



Adequate. Constitutional. Equitable.

BRIEFING BULLETIN | No. 1

Is New York's Current School Funding System Equitable? *Findings from AIR's Evaluation of Student Equity in the New York School Funding System*

This is the first of a series of regular bulletins sharing news from the [Adequate, Constitutional, Equitable \(ACE\) School Funding Project](#), a collaboration between the Center for Educational Equity, Teachers College, Columbia University, and American Institutes of Research (AIR). If you have feedback or questions, please write to equity@tc.columbia.edu.

What's the ACE School Funding Project?

[The first report](#) to come out of the ACE School Funding Project examines the equity of the current New York State school funding system—that is, whether and to what extent it distributes school funding according to student need. **Its conclusions demonstrate the need for a new funding formula:**

- The Foundation Aid formula does direct more funding to districts serving students with greater educational needs, as the state constitution requires.
- However, the additional funds that higher-wealth, lower-need school districts raise through local property taxes and other local sources totally offset this differential.
- As a result, **New York's current school funding system provides districts and schools serving the greatest numbers of economically disadvantaged students less total funding, on average, than districts and schools with the fewest.**

Background

Because schools and districts serve different populations of students (e.g., some schools and districts serve larger percentages of students from low-income families), they need to provide different educational programming and services. ([Find a summary of how the current Foundation Aid formula works here.](#)) In most states, the statewide formula that distributes funds to public schools is designed to account for differences in the costs of providing students the same opportunities for educational success.

In 2007, to comply with an order from the state's highest court to reform New York's school

funding system, the state adopted the Foundation Aid formula to promote equity by providing more funding to high-need districts serving larger proportions of students who are economically disadvantaged, students with disabilities, or students learning English as a new language. Today, however, the New York State Education Department and most major education policy and advocacy organizations in New York agree that the current formula no longer meets students' educational needs.

Under the state constitution, all New York students have the right to “the opportunity for a sound basic education” that prepares them to be capable, productive citizens (*Campaign for Fiscal Equity (CFE) v. State of New York*, 2003). The state is defying this mandate because the current formula is out of date and unconstitutional. **In the 17 years since it was adopted, New York has seen many changes that affect school funding needs—e.g., changes in demographics, student needs, and state education mandates.** This means many schools are not adequately funded and many students are not receiving the education they deserve and to which they are entitled.

The Center for Educational Equity at Teachers College, Columbia University, and the American Institutes for Research (AIR) have begun collaborating on an independent study to advance the development of a constitutional school funding formula for New York State to replace the current Foundation Aid formula. The ACE School Funding Project will produce sound, reliable data and analysis based on independent research to guide the development of a new formula that will fulfill the state's constitutional obligation to provide our students sufficient resources each year to meet their educational needs fully and to ensure students' constitutional right to a sound basic education is honored now and in years to come.

Findings from AIR's Evaluation of Student Equity

AIR's first report for this project examines whether and to what extent New York's current school funding system distributes school funding according to student need—that is, whether “schools and districts serving higher need student populations have access to more resources . . . to support those needs, after controlling for the other factors that influence costs.”

[Their analysis shows good news and bad news.](#)

The good news is that, overall, the state aid to schools provided through the Foundation Aid formula is progressive—it distributes more school funding to high-needs, low wealth districts, relative to student need, as the state constitution requires.

The bad news is that the formula's positive relationship between funding and student need is completely offset by a negative relationship between need and the additional funds that school districts raise by local property taxes and other local sources. As a result, “the districts and schools serving the highest percentages of economically disadvantaged students spend less and are provided less in state and local revenues, on average, compared with otherwise similar districts and schools with low percentages of economically disadvantaged students.”

It is important to note that these disparities often exist between school districts within the same

geographical region, where the cost of goods and services is the same. Differences in income, combined with property wealth, determine a district's ability to raise money through local taxes and other sources. **Districts with higher income and property wealth are better equipped to raise money to meet students' needs; districts with lower incomes and property wealth are not.** The result for many districts is a gap in funding between what they need to serve their students and what they are able to pay for. The current school funding structure does not provide poorer districts with a mechanism to close the gap. This is unconstitutional and inconsistent with the principles of the *CFE* decision.

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This is clear evidence that New York's school funding system is not meeting the constitutional mandate to provide equitable and adequate funding to support the successful education of all its students. Future reports will provide additional analysis to inform the development of the new school funding formula the state urgently needs.