

ResearchBrief

OFFICE OF THE NEW YORK STATE COMPTROLLER

DIVISION OF LOCAL GOVERNMENT AND SCHOOL ACCOUNTABILITY

New York State School Aid: Two Perspectives

Introduction

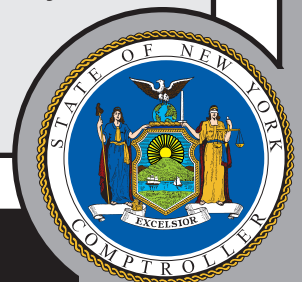
Education funding is a longstanding priority in New York, at both the State and local level, with school aid being a major area of spending – and debate – each year. The Board of Regents and a number of education advocacy groups have recommended school aid funding increases of over \$2 billion for the upcoming school year.¹ The State Fiscal Year (SFY) 2016-17 Executive Budget proposes an increase of \$991 million.²

Negotiations over school aid focus at least as much on how those resources are distributed. In recent years, the priority has been restoring aid reduced or frozen in the wake of the recession, through a series of different formulas, each starting with the prior year's funding as a baseline. The current budget proposal makes similar adjustments, as well as adding some new programs.

This report will examine the recent history of school aid, highlighting the opportunities and challenges presented by this year's budget. The first section looks at aid from the school district perspective, followed by a discussion in the context of New York's overall budget.

Executive Summary

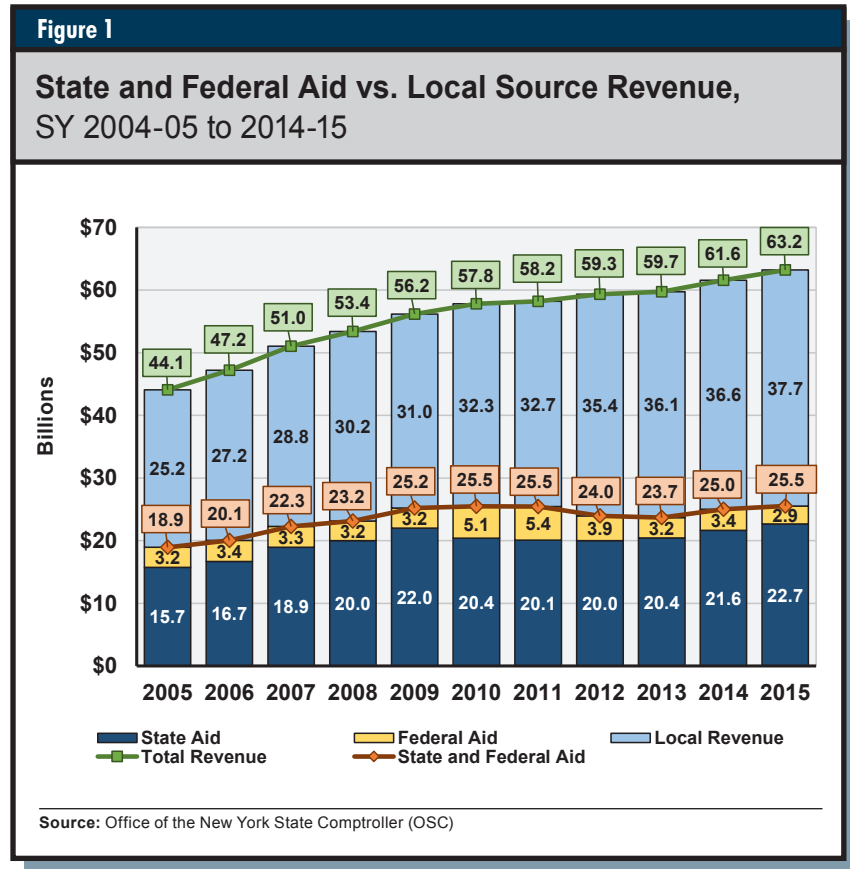
- **State aid has grown each year since School Year (SY) 2012-13, with most of that increase taking place outside of the Foundation Aid formula.**
- **The share of total school district revenues provided by State aid was 35.9 percent as of SY 2014-15, which was the average over the past decade.**
- **The Gap Elimination Adjustment (GEA) continues to reduce aid levels. Partial restoration of GEA cutbacks through a separate formula in each of the last three years has mitigated the effects – especially on the highest-need districts – but has also added complexity to an already complicated school aid system.**
- **School aid is the largest single State-funded expenditure within the State Budget, averaging 23.6 percent of the budget over the past decade. The Division of the Budget projects this share to increase to 25.6 percent over the next three years.**
- **The upcoming budget season provides an opportunity for lawmakers to implement school aid funding changes that will improve transparency and predictability for school districts.**



School District / School Year (SY) Perspective

School districts in New York have three main sources of revenue. The two largest are the local property tax and State school aid, which accounted for about 48 percent and 36 percent of total revenues, respectively, last year, although the proportions of each vary widely among districts. Many districts also receive a smaller, but still significant, amount of federal aid.

All three of these revenue sources have been affected by major economic and policy changes over the past several years, as shown in Figure 1. State aid grew rapidly in response to the implementation of the new Foundation Aid formula, only to be cut in the wake of the 2008-2009 recession, which significantly impacted aggregate State revenues. These cuts were temporarily offset by federal aid infusions through the American Recovery and Reinvestment Act (ARRA) of 2009 and a few smaller temporary federal programs through 2012. Meanwhile, property tax increases (the main component of local revenues) were also slowing throughout most of the period, even before the implementation of the State's property tax levy limit in SY 2012-13.



