A photograph of a paved road that splits into two paths through a forest. The trees have vibrant autumn foliage in shades of yellow, orange, and green. The road is covered with fallen leaves, and the scene is lit with soft, natural light.

The Road Ahead: School District Insolvency or College and Career Readiness?

**Michael J. Borges, Executive Director
New York State Association of
School Business Officials**



Executive Budget Proposal

- **Governor proposes an increase of \$807 million**
 - \$603 million supports K-12 operation (2.9 percent increase)
 - \$100 million for pre-k expansion
 - \$25 million for Teacher Excellence Fund and P-TECH Grants
- **GEA restoration is \$323 million (1.5 percent of school aid)**
 - Outstanding Gap Elimination Adjustment reductions *still* total \$1.3 billion after the Executive proposal
- **Foundation Aid is once again frozen**
- **Expense-based aid formula increases** (Building, Transportation and BOCES) are included (an increase of \$281 million)
 - Building Aid interest rate recalculation will cost school districts another \$26 million
- **Pre-K is a good investment.** However, districts will be asked to expand pre-k when they can't afford K-12—we must invest in both
- \$74 million (1/3 of one percent of school aid) for **Fiscal Stabilization Fund** should be unrestricted aid. This was \$203 million in last year's proposal.

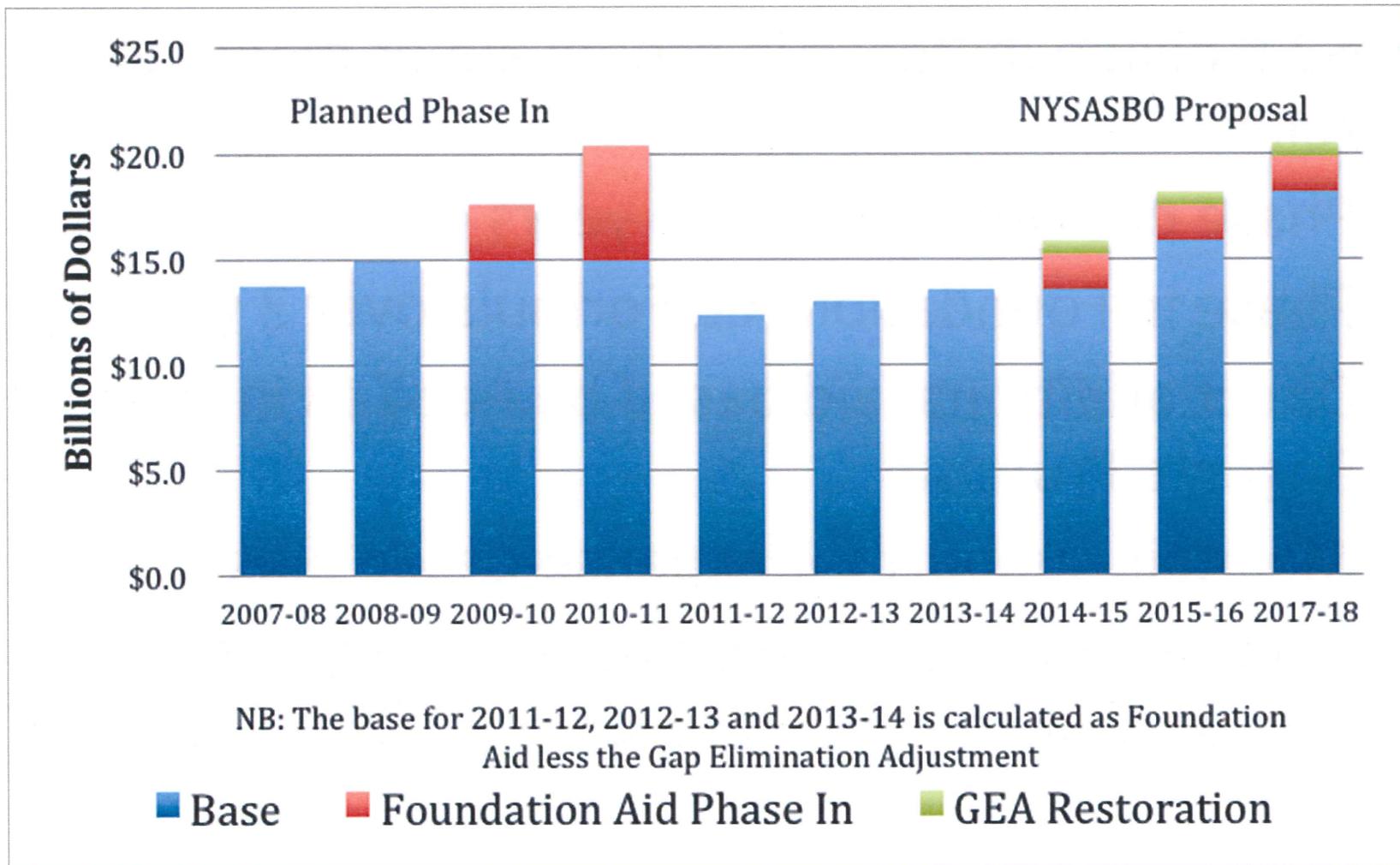


NYSASBO Proposal

- \$2.6 billion increase in school aid or mandate relief
- Phase out GEA over three years
- Phase in Foundation Aid Formula over 3 years
- Direct additional aid based on need as in the Regents Proposal
- Maintain support for expense-based aids
- Continue moratorium on recalculating interest rate on building aid – preventing \$26 million cut.



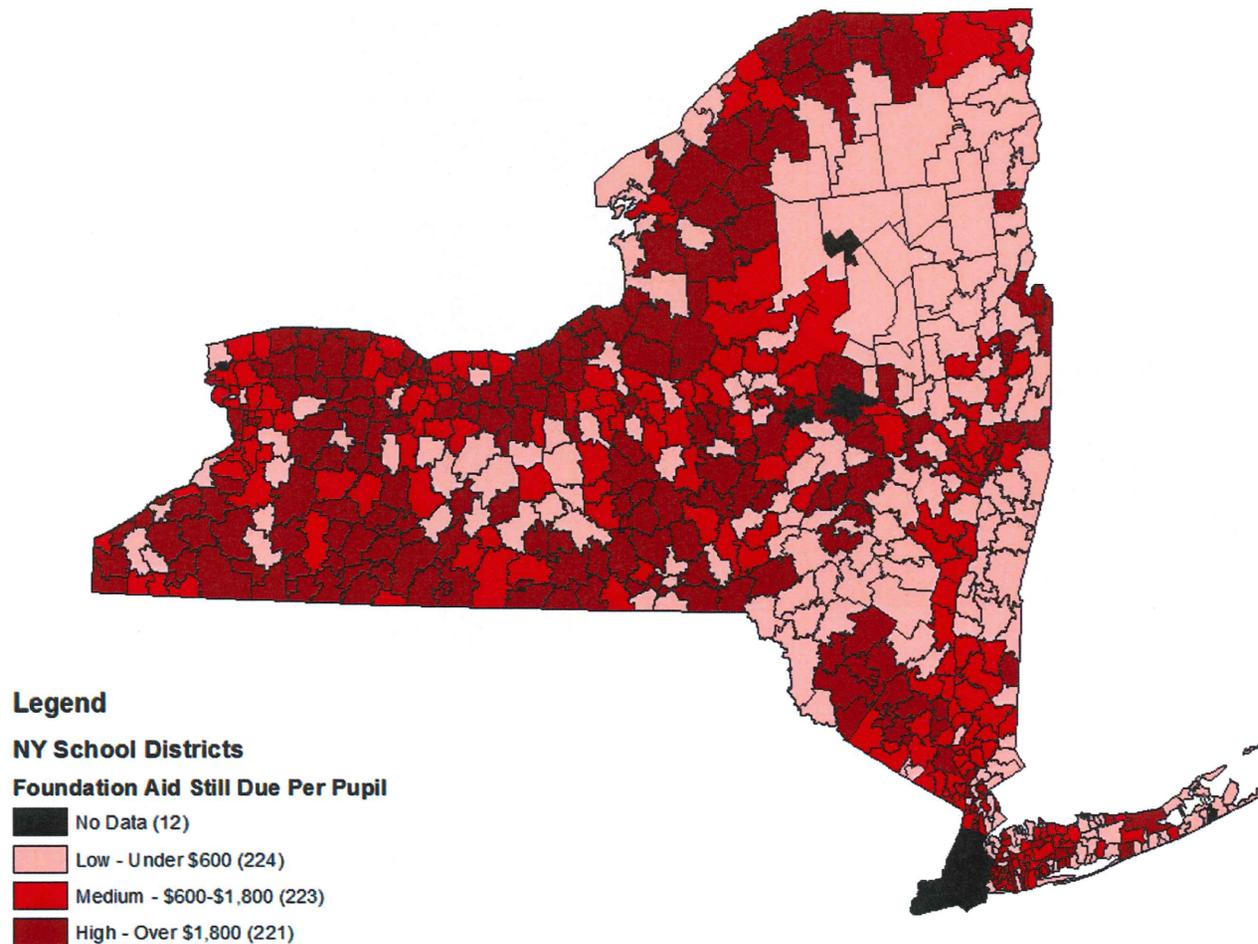
Restore Foundation Aid to 2010-11 Planned Level





