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**Testimony of Julia Konrad, Assistant Director for Education,
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To the Rockefeller Institute of Government on the State Foundation Aid Formula
Tuesday, July 16, 2024**

Good afternoon, members of the Rockefeller Institute of Government. My name is Julia Konrad, and I am the Assistant Director for Education at the New York City Independent Budget Office (IBO). Thank you for the opportunity to testify at this hearing on Foundation Aid.

IBO is a nonpartisan, independent government agency mandated by the New York City Charter following voter approval to adopt proposals put forth by the 1989 Charter Revision Commission. IBO's mission is to enhance public understanding of New York City's budget, public policy and economy through independent analysis. Our vision is to empower New Yorkers to engage with their government with budget and policy information that is accessible, transparent, and timely.

In 2009, the New York State legislature amended State Education Law to authorize IBO to provide analysis and publish reports based on detailed data and information obtained from the New York City Department of Education (DOE). This section of law is tied to the reauthorization of mayoral control and has been in place for 15 years. As a result of IBO's unique position in New York City government and access to DOE data, IBO has published many [reports](#) using student-, school-, and system-level information. Some examples include [Education Indicators](#), a treasure trove of data on the students, schools, and buildings that is regularly updated; IBO's estimate of the need for additional teachers to meet the state's [class size law mandate](#); and [resources](#) available to English Language Learners given the recent influx of asylum seekers.

Turning to my testimony, I will first discuss the student needs that are factored into the Pupil Needs Index portion of the New York State Foundation Aid formula. Then, I will discuss how certain components of the Foundation Aid formula could be improved. Finally, I will describe the student need weights included in New York City's weighted student funding formula, known as Fair Student Funding, as a point of comparison.

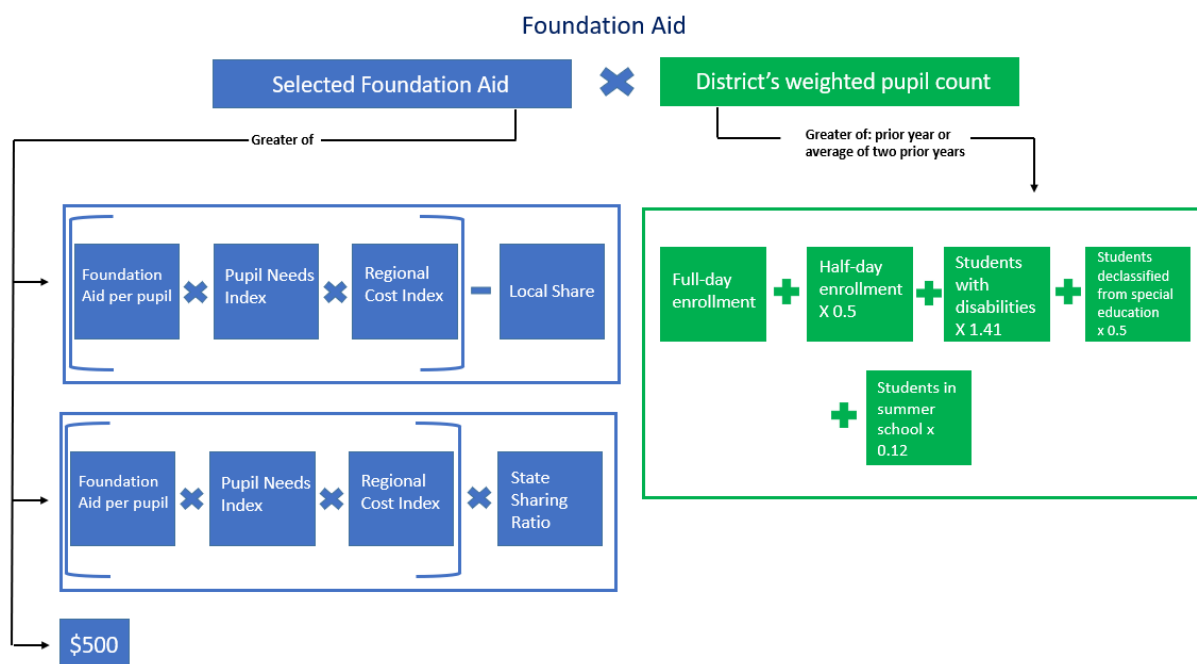
How Student Need Is Factored into State Funding Formula

In New York State, a district's total Foundation Aid amount is calculated by multiplying the "selected foundation aid" by a district's weighted pupil count. Selected foundation aid is calculated from a base Foundation Aid per pupil, multiplied by the district's Pupil Need Index and its Regional Cost Index, after subtracting the district's expected local contribution or multiplying by the state sharing ratio, two measures that account for the district's wealth. The Pupil Need Index incorporates weights for specific student needs: English language learners, students eligible for free or reduced-price lunch (with household income at or below 185 percent of the U.S. Census-based federal poverty line for that household size), the district's U.S. Census-based share of students in poverty, and the district's sparsity count—applicable only for districts with fewer than 25 pupils per square mile. New York State's formula multiplies the Pupil Need Index by a Regional Cost Index, which accounts for variations in purchasing power in nine different regions of the state. That index ranges from 1.000 to the 1.425 used for the region that includes both Long Island and New York City. This means the weights for the student need categories included in



the Pupil Need Index are adjusted based on which of nine regions a district is located in. Once the selected foundation aid per pupil is calculated, it is then multiplied by the district’s weighted pupil count.

The weighted pupil count first considers full-day and half-day enrollment (weighted by 0.5). Additional weights are then incorporated for students with disabilities (weighted by 1.41), students declassified from special education (weighted by 0.5), and students in summer school (weighted by 0.12). While the needs for English language learners and students in poverty are accounted for in the Pupil Need Index, which in turn is adjusted for differences in regional costs, the needs for students with disabilities and students declassified from special education are accounted for in the district’s weighted pupil count.



