase in the consumer price index, unless districts gain the approval of 60% of voters.

The school districts serving the state's five largest cities, which are wholly dependent on their local municipality for funding, are limited to a share of assessed local property wealth for their total municipal budget, including education. New York City may levy only up to \$25.00 for every \$1,000 of assessed property wealth in total, with the property wealth determined by a five-year average; the other four large cities may levy only \$20.00 for every \$1,000 of assessed property wealth. Additionally, these municipalities must levy an amount sufficient to appropriate at least as much funding as they did the previous year or the same percentage of the overall city budget.

## Other Local Taxes for Education

School districts in New York may receive local revenue from property taxes, consumer utility taxes, service charges and fees, and sales taxes imposed by other local taxing authorities.

City school districts with fewer than 125,000 residents may levy a consumer utility tax of up to 3%. In 2020, 26 districts did so. School districts may not impose sales taxes, but some counties share their tax sales revenue with schools. Counties and municipalities may impose sales taxes in excess of the 4% sales tax imposed by the state, and five counties share their sales tax revenue with school districts.

Finally, the city school districts for the state's five largest cities are wholly dependent on their municipalities for funding, and these municipalities may levy sales taxes, income taxes, business and financial taxes, and taxes on commercial rent.

## Student Characteristics

### Grade Level

New York does not differentiate core formula funding based on students' grade levels. However, certain program-based allocations provide increased funding for students in grades 7-12.

New York applies a multiplier of 1.25 for students in grades 7-12 for a number of expense-based program allocations. These student counts are used along with other wealth measures to determine reimbursement amounts for certain district expenditures, like transportation and building maintenance.

## English-Language Learner

New York provides increased funding for English-language learners. It does so primarily in the form of supplemental per-pupil funding for districts in an amount that corresponds to the concentration of English-language learners in the district.

In New York, the student-based funding calculated for each district is first multiplied by an index that adjusts for regional cost of living and then by the Pupil Need Index, which is a compound adjustment that considers concentrations of English-language learners along with concentrations of students from low-income households and the sparsity of the school district. The portion of this index related to English-language learners multiplies the number of such students in the district by 0.5 and then divides the result by the total K-12 enrollment in the district. This percentage plus 1 becomes the effective multiplier that is applied to the district's cost-adjusted formula funding, to provide for English-language learners.

In addition, the state provides grants to support bilingual education programs.

## Poverty

New York does not provide increased funding for individual students from low-income households. However, the state does provide increased funding for districts based on the concentrations of low-income students they serve. It does so in the form of supplemental per-pupil funding for districts in an amount that corresponds to the concentration of low-income students in the district (for more information, see "Concentrated Poverty").

In New York, the student-based funding calculated for each district is first multiplied by an index that adjusts for regional cost of living and then by the Pupil Need Index, which is a compound adjustment that considers concentrations of students from low-income households along with concentrations of English-language learners and the sparsity of the school district (for more information, see "Concentrated Poverty").

## Special Education

New York funds special education using a single student weight system, providing the same amount of state funding for each student with disabilities regardless of the severity of those disabilities. It does so by applying a multiplier of 2.41 to the per-student base amount for students with disabilities.

For the purposes of generating a higher formula amount for districts serving students with disabilities, New York applies a multiplier of 2.41 to the base amount for these students. In addition, the state provides transitional funding equal to 1.5 times the per-student base for students with disabilities in their first year in a full-time, regular education program after having been in a special education program. Separately, students whose disability imposes costs exceeding the lesser of \$10,000 or four times the district's general per-pupil education spending amount from two years prior receive additional aid.

Additionally, New York considers the needs of students with disabilities when measuring the district's level of per-pupil wealth, a number that factors into the calculation of the district's ability to fund education with local dollars. When counting students for this purpose, the state counts each student who learns in a special class setting 60% or more of the time as 2.7 students, and it counts students receiving special education services at least 20% of the time as 1.9 students. This adjustment affects the portion of the district's formula amount that will be funded by the state.