Two-thirds of NYS School Districts Are Still Due over \$600 per Pupil in Foundation Aid One-third are Still Due over \$1800 per Pupil

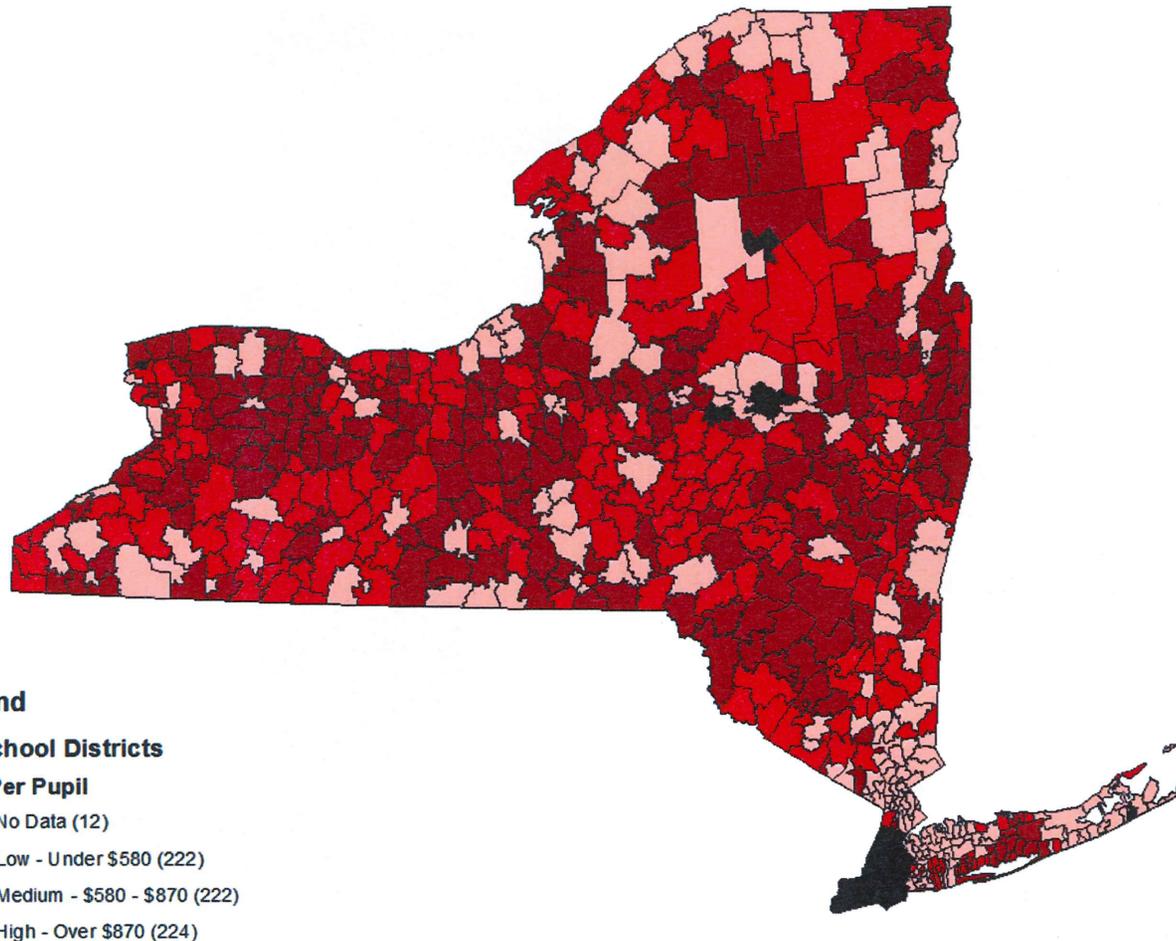
Foundation Aid Still Due Per Pupil for New York School Districts