Potential Adjustments to New York State’s Foundation Aid Formula

Several components of New York State’s Foundation Aid formula have not changed since the formula’s creation. In the Pupil Need Index, the weights for different needs have remained the same since the formula was created in 2007. In addition, the U.S. Census-based share of students (age 5-17) in poverty is still based on the 2000 decennial Census. Finally, the Regional Cost Index remains at its 2006 levels.

Additionally, the formula’s selected Foundation Aid begins with a base Foundation Aid per pupil, calculated as the average per pupil cost across New York State districts categorized as “successful school districts”. This methodology identifies “successful” school districts by academic proficiency measures, and then estimates the average per pupil cost within those districts. During the first nine years of the formula, New York State updated this analysis of “successful school districts” four times to reassess costs associated with positive academic outcomes. However, over the last seven years, there have been no updates to this base per pupil amount, except for a consumer price index adjustment. The use of an outdated per pupil amount has likely led to fiscal challenges for districts, especially since the services needed to successfully educate students have increased substantially since the COVID-19 pandemic. Updating the “successful schools districts” analysis will also impact the student need weight for students with disabilities. New York State may wish to consider alternative methodologies such as

New Jersey’s foundation funding formula, which draws upon a panel of education experts and economists to identify the types and costs of school resources required to meet New Jersey’s academic standards.

What Can We Learn From New York City’s Fair Student Funding Formula?

New York City’s DOE has its own version of a weighted student formula — Fair Student Funding — which it uses to distribute funds to most schools based on the specific needs of their students. Each need category carries its own weight with a per student dollar amount that follows each student. Since its implementation in 2007-2008, the Fair Student Funding formula has evolved over time, incorporating additional student needs as well as adjusting the weights for each need category. For the past school year, 2023-2024, there were 37 different student need weights across seven broad categories. Five categories are long-standing components of Fair Student Funding: grade level, academic intervention needs, English language learner needs, special education needs, and students attending portfolio high schools. Two categories are new as of the 2023-2024 school year: students in temporary housing and a weighted measure for schools with the highest relative concentration of particular needs. Each weight is meant to account for differences in the type of programming needed to support different student needs.

The grade level weights establish the base per pupil amount for all students enrolled in a school, with the weights in the other categories providing additional funds. An elementary school student in grades K-5 with no additional needs represents the base per pupil amount of 1.0. Middle school students (grades 6-8) have a multiplier of 1.08 and high school students (grades 9-12) have a multiplier of 1.03.

The academic intervention weights consider students’ incoming academic achievement levels. Poverty is used as a proxy for need for academic intervention services when prior test scores for incoming students are unavailable — for students younger than grade 3 (the earliest grade tested in New York State standardized tests), or for students coming from outside New York City’s public school system. Other weights within this category vary by students’ grade level and the degree to which their prior performance falls below standards or well below standards. For high school students, additional factors include whether they have amassed a sufficient number of course credits or exhibited other challenges related to graduation.

For English language learners, the formula looks separately at students in grades K-5 and 6-12, and takes into account the type of program in which students are enrolled. Programs include English as a New Language or bilingual education classes, which aim for mastery in English and another language. There are also weights for students who have transitioned out of English language learner status for two years. Finally, there is an additional weight for all students whose formal education has been interrupted.

As with English language learners, weights for students with disabilities vary by the frequency at which they receive those services. This ranges from less than 20 percent of the week; from 21 percent to 59 percent of the week; and greater than 60 percent of the week) and a distinction in the type of services they receive. Students with disabilities in integrated co-teaching classrooms—classrooms that serve students with disabilities alongside their peers without disabilities and provide both a general and special education teacher — receive the highest weights. The formula also separately considers those placed in self-contained classrooms for the majority of the week. Self-contained classes only serve students with disabilities, have a maximum class size of 8 to 12, and may have a paraprofessional in addition to a special education teacher.

Students in portfolio high schools receive additional funding for the specialized career and technical education programs offered (ranked into four different tiers), or for any required specialized academic or arts-related instruction. There are also weights for students in transfer schools, with different weights depending on the degree



to which students present as difficult-to-graduate based on whether they enter a school under-credited and/or with Regents exam proficiency challenges.

Finally, two new weights were introduced during the 2023-2024 school year. First, the formula includes an additional weight for students in temporary housing, as this population has grown considerably over the past decade. Students in temporary housing include those residing in shelters, doubled up with other family or friends, or other temporary arrangements. In the 2023-2024 school year, the new weight for students in temporary housing applied to 95,000 students out of the 777,000 students who were served through the Fair Student Funding formula. Second, all students within a school may receive additional funding if that school has “concentrated need”: a high proportion of students with specific needs relative to other New York City schools. In the 2023-2024 school year, there were 303 schools that received additional funding for a higher concentration of needs out of the 1,529 schools that received Fair Student Funding. This new weight directed additional funding to 85,000 students.

The nuances in New York City’s Fair Student Funding formula may suggest ways to improve upon New York State’s own Foundation Aid formula to more equitably distribute state funding based on district-specific student needs. Over time, New York City’s formula has evolved, so that today’s formula includes new categories of student needs as well as adjustments to the magnitude of certain weights.

In contrast, New York State’s Foundation Aid formula does not account for a student’s grade level, nor the differing types of services provided to English language learners and students with disabilities — despite the differing costs associated with those types of services. Another useful adjustment to New York State’s formula might be to include an additional weight for students in temporary housing, or at a minimum, students in shelter—a group that an [IBO study](#) found to have much lower academic outcomes compared to students who were doubled up.

Thank you for the opportunity to testify and I am happy to answer any questions.