Fiscal Year Details

The School Year (SY) begins on July 1st and ends on June 30th. The State Fiscal Year (SFY) begins on April 1st and ends on March 31st. While the State budgets for school aid on an SFY basis, individual estimates of school aid and many other aid discussions in the State budget are provided on a SY basis, to facilitate school district budgeting.

The result of those changes was a slowing of total school revenue growth between SY 2009-10 and SY 2012-13, although the pace of growth subsequently increased. The relative share of funding by source fluctuated during that period as well, with the State's share of total revenues peaking at 39.1 percent in SY 2008-09, and dropping to 33.7 percent by SY 2011-12. Last year, the State's share was 35.9 percent, consistent with the average for the ten most recent years.³ Total school district revenue rose \$19 billion, or 43.3 percent, since SY 2004-05.

State School Aid: Not Just How Much, but How

School aid in recent years includes several main categories:

- Foundation Aid: Distributed according to a statutory formula enacted in 2007, this is intended to drive unrestricted aid to districts according to need and ability to pay.
- Expense-driven and other minor aids: These include funding for items such as textbooks, student transportation and the construction of school facilities.
- Gap Elimination Adjustment (GEA) restoration aid: Budget-balancing aid cuts were first imposed on districts in SY 2010-11 through the GEA. In SFY 2012-13 the state began restoring those cuts and in so doing, created "GEA Restoration Aid" as a new category.

Expense-based aids have not seen major formula changes during the last ten years. Based on partial reimbursement of actual expenditures, these aids generally grew each year, unlike Foundation Aid. Thus, the main focus of the Board of Regents, school boards and other advocates of increased aid this year has been on phasing in funding for Foundation Aid and eliminating the GEA.

Foundation Aid

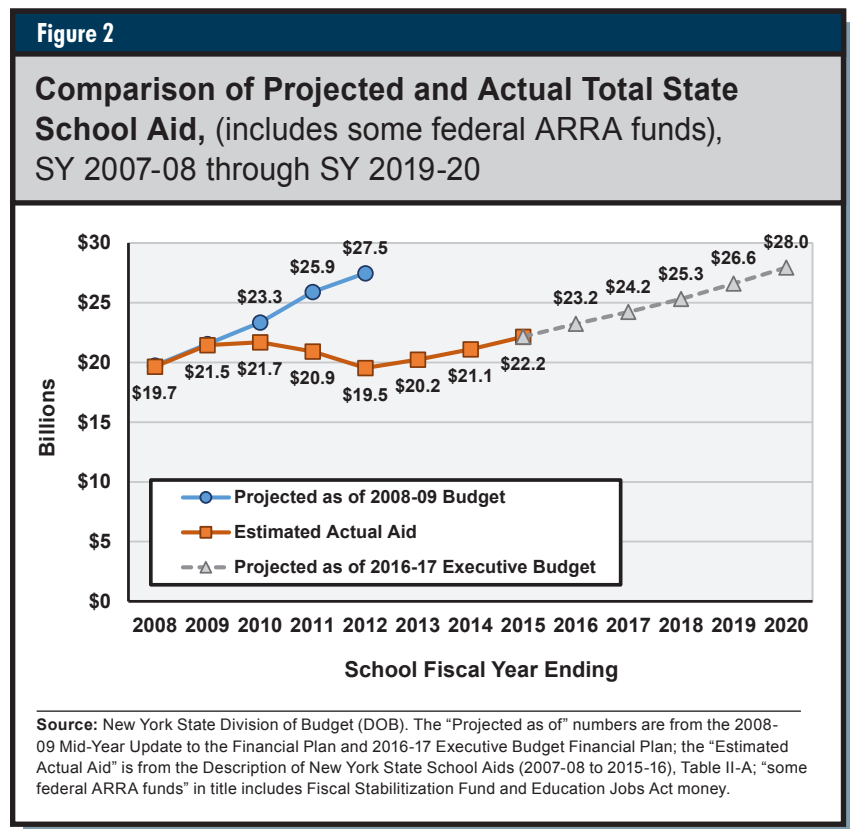
Foundation Aid was first implemented as part of the SFY 2007-08 Enacted Budget after the *Campaign for Fiscal Equity* ruling by the State Court of Appeals, with the State committing to spend an additional \$5.5 billion on a new, transparent funding formula to be phased in over four years.⁴ Funding under this formula was intended to provide sufficient State support to ensure a “sound basic education” for all students in the State. Among other factors, Foundation Aid adjusted for differences in both capacity of districts to raise local taxes and cost to provide services. Cost measures included differences in regional costs and the student population and demographic profile (including poverty, Limited English Proficiency and special needs). The formula also had a planned minimum increase in each year of 3 percent per district, and a maximum of 25 percent, regardless of current funding levels.

The four-year phase-in was never completed. After increases of just over \$1 billion in school years ending in 2008 and 2009, budgets during and just after the recession froze Foundation Aid at that level (\$14.9 billion). Starting in the SFY 2012-13 budget, school year Foundation Aid distributions have increased by between \$112 million and \$428 million per school year. Recent budgets have lacked explicit plans to fund the formula at the level originally proposed in the SFY 2007-08 budget.

Neither the Executive proposal nor any prior budgets have updated the factors upon which Foundation Aid was based.