Two-thirds of NYS School Districts Are Still Due over \$580 per Pupil in GEA One-third are Still Due over \$870/Pupil

Remaining GEA Per Pupil for New York School Districts



Legend

NY School Districts

GEA Per Pupil

- No Data (12)
- Low - Under \$580 (222)
- Medium - \$580 - \$870 (222)
- High - Over \$870 (224)



Symptoms of Insolvency

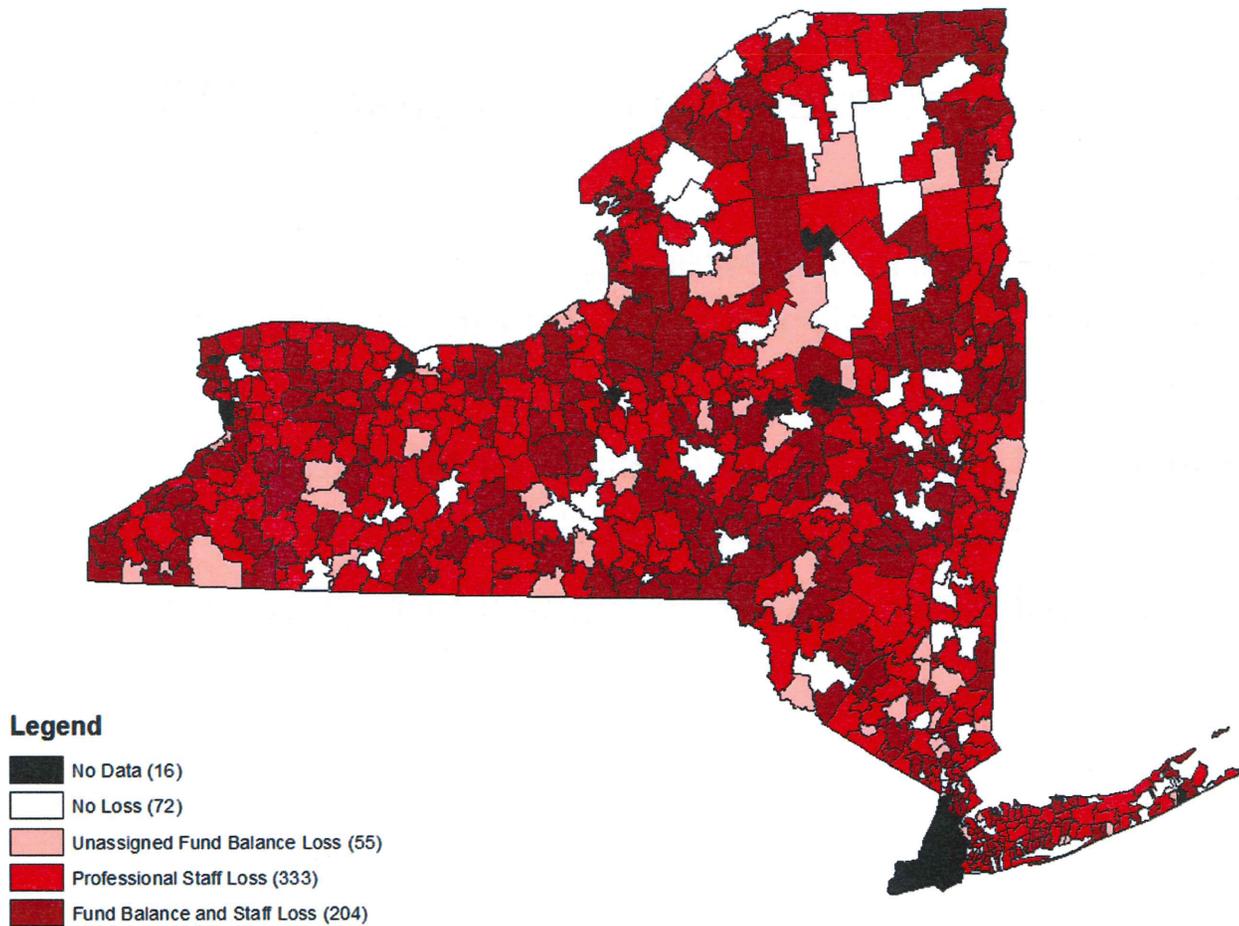
Most School Districts Lost Either Fund Balance or Staff

- Examining losses over two recent years (2010-11 to 2012-13),
 - **261 school districts** showed signs of fiscal insolvency through a reduction in Unassigned Fund Balance (savings) from school year 2010-11 to 2012-13,
 - **544 school districts** showed signs of educational insolvency as a result of reduced professional staff, and
 - **206 school districts** showed signs of both fiscal and educational insolvency.



