



# Skaneateles Central School District

*Excellence in Education*

**To:** SCSD Board of Education  
**From:** Daniel S. Silky, Assistant Business Administrator  
**Date:** March 31, 2018

**Re:** Interpreting the Foundation Aid Formula

**Purpose of Recommendation:** The purpose of the recommendation is to clarify the Foundation Aid Formula and, specific to SCSD, emphasize focus on the Hold Harmless section going forward.

**Decisions to be made:** None.

**Background of Recommendation:** Over the weekend (Saturday, March 31<sup>st</sup>), the NYS Senate & Assembly passed the 2018-19 state budget, which included approximately \$859M increase to public school State Aid. Of this increase, \$618M is estimated to be in the form of Foundation Aid. This serves as an apropos opportunity to explain the Foundation Aid formula and how SCSD has been awarded this type of unrestricted aid in past years, particularly 2017-18. Understanding this calculation should provide context with respect to the forthcoming 2018-19 Foundation Aid given to SCSD, estimated to be \$4,082,802.

**Recommendation:**

The Foundation Aid formula, implemented in the 2007-08 school year, was the result of the *Campaign for Fiscal Equity* ruling by the State Court of Appeals. The formula was intended to spend an additional \$5.5B, phased in over four years, on State Aid toward education. Its goal was to ensure a “sound basic education” for all New York students. The phase in was stopped, however, after increases of about \$1B in each of the 2007-08 and 2008-09 school years. This timing coincided with the “Great Recession.” While, by nearly all measures, the economy has recovered over the past 10 years, the phase in has not since been completed. Consequently, the formula is broken. Exacerbating the issues with the formula is its reliance on outdated “data” – *e.g.*, 2000 census data – as well as “ratios” in the formula that have not been updated in years. While some of the needier districts are underfunded, some of the wealthier districts are perceived as overfunded. Specifically, to this latter point, the Foundation Aid formula contains what is referred to as a “held harmless” clause whereby a district is guaranteed no less Foundation Aid than in the prior year...regardless of how much Foundation Aid the formula calculates the district should receive. SCSD is a prime example of a “held harmless” district that benefits from this clause. Consider the data in the table below:

Foundation Aid / School Year	2016-17	2017-18
Foundation Aid Per Pupil	\$1,896.96	\$1,887.58
Pupil Count (Used in Formula)	1,552	1,515
Foundation Aid (Based on Formula)	\$2,944,081	\$2,859,683
Foundation Aid (Based on Hold Harmless)	\$3,881,115	\$3,987,458
Foundation Aid Difference (Formula vs. Hold Harmless)	\$937,034	\$1,127,775

According to the above, SCSD received \$3,881,115 in Foundation Aid during the 2016-17 school year and should receive approximately \$3,987,458 during the 2017-18 school year. The formula calculates that the district should have received \$2,944,081 and \$2,859,683 during those years, respectively. Hence, the district received about \$937K **more** in 2016-17 and should receive about \$1.128M **more** in 2017-18 than the Foundation Aid formula calculation.

Upon further dissecting the numbers above, it becomes apparent that the pupil count in the SCSD has had no impact on these two school years' Foundation Aid. (Further research has not been performed as to whether or not this was the case prior to two years ago.)

For the 2017-18 school year, the Foundation Aid awarded to any public school district in NYS could depend on:

1. The Foundation Aid Formula which is driven by, among other things, year-over-year pupil count;
2. The prior year Foundation Aid amount multiplied by the current year executive Foundation Aid increase; or
3. Either a 2.74% or 3.35% increase to the prior year Foundation Aid amount based on the Year 2000 census of family below poverty in the district.

In the case of SCSD, the deciding factor for the 2017-18 school year was #3 above. More specifically, the lower of the two percentages given the low number of impoverished families located within the district in the Year 2000. As a result, the 2017-18 Foundation Aid of \$3,987,458 for the district was calculated as the 2016-17 Foundation Aid of \$3,881,115 plus an additional 2.74%. This past weekend, the latest State Aid runs were released for 2018-19 suggesting that SCSD will receive an increase of \$95,344 in Foundation Aid (i.e., \$4,082,802). It is still unclear on how this amount was calculated. Presumably, "held harmless" districts were given an increase that is based on some criteria separate of their change in pupil count.

Despite the complexity and confusion created by the Foundation Aid formula, Administration advises the BOE to pay particular attention to the "held harmless" component of the Foundation Aid calculation, in the current year and future years. Save for either a dramatic change in enrollment or a change to the actual Foundation Aid formula, the district will likely continue to be a "held harmless" district for years to come. For these types of districts, the year-over-year Foundation Aid increase that can be expected will be *de minimis*.