Thus, factors such as regional poverty rates and even enrollment are all frozen at historical levels. So, even when the Foundation Aid line of aid is increased for some or all districts, it is no longer operating as a true formula that adjusts for these factors. Current funding for Foundation Aid is \$15.9 billion, compared to the original projection of \$18.1 billion by the fourth year of the program (see Appendix A for more detail). This year’s Executive Budget proposes an increase of \$266 million for SY 2016-17.

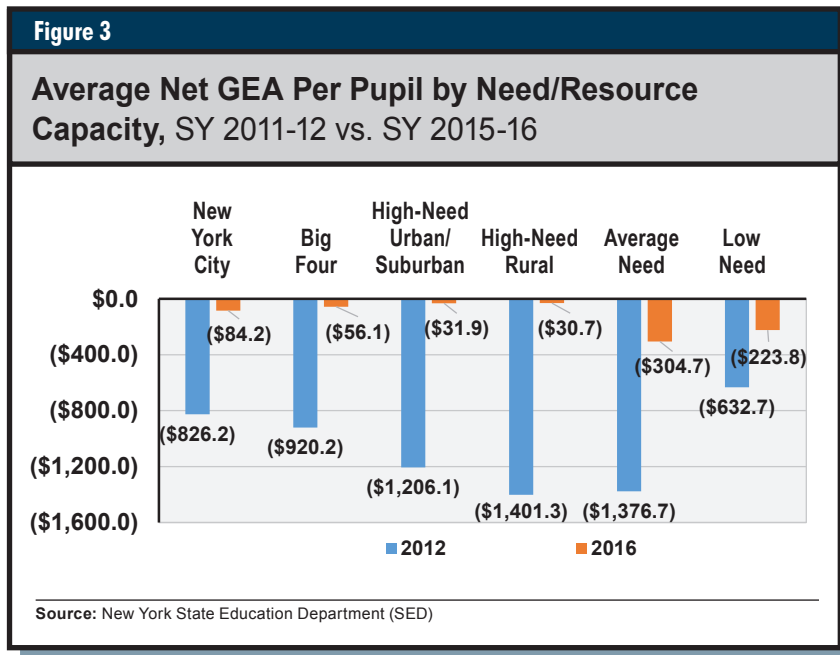
Figure 2 shows total projected school aid as of the SFY 2008-09 budget, which still anticipated phasing in Foundation Aid over four years. Actual appropriations in the ensuing years, as well as projected aid increases in the most recent budget, are also shown.



Gap Elimination Adjustment (GEA)

Starting in SY 2010-11, the State reduced school aid from levels otherwise driven by statutory formulas by \$1.4 billion. These reductions – known as the Gap Elimination Adjustment, or GEA – grew to \$2.6 billion in SY 2011-12. The GEA allowed New York to close a multi-billion dollar budget deficit by assigning a portion of the state’s funding shortfall to all school districts as individual reductions in State aid. Reductions were lower for high-need districts on a percentage basis, but often had a greater impact per pupil for those districts during the first years of the GEA, since much more of their revenue came from State aid to begin with. Thus, even though the SY 2011-12 GEA formula resulted in reductions of 9.5 percent of aid from the highest-need districts compared with 21.4 percent from the lowest-need districts, the average per pupil effect was -\$1,206 in high-need urban/suburban districts and -\$1,401 in high-need rural districts, compared to -\$633 in low-need districts.⁵

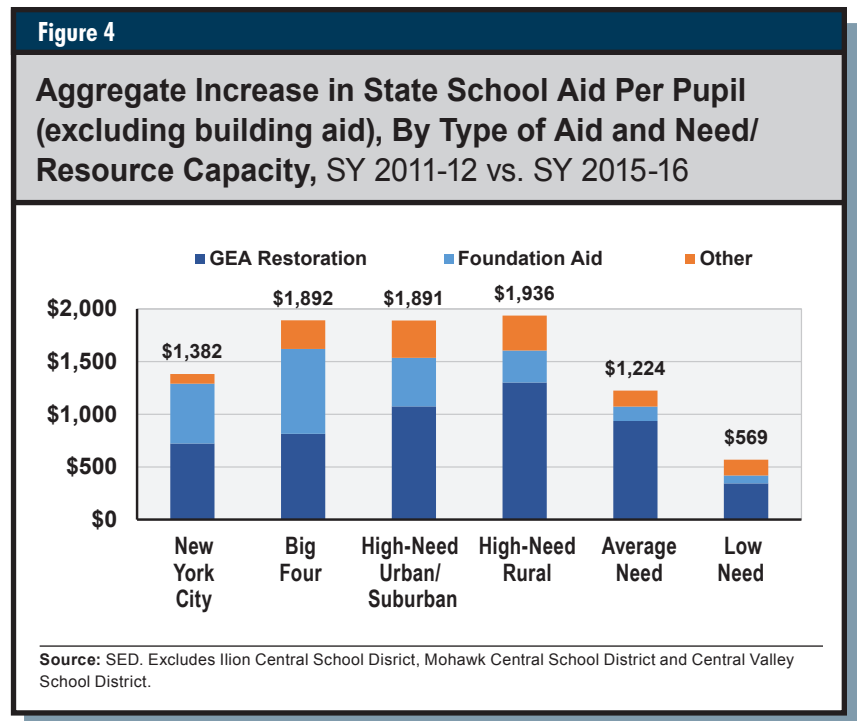
In each year since SY 2012-13, the State has reduced the impact of the GEA by including a separate formula for unrestricted “GEA Restoration Aid” in the budget. This formula has had different calculations in each year, but the net impact over the past four years has been to reduce the GEA’s effect on high-need districts more quickly than on average or low-need districts. This year, most high-need districts had very low net GEA per pupil, averaging -\$32 per pupil in the high-need urban/suburban and rural districts, and -\$56 in the large city school districts of Buffalo, Rochester, Syracuse and Yonkers (commonly known as the “Big Four”). The Executive Budget proposes eliminating the GEA entirely for 200 mostly high need districts, and reducing it by at least 30 percent in the others.



