



The New York State Association of School Business Officials

Advancing the Business of Education

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NYSASBO Releases Update on New York State School District Spending The Education Dollar: Where Does the Money Go?

NYSASBO has released its annual report on school district spending. The report examines school district spending and funding from school years 2005-06 to 2014-15. The study identifies a shift in the state and local shares of funding our public schools, the continued disparity in resources between high and low need districts, and the disproportionate long-term growth of school spending in non-general education categories. Findings included:

School districts spent \$62.7 billion, an increase of 4 percent

In school year 2014-15, a total of \$62.7 billion in federal, state and local resources was spent to support our 674 public school districts, an average of \$22,593 per pupil for approximately 2.8 million students. Of this support, \$9,330 per pupil came from the state. Compared with the previous year, school district spending increased 4.1 percent. Over the past nine years the local share (mostly property taxes) of school district revenue has grown five percent, while state shares have declined two percent and federal shares have declined three percent.

The spending disparity between high need and low need districts has continued to increase

In 2011-12, low need districts spent \$5,020 more per pupil than high need districts. In 2013-14 that disparity between low and high need spending increased to \$5,828 more per pupil. These disparities continue to exist despite both recent school aid increases and higher tax rates in high need districts (\$15.69 in high need and \$13.97 in low need per thousand dollars of property value).

Teacher pension costs grew the most; special education students have reached 15 percent

Of all the spending categories studied, teacher pension costs grew the most at 155 percent over nine years, followed by spending on tuition at 113 percent, and health care at 59 percent. Spending on special education grew 43 percent over the eight years for which information was available, while general education spending grew 22 percent. School districts spent about two and a half times more per pupil on special education than they did on general education and the classification rate of students with disabilities was 15 percent.

Funding matters; spending matters

“These facts show that both the level of funding and how that funding is spent are equally important to providing a sound basic education to all students in the state. The state not only needs to meet its constitutional and legal commitments to fund public schools, but to do so in a manner that both insures the equitable and adequate allocation of resources as well as the efficient use of those resources,” said executive director Michael Borges. “Now that the Gap



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Elimination Adjustment is finally gone, the state can focus on restoring the Foundation Aid formula back to its promised amount,” he added. NYSASBO recommends re-examining the formula to ensure that adequacy and equity are met to their fullest extent. NYSASBO has recently released two reports to inform the state’s school budget conversation for 2017-18:

- “Supporting our Schools: A Study of New York State Foundation Aid” for a comprehensive review of Foundation Aid and specific recommendations, October 2016.
- Realizing the Vision of School Aid: Opportunity for All. State Aid Recommendations for School Year 2017-18, November 2016.

Spending is driven in large part by state mandates

“Tax caps, local government efficiency plans and rebates do little to address the underlying cost drivers of school spending,” Mr. Borges explained. The study reports that the largest share of school spending (77 percent) is instructional (i.e., teacher salary) costs and fringe benefits. The largest increases in school spending over a nine-year period were teacher pensions, employee health care and special education. “Most, if not all, of these costs drivers are mandated by the state,” Mr. Borges noted.

School business officials can help guide effective resource allocation

The report recommends the state examine funding for non-instructional areas, such as pupil transportation and school construction, and develop more efficient methods of providing support, thus freeing up resources to fund instruction through general-purpose aids such as Foundation Aid. School districts should review all school resources and ensure that every resource decision is made in a manner that helps accomplish their mission relating to student achievement. School business officials, the state’s Education CFO’s, can help guide this process.

The Education Dollar

Where Does The Money Go?



New York State
Association of School
Business Officials

Advancing the Business of Education

December 2016

Executive Summary

This annual study examines school district spending and funding from school years 2005-06 to 2014-15. The study identifies a shift in the state and local shares of funding our public schools, the continued disparity in resources between high and low need districts, and the disproportionate long-term growth of school spending in non-general education categories.

In school year 2014-15, a total of \$62.7 billion in federal, state and local resources was spent to support our 674 public school districts, equating to \$22,593 per pupil for approximately 2.8 million students. Of this support, \$9,330 per pupil came from the state. Compared with the previous year, school district spending increased 4.1 percent. Over the past nine years the local share (mostly property taxes) of school district revenue has grown five percent, while state shares have declined two percent and federal shares have declined three percent.

The spending disparity between high need and low need districts has continued to increase over time. In 2011-12, low need districts spent \$5,020 more per pupil than high need districts. In 2013-14 that disparity between low and high need spending increased to \$5,828 more per pupil. These disparities continue to exist despite both recent school aid increases and higher tax rates in high need districts (\$15.69 in high need and \$13.97 in low need per thousand dollars of property value).

Of all the spending categories studied, teacher pension costs grew the most at 155 percent over nine years, followed by spending on tuition at 113 percent, and health care at 59 percent. Spending on special education grew 43 percent over the eight years for which information was available, while general education spending grew 22 percent. School districts spent about two and a half times more per pupil on special education than they did on general education and the classification rate of students with disabilities was 15 percent.

Introduction

This report provides basic background on New York State school districts and analyzes the status of and trends in school funding and spending. It includes a description of the number and different type of school districts in New York State, funding sources for public schools, and focuses in detail on where the education dollar is spent and the growth in school spending over a nine-year period. It includes an analysis of instructional spending and students in general education and special education over an eight-year period.

New York State provides public education to its children by way of 674 major school districts and 37 regional education entities known as Boards of Cooperative Educational Services (BOCES). This includes:

- 650 K-12 school districts and 24 non-K-12 districts that employ eight or more teachers and are eligible for regular state aid
- All are fiscally independent (with independent taxing and borrowing authority) except New York City and the Big Four city school districts of Buffalo, Rochester, Syracuse, and Yonkers which are fiscally dependent on their city governments.
- 37 Boards of Cooperative Educational Services (BOCES) provide a range of programs and services to groups of two or more school districts other than New York City and the Big Four.

