

DESCRIPTION OF  
2003-04 NEW YORK STATE  
EXECUTIVE BUDGET RECOMMENDATIONS  
FOR  
ELEMENTARY AND SECONDARY EDUCATION

EDUCATION UNIT  
NEW YORK STATE DIVISION OF THE BUDGET  
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## INTRODUCTION

This report provides a summary of the 2003-04 New York State aid programs for elementary and secondary education as recommended in the Executive Budget submitted by Governor Pataki to the Legislature on January 29, 2003.

The descriptions provided in this report were prepared for use by school district officials, representatives of educational organizations, State officials, and other persons interested in New York State public school aid. Although other aspects of the State's budget may directly or indirectly affect public school districts, except where noted, only appropriations which are administered by the State Education Department are covered in this booklet.

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SCHOOL AID/STAR OVERVIEW

Over the past eight years, New Yorkers have made a substantial investment in the education of our children. Between 1994-95 and 2002-03, New York increased State aid to public schools by more than \$4.8 billion, or approximately 50 percent.

Even in the face of fiscal difficulties following September 11, New York provided schools with an aid increase of \$411 million for the 2002-03 school year. Unfortunately, the financial consequences of September 11, coupled with the national economic downturn, have undermined the State's ability to sustain its current level of investment in education. The 2003-04 Executive Budget recommends \$13.40 billion in State support for public schools for the 2003-04 school year - a decrease of \$1.24 billion, or 8.5 percent.

Key components of the 2003-04 Executive Budget recommendations for elementary and secondary education include the following:

- Nine existing formulas will be merged within a new \$9.76 billion Consolidated Operating Aid program. A reduction of \$406.75 million is recommended in Consolidated Operating Aid, representing an average reduction of 4.00 percent, with reductions ranging from 2.00 to 8.75 percent for individual districts reflective of their relative wealth and student needs.
- School districts will be protected from overall computerized aid reductions of more than 5 percent in their total operating budgets.
- In order to minimize the reduction in Consolidated Operating Aid, \$447.83 million in State support for certain discretionary grant programs has been reduced or eliminated. Grants for Universal Pre-Kindergarten, Class Size Reduction, Minor Maintenance and the Full-Day Kindergarten Incentive are proposed for elimination, and recommended funding for Teacher Support Aid reflects a decrease of \$44.99 million.
- For the 2003-04 school year, total funding of \$1,112.50 million is recommended in State support for construction of school facilities. This represents a decrease of

\$144.07 million. This does not represent an aid loss for school districts, but instead reflects implementation of recent school construction finance reforms. For 2003-04, additional reforms are recommended to ensure that limited State resources are effectively targeted to address priority school facility needs across New York. These reforms include the creation of a priority-based funding program for all school construction projects approved by the State Education Department after February 1, 2003.

- BOCES reforms will refocus the State's 38 Boards of Cooperative Educational Services on their core mission of promoting the cost-efficient delivery of educational services on a regional basis. In 2002-03 BOCES Aid will be reduced by 25 percent from the amount that otherwise would be generated under the existing statutory formula.
- The Executive Budget recommends reform in the financing of special education. Effective in the 2003-04 school year, funding of \$2,117.99 million for public special education programs will be incorporated within Consolidated Operating Aid. Also, the reimbursement formula for private special education will be conformed to that currently used for public programs.
- A decrease of \$6.15 million is provided for expense-based Transportation Aid. For 2003-04, a district's Transportation Aid allocation will be the lesser of the amount provided in the base year or the amount generated under the existing statutory formula.
- Allocations for growth, textbook, computer software and hardware, and library materials aids reflect existing statutory formulas. The aids will total \$299.10 million for 2003-04.
- Various "below-the-line" categorical aid programs will be reduced including Teacher Centers (-\$20.00 million) and Teacher-Mentor Intern programs (-\$3.33 million).
- Funding for the Teachers of Tomorrow program will be reduced from \$25.00 million to \$20.00 million reflecting the success of this program in alleviating the shortage of qualified teachers.

- An increase of \$33 million is provided for prior year claims/fiscal stabilization grants.
- A school spending cap is also being recommended to protect taxpayers from excessive spending growth on the part of local schools. Under the Governor's proposal:
  - A school district's annual spending increase could not exceed 4 percent or 120 percent of the increase in the Consumer Price Index for the prior year, whichever is less;
  - Spending increases attributed to enrollment growth, voter-approved capital projects, court orders and other purposes permitted in contingency budgets would be excluded from the increase limitations; and
  - Local taxpayers could approve spending increases beyond the spending cap with a two-thirds majority vote.

#### A. 2003-04 SCHOOL AID

Two years ago, Governor Pataki proposed sweeping reforms to the way the State allocates aid to public schools. The Governor's proposal - known as Flex Aid - would provide schools with greater flexibility to meet locally defined needs. Although current resource constraints do not permit that schools be provided with additional funds for 2003-04, the Executive Budget school aid proposal reflects the basic principles of Flex Aid:

- Existing formulas are simplified and the number of formulas is reduced - nine aid categories are combined into a single Consolidated Operating Aid funding stream;
- Operating aid allocations will be sensitive to each district's relative wealth and student needs; and
- School districts will have maximum flexibility in the use of their consolidated operating aid.

## FORMULA-BASED AIDS

Consolidated Operating Aid: School districts statewide will receive \$9,760.04 million in Consolidated Operating Aid -- a decrease of \$406.75 million, or 4.00 percent. The operating aid reduction will affect all school districts, but low wealth districts and districts with a high proportion of at-risk pupils will experience a lesser reduction.

For the 2003-04 school year, the following nine aid categories are combined within Consolidated Operating Aid: comprehensive operating aid, extraordinary needs aid, operating standards aid, gifted and talented aid, educationally related support services aid, limited English proficiency aid, summer school aid, academic support aid, and public excess cost aid.

Consolidated Operating Aid decreases will be allocated based on the following two-step calculation:

- Each district will be assessed a reduction amount equal to 1.50 percent of its 2002-03 total for the consolidated aid categories noted above.
- All districts will be assessed an additional reduction amount calculated using Free and Reduced Price Lunch (FRPL) and school district combined wealth data. The higher the percentage of students eligible for free and reduced price lunch programs and the lower the per pupil income and property wealth of the district, the smaller the amount of the district's additional reduction.
- The combined loss for districts will range from 2 percent to 8.75 percent of their 2002-03 aid total for the 9 aid categories noted above. However, 2003-04 Consolidated Operating Aid amounts will be adjusted to ensure that no district's year-to-year computerized aid reduction (calculated without Building Aid, Reorganization Incentive Building Aid, Growth Aid and Full-Day Kindergarten Aid) exceeds 5 percent of its base-year total general fund expense.
- A limited English proficiency set-aside requirement will ensure school district compliance with Federal requirements and the continuation of services to pupils with limited proficiency in English. A similar set-aside requirement is provided for public school programs for children with disabilities.

Private Excess Cost Aid: This program supports special education programs serving public school children placed in private school settings and in the State-operated schools at Rome and Batavia.

For 2003-04, the Private Excess Cost aid formula is modified to conform to the current Public Excess Cost Aid formula. Specifically, the State share for a school district of average wealth will be reduced from 85 percent to 49 percent. This reform is intended to eliminate existing fiscal incentives to place children in restrictive program settings. The reform will ensure that the decision to educate a child in a restrictive private setting is based solely on the needs of the child, without regard to financial reimbursement. State funding in 2003-04 will total \$90.80 million.

BOCES Aid: For 2003-04, BOCES Aid will be reduced by 25 percent from the existing statutory funding level. BOCES Aid will total \$387.57 million, a decrease of \$109.32 million from 2002-03. Reforms are also being proposed to focus BOCES on their original purpose - to promote cost-efficiency through the regional delivery of education services. Proposed reforms include the elimination of BOCES aid for general office and administrative functions.

In addition, for the 2005-06 school year, rather than being continued in a separate category, the amount of BOCES aid that districts received in the prior year (2004-05) would be folded into their operating aid amount. This will provide districts with maximum flexibility in the use of these funds.

Special Services Aid: Beginning in 2002-03, eligibility for Special Services Aid for career education and computer services was expanded to include all school districts which are not components of a BOCES. This aid, which totals \$122.11 million for 2003-04, a decrease of \$4.81 million, was previously provided only to the Big Five City school districts. Since these five districts are not permitted to join BOCES, a different formula (now applicable to all non-component districts) is used to fund career education programs and computer services provided by such districts. The career education aid ceiling for 2003-04 is continued at \$3,720. Computer services aid is based upon an aid ratio multiplied by expenses up to \$62.30 multiplied by the district's K-12 enrollment.

Transportation Aid: For 2003-04, the minimum aid ratio for Transportation Aid continues to be 6.5 percent (dependent on district wealth, this aid will range from 6.5 to 90 percent of a district's approved transportation expenses). The aid ratio choice permitting school districts to receive aid based on public and non-public enrollments is continued and will benefit districts transporting large numbers of nonpublic school students. Districts also may claim aid based on the transportation of pupils in district operated summer school courses to improve performance during the summer of 2002.

For 2003-04, a district's Transportation Aid allocation will be the lesser of the amount provided in the base year or the amount generated by the existing statutory formula. Transportation Aid will total \$991.25 million in 2003-04, a decrease of \$6.15 million.

Building/Reorganization Incentive Building Aid: For 2003-04 Building Aid (including Reorganization Incentive Aid will total \$1,112.50 million, reflecting a decline of \$144.07 million. This decline does not represent a loss in aid for school districts, but simply reflects the implementation of previous reforms. Additional reforms proposed for 2003-04 include:

- Priority Pool: The existing open-ended building aid program will be replaced with a priority-based system, which will apply to all projects approved by the State Education Department after February 1, 2003. Projects will be selected for funding based on established priorities, such as projects that address health and safety problems or relieve severe overcrowding. In addition, the current 10 percent building aid enrichment will be limited to instruction-related projects.
- Simplified Aid Calculation: A simplified State aid calculation will apply for projects approved by local voters after July 1, 2003. State aid will be based upon the district's current aid ratio - supplemented by the 10 percent enrichment for instruction-related projects - and school districts will no longer be able to select outdated measures of their local property wealth. In addition, there will be a simplified rated capacity determination to reflect realistic allowances for construction costs and student-based space needs.

Reorganization Incentive Operating Aid: Reorganization Incentive Aid is provided for operating expenses incurred by

those school districts scheduled for reorganization under section 3602 of the Education Law. It is paid as a supplement based on Formula Operating Aid<sup>1</sup> when districts meet certain conditions prescribed by law. Beginning in 1992, reorganization incentive operating aid for reorganizing districts was increased to 40 percent for the first five years. The statutory provisions for reorganization incentive operating aid remain unchanged. In total Reorganization Incentive Operating Aid will amount to \$17.47 million in 2003-04, a decrease of \$2.02 million.

Textbook and Computer Aids: For the 2003-04 school year, the existing statutory funding provisions apply:

- Textbook Aid: These funds reimburse school districts for the purchase and loan of textbooks. Textbooks are loaned to both public and nonpublic pupils. The lottery funded portion of Textbook Aid is \$15.00 per pupil. The general fund portion will be \$42.30 per pupil, for a combined maximum textbook aid payment of \$57.30 per pupil. Schools are also able to qualify for reimbursement based on eligible purchases of content-based instructional materials in an electronic format. This aid will total \$189.85 million in 2003-04, a decrease of \$0.38 million.
- Computer Software Aid: Under this program, aid is apportioned to districts for the purchase and loan of computer software. Software programs designated for use in public schools are to be loaned on an equitable basis to nonpublic school pupils pursuant to Rules of the Board of Regents. For the 2003-04 school year, districts will be reimbursed for expenses up to \$14.98 per pupil based on public and nonpublic school enrollment. For 2003-04, Computer Software Aid will total \$46.03 million, an increase of \$0.55 million.
- Instructional Computer Hardware and Technology Equipment Aid: This aid category provides funding for the lease or purchase of mini- and microcomputers, computer terminals or technology equipment for instructional purposes and repair and staff development. Computer Hardware Aid equals approved expense (up to \$19.25 per pupil, adjusted by the current year AV/RWADA aid ratio). For the 2003-04

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<sup>1</sup> Where appropriate to the aid category calculation, Formula Operating Aid will be used. (Formula Operating aid is cited in subdivision 13 of Section 3602 of the Education Law)

school year, \$28.09 million, an increase of \$0.59 million, is provided.

Library Materials Aid: Districts are reimbursed for expenses up to \$6.00 per pupil based on public and nonpublic school enrollment. For 2003-04, Library Materials Aid will total \$19.34 million, an increase of \$0.12 million. Materials purchased under this program and designated for use in public schools are to be loaned on an equitable basis to nonpublic school pupils.

Growth Aid: Growth Aid to qualifying districts will be paid as a separate apportionment in June 2004. As provided for in Chapter 474 of the Laws of 1996, a district's growth index is calculated based on the change in enrollment rather than the change in average daily attendance. For 2003-04, \$15.79 million is recommended for Growth Aid, a decrease of \$14.86 million.

Discretionary Grant Programs: For the 2003-04 school year, support for the following discretionary grant programs has been eliminated or reduced as follows:

- Universal Prekindergarten funding is recommended for elimination, generating savings of \$200.91 million;
- Early Grade Class Size Reduction funding is recommended for elimination, generating savings of \$134.56 million;
- Minor Maintenance funding is recommended for elimination, generating savings of \$49.97 million;
- Full-Day Kindergarten Incentive funding is recommended for elimination, generating savings of \$17.40 million; and
- Teacher Support Aid funding is reduced by \$44.99 million.

