



NYSSBA 2020-21 Enacted Budget Analysis

State Aid - The enacted budget includes a \$95.6 million increase in traditional formula-based school aid, which represents a 0.35% increase over 2019-20 levels. This increase is attributable to the growth in expense-based reimbursement aids, which have been allowed to run and are fully funded.

The budget also includes a “Pandemic Adjustment,” which reduces state aid for schools by approximately \$1.1 billion. Each district’s Pandemic Adjustment amount is reflected on their runs. However, that reduction is fully offset by an allocation of “Federal CARES Restoration” funding for every district, totaling the same \$1.1 billion statewide.

NYSSBA Position/Response - Before the Executive’s budget proposal in January, NYSSBA called for a \$2.1 billion increase in education funding for schools, which would have allowed districts to maintain existing programs and services, while also investing in areas of increased student need. We deemed the Executive’s \$826 million proposed increase to be insufficient and called on the legislature to dramatically increase that amount. Since then, however, much has obviously changed.

Due to significantly reduced revenues, the state now projects a deficit upwards of \$15 billion in the upcoming year. This has moved a somewhat challenging state budget process to an incredibly difficult one - with budget gaps not seen since the Great Recession more than a decade ago. Over the last few weeks, NYSSBA advocated strongly to preserve as much state aid as possible and we are relieved to see the final budget agreement generally hold districts harmless with flat state aid. We know this will unfortunately lead to a number of challenges and difficult decisions for each district, and potential reductions are still possible, but we are fortunate to avoid initial school aid cuts under this budget agreement.

Revenue Reduction - The final budget authorizes the assessment of state revenues on an ongoing basis. The year will be divided into three measurement periods; April 1 - April 30, May 1 - June 30, and July 1 - December 31. If actual state operating revenue is less than 99% of projected revenue for the measurement period or actual operating fund expenditures are more than 101% of projected operating fund spending, or both, the state Division of Budget (DOB) may reduce state aid for school districts and other localities. DOB has broad authority as to how those adjustments would be made. The legislature does have the ability to counter DOB’s proposed adjustments with its own plan if it so chooses. According to language in the budget, school districts and localities that have their aid reduced may be repaid the reduction amount at a later date, if the budget is put back into balance under certain conditions.

NYSSBA Position/Response - NYSSBA continues to analyze this provision, as there is more unknown than known at this point. As we do so, we recognize the serious complications this would

cause for school district budgets, both during the development process and throughout the upcoming school year. While we want to preserve as much school aid as possible, it is also critical that school districts have meaningful information as to what their state funding picture will be, whether good, bad or somewhere in between. NYSSBA staff has, and will continue to, share this important message with state policy makers.

As we review this language, we do note that the first state revenue review period might at least give school districts an understanding of potential school aid adjustments before district budgets must be adopted. The second revenue period ends as the school district fiscal year begins. We are hopeful that if reductions or adjustments absolutely must be made, school districts will be provided with that information as promptly as possible.

Foundation Aid - The enacted budget holds Foundation Aid amounts flat at 2019-20 levels for every district. Total Foundation Aid remains at \$18.4 billion. Foundation Aid was held flat, due in large part to the inclusion of more than a billion dollars in federal restoration funding.

NYSSBA Position/Response - NYSSBA had advocated for a \$1.6 billion increase in Foundation Aid over 2019-20 levels. The Executive initially proposed a \$504 million increase, with another \$200 million in undesignated Foundation Aid. Similar to overall state aid negotiations on the heels of plummeting state revenues, NYSSBA advocated for, at a minimum, preserving existing Foundation Aid levels. Foundation Aid is now approximately \$3.8 billion below full funding of the formula.

Consolidation of Aid Categories - The final budget rejects the Executive proposal to consolidate ten reimbursable and categorical aids and fold them into a new Foundation Aid base.

NYSSBA Position/Response - NYSSBA was strongly opposed to this proposal as it would have negatively impacted school districts that share services through BOCES, those that see significant growth in charter school costs/enrollment and those that incur expenses in other important areas. The proposal also would have increased the unpredictability of state aid for school districts. We were very pleased to see this proposal left out of the final budget agreement.

Community Schools Set-Aside - The final budget provides for flat funding of community schools set-asides. While no increases were made, \$250 million of total Foundation Aid funding will again be restricted to be used by districts for services and programs that further community schools initiatives.

NYSSBA Position/Response - NYSSBA continues to be opposed to districts effectively being mandated to create community schools, or any other program, by way of restrictions on the use of their Foundation Aid through “set-asides.” Regardless of the laudable merits of community schools, a set-aside is a state-mandated restriction on how funds can be spent. Foundation Aid was designed as a general operating aid of which a school district has the ability to decide how and where it is

used. During a year of extreme financial constraint, school districts should be granted full flexibility in their funding decisions.