## Gifted

New York does not provide increased funding for gifted and talented students.

## Career and Technical Education

New York provides increased funding for career and technical education (CTE) programs. It does so through aid to Boards of Cooperative Educational Services (BOCES) intended to cover a portion of CTE expenditures and through increased funding for CTE programs for districts that are not a part of BOCES.

New York gives aid to BOCES, which is provided to component districts based on a wealth-adjusted share of approved administrative and shared services expenditures, including CTE expenditures. In addition, New York allocates CTE funding for districts not in BOCES in accordance with a formula that allocates \$3,900 and considers a measure of the district's wealth and the number of students participating in different CTE programs. The formula considers only CTE students in grades 10-12, and provides funds for students participating in trade, industrial, technical, agricultural, or health programs at a higher level than for those participating in business and marketing programs. The district's wealth is considered in the formula through the Combined Wealth Ratio, a measure of both property wealth and resident income (see "Concentrated Poverty" for a description of this ratio).

Lastly, the state also provides academic improvement aid to districts not in BOCES based on a formula that allocates a minimum of \$1,000 based on a formula that takes into account a measure of the district's wealth and the number of students participating in different CTE programs.

## District Characteristics

### Concentrated Poverty

New York provides increased funding for districts based on the concentrations of students from low-income households that they serve. It does so primarily in the form of supplemental per-pupil funding for districts in an amount that corresponds to the concentration of low-income students in the district.

In New York, the student-based funding calculated for each district is first multiplied by an index that adjusts for regional cost of living and then by the Pupil Need Index, which is a compound adjustment that considers concentrations of students from low-income households along with concentrations of English-language learners and the sparsity of the school district. The portion of this index related to poverty adds together 65% of the students in grades K-6 who are eligible for free or reduced-price lunch under the National School Lunch Program and 65% of the students from households below the federal poverty level, and then divides the result by the total K-12 enrollment of the district. This percentage plus 1 becomes the effective multiplier that is applied to the district's cost-adjusted formula funding to provide for students from low-income households.

In addition, a district's wealth is accounted for in the calculation of several program-specific allocations. The Combined Wealth Ratio, an adjustment that considers both the value of the district's property and the income of residents of the district, is factored into the calculation of program-specific allocations, including aid for career and technical education programs, computer administration expenses, academic improvement initiatives, transportation aid, and high-cost special education services.

## Sparsity and/or Small Size

New York provides increased funding for sparse school districts. It does so in the form of supplemental per-pupil funding for districts in an amount that corresponds to their levels of sparsity. The state also provides small school funding for schools with fewer than eight teachers, and it uses a transportation funding system that considers the density of students in the district.

In New York, the student-based funding calculated for each district is first multiplied by an index that adjusts for regional cost of living and then by the Pupil Need Index, which is a compound adjustment that considers the sparsity of the district along with concentrations of English-language learners and concentrations of students from low-income households in the district. The portion of this index related to sparsity considers the enrollment of the district and its number of students per square mile, producing a multiplier that is applied to the district's cost-adjusted formula funding.

Transportation funding is provided through a formula that reimburses a percentage of each district's transportation costs. The percentage is informed in part by a calculation that considers the number of students per square mile.

## Charter Funding

Funding for charter schools in New York is calculated based on local school district expenditures.

Charter schools receive a per-student amount from the district(s) where their students reside. Each charter student's residential district allocates an amount to the charter schools their students attend, that is based on what the district spent for general school operations (approved operating expenditures). New York uses the average of approved operating expenditures for the prior three years to determine annual increases in payment to charter schools. A district's approved operating expenditures reflect the day-to-day costs of operating the school and exclude capital outlay and debt service for building construction, transportation costs, and certain program-specific allocations. Charter schools also receive a supplemental amount for each student, as determined by the state legislature.

Charter schools in New York receive a share of local tax revenue and may receive state aid. Charter schools are funded based on local school district expenditure, including funding raised by local school districts. Charter schools in New York City (NYC) may also receive funding for facilities, unless the NYC Department of Education provides physical space for the schools.