Tax Limitation Aid: No funds are recommended for this program in the 2003-04 school year.

## GRANT PROGRAMS AND OTHER AID CATEGORIES

Teachers of Tomorrow: Since 2000-01, Teachers of Tomorrow has supported the recruitment, training and retention of over 30,000 teachers in classrooms throughout New York State. The success of Teachers of Tomorrow and other efforts to attract and retain teachers in hard-to-staff schools has alleviated the shortage of qualified teachers. As a result, funding for this program can be reduced to \$20.00 million, a decrease of \$5.00 million. Of available funds, \$12.00 million, or 60 percent, will go to New York City.

Teacher Resource and Computer Training Centers: Funding of \$10.00 million, a decrease of \$20.00 million, is recommended for this program in the 2003-04 school year.

Teacher-Mentor Intern: A total of \$1.67 million, a decrease of \$3.33 million, is recommended for 2003-04 to support school-year programs through which new teachers work with an experienced teacher as their mentor.

Categorical Reading Aid: This aid category is provided to the Big Five City school districts to help improve pupil reading skills and academic performance. A total of \$63.95 million in 2003-04, the same amount as last year, is recommended to be distributed as follows:

- New York City \$29.95 million
- Buffalo 17.50 million
- Syracuse 6.00 million
- Rochester 5.50 million
- Yonkers 5.00 million

Improving Pupil Performance: A total of \$66.35 million, the same amount as last year, is continued to fund a program of incentive grants for improving pupil performance in the Big Five City school districts. These funds will be allocated as follows:

- New York City \$36.20 million
- Buffalo 10.50 million
- Yonkers 9.10 million
- Rochester 6.95 million
- Syracuse 3.60 million

Magnet and Demonstration Schools: Magnet schools offer a special curriculum designed to attract students of different

racial backgrounds. A total of \$135.80 million, which continues 2002-03 funding levels, is provided for 19 school districts (including \$116.70 million to the Big Five cities).

• New York City	\$48,175,000
• Yonkers	29,500,000
• Buffalo	17,025,000
• Rochester	11,000,000
• Syracuse	11,000,000
• Newburgh	4,645,000
• Albany	2,050,000
• Mount Vernon	2,000,000
• Poughkeepsie	1,975,000
• Schenectady	1,800,000
• New Rochelle	1,410,000
• Utica	1,200,000
• Port Chester	1,150,000
• White Plains	900,000
• Niagara Falls	600,000
• Freeport	400,000
• Middletown	400,000
• Beacon	366,000
• Peekskill	200,000

Fort Drum Area School Districts: A total of \$2.63 million, the same as last year, is recommended to continue grants to school districts in the Fort Drum area that have pupil enrollments that are impacted due to the influx of personnel at the Fort Drum military reservation.

Aid to Small City School Districts: Aid for small city school districts was instituted as a grant program by Chapter 288 of the Laws of 1979, and was intended to provide funds to districts at or near constitutional tax limits. With the removal of small city constitutional tax limits by a referendum in 1985, aid to small city school districts is provided to permit such districts to adjust their taxes gradually to an appropriate level. A total of \$81.88 million, the same as in 2002-03, will be allocated to small city school districts for the 2003-04 school year.

Employment Preparation Education (EPE) Aid: EPE funding is available for adult education programs such as literacy, basic skills and high school equivalency programs. School districts

and BOCES offering such programs are required to submit plans of service to the Commissioner of Education for approval. Total aid for the 2003-04 school year will be capped at \$76.70 million, a decrease of \$19.48 million, and approved claims above such amount will be subject to proration.

The 2003-04 Executive Budget recommends that performance measures be included in the grant award process for EPE aid. In order to continue receiving funds, providers must demonstrate that students served by the program meet, or exceed, specified educational goals.

Urban-Suburban Transfer: A total of \$1.13 million will be continued in 2003-04 to districts that participate in a voluntary interdistrict transfer between an urban and suburban school district to reduce racial isolation. Related transportation expenses are eligible for Transportation Aid.

Education of Homeless Children: Chapter 348 of the Laws of 1988, by amending section 3602 of the Education Law, instituted this program of State aid. Under this program, school districts where homeless children are temporarily located are reimbursed for the direct cost of educating such children. This cost to the State is partially recaptured from the district of last attendance for each such homeless child by deducting an amount equal to the district's basic contribution per pupil from the district's State aid. The net cost of aid for homeless pupils in 2003-04 is estimated at \$4.00 million.

Aid for Incarcerated Youth: A total of \$13.00 million is recommended to continue support for the provision of educational services to youth detained in local correctional facilities. Pursuant to the provisions of Chapter 53 of the Laws of 1992, such services may now be provided, and aided, during summer sessions as well as the regular school year.

State Bilingual Categorical Funds: In 2003-04, \$11.20 million will be used to continue existing funding of regional bilingual programs at BOCES and to support innovative Two-Way Bilingual Education Programs which employ two languages (one of which is English) for the purpose of instruction, involving students whose native language is other than English.

Education of OMH/OMR Pupils: A total of \$22.00 million, the same as in 2002-03, is provided in the School Aid appropriation for apportionment to school districts for the purpose of providing educational services for children who are residents

in, and those released from, Office of Mental Health and Office of Mental Retardation and Developmental Disabilities facilities pursuant to Chapter 66 of the Laws of 1978 and subdivision 5 of section 3202 of the Education Law, as well as for children who reside in intermediate care facilities for the mentally retarded who receive educational services pursuant to Chapter 721 of the Laws of 1979.

Office of State Comptroller Audits: A total of \$250,000 is continued to ensure accountability through audits of school districts and BOCES.

Learning Technology Grants: A total of \$3.29 million is continued for learning technology programs including services benefiting nonpublic school students.

Bus Driver Safety: A total of \$400,000 is continued in funding for grants to schools for training purposes including, but not limited to, establishment of a statewide school bus driver safety program and distribution of training materials.

Prior Year Claims/Fiscal Stabilization Grants: The 2003-04 Executive Budget recommends \$90.00 million for payment of prior year claims or fiscal stabilization grants for the 2003-04 school year, an increase of \$33.00 million. New York City is estimated to receive \$29.00 million of this increase.

## B. OTHER STATE AID PROGRAMS

The aids highlighted below are shown in Table II-B on a State fiscal year basis. These programs affect school districts, but they are typically not funded in the General Support for Public Schools appropriations.

New York State Center for School Safety: For 2003-04, \$500,000 will continue to be made available through the New York State Center for School Safety to disseminate information and provide training and technical assistance on violence prevention to schools and communities.

Civility, Citizenship and Character Education Curriculum: In 2000, the Legislature enacted the Safe Schools Against Violence in Education (SAVE) initiative which incorporated recommendations of the Task Force on School Violence chaired by Lieutenant Governor Mary Donohue. For 2003-04, a total of \$500,000 is provided to continue support for the development of curricula in grades K-12 that will instruct children on principles such as honesty, tolerance, personal responsibility, respect for others, observance of laws and rules, courtesy and dignity.

Charter School Stimulus Fund: For the 2003-04 school year, a total of \$6.00 million is provided by the State for start-up grants to charter schools and administrative and technical support provided by the Charter School Institute for the 2003-04 school year. Also, Federal funding of \$6.80 million is provided for start-up costs of Charter schools. This Federal funding reflects a \$2.30 million increase over 2002-03 and represents the second year of funding under the Federal Charter School Program Grant. Charter schools will enroll 16,000 New York State students in more than 40 schools with additional schools expected to open in 2004-05.

Adult Education Programs: For the 2003-04 school year, performance measurements will be adopted for programs providing literacy and job training to adults. In order to receive continued State funding, providers will be required to demonstrate that individuals being served by their programs make appropriate educational gains.

- For 2003-04, \$5.00 million is continued for programs for adult basic education for public assistance recipients including reading, mathematics, and life skills offered

to public assistance recipients 16 years of age or older who have a reading level below the ninth grade.

- A total of \$3.32 million is recommended in 2003-04 for a program of adult literacy education consisting of competitive grants to community-based organizations, literacy volunteer organizations, and two- and four-year colleges and libraries.
- In 2003-04, \$1.38 million is recommended for programs to aid labor organizations in the operation of workplace programs in basic literacy and job skills.

Targeted Prekindergarten Program: Prekindergarten programs provide health, psychological and social services to four-year-old children from economically deprived neighborhoods. A total of \$42.67 million, reflecting a reduction of \$7.53 or 15 percent, is recommended for the 2003-04 school year. Grants to support existing school year programs will be awarded based on Regulations of the Commissioner subject to the approval of the Director of the Budget. Programs will receive a proportional reduction in grants and the summer component of the program will be discontinued.

Lunch/Breakfast Programs: A total of \$31.70 million in State funds, the same as last year, including support for additional expenses of school breakfast programs for schools with extraordinary needs, is provided to subsidize school lunch and school breakfast programs. The Federal share in the School Lunch and Breakfast Program under the Food and Nutrition Fund will equal \$631.00 million for the 2003-04 Federal fiscal year.

Education of Native Americans: A total of \$16.00 million, an increase of \$0.35 million, is appropriated for the full cost of elementary and secondary education (including transportation expenses) for Native American children as authorized by Article 83 of the Education Law. The program benefits approximately 2,500 children living on 9 reservations and educated in 3 reservation schools, 13 public school districts and 4 BOCES.

Consortium for Worker Education: This not-for-profit organization, which provides adult education services to union members and workers in New York City is funded at \$8.00 million in 2003-04.

Apprenticeship Training: For 2003-04, \$1.83 million is continued to local education agencies for apprenticeship

training programs pursuant to a formula contained in section 3610 of the Education Law.

Nonpublic School Aid: A total of \$72.80 million, an increase of \$2.80 million, is appropriated to reimburse the actual expenses incurred by nonpublic schools for specified State testing and data-collection activities, pursuant to the provisions of Chapters 507 and 508 of the Laws of 1974.

Academic Intervention for Nonpublic Schools: A total of \$1.00 million continues to be available to support a program of academic intervention services to enhance the educational performance of students attending nonpublic schools.

Roosevelt Union Free School District: In 2002-03, a special academic improvement grant of \$6.00 million was provided the Roosevelt school district through an agreement between the Executive and the Legislature. Consistent with this agreement, the 2003-04 Executive Budget includes \$2.00 million representing the Executive share of this special academic improvement grant.

Private Schools for the Blind and Deaf: A total of \$100.67 million is continued for allowances to eight private schools for the deaf, two private schools for the blind, and the Henry Viscardi School for children with multiple disabilities, under Article 85 of the Education Law.

Preschool Special Education: Pursuant to section 4410 of the Education Law, \$552.20 million is continued for the State's 59.5 percent share of the costs of education for three- and four-year old children with disabilities. Similar to 2002-03, prior year claims on file with the State Education Department as of April 1, 2003 will receive priority treatment. Any remaining claims for which there is insufficient appropriation authority to pay in 2003-04 will receive priority status for payment in 2004-05. As was provided for in Chapter 60 of the Laws of 2000 State reimbursement to counties for preschool administration costs continues at \$75 per child. Federal Individuals with Disabilities Education Act (IDEA) funds will be used to support administrative costs of the program and provide supplemental grants to eligible school-age special education providers.

Summer School Program for Disabled Students: An appropriation of \$173.70 million, the same as last year, is recommended to meet the State's 70 percent share of costs of summer school programs for school-age pupils with disabilities pursuant to Section 4408 of the Education Law. The 2003-04

appropriation will fund prior year liabilities and up to 70 percent of the 2003-04 school year obligations with the remainder to be funded in the subsequent State fiscal year.

Special Education - Federal Medicaid Recovery: For the 2003-04 State fiscal year, Chapter 53 continues a \$170 million offset to State special education costs based on recovery of Federal Medicaid funds for medically related services provided to eligible children in special education programs.

Summer Food Program: A total of \$3.30 million in State funds, the same as last year, is recommended to subsidize summer food service programs operating during the 2003-04 school year.

Other Categorical Aid Programs: No funds are recommended for the following programs in the 2003-04 school year:

- Extended School Day/School Violence Prevention funding is recommended for elimination, generating savings of \$30.20 million;
- Schools as Community Sites funding is recommended for elimination, generating savings of \$6.00 million;
- Schools Under Registration Review funding is recommended for elimination, generating savings of \$2.00 million;
- AIDS Education Program funding is recommended for elimination, generating savings of \$990,000;
- Missing Children Prevention Education funding is recommended for elimination, generating savings of \$900,000;
- Transferring Success funding is recommended for elimination, generating savings of \$629,800;
- Primary Mental Health Project funding is recommended for elimination, generating savings of \$570,000;
- Comprehensive School Health Demonstration Program funding is recommended for elimination, generating savings of \$525,000;
- Parenting Education funding is recommended for elimination, generating savings of \$506,400;

- National Board of Professional Teaching Standards Certification funding is recommended for elimination, generating savings of \$500,000;
- School Health Demonstration Project funding is recommended for elimination, generating savings of \$150,000; and
- Children of Migrant Workers funding is recommended for elimination, generating savings of \$90,000.

Targeted Special Education Teacher Salary Supplement: No General fund support is recommended for this program in the 2003-04 school year. However, Federal funding of \$2.00 million will be used to provide supplemental grants to eligible special education schools for the 2003-04 school year.