Are School Districts Approaching Fiscal and Educational Insolvency?

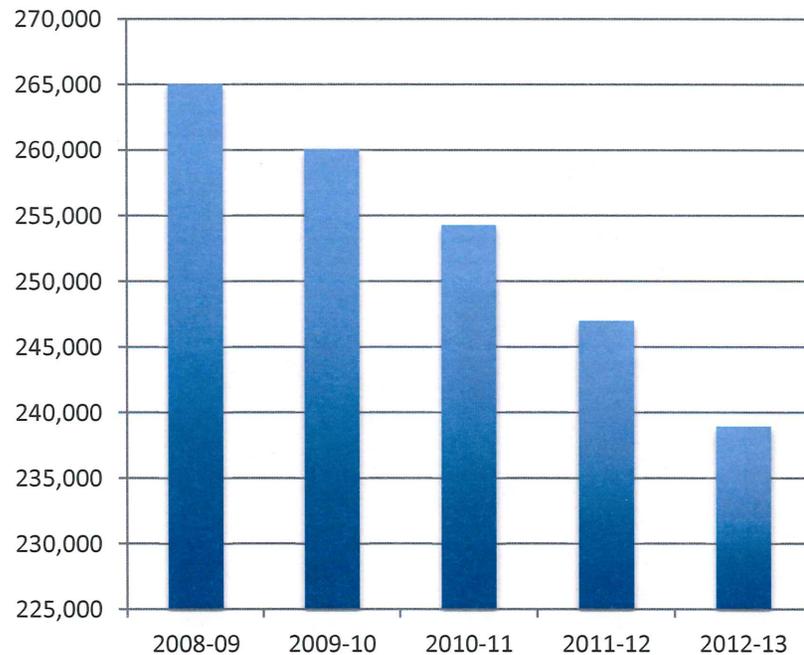
Fund Balance and Staff Loss for New York School Districts



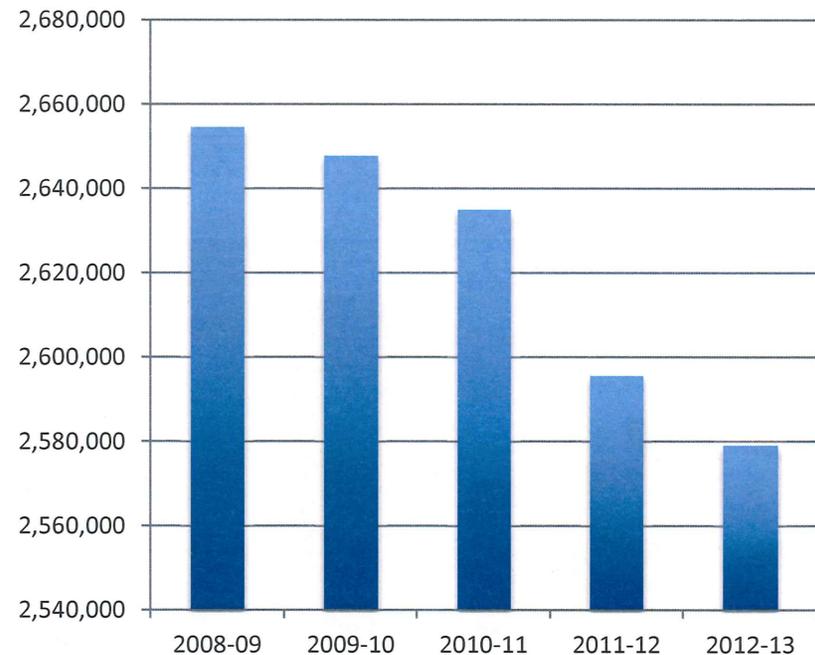


Since the Recession, Districts Lost Ten Percent of Staff and Three Percent of Pupils