School Aid Bottom Line

Figure 4 shows school aid growth since SY 2011-12, when the GEA was at its largest and Foundation Aid was still frozen. Since that time, aid increases per pupil have been greatest in the highest-need districts outside of New York City. The mix of aid has been a little different, however, with the Big Four districts getting relatively larger increases from Foundation Aid, and other high-need urban/suburban and high-need rural districts getting more from GEA restoration. Compared with these districts, New York City has received relatively lower aid increases over the period, more closely resembling the increase for average-need districts.

Overall, while State school aid has grown since SY 2011-12, most of that growth has taken place outside of the Foundation Aid formula. And, even though GEA Restoration Aid has provided more assistance to school districts during the period, it has also made school aid distribution that much more complex. As a result, State school aid funding is increasingly difficult for school officials and citizens to understand or predict.



Local Revenues: The Property Tax Cap and Use of Fund Balances

School aid is not the complete picture of school finance in New York State. Most districts depend on property tax levies for the majority of their revenue, and it is a major source for all districts. Although controlled at the local level, non-New York City school property taxes have been subject to the State’s levy limit (generally referred to as the “property tax cap”) since SY 2012-13. This law limits growth in the property tax levy to the lesser of 2 percent or the rate of inflation. As noted in a 2015 OSC Snapshot, *Three Years of the Tax Cap – Impact on School Districts*, school districts have been particularly compliant with the tax cap, compared with other types of local governments, for an assortment of reasons. In addition, compliance has risen over the three years of the tax cap’s existence, with only 19 of the State’s 694 districts (2.8 percent) overriding the cap in SY 2014-15.⁶

The property tax cap has been tightening since first imposed in SY 2012-13: the determination of a school district's property tax levy limit begins with a multi-step calculation and involves several elements including an inflation adjustment that can never be more than 2 percent, but can be less. Over the last two years, this factor has been hovering around 1.5 percent, and will be 0.12 percent for SY 2016-17.⁷

One potential response to lower-than-anticipated growth in total revenue is to use fund balance in order to avoid cutting programs. The Comptroller's Fiscal Stress Monitoring System (FSMS) tracks use of fund balance and other financial indicators to detect levels of stress in New York's local governments and school districts.⁸ FSMS results released in January 2016 showed that in SY 2014-15, 109 school districts had low fund balances, but most did not. In fact, recent audits of school districts have shown that some are maintaining excessive reserve fund balances or appropriating more fund balance than the districts can reasonably expect to spend in the next budget year, in order to avoid reporting larger-than-allowed unexpended surpluses.⁹

It is difficult to use aggregate data to determine whether these specific audit findings reflect a more general trend toward either over-funding of reserves or over-appropriation of surpluses among the State's school districts. However, it is possible to examine total fund balance at the end of each fiscal year. In the first years of the recession, school districts received ARRA funding for operating purposes, and municipal governments generally did not. During that period, many counties, cities and towns dipped into their fund balances, but school districts did not do so until SY 2010-11. Even then, the aggregate decrease was minimal, and total school district fund balance statewide continued to grow again the next year, albeit at lower rates. Over the six years analyzed in Figure 5, school districts in aggregate had a fund balance increase of 45 percent.

Figure 5

Percentage Change in Total Fund Balance, (General Fund), By Class, Over Prior Year, FYE 2008 through FYE 2014

Class	2008 to 2009	2009 to 2010	2010 to 2011	2011 to 2012	2012 to 2013	2013 to 2014	Total Change 2008 to 2014
County	-3.08%	1.21%	-5.27%	-9.56%	24.64%	5.40%	10.41%
City	-5.29%	-6.02%	3.07%	-1.88%	25.52%	4.91%	18.55%
Town	-8.59%	-2.72%	2.15%	2.14%	3.37%	-1.47%	-5.51%
Village	0.57%	5.62%	5.62%	5.83%	3.70%	1.45%	24.91%
School District	19.10%	16.71%	-0.14%	3.49%	1.10%	0.10%	45.37%
Total	8.44%	9.94%	-0.36%	1.11%	6.05%	1.20%	28.89%

