

DESCRIPTION OF
2006-07 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 2006-07 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 17, 2006.

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

For the coming year, the 2006-07 Executive Budget includes increases in traditional school aid as well as targeted funding for high needs school districts consistent with the State's five-year Sound Basic Education (SBE) Plan. For the 2006-07 school year, \$16.95 billion is provided in State support for public schools. This reflects a school year increase of \$634 million -- the largest increase ever proposed by a Governor. The \$634 million increase is comprised of an increase of \$259 million in traditional school aid and \$375 million in Sound Basic Education Aid.

2006-07 Executive Budget Recommendations: For 2006-07, increased investment and targeted reforms are recommended to promote improved educational performance and accountability. Key components of the 2006-07 Executive Budget recommendations for elementary and secondary education include the following:

- The overall \$633.93 million (3.89 percent) school aid increase is comprised of a net increase of \$258.80 million increase in traditional school aid and \$375.13 million in Sound Basic Education Aid. The \$258.80 million increase in traditional school aid is comprised of a \$275.32 million (1.79 percent) increase in formula-driven aids and a -\$16.52 million (-2.71 percent) decrease in categorical and other aids. Within formula-based aids, 452 school districts experience aid increases totaling \$323.52 million and 225 school districts have aid decreases amounting to -\$48.20 million. Formula-based aid increases are generally due to increases in expense-based aids and the proposed increase in Tax Limitation Aid, and formula-based decreases are generally due to decreases in expense-based aids and proposed reforms in Private Excess Cost Aid.
- School districts statewide will receive \$8.50 billion in Flex Aid, the same as in 2005-06. Prospective Flex Aid increases will be provided to school districts that demonstrate improved performance on statewide achievement tests or opt to cap their school spending.
- Sound Basic Education (SBE) Aid: Sound Basic Education Aid funding will total \$700 million for the 2006-07 school year. Funding of \$324.87 million, the same amount as in 2005-06, will be provided in continuing support to New York City and other school districts statewide. Consistent with the State's Five-Year SBE Plan, a \$375 million increase

will also be provided in SBE Aid in 2006-07. This \$375 million increase will be placed in a reserve to be allocated pursuant to a plan to promote the provision of sound basic education in schools throughout the State.

- A total of \$1,299.55 million, an increase of \$89.98 million, or 7.44 percent, is provided for Transportation Aid.
- Building Aid will total \$1,597.37 million, an increase of \$76.56 million, or 5.03 percent. To promote the cost-effective use of State and local resources to address school facility needs, reforms are proposed including: exemptions from Wicks law requirements, a simplified State aid calculation, creation of a clearinghouse for efficient construction practices and designs and a streamlined New York City procurement process.
- A total of \$2,528.40 million, an increase of \$131.29 million, or 5.48 percent, is provided for Public Excess Cost Aid.
- For 2006-07, Private Excess Cost Aid will total, \$120.07 million, a decrease of -\$97.96 million, or -44.93 percent. This reduction reflects proposed reforms to conform the Private Excess Cost Aid formula to the Public Excess Cost Aid formula.
- BOCES Aid will decrease by -\$10.12 million, or -1.85 percent, to \$536.25 million. Each school district will receive the lesser of its formula BOCES Aid for 2006-07 or the amount of BOCES Aid it received in 2005-06.
- Funding for Special Services Aid to the Big 5 City and other school districts that are not components of BOCES will increase by \$1.13 million, or 0.80 percent, to \$142.63 million.
- Funding for Tax Limitation Aid is recommended to increase by \$47.66 million, or 35.29 percent. Formula elements will target the additional aid to districts based on wealth, residential property tax levy and district income compared to the State average, and district spending per pupil if greater than the State average.
- Textbooks/Hardware/Software Aids: A total of \$262.27 million, which represents an increase of \$1.14 million, or 0.44 percent, is provided for Textbook Aid, Computer Software and Hardware Aids. Computer Software Aid will increase by \$0.73 million, or 1.59 percent. Computer

Hardware Aid is increased by \$0.19 million, or 0.66 percent. Textbook Aid will increase by \$0.22 million, or 0.12 percent. These three aids are calculated in accordance with existing statutory formulas.

- The existing statutory formula for Library Aid will generate \$19.31 million, an increase of \$0.04 million, or 0.21 percent.
- Funding for Teacher Support Aid will be continued at \$67.48 million, the same as for the 2005-06 school year.
- Funding for the "Teachers of Tomorrow" initiative will increase by \$5.00 million, or 25 percent, to \$25.00 million. The program will continue to provide assistance to Big Five City schools and other school districts for their teacher recruitment and retention efforts. The additional \$5.00 million will provide recruitment incentives and tuition reimbursement to expand the pool of math and science teachers entering the teaching profession by means of alternative certification.
- Funding for Teacher Centers and Teacher-Mentor Intern programs for 2006-07 will reflect the Executive's one-third share of support for these programs. Resultant funding levels reflect reductions of -\$20.67 million for Teacher Centers and -\$4.00 million for Teacher-Mentor Intern programs.
- Funding will be continued for Universal Pre-Kindergarten and Class Size Reduction. These aids totaled \$341.39 million in 2005-06.
- Consistent with the existing statutory formula, funding for Full-Day K programs will total \$2.19 million, a decrease of -\$1.63 million.
- The 2006-07 Executive Budget recommends \$44.14 million in fiscal stabilization grants. This represents an increase of \$40.20 million over 2005-06 levels, with such increase allocated to New York City.
- Funding of \$5.00 million each will be provided for two new programs: Engineers of the Future and Summer Institutes for Math and Science. The \$5.00 million recommended for the Engineers of the Future program will enable 500 middle and high schools to offer their students pre-engineering programs. The Summer Institutes for Math and Science is a \$5.00 million program which includes \$2.50 million for summer math and science programs at community colleges for

middle school students and \$2.50 million to support university-based programs to refresh and renew the competency of math and science teachers in state-of-the-art technology, equipment and pedagogy.

- New funding of \$5.77 million is recommended to support school health services in the Big Four City school districts.
- Other Categorical Programs: Funding is maintained at base year levels or calculated in accordance with existing statutory provisions for most programs. Consistent with the existing statutory formula, funding for Growth Aid will total \$7.73 million, a decrease of -\$8.87 million.
- School tax relief under the STAR program will increase from \$3.32 billion in 2005-06 to an estimated \$3.37 billion in 2006-07.

The STAR cost of living adjustment (COLA) for senior income eligibility has raised the income ceiling from \$64,650 to \$66,050 for 2006-07. This COLA ensures that modest increases in Social Security or other retirement income will not make seniors who had received enhanced STAR benefits ineligible in subsequent years.

In addition, the enhanced STAR exemption for seniors will be adjusted from \$50,000 to \$56,800 to reflect increases in the cost of living since the full implementation of STAR. Similar cost of living adjustments will be made automatically in future years. This will generate STAR savings of \$72 million in 2006-07.

The 2006-07 Executive Budget proposes a new STAR Plus program to recognize and reward homeowners in school districts that restrain their spending. Under STAR Plus, a rebate check of \$400 will be provided to homeowners in school districts that restrain spending growth within the amounts allowed under the proposed school spending cap (i.e., the lesser of 4 percent or 120 percent of the growth in the Consumer Price Index, with exceptions that include enrollment increases and voter approved capital expenses. STAR Plus will provide an estimated \$530 million in additional taxpayer savings in 2006-07.

A. 2006-07 SCHOOL AID

For the coming year, the State will provide \$16.9 billion to public schools. Over the past eleven years school aid will have grown by \$7.1 billion, or 72 percent, on a school year basis. This amount is more than twice the inflationary growth of 32 percent during this same period.

Flex Aid: For the coming year, the Executive Budget recommendations continue to provide schools with greater flexibility to meet locally defined needs through Flex Aid. Overall Flex Aid funding will be maintained at \$8,499.69 million. This represents more than 50 percent of State aid to local school districts.

Prospective Flex Aid increases will be provided to school districts that demonstrate improved performance on statewide achievement tests or opt to cap their school spending.

Sound Basic Education (SBE) Aid: A total of \$700 million in Sound Basic Education Aid is recommended for 2006-07, an increase of \$375 million from 2005-06. A total of \$324.87 million will be provided in continuing SBE Aid in the same amounts allocated to school districts in 2005-06. The \$375 million increase in SBE Aid will be placed in a reserve to be allocated pursuant to a plan to promote the provision of sound basic education in schools throughout the State.

Tax Limitation Aid: For 2006-07, this aid category will provide a total of \$182.72 million, an increase of \$47.66 million, to school districts. In order to maintain funding stability, current year funding of \$135.06 million will be continued in the 2006-07 school year. Two additional formula tiers will distribute the increased aid. Formula elements will target additional aid to districts based on property and income wealth, a district's residential property tax levy and income compared to the statewide average for residential levy as a percent of income, and a district's approved operating expense per pupil if greater than the statewide average of \$9,250.

Public Excess Cost Aid: Public Excess Cost Aid will total \$2,528.40 million in 2006-07, an increase of \$131.29 million. This program supports the additional costs of providing a free and appropriate education in a public school setting for students with disabilities. Aid payable in 2006-07 will be calculated based on approved operating expense and total aidable pupils for expense of the 2004-05 school year. The statewide average approved operating expense per pupil is \$9,250. The aid

ratio is determined using the Combined Wealth Ratio and is based on a 49 percent State share for a district of average wealth and a minimum aid ratio of 25 percent.

Funding for the Declassification Support Services Aid program is also included within the estimates for Public Excess Cost Aid. Under this program, moneys are provided to school districts for the provision of support services for teachers and pupils in the first year that a pupil moves from a special education program to a full-time regular education program. In order to encourage the increased movement of pupils into a regular classroom environment, this aid equals 50 percent of a district's Public Excess Cost Aid per pupil multiplied by the number of pupils moving to a regular education program.

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.

The State's special education finance system currently provides unintended fiscal incentives for children to be placed in restrictive educational settings in contradiction of the goal of special education to teach children with disabilities in the "least restrictive environment." For 2006-07, the Private Excess Cost Aid formula will be modified to conform to the Public Excess Cost Aid formula proposed for the 2006-07 school year. Specifically, the average State aid ratio used in calculating aid for private special education programs will be reduced from 85 percent to 49 percent - the same as that used for public schools. State funding in 2006-07 for Private Excess Cost Aid will total \$120.07 million, a decrease of -\$97.96 million.

BOCES Aid: BOCES Aid will total \$536.25 million, a decrease of -\$10.12 million or -1.85 percent, from 2005-06. A district's BOCES Aid allocation will be the lesser of the amount provided in the base year or the amount generated under the existing statutory formula.

Beginning in 2006-07, BOCES will be required to demonstrate savings for services (such as telecommunications) compared to existing State contract prices available through the Office of General Services. In addition, BOCES will no longer be reimbursed for educational services that exceed the costs of comparable services provided by individual school districts.

Special Services Aid: Special Services Aid funds career education programs and computer services for school districts

which are not components of a BOCES. The career education aid ceiling for 2006-07 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. For 2006-07, this aid will total \$142.63 million, an increase of \$1.13 million.

Transportation Aid: Transportation Aid will total \$1,299.55 million in 2006-07, an increase of \$89.98 million compared to 2005-06 Transportation Aid amounts. The minimum aid ratio for Transportation Aid continues to be 6.5 percent (dependent on district wealth, 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 will be eligible for reimbursement for capital expenditures based on the assumed useful life of the asset. District expenditures for transportation to and from school district operated summer classes to improve student performance will be aided up to a maximum of \$5.00 million statewide.

Reorganization Incentive Operating Aid¹: The statutory provisions for Reorganization Incentive Operating Aid remain unchanged. For 2006-07, aid will amount to \$12.91 million, a decrease of -\$2.97 million. Reorganization Incentive Operating Aid is provided for operating expenses incurred by school districts that are scheduled for reorganization. It is paid as a supplement based on formula Operating Aid when districts meet certain conditions prescribed by law. Since 1992, the operating aid enhancement for reorganizing districts has been 40 percent per year for the first five years, after which the percentage of additional operating aid decreases by four percent per year.