Building Aid Adjustment - The final budget rejects the Executive proposal to add a new building aid tier that would have resulted in reduced state aid for certain school districts' capital expenditures. The budget also rejects the proposal to limit building aid eligible expenses to those deemed critical to instruction, health or safety.

NYSSBA Position/Response - NYSSBA opposed these proposals as they would have resulted in less state aid for school district capital projects. Decreased state support for school district capital projects leads to two possible outcomes - less investment in modernizing and improving facilities for students and/or increased costs for local taxpayers.

Transportation Aid Adjustment - The final budget rejects the Executive proposal to adjust the transportation aid formula, providing for less generous reimbursement rates for multiple school districts.

NYSSBA Position/Response - NYSSBA opposed this change to transportation aid that would have led to less state aid for school districts. Transportation is a basic operational requirement that is a necessary cost for nearly all districts across the state. School districts have limited ability to control these expenses, which often follow strict state mandates. A reduction would have had a disproportionate impact on districts that most rely on sufficient state reimbursement in order to provide transportation services to their students.

Charter Schools - The final budget rejects the Executive's proposed increase of \$25 million in direct payments to charter schools. The budget also rejects the Executive proposal to bypass the charter cap by allowing for the reissuance of charter schools that have been surrendered, revoked or terminated. Additionally, the budget includes language that adjusts the charter school tuition calculation, effectively holding tuition amounts flat to 2019-20 levels.

NYSSBA Position/Response - NYSSBA opposes any growth in state financial support for charter schools while hundreds of school districts across the state remain underfunded. NYSSBA also opposed the de facto increase that would have occurred through the reissuance of revoked charters. We appreciate charter tuition amounts being held generally flat, reflective of what is mostly flat state aid for school districts.

Funding for Non-Public Schools - The final budget rejects the Executive's proposed increase of \$5 million for non-public STEM instruction and continues flat funding of \$30 million for such services.

NYSSBA Position/Response - NYSSBA continues to oppose any growth in state financial support for non-public schools while hundreds of school districts across the state remain underfunded.

Pre-Kindergarten - The final budget rejects the Executive's proposal to invest an additional \$15 million to expand pre-kindergarten programs. However, the budget maintains \$5 million in continued funding for QUALITYstarsNY, a system designed to help ensure pre-kindergarten programs are of the highest quality.

NYSSBA Position/Response - NYSSBA supports investments in high quality pre-kindergarten programs and recommends that funding be made available to all districts annually through formulaic distribution. However, we appreciate the preservation of existing funding.

CSE Special Education Placements - The final budget eliminates the state share of costs related to Committee on Special Education (CSE) placements for districts outside of New York City. Previously, the state covered 18.424% of the cost, with school districts covering 38.424% and the locality assuming the remainder. Elimination of the state share moves the school district cost to 56.848%. Additionally, the final budget transfers the state's responsibility for maintenance costs of state-operated schools for the blind and deaf onto school districts.

NYSSBA Position/Response - NYSSBA is strongly opposed to these cost shifts and is disappointed at their inclusion in the final budget. The state has estimated that it will result in an additional \$26 million burden on school districts. At a time when hundreds of districts are already underfunded and facing increasing costs related to special education enrollments and services, the state should not be reducing their share of support for special education students. Based on the language in the budget, this shift appears to be for only one year, so we are hopeful that the state will assume their share again after 2020-21.

Civic Service Curriculum - The final budget expands the current civic service school curriculum by requiring instruction on civic education and values, the history of diversity and the role of religious freedom. The budget also includes \$1 million for the State Education Department for development of the curriculum.

NYSSBA Position/Response - NYSSBA fully recognizes the importance of the issues addressed by this proposal and appreciates the proposed investment of state resources to support its development. However, this adds to current curriculum mandates which encroach upon the autonomy of both the State Education Department and local boards of education throughout the state. NYSSBA supports the periodic review of educational standards by the Board of Regents, but believes the details of the day-to-day lessons and curriculum should remain with districts.

After-School Programs - The final budget rejects the Executive’s proposal to invest an additional \$10 million in after-school grants.

NYSSBA Position/Response - While NYSSBA would have preferred an expansion of after-school programs across the state, we appreciate the preservation of funding for existing programs.

Early College High Schools - The final budget rejects the Executive’s proposal to invest an additional \$6 million to support new Early College High School programs.