Source: OSC. Excludes New York City

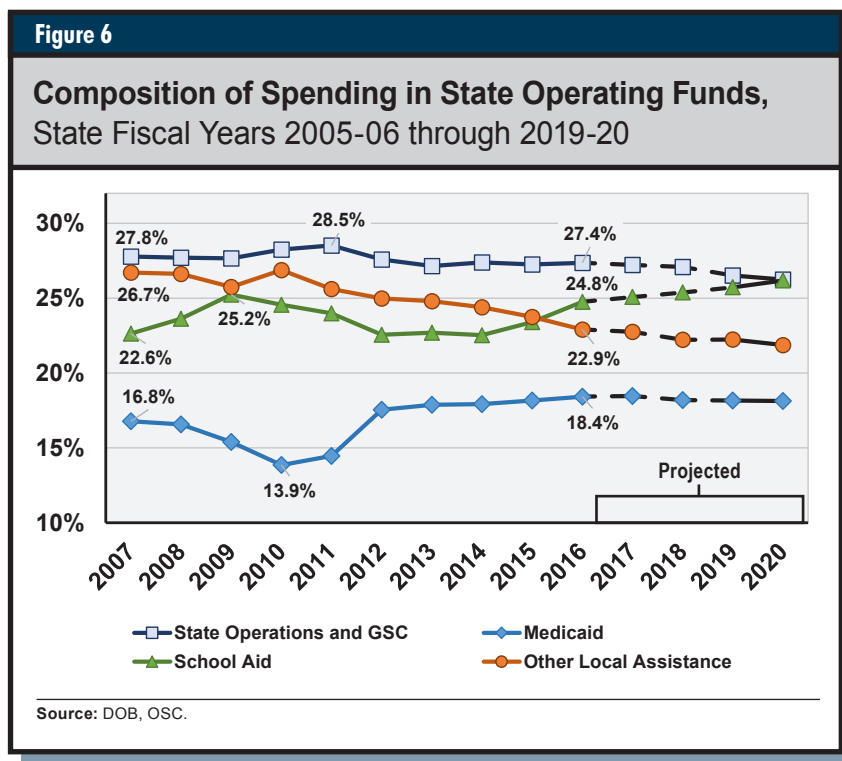
School Aid Within the State Budget

Historically, school aid has been the largest single expenditure of State funds within the State Budget. Aid to school districts reached a recent peak of just over 25 percent of State Operating Funds (SOF) spending in SFY 2008-09, with that share gradually declining over the following three years. School aid's share of the overall State budget, and the level of annual increase, varies over time in ways that may not be predictable despite statutory formulas. As of the State's current 2015-16 fiscal year, school aid represents an estimated 24.8 percent of SOF expenditures.¹⁰

From SFY 2006-07 through current estimates for SFY 2015-16, school aid represented approximately 23.6 percent of annual SOF expenditures, on average. On an SFY basis, average annual growth in school aid over that period was 3.4 percent, compared to average annual inflation of 2.2 percent as measured by the Consumer Price Index. Growth in school aid was less than the average annual growth rate of 3.4 percent for Medicaid, but higher than average increases for other major spending categories of State agency operations (and local assistance programs other than school aid and Medicaid). In the current and immediately preceding State fiscal years, school aid growth has outpaced each of these other expenditure areas.

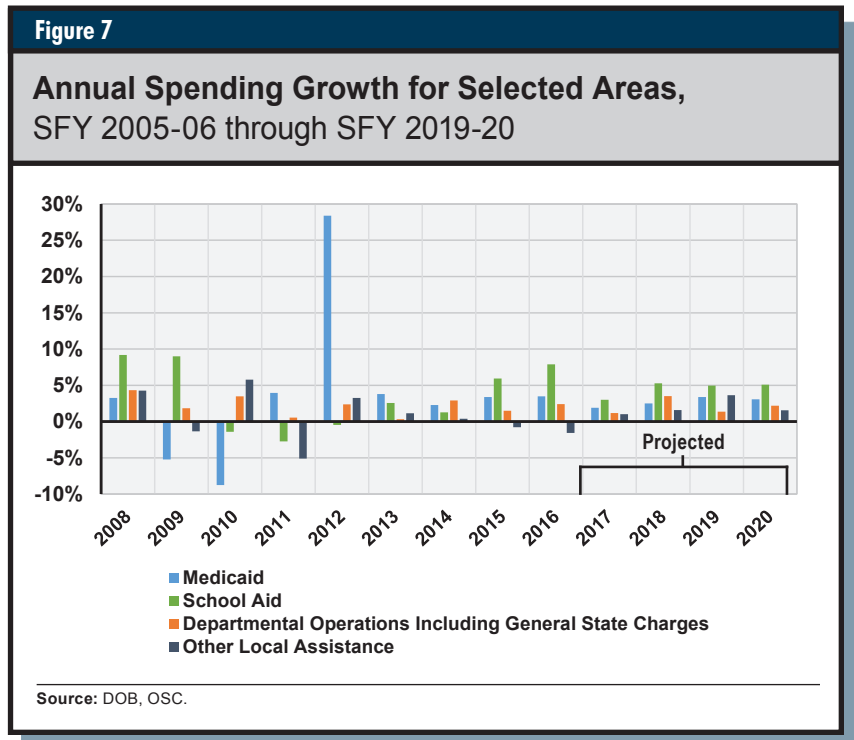
School aid from SOF has increased from \$17.3 billion in SFY 2006-07 to \$23.3 billion in SFY 2015-16, and the State's 2016 Financial Plan Third Quarter Update included in the SFY 2016-17 Executive Budget currently projects it will increase to approximately \$27.9 billion in SFY 2019-20. In SFY 2006-07, school aid made up 22.6 percent of total spending from SOF, a proportion that varies from year to year. Current projections have school aid increasing to 26.2 percent of total spending from SOF by SFY 2019-20.

Figure 6 illustrates the proportion of SOF expenditures devoted to school aid, Medicaid, local assistance programs other than school aid and Medicaid, and all State departmental operations including General State Charges (GSC in Figure 6). These four expenditures make up the majority of total SOF spending.