Advances to Hurd City School Districts: A total of \$8,687,000 in loan funds (Hurd advances) is appropriated in 2003-04 for city school districts first eligible to receive loans pursuant to Chapter 280 of the Laws of 1978. Commencing with 1992-93, pursuant to Chapter 280 of the Laws of 1978 as amended by Chapter 53 of the Laws of 1991, district advances are being reduced by 5 percent per year, until no advances are made in the 2011-2012 school year.

## SCHOOL TAX RELIEF (STAR) PROGRAM

Chapter 389 of the Laws of 1997 included a multi-year School Tax Relief (STAR) program which will provide nearly \$2.17 billion in 2003-04 to reimburse school districts for State-authorized property tax relief for homeowners. Senior homeowners at least 65 years old and with incomes up to \$62,100 are eligible to receive exemptions of at least \$50,000 from the full value of their primary residences for school tax purposes. The property tax component of the STAR program will also provide other homeowners with at least a \$30,000 exemption from the full value of their primary residence for school property tax purposes. In those counties where the median value of homes exceeds the statewide median home value, as determined by the State Office of Real Property Services (ORPS), the value of the exemptions will be increased. The State will reimburse school districts dollar-for-dollar for the property tax revenues foregone from these exemptions.

### School District Reimbursement for STAR

STAR exemptions have no effect on determining tax levies, rates or other State aid. School districts are reimbursed for the taxes foregone upon application to the State Office of Real Property Services. ORPS certifies to the Commissioner of Education amounts payable under the STAR program and school districts receive reimbursement from the State Education Department pursuant to a separate STAR payment schedule established in section 3609-e of the Education Law.

STAR reimbursements in the 2003-04 school year will be governed by a statutory formula designed to ensure that outstanding STAR balances do not exceed specified percentages of a district's property tax levy. Assuming timely filing of claims by districts, any STAR amounts that exceed 25% of a district's property tax levy will be paid in October. Remaining STAR amounts that exceed 20% of levy will be paid in November and STAR owed in excess of 15% of levy will be paid in December. The balance of STAR due to districts will be paid by the first business day of January. Any increase in STAR aid that occurs as a result of adjustments that are made after the January payment will be paid by March 31, 2004.

## 2003-2004 Budget

Preserving the STAR Program During Fiscal Constraint: STAR benefits for non-senior homeowners will be capped at their 2002-03 levels for one year only. Seniors qualifying for the enhanced STAR benefit will not be capped. Existing benefits for current basic STAR recipients would not increase for 2003-04. Growth in basic STAR benefits will resume in 2004-05.

Capping School Spending Increases: To protect taxpayers from unrestrained school tax increases, the Governor is proposing legislation that caps school budget increases. A school district's annual spending could not exceed 4 percent or 120 percent of the increase in the Consumer Price Index for the prior year, whichever is less. Spending attributed to increases in enrollment growth, voter-approved capital projects, court orders and other purposes permitted in contingency budgets would be excluded from the increase limitations. Local taxpayers could approve spending increases above the spending cap with a two-thirds majority vote.

## OTHER INITIATIVES

Mandate Relief: In these difficult fiscal times, New York State has a responsibility to help local school districts address the fiscal challenges they face by lifting burdensome and unnecessary mandates that have been imposed upon them. The 2003-04 Executive Budget includes a series of new mandate relief measures that will give schools the tools they need to better manage their resources. Proposed 2003-04 mandate relief measures include:

- In order to restrict new State mandates, the Board of Regents will be required to obtain the review and approval of the State Office of Regulatory Reform for new regulations that would have significant costs for schools, the State and local governments;
- Schools will be provided an exemption from Wicks Law requirements which mandate the use of multiple contracts for school construction projects. This reform will reduce the cost of new school construction by more than 10 percent; and
- Existing statutory provisions governing the composition of special education committees will be modified to conform to Federal law in order to eliminate mandates that exceed Federal requirements. By aligning State and Federal requirements, compliance for school districts will be streamlined and simplified.

Systemic Reform: In 2002, sweeping reforms were enacted in the governance of New York City's school system. At the core of this historic action was the restructuring of the Board of Education, with a majority of its members now appointed by the Mayor - thereby making the City's highest elected official accountable for the performance of the City's public school system.

For 2003-04, the Executive Budget recommends that accountability reforms, successfully begun in New York City, be extended to the State's other major urban centers to provide their mayors a greater voice in their school systems.

Using the New York City school governance reforms as a model, the 2003-04 Executive Budget advances an overhaul of New York's State educational governance system. Under this legislation, a majority of the State Board of Regents will be

appointed by the Governor - thereby making the State's highest elected official accountable for the performance of New York's educational system.

Currently, New York is only one of two states in the nation where the Legislature appoints a board that is responsible for supervising the state's educational system. As a result of the Executive Budget proposal, New York's educational governance structure will be brought into conformance with the majority of other states. Under the proposed restructuring of the Board of Regents:

- The number of Regents will be increased from 16 to 18;
- The Governor will appoint 12 Regents that will represent each of the State's judicial districts; and
- Legislative leaders will appoint the remaining six Regents.

The proposed educational governance reforms will be accompanied by a restructuring of the State Education Department to sharpen its focus on its core mission of educating the State's children.

School Evaluation Services: The 2003-04 Executive Budget includes \$600,000 for a school evaluation services initiative to enhance the accountability and operational effectiveness of the State's public schools. Local school officials will be able to evaluate the relative cost-effectiveness of their educational and administrative programs by reviewing data that clearly displays the "return on resources" among comparable school districts. Similar programs have already been initiated in Michigan and Pennsylvania and have proven to be a successful means of promoting improved student performance and accountability.

Advantage Schools: Advantage Schools began in 1998-99 as a \$500,000 program operating in 9 sites and providing services to 870 children. In the coming year the Advantage School program will support 210 sites and provide 26,000 school-age children with supervised educational and social activities during non-school hours. The 2003-04 Executive Budget recommends \$20.20 million in Federal Temporary Assistance for Needy Families (TANF) funds for the Advantage School program and maintains support for programs that operated in 2002-03.

Oversight of Federal Funding: The 2003-04 Executive Budget promotes accountability in the use of Federal funding by discretely budgeting each major program and making the spending of all discretionary funding subject to plans approved by the Director of the Budget. These plans will assure that discretionary Federal Funding is targeted to key education reform initiatives.

## II

### SUMMARY OF 2003-04 SCHOOL YEAR/FISCAL YEAR APPROPRIATIONS

#### School Year/Fiscal Year Impact

There are two time frames to consider when discussing 2003-04 New York State aid programs relating to support for public schools: the 2003-04 school year which runs from July 1, 2003 through June 30, 2004; and the 2003-04 State fiscal year which runs from April 1, 2003 through March 31, 2004. Tables in this section summarize: the school year and State fiscal year State-funded appropriations for School Aid and 2002-03 and 2003-04 State fiscal year appropriations from the General Fund and Lottery Fund.

- Table II-A shows the school year changes for aid programs funded within the School Aid appropriations for 2003-04. Computerized aids decrease by 8.77 percent.
- Table II-B gives the 2002-03 and 2003-04 State fiscal year appropriations from the General Fund, School Tax Relief Fund, and Lottery Fund.

TABLE II-A  
SUMMARY OF AIDS FINANCED THROUGH SCHOOL AID  
APPROPRIATIONS -- 2002-03 AND 2003-04 SCHOOL YEARS -- NEW YORK STATE

AID CATEGORY	2002-03 School Year	2003-04 School Year	Change	% Change
I. Computerized Aids:	(----- Amounts in Millions -----)			
Comprehensive Operating Aid	\$6,874.86	\$0.00	NA	NA %
Extraordinary Needs Aid	725.42	0.00	NA	NA
Operating Standards Aid	221.38	0.00	NA	NA
Gifted & Talented	14.16	0.00	NA	NA
ERSSA	73.67	0.00	NA	NA
Limited English Proficiency	70.87	0.00	NA	NA
Summer School	43.52	0.00	NA	NA
Academic Support Aid	24.92	0.00	NA	NA
Excess Cost - Public	2,117.99	0.00	NA	NA
Consolidated Operating Aid	<u>\$10,166.79</u>	<u>\$9,760.04</u>	<u>(\$406.75)</u>	<u>(4.00) %</u>
Textbooks (Incl. Lottery)	190.23	189.85	(0.38)	(0.20)
Computer Software	45.48	46.03	0.55	1.21
Computer Hardware	27.50	28.09	0.59	2.15
Library Materials	19.22	19.34	0.12	0.62
Reorganization Incentive (Operating)	19.49	17.47	(2.02)	(10.36)
Transportation (Including Summer)	997.40	991.25	(6.15)	(0.62)
Excess Cost - Private	161.48	90.80	(70.68)	(43.77)
BOCES	496.89	387.57	(109.32)	(22.00)
Special Services (Career Ed./Computer Admin.)	126.92	122.11	(4.81)	(3.79)
Tax Limitation Aid	25.00	0.00	(25.00)	(100.00)
Subtotal Computerized Aid Excluding Bldg. and Growth Aids and Discretionary Grants	<u>12,276.40</u>	<u>11,652.55</u>	<u>(623.85)</u>	<u>(5.08)</u>
Building/Reorganization Building	1,256.57 (a)	1,112.50	(144.07)	(11.47)
Growth Aid	30.65	15.79	(14.86)	(48.48)
Prekindergarten	200.91	0.00	(200.91)	(100.00)
Class Size Reduction	134.56	0.00	(134.56)	(100.00)
Minor Maintenance	49.97	0.00	(49.97)	(100.00)
Full-Day K	17.40	0.00	(17.40)	(100.00)
Teacher Support Aid	67.48	22.49	(44.99)	(66.67)
Computerized Aids Total	<u>\$14,033.94</u>	<u>\$12,803.34</u>	<u>(\$1,230.60)</u>	<u>(8.77) %</u>
II. Grant Programs and Other Aid Categories:				
Teachers of Tomorrow	25.00	20.00	(5.00)	(20.00)
Teacher Centers	30.00	10.00	(20.00)	(66.67)
Teacher-Mentor Intern	5.00	1.67	(3.33)	(66.60)
Roosevelt	0.00	2.00	2.00	NA
Categorical Reading	63.95	63.95	0.00	0.00
Improving Pupil Performance	66.35	66.35	0.00	0.00
Magnet Schools	135.80	135.80	0.00	0.00
Aid to Small City School Districts	81.88	81.88	0.00	0.00
Fort Drum	2.63	2.63	0.00	0.00
Urban-Suburban Transfer	1.13	1.13	0.00	0.00
Employment Preparation Education	96.18	76.70	(19.48)	(20.25)
Homeless Pupils	4.00	4.00	0.00	0.00
Incarcerated Youth	13.00	13.00	0.00	0.00
Bilingual	11.20	11.20	0.00	0.00
Comptroller Audits	0.25	0.25	0.00	0.00
Education of OMH/OMR Pupils	22.00	22.00	0.00	0.00
Special School Districts	2.20	2.20	0.00	0.00
Chargebacks	(18.00)	(18.00)	0.00	0.00
Tuition Adjustment	1.18	1.18	0.00	0.00
CVVEB	0.92	0.92	0.00	0.00
BOCES Aid for Special Act Districts	0.68	0.51	(0.17)	(25.00)
Learning Technology Grants	3.29	3.29	0.00	0.00
Shared Services Incentive	0.20	0.20	0.00	0.00
Native American Building	2.00	2.00	0.00	0.00
Bus Driver Safety	0.40	0.40	0.00	0.00
Prior Year Claims/Fiscal Stabilization Grants	57.00	90.00	33.00	57.89
Subtotal	<u>608.24</u>	<u>595.26</u>	<u>(12.98)</u>	<u>(2.13)</u>
SCHOOL YEAR TOTAL	<u>\$14,642.18</u>	<u>\$13,398.60</u>	<u>(\$1,243.58)</u>	<u>(8.49) %</u>

(a) Includes \$96.67 million for Capital Outlay Transition grants.

Source: State Education Department computer runs and Executive Budget estimates of January 29, 2003.