Textbook and Computer Aids: For the 2006-07 school year, the following provisions based on existing statutory formula apply:

- Textbook Aid: These funds reimburse school districts for the purchase of textbooks which are loaned to both public and nonpublic pupils. Schools are also able to qualify for reimbursement based on eligible purchases of content-based instructional materials in an electronic format.

¹ Formula Operating Aid components (as described in subdivision 12 of Section 3602 of the Education Law) will be used where appropriate to the aid category calculation, such as for Reorganization Incentive Operating Aid and Growth Aid.

The lottery funded portion of Textbook Aid is \$15.00 per pupil. The general fund portion is \$42.30 per pupil, for a combined maximum textbook aid payment of \$57.30 per pupil. Under the existing statutory formula, this aid will total \$186.51 million in 2006-07, an increase of \$0.22 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 the Rules of the Board of Regents. For the 2006-07 school year, districts will be reimbursed for expenses up to \$14.98 per pupil based on public and nonpublic school enrollment. For 2006-07, Computer Software Aid will total \$46.73 million, an increase of \$0.73 million.
- Instructional Computer Hardware and Technology Equipment Aid: This aid category provides funding for the lease or purchase of mini- and micro-computers, computer terminals and technology equipment for instructional purposes, for repair costs and for staff development. For the 2006-07 school year, \$29.03 million, an increase of \$0.19 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 2006-07, Library Materials Aid will total \$19.31 million, an increase of \$0.04 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.

Prekindergarten Aid²: Beginning in 1998-99, State funds were provided to expand the availability of prekindergarten programs for four-year-old children statewide. For 2006-07, funding of \$202.00 million is continued for State prekindergarten grants.

Class Size Reduction Aid²: For 2006-07, funding of \$139.39 million is continued to enable school districts to reduce class size in kindergarten and in grades one through three.

Full-Day K Incentive Aid: This aid category provides funding to encourage school districts to establish full-day

² A funding total of up to \$204.68 million is available for Prekindergarten Aid and up to \$139.97 million for Class Size Reduction Aid.

kindergarten programs intended to strengthen the quality of education for five-year-old children. School districts first offering full-day kindergarten programs in 2006-07 will receive current year formula Operating Aid for any increase in the number of students served in full-day programs in 2006-07 compared to 2005-06. For 2006-07, a total of \$2.19 million, a decrease of -\$1.63 million, is provided for this program reflecting a decline in new incentive applications from school districts.

Building/Reorganization Incentive Building Aid: For 2006-07, Building Aid to support school building projects throughout the State (including Reorganization Incentive Aid for building expenses incurred by those school districts that reorganize under section 3602 of the Education Law) will total \$1,597.37 million, an increase of \$76.56 million. Projects receive aid based on the date of approval by voters with Building Aid based on the greater of their current year AV/RWADA aid ratio or their 1999-00 Building Aid ratio reduced by 10 percentage points. The 10 percent Building Aid enrichment provided for projects approved July 1, 1998 and thereafter is continued in 2006-07.

The 2006-07 Executive Budget recommends continuation of recent Building Aid reforms:

- For aid for projects approved after July 1, 2005, for high need school districts including the Big Five City schools, districts may compute an additional amount equal to .05 times their selected aid ratio. The maximum aid payable is 98% of the project's approved costs.
- For projects for which a contract is signed July 1, 2004 or later, changes to the Building Aid formula address increased costs specific to New York City. The cost allowance includes legitimate extraordinary costs related to:
 - multistory construction necessitated by substandard site sizes,
 - site security costs,
 - difficulties with delivery of construction supplies,
 - increased fire resistance and fire suppression costs,
 - site acquisition,
 - environmental remediation and
 - building demolition costs.

In addition, the 2006-07 Executive Budget recommends a series of reforms to ensure that State and local resources are

effectively targeted to address school facility needs across the State. These reforms include: providing all school districts an exemption from the Wicks Law; simplifying the Building Aid formula to provide reasonable, realistic allowances for construction costs and student-based space needs; authorizing school districts to access Dormitory Authority advisory services to promote efficient construction practices and design; and streamlining existing New York City procurement processes. Finally, payment reforms for new projects enacted in 2005-06 will be extended for 2006-07 and the calculation of Building Aid payments for BOCES projects and New York City will be aligned with payments for school construction projects elsewhere in the State.

Fiscal Stabilization Grants: The 2006-07 Executive Budget recommends \$44.14 million in fiscal stabilization grants, an increase of \$40.20 million for the New York City school district.

Teacher Support Aid: For the 2006-07 school year, \$67.48 million will continue to be available for this Big Five City school district program.

GRANT PROGRAMS AND OTHER AID CATEGORIES

Teachers of Tomorrow: For 2006-07, \$25.00 million, an increase of \$5.00 million, will be available for this program. Teacher of Tomorrow funding supports awards and stipends to retain and attract teachers into New York's classrooms, particularly in areas where teacher shortages exist. The increase of \$5.00 million will provide recruitment incentives and tuition reimbursement for math and science teachers entering the teaching profession by means of alternative certification. Of available funds, up to \$15.00 million, or 60 percent, will go to New York City.

Teacher Resource and Computer Training Centers: Funding of \$10.33 million, a decrease of -\$20.67 million, is recommended for this program in the 2006-07 school year.

Teacher-Mentor Intern: A total of \$2.00 million, a decrease of -\$4.00 million, is recommended for 2006-07 to support school-year programs through which new teachers work with an experienced teacher as their mentor.

Engineers of the Future: A new \$5.00 million program is recommended to enable 500 middle and high schools to offer pre-

engineering programs. These programs will help to cultivate interest and proficiency in engineering and increase the number of students pursuing engineering careers.

Summer Institutes for Math and Science: This new \$5.00 million program will include \$2.50 million for summer math and science programs at community colleges for middle school students and \$2.50 million to support university-based programs to refresh and renew the competency of math/science teachers in state-of-the-art technology, equipment and pedagogy.

School Health Services: The Executive Budget recommends \$5.77 million in new funding to support student health services in the Big Four City school districts.

Growth Aid: Growth Aid will be paid as a separate apportionment to qualifying districts in June 2007. As provided for in Chapter 474 of the Laws of 1996, a district's growth index is calculated based on the change in enrollment. For 2006-07, Growth Aid will total \$7.73 million, a decrease of -\$8.87 million.

Categorical Reading Aid: This aid is provided to the Big Five City school districts to help improve pupil reading and mathematic skills as well as overall academic performance. A total of \$63.95 million in 2006-07, the same amount as last year, is provided 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: Funding of \$66.35 million, the same amount as last year, is continued to support 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 school programs offer special curricula that are intended to attract students of

different backgrounds in order to reduce racial isolation. A total of \$137.60 million is provided for 21 school districts (including \$116.70 million to the Big Five cities). School districts may use these funds to support the costs of magnet school programs or alternative instruction programs intended to reduce racial isolation and/or enhance academic standards:

• 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
• Poughkeepsie	2,475,000
• Albany	2,050,000
• Mount Vernon	2,000,000
• Schenectady	1,800,000
• Utica	1,700,000
• New Rochelle	1,410,000
• Port Chester	1,150,000
• White Plains	900,000
• Niagara Falls	600,000
• Amsterdam	500,000
• Freeport	400,000
• Middletown	400,000
• Beacon	366,000
• Greenburgh	300,000
• Peekskill	200,000

Fort Drum Area School Districts: A total of \$3.00 million is provided 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 amount as in 2005-06, will be allocated to small city school districts for the 2006-07 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 for persons who are 21 years of age or older who have not received a high school diploma. 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 2006-07 school year will be \$90.00 million, a decrease of -\$6.00 million, reflective of the current fiscal requirements of the program. Approved claims above such amount will be subject to proration.

Urban-Suburban Transfer: A total of \$1.13 million will be provided in 2006-07 to districts that participate in a voluntary interdistrict transfer between urban and suburban school districts to reduce racial isolation. Related transportation expenses are eligible for Transportation Aid.

Education of Homeless Children: Chapter 348 of the Laws of 1988 amended Section 3602 of the Education Law to institute this program of State aid under which 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 2006-07 is continued at \$6.48 million.

Aid for Incarcerated Youth: A total of \$16.50 million is continued for 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.

Bilingual Education Grants: In 2006-07, \$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. Such programs employ two languages (one of which is English) for the purpose of instruction and involve students whose native language is other than English.

Education of OMH/OMR Pupils: A total of \$34.00 million is continued 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. Aid is also provided 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.

Learning Technology Grants: Learning technology programs, including services benefiting nonpublic school students, will continue to be funded at \$3.29 million.

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 the distribution of training materials.

Roosevelt School District: For the 2006-07 school year, \$6.00 million is continued for academic improvement in the Roosevelt School District with the funding targeted for instructional purposes.

Education of Native Americans: A total of \$30.00 million, an increase of \$2.25 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.

B. OTHER STATE AID PROGRAMS

The recommended 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.

Basic Education for Public Assistance Recipients: For 2006-07, \$2.00 million is continued for basic education programs 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.

Children of Migrant Workers: A total of \$90,000, the same as for 2005-06, is continued to school districts supplementing Federal funds used to develop educational programs for the children of migrant farm workers.

Adult Literacy Education: An appropriation of \$3.32 million is continued in 2006-07 for a program of adult literacy consisting of competitive grants to community-based organizations, literacy volunteer organizations, and two- and four-year colleges and libraries.

Targeted Prekindergarten Program: The Targeted Prekindergarten program provides health, psychological and social services to four-year-old children from economically deprived neighborhoods. A total of \$50.20 million, the same amount as in 2005-06, has been allocated for the 2006-07 school year. Grants to support existing programs will be awarded based on Regulations of the Commissioner subject to the approval of the Director of the Budget.

New York State Center for School Safety: For 2006-07 \$475,000, the same amount as in 2005-06, will 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 2006-07, a total of \$475,000 is continued to support 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.

Lunch/Breakfast Programs: A total of \$31.70 million in State funds, the same amount 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 \$705.6 million for the 2006-07 Federal fiscal year.

Health Education Program: For 2006-07, \$750,000 is continued for the Health Education Program for the provision of services to school districts by the statewide and regional health networks.

Primary Mental Health Project: A total of \$970,000, is continued in 2006-07 for State support of school-based programs for the early detection and prevention of school adjustment and learning problems experienced by children in the primary grades.

Transferring Success: For 2006-07, an appropriation of \$629,800, is continued for this program, which seeks to validate and support the replication of exemplary education programs.

Workplace Literacy: Under this program, \$1.38 million, is continued in 2006-07 to aid labor organizations in the operation of programs in basic literacy and job skills.

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 \$11.50 million in 2006-07.

Apprenticeship Training: For 2006-07, \$1.83 million is provided to local education agencies for apprenticeship training programs pursuant to a formula contained in section 3610 of the Education Law.

Extended School Day/School Violence Prevention: A total of \$30.20 million is continued for 2006-07 to fund local school-based intervention programs, including the establishment of appropriate before- and/or after-school programs.

Academic Achievement Awards: A total of \$500,000 is recommended to support awards to schools across the State to recognize demonstrated educational performance and operational efficiency.

Schools Under Registration Review: A total of \$1.90 million is available in State aid to these schools.

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.

Nonpublic School Aid: A total of \$87.50 million is continued 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.

Private Schools for the Blind and Deaf: A total of \$111.10 million, an increase of \$1.89 million is recommended, under Article 85 of the Education Law, 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.

Preschool Special Education: Pursuant to section 4410 of the Education Law, \$635.00 million, an increase of \$65.99 million, is recommended for the State's 59.5 percent share of the costs of education for three- and four-year old children with disabilities. Similar to 2005-06, prior year claims on file with the State Education Department as of April 1, 2006 will receive priority treatment. Any remaining claims for which there is insufficient appropriation authority to pay in 2006-07 will receive priority status for payment in 2007-08. 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.

