NYSSBA 2021-22 Executive Budget Analysis

**State Aid** - The Executive Budget includes an overall increase in aid for school districts of $2.1 billion over 2020-21 levels. This increase is attributable to the allocation of more than $3.8 billion in federal Coronavirus Response and Relief Supplemental Appropriations (CRRSA) Act stimulus funds. The proposal includes a new “Local District Funding Adjustment” that reduces state aid by $1.35 billion and a reduction in expense-based aids, newly consolidated as “Services Aid,” of nearly $400 million. Both reductions are offset by the distribution of CRRSA Act funding. The proposal also effectively restores the $1.1 Pandemic Adjustment of the current 2020-21 school year.

The proposed Local District Funding Adjustment for each district equals the lesser of a district’s CRRSA Act stimulus funding allocation and the district’s anticipated 2021-22 school tax relief (STAR) payment.

**NYSSBA Position/Response** - Given the circumstances, NYSSBA is pleased that most school districts - at this point in time - are not facing the prospect of net reductions in funding for 2021-22. The infusion of significant federal funding will help allow many school districts to meet myriad short term costs and other needs. However, significant fiscal challenges and risks remain. The Executive Budget proposal is based on the assumption of at least $6 billion in yet to be approved new state funding from the federal government. If those funds fail to materialize, it is reasonable to assume that the state would adjust school aid figures downward. In addition, NYSSBA has real concerns about the Executive’s proposal to balance such a large portion of the state’s budget deficit on the backs of schools. The CRRSA Act stimulus funding for education was intended to help school districts across the nation meet the extraordinary costs of the pandemic, not to balance state budgets.

While some budget materials suggest that proposed state aid reductions could be restored if the state receives more than $6 billion in a new stimulus package, there is nothing in the formal budget proposal that would effectuate such restoration. The Executive envisions multiple state budget scenarios ($6 billion in new federal funding vs. $15 billion in new federal funding), but school districts do not have the ability to propose contingent budgets in that way.

Additionally, the use of all CRRSA Act funding in 2021-22 creates a significant financial cliff for the following year. Under the current budget proposal, the state would need to fill a more than $1.7 billion hole in 2022-23, simply to keep school district aid flat.

**Federal Aid** - The Executive Budget includes the allocation of more than $3.8 billion federal education funds in support of school aid. The funds included were approved by the federal government as part of the CRRSA Act stimulus package this past December. The district-specific distribution, listed as “COVID-19 Suppl. Stimulus” on the school aid runs, is determined by existing federal Title I formulas, with a slight per-pupil adjustment for average and low wealth districts. The entirety of the CARES Act funding from March 2020 were used to support school aid in the current 2020-21 school year and are therefore not included in 2021-22.
NYSSBA Position/Response - NYSSBA and school board members across the state spent months advocating passionately for a renewed stimulus package with significant education funding. We were pleased to see CRRSA Act enacted, with approximately $4 billion in education funding for New York. Unfortunately, the stimulus package did not include state or local government funding, leaving the state unable to make whole on its state aid commitments. NYSSBA stands with the Executive in calling for additional funding - both the state and school districts - in a subsequent federal stimulus package.

Foundation Aid - The Executive Budget proposes to hold Foundation Aid amounts flat for a second consecutive year, at 2019-20 levels, for every district. Total Foundation Aid would remain at $18.4 billion. The proposal includes no adjustments, updates or other changes to the statutory formula.

NYSSBA Position/Response - NYSSBA continues to believe that Foundation Aid should be fully funded for all districts as soon as possible. Given the challenges caused by the pandemic, preservation of Foundation Aid in this proposal is appreciated. However, school districts remain approximately $4 billion below full funding and no plan to achieve full funding exists. In addition, even while funding remains flat, NYSSBA believes there is still value in making updates and adjustments to the statutory formula, with an eye towards improved equity, so that both the state and districts are better prepared for when phase-in of the Foundation Aid formula is able to resume.

Consolidation of Expense-Based Aids - The Executive Budget includes the consolidation of multiple expense-based and categorical aids, into a new “Services Aid” category for 2021-22. Notably, the consolidated aids would include Transportation Aid, BOCES Aid, Special Services Aid, Charter School Transitional Aid, High Tax Aid, Supplemental Public Excess Cost Aid, Academic Enhancement Aid and the four Instructional Materials Aids (library, textbook, software and computer hardware). The new Services Aid category would be implemented immediately, effectively limiting the predictability and potential growth of these collective aids, if they had been allowed to run as individual categories. Services Aid would then be further reduced by nearly $400 million, then backfilled by CRRSA Act funds. The district-specific reduction to Services Aid would be determined using a district-wealth adjusted per pupil formula. That reduction is already incorporated in the Services Aid allocation listed in the school aid runs. Building Aid and Excess Cost Aids (providing reimbursements for special education students) would remain as individual expense-based aid categories.

NYSSBA Position/Response - NYSSBA is strongly opposed to this proposal. While the Executive has represented the consolidation of these aid categories as a way to free up funding for additional Foundation Aid increases, there is nothing in the proposal that would achieve that goal. Without that assurance, it is possible that this proposal could lead to a comparative reduction in school aid for many districts in any given year. In particular, this would negatively impact districts that share services through BOCES, districts facing increasing transportation costs and those who see significant growth in charter school costs/enrollment.