School Funding

New York State provides education to students in pre-kindergarten to grade 12. Total spending from all sources (and accounted for in the General and Special Aid funds) totaled \$62.7 billion in 2014-15. This includes \$25.9 billion from state sources including state funding from the School Tax Relief (STAR) program. This amounts to an average spending of \$22,593 per student and an average state aid per student of \$9,330.

Figure 1. Total Education Funding (per Student): 2014-15

Source	Funding	Per Student
State	\$25,900,308,054	\$9,330
Overall	\$62,718,296,400	\$22,593

Education revenues come from three sources: local (55.5 percent), state (41.3 percent) and federal (3.2 percent). Figure 3 shows that over the past nine years, the local share has grown 4.6 percent, the state share has declined 1.9 percent and federal aid has declined 3.0 percent, despite increased funds in 2009-10 and 2010-11 attributed to the American Reinvestment and Recovery Act of 2009.

Figure 2. New York State Education Funding Sources: 2014-15

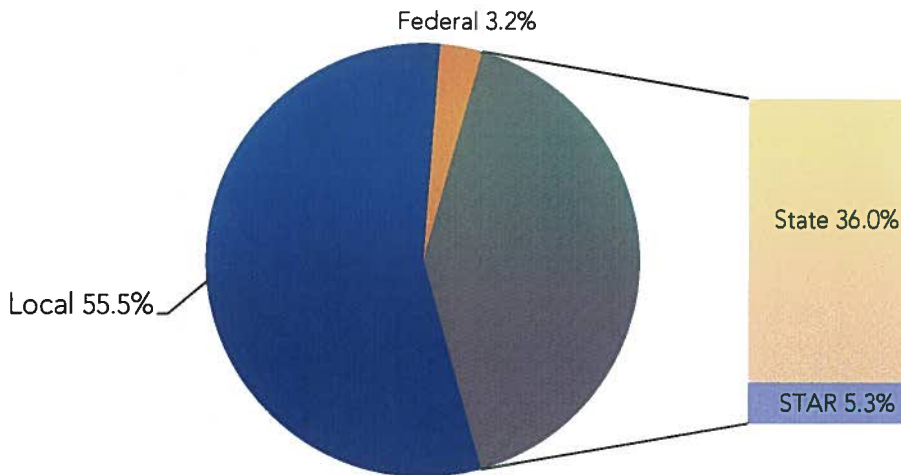
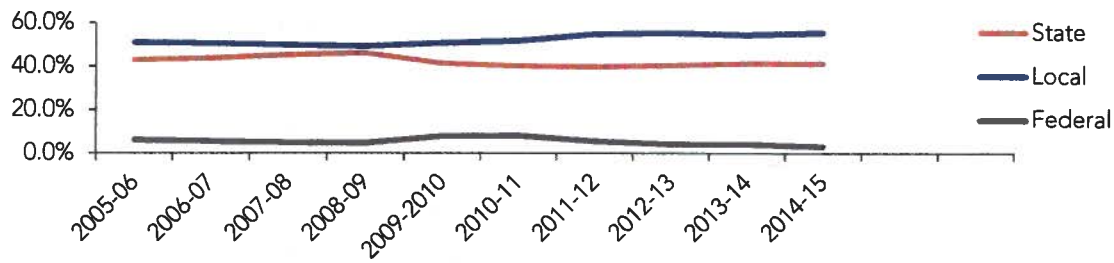


Figure 3. New York State Education Funding Sources 2005-06 to 2014-15



	2005-06	2006-07	2007-08	2008-09	2009-2010	2010-11	2011-12	2012-13	2013-14	2014-15	% Change
State	36.0%	36.6%	38.1%	39.7%	35.7%	34.7%	34.2%	34.8%	35.8%	36.0%	0.1%
Star	7.0%	7.2%	7.1%	6.4%	5.7%	5.4%	5.6%	5.7%	5.6%	5.3%	-1.7%
Local	50.9%	50.6%	49.8%	49.2%	50.7%	51.7%	54.7%	55.4%	54.5%	55.5%	4.6%
Federal	6.1%	5.6%	4.9%	4.7%	7.9%	8.1%	5.5%	4.2%	4.2%	3.2%	-3.0%

Using 2014-15 school year data, local funding constitutes 55.5 percent of education funding. About 88 percent derives from property taxes levied by boards of education on residential and commercial properties. Only New York City and the Big 4 cities have constitutional tax limits. The limits apply to the total municipal budget, of which the school budget is a part. Independent school districts and the Big 4 dependent city school districts have a tax levy cap that requires a super majority 60 percent or greater voter approval to override. The considerable reliance on local funding results in large spending disparities among school districts, and has long been considered a school finance challenge to providing equal educational opportunities for all school children.

New York’s diversity across its 674 school districts continues to pose problems for education reformers. NYSED ranked school districts into deciles by student need in relation to resource capacity and compared the 10 percent highest need districts to the 10 percent of lowest need districts. See Figure 4.

Figure 4. Spending, Tax Rate, and Tax Revenue per Student

2011-2012		
Financial Data	High Need	Low Need
Spending	\$ 16,612	\$ 21,632
Tax Rate	\$ 14.62	\$ 12.47
Tax Revenue	\$ 2,589	\$ 16,885
2012-13		
Financial Data	High Need	Low Need
Spending	\$ 16,843	\$ 22,201
Tax Rate	\$ 15.27	\$ 13.22
Tax Revenue	\$ 2,693	\$ 17,517
2013-14		
Financial Data	High Need	Low Need
Spending	\$ 17,224	\$ 23,052
Tax Rate	\$ 15.69	\$ 13.97
Tax Revenue	\$ 2,752	\$ 18,360

Source: Table 8 of NYSED Analysis of School Finances in New York State School Districts 2013-14, January 2016

Figure 4 shows a consistent trend. In each of the three years studied, the lowest need school districts spent more, taxed less and drew on a great deal more tax revenue per pupil than the highest need school districts. For example, in 2011, the highest need school districts had approximately \$2,589 in tax revenue for every student while the low need districts had about \$16,885 in tax revenue for each student. By 2013, the highest need school districts had \$2,752 in tax revenue per student while the lowest need school districts had \$18,360 in tax revenue for each student.