Summer School Program for Disabled Students: An appropriation of \$237.90 million, an increase of \$48.00 million, is provided 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 2006-07 appropriation will fund prior year liabilities and up to 70 percent of the 2006-07 school year obligations with the remainder to be funded in the subsequent State fiscal year.

Special Education - Federal Medicaid Recovery: For the 2006-07 State fiscal year, Chapter 53 includes a \$170.0 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.

Targeted Special Education Teacher Salary Supplement: A total of \$2.0 million is continued in support to private special

education providers that serve students with disabilities to allow them to provide targeted adjustments to teacher salaries to help allow these schools to attract new teachers and prevent excessive turnover of existing teaching staff.

Center for Autism and Related Disabilities: A total of \$500,000 in funding for this program is continued. In 2006-07 funding will be provided through Federal Individuals with Disabilities Education Act (IDEA) resources.

Summer Food Program: A total of \$3.30 million in State funds, the same as last year, is appropriated to subsidize summer food service programs operating during the 2006-07 school year.

Advances to Hurd City School Districts: A total of \$5.43 million in loan funds (Hurd advances) is appropriated in 2006-07 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 enacted a School Tax Relief (STAR) program for homeowners and provided for the full reimbursement of school districts for their revenue losses. Senior homeowners at least 65 years old and with incomes up to \$66,050 are eligible to receive exemptions of at least \$50,000 from the full value of their primary residences for school tax purposes. The 2006-07 Executive Budget proposes a cost of living adjustment for the STAR exemption for eligible senior citizens. Other homeowners are eligible for 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 school 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. The 2006-07 Budget includes \$2.7 billion for this purpose.

For the 2006-07 school year, STAR reimbursements 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 on the first business day of January. Any increase in STAR aid that occurs as a result of adjustment that are made after the January payment will be paid by March 31, 2007.

New York City Tax Reduction: Under the STAR program, New York City's more than 3 million resident personal income taxpayers will receive a flat refundable credit and a rate reduction. Total local taxpayer savings will be \$668 million, which will be reimbursed to the City in three equal installments on or before September 15, December 15 and March 15.

OTHER INITIATIVES

The 2006-07 Executive Budget includes various new initiatives to: enhance the quality of math and science education in New York State; enhance access to health services for students in Big Four City school districts; increase school choice; improve school governance; promote improved efficiency and performance; reform the school voting process; provide an education tax credit to families in school districts with underperforming schools and increase funding for Advantage After-School programs.

Math/Science Initiatives: Proposals to enhance the quality of math and science education in New York State include:

- Creation of a Science and Technology Taskforce to develop a comprehensive statewide plan to strengthen science and technology education through public/private partnerships;
- \$5.0 million is provided for the Engineers of the Future program and \$5.0 million for the Summer Institutes in Math and Science program;
- An increase of \$9.50 million in funding for the expansion of the Science and Technology Entry Program/Collegiate Science and Technology Program (STEP/CSTEP) to increase the number of historical under-represented and disadvantaged students successfully pursuing math, science and technology-related study at the high school and college level; and
- For 2006-07, \$25.00 million, an increase of \$5.00 million, will be available for the Teachers of Tomorrow program. The increase will provide recruitment incentives and tuition reimbursement for math and science teachers entering the teaching profession by means of alternative certification.

School Health Services Initiative: The Executive Budget recommends funding to provide necessary health services to the students in the Big Four City school districts. The Big Four City school districts will be eligible to receive categorical grant funding to provide health services. The allocation of these funds will be based on the number of school buildings in each school district.

School Choice: New York State's Charter Schools Act promotes additional public school choice for parents with children in chronically underperforming schools. Currently 79 charter schools are serving approximately 22,000 children throughout the State.

In addition to continuing \$6.0 million in funding for charter schools, the Executive Budget includes the following measures designed to expand public school choice:

- Increase the existing cap on the number of charter schools from 100 to 250;
- Provide legislation to clarify that charter school conversions authorized by the Chancellor of New York City schools do not count against the existing statutory limit on the number of charter schools - as is currently the case for charter school conversions approved by parents;
- Expand entities authorized to grant charters to include not-for-profit organizations approved by the Board of Trustees of the State University of New York;
- Provide charter schools with building aid in the same manner as Special Act school districts by providing State reimbursement of 49 percent for allowable costs of school construction and leases; and
- Authorize charter schools to access the Dormitory Authority of the State of New York (DASNY) for financing and construction management services.

Strengthening the Qualifications of School Business Officials: Strengthening the qualifications of local school business officials is vital to improving the fiscal accountability of school districts. The 2006-07 Executive Budget recommends that, prospectively, school business officials will be required to obtain a master's degree including twenty-four credit hours in finance or accounting; complete a school finance-related internship; and participate in on-going professional development activities.

Ethics Guidelines for School Employees: The 2006-07 Executive Budget recommends that school districts be required to adopt employee codes of ethics that will prohibit the use of school district resources for personal gain. School boards will be required to regularly review and approve their district's code of ethics and to submit it annually to the Office of the State Comptroller (OSC) and the State Education Department (SED). All school officials will be required to read their district's code of ethics and sign a statement affirming that they have read and understood the code. Finally, school audit protocols will include reviews of district compliance with statutory requirements pertaining to the code of ethics.

Rewarding Performance and Efficiency: The following new initiatives are proposed to promote improved academic performance and efficiency:

- Performance Funding: Additional Flex Aid will be provided prospectively to school districts that demonstrate significant improvement on statewide achievement tests.
- Academic Achievement Awards: A total of \$500,000 is recommended to support twenty-five Pathfinder Awards and twenty-five Trailblazer Awards to school across the State to recognize outstanding educational performance and exceptional operation efficiency.
- Cost Efficiency: School districts that adopt a school spending cap in 2006-07 will be eligible for a 2 percent Flex Aid bonus in the 2007-08 school year.
- State/Local Partnerships: Partnerships between local school districts and State agencies such as the New York State Energy Research and Development Authority and Office of General Services will be expanded to allow school districts to benefit from State expertise on ways to reduce energy and telecommunications costs.

Reforming the School Voting Process: The 2006-07 Executive Budget recommends significant reforms to the school voting process. The reforms are intended to increase voter participation in school elections and would:

- Establish a single vote on the school budget, thereby eliminating revotes;
- Require that all votes on bond resolutions occur on the single statewide voting day for school budgets;
- Expand the number of polling places for school elections in order to make participation more convenient for the voters;
- Conform the voting hours for school district elections to those for general elections; and
- Remove conflicts of interest in election supervision by involving county boards of elections in the supervision process and limiting the role of school district employees, board members and candidates in election supervision.

Education Tax Credit: Effective in the 2006 tax year, a \$500 refundable income tax credit will be available to families with incomes below \$90,000 in school districts with under-performing schools. This credit can be used to support tutoring, after-school programs and other eligible education expenses. The estimated cost of this program is \$400 million in the 2006 tax year.

Advantage Schools: For 2006-07, funding for Advantage After-School programs will be increased by \$7.30 million, for a total of \$27.50 million. This program offers educational and recreational after-school activities for elementary, middle and high school students and funds community-based organizations demonstrating the ability to work collaboratively with schools, child care providers and other community providers of after-school programming.

II

SUMMARY OF 2006-07 SCHOOL YEAR/FISCAL YEAR APPROPRIATIONS

School Year/Fiscal Year Impact

There are two time frames to consider when discussing 2006-07 New York State aid programs relating to support for public schools: the 2006-07 school year which runs from July 1, 2006 through June 30, 2007; and the 2006-07 State fiscal year which runs from April 1, 2006 through March 31, 2007. Tables in this section summarize: the school year and State fiscal year State-funded appropriations for General Support for Public Schools and the 2005-06 and 2006-07 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 General Support for Public Schools appropriations for 2006-07. Computerized aids increase by 1.79 percent.
- Table II-B gives the 2005-06 and 2006-07 State fiscal year appropriations from the General Fund, School Tax Relief Fund, and Lottery Fund.

TABLE II-A
SUMMARY OF AIDS FINANCES THROUGH SCHOOL AID APPROPRIATIONS
-- 2005-06 AND 2006-07 SCHOOL YEARS -- NEW YORK STATE

AID CATEGORY	2005-06	2006-07	Change	
	School Year	School Year	Amount	Percent
I. Formula-Based Aids:	(----- Amounts in Million -----)			
Flex Aid	\$8,499.69	\$8,499.69	\$0.00	0.00 %
Excess Cost - Public	2,397.11	2,528.40	131.29	5.48
Excess Cost - Private	218.03	120.07	(97.96)	(44.93)
Tax Limitation Aid	135.06	182.72	47.66	35.29
BOCES	546.37	536.25	(10.12)	(1.85)
Special Services (Career Ed./Computer Admin.)	141.50	142.63	1.13	0.80
Textbooks (Incl. Lottery)	186.29	186.51	0.22	0.12
Computer Software	46.00	46.73	0.73	1.59
Computer Hardware	28.84	29.03	0.19	0.66
Library Materials	19.27	19.31	0.04	0.21
Transportation (Including Summer)	1,209.57	1,299.55	89.98	7.44
Prekindergarten	202.00	202.00	0.00	0.00
Class Size Reduction	139.39	139.39	0.00	0.00
Building/Reorganization Building	1,520.81	1,597.37	76.56	5.03
Reorganization Incentive (Operating)	15.88	12.91	(2.97)	(18.70)
Full-Day K	3.82	2.19	(1.63)	(42.67)
Fiscal Stabilization Grants *	3.94	44.14	40.20	1,020.30
Teacher Support Aid	67.48	67.48	0.00	0.00
Formula-Based Aids Total	\$15,381.05	\$15,656.37	\$275.32	1.79 %
II. Grant Programs and Other Aid Categories:				
Teachers of Tomorrow	20.00	25.00	5.00	25.00
Teacher Centers	31.00	10.33	(20.67)	(66.68)
Teacher-Mentor Intern	6.00	2.00	(4.00)	(66.67)
Engineers of the Future	0.00	5.00	5.00	NA
Summer Institutes for Math and Science	0.00	5.00	5.00	NA
School Health Services	0.00	5.77	5.77	NA
Growth Aid	16.60	7.73	(8.87)	(53.43)
Roosevelt	6.00	6.00	0.00	0.00
Categorical Reading	63.95	63.95	0.00	0.00
Improving Pupil Performance	66.35	66.35	0.00	0.00
Magnet Schools	137.60	137.60	0.00	0.00
Aid to Small City School Districts	81.88	81.88	0.00	0.00
Fort Drum	3.00	3.00	0.00	0.00
Urban-Suburban Transfer	1.13	1.13	0.00	0.00
Employment Preparation Education	96.00	90.00	(6.00)	(6.25)
Homeless Pupils	6.48	6.48	0.00	0.00
Incarcerated Youth	16.50	16.50	0.00	0.00
Bilingual	11.20	11.20	0.00	0.00
Education of OMH/OMR Pupils	34.00	34.00	0.00	0.00
Special School Districts	2.20	2.20	0.00	0.00
Chargebacks	(31.00)	(31.00)	0.00	0.00
Tuition Adjustment	1.18	1.18	0.00	0.00
CVEEB	0.92	0.92	0.00	0.00
BOCES Aid for Special Act Districts	0.68	0.68	0.00	0.00
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	2.50	2.50	0.00	0.00
Native American Education *	27.75	30.00	2.25	8.11
Bus Driver Safety	0.40	0.40	0.00	0.00
Add'l Prekindergarten	2.68	2.68	0.00	0.00
Add'l Class Size Reduction	0.58	0.58	0.00	0.00
Subtotal	609.07	592.55	(16.52)	(2.71)
SCHOOL YEAR TOTAL	\$15,990.12	\$16,248.92	\$258.80	1.62 %
Sound Basic Education (SBE) Aid **	324.87	324.87	0.00	0.00
TOTAL Including SBE Aid	\$16,314.99	\$16,573.79	\$258.80	1.59 %
Sound Basic Education Reserve	0.00	375.13	375.13	NA
TOTAL Including SBE Reserve	\$16,314.99	\$16,948.92	\$633.93	3.89 %

* Previously appropriated outside of school aid.

