State Aid & New York State Public School Districts

What Data Makes Your District’s Case?

Your School District Budget Data!

“In politics, nothing moves unless it's pushed.” (Morton Blackwell in Laws of Politics.)

Session #5 Part5

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Marginal Impact for Capital Projects: Predictability and Consistency

The tax impact target is below the actual cost to taxpayers in the first year of the tax cap through Fiscal Year ending in 2031. But note that the tax impact is volatile and the district continues to have significant infrastructure needs. Annual capital expenditures have not been able to keep up with infrastructure needs and the tax impact is erratic.

Additionally, smaller projects do not possess the efficiencies, effectiveness and economies of scale of larger projects.

Marginal Impact Target 2018 (Less than First Year of Tax Cap)
Marginal Impact for Capital Projects: Predictability and Consistency

Marginal Impact Target 2018

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Marginal Impact for Capital Projects: Predictability and Consistency

Marginal Impact Target 2018

Local Share  New Local Share(s)
Marginal Impact for Capital Projects: Predictability and Consistency

The tax impact target is below the actual cost to Taxpayers in the first year of the tax cap. Note the stable impact of the project on taxpayers. Thus, taxpayers will pay less in 2018-20321 than they did in 2015 and simultaneously protect, preserve and enhance infrastructure for years to come.
Marginal Impact for Capital Projects: Predictability and Consistency

Marginal Impact Target 2018

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Marginal Impact for Capital Projects: Predictability and Consistency

Waiting makes the cost to Taxpayers less predictable, more erratic and due to the great potential for Cost Escalations - Problematic: The District may get less done for the same amount of money or the same work done for more money. (This chart illustrated the same dollar amount of the project.)

In most years the cost of the project to taxpayers will exceed the 2018 tax target and destabilize the school district’s tax cap efforts.

Marginal Impact Target 2018

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Waiting makes the cost to taxpayers less predictable, more erratic and due to the great potential for Cost Escalations- Problematic: The District may get less done for the same amount of money or the same work done for more money. 
(This chart illustrated the same dollar amount of the project.)
In most years the cost of the project to taxpayers will exceed the 2016 tax target and destabilize the school district’s tax cap efforts.
Budget Management and Containment Tips

• Look for Efficiencies and Economies of Scale
• Create a Long Range Plan - strategic Fiscal and Educational
• Use State Aid Planning Service Questar III
• Get your data in on TIME:
  STACs/AVLs …And keep them up to date…
  Audit/ST-3

Final Cost Reports (Building Projects) Get these in on Time!

  Be careful with this one! When will your aid start?
  Timing of CSCs, Accounting, Aid-eligible vs. Aided
  (Aid Ceilings, 5 years to reopen (NYCRR §155.23)
  Building Aid ratio X Percent Aided = Bond Percent

• Shared services (Tax Freeze Legislation)
Where does that leave the options for Foundation Aid?

Really, what is the plan?

New Formula?
Based on what? And what would be the distribution?
• Across the board ($ per student, % per student, min/max %, min/max $)?
• Income capacity? Property values? CWR, Tax Effort Ratio?
• The shares agreement?

Regardless of formula…Would there be a phase-in?
If so, for how long? Based on what?
Would some phase-in faster/slower than others? Why/Why not?
When and by whom will all of this be decided?

Exactly what are YOU going to do about it?
Long Term Fiscal Considerations with Educational Implications:

1. How long can the state continue to increase state aid in excess of $1 Billion per year?
2. Why should the state increase state aid in an appreciable sense?
3. When will greater effectiveness be a state aid factor?
4. To what degree will efficiency determine a districts eligibility for the state aid received?
5. To what degree will state aid to public schools remain a political document?
6. What would motivate politicians to alter state aid (up or down)? (For whom?)
7. What could be done to alter parts of the state aid formulas to control local taxes?
8. What school district elements should be altered to control school district spending?
9. What other educational elements could be integrated into a state aid formula or be made contingent to state aid to compel districts to alter some behavior?
10. What real support do school districts have to compel state government to acquiesce to their wishes?

So, what will (can) the Governor & Legislature do in 2016-17?

“Well, heaven knows what it is or where it came from—just get rid of it. But save that cheese first.”
If the 2015-16 Gap Elimination Adjustment WAS TOTALLY RESTORED TO EACH DISTRICT, what are some possible permutations that would exist?

The 2015-16 GEA is $433,599,665

<table>
<thead>
<tr>
<th># Districts that are now &quot;Over-funded&quot; in Foundation aid by Current formula</th>
<th>&quot;Over Funded by How much?&quot;</th>
<th>Average CWR of those Districts</th>
<th>Median CWR of those Districts</th>
<th>Average FRPL of those districts</th>
<th>Median FRPL of those districts</th>
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</thead>
<tbody>
<tr>
<td>216</td>
<td>$211,412,820</td>
<td>0.98</td>
<td>0.96</td>
<td>38%</td>
<td>40%</td>
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**OVER/UNDER FULL FOUNDATION AID for 2015-16 PER STUDENT**

**ROLL GEA OVER TO FOUNDATION AID**

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<tr>
<th># Districts that then be &quot;Over-funded&quot; in Foundation aid by Current formula</th>
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<th>Median CWR of those Districts</th>
<th>Average FRPL of those Districts</th>
<th>Median FRPL of those districts</th>
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<tr>
<td>251</td>
<td>$305,680,818</td>
<td>2.13</td>
<td>0.94</td>
<td>36%</td>
<td>38%</td>
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<tr>
<th>TOTAL GEA Restored and Foundation Aid 2015-16</th>
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<td>$1,031,000,000</td>
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<table>
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<tr>
<th>USED GEA</th>
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<td>$433,599,665</td>
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<tr>
<th>&quot;Roll Over&quot; To Foundation Aid ??? *</th>
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<td>$597,400,335</td>
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Summary-
Without Question- there must be an immediate and total eradication of the GEA in 2016-17.

However, the total elimination of the GEA is not a one year budget solution for school districts or the state.

The total eradication of the GEA would require the state to balance out its own budget by ~ $434 million, not just for 2016-17 but forever. *(Lest the GEA comes back!)*

Right now the GEA is a reoccurring state budget item. *(It has been since 2010-11.)*

Then there is the Foundation Aid situation. That needs to be funded too. *(Since 2007-08)*

So, what is the state’s plan? Right now, and you can ask your state government officials, there is no plan.

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How much does New York State Owe (By Present Formula) All of its Public School Districts?

<table>
<thead>
<tr>
<th>AE(FA0197) 00 2015-16 FOUNDATION AID PAYABLE</th>
<th>FOUNDATION AID OVER/UNDER PAID</th>
<th>OVERPAID</th>
<th>UNDERPAID</th>
<th>2015-16 GAP ELIMINATION ADJUSTMENT (SA1415)</th>
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</thead>
<tbody>
<tr>
<td>$15,860,682,720</td>
<td>($4,226,507,959)</td>
<td>$211,412,820</td>
<td>($4,437,920,779)</td>
<td>-$433,599,665</td>
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<tr>
<td>($4,660,107,624)</td>
<td></td>
<td>($4,871,520,444)</td>
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If the GEA is totally restored and Foundation Aid becomes more robust—What would you do with the money?

What would **you** do with the Money:

1. 
2. 
3. 
4. 
5. 
6. 
7. 
8. 

What would **others (?)** want you to do with the Money:

1. 
2. 
3. 
4. 
5. 
6. 
7. 
8.