TABLE II-B  
2002-03 AND 2003-04 STATE FISCAL YEAR APPROPRIATIONS FROM GENERAL & SPECIAL REVENUE FUNDS

State Education Department Aid to Localities Appropriation	Change			
	2002-03	2003-04	Amount	Percent
School Aid and STAR	\$17,058,231,000	\$16,532,287,000	(\$525,944,000)	(3.08) %
General Support for Public Schools	11,641,483,750	11,085,886,600	(555,597,150)	(4.77)
Teacher Support Aid	0	15,745,400	15,745,400	NA
Small City School Districts	0	57,260,000	57,260,000	NA
Improving Pupil Performance	0	46,445,000	46,445,000	NA
Categorical Reading	0	44,765,000	44,765,000	NA
Magnet Schools	0	95,060,000	95,060,000	NA
Teacher-Mentor Intern	3,500,000 (a)	1,169,000	(2,331,000)	(66.60)
Teacher Resource & Computer Centers	26,700,000 (a)	7,000,000	(19,700,000)	(73.78)
BOCES	470,781,250	467,654,000	(3,127,250)	(0.66)
Employment Preparation Education	96,180,000	96,180,000	0	0.00
School Capital Needs	35,000,000	0	(35,000,000)	(100.00)
Pre-Kindergarten Programs	143,500,000	0	(143,500,000)	(100.00)
Class Size Reduction Programs	98,000,000	0	(98,000,000)	(100.00)
Total General Fund	12,515,145,000	11,917,165,000	(597,980,000)	(4.78)
STAR: School Tax Relief Fund	2,700,000,000	2,780,000,000	80,000,000	2.96
Lottery Fund	1,843,086,000	1,835,122,000	(7,964,000)	(0.43)
Other Public Elementary and Secondary Education Programs	\$252,759,800	\$125,265,800	(\$127,494,000)	(50.44) %
Targeted Prekindergarten	50,200,000	46,435,000	(3,765,000)	(7.50)
Children of Migrant Workers	90,000	0	(90,000)	(100.00)
New York City Peer Intervention Program	1,000,000	0	(1,000,000)	(100.00)
National Board for Professional Teaching Standards Certification Program	500,000	0	(500,000)	(100.00)
Teacher Resource & Computer Centers	0	300,000	300,000	NA
Transferring Success	629,800	0	(629,800)	(100.00)
Adult Basic Education	5,000,000	5,000,000	0	0.00
Adult Literacy Education	3,324,700	3,324,700	0	0.00
Parenting Education	506,400	0	(506,400)	(100.00)
Missing Children Prevention Education	900,000	0	(900,000)	(100.00)
AIDS Education	990,000	0	(990,000)	(100.00)
Workplace Literacy	1,376,100	1,376,100	0	0.00
Apprenticeship Training	1,830,000	1,830,000	0	0.00
Lunch/Breakfast Programs	31,700,000	31,700,000	0	0.00
Education of Native Americans	15,650,000	16,000,000	350,000	2.24
Schools as Community Sites	6,000,000	0	(6,000,000)	(100.00)
Comprehensive School Health Demonstration	525,000	0	(525,000)	(100.00)
New York State Center for School Safety	500,000	500,000	0	0.00
Civility, Citizenship and Character Education Curriculum	500,000	500,000	0	0.00
Academic Intervention for Nonpublic Schools	1,000,000	1,000,000	0	0.00
Extended School Day/School Violence Prevention	30,200,000	0	(30,200,000)	(100.00)
School Health Demonstration Project	150,000	0	(150,000)	(100.00)
Schools Under Registration Review	2,000,000	0	(2,000,000)	(100.00)
Primary Mental Health Project	570,000	0	(570,000)	(100.00)
Summer Food Program	3,300,000	3,300,000	0	0.00
Consortium for Worker Education	10,000,000	8,000,000	(2,000,000)	(20.00)
Additional Consortium for Worker Education	655,000	0	(655,000)	(100.00)
Poughkeepsie Magnet School	100,000	0	(100,000)	(100.00)
Beacon Magnet School	48,000	0	(48,000)	(100.00)
Charter School Start Up Grants	8,150,000	6,000,000	(2,150,000)	(26.38)
North Shore Child and Family Guidance Center	125,000	0	(125,000)	(100.00)
Grants-in-aid for Certain School Districts	17,476,600	0	(17,476,600)	(100.00)
Stabilization Grants for 2002-03	7,763,200	0	(7,763,200)	(100.00)
Fiscal Stabilization Grants	50,000,000	0	(50,000,000)	(100.00)

Other School Programs	2002-03	2003-04	Change	
			Amount	Percent
	<u>\$718,591,000</u>	<u>\$721,391,000</u>	<u>\$2,800,000</u>	<u>0.39 %</u>
Nonpublic School Aid	70,000,000	72,800,000	2,800,000	4.00
Private Schools for the Blind & Deaf (G.F.)	100,671,000	100,671,000	0	0.00
Private Schools for the Blind & Deaf (Lott.)	20,000	20,000	0	0.00
Special Education Targeted Adjustment Aid	2,000,000	0	(2,000,000)	(100.00)
Preschool Handicapped	552,200,000	552,200,000	0	0.00
Summer School Handicapped	173,700,000	173,700,000	0	0.00
Less: Special Education Medicaid Offset	(170,000,000)	(170,000,000)	0	0.00
Less: Consortium for Worker Education Offset	(10,000,000)	(8,000,000)	2,000,000	(20.00)
Fiscal Year Total (excluding Hurd Loans)	<u>\$18,029,581,800</u>	<u>\$17,378,943,800</u>	<u>(\$650,638,000)</u>	<u>(3.61) %</u>
Advances to Hurd City School Districts (b)	<u>9,775,000</u>	<u>8,687,000</u>	<u>(1,088,000)</u>	<u>(11.13)</u>
FISCAL YEAR TOTAL	<u>\$18,039,356,800</u>	<u>\$17,387,630,800</u>	<u>(\$651,726,000)</u>	<u>(3.61) %</u>

(a) Funding for Teacher Resource and Computer Training Centers and Teacher-Mentor Intern was provided both within school aid and outside of school aid in 2002-03. Amounts for both programs are included in the total General Support for Public Schools appropriation for comparison purposes.

(b) As loans, these appropriations do not impact the financial plan.

Source: Laws of the State of New York: Chapters 53 and 83, Laws of 2002; 2003-2004 Executive Budget.

General Effects of Aid Changes: Statewide, New York City, Big Five Cities and Rest of State

Recommended school aid provisions will increase payments to 15 major school districts by \$7.90 million in the 2003-04 school year. There are 665 districts that are projected to have losses of \$1,238.50 million. The combined total of increases and losses produce a net decrease statewide of \$1,230.60 million, or 8.77 percent.

- Table II-C lists the aid amounts allocated to each of the Big Five city school districts under selected School Aid programs. The aids analyzed are those shown in Table II-A.
- Table II-D lists changes in all School Aid individual aid categories for New York City. The net decrease for all aids is 8.23 percent.
- In Table II-E, major 2003-04 aid categories have been combined to show the overall impact upon school districts in the State's 18 most populous counties, New York City, and the rest of the State.

The State average decrease for these aids will be 8.77 percent. The 371 districts in the 18 most populous counties contain 48.43 percent of the State's public school pupils. These districts will receive 42.86 percent of the 2003-04 combined aids total. Districts in the 18 most populous counties will have an average combined aids decrease of 9.24 percent. Districts in the rest of the State, exclusive of New York City, will have an average decrease of 7.61 percent and will receive 19.89 percent of the 2003-04 combined aids total.

TABLE II-C  
SUMMARY OF SELECTED AIDS TO THE BIG FIVE CITY SCHOOL DISTRICTS FINANCED  
THROUGH SCHOOL AID APPROPRIATIONS: 2002-03 AND 2003-04

AID CATEGORY	New York City		Buffalo		Rochester		Syracuse		Yonkers	
	2002-03	2003-04	2002-03	2003-04	2002-03	2003-04	2002-03	2003-04	2002-03	2003-04
I. Computerized Aids:	(----- Amounts in Millions -----)									
Comprehensive Operating Aid	\$2,458.74	\$0.00	\$176.64	\$0.00	\$115.47	\$0.00	\$77.62	\$0.00	\$30.08	\$0.00
Extraordinary Needs Aid	442.30	0.00	21.34	0.00	23.14	0.00	8.28	0.00	8.09	0.00
Operating Standards Aid	83.05	0.00	8.99	0.00	7.35	0.00	3.80	0.00	1.36	0.00
Gifted & Talented	5.46	0.00	0.23	0.00	0.20	0.00	0.12	0.00	0.13	0.00
ERSSA	36.51	0.00	2.20	0.00	2.07	0.00	1.08	0.00	0.64	0.00
Limited English Proficiency	49.77	0.00	2.04	0.00	2.21	0.00	1.10	0.00	1.58	0.00
Summer School	35.10	0.00	0.17	0.00	1.10	0.00	0.02	0.00	0.15	0.00
Academic Support Aid	12.82	0.00	2.10	0.00	2.02	0.00	2.28	0.00	5.70	0.00
Excess Cost - Public	810.56	0.00	50.16	0.00	55.07	0.00	27.62	0.00	18.65	0.00
Consolidated Operating Aid	3,934.31	3,824.55	263.87	261.17	208.63	204.46	121.92	119.20	66.38	63.68
Software, Library, Textbooks	104.80	104.30	4.25	4.15	3.41	3.14	1.85	1.74	2.49	2.54
Computer Hardware	11.32	11.27	0.71	0.71	0.57	0.59	0.31	0.31	0.05	0.05
Transportation (Including Summer)	286.28	286.28	25.88	25.88	30.33	30.33	8.48	8.34	11.50	11.45
Excess Cost - Private	66.12	30.00	12.50	6.52	7.64	4.95	0.28	0.24	2.86	1.10
Special Services (Career Ed/Comp Admin.)	97.67	92.22	8.85	8.93	5.37	5.73	3.81	4.47	4.82	5.52
Tax Limitation Aid	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Subtotal Computerized Aid Excluding Bldg. and Growth and Discretionary Grants	4,500.50	4,348.62	316.06	307.37	255.95	249.20	136.65	134.30	88.10	84.34
Building Aid	399.59	399.71	9.58	8.01	11.23	9.73	6.81	6.33	2.80	2.89
Growth Aid	0.00	0.00	0.00	2.56	0.00	0.00	0.00	0.00	0.00	0.09
Prekindergarten	146.53	0.00	7.10	0.00	7.06	0.00	3.22	0.00	2.60	0.00
Class Size Reduction	88.84	0.00	4.97	0.00	4.60	0.00	3.30	0.00	4.60	0.00
Minor Maintenance	33.33	0.00	0.61	0.00	0.44	0.00	0.27	0.00	0.34	0.00
Full-Day K	0.00	0.00	0.00	0.00	6.14	0.00	0.00	0.00	0.00	0.00
Teacher Support Aid	62.71	20.90	1.74	0.58	1.08	0.36	0.81	0.27	1.15	0.38
Computerized Aids Total	\$5,231.50	\$4,769.23	\$340.06	\$318.52	\$286.51	\$259.29	\$151.06	\$140.90	\$99.59	\$87.70
Change from 2002-03 School Year		(\$462.27)		(\$21.54)		(\$27.22)		(\$10.16)		(\$11.89)
Percent		-8.84%		-6.33%		-9.50%		-6.73%		-11.94%
II. Grant Programs and Other Aid Categories:										
Teachers of Tomorrow	15.00	12.00	1.05	0.84	2.57	2.06	0.80	0.64	2.90	2.32
Teacher Centers	11.25	3.75	0.71	0.24	0.46	0.15	0.46	0.15	0.28	0.09
Teacher-Mentor Intern	2.00	0.67	0.15	0.05	0.25	0.08	0.10	0.03	0.10	0.03
Categorical Reading	29.95	29.95	17.50	17.50	5.50	5.50	6.00	6.00	5.00	5.00
Improving Pupil Performance	36.20	36.20	10.50	10.50	6.95	6.95	3.60	3.60	9.10	9.10
Magnet Schools	48.18	48.18	17.03	17.03	11.00	11.00	11.00	11.00	29.50	29.50
Subtotal	142.58	130.75	46.94	46.16	26.73	25.74	21.96	21.42	46.88	46.04
SCHOOL YEAR TOTAL SELECTED AIDS	\$5,374.08	\$4,899.98	\$387.00	\$364.68	\$313.24	\$285.03	\$173.02	\$162.32	\$146.47	\$133.74
Change from 2002-03 School Year		(\$474.10)		(\$22.32)		(\$28.21)		(\$10.70)		(\$12.73)
Percent		-8.82%		-5.77%		-9.01%		-6.18%		-8.69%

Source: State Education Department computer runs and Executive Budget estimates of January 29, 2003.

TABLE II-D  
SUMMARY OF AIDS FINANCED THROUGH SCHOOL AID  
APPROPRIATIONS -- 2002-03 AND 2003-04 SCHOOL YEARS -- NEW YORK CITY

AID CATEGORY	2002-03 School Year	2003-04 School Year	Change	% Change
(----- Amounts in Millions -----)				
<b>I. Computerized Aids:</b>				
Comprehensive Operating Aid	\$2,458.74	\$0.00	NA	NA %
Extraordinary Needs Aid	442.30	0.00	NA	NA
Operating Standards Aid	83.05	0.00	NA	NA
Gifted & Talented	5.46	0.00	NA	NA
ERSSA	36.51	0.00	NA	NA
Limited English Proficiency	49.77	0.00	NA	NA
Summer School	35.10	0.00	NA	NA
Academic Support Aid	12.82	0.00	NA	NA
Excess Cost - Public	810.56	0.00	NA	NA
Consolidated Operating Aid	<u>\$3,934.31</u>	<u>\$3,824.55</u>	<u>(\$109.76)</u>	<u>(2.79) %</u>
Textbooks (Incl. Lottery)	76.75	76.38	(0.37)	(0.48)
Computer Software	20.03	19.94	(0.09)	(0.45)
Computer Hardware	11.32	11.27	(0.05)	(0.44)
Library Materials	8.02	7.98	(0.04)	(0.50)
Transportation (Including Summer)	286.28	286.28	0.00	0.00
Excess Cost - Private	66.12	30.00	(36.12)	(54.63)
Special Services (Career Ed.)	63.76	60.02	(3.74)	(5.87)
Special Services (Computer Admin.)	33.91	32.20	(1.71)	(5.04)
Tax Limitation Aid	0.00	0.00	0.00	0.00
Subtotal Computerized Aid Excluding Bldg. and Growth Aids and Discretionary Grants	<u>4,500.50</u>	<u>4,348.62</u>	<u>(151.88)</u>	<u>(3.37)</u>
Building	399.59 (a)	399.71	0.12	0.03
Growth Aid	0.00	0.00	0.00	0.00
Prekindergarten	146.53	0.00	(146.53)	(100.00)
Class Size Reduction	88.84	0.00	(88.84)	(100.00)
Minor Maintenance	33.33	0.00	(33.33)	(100.00)
Full-Day K	0.00	0.00	0.00	0.00
Teacher Support Aid	62.71	20.90	(41.81)	(66.67)
Computerized Aids Total	<u>\$5,231.50</u>	<u>\$4,769.23</u>	<u>(\$462.27)</u>	<u>(8.84) %</u>
<b>II. Grant Programs and Other Aid Categories:</b>				
Teachers of Tomorrow	15.00	12.00	(3.00)	(20.00)
Teacher Centers	11.25	3.75	(7.50)	(66.67)
Teacher-Mentor Intern	2.00	0.67	(1.33)	(66.50)
Categorical Reading	29.95	29.95	0.00	0.00
Improving Pupil Performance	36.20	36.20	0.00	0.00
Magnet Schools	48.18	48.18	0.00	0.00
Employment Preparation Education	34.40	30.96	(3.44)	(10.00)
Homeless Pupils	0.00	0.00	0.00	0.00
Incarcerated Youth	0.00	0.00	0.00	0.00
Bilingual	6.50	6.50	0.00	0.00
Education of OMH/OMR Pupils	9.00	9.00	0.00	0.00
Chargebacks	(5.00)	(5.00)	0.00	0.00
Learning Technology Grants	1.13	1.13	0.00	0.00
Prior Year Claims/Fiscal Stabilization Grant	33.00	62.00	29.00	87.88
Subtotal	<u>221.61</u>	<u>235.34</u>	<u>13.73</u>	<u>6.20</u>
<b>SCHOOL YEAR TOTAL</b>	<u><u>\$5,453.11</u></u>	<u><u>\$5,004.57</u></u>	<u><u>(\$448.54)</u></u>	<u><u>(8.23) %</u></u>

(a) Includes \$7.57 million for Capital Outlay Transition grants.