School aid's projected share of SOF is increasing because spending in this area is projected to grow faster than other areas, including the budget as a whole. Figure 7 illustrates actual annual growth from SFY 2006-07 through SFY 2015-16 and projected annual growth from SFY 2016-17 through SFY 2019-20.¹¹

In recent years, the Executive has expressed a policy of limiting the overall growth of annual SOF spending to 2 percent. State-funded Medicaid and school aid have separate, statutorily defined growth limits that historically have been higher than 2 percent.

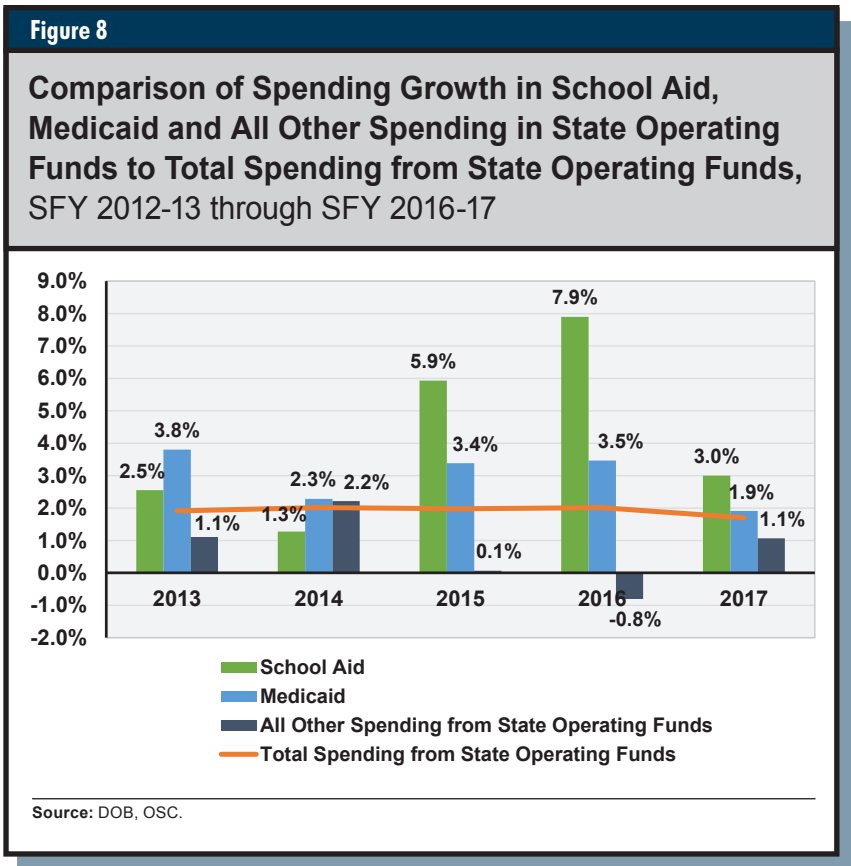


School aid growth on a school-year basis is limited to the annual growth of personal income within New York State (measured on a State fiscal year basis). Because personal income growth can vary significantly from year to year, adherence to the statutory growth limit makes school aid levels more volatile and thus creates budgeting challenges for school districts.

Education assistance authorized in the Enacted Budget has exceeded the statutory cap in each of the last three years, adding \$1.8 billion to school aid over that period. The SFY 2016-17 Executive Proposal increases school aid by 4.3 percent, approximately \$85 million over the cap of 3.9 percent. Figure 8 compares annual spending growth in school aid, Medicaid and all other spending within SOF to total SOF spending, against the 2 percent benchmark promulgated by the Executive in 2012.

School aid from SOF comes primarily from two sources – the State's General Fund (primarily State tax revenues) and Lottery funds. In addition, funds from new casinos authorized by voters in November 2013 will also be directed toward school aid. The Division of the Budget (DOB) anticipates funding from new casinos will start to flow in SFY 2017-18, although funding from licensing may start in SFY 2015-16. From SFY 2006-07 through SFY 2015-16, Lottery funds represented an average 14.8 percent of SOF school aid expenditures while General Fund resources provided the remainder. Over the last 10 years, Lottery aid has averaged about 5 percent of school revenue. In SFY 2015-16, Lottery aid is expected to total \$3.2 billion, approximately 13.8 percent of overall SOF expenditures for school aid.

In SFY 2016-17, DOB expects the General Fund to cover approximately 86.7 percent of SOF school aid spending. While revenues from gambling sources have contributed to school aid over the years, the proportion of school aid from the General Fund represents the great majority of such funding and is projected to increase. Revenue from new casinos dedicated to school aid is expected to reach \$168 million in SFY 2019-20. This will add marginally to total school aid.



Conclusion

Nearly a decade ago the State developed a plan to simplify education funding and ensure both parity and sufficient State support across all school districts for students to receive a “sound basic education.” For numerous reasons, the effort was short lived, and the result has been that funding for schools has become more complicated. As stakeholders undertake planning and negotiation for the upcoming budget, there is an opportunity to work towards a simplified, more equitable and transparent model for funding education in New York State.