** A total of \$700 million in SBE Aid is recommended for 2006-07; the \$375 million increase in SBE Aid will be placed in a reserve to be allocated pursuant to a plan to promote the provision of sound basic education in schools throughout the State.

Source: State Education Department computer runs and Executive Budget estimates of January 17, 2006.

TABLE II-B
2005-06 AND 2006-07 STATE FISCAL YEAR APPROPRIATIONS FROM GENERAL & SPECIAL REVENUE FUNDS

State Education Department Aid to Localities Appropriation	2005-06	2006-07	Change Amount	Percent
School Aid and STAR	\$19,168,008,000	\$20,815,523,000	\$1,647,515,000	8.60 %
General Support for Public Schools	12,685,702,000	13,185,286,000	499,584,000	3.94
BOCES	499,154,000	544,726,000	45,572,000	9.13
Magnet Schools	95,270,000	96,318,000	1,048,000	1.10
Employment Preparation Education	90,000,000	96,000,000	6,000,000	6.67
Small City School Districts	57,316,000	57,314,000	(2,000)	0.00
Improving Pupil Performance	46,445,000	46,445,000	0	0.00
Categorical Reading	44,765,000	44,765,000	0	0.00
School Health Services Grants	0	4,039,000	4,039,000	NA
Special Academic Improvement Grants	4,200,000	4,200,000	0	0.00
Other Miscellaneous GSPS appropriations (incl. Native American Ed, Teacher programs & Fisc. Stab. grants)	141,176,000	178,450,000	37,274,000	26.40
Total General Fund	13,664,028,000	14,257,543,000	593,515,000	4.34
STAR Plus: School Tax Relief Plus	0	530,000,000	530,000,000	NA
STAR: School Tax Relief Fund	3,222,000,000	3,368,000,000	146,000,000	4.53
Lottery - Education	2,054,480,000	2,072,480,000	18,000,000	0.88
Lottery - Sound Basic Education Aid	227,500,000	325,000,000	97,500,000	42.86
Lottery - Sound Basic Education Reserve	0	262,500,000	262,500,000	NA
Other Public Elementary and Secondary Education Programs	\$315,131,000	\$268,320,600	(\$46,810,400)	(14.85) %
Targeted Prekindergarten	50,200,000	50,200,000	0	0.00
Children of Migrant Workers	90,000	90,000	0	0.00
Transferring Success	629,800	629,800	0	0.00
Adult Basic Education	2,000,000	2,000,000	0	0.00
Adult Literacy Education	3,324,700	3,324,700	0	0.00
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
Nonpublic School Aid	87,500,000	87,500,000	0	0.00
Education of Native Americans and Remaining 2005-06 Payments	24,000,000	6,700,000 (a)	(17,300,000)	(72.08)
Academic Achievement Awards	0	500,000	500,000	NA
New York State Center for School Safety	475,000	475,000	0	0.00
Civility, Citizenship and Character Education Curriculum	475,000	475,000	0	0.00
Health Education Program	750,000	750,000	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	30,200,000	0	0.00
Schools Under Registration Review	1,900,000	1,900,000	0	0.00
Primary Mental Health Project	970,000	970,000	0	0.00
Summer Food Program	3,300,000	3,300,000	0	0.00
Consortium for Worker Education	11,500,000	11,500,000	0	0.00
Charter School Start Up Grants	6,000,000	6,000,000	0	0.00
Center for Autism and Related Disabilities - SUNY Albany	500,000	0 (b)	(500,000)	(100.00)
Teacher Resource & Computer Centers - Remaining 2003-04 Payments	300,000	0	(300,000)	(100.00)
Grants-in-aid for Certain School Districts	27,110,400	0	(27,110,400)	(100.00)
Prior Year Claims and Remaining 2005-06 Fiscal Stabilization Grants (a)	28,000,000	25,900,000	(2,100,000)	(7.50)
Other School Programs	2005-06	2006-07	Change Amount	Percent
	\$688,636,000	\$804,520,000	\$115,884,000	16.83 %
Private Schools for the Blind & Deaf (G.F.)	109,210,000	111,100,000	1,890,000	1.73
Private Schools for the Blind & Deaf (Lott.)	20,000	20,000	0	0.00
Special Education Targeted Adjustment Aid	2,000,000	2,000,000	0	0.00
Preschool Special Education	569,006,000	635,000,000	65,994,000	11.60
Summer School Handicapped	189,900,000	237,900,000	48,000,000	25.28
Less: Special Education Medicaid Offset	(170,000,000)	(170,000,000)	0	0.00
Less: Consortium for Worker Education Offset	(11,500,000)	(11,500,000)	0	0.00
Fiscal Year Total (excluding Hurd Loans)	\$20,171,775,000	\$21,888,363,600	\$1,716,588,600	8.51 %
Advances to Hurd City School Districts (c)	6,515,000	5,431,000.00	(1,084,000.00)	(16.64)
FISCAL YEAR TOTAL	\$20,178,290,000	\$21,893,794,600	\$1,715,504,600	8.50 %

(a) 2006-2007 school year funding for this program is provided within school aid.

(b) 2006-07 school year funding for this program is provided within the Federal Individuals with Disabilities Education Act (IDEA) appropriation.

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

Source: Laws of the State of New York: Chapters 53, 57 and 62, Laws of 2005; 2006-2007 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 452 major school districts by a total of \$323.52 million in the 2006-07 school year. There are 225 districts that are projected to have decreases of \$48.20 million. The combined total of increases and reductions produce a net increase statewide of \$275.32 million, or 1.79 percent.

- Table II-C lists the aid amounts allocated to each of the Big Five city school districts under selected General Support programs. The aids analyzed are those shown in Table II-A.
- Table II-D lists changes in all General Support individual aid categories for New York City. The net increase for formula-based aids is 1.91 percent.
- In Table II-E, major 2006-07 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 increase for these aids will be 1.79 percent. The 369 districts in the 18 most populous counties contain 49.21 percent of the State's public school pupils. These districts will receive 43.27 percent of the 2006-07 combined aids total. Districts in the 18 most populous counties will have an average increase in combined aids of 1.80 percent. Districts in the rest of the State, exclusive of New York City, will have an average increase of 1.52 percent and will receive 18.87 percent of the 2006-07 combined aids total.

TABLE II-C
SUMMARY OF SELECTED AIDS TO THE BIG FIVE CITY SCHOOL DISTRICTS FINANCED
THROUGH SCHOOL AID APPROPRIATIONS: 2005-06 AND 2006-07

AID CATEGORY	New York City		Buffalo		Rochester		Syracuse		Yonkers	
	2005-06	2006-07	2005-06	2006-07	2005-06	2006-07	2005-06	2006-07	2005-06	2006-07
I. Formula-Based Aids:	(----- Amounts in Millions -----)									
Flex Aid	\$3,467.96	\$3,467.96	\$238.73	\$238.73	\$175.28	\$175.28	\$107.98	\$107.98	\$56.53	\$56.53
Excess Cost - Public	889.82	960.87	52.31	61.73	61.36	59.90	33.60	38.73	21.52	24.41
Excess Cost - Private	100.21	46.98	15.96	9.43	7.85	5.44	0.55	0.50	3.30	1.47
Special Services (Career Ed/Computer Admin.)	102.71	103.49	12.61	12.58	8.40	8.47	5.06	5.35	4.27	4.29
Computer Software	19.61	19.53	0.78	0.74	0.62	0.61	0.34	0.36	0.45	0.44
Library Materials	7.85	7.82	0.28	0.30	0.25	0.23	0.14	0.14	0.18	0.18
Textbooks	74.91	74.61	2.27	2.79	2.38	2.33	1.41	1.44	1.84	1.80
Computer Hardware	11.27	11.14	0.70	0.69	0.59	0.59	0.26	0.39	0.17	0.16
Transportation (Including Summer)	351.57	401.70	30.11	31.31	35.96	37.10	9.41	10.49	10.18	12.51
Prekindergarten	146.53	146.53	7.10	7.10	7.06	7.06	3.22	3.22	2.60	2.60
Class Size Reduction	88.84	88.84	4.97	4.97	5.25	5.25	3.30	3.30	4.60	4.60
Building Aid	492.98	495.74	35.12	48.09	14.55	16.42	6.99	7.26	2.76	3.25
Tax Limitation Aid	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.21	0.21
Fiscal Stabilization Grants *	0.00	40.20	1.20	1.20	1.48	1.48	0.00	0.00	0.00	0.00
Teacher Support Aid	62.71	62.71	1.74	1.74	1.08	1.08	0.81	0.81	1.15	1.15
Formula-Based Aids Total	\$5,816.96	\$5,928.11	\$403.89	\$421.41	\$322.12	\$321.23	\$173.08	\$179.97	\$109.76	\$113.60
Change from 2005-06 School Year		\$111.15		\$17.52		(\$0.89)		\$6.89		\$3.84
Percent		1.91%		4.34%		-0.28%		3.98%		3.50%
II. Grant Programs and Other Aid Categories:										
Teachers of Tomorrow	12.00	15.00	0.85	1.06	2.08	2.60	0.41	0.51	1.73	2.16
Teacher Centers	11.63	3.88	0.73	0.24	0.47	0.16	0.47	0.16	0.30	0.10
Teacher-Mentor Intern	2.41	0.80	0.20	0.07	0.10	0.03	0.15	0.05	0.00	0.00
School Health Services	0.00	0.00	0.00	2.13	0.00	1.39	0.00	1.08	0.00	1.17
Growth Aid	0.87	0.00	0.00	0.00	0.00	0.00	1.04	0.00	0.00	0.00
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	141.24	134.01	46.81	48.53	26.10	27.63	22.67	22.40	45.63	47.03
SCHOOL YEAR TOTAL SELECTED AIDS	\$5,958.20	\$6,062.12	\$450.70	\$469.94	\$348.22	\$348.86	\$195.75	\$202.37	\$155.39	\$160.63
Change from 2005-06 School Year		\$103.92		\$19.24		\$0.64		\$6.62		\$5.24
Percent		1.74%		4.27%		0.18%		3.38%		3.37%
Sound Basic Education (SBE) Aid **	195.65	195.65	9.46	9.46	8.35	8.35	4.32	4.32	3.84	3.84
TOTAL Including SBE	\$6,153.85	\$6,257.77	\$460.16	\$479.40	\$356.57	\$357.21	\$200.07	\$206.69	\$159.23	\$164.47
Change from 2005-06 School Year		\$103.92		\$19.24		\$0.64		\$6.62		\$5.24
Percent		1.69%		4.18%		0.18%		3.31%		3.29%

* Previously appropriated outside of school aid.

** A total of \$700 million in SBE Aid is recommended for 2006-07; the \$375 million increase in SBE Aid will be placed in a reserve to be allocated pursuant to a plan to promote the provision of sound basic education in schools throughout the State.

Source: State Education computer runs and Executive Budget estimates of January 17, 2006.