Source: State Education Department computer runs and Executive Budget estimates of January 29, 2003.

TABLE II-E  
CHANGE IN SCHOOL AID (a) FOR 2002-03 AND 2003-04 SCHOOL YEARS:  
18 MOST POPULOUS COUNTIES, NEW YORK CITY AND REST OF STATE

AREA	No. of Dtrs.	Percent of Total State TAPU (b)	2003-04 Combined Aids		Change in Aid from 2002-03 to 2003-04		Number of Districts		
			2002-03 Combined Aids	Amount	Percent of State Total	Amount	Percent	With Aid Increases	With Aid Decreases
(----- Dollar Amounts in Thousands -----)									
Albany	13	1.46	\$151,454	\$138,384	1.08	(\$13,070)	(8.63)	0	13
Broome	12	1.15	181,587	168,797	1.32	(12,790)	(7.04)	1	11
Chautauqua	18	0.85	171,380	156,439	1.22	(14,941)	(8.72)	1	17
Dutchess	13	1.61	188,103	166,713	1.30	(21,390)	(11.37)	1	12
Erie	28	4.94	744,875	691,690	5.40	(53,185)	(7.14)	1	27
Monroe	18	4.23	635,446	568,913	4.44	(66,533)	(10.47)	0	18
Nassau	56	7.37	555,474	484,960	3.79	(70,514)	(12.69)	0	56
Niagara	10	1.25	219,944	199,396	1.56	(20,548)	(9.34)	0	10
Oneida	15	1.33	240,160	217,118	1.70	(23,042)	(9.59)	0	15
Onondaga	18	2.69	393,275	365,890	2.86	(27,385)	(6.96)	0	18
Orange	17	2.29	320,797	298,699	2.33	(22,098)	(6.89)	1	16
Rensselaer	11	0.81	140,114	130,167	1.02	(9,947)	(7.10)	0	11
Rockland	8	1.45	130,680	114,783	0.90	(15,897)	(12.16)	0	8
Saratoga	12	1.23	167,074	152,373	1.19	(14,701)	(8.80)	0	12
Schenectady	6	0.77	103,205	96,127	0.75	(7,078)	(6.86)	0	6
Suffolk	67	9.09	1,230,262	1,115,691	8.71	(114,571)	(9.31)	2	65
Ulster	9	0.98	129,485	118,615	0.93	(10,870)	(8.40)	0	9
Westchester	40	4.93	342,942	302,901	2.37	(40,041)	(11.68)	0	40
18 Most Populous Counties	371	48.43	\$6,046,260	\$5,487,656	42.86	(\$558,604)	(9.24)	7	364
New York City	1	37.01	5,231,497	4,769,229	37.25	(462,268)	(8.84)	0	1
Rest of State	308	14.56	2,756,188	2,546,455	19.89	(209,733)	(7.61)	8	300
TOTAL STATE	680	100.00	\$14,033,945	\$12,803,340	100.00	(\$1,230,605)	(8.77)	15	665

(a) 2003-04 aids include consolidated operating, textbook, computer software, computer hardware, library materials, reorganization incentive (operating and building), growth, private excess cost, BOCES, special services, teacher support aid, transportation (including summer), and building aid.

(b) The TAPU for payment pupil count used for 2003-04 formula operating aid.

Source: State Education Department computer runs and Executive Budget estimates of January 29, 2003.

### III

#### APPENDICES

The third section consists of four appendices. Each of the appendices is described below.

- Appendix III-A summarizes the School Aid categories and adjustments recommended for 2003-04 and compares them with the 2002-03 aid categories.
- Appendix III-B provides the mathematical formulas for computing 15 different aids for 2003-04 school aid payments.
- Appendix III-C describes the pupil counts used in aid formulas.
- Appendix III-D describes the payment schedule for aids payable under section 3609 of the Education Law in the 2003-04 school year.

APPENDIX III-A  
COMPARISON OF 2002-03 AND 2003-04 SCHOOL AID PROGRAMS

<u>Category</u>	<u>2002-03 School Year</u>	<u>2003-04 School Year</u>
<u>COMPREHENSIVE OPERATING AID</u>	Comprehensive Operating Aid equals the Flex Aid amount allocated for each district in the 2001-02 Executive Budget less that allocated for the 2000-01 school year for Public and Private Excess Cost Aids that was included on the school aid computer listing which accompanied the 2001-02 Executive Budget minus the 2000-01 school year amounts payable for Extraordinary Needs, Minor Maintenance, Limited English Proficiency, Gifted and Talented, Educationally Related Support Services and Operating Standards Aid. Districts with a Combined Wealth Ratio <sup>2</sup> less than 1.000 receive an additional one percent in Comprehensive Operating Aid.	None  Comprehensive Operating Aid is one of 9 existing formulas that will be replaced by a Consolidated Operating Aid (See Appendix III-B).
<u>GROWTH AID</u> <sup>3</sup>	Growth Index in excess of 1.004 x Formula Operating Aid	Same

<sup>2</sup> A district's Combined Wealth Ratio for 2002-03 is equal to:  $(.5 \times \text{District Pupil Wealth Ratio}) + (.5 \times \text{District Alternate Pupil Wealth Ratio})$ . The district Pupil Wealth Ratio is equal to:  $\frac{(1999 \text{ Actual Valuation})/2000-01 \text{ TWP}}{\$264,200}$ ; and the

Alternate Pupil Wealth Ratio is equal to:  $\frac{1999 \text{ District Income}/2000-01 \text{ TWP}}{\$110,100}$

<sup>3</sup> For the 1997-98 school year and after the Growth Index is defined as a measure of enrollment rather than attendance. Where appropriate to the aid category calculation, such as for Growth Aid, Formula Operating Aid including formula components such as the Combined Wealth Ratio will be used. (Formula Operating aid is cited in subdivision 13 of Section 3602 of the Education Law). A district's Combined Wealth Ratio for 2003-04 is equal to:  $(.5 \times \text{District Pupil Wealth Ratio}) + (.5 \times \text{District Alternate Pupil Wealth Ratio})$ . The district Pupil Wealth Ratio is equal to:  $\frac{(2000 \text{ Actual Valuation})/2001-02 \text{ TWP}}{\$280,800}$ ; and the

Alternate Pupil Wealth Ratio is equal to:  $\frac{2000 \text{ District Income}/2001-02 \text{ TWP}}{\$128,500}$

Beginning with the 1997-98 school year, income and actual valuation data moved back one year from the previous year-prior-to-the-base-year data. The Actual Valuation (AV) for calculating a district's property wealth per pupil for 1997-98 was 1994 AV. The income wealth per pupil calculation used the 1994 Adjusted Gross Income of district residents. For the 2003-04 school year, 2000 Actual Valuation and Adjusted Gross Income will be used.

<u>Category</u>	<u>2002-03 School Year</u>	<u>2003-04 School Year</u>
<u>EXTRAORDINARY NEEDS AID</u>		
Formula Ceiling	A minimum of 11% of the Formula Operating Aid ceiling. If more than 74.5% of a district's enrolled students have extraordinary needs, the district receives more than 11% of its Formula Operating Aid ceiling.  The calculation for Formula Operating Aid is described in subdivision 12 of Section 3602 of the Education Law.	None Extraordinary Needs Aid is one of 9 existing formulas that will be replaced by a Consolidated Operating Aid (See Appendix III-B).
Wealth Measure	Alternate Pupil Wealth Ratio	
State Share	.60	
Save-Harmless	100% of 2000-01 aid	
Pupil Count	The sum of the percentage of eligible K-6 free and reduced price lunch applicants times 2001 enrollment, plus the number of Limited English Proficiency Students, plus a sparsity factor based on a calculation of enrollment per square mile times 2001 enrollment.	
<u>URBAN-SUBURBAN TRANSFER SUPPLEMENTATION</u>		
	Qualifying districts will receive the same aid that they would have received in the 2000-01 school year.	Same
<u>GIFTED AND TALENTED AID</u>		
Pupil Count	3% of ADA	None
Ceiling	\$196	Gifted and Talented Aid is one of 9 existing formulas that will be replaced by a Consolidated Operating Aid (See Appendix III-B).
<u>LIMITED ENGLISH PROFICIENCY AID</u>		
Weighting	.199	None Limited English Proficiency Aid is one of 9 existing formulas that will be replaced by a Consolidated Operating Aid (See Appendix III-B).

<u>Category</u>	<u>2002-03 School Year</u>	<u>2003-04 School Year</u>
<u>EXCESS COST AID FOR DISABLED PUPILS</u>		None
Public Excess Cost Aid:		Public Excess Cost Aid is one of 9 existing formulas that will be replaced by a Consolidated Operating Aid (See Appendix III-B).
Disabled Pupil Classifications	Three	
Ceiling Range for Aid	\$2,000 - \$7,400	
Wealth Measure	Combined Wealth Ratio	
State Share	.49	
Minimum Aid Ratio	.25	
High Cost Eligibility	4 x AOE/TAPU or \$10,000	
Save-Harmless	95% of 2000-01 aid as of the "BT032-1" computer listing (including declassification aid)	
Integrated Settings Aid (not subject to save-harmless):		
Ceiling	Basic Excess Cost Aid per pupil x 0.50	
Pupil Count	Year prior to base year pupils who received special education services in a general education setting at least 60 percent of the time	
<u>DECLASSIFICATION SUPPORT SERVICES AID</u>		
Ceiling	Basic Excess Cost aid Per Pupil x 0.50	
Pupil Count	Base Year Pupils in Need	

<u>Category</u>	<u>2002-03 School Year</u>	<u>2003-04 School Year</u>
<u>PRIVATE EXCESS COST AID:</u>		
Ceiling Range for Aid Deduct	Tuition - Deduct Local Levy/Enrollment	\$2,000 - \$7,600
Wealth Measure	Combined Wealth Ratio	Same
State Share	.85	.49
Minimum Aid Ratio	.50	.25
Pupils	Attending private schools or State run schools	Attending private schools <sup>4</sup>
State School Taper Ratio	(1-CWR)/.75	Same
High Cost Eligibility	None	3 x AOE/TAPU
<u>EDUCATIONALLY RELATED SUPPORT SERVICES AID</u>		
Ceiling(s)	\$365.00/\$635.00	None
Wealth Measure	Combined Wealth Ratio	Educationally Related Support Services Aid is one of 9 existing formulas that will be replaced by a Consolidated Operating Aid (See Appendix III-B).
State Shares	Formula Operating Aid Ratio and Public Excess Cost Aid Ratio	
Minimum Aid Ratio	.25	
Pupil Counts	9% of Selected TAPU and 15% of Selected TAPU times Extraordinary Needs percent in excess of 60%	
<u>BOCES AID</u>		
Wealth Measure	Actual Valuation/Full Year Attendance RWADA	Same
State Share	.49	Same
Minimum Aid Ratio	.36	Same
Salary Ceiling	\$30,000	Same
Millage Formula	8 mills	Same
Save-Harmless Provision	100% of 1967-68 Aid	Same

<sup>4</sup> Private Excess Cost Aid for public school students attending the State-operated schools at Rome and Batavia is continued based on the existing statutory formula. Net tuition expense is multiplied by the  $(1 - (.15 \times CWR))$  aid ratio with a .5 minimum.