Looking at the gap in funding between the highest and lowest need school districts, shows that from 2011 to 2013 the spending and tax revenue gap per pupil increased. See Figure 5. The gap in tax rate decreased slightly, with the highest need districts taxing \$1.72 more per thousand than the lowest need districts. In 2013, the spending gap between high and low need school districts increased \$808 per pupil to \$5,828. The gap continues to increase, as tax revenue grew approximately \$163 per student in high need school districts and about \$1,457 per student in low need school districts. Comparing the spending gap over time, NYSED reports “this expenditure gap generally decreased from 1993-94 until 1999-00, and, with few exceptions, has generally been increasing since the 2001-02 school year.”¹ The highest need school districts tax at a higher rate, but tend to raise less and offer less.

Figure 5. Gap Between Low Need and High Need School Districts

	2011-12	2012-13	2013-14	Change
Spending	\$ 5,020	\$ 5,358	\$ 5,828	\$ 808
Tax Rate	\$ 2.15	\$ 2.50	\$ 1.72	\$ - 0.43
Tax Revenue	\$ 14,296	\$ 14,824	\$ 15,608	\$ 1,312

State revenues for education are provided to create a partnership between the state and local school districts for the improvement of education and help school districts offer equal educational opportunity to the public school children of the state. Eighty-eight percent of state revenues for education come from the state’s General Fund, primarily from income and sales taxes. State sales tax laws reserve four percent for New York State and permit counties and cities to levy up to an additional four percent. Approximately 12 percent of state education revenues comes from a special revenue fund supported by lottery receipts.

Examining state funding as a percent of total spending for public schools over time, the lowest level of state support was in 1944-45 at 31.5 percent. The highest level was in 2001-02 at 48.2 percent and current estimates for 2014-15 are at 41.3 percent. However, these latter two numbers include aid from the School Tax Relief Program (STAR), first implemented in 1998-99. For 2014-15, STAR aid made up 5.3 percent of total education funding and amounted to \$3.3 billion.

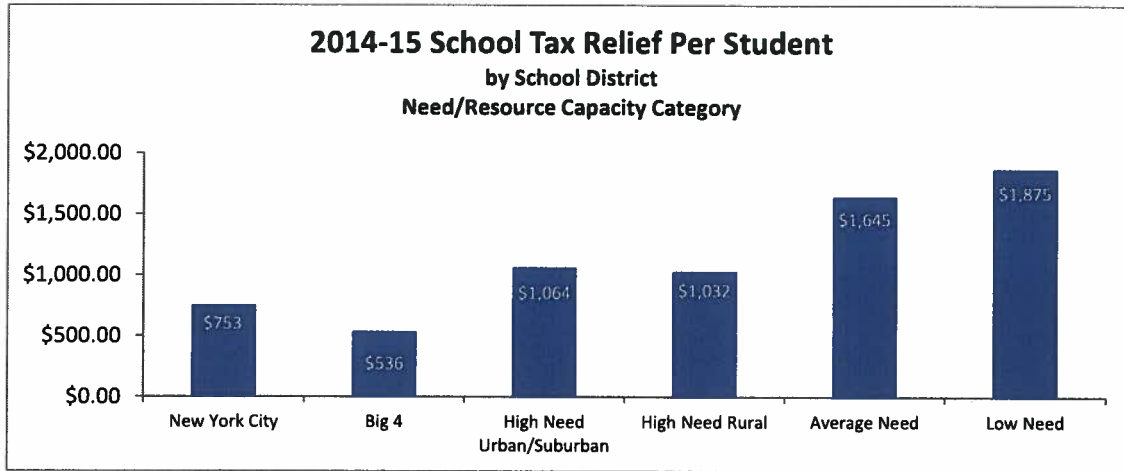
School Tax Relief

The School Tax Relief Program was enacted in 1997 and took effect with the 1998-99 school year. The state makes payments to school districts to compensate them for reduced property tax receipts. STAR began with the implementation of a state funded school property tax exemption for senior citizen homeowners. This was planned for a four-year phase-in, but subsequent legislation provided for full implementation for seniors in the first year (1998-99). The basic STAR exemption provides tax relief on the first \$30,000 in property value for taxpayers in their primary residence who earn less than \$500,000 a year. A middle class STAR Program--enacted in 2007 and discontinued in 2009--targeted additional tax relief to middle income homeowners. Enhanced STAR provides an increased benefit for the primary residences of senior citizens (age 65 and older) with qualifying incomes. It exempts the first \$65,300 of the full value of a home from school taxes as of 2015-16 school tax bills (up from \$64,200 in 2014-15).

¹ New York State Education Department. Analysis of School Finances in New York State, 2013-14. Albany, New York: January 2016.

Although STAR funding is state funding that goes to school districts its purpose and distribution are different from school aid. School aid is state funding that goes to school districts to equalize educational opportunity. STAR is state funding that goes to school districts to reduce real property tax burden. School aid is distributed based on school district need factors (such as, fiscal capacity and student poverty) to provide a level playing field so that all students will have the opportunity to achieve the education to which the state constitution entitles them. STAR is distributed based on property wealth and as such provides more funds to wealthier parts of the state, thus having little impact on educational opportunity. Figure 6 shows that average and low need/resource capacity school districts receive more STAR per student than the four high need school district categories (New York City, Big 4, high need urban/suburban and high need rural).

Figure 6. STAR Per Student



Education Spending

Examining historical spending in New York State public schools, Figure 7 shows that total spending has increased gradually over the past two decades, from \$24.9 billion in 1994-95 to \$62.6 billion in 2014-15.