TABLE II-D
SUMMARY OF AIDS FINANCED THROUGH SCHOOL AID APPROPRIATIONS
-- 2005-06 AND 2006-07 SCHOOL YEARS --- NEW YORK CITY

AID CATEGORY	2005-06	2006-07	Change	
	School Year	School Year	Amount	Percent
I. Formula-Based Aids:	(----- Amounts in Millions -----)			
Flex Aid	\$3,467.96	\$3,467.96	\$0.00	0.00 %
Excess Cost - Public	889.82	960.87	71.05	7.98
Excess Cost - Private	100.21	46.98	(53.23)	(53.12)
Special Services (Career Ed./Computer Admin.)	102.71	103.49	0.78	0.76
Textbooks (Incl. Lottery)	74.91	74.61	(0.30)	(0.40)
Computer Software	19.61	19.53	(0.08)	(0.41)
Computer Hardware	11.27	11.14	(0.13)	(1.15)
Library Materials	7.85	7.82	(0.03)	(0.38)
Transportation (Including Summer)	351.57	401.70	50.13	14.26
Prekindergarten	146.53	146.53	0.00	0.00
Class Size Reduction	88.84	88.84	0.00	0.00
Building	492.98	495.74	2.76	0.56
Full-Day K	0.00	0.00	0.00	0.00
Fiscal Stabilization Grants *	0.00	40.20	40.20	NA
Teacher Support Aid	62.71	62.71	0.00	0.00
Formula-Based Aids Total	\$5,816.96	\$5,928.11	\$111.15	1.91 %
II. Grant Programs and Other Aid Categories:				
Teachers of Tomorrow	12.00	15.00	3.00	25.00
Teacher Centers	11.63	3.88	(7.75)	(66.64)
Teacher-Mentor Intern	2.41	0.80	(1.61)	(66.80)
Growth Aid	0.87	0.00	(0.87)	(100.00)
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	33.50	33.50	0.00	0.00
Homeless Pupils	0.00	0.00	0.00	NA
Incarcerated Youth	0.00	0.00	0.00	NA
Bilingual	4.50	4.50	0.00	0.00
Education of OMH/OMR Pupils	12.00	12.00	0.00	0.00
Chargebacks	(7.00)	(7.00)	0.00	0.00
Learning Technology Grants	1.13	1.13	0.00	0.00
Subtotal	185.37	178.14	(7.23)	(3.90)
SCHOOL YEAR TOTAL	\$6,002.33	\$6,106.25	\$103.92	1.73 %
Sound Basic Education (SBE) Aid **	195.65	195.65	0.00	0.00
TOTAL Including SBE Aid	\$6,197.98	\$6,301.90	\$103.92	1.68 %

* Previously appropriated outside of school aid.

** A total of \$700 million in SBE Aid is recommended for 2006-07; the \$375 million increase in SBE Aid will be placed in a reserve to be allocated pursuant to a plan to promote the provision of sound basic education in schools throughout the State.

Source: State Education Department computer runs and Executive Budget estimates of January 17, 2006.

TABLE II-E
CHANGE IN SCHOOL AID (a) FOR 2005-06 AND 2006-07 SCHOOL YEARS:
18 MOST POPULOUS COUNTIES, NEW YORK CITY AND REST OF STATE

AREA	No. of Dtrs.	Percent of Total State TAPU (b)	2006-07 Combined Aids		Change in Aid from 2005-06 to 2006-07		Number of Districts		
			2005-06 Combined Aids	Amount	Percent of State Total	Amount	Percent	With Aid Increases	With Aid Decreases
(----- Dollar Amounts in Thousands -----)									
Albany	13	1.47	\$173,175	\$176,830	1.13	\$3,655	2.11	10	3
Broome	12	1.11	194,180	199,029	1.27	4,849	2.50	11	1
Chautauqua	18	0.81	177,381	178,313	1.14	932	0.53	12	6
Dutchess	13	1.67	195,133	196,029	1.25	896	0.46	9	4
Erie	28	4.85	842,681	869,597	5.55	26,916	3.19	21	7
Monroe	18	4.19	704,336	707,507	4.52	3,171	0.45	11	7
Nassau	56	7.55	609,142	622,538	3.98	13,396	2.20	37	19
Niagara	10	1.20	227,101	229,348	1.46	2,247	0.99	7	3
Oneida	15	1.31	260,555	265,645	1.70	5,090	1.95	10	5
Onondaga	18	2.71	447,231	459,362	2.93	12,131	2.71	12	6
Orange	17	2.38	364,733	375,038	2.40	10,305	2.83	11	6
Rensselaer	11	0.82	149,433	150,830	0.96	1,397	0.93	8	3
Rockland	8	1.50	138,360	138,854	0.89	494	0.36	4	4
Saratoga	12	1.26	173,182	174,219	1.11	1,037	0.60	5	7
Schenectady	6	0.84	115,178	115,168	0.74	(10)	(0.01)	4	2
Suffolk	65	9.41	1,361,737	1,383,528	8.84	21,791	1.60	34	31
Ulster	9	0.99	145,001	144,801	0.92	(200)	(0.14)	5	4
Westchester	40	5.11	375,485	387,306	2.47	11,821	3.15	25	15
18 Most Populous Counties	369	49.21	\$6,654,023	\$6,773,942	43.27	\$119,919	1.80	236	133
New York City	1	36.55	5,816,957	5,928,112	37.86	111,155	1.91	1	0
Rest of State	307	14.24	2,910,066	2,954,314	18.87	44,248	1.52	215	92
TOTAL STATE	677	100.00	\$15,381,046	\$15,656,368	100.00	\$275,322	1.79	452	225

(a) 2006-07 aids include flex aid, public and private excess cost aids, tax limitation, BOCES, special services, textbook, computer software, computer hardware, library materials, transportation (including summer), prekindergarten, class size reduction, building, reorganization incentive (operating and building), full-day k, fiscal stabilization grants and teacher support aid.

(b) The TAPU for payment pupil count used for 2006-07 formula operating aid.

Source: State Education Department computer runs and Executive Budget estimates of January 17, 2006.

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 2006-07 and compares them with the 2005-06 aid categories.
- Appendix III-B provides the mathematical formulas for computing 17 different aids for 2006-07 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 2006-07 school year.

APPENDIX III-A
COMPARISON OF 2005-06 AND 2006-07 SCHOOL AID PROGRAMS

<u>Category</u>	<u>2005-06 School Year</u>	<u>2006-07 School Year</u>
<u>FLEX AID</u>		
Tier 1 Aid	The sum of a district's 2004-05 Comprehensive Operating, Summer School, Minor Maintenance, ERSSA, Extraordinary Needs, and Limited English Proficiency Aid	For the 2006-07, a district will receive a continuation of its 2005-06 Flex Aid and Additional Aids (see below)
Tier 2 Aid		
Formula Ceiling	\$6.00 plus the product of \$55.00 times Regional Cost Index times Flex Aid Ratio	
Regional Cost Index	Geographic Cost of Education Index-based cost adjustment ³	
State Share	1.37 - (Flex Combined Wealth Ratio x 1.10)	
Minimum Aid Ratio	.05	
Pupils	Flex Selected Total Aidable Pupil Units (Flex Selected TAPU)	
Allowed Maximum	2.50 Percent/Flex CWR	
Tier 3 Aid		
Eligible Districts	A district's Flex Combined Wealth Ratio must be less than 1.2 and its K-6 FRPL percent greater than 50 percent	
Formula Ceiling	\$9.00 multiplied by the ratio of a district's FRPL percent divided by 50 percent	

³ The GCEI-based cost adjustment is a statewide index reflecting variations in teacher compensation among school districts. The index for each district is listed under the heading "Tier 1 Flex Aids" in the school aid computer listing entitled "Flex Aid, Instructional Materials Aids and Sound Basic Education Aid" produced by the commissioner of education in support of the executive budget for the 2005-06 school year and entitled "BT033-1."

<u>Category</u>	<u>2005-06 School Year</u>	<u>2006-07 School Year</u>
State Share	1.00 - (Flex CWR x .64)	

Minimum Aid Ratio	.10	
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Pupils	2004-05 enrollment	
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ADDITIONAL AIDS

The sum of: Tier 2 Comprehensive Operating Aid (the product of \$109.40 x (1.30 - (1.85 x CWR)) x Selected TAPU) plus a district will receive any increase that it would be eligible for over its base-year amount (i.e., the positive remainder of 2005-06 aid minus the lesser of aid for 2004-05 as shown on the 2005-06 Executive Budget computer run BT033-1 or the current 2004-05 appropriation) for each of the following aids: Educationally Related Support Services Aid, Extraordinary Needs Aid, Limited English Proficiency Aid, Summer School Aid and Minor Maintenance and Repair Aid

For the 2006-07, a district will receive a continuation of its 2005-06 Flex Aid and Additional Aids (see above)

COMPREHENSIVE OPERATING AID

Comprehensive Operating Aid is one of six aids replaced by Flex Aid See ADDITIONAL AIDS above

None

LIMITED ENGLISH PROFICIENCY AID

LEP is one of six aids replaced by Flex Aid. See ADDITIONAL AIDS above

None

EXTRAORDINARY NEEDS AID

ENA is one of six aids replaced by Flex Aid. See ADDITIONAL AIDS above

None

EDUCATIONALLY RELATED SUPPORT SERVICES AID

ERSSA is one of six aids replaced by Flex Aid. See ADDITIONAL AIDS above.

None

MINOR MAINTENANCE AND REPAIR AID

Minor Maintenance Aid is one of six aids replaced by Flex Aid. See

None

<u>Category</u>	<u>2005-06 School Year</u>	<u>2006-07 School Year</u>
	ADDITIONAL AIDS above.	
<u>SUMMER SCHOOL AID</u>	Summer School aid is one of six aids replaced by Flex Aid. See ADDITIONAL AIDS above.	None
<u>GROWTH AID</u> ⁴	Growth Index in excess of 1.004 * formula operating aid	Same
<u>URBAN-SUBURBAN TRANSFER SUPPLEMENTATION</u>	Qualifying districts will receive the same aid that they would have received if they had operated a program in the 2000-01 school year.	Same
<u>EXCESS COST AID FOR DISABLED PUPILS</u>		
Public Excess Cost Aid:		
Disabled Pupil Classifications	Three	Same
Ceiling Range for Aid	\$2,000 - \$8,500	\$2,000 - \$9,250
Wealth Measure	Combined Wealth Ratio ⁵	Same
State Share	.49	Same
Minimum Aid Ratio	.25	Same
High Cost Eligibility	4 x AOE/TAPU or \$10,000	Same
Save-Harmless	95% of 2004-05 aid (including declassification aid but not integrated settings aid)	95% of 2005-06 aid (including declassification aid but not integrated settings aid)

⁴ 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. The calculation for Formula Operating Aid is described more fully in subdivision 12 of Section 3602 of the Education Law.

⁵ A district's 2005-06 Combined Wealth Ratio is equal to: (.5 x Pupil Wealth Ratio) + (.5 x Alternate Pupil Wealth Ratio). The district Pupil Wealth Ratio is equal to: $\frac{2002 \text{ Actual Valuation}}{\$346,400} / 2002\text{-}03 \text{ TWPU}$; and the Alternate Pupil Wealth Ratio is equal to: $\frac{2002 \text{ District Income}}{\$118,500} / 2003\text{-}04 \text{ TWPU}$

A district's 2006-07 Combined Wealth Ratio is equal to: (.5 x Pupil Wealth Ratio) + (.5 x Alternate Pupil Wealth Ratio). The district Pupil Wealth Ratio is equal to: $\frac{2003 \text{ Actual Valuation}}{2004\text{-}05 \text{ TWPU}}$

<u>Category</u>	<u>2005-06 School Year</u>	<u>2006-07 School Year</u>
Integrated Settings Aid (not subject to save-harmless):		
Ceiling	Basic Excess Cost Aid per pupil	Same
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 x 0.50	Same
Declassification Support Services Aid:		
Ceiling	Basic Excess Cost aid Per Pupil x 0.50	Same
Pupil Count	Base Year Pupils in Need	Same
Private Excess Cost Aid:		
Ceiling Range for Aid	Tuition - Deduct	\$2,000-\$9,250/Tuition
Deduct	Local Levy/Enrollment	Same
Wealth Measure	Combined Wealth Ratio	Same
State Share	.85	.49/.85
Minimum Aid Ratio	.50	.25/.50
Pupils	Attending private or State run schools	Same
Pupil Weighting	None	1.65
State School Taper Ratio	(1-CWR)/.75	Same
<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

\$382,200 ; and the
Alternate Pupil Wealth Ratio is equal to: 2003 District Income/2004-05 TWPU
\$121,800