Notes

- ¹ New York State Board of Regents State Aid Subcommittee, 2016-2017 Regents State Aid Proposal, December 14, 2015, www.regents.nysed.gov/common/regents/files/2016-2017%20Regents%20State%20Aid%20Proposal.pdf. “Education Lobby Seeks \$2.2 billion Increase,” Albany Times-Union, November 10, 2015; “Fulfilling the Education Promise: A Proposal on State Aid to School Districts for School Year 2016-17,” New York State Association of School Business Officials, November 19, 2015.
- ² “FY 2017 Executive Budget Financial Plan,” New York State Division of Budget, January 2016. For more information on the Executive Budget, see “*Report on the State Fiscal Year 2016-17 Executive Budget*,” OSC, February 2016, www.osc.state.ny.us/reports/budget/2016/review_of_executive_budget_2016.pdf.
- ³ Financial data are reported by school districts to the State Education Department and OSC. Data for New York City are not entirely comparable.
- ⁴ See *Campaign for Fiscal Equity vs. The State of New York*, 8 N.Y.3d 14 (NY 2006).
- ⁵ The New York State Education Department designates all school districts by Need/Resource Capacity (N/RC) Index Codes, which give a broad categorization of student body need (poverty, limited English proficiency, etc.) vs. taxing capacity of the district. The categories are: New York City, Large City District (the “big four” dependent districts of Buffalo, Rochester, Syracuse and Yonkers), High N/RC Urban/Suburban Districts, High N/RC Rural, Average N/RC and Low N/RC.
- ⁶ Local governments must only get a supermajority of their governing board to override the tax cap, whereas school districts require a supermajority of a public vote. See “*Three Years of the Tax Cap – Impact on School Districts*,” OSC, February 2015, www.osc.state.ny.us/localgov/pubs/research/snapshot/schooldistricttaxcap0215.pdf.
- ⁷ For more information on the real property tax cap, see OSC’s website at: www.osc.state.ny.us/localgov/realprop.
- ⁸ For more information on FSMS, visit: <http://www.osc.state.ny.us/localgov/fiscalmonitoring/index.htm>.
- ⁹ Real Property Tax Law Section 1318 limits the amount of unexpended surplus a school district can retain to no more than 4 percent of the next year’s budgeted expenditures, although a school district is allowed to maintain various legal reserves.
- ¹⁰ The figures provided in this section are presented on an SFY basis.
- ¹¹ The Medicaid share of State Operating Funds expenditures declined in SFYs 2008-09 and 2009-10, reflecting extraordinary federal assistance under the American Recovery and Reinvestment Act of 2009 that lowered State costs required to maintain services. The sharp increase in SFY 2011-12 reflects the phase-out of the extraordinary federal aid.

Appendix A

Summary of Foundation Aid From Enacted State Budgets for SFY 2007-08 to SFY 2015-16; Impact on SY Basis			
School Year	Summary	Total Foundation Aid Amount	Change in Foundation Aid from Prior Year
2007-08	The SFY 2007-08 Budget created a new Foundation Aid program that consolidated approximately 30 categories of school aid. This new formula allocated funds based on enrollment rather than attendance. It started with an assumed per pupil cost at a "successful school" and made regional cost adjustments, while providing additional aid for children placed at risk by poverty and Limited English Proficiency, as well as students with disabilities. School districts were held harmless against losses sustained under this new formula and received, at a minimum, a 3 percent increase while being capped at a maximum increase of 25 percent. Foundation Aid was projected to increase by \$5.5 billion (42.5 percent), to a total of \$18.1 billion, by SY 2010-11. The New York City School District was projected to receive \$5.4 billion over four years, with the City providing \$2.2 billion of this amount, and Foundation Aid providing the rest. In SY 2007-08, 207 of the State's high-need school districts (roughly 30 percent of all districts) received 72 percent of this increase.	\$13.7 billion	\$1.1 billion (8.96%)* *compared to the sum of all of the prior year's aid categories that were consolidated into Foundation Aid
2008-09	The maximum amount of a school district's Foundation Aid increase was reduced to 15 percent from 25 percent but the lowest annual increase remained at 3 percent. Also, there was a reduction in the amount of funding that would be phased in over the four-year plan, for a total increase of 37.5 percent.	\$14.9 billion	\$1.2 billion (8.92%)
2009-10	Foundation Aid was virtually frozen at SY 2008-09 levels, and projected to remain at this level in SY 2010-11 as well. Enacted Budget documents note that the full phase-in of Foundation Aid would be extended by three years, ending in SY 2013-14.	\$14.9 billion	\$0.0 billion (0%)
2010-11	Foundation Aid remained virtually frozen at SY 2009-10 levels. The full phase-in of Foundation Aid was still scheduled to be implemented in SY 2013-14.	\$14.9 billion	\$0.0 billion (0%)
2011-12	Foundation Aid remained frozen at SY 2009-10 levels. The enacted budget bill included a statutory school aid growth cap to limit future total "school aid" increases (including, but not limited to Foundation Aid) to the percentage growth in State personal income.	\$14.9 billion	\$0.0 billion (0%)