Figure 7. New York State School District Spending 1993-94 to 2014-15

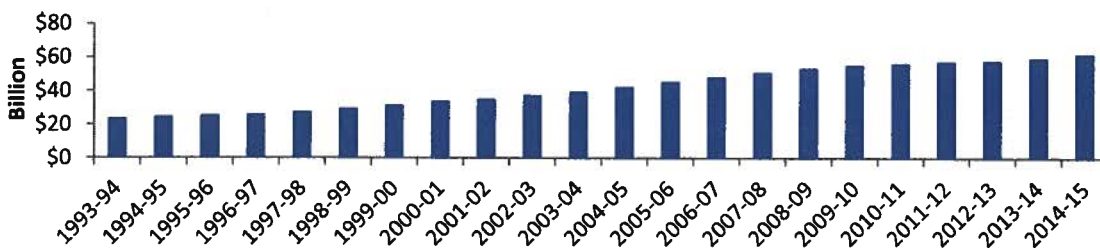


Figure 8. School District Spending Increases Were Half as Large During Recession

School Year	Expenditures	Percent change
1993-94	\$23,777,559,252	
1994-95	\$24,857,489,686	4.54%
1995-96	\$25,507,132,853	2.61%
1996-97	\$26,057,690,223	2.16%
1997-98	\$27,617,164,785	5.98%
1998-99	\$29,482,075,656	6.75%
1999-00	\$31,594,430,913	7.16%
2000-01	\$34,105,839,190	7.95%
2001-02	\$35,371,347,484	3.71%
2002-03	\$37,619,080,664	6.35%
2003-04	\$39,682,234,139	5.48%
2004-05	\$42,825,609,225	7.92%
2005-06	\$45,770,222,253	6.88%
2006-07	\$48,566,585,746	6.11%
2007-08	\$51,404,070,394	5.84%
2008-09	\$53,902,752,016	4.86%
16 Year Period Average		5.62%
2009-10	\$55,554,867,490	3.06%
2010-11	\$56,783,826,331	2.21%
2011-12	\$57,939,736,694	2.04%
2012-13	\$58,280,268,889	0.59%
2013-14	\$60,147,077,072	3.20%
2014-15	\$62,615,771,869	4.10%
6 Year Period Average		2.53%

Figure 8 shows total school expenditures increased 4.1 percent from school year 2013-14 to 2014-15. Examining school expenditures historically shows two spending patterns before and after the Great Recession. The annual spending increase was 5.6 percent for the 15 years preceding the Great Recession (2009). This dropped by more than half over the next six years to an annual spending increase of 2.5 percent for school years 2009-10 through 2014-15. The higher-than-average increase of 2014-15 is evidence of New York State’s recovery and investment in education.

As seen in Figure 9, the education dollar is spent mostly on salaries of instructional staff, which together with their fringe benefits account for 77 percent of every education dollar. The remaining 24 percent is spent on operation and maintenance of school buildings (six percent), debt service for school construction (six percent), student transportation (five percent), non-instructional fringe benefits (three percent), central administration including board of education expenses (two percent) and other, including expenses for tuition of resident students attending other school districts (two percent.)

Figure 9. New York State: Where the Education Dollar is Spent: 2014-15

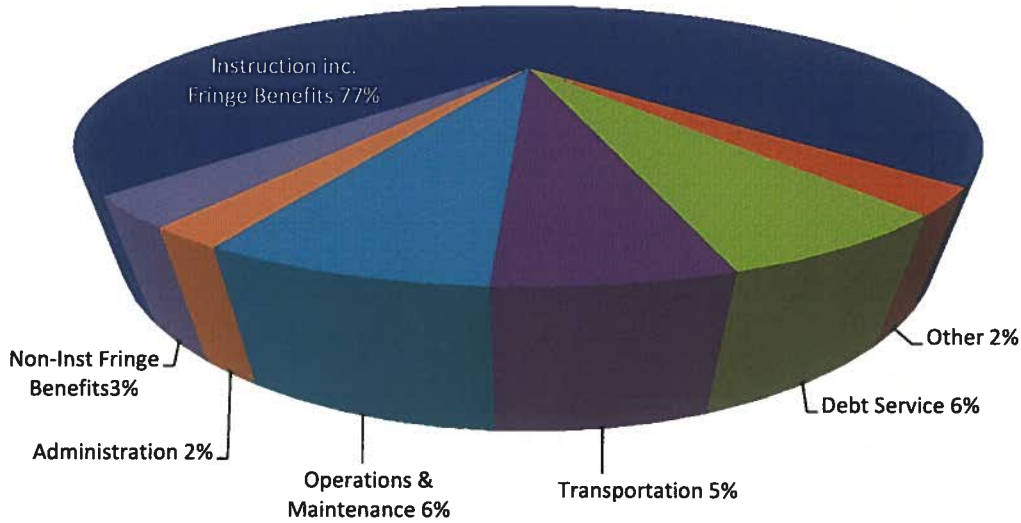


Figure 10 shows that these percentages have been relatively consistent over the past decade with small changes. The percent of the education dollar devoted to operations and maintenance and debt service each declined one percentage point and the percent devoted to non-instructional fringe benefits increased two percent.

Figure 10. Percent Change in Spending

	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	% Change
Instruction	77.0%	75.5%	76.0%	76.1%	76.1%	76.8%	77.5%	76.4%	77.1%	76.8%	-0.2%
Benefits	0.7%	2.3%	2.4%	2.5%	2.5%	2.0%	1.2%	2.7%	2.6%	2.7%	2.0%
Admin	1.9%	2.0%	1.9%	2.0%	1.9%	1.9%	1.9%	1.9%	1.7%	1.7%	-0.1%
Operations	6.7%	6.4%	6.5%	6.3%	6.3%	6.4%	6.1%	6.1%	5.9%	6.0%	-0.7%
Transportation	5.1%	5.2%	5.2%	5.1%	5.0%	5.0%	5.0%	4.9%	4.9%	4.8%	-0.3%
Debt Service	6.3%	5.7%	5.4%	5.4%	5.7%	5.7%	6.1%	5.8%	5.5%	5.5%	-0.8%
Other	2.3%	2.8%	2.6%	2.6%	2.4%	2.2%	2.2%	2.3%	2.3%	2.4%	0.1%

We examined these categories and the subcategories contained within them to determine which spending categories grew the most and least over the last decade. We looked at results for the state as a whole and for groups of school districts categorized by a measure of their student need in relation to resource capacity. The spending categories were taken from Annual Financial Report (ST3) data as aggregated by the New York State Education Department in its Fiscal Profiles.