<u>Category</u>	<u>2005-06 School Year</u> 100% of 1967-68 Aid	<u>2006-07 School Year</u> Same
Save-Harmless Provision		
Limit	None	The lesser of aid calculated by the State Education Department for the 2006-07 or 2005-06 school year based on data on file December 1, 2005.
<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> 2004-05 it had half-day kindergarten enrollment <u>or</u> if it had no kindergarten enrollment in 1996-97 <u>and</u> 2004-05.	A district that first offers Full-Day Kindergarten to all students in 2006-07 is eligible for aid if in 1996-97 <u>and</u> 2005-06 it had half-day kindergarten enrollment <u>or</u> if it had no kindergarten enrollment in 1996-97 <u>and</u> 2005-06.
Pupil Count	2005-06 Estimated Full-Day K Enrollment - 2004-05 Full-Day K Enrollment	2006-07 Estimated Full-Day K Enrollment - 2005-06 Full-Day K Enrollment
Aid Per Pupil	A district's Formula Operating Aid per pupil.	Same
<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
Urban-Suburban Transfer	Approved expenditures of transportation of pupils	Same

<u>Category</u>	<u>2005-06 School Year</u> in voluntary interdistrict programs.	<u>2006-07 School Year</u>
<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. 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 in the school year in which the project was approved and the approval date was between 7/1/00 and 7/1/04 may select an aid ratio equal to 1.263 multiplied by the district's State sharing ratio.	Same For projects approved by voters on or after 7/1/05 and on or before 6/30/07, school districts with a pupil wealth ratio greater than 2.85 and an alternate pupil wealth ratio less than .85 in the 2000-01 school year may select an aid ratio equal to 1.263 multiplied by the district's State sharing ratio. For aid payable in the 2005-06 school year and after for projects approved after July 1, 2005, for high need school districts including the Big Five City schools, districts may compute an additional amount equal to .05 times their selected aid ratio. The maximum aid payable is

<u>Category</u>	<u>2005-06 School Year</u>	<u>2006-07 School Year</u>
		98% of the project's approved costs.
Base	Approved Expenditures	Same
Additional Adjustments	<p>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% 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.</p> <p>For aid for projects approved after July 1, 2005, for high need school districts including the Big Five City schools, districts may compute an additional amount equal to .05 times their selected aid ratio. The maximum aid payable is 98% of the project's approved costs.</p> <p>For projects for which a contract is signed July 1, 2004 or later changes to the Building Aid formula address increased costs specific to New York City.</p>	Same
Payment Deferral	<p>Payment for new construction projects otherwise eligible for aid is deferred in instances in which the school district did not file a notice that a general construction contract has been signed with the Commissioner of Education by the February 15, 2005 database.</p>	<p>Payment for new construction projects otherwise eligible for aid is deferred in instances in which the school district did not file a notice that a general construction contract has been signed with the Commissioner of Education by the December 1, 2005 database.</p>

REORGANIZATION INCENTIVE AID

<u>Category</u>	<u>2005-06 School Year</u>	<u>2006-07 School Year</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, 2006 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
Career Education Aid:		
State Share	.41	Same
Minimum Aid Ratio	.35	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>Category</u>	<u>2005-06 School Year</u>	<u>2006-07 School Year</u>
<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 AID</u>	Each school district shall be eligible to receive the amount such district was eligible for in the 2004-05 school year.	Same
<u>CLASS SIZE REDUCTION</u>	Each school district shall be eligible to receive the amount such district was eligible for in the 2004-05 school year.	Same
<u>CATEGORICAL READING AID</u>	\$63.95 million	Same
<u>GRANTS FOR IMPROVING PUPIL PERFORMANCE</u>	\$66.35 million	Same
<u>FORT DRUM GRANTS</u>	\$3.00 million	Same
<u>MAGNET SCHOOL AID</u>	\$137.60 million	Same
<u>TEACHER SUPPORT AID</u>	\$67.48 million	Same
<u>ENGINEERS OF THE FUTURE</u>	None	\$5.00 million
<u>INSTITUTES FOR MATH/SCIENCE TEACHERS</u>	None	\$5.00 million
<u>SCHOOL HEALTH SERVICES</u>	None	\$5.77 million
<u>TAX LIMITATION AID</u> Tier 1 Aid	For the 2005-06 school year a district will receive a continuation of its 2004-05 Tax Limitation aid. ⁶ Qualifying districts will receive additional Tier 2 or Tier 3 aid as described	For the 2006-07 school year a district will receive a continuation of its 2005-06 Tax Limitation aid amount. Same

⁶ For the 2004-05 school year, total aid was limited to \$48.55 million.

<u>Category</u>	<u>2005-06 School Year</u>	<u>2006-07 School Year</u>
	below.	
Tier 2 Aid Eligible Districts	A district's Combined Wealth Ratio must be less than 1.50 and the ratio of its 2002 tax levy on residential real property (including condominium property) divided by the district's 2002 adjusted gross income compared to the state average of residential tax levy divided by income (2.57 percent for 2005-06) must be greater than 1.60.	A district's Combined Wealth Ratio must be less than 1.50 and the ratio of its 2003 tax levy on residential real property (including condominium property) divided by the district's 2003 adjusted gross income compared to the state average of residential tax levy divided by income (2.78 percent for 2006-07) must be greater than 1.80.
	.50	Same
	Combined Wealth Ratio	Same
State Share	\$109.80 multiplied by the ratio of a district's residential levy divided by income compared to the state average (2.57 percent).	\$57.75 multiplied by the ratio of a district's residential levy divided by income compared to the state average (2.78 percent).
Wealth Measure		
Formula Ceiling		
Tier 3 Aid	Additional Aid is available for districts with an AOE/TAPU for Expense greater than the State Average (\$8,500).	Additional Aid is available for districts with an AOE/TAPU for Expense greater than the State Average (\$9,250).
<u>INCARCERATED YOUTH</u>	\$16.5 million	Same
<u>LEARNING TECHNOLOGY</u>	\$3.29 million	Same
<u>BUS DRIVER SAFETY</u>	\$.40 million	Same
<u>SMALL CITY SCHOOL DISTRICT AID</u>	\$81.88 million. For the 2005-06 school year, a district's <u>Hurd</u> aid was the same as its 2004-05 aid	\$81.88 million. For the 2006-07 school year, a district's <u>Hurd</u> aid will be the same as its 2005-07 aid
<u>EMPLOYMENT PREPARATION EDUCATION AID</u> ⁷		
Ceiling	\$8.50/contact hour	\$9.25/contact hour
Wealth Measure	AV/TWPU	Same

⁷ For the 2005-06 school year, a \$96.00 million funding limit is provided. For the 2006-07 school year, EPE aid is limited to \$90.00 million.

<u>Category</u>	<u>2005-06 School Year</u>	<u>2006-07 School Year</u>
State Share	.60	Same
Minimum Aid Ratio	.40	Same
Pupil Count	Contact Hours	Same

SOUND BASIC EDUCATION AID

Sound Basic Education Aid

A district will receive its 2005-06 Sound Basic Educational Aid as shown on the 2005-06 Executive Budget computer run BT033-1. Formula components are described below. For 2005-06 SBE Aid totals \$324.87 million.

For the 2006-07 school year a district will receive a continuation of its 2005-06 Sound Basic Education Aid amount.

A total of \$700 million in SBE Aid is recommended for 2006-07. A \$375 million increase in SBE Aid will be placed in a reserve to be allocated pursuant to a plan to promote the provision of sound basic education in schools throughout the State.

English Language

Learners Aid:

Ceiling \$715.00

Regional Cost Index Geographic Cost of Education Index-based cost adjustment⁸

Wealth Measure Combined Wealth Ratio

State Share .60

Minimum Aid Ratio .05

Pupil Count 20% of Limited English Proficient pupils

Economically Disadvantaged

Student Aid:

Ceiling \$715.00

⁸ The GCEI-based cost adjustment is a statewide index reflecting variations in teacher compensation among school districts. The index for each district is listed under the heading "Tier 1 Flex Aids" in the school aid computer listing entitled "Flex Aid, Instructional Materials Aids and Sound Basic Education Aid" produced by the commissioner of education in support of the executive budget for the 2005-06 school year and entitled "BT033-1."

<u>Category</u>	<u>2005-06 School Year</u>	<u>2006-07 School Year</u>
Additional Ceiling	\$60.00 if a district's 2004 enrollment per square mile is greater than 1,200	
Regional Cost Index	Geographic Cost of Education Index-based cost adjustment	
Wealth Measure	Combined Wealth Ratio	
State Share	.60	
Minimum Ratio	.05	
Pupil Count	35% of pupils calculated as the percentage of K-6 free and reduced lunch eligible applicants times 2004 enrollment	
Sparsity Aid	Districts qualify for an additional amount if their enrollment per square mile is less than 25	
Minimum Aid:	\$25,000	

APPENDIX III-B
MATHEMATICAL EXPLANATION OF AID FORMULAS⁹

The mathematical formulas¹⁰ for calculating public and private excess cost aids, BOCES aid, textbook aid, library materials aid, special services aid, transportation aid, computer software aid, instructional computer hardware and technology equipment aid, employment preparation education aid, incarcerated youth aid, tax limitation aid, building aid and reorganization incentive building aid, reorganization incentive operating aid, full-day K incentive aid, and growth aid are presented in this appendix. Flex aid, prekindergarten aid and class size reduction aid are maintained at 2005-06 levels.

For the 2006-07 school year a district will receive a continuation of its 2005-06 Sound Basic Education Aid amount. Total SBE Aid for 2006-07 will equal \$700 million, an increase of \$375 million consistent with the State's Five-Year SBE Plan. The \$375 million increase in SBE Aid will be placed in a reserve to be allocated pursuant to a plan to promote the provision of sound basic education in schools throughout the State.

The State average wealth measures for use in the calculation of 2006-07 aid ratios are:

2003 Actual Valuation/2004-05 TWPU	\$382,200
2003 Adjusted Gross Income/2004-05 TWPU	\$121,800
2003 Actual Valuation/2004-05 RWADA	\$456,700

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
TWPU.....Total Wealth Pupil Units
ADA.....Average Daily Attendance
RWADA.....Resident Weighted Average Daily Attendance

⁹ A district's aid for the 2006-07 school year will be calculated based on data on file with the Commissioner of Education as of the date upon which an electronic data file was created for the school aid computer listing produced in support of the Executive Budget request for the 2006-07 school year and entitled "BT131-6." A district may not exceed the sum of apportionments calculated based on this data and reported in the school aid computer listing entitled "BT131-6" released in January 2006 with the issuance of the 2006-07 Executive Budget.

¹⁰ For formula calculations, see the 2006-07 ELFA Appropriation Bill and the Education Law sections cited in this appendix.

FLEX AID: 2006-07 ELFA Appropriation Bill

The sum of 2005-06 Flex Aid and Additional Aids. 2005-06 Flex Aid formula factors include:

Tier 1 Aid

A district's Flex Aid is determined by first calculating the sum of its 2004-05 comprehensive operating, summer school, minor maintenance, educationally related support services, extraordinary needs, and limited English proficiency aid. To this amount is added the result of the following formulas:

Tier 2 Formula = \$6.00 + ((\$55.00 x Geographic Cost of Education Index-based cost adjustment¹¹) x Flex Aid Ratio) x Flex Selected TAPU for payment

Flex Aid Ratio = The result of the following but not less than .05 nor more than .90: $1.37 - (\text{Flex Combined Wealth Ratio} \times 1.10)$

Flex Combined Wealth Ratio = $(.5 \times \text{Flex Pupil Wealth Ratio}) + (.5 \times \text{Flex Alternate Pupil Wealth Ratio})$

Flex Pupil Wealth Ratio = $\frac{2002 \text{ Actual Valuation}/2003-04 \text{ Flex TWPU}}{\text{State Average Actual Valuation}/\text{Flex TWPU}}$
(\$315,000)

Flex Alternate Pupil Wealth Ratio =

District 2002 Adjusted Gross Income/2003-04 Flex TWPU
State Average Adjusted Gross Income/Flex TWPU
(\$107,700)

Pupil Counts for Wealth and for Aid

Flex TWPU = Resident 2003-04 Average Daily Attendance with weightings as described in Appendix III-C, but without PSEN weightings, plus additional weightings of 0.33 for free and reduced-price lunch, limited English proficiency and sparsity pupil counts.