<u>Category</u>	<u>2002-03 School Year</u>	<u>2003-04 School Year</u>
Limit	None	75% of aid for 2003-04 as calculated by the State Education Department based on data on file on November 15, 2002.
<u>FULL-DAY K INCENTIVE AID</u>		
Eligible Districts	A district that offers Full-Day Kindergarten to all students is eligible for aid if in 1996-97 <u>and</u> 2001-02 it had half-day kindergarten enrollment <u>or</u> if it had no kindergarten enrollment in 1996-97 <u>and</u> 2001-02. For the 2002-03 school year aid will also be provided to school districts that offered full-day programs in 2001 but were not included on the school aid computer listing entitled "BT032-1" which accompanied the 2001-02 Executive Budget.	None
Pupil Count	2002-03 Estimated Full-Day K Enrollment - 2001-02 Full-Day K Enrollment	None
Aid Per Pupil	A district's Formula Operating Aid per pupil.	None
<u>TRANSPORTATION AID</u>		
Wealth Measure	Actual Valuation/Full Year Attendance RWADA or a district's Combined Wealth Ratio	Same
State Share	The greater of: 1.01 - (.46 * AV/RWADA wealth ratio) or 1.263 * State Sharing Ratio or (NYC excepted): 1.01 - (.46 * AV/enrollment wealth ratio).	Same
Sparsity Adjustment	(21 - enrollment/square mile)/317.88	Same
Minimum Aid Ratio	.065	Same
Maximum Aid Ratio	.90	Same
Base	Approved Expenditures	Same

Limit	<u>Category</u>	<u>2002-03 School Year</u>	<u>2003-04 School Year</u>
		None	The lesser of aid calculated by the State Education Department for the 2003-04 or 2002-03 school year based on data on file on November 15, 2002.
Urban-Suburban Transfer		Approved expenditures of transportation of pupils in voluntary interdistrict programs.	Same
<u>BUILDING AID</u>			
Wealth Measure		Actual Valuation/Full Year Attendance RWADA	Same
Aid Ratio Choice		Districts may use the higher of the current year aid ratio or the aid ratio computed for use in any year commencing with the 1981-82 school year.	Same
		Starting with all new building projects approved by the voters beginning July 1, 2000, the selected building aid ratio is based upon the greater of a district's current-year building aid ratio or the ratio selected for use in 1999-00 reduced by 10 percentage points.	
		School districts with a pupil wealth ratio greater than 2.50 and an alternate pupil wealth ratio less than .850 may select an aid ratio equal to 1.263 multiplied by the district's State sharing ratio.	
Base		Approved Expenditures	Same

<u>Category</u>	<u>2002-03 School Year</u>	<u>2003-04 School Year</u>
Additional Adjustments	For aid payable in 1998-99 and after for new projects approved by the voters after 7/1/98 districts will receive an additional 10 percent State reimbursement. In addition, cost allowances on all contracts awarded after 7/1/98 will be adjusted to reflect regional costs for school districts in high cost areas of the State.	Same
<u>REORGANIZATION INCENTIVE AID</u>		
Prior to July 1, 1983		
Operating Aid:		
Additional Percentage (5 years)	10%	Same
Taper	1%/9 years	Same
Building Aid:		
Additional Percentage	25%	Same
Effective July 1, 1983		
Operating Aid:		
Additional Percentage (5 years)	20%	Same
Taper	2%/9 years	Same
Building Aid:		
Additional Percentage	30%	Same
Effective July 1, 1992		
Operating Aid:		
Additional Percentage (5 years)	40%	Same
Taper	4%/9 years	Same
Eligibility Date:		
New Projects	July 1, 2004 or approved by voters within ten years of reorganization.	Same
<u>SPECIAL SERVICES AID</u>		
Eligible Districts	Big Five City school districts and other districts that are non-components of BOCES	Same

<u>Category</u>	<u>2002-03 School Year</u>	<u>2003-04 School Year</u>
Career Education Aid:		
State Share	.41	Same
Minimum Aid Ratio	.36	Same
Ceiling	\$3,720	Same
Wealth Measure	Combined Wealth Ratio	Same
Computer Administration Aid:		
State share	.49	Same
Minimum Aid Ratio	.30	Same
Ceiling	\$62.30/pupil	Same
Wealth Measure	Combined Wealth Ratio	Same
<u>INSTRUCTIONAL COMPUTER HARDWARE AND TECHNOLOGY EQUIPMENT AID</u>	Based on approved expense (up to an amount equal to \$19.25 x TAPU x current year building aid ratio)	Same
<u>TEXTBOOK AID</u>	Up to \$57.30 per public and nonpublic pupil (district of residence)	Same
<u>COMPUTER SOFTWARE AID</u>	Up to \$14.98 per public and nonpublic pupil (district of attendance)	Same
<u>LIBRARY MATERIALS AID</u>	Up to \$6 per public and nonpublic pupil (district of attendance)	Same
<u>PREKINDERGARTEN EXPANSION AID</u>	A district is eligible to receive the same aid for 2002-03 as was calculated for the school aid computer listing entitled "BT032-1" which accompanied the 2001-02 Executive Budget plus a supplemental amount. For 2002-03 Prekindergarten Aid will total \$204.67 million.	None
<u>CLASS SIZE REDUCTION</u>	A district will receive the same aid for 2002-03 as was calculated for the school aid computer listing entitled "BT032-1" which accompanied the 2001-02 Executive Budget.	None
<u>OPERATING STANDARDS AID</u>		None
Formula Ceiling	\$8.50 plus the product of \$61.50 times the State Share	Operating Standards Aid is one of 9 existing formulas

<u>Category</u>	<u>2002-03 School Year</u>	<u>2003-04 School Year</u>
Wealth Measure	Alternate Pupil Wealth Ratio	that will be replaced by a Consolidated Operating Aid (See Appendix III-B).
Expenditure Measure	Approved Operating Expense per pupil	
State Share	$1.00 - (.66 * (.5 * APWR) + (.5 * \frac{AOE}{TAPU}))$	
Minimum Aid Ratio	\$6,058	
Pupils	.078	
	Selected TAPU (Selected TAPU times 1.26 for districts with an Extraordinary Needs percent in excess of 60% or by 2.60 if the district's percent is in excess of 85%) plus an additional .20 x Selected TAPU if the percentage change in graduates with Regents diplomas from 1998-99 to 1999-00 is greater than 5%	
<u>Additional Operating Standards Aid Eligibility</u>	Combined Wealth Ratio less than .700	
Formula Ceiling Pupils	\$174.80	
State Share	Selected TAPU Transportation sparsity adjustment + (1.00 - Combined Wealth Ratio)	
<u>OSA Save-Harmless</u>	100% of 2000-01 Operating Standards Aid	
<u>CATEGORICAL READING AID</u>	63.95 million	Same
<u>GRANTS FOR IMPROVING PUBLIC PERFORMANCE</u>	\$66.35 million	Same
<u>FORT DRUM GRANTS</u>	\$2.63 million	Same
<u>MAGNET SCHOOL AID</u>	\$135.80 million	Same
<u>TEACHER SUPPORT AID</u>	\$67.48 million	\$22.49 million

<u>Category</u>	<u>2002-03 School Year</u>	<u>2003-04 School Year</u>
<u>ACADEMIC SUPPORT AID</u>	\$24.92 million	None
		Academic Support Aid is one of 9 existing formulas that will be replaced by a Consolidated Operating Aid (See Appendix III-B).
<u>MINOR MAINTENANCE AND REPAIR AID</u>		
Maximum District Aid	A district's 2001-02 enrollment x the average age of its instructional facilities (compared to a statewide average) x its 1993-94 enrollment divided by its 1989-90 enrollment. This result is divided by the statewide sum of these values and then the district's ratio is multiplied by \$16,670.00.	None
Minimum District Aid	\$2,000	None
<u>SUMMER SCHOOL AID</u>		
Formula Ceiling	\$200.00 x summer session index	None
Index	Formula Operating Aid ratio x concentration factor (based on district's extraordinary needs percent)	Summer School Aid is one of 9 existing formulas that will be replaced by a Consolidated Operating Aid (See Appendix III-B).
Pupils	2001-02 unweighted summer school ADA for pupils in programs to improve student performance	
<u>TAX LIMITATION AID<sup>5</sup></u>		
Eligible Districts	A district's 1999 tax levy on residential real property including condominium property must be greater than 3.9% of the district's 1999 adjusted gross income. In addition, the district must have a Pupil Wealth Ratio less than 2.0	None
State Share	.50	None

<sup>5</sup> For the 2002-03 school year, total aid is limited to \$25.0 million.

<u>Category</u>	<u>2002-03 School Year</u>	<u>2003-04 School Year</u>
Wealth Measure	Combined Wealth Ratio	None
Formula Ceiling	.0410 multiplied by the 1999 residential tax levy per pupil	None
<u>INCARCERATED YOUTH</u>	\$13.0 million	Same
<u>LEARNING TECHNOLOGY</u>	\$3.29 million	Same
<u>COMPROLLER AUDITS</u>	\$.25 million	Same
<u>BUS DRIVER SAFETY</u>	\$.40 million	Same
<u>SMALL CITY SCHOOL DISTRICT AID</u>	\$81.88 million. For the 2002-03 school year a district's <u>Hurd</u> aid was the same as its 2001-02 aid	\$81.88 million. For the 2003-04 school year a district's <u>Hurd</u> aid will be the same as its 2002-03 aid
<u>EMPLOYMENT PREPARATION EDUCATION AID<sup>6</sup></u>		
Ceiling	\$7.40/contact hour	\$7.60/contact hour
Wealth Measure	AV/TWPU	Same
State Share	.60	Same
Minimum Aid Ratio	.40	Same
Pupil Count	Contact Hours	Same

<sup>6</sup> For the 2002-03 school year, total aid was limited to \$96.18 million. For the 2003-04 school year, total aid is limited to \$76.70 million.

APPENDIX III-B  
MATHEMATICAL EXPLANATION OF AID FORMULAS

The mathematical formulas for calculating consolidated operating aid, private excess cost aid, special services aid, reorganization incentive operating aid, BOCES aid, transportation aid, building aid, reorganization incentive building aid, computer software aid, textbook aid, instructional computer hardware and technology equipment aid, library materials aid, growth aid, employment preparation education aid, and incarcerated youth aid are presented in this appendix.

The State average wealth measures for use in the calculation of aid ratios for 2003-04 school year payments are:

2000 Actual Valuation/2001-02 TWP	\$280,800
2000 Adjusted Gross Income/2001-02 TWP	\$128,500
2000 Actual Valuation/2001-02 RWADA	\$336,400

Note that all aid ratios are assumed to have a minimum of .000 and a maximum of 1.000 unless otherwise stated.

Details of pupil counts appear in Appendix III-C. Pupil count abbreviations frequently used in this appendix include:

TAPU	.....	Total Aidable Pupil Units
TWP	.....	Total Wealth Pupil Units
ADA	.....	Average Daily Attendance
RWADA	....	Resident Weighted Average Daily Attendance

CONSOLIDATED OPERATING AID

The 2003-04 ELFA Appropriation Bill

For the 2003-04 school year, each district will receive Consolidated Operating Aid. Total aid for this category will equal the sum of 9 previous aid categories (based on data on file with the State Education Department on November 15, 2002) less an amount calculated based on school district wealth and at-risk factors.

The 9 previous aid categories include Comprehensive Operating Aid, Extraordinary Needs Aid, Operating Standards Aid, Gifted and Talented Aid, Educationally Related Support Services Aid, Limited English Proficiency Aid, Summer School Aid, Academic Support Aid and Public Excess Cost Aid.

For the 2003-04 school year, each district will be assessed a reduction amount equal to 1.5 percent of its base-year total for the following 9 aid categories above.

In addition, all districts will be assessed an additional amount calculated using Free and Reduced Price Lunch (FRPL) and school district wealth data (Combined Wealth Ratio) supplied by the State Education Department.

The combined reduction for a district will range from 2 percent to 8.75 percent of their 2002-03 Consolidated Operating Aid total.

Operating Aid Reduction Formula =

The product of the sum of (i) and (ii) below times the sum of a districts' 2002-03 Comprehensive Operating Aid, Extraordinary Needs Aid, Operating Standards Aid, Gifted and Talented Aid, Educationally Related Support Services Aid, Limited English Proficiency Aid, Summer School Aid, Academic Support Aid and Public Excess Cost Aid based on data on file with the State Education Department on November 15, 2002.

(i) -1.50%

plus

(ii)  $((1 - \text{percentage of k-6 eligible applicants for the free and reduced price lunch program as of October 2001}) \times (\text{Combined Wealth Ratio})) \times -7.25\%$   
Minimum =  $.0690 \times -7.25\%$

Minimum aid loss: -2.00%

Maximum aid loss: -8.75%

Computerized Aid Loss Limit:

If necessary, a district's 2003-04 Consolidated Operating Aid amount will be adjusted to ensure that its year-to-year computerized aid loss (calculated without Building Aid, Reorganization Incentive Building Aid, Growth Aid and Full-Day Kindergarten Aid) will be no more than 5 percent of its base-year Total General Fund Expense. Statewide \$3.9 million will be added to the 2003-04 Consolidated Operating Aid total of districts as shown on the computer listing entitled "BT013-1", released January 2003 with issuance of the 2003-04 Executive Budget. The 2003-04 combined Consolidated Operating Aid amount plus the TGFE-based adjustment may not exceed a district's 2002-03 Consolidated Operating Aid total.