Figure 11. School District Spending Percent Change 2005-06 to 2014-15 by Need-Resource Capacity Category

	State	NYC	Big 4	HN Urb	HN Rur	Avg	Low
Board of Education	24	60	-30	66	18	19	15
Central Administration	27	30	34	22	37	25	21
Teacher Salaries	21	24	11	16	8	20	25
Pupil Personnel Services Salaries	29	16	31	27	26	30	31
Curriculum Dev and Support Salaries	9	-8	25	11	16	17	21
BOCES	31	0	88	28	36	30	26
Tuition Paid to other districts	-39	-89	-68	17	46	67	7
Other Tuition	113	129	111	77	89	81	62
Other Instructional Salaries	29	55	9	7	25	19	15
Other Instructional Expenses	71	105	89	53	12	16	7
Community Service	-8	-10	-54	-62	43	26	16
Operations and Maintenance	22	53	-10	0	8	7	12
Teacher Retirement	155	152	121	158	134	160	173
Health	59	85	78	41	45	54	45
Other Employee Benefits	30	25	5	28	31	39	39
Other Undistributed	34	53	39	22	44	32	24
Other	100	-22	-51	122	273	137	126
Subtotal	38	51	28	27	28	32	32
Transportation	29	36	46	30	24	21	22
Debt Service Principal	55	6	148	90	106	71	64
Debt Service Interest	-20	-33	59	11	1	-17	-26
Total Expenditures	37	46	33	29	31	32	31

Not all education expenses have grown at the same rate. Figure 11 shows that statewide, total school expenditures grew 37 percent over this ten-year period. The largest growth area was in teacher retirement (155 percent growth) and the smallest growth was tuition paid to other New York State school districts (excluding Special Act Districts), which declined 39 percent. Significant increases also occurred for the Other category (100 percent) which includes primarily inter-fund transfers, such as transfers from the General Fund to the School Food Service Fund or Capital Fund and for Debt Service Principal which increased 55 percent.

Examining the largest areas of growth for school districts grouped by need/resource capacity category shows that teacher retirement was the largest growth area for all types of school districts, with the exception of high-need rural school districts, for which Other showed the largest growth, and the Big 4, in which Debt Service Principal showed the largest growth. Expenditures for teacher retirement grew the most in low need school districts and the least in the Big 4.

Figure 12 presents the change in spending over nine years for school districts grouped by ten regions as defined by the New York State Comptroller.

Figure 12. School District Spending Percent Change by Region 2005-06 to 2014-15

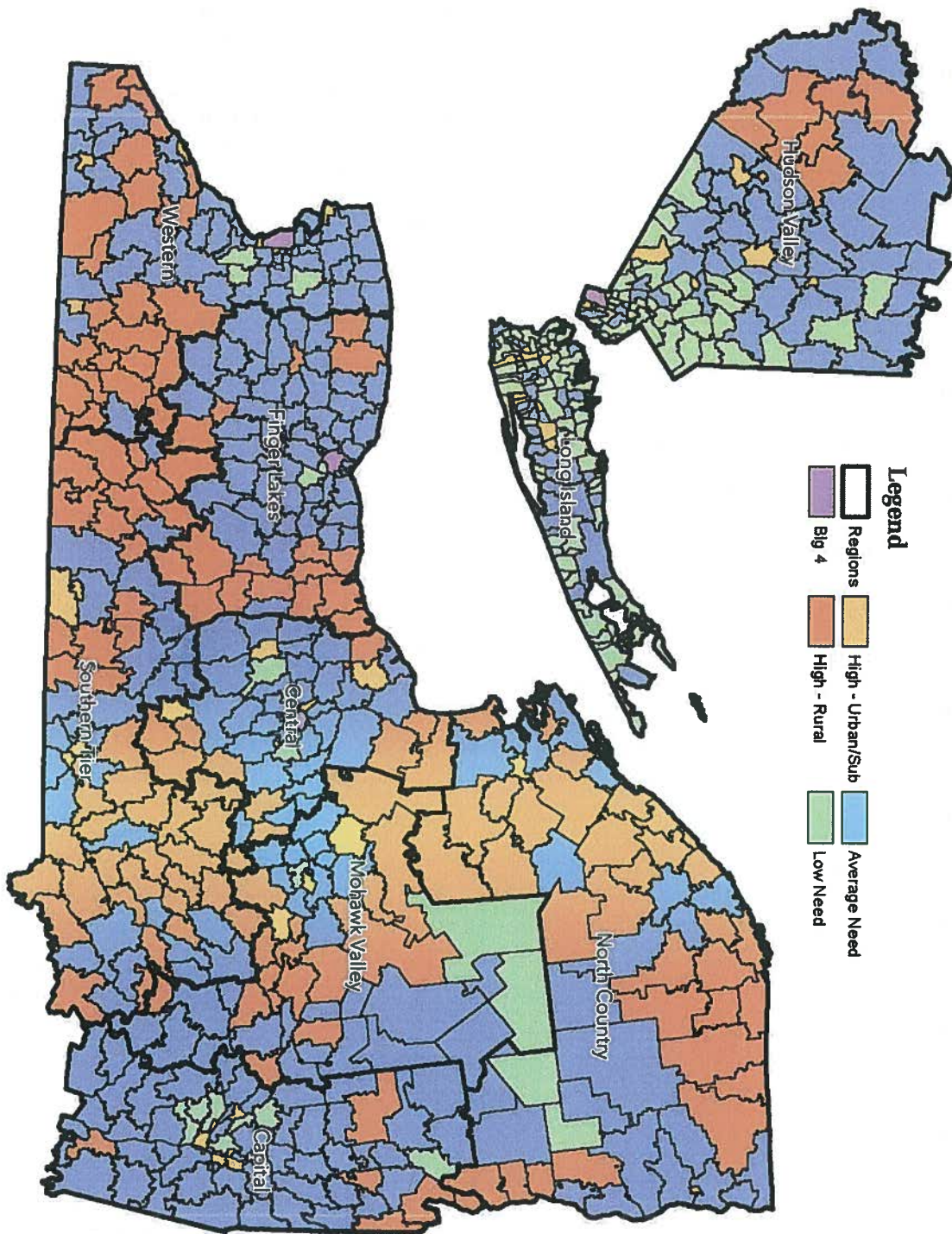
	State	Capital	Central	Finger Lakes	Long Island	Hudson	Mohawk	NYC	Northern	Southern	Western
Board of Education	24	10	45	11	25	10	25	60	20	21	33
Central Administration	27	25	34	23	22	22	23	30	21	39	35
Teacher Salaries	21	13	9	11	29	25	9	24	11	7	9
Pupil Personnel Services Salaries	29	34	31	25	30	35	17	16	25	17	25
Curriculum Dev and Support Salaries	9	15	11	13	23	19	9	-8	18	6	19
BOCES	31	25	42	39	28	31	39	NA	22	37	22
Tuition Paid to other districts	-39	4	50	-51	28	39	6	-89	120	2	63
Other Tuition	113	45	68	126	86	80	64	129	8	321	69
Other Instructional Salaries	29	16	10	18	20	12	17	55	29	15	11
Other Instructional Expenses	71	40	56	50	26	12	26	105	4	11	36
Community Service	-8	-45	-34	-12	14	-28	-38	-10	5	45	19
Operations and Maintenance	22	1	-2	-1	15	12	-1	53	10	1	-10
Teacher Retirement	155	147	145	142	181	163	138	152	141	130	135
Health	59	55	49	63	47	48	47	85	56	43	63
Other Employee Benefits	30	28	24	30	42	35	23	25	38	30	22
Other Undistributed	34	4	53	28	28	27	78	53	69	50	13
Other	100	161	20	114	182	99	219	-22	63	118	53
Subtotal	38	27	26	29	36	32	26	51	28	25	23
Transportation	29	14	33	27	26	28	24	36	24	23	16
Debt Service Principal	55	58	81	61	64	86	101	6	92	110	110
Debt Service Interest	-20	-3	3	-7	-27	-12	-2	-33	-6	5	12
Total Expenditures	37	27	28	29	35	33	29	46	30	28	26