Flex Selected TAPU for Payment = The higher of 2004-05 Flex TAPU or the average of 2003-04 and 2004-05 Flex TAPU. Flex TAPU are calculated based on served Average Daily Attendance with weightings as described in Appendix III-C, but without PSEN weightings, plus additional weightings of 0.33 for free and reduced-price lunch, limited English proficiency and sparsity pupil counts. Summer pupils are weighted at 0.12.

¹¹ The GCEI-based cost adjustment is a statewide index reflecting variations in teacher compensation among school districts. The index for each district is listed under the heading "Tier 1 Flex Aids" in the school aid computer listing entitled "Flex Aid, Instructional Materials Aids and Sound Basic Education Aid" produced by the commissioner of education in support of the executive budget for the 2005-06 school year and entitled "BT033-1."

New York City

For New York City, all Flex Aid calculations will be on a city-wide basis.

Minimum Guarantee/Allowed Maximum

Total State funding will be adjusted to ensure that all districts receive a minimum 0.50 percent increase over the sum of the 2004-05 aids listed above. The maximum increase a district may receive through the Flex Aid formula will equal 2.50 percent divided by a district's Flex Combined Wealth Ratio.

Tier 3 Aid

Districts are eligible for additional aid if their Flex Combined Wealth Ratio is below 1.20 and their percentage of students in grades K-6 who are eligible for the free and reduced price lunch program as of October 2003 is greater than 50 percent.

$$\text{Aid} = \text{Ceiling} \times \text{Aid Ratio} \times \text{2004-05 enrollment}$$

$$\text{Ceiling} = \$9.00 \times \text{District K-6 FRPL Percent} / 50 \text{ Percent}$$

$$\text{Aid Ratio} = 1.00 - (\text{Flex Combined Wealth Ratio} \times 0.64)$$

Minimum: .100

ADDITIONAL AIDS:

The sum of Tier 2 Comprehensive Operating Aid (COA) plus, for each of Educationally Related Support Services Aid, Extraordinary Needs Aid, Limited English Proficiency Aid, Summer School Aid and Minor Maintenance and Repair Aid, the positive result of the apportionment calculated for 2005-06 minus the lesser of 2004-05 aid as shown on the 2005-06 Executive Budget computer run "BT033-1" or the appropriation calculated for 2004-05.

Tier 2 COA = the product of \$109.40 multiplied by the aid ratio (1.30 - (1.85 * CWR), with a minimum of .00 and a maximum of 1.00) multiplied by Selected TAPU.

GROWTH AID

Education Law, Section 3602, Subdivision 13

For the 2006-07 school year, growth aid is distributed to districts that are eligible due to an increase in enrollment. Districts whose growth index is greater than 1.004 receive growth aid.

$$\text{Growth Aid} = (\text{Growth Index} - 1.004) \times \text{Formula Operating Aid}^{12}$$

$$\text{Growth Index} = \frac{\text{2006-07 Estimated Enrollment}}{\text{2005-06 Enrollment}}$$

¹² 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.

EXCESS COST AID FOR PUBLIC SCHOOL PUPILS

Education Law, Section 3602, Subdivision 19

A district receives public excess cost aid for pupils with disabilities in programs run by public school districts or BOCES. Basic excess cost aid applies to all such programs. In addition, high cost excess cost aid provides aid for students in resource intensive programs. A save-harmless provision also applies.

Basic Excess Cost Aid

All districts with pupils with disabilities who are served in public school programs receive basic public excess cost aid based on the following formula:

$$\text{Basic EC Aid} = \frac{\text{Aidable Expense}}{\text{Expense}} \times \frac{\text{Aid Ratio}}{\text{Ratio}} \times \frac{\text{Weighted Pupils}}{\text{With Disabilities}}$$

$$\text{Aidable Expense} = \frac{2004-05 \text{ Approved Operating Expenses (AOE)}}{2004-05 \text{ TAPU for Expense}}$$

Minimum: 2,000

Maximum: The maximum aidable expense is \$9,250.
(The State average is \$9,250.)

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

Minimum: .250

Weighted Pupils: Pupils with disabilities served by a district in the base year are weighted according to the level of special services and programs that they are required to receive:

- At least 60% of the day 1.65
- At least 20% of the week or five periods
(at least 180 minutes) per week 0.90
- Direct/Indirect Consultant Teacher 0.90

An additional 0.50 weighting is provided for those children who require special education services at least 60 percent of the time and who received these services in a general education setting in the year prior to the base year. Such integrated settings aid is not subject to the Public Excess Cost Aid save-harmless calculation.

High Cost Excess Cost Aid

Additional aid is available for public school pupils with disabilities in programs in which the cost exceeds the lesser of:

\$10,000 or 4 x AOE/TAPU (without limits)

Per Pupil Calculation:

$$\text{High Cost Excess Cost Aid} = \frac{\text{Excess Cost}}{\text{Cost Aid}} = \frac{(\text{Approved Program Cost} - (3 \times \text{AOE/TAPU})) \times \text{Aid Ratio}}{\text{Excess Cost}}$$

Declassification Support Services Aid

Education Law, Section 3602, Subdivision 19, paragraph 7

Any district which provides support services to teachers and pupils in the first year that a pupil moves from a special education program to a full-time regular education program is eligible to receive declassification support services aid.

$$\begin{array}{rcc} & \text{Basic} & \\ \text{Declassification Support} & = & \text{Public Excess Cost} \times .50 \times \text{2005-06 Declassified} \\ \text{Services Aid} & & \text{Aid Per Pupil} \qquad \qquad \qquad \text{Pupils} \end{array}$$

Save-Harmless Provision

A district is eligible to receive the greater of:

- (i) 2005-06 Basic Excess Cost Aid + High Cost Aid + Declassification Support Services Aid, or
- (ii) 95 percent of 2005-06 Total Public Excess Cost Aid

Save-harmless funding does not include apportionments generated by the 0.50 pupil weighting for year prior to base year pupils who received services at least 60 percent of the time in a general education setting.

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

A district receives private excess cost aid for pupils with disabilities in private school settings 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 2006-07, New York will conform reimbursement formulas for private special education programs to the 2006-07 public excess cost formula.

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

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

Weighted Pupils: Pupils, not including those at the two State-operated schools at Rome and Batavia, are weighted at 1.65

$$\text{Aidable Expense} = \frac{\text{2004-05 Approved Operating Expense (AOE)}}{\text{2004-05 TAPU for Expense}}$$

Minimum: \$2,000

Maximum: The maximum aidable expense is \$9,250.
(The State average is \$9,250)

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

Minimum: .250

$$(ii) \text{ Unweighted Pupils} \times (\text{Aidable Cost} - (3 \times \text{AOE TAPU})) \times \text{Aid Ratio}$$

$$\text{Aidable Cost} = \text{Tuition}$$

$$\text{Aid Ratio} = \text{Same as above}$$

$$\text{Unweighted Pupils} = \text{Same as above without the 1.65 weighting}$$

$$(iii) \text{ Aid for Rome and Batavia pupils} = \text{Aidable Cost} \times \text{Aid Ratio} \times \text{pupils}$$

$$\text{Aidable Cost} = \text{Tuition} - (\text{Basic Contribution per pupil})$$

$$\text{Aid Ratio} = 1 - (\text{Combined Wealth Ratio} \times .15)$$

Minimum: .50

$$(iv) \text{ Private Excess Cost Taper for Rome and Batavia Placements}$$

Additional aid is available to districts with:

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

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

$$\text{Taper for Rome and Batavia Placements} = \frac{\text{Taper Aidable Cost} \times \text{Taper Aid Ratio}}{\text{Aid Ratio}}$$

$$\text{Taper Aidable Cost} = \text{Tuition} - \text{Regular Private Excess Cost Aid}$$

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

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.

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

$$\text{Aid Ratio} = 1 - (\text{Combined Wealth Ratio} \times .59)$$

Minimum: .360

$$\text{Career Education Pupils} = 2005-06 \text{ Grade 10-12 ADA in a Career Education Trade Sequence} + (.16 \times \text{Business Sequence ADA})$$

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

Enrollment = Fall 2005 public enrollment attending in the district

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

Minimum: .300

REORGANIZATION INCENTIVE OPERATING AID

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

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.

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

The sum of a district's Formula Operating Aid and Incentive Operating Aid may not exceed 95 percent of its 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

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.

$$\frac{\text{BOCES Operating Aid}}{\text{BOCES Operating Aid}} = \frac{\text{Base Year Approved Expenses}}{\text{Approved Expenses}} \times \text{Aid Ratio}$$

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

Aid Ratio = greater of:

(i) $1 - \frac{.008 (.003 \text{ for central high schools and component districts})}{\text{District Actual Valuation Tax Rate (Local Revenue/Actual Valuation)}}$

(ii) $1 - \frac{(2003 \text{ Actual Valuation}/2004-05 \text{ RWADA} \times .51)}{\text{Statewide Average } (\$456,700)}$

Minimum: .360

Maximum: .900

BOCES Capital Aid = 2006-07 Capital Expense x RWADA Aid Ratio

BOCES Rental Aid = 2006-07 Rental Expense x RWADA Aid Ratio

Save-Harmless Provision A district may receive the greater of:

(i) 2006-07 BOCES Operating, Capital and Rental aids, or

(ii) BOCES aid received during 1967-68

Limit on Aid: For the 2006-07 school year, aid will equal the lesser of aid calculated by the State Education Department for the 2006-07 or 2005-06 school year based on data on file on December 1, 2005.

TRANSPORTATION AID

Education Law, Section 3602, Subdivision 7

Districts are allotted reimbursement for transportation expenses through the transportation aid formula. Districts will be eligible for reimbursement for capital expenditures based on the assumed useful life of the asset.

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

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

(i) $1.263 \times \text{Formula Operating Aid Ratio}$

(ii) $1.010 - \frac{(2003 \text{ AV}/2004-05 \text{ RWADA} \times .46)}{\text{Statewide Average } (\$456,700)}$

(iii) $1.010 - \frac{(2003 \text{ AV}/2004-05 \text{ Resident Public \& Nonpublic Enrollment} \times .46)}{\text{Statewide Average } (\$397,600)}$

Minimum: .065

Maximum: .900

Sparsity Factor =

$\frac{21.00 - 2004-05 \text{ Public Enrollment/Square Mile}}{317.88}$

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 district-operated summer classes to improve student performance will be aided up to a maximum of \$5.0 million statewide

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

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

$$\text{Current Aid Ratio} = 1 - \frac{(2003 \text{ Actual Valuation}/2004-05 \text{ RWADA} \times .51)}{\text{Statewide Average } (\$456,700)}$$

Approved Building Expenses:

For projects associated with any existing bonds, bond anticipation notes (BANs) and 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, the term of borrowing and an assumed interest rate. New projects subject to prospective assumed amortization are those that were either approved by the Commissioner of Education 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.

Starting in 2005-06, for projects in New York City for which a contract is signed July 1, 2004 or later, the cost allowance will include legitimate extraordinary costs related to:

- multistory construction necessitated by substandard site sizes,
- site security costs,
- difficulties with delivery of construction supplies,
- increased fire resistance and fire suppression costs,
- site acquisition,
- environmental remediation and
- building demolition costs.

The State share of financing costs associated with refinancings are reimbursed in full to districts. In addition, districts are reimbursed for lease expenses and on a one year lag for costs of exceptional expenses including metal detectors, condition surveys, and capital outlay exception.

Payment Deferral:

Consistent with legislation enacted with the 2004-05 State Budget, payment for new construction projects otherwise eligible for aid is deferred in instances in which the school district did not file a notice that a general construction contract has been signed with the Commissioner of Education by the December 1, 2005 database.

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 after 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 .85 in the school year in which the project was approved and the approval date was between 7/1/00 and 7/1/04 may select an aid ratio equal to 1.263 multiplied by the district's Formula Operating Aid Ratio. For Projects approved by voters on or after 7/1/05 and on or before 6/30/07, school districts with a pupil wealth ratio greater than 2.85 and an alternate pupil wealth ratio less than .85 in the 2000-01 school year may select an aid ratio equal to 1.263 multiplied by the district's Formula Operating Aid Ratio.