GROWTH AID

Education Law, Section 3602, Subdivision 13  
The 2003-04 ELFA Appropriation Bill

For the 2003-04 school year, growth aid is distributed to districts that are eligible due to an increase in enrollment. For any district whose growth index is greater than 1.004, the district also receives growth aid.

$$\text{Growth Aid} = (\text{Growth Index} - 1.004) \times \text{Formula Operating Aid}^7$$

$$\text{Growth Index} = \frac{\text{2003-04 Estimated Enrollment}}{\text{2002-03 Enrollment}}$$

EXCESS COST AID FOR PRIVATE SCHOOL PUPILS

Education Law, Section 4405, Subdivision 3, paragraphs a and b  
Education Law, Section 4401, Subdivision 6 and 7  
The 2003-04 ELFA Appropriation Bill

A district receives private excess cost aid for pupils with disabilities in private school setting and the two State-operated schools. The aid is computed on a student-by-student basis, a district receiving private excess cost aid for each student.

Beginning in 2003-04 New York will conform reimbursement formulas for private special education programs to the Education Law, Section 3602, Subdivision 19, public excess cost formula.

Private Excess Cost Aid = the sum of the four components below.

- (i) Weighted Pupils x Aidable Expense x Aid Ratio

Weighted Pupils: Pupils, not including those at the two State-operated schools at Rome and Batavia, are weighted at 1.70.

$$\text{Aidable Expense} = \frac{\text{2001-02 Approved Operating Expense (AOE)}}{\text{2001-02 TAPU for Expense}}$$

Minimum: \$2,000

Maximum: The maximum aidable expense is \$7,600.  
(The State average is \$7,600.)

$$\text{Aid Ratio} = 1 - (\text{Combined Wealth Ratio} \times .51)$$

Minimum: .250

- (ii) Unweighted Pupils x High Cost - (3 x AOE/TAPU) x Aid Ratio

High Cost = Expense per pupil in excess of 3 x AOE/TAPU

Aid Ratio = Same as above

Unweighted Pupils = Same as above without the 1.70 weighting

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<sup>7</sup> Where appropriate to the aid category calculation, such as for Growth Aid, Formula Operating Aid (as cited in subdivision 13 of Section 3602 of the Education Law) will be used.

(iii) Aid for Rome and Batavia pupils = Aidable Cost x Aid Ratio x Pupils

Aidable Cost = Tuition - (Basic Contribution per pupil)

Aid Ratio = 1 - (Combined Wealth Ratio x .15)

Minimum: .50

(iv) Private Excess Cost Taper for Rome and Batavia Placements

Additional aid is available to districts with:

(i) Continued pupil placements at the two State-operated schools for pupils originally placed at the two schools prior to July 1, 1990; and

(ii) A Combined Wealth Ratio of less than 1.0.

Taper for Rome and Batavia Placements = Taper Aidable Cost x Taper Aid Ratio

Taper Aidable Cost = Tuition - Regular Private Excess Cost Aid

Taper Aid Ratio =  $\frac{1.0 - (\text{Combined Wealth Ratio})}{.75}$

Maximum: 1.0

#### SPECIAL SERVICES AID

Education Law, Section 3602, Subdivision 17

Districts that are non-components of a BOCES, including the Big 5 City school districts, are eligible to receive career education aid and computer administration aid.

Career Education Aid =  $\$3,720 \times \text{Aid Ratio} \times \text{Career Ed Pupils}$

Aid Ratio = 1 - (Combined Wealth Ratio x .59)

Minimum: .360

Career Education Pupils = 2002-03 Grade 10-12 ADA in a Career Education Trade Sequence + .16 x Business Sequence ADA

Computer Administration Aid =  $\frac{(\text{Expenses up to } \$62.30 \times \text{Enrollment})}{\text{X Computer Expenses Aid Ratio}}$

Enrollment = Fall 2002 public enrollment attending in the district

Computer Expenses Aid Ratio = 1 - (Combined Wealth Ratio x .51)

Minimum: .300

REORGANIZATION INCENTIVE OPERATING AID

Education Law, Section 3602, Subdivision 14, paragraphs d and f  
The 2003-04 ELFA Appropriation Bill

A district which has reorganized within the past 14 years is eligible to receive reorganization incentive operating aid in addition to its regular operating aid.

$$\text{Reorganization Incentive Operating Aid} = \text{Formula Operating aid} \times \text{Incentive Aid Percentage}$$

The sum of Formula Operating Aid and Incentive Operating Aid may not exceed 95 percent of AOE.

Reorganization Prior to July 1, 1983:

Incentive Operating Aid was available for school districts which reorganized prior to July 1, 1983, for 14 years beginning with the first school year of operation as a reorganized district. For the first five years the Incentive Aid Percentage was 10 percent, and for the next nine years the percentage of such operating aid decreased 1 percent per year.

Reorganization After July 1, 1983:

For districts which reorganized after July 1, 1983, the reorganization percentage was 20 percent for a period of five years, to be reduced by 2 percent per year for nine years.

Reorganization After July 1, 1992:

For districts which reorganize after July 1, 1992, the reorganization percentage will be 40 percent for a period of five years, to be reduced by 4 percent per year for nine years.

BOCES AID

Education Law, Section 1950, Subdivision 5  
The 2003-04 ELFA Appropriation Bill

Districts which are components of Boards of Cooperative Educational Services (BOCES) are eligible to receive BOCES operating, capital, and rental aids, with the total subject to a save-harmless provision.

BOCES Operating Aid = Base Year Approved Expenses x Aid Ratio

Approved Expenses includes salaries of BOCES employees up to \$30,000

Aid Ratio = greater of:

(i)  $1 - \frac{.008}{\text{District Actual Valuation Tax Rate (Local Revenue/Actual Valuation)}}$

(ii)  $1 - \frac{(2000 \text{ Actual Valuation}/2001-02 \text{ RWADA})}{\text{Statewide Average } (\$336,400)} \times .51$

Minimum: .360  
Maximum: .900

BOCES Capital Aid = 2003-04 Capital Expense x RWADA Aid Ratio  
BOCES Rental Aid = 2003-04 Rental Expense x RWADA Aid Ratio  
Save-Harmless Provision A district may receive the greater of:

- (i) 2003-04 BOCES Operating, Capital and Rental aids
- (ii) BOCES aid received during 1967-68

Limit on Aid: For the 2003-04 school year, aid will equal 75.00 percent of aid calculated for the 2003-04 school year based on data on file with the State Education Department on November 15, 2002.

#### TRANSPORTATION AID

Education Law, Section 3602, Subdivision 7  
The 2003-04 ELFA Appropriation Bill

Districts are allotted reimbursement for transportation expenses through the transportation aid formula.

Transportation Aid = [Aid Ratio + Sparsity Factor] x Approved Transportation Expenses

Aid Ratio = greatest of three aid ratio calculations, two of which are based on a district's Actual Valuation per pupil:

- (i) 1.263 x Formula Operating Aid Ratio
  - (ii)  $1.010 - \frac{(2000 \text{ AV}/2001-02 \text{ RWADA} \times .46)}{\text{Statewide Average } (\$336,400)}$
  - (iii)  $1.010 - \frac{(2000 \text{ AV}/2001-02 \text{ Resident Public \& Nonpublic Enrollment} \times .46)}{\text{Statewide Average } (\$290,800)}$
- Minimum: .065  
Maximum: .900

Sparsity Factor =

$\frac{21.00 - 2001-02 \text{ Public Enrollment (including charter school)}/\text{Square Mile}}{317.88}$

Limit on Aid: The lesser of aid, including aid for transportation of pupils in summer courses, calculated by the State Education Department for the 2003-04 or 2002-03 school year based on data on file with the State Education Department on November 15, 2002.

Approved Transportation Expenses include:

- Health and life insurance
- Collision insurance
- Equipment
- Uniforms
- Driver and mechanic salaries
- Supervisor and other salaries
- Operating and maintenance expenses
- Social Security payments on all salaries
- Full contract expenses
- Retirement benefits
- Computerized bus routing services

- Transportation of children to and from day care centers
- Transportation of pupils in voluntary interdistrict programs
- District expenditures for transportation of pupils to and from summer classes to improve student performance

But do not include:

- Transportation of pupils less than 1-1/2 miles from school
- Field trips
- Salaries of assistant drivers on regular buses (district operated programs)
- Salaries of drivers and mechanics who work on other than bus-type vehicles
- Bus purchase expenses exceeding the State contract price

### BUILDING AID

Education Law, Section 3602, Subdivision 6  
The 2003-04 ELFA Appropriation Bill

School districts with approved building projects may receive building aid to be paid according to an assumed amortization schedule. Aid is available for expenses related to the installation of computer laboratory hardware and for the purchase of stationary metal detectors.

Building Aid = Selected Aid Ratio x Approved Building Expenses

Current Aid Ratio =

$$1 - \frac{(2000 \text{ Actual Valuation}/2001-02 \text{ RWADA} \times .51)}{\text{Statewide Average } (\$336,400)}$$

Approved Building Expenses =

For projects associated with any existing bonds, bond anticipation notes (BANs) or lease-purchase agreements that have principal remaining as of July 1, 2002, an assumed amortization will be applied to determine building and reorganization incentive building aid. The assumed amortization is based on approved project costs, term of borrowing and an assumed interest rate. New projects subject to prospective assumed amortization are those that are either approved by the Commissioner on or after December 1, 2001, or, for which debt (bonds, BANs, and capital notes) is first issued on or after such date. Each project is assigned a useful life, cost allowance and assumed interest rate.

Selected Aid Ratio:

Districts may use the higher of the current year aid ratio or the aid ratio computed for use in any year commencing with the 1981-82 school year. Starting with all new building projects approved by the voters beginning July 1, 2000, the selected building aid ratio is based upon the greater of a school district's current-year building aid ratio or the aid ratio selected for use in 1999-00 reduced by 10 percentage points. School districts with a pupil wealth ratio greater than 2.50 and an alternate pupil wealth ratio less than .850 may select an aid ratio equal to 1.263 multiplied by the district's Formula Operating Aid Ratio.

Incentive:

For aid payable in 1998-99 and after for new projects approved by the voters after 7/1/98 districts will continue to receive an additional 10 percent State reimbursement. However, the sum of the incentive and the selected aid ratio may not exceed .950. In addition, cost allowances on all contracts awarded after 7/1/98 will be adjusted to reflect regional costs for school districts in high cost areas of the State.

REORGANIZATION INCENTIVE BUILDING AID

Education Law, Section 3602, Subdivision 14, paragraphs e and f

For building projects related to reorganization, the district may receive reorganization incentive building aid in addition to its regular building aid.

Aid is paid on projects for which the general construction contract is signed prior to July 1, 2005 or within ten years from the effective date of the reorganization, whichever is later.

For districts reorganizing prior to July 1, 1983,

$$\begin{array}{l} \text{Reorganization Incentive} \\ \text{Building Aid} \end{array} = \text{Approved Expenses} \times \text{Building Aid Ratio} \times 25\%$$

For districts reorganizing after July 1, 1983,

$$\begin{array}{l} \text{Reorganization Incentive} \\ \text{Building Aid} \end{array} = \text{Approved Expenses} \times \text{Building Aid Ratio} \times 30\%$$

In no case may the sum of regular Building Aid plus Incentive Building Aid exceed 95 percent of approved expenditures.

COMPUTER SOFTWARE AID

Education Law, Section 751

All districts are eligible for computer software aid. The aid is for the purchase of computer software which a pupil is required to use as a learning aid in a particular class in the school the pupil attends.

$$\underline{\text{Computer Software Aid}} = 2002-03 \text{ Cost of Software (up to \$14.98)} \times \text{Enrollment}$$

$$\underline{\text{Enrollment}} = \text{Fall 2002 public and private school enrollment for the district of attendance plus BOCES and private school pupils in full-time programs for children with disabilities.}$$

TEXTBOOK AID

Education Law, Section 701, Subdivisions 4, 6 and 7

All districts are eligible for textbook aid. The aid provided is to be used by districts to purchase textbooks to be made available to all resident enrolled pupils.

$$\underline{\text{Textbook Aid}} = 2002-03 \text{ Cost of Textbooks, not to exceed } \$57.30 \times \underline{2002-03 \text{ Resident Public and Nonpublic School Enrollment}}$$

INSTRUCTIONAL COMPUTER HARDWARE AND TECHNOLOGY EQUIPMENT AID

Education Law, Section 3602, Subdivision 26

A district may be eligible for computer hardware aid to purchase or lease micro-and/or minicomputer equipment or terminals as well as technology equipment for instructional purposes. Schools may use up to 20 percent of hardware aid for the repair of instructional computer hardware and technology equipment or for training and staff development for instructional purposes.

Technology equipment is defined as equipment used in conjunction with or in support of educational programs including, but not limited to, video, solar energy, robotic, satellite or laser equipment.

Approved expenses for technology education equipment were first eligible for aid in the 1992-93 school year.

Beginning with the 1998-99 school year, the local match was eliminated.

$$\text{Hardware Aid} = \frac{2002-03 \text{ Approved Expenses (up to } \$19.25 \times \text{ Selected TAPU for Payment} \times \text{ Current Year Building Aid Ratio)}}{}$$

LIBRARY MATERIALS AID

Education Law, Section 711, Subdivision 4

All districts are eligible for library materials aid. The aid is provided to enable districts to purchase necessary library materials to be made available on an equitable basis to all pupils attending schools within such district.

$$\text{Library Materials Aid} = \frac{2002-03 \text{ Cost of Library Materials (up to } \$6.00)}{\times \text{ Enrollment}}$$

Enrollment = Fall 2002 public and private school enrollment for the district of attendance plus BOCES and private school pupils in full-time programs for children with disabilities.