Figure 12 shows that changes in spending on teacher retirement were greatest in every region of the state except the Capital, Long Island, and Mohawk regions in which Other showed the most growth. "Other" expenditures include inter-fund transfers such as transfer to the School Food Services Fund, Capital Fund and transfers from the Special Aid Fund to the General Fund. Spending areas where school districts spent less over this period included Community Service (in the Capital, Central and Mohawk regions), tuition paid to other districts (Finger Lakes and the state as a whole), debt service interest (Long Island, Hudson, NYC, and Northern regions) and operations and maintenance (Southern and Western regions).

Statewide total spending increased 37 percent over this period with considerable variability among the regions. Total spending change was lowest (26 percent) in the Western region. Total spending change was highest (46 percent) in New York City.

Figure 13 is a map of New York State school districts color coded by their need to resource capacity status and region. High need school districts comprise the Big 5 city school districts of New York City, Rochester, Buffalo, Yonkers and Syracuse, and 30 percent of all other school districts, ranked according to a measure of student poverty in relation to school district fiscal capacity. Average need school districts represent 50 percent of non-Big 5 districts and low need school district represent 20 percent of these districts. Each region of the state has a mix of high, average and low need school districts.

Figure 13. New York School Districts by Need/Resource Capacity Classification and Region



Special and General Education

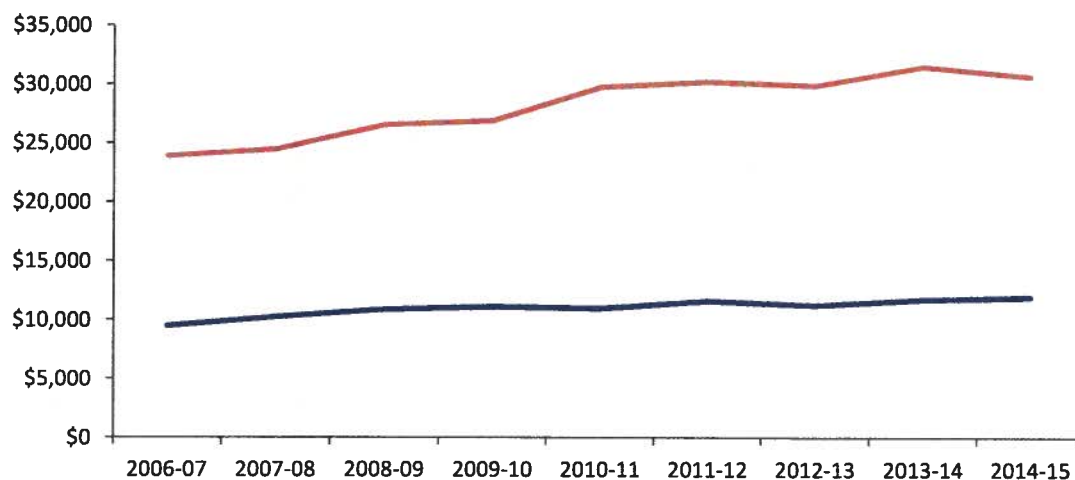
We examined the change in students with disabilities compared with the change in general education students and the change in instructional spending on general education compared with the change in special education spending.