Transportation Aid Allowable Expenses - The Executive Budget would permit transportation aid on expenses related to the delivery of student meals, instructional materials and the provision of internet access. The allowance is limited to Spring 2020, covering the period of time the Governor ordered physical school buildings to be closed.

NYSSBA Position/Response - While NYSSBA appreciates the affirmation that these expenses should be aidable, as districts were required to provide such services by way of Executive Order, the proposal leaves
millions of dollars in transportation expenses from 2019-20 unaided. In late 2020, the state indicated that because districts were not transporting students to and from schools, “stand-by” costs such as transportation staff salary and benefits would not be aidable. Layoffs during this time would have only contributed to historic unemployment levels and would have exacerbated the bus driver shortage districts have been facing for years. The federal CARES Act also directed any school district and other entity receiving assistance, “…to the greatest extent practicable, continue to pay its employees and contractors during the period of any disruptions or closures related to Coronavirus.” Many school districts believed at the time that continuing to employ bus drivers and other transportation staff fell within that directive.

Further, the Executive Budget proposal should cover the entirety of the pandemic, including costs incurred during the current 2020-21 school year, as districts move to periods of remote learning due to positive COVID-19 cases and other contact tracing directives.

Prior Year Aid Claims  - The Executive Budget proposes to discontinue the $19 million in annual funding to pay against the prior year school aid claims list. In addition, the proposal would eliminate the entirety of the existing aid claims list.

NYSSBA Position/Response  - NYSSBA is wholly opposed to this proposal. There exist thousands of individual claims, totaling more than $300 million in outstanding approved aid claims that have previously been submitted to districts by the state, following statutory allowances. The majority of these funds are owed to high and average needs districts. NYSSBA has consistently advocated for the state to increase levels of annual funding to pay against the outstanding claims. Cancelling these claims would negatively impact districts all across the state now and for years into the future.

Community Schools Set-Aside  - The Executive Budget proposes to maintain current community schools set-aside levels, with $250 million of total Foundation Aid funding again being 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. Particularly during a period of extreme financial constraint, school districts should be granted full flexibility in their funding decisions.

Charter Schools  - The Executive Budget would reduce both charter school tuition rates that districts are required to pay to charters, and supplemental basic tuition reimbursements paid to districts by the state. In addition, the Executive Budget would authorize the reissuance of charters that have recently been surrendered, revoked or terminated, and would not count these reissuances against the charter cap.

NYSSBA Position/Response  - NYSSBA will carefully monitor the reductions in both charter school tuition rates, as well as supplemental basic tuition to ensure that school districts are not asked to pay charters at a greater proportionate rate from what they are receiving from the state. Furthermore, while the latter proposal would not make a statutory change to the charter cap, NYSSBA opposes the de facto increase that would occur through the reissuance of revoked charters.
Committee on Special Education Placements - The Executive Budget would permanently eliminate the state share of costs related to Committee on Special Education (CSE) placements for districts outside of New York City, and transfer the state’s responsibility for maintenance costs of state-operated schools for the blind and deaf onto school districts. This change was first adopted in last year’s enacted budget, with a repeal date of April 1, 2021. This new proposal would create a permanent cost shift. Prior to the shift, the state covered 18.424% of maintenance costs for CSE placements, with school districts covering 38.424% and the locality assuming the remainder. Elimination of the state share moved the school district cost to 56.848%.

NYSSBA Position/Response - NYSSBA is opposed to the continuation of these cost shifts. The state estimated that the cost shift resulted in an additional $26 million burden on school districts. At a time when hundreds of districts are woefully underfunded and facing increasing costs due to COVID-19, the state should not be reducing its share of support for special education students.

Continuation of Existing Programs - The Executive Budget maintains multi-year investments in prekindergarten, after-school programming and early college high schools and P-TECH (Pathways in Technology Early College High School) programs.

NYSSBA Position/Response - At a time when the state is facing incredible financial pressure, NYSSBA appreciates that the Executive proposes to preserve funding for these important programs.

Affordable Broadband - The Executive Budget would require any broadband service provider to offer high speed broadband service to low-income consumers. The proposal would require that service be no more than $15 a month, including any taxes or fees. "Low-income" consumers would be defined as those whose household is eligible for free or reduced priced lunch or whose annual gross household income is not above 185% of federal poverty guidelines. A minimum download speed of 25 megabits per second (Mbps), or greater, or the download speed of the provider's existing low-income broadband service sold would be required. Notably, the proposal would require the state Public Service Commission to determine, every two years, whether the minimum speed should be increased.

NYSSBA Position/Response - NYSSBA supports efforts to address the digital divide, including the cost of internet access. This proposal takes a meaningful step in that direction. However, cost is not the only barrier that reinforces the digital divide. Enhanced technology infrastructure and higher broadband speeds must also be included in a more robust proposal.