Appendix A

Summary of Foundation Aid From Enacted State Budgets for SFY 2007-08 to SFY 2015-16; Impact on SY Basis			
School Year	Summary	Total Foundation Aid Amount	Change in Foundation Aid from Prior Year
2012-13	School districts received partial funding of their original four-year phase-in Foundation Aid amount, with a minimum increase of 0.6 percent over SY 2011-12. Enacted budget documents signaled that future phase ins of Foundation Aid would be determined annually.	\$15.0 billion	\$0.1 billion (0.75%)
2013-14	All school districts received a Foundation Aid increase over the prior year of at least 0.3 percent. New York City and the Big Four dependent city school districts of Buffalo, Rochester, Syracuse and Yonkers received increases of 2.2 percent and 1.2 percent, respectively.	\$15.2 billion	\$0.2 billion (1.17%)
2014-15	The SY 2014-15 increase in Foundation Aid was determined based on enrollment, district wealth and overall amount of Foundation Aid still to be phased in. New York City's phase-in factor was 4.3 percent; certain low-wealth school districts with more than 22 percent total Foundation Aid outstanding had a phase-in factor of 7.0 percent. The minimum increase in year-to-year Foundation Aid for a school district was 0.9 percent.	\$15.4 billion	\$0.3 billion (1.65%)
2015-16	In SY 2015-16, a Foundation Aid phase-in factor was determined based on a school district's wealth, need/resource capacity, and the overall amount of Foundation Aid still to be phased in. New York City had a phase-in factor of 13.3 percent and the Big Four city school districts had a phase-in factor of 14 percent. The minimum increase was 0.4 percent.	\$15.9 billion	\$0.4 billion (2.77%)
	TOTAL CHANGE SINCE BASE YEAR (SY 2006-07)		\$3.3 billion (26.2%)
<p>Source: DOB, <i>Description of New York State School Aid Programs</i>, and OSC Enacted Budget Reviews. (Both published annually, 2007 through 2015).</p> <p>Note: Total dollar amount figures are from Table II-A of the <i>Description of New York State School Aid Programs</i>, and are taken from the subsequent year except for SY 2015-16. Amounts may not add due to rounding.</p>			

Appendix B

Summary of Gap Elimination Adjustment (GEA) From Enacted State Budgets for SFY 2009-10 to SFY 2015-16; Impact on SY Basis				
School Year	Summary	GEA Base	Amount of GEA Restored	Net GEA
2009-10	The Executive Budget proposed a "Deficit Reduction Assessment (DRA)" against formula-based aids based on a school district's pupil need, wealth and tax effort. However, the DRA was eliminated due to the receipt of federal American Recovery and Reinvestment Act (ARRA) funding.	-\$1.1 billion	\$1.1 billion	\$0
2010-11	The SFY 2010-11 budget introduced a GEA to the amount every school district would receive in formula-based aid. The GEA was calculated based on a formula that took into account a school district's pupil need, wealth, tax effort and administrative efficiency. The minimum GEA reduction was 8 percent and the maximum was 21 percent of a school district's formula-based aid. An exception was made for high-need school districts so that their reduction was capped at 5 percent of the district's Total General Fund Expenditures (TGFE). A partial restoration of almost 34 percent of a school district's GEA amount was available through the utilization of previously unallocated ARRA funds (Federal State Fiscal Stabilization Fund).	-\$2.1 billion	\$0.7 billion	-\$1.4 billion
2011-12	The base GEA formula was mostly the same as in SY 2010-11, but included additional recognition of a school district's enrollment growth. However, the initial minimum reduction was raised to 9.5 percent of a school district's formula-based aid and the maximum increased to 21.4 percent. The amount of each district's GEA was based on the district's pupil need, wealth, tax effort and administrative efficiency. The TGFE cap was also raised to 6.8 percent, which primarily affected high-need districts. The budget projected that the GEA would be continued, but scaled back to limit growth in school aid to the percentage growth in State personal income.	-\$2.6 billion	\$0	-\$2.6 billion

Appendix B

Summary of Gap Elimination Adjustment (GEA) From Enacted State Budgets for SFY 2009-10 to SFY 2015-16; Impact on SY Basis				
School Year	Summary	GEA Base	Amount of GEA Restored	Net GEA
2012-13	The GEA was reduced by over \$400 million from the prior year's GEA. However, this \$400 million in restored funds was tied to a new "GEA Restoration Aid" formula that had six separate calculations, culminating in a new "Net GEA." The new formula took into account a school district's Extraordinary Needs Percent, general fund expenditures, previous year's GEA, Tax Effort and Combined Wealth Ratio.	-\$2.6 billion	\$0.4 billion	-\$2.2 billion
2013-14	A new GEA restoration formula started with the SY 2012-13 Net GEA as a base, and contained ten separate parts. A school district's restoration of funding was based on whichever calculation provided the greatest amount. GEA Restoration Aid was capped at 43 percent of the prior year's GEA, with a minimum of \$100,000 restored.	-\$2.2 billion	\$0.5 billion	-\$1.6 billion
2014-15	GEA Restoration Aid over the prior year was governed by a new formula, containing ten separate calculations (tiers A to J), with a maximum GEA restoration amount set at 70 percent of a district's prior year GEA amount.	-\$1.6 billion	\$0.6 billion	-\$1.0 billion
2015-16	The GEA Restoration Aid formula was again altered to consist of four tiers and three other calculations geared toward restoring funding to high-need and average-need school districts, but capping GEA restoration at 98 percent of the prior year's GEA.	-\$1.0 billion	\$0.6 billion	-\$0.4 billion
<p>Source: Description of New York State School Aid Programs (2009-10 through 2015-16) published by DOB and OSC Enacted Budget Reviews.</p> <p>Note: Total dollar amount figures are from Table II-A from the subsequent year except for SY 2015-16. Amounts may not add due to rounding.</p>				

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