**Total Professional Staff
New York State School Districts**



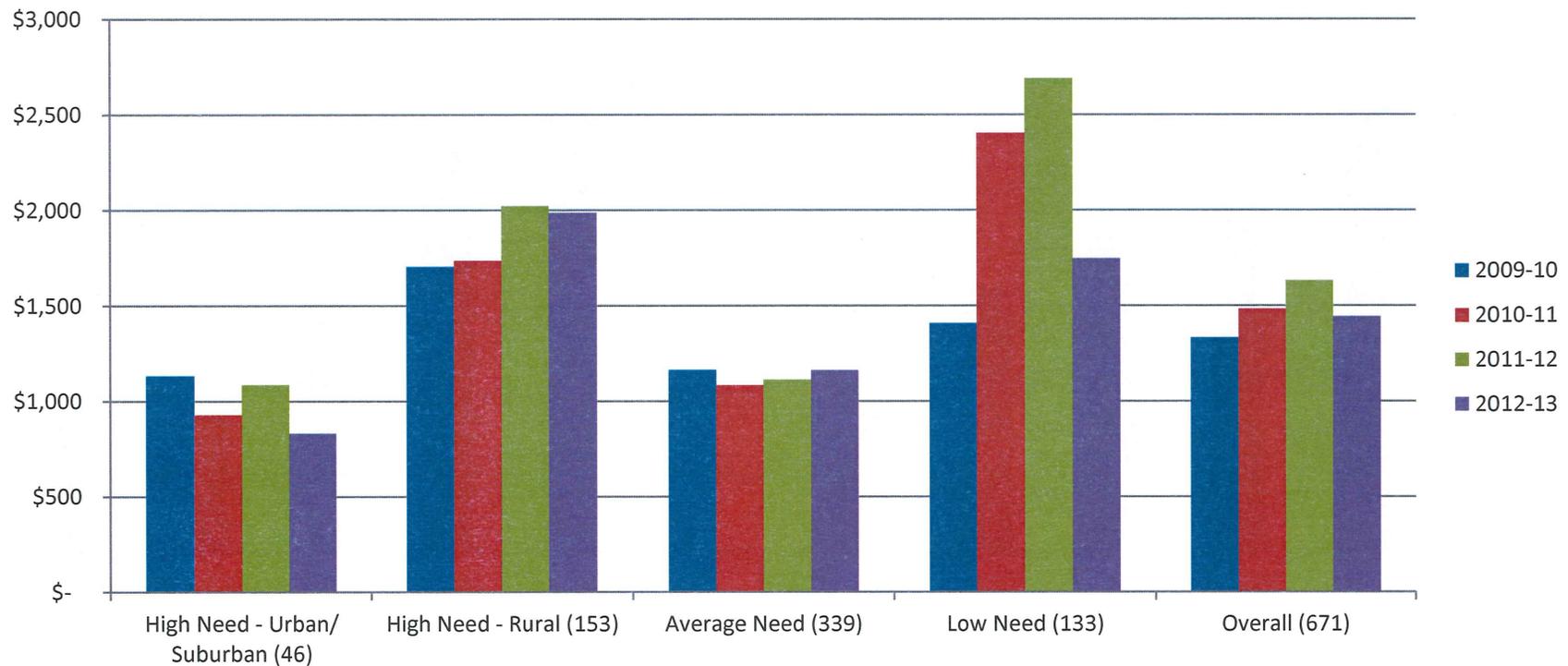
**K-12 Enrollment
New York State School Districts**





High Need Urban/Suburban and Average Need School Districts Had the Least Fund Balance Per Pupil

Average Unassigned Fund Balance per Pupil
2009-10 through 2012-13



This pattern was similar for Restricted Fund Balance



Transparency and Accountability

- Require five-year financial plans shared with the public that increase communication and local planning by projecting:
 - revenues,
 - expenditures,
 - unassigned fund balance,
 - restricted fund balance,
 - capital project planning and the district's five-year facility plan, and
 - resources required to implement an instructional program necessary to insure that all students graduate college and career ready.



New York State Association of School Business Officials

Using Resources to Improve Student Achievement

For Further Information and Proposals,

See www.nysasbo.org

- The Road Ahead: School District Insolvency
- Educating Students To Be College and Career Ready - *Proposal on State Aid to School Districts For School Year 2014-15*
- NYSASBO 2014 Legislative Priorities