Figure 14. General and Special Education Expenditures 2006-07 to 2014-15

	General Ed	Special Ed	Total
2006-07	\$26,085,780,736	\$9,685,884,288	\$35,771,665,024
2007-08	\$27,938,976,618	\$10,038,982,860	\$37,977,959,478
2008-09	\$29,417,505,672	\$10,926,323,899	\$40,343,829,571
2009-10	\$30,088,158,593	\$11,362,166,093	\$41,450,324,686
2010-11	\$29,473,160,406	\$12,260,104,540	\$41,733,264,946
2011-12	\$31,088,294,986	\$12,418,610,168	\$43,506,905,154
2012-13	\$29,899,829,177	\$12,229,614,003	\$42,129,443,180
2013-14	\$31,104,126,346	\$13,135,320,516	\$44,239,446,862
2014-15	\$31,780,970,752	\$13,848,179,596	\$45,629,150,348
Change 2006 to 2014	22%	43%	28%

Figure 14 shows that both general education and special education expenditures grew from 2006-07 to 2014-15, the latest year for which data are available, although special education spending grew at a somewhat faster rate. Expenditures for general education grew 22 percent and expenditures for special education grew 43 percent over this eight-year period.

Figure 15. General and Special Education Cost per Student 2006-07 to 2014-15



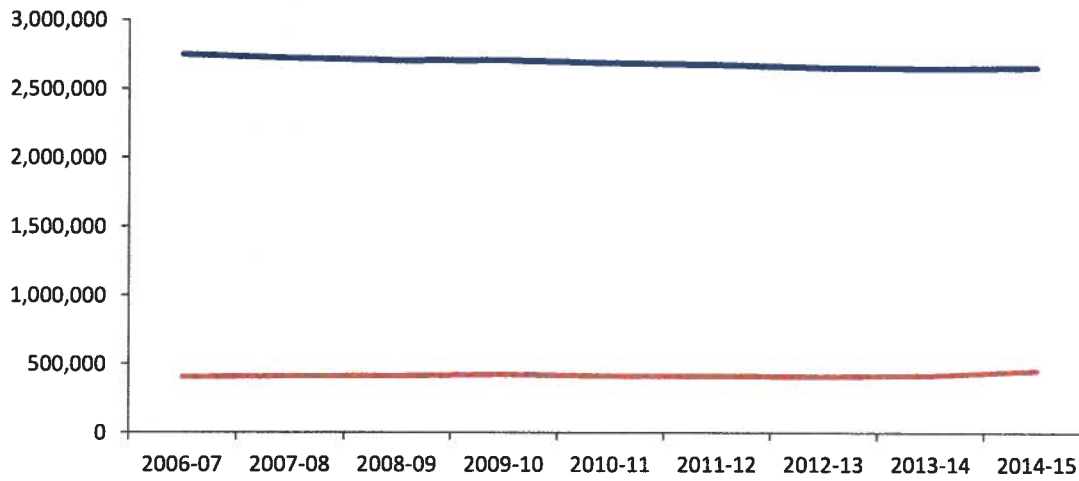
	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	% Change
General Ed	\$9,485	\$10,257	\$10,874	\$11,105	\$10,963	\$11,615	\$11,256	\$11,736	\$11,949	26%
Special Ed	\$23,898	\$24,479	\$26,551	\$26,888	\$29,741	\$30,207	\$29,911	\$31,494	\$30,666	28%
Total	\$11,336	\$12,118	\$12,994	\$13,234	\$13,459	\$14,091	\$13,744	\$14,422	\$14,665	29%

Figure 15 shows the growth in general and special education cost per student over this period. Examining this growth per student shows that expenditures per student grew 26 percent for general education and 28 percent for special education. That is spending per student grew at a comparable rate for both general and special education students. On a per student basis, school districts spent about two and a half times as much on special education as they did on general education. See Figure 16.

Figure 16. Ratio of Special to General Education Cost per Student 2006-07 to 2014-15

2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15
2.52	2.39	2.44	2.42	2.71	2.60	2.66	2.68	2.57

Figure 17. General and Special Education Student Populations: 2006-07 to 2014-15



	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	% Change
General Ed	2,750,202	2,723,955	2,705,290	2,709,505	2,688,528	2,676,495	2,656,383	2,650,367	2,659,777	-3.29%
Special Ed	405,309	410,099	411,516	422,576	412,226	411,123	408,872	417,078	451,577	11.42%
Total	3,155,511	3,134,054	3,116,806	3,132,081	3,100,754	3,087,618	3,065,255	3,067,445	3,111,354	-1.40%

Figure 17 shows the number of general education students declined three percent over this eight-year period and the number of special education students increased by 11.42 percent, contributing to a trend of increasing student needs despite slight enrollment loss. Figure 18 shows that the classification rate for students with disabilities remained a constant 13 percent from 2006-07 to 2012-13 and then increased one percent in each of 2013-14 and 2014-15, so that students with disabilities currently represent 15 percent of the student body.

Figure 18. Percent of General and Special Education Spending and Students: 2006-07 to 2014-15

		2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15
General Ed	Spending	73%	74%	73%	73%	71%	71%	71%	70%	70%
General Ed	Students	87%	87%	87%	87%	87%	87%	87%	86%	85%
Special Ed	Spending	27%	26%	27%	27%	29%	29%	29%	30%	30%
Special Ed	Students	13%	13%	13%	13%	13%	13%	13%	14%	15%

Figure 16 also shows that the balance between special and general education spending changed over this period. Although spending grew for both general and special education, the percent of instructional expenditures devoted to general education declined three percent and the percent devoted to special education grew three percent.

Conclusion

Despite several years of school aid increases, the state share of education funding is barely increasing, the disparity between high and low need districts is increasing, and spending on non-general education programs continues to consume a disproportionate share of school district resources.

These facts demonstrate that both the amount of funding for public schools and how that funding is spent are equally important to providing a sound basic education to all students in the state. The state not only needs to meet its constitutional and legal commitments to fund public schools, but to do so in a manner that both insures the equitable and adequate allocation of resources as well as the efficient use of those resources. Now that the Gap Elimination Adjustment is finally removed, the state can focus on restoring the Foundation Aid formula back to its promised amount. NYSASBO recommends re-examining the formula to ensure that adequacy and equity are met to their fullest extent. NYSASBO has recently released two reports to inform the state's school budget conversation for 2017-18:

- "Supporting our Schools: A Study of New York State Foundation Aid" for a comprehensive review of Foundation Aid and specific recommendations, October 2016.
- Realizing the Vision of School Aid: Opportunity for All. State Aid Recommendations for School Year 2017-18, November 2016.