EMPLOYMENT PREPARATION EDUCATION (EPE) AID

Education Law, Section 3602, Subdivision 24

Districts are eligible for EPE aid for the attendance of pupils age 21 or older who have not received a high school diploma or equivalency diploma. Beginning in 1991-92, aid paid directly to BOCES for approved BOCES EPE programs is based on component districts' aid ratios. Beginning in 1995-96, the BOCES EPE aid ratio is based on the aggregate actual valuation and TWPU of the component districts of the BOCES. Adults can register with BOCES for participation at a BOCES site. Beginning in 1996-97, the BOCES EPE aid ratio is the greater of the EPE aid ratio based on the aggregate wealth of the component districts or 85 percent of the highest EPE aid ratio of a component district of the BOCES.

$$\text{EPE Aid} = \$7.60 \times \text{EPE Aid Ratio} \times \text{EPE Hours}$$

$$\text{EPE Aid Ratio} = 1 - (\text{Pupil Wealth Ratio} \times .40)$$

Minimum: .400

$$\text{Pupil Wealth Ratio} = \frac{2000 \text{ Actual Valuation}/2001-02 \text{ TWPU}}{\text{State Average } (\$280,800)}$$

EPE Hours = Total hours of instruction for all students in EPE programs between July 1 and June 30 of the current year.

EPE aid will be reduced if it and other State and Federal sources of aid for EPE programs exceed the entire cost of such program in that year.

For the 2003-04 school year, total aid is limited to \$76.70 million.

#### INCARCERATED YOUTH AID

Education Law, Section 3602, Subdivision 35

All districts are eligible for incarcerated youth aid. The aid is provided to enable districts to educate students in local centers of detention. Incarcerated Youth Aid equals the lesser of:

- (i) = 2001-02 AOE/TAPU x Number of full-day program pupils<sup>1</sup> +  
([.5 x (AOE/TAPU)] x Number of half-day program pupils)
- (ii) Actual total instructional cost for the incarcerated youth program plus approved administrative costs (which may not exceed five percent of total instructional costs)

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<sup>1</sup> 2001-02 AOE/TAPU x 1.25 x pupils in 10 month programs or 2001-02 AOE/TAPU x 1.50 x pupils in 12 month programs.

APPENDIX III-C

DESCRIPTION OF PUPIL COUNTS USED IN AID FORMULAS FOR THE 2003-04 SCHOOL YEAR

I. Average Daily Attendance/Average Daily Membership<sup>a</sup>

- A. Average Daily Attendance (ADA) is the average number of pupils present on each regular school day in a given period, such average is determined by dividing the total number of attendance days of all pupils by the number of days school was in session.
- B. Average Daily Membership (ADM) is a measure of enrollment. It is the total possible aggregate daily attendance of all pupils in the district divided by the days of session.

II. TAPU for Expense, TAPU for Payment (TAPU for Formula Operating Aid Payment), TWPU and RWADA

	<u>Total Aidable Pupil Units For Expense</u>	<u>Total Aidable Pupil Units For Payment</u>	<u>Total Wealth Pupil Units</u>	<u>Resident Weighted Average Daily Attendance</u>
Short Title	TAPU for Expense	Selected TAPU for payment	TWPU	RWADA
Year used for aid payable in 2003-04	2001-02	2002-03 or Two-year Average (2001-02 and 2002-03) <sup>b</sup>	2001-02	2001-02
Attendance Periods	Full Year	Full Year	Full Year	Full Year
Students: Based on:	Served 100% ADA	Served 100% ADA	Resident 100% ADA	Resident 100% ADA
<hr/>				
<u>Basic Weightings</u>				
Half-Day Kindergarten	.50	.50	.50	.50
Kindergarten-Grade 6	1.00	1.00	1.00	1.00
Grades 7-12	1.00	1.00	1.00	1.25
Dual Enrollment	1.00	1.00	--	--

<sup>a</sup> The average daily attendance (or average daily membership) of pupils attending private and State operated schools (Rome and Batavia) for pupils with disabilities is excluded from ADA (or ADM).

<sup>b</sup> The 2002-03 TAPU is based on 2001-02 ADA, adjusted by the enrollment index (change between 2001-02 and 2002-03 enrollment). The 2001-02 TAPU is based on 2000-01 ADA, adjusted by the enrollment index (change between 2000-01 and 2001-02 enrollment).

	<u>Total Aidable Pupil Units For Expense</u>	<u>Total Aidable Pupil Units For Payment</u>	<u>Total Wealth Pupil Units</u>	<u>Resident Weighted Average Daily Attendance</u>
<u>Additional Weightings</u>				
Secondary (including PSEN <sup>c</sup> but excluding students with disabilities (swd) in 1.7 & .9 public excess cost categories)	.25	.25	.25	--
PSEN K-12 (including swd)	.25	.25	.25	--
SWD in public schools for:				
60% of school day (special class)	1.70	--	1.70	--
20% of school week (resource room) <sup>d</sup>	.90	--	.90	--
Direct/Indirect Consultant Teacher	.90	--	.90	--
Private School	--	--	--	--
Summer/Extra School	.12	.12	--	--

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<sup>c</sup> PSEN (Pupils with Special Educational Needs) are determined by multiplying district average daily attending by the percentage of the student population falling below the State reference point on third and sixth grade reading and mathematics pupil evaluation program (PEP) tests administered in the Spring of 1985 and the Spring of 1986.

<sup>d</sup> Or five periods (at least 180 minutes) per week.

APPENDIX III-D  
STATE AID PAYMENT SCHEDULE TO SCHOOL DISTRICTS

Section 3609-a of the Education Law will govern the schedule of school district payments as well as the manner in which monthly aid payments are calculated. Section 3609-a includes computerized aids payable as General Support for Public Schools (GSPS) except for aids which are covered under the Section 3609-b (Excess Cost) payment schedule and Section 3609-d (BOCES Aid) payments as well as Textbook, Software and Library Materials aids. Growth Aid will not be paid until June 2004. Building Aid will be paid based on an assumed amortization for the 2003-04 aid year. Small Cities Aid is covered by Section 3609-c. In addition Section 3609-e of the Education Law governs the schedule of school district payments for School Tax Relief (STAR). This payment is intended to reimburse school districts for school property tax exemptions granted pursuant to Section 425 of the Real Property Tax Law.

For GSPS aid payable in the 2003-04 school year, school districts will receive the lesser of (i) the sum of the aid calculated at the time of issuance of the 2003-04 Executive Budget or (ii) actual claims at the time of payment. A district may not exceed the sum of apportionments reported in the school aid computer listing entitled "BT013-1" which was released in January 2003 with issuance of the 2003-04 Executive Budget. Any remaining unpaid amount of aid due to a school district will be paid on the first business day of September, 2004. The payment schedule has several features:

GSPS Aids

- Lottery Aid will continue to be paid in full on or before September 1.
- School district obligations to the New York State Teachers Retirement System (TRS) will continue to be paid by the State on behalf of school districts in September, October and November.
- "Fixed" payments will be paid in the months of October, November and December. These payments guarantee that a "fixed" percentage of a district's apportionments, after TRS payments, will be paid through the sum of Lottery payments and regular aid payments by given points in time: 12.50 percent by October 15, 18.75 percent by November 15 and 25.00 percent by December 15.
- "Individualized" payments will be calculated for the months of January through June. January through May payments are based on school district State Aid claims or data available to the Commissioner as of December 1. The June payment is based on data available to the Commissioner as of May 1. These will be calculated to guarantee that each district receives 50 percent of the sum of its State and local revenues by the first business day

of January, 60 percent by February, 70 percent by March, 80 percent by April and 90 percent by May. All of the April payment, all, or most of the May payment and some of the June payment may be paid as part of the sustaining advance payments and the final payment for the State Fiscal Year in order to fully expend the State Fiscal Year appropriation for General Support of Public Schools in March 2004. If necessary, the March payment may also be reduced to ensure that no more than the State Fiscal Year appropriation for General Support of Public Schools is expended by March 31.

- Sustaining advance payments and a final payment for the State Fiscal Year will be paid to school districts on or before March 31 on a prorata basis using the district's relative share of either: (1) for the sustaining advance payments, the total monies designated for payment in April, then May and finally June or (2) for the final payment for the State Fiscal Year, the total monies designated for June (if a positive payment is to be made) or the total monies designated for March (if a negative deduction is to be made). For purposes of calculating the final payment for the State Fiscal Year, the remaining unexpended portion of the State Fiscal Year appropriations for General Support of Public Schools will be used.
- Any aid payable for Growth Aid will be paid in addition to any remaining balance of the June General Aid payment on the first business day in June. Building Aid will be paid based on an assumed amortization for the 2003-04 aid year. In addition the total of such aid payable through June for Growth Aid cannot exceed the total of such aid as it appears on the computer listing "BT013-1".
- Any remaining unpaid amount of aid due to a school district, which does not exceed the sum of such apportionments as reported in the school aid computer listing entitled "BT013-1" will be paid on the first business day of September, 2004.

#### STAR Aid

- STAR exemptions have no effect on determining tax levies, rates or other State aid. School districts are reimbursed for the taxes foregone upon application to the State Office of Real Property Services. ORPS certifies to the Commissioner of Education amounts payable under the STAR program and school districts receive reimbursement from the State Education Department pursuant to a separate STAR payment schedule established in section 3609-e of the Education Law.
- STAR reimbursements commencing in the 2003-04 school year are governed by a formula designed to ensure that outstanding STAR balances do not exceed specified percentages of a district's

property tax levy. Assuming timely filing of claims by districts, any STAR amounts that exceed 25% of a district's property tax levy will be paid in October. Remaining STAR amounts that exceed 20% of levy will be paid in November and STAR owed in excess of 15% of levy will be paid in December. The balance of STAR due to districts will be paid by the first business day of January. Any increase in STAR aid that occurs as a result of adjustments that are made after the January payment will be paid by March 31, 2004.

- Payment amounts will be based on current data on file at the time of each payment through January.
- Current statutory provisions authorizing the Commissioner to withhold State aid payments from school districts that have not submitted enrollment and expenditure data on a timely basis shall not apply to STAR aid payments.

#### Excess Cost Aids

Section 3609-b of the Education Law requires that apportionments payable to school districts for Excess Cost Aids shall be designated as State share monies due to school districts pursuant to Title XIX of the Social Security Act (Medicaid Reimbursement). Such State share monies will be paid in conjunction with the scheduled monthly payment of federal share monies for Medicaid Reimbursement. Any remaining balances of Excess Cost Aids will be paid in accordance with the schedule below. Total Excess Cost Aids payable to a district for the school year may not exceed the sum of the base year aid calculated pursuant to subdivision 19 of the Education Law as of 11/15/02 and the aid for Private Excess Cost as reported in the school aid computer listing entitled "BT013-1" which was released in January 2003 with issuance of the 2003-04 Executive Budget.

- The positive remainder of 25 percent of Excess Cost Aids minus any State share monies paid in the months of August-November, 2003 will be paid on or before December 15.
- The positive remainder of 70 percent of such aids minus any apportionment previously paid and any State share monies payable in the months of August 2003-February 2004 will be paid on or before March 15.
- The positive remainder of 85 percent of such aids minus any apportionments previously paid and any State share monies payable in the months of August 2003-May 2004 will be paid on or before June 15.
- The positive remainder of 100 percent of such aids minus any apportionments previously paid and any State share monies payable in the months of August 2003-July 2004 will be paid on or before

August 15.

- Any remaining unpaid amount of aid due to a school district, which does not exceed the sum of such aids as reported in the school aid computer listing entitled "BT013-1" will be paid on the first business day of September, 2004.

#### BOCES Aid

- BOCES Aid is calculated by individual component school districts of the BOCES, but the sum of all such payments are paid directly to the BOCES. Total BOCES Aid payable for the school year to each component school district may not exceed 100 percent of the amount of such aid as reported in the school aid computer listing entitled "BT013-1" which was released in January 2003 with issuance of the 2003-04 Executive Budget plus any BOCES Aid payable to contracting school districts, less-than-eight teacher districts and Special Act school districts based on data on file at the time of each payment.
- BOCES obligations to the New York State Teachers Retirement System (TRS) will be paid by the State on behalf of the BOCES from the apportionment payable to the BOCES by the fifteenth of each of the months of September, October and November.
- An additional payment will be made to the BOCES on or before February 1<sup>st</sup> equal to 25 percent of the lesser of the actual BOCES Aid payable to each component school district or the amount of BOCES Aid payable to each component district as reported on the "BT013-1" 2003-04 Executive Budget computer listing plus BOCES Aid payable for contracting school districts, less-than-eight teacher districts and Special Act school districts, minus the payments made to TRS on the BOCES behalf.
- An additional payment will be made to the BOCES on the first business day of June equal to 55 percent of the lesser of the actual BOCES Aid payable to each component school district or the amount of BOCES Aid payable to each component school district as reported on the "BT013-1" 2003-04 Executive Budget computer listing plus BOCES Aid payable for contracting school districts, less-than-eight teacher districts and Special Act school districts, minus the sum of all previous payments including payments made to TRS on the BOCES behalf.
- Any remaining unpaid amount of aid due to a BOCES, which does not exceed the amount of such aid reported on the "BT013-1" 2003-04 Executive Budget computer listing will be paid to the BOCES on the first business day of September, 2004.

Aid to Small City School Districts

Payments to small city school districts will be made pursuant to Section 3609-c of the Education Law. Aid will be paid so that from October 2003 to the first business day of June 2004 each eligible small city school district will receive an amount, not to exceed in total 100 percent of the amount provided for this aid category in the 2003-04 Executive Budget.