NYSSBA Position/Response - NYSSBA is supportive of Early College High schools and other programs that allow for students to earn college credit and is appreciative of the preservation of funding for existing programs.

Student Mental Health Services - The final budget includes an additional \$10 million in competitive grants for student mental health support grants to school districts. The budget also continues funding of \$1.5 million to support mental health programs in schools.

NYSSBA Position/Response - NYSSBA strongly supports increased investments for student mental health services. While meeting the educational needs of their communities remains the primary mission of school districts, they are also grappling with the ever-growing social and emotional needs of their students. As those mental health needs grow across the state, school districts are working hard to provide the services that their students and communities deserve. NYSSBA is pleased to see a marked increase in state funding for student mental health service above the Executive's proposal.

Small Group Health Insurance - The final budget extends existing provisions for an additional year, until 2022. Presently, school districts with 51 to 100 employees may choose to exclude themselves from the definition of a “small group” for purposes of health insurance coverage.

NYSSBA Position/Response - NYSSBA supports the ability for districts of 51-100 employees to choose to opt-out of “small group” coverage. Forcing these districts into the small group category would lead to massive rate increases for more than 100 school districts. In 2018, the provision was extended for two more years, until 2021. While NYSSBA continues to push for a permanent waiver, we are pleased to see another extension included in this budget.

Mandatory Paid Time Off for Voting - The final budget repeals much of the paid time off for voting provisions that were first enacted last year. Importantly, the budget reinstates the threshold that any paid time off to vote would only be eligible for employees who do not have four consecutive hours before or after work while the polls are open. The budget also amends the amount of paid time off from three hours back to two hours. These changes will effectively restore school districts back to pre-2019 rules.

NYSSBA Position/Response - NYSSBA advocated strongly for a repeal of the paid time off legislation that was enacted last year. School district employees generally have sufficient time to vote either before or after the school day and the adoption of early voting in the state significantly increased the opportunities for school employees to participate in the voting process. The paid time off for voting adopted last year presented school districts with significant disruptions to the academic calendar, coupled with cost increases related to the hiring of substitutes and other replacement employees. NYSSBA is thankful for the broad legislative support that was necessary to secure this change.

Vaping and E-Cigarettes - The final budget includes a variety of provisions meant to address the troublesome growth in the use of vaping and e-cigarette products, with a focus on protecting youth. These provisions include a prohibition on the sale and distribution of non FDA-approved flavored vape products, restrictions on advertisements near schools and increased penalties for the sale of such products to minors. Additionally, the budget directs the Department of Health and the State Education Department to create an electronic cigarette and vaping prevention, awareness and control program.

NYSSBA Position/Response - NYSSBA strongly supports efforts to protect students and other minors from the growing use of vaping and e-cigarette products. School districts across the state are vigorously educating their students about the dangers associated with the use of e-cigarettes and other vaping products, and they continue to evaluate and implement practices and procedures to deter their students from engaging in such activities. These provisions are an important part of those efforts.

Employee Organization Protections - The final budget requires employers, including school districts, provide employee organizations (unions) access to new employee orientations. This access is in addition to the requirement approved in 2018 for all public employers to allow new employees and certain newly promoted employees who have changed collective bargaining units to meet with a representative of the union during work hours, without charging leave.

NYSSBA Position/Response - NYSSBA recognizes that this proposal primarily concerns the relationship between employees and their union(s) and that many school districts already provide such access during their new employee orientations. However, as school districts are required to allow new employees time during the school day to meet with their union, we generally see this additional level of access as somewhat unnecessary.

Styrofoam Ban - The final budget bans the sale and use of certain polystyrene (Styrofoam) products, including disposable food service containers and loose fill packaging. The ban takes effect January 1, 2022 and applies to school districts, restaurants, grocery stores and hospitals, among others.

NYSSBA Position/Response - NYSSBA continues to evaluate the impact on school districts of a ban on Styrofoam products. While it is important for school districts to be positive environmental stewards, we must also be cognizant of the potential cost for districts to replace Styrofoam with other products.

Net Neutrality - The final budget establishes net neutrality principles for all internet service providers in the state.

NYSSBA Position/Response - NYSSBA strongly supports the re-establishment of net neutrality protections. Equitable access to online educational resources helps school districts save money while exposing students to the most innovative and effective instructional content.

STAR - The final budget rejects the proposal to lower the income eligibility threshold for the STAR exemption program from \$250,000 to \$200,000. Taxpayers above the income limit would have only been eligible for the STAR credit program.

NYSSBA Position/Response - These STAR changes would not have had a direct net impact on school district finances. However, it is important for districts to be aware of such proposals as taxpayers often direct questions regarding STAR to their school district.