For aid payable in the 2005-06 school year and after for projects approved after July 1, 2005, for high need school districts including the Big Five City schools, districts may compute an additional amount equal to .05 times their selected aid ratio. The maximum aid payable is 98% of the project's approved costs.

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 except that, for projects approved in high need districts, by the voters or the board of education in the Big Four dependent districts or the chancellor in New

York City, on or after 7/1/2005, the sum of the incentive and the selected aid ratio, including the high-need supplemental building aid ratio, may not exceed .980.

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, 2006 or within ten years from the effective date of the reorganization, whichever is later.

For districts reorganizing prior to July 1, 1983,

Reorganization Incentive Building Aid = Approved Expenses x Building Aid Ratio x 25%

For districts reorganizing after July 1, 1983,

Reorganization Incentive Building Aid = Approved Expenses x Building Aid Ratio x 30%

The sum of regular Building Aid plus Incentive Building Aid is limited to 95 percent of approved expenditures except for high need school districts in which case the sum of regular Building Aid plus Incentive Building Aid may not exceed 98 percent of approved building 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.

Computer Software Aid = 2005-06 Cost of Software (up to \$14.98) x Enrollment

Enrollment = Fall 2005 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.

Textbook Aid = 2005-06 Cost of Textbooks, not to exceed \$57.30 (\$42.30 per pupil for Regular Textbook Aid plus \$15.00 per pupil for Lottery Textbook Aid) x 2005-06 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.

Hardware Aid = 2005-06 Approved Expenses (up to \$19.25 x Selected TAPU for Payment x 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 public and nonpublic schools within such district.

Library Materials Aid = 2005-06 Cost of Library Materials (up to \$6.00) x Enrollment

Enrollment = Fall 2005 public and private school enrollment for the district of attendance plus BOCES and private school pupils in full-time programs for children with disabilities.

FULL-DAY KINDERGARTEN INCENTIVE AID

Education Law, Section 3602, Subdivision 12-a

Eligibility for Full-Day K Incentive Aid: A district that first offers full-day kindergarten to all students in 2006-07 is eligible for aid if in 1996-97

and 2005-06 the district had half-day kindergarten enrollment or if the district had no kindergarten enrollment in 1996-97 and 2005-06.

School districts offering full-day kindergarten programs to all kindergarten students will receive current year formula operating aid in 2006-07 for any increase in the number of students served in full-day programs in 2006-07 compared to 2005-06.

Full-Day K Incentive Aid =

(2006-07 Estimated Full-Day K Enrollment - 2005-06 Full-Day K Enrollment)
x Formula Operating Aid per TAPU.

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. Since 1991-92, aid paid directly to BOCES for approved BOCES EPE programs has been based on component districts' aid ratios. Beginning in 1995-96, the BOCES EPE aid ratio has been 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. Since 1996-97, the BOCES EPE aid ratio has been 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.

EPE Aid = \$9.25 x EPE Aid Ratio x EPE Hours

EPE Aid Ratio = 1 - (Pupil Wealth Ratio x .40)

Minimum: .400

Pupil Wealth Ratio = $\frac{2003 \text{ Actual Valuation}/2004-05 \text{ TWPU}}{\text{State Average } (\$382,200)}$

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 2006-07 school year, total aid is limited to \$90.00 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) 2004-05 AOE/TAPU x Number of full-day program pupils¹³ +
 ([.5 x (AOE/TAPU)] x Number of half-day program pupils) or
- (ii) Actual total instructional cost for the incarcerated youth program plus approved administrative costs (which may not exceed five percent of total instructional costs)

TAX LIMITATION AID

Education Law, Section 3602, Subdivision 21

For the 2006-07 school year a district will receive a continuation of its 2005-06 Tax Limitation Aid (Tier 1 aid).

Districts are eligible for additional aid if their Combined Wealth Ratio is below 1.50 and the ratio of the district's 2003 tax levy on residential real property (including condominium property) divided by the district's 2003 adjusted gross income compared to the state average of residential levy divided by income (2.78 percent for the 2006-07 school year) is greater than 1.80 (Tier 2 aid).

Districts with an AOE/TAPU for Expense greater than the State average (\$9,250) will receive a further apportionment(Tier 3 aid).

Tax Limitation Aid = The sum of:

- (i) A district's 2005-06 Tax Limitation Aid amount, and, for qualifying districts,
- (ii) Ceiling x Tax Limitation Aid Ratio x Pupils for Tax Aids,
- (iii) (AOE/TAPU - \$9,250) x Tax Limitation Aid Ratio x 0.075 x Selected TAPU

Ceiling =

\$57.75 X $\frac{\text{2003 tax levy on residential real property (including condominiums)/2003 adjusted gross income}}{\text{State average residential levy/income (2.78 percent)}}$

Tax Limitation Aid Ratio = 1 - (Combined Wealth Ratio x .50)

SOUND BASIC EDUCATION AID: 2006-07 ELFA Appropriation Bill

For the 2006-07 school year a district will receive a continuation of its 2005-06 Sound Basic Education Aid amount. Total Sound Basic Education Aid for 2006-07 will equal \$700 million. This represents an increase of \$375 million consistent with the State's Five-Year SBE Plan. The \$375 million increase in SBE Aid will be placed in a reserve to be allocated pursuant to a plan to promote the provision of sound basic education in schools throughout the State.

The existing \$325 million Sound Basic Education Aid was calculated as follows:

¹³ 2004-05 AOE/TAPU x 1.25 x pupils in 10 month programs or 2004-05 AOE/TAPU x 1.50 x pupils in 12 month programs.

SOUND BASIC EDUCATION AID = A district is eligible to receive the greater of:

- (i) English Language Learners Aid + Economically Disadvantaged Student Aid (Including Sparsity Aid), or
- (ii) \$25,000

English Language Learners Aid =

\$715.00 x Geographic Cost of Education Index-based cost adjustment¹⁴ x Aid Ratio x 20.0 percent of Limited English Proficient Pupils (2004-05 program participants)

Aid Ratio = 1 - (Combined Wealth Ratio x .40)

Minimum: .05

Economically Disadvantaged Student Aid (Including Sparsity Aid) =

\$715.00 + \$60.00 (for districts with a 2004-05 enrollment per square mile greater than 1,200) x Geographic Cost of Education Index-based cost adjustment x Aid Ratio x 35 percent of the product of 2004-05 public enrollment x percentage of students in grades K-6 who are eligible for the free and reduced price lunch program as of October 2003.

Aid Ratio = 1 - (Combined Wealth Ratio x .40)

Minimum: .05

Sparsity Aid =

\$95.00 x GCEI-based cost adjustment x (25 - 2004-05 Enrollment/Square Mile) x Pupils

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Pupils = 35 percent of the product of 2004-05 public enrollment x percentage of students in grades K-6 who are eligible for the free and reduced price lunch program as of October 2003.

¹⁴ The GCEI-based cost adjustment is a statewide index reflecting variations in teacher compensation among school districts. The index for each district is listed under the heading "Tier 1 Flex Aids" in the school aid computer listing entitled "Flex Aid, Instructional Materials Aids and Sound Basic Education Aid" produced by the commissioner of education in support of the executive budget for the 2005-06 school year and entitled "BT033-1."

APPENDIX III-C

DESCRIPTION OF PUPIL COUNTS USED IN AID FORMULAS FOR THE 2006-07 SCHOOL YEAR

I. Average Daily Attendance/Average Daily Membership ^a

- A. Average Daily Attendance (ADA) is the average number of pupils present on each regular school day in a given period. The 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 2006-07	2004-05	2005-06 or Two-year Average (2004-05 and 2005-06) ^b	2004-05	2004-05
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

Basic Weightings

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	--	--

^a 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).

^b The 2005-06 TAPU is based on 2004-05 ADA, adjusted by the enrollment index (change between 2004-05 and 2005-06 enrollment). The 2004-05 TAPU is based on 2003-04 ADA, adjusted by the enrollment index (change between 2003-04 and 2004-05 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 ^c 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) ^d	.90	--	.90	--
Direct/Indirect Consultant Teacher	.90	--	.90	--
Private School	--	--	--	--
Summer/Extra School	.12	.12	--	--

^c PSEN (Pupils with Special Educational Needs) are determined by multiplying district average daily attendance 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. The PSEN weighting is not included for Flex pupil counts.

^d Or five periods (at least 180 minutes) per week.

^e For SWD weightings see SWD in public schools above.

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 and Full Day Kindergarten Aid will not be paid until June 2007. 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. In addition, Sound Basic Education Aid will be paid monthly in proportion to aid payable under section 3609-a, except that districts will receive no more than 70% of total aid due for the 2006-07 school year by March 31, 2007.

For GSPS aid payable in the 2006-07 school year, school districts will receive the lesser of (i) the sum of the aid calculated at the time of the issuance of the Aid to Localities 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 "BT131-6," which was released in January 2006 with the issuance of the 2006-07 Executive Budget. Any remaining unpaid amount of aid due to a school district will be paid on the first business day of September, 2007. The payment schedule has several features:

GSPS Aids

- Lottery Aid will continue to be paid in full on the first business day of September.
- 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 2007. 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 districts' 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 and Full Day Kindergarten Aid will be paid in addition to any remaining balance of the June General Aid payment on the first business day in June. In addition the total of such aid payable through June for Growth Aid and Full Day Kindergarten Aid cannot exceed the total of such aid as was calculated as of the issuance of the 2006-07 Executive Budget.
- Any balance due of actual General Aid apportionments which does not exceed the sum of such apportionments as reported in the school aid computer listing entitled "BT131-6" will be paid on the first business day of September, 2007.

Sound Basic Education (SBE) Aid

- For Sound Basic Education Aid payable in the 2006-07 school year, and for remaining payments for the 2005-06 school year school, the payment schedule will provide that the same proportion of aid for this aid category will be paid in each of the months of September through June as is paid through the 3609-a payment schedule. No payment may be made in accordance with this section prior to certification by the Commissioner of Education that the district has adopted a budget for the 2006-07 school year.
- For the 2006-07 school year, districts will receive the Sound Basic Education Aid amounts set forth on the school aid computer listing entitled "BT131-6" which was released in January 2006 with issuance of the 2006-07 Executive Budget. These amounts are the same as were provided in 2005-06 school year and were calculated based on data on file with the State Education Department on November 15, 2004. Additionally, an increase of \$375 million in SBE Aid will be placed in a reserve to be allocated pursuant to a plan to promote the provision of a sound basic education in schools throughout the State.

STAR Aid

- For the 2006-07 school year, STAR reimbursements will be 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 on the first business day of January.

- Any increase in STAR reimbursement that occurs as a result of adjustments made after January 1 will be paid by March 31, 2007.
- Payment amounts will be based on current data on file at the time of each payment through January.
- Current statutory provisions that authorize 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 reimbursements.
- STAR reimbursement for New York City's personal income tax relief will be paid in three equal installments on or before September 15, December 15 and March 15.

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 such aids as reported in the school aid computer listing entitled "BT131-6" which was released in January 2006 with the issuance of the 2006-07 Executive Budget.

- The positive remainder of 25 percent of Excess Cost Aids minus any State share monies paid in the months of August-November, 2006 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 2006-February 2007 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 2006-May 2007 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 2006-July 2007 will be paid on or before August 15.
- Any balance due of actual Excess Cost Aids payable which does not exceed the sum of such aids as reported in the school aid computer listing entitled "BT131-6" will be paid on the first business day of September, 2007.

BOCES Aid

- BOCES Aid is calculated for individual component school districts of the BOCES, but the sum of all such payments is 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 "BT131-6" which was released in January 2006 with the issuance of the 2006-07 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 the first business day of February. This payment will be 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 in the school aid computer listing entitled "BT131-6" 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 that is 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 in the school aid computer listing entitled "BT131-6" 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 apportionment payable to the BOCES, including any excess of actual BOCES aid payable over the amount of such aid reported in the school aid computer listing entitled "BT131-6" will be paid to the BOCES on the first business day of September, 2007.

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 2006 to the first business day of June, 2007 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 2006-07 Budget.