Tax caps, local government efficiency plans and rebates do little to address the underlying cost drivers of school spending. As mentioned in this study, the largest share of school spending (77 percent) is instructional (i.e., teacher salary) costs and fringe benefits. The largest increases in school spending over a nine-year period were teacher pensions, employee health care and special education. Most, if not all, of these costs drivers are mandated by the state.

In addition, the state should examine funding for non-instructional areas, such as pupil transportation and school construction, and develop more efficient methods of providing support, thus freeing up resources to fund instruction through general-purpose aids such as Foundation Aid. School districts should review all school resources and ensure that every resource decision is made in a manner that helps accomplish their mission relating to student achievement. School business officials, the state's Education CFO's, can help guide this process.

A Guide to the Headings of the Fiscal Profile

Expenditures (GF, SAF, DSF):

Board of Education. This item consists of expenditures related to the Board of Education.

Central Administration. This item consists of expenditures for central administration.

Teacher Salaries. This item was intended to represent the salaries paid to K-12 teachers. This classification scheme is not perfect, since the .15 codes may include salary expenditures for certified personnel who are not necessarily teachers. This classification, however, does provide a reasonable approximation of total salary expenditures for K-12 teachers from the General Fund and Special Aid Fund.

PPS Instr Salaries. This item consists of General Fund and Special Aid Fund instructional salaries for pupil personnel services.

Curriculum Development and Supervision. This item consists of General Fund and Special Aid Fund expenditures for: 1) curriculum development and supervision (instructional salaries); and, 2) supervision of regular and special schools (instructional salaries).

BOCES Instructional Expense. This item consists of General Fund and Special Aid Fund expenditures of districts for instructional program services provided by a Board of Cooperative Educational Services (BOCES). Please note that this category does not include all services provided by a BOCES to a district. Tuition Paid to Other Districts. This item consists of tuition paid to other New York State school districts (excluding Special Act Districts).

Other Tuition. This item represents any expenditures for tuition, which was not reflected in the above Tuition category.

Other Instructional Salaries. This item consists of General Fund and Special Aid Fund salary expenditures for individuals providing services to the instructional program of a district that have not been included in the salary categories previously defined (e.g., prekindergarten teachers, librarians, media specialists, paraprofessionals, teacher aides, secretaries and other support staff).

Other Instructional Expenses. This item consists of all other expenditures for the instructional program, which were not included in the instructional categories defined above. It includes expenditures associated with the instructional program excluding salaries (for example, expenditures for supplies, materials, equipment, interscholastic athletics, and co-curricular activities). The emphasis on technology and payments to charter schools have increased expenditures in this area.

Community Service. This item consists of General Fund and Special Aid Fund expenditures for community services which include: recreational programs (including transportation) sponsored by the board of education; youth programs approved by the State Division for Youth; facilities used for meetings of citizens, parent-teacher associations, lectures and other civic activities; and, job training partnership expenditures.

Operation & Maintenance. This item consists of General Fund and Special Aid Fund expenditures for the operation and maintenance of plant plus repair reserve expenditures.

Teacher Retirement. This item represents payments made for individuals belonging to a teacher retirement system. Some districts report a negative number for this item.

Health. This item consists of district expenditures from the General Fund for hospital, medical and dental coverage for employees.

Other Employee Benefits. This item represents employee benefits excluding teacher retirement and health insurance funded through the General Fund and Special Aid Fund. Some districts reported negative expenditures for one or more of the account codes used in this item.

Other Undistributed. This item consists of General Fund and Special Aid Fund expenditures for items such as: 1) central storeroom; 2) central printing and mailing; 3) central data processing; 4) special items (includes school association dues, judgments and claims, assessments on school property, tax refunds, BOCES administrative charges, and unclassified); 5) expenditures from other reserves; and 6) unallocated insurance.

OTHER. This category is primarily interfund transfers.

SUBTOTAL. For each year, this item was calculated as the sum of the expenditures for the categories described above.

TRANSPORTATION. Data displayed under this item consist of General Fund and Special Aid Fund expenditures for transportation (including bus purchases from current General Fund appropriations). Transportation expenditures are for transportation services, garage building (excluding capital expenditures), contract transportation and transportation provided by BOCES.

DEBT SERVICE (PRI). Expenditures charged to debt service include: principal and interest on long-term debt (which includes serial, statutory, term bonds and capital notes); installment purchase debt for public library, school construction, bus purchases, BOCES construction and other purposes; and, interest on short-term notes (which includes TANs, RANs, BANs, and Budget notes). Data displayed for this item represents expenditures for the payment of debt service principal.

DEBT SERVICE (INT). Data displayed for this item represent expenditures for the payment of debt service interest.

GRAND TOTAL. This item represents the total expenditures charged by a district to the General, Debt Service, and Special Aid Funds. Some districts reported negative expenditures for at least one of the transfers used. Totals may not add due to rounding.

Data Sources and Methods

This study reports primarily on data included in the New York State Education Department's School District Fiscal Profiles. The profiles are published annually and summarize data provided by school districts in Annual Financial Reports (the ST3). Some data were also included from the NYSED's Analysis of School District Finances and State Aid Primer which are published annually.

Information was presented in several instances by groupings of school districts, categorized by NYSED's Need/Resource Capacity categories of school districts. Six categories are used, four high need groupings, average, and low need school districts. The categories are: New York City, the Big 4 city school districts, high need urban and suburban school districts, high need rural school districts, average need school districts, and low need school districts. The table below shows the number of school districts in each category used in this report. For a detailed description of the calculation of need/resource capacity categories, see: <http://www.p12.nysed.gov/stateaidworkgroup/2012-13RSAP/RSAP1213final.pdf> (page 30).

Need Resource Categories

Category	Count
New York City (High)	1
Big 4 (High)	4
Urban / Suburban (High)	46
Rural (High)	151
Average	340
Low	132
Total	674

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