Moratorium on Termination of Utility Services - The Executive Budget proposal would extend the prohibition on any utility corporation or municipality from terminating or disconnecting services to any residential customer due to nonpayment of utility bills. During the COVID-19 pandemic, a moratorium of terminating services for residents was imposed and set to expire March 31, 2021. This proposal would expand that moratorium for the duration of the state disaster emergency.

NYSSBA Position/Response - NYSSBA supports the proposal in order to help students and staff continue with remote education requirements during the pandemic. Allowing this prohibition to expire would only contribute to the digital divide that too many students and school districts are attempting to navigate through.
Shared Service Contracts - The Executive Budget proposes to extend the ability of school districts to join on to existing contracts of other school districts and local governments, known as “piggybacking,” for an additional two years, until 2023.

NYSSBA Position/Response - NYSSBA has consistently supported districts having the option to piggyback in contracting. This option has expanded in recent years and has greatly benefited school districts that choose to use it by generating cost savings and making service delivery more efficient. NYSSBA is supportive of continuing this flexibility for school districts that choose to use it on a continued basis.

Medicare Part B Reimbursements - The Executive Budget has revived a longstanding proposal to stop certain Medicare reimbursements from the state to higher income retirees who are New York State Health Insurance Program (NYSHIP) members. It also proposes capping Medicare Part B reimbursements to retirees and their dependents at the current rate. This proposal is focused primarily on state employees, but would also affect school district and BOCES employees who are members of NYSHIP.

NYSSBA Position/Response - NYSSBA requires further information on this proposal from the Governor’s office to make a determination on a position. There is potential for these proposals to be beneficial to school districts and BOCES as a cost savings. At present, 160 school districts or BOCES are NYSHIP members. However, the proposal lacks clarity as to whether or not this halt to reimbursements applies only to state payments or to payments made by school districts and BOCES. If this proposal only applies to payments from the state, NYSSBA will have to assess what benefits might come to members from including districts and BOCES.

Electric Generation Facility Cessation Mitigation Fund - The Executive Budget proposal would increase the statutory cap for the Electric Generation Facility Cessation Mitigation Fund from $69 million to $140 million. The Fund provides payments to local government entities which would have otherwise seen a decrease in tax revenues due to the closure of an electric generating facility.

NYSSBA Position/Response - NYSSBA supports this proposal as it provides necessary support for school districts that may experience a significant loss in funding due to facility closures. The Electric Generation Facility Cessation Mitigation Fund was established in 2018 to mitigate imminent severe funding loss due to the closure of the Indian Point power plant. This facility represented a significant addition to the area economy. With the closure of the plant, the local revenue payments will begin to decrease rapidly. This revenue drop creates significant disruptions to area school district budgets going forward. NYSSBA strongly supports the significant increase to this fund as a helpful resource to affected school districts.

School Construction Services - The Executive Budget proposal would authorize school districts and not-for-profits to enter into loans with the Dormitory Authority of New York State (DASNY) for capital projects over $5 million. It would also authorize DASNY to offer loans to school districts and not-for-profits during the COVID-19 pandemic, without a requisite project total.

NYSSBA Position/Response - NYSSBA continues to evaluate this proposal. While any opportunities for cost savings and efficiencies are welcomed, it is unclear how applicable this would be for school districts as DASNY services can currently be accessed for some school construction projects.
**Paid Time Off for Vaccination** - The Executive Budget would require employers to provide all employees up to four hours for each of two COVID-19 vaccines, if administered off-site. If vaccines are administered in the workplace, the requirement is simply that employers allow “sufficient time” for employees to receive their vaccinations.

**NYSSBA Position/Response** - It is generally NYSSBA’s position that employee benefits, including paid time off, should be negotiated locally. However, the COVID-19 pandemic is extraordinary in nature and the promise offered by the vaccine serves as an opportunity to eventually return to a sense of normalcy for our schools, staff and students. NYSSBA appreciates the proposal’s consideration that employees would need less time away from school if vaccines are administered at an employee’s workplace.

**STAR** - The Executive Budget proposes multiple changes related to the STAR program. Notably, these include:

- Requiring any property owner receiving a STAR exemption and wishing to switch from the basic STAR to the enhanced STAR program to give up the exemption in favor of the STAR credit.
- Requiring any property owner switching from the STAR exemption to the STAR credit program to do so by May 1, 2021 in order to receive the credit on the current school year’s tax bill. Those who do not make the change on time will receive the exemption for the current year, and any difference generated by the credit as a check. The current deadline is June 15.

**NYSSBA Position/Response** - These STAR changes would not have 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 districts.

**Voting Provisions** - The Executive Budget makes a number of proposals related to voting. First, the Executive Budget proposes requiring that at least one early voting site in every county remain open until at least 9 PM at least 3 nights per week. Additionally, it proposes extending the minimum number of early voting hours for all early voting sites on Saturdays and Sundays from 5 to 10 hours.

**NYSSBA Position/Response** - NYSSBA is supportive of ensuring access to voting for all New Yorkers. However, NYSSBA is concerned that these proposals do not guarantee that school facilities will not be used as early voting sites and does not give the option for districts to choose whether or not to be early polling sites. NYSSBA will advocate that any such proposals include provisions that prevent school buildings from being required to